

## **The Nisshin Oillio Group, Ltd.**

### **Third Quarter of FY2021**

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## 1. Summary of Financial Results

### 1-1. Summary for Third Quarter FY2021

(Million yen)

	Third Quarter FY2021	Third Quarter FY2020	YoY	
			Change	Change (%)
Net sales	313,634	251,565	+62,069	+24.7%
Percentage of overseas sales	20.5%	17.4%	+3.1P	—
Operating profit	9,254	12,504	(3,250)	(26.0%)
Percentage of operating profit to net sales	3.0%	5.0%	(2.0P)	—
Ordinary profit	10,266	13,060	(2,794)	(21.4%)
Profit attributable to owners of parent	7,331	8,987	(1,656)	(18.4%)

### 1-2. Results by Business Segment

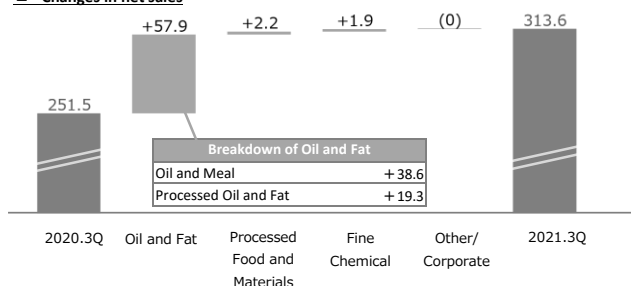
(Million yen)

	Third Quarter FY2021	Third Quarter FY2020	YoY	
			Change	Change (%)
Net sales	313,634	251,565	+62,069	+24.7%
Oil and Fat	256,870	198,975	+57,894	+29.1%
Oil and Meal	197,076	158,460	+38,616	+24.4%
Processed Oil and Fat	59,794	40,515	+19,278	+47.6%
Processed Food and Materials	42,226	40,014	+2,212	+5.5%
Fine Chemical	12,620	10,652	+1,967	+18.5%
Other/Adjustments	1,916	1,922	(5)	(0.3%)
Operating profit	9,254	12,504	(3,250)	(26.0%)
Oil and Fat	6,881	10,875	(3,994)	(36.7%)
Oil and Meal	3,616	8,546	(4,929)	(57.7%)
Processed Oil and Fat	3,264	2,328	+935	+40.2%
Processed Food and Materials	1,529	1,490	+39	+2.6%
Fine Chemical	1,165	681	+484	+71.0%
Other/Adjustments	(321)	(542)	+220	—

### 1-3. Segment Information: Factors Impacting Net Sales and Operating Profit (Year on Year)

(Billion yen)

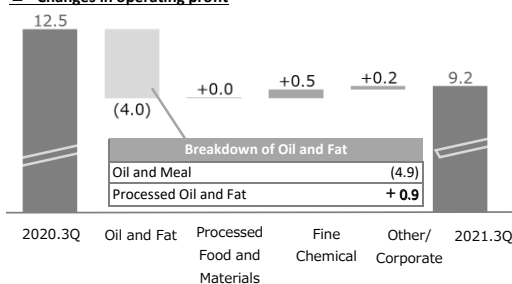
#### ■ Changes in net sales



#### <Factors impacting net sales>

- Oil and Fat
  - Revisions to sales prices due to an increase in raw material costs (↑)
  - Increase in sales volume of commercial-use products associated with rebound in demand for eating out (↑)
  - Decrease in sales volume for general-purpose household-use products compared with the same period of the previous year, when demand for home cooking surged (↓)
  - Increase both in sales volume and sales prices of meal (↑)
- Processed Food and Materials
  - Increase in sales volume of chocolate products (↑)
  - Increase in sales volume of MCT products (↑)
  - Revisions to sales prices and an increase in sales volume of soybean material and food product (↑)
- Fine Chemical
  - Increase in domestic and overseas sales volume due to recovery in demand for raw materials for cosmetics (↑)

#### ■ Changes in operating profit



#### <Factors impacting operating profit>

- Oil and Fat
  - Increase in raw material costs for oil, meal and processed oil and fat (↓)
  - Revisions to sales prices due to an increase in raw material costs (↑)
  - Increase in earnings on market valuation of palm oil transactions (↑)
- Processed Food and Materials
  - Increase in sales volume of chocolate products and improved profit margins (↑)
  - Increase in raw material costs for seasonings (↓)
- Fine Chemical
  - Increase in domestic and overseas sales volume due to recovery in demand for raw materials for cosmetics (↑)
  - Increase in depreciation costs incurred with the start of operations at the new plant (↓)

#### 1-4. Segment Information Details

##### Oil and Meal (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Changes		
Domestic oil and fat	115,042	+17,776	(5,227)	<ul style="list-style-type: none"> <li>• Net sales increased due to the revision in the oils and fats sales price; an increase in sales of commercial use products; and an increase in sales volume and price in meal.</li> <li>• Despite efforts to revise sales prices in response to soaring raw material costs and other factors, profit decreased due to the significant rise in the cost of oil and fat.</li> </ul>
Commercial use and processing use	70,129	+17,723		
Household-use	44,913	+53		
Meal	58,600	+19,340		
Subsidiaries	54,026	(8,134)	+175	
Consolidation adjustment and others	(30,593)	+9,634	+122	
Oil and meal total	197,076	+38,616	(4,929)	

Note: Sales of oil and fat for commercial-use, processing-use and household-use are included in domestic sales of oil and fat.

Supplement: Value-added products in domestic oil and fat

Sales composition ratio	Changes in net sales
21%	+241

Note: Results are calculated by taking into account the impact of the change in revenue recognition standards.

##### Supplement: Breakdown of Changes in Operating Profit in Domestic Oil and Fat

(Billion yen; Changes: YoY)

	Change	Main factors
Sales volume factors	+0.3	Commercial-use and processing-use [+0.5], Household-use [(0.2)]
Sales price factors	+20.1	Commercial-use and processing-use [+16.4], household-use [+3.7]
Cost factors	(25.6)	
Soybean	(10.2)	C&F [(20.6)], foreign exchange [(0.8)], meal sales [+11.2]
Rapeseed	(20.1)	C&F [(23.7)], foreign exchange [(0.8)], meal sales [+4.4]
Other products & manufacturing costs	+4.7	Impact of inventory at the beginning and end of term
SG&A expenses and others	+0.0	
Total	(5.2)	

##### Processed Oil and Fat (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net sales results	Percentage change in sales volume	Changes in operating profit	Remarks
Overseas processed oil and fat	59,911	+4%	+1,281	<ul style="list-style-type: none"> <li>• Sales increased due to greater sales volume and rising sales prices.</li> <li>• While rising raw material costs are a factor in lower profit, profits increased due to an increase in sales volume and unit sales prices, as well as the impact of the mark-to-market valuation of palm oil futures.</li> </ul>
Europe	23,932	+34%		
Asia	32,719	(11%)		
Other regions	3,259	(9%)		
Domestic processed oil and fat	7,381	+2%	(264)	Sales increased due to increase in sales volume in step with a rebound in demand. However, earnings decreased due to increase in cost of sales.
Consolidation adjustment and others	(7,499)	—	(81)	
Processed oil and fat total	59,794	—	+935	

Supplement : Specialty fats centered on oil and fat for chocolate in overseas processed oil and fat

Sales composition ratio	Percentage change in sales volume
31%	+5%

##### Processed Food and Materials

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Change		
Chocolate	21,620	+319	+200	Sales and earnings increased due to increased sales volumes and improved profit margins.
Seasoning	3,346	+55	(154)	Sales increased due to increase in sales volume, while earnings decreased due to rising raw material costs.
Functional materials and foods	5,325	+157	(69)	Sales increased due to an increase in MCT sales volume, while earnings decreased due to rising raw material costs.
MCT	3,897	+263		
Soybean materials and foods	14,477	+654	+61	Sales and earnings increased due to increased sales volume and a rise in sales prices.
Consolidation adjustment and others	(2,542)	+1,025	+1	
Processed food and materials total	42,226	+2,212	+39	

Note: Sales of MCTs are included in sales of "functional materials and foods."

##### Fine Chemical

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Change		
Fine chemical products	9,188	+2,393	+541	Sales and earnings increased with an increase in sales volume and appropriate pricing driven by recovery in demand for raw materials for cosmetics in Japan and overseas.
Raw materials for cosmetics	6,412	+1,899		
Environment and hygiene-related products	5,356	+78	(54)	Sales rose due to increase in sales volume, but earnings declined due to a decrease in sales of high-margin products.
Consolidation adjustment and others	(1,924)	(504)	(2)	
Fine chemical total	12,620	+1,967	+484	

Note: Sales of raw materials for cosmetics are included in fine chemical product sales.

##### Main exchange rates (Average rate during period)

	JPY/USD	JPY/EUR	JPY/MYR	JPY/CNY
Third Quarter FY2020	107.55	120.93	25.42	15.37
Third Quarter FY2021	111.14	130.60	26.30	17.26

## 2. Earnings Forecast for FY2021

### 2-1. Earnings Forecast for FY2021

	(Million yen)			
	FY2021 Revised forecast	FY2020 Results	YoY	
			Change	%
Net sales	400,000	336,306	+63,693	+18.9%
Operating profit	11,500	12,324	(824)	(6.7%)
Ordinary profit	12,000	13,836	(1,836)	(13.3%)
Profit attributable to owners of parent	7,700	9,244	(1,544)	(16.7%)

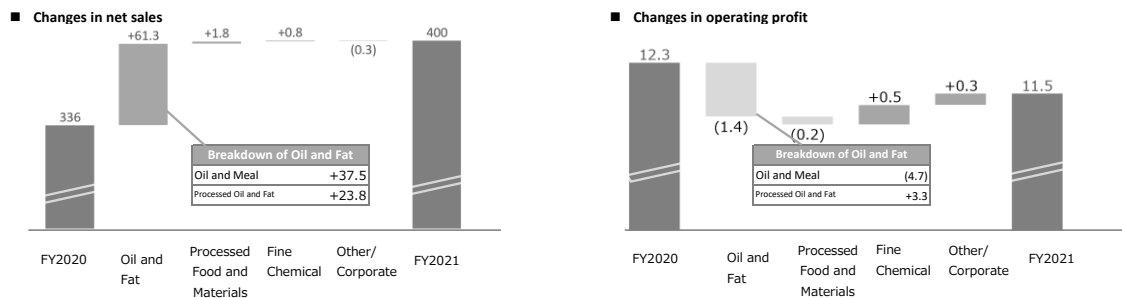
### 2-2. Forecast by Business Segment for FY2021

	(Million yen)				(Million yen)		
	FY2021 Revised forecast (1)	FY2020 Results (2)	YoY		FY2021 (previously disclosed) (3)	Versus previously disclosed	
			Change ((1)-(2))	%		Change ((1)-(3))	%
Net sales	400,000	336,306	+63,693	+18.9%	400,000	—	—
Oil and Fat	327,500	266,132	+61,367	+23.1%	327,000	+500	+0.2%
Oil and Meal	250,000	212,514	+37,485	+17.6%	260,000	(10,000)	(3.8%)
Processed Oil and Fat	77,500	53,617	+23,882	+44.5%	67,000	+10,500	+15.7%
Processed Food and Materials	55,000	53,146	+1,853	+3.5%	55,000	—	—
Fine Chemical	15,000	14,194	+805	+5.7%	15,000	—	—
Other/Adjustments	2,500	2,834	(334)	(11.8%)	3,000	(500)	(16.7%)
Operating profit	11,500	12,324	(824)	(6.7%)	11,500	—	—
Oil and Fat	9,000	10,419	(1,419)	(13.6%)	9,300	(300)	(3.2%)
Oil and Meal	4,800	9,548	(4,748)	(49.7%)	5,950	(1,150)	(19.3%)
Processed Oil and Fat	4,200	870	+3,329	+382.6%	3,350	+850	+25.4%
Processed Food and Materials	1,600	1,810	(210)	(11.6%)	1,700	(100)	(5.9%)
Fine Chemical	1,300	792	+507	+64.1%	900	+400	+44.4%
Other/Adjustments	(400)	(697)	+297	—	(400)	—	—

Note: Numerical figures for FY2020 results based on the new segment classification are estimates and have not been audited by a financial auditor.

### 2-3. Segment Information: Factors Impacting Net Sales and Operating Profit [Full Fiscal Year Forecasts (Year on Year)]

(Billion yen)



#### <Factors impacting net sales>

- Oil and Fat
  - Revisions to sales prices due to an increase in raw material costs (↑)
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#### <Factors impacting operating profit>

- Oil and Fat
  - Increase in raw material costs for oil, meal and processed oil and fat (↓)
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  - Increase in depreciation costs in connection with the start of operation of a new plant (↓)

■ Chicago Soybean Market  
(¢/bu)



Source: Bloomberg

■ ICE Rapeseed Market  
(CAD/t)



Source: Bloomberg

■ Crude Palm Oil Market  
(MYR/t)



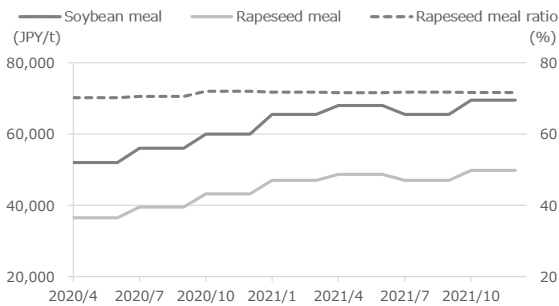
Source: Bloomberg

■ Exchange Rates (JPY/USD)



Source: Bloomberg

■ Average Market Price in the Meal Industry  
(JPY/t)



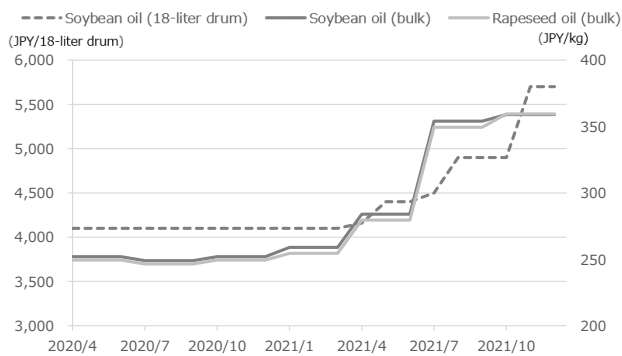
Source: Yushitokuho

■ Meal Value Trends  
(%)



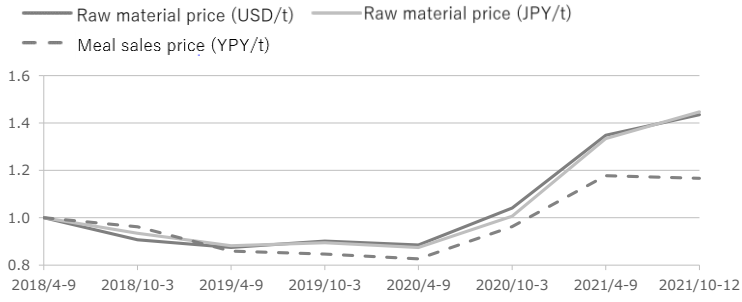
Source: Bloomberg

■ Nikkei Market Price Trends

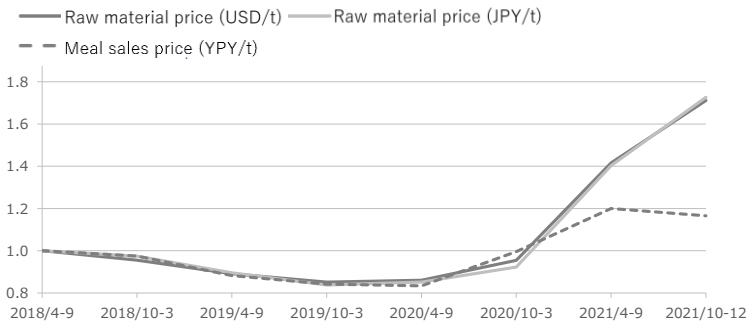


Source: The Nikkei

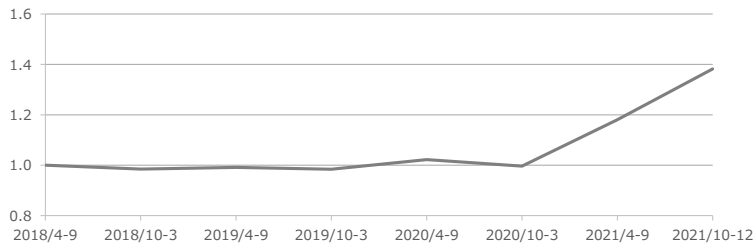
■ Raw Materials and Meal (Soybeans)



■ Raw Materials and Meal (Rapeseed)



■ Sales Prices for Main Oil and Fat Products (excluding "Gift" products, weighted average)



Note: Indexed with April–September 2018 result set as 1.0  
 Source: The Nisshin OilIIO Group, Ltd.