



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

FY2021

Financial Results Briefing

May 19, 2022



Summary of Financial Results for FY2021

Summary of FY2021 Financial Results

(Million yen)

	FY2021 results	FY2020 results	YoY change	Change (%)	FY2021 forecast
Net sales	432,778	336,306	+ 96,471	+28.7%	400,000
Percentage of overseas sales	21.8%	17.5%	+ 4.3P	—	—
Operating profit	11,670	12,324	(654)	(5.3%)	11,500
Percentage of operating profit to net sales	2.7%	3.7%	(1.0P)	—	2.9%
Ordinary profit	12,648	13,836	(1,187)	(8.6%)	12,000
Profit attributable to owners of parent	8,595	9,244	(649)	(7.0%)	7,700

FY2021 Results by Business Segment

(Million yen)

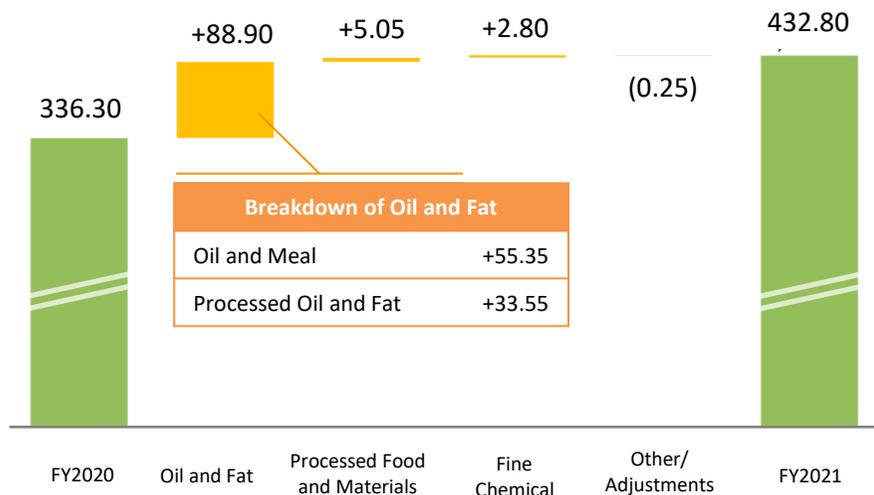
- Net sales increased due to sales price revisions, primarily in the Oil and Fat segment, in response to rising raw materials costs.
- Operating profit decreased despite revised sales prices implemented due to time lags between higher costs and the revised prices during the fiscal year under review. For this reason, said sales price revisions failed to cover higher costs for the span of the term.

	FY2021 results	FY2020 results	YoY change	
			Change	Change (%)
Net sales	432,778	336,306	+96,471	+ 28.7%
Oil and Fat	355,026	266,132	+88,894	+ 33.4%
Oil and Meal	267,840	212,514	+55,325	+26.0%
Processed Oil and Fat	87,186	53,617	+33,568	+62.6%
Processed Food and Materials	58,185	53,146	+5,038	+ 9.5%
Fine Chemical	17,003	14,194	+2,808	+19.8%
Other/Adjustments	2,563	2,834	(270)	(9.6%)
Operating profit	11,670	12,324	(654)	(5.3%)
Oil and Fat	8,975	10,419	(1,444)	(13.9%)
Oil and Meal	4,716	9,548	(4,831)	(50.6%)
Processed Oil and Fat	4,258	870	+3,387	+ 389.3%
Processed Food and Materials	1,672	1,810	(138)	(7.6%)
Fine Chemical	1,336	792	+544	+ 68.7%
Other/Adjustments	(314)	(697)	+383	—

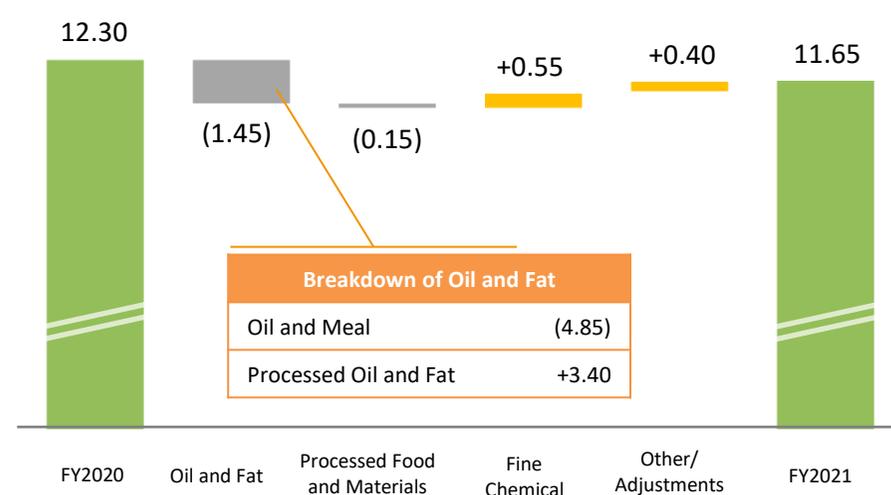
Factors Impacting Net Sales and Operating Profit in FY2021 (Year on Year)

(Billion yen)

Changes in net sales



Changes in operating profit



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 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/food product (↑)
- Fine Chemical
 - Increase in domestic and overseas sales volume due to recovery in demand for raw materials for cosmetics (↑)

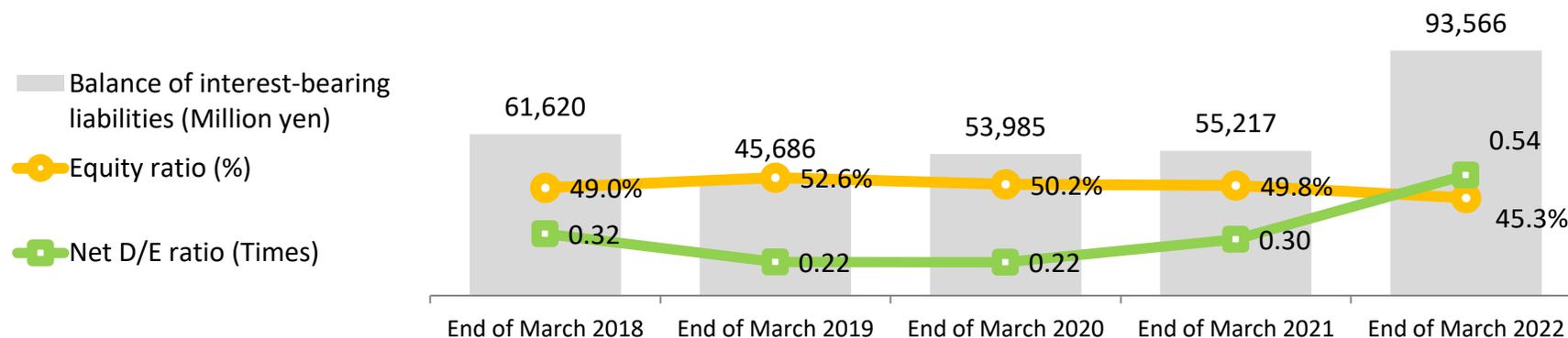
Factors impacting operating profit

- Oil and Fat
 - Increase in raw material costs for oil and meal, 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 high profit margin products (↑)
 - Increase in raw material costs for seasonings such as salad dressings (↓)
 - Increase in raw material costs for functional materials and food such as MCT products (↓)
- 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 (↓)

FY2021 Status of Consolidated Balance Sheets

(Million yen)

Items	End of March 2022	End of March 2021	Change
Total assets	344,506	292,154	+ 52,352
Current assets	201,840	150,918	+ 50,921
Non-current assets	142,603	141,158	+ 1,445
Total liabilities	180,192	138,894	+ 41,298
Interest-bearing liabilities	93,566	55,217	+ 38,348
Other liabilities	86,626	83,676	+ 2,950
Total net assets	164,314	153,259	+ 11,054
Shareholders' equity	144,305	138,418	+ 5,887
Accumulated other comprehensive income	11,919	7,133	+ 4,785
Non-controlling interests	8,088	7,707	+ 381



FY2021 Consolidated Cash Flows

(Million yen)

Items	FY2021	FY2020	Change
Operating cash flows	(26,631)	6,340	(32,971)
Profit before income taxes	12,095	12,192	(97)
Depreciation	8,876	8,061	+ 815
Increase/decrease in operating capital	(36,584)	(8,682)	(27,901)
Investing cash flows	(9,327)	(14,626)	+ 5,299
Financing cash flows	34,473	(5,814)	+ 40,287

Capital Investment and Depreciation
(Billion yen)

R&D Expenses
(Billion yen)

Operating Cash Flows
(Billion yen)





FY2022 Forecast

Earnings Forecast for FY2022

【Major initiatives】

Response to rising raw material costs

- Secure stable procurement of raw materials and supply of products amid ongoing supply chain disruptions.
- Implement cost-cutting measures on all aspects of business, including purchasing, production, logistics, and sales.
- Continue formulating appropriate sales prices.
- Create new market structures with regard to cooking oil.

Implementing a value-added strategy

- Expanding on value-added products designed for tastiness and health benefits
- Expanding on products that offer specific solutions such as “customer-solution-type” frying oil
- Proposing applications by leveraging the customer support function and promoting value creation through co-creation with customers

Initiatives to boost sales and achieve greater growth

- Consistent initiatives to capture demand recovery, facilitated by normalization of the economy and the receding impact of COVID-19
- Growth sectors’ steady contribution to earnings (increased sales at ISF Italy and IADC), and consistent investment with a view to further growth
- Developing “solution businesses” through stronger collaboration between global locations; identifying new business partners

【Cost environment】

- Ongoing supply and demand problems are projected to impact key raw materials markets; factors behind these conditions include increased global demand for grains and oils and fats, declines in production and quality due to unfavorable climate conditions in production areas, and concerns over lower production in Ukraine.
- The yen is rapidly depreciating, resulting in higher oil manufacturing costs.
- Induced by pressure on global demand and supply for oil, costs broadly associated with oil and fat materials (other than soybean and canola) are also on the rise.

■ Chicago Soybean Market



■ ICE Rapeseed Market



■ Crude Palm Oil Market (3rd contract month)



■ Exchange Rates (JPY/USD)



Earnings Forecast for FY2022

(Million yen)

	FY2022 forecast	FY2021 results	YoY change	Change (%)
Net sales	500,000	432,778	+ 67,221	+15.5%
Percentage of overseas sales	—	21.8%	—	—
Operating profit	13,000	11,670	+ 1,329	+ 11.4%
Percentage of operating profit to net sales	2.6%	2.7%	(1.0P)	—
Ordinary profit	13,300	12,648	+ 651	+ 5.1%
Profit attributable to owners of parent	9,200	8,595	+ 604	+ 7.0%
ROE	6.0%	5.7%	+ 0.3P	—

FY2022 Net Sales and Operating Profit Forecast by Business Segment

(Million yen)

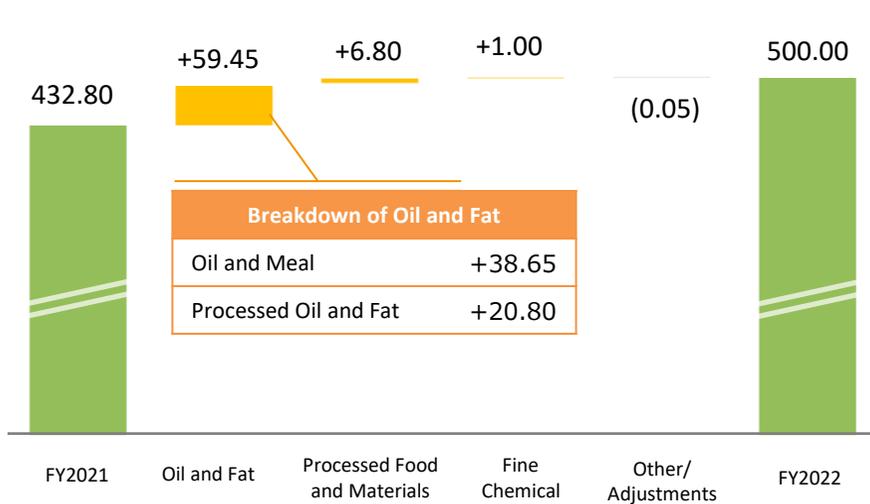
- Net sales are projected to rise due to factors such as sales price revisions implemented in response to rising raw materials costs and increase in domestic sales volume for oil and fat products.
- Operating profit are projected to increase, despite declines in earnings caused by rising raw materials costs, in light of a variety of factors including appropriate sales pricing formulation commensurate with costs, cost-cutting initiatives, and steady implementation of growth strategies such as expanded sales of value-added products.

	FY2022 forecast	FY2021 results	YoY	
			Change	Change (%)
Net sales	500,000	432,778	+ 67,221	+ 15.5%
Oil and Fat	414,500	355,026	+ 59,473	+ 16.8%
Oil and Meal	306,500	267,840	+ 38,659	+ 14.4%
Processed Oil and Fat	108,000	87,186	+ 20,813	+ 23.9%
Processed Food and Materials	65,000	58,185	+ 6,814	+ 11.7%
Fine Chemical	18,000	17,003	+ 996	+ 5.9%
Other/Adjustments	2,500	2,563	(63)	(2.5%)
Operating profit	13,000	11,670	+ 1,329	+ 11.4%
Oil and Fat	11,050	8,975	+ 2,074	+ 23.1%
Oil and Meal	8,400	4,716	+ 3,683	+ 78.1%
Processed Oil and Fat	2,650	4,258	(1,608)	(37.8%)
Processed Food and Materials	1,200	1,672	(472)	(28.2%)
Fine Chemical	1,150	1,336	(186)	(14.0%)
Other/Adjustments	(400)	(314)	(85)	—

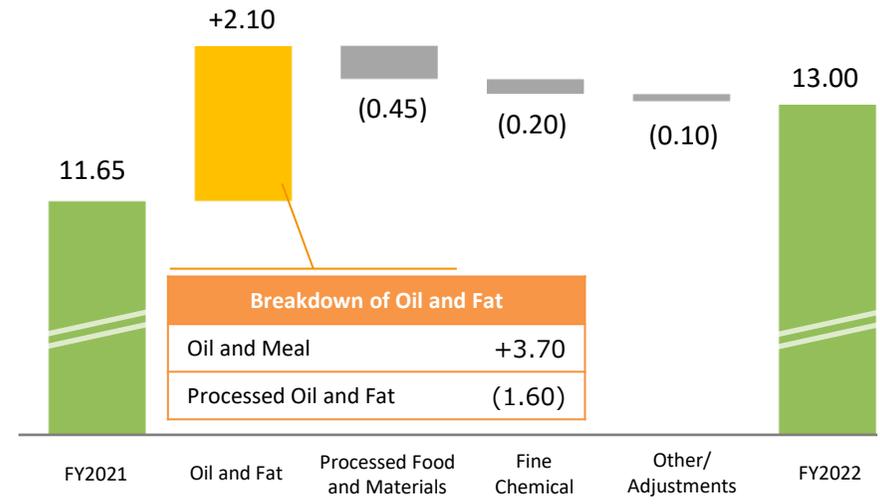
Factors Impacting Net Sales and Operating Profit (Year on Year)

(Billion yen)

Changes in net sales



Changes in operating profit



Factors impacting net sales

- Oil and Fat
 - Revisions to oil and fat sales prices due to further increases in raw material costs (↑)
 - Increase in sales volume of commercial-use products due to recovery in demand for eating out (↑)
 - Increase in sales volume for household-use products (↑)
 - Increase in sales volume and sales prices of meal (↑)
- Processed Food and Materials
 - Increase in sales volume of chocolate products as a result of development of new markets in Japan and overseas (↑)
 - Increase in sales volume of seasoning and MCT products (↑)
 - Decrease in sales in conjunction with the sale of a consolidated subsidiary (↓)
- Fine Chemical
 - Increase in sales volume and revisions to sales prices of raw materials for cosmetics (↑)
 - Decrease in hygiene-related product sales volume (↓)

Factors impacting operating profit

- Oil and Fat
 - Revisions to oil and fat sales prices due to further increases in raw material costs as well as increases in sales volumes (↑)
 - Further increases in raw material costs for oil, meal and processed oils and fats (↓)
 - Decrease in earnings on mark-to-market valuation of palm oil transactions (↓)
- Processed Food and Materials
 - Increase in sales volumes of chocolate products and high profit margin products (↑)
 - Increase in cost of sales for MCT products in conjunction with further increases in raw material prices (↓)
 - Increase in cost of sales for soy-related products in conjunction with further increases in soybean prices (↓)
 - Decrease in profit in conjunction with the sale of a consolidated subsidiary (↓)
- Fine Chemical
 - Revisions to sales prices of raw materials for cosmetics (↑)
 - Increase in cost of sales for fine chemical products in conjunction with rising raw material prices (↓)
 - Increase in depreciation costs incurred with the start of operations at the new plant (↓)

Segment Information Details: Oil and Meal (Included in Oil and Fat)

(Million yen)

(Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Forecast	Changes		
Domestic oil and fat	208,046	+ 49,873		<ul style="list-style-type: none"> • Sales will increase due to the revision in the oils and fats sales price; an increase in sales of commercial-use and household-use products; and an increase in sales volume and price in meal. • Profits will increase due to price revisions implemented in response to rising costs and an increase in sales volume.
• Commercial use and processing use	130,301	+ 32,273	+ 4,109	
• Household use	77,744	+ 17,600		
Meal	94,937	+ 16,665		
Subsidiaries	73,114	+ 556	(309)	
Consolidation adjustment and others	(69,598)	(28,435)	(117)	
Oil and meal total	306,500	+ 38,659	+ 3,683	

	Sales composition ratio	Changes in net sales (YoY)
Value-added products in domestic oil and fat	17%	+ 4,980

Segment Information Details:

Breakdown of Changes in Operating Profit in Domestic Oil and Fat

(Billion yen)

(Changes: YoY)

	Change	Main factors
Sales volume factors	+2.10	Commercial-use and processing-use [+0.95], household-use [+1.15]
Sales price factors	+40.40	Commercial-use and processing-use [+27.55], household-use [+12.85]
Cost factors	(34.20)	
Soybean	(4.30)	C&F [(7.35)], foreign exchange [(7.30)], meal sales [+10.35]
Rapeseed	(21.05)	C&F [(17.85)], foreign exchange [(6.25)], meal sales [+3.05]
Other products & manufacturing costs	(8.85)	Impact of inventory at the beginning and end of term
SG&A expenses and others	(4.20)	
Total	+ 4.10	

Segment Information Details: Processed Oil and Fat (Included in Oil and Fat)

(Million yen)

(Changes: YoY)

	Net sales forecast	Percentage change in sales volume	Changes in operating profit	Remarks
Overseas processed oil and fat	109,277	(3%)		• Sales will increase due to the price revisions implemented in response to rising costs.
Europe	42,660	(18%)	(1,681)	• Profits will decrease due to the significant impact of decline in earnings on mark-to-market valuation of palm oil transactions, despite projections suggesting real profits increases resulting from an increase in sales volume of high profit margin products (oils and fats used in chocolate).
Asia	58,581	+5%		
Other regions	8,035	+25%		
Domestic processed oil and fat	13,643	+8%	+62	Sales and profits will increase due to higher sales volumes and the price revisions.
Consolidation adjustment and others	(14,921)	—	+11	
Processed oil and fat total	108,000	—	(1,608)	

	Sales composition ratio	Percentage change in sales volume
Specialty fats centered on oil and fat for chocolate in overseas processed oil and fat	36%	+14%

Segment Information Details: Processed Food and Materials

(Million yen)

(Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Forecast	Changes		
Chocolate	36,389	+6,505	+234	Sales and profits will increase due to higher sales volumes via new customer acquisitions as well as increased sales of high profit margin products.
Seasoning	4,897	+475	+96	Sales and profits will increase due to higher sales volume for salad dressings and other products as well as the price revisions.
Functional materials and foods	9,149	+2,135	(508)	Sales will increase due to an increase in sales volume of MCT, etc., while profits will decrease due to rising cost of sales.
MCT	6,971	+1,824		
Soybean materials and foods	19,047	(1,025)	(272)	Sales and profits will decrease due to the impact of the sale of a consolidated subsidiary.
Consolidation adjustment and others	(4,484)	(1,276)	(23)	
Processed food and materials total	65,000	+6,814	(472)	

*Sales of MCTs are included in sales of functional materials and foods.

Segment Information Details: Fine Chemical

(Million yen)

(Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Forecast	Changes		
Fine chemical products	14,075	+1,534	(260)	<ul style="list-style-type: none"> • Sales will increase due to the price revisions of raw materials for cosmetics and other products. • Profits will decrease due to rising cost of sales in conjunction with rising raw material prices as well as the increased depreciation burden.
Environment and hygiene-related products	6,579	(445)	+96	Profits will increase due to cost rate improvements, while sales will decrease due to a decrease in sales volume.
Consolidation adjustment and others	(2,654)	(91)	(23)	
Fine chemical total	18,000	+996	(186)	

	Forecast	Changes (YoY)
Net sales of raw materials for cosmetics	8,620	+ 798

FY2022 Business Goals

- The FY2022 business environment is projected to remain challenging; our top priorities are therefore cost-appropriate price formulation and stable raw materials procurement.
- In addition, with a view to improving cash flow issues caused by increased operating capital, as well as to enhancing capital efficiency, steps are taken across the company to effectively control costs. At the same time, management focuses more on capital efficiency.

	Unit	FY2020 results	FY2021 results	FY2022 goal
Net Sales	Million yen	336,306	432,778	500,000
Operating profit	Million yen	12,324	11,670	13,000
ROE	%	6.5%	5.7%	6.0%
Profit margin on sales	%	2.8%	2.0%	1.8%
Total asset turnover	Times	1.2	1.4	1.4
Financial leverage	Times	2.0	2.1	2.3
Operating cash flows	Million yen	6,340	(26,631)	24,500
ROIC	%	4.3%	3.6%	3.6%

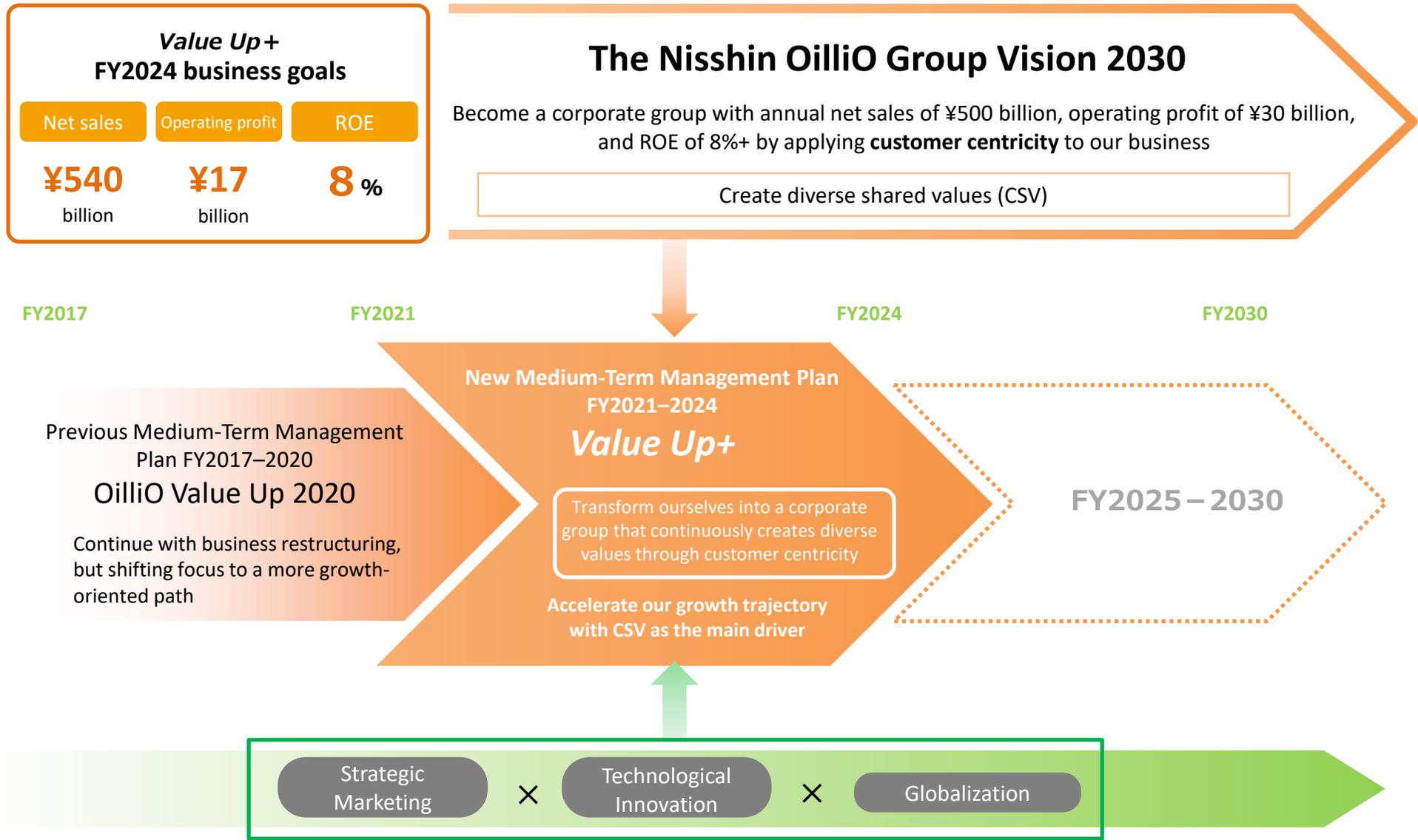
*Return on Equity (ROE): $\text{Net profit} / ((\text{equity capital at beginning of term} + \text{equity capital at end of term}) / 2)$

Return on Invested Capital (ROIC): $\text{Operating profit after tax for term under review} / ((\text{invested capital at beginning of term} + \text{invested capital at end of term}) / 2)$



Progress of the Medium-term Management Plan

Positioning of the Medium-term Management Plan *Value Up+* and Business Goals



Vision 2030: Shared Values and CSV Goals in Our Priorities

Our Priorities	CSV Goals			
	Goals	FY2021 Result	FY2024 Target	FY2030 Target
Good health for all	Growth rate for sales of products that contribute to society through “the power of health and energy” (vs. FY2019)	112%	130% →150%	200%
	Develop products that enhance people's good health based on knowledge of lipid nutrition			
	Number of lipid health information provided (total, from FY2021)	8.08 million	Cumulative 30 million	Cumulative 100 million
Quality of life	Provide “good flavor” to the dining table and refine our brand to foster enrichment of people’s lives			
	Create products that highlight the “good flavor” and “beauty” of food			
	Growth rate for sales of products that enhance “beauty” (vs. FY2019)	105%	120% →130%	200%
Global environment	Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY2016)	7.3%*	8%	31%
	Reduction ratio of GHG emissions (Scope 3)		Encourage suppliers covering 70% of emissions from purchased products, services and transport and delivery (upstream) to set science-based reduction targets by 2026	
	Reduce use of plastic containers and packaging, and promote resource recycling			
	Develop products and services that positively impact the environment utilizing plant resources			
Contribution to the food value chain	Ensure stable supply of food energy in Japan (ratio of total domestic energy)	7.5%	Over 6%	Over 6%
	Growth rate of customer support solutions (vs. FY2019)	83%	130%	150%
Supply chain connected by trust	Percentage of certified palm oil sourced	54.9%	100%	100%
	Percentage of RSPO-SG-certified palm oil sourced	49.6%	50%	50%
	Ensure traceability to plantation (palm oil and palm kernel oil)	Palm oil 68.5%* Palm kernel oil 30.5%*	Palm oil 100%	Palm oil Palm kernel oil 100%
	Promote initiatives to enhance the sustainability of soybeans			
	Procure sustainable cacao			
	Joint transport system coverage rate	32.6%	50%	50%
Human resource management	Percentage of employees feeling highly engaged in their work	64.6%	70%	80%
	Female manager ratio	4.6%	8%	20%

*Preliminary figures

Partial Change in Business Goals under the Medium-term Management Plan

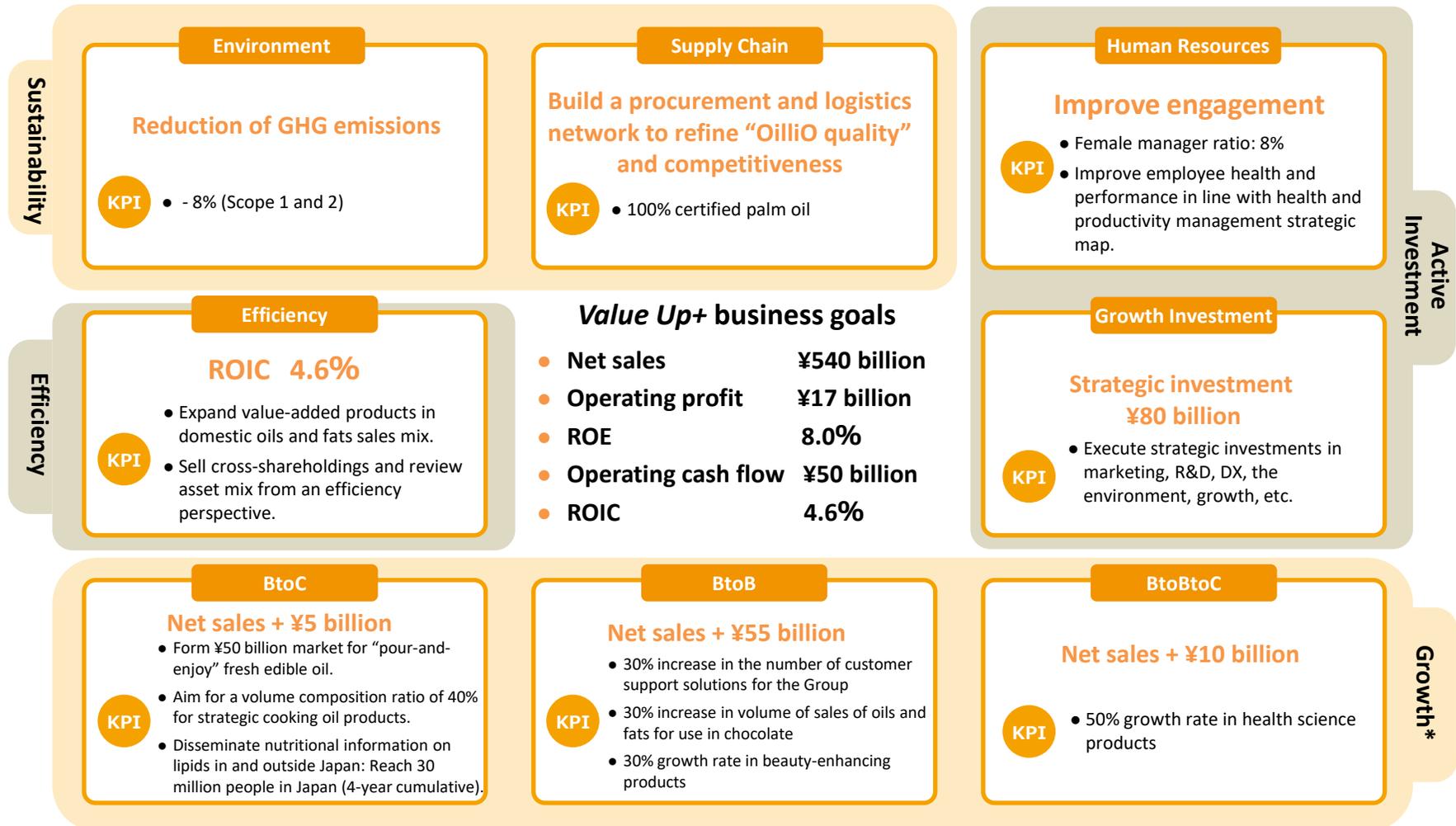
	Initial FY2024 plan		Revised FY2024 plan	Changes
Net sales	¥400 billion	→	¥540 billion	+¥140 billion
Operating profit	¥17 billion	→	¥17 billion	No change
ROE	8.0%	→	8.0%	
Operating cash flow	¥70 billion (4-year cumulative: FY2021–2024)	→	¥50 billion (4-year cumulative: FY2021–2024)	(¥20 billion)
ROIC	—	→	4.6%	New goal

Reasons for change

- To reflect an increase in net sales, with the realization of sales price revisions in line with significant increases in raw material prices and the Company's value creation endeavors
- With respect to capital efficiency, a priority in *Value Up+*, we have established ROIC goals that take into account achievement of an 8% ROE and the business environment.

Value Up+ Framework for Managing KPIs Aimed at Realizing Business Goals

To achieve *Value Up+* business goals, we are promoting efforts from the perspectives of growth, active investment, sustainability, and efficiency



*The net sales targets in terms of growth represent the amount achieved through value creation not affected by sales prices revisions due to the surge in prices of raw materials.

Business Environment and Our Response

The business environment

- The global economy faces heightened downside risks from rising consumer prices and a shift to tighter monetary policies in countries around the world. This is in addition to global resource supply concerns, price hikes, and disruptions in supply chains due to international tensions caused by emerging geopolitical risks.
- With regard to market prices for raw materials such as soybeans, rapeseed and palm oil, etc., which have a significant impact on the Group, there are concerns that prices will soar and remain high over the medium to long term. This is due to a recovery in demand from the global COVID-19 pandemic and expanding biofuel consumption, as well as uncertainties over grain supplies and supply chain disruptions caused by the deteriorating situation with Russia's invasion of Ukraine; issues which are not expected to be resolved anytime soon.
- While we assume the impact of the spread of COVID-19 will gradually subside, the emergence of a more virulent, infectious variant or a subsequent lockdown and reissuance of an emergency declaration could have an effect on our business performance and financial position.

Our response

- The most urgent issues are efforts to ensure stable raw material procurement in the face of continuing supply chain disruptions and to offer a steady supply of products. In addition to cost-cutting measures implemented across all aspects of purchasing, production, logistics, and sales, we will continue working to form appropriate sales prices commensurate with the ongoing rise in raw material costs.
- Although the outlook is uncertain and the business environment is expected to remain challenging, **the goals of Vision 2030 and its policy toward growth remain unchanged. We will work to achieve our business goals by steadily executing strategies in each area under the Value Up+ Medium-term Management Plan, which serves as a milestone toward the goals set out in Vision 2030.**

Note: A review of some indicators has been undertaken, primarily due to the continued high and rising prices of raw materials.

Growth

BtoC

BtoB

BtoBtoC

Net Sales by Sales Channel

Progress in sales growth
under the *Value Up+* Medium-term Management Plan

- FY2024 targets are based on the amount of sales growth from FY2019.
- Net sales progress rates are adjusted for the effect of unit sales price fluctuations, changes to accounting standards and other factors.

FY2024 targets

BtoC

+¥5 billion

- Expand domestic household-use market by improving value of oils and fats

BtoB

+¥55 billion

- Expand sales by implementing solutions and M&As in domestic and global markets

BtoBtoC

+¥10 billion

- Create new value through market inception and co-creation

FY2021 results

Progress rate: 30%

- Partly due to increased demand for eating at home during the COVID-19 pandemic, the domestic market for value-added products grew, establishing a market which remained strong.

Progress rate: 25%

- Increased domestic oil and fat sales volume
- Increased overseas processed oil and fat sales volume

Progress rate: 10%

- MCT-related products (e.g., beauty, fat burning) progressed at about 15% of planned values

FY2022 plan

Progress rate: 70%

- Further expand sales of value-added products; promote structural reforms in cooking oil

Progress rate: 45%

- Recovery of demand post-covid in Japan and expansion of sales opportunities for “customer-solution-type” frying oils and other products
- Recovery in sales of oils and fats for use in chocolate
- Expand sales of chocolate products in Japan and Indonesia

Progress rate: 25%

- MCT-related products expected to progress at about 40% of planned values
- Expand marketing scope for functional materials

Growth

BtoC

Domestic Household Use

Efforts toward FY2024

Expand the domestic market for household use through mechanisms for enhancing the value of oils and fats

- Form a ¥50 billion market for “pour-and-enjoy” fresh oil (up by 30% versus FY2019)
- Structural reforms in cooking oil (increase composition ratio of functional products, healthy oils and other strategic products to 40%)
- Number of people provided with lipid health information: 30 million (cumulative over 4 years)

FY2021 results

- “Pour-and-enjoy” fresh oil market: ¥40.2 billion
- Strategic products composition ratio: 43%
- Number of people provided with lipid health information: 8.08 million

FY2022 plan and efforts

- Continued sales expansion of value-added oils
- Strategic products composition ratio: 40%
- Number of people provided with lipid health information: 15 million (cumulative from FY2021)

Market environment

- Market size in FY2021 expected to maintain FY2020 level, the highest ever, due to rising demand for eating at home and price revision efforts
- The market for household use has remained strong, with both value and weight exceeding those in FY2019

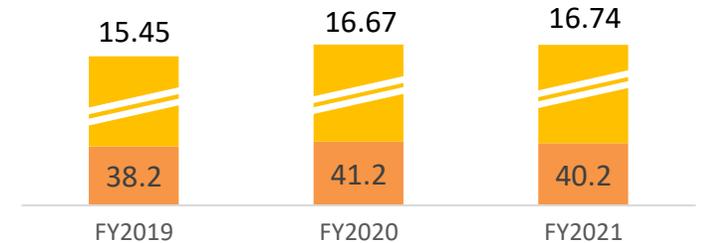
FY2021 status

- Revised selling prices in response to soaring raw material prices, and expanded sales of value-added products and strategic products in cooking oil (Sales of value-added oil was up by 1% year on year.)

FY2022 key measures

- Formation of appropriate sales prices in response to the sharp rise in raw material prices for general-purpose and value-added oils
- Expand sales of value-added products by establishing market for “pour-and-enjoy” fresh oil and developing market for flavored oil, implement cooking oil market structure reforms by strengthening sales of *Healthy Off*, *Natumade* and rice oil

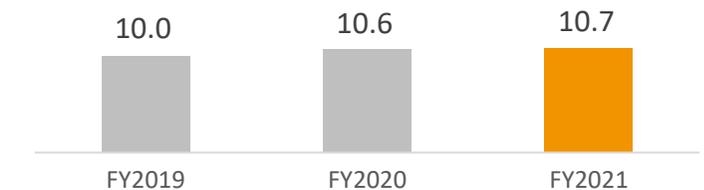
Size of market for edible oils for household use (Billion yen)



*Compiled based on SCI from Intage Inc.

“Pour-and-enjoy”
fresh oil

Change in net sales of value-added oils* for household use



*Of the value-added category, olive oil, sesame oil, supplemental oils

*Indexed using FY2019 as 100

Growth

BtoB

Domestic Market: Oils and Fats for Commercial Use, Processed Oils & Fats

Efforts toward FY2024	FY2021 results	FY2022 plan and efforts
<ul style="list-style-type: none"> Growth rate of the Group's customer support solutions (up by 30% versus FY2019) 	<ul style="list-style-type: none"> Down by 17% versus FY2019 	<ul style="list-style-type: none"> At the same level as FY2019

Market environment

- While the eating-out industry, primarily food and beverage and restaurant outlets, face increased difficulties, ready-to-eat and processed foods are performing well.

FY2021 status

- Sales volumes increased due to efforts to revise sales prices in response to soaring raw material prices, as well as "needs-collaboration discovery" marketing, strengthened solution proposals, new partner development etc.

FY2022 key measures

- Form appropriate sales prices in response to soaring raw material prices.

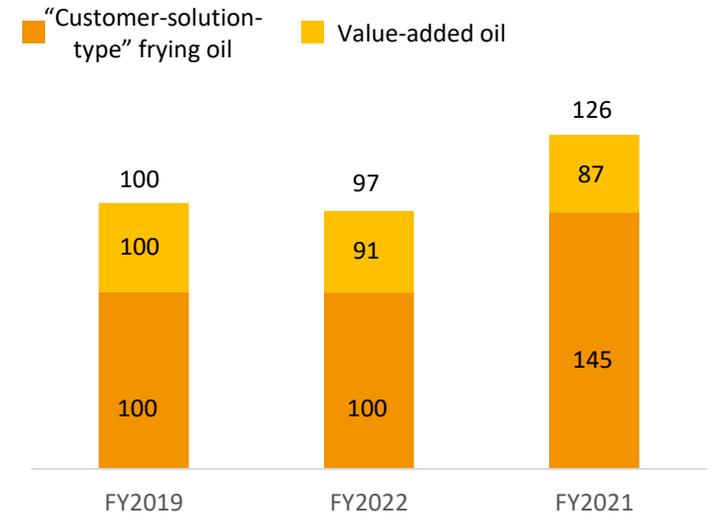
Oils and fats for commercial use

- Improve problem-solving quality by responding to changes in consumer behavior, labor shortages, rising costs and diversifying health needs for food products, and by promoting "needs-collaboration discovery" marketing.

Processed Oils & Fats

- Propose solutions to add value to customer products, propose applications by leveraging the customer support function, and actively promote value creation through co-creation with customers.

Commercial Use
Change in net sales of "customer-solution-type" frying oil and value-added oil



*Indexed using FY2019 as 100

Growth

BtoB

Oils and Fats for Use in Chocolate

Efforts toward FY2024

- Expand sales volume of oils and fats for use in chocolate (up by 30% versus FY2019)

FY2021 results

- Sales volume down by 12% versus FY2019

FY2022 plan and efforts

- Sales volume on a par with FY2019 level

Market environment

- There are concerns about the impact of a prolonged deterioration of the situation with Russia's invasion of Ukraine on the procurement of raw materials for oils and fats for use in chocolate, soaring oilseed material prices, and slowing growth in the chocolate market.
- Momentum is increasing for enhancing sustainability and addressing food safety.

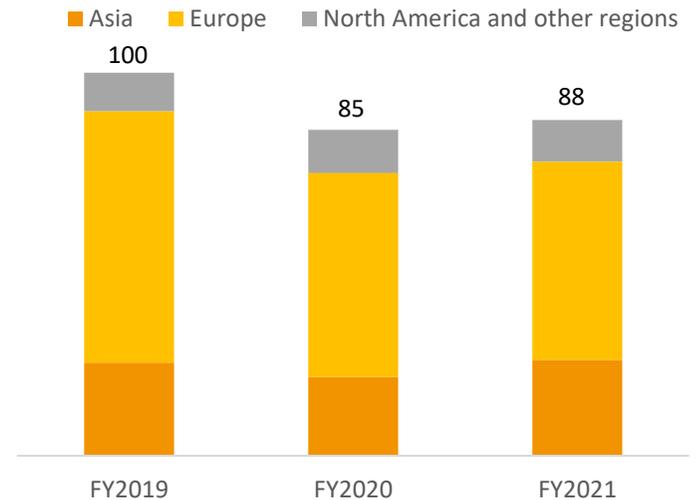
FY2021 status

- Strengthened customer support based on technical proposals, implemented initiatives for collaboration between subsidiaries, and expanded customer support function to expand sales in the Chinese market
- Decision made and efforts underway to undertake capital investments aimed at boosting production capacity in oils and fats for use in chocolate

FY2022 key measures

- Disperse raw material origin, ensuring stability in procurement and production through use of alternative raw materials.
- Steadily execute investments in boosting production capacity, essential for expanding sales of oils and fats for use in chocolate in FY2024, with target completion by the end of FY2023.
- Refine technical advantages, such as trace ingredient control, for further sales expansion.
- Develop new partnerships, at ISF Italy, ISF Shanghai and IADC, and strengthen inter-Group collaboration.
- Strengthen and expand bases in anticipation of expansion of North America and Southeast Asia markets.

Oils and Fats for Use in Chocolate Sales Volume by Area



*Indexed using FY2019 as 100

Growth

BtoB

Oils for Cosmetics

Efforts toward FY2024

- Growth rate of beauty-enhancing products:
Up by 30% (versus FY2019)
- *Target value revised from up 20% to up 30%

FY2021 results

- Oils for cosmetics
Up by 10% versus FY2019

FY2022 plan and efforts

- Oils for cosmetics
Up by 20% versus FY2019

Market environment

- While it is taking time for demand in Japan to recover to pre-COVID-19 levels, demand in China has recovered significantly beyond pre-COVID-19 levels, while the U.S. is seeing new demand for cleansing products, etc. and growth in demand for skincare products
- Meanwhile, soaring prices for oil and fat raw materials and the impact of the COVID-19 pandemic on the supply chain have brought a significant rise in costs of raw materials, contract production, and logistics.

FY2021 status

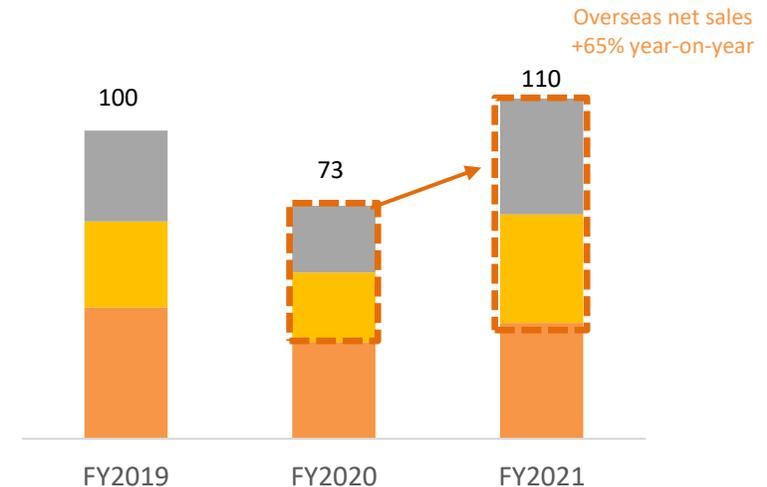
- Strengthened technical support system at the subsidiary in China, actively expanded use of proposal-based marketing
- Developed products that offer differentiation from other oils in the cleansing and skincare areas, and promoted and proposed other mainstay products.
- Steadily captured customer demand in Europe and the U.S. during the COVID-19 pandemic.
- Implemented sales at appropriate prices, primarily for production consignment products where costs have increased significantly.

FY2022 key measures

- Market at appropriate prices in response to cost increases.
- Strengthen subsidiaries, even as the COVID-19 pandemic continues, in anticipation of market expansion in China and Southeast Asia.
- Identify potential functions of cosmetic specialty oils by leveraging technical support, and develop a global solution business in cooperation with overseas subsidiaries.
- Cooperate with development divisions in and outside the Company and with production consignment companies to develop and introduce “natural-origin-content” products that can enhance the value of ester oils.

Net Sales of Oils for Cosmetics

■ Domestic ■ Asia ■ North America and other regions



*Indexed using FY2019 as 100

Growth

BtoBtoC

Functional Materials and Foods: MCT (Medium-Chain Triglyceride)

Efforts toward FY2024

- Growth rate of health science products: Up by 50% (versus FY2019)

*Target value revised from up 30% to up 50%

FY2021 results

- Up by 12% versus FY2019

FY2022 plan and efforts

- Up by 30% versus FY2019

Market environment

- Maintained level from previous fiscal year, when the market for MCT in edible oils for household use grew significantly.
- MCT recognition is around 35% (Company research), and recognition is advancing in the target group of both men and women with a strong interest in beauty and slimming.
- Raw material costs are increasing significantly due to soaring oil and fat raw material prices and a tight supply-demand balance for oleochemical products.

FY2021 status

- Developed promotion of MCT as a “functional material” in conjunction with the media, processed food manufacturers, and distributors (products launched by 9 companies).
- Obtained approval as foods with function claims (9 MCT oil products, 2 MCT dressing products), and promoted understanding of MCT functions in conjunction with execution of communication strategy.

FY2022 key measures

Strengthen cross-collaboration between BtoB and BtoC activities, cultivate MCT brand value, and drive business expansion:

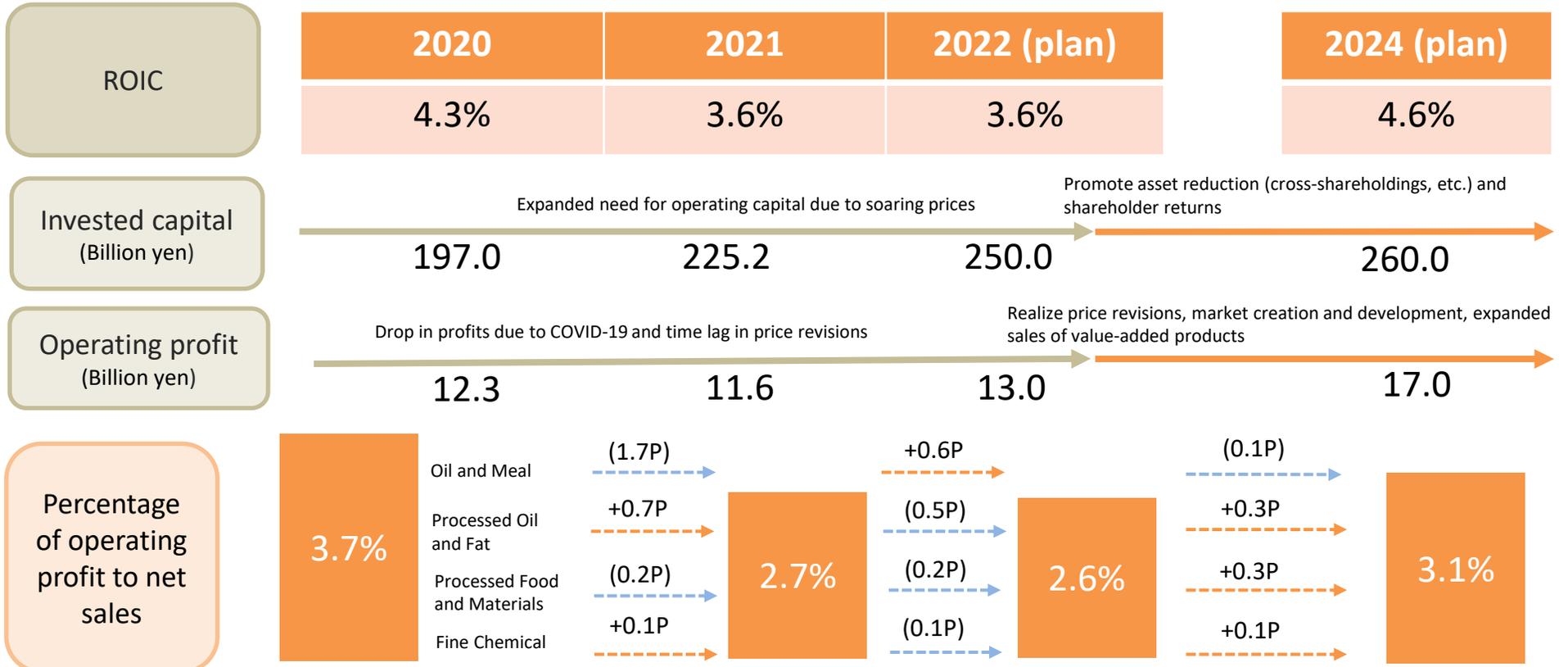
- Continuously approach to processed food manufacturers; commercialize and follow-up with distributors to significantly increase use of MCT (use expected to increase more than five-fold over FY2021).
- Take advantage of having obtained approval as foods with function claims, promote not only awareness but understanding of “what MCT can do,” and stimulate a willingness to buy (aggressive product launches, coordination between communication activities and sales).

MCT's functions and applications are introduced in various types of media.



Efficiency

Enhancing Capital Efficiency with Sustainable Growth



【FY2021】

- Decline of oil and meal profit margins due to preceding high costs
- Increase in processed oils and fats due to earnings on mark-to-market valuation

【FY2022】

- Improved profit margins in oil and meal with the penetration of price revisions, expanded sales of value-added products, and efficiency improvement measures

【Through FY2024】

- Improvement in profit levels due to the realization of Medium-term Management Plan growth measures contributes to improved profit margins.

Sustainability Global Environment/Supply Chain Connected by Trust

Efforts toward FY2024	FY2021 results	FY2022 plan and efforts
<p>Environment</p> <ul style="list-style-type: none"> Reduction of GHG emissions Scope 1, 2 -8% (versus FY2016) <p>Supply chain</p> <ul style="list-style-type: none"> Improved sustainability in procurement Percentage of certified palm oil sourced 100% 	<p>Environment</p> <ul style="list-style-type: none"> Scope 1, 2 Approx. -7.3% *Preliminary figures <p>Supply chain</p> <ul style="list-style-type: none"> Percentage of certified palm oil sourced 54.9% 	<p>Environment</p> <ul style="list-style-type: none"> Scope 1, 2 -8% <p>Supply chain</p> <ul style="list-style-type: none"> Advance efforts toward 100% sourcing of certified palm oil

Key initiatives in FY2021

Environment

- Decarbonization Advancement Office was established to promote efforts to reduce GHG emissions, and a road map for achieving targets was formulated.
- Specific review of action plans began regarding the Sustainability Center concept for the Sakai Plant.
- New energy-saving equipment was installed at domestic production bases, and GHG reduction effects were confirmed.

Supply chain

- Acceptance testing was conducted at production bases toward reaching 100% sourcing of certified palm oil.
- Expanded domestic bases handling certified oil product to expand sales.

Initiatives in FY2022 and beyond

Environment

- New facilities that utilize renewable energy and by-products are scheduled to be introduced at domestic production bases in FY2022.
- Promote phased switchover to energy-efficient equipment including deployment of equipment whose GHG reduction effects were confirmed in FY2021, at more of our manufacturing facilities.

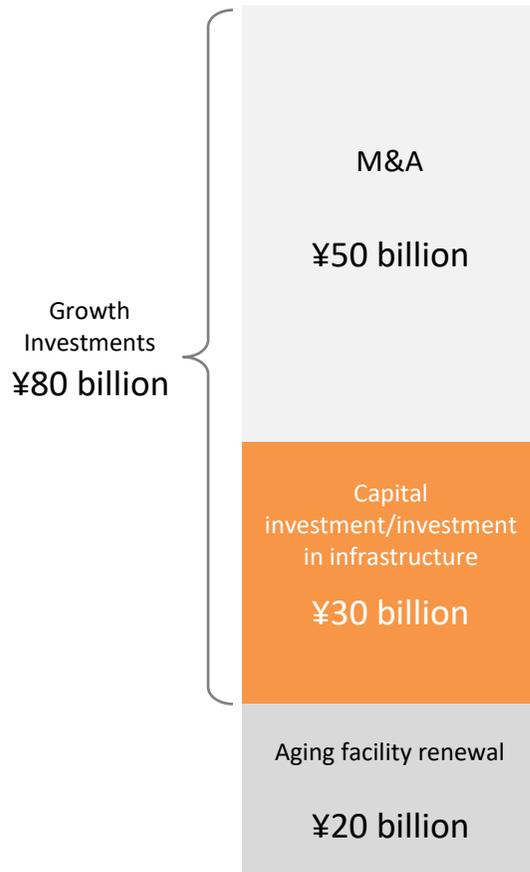
Supply chain

- Offer support for the establishment of the MSPO system, Malaysia's certification standard, including test purchases of certified oil.
- Collaborate with NGOs and related businesses to promote activities aimed at supply chain improvements.
- Plan to disclose the status of efforts to improve traceability back to farms.

Active
Investment

Growth Investment

Policies for and Progress in Growth Investments

Investment amounts over
four years of Medium-term
Management PlanInvestment policies for four years of
Value Up+ Medium-term Management Plan

Sales expansion

Co-creation mechanisms: Approx. ¥10 billion

- Expand incubation function
- Marketing of functional materials

Production capacity expansion: Approx. ¥10 billion

- Boost production capacity for oils and fats for use in chocolate
- Expand sales of value-added products in domestic market

Strengthening of
infrastructureDX investments: Approx. ¥5 billion

- Smart Factory conversion at Nagoya Plant

Environmental investments: Approx. ¥5 billion

- Investments in decarbonization, etc., primarily at Sakai Plant

FY2021 Results

- ◆ Strengthened/implemented incubation function at Yokohama Isogo Complex (scheduled completion in FY2024)
- ◆ Boosted production capacity at ISF for oils and fats for use in chocolate (scheduled to commence operation in FY2024)
- ◆ Boosted filling capacity of oils for commercial use at Nagoya Plant (commenced operation in January 2022)
- ◆ Introduced a manufacturing execution management system to serve as a smart factory base, to commence operation in FY2024 (deployment to be completed by the end of FY2023)
- ◆ Introduced environmentally friendly production equipment (scheduled to commence operation in 2023)
- ◆ Installed solar panels at domestic production bases

Status of efforts to establish an oil extraction joint venture in the West Japan area with J-Oil Mills, Inc.

- Between July 2021 and March 2022, a feasibility study was conducted in advance of establishing an oil extraction joint venture in the West Japan area.
- Efforts continue toward realizing a smooth joint venture, as operational and administrative issues are identified and addressed based on the results of that study.

Analysis and disclosure of information regarding risks and opportunities for the Group due to climate change, based on TCFD recommendations

- In March 2021, we announced our support for the TCFD recommendations, conducted an analysis of the risks and opportunities for the Group associated with climate change, and published the results on the Company's website along with measures to address them.

<https://www.nisshin-oillio.com/company/sustainability/environment/tcf.html>

(In Japanese only)

The Nisshin Oillio Group Human Rights Policy established

- As part of efforts to realize a "Supply chain connected by trust," a priority area of The Nisshin Oillio Group Vision 2030, in March 2022 we formulated The Nisshin Oillio Group Human Rights Policy, based on the UN Guiding Principles on Business and Human Rights.

https://www.nisshin-oillio.com/company/sustainability/human_rights/

(In Japanese only)

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"The Natural Power of Plants"

