



The Nisshin Oillio Group, Ltd.

Second Quarter of FY2022

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1. Summary of Financial Results

1-1. Summary for Second Quarter FY2022

(Million yen)

	Second Quarter FY2022	Second Quarter FY2021	YoY	
			Change	Change (%)
Net sales	275,621	195,329	+80,291	+41.1%
Percentage of overseas sales	25.0%	20.0%	+5.0P	—
Operating profit	9,436	6,284	+3,152	+50.2%
Percentage of operating profit to net sales	3.4%	3.2%	+0.2P	—
Ordinary profit	9,895	7,171	+2,723	+38.0%
Profit attributable to owners of parent	7,784	5,298	+2,486	+46.9%

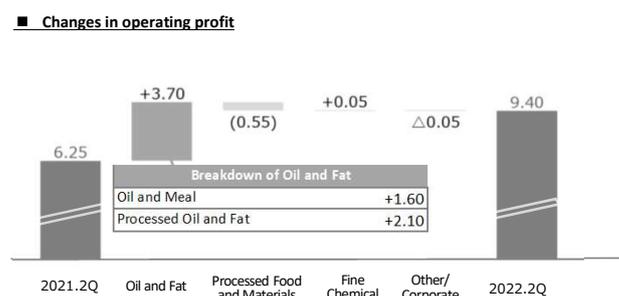
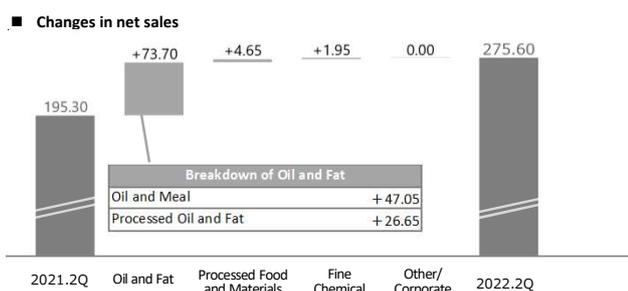
1-2. Results by Business Segment

(Million yen)

	Second Quarter FY2022	Second Quarter FY2021	YoY	
			Change	Change (%)
Net sales	275,621	195,329	+80,291	+41.1%
Oil and Fat	233,714	160,022	+73,691	+46.1%
Oil and Meal	170,311	123,269	+47,041	+38.2%
Processed Oil and Fat	63,403	36,752	+26,650	+72.5%
Processed Food and Materials	30,366	25,739	+4,627	+18.0%
Fine Chemical	10,234	8,265	+1,968	+23.8%
Other/Adjustments	1,306	1,302	+4	+0.3%
Operating profit	9,436	6,284	+3,152	+50.2%
Oil and Fat	8,809	5,096	+3,713	+72.9%
Oil and Meal	4,188	2,607	+1,581	+60.6%
Processed Oil and Fat	4,621	2,489	+2,132	+85.7%
Processed Food and Materials	56	630	(573)	(91.0%)
Fine Chemical	848	787	+60	+7.7%
Other/Adjustments	(278)	(230)	△47	—

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

(Billion yen)



<Factors impacting net sales>

- Oil and Fat
 - Revisions to sales prices due to an increase in raw material costs (↑)
 - Increase in sales volume of household-use products (↑)
 - Increase both in sales volume and sales prices of meal (↑)
 - Foreign currency translation effects of overseas subsidiaries (↑)
- Processed Food and Materials
 - Increase in sales volume of chocolate products and foreign currency translation effects of subsidiaries (↑)
 - Revisions to sales prices of MCT products (↑)
 - Revisions to sales prices of soybean material/food product (↑)
- Fine Chemical
 - Revisions to sales prices due to an increase in raw material costs (↑)
 - Increase in sales volume of alcohol preparations (↑)

<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 mark-to-market valuation of palm oil transactions (↑)
 - Foreign currency translation effects of overseas subsidiaries (↑)
- Processed Food and Materials
 - Increase in cost rate for chocolate products and decrease in sales volume of premixed products (↓)
 - Increase in selling, general and administrative expenses for seasonings such as salad dressings (↓)
 - Increase in raw material costs and increase in selling, general and administrative expenses for MCT products (↓)
- Fine Chemical
 - Revisions to sales prices and higher sales volumes generated by European subsidiaries (↑)
 - Increase in raw material costs and depreciation costs incurred with the start of operations at new plant (↓)
 - Increase in raw material costs for hygiene-related products (↓)

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	100,594	+30,460		
Commercial-use and processing-use	64,293	+21,854	+1,393	Net sales and profits increased due to sale price revision in conjunction with rising raw material costs of oils and fats; an increase in sales volume of household-use products; and an increase in sales volume and prices for meals.
Household-use	36,301	+8,606		
Meal	52,287	+13,978		
Subsidiaries	41,503	+7,480	+192	
Consolidation adjustment and others	(24,075)	(4,878)	(4)	
Oil and meal total	170,311	+47,041	+1,581	

Supplement:
Value-added products in domestic oil and fat

Sales composition ratio	Changes in net sales
17%	+1,265

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

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

(Billion yen)

	Change	Main factors
Sales volume factors	+0.30	Commercial-use and processing-use [+0.00], household-use [+0.30]
Sales price factors	+28.65	Commercial-use and processing-use [+21.50], household-use [+7.15]
Cost factors	(26.10)	
Soybean	(6.70)	C&F [(8.05)], foreign exchange [(6.75)], meal sales [+8.10]
Rapeseed	(14.80)	C&F [(13.45)], foreign exchange [(4.60)], meal sales [+3.25]
Other products & manufacturing costs	(4.60)	Cost increase in palm oil
SG&A expenses and others	(1.45)	
Total	+1.40	

Supplement: Percentage change in sales volume of overseas processed oil and fat segment (change: YOY)

	Percentage change in sales volume
Overseas processed oil and fat	(3%)
Europe	(8%)
Asia	+0%
Other regions	(0%)

Processed Oil and Fat (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Change		
Overseas processed oil and fat	68,656	+31,583		
Europe	28,539	+14,232	+2,505	•Sales increased due to rising sales prices and foreign currency translation effects. •While rising raw material costs are a factor in lower profit, profits increased due to an increase in sales volume and unit sales prices for oils and fats used in chocolate, as well as the impact of the mark-to-market valuation of palm oil transactions (as of Sept. 30, 2022: +2.55 billion yen; as of Sept. 30, 2021: +2.05 billion yen) and foreign currency translations due to the declining value of the yen.
Asia	35,684	+15,311		
Other regions	4,432	+2,039		
Domestic processed oil and fat	6,169	+1,580	(430)	Net sales increased due to sales price revision, but profits declined due to a higher cost of sales.
Consolidation adjustment and others	(11,421)	(6,513)	+56	
Processed oil and fat total	63,403	+26,650	+2,132	

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

Sales composition ratio	Change in sales volume YoY
36%	+16%

Processed Food and Materials

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Results	Change		
Chocolate	15,206	+2,577	(192)	Net sales increased due to foreign currency translation effects of overseas subsidiaries, but profit declined due to a higher cost ratio.
Seasoning	2,353	+56	(31)	Net sales increased due to sales price revision, but profits declined due to increase in selling, general and administrative expenses.
Functional materials and foods	3,838	+363	(258)	Net sales increased due to MCT sales price revision, but profit declined due to higher raw material costs and increase in selling, general and administrative expenses.
MCT	2,952	+424		
Soybean materials and foods	10,733	+1,756	(75)	Net sales increased due to sales price revision, but profit declined due to increase in costs of raw materials.
Consolidation adjustment and others	(1,765)	(126)	(15)	
Processed food and materials total	30,366	+4,627	(573)	

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	8,483	+2,444	+183	Net sales and profits increased due to sales price revision and higher sales volumes generated by subsidiaries.
Environment and hygiene-related products	3,558	+118	(64)	Sales volume increased, and while net sales increased, profits were down due to higher prices for raw materials.
Consolidation adjustment and others	(1,807)	(594)	(57)	
Fine chemical total	10,234	+1,968	+60	

Supplement: Raw materials for cosmetics (Million yen)

Net sales	Change
5,009	+1,352

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	JPY/IDR
Second Quarter FY2021	109.81	130.88	26.32	16.99	0.0076
Second Quarter FY2022	134.03	138.76	30.36	19.89	0.0091

2. Earnings Forecast for FY2022

2-1. Earnings Forecast

	FY2022 Forecast	FY2021 Results	YoY	
			Change	Change (%)
Net sales	500,000	432,778	+67,221	+15.5%
Operating profit	13,000	11,670	+1,329	+11.4%
Ordinary profit	13,300	12,648	+651	+5.1%
Profit attributable to owners of parent	9,200	8,595	+604	+7.0%

(Million yen)

Initial Plan for FY 2022	Comparison to Initial Plan	
	Change	Change (%)
500,000	—	—
13,000	—	—
13,300	—	—
9,200	—	—

2-2. Forecast by Business Segment

	FY2022 Forecast	FY2021 Results	YoY	
			Change	Change (%)
Net sales	500,000	432,778	+67,221	+15.5%
Oil and Fat	416,500	355,026	+61,473	+17.3%
Oil and Meal	306,500	267,840	+38,659	+14.4%
Processed Oil and Fat	110,000	87,186	+22,813	+26.2%
Processed Food and Materials	63,000	58,185	+4,814	+8.3%
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	11,800	8,975	+2,824	+31.5%
Oil and Meal	8,400	4,716	+3,683	+78.1%
Processed Oil and Fat	3,400	4,258	(858)	(20.2%)
Processed Food and Materials	500	1,672	(1,172)	(70.1%)
Fine Chemical	1,200	1,336	(136)	(10.2%)
Other/Adjustments	(500)	(314)	(185)	—

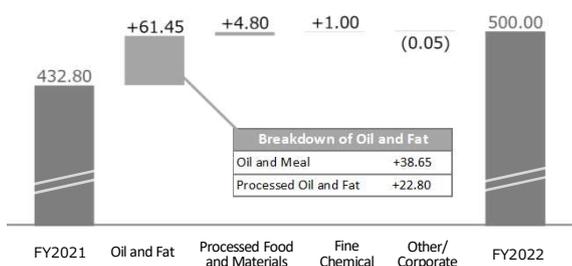
(Million yen)

Initial Plan for FY 2022	Comparison to Initial Plan	
	Change	Change (%)
500,000	—	—
414,500	+2,000	+0.5%
306,500	—	—
108,000	+2,000	+1.9%
65,000	(2000)	(3.1%)
18,000	—	—
2,500	—	—
13,000	—	—
11,050	+750	+6.8%
8,400	—	—
2,650	+750	+28.3%
1,200	(700)	(58.3%)
1,150	+50	+4.3%
(400)	(100)	—

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

(Billion yen)

Changes in net sales



<Factors impacting net sales>

Oil and Fat

- Revisions to oil and fat sales prices due to increases in raw material costs (↑)
- Increase in sales volume of household-use products (↑)
- Increase in sales volume and sales prices of meal (↑)
- Foreign currency translation effects of overseas subsidiaries (↑)

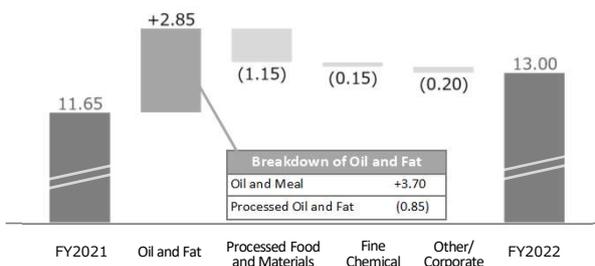
Processed Food and Materials

- Increase in sales volume of chocolate products and foreign currency translation effects of overseas subsidiaries (↑)
- Increase in sales volume and revisions to sales prices of MCT products (↑)
- Revisions to sales prices of soybean material/food product (↑)

Fine Chemical

- Revisions to sales prices due to an increase in raw material costs (↑)
- Decrease in sales volumes of hygiene-related high-functional products (↓)

Changes in operating profit



<Factors impacting operating profit>

Oil and Fat

- Increases in raw material costs for oil, meal and processed oils and fats (↓)
- Revisions to sales prices due to increases in raw material costs (↑)
- Decrease in earnings on mark-to-market valuation of palm oil transactions (↓)
- Foreign currency translation effects of overseas subsidiaries (↑)

Processed Food and Materials

- Increase in cost rate for chocolate products and decrease in sales volume of premixed products (↓)
- Increase in cost of sales for MCT products and soybean-related products in conjunction with increases in raw material costs (↓)
- Increase in selling, general and administrative expenses of seasonings and MCT products (↓)

Fine Chemical

- Increase in cost of sales for fine chemical products in conjunction with rising raw material costs (↓)
- Increase in depreciation costs incurred with the start of operations at new plant (↓)
- Increase in raw material costs for hygiene-related products (↓)

2-4. Segment Information Details

Oil and Meal (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Forecast	Change		
Domestic oil and fat	214,241	+56,068		
Commercial-use and processing-use	136,312	+38,284	+3,867	Net sales and profits will increase due to sale price revision in conjunction with rising raw material costs of oils and fats; an increase in sales volume of household-use products; and an increase in sales volume and prices for meals
Household-use	77,929	+17,784		
Meal	106,917	+28,645		
Subsidiaries	81,070	+8,512	(152)	
Consolidation adjustment and others	(95,729)	(54,567)	(31)	
Oil and meal total	306,500	+38,659	+3,683	

Supplement:
Value-added products in domestic oil and fat

Sales composition ratio	Changes in net sales
16%	+3,629

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

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

(Billion yen)

	Change	Main factors
Sales volume factors	+0.65	Commercial-use and processing-use [+0.00], household-use [+0.65]
Sales price factors	+52.50	Commercial-use and processing-use [+37.85], household-use [+14.65]
Cost factors	(46.15)	
Soybean	(12.25)	C&F [(12.70)], foreign exchange [(18.10)], meal sales [+18.55]
Rapeseed	(19.90)	C&F [(13.40)], foreign exchange [(13.55)], meal sales [+7.05]
Other products & manufacturing costs	(14.00)	Cost increase in palm oil
SG&A expenses and others	(3.15)	
Total	+3.85	

Supplement: Percentage change in sales volume of overseas processed oil and fat segment (change: YOY)

	Percentage change in sales volume
Overseas processed oil and fat	(6%)
Europe	(21%)
Asia	(2%)
Other regions	+70%

Processed Oil and Fat (Included in Oil and Fat)

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Forecast	Change		
Overseas processed oil and fat	114,376	+26,455		· Net sales will increase due to rising sales prices and foreign exchange impact.
Europe	45,110	+12,180	(597)	· An increase in profit is substantially expected due to an increase in sales volume and unit sales prices for oils and fats used in chocolate, but the impact of mark-to-market valuation of palm oil transactions (for FY2022: +0.5 billion yen; for FY2021: +2.7 billion yen) will be substantial, and profits is expected to decline.
Asia	59,404	+9,283		
Other regions	9,861	+4,991		
Domestic processed oil and fat	13,608	+3,671	(252)	Net sales will increase due to sales price revision, but profits will decline due to increase in selling, general and administrative expenses.
Consolidation adjustment and others	(17,985)	(7,314)	(7)	
Processed oil and fat total	110,000	+22,813	(858)	

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

Sales composition ratio	Change in sales volume YoY
37%	+13%

Processed Food and Materials

(Million yen; Changes: YoY)

	Net Sales		Changes in operating profit	Remarks
	Forecast	Change		
Chocolate	34,668	+4,784	(288)	Net sales will increase due to increase in sales volumes of chocolate products, but profit will decline due to a higher cost ratio.
Seasoning	4,766	+344	(13)	Net sales will increase due to sales price revision, but profits will decline due to increase in selling, general and administrative expenses.
Functional materials and foods	8,702	+1,687	(545)	Net sales will increase due to increase in sales volumes and sales price revision of MCT, but profit will decline due to higher raw material costs and increase in selling, general and administrative expenses.
MCT	6,701	+1,554		
Soybean materials and foods	24,628	+4,556	(301)	Net sales will increase due to sales price revision, but profit will decline due to increase in costs of raw materials
Consolidation adjustment and others	(9,764)	(6,557)	(23)	
Processed food and materials total	63,000	+4,814	(1,172)	

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
	Forecast	Change		
Fine chemical products	16,709	+4,169	+22	Despite impact from higher costs for raw materials, net sales and profits will increase due to sales price revisions.
Environment and hygiene-related products	6,833	(191)	(107)	Net sales and profits will decrease due to decrease in sales volumes of high-functional products and higher prices for raw materials.
Consolidation adjustment and others	(5,543)	(2,981)	(51)	
Fine chemical total	18,000	+996	(136)	

Supplement: Raw materials for cosmetics (Million yen)

Net sales	Change
10,406	+2,584

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	JPY/IDR
FY2021	112.39	130.55	26.52	17.51	0.0078
FY2022	135.24	139.23	30.45	19.95	0.0091

Reference

Chicago Soybean Market



Source: Bloomberg

ICE Rapeseed Market



Source: Bloomberg

Crude Palm Oil Market



Source: Bloomberg

Exchange Rates (JPY/USD)



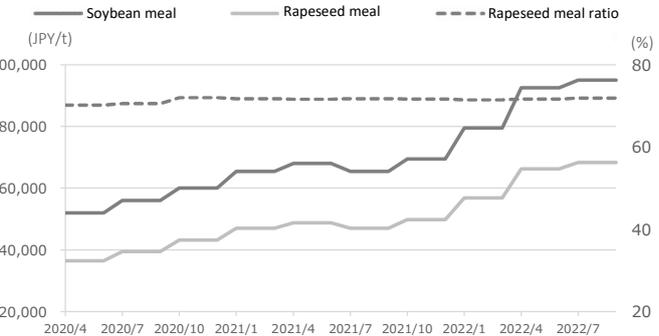
Source: Bloomberg

Meal Value Trends



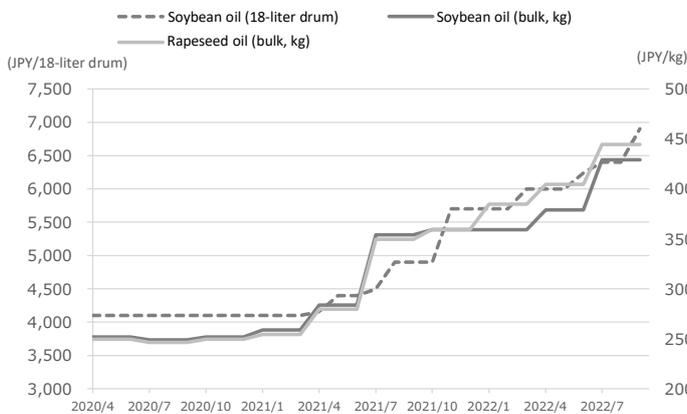
Source: Bloomberg

Average Market Price in the Meal Industry



Source: Yushitokuho

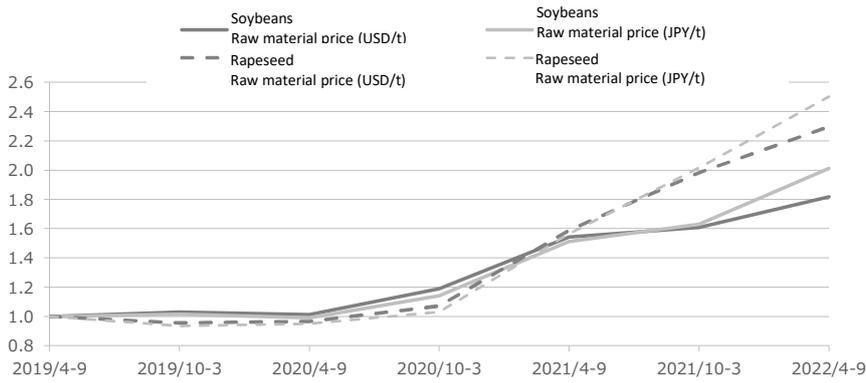
Nikkei Market Price Trends



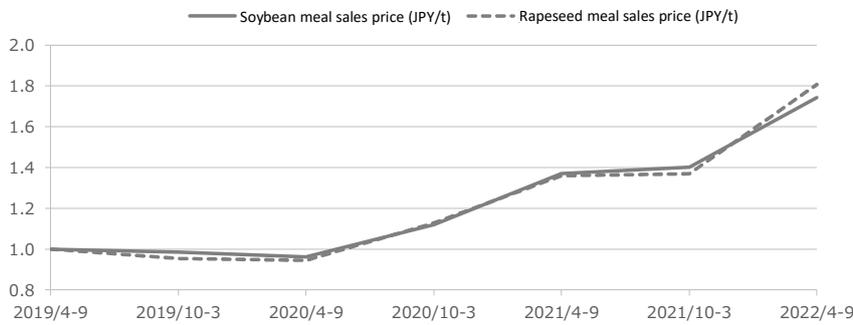
Source: The Nikkei

Reference

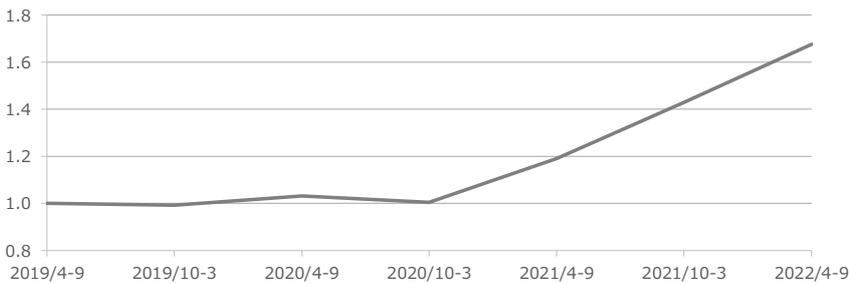
Raw Materials (Soybeans and Rapeseed)



Meal (Soybeans and Rapeseed)



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



Note: Indexed with April–September 2019 result set as 1.0
 Source: The Nisshin Oillio Group, Ltd.