



"The Natural Power of Plants"

The Nisshin Oillio Group, Ltd.

Second Quarter of FY2022 Financial Results Briefing

November 17, 2022



Summary of Financial Results for Second Quarter of FY2022

Actual Results

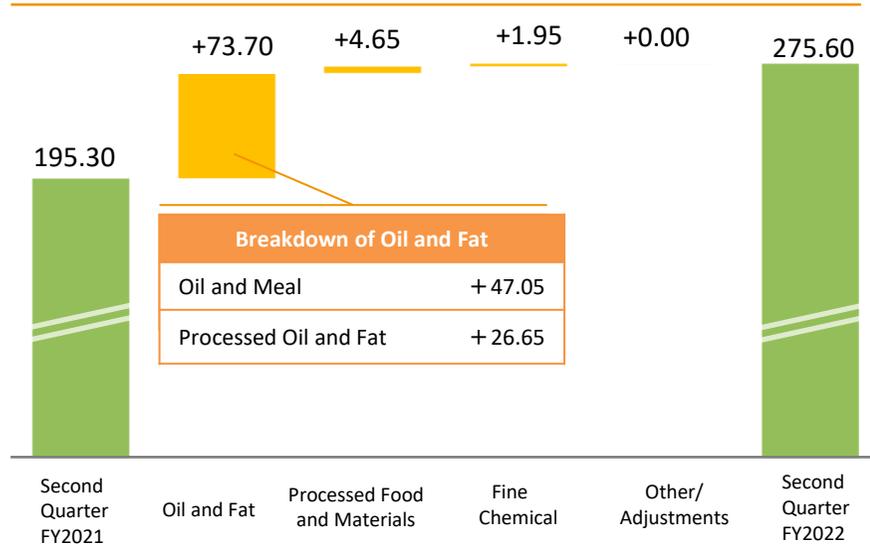
- By focusing on sales price revisions in response to rising raw material costs in each segment, the company was able to achieve an increase in net sales.
- In addition to steady implementation of sales price revisions and improved profitability due to increased sales of value-added products and other factors, there was also an impact from mark-to-market valuation gains on palm oil transactions (+2.55 billion yen in this quarter, a 0.5-billion-yen year-on-year increase), and as a result, operating profit increased.

	(Million yen)	Second quarter of FY2022 results	Second quarter of FY2021 results	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	+26,550	+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)	—
Ordinary profit		9,895	7,171	+2,723	+38.0%
Profit attributable to owners of parent		7,784	5,298	+2,486	+46.9%
Percentage of overseas sales (%)		25.0%	20.0%	+5.0P	—

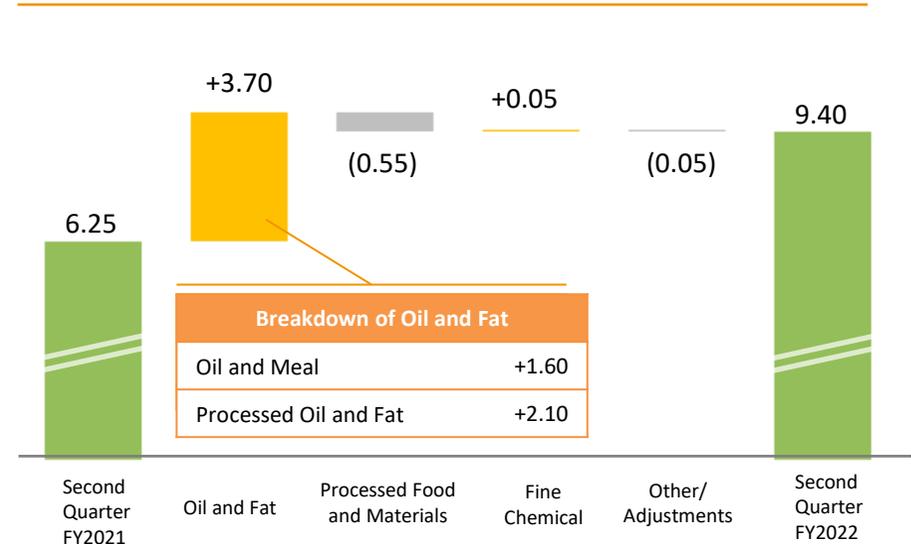
Factors Impacting Net Sales and Operating Profit (Year on Year)

(Billion yen)

Changes in net sales



Changes in operating profit



Factors impacting net sales

- **Oil and Fat**
 - Revisions to 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 (↓)

Earnings Forecast for FY2022: Main Points of the Forecast for the Second Half

Market environment

Japan

- As a result of rising prices for general goods and services used in day-to-day life due to the rapid depreciation of the yen, persistent high prices for raw materials and energy, and higher logistics costs, there are concerns regarding a slump in consumer sentiment.
- Although a recovery in consumption activities is expected as a result of inbound demand and other factors, the situation remains uncertain including concerns about the possibility of an eighth wave of COVID-19.

Overseas

- In addition to the risk of economic downturn precipitated by rapid monetary tightening policies intended to curtail inflation in countries around the world, heightened geopolitical risks must also be kept in mind.

Cost environment

- Raw material prices are moving toward record highs due to a sense of tight supply and demand for grains and vegetable oils globally and protracted disruption of supply chains (supply networks) caused by the Russian invasion of Ukraine. In addition, raw material procurement costs remain at high levels as a result of the rapid depreciation of the yen.
- The cost environment remains adverse because of persistent high raw material procurement costs as well as escalating utility costs and logistics expenses due to rising energy prices and other factors.

Sales price revisions

- While market and cost environments in Japan remain adverse, the company is focusing on establishing appropriate sales prices and is making steady progress on creating new markets, reinforcing solution proposals, and expanding sales of value-added products.
- Overseas, the company is focusing its efforts on sales of value-added products such as oils and fats used in chocolate products and raw materials for cosmetics and on expanding sales with new trading partners.

Earnings Forecast for FY2022

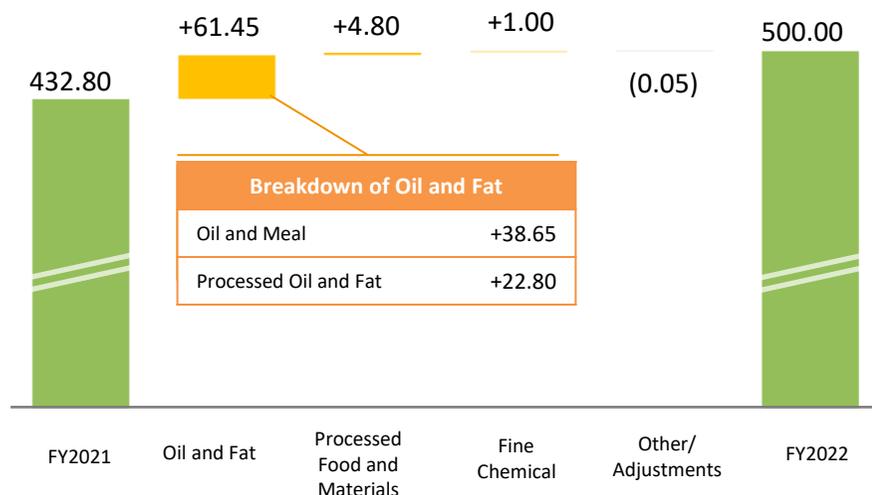
- No revisions have been made to the overall forecast of results for the year, but in light of results to date and the outlook, minor revisions have been made to the results forecasts for individual segments.
- In the second half, the company expects prices for raw materials to remain high due to the rapid depreciation of the yen against the U.S. dollar. The company also expects that uncertainty will persist including disruption of supply chains (supply networks) caused by the Russian invasion of Ukraine and the impact on consumer consumption behavior from COVID-19.
- The company will continue to focus its efforts on product sales at appropriate prices, expanding sales of value-added products, and increasing productivity by cutting costs and implementing other measures.

	(Million yen)	FY2022 forecast	FY2021 results	YoY		Initial plan for FY2022
				Change	Change (%)	
Net sales		500,000	432,778	+67,221	+15.5%	500,000
Oil and Fat		416,500	355,026	+61,473	+17.3%	414,500
Oil and Meal		306,500	267,840	+38,659	+14.4%	306,500
Processed Oil and Fat		110,000	87,186	+22,813	+26.2%	108,000
Processed Food and Materials		63,000	58,185	+4,814	+8.3%	65,000
Fine Chemical		18,000	17,003	+996	+5.9%	18,000
Other/Adjustments		2,500	2,563	(63)	(2.5%)	2,500
Operating profit		13,000	11,670	+1,329	+11.4%	13,000
Oil and Fat		11,800	8,975	+2,824	+31.5%	11,050
Oil and Meal		8,400	4,716	+3,683	+78.1%	8,400
Processed Oil and Fat		3,400	4,258	(858)	(20.2%)	2,650
Processed Food and Materials		500	1,672	(1,172)	(70.1%)	1,200
Fine Chemical		1,200	1,336	(136)	(10.2%)	1,150
Other/Adjustments		(500)	(314)	(185)	—	(400)
Ordinary profit		13,300	12,648	+651	+5.1%	13,300
Profit attributable to owners of parent		9,200	8,595	+604	+7.0%	9,200

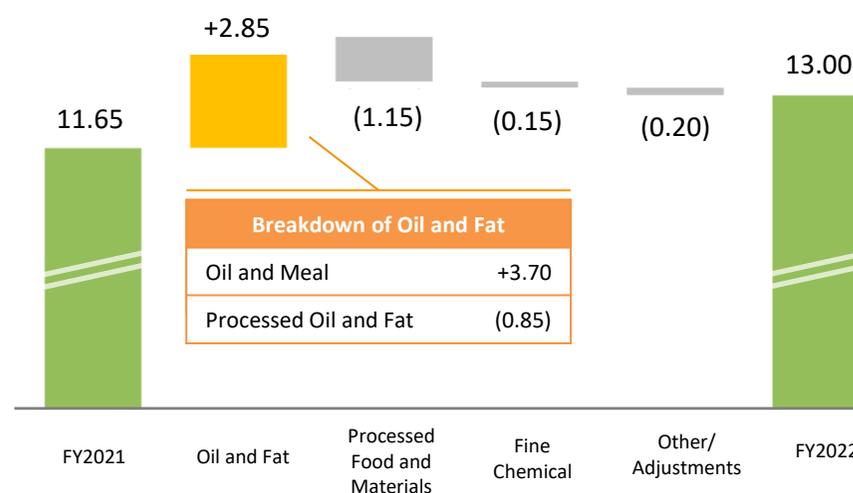
Earnings Forecast for FY2022 (Factors Impacting Net Sales and Operating Profit)

(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 for 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 (↓)

Factors impacting operating profit

● Oil and Fat

- Further increases in raw material costs for oil, meal and processed oils and fats (↓)
- Revisions to sales prices due to an increase 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 (↓)

Consolidated Balance Sheets/Cash Flows

(Million yen)

Consolidated Balance Sheets

Items	End of September 2022	End of March 2022	Change
Total assets	393,461	344,506	+48,954
Current assets	248,304	201,840	+46,464
Non-current assets	145,100	142,603	+2,497
Total liabilities	217,422	180,192	+37,230
Interest-bearing liabilities	113,193	93,566	+19,627
Other liabilities	104,228	86,626	+17,602
Total net assets	176,038	164,314	+11,724

Items	End of September 2022	End of March 2022
Equity ratio	42.5%	45.3%
Net D/E ratio	0.61	0.54

- Trade receivables and inventories increased as a result of sales price revisions necessitated by rising raw material costs as well as higher procurement unit costs.
- An increase in operating capital was covered by interest-bearing liabilities.

Cash Flows

Items	Second quarter of FY2022 results	Second quarter of FY2021 results	Change
Operating cash flows	(12,703)	(17,251)	+4,547
Profit before income taxes	10,690	7,066	+3,624
Depreciation	4,696	4,287	+409
Increase/decrease in operating capital	(21,339)	(18,205)	(3,133)
Investing cash flows	(3,258)	(6,900)	+3,642
Financing cash flows	14,914	22,736	(7,821)

- Despite an increase in profit, operating cash flows continued to be negative due to increased operating capital necessitated by persistent high raw material costs.
- Operating cash flows improved substantially compared to the previous year when the increase in operating capital is excluded.



Progress of the Medium-term Management Plan

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

Value Up+ FY2024 business goals

Net sales	Operating profit	ROE	ROIC
¥540	¥17	8.0	4.6
billion	billion	%	%

The Nisshin OilliO Group Vision 2030

Make substantial progress toward becoming an oils and fats solution provider on the world's highest levels, by applying **customer centricity** to our business

Create diverse shared values (CSV)

FY2017

FY2021

FY2024

FY2030

Previous Medium-Term Management Plan
FY2017–2020

OilliO Value Up 2020

Continue with business restructuring, but shifting focus to a more growth-oriented path

New Medium-Term Management Plan
FY2021–2024

Value Up+

Transform ourselves into a corporate group that continuously creates diverse values through customer centricity

Accelerate our growth trajectory with CSV as the main driver

FY2025 – 2030

Strategic Marketing

×

Technological Innovation

×

Globalization

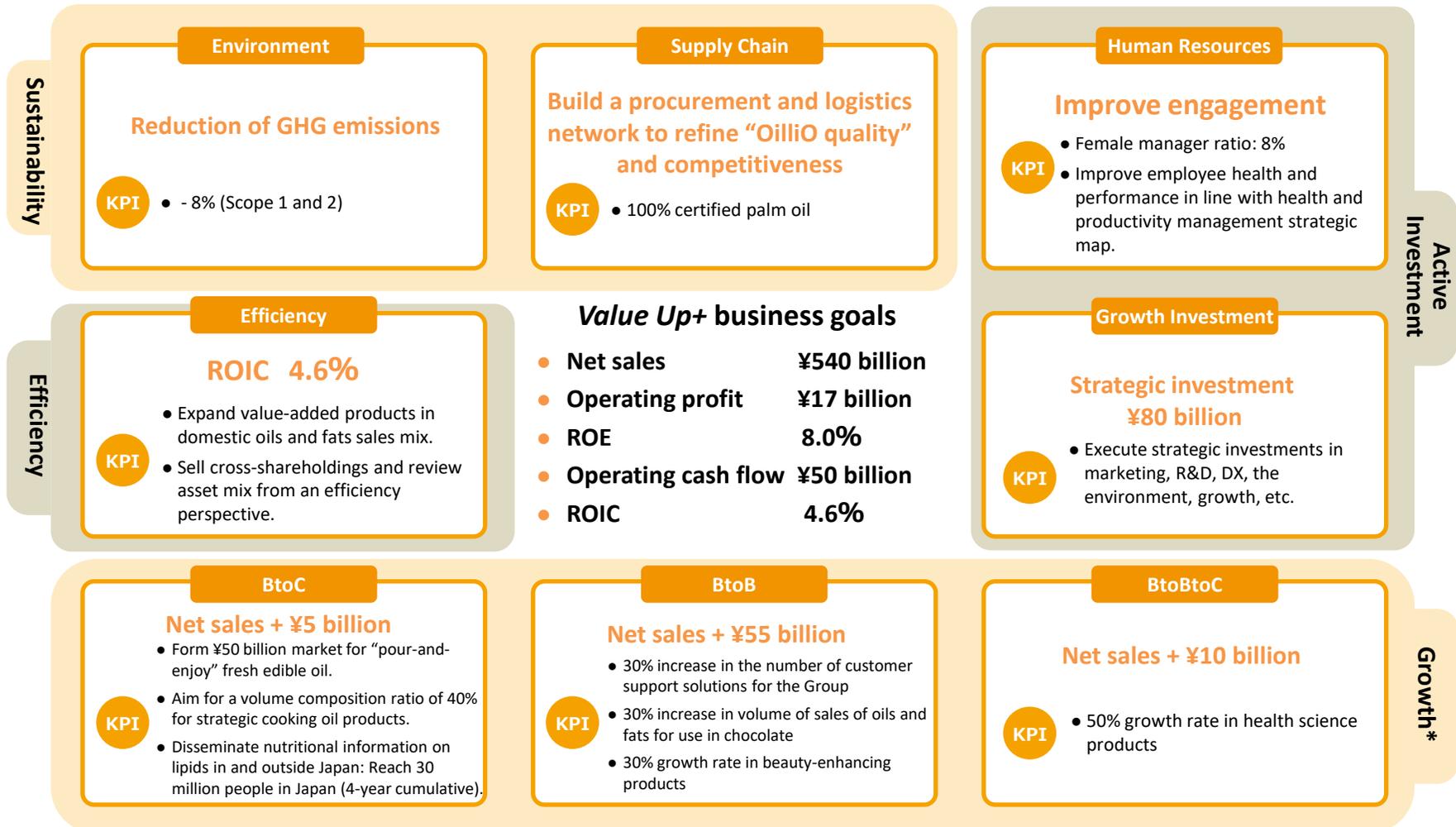
Vision 2030: Shared Values and CSV Goals in Our Priorities

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%	150%	200%
	Develop products that enhance people's good health based on knowledge of lipid nutrition			
	Number of people provided with lipid health information (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%	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%

* Calculated using the latest emission factors available

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

To achieve *Value Up+* business goals, the company is 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.

Growth

BtoC

BtoB

BtoBtoC

Net Sales by Sales Channel

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

- 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

Forecast for FY2022 (Progress rate toward FY2024 targets)

As of May 2022

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

As of November 2022

Progress rate: 50%

Main causes of changes

- Decline in sales opportunities in conjunction with price revisions for value-added products such as olive oils, sesame oils, and supplemental oils, etc.

Progress rate: 25%

Main causes of changes

- Prolonged effects from COVID-19 on domestic commercial-use oils and fats
- Lower sales of general-purpose products despite higher sales of oils and fats for use in chocolate in overseas processed oil and fat
- A sluggish market in China for raw materials for cosmetics and a slow market recovery in Japan

Progress rate: 20%

Main causes of changes

- Lower forecast for expanded sales of MCT oils and “healthy oils,” etc.

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).

FY2022 plan and efforts

- Continued sales expansion of value-added oils*
- Strategic products* composition ratio: 40%
*Functional products, “healthy oils,” and other products in the cooking oil category (excluding value-added oils)
- Number of people provided with lipid health information: 15 million (cumulative from FY2021)

First half of FY2022 status

- Sales expansion of value-added oils
Net Sales: 100% year on year
- Strategic products composition ratio: 62%
- Number of people provided with lipid health information: 23 million (cumulative from FY2021)

Market environment

- The market scale expanded as a result of increased demand for eating at home and higher prices in conjunction with rising prices for raw materials. In the past five years, the growth of value-added products has led to market expansion.

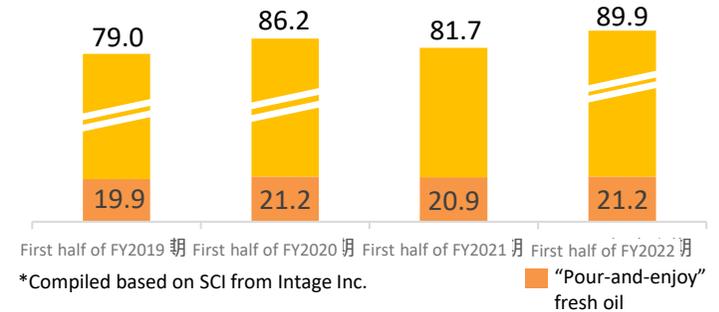
Status of efforts in the first half

- Measures to establish appropriate sales prices are ongoing.
- Measures were implemented to expand the market such as launching new “pour-and-enjoy” fresh oil and flavored oil products.
- Active measures were taken to expand sales of strategic products such as *Healthy Off*, *NatuMade*, and rice oil.

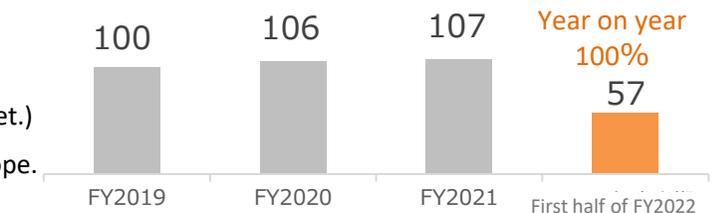
Issues and measures for the second half

- Continue measures to establish appropriate sales prices. (Have July price revisions permeate in the market.)
- Respond to further cost increases, including higher prices for olive oil in conjunction with drought in Europe.
- Roll out new products in value-added product groups and use the company’s strengths to expand sales further.

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



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



*Of the value-added category, olive oil, sesame oil, and supplemental oils
*Indexed using FY2019 as 100

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

Growth

BtoB

Efforts toward FY2024

- Growth rate of the Group’s customer support solutions (up by 30% versus FY2019)

FY2022 plan and efforts

- At the same level as FY2019

First half of FY2022 status

- Progress rate against FY2022 plan: 50%

Market environment

- The eating-out industry was impacted by the seventh wave of COVID-19, and it is difficult to forecast the change in demand, but the ready-to-eat and processed foods market remained firm.

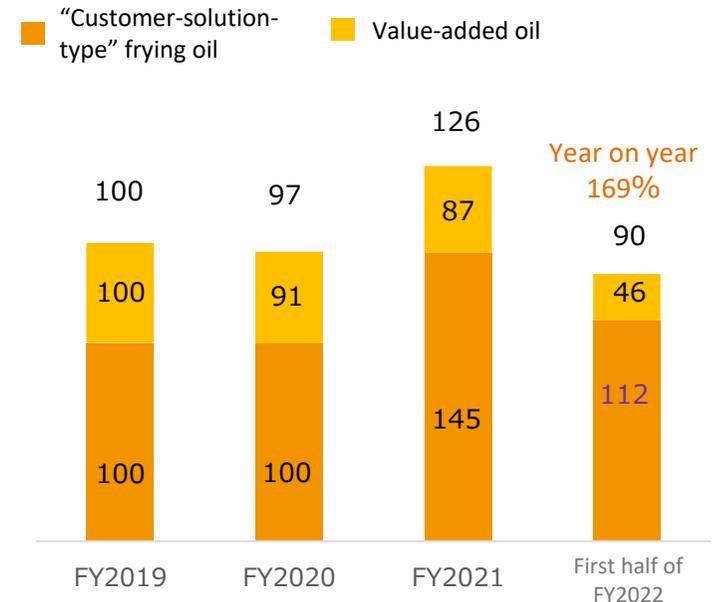
Status of efforts in the first half

- Measures to establish appropriate sales prices are ongoing.
- Implemented ongoing measures to enhance the quality of problem-solving through “needs-discovery collaboration” marketing and expanded sales of “customer-solution-type” frying oil, a priority category.
- Undertook marketing activities by using customer support functions to enter new areas and expand transactions and developed application proposals with a focus on functional oils and fats.

Issues and measures for the second half

- Continue measures to establish appropriate sales prices.
- Implement new solution proposal measures under an environment of declining demand in conjunction with the impact of COVID-19 on commercial use oils and fats and price revisions and expand sales of “customer-solution-type” frying oil, a priority category.
- Continuously reinforce “needs-discovery collaboration,” joint creation mechanisms, new product development, and application proposals.

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)

FY2022 plan and efforts

- Sales volume on a par with FY2019 level

First half of FY2022 status

- Progress rate against FY2022 plan: 50%

Market environment

- Palm oil market prices have dropped since June and demand is expected to recover from the COVID-19 pandemic, but there are ongoing concerns regarding disruption of supply chains due to the Russian invasion of Ukraine and the impact on supply and demand.

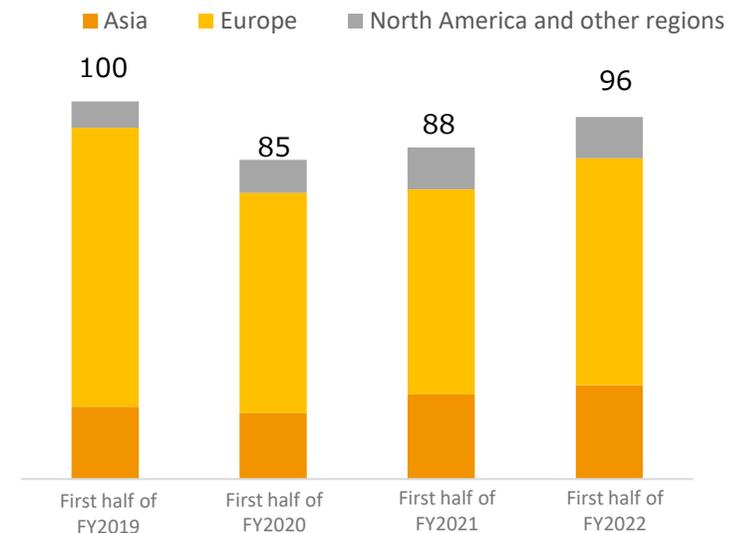
Status of efforts in the first half

- Diversified places of origin for raw materials to enhance procurement stability.
- Investigated specific measures to improve production technology in order to boost production capacity of oils and fats for use in chocolate.
- Decided to install new equipment at ISF to raise the level of control of contaminants.
- Stabilized (achieved profitability of) ISF Italy equipment operation.
- Started measures for establishing a business site in Thailand in preparation for market expansion in Southeast Asia.

Issues and measures for the second half

- Conduct trials and make adjustments to actual equipment in order to boost production capacity of oils and fats for use in chocolate.
- Make further progress in new installation of equipment to raise the level of control of contaminants.
- Reinforce and expand business sites in preparation for expansion of target markets (Europe, North America, and Southeast Asia).

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)

FY2022 plan and efforts

- Up by 20% versus FY2019

First half of FY2022 status

- Progress rate against FY2022 plan: 60%

Market environment

- Additional time will be required for the domestic market to recover, and there were effects from lockdowns in China. The market environment was favorable in the U.S. and Europe in the first half, but in the second half, demand is expected to decline, particularly in Europe and the U.S., as a result of economic slowdown caused by inflation.
- Soaring prices for oil and fat raw materials and the impact of the COVID-19 pandemic on the supply chain have caused increases in the cost of raw materials, contract production, and logistics.

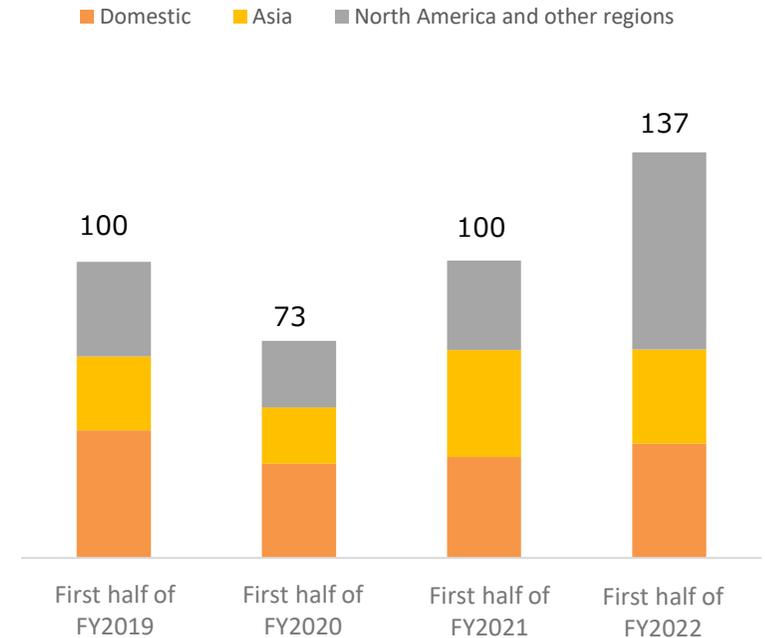
Status of efforts in the first half

- Marketed at appropriate prices in response to cost increases.
- Implemented measures to invigorate promotions in order to reinforce the global cosmetics business.
- Used Webinars and other means targeting overseas customers to propose technologies based on new knowledge relating to specialty oils.
- Investigated new product introduction through collaboration with Group companies to reinforce proposals for “natural-origin-content” products.

Issues and measures for the second half

- Continue to market at appropriate prices in response to cost increases.
- Further reinforce promotions to cover the decline in demand for cleansing oil in China.
- Continue measures in the solutions business by discovering and utilizing potential functions of cosmetic specialty oils.
- Investigate specific measures for reinforcing inbound marketing.

Net Sales of Oils for Cosmetics



*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)

FY2022 plan and efforts

- Up by 30% versus FY2019

First half of FY2022 status

- Progress rate against FY2022 plan: 52%

Market environment

- The market for MCT in edible oils for household use exceeded the level of the previous fiscal year and achieved solid growth.
- MCT recognition is around 37% (company research), and recognition is advancing in the target group 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.

Status of efforts in the first half

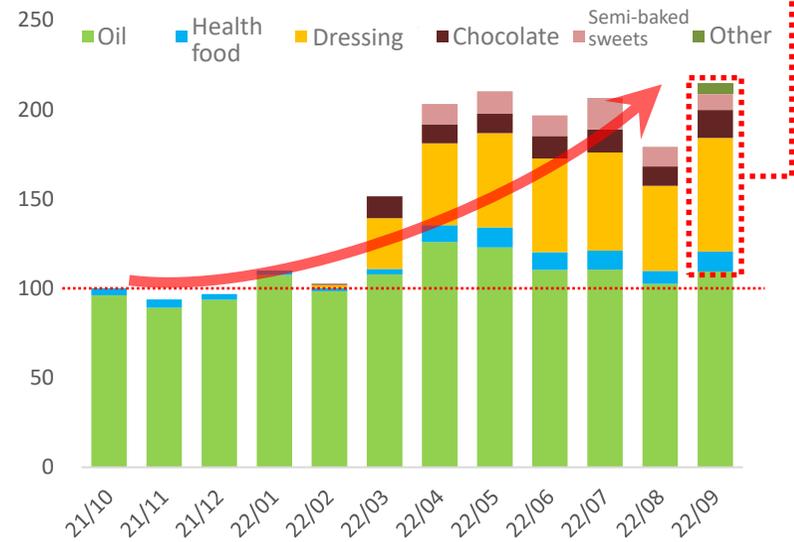
- Actively approached makers of processed foods, and about 30 new applications were adopted and commercialized in the first half.
- Continued to expand market scale as a result of increased sales linked to the marketing of new products and communication activities.

Issues and measures for the second half

- Continuously approach processed food manufacturers; commercialize and follow-up.
- In addition to the fat-burning story employed until now, investigate and implement new measures in the frail and pre-frail markets as next version of stories.
- Implement inbound marketing using the Nisshin OilliO Medical Support Site, which focuses on specialized information for healthcare and nursing care providers.

Processed foods that incorporate MCT are being sold by various companies, and categories other than edible oils are becoming an increasingly popular topic

Change in Value of Products that Emphasize MCT (indexed)



- Estimates by The Nisshin OilliO Group based on the KSP POS Market Trend Report issued by KSP-SP Co., Ltd.
- Indexed with the amount in October 2021 set at 100 based on the status of sales at sample stores

Enhancing Capital Efficiency with Sustainable Growth

(Billion yen)

ROIC	2021	2022 (forecast)	2024 (plan)
	3.6%	3.6%	4.6%

Demand for operating capital is increasing in conjunction with rising costs

Promote asset reduction (cross-shareholdings, etc.) and shareholder returns

Invested capital	225.2 [1.9]	250.0 [2.0]	260.0 [2.1]
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Figures in square brackets are the invested capital turnover rate

Realize price revisions; market creation and development; expanded sales of value-added products

Operating profit	11.6 [1.9%]	13.0 [1.8%]	17.0 [2.2%]
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Figures in square brackets are the after-tax operating profit margins

Percentage of operating profit to net sales

	2021		2022		2022 (forecast)		2024 (plan)
			First half				
Oil and Meal	1.8%	+ 0.7P	2.5%		2.7%	+ 0.0P	2.7%
Processed Oil and Fat	4.9%	+ 2.4P	7.3%		3.1%	+ 0.4P	3.5%
Processed Food and Materials	2.9%	(2.7P)	0.2%		0.8%	+ 3.1P	3.9%
Fine Chemical	7.9%	+ 0.4P	8.3%		6.7%	+ 1.9P	8.6%
Total	2.7%	+ 0.7P	3.4%		2.6%	+ 0.5P	3.1%

- Improved profit margins in oil and meal with the penetration of price revisions.
- Up 2.0 points in the first half due to the effects of palm oil mark-to-market valuation (reversed in the second half).
- Profit margins declined as a result of higher costs for processed food and materials.

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

Global Environment/Supply Chain Connected by Trust

Efforts toward FY2024

Environment

- Reduction of GHG emissions Scope 1, 2 -8% (versus FY2016)

Supply chain

- Improved sustainability in procurement
Percentage of certified palm oil sourced 100%

FY2022 plan and efforts

Environment

- Scope 1, 2 -8%

Supply chain

- Advance efforts toward 100% sourcing of certified palm oil

Status of efforts in the first half

Environment

- Based on an expected increase in Scope 1 and 2 emissions in conjunction with higher production volumes, implemented measures to save energy by updating equipment and managing operation, and implemented planned reduction measures such as procurement of green electric power, in accordance with the roadmap formulated in the previous fiscal year.
- Set targets to reduce Scope 3 CO₂ emissions and started taking action targeting supply chains.

Supply chain

- Formulated The Nisshin Oillio Group Human Rights Policy and made preparations for commencing due diligence.
- Formulated the Soybean Procurement Policy and Cacao Procurement Policy and announced them in July.
- January-June 2022: palm oil certified oil rate: 59.7%; RSPO SG certified oil rate: 51.1%.

Topics

- **【Measures to address the problem of plastics】**
Introduced environmentally-friendly materials for main household-use products (1,000 g poly bottles).
- **【Measures to reduce food losses and reduce impacts from logistics】**
Extended expiration dates for edible oil products to a maximum of seven months and will change expiration date labeling to a “year-month” format in stages starting in spring 2023.

Formation of Oilseed Processing Joint Venture Company with J-Oil Mills

The Nisshin OilliO Group, Ltd. and J-Oil Mills, Inc. Announce Basic Agreement on Nationwide Integration of Oilseed Processing Functions and Formation of Oilseed Processing Joint Venture in Western Japan

- The two companies reached basic agreement on the nationwide integration of oilseed processing functions as well as the establishment of an oilseed processing joint venture company in western Japan, with the objectives of ensuring stable supplies of oil and fats and oil meals, sustainably enhancing international competitiveness, and making broad contributions to society by solving environmental and social problems.
- In anticipation of changes in the business environment over the next 50 years and beyond, the two companies will seek to build a joint business structure that can bolster the international competitiveness of the domestic oilseed processing industry and secure stable supplies over the long term. They will also work to create next-generation oilseed processing plants that lead to the solution of environmental and social problems, including the creation of smart factories using AI and the Internet of Things (IoT), and take measures to support the development of a decarbonized society.

Outline of the Joint Venture Company

- (1) Timing of establishment: Planned for April 2023
- (2) Location of head office: Kurashiki City, Okayama Prefecture
- (3) Subject plants: The Nisshin OilliO Group's Mizushima Plant and J-Oil Mills' Kurashiki Plant
- (4) Business activities: Oilseed processing (production of crude oil and oil meals) under contract from The Nisshin OilliO Group and J-Oil Mills

Establishment of the joint venture company is subject to acquisition of the necessary permits and approvals from the relevant authorities.

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"The Natural Power of Plants"

