

# Value UpX

## Medium-Term Business Plan FY2025–FY2028

March 2025

The Nisshin OilliO Group, Ltd.

TSE: 2602

**. . . where stable raw material procurement and product manufacturing & supply are no longer taken for granted**

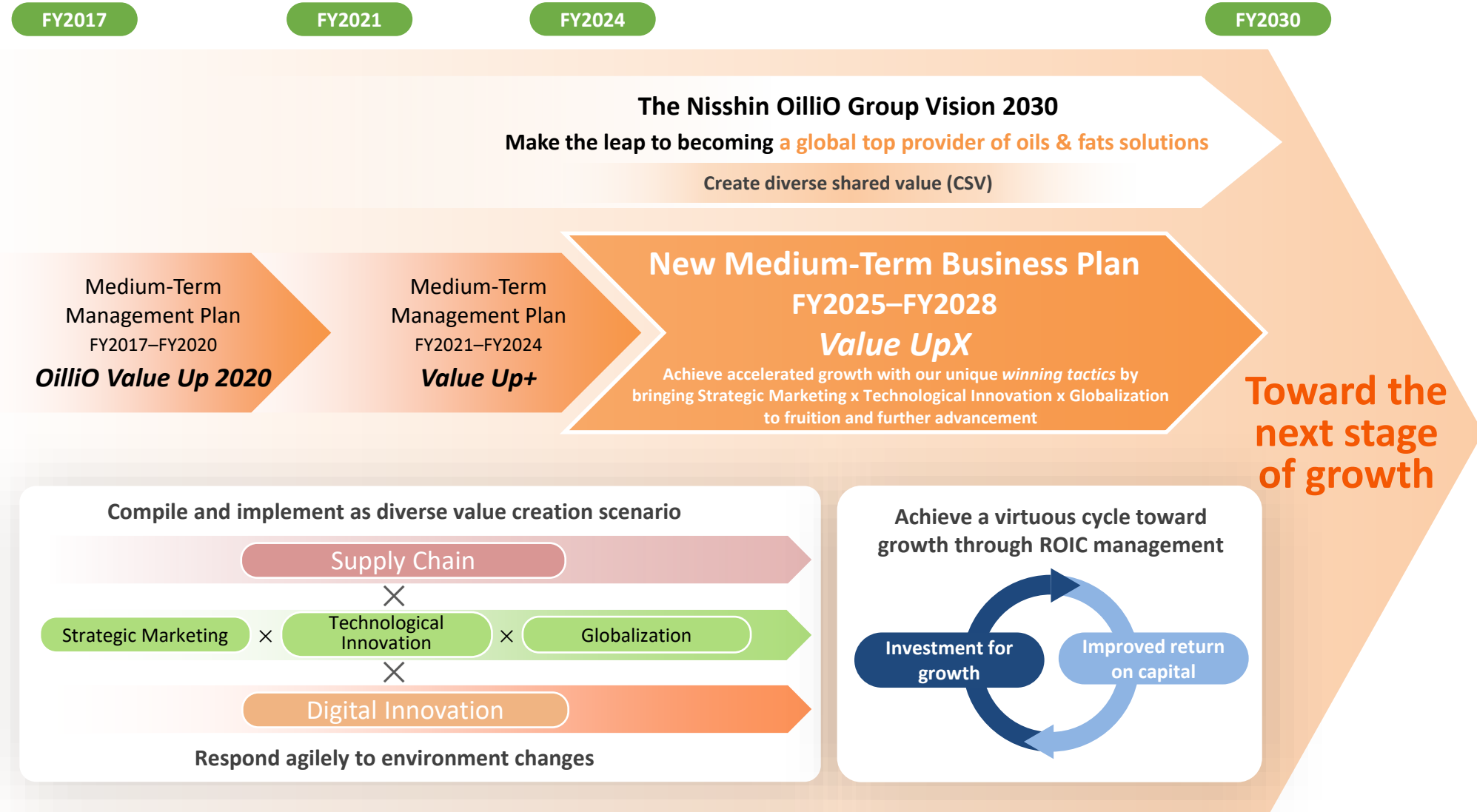
- Increasingly unstable yields of material crops resulting from climate change
- Increasingly severe and frequent natural disasters
- Restrictions on access to canals due to major droughts

- Supply chain disruptions due to outbreaks of international conflict, etc.
- Increasingly severe labor shortage in Japan
- Stricter regulations to address logistics issues

# Toward the Next Stage of Growth

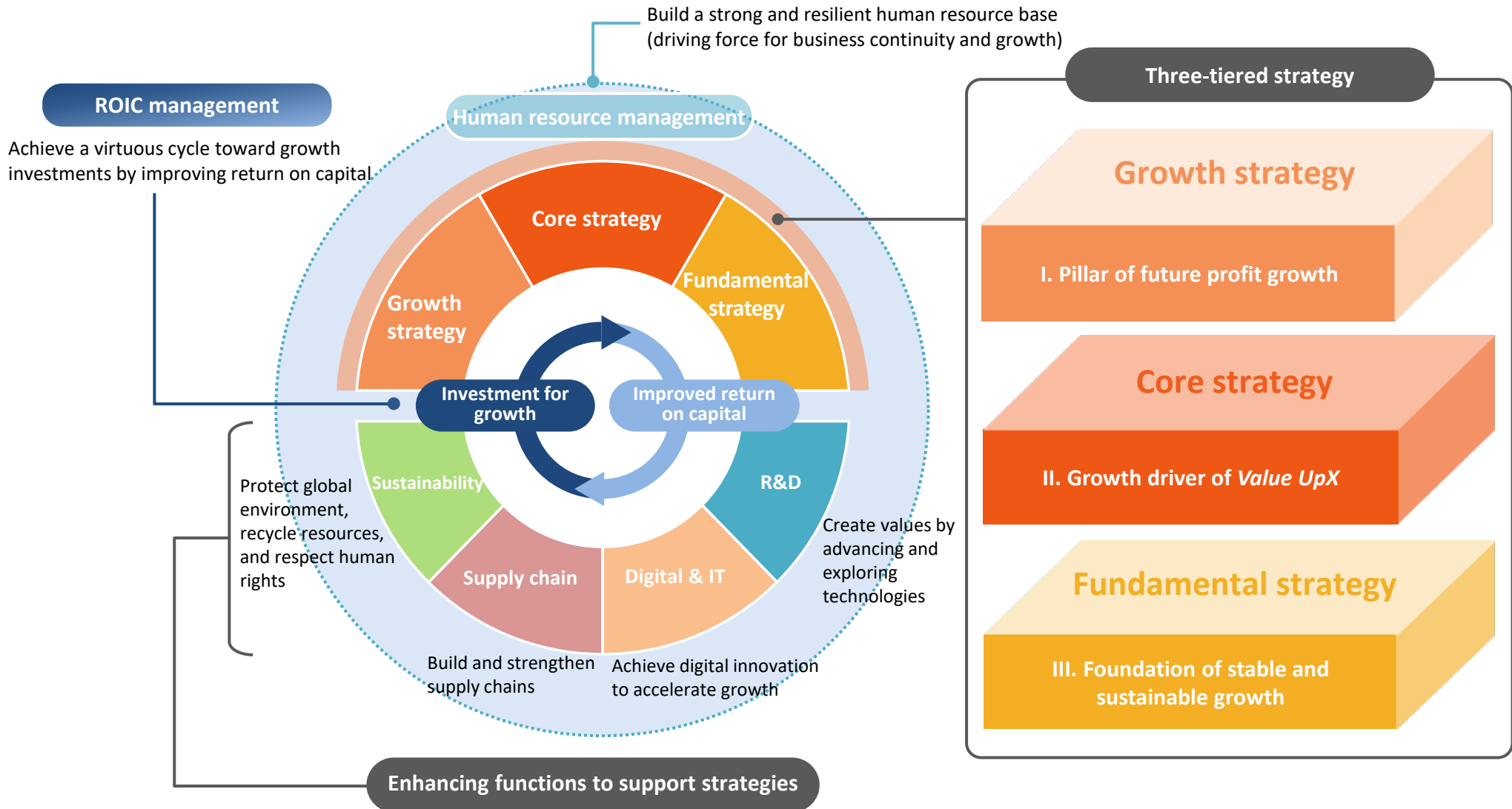
—Achieving growth in line with the strategies set out in Vision 2030—

Pursue the strategies of the new medium-term business plan to realize our Vision 2030



# Toward the Next Stage of Growth

## —Overview of the strategies—



## Three-tiered strategy

### I. Growth strategy as a pillar of future profit growth

- **Achieve profit growth through value creation and domain expansion by utilizing lipids to address health issues related to nutrition, physical condition and constitution, etc.**
  - Acquire new evidence on lipid nutrition and promote various nutrition products (MCT, omega-3 fatty acid, olive oil polyphenol, etc.)
  - Promote oil & fat products that highlight broad-ranging values leading to tangible benefits of improved physical condition, by leveraging the lipid properties
- **Expand and strengthen our value chains by leveraging the Group's strengths in knowledge and technology of oils & fats and in solution proposal capabilities**
  - Expand into new areas primarily centered on North America by capturing market needs, and expand and strengthen the value chain through accumulated knowledge in manufacturing, evaluation technology, application development, etc., through co-creation with many companies
  - Acquire new resources that will contribute to future demand for oils & fats, such as microalgae, and build sourcing routes to ensure stable supply of food and meet the needs of the people (health and good flavor)

### II. Core strategy as a growth driver of *Value UpX*

- **Create and expand the value chain of traceable and high-functional confectionery fats**
  - Develop and expand sales channels to capture the changing demand for confectionery fats resulting from declining cacao yields
  - Proactively make capital investments and develop technologies to expand sales of CBEs (cocoa butter equivalents) and other products
- **Achieve profit growth through expansion of global market share in the Fine Chemical business**
  - Expand sales of specialty oils at a rate that exceeds market growth, particularly in the growth market of Asia, thus increasing the global market share
  - Establish bases, enhance technical support systems, and strengthen relationships with local partners in target regions to expand sales globally
- **Expand the domains in which we operate in the BtoB business (including the BtoBtoC business) and create diverse values**
  - Expand sales of functional oils & fats in Japan, further utilize palm oil, expand into domains such as functional oil-based materials, and broaden the target areas (e.g., global expansion for food services) through the pursuit of user benefits
  - Expand ongoing efforts to market functional materials, including MCTs in the BtoBtoC business
- **Increase sales and steadily accumulate profits from products that help consumers improve their quality of life in the BtoC business**
  - Increase the sales composition of marketing-based functional products that satisfy latent consumer demand and contribute to improving quality of life, by highlighting the product's values related to physical condition and constitution, providing good flavor, convenience and ease of use, and reducing environmental impact
  - Expand sales of MCT oil and MCT processed foods (small in size, high-energy food products) in the food for the elderly market and body fat-burning product market by bolstering marketing functionality; conduct research and surveys on therapeutic functions for improving malnutrition and metabolism, etc., and develop markets using these functions

### III. Fundamental strategy as foundation of stable and sustainable growth

- **Rebuild production systems by looking ahead to the next 50 years**
  - Rebuild production systems to optimize oilseed processing functions, aiming to ensure a stable supply of oils & fats and oil meals, bolster sustainable global competitiveness, and solve environmental and social issues (Yokohama Isogo Plant Master Plan)
  - Form a fair market value for oil & fat products commensurate with costs (from raw material procurement through product supply)

## Enhancing functions to support strategies

### R&D

#### ● Create values by advancing and exploring technologies

- Further advance the core business by capitalizing on existing markets and capabilities, and explore new opportunities by acquiring new capabilities and developing new markets

### Supply chain

#### ● Build and strengthen supply chains

- Build and increase the strength of supply chains capable of traceable and highly sustainable raw material procurement
- Restructure highly efficient and sustainable production and logistics networks

### Digital & IT

#### ● Achieve digital innovation to accelerate growth

- Strengthen the value chains that drive business growth
- Develop infrastructure for building resilient supply chains
- Create a mechanism to support sustainability and growth

### Sustainability

#### ● Protect global environment and resources, and respect human rights

- Protect global environment, recycle resources, and respect human rights—the very core of the Group's business
- Build a business model to achieve a decarbonized and recycling-oriented society

## Human resource management

### Build a strong and resilient human resource base (driving force for business continuity and growth)

- Build a human resource base as a driving force for business continuity and growth, premised on addressing social issues such as a human resource shortage and changes in the younger generation's views on employment
- Build and manage a human resource portfolio for creating markets, and executing global and digital innovation strategies

## ROIC management

**Achieve a virtuous cycle of higher return on capital and growth investments by improving profitability and capital efficiency through ROIC management**

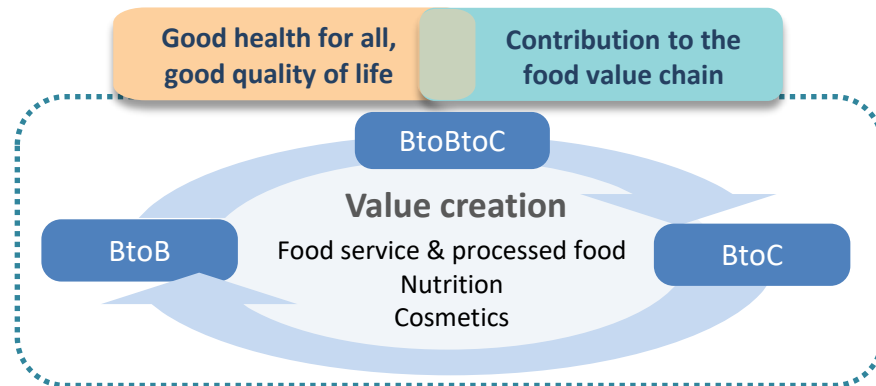
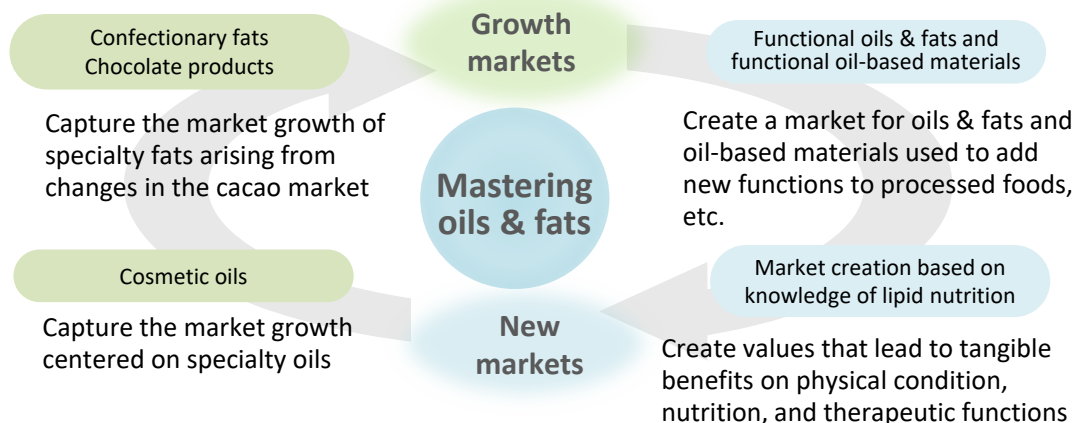


# Toward the Next Stage of Growth

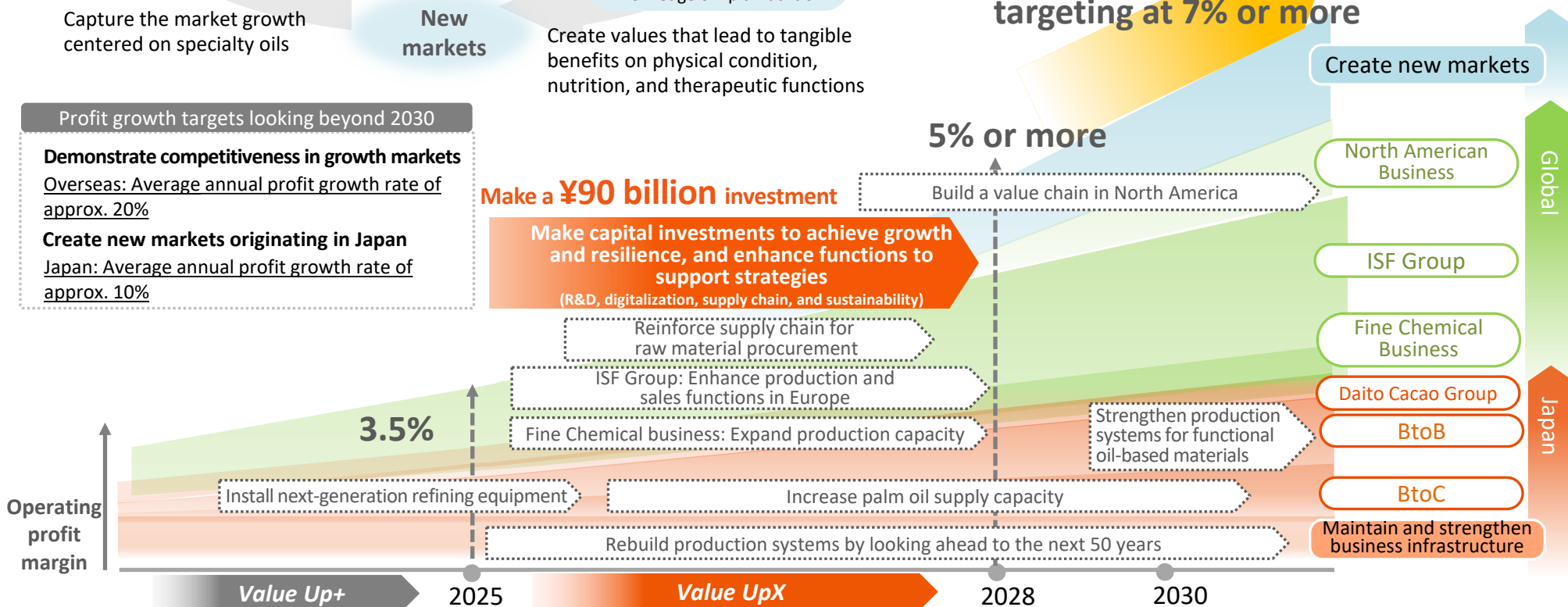
—Making the leap to becoming a global top provider of oils & fats solutions—

## Delivering energy for living to everyone

Maximize our ability to create oils & fats solutions and expand the areas and domains in which we operate



Increase the profit margin targeting at 7% or more



# Vision aimed with *Value UpX*

FY2028 Targets

**Operating Profit**

**¥28.0 billion** (profit margin 5% or more)  
\*4-year average ¥24.0 billion

**ROE**

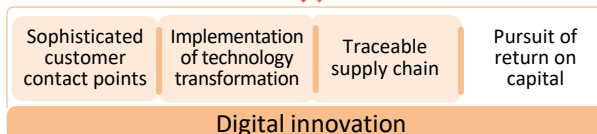
**8% or more**

**ROIC**

**6% or more**

**Pursuing further growth with our Group's unique  
winning tactics and spontaneous agility**

- Demonstrate ability to create oils & fats solutions in BtoB
- Create values through lipid nutrition



**Avg. ¥24.0 billion**  
CAGR: 9%

Investment of management resources



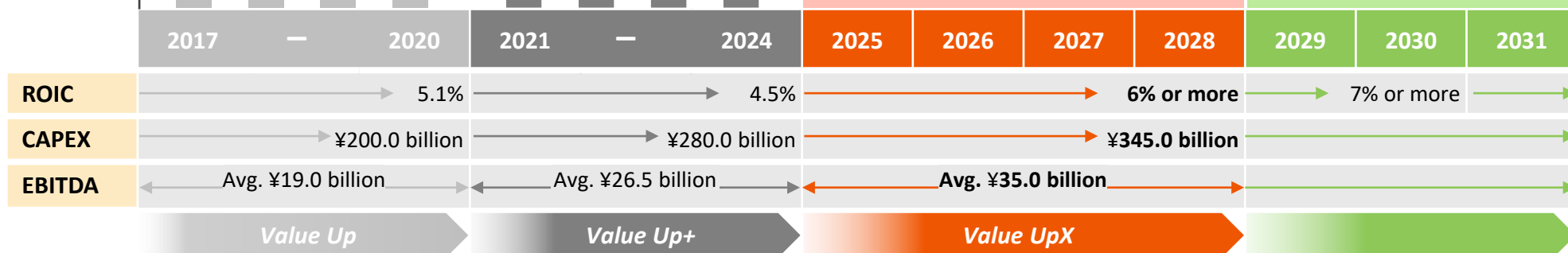
**Becoming a global top  
provider of oils & fats  
solutions**

**Achieved steady profit growth and built  
a stepping stone for further growth**

- Overcame market fluctuations and improved profitability
- Expanded functional and value-added product lineups
- Established user support and co-creation systems

**Avg. ¥11.9 billion**  
CAGR: 4%

**Avg. ¥16.9 billion**  
CAGR: 9%



The figures for FY2024 are estimates



# Core Strategies to Drive Growth

## Maximize our ability to create oils & fats solutions and expand the domains and areas in which we operate

Create and expand the value chain of traceable and high-functional confectionery fats

Global market share of CBEs (volume)

FY2028: **15% or more**  
(FY2024: 6%, our estimate)

- Develop and expand sales channels to capture the changing demand for confectionery fats resulting from declining cacao yields
- Proactively make capital investments and develop technologies to expand sales of CBEs and other products

Achieve profit growth through expansion of global market share in the Fine Chemical business

Global market share of cosmetic oils (value)

FY2028: **10% or more**  
(FY2024: 6%, our estimate)  
Target: Highly profitable specialty oil market

- Expand sales of specialty oils at a rate that exceeds market growth, particularly in the growth market of Asia, thus increasing the global market share
- Establish bases, enhance technical support systems, and strengthen relationships with local partners in target regions to expand sales globally

Expand the domains in which we operate in the BtoB business (including the BtoBtoC business) and create diverse values

North America:  
Sales of oils & fats for food processing and commercial use

FY2030  
**¥50.0 billion**

Sales of functional oils & fats and functional oil-based materials  
Except for frying oil

FY2028  
**¥7.0 billion or more**  
(FY2023: ¥2.8 billion)

- Expand sales of functional oils & fats in Japan, further utilize palm oil, expand into domains such as functional oil-based materials, and broaden the target areas (e.g., global expansion for food services) through the pursuit of user benefits
- Expand ongoing efforts to market functional materials, including MCTs in the BtoBtoC business

## Create value primarily through a lipid nutrition-based approach to health issues

Increase sales and steadily accumulate profits from products that help consumers improve their quality of life in the BtoC business

Domestic market size of edible oils for household use

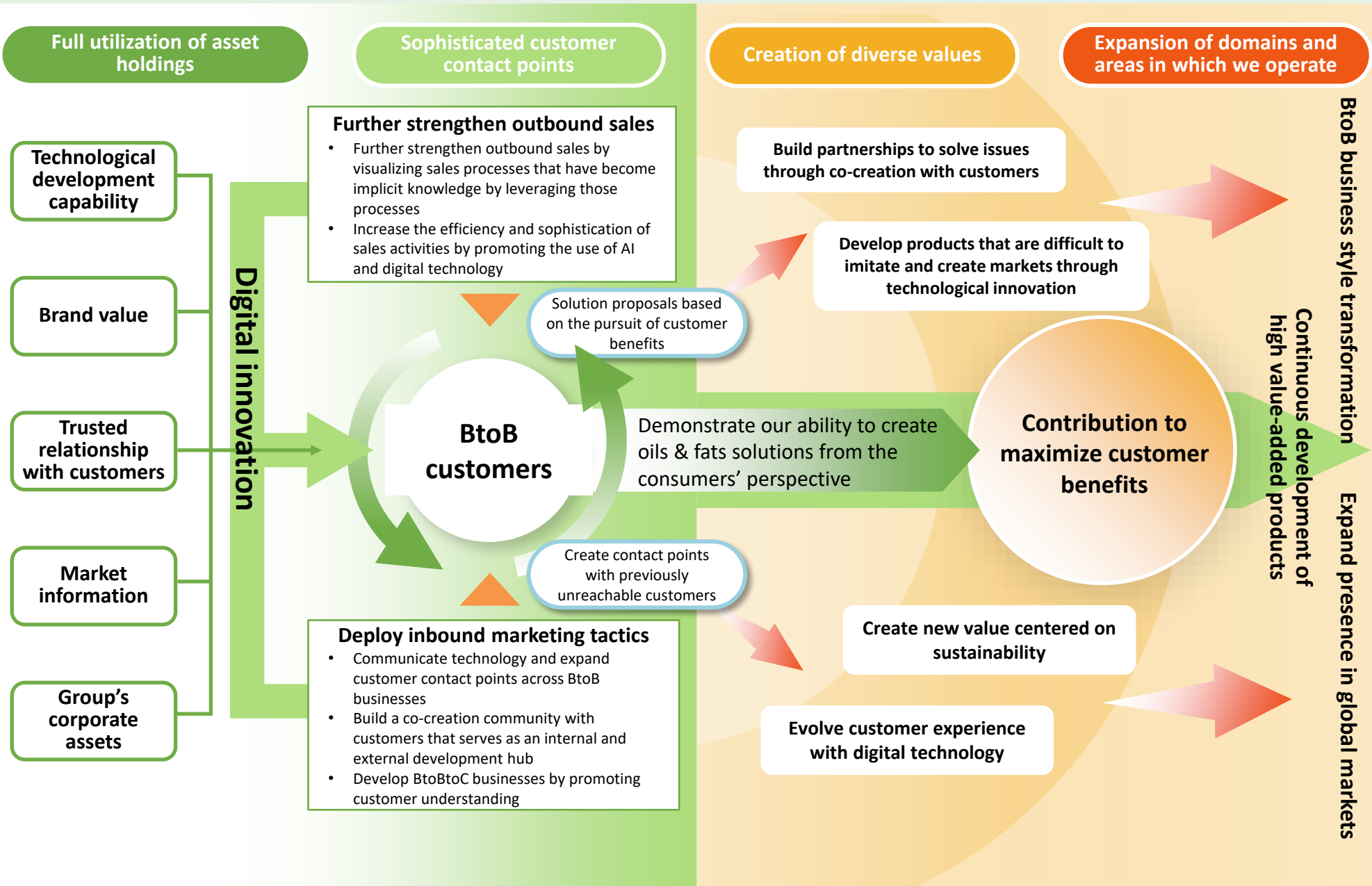
FY2028  
**¥190.0 billion or more**  
(FY2023: ¥181.6 billion)

Contribution to the market growth in terms of value

- Increase the sales composition of marketing-based functional products that satisfy latent consumer demand and contribute to improving quality of life, by highlighting the product's values related to physical condition and constitution, providing good flavor, convenience and ease of use, and reducing environmental impact
- Expand sales of MCT oil and MCT processed foods (small in size, high-energy food products) in the food for the elderly market and body fat-burning product market by bolstering marketing functionality; conduct research and surveys on therapeutic functions for improving malnutrition and metabolism, etc., and develop markets using these functions

# Core Strategies to Drive Growth

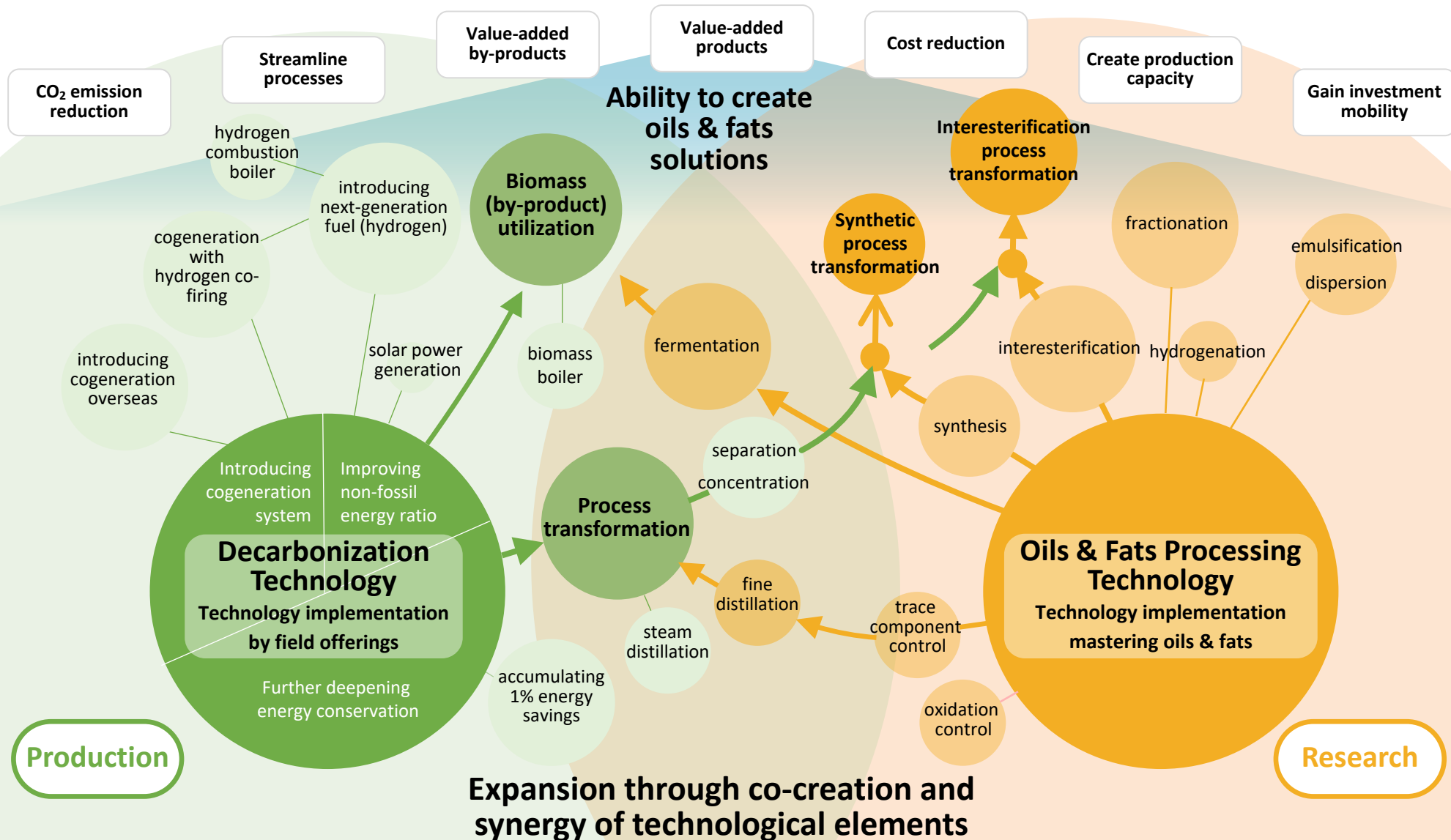
Examples of *winning tactics* 1. Creation of diverse values from the sophisticated customer contact points



# Core Strategies to Drive Growth

## Examples of *winning tactics* 2. Implementation of technology transformation

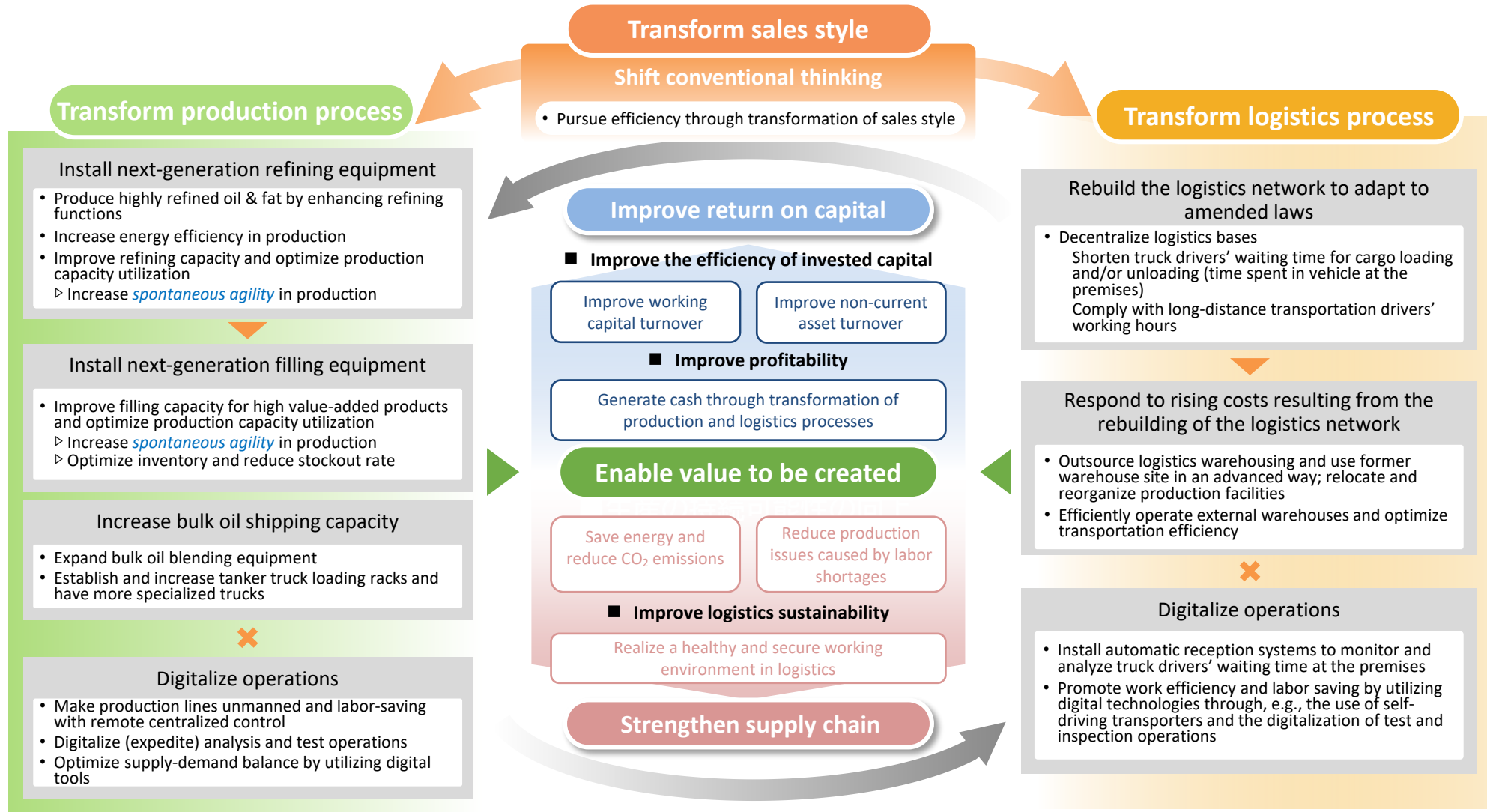
Improve return on capital by enhancing our ability to create oils & fats solutions through technological innovation, and by transforming related production processes



# Strategy for Improving Return on Capital

—Shifting conventional thinking and transforming processes—

Achieve transformation of sales style and production and logistics processes by shifting conventional thinking in pursuit of higher return on capital and more robust supply chain



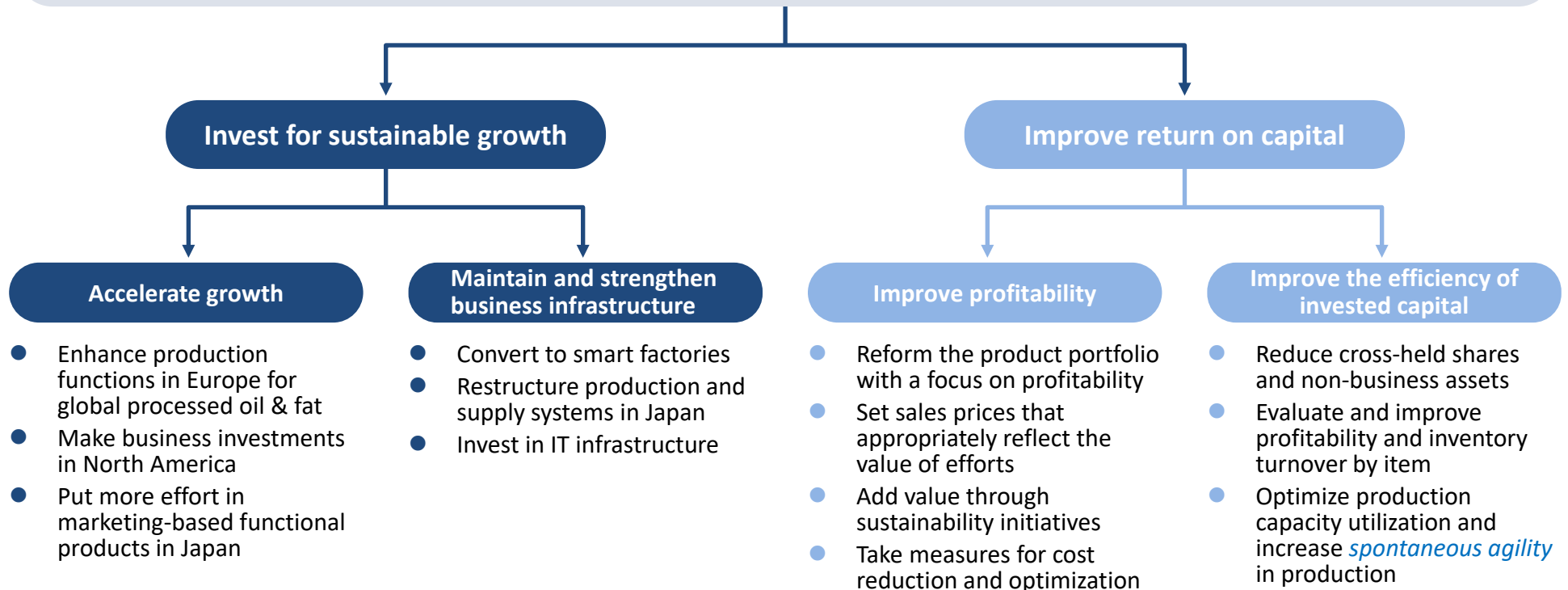
# Strategy for Improving Return on Capital

## —Managing ROIC—

**Achieve growth through new value creation and ensure sustainability by efficiently generating funds from both operating profit and invested capital to provide shareholder returns and actively make investments for further growth**

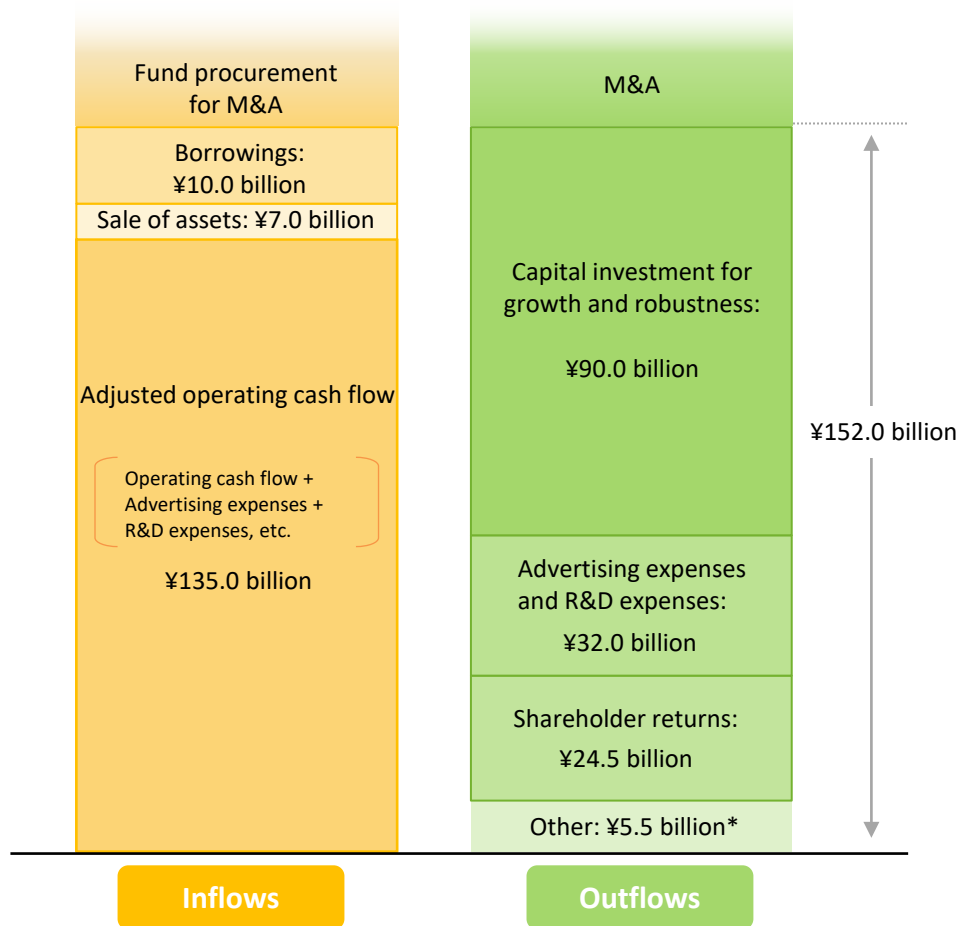
### Manage ROIC by business segment

By managing ROIC on a business segment basis (Global Oil & Fat and Processed Oil & Fat; Oil, Fat & Meal and Processed Food & Materials; and Fine Chemical) we will allocate management resources in accordance with the segments' business strategies and achieve a Groupwide ROIC of 6% or more by FY2028.



Continue to actively make investments, including a four-year capital investment totaling ¥90.0 billion, to achieve growth by applying the Group's unique *winning tactics* and obtaining *spontaneous agility*

## Expected cash inflows and outflows for four years



\* Cash on hand: ¥1.0 billion; retirement of assets: ¥4.0 billion; other: ¥0.5 billion

## Policy on investment and financial soundness

- Actively make investments for growth and for functions to support strategies
- Thoroughly ensure return on investment to help improve profitability and the efficiency of invested capital through ROIC management
- Raise funds as needed; M&A is essential to accelerate the execution of strategies
- Maintain financial discipline, including net D/E ratio and capital adequacy ratio, to ensure financial soundness

### Growth investments

Overseas: Enhance ISF Group's functions in Europe and create a value chain in North America  
 Domestic: Expand palm oil supplying capability, transform production process, and restructure production systems

### Investments\* to enhance functions to support strategies

¥20.0 billion for R&D (1.4 times the amount in the previous business plan), ¥15.0 billion for digital investment (about 3 times the amount in the previous business plan), ¥15.0 billion for supply chain enhancement, and ¥10.0 billion for sustainability enhancement

\* The investment amounts include overlaps between growth investments and investments to enhance the functions

## Policy on shareholders' equity and shareholder returns

- Achieve ROE of 10% in FY2030 based on the premise of achieving 8% or more on a stable basis
- Use internal reserves with a long-term perspective to invest for the enhancement of corporate value and to prepare for necessary profit returns
- Ensure that the benefits of growth in profits are distributed to shareholders with a target of 40% of consolidated dividend payout ratio
- Comprehensively determine the balance between internal reserves and dividends from profits with regard to one-time gains from sale of assets and other transactions



# Performance Targets and Groupwide KPIs

	Value UpX	Value Up+ (estimates)	Change
<b>Performance targets</b>			
ROE	8.0% or more in FY2028	7.0% in FY2024	+1.0 pp
ROIC	6.0% or more in FY2028	4.5% in FY2024	+1.5 pp
Operating profit	4-year average of ¥24.0 billion	4-year average of ¥16.9 billion	CAGR of 9%
<b>Groupwide KPIs</b>			
Operating profit margin	5.0% or more in FY2028	3.6% in FY2024	+1.4 pp
Operating cash flow	4-year cumulative total of ¥100.0 billion	4-year cumulative total of ¥30.0 billion	+¥70.0 billion
Capital expenditure	4-year cumulative total of ¥90.0 billion	4-year cumulative total of ¥49.0 billion	+¥41.0 billion

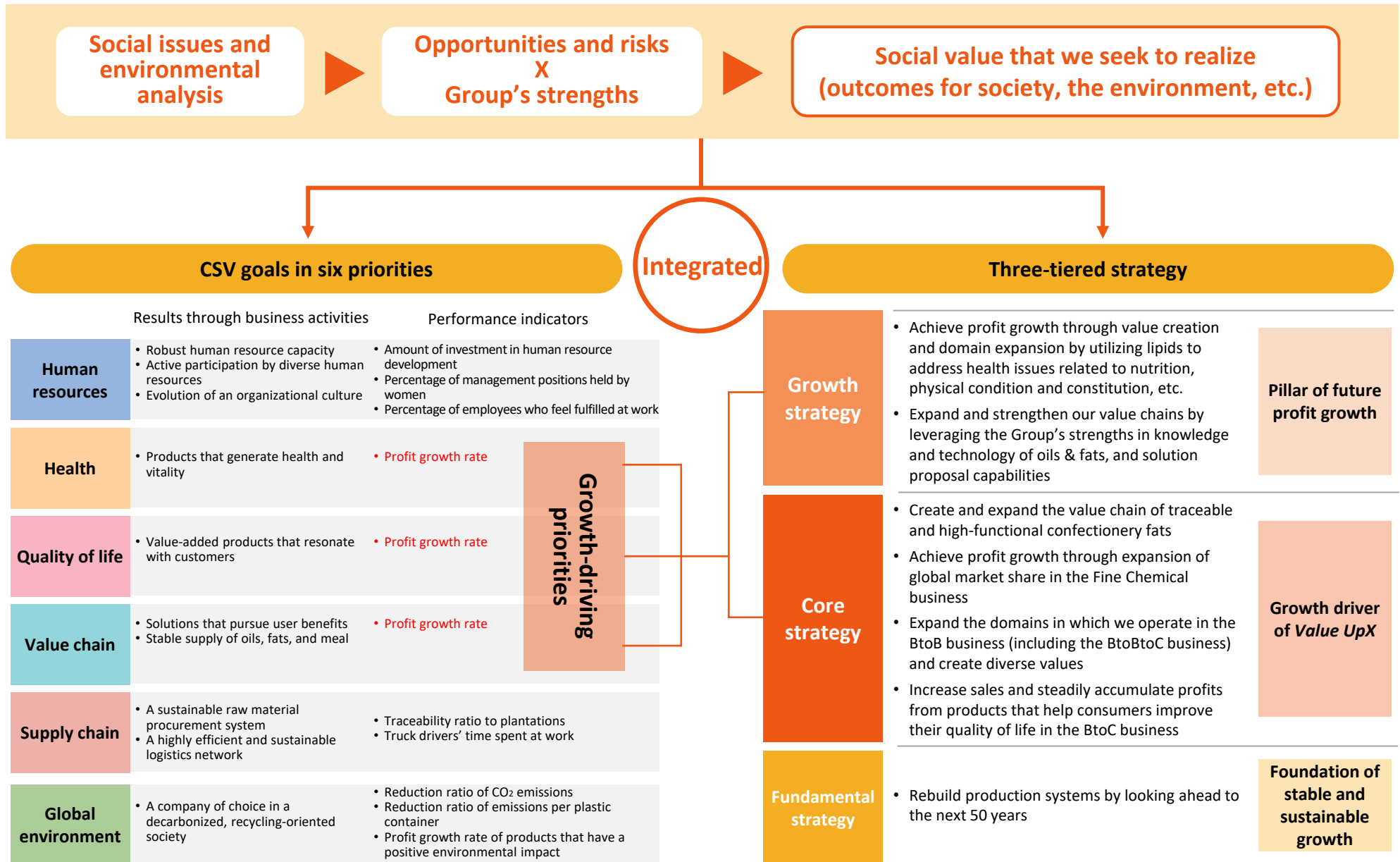
# Business Segment Structure

## We will revise our business segment structure from a strategic perspective:

Business segments (Main classification)		Medium classification	Small classification	Associates
Global Oil & Fat and Processed Oil & Fat		North America	Nisshin Oillio America	WAKOU USA
		ISF Group	Intercontinental Specialty Fats (in Malaysia, Italy, China [Shanghai])	
Oil, Fat & Meal and Processed Food & Materials	Oil, Fat & Meal	Oil & fat and processed oil & fat	Commercial use, household use, food processing, processed oil & fat	
		Meal	Meal	Oilseed Processing Partners Japan
		Subsidiaries and associates	Nisshin Shoji, Nisshin Logistics, Nisshin Shokai (oil & fat), Shanghai Nisshin, The Nisshin Oillio (China) Investment, etc.	Saiwai Trading, President Nisshin, Zhangjiagang President Nisshin Food, COFCO Nisshin (Dalian)
	Processed Food & Materials	Seasoning	Salad dressings, etc.	PIETRO, Wakou Shokuhin
		Chocolate	Daito Cacao, T.&C. Manufacturing, Indoagri Daitocacao	
		Functional materials and foods	MCT, wellness foods, lecithin, tocopherol	
		Soybean materials and foods	Meal used for manufacturing soy sauce, soy protein, Nisshin Shokai (grains)	
	Fine Chemical		Fine chemicals	Fine chemicals (cosmetic raw materials, etc.), Industrial Química Lasem (in Spain and in the U.S.), The Nisshin Oillio (Shanghai) International Trading
Other		Subsidiaries and associates	Settsu, NSP, Marketing Force Japan, Nisshin Finance	
Consolidation adjustments, etc.			Common assets, adjustments, and others	

# Targets by Segment

		Value UpX	Value Up+	Change
ROIC (in the final fiscal year of the business plan)	Global Oil & Fat and Processed Oil & Fat	8.0%	7.8%	+0.2 pp
	Oil, Fat & Meal and Processed Food & Materials	5.5%	3.7%	+1.8 pp
	Fine Chemical	12.0%	9.8%	+2.2 pp
	Group total	6.0%	4.5%	+1.5 pp
Operating profit (average for the business plan period)	Global Oil & Fat and Processed Oil & Fat	¥6.7 billion	¥5.0 billion	+¥1.7 billion
	Oil, Fat & Meal and Processed Food & Materials	¥15.4 billion	¥10.7 billion	+¥4.7 billion
	Fine Chemical	¥1.9 billion	¥1.2 billion	+¥0.7 billion
	Group total	¥24.0 billion	¥16.9 billion	+¥7.1 billion



Our priorities	Social value that we seek to realize	Results through business activities	Performance indicators
Human resource management	Creating innovation by enhancing fulfillment among diverse human resources and by enabling them to exercise their abilities	Resonance with the Group's philosophy and vision	Empathy index for the Group's Corporate Philosophy and Vision 2030
		Robust human resource capacity and active participation by diverse human resources	Proactive investment in human resource development (annual training and education expenditure per employee)
		An organizational culture that creates innovation	Percentages of employees' pursuit and sense of growth through work Percentage of management positions held by women (on a non-consolidated basis) Percentage of employees who feel fulfilled at work
Good health for all	<input type="checkbox"/> Increasing people's health with better nutrition tailored to their life stages <input type="checkbox"/> Realizing a lifestyle in which people can feel good about their physical condition	Products that generate health and vitality at different life stages	Profit-on-sale growth rate of products that help people in their age group have better nutrition and feel good about their health
Quality of life	<input type="checkbox"/> Fulfilling the diverse values that consumers have about food <input type="checkbox"/> Providing enjoyment and satisfaction through delicious meals <input type="checkbox"/> Improving the sense of security with "high-naturality*" products <input type="checkbox"/> Increasing happiness through the experience of beauty	Products that are not only delicious, but also add diverse values that resonate with customers	Profit-on-sale growth rate of marketing-based functional products in the household-use and wellness food domains
			Profit-on-sale growth rate of specialty oils in the fine chemical domain
Contribution to the food value chain	<input type="checkbox"/> Providing oils & fats solutions to new customers in the global market <input type="checkbox"/> Increasing the functions of oils & fats and maximizing user benefits through co-creation with customers <input type="checkbox"/> Stably supplying sustainable food energy in Japan	Solutions that pursue user benefits in the BtoB market	Operating profit growth rate of the Global Oil & Fat and Processed Oil & Fat business Progress of capital to be invested and measures to be taken in the Global Oil & Fat and Processed Oil & Fat business Profit-on-sale growth rate of confectionery fats (the ISF Group and Japan) Profit-on-sale growth rate of marketing-based functional products for the domestic BtoB market
		Stable supply of oils, fats, and meal that underpin the diet in Japan	ROIC of the Oil, Fat & Meal and Processed Food & Materials business Maintenance and establishment of stable supply systems for oils, fats, and meal with an eye on future demand trends
			Traceability ratio to plantations
Supply chain connected by trust	Stably supplying food through building a supply chain with social quality and sustainability	A supply chain for sustainable raw material procurement to enhance competitive advantage	Progress of business operations based on respect for human rights Progress of measures for more sustainable and strategic procurement of raw materials (soybeans, palm, cacao, etc.)
		A highly efficient and sustainable logistics network	Co-distribution rate Truck drivers' time spent at work
			Reduction ratio of CO <sub>2</sub> (Scope 1 and 2) emissions Reduction ratio of CO <sub>2</sub> (Scope 3) emissions
Global environment	Achieving a decarbonized, recycling-oriented society	A company of choice in a decarbonized, recycling-oriented society	Progress in promoting resource recycling of plastic containers and packaging Reduction ratio of emissions per new plastic container made from petroleum Profit-on-sale growth rate of products and services that have positive impact on the environment, utilizing plant resources and the Company's technology

\* Naturality: Plant-based preferences and attention to the environment