

**Q&A Summary of The Nisshin OilliO Group's**  
**Briefing for the Medium-Term Business Plan: *Value UpX***

Date and time: Tuesday, March 25, 2025; 9:00–10:00 a.m.

Format: Online conference system

Attendee from The Nisshin OilliO Group: Takahisa Kuno, Representative Director and President

**Q: The profit target for the final year of the new medium-term business plan appears to be fairly challenging. Could you convince us that you can achieve this profit level by explaining how each business segment will evolve from the current medium-term management plan?**

A: Although we have experienced some years of volatility due to changes in the external environment during the period of the current medium-term management plan, we believe that each business domain has established a foundation solid enough to contribute to earnings. While the next medium-term business plan builds on what we have achieved over the past four years, the areas that will drive growth are confectionery fats and cosmetic oils in the Fine Chemical business. I believe it is likely that we can fully capture the opportunities arising from ongoing changes in the external environment of these markets, and we expect our investments made over the past four years to pay off during the next plan period. In particular, for confectionery fats, the CBE production facilities, which we have invested in to increase production capacity, are scheduled to be fully operational in FY2027 and beyond, and it is therefore expected to contribute to earnings in the second half of the next medium-term business plan period. However, the entire Global Oil & Fat and Processed Oil & Fat business segment, including confectionery fats, will involve an upfront investment that will incur expenses, particularly in North America, which may give the impression that the operating profit target is rather low. Meanwhile, the Oil, Fat & Meal and Processed Food & Materials business segment struggled to secure profits most recently due to soaring raw material prices and logistics costs, as well as rising in-house costs. Against this backdrop, the new medium-term business plan is premised on a recovery in profit levels. The profit target also reflects the accumulation of profits from providing value-creating products such as functional oils & fats and functional oil-based materials, and from expanding the lineup of marketing-based functional products in the edible oils for household use category. Furthermore, processed foods, including MCT and chocolate products, are also expected to contribute to the profit accumulation.

**Q: Regarding the “winning tactics” unique to your company, what specific investments will you make to achieve a competitive advantage?**

A: We believe that competitive advantage is achieved through the accumulation of intangible assets. By combining the strengthening of outbound sales we have pursued up until now with the deployment of inbound marketing, we will advance the sophistication of customer contact points and the accumulation of data and intellectual property. Process transformation through technological innovation aimed at reducing CO<sub>2</sub> emissions will also lead to cost reduction, curbing of excessive capital investment, and expansion of production capacity. Moreover, we will aim to enhance both social and customer value through co-creation with customers to ensure traceability to plantations. To make them happen, we plan to invest in digitalization and R&D on the scale of tens of billions of yen, totaling 90 billion yen over the next four years.

**Q: You have acquired land adjacent to the Yokohama Isogo Complex. What effect will this acquisition have on the operation of the Isogo Plant?**

A: We acquired the land to enhance functions beyond the refining process by renewing refining equipment, which serve as the foundation for creating new values through functional oils & fats and oil-based materials, as well as by upgrading blending equipment. As the site has become quite cramped, it will also lead to streamlining and efficiency improvements to eliminate flow line congestion. However, because the land continues to be used by the seller under a lease-back arrangement, the actual implementation will be a little bit later. So, we intend to first organize things as we proceed with what needs to be done.