



"The Natural Power of Plants"

Medium-term Management Plan FY2021 - 2024

Value Up +

The Nisshin Oillio Group, Ltd.

Overview of Vision 2030

Basic Philosophy

1. To contribute to the development of people, society and the economy by maximizing our corporate value.
2. To tirelessly develop a creative and growing business by seeking out "good flavor, health and beauty".
3. To conduct ourselves as a responsible member of global society.

"The Natural Power of Plants"

Corporate Vision towards 2030

Our objective is to co-create new food functions, leveraging "The Natural Power of Plants" and the strengths obtained from mastering oils and fats.

We shall strive to generate diverse values and deliver "energy for living" to everyone.

Our Basic Policy

Customer Centricity: *Closer than ever to our customers*

Our Priorities

Good health for all

Quality of life

Global environment

Contribution to the food value chain

Supply chain connected by trust

Human resource management

Specific Targets

Become a corporate group with annual net sales of **¥500 billion**, operating income of **¥30 billion**, and ROE of **8%+**

Goals of Our Priorities (CSV Goals)

Our Priorities	CSV Goals			
	Goals	FY2019 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. FY19)	(Base year)	130%	200%
	Develop products that enhance people's good health based on knowledge of lipid nutrition			
	Number of lipid health information provided (total, from FY21 to FY30)	Approx. 270,000 people	Total 30 mil.	Total 100 mil.
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 realize “beauty” (vs. FY19)	(Base year)	120%	200%
Global environment	Reduction ratio of GHG emissions (Scope 1 and 2, vs. FY16)	4.2%	8%	31%
	Reduction ratio of GHG emissions (Scope 3)	To be disclosed in FY21		
	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)	6%+	6%+	6%+
	Growth rate of customer support solutions (vs. FY 19)	(Base year)	130%	150%
Supply chain connected by trust	Percentage of certified palm oil sourced	45.6%	100%	100%
	Percentage of RSPO-SG-certified palm oil sourced	45.5%	-	50%
	Ensure traceability to plantation (palm oil and palm kernel oil)		Palm oil 100%	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	63.7%	70%	80%
	Female manager ratio	3.6%	8%	20%

Positioning of Value Up +

The Nisshin OilliO Group Vision 2030

Become a corporate group with annual net sales of ¥500 billion, operating income of ¥30 billion, and ROE of 8%+ 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



Core Strategies

Opportunities stemming from changing business environment (as starting point for strategies)

- Rise in needs for longer healthy life expectancy
- Increase in active intake of lipids for health reasons
- Extensive Big Data related to health
- Expansion of market by launching products that match new food styles of consumers
- Expansion of new markets in emerging countries
- Rise in evaluation of ecofriendly businesses
- Extensive products/services using AI and IoT
- Business opportunities in the direct touch point to the customers

Take advantage of business environment changes and opportunities



- Acquire benefits from stable operation of facilities targeted for investment and increase production capacity to deliver further strategic expansion
- Establish systems and bases to provide customer and technical support (the driving force behind the provision of solutions)
- Build presence by providing solutions in three target markets: Southeast Asia/China, Europe, and North America
- Use strategic alliances and M&As to strengthen business and capture synergies

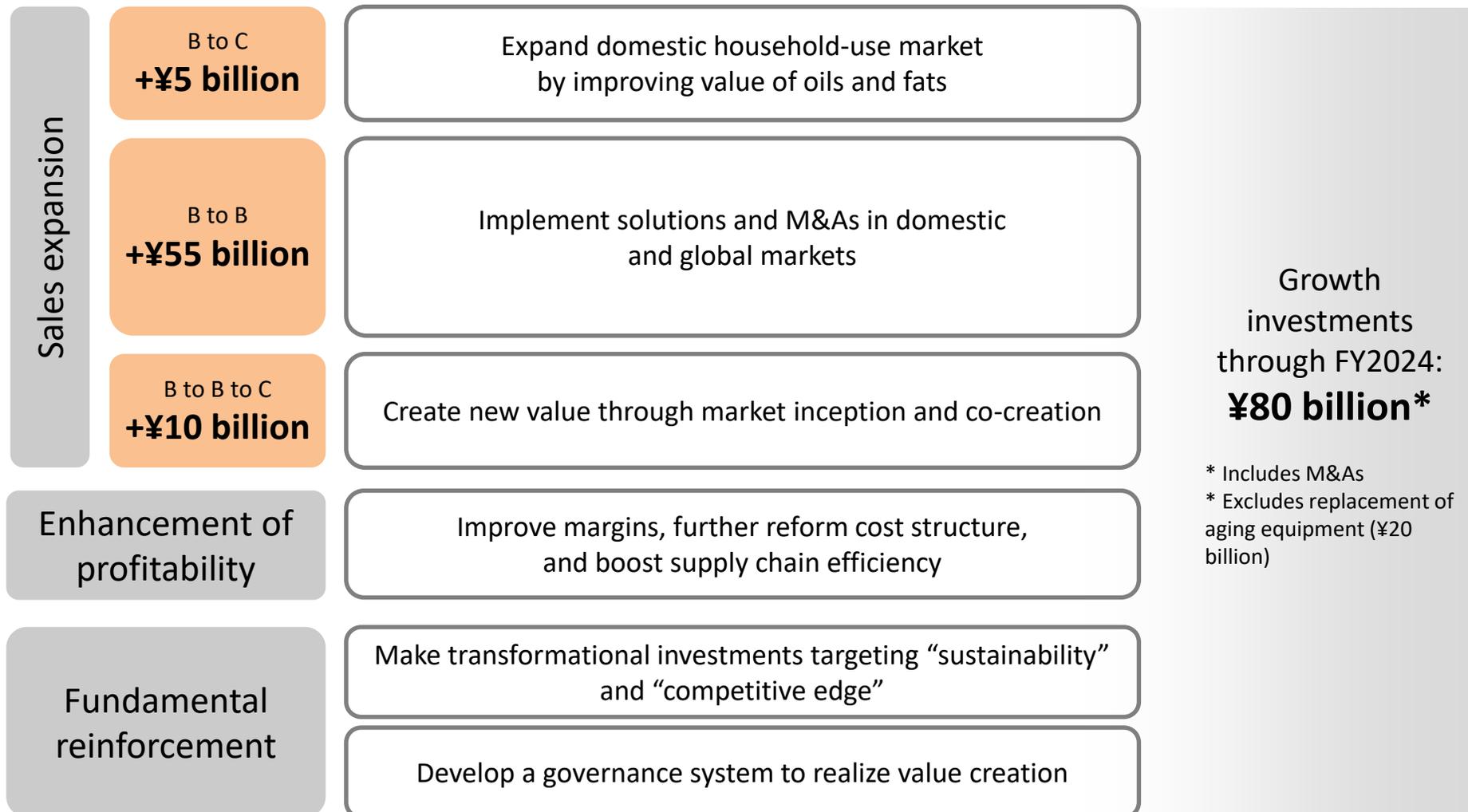
Expand business areas

- Deploy incubation and customer support functions to achieve co-creation with customers and thus resolve problems and create new value
- Develop information infrastructure utilizing digital technology, realize smart factories, and conduct more advanced R&D

- Deepen understanding of consumers by shifting the focus of marketing from solving retailer and wholesaler issues to solving consumer issues
- Continue promoting a positive image of edible oils and increase the value of oils and fats as “energy for living”
- Deploy functional material marketing (Evidence + Story + Promotion) to create new markets

- Leverage expertise in lipid nutrition to conduct R&D aimed at addressing health issues faced by various generations as well as the constitution and physical condition of each individual
- Intentionally create new levels of deliciousness through the pursuit of various mechanisms related to good flavor
- Entrench our top global positions in oils and fats processing technology, trace element analysis technology, ester synthesis technology, and raw material sustainability

Basic strategies



Performance Targets for FY2024

Net Sales
¥400 billion

Operating income
¥17 billion

ROE
8%

	FY2019 (Results)	FY2020 (Results)	FY2024	Change (vs FY2020)
Net Sales	¥333 billion	¥336 billion	¥400 billion	CAGR 4.4 %
Operating income	¥13.1 billion	¥12.3 billion	¥17 billion	CAGR 8.4 %
ROE	5.9 %	6.5 %	8.0 %	+1.5 Pts
Operating cash flow	—	¥55 billion (4-year cumulative: FY2017–2020)	¥70 billion (4-year cumulative: FY2021–2024)	+¥15 billion

Business Segment Changes

Business strategy units that realize value creation are **“Oil and Fat,”**
“Processed Food and Materials,” and **“Fine Chemical”**

● Existing business segments

Oil, Meal, and
Processed Food

Processed Oil and
Fat

Fine Chemical

Other
(Corporate Group)

● New business segments

Oil and Fat

Oil and meal

Processed Oil
and fat

Processed Food
and Materials

Chocolate

Seasoning

Functional materials
and foods

Soybean materials and
foods

Fine Chemical

Fine Chemicals

Environment
and hygiene-related
products

Other

Independent/developing
business

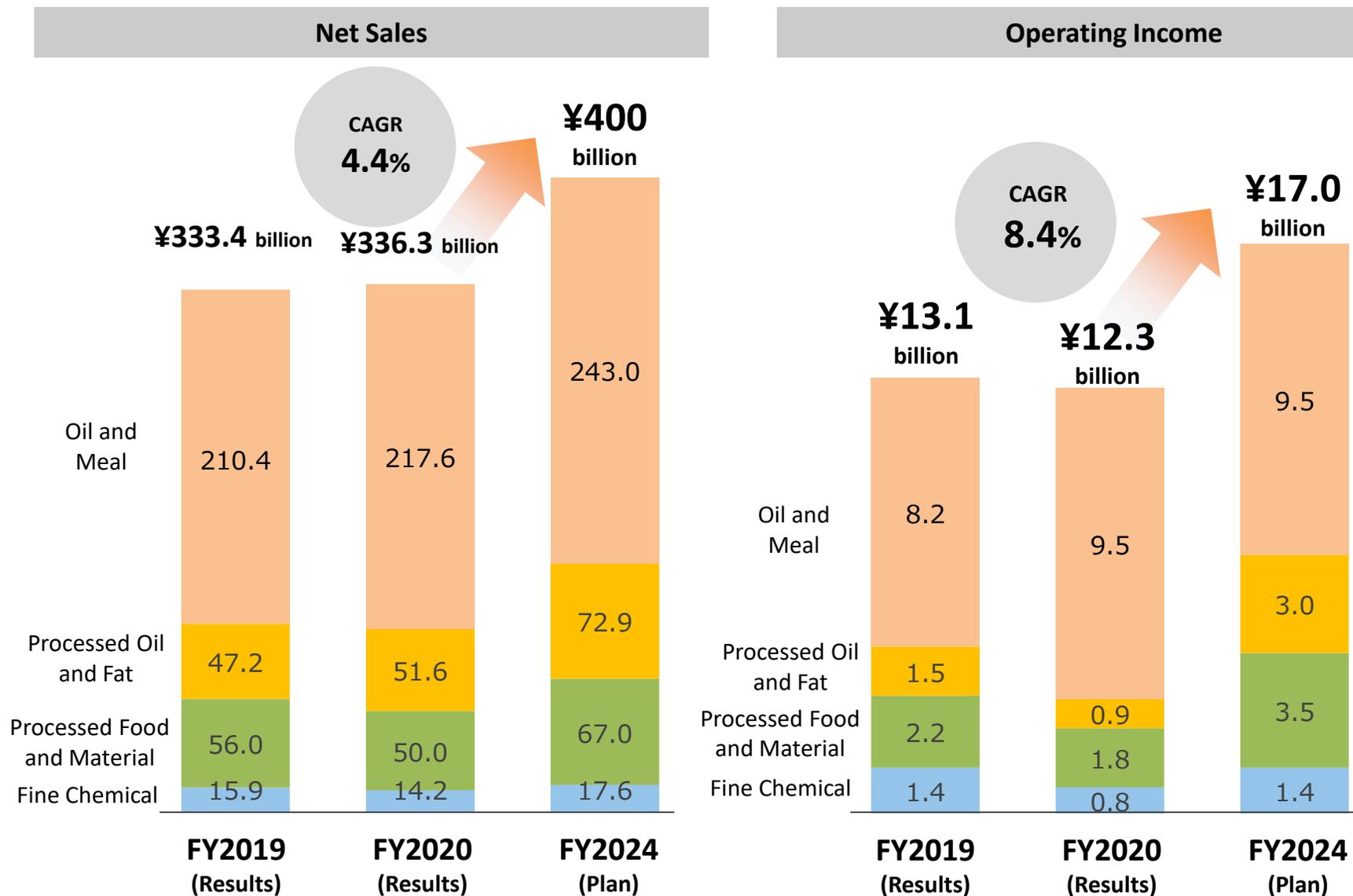
Other related
business

Vision of Each Business Segment

Broad segments		Middle segments	Future vision
Oil and Fat	Oil and meal		<ul style="list-style-type: none"> Strengthen core competences in oils and fats Raise value of oils and fats to create higher overall value Become the driving engine for the entire Group Become the world's leading corporate group in specialty fats (focusing on chocolate oils and fats)
	Processed Oil and Fat		
Processed Food and Material		Chocolate	<ul style="list-style-type: none"> Improve application technology and food development capabilities to create value that will resonate with customers Systemize the Group's food materials, monitor changes in food trends, and respond quickly to market needs Create a virtuous cycle that increases the value of oils and fats
		Seasoning	
		Functional materials and foods	
		Soybean materials and foods	
Fine Chemical		Fine Chemicals	<ul style="list-style-type: none"> Leverage the superiority of our ester synthesis technology to become a leading company in cosmetic oils and strengthen our global presence Embrace the challenge of creating new value utilizing plant resources
		Environment and hygiene-related products	

We create new value by further refining the Group's strengths in the three strategic areas (broad segments) and by serving as a platform to create new functions for food.

Sales and Operating Income by Segment



Our Approach to Improving ROE

	FY2019 (Results)	FY2020 (Results)	FY2024	Measures to improve ROE
ROE	5.9 %	6.5 %	8.0 %	Taking financial stability into account, 8% ROE is desirable at mid-term level. Towards 2030, we aim to achieve stable ROE of over 8%.
(Profit margin) (1) Net profit margin $\text{Net income} \div \text{net sales}$	2.5 %	2.8 %	3.1 %	<ul style="list-style-type: none"> ◆ Offer reasonable prices to reflect future costs and social costs ◆ Expand value-added businesses and products ◆ Enhance supply chain efficiency ◆ Restructure product portfolio ◆ Implement further cost restructuring
×				
(Asset efficiency) (2) Total asset turnover $\text{Net sales} \div \text{total assets}$	1.2 x	1.2 x	1.2 x	<ul style="list-style-type: none"> ◆ Form alliances ◆ Make aggressive investments (including in M&As) alongside sales growth ◆ More effectively utilize and reduce assets (cross-shareholdings, etc.) ◆ Shorten CCC
×				
(3) Financial leverage $\text{Total assets} \div \text{equity (net worth)}$	2.0 x	2.0 x	2.2 x	<ul style="list-style-type: none"> ◆ Pursue optimal capital structure ◆ Provide shareholder returns that reflect total return ratio

Main Business Strategies

	Basic strategies	Business strategies
Sales expansion	<p>B to C</p> <p>Expand domestic household-use market by improving value of oils and fats</p>	<p>Maximize customer trust and our presence in the domestic household-use market and strengthen revenue-earning models</p> <p>Expand the market by promoting the nutritional benefits and new flavors and uses of edible oils</p>
	<p>B to B</p> <p>Implement solutions and M&As in domestic and global markets</p>	<p>Enhance our product development, proposal, and overall capabilities to become the first choice for customers, making the most of our customer support service function</p> <p>Improve problem-solving quality in the domestic food channels, including restaurant meal, ready-to-eat meal, and processed food to gain the trust of customers and wholesalers</p> <p>Become the world's leading corporate group by increasing sales volume of oils and fats for use in chocolate</p> <p>Expand sales by fully exploiting investments made in the chocolate business</p> <p>Expand sales in the fine chemical business (using our expertise in ester oils) and hygiene management business</p> <p>Utilize alliance strategies and M&As to strengthen our businesses, capture synergies, and reinforce our system of promotion for corporate businesses</p>
	<p>B to B to C</p> <p>Create new value through market-driven co-creation</p>	<p>Deploy MCT (medium-chain triglyceride) functional material marketing (Evidence + Story + Promotion) to create new markets</p> <p>Implement B-to-B-to-C marketing techniques through co-creation via collaborations and participation in consortiums</p>

Main Business Strategies

	Basic Strategies	Business Strategies
Enhance of profitability	Improve margins, further reform cost structure, boost supply chain efficiency	<p>Offer reasonable prices that reflect future costs and social costs, and restructure product portfolio</p> <hr/> <p>Form alliances to pursue future-oriented strategic initiatives</p> <hr/> <p>Make efficient use of assets by shifting to value-creating businesses through removal/renewal of inefficient and underutilized assets</p>
	<p>Make transformational investments targeting “sustainability” and “competitive edge”</p> <p>—<i>Human resources, R&D, production platform, environment and digital technologies</i>—</p>	<p>Achieve continuous value creation together with customers by combining our top-level global technological capabilities in oils and fats and related fields with our newly strengthened incubation function</p> <hr/> <p>Promote transformational investments in next-generation production infrastructure—reflecting business conditions and our digital and long-term visions—that will lead to future business sustainability and competitive edge</p> <hr/> <p>Ensure diversity and practice human resource management that takes advantage of the diversity</p>
Fundamental reinforcement	Develop a governance system to realize value creation	<p>Enhance the effectiveness of Vision 2030</p> <hr/> <p>Strengthen corporate governance and risk management</p>

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