



Joy for Life

The Revision of the Six Medium-Term Business Plan

November 16, 2022

J-Oil Mills, Inc.

Agenda

1 **FY2022 First Half Financial Highlights**

2 FY2022 Full Year Financial Targets

3 Revision of Medium-Term Business Plan

4 Appendix

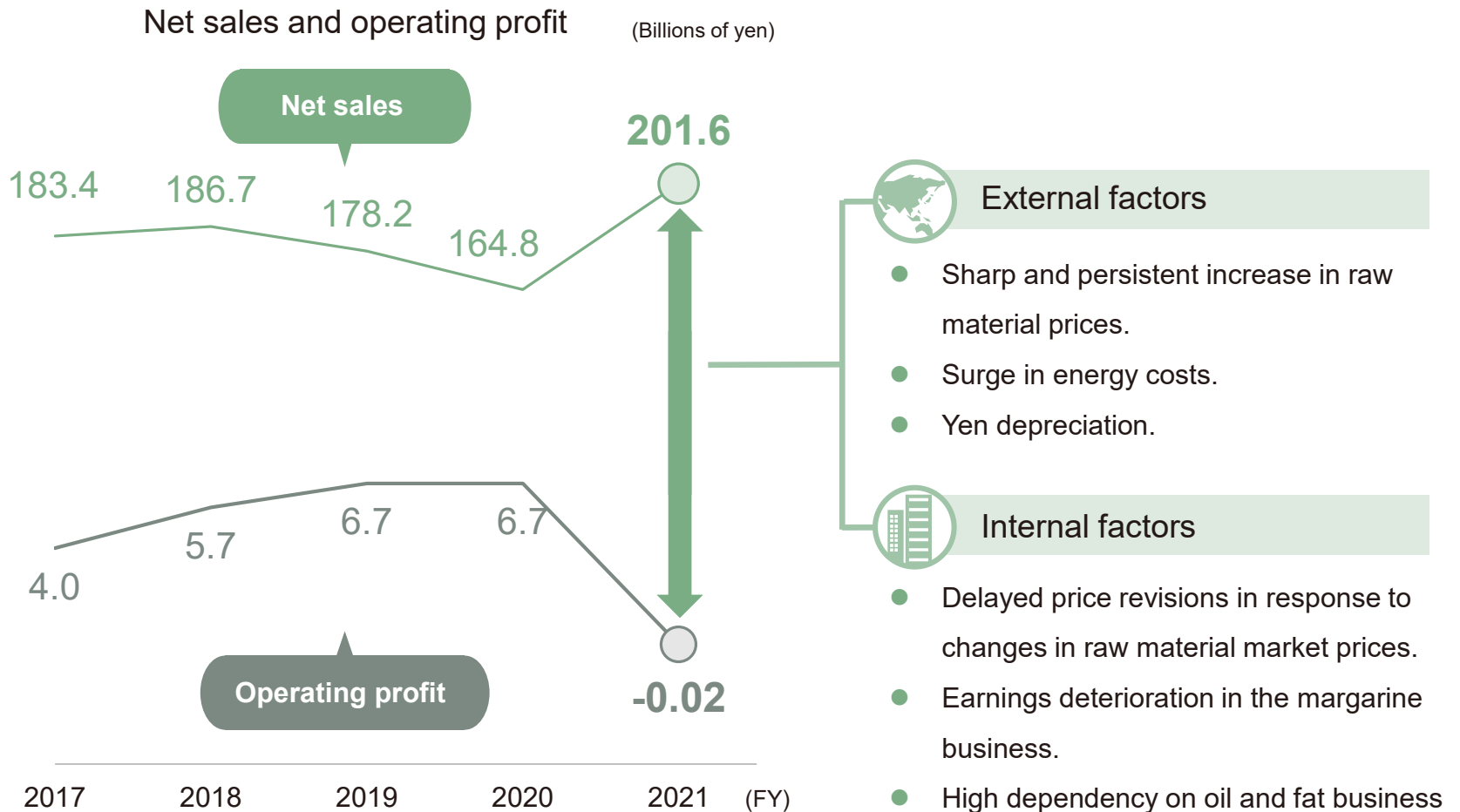
Agenda

1 Revision of Medium-Term Business Plan

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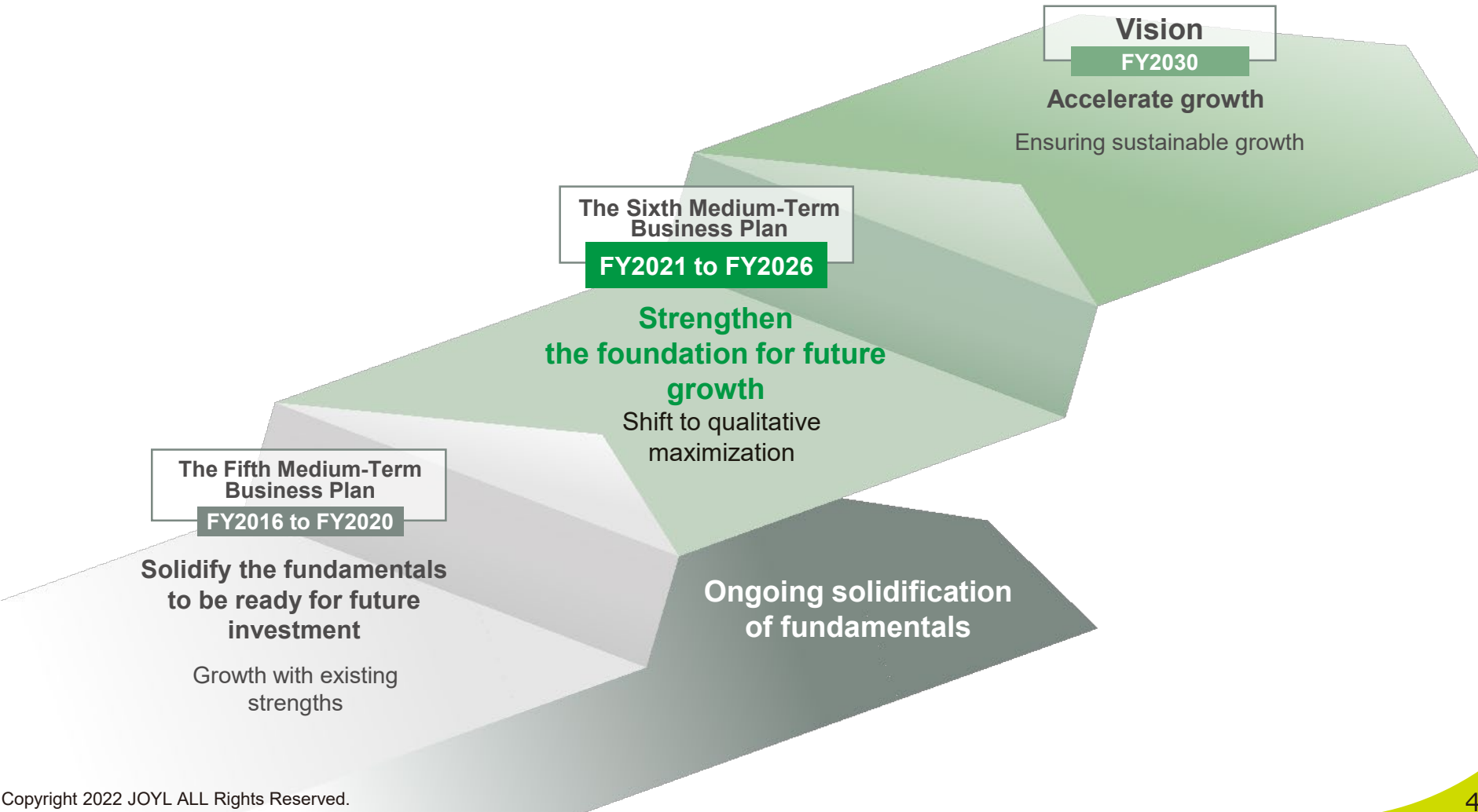
Background Leading to Medium-Term Business Plan Revision

Our business infrastructure was not strong enough to respond to changes in the external environment, such as structural changes in demand for edible oils and geopolitical issues.



Positioning of Medium-Term Business Plan Revision

Continue solidifying the business fundamentals while bolstering investment for future growth.



Recovering Operating Profit to the FY2020 Level

Increase profitability to the pre-FY2020 level.

Point 1

Maintain appropriate margin in response to the external environment

Set prices befitting of the value offered

Point 2

Improve product mix

Increase the share of high-value-added products

Point 3

Turn unprofitable businesses into the black

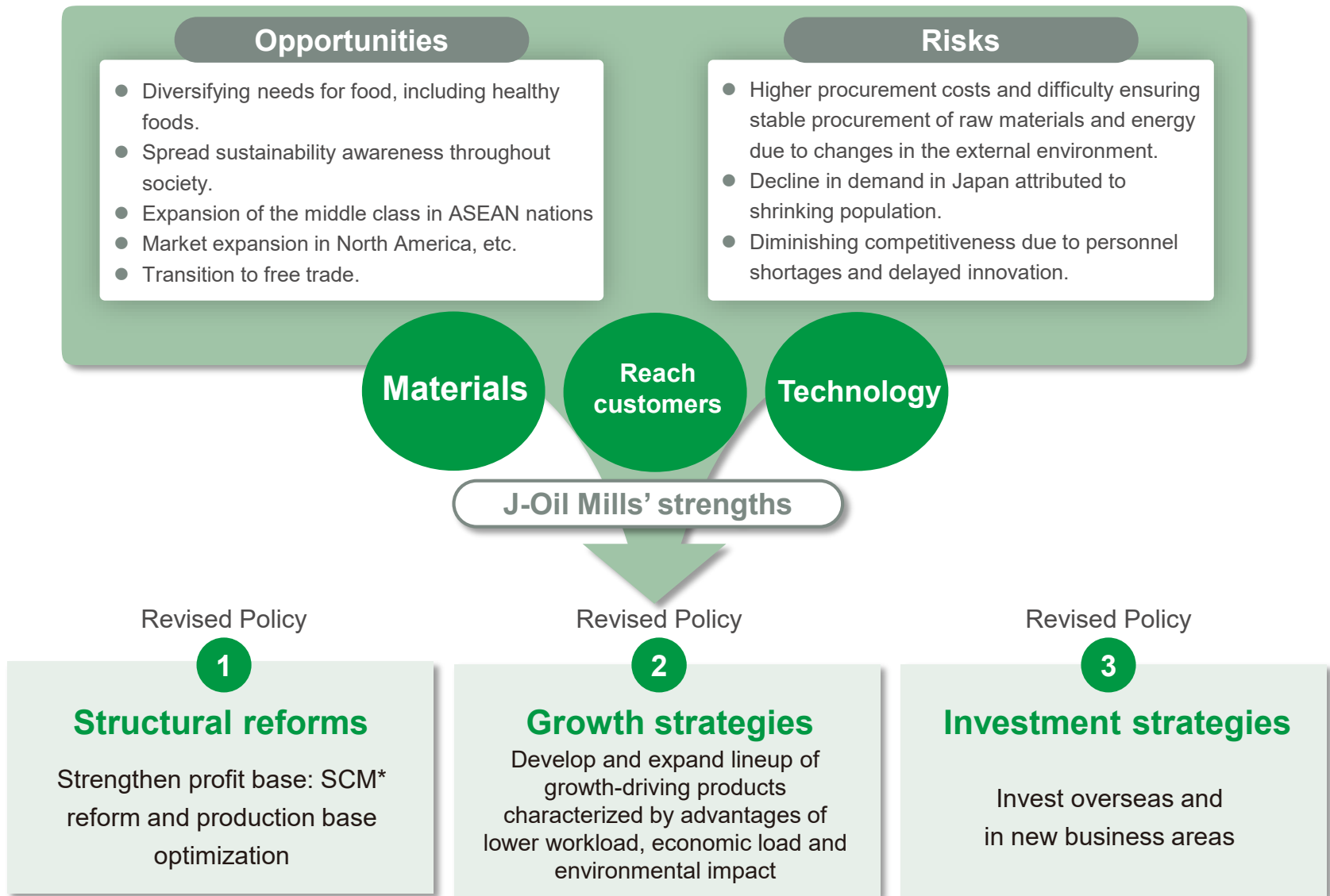
Profit contributions from the margarine business in FY2023



Recovery in demand from COVID-19 fallout

- Recovery in the restaurant industry in tandem with a rebound in foot traffic.
- Recovery in demand for souvenir snacks driven by the return of inbound tourists.

Direction of Medium-Term Business Plan Revision



* SCM: Supply Chain Management

Financial Targets of the Revised Medium-Term Business Plan

Extended the term of the Sixth Medium-Term Business Plan by two years as a period for solidifying the fundamentals. Aim for growth with a focus on capital efficiency, while flexibly responding to changes in the operating environment.

	Original targets		Revised targets
	FY2024	+2 years	FY2026
Net sales	220.0 billion yen		—
Operating profit	11.0 billion yen		11.0 billion yen
Operating profit margin	5.0%		—
ROE	8.0%		8.0%
ROIC	5.5%	-0.5%	5.0%
EPS	260 yen		260 yen

Structural Reforms: Strengthen Earnings Base

Reduce costs through SCM reforms and production base optimization

3 SCM reforms

- 1 Streamline manufacture and distribution processes.
- 2 Invest in labor-saving and automation initiatives.
- 3 Optimize the number of SKUs and inventory levels.

3 production base reforms

- 1 Maximize the utilization of edible oil production plants.
- 2 Rebuild domestic production bases.
- 3 Utilize overseas production bases.

* SCM: Supply Chain Management

Growth Strategy: Cultivate and Expand Sales of Low-Impact, Growth-Driving Products

Expand the scope of each business to increase our presence by highlighting their “low impact” feature

Taste



Low burden



Health

J-Oil Mills contributes to lowering impact on...

Workload

- Reduce the frequency of oil change

Business-use Oils and Fats

Expand share with eco-friendly products and services to support shelf life extension



Environment

- Reduce plastic use
- Cut CO₂ emissions
- Reduce cropland

Household-use oils and fats

Horizontally expand growth categories starting with Smart Green Pack® (SGP)



Economy

- Long-lasting effects of J-Oil Mills' oils help reduce the volume of oil used

Specialty Foods

Become a one-stop provider of PBF, and aim to become a market leader



PBF: Plant-based food

R&D Strategy

Our value-added products: Contribute to resolving issues facing customers by leveraging our unique technologies

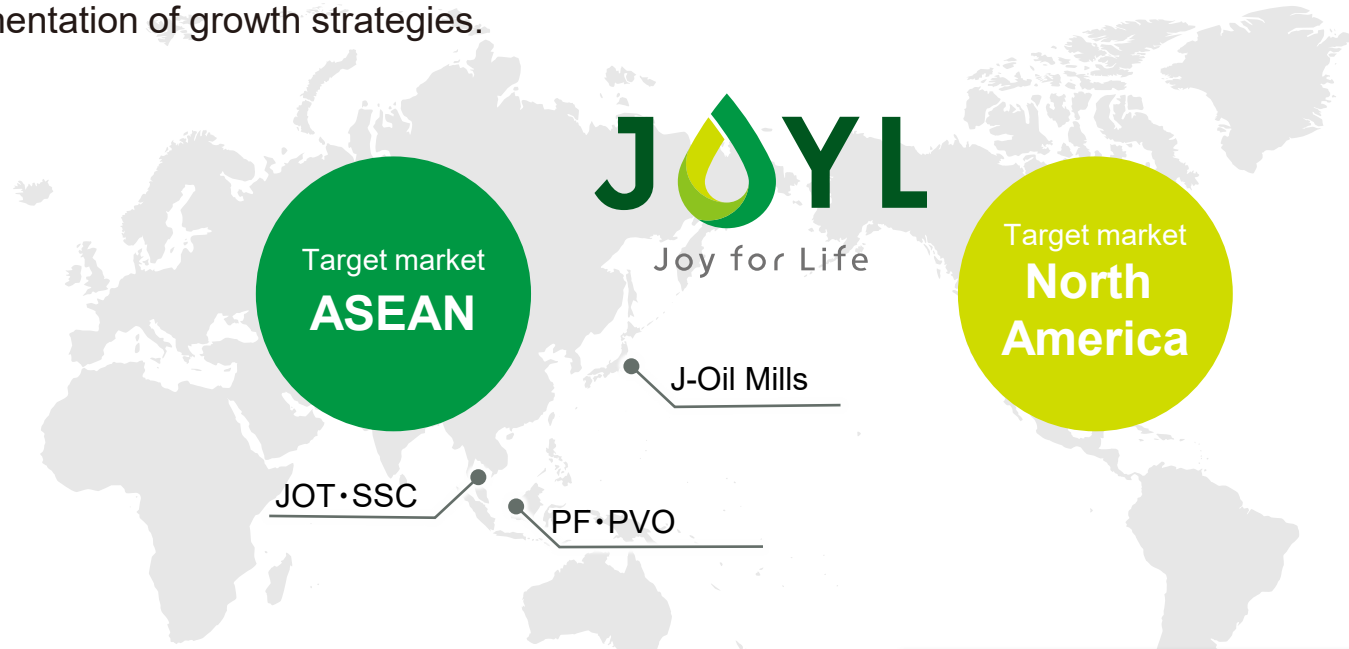


*1: Application & evaluation technology: Taste, functions, and industrialization process
 *2: Composition & structure control technology: Fat, flavor, texture
 *3: Production & manufacture technology: Oil extraction, refining, filling, and molding

Growth Strategy: Overseas

Allocate management resources to growth markets North America and ASEAN
Leverage proprietary technology and strengths to grow in both existing and new areas

- Reinforce a structure to promote overseas businesses.
- Strengthen the pool of personnel with expertise in overseas businesses and accelerate the implementation of growth strategies.



Confectionery and bread making & texture-enhancing materials

- Proprietary materials x application development .
- Bolster overseas business footholds.

Expand business scope by leveraging proprietary technology and strengths

Fine materials & texture-enhancing materials

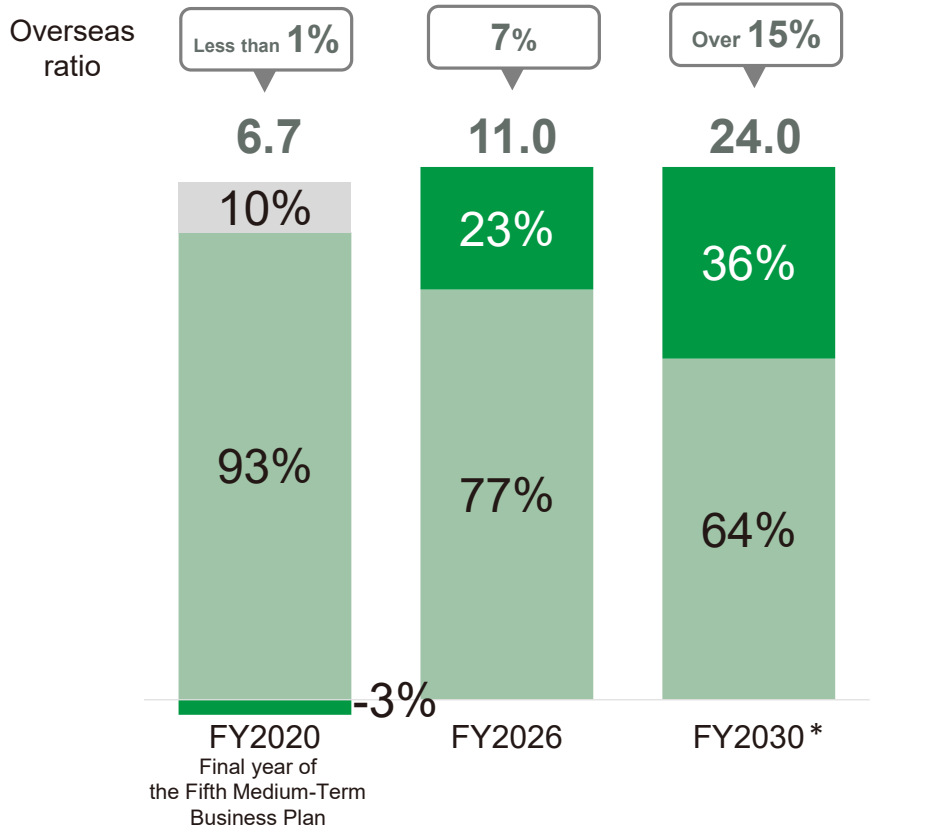
- Soy sheets: Expand target regions and applications.
- Vitamin K₂: Develop brand and expand sales channels in line with rising consumer awareness of health.

Business Portfolio Reform

Break away from the business model reliant on the domestic oil and fats business

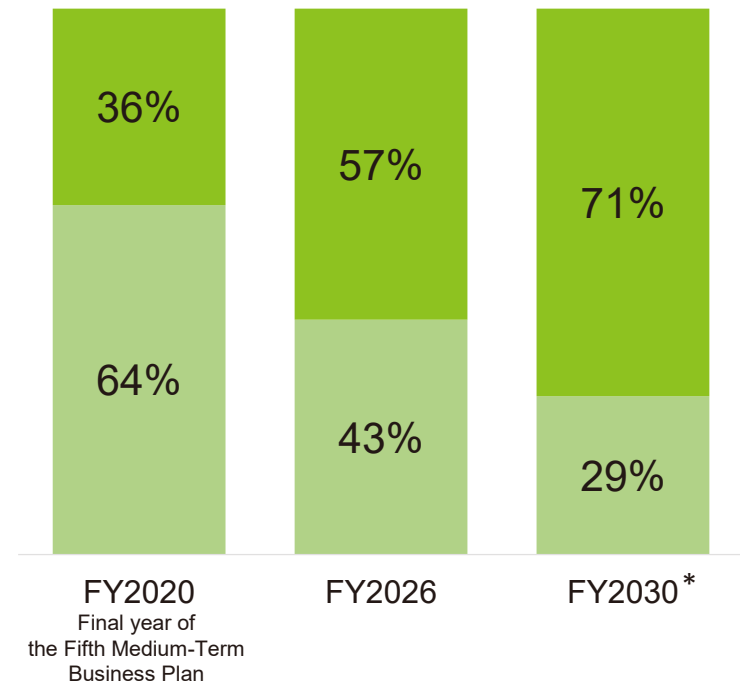
Operating profit breakdown by segment

■ Oils and Fats ■ Specialty Food Products ■ Other
(Billions of yen)



Ratio of high-value-added products (gross profit)

■ General products ■ High-value-added products (domestic + overseas)



Capital Allocation Plan (FY2022–FY2026)

Aggressively invest in both inorganic and organic growth opportunities for the future

Operating C/F
18.0 billion yen

Asset reduction
5.0 billion yen

External Financing
24.0 - 47.0
billion yen*

Total 47.0–70.0 billion yen

Capital investment
22.0 billion yen

- Investment for productivity improvement and transition to smart factory.
- Investment in the environment.
- Investment in maintenance and renovation.

Investment in
business portfolio
14.0 - 37.0 billion yen

- Continued development and launch of high-value-added products.
- Growth strategy in North America and the ASEAN region.
- Expansion of the plant-based food business.
- Promotion of new business development.

Dividend payout
11.0 billion yen

- Stable dividend payments with a target payout ratio of 40%.

*D&E ratio: 0.5–0.7x

Formation of Oilseed Processing Joint Venture with Nisshin OilliO

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

- Signed a basic agreement for the nationwide integration of oilseed processing functions and formation of an oilseed processing joint venture in western Japan with the goals of providing stable supply of oil and oilseeds, strengthening sustainable international competitiveness, and broadly contributing to society by resolving environmental and social issues.
- In light of environmental changes 50 years from now and later, J-Oil Mills and Nisshin OilliO Group will aim to establish a joint operating structure to bolster international competitiveness of the domestic oil processing industry and secure stable supply over the long term, and to build a next generation oil processing plant that will contribute to resolving environmental and social issues through the shift to smart factories utilizing AI and IoT and efforts to realize a decarbonized society.

Outline of the Joint Venture Company

- (1) Timing of establishment: Scheduled for April 2023
- (2) Principal place of business: 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

Note: The formation of the joint venture is subject to approval from relevant regulatory authorities.

Agenda

1 Revision of Medium-Term Business Plan

2 **Appendix**

Before you go



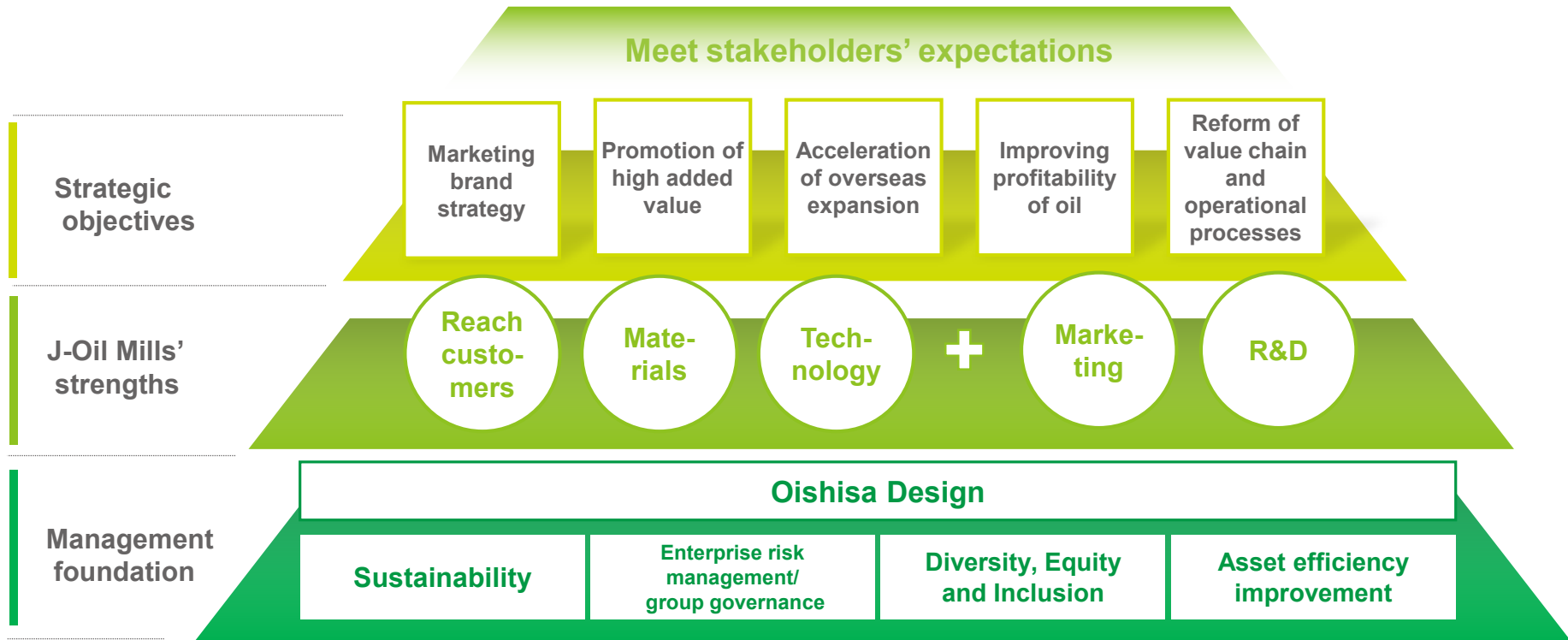
J-Oil Mills' Strategy



Joy for Life

Bringing joy to the future by food

Vision Mission Value



The Sixth Medium-Term Business Plan



	The Fifth Medium-Term Business Plan 2017 to 2020	The Sixth Medium-Term Business Plan 2021 to 2024	Vision 2030
Growth strategies	<ul style="list-style-type: none"> ● Increase high-value-added products as a percentage of gross profit ● Improve gross margin on oils and fats products ● Develop overseas business through M&A in Malaysia 	<ul style="list-style-type: none"> ● Amass corporate brand value ● Expand high-value-added products ● Improve profitability of commodity oil products ● Strengthen overseas and specialty food businesses 	<ul style="list-style-type: none"> ● Establish corporate brand ● Accelerate the expansion of high-value-added products ● Secure stable profits for commodity oil products ● Expand overseas and specialty food businesses
Structural reforms	<ul style="list-style-type: none"> ● Reduction of SKUs ● Consolidate Group companies ● Withdraw from or transfer businesses 	<ul style="list-style-type: none"> ● Reform value chain and business processes ● Improve asset efficiency 	<ul style="list-style-type: none"> ● Complete optimization of production system ● Further improve asset efficiency
Reinforcement of management foundation	<ul style="list-style-type: none"> ● Strengthen governance ● Strengthen corporate functions ● Revise personnel system 	<ul style="list-style-type: none"> ● Embrace Diversity, Equity and Inclusion ● Strengthen enterprise risk management and group governance 	<ul style="list-style-type: none"> ● Be the employer of choice ● Strengthen group company governance (including overseas)

Sustainability Initiatives

Initiatives for climate change, sustainable procurement, DE&I, and sustainable product development ongoing

Issues	Initiatives	FY2030 Targets	SDGs
Climate change	<ul style="list-style-type: none"> Reduce GHG (CO₂ emissions) Launch initiatives to achieve carbon neutrality Based on TCFD recommendations, identify risks and opportunities, conduct scenario analysis, and disclose financial impact 	<ul style="list-style-type: none"> 50% reduction in CO₂ emissions (Scope 1 + 2, compared with FY2013) Non-CFC (including low GWP) <p>FY2050</p> <ul style="list-style-type: none"> Carbon neutrality (Scope 1 + 2) 	
Sustainable procurement	<ul style="list-style-type: none"> Conduct ESG management of the supply chain (be considerate of human rights and the environment) Enhance the traceability of palm oils, strengthen certified oil supply systems, and draft a soybean procurement policy 	<ul style="list-style-type: none"> Enhanced sustainable procurement 100% traceability to palm plantations 	
Diversity and inclusion	<ul style="list-style-type: none"> Develop human resources Reform awareness of management Establish an organization dedicated to DE&I (DE&I Promotion Office) Create a corporate culture where diverse personnel can co-create 	<ul style="list-style-type: none"> Female manager ratio: 30% Foreign nationals appointment 	
Sustainable product development	<ul style="list-style-type: none"> Begin operation of an environmental checklist Develop and launch eco-friendly containers Acquire carbon footprint certification for more products Develop products with low trans fatty acid and disclose relevant information 	<ul style="list-style-type: none"> Zero plastic waste Begin reusing resources in J-Oil Mills' own packing materials Zero waste emissions* 	

*Company definition: Do not simply incinerate or landfill industrial waste produced from factories and offices (resource recycling rate of above 99.9%)

Main Management Indicators

	FY2017 results	FY2018 results	FY2019 results	FY2020 results	FY2021 results	FY2022 targets	FY2024 Original targets	FY2026 revised targets	FY2030 targets ^{Note 2}
	The Fifth Medium-Term Business Plan				The Sixth Medium-Term Business Plan			+2 years	
Net sales	183.4	186.8	178.2	164.8	201.6	260.0	220.0	—	250.0
Operating profit	4.0	5.7	6.7	6.7	-0.02	1.0	11.0	11.0	24.0
Operating profit margin	2.2%	3.0%	3.7%	4.1%	0.0%	0.4%	5.0%	—	Over 9.0%
ROE	4.9%	5.6%	5.9%	5.7%	2.1%	1.0%	8.0%	8.0%	Over 12.0%
ROIC	2.4%	3.6%	4.3%	4.1%	-0.0%	0.5%	5.5%	5.0%	8.0%
EPS (yen) ^{Note 1}	124.8	144.2	158.1	159.6	59.2	30.0	260	260	Over 500
D/E ratio	0.42	0.30	0.26	0.24	0.32	0.48	—	— ^{Note 3}	Under 0.50
CCC (days)	117	112	114	124	118	—	—	—	—
Dividend payout ratio	36.1%	31.2%	31.6%	31.3%	84.2%	66.2%	40%	40%	40%

Note 1: After reverse stock split and stock split

Note 2: Initial targets of the Sixth Medium-Term Business Plan (as disclosed on May 20, 2021)

Note 3: Projected to increase to 0.7 if maximum of 30 billion yen is invested in growth through M&A



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