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November 16, 2022

Notice regarding Formulation of a Revised Medium-Term Business Plan

J-Oil Mills, Inc. announces that J-Oil Mills Group has established numerical targets and future initiatives for the revised Sixth Medium-Term Business Plan, which was announced on May 20, 2022.

1. Circumstances behind the Revision of Medium-Term Business Plan

   On May 20, 2021, the Group announced the Sixth Medium-Term Business Plan, “Transforming for Growth," which concludes in FY2024, and has been working to achieve the strategic goals laid out therein. However, conditions for procuring raw materials have changed significantly since the original formulation of the plan.

   Market prices of raw materials such as soybeans, rapeseed, and palm oil are rising sharply due to a deterioration in the supply outlook of grains and raw materials for oils and fats caused by substantial changes in global conditions as well as increased demand for edible oils for biodiesel and other applications, unseasonable weather in major countries producing raw materials, and reduced production due to COVID-19-related labor shortages.

   Moreover, we project that the outlook surrounding procurement costs associated with edible oils and fats will remain uncertain due to both higher energy and logistics costs caused by soaring crude oil prices and the ongoing depreciation of the yen against the US dollar in foreign currency exchange markets.

   Considering these changes in the business environment, the Group has decided to revise the Sixth Medium-Term Business Plan.

2. Key Changes in the Revised Medium-Term Business Plan

   A) Policies and Strategies

      Although we have made no changes to the vision or primary strategies set forth in the Sixth Medium-Term Business Plan (announced in May 2021), we have decided to extend the period allotted for achievement of the plan's numerical targets by two years while dedicating this span of time to the establishment of a highly resilient framework capable of withstanding major changes in our surrounding business environment, a goal we aim to accomplish through a stronger business foundation and earnings recovery. When formulating the revised Medium-Term Business Plan, we once again identified opportunities and risks presented by medium- to long-term changes in our business environment while identifying the following three priorities based on assessments of our strengths.

      Through the successful implementation of these initiatives, we intend to restore profitability and generate growth moving forward.

Three priorities

Revised Policy One	Structural reforms	Strengthen profit base: SCM* reform and production base optimization
Revised Policy Two	Growth strategies	Develop and expand lineup of growth-driving products characterized by advantages of lower workload, economic load and environmental impact
Revised Policy Three	Investment strategies	Invest proactively overseas and in new business areas

* SCM: Supply Chain Management

Note: Please refer to our website for more details concerning the revised Sixth Medium-Term Business Plan.
https://www.j-oil.com/en/ir/management/plan.html

B) Numerical Targets

Initial Targets

	FY2024 (Initial targets)
Net sales	220.0 billion yen
Operating profit	11.0 billion yen
Operating profit margin	5.0%
ROE	8.0%
ROIC	5.5%
EPS	260 yen

Revised Targets

	FY2026 (Revised targets)
Net sales	-*
Operating profit	11.0 billion yen
Operating profit margin	-*
ROE	8.0%
ROIC	5.0%
EPS	260 yen

* To ensure that we can respond flexibly to changes in our surrounding business environment and facilitate growth while emphasizing capital efficiency, we have decided to exclude net sales and operating profit margin from the plan's numerical targets.

C) Dividend Policy

While targeting the stable return of profits to shareholders, we maintain a basic policy of steadily and appropriately distributing earnings in accordance with a long-term perspective that includes a focus on strengthening our corporate structure and proactive business development. We aim to achieve a consolidated dividend payout ratio of 40% and will accordingly continue to reliably and sustainably strengthen the returns we provide to our shareholders.

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