COMPANY RESEARCH AND ANALYSIS REPORT

J-OIL MILLS, Inc.

2613

Tokyo Stock Exchange Prime Market

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Contents

Summary

In FY3/26, the Company may struggle due to a decline in meal value. In FY3/27, it will improve results through short-term measures

J-OIL MILLS, Inc. <2613> (hereafter, also "the Company") is a major oils and fats manufacturer. In the oils and fats business, the Company manufactures, processes, and sells household oils and fats, business-use oils and fats, and meal. In the specialty food business, the Company manufactures, processes, and sells business-use margarine in the dairy-based plant-based food segment, and soybean functional ingredients in the food material segment. In addition to the expertise and technologies cultivated by three integrated companies—Honen Corporation, Ajinomoto Oil Mills Co., Inc., and Yoshihara Oil Mill, Ltd.—the Company is also founded on the strengths from the fusion of these three companies.

1. The Company's strengths

The source of the Company's strengths lies in the strengths of the three integrated companies and the synergies created among them. Originally, Ajinomoto Oil Mills Co., Inc. excelled in research on the taste of oils and fats, Honen Corporation in the efficient use of raw materials, and Yoshihara Oil Mill, Ltd. in the diversity of oil types. By combining these three companies' strengths, the Company has formed its unique ability to establish a wide range of product categories. In recent years, the three companies have advanced from integration to fusion. Now, as a single company, the Company evolved into an organization with strengths in various ingredients such as oil and starch, which are essential for designing taste; in technical capabilities that address customer needs such as long-lasting functionality; and in broad customer contact points, ranging from major business users such as convenience stores and restaurants, to general dining establishments across Japan.

2. Overview for 1H FY3/26

In 1H FY3/26, the Company reported net sales of ¥112,246mn (down 3.5% year on year (YoY)) and operating income of ¥2,516mn (down 53.8%). In the oils and fats business, sales of business-use oils and fats remained steady, supported by factors such as the expansion of inbound demand, while sales of household oils and fats declined due to consumers' increased tendency to save due to rising prices. In terms of profits, although the Company worked to improve profitability through price revisions for oils and fats (conducted in May and September 2025, and scheduled in January 2026) and expanded sales of high-value-added products, it faced a significant decline in profit for the overall oils and fats business because meal value reached a historically low level due to expanding biofuel demand in the US and persistently high infrastructure costs. In the specialty food business, although sales decreased due to structural reforms such as withdrawal from household margarine, profits increased as a result of these structural reforms, the penetration of price revisions, and strengthened sales of food ingredients specializing in functional starches.

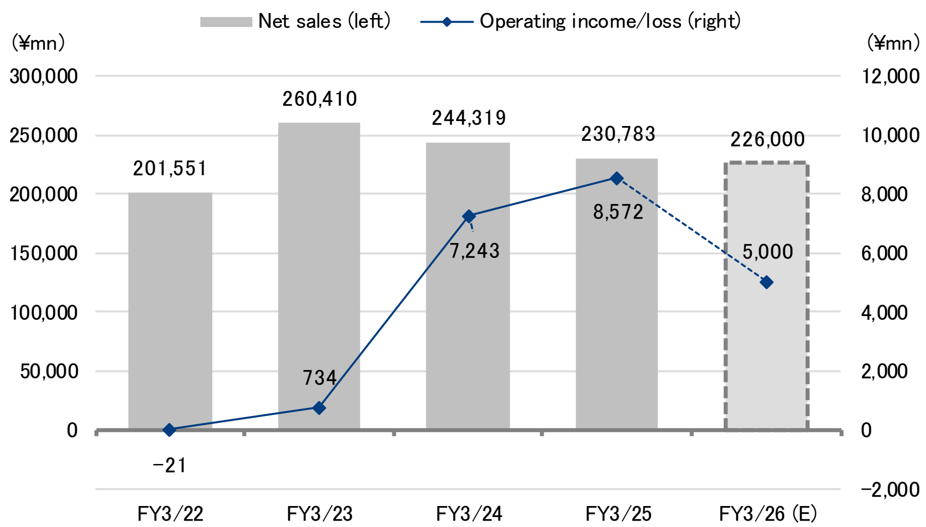
3. FY3/26 forecasts

In FY3/26 forecasts, the Company expects net sales of ¥226,000mn (down 2.1% YoY) and operating income of ¥5,000mn (down 41.7%). The Company revised full-year forecasts downward, lowering net sales by ¥14,000mn and operating income by ¥4,000mn compared to initial forecasts, due to unfavorable results in 1H. One of the factors in the downward revision was the meal price declining more than expected. To address this, the Company conducted price revisions twice for oil and fat products in 2025. However, due to the time lag before these revisions are reflected in prices, it is expected to be difficult to fully absorb the increase in costs in FY3/26. In FY3/27, the decline in meal prices will have run its course, and the oils and fats business is projected to achieve a significant recovery in profitability by implementing short-term measures on business performance, including improving profitability through selection and concentration of the product lineup, in addition to the third price revision to be conducted from January 2026. Regarding the specialty food business, profit growth is expected to continue.

Key Points

- In 1H FY3/26, net sales and operating income decreased due to a decline in meal prices and delays in price revisions
- Expecting both net sales and profit to decrease in FY3/26
- Strengthening profitability improvement measures focused on pricing for profit recovery
- The oils and fats business expects to improve earnings in FY3/27

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

One of the three major players in the oils and fats industry. Leveraging "Good Taste, Health, and Low Burden" as its strengths to realize "Oishisa Design®"

1. Company profile

The Company is a major oils and fats manufacturer established through the merger of Honen Corporation, Ajinomoto Oil Mills Co., Inc., and Yoshihara Oil Mill, Ltd. In order to realize the future vision of "Joy for Life®—Bringing Joy to the Future through Food®," and based on the oils and fats business (oils and fats / meals), the Company expands the specialty food business, which handles food ingredients such as margarine, powdered oils and fats, starch, and fine material. As an "oil" professional, the Company is working to realize "Oishisa Design*," placing safety and reliability at the core, and offering a broad range of products—from general-purpose items used in a wide variety of applications to high-value-added products with unique oil-related functions in good taste, health, and low burden. While belonging to the Ajinomoto <2802> Group, the Company has strengths in the know-how and technologies developed in each of three companies from different origins. With these strengths as a backdrop, the Company engages in dialogue with all stakeholders while achieving long-term business growth. It contributes not only to delicious food but also to customers and to a sustainable society.

* Expanding the value and possibilities of "oil" based on the knowledge and know-how the Company has cultivated, and designing various added-value functions such as fried food value, cooking value, health value, and seasoning value. Furthermore, combining products and ingredients such as oils, starches, margarine, and powdered oils and fats to create new tastes.

2. History

In 1922, Honen Oil Co., Ltd. was established from Suzuki Shoten's Oil Department. In 1934, an individually owned store was reorganized and Yoshihara Sadajiro Shoten Co., Ltd. was established. In the following year, it absorbed and merged with Yoshihara Oil Mill, Ltd., changing its corporate name to Yoshihara Oil Mill, Ltd. In 1999, centering on Ajinomoto's Yokohama Plant, Ajinomoto Oil Mills Co., Inc. was established. In 2002, Honen Corporation and Ajinomoto Oil Mills Co., Inc. integrated their management to form the holding company Honen Ajinomoto Oil Mills, Inc. In 2003, Yoshihara Oil Mill, Ltd. joined this company, leading to the adoption of the current corporate name. Furthermore, in 2004, the three business companies—Honen Corporation, Ajinomoto Oil Mills Co., Inc., and Yoshihara Oil Mill, Ltd.—were integrated with Japan Soybean Oil Co., Ltd., the corporate structure transitioned to its current form, and the fusion continued.

The 1990s to 2000s were a period when retailers and trading companies expanded in scale. Following the trend, the Nissin OilliO Group <2602> was also established in 2002 through the integration of three companies: Nisshin Oil Mills, Ltd., Rinoru Oil Mills Co., Ltd., and Nikko Oil Mills Co., Ltd. With the management integration of the two companies, the edible oil industry entered an era of the "big three," including FUJI OIL CO., LTD. <2607>, which has strengths in chocolate oils and fats. After the integration, as part of its growth strategy, the Company made Honen Lever Co., Ltd. a wholly owned subsidiary in 2007 to strengthen confectionery and bakery ingredients such as margarine. It also entered into a business partnership with FUJI OIL CO., LTD. in raw material procurement, and in 2023, entered into a business partnership with the Nisshin OilliO Group toward establishing a joint oil extraction company.

The Company also accelerated its previously delayed overseas expansion. In 2014, it established a joint venture in Thailand—J-OILMILLS (THAILAND) Co., Ltd.—together with Toyota Tsusho (Thailand) Co., Ltd. and MHCB Consulting (Thailand) Co., Ltd. In 2019, the Company made the Malaysian processed oils and fats company Premium Fats Sdn Bhd a consolidated subsidiary, further accelerating its overseas expansion.

History

Year/month	History
April 1922	Honen Oil Co., Ltd. (the predecessor of Honen Corporation) was established, inheriting the management rights of four plants of Suzuki Shoten's Oil Department
July 1934	Yoshihara Sadajiro Shoten Co., Ltd. absorbed and merged with Yoshihara Oil Mill, Ltd., and changed its corporate name to Yoshihara Oil Mill, Ltd.
December 1934	An individually owned store was reorganized and Yoshihara Sadajiro Shoten Co., Ltd. was established for the purpose of manufacturing, processing and selling oils, fertilizer, feed, and cosmetics (the predecessor of Yoshihara Oil Mill, Ltd.)
February 1968	Toyo Oil Co., Ltd. was established (the predecessor of Ajinomoto Oil Mills Co., Inc.)
April 1999	Ajinomoto Co., Inc.'s Yokohama Plant was integrated and the corporate name was changed to Ajinomoto Oil Mills Co., Inc.
March 2002	Honen Corporation and Ajinomoto Oil Mills Co., Inc. were listed on the First Sections of the Tokyo and Osaka Stock Exchanges
April 2002	Honen Ajinomoto Oil Mills, Inc. was established through the joint transfer of shares by Honen Corporation and Ajinomoto Oil Mills Co., Inc. Consolidated subsidiary Honen Corporation additionally acquired shares of Honen Lever Co., Ltd., an affiliate of the Company, and made it a subsidiary with 75% of its voting rights
April 2003	Yoshihara Oil Mill, Ltd. was made a wholly-owned subsidiary through an exchange of shares, and the corporation name was changed to J-OIL MILLS, Inc.
July 2004	Consolidated subsidiary Honen Corporation carried out a company split of its chemical products business and established J-CHEMICAL Co., Ltd. Consolidated subsidiaries Honen Corporation, Ajinomoto Oil Mills Co., Inc., Yoshihara Oil Mill, Ltd., and Japan Soybean Oil Co., Ltd. were absorbed through merger
December 2004	The management of the horticultural fertilizer business was transferred to affiliate Ota Oil Co., Ltd. (in October of the same year, JOY Agris Co., Ltd. was established as the sales company)
September 2005	Consolidated subsidiary J-Business Service Co., Ltd. sold all of the shares in RAKU-YOU, INC., the Company's wholly-owned subsidiary
March 2007	Acquired additional shares of consolidated subsidiary Honen Lever Co., Ltd., making it a wholly-owned subsidiary
July 2007	Acquired a home-use margarine business (all products including the Rama brand) from Unilever Japan K.K.
September 2007	Concluded a basic agreement for a business alliance and mutual share ownership with Fuji Oil Co., Ltd.
March 2008	Acquired the business of business-use processed oils and fats, and confectionery and baking ingredients from consolidated subsidiary Honen Lever Co., Ltd.
June 2008	Dissolved consolidated subsidiary Honen Lever Co., Ltd.
February 2012	Dissolved the subsidiary Hoshin Services Co., Ltd.
March 2012	Acquired a protein products sales business from consolidated subsidiary Nikka Oil Mills Co., Ltd.
April 2012	Merged with and absorbed consolidated subsidiary J-Business Service Co., Ltd.
May 2014	In Thailand, established J-OILMILLS (THAILAND) Co., Ltd. as a joint venture with Toyota Tsusho (Thailand) Co., Ltd. and MHCB Consulting (Thailand) Co., Ltd.
July 2018	Changed the organization from a functional axis-based six-headquarters system to a three-business-headquarters system and introduced a business segment structure
April 2019	Yokohama Pack Co., Ltd., J-Service Co., Ltd., and Golden Service Co., Ltd., were integrated through an absorption-type merger with Yokohama Pack as the surviving company to form J-Pack Co., Ltd.
December 2019	The Company made Premium Fats Sdn Bhd, a Malaysian processed oil and fat company, a consolidated subsidiary. Sold all shares of its subsidiary Sakaide Yutaka Service Co., Ltd.
October 2020	Consolidated subsidiary J-With, Inc. absorbed consolidated subsidiary NIKKA Oil & Fats Co., Ltd. through a merger and changed its name to J-NIKKA Partners Co., Ltd.
April 2021	Introduced the communication brand "JOYL" (J-Oil)
May 2021	Sold all shares of consolidated subsidiary J-Chemical Co., Ltd.
April 2022	Moved from the First Section to the Prime Market due to the Tokyo Stock Exchange's market restructuring
October 2023	Transferred the oil extraction process at the Kurashiki Plant to Seiyu Partners Japan Co., Ltd., a joint venture established with the Nisshin OilliO Group, Ltd. <2602>
March 2024	Ended the household margarine business

Source: Prepared by FISCO from the Company's securities report and other materials

Business overview

Pursuing measures for adding higher value to “oil” to enhance profitability and growth

1. Business description

The Company, together with its six subsidiaries (including two overseas companies) and five affiliates accounted for by the equity method (including three overseas companies), operates multiple businesses in Japan and overseas, with a focus on the oils and fats business. In the oils and fats business, the Company mainly manufactures, processes, and sells household oils and fats, business-use oils and fats, and meal. The specialty food business was divided into two segments: the dairy-based plant-based food segment and the food material segment. The dairy-based plant-based food segment manufactures, processes, and sells business-use margarine and powdered oils and fats, and the food material segment manufactures, processes, and sells starch products, soybean functional ingredients such as tocopherol, and soybean sheets. In its other businesses, the Company mainly engages in real estate leasing.

The demand for general-purpose oils and fats is stable but not growing significantly, and since the Company depends on imports for raw materials, its earnings structure is easily affected by fluctuations in overseas markets such as soybean and rapeseed prices and foreign exchange rates. In this business environment and revenue structure, the Company is working to improve profitability and growth by expanding the value and possibilities of “oil,” based on its strengths such as the know-how and technology it has cultivated over the years, and by thoroughly pursuing high-value-added products with various functions such as good taste, health, and low burden. The sales composition by segment for 1H FY3/26 was 91.4% for the oils and fats business, 8.2% for the specialty food business, and 0.3% for others, while the profit composition by segment was 77.7%, 18.6%, and 3.7%, respectively.

Household products

Business-use products

Source: The Company’s website

2. Oils and fats business

In the oils and fats business, the Company deploys a wide range of products, from basic oils such as salad oil and canola oil to high-value-added oils that can be used in a variety of areas, such as cooking, seasoning, and health. Household oils and fats are sold under the well-established “AJINOMOTO®” brand for home use. The Company offers a variety of products that help consumers prepare delicious meals and stay healthy, including JOYL “AJINOMOTO Olive Oil” (a leading brand in the domestic olive oil market) and the basic oil JOYL “AJINOMOTO Sarasara® Canola Oil,” as well as JOYL “AJINOMOTO Perilla Oil,” which allows consumers to ingest omega-3 (n-3 fatty acids), JOYL “AJINOMOTO Healthy Sarara®” (food for specified health uses), and JOYL “AJINOMOTO Double Half,” which halves both the amount of oil used and splattering.

For business-use oils and fats, the Company offers a lineup of products ranging from general-purpose to high-value-added products under the “JOYL” brand, including “JOYL Salad Oil,” which can be used for a wide range of purposes from eating raw to stir-frying and deep-frying; “JOYL Canola Oil,” which has a light and smooth flavor; the “JOYL Chotoku®” series, which utilizes the proprietary technology “SUSTEC®” that simultaneously reduces the amount of oil and fat used as well as environmental and operational burdens; and the “JOYL PRO®” series, which is designed for professionals to provide a variety of “good taste” experiences, such as taste, aroma, texture, and a “fresh-cooked feel.”

In the oilseed business, the meal from soybeans and rapeseed, which are rich in high-quality protein, is supplied as an ingredient in compound feed. Furthermore, the fact that business-use oils and fats account for more than 50% of the Company’s sales in the oils and fats business shows that the Company is strong in business use.

3. Specialty food business

Both the dairy-based plant-based food segment and the food material segment in the specialty food business provide products that utilize the functionality of ingredients as solutions to customers’ food-related challenges. In the dairy-based plant-based food segment, the Company offers the “Grandmaster®” series, business-use general margarine, shortening, processed oils and fats for business use in confectionery and bread making, and powdered oils and fats made from vegetable oils. The food material segment manufactures and sells the “TXdeSIGN®” series, soy functional ingredients (fine material segment), and soy sheets.

Among these, the “TXdeSIGN” series is a new brand of business-use starch that creates new texture*—such as mouthfeel, smoothness, and chewiness—through the power of starch. It is utilized in a variety of cooking and food processing situations, such as maintaining viscosity and texture during retort and thawing, improving the crispness and melt-in-the-mouth quality of bread, and enhancing the texture and juiciness of processed meat products. In the fine material segment, the Company also handles vitamin K2 derived from natto bacteria, which is highly absorbable and helps strengthen bones, and soy sheets such as “Mamenorisan®,” a sheet-type soy food made from soy protein for overseas markets.

* Visual and tactile characteristics that capture the overall look and feel of the surface of a material. In food, this corresponds to texture.

4. High-value-added products

In order to realize “Good Taste, Health, and Low Burden,” the Company aims to expand high-value-added products as growth strategic products. High-value-added products are classified into four categories: olive oil, the long-lasting oil “Chotoku” series, each product in the specialty food business, and high-performance oil and fat products. Among all products, these are the ones for which particularly strong market needs exist and high gross profit margins can be expected. By using its own processing and application technologies for plant-based ingredients such as oil, starch, and protein, the Company provides added value by adding “Low Burden” to the traditional theme of “Good Taste + Health,” and also aims to contribute to solving social issues in the environment, labor, and other areas.

For example, the Company’s main product, the long-lasting oil “Chotoku” series, which is business-use edible oil, is able to suppress the deterioration of oil compared to conventional frying oil, thereby reducing the amount of waste oil. This leads to lower usage of frying oil and less frequent oil replacement, resulting in reduced costs and workload, and contributing to lower environmental impact. As such, the specification of the product takes into account the global environment. The word “specialty” in the specialty food business reflects “the desire to deliver unique, high-value-added products” of the Company.

Regarding the situation with high-value-added products in 1H FY3/26, net sales were ¥35.86bn (up 3.5% YoY, sales composition ratio: approximately 32%), the gross profit margin rose 2.1 percentage points (pp) to 20.9%, and gross profit was ¥7.49bn (up 15.0%), resulting in a high contribution to earnings. This category compensates for the volatility of the oils and fats business and boosts the Company's overall growth.

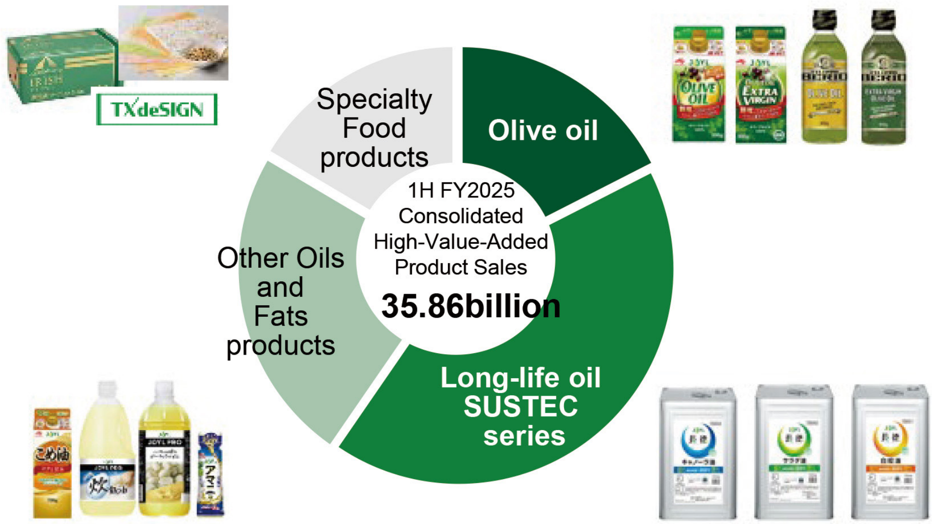
Consolidated net sales and gross profit of high-value-added products

(¥bn)

	1H FY3/25	1H FY3/26	YoY change
Net sales	34.64	35.86	103.5%
Gross profit	6.51	7.49	115.0%
Gross profit margin	18.8%	20.9%	2.1pp
Household	9.37	9.15	97.7%
Business use	19.51	20.81	106.7%
Oils and fats business	28.88	29.96	103.7%
Specialty food business	5.76	5.90	102.5%

Source: Prepared by FISCO from the Company's results briefing materials

Sales composition ratios of major high-value-added products



Source: Prepared by FISCO from the Company's results briefing materials

Three founding companies' strengths have fused together, evolving into advantages in materials, technical capabilities, and customer contacts

5. The Company's strengths

The source of the Company's strengths lies in the strengths and synergies that each of its three integrated companies possessed. Originally, Ajinomoto Oil Mills Co., Inc.'s strengths were its research into the deliciousness of oils and its recognition in the household market through the "AJINOMOTO" brand. Honen Corporation's strengths were its efforts to use up raw materials and its strong sales base in the commercial market. Yoshihara Oil Mill, Ltd.'s strengths were its variety of oil types and its ability to solve problems for customers. By combining these three companies' strengths, the Company has made progress with the establishment of wide sales channels and product categories, enhancement of the Ajinomoto Group's sales capabilities, and business-use product deployment. In addition, the Company has promoted the development and sales of high-value-added products by realizing synergies that include the transfer of commercial know-how to household products, and flexible collaboration with other companies to utilize their materials and products.

The three companies moved from integration to fusion, and the Company maximizes the value it provides through human resources and solutions that precisely address the diverse needs of customers throughout Japan. In the background, there are the strengths of that fusion, in various ingredients such as oil and starch, which are essential for designing taste; in technical capabilities that address customer needs such as long-lasting functionality; and in broad customer contact points with convenience stores, restaurants, ready-made meal vendors, general dining establishments, and the like.

In the test kitchen at one of its bases of operations, "Oishisa Design Kobo®," the Company collaborates with its clients to co-create optimal solutions tailored to changes in consumer trends and lifestyles, and directly proposes these solutions to the clients as applications.

Maximizing the value of what the Company provides as an "Oishisa Design" company

Source: The Company's results briefing materials

Results trends

In 1H FY3/26, net sales and operating income decreased due to a decline in meal prices and delays in price revisions

1. Results trends for 1H FY3/26

Results for 1H FY3/26 were net sales of ¥112,246mn (down 3.5% YoY), operating income of ¥2,516mn (down 53.8%), ordinary income of ¥2,782mn (down 50.2%), and profit attributable to owners of the parent of ¥1,753mn (down 50.9%). While demand from inbound and restaurant recovered and profitability in the specialty food business improved through structural reforms, profits unexpectedly deteriorated due to a decline in meal prices and delays in price revisions in the oils and fats business. As a result, the progress rate against the initial full-year forecast was 46.8% for net sales and 28.0% for operating income, resulting in both lower sales and lower profit.

Consolidated results for 1H FY3/26

(¥mn)

	1H FY3/25		1H FY3/26		
	Results	% of net sales	Results	% of net sales	YoY change
Net sales	116,306	100.0%	112,246	100.0%	-3.5%
Gross profit	19,961	17.2%	17,323	15.4%	-13.2%
SG&A expenses	14,514	12.5%	14,807	13.2%	2.0%
Operating income	5,446	4.7%	2,516	2.2%	-53.8%
Ordinary income	5,591	4.8%	2,782	2.5%	-50.2%
Profit attributable to owners of the parent	3,568	3.1%	1,753	1.6%	-50.9%

Source: Prepared by FISCO from the Company's financial results

The Japanese economy recovered gradually on the back of factors such as an expansion in strong inbound demand and continued improvements in the employment and income environment. However, the situation remained uncertain due to factors such as uncertainty surrounding US trade policy, persistently high energy and raw material prices due to the increasing instability of the international situation, and rising prices due to the prolonged depreciation of the yen. Amid these circumstances, and in accordance with the Sixth Medium-Term Business Plan, the title of which is "Transforming for Growth," in order to achieve "Good Taste, Health, and Low Burden," the Company has worked to strengthen its management foundation and improve the profitability of existing businesses, while striving to further enhance corporate value through the acceleration of growth strategies such as enhancing its business portfolio and promoting overseas expansion.

As a result, sales quantities of business-use oils and fats increased due to the recovery in demand in the inbound and restaurant markets. However, net sales remained sluggish due to factors such as the decline in meal prices. In terms of profits, raw material costs, sales prices, and sales quantities showed signs of improvement, but meal sales were sluggish and infrastructure costs such as materials and logistics expenses increased. On the other hand, although profitability in the specialty food business improved significantly due to structural reforms, operating income as a whole declined substantially, as the oils and fats business accounted for more than 90% of total net sales. For high-value-added products such as olive oil and long-lasting oil, which the Company is currently focusing on, demand increased and sales prices were revised, resulting in higher net sales and an improved gross profit margin, thereby contributing significantly to profitability as expected.

While the specialty food business was satisfactory, the oils and fats business significantly declined in profit due to a decline in meal prices

2. Results trends by segment

By segment, the oils and fats business remained strong in sales of business-use oils and fats, while demand for household oils and fats declined. In addition, the decline in sales prices for oilseed meals products significantly impacted oils and fats costs. Thus, the Company sought to improve profitability through price revisions and expanding sales of high-value-added products. However, it was difficult to offset rising costs, resulting in lower net sales and profit. In the specialty food business, the result of structural reforms was significant. Although net sales decreased, segment profit improved substantially.

Performance by segment for 1H FY3/26

(¥mn)

Net sales	1H FY3/25		1H FY3/26		
	Results	% of net sales	Results	% of net sales	YoY change
Oils and fats business	105,785	91.0%	102,612	91.4%	-3.0%
Household oils and fats	15,187	13.1%	15,012	13.4%	-1.2%
Business-use oils and fats	55,022	47.3%	56,833	50.6%	3.3%
Oilseed meals	35,575	30.6%	30,766	27.4%	-13.5%
Specialty food business	10,025	8.6%	9,240	8.2%	-7.8%
Dairy-based plant-based food	5,188	4.5%	5,396	4.8%	4.0%
Food material	4,837	4.2%	3,844	3.4%	-20.5%
Other business	496	0.4%	392	0.3%	-21.0%

Segment profit	1H FY3/25		1H FY3/26		
	Results	% of net sales	Results	% of net sales	YoY change
Oils and fats business	5,331	5.0%	1,954	1.9%	-63.3%
Specialty food business	21	0.2%	467	5.1%	2123.8%
Dairy-based plant-based food	-125	-2.4%	198	3.7%	-
Food material	146	3.0%	269	7.0%	84.1%
Other business	94	19.0%	93	23.7%	-1.1%

Note: Segment profit for the specialty food business sub-segment is an approximate figure.
Source: Prepared by FISCO from the Company's financial results and supplementary materials for full-year financial results

(1) Trends in raw material and foreign exchange markets and status of price revisions

Prices of soybeans, which are the main raw material for the oils and fats business, temporarily fell to the 9 US dollars (USD) range per bushel due to expectations for a good harvest in South America and the intensification of US-China trade friction. Subsequently, in June 2025, soybean prices turned upward, rising to the high 10 USD range. This reflected factors such as the increase in renewable fuel blending mandates in the US and expectations for progress in US-China tariff negotiations. In July 2025, soybean prices fell back to the 9 USD range due to generally favorable growing conditions in US production areas, but from August onward, recovered to the 10 USD range due to dry weather in the latter half of the growing season in US production areas.

Rapeseed prices rose to the mid-700 Canadian dollars (CAD) range per ton in July 2025, driven by factors such as the increase in renewable fuel blending mandates in the US and concerns about dry weather in Canadian production areas. Then, rapeseed prices remained weak due to growing expectations for a bumper crop as weather conditions improved in Canada, as well as the impact of China's introduction of anti-dumping duties on Canadian rapeseed, falling to around 600 CAD in September.

On the other hand, the foreign exchange market saw the yen appreciate against the US dollar, with the rate temporarily falling below ¥140 to the US dollar, due to concerns over a global economic slowdown stemming from US tariff policies. Then, against the backdrop of US economic indicators such as prices and employment, the status of Japan-US tariff negotiations, and speculation that the Bank of Japan would postpone a rate hike, the yen were sold and the US dollars were bought, resulting in the exchange rate moving in the mid to high ¥140 range per the US dollar.

Against this backdrop, meal value—which tends to be influenced by the Chicago market—declined significantly, as demand for oils and fats increased due to expanding biofuel demand in the US. This is because when soybeans are pressed for oil, they produce oil (around 20%) and meal (around 80%). As a result of the rapid increase in meal supply due to expanded production of oils and fats, which in turn is driven by a growing demand for biofuels, demand for meal for feed and other purposes is not keeping up with the surge in supply. In particular, in Japan, as meal prices follow international prices, the decline in sales has accelerated. The excessive supply of meal is expected to continue at least through FY3/26. For this reason, the Company is considering adding further value to materials such as meal and feed for primary industries over the medium to long term.

The Company conducted price revisions twice in 2025, taking into account the rise in raw material prices as well as increased transportation and labor costs. However, as sufficient results were not achieved and the impact on profits was delayed, the Company has revised its full-year forecasts downward. Under these circumstances, the Company announced its third price revision in November 2025. While this price revision is expected to partially contribute to profits in 4Q FY3/26, the major part of the price-revision effect will be apparent from spring 2026 onward, and this effect is expected to boost profits for FY3/27.

(2) Sales trends in the oils and fats business

In the oils and fats business, although sales quantities of household oils and fats increased slightly due to the retail price strategy, net sales slightly decreased YoY due to consumers' heightened awareness of rising prices and a decline in olive oil sales prices resulting from lower raw material costs. Based on this situation, the Company worked to expand sales by expanding the lineup of "Smart Green Pack®" products, which is characterized by its reduced environmental impact and ease of use, and implementing various trial initiatives.

In the business-use oils and fats sector, sales quantities and net sales remained strong as the restaurant market recovered due to increased inbound demand and increased domestic travel, despite a tendency to save due to sluggish growth in real wages. In response to issues such as rising food costs and worsening labor shortages, the Company promoted sales expansion of high-value-added products with enhanced functionality, such as the "Chotoku" series, which can be used for a long time while preventing deterioration in quality, and "seasoning oils" and "cooking oils," which reduce the time and effort required for cooking. However, both household and business-use products were unable to sufficiently absorb costs due to delays in price revisions.

In the oilseeds sector, soybean meal sales quantities remained strong due to an increase in crushing volume, and rapeseed meal sales quantities were on par with the previous fiscal year as improved meal yield offset a slight decrease in the amount of rapeseed meal extracted. However, due to a drop in the Chicago soybean meal market price, sales prices of both products significantly declined YoY.

(3) Sales trends in the specialty food business

The dairy-based plant-based food segment significantly improved profitability through structural reforms. In processed oils and fats for business use, demand for souvenir confectionery remained firm due to inbound demand and increased domestic travel. However, as the Company has conducted price revisions in response to rising raw material prices, sales quantities remained sluggish. Although sales quantities of powdered oils and fats decreased slightly due to fluctuations in orders, net sales increased significantly as the Company appropriately reflected changes in raw material prices and foreign exchange rates in its sales prices.

As a result of focusing on expanding sales of high-value-added functional starches, the food material segment significantly improved profitability. In the texture design business, both sales quantities and net sales fell significantly YoY due to the discontinuation of general-purpose starch for corrugated board applications. On the other hand, it promoted solution proposals for food-use starch through "Oishisa Design" in collaboration with the oils and fats business. Although overall sales quantities remained steady, the fine material segment recorded a decline in net sales because sales quantities of vitamin K2 significantly decreased YoY. Both sales quantities and net sales of "Mamenorisan," a sheet-type soy food made from soy protein, significantly exceeded those in the previous fiscal year. This was due to increased shipments to North America, the main sales destination, as well as strengthened efforts in Europe and the Middle East.

Outlook

In FY3/26, the Company forecasts both net sales and profit to decrease. It is strengthening short-term and medium- to long-term measures for profit recovery

1. FY3/26 forecasts

In FY3/26 forecasts, the Company forecasts net sales of ¥226,000mn (down 2.1% YoY), operating income of ¥5,000mn (down 41.7%), ordinary income of ¥6,100mn (down 39.2%), and profit attributable to owners of the parent of ¥4,100mn (down 41.4%). At the time of the 1H results announcement, the Company revised its initial forecasts downward, lowering net sales by ¥14,000mn, operating income by ¥4,000mn, ordinary income by ¥3,900mn, and profit attributable to owners of the parent by ¥2,900mn.

FY3/26 forecasts

(¥mn)

	FY3/25		FY3/26		
	Results	% of net sales	Forecast	% of net sales	YoY change
Net sales	230,783	100.0%	226,000	100.0%	-2.1%
Gross profit	38,034	16.5%	-	-	-
SG&A expenses	29,462	12.8%	-	-	-
Operating income	8,572	3.7%	5,000	2.2%	-41.7%
Ordinary income	10,031	4.3%	6,100	2.7%	-39.2%
Profit attributable to owners of the parent	6,996	3.0%	4,100	1.8%	-41.4%

Source: Prepared by FISCO from the Company's financial results

The main factors behind the downward revision are a decline in meal prices exceeding fluctuations in raw material costs, an increase in infrastructure and other costs, and meal prices that dropped more than expected. To address this, the Company plans to conduct its third price revision for FY3/26 in January 2026. The effect of the third price revision is expected to become apparent mainly in FY3/27. However, due to the time lag before these revisions are reflected in prices, it is expected to be difficult to fully absorb the increase in costs in FY3/26, and thus the Company revised its full-year forecasts downward. It appears that the Company incorporates the impact of price revisions somewhat conservatively.

2. Results outlook by segment

The oils and fats business revised segment forecasts downward, lowering net sales by ¥13,000mn and segment profit by ¥4,200mn. The main factors behind the downward revision are as follows: Although the Company made efforts to recover through price revisions, the rise in oil value exceeded expectations due to expanding demand for biofuels, the continued decline in meal value, persistently high infrastructure costs such as material and energy costs, delays in price revisions to absorb rising costs, and intensified competition caused by deteriorating consumer sentiment. On the other hand, in the specialty food business, although net sales were revised downward by ¥800mn, segment profit was revised upward by ¥200mn due to progress in structural reforms.

In this challenging business environment, the Company aims to strengthen both its short-term and medium- to long-term measures for profit recovery. The short-term measures include ongoing and appropriate price revisions, optimization of the product lineup through selection and concentration, expansion of sales of high-value-added products, and improvements in productivity and efficiency. The medium- to long-term measures include expanding sales of high-value-added products, enhancing the business portfolio, and accelerating overseas expansion.

Among the short-term measures, although there have been delays in price revisions, the Company intends to steadily raise prices by continuing negotiations persistently and carefully. In optimizing the product lineup and expanding sales of high-value-added products, the Company intends to develop and sell high-value-added products tailored to customer needs. The Company thoroughly pursues improvements in productivity and efficiency across all business processes, including optimizing the product lineup through selection and concentration and consolidating small-lot deliveries. In FY3/27, the Company expects to benefit from the short-term measures, particularly the impact of the third price revision, while the downward pressure on meal values is also expected to ease as the impact of expanding biofuel demand in the US will have run its course by June 2026, resulting in a recovery in profitability for the oils and fats business. Regarding the specialty food business, profit growth is expected to continue.

FY3/26 forecasts by segment

(¥mn)

Net sales	FY3/25		FY3/26		
	Results	% of net sales	Forecast	% of net sales	YoY change
Oils and fats business	209,231	90.7%	206,500	91.4%	-1.3%
Specialty food business	20,566	8.9%	18,700	8.3%	-9.1%
Dairy-based plant-based food	10,965	4.8%	11,000	4.9%	0.3%
Food material	9,601	4.2%	7,700	3.4%	-19.8%
Other business	985	0.4%	800	0.4%	-18.8%

Segment profit	FY3/25		FY3/26		
	Results	% of net sales	Forecast	% of net sales	YoY change
Oils and fats business	8,243	3.9%	4,100	2.0%	-50.3%
Specialty food business	135	0.7%	800	4.3%	492.6%
Dairy-based plant-based food	-79	-0.7%	400	3.6%	-
Food material	214	2.2%	400	5.2%	86.3%
Other business	192	19.5%	100	12.5%	-47.9%

Note: Segment profit for the specialty food business sub-segment is an approximate figure.
Source: Prepared by FISCO from the Company's financial results, supplementary materials for full-year financial results, and results briefing materials

Growth strategy

Strengthening medium- to long-term measures to become a company that achieves sustainable growth regardless of the external environment

1. Sixth Medium-Term Business Plan

The Company is implementing its Sixth Medium-Term Business Plan (FY3/22 to FY3/27) to achieve its goal of sustainable growth by FY2030 through the establishment of a growth foundation and the acceleration of growth. The initial plan (FY3/22 to FY3/25) was to strengthen growth investment for the future, such as by addressing aging facilities, completing the reconstruction of bases, and expanding investment in new fields, as well as to proceed with structural reforms and strengthen the management base in preparation for a decline in domestic demand. However, even after overcoming the decline in demand for dining out caused by the COVID-19 pandemic, the external environment further deteriorated. Structural changes in international demand for oils and fats—such as increased demand in emerging countries due to the expansion of the middle class, rising demand for alternatives to sunflower oil due to the situation in Ukraine, and growing demand for biofuels in the US—have coincided with the rapid depreciation of the yen and higher energy and infrastructure costs. Additionally, the Company's internal environment was also unfavorable, for example, due to delays in price revisions to absorb changes in raw material prices, deteriorating profitability in the margarine business, and an unbalanced business portfolio. As a result, profit levels for FY3/22 to FY3/23 declined significantly.

For this reason, the Company extended the period of the Medium-Term Business Plan by two years to continue strengthening its foundation, while also revising the strategy to leverage its advantages in materials, technical capabilities, and customer contacts. Specifically, the Company has decided to promote three initiatives, including strengthening its revenue base through structural reforms such as SCM reform and optimization of production bases; a growth strategy aiming to develop products that will become growth drivers and to expand sales of these products; and an aggressive investment strategy to expand into overseas and new business areas. As a result, in the revised Sixth Medium-Term Business Plan, the Company placed greater emphasis on capital efficiency and revised some of its targets, with the net sales target abandoned, and set new targets including operating income of ¥11.0bn, ROE of 8.0%, ROIC of 5.0%, and EPS of ¥260 for FY3/27. However, following the downward revision for FY3/26, the Company is compelled to review its strategy and will strengthen its short-term measures and medium- to long-term measures. In particular, through its short-term measures, the Company aims to achieve operating income of ¥11.0bn for FY3/27, which is a target of the Medium-Term Business Plan.

2. Short-term measures

As urgent short-term measures, the Company aims to conduct ongoing and appropriate price revisions, optimize its product lineup through selection and concentration, improve productivity and efficiency, and expand sales of high-value-added products.

In order to add high value to business-use oils and fats, the Company is working to improve product functionality and expand product variations in accordance with users' challenges and potential needs. The Company has achieved a complex flavor and improved aftertaste with its proprietary manufacturing method in "JOYL PRO BIMITOKUTOKU® KOKU-UP OIL," and also proposes the method's use as a measure to preserve the quality of meat and other foods when reducing their costs.

In order to add high value to household oils and fats, the Company is expanding its product lineup to meet consumer needs in terms of functions, volume, and packaging, and aims to create new demand for olive oil—sales of which have been shrinking due to rising raw material costs—through collaborations and recipe proposals. Specifically, the Company expanded the lineup of "Smart Green Pack," sales volumes of which have been steadily increasing since its launch, and launched 300 g small-sized olive oil products. The Company is also strengthening efforts such as launching new products and enhancing health appeal in the supplement oil category. As product examples, the Company launched "AJINOMOTO MCT Oil," including 90 g products for trial and 320 g products for repeat customers to meet consumer needs. It is expanding sales of "AJINOMOTO Mainichi Amani Oil" as Japan's first "Food(s) with Functional Claims for Skin Health" containing alpha-linolenic acid.

3. Medium- to long-term measures

While reviewing strategy, the Company is also taking medium- to long-term measures to become a company that achieves sustainable growth regardless of changes in the external environment. These medium- to long-term measures, which take time, need to be steadily executed, and therefore, the Company has refined its conventional growth strategy to reflect current conditions, focusing on key areas such as maximizing the value of the oils and fats business, enhancing its business portfolio, accelerating overseas expansion, and promoting human capital management.

(1) Maximizing the value of the oils and fats business

The oils and fats business faces structural risks that are significantly influenced by external factors such as raw material prices and exchange rate fluctuations. Key issues for achieving sustainable growth are reducing this external dependency and maximizing business value.

As countermeasures, the Company has begun offering “Fry Eco-System®,” an IT-based solution, in addition to the long-lasting oil “Chotoku” series, which utilizes the proprietary technology “SUSTEC.” “Fry Eco-System” is able to measure the degree of oil deterioration and determine the appropriate timing for replacing frying oil. As such, it is possible to further reduce the amount of waste oil and decrease the frequency of frying oil replacement operations when “Fry Eco-System” is combined with “Chotoku.” In this way, the Company is working to diversify its revenue model by combining services with products. The Company thoroughly sophisticates its “Oishisa Design” using oil and starch, which are among the Company’s strengths, and systematizes it as knowledge to further deepen the scientific interpretation of deliciousness. Furthermore, the Company aims to address potential customer issues by proposing new combinations of materials, thereby expanding and enhancing its service level.

(2) Enhancing business portfolio

In order to enhance the business portfolio, while sophisticating “Oishisa Design,” the Company aims to expand its application across upstream, downstream, and international markets to create new value and capture new business opportunities. Upstream in the food industry, the Company is considering value-added products for primary industries focused on new applications of meal and feed and other purposes. Downstream in the food industry, the Company is developing new recipes that make use of various ingredients.

(3) Accelerating overseas expansion

To accelerate growth in international markets, the Company will expand its workforce and organizational structure to strengthen strategy formulation and execution, primarily in growth areas such as ASEAN and North America, while broadening its product lineup and sales network to develop new business domains. In ASEAN, J-OIL MILLS (THAILAND) Co., Ltd. is steadily growing, mainly in starch products for its local market. The Company is further expanding net sales and acquiring growth opportunities through strengthening its sales structure, for example, by increasing the number of local employees. In North America, the Company is advancing businesses centered on the export of “Mamenorisan” and vitamin K2. To further strengthen its business, the Company is building a collaborative framework with its local subsidiary, Ajinomoto Health & Nutrition North America, Inc. It is expanding its product lineup and sales network through the dispatch of its employees. In Japan, the Company is also accelerating its initiatives by dividing responsibilities between an organization that formulates and promotes overseas strategies through M&A and business alliances, and an organization that promotes growth measures for existing overseas businesses, with the particular aims of enhancing mobility and specialization.

(4) Promoting human capital management

To strengthen its management base, the Company is accelerating the realization of its vision by strengthening the driving force for transformation through organizational and collaborative reform via digital transformation (DX) and the promotion of human capital management. In DX promotion, the Company is steadily implementing new business transformation in addition to the four key themes of organizational and collaboration reform: Sales and marketing reform, business process reform, SCM and distribution reform, and human resource development and cultural reform. In November 2025, the Company obtained certification as a “DX certified operator,” as defined by the Ministry of Economy, Trade and Industry. In promoting human capital management, the Company established the Human Resources Committee in April 2025 and began working on four themes: Human resource development; reformation of awareness and enhancement of assessment capabilities; improvement of organizational capabilities; and DE&I, demonstration of ability, taking on challenges. The Company is strengthening the development of human resources to lead growth areas as its top priority, and promoting the creation of teams that “Work together to achieve high targets and exceed expectations.”

Shareholder returns

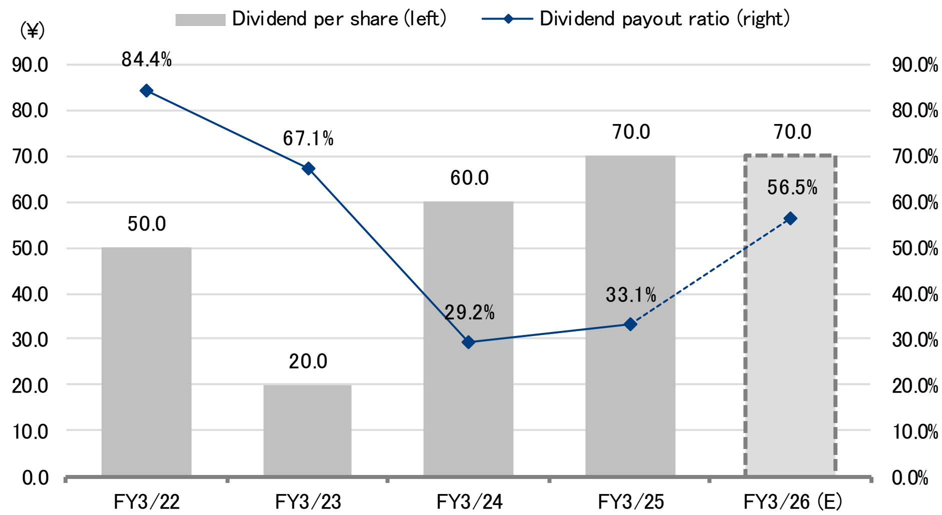
The dividend for FY3/26 is being maintained at ¥70.0 per share. Implementing shareholder return policy

1. Dividend policy

The Company's basic policy is to strive to maintain stable profit returns to shareholders, while also making stable and appropriate profit distributions with a long-term perspective, including retaining the necessary internal reserves to strengthen its corporate structure and actively expand its business. In the Sixth Medium-Term Business Plan, the Company will allocate cash flow generated through increased profits to investments in growth, and aim to steadily and continuously strengthen returns to shareholders, with a consolidated dividend payout ratio of 40% as its target. With regard to the use of internal reserves, the Company will utilize them effectively as investment funds to strengthen its earnings structure and management foundation, thereby enhancing corporate value.

In addition to this policy, the Company also anticipates an early profit recovery and expects to maintain an ordinary dividend of ¥70.0 per share (including an interim dividend of ¥35.0) for FY3/26 as initially expected.

Dividend per share and dividend payout ratio



Note: The dividend per share for FY3/25 includes a commemorative dividend of ¥10.0 for the 20th anniversary of the Company's founding.
Source: Prepared by FISCO from the Company's financial results

2. Shareholder benefits

The Company has adopted a shareholder benefit program to make ownership of its shares more attractive. Under this program, depending on the number of shares held, shareholders can choose to receive Company products, coupons for the official online shop, or to make a donation.

Those people eligible for the shareholder benefits are shareholders who own 200 or more shares as recorded in the shareholder register as of March 31 each year. Shareholders with 200 or more and fewer than 600 shares will receive Company products worth ¥3,000; shareholders with 600 or more and fewer than 1,000 shares can select either official online shop coupons worth ¥5,000 or Company products worth ¥5,000; and shareholders with 1,000 shares or more can select either official online shop coupons worth ¥8,000 or Company products worth ¥5,000 plus official online shop coupons worth ¥3,000. Shareholders with 600 or more shares can choose to make a donation instead of receiving a gift. The gifts are scheduled to be delivered from early October onwards as in past years.

FISCO

Disclaimer

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