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February 8, 2022

Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Q3 FY2021) (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2607
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 Scheduled date to file quarterly securities report: February 8, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (For institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2021 (April 1, 2021 – December 31, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2021	319,936	17.1	11,923	△11.8	11,752	△8.7	9,368	8.8
December 31, 2020	273,144	△6.3	13,522	△18.7	12,865	△14.9	8,613	△28.4

(Note) Comprehensive income For the nine months ended December 31, 2021: ¥19,500 million [373.2%]
 For the nine months ended December 31, 2020: ¥4,121 million [△16.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2021	108.98	—
December 31, 2020	100.21	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2021	402,502	177,792	43.4	2033.82
March 31, 2021	358,511	162,890	44.6	1,861.67

(Reference) Shareholder's equity As of December 31, 2021: ¥174,831million
 As of March 31, 2021: ¥160,023 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	26.00	—	26.00	52.00
Fiscal year ending March 31, 2022	—	26.00	—		
Fiscal year ending March 31, 2022 (Forecast)				26.00	52.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	430,000	17.9	15,000	△16.3	14,500	△17.5	11,500	4.4	133.79

(Note) Revisions to the consolidated forecast most recently announced: Yes

Please refer to the "Notice of Revisions to Full-Year Earnings Forecast" released today for further details.

* Notes

- (1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: Please refer to "2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 10 of the Accompanying Materials for details.

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	87,569,383 shares
As of March 31, 2021	87,569,383 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2021	1,607,191 shares
As of March 31, 2021	1,612,196 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	85,959,667shares
Nine months ended December 31, 2020	85,957,488shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanations and other special notes concerning the appropriate use of business results forecasts

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors.

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1. Qualitative Information on Results for the Nine Months Ended December 31, 2021

The reported segments have been changed from the first quarter of the fiscal year. Please refer to “2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to Quarterly Consolidated Financial Statements (Segment Information)”. The following comments are based on a comparative analysis of the figures for the same period of the previous fiscal year on the basis of the reclassified reported segments.

(1) Details of Operating Results

The consolidated first nine months of the fiscal year under review saw a trend towards economic recovery due to the resumption of economic activities following restrictions related to COVID-19. However, the emergence of a new COVID-19 variant triggered an increase in infections and global inflation advanced due to supply chain disruption and rising raw material costs. These factors worked to create an environment lacking transparency concerning the future of the global economy. Our mainstay products, palm and soybeans, were subject to high raw material costs due to the resumption of economic activities and expectations on increased demand associated with the impact of US clean energy policies. Additionally, factors such as labor shortages and supply chain delays in producing countries also contributed to higher raw material costs.

Amid these conditions, we conducted appropriate price revisions to reflect rising material costs and implemented policies to address conditions in each area. Although we saw delays in demand recovery in Japan and Southeast Asia, we made proposals to address diversifying demand. In China, we increased our product line for the growing bakery market. In the Americas, although we were impacted by issues such as labor shortages, supply chain disruption, and currency depreciation in Brazil, we worked to improve productivity and initiate policies aimed at supporting our next stage of growth. In Europe, we engaged in aggressive sales promotions in response to recovering demand.

We position this consolidated fiscal year as a critical time during which we will follow-up unachieved goals from Towards a Further Leap 2020, our previous Medium-Term Management Plan for 2017 through 2020 that ended with the previous consolidated fiscal year. We are also a year away from launching a new Medium-Term Management Plan. As such, our Group is committed to a united effort towards advancing plans that promote increases in our short, medium, and long-term corporate value.

As a result of the above, the operating results for the nine months ended December 31, 2021 under review are as follows.

The major factors profit attributable to owners of parent increase compared to the previous fiscal year are gain on sales of non-current assets in Singapore and extraordinary income from refunded tax in Brazil, both of which were recorded in the first quarter of the fiscal year.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Nine months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	319,936	11,923	11,752	9,368
December 31, 2020	273,144	13,522	12,865	8,613
Year-on-year change (Year-on-year change rate)	+46,791 (+17.1%)	△1,598 (△11.8%)	△1,113 (△8.7%)	+754 (+8.8%)

The operating results by reported segment are shown below.

	Net sales			Operating profit		
	Millions of yen	Year-on-year change		Millions of yen	Year-on-year change	
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Vegetable Oils and Fats	96,435	+24,272	+33.6%	5,665	+79	+1.4%
Industrial Chocolate	137,822	+15,727	+12.9%	5,241	△203	△3.7%
Emulsified and Fermented Ingredients	59,488	+5,894	+11.0%	1,648	△559	△25.4%
Soy-based Ingredients	26,189	+896	+3.5%	2,102	△835	△28.4%
Adjustment	—	—	—	△2,735	△78	—
Total	319,936	+46,791	+17.1%	11,923	△1,598	△11.8%

(Vegetable Oils and Fats)

Net sales increased significantly on sales price hikes to reflect cost increases for palm, a major raw material. Additionally, sales volume grew on demand recovery from the impact of COVID-19. Operating profit increased on a recovery in sales volume due to the resumption of economic activities and growth in sales volume for vegetable fats for chocolate in Southeast Asia and Europe, overcoming the impact of declining profitability due to rising raw material costs and increased depreciation and other expenses associated with the launch of operations at a new plant in North America.

(Industrial Chocolate)

Net sales increased significantly on increased sales volume and sales price hikes to reflect rising raw material costs. Operating profit decreased despite increased income from higher sales volume due to the removal of futures gains recorded by Blommer Chocolate Company during the previous fiscal year.

(Emulsified and Fermented Ingredients)

Net sales increased on sales price hikes to reflect rising raw material costs and the recovery of sales, overcoming the impact of decreased sales due to the removal of a domestic subsidiary from the scope of consolidation. Operating profit decreased due to increased expenses associated with a plant merger in Southeast Asia and declining profitability in China due to rising raw material costs despite increase factors such as the recovery of sales volume in Japan.

(Soy-based Ingredients)

Net sales increased on sales price hikes to reflect rising raw material costs and firm sales of soy protein ingredients. Operating profit decreased due to a decline in profitability attributable to higher raw material costs and increased expenses associated with the Chiba Plant and new plant construction in Europe.

(2) Details of Financial Position

Total assets at the end of the nine months of the fiscal year under review were 402,502 million yen, an increase of 43,990 million yen from the end of the previous fiscal year. We will continue to improve the financial position and management efficiency by improving the balance sheet through the reduction of working capital and the sale of non-core assets, as well as by improving the Group financing scheme.

The consolidated financial position at the end of the nine months of the fiscal year under review is as follows

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021	Year-on-year change
Current assets	160,736	192,645	+31,908
Property, plant and equipment	129,435	136,804	+7,369
Intangible assets	52,712	54,352	+1,640
Other	15,626	18,699	+3,072
Assets	358,511	402,502	+43,990
Interest-bearing debt	131,309	148,293	+16,983
Other	64,311	76,416	+12,104
Liabilities	195,621	224,709	+29,088
Net assets	162,890	177,792	+14,902

(Assets)

At the end of the nine months of the fiscal year under review, current assets increased due to the increase of raw material price and increase of working capital resulting from sales volume growth associated with recovery from the impact of COVID-19 pandemic. Compared to the end of the previous fiscal year (March 31, 2021), property, plant and equipment increased due to investments in new plants and renewal of existing facilities. As a result, the total assets increased by 43,990 million yen compared to the end of the previous fiscal year to 402,502 million yen.

(Liabilities)

Total liabilities at the end of the nine months of the fiscal year under review increased by 29,088 million yen compared to the end of the previous fiscal year to 224,709 million yen, due to an increase in interest-bearing debt as a result of increased working capital and capital investment even the decrease of Provision for bonuses and Income taxes payable.

(Net assets)

Net assets at the end of the nine months of the fiscal year under review increased by 14,902 million yen from the end of the previous fiscal year to 177,792 million yen due to changes in foreign currency translation adjustments as a result of the weaker yen, despite the payment of dividends.

As a result, the total net assets per share increased by 172.15 yen compared to the end of the previous fiscal year to 2,033.82 yen. The percentage of shareholders' equity to total assets decreased by 1.2 points from the end of the previous fiscal year to 43.4%.

(Details of Cash Flows)

In order to maintain and improve our financial discipline, we recognize that we need to reduce interest-bearing debt and earn more than 10 billion yen of free cash flows every year through steady profit growth and CCC improvements. Therefore, cash flows are being controlled by restraining capital expenditure, withdrawing from non-core businesses and further selling cross-holding shares for strategic purposes.

The consolidated cash flows during the nine months of the fiscal year under review are as follows.

	(Millions of yen)		
	Nine months ended December 31, 2020	Nine months ended December 31, 2021	Year-on-year change
Cash flows from operating activities	26,475	1,680	△24,795
Cash flows from investing activities	△10,885	△12,883	△1,998
Free Cash flows	15,590	△11,203	△26,793
Cash flows from financing activities	△7,628	10,407	+18,036
Cash and cash equivalents at end of period	26,865	20,154	△6,710

(Cash flows from operating activities)

Cash flows from operating activities in the nine months of the fiscal year under review were 1,680 million yen. Compared with the nine months of the previous fiscal year, the cash flows from operating activities decreased by 24,795 million yen, mainly due to an increase in working capital from higher sales volume as a result of recovery from the influence of COVID-19, in addition to higher raw material prices.

(Cash flows from investing activities)

Cash flows from investing activities in the nine months of the fiscal year under review were △12,883 million yen, mainly due to capital expenditure on the construction of a new vegetable oils and fats business plant in the USA and a new functional ingredients business plant in Germany.

The cash outflows increased by 1,998 million yen compared to the nine months of the previous fiscal year. Although there was a decrease in expenditures for capital investment, the collection of loans and income from stock transfers of domestic and overseas subsidiaries that occurred in the nine months of the previous fiscal year have disappeared.

(Cash flows from financing activities)

Cash flows from financing activities in the nine months of the previous fiscal year were △7,628million yen, by dividend payment and loan payment. On the other hand, Cash flows from financing activities in the nine months of the fiscal year under review were 10,407 million yen due to the increase of loan with the increase of working capital and capital investment even the dividend payment.

(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts

The consolidated business results forecasts for the full year has been revised from the previous forecast announced on 9 November 2021. Please refer to the "Notice of Revisions to Full-Year Earnings Forecast" released today for further details.

2. Quarterly Consolidated Financial Statements and Key Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	20,463	20,165
Notes and accounts receivable - trade	65,954	82,139
Merchandise and finished goods	31,832	38,309
Raw materials and supplies	36,960	46,040
Other	5,746	6,241
Allowance for doubtful accounts	△221	△251
Total current assets	160,736	192,645
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,468	38,918
Machinery, equipment and vehicles, net	49,472	55,962
Land	17,719	20,445
Construction in progress	17,810	14,669
Other, net	6,963	6,809
Total property, plant and equipment	129,435	136,804
Intangible assets		
Goodwill	25,590	26,215
Customer-related assets	16,046	16,776
Other	11,075	11,359
Total intangible assets	52,712	54,352
Investments and other assets		
Investment securities	7,411	7,077
Retirement benefit asset	4,670	5,310
Deferred tax assets	642	662
Other	2,778	5,568
Allowance for doubtful accounts	△61	△61
Total investments and other assets	15,441	18,557
Total non-current assets	197,589	209,715
Deferred assets		
Bond issuance costs	185	141
Total deferred assets	185	141
Total assets	358,511	402,502

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,222	38,317
Short-term borrowings	36,965	47,179
Current portion of bonds payable	—	10,000
Commercial papers	10,000	10,000
Income taxes payable	2,608	1,109
Provision for bonuses	2,140	1,713
Provision for bonuses for directors (and other officers)	87	13
Other	10,993	13,714
Total current liabilities	91,017	122,048
Non-current liabilities		
Bonds payable	45,000	35,000
Long-term borrowings	39,344	46,114
Deferred tax liabilities	13,510	14,721
Retirement benefit liability	1,958	2,199
Other	4,790	4,626
Total non-current liabilities	104,604	102,661
Total liabilities	195,621	224,709
Net assets		
Shareholders' equity		
Share capital	13,208	13,208
Capital surplus	11,945	11,945
Retained earnings	152,675	157,528
Treasury shares	△1,968	△1,954
Total shareholders' equity	175,860	180,728
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,810	1,590
Deferred gains or losses on hedges	483	433
Foreign currency translation adjustment	△18,150	△8,026
Remeasurements of defined benefit plans	20	106
Total accumulated other comprehensive income	△15,837	△5,896
Non-controlling interests	2,866	2,960
Total net assets	162,890	177,792
Total liabilities and net assets	358,511	402,502

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	273,144	319,936
Cost of sales	224,347	269,599
Gross profit	48,797	50,336
Selling, general and administrative expenses	35,274	38,412
Operating profit	13,522	11,923
Non-operating income		
Interest income	140	473
Dividend income	80	74
Foreign exchange gains	—	196
Share of profit of entities accounted for using equity method	148	71
Gain on valuation of derivatives	204	—
Other	354	381
Total non-operating income	929	1,196
Non-operating expenses		
Interest expenses	1,082	698
Foreign exchange losses	4	—
Other	499	668
Total non-operating expenses	1,586	1,367
Ordinary profit	12,865	11,752
Extraordinary income		
Gain on sale of non-current assets	12	749
Gain on sale of investment securities	526	385
Gain on sale of shares of subsidiaries and associates	530	—
Refunded taxes	—	744
Total extraordinary income	1,069	1,879
Extraordinary losses		
Loss on sale of non-current assets	—	50
Loss on retirement of non-current assets	184	410
Impairment losses	774	43
Loss on valuation of shares of subsidiaries and associates	102	—
Restructuring of affiliate company business	—	242
Total extraordinary losses	1,061	747
Profit before income taxes	12,874	12,884
Income taxes - current	2,910	3,149
Income taxes - deferred	1,186	282
Total income taxes	4,096	3,432
Profit	8,777	9,452
Profit attributable to non-controlling interests	163	84
Profit attributable to owners of parent	8,613	9,368

Quarterly Consolidated Statements of Comprehensive Income (First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	8,777	9,452
Other comprehensive income		
Valuation difference on available-for-sale securities	△562	△219
Deferred gains or losses on hedges	△350	△49
Foreign currency translation adjustment	△3,884	10,115
Remeasurements of defined benefit plans, net of tax	79	86
Share of other comprehensive income of entities accounted for using equity method	61	114
Total other comprehensive income	△4,656	10,047
Comprehensive income	4,121	19,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,786	19,308
Comprehensive income attributable to non-controlling interests	335	191

(3) Quarterly Consolidated Statements of Cash flows
(First nine-month period)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	12,874	12,884
Depreciation	10,659	11,269
Amortization of goodwill	1,561	1,607
Decrease (increase) in retirement benefit asset	△518	△640
Increase (decrease) in retirement benefit liability	140	343
Interest and dividend income	△221	△547
Interest expenses	1,082	698
Impairment losses	774	43
Share of loss (profit) of entities accounted for using equity method	△148	△71
Loss (gain) on sale of investment securities	△526	△385
Loss (gain) on disposal of non-current assets	171	△288
Loss (gain) on sale of shares of subsidiaries and associates	△530	—
Loss on valuation of shares of subsidiaries and associates	102	—
Decrease (increase) in trade receivables	△7,858	△14,632
Decrease (increase) in inventories	12,874	△12,017
Increase (decrease) in trade payables	2,038	8,895
Other, net	△1,322	△196
Subtotal	31,152	6,963
Interest and dividends received	226	291
Interest paid	△1,191	△796
Income taxes refund (paid)	△3,712	△4,778
Net cash provided by (used in) operating activities	26,475	1,680
Cash flows from investing activities		
Purchase of property, plant and equipment	△13,932	△12,714
Proceeds from sale of property, plant and equipment	37	1,240
Purchase of intangible assets	△589	△881
Proceeds from sale of investment securities	767	684
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,145	—
Proceeds from collection of long-term loans receivable	1,739	15
Purchase of long-term prepaid expenses	—	△764
Other, net	△52	△462
Net cash provided by (used in) investing activities	△10,885	△12,883
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	13,603	11,533
Proceeds from long-term borrowings	5,099	10,326
Repayments of long-term borrowings	△21,036	△6,436
Dividends paid	△4,730	△4,475
Dividends paid to non-controlling interests	△128	△105
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	79	—
Other, net	△515	△434
Net cash provided by (used in) financing activities	△7,628	10,407
Effect of exchange rate change on cash and cash equivalents	325	497
Net increase (decrease) in cash and cash equivalents	8,286	△297
Cash and cash equivalents at beginning of period	18,578	20,452
Cash and cash equivalents at end of period	26,865	20,154

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Relating to Assumptions for the Going Concern)

Not applicable.

(Notes for Case Where Shareholders' Equity underwent Significant Changes in Value)

Not applicable.

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Revenue Recognition)

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020,) and the Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the first quarter of the fiscal year. And based on the following 5-step approach, the Company has decided to recognize revenue when control of promised goods or services to customers is transferred to the customer, at the amount that the Company expects to receive in exchange for such goods or services.

- Step 1: Identify the contracts with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The main changes due to the adoption of the revenue recognition accounting standard are as follows.
The Company and its group hereinafter referred to as "the Group".

(1) Revenue recognition from the sale of goods

The Group sells mainly vegetable oils and fats, industrial chocolates, emulsified and fermented ingredients, and soy-based ingredients. The Group's performance obligation is satisfied when the goods are delivered to the customer, thus satisfying the above revenue recognition requirements.

Previously, revenue from the sale of goods by some Group companies in Japan was recognized when the goods were shipped from the factory or warehouse, but now revenue is recognized when the goods are delivered to the customer.

(2) Revenue recognition on transactions with variable consideration (rebate transactions)

Previously, certain transaction volume rebates and target achievement rebates on sales of goods by some Group companies in Japan were expensed as selling, general and administrative expenses, but this has changed to a reduction from the transaction price.

(3) Revenue recognition for paid-for raw material transactions

Previously, some Group companies in Japan recognized the extinguishment of paid-for supplies of raw materials at the time of supply. However, if the Group is obliged to repurchase the supplied goods, the Group has changed to a method whereby the extinguishment of the supplied goods is not recognized at the time of supply.

In accordance with the transitional treatment set out in the proviso to paragraph 84 of the Revenue Recognition Accounting Standard, the cumulative effect of adopting the new accounting policy retrospectively prior to the beginning of the first quarter of the fiscal year has been added to or deducted from retained earnings at the beginning of the first quarter of the fiscal year.

As a result of this change, net sales for the nine months of the fiscal year under review decreased by 673 million yen, and operating income, ordinary income and profit before income taxes decreased by 33 million yen. In addition, the balance of retained earnings at the beginning of the period decreased by 39 million yen.

(Adoption of Accounting Standard for Fair Value Measurement)

The Company has adopted the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the first quarter of the fiscal year. This change has no effect on the financial statements for the nine months of the fiscal year under review.

(Additional Information)

(Stock remuneration system for directors)

In accordance with the resolution of the 92nd Ordinary General Meeting of Shareholders held on June 18, 2020, the Company has established a stock remuneration system (hereinafter "the System") for its directors (excluding outside directors).

The purpose of the System is to make clearer the linkage between directors' remuneration and the value of the Company's stock, to enable directors to share the benefits and risks of share price fluctuations with shareholders, and to contribute to medium- to long-term performance and an increase in corporate value.

The accounting treatment for the System is in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trust" (Practical Issues Task Force No. 30, March 26, 2015).

(1) Overview of the transaction

This is a stock remuneration system under which the Company's stock are granted to each Director through a trust (hereinafter "the Trust") established by the Company with monetary contributions. The Trust shall acquire the Company's stock and shall grant to the Directors the Company's stock which is equivalent to the number of points granted by the Company to each Director. Under the system, the Company's stock will be granted to the Company's directors who are in office during the three fiscal years ending on March 31, 2021 through March 31, 2023. In principle, directors will be granted the Company's stock at the time of their retirement.

(2) Company stock owned by the Trust

The Company records the Company's stock owned by the Trust as Treasury shares under net assets. The book value and number of those treasury shares were 343 million yen and 118,000 shares for the previous fiscal year, and 328 million yen and 112,900 shares for the nine months of the fiscal year under review.

(Impacts of COVID-19 on accounting estimates)

There have been no significant changes in accounting estimates regarding the impact of the spread of COVID-19 during the nine months of the fiscal year under review.

(Segment Information)

First nine-month period of the fiscal year under review (April 1, 2021 - December 31, 2021)

1. Overview of reported segment

The Company's reportable segments are the constituent units of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

The Group is mainly engaged in the manufacture and sale of vegetable oils and fats products, industrial chocolate products, emulsified and fermented ingredients products and soy-based ingredients products, and is engaged in business activities in Japan and overseas for each product group handled.

Therefore, the Group is composed of business segments based on product groups, and the four reportable segments are "vegetable oils and fats business", "industrial chocolate business", "emulsified and fermented ingredients business" and "soy-based ingredients business".

"The vegetable oils and fats business" manufactures and sells edible processed oils and fats, edible oils and fats for chocolates, etc., using palm oil, palm kernel oil, etc. as basic materials. "The industrial chocolate business" manufactures and sells chocolate, compounds and cocoa products. "The emulsified and fermented ingredients business" manufactures and sells cream, margarine, fillings and other products. "The soy-based ingredients business" manufactures and sells soy protein ingredients, soy protein foods and water-soluble soy polysaccharides.

2. Information on net sales and profits or losses by reported segment

(Millions of yen)

	Reported segments					Adjustment (Note 1)	Amounts on Quarterly consolidated statements of income (Note 2)
	Vegetable Oils and Fats	Industrial Chocolate	Emulsified and Fermented Ingredients	Soy-based Ingredients	Total		
Net Sales							
Sales to external customers	96,435	137,822	59,488	26,189	319,936	—	319,936
Transactions with other segments	13,162	1,742	3,608	112	18,625	△18,625	—
Total	109,598	139,564	63,096	26,302	338,561	△18,625	319,936
Segment profit	5,665	5,241	1,648	2,102	14,658	△2,735	11,923

(Note) 1. Adjustment of segment profit △2,735 million yen includes corporate expenses of 2,735 million yen, which are not allocated to each reported segment. Corporate expenses are expenses related to group management at the submitting company and certain area management companies.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

3. Information on impairment losses on non-current assets and goodwill by reported segment

Not applicable.

4. Matters related to changes in reporting segments

From the first quarter of the fiscal year, the manufacturing and sales of soy milk and USS products business, which were previously included in the "soy-based ingredients" segment, have been changed to be included in the "emulsified and fermented ingredients" segment, due to a reclassification of management control categories.

(Adoption of Accounting Standard for Revenue Recognition)

As described in "Changes in Accounting Policies", the Company has adopted the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the fiscal year and changed its accounting method for revenue recognition.

As a result of this change, net sales from external customers for the nine months of the fiscal year under review of "vegetable oils and fats", decreased by 871 million yen, while that of "industrial chocolate", "emulsified and fermented ingredients" and "soy-based ingredients" increased by 76 million yen, 53 million yen and 67 million yen respectively compared with the previous method. In addition, the segment profit of "vegetable oils and fats", "industrial chocolate", "emulsified and fermented ingredients" and "soy-based ingredients" increased by 10 million yen, 13 million yen, 0 million yen, and 9 million yen respectively.

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Note

The change in the accounting period in FY2019

FY2019 is 15months due to the change of financial results for overseas group companies (excluding Blommer and IFS). For this reason, some materials include adjusted figures.

Retrospective adjustment due to change in segmentation of some products

From FY2021, we transferred soy milk and USS soy milk products from the Soy-based Ingredients segment to the Emulsified and Fermented Ingredients segment, so figures FY2019 , FY 2020 have been revised retroactively.

Main exchange rate

• P/L : Average rate , B/S : Current rate

		FY2020	FY2020	FY2021	YoY		FY2021
		Q3		Q3	Change	Rate of change	Rev.Plan
\$	P/L	106.11	106.06	111.10	+4.99	+4.7%	111.10
	B/S	103.50	110.71	115.02	+4.31	+3.9%	—
BRL	P/L	19.71	19.62	20.72	+1.01	+5.1%	20.72
	B/S	19.92	19.44	20.61	+1.17	+6.0%	—
€	P/L	122.38	123.70	130.62	+8.24	+6.7%	130.62
	B/S	126.95	129.80	130.51	+0.71	+0.5%	—
RMB	P/L	15.44	15.67	17.25	+1.81	+11.7%	17.25
	B/S	15.88	16.84	18.06	+1.22	+7.2%	—

- P/L is a year-on-year comparison. B/S is a comparison with end of the previous fiscal year(end of FY2020).
- FY2021 Q3 Blommer (\$):P/L 109.55, B/S 114.03
- P/L rate assumed in the plan is the exchange rate forecast as of February 2022.

1-1 : FY2021 Consolidated Financial Results Q3 (3 months)

(Unit : JPY billion)

		FY2020 Q3	FY2021 Q3	YOY	Factors of change (YOY)
Net sales	Vegetable Oils and Fats	25.2	34.7	+9.6	Net sales increased on higher sales prices to reflect increased cost of raw materials and on increased sales volume in the Americas and Europe.
	Industrial Chocolate	47.0	50.2	+3.2	Net sales increased on increased sales volume in Japan, Brazil, China, Southeast Asia, and Europe, and on higher sales prices.
	Emulsified and Fermented Ingredients	19.9	21.8	+1.9	Net sales increased on higher sales prices and increased sales volume in China.
	Soy-based Ingredients	8.5	8.6	+0.2	Net sales increased on increased sales volume for soy protein ingredients in Japan and functional agents in China.
	Total	100.6	115.4	+14.9	
Operating profit	Vegetable Oils and Fats	2.2	1.4	(0.8)	【↑】 Profitability improved due to the focus on price revisions in each area and steady sales of Vegetable fats for chocolate (CBE) in Southeast Asia and Europe. 【↓】 The deficit increased (-0.5 billion yen) due to delays in the start of operations and sales expansion of the new oils and fats and plant due to the impact of hurricanes and COVID-19 in the U.S., and the profitability of the U.S. oils and fats declined due to fulfillment of contracts before the surge in raw material prices and the rise in logistics and labor costs.(-0.4 billion yen) .
	Industrial Chocolate	2.6	2.4	(0.2)	【↑】 Profitability improved by expanding sales in response to the recovery in demand. 【↓】 Blommer incurred additional costs due to rising logistics and labor costs, handling absenteeism, overtime and weekend operations, as well as increased maintenance costs.
	Emulsified and Fermented Ingredients	1.6	0.7	(0.9)	【↑】 Increase in sales volume to Japanese confectionery and Chinese bakery market. 【↓】 Further price revisions were implemented due to a further rise in raw material prices, but profitability declined due to delayed penetration mainly in China and Southeast Asia.
	Soy-based Ingredients	0.7	0.3	(0.3)	【↑】 Increase in sales volume of soy protein ingredients due to operation of new plant. 【↓】 In addition to competition in commodity products, profitability declined due to delays in price revisions.
	Group administrative expenses	(0.8)	(0.9)	(0.0)	
Total	6.2	4.0	(2.2)		
Operating margin		6.1%	3.5%	(2.7)pt	
Ordinary profit		6.0	4.1	(1.9)	
Profit attributable to owners of parent		4.3	3.4	(0.9)	

● Summary

Net sales : Net sales increased by 14.9 billion yen due to price revisions in response to higher raw material prices and an increase in sales volume.
Operating profit : Operating profit decreased by 2.2 billion yen. The impact of higher raw material prices was partially mitigated by focusing on sales expansion and price revisions, as well as cost reductions and expense cuts. However, operating profit decreased mainly due to the delay in further price revisions caused by the further rise in raw material prices, the delay in sales expansion of the new plant in the U.S. due to the effects of hurricanes and COVID-19 and the decline in profitability of oils and fats in the U.S. due to the fulfillment of some low profitability contracts, as well as the sharp rise in logistics and labor costs.

● Note

Figures are rounded to the nearest JPY billion.
From FY2021, we transferred soy milk and USS soy milk products from the Soy-based Ingredients segment to the Emulsified and Fermented Ingredients segment, so figures from FY2020 have been revised retroactively.

1-2 : FY2021 Consolidated Financial Results Q3 Total

(Unit : JPY billion)

	FY2020 Q3 Total	FY2021 Q3 Total	YOY	Factors of change (YOY)
Net sales				
Vegetable Oils and Fats	72.2	96.4	+24.3	Net sales increased due to higher sales prices reflecting rising raw material prices and higher sales volume.
Industrial Chocolate	122.1	137.8	+15.7	Net sales increased due to higher sales volume.
Emulsified and Fermented Ingredients	53.6	59.5	+5.9	Net sales increased due to higher sales volume in each area, mainly in China despite the transfer of Toraku in Japan resulted in a decline in revenue.
Soy-based Ingredients	25.3	26.2	+0.9	Net sales increased mainly on increased sales volume and higher sales prices for soy protein ingredients.
Total	273.1	319.9	+46.8	
Operating profit				
Vegetable Oils and Fats	5.6	5.7	+0.1	【↑】 In addition to maintaining profitability by focusing on price revisions in each area, sales expansion will be implemented in areas where demand is expected to recover. 【↓】 Profitability declined due to the delayed take-back of low-margin products by customers in the 3Q. In addition, deficit expanded (-0.9 billion yen) due to low operation of the new plant in the Americas that started full-scale operation in 3Q due to the impact of hurricanes and COVID-19.
Industrial Chocolate	5.4	5.2	(0.2)	【↑】 Sales volume increased due to aggressive sales expansion activities to ensure the recovery of demand from the COVID-19. 【↓】 Despite efforts to stabilize productivity at Blommer, there were delays and shortfalls in securing human resources in COVID-19 environment, and human resource costs rose sharply as a result of emergency employment measures. In addition, logistics costs in the U.S. increased and it was difficult to secure tanker, which affected raw material procurement and sales. Maintenance costs also increased due to equipment trouble caused by delays in investment in aging equipment.
Emulsified and Fermented Ingredients	2.2	1.6	(0.6)	【↑】 Increase in sales volume for confectioneries in Japan in addition to increase in sales volume through proactive proposals that meet customer needs. 【↓】 Price revisions in China and Southeast Asia were delayed due to higher raw material prices, and shipment delays occurred due to logistics disruptions in Southeast Asia.
Soy-based Ingredients	2.9	2.1	(0.8)	【↑】 Price revisions were implemented in addition to strong demand for soy protein ingredients in Japan. 【↓】 Profitability declined due to a delay in further price revisions in response to the high price of raw materials and intensified competition in commodity products. Costs of the new plant in Europe were also borne compared to the previous year.
Group administrative expenses	(2.7)	(2.7)	(0.1)	
Total	13.5	11.9	(1.6)	
Operating margin	5.0%	3.7%	(1.2)pt	
Ordinary profit	12.9	11.8	(1.1)	
Profit attributable to owners of parent	8.6	9.4	+0.8	Increase due to the gain on sales of non-current assets.

● Summary

Net sales increased by 46.8 billion yen due to price revisions in response to higher raw material prices and an increase in sales volume. Operating income decreased by 1.6 billion yen. The increase in expenses due to the recovery in demand was partly offset by the effect of increased sales from sales expansion and price revisions. However, profit decreased due to the further price response caused by the further increase in raw material prices from the 3rd quarter, prolonged logistics disruptions on a global scale, and special factors in oils and fats in the Americas.

● Note

Figures are rounded to the nearest JPY billion.
From FY2021, we transferred soy milk and USS soy milk products from the Soy-based Ingredients segment to the Emulsified and Fermented Ingredients segment, so figures from FY2020 have been revised retroactively.

1-3 : FY2021 Consolidated Net sales & Operating Profit (Q3Total / by region, division)

Net sales

(Unit: JPY million)

	FY*	Japan		Americas		SE Asia		China		Eueope		Consolidated Total	
		Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY
Vegetable Oils and Fats	FY2021 Q3	32,020	+5,658	30,349	+8,122	14,538	+3,745	2,226	+133	17,299	+6,613	96,435	+24,272
	FY2020 Q3	26,362	-	22,227	-	10,793	-	2,093	-	10,686	-	72,163	-
	FY2019 Apr.-Dec.	26,594	-	20,585	-	12,046	-	2,065	-	11,534	-	72,824	-
Industrial Chocolate	FY2021 Q3	29,657	+3,099	90,944	+8,542	8,800	+1,914	4,922	+882	3,497	+1,291	137,822	+15,727
	FY2020 Q3	26,558	-	82,402	-	6,886	-	4,040	-	2,206	-	122,094	-
	FY2019 Apr.-Dec.	28,837	-	88,483	-	8,051	-	2,287	-	2,655	-	130,314	-
Emulsified and Fermented Ingredients	FY2021 Q3	39,184	+1,202	-	-	8,426	+1,597	11,876	+3,095	-	-	59,488	+5,894
	FY2020 Q3	37,982	-	-	-	6,829	-	8,781	-	-	-	53,593	-
	FY2019 Apr.-Dec.	46,933	-	-	-	7,233	-	8,853	-	-	-	63,018	-
Soy-based Ingredients	FY2021 Q3	24,592	+563	-	-	-	-	1,596	+333	-	-	26,189	+896
	FY2020 Q3	24,029	-	-	-	-	-	1,263	-	-	-	25,292	-
	FY2019 Apr.-Dec.	23,796	-	-	-	-	-	1,552	-	-	-	25,349	-
Net sales total	FY2021 Q3	125,455	+10,523	121,294	+16,664	31,766	+7,258	20,622	+4,444	20,796	+7,903	319,936	+46,791
	FY2020 Q3	114,932	-	104,630	-	24,508	-	16,178	-	12,893	-	273,144	-
	FY2019 Apr.-Dec.	126,161	-	109,068	-	27,331	-	14,756	-	14,189	-	291,505	-

(Note) The net sales above is sales to outside customers.

Operating profit

	FY*	Japan		Americas		SE Asia		China		Eueope		Consolidated adjustment		Group administrative expenses		Consolidated Total	
		Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY	Actual	YOY
Vegetable Oils and Fats	FY2021 Q3	3,042	(155)	256	(924)	1,477	+577	(9)	(151)	865	+812	34	(77)	-	-	5,665	+79
	FY2020 Q3	3,197	-	1,180	-	900	-	142	-	53	-	111	-	-	-	5,586	-
	FY2019 Apr.-Dec.	3,514	-	1,881	-	826	-	171	-	875	-	89	-	-	-	7,357	-
Industrial Chocolate	FY2021 Q3	4,818	+631	(124)	(1,016)	324	+62	101	+261	102	(133)	17	(11)	-	-	5,241	(203)
	FY2020 Q3	4,187	-	892	-	262	-	(160)	-	235	-	28	-	-	-	5,445	-
	FY2019 Apr.-Dec.	5,239	-	(439)	-	647	-	93	-	330	-	9	-	-	-	5,880	-
Emulsified and Fermented Ingredients	FY2021 Q3	1,577	+559	-	-	(556)	(513)	447	(654)	-	-	180	+48	-	-	1,648	(559)
	FY2020 Q3	1,018	-	-	-	(43)	-	1,101	-	-	-	132	-	-	-	2,208	-
	FY2019 Apr.-Dec.	1,900	-	-	-	337	-	1,008	-	-	-	132	-	-	-	3,377	-
Soy-based Ingredients	FY2021 Q3	2,047	(660)	-	-	-	-	255	(68)	(231)	(191)	31	+82	-	-	2,102	(835)
	FY2020 Q3	2,707	-	-	-	-	-	323	-	(40)	-	(51)	-	-	-	2,938	-
	FY2019 Apr.-Dec.	2,756	-	-	-	-	-	429	-	(13)	-	59	-	-	-	3,232	-
Consolidated adjustment	FY2021 Q3	104	+78	2	(4)	(1)	(3)	6	(8)	(3)	(95)	(108)	+35	-	-	-	-
	FY2020 Q3	26	-	6	-	2	-	14	-	92	-	(143)	-	-	-	-	-
	FY2019 Apr.-Dec.	109	-	(0)	-	38	-	38	-	(87)	-	(97)	-	-	-	-	-
Group administrative expenses	FY2021 Q3	-	-	-	-	-	-	-	-	-	-	-	-	(2,735)	(78)	(2,735)	(78)
	FY2020 Q3	-	-	-	-	-	-	-	-	-	-	-	-	(2,656)	-	(2,656)	-
	FY2019 Apr.-Dec.	-	-	-	-	-	-	-	-	-	-	-	-	(2,741)	-	(2,741)	-
Operaing profit total	FY2021 Q3	11,590	+452	134	(1,945)	1,244	+122	800	(622)	733	+393	154	+78	(2,735)	(78)	11,923	(1,598)
	FY2020 Q3	11,138	-	2,079	-	1,122	-	1,422	-	340	-	76	-	(2,656)	-	13,522	-
	FY2019 Apr.-Dec.	13,521	-	1,442	-	1,847	-	1,740	-	1,104	-	192	-	(2,741)	-	17,105	-

**FY 2019 Apr.- Dec.": indicates a reference figure based on the Apr.-Dec. 2019 (excluding Blommer and IFS).

*From FY2021, we transferred soy milk and USS soy milk products from the Soy-based Ingredients segment to the Emulsified and Fermented Ingredients segment, so figures FY2019, FY 2020 have been revised retroactively.

2-1:Major Indicators

Primary Item	Item	Unit	Note	2018	2019 (15months)	2020	2020	2021 (Total result)				2021 Rev. Forecast
							Q3Total	Q1	Q2	Q3	Q4	
PL related	Operating profit	JPY billion		18.5	23.6	17.9	13.5	4.1	7.9	11.9		15.0
	Operating profit growth rate	%		(9.5%)	* 1 -	* 1 -	(18.7%)	(3.4%)	+7.8%	(11.8%)		(16.3%)
	EBITDA	* 2 JPY billion		31.2	41.5	34.3	25.7	8.3	16.3	24.8		-
	Capital Expenditures	JPY billion	For tangible fixed assets	15.9	18.0	20.8	15.4	3.9	8.4	13.8		19.0
	Depreciation expenses	JPY billion	Depreciation expenses for tangible fixed assets.	11.0	13.0	11.8	8.7	3.0	6.1	9.3		-
	ROA	%	Ordinary income / Average total assets at beginning and end of period	5.5%	5.9%	4.8%	4.7%	4.1%	4.1%	4.0%		-
	ROE	%	Net income margin × Total asset turnover × Financial leverage	7.3%	10.5%	7.0%	7.5%	8.7%	7.2%	7.3%		-
	Net income margin	%	Net income / Net sales	3.8%	3.9%	3.0%	3.2%	3.6%	2.9%	2.9%		-
	Total asset turnover	* 4 Times	Net sales / Total assets at beginning and end of period	0.77	1.13	1.02	1.00	1.09	1.11	1.10		-
	Financial leverage	Times	Total assets / Equity	2.5	2.4	2.2	2.4	2.2	2.2	2.3		-
ROIC	%	Operating profit × (1-corporate tax rate) ÷ (shareholders' equity end of period + interest-bearing loans)	4.0%	5.1%	4.0%	3.9%	3.7%	3.5%	3.4%		-	
BS related	Total assets	JPY billion		390.5	367.4	358.5	360.9	364.0	373.6	402.5		-
	Interest-bearing debt	JPY billion		160.5	146.2	131.3	143.3	133.5	135.0	148.3		-
	Net interest-bearing debt	JPY billion		139.2	127.6	110.8	116.4	114.9	119.1	128.1		-
	Net operating capital	JPY billion		17.1	63.2	69.7	63.9	71.6	71.9	70.6		-
	Equity ratio	%		40.1%	42.3%	44.6%	42.3%	45.8%	45.3%	43.4%		-
	Debt ratio	%		147.9%	134.7%	122.2%	134.4%	116.8%	119.0%	128.5%		-
	Goodwill (in a broad sense)	JPY billion	Goodwill(in a broad sense) refers to goodwill as well as trademark rights and other intangible fixed assets.	60.5	52.7	46.6	48.0	48.7	47.9	48.4		-
	Goodwill amortization	JPY billion		0.7	2.4	2.1	1.6	0.5	1.1	1.6		-
	Goodwill (in a broad sense) / Net assets ratio	%		38%	33%	29%	31%	29%	28%	27%		-
	D/E ratio	Times	Interest-bearing loans/Equity	1.03	0.94	0.82	0.94	0.80	0.80	0.85		-
Net D/E ratio	Times	Net interest-bearing loans(interest-bearing loans cash and deposits)/equity capital	0.87	0.75	0.63	0.67	0.65	0.66	0.71		-	
CF related	Cash flows from operating activities	JPY billion		22.6	37.1	38.2	26.5	3.2	3.1	1.7		-
	Cash flows from investing activities	JPY billion		(79.1)	(18.3)	(17.4)	(10.9)	(4.5)	(8.2)	(12.9)		-
	Free cash flows	JPY billion		(56.5)	18.8	20.8	15.6	(1.4)	(5.1)	(11.2)		-
	Cash flows from financing activities	JPY billion		65.5	(20.7)	(19.9)	(7.6)	(0.9)	0.3	10.4		-
	CCC	Day	FY2018:Blommer is no included FY2019: Calculated by converting to 12 months for overseas group companies that apply 15-month financial statements	105	113	107	110	103	105	110		-

* 1 FY2019, FY2020 operating profit growth rates are not shown because FY2019 is 15 months.

* 2 Figures for EBITDA for prior periods have been revised retroactively.

* 3 ROA, ROE and ROIC for Q3Total FY2020, Q1 FY2021, Q2Total FY2021 and Q3Total FY2021 are annualized figures for reference.

* 4 Fiscal year figures are calculated using total assets at the end of the fiscal year, and quarterly figures are calculated using the average of total assets at the beginning and end of the fiscal year.

* 5 This is the plan as of November 2021.

※1 Capital expenditures

FY	Major expenditures	JPY billion
2021	Americas New plant(Oils and fats)	1.0
Q3 Total	Americas Capital expenditures for Blommer	2.2
	Americas Harald New plants, capital expenditures, etc.	0.5
	Europe New plant(soluble pea polysaccharides)	2.2
	Total	13.8
2021	Americas New production plant for oils and fats	1.1
Plan	Americas Capital expenditures for Blommer	4.2
	Americas Harald New plants, capital expenditures, etc.	2.5
	China Production line expansion	2.3
	Total	19.0

Dividend history

Dividend Policy	
• Payout ratio 30% to 40%	
• Stable, consistent dividends	

Dividend per share (Unit:JPY)				
FY	1st half	2nd half	total	Payout ratio
2013	13	13	26	27.4%
2014	13	17	30	27.6%
2015	17	18	35	32.6%
2016	22	22	44	31.2%
2017	23	25	48	30.0%
2018	25	25	50	37.1%
2019	27	29	56	29.4%
2020	26	26	52	40.6%
2021 Forecast	26	26	52	38.9%

3-1 : FY2021 Forecast

(Unit:JPY billion)

		Full year						Factors
	FY2020 Actual	FY2021 Forecast	FY2021 Rev.Forecast (Nov.2021)	FY2021 Rev.Forecast (Feb.2022)	Change FY2020 Actual VS FY2021 Rev.Forecast (Feb.2022)	Change FY2021 Rev.Forecast (Nov.2021) VS FY2021 Rev.Forecast (Feb.2022)		
Net sales	Vegetable Oils and Fats	98.4	107.5	130.1	130.5	+32.1	+0.4	Planning on increase in net sales on increase in sales volume and higher sales prices.
	Industrial Chocolate	162.4	176.2	183.9	185.3	+22.9	+1.4	Planning on increased net sales on higher sales volume.
	Emulsified and Fermented Ingredients	70.6	80.3	79.3	79.3	+8.7	-	Planning on increase in net sales on a recovery in sales volume in Japan and China.
	Soy-based Ingredients	33.3	36.0	36.7	34.9	+1.6	(1.8)	Planning on increase in net sales on projected increase in sales volume and higher sales prices.
	Total	364.8	400.0	430.0	430.0	+65.2	-	
Operating profit	Vegetable Oils and Fats	7.9	6.2	7.5	7.2	(0.7)	(0.3)	Although sales of Vegetable fats for chocolate in Southeast Asia and Europe were strong and price revisions were in line with the plan, we expect a delay in sales expansion at the new plant in the Americas and a decline in profitability due to further increases in raw material prices from the 4Q onwards.
	Industrial Chocolate	7.6	8.9	8.6	7.1	(0.5)	(1.5)	Despite the increase in profit due to the recovery in sales volume and the penetration of price revisions, the plan was revised due to the increase in expenses in the U.S. and the failure to achieve production volume due to the expansion of Omicron. Compared to the previous year, profit decreased mainly due to the loss of futures gains which recognised last fiscal year.
	Emulsified and Fermented Ingredients	2.7	3.8	2.9	1.9	(0.8)	(1.1)	Although we expect steady sales for Western confectioneries in Japan and penetration of price revisions, we plan decrease in profit due to delays in price revisions in Southeast Asia and China.
	Soy-based Ingredients	3.5	3.4	3.0	2.6	(0.9)	(0.4)	Although sales of soy protein ingredients are expected to be strong, we plan decrease in profit due to a decline in sales volume and profitability of some product groups as a result of price revisions.
	Group administrative expenses	(3.8)	(4.2)	(4.1)	(3.8)	(0.0)	+0.3	
Total	17.9	18.0	18.0	15.0	(2.9)	(3.0)		
Operating margin	4.9%	4.5%	4.2%	3.5%	(1.4pt)	(0.7pt)		
Ordinary profit	17.6	16.8	16.8	14.5	(3.1)	(2.3)		
Profit attributable to owners of parent	11.0	11.5	11.5	11.5	+0.5	-		

● Summary

• Net sales: Planning on increased sales on higher raw material prices. No revisions from November plans.
 • Operating profit: Profit decreased due to lower profitability caused by high raw material prices, higher logistics and labor costs, and delay in sales expansion of new oil and fat plant in the U.S. Revised downward by 3.0 billion yen from the November forecast.

● Note

Figures are rounded to the nearest JPY billion.
 From FY2021, soymilk and USS soymilk products in the Soy-based Ingredients segment have been reclassified to the Emulsified and Fermented Ingredients segment, so the FY2020 results have been retroactively adjusted.

3-2 : FY2021 Forecast (by region, division)

Net sales

(Unit: JPY million)

	FY	Japan		Americas		SE Asia		China		Europe		Consolidated Total	
		YOY		YOY		YOY		YOY		YOY		YOY	
Vegetable Oils and Fats	2021 Rev.Forecast(Feb.2022)	42,700	+7,479	42,800	+12,467	19,700	+4,713	2,800	+86	22,500	+7,344	130,500	+32,087
	2021 Rev.Forecast(Nov.2021)	40,800	+5,579	46,500	+16,167	18,700	+3,713	2,500	(214)	21,600	+6,444	130,100	+31,687
	2021 Forecast	35,700	+479	38,000	+7,667	16,400	+1,413	2,800	+86	14,600	(556)	107,500	+9,087
	2020 Actual	35,221	-	30,333	-	14,987	-	2,714	-	15,156	-	98,413	-
Industrial Chocolate	2021 Rev.Forecast(Feb.2022)	40,500	+4,229	121,000	+13,262	12,100	+2,371	6,900	+1,272	4,800	+1,724	185,300	+22,855
	2021 Rev.Forecast(Nov.2021)	41,900	+5,629	118,700	+10,962	12,100	+2,371	6,600	+972	4,600	+1,524	183,900	+21,455
	2021 Forecast	38,400	+2,129	114,100	+6,362	12,100	+2,371	7,900	+2,272	3,700	+624	176,200	+13,755
	2020 Actual	36,271	-	107,738	-	9,729	-	5,628	-	3,076	-	162,445	-
Emulsified and Fermented Ingredients	2021 Rev.Forecast(Feb.2022)	52,200	+2,475	-	-	11,200	+1,992	15,900	+4,236	-	-	79,300	+8,701
	2021 Rev.Forecast(Nov.2021)	52,200	+2,475	-	-	11,000	+1,792	16,100	+4,436	-	-	79,300	+8,701
	2021 Forecast	52,500	+2,775	-	-	11,000	+1,792	16,800	+5,136	-	-	80,300	+9,701
	2020 Actual	49,725	-	-	-	9,208	-	11,664	-	-	-	70,599	-
Soy-based Ingredients	2021 Rev.Forecast(Feb.2022)	32,900	+1,256	-	-	-	-	2,000	+323	-	-	34,900	+1,579
	2021 Rev.Forecast(Nov.2021)	34,600	+2,956	-	-	-	-	2,000	+323	100	100	36,700	+3,379
	2021 Forecast	33,900	+2,256	-	-	-	-	2,000	+323	100	100	36,000	+2,679
	2020 Actual	31,644	-	-	-	-	-	1,677	-	-	-	33,321	-
Net sales total	2021 Rev.Forecast(Feb.2022)	168,300	+15,437	163,800	+25,729	43,000	+9,075	27,600	+5,915	27,300	+9,068	430,000	+65,221
	2021 Rev.Forecast(Nov.2021)	169,500	+16,637	165,200	+27,129	41,800	+7,875	27,200	+5,515	26,300	+8,068	430,000	+65,221
	2021 Forecast	160,500	+7,637	152,100	+14,029	39,500	+5,575	29,500	+7,815	18,400	+168	400,000	+35,221
	2020 Actual	152,863	-	138,071	-	33,925	-	21,685	-	18,232	-	364,779	-

(Note) The net sales above is sales to outside customers.

Operating profit

	FY	Japan		Americas		SE Asia		China		Europe		Consolidated adjustment		Group administrative expenses		Consolidated Total	
		YOY		YOY		YOY		YOY		YOY		YOY		YOY		YOY	
Vegetable Oils and Fats	2021 Rev.Forecast(Feb.2022)	3,791	(659)	377	(1,550)	1,794	+703	(17)	(184)	1,175	+1,100	75	(85)	-	-	7,195	(677)
	2021 Rev.Forecast(Nov.2021)	3,835	(615)	1,120	(807)	1,222	+131	(32)	(199)	1,168	+1,093	181	+21	-	-	7,495	(377)
	2021 Forecast	3,499	(951)	1,127	(800)	793	(298)	(61)	(228)	754	+679	48	(112)	-	-	6,160	(1,712)
	2020 Actual	4,450	-	1,927	-	1,091	-	167	-	75	-	160	-	-	-	7,872	-
Industrial Chocolate	2021 Rev.Forecast(Feb.2022)	6,169	+295	207	(1,061)	565	+216	8	+174	120	(113)	17	(31)	-	-	7,086	(522)
	2021 Rev.Forecast(Nov.2021)	6,678	+804	1,215	(53)	610	+261	(42)	+124	112	(121)	36	(12)	-	-	8,611	+1,003
	2021 Forecast	5,765	(109)	2,116	+848	798	+449	39	+205	137	(96)	33	(15)	-	-	8,888	+1,280
	2020 Actual	5,874	-	1,268	-	349	-	(166)	-	233	-	48	-	-	-	7,608	-
Emulsified and Fermented Ingredients	2021 Rev.Forecast(Feb.2022)	1,854	+394	-	-	(763)	(611)	592	(726)	-	-	180	+107	-	-	1,863	(836)
	2021 Rev.Forecast(Nov.2021)	1,601	+141	-	-	(334)	(182)	1,477	+159	-	-	200	+127	-	-	2,945	+246
	2021 Forecast	1,662	+202	-	-	274	+426	1,801	+483	-	-	39	(34)	-	-	3,776	+1,077
	2020 Actual	1,460	-	-	-	(152)	-	1,318	-	-	-	73	-	-	-	2,699	-
Soy-based Ingredients	2021 Rev.Forecast(Feb.2022)	2,576	(729)	-	-	-	-	343	+12	(327)	(201)	31	+53	-	-	2,624	(864)
	2021 Rev.Forecast(Nov.2021)	2,669	(636)	-	-	-	-	580	+249	(333)	(207)	89	+111	-	-	3,006	(482)
	2021 Forecast	3,040	(265)	-	-	-	-	644	+313	(365)	(239)	72	+94	-	-	3,391	(97)
	2020 Actual	3,305	-	-	-	-	-	331	-	(126)	-	(22)	-	-	-	3,488	-
Consolidated adjustment	2021 Rev.Forecast(Feb.2022)	145	+95	2	(2)	(1)	(6)	6	(13)	(3)	(123)	(149)	+51	-	-	-	-
	2021 Rev.Forecast(Nov.2021)	215	+165	(1)	(5)	4	(1)	23	+4	32	(88)	(274)	(74)	-	-	-	-
	2021 Forecast	192	+142	-	(4)	-	(5)	-	(19)	-	(120)	(192)	+8	-	-	-	-
	2020 Actual	50	-	4	-	5	-	19	-	120	-	(200)	-	-	-	-	-
Group administrative expenses	2021 Rev.Forecast(Feb.2022)	-	-	-	-	-	-	-	-	-	-	-	-	(3,773)	(17)	(3,773)	(17)
	2021 Rev.Forecast(Nov.2021)	-	-	-	-	-	-	-	-	-	-	-	-	(4,059)	(303)	(4,059)	(303)
	2021 Forecast	-	-	-	-	-	-	-	-	-	-	-	-	(4,215)	(459)	(4,215)	(459)
	2020 Actual	-	-	-	-	-	-	-	-	-	-	-	-	(3,756)	-	(3,756)	-
Operating profit total	2021 Rev.Forecast(Feb.2022)	14,538	(602)	586	(2,614)	1,594	+300	932	(738)	965	+662	154	+96	(3,773)	(17)	15,000	(2,911)
	2021 Rev.Forecast(Nov.2021)	15,000	(140)	2,334	(866)	1,504	+210	2,007	+337	978	+675	233	+175	(4,059)	(303)	18,000	+89
	2021 Forecast	14,158	(982)	3,243	+43	1,865	+571	2,423	+753	526	+223	-	(58)	(4,215)	(459)	18,000	+89
	2020 Actual	15,140	-	3,200	-	1,294	-	1,670	-	303	-	58	-	(3,756)	-	17,911	-

From FY2021, soymilk and USS soymilk products in the Soy-based Ingredients segment have been reclassified to the Emulsified and Fermented Ingredients segment, so the FY2020 results have been retroactively adjusted.

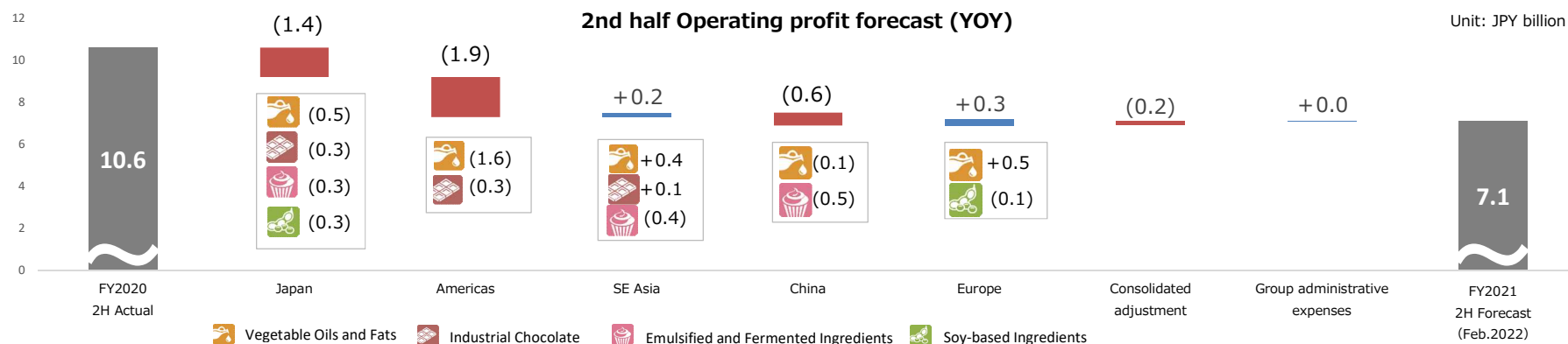
3-3:FY2021 Revision of Earnings Forecast

In the full-year earnings forecast announced in November 2021, the initial operating profit forecast (18.0 billion yen) was left unchanged. However, in light of the third quarter results and recent trends, we have revised our full-year operating profit forecast downward to 15.0 billion yen.

(Unit: JPY billion)

	FY2020 Actual	FY2021 Forecast	FY2021 Rev.Forecast (Nov.2021)	FY2021 Rev.Forecast (Feb.2022)
Net sales	364.8	400.0	430.0	430.0
Operating profit	17.9 (1H:7.3, 2H:10.6)	18.0 (1H:7.0, 2H:11.0)	18.0 (1H:7.9, 2H:10.1)	15.0 (1H:7.9, 2H:7.1)
Ordinary profit	17.6	16.8	16.8	14.5
Profit attributable to owners of parent	11.0	11.5	11.5	11.5

①Changes factors in 2nd half Operating profit forecast by area(YOY)



②Main changes factors (YoY)

エリア	Increase ↗ Decrease ↘	Item	Factor
Japan	↘	Decline in profitability and sales volume	Operating profit is expected to decrease in each segment due to the expected decrease in sales volume caused by the loss of temporarily demand and lower profitability caused by high raw material prices.
Americas	↘	Increase in costs for new plant (U.S., Oils and fats)	Decline in profitability due to delay in sales expansion of the new oils and fats plant, which started operation this fiscal year.
	↘	Loss on raw material position (U.S., Oils and fats)	Profitability declined as the impact of the sharp rise in raw material prices became apparent due to the take-back of remaining long-term contracts with fixed selling prices, mainly in the 3Q.
	↘	Shortage of workers, soaring labor costs (U.S., Oils and fats ,Industrial chocolate)	Labor costs soared due to a shortage of workers. In addition to delays in building our own production system, we were also affected by a decrease in production volume due to a shortage of personnel at our customers.
	↗	Increase in sales volume, improvement in profitability(Brazil, Industrial chocolate)	Harald covered the higher cost of raw materials and the depreciation of the real by securing production volume, aggressively expanding sales, and continuously revising prices.
SE Asia	↗	Increase in sales volume	Sales of CBE, a high value-added oil and fat for chocolate, remained strong.
China	↘	Decline in profitability	Due to the intensifying competitive environment, the plan to maintain profitability through price revisions is expected to fall short.
Europe	↗	Increase in sales volume	Sales of CBE, a high value-added oil and fat for chocolate, remained strong.