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Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

February 10, 2023

Company name: Fuji Oil Company, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5017
 URL: <https://www.foc.co.jp/>
 Representative: Shigeto Yamamoto, Representing Director, President
 Inquiries: Ryuji Suzuki, General Manager, General Administration Department
 Telephone: +81-3-5462-7803
 Scheduled date to file quarterly securities report: February 13, 2023
 Scheduled date to commence dividend payments: -
 Preparation of supplementary materials on quarterly financial results: Yes (Japanese only)
 Holding of quarterly financial results briefing: No

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

1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(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	%
For the nine months ended December 31, 2022	680,237	115.3	2,653	(48.8)	2,213	(54.1)	1,805	(66.9)
For the nine months ended December 31, 2021	315,979	21.1	5,181	1.2	4,824	(16.2)	5,461	27.7

(Note) Total comprehensive income:
 For the nine months ended December 31, 2022: 8,363 million yen [19.1 %]
 For the nine months ended December 31, 2021: 7,023 million yen [84.6 %]

	Basic earnings per share		Diluted earnings per share	
	Yen	-	Yen	-
For the nine months ended December 31, 2022	23.41	-	-	-
For the nine months ended December 31, 2021	70.87	-	-	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	369,834	72,163	19.5
As of March 31, 2022	352,842	64,539	18.2

(Reference) Equity:
 As of December 31, 2022: 71,981 million yen
 As of March 31, 2022: 64,369 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2022	Yen -	Yen -	Yen -	Yen -	Yen -
	-	0.00	-	10.00	10.00
Fiscal year ending March 31, 2023	-	0.00	-	-	-
Fiscal year ending March 31, 2023 (forecast)	-	-	-	10.00	10.00

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

3. Consolidated financial results forecast for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	867,100	78.7	7,200	(53.7)	6,600	(58.9)	5,400	(64.5)	69.98

(Note) Revisions to the forecast of the financial results most recently announced: Yes

*Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2022 : None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements : None
- (3) Changes in accounting policies and accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : None
 - (ii) Changes in accounting policies due to reasons other than (i) : None
 - (iii) Changes in accounting estimates : None
 - (iv) Restatement : None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)
- (ii) Number of treasury shares at the end of the period
- (iii) Average number of shares outstanding during the period

As of December 31, 2022	78,183,677 shares	As of March 31, 2022	78,183,677 shares
As of December 31, 2022	1,020,909 shares	As of March 31, 2022	1,121,198 shares
For the nine months ended December 31, 2022	77,120,097 shares	For the nine months ended December 31, 2021	77,062,479 shares

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

* Proper use of earnings forecasts, and other special matters

The forward-looking statements such as financial results forecasts contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual financial results may differ significantly from the forecasts due to various factors. For the assumptions underlying the financial results forecasts and cautions concerning the use thereof, please refer to "Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Statements" on page 3 of the attachment.

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1. Qualitative Information on Financial Results for the First Nine Months of the Current Fiscal Year

(1) Explanation of Operating Results

In the first nine months ended December 31, 2022, the Dubai crude oil price, at the level of US\$101/bbl in the beginning of the fiscal year, rose to the US\$118/bbl level in mid-June. This was because of the perception that supply and demand would tighten as the European Union announced its policy of banning imports of Russian crude oil and petroleum products. In late September, interest rate hikes by the central banks of the United States and Europe fueled concerns about a global economic downturn, pushing down the price to the level of US\$84/bbl. In early October, when OPEC Plus agreed to reduce crude oil production in November by 2 million barrels per day, the price reached the US\$96/bbl level due to concerns over tight supply of crude oil. In December, following the additional interest rate hikes in various countries and an increase in the number of new cases of COVID-19 in China, the price started a downward trend, falling to the lower US\$70/bbl level in the middle of the month, and ended the quarter at the US\$78/bbl level. As a result, the average Dubai crude oil price during the first nine months ended December 31, 2022 was approximately US\$96/bbl.

On the other hand, the exchange rate, which started at the lower ¥122/US\$ range, saw a growing trend for a weaker yen and stronger dollar due to the interest-rate hikes accelerated by the U.S. that rushed to contain inflation. The yen weakened significantly to the ¥151/US\$ range in October. After that, expectations for a slowdown in the pace of interest-rate hikes were raised against the backdrop of deteriorating U.S. economic indicators, and the Bank of Japan revised part of its yield curve controls to increase the allowable range of fluctuations in long-term interest rates. As a result, the exchange rate at the end of the nine-month period was the upper ¥132/US\$ range. For reference, the average exchange rate during the first nine months of the current fiscal year was at the lower ¥136/US\$ range.

Under such business environment, the recovery from the impact of the major periodic shut-down maintenance carried out from May to July in the previous fiscal year, which is conducted once every four years, increased crude oil processing at the Sodegaura Refinery plant by 1.647 million kiloliters year on year to 5.887 million kiloliters. And the Company's sales volume of petroleum products and petrochemical products increased by 1.821 million kiloliters to 6.227 million kiloliters.

Given such circumstances, the consolidated financial results for the first nine months ended December 31, 2022 were as follows. Net sales grew 364.2 billion yen year on year to 680.2 billion yen, mainly due to an increase in sales volume recovering from the impact of the major periodic shut-down maintenance. As for profit, operating profit was 2.6 billion yen, down 2.5 billion yen year on year, due to the effect of inventory valuation calculated by the average method and inventory write-downs based on a decrease in profitability, which drove down the cost of sales by 1.1 billion yen (compared with 12.4 billion yen in the same period of the previous fiscal year). For reference, inventory valuation loss of 14.7 billion yen is included in the above 1.1 billion yen as a component of the cost-reduction effect of inventory valuation. Ordinary profit was 2.2 billion yen, down 2.6 billion yen year on year, due to recording interest expenses of 3.2 billion yen, despite posting foreign exchange gains of 1.0 billion yen and equity in earnings of affiliates of 1.8 billion yen. Profit attributable to owners of parent was 1.8 billion yen, down 3.6 billion yen year on year.

As for profit in real terms, excluding the effect of the inventory valuation, operating profit amounted to 1.5 billion yen, up 8.8 billion yen year on year, and ordinary profit was 1.0 billion yen, up 8.7 billion yen year on year, due to the recovery from the impact of the major periodic shut-down maintenance and other factors.

(2) Explanation of Financial Position

(Current assets)

At the end of the third quarter of the fiscal year under review, current assets totaled 240.6 billion yen, an increase of 15.6 billion yen compared with the end of the previous fiscal year. This was mainly due to a 15.4 billion yen increase in inventories, a 9.7 billion yen increase in notes and accounts receivable - trade, and contract assets, and a 9.5 billion yen decrease in accounts receivable - other.

(Non-current assets)

At the end of the third quarter of the fiscal year under review, non-current assets increased 1.3 billion yen compared with the end of the previous fiscal year to 129.1 billion yen. This was mainly due to a 6.5 billion yen increase in investment securities, a 3.3 billion yen decrease in machinery, equipment and vehicles, and a 0.5 billion yen decrease in construction in progress.

(Current liabilities)

At the end of the third quarter of the fiscal year under review, current liabilities totaled 259.0 billion yen, an increase of 11.8 billion yen compared with the end of the previous fiscal year. This was mainly due to a 10.9 billion yen increase in short-term loans payable, a 10.6 billion yen increase in excise taxes payable on gasoline and other fuels, a 14.7 billion yen decrease

in accounts payable - trade, and a 3.4 billion yen decrease in accounts payable - other.

(Non-current liabilities)

At the end of the third quarter of the fiscal year under review, non-current liabilities totaled 38.6 billion yen, a decrease of 2.4 billion yen compared with the end of the previous fiscal year. This was mainly due to a 5.4 billion yen decrease in long-term loans payable and a 2.5 billion yen increase in provision for repairs.

(Net assets)

At the end of the third quarter of the fiscal year under review, net assets increased 7.6 billion yen compared with the end of the previous fiscal year to 72.1 billion yen. This was mainly due to a 6.1 billion yen increase in foreign currency translation adjustments and a 1.0 billion yen increase in retained earnings.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Statements

The financial results forecasts for the full year are revised to reflect the trends in the Company's business performance and other factors after the previous forecasts (announced on November 10, 2022).

The assumptions for the revised forecast are an average Dubai crude oil price of US\$80/bbl in the fourth quarter (previous forecast: US\$90/bbl) and an exchange rate of ¥130/US\$ (previous forecast: ¥145/US\$).

Net sales are expected to decrease by 54.3 billion yen from the previous forecast to 867.1 billion yen, due to an expected temporary decline in production volume as well as a drop in sales prices caused by a fall in crude oil prices and other factors.

As for profit, the revision of the assumptions have led to a shrinkage in the cost-reduction effect of opening inventory valuation and an increase in loss on valuation of inventories. As a result of these and other factors, operating profit is expected to decrease by 15.3 billion yen from the previous forecast to 7.2 billion yen, ordinary profit by 15.3 billion yen to 6.6 billion yen, and profit attributable to owners of parent by 12.7 billion yen to 5.4 billion yen.

As for profit in real terms, excluding the effect of the inventory valuation, operating profit is expected to fall 2.7 billion yen from the previous forecast to 3.1 billion yen, and ordinary profit by 2.7 billion yen to 2.5 billion yen.

The above forecasts are based on information available as of the date of publication of this document. Actual results may differ from the forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of the end of the previous fiscal year (March 31, 2022)	As of the end of the third quarter of the fiscal year under review (December 31, 2022)
Assets		
Current assets		
Cash and deposits	11,388	12,838
Notes and accounts receivable - trade, and contract assets	78,707	88,430
Short-term investment securities	100	-
Inventories	117,862	133,267
Accounts receivable - other	13,345	3,802
Other	3,567	2,319
Total current assets	224,971	240,659
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,653	12,188
Storage tanks, net	2,974	2,735
Machinery, equipment and vehicles, net	34,409	31,031
Land	51,542	51,542
Construction in progress	1,956	1,394
Other, net	529	474
Total property, plant and equipment	104,065	99,367
Intangible assets		
Software	624	498
Other	134	134
Total intangible assets	758	632
Investments and other assets		
Investment securities	21,130	27,636
Long-term loans receivable	679	679
Net defined benefit asset	859	828
Other	785	437
Allowance for doubtful accounts	(408)	(407)
Total investments and other assets	23,047	29,174
Total non-current assets	127,871	129,174
Total assets	352,842	369,834

(Millions of yen)

	As of the end of the previous fiscal year (March 31, 2022)	As of the end of the third quarter of the fiscal year under review (December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable - trade	67,145	52,437
Short-term loans payable	112,018	122,923
Current portion of long-term loans payable	14,133	14,717
Accounts payable - other	30,323	26,861
Excise taxes payable on gasoline and other fuels	16,370	27,004
Income taxes payable	944	32
Provision for bonuses	470	282
Other	5,778	14,747
Total current liabilities	247,184	259,007
Non-current liabilities		
Long-term loans payable	25,943	20,470
Deferred tax liabilities	8,760	8,985
Provision for special repairs	2,452	2,484
Provision for repairs	1,510	4,050
Net defined benefit liability	1,849	1,886
Provision for directors' retirement benefits	20	22
Other	582	764
Total non-current liabilities	41,118	38,663
Total liabilities	288,302	297,671
Net assets		
Shareholders' equity		
Capital stock	24,467	24,467
Capital surplus	25,495	25,495
Retained earnings	15,977	17,011
Treasury stock	(1,431)	(1,399)
Total shareholders' equity	64,508	65,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	612	597
Deferred gains or losses on hedges	(591)	(82)
Revaluation reserve for land	1	1
Foreign currency translation adjustments	(950)	5,180
Remeasurements of defined benefit plans	789	708
Total accumulated other comprehensive income	(139)	6,406
Non-controlling interests	170	182
Total net assets	64,539	72,163
Total liabilities and net assets	352,842	369,834

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly consolidated statement of income

First nine months

(Millions of yen)

	First nine months of the previous fiscal year (From April 1, 2021 to December 31, 2021)	First nine months of the fiscal year under review (From April 1, 2022 to December 31, 2022)
Net sales	315,979	680,237
Cost of sales	307,558	674,021
Gross profit	8,421	6,216
Selling, general and administrative expenses	3,239	3,563
Operating profit	5,181	2,653
Non-operating income		
Interest income	16	41
Dividends income	132	172
Foreign exchange gains	168	1,070
Equity in earnings of affiliates	726	1,854
Rent income from storage tanks	181	162
Other	246	216
Total non-operating income	1,470	3,518
Non-operating expenses		
Interest expenses	1,072	3,268
Rent expenses on storage tanks	201	159
Other	554	530
Total non-operating expenses	1,828	3,958
Ordinary profit	4,824	2,213
Extraordinary income		
Gain on sale of non-current assets	18	0
Insurance income	711	-
Total extraordinary income	730	0
Extraordinary losses		
Loss on retirement of non-current assets	64	23
Total extraordinary losses	64	23
Profit before income taxes	5,489	2,190
Income taxes - current	27	369
Income taxes - deferred	(15)	2
Total income taxes	11	372
Profit	5,477	1,818
Profit attributable to non-controlling interests	16	13
Profit attributable to owners of parent	5,461	1,805

Quarterly consolidated statement of comprehensive income

First nine months

(Millions of yen)

	First nine months of the previous fiscal year (From April 1, 2021 to December 31, 2021)	First nine months of the fiscal year under review (From April 1, 2022 to December 31, 2022)
Profit	5,477	1,818
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	(14)
Deferred gains or losses on hedges	-	509
Foreign currency translation adjustments	317	1,166
Remeasurements of defined benefit plans, net of tax	(44)	(80)
Share of other comprehensive income of associates accounted for using equity method	1,317	4,964
Total other comprehensive income	1,545	6,545
Comprehensive income	7,023	8,363
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	7,006	8,350
Comprehensive income attributable to non-controlling interests	16	13

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Additional Information)

(Impact of COVID-19)

Although the outlook for demand is uncertain due to the COVID-19 pandemic, we believe that the impact on the future operation rates of machinery and equipment will be limited and that the impact on accounting estimates will be immaterial.

(Segment Information, etc.)

Segment information is omitted as the Group has only one segment consisting of the petroleum refining and sales business.