

FY2022Q1 Earnings Conference: Major Q&A

•Date/time	Aug 4, 2022 (Thu.) 15:30 - 16:30(JST)
•Speaker	CFO (Chief Financial Officer) Tomoki Matsumoto

<Impact of raw material markets and price revisions>

Q. Prices on palm oil raw material markets are dropping but what impact do you expect this to have on earnings from the second quarter onward?

A. Stability with raw materials will lead to stability in earnings. The impact on operating companies will not be consistent as timing will vary due to differences in raw material prices and inventory status. However, we expect this will gradually begin to materialize from 3Q or 4Q. Raw material prices are currently falling but we will continue responding to prices by making solid proposals for unique products with added value.

<Sales volume>

Q. What is your sales forecast for Soy-based Ingredients business in Japan?

A. A decline in sales volume for soy protein ingredients and a drop in plant operating rates are the factors that resulted in decreased profit for Soy-based Ingredients business. We will strengthen domestic production and sales by shifting to the internal manufacturing of certain products procured via imports. Additionally, we will increase overseas exports and expand our customer base. We expect sales of functional ingredients to increase on sales for summer beverages.

<Progress relative to earnings forecasts>

Q. What is your view of performance relative to your full-year forecasts?

A. In addition to consolidated adjustments of 600 million yen, external factors such as lockdowns in China and logistics disruptions in the US contributed to delays in 1Q progress. However, we believe we can achieve full-year targets by normalizing sales at revised prices and expanding sales from 2Q onwards.

Q. What about the impact of consumer thriftiness caused by inflation?

A. Some products offered by Fuji Oil could be considered luxuries so there is the risk of stagnant sales volume. Fuji Oil offers products covering a wide variety of price ranges so we will maintain sales volume by analyzing consumer spending habits and presenting product proposals that are aligned with consumer needs.

Q. What are your future plans for a new oils and fats plant in North America?

A. Sales volume is trending below initial plans due to logistics problems and delays in receiving certifications. However, we are planning on full operation by the second half of the fiscal year. We will ensure solid position management for raw materials in order to increase profitability.

Q. Your plans for Blommer this fiscal year called for a significant increase in profits but how is progress thus far?

A. 1Q is progressing according to plans. Our plans call for profits to increase in 3Q and beyond, when sales volume increases. We are implementing productivity improvements to avoid past problems of production losses and supply opportunity losses. We continue to make revisions to sales prices and will secure profits by generating sales on par with plans.