CFO
SECTION

## Our Continuous Pursuit of Strong Financial Discipline and High Capital Efficiency

Fiscal 2020 was supposed to be a year in which we reached our targets as it marked the final year of our medium-term management plan—"Towards a Further Leap 2020." However, the inability to realize revenue according to schedule in new businesses as well as at Blommer and Harald and the impact of the COVID-19 pandemic hindered our efforts to reach the profit targets set out in the medium-term management plan.

We must continue to gauge the impact of COVID-19 on our business activities and performance while, at the same time, investing in capital and businesses and improving our financial position by anticipating the post-COVID-19 environment. At the top of our priorities each year is the securing of ¥10.0 billion or more in free cash flow by generating operating cash flow and controlling investments. We determine limits and priorities for investments relative to each business division and revise our business portfolio accordingly.

In fiscal 2020, we saw positive contributions to profit through Blommer's reversal of losses from cocoa futures in the previous year and Groupwide measures to reduce costs. However, their impacts were outweighed by diminished sales volume resulting from the effects of COVID-19, which led to year-on-year decreases in revenue and operating profit. Operating cash flow amounted to ¥38.2 billion, our highest ever, while free cash flow totaled ¥20.8 billion and interest-bearing debt fell ¥14.9 billion from the previous year. These achievements were primarily the result of the decline in inventory assets resulting from the procurement scheme established between Blommer and ITOCHU Corporation.

Despite the increased costs associated with the soaring prices of palm oil and other raw materials and new capital investments, in fiscal 2021 we anticipate operating profit to remain on a par with that of the fiscal year under review as we foresee a growth in sales volume and a shift in raw material prices. Looking to the future growth of the Group, we have invested in the construction of new mills in the U.S. and Germany as well as in the facilities of Blommer and Harald, and the timely earning of returns on these investments is the challenge that awaits us now.

Our financial infrastructure, which was hit hard by the Blommer acquisition, has been showing signs of moderate recovery but has not quite lived up to our expectations due to the impact of COVID-19. We will continue to strengthen our financial governance while improving our capital efficiency, with the aim of enhancing our corporate value.

T. Matsumoto

**Tomoki Matsumoto**
Director and
Senior Executive Officer,
Chief Financial Officer (CFO)

### Management Target (Towards a Further Leap 2020 [2017–2020])

| Item | FY2016 Results (base year) | FY2017 Results | FY2018 Results | FY2019 Results*1 | FY2020 Results | | Medium-Term Management Plan: FY2020 Target |
|---|---|---|---|---|---|---|---|
| ROE | 8.3% | 8.8% | 7.3% | 10.5% | 7.0% | — | 10.0% |
| EPS | ¥140.8 | ¥159.9 | ¥134.8 | ¥190.5 | ¥128.1 | — | EPS CAGR 8% or higher |
| EPS growth rate | 31.2% | 13.5% | (15.7)% | — | — | | |
| Operating profit | ¥19.7 billion | ¥20.5 billion | ¥18.5 billion | ¥23.6 billion | ¥17.9 billion | — | Operating profit CAGR 6% or higher |
| Operating profit growth rate | 16.9% | 4.0% | (9.5)% | — | — | | |
| Shareholder returns (Dividend payout ratio) | 31.2% | 30.0% | 37.1% | 29.4% | 40.6% | — | Dividend payout ratio 30%–40% |
| Operating cash flow | ¥16.5 billion | ¥28.2 billion | ¥22.6 billion | ¥37.1 billion | ¥38.2 billion | Four-year total results ¥126.1 billion | Four-year total ¥100 billion |
| CCC | 110 days | 103 days | 105 days*2 | 113 days*3 | 107 days | — | 10-day reduction |
| Amount of capital investment | ¥13.6 billion | ¥14.7 billion | ¥15.9 billion | ¥18.0 billion | ¥20.8 billion | Four-year total results ¥69.4 billion | Four-year total ¥60–¥70 billion |
| M&A | — | — | Blommer and Industrial Food Services | — | — | — | ¥50 billion in secured funds |

*1 FY2019 reflects the change in the accounting period of overseas Group companies from Dec. to Mar. (excluding Blommer and Industrial Food Services).
*2 FY2018 CCC: Blommer is not included.
*3 FY2019 CCC: Calculated by converting to 12 months for overseas Group companies that apply 15-month financial statements

## Financial Strategy

### Balance Sheet Management

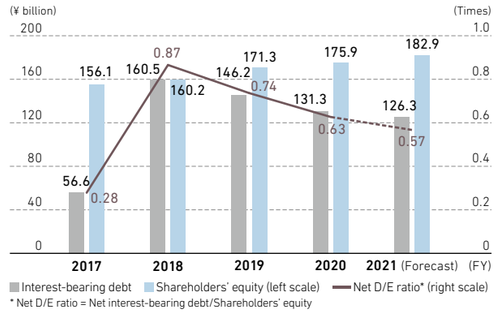
As of March 31, 2021, the Fuji Oil Group's interest-bearing debt, which increased with the acquisition of Blommer, was ¥131.3 billion, a decline of ¥14.9 billion from a year ago. We financed a portion of the acquisition by issuing ¥35.0 billion in subordinated bonds to ensure sound finances and maintain and improve capital efficiency. We intend to continue carrying out growth investments that emphasize the cost of capital while generating cash flow and maximizing capital efficiency in order to achieve a net D/E ratio of 0.5 times or lower over the medium term.

**Reducing Interest-Bearing Debt and Ensuring Cash Liquidity**
In fiscal 2020, tangible fixed assets increased as a result of the establishment of a vegetable oils and fats mill in the U.S. and a functional ingredient (soluble pea polysaccharides) mill in Germany. However, the decline in inventory assets and working capital stemming from the cocoa bean procurement scheme, a continuous decrease in cross-shareholdings, the transfer of shares of Toraku Foods Co., Ltd., and other factors contributed to a decrease in total assets of ¥8.9 billion from the previous year, to ¥358.5 billion as of March 31, 2021. Meanwhile, as our profit level also took a hit, resulting in a decline in our return on assets (ROA) from 5.9% to 4.8%, we will manage the size of our asset portfolio in line with profitability.

Moreover, our commitment line with financial institutions has been increased with the intent of maintaining cash liquidity in preparation for unforeseen events, such as natural disasters, and the continuation of the COVID-19 pandemic. Furthermore, Blommer has begun funding under the guarantee of the company and is thereby mitigating financial risk.

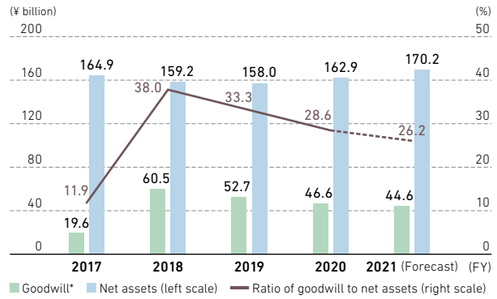
**Improving Our Ratio of Goodwill to Net Assets**
With the acquisition of Blommer, at the end of fiscal 2018 our goodwill amounted to ¥60.5 billion and our ratio of goodwill to net assets escalated to 38%. While our ratio of goodwill to net assets improved to 29% at the end of fiscal 2020 due to amortization of goodwill and other factors, we feel that it is still too high. Looking ahead, we must direct our attention to the development of a stable financial infrastructure, particularly for the subsidiaries we have acquired, by improving our sustainable profitability.

**Net D/E Ratio**




* Net D/E ratio = Net interest-bearing debt/Shareholders' equity

**Ratio of Goodwill to Net Assets**



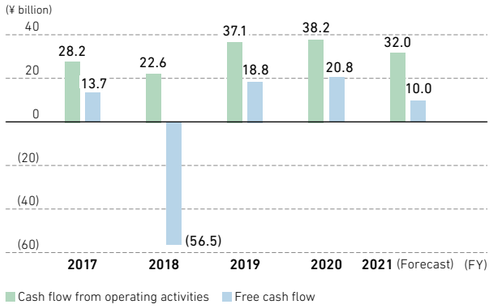

* Utilization of goodwill

## Cash Flow Management

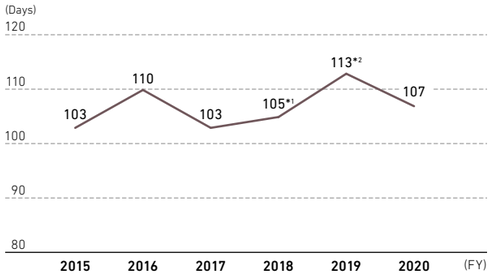
### Controlling Cash Flow

Operating cash flow for the four-year period covering our medium-term management plan amounted to ¥126.1 billion, greatly exceeding the ¥100.0 billion targeted under the plan. Maintaining and improving financial discipline will entail reductions to interest-bearing debt and, most importantly, the generation of free cash flow of ¥10.0 billion or more on an annual basis through steady profit growth and a shortening of the cash conversion cycle. This holds true under the COVID-19 pandemic as well. We will minimize our capital expenditure by assessing each investment opportunity, while departing from non-core businesses and further reducing cross-shareholdings in order to manage cash flow.

**Cash Flows**




**Cash Conversion Cycle**



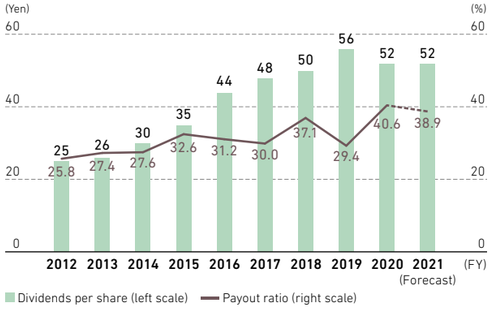

*1 The impact of the consolidation of Blommer's balance sheet is not reflected in the figure for fiscal 2018.
*2 The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

### Shareholder Return Policy

In continuation from the previous year, for fiscal 2021 we have set forth a dividend payout ratio of 30%–40% as a management target, in accordance with our shareholder return policy of providing stable, consistent dividends.

Our initial projection for fiscal 2020 was the achievement of a year-on-year dividend increase for the ninth consecutive year. However, this was hampered by the impact of COVID-19, as a result of which, we were forced to turn our attention to resuscitating our financial status. Consequently, the annual dividend was ¥52 per share, decreasing by ¥4 compared with the previous year. In accordance with the dividend payout ratio, we plan to pay annual dividends of ¥52 per share again in fiscal 2021.

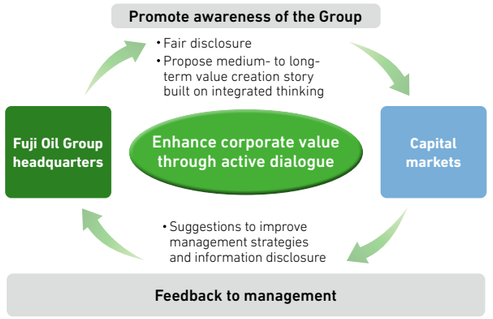
**Dividends per Share / Payout Ratio**




## Strengthening Management through Dialogue with Capital Markets

We at the Fuji Oil Group understand the significance of engaging in dialogue with capital markets on the enhancement of our corporate value.

The opinions and advice we receive from all investors and analysts through our dialogues, which actively involve the CEO and CFO as well as outside directors, other directors, and executives, are taken into serious consideration and reflected in our improvement of management. We are also placing greater emphasis on our one-on-one dialogues centered on medium- to long-term strategies, including non-financial information, with the integrated report serving as a tool for the basis of such dialogues. As we proceed forward, we will continue to strengthen our dialogue with capital markets in pursuit of our goal of enhancing the quality of management and improving corporate value.




## Enhancing Management by Strengthening Financial Governance and Establishing an IT Infrastructure

The Fuji Oil Group has continued to make steady strides in the development of a global capital management structure, such as the consolidation of accounting periods, and the unification of core systems, with a view to strengthening its financial governance. As we move forward, we will rely on the system infrastructure we have put in place to continue to strengthen our financial governance and quality of management.

### Establishing a Structure for Global Management Decision-Making

In regard to the unification of core systems, an initiative we began undertaking in fiscal 2017, we plan to implement the core system at Blommer under the next medium-term management plan, which will unify the systems of roughly 90% of Group companies on a revenue basis.

In light of our business landscape characterized by intensifying competition and the necessity for globalization, the issues we must address going forward include: (1) the establishment of a business environment that facilitates management decision-making on a global scale and (2) timely decision-making hinging on the use of data. From the Group companies that have already implemented the core system, we have begun acquiring the information necessary for its operation, and to resolve the aforementioned issues, we have moved full steam ahead with our Center of Excellence (CoE) activities in pursuit of a business environment conducive to the effective use of data worldwide.

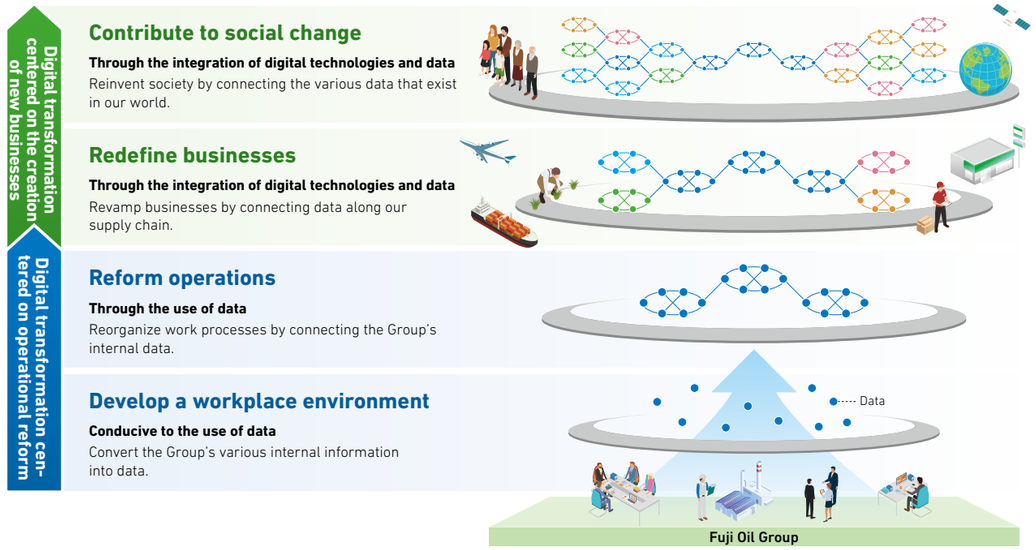
An infrastructure will be put in place for our CoE activities to further enhance operating efficiency and visualization while speeding up the pace of decision-making. We will continue to push forward with our IT system that leverages on a global scale the resources and know-how of Fujitsu Limited, with which we have concluded an IT partnership agreement, while nurturing our in-house IT personnel, who are well-versed in the Group's business, and promoting digital transformation.

### Reforming Operations and Creating New Businesses through Digital Transformation

The Fuji Oil Group is looking into the implementation of two digital transformation tactics: one focused on business reforms and the other centered on the creation of new businesses. Our digital transformation aimed at business reforms involves the use of digital technology to revise our current work processes and thereby enhance the productivity of and add value to existing businesses. Meanwhile, our digital transformation geared to the creation of new businesses facilitates the establishment of new services and forays into new markets through the use of digital technology.

To put our digital transformation centered on business reforms into practice, we will forge ahead with the digitization of information across the Group while working to update our existing work processes and internal rules and regulations. As for our digital transformation geared to the creation of new businesses, we will continue to stay in tune with the latest technology and provide support to business divisions, such as through the deployment of personnel, in order to implement initiatives across the entire organization, including business divisions.

**The Fuji Oil Group's Blueprint for Realizing Digital Transformation**



# Management's Discussion and Analysis

## FY2020 Results

Revenue

**¥364.8 billion (down ¥18.9 billion yoy)**

Operating profit

**¥17.9 billion (down ¥3.5 billion yoy)**

The lower revenue and operating profit were a consequence of the reduced sales volume in each segment in the wake of the COVID-19 pandemic and the subsequent lockdowns worldwide that forced people to stay home.

Note: Fiscal 2019 figures reflect 15 months of results due to a change in the accounting period of overseas subsidiaries. However, the year-on-year change has been calculated based on the same 12-month period in fiscal 2019.

### Vegetable Oils and Fats Business

**FY2020 Results**

**Revenue** ¥98.4 billion ↑ ¥0.5 billion

Revenue increased owing to demand associated with people staying at home, higher raw material prices, and other factors, despite the lower sales volume of vegetable fats for chocolate and oils and fats for the food service sector.

**Operating profit** ¥7.9 billion ↓ ¥2.3 billion

Operating profit diminished as a result of lower sales volume of vegetable fats for chocolate, higher raw material prices, and other factors.

**Revenue**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan | 35.4 | 35.2 | –0.2 | 35.7 | **+0.5** |
| Americas | 28.2 | 30.3 | +2.1 | 38.0 | **+7.7** |
| Southeast Asia | 16.3 | 15.0 | –1.3 | 16.4 | **+1.4** |
| China | 2.5 | 2.7 | +0.2 | 2.8 | **+0.1** |
| Europe | 15.4 | 15.2 | –0.3 | 14.6 | **–0.6** |
| Total | 97.9 | 98.4 | +0.5 | 107.5 | **+9.1** |

### Industrial Chocolate Business

**FY2020 Results**

**Revenue** ¥162.4 billion ↓ ¥9.3 billion

Revenue deteriorated as a consequence of lower sales volume, the impact of currency depreciation, such as the Brazilian real, and other factors.

**Operating profit** ¥7.6 billion ↑ ¥0.1 billion

Operating profit inched upward on the back of gains from Blommer's cocoa futures and other factors, despite the lower sales volume.

**Revenue**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan | 38.2 | 36.3 | –1.9 | 38.4 | **+2.1** |
| Americas | 116.7 | 107.7 | –8.9 | 114.1 | **+6.4** |
| Southeast Asia | 10.6 | 9.7 | –0.9 | 12.1 | **+2.4** |
| China | 2.8 | 5.6 | +2.8 | 7.9 | **+2.3** |
| Europe | 3.5 | 3.1 | –0.4 | 3.7 | **+0.6** |
| Total | 171.7 | 162.4 | –9.3 | 176.2 | **+13.8** |

### Emulsified and Fermented Ingredients Business

**FY2020 Results**

**Revenue** ¥69.6 billion ↓ ¥9.8 billion

Revenue dropped on the heels of the sale of Toraku Foods Co., Ltd., lower sales volume in the souvenir market and food service sector, and other factors.

**Operating profit** ¥3.0 billion ↓ ¥0.8 billion

Operating profit slipped by virtue of lower sales volume and other factors.

**Revenue**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan (retroactively adjusted) | 60.5 | 49.7 | –10.8 | 52.5 | **+2.8** |
| (before retroactive adjustment) | 58.8 | 48.7 | –10.1 | | |
| Southeast Asia | 9.8 | 9.2 | –0.6 | 11.0 | **+1.8** |
| China | 10.7 | 11.7 | +0.9 | 16.8 | **+5.1** |
| Total (retroactively adjusted) | 81.0 | 70.6 | –10.4 | 80.3 | **+9.7** |
| (before retroactive adjustment) | 79.3 | 69.6 | –9.8 | | |

### Soy-Based Ingredients Business

**FY2020 Results**

**Revenue** ¥34.4 billion ↓ ¥0.4 billion

Revenue dipped due to the impact of the sale of the Chinese business in the previous year.

**Operating profit** ¥3.2 billion ↓ ¥0.8 billion

Operating profit fell in the face of lower sales volume of soy protein foods and functional ingredients.

**Revenue**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan (retroactively adjusted) | 31.0 | 31.6 | +0.6 | 33.9 | **+2.3** |
| (before retroactive adjustment) | 32.7 | 32.7 | –0.0 | | |
| China | 2.0 | 1.7 | –0.3 | 2.0 | **+0.3** |
| Europe | — | — | — | 0.1 | **+0.1** |
| Total (retroactively adjusted) | 33.0 | 33.3 | +0.3 | 36.0 | **+2.7** |
| (before retroactive adjustment) | 34.7 | 34.4 | –0.4 | | |

## Performance Forecast for FY2021

Revenue

**¥400.0 billion (up ¥35.2 billion yoy)**

Operating profit

**¥18.0 billion (up ¥0.1 billion yoy)**

In fiscal 2021, revenue is projected to increase from the previous fiscal year through the rejuvenation of sales volume and higher prices of raw materials. Operating profit is expected to increase slightly due to the impact of lower profitability stemming from higher raw material prices and upfront investment in costs, which are marginally offset by the impact of the revitalized sales volume.

**Operating Profit**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan | 4.6 | 4.5 | –0.2 | 3.5 | **–1.0** |
| Americas | 2.7 | 1.9 | –0.8 | 1.1 | **–0.8** |
| Southeast Asia | 1.3 | 1.1 | –0.2 | 0.8 | **–0.3** |
| China | 0.2 | 0.2 | +0.0 | –0.1 | **–0.2** |
| Europe | 1.2 | 0.1 | –1.1 | 0.8 | **+0.7** |
| Total | 10.1 | 7.9 | –2.3 | 6.2 | **–1.7** |

**Performance Forecast for FY2021**

**Revenue** ¥107.5 billion ↑ ¥9.1 billion

Revenue is expected to rise on the back of revived sales volume, higher raw material prices, and other factors.

**Operating profit** ¥6.2 billion ↓ ¥1.7 billion

Operating profit is projected to fall as a result of higher raw material prices and the resulting decline in profitability and costs associated with the establishment of a new mill in the U.S.

**Operating Profit**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan | 7.0 | 5.9 | –1.1 | 5.8 | **–0.1** |
| Americas | –0.8 | 1.3 | +2.0 | 2.1 | **+0.8** |
| Southeast Asia | 0.9 | 0.3 | –0.5 | 0.8 | **+0.4** |
| China | 0.1 | –0.2 | –0.2 | 0.0 | **+0.2** |
| Europe | 0.4 | 0.2 | –0.1 | 0.1 | **–0.1** |
| Total | 7.5 | 7.6 | +0.1 | 8.9 | **+1.3** |

**Performance Forecast for FY2021**

**Revenue** ¥176.2 billion ↑ ¥13.8 billion

Revenue is expected to improve by virtue of the rejuvenated sales volume.

**Operating profit** ¥8.9 billion ↑ ¥1.3 billion

Operating profit is projected to increase as a consequence of the revived sales volume and other factors, despite dissipation of the gains from Blommer's cocoa futures.

**Operating Profit**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan (retroactively adjusted) | 2.1 | 1.5 | –0.6 | 1.7 | **+0.2** |
| (before retroactive adjustment) | 2.3 | 1.8 | –0.5 | | |
| Southeast Asia | 0.3 | –0.2 | –0.4 | 0.3 | **+0.4** |
| China | 1.1 | 1.3 | +0.3 | 1.8 | **+0.5** |
| Total (retroactively adjusted) | 3.6 | 2.7 | –0.9 | 3.8 | **+1.1** |
| (before retroactive adjustment) | 3.8 | 3.0 | –0.8 | | |

**Performance Forecast for FY2021***

**Revenue** ¥80.3 billion ↑ ¥9.7 billion

Revenue is expected to improve by virtue of the rejuvenated sales volume.

**Operating profit** ¥3.8 billion ↑ ¥1.1 billion

Operating profit is projected to increase as a result of higher revenue.

* The figures for year-on-year change have been retroactively adjusted to reflect the reclassification of soy milk and USS soy milk products from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business in fiscal 2021.

**Operating Profit**

(¥ billion)

| | FY2019 | FY2020 | YoY Change | FY2021 Forecast | YoY Change |
|---|---|---|---|---|---|
| Japan (retroactively adjusted) | 3.4 | 3.3 | –0.1 | 3.0 | **–0.3** |
| (before retroactive adjustment) | 3.2 | 3.0 | –0.2 | | |
| China | 0.5 | 0.3 | –0.2 | 0.6 | **+0.3** |
| Europe | –0.0 | –0.1 | –0.1 | –0.4 | **–0.2** |
| Total (retroactively adjusted) | 4.2 | 3.5 | –0.7 | 3.4 | **–0.1** |
| (before retroactive adjustment) | 3.9 | 3.2 | –0.8 | | |

**Performance Forecast for FY2021***

**Revenue** ¥36.0 billion ↑ ¥2.7 billion

Revenue is expected to grow owing to higher sales volume of soy protein ingredients.

**Operating profit** ¥3.4 billion ↓ ¥0.1 billion

Operating profit is projected to edge downward due to increased costs associated with sales growth in Japan and costs stemming from the construction of a new mill in Europe.

* The figures for year-on-year change have been retroactively adjusted to reflect the reclassification of soy milk and USS soy milk products from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business in fiscal 2021.

# Financial Highlights

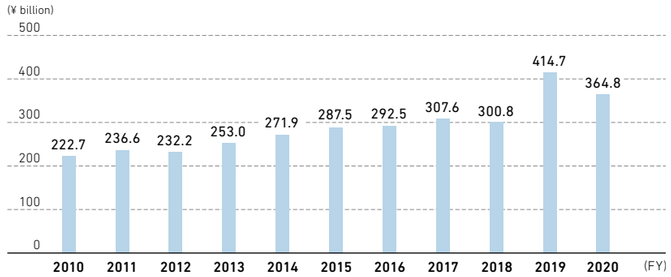
Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2017 to March 31, 2021

(Millions of yen)

| | | FY2016 | FY2017*1 | FY2018*2 | FY2019*3 | FY2020 |
|---|---|---|---|---|---|---|
| **Results** | | | | | | |
| Revenue | | 292,547 | 307,645 | 300,844 | 414,727 | **364,779** |
| Operating profit | | 19,694 | 20,481 | 18,525 | 23,598 | **17,911** |
| Ordinary profit | | 19,712 | 19,983 | 18,176 | 22,359 | **17,565** |
| Income before income taxes | | 18,103 | 18,833 | 16,538 | 23,279 | **17,020** |
| Net income attributable to owners of parent | | 12,105 | 13,742 | 11,582 | 16,375 | **11,014** |
| EBITDA | | 30,751 | 32,098 | 31,224 | 41,485 | **34,261** |
| **Results by Business Segment** | | | | | | |
| Vegetable Oils and Fats Business | Revenue | 106,490 | 113,578 | 106,140 | 114,104 | **98,413** |
| | Operating profit | 6,951 | 7,288 | 7,825 | 11,203 | **7,872** |
| | Segment assets | — | — | 79,826 | 81,953 | **92,962** |
| | ROA*4 | — | — | 9.8% | 13.7% | **8.5%** |
| Industrial Chocolate Business*5 | Revenue | 146,831 | 68,557 | 72,100 | 180,068 | **162,445** |
| | Operating profit | 11,808 | 8,483 | 7,756 | 8,324 | **7,608** |
| | Segment assets | — | — | 191,034 | 170,437 | **150,980** |
| Note: Figures for the Confectionery and Bakery Ingredients Business are shown for fiscal 2016. | ROA*4 | — | — | 4.1% | 4.9% | **5.0%** |
| Emulsified and Fermented Ingredients Business*5 | Revenue | — | 87,505 | 86,492 | 85,192 | **69,567** |
| | Operating profit | — | 4,472 | 3,320 | 4,054 | **3,018** |
| | Segment assets | — | — | 58,197 | 55,999 | **49,045** |
| | ROA*4 | — | — | 5.7% | 7.2% | **6.2%** |
| Soy-Based Ingredients Business | Revenue | 39,226 | 38,004 | 36,110 | 35,360 | **34,353** |
| | Operating profit | 3,582 | 3,546 | 3,289 | 4,016 | **3,169** |
| | Segment assets | — | — | 37,041 | 37,232 | **43,648** |
| | ROA*4 | — | — | 8.9% | 10.8% | **7.3%** |
| **Results by Region** | | | | | | |
| Japan | Revenue | 177,406 | 175,764 | 170,959 | 165,179 | **152,863** |
| | Operating profit | 14,795 | 14,971 | 13,722 | 17,418 | **15,140** |
| Americas | Revenue | 44,813 | 50,795 | 46,030 | 156,733 | **138,071** |
| | Operating profit | 2,336 | 3,709 | 3,103 | 2,874 | **3,200** |
| Southeast Asia*6 | Revenue | 49,484 | 37,681 | 39,022 | 46,211 | **33,925** |
| | Operating profit | 4,423 | 3,246 | 2,098 | 3,206 | **1,294** |
| China | Revenue | — | 19,429 | 21,410 | 22,792 | **21,685** |
| | Operating profit | — | 1,487 | 1,788 | 2,225 | **1,670** |
| Europe | Revenue | 20,842 | 23,974 | 23,422 | 23,809 | **18,232** |
| | Operating profit | 871 | 430 | 1,165 | 1,974 | **303** |
| **Group administrative expenses** | | (2,648) | (3,308) | (3,665) | (4,000) | **(3,756)** |

*1 From fiscal 2018, the Company has reclassified deferred tax assets under investments and other assets, and deferred tax liabilities under fixed liabilities based on Accounting Standards Board of Japan Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting." Results for fiscal 2017 have been retroactively adjusted to reflect the change.
*2 Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been reflected using this method.
*3 Due to the change in the accounting period of 19 overseas consolidated subsidiaries, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries.
*4 Reference figures calculated based on the formula: segment operating profit ÷ segment assets
*5 In fiscal 2019, the Confectionery and Bakery Ingredients Business was split off into the Industrial Chocolate Business and the Emulsified and Fermented Ingredients Business. The figures for fiscal 2016 represent revenue for the Confectionery and Bakery Ingredients Business. Meanwhile, the figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.
*6 In fiscal 2019, the Asia region was split off into the Southeast Asia region and China region. The figures for fiscal 2016 represent results for the Asia region (combined total for Southeast Asia and China). The figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.

## Revenue

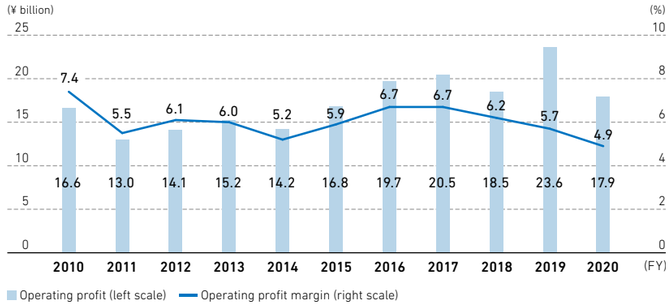



Changes in the prices of palm oil and other raw materials, shifts in sales volume, establishment of new mills and capital investment, and acquisitions and sales of subsidiaries through M&As and other means are all determinative factors for revenue.

**Notable Past Events**

- Fiscal 2019: A substantial increase in operating profit on the heels of the consolidation of Blommer into the Group and figures reflecting 15 months of results, as opposed to 12 months, due to a change in the accounting period of overseas subsidiaries.
- Fiscal 2020: Revenue declined in the wake of COVID-19 and its resulting impact on the diminished sales volume of industrial chocolates and other products.

## Operating Profit / Operating Profit Margin

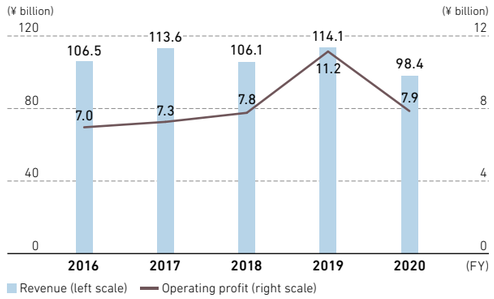



Drastic fluctuations in the prices of palm oil and other raw materials; shifts in sales volume; increases in fixed costs arising from capital investments; and the incurring of special costs resulting from business acquisitions and other transactions are all determinative factors for operating profit.

**Notable Past Events**

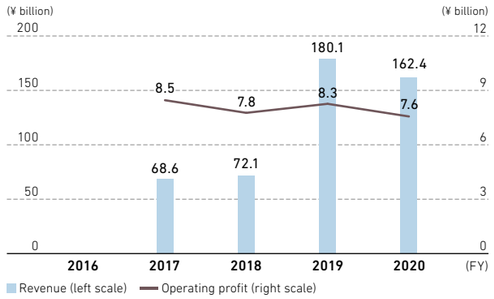
- Fiscal 2011: Operating profit fell in the Oils and Fats Business, the Confectionery and Bakery Ingredients Business, and other businesses due to a rise in raw material prices.
- Fiscal 2016: Operating profit grew owing to contributions from the growth of Harald in the Confectionery and Bakery Ingredients Business and higher profitability in the Soy Protein Business.
- Fiscal 2019: Operating profit increased as a result of the change in the accounting period.

### Vegetable Oils and Fats Business Revenue / Operating Profit



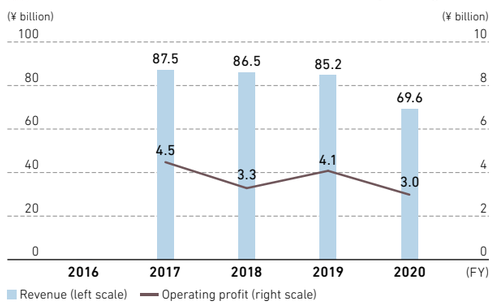

Revenue and operating profit improved in fiscal 2016 and fiscal 2019 due to stability of the oils and fats market.

### Industrial Chocolate Business Revenue / Operating Profit



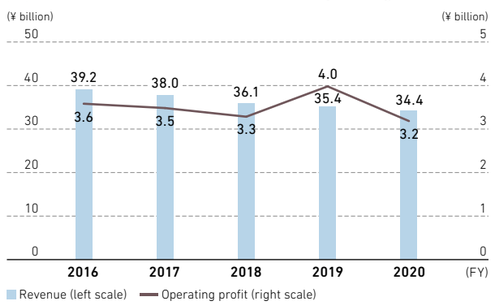

Operating profit declined in fiscal 2018 due to the incurring of costs associated with the acquisition of Blommer while revenue experienced substantial growth in fiscal 2019 as a result of consolidating Blommer into the Group.

### Emulsified and Fermented Ingredients Business Revenue / Operating Profit




Revenue fell in fiscal 2020 as a result of the sale of Toraku Foods Co., Ltd.

### Soy-Based Ingredients Business Revenue / Operating Profit




Measures such as the restructuring of the business portfolio and the strengthening of sales of high-value-added products are currently ongoing in order to improve profitability.

# Financial Position

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
For the fiscal years ended/As of March 31, 2017 to March 31, 2021

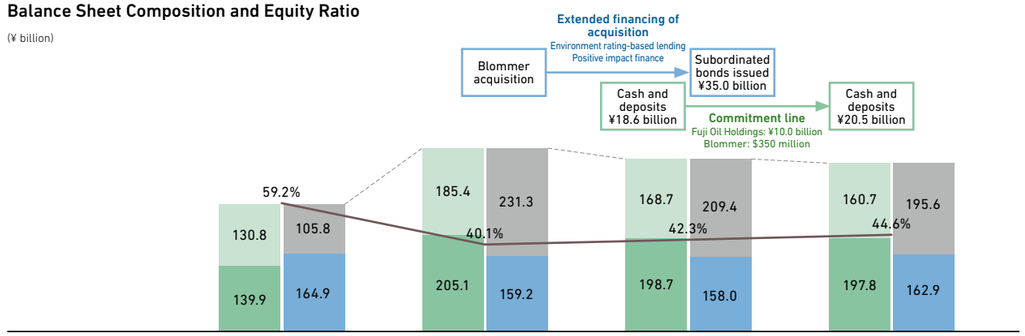
(Millions of yen)

| | FY2016 | FY2017*1 | FY2018*2 | FY2019*3 | FY2020 |
|---|---|---|---|---|---|
| **Balance Sheet Summary** | | | | | |
| Current assets | 132,455 | 130,805 | 185,435 | 168,662 | **160,736** |
| Fixed assets | 139,653 | 139,925 | 205,088 | 198,459 | **197,589** |
| **Total assets** | 272,109 | 270,731 | 390,524 | 367,365 | **358,511** |
| Current liabilities | 69,576 | 67,460 | 168,333 | 105,484 | **91,017** |
| Fixed liabilities | 47,051 | 38,372 | 62,963 | 103,894 | **104,604** |
| Interest-bearing loans | 65,667 | 56,613 | 160,454 | 146,232 | **131,309** |
| **Total liabilities** | 116,628 | 105,833 | 231,297 | 209,379 | **195,621** |
| **Total net assets** | 155,480 | 164,897 | 159,227 | 157,986 | **162,890** |
| **Cash Flow Summary** | | | | | |
| Cash flow from operating activities | 16,521 | 28,206 | 22,637 | 37,058 | **38,205** |
| Cash flow from investing activities | (13,760) | (14,510) | (79,104) | (18,302) | **(17,395)** |
| Free cash flow | 2,760 | 13,695 | (56,467) | 18,755 | **20,809** |
| Cash flow from financing activities | (5,662) | (13,452) | 65,487 | (20,674) | **(19,931)** |
| Capital expenditures | 13,611 | 14,689 | 15,943 | 18,042 | **20,824** |
| Depreciation expenses | 9,593 | 9,995 | 10,992 | 12,960 | **11,773** |
| R&D expenses | 4,459 | 4,613 | 4,758 | 5,231 | **4,994** |
| **Per Share Data** (Yen) | | | | | |
| Stock price, at year-end | 2,607 | 3,210 | 3,790 | 2,608 | **2,953** |
| EPS | 140.83 | 159.87 | 134.75 | 190.51 | **128.14** |
| BPS | 1,753.54 | 1,863.83 | 1,819.74 | 1,808.65 | **1,861.67** |
| Dividends per share | 44 | 48 | 50 | 56 | **52** |
| Payout ratio (%) | 31.2 | 30.0 | 37.1 | 29.4 | **40.6** |
| **Financial Indicators** | | | | | |
| ROA (%) | 7.3 | 7.4 | 5.5 | 5.9 | **4.8** |
| ROE (%) | 8.3 | 8.8 | 7.3 | 10.5 | **7.0** |
| Net income margin (%) | 4.1 | 4.5 | 3.8 | 3.9 | **3.0** |
| Total asset turnover ratio (%) | 1.08 | 1.14 | 0.77 | 1.13 | **1.01** |
| Financial leverage (Times) | 1.8 | 1.7 | 2.5 | 2.4 | **2.2** |
| ROIC (%) | 6.4 | 6.7 | 4.0 | 5.1 | **4.0** |
| Net D/E ratio<br>= Interest-bearing debt/Shareholders' equity | 0.4 | 0.3 | 0.9 | 0.7 | **0.6** |
| Equity ratio (%) | 55.4 | 59.2 | 40.1 | 42.3 | **44.6** |
| Cash conversion cycle*4 (Days) | 110 | 103 | 105 | 113 | **107** |
| Goodwill (General) (Millions of yen) | 21,654 | 19,638 | 60,504 | 52,686 | **46,648** |
| Amortization of goodwill (Millions of yen) | 625 | 716 | 709 | 2,399 | **2,071** |
| Ratio of goodwill to net assets (%) | 13.9 | 11.9 | 38.0 | 33.3 | **28.6** |
| **Other** | | | | | |
| Employees | 5,056 | 5,092 | 5,963 | 5,874 | **5,679** |

*1 From fiscal 2018, the Company has reclassified deferred tax assets under investments and other assets, and deferred tax liabilities under fixed liabilities based on Accounting Standards Board of Japan Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting." Results for fiscal 2017 have been retroactively adjusted to reflect the change.
*2 Due to the use of the provisional accounting method for business integrations in fiscal 2019, the fiscal 2018 figures have been reflected using this method.
*3 Due to the change in the accounting period of 19 overseas consolidated subsidiaries, the fiscal 2019 figures reflect 15 months (January 1, 2019 to March 31, 2020) of results for these subsidiaries.
*4 The impact of the consolidation of Blommer's balance sheet has not been reflected in the figure for fiscal 2018. The figure for fiscal 2019 has been calculated based on 12 months of results for Group companies that changed their accounting period.

## Balance Sheet Composition and Equity Ratio

(¥ billion)

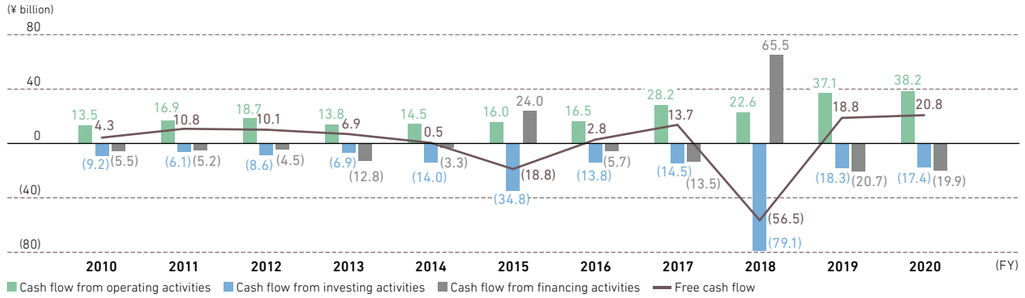



| (FY) | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| **Total assets** | ¥270.7 billion | ¥390.5 billion | ¥367.4 billion | ¥358.5 billion |
| **Equity ratio** | 59.2% | 40.1% | 42.3% | 44.6% |

Current assets ■ Fixed assets/Other ■ Liabilities ■ Net assets ■ Equity ratio

## Cash Flows

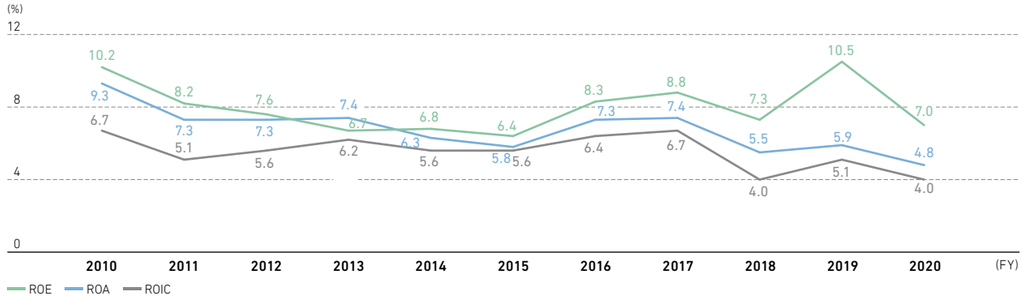
(¥ billion)




Cash flow from operating activities ■ Cash flow from investing activities ■ Cash flow from financing activities ■ Free cash flow

## ROE / ROA / ROIC

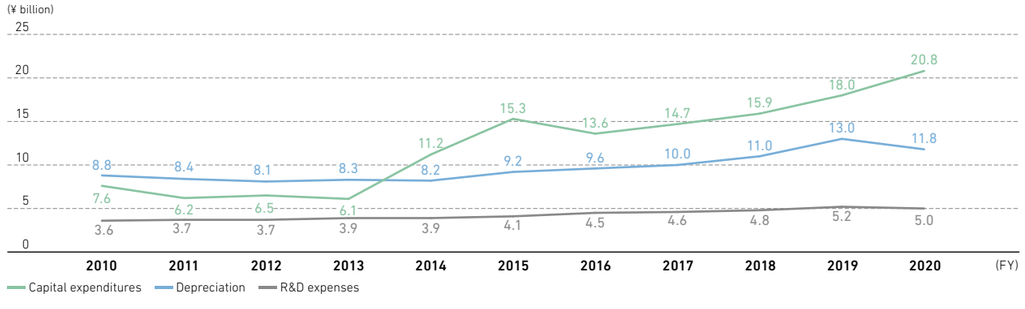
(%)




ROE ■ ROA ■ ROIC

## Capital Expenditures / Depreciation / R&D Expenses

(¥ billion)




Capital expenditures ■ Depreciation ■ R&D expenses