



CSO
SECTION

Hitoshi Shindachi
Senior Executive Officer
Chief Strategy Officer (CSO)

We will steadily proceed with the measures we were unable to implement as a result of COVID-19.

The four years covering the Group's previous medium-term management plan, "Towards a Further Leap 2020 (2017-2020)," was a period in which we laid a variety of groundwork for the global expansion of our business and the strengthening of our management foundation on the back of our four growth strategies—"reinforcement of core competence," "growth of soy business," "development of functional high-value-added products business," and "cost reduction and unification with the global standard"—while at the same time uncovering a range of issues.

For the "reinforcement of core competence," we set out to steadily expand the markets and product lineups in which we are strong and actively enhanced our presence in each segment. In the Vegetable Oils and Fats Business, Unifuji Sdn. Bhd., which began operating in 2018, secured its supply chain and expanded sales of sustainable palm. Along with extending collaborative efforts, we are diversifying our line of oil and fat raw materials while expanding production and promoting sustainability initiatives for shea kernel. In the Industrial Chocolate Business, in addition to our acquisition of Blommer Chocolate Company in fiscal 2018, we aggressively invested and enhanced production capacity in each region while widening our regional coverage and bolstering our management structure. Regardless of these efforts, the stability of Blommer's operations, Harald's measures to address the weakening Brazilian real, and the creation of synergies through global business alliances are ongoing issues and we will continue to pursue improvements in these areas accordingly.

For the "growth of soy business," we restructured the business portfolio of the Soy-Based Ingredients Business and pressed forward with our selection and concentration efforts. Unprofitable, non-core businesses and assets were transferred and sold to improve the business's profitability while operations of our new Chiba Plant commenced in fiscal 2020, putting a framework in place to address the growing demand for textured soy protein, an area of concentration. Moreover, the operations of "UPGRADE Plant based kitchen," a pop-up store serving plant-based foods since 2019, has played a key role in strengthening our communication with consumers and expanding our knowledge of the plant-based food market. While the fruits of such efforts will not be realized until further down the line, I truly believe that these initiatives have helped uncover our direction as a sustainable business committed to resolving the issues of society, as well as paving the way for our future.

As for the "development of functional high-value-added products business," while profitability of the stabilized DHA/EPA business fell behind schedule, we bolstered the production capacity of water-soluble soy polysaccharides to help drive its earnings. In addition, we are making headway with the construction of our new plant in Germany to expand our global sales network for the polysaccharide business and set the stage for our rollout of plant-based food ingredients in Europe and the Americas.



In regard to "cost reduction and unification with the global standard," we set out to enhance the Group's productivity and competitiveness. Our efforts also included the establishment of a risk management framework to enhance financial and IT governance as well as identify business risks and strengthen the management structure for such risks. Further, our Group companies are making strides with the implementation of specific KPI-based measures as a result of our declaration of commitments to the sustainability of key raw materials and the reduction of environmental impact and the establishment of a global promotion structure. Meanwhile, we have also been pressing ahead with emphasis on strengthening Group governance, including the establishment of regional headquarters; however, issues still exist with our current governance practices. Accordingly, we will continue to proceed with the measures necessary to strengthen our Group governance structure.

■ Japan ■ Americas ■ Southeast Asia ■ China ■ Europe

Basic Policies	Medium-Term Management Plan "Towards a Further Leap 2020 (2017-2020)"				Overview
	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Results	
Reinforcement of core competence					
Vegetable Oils and Fats	■ Establishment of Unifuji	■ Start of operations at Unifuji	■ Expanded sales of Unifuji products	■ Preparations ongoing for launch of new plant in the U.S. (operations slated to commence in 2021)	Achievements <ul style="list-style-type: none"> Expanded Industrial Chocolate Business and advanced into new markets Measures Going Forward <ul style="list-style-type: none"> Improve profitability of Blommer and Harald Launch operations of new vegetable oils and fats plant in the U.S. Improve earnings by leveraging Group synergies
Industrial Chocolate	■ Improved earnings of Harald ■ Enhanced production capacity	■ Started construction of a new plant (Fuji Oil New Orleans) ■ Acquired shares of Blommer ■ Acquired shares of Industrial Food Services (Australia)	■ Consolidated shea nut extraction business in Ghana into the Group ■ Consolidated Blommer into the Group and conducted PMI ■ Implemented new cocoa bean procurement scheme for futures transactions ■ Launched Global Chocolate Unit Meeting	■ Capital expenditures for Blommer ■ Capital expenditures for Harald ■ Capital expenditures for Fuji Oil Europe ■ Strengthened Group collaboration in Asia and China	
Expansion of sales in Asia / Other	■ Commenced construction of new plant in China (Fuji Oil (Zhaoqing) Co., LTD) ■ Captured growing demand ■ Improved production capacity	■ Started operations of new plant ■ Established FUJISUNNY PLAZA Jinan	■ Increased production capacity of colored chocolate ■ Received year-round contributions from new plant	■ Transferred Toraku Foods Co., Ltd. ■ Transferred 3F FUJI FOODS PRIVATE LIMITED	
Growth of soy business					
Selection	■ Sakai Plant closed ■ Ishikawa Plant divested	■ Transferred Jilin Fuji Protein	■ Transferred Shandong Longteng Fuji Foodstuffs Co., Ltd.		Achievements <ul style="list-style-type: none"> Streamlined product portfolio of existing businesses and generated cash flow Measures Going Forward <ul style="list-style-type: none"> Improve earnings by providing added value
Concentration	■ Increased sales of high-value-added products ■ Created soy products market		■ Established new PBFS Division ■ Opened "UPGRADE Plant based kitchen" in Daimaru Shinsaibashi Store	■ Commenced operations at new textured soy protein plant (Chiba Prefecture)	
Development of functional high-value-added products business					
Polysaccharide business		■ Commenced production of water-soluble soy polysaccharides	■ Reinforced production facilities ■ Established new plant in Germany (Fuji Brandenburg)	■ Commenced construction of new plant in Germany to expand overseas sales of polysaccharides (operations slated to commence in 2022)	Achievements <ul style="list-style-type: none"> Reinforced production facilities of polysaccharide business Measures Going Forward <ul style="list-style-type: none"> Contribute to earnings of stabilized DHA/EPA business
Stabilized DHA/EPA business	■ Acquired labels for functional foods ■ Released Company products for sale online	■ Acquired Self-Affirmed GRAS designation to expand sales in the U.S.	■ Expanded applications and continued to increase sales	■ Expanded sales ■ Established production facilities	
Cost reduction and unification with the global standard					
Financial strategy	<ul style="list-style-type: none"> Developed global CMS*1 infrastructure Implemented core systems 	<ul style="list-style-type: none"> Commenced operation of core systems and global CMS at certain business sites Restructured the Group's financial system Introduced new investment standards 	<ul style="list-style-type: none"> Implemented core system at roughly 90% of Group companies on a revenue basis*2 Introduced withdrawal guidelines Introduced unified accounting periods 	<ul style="list-style-type: none"> Continued to implement core systems Continued with preparations to unify accounting standards 	Achievements <ul style="list-style-type: none"> Unified accounting periods and implemented core systems Formulated sustainable procurement policy and medium- to long-term targets (for palm and cocoa) and strengthened global promotion structure Measures Going Forward <ul style="list-style-type: none"> Establish and strengthen Group governance system
Other management infrastructure	<ul style="list-style-type: none"> Established the Productivity Management Group Supply chain management team commenced operations 	<ul style="list-style-type: none"> Established headquarters in the Americas and Europe Responsible Cocoa Beans Sourcing Policy Introduced grievance mechanism Formulation of Environmental Vision 2030 	<ul style="list-style-type: none"> Established C'ESG'0 Section 	<ul style="list-style-type: none"> Declared medium- to long-term sustainable procurement targets (for palm and cocoa) and commenced operation Established Global Sustainable Sourcing Committee Commenced operation of new executive compensation system 	

*1 Cash management system

*2 Existing Group companies excluding Blommer and Industrial Food Services

Fiscal 2020 Results and Impact of COVID-19

Fiscal 2020 was a severely challenging and tumultuous year in which the lives of Fuji Oil Group employees were tragically lost and over 300 employees fell victim to the COVID-19 pandemic, particularly in the U.S. and South America. However, through our determined resolve to continue to provide food to society as an essential business, we banded together as a team and managed to sustain the operations of all of our plants without having to take such actions as extended closures.

While the degree of the impact of COVID-19 on our earnings is different between each country and region, we suffered the consequences of the pandemic in terms of unstable plant operations, labor shortages, and diminished demand in all of the markets in which we operate. As a result of government restrictions imposed on the movement of people, we were able to tap into new demand in areas we had yet to encounter. However, our sales volume declined in our existing businesses.

Lockdowns and other measures enforced around the world to restrict the flow of people have interfered in our efforts to ensure adequate labor, steady production, and stable operations. Moreover, in addition to our human resources, the labor shortage has had a significant impact on our flow of goods, as it has led to delays in our logistics processes and unstable supplies of primary commodities. To ensure the safety of our employees and prevent them from being exposed to the virus, the Group placed restrictions on the number of employees within our plants and prohibited the entry of visitors. These preventative measures, however, hindered the operations of plants in the U.S. and Brazil, where the number of COVID-19 cases has been rather significant. Specifically, restrictions on the number of employees at Blommer's plants in the U.S. caused delays to its growth investment, which was a hard pill to swallow from a strategic point of view.

In terms of the pandemic's impact on demand, government restrictions to stay indoors triggered a setback in demand for products consumed at food service outlets and other destinations. The travel and tourism industry was also dealt a big blow, as a result of which our demand in the souvenir market plummeted in each region. Meanwhile, preferences toward at-home consumption and demand associated with people staying at home are sparking a growth in demand in Japan for products seen as "offering a little treat for myself." At the Fuji Oil Group, we have continued to adapt to the changing needs of each region through the sales of products geared toward takeout and delivery services, products packaged in small quantities tailored to individual customers, and chocolate filling for homemade confectioneries, as well as the development of sugar-free chocolates and other high-value-added products aimed at providing better health. Furthermore, in China, a new web-based sales method was put in place, fueling sales growth of products in the bakery market.

In terms of fiscal 2020 by quarter, while the first quarter saw demand drop by half in certain markets, the Chinese market bounced back in the second quarter; certain other countries got back on track gradually in the third quarter; and economic activities and consumption recovered at last in Japan, Europe, and the Americas in the fourth quarter. As a consequence, we were able to conclude the fourth quarter with results almost on a par with previous years. Despite this resurgence, the pandemic continues to linger in fiscal 2021 and this will likely have a certain degree of impact on our recovery efforts in the first half of the year. We will take the appropriate measures to address this situation as we move forward.

Our Measures for Fiscal 2021

"Commitment to profit" has been declared by the Group's CEO as the policy for our contributions to all stakeholders in fiscal 2021. We will steadily proceed with measures we were unable to accomplish in fiscal 2020 as a result of COVID-19, while making the achievement of our fiscal 2021 profit plan a top priority to chart our course for the launch of our new medium-term management plan in fiscal 2022.

To that end, our initial focus will be to firmly generate profits in the Industrial Chocolate Business in the Americas and Southeast Asia. Adjusting to the changing consumption patterns under the new normal era and our ongoing efforts from fiscal 2020 to regain the demand that dissipated due to COVID-19 will be essential to realizing top-line growth. In the process, our measures to date to improve productivity and operational efficiency will help enhance the level of our profits. And, while we expect to feel the effects of the soaring prices of palm oil and other raw materials, we will strive to improve our earnings through steady price adjustments and other measures.

In addition, our efforts to strengthen cross-organizational systems and activities are moving along the right path. In fiscal 2021, the regional headquarters of the Americas and Europe regions were integrated, thereby establishing a framework that accelerates the pace of risk management for raw material supply chains and market fluctuations, synergy creation between the Vegetable Oils and Fats and the Industrial Chocolate businesses, and development of new value-added products. Also, the Global Chocolate Committee and Global Sustainable Sourcing Committee were established under the direct guidance of the CSO, through which we will look to enhance the speed of decision-making for Groupwide strategies and generate even more synergies.

While concerns over our unstable business environment stemming from COVID-19 will still be undeniably evident in fiscal 2021, we will do everything in our power to restore profits and set the stage for our next medium-term management plan.

Our Direction Going Forward and Vision for the Medium to Long Term

Our immediate focus is on achieving profitability of Harald and Blommer, which form the basis of our Industrial Chocolate Business, in a timely manner and acquiring returns commensurate with the level of our investment. We must quickly address the issue of productivity improvement, which has become increasingly urgent and is also a reason for the delay in profitability.

Meanwhile, our new oil and fat plants in the U.S. that will commence operations in fiscal 2021 will look to capitalize on the increased demand for oils and fats, while our polysaccharide plants in Germany that are currently under construction will team up with the new R&D center in Europe—a leader in the health and nutrition market—and pursue entry into new markets. In Brazil, we will boost our production capacity while seeking further growth in the expanding chocolate market through the operations of the second plant, which is currently in its planning stages. Furthermore, in China, the plant-based cream market is projected to expand, and we are working to enhance earnings by capturing this growing market for our new plant in this market.

Almost all of the raw materials used in our four existing businesses—Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients—are derived from plants. We adopted a new sourcing policy for soybeans and shea kernels in fiscal 2021 and will continue to make steady strides with the sustainable procurement of such key raw materials, in an effort to help realize a sustainable society.

With a view to establishing purchasing partnerships across the globe, we will monitor our raw material procurement with an overarching view of its entire framework, through which we will enhance the level of our profits. For example, the Global Chocolate Committee, which was established in fiscal 2021 as a project under the direct supervision of the CSO, aims to maximize synergies through the sharing of chocolate business strategies across the Group.

Our mission is to provide customers with value that brings deliciousness and health to their lifestyles and contribute to delivering value to society.

We will continue to hone our technologies, which form the foundation of our business, and strengthen our commitment to safety, quality, and the environment so that we can build even stronger relationships of trust with our customers for our products and services, which serve as the lifeblood of our business. Looking ahead, we will leverage the strengths of our technologies in the Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients businesses and combine them along the way to descend upon new spectrums of food.

With our sights set on contributing to the lives of all stakeholders, we will continue to draw on the capabilities of our global network, plant-based food ingredients, and solid processing technologies to roll out new businesses and grow even further as a company. What ought to lie ahead of that is a bright future for the world of food that is friendly to both humanity and the environment.



Hitoshi Shindachi
Senior Executive Officer
Chief Strategy Officer (CSO)

Management of Business Segments and Regions

Since our transition to a holding company system in 2015 with the aim of achieving sustainable growth, we have developed a management structure optimized for our entire operations by focusing on business execution in our five regions (four regions from fiscal 2021 due to the integration of the Americas and Europe) while promoting global strategies centered on our four business lines.

Management of Business Segments

Amid the increasing globalization of our business, there is a growing need for global strategies such as enhancing the brand value of our products and addressing the needs of customers worldwide. As such, we are strengthening our design and execution of strategies in the form of global supply chain development, integration of sustainability programs, global customer response, joint procurement, and enhancement of brand value.

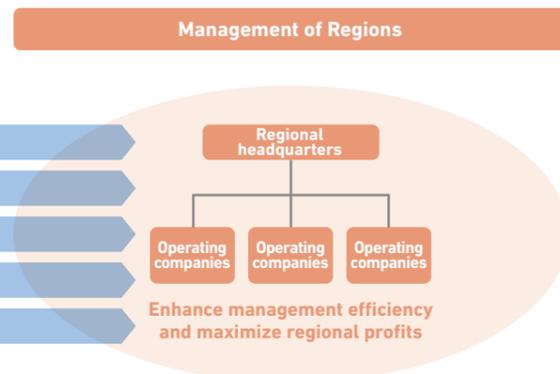
In fiscal 2020, we established the role of business unit manager and honed our ability to formulate global strategies with respect to each of our core global product lines, with the aim of optimizing our products across the Group. Moreover, in an effort to ramp up the pace of synergy creation on a global scale, the Global Sustainable Sourcing Committee (see page 21) was established in fiscal 2020 and the Global Chocolate Committee (see page 64) was established in fiscal 2021.



Management of Regions

The development of the food business, which is deeply rooted in the culture and tastes of the various regions across the globe, entails timely responses to changes in the food environment of each region. For that reason, we have established regional headquarters in Japan, Southeast Asia, China, Europe, and the Americas to which we delegate the authority necessary for making management decisions whenever possible, in order to increase the efficiency and speed of our management.

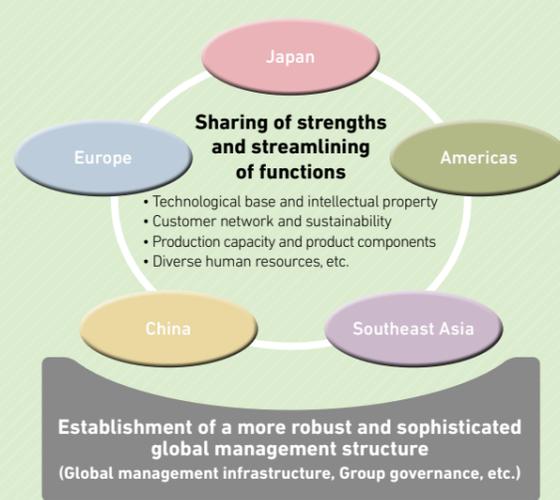
To enhance our management efficiency to an even greater degree while maximizing profits in each business segment and region, we will develop an execution system and formulate regional strategies in accordance with our Group strategies.



Strengthening Our Global Integration and Global Management Structure

The Fuji Oil Group is proceeding ahead with its global integration efforts to take full advantage of Groupwide assets such as the unique strengths and production capacity of each region and operating company. In so doing, we will continue to press forward with our Group management and leverage our collective strengths, while the streamlining of functions and adjustments necessary for leveraging such synergies will be carried out by Group headquarters.

In order to continue raising the level of such Groupwide collaboration and business growth, we will develop the global management infrastructure and Group governance necessary and thereby establish a more robust and sophisticated global management structure (see page 92 for details on our Group governance).



Major Group Companies (As of March 31, 2021)

Notes: 1. Mainly consolidated subsidiaries and equity-method affiliates
2. Business segment notation is based on accounting segment.
3. The fiscal years enclosed in () represent the companies' year of establishment. However, for companies consolidated into the Group through M&As, the year of their acquisition is provided.

Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, Soy-Based Ingredients, Fuji Oil Holdings/Regional headquarters, Japan, Americas, Southeast Asia, China, Europe



Naohiro Rokukawa
President of Fuji Specialties, Inc.
Chairman of Blommer Chocolate Company



Masataka Minemura
President
Fuji Oil (China) Investment Co., Ltd.



Tatsuji Omori
President
Fuji Oil Co., Ltd.



- Americas**
 - Fuji Specialties, Inc. (1987)
 - Fuji Vegetable Oil, Inc. (1987)
 - Harald Indústria e Comércio de Alimentos Ltda (2015)
 - Fuji Oil New Orleans, LLC (2018)
 - Blommer Chocolate Company (2018)
- Europe**
 - Fuji Oil Europe (1992)
 - Fuji Oil Ghana Ltd. (2012)
 - Fuji Europe Africa B.V.*1 (2018)
 - Fuji Brandenburg GmbH (2019)
 - CLEO Holdings B.V. (2021)

- China**
 - Fuji Oil (China) Investment Co., Ltd. (2015)
 - Shanghai Xuyang Food Co., Ltd. (1995)
 - Fuji Oil (Zhang Jia Gang) Co., Ltd. (1995)
 - Fuji Oil (Zhang Jia Gang Free Trade Zone) Co., Ltd. (1997)
 - Tianjin Fuji Protein Co., Ltd. (2004)
 - Fuji Oil (Zhaoqing) Co., Ltd. (2017)
 - Blommer Chocolate Manufacturing (Shanghai) Company Ltd.*2 (2018)

- Japan**
 - Fuji Oil Co., Ltd. (2015)
 - Hannan Tank Terminal Co., Ltd. (1972)
 - Fuji Fresh Foods Co., Ltd. (1973)
 - F&F Co., Ltd. (1989)
 - Fuji Sunny Foods Co., Ltd. (1990)
 - Fuji Tsukuba Foods Co., Ltd. (2001)
 - Fuji Kobe Foods Co., Ltd. (2004)
 - Chiba Vegoil Tank Terminal Co., Ltd. (2005)
 - Omu Milk Products Co., Ltd. (2011)

- Southeast Asia**
 - Fuji Oil Asia Pte. Ltd. (2003)
 - Fuji Oil (Singapore) Pte. Ltd. (1981)
 - Pal maju Edible Oil Sdn. Bhd. (1985)
 - Woodlands Sunny Foods Pte. Ltd. (1988)
 - K&FS Pte. Ltd. (1988)
 - PT. Freyabadi Indotama (1995)
 - PT. Musim Mas-Fuji (2010)
 - Fuji Oil (Thailand) Co., Ltd. (2010)
 - Fuji Global Chocolate (M) Sdn. Bhd. (2016)
 - Unifuji Sdn. Bhd. (2017)
 - Industrial Food Services Pty. Ltd. (2018)

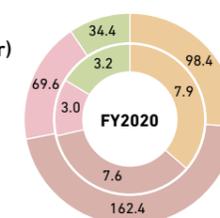
Jitsuo Sasaki
Managing Director
Fuji Oil Asia Pte. Ltd.



*1 Non-consolidated subsidiary
*2 Split off from Blommer (the Americas) in 2020

Revenue by business (outer) / Operating profit by business (inner) (¥ billion)

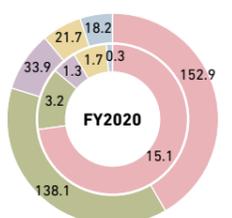
Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, Soy-Based Ingredients



Notes: 1. The figures in the chart above do not include Group administrative expenses and consolidated adjustments.
2. Fiscal 2020 results reflect retroactively adjusted figures for soy milk and USS soy milk products, which were reclassified to the Emulsified and Fermented Ingredients Business as of fiscal 2021.

Revenue by region (outer) / Operating profit by region (inner) (¥ billion)

Japan, Americas, Southeast Asia, China, Europe

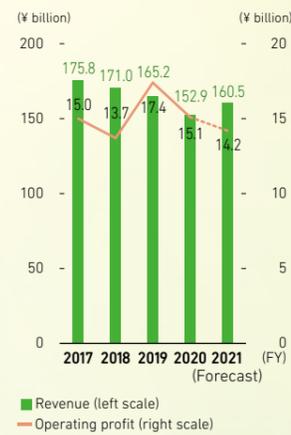


Notes: 1. The figures in the chart above do not include Group administrative expenses and consolidated adjustments.
2. Fiscal 2020 results reflect retroactively adjusted figures for soy milk and USS soy milk products, which were reclassified to the Emulsified and Fermented Ingredients Business as of fiscal 2021.

Japan



Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none"> Transformation of social climate amid COVID-19 pandemic Continuously deflating Japanese economy and upsurge in global raw material market Aging population and declining working population = Likelihood of longer healthy lifespan Growing need for ESG management toward realizing the SDGs 	<ul style="list-style-type: none"> Favorable performance of competitively priced products (consumed during deflation) and collaboratively designed products (that offer new value and act as a slight treat for oneself) in light of COVID-19 Greater emphasis on healthier lifestyles stemming from the impact of longer hours spent at home due to telework and lack of exercise Growing interest toward mitigating environmental impact and in sustainable procurement

Promoting the Innovation of Foods Centered on Plant-Based Ingredients on the Basis of "Deliciousness and Health"

The declining birthrate, aging population, and diminishing labor force will remain an ongoing issue in Japan. The nation's real GDP suffered negative growth in fiscal 2020, and the business environment surrounding the manufacturing industry underwent significant changes due to the impact of COVID-19.

In light of such conditions, the Fuji Oil Group will continue to remain fully committed to the development of products that contribute to longer healthy lifespans, while devoting even more attention to plant-based foods, which will likely see greater demand as a result of the growing interest in the global environment.

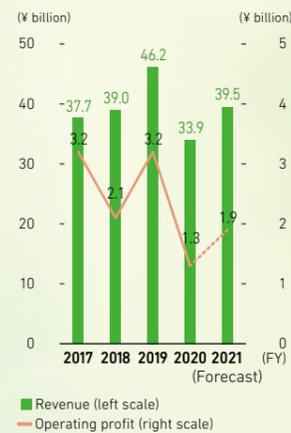
Although we will continue to suffer the effects of the deteriorating food service and souvenir markets sparked by COVID-19, we will explore methods to offset this loss by increasing the revenue of our products geared to plant-based food solutions, takeout, and homemade meals.

Moving forward, the Fuji Oil Group will remain committed to its unwavering beliefs and continue to contribute to the achievement of the SDGs through its main business. We will accomplish this by strengthening ESG management, adapting to the needs of society, and promoting the innovation of foods, centered on PBFs, based on our concept of "deliciousness and health."

Southeast Asia



Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none"> Region consisting of various ethnicities, religions, and food cultures, and levels of economic development that differ from country to country Low-income countries are achieving high organic growth while high-income countries are entering their stage of maturity 	<ul style="list-style-type: none"> High-income earners have a greater need for delicious foods and value the importance of safety, peace of mind, health, and the environment Mid- and low-income earners continue to value the importance of prices Must adhere to sustainability and traceability standards as a global supply base for tropical oils and fats

Addressing the Needs of Asia's Diverse Food Markets and Complying with the Global Sustainability Standards for Oils and Fats

In the Industrial Chocolate Business, we will draw on our four manufacturing bases to closely accommodate the market and customer needs of each country and tap into new markets while delving deeper into existing markets. For the confectionery and bakery product market, we will leverage our technology developed in Japan to uncover the market for high-quality, high-value-added products, while strengthening cost competitiveness and targeting our volume zone. As for the supply of oil and fat intermediate products, we will assemble a supply chain that complies with globally accepted sustainability and traceability standards.

Regional Synergies

We will effectively draw on the capabilities of the Asia R&D Center and application center FUJISUNNYPLAZA to optimally expand our business in the Southeast Asian market. We will also look to boost our cost competitiveness by enhancing operational efficiency at each business site and maximizing productivity at each plant.

China



Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none"> GDP projected to become highest in the world by 2030 (accounting for a quarter of total GDP worldwide) Population aged 65 and older on the verge of reaching 200 million people. Diversification and rejuvenation of senior market, including the wealthy class Earnest efforts now being made to resolve decarbonization and other environmental issues 	<ul style="list-style-type: none"> Ongoing changes in consumption patterns stemming from COVID-19 = Growing need for solutions to the issue of social distancing, such as grocery shopping for meals at home and food delivery services New health-conscious food culture becoming widespread amid COVID-19 = Rapid spread of plant-based meat culture

Three Core Pillars Poised to Realize 10% Profit for the Group and Contribute to Sustainable Growth

In the Emulsified and Fermented Ingredients Business, we cemented our position for fillings in the Chinese market and formed a nationwide sales structure with FUJISUNNYPLAZA customer service centers, which operate primarily within the seven urban centers of China.

In the chocolate business, we expanded our production capacity through the contributions of Blommer (Shanghai), realizing a framework that accommodates further growth of our sales going forward. We will strive to maintain our market position for the Emulsified and Fermented Ingredients Business, develop the chocolate business to comprise our second core pillar, and lay the groundwork for establishing plant-based protein ingredients as our third core pillar.

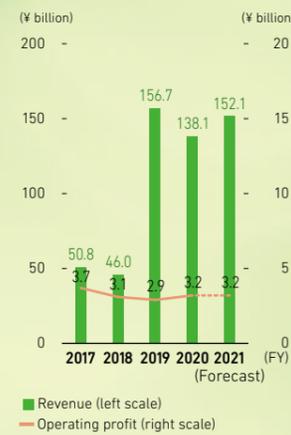
Regional Synergies

We are exploring the possibility of drawing on our nationwide sales structure to promote sales of chocolates and plant-based protein ingredients. Aiming to reinforce ESG management, we will restructure our organization through the spin-off of our production and sales companies, building a framework capable of realizing sustainable growth. In addition, our production sites will undergo upgrades to become even more optimal and competitive.

Americas



Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none"> Drastic economic recovery spurred by economic measures and timely administering of vaccines in response to COVID-19, the effects of which has sparked extreme labor shortages and nationwide logistical challenges (North America) Oils and fats market undergoing structural changes as a result of the new U.S. Administration's emphasis on renewable energy (North America) New consumption patterns emerging from changes in needs associated with lingering COVID-19 pandemic (South America) 	<ul style="list-style-type: none"> Changes in consumers' behaviors, rapid growth of ethical consumption (North America) and inclination toward wellness consumption (South America) Increase in online shopping precipitated by the impact of COVID-19 (Americas)

Reinforcing Our Core Competence and Accommodating Market Changes

In the Americas, the economies are positioned to improve drastically during post-COVID-19 era. To align with strong demand recovery, we will prioritize setting new production lines in addition to optimizing and enhancing our existing production facilities, which have been underway since FY2019, and reinforcing our supply chain for both oils and fats and chocolates. The pandemic has motivated consumers to once again seek safety, security, wellness, and environmental solutions. In the U.S., the new Administration's commitment to environmental issues is accelerating ethical consumption, while in Brazil, a significant level of emphasis on wellness has become apparent. By accommodating the needs for sustainable and ethical consumption, the Group aims to differentiate itself from the competition. This will entail developing and launching new products that align with the needs of the fast changing market, adapting our production capabilities to a new product portfolio, and opening up new sales channels.

Regional Synergies (Americas and Europe)

In the U.S. and Europe, the need for timely response and adequate solutions concerning safety, security, wellness, and the environment are continuing to grow. Fuji Specialties, Inc. will focus on tackling challenges such as maintaining a reliable supply chain, securing sufficient sustainable raw materials, managing highly volatile market risks, and creating new value-added products that answer the needs of diversified and varying consumption patterns by combining the strengths and good practices of Group companies in the Americas and the Europe-Africa region.

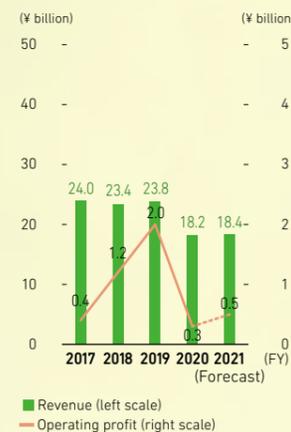
Challenges concerning various ESG issues, especially in Europe and the U.S., where ESG awareness is higher than in other parts of the globe, will be handled by the newly established Sustainability Development Team, in Europe. "Transatlantic" working groups responsible for innovation, strategic raw materials, and communication have been created in order to responsibly contribute to the Fuji Oil Group as one of its core and strategic regions.

Joint product development is also on the way through alliances between Blommer and Fuji Vegetable Oil as well as among Blommer, Harald, and Fuji Oil Europe to launch a new lineup of value-added chocolate products. Fuji Oil Ghana will partner with Fuji Vegetable Oil to roll out a new line of sustainable oils and fats.

Europe



Revenue / Operating Profit



Perception of Macro Environment	Market Trends
<ul style="list-style-type: none"> Recovery of Eurozone from the impact of COVID-19 (GDP and consumer spending) EU Green Deal and economic relief fund in Europe, 30% of which is allocated to climate change 	<ul style="list-style-type: none"> Economically resilient from fourth quarter of fiscal 2020 amid lockdowns Revival of retail sector to levels above pre-pandemic standards Continuously growing attention on climate change among millennials and Generation Z in post-COVID-19 era

Resolving the Issues of Society through Innovative and Sustainable Products

We will incorporate new trends and global standards regarding food and sustainability into our business practices in Europe, and thereby contribute to the growth of the Group. With the growing attention to environmental conservation and climate change among millennials and Generation Z during and after the COVID-19 era, we will ramp up sales of sustainable products to multinational companies and other existing customers while directing our product development attention to ethical consumption.

Regional Synergies

Leveraging the capabilities of Global Innovation Center Europe (GICE) a new R&D center that will commence operations in fiscal 2021, and our partnerships with plant-based food business developers in Europe, we will set out to launch new products and expand sales of oils and fats, chocolates, and functional ingredients for the plant-based food market.

Regional Strategy



Vegetable Oils and Fats Business

In the Vegetable Oils and Fats Business, we supply a wide array of oil and fat products to food manufacturers. The raw materials that we use are a range of vegetable oils and fats such as palm oil, palm kernel oil and sunflower oil, of which processing such as fractionation, interesterification, among other processes, is performed at our global production sites. We continue to expand our global network and contribute to the growth of our core businesses.

Core Product Line

- ▶ Edible oils and fats
- ▶ Oils and fats for food processing
- ▶ Vegetable fats for chocolate

Main Applications

- ▶ Chocolates
- ▶ Snacks
- ▶ Instant noodles
- ▶ Ice cream
- ▶ Infant formula
- ▶ Margarine, etc.



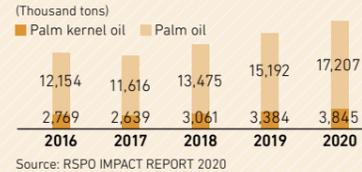
Market Trends and Business Opportunities

- Growing demand for sustainable raw materials
- Increasing need for safe and secure ingredients
- Greater consumption of processed foods spurred by demand associated with people staying at home
- Anticipated recovery of food service sector and gift markets
- Growing interest toward immunostimulation-related foods and ingredients

Competitive Advantages

- Customer trust earned through provision of high-quality products
- First-mover advantage earned as an industry leader in patent applications
- Creation of intersegment synergies
- Stable supply facilitated by intra-Group procurement
- Differentiation realized through procurement of sustainable raw materials

Global Production Volume of RSPO-Certified Oil



Activities of Key Players and Competitive Landscape

- Acceleration in the establishment of a sustainable raw material supply chain
- Expansion of plant-based product lineup
- Increase in the policy implementation toward addressing environmental and human rights issues
- Greater media exposure of competitors

Specific Risks

- Lower profitability of products due to intensifying competition
- Possibility of dispute risk arising from overdependence on palm oil
- Lack of infrastructure in response to sustainability needs
- Restrictions on supply chain stemming from dependence on third parties for raw materials
- Emergence of new competitors

Challenges and Areas of Improvement

- Limited presence in untapped markets
- Delays in reorganization of product portfolio
- Lack of external dissemination of business-related information
- Opportunity loss due to production at full capacity

Strategic Directions

Development of Intra-Group Supply Chain for Certified Palm Oil

The demand for sustainable certified palm oil is increasing particularly among multinational companies based in Europe and the United States. With that said, the Fuji Oil Group will draw on its production sites in Malaysia and Singapore even more for the supply of certified oil to Europe and the U.S. We will also team up with our primary raw material suppliers while putting a supply system in place at Group companies overseas to expand our share of the European and U.S. markets.

FY2020 Results

- Sales volume for the Group overall fell roughly 10% as a result of COVID-19
- Brisk demand for infant formula oils and fats in Chinese and other Asian markets
- Deterioration of profits stemming from surging prices in raw material market
- Firm demand for vegetable fats for chocolate in Japanese market
- Lower profits in Europe reflecting sluggish souvenir market

Priorities in FY2021

- Develop supply chain for vegetable fats for chocolate
- Rapidly expand the range of applications for sustainable oils and fats
- Introduce new value-added products
- Provide safe and secure products
- Reduce reliance on palm oil through alternative use of various other raw materials
- Strengthen synergies between Group businesses
- Steadily promote measures to address priority issues in each region

Share (Company estimate)

- Vegetable fats for chocolate (CBE*): World's top 3
* Cocoa butter equivalent

Annual Production Volume

Approx. 900,000 tons

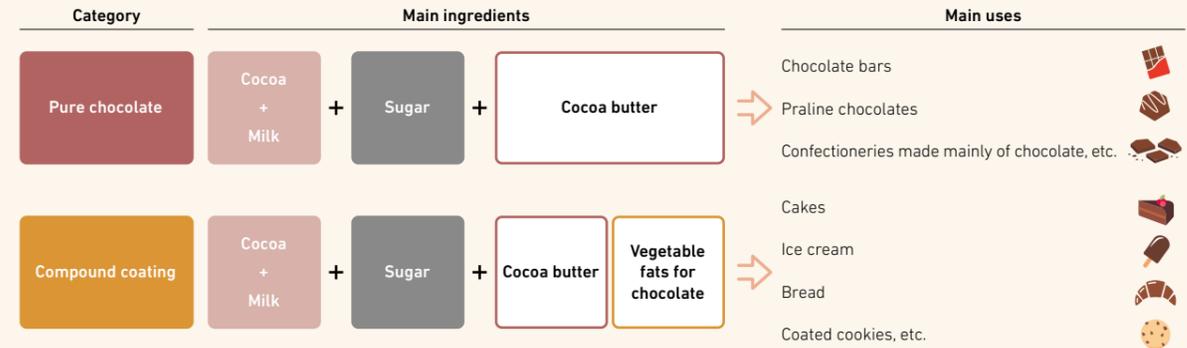
Main Raw Materials

- Palm oil
- Palm kernel oil
- Coconut oil
- Sunflower oil
- Shea butter

Vegetable Fats for Chocolate

Chocolate is made primarily of cocoa, milk, sugar, and oils and fats. Chocolates made of oils and fats containing cocoa butter only are called pure chocolate while chocolates made of vegetable fats for chocolate produced from palm oil and other raw materials are dubbed "compound coating."

The Fuji Oil Group will draw on its long-cultivated know-how in vegetable fats for chocolate to contribute to the growing markets of foods containing chocolate across the globe.



Enhancement of Productivity and Rollout of Sustainability Program at Fuji Oil Ghana Ltd.

At Fuji Oil Ghana Ltd., a Group subsidiary that manufactures shea butter (a raw material for vegetable fats for chocolate), we have been working to enhance productivity by revising our work processes and improving our employees' skill set. As a result, our productivity in fiscal 2020 improved by a substantial 50% over the previous fiscal year, despite the impact of COVID-19. Meanwhile, through our Tebma-Kandu shea kernel sustainability program, which was instituted in fiscal 2021, we will help promote the empowerment of women, reforestation, and the development of local economies, while joining forces with external organizations to continue to create new value.

Shea Butter Production at Fuji Oil Ghana (fiscal 2016 = 100%)



Pursuit of Leading Market Share for Tropical Oils and Fats in the Southern Region of the U.S.

Our new refinery in New Orleans, Louisiana, for which construction was delayed due to COVID-19, will commence operations in the latter half of fiscal 2021. Conveniently located within the proximity of our core customers, the new refinery will be utilized to pursue a 40% share of the market in the eight southern states of the U.S., including Texas, where the population continues to grow, and is projected to play a prominent role in the expansion of our sales channels to the Midwest region and Mexico. In addition, the New Orleans refinery will accommodate the partial production transfer from our Savannah refinery (Fuji Vegetable Oil) in Georgia, which is already operating at full capacity. The New Orleans refinery will serve as an important production site as it will create room for more production capacity with the potential to capture new business opportunities in the eastern region of the U.S., while also functioning as a production backup in the event of a disaster and fulfilling the business continuity plan needs of customers.



New refinery in New Orleans, Louisiana (currently under construction)

Toward the Launch of the New Orleans Refinery



VOICE of Representative

Greg Phillips

Fuji Vegetable Oil, Inc.
Vice President of Operations

We have been receiving a number of positive inquiries from customers in regard to the New Orleans refinery since its construction stage. In order to fulfill the expectations and earn the trust of our customers, employees of the quality, production, and other divisions of the New Orleans refinery underwent thorough training at the Savannah refinery in advance, as a part of our preparation to declare all systems go for the refinery's full-scale operation in the latter half of fiscal 2021. Moving forward, all of our employees will continue to strive to expand our business by maintaining high morale.



Industrial Chocolate Business

The Industrial Chocolate Business manufactures and sells industrial chocolates for use in confectioneries, bakery products, ice cream, and a wide assortment of other products. Our strengths lie in compound coating, which is underpinned by our oils and fats technology for chocolates. We also play an active role in the supply of sustainable, better-for-you products.*

* Better-for-you products: A category of products that pay due consideration to health, society, and the environment.

Core Product Line

Industrial chocolate	
Tempering chocolates*1	Chocolate for ice cream coating
Non-tempering chocolates*2	Colored chocolate
	Molded chocolate

Main Applications

- All products containing chocolate
- Chocolate confectioneries
- Western-style confectioneries
- Sweet baked goods
- Ice cream, etc.

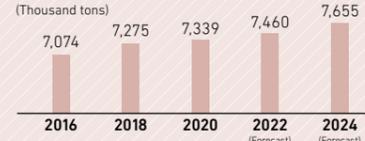
*1 Chocolates that are stabilized under controlled temperatures (tempered) to offer a smooth and glossy finish that melts in the mouth.
*2 Chocolates that do not undergo tempering. While their cocoa content is limited, they can be used in baked goods containing chocolate confectionery and a wide range of other applications.



Market Trends and Business Opportunities

- Greater demand for healthy, reduced-sugar products
- Solid demand for chocolate confectioneries
- Growing demand for sustainable products
- Growth of compound coating products
- Expansion of e-commerce market

Market Trend for Chocolate and Compound Coating



Source: Euromonitor International 2021: Packaged Food/Chocolate Confectionery

Activities of Key Players and Competitive Landscape

- Forming of oligopolies along value chain
- Presence of major players and fierce competition
- Emergence of key players in downstream
- Shift in market landscape of cocoa raw materials
- Impact of COVID-19 on productivity

Competitive Advantages

- Expertise and know-how in cocoa sustainability
- Development of relationships with multinational companies in North America and Japanese companies in Asia
- Portfolio of technologies for oils and fats, bakery products, soy-based ingredients, and other applications
- Accumulation of know-how in production-site operations
- Scale of the Group's chocolate business

Challenges and Areas of Improvement

- Productivity growth
- Heightening of profile in global markets
- Enhancement of added value
- Strengthening of cost competitiveness
- Realization of benefits from Group collaboration

Specific Risks

- Trend toward implementation of policies related to cocoa sustainability in producing and importing countries
- Lower sugar consumption due to greater focus on health
- Changes in customers' markets spurred by transformation of lifestyles

Strategic Directions

Reinforcing Our Production Sites and Harnessing Our Competitive Strengths in Compound Coating

The Industrial Chocolate Business will draw on its technologies dedicated to oils and fats and cocoa to provide chocolate and compound coating to a range of markets across the globe and contribute to the sustainability of cocoa. We will boost the capacity of our production sites in each region while adapting promptly to the needs of the changing markets. By bolstering productivity and leveraging our strength in compound coating, underpinning our oils and fats technology, we will continue to raise the competitiveness of the Group to new heights.

FY2020 Results

- Announced medium- to long-term sustainable cocoa procurement targets
- Launched cocoa bean certification program in Ghana
- Mitigated impact of cocoa bean raw material market on Blommer
- Developed synergies between Blommer (Shanghai) and Fuji Oil (Zhang Jia Gang) Co., Ltd.
- Held remote seminars to comply with restrictions arising from COVID-19
- Saw brisk sales of products for at-home consumption market
- Faced intense competition for products in souvenir market

Priorities in FY2021

- Expand sales volume in response to anticipated recovery in demand
- Move forward with capital investment plan to realize greater productivity at Blommer plants in North America
- Promote sales of reduced-sugar and other better-for-you products
- Bolster lineup of sustainable products
- Boost production capacity of Fuji Oil Europe
- Maintain productivity amid COVID-19 pandemic

Share (Company estimate)

- Industrial chocolate: No. 3 worldwide, No. 1 in Japan

Annual Production Volume

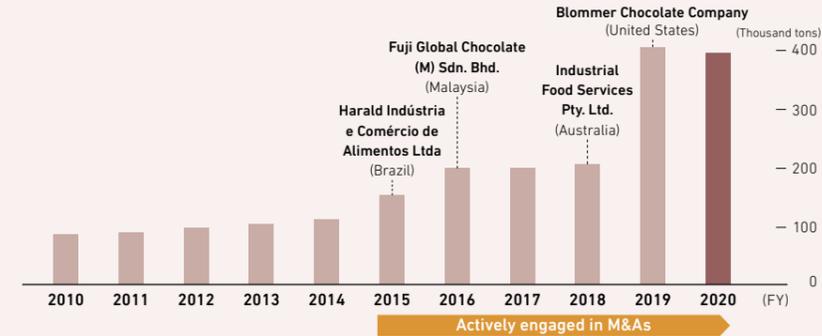
Approx. 400,000 tons

Main Raw Materials

- Cocoa
- Sugar
- Vegetable fats for chocolate

Boasting the World's Third-Largest Share in the Industrial Chocolate Market through Proactive Engagement in M&As

Sales Volume of Industrial Chocolates and Relevant M&As



Industrial Chocolates (World's Third-Largest Share)



Note: According to Group research

Trends in Japanese Market

In the Japanese industrial chocolate market, the Fuji Oil Group continues to forge ahead with its fundamental strategy of maintaining and striving to increase its market share as an industry-leading company. Fiscal 2020 was a year in which we suffered the significant effects of the spread of COVID-19 on our sales. While sales of products for the souvenir market took a hit, we were able to achieve favorable results for products in the ice cream market, thanks to the increased demand associated with people staying at home, as well as for ready-to-eat sweets and products for convenience stores. By addressing the rapid shifts in sales floors and markets caused by COVID-19, in the fourth quarter of fiscal 2020 we were able to regain our sales volume raise it beyond our results in the previous fiscal year, despite discrepancies between industries. In our aim to continue growing our business in the years ahead, we will promote sales of healthy nutrient-rich chocolates that are tailored to the rising needs of health-conscious consumers, chocolates made of sustainable cocoa raw ingredients, and other products that contribute to the resolution of human rights and environmental issues.



Various products tailored to the needs of a changing market

Quarterly Sales Volume of Industrial Chocolate Business (Japan)



Trends in Southeast Asian Market

Our operations in Southeast Asia hinge on the supply of products tailored to the markets of this region from our production sites in Indonesia, Thailand, and Australia, in addition to the export of products to other markets via our operating bases in Malaysia and Indonesia. We also promote sales of compound coating products that are geared toward the climates of Southeast Asia as well as accommodating the requests of Japanese confectionery companies that have tapped into this region. As for the Australian market, we are seeing a rise in demand for domestically produced chocolate, reduced-sugar products, and ethical products, and are catering to this need accordingly. By harnessing the strengths borne out of our collaborations between Group companies and with oil and fat production sites, we will raise our sales volume in line with the expected rise in demand upon the widening deployment of COVID-19 vaccines.



Product made by PT. Freyabadi Indotama (Indonesia)

Trends in European Market

The European market is seeing a great deal of attention being placed on ethical consumption, health-conscious consumption, and food safety. At Fuji Oil Europe, we supply products made of sustainable raw ingredients, products that can be consumed safely with peace of mind, and other high-value-added products to the European market. We hold a competitive edge in not only the development and manufacture of oils, fats, and chocolates but also in filling products, which draw on the advantages provided by the oils and fats manufactured at our production sites. Due to the impact of COVID-19 on our sales for the souvenir market, in fiscal 2020 we turned our attention instead to our sales for the chocolate confectionery and bakery markets. Meanwhile, fiscal 2021 will see our production capacity increase and our sales grow through the launch of new products, while exporting chocolate filling products made in Belgium to our Group subsidiaries.



Filling product made by Fuji Oil Europe

Global Chocolate Committee



In fiscal 2021, the Fuji Oil Group established its Global Chocolate Committee to serve as a decision-making body for the Group's chocolate business. Consisting of regional and Group company managers in the chocolate business who report directly to the chief strategy officer (CSO), the Global Chocolate Committee determines strategic policies for the Group and decides on the measures necessary for creating synergies. The committee also serves as a forum, in addition to our general meeting, for conducting discussions on the issues specific to the regions of Europe, the Americas, and Japan, China, and the rest of Asia.



The four pillars of strategy listed above were selected in accordance with the committee's Groupwide efforts to improve efficiency.

While delegating the formulation and execution of the specific strategies for each region to our regional bases and Group companies, which are closely attuned to their respective markets, we will join forces as a Group to boost operational efficiency. This will entail the creation of synergies through collaboration on raw material procurement and mutual sales of each other's products, as well as the sharing of the long-cultivated know-how of each company with designs on raising the Group's competitiveness to new heights. We will also proceed with the measures necessary to improve our level of recognition as a Group among customers seeking to expand their presence overseas.

Harald



Key FY2020 Results	Key FY2021 Forecasts
<ul style="list-style-type: none"> Deteriorating profitability as a result of high raw material prices reflecting a weakening Brazilian real Recovery of sales volume in second half of fiscal 2020, despite the repercussions of COVID-19 Held remote workshops and other marketing-related activities to accommodate changes in business environment 	<ul style="list-style-type: none"> Pursue profitability improvements through price revisions Promote sales of products likely to see growing demand for at-home use Conduct sales promotion activities Enhance productivity and proceed with plan to bolster production capacity

Direction Going Forward

Harald is a leading manufacturer of industrial chocolates in Brazil. Boosting its expansive nationwide sales network, Harald markets its own brand products, focusing on compound coatings used as confectionery ingredients. In Brazil, there are a number of housewives who sell chocolate cakes and other products for breakfast on the streets. For Harald, they represent a core customer group, and this sales approach has received a great deal of attention as a business for lower income earners with very limited capital. In 2022, Harald will celebrate its 40th anniversary, and this initiative has won the support of many fans for its continuous contributions to these women through the sale of ingredients and the provision of seminars on cooking recipes as well as on laws and regulations.

The confectionery ingredient market and Harald's sales network have also suffered the consequences of COVID-19. As a result, we have turned our attention to restoring the sales volume for our compounds for confectionery ingredients while focusing on expanding sales in new market segments, such as food services and ice cream ingredients, uncovering new sales outlets, and broadening our portfolio. Harald also plans on expanding its production capacity in an effort to realize its new growth strategy of cementing its presence as a leading brand in Brazil.



A popular chocolate-filled product



A dessert pizza with chocolate filling



VOICE of Group company executive

Sergio Tango

President and CEO
Harald Indústria e Comércio de Alimentos Ltda

Harald joined Fuji Oil in 2015, and since then, we have made great strides in our efforts to reduce product claims and improve our productivity. In fiscal 2020, the COVID-19 pandemic greatly impacted Brazil, not only economically but also in terms of market structure. Harald experienced a number of difficulties, but we all worked together to successfully manage and control the challenging situation. We have been able to bring our products to market, thanks to the great efforts of our employees in preventing infection. In fiscal 2021, Harald will continue to deliver its best performance, grow strategic markets, reform its product portfolio, and monitor the construction of its second factory in order to guarantee future growth.

Blommer



Key FY2020 Results	Key FY2021 Forecasts
<ul style="list-style-type: none"> Lower sales volume and decreased productivity impacted by COVID-19 Higher operating income due to impact of cocoa futures Profitability of cocoa products affected by global market margins 	<ul style="list-style-type: none"> High demand for chocolate products aligning with economic recovery Depressed market margins for cocoa products Successful implementation of productivity improvement measures to enhance sales of low-sugar chocolate products

Direction Going Forward

Despite the severe impact on the food service market from COVID-19, our Industrial Chocolate Business in North America felt limited effects. Demand remained firm owing to the better-than-expected results in the retail market, consisting primarily of chocolate confectionery products by multinational corporations. While progress has been made to improve productivity at Blommer, challenges continue to arise from COVID-19, such as catching up on delays in capital investment plans and effectively securing sufficient labor resources for production.

The demand for sugar-free chocolates, one of the strategic products for Blommer, continues to increase in the Americas, supported by the growing need for healthy products. In order to serve further diversified market demands, we will commence planning for sales of filling products in North America to leverage Fuji Oil's oils and fats technology.

The North American market will see a recovery and growth in demand with the resurgence of the economy from COVID-19. Immediate actions will be taken to renew and revive our aging facilities and automate its production lines, and carry out capital investments to expand production capacity, efficiency, and quality. Together with an improved and reliable supply chain, we are committed to serving the needs of our customers and enhancing our sales.



Face shields worn at our production sites



Sugar-free chocolate products



VOICE of Group company executive

Peter Blommer

President and CEO
Blommer Chocolate Company

Fiscal 2020 was a challenging year given the COVID-19 pandemic. We prioritized the safety of our employees as we continued to supply our customers. Despite strong demand, severe labor shortages exist as many workers continue to stay home due to ongoing COVID concerns and enhanced unemployment benefits. We are addressing this challenge through increased wages, employee engagement initiatives, and process automation.

Blommer's top priority is to improve operational efficiency and capacity to meet the strong customer demand. The Fuji Oil Group is supporting our efforts with increased plant investment and engineering resources. One success is the expansion of sugar-free chocolate production capacity in two plants.

We also continue to work with our Fuji Oil colleagues to realize synergies of the Fuji-Blommer combination and global sustainability procurement.



Emulsified and Fermented Ingredients Business

In the Emulsified and Fermented Ingredients Business, we manufacture and sell confectionery and bakery ingredients in the form of whipping cream, margarine, filling, and cheese-like ingredients that offer a combination of functionality and deliciousness made possible by our proprietary emulsification, fermentation, and antibacterial technologies. In recent years, we have been expanding our line of products made of plant-based ingredients, which emulate the deliciousness of animal-based ingredients.

Core Product Line

- ▶ Whipping cream
- ▶ Margarine
- ▶ Fillings
- ▶ Preparations
- ▶ USS soy milk products*
- ▶ USS processed soy products
- ▶ Plant-based cheese alternatives

* Included as part of Emulsified and Fermented Ingredients Business as of fiscal 2021

Main Applications

- ▶ Confectioneries
- ▶ Bakery
- ▶ Beverages
- ▶ Cooking, etc.



Market Trends and Business Opportunities

- Contraction of souvenir market and increased consumption associated with people staying at home
- Greater demand for takeout and delivery services
- Expansion of beverage and processed food markets
- Development of chilled bakery market (China)
- Regulations on reduction of trans-fatty acids (China and other parts of Asia)

Bread Market in China

(Billions of yuan)



Activities of Key Players and Competitive Landscape

- Entry of competitors into plant-based food market (Japan)
- Rapid development and launch of similar products (China)
- Price revisions triggered by surging costs of raw materials (China)
- Intensifying price competition fueled by COVID-19 (Asia)

Competitive Advantages

- Accumulation of recipes and manufacturing know-how
- Control of physical properties through oil and fat technology
- Portfolio of unique plant-based food ingredients (Japan)
- Japanese brand power overseas (China)
- Online seminars which attract many customers (China)

Challenges and Areas of Improvement

- Cost competitiveness of dairy ingredients
- Overdependence on certain industries and customers
- Delays in revenue realization from plant-based materials

Specific Risks

- Surging raw material costs of dairy and other ingredients
- Disrupted logistics overseas spurred by COVID-19
- Need for establishment of plant-based food market (Japan)
- Prolonged stagnation of food service market due to COVID-19 (Japan and the rest of Asia)

Strategic Directions

Targeting Growth Markets with Product Mix Tailored to Changing Consumer Needs

The beverage and processed food markets have grown as a result of the increased consumption associated with people staying at home in light of COVID-19. Meanwhile, the plant-based food market has also seen a rise in demand in recent years due to the inclusion of plant-based foods into the lifestyles of many consumers. Accordingly, the Fuji Oil Group will enhance its product lineup for these markets, while revamping its small-lot multi-product business model to improve production efficiency and reduce food waste in a bid to boost profitability.

FY2020 Results

- Sluggish performance of retail and food service markets (Japan)
- Expansion of beverage and ice cream markets (Japan)
- Higher revenue and operating profit posted from second quarter, owing to market recovery and sales promotion measures (China)
- Shedding of costs via reduction/exemption measures imposed on social insurance premiums (China)
- Lackluster sales in the countries and regions of export destinations reflecting the impact of COVID-19 (Asia)

Priorities in FY2021

- Revise prices in accordance with surging cost of raw materials
- Boost productivity through product integrations (Japan)
- Promote sales of plant-based food products in food service markets (Japan)
- Develop new products and fine-tune application development capabilities (China)
- Strengthen technology through introduction of new processes (China)
- Roll out oils and fats low in trans-fatty acids (Asia)

Share (Company estimate)

▪ Fillings: No. 1 in China

Annual Production Volume

Approx. 230,000 tons

Main Raw Materials

- Vegetable oils and fats
- Dairy ingredients
- Sugar
- Cocoa

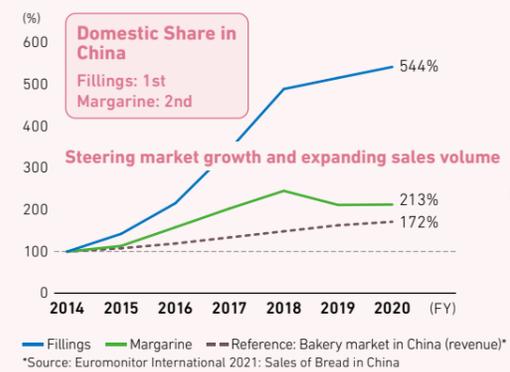
China: Solidifying Our Presence in Bakery Filling Ingredients

Orchestrating Market Growth

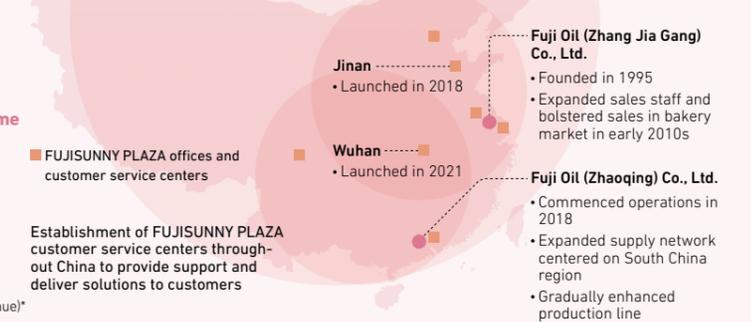
In China, the bakery market continues to expand on the back of rapidly shifting preferences and drastically diversifying needs from its traditional food culture consisting of steamed buns and rice gruel.

At the Fuji Oil Group, we have put a framework in place that allows us to promptly detect the developments of growth markets and build a supply network that encompasses the entire region of China. In China, the number of bakeries and retailers selling bread continues to grow in not only the urban centers along the coast but in the inland areas along the mountains as well. In light of this ongoing growth, on the supply front we have continued to play a leading role in promoting bakery culture throughout China and outpace market growth.

Sales Volume of Chinese Market (fiscal 2014 = 100%)



A sales network spanning entirely across China consisting of approximately 100 wholesalers, primarily two production sites, and seven FUJISUNNY PLAZA offices and customer service centers



Providing Solutions That Outpace the Speed of the Market

The Chinese market is influenced greatly by temporary booms, constant turnovers of hit products, and sales of similar products by competitors, including those based locally. Accordingly, consistently staying ahead of the market and continuously proposing new unrivaled ideas will prove critical to our continued success in China.

As we were unable to provide technical assistance in person to customers during fiscal 2020 as a result of COVID-19, we utilized social media to promptly introduce new proposal and sales tactics through which we developed a new line of hit products.



Sales tactic utilizing social media

Mahua, a baked snack that caught on in China in fiscal 2020

Japan: Ramping Up Plant-Based Food Materials

Reforming Business Structure to Achieve Higher Profitability

Our Emulsified and Fermented Ingredients Business in Japan is centered on whipping cream for confectionery and products for bakery, primarily for convenience stores.

However, we have been restructuring our organization in recent years due to the stagnant growth and profitability of our business overall, stemming from shifts in consumer preferences, lackluster growth of the retail market, an increasing number of rival products and competitors, and other factors. To date, we have spun out non-core businesses, enhanced product lineups, and reduced food loss and waste in phased efforts.



Establishment of brands demonstrating the appeal of plant-based food solutions

Placing Plant-Based Materials at the Core of Our Strategic Product Lineup

We have developed Plant-Based Food Solutions for key products in our product lineup, which are gaining immediate attention from our customers.

By pursuing deliciousness, health, and sustainability through our plant-based food materials, we will lead society into the future while growing our business.



Popular sweets made entirely out of plants



Soy-Based Ingredients Business

The Soy-Based Ingredients Business strives to unlock the potential of soybeans from the perspectives of nutrition, health, deliciousness, and functionality, and engages in soy-based ingredients and food products. As a pioneer of soy-based ingredients, we will continue to contribute to the better health of the earth and its people.

Core Product Line

- ▶ **Soy protein ingredients**
Soy protein isolate
Textured soy protein (soy meat)
- ▶ **Soy protein foods**
- ▶ **Functional ingredients**
Water-soluble soy polysaccharides/peptides

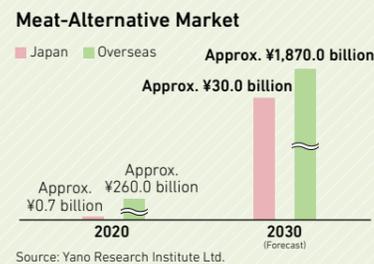
Main Applications

- ▶ Ham, sausages, protein, healthy foods, etc.
- ▶ Frozen foods, bakery products, confectioneries, healthy and nutritious foods, prepared foods, etc.
- ▶ Foods served at restaurants, commercial caterings, school lunches, instant noodles, etc.
- ▶ Acidic milk drinks, noodles, rice balls, healthy drinks, alcohol, beer, processed foods, prepared foods, and foods served at restaurants



Market Trends and Business Opportunities

- Growth of plant-based food and soy meat markets
- Global expansion of protein market
- Continuous increase in demand for healthy foods
- Higher demand for frozen foods consumed at home and lower demand for frozen foods used commercially
- Spread of immunostimulation-related products



Activities of Key Players and Competitive Landscape

- Overseas brands securing market share of minimally processed products
- Start-ups at the forefront of plant-based meats
- Ongoing restructuring of companies in plant protein market
- Promotion of "food tech" by the Ministry of Agriculture, Forestry and Fisheries in Japan
- Strengthening of investment in plant-based foods

Competitive Advantages

- "Food tech" incorporating the development of differentiated elemental technologies
- Production technology and quality assurance system
- Extensive customer base spanning a wide range of markets

Challenges and Areas of Improvement

- Price competitiveness in commodities
- Procurement of highly competitive key raw materials
- Overemphasis on soybeans amid diversifying demand for plant protein sources

Specific Risks

- Intensifying competition in plant-based food market
- Environmental issues regarding soybean raw materials
- Sustainable procurement of raw materials

Strategic Directions

Spearheading the Growth of the Plant-Based Food Industry from a Health, Environment, and Deliciousness Point of View

In an effort to resolve the issues of both consumers and society, we will aggressively proceed with the creation of new technology on the basis of our existing technology that has been cultivated throughout our history. We will adapt accordingly to the rising demand for health-conscious products and the resulting growth of the protein market as well as to the growing need for environment-friendly soy meat and other plant-based foods and, by doing so, spearhead the growth of the plant-based food industry.

FY2020 Results

- Brisk sales volume of soy protein ingredients (soy protein isolate and textured soy protein) (Japan)
- Lower sales volume of soy protein foods served at restaurants and used in school lunches (Japan)
- Diminished sales volume of functional ingredients for beverages and precooked noodles sold at convenience stores (Japan)
- Broke ground on new plant for water-soluble pea polysaccharides (Germany)

Priorities in FY2021

- Strengthen productivity at new textured soy protein plant (Japan) and improve operational efficiency via an east-west production system
- Enhance added value of soy protein ingredients (soy protein isolate and textured soy protein)
- Accelerate the shift to soy protein foods containing added nutrients and intermediate ingredients
- Ramp up the pace of product development in line with local needs through the establishment of new R&D Department (China)
- New water-soluble pea polysaccharide plant set to commence operations in January 2022 (Germany)

Share (Company estimate)

▪ Soy protein ingredients:
No. 1 in Japan

▪ Water-soluble soy polysaccharides:
No. 1 worldwide

Main Raw Materials

- Soy

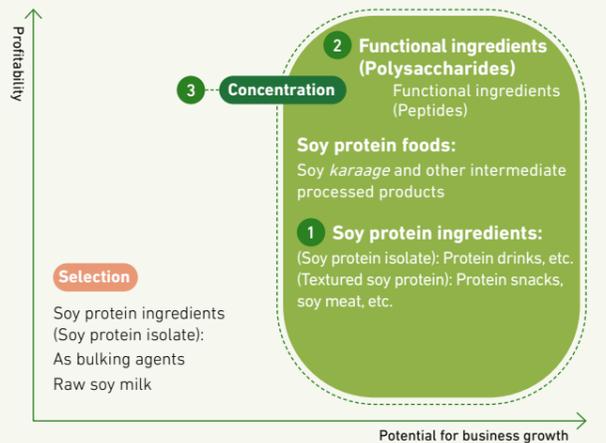
Our History of Structural Reforms

The Soy-Based Ingredients Business has experienced a significant growth in profitability as a result of its steadily enhanced business structure facilitated by "the selection and concentration of business." Going forward, we will shift our efforts into high gear in order to expand our lineup of strategic products.

Outcomes

Transfer of non-core businesses	Japan (two operating bases): Soy protein isolate and soy protein foods (2017) China (two operating bases): Soy protein isolate (2018) Soy protein foods (2019)
Growth investments	Japan and China: Ramped up production capacity for polysaccharides (2018 and 2019) Japan: Commenced operations of new plant in Chiba (2020) Europe: Broke ground on new plant in Germany (2019)

Business Portfolio



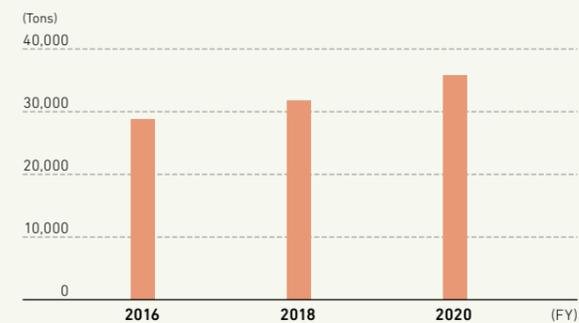
1 Japan: Addressing the Rising Demand for Protein with Soy Protein Ingredients

In Japan, the importance of protein intake on maintaining a healthy lifestyle and enhancing mental and physical performance is regaining greater attention and, as a result, we are seeing a growing number of products in various forms endorsing the use of protein. The demand for plant protein is on the rise, based as well on its contributions to the global environment and the potential emergence of a Protein Crisis.* We will work to set higher standards in the flavor and physical properties of our soy protein ingredients, thereby diversifying their uses, ensuring deliciousness, and driving the growth of their market in Japan.

In the area of soy protein isolate, we supply ingredients of consistent quality to accommodate the growing demand for protein drinks used in sports and for weight loss. As for textured soy protein (soy meat), we have developed a two-pronged production structure comprising our new plant in Chiba and our existing plant in Hannan, Osaka, in response to the rising demand for ingredients used in cereal, which can be prepared right away, and meatless burger patties. Through such efforts, we continue to propose solutions to the needs of our customers, including from a business continuity plan (BCP) point of view.

* Protein Crisis: A deterioration in the supply-demand balance of protein projected to take place around the year 2030 at the earliest as a result of population growth and an improved diet worldwide

Textured Soy Protein Production in Japan



2 Europe: Expanding Our Business Network

We are currently in the process of forging a production structure for the water-soluble pea polysaccharide business in Germany to accompany our production of water-soluble soy polysaccharides. While preferences toward acidic milk drinks differ in Japan relative to those in Europe, the U.S., and other regions overseas, we will look to foster demand and expand the market for acidic milk drinks, which offer a smooth and succulent texture made possible through the use of polysaccharides. With particular emphasis on our global strategy of communicating the deliciousness of acidic milk drinks to people across the globe, we will also seek synergy through our investment in a food tech venture capital and open innovation with companies pursuing forays into the plant-based food market, with a view to expanding the scope of our plant-based food solutions business.



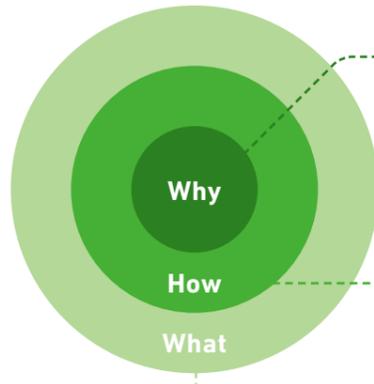
3 Continuous Growth of Ingredients for Plant-Based Foods

→ P70

The Fuji Oil Group's Approach to Cultivating the Plant-Based Food Market

Continuous Growth of Ingredients for Plant-Based Foods

We continuously strive to provide ingredients for the ever-growing plant-based food market that offer the kind of deliciousness that contributes to better mental and physical well-being as solutions for social issues, such as population growth and climate change. As incorporating plant-based foods into our daily diets in a natural manner will be key to their widespread growth, we aim to evoke in consumers a feeling of amazement in that the food they are eating is in fact made of plants and are indeed delicious. We thus believe that offering deliciousness, amazement, and new experiences serves as a bridge between plant-based foods and consumers.



Ensuring the Health of the Earth and Its People by Contributing to Healthy Lifestyles and Hearty Meals for All

By continuing to embrace the various food cultures worldwide and utilizing the power of plants to its fullest, we will consistently deliver innovative and sustainable foods to all.

Technology and Business Integrated Approach

We combine the products and technological capabilities honed by the Vegetable Oils and Fats, Emulsified and Fermented Ingredients, Industrial Chocolate, and Soy-Based Ingredients businesses to create plant-based ingredients that realize new forms of deliciousness in plant-based foods.



Developing Business in Japan, a Region of Strength for the Group

We are developing business schemes in Japan for our potential expansion to China and other markets overseas. We will also look to tap into new markets through investments in joint ventures with other companies.

Communication with Consumers

We promote communication with consumers through the use of marketing communication at pop-up stores and the initiatives of the Plant Based Lifestyle Lab (P-Lab).

Collaboration

Through the efforts of P-Lab and the Council for Public-Private Partnership in Food Technology working team, we strive to actively promote open innovation and enhance the growth of the unique Japanese plant-based food market.

Our Intended Course of Action

1 Deliciousness

Example: Plant-based seasonings
× Polysaccharides
× Vegetable oils and fats
× Emulsification and fermentation technology

→ **Delicious foods that offer a sense of satisfaction through the use of plants**
→ **Maintain deliciousness of foods for take-out, etc.**

2 Health and Nutrition

Example: Plant-based protein
× Polysaccharides
× Vegetable oils and fats

→ **Plant-based protein drinks, foods, etc., that contribute to the development of healthy minds and bodies**



Kiyohito Suzuki
Executive Officer
PBF Solutions Business Division

The demand for plant-based protein and soy meat continues to grow at a steady rate. Despite the impact of COVID-19, in fiscal 2020 we were able to successfully carry out a range of initiatives in Japan toward our continuing growth in the years ahead. Such initiatives include the start of operations of the Chiba Plant, the launch of the "UPGRADE Plant based kitchen" pop-up store and food truck, demonstration of proof of concept (PoC) through collaboration with Ippudo, a popular ramen brand, and activities to enhance the popularization of plant-based foods, such as the establishment of P-Lab. Meanwhile overseas, we laid the groundwork by investing in a fund set up by Unovis Asset Management, a world-leading food tech venture capital company based in the Netherlands.

As the business environment continues to undergo major changes, in fiscal 2021 we will be called upon to respond even more flexibly and resourcefully than ever. In order to consistently remain half a step ahead of the competition in both Japan and overseas while continuing to grow the business by addressing the rising demand for plant-based protein and plant-based foods, the Fuji Oil Group has an organizational framework in place designed to make the most of its technological and human resource capabilities. Valuing the importance of profiting now while nurturing our assets for the future, we will manage our business with speed and agility to introduce new products that demonstrate our commitment to consumers and transcend the boundaries of our business.

FY2020 Results

- Japan**
 - Bolstered production capacity and structure
 - Developed methods to facilitate direct communication with consumers and established schemes to promote joint public-private initiatives that enhance the popularization of plant-based foods
- Overseas**
 - Underwent business liquidation and invested in a food tech venture capital

From FY2021

- Japan**
 - Created new products through integration of technologies
 - Drew up strategies and determined investment priorities toward the formulation of future medium-term management plans

FY2022 Onward

- Generate results in Japan and subsequently expand to China, Europe, and the U.S.
 - Establish plant-based seasoning business

Ensuring Deliciousness through Our Commitment to Technology

We introduced the MIRACORE™ brand based on its concept of "a core technology that delivers hearty, delicious meals to all through the power of plants." As a technology that utilizes the power of plants to offer animal-derived deliciousness and satisfaction, MIRACORE™ is primed to become widely known as a solution for delicious plant-based foods.



Case Example:

We formed a joint project with Chikaranomoto Holdings Co., Ltd., the owner of the popular ramen brand Ippudo, through which we developed a *tonkotsu* (literally meaning, pork bone or pork bone broth) flavored soup that offers the richness and deep flavor of *tonkotsu* soup but without the use of pork bone. As a result, in February 2021 Ippudo launched the *Plant-Based Akamaru* ramen, which emulates the flavor of their famed *Akamaru* ramen, without the use of any animal-based ingredients in the soup, noodles, and toppings. Available only for a limited time, *Plant-Based Akamaru* ramen won the favor of ramen enthusiasts as its 10,000 or so limited servings sold out immediately.

Through surveys and social media, those customers who were able to try *Plant-Based Akamaru* ramen expressed that they had no idea it was made entirely of plants; that it was so delicious they drank all the soup; that they were in awe of the fact it contained no animal-based ingredients; that it greatly exceeded their expectations; and that they hope it will be added to the regular menu.

Realizing plant-based solutions for *tonkotsu* ramen—a highly popular dish even outside of Japan—was thought to be quite a tall task. However, the way we saw it was that if a plant-based *tonkotsu* ramen could be created with a high degree of perfection, this would inspire a diverse range of food solutions for people all over the world. While we encountered a series of obstacles along the way due to this being our first time to engage in any sort of development with Ippudo, everyone involved united as one to ensure that our goal was realized. The outcome of everyone's hard work and dedication was *Plant-Based Akamaru*, a delicious bowl of ramen, or rather, the plant-based version of Ippudo's famed *Akamaru* that can be enjoyed by everyone, including those who cannot and do not consume animal-based foods. Ippudo is exploring the possibility of adding *Plant-Based Akamaru* to its regular menu in response to the slew of requests and rave reviews from its customers. Moving forward, we will continue to hone our technology in our aim to communicate the essence of deliciousness one product after another for a variety of genres.

Note: *Plant-Based Akamaru* is currently unavailable as it was served only for a limited time.



Tsutomu Saito
Fuji Oil Co., Ltd.
General Manager
New Technology Department
Fuji Oil Holdings Inc.
Senior Manager
New Material Creating Group
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Developing the Japanese Market—Establishment of the Plant Based Lifestyle Lab (P-Lab)—

While plant-based foods have become widespread overseas, they have yet to gain the same level of recognition in Japan, where only a limited selection of such products are available and the level of awareness of the impact of the expanding plant-based food market on various social issues and consumption patterns toward resolving such issues remain low.

For that reason, in March 2021 the Plant Based Lifestyle Lab (P-Lab) was established as a voluntary organization to promote delicious, enjoyable, and healthy lifestyles with plant-based foods. Through this partnership with industries, governments, and academia involving the support of 15 companies from various industries and coordinated by Fuji Oil Holdings Inc., Kagome Co., Ltd., and Pasona Group, Inc., we will help improve the health of the Earth and its people and ensure the sustainable growth of society.

P-Lab will serve as a platform for conducting joint R&D on plant-based food products and menus with member organizations, promoting awareness of sustainability and plant-based foods through partnerships with universities and government agencies, and collaborating with companies in various sectors, including agricultural, health, beauty, tourism, and education.

Stepping Up the Pace of Plant-Based Food Solutions Overseas

We have decided to invest in UNOVIS NCAP II Fund, organized and managed by Unovis Asset Management B.V., a global pioneer in the management of funds specializing in food technology. By investing in this fund, we will take part in a wide array of alternative protein business domains and utilize our oils and fats and protein processing technologies to pursue synergy with our existing global businesses.

