

Management's Discussion and Analysis



Fact Book 2022

→ https://www.fujioilholdings.com/en/ir/library/fact_book/

FY2021 Results

Net sales

¥433.8 billion (up ¥69.1 billion yoy)

Net sales increased due to increases in raw material prices and a recovery in demand from the COVID-19 crisis.

Operating profit

¥15.0 billion (down ¥2.9 billion yoy)

Operating profit decreased due to lower profitability caused by higher raw material prices and increased fixed costs at new plants, etc.

Performance Forecast for FY2022

Net sales

¥480.0 billion (up ¥46.2 billion yoy)

Net sales are expected to increase due to higher raw material prices as well as contribution of new plants extending their service through the entire financial year.

Operating profit

¥16.5 billion (up ¥1.5 billion yoy)

Operating profit is projected to increase due to improvements in productivity, appropriate price revisions in accordance with higher raw material prices, and other factors.



Vegetable Oils and Fats Business

Net sales

FY2021 Results: Increased due to higher raw material prices.

Performance Forecast for FY2022: Projected to increase due to higher raw material prices.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	35.2	43.4	+8.2	43.7	+0.3
Americas	30.3	43.8	+13.5	75.5	+31.7
Southeast Asia	15.0	21.0	+6.0	23.0	+2.0
China	2.7	3.0	+0.3	1.8	-1.2
Europe	15.2	23.8	+8.6	24.5	+0.7
Total	98.4	135.0	+36.6	168.5	+33.5

Operating profit

FY2021 Results: Decreased due to lower profitability caused by higher raw material prices and increased fixed costs from new plants.

Performance Forecast for FY2022: Despite improvements in utilization rates at new plants, expected to decrease due to lower profitability caused by higher raw material prices.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	4.5	3.8	-0.6	3.4	-0.4
Americas	1.9	0.3	-1.6	1.5	+1.1
Southeast Asia	1.1	2.1	+1.0	1.0	-1.1
China	0.2	0.0	-0.2	-0.2	-0.2
Europe	0.1	1.2	+1.2	1.0	-0.3
Total	7.9	7.4	-0.5	6.8	-0.6



Industrial Chocolate Business

Net sales

FY2021 Results: Increased due to higher sales volume.

Performance Forecast for FY2022: Projected to increase due to growth in sales volume.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	36.3	39.5	+3.3	41.8	+2.3
Americas	107.7	122.2	+14.5	124.9	+2.7
Southeast Asia	9.7	12.5	+2.8	13.4	+0.9
China	5.6	6.4	+0.8	5.0	-1.4
Europe	3.1	4.8	+1.8	4.9	+0.1
Total	162.4	185.5	+23.1	190.0	+4.5

Operating profit

FY2021 Results: Decreased due to the absence of gains from cocoa futures and increase in fixed costs, despite the effect of higher sales.

Performance Forecast for FY2022: Projected to increase due to improved profitability of Blommer.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	5.9	6.3	+0.5	6.0	-0.3
Americas	1.3	0.2	-1.0	1.9	+1.6
Southeast Asia	0.3	0.7	+0.3	1.0	+0.4
China	-0.2	0.1	+0.3	-0.3	-0.4
Europe	0.2	0.2	-0.1	0.1	-0.1
Total	7.6	7.5	-0.1	8.8	+1.2



Emulsified and Fermented Ingredients Business

Net sales

FY2021 Results: Increased due to higher sales volume.

Performance Forecast for FY2022: Projected to increase due to increases in raw material prices and sales volume.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	49.7	51.3	+1.6	51.4	+0.1
Southeast Asia	9.2	12.0	+2.8	11.7	-0.3
China	11.7	15.9	+4.2	17.5	+1.6
Total	70.6	79.1	+8.5	80.6	+1.5

Operating profit

FY2021 Results: Decreased due to lower profitability caused by higher raw material prices.

Performance Forecast for FY2022: Projected to increase due to efforts in improving profitability.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	1.5	1.8	+0.3	1.5	-0.3
Southeast Asia	-0.2	-0.9	-0.7	0.0	+0.9
China	1.3	0.5	-0.8	1.2	+0.7
Total	2.7	1.6	-1.1	2.8	+1.2



Soy-Based Ingredients Business

Net sales

FY2021 Results: Increased due to higher sales volume.

Performance Forecast for FY2022: Projected to increase due to increases in raw material prices and sales expansion measures.

(¥ billion)

Net sales	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	31.6	32.3	+0.7	39.6	+7.3
China	1.7	1.9	+0.2	1.1	-0.8
Europe	—	—	—	0.2	+0.2
Total	33.3	34.2	+0.8	40.9	+6.7

Operating profit

FY2021 Results: Decreased due to lower profitability caused by increased raw material prices.

Performance Forecast for FY2022: Projected to increase due to promotion of appropriate pricing.

(¥ billion)

Operating Profit	FY2020	FY2021	YoY Change	FY2022 Forecast	YoY Change
Japan	3.3	2.0	-1.3	2.6	+0.5
China	0.3	0.3	-0.0	0.5	+0.2
Europe	-0.1	-0.3	-0.2	-0.6	-0.3
Total	3.5	2.1	-1.3	2.5	+0.3

Data Highlights



Fact Book 2022
https://www.fujiioilholdings.com/en/ir/library/fact_book/

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
 For the fiscal years ended/As of March 31, 2018 to March 31, 2022

Performance Highlights

		(Millions of yen)				
		FY2017 ^{*1}	FY2018 ^{*2}	FY2019 ^{*3}	FY2020	FY2021 ^{*4}
Results						
Net sales		307,645	300,844	414,727	364,779	433,831
Operating profit		20,481	18,525	23,598	17,911	15,008
Ordinary profit		19,983	18,176	22,359	17,565	14,360
Income before income taxes		18,833	16,538	23,279	17,020	16,289
Net income attributable to owners of parent		13,742	11,582	16,375	11,014	11,504
EBITDA		32,098	31,224	41,485	34,261	32,397
Results by Business Segment						
Vegetable Oils and Fats Business	Net sales	113,578	106,140	114,104	98,413	134,976
	Operating profit	7,288	7,825	11,203	7,872	7,401
	Segment assets	—	79,826	81,953	92,962	116,982
	ROA ^{*5}	—	9.8	13.7	8.5	6.3
Industrial Chocolate Business ^{*6}	Net sales	68,557	72,100	180,068	162,445	185,540
	Operating profit	8,483	7,756	8,324	7,608	7,548
	Segment assets	—	191,034	170,437	150,980	174,966
	ROA ^{*5}	—	4.1	4.9	5.0	4.3
Emulsified and Fermented Ingredients Business ^{*6}	Net sales	87,505	86,492	85,192	69,567	79,146
	Operating profit	4,472	3,320	4,054	3,018	1,617
	Segment assets	—	58,197	55,999	49,045	55,510
	ROA ^{*5}	—	5.7	7.2	6.2	2.9
Soy-Based Ingredients Business	Net sales	38,004	36,110	35,360	34,353	34,167
	Operating profit	3,546	3,289	4,016	3,169	2,149
	Segment assets	—	37,041	37,232	43,648	44,708
	ROA ^{*5}	—	8.9	10.8	7.3	4.8
Results by Region						
Japan	Net sales	175,764	170,959	165,179	152,863	166,533
	Operating profit	14,971	13,722	17,418	15,140	14,127
Americas	Net sales	50,795	46,030	156,733	138,072	166,074
	Operating profit	3,709	3,103	2,874	3,200	584
Southeast Asia ^{*7}	Net sales	37,681	39,022	46,211	33,925	45,504
	Operating profit	3,246	2,098	3,206	1,294	1,902
China	Net sales	19,429	21,410	22,792	21,685	27,111
	Operating profit	1,487	1,788	2,225	1,670	999
Europe	Net sales	23,974	23,422	23,809	18,232	28,607
	Operating profit	430	1,165	1,974	303	1,101
Group administrative expenses		(3,308)	(3,665)	(4,000)	(3,756)	(3,688)

^{*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} In fiscal 2021, certain products were reclassified from the Soy-Based Ingredients Business to the Emulsified and Fermented Ingredients Business.
^{*5} Reference figures calculated based on the formula: segment operating profit ÷ segment assets.
^{*6} In fiscal 2019, the Confectionery and Bakery Ingredients Business was split off into the Industrial Chocolate Business and the Emulsified and Fermented Ingredients Business. Meanwhile, the figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.
^{*7} In fiscal 2019, the Asia region was split off into the Southeast Asia region and China region. The figures for fiscal 2017 and fiscal 2018 are shown for reference purposes only.

Fuji Oil Holdings Inc. and Consolidated Subsidiaries
 For the fiscal years ended/As of March 31, 2018 to March 31, 2022

Financial Highlights

		(Millions of yen)				
		FY2017 ^{*1}	FY2018 ^{*2}	FY2019 ^{*3}	FY2020	FY2021
Balance Sheet Summary						
Current assets		130,805	185,435	168,662	160,736	201,334
Fixed assets		139,925	205,088	198,459	197,589	215,156
Total assets		270,731	390,524	367,365	358,511	416,617
Current liabilities		67,460	168,333	105,484	91,017	120,840
Fixed liabilities		38,372	62,963	103,894	104,604	106,282
Interest-bearing loans		56,613	160,454	146,232	131,309	148,769
Total liabilities		105,833	231,297	209,379	195,621	227,122
Total net assets		164,897	159,227	157,986	162,890	189,495
Cash Flow Summary						
Cash flow from operating activities		28,206	22,637	37,058	38,205	3,537
Cash flow from investing activities		(14,510)	(79,104)	(18,302)	(17,395)	(18,807)
Free cash flow		13,695	(56,467)	18,755	20,809	(15,269)
Cash flow from financing activities		(13,452)	65,487	(20,674)	(19,931)	9,387
Capital expenditures		14,689	15,943	18,042	20,824	17,286
Depreciation expenses		9,995	10,992	12,960	11,773	12,680
R&D expenses		4,613	4,758	5,231	4,994	5,280
Per Share Data (Yen)						
Stock price, at year-end		3,210	3,790	2,608	2,953	1,980
EPS		159.87	134.75	190.51	128.14	133.84
BPS		1,863.83	1,819.74	1,808.65	1,861.67	2,168.13
Dividends per share		48	50	56	52	52
Payout ratio (%)		30.0	37.1	29.4	40.6	38.9
Financial Indicators						
ROA (%)		7.4	5.5	5.9	4.8	3.7
ROE (%)		8.8	7.3	10.5	7.0	6.6
Net income margin (%)		4.5	3.8	3.9	3.0	2.7
Total asset turnover ratio (%)		1.14	0.77	1.13	1.01	1.12
Financial leverage (Times)		1.7	2.5	2.4	2.2	2.2
ROIC (%)		6.7	4.0	5.1	4.0	3.1
Net D/E ratio = Interest-bearing debt/Shareholders' equity (%)		0.28	0.87	0.75	0.63	0.73
Equity ratio (%)		59.2	40.1	42.3	44.6	44.7
Cash conversion cycle ^{*4} (Days)		103	105	113	107	115
Goodwill (General) (Millions of yen)		19,638	60,504	52,686	46,648	49,861
Amortization of goodwill (Millions of yen)		716	709	2,399	2,071	2,160
Ratio of goodwill to net assets (%)		11.9	38.0	33.3	28.6	26.3
Other						
Employees (Persons)		5,092	5,963	5,874	5,679	5,623

^{*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.

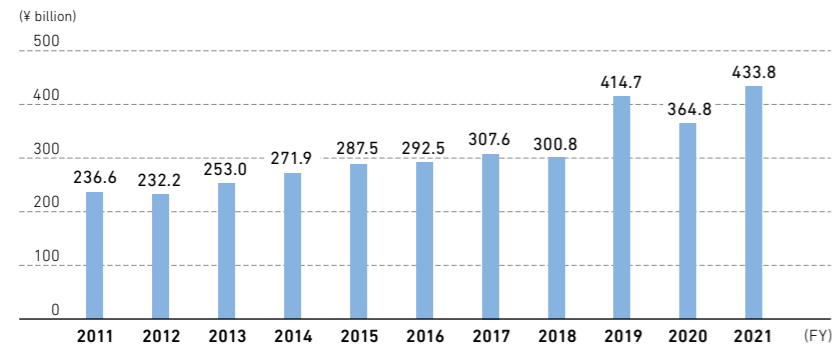
Data Highlights

New Mid-Term Management Plan Reborn 2024
Management Target (FY2024)

Financial KPIs

Non-financial KPIs

Net Sales

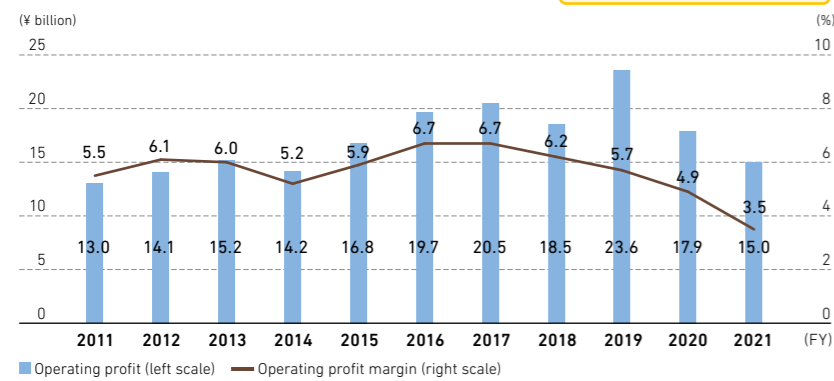


Changes in the prices of palm oil and other raw materials, shifts in sales volume, establishment of new mills and capital investment, and acquisitions and sales of subsidiaries through M&As and other means are all determinative factors for net sales.

- 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: Net sales declined in the wake of COVID-19 and its resulting impact on the diminished sales volume of industrial chocolates and other products.
 - Fiscal 2021: Revenue improved significantly due to a recovery in demand from the effects of COVID-19 and the impact of sales price revisions in response to higher prices of raw materials.

Operating Profit / Operating Profit Margin

Operating Profit: ¥23.5 billion



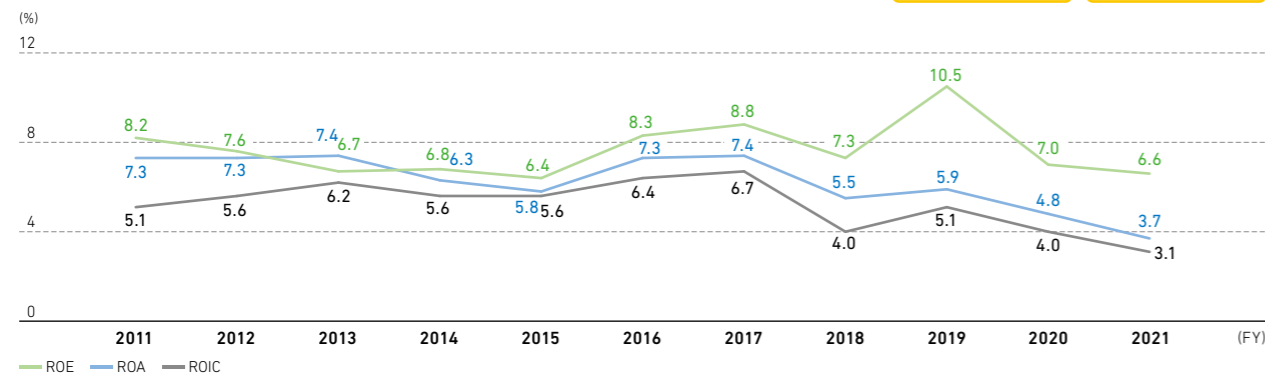
Drastic fluctuations in the prices of palm oil and other raw materials; shifts in sales volume; increases in fixed costs arising from capital investments; and the incurring of special costs resulting from business acquisitions and other transactions are all determinative factors for operating profit.

- Notable Past Events**
- Fiscal 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.
 - Fiscal 2021: Operating profit declined due to lower profitability stemming from the increase in raw material prices as well as higher fixed costs associated with new plant operations and inflation.

ROE / ROA / ROIC

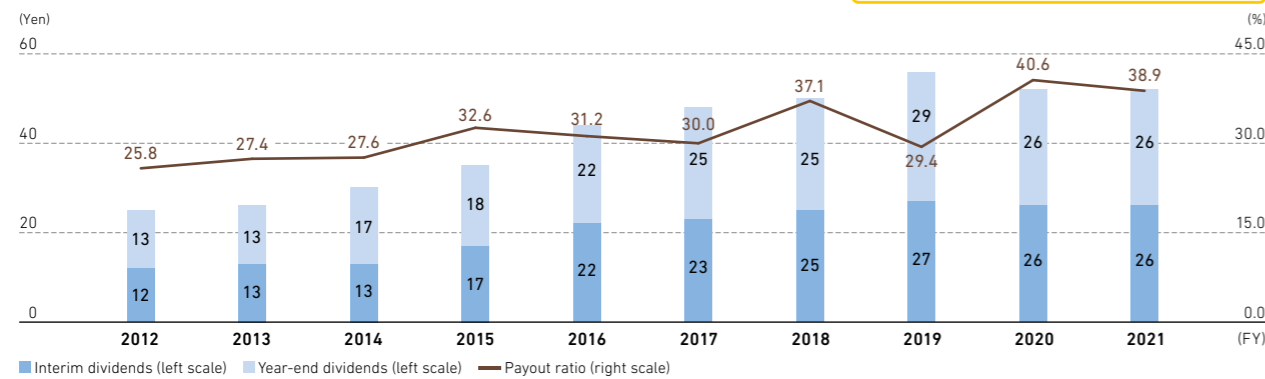
ROE: 8.0%

ROIC: 5.0%

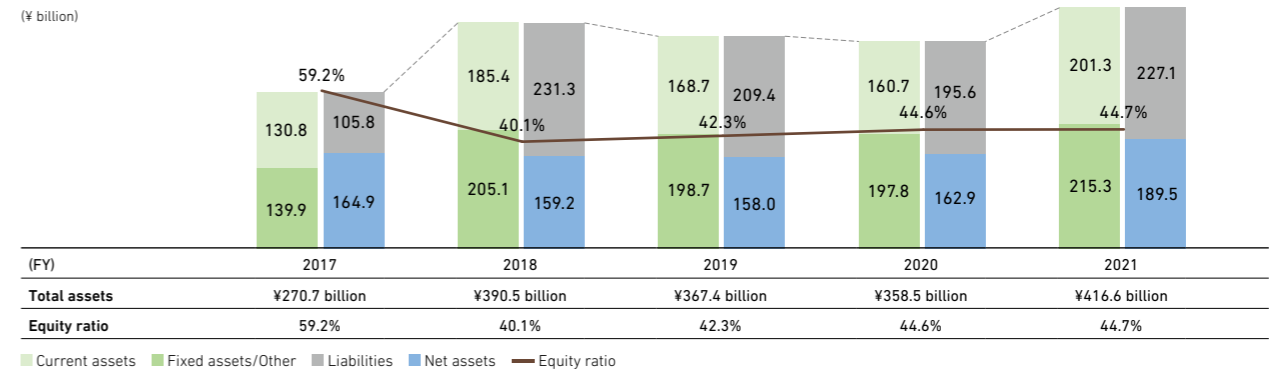


Shareholder Returns / Payout Ratio

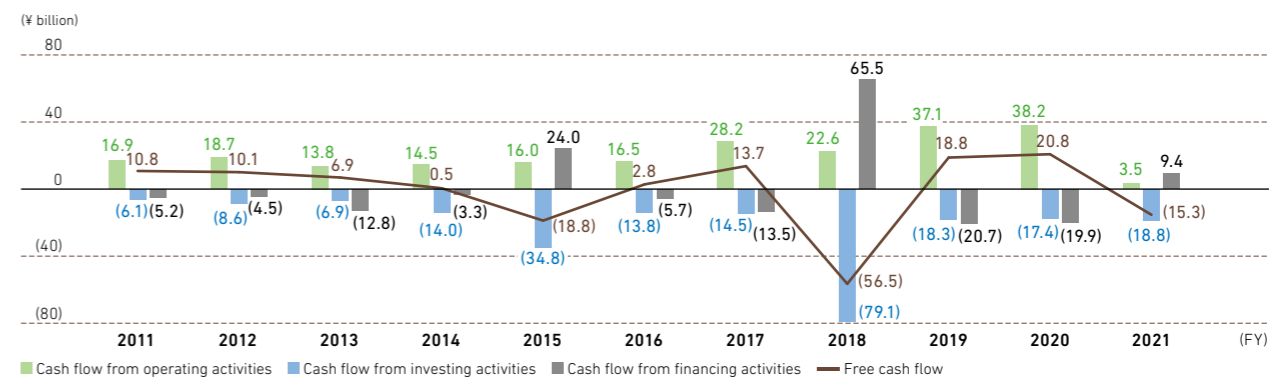
Shareholder Returns: Payout Ratio 30%~40%



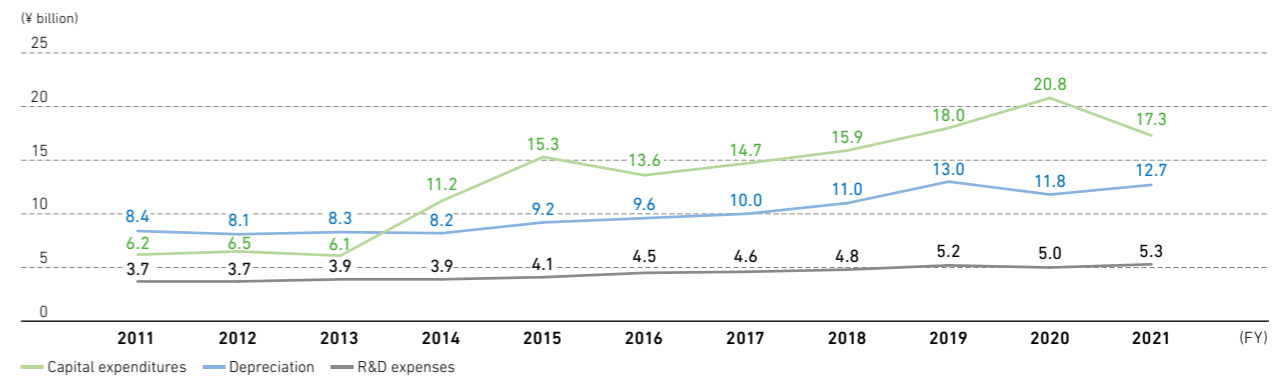
Balance Sheet Composition and Equity Ratio



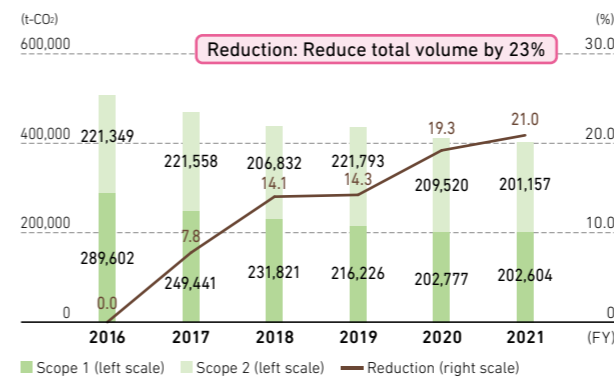
Cash Flows



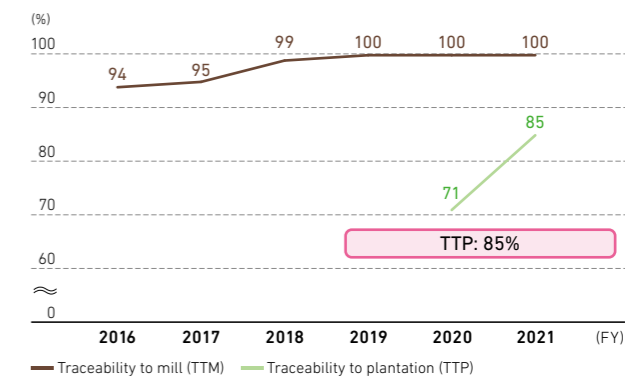
Capital Expenditures / Depreciation / R&D Expenses



CO₂ Emissions (Scope 1 + Scope 2) / Reduction (Base Year: 2016)



Traceability of Palm Oil (TTM*1 / TTP*2)



*1 TTM: Percentage of palm oil procured by the Group that can be traced back to the mill
*2 TTP: Percentage of palm oil procured by the Group that can be traced back to the palm plantation. The Group began measuring TTP in fiscal 2020.

Regarding the Issuance of *Integrated Report 2022*



Tomoki Matsumoto
CFO
(Responsible for managing the disclosure of the Integrated Report)

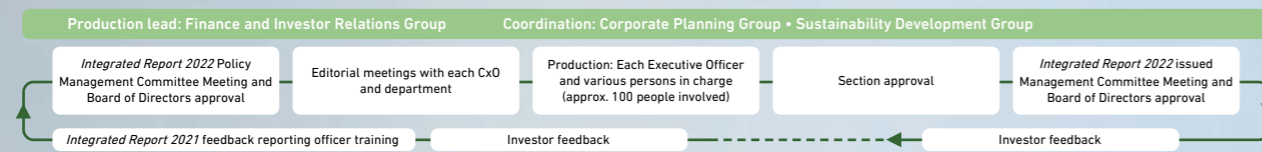
We recognize that the Integrated Report is an important tool for deepening dialogue with the capital markets and thereby enhancing our corporate value.

After publishing the Integrated Report 2021 last year, we received many suggestions from institutional investors, especially regarding the "relationship between sustainability initiatives and corporate value," "our specific contribution value in a sustainable society and how to realize it," and "business portfolio management." The management team has been discussing and formulating the new mid-term management plan based on these perspectives.

While we will continue to face difficult conditions in fiscal 2022, we hope that the short, medium, and long term value creation of our Group presented in this report and "Reborn 2024," our mid-term management plan for achieving these goals, will help investors and other stakeholders to understand our Company.

The Integrated Report 2022 was confirmed and approved by the Board of Directors on August 25, 2022, to describe all important issues that the Group is currently aware of that could affect value creation in the short, medium, and long term through integrated thinking. We hereby state that this report has been prepared with utmost importance placed on transparency and integrity, from the management point of view.

Integrated Report Production Flow



Mr. Sakai, CEO and IR team members



Corporate Profile (As of March 31, 2022)

Company Name

Fuji Oil Holdings Inc.

Headquarters

Daibiru Honkan Building, 3-6-32 Nakanoshima, Kita-ku, Osaka 530-0005, Japan

Note: Registered location of headquarters: 1 Sumiyoshi-cho, Izumisano-shi, Osaka

Established

October 9, 1950

Capitalization

¥13,208 million

Representative

President and CEO Mikio Sakai

Number of Employees (consolidated)

5,623

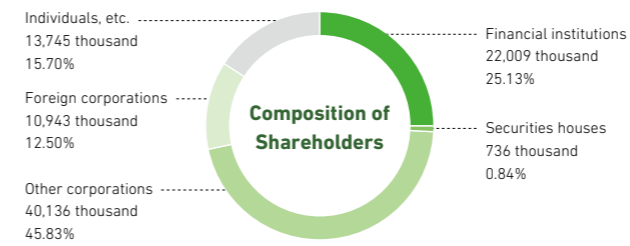
Subsidiaries and Affiliates

37 consolidated subsidiaries

10 non-consolidated subsidiaries and affiliates

Stock Information (As of March 31, 2022)

Total shares authorized: 357,324,000
Number of shares outstanding: 87,569,383
Number of shareholders: 30,596



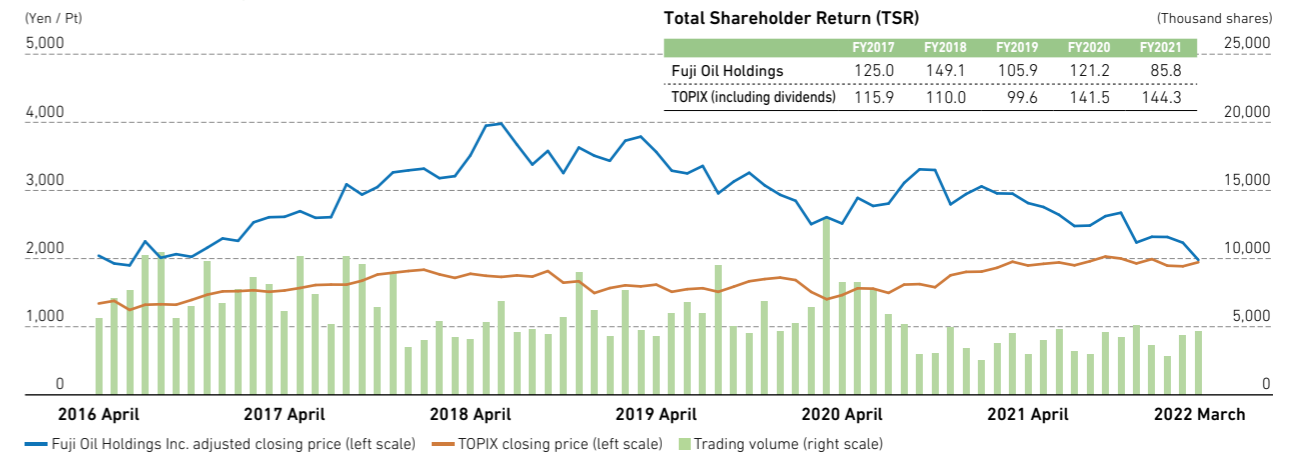
Notes: 1 1,494 thousand shares of treasury stock are included in "Individuals, etc."
2 Number of shares is rounded down to the nearest thousand shares.

Major Shareholders (Top 10)

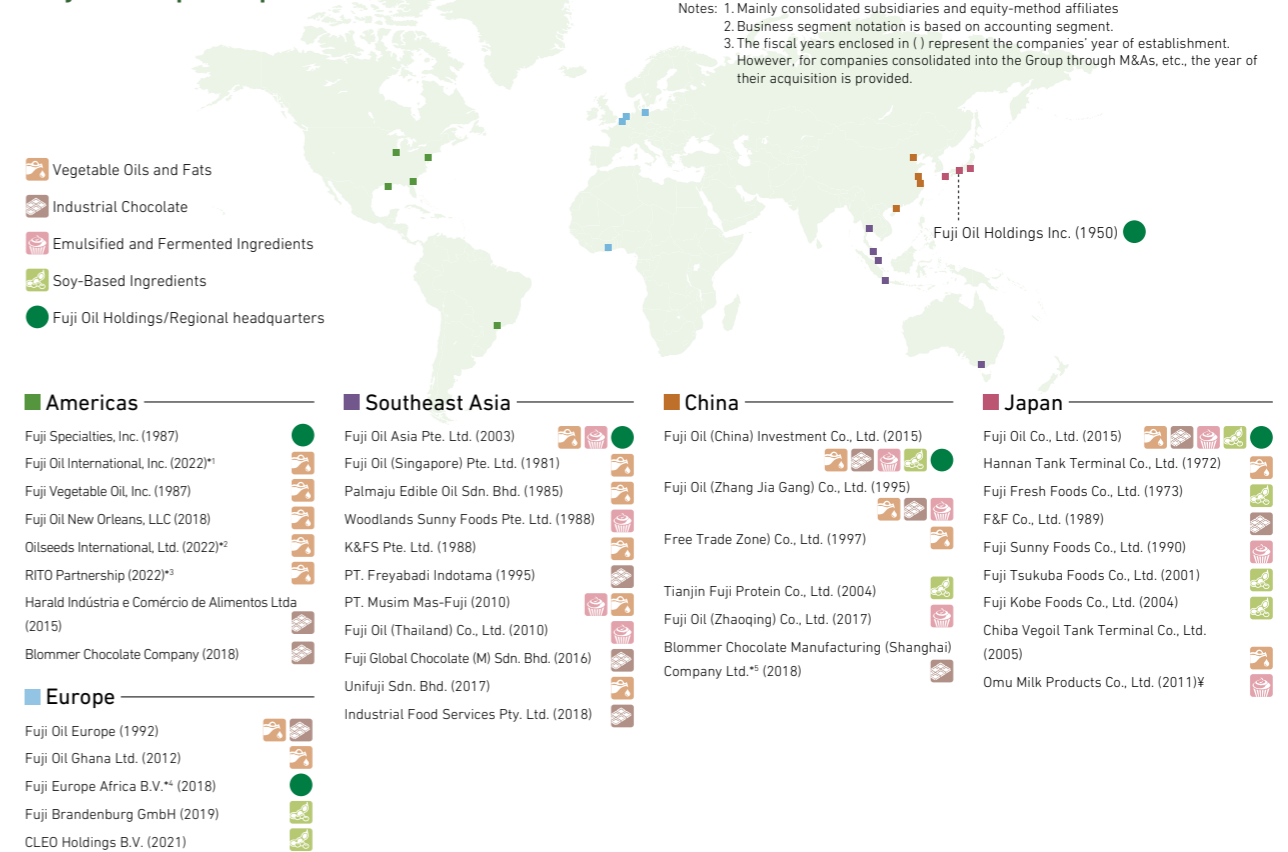
Shareholder name	Number of shares held (Thousands)	Ratio of shareholding*(%)
ITOCHU Food Investment, LLC	33,219	38.59
The Master Trust Bank of Japan, Ltd. (Trust account)	8,340	9.69
Custody Bank of Japan, Ltd. (Trust account)	3,285	3.82
National Mutual Insurance Federation of Agricultural Cooperatives	2,639	3.07
Fuji Oil Customer Shareholding Association	1,443	1.68
ITOCHU Sugar Co., Ltd.	1,130	1.31
Nippon Life Insurance Company	1,100	1.28
Royce Confect Co., Ltd.	1,080	1.25
Sumitomo Mitsui Banking Corporation	1,078	1.25
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,058	1.23
Total	54,374	63.17

* The ratio of shareholding is calculated excluding treasury shares (approx. 1,494 thousand shares).

Stock Price and Trading Volume



Major Group Companies (As of March 31, 2022)



*1 Established with 80% ownership by Fuji Specialties, Inc. and 20% ownership by ITOCHU International Inc.
*2 Became a consolidated subsidiary through a capital contribution in kind made by ITOCHU International Inc. in May 2022

*3 Changed to equity-method affiliate as a result of the consolidation of Oilseeds International
*4 Non-consolidated subsidiary
*5 Split off from Blommer (the Americas) in 2020