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August 4, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (Q1 FY2022) (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2607
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 Scheduled date to file quarterly securities report: August 4, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (For institutional investors and analysts)

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

1. Consolidated financial results for the three months ended June 30, 2022 (April 1, 2022 – June 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	127,928	29.6	2,374	△42.3	3,376	△9.8	1,858	△47.4
June 30, 2021	98,679	19.4	4,118	△3.4	3,774	△1.6	3,535	25.1

(Note) Comprehensive income For the three months ended June 30, 2022: ¥17,885 million [102.9%]
 For the three months ended June 30, 2021: ¥8,813 million [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2022	21.62	—
June 30, 2021	41.13	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2022	475,605	214,095	43.2	2,389.23
March 31, 2022	416,617	189,495	44.7	2,168.13

(Reference) Shareholder's equity As of June 30, 2022: ¥205,383 million
 As of March 31, 2022: ¥186,377 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	26.00	—	26.00	52.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		26.00	—	26.00	52.00

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

3. Consolidated forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half ending September 30, 2022	230,000	12.5	7,000	△11.5	6,700	△12.2	4,400	△26.9	51.19
Fiscal year ending March 31, 2023	480,000	10.6	16,500	9.9	15,800	10.0	10,500	△8.7	122.15

(Note) Revisions to the consolidated forecast most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
New: 1 company (Company Name) Fuji Oil International Inc.
Note: Please refer to “2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in major consolidated subsidiaries during the period under review)” on page 10 of the Accompanying Materials for details.

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Key Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 10 of the Accompanying Materials for details.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	87,569,383 shares
As of March 31, 2022	87,569,383 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2022	1,607,258 shares
As of March 31, 2022	1,607,211 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	85,962,165 shares
Three months ended June 30, 2021	85,957,187 shares

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

* Explanations and other special notes concerning the appropriate use of business results forecasts

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors.

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1. Qualitative Information on Results for the First Quarter Ended June 30, 2022

(1) Details of Operating Results

During the first three months of the consolidated fiscal year under review, there was anticipation that the global economy would begin to normalize after policy changes implemented in Europe and the United States in response to COVID-19 and the subsiding of the pandemic. However, the future remains uncertain due to factors such as delays in consumer spending due to rising energy prices, advancing inflation, and interest rate hikes. In Japan, consumer prices are rising due to rapid yen depreciation and rising procurement costs.

Raw material prices for palm oil, our main raw material, continued to rise from the previous fiscal year, and the situation in Ukraine and Indonesia's restrictions on palm oil exports contributed to further price increases. While we have seen short-term price corrections due to the resumption of palm oil exports from Indonesia and expectations for a recovery in production with the return of workers, the market prices remain at high levels. Procurement costs for other raw materials are also rising due to yen depreciation on foreign exchange markets and rising logistics costs worldwide.

We formulated our new Mid-term Management Plan, Reborn 2024, for the three years from this fiscal year to FYE March 2025. This plan adopts the basic policies of "strengthening our business foundation", "strengthening global business management", and "enhancing sustainability". We are working to improve our corporate value by restoring basic profitability through initiatives such as optimizing sales prices, strengthening business-specific performance management, and market differentiation through sustainable procurement.

As a result of the above, earnings for the first three months of the consolidated fiscal year under review were as follows. Although operating profit decreased compared to the first quarter of the previous fiscal year, the rate of decline for ordinary profit narrowed thanks to posting gains on foreign currency exchange. Profit attributable to owners of parent decreased due to not recording gains on sales of non-current assets in Singapore and decreasing refunded taxes in Brazil, which we recorded as extraordinary income in the first quarter of the previous fiscal year.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Three months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2022	127,928	2,374	3,376	1,858
June 30, 2021	98,679	4,118	3,744	3,535
Year-on-year change (Year-on-year change rate)	+29,249 (+29.6%)	△1,744 (△42.3%)	△367 (△9.8%)	△1,676 (△47.4%)

The operating results by reported segment are shown below.

	Net sales			Operating profit		
	Millions of yen	Year-on-year change		Millions of yen	Year-on-year change	
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Vegetable Oils and Fats	49,177	+20,139	+69.4%	1,614	△454	△22.0%
Industrial Chocolate	47,897	+6,228	+14.9%	983	△151	△13.4%
Emulsified and Fermented Ingredients	22,534	+3,581	+18.9%	217	△447	△67.3%
Soy-based Ingredients	8,318	△700	△7.8%	573	△547	△48.8%
Adjustment	—	—	—	△1,014	△143	—
Total	127,928	+29,249	+29.6%	2,374	△1,744	△42.3%

(Vegetable Oils and Fats)

Net sales increased significantly on higher sales prices to reflect higher raw materials such as palm oil, our main raw material, and the start of operations at a new plant in North America. Despite contributions from strong sales in Southeast Asia, operating profit decreased due to a decrease in profitability attributable to increase depreciation and other expenses associated with the start of operations at a new plant in North America.

(Industrial Chocolate)

Net sales increased on higher sales prices to reflect higher raw material prices. Operating profit decreased due to an increase in labor costs and fixed expenses in North America.

(Emulsified and Fermented Ingredients)

Net sales increased on higher sales prices to reflect higher raw material prices, as well as on higher sales volumes for margarine and other products in Japan and China. Operating profit decreased on factors such as lower profitability due to rising raw material prices and the impact of lockdowns in China due to COVID-19.

(Soy-based Ingredients)

Net sales decreased due to a decline in the sales volume for soy protein ingredients and functional ingredients in Japan, as well as no longer recording sales from a Chinese soy protein food company we sold off during the previous fiscal year. Operating profit decreased due to factors such as a decrease in sales volume.

(2) Details of Financial Position

Total assets at the end of the first three months of the consolidated fiscal year under review increased by 58,987 million yen from the end of the previous consolidated fiscal year to 475,605 million yen. Under our Mid-term Management Plan, Reborn 2024, we are working to improve our financial structure by strengthening and rebuilding our business foundation. We will improve capital efficiency and strengthen our financial monitoring.

Our consolidated financial position as of the end of the first three months of the consolidated fiscal year under review is as follows.

The consolidated financial position at the end of the first quarter of the fiscal year under review is as follows

(Millions of yen)

		As of March 31, 2022	As of June 30, 2022	Year-on-year change
Assets	Current assets	201,334	232,900	+31,566
	Property, plant and equipment	140,628	156,525	+15,896
	Intangible assets	55,697	60,244	+4,547
	Other	18,958	25,935	+6,977
Assets		416,617	475,605	+58,987
Liabilities	Interest-bearing debt	148,769	172,041	+23,271
	Other	78,352	89,468	+11,115
Liabilities		227,122	261,509	+34,387
Net assets		189,495	214,095	+24,600

(Assets)

Looking at assets at the end of the first three months of the consolidated fiscal year under review, current assets increased due to an increase in operating capital attributable to rising raw material prices and fluctuations in foreign exchange rates. Property, plant and equipment increased mainly due to an increase in right-of-use assets. The increase in other assets was mainly due to a 6,984 million yen increase in investment securities resulting from the acquisition of Oilseeds International, Ltd. As a result of the above, assets increased by 58,987 million yen from the end of the previous consolidated fiscal year to 475,605 million yen.

(Liabilities)

Liabilities at the end of the first three months of the consolidated fiscal year under review increased by 34,387 million yen from the end of the previous consolidated fiscal year to 261,509 million yen on an increase in interest-bearing debt associated with an increase in operating capital and fluctuations in foreign exchange rates.

(Net assets)

Net assets at the end of the first three months of the consolidated fiscal year under review increased 24,600 million yen from the end of the previous consolidated fiscal year to 214,095 million yen due to an increase in foreign currency translation adjustments due to the yen's depreciation against the US dollar, euro, and real, and increase in capital surplus of 3,560 million yen due to in-kind contributions to Fuji Oil International Inc. of shares of Oilseeds International Ltd. and Fuji Vegetable Oil, Inc.

As a result, net assets per share increased by 221.10 yen from the end of the previous consolidated fiscal year to 2,389.23 yen. Equity ratio decreased by 1.5 points from the end of the previous fiscal year to 43.2%.

(Details of Cash Flows)

To maintain and improve our financial discipline, our top priority is to generate free cash flow of 10 billion yen or more each year through steady profit growth and a shortened cash conversion cycle. However, due to the sharp rise in raw material procurement prices, operating capital procurement increased significantly in the first three months of the consolidated fiscal year under review following the previous consolidated cumulative fourth quarter.

The consolidated cash flows during the first quarter of the fiscal year under review are as follows.

	(Millions of yen)		
	Three months ended June 30, 2021	Three months ended June 30, 2022	Year-on-year change
Cash flows from operating activities	3,158	△11,478	△14,637
Cash flows from investing activities	△4,517	△2,846	+1,671
Free Cash flows	△1,359	△14,325	△12,965
Cash flows from financing activities	△859	15,506	+16,365
Cash and cash equivalents at end of period	18,550	20,163	+1,613

(Cash flows from operating activities)

Cash flows from operating activities for the first three months of the consolidated fiscal year under review resulted in expenditures of 11,478 million yen. This was mainly due to an increase in operating capital due to sharp rising raw material prices. This represents a decrease of 14,637 million yen compared to the first quarter of the previous fiscal year.

(Cash flows from investing activities)

Cash flows from investing activities for the first three months of the consolidated fiscal year under review resulted in expenditures of 2,844 million yen. This was mainly due to expenditures for construction of a second factory in the industrial chocolate business in Brazil and construction of new cream factory in China. Expenditures decreased by 1,671 million yen compared to the first quarter of the previous fiscal year due to an increase in proceeds from the sale of property, plant and equipment and a decrease in purchase of property, plant and equipment.

(Cash flows from financing activities)

Cash flows from financing activities for the first three months of the consolidated fiscal year under review resulted in income of 15,506 million yen due to an increase in external funding mainly due to an increase in operating capital. Income increased by 16,365 million yen compared to the first quarter of the previous fiscal year.

(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts

The consolidated business performance forecast for the first half ending September 30, 2022 remains unchanged from the business performance forecast announced on May 10, 2022.

2. Quarterly Consolidated Financial Statements and Key Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	15,926	20,174
Notes and accounts receivable - trade	81,121	83,882
Merchandise and finished goods	40,786	47,774
Raw materials and supplies	55,249	68,504
Other	8,468	12,780
Allowance for doubtful accounts	△217	△215
Total current assets	201,334	232,900
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,485	40,824
Machinery, equipment and vehicles, net	58,137	60,420
Land	20,659	21,295
Construction in progress	15,283	18,252
Other, net	7,061	15,732
Total property, plant and equipment	140,628	156,525
Intangible assets		
Goodwill	27,008	29,161
Customer related assets	16,954	18,716
Other	11,734	12,366
Total intangible assets	55,697	60,244
Investments and other assets		
Investment securities	7,122	14,822
Retirement benefit asset	4,952	5,113
Deferred tax assets	708	612
Other	6,110	5,337
Allowance for doubtful accounts	△62	△63
Total investments and other assets	18,831	25,823
Total non-current assets	215,156	242,593
Deferred assets		
Bond issuance costs	126	112
Total deferred assets	126	112
Total assets	416,617	475,605

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,654	36,864
Short-term borrowings	44,518	68,677
Current portion of bonds payable	10,000	10,000
Commercial papers	10,000	10,000
Income taxes payable	1,727	1,420
Provision for bonuses	2,588	3,418
Provision for bonuses for directors (and other officers)	62	17
Other	11,290	16,034
Total current liabilities	120,840	146,432
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term borrowings	49,251	48,363
Deferred tax liabilities	15,038	18,006
Retirement benefit liability	1,996	1,975
Other	4,995	11,731
Total non-current liabilities	106,282	115,077
Total liabilities	227,122	261,509
Net assets		
Shareholders' equity		
Share capital	13,208	13,208
Capital surplus	11,945	15,494
Retained earnings	159,664	159,274
Treasury shares	△1,954	△1,954
Total shareholders' equity	182,864	186,023
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,523	1,717
Deferred gains or losses on hedges	1,070	1,777
Foreign currency translation adjustment	1,079	15,991
Remeasurements of defined benefit plans	△161	△127
Total accumulated other comprehensive income	3,512	19,360
Non-controlling interests	3,117	8,712
Total net assets	189,495	214,095
Total liabilities and net assets	416,617	475,605

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (First three-month period)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	98,679	127,928
Cost of sales	82,112	111,276
Gross profit	16,566	16,651
Selling, general and administrative expenses	12,448	14,277
Operating profit	4,118	2,374
Non-operating income		
Interest income	293	135
Dividend income	40	39
Foreign exchange gains	—	826
Share of profit of entities accounted for using equity method	—	151
Gain on valuation of derivatives	6	—
Other	149	479
Total non-operating income	490	1,633
Non-operating expenses		
Interest expenses	231	362
Foreign exchange losses	373	—
Share of loss of entities accounted for using equity method	16	—
Other	243	268
Total non-operating expenses	864	630
Ordinary profit	3,744	3,376
Extraordinary income		
Gain on sale of non-current assets	735	31
Refunded taxes	744	142
Total extraordinary income	1,480	173
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on retirement of non-current assets	111	112
Total extraordinary losses	112	112
Profit before income taxes	5,111	3,438
Income taxes - current	1,528	1,307
Income taxes - deferred	37	253
Total income taxes	1,565	1,561
Profit	3,545	1,877
Profit attributable to non-controlling interests	10	18
Profit attributable to owners of parent	3,535	1,858

Quarterly Consolidated Statements of Comprehensive Income (First three-month period)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	3,545	1,877
Other comprehensive income		
Valuation difference on available-for-sale securities	△6	194
Deferred gains or losses on hedges	△247	706
Foreign currency translation adjustment	5,411	14,936
Remeasurements of defined benefit plans, net of tax	28	34
Share of other comprehensive income of entities accounted for using equity method	81	137
Total other comprehensive income	5,267	16,008
Comprehensive income	8,813	17,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,802	17,705
Comprehensive income attributable to non-controlling interests	11	180

(3) Quarterly Consolidated Statements of Cash flows
(First three-month period)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	5,111	3,438
Depreciation	3,654	4,141
Amortization of goodwill	532	596
Decrease (increase) in retirement benefit asset	△214	△160
Increase (decrease) in retirement benefit liability	33	△24
Interest and dividend income	△334	△175
Interest expenses	231	362
Share of loss (profit) of entities accounted for using equity method	16	△151
Loss (gain) on disposal of non-current assets	△623	80
Decrease (increase) in trade receivables	1,803	1,968
Decrease (increase) in inventories	△1,708	△12,474
Increase (decrease) in trade payables	△3,663	△6,467
Other, net	710	406
Subtotal	5,549	△8,460
Interest and dividends received	79	175
Interest paid	△157	△446
Income taxes refund (paid)	△2,313	△2,748
Net cash provided by (used in) operating activities	3,158	△11,478
Cash flows from investing activities		
Purchase of property, plant and equipment	△4,837	△3,998
Proceeds from sale of property, plant and equipment	742	1,622
Purchase of intangible assets	△420	△259
Purchase of investment securities	△1	△290
Other, net	0	79
Net cash provided by (used in) investing activities	△4,517	△2,846
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	347	13,992
Proceeds from long-term borrowings	1,870	5,394
Repayments of long-term borrowings	△671	△1,466
Dividends paid	△2,237	△2,237
Dividends paid to non-controlling interests	△25	△13
Other, net	△142	△163
Net cash provided by (used in) financing activities	△859	15,506
Effect of exchange rate change on cash and cash equivalents	315	1,268
Net increase (decrease) in cash and cash equivalents	△1,902	2,449
Cash and cash equivalents at beginning of period	20,452	15,915
Increase in cash and cash equivalents resulting from purchase of shares of a subsidiary through an investment in kind	—	1,798
Cash and cash equivalents at end of period	18,550	20,163

(4) Notes to Quarterly Consolidated Financial Statements

(Notes Relating to Assumptions for the Going Concern)

Not applicable.

(Notes for Case Where Shareholders' Equity underwent Significant Changes in Value)

Not applicable.

(Changes in major consolidated subsidiaries during the period under review)

Fuji Oil International Inc. was established and included in the scope of consolidation during the first quarter of this consolidated fiscal year. Fuji Oil International Inc. is a specified subsidiary.

Although the following companies are not specified subsidiaries, the Company made the following changes to its significant subsidiaries during the first quarter of the current fiscal year.

(1) Change in scope of consolidation

Fuji Oil International Inc. was included in the scope of consolidation during the first quarter of the current consolidated fiscal year, and its subsidiary Oilseeds International, Ltd. was also included in the scope of consolidation.

(2) Change in scope of application of equity method

In the first quarter of the current fiscal year, RITO Partnership, a subsidiary of Oilseeds International, Ltd. was included in the scope of equity-method affiliates due to the inclusion of Oilseeds International, Ltd. in the scope of consolidation. K&FS PTE.LTD. was excluded from the scope of equity method application due to its decreased materiality.

(Changes in Accounting Policies)

(Application of Accounting Standards Update (ASU) No. 2016-02, Leases)

The Company's foreign consolidated subsidiaries applying US-GAAP have adopted Accounting Standards Update (ASU) No. 2016-02, Leases ("the Standard") effective from the first quarter of the current fiscal year. In accordance with this standard, all leases of lessees are generally accounted for as lease assets (net) and lease obligations. In applying this standard, we have adopted method that the cumulative effect of adopting this standard at the date of adoption. This is adopted as a transitional measure.

As a result of the application of this standard, other tangible fixed assets, other current liabilities, and other long-term liabilities increased by 7,884 million yen, 564 million yen, and 6,301 million yen, respectively, in the consolidated balance sheet for the first quarter of the current fiscal year. The effect of this change on profit and loss for the first quarter of the current fiscal year was immaterial.

(Additional Information)**(Application of the Treatment of Accounting and Disclosure for the Application of the Group Tax Sharing System)**

Effective from the first quarter of the current fiscal year, the Company and some of its domestic consolidated subsidiaries have shifted from the Consolidated Tax Return Filing System to the Group Tax Sharing System. In conjunction with this change, the Company and some of its domestic consolidated subsidiaries have adopted the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021; hereinafter referred to as "ASBJ PITF No. 42"), which stipulates accounting treatment and disclosure for corporate and local taxes and tax effect accounting. In accordance with Paragraph 32 (1) of the ASBJ PITF No. 42, the Company has deemed that there is no impact from the change in accounting policy due to the application of the ASBJ PITF No. 42.

(Segment Information)

First three-month period of the fiscal year under review (April 1, 2022 - June 30, 2022)

1. Information on net sales and profits or losses by reported segment

	Reported segments					Adjustment (Note 1)	Amounts on Quarterly consolidated statements of income (Note 2)
	Vegetable Oils and Fats	Industrial Chocolate	Emulsified and Fermented Ingredients	Soy-based Ingredients	Total		
Net Sales							
Sales to external customers	49,177	47,897	22,534	8,318	127,928	—	127,928
Transactions with other segments	6,199	544	1,406	32	8,184	△8,184	—
Total	55,376	48,442	23,941	8,351	136,112	△8,184	127,928
Segment profit	1,614	983	217	573	3,388	△1,014	2,374

(Note) 1. The segment income adjustment of △1,014 million yen includes corporate expenses of △1,014 million yen that are not allocated to each reportable segment. Corporate expenses are expenses related to group management at the submitting company and some area management companies.

2. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on impairment losses on non-current assets and goodwill by reported segment

Not applicable.

(Business Combinations, etc.)

(Business combination through acquisition)

1. Outline of business combination

(1) Name and business of the acquired company

Name of acquired company: Oilseeds International, Ltd.

Nature of Business: Manufacture and sale of edible oils and fats

(2) Main reason for the business combination

Our consolidated subsidiary, Fuji Specialties, Inc. (hereinafter, referred to as "FSI"), Fuji Vegetable Oil, Inc. (hereinafter, referred to as "FVO") and Fuji Oil New Orleans, LLC are engaged in the development, production and sales of edible oils, edible processed oils and fats, chocolate oils and fats, and other products made from palm, coconut and other southern oils.

Oilseeds International Ltd. (California, U.S.A. :hereinafter, referred to as "OIL") is a wholly owned subsidiary of ITOCHU International Inc. (hereinafter, referred to as "III") a consolidated subsidiary of ITOCHU Corporation, and is strong in the production and sales of premium vegetable oils (sunflower oil, rice bran oil, etc.).

The possession of OIL through Fuji Oil International Inc. (hereinafter, referred to as "FII"), a new joint venture to be established by our group with FSI and III, is expected to expand sales channels, develop new customers, and create cost advantages by leveraging the strengths of both our group and the ITOCHU Group, and is expected to expand our presence in the North American market through the alliance. Through the alliance, we aim to expand our presence in the North American market.

(3) Date of business combination

May 1, 2022 (share acquisition date)

(4) Legal form of business combination

Establishment of a joint venture through in-kind contribution

(5) Name of the company after the business combination

No change

(6) Ratio of voting rights acquired

Ratio of voting rights held immediately prior to the business combination — %

Ratio of voting rights acquired on the date of business combination 80%

Ratio of voting rights after acquisition 80%

(7) Main basis for determining the acquiring company

FSI, a consolidated subsidiary of the Company, and III, a consolidated subsidiary of ITOCHU, established a joint venture in the U.S. and made an investment in kind of OIL shares held by III and FVO shares held by FSI. After the in-kind contribution, FII's ownership interest in the joint venture became 80% for FSI and 20% for III, resulting in the ownership of 80% of the voting rights of OIL.

2. Period of the acquired company's results included in the quarterly consolidated statements of income for the period

May 1, 2022 to June 30, 2022

3. Acquisition cost of the acquired company and breakdown by type of consideration

Fair value of shares acquired on the date of business combination through contribution in kind 63 million U.S.D
(8,679 million yen)

4. Amount of goodwill incurred, reason for incurring goodwill, amortization method and amortization period

(1) Amount of goodwill incurred

87 million yen

The above amounts are tentatively accounted for based on the rational information available at the time of the business combination, since the period from the date of business combination to the closing date is short and the allocation of acquisition cost has not been completed due to the fact that the identifiable assets and liabilities as of the date of business combination have not yet been identified and their fair value has not yet been estimated.

(2) Cause of occurrence

Since the acquisition cost exceeded the fair value of net assets at the time of the business combination, the excess amount was recorded as goodwill.

(3) Amortization method and period

Equal amortization over 5 years

The amortization period is calculated based on currently available rational information.