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May 10, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 2607
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 Scheduled date for ordinary general meeting of shareholders: June 28, 2023
 Scheduled date for dividend payment: June 29, 2023
 Scheduled date to file annual securities report: June 28, 2023
 Preparation of supplementary material on consolidated financial results: Yes
 Holding of consolidated 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 Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Consolidated operating results

(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	%
Fiscal year ended								
March 31, 2023	557,410	28.5	10,940	△27.1	9,690	△32.5	6,126	△46.7
March 31, 2022	433,831	18.9	15,008	△16.2	14,360	△18.2	11,504	4.4

(Note) Comprehensive income For the Fiscal year ended March 31, 2023: ¥18,811 million [△39.8%]
 For the Fiscal year ended March 31, 2022: ¥31,254 million [172.1%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2023	71.27	—	3.1	2.2	2.0
March 31, 2022	133.84	—	6.6	3.7	3.5

(Note) Share of profit (loss) of entities accounted for using equity method

For the Fiscal year ended March 31, 2023: ¥1,007 million
 For the Fiscal year ended March 31, 2022: ¥144 million

(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				
March 31, 2023	468,789	210,983	43.3	2,359.34
March 31, 2022	416,617	189,495	44.7	2,168.13

(Reference) Shareholder's equity As of March 31, 2023: ¥202,820 million
 As of March 31, 2022: ¥186,377 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2023	7,594	△16,487	9,804	18,991
March 31, 2022	3,537	△18,807	9,387	15,915

2. Cash dividends

	Annual dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	26.00	—	26.00	52.00	4,475	38.9	2.6
Fiscal year ended March 31, 2023	—	26.00	—	26.00	52.00	4,475	73.0	2.3
Fiscal year ending March 31, 2024 (Forecast)	—	26.00	—	26.00	52.00		28.0	

3. Consolidated forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(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
Six months ending September 30, 2023	265,000	△1.3	6,000	18.5	5,000	△6.8	10,000	209.8	116.33
Fiscal year ending March 31, 2024	550,000	△1.3	16,500	50.8	15,000	54.8	16,000	161.1	186.12

* 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 “3. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Basis of Consolidated Financial Statements)” on page 14 of the Accompanying Materials for details.

(2) 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 “3. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 14 of the Accompanying Materials for details.

(3) Number of issued shares (common shares)

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

As of March 31, 2023	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 March 31, 2023	1,604,642 shares
As of March 31, 2022	1,607,211 shares

(iii) Average number of shares outstanding during the period

Fiscal Year Ended March 31, 2023	85,963,933 shares
Fiscal Year Ended March 31, 2022	85,960,286 shares

- * Consolidated financial results reports are exempt from 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. Please refer “1. Qualitative Information on Results for the Fiscal Year Ended March 31, 2023 (4) Future Outlook” on page 4 for details.

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1. Qualitative Information on Results for the Fiscal Year Ended March 31, 2023

(1) Details of Operating Results

During the consolidated fiscal year under review, although the global economy began to move on from the impact of COVID-19 towards the normalization of economic activities, the future continued to lack transparency due to financial policy and other in response to global inflation.

Raw material prices for palm oil and soybeans, our main raw materials, rose in the beginning of the fiscal year due to the effect of the situation in Ukraine and Indonesian palm oil export restrictions. However, from the second half of the fiscal year, prices came down from those high levels and have been on a stable trend. Production costs increased due to rising logistics costs and labor costs as well as due to the effect of yen depreciation in Japan.

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, the operating results for the fiscal year ended March 31, 2023 under review were as follows.

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2023	557,410	10,940	9,690	6,126
March 31, 2022	433,831	15,008	14,360	11,504
Year-on-year change (Year-on-year change rate)	+123,579 (+28.5%)	△4,068 (△27.1%)	△4,669 (△32.5%)	△5,377 (△46.7%)

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	203,448	+68,471	+50.7%	7,021	△380	△5.1%
Industrial Chocolate	228,513	+42,973	+23.2%	4,973	△2,574	△34.1%
Emulsified and Fermented Ingredients	91,164	+12,017	+15.2%	1,490	△126	△7.8%
Soy-based Ingredients	34,284	+116	+0.3%	1,277	△872	△40.6%
Adjustment	—	—	—	△3,822	△113	—
Total	557,410	+123,579	+28.5%	10,940	△4,068	△27.1%

(Vegetable Oils and Fats)

Net sales increased significantly due to higher sales prices to reflect rising prices for palm oil, our main raw material, and other raw materials. Net sales also rose on the launch of operations at a new plant in North America and on the effect of yen depreciation in foreign exchange rates. Despite the contribution of steady sales in Southeast Asia, operating profit decreased due to increased depreciation and other fixed costs associated with the launch of operations at a new plant in North America.

(Industrial Chocolate)

Net sales increased due to the effect of yen depreciation in foreign exchange rates and higher sales prices to reflect rising raw material prices. Despite the contribution of steady sales in Brazil, operating profit decreased on factors such as an increase of labor costs and other fixed costs and lower sales volume due to cocoa processing facilities problem on the second quarter in North America, in addition to lower sales volume in Japan.

(Emulsified and Fermented Ingredients)

Net sales increased due to higher sales prices to reflect higher raw material prices and the effect of yen depreciation in foreign exchange rates. Despite the higher sales volume of whipping cream, margarine and other in Japan, operating profit decreased due to lower sales volume in China associated with decreased demand caused by prolonged Zero-COVID policy.

(Soy-based Ingredients)

Net sales increased due to higher sales prices to reflect rising raw material prices despite the deconsolidation of a soy protein food company in China in the previous fiscal year. Despite the contribution of the higher sales of functional ingredients in Japan, operating profit decreased due to a decrease in sales volume of soy protein ingredients.

(2) Details of Financial Position

Total assets at the end of the the fiscal year under review increased by 52,172 million yen from the end of the previous consolidated fiscal year to 468,789 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.

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

(Millions of yen)

		As of March 31, 2022	As of March 31, 2023	Year-on-year change
	Current assets	201,334	227,771	+26,437
	Property, plant and equipment	140,628	159,855	+19,226
	Intangible assets	55,697	57,322	+1,625
	Other	18,958	23,841	+4,882
	Assets	416,617	468,789	+52,172
	Interest-bearing debt	148,769	168,417	+19,647
	Other	78,352	89,389	+11,036
	Liabilities	227,122	257,806	+30,683
	Net assets	189,495	210,983	+21,488

(Assets)

Assets increased by 52,172 million yen from the end of the previous consolidated fiscal year to 468,789 million yen. Current assets increased due to an increase in working capital attributable to rising raw material prices and the effect of yen depreciation in foreign exchange rates. Property, plant and equipment increased on factors such as an increase of right-of-use assets, the construction of the second plant of HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA (hereinafter "HARALD") and other. The increase in other assets was mainly due to an increase of 6,287 million yen in investment securities resulting from the acquisition of Oilseeds International, Ltd.

(Liabilities)

Liabilities increased by 30,683 million yen from the end of the previous consolidated fiscal year to 257,806 million yen due to an increase in interest-bearing debt associated with an increase in working capital and the effect of yen depreciation in foreign exchange rates.

(Net assets)

Net assets increased 21,488 million yen from the end of the previous year to 210,983 million yen due to an increase in foreign currency translation adjustments caused by the yen depreciation against the US dollar and euro, and an increase of 2,822 million yen in capital surplus 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 191.21 yen from the end of the previous consolidated fiscal year to 2,359.34 yen. Equity ratio decreased by 1.5 points from the end of the previous fiscal year to 43.3%.

(3) Details of Cash Flows

To maintain and improve our financial discipline, our fundamental policy is to generate free cash flow steadily through steady profit growth and a shortened cash conversion cycle. Although we worked on improvement of working capital with optimizing inventory and other, as a result, the expenditures from investing activities exceeded the incomes from operating activities during the consolidated fiscal year under review.

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year-on-year change
Cash flows from operating activities	3,537	7,594	+4,056
Cash flows from investing activities	△18,807	△16,487	+2,319
Free Cash flows	△15,269	△8,893	+6,375
Cash flows from financing activities	9,387	9,804	+417
Cash and cash equivalents at end of period	15,915	18,991	+3,075

(Cash flows from operating activities)

Cash flows from operating activities in the consolidated fiscal year under review was 7,594 million yen. Despite an increase of inventory caused by higher raw material prices in the beginning of the fiscal year, cash flows from operating activities increased by 4,056 million yen due to an improvement of working capital with optimizing inventory and other.

(Cash flows from investing activities)

Cash flows from investing activities in the consolidated fiscal year under review resulted in expenditures of 16,487 million yen. Compared to the previous consolidated fiscal year, expenditures decreased by 2,319 million yen despite capital investment in the construction of the second plant of HARALD and a new plant of Fuji Brandenburg GmbH for processed soybean ingredients business. It was mainly due to careful selection of capital expenditure, withdrawing from non-core businesses, selling cross-holding shares for strategic purposes and other.

(Cash flows from financing activities)

Cash flows from financing activities in the consolidated fiscal year under review resulted in income of 9,804 million yen. Compared to the previous consolidated fiscal year, income increased by 417 million yen due to proceeds from short-term borrowings attributable to an increase in working capital despite the redemption of straight bonds in Japan.

(4) Future Outlook

Societal structures changed significantly due to the destabilization of the global economy caused by COVID-19. However, with improvement in vaccine uptake, the global economy is showing signs of a recovery as strong demand returns. On the other hand, global inflation is accelerating. In addition to rising raw material prices due to a lack of supply caused by logistics and production labor shortages, we are also facing rising fuel and energy costs caused by the Russian invasion of Ukraine. Moving forward, the global economy is projected to continue demonstrating a lack of future transparency. In such an environment, we have revised “Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.” as the new vision of the Fuji Oil Group Management Philosophy. This vision represents the direction we will pursue as we work to overcome issues and achieve continuous growth by ourselves. To achieve this vision by 2030, we formulated Reborn 2024, our Mid-Term Management Plan for the three-year period from this fiscal year to FYE March 2025. We position this period as the time for us to enhance our management platform so that the Fuji Oil Group can be reborn into a corporate group capable of generating new value. Outlining 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.

For the next fiscal year, the Group expects consolidated net sales of 550,000 million yen, consolidated operating profit of 16,500 million yen, consolidated ordinary profit of 15,000 million yen, and profit attributable to owners of parent of 16,000 million yen.

(5) Basic Policy on the Payment of Dividends and Dividends for the Fiscal Year under Review and Next Fiscal Year

We recognize that returning profits to shareholders is one of our most important management duties. We will pay stable and continuous dividends to shareholders, aiming for a dividend payout ratio of 30% to 40%. Internal Reserves will be used for strategic investments for growth, including investments in production facilities, new businesses, and research and development, in order to enhance corporate value. We will also flexibly consider acquisition of Treasury Shares.

Based on the above policy, we plan to pay a year-end dividend of 26 yen per share for the current fiscal year, bringing the total annual dividend to 52 yen per share, in order to respond to the support of our shareholders.

For the next fiscal year, we plan to pay an annual dividend of 52 yen per share.

2. Basic Concept concerning the Selection of Accounting Standards

To sustain comparability of consolidated financial statements between periods as well as between companies, the Group prepares consolidated financial statements under Japanese GAAP. With regard to the IFRS(International Financial Reporting Standards), we will appropriately determine the timing for the application while considering various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	15,926	19,002
Notes and accounts receivable - trade	81,121	93,023
Merchandise and finished goods	40,786	49,082
Raw materials and supplies	55,249	56,662
Other	8,468	10,173
Allowance for doubtful accounts	△217	△173
Total current assets	201,334	227,771
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	39,485	44,374
Machinery, equipment and vehicles, net	58,137	64,308
Land	20,659	21,226
Right-of-use assets, net	4,370	13,277
Construction in progress	15,283	13,833
Other, net	2,690	2,834
Total property, plant and equipment	140,628	159,855
Intangible assets		
Goodwill	27,008	27,245
Customer related assets	16,954	17,793
Other	11,734	12,283
Total intangible assets	55,697	57,322
Investments and other assets		
Investment securities	7,122	14,378
Retirement benefit asset	4,952	4,791
Deferred tax assets	708	649
Other	6,110	3,988
Allowance for doubtful accounts	△62	△63
Total investments and other assets	18,831	23,745
Total non-current assets	215,156	240,922
Deferred assets		
Bond issuance costs	126	95
Total deferred assets	126	95
Total assets	416,617	468,789

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,654	40,285
Short-term borrowings	44,518	76,091
Current portion of bonds payable	10,000	—
Commercial papers	10,000	10,000
Income taxes payable	1,727	1,872
Provision for bonuses	2,588	2,764
Provision for bonuses for directors (and other officers)	62	52
Other	11,290	14,826
Total current liabilities	120,840	145,891
Non-current liabilities		
Bonds payable	35,000	41,000
Long-term borrowings	49,251	41,325
Deferred tax liabilities	15,038	15,762
Retirement benefit liability	1,996	1,885
Lease liabilities	2,854	9,790
Other	2,141	2,149
Total non-current liabilities	106,282	111,914
Total liabilities	227,122	257,806
Net assets		
Shareholders' equity		
Share capital	13,208	13,208
Capital surplus	11,945	14,757
Retained earnings	159,664	161,305
Treasury shares	△1,954	△1,946
Total shareholders' equity	182,864	187,324
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,523	1,593
Deferred gains or losses on hedges	1,070	△547
Foreign currency translation adjustment	1,079	15,108
Remeasurements of defined benefit plans	△161	△657
Total accumulated other comprehensive income	3,512	15,496
Non-controlling interests	3,117	8,163
Total net assets	189,495	210,983
Total liabilities and net assets	416,617	468,789

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	433,831	557,410
Cost of sales	367,519	485,166
Gross profit	66,312	72,244
Selling, general and administrative expenses	51,303	61,303
Operating profit	15,008	10,940
Non-operating income		
Interest income	566	452
Dividend income	76	82
Foreign exchange gains	—	296
Share of profit of entities accounted for using equity method	144	1,007
Gain on valuation of derivatives	98	—
Other	477	749
Total non-operating income	1,363	2,588
Non-operating expenses		
Interest expenses	977	2,563
Foreign exchange losses	211	—
Other	822	1,274
Total non-operating expenses	2,011	3,838
Ordinary profit	14,360	9,690
Extraordinary income		
Gain on sale of non-current assets	758	112
Gain on sale of investment securities	385	426
Gain on sales of investments in capital of subsidiaries and associates.	910	—
Refunded taxes	758	141
Gain on extinguishment of tie-in shares	—	5
Total extraordinary income	2,812	686
Extraordinary losses		
Loss on sale of non-current assets	50	7
Loss on retirement of non-current assets	546	370
Impairment losses	43	—
Restructuring expenses of subsidiaries and affiliates	242	90
Loss on sale of investment securities	—	4
Total extraordinary losses	883	473
Profit before income taxes	16,289	9,903
Income taxes - current	4,418	4,465
Income taxes - deferred	218	△715
Total income taxes	4,636	3,750
Profit	11,653	6,152
Profit attributable to non-controlling interests	148	25
Profit attributable to owners of parent	11,504	6,126

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	11,653	6,152
Other comprehensive income		
Valuation difference on available-for-sale securities	△286	70
Deferred gains or losses on hedges	587	△1,618
Foreign currency translation adjustment	19,301	14,670
Remeasurements of defined benefit plans, net of tax	△181	△496
Share of other comprehensive income of entities accounted for using equity method	180	32
Total other comprehensive income	19,601	12,658
Comprehensive income	31,254	18,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,854	18,847
Comprehensive income attributable to non-controlling interests	400	△36

(3) Consolidated Statements of Changes in Equity

Previous Consolidated Fiscal Year (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,208	11,945	152,675	△1,968	175,860
Cumulative effects of changes in accounting policies			△39		△39
Restated balance	13,208	11,945	152,635	△1,968	175,821
Changes during period					
Dividends of surplus			△4,475		△4,475
Profit attributable to owners of parent			11,504		11,504
Purchase of treasury shares				△0	△0
Disposal of treasury shares				14	14
Net changes in items other than shareholders' equity					
Total changes during period	—	—	7,028	14	7,043
Balance at end of period	13,208	11,945	159,664	△1,954	182,864

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,810	483	△18,150	20	△15,837	2,866	162,890
Cumulative effects of changes in accounting policies							△39
Restated balance	1,810	483	△18,150	20	△15,837	2,866	162,850
Changes during period							
Dividends of surplus							△4,475
Profit attributable to owners of parent							11,504
Purchase of treasury shares							△0
Disposal of treasury shares							14
Net changes in items other than shareholders' equity	△286	587	19,230	△181	19,350	251	19,601
Total changes during period	△286	587	19,230	△181	19,350	251	26,644
Balance at end of period	1,523	1,070	1,079	△161	3,512	3,117	189,495

Consolidated Fiscal Year under Review (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,208	11,945	159,664	△1,954	182,864
Changes during period					
Dividends of surplus			△4,475		△4,475
Profit attributable to owners of parent			6,126		6,126
Purchase of treasury shares				△0	△0
Disposal of treasury shares				8	8
Decrease (increase) of capital surplus by change of share to consolidated subsidiary		2,822			2,822
Purchase of shares of consolidated subsidiaries		△10			△10
Change in scope of equity method			△10		△10
Net changes in items other than shareholders' equity					
Total changes during period	—	2,811	1,640	7	4,459
Balance at end of period	13,208	14,757	161,305	△1,946	187,324

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,523	1,070	1,079	△161	3,512	3,117	189,495
Changes during period							
Dividends of surplus							△4,475
Profit attributable to owners of parent							6,126
Purchase of treasury shares							△0
Disposal of treasury shares							8
Decrease (increase) of capital surplus by change of share to consolidated subsidiary							2,822
Purchase of shares of consolidated subsidiaries							△10
Change in scope of equity method							△10
Net changes in items other than shareholders' equity	70	△1,618	14,028	△496	11,983	5,045	17,028
Total changes during period	70	△1,618	14,028	△496	11,983	5,045	21,488
Balance at end of period	1,593	△547	15,108	△657	15,496	8,163	210,983

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	16,289	9,903
Depreciation	15,285	17,671
Amortization of goodwill	2,160	2,629
Decrease (increase) in retirement benefit asset	△281	161
Increase (decrease) in retirement benefit liability	△295	△880
Interest and dividend income	△643	△534
Interest expenses	977	2,563
Impairment losses	43	—
Share of loss (profit) of entities accounted for using equity method	△144	△1,007
Loss (gain) on sale of investment securities	△385	△422
Loss (gain) on disposal of non-current assets	△161	227
Loss(gain) on sales of investments in capital of subsidiaries and associates.	△910	—
Decrease (increase) in trade receivables	△10,183	△8,144
Decrease (increase) in inventories	△20,962	△3,533
Increase (decrease) in trade payables	8,940	△2,528
Other, net	△255	△459
Subtotal	9,473	15,646
Interest and dividends received	383	1,101
Interest paid	△941	△2,411
Income taxes refund (paid)	△5,378	△6,741
Net cash provided by (used in) operating activities	3,537	7,594
Cash flows from investing activities		
Purchase of property, plant and equipment	△18,107	△18,404
Proceeds from sale of property, plant and equipment	1,279	1,699
Purchase of intangible assets	△1,019	△1,126
Purchase of investment securities	△101	△297
Proceeds from sale of investment securities	684	591
Payments for investments in capital	△325	△105
Payments for sales of investments in capital of subsidiaries resulting in change in scope of consolidation	△155	—
proceeds rom sale of investments in capital of subsidiaries	—	1,394
Proceeds from collection of long-term loans receivable	16	8
Purchase of long-term prepaid expenses	△773	—
Other, net	△303	△247
Net cash provided by (used in) investing activities	△18,807	△16,487

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	8,175	19,458
Proceeds from long-term borrowings	14,836	7,608
Repayments of long-term borrowings	△8,446	△7,328
Proceeds from issuance of bonds	—	5,967
Redemption of bonds	—	△10,000
Dividends paid	△4,475	△4,475
Dividends paid to non-controlling interests	△122	△189
Other, net	△579	△1,235
Net cash provided by (used in) financing activities	9,387	9,804
Effect of exchange rate change on cash and cash equivalents	1,345	349
Net increase (decrease) in cash and cash equivalents	△4,536	1,260
Cash and cash equivalents at beginning of period	20,452	15,915
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	16
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	1,798
Cash and cash equivalents at end of period	15,915	18,991

(5) Notes to Consolidated Financial Statements

(Notes Relating to Assumptions for the Going Concern)

Not applicable.

(Basis of Consolidated Financial Statements)

1. Scope of subsidiaries and entities accounted for using equity method

(1) Number of consolidated subsidiaries: 39

During the first quarter of the consolidated fiscal year, we established Fuji Oil International Inc. and included it in the scope of consolidation. Oilseeds International, Ltd., a subsidiary of Fuji Oil International Inc. was also included in the scope of consolidation.

(2) Number of entities accounted for using equity method: 3

In the first quarter of the consolidated fiscal year, RITO Partnership, an affiliate 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.

2. Fiscal years of subsidiaries

Of the consolidated subsidiaries, the closing date of FUJI OIL (CHINA) INVESTMENT CO., LTD, HARALD INDÚSTRIA E COMÉRCIO DE ALIMENTOS LTDA and 5 other companies is December 31. Financial statements as of March 31 are used to prepare consolidated financial statements.

The accounting period of Blommer Chocolate Company and 4 other companies is 52 weeks and their closing date is the Sunday closest to May 31. Financial statements as of January 22, 2023 are used to prepare consolidated financial statements. However, necessary adjustments for consolidation are made for significant transactions occurring between the date and the consolidated closing date.

(Changes in Fiscal Years of Subsidiaries)

The following 3 subsidiaries had used to prepare financial statements as of their own closing date with making necessary adjustments for consolidation for significant transactions occurring between the date and the consolidated closing date. To promote unified group management through a unified management cycle and to further increase transparency through timely and appropriate disclosure of results and other business information, from this consolidated fiscal year, their closing date has been changed to March 31, or their method has been changed to use to prepare consolidated financial statements as of the consolidated closing date.

(1) INDUSTRIAL FOOD SERVICES PTY LIMITED

The subsidiary, whose closing date was June 30, had used to prepare financial statements as of December 31. From this consolidated fiscal year, their closing date has been changed to March 31. Related to this change, the accounting period of the consolidated subsidiary was 15 months from January 1, 2022 to March 31, 2023 in this consolidated fiscal year. The effect of this change on profit and loss for the consolidated fiscal year was immaterial.

(2) Blommer Chocolate Manufacturing (Shanghai) Co., Ltd. and Blommer Chocolate International Group Limited Hong Kong

The subsidiaries whose closing date was December 31, had used to prepare financial statements as of January 31. From this consolidated fiscal year, those subsidiaries have changed to use to prepare consolidated financial statements as of the consolidated closing date. Related to this change, the accounting period of the consolidated subsidiaries was 14 months from February 1, 2022 to March 31, 2023 in this consolidated fiscal year. The effect of this change on profit and loss for the consolidated fiscal year was immaterial.

(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 transaction as lessee are generally recorded as right-of-use assets (net) and lease liabilities. In applying this standard, we have adopted a transitional measure recognizing the cumulative effect of adopting this standard at the date of adoption.

As a result of the application of this standard, right-of-use assets (net), other current liabilities, and non-current lease liabilities increased by 8,095 million yen, 551 million yen, and 6,245 million yen, respectively, in the consolidated balance sheet at the end of the consolidated fiscal year under review. The effect of this change on profit and loss for the consolidated fiscal year under review was immaterial.

(Changes in Presentation)

(Consolidated Balance Sheets)

“Right-of-use assets, net,” which was previously included in “Other, net” of “Property, plant and equipment,” and “Lease liabilities,” which was previously included in “Other” of “Non-current liabilities,” are separately presented for the fiscal year ended March 31, 2023 because of the increased materiality. Consolidated financial statements for the year ended March 31, 2022 is reclassified to conform to these changes in presentation.

As a result, the amount of 7,061 million yen, which was presented in “Other, net” of “Property, plant and equipment” in the consolidated balance sheets for the year ended March 31, 2022 is presented as 4,370 million yen for “Right-of-use assets, net” and as 2,690 million yen for “Other, net.” The amount of 4,995 million yen, which was presented in “Other” of “Non-current liabilities” in the consolidated balance sheets for the year ended March 31, 2022 is presented as 2,854 million yen for “Lease liabilities” and as 2,141 million yen for “Other.”

(Additional Information)

(Stock Remuneration System for Directors)

In accordance with the resolution of the 92nd Ordinary General Meeting of Shareholders held on June 18, 2020, the Company had established a stock remuneration system for its directors (excluding outside directors), aiming to raising their awareness of contributing to medium- to long-term performance and enhancing corporate value by making clearer the linkage between directors' remuneration and the value of the Company's stock and enabling directors to share the benefits and risks of share price fluctuations with shareholders.

As the Company have changed to a company with audit and supervisory committee based on the resolution of the 94th Ordinary General Meeting of Shareholders held on June 21, 2022, the Performance-linked Share-based Remuneration Plan through a trust following the same purpose (hereinafter “the System”) was established.

The accounting treatment for the System is in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trust" (Practical Issues Task Force No. 30, March 26, 2015).

(1) Overview of the transaction

This is a stock remuneration system under which the Company's stock are granted to each Director through a trust (hereinafter "the Trust") established by the Company with monetary contributions. The Trust shall acquire the Company's stock and shall grant to the Directors the Company's stock which is equivalent to the number of points granted by the Company to each Director. Under the system, the Company's stock will be granted to the Company's directors who are in office during the three fiscal years ending on March 31, 2021 through March 31, 2023. In principle, directors will be granted the Company's stock at the time of their retirement.

(2) Company stock owned by the Trust

The Company records the Company's stock owned by the Trust as Treasury shares under net assets. The book value and number of those treasury shares were 320 million yen and 110,100 shares for the consolidated fiscal year under review.

(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.

(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. 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 Consolidated Statements of Income

May 1, 2022 to March 31, 2023

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 USD (8,679 million yen)

4. Major acquisition related costs

Advisory fees and others: 101 million yen

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

(1) Amount of goodwill incurred

84 million yen

In the first quarter of the consolidated fiscal year, provisional accounting treatment was applied to the business combination with Oilseeds International, Ltd. and the said accounting was finalized in the fourth quarter. There is no significant revision of the initial allocation of the acquisition cost.

(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

6. Details of assets acquired and liabilities assumed as of the acquisition date

Current assets	2,932 million yen
Non-current assets	7,041 million yen
Total assets	9,973 million yen
Current liabilities	1,067 million yen
Non-current liabilities	864 million yen
Total liabilities	1,931 million yen

7. Approximate impact of the business combination on the Consolidated Statements of Income assuming the business combination was completed at the beginning of the fiscal year, and the method of calculation thereof
Omitted due to immateriality.

(Transaction under common control)

Business Succession through Absorption-Type Company Split

1. Outline of business combination

In accordance with the resolution of the Board of Directors held on March 18, 2022, the Company succeeded to the Company's assets and its management business held by Fuji Oil Co., Ltd., which is a wholly owned subsidiary of the Company (hereinafter "Fuji Oil Co."), by the way of a company split (absorption-type company split) with an effective date of April 30, 2022 (hereinafter the "Company Split").

(1) Overview of the companies involved in the Company Split (as of March 31, 2022)

	Succeeding Company	Splitting Company
Name	Fuji Oil Holdings Inc.	Fuji Oil Co., Ltd.
Location	1 Sumiyoshi-cho, Izumisano-shi, Osaka (Head office: Daibiru Honkan Building, 3-6-32, Nakanoshima, Kita-ku, Osaka-shi, Osaka)	1 Sumiyoshi-cho, Izumisano-shi, Osaka
Business Descriptions	Group-wide management strategies and overseeing their implementation	Development, manufacture, and sale of food related to the business of vegetable oils & fats, industrial chocolate, emulsified & fermented ingredients and soy-based ingredients
Share Capital	13,208 million yen	500 million yen

(2) Purpose of the Company Split

For the purpose of improving management efficiency, the Company's assets and its management business, previously owned and managed by Fuji Oil Co. were transferred to the Company.

(3) Legal form of business combination

The Company Split is an absorption-type company split in which the Company is the succeeding company and Fuji Oil Co. is the splitting company.

(4) Name of the company after the business combination

No change

2. Overview of accounting treatment applied

The Company accounted for the transaction as a transaction under common control, based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(Segment Information)

Consolidated Fiscal Year under Review (April 1, 2022 - March 31, 2023)

1. Overview of reported segment

The Company's reportable segments are the constituent units of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate performance.

The Group is mainly engaged in the manufacture and sale of vegetable oils and fats products, industrial chocolate products, emulsified and fermented ingredients products and soy-based ingredients products, and is engaged in business activities in Japan and overseas for each product group handled.

Therefore, the Group is composed of business segments based on product groups, and the four reportable segments are "vegetable oils and fats business", "industrial chocolate business", "emulsified and fermented ingredients business" and "soy-based ingredients business".

"The vegetable oils and fats business" manufactures and sells edible processed oils and fats, edible oils and fats for chocolates, etc., using palm oil, palm kernel oil, etc. as basic materials. "The industrial chocolate business" manufactures and sells chocolate, compounds and cocoa products. "The emulsified and fermented ingredients business" manufactures and sells cream, margarine, fillings and other products. "The soy-based ingredients business" manufactures and sells soy protein ingredients, soy protein foods and water-soluble soy polysaccharides.

2. How to calculate net sales, profit or loss, assets, and other items by reportable segment

Profits of reportable segments are based on operating profit. Intersegment profits and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets, and other items by reportable segment

(Millions of yen)

	Reported segments					Adjustment (Note 1, 2)	Amounts on consolidated statements of income (Note 3)
	Vegetable Oils and Fats	Industrial Chocolate	Emulsified and Fermented Ingredients	Soy-based Ingredients	Total		
Net Sales							
Sales to external customers	203,448	228,513	91,164	34,284	557,410	—	557,410
Transactions with other segments	24,563	2,755	6,670	132	34,121	△34,121	—
Total	228,011	231,268	97,834	34,416	591,532	△34,121	557,410
Segment profit	7,021	4,973	1,490	1,277	14,762	△3,822	10,940
Segment asset	142,466	197,669	58,384	46,872	445,843	22,946	468,789
Others							
Depreciation and amortization	5,218	6,643	3,231	2,490	17,583	—	17,583
Amortization of goodwill	15	2,614	—	—	2,629	—	2,629
Impairment losses	—	—	—	—	—	—	—
Investment in affiliates accounted for by equity method	9,375	—	—	—	9,375	—	9,375
Increase in tangible and intangible fixed assets	3,945	10,852	4,854	3,178	22,831	—	22,831

(Note) 1. Adjustment of segment profit △3,822 million yen includes corporate expenses of 3,822 million yen, which are not allocated to each reported segment. Corporate expenses are expenses related to group management at the submitting company and certain area management companies.

2. Adjustment of segment asset 22,946 million yen includes corporate assets which do not belong to each reported segment such as cash and cash deposit, investment securities and other assets of the submitting company and certain area management companies.

3. Segment profit is adjusted with operating profit in the consolidated statements of income.

(Per Share Information)

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
	Yen	Yen
Net assets per share	2,168.13	2,359.34
Profit per share	133.84	71.27

(Notes) 1. Since no residual securities exist, per-share profit after residual securities adjustments is omitted.

2. The Company is applying stock remuneration system for its directors (excluding outside directors). The number of common shares at the end of the consolidated fiscal year under review and the average number of shares during the consolidated fiscal year under review, which are the basis for calculating "Net assets per share" and "Profit per share," include the Company shares held by the Trust in treasury stock, which are deducted in the calculation of them.

The number of such treasury shares at the end of the period deducted for the calculation of Net assets per share is 110,100 shares for the current consolidated fiscal year under review, and the average number of such treasury shares during the period deducted for the calculation of Profit per share is 111,044 shares for the current consolidated fiscal year under review.

3. The basis for calculating profit per share is as follows.

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
	Millions of yen	Millions of yen
Profit attributable to owners of parent	11,504	6,126
Amount not allocable to common shareholders	—	—
Profit attributable to owners of parent available for common stock	11,504	6,126
	Thousand shares	Thousand shares
Average number of shares of common stock outstanding during the term	85,960	85,963

4. The basis for calculating net assets per share is as follows.

	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
	Millions of yen	Millions of yen
Total net assets	189,495	210,983
Amount deducted from total net assets	3,117	8,163
(Of which are non-controlling interests)	(3,117)	(8,163)
Net assets at end of year available for common stock	186,377	202,820
	Thousand shares	Thousand shares
Number of shares of common stock at end of year used for calculating net assets per share	85,962	85,964

(Significant Subsequent Events)

(Transfer of Fixed Assets)

Our consolidated subsidiary, Fuji Oil New Orleans, LLC (headquarter: Louisiana, USA) transferred of its fixed assets as below.

1. Reason for the transfer

Fuji Oil Group has announced Mid-term Management Plan, Reborn 2024, in May 2022. It was announced that the Company will concentrate its management resources into strategic and growing businesses and change its portfolio in exiting business areas more high value-added products together with basic policy of “Strengthening business foundation – restoring profitability and creating new value”. The Company decided to transfer assets in line with those initiatives defined in Reborn 2024 with reacting to changes in Oil & Fat business environment in North America and improving its financial position.

2. Location and outline of transferred assets

Location	2700 U.S. Highway 90, Avondale, LA 70094 U.S.A.
Outline	Machinery and Equipment (facilities for shipping, storage and refining of tropical oil)

3. Outline of transferee

Name	Loders Croklaan USA, LLC
Address	24708 West Durkee Road, Channahon, IL 60410 U.S.A.
Name / Position of Representative	Brett Caplice, President
Business details	Refining and sale of tropical oil
Date of foundation	September, 2002
Major shareholders and shareholding ratio	Bunge Croklaan USA Loders B.V. / 100%

(Note) Except for transactions relating sale of tropical oil, there are no particular matters to be noted regarding the capital, personnel, or related party between the transferee and the Company.

4. Schedule of transfer

Board resolution	April 10th, 2023
Contract	April 10th, 2023
Property Transfer	April 14th, 2023

5. Future outlook

Approximately 12 billion yen of gain on transfer of the fixed assets will be recorded as extraordinary gain (capital gain on sale of fixed assets) in the financial results for the first quarter of the fiscal year ended March 31, 2024.