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February 8, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Q3 FY2023) (Under Japanese GAAP)

Company name: FUJI OIL HOLDINGS INC.
 Listing: Tokyo Stock Exchange
 Securities code: 2607
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 Scheduled date to file quarterly securities report: February 8, 2024
 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 nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)

(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	%
Nine months ended								
December 31, 2023	421,538	1.2	12,897	47.0	11,629	38.9	4,972	△1.8
December 31, 2022	416,687	30.2	8,776	△26.4	8,375	△28.7	5,062	△46.0

(Note) Comprehensive income For the nine months ended December 31, 2023: ¥27,118 million [0.8%]
 For the nine months ended December 31, 2022: ¥26,916 million [38.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2023	57.84	—
December 31, 2022	58.89	—

(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				
December 31, 2023	482,965	233,473	46.0	2,585.56
March 31, 2023	468,789	210,983	43.3	2,359.34

(Reference) Shareholder's equity As of December 31, 2023: ¥222,266 million
 As of March 31, 2023: ¥202,820 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, 2023	—	26.00	—	26.00	52.00
Fiscal year ending March 31, 2024	—	26.00	—		
Fiscal year ending March 31, 2024 (Forecast)				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, 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
Fiscal year ending March 31, 2024	550,000	△1.3	16,500	50.8	15,000	54.8	6,500	6.1	75.61

(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): None
- (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: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2023	87,569,383 shares
As of March 31, 2023	87,569,383 shares

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

As of December 31, 2023	1,604,844 shares
As of March 31, 2023	1,604,642 shares

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

Nine months ended December 31, 2023	85,964,661 shares
Nine months ended December 31, 2022	85,963,663 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 included in this document are based on the information available at the time of this announcement. The actual results may differ from the forecasts in this report due to various factors.

Accompanying Materials – Contents

1. Qualitative Information on Results for the Nine Months Ended December 31, 2023.....	2
(1) Details of Operating Results.....	2
(2) Details of Financial Position.....	3
(3) Information on the Future Outlook, Including Consolidated Business Results Forecasts.....	4
2. Quarterly Consolidated Financial Statements and Key Notes.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	7
Quarterly Consolidated Statements of Income.....	7
Quarterly Consolidated Statements of Comprehensive Income	8
(3) Quarterly Consolidated Statements of Cash flows.....	9
(4) Notes to Quarterly Consolidated Financial Statements.....	10
(Notes Relating to Assumptions for the Going Concern)	10
(Notes for Case Where Shareholders' Equity underwent Significant Changes in Value)	10
(Segment Information)	10

1. Qualitative Information on Results for the Nine Months Ended December 31, 2023

(1) Details of Operating Results

During the first nine months of the current consolidated fiscal year, concerns of an economic slowdown continued due to social unrest induced by increased tensions in international affairs and a downturn in China's economic growth, among other factors. In Japan, it continued to face rising prices in some food products and yen depreciation in foreign exchange rates due to continued easy monetary policy by Bank of Japan. However, the Japan's economy remains firm as the trend of price revision began to calm down and consumption recovered in the food service industry and the accommodation industry due to an increase in domestic and foreign tourists.

In the raw material market, while future outlook for cocoa bean prices is still uncertain due to a historic surge in international prices, prices for palm oil and soybeans remain stable.

Amid this environment, we are working to strengthen the business specific management to ensure the optimal allocation of management resources, with the group headquarters supporting the implementation of profit improvement measures for each group company. In addition to advancing a shift in product portfolio in existing businesses to high-value-added products, which included measures such as the transfer of the non-current assets of Fuji Oil New Orleans, LLC (USA, hereinafter "FVN") in April 2023, we are also building a competitive advantage by strengthening our supply structure in Southeast Asia for certified sustainable oils.

With regards to Blommer Chocolate Company (USA, hereinafter "Blommer"), we recognized additional amortization cost of goodwill and impairment loss on property, plant and equipment as extraordinary losses in the third quarter of the current consolidated fiscal year. We have concluded that it is difficult to realize its initial estimated profits due to factors which appeared after the acquisition in 2019 such as effects of COVID-19 and increased fixed cost related to the rising key interest rates and inflation.

As a result of the above, earnings for the first nine months of the current consolidated fiscal year 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
Nine months ended				
December 31, 2023	421,538	12,897	11,629	4,972
December 31, 2022	416,687	8,776	8,375	5,062
Change	+4,851 (+1.2%)	+4,121 (+47.0%)	+3,254 (+38.9%)	△90 (△1.8%)

Net sales increased due to higher sales prices to reflect rising raw material prices in the Industrial Chocolate segment and the effect of yen depreciation in foreign exchange rates. Operating profit increased mainly due to improved profitability in the Vegetable Oils and Fats segment in Japan, Americas and Europe, despite lower sales volume against stagnant demand in the U.S. confectionery market and increased fixed cost in the Industrial Chocolate segment in the U.S. Profit attributable to owners of parent decreased largely because of the extraordinary losses regarding Blommer, in spite of the increase in operating profit and the gain on sale of non-current assets of FVN.

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	139,679	△13,979	△9.1%	11,742	+6,499	+124.0%
Industrial Chocolate	186,752	+19,310	+11.5%	△266	△4,357	△106.5%
Emulsified and Fermented Ingredients	67,884	△1,922	△2.8%	3,003	+2,066	+220.7%
Soy-based Ingredients	27,222	+1,443	+5.6%	1,268	△69	△5.2%
Adjustment	—	—	—	△2,850	△18	—
Total	421,538	+4,851	+1.2%	12,897	+4,121	+47.0%

(Vegetable Oils and Fats)

Net sales decreased due to declined sales prices to reflect falling prices for palm oil, our main raw material, and other raw materials and decreased sales of FVN attributed to the transfer of the non-current assets, although sales of frying oils and fats for manufacturers in Japan was strong.

Despite the rebound in Southeast Asia which performed in good shape in the previous fiscal year, operating profit increased mainly due to improved profitability responding to stable raw material prices in Japan, Americas and Europe and decreased fixed cost associated with the transfer of the non-current assets at FVN.

(Industrial Chocolate)

Net sales increased due to higher sales prices to reflect rising raw material prices, increased sales volume in Brazil and Europe, the effect of yen depreciation and others. Operating profit decreased due to decreased sales volume against stagnant demand in the U.S. confectionery market, increased fixed cost such as labor cost and deterioration in profitability attributed to rising raw material prices

in the U.S., although sales volume for the souvenir market recovered in Japan and Europe and profitability improved due to price revision in Southeast Asia.

(Emulsified and Fermented Ingredients)

Net sales decreased due to a decrease in sales volume and lower sales prices to reflect falling raw material prices in Southeast Asia and China. Operating profit increased due to the steady demand of a whipping cream and others in Japan and improved profitability through price revision in Southeast Asia and China.

(Soy-based Ingredients)

Net sales increased due to higher sales prices to reflect rising raw material prices caused by the effect of yen depreciation. Despite progress in optimizing sales prices, operating profit decreased due to increased fixed cost such as depreciation cost accompanied with the start of operations at new plant in Europe.

(2) Details of Financial Position

(i) Details of the Consolidated Financial Position

Total assets at the end of the nine months of the consolidated fiscal year under review increased by 14,175 million yen from the end of the previous consolidated fiscal year to 482,965 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 nine months of the fiscal year under review is as follows.

		(Millions of yen)		
		As of March 31, 2023	As of December 31, 2023	Change
	Current assets	227,771	254,383	+26,612
	Property, plant and equipment	159,855	147,778	△12,076
	Intangible assets	57,322	55,969	△1,352
	Other	23,841	24,833	+992
	Assets	468,789	482,965	+14,175
	Interest-bearing debt	168,417	156,384	△12,032
	Other	89,389	93,108	+3,718
	Liabilities	257,806	249,492	△8,313
	Net assets	210,983	233,473	+22,489

(Assets)

At the end of the nine months of the consolidated fiscal year under review, current assets increased mainly due to an increase in advance payments, which are included in other current assets. Property, plant and equipment decreased due to the transfer of the non-current assets of FVN in the first quarter and the impairment loss regarding Blommer in the third quarter.

As a result, assets increased by 14,175 million yen from the end of the previous consolidated fiscal year to 482,965 million yen.

(Liabilities)

Liabilities decreased by 8,313 million yen from the end of the previous consolidated fiscal year to 249,492 million yen due to a decrease in interest-bearing debt resulting from repayments of short-term borrowings and other factors.

(Net assets)

Net assets increased by 22,489 million yen from the end of the previous consolidated fiscal year to 233,473 million yen due to an increase in foreign currency translation adjustments associated with the yen depreciation against the US dollar and euro and an increase in retained earnings.

Net assets per share increased by 226.22 yen from the end of the previous consolidated fiscal year to 2,585.56 yen. Equity ratio increased by 2.8 points from the end of the previous fiscal year to 46.0%.

(ii) 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.

The cash flows for the first nine months of the consolidated fiscal year under review are as follows.

	(Millions of yen)		
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change
Cash flows from operating activities	△13,946	19,527	+33,473
Cash flows from investing activities	△11,182	11,878	+23,060
Free Cash flows	△25,128	31,405	+56,534
Cash flows from financing activities	24,286	△23,499	△47,785
Cash and cash equivalents at end of period	16,947	27,230	+10,283

(Cash flows from operating activities)

Cash flows from operating activities for the first nine months of the consolidated fiscal year under review resulted in income of 19,527 million yen, increasing by 33,473 million yen compared to the first nine months of the previous consolidated fiscal year. This was mainly due to an improvement in working capital regarding inventories.

(Cash flows from investing activities)

Cash flows from investing activities for the first nine months of the consolidated fiscal year under review resulted in income of 11,878 million yen, increasing by 23,060 million yen compared to the first nine months of the previous consolidated fiscal year. This was mainly due to the transfer of the non-current assets of FVN during the first quarter of the current consolidated fiscal year.

(Cash flows from financing activities)

Cash flows from financing activities for the first nine months of the consolidated fiscal year under review resulted in expenditures of 23,499 million yen, decreasing by 47,785 million yen compared to the first nine months of the previous consolidated fiscal year. This was mainly due to repayments of short-term borrowings.

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

The consolidated business results forecast for the full year remains unchanged from the business performance forecast announced on January 23, 2024. If the business environment changes and the need to revise forecasts arises, we will make a prompt announcement.

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

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	19,002	27,241
Notes and accounts receivable - trade	93,023	97,057
Merchandise and finished goods	49,082	52,357
Raw materials and supplies	56,662	52,027
Other	10,173	25,937
Allowance for doubtful accounts	△173	△236
Total current assets	227,771	254,383
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	44,374	47,253
Machinery, equipment and vehicles, net	64,308	61,480
Land	21,226	20,027
Right-of-use assets, net	13,277	7,642
Construction in progress	13,833	8,332
Other, net	2,834	3,042
Total property, plant and equipment	159,855	147,778
Intangible assets		
Goodwill	27,245	22,333
Customer related assets	17,793	19,519
Other	12,283	14,116
Total intangible assets	57,322	55,969
Investments and other assets		
Investment securities	14,378	15,362
Retirement benefit asset	4,791	5,161
Deferred tax assets	649	668
Other	3,988	3,670
Allowance for doubtful accounts	△63	△76
Total investments and other assets	23,745	24,786
Total non-current assets	240,922	228,534
Deferred assets		
Bond issuance costs	95	47
Total deferred assets	95	47
Total assets	468,789	482,965

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,285	42,837
Short-term borrowings	76,091	58,577
Commercial papers	10,000	10,000
Income taxes payable	1,872	3,797
Provision for bonuses	2,764	1,706
Provision for bonuses for directors (and other officers)	52	21
Other	14,826	17,748
Total current liabilities	145,891	134,690
Non-current liabilities		
Bonds payable	41,000	41,000
Long-term borrowings	41,325	46,807
Deferred tax liabilities	15,762	17,350
Retirement benefit liability	1,885	1,984
Lease liabilities	9,790	5,247
Other	2,149	2,412
Total non-current liabilities	111,914	114,802
Total liabilities	257,806	249,492
Net assets		
Shareholders' equity		
Share capital	13,208	13,208
Capital surplus	14,757	14,757
Retained earnings	161,305	161,801
Treasury shares	△1,946	△1,947
Total shareholders' equity	187,324	187,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,593	1,691
Deferred gains or losses on hedges	△547	△642
Foreign currency translation adjustment	15,108	33,992
Remeasurements of defined benefit plans	△657	△594
Total accumulated other comprehensive income	15,496	34,446
Non-controlling interests	8,163	11,206
Total net assets	210,983	233,473
Total liabilities and net assets	468,789	482,965

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (First nine months period)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	416,687	421,538
Cost of sales	362,248	360,240
Gross profit	54,439	61,297
Selling, general and administrative expenses	45,662	48,400
Operating profit	8,776	12,897
Non-operating income		
Interest income	376	838
Dividend income	79	76
Foreign exchange gains	649	—
Share of profit of entities accounted for using equity method	447	550
Other	613	385
Total non-operating income	2,166	1,851
Non-operating expenses		
Interest expenses	1,627	2,540
Foreign exchange losses	—	38
Other	939	540
Total non-operating expenses	2,566	3,119
Ordinary profit	8,375	11,629
Extraordinary income		
Gain on sale of non-current assets	82	13,152
Gain on sale of investment securities	—	11
Refunded taxes	143	76
Total extraordinary income	225	13,240
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	261	395
Amortization of goodwill	—	6,391
Impairment losses	—	3,663
Loss on disposal of inventories	—	309
Total extraordinary losses	261	10,760
Profit before income taxes	8,340	14,109
Income taxes - current	3,448	6,732
Income taxes - deferred	△88	△434
Total income taxes	3,359	6,298
Profit	4,980	7,811
Profit (loss) attributable to non-controlling interests	△82	2,838
Profit attributable to owners of parent	5,062	4,972

Quarterly Consolidated Statements of Comprehensive Income (First nine months period)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	4,980	7,811
Other comprehensive income		
Valuation difference on available-for-sale securities	165	97
Deferred gains or losses on hedges	△2,199	△98
Foreign currency translation adjustment	23,652	18,528
Remeasurements of defined benefit plans, net of tax	102	63
Share of other comprehensive income of entities accounted for using equity method	214	715
Total other comprehensive income	21,935	19,307
Comprehensive income	26,916	27,118
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,193	23,922
Comprehensive income attributable to non-controlling interests	△276	3,195

(3) Quarterly Consolidated Statements of Cash flows (First nine months period)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	8,340	14,109
Depreciation	13,036	13,317
Amortization of goodwill	1,929	8,456
Decrease (increase) in retirement benefit asset	△404	△370
Increase (decrease) in retirement benefit liability	△175	131
Interest and dividend income	△455	△915
Interest expenses	1,627	2,540
Impairment losses	—	3,663
Share of loss (profit) of entities accounted for using equity method	△447	△550
Loss (gain) on sale of investment securities	—	△11
Loss (gain) on disposal of non-current assets	170	△12,756
Decrease (increase) in trade receivables	△17,664	1,267
Decrease (increase) in inventories	△11,979	7,509
Increase (decrease) in trade payables	△2,182	282
Decrease (increase) in advance payments to suppliers	△33	△13,447
Other, net	1,002	3,275
Subtotal	△7,237	26,501
Interest and dividends received	860	1,316
Interest paid	△1,664	△2,603
Income taxes refund (paid)	△5,904	△5,687
Net cash provided by (used in) operating activities	△13,946	19,527
Cash flows from investing activities		
Purchase of property, plant and equipment	△12,956	△12,029
Proceeds from sale of property, plant and equipment	1,745	25,567
Purchase of intangible assets	△774	△1,676
Purchase of investment securities	△295	△4
Proceeds from sale of investment securities	—	34
Payments for investments in capital	△91	△53
Proceeds from sale of investments in capital of subsidiaries	1,394	—
Other, net	△204	40
Net cash provided by (used in) investing activities	△11,182	11,878
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	33,360	△16,043
Proceeds from long-term borrowings	6,984	8,000
Repayments of long-term borrowings	△6,794	△10,134
Proceeds from issuance of bonds	5,967	—
Redemption of bonds	△10,000	—
Dividends paid	△4,475	△4,475
Dividends paid to non-controlling interests	△191	△172
Other, net	△564	△672
Net cash provided by (used in) financing activities	24,286	△23,499
Effect of exchange rate change on cash and cash equivalents	75	332
Net increase (decrease) in cash and cash equivalents	△767	8,239
Cash and cash equivalents at beginning of period	15,915	18,991
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,798	—
Cash and cash equivalents at end of period	16,947	27,230

**(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.

(Segment Information)

First nine months period of the fiscal year under review (April 1, 2023 - December 31, 2023)

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

(Millions of yen)

	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	139,679	186,752	67,884	27,222	421,538	—	421,538
Transactions with other segments	17,604	2,384	3,035	154	23,179	△23,179	—
Total	157,284	189,136	70,920	27,376	444,717	△23,179	421,538
Segment profit (loss)	11,742	△266	3,003	1,268	15,748	△2,850	12,897

(Note) 1. Adjustment of segment profit (loss) △2,850 million yen includes corporate expense and other, which are not allocated to each reported segment. Corporate expenses are expenses related to group management at the submitting company and management companies.

2. Segment profit (loss) 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

(Significant impairment loss on non-current assets)

Impairment losses of 3,663 million yen were recognized as extraordinary losses due to a decline in recoverable amount of property, plant and equipment owned by Blommer Chocolate Company (USA) in the Industrial Chocolate segment.

(Significant changes in the amount of goodwill)

Amortization of goodwill of 6,391 million yen was recognized as extraordinary losses regarding Blommer Chocolate Company (USA) in the Industrial Chocolate segment in accordance with the provisions of Section 32 of the Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements (The Japanese Institute of Certified Public Accountants, Accounting Practice Committee Statement No.7, October 28, 2022).