

FUJI OIL HOLDINGS INC. FY2023Q1 Earnings Conference: Major Q&A

•Date/time	Aug. 8, 2023(Tue.) 15:30-16:30(JST)		
•Speaker	Senior Executive Officer	CFO	Sunao Maeda
	Director and Senior Executive Officer	CSO	Hiroyuki Tanaka
	General manager, Consolidation Accounting Group		Takekuni Takamura

Q. Regarding operating profit for the first quarter, how does it compare to the company's plan?

A. In addition to the solid performance of the Vegetable Oils and Fats Business in Japan, the Vegetable Oils and Fats Business in the Americas, Vegetable Oils and Fats in Europe, Industrial Chocolate, and Emulsified and Fermented Ingredients Business in Japan exceeded the plan. The Vegetable Oils and Fats Business in Southeast Asia generally progressed as planned, despite a drop in one-time demand from the previous fiscal year.

Q. What were the factors contributing to the strong performance of the Vegetable Oils and Fats Business with a YoY increase of 1.5 billion yen?

A. In addition to responding to prices, which we initiated last fiscal year, palm prices remained stable. In addition, sales of frying oils and fats were strong in Japan, and in the U.S., an improvement from the same period last year (operating loss) due to the transfer of fixed assets of Fuji Oil New Orleans. Additionally, the steady growth in demand for certified palm oil has also boosted the overall performance of the company.

Q. Unit cost factors contributed to the operating profit analysis and volume was weak. How do you see the sustainability of the recovery trend in operating profit?

A. Although there were time lags, profitability improved thanks to revisions to sales prices. We forecast that the improvement trend will continue, however we will continue to address selling prices by taking into account rising raw material prices such as cacao and sugar, increased distribution and personnel expenses, and the expected impact of the yen's depreciation in Japan. Regarding volumes, although Blommer was affected by the deteriorating business conditions in the U.S., we aim to achieve our full-year plan due to the recovery of human flow and growth for the souvenir market, especially in Japan.

Q. How certain are you that Blommer will achieve its full-year plan?

A. In the U.S., deteriorating business conditions and rising interest rates affected sales volumes caused by adjustments to customers' intermediate distribution inventories. We expect difficult conditions to continue through the first half of the fiscal year. However, we are further strengthening the grip of the group headquarters by dispatching former CFO

Matsumoto to Blommer as chairman and CEO, as well as by dispatching an executive responsible for productivity from a North American group company, and also by inviting management personnel from ITOCHU Corporation. We are taking thorough measures to prevent recurrence of the cacao processing equipment incident that occurred last fiscal year, and we plan to achieve our full-year plan by working to restore demand in the latter half of the fiscal year and beyond.

Q. How is your medium and long-term growth strategy progressing?

A. In April 2023, Harald began operations at its second plant, and the company is working to turn past investment projects into profitability, such as by strengthening sales to food services and commercial confectionaries manufacturers, which has led to increased sales volume. In addition, the company will continue to capture demand from a recovery in inbound tourism and improve the profitability of Blommer as mentioned above.