Financial Strategy

Financial Capital

The Fuji Oil Group strives to enhance our corporate value by using the FUJI ROIC as a metric for increasing our capital efficiency and strengthening our ability to sustainably generate cash. We are working to optimize our business portfolio by using the FUJI ROIC to create visual representations of the capital efficiency of each business. We are also enhancing our investment management to continuously confirm progress on investment projects and verify profitability. Through these efforts, we are promoting disciplined growth investments.

We are aiming for a positive value creation cycle. Under our cash allocation policy, we pursue the balanced distribution of generated cash between growth investments, interest-bearing debt reduction to ensure a sound financial platform, and shareholder returns. At the same time, we are working to further increase our ability to generate cash by improving capital efficiency, including by optimizing working capital, and establishing a strong financial structure with resilience to changes in our external environment.

Dialogue with capital markets, providing highly comprehensible explanations of our Group strategy and growth potential, and increasing the transparency of our management will lead to better understanding and greater trust from shareholders and investors. Through these initiatives, we will maximize our medium- and long-term corporate value.

Core Policies

1. **Improving capital efficiency by promoting the FUJI ROIC**
2. **Building a sound financial base**
3. **Enhancing corporate value through dialogue with capital markets**

Cash Allocation Under the Current Mid-Term Management Plan

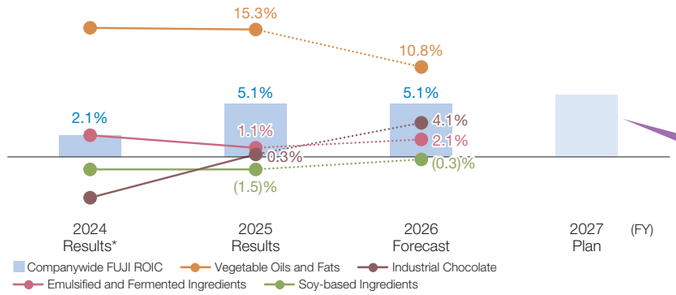
Cash in	Cash out	Details
Operating CF 130.0 billion yen over the three-year cumulative period	Investment CF 80.0 billion yen over the three-year cumulative period	• Conduct investments to strengthen our supply chain for Vegetable Oils and Fats and expand production capacity for Industrial Chocolate
	Reduce interest bearing debt 80.0 billion yen (compared to end of FY2024)	• Reduce interest-bearing debt to address the risk of rising interest rates and strengthen our financial position • Optimize net D/E ratio: 1.25x (end of FY2024) → 0.80x (FY2027 target)
Utilization of cash and deposits on hand	Shareholder returns Dividend payout ratio of 30% to 40%	

Core Policy 1 Improving capital efficiency by promoting the FUJI ROIC

Since FY2022, our Group has used the FUJI ROIC as a proprietary metric for appropriately managing capital efficiency. We set business profit after tax as the numerator and we set working capital, fixed assets, and equity method investments as the denominator. We use this metric to promote ROIC management for each business and Group company. We also provide regular reports to the Management Committee and the Board of Directors to use this metric in our evaluation of management policies.

In FY2025, the overall FUJI ROIC improved compared to FY2024. This was mainly thanks to the Vegetable Oils and Fats business maintaining strong profits and a recovery in the Industrial Chocolate business. However, the Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-based Ingredients businesses are all at levels indicating that improvement is required.

In the Mid-term Management Plan, we have set a target for the FUJI ROIC of 6% or higher, and are working towards improvement in each business from the dual perspectives of profit and invested capital. With the Industrial Chocolate business, we project the amount of invested capital to increase in FY2026 due to plant equipment upgrades in North America but will aim for further improvement in the FUJI ROIC from FY2027 onward by pursuing profit growth. For the Emulsified and Fermented Ingredients and Soy-based Ingredients businesses, we will aim to improve revenues and the FUJI ROIC by expanding new business fields to create new profit pillars.



FUJI ROIC

Business profit after tax
Working capital + Fixed assets + Equity method investments

FY2027 target
FUJI ROIC of **6.0% or higher**

* With the voluntary adoption of IFRS starting in FY2025, we have revised the calculation formula for FUJI ROIC.
Figures for FY2024 have been modified and are indicated based on IFRS.

VOICE

Optimizing Working Capital Amid Soaring Cocoa Prices

We position the FUJI ROIC as a common business management metric for the entire Group, and our Management Committee continuously engages in deliberations aimed at improving capital efficiency.

As over 80% of the world's cocoa beans, the main raw material for our Industrial Chocolate business, were produced in West Africa, we conducted procurement management, including safe inventory and contract management. However, soaring cocoa prices since 2024 caused a rapid increase in working capital, which had significant impact on our capital efficiency. We have also worked to strengthen our position management for our major raw materials, but we are currently accelerating initiatives aimed at optimizing working capital. These initiatives include strengthening collaborations with Group companies worldwide and assigning dedicated staff in Japan to work on producer region diversification in our raw material procurement and having production and sales collaborate to ensure appropriate inventory management.

We will continue to make FUJI ROIC-centric decisions and reinforce business management focused on capital efficiency as we strive to enhance the corporate value of our entire Group.



Osamu Watanabe
Executive Officer
Head of Global Business Unit, Chocolate Business Headquarters

Strengthening Investment Management

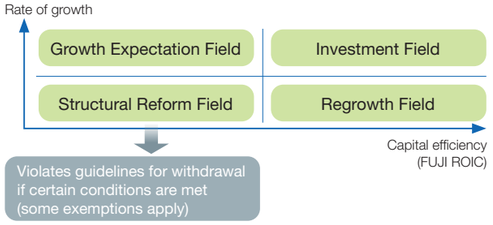
With the launch of the new company structure, in FY2025 we also revised our investment management rules and restructured our review system to strengthen our framework for making investment and withdrawal decisions from a capital cost perspective. These changes enable us to more accurately identify businesses in which we increase investments and businesses requiring improvements or structural reforms, maximizing our investment effect and leading to enhancements in corporate value.

We conduct annual business investment reviews for businesses marked for investment. For businesses that infringe on withdrawal guidelines, we use evaluations of the business's likelihood of improvement and strategic importance as the grounds for management decisions on continuation or withdrawal. We shifted from the previous system of company-unit management to a system of management that is aligned with the conditions of the business and supply chain, and then use the dual metrics of the FUJI ROIC and growth rate to conduct business portfolio evaluations. We also ensure that reviews account for flexible responses by companies. For example, during reviews we might take into account a company's discretionary plan to intentionally infringe on withdrawal guidelines based on performance from previous fiscal years or the status of the business. In reviews conducted in FY2025, we confirmed the need for continuous improvements and responses at certain businesses. After reviews are conducted, each business then formulates its own improvement plan.

For capital expenditures as well, we use KPIs to regularly measure effectiveness to evaluate not only manufacturing capital expenditures, but also IT investments and other projects for which it can be more difficult to measure cash flow.

The efficient operation of this investment review system promotes the re-evaluation of our portfolio and leads to improvements in capital efficiency.

Portfolio assessment in our business investment review (concept)



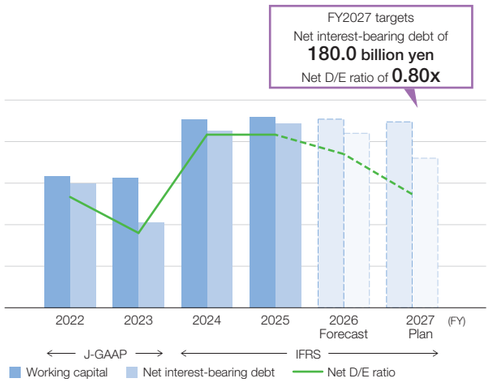
Core Policy 2 Building a sound financial base

Working capital increased due to sharp increases in cocoa prices between 2024 and 2025. This led to an increase in interest-bearing debt.

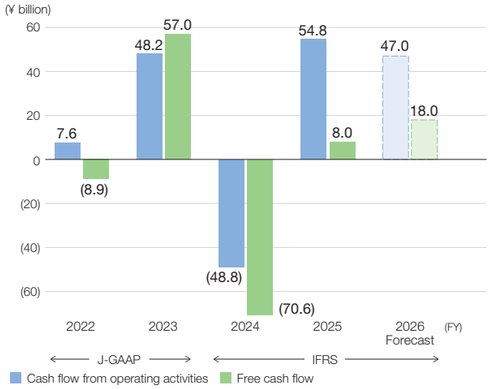
During the period of the current Mid-term Management Plan, we are aiming to generate roughly 130.0 billion yen in cash flows from operating activities while also steadily decreasing our interest-bearing debt.

As for our net D/E ratio, we are targeting 0.80x in FY2027 but the pace of improvement for FY2026 is expected to be mild due to fluctuations in working capital and the execution of growth investments. These are transitional factors associated with strengthening our medium- to long-term revenue platform. By increasing our cash flows from operating activities and optimizing working capital, we will steadily improve our financial structure by the latter half of the current Mid-term Management Plan.

Working capital, net interest-bearing debt, Net D/E ratio



Cash flows

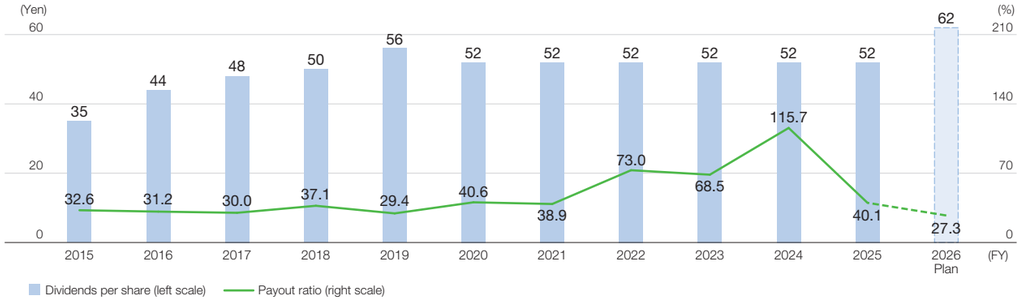


Policy on shareholder returns

Our Group prioritizes stable and continuous shareholder returns, and has set a basic policy of pursuing a dividend payout ratio of 30% to 40%. In FY2025, we continued to improve profitability and stably issued shareholder returns.

For FY2026, we expect that efforts to strengthen our revenue platform will enable us to increase dividends. Through business growth, we are working to both enhance our corporate value and increase shareholder returns.

Dividends per Share / Payout ratio



* FY2024 have been modified based on IFRS.

Core Policy 3 Enhancing corporate value through dialogue with capital markets

To promote a better understanding of our business activities and financial situation among shareholders and investors, we work to ensure information disclosure that is highly comprehensible and transparent. We position dialogue with capital markets as an important activity that contributes to enhancements in corporate value. Led by the CEO and CFO, our management team proactively participate in activities and apply the feedback they gain towards improving management.

In FY2025, we achieved record high business profit despite ongoing fluctuations in cocoa prices. While this does represent a certain level of success, we have received feedback from numerous investors regarding our revenue structure and capital efficiency. We will continue to enhance our information disclosure and improve the quality of our dialogue to increase management transparency towards enhancing our corporate value.

Response that reflects investor opinions

	FY2024	FY2025
Main opinions	• Not aware of the status of improvements at Blommer • Understanding vegetable fats for chocolate is of interest	• Not aware of the status of improvements at Blommer • Want to know about the Vegetable Oils and Fats business strategy beyond vegetable fats for chocolate • Business development is difficult to understand
Responses	• We held small meetings about Blommer and plant tours for analysts • We disclosed a breakdown of cocoa special factors in the financial results briefing materials • We held small meetings specifically focusing on vegetable fats for chocolate	• We continued providing a breakdown of cocoa special factors in the financial results briefing materials • We held small meetings centered on strategy for the Vegetable Oils and Fats business • We held tasting events featuring foods using Fuji Oil products and disclosed an Investor's Guide

IR Activity Results

Events for IR	FY2024	FY2025
Financial briefings for analysts and institutional investors	4	4
Briefings on each business, facility tours, briefings by outside directors	10	10
Interviews		
Number of interviews	313	319
Of which were led by officers	79	75

Co-Creation with the ITOCHU Group

The Fuji Oil Group works closely with the ITOCHU Group, our major shareholder, to enhance corporate value by leveraging the strengths and management resources of both companies. Through ① Strengthening Raw Material Supply Chains, ② Enhancing Management Foundation through Specialized and Management Talent, and ③ Market Development and Sales Expansion through Leveraging Sales Networks, we are driving growth and creating new value.

① Strengthening Raw Material Supply Chains

Against the backdrop of the Group's long-term raw material demand, we are strengthening collaboration with the ITOCHU Group to enhance logistics schemes for tropical oils and fats, support cocoa bean procurement, and reinforce risk management in raw material sourcing. By leveraging the ITOCHU Group's global procurement network, we are working to ensure a stable supply of raw materials, mitigate supply risks, and enhance procurement competitiveness. These initiatives support the stability of our production and supply framework.

② Enhancing Management Foundation through Specialized and Management Talent

The Fuji Oil Group is strengthening its management foundation by welcoming professionals from the ITOCHU Group with expertise in areas such as risk management, financial governance, and business management. At our headquarters, we have enhanced our financial governance and management capabilities through the appointment of specialists in finance and accounting. At operating companies outside Japan, we are strengthening business management structures and enhancing corporate value by leveraging the expertise of professionals with experience in management, business administration, and risk management. At Blommer, in particular, the participation of professionals with extensive expertise in management, finance and accounting, and business administration has contributed to improving profitability, strengthening governance, and enhancing management foundations, thereby supporting efforts to increase corporate value.

③ Market Development and Sales Expansion through Leveraging Sales Networks

The Fuji Oil Group is promoting expansion into diverse markets and channels, particularly to deliver new value propositions centered on plant-based foods. Through co-creation with the ITOCHU Group, we are leveraging its extensive domestic and global sales networks and customer base to develop new markets and expand sales of new products. In addition, we dispatch Fuji Oil Group employees to the ITOCHU Group to facilitate the sharing of expertise in the food industry and plant-based field, while also enhancing our business development and sales capabilities.

Initiatives conducted with ITOCHU Group are in accordance with policies concerning the protection of minority shareholder rights.

Protecting the Rights of Minority Shareholders P.87