

## FY2021 Earnings Conference and Mid-Term Management Plan Presentation: Major Q&A

•Date/time	May 12, 2022 (Tue.) 11:00 - 12:30(JST)	
•Speaker	President and CEO (Chief Executive Officer)	Mikio Sakai
	CFO (Chief Financial Officer)	Tomoki Matsumoto
	President of FUJI OIL Co., Ltd.	Tatsuji Omori
	CSO (Chief Strategy Officer)	Hiroyuki Tanaka

### <Plan for FY2022>

#### **Q. How are risks such as raw material market fluctuations and the Ukrainian crisis factored into the 2022 plan?**

A. We are aware of the current risks such as sharp rises in the market prices of related raw materials, increases in energy and other costs, and the impact on our business in countries surrounding Ukraine. We have taken into the impact of these risks to a certain extent in our initial plan. There is a possibility of various impacts in the future, but we will respond to changes in the environment in an appropriate and speedy manner, as well as strengthen our business axis and revise selling price.

#### **Q. What measures will you take in response to rising market price of sunflower oil in the Ukraine situation?**

A. CBE\*, the main product of the Vegetable Oils and Fats Business, is manufactured using two methods: palm oil + sunflower oil and palm oil + shea butter. We believe that our ability to produce CBE using both methods will give us a strong competitive edge in the face of rising raw material market prices.

Until now we have sold many CBE using sunflower oil, but with the recent rise in sunflower oil prices, we are now also proposing CBE based on shea butter. We believe that this is an opportunity to make our customers widely aware of our ability to provide a stable supply of CBE of a certain quality, even when the respective supply and demand situation for sunflower and shea changes in the future.

\* Cocoa Butter Equivalent : A type of vegetable fats for chocolate

#### **Q. Emulsified and Fermented Ingredients business was affected by the sharp rise in raw material prices in FY2021, but what measures will you take in FY2022 to promote a recovery in performance?**

A. In order to cope with the rising market prices of raw materials, we are strengthening our management not only in each area but also by specialists at our head office to ensure thorough cost control. In China, the impact of the volume decline is expected to be limited, although thorough price action is being taken from the new fiscal year. We are also revising our selling prices in Southeast Asia.

#### **Q. How will you achieve the forecasted increase in profits for FY2022 in Blommer? What are the growth drivers for Blommer in the new Mid-Term Management plan?**

A. For FY2022, we will increase inventory by improving productivity so that we can respond appropriately to

customer orders. In other words, we do not plan to significantly increase sales volume, which is very different from the previous fiscal year, when we aimed to improve profitability by increasing sales volume. For FY2022, we are proceeding with contracts at selling prices that take into account increased costs such as labor, transportation, and inflation in the U.S. market. We expect improvement of profitability compared to the previous fiscal year.

Growth drivers through 2023/2024 is to increase production volume and top-line growth using existing facilities by investing in aging and bottleneck facilities and securing production personnel. Due to changes in Blommer's business management structure since April and other factors, we are making steady progress in securing production personnel at each of plants. As for engineers, we will also secure human resources and outsource.

#### <Mid-Term Management plan "Reborn 2024">

**Q. While Fuji Oil's diversification of areas and businesses is the strength, but also challenges. There are also varying ROIC figures for each business segment. What are the specific measures for business portfolio management with capital efficiency in mind?**

A. We have introduced FUJI-ROIC as a measure to improve capital efficiency of our group companies. From now on, we will change to a management system based on ROIC and with an awareness of capital efficiency. Furthermore, each company and the group headquarters will work together to conduct matrix management of markets and products to constantly monitor profitability by market and product and to promote the replacement of product portfolios.

**Q. What are the measures to improve ROIC in Emulsified and Fermented Ingredients business and Soy-based Ingredients business?**

A. Although both businesses were affected by raw material prices in the previous fiscal year, we believe that we can improve profitability by quickly identifying raw material trends and promoting price revisions through stronger cooperation between area companies and the Group's head office.

Soy-based Ingredients business is centered in Japan and has a strong sales force, so we are not concerned. The new plant in Chiba is now operating at a higher capacity and showing signs of improvement.

**Q. The main theme of the Mid-Term Management Plan is "Be Reborn", but could you promote painful reforms?**

A. We are fully aware of the importance of painful reforms. First, we will use FUJI ROIC to improve capital efficiency in each of our businesses, as well as promote measures to improve profitability. As a manufacturer, we would like to proceed with reforms while fulfilling our responsibility to supply our customers.