

FY2022Q2 Earnings Conference: Major Q&A

•Date/time	Nov 11, 2022 (Fri.) 10:00 - 11:00(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

<About price revisions>

Q. It appears that you are implementing price revisions but what types of policies are you advancing?

A. Price revisions continue to be a major issue. In addition to the Japan head office outlining a clear policy on price revisions, we are seeing the benefits of efforts led by the CSO for our business management structure, including confirming products, sellers, sales prices, margins, and the status of competition.

<About Blommer>

Q. Why did you conduct a downward revision for Blommer (Americas, Industrial Chocolate Business) in your full-year earnings forecast?

A. We successfully advanced price revisions to reflect not only rising raw material costs, but also increases in other expenses such as personnel and logistics costs. However, we revised our earnings forecast to reflect cocoa processing facility malfunctions and decreased sales volume attributable to a decline in US consumer sentiment. Cocoa processing facility has since been resolved. Also, concerning the decrease in sales volume, we also factored in the decline in demand for added value products such as low-sugar chocolate driven by declining consumer sentiment in the US.

Q. What is the state of facility investments to address deterioration at Blommer?

A. For facility investments, we are focusing on repairing deteriorating infrastructure equipment and efforts are progressing as planned.

Q. The Mid-Term Management Plan outlines expanding sales of added value products such as Blommer's low-sugar chocolate. What is your projection of Blommer growth potential from next fiscal year and beyond?

A. At present, we are seeing a temporary drop in demand for products such as low-sugar chocolate but sales are still growing compared to the previous year and our view is that sustainable growth is possible. We also believe that we can increase the added value of existing products by applying our strengths in oil and fat technology. Chocolate production capacity is up compared to last year and we will aim for growth by continuing to improve our productivity.

<About risk management and business management>

Q. You have experienced unforeseen problems such as delays with the new oils and fats plant in the Americas and malfunctions with cocoa processing equipment at Blommer. What is the state of your risk management?

A. Accidents are unavoidable, but we evaluate mitigation measures for each company and area. In addition to area-specific measures, the head office CSO Group is also implementing measures. We are constantly discussing ways to further strengthen our risk management.