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Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

November 8, 2024

Company name: Fuji Oil Company, Ltd.
Listing: Tokyo Stock Exchange
Securities code: 5017
URL: https://www.foc.co.jp/
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Scheduled date to file semi-annual securities report: November 13, 2024
Scheduled date to commence dividend payments: -
Preparation of supplementary materials on financial results: Yes (Japanese only)
Holding of financial results briefing: Yes (for institutional investors and analysts; Japanese only)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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	%
For the six months ended September 30, 2024	427,190	33.6	(14,570)	-	(13,681)	-	(16,157)	-
For the six months ended September 30, 2023	319,711	(28.1)	12,250	(25.6)	13,566	(21.5)	11,209	(22.6)

(Note) Total comprehensive income:
For the six months ended September 30, 2024: (8,970) million yen [- %]
For the six months ended September 30, 2023: 12,662 million yen [-36.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the six months ended September 30, 2024	(209.32)	-
For the six months ended September 30, 2023	145.27	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	374,598	76,262	20.3
As of March 31, 2024	389,960	86,350	22.1

(Reference) Equity: As of September 30, 2024: 76,054 million yen
As of March 31, 2024: 86,155 million yen

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, 2024	-	0.00	-	15.00	15.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	12.00	12.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial results forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	822,800	13.7	(2,700)	-	(2,300)	-	(4,000)	-	(51.82)

(Note) Revisions to the forecast of the financial results most recently announced: Yes

*Notes

(1) Significant changes in the scope of consolidation during the period : Yes
Newly included: - companies
Excluded: 1 company (TOKYO PETROLEUM INDUSTRIAL COMPANY, LTD.)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements : None

(3) Changes in accounting policies and 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 reasons other than (i) : 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)
(ii) Number of treasury shares at the end of the period
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of September 30, 2024	78,183,677 shares	As of March 31, 2024	78,183,677 shares
As of September 30, 2024	943,342 shares	As of March 31, 2024	1,020,912 shares
For the six months ended September 30, 2024	77,191,592 shares	For the six months ended September 30, 2023	77,162,767 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* Proper use of financial results forecast, and other special matters
The forward-looking statements, such as financial results forecasts contained in this document, are based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual financial results may differ significantly from the forecasts due to various factors. For the assumptions underlying the financial results forecasts and cautions concerning the use thereof, please refer to “Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Statements” on page 3 of the attachment.
The Company will hold a financial results briefing for institutional investors and analysts. The presentation materials used in this briefing will be disclosed on TDnet on the same day and posted on our company website. In addition, a transcript of the financial results briefing and a summary of questions and answers will be disclosed on our company website within a few days after the financial results briefing.

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1. Qualitative Information on Financial Results for the First Six Months of the Current Fiscal Year

(1) Explanation of Operating Results

Dubai crude oil prices for the first six months of the current fiscal year started at the US$87/bbl level. The oil prices rose to the US$90/bbl level when Israel attacked the Iranian embassy in Syria in early April, raising fears that the fighting would spread to neighboring countries. However, the retaliatory attacks by the two countries remained minor and excessive caution over the situation in the Middle East receded, and in June, when it became clear that the production cuts by OPEC+ were expected to be phased out from October onward, the oil-supply demand loosened. As a result, crude oil prices temporarily fell to the US$77/bbl level. Thereafter, prices rose to the US$87/bbl level due to heightened geopolitical risks caused by intensified conflict between Israel and Hezbollah. Yet, as concerns about the economic recession in the U.S. increased following the weak employment statistics of the country, prices temporarily fell to the US$74/bbl level in early August. While there was a period of temporary buyback due to the prospect of interest rate cuts in the U.S. and the deteriorating situation in the Middle East, prices fell again in late September with the announcement that Saudi Arabia was considering increasing production from December onward. Crude oil prices for the first six months of the current fiscal year closed at the US$73/bbl level. As a result, it marked about US$81/bbl on a semi-annual average basis.

On the other hand, in the foreign exchange market, the yen started the period at the lower ¥151/US$ range. With receding expectations for interest rate cuts owing to persistent inflationary pressures in the U.S. and the continued accommodative monetary policy by the Bank of Japan, the yen continued to depreciate, backed by the interest rate differential between the U.S. and Japan. As a result, the dollar/yen rate rose to the upper ¥161/US$ range at the beginning of July. Thereafter, the Bank of Japan's decision to raise its policy interest rate in July and the U.S.'s decision to lower its policy interest rate in September resulted in a curtailed interest rate differential between the U.S. and Japan and a reversal toward the yen's appreciation against the dollar. The dollar/yen rate fell to the upper ¥142/US$ range at the end of the period, and the average rate during the period was in the upper ¥152/US$ range.

Under such business environment, the volume of crude oil processed at the Sodegaura Refinery increased by 0.769 million kiloliters year on year to 3.896 million kiloliters due to the elimination of the impact of the biennial minor periodic shutdown maintenance (SDM) executed between May and June of the previous year. The Company's sales volume of petroleum products, petrochemical products and others also increased by 0.781 million kiloliters to 4.057 million kiloliters.

Given such circumstances, the consolidated financial results for the first six months ended September 30, 2024, were as follows: Net sales were 427.1 billion yen, up 107.4 billion yen year on year, due in large part to an increase in sales volumes caused by the elimination of the impact of the minor periodic SDM. Looking at profit and loss for the period, the effect of inventory valuation (i.e., effect on cost of sales arising from inventory valuation using the gross average method and the lower of cost or market method) pushed up the cost of sales by 12.5 billion yen (in the same period of a year earlier, the positive effect of inventory valuation pushed down the cost of sales by 9.0 billion yen), reversing from the same period of a year earlier. As a result, operating loss of 14.5 billion yen was recorded, a decrease of 26.8 billion yen in profit year on year. Ordinary loss was 13.6 billion yen, a decrease of 27.2 billion yen in profit year on year, mainly due to the recording of 1.1 billion yen in share of profit of entities accounted for using equity method, and others. Loss attributable to owners of parent was 16.1 billion yen, a decrease of 27.3 billion yen in profit year on year, mainly due to the recording of 1.1 billion yen in loss on sales of subsidiary's stock.

As for profit in real terms, excluding the effect of inventory valuation, operating loss and ordinary loss were 2.0 billion yen (a decrease of 5.1 billion yen in profit year on year) and 1.1 billion yen (a decrease of 5.5 billion yen in profit year on year) respectively. This was primarily due to the negative time lag in product prices during the period of sharp decline in crude oil prices from August to September and the reduction of product margins.

(2) Explanation of Financial Positions

(i) Status of assets, liabilities and net assets

(Current assets)

At the end of the first six months of the fiscal year under review, current assets totaled 244.6 billion yen, a decrease of 17.0 billion yen compared with the end of the previous fiscal year. This was mainly due to a 6.8 billion yen decrease in notes and accounts receivable - trade, an 8.2 billion yen decrease in inventories, and a 1.9 billion yen decrease in accounts receivable - other.

(Non-current assets)

At the end of the first six months of the fiscal year under review, non-current assets totaled 129.9 billion yen, an increase of 1.6 billion yen compared with the end of the previous fiscal year. This was mainly due to a 4.3 billion yen increase in investment securities, and a 2.6 billion yen decrease in machinery, equipment and vehicles.

(Current liabilities)

At the end of the first six months of the fiscal year under review, current liabilities totaled 259.1 billion yen, a decrease of 4.1 billion yen compared with the end of the previous fiscal year. This was mainly due to a 17.3 billion yen increase in short-term loans payable, an 11.6 billion yen decrease in accounts payable - trade, a 2.4 billion yen decrease in income taxes payable, a 1.2 billion yen decrease in accounts payable - other, and a 1.1 billion yen decrease in current portion of long-term loans payable.

(Non-current liabilities)

At the end of the first six months of the fiscal year under review, non-current liabilities totaled 39.2 billion yen, a decrease of 1.1 billion yen compared with the end of the previous fiscal year. This was mainly due to a 3.2 billion yen decrease in long-term loans payable and a 1.9 billion yen increase in provision for repairs.

(Net assets)

At the end of the first six months of the fiscal year under review, net assets totaled 76.2 billion yen, a decrease of 10.0 billion yen compared with the end of the previous fiscal year. This was mainly due to a 17.3 billion yen decrease in retained earnings, a 4.4 billion yen increase in foreign currency translation adjustments, and a 2.8 billion yen increase in deferred gains or losses on hedges.

(ii) Status of cash flows

Cash and cash equivalents at the end of the first six months of the fiscal year under review totaled 8.7 billion yen, a decrease of 0.7 billion yen compared with the end of the previous fiscal year.

(Cash flows from operating activities)

In the first six months of the fiscal year under review, net cash used in operating activities was 10.2 billion yen, mainly due to cash used in loss before income taxes of 15.5 billion yen and others exceeded cash provided by a decrease in inventories of 8.1 billion yen and others.

(Cash flows from investing activities)

In the first six months of the fiscal year under review, net cash used in investing activities was 2.9 billion yen, mainly due to the purchase of property, plant and equipment related to refinery facilities and others of 2.4 billion yen. These investments were financed by borrowings and own funds.

(Cash flows from financing activities)

In the first six months of the fiscal year under review, net cash provided by financing activities was 12.0 billion yen, mainly due to cash provided by a net increase of 17.3 billion yen in short-term loans payable.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Statements

Considering the trends in business performance since the previous forecasts (announced on August 9, 2024), the Company has revised its forecasts for the full fiscal year.

The revised forecasts are based on the assumption that, for the second half of the fiscal year, the Dubai crude oil price will be US$75/bbl (previous forecast: US$80/bbl) and that the exchange rate will be ¥140/US$ (previous forecast: ¥150/US$).

Net sales are expected to be 822.8 billion yen, down 9.6 billion yen from the previous forecast.

Looking at profit and loss for the period, the Company expects an operating loss of 2.7 billion yen (profit is down 10.6 billion yen from the previous forecast), ordinary loss of 2.3 billion yen (profit is down 10.0 billion yen from the previous forecast), and loss attributable to owners of parent of 4.0 billion yen (profit is down 8.4 billion from the previous forecast). This is mainly due to the effect of the inventory valuation expected to push up the cost of sales by 4.2 billion yen, resulting from the lower crude oil prices and foreign exchange rate assumptions for the second half of the fiscal year. A negative time lag in product prices during the period of decline in crude oil prices and reduction of product margins are also expected.

As for profit in real terms, excluding the effect of the inventory valuation, the Company expects operating profit of 1.5 billion yen (down 5.3 billion yen from the previous forecast) and ordinary profit of 1.9 billion yen (down 4.7 billion yen from the previous forecast).

The above forecasts are based on information available as of the date of publication of this document. Actual results may differ from the forecasts due to various factors.

2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto
(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of the end of the previous fiscal year (March 31, 2024)	As of the end of the first six months of the fiscal year under review (September 30, 2024)
Assets		
Current assets		
Cash and deposits	13,801	14,158
Notes and accounts receivable - trade	84,380	77,507
Securities	500	300
Inventories	154,249	146,048
Accounts receivable - other	6,788	4,852
Other	1,969	1,796
Total current assets	261,690	244,663
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,560	11,095
Storage tanks, net	2,483	2,376
Machinery, equipment and vehicles, net	27,628	24,938
Land	51,314	50,673
Construction in progress	1,667	3,054
Other, net	579	631
Total property, plant and equipment	95,234	92,769
Intangible assets		
Software	665	653
Other	244	114
Total intangible assets	909	768
Investments and other assets		
Investment securities	30,459	34,788
Long-term loans receivable	641	641
Net defined benefit asset	955	944
Other	476	426
Allowance for doubtful accounts	(407)	(405)
Total investments and other assets	32,125	36,396
Total non-current assets	128,269	129,934
Total assets	389,960	374,598

(Millions of yen)

	As of the end of the previous fiscal year (March 31, 2024)	As of the end of the first six months of the fiscal year under review (September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	59,487	47,854
Short-term loans payable	132,303	149,677
Current portion of long-term loans payable	9,259	8,071
Accounts payable - other	24,827	23,603
Excise taxes payable on gasoline and other fuels	22,279	22,918
Income taxes payable	2,617	129
Provision for bonuses	355	360
Other	12,092	6,497
Total current liabilities	263,222	259,112
Non-current liabilities		
Long-term loans payable	19,813	16,589
Deferred tax liabilities	9,651	9,731
Provision for special repairs	2,874	2,911
Provision for repairs	5,797	7,755
Net defined benefit liability	1,615	1,630
Provision for directors' retirement benefits	26	17
Other	606	588
Total non-current liabilities	40,387	39,223
Total liabilities	303,609	298,336
Net assets		
Shareholders' equity		
Capital stock	24,467	24,467
Capital surplus	25,495	25,495
Retained earnings	33,398	16,004
Treasury stock	(1,271)	(1,146)
Total shareholders' equity	82,090	64,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,472	1,277
Deferred gains or losses on hedges	(2,633)	246
Revaluation reserve for land	1	1
Foreign currency translation adjustments	4,544	9,039
Remeasurements of defined benefit plans	680	669
Total accumulated other comprehensive income	4,064	11,233
Non-controlling interests	194	208
Total net assets	86,350	76,262
Total liabilities and net assets	389,960	374,598

(2) Semi-annual Consolidated Statement of Income and Semi-annual Consolidated Statement of Comprehensive Income

Semi-annual consolidated statement of income

(Millions of yen)

	First six months of the previous fiscal year (From April 1, 2023 to September 30, 2023)	First six months of the fiscal year under review (From April 1, 2024 to September 30, 2024)
Net sales	319,711	427,190
Cost of sales	305,061	438,997
Gross profit	14,649	(11,807)
Selling, general and administrative expenses	2,399	2,763
Operating profit (loss)	12,250	(14,570)
Non-operating income		
Interest income	100	137
Dividend income	51	55
Foreign exchange gains	838	768
Share of profit of entities accounted for using equity method	1,249	1,152
Rent income from storage tanks	103	99
Other	203	198
Total non-operating income	2,548	2,412
Non-operating expenses		
Interest expenses	790	1,066
Rent expenses on storage tanks	105	107
Other	336	348
Total non-operating expenses	1,232	1,523
Ordinary profit (loss)	13,566	(13,681)
Extraordinary income		
Gain on sales of non-current assets	9	5
Total extraordinary income	9	5
Extraordinary losses		
Loss on retirement of non-current assets	5	137
Loss on sales of non-current assets	-	94
Loss on sales of subsidiary’s stock	-	1,143
Repayment of the examination by the Regional Taxation Bureau	-	458
Loss on cancellation of leases	0	-
Total extraordinary losses	5	1,834
Profit (loss) before income taxes	13,570	(15,510)
Income taxes - current	1,822	42
Income taxes - deferred	526	585
Total income taxes	2,349	628
Profit (loss)	11,220	(16,139)
Profit attributable to non-controlling interests	11	18
Profit (loss) attributable to owners of parent	11,209	(16,157)

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	First six months of the previous fiscal year (From April 1, 2023 to September 30, 2023)	First six months of the fiscal year under review (From April 1, 2024 to September 30, 2024)
Profit (loss)	11,220	(16,139)
Other comprehensive income		
Valuation difference on available-for-sale securities	349	(195)
Deferred gains or losses on hedges	(1,592)	2,879
Foreign currency translation adjustments	502	799
Remeasurements of defined benefit plans, net of tax	(35)	(10)
Share of other comprehensive income of entities accounted for using equity method	2,217	3,695
Total other comprehensive income	1,441	7,168
Comprehensive income	12,662	(8,970)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	12,650	(8,989)
Comprehensive income attributable to non-controlling interests	11	18

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of the previous fiscal year (From April 1, 2023 to September 30, 2023)	First six months of the fiscal year under review (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	13,570	(15,510)
Depreciation and amortization	3,788	3,802
Increase (decrease) in provision for repairs	(708)	1,957
Increase (decrease) in retirement benefit liability	41	39
Increase (decrease) in provision for special repairs	198	37
Interest and dividend income	(152)	(192)
Interest expenses	790	1,066
Share of loss (profit) of entities accounted for using equity method	(1,249)	(1,152)
Loss (gain) on sales of subsidiary's stock	-	1,143
Decrease (increase) in trade receivables	(23,686)	6,448
Decrease (increase) in inventories	(23,421)	8,181
Increase (decrease) in trade payables	29,969	(11,492)
Increase (decrease) in excise taxes payable on gasoline and other fuels	10,280	639
Increase (decrease) in accrued consumption taxes	(7,734)	5,286
Other	(2,807)	(7,469)
Subtotal	(1,121)	(7,216)
Interest and dividends received	422	497
Interest paid	(805)	(1,171)
Income taxes paid	(72)	(2,331)
Income taxes refund	258	-
Net cash provided by (used in) operating activities	(1,318)	(10,222)
Cash flows from investing activities		
Payments into time deposits	(4,504)	(5,425)
Proceeds from withdrawal of time deposits	4,205	5,085
Purchase of investment securities	(0)	(0)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(0)
Purchase of property, plant and equipment	(1,326)	(2,479)
Proceeds from sale of property, plant and equipment	15	135
Purchase of intangible assets	(24)	(82)
Loan advances	(0)	(40)
Proceeds from collection of loans receivable	0	0
Other	3	(93)
Net cash provided by (used in) investing activities	(1,632)	(2,900)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	6,687	17,374
Proceeds from long-term loans payable	1,500	-
Repayments of long-term loans payable	(4,094)	(4,053)
Dividends paid	(770)	(1,157)
Dividends paid to non-controlling interests	(1)	(1)
Other	(197)	(153)
Net cash provided by (used in) financing activities	3,123	12,007
Effect of exchange rate change on cash and cash equivalents	212	322
Net increase (decrease) in cash and cash equivalents	384	(791)
Cash and cash equivalents at beginning of period	8,329	9,568
Cash and cash equivalents at end of period	8,714	8,776

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in Scope of Consolidation or Scope of Equity Method to Be Applied)

(Significant changes in the scope of consolidation)

In the first six months ended September 30, 2024, the Company's consolidated subsidiaries, Fuji Oil Sales Company, Ltd. and Arabian Oil Company, Ltd., sold all of their respective shares in TOKYO PETROLEUM INDUSTRIAL COMPANY, LTD. on July 1, 2024. Accordingly, TOKYO PETROLEUM INDUSTRIAL COMPANY, LTD. is excluded from the scope of consolidation.

(Segment Information, etc.)

Segment information is omitted as the Group has only one segment consisting of the petroleum refining and sales business.