

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 7, 2024

Company name: FUSO CHEMICAL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4368 URL <https://fusokk.co.jp>
 Representative: Representative Director & President Shinichi Sugita
 Senior Executive Officer, Division Manager
 Inquiries: Hiroyuki Ito TEL 03-3639-6311
 of Administration Division
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 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 | % |
| Three months ended June 30, 2024 | 17,431 | 27.8 | 3,910 | 22.4 | 4,290 | 15.1 | 2,884 | 17.5 |
| Three months ended June 30, 2023 | 13,642 | (22.2) | 3,194 | (31.9) | 3,727 | (30.5) | 2,454 | (33.0) |

Note: Comprehensive income Three months ended June 30, 2024 ¥3,775 million [15.6%]
 Three months ended June 30, 2023 ¥3,266 million [(28.4)%]

| | Earnings per share | Diluted earnings per share |
|----------------------------------|--------------------|----------------------------|
| | Yen | Yen |
| Three months ended June 30, 2024 | 81.83 | – |
| Three months ended June 30, 2023 | 69.63 | – |

Reference: Operating profit before depreciation and amortization (Consolidated operating profit + depreciation and amortization)

Three months ended June 30, 2024 ¥5,729 million
 Three months ended June 30, 2023 ¥4,180 million

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2024 | 136,171 | 97,644 | 71.7 | 2,770.08 |
| As of March 31, 2024 | 133,740 | 95,025 | 71.1 | 2,695.77 |

Reference: Equity As of June 30, 2024 ¥97,644 million
 As of March 31, 2024 ¥95,025 million

2. Cash dividends

| | Annual dividends per share | | | | |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2024 | – | 33.00 | – | 33.00 | 66.00 |
| Year ending March 31, 2025 | – | – | – | – | – |
| Year ending March 31, 2025 (Forecast) | – | 33.00 | – | 33.00 | 66.00 |

Note: Revisions to the cash dividend forecast most recently announced: None

3. Forecast of consolidated financial results for the 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 | | Earnings per share |
|--------------------------------------|-----------------|------|------------------|------|-----------------|------|---|------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2024 | 34,000 | 25.3 | 7,200 | 29.0 | 7,350 | 17.7 | 5,050 | 17.8 | 143.26 |
| Full year | 68,000 | 15.3 | 13,500 | 21.8 | 13,700 | 15.3 | 9,150 | 9.7 | 259.57 |

Note: Revisions to the financial results forecasts most recently announced: Yes

Reference: Operating profit before depreciation and amortization (Consolidated operating profit + depreciation and amortization)

First half (cumulative) ¥10,900 million [30.3%] Full year ¥21,850 million [19.8%]

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

Note: Simple accounting procedures and accounting procedures specific for the preparation of quarterly consolidated financial statements.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|---------------------|-------------------|----------------------|-------------------|
| As of June 30, 2024 | 35,511,000 shares | As of March 31, 2024 | 35,511,000 shares |
|---------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|---------------------|----------------|----------------------|----------------|
| As of June 30, 2024 | 261,375 shares | As of March 31, 2024 | 261,338 shares |
|---------------------|----------------|----------------------|----------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|----------------------------------|-------------------|----------------------------------|-------------------|
| Three months ended June 30, 2024 | 35,249,649 shares | Three months ended June 30, 2023 | 35,243,530 shares |
|----------------------------------|-------------------|----------------------------------|-------------------|

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Explanation of proper use of financial results forecast, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including the financial results forecast shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may also differ materially due to various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 31,471,999 | 32,534,757 |
| Notes and accounts receivable - trade | 16,457,710 | 17,059,030 |
| Merchandise and finished goods | 13,292,218 | 11,643,617 |
| Work in process | 730,821 | 894,627 |
| Raw materials and supplies | 3,393,316 | 3,340,587 |
| Other | 2,800,893 | 3,079,763 |
| Allowance for doubtful accounts | (12,964) | (15,900) |
| Total current assets | 68,133,995 | 68,536,483 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 15,818,609 | 15,569,491 |
| Machinery, equipment and vehicles, net | 15,090,477 | 14,463,387 |
| Land | 6,930,343 | 6,939,551 |
| Construction in progress | 20,145,092 | 23,101,878 |
| Other, net | 1,042,104 | 986,642 |
| Total property, plant and equipment | 59,026,627 | 61,060,951 |
| Intangible assets | 3,129,865 | 2,933,831 |
| Investments and other assets | | |
| Investment securities | 885,432 | 835,200 |
| Long-term prepaid expenses | 224,916 | 567,643 |
| Deferred tax assets | 1,892,733 | 1,797,356 |
| Retirement benefit asset | 171,023 | 163,425 |
| Other | 275,588 | 276,830 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 3,449,694 | 3,640,457 |
| Total non-current assets | 65,606,187 | 67,635,240 |
| Total assets | 133,740,183 | 136,171,723 |

(Thousands of yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 2,359,211 | 3,199,597 |
| Current portion of long-term borrowings | — | 100,000 |
| Accounts payable - other | 1,992,235 | 2,531,414 |
| Accounts payable - facilities | 9,281,400 | 7,868,193 |
| Income taxes payable | 1,309,195 | 1,311,957 |
| Provision for bonuses | 572,659 | 358,610 |
| Provision for bonuses for directors (and other officers) | 35,700 | 29,830 |
| Provision for repairs | 374,078 | 259,573 |
| Other | 532,548 | 689,684 |
| Total current liabilities | 16,457,028 | 16,348,861 |
| Non-current liabilities | | |
| Long-term borrowings | 20,000,000 | 19,900,000 |
| Deferred tax liabilities | 298,524 | 318,664 |
| Retirement benefit liability | 1,691,884 | 1,695,095 |
| Asset retirement obligations | 17,924 | 17,924 |
| Long-term accounts payable - facilities | 152,636 | 148,943 |
| Other | 97,167 | 97,870 |
| Total non-current liabilities | 22,258,137 | 22,178,498 |
| Total liabilities | 38,715,166 | 38,527,360 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,334,047 | 4,334,047 |
| Capital surplus | 4,820,722 | 4,827,825 |
| Retained earnings | 82,188,150 | 83,909,473 |
| Treasury shares | (1,087,246) | (1,087,391) |
| Total shareholders' equity | 90,255,674 | 91,983,955 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 288,741 | 263,296 |
| Deferred gains or losses on hedges | 17,351 | 23,039 |
| Foreign currency translation adjustment | 4,463,249 | 5,374,072 |
| Total accumulated other comprehensive income | 4,769,341 | 5,660,407 |
| Total net assets | 95,025,016 | 97,644,363 |
| Total liabilities and net assets | 133,740,183 | 136,171,723 |

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 13,642,185 | 17,431,688 |
| Cost of sales | 8,082,998 | 11,188,897 |
| Gross profit | 5,559,186 | 6,242,790 |
| Selling, general and administrative expenses | 2,364,775 | 2,332,019 |
| Operating profit | 3,194,411 | 3,910,771 |
| Non-operating income | | |
| Interest income | 75,139 | 73,438 |
| Dividend income | 6,404 | 6,161 |
| Foreign exchange gains | 485,526 | 339,629 |
| Other | 8,342 | 9,867 |
| Total non-operating income | 575,413 | 429,097 |
| Non-operating expenses | | |
| Interest expenses | 22,587 | 32,789 |
| Depreciation | 304 | 267 |
| Loss on investments in investment partnerships | 18,462 | 16,116 |
| Other | 1,141 | 16 |
| Total non-operating expenses | 42,496 | 49,190 |
| Ordinary profit | 3,727,328 | 4,290,678 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 1,693 | 1 |
| Gain on sale of investment securities | 12,100 | - |
| Subsidy income | - | 20,257 |
| Total extraordinary income | 13,793 | 20,258 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 37,586 | 12,232 |
| Total extraordinary losses | 37,586 | 12,232 |
| Profit before income taxes | 3,703,535 | 4,298,705 |
| Income taxes - current | 1,217,313 | 1,310,027 |
| Income taxes - deferred | 32,054 | 104,115 |
| Total income taxes | 1,249,367 | 1,414,142 |
| Profit | 2,454,167 | 2,884,562 |
| Profit attributable to owners of parent | 2,454,167 | 2,884,562 |

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|--|-------------------------------------|-------------------------------------|
| Profit | 2,454,167 | 2,884,562 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 77,650 | (25,444) |
| Deferred gains or losses on hedges | 19,909 | 5,688 |
| Foreign currency translation adjustment | 714,770 | 910,822 |
| Total other comprehensive income | 812,330 | 891,065 |
| Comprehensive income | 3,266,498 | 3,775,628 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 3,266,498 | 3,775,628 |
| Comprehensive income attributable to non-controlling interests | — | — |

Consolidated statements of cash flows

(Thousands of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,703,535 | 4,298,705 |
| Depreciation | 985,739 | 1,818,803 |
| Increase (decrease) in allowance for doubtful accounts | (2,988) | 2,144 |
| Increase (decrease) in provision for bonuses | (345,060) | (217,964) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (48,890) | (5,870) |
| Increase (decrease) in retirement benefit liability | 34,322 | 10,597 |
| Increase (decrease) in provision for repairs | (75,320) | (114,505) |
| Interest and dividend income | (81,544) | (79,600) |
| Interest expenses | 22,587 | 32,789 |
| Foreign exchange losses (gains) | (426,476) | (270,745) |
| Loss (gain) on sale of non-current assets | (1,693) | (1) |
| Loss on retirement of non-current assets | 37,586 | 12,232 |
| Loss (gain) on sale of investment securities | (12,100) | - |
| Loss (gain) on investments in investment partnerships | 18,462 | 16,116 |
| Subsidy income | - | (20,257) |
| Decrease (increase) in trade receivables | 1,706,937 | (429,525) |
| Decrease (increase) in inventories | (1,828,091) | 1,773,825 |
| Increase (decrease) in trade payables | 150,744 | 790,575 |
| Increase (decrease) in accounts payable - other | 130,653 | 557,695 |
| Other, net | (222,363) | (204,677) |
| Subtotal | 3,746,041 | 7,970,339 |
| Interest and dividends received | 77,865 | 80,502 |
| Interest paid | (7,655) | (32,462) |
| Subsidies received | - | 20,257 |
| Income taxes paid | (3,292,253) | (1,207,061) |
| Net cash provided by (used in) operating activities | 523,997 | 6,831,574 |
| Cash flows from investing activities | | |
| Payments into time deposits | (1,080,609) | (1,444,526) |
| Proceeds from withdrawal of time deposits | 138,743 | 1,405,327 |
| Purchase of property, plant and equipment | (12,894,234) | (4,830,811) |
| Proceeds from sale of property, plant and equipment | 1,693 | 1 |
| Purchase of intangible assets | (81,364) | (8,228) |
| Purchase of investment securities | (2,469) | (2,538) |
| Proceeds from sale of investment securities | 22,994 | - |
| Proceeds from collection of long-term loans receivable | 0 | 0 |
| Other, net | (130,761) | (385,052) |
| Net cash provided by (used in) investing activities | (14,026,007) | (5,265,828) |
| Cash flows from financing activities | | |
| Proceeds from long-term borrowings | 20,000,000 | - |
| Purchase of treasury shares | (145) | (145) |
| Dividends paid | (1,149,530) | (1,152,392) |
| Repayments of lease liabilities | (2,489) | (2,723) |
| Net cash provided by (used in) financing activities | 18,847,834 | (1,155,260) |
| Effect of exchange rate change on cash and cash equivalents | 610,636 | 497,964 |
| Net increase (decrease) in cash and cash equivalents | 5,956,460 | 908,450 |
| Cash and cash equivalents at beginning of period | 22,350,871 | 29,483,756 |
| Cash and cash equivalents at end of period | * 28,307,332 | * 30,392,206 |