

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 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 of Administration Division
 Inquiries: Hiroyuki Ito TEL 03-3639-6311
 Scheduled date of ordinary general meeting of shareholders: June 21, 2024
 Scheduled date to file Securities Report: June 24, 2024
 Scheduled date to commence dividend payments: June 24, 2024
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	58,970	(13.9)	11,083	(41.4)	11,883	(39.8)	8,343	(41.0)
Year ended March 31, 2023	68,459	22.8	18,930	25.9	19,740	27.3	14,129	29.7

Note: Comprehensive income Year ended March 31, 2024 ¥9,835 million [(31.4)%]
 Year ended March 31, 2023 ¥14,328 million [18.7%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	236.70	–	9.1	9.6	18.8
Year ended March 31, 2023	400.90	–	17.4	19.2	27.7

Reference: Share of loss (profit) of entities accounted for using equity method

Year ended March 31, 2024 ¥– million

Year ended March 31, 2023 ¥– million

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

Year ended March 31, 2024 ¥18,244 million [(21.6)%]

Year ended March 31, 2023 ¥23,268 million [19.4%]

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	133,740	95,025	71.1	2,695.77
As of March 31, 2023	113,528	87,502	77.1	2,482.80

Reference: Equity As of March 31, 2024 ¥95,025 million

As of March 31, 2023 ¥87,502 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	7,061	(18,576)	17,663	29,483
Year ended March 31, 2023	13,925	(13,417)	(2,124)	22,350

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	30.00	–	33.00	63.00	2,220	15.7	2.7
Year ended March 31, 2024	–	33.00	–	33.00	66.00	2,326	27.9	2.5
Year ending March 31, 2025 (Forecast)	–	33.00	–	33.00	66.00		31.4	

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	31,600	16.5	5,050	(9.5)	5,100	(18.3)	3,450	(19.5)	97.87
Full year	65,000	10.2	11,150	0.6	11,250	(5.3)	7,400	(11.3)	209.93

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

First half (cumulative) ¥8,750 million [4.6%] Full year ¥19,500 million [6.9%]

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	35,511,000 shares	As of March 31, 2023	35,511,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	261,338 shares	As of March 31, 2023	267,466 shares
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Average number of shares during the period

Year ended March 31, 2024	35,247,349 shares	Year ended March 31, 2023	35,243,568 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	47,771	(16.2)	8,036	(46.8)	10,390	(40.9)	7,737	(40.7)
Year ended March 31, 2023	57,017	23.5	15,113	23.0	17,578	25.8	13,042	28.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2024	219.52	–
Year ended March 31, 2023	370.05	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	121,504	83,648	68.8	2,373.02
As of March 31, 2023	103,084	78,096	75.8	2,215.90

Reference: Equity As of March 31, 2024 ¥83,648 million

As of March 31, 2023 ¥78,096 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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

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.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	23,412,586	31,471,999
Notes and accounts receivable - trade	14,968,781	16,457,710
Merchandise and finished goods	11,880,482	13,292,218
Work in process	691,534	730,821
Raw materials and supplies	3,468,641	3,393,316
Other	936,534	2,800,893
Allowance for doubtful accounts	(14,513)	(12,964)
Total current assets	<u>55,344,047</u>	<u>68,133,995</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,392,690	29,139,532
Accumulated depreciation	(11,974,615)	(13,320,922)
Buildings and structures, net	<u>9,418,074</u>	<u>15,818,609</u>
Machinery, equipment and vehicles	35,741,898	48,985,504
Accumulated depreciation	(29,501,284)	(33,895,026)
Machinery, equipment and vehicles, net	<u>6,240,614</u>	<u>15,090,477</u>
Land	6,913,458	6,930,343
Construction in progress	30,938,084	20,145,092
Other	3,831,573	4,505,891
Accumulated depreciation	(3,040,303)	(3,463,787)
Other, net	<u>791,270</u>	<u>1,042,104</u>
Total property, plant and equipment	<u>54,301,501</u>	<u>59,026,627</u>
Intangible assets	1,346,426	3,129,865
Investments and other assets		
Investment securities	691,304	885,432
Long-term prepaid expenses	366,419	224,916
Deferred tax assets	1,173,700	1,892,733
Retirement benefit asset	102,262	171,023
Other	203,209	275,588
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	<u>2,536,896</u>	<u>3,449,694</u>
Total non-current assets	<u>58,184,824</u>	<u>65,606,187</u>
Total assets	<u>113,528,872</u>	<u>133,740,183</u>

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,294,849	2,359,211
Accounts payable - other	1,983,822	1,992,235
Accounts payable - facilities	13,775,370	9,281,400
Income taxes payable	3,301,849	1,309,195
Provision for bonuses	690,054	572,659
Provision for bonuses for directors (and other officers)	71,800	35,700
Provision for repairs	356,024	374,078
Other	434,899	532,548
Total current liabilities	23,908,669	16,457,028
Non-current liabilities		
Long-term borrowings	-	20,000,000
Deferred tax liabilities	191,191	298,524
Retirement benefit liability	1,624,715	1,691,884
Asset retirement obligations	27,974	17,924
Long-term accounts payable - facilities	167,408	152,636
Other	106,088	97,167
Total non-current liabilities	2,117,377	22,258,137
Total liabilities	26,026,047	38,715,166
Net assets		
Shareholders' equity		
Share capital	4,334,047	4,334,047
Capital surplus	4,820,722	4,820,722
Retained earnings	76,183,899	82,188,150
Treasury shares	(1,112,711)	(1,087,246)
Total shareholders' equity	84,225,957	90,255,674
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	188,739	288,741
Deferred gains or losses on hedges	(3,019)	17,351
Foreign currency translation adjustment	3,091,146	4,463,249
Total accumulated other comprehensive income	3,276,866	4,769,341
Total net assets	87,502,824	95,025,016
Total liabilities and net assets	113,528,872	133,740,183

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	68,459,392	58,970,273
Cost of sales	40,048,359	38,396,998
Gross profit	28,411,033	20,573,275
Selling, general and administrative expenses	9,480,422	9,489,326
Operating profit	18,930,611	11,083,948
Non-operating income		
Interest income	135,066	246,374
Dividend income	25,291	12,440
Foreign exchange gains	616,034	653,029
Other	45,513	40,552
Total non-operating income	821,906	952,398
Non-operating expenses		
Interest expenses	-	121,678
Commission expenses	1,757	-
Depreciation	3,089	1,086
Loss on investments in investment partnerships	6,525	24,369
Other	1,046	6,128
Total non-operating expenses	12,420	153,263
Ordinary profit	19,740,097	11,883,083
Extraordinary income		
Gain on sale of non-current assets	46	2,267
Gain on sale of investment securities	384,435	12,100
Subsidy income	4,200	36,856
Compensation for forced relocation	-	141,144
Total extraordinary income	388,682	192,369
Extraordinary losses		
Loss on retirement of non-current assets	29,142	69,257
Impairment losses	17,315	-
Total extraordinary losses	46,458	69,257
Profit before income taxes	20,082,321	12,006,194
Income taxes - current	6,114,620	4,358,833
Income taxes - deferred	(161,758)	(695,939)
Total income taxes	5,952,861	3,662,894
Profit	14,129,459	8,343,299
Profit attributable to owners of parent	14,129,459	8,343,299

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	14,129,459	8,343,299
Other comprehensive income		
Valuation difference on available-for-sale securities	(232,398)	100,001
Deferred gains or losses on hedges	(28,126)	20,370
Foreign currency translation adjustment	459,434	1,372,103
Total other comprehensive income	198,909	1,492,475
Comprehensive income	14,328,369	9,835,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,328,369	9,835,775
Comprehensive income attributable to non-controlling interests	-	-

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,334,047	4,820,722	64,183,183	(1,112,561)	72,225,391
Changes during period					
Dividends of surplus			(2,114,614)		(2,114,614)
Profit attributable to owners of parent			14,129,459		14,129,459
Purchase of treasury shares				(150)	(150)
Disposal of treasury shares					-
Other			(14,129)		(14,129)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	12,000,715	(150)	12,000,565
Balance at end of period	4,334,047	4,820,722	76,183,899	(1,112,711)	84,225,957

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	421,137	25,107	2,631,711	3,077,957	75,303,348
Changes during period					
Dividends of surplus					(2,114,614)
Profit attributable to owners of parent					14,129,459
Purchase of treasury shares					(150)
Disposal of treasury shares					-
Other					(14,129)
Net changes in items other than shareholders' equity	(232,398)	(28,126)	459,434	198,909	198,909
Total changes during period	(232,398)	(28,126)	459,434	198,909	12,199,475
Balance at end of period	188,739	(3,019)	3,091,146	3,276,866	87,502,824

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,334,047	4,820,722	76,183,899	(1,112,711)	84,225,957
Changes during period					
Dividends of surplus			(2,326,277)		(2,326,277)
Profit attributable to owners of parent			8,343,299		8,343,299
Purchase of treasury shares				(744)	(744)
Disposal of treasury shares			(4,899)	26,209	21,309
Other			(7,871)		(7,871)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,004,251	25,464	6,029,716
Balance at end of period	4,334,047	4,820,722	82,188,150	(1,087,246)	90,255,674

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	188,739	(3,019)	3,091,146	3,276,866	87,502,824
Changes during period					
Dividends of surplus					(2,326,277)
Profit attributable to owners of parent					8,343,299
Purchase of treasury shares					(744)
Disposal of treasury shares					21,309
Other					(7,871)
Net changes in items other than shareholders' equity	100,001	20,370	1,372,103	1,492,475	1,492,475
Total changes during period	100,001	20,370	1,372,103	1,492,475	7,522,191
Balance at end of period	288,741	17,351	4,463,249	4,769,341	95,025,016

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	20,082,321	12,006,194
Depreciation	4,337,558	7,160,164
Increase (decrease) in allowance for doubtful accounts	(671)	(3,121)
Increase (decrease) in provision for bonuses	61,296	(120,817)
Increase (decrease) in provision for bonuses for directors (and other officers)	6,200	(36,100)
Increase (decrease) in retirement benefit liability	87,424	(1,837)
Increase (decrease) in provision for repairs	(17,490)	18,053
Interest and dividend income	(160,358)	(258,815)
Interest expenses	-	121,678
Foreign exchange losses (gains)	(392,579)	(555,299)
Loss (gain) on sale of non-current assets	(46)	(2,267)
Loss on retirement of non-current assets	29,142	69,257
Impairment losses	17,315	-
Loss (gain) on sale of investment securities	(384,435)	(12,100)
Loss (gain) on investments in investment partnerships	6,525	24,369
Subsidy income	(4,200)	(36,856)
Compensation for forced relocation	-	(141,144)
Decrease (increase) in trade receivables	81,426	(1,208,319)
Decrease (increase) in inventories	(3,977,200)	(1,039,706)
Increase (decrease) in trade payables	217,416	(1,034,677)
Increase (decrease) in accounts payable - other	83,736	(76,223)
Other, net	(235,406)	(1,649,220)
Subtotal	19,837,973	13,223,209
Interest and dividends received	148,273	245,043
Interest paid	-	(103,916)
Subsidies received	4,200	36,856
Proceeds from compensation for forced relocation	-	141,144
Income taxes (paid) refund	(6,064,462)	(6,480,957)
Net cash provided by (used in) operating activities	13,925,984	7,061,380
Cash flows from investing activities		
Payments into time deposits	(1,153,949)	(5,014,895)
Proceeds from withdrawal of time deposits	898,000	4,207,456
Proceeds from sale of securities	136,970	-
Purchase of property, plant and equipment	(13,433,048)	(14,944,269)
Proceeds from sale of property, plant and equipment	137	2,342
Payments for retirement of property, plant and equipment	-	(10,050)
Purchase of intangible assets	(201,759)	(2,643,310)
Purchase of investment securities	(159,727)	(105,592)
Proceeds from sale of investment securities	536,859	22,994
Proceeds from distributions from investment partnerships	5,162	20,254
Proceeds from collection of long-term loans receivable	0	0
Other, net	(46,270)	(111,274)
Net cash provided by (used in) investing activities	(13,417,624)	(18,576,343)

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	-	20,000,000
Purchase of treasury shares	(150)	(744)
Dividends paid	(2,114,417)	(2,325,355)
Repayments of lease liabilities	(10,068)	(10,057)
Net cash provided by (used in) financing activities	(2,124,635)	17,663,842
Effect of exchange rate change on cash and cash equivalents	507,044	984,005
Net increase (decrease) in cash and cash equivalents	(1,109,230)	7,132,884
Cash and cash equivalents at beginning of period	23,460,102	22,350,871
Cash and cash equivalents at end of period	22,350,871	29,483,756