

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 9, 2022

Company name: FUSO CHEMICAL CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4368 URL <https://fusokk.co.jp>  
 Representative: Representative Director & President Shinichi Sugita  
 Executive Officer,  
 Inquiries: Division Manager of Administration Division Hiroyuki Ito TEL 03-3639-6311  
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022  
 Scheduled date to file Securities Report: June 27, 2022  
 Scheduled date to commence dividend payments: June 27, 2022  
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	55,760	32.1	15,034	56.1	15,509	59.1	10,890	60.0
Year ended March 31, 2021	42,209	2.2	9,632	9.1	9,746	8.8	6,808	(2.9)

Note: Comprehensive income Year ended March 31, 2022 ¥12,070 million [60.6%]  
 Year ended March 31, 2021 ¥7,517 million [14.2%]

	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, 2022	308.08	–	15.4	18.5	27.0
Year ended March 31, 2021	191.75	–	10.8	13.4	22.8

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

Year ended March 31, 2022 ¥– million  
 Year ended March 31, 2021 ¥– million

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

Year ended March 31, 2022 ¥19,488 million [32.9%]  
 Year ended March 31, 2021 ¥14,659 million [9.7%]

(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, 2022	92,009	75,303	81.8	2,136.65
As of March 31, 2021	76,032	66,169	87.0	1,863.74

Reference: Equity As of March 31, 2022 ¥75,303 million  
 As of March 31, 2021 ¥66,169 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, 2022	10,199	(9,375)	(2,882)	23,460
Year ended March 31, 2021	12,820	(2,620)	(1,639)	24,835

## 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, 2021	–	23.00	–	25.00	48.00	1,704	25.0	2.7
Year ended March 31, 2022	–	25.00	–	30.00	55.00	1,938	17.9	2.7
Year ending March 31, 2023 (Forecast)	–	30.00	–	30.00	60.00		19.6	

## 3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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, 2022	33,900	34.7	7,850	22.2	7,880	21.6	5,400	20.3	153.21
Full year	66,200	18.7	15,650	4.1	15,700	1.2	10,800	(0.8)	306.43

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

First half (cumulative)      ¥9,970 million [16.6%]      Full year      ¥20,350 million [4.4%]

## 4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	35,511,000 shares	As of March 31, 2021	35,511,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	267,425 shares	As of March 31, 2021	7,383 shares
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Average number of shares during the period

Year ended March 31, 2022	35,348,305 shares	Year ended March 31, 2021	35,503,618 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	25,594,582	24,236,473
Notes and accounts receivable - trade	10,546,322	14,886,764
Securities	111,938	123,756
Merchandise and finished goods	6,390,775	7,972,496
Work in process	482,774	764,836
Raw materials and supplies	1,667,693	3,240,909
Other	346,171	866,980
Allowance for doubtful accounts	(9,027)	(14,013)
<b>Total current assets</b>	<b>45,131,230</b>	<b>52,078,203</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	20,104,833	20,788,477
Accumulated depreciation	(10,081,960)	(11,137,413)
Buildings and structures, net	10,022,872	9,651,063
Machinery, equipment and vehicles	32,784,949	34,369,808
Accumulated depreciation	(24,667,093)	(27,320,329)
Machinery, equipment and vehicles, net	8,117,855	7,049,478
Land	6,891,883	6,902,935
Construction in progress	453,627	11,247,687
Other	3,094,377	3,272,118
Accumulated depreciation	(2,656,376)	(2,832,696)
Other, net	438,001	439,421
<b>Total property, plant and equipment</b>	<b>25,924,241</b>	<b>35,290,587</b>
Intangible assets	2,186,540	1,904,627
<b>Investments and other assets</b>		
Investment securities	1,161,405	1,030,246
Long-term prepaid expenses	225,426	492,355
Deferred tax assets	1,113,889	910,570
Retirement benefit asset	115,077	121,063
Other	174,615	181,848
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>2,790,414</b>	<b>2,736,084</b>
<b>Total non-current assets</b>	<b>30,901,196</b>	<b>39,931,299</b>
<b>Total assets</b>	<b>76,032,427</b>	<b>92,009,502</b>

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	2,027,968	3,039,108
Accounts payable - other	1,495,871	1,883,766
Accounts payable - facilities	1,067,563	4,900,797
Income taxes payable	1,588,545	3,219,784
Provision for bonuses	644,980	628,515
Provision for bonuses for directors (and other officers)	54,360	65,600
Provision for repairs	327,865	373,514
Other	629,105	556,315
<b>Total current liabilities</b>	<b>7,836,259</b>	<b>14,667,402</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	178,135	187,187
Retirement benefit liability	1,534,544	1,555,891
Asset retirement obligations	8,289	8,289
Long-term accounts payable - facilities	196,952	182,180
Other	108,657	105,202
<b>Total non-current liabilities</b>	<b>2,026,579</b>	<b>2,038,751</b>
<b>Total liabilities</b>	<b>9,862,838</b>	<b>16,706,154</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,334,047	4,334,047
Capital surplus	4,820,722	4,820,722
Retained earnings	55,121,274	64,183,183
Treasury shares	(4,771)	(1,112,561)
<b>Total shareholders' equity</b>	<b>64,271,272</b>	<b>72,225,391</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	475,600	421,137
Deferred gains or losses on hedges	16,513	25,107
Foreign currency translation adjustment	1,406,202	2,631,711
<b>Total accumulated other comprehensive income</b>	<b>1,898,315</b>	<b>3,077,957</b>
<b>Total net assets</b>	<b>66,169,588</b>	<b>75,303,348</b>
<b>Total liabilities and net assets</b>	<b>76,032,427</b>	<b>92,009,502</b>

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

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	42,209,380	55,760,482
Cost of sales	25,861,584	32,679,133
Gross profit	16,347,796	23,081,348
Selling, general and administrative expenses	6,715,583	8,046,587
Operating profit	9,632,212	15,034,761
Non-operating income		
Interest income	20,391	16,913
Dividend income	25,412	30,855
Commission income	9,958	10,379
Rental income	13,663	11,188
Foreign exchange gains	45,132	404,787
Other	9,245	7,616
Total non-operating income	123,804	481,741
Non-operating expenses		
Commission expenses	1,600	–
Depreciation	2,598	2,633
Loss on investments in investment partnerships	4,099	3,251
Other	1,270	996
Total non-operating expenses	9,567	6,882
Ordinary profit	9,746,449	15,509,619
Extraordinary income		
Gain on sale of non-current assets	93	1,105
Gain on sale of investment securities	–	226,065
Gain on sale of membership	–	272
Insurance claim income	475	–
Subsidy income	12,715	–
Total extraordinary income	13,284	227,444
Extraordinary losses		
Loss on sale of non-current assets	3	1,497
Loss on retirement of non-current assets	30,166	21,654
Total extraordinary losses	30,169	23,151
Profit before income taxes	9,729,563	15,713,912
Income taxes - current	2,751,606	4,591,612
Income taxes - deferred	169,877	231,904
Total income taxes	2,921,483	4,823,517
Profit	6,808,079	10,890,394
Profit attributable to owners of parent	6,808,079	10,890,394

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	6,808,079	10,890,394
Other comprehensive income		
Valuation difference on available-for-sale securities	142,217	(54,462)
Deferred gains or losses on hedges	14,623	8,594
Foreign currency translation adjustment	552,785	1,225,509
Total other comprehensive income	709,626	1,179,641
Comprehensive income	7,517,706	12,070,036
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,517,706	12,070,036
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(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	49,950,515	(4,694)	59,100,590
Cumulative effects of changes in accounting policies					
Restated balance	4,334,047	4,820,722	49,950,515	(4,694)	59,100,590
Changes during period					
Dividends of surplus			(1,633,166)		(1,633,166)
Profit attributable to owners of parent			6,808,079		6,808,079
Purchase of treasury shares				(76)	(76)
Other			(4,153)		(4,153)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	5,170,759	(76)	5,170,682
Balance at end of period	4,334,047	4,820,722	55,121,274	(4,771)	64,271,272

	Accumulated other comprehensive income				Non-controlling interests	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	333,382	1,889	853,416	1,188,688	–	60,289,279
Cumulative effects of changes in accounting policies						
Restated balance	333,382	1,889	853,416	1,188,688	–	60,289,279
Changes during period						
Dividends of surplus						(1,633,166)
Profit attributable to owners of parent						6,808,079
Purchase of treasury shares						(76)
Other						(4,153)
Net changes in items other than shareholders' equity	142,217	14,623	552,785	709,626		709,626
Total changes during period	142,217	14,623	552,785	709,626	–	5,880,309
Balance at end of period	475,600	16,513	1,406,202	1,898,315	–	66,169,588

Fiscal year ended March 31, 2022

(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	55,121,274	(4,771)	64,271,272
Cumulative effects of changes in accounting policies			(55,857)		(55,857)
Restated balance	4,334,047	4,820,722	55,065,416	(4,771)	64,215,415
Changes during period					
Dividends of surplus			(1,768,679)		(1,768,679)
Profit attributable to owners of parent			10,890,394		10,890,394
Purchase of treasury shares				(1,107,790)	(1,107,790)
Other			(3,948)		(3,948)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	9,117,766	(1,107,790)	8,009,976
Balance at end of period	4,334,047	4,820,722	64,183,183	(1,112,561)	72,225,391

	Accumulated other comprehensive income				Non-controlling interests	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	475,600	16,513	1,406,202	1,898,315	–	66,169,588
Cumulative effects of changes in accounting policies						(55,857)
Restated balance	475,600	16,513	1,406,202	1,898,315	–	66,113,731
Changes during period						
Dividends of surplus						(1,768,679)
Profit attributable to owners of parent						10,890,394
Purchase of treasury shares						(1,107,790)
Other						(3,948)
Net changes in items other than shareholders' equity	(54,462)	8,594	1,225,509	1,179,641		1,179,641
Total changes during period	(54,462)	8,594	1,225,509	1,179,641	–	9,189,617
Balance at end of period	421,137	25,107	2,631,711	3,077,957	–	75,303,348

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	9,729,563	15,713,912
Depreciation	5,027,035	4,453,399
Increase (decrease) in allowance for doubtful accounts	228	3,822
Increase (decrease) in provision for bonuses	96,851	(20,071)
Increase (decrease) in provision for bonuses for directors (and other officers)	(29,080)	11,240
Increase (decrease) in retirement benefit liability	(140,105)	15,222
Increase (decrease) in provision for repairs	47,314	45,649
Interest and dividend income	(45,804)	(47,769)
Foreign exchange losses (gains)	(51,553)	(363,397)
Loss (gain) on sale of non-current assets	(90)	391
Loss on retirement of non-current assets	30,166	21,654
Loss (gain) on sale of investment securities	–	(226,065)
Loss (gain) on sale of membership	–	(272)
Loss (gain) on investments in investment partnerships	4,099	3,251
Insurance claim income	(475)	–
Subsidy income	(12,715)	–
Decrease (increase) in trade receivables	(154,518)	(4,125,619)
Decrease (increase) in inventories	(271,816)	(2,976,352)
Increase (decrease) in trade payables	(82,539)	907,943
Increase (decrease) in accounts payable - other	212,662	400,244
Other, net	504,537	(631,033)
Subtotal	14,863,760	13,186,148
Interest and dividends received	51,760	48,038
Proceeds from insurance income	475	–
Subsidies received	12,715	–
Income taxes (paid) refund	(2,108,160)	(3,035,124)
Net cash provided by (used in) operating activities	12,820,551	10,199,062
Cash flows from investing activities		
Payments into time deposits	(1,046,504)	(1,499,564)
Proceeds from withdrawal of time deposits	723,358	1,548,124
Purchase of securities	(214,241)	(113,503)
Proceeds from sale of securities	202,574	113,503
Purchase of property, plant and equipment	(1,817,592)	(9,225,803)
Proceeds from sale of property, plant and equipment	111	1,465
Purchase of intangible assets	(396,574)	(395,869)
Purchase of investment securities	(58,413)	(60,621)
Proceeds from sale of investment securities	–	291,800
Proceeds from collection of long-term loans receivable	59	0
Other, net	(12,797)	(34,562)
Net cash provided by (used in) investing activities	(2,620,018)	(9,375,030)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Purchase of treasury shares	(76)	(1,107,790)
Dividends paid	(1,633,337)	(1,768,811)
Repayments of lease liabilities	(5,650)	(5,825)
Net cash provided by (used in) financing activities	(1,639,065)	(2,882,427)
Effect of exchange rate change on cash and cash equivalents	191,475	682,526
Net increase (decrease) in cash and cash equivalents	8,752,942	(1,375,868)
Cash and cash equivalents at beginning of period	16,083,028	24,835,971
Cash and cash equivalents at end of period	24,835,971	23,460,102