

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 11, 2023

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 23, 2023  
 Scheduled date to file Securities Report: June 26, 2023  
 Scheduled date to commence dividend payments: June 26, 2023  
 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, 2023 (from April 1, 2022 to March 31, 2023)

#### (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, 2023	68,459	22.8	18,930	25.9	19,740	27.3	14,129	29.7
Year ended March 31, 2022	55,760	32.1	15,034	56.1	15,509	59.1	10,890	60.0

Note: Comprehensive income Year ended March 31, 2023 ¥14,328 million [18.7%]  
 Year ended March 31, 2022 ¥12,070 million [60.6%]

	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, 2023	400.90	–	17.4	19.2	27.7
Year ended March 31, 2022	308.08	–	15.4	18.5	27.0

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

Year ended March 31, 2023 ¥– million

Year ended March 31, 2022 ¥– million

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

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

Year ended March 31, 2022 ¥19,488 million [32.9%]

#### (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, 2023	113,528	87,502	77.1	2,482.80
As of March 31, 2022	92,009	75,303	81.8	2,136.65

Reference: Equity As of March 31, 2023 ¥87,502 million

As of March 31, 2022 ¥75,303 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, 2023	13,925	(13,417)	(2,124)	22,350
Year ended March 31, 2022	10,199	(9,375)	(2,882)	23,460

## 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, 2022	–	25.00	–	30.00	55.00	1,938	17.9	2.7
Year ended March 31, 2023	–	30.00	–	33.00	63.00	2,220	15.7	2.7
Year ending March 31, 2024 (Forecast)	–	33.00	–	33.00	66.00		24.6	

## 3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	33,600	(5.0)	7,100	(25.9)	7,100	(34.0)	4,850	(35.5)	137.61
Full year	69,300	1.2	13,800	(27.1)	13,800	(30.1)	9,450	(33.1)	268.13

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

First half (cumulative) ¥10,150 million [(12.7)%] Full year ¥21,700 million [(6.7)%]

## 4. Notes

### (1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	35,511,000 shares	As of March 31, 2022	35,511,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	267,466 shares	As of March 31, 2022	267,425 shares
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Average number of shares during the period

Year ended March 31, 2023	35,243,568 shares	Year ended March 31, 2022	35,348,305 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	57,017	23.5	15,113	23.0	17,578	25.8	13,042	28.3
Year ended March 31, 2022	46,166	30.4	12,288	58.5	13,970	51.5	10,162	50.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2023	370.05	–
Year ended March 31, 2022	287.48	–

(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, 2023	103,084	78,096	75.8	2,215.90
As of March 31, 2022	84,011	67,427	80.3	1,913.17

Reference: Equity As of March 31, 2023 ¥78,096 million

As of March 31, 2022 ¥67,427 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, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	24,236,473	23,412,586
Notes and accounts receivable - trade	14,886,764	14,968,781
Securities	123,756	–
Merchandise and finished goods	7,972,496	11,880,482
Work in process	764,836	691,534
Raw materials and supplies	3,240,909	3,468,641
Other	866,980	936,534
Allowance for doubtful accounts	(14,013)	(14,513)
<b>Total current assets</b>	<b>52,078,203</b>	<b>55,344,047</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	20,788,477	21,392,690
Accumulated depreciation	(11,137,413)	(11,974,615)
Buildings and structures, net	9,651,063	9,418,074
Machinery, equipment and vehicles	34,369,808	35,741,898
Accumulated depreciation	(27,320,329)	(29,501,284)
Machinery, equipment and vehicles, net	7,049,478	6,240,614
Land	6,902,935	6,913,458
Construction in progress	11,247,687	30,938,084
Other	3,272,118	3,831,573
Accumulated depreciation	(2,832,696)	(3,040,303)
Other, net	439,421	791,270
<b>Total property, plant and equipment</b>	<b>35,290,587</b>	<b>54,301,501</b>
Intangible assets	1,904,627	1,346,426
<b>Investments and other assets</b>		
Investment securities	1,030,246	691,304
Long-term prepaid expenses	492,355	366,419
Deferred tax assets	910,570	1,173,700
Retirement benefit asset	121,063	102,262
Other	181,848	203,209
Allowance for doubtful accounts	(0)	(0)
<b>Total investments and other assets</b>	<b>2,736,084</b>	<b>2,536,896</b>
<b>Total non-current assets</b>	<b>39,931,299</b>	<b>58,184,824</b>
<b>Total assets</b>	<b>92,009,502</b>	<b>113,528,872</b>

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,039,108	3,294,849
Accounts payable - other	1,883,766	1,983,822
Accounts payable - facilities	4,900,797	13,775,370
Income taxes payable	3,219,784	3,301,849
Provision for bonuses	628,515	690,054
Provision for bonuses for directors (and other officers)	65,600	71,800
Provision for repairs	373,514	356,024
Other	556,315	434,899
<b>Total current liabilities</b>	<b>14,667,402</b>	<b>23,908,669</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	187,187	191,191
Retirement benefit liability	1,555,891	1,624,715
Asset retirement obligations	8,289	27,974
Long-term accounts payable - facilities	182,180	167,408
Other	105,202	106,088
<b>Total non-current liabilities</b>	<b>2,038,751</b>	<b>2,117,377</b>
<b>Total liabilities</b>	<b>16,706,154</b>	<b>26,026,047</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	64,183,183	76,183,899
Treasury shares	(1,112,561)	(1,112,711)
<b>Total shareholders' equity</b>	<b>72,225,391</b>	<b>84,225,957</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	421,137	188,739
Deferred gains or losses on hedges	25,107	(3,019)
Foreign currency translation adjustment	2,631,711	3,091,146
<b>Total accumulated other comprehensive income</b>	<b>3,077,957</b>	<b>3,276,866</b>
<b>Total net assets</b>	<b>75,303,348</b>	<b>87,502,824</b>
<b>Total liabilities and net assets</b>	<b>92,009,502</b>	<b>113,528,872</b>

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

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	55,760,482	68,459,392
Cost of sales	32,679,133	40,048,359
Gross profit	23,081,348	28,411,033
Selling, general and administrative expenses	8,046,587	9,480,422
Operating profit	15,034,761	18,930,611
Non-operating income		
Interest income	16,913	135,066
Dividend income	30,855	25,291
Foreign exchange gains	404,787	616,034
Other	29,184	45,513
Total non-operating income	481,741	821,906
Non-operating expenses		
Commission expenses	–	1,757
Depreciation	2,633	3,089
Loss on investments in investment partnerships	3,251	6,525
Other	996	1,046
Total non-operating expenses	6,882	12,420
Ordinary profit	15,509,619	19,740,097
Extraordinary income		
Gain on sale of non-current assets	1,105	46
Gain on sale of investment securities	226,065	384,435
Gain on sale of membership	272	–
Subsidy income	–	4,200
Total extraordinary income	227,444	388,682
Extraordinary losses		
Loss on sale of non-current assets	1,497	–
Loss on retirement of non-current assets	21,654	29,142
Impairment losses	–	17,315
Total extraordinary losses	23,151	46,458
Profit before income taxes	15,713,912	20,082,321
Income taxes - current	4,591,612	6,114,620
Income taxes - deferred	231,904	(161,758)
Total income taxes	4,823,517	5,952,861
Profit	10,890,394	14,129,459
Profit attributable to owners of parent	10,890,394	14,129,459

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	10,890,394	14,129,459
Other comprehensive income		
Valuation difference on available-for-sale securities	(54,462)	(232,398)
Deferred gains or losses on hedges	8,594	(28,126)
Foreign currency translation adjustment	1,225,509	459,434
Total other comprehensive income	1,179,641	198,909
Comprehensive income	12,070,036	14,328,369
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,070,036	14,328,369
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

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				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



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
Cumulative effects of changes in accounting policies					
Restated balance	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)
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
Cumulative effects of changes in accounting policies					–
Restated balance	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)
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

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	15,713,912	20,082,321
Depreciation	4,453,399	4,337,558
Increase (decrease) in allowance for doubtful accounts	3,822	(671)
Increase (decrease) in provision for bonuses	(20,071)	61,296
Increase (decrease) in provision for bonuses for directors (and other officers)	11,240	6,200
Increase (decrease) in retirement benefit liability	15,222	87,424
Increase (decrease) in provision for repairs	45,649	(17,490)
Interest and dividend income	(47,769)	(160,358)
Foreign exchange losses (gains)	(363,397)	(392,579)
Loss (gain) on sale of non-current assets	391	(46)
Loss on retirement of non-current assets	21,654	29,142
Impairment losses	–	17,315
Loss (gain) on sale of investment securities	(226,065)	(384,435)
Loss (gain) on sale of membership	(272)	–
Loss (gain) on investments in investment partnerships	3,251	6,525
Subsidy income	–	(4,200)
Decrease (increase) in trade receivables	(4,125,619)	81,426
Decrease (increase) in inventories	(2,976,352)	(3,977,200)
Increase (decrease) in trade payables	907,943	217,416
Increase (decrease) in accounts payable - other	400,244	83,736
Other, net	(631,033)	(235,406)
Subtotal	13,186,148	19,837,973
Interest and dividends received	48,038	148,273
Subsidies received	–	4,200
Income taxes (paid) refund	(3,035,124)	(6,064,462)
Net cash provided by (used in) operating activities	10,199,062	13,925,984
Cash flows from investing activities		
Payments into time deposits	(1,499,564)	(1,153,949)
Proceeds from withdrawal of time deposits	1,548,124	898,000
Purchase of securities	(113,503)	–
Proceeds from sale of securities	113,503	136,970
Purchase of property, plant and equipment	(9,225,803)	(13,433,048)
Proceeds from sale of property, plant and equipment	1,465	137
Purchase of intangible assets	(395,869)	(201,759)
Purchase of investment securities	(60,621)	(159,727)
Proceeds from sale of investment securities	291,800	536,859
Proceeds from distributions from investment partnerships	–	5,162
Proceeds from collection of long-term loans receivable	0	0
Other, net	(34,562)	(46,270)
Net cash provided by (used in) investing activities	(9,375,030)	(13,417,624)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Purchase of treasury shares	(1,107,790)	(150)
Dividends paid	(1,768,811)	(2,114,417)
Repayments of lease liabilities	(5,825)	(10,068)
Net cash provided by (used in) financing activities	(2,882,427)	(2,124,635)
Effect of exchange rate change on cash and cash equivalents	682,526	507,044
Net increase (decrease) in cash and cash equivalents	(1,375,868)	(1,109,230)
Cash and cash equivalents at beginning of period	24,835,971	23,460,102
Cash and cash equivalents at end of period	23,460,102	22,350,871