

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

July 31, 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  
 Senior Executive Officer,  
 Inquiries: Division Manager of Administration Division Hiroyuki Ito TEL 03-3639-6311  
 Scheduled date to file Quarterly Securities Report: August 10, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

#### (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, 2023	13,642	(22.2)	3,194	(31.9)	3,727	(30.5)	2,454	(33.0)
Three months ended June 30, 2022	17,544	36.7	4,693	39.2	5,363	58.9	3,662	63.7

Note: Comprehensive income Three months ended June 30, 2023 ¥3,266 million [(28.4)%]  
 Three months ended June 30, 2022 ¥4,563 million [99.3%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	69.63		–	
Three months ended June 30, 2022	103.90		–	

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

Three months ended June 30, 2023 ¥4,180 million  
 Three months ended June 30, 2022 ¥5,677 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, 2023	124,355	89,606	72.1	2,542.48
As of March 31, 2023	113,528	87,502	77.1	2,482.80

Reference: Equity As of June 30, 2023 ¥89,606 million  
 As of March 31, 2023 ¥87,502 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, 2023	–	30.00	–	33.00	63.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (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, 2024 (from April 1, 2023 to March 31, 2024)

	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

Note: Revisions to the financial results forecasts most recently announced: None

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 three months ended June 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): 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: No
- 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, 2023	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 June 30, 2023	267,502 shares	As of March 31, 2023	267,466 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	35,243,530 shares	Three months ended June 30, 2022	35,243,575 shares
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\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* 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, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	23,412,586	30,392,449
Notes and accounts receivable - trade	14,968,781	13,409,261
Merchandise and finished goods	11,880,482	13,379,074
Work in process	691,534	779,711
Raw materials and supplies	3,468,641	3,918,334
Other	936,534	1,377,678
Allowance for doubtful accounts	(14,513)	(12,473)
Total current assets	55,344,047	63,244,035
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,418,074	10,318,616
Machinery, equipment and vehicles, net	6,240,614	6,748,404
Land	6,913,458	6,924,283
Construction in progress	30,938,084	32,430,321
Other, net	791,270	802,405
Total property, plant and equipment	54,301,501	57,224,030
Intangible assets	1,346,426	1,263,451
Investments and other assets		
Investment securities	691,304	776,274
Long-term prepaid expenses	366,419	339,064
Deferred tax assets	1,173,700	1,097,471
Retirement benefit asset	102,262	94,674
Other	203,209	316,756
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,536,896	2,624,240
Total non-current assets	58,184,824	61,111,721
Total assets	113,528,872	124,355,756

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,294,849	3,511,921
Accounts payable - other	1,983,822	2,144,744
Accounts payable - facilities	13,775,370	4,363,526
Income taxes payable	3,301,849	1,153,123
Provision for bonuses	690,054	347,033
Provision for bonuses for directors (and other officers)	71,800	22,910
Provision for repairs	356,024	280,704
Other	434,899	771,072
<b>Total current liabilities</b>	<b>23,908,669</b>	<b>12,595,035</b>
<b>Non-current liabilities</b>		
Long-term borrowings	–	20,000,000
Deferred tax liabilities	191,191	207,601
Retirement benefit liability	1,624,715	1,651,597
Asset retirement obligations	27,974	27,974
Long-term accounts payable - facilities	167,408	163,715
Other	106,088	103,691
<b>Total non-current liabilities</b>	<b>2,117,377</b>	<b>22,154,580</b>
<b>Total liabilities</b>	<b>26,026,047</b>	<b>34,749,616</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	76,183,899	77,475,030
Treasury shares	(1,112,711)	(1,112,857)
<b>Total shareholders' equity</b>	<b>84,225,957</b>	<b>85,516,943</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	188,739	266,390
Deferred gains or losses on hedges	(3,019)	16,890
Foreign currency translation adjustment	3,091,146	3,805,916
<b>Total accumulated other comprehensive income</b>	<b>3,276,866</b>	<b>4,089,197</b>
<b>Total net assets</b>	<b>87,502,824</b>	<b>89,606,140</b>
<b>Total liabilities and net assets</b>	<b>113,528,872</b>	<b>124,355,756</b>

## 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, 2022	Three months ended June 30, 2023
Net sales	17,544,083	13,642,185
Cost of sales	10,509,230	8,082,998
Gross profit	7,034,852	5,559,186
Selling, general and administrative expenses	2,341,770	2,364,775
Operating profit	4,693,082	3,194,411
Non-operating income		
Interest income	6,918	75,139
Dividend income	7,085	6,404
Foreign exchange gains	647,403	485,526
Other	12,615	8,342
Total non-operating income	674,023	575,413
Non-operating expenses		
Interest expenses	–	22,587
Commission expenses	1,974	–
Depreciation	898	304
Loss on investments in investment partnerships	953	18,462
Other	–	1,141
Total non-operating expenses	3,826	42,496
Ordinary profit	5,363,279	3,727,328
Extraordinary income		
Gain on sale of non-current assets	–	1,693
Gain on sale of investment securities	71,218	12,100
Total extraordinary income	71,218	13,793
Extraordinary losses		
Loss on retirement of non-current assets	2,774	37,586
Total extraordinary losses	2,774	37,586
Profit before income taxes	5,431,723	3,703,535
Income taxes - current	1,740,160	1,217,313
Income taxes - deferred	29,501	32,054
Total income taxes	1,769,662	1,249,367
Profit	3,662,061	2,454,167
Profit attributable to owners of parent	3,662,061	2,454,167

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	3,662,061	2,454,167
Other comprehensive income		
Valuation difference on available-for-sale securities	(108,123)	77,650
Deferred gains or losses on hedges	11,060	19,909
Foreign currency translation adjustment	998,169	714,770
Total other comprehensive income	901,106	812,330
Comprehensive income	4,563,167	3,266,498
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,563,167	3,266,498
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	5,431,723	3,703,535
Depreciation	984,852	985,739
Increase (decrease) in allowance for doubtful accounts	(684)	(2,988)
Increase (decrease) in provision for bonuses	(265,510)	(345,060)
Increase (decrease) in provision for bonuses for directors (and other officers)	(33,800)	(48,890)
Increase (decrease) in retirement benefit liability	26,967	34,322
Increase (decrease) in provision for repairs	(50,740)	(75,320)
Interest and dividend income	(14,004)	(81,544)
Interest expenses	–	22,587
Foreign exchange losses (gains)	(422,263)	(426,476)
Loss (gain) on investments in investment partnerships	953	18,462
Loss (gain) on sale of non-current assets	–	(1,693)
Loss on retirement of non-current assets	2,774	37,586
Loss (gain) on sale of investment securities	(71,218)	(12,100)
Decrease (increase) in trade receivables	(1,145,575)	1,706,937
Decrease (increase) in inventories	(1,189,448)	(1,828,091)
Increase (decrease) in trade payables	107,442	150,744
Increase (decrease) in accounts payable - other	138,656	130,653
Other, net	(43,481)	(222,363)
Subtotal	3,456,642	3,746,041
Interest and dividends received	11,380	77,865
Interest paid	–	(7,655)
Income taxes paid	(3,204,570)	(3,292,253)
Net cash provided by (used in) operating activities	263,452	523,997
Cash flows from investing activities		
Payments into time deposits	(130,865)	(1,080,609)
Proceeds from withdrawal of time deposits	–	138,743
Proceeds from sale of securities	130,995	10,894
Purchase of property, plant and equipment	(4,409,067)	(12,894,234)
Proceeds from sale of property, plant and equipment	–	1,693
Purchase of intangible assets	(9,817)	(81,364)
Purchase of investment securities	(749)	(2,469)
Proceeds from sale of investment securities	98,112	12,100
Proceeds from collection of long-term loans receivable	0	0
Other, net	(8,147)	(130,761)
Net cash provided by (used in) investing activities	(4,329,540)	(14,026,007)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	20,000,000
Purchase of treasury shares	–	(145)
Dividends paid	(1,045,432)	(1,149,530)
Repayments of lease liabilities	(2,111)	(2,489)
Net cash provided by (used in) financing activities	(1,047,544)	18,847,834
Effect of exchange rate change on cash and cash equivalents	747,998	610,636
Net increase (decrease) in cash and cash equivalents	(4,365,633)	5,956,460
Cash and cash equivalents at beginning of period	23,460,102	22,350,871
Cash and cash equivalents at end of period	19,094,468	28,307,332