

Translation

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

October 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: November 10, 2023  
 Scheduled date to commence dividend payments: December 8, 2023  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	27,135	(23.3)	5,581	(41.7)	6,245	(41.9)	4,287	(43.0)
Six months ended September 30, 2022	35,359	40.5	9,578	49.1	10,757	65.9	7,516	67.5

Note: Comprehensive income Six months ended September 30, 2023 ¥5,472 million [(37.1)%]  
 Six months ended September 30, 2022 ¥8,704 million [84.8%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	121.64		-	
Six months ended September 30, 2022	213.26		-	

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

Six months ended September 30, 2023 ¥8,367 million  
 Six months ended September 30, 2022 ¥11,624 million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	127,659	91,818	71.9	2,604.81
As of March 31, 2023	113,528	87,502	77.1	2,482.80

Reference: Equity As of September 30, 2023 ¥91,818 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	-	33.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	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)

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
Full year	60,500	(11.6)	10,950	(42.2)	11,550	(41.5)	7,900	(44.1)	224.13

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

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

Full year ¥18,250 million [(21.6)%]

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2023	261,281 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)

Six months ended September 30, 2023	35,245,012 shares	Six months ended September 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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	23,412,586	29,384,628
Notes and accounts receivable - trade	14,968,781	14,838,788
Merchandise and finished goods	11,880,482	14,682,344
Work in process	691,534	667,829
Raw materials and supplies	3,468,641	3,961,945
Other	936,534	2,786,832
Allowance for doubtful accounts	(14,513)	(13,411)
Total current assets	55,344,047	66,308,957
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,418,074	15,652,556
Machinery, equipment and vehicles, net	6,240,614	16,615,714
Land	6,913,458	6,928,622
Construction in progress	30,938,084	15,130,767
Other, net	791,270	969,189
Total property, plant and equipment	54,301,501	55,296,850
Intangible assets	1,346,426	3,513,556
Investments and other assets		
Investment securities	691,304	787,993
Long-term prepaid expenses	366,419	303,137
Deferred tax assets	1,173,700	1,044,594
Retirement benefit asset	102,262	87,085
Other	203,209	317,317
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,536,896	2,540,127
Total non-current assets	58,184,824	61,350,534
Total assets	113,528,872	127,659,492

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	3,294,849	3,291,187
Accounts payable - other	1,983,822	1,815,276
Accounts payable - facilities	13,775,370	5,570,689
Income taxes payable	3,301,849	1,554,158
Provision for bonuses	690,054	584,209
Provision for bonuses for directors (and other officers)	71,800	44,840
Provision for repairs	356,024	144,423
Other	434,899	664,800
<b>Total current liabilities</b>	<b>23,908,669</b>	<b>13,669,585</b>
<b>Non-current liabilities</b>		
Long-term borrowings	–	20,000,000
Deferred tax liabilities	191,191	205,366
Retirement benefit liability	1,624,715	1,676,462
Long-term accounts payable - facilities	167,408	160,022
Asset retirement obligations	27,974	27,974
Other	106,088	101,249
<b>Total non-current liabilities</b>	<b>2,117,377</b>	<b>22,171,075</b>
<b>Total liabilities</b>	<b>26,026,047</b>	<b>35,840,660</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	79,288,994
Treasury shares	(1,112,711)	(1,086,997)
<b>Total shareholders' equity</b>	<b>84,225,957</b>	<b>87,356,767</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	188,739	237,569
Deferred gains or losses on hedges	(3,019)	5,909
Foreign currency translation adjustment	3,091,146	4,218,585
<b>Total accumulated other comprehensive income</b>	<b>3,276,866</b>	<b>4,462,064</b>
<b>Total net assets</b>	<b>87,502,824</b>	<b>91,818,832</b>
<b>Total liabilities and net assets</b>	<b>113,528,872</b>	<b>127,659,492</b>

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

### Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	35,359,319	27,135,141
Cost of sales	21,066,444	16,814,953
Gross profit	14,292,874	10,320,188
Selling, general and administrative expenses	4,714,317	4,739,128
Operating profit	9,578,556	5,581,060
Non-operating income		
Interest income	25,606	126,560
Dividend income	13,215	6,404
Foreign exchange gains	1,122,723	586,497
Other	23,089	18,615
Total non-operating income	1,184,635	738,078
Non-operating expenses		
Interest expenses	–	55,737
Commission expenses	1,769	–
Depreciation	1,767	573
Loss on investments in investment partnerships	1,714	15,547
Other	406	1,319
Total non-operating expenses	5,658	73,178
Ordinary profit	10,757,534	6,245,960
Extraordinary income		
Gain on sales of property, plant and equipment	–	1,597
Gain on sale of investment securities	84,121	12,100
Total extraordinary income	84,121	13,697
Extraordinary losses		
Loss on retirement of non-current assets	19,489	51,856
Total extraordinary losses	19,489	51,856
Profit before income taxes	10,822,166	6,207,801
Income taxes - current	3,251,619	1,827,070
Income taxes - deferred	54,405	93,492
Total income taxes	3,306,024	1,920,563
Profit	7,516,141	4,287,238
Profit attributable to owners of parent	7,516,141	4,287,238

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

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	7,516,141	4,287,238
Other comprehensive income		
Valuation difference on available-for-sale securities	(106,112)	48,830
Deferred gains or losses on hedges	(2,838)	8,928
Foreign currency translation adjustment	1,297,319	1,127,439
Total other comprehensive income	1,188,368	1,185,197
Comprehensive income	8,704,510	5,472,436
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,704,510	5,472,436
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	10,822,166	6,207,801
Depreciation	2,046,170	2,785,973
Increase (decrease) in allowance for doubtful accounts	(1,279)	(2,501)
Increase (decrease) in provision for bonuses	52,859	(108,837)
Increase (decrease) in provision for bonuses for directors (and other officers)	(1,600)	(26,960)
Increase (decrease) in retirement benefit liability	53,231	66,747
Increase (decrease) in provision for repairs	(204,097)	(211,600)
Interest and dividend income	(38,822)	(132,965)
Interest expenses	–	55,737
Foreign exchange losses (gains)	(796,974)	(497,195)
Loss (gain) on sale of property, plant and equipment	–	(1,597)
Loss on retirement of non-current assets	19,489	51,856
Loss (gain) on sale of investment securities	(84,121)	(12,100)
Loss (gain) on investments in investment partnerships	1,714	15,547
Decrease (increase) in trade receivables	(1,000,846)	368,095
Decrease (increase) in inventories	(1,660,655)	(2,988,199)
Increase (decrease) in trade payables	(231,818)	(72,638)
Increase (decrease) in accounts payable - other	(243,419)	(198,984)
Other, net	12,703	(1,740,564)
Subtotal	8,744,699	3,557,614
Interest and dividends received	32,956	126,709
Interest paid	–	(37,573)
Income taxes paid	(3,488,601)	(3,527,525)
Net cash provided by (used in) operating activities	5,289,053	119,225
Cash flows from investing activities		
Payments into time deposits	(812,565)	(1,825,593)
Proceeds from withdrawal of time deposits	562,330	649,473
Proceeds from sale of securities	135,453	–
Purchase of property, plant and equipment	(8,467,796)	(11,135,072)
Proceeds from sale of property, plant and equipment	–	1,597
Purchase of intangible assets	(155,055)	(2,574,812)
Purchase of investment securities	(6,690)	(52,790)
Proceeds from sale of investment securities	118,911	22,994
Proceeds from collection of long-term loans receivable	0	0
Other, net	(12,586)	(139,838)
Net cash provided by (used in) investing activities	(8,637,998)	(15,054,040)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	20,000,000
Purchase of treasury shares	–	(495)
Dividends paid	(1,057,227)	(1,162,587)
Repayments of lease liabilities	(4,786)	(5,001)
Net cash provided by (used in) financing activities	(1,062,014)	18,831,915
Effect of exchange rate change on cash and cash equivalents	1,219,665	781,287
Net increase (decrease) in cash and cash equivalents	(3,191,293)	4,678,387
Cash and cash equivalents at beginning of period	23,460,102	22,350,871
Cash and cash equivalents at end of period	20,268,808	27,029,259