

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 31, 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 to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 9, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	35,359	40.5	9,578	49.1	10,757	65.9	7,516	67.5
Six months ended September 30, 2021	25,167	23.7	6,425	38.8	6,482	43.9	4,488	45.4

Note: Comprehensive income Six months ended September 30, 2022 ¥8,704 million [84.8%]
 Six months ended September 30, 2021 ¥4,710 million [50.4%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	213.26		-	
Six months ended September 30, 2021	126.59		-	

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

Six months ended September 30, 2022 ¥11,624 million
 Six months ended September 30, 2021 ¥8,550 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, 2022	98,973	82,950	83.8	2,353.63
As of March 31, 2022	92,009	75,303	81.8	2,136.65

Reference: Equity As of September 30, 2022 ¥82,950 million
 As of March 31, 2022 ¥75,303 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, 2022	-	25.00	-	30.00	55.00
Year ending March 31, 2023	-	30.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	30.00	60.00

Note: Revisions to the cash dividend forecast most recently announced: None

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
Full year	68,500	22.8	17,100	13.7	18,100	16.7	12,550	15.2	356.09

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 ¥21,750 million [11.6%]

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2022 (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: Yes
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, 2022	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 September 30, 2022	267,425 shares	As of March 31, 2022	267,425 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, 2022	35,243,575 shares	Six months ended September 30, 2021	35,452,463 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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	24,236,473	21,350,960
Notes and accounts receivable - trade	14,886,764	16,231,675
Securities	123,756	–
Merchandise and finished goods	7,972,496	9,507,500
Work in process	764,836	690,129
Raw materials and supplies	3,240,909	3,689,577
Other	866,980	1,029,394
Allowance for doubtful accounts	(14,013)	(14,946)
Total current assets	52,078,203	52,484,291
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,651,063	9,743,645
Machinery, equipment and vehicles, net	7,049,478	7,346,500
Land	6,902,935	6,924,113
Construction in progress	11,247,687	17,728,698
Other, net	439,421	577,812
Total property, plant and equipment	35,290,587	42,320,769
Intangible assets	1,904,627	1,675,519
Investments and other assets		
Investment securities	1,030,246	847,790
Long-term prepaid expenses	492,355	421,153
Deferred tax assets	910,570	910,913
Retirement benefit asset	121,063	107,456
Other	181,848	205,371
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,736,084	2,492,687
Total non-current assets	39,931,299	46,488,976
Total assets	92,009,502	98,973,268

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,039,108	2,887,416
Accounts payable - other	1,883,766	1,676,615
Accounts payable - facilities	4,900,797	4,712,891
Income taxes payable	3,219,784	3,020,198
Provision for bonuses	628,515	683,587
Provision for bonuses for directors (and other officers)	65,600	64,000
Provision for repairs	373,514	169,417
Other	556,315	679,784
Total current liabilities	14,667,402	13,893,912
Non-current liabilities		
Deferred tax liabilities	187,187	228,913
Retirement benefit liability	1,555,891	1,595,680
Long-term accounts payable - facilities	182,180	174,794
Asset retirement obligations	8,289	17,924
Other	105,202	111,490
Total non-current liabilities	2,038,751	2,128,803
Total liabilities	16,706,154	16,022,715
Net assets		
Shareholders' equity		
Share capital	4,334,047	4,334,047
Capital surplus	4,820,722	4,820,722
Retained earnings	64,183,183	70,642,017
Treasury shares	(1,112,561)	(1,112,561)
Total shareholders' equity	72,225,391	78,684,226
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	421,137	315,025
Deferred gains or losses on hedges	25,107	22,269
Foreign currency translation adjustment	2,631,711	3,929,031
Total accumulated other comprehensive income	3,077,957	4,266,325
Total net assets	75,303,348	82,950,552
Total liabilities and net assets	92,009,502	98,973,268

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, 2021	Six months ended September 30, 2022
Net sales	25,167,339	35,359,319
Cost of sales	15,138,136	21,066,444
Gross profit	10,029,202	14,292,874
Selling, general and administrative expenses	3,603,939	4,714,317
Operating profit	6,425,262	9,578,556
Non-operating income		
Interest income	7,020	25,606
Dividend income	14,682	13,215
Foreign exchange gains	26,482	1,122,723
Other	12,645	23,089
Total non-operating income	60,831	1,184,635
Non-operating expenses		
Commission expenses	–	1,769
Depreciation	1,277	1,767
Loss on investments in investment partnerships	1,728	1,714
Other	572	406
Total non-operating expenses	3,579	5,658
Ordinary profit	6,482,515	10,757,534
Extraordinary income		
Gain on sales of property, plant and equipment	554	–
Gain on sale of investment securities	10,793	84,121
Total extraordinary income	11,348	84,121
Extraordinary losses		
Loss on retirement of non-current assets	18,181	19,489
Loss on valuation of investment securities	397	–
Total extraordinary losses	18,579	19,489
Profit before income taxes	6,475,284	10,822,166
Income taxes - current	1,920,353	3,251,619
Income taxes - deferred	66,722	54,405
Total income taxes	1,987,075	3,306,024
Profit	4,488,208	7,516,141
Profit attributable to owners of parent	4,488,208	7,516,141

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	4,488,208	7,516,141
Other comprehensive income		
Valuation difference on available-for-sale securities	101,399	(106,112)
Deferred gains or losses on hedges	(5,080)	(2,838)
Foreign currency translation adjustment	125,923	1,297,319
Total other comprehensive income	222,241	1,188,368
Comprehensive income	4,710,450	8,704,510
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,710,450	8,704,510
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	6,475,284	10,822,166
Depreciation	2,124,951	2,046,170
Increase (decrease) in allowance for doubtful accounts	3,190	(1,279)
Increase (decrease) in provision for bonuses	(92,390)	52,859
Increase (decrease) in provision for bonuses for directors (and other officers)	5,890	(1,600)
Increase (decrease) in retirement benefit liability	19,302	53,231
Increase (decrease) in provision for repairs	(157,673)	(204,097)
Interest and dividend income	(21,703)	(38,822)
Foreign exchange losses (gains)	(40,954)	(796,974)
Loss (gain) on sale of property, plant and equipment	(554)	–
Loss on retirement of non-current assets	18,181	19,489
Loss (gain) on sale of investment securities	(10,793)	(84,121)
Loss (gain) on valuation of investment securities	397	–
Loss (gain) on investments in investment partnerships	1,728	1,714
Decrease (increase) in trade receivables	(1,345,088)	(1,000,846)
Decrease (increase) in inventories	(389,212)	(1,660,655)
Increase (decrease) in trade payables	272,632	(231,818)
Increase (decrease) in accounts payable - other	54,108	(243,419)
Other, net	(575,134)	12,703
Subtotal	6,342,161	8,744,699
Interest and dividends received	21,804	32,956
Income taxes paid	(1,768,649)	(3,488,601)
Net cash provided by (used in) operating activities	4,595,316	5,289,053
Cash flows from investing activities		
Payments into time deposits	(938,934)	(812,565)
Proceeds from withdrawal of time deposits	614,514	562,330
Purchase of securities	(111,007)	–
Proceeds from sale of securities	111,007	135,453
Purchase of property, plant and equipment	(1,285,448)	(8,467,796)
Proceeds from sale of property, plant and equipment	818	–
Purchase of intangible assets	(164,685)	(155,055)
Purchase of investment securities	(4,736)	(6,690)
Proceeds from sale of investment securities	14,474	118,911
Proceeds from collection of long-term loans receivable	0	0
Other, net	(11,268)	(12,586)
Net cash provided by (used in) investing activities	(1,775,265)	(8,637,998)
Cash flows from financing activities		
Purchase of treasury shares	(1,107,790)	–
Dividends paid	(887,725)	(1,057,227)
Repayments of lease liabilities	(2,808)	(4,786)
Net cash provided by (used in) financing activities	(1,998,324)	(1,062,014)
Effect of exchange rate change on cash and cash equivalents	64,556	1,219,665
Net increase (decrease) in cash and cash equivalents	886,283	(3,191,293)
Cash and cash equivalents at beginning of period	24,835,971	23,460,102
Cash and cash equivalents at end of period	25,722,254	20,268,808