

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

January 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
 Executive Officer,
 Inquiries: Division Manager of Administration Division Hiroyuki Ito TEL 03-3639-6311
 Scheduled date to file Quarterly Securities Report: February 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	52,634	32.7	14,703	43.3	15,392	47.1	11,008	50.2
Nine months ended December 31, 2021	39,656	27.2	10,259	42.7	10,462	51.1	7,330	52.2

Note: Comprehensive income
 Nine months ended December 31, 2022 ¥10,998 million [39.3%]
 Nine months ended December 31, 2021 ¥7,897 million [61.7%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	312.36		–	
Nine months ended December 31, 2021	207.18		–	

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

Nine months ended December 31, 2022 ¥17,885 million
 Nine months ended December 31, 2021 ¥13,490 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	107,666	84,186	78.2	2,388.71
As of March 31, 2022	92,009	75,303	81.8	2,136.65

Reference: Equity
 As of December 31, 2022 ¥84,186 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 nine months ended December 31, 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 December 31, 2022	35,511,000 shares	As of March 31, 2022	35,511,000 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2022	267,425 shares	As of March 31, 2022	267,425 shares
-------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	35,243,575 shares	Nine months ended December 31, 2021	35,382,580 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

* 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	24,236,473	17,492,110
Notes and accounts receivable - trade	14,886,764	16,534,453
Securities	123,756	–
Merchandise and finished goods	7,972,496	10,744,943
Work in process	764,836	582,073
Raw materials and supplies	3,240,909	3,612,904
Other	866,980	1,155,302
Allowance for doubtful accounts	(14,013)	(12,252)
Total current assets	52,078,203	50,109,536
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,651,063	9,483,492
Machinery, equipment and vehicles, net	7,049,478	6,712,037
Land	6,902,935	6,912,664
Construction in progress	11,247,687	30,085,524
Other, net	439,421	616,352
Total property, plant and equipment	35,290,587	53,810,072
Intangible assets	1,904,627	1,470,006
Investments and other assets		
Investment securities	1,030,246	635,016
Long-term prepaid expenses	492,355	405,499
Deferred tax assets	910,570	932,807
Retirement benefit asset	121,063	100,653
Other	181,848	202,787
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,736,084	2,276,763
Total non-current assets	39,931,299	57,556,841
Total assets	92,009,502	107,666,378

(Thousands of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,039,108	2,910,288
Accounts payable - other	1,883,766	1,429,342
Accounts payable - facilities	4,900,797	13,193,852
Income taxes payable	3,219,784	2,141,978
Provision for bonuses	628,515	418,917
Provision for bonuses for directors (and other officers)	65,600	95,260
Provision for repairs	373,514	257,192
Other	556,315	950,045
Total current liabilities	14,667,402	21,396,878
Non-current liabilities		
Deferred tax liabilities	187,187	185,205
Retirement benefit liability	1,555,891	1,599,715
Long-term accounts payable - facilities	182,180	171,101
Asset retirement obligations	8,289	17,924
Other	105,202	108,726
Total non-current liabilities	2,038,751	2,082,674
Total liabilities	16,706,154	23,479,552
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	73,077,496
Treasury shares	(1,112,561)	(1,112,561)
Total shareholders' equity	72,225,391	81,119,704
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	421,137	179,500
Deferred gains or losses on hedges	25,107	(15,149)
Foreign currency translation adjustment	2,631,711	2,902,769
Total accumulated other comprehensive income	3,077,957	3,067,121
Total net assets	75,303,348	84,186,825
Total liabilities and net assets	92,009,502	107,666,378

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	39,656,407	52,634,119
Cost of sales	23,692,532	30,839,798
Gross profit	15,963,874	21,794,320
Selling, general and administrative expenses	5,704,269	7,090,862
Operating profit	10,259,604	14,703,458
Non-operating income		
Interest income	12,570	74,414
Dividend income	30,836	25,286
Foreign exchange gains	142,749	562,291
Other	21,595	36,869
Total non-operating income	207,751	698,860
Non-operating expenses		
Commission expenses	–	1,769
Depreciation	1,945	2,511
Loss on investments in investment partnerships	2,491	5,163
Other	784	597
Total non-operating expenses	5,221	10,041
Ordinary profit	10,462,134	15,392,277
Extraordinary income		
Gain on sale of non-current assets	955	44
Gain on sale of investment securities	89,437	365,113
Gain on sale of membership	272	–
Total extraordinary income	90,665	365,158
Extraordinary losses		
Loss on retirement of non-current assets	18,922	21,907
Loss on valuation of investment securities	428	–
Total extraordinary losses	19,351	21,907
Profit before income taxes	10,533,449	15,735,529
Income taxes - current	3,106,896	4,642,724
Income taxes - deferred	95,690	83,877
Total income taxes	3,202,587	4,726,601
Profit	7,330,861	11,008,927
Profit attributable to owners of parent	7,330,861	11,008,927

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	7,330,861	11,008,927
Other comprehensive income		
Valuation difference on available-for-sale securities	78,037	(241,636)
Deferred gains or losses on hedges	(1,764)	(40,257)
Foreign currency translation adjustment	490,040	271,057
Total other comprehensive income	566,313	(10,836)
Comprehensive income	7,897,175	10,998,091
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,897,175	10,998,091
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	10,533,449	15,735,529
Depreciation	3,231,028	3,182,250
Increase (decrease) in allowance for doubtful accounts	1,753	(2,918)
Increase (decrease) in provision for bonuses	(274,938)	(206,308)
Increase (decrease) in provision for bonuses for directors (and other officers)	39,440	29,660
Increase (decrease) in retirement benefit liability	52,311	64,117
Increase (decrease) in provision for repairs	(45,002)	(116,322)
Interest and dividend income	(43,406)	(99,700)
Foreign exchange losses (gains)	(126,072)	(334,409)
Loss (gain) on sale of non-current assets	(955)	(44)
Loss on retirement of non-current assets	18,922	21,907
Loss (gain) on sale of investment securities	(89,437)	(365,113)
Loss (gain) on valuation of investment securities	428	-
Loss (gain) on sale of membership	(272)	-
Loss (gain) on investments in investment partnerships	2,491	5,163
Decrease (increase) in trade receivables	(3,122,341)	(1,514,612)
Decrease (increase) in inventories	(1,364,154)	(2,980,149)
Increase (decrease) in trade payables	486,724	(172,518)
Increase (decrease) in accounts payable - other	(158,932)	(470,262)
Other, net	(438,088)	97,380
Subtotal	8,702,947	12,873,647
Interest and dividends received	44,689	85,666
Income taxes paid	(2,938,261)	(5,736,057)
Net cash provided by (used in) operating activities	5,809,376	7,223,256
Cash flows from investing activities		
Payments into time deposits	(1,484,495)	(1,037,375)
Proceeds from withdrawal of time deposits	1,324,688	781,254
Purchase of securities	(112,322)	-
Proceeds from sale of securities	112,322	138,031
Purchase of property, plant and equipment	(8,513,544)	(12,588,736)
Proceeds from sale of property, plant and equipment	1,221	136
Purchase of intangible assets	(212,706)	(164,630)
Purchase of investment securities	(9,874)	(109,420)
Proceeds from sale of investment securities	106,634	511,574
Proceeds from distributions from investment partnerships	-	5,162
Proceeds from collection of long-term loans receivable	0	0
Other, net	(28,882)	(42,074)
Net cash provided by (used in) investing activities	(8,816,959)	(12,506,078)

(Thousands of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from financing activities		
Purchase of treasury shares	(1,107,790)	–
Dividends paid	(1,766,122)	(2,112,016)
Repayments of lease liabilities	(4,234)	(7,595)
Net cash provided by (used in) financing activities	(2,878,147)	(2,119,612)
Effect of exchange rate change on cash and cash equivalents	213,998	394,051
Net increase (decrease) in cash and cash equivalents	(5,671,732)	(7,008,383)
Cash and cash equivalents at beginning of period	24,835,971	23,460,102
Cash and cash equivalents at end of period	19,164,238	16,451,718