Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Based on Japanese GAAP)

August 7, 2024

Company name: FUSO CHEMICAL CO., LTD.
Stock exchange listing: Tokyo
Stock code: 4368 URL https://fusokk.co.jp
Representative: Representative Director & President Shinichi Sugita
Inquiries: Senior Executive Officer, Division Manager of Administration Division Hiroyuki Ito TEL 03-3639-6311
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: No
Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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, 2024	17,431	27.8	3,910	22.4	4,290	15.1	2,884	17.5
Three months ended June 30, 2023	13,642	(22.2)	3,194	(31.9)	3,727	(30.5)	2,454	(33.0)

Note: Comprehensive income Three months ended June 30, 2024 ¥3,775 million [15.6%]
Three months ended June 30, 2023 ¥3,266 million [(28.4)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	81.83	–
Three months ended June 30, 2023	69.63	–

Reference: Operating profit before depreciation and amortization (Consolidated operating profit + depreciation and amortization)
Three months ended June 30, 2024 ¥5,729 million
Three months ended June 30, 2023 ¥4,180 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, 2024	136,171	97,644	71.7	2,770.08
As of March 31, 2024	133,740	95,025	71.1	2,695.77

Reference: Equity As of June 30, 2024 ¥97,644 million
As of March 31, 2024 ¥95,025 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, 2024	–	33.00	–	33.00	66.00
Year ending March 31, 2025	–				
Year ending March 31, 2025 (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, 2025 (from April 1, 2024 to March 31, 2025)

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, 2024	34,000	25.3	7,200	29.0	7,350	17.7	5,050	17.8	143.26
Full year	68,000	15.3	13,500	21.8	13,700	15.3	9,150	9.7	259.57

Note: Revisions to the financial results forecasts most recently announced: Yes

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

First half (cumulative) ¥10,900 million [30.3%] Full year ¥21,850 million [19.8%]

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: 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 June 30, 2024	35,511,000 shares	As of March 31, 2024	35,511,000 shares

Number of treasury shares at the end of the period

As of June 30, 2024	261,375 shares	As of March 31, 2024	261,338 shares

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

Three months ended June 30, 2024	35,249,649 shares	Three months ended June 30, 2023	35,243,530 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* 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, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	31,471,999	32,534,757
Notes and accounts receivable - trade	16,457,710	17,059,030
Merchandise and finished goods	13,292,218	11,643,617
Work in process	730,821	894,627
Raw materials and supplies	3,393,316	3,340,587
Other	2,800,893	3,079,763
Allowance for doubtful accounts	(12,964)	(15,900)
Total current assets	68,133,995	68,536,483
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,818,609	15,569,491
Machinery, equipment and vehicles, net	15,090,477	14,463,387
Land	6,930,343	6,939,551
Construction in progress	20,145,092	23,101,878
Other, net	1,042,104	986,642
Total property, plant and equipment	59,026,627	61,060,951
Intangible assets	3,129,865	2,933,831
Investments and other assets		
Investment securities	885,432	835,200
Long-term prepaid expenses	224,916	567,643
Deferred tax assets	1,892,733	1,797,356
Retirement benefit asset	171,023	163,425
Other	275,588	276,830
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	3,449,694	3,640,457
Total non-current assets	65,606,187	67,635,240
Total assets	133,740,183	136,171,723

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,359,211	3,199,597
Current portion of long-term borrowings	–	100,000
Accounts payable - other	1,992,235	2,531,414
Accounts payable - facilities	9,281,400	7,868,193
Income taxes payable	1,309,195	1,311,957
Provision for bonuses	572,659	358,610
Provision for bonuses for directors (and other officers)	35,700	29,830
Provision for repairs	374,078	259,573
Other	532,548	689,684
Total current liabilities	16,457,028	16,348,861
Non-current liabilities		
Long-term borrowings	20,000,000	19,900,000
Deferred tax liabilities	298,524	318,664
Retirement benefit liability	1,691,884	1,695,095
Asset retirement obligations	17,924	17,924
Long-term accounts payable - facilities	152,636	148,943
Other	97,167	97,870
Total non-current liabilities	22,258,137	22,178,498
Total liabilities	38,715,166	38,527,360
Net assets		
Shareholders' equity		
Share capital	4,334,047	4,334,047
Capital surplus	4,820,722	4,827,825
Retained earnings	82,188,150	83,909,473
Treasury shares	(1,087,246)	(1,087,391)
Total shareholders' equity	90,255,674	91,983,955
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	288,741	263,296
Deferred gains or losses on hedges	17,351	23,039
Foreign currency translation adjustment	4,463,249	5,374,072
Total accumulated other comprehensive income	4,769,341	5,660,407
Total net assets	95,025,016	97,644,363
Total liabilities and net assets	133,740,183	136,171,723

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, 2023	Three months ended June 30, 2024
Net sales	13,642,185	17,431,688
Cost of sales	8,082,998	11,188,897
Gross profit	5,559,186	6,242,790
Selling, general and administrative expenses	2,364,775	2,332,019
Operating profit	3,194,411	3,910,771
Non-operating income		
Interest income	75,139	73,438
Dividend income	6,404	6,161
Foreign exchange gains	485,526	339,629
Other	8,342	9,867
Total non-operating income	575,413	429,097
Non-operating expenses		
Interest expenses	22,587	32,789
Depreciation	304	267
Loss on investments in investment partnerships	18,462	16,116
Other	1,141	16
Total non-operating expenses	42,496	49,190
Ordinary profit	3,727,328	4,290,678
Extraordinary income		
Gain on sale of non-current assets	1,693	1
Gain on sale of investment securities	12,100	–
Subsidy income	–	20,257
Total extraordinary income	13,793	20,258
Extraordinary losses		
Loss on retirement of non-current assets	37,586	12,232
Total extraordinary losses	37,586	12,232
Profit before income taxes	3,703,535	4,298,705
Income taxes - current	1,217,313	1,310,027
Income taxes - deferred	32,054	104,115
Total income taxes	1,249,367	1,414,142
Profit	2,454,167	2,884,562
Profit attributable to owners of parent	2,454,167	2,884,562

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	2,454,167	2,884,562
Other comprehensive income		
Valuation difference on available-for-sale securities	77,650	(25,444)
Deferred gains or losses on hedges	19,909	5,688
Foreign currency translation adjustment	714,770	910,822
Total other comprehensive income	812,330	891,065
Comprehensive income	3,266,498	3,775,628
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,266,498	3,775,628
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Thousands of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	3,703,535	4,298,705
Depreciation	985,739	1,818,803
Increase (decrease) in allowance for doubtful accounts	(2,988)	2,144
Increase (decrease) in provision for bonuses	(345,060)	(217,964)
Increase (decrease) in provision for bonuses for directors (and other officers)	(48,890)	(5,870)
Increase (decrease) in retirement benefit liability	34,322	10,597
Increase (decrease) in provision for repairs	(75,320)	(114,505)
Interest and dividend income	(81,544)	(79,600)
Interest expenses	22,587	32,789
Foreign exchange losses (gains)	(426,476)	(270,745)
Loss (gain) on sale of non-current assets	(1,693)	(1)
Loss on retirement of non-current assets	37,586	12,232
Loss (gain) on sale of investment securities	(12,100)	–
Loss (gain) on investments in investment partnerships	18,462	16,116
Subsidy income	–	(20,257)
Decrease (increase) in trade receivables	1,706,937	(429,525)
Decrease (increase) in inventories	(1,828,091)	1,773,825
Increase (decrease) in trade payables	150,744	790,575
Increase (decrease) in accounts payable - other	130,653	557,695
Other, net	(222,363)	(204,677)
Subtotal	3,746,041	7,970,339
Interest and dividends received	77,865	80,502
Interest paid	(7,655)	(32,462)
Subsidies received	–	20,257
Income taxes paid	(3,292,253)	(1,207,061)
Net cash provided by (used in) operating activities	523,997	6,831,574
Cash flows from investing activities		
Payments into time deposits	(1,080,609)	(1,444,526)
Proceeds from withdrawal of time deposits	138,743	1,405,327
Purchase of property, plant and equipment	(12,894,234)	(4,830,811)
Proceeds from sale of property, plant and equipment	1,693	1
Purchase of intangible assets	(81,364)	(8,228)
Purchase of investment securities	(2,469)	(2,538)
Proceeds from sale of investment securities	22,994	–
Proceeds from collection of long-term loans receivable	0	0
Other, net	(130,761)	(385,052)
Net cash provided by (used in) investing activities	(14,026,007)	(5,265,828)
Cash flows from financing activities		
Proceeds from long-term borrowings	20,000,000	–
Purchase of treasury shares	(145)	(145)
Dividends paid	(1,149,530)	(1,152,392)
Repayments of lease liabilities	(2,489)	(2,723)
Net cash provided by (used in) financing activities	18,847,834	(1,155,260)
Effect of exchange rate change on cash and cash equivalents	610,636	497,964
Net increase (decrease) in cash and cash equivalents	5,956,460	908,450
Cash and cash equivalents at beginning of period	22,350,871	29,483,756
Cash and cash equivalents at end of period	* 28,307,332	* 30,392,206