

Entrusted with recycling of wood-based waste materials while selling wooden recycled chips

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[9221 FULHASHI EPO Group Sector : Services]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	7,763	-	545	-	564	-	328	-	73.6	334.2	40.0
Mar. 2021	7,694	-0.9	605	11.0	623	10.5	411	25.3	92.1	387.4	40.0
Mar. 2022 f	7,377	-4.1	764	26.3	798	28.1	565	37.5	126.6	-	40.0

Note: Consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.

Engaged in Recycling of Wood-Based Waste Materials and Construction Wastes into Resources

FULHASHI EPO Group recycles wood-based waste materials and sells wooden chips that are generated in the process as fuel, or material product for paper manufacturing and building materials. It also conducts recycling of construction byproducts generated at construction sites.

The group's business segments are classified into the biomaterial business, the resource recycling business, the environmental logistics business and others. For net sales in the first three quarters of the fiscal year ended March 2022, the biomaterial business accounted for 70.0%, the resource recycling business for 18.1% and the environmental logistics business for 9.4%.

Biomaterial Business**1) Entrusted with Recycling**

It is entrusted with recycling of wood-based waste materials discharged at demolition sites of houses, etc. and residential construction sites from companies discharging the wastes, and receives fees.

2) Sales of Wooden Recycled Chips

It sells wooden recycled chips processed and made in the process of recycling wooden waste materials that it has accepted. Those made from waste materials with little attached substances such as paint and glue are sold as materials for paper, pulp, wooden boards, etc. and others as fuel for biomass power plants and such.

The company participates in the woody biomass power generation business to secure the buyers of wooden recycled chip products. It invests in Kawasaki Biomass Electric Power (investment ratio of 13.0%), Japan Bio Energy (20.0%) which supplies wooden recycled chips to the said power plant, and CEPO Handa Biomass Power (10.0%).

Resource Recycling Business

It is entrusted with recycling of waste discharged at residential construction sites. It regularly collects wastes from construction sites and performs intermediate processing such as screening and recycling at recycling plants for home builders and other customers.

Environmental Logistics Business

The company manufactures, purchases and sells wooden pallets and other logistics instruments. The company conducts the environmental logistics business domestically and subsidiaries in Thailand and Vietnam conduct the business overseas.

Others

Businesses conducted by subsidiaries are included in others. They provide environmental consulting, facility security/traffic guard and human resource dispatch/introduction services.

Financial Statements

Statement of income	Fiscal Year	Mar.2020		Mar.2021		Nine months to Dec. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		7,763	100.0	7,694	100.0	5,733	100.0
Cost of sales		4,398	56.7	4,529	58.9	3,157	55.1
Gross profit		3,364	43.3	3,164	41.1	2,576	44.9
Selling, general and administrative expenses		2,819	36.3	2,558	33.2	1,935	33.8
Operating profit		545	7.0	605	7.9	641	11.2
Non-operating income		91	-	79	-	66	-
Non-operating expenses		72	-	61	-	39	-
Ordinary profit		564	7.3	623	8.1	668	11.7
Profit before income taxes		471	6.1	617	8.0	686	12.0
Profit attributable to owners of parent		328	4.2	411	5.3	475	8.3

Balance sheet	Fiscal Year	Mar.2020		Mar.2021		Dec. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,177	23.8	2,024	22.6	1,942	21.0
Cash and deposits		788	8.6	768	8.6	724	7.8
Accounts receivable-trade		1,025	11.2	944	10.5	958	10.3
Inventories		271	3.0	195	2.2	151	1.6
Non-current assets		6,958	76.2	6,934	77.4	7,323	79.0
Property, plant and equipment		5,748	62.9	5,614	62.7	5,936	64.1
Intangible assets		105	1.1	86	1.0	65	0.7
Investments and other assets		1,104	12.1	1,233	13.8	1,320	14.2
Total assets		9,136	100.0	8,959	100.0	9,265	100.0
Current liabilities		3,299	36.1	3,219	35.9	3,437	37.1
Accounts payable - trade		144	1.6	193	2.2	222	2.4
Short-term borrowings		557	6.1	430	4.8	793	8.6
Current portion of long-term borrowings		1,067	11.7	991	11.1	990	10.7
Non-current liabilities		4,344	47.5	4,009	44.7	3,806	41.1
Long-term borrowings		3,332	36.5	3,009	33.6	2,773	29.9
Net assets		1,492	16.3	1,729	19.3	2,021	21.8
Owners' equity		1,492	16.3	1,729	19.3	2,021	21.8

Statement of cash flows	Fiscal Year	Mar.2020	Mar.2021
		(mn yen)	(mn yen)
Cash flows from operating activities		1,011	1,046
Depreciation		488	480
Cash flows from investing activities		-474	-156
Cash flows from financing activities		-537	-877
Dividends paid		-193	-178
Net increase in cash and cash equivalents		3	7
Cash and cash equivalents		538	546

1. Current portion of long-term borrowings for the fiscal years ended March 2020 and March 2021 included 55 million yen and 10 million yen of current portion of corporate bonds payable, respectively.

2. Long-term borrowings for the fiscal year ended March 2020 included 10 million yen of corporate bonds payable.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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