

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2019 (Based on Japanese GAAP)

July 30, 2019

Company name: Hodogaya Chemical Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4112 URL <https://www.hodogaya.co.jp/>  
 Representative: President Yuto Matsumoto  
 Director, Senior Managing Executive Officer  
 Inquiries: & General Manager, Corporate Planning Eiichi Sunada TEL 03-5299-8019  
 Department  
 Scheduled date to file Quarterly Securities Report: August 8, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(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, 2019	8,497	(0.7)	472	(23.2)	486	(39.1)	304	(43.8)
Three months ended June 30, 2018	8,553	(12.0)	615	(52.8)	798	(40.4)	542	(29.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2019	38.56		–	
Three months ended June 30, 2018	68.67		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2019	55,389	36,356	60.7
As of March 31, 2019	57,140	36,860	59.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	–	25.00	–	25.00	50.00
Year ending March 31, 2020	–	–	–	–	–
Year ending March 31, 2020 (Forecast)	–	25.00	–	25.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	38,000	1.2	2,300	(24.1)	2,300	(25.9)	1,400	(25.7)	177.18

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2019  
 (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
- (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 June 30, 2019	8,413,726 shares	As of March 31, 2019	8,413,726 shares
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Number of treasury shares at the end of the period

As of June 30, 2019	510,043 shares	As of March 31, 2019	511,715 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	7,902,845 shares	Three months ended June 30, 2018	7,901,287 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	7,559	6,651
Notes and accounts receivable - trade	12,438	11,314
Merchandise and finished goods	4,246	4,749
Work in process	523	442
Raw materials and supplies	2,023	2,008
Other	570	621
Allowance for doubtful accounts	(18)	(15)
Total current assets	27,344	25,774
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,820	5,635
Land	11,975	11,972
Other, net	2,982	3,514
Total property, plant and equipment	20,778	21,122
Intangible assets		
Other	151	144
Total intangible assets	151	144
Investments and other assets		
Investment securities	7,331	6,843
Long-term loans receivable	266	263
Deferred tax assets	338	331
Retirement benefit asset	400	417
Other	726	690
Allowance for doubtful accounts	(197)	(197)
Total investments and other assets	8,865	8,348
Total non-current assets	29,795	29,615
Total assets	57,140	55,389

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,564	4,678
Short-term borrowings	3,514	3,425
Income taxes payable	410	193
Provisions	490	258
Other	1,783	2,391
Total current liabilities	11,763	10,947
Non-current liabilities		
Long-term borrowings	5,089	4,808
Deferred tax liabilities	1,458	1,306
Deferred tax liabilities for land revaluation	1,228	1,228
Provisions	82	82
Retirement benefit liability	85	88
Asset retirement obligations	80	80
Other	492	490
Total non-current liabilities	8,517	8,086
Total liabilities	20,280	19,033
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,716	8,715
Retained earnings	9,933	10,040
Treasury shares	(1,716)	(1,710)
Total shareholders' equity	28,129	28,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,097	1,759
Revaluation reserve for land	2,783	2,783
Foreign currency translation adjustment	718	570
Remeasurements of defined benefit plans	247	240
Total accumulated other comprehensive income	5,846	5,353
Non-controlling interests	2,883	2,760
Total net assets	36,860	36,356
Total liabilities and net assets	57,140	55,389

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	8,553	8,497
Cost of sales	5,575	5,663
Gross profit	2,978	2,833
Selling, general and administrative expenses	2,362	2,361
Operating profit	615	472
Non-operating income		
Interest income	2	3
Foreign exchange gains	51	–
Dividend income	107	99
Rental income from non-current assets	14	15
Miscellaneous income	49	63
Total non-operating income	226	182
Non-operating expenses		
Interest expenses	16	16
Foreign exchange losses	–	117
Environmental maintenance expenses	21	17
Miscellaneous loss	4	15
Total non-operating expenses	42	167
Ordinary profit	798	486
Extraordinary losses		
Loss on retirement of non-current assets	4	5
Loss on valuation of investment securities	–	25
Total extraordinary losses	4	31
Profit before income taxes	794	455
Income taxes	125	72
Profit	669	383
Profit attributable to non-controlling interests	126	78
Profit attributable to owners of parent	542	304

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

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	669	383
Other comprehensive income		
Valuation difference on available-for-sale securities	(234)	(338)
Foreign currency translation adjustment	(48)	(258)
Remeasurements of defined benefit plans, net of tax	(34)	(6)
Total other comprehensive income	(317)	(603)
Comprehensive income	351	(219)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	272	(188)
Comprehensive income attributable to non-controlling interests	78	(30)

## Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from operating activities		
Profit before income taxes	794	455
Depreciation	329	340
Amortization of goodwill	2	–
Increase (decrease) in provision	(235)	(233)
Increase (decrease) in retirement benefit liability	(25)	(21)
Interest and dividend income	(110)	(102)
Interest expenses	16	16
Foreign exchange losses (gains)	(24)	57
Loss on retirement of property, plant and equipment	4	5
Loss (gain) on valuation of investment securities	–	25
Decrease (increase) in trade receivables	1,296	1,091
Decrease (increase) in inventories	(501)	(458)
Increase (decrease) in trade payables	(602)	(866)
Increase/decrease in other assets/liabilities	(308)	(149)
Increase (decrease) in accrued consumption taxes	135	39
Other, net	14	42
Subtotal	786	242
Interest and dividends received	110	100
Interest paid	(11)	(15)
Income taxes paid	(230)	(392)
Net cash provided by (used in) operating activities	655	(65)
Cash flows from investing activities		
Payments into time deposits	(19)	(19)
Proceeds from withdrawal of time deposits	19	19
Purchase of property, plant and equipment and intangible assets	(512)	(326)
Payments for retirement of property, plant and equipment	–	(1)
Proceeds from sales of property, plant and equipment and intangible assets	3	–
Purchase of investment securities	(0)	(0)
Proceeds from redemption of investment securities	30	–
Loan advances	(10)	(7)
Collection of loans receivable	4	6
Payments of guarantee deposits	(2)	(1)
Proceeds from refund of guarantee deposits	1	14
Other, net	(4)	0
Net cash provided by (used in) investing activities	(489)	(314)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Cash flows from financing activities		
Repayments of long-term borrowings	(335)	(369)
Dividends paid	(0)	(0)
Dividends paid to non-controlling interests	(9)	(38)
Proceeds from sales of treasury shares	0	–
Purchase of treasury shares	(1)	(0)
Repayments of lease obligations	(7)	(6)
Net cash provided by (used in) financing activities	(352)	(414)
Effect of exchange rate change on cash and cash equivalents	20	(108)
Net increase (decrease) in cash and cash equivalents	(166)	(903)
Cash and cash equivalents at beginning of period	6,583	7,442
Cash and cash equivalents at end of period	6,416	6,539