

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

July 30, 2021

Company name: Hodogaya Chemical Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4112 URL <https://www.hodogaya.co.jp/>
 Representative: President Yuto Matsumoto
 Inquiries: Managing Executive Officer & General Kenji Tsujitsugu TEL 03-5299-8019
 Manager, Corporate Planning Department
 Scheduled date to file Quarterly Securities Report: August 10, 2021
 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, 2021 (from April 1, 2021 to June 30, 2021)

(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, 2021	10,173	(1.7)	1,571	(30.5)	1,702	(29.0)	858	(19.7)
Three months ended June 30, 2020	10,353	21.9	2,260	378.3	2,396	392.2	1,068	250.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	108.45	–
Three months ended June 30, 2020	135.22	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	62,780	44,031	62.0
As of March 31, 2021	62,609	43,654	61.8

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, 2021	–	25.00	–	25.00	50.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	30.00	–	30.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	34,500	–	2,500	–	2,500	–	1,400	–	176.92

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
 (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: 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, 2021	8,413,726 shares	As of March 31, 2021	8,413,726 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	495,489 shares	As of March 31, 2021	497,405 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, 2021	7,917,260 shares	Three months ended June 30, 2020	7,904,658 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	9,447	9,975
Notes and accounts receivable - trade	12,016	–
Notes and accounts receivable - trade, and contract assets	–	11,632
Merchandise and finished goods	4,828	5,320
Work in process	1,554	1,263
Raw materials and supplies	1,931	2,175
Other	510	537
Allowance for doubtful accounts	(191)	(134)
Total current assets	30,096	30,770
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,452	6,367
Land	12,085	12,085
Other, net	4,108	4,220
Total property, plant and equipment	22,645	22,673
Intangible assets		
Goodwill	53	50
Software	150	132
Other	41	64
Total intangible assets	245	247
Investments and other assets		
Investment securities	8,245	7,706
Long-term loans receivable	411	415
Deferred tax assets	355	297
Other	801	861
Allowance for doubtful accounts	(192)	(192)
Total investments and other assets	9,621	9,088
Total non-current assets	32,512	32,009
Total assets	62,609	62,780

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,163	4,457
Short-term borrowings	4,455	4,399
Income taxes payable	920	756
Provisions	490	263
Contract liabilities	–	27
Other	1,753	2,147
Total current liabilities	11,783	12,050
Non-current liabilities		
Long-term borrowings	2,970	2,738
Deferred tax liabilities	1,623	1,494
Deferred tax liabilities for land revaluation	1,228	1,228
Provisions	0	0
Retirement benefit liability	76	80
Asset retirement obligations	91	91
Other	1,181	1,065
Total non-current liabilities	7,171	6,699
Total liabilities	18,954	18,749
Net assets		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,716	8,718
Retained earnings	14,119	14,728
Treasury shares	(1,670)	(1,663)
Total shareholders' equity	32,362	32,979
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,657	2,264
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	872	883
Total accumulated other comprehensive income	6,314	5,931
Non-controlling interests	4,977	5,120
Total net assets	43,654	44,031
Total liabilities and net assets	62,609	62,780

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, 2020	Three months ended June 30, 2021
Net sales	10,353	10,173
Cost of sales	5,514	5,992
Gross profit	4,839	4,181
Selling, general and administrative expenses	2,579	2,609
Operating profit	2,260	1,571
Non-operating income		
Interest income	2	5
Dividend income	106	127
Rental income from non-current assets	16	20
Miscellaneous income	70	20
Total non-operating income	196	174
Non-operating expenses		
Interest expenses	12	12
Foreign exchange losses	23	11
Environmental maintenance expenses	18	17
Miscellaneous losses	6	2
Total non-operating expenses	60	43
Ordinary profit	2,396	1,702
Extraordinary income		
Gain on sale of non-current assets	1	-
Total extraordinary income	1	-
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Other	-	0
Total extraordinary losses	3	0
Profit before income taxes	2,393	1,702
Income taxes	577	478
Profit	1,816	1,223
Profit attributable to non-controlling interests	747	365
Profit attributable to owners of parent	1,068	858

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	1,816	1,223
Other comprehensive income		
Valuation difference on available-for-sale securities	514	(392)
Foreign currency translation adjustment	83	11
Total other comprehensive income	597	(381)
Comprehensive income	2,413	842
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,627	476
Comprehensive income attributable to non-controlling interests	786	366

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,393	1,702
Depreciation	346	395
Amortization of goodwill	–	2
Increase (decrease) in provisions	(223)	(283)
Increase (decrease) in retirement benefit liability	1	4
Interest and dividend income	(109)	(132)
Interest expenses	12	12
Foreign exchange losses (gains)	2	(4)
Loss on retirement of property, plant and equipment	3	0
Loss (gain) on sale of property, plant and equipment	(1)	–
Decrease (increase) in trade receivables	980	289
Decrease (increase) in inventories	(1,018)	(435)
Increase (decrease) in trade payables	(283)	282
Increase/decrease in other assets/liabilities	199	13
Increase (decrease) in accrued consumption taxes	(20)	1
Other, net	(0)	11
Subtotal	2,284	1,858
Interest and dividends received	104	123
Interest paid	(12)	(12)
Income taxes paid	(236)	(583)
Net cash provided by (used in) operating activities	2,140	1,386
Cash flows from investing activities		
Payments into time deposits	–	(492)
Purchase of property, plant and equipment and intangible assets	(1,111)	(452)
Payments for retirement of property, plant and equipment	(0)	–
Proceeds from sale of property, plant and equipment and intangible assets	2	–
Purchase of investment securities	(0)	(0)
Loan advances	(154)	(12)
Proceeds from collection of loans receivable	5	8
Payments of guarantee deposits	(35)	(82)
Proceeds from refund of guarantee deposits	4	20
Purchase of long-term prepaid expenses	–	(4)
Other, net	0	0
Net cash provided by (used in) investing activities	(1,288)	(1,015)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from financing activities		
Repayments of long-term borrowings	(280)	(288)
Dividends paid	(0)	–
Dividends paid to non-controlling interests	(50)	(35)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(0)	(0)
Repayments of lease obligations	(30)	(31)
Net cash provided by (used in) financing activities	(361)	(356)
Effect of exchange rate change on cash and cash equivalents	20	21
Net increase (decrease) in cash and cash equivalents	510	36
Cash and cash equivalents at beginning of period	6,769	9,331
Cash and cash equivalents at end of period	7,279	9,367