

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

February 7, 2022

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: February 8, 2022  
 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	31,107	5.0	4,982	16.9	5,307	19.7	2,812	34.1
Nine months ended December 31, 2020	29,626	8.1	4,261	142.6	4,435	126.0	2,096	91.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	355.19	–
Nine months ended December 31, 2020	264.97	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	65,456	46,425	61.9
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	–	30.00	–		
Year ending March 31, 2022 (Forecast)				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	40,000	–	5,000	–	5,000	–	2,500	–	315.75

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2021	495,929 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)

Nine months ended December 31, 2021	7,917,679 shares	Nine months ended December 31, 2020	7,912,103 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	9,447	11,589
Notes and accounts receivable - trade	12,016	–
Notes and accounts receivable - trade, and contract assets	–	11,700
Merchandise and finished goods	4,828	5,928
Work in process	1,554	1,139
Raw materials and supplies	1,931	2,265
Other	510	680
Allowance for doubtful accounts	(191)	(120)
Total current assets	30,096	33,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,452	6,411
Land	12,085	12,083
Other, net	4,108	4,273
Total property, plant and equipment	22,645	22,769
Intangible assets		
Goodwill	53	44
Software	150	162
Other	41	38
Total intangible assets	245	245
Investments and other assets		
Investment securities	8,245	7,801
Long-term loans receivable	411	425
Deferred tax assets	355	225
Other	801	1,000
Allowance for doubtful accounts	(192)	(192)
Total investments and other assets	9,621	9,260
Total non-current assets	32,512	32,275
Total assets	62,609	65,456

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,163	5,106
Short-term borrowings	4,455	2,999
Income taxes payable	920	703
Provisions	490	416
Asset retirement obligations	–	72
Contract liabilities	–	22
Other	1,753	2,159
Total current liabilities	11,783	11,479
Non-current liabilities		
Long-term borrowings	2,970	3,636
Deferred tax liabilities	1,623	1,405
Deferred tax liabilities for land revaluation	1,228	1,228
Provisions	0	2
Retirement benefit liability	76	71
Asset retirement obligations	91	19
Other	1,181	1,188
Total non-current liabilities	7,171	7,551
Total liabilities	18,954	19,030
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,716	8,718
Retained earnings	14,119	16,444
Treasury shares	(1,670)	(1,666)
Total shareholders' equity	32,362	34,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,657	2,176
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	872	872
Total accumulated other comprehensive income	6,314	5,832
Non-controlling interests	4,977	5,899
Total net assets	43,654	46,425
<b>Total liabilities and net assets</b>	<b>62,609</b>	<b>65,456</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	29,626	31,107
Cost of sales	17,694	17,719
Gross profit	11,931	13,388
Selling, general and administrative expenses	7,670	8,405
Operating profit	4,261	4,982
Non-operating income		
Interest income	8	19
Dividend income	190	222
Foreign exchange gains	–	54
Rental income from non-current assets	54	61
Miscellaneous income	148	70
Total non-operating income	403	428
Non-operating expenses		
Interest expenses	38	35
Foreign exchange losses	114	–
Environmental maintenance expenses	49	55
Miscellaneous losses	27	12
Total non-operating expenses	228	103
Ordinary profit	4,435	5,307
Extraordinary income		
Gain on sale of non-current assets	17	–
Total extraordinary income	17	–
Extraordinary losses		
Loss on retirement of non-current assets	13	4
Loss on valuation of investment securities	41	–
provision for maintenance work-related reserves	–	107
Other	1	0
Total extraordinary losses	56	111
Profit before income taxes	4,395	5,195
Income taxes	991	1,221
Profit	3,404	3,974
Profit attributable to non-controlling interests	1,308	1,162
Profit attributable to owners of parent	2,096	2,812

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

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	3,404	3,974
Other comprehensive income		
Valuation difference on available-for-sale securities	873	(480)
Foreign currency translation adjustment	510	(17)
Total other comprehensive income	1,384	(497)
Comprehensive income	4,789	3,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,252	2,330
Comprehensive income attributable to non-controlling interests	1,536	1,145

## Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	4,395	5,195
Depreciation	1,102	1,215
Amortization of goodwill	0	8
Increase (decrease) in provisions	(268)	(141)
Increase (decrease) in retirement benefit liability	4	(5)
Interest and dividend income	(199)	(242)
Interest expenses	38	35
Foreign exchange losses (gains)	10	34
Loss (gain) on sale of property, plant and equipment	(16)	–
Loss on retirement of property, plant and equipment	13	4
Loss (gain) on valuation of investment securities	41	–
Decrease (increase) in trade receivables	900	225
Decrease (increase) in inventories	(1,436)	(1,045)
Increase (decrease) in trade payables	321	903
Increase/decrease in other assets/liabilities	263	159
Increase (decrease) in accrued consumption taxes	(75)	(91)
Other, net	(29)	47
Subtotal	5,066	6,303
Interest and dividends received	198	233
Interest paid	(38)	(35)
Income taxes paid	(556)	(1,381)
Income taxes refund	52	5
Net cash provided by (used in) operating activities	4,723	5,125
Cash flows from investing activities		
Payments into time deposits	(64)	(506)
Proceeds from withdrawal of time deposits	19	23
Purchase of property, plant and equipment and intangible assets	(1,989)	(1,189)
Proceeds from sale of property, plant and equipment and intangible assets	41	–
Payments for retirement of property, plant and equipment	(2)	(4)
Purchase of investment securities	(40)	(232)
Loan advances	(176)	(46)
Proceeds from collection of loans receivable	22	26
Payments for acquisition of businesses	(0)	–
Payments of guarantee deposits	(109)	(354)
Proceeds from refund of guarantee deposits	22	138
Purchase of long-term prepaid expenses	–	(4)
Other, net	1	0
Net cash provided by (used in) investing activities	(2,275)	(2,148)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,352	(1,400)
Proceeds from long-term borrowings	80	1,400
Repayments of long-term borrowings	(754)	(790)
Dividends paid	(196)	(197)
Dividends paid to non-controlling interests	(104)	(223)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(3)	(3)
Repayments of lease obligations	(91)	(95)
Net cash provided by (used in) financing activities	281	(1,309)
Effect of exchange rate change on cash and cash equivalents	109	(11)
Net increase (decrease) in cash and cash equivalents	2,838	1,656
Cash and cash equivalents at beginning of period	6,769	9,331
Increase in cash and cash equivalents resulting from acquisition of businesses for consolidated subsidiaries	6	–
Cash and cash equivalents at end of period	9,614	10,987