

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: Hodogaya Chemical Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4112 URL <https://www.hodogaya.co.jp/>  
 Representative: President Yuto Matsumoto  
 General Manager, Corporate Planning  
 Inquiries: Department Yasuhiro Mohri TEL 03-6852-0327  
 Scheduled date of ordinary general meeting of shareholders: June 25, 2024  
 Scheduled date to file Securities Report: June 24, 2024  
 Scheduled date to commence dividend payments: June 26, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated operating results

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	%
Year ended March 31, 2024	44,261	2.2	3,951	6.8	4,711	11.9	2,480	11.6
Year ended March 31, 2023	43,324	3.5	3,701	(42.4)	4,211	(39.1)	2,223	(31.6)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	312.63	–	5.5	6.1	8.9
Year ended March 31, 2023	280.65	–	5.3	6.1	8.5

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	81,157	57,443	58.8	6,014.71
As of March 31, 2023	72,051	49,897	59.5	5,405.73

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	8,343	(3,950)	(2,067)	10,664
Year ended March 31, 2023	1,058	(7,036)	2,288	6,708

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	32.50	–	32.50	65.00	517	23.1	1.2
Year ended March 31, 2024	–	37.50	–	37.50	75.00	610	24.0	1.3
Year ending March 31, 2025 (Forecast)	–	42.50	–	42.50	85.00		25.0	

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
Full year	48,000	8.4	4,500	13.9	4,800	1.9	2,700	8.8	340.27

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	8,413,726 shares	As of March 31, 2023	8,413,726 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	477,374 shares	As of March 31, 2023	489,635 shares
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Average number of shares during the period

Year ended March 31, 2024	7,934,791 shares	Year ended March 31, 2023	7,921,675 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,487	12,965
Notes receivable - trade	1,170	1,151
Accounts receivable - trade	11,811	11,114
Merchandise and finished goods	7,707	7,708
Work in process	1,412	2,190
Raw materials and supplies	2,905	2,736
Other	1,155	827
Allowance for doubtful accounts	(54)	(18)
<b>Total current assets</b>	<b>36,596</b>	<b>38,675</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	22,155	25,622
Accumulated depreciation	(15,878)	(17,080)
Buildings and structures, net	6,276	8,542
Machinery, equipment and vehicles	31,714	32,704
Accumulated depreciation	(28,030)	(28,896)
Machinery, equipment and vehicles, net	3,684	3,808
Tools, furniture and fixtures	3,081	4,078
Accumulated depreciation	(2,604)	(3,510)
Tools, furniture and fixtures, net	477	567
Land	11,712	11,733
Leased assets	960	917
Accumulated depreciation	(455)	(539)
Leased assets, net	505	378
Construction in progress	1,073	3,635
<b>Total property, plant and equipment</b>	<b>23,729</b>	<b>28,665</b>
<b>Intangible assets</b>		
Goodwill	32	22
Software	171	225
Other	37	310
<b>Total intangible assets</b>	<b>241</b>	<b>558</b>
<b>Investments and other assets</b>		
Investment securities	8,524	10,885
Long-term loans receivable	1,341	145
Deferred tax assets	211	364
Guarantee deposits	1,210	1,511
Other	214	369
Allowance for doubtful accounts	(18)	(17)
<b>Total investments and other assets</b>	<b>11,483</b>	<b>13,258</b>
<b>Total non-current assets</b>	<b>35,454</b>	<b>42,482</b>
<b>Total assets</b>	<b>72,051</b>	<b>81,157</b>

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,600	5,130
Short-term borrowings	4,155	4,155
Current portion of long-term borrowings	1,134	885
Lease liabilities	135	132
Income taxes payable	330	883
Accrued consumption taxes	47	411
Contract liabilities	14	57
Provision for bonuses	456	485
Provision for environmental measures	2	–
Allowance for construction repair	106	106
Other provisions	0	0
Other	1,989	2,521
Total current liabilities	12,972	14,770
Non-current liabilities		
Long-term borrowings	5,232	4,346
Lease liabilities	423	293
Deferred tax liabilities	1,638	2,253
Deferred tax liabilities for land revaluation	1,228	1,228
Provision for share awards for directors (and other officers)	–	203
Provision for share awards	–	32
Retirement benefit liability	81	94
Asset retirement obligations	81	138
Other	495	353
Total non-current liabilities	9,181	8,943
Total liabilities	22,153	23,714
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	7,943	7,933
Retained earnings	18,612	20,660
Treasury shares	(1,640)	(1,593)
Total shareholders' equity	36,111	38,197
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,544	4,415
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	1,395	2,337
Total accumulated other comprehensive income	6,723	9,537
Non-controlling interests	7,061	9,708
Total net assets	49,897	57,443
Total liabilities and net assets	72,051	81,157

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	43,324	44,261
Cost of sales	26,654	27,162
Gross profit	16,669	17,099
Selling, general and administrative expenses		
Shipment expenses	1,984	1,696
Remuneration for directors (and other officers)	319	409
Personnel expenses	2,505	2,606
Provision for bonuses	194	192
Provision for share awards for directors (and other officers)	–	24
Provision for share awards	–	19
Retirement benefit expenses	136	164
Travel and transportation expenses	178	220
Rent expenses	507	487
Depreciation	153	216
Research and development expenses	4,939	5,011
Amortization of goodwill	12	12
Other	2,037	2,085
Total selling, general and administrative expenses	12,968	13,147
Operating profit	3,701	3,951
Non-operating income		
Interest income	128	169
Dividend income	295	299
Foreign exchange gains	45	276
Rental income from non-current assets	59	57
Miscellaneous income	122	127
Total non-operating income	652	931
Non-operating expenses		
Interest expenses	52	75
Environmental maintenance expenses	70	85
Miscellaneous losses	18	10
Total non-operating expenses	141	171
Ordinary profit	4,211	4,711
Extraordinary income		
Gain on sale of non-current assets	68	0
Gain on sale of investment securities	57	–
Total extraordinary income	126	0
Extraordinary losses		
Loss on retirement of non-current assets	39	18
Head office relocation expenses	19	–
Loss on sale of investment securities	–	0
Loss on valuation of investment securities	7	–
Total extraordinary losses	66	18

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit before income taxes	4,271	4,693
Income taxes - current	753	1,203
Income taxes - deferred	328	(247)
Total income taxes	1,081	956
Profit	3,189	3,737
Profit attributable to non-controlling interests	966	1,256
Profit attributable to owners of parent	2,223	2,480

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,189	3,737
Other comprehensive income		
Valuation difference on available-for-sale securities	240	1,871
Foreign currency translation adjustment	268	1,646
Total other comprehensive income	509	3,517
Comprehensive income	3,699	7,255
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,663	5,294
Comprehensive income attributable to non-controlling interests	1,036	1,960

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of period	11,196	8,718	16,883	(1,666)	35,131
Changes during period					
Dividends of surplus			(495)		(495)
Profit attributable to owners of parent			2,223		2,223
Purchase of treasury shares				(265)	(265)
Disposal of treasury shares		(4)		291	287
Purchase of shares of consolidated subsidiaries		(770)			(770)
Net changes in items other than shareholders' equity					
Total changes during period	-	(774)	1,728	25	979
Balance at end of period	11,196	7,943	18,612	(1,640)	36,111

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,303	2,784	1,196	6,284	6,496	47,912
Changes during period						
Dividends of surplus						(495)
Profit attributable to owners of parent						2,223
Purchase of treasury shares						(265)
Disposal of treasury shares						287
Purchase of shares of consolidated subsidiaries						(770)
Net changes in items other than shareholders' equity	240	-	199	439	565	1,005
Total changes during period	240	-	199	439	565	1,984
Balance at end of period	2,544	2,784	1,395	6,723	7,061	49,897

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of period	11,196	7,943	18,612	(1,640)	36,111
Changes during period					
Dividends of surplus			(565)		(565)
Profit attributable to owners of parent			2,480		2,480
Purchase of treasury shares				(410)	(410)
Disposal of treasury shares		(10)		457	447
Change in scope of consolidation			133		133
Net changes in items other than shareholders' equity					
Total changes during period	–	(10)	2,048	47	2,085
Balance at end of period	11,196	7,933	20,660	(1,593)	38,197

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	2,544	2,784	1,395	6,723	7,061	49,897
Changes during period						
Dividends of surplus						(565)
Profit attributable to owners of parent						2,480
Purchase of treasury shares						(410)
Disposal of treasury shares						447
Change in scope of consolidation						133
Net changes in items other than shareholders' equity	1,871	–	942	2,813	2,646	5,460
Total changes during period	1,871	–	942	2,813	2,646	7,546
Balance at end of period	4,415	2,784	2,337	9,537	9,708	57,443

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,271	4,693
Depreciation	1,930	2,387
Amortization of goodwill	12	12
Increase (decrease) in provisions	(85)	220
Increase (decrease) in retirement benefit liability	7	13
Interest and dividend income	(424)	(469)
Interest expenses	52	75
Foreign exchange losses (gains)	111	(32)
Loss (gain) on sale of property, plant and equipment	(68)	(0)
Loss on retirement of property, plant and equipment	39	18
Loss (gain) on sale of investment securities	(57)	0
Loss (gain) on valuation of investment securities	7	–
Decrease (increase) in trade receivables	(434)	1,000
Decrease (increase) in inventories	(2,444)	(146)
Increase (decrease) in trade payables	(244)	360
Increase/decrease in other assets/liabilities	9	(155)
Increase (decrease) in accrued consumption taxes	(216)	529
Other, net	40	(116)
Subtotal	2,506	8,391
Interest and dividends received	358	510
Interest paid	(51)	(76)
Income taxes paid	(1,755)	(743)
Income taxes refund	–	262
Net cash provided by (used in) operating activities	1,058	8,343

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(3,918)	(2,283)
Proceeds from withdrawal of time deposits	698	4,068
Purchase of property, plant and equipment and intangible assets	(3,099)	(5,347)
Proceeds from sale of property, plant and equipment and intangible assets	71	3
Payments for retirement of property, plant and equipment	(17)	(8)
Purchase of investment securities	(353)	(1)
Payments for asset retirement obligations	(72)	–
Proceeds from sale of investment securities	282	1
Proceeds from redemption of securities	523	–
Loan advances	(1,076)	(84)
Proceeds from collection of loans receivable	55	56
Payments of guarantee deposits	(281)	(319)
Proceeds from refund of guarantee deposits	186	132
Purchase of long-term prepaid expenses	(3)	(78)
Other, net	(33)	(88)
Net cash provided by (used in) investing activities	(7,036)	(3,950)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,160	–
Proceeds from long-term borrowings	3,000	–
Repayments of long-term borrowings	(1,004)	(1,134)
Dividends paid	(492)	(564)
Dividends paid to non-controlling interests	(253)	(174)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(1)	(2)
Repayments of lease liabilities	(132)	(136)
Redemption of bonds	–	(54)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(987)	–
Net cash provided by (used in) financing activities	2,288	(2,067)
Effect of exchange rate change on cash and cash equivalents	32	349
Net increase (decrease) in cash and cash equivalents	(3,657)	2,676
Cash and cash equivalents at beginning of period	10,365	6,708
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	1,280
Cash and cash equivalents at end of period	6,708	10,664