

Translation

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

November 8, 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: November 11, 2019  
 Scheduled date to commence dividend payments: December 6, 2019  
 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 six months ended September 30, 2019 (from April 1, 2019 to September 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	%
Six months ended September 30, 2019	17,549	2.0	811	(28.1)	792	(42.5)	562	(43.4)
Six months ended September 30, 2018	17,213	(9.1)	1,129	(44.8)	1,377	(44.9)	993	(39.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	71.23		-	
Six months ended September 30, 2018	125.79		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	54,759	36,197	61.2
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	-	25.00	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	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	36,000	(4.1)	1,400	(53.8)	1,400	(54.9)	600	(68.1)	75.92

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2019	510,373 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)

Six months ended September 30, 2019	7,903,106 shares	Six months ended September 30, 2018	7,901,311 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	7,559	7,773
Notes and accounts receivable - trade	12,438	9,397
Merchandise and finished goods	4,246	4,415
Work in process	523	426
Raw materials and supplies	2,023	2,337
Other	570	535
Allowance for doubtful accounts	(18)	(12)
Total current assets	27,344	24,873
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,820	5,528
Land	11,975	11,971
Other, net	2,982	4,181
Total property, plant and equipment	20,778	21,681
Intangible assets		
Other	151	147
Total intangible assets	151	147
Investments and other assets		
Investment securities	7,331	6,559
Long-term loans receivable	266	262
Deferred tax assets	338	338
Retirement benefit asset	400	432
Other	726	661
Allowance for doubtful accounts	(197)	(197)
Total investments and other assets	8,865	8,056
Total non-current assets	29,795	29,886
Total assets	57,140	54,759

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,564	4,081
Short-term borrowings	3,514	3,291
Income taxes payable	410	295
Provisions	490	504
Other	1,783	1,917
Total current liabilities	11,763	10,089
Non-current liabilities		
Long-term borrowings	5,089	4,529
Deferred tax liabilities	1,458	1,200
Deferred tax liabilities for land revaluation	1,228	1,228
Provisions	82	82
Retirement benefit liability	85	91
Asset retirement obligations	80	80
Other	492	1,259
Total non-current liabilities	8,517	8,472
Total liabilities	20,280	18,561
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,716	8,715
Retained earnings	9,933	10,298
Treasury shares	(1,716)	(1,711)
Total shareholders' equity	28,129	28,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,097	1,555
Revaluation reserve for land	2,783	2,783
Foreign currency translation adjustment	718	458
Remeasurements of defined benefit plans	247	234
Total accumulated other comprehensive income	5,846	5,031
Non-controlling interests	2,883	2,666
Total net assets	36,860	36,197
Total liabilities and net assets	57,140	54,759

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	17,213	17,549
Cost of sales	11,309	11,917
Gross profit	5,904	5,631
Selling, general and administrative expenses	4,774	4,819
Operating profit	1,129	811
Non-operating income		
Interest income	6	8
Dividend income	110	111
Foreign exchange gains	114	–
Rental income from non-current assets	29	30
Miscellaneous income	69	82
Total non-operating income	330	232
Non-operating expenses		
Interest expenses	32	32
Foreign exchange losses	–	169
Environmental maintenance expenses	42	33
Miscellaneous loss	7	16
Total non-operating expenses	82	252
Ordinary profit	1,377	792
Extraordinary income		
Gain on sales of non-current assets	–	0
Total extraordinary income	–	0
Extraordinary losses		
Loss on retirement of non-current assets	6	10
Loss on valuation of investment securities	–	26
Total extraordinary losses	6	37
Profit before income taxes	1,371	755
Income taxes	194	127
Profit	1,177	628
Profit attributable to non-controlling interests	183	65
Profit attributable to owners of parent	993	562

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

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	1,177	628
Other comprehensive income		
Valuation difference on available-for-sale securities	76	(542)
Foreign currency translation adjustment	123	(450)
Remeasurements of defined benefit plans, net of tax	(44)	(12)
Total other comprehensive income	154	(1,005)
Comprehensive income	1,331	(377)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,124	(252)
Comprehensive income attributable to non-controlling interests	207	(124)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,371	755
Depreciation	662	705
Amortization of goodwill	4	–
Increase (decrease) in provision	(1)	9
Increase (decrease) in retirement benefit liability	(54)	(43)
Interest and dividend income	(117)	(119)
Interest expenses	32	32
Foreign exchange losses (gains)	(79)	76
Loss (gain) on sales of property, plant and equipment	–	(0)
Loss on retirement of property, plant and equipment	6	10
Loss (gain) on valuation of investment securities	–	26
Decrease (increase) in trade receivables	2,931	2,991
Decrease (increase) in inventories	(954)	(481)
Increase (decrease) in trade payables	(797)	(1,449)
Increase/decrease in other assets/liabilities	(373)	(225)
Increase (decrease) in accrued consumption taxes	(17)	62
Other, net	(2)	79
Subtotal	2,610	2,431
Interest and dividends received	117	117
Interest paid	(33)	(33)
Income taxes paid	(252)	(416)
Income taxes refund	51	46
Net cash provided by (used in) operating activities	2,493	2,145
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	(878)	(669)
Proceeds from sales of property, plant and equipment and intangible assets	3	1
Payments for retirement of property, plant and equipment	–	(6)
Purchase of investment securities	(0)	(0)
Proceeds from sales and redemption of investment securities	30	–
Loan advances	(17)	(15)
Collection of loans receivable	14	14
Payments of guarantee deposits	(24)	(7)
Proceeds from refund of guarantee deposits	3	31
Other, net	(4)	0
Net cash provided by (used in) investing activities	(875)	(650)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from financing activities		
Repayments of long-term borrowings	(702)	(783)
Dividends paid	(198)	(197)
Dividends paid to non-controlling interests	(9)	(91)
Proceeds from sales of treasury shares	–	0
Purchase of treasury shares	(1)	(1)
Repayments of lease obligations	(13)	(28)
Net cash provided by (used in) financing activities	(924)	(1,101)
Effect of exchange rate change on cash and cash equivalents	111	(170)
Net increase (decrease) in cash and cash equivalents	804	221
Cash and cash equivalents at beginning of period	6,583	7,442
Cash and cash equivalents at end of period	7,388	7,664