

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

January 29, 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: General Manager, Corporate Planning Yasuhiro Mohri TEL 03-5299-8019
 Department
 Scheduled date to file Quarterly Securities Report: February 12, 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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(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, 2020	29,626	8.1	4,261	142.6	4,435	126.0	2,096	91.3
Nine months ended December 31, 2019	27,418	2.2	1,756	(17.6)	1,962	(17.8)	1,095	(35.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	264.97		–	
Nine months ended December 31, 2019	138.67		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	60,846	41,385	60.6
As of March 31, 2020	54,903	37,040	61.8

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, 2020	–	25.00	–	25.00	50.00
Year ending March 31, 2021	–	25.00	–		
Year ending March 31, 2021 (Forecast)				25.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	39,000	3.3	4,300	48.1	4,500	47.1	2,200	18.4	278.13

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020
(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 December 31, 2020	8,413,726 shares	As of March 31, 2020	8,413,726 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	496,900 shares	As of March 31, 2020	510,700 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, 2020	7,912,103 shares	Nine months ended December 31, 2019	7,903,159 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	6,877	9,774
Notes and accounts receivable - trade	11,250	10,407
Merchandise and finished goods	4,251	5,136
Work in process	624	1,227
Raw materials and supplies	2,169	2,259
Other	410	772
Allowance for doubtful accounts	(21)	(20)
Total current assets	25,563	29,557
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,326	6,350
Land	11,967	12,079
Other, net	4,814	4,219
Total property, plant and equipment	22,108	22,649
Intangible assets		
Goodwill	–	54
Software	127	157
Other	30	21
Total intangible assets	157	234
Investments and other assets		
Investment securities	5,966	7,207
Long-term loans receivable	261	415
Deferred tax assets	344	175
Other	694	798
Allowance for doubtful accounts	(192)	(192)
Total investments and other assets	7,074	8,405
Total non-current assets	29,340	31,288
Total assets	54,903	60,846

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,179	4,507
Short-term borrowings	3,203	4,659
Income taxes payable	360	769
Provisions	504	236
Other	1,959	2,008
Total current liabilities	10,207	12,180
Non-current liabilities		
Long-term borrowings	3,950	3,240
Deferred tax liabilities	1,108	1,459
Deferred tax liabilities for land revaluation	1,228	1,228
Provisions	1	1
Retirement benefit liability	69	74
Asset retirement obligations	81	81
Other	1,215	1,195
Total non-current liabilities	7,655	7,280
Total liabilities	17,863	19,461
Net assets		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,706	8,716
Retained earnings	11,396	13,097
Treasury shares	(1,712)	(1,667)
Total shareholders' equity	29,586	31,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,146	2,020
Revaluation reserve for land	2,783	2,783
Foreign currency translation adjustment	424	706
Total accumulated other comprehensive income	4,354	5,510
Non-controlling interests	3,099	4,531
Total net assets	37,040	41,385
Total liabilities and net assets	54,903	60,846

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, 2019	Nine months ended December 31, 2020
Net sales	27,418	29,626
Cost of sales	18,208	17,694
Gross profit	9,210	11,931
Selling, general and administrative expenses	7,453	7,670
Operating profit	1,756	4,261
Non-operating income		
Interest income	12	8
Dividend income	189	190
Rental income from non-current assets	46	54
Miscellaneous income	201	148
Total non-operating income	450	403
Non-operating expenses		
Interest expenses	47	38
Foreign exchange losses	107	114
Environmental maintenance expenses	51	49
Miscellaneous loss	37	27
Total non-operating expenses	244	228
Ordinary profit	1,962	4,435
Extraordinary income		
Gain on sales of non-current assets	10	17
Total extraordinary income	10	17
Extraordinary losses		
Loss on retirement of non-current assets	11	13
Loss on valuation of investment securities	62	41
Loss on termination of retirement benefit plan	94	–
Other	–	1
Total extraordinary losses	168	56
Profit before income taxes	1,804	4,395
Income taxes	425	991
Profit	1,379	3,404
Profit attributable to non-controlling interests	283	1,308
Profit attributable to owners of parent	1,095	2,096

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	1,379	3,404
Other comprehensive income		
Valuation difference on available-for-sale securities	(38)	873
Foreign currency translation adjustment	(181)	510
Remeasurements of defined benefit plans, net of tax	(247)	–
Total other comprehensive income	(466)	1,384
Comprehensive income	913	4,789
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	703	3,252
Comprehensive income attributable to non-controlling interests	209	1,536

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	1,804	4,395
Depreciation	1,092	1,102
Amortization of goodwill	–	0
Increase (decrease) in provisions	(229)	(268)
Increase (decrease) in retirement benefit liability	25	4
Interest and dividend income	(202)	(199)
Interest expenses	47	38
Foreign exchange losses (gains)	36	10
Loss (gain) on sales of property, plant and equipment	(10)	(16)
Loss on retirement of property, plant and equipment	11	13
Loss (gain) on valuation of investment securities	62	41
Loss on termination of retirement benefit plan	94	–
Decrease (increase) in trade receivables	1,778	900
Decrease (increase) in inventories	(1,115)	(1,436)
Increase (decrease) in trade payables	(403)	321
Increase/decrease in other assets/liabilities	211	263
Increase (decrease) in accrued consumption taxes	61	(75)
Other, net	(35)	(29)
Subtotal	3,229	5,066
Interest and dividends received	200	198
Interest paid	(47)	(38)
Income taxes paid	(560)	(556)
Income taxes refund	46	52
Net cash provided by (used in) operating activities	2,867	4,723
Cash flows from investing activities		
Payments into time deposits	(19)	(64)
Proceeds from withdrawal of time deposits	19	19
Purchase of property, plant and equipment and intangible assets	(1,590)	(1,989)
Proceeds from sales of property, plant and equipment and intangible assets	14	41
Payments for retirement of property, plant and equipment	(5)	(2)
Purchase of investment securities	(1)	(40)
Loan advances	(23)	(176)
Collection of loans receivable	24	22
Payments for acquisition of businesses	–	(0)
Payments of guarantee deposits	(83)	(109)
Proceeds from refund of guarantee deposits	87	22
Other, net	1	1
Net cash provided by (used in) investing activities	(1,575)	(2,275)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	1,352
Proceeds from long-term borrowings	–	80
Repayments of long-term borrowings	(1,041)	(754)
Dividends paid	(199)	(196)
Dividends paid to non-controlling interests	(91)	(104)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(1)	(3)
Repayments of lease obligations	(58)	(91)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(20)	–
Net cash provided by (used in) financing activities	(1,413)	281
Effect of exchange rate change on cash and cash equivalents	(80)	109
Net increase (decrease) in cash and cash equivalents	(201)	2,838
Cash and cash equivalents at beginning of period	7,442	6,769
Increase in cash and cash equivalents resulting from acquisition of businesses for consolidated subsidiaries	–	6
Cash and cash equivalents at end of period	7,240	9,614