

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2021  
(Based on Japanese GAAP)**

May 14, 2021

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 03-5299-8019  
 Scheduled date of ordinary general meeting of shareholders: June 24, 2021  
 Scheduled date to file Securities Report: June 23, 2021  
 Scheduled date to commence dividend payments: June 25, 2021  
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	41,199	9.1	5,444	87.5	5,841	91.0	3,119	67.9
Year ended March 31, 2020	37,771	0.6	2,902	(4.2)	3,058	(1.5)	1,858	(1.3)

	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, 2021	394.25	–	8.6	9.9	13.2
Year ended March 31, 2020	235.15	–	5.5	5.5	7.7

(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, 2021	62,609	43,654	61.8	4,885.72
As of March 31, 2020	54,903	37,040	61.8	4,294.69

(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, 2021	5,380	(2,689)	(424)	9,331
Year ended March 31, 2020	3,597	(2,060)	(2,049)	6,769

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, 2020	–	25.00	–	25.00	50.00	395	21.2	1.1
Year ended March 31, 2021	–	25.00	–	25.00	50.00	395	12.6	1.0
Year ending March 31, 2022 (Forecast)	–	30.00	–	30.00	60.00		33.9	

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 year ended March 31, 2021

(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, 2021	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 March 31, 2021	497,405 shares	As of March 31, 2020	510,700 shares
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Average number of shares during the period

Year ended March 31, 2021	7,913,098 shares	Year ended March 31, 2020	7,903,140 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	6,877	9,447
Notes and accounts receivable - trade	11,250	12,016
Merchandise and finished goods	4,251	4,828
Work in process	624	1,554
Raw materials and supplies	2,169	1,931
Other	410	510
Allowance for doubtful accounts	(21)	(191)
Total current assets	25,563	30,096
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,797	21,573
Accumulated depreciation	(14,470)	(15,121)
Buildings and structures, net	5,326	6,452
Machinery, equipment and vehicles	28,680	29,309
Accumulated depreciation	(25,773)	(26,537)
Machinery, equipment and vehicles, net	2,906	2,771
Tools, furniture and fixtures	2,798	2,889
Accumulated depreciation	(2,597)	(2,617)
Tools, furniture and fixtures, net	201	271
Land	11,967	12,085
Leased assets	909	925
Accumulated depreciation	(105)	(220)
Leased assets, net	803	705
Construction in progress	903	359
Total property, plant and equipment	22,108	22,645
Intangible assets		
Goodwill	–	53
Software	127	150
Other	30	41
Total intangible assets	157	245
Investments and other assets		
Investment securities	5,966	8,245
Long-term loans receivable	261	411
Deferred tax assets	344	355
Other	694	801
Allowance for doubtful accounts	(192)	(192)
Total investments and other assets	7,074	9,621
Total non-current assets	29,340	32,512
Total assets	54,903	62,609

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,179	4,163
Short-term borrowings	2,065	3,395
Current portion of long-term borrowings	1,138	1,060
Lease obligations	122	124
Income taxes payable	360	920
Accrued consumption taxes	87	129
Provision for bonuses	481	459
Provision for environmental measures	22	30
Other provisions	0	0
Other	1,749	1,499
Total current liabilities	10,207	11,783
Non-current liabilities		
Long-term borrowings	3,950	2,970
Lease obligations	748	644
Deferred tax liabilities	1,108	1,623
Deferred tax liabilities for land revaluation	1,228	1,228
Provision for environmental measures	1	0
Retirement benefit liability	69	76
Asset retirement obligations	81	91
Other	466	536
Total non-current liabilities	7,655	7,171
Total liabilities	17,863	18,954
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,706	8,716
Retained earnings	11,396	14,119
Treasury shares	(1,712)	(1,670)
Total shareholders' equity	29,586	32,362
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,146	2,657
Revaluation reserve for land	2,783	2,784
Foreign currency translation adjustment	424	872
Total accumulated other comprehensive income	4,354	6,314
Non-controlling interests	3,099	4,977
Total net assets	37,040	43,654
Total liabilities and net assets	54,903	62,609

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	37,771	41,199
Cost of sales	25,017	25,125
Gross profit	12,753	16,073
Selling, general and administrative expenses		
Shipment expenses	1,786	1,765
Remuneration for directors (and other officers)	368	388
Personnel expenses	2,123	2,236
Provision for bonuses	200	198
Retirement benefit expenses	93	115
Travel and transportation expenses	224	51
Rent expenses	413	436
Depreciation	85	110
Research and development expenses	2,877	3,384
Amortization of goodwill	–	3
Other	1,676	1,938
Total selling, general and administrative expenses	9,850	10,629
Operating profit	2,902	5,444
Non-operating income		
Interest income	16	13
Dividend income	193	194
Foreign exchange gains	–	63
Rental income from non-current assets	61	75
Subsidy income	34	53
Gain on sale of Data	83	–
Commission income	–	59
Miscellaneous income	123	85
Total non-operating income	513	544
Non-operating expenses		
Interest expenses	61	51
Foreign exchange losses	177	–
Environmental maintenance expenses	68	65
Compensation expenses	–	16
Miscellaneous losses	50	14
Total non-operating expenses	357	147
Ordinary profit	3,058	5,841
Extraordinary income		
Gain on sale of non-current assets	10	17
Gain on sale of investment securities	–	12
Gain on reversal of provision for environmental measures	58	–
Total extraordinary income	69	29

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Extraordinary losses		
Loss on retirement of non-current assets	20	17
Loss on valuation of investment securities	79	48
Loss on termination of retirement benefit plan	94	–
Loss on disaster	–	103
Other	–	12
Total extraordinary losses	193	181
Profit before income taxes	2,934	5,689
Income taxes - current	475	1,008
Income taxes - deferred	63	(77)
Total income taxes	538	930
Profit	2,395	4,758
Profit attributable to non-controlling interests	537	1,639
Profit attributable to owners of parent	1,858	3,119

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	2,395	4,758
Other comprehensive income		
Valuation difference on available-for-sale securities	(950)	1,510
Foreign currency translation adjustment	(513)	792
Remeasurements of defined benefit plans, net of tax	(247)	–
Total other comprehensive income	(1,711)	2,302
Comprehensive income	684	7,061
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	366	5,078
Comprehensive income attributable to non-controlling interests	318	1,983

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of period	11,196	8,716	9,933	(1,716)	28,129
Changes during period					
Dividends of surplus			(395)		(395)
Profit attributable to owners of parent			1,858		1,858
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		6	5
Purchase of shares of consolidated subsidiaries		(9)			(9)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(10)	1,463	3	1,456
Balance at end of period	11,196	8,706	11,396	(1,712)	29,586

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,097	2,783	718	247	5,846	2,883	36,860
Changes during period							
Dividends of surplus							(395)
Profit attributable to owners of parent							1,858
Purchase of treasury shares							(2)
Disposal of treasury shares							5
Purchase of shares of consolidated subsidiaries							(9)
Net changes in items other than shareholders' equity	(950)	–	(294)	(247)	(1,492)	215	(1,276)
Total changes during period	(950)	–	(294)	(247)	(1,492)	215	180
Balance at end of period	1,146	2,783	424	–	4,354	3,099	37,040



Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of period	11,196	8,706	11,396	(1,712)	29,586
Changes during period					
Dividends of surplus			(395)		(395)
Profit attributable to owners of parent			3,119		3,119
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		10		49	59
Reversal of revaluation reserve for land			(0)		(0)
Net changes in items other than shareholders' equity					-
Total changes during period	-	10	2,723	42	2,776
Balance at end of period	11,196	8,716	14,119	(1,670)	32,362

	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	1,146	2,783	424	4,354	3,099	37,040
Changes during period						
Dividends of surplus						(395)
Profit attributable to owners of parent						3,119
Purchase of treasury shares						(6)
Disposal of treasury shares						59
Reversal of revaluation reserve for land						(0)
Net changes in items other than shareholders' equity	1,510	0	448	1,959	1,878	3,837
Total changes during period	1,510	0	448	1,959	1,878	6,614
Balance at end of period	2,657	2,784	872	6,314	4,977	43,654

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,934	5,689
Depreciation	1,492	1,503
Amortization of goodwill	–	3
Increase (decrease) in provisions	(9)	147
Increase (decrease) in retirement benefit liability	28	6
Interest and dividend income	(210)	(208)
Interest expenses	61	51
Foreign exchange losses (gains)	70	(76)
Loss (gain) on sale of property, plant and equipment	(10)	(16)
Loss on retirement of property, plant and equipment	20	17
Loss (gain) on sale of investment securities	–	(8)
Loss (gain) on valuation of investment securities	79	48
Subsidy income	(34)	(53)
Compensation expenses	–	16
Loss on disaster	–	103
Gain on reversal of provision for environmental measures	(58)	–
Loss on termination of retirement benefit plan	94	–
Decrease (increase) in trade receivables	1,127	(636)
Decrease (increase) in inventories	(366)	(989)
Increase (decrease) in trade payables	(1,354)	(88)
Increase/decrease in other assets/liabilities	(60)	255
Increase (decrease) in accrued consumption taxes	141	11
Other, net	13	(157)
Subtotal	3,958	5,619
Interest and dividends received	210	208
Interest paid	(63)	(52)
Subsidies received	34	53
Compensation expenses paid	–	(16)
Income taxes paid	(588)	(484)
Income taxes refund	46	52
Net cash provided by (used in) operating activities	3,597	5,380

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Payments into time deposits	(111)	(157)
Proceeds from withdrawal of time deposits	111	157
Purchase of property, plant and equipment and intangible assets	(2,041)	(2,309)
Proceeds from sale of property, plant and equipment and intangible assets	14	50
Payments for retirement of property, plant and equipment	(6)	(5)
Purchase of investment securities	(1)	(281)
Proceeds from sale and redemption of investment securities	0	79
Loan advances	(28)	(180)
Proceeds from collection of loans receivable	30	35
Purchase of long-term prepaid expenses	(1)	(0)
Payments of guarantee deposits	(117)	(139)
Proceeds from refund of guarantee deposits	88	60
Payments for acquisition of businesses	–	(0)
Other, net	0	0
Net cash provided by (used in) investing activities	(2,060)	(2,689)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	1,262
Proceeds from long-term borrowings	–	80
Repayments of long-term borrowings	(1,449)	(1,138)
Dividends paid	(395)	(393)
Dividends paid to non-controlling interests	(91)	(104)
Proceeds from sale of treasury shares	0	0
Purchase of treasury shares	(2)	(6)
Repayments of lease obligations	(89)	(123)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(20)	–
Net cash provided by (used in) financing activities	(2,049)	(424)
Effect of exchange rate change on cash and cash equivalents	(161)	288
Net increase (decrease) in cash and cash equivalents	(673)	2,554
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	6,769	9,331