

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

October 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: Managing Executive Officer & General Kenji Tsujitsugu TEL 03-5299-8019
 Manager, Corporate Planning Department
 Scheduled date to file Quarterly Securities Report: November 10, 2021
 Scheduled date to commence dividend payments: December 6, 2021
 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, 2021 (from April 1, 2021 to September 30, 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	%
Six months ended September 30, 2021	20,329	4.7	3,361	20.4	3,498	20.6	1,767	41.1
Six months ended September 30, 2020	19,420	10.7	2,792	244.0	2,900	266.2	1,252	122.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	223.26	—
Six months ended September 30, 2020	158.40	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	64,006	45,457	62.5
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 six months ended September 30, 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 September 30, 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 September 30, 2021	495,809 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)

Six months ended September 30, 2021	7,917,615 shares	Six months ended September 30, 2020	7,910,039 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	9,447	11,531
Notes and accounts receivable - trade	12,016	–
Notes and accounts receivable - trade, and contract assets	–	10,690
Merchandise and finished goods	4,828	5,538
Work in process	1,554	963
Raw materials and supplies	1,931	2,338
Other	510	508
Allowance for doubtful accounts	(191)	(124)
Total current assets	30,096	31,446
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,452	6,217
Land	12,085	12,078
Other, net	4,108	4,437
Total property, plant and equipment	22,645	22,732
Intangible assets		
Goodwill	53	46
Software	150	133
Other	41	66
Total intangible assets	245	245
Investments and other assets		
Investment securities	8,245	8,237
Long-term loans receivable	411	412
Deferred tax assets	355	195
Other	801	927
Allowance for doubtful accounts	(192)	(192)
Total investments and other assets	9,621	9,581
Total non-current assets	32,512	32,559
Total assets	62,609	64,006

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,163	4,524
Short-term borrowings	4,455	4,399
Income taxes payable	920	758
Provisions	490	492
Asset retirement obligations	–	72
Contract liabilities	–	28
Other	1,753	1,690
Total current liabilities	11,783	11,964
Non-current liabilities		
Long-term borrowings	2,970	2,468
Deferred tax liabilities	1,623	1,626
Deferred tax liabilities for land revaluation	1,228	1,228
Provisions	0	0
Retirement benefit liability	76	69
Asset retirement obligations	91	19
Other	1,181	1,171
Total non-current liabilities	7,171	6,584
Total liabilities	18,954	18,548
Net assets		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,716	8,718
Retained earnings	14,119	15,637
Treasury shares	(1,670)	(1,665)
Total shareholders' equity	32,362	33,886
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,657	2,645
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	872	687
Total accumulated other comprehensive income	6,314	6,117
Non-controlling interests	4,977	5,453
Total net assets	43,654	45,457
Total liabilities and net assets	62,609	64,006

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, 2020	Six months ended September 30, 2021
Net sales	19,420	20,329
Cost of sales	11,492	11,609
Gross profit	7,927	8,719
Selling, general and administrative expenses	5,134	5,358
Operating profit	2,792	3,361
Non-operating income		
Interest income	5	11
Dividend income	110	131
Rental income from non-current assets	33	41
Miscellaneous income	92	46
Total non-operating income	242	230
Non-operating expenses		
Interest expenses	25	24
Foreign exchange losses	67	25
Environmental maintenance expenses	32	35
Miscellaneous losses	9	7
Total non-operating expenses	134	93
Ordinary profit	2,900	3,498
Extraordinary income		
Gain on sale of non-current assets	2	–
Total extraordinary income	2	–
Extraordinary losses		
Loss on retirement of non-current assets	6	1
Other	–	0
Total extraordinary losses	6	1
Profit before income taxes	2,896	3,496
Income taxes	664	873
Profit	2,231	2,623
Profit attributable to non-controlling interests	978	856
Profit attributable to owners of parent	1,252	1,767

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	2,231	2,623
Other comprehensive income		
Valuation difference on available-for-sale securities	767	(11)
Foreign currency translation adjustment	121	(341)
Total other comprehensive income	889	(353)
Comprehensive income	3,120	2,270
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,084	1,571
Comprehensive income attributable to non-controlling interests	1,035	699

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	2,896	3,496
Depreciation	718	786
Amortization of goodwill	–	5
Increase (decrease) in provisions	10	(60)
Increase (decrease) in retirement benefit liability	2	(7)
Interest and dividend income	(115)	(142)
Interest expenses	25	24
Foreign exchange losses (gains)	15	4
Loss on retirement of property, plant and equipment	6	1
Loss (gain) on sale of property, plant and equipment	(2)	–
Decrease (increase) in trade receivables	1,891	1,183
Decrease (increase) in inventories	(751)	(643)
Increase (decrease) in trade payables	(498)	357
Increase/decrease in other assets/liabilities	1	53
Increase (decrease) in accrued consumption taxes	(101)	(19)
Other, net	8	52
Subtotal	4,107	5,092
Interest and dividends received	115	138
Interest paid	(26)	(24)
Income taxes paid	(351)	(927)
Income taxes refund	52	5
Net cash provided by (used in) operating activities	3,898	4,284
Cash flows from investing activities		
Payments into time deposits	(19)	(506)
Proceeds from withdrawal of time deposits	19	19
Purchase of property, plant and equipment and intangible assets	(1,525)	(894)
Payments for retirement of property, plant and equipment	(2)	(1)
Proceeds from sale of property, plant and equipment and intangible assets	3	–
Purchase of investment securities	(0)	(0)
Loan advances	(154)	(22)
Proceeds from collection of loans receivable	14	19
Payments of guarantee deposits	(101)	(189)
Proceeds from refund of guarantee deposits	19	34
Purchase of long-term prepaid expenses	–	(4)
Other, net	1	0
Net cash provided by (used in) investing activities	(1,746)	(1,545)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Repayments of long-term borrowings	(560)	(558)
Dividends paid	(197)	(196)
Dividends paid to non-controlling interests	(104)	(223)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(2)	(2)
Repayments of lease obligations	(61)	(62)
Net cash provided by (used in) financing activities	(926)	(1,043)
Effect of exchange rate change on cash and cash equivalents	9	(85)
Net increase (decrease) in cash and cash equivalents	1,235	1,609
Cash and cash equivalents at beginning of period	6,769	9,331
Cash and cash equivalents at end of period	8,005	10,940