

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 4, 2022

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 Department Yasuhiro Mohri TEL 03-6852-0327  
 Scheduled date to file Quarterly Securities Report: August 5, 2022  
 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

#### (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	%
Three months ended June 30, 2022	9,965	(2.0)	1,001	(36.3)	1,402	(17.6)	664	(22.6)
Three months ended June 30, 2021	10,173	(1.7)	1,571	(30.5)	1,702	(29.0)	858	(19.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	83.94		–	
Three months ended June 30, 2021	108.45		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	68,317	48,880	61.6
As of March 31, 2022	66,448	47,912	62.3

### 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, 2022	–	30.00	–	30.00	60.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecast)		32.50	–	32.50	65.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	44,000	5.1	4,300	(33.0)	4,300	(37.8)	2,400	(26.1)	303.12

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2022  
(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 June 30, 2022	8,413,726 shares	As of March 31, 2022	8,413,726 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	496,174 shares	As of March 31, 2022	496,038 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	7,917,621 shares	Three months ended June 30, 2021	7,917,260 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	10,943	11,522
Notes and accounts receivable - trade, and contract assets	12,429	11,719
Securities	511	530
Merchandise and finished goods	6,019	6,310
Work in process	1,130	1,207
Raw materials and supplies	2,177	3,146
Other	831	1,183
Allowance for doubtful accounts	(29)	(27)
Total current assets	34,013	35,593
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,282	6,446
Land	11,709	11,717
Other, net	4,458	4,821
Total property, plant and equipment	22,449	22,985
Intangible assets		
Goodwill	43	42
Software	153	179
Other	46	26
Total intangible assets	243	247
Investments and other assets		
Investment securities	7,987	7,877
Long-term loans receivable	233	236
Deferred tax assets	232	195
Other	1,305	1,199
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	9,741	9,491
Total non-current assets	32,435	32,724
Total assets	66,448	68,317

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	4,738	4,769
Short-term borrowings	2,999	4,108
Income taxes payable	1,086	748
Provisions	675	411
Contract liabilities	24	21
Asset retirement obligations	72	–
Other	1,890	2,626
<b>Total current liabilities</b>	<b>11,487</b>	<b>12,687</b>
<b>Non-current liabilities</b>		
Long-term borrowings	3,366	3,134
Deferred tax liabilities	1,259	1,209
Deferred tax liabilities for land revaluation	1,228	1,228
Retirement benefit liability	73	77
Asset retirement obligations	19	81
Other	1,101	1,018
<b>Total non-current liabilities</b>	<b>7,048</b>	<b>6,749</b>
<b>Total liabilities</b>	<b>18,535</b>	<b>19,436</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,196	11,196
Capital surplus	8,718	8,718
Retained earnings	16,883	17,310
Treasury shares	(1,666)	(1,667)
<b>Total shareholders' equity</b>	<b>35,131</b>	<b>35,558</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,303	2,233
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	1,196	1,533
<b>Total accumulated other comprehensive income</b>	<b>6,284</b>	<b>6,551</b>
<b>Non-controlling interests</b>	<b>6,496</b>	<b>6,771</b>
<b>Total net assets</b>	<b>47,912</b>	<b>48,880</b>
<b>Total liabilities and net assets</b>	<b>66,448</b>	<b>68,317</b>

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	10,173	9,965
Cost of sales	5,992	5,904
Gross profit	4,181	4,060
Selling, general and administrative expenses	2,609	3,059
Operating profit	1,571	1,001
Non-operating income		
Interest income	5	18
Dividend income	127	168
Rental income from non-current assets	20	14
Foreign exchange gains	–	209
Miscellaneous income	20	18
Total non-operating income	174	429
Non-operating expenses		
Interest expenses	12	11
Foreign exchange losses	11	–
Environmental maintenance expenses	17	13
Miscellaneous losses	2	3
Total non-operating expenses	43	28
Ordinary profit	1,702	1,402
Extraordinary income		
Gain on sale of non-current assets	–	3
Total extraordinary income	–	3
Extraordinary losses		
Loss on retirement of non-current assets	0	2
Head office relocation expenses	–	18
Other	0	–
Total extraordinary losses	0	21
Profit before income taxes	1,702	1,384
Income taxes	478	417
Profit	1,223	966
Profit attributable to non-controlling interests	365	302
Profit attributable to owners of parent	858	664

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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,223	966
Other comprehensive income		
Valuation difference on available-for-sale securities	(392)	(69)
Foreign currency translation adjustment	11	563
Total other comprehensive income	(381)	493
Comprehensive income	842	1,460
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	476	931
Comprehensive income attributable to non-controlling interests	366	528

## Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,702	1,384
Depreciation	395	418
Amortization of goodwill	2	3
Increase (decrease) in provisions	(283)	(268)
Increase (decrease) in retirement benefit liability	4	3
Interest and dividend income	(132)	(186)
Interest expenses	12	11
Foreign exchange losses (gains)	(4)	(8)
Loss on retirement of property, plant and equipment	0	2
Loss (gain) on sale of property, plant and equipment	-	(3)
Decrease (increase) in trade receivables	289	860
Decrease (increase) in inventories	(435)	(1,218)
Increase (decrease) in trade payables	282	(84)
Increase/decrease in other assets/liabilities	13	(94)
Increase (decrease) in accrued consumption taxes	1	5
Other, net	11	(4)
Subtotal	1,858	819
Interest and dividends received	123	185
Interest paid	(12)	(10)
Income taxes paid	(583)	(775)
Net cash provided by (used in) operating activities	1,386	218
Cash flows from investing activities		
Payments into time deposits	(492)	(1,038)
Proceeds from withdrawal of time deposits	-	517
Purchase of property, plant and equipment and intangible assets	(452)	(670)
Payments for retirement of property, plant and equipment	-	(2)
Proceeds from sale of property, plant and equipment and intangible assets	-	5
Purchase of investment securities	(0)	(0)
Loan advances	(12)	(18)
Proceeds from collection of loans receivable	8	12
Payments of guarantee deposits	(82)	(39)
Proceeds from refund of guarantee deposits	20	2
Purchase of long-term prepaid expenses	(4)	-
Other, net	0	-
Net cash provided by (used in) investing activities	(1,015)	(1,233)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	1,105
Repayments of long-term borrowings	(288)	(231)
Dividends paid to non-controlling interests	(35)	(10)
Purchase of treasury shares	(0)	(0)
Repayments of lease liabilities	(31)	(31)
Net cash provided by (used in) financing activities	(356)	831
Effect of exchange rate change on cash and cash equivalents	21	210
Net increase (decrease) in cash and cash equivalents	36	27
Cash and cash equivalents at beginning of period	9,331	10,365
Cash and cash equivalents at end of period	9,367	10,392