

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 8, 2022

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 03-6852-0327
 Department
 Scheduled date to file Quarterly Securities Report: November 9, 2022
 Scheduled date to commence dividend payments: December 9, 2022
 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, 2022 (from April 1, 2022 to September 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	%
Six months ended September 30, 2022	20,579	1.2	1,963	(41.6)	2,526	(27.8)	1,398	(20.9)
Six months ended September 30, 2021	20,329	4.7	3,361	20.4	3,498	20.6	1,767	41.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	176.55		-	
Six months ended September 30, 2021	223.26		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	67,196	48,377	62.3
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	-	32.50	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	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 six months ended September 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 September 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 September 30, 2022	489,460 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)

Six months ended September 30, 2022	7,919,511 shares	Six months ended September 30, 2021	7,917,615 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	10,943	11,795
Notes and accounts receivable - trade, and contract assets	12,429	10,930
Securities	511	-
Merchandise and finished goods	6,019	6,917
Work in process	1,130	1,271
Raw materials and supplies	2,177	2,593
Other	831	876
Allowance for doubtful accounts	(29)	(19)
Total current assets	34,013	34,364
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,282	6,443
Land	11,709	11,708
Other, net	4,458	5,039
Total property, plant and equipment	22,449	23,191
Intangible assets		
Goodwill	43	37
Software	153	181
Other	46	42
Total intangible assets	243	262
Investments and other assets		
Investment securities	7,987	7,789
Long-term loans receivable	233	239
Deferred tax assets	232	195
Other	1,305	1,171
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	9,741	9,377
Total non-current assets	32,435	32,831
Total assets	66,448	67,196

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,738	4,634
Short-term borrowings	2,999	3,999
Income taxes payable	1,086	691
Provisions	675	680
Contract liabilities	24	81
Asset retirement obligations	72	–
Other	1,890	2,321
Total current liabilities	11,487	12,407
Non-current liabilities		
Long-term borrowings	3,366	2,864
Deferred tax liabilities	1,259	1,176
Deferred tax liabilities for land revaluation	1,228	1,228
Retirement benefit liability	73	77
Asset retirement obligations	19	81
Other	1,101	982
Total non-current liabilities	7,048	6,410
Total liabilities	18,535	18,818
Net assets		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	8,718	7,948
Retained earnings	16,883	18,044
Treasury shares	(1,666)	(1,644)
Total shareholders' equity	35,131	35,544
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,303	2,224
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	1,196	1,289
Total accumulated other comprehensive income	6,284	6,298
Non-controlling interests	6,496	6,534
Total net assets	47,912	48,377
Total liabilities and net assets	66,448	67,196

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, 2021	Six months ended September 30, 2022
Net sales	20,329	20,579
Cost of sales	11,609	12,271
Gross profit	8,719	8,308
Selling, general and administrative expenses	5,358	6,344
Operating profit	3,361	1,963
Non-operating income		
Interest income	11	45
Dividend income	131	173
Rental income from non-current assets	41	29
Foreign exchange gains	–	346
Miscellaneous income	46	31
Total non-operating income	230	625
Non-operating expenses		
Interest expenses	24	23
Foreign exchange losses	25	–
Environmental maintenance expenses	35	30
Miscellaneous losses	7	7
Total non-operating expenses	93	61
Ordinary profit	3,498	2,526
Extraordinary income		
Gain on sale of investment securities	–	57
Gain on sale of non-current assets	–	3
Total extraordinary income	–	60
Extraordinary losses		
Loss on retirement of non-current assets	1	27
Head office relocation expenses	–	19
Other	0	–
Total extraordinary losses	1	46
Profit before income taxes	3,496	2,540
Income taxes	873	597
Profit	2,623	1,942
Profit attributable to non-controlling interests	856	544
Profit attributable to owners of parent	1,767	1,398

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,623	1,942
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(79)
Foreign currency translation adjustment	(341)	57
Total other comprehensive income	(353)	(21)
Comprehensive income	2,270	1,921
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,571	1,412
Comprehensive income attributable to non-controlling interests	699	508

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,496	2,540
Depreciation	786	878
Amortization of goodwill	5	6
Increase (decrease) in provisions	(60)	(6)
Increase (decrease) in retirement benefit liability	(7)	3
Interest and dividend income	(142)	(218)
Interest expenses	24	23
Foreign exchange losses (gains)	4	(78)
Loss on retirement of property, plant and equipment	1	27
Loss (gain) on sale of property, plant and equipment	–	(3)
Loss (gain) on sale of investment securities	–	(57)
Decrease (increase) in trade receivables	1,183	1,628
Decrease (increase) in inventories	(643)	(1,442)
Increase (decrease) in trade payables	357	(253)
Increase/decrease in other assets/liabilities	53	301
Increase (decrease) in accrued consumption taxes	(19)	(110)
Other, net	52	37
Subtotal	5,092	3,276
Interest and dividends received	138	209
Interest paid	(24)	(23)
Income taxes paid	(927)	(1,071)
Income taxes refund	5	–
Net cash provided by (used in) operating activities	4,284	2,390
Cash flows from investing activities		
Payments into time deposits	(506)	(1,155)
Proceeds from withdrawal of time deposits	19	533
Purchase of property, plant and equipment and intangible assets	(894)	(1,411)
Payments for retirement of property, plant and equipment	(1)	(2)
Proceeds from sale of property, plant and equipment and intangible assets	–	5
Payments for asset retirement obligations	–	(72)
Purchase of investment securities	(0)	(52)
Proceeds from sale of investment securities	–	282
Proceeds from redemption of securities	–	519
Loan advances	(22)	(39)
Proceeds from collection of loans receivable	19	25
Payments of guarantee deposits	(189)	(23)
Proceeds from refund of guarantee deposits	34	172
Purchase of long-term prepaid expenses	(4)	–
Other, net	0	(31)
Net cash provided by (used in) investing activities	(1,545)	(1,249)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	1,000
Repayments of long-term borrowings	(558)	(502)
Dividends paid	(196)	(236)
Dividends paid to non-controlling interests	(223)	(253)
Proceeds from sale of treasury shares	–	0
Purchase of treasury shares	(2)	(0)
Repayments of lease liabilities	(62)	(64)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(987)
Net cash provided by (used in) financing activities	(1,043)	(1,045)
Effect of exchange rate change on cash and cash equivalents	(85)	149
Net increase (decrease) in cash and cash equivalents	1,609	244
Cash and cash equivalents at beginning of period	9,331	10,365
Cash and cash equivalents at end of period	10,940	10,610