

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 2023

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 10, 2023  
 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, 2023 (from April 1, 2023 to June 30, 2023)

#### (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, 2023	10,041	0.8	337	(66.3)	768	(45.2)	369	(44.4)
Three months ended June 30, 2022	9,965	(2.0)	1,001	(36.3)	1,402	(17.6)	664	(22.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	46.63		–	
Three months ended June 30, 2022	83.94		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	75,373	52,523	58.5
As of March 31, 2023	72,051	49,897	59.5

### 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, 2023	–	32.50	–	32.50	65.00
Year ending March 31, 2024	–				
Year ending March 31, 2024 (Forecast)		37.50	–	37.50	75.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	47,000	8.5	3,900	5.4	4,300	2.1	2,400	7.9	302.97

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023  
 (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 June 30, 2023	8,413,726 shares	As of March 31, 2023	8,413,726 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	476,693 shares	As of March 31, 2023	489,635 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, 2023	7,930,533 shares	Three months ended June 30, 2022	7,917,621 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,487	13,442
Notes and accounts receivable - trade, and contract assets	12,982	10,983
Merchandise and finished goods	7,707	7,706
Work in process	1,412	1,874
Raw materials and supplies	2,905	2,925
Other	1,155	1,413
Allowance for doubtful accounts	(54)	(37)
Total current assets	36,596	38,308
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,276	7,014
Land	11,712	11,727
Other, net	5,740	7,240
Total property, plant and equipment	23,729	25,982
Intangible assets		
Goodwill	32	31
Software	171	200
Other	37	174
Total intangible assets	241	407
Investments and other assets		
Investment securities	8,524	8,738
Long-term loans receivable	1,341	109
Deferred tax assets	211	301
Other	1,425	1,543
Allowance for doubtful accounts	(18)	(17)
Total investments and other assets	11,483	10,675
Total non-current assets	35,454	37,065
Total assets	72,051	75,373

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,600	4,825
Short-term borrowings	5,289	5,253
Short-term bonds payable	—	54
Income taxes payable	330	448
Provisions	565	339
Contract liabilities	14	3
Other	2,172	2,758
Total current liabilities	12,972	13,683
Non-current liabilities		
Long-term borrowings	5,232	5,036
Provisions	—	8
Deferred tax liabilities	1,638	1,773
Deferred tax liabilities for land revaluation	1,228	1,228
Retirement benefit liability	81	84
Asset retirement obligations	81	103
Other	918	930
Total non-current liabilities	9,181	9,165
<b>Total liabilities</b>	<b>22,153</b>	<b>22,849</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	7,943	7,939
Retained earnings	18,612	18,854
Treasury shares	(1,640)	(1,597)
Total shareholders' equity	36,111	36,393
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,544	2,872
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	1,395	2,061
Total accumulated other comprehensive income	6,723	7,718
Non-controlling interests	7,061	8,411
<b>Total net assets</b>	<b>49,897</b>	<b>52,523</b>
<b>Total liabilities and net assets</b>	<b>72,051</b>	<b>75,373</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, 2022	Three months ended June 30, 2023
Net sales	9,965	10,041
Cost of sales	5,904	6,577
Gross profit	4,060	3,463
Selling, general and administrative expenses	3,059	3,126
Operating profit	1,001	337
Non-operating income		
Interest income	18	46
Dividend income	168	155
Rental income from non-current assets	14	14
Foreign exchange gains	209	227
Miscellaneous income	18	32
Total non-operating income	429	475
Non-operating expenses		
Interest expenses	11	19
Environmental maintenance expenses	13	18
Miscellaneous losses	3	6
Total non-operating expenses	28	43
Ordinary profit	1,402	768
Extraordinary income		
Gain on sale of non-current assets	3	0
Total extraordinary income	3	0
Extraordinary losses		
Loss on retirement of non-current assets	2	8
Head office relocation expenses	18	–
Total extraordinary losses	21	8
Profit before income taxes	1,384	760
Income taxes	417	228
Profit	966	532
Profit attributable to non-controlling interests	302	162
Profit attributable to owners of parent	664	369

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

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	966	532
Other comprehensive income		
Valuation difference on available-for-sale securities	(69)	328
Foreign currency translation adjustment	563	1,167
Total other comprehensive income	493	1,495
Comprehensive income	1,460	2,027
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	931	1,364
Comprehensive income attributable to non-controlling interests	528	663

## Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,384	760
Depreciation	418	523
Amortization of goodwill	3	3
Increase (decrease) in provisions	(268)	(238)
Increase (decrease) in retirement benefit liability	3	3
Interest and dividend income	(186)	(201)
Interest expenses	11	19
Foreign exchange losses (gains)	(8)	(28)
Loss on retirement of property, plant and equipment	2	8
Loss (gain) on sale of property, plant and equipment	(3)	(0)
Decrease (increase) in trade receivables	860	2,222
Decrease (increase) in inventories	(1,218)	(308)
Increase (decrease) in trade payables	(84)	117
Increase/decrease in other assets/liabilities	(94)	60
Increase (decrease) in accrued consumption taxes	5	(17)
Other, net	(4)	(115)
Subtotal	819	2,808
Interest and dividends received	185	187
Interest paid	(10)	(21)
Income taxes paid	(775)	(261)
Net cash provided by (used in) operating activities	218	2,713
Cash flows from investing activities		
Payments into time deposits	(1,038)	(105)
Proceeds from withdrawal of time deposits	517	1,078
Purchase of property, plant and equipment and intangible assets	(670)	(1,175)
Payments for retirement of property, plant and equipment	(2)	(0)
Proceeds from sale of property, plant and equipment and intangible assets	5	0
Purchase of investment securities	(0)	(0)
Loan advances	(18)	(16)
Proceeds from collection of loans receivable	12	8
Payments of guarantee deposits	(39)	(31)
Proceeds from refund of guarantee deposits	2	20
Other, net	-	(0)
Net cash provided by (used in) investing activities	(1,233)	(222)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,105	–
Repayments of long-term borrowings	(231)	(231)
Dividends paid	–	(0)
Dividends paid to non-controlling interests	(10)	(54)
Purchase of treasury shares	(0)	(0)
Repayments of lease liabilities	(31)	(34)
Net cash provided by (used in) financing activities	831	(321)
Effect of exchange rate change on cash and cash equivalents	210	268
Net increase (decrease) in cash and cash equivalents	27	2,437
Cash and cash equivalents at beginning of period	10,365	6,708
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	1,280
Cash and cash equivalents at end of period	10,392	10,426