

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 13, 2023

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 14, 2023
 Scheduled date to commence dividend payments: December 14, 2023
 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, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	20,451	(0.6)	1,245	(36.6)	1,814	(28.2)	909	(35.0)
Six months ended September 30, 2022	20,579	1.2	1,963	(41.6)	2,526	(27.8)	1,398	(20.9)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	114.63		-	
Six months ended September 30, 2022	176.55		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	77,482	54,203	58.6
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	-	37.50	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	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 six months ended September 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 September 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 September 30, 2023	476,899 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)

Six months ended September 30, 2023	7,933,264 shares	Six months ended September 30, 2022	7,919,511 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	10,487	14,549
Notes and accounts receivable - trade, and contract assets	12,982	10,664
Merchandise and finished goods	7,707	7,761
Work in process	1,412	1,286
Raw materials and supplies	2,905	3,202
Other	1,155	1,020
Allowance for doubtful accounts	(54)	(18)
Total current assets	36,596	38,465
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,276	6,942
Land	11,712	11,729
Other, net	5,740	8,170
Total property, plant and equipment	23,729	26,843
Intangible assets		
Goodwill	32	28
Software	171	215
Other	37	184
Total intangible assets	241	427
Investments and other assets		
Investment securities	8,524	9,583
Long-term loans receivable	1,341	111
Deferred tax assets	211	317
Other	1,425	1,752
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	11,483	11,746
Total non-current assets	35,454	39,017
Total assets	72,051	77,482

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,600	4,820
Short-term borrowings	5,289	5,179
Income taxes payable	330	634
Provisions	565	566
Contract liabilities	14	40
Other	2,172	2,909
Total current liabilities	12,972	14,149
Non-current liabilities		
Long-term borrowings	5,232	4,840
Provisions	–	195
Deferred tax liabilities	1,638	1,988
Deferred tax liabilities for land revaluation	1,228	1,228
Retirement benefit liability	81	88
Asset retirement obligations	81	103
Other	918	687
Total non-current liabilities	9,181	9,130
Total liabilities	22,153	23,279
Net assets		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	7,943	7,933
Retained earnings	18,612	19,394
Treasury shares	(1,640)	(1,591)
Total shareholders' equity	36,111	36,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,544	3,526
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	1,395	2,181
Total accumulated other comprehensive income	6,723	8,491
Non-controlling interests	7,061	8,778
Total net assets	49,897	54,203
Total liabilities and net assets	72,051	77,482

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, 2022	Six months ended September 30, 2023
Net sales	20,579	20,451
Cost of sales	12,271	12,974
Gross profit	8,308	7,476
Selling, general and administrative expenses	6,344	6,231
Operating profit	1,963	1,245
Non-operating income		
Interest income	45	90
Dividend income	173	161
Rental income from non-current assets	29	28
Foreign exchange gains	346	269
Miscellaneous income	31	102
Total non-operating income	625	652
Non-operating expenses		
Interest expenses	23	39
Environmental maintenance expenses	30	38
Miscellaneous losses	7	5
Total non-operating expenses	61	83
Ordinary profit	2,526	1,814
Extraordinary income		
Gain on sale of investment securities	57	–
Gain on sale of non-current assets	3	0
Total extraordinary income	60	0
Extraordinary losses		
Loss on retirement of non-current assets	27	11
Loss on valuation of investment securities	–	34
Head office relocation expenses	19	–
Total extraordinary losses	46	46
Profit before income taxes	2,540	1,768
Income taxes	597	412
Profit	1,942	1,355
Profit attributable to non-controlling interests	544	446
Profit attributable to owners of parent	1,398	909

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,942	1,355
Other comprehensive income		
Valuation difference on available-for-sale securities	(79)	981
Foreign currency translation adjustment	57	1,369
Total other comprehensive income	(21)	2,351
Comprehensive income	1,921	3,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,412	2,677
Comprehensive income attributable to non-controlling interests	508	1,030

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,540	1,768
Depreciation	878	1,087
Amortization of goodwill	6	6
Increase (decrease) in provisions	(6)	155
Increase (decrease) in retirement benefit liability	3	6
Interest and dividend income	(218)	(252)
Interest expenses	23	39
Foreign exchange losses (gains)	(78)	(39)
Loss on retirement of property, plant and equipment	27	11
Loss (gain) on sale of property, plant and equipment	(3)	(0)
Loss (gain) on valuation of investment securities	–	34
Loss (gain) on sale of investment securities	(57)	–
Decrease (increase) in trade receivables	1,628	2,566
Decrease (increase) in inventories	(1,442)	255
Increase (decrease) in trade payables	(253)	77
Increase/decrease in other assets/liabilities	301	(253)
Increase (decrease) in accrued consumption taxes	(110)	405
Other, net	37	(180)
Subtotal	3,276	5,687
Interest and dividends received	209	198
Interest paid	(23)	(40)
Income taxes paid	(1,071)	(376)
Income taxes refund	–	262
Net cash provided by (used in) operating activities	2,390	5,732
Cash flows from investing activities		
Payments into time deposits	(1,155)	(127)
Proceeds from withdrawal of time deposits	533	1,125
Purchase of property, plant and equipment and intangible assets	(1,411)	(2,272)
Payments for retirement of property, plant and equipment	(2)	(7)
Proceeds from sale of property, plant and equipment and intangible assets	5	0
Payments for asset retirement obligations	(72)	–
Purchase of investment securities	(52)	(0)
Proceeds from sale of investment securities	282	–
Proceeds from redemption of securities	519	–
Loan advances	(39)	(27)
Proceeds from collection of loans receivable	25	18
Payments of guarantee deposits	(23)	(234)
Proceeds from refund of guarantee deposits	172	63
Other, net	(31)	(0)
Net cash provided by (used in) investing activities	(1,249)	(1,462)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	–
Repayments of long-term borrowings	(502)	(502)
Dividends paid	(236)	(260)
Dividends paid to non-controlling interests	(253)	(174)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(0)	(1)
Repayments of lease liabilities	(64)	(69)
Redemption of bonds	–	(54)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(987)	–
Net cash provided by (used in) financing activities	(1,045)	(1,061)
Effect of exchange rate change on cash and cash equivalents	149	305
Net increase (decrease) in cash and cash equivalents	244	3,514
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	10,610	11,502