

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 13, 2024

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: February 14, 2024
 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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	31,642	(0.6)	2,412	(23.0)	3,012	(15.9)	1,563	(9.9)
Nine months ended December 31, 2022	31,824	2.3	3,132	(37.1)	3,581	(32.5)	1,734	(38.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	197.09		–	
Nine months ended December 31, 2022	219.03		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	78,038	54,963	58.9
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 nine months ended December 31, 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 December 31, 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 December 31, 2023	477,046 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)

Nine months ended December 31, 2023	7,934,301 shares	Nine months ended December 31, 2022	7,920,928 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	10,487	13,249
Notes and accounts receivable - trade, and contract assets	12,982	11,212
Merchandise and finished goods	7,707	8,178
Work in process	1,412	1,583
Raw materials and supplies	2,905	2,644
Other	1,155	966
Allowance for doubtful accounts	(54)	(19)
Total current assets	36,596	37,814
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,276	8,527
Land	11,712	11,728
Other, net	5,740	7,189
Total property, plant and equipment	23,729	27,445
Intangible assets		
Goodwill	32	24
Software	171	225
Other	37	312
Total intangible assets	241	562
Investments and other assets		
Investment securities	8,524	9,961
Long-term loans receivable	1,341	131
Deferred tax assets	211	355
Other	1,425	1,786
Allowance for doubtful accounts	(18)	(17)
Total investments and other assets	11,483	12,217
Total non-current assets	35,454	40,224
Total assets	72,051	78,038

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,600	4,689
Short-term borrowings	5,289	5,083
Income taxes payable	330	611
Provisions	565	364
Contract liabilities	14	22
Other	2,172	3,266
Total current liabilities	12,972	14,037
Non-current liabilities		
Long-term borrowings	5,232	4,644
Provisions	–	215
Deferred tax liabilities	1,638	2,080
Deferred tax liabilities for land revaluation	1,228	1,228
Retirement benefit liability	81	92
Asset retirement obligations	81	103
Other	918	674
Total non-current liabilities	9,181	9,038
Total liabilities	22,153	23,075
Net assets		
Shareholders' equity		
Share capital	11,196	11,196
Capital surplus	7,943	7,933
Retained earnings	18,612	19,743
Treasury shares	(1,640)	(1,592)
Total shareholders' equity	36,111	37,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,544	3,794
Revaluation reserve for land	2,784	2,784
Foreign currency translation adjustment	1,395	2,095
Total accumulated other comprehensive income	6,723	8,673
Non-controlling interests	7,061	9,008
Total net assets	49,897	54,963
Total liabilities and net assets	72,051	78,038

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	31,824	31,642
Cost of sales	19,128	19,515
Gross profit	12,695	12,127
Selling, general and administrative expenses	9,562	9,714
Operating profit	3,132	2,412
Non-operating income		
Interest income	83	126
Dividend income	289	290
Foreign exchange gains	30	146
Rental income from non-current assets	44	42
Miscellaneous income	93	121
Total non-operating income	542	727
Non-operating expenses		
Interest expenses	37	57
Environmental maintenance expenses	46	62
Miscellaneous losses	9	8
Total non-operating expenses	93	127
Ordinary profit	3,581	3,012
Extraordinary income		
Gain on sale of investment securities	57	–
Gain on sale of non-current assets	67	0
Total extraordinary income	124	0
Extraordinary losses		
Loss on retirement of non-current assets	31	12
Loss on valuation of investment securities	8	37
Head office relocation expenses	19	–
Total extraordinary losses	59	50
Profit before income taxes	3,646	2,962
Income taxes	1,029	666
Profit	2,616	2,295
Profit attributable to non-controlling interests	882	732
Profit attributable to owners of parent	1,734	1,563

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	2,616	2,295
Other comprehensive income		
Valuation difference on available-for-sale securities	(103)	1,249
Foreign currency translation adjustment	622	1,228
Total other comprehensive income	519	2,477
Comprehensive income	3,136	4,773
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,033	3,513
Comprehensive income attributable to non-controlling interests	1,103	1,260

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,646	2,962
Depreciation	1,390	1,729
Amortization of goodwill	9	9
Increase (decrease) in provisions	(282)	(25)
Increase (decrease) in retirement benefit liability	6	10
Interest and dividend income	(373)	(417)
Interest expenses	37	57
Foreign exchange losses (gains)	82	(11)
Loss (gain) on sale of property, plant and equipment	(67)	(0)
Loss on retirement of property, plant and equipment	31	12
Loss (gain) on valuation of investment securities	8	37
Loss (gain) on sale of investment securities	(57)	–
Decrease (increase) in trade receivables	1,266	2,005
Decrease (increase) in inventories	(4,190)	146
Increase (decrease) in trade payables	1,020	(19)
Increase/decrease in other assets/liabilities	221	(263)
Increase (decrease) in accrued consumption taxes	(422)	437
Other, net	11	(95)
Subtotal	2,339	6,575
Interest and dividends received	343	478
Interest paid	(37)	(58)
Income taxes paid	(1,726)	(714)
Income taxes refund	–	262
Net cash provided by (used in) operating activities	919	6,542
Cash flows from investing activities		
Payments into time deposits	(3,857)	(2,235)
Proceeds from withdrawal of time deposits	541	4,009
Purchase of property, plant and equipment and intangible assets	(2,446)	(3,866)
Proceeds from sale of property, plant and equipment and intangible assets	69	0
Payments for retirement of property, plant and equipment	(9)	(8)
Payments for asset retirement obligations	(72)	–
Purchase of investment securities	(52)	(1)
Proceeds from sale of investment securities	282	–
Proceeds from redemption of securities	522	–
Loan advances	(1,050)	(56)
Proceeds from collection of loans receivable	44	32
Payments of guarantee deposits	(126)	(268)
Proceeds from refund of guarantee deposits	184	106
Purchase of long-term prepaid expenses	(0)	(1)
Other, net	(33)	(87)
Net cash provided by (used in) investing activities	(6,003)	(2,377)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,000	–
Repayments of long-term borrowings	(733)	(793)
Dividends paid	(236)	(261)
Dividends paid to non-controlling interests	(253)	(174)
Proceeds from sale of treasury shares	0	–
Purchase of treasury shares	(1)	(1)
Repayments of lease liabilities	(98)	(103)
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	689	(1,388)
Effect of exchange rate change on cash and cash equivalents	67	227
Net increase (decrease) in cash and cash equivalents	(4,326)	3,004
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	6,038	10,993