Summary of Consolidated Financial Statements for Third Quarter of Fiscal Year Ending March 31, 2022(Japan GAAP)

February 10, 2022
Listed Exchanges: TSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.
Code: 4028 URL https://www.iskweb.co.jp/
Representative: (Title) Executive Director President (Name) Hideo Takahashi
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Scheduled date of securities report submission: February 14, 2022
Scheduled date of dividend payment commencement: —

(Any amount less than one million yen is rounded down to the nearest million yen or nil.)

1. Consolidated Financial Results for Third Quarter of Fiscal Year Ended March 31,2022(April 1,2021 to December 31, 2021)

(1) Consolidated Operating Results

(Percentages represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
3Q, 2021	78,947	16.3	5,925	—	6,083	—	4,768	—
3Q, 2020	67,874	-4.0	-508	—	-1,249	—	-,2789	—

(Note) Comprehensive income: as of December 31, 2021: 5,394 million yen (—%),
as of December 31,2020: -2,649 million yen (—%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
3Q, 2021	119.34	—
3Q, 2020	-69.80	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
3Q, 2021	180,862	83,936	46.4
Year ended March 31, 2021	180,021	79,515	44.2

(Reference) Equity capital: as of December 31, 2021: 83,936million yen, as of March 31, 2021: 79,515 million yen

2. Dividends

	Dividends per share				
(Record date)	June 30 (Q1-end)	September 30 (Q2-end)	December 31 (Q3-end)	March 31 (Year-end)	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	0.00	—	18.00	18.00
Year ended March 31, 2022	—	0.00	—		
Year ending March 31, 2022 (Forecast)				25.00	25.00

(Note) 1. Modification in the dividend forecast for current quarter: No modification

3. Forecast for Consolidated Results for the Full Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

(Percentages represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full year	110,000	—	9,000	74.0	8,500	43.0	6,500	92.7	162.68

(Note) Modification in the dividend forecast for current quarter: No modification

(Note) Financial forecasts for the year ending March 31,2022 are in line with the Accounting Standard for Revenue Recognition.
This is why the rate of increase (decrease) in net sales in FY2020 before applying the standard cannot be announced.

* This is an English translation of Summary originally written in Japanese and disclosed to TSE.
For official purposes, the Japanese version takes preference over this English translation

4. Other information

(1) Significant changes in subsidiaries during the period
(changes in specified subsidiaries resulting in the change in consolidation scope): No

(2) Adoption of simplified accounting treatment and special accounting treatment for quarterly consolidated statement: No

(3) Changes in accounting principles, procedures, and the method of presentation

1) Changes due to revisions of accounting standards etc.	: Adopted
2) Changes other than those defined in 1) above	: Adopted
3) Changes in accounting procedures	: No
4) Changes in the method of presentation	: No

(4) Issued shares (common shares)

1) Issued shares as of period-end (including repurchased treasury shares)

As of December 31, 2021: 40,383,943 shares	As of March 31, 2021: 40,383,943 shares

2) Number of shares of treasury stock as of period-end

As of December 31, 2021: 430,135shares	As of March 31, 2021: 427,338 shares

3) Average number of outstanding shares during period

3Q 2021: 39,955,201 shares	3Q 2020: 39,959,649 shares

*Quarterly financial results are outside the scope of quarterly review.

*Notes on proper use of forecast and other matters

The forecast of financial results presented in this document is the result of management's assessment based upon currently available assumptions, prospects and plans for the future. Actual results and dividend payments may differ from these forecasts, due to risks and uncertain factors, such as the global economy, competition, and foreign currency fluctuations.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: millions of yen)

Account Category	As of March 31, 2021 (summary)	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	25,941	34,178
Notes and accounts receivable – trade	34,235	—
Notes and accounts receivable-trade and contract assets	—	27,899
Merchandise and finished goods	31,180	28,302
Work in process	5,040	5,509
Raw materials and supplies	18,253	19,219
Other	3,456	4,510
Allowance for doubtful accounts	-1,104	-1,138
Total current assets	117,003	118,481
Non-current assets		
Property, plant and equipment		
Machinery equipment, net	20,056	21,101
Others, net	27,051	25,181
Total property, plant and equipment	47,107	46,282
Intangible assets	551	961
Investments and other assets		
Investment securities	6,187	6,175
Deferred tax assets	8,547	8,452
Net defined benefit asset	10	11
Other	698	582
Allowance for doubtful accounts	-84	-83
Total investments and other assets	15,358	15,136
Total non-current assets	63,017	62,380
Total assets	180,021	180,862

(Unit: millions of yen)

Account Category	As of March 31, 2021 (summary)	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	14,476	16,823
Short-term loans payable	16,423	16,275
Currents portion of bonds	1,118	1,118
Accrued income taxes	614	535
Provision	942	607
Other	8,627	10,149
Total current liabilities	42,203	45,509
Long-term liabilities		
Bonds payable	5,017	4,353
Long-term loans payable	33,130	27,829
Provision for environment and safety improvement	1,741	1,452
Other provision	227	116
Net defined benefit liability	12,693	12,923
Liabilities from application of equity method	451	737
Other	5,040	4,003
Total long-term liabilities	58,302	51,416
Total Liabilities	100,506	96,925
Net assets		
Shareholder's equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	27,872	31,671
Treasury shares	-730	-734
Total shareholders' equity	81,189	84,984
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-308	-308
Foreign currency translation adjustment	-1,286	-699
Remeasurements of defined benefit plans	-78	-40
Total accumulated other comprehensive income	-1,674	-1,048
Total net assets	79,515	83,936
Total liabilities and net assets	180,021	180,862

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q3 2020 (April 1,2020 to December 31, 2020)	Q3 2021 (April 1,2021 to December 31, 2021
Net sales	67,874	78,947
Cost of sales	51,491	57,537
Gross profit	16,382	21,409
Selling, general and administrative expenses	16,891	15,483
Operating income(loss) (-)	-508	5,925
Non-operating income		
Interest income	21	11
Dividend income	143	167
Foreign exchange gains	—	672
Reversal of allowance for doubtful accounts	355	—
Gain on sales of raw materials	135	100
Other	107	242
Total non-operating income	763	1,194
Non-operating expenses		
Interest expenses	402	407
Financial fee	182	203
Share of loss of entities accounted for using equity method	435	262
Foreign exchange losses	297	—
Other	186	163
Total non-operating expenses	1,505	1,037
Ordinary income(loss) (-)	-1,249	6,083
Extraordinary income		
Gain on forgiveness of debts	—	552
Other	—	160
Total extraordinary income	—	713
Extraordinary loss		
Impairment loss	314	—
Loss on disposal of non-current assets	502	804
Loss on business withdrawal	758	—
Total extraordinary losses	1,574	804
Income (loss) before income taxes and minority interests (-)	-2,824	5,991
Income taxes-current	313	938
Income taxes – deferred	-348	284
Total income taxes	-35	1,222
Net income (loss) (-)	-2,789	4,768
Profit (loss) attributable to owners of parent (-)	-2,789	4,768

(Unit: millions of yen)

Account Category	Q3 2020 (April 1,2020 to December 31, 2020)	Q3 2021 (April 1,2021 to December 31, 2021)
Net income (loss) (-)	-2,789	4,768
Other comprehensive income		
Valuation difference on available-for-sale securities	190	0
Foreign currency translation adjustment	-83	608
Remeasurements of defined benefit plans	47	38
Share of other comprehensive income of entities accounted for using equity method	-13	-20
Total other comprehensive income	139	626
Comprehensive income	-2,649	5,394
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	-2,649	5,394

(3) Notes to Quarterly Consolidated Financial Statements

(Note to events and conditions which indicate there could be substantial doubt about going concern assumption)

We do not note significant changes.

(Note to significant changes in shareholders' equity)

We do not note significant changes.

6. Segment Information

【Business Segment Information】
3Q of Fiscal Year Ended March 31, 2021 (April 1,2020 to December 31, 2020)

(1) Information relating sales, profits, losses, for each reporting unit

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Other Businesses	Total	Elimination/ Corporate	Consolidated
Sales						
(1) Sales to external customers	34,598	30,648	2,627	67,874	—	67,874
(2) Intersegment sales and transfers	—	—	3,503	3,503	-3,503	—
Total	34,598	30,648	6,130	71,377	-3,503	67,874
Segment profit or loss (-)	-667	1,772	294	1,399	-1,908	-508

(Note) 1. Adjustment include the following items

(1) Adjustment in segment profit or loss (-￥1,908 million) includes elimination of transaction between segments (￥28million) and corporate expenses not allocated to reporting segments(-￥1,936 million). Corporate expenses mainly comprise general expenses not allocated segments.

(2) Segment profit or loss is adjusted to be consistent with operating loss shown on the quarterly consolidated income statement.

(2) Geographical information

Net Sales (Unit: millions of yen)

Japan	Asia	America	Europe	Other	Total
32,999	12,645	10,097	11,935	196	67,874

(Note) 1. Net sales by geographic segment are based on nations or regions where customers reside.

2. Grouping of countries and regions is based on the geographic proximity and relevance of businesses.
Countries and regions included in each geographic segment are follows, excluding Japan:

(1) Asia : China, Taiwan, South Korea, Thailand, Indonesia, Singapore and India
(2) Americas: United States of America, Canada, Brazil, Argentina, and Mexico
(3) Europe : Germany, Netherlands, France, the United Kingdom, Belgium, Italy, and East Europe and Middle East regions
(4) Other : Australia, New Zealand and Africa

(3) Information concerning impairment loss or goodwill on non-current assets by segment

(Significant impairment loss on non-current assets)

In the Inorganic Chemicals segment , we posted an impairment loss on non-current asset of 314million yen for machineries and equipment.

In the Organic Chemicals segment , we posted an impairment loss on non-current asset of 54million yen for machineries and equipment.

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2022(April 1,2021 to December31, 2021)

(1) Information relating sales, profits, losses, for each reporting unit

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Other Businesses	Total	Adjustment	Amount reported on consolidated financial statements
Sales (1) Sales to external customers	44,242	32,522	2,181	78,947	—	78,947
(2) Intersegment sales and transfers	—	—	3,265	3,265	-3,625	—
Total	44,242	32,522	5,446	82,212	-3,265	78,947
Segment profit	4,620	2,773	352	7,746	-1,821	5,925

(Note) 1. Adjustment include the following items

(1) Adjustment in segment profit (-￥1,821 million) includes elimination of transaction between segments (￥45million) and corporate expenses not allocated to reporting segments(-￥1,866 million). Corporate expenses mainly comprise general expenses not allocated segments.

(2) Segment profit is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

(2) Geographical information

Net Sales (Unit: millions of yen)

Japan	Asia	America	Europe	Other	Total
33,522	19,040	12,711	13,427	245	78,947

(Note) 1. Net sales by geographic segment are based on nations or regions where customers reside.

2. Grouping of countries and regions is based on the geographic proximity and relevance of businesses.
Countries and regions included in each geographic segment are follows, excluding Japan:

(1) Asia : China, Taiwan, South Korea, Thailand, Indonesia, Singapore, and India

(2) Americas : United States of America, Canada, Brazil, Argentina, and Mexico

(3) Europe : Germany, Netherlands, France, the United Kingdom, Belgium, Italy, and East Europe and Middle East regions

(4) Other : Australia, New Zealand and Africa

(3) Information concerning impairment loss or goodwill on non-current assets by segment

We do not note significant changes.

(4) Matters Regarding the Changes in Reportable Segment, etc.

The Accounting Standard for Revenue Recognition, etc. has been applied since the beginning of the first quarter of the current consolidated fiscal year. As a result of a change in the method of accounting treatment for revenue recognition, the method of measuring profit or loss in each business segment has also been changed accordingly.

As a result of this change, segment sales for the third three months of the current consolidated fiscal year decreased by 61 million yen for the “Inorganic Chemicals” segment, 1,083 million yen for the “Organic Chemicals” segment, and 1,086 million yen for the “Other Business” segment, compared with the previous method. Also, segment profit of the “Inorganic Chemicals” decreased by 6 million yen and segment profit of the “Other Business” decreased by 2 million, compared with the previous method.