

# Summary of Consolidated Financial Statements for Third Quarter of Fiscal Year Ending March 31, 2020(Japan GAAP)

February 12, 2020  
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) Kenichi Tanaka  
Contact: (Title) Director (Name) Yasunobu Kawazoe Tel +81-6-6444-1850  
Scheduled date of securities report submission: February 13, 2020  
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, 2020(April 1, 2019 to December 31, 2019)

### (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, 2019 | 70,685          | -6.5 | 1,372            | -76.6 | 661             | -88.6 | -1,231          | —    |
| 3Q, 2018 | 75,580          | -3.5 | 5,859            | 9.9   | 5,805           | 41.0  | 4,278           | 57.9 |

(Note) Comprehensive income: as of December 31, 2019: -1,478 million yen (—%),  
as of December 31, 2018: 3,952 million yen (19.8%)

|          | Net income per share |  | Net income per share after full dilution |  |
|----------|----------------------|--|--|--|
|          | Yen                  |  | Yen                                      |  |
| 3Q, 2019 | -30.81               |  | —  |  |
| 3Q, 2018 | 107.06               |  | —  |  |

### (2) Consolidated Financial Position

|                           | Total assets    | Net assets      | Capital adequacy ratio |
|---------------------------|-----------------|-----------------|------------------------|
|                           | millions of yen | Millions of yen | %                      |
| 3Q, 2019                  | 165,821         | 73,373          | 44.2                   |
| Year ended March 31, 2019 | 168,689         | 75,335          | 44.7                   |

(Reference) Equity capital: as of December 31, 2019: 73,373 million yen, as of March 31, 2019: 75,335 million yen

## 2. Dividends

| (Record date)                            | Dividends per share |                          |                         |                        |        |
|--|---------------------|--------------------------|-------------------------|------------------------|--------|
|  | June 30<br>(Q1-end) | September 30<br>(Q2-end) | December 31<br>(Q3-end) | March 31<br>(Year-end) | Annual |
|  | Yen                 | Yen                      | Yen                     | Yen                    | Yen    |
| Year ended March 31, 2019                | —                   | 0.00                     | —                       | 12.00                  | 12.00  |
| Year ended March 31, 2020                | —                   | 0.00                     | —                       | —                      | —      |
| Year ending March 31, 2020<br>(Forecast) | —                   | —                        | —                       | 12.00                  | 12.00  |

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

## 3. Forecast for Consolidated Results for the Full Year Ending March 31, 2020 (April 1, 2019 - March 31, 2020)

(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 | 102,000         | -4.2 | 5,500            | -51.6 | 4,600           | -58.7 | 2,300           | -73.5 | 57.55              |

(Note) Modification in the dividend forecast for current quarter: Modified

#### 4. Other information

- (1) Significant changes in subsidiaries during the period  
(changes in specified subsidiaries resulting in the change in consolidation scope): Yes
- (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. : Yes
  - 2) Changes other than those defined in 1) above : No
  - 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, 2019: 40,383,943 shares As of March 31, 2019: 40,383,943 shares
  - 2) Number of shares of treasury stock as of period-end  
As of December 31, 2019: 422,450shares As of March 31, 2019: 418,453 shares
  - 3) Average number of outstanding shares during period  
3Q 2019: 39,963,671 shares 3Q 2018: 39,967,540 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, 2019<br>(summary) | As of December 31, 2019 |
|---------------------------------------|-----------------------------------|-------------------------|
| <b>ASSETS</b>                         |                                   |                         |
| Current Assets                        |                                   |                         |
| Cash and deposits                     | 23,983                            | 22,870                  |
| Notes and accounts receivable – trade | 33,897                            | 24,973                  |
| Merchandise and finished goods        | 25,216                            | 30,502                  |
| Work in process                       | 5,976                             | 6,979                   |
| Raw materials and supplies            | 15,590                            | 14,923                  |
| Other                                 | 2,883                             | 4,530                   |
| Allowance for doubtful accounts       | -468                              | -708                    |
| Total current assets                  | 107,080                           | 104,070                 |
| Noncurrent Assets                     |                                   |                         |
| Property, plant and equipment         |                                   |                         |
| Machinery equipment, net              | 17,706                            | 17,730                  |
| Others, net                           | 25,460                            | 27,007                  |
| Total property, plant and equipment   | 43,167                            | 44,737                  |
| Intangible assets                     | 370                               | 373                     |
| Investments and other assets          |                                   |                         |
| Investment securities                 | 7,018                             | 6,754                   |
| Deferred tax assets                   | 9,604                             | 8,740                   |
| Net defined benefit asset             | 11                                | 10                      |
| Other                                 | 1,547                             | 1,217                   |
| Allowance for doubtful accounts       | -110                              | -84                     |
| Total investments and other assets    | 18,071                            | 16,639                  |
| Total non-current assets              | 61,609                            | 61,750                  |
| Total Assets                          | 168,689                           | 165,821                 |

(Unit: millions of yen)

\* 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

| Account Category                                      | As of March 31, 2019<br>(summary) | As of December 31, 2019 |
|---|-----------------------------------|-------------------------|
| <b>LIABILITIES</b>                                    |                                   |                         |
| Current Liabilities                                   |                                   |                         |
| Notes and accounts payable – trade                    | 15,392                            | 19,215                  |
| Short-term loans payable                              | 18,102                            | 17,460                  |
| Currents portion of bonds                             | 390                               | 390                     |
| Income taxes payable                                  | 731                               | 185                     |
| Provision   | 853                               | 133                     |
| Other   | 9,241                             | 9,824                   |
| Total current liabilities                             | 44,712                            | 47,210                  |
| Noncurrent Liabilities                                |                                   |                         |
| Bonds payable   | 1,620                             | 1,320                   |
| Long-term loans payable                               | 25,697                            | 22,695                  |
| Provision for environment and safety improvement      | 2,877                             | 2,085                   |
| Other provision                                       | 150                               | 307                     |
| Net defined benefit liability                         | 12,881                            | 12,952                  |
| Liabilities application from equity method            | 662                               | 592                     |
| Other   | 4,752                             | 5,283                   |
| Total non-current liabilities                         | 48,642                            | 45,237                  |
| Total Liabilities                                     | 93,354                            | 92,447                  |
| <b>NET ASSETS</b>                                     |                                   |                         |
| Shareholder's equity                                  |                                   |                         |
| Capital stock   | 43,420                            | 43,420                  |
| Capital surplus                                       | 10,627                            | 10,627                  |
| Retained earnings                                     | 23,419                            | 21,707                  |
| Treasury shares                                       | -722                              | -727                    |
| Total shareholders' equity                            | 76,744                            | 75,028                  |
| Accumulated other comprehensive income                |                                   |                         |
| Valuation difference on available-for-sale securities | 477                               | 396                     |
| Deferred gains or losses on hedges                    | —                                 | -0                      |
| Foreign currency translation adjustment               | -1,443                            | -1,660                  |
| Remeasurements of defined benefit plans               | -442                              | -390                    |
| Total accumulated other comprehensive income          | -1,408                            | -1,655                  |
| Total net assets                                      | 75,335                            | 73,373                  |
| Total Liabilities and Net Assets                      | 168,689                           | 165,821                 |

## (2) Consolidated Statements of Income

(Unit: millions of yen)

| Account Category  | Q3 2018<br>(April 1, 2018 to<br>December 31, 2018) | Q3 2019<br>(April 1, 2019 to<br>December 31, 2019) |
|---|--|--|
| Net sales   | 75,580   | 70,685   |
| Cost of sales   | 52,571   | 51,944   |
| Gross profit  | 23,009   | 18,741   |
| Selling, general and administrative expenses                | 17,149   | 17,369   |
| Operating income  | 5,859  | 1,372  |
| Non-operating income  |  |  |
| Interest income   | 36   | 42   |
| Dividend income   | 98   | 275  |
| Share of profit entities accounted for using equity method  | 58   | —  |
| Foreign exchange income                                     | 294  | —  |
| Commission fee  | 96   | —  |
| Gain sales of raw materials                                 | 83   | 79   |
| Other   | 136  | 155  |
| Total non-operating income                                  | 804  | 552  |
| Non-operating expenses                                      |  |  |
| Interest expenses   | 557  | 464  |
| Share of loss of entities accounted for using equity method | —  | 111  |
| Foreign exchange losses                                     | —  | 312  |
| Other   | 300  | 374  |
| Total non-operating expenses                                | 858  | 1,263  |
| Ordinary income   | 5,805  | 661  |
| Extraordinary income  |  |  |
| Gain on sale of non-current assets                          | 181  | —  |
| Gain on insurance adjustment                                | 34   | 189  |
| Total extraordinary income                                  | 216  | 189  |
| Extraordinary loss  |  |  |
| Loss on disposal of non-current assets                      | 378  | 475  |
| Loss on disaster  | 371  | —  |
| Loss on liquidation of subsidiaries and affiliates          | —  | 334  |
| Other   | —  | 55   |
| Total extraordinary loss                                    | 750  | 864  |
| Income(loss) before income taxes and minority interests     | 5,272  | -13  |
| Income taxes-current  | 767  | 314  |
| Income taxes – deferred                                     | 225  | 903  |
| Total income taxes  | 993  | 1,217  |
| Profit(loss)  | 4,278  | -1,231   |
| Profit(loss) attributable to owners of parent               | 4,278  | -1,231   |

\* 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

(Unit: millions of yen)

| Account Category   | Q3 2018<br>(April 1, 2018 to<br>December 31, 2018) | Q3 2019<br>(April 1, 2019 to<br>December 31, 2019) |
|--|--|--|
| Profit(loss)   | 4,278  | -1,231   |
| Other comprehensive income   |  |  |
| Valuation difference on available for sale securities                                | -298   | -81  |
| Deferred gains or losses on hedges   | -0   | -0   |
| Foreign currency translation adjustment  | -116   | -264   |
| Remeasurements of defined benefit plans, net of tax                                  | 59   | 51   |
| Share of other comprehensive income of entities accounted<br>for using equity method | 30   | 47   |
| Total other comprehensive income   | -326   | -246   |
| Comprehensive income   | 3,952  | -1,478   |
| (Breakdown)  |  |  |
| Comprehensive income attributable to owners of parent                                | 3,952  | -1,478   |

(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.

(Changes in significant subsidiaries during the third quarter under review)

ISK SINGAPORE PTE. LTD. which is a specific subsidiary of ISK resolved to dissolve at the company's general meeting of shareholders on December 23, 2019.

Therefore, ISK SINGAPORE PTE. LTD. is excluded from ISK consolidation since the third quarter consolidated accounting period.

(Changes in accounting policy)

(Applying IFRS 16 Leases)

Some consolidated subsidiaries that applied IFRS have applied IFRS 16 since the beginning of the first quarter consolidated accounting period.

Accordingly, the borrowers generally record all leases as assets and liabilities on the quarterly consolidated balance sheet.

The effect of the application of this accounting standard on quarterly consolidated financial statements is insignificant.

## 6. Segment Information

### 【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2019 (April 1, 2018 to December 31, 2018)

(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      | 41,605              | 31,511            | 2,463            | 75,580 | —                     | 75,580       |
| (2) Intersegment sales and transfers | —                   | —                 | 2,768            | 2,768  | -2,768                | —            |
| Total                                | 41,605              | 31,511            | 5,231            | 78,349 | -2,768                | 75,580       |
| Segment profit                       | 5,632               | 1,773             | 271              | 7,678  | -1,818                | 5,859        |

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,818million) includes elimination of transaction between segments( ¥ 6million) and corporate expenses not allocated to reporting segments(- ¥ 1,824million). 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  |
|--------|--------|---------|--------|-------|--------|
| 34,984 | 16,483 | 11,715  | 12,156 | 240   | 75,580 |

(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, and Singapore
- (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 fixed assets by segment

We do not note significant changes.

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2020(April 1, 2019 to December31, 2019)

(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      | 37,865              | 30,280            | 2,539            | 70,685 | —          | 70,685   |
| (2) Intersegment sales and transfers | —                   | —                 | 2,914            | 2,914  | -2,914     | —  |
| Total                                | 37,865              | 30,280            | 5,454            | 73,600 | -2,914     | 70,685   |
| Segment profit                       | 1,993               | 789               | 330              | 3,114  | -1,741     | 1,372  |

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,741 million) includes elimination of transaction between segments( ¥ 15 million) and corporate expenses not allocated to reporting segments(- ¥ 1,757 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  |
|--------|--------|---------|--------|-------|--------|
| 33,864 | 13,936 | 11,270  | 11,511 | 102   | 70,685 |

(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 noncurrent assets by segment

We do not note any significant changes.