

Summary of Consolidated Financial Statements for Second Quarter of Fiscal Year Ending March 31, 2024(Japan GAAP)

November 10, 2023
Listed Exchanges: TSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.
Code: 4028 URL <http://www.iskweb.co.jp>
Representative: (Title) Executive Director President (Name) Hideo Takahashi
Contact: (Title) Director (Name) Yasunobu Kawazoe Tel +81-6-6444-1850
Scheduled date of securities report submission: November 13, 2023
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 Second Quarter of Fiscal Year Ending March 31, 2024(April 1, 2023 to September 30, 2023)

(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	%
2Q, 2023	67,529	5.1	2,280	-32.2	5,528	-13.9	3,748	-15.0
2Q, 2022	64,227	14.4	3,362	-31.3	6,420	33.7	4,411	5.7

(Note) Comprehensive income: As of September 30, 2023: 5,953million yen (-7.4 %)
As of September 30, 2022: 6,431million yen (30.3%)

	Net income per share	Net income per share after full dilution
	Yen	Yen
2Q, 2023	98.24	—
2Q, 2022	110.39	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
2Q, 2023	226.963	101.837	44.9
Year ended March 31, 2023	201.913	97.431	48.3

(Reference) Equity capital: As of September 30, 2023: 101,811million yen
As of March 31, 2023: 97,431million yen

2. Dividends

(Record date)	Dividends per share				
	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, 2023	—	0.00	—	42.00	42.00
Year ending March 31, 2024	—	0.00	—	—	—
Year ending March 31, 2024 (Forecast)	—	—	—	60.00	60.00

(Note) 1. Modification in the dividend forecast for current quarter: Modification

3. Forecast for Consolidated Results for the Full Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(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	138,000	5.2	10,000	15.9	11,000	6.3	8,000	15.1	209.65

(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): No change
- (2) Adoption of simplified accounting treatment and special accounting treatment for quarterly consolidated statement: Not adopted
- (3) Changes in accounting principles, procedures, and the method of presentation
 - 1) Changes due to revisions of accounting standards etc. : Not adopted
 - 2) Changes other than those defined in 1) above : Not adopted
 - 3) Changes in accounting procedures : Not adopted
 - 4) Changes in the method of presentation : Not adopted
- (4) Issued shares (common shares)
 - 1) Issued shares as of period-end (including repurchased treasury shares)
As of September 30, 2023: 40,383,943 shares As of March 31, 2023: 40,383,943 shares
 - 2) Number of shares of treasury stock as of period-end
As of September 30, 2023: 2,217,784 shares As of March 31, 2023: 2,243,479 shares
 - 3) Average number of outstanding shares during period
2Q 2023: 38,151,268 shares 2Q 2022: 39,960,493 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, and Main Notes

(1) Consolidated Balance Sheet

(Unit: millions of yen)

Account Category	As of March,2023 (summary)	As of September,2023
ASSETS		
Current Assets		
Cash and deposits	17,662	35,325
Notes and accounts receivable-trade and contract assets	38,618	32,608
Electronically recorded monetary claims - operating	1,322	1,809
Merchandise and finished goods	37,558	49,340
Work in process	6,897	8,051
Raw materials and supplies	30,323	28,274
Other	6,292	5,650
Allowance for doubtful accounts	-1,175	-1,144
Total current assets	137,499	159,916
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	20,390	17,970
Others, net	26,338	29,754
Total property, plant and equipment	46,728	47,725
Intangible assets	1,396	2,083
Investments and other assets		
Investment securities	8,106	9,647
Deferred tax assets	7,308	6,279
Net defined benefit asset	23	25
Other	900	1,334
Allowance for doubtful accounts	-49	-49
Total investments and other assets	16,289	17,237
Total non-current assets	64,414	67,046
Total Assets	201,913	226,963

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For official purposes, the Japanese version takes preference over this English translation

(Unit: millions of yen)

Account Category	As of March,2023 (summary)	As of September, 2023
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	22,682	23,166
Electronically recorded obligations - operating	1,253	1,469
Short-term loans payable	22,426	28,354
Current portion of bonds	938	938
Income taxes payable	403	371
Reserve	924	945
Electronically recorded obligations – non-operating	112	4,609
Other	10,450	10,529
Total current liabilities	59,192	70,385
Noncurrent liabilities		
Bonds payable	2,960	2,490
Long-term loans payable	25,647	35,386
Provision for environment and safety improvement	1,145	970
Other provision	238	279
Net defined benefit liability	12,166	12,038
Other	3,131	3,574
Total non-current liabilities	45,289	54,740
Total Liabilities	104,481	125,126
NET ASSETS		
Shareholders' equity		
Capital stock	43,420	43,420
Capital surplus	10,653	10,662
Retained earnings	44,102	46,248
Treasury stock	-2,710	-2,684
Total shareholders' equity	95,466	97,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	384	611
Foreign currency translation adjustment	1,309	3,247
Remeasurements of defined benefit plans	271	305
Total accumulated other comprehensive income	1,965	4,164
Non-controlling interests	—	25
Total net assets	97,431	101,837
Total Liabilities and Net Assets	201,913	226,963

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q2 2022 (April 1,2022 to September 30,2022)	Q2 2023 (April 1,2023 to September 30,2023)
Net sales	64,227	67,529
Cost of sales	48,391	52,553
Gross profit	15,836	14,975
Selling, general and administrative expenses	12,474	12,695
Operating income	3,362	2,280
Non-operating income		
Interest income	8	57
Dividend income	153	199
Equity in earnings of affiliates	866	897
Foreign exchange income	2,308	2,434
Reversal of allowance for doubtful accounts	—	41
Gain on sales of raw materials	92	153
Other	144	164
Total non-operating income	3,573	3,948
Non-operating expenses		
Interest expenses	242	291
Financial Fees	177	305
Other	96	103
Total non-operating expenses	515	699
Ordinary income	6,420	5,528
Extraordinary income		
Gain on sale of non-current assets	—	39
Gain on sale of investment securities	37	47
Total extraordinary income	37	87
Extraordinary loss		
Loss on disposal of non-current assets	468	300
Total extraordinary loss	468	300
Income before income taxes and minority interests	5,989	5,315
Income taxes-current	838	407
Income taxes – deferred	739	1,154
Total income taxes	1,577	1,561
Net income	4,411	3,754
Profit attributable to non-controlling interests	—	5
Profit attributable to owners of parent	4,411	3,748

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(Unit: millions of yen)

Account Category	Q2 2022 (April 1,2022 to September 30,2022)	Q2 2023 (April 1,2023 to September 30,2023)
Profit	4,411	3,754
Other comprehensive income		
Valuation difference on available-for-sale securities	-91	225
Foreign currency translation adjustment	1,833	1,572
Remeasurements of defined benefit plans, net of tax	49	34
Share of other comprehensive income of entities accounted for using equity method	227	365
Total other comprehensive income	2,019	2,198
Comprehensive income	6,431	5,953
(Breakdown)		
Comprehensive income attributable to owners of parent	6,431	5,947
Comprehensive income attributable to non-controlling interests	—	5

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(3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2022 to September 30, 2022)	Current consolidated FY (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Income before income taxes	5,989	5,315
Depreciation and amortization	2,677	2,745
Increase (decrease) in allowance for doubtful accounts	6	-34
Increase (decrease) in net defined benefit liability	-201	-116
Increase (decrease) in allowance for doubtful accounts	-205	-174
Increase (decrease) in other provision	110	62
Interest and dividend income	-162	-257
Interest expenses	242	291
Foreign exchange losses (gains)	-60	-51
Share of (profit) loss of entities accounted for using equity method	-866	-897
Loss (gain) on sale of investment securities	-37	-47
Loss (gain) on disposal of noncurrent assets	71	38
Decrease (increase) in notes and accounts receivable-trade	-1,163	6,509
Decrease (increase) in inventories	-7,665	-9,530
Decrease (increase) in other current assets	-1,499	718
Increase (decrease) in notes and accounts payable-trade	2,912	-1,345
Increase (decrease) in other current liabilities	826	440
Other	-9	1
Subtotal	964	3,666
Interest and dividends income received	162	257
Interest expenses paid	-235	-217
Proceeds from insurance income	10	—
Income taxes refund (paid)	-1,205	-338
Cash flows from operating activities	-303	3,367

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(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2022 to September 30, 2022)	Current consolidated FY (April 1, 2023 to September 30, 2023)
Cash flows from investing activities		
Purchase of investment securities	-6	-4
Purchase of non-current assets	-297	-1,244
Proceeds from sales of non-current assets	34	1,961
Payments of loans receivable	-43	-62
Collection of loans receivable	83	85
Proceeds from sales and redemption of short-term and long-term investment securities	84	55
Others	-576	-498
Cash flows from investing activities	-722	293
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	6,770
Proceeds from long-term borrowings	—	13,000
Repayments of long-term loans payable	-4,162	-4,103
Redemption of bonds	-559	-469
Cash dividends paid	-1,438	-1,601
Repayments of lease obligations	-206	-232
Repayments of installment payables	-290	-262
Net decrease (increase) in treasury shares	-1	-2
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	20
Cash flows from financing activities	-6,658	13,117
Effect of exchange rate change on cash and cash equivalents	820	884
Net increase (decrease) in cash and cash equivalents	-6,864	17,663
Cash and cash equivalents at beginning of period	27,073	17,662
Cash and cash equivalents at end of period	20,208	35,325

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6. Segment Information

【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2023(April 1, 2022 to September 30, 2022)

(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	31,536	31,312	1,379	64,227	—	64,227
(2) Intersegment sales and transfers	—	0	1,140	1,140	-1,140	—
Total	31,536	31,312	2,519	65,367	-1,140	64,227
Segment profit	2,517	2,353	-27	4,843	-1,480	3,362

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,480million) includes elimination of transaction between segments(¥ 104million) and corporate expenses not allocated to reporting segments(- ¥ 1,585million). 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
25,333	12,924	13,597	12,045	326	64,227

(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 fixed assets by segment

We do not note any significant changes.

【Business Segment Information】

2Q of Fiscal Year Ending March 31, 2024(April 1, 2023 to September 30, 2023)

(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	32,875	33,236	1,417	67,529	—	67,529
(2) Intersegment sales and transfers	—	0	1,167	1,167	-1,167	—
Total	32,875	33,236	2,585	68,696	-1,167	67,529
Segment profit	1,796	2,087	-66	3,818	-1,537	2,280

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit or loss (- ¥ 1,537million) includes elimination of transaction between segments (¥ 107million) and corporate expenses not allocated to reporting segments(- ¥ 1,645million). Corporate expenses mainly comprise general expenses not allocated segments.
- (2) Segment profit or loss is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

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(2) Geographical information

Net Sales					(Unit: millions of yen)
Japan	Asia	America	Europe	Other	Total
27,961	11,233	11,490	16,380	463	67,529

(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.