

Summary of Consolidated Financial Statements for Second Quarter of Fiscal Year Ending March 31, 2021(Japan GAAP)

November 6, 2020
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) Kenichi Tanaka
Contact: (Title) Director (Name) Yasunobu Kawazoe Tel +81-6-6444-1850
Scheduled date of securities report submission: November 9, 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 Second Quarter of Fiscal Year Ended March 31, 2021(April 1, 2020 to September 30, 2020)

(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, 2020	48,798	-6.2	287	-89.3	22	-98.8	-1,159	—
2Q, 2019	52,006	-0.4	2,699	-41.1	1,824	-63.4	469	-88.1

(Note) Comprehensive income: as of September 30, 2020: -1,309million yen (— %),
as of September 30, 2019: -51million yen (— %)

	Net income per share	Net income per share after full dilution
	Yen	Yen
2Q, 2020	-29.00	—
2Q, 2019	11.73	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
2Q, 2020	164,241	74,560	45.4
Year ended March 31, 2020	172,437	76,669	44.5

(Reference) Equity capital: as of September 30, 2020: 74,560million yen, as of March 31, 2020: 76,669million 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, 2020	—	0.00	—	20.00	20.00
Year ended March 31, 2021	—	0.00	—	—	—
Year ending March 31, 2021 (Forecast)	—	—	—	12.00	12.00

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

2. Breakdown of the year-end dividend for the year ended March 31, 2020:

Ordinary dividend 12.00 yen
Commemorative dividends of the 100th anniversary 8.00 yen

3. Forecast for Consolidated Results for the Full Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(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	98,000	-3.0	2,700	-56.4	2,300	-57.0	300	-87.3	7.50

(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, 2020: 40,383,943 shares As of March 31, 2020: 40,383,943 shares
 - 2) Number of shares of treasury stock as of period-end
As of September 30, 2020: 424,912 shares As of March 31, 2020: 423,188 shares
 - 3) Average number of outstanding shares during period
2Q 2020:39,960,135 shares 2Q 2019:39,964,438 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,2020 (summary)	As of September 2020
ASSETS		
Current Assets		
Cash and deposits	20,925	17,557
Notes and accounts receivable – trade	32,059	30,794
Merchandise and finished goods	32,664	31,558
Work in process	6,047	6,261
Raw materials and supplies	15,044	14,696
Other	4,683	3,432
Allowance for doubtful accounts	-1,060	-1,091
Total current assets	110,324	103,209
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	17,634	20,943
Others, net	28,636	24,159
Total property, plant and equipment	46,271	45,103
Intangible assets	470	580
Investments and other assets		
Investment securities	5,932	5,909
Deferred tax assets	8,427	8,638
Net defined benefit asset	9	9
Other	1,085	873
Allowance for doubtful accounts	-84	-83
Total investments and other assets	15,371	15,348
Total non-current assets	62,112	61,031
Total Assets	172,437	164,241

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(Unit: millions of yen)

Account Category	As of March,2020 (summary)	As of September 2020
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	17,433	15,099
Short-term loans payable	15,869	15,534
Current portion of bonds	684	684
Income taxes payable	371	354
Reserve	1,113	1,495
Other	8,266	8,532
Total current liabilities	43,737	41,699
Noncurrent liabilities		
Bonds payable	3,036	2,694
Long-term loans payable	28,053	24,353
Provision for environment and safety improvement	2,052	1,960
Other provision	—	69
Net defined benefit liability	12,884	12,855
Liabilities from application of equity method	399	710
Other	5,603	5,338
Total non-current liabilities	52,029	47,982
Total Liabilities	95,767	89,681
NET ASSETS		
Shareholders' equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	25,298	23,340
Treasury stock	-727	-729
Total shareholders' equity	78,618	76,659
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-429	-461
Foreign currency translation adjustment	-1,216	-1,366
Remeasurements of defined benefit plans	-302	-271
Total accumulated other comprehensive income	-1,948	-2,098
Total net assets	76,669	74,560
Total Liabilities and Net Assets	172,437	164,241

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q2 2019 (April 1,2019 to September 30,2019)	Q2 2020 (April 1,2020 to September 30,2020)
Net sales	52,006	48,798
Cost of sales	37,853	37,236
Gross profit	14,153	11,561
Selling, general and administrative expenses	11,454	11,273
Operating income	2,699	287
Non-operating income		
Interest income	28	17
Dividend income	258	93
Reversal of allowance for doubtful accounts	—	450
Gain on sales of raw materials	89	134
Other	45	83
Total non-operating income	420	778
Non-operating expenses		
Interest expenses	313	278
Financial Fees	100	140
Share of loss of entities accounted for using equity method	70	340
Foreign exchange loss	656	123
Other	154	161
Total non-operating expenses	1,295	1,044
Ordinary income	1,824	22
Extraordinary income		
Gain on insurance adjustment	62	—
Total extraordinary income	62	—
Extraordinary loss		
Loss on disposal of non-current assets	404	421
Loss on withdrawal from business	—	756
Other	55	—
Total extraordinary loss	459	1,178
Income(loss) before income taxes and minority interests	1,427	-1,155
Income taxes-current	238	231
Income taxes – deferred	719	-227
Total income taxes	958	3
Net income	469	-1,159
Profit(loss) attributable to owners of parent	469	-1,159

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(Unit: millions of yen)

Account Category	Q2 2019 (April 1,2019 to September 30,2019)	Q2 2020 (April 1,2020 to September 30,2020)
Profit(loss)	469	-1,159
Other comprehensive income		
Valuation difference on available-for-sale securities	-203	-32
Foreign currency translation adjustment	-392	-146
Remeasurements of defined benefit plans, net of tax	35	31
Share of other comprehensive income of entities accounted for using equity method	38	-3
Total other comprehensive income	-520	-150
Comprehensive income	-51	-1,309
(Breakdown)		
Comprehensive income attributable to owners of parent	-51	-1,309

(3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2019 to September 30, 2019)	Current consolidated FY (April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Income(loss) before income taxes and minority interests	1,427	-1,155
Depreciation and amortization	2,513	2,590
Loss on withdrawal from business	—	756
Increase (decrease) in allowance for doubtful accounts	48	-451
Increase (decrease) in net defined benefit liability	125	-7
Increase (decrease) in allowance for doubtful accounts	-635	-91
Increase (decrease) in other provision	154	231
Interest and dividend income	-286	-110
Interest expenses	313	278
Foreign exchange losses (gains)	-15	-3
Share of (profit) loss of entities accounted for using equity method	70	340
Loss (gain) on disposal of noncurrent assets	104	88
Decrease (increase) in notes and accounts receivable-trade	2,583	1,241
Decrease (increase) in inventories	-3,167	1,049
Decrease (increase) in other current assets	451	912
Increase (decrease) in notes and accounts payable-trade	2,571	-2,343
Increase (decrease) in other current liabilities	709	1,235
Other	-57	-20
Subtotal	6,910	4,540
Interest and dividends income received	285	90
Interest expenses paid	-332	-300
Proceeds from insurance income	76	23
Payment associated with disaster loss	-131	—
Income taxes paid	-632	16
Cash flows from operating activities	6,175	4,370

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(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2019 to September 30, 2019)	Current consolidated FY (April 1, 2020 to September 30, 2020)
Cash flows from investing activities		
Purchase of investment securities	-110	-6
Purchase of non-current assets	-2,154	-2,084
Proceeds from sales of non-current assets	75	61
Payments of loans receivable	-213	-157
Collection of loans receivable	121	113
Others	33	-2
Cash flows from investing activities	-2,248	-2,076
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-80	-212
Proceeds from long-term loans payable	2,000	—
Repayments of long-term loans payable	-4,750	-3,823
Redemption of bonds	-195	-342
Cash dividends paid	-479	-799
Repayments of lease obligations	-256	-261
Repayments of installment payables	-113	-212
Net decrease (increase) in treasury shares	-2	-1
Cash flows from financing activities	-3,877	-5,652
Effect of exchange rate change on cash and cash equivalents	-97	-10
Net increase (decrease) in cash and cash equivalents	-48	-3,367
Cash and cash equivalents at beginning of period	23,983	20,925
Cash and cash equivalents at end of period	23,935	17,557

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6. Segment Information

【Business Segment Information】

2Q of Fiscal Year Ended March 31, 2020(April 1, 2019 to September 30, 2019)

(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	25,908	24,445	1,651	52,006	—	52,006
(2) Intersegment sales and transfers	—	—	1,265	1,265	-1,265	—
Total	25,908	24,445	2,917	53,272	-1,265	52,006
Segment profit	2,682	1,079	40	3,802	-1,103	2,699

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,103million) includes elimination of transaction between segments(¥ 58million) and corporate expenses not allocated to reporting segments(- ¥ 1,161million). 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
23,222	10,056	8,699	9,947	79	52,006

(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 Ended March 31, 2021(April 1, 2020 to September 30, 2020)

(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	21,692	25,176	1,929	48,798	—	48,798
(2) Intersegment sales and transfers	—	—	1,238	1,238	-1,238	—
Total	21,692	25,176	3,168	50,037	-1,238	48,798
Segment profit	250	1,142	107	1,499	-1,212	287

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,212million) includes elimination of transaction between segments(¥ 60million) and corporate expenses not allocated to reporting segments(- ¥ 1,272million). 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.

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(2)Geographical information

Net Sales					(Unit: millions of yen)
Japan	Asia	America	Europe	Other	Total
21,481	7,597	8,167	11,404	147	48,798

(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.