

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

February 10, 2021
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 12, 2021
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, 2021(April 1, 2020 to December 31, 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	%
3Q, 2020	67,874	-4.0	-508	—	-1,249	—	-2,789	—
3Q, 2019	70,685	-6.5	1,327	-76.6	661	-88.6	-1,231	—

(Note) Comprehensive income: as of December 31, 2020: -2,649 million yen (—%),
as of December 31, 2019: -1,478 million yen (—%)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
3Q, 2020	-69.80		—	
3Q, 2019	-30.81		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	millions of yen		Millions of yen		%	
3Q, 2020	169,288		73,219		43.3	
Year ended March 31, 2020	172,437		76,669		44.5	

(Reference) Equity capital: as of December 31, 2020: 73,219 million yen, as of March 31, 2020: 76,669 million 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
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 12.00yen
Commemorative dividends of the 100th anniversary 8.00yen

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	100,000	-1.1	3,500	-43.4	3,300	-38.3	1,300	-44.9	32.53

(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
- (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. | : No |
| 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, 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 December 31, 2020: 425,719shares | As of March 31, 2020: 423,188 shares |
| 3) Average number of outstanding shares during period | |
| 3Q 2020: 39,959,649 shares | 3Q 2019: 39,963,671 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, 2020 (summary)	As of December 31, 2020
ASSETS		
Current Assets		
Cash and deposits	20,925	22,892
Notes and accounts receivable – trade	32,059	23,312
Merchandise and finished goods	32,664	32,402
Work in process	6,047	6,205
Raw materials and supplies	15,004	19,483
Other	4,683	4,303
Allowance for doubtful accounts	-1,060	-1,192
Total current assets	110,324	107,407
Non-current Assets		
Property, plant and equipment		
Machinery equipment, net	17,634	20,111
Others, net	28,636	25,721
Total property, plant and equipment	46,271	45,832
Intangible assets	470	544
Investments and other assets		
Investment securities	5,932	6,056
Deferred tax assets	8,427	8,726
Net defined benefit asset	9	9
Other	1,085	794
Allowance for doubtful accounts	-84	-82
Total investments and other assets	15,371	15,504
Total non-current assets	62,112	61,880
Total Assets	172,437	169,288

(Unit: millions of yen)

Account Category	As of March 31, 2020 (summary)	As of December 31, 2020
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	17,433	17,716
Short-term loans payable	15,869	20,903
Currents portion of bonds	684	684
Income taxes payable	371	222
Provision	1,113	898
Other	8,266	8,649
Total current liabilities	43,737	49,074
Non-current Liabilities		
Bonds payable	3,036	2,589
Long-term loans payable	28,053	23,580
Provision for environment and safety improvement	2,052	1,905
Other provision	—	109
Net defined benefit liability	12,884	12,885
Liabilities application from equity method	399	716
Other	5,603	5,208
Total non-current liabilities	52,029	46,994
Total Liabilities	95,767	96,068
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	25,298	21,710
Treasury shares	-727	-729
Total shareholders' equity	78,618	75,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-429	-239
Foreign currency translation adjustment	-1,216	-1,313
Remeasurements of defined benefit plans	-302	-255
Total accumulated other comprehensive income	-1,948	-1,809
Total net assets	76,669	73,219
Total Liabilities and Net Assets	172,437	169,288

(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q3 2019 (April 1, 2019 to December 31, 2019)	Q3 2020 (April 1, 2020 to December 31, 2020)
Net sales	70,685	67,874
Cost of sales	51,944	51,491
Gross profit	18,741	16,382
Selling, general and administrative expenses	17,369	16,891
Operating profit(loss) (-)	1,372	-508
Non-operating income		
Interest income	42	21
Dividend income	275	143
Reversal of allowance for doubtful accounts	—	355
Gain sales of raw materials	79	135
Other	155	107
Total non-operating income	552	763
Non-operating expenses		
Interest expenses	464	402
Financial fee	142	182
Share of loss of entities accounted for using equity method	111	435
Foreign exchange losses	312	297
Other	231	186
Total non-operating expenses	1,263	1,505
Ordinary profit(loss) (-)	661	-1,249
Extraordinary income		
Gain on insurance adjustment	189	—
Total extraordinary income	189	—
Extraordinary loss		
Impairment loss	—	314
Loss on disposal of non-current assets	475	502
Loss on withdrawal from business	—	758
Loss on liquidation of subsidiaries and affiliates	334	—
Other	55	—
Total extraordinary loss	864	1,574
Net loss before income taxes (-)	-13	-2,824
Income taxes-current	314	313
Income taxes – deferred	903	-348
Total income taxes	1,217	-35
Net loss (-)	-1,231	-2,789
Net loss attributable to owners of parent (-)	-1,231	-2,789

* 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 2019 (April 1, 2019 to December 31, 2019)	Q3 2020 (April 1, 2020 to December 31, 2020)
Net loss (-)	-1,231	-2,789
Other comprehensive income		
Valuation difference on available for sale securities	-81	190
Deferred gains or losses on hedges	-0	—
Foreign currency translation adjustment	-264	-83
Remeasurements of defined benefit plans, net of tax	51	47
Share of other comprehensive income of entities accounted for using equity method	47	-13
Total other comprehensive income	-246	139
Comprehensive income	-1,478	-2,649
(Breakdown)		
Comprehensive income attributable to owners of parent	-1,478	-2,649

(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, 2020 (April 1, 2019 to December 31, 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	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 (- ¥ 1,741million) includes elimination of transaction between segments(¥ 15million) and corporate expenses not allocated to reporting segments(- ¥ 1,757million). 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 fixed assets by segment

We do not note significant changes.

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2021(April 1, 2020 to December31, 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	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.