

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

November 11, 2021
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 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 Second Quarter of Fiscal Year Ending March 31, 2022(April 1, 2021 to September 30, 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	%
2Q, 2021	56,134	15.0	4,892	—	4,800	—	4,173	—
2Q, 2020	48,798	-6.2	287	-89.3	22	-98.8	-1,159	—

(Note) Comprehensive income: as of September 30, 2021: 4,936million yen (— %),
as of September 30, 2020: -1,309million yen (— %)

	Net income per share		Net income per share after full dilution	
	Yen		Yen	
2Q, 2021	104.46		—	
2Q, 2020	-29.00		—	

(Note)The year-on-year changes in operating income and ordinary income for the second quarter of fiscal year ending March 31,2022 exceeded 1,000% and therefor are referred to as “—”.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
2Q, 2021	181,248	83,478	46.1
Year ended March 31, 2021	180,021	79,515	44.2

(Reference) Equity capital: as of September 30, 2021: 83,478million yen, as of March 31, 2021: 79,515million 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, 2021	—	0.00	—	18.00	18.00
Year ending 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: Modified

(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.

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. : Adopted
 - 2) Changes other than those defined in 1) above : 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, 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 September 30, 2021: 429,404 shares As of March 31, 2021: 427,338 shares
 - 3) Average number of outstanding shares during period
2Q 2021:39,955,705 shares 2Q 2020:39,960,135 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,2021 (summary)	As of September,2021
ASSETS		
Current Assets		
Cash and deposits	25,941	32,624
Notes and accounts receivable – trade	34,235	—
Notes and accounts receivable-trade and contract assets	—	33,309
Merchandise and finished goods	31,180	28,926
Work in process	5,040	4,852
Raw materials and supplies	18,253	15,968
Other	3,456	4,339
Allowance for doubtful accounts	-1,104	-1,121
Total current assets	117,003	118,899
Non-current assets		
Property, plant and equipment		
Machinery and equipment, net	20,056	20,504
Others, net	27,051	25,486
Total property, plant and equipment	47,107	45,991
Intangible assets	551	857
Investments and other assets		
Investment securities	6,187	6,428
Deferred tax assets	8,547	8,509
Net defined benefit asset	10	10
Other	698	634
Allowance for doubtful accounts	-84	-82
Total investments and other assets	15,358	15,500
Total non-current assets	63,017	62,348
Total Assets	180,021	181,248

* 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	As of March,2021 (summary)	As of September, 2021
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	14,476	16,087
Short-term loans payable	16,423	16,321
Current portion of bonds	1,118	1,118
Income taxes payable	614	825
Reserve	942	928
Other	8,627	9,115
Total current liabilities	42,203	44,397
Noncurrent liabilities		
Bonds payable	5,017	4,458
Long-term loans payable	33,130	28,967
Provision for environment and safety improvement	1,741	1,549
Other provision	227	337
Net defined benefit liability	12,693	12,984
Liabilities from application of equity method	451	815
Other	5,040	4,259
Total non-current liabilities	58,302	53,372
Total Liabilities	100,506	97,769
NET ASSETS		
Shareholders' equity		
Capital stock	43,420	43,420
Capital surplus	10,627	10,627
Retained earnings	27,872	31,076
Treasury stock	-730	-733
Total shareholders' equity	81,189	84,390
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-308	-158
Foreign currency translation adjustment	-1,286	-700
Remeasurements of defined benefit plans	-78	-52
Total accumulated other comprehensive income	-1,674	-912
Total net assets	79,515	83,478
Total Liabilities and Net Assets	180,021	181,248

(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q2 2020 (April 1,2020 to September 30,2020)	Q2 2021 (April 1,2021 to September 30,2021)
Net sales	48,798	56,134
Cost of sales	37,236	40,978
Gross profit	11,561	15,156
Selling, general and administrative expenses	11,273	10,263
Operating income	287	4,892
Non-operating income		
Interest income	17	8
Dividend income	93	150
Foreign exchange income	—	251
Reversal of allowance for doubtful accounts	450	—
Gain on sales of raw materials	134	99
Other	83	224
Total non-operating income	778	733
Non-operating expenses		
Interest expenses	278	281
Financial Fees	140	163
Share of loss of entities accounted for using equity method	340	260
Foreign exchange loss	123	—
Other	161	120
Total non-operating expenses	1,044	825
Ordinary income	22	4,800
Extraordinary income		
Gain on forgiveness of debts	—	552
Other	—	104
Total extraordinary income	—	657
Extraordinary loss		
Loss on disposal of non-current assets	421	391
Loss on withdrawal from business	756	—
Total extraordinary loss	1,178	391
Income(loss) before income taxes and minority interests	-1,155	5,066
Income taxes-current	231	688
Income taxes – deferred	-227	203
Total income taxes	3	892
Net income	-1,159	4,173
Profit(loss) attributable to owners of parent	-1,159	4,173

* 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	Q2 2020 (April 1,2020 to September 30,2020)	Q2 2021 (April 1,2021 to September 30,2021)
Profit(loss)	-1,159	4,173
Other comprehensive income		
Valuation difference on available-for-sale securities	-32	150
Foreign currency translation adjustment	-146	615
Remeasurements of defined benefit plans, net of tax	31	26
Share of other comprehensive income of entities accounted for using equity method	-3	-29
Total other comprehensive income	-150	762
Comprehensive income	-1,309	4,936
(Breakdown)		
Comprehensive income attributable to owners of parent	-1,309	4,936

(3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2020 to September 30, 2020)	Current consolidated FY (April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Income(loss) before income taxes and minority interests	-1,155	5,066
Depreciation and amortization	2,590	2,097
Gain on forgiveness of debt	—	-552
Loss on withdrawal from business	756	—
Increase (decrease) in allowance for doubtful accounts	-451	12
Increase (decrease) in net defined benefit liability	-7	-40
Increase (decrease) in allowance for doubtful accounts	-91	-124
Increase (decrease) in other provision	231	96
Interest and dividend income	-110	-158
Interest expenses	278	281
Foreign exchange losses (gains)	-3	-92
Share of (profit) loss of entities accounted for using equity method	340	260
Loss (gain) on disposal of noncurrent assets	88	91
Decrease (increase) in notes and accounts receivable-trade	1,241	1,282
Decrease (increase) in inventories	1,049	5,227
Decrease (increase) in other current assets	912	-939
Increase (decrease) in notes and accounts payable-trade	-2,343	1,234
Increase (decrease) in other current liabilities	1,235	895
Other	-20	-53
Subtotal	4,540	14,585
Interest and dividends income received	90	158
Interest expenses paid	-300	-278
Proceeds from insurance income	23	22
Income taxes refund (paid)	16	-458
Cash flows from operating activities	4,370	14,029

(Unit: millions of yen)

Account Category	Previous consolidated FY (April 1, 2020 to September 30, 2020)	Current consolidated FY (April 1, 2021 to September 30, 2021)
Cash flows from investing activities		
Purchase of investment securities	-6	-6
Purchase of non-current assets	-2,084	-1,818
Proceeds from sales of non-current assets	61	40
Payments of loans receivable	-157	-9
Collection of loans receivable	113	60
Others	-2	37
Cash flows from investing activities	-2,076	-1,696
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-212	-330
Repayments of long-term loans payable	-3,823	-3,933
Redemption of bonds	-342	-559
Cash dividends paid	-799	-719
Repayments of lease obligations	-261	-217
Repayments of installment payables	-212	-246
Net decrease (increase) in treasury shares	-1	-2
Cash flows from financing activities	-5,652	-6,009
Effect of exchange rate change on cash and cash equivalents	-10	359
Net increase (decrease) in cash and cash equivalents	-3,367	6,683
Cash and cash equivalents at beginning of period	20,925	25,941
Cash and cash equivalents at end of period	17,557	32,624

* 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

6. Segment Information

【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	Elimination/Corporate	Consolidated
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.

(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 fixed assets by segment

(Important impairment loss related to fixed assets)

The Company posted an impairment loss of 54 million yen in the machine and the equipment of “Organic Chemicals”.

【Business Segment Information】

2Q of Fiscal Year Ending March 31, 2022(April 1, 2021 to September 30, 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	28,918	25,686	1,529	56,134	—	56,134
(2) Intersegment sales and transfers	—	—	1,577	1,577	-1,577	—
Total	28,918	25,686	3,106	57,711	-1,577	56,134
Segment profit	3,692	2,182	194	6,068	-1,176	4,892

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,176million) includes elimination of transaction between segments(¥ 36million) and corporate expenses not allocated to reporting segments(- ¥ 1,213million). Corporate expenses mainly comprise general expenses not allocated segments.

* 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

(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
22,365	11,844	9,474	12,232	218	56,134

(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.

(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 second three months of the current consolidated fiscal year decreased by 45 million yen for the "Inorganic Chemicals" segment, 795 million yen for the "Organic Chemicals" segment, and 868 million yen for the "Other Business" segment, compared with the previous method. Also, segment profit of the "Inorganic Chemicals" decreased by 5 million yen and segment profit of the "Other Business" decreased by 18 million, compared with the previous method.