

Summary of Consolidated Financial Statements for Third Quarter of Fiscal Year Ending March 31, 2023(Japan GAAP)

February 10, 2023
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) Hideo Takahashi
Contact: (Title) Director (Name) Yasunobu Kawazoe Tel +81-6-6444-1850
Scheduled date of securities report submission: February 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 Third Quarter of Fiscal Year Ended March 31, 2023(April 1, 2022 to December 31, 2022)

(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, 2022 | 94,174 | 19.3 | 3,811 | -35.7 | 5,510 | -9.4 | 3,012 | -36.8 |
| 3Q, 2021 | 78,947 | 16.3 | 5,925 | — | 6,083 | — | 4,768 | — |

(Note) Comprehensive income: As of December 31, 2022: 5,317 million yen (-1.4%)
As of December 31, 2021: 5,394 million yen (— %)

| | Net income per share | Net income per share after full dilution |
|----------|----------------------|--|
| | Yen | Yen |
| 3Q, 2022 | 75.56 | — |
| 3Q, 2021 | 119.34 | — |

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|---------------------------|-----------------|-----------------|------------------------|
| | millions of yen | Millions of yen | % |
| 3Q, 2022 | 199,136 | 94,982 | 47.7 |
| Year ended March 31, 2022 | 185,758 | 91,869 | 49.5 |

(Reference) Equity capital: As of December 31, 2022: 94,982million yen
As of March 31, 2022: 91,869 million yen

2. Dividends

| | 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, 2022 | — | 0.00 | — | 36.00 | 36.00 |
| Year ended March 31, 2023 | — | 0.00 | — | — | — |
| Year ending March 31, 2023 (Forecast) | — | — | — | 40.00 | 40.00 |

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

3. Forecast for Consolidated Results for the Full Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(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 | 132,000 | 19.0 | 7,000 | -39.4 | 8,800 | -33.7 | 5,100 | -56.4 | 128.38 |

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

(Note) The company made a resolution at a Board of Directors meeting held November 10, 2022 to repurchase of treasury stock. Net income per share in the forecast of consolidated financial results for FY2022 takes into account the effect of such repurchase of treasury stock until December 31, 2022.

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 December 31, 2022: 40,383,943 shares | As of March 31, 2022: 40,383,943 shares |
| 2) Number of shares of treasury stock as of period-end | |
| As of December 31, 2022: 1,141,323 shares | As of March 31, 2022: 430,740 shares |
| 3) Average number of outstanding shares during period | |
| 3Q 2022: 39,868,212 shares | 3Q 2021: 39,955,201 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, 2022 (summary) | As of December 31, 2022 |
|---|-----------------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 27,073 | 19,731 |
| Notes and accounts receivable-trade and contract assets | 33,736 | 35,513 |
| Merchandise and finished goods | 32,813 | 35,156 |
| Work in process | 4,633 | 7,218 |
| Raw materials and supplies | 20,051 | 31,841 |
| Other | 4,190 | 7,333 |
| Allowance for doubtful accounts | -1,109 | -1,150 |
| Total current assets | 121,389 | 135,645 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Machinery equipment, net | 20,723 | 20,336 |
| Others, net | 25,812 | 25,023 |
| Total property, plant and equipment | 46,535 | 45,360 |
| Intangible assets | 1,018 | 1,419 |
| Investments and other assets | | |
| Investment securities | 7,456 | 7,983 |
| Deferred tax assets | 8,883 | 7,832 |
| Net defined benefit asset | 10 | 16 |
| Other | 550 | 928 |
| Allowance for doubtful accounts | -85 | -49 |
| Total investments and other assets | 16,815 | 16,711 |
| Total non-current assets | 64,369 | 63,490 |
| Total assets | 185,758 | 199,136 |

(Unit: millions of yen)

| Account Category | As of March 31, 2022 (summary) | As of December 31, 2022 |
|---|-----------------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 17,739 | 27,295 |
| Short-term loans payable | 16,068 | 21,100 |
| Currents portion of bonds | 1,118 | 1,028 |
| Accrued income taxes | 1,242 | 221 |
| Provision | 1,438 | 653 |
| Other | 9,124 | 10,843 |
| Total current liabilities | 46,731 | 61,143 |
| Long-term liabilities | | |
| Bonds payable | 3,898 | 3,324 |
| Long-term loans payable | 24,831 | 21,869 |
| Provision for environment and safety improvement | 1,384 | 1,200 |
| Other provision | 83 | 167 |
| Net defined benefit liability | 13,058 | 12,684 |
| Other | 3,901 | 3,764 |
| Total long-term liabilities | 47,157 | 43,010 |
| Total Liabilities | 93,889 | 104,154 |
| Net assets | | |
| Shareholder's equity | | |
| Capital stock | 43,420 | 43,420 |
| Capital surplus | 10,627 | 10,653 |
| Retained earnings | 38,592 | 40,166 |
| Treasury shares | -734 | -1,527 |
| Total shareholders' equity | 91,905 | 92,712 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 405 | 296 |
| Foreign currency translation adjustment | -297 | 2,045 |
| Remeasurements of defined benefit plans | -143 | -72 |
| Total accumulated other comprehensive income | -36 | 2,269 |
| Total net assets | 91,869 | 94,982 |
| Total liabilities and net assets | 185,758 | 199,136 |

* 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) Consolidated Statements of Income

(Unit: millions of yen)

| Account Category | Q3 2021 (April 1,2021 to December 31, 2021) | Q3 2022 (April 1,2022 to December 31, 2022) |
|---|---|---|
| Net sales | 78,947 | 94,174 |
| Cost of sales | 57,537 | 71,867 |
| Gross profit | 21,409 | 22,307 |
| Selling, general and administrative expenses | 15,483 | 18,495 |
| Operating income | 5,925 | 3,811 |
| Non-operating income | | |
| Interest income | 11 | 13 |
| Dividend income | 167 | 190 |
| Equity in earnings of affiliates | — | 663 |
| Foreign exchange gains | 672 | 1,333 |
| Gain on sales of raw materials | 100 | 110 |
| Other | 242 | 172 |
| Total non-operating income | 1,194 | 2,484 |
| Non-operating expenses | | |
| Interest expenses | 407 | 360 |
| Financial fee | 203 | 282 |
| Share of loss of entities accounted for using equity method | 262 | — |
| Other | 163 | 143 |
| Total non-operating expenses | 1,037 | 785 |
| Ordinary income | 6,083 | 5,510 |
| Extraordinary income | | |
| Gain on forgiveness of debts | 552 | — |
| Gain on sale of investment securities | 31 | 76 |
| Other | 129 | — |
| Total extraordinary income | 713 | 76 |
| Extraordinary loss | | |
| Loss on disposal of non-current assets | 804 | 592 |
| Total extraordinary losses | 804 | 592 |
| Income before income taxes and minority interests | 5,991 | 4,994 |
| Income taxes-current | 938 | 799 |
| Income taxes – deferred | 284 | 1,182 |
| Total income taxes | 1,222 | 1,981 |
| Net income | 4,768 | 3,012 |
| Profit attributable to owners of parent | 4,768 | 3,012 |

* 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 2021 (April 1,2021 to December 31, 2021) | Q3 2022 (April 1,2022 to December 31, 2022) |
|--|---|---|
| Net income | 4,768 | 3,012 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 0 | -109 |
| Foreign currency translation adjustment | 608 | 2,199 |
| Remeasurements of defined benefit plans | 38 | 71 |
| Share of other comprehensive income of entities accounted for using equity method | -20 | 143 |
| Total other comprehensive income | 626 | 2,305 |
| Comprehensive income | 5,394 | 5,317 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 5,394 | 5,317 |

(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 in case of significant changes in shareholders' equity)

This company acquired 759,200 shares of treasury stock based on the resolution made at the meeting of the Board of Directors held on November 10, 2022. As a result, treasury stock increased by 793 million yen in the third quarter consolidated cumulative and stood at 1,527 million yen at the end of the third quarter consolidated accounting period.

(Additional Information)

(Practical Solution the Accounting and Disclosure under the Group Tax Sharing System)

The Company and its domestic consolidated subsidiaries transferred from the consolidated taxation system to the group tax sharing system from the first quarter consolidated accounting period. We adopted "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (ASBJ Guidance No.42, August 12, 2021) regarding to the accounting treatment and disclosure of corporate tax and local corporate tax as well as tax-effect accounting.

We considered that changes in accounting policies had no impact on quarterly consolidated financial statements in accordance with the Paragraph 32 (1) of ASBJ Guidance No.42.

6. Segment Information

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2022 (April 1, 2021 to December 31, 2021)

(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 | 44,242 | 32,522 | 2,181 | 78,947 | — | 78,947 |
| (2) Intersegment sales and transfers | — | — | 3,265 | 3,265 | -3,265 | — |
| Total | 44,242 | 32,522 | 5,446 | 82,212 | -3,265 | 78,947 |
| Segment profit | 4,620 | 2,773 | 352 | 7,746 | -1,821 | 5,925 |

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 1,821 million) includes elimination of transaction between segments (¥ 45million) and corporate expenses not allocated to reporting segments(- ¥ 1,866 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 |
|--------|--------|---------|--------|-------|--------|
| 33,522 | 19,040 | 12,711 | 13,427 | 245 | 78,947 |

(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

We do not note significant changes.

【Business Segment Information】

3Q of Fiscal Year Ended March 31, 2023(April 1,2022 to December31, 2022)

(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 | 47,479 | 44,684 | 2,010 | 94,174 | — | 94,174 |
| (2) Intersegment sales and transfers | — | 0 | 2,937 | 2,937 | -2,937 | — |
| Total | 47,479 | 44,684 | 4,947 | 97,111 | -2,937 | 94,174 |
| Segment profit | 1,219 | 4,774 | 102 | 6,096 | -2,284 | 3,811 |

(Note) 1. Adjustment include the following items

- (1) Adjustment in segment profit (- ¥ 2,284 million) includes elimination of transaction between segments (¥ 123million) and corporate expenses not allocated to reporting segments(- ¥ 2,408 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 |
|--------|--------|---------|--------|-------|--------|
| 39,315 | 19,097 | 20,351 | 15,037 | 373 | 94,174 |

(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

We do not note significant changes.