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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 04, 2022

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 Stock exchange listing: Tokyo
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 Scheduled date of filing quarterly securities report: November 10, 2022
 Scheduled date of commencing dividend payments: December 01, 2022
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	10,369	7.9	1,259	(5.9)	1,363	(4.1)	944	(16.9)
September 30, 2021	9,608	18.1	1,337	125.6	1,421	114.7	1,136	121.3

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 829 million [(22.2)%]
 Six months ended September 30, 2021: ¥ 1,066 million [38.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	61.63	-
September 30, 2021	71.63	-

(Note) The Company conducted a 2-for-1 stock split of common stock on October 01, 2021. "Basic earnings per share" are calculated on the assumption that the stock split was implemented at the beginning of the preceding fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2022	26,485	21,588	81.5
March 31, 2022	25,884	21,494	83.0

(Reference) Equity: As of September 30, 2022: ¥ 21,588 million
 As of March 31, 2022: ¥ 21,494 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	25.00	-	14.00	39.00
Fiscal year ending March 31, 2023	-	17.00			
Fiscal year ending March 31, 2023 (Forecast)			-	17.00	34.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) The Company conducted a 2-for-1 stock split of common stock on October 01, 2021. The actual amounts of dividends before the stock split are described for the end of the second quarter of fiscal year ended March 31, 2022.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,600	8.2	2,580	9.5	2,670	6.2	2,100	2.4	137.38

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022: No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022: 16,308,280 shares

March 31, 2022: 16,308,280 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 1,055,808 shares

March 31, 2022: 641,868 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 15,318,782 shares

Six months ended September 30, 2021: 15,866,630 shares

(Note) The Company conducted a 2-for-1 stock split of common stock on October 01, 2021. "Average number of shares during the period" are calculated on the assumption that the stock split was implemented at the beginning of the preceding fiscal year.

*These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants and audit corporations.

*Explanation for the appropriate use of performance forecast and other special notes:

The statements regarding forecast of financial results in this report are based on the information that is available to the Company, as well as certain assumptions that are deemed to be reasonable by management, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ materially from forecast values due to various factors. For the suppositions that form the assumptions for earnings forecast and cautions concerning the use thereof, please refer to "1. Qualitative Information on Quarterly Financial Results (2) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" on page 2 of this report.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

For the six months ended September 30, 2022, the Japanese economy showed signs of recovery due to the normalization of economic and social activities under the concept of living with COVID-19, but the outlook uncertain due to the impact of the situation in Ukraine and soaring prices of crude oil and raw materials on the domestic and overseas economies and the effects of the weak yen.

Under such circumstances, the group has been working on the development of high value-added products, conducting sales activities in Japan and overseas, and striving to expand the market.

As a result, net sales for the six months ended September 30, 2022 were 10,369 million yen (up 7.9% year on year), operating profit was 1,259 million yen (down 5.9% year on year) and ordinary profit was 1,363 million yen (down 4.1% year on year) due to an increase in selling, general and administrative expenses, including travel, depreciation, and freight expenses, and profit attributable to owners of parent was 944 million yen (down 16.9% year on year) due to a decrease in gain on sale of investment securities resulting from sales of strategic shareholdings.

Overview of financial results by segment are as follows.

<Plating chemicals & Automated chemical analyzer>

Sales of Plating chemicals were strong due to the expansion of demand in the electronic component industry, mainly for package substrates in the telecommunications infrastructure industry, including 5G-related data centers.

On the other hand, sales of Automated chemical analyzer were decreased from the previous year due to weak smartphone and PC-related sales and delays, postponements and cancellations of capital investments by users due to delays in procurement of parts by equipment manufacturers.

In addition, sales of decorative plating chemicals remained sluggish due to production cutbacks in the automotive industry and miscellaneous products.

As a result, net sales in this segment were 5,447 million yen (up 0.0% year on year).

<Electronic materials>

As for processed functional materials, the semiconductor market was strong, and sales of ceramics and engineering plastics for semiconductor manufacturing equipment and semiconductor inspection equipment increased.

As a result, net sales in this segment were 437 million yen (up 17.4% year on year).

<Automotive chemicals>

Sales of air conditioner cleaners increased from the previous year due to the model change of some products in April 2022 and the expansion of car dealers handling air conditioner cleaners. In addition, we raised the prices of some products in response to soaring raw material prices, and there was a rush demand before the price increase.

As a result, net sales in this segment were 1,898 million yen (up 12.8% year on year).

<Industrial chemicals>

Sales of Industrial chemicals increased significantly from the previous year, partly due to rising market conditions and the expansion of market share due to the strengthening of the supply chain.

As a result, net sales in this segment were 2,584 million yen (up 22.7% year on year).

(2) Explanation of consolidated earnings forecast and other forward-looking statements

There is no change to the full-year consolidated earnings forecast for the fiscal year ending March 31, 2023, which were announced on May 13, 2022.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	5,535,879	5,405,757
Notes and accounts receivable - trade	3,934,083	4,370,968
Electronically recorded monetary claims - operating	601,316	766,174
Merchandise and finished goods	877,418	908,308
Work in process	197,610	239,332
Raw materials and supplies	646,296	1,034,644
Other	89,381	148,191
Total current assets	11,881,986	12,873,378
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,125,229	3,106,904
Other, net	2,444,640	2,495,043
Total property, plant and equipment	5,569,869	5,601,948
Intangible assets	81,477	67,346
Investments and other assets		
Investment securities	7,303,865	6,900,904
Other	1,052,661	1,046,957
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	8,351,277	7,942,611
Total non-current assets	14,002,624	13,611,906
Total assets	25,884,611	26,485,285
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,700,805	2,166,058
Electronically recorded obligations - operating	858,426	950,224
Income taxes payable	426,645	468,617
Provision for bonuses	216,716	225,098
Provision for bonuses for directors (and other officers)	38,500	13,950
Other	472,432	403,557
Total current liabilities	3,713,527	4,227,505
Non-current liabilities		
Retirement benefit liability	51,307	52,549
Asset retirement obligations	-	67,841
Other	624,916	549,189
Total non-current liabilities	676,223	669,580
Total liabilities	4,389,751	4,897,086

(Thousand yen)

	As of March 31,2022	As of September 30,2022
Net assets		
Shareholders' equity		
Share capital	1,980,874	1,980,874
Capital surplus	2,293,384	2,294,566
Retained earnings	17,150,319	17,875,025
Treasury shares	(683,585)	(1,201,497)
Total shareholders' equity	20,740,992	20,948,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	756,475	625,371
Foreign currency translation adjustment	(2,607)	13,859
Total accumulated other comprehensive income	753,868	639,230
Total net assets	21,494,860	21,588,198
Total liabilities and net assets	25,884,611	26,485,285

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	9,608,057	10,369,254
Cost of sales	6,310,972	7,041,930
Gross profit	3,297,085	3,327,324
Selling, general and administrative expenses	1,959,626	2,068,139
Operating profit	1,337,458	1,259,184
Non-operating income		
Interest income	8,902	7,520
Dividend income	22,024	23,993
Foreign exchange gains	6,167	44,319
Insurance return	25,070	843
Other	24,013	30,863
Total non-operating income	86,179	107,540
Non-operating expenses		
Interest expenses	92	707
Commission for purchase of treasury shares	902	1,054
Rental expenses	1,020	1,020
Other	4	238
Total non-operating expenses	2,019	3,020
Ordinary profit	1,421,618	1,363,704
Extraordinary income		
Gain on sale of non-current assets	169	-
Gain on sale of investment securities	183,076	4,245
Total extraordinary income	183,246	4,245
Extraordinary losses		
Loss on retirement of non-current assets	390	2,727
Total extraordinary losses	390	2,727
Profit before income taxes	1,604,474	1,365,221
Income taxes	467,898	421,186
Profit	1,136,576	944,035
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,136,576	944,035

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Thousand yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	1,136,576	944,035
Other comprehensive income		
Valuation difference on available-for-sale securities	(75,000)	(131,104)
Foreign currency translation adjustment	4,450	16,466
Total other comprehensive income	(70,550)	(114,637)
Comprehensive income	1,066,026	829,397
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,066,026	829,397
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumptions)

Not applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not applicable.