

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

July 27, 2023

Company name: ISHIHARA CHEMICAL CO.,LTD.
 Stock exchange listing: Tokyo
 Code number: 4462
 URL: <https://www.unicon.co.jp/english/>
 Representative: Yasuyuki Sakai President and Representative Director
 Contact: Yasumasa Yamaguchi Director, General Manager of Administration Department and Administrative Manager
 Phone: +81-78-681-4801
 Scheduled date of filing quarterly securities report: August 9, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

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

I. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	4,766	(7.0)	374	(43.3)	432	(41.7)	347	(32.2)
June 30, 2022	5,125	8.8	660	6.7	741	7.2	513	(3.7)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 397 million [(6.1)%]
 Three months ended June 30, 2022: ¥ 423 million [(1.4)%]

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2023	Yen 23.18	Yen -
June 30, 2022	33.36	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of June 30, 2023	Millions of yen 26,334	Millions of yen 21,771	%
March 31, 2023	26,505	21,900	82.6

(Reference) Equity: As of June 30, 2023: ¥ 21,771 million
 As of March 31, 2023: ¥ 21,900 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, 2023	-	17.00	-	17.00	34.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		18.00	-	18.00	36.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	10,200	(1.6)	1,290	2.4	1,330	(2.5)	960	1.7	64.12
Full year	21,400	5.2	2,700	26.2	2,780	23.1	2,010	19.3	134.47

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

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023: 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):

June 30, 2023: 16,308,280 shares

March 31, 2023: 16,308,280 shares

2) Number of treasury shares at the end of the period:

June 30, 2023: 1,347,008 shares

March 31, 2023: 1,174,708 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 15,009,272 shares

Three months ended June 30, 2022: 15,385,078 shares

*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.

○Table of Contents for Attached Materials

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Results of Operations	2
(2) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information	2
2. Quarterly Consolidated Financial Statements and Principal Notes	3
(1) Quarterly Consolidated Balance Sheets	3
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
(3) Notes to Quarterly Consolidated Financial Statements	7
(Notes to Going Concern Assumptions)	7
(Notes to Significant Changes in the Amount of Shareholders' Equity)	7

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Results of Operations

For the three months ended June 30, 2023, Japanese economy continues to recover moderately due to fading the negative impact of the novel coronavirus disease (COVID-19) on Japanese economy. However, the outlook is uncertain due to price hikes and the sluggishness of the global economy.

Under such circumstances, the group has been working on the development of high value-added products, conducting sales activities in Japan and abroad, and striving to expand the market. However, the group has been affected by production adjustments on the semiconductor market.

As a result, net sales for the three months ended June 30, 2023 were 4,766 million yen (down 7.0% year on year), operating profit was 374 million yen (down 43.3% year on year), ordinary profit was 432 million yen (down 41.7% year on year), and profit attributable to owners of parent was 347 million yen (down 32.2% year on year).

Overview of financial results by segment are as follows.

<Plating chemicals & Automated chemical analyzer>

From the 3rd quarter of the previous consolidated fiscal year, the electronic components industry entered a phase of production cutbacks and adjustments as negative factors in personal consumption, such as the situation in Ukraine, the lockdown in China, and global inflation, affected end products such as personal computers, smartphones, and LCD TVs.

In addition, sales of Automated chemical analyzer were affected by the production adjustment due to the decrease of demand for the semiconductor, especially for the smartphone and personal computers related products.

As a result, net sales in this segment were 2,208 million yen (down 20.0% year on year).

<Electronic materials>

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

As a result, net sales in this segment were 161 million yen (down 26.8% year on year).

<Automotive chemicals>

Sales of air conditioner cleaners and coating agents increased from the previous year due to expanding the number of car dealers that deal with our products. In addition, we raised the prices of products for car dealers and repair products such as compounds in response to soaring raw material prices.

As a result, net sales in this segment were 921 million yen (up 1.3% year on year).

<Industrial chemicals>

Sales of Industrial chemicals increased significantly from the previous year due to raising the prices of existing products, the expansion of market share, and acquisition of new projects while the recovery of steel demand has been delayed.

As a result, net sales in this segment were 1,475 million yen (up 19.4% year on year).

(2) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

There is no change to the consolidated earnings forecast for the first six months of the fiscal year ending March 31, 2024, nor to the full-year earnings forecast, both of which were announced on May 15, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	5,927,981	5,520,518
Notes and accounts receivable - trade	4,433,512	4,617,627
Electronically recorded monetary claims - operating	647,016	721,697
Merchandise and finished goods	1,046,653	1,095,306
Work in process	225,338	293,093
Raw materials and supplies	1,139,127	1,185,053
Other	183,401	86,814
Total current assets	13,603,030	13,520,111
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,126,265	3,085,828
Other, net	2,373,531	2,485,237
Total property, plant and equipment	5,499,797	5,571,066
Intangible assets	70,993	64,488
Investments and other assets		
Investment securities	6,273,988	6,126,969
Other	1,062,522	1,057,051
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	7,331,260	7,178,771
Total non-current assets	12,902,051	12,814,326
Total assets	26,505,082	26,334,437
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,951,955	2,123,355
Electronically recorded obligations - operating	907,889	872,082
Income taxes payable	387,643	167,084
Provision for bonuses	223,286	117,462
Provision for bonuses for directors (and other officers)	18,600	9,300
Other	436,502	585,993
Total current liabilities	3,925,876	3,875,278
Non-current liabilities		
Retirement benefit liability	50,737	51,094
Asset retirement obligations	68,143	68,294
Other	560,321	567,963
Total non-current liabilities	679,202	687,351
Total liabilities	4,605,079	4,562,630

(Thousands of yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,980,874	1,980,874
Capital surplus	2,294,566	2,294,566
Retained earnings	18,356,554	18,447,210
Treasury shares	(1,362,765)	(1,631,270)
Total shareholders' equity	21,269,230	21,091,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630,153	676,114
Foreign currency translation adjustment	619	4,310
Total accumulated other comprehensive income	630,772	680,425
Total net assets	21,900,003	21,771,806
Total liabilities and net assets	26,505,082	26,334,437

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	5,125,550	4,766,943
Cost of sales	3,437,219	3,310,925
Gross profit	1,688,331	1,456,017
Selling, general and administrative expenses	1,027,462	1,081,253
Operating profit	660,868	374,764
Non-operating income		
Interest income	3,813	1,825
Dividend income	23,990	22,706
Foreign exchange gains	37,602	19,342
Other	16,866	15,008
Total non-operating income	82,272	58,882
Non-operating expenses		
Interest expenses	352	225
Commission for purchase of treasury shares	1,054	671
Rental expenses	510	510
Other	5	101
Total non-operating expenses	1,922	1,507
Ordinary profit	741,219	432,139
Extraordinary income		
Gain on sale of investment securities	-	65,886
Total extraordinary income	-	65,886
Extraordinary losses		
Loss on retirement of non-current assets	2,713	141
Total extraordinary losses	2,713	141
Profit before income taxes	738,505	497,884
Income taxes	225,223	149,957
Profit	513,282	347,927
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	513,282	347,927

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

(Thousands of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	513,282	347,927
Other comprehensive income		
Valuation difference on available-for-sale securities	(96,457)	45,961
Foreign currency translation adjustment	6,727	3,691
Total other comprehensive income	(89,729)	49,652
Comprehensive income	423,552	397,579
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	423,552	397,579
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.