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## Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

October 31, 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  
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 Scheduled date of filing quarterly securities report: November 10, 2023  
 Scheduled date of commencing dividend payments: December 1, 2023  
 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, 2023 (April 1, 2023 to September 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	%
Six months ended September 30, 2023	10,035	(3.2)	1,062	(15.6)	1,152	(15.5)	903	(4.3)
September 30, 2022	10,369	7.9	1,259	(5.9)	1,363	(4.1)	944	(16.9)

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 911 million [ 9.9%]  
 Six months ended September 30, 2022: ¥ 829 million [ (22.2)%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 60.36	Yen -
September 30, 2022	61.63	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2023	Millions of yen 27,125	Millions of yen 22,229	% 81.9
March 31, 2023	26,505	21,900	82.6

(Reference) Equity: As of September 30, 2023: ¥ 22,229 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	-	18.00			
Fiscal year ending March 31, 2024 (Forecast)			-	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
Full year	21,400	5.2	2,700	26.2	2,780	23.1	2,010	19.3	134.45

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

\* Notes:

(1) Changes in significant subsidiaries during the six months ended September 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):

September 30, 2023:	16,308,280 shares
March 31, 2023:	16,308,280 shares

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

September 30, 2023:	1,381,818 shares
March 31, 2023:	1,174,708 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023:	14,973,203 shares
Six months ended September 30, 2022:	15,318,782 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.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Results of Operations

For the six months ended September 30, 2023, Japanese economy continues to recover moderately. 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 six months ended September 30, 2023 were 10,035 million yen (down 3.2% year on year), operating profit was 1,062 million yen (down 15.6% year on year) due to an increase in selling, general and administrative expenses, including travel, depreciation and freight costs, ordinary profit was 1,152 million yen (down 15.5% year on year), and profit attributable to owners of parent was 903 million yen (down 4.3% 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 prolonged situation in Ukraine, the global inflation, and ending the demand for stay-at-home, 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 4,868 million yen (down 10.6% 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 328 million yen (down 24.9% 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. Meanwhile, sales of products to Japanese car dealers in China were significantly lower than in the previous year.

As a result, net sales in this segment were 1,895 million yen (down 0.2% 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 expanding sales of new products while the recovery of steel demand has been delayed.

As a result, net sales in this segment were 2,942 million yen (up 13.8% 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 full-year earnings of the fiscal year ending March 31, 2024, which were announced on May 15, 2023.

## 2. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	5,927,981	5,736,695
Notes and accounts receivable - trade	4,433,512	4,787,777
Electronically recorded monetary claims - operating	647,016	880,295
Securities	-	100,220
Merchandise and finished goods	1,046,653	1,051,688
Work in process	225,338	258,370
Raw materials and supplies	1,139,127	1,276,442
Other	183,401	100,500
Total current assets	13,603,030	14,191,991
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,126,265	3,046,372
Other, net	2,373,531	2,693,836
Total property, plant and equipment	5,499,797	5,740,209
Intangible assets	70,993	64,944
Investments and other assets		
Investment securities	6,273,988	6,061,065
Other	1,062,522	1,072,965
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	7,331,260	7,128,780
Total non-current assets	12,902,051	12,933,934
Total assets	26,505,082	27,125,926
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,951,955	1,980,425
Electronically recorded obligations - operating	907,889	938,843
Income taxes payable	387,643	407,206
Provision for bonuses	223,286	233,745
Provision for bonuses for directors (and other officers)	18,600	19,800
Other	436,502	639,605
Total current liabilities	3,925,876	4,219,624
Non-current liabilities		
Retirement benefit liability	50,737	51,451
Asset retirement obligations	68,143	68,445
Other	560,321	557,053
Total non-current liabilities	679,202	676,950
Total liabilities	4,605,079	4,896,575

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,980,874	1,980,874
Capital surplus	2,294,566	2,297,678
Retained earnings	18,356,554	19,003,024
Treasury shares	(1,362,765)	(1,690,928)
Total shareholders' equity	21,269,230	21,590,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630,153	629,386
Foreign currency translation adjustment	619	9,316
Total accumulated other comprehensive income	630,772	638,702
Total net assets	21,900,003	22,229,351
Total liabilities and net assets	26,505,082	27,125,926

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income (For the six months)

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	10,369,254	10,035,614
Cost of sales	7,041,930	6,832,761
Gross profit	3,327,324	3,202,852
Selling, general and administrative expenses	2,068,139	2,139,860
Operating profit	1,259,184	1,062,991
Non-operating income		
Interest income	7,520	3,688
Dividend income	23,993	23,153
Foreign exchange gains	44,319	32,495
Insurance return	843	-
Other	30,863	32,307
Total non-operating income	107,540	91,645
Non-operating expenses		
Interest expenses	707	412
Commission for purchase of treasury shares	1,054	846
Rental expenses	1,020	1,020
Other	238	109
Total non-operating expenses	3,020	2,388
Ordinary profit	1,363,704	1,152,248
Extraordinary income		
Gain on sale of investment securities	4,245	131,492
Total extraordinary income	4,245	131,492
Extraordinary losses		
Loss on retirement of non-current assets	2,727	230
Total extraordinary losses	2,727	230
Profit before income taxes	1,365,221	1,283,510
Income taxes	421,186	379,769
Profit	944,035	903,740
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	944,035	903,740

## Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousands of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	944,035	903,740
Other comprehensive income		
Valuation difference on available-for-sale securities	(131,104)	(766)
Foreign currency translation adjustment	16,466	8,696
Total other comprehensive income	(114,637)	7,929
Comprehensive income	829,397	911,670
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	829,397	911,670
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.