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Consolidated Financial Results for the Three Months Ended June 30, 2022 [Japanese GAAP]

August 01, 2022

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 Scheduled date of filing quarterly securities report: August 09, 2022
 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)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022 (April 01, 2022 to June 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	%
Three months ended June 30, 2022	5,125	8.8	660	6.7	741	7.2	513	(3.7)
June 30, 2021	4,710	14.4	619	157.1	691	140.6	533	154.1

(Note) Comprehensive income: Three months ended June 30, 2022: ¥ 423 million [(1.4)%]
 Three months ended June 30, 2021: ¥ 429 million [(5.8)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	33.36	-
June 30, 2021	33.18	-

(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
	Million yen	Million yen	%
As of June 30, 2022	25,695	21,172	82.4
March 31, 2022	25,884	21,494	83.0

(Reference) Equity: As of June 30, 2022: ¥ 21,172 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	-				
Fiscal year ending March 31, 2023 (Forecast)		17.00	-	17.00	34.00

(Note) Revision to the forecast for dividends announced most recently: Yes

For details on the revision to the forecast for dividends, please refer to the "Notice Concerning Revisions to Dividend Forecast" announced July 28, 2022.

(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
Six months ended September 30, 2022	10,000	4.1	1,320	(1.3)	1,360	(4.3)	1,060	(6.7)	67.66
Full year	20,600	8.2	2,580	9.5	2,670	6.2	2,100	2.4	134.04

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

* Notes:

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

June 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:

June 30, 2022: 1,063,868 shares
March 31, 2022: 641,868 shares

3) Average number of shares during the period:

Three months ended June 30, 2022: 15,385,078 shares
Three months ended June 30, 2021: 16,066,676 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 three months ended June 30, 2022, Japanese economy continues to recover moderately, but the outlook is uncertain due to the novel coronavirus disease (COVID-19), the situation in Ukraine, the impact of soaring crude oil and raw material prices on domestic and overseas economies, and the impact of the weak yen.

Under such circumstances, the group has been working on the development of high value-added products, conducting web conferencing systems and face-to-face sales activities, and striving to expand the market.

As a result, net sales for the three months ended June 30, 2022 were 5,125 million yen (up 8.8% year on year), operating profit was 660 million yen (up 6.7% year on year), ordinary profit was 741 million yen (up 7.2% year on year), and profit attributable to owners of parent was 513 million yen (down 3.7% year on year).

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 due to the spread of 5G-related servers.

In addition, sales of Automated chemical analyzer were strong due to robust capital investment in package boards for data servers, and so on.

As a result, net sales in this segment were 2,759 million yen (up 3.7% 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 220 million yen (up 35.6% 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.

As a result, net sales in this segment were 909 million yen (up 12.4% year on year).

<Industrial chemicals>

Sales of Industrial chemicals increased significantly from the previous year, partly due to the expansion of market share due to the strengthening of the supply chain, against the backdrop of rising market conditions such as the recovery of steel demand.

As a result, net sales in this segment were 1,235 million yen (up 14.7% year on year).

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

There is no change to the consolidated earnings forecast for the first six months of the fiscal year ending March 31, 2023, nor to the full-year earnings forecast, both of 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 June 30,2022
Assets		
Current assets		
Cash and deposits	5,535,879	4,820,262
Notes and accounts receivable - trade	3,934,083	4,239,773
Electronically recorded monetary claims - operating	601,316	767,032
Securities	-	100,010
Merchandise and finished goods	877,418	892,635
Work in process	197,610	248,351
Raw materials and supplies	646,296	878,546
Other	89,381	135,412
Total current assets	11,881,986	12,082,025
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,125,229	3,124,907
Other, net	2,444,640	2,462,947
Total property, plant and equipment	5,569,869	5,587,854
Intangible assets	81,477	74,468
Investments and other assets		
Investment securities	7,303,865	6,862,180
Other	1,052,661	1,094,240
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	8,351,277	7,951,171
Total non-current assets	14,002,624	13,613,494
Total assets	25,884,611	25,695,519
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,700,805	2,014,687
Electronically recorded obligations - operating	858,426	849,772
Income taxes payable	426,645	257,707
Provision for bonuses	216,716	114,315
Provision for bonuses for directors (and other officers)	38,500	6,975
Other	472,432	662,943
Total current liabilities	3,713,527	3,906,400
Non-current liabilities		
Retirement benefit liability	51,307	51,928
Other	624,916	565,185
Total non-current liabilities	676,223	617,114
Total liabilities	4,389,751	4,523,514

(Thousand yen)

	As of March 31,2022	As of June 30,2022
Net assets		
Shareholders' equity		
Share capital	1,980,874	1,980,874
Capital surplus	2,293,384	2,293,384
Retained earnings	17,150,319	17,444,271
Treasury shares	(683,585)	(1,210,663)
Total shareholders' equity	20,740,992	20,507,866
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	756,475	660,018
Foreign currency translation adjustment	(2,607)	4,120
Total accumulated other comprehensive income	753,868	664,138
Total net assets	21,494,860	21,172,005
Total liabilities and net assets	25,884,611	25,695,519

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Thousand yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Net sales	4,710,918	5,125,550
Cost of sales	3,096,313	3,437,219
Gross profit	1,614,605	1,688,331
Selling, general and administrative expenses	995,312	1,027,462
Operating profit	619,292	660,868
Non-operating income		
Interest income	4,462	3,813
Dividend income	22,021	23,990
Foreign exchange gains	3,700	37,602
Insurance return	25,070	-
Other	17,666	16,866
Total non-operating income	72,922	82,272
Non-operating expenses		
Interest expenses	33	352
Commission for purchase of treasury shares	-	1,054
Rental expenses	510	510
Other	3	5
Total non-operating expenses	547	1,922
Ordinary profit	691,667	741,219
Extraordinary income		
Gain on sale of investment securities	61,072	-
Total extraordinary income	61,072	-
Extraordinary losses		
Loss on retirement of non-current assets	0	2,713
Total extraordinary losses	0	2,713
Profit before income taxes	752,740	738,505
Income taxes	219,574	225,223
Profit	533,166	513,282
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	533,166	513,282

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

(Thousand yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Profit	533,166	513,282
Other comprehensive income		
Valuation difference on available-for-sale securities	(107,404)	(96,457)
Foreign currency translation adjustment	3,626	6,727
Total other comprehensive income	(103,778)	(89,729)
Comprehensive income	429,387	423,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	429,387	423,552
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.