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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

July 25, 2024

Company name: ISHIHARA CHEMICAL CO.,LTD.
 Stock exchange listing: Tokyo
 Code number: 4462
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 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, 2024 (April 1, 2024 to June 30, 2024)

(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, 2024	5,980	25.5	808	115.6	876	102.7	635	82.7
June 30, 2023	4,766	(7.0)	374	(43.3)	432	(41.7)	347	(32.2)

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 670 million [68.6%]
 Three months ended June 30, 2023: ¥ 397 million [(6.1)%]

	Basic earnings per share	Diluted earnings per share
Three months ended June 30, 2024	Yen 42.66	Yen -
June 30, 2023	23.18	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of June 30, 2024	Millions of yen 28,204	Millions of yen 23,387	82.9%
March 31, 2024	27,917	23,106	82.8

(Reference) Equity: As of June 30, 2024: ¥ 23,387 million
 As of March 31, 2024: ¥ 23,106 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, 2024	-	18.00	-	18.00	36.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		20.00	-	20.00	40.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(% 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, 2024	10,900	8.6	1,290	21.4	1,330	15.4	950	5.1	64.04
Full year	22,400	8.2	2,730	17.2	2,790	13.6	2,000	4.9	135.41

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

* Notes:

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: No

(2) Adoption of accounting treatment specific to 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, 2024: 15,973,680 shares

March 31, 2024: 15,973,680 shares

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

June 30, 2024: 1,108,859 shares

March 31, 2024: 1,047,259 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2024: 14,897,121 shares

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

*Review of the attached quarterly consolidated financial statements by certified public accountants and audit corporations: No

*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 are not intended to guarantee the achievement of the forecasts. 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. Overview of Business Results (3)Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" on page 3 of this report.

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1. Overview of Business Results

(1) Overview of Business Results during the three months ended June 30, 2024

During the fiscal year ended June 30, 2024, Japanese economy continues to recover moderately. However, the outlook is uncertain due to price hikes, increase in interest rates, depreciation of the yen and concerns about a downturn in overseas economies.

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.

As a result, net sales for the three months ended June 30, 2024 were 5,980 million yen (up 25.5% year on year), operating profit was 808 million yen (up 115.6% year on year), ordinary profit was 876 million yen (up 102.7% year on year), and profit attributable to owners of parent was 635 million yen (up 82.7% year on year).

Overview of financial results by segment are as follows.

<Plating chemicals & Automated chemical analyzer>

Although demand for electronic components for PCs and smartphones showed only a moderate recovery, demand for some cutting-edge semiconductor packages, such as those for generative AI, remained strong.

In addition, sales of Automated chemical analyzer increased due to large-lot sales of analyzer.

As a result, net sales in this segment were 3,249 million yen (up 47.1% year on year), operating profit was 597 million yen (up 347.5% year on year).

<Electronic materials>

As for processed functional materials, the semiconductor market was recovering, 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 197 million yen (up 22.1% year on year), operating profit was 15 million yen (up 1,064.1% 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. On the other hand, sales of products for the Chinese market decreased from the previous year due to weak sales of new Japanese cars.

As a result, net sales in this segment were 935 million yen (up 1.6% year on year), operating profit was 221 million yen (down 16.2% year on year).

<Industrial chemicals>

Although demand for mainstay product, caustic soda, remained sluggish, demand for catalyst for vinyl chloride and special steel plate agents recovered. In addition, sales of Industrial chemicals increased from the previous year due to the acquisition of new projects for water treatment chemicals.

As a result, net sales in this segment were 1,597 million yen (up 8.3% year on year), operating profit was 63 million yen (up 7.4% year on year).

(2) Overview of Financial Position during the three months ended June 30, 2024

Current assets at the end of the current quarterly consolidated fiscal period increased by 527 million yen from the end of the previous consolidated fiscal year to 15,272 million yen. The main changes were an increase of 498 million yen in notes and accounts receivable-trade. The balance of non-current assets decreased by 241 million yen from the end of the previous consolidated fiscal year to 12,931 million yen. The main changes were a 284 million yen decrease in investment securities. Total liabilities increased 5 million yen to 4,816 million yen, and total net assets increased 280 million yen to 23,387 million yen from the end of the previous consolidated fiscal year.

(3) 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, 2025, nor to the full-year earnings forecast, both of which were announced on May 15, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	6,440,187	6,260,557
Notes and accounts receivable - trade	4,559,546	5,057,756
Electronically recorded monetary claims - operating	1,094,124	1,139,513
Securities	100,100	399,400
Merchandise and finished goods	1,156,253	1,044,082
Work in process	260,426	337,852
Raw materials and supplies	1,035,735	860,320
Other	97,842	172,680
Total current assets	14,744,216	15,272,164
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,979,223	2,936,279
Other, net	2,804,983	2,892,340
Total property, plant and equipment	5,784,206	5,828,619
Intangible assets	51,607	44,129
Investments and other assets		
Investment securities	6,265,468	5,981,194
Other	1,077,340	1,083,207
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	7,337,558	7,059,151
Total non-current assets	13,173,373	12,931,901
Total assets	27,917,590	28,204,065
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,967,623	2,239,447
Electronically recorded obligations - operating	788,745	748,082
Income taxes payable	405,017	280,144
Provision for bonuses	225,923	122,821
Provision for bonuses for directors (and other officers)	39,600	12,800
Other	654,627	687,650
Total current liabilities	4,081,535	4,090,945
Non-current liabilities		
Retirement benefit liability	47,974	49,248
Asset retirement obligations	68,750	68,902
Other	612,768	607,555
Total non-current liabilities	729,493	725,706
Total liabilities	4,811,029	4,816,652

(Thousands of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	1,980,874	1,980,874
Capital surplus	2,254,875	2,254,875
Retained earnings	19,280,444	19,647,291
Treasury shares	(1,191,111)	(1,311,920)
Total shareholders' equity	22,325,081	22,571,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	772,060	796,461
Foreign currency translation adjustment	9,417	19,830
Total accumulated other comprehensive income	781,478	816,292
Total net assets	23,106,560	23,387,413
Total liabilities and net assets	27,917,590	28,204,065

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (First quarter consolidated cumulative period)

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	4,766,943	5,980,444
Cost of sales	3,310,925	4,031,102
Gross profit	1,456,017	1,949,341
Selling, general and administrative expenses	1,081,253	1,141,258
Operating profit	374,764	808,083
Non-operating income		
Interest income	1,825	1,695
Dividend income	22,706	27,614
Foreign exchange gains	19,342	31,296
Other	15,008	8,270
Total non-operating income	58,882	68,877
Non-operating expenses		
Interest expenses	225	60
Commission for purchase of treasury shares	671	302
Rental expenses	510	510
Other	101	28
Total non-operating expenses	1,507	901
Ordinary profit	432,139	876,059
Extraordinary income		
Gain on sale of investment securities	65,886	8,567
Total extraordinary income	65,886	8,567
Extraordinary losses		
Loss on retirement of non-current assets	141	482
Total extraordinary losses	141	482
Profit before income taxes	497,884	884,145
Income taxes	149,957	248,621
Profit	347,927	635,523
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	347,927	635,523

Quarterly Consolidated Statements of Comprehensive Income (First quarter consolidated cumulative period)

(Thousands of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	347,927	635,523
Other comprehensive income		
Valuation difference on available-for-sale securities	45,961	24,400
Foreign currency translation adjustment	3,691	10,412
Total other comprehensive income	49,652	34,813
Comprehensive income	397,579	670,337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	397,579	670,337
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.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

	For the three months ended June 30, 2024
Calculation of tax expenses	Income taxes are calculated by multiplying the income before income taxes by the forecasted effective tax rate, which is computed by matching the forecasted yearly income taxes with the forecasted yearly income before taxes.

(Notes to Segment Information, etc.)

【Segment Information】

I For the three months ended June 30, 2023

1. Information regarding net sales and operating profit or loss by the reportable segments

(Thousands of yen)

	Reportable segments				Total	Adjustment (Note) 1	Amount on consolidated financial statements (Note) 2
	Plating chemicals & Automated chemical analyzer	Electronic materials	Automotive chemicals	Industrial chemicals			
Net sales							
Net sales to external customers	2,208,798	161,660	921,368	1,475,115	4,766,943	—	4,766,943
Intersegment net sales and transfer	—	—	—	—	—	—	—
Total	2,208,798	161,660	921,368	1,475,115	4,766,943	—	4,766,943
Segment profit (loss)	133,414	1,365	263,906	59,208	457,894	(83,129)	374,764

Note1: Segment profit or loss adjustments of (83,129) thousand yen are corporate expenses that are not allocated to each reportable segment. Corporate expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment.

Note2: Segment profit or loss is adjusted to operating profit in the quarterly consolidated statements of income.

2.Information regarding impairment loss of non-current assets and goodwill by the reportable segments

Not applicable.

II For the three months ended June 30, 2024

1.Information regarding net sales and operating profit or loss by the reportable segments

(Thousands of yen)

	Reportable segments				Total	Adjustment (Note) 1	Amount on consolidated financial statements (Note) 2
	Plating chemicals & Automated chemical analyzer	Electronic materials	Automotive chemicals	Industrial chemicals			
Net sales							
Net sales to external customers	3,249,587	197,368	935,758	1,597,730	5,980,444	—	5,980,444
Intersegment net sales and transfer	—	—	—	—	—	—	—
Total	3,249,587	197,368	935,758	1,597,730	5,980,444	—	5,980,444
Segment profit (loss)	597,031	15,890	221,141	63,608	897,672	(89,589)	808,083

Note1: Segment profit or loss adjustments of (89,589) thousand yen are corporate expenses that are not allocated to each reportable segment. Corporate expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment.

Note2: Segment profit or loss is adjusted to operating profit in the quarterly consolidated statements of income.

2.Information regarding impairment loss of non-current assets and goodwill by the reportable segments

Not applicable.

(Notes to Cash Flows)

This quarterly consolidated statements of cash flows have not been prepared for the three months ended June 30, 2024. And depreciation (including amortization related to intangible assets and long-term prepaid expenses) for the three months ended June 30, 2024 is as follows.

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
	Thousands of yen	Thousands of yen
Depreciation	116,721	122,427