

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 12, 2021

Company name: Ihara Science Corporation
 Stock exchange listing: Tokyo
 Stock code: 5999 URL <http://www.ihara-sc.co.jp>
 Representative: President Satoshi Nagaoka
 General Manager of the Business Strategy
 & Management Center Director Executive Yutaka Nakakawaji
 Officer TEL 03-6721-6988
 Scheduled date of ordinary general meeting of shareholders: June 25, 2021
 Scheduled date to file Securities Report: June 28, 2021
 Scheduled date to commence dividend payments: June 28, 2021
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	14,424	(4.2)	2,619	(0.9)	2,740	1.6	2,146	14.1
Year ended March 31, 2020	15,054	(15.0)	2,642	(20.1)	2,698	(20.4)	1,880	(24.2)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	203.25	202.07	11.7	11.7	18.2
Year ended March 31, 2020	179.68	178.88	11.2	12.0	17.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	24,092	19,310	79.7	1,817.92
As of March 31, 2020	22,674	17,522	76.9	1,651.07

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	2,685	(39)	(1,192)	7,151
Year ended March 31, 2020	2,170	(1,365)	(1,261)	5,678

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	—	—	46.00	46.00	485	25.6	2.9
Year ended March 31, 2021	—	—	—	47.00	47.00	496	23.1	2.7
Year ending March 31, 2022 (Forecast)	—	—	—	48.00	48.00	—	—	—

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	17,000	17.9	3,400	29.8	3,450	25.9	2,400	11.8	227.27

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2021	14,000,000 shares	As of March 31, 2020	14,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	3,438,604 shares	As of March 31, 2020	3,441,801 shares
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Average number of shares during the period

Year ended March 31, 2021	10,560,229 shares	Year ended March 31, 2020	10,465,629 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	5,777	7,230
Notes and accounts receivable - trade	3,298	3,576
Electronically recorded monetary claims - operating	713	775
Merchandise and finished goods	654	564
Work in process	1,240	1,354
Raw materials and supplies	1,503	1,544
Other	285	323
Total current assets	13,474	15,371
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,256	3,102
Machinery, equipment and vehicles, net	1,188	1,074
Land	2,386	2,386
Construction in progress	88	66
Other, net	75	63
Total property, plant and equipment	6,995	6,693
Intangible assets	425	440
Investments and other assets		
Investment securities	1,078	1,074
Long-term loans receivable	7	8
Deferred tax assets	401	298
Other	293	205
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,779	1,586
Total non-current assets	9,200	8,721
Total assets	22,674	24,092

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	875	977
Short-term borrowings	907	637
Accounts payable - other	233	257
Income taxes payable	337	482
Provision for bonuses for directors (and other officers)	12	10
Other	220	340
Total current liabilities	2,588	2,705
Non-current liabilities		
Long-term borrowings	778	340
Retirement benefit liability	1,271	1,223
Long-term accounts payable - other	281	278
Asset retirement obligations	71	71
Long-term guarantee deposits	161	161
Total non-current liabilities	2,563	2,076
Total liabilities	5,152	4,781
Net assets		
Shareholders' equity		
Share capital	1,564	1,564
Capital surplus	618	620
Retained earnings	17,813	19,473
Treasury shares	(2,726)	(2,723)
Total shareholders' equity	17,268	18,934
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143	231
Foreign currency translation adjustment	20	34
Total accumulated other comprehensive income	163	265
Share acquisition rights	73	91
Non-controlling interests	16	18
Total net assets	17,522	19,310
Total liabilities and net assets	22,674	24,092

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	15,054	14,424
Cost of sales	10,463	10,101
Gross profit	4,590	4,322
Selling, general and administrative expenses	1,948	1,703
Operating profit	2,642	2,619
Non-operating income		
Interest and dividend income	43	37
Foreign exchange gains	–	19
Share of profit of entities accounted for using equity method	28	46
Other	28	38
Total non-operating income	100	141
Non-operating expenses		
Interest expenses	12	9
Loss on sale of trade receivables	2	1
Sales discounts	2	2
Foreign exchange losses	16	–
Other	9	7
Total non-operating expenses	44	20
Ordinary profit	2,698	2,740
Extraordinary income		
Subsidy income	–	302
Total extraordinary income	–	302
Profit before income taxes	2,698	3,042
Income taxes - current	820	826
Income taxes - deferred	(4)	68
Total income taxes	816	894
Profit	1,882	2,148
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	1,880	2,146

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,882	2,148
Other comprehensive income		
Valuation difference on available-for-sale securities	(72)	87
Foreign currency translation adjustment	(12)	6
Share of other comprehensive income of entities accounted for using equity method	(2)	8
Total other comprehensive income	(88)	102
Comprehensive income	1,793	2,250
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,792	2,248
Comprehensive income attributable to non-controlling interests	1	2

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,564	636	16,612	(2,963)	15,849
Changes during period					
Dividends of surplus			(461)		(461)
Profit attributable to owners of parent			1,880		1,880
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(18)	(218)	237	0
Net changes in items other than shareholders' equity					
Total changes during period		(18)	1,200	237	1,418
Balance at end of period	1,564	618	17,813	(2,726)	17,268

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	215	35	251	46	15	16,163
Changes during period						
Dividends of surplus						(461)
Profit attributable to owners of parent						1,880
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(72)	(15)	(87)	26	1	(60)
Total changes during period	(72)	(15)	(87)	26	1	1,358
Balance at end of period	143	20	163	73	16	17,522

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,564	618	17,813	(2,726)	17,268
Changes during period					
Dividends of surplus			(485)		(485)
Profit attributable to owners of parent			2,146		2,146
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		2	4
Net changes in items other than shareholders' equity					
Total changes during period		1	1,660	2	1,665
Balance at end of period	1,564	620	19,473	(2,723)	18,934

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	143	20	163	73	16	17,522
Changes during period						
Dividends of surplus						(485)
Profit attributable to owners of parent						2,146
Purchase of treasury shares						(0)
Disposal of treasury shares						4
Net changes in items other than shareholders' equity	87	14	102	18	2	122
Total changes during period	87	14	102	18	2	1,788
Balance at end of period	231	34	265	91	18	19,310

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	2,698	3,042
Depreciation	432	478
Share of loss (profit) of entities accounted for using equity method	(28)	(46)
Increase (decrease) in retirement benefit liability	38	(47)
Increase (decrease) in long-term accounts payable - other	–	(3)
Increase (decrease) in provision for bonuses for directors (and other officers)	(10)	(1)
Interest and dividend income	(43)	(37)
Share-based payment expenses	26	22
Interest expenses	12	9
Subsidy income	–	(302)
Foreign exchange losses (gains)	10	(17)
Loss (gain) on redemption of investment securities	(1)	1
Decrease (increase) in trade receivables	261	(340)
Decrease (increase) in inventories	(46)	(64)
Increase (decrease) in trade payables	51	101
Increase (decrease) in accrued consumption taxes	126	126
Increase (decrease) in accounts payable - other	(95)	37
Other, net	(288)	80
Subtotal	3,143	3,038
Interest and dividends received	43	37
Interest paid	(12)	(9)
Income taxes paid	(1,003)	(684)
Subsidies received	–	302
Net cash provided by (used in) operating activities	2,170	2,685
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,298)	(173)
Purchase of intangible assets	(24)	(27)
Purchase of investment securities	(7)	(6)
Proceeds from redemption of investment securities	65	97
Loan advances to subsidiaries and associates	(26)	–
Proceeds from liquidation of subsidiaries and associates	–	67
Proceeds from collection of long-term loans receivable	1	0
Long-term loan advances	(1)	(1)
Other, net	(73)	4
Net cash provided by (used in) investing activities	(1,365)	(39)
Cash flows from financing activities		
Repayments of long-term borrowings	(802)	(707)
Decrease (increase) in treasury shares	0	(0)
Dividends paid	(459)	(485)
Other, net	–	0
Net cash provided by (used in) financing activities	(1,261)	(1,192)
Effect of exchange rate change on cash and cash equivalents	(14)	19
Net increase (decrease) in cash and cash equivalents	(471)	1,472
Cash and cash equivalents at beginning of period	6,150	5,678
Cash and cash equivalents at end of period	5,678	7,151