

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 8, 2022

Company name: Ihara Science Corporation
 Stock exchange listing: Tokyo
 Stock code: 5999 URL <https://www.ihara-sc.co.jp>
 Representative: President Satoshi Nagaoka
 General Manager of the Business Strategy
 & Management Center Director Executive Yutaka Nakakawaji TEL 03-6721-6988
 Officer
 Scheduled date to file Quarterly Securities Report: November 11, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	11,596	23.6	2,468	19.0	2,924	34.7	2,128	37.9
Six months ended September 30, 2021	9,385	38.2	2,074	110.5	2,171	110.0	1,543	63.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	197.62		196.32	
Six months ended September 30, 2021	144.93		143.94	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	29,239	23,771	80.8	2,191.19
As of March 31, 2022	27,630	22,179	79.7	2,047.49

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	–	–	63.00	63.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	65.00	65.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	22,000	6.8	4,400	0.5	4,550	(1.8)	3,200	(3.4)	297.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2022	14,000,000 shares	As of March 31, 2022	14,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	3,221,424 shares	As of March 31, 2022	3,238,630 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	10,768,682 shares	Six months ended September 30, 2021	10,649,921 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	6,813	7,391
Notes and accounts receivable - trade	5,213	5,088
Electronically recorded monetary claims - operating	1,139	966
Merchandise and finished goods	750	1,133
Work in process	2,000	2,019
Raw materials and supplies	2,234	2,705
Other	464	471
Total current assets	18,615	19,776
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,960	2,897
Machinery, equipment and vehicles, net	1,048	1,182
Land	2,386	2,386
Construction in progress	226	270
Other, net	90	106
Total property, plant and equipment	6,713	6,843
Intangible assets	444	448
Investments and other assets		
Investment securities	1,293	1,450
Long-term loans receivable	3	3
Deferred tax assets	362	449
Other	217	289
Allowance for doubtful accounts	(20)	(20)
Total investments and other assets	1,856	2,171
Total non-current assets	9,015	9,462
Total assets	27,630	29,239

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	1,451	1,604
Short-term borrowings	437	237
Accounts payable - other	502	353
Income taxes payable	972	925
Provision for bonuses	–	321
Provision for bonuses for directors (and other officers)	39	–
Other	238	230
Total current liabilities	3,641	3,673
Non-current liabilities		
Long-term borrowings	103	85
Retirement benefit liability	1,192	1,196
Long-term accounts payable - other	278	278
Asset retirement obligations	71	71
Long-term guarantee deposits	162	163
Total non-current liabilities	1,809	1,795
Total liabilities	5,450	5,468
Net assets		
Shareholders' equity		
Share capital	1,564	1,564
Capital surplus	618	637
Retained earnings	22,107	23,557
Treasury shares	(2,565)	(2,551)
Total shareholders' equity	21,724	23,207
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	226	229
Foreign currency translation adjustment	83	181
Total accumulated other comprehensive income	309	410
Share acquisition rights	116	107
Non-controlling interests	29	45
Total net assets	22,179	23,771
Total liabilities and net assets	27,630	29,239

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	9,385	11,596
Cost of sales	6,320	8,040
Gross profit	3,065	3,556
Selling, general and administrative expenses	991	1,087
Operating profit	2,074	2,468
Non-operating income		
Interest and dividend income	19	28
Foreign exchange gains	42	285
Share of profit of entities accounted for using equity method	34	139
Other	18	12
Total non-operating income	113	467
Non-operating expenses		
Interest expenses	3	3
Other	13	8
Total non-operating expenses	17	11
Ordinary profit	2,171	2,924
Profit before income taxes	2,171	2,924
Income taxes - current	769	871
Income taxes - deferred	(144)	(87)
Total income taxes	624	783
Profit	1,546	2,140
Profit attributable to non-controlling interests	2	12
Profit attributable to owners of parent	1,543	2,128

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,546	2,140
Other comprehensive income		
Valuation difference on available-for-sale securities	42	2
Foreign currency translation adjustment	15	103
Share of other comprehensive income of entities accounted for using equity method	(17)	(1)
Total other comprehensive income	40	104
Comprehensive income	1,586	2,245
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,583	2,229
Comprehensive income attributable to non-controlling interests	3	16

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,171	2,924
Depreciation	220	255
Share of loss (profit) of entities accounted for using equity method	(34)	(139)
Increase (decrease) in retirement benefit liability	(14)	4
Increase (decrease) in provision for bonuses for directors (and other officers)	(10)	(39)
Increase (decrease) in provision for bonuses	361	321
Share-based payment expenses	23	24
Interest and dividend income	(19)	(28)
Interest expenses	3	3
Foreign exchange losses (gains)	(5)	(131)
Decrease (increase) in trade receivables	(790)	297
Decrease (increase) in inventories	(652)	(874)
Increase (decrease) in trade payables	(0)	153
Increase (decrease) in accrued consumption taxes	(161)	6
Increase (decrease) in accounts payable - other	4	(140)
Other, net	(68)	(75)
Subtotal	1,027	2,560
Interest and dividends received	19	28
Interest paid	(3)	(2)
Income taxes paid	(462)	(906)
Net cash provided by (used in) operating activities	580	1,679
Cash flows from investing activities		
Purchase of property, plant and equipment	(79)	(369)
Purchase of intangible assets	(3)	(6)
Purchase of investment securities	(113)	(5)
Proceeds from collection of long-term loans receivable	0	0
Other, net	15	46
Net cash provided by (used in) investing activities	(180)	(334)
Cash flows from financing activities		
Repayments of long-term borrowings	(218)	(218)
Purchase of treasury shares	–	(0)
Dividends paid	(478)	(673)
Other, net	0	0
Net cash provided by (used in) financing activities	(696)	(892)
Effect of exchange rate change on cash and cash equivalents	(14)	162
Net increase (decrease) in cash and cash equivalents	(310)	614
Cash and cash equivalents at beginning of period	7,151	6,759
Cash and cash equivalents at end of period	6,840	7,374