

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

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 &
 Inquiries: Management Center Director Executive Yutaka Nakakawaji TEL 03-6721-6988
 Officer
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 26, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	23,979	16.4	5,031	15.0	5,257	13.4	3,382	2.1
Year ended March 31, 2022	20,607	42.9	4,375	67.1	4,634	69.1	3,312	54.3

	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, 2023	313.96	311.94	14.4	18.2	21.0
Year ended March 31, 2022	309.39	307.27	16.1	17.9	21.2

(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, 2023	30,005	25,098	83.1	2,313.64
As of March 31, 2022	27,630	22,179	79.7	2,047.49

(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, 2023	3,799	(1,177)	(914)	8,867
Year ended March 31, 2022	973	(515)	(930)	6,759

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, 2022	–	–	–	63.00	63.00	677	20.4	3.3
Year ended March 31, 2023	–	–	–	0.00	0.00	0	0.0	0.0
Year ending March 31, 2024 (Forecast)	–	–	–	0.00	0.00		0.0	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	22,500	2.3	4,550	3.4	4,650	2.2	3,300	3.1	306.30

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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, 2023	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 March 31, 2023	3,221,539 shares	As of March 31, 2022	3,238,630 shares
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Average number of shares during the period

Year ended March 31, 2023	10,773,586 shares	Year ended March 31, 2022	10,705,500 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	6,813	8,890
Notes receivable - trade	392	456
Accounts receivable - trade	4,820	4,262
Electronically recorded monetary claims - operating	1,139	130
Merchandise and finished goods	750	1,278
Work in process	2,000	2,215
Raw materials and supplies	2,234	3,005
Other	464	412
Total current assets	18,615	20,650
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,960	3,117
Machinery, equipment and vehicles, net	1,048	1,458
Land	2,386	2,408
Construction in progress	226	247
Other, net	90	108
Total property, plant and equipment	6,713	7,339
Intangible assets	444	439
Investments and other assets		
Investment securities	1,293	1,259
Long-term loans receivable	3	2
Deferred tax assets	362	276
Other	217	62
Allowance for doubtful accounts	(20)	(25)
Total investments and other assets	1,856	1,575
Total non-current assets	9,015	9,355
Total assets	27,630	30,005

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,451	1,147
Short-term borrowings	437	304
Accounts payable - other	502	576
Income taxes payable	972	969
Provision for bonuses for directors (and other officers)	39	48
Other	238	151
Total current liabilities	3,641	3,197
Non-current liabilities		
Long-term borrowings	103	–
Retirement benefit liability	1,192	1,190
Long-term accounts payable - other	278	278
Asset retirement obligations	71	71
Long-term guarantee deposits	162	166
Other	–	2
Total non-current liabilities	1,809	1,710
Total liabilities	5,450	4,907
Net assets		
Shareholders' equity		
Share capital	1,564	1,564
Capital surplus	618	637
Retained earnings	22,107	24,811
Treasury shares	(2,565)	(2,552)
Total shareholders' equity	21,724	24,461
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	226	341
Foreign currency translation adjustment	83	134
Total accumulated other comprehensive income	309	476
Share acquisition rights	116	107
Non-controlling interests	29	52
Total net assets	22,179	25,098
Total liabilities and net assets	27,630	30,005

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	20,607	23,979
Cost of sales	14,028	16,432
Gross profit	6,579	7,546
Selling, general and administrative expenses	2,203	2,514
Operating profit	4,375	5,031
Non-operating income		
Interest and dividend income	32	51
Foreign exchange gains	145	184
Share of profit of entities accounted for using equity method	86	–
Other	32	18
Total non-operating income	296	254
Non-operating expenses		
Interest expenses	7	6
Loss on sale of trade receivables	2	1
Sales discounts	3	1
Provision of allowance for doubtful accounts	20	–
Other	5	19
Total non-operating expenses	38	28
Ordinary profit	4,634	5,257
Extraordinary losses		
TOB related expenses	–	143
Total extraordinary losses	–	143
Profit before income taxes	4,634	5,114
Income taxes - current	1,376	1,672
Income taxes - deferred	(61)	37
Total income taxes	1,314	1,709
Profit	3,319	3,404
Profit attributable to non-controlling interests	7	21
Profit attributable to owners of parent	3,312	3,382

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,319	3,404
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	114
Foreign currency translation adjustment	71	53
Share of other comprehensive income of entities accounted for using equity method	(20)	–
Total other comprehensive income	46	168
Comprehensive income	3,366	3,572
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,356	3,548
Comprehensive income attributable to non-controlling interests	10	23

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,564	620	19,473	(2,723)	18,934
Cumulative effects of changes in accounting policies			(25)		(25)
Restated balance	1,564	620	19,447	(2,723)	18,908
Changes during period					
Dividends of surplus			(496)		(496)
Profit attributable to owners of parent			3,312		3,312
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(1)	(156)	158	0
Net changes in items other than shareholders' equity					-
Total changes during period	-	(1)	2,659	158	2,815
Balance at end of period	1,564	618	22,107	(2,565)	21,724

	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	231	34	265	91	18	19,310
Cumulative effects of changes in accounting policies						(25)
Restated balance	231	34	265	91	18	19,284
Changes during period						
Dividends of surplus						(496)
Profit attributable to owners of parent						3,312
Purchase of treasury shares						(0)
Disposal of treasury shares						0
Net changes in items other than shareholders' equity	(4)	48	44	24	10	78
Total changes during period	(4)	48	44	24	10	2,894
Balance at end of period	226	83	309	116	29	22,179

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,564	618	22,107	(2,565)	21,724
Cumulative effects of changes in accounting policies					
Restated balance	1,564	618	22,107	(2,565)	21,724
Changes during period					
Dividends of surplus			(677)		(677)
Profit attributable to owners of parent			3,382		3,382
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				13	13
Net changes in items other than shareholders' equity		19			19
Total changes during period		19	2,704	13	2,737
Balance at end of period	1,564	637	24,811	(2,552)	24,461

	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	226	83	309	116	29	22,179
Cumulative effects of changes in accounting policies						
Restated balance	226	83	309	116	29	22,179
Changes during period						
Dividends of surplus						(677)
Profit attributable to owners of parent						3,382
Purchase of treasury shares						(0)
Disposal of treasury shares						13
Net changes in items other than shareholders' equity	114	51	166	(8)	23	200
Total changes during period	114	51	166	(8)	23	2,918
Balance at end of period	341	134	476	107	52	25,098

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,634	5,114
Depreciation	464	545
Share of loss (profit) of entities accounted for using equity method	(86)	–
Increase (decrease) in retirement benefit liability	(30)	(1)
Increase (decrease) in provision for bonuses for directors (and other officers)	28	8
Interest and dividend income	(32)	(51)
Share-based payment expenses	24	24
Interest expenses	7	6
Foreign exchange losses (gains)	(68)	(89)
Decrease (increase) in trade receivables	(2,081)	1,401
Decrease (increase) in inventories	(1,465)	(1,296)
Increase (decrease) in trade payables	474	(304)
Increase (decrease) in accrued consumption taxes	(167)	(201)
Increase (decrease) in accounts payable - other	217	77
Increase (decrease) in allowance for doubtful accounts	20	5
Other, net	(75)	204
Subtotal	1,863	5,442
Interest and dividends received	32	51
Interest paid	(7)	(6)
Income taxes paid	(914)	(1,688)
Net cash provided by (used in) operating activities	973	3,799
Cash flows from investing activities		
Purchase of property, plant and equipment	(423)	(1,198)
Purchase of intangible assets	(18)	(11)
Purchase of investment securities	(116)	(10)
Proceeds from collection of long-term loans receivable	5	0
Long-term loan advances	(0)	–
Other, net	38	40
Net cash provided by (used in) investing activities	(515)	(1,177)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	–	104
Repayments of long-term borrowings	(437)	(340)
Decrease (increase) in treasury shares	0	(0)
Dividends paid	(493)	(677)
Other, net	0	0
Net cash provided by (used in) financing activities	(930)	(914)
Effect of exchange rate change on cash and cash equivalents	81	129
Net increase (decrease) in cash and cash equivalents	(392)	1,836
Cash and cash equivalents at beginning of period	7,151	6,759
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	271
Cash and cash equivalents at end of period	6,759	8,867