

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 6, 2020

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 to file Quarterly Securities Report: November 10, 2020  
 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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	6,792	(7.5)	985	(14.9)	1,033	(10.1)	942	16.7
Six months ended September 30, 2019	7,345	(22.9)	1,157	(31.0)	1,149	(35.5)	807	(39.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	89.28		88.75	
Six months ended September 30, 2019	77.85		77.50	

(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, 2020	22,833	18,034	78.5	1,697.26
As of March 31, 2020	22,674	17,522	76.9	1,651.07

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	–	–	–	46.00	46.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	47.00	47.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	15,200	1.0	2,740	3.7	2,790	3.4	1,950	3.7	186.32

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020  
(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, 2020	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 September 30, 2020	3,438,604 shares	As of March 31, 2020	3,441,801 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, 2020	10,559,067 shares	Six months ended September 30, 2019	10,373,028 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	5,777	6,284
Notes and accounts receivable - trade	3,298	2,920
Electronically recorded monetary claims - operating	713	777
Merchandise and finished goods	654	633
Work in process	1,240	1,337
Raw materials and supplies	1,503	1,567
Other	285	180
Total current assets	13,474	13,701
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,256	3,177
Machinery, equipment and vehicles, net	1,188	1,093
Land	2,386	2,386
Construction in progress	88	116
Other, net	75	78
Total property, plant and equipment	6,995	6,851
Intangible assets	425	421
Investments and other assets		
Investment securities	1,078	1,172
Long-term loans receivable	7	7
Deferred tax assets	401	410
Other	293	269
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,779	1,859
Total non-current assets	9,200	9,132
Total assets	22,674	22,833

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	875	573
Short-term borrowings	907	696
Accounts payable - other	233	210
Income taxes payable	337	447
Provision for bonuses	–	317
Provision for bonuses for directors (and other officers)	12	–
Other	220	204
Total current liabilities	2,588	2,449
Non-current liabilities		
Long-term borrowings	778	565
Retirement benefit liability	1,271	1,272
Long-term accounts payable - other	281	278
Asset retirement obligations	71	71
Long-term guarantee deposits	161	162
Total non-current liabilities	2,563	2,350
Total liabilities	5,152	4,799
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,564	1,564
Capital surplus	618	620
Retained earnings	17,813	18,270
Treasury shares	(2,726)	(2,723)
Total shareholders' equity	17,268	17,730
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143	189
Foreign currency translation adjustment	20	5
Total accumulated other comprehensive income	163	194
Share acquisition rights	73	91
Non-controlling interests	16	16
Total net assets	17,522	18,034
Total liabilities and net assets	22,674	22,833

**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, 2019	Six months ended September 30, 2020
Net sales	7,345	6,792
Cost of sales	5,194	4,917
Gross profit	2,150	1,875
Selling, general and administrative expenses	992	889
Operating profit	1,157	985
Non-operating income		
Interest and dividend income	27	22
Share of profit of entities accounted for using equity method	0	63
Other	12	7
Total non-operating income	40	93
Non-operating expenses		
Interest expenses	6	5
Foreign exchange losses	32	33
Other	9	5
Total non-operating expenses	48	44
Ordinary profit	1,149	1,033
Extraordinary income		
Subsidy income	–	302
Total extraordinary income	–	302
Profit before income taxes	1,149	1,336
Income taxes - current	466	422
Income taxes - deferred	(127)	(29)
Total income taxes	339	392
Profit	810	943
Profit attributable to non-controlling interests	2	0
Profit attributable to owners of parent	807	942

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	810	943
Other comprehensive income		
Valuation difference on available-for-sale securities	(23)	46
Foreign currency translation adjustment	1	(13)
Share of other comprehensive income of entities accounted for using equity method	(2)	(2)
Total other comprehensive income	(24)	31
Comprehensive income	786	974
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	783	974
Comprehensive income attributable to non-controlling interests	2	(0)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,149	1,336
Depreciation	192	233
Share of loss (profit) of entities accounted for using equity method	(0)	(63)
Increase (decrease) in retirement benefit liability	20	1
Increase (decrease) in long-term accounts payable - other	-	(3)
Increase (decrease) in provision for bonuses for directors (and other officers)	(23)	(12)
Increase (decrease) in provision for bonuses	342	317
Share-based remuneration expenses	26	22
Subsidy income	-	(302)
Interest and dividend income	(27)	(22)
Interest expenses	6	5
Foreign exchange losses (gains)	14	20
Decrease (increase) in trade receivables	93	314
Decrease (increase) in inventories	(36)	(139)
Increase (decrease) in trade payables	(100)	(302)
Increase (decrease) in accrued consumption taxes	39	4
Increase (decrease) in accounts payable - other	(253)	(16)
Other, net	(113)	152
Subtotal	1,329	1,546
Interest and dividends received	27	22
Interest paid	(6)	(4)
Income taxes paid	(499)	(316)
Subsidies received	-	302
Net cash provided by (used in) operating activities	851	1,549
Cash flows from investing activities		
Purchase of property, plant and equipment	(976)	(99)
Purchase of intangible assets	(10)	(3)
Purchase of investment securities	(4)	(4)
Proceeds from redemption of investment securities	65	-
Collection of long-term loans receivable	0	0
Other, net	16	17
Net cash provided by (used in) investing activities	(907)	(89)
Cash flows from financing activities		
Repayments of long-term borrowings	(403)	(423)
Purchase of treasury shares	(0)	(0)
Dividends paid	(457)	(482)
Other, net	0	0
Net cash provided by (used in) financing activities	(860)	(906)
Effect of exchange rate change on cash and cash equivalents	0	(24)
Net increase (decrease) in cash and cash equivalents	(916)	529
Cash and cash equivalents at beginning of period	6,150	5,678
Cash and cash equivalents at end of period	5,233	6,207