

Consolidated Financial Results for the Fiscal Year Ended February 28, 2021 [Japanese GAAP]

April 8, 2021

Company name: Hisamitsu Pharmaceutical Co., Inc.
 Stock exchange listing: Tokyo, Nagoya, Fukuoka
 Securities code: 4530
 URL: <https://global.hisamitsu/>
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 Scheduled date of Annual General Meeting of Shareholders: May 27, 2021
 Scheduled date of dividend payment: May 28, 2021
 Scheduled date of filing annual securities report: May 28, 2021
 Preparation of supplementary materials for financial results: Yes
 Holding of annual financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest millions of yen)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

(1) Consolidated Operating Results

(Percentages represent 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	%
Fiscal year 2021	114,510	△18.8	10,671	△53.0	11,829	△53.8	9,250	△50.5
Fiscal year 2020	140,992	△1.7	22,727	2.0	25,628	4.0	18,694	△2.7

(Note) Comprehensive income: Fiscal year 2021 9,926 millions of yen (△26.3%)
 Fiscal year 2020 13,478 millions of yen (△15.6%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	yen	yen	%	%	%
Fiscal year 2021	113.22	113.11	3.7	3.9	9.3
Fiscal year 2020	227.58	227.30	7.5	8.5	16.1

(Reference) Share of loss (profit) of entities accounted for using equity method: Fiscal year 2021 133 millions of yen
 Fiscal year 2020 786 millions of yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year 2021	299,861	253,809	84.1	3,083.98
Fiscal year 2020	307,401	250,746	80.9	3,046.45

(Reference) Shareholders' equity: Fiscal year 2021 252,066 millions of yen
 Fiscal year 2020 248,784 millions of yen

(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
Fiscal year 2021	5,289	7,815	△7,187	91,354
Fiscal year 2020	27,395	△17,229	△11,726	86,996

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidate)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
Fiscal year 2020	—	41.50	—	41.50	83.00	6,809	36.5	2.8
Fiscal year 2021	—	41.75	—	41.75	83.50	6,827	73.8	2.7
Fiscal year 2022 (Forecast)	—	42.00	—	42.00	84.00		69.3	

3. Consolidated Earnings Forecast for the Fiscal Year Ended February 28, 2022 (March 1, 2021 to February 28, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full year	122,900	7.3	10,700	0.3	12,700	7.4	9,900	7.0	121.16

*Notes

(1) Changes in significant subsidiaries during the period : None
 (Changes in specified subsidiaries resulting in changes in scope of consolidation)

(2) Changes in accounting policies, changes in accounting estimates, and restatement : None
 1) Changes in accounting policies due to revision of accounting standards : None
 2) Changes in accounting policies other than 1) above : None
 3) Changes in accounting estimates : None
 4) Restatement : None

(3) The number of shares outstanding (common stock)
 1) Total number of shares outstanding at the end of the period (including treasury stock)

Fiscal year 2021: 85,164,895 shares
 Fiscal year 2020: 85,164,895 shares

2) Total number of treasury stock at the end of the period

Fiscal year 2021: 3,430,483 shares
 Fiscal year 2020: 3,501,310 shares

3) Average number of shares outstanding during the period

Fiscal year 2021: 81,707,440 shares
 Fiscal year 2020: 82,143,061 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2021

(March 1, 2020 to February 28, 2021)

(1) Non-consolidated Operating Results

(Percentages represent 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	%
Fiscal year 2021	86,694	△21.0	9,438	△53.5	10,372	△51.8	8,342	△44.7
Fiscal year 2020	109,761	0.5	20,312	14.2	21,501	8.0	15,074	△5.5

	Profit per share	Diluted profit per share
	yen	yen
Fiscal year 2021	102.07	101.97
Fiscal year 2020	183.45	183.23

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year 2021	264,138	231,247	87.5	2,825.43
Fiscal year 2020	266,073	225,579	84.6	2,755.32

(Reference) Shareholders' equity: Fiscal year 2021 231,015 millions of yen
 Fiscal year 2020 225,087 millions of yen

*Financial results reports are not subjected to audit.

*Explanation for appropriate use of financial forecasts and other special notes

The forecasts and other forward looking statements contained in this summary are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. Therefore, they are not guaranteed to be achieved by the Company. As a result, the forecasts of operating results may differ significantly from the actual operating results due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance sheets

(Millions of yen)

	Prior Fiscal Year End (As of Feb. 29, 2020)	Current Fiscal Year End (As of Feb. 28, 2021)
Assets		
Current assets		
Cash and deposits	107,051	114,254
Notes and accounts receivable - trade	49,232	39,546
Securities	34,878	21,743
Merchandise and finished goods	8,816	11,359
Work in process	505	465
Raw materials and supplies	6,137	6,744
Other	2,952	4,290
Allowance for doubtful accounts	△325	△343
Total current assets	209,251	198,061
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,764	46,059
Accumulated depreciation	△30,824	△31,879
Buildings and structures, net	14,939	14,180
Machinery, equipment and vehicles	41,251	41,798
Accumulated depreciation	△34,617	△35,636
Machinery, equipment and vehicles, net	6,633	6,162
Tools, furniture and fixtures	11,774	11,838
Accumulated depreciation	△9,796	△9,761
Tools, furniture and fixtures, net	1,978	2,077
Land	12,340	11,897
Leased assets	498	598
Accumulated depreciation	△314	△384
Leased assets, net	184	214
Construction in progress	2,520	2,822
Total property, plant and equipment	38,596	37,354
Intangible assets		
Sales rights	48	27
Software	113	206
Other	1,308	944
Total intangible assets	1,469	1,178
Investments and other assets		
Investment securities	48,379	54,602
Net defined benefit asset	3,653	3,895
Deferred tax assets	1,287	1,047
Other	4,976	3,935
Allowance for doubtful accounts	△214	△214
Total investments and other assets	58,083	63,267
Total non-current assets	98,150	101,800
Total assets	307,401	299,861

(Millions of yen)

	Prior Fiscal Year End (As of Feb. 29, 2020)	Current Fiscal Year End (As of Feb. 28, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,488	7,672
Electronically recorded obligations - operating	8,536	7,127
Short-term loans payable	1,209	1,111
Lease obligations	68	101
Accounts payable - other	7,865	6,634
Income taxes payable	5,745	608
Provision for sales returns	127	103
Provision for bonuses	1,558	1,350
Other	5,456	5,346
Total current liabilities	41,055	30,057
Non-current liabilities		
Long-term loans payable	368	296
Lease obligations	130	94
Deferred tax liabilities for land revaluation	1,660	1,660
Deferred tax liabilities	1,318	3,465
Net defined benefit liability	7,600	7,928
Other	4,521	2,548
Total non-current liabilities	15,598	15,994
Total liabilities	56,654	46,051
Net assets		
Shareholders' equity		
Capital stock	8,473	8,473
Capital surplus	2,272	2,352
Retained earnings	230,929	233,376
Treasury shares	△11,730	△11,495
Total shareholders' equity	229,945	232,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,047	16,165
Revaluation reserve for land	3,790	3,790
Foreign currency translation adjustment	2,700	△1,173
Remeasurements of defined benefit plans	299	575
Total accumulated other comprehensive income	18,838	19,359
Share acquisition rights	491	232
Non-controlling interests	1,470	1,510
Total net assets	250,746	253,809
Total liabilities and net assets	307,401	299,861

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2019 – Feb. 29 2020)	Current Fiscal Year (Mar. 1, 2020 – Feb. 28 2021)
Net sales	140,992	114,510
Cost of sales	53,388	45,337
Gross profit	87,603	69,173
Selling, general and administrative expenses	64,875	58,501
Operating profit	22,727	10,671
Non-operating income		
Interest income	1,142	563
Dividend income	811	843
Share of profit of entities accounted for using equity method	786	133
Other	425	520
Total non-operating income	3,165	2,061
Non-operating expenses		
Interest expenses	19	10
Foreign exchange losses	149	542
Loss on cancellation of insurance policies	—	244
Other	95	106
Total non-operating expenses	264	903
Ordinary profit	25,628	11,829
Extraordinary income		
Gain on disposal of non-current assets	74	218
Gain on sales of investment securities	—	188
National subsidies	—	2
Settlement received	1,611	—
Total extraordinary income	1,685	408
Extraordinary losses		
Loss on disposal of non-current assets	28	40
Loss on valuation of investment securities	176	—
Impairment loss	953	—
Total extraordinary losses	1,159	40
Profit before income taxes	26,155	12,197
Income taxes - current	7,999	2,382
Income taxes - deferred	△755	381
Total income taxes	7,244	2,764
Profit	18,911	9,433
Profit attributable to non-controlling interests	217	182
Profit attributable to owners of parent	18,694	9,250

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2019 – Feb. 29 2020)	Current Fiscal Year (Mar. 1, 2020 – Feb. 28 2021)
Profit	18,911	9,433
Other comprehensive income		
Valuation difference on available-for-sale securities	△4,993	4,070
Foreign currency translation adjustment	△867	△3,901
Remeasurements of defined benefit plans, net of tax	398	277
Share of other comprehensive income of entities accounted for using equity method	30	46
Total other comprehensive income	△5,432	492
Comprehensive income	13,478	9,926
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,248	9,771
Comprehensive income attributable to non-controlling interests	230	154

(3) Consolidated Statements of Changes in Shareholders' Equity
For the Fiscal Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 1, 2019	8,473	5,914	249,156	△40,886	222,657
Cumulative effects of changes in accounting policies			△55		△55
Restated balance	8,473	5,914	249,100	△40,886	222,602
Changes in items during period					
Dividends of surplus			△6,830		△6,830
Profit attributable to owners of parent			18,694		18,694
Purchase of treasury shares				△4,520	△4,520
Disposal of treasury shares					—
Cancellation of treasury shares		△33,675		33,675	—
Transfer from retained earnings to capital surplus		30,034	△30,034		—
Net changes in items other than shareholders' equity					—
Total changes of items during period	—	△3,641	△18,170	29,155	7,343
Balance at February 29, 2020	8,473	2,272	230,929	△11,730	229,945

(Millions of yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 1, 2019	17,009	3,790	3,581	△97	24,284	392	1,295	248,629
Cumulative effects of changes in accounting policies								△55
Restated balance	17,009	3,790	3,581	△97	24,284	392	1,295	248,574
Changes in items during period								
Dividends of surplus								△6,830
Profit attributable to owners of parent								18,694
Purchase of treasury shares								△4,520
Disposal of treasury shares								—
Cancellation of treasury shares								—
Transfer from retained earnings to capital surplus								—
Net changes in items other than shareholders' equity	△4,961	—	△880	396	△5,445	99	175	△5,170
Total changes of items during period	△4,961	—	△880	396	△5,445	99	175	2,172
Balance at February 29, 2020	12,047	3,790	2,700	299	18,838	491	1,470	250,746

For the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 1, 2020	8,473	2,272	230,929	△11,730	229,945
Cumulative effects of changes in accounting policies					—
Restated balance	8,473	2,272	230,929	△11,730	229,945
Changes in items during period					
Dividends of surplus			△6,803		△6,803
Profit attributable to owners of parent			9,250		9,250
Purchase of treasury shares				△5	△5
Disposal of treasury shares		79		240	320
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity					—
Total changes of items during period	—	79	2,447	234	2,762
Balance at February 28, 2021	8,473	2,352	233,376	△11,495	232,707

(Millions of yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 1, 2020	12,047	3,790	2,700	299	18,838	491	1,470	250,746
Cumulative effects of changes in accounting policies								—
Restated balance	12,047	3,790	2,700	299	18,838	491	1,470	250,746
Changes in items during period								
Dividends of surplus								△6,803
Profit attributable to owners of parent								9,250
Purchase of treasury shares								△5
Disposal of treasury shares								320
Cancellation of treasury shares								—
Transfer from retained earnings to capital surplus								—
Net changes in items other than shareholders' equity	4,118	—	△3,873	276	520	△259	39	300
Total changes of items during period	4,118	—	△3,873	276	520	△259	39	3,062
Balance at February 28, 2021	16,165	3,790	△1,173	575	19,359	232	1,510	253,809

(4) Consolidated Statements of Cash Flows
Year ended February 29, 2020 and February 28, 2021

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2019 – Feb. 29 2020)	Current Fiscal Year (Mar. 1, 2020 – Feb. 28 2021)
Cash flows from operating activities		
Profit before income taxes	26,155	12,197
Depreciation	4,251	4,079
Impairment loss	953	—
Increase (decrease) in net defined benefit liability	119	336
Increase (decrease) in provision for bonuses	△62	△182
Increase (decrease) in allowance for doubtful accounts	26	28
Increase (decrease) in provision for sales returns	25	△24
Interest and dividend income	△1,954	△1,406
Loss (gain) on cancellation of insurance policies	—	244
Interest expenses	19	10
Foreign exchange losses (gains)	△40	84
Share of loss (profit) of entities accounted for using equity method	△786	△133
Loss (gain) on sales of investment securities	—	△188
Loss (gain) on valuation of investment securities	176	—
Loss (gain) on disposal of non-current assets	△45	△177
Subsidy income	—	△2
Decrease (increase) in notes and accounts receivable - trade	△9,422	8,955
Decrease (increase) in inventories	232	△4,325
Decrease (increase) in other current assets	1,742	△1,507
Increase (decrease) in notes and accounts payable - trade	4,944	△3,812
Increase (decrease) in other current liabilities	1,008	△1,864
Other, net	970	△701
Subtotal	28,315	11,609
Interest and dividend income received	2,041	1,734
Interest expenses paid	△19	△9
Income taxes paid	△2,941	△7,320
Payments of retirement benefits for directors (and other officers)	—	△724
Net cash provided by (used in) operating activities	27,395	5,289

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2019 – Feb. 29 2020)	Current Fiscal Year (Mar. 1, 2020 – Feb. 28 2021)
Cash flows from investing activities		
Decrease (increase) in time deposits	△3,128	△178
Decrease (increase) in long-term time deposits	676	—
Purchase of property, plant and equipment	△3,698	△3,341
Proceeds from sales of property, plant and equipment	74	642
Purchase of intangible assets	△28	△47
Decrease (increase) in short-term investment securities	△9,514	9,715
Purchase of investment securities	△1,615	△191
Proceeds from sales and redemption of investment securities	—	258
Collection of loans receivable	6	2
Proceeds from cancellation of insurance funds	—	953
Subsidies received	—	2
Net cash provided by (used in) investing activities	△17,229	7,815
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	△150	△100
Repayments of long-term loans payable	△67	△69
Dividends paid to non-controlling interests	△54	△115
Purchase of treasury shares	△4,520	△2
Cash dividends paid	△6,836	△6,806
Other, net	△97	△94
Net cash provided by (used in) financing activities	△11,726	△7,187
Effect of exchange rate change on cash and cash equivalents	△225	△1,559
Net increase (decrease) in cash and cash equivalents	△1,786	4,357
Cash and cash equivalents at beginning of period	88,782	86,996
Cash and cash equivalents at end of period	86,996	91,354