

Consolidated Financial Results for the Fiscal Year Ended February 29, 2020 [Japanese GAAP]



April 10, 2020

Company name: Hisamitsu Pharmaceutical Co., Inc.
 Stock exchange listing: Tokyo, Nagoya, Fukuoka
 Securities code: 4530
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 Scheduled date of Annual General Meeting of Shareholders: May 21, 2020
 Scheduled date of dividend payment: May 22, 2020
 Scheduled date of filing annual securities report: May 22, 2020
 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 29, 2020 (March 1, 2019 to February 29, 2020)

(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 2020	140,992	△1.7	22,727	2.0	25,628	4.0	18,694	△2.7
Fiscal year 2019	143,408	△3.4	22,278	△17.3	24,647	△12.7	19,204	0.4

(Note) Comprehensive income: Fiscal year 2020 13,478 millions of yen (△15.6%)
 Fiscal year 2019 15,969 millions of yen (△30.1%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	yen	yen	%	%	%
Fiscal year 2020	227.58	227.30	7.5	8.5	16.1
Fiscal year 2019	230.08	229.86	7.8	8.3	15.5

(Reference) Share of loss (profit) of entities accounted for using equity method: Fiscal year 2020 786 millions of yen
 Fiscal year 2019 619 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 2020	307,401	250,746	80.9	3,046.45
Fiscal year 2019	295,786	248,629	83.5	2,987.29

(Reference) Shareholders' equity: Fiscal year 2020 248,784 millions of yen
 Fiscal year 2019 246,942 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 2020	27,395	△17,229	△11,726	86,996
Fiscal year 2019	15,772	△39,302	△13,347	88,782

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 2019	—	41.25	—	41.25	82.50	6,863	35.9	2.8
Fiscal year 2020	—	41.50	—	41.50	83.00	6,809	36.5	2.8
Fiscal year 2021 (Forecast)	—	—	—	—	—		—	

(Note) Dividends forecast in the fiscal year ending February 2021 is yet to be determined.

3. Consolidated Earnings Forecast for the Fiscal Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

Earnings forecast in the fiscal year ending February 2021 is yet to be determined as it is difficult to predict due to the effect of the Coronavirus disease 2019 (COVID-19). This will be announced later when the effect on business performance by the infectious disease is made clear.

*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 : Yes
 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 2020: 85,164,895 shares
 Fiscal year 2019: 95,164,895 shares

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

Fiscal year 2020: 3,501,310 shares
 Fiscal year 2019: 12,500,670 shares

3) Average number of shares outstanding during the period

Fiscal year 2020: 82,143,061 shares
 Fiscal year 2019: 83,468,569 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2020

(March 1, 2019 to February 29, 2020)

(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 2020	109,761	0.5	20,312	14.2	21,501	8.0	15,074	△5.5
Fiscal year 2019	109,269	△2.9	17,788	△13.8	19,916	△6.8	15,944	9.0

	Profit per share	Diluted profit per share
	yen	yen
Fiscal year 2020	183.45	183.23
Fiscal year 2019	190.96	190.77

(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 2020	266,073	225,579	84.6	2,755.32
Fiscal year 2019	258,533	226,749	87.6	2,737.34

(Reference) Shareholders' equity: Fiscal year 2020 225,087 millions of yen
 Fiscal year 2020 226,356 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. 28, 2019)	Current Fiscal Year End (As of Feb. 29, 2020)
Assets		
Current assets		
Cash and deposits	110,283	107,051
Notes and accounts receivable - trade	39,961	49,232
Securities	20,946	34,878
Merchandise and finished goods	8,519	8,816
Work in process	470	505
Raw materials and supplies	6,769	6,137
Other	4,766	2,952
Allowance for doubtful accounts	△299	△325
Total current assets	191,418	209,251
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,049	45,764
Accumulated depreciation	△30,233	△30,824
Buildings and structures, net	14,816	14,939
Machinery, equipment and vehicles	39,607	41,251
Accumulated depreciation	△32,948	△34,617
Machinery, equipment and vehicles, net	6,658	6,633
Tools, furniture and fixtures	11,580	11,774
Accumulated depreciation	△9,798	△9,796
Tools, furniture and fixtures, net	1,781	1,978
Land	12,348	12,340
Leased assets	332	498
Accumulated depreciation	△241	△314
Leased assets, net	91	184
Construction in progress	3,860	2,520
Total property, plant and equipment	39,556	38,596
Intangible assets		
Sales rights	68	48
Software	203	113
Other	1,718	1,308
Total intangible assets	1,990	1,469
Investments and other assets		
Investment securities	53,521	48,379
Long-term bank cash	691	—
Net defined benefit asset	3,165	3,653
Deferred tax assets	814	1,287
Other	4,843	4,976
Allowance for doubtful accounts	△215	△214
Total investments and other assets	62,820	58,083
Total non-current assets	104,368	98,150
Total assets	295,786	307,401

(Millions of yen)

	Prior Fiscal Year End (As of Feb. 28, 2019)	Current Fiscal Year End (As of Feb. 29, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,290	10,488
Electronically recorded obligations - operating	5,864	8,536
Short-term loans payable	1,361	1,209
Lease obligations	26	68
Accounts payable - other	5,936	7,865
Income taxes payable	868	5,745
Provision for sales returns	101	127
Provision for bonuses	1,629	1,558
Other	6,275	5,456
Total current liabilities	30,354	41,055
Non-current liabilities		
Long-term loans payable	433	368
Lease obligations	70	130
Deferred tax liabilities for land revaluation	1,660	1,660
Deferred tax liabilities	3,562	1,318
Net defined benefit liability	7,465	7,600
Other	3,610	4,521
Total non-current liabilities	16,802	15,598
Total liabilities	47,157	56,654
Net assets		
Shareholders' equity		
Capital stock	8,473	8,473
Capital surplus	5,914	2,272
Retained earnings	249,156	230,929
Treasury shares	△40,886	△11,730
Total shareholders' equity	222,657	229,945
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,009	12,047
Revaluation reserve for land	3,790	3,790
Foreign currency translation adjustment	3,581	2,700
Remeasurements of defined benefit plans	△97	299
Total accumulated other comprehensive income	24,284	18,838
Share acquisition rights	392	491
Non-controlling interests	1,295	1,470
Total net assets	248,629	250,746
Total liabilities and net assets	295,786	307,401

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2018 – Feb. 28, 2019)	Current Fiscal Year (Mar. 1, 2019 – Feb. 29 2020)
Net sales	143,408	140,992
Cost of sales	54,727	53,388
Gross profit	88,680	87,603
Selling, general and administrative expenses	66,401	64,875
Operating profit	22,278	22,727
Non-operating income		
Interest income	800	1,142
Dividend income	763	811
Share of profit of entities accounted for using equity method	619	786
Other	399	425
Total non-operating income	2,582	3,165
Non-operating expenses		
Interest expenses	19	19
Foreign exchange losses	178	149
Other	17	95
Total non-operating expenses	214	264
Ordinary profit	24,647	25,628
Extraordinary income		
Gain on disposal of non-current assets	0	74
Gain on sales of investment securities	1,312	—
Settlement received	—	1,611
Total extraordinary income	1,312	1,685
Extraordinary losses		
Loss on disposal of non-current assets	72	28
Loss on valuation of investment securities	—	176
Impairment loss	138	953
Loss on sales of shares of subsidiaries	74	—
Total extraordinary losses	285	1,159
Profit before income taxes	25,673	26,155
Income taxes - current	4,688	7,999
Income taxes - deferred	1,605	△755
Total income taxes	6,294	7,244
Profit	19,378	18,911
Profit attributable to non-controlling interests	174	217
Profit attributable to owners of parent	19,204	18,694

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2018 – Feb. 28, 2019)	Current Fiscal Year (Mar. 1, 2019 – Feb. 29 2020)
Profit	19,378	18,911
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,915	△4,993
Foreign currency translation adjustment	△1,546	△867
Remeasurements of defined benefit plans, net of tax	215	398
Share of other comprehensive income of entities accounted for using equity method	△163	30
Total other comprehensive income	△3,409	△5,432
Comprehensive income	15,969	13,478
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,833	13,248
Comprehensive income attributable to non-controlling interests	135	230

(3) Consolidated Statements of Changes in Shareholders' Equity
For the Fiscal Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 1, 2018	8,473	5,914	236,342	△34,709	216,021
Cumulative effects of changes in accounting policies			468		468
Restated balance	8,473	5,914	236,811	△34,709	216,490
Changes in items during period					
Dividends of surplus			△6,883		△6,883
Profit attributable to owners of parent			19,204		19,204
Reversal of revaluation reserve for land			23		23
Purchase of treasury shares				△6,176	△6,176
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	—	—	12,344	△6,176	6,167
Balance at February 28, 2019	8,473	5,914	249,156	△40,886	222,657

(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, 2018	19,101	3,814	5,088	△325	27,679	299	1,227	245,227
Cumulative effects of changes in accounting policies								468
Restated balance	19,101	3,814	5,088	△325	27,679	299	1,227	245,696
Changes in items during period								
Dividends of surplus								△6,883
Profit attributable to owners of parent								19,204
Reversal of revaluation reserve for land								23
Purchase of treasury shares								△6,176
Cancellation of treasury shares								—
Transfer from retained earnings to capital surplus								—
Net changes in items other than shareholders' equity	△2,092	△23	△1,507	228	△3,394	93	67	△3,234
Total changes of items during period	△2,092	△23	△1,507	228	△3,394	93	67	2,933
Balance at February 28, 2019	17,009	3,790	3,581	△97	24,284	392	1,295	248,629

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
Reversal of revaluation reserve for land					—
Purchase of treasury shares				△4,520	△4,520
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
Reversal of revaluation reserve for land								—
Purchase of treasury shares								△4,520
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

(4) Consolidated Statements of Cash Flows
Year ended February 28, 2019 and February 29, 2020

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2018 – Feb. 28, 2019)	Current Fiscal Year (Mar. 1, 2019 – Feb. 29, 2020)
Cash flows from operating activities		
Profit before income taxes	25,673	26,155
Depreciation	5,742	4,251
Impairment loss	138	953
Loss (gain) on sales of shares of subsidiaries	74	—
Increase (decrease) in net defined benefit liability	227	119
Increase (decrease) in provision for bonuses	△17	△62
Increase (decrease) in allowance for doubtful accounts	64	26
Increase (decrease) in provision for sales returns	△4	25
Interest and dividend income	△1,563	△1,954
Interest expenses	19	19
Foreign exchange losses (gains)	126	△40
Share of loss (profit) of entities accounted for using equity method	△619	△786
Loss (gain) on sales of investment securities	△1,312	—
Loss (gain) on valuation of investment securities	—	176
Loss (gain) on disposal of non-current assets	72	△45
Decrease (increase) in notes and accounts receivable - trade	△5,310	△9,422
Decrease (increase) in inventories	1,310	232
Decrease (increase) in other current assets	△892	1,742
Increase (decrease) in notes and accounts payable - trade	649	4,944
Increase (decrease) in other current liabilities	△897	1,008
Other, net	184	970
Subtotal	23,665	28,315
Interest and dividend income received	1,465	2,041
Interest expenses paid	△19	△19
Income taxes paid	△9,339	△2,941
Net cash provided by (used in) operating activities	15,772	27,395

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2018 – Feb. 28, 2019)	Current Fiscal Year (Mar. 1, 2019 – Feb. 29 2020)
Cash flows from investing activities		
Decrease (increase) in time deposits	△36,218	△3,128
Decrease (increase) in long-term time deposits	△484	676
Purchase of property, plant and equipment	△3,626	△3,698
Proceeds from sales of property, plant and equipment	291	74
Purchase of intangible assets	△37	△28
Decrease (increase) in short-term investment securities	△530	△9,514
Purchase of investment securities	△353	△1,615
Proceeds from sales and redemption of investment securities	1,898	—
Collection of loans receivable	6	6
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	△247	—
Net cash provided by (used in) investing activities	△39,302	△17,229
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	△100	△150
Repayments of long-term loans payable	△71	△67
Dividends paid to non-controlling interests	△68	△54
Purchase of treasury shares	△6,176	△4,520
Cash dividends paid	△6,882	△6,836
Other, net	△48	△97
Net cash provided by (used in) financing activities	△13,347	△11,726
Effect of exchange rate change on cash and cash equivalents	△908	△225
Net increase (decrease) in cash and cash equivalents	△37,786	△1,786
Cash and cash equivalents at beginning of period	126,569	88,782
Cash and cash equivalents at end of period	88,782	86,996