

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending February 28, 2021 [Japanese GAAP]

October 8, 2020

Company name: Hisamitsu Pharmaceutical Co., Inc.
 Stock exchange listing: Tokyo, Nagoya, Fukuoka
 Securities code: 4530
 URL: <https://www.hisamitsu.co.jp/>
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Scheduled date of filing quarterly securities report: October 9, 2020
 Scheduled date of dividend payment: November 5, 2020
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly 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 Second Quarter of the Fiscal Year Ending February 28, 2021 (March 1, 2020 to August 31, 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	%
Six months ended August 31, 2020	52,926	△16.5	5,516	△45.9	5,519	△48.1	3,693	△51.1
Six months ended August 31, 2019	63,401	△8.6	10,190	△9.4	10,641	△11.4	7,548	△17.6

(Note) Comprehensive income: Six months ended August 31, 2020 5,625 millions of yen (533.7 %)
 Six months ended August 31, 2019 887 millions of yen (△89.3 %)

	Profit per share	Diluted profit per share
	yen	yen
Six months ended August 31, 2020	45.22	45.16
Six months ended August 31, 2019	91.37	91.27

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2020	298,939	252,906	84.0
As of February 29, 2020	307,401	250,746	80.9

(Reference) Shareholders' equity: As of August 31, 2020 251,233 millions of yen
 As of February 29, 2020 248,784 millions of yen

2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended February 29, 2020	—	41.50	—	41.50	83.00
Year ending February 28, 2021	—	41.75	—	—	—
Year ending February 28, 2021 (Forecast)	—	—	—	41.75	83.50

(Note) Revisions to the most recently announced dividends forecast: None

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

(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	127,000	△9.9	12,900	△43.2	14,800	△42.3	10,600	△43.3	129.77

(Note) Revisions to the most recently announced consolidated forecast: None

*Notes

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

(2) Application of special accounting methods for preparation of quarterly consolidated financial statements : Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement
 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

(4) The number of shares outstanding (common stock)

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

As of August 31, 2020 : 85,164,895 shares

As of February 29, 2020 : 85,164,895 shares

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

As of August 31, 2020 : 3,430,120 shares

As of February 29, 2020 : 3,501,310 shares

3) Average number of shares outstanding during the period

Six months ended August 31, 2020 : 81,680,265 shares

Six months ended August 31, 2019 : 82,613,971 shares

*Quarterly financial results reports are not subjected to quarterly review.

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

Among this document, the forecasts based on the plan may change due to uncertain factors. Therefore, the actual operating results may differ from the company's view.

Financial settlement briefings for institutional investors and analysts will be held on October 8, 2020. Presentation materials of financial results will be posted promptly on the company's website after the financial settlement briefings.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance sheets

(Millions of yen)

	Prior Fiscal Year End (As of Feb. 29, 2020)	Current Second Quarter (As of Aug. 31, 2020)
Assets		
Current assets		
Cash and deposits	107,051	117,039
Notes and accounts receivable - trade	49,232	31,955
Securities	34,878	22,281
Merchandise and finished goods	8,816	12,298
Work in process	505	648
Raw materials and supplies	6,137	6,566
Other	2,952	6,928
Allowance for doubtful accounts	△325	△273
Total current assets	209,251	197,445
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,939	14,631
Other, net	23,657	23,515
Total property, plant and equipment	38,596	38,147
Intangible assets		
Sales rights	48	37
Other	1,421	1,440
Total intangible assets	1,469	1,478
Investments and other assets		
Investment securities	48,379	52,775
Other	9,918	9,306
Allowance for doubtful accounts	△214	△214
Total investments and other assets	58,083	61,868
Total non-current assets	98,150	101,494
Total assets	307,401	298,939

(Millions of yen)

	Prior Fiscal Year End (As of Feb. 29, 2020)	Current Second Quarter (As of Aug. 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,488	6,798
Electronically recorded obligations - operating	8,536	6,575
Short-term borrowings	1,209	1,191
Income taxes payable	5,745	1,768
Provision for sales returns	127	81
Provision for bonuses	1,558	1,159
Other	13,390	13,140
Total current liabilities	41,055	30,714
Non-current liabilities		
Long-term borrowings	368	326
Net defined benefit liability	7,600	7,754
Other	7,630	7,238
Total non-current liabilities	15,598	15,318
Total liabilities	56,654	46,033
Net assets		
Shareholders' equity		
Share capital	8,473	8,473
Capital surplus	2,272	2,352
Retained earnings	230,929	231,232
Treasury shares	△11,730	△11,493
Total shareholders' equity	229,945	230,565
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	12,047	15,341
Revaluation reserve for land	3,790	3,790
Foreign currency translation adjustment	2,700	1,142
Remeasurements of defined benefit plans	299	393
Total accumulated other comprehensive income	18,838	20,667
Share acquisition rights	491	213
Non-controlling interests	1,470	1,458
Total net assets	250,746	252,906
Total liabilities and net assets	307,401	298,939

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2019 – Aug. 31, 2019)	Current Fiscal Year (Mar. 1, 2020 – Aug. 31 2020)
Net sales	63,401	52,926
Cost of sales	22,892	19,577
Gross profit	40,509	33,349
Selling, general and administrative expenses	30,319	27,833
Operating profit	10,190	5,516
Non-operating income		
Interest income	520	430
Dividend income	436	463
Other	225	181
Total non-operating income	1,182	1,074
Non-operating expenses		
Interest expenses	8	2
Foreign exchange losses	595	745
Share of loss of entities accounted for using equity method	110	259
Other	15	63
Total non-operating expenses	730	1,071
Ordinary profit	10,641	5,519
Extraordinary income		
Gain on sales of investment securities	—	1
Total extraordinary income	—	1
Extraordinary losses		
Loss on disposal of non-current assets	4	5
Total extraordinary losses	4	5
Profit before income taxes	10,637	5,515
Income taxes	2,955	1,702
Profit	7,681	3,813
Profit attributable to non-controlling interests	133	119
Profit attributable to owners of parent	7,548	3,693

Quarterly Consolidated Statements of comprehensive income

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2019 – Aug. 31, 2019)	Current Fiscal Year (Mar. 1, 2020 – Aug. 31 2020)
Profit	7,681	3,813
Other comprehensive income		
Valuation difference on available-for-sale securities	△5,013	3,319
Foreign currency translation adjustment	△1,830	△1,574
Remeasurements of defined benefit plans, net of tax	65	97
Share of other comprehensive income of entities accounted for using equity method	△15	△30
Total other comprehensive income	△6,793	1,812
Comprehensive income	887	5,625
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	755	5,522
Comprehensive income attributable to non-controlling interests	132	102

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Fiscal Year (Mar. 1, 2019 – Aug. 31, 2019)	Current Fiscal Year (Mar. 1, 2019 – Aug. 31, 2020)
Cash flows from operating activities		
Profit before income taxes	10,637	5,515
Depreciation	2,025	1,934
Increase (decrease) in retirement benefit liability	52	159
Increase (decrease) in allowance for doubtful accounts	13	△45
Interest and dividend income	△956	△893
Interest expenses	8	2
Share of loss (profit) of entities accounted for using equity method	110	259
Loss (gain) on sales of investment securities	—	△1
Decrease (increase) in trade receivables	△1,817	16,843
Decrease (increase) in inventories	△578	△4,661
Increase (decrease) in trade payables	2,823	△5,239
Other, net	△4,698	△4,924
Subtotal	7,621	8,949
Interest and dividends received	1,004	1,134
Interest paid	△8	△1
Income taxes paid	△703	△5,200
Payments of retirement benefits for directors (and other officers)	—	△724
Net cash provided by (used in) investing activities	7,913	4,156
Cash flows from investing activities		
Decrease (increase) in time deposits	△2,925	429
Decrease (increase) in short-term investment securities	913	10,339
Purchase of property, plant and equipment	△1,983	△2,365
Purchase of intangible assets	△13	△75
Purchase of investment securities	△655	△186
Proceeds from sales of investment securities	—	2
Other, net	6	56
Net cash provided by (used in) investing activities	△4,655	8,198
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	△75	△20
Repayments of long-term borrowings	△32	△39
Purchase of treasury shares	△1,280	△0
Dividends paid	△3,412	△3,393
Dividends paid to non-controlling interests	△54	△115
Other, net	△26	△43
Net cash provided by (used in) financing activities	△4,880	△3,612
Effect of exchange rate change on cash and cash equivalents	△813	△480
Net increase (decrease) in cash and cash equivalents	△2,436	8,261
Cash and cash equivalents at beginning of period	88,782	86,996
Cash and cash equivalents at end of period	86,345	95,258