

Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year 2022 (Japanese GAAP)

October 31, 2022

Company name: Nippon Chemiphar Co., Ltd. Listing: Tokyo Stock Exchange
 Securities code: 4539 URL: <https://www.chemiphar.co.jp/english/>
 Representative: Kazushiro Yamaguchi, President & CEO
 Contact: Shinji Nakajima, Corporate Officer and Senior Manager of Accounts & Finance Department
 Phone: 03-3863-1211

Scheduled date of dividend payout: –
 Supplementary documents for quarterly financial results: Yes
 Quarterly financial results briefing: Yes (for institutional investors and securities analysts)

*Amounts less than one million yen are rounded down

1. Consolidated Financial Results for the Second Quarter of FY2022 (from April 1, 2022 to September 30, 2022)

(1) Business Results

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2022	16,237	4.3	167	(18.8)	752	190.7	896	291.6
September 30, 2021	15,575	–	206	–	258	–	228	–

(Note) Comprehensive income: Six Months ended September 30, 2022: 656 million yen (109.3%)
 Six Months ended September 30, 2021: 313 million yen (–%)

	Earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	248.43	–
September 30, 2021	63.56	–

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., effective from the beginning of the fiscal year ended March 31, 2022. The figures for the six months ended September 30, 2021 are the figures after the application of the relevant accounting standards and percentages for year-on-year changes are not indicated.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2022	50,658	18,974	37.4	5,252.48
March 31, 2022	49,453	18,501	37.4	5,119.99

(Reference) Equity: As of September 30, 2022: 18,957 million yen As of March 31, 2022: 18,484 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of fiscal year	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	50.00	50.00
Year ending March 31, 2023	–	0.00			
Year ending March 31, 2023 (forecast)			–	50.00	50.00

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

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	35,000	7.7	300	(63.7)	500	(51.1)	550	(21.5)	152.50

(Note) Revision to the financial results forecast announced most recently: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and changes or restatement of accounting estimates
 - (i) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
 - (ii) Changes in accounting policies other than (i): No
 - (iii) Changes in accounting estimates: No
 - (iv) Restatement: No
- (4) Number of shares outstanding (common stock)
 - (i) Number of shares outstanding at the end of the period (including treasury shares)

As of September 30, 2022:	4,261,420 shares	As of March 31, 2022:	4,261,420 shares
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 - (ii) Number of treasury shares at the end of the period

As of September 30, 2022:	652,123 shares	As of March 31, 2022:	651,170 shares
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 - (iii) Average number of outstanding shares during the period (cumulative from the beginning of the period)

Six months ended September 30, 2022:	3,609,636 shares	Six months ended September 30, 2021:	3,602,722 shares
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4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2021 (As of March 31, 2022)	Q2 of FY2022 (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	11,645	13,161
Notes and accounts receivable—trade, and contract assets	8,100	7,462
Electronically recorded monetary claims—operating	4,544	4,102
Merchandise and finished goods	4,942	5,486
Work in process	1,484	1,386
Raw materials and supplies	2,385	3,032
Income taxes refund receivable	-	72
Others	391	377
Total current assets	33,495	35,081
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	4,971	5,014
Machinery, equipment, and vehicles, net	1,931	1,865
Tools, furniture and fixtures, net	319	374
Land	4,345	4,345
Leased assets, net	168	171
Construction in progress	112	131
Total property, plant and equipment	11,848	11,904
Intangible assets		
Patent rights	17	14
Trademark rights	61	57
Sales rights	666	524
Leased assets	23	56
Software	105	83
Telephone subscription rights	9	9
Total intangible assets	884	747
Investments and other assets		
Investment securities	1,810	1,243
Long-term prepaid expenses	359	566
Retirement benefit assets	309	393
Leasehold and guarantee deposits	68	57
Deferred tax assets	329	314
Others	410	410
Allowance for doubtful accounts	(61)	(61)
Total investments and other assets	3,225	2,925
Total non-current assets	15,957	15,576
Deferred assets		
Bond issuance costs	0	0
Total deferred assets	0	0
Total assets	49,453	50,658

(Millions of yen)

	FY2021 (As of March 31, 2022)	Q2 of FY2022 (As of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	2,146	2,610
Electronically recorded obligations—operating	7,420	6,786
Short-term borrowings	400	464
Current portion of bonds payable	200	200
Current portion of long-term borrowings	2,581	2,812
Lease obligations	73	80
Accounts payable—other	107	128
Income taxes payable	292	225
Accrued consumption taxes	200	76
Accrued expenses	1,950	1,749
Deposits received	164	163
Refund liabilities	300	230
Others	913	332
Total current liabilities	16,750	15,860
Non-current liabilities		
Long-term borrowings	11,399	12,506
Lease obligations	135	168
Provision for retirement benefits for directors	469	445
Net defined benefit liability	132	141
Deferred tax liabilities for land revaluation	915	915
Others	1,149	1,645
Total non-current liabilities	14,202	15,822
Total liabilities	30,952	31,683
Net assets		
Shareholders' equity		
Capital stock	4,304	4,304
Capital surplus	1,263	1,263
Retained earnings	13,482	14,196
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	15,939	16,653
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	547	244
Revaluation reserve for land	2,070	2,070
Foreign currency translation adjustment	(170)	(100)
Remeasurements of defined benefit plans	98	89
Total accumulated other comprehensive income	2,545	2,304
Share acquisition rights	17	17
Total net assets	18,501	18,974
Total liabilities and net assets	49,453	50,658

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	15,575	16,237
Cost of sales	11,265	11,976
Gross profit	4,309	4,261
Selling, general and administrative expenses	4,103	4,093
Operating profit	206	167
Non-operating income		
Interest income	0	0
Dividend income	15	17
Rental income from non-current assets	3	3
Share of profit of entities accounted for using equity method	14	16
Foreign exchange gains	74	612
Dividend income of insurance	2	1
Others	14	6
Total non-operating income	123	658
Non-operating expenses		
Interest expenses	60	61
Commission expense	3	3
Others	7	7
Total non-operating expenses	71	73
Ordinary profit	258	752
Extraordinary income		
Gain on sales of investment securities	–	411
Total extraordinary income	–	411
Profit before income taxes	258	1,164
Income taxes—current	106	151
Income taxes—deferred	(76)	116
Total income taxes	29	267
Profit	228	896
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	228	896

Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	228	896
Other comprehensive income		
Valuation difference on available-for-sale securities	(50)	(302)
Foreign currency translation adjustment	126	70
Remeasurements of defined benefit plans	8	(8)
Total other comprehensive income	84	(240)
Comprehensive income	313	656
Comprehensive income attributable to		
Owners of parent	313	656
Non-controlling interests	—	—

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from operating activities:		
Profit before income taxes	258	1,164
Depreciation	740	737
Increase (decrease) in refund liabilities	4	(69)
Increase (decrease) in provision for retirement benefits for directors	(4)	(24)
Increase (decrease) in net defined benefit liability	(4)	8
Decrease (increase) in net defined benefit asset	(65)	(96)
Interest and dividend income	(15)	(17)
Interest expenses	60	61
Foreign exchange losses (gains)	(74)	(612)
Loss (gain) on sales of investment securities	—	(411)
Decrease (increase) in trade receivables and contract assets	(228)	1,090
Decrease (increase) in inventories	(544)	(1,004)
Decrease (increase) in other current assets	14	(5)
Decrease (increase) in long-term prepaid expenses	(68)	(157)
Increase (decrease) in notes and accounts payable - trade	1,266	(203)
Increase (decrease) in accrued consumption taxes	39	(115)
Increase (decrease) in other current liabilities	145	(262)
Increase (decrease) in other non-current liabilities	282	495
Other	(18)	84
Subtotal	1,786	660
Interest and dividends received	24	28
Interest paid	(60)	(59)
Income taxes paid	(277)	(278)
Net cash provided by (used in) operating activities	1,473	351
Cash flows from investing activities:		
Payments into time deposits	(40)	—
Proceeds from withdrawal of time deposits	119	—
Purchase of property, plant and equipment	(672)	(738)
Purchase of intangible assets	(2)	(6)
Purchase of investment securities	(12)	(24)
Proceeds from sale of investment securities	—	611
Proceeds from refund of guarantee deposits	12	10
Other	19	(0)
Net cash provided by (used in) investing activities	(576)	(148)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	96	64
Proceeds from long-term borrowings	1,800	2,600
Repayments of long-term borrowings	(1,314)	(1,262)
Cash dividends paid	(182)	(183)
Other	(58)	(39)
Net cash provided by (used in) financing activities	340	1,178
Effect of exchange rate change on cash and cash equivalents	161	135
Net increase (decrease) in cash and cash equivalents	1,399	1,516
Cash and cash equivalents at beginning of period	10,505	11,645
Cash and cash equivalents at end of period	11,905	13,161