

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

May 12, 2023

Company name: Nippon Chemiphar Co., Ltd. Listing: Tokyo Stock Exchange
 Securities code: 4539 URL: <https://www.chemiphar.co.jp/english/>
 Representative: Kazuhiro Yamaguchi, President & CEO
 Contact: Shinji Nakajima, Corporate Officer and Senior Manager of Accounts & Finance Department
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Scheduled date of ordinary general meeting of shareholders: June 21, 2023

Scheduled date of dividend payout: June 22, 2023

Supplementary documents for annual financial results: Yes

Annual 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 FY2022 (from April 1, 2022 to March 31, 2023)

(1) Business Results

(Percentages represent year-on-year changes.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	31,559	(2.9)	(241)	–	58	(94.3)	339	(51.6)
March 31, 2022	32,506	–	825	–	1,022	–	700	–

(Note) Comprehensive income: Fiscal year ended March 31, 2023: 216 million yen (down 64.7 %)

Fiscal year ended March 31, 2022: 611 million yen (– %)

Year ended	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	94.07	–	1.8	0.1	(0.8)
March 31, 2022	194.33	–	3.8	2.1	2.5

(Reference) Share of profit/loss of entities accounted for using equity method: As of March 31, 2023: 27 million yen

As of March 31, 2022: 27 million yen

(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 fiscal year ended March 31, 2022 are the figures after the application of the relevant accounting standards and percentages for year-on-year changes are not indicated.

(2) Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	48,571	18,534	38.1	5,130.65
March 31, 2022	49,453	18,501	37.4	5,119.99

(Reference) Equity: As of March 31, 2023: 18,517 million yen

As of March 31, 2022: 18,484 million yen

(3) Cash Flows

Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
March 31, 2023	(916)	(394)	144	10,529
March 31, 2022	1,801	35	(793)	11,645

2. Dividends

	Dividend per share					Dividends total (Annual)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of fiscal year	Annual			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2022	–	0.00	–	50.00	50.00	182	25.7	1.0
March 31, 2023	–	0.00	–	50.00	50.00	182	53.2	1.0
Year ending March 31, 2024 (forecast)	–	0.00	–	50.00	50.00		300.8	

3. Forecast of Consolidated Financial Results for the FY2023(from April 1, 2023 to March 31, 2024)

(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	32,700	3.6	200	—	100	70.4	60	(82.3)	16.62

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanied by a change in the scope of consolidation): No
- (2) 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
- (3) Number of shares outstanding (common stock)
 - (i) Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2023:	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 March 31, 2023:	652,254 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)

Fiscal year ended March 31, 2023:	3,609,412 shares	Fiscal year ended March 31, 2022:	3,606,523 shares
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3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	11,645	10,529
Notes and accounts receivable—trade, and contract assets	8,100	7,516
Electronically recorded monetary claims—operating	4,544	3,738
Merchandise and finished goods	4,942	6,468
Work in process	1,484	1,277
Raw materials and supplies	2,385	3,010
Income taxes refund receivable	—	220
Others	391	675
Total current assets	33,495	33,436
Non-current assets		
Property, plant, and equipment		
Buildings and structures	15,745	15,956
Accumulated depreciation	(10,774)	(11,170)
Buildings and structures, net	4,971	4,786
Machinery, equipment, and vehicles	9,072	9,353
Accumulated depreciation	(7,140)	(7,717)
Machinery, equipment, and vehicles, net	1,931	1,636
Tools, furniture and fixtures	2,519	2,755
Accumulated depreciation	(2,200)	(2,376)
Tools, furniture and fixtures, net	319	379
Land	4,345	4,344
Leased assets	347	376
Accumulated depreciation	(179)	(205)
Leased assets, net	168	170
Construction in progress	112	200
Total property, plant and equipment	11,848	11,518
Intangible assets		
Patent rights	17	15
Trademark rights	61	54
Sales rights	666	383
Leased assets	23	47
Software	105	59
Telephone subscription rights	9	9
Total intangible assets	884	569
Investments and other assets		
Investment securities	1,810	1,385
Long-term prepaid expenses	359	496
Retirement benefit assets	309	401
Leasehold and guarantee deposits	68	57
Deferred tax assets	329	353
Others	410	414
Allowance for doubtful accounts	(61)	(61)
Total investments and other assets	3,225	3,046
Total non-current assets	15,957	15,134
Deferred assets		
Bond issuance costs	0	—
Total deferred assets	0	—
Total assets	49,453	48,571

(Millions of yen)

	FY2021 (As of March 31, 2022)	FY2022 (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	2,146	2,545
Electronically recorded obligations—operating	7,420	6,399
Short-term borrowings	400	392
Current portion of bonds payable	200	—
Current portion of long-term borrowings	2,581	2,650
Lease obligations	73	77
Accounts payable—other	107	84
Income taxes payable	292	81
Accrued consumption taxes	200	91
Accrued expenses	1,950	1,678
Deposits received	164	175
Refund liabilities	300	221
Others	913	369
Total current liabilities	16,750	14,766
Non-current liabilities		
Long-term borrowings	11,399	11,950
Lease obligations	135	161
Provision for retirement benefits for directors	469	457
Net defined benefit liability	132	139
Deferred tax liabilities for land revaluation	915	915
Others	1,149	1,645
Total non-current liabilities	14,202	15,270
Total liabilities	30,952	30,037
Net assets		
Shareholders' equity		
Capital stock	4,304	4,304
Capital surplus	1,263	1,263
Retained earnings	13,482	13,636
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	15,939	16,093
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	547	335
Revaluation reserve for land	2,070	2,072
Foreign currency translation adjustment	(170)	(20)
Remeasurements of defined benefit plans	98	35
Total accumulated other comprehensive income	2,545	2,423
Share acquisition rights	17	17
Total net assets	18,501	18,534
Total liabilities and net assets	49,453	48,571

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023)
Net sales	32,506	31,559
Cost of sales	23,432	23,374
Gross profit	9,073	8,184
Selling, general and administrative expenses	8,248	8,425
Operating profit (loss)	825	(241)
Non-operating income		
Interest income	0	2
Dividend income	29	30
Rental income from non-current assets	6	6
Share of profit of entities accounted for using equity method	27	27
Foreign exchange gains	355	386
Dividend income of insurance	8	8
Others	21	13
Total non-operating income	449	475
Non-operating expenses		
Interest expenses	118	122
Commission expense	31	39
Cost for idle operation	66	-
Others	35	13
Total non-operating expenses	251	175
Ordinary profit	1,022	58
Extraordinary income		
Gain on sales of non-current assets	141	10
Gain on sales of investment securities	-	411
Total extraordinary income	141	422
Extraordinary losses		
Impairment losses	14	-
Loss on valuation of investment securities	10	-
Loss on valuation of inventories	162	-
Total extraordinary losses	187	-
Profit before income taxes	976	480
Income taxes—current	414	79
Income taxes—deferred	(138)	61
Total income taxes	275	141
Profit	700	339
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	700	339

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023)
Profit	700	339
Other comprehensive income		
Valuation difference on available-for-sale securities	(167)	(211)
Foreign currency translation adjustment	52	150
Remeasurements of defined benefit plans	25	(62)
Total other comprehensive income	(89)	(123)
Comprehensive income	611	216
Comprehensive income attributable to:		
Owners of parent	611	216
Non-controlling interests	-	-

(3) Consolidated Statements of Changes in Equity
FY2021 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,304	1,303	12,655	(3,187)	15,076
Cumulative effects of changes in accounting policies			20		20
Restated balance	4,304	1,303	12,675	(3,187)	15,096
Changes during period					
Dividends of surplus			(181)		(181)
Profit attributable to owners of parent			700		700
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(40)		78	37
Reversal of revaluation reserve for land			287		287
Net changes in items other than shareholders' equity					
Total changes during period	–	(40)	806	77	843
Balance at end of period	4,304	1,263	13,482	(3,110)	15,939

(Millions of yen)

	Accumulated other comprehensive income					Share acquisition rights	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 beginning of period	714	2,357	(223)	72	2,921	17	18,014
Cumulative effects of changes in accounting policies							20
Restated balance	714	2,357	(223)	72	2,921	17	18,034
Changes during period							
Dividends of surplus							(181)
Profit attributable to owners of parent							700
Purchase of treasury shares							(0)
Disposal of treasury shares							37
Reversal of revaluation reserve for land							287
Net changes in items other than shareholders' equity	(167)	(287)	52	25	(376)	–	(376)
Total changes during period	(167)	(287)	52	25	(376)	–	466
Balance at end of period	547	2,070	(170)	98	2,545	17	18,501

FY2022 (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,304	1,263	13,482	(3,110)	15,939
Changes during period					
Dividends of surplus			(182)		(182)
Profit attributable to owners of parent			339		339
Purchase of treasury shares				(0)	(0)
Reversal of revaluation reserve for land			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	154	(0)	154
Balance at end of period	4,304	1,263	13,636	(3,110)	16,093

(Millions of yen)

	Accumulated other comprehensive income					Share acquisition rights	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 beginning of period	547	2,070	(170)	98	2,545	17	18,501
Changes during period							
Dividends of surplus							(182)
Profit attributable to owners of parent							339
Purchase of treasury shares							(0)
Reversal of revaluation reserve for land							(1)
Net changes in items other than shareholders' equity	(211)	1	150	(62)	(121)	–	(121)
Total changes during period	(211)	1	150	(62)	(121)	–	32
Balance at end of period	335	2,072	(20)	35	2,423	17	18,534

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2021 (Year ended March 31, 2022)	FY2022 (Year ended March 31, 2023)
Cash flows from operating activities:		
Profit before income taxes	976	480
Depreciation	1,586	1,500
Increase (decrease) in refund liabilities	17	(79)
Increase (decrease) in provision for retirement benefits for directors	8	(11)
Increase (decrease) in net defined benefit liability	(2)	11
Decrease (increase) in net defined benefit asset	(150)	(186)
Interest and dividend income	(29)	(32)
Interest expenses	118	122
Foreign exchange losses (gains)	(355)	(386)
Loss (gain) on sale of non-current assets	(141)	(10)
Loss (gain) on sale of investment securities	–	(411)
Loss (gain) on valuation of investment securities	10	–
Impairment losses	14	–
Loss on valuation of inventories	162	–
Decrease (increase) in trade receivables and contract assets	(1,136)	1,392
Decrease (increase) in inventories	(1,618)	(1,859)
Decrease (increase) in other current assets	8	(166)
Decrease (increase) in long-term prepaid expenses	(36)	(95)
Increase (decrease) in notes and accounts payable - trade	2,020	(641)
Increase (decrease) in accrued consumption taxes	99	(98)
Increase (decrease) in other current liabilities	475	(313)
Increase (decrease) in other non-current liabilities	272	495
Other	(30)	(62)
Subtotal	2,272	(354)
Interest and dividends received	38	43
Interest paid	(118)	(120)
Income taxes paid	(390)	(484)
Net cash provided by (used in) operating activities	1,801	(916)
Cash flows from investing activities:		
Payments into time deposits	(40)	–
Proceeds from withdrawal of time deposits	119	–
Purchase of property, plant and equipment	(725)	(1,005)
Purchase of intangible assets	(2)	(9)
Proceeds from sale of property, plant and equipment	700	29
Purchase of investment securities	(14)	(24)
Proceeds from sale of investment securities	–	611
Proceeds from refund of guarantee deposits	14	11
Other	(15)	(7)
Net cash provided by (used in) investing activities	35	(394)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	16	(8)
Proceeds from long-term borrowings	2,000	3,400
Repayments of long-term borrowings	(2,553)	(2,779)
Redemption of bonds	–	(200)
Cash dividends paid	(182)	(183)
Other	(73)	(84)
Net cash provided by (used in) financing activities	(793)	144
Effect of exchange rate change on cash and cash equivalents	96	51
Net increase (decrease) in cash and cash equivalents	1,139	(1,115)
Cash and cash equivalents at beginning of period	10,505	11,645
Cash and cash equivalents at end of period	11,645	10,529

