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May 11, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4540
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 Scheduled date of annual general meeting of shareholders: June 29, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Scheduled date to file annual securities report: June 29, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors, securities analysts and news media)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	130,883	6.2	19,382	2.7	20,866	6.2	15,332	11.4
March 31, 2020	123,248	1.9	18,876	1.9	19,649	(0.3)	13,765	(5.7)

Note: Comprehensive income For the fiscal year ended March 31, 2021: ¥17,381 million [106.5 %]
 For the fiscal year ended March 31, 2020: ¥8,415 million [(35.7)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2021	200.40	—	7.2	6.6	14.8
March 31, 2020	179.96	—	6.8	6.6	15.3

Reference: equity in earnings of affiliates

For the fiscal year ended March 31, 2021: ¥115 million

For the fiscal year ended March 31, 2020: ¥96 million

Note: The Company has determined the provisional accounting treatment for business combinations in the fiscal year ended March 31, 2021, and figures for the fiscal year ended March 31, 2020 reflect the contents of the determined provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	shareholder's equity ratio	shareholders' equity per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	319,063	233,169	68.3	2,846.58
March 31, 2020	311,990	213,997	65.8	2,684.38

Reference: Equity

As of March 31, 2021: ¥217,786 million

As of March 31, 2020: ¥205,377 million

Note: The Company has determined the provisional accounting treatment for business combinations in the fiscal year ended March 31, 2021, and figures for the fiscal year ended March 31, 2020 reflect the contents of the determined provisional accounting treatment.

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	16,102	(7,352)	(10,425)	59,668
March 31, 2020	18,191	(23,488)	7,111	57,692

2. Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2020	—	32.00	—	32.00	64.00	4,896	35.6	2.4
Fiscal year ended March 31, 2021	—	32.00	—	32.00	64.00	4,896	31.9	2.3
Fiscal year ending March 31, 2022 (Forecast)	—	32.00	—	32.00	64.00		34.5	

3. Projections of consolidated financial results for the term ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Figures in percentage show the rate of increase or decrease from the previous fiscal year for full-year and from the second quarter of the previous fiscal year for second quarter (aggregate).)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	59,400	—	8,700	—	9,000	—	6,900	—	90.19
Full-year	122,500	—	19,500	—	20,000	—	14,200	—	185.60

(Note) Since the Company will apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) together with the implementation guidance from the beginning of FY3/2022, the above projections of consolidated business results reflect application of said accounting standard and implementation guidance, and year-on-year changes are not stated.

Year-on-year changes calculated on the assumption of application of said accounting standard and implementation guidance in FY3/2021 are as follows.

First half: Net sales up by 4.3%; operating profit down by 21.8%; ordinary profit down 19.0%; profit attributable to owners of parent down by 14.6%

Full year: Net sales up by 5.2%; operating profit up by 0.6%; ordinary profit down 4.2%; profit attributable to owners of parent down by 7.4%

*** Notes**

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

Note: TSUMURA SHENGSHI PHARMACEUTICALS CO., LTD. (trade name changed to TIANJIN TSUMURA PHARMACEUTICALS CO.,LTD. from April 2021) was included in the scope of consolidation in the fiscal year under review due because its importance had increased, although the company does not meet the conditions for transfer of specific subsidiaries.

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2021	76,758,362 shares
As of March 31, 2020	76,758,362 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2021	250,402 shares
As of March 31, 2020	250,049 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2021	76,508,174 shares
Fiscal year ended March 31, 2020	76,488,918 shares

* This Consolidated Financial Results is not subject to audit procedures performed by a certified public accountant or audit corporation.

*Explanation about the proper use of financial projections and other important notes

(Note about forward-looking information)

Forward-looking statements such as financial projections, which are stated in this document, are based on information currently available to the Company and certain assumptions deemed reasonable. There is a possibility that actual results, etc. will differ materially from forecasts due to various factors. Please see “1. Overview of Operating Results, etc. (4) Future outlook” on page 4 for information regarding the forecast of consolidated financial results.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended March 31, 2021

During the fiscal year under review, the Company's operating environment remained challenging, largely due to the restrictions imposed on economic activities amid the COVID-19 pandemic.

Under such conditions, the consolidated net sales for the fiscal year under review increased 6.2% year on year, to 130,883 million yen. Looking at profit, operating profit was 19,382 million yen (up 2.7% year on year), ordinary profit was 20,866 million yen (up 6.2% year on year), and profit attributable to owners of parent was 15,332 million yen (up 11.4% year on year).

The cost-to-sales ratio rose 1.5 percentage points year on year, even though the cost increase arising from the NHI drug price revision was absorbed by reduced costs related to crude drugs. The ratio rose mainly because, unlike Kampo products and crude drug pieces for decoction, raw materials for crude drugs, which are currently the mainstay products of Ping An Tsumura Pharmaceutical Co., Ltd. (formerly Tianjin China Medico Technology Co., Ltd.), have a high cost-to-sales ratio. In addition, the SGA ratio fell 1.1 percentage points year on year, partly due to a decrease in expenses associated with changes in activities. As a result, the operating profit margin was 14.8%, falling 0.5 percentage point from a year ago.

[Consolidated business results]

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	YoY Change Percent Change
Net sales	123,248	130,883	7,635 6.2%
Domestic sales	—	124,516	—
Overseas sales	—	6,367	—
Operating profit	18,876	19,382	505 2.7 %
Ordinary profit	19,649	20,866	1,216 6.2 %
Profit attributable to owners of parent	13,765	15,332	1,567 11.4%

(Note) Overseas sales for the fiscal year ended March 31, 2020 were insignificant and have, therefore, been omitted. A breakdown of net sales into domestic sales and overseas sales is provided because the net sales of Ping An Tsumura Pharmaceutical were recorded from the fiscal year under review.

Domestic sales reached 124,516 million yen. Sales for 129 prescription Kampo products, included in this total rose, 1.1% year on year, despite the effects of COVID-19, such as hesitancy to consult physicians. A breakdown of sales reveals that prescriptions for products to treat common cold symptoms dropped sharply, reflecting decline in upper respiratory inflammation and other infections thanks to strict enforcement of infection control measures, but that prescriptions for products to treat other conditions such as mental illness and skin conditions grew due to changing living environments. Among "Drug fostering" *1 program formulations, which are the Company's mainstay items, sales of Daikenchuto grew 0.4% year on year. In "Growing" formulations*2, Hochuekkito, Kamishoyosan and Goreisan performed strongly.

Looking at sales activities, the Company stepped up e-promotions in addition to conventional visit-based information provision activities, and conducted information provision activities according to the needs of healthcare professionals.

Overseas sales amounted to 6,367 million yen, significantly bolstered by the net sales of Ping An Tsumura Pharmaceutical Co., Ltd. which are recognized from the fiscal year under review. Moving forward, the Company will strengthen the functions of the crude drug platforms provided by Ping An Tsumura Pharmaceutical Co., Ltd. and SHENZHEN TSUMURA MEDICINE CO., LTD to further expand business, focusing on sales of crude drugs and crude drug pieces for decoction.

Net sales from overseas business amounted to 6,367 million yen, thanks largely to the net sales of Ping An Tsumura Pharmaceutical Co., Ltd. (formerly Tianjin China Medico Technology Co., Ltd.), which was included in the scope of consolidation from the fiscal year under review. Moving forward, the Company will strengthen the functions of the crude drug platforms provided by Ping An Tsumura Pharmaceutical Co., Ltd. and SHENZHEN TSUMURA MEDICINE CO., LTD to further expand business, focusing on sales of crude drugs and crude drug pieces for decoction.

For achievement of its Long-term Management Vision 2021, the Company will continue to focus on the five strategic agendas under its medium-term management plan: "Sustainable expansion of Kampo market and establishment of its presence," "Investment in growth and construction of business foundation in China," "Improvement of productivity using new technologies: AI, robotization and RPA*1," "Fostering of corporate culture and development of diverse human resources*2 based on visionary management," and "Promotion of SDGs through Kampo value chain."

*1 five “Drug fostering” program formulations:

Formulations the Company is addressing by looking hard at the structure of diseases in recent years, targeting diseases that are difficult to treat with new drugs for which prescription Kampo preparations prove specifically effective in domains where demand for medical treatment is high, and calling the establishment of evidence “drug fostering”

*2 five “Growing” formulations:

Growth drivers aimed at registration in clinical practice guidelines as strategic formulations after five drug fostering program formulations by constructing evidence (such as data on safety and effectiveness) in domains where the degree of satisfaction with medical treatment and the degree of drug contribution are low

[Initiatives in response to COVID-19 pandemic and impact on performance]

In response to the COVID-19 pandemic, the Company ensured prevention of transmission to employees and business associates throughout the year and focused on the stable supply of products to fulfil its responsibility as a pharmaceuticals company. There was no impact on product supply either in Japan or overseas.

Looking at the impact of COVID-19 on performance during the fiscal year under review, certain business activities were affected, with the restriction of visit-based information activities and research and development delays in the U.S., and in the Summary of Consolidated Financial Statements for the Third Quarter, the Company lowered its net sales forecast whilst raising its profit forecast to reflect lower expenses associated with changes in activities.

Whilst the business environment remains uncertain, the Company will continue to monitor the changing situation and focus on infection control measures and the stable supply of products.

(2) Overview of financial position during the fiscal year ended March 31, 2021

The financial position at the end of the fiscal year under review was as follows.

Total assets at the end of the fiscal year under review increased 7,073 million yen from the end of the previous fiscal year, to 319,063 million yen. Current assets increased 7,300 million yen from the end of the previous fiscal year, mainly due to a rise in inventories, despite a decrease in cash and deposits.

Non-current assets decreased 227 million yen from the end of the previous fiscal year, mainly due to a decrease in other investments and other assets associated with the consolidation of Tsumura Shengshi Pharmaceuticals Co., Ltd. from the fiscal year under review, offsetting an increase in machinery, equipment and vehicles.

Total liabilities were 85,894 million yen, a decrease of 12,098 million yen from the end of the previous fiscal year. Current liabilities decreased 95 million yen from the end of the previous fiscal year, mainly due to a decline in short-term borrowings, which offset an increase in long-term borrowings scheduled for repayment within one year that resulted from their transfer. Non-current liabilities declined 12,003 million yen from the end of the previous fiscal year mainly due to the transfer of long-term borrowings to current liabilities.

Net assets totaled 233,169 million yen, an increase of 19,171 million yen from the end of the previous fiscal year. Shareholders’ equity rose 10,124 million yen from the end of the previous fiscal year, mainly reflecting an increase in retained earnings. Accumulated other comprehensive income climbed 2,283 million yen from the end of the previous fiscal year, chiefly due to an increase in deferred gains on hedges. Non-controlling interests increased 6,763 million yen from the end of the previous fiscal year.

As a result, the equity ratio rose 2.5 percentage points, to 68.3%.

With respect to the business combination with Tianjin China Medico Technology Co., Ltd. (trade name changed to Ping An Tsumura Pharmaceutical Co., Ltd. from August 2020) and its five subsidiaries, which took place on March 30, 2020, the Company applied provisional accounting treatment in the previous fiscal year. However, since the Company finalized the provisional accounting treatment in the fiscal year under review, the amounts used for comparison and analysis with the previous fiscal year reflect finalization of the provisional accounting treatment.

(3) Overview of cash flow during the fiscal year ended March 31, 2021

Cash flows in the fiscal year under review were as follows:

At the end of the fiscal year under review, cash provided by operating activities was 16,102 million yen, cash used in investing activities was 7,352 million yen and cash used in financing activities was 10,425 million yen.

Cash provided by operating activities was 16,102 million yen. Looking at its breakdown, a major cash inflow item was profit before income taxes of 20,456 million yen, while a major cash outflow item was income taxes paid of 5,775 million yen. Compared to the previous fiscal year, cash inflow decreased 2,088 million yen.

Cash used in investing activities was 7,352 million yen. Looking at its breakdown, a major cash outflow item was the purchase of property, plant and equipment of 8,949 million yen. Compared to the previous fiscal year, cash outflow decreased 16,136 million yen.

Cash used in financing activities was 10,425 million yen. Looking at its breakdown, repayments of short-term borrowings of 14,086 million yen was a major cash outflow item. Compared to the previous fiscal year, cash outflow increased 17,537 million yen.

As a result, cash and cash equivalents decreased 1,543 million yen from the end of the previous fiscal year, and when combined with the increase in cash and cash equivalents of 3,519 million yen associated with the consolidation of a subsidiary, reached 59,668 million yen.

(4) Future outlook

In view of the growth of prescription Kampo products in Japan as well as China business, the net sales forecast for the fiscal year ending March 31, 2022 is 122,500 million yen. Net sales from overseas business are expected to account for 8,800 million yen of this total. Profit forecasts are operating profit of 19,500 million yen[up0.6%], ordinary profit of 20,000 million yen[down4.2%], and profit attributable to owners of parent of 14,200 million yen[down7.4%].

In Japan, the Company will conduct more extensive information activities by expanding e-promotions, which it began developing last fiscal year, in addition to visit-based information activities. In overseas business, the Company will lay the foundations for expansion of the traditional Chinese medicinal product business alongside expansion of sales of crude drugs and crude drug pieces for decoction using its crude drug platforms. At present, it is difficult to accurately predict when the coronavirus outbreak will end, but if the situation changes, the Company will disclose information in a timely and appropriate manner.

With the safety of its employees, customers and business partners as its number one priority, the Company will continue seeking to prevent the spread of the coronavirus, determining a course of action based on Government guidance and action plans while seeking to continue business in an appropriate manner.

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended March 31, 2022	122,500	19,500	20,000	14,200
[Year-on-year change after adjustment]	5.2%	0.6%	(4.2)%	(7.4)%

* Year on-year change after adjustment is based on a comparison of the figures for the fiscal under review (FY3/2021), adjusted to reflect application of "Accounting Standard for Revenue Recognition" and its implementation guidance, with the forecasts for FY3/2022.

2. Basic idea of the selection of accounting standards

Tsumura and its group companies plan to prepare consolidated financial statements based on the Japanese standards for the time being. The companies will consider adopting the IFRS in an appropriate manner, taking into account conditions in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	61,957	61,310
Notes and accounts receivable-trade	47,161	48,623
Merchandise and finished goods	10,924	13,939
Work in process	12,418	13,396
Raw materials and supplies	52,463	53,419
Other	12,071	13,637
Allowance for doubtful accounts	(22)	(53)
Total current assets	196,973	204,273
Non-current assets		
Property, plant and equipment		
Buildings and structures	68,672	74,533
Machinery, equipment and vehicles	52,085	61,483
Tools, furniture and fixtures	11,266	12,294
Land	9,051	9,051
Construction in progress	18,748	13,923
Other	458	499
Accumulated depreciation	(83,076)	(87,609)
Total property, plant and equipment	77,207	84,176
Intangible assets		
Goodwill	8,222	7,881
Other	3,381	3,561
Total intangible assets	11,604	11,443
Investment and other assets		
Investment securities	10,750	11,445
Retirement benefit asset	1,213	2,252
Deferred tax assets	755	500
Other	13,485	4,972
Allowance for doubtful accounts	(0)	(0)
Total investment and other assets	26,204	19,170
Total non-current assets	115,017	114,789
Total assets	311,990	319,063

(Million yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,128	8,593
Short-term borrowings	22,874	10,472
Current portion of long-term borrowings	—	12,380
Accounts payable - other	5,874	5,607
Income taxes payable	3,607	4,057
Provision for sales returns	10	12
Other	5,982	7,256
Total current liabilities	48,476	48,380
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	12,394	—
Deferred tax liabilities	0	231
Deferred tax liabilities for land revaluation	1,179	1,179
Retirement benefit liability	72	61
Other	5,869	6,041
Total non-current liabilities	49,516	37,513
Total liabilities	97,993	85,894
Net assets		
Shareholders' equity		
Share capital	30,142	30,142
Capital surplus	14,041	13,789
Retained earnings	158,610	168,989
Treasury shares	(678)	(679)
Total shareholders' equity	202,116	212,241
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,767	3,180
Deferred gains or losses on hedges	87	1,233
Revaluation reserve for land	2,673	2,673
Foreign currency translation adjustment	(1,318)	(1,130)
Remeasurements of defined benefit plans	(949)	(412)
Total accumulated other comprehensive income	3,260	5,544
Non-controlling interests	8,619	15,382
Total net assets	213,997	233,169
Total liabilities and net assets	311,990	319,063

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Million yen)

	FY 3/2020 (From April 1, 2019 to March 31, 2020)	FY 3/2021 (From April 1, 2020 to March 31, 2021)
Net sales	123,248	130,883
Cost of sales	50,747	55,951
Gross profit	72,500	74,931
Selling, general and administrative expenses	53,623	55,548
Operating profit	18,876	19,382
Non-operating income		
Interest income	573	474
Dividend income	253	250
Share of profit of entities accounted for using equity method	96	115
Foreign exchange gains	—	366
Subsidy income	97	285
Other	303	309
Total non-operating income	1,325	1,801
Non-operating expenses		
Interest expenses	142	286
Foreign exchange losses	254	—
Other	155	31
Total non-operating expenses	552	318
Ordinary profit	19,649	20,866
Extraordinary income		
Gain on sales of non-current assets	5	0
Gain on sales of investment securities	339	4
Total extraordinary income	344	5
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	50	413
Loss on sales of investment securities	19	—
Loss on valuation of investment securities	267	—
Loss on valuation of investments in capital of subsidiaries and associates	431	—
Total extraordinary losses	770	414
Profit before income taxes	19,223	20,456
Income taxes - current	5,611	6,235
Income taxes - deferred	(344)	(519)
Total income taxes	5,266	5,715
Profit	13,956	14,741
Profit (loss) attributable to non-controlling interests	191	(591)
Profit attributable to owners of parent	13,765	15,332

Consolidated Statements of Comprehensive Income

(Million yen)

	FY 3/2020 (From April 1, 2019 to March 31, 2020)	FY 3/2021 (From April 1, 2020 to March 31, 2021)
Profit	13,956	14,741
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,930)	412
Deferred gains or losses on hedges	(652)	1,146
Foreign currency translation adjustment	(1,078)	541
Remeasurements of defined benefit plans	(872)	536
Share of other comprehensive income (loss) of entities accounted for using equity method	(7)	2
Total other comprehensive income (loss)	(5,541)	2,640
Comprehensive income	8,415	17,381
Comprehensive income attributable to		
Owners of parent	8,304	17,616
Non-controlling interests	110	(235)

(3) Consolidated Statements of Changes in Equity
 FY 3/2020 (From April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,142	14,027	149,740	(815)	193,095
Changes of items during the period					
Dividends of surplus			(4,894)		(4,894)
Net income attributable to owners of parent			13,765		13,765
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		13		138	152
Increase of consolidated subsidiaries - non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	13	8,870	137	9,021
Balance at end of current period	30,142	14,041	158,610	(678)	202,116

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	5,697	740	2,673	(313)	(76)	8,721	4,324	206,141
Changes of items during the period								
Dividends of surplus								(4,894)
Net income attributable to owners of parent								13,765
Purchase of treasury shares								(0)
Disposal of treasury shares								152
Increase of consolidated subsidiaries - non-controlling interests							3,504	3,504
Net changes of items other than shareholders' equity	(2,930)	(652)	—	(1,004)	(872)	(5,460)	790	(4,670)
Total changes of items during the period	(2,930)	(652)	—	(1,004)	(872)	(5,460)	4,294	7,855
Balance at end of current period	2,767	87	2,673	(1,318)	(949)	3,260	8,619	213,997

FY 3/2021 (From April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,142	14,041	158,610	(678)	202,116
Changes of items during the period					
Dividends of surplus			(4,896)		(4,896)
Net income attributable to owners of parent			15,332		15,332
Change in scope of consolidation			(57)		(57)
Purchase of treasury shares				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		(252)			(252)
Increase of consolidated subsidiaries - non-controlling interests					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(252)	10,378	(1)	10,124
Balance at end of current period	30,142	13,789	168,989	(679)	212,241

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,767	87	2,673	(1,318)	(949)	3,260	8,619	213,997
Changes of items during the period								
Dividends of surplus								(4,896)
Net income attributable to owners of parent								15,332
Change in scope of consolidation								(57)
Purchase of treasury shares								(1)
Change in ownership interest of parent due to transactions with non-controlling interests								(252)
Increase of consolidated subsidiaries - non-controlling interests							7,567	7,567
Net changes of items other than shareholders' equity	412	1,146	—	187	536	2,283	(803)	1,479
Total changes of items during the period	412	1,146	—	187	536	2,283	6,763	19,171
Balance at end of current period	3,180	1,233	2,673	(1,130)	(412)	5,544	15,382	233,169

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY 3/2020 (From April 1, 2019 to March 31, 2020)	FY 3/2021 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	19,223	20,456
Depreciation	6,406	8,210
Amortization of goodwill	—	405
Increase (decrease) in allowance for doubtful accounts	0	31
Interest and dividend income	(827)	(724)
Interest expenses	142	286
Share of loss (profit) of entities accounted for using equity method	(96)	(115)
Loss (gain) on sales and retirement of property, plant and equipment	47	413
Loss on valuation of investments in capital of subsidiaries and associates	431	—
Decrease (increase) in trade receivables	(866)	(1,408)
Decrease (increase) in inventories	(3,930)	(4,515)
Increase (decrease) in trade payables	134	(1,612)
Loss (gain) on sales of short-term and long-term investment securities	(319)	(4)
Loss (gain) on valuation of short-term and long-term investment securities	267	—
Decrease (increase) in retirement benefit asset	(552)	(281)
Increase (decrease) in retirement benefit liability	13	5
Other	1,233	127
Subtotal	21,307	21,275
Interest and dividend income received	1,164	878
Interest paid	(141)	(275)
Income taxes paid	(4,138)	(5,775)
Net cash provided by (used in) operating activities	18,191	16,102
Cash flows from investing activities		
Decrease (increase) in time deposits	11,558	2,631
Purchase of property, plant and equipment	(10,007)	(8,949)
Proceeds from sales of property, plant and equipment	6	1
Purchase of intangible assets	(545)	(467)
Purchase of short-term and long-term investment securities	(39,826)	(24,453)
Proceeds from sales and redemption of short-term and long-term investment securities	40,560	24,465
Purchase of investments in capital of subsidiaries	(4,226)	(451)
Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	(17,891)	—
Loan advances	(3,001)	(156)
Collection of loans receivable	3	2
Other	(117)	26
Net cash provided by (used in) investing activities	(23,488)	(7,352)

(Million yen)

	FY 3/2020 (From April 1, 2019 to March 31, 2020)	FY 3/2021 (From April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Proceeds from short-term borrowings	11,304	1,857
Repayments of short-term borrowings	—	(14,086)
Proceeds from share issuance to non-controlling shareholders	816	7,567
Dividends paid	(4,897)	(4,896)
Dividends paid to non-controlling interests	(56)	(49)
Purchase of investments in capital of subsidiaries that do not result in change in scope of consolidation	—	(760)
Other	(54)	(56)
Net cash provided by (used in) financing activities	7,111	(10,425)
Effect of exchange rate change on cash and cash equivalents	(366)	131
Net increase (decrease) in cash and cash equivalents	1,448	(1,543)
Cash and cash equivalents at beginning of period	56,243	57,692
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	3,519
Cash and cash equivalents at end of period	57,692	59,668

(5) Notes to the Consolidated Financial Statements

(Notes on premise of a going concern)

There are no applicable matters.

(Transfer of important subsidiaries during the fiscal year under review)

No relevant items.

TSUMURA SHENGSHI PHARMACEUTICALS CO., LTD. was included in the scope of consolidation in the fiscal year under review due because its importance had increased, although the company does not meet the conditions for transfer of specific subsidiaries.

(Business combinations)

Finalization of provisional accounting treatment for business combination

With respect to the business combination with Tianjin China Medico Technology Co., Ltd. (trade name changed to Ping An Tsumura Pharmaceutical Co., Ltd. from August 2020) and its five subsidiaries, which took place in on March 30, 2020, the Company applied provisional accounting treatment in the previous fiscal year but finalized the provisional accounting treatment in the fiscal year under review.

Accordingly, material revisions in the initially allocated amounts of acquisition costs have been reflected in the consolidated financial statements for the previous fiscal year, and as a result of the allocation of 586 million yen to finished goods, 1,910 million yen to raw materials and supplies, 188 million yen to current assets-other, 423 million yen to intangible assets - other (customer-related assets), 1,632 million yen to intangible assets- other (technological assets) and 948 million yen to non-controlling interests, the provisionally calculated amount of goodwill of 12,016 million yen decreased by 3,793 million yen, to 8,222 million yen.

(Segment information)

The Group only has one segment of pharmaceutical products and thus the statement of segment information is omitted.

(Per share information)

	FY 3/2020 (From April 1, 2019 to March 31, 2020)	FY 3/2021 (From April 1, 2020 to March 31, 2021)
Shareholders' equity per share	2,684.38 yen	2,846.58 yen
Basic earnings per share	179.96 yen	200.40 yen

- (Notes)
1. Diluted earnings per share is not stated because there are no residual securities.
 2. Net assets per share for the previous fiscal year reflects material revision of initially allocated amounts of acquisition costs due to the finalization of provisional accounting treatment for a business combination.
 3. Basis of calculation

(1) The basis of calculation for shareholders' equity per share is as follows.

	As of March 31, 2020	As of March 31, 2021
Total net assets (million yen)	213,997	233,169
Deduction from total net assets (million yen)	8,619	15,382
[Non-controlling interests]	[8,619]	[15,382]
Net assets related to common stock at the end of the fiscal year (million yen)	205,377	217,786
Number of shares of common stock at the end of the fiscal year used for calculation of shareholders' equity per share (thousand shares)	76,508	76,507

(2) The basis of calculation for basic earnings per share per share is as follows.

	FY 3/2020 (From April 1, 2019 to March 31, 2020)	FY 3/2021 (From April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent (million yen)	13,765	15,332
Amount not attributable to common stockholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	13,765	15,332
Average number of shares of common stock during the fiscal year under review (thousand shares)	76,488	76,508

(Significant subsequent events)

There are no applicable matters.