

Engaged in pharmaceutical, health food and chemical businesses

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[4885 Muromachi Chemicals Sector : Pharmaceutical]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
May 2019	5,420	-	17	-	90	-	28	-	14.5	91.2	0.6
May 2020	5,280	-2.6	299	2.6x	271	3.0x	31	10.7	15.8	101.9	0.6
May 2021 f	4,786	-9.4	348	16.4	301	11.1	202	6.5x	74.3	-	15.0

Note: Figures for the fiscal year ending May 2021 are on a non-consolidated basis. Figures for the fiscal year ended May 2019 and 2020 are on a consolidated basis. Figures for fiscal year ending May 2021 are the company's forecasts. It conducted 1-to-5 stock split on October 15 2020. Per share indices are adjusted retroactively.

Providing Products and Services Utilizing Chemical Technologies

Muromachi Chemicals is engaged in the pharmaceutical business, which is centered on drug substances for generic drugs, the health food business, which handles jelly products, and the chemical business, which provides products and services related to ion-exchange resins, separation membranes and other liquid processing (Figure 1).

Figure 1: Sales Breakdown

	Fiscal year ended May 2020		Six months to Nov. 2020	
	Net sales (million yen)	Composition (%)	Net sales (million yen)	Composition (%)
Pharmaceutical business	2,558	48.4	1,273	51.3
Health food business	1,092	20.7	381	15.4
Chemical business	1,629	30.9	827	33.3
Total	5,280	100.0	2,482	100.0

Note: Figures may not add up to the totals due to rounding.

Figures for fiscal year ended May 2020 are on a consolidated basis and figures for six months to Nov. 2020 are on a non-consolidated basis

Source: Prepared by The Stock Research Center based on the notifiable prospectus.

Pharmaceutical Business

In the pharmaceutical business, the company mainly manufactures, processes and sells as well as imports and sells drug substances, which are the active pharmaceutical ingredients of drugs. Other than that, it also handles radioisotopes, which are used in medical and agrochemical research, etc., medical jellies and such. Of its pharmaceutical business net sales, 70% to 80% is from drug substances for generic drugs.

Health Food Business

In the health food business, the company conducts planning and sales mainly for stick jelly type health foods. Most of which are manufactured by being entrusted from mail order health food retailers and health food manufacturers.

Chemical Business

In the chemical business, the company is engaged mainly in sales and processing of products related to liquid processing. The core products are ion-exchange resins and separation membranes for various usages such as liquid purification, concentration, decoloration, metal collection in addition to manufacturing of pure water.

Figure 2: Financial Statements

Statement of income	Fiscal Year	May 2019		May 2020		Six months to Nov. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		5,420	100.0	5,280	100.0	2,482	100.0
Cost of sales		3,954	73.0	3,695	70.0	1,646	66.3
Gross profit		1,465	27.0	1,587	30.1	836	33.7
Selling, general and administrative expenses		1,348	24.9	1,287	24.4	592	23.9
Operating profit		117	2.2	299	5.7	243	9.8
Non-operating income		13	-	33	-	2	-
Non-operating expenses		39	-	60	-	26	-
Ordinary profit		90	1.7	271	5.1	219	8.8
Profit before income taxes		-55	-1.0	10	0.2	81	3.3
Profit attributable to owners of parent		28	0.5	31	0.6	75	3.0

Balance sheet	Fiscal Year	May 2019		May 2020		Six months to Nov. 2020	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		2,625	56.8	3,469	72.5	3,448	75.2
Cash and deposits		613	13.3	880	18.4	1,132	24.7
Accounts receivable-trade		1,348	29.2	1,803	37.7	1,528	33.3
Inventories		624	13.5	735	15.4	741	16.2
Non-current assets		1,993	43.1	1,316	27.5	1,137	24.8
Property, plant and equipment		1,680	36.4	1,062	22.2	881	19.2
Intangible assets		25	0.5	16	0.3	11	0.2
Investments and other assets		286	6.2	236	4.9	244	5.3
Total assets		4,619	100.0	4,785	100.0	4,586	100.0
Current liabilities		2,329	50.4	3,179	66.4	3,048	66.5
Accounts payable-trade		590	12.8	558	11.7	543	11.8
Short-term borrowings		488	10.6	1,650	34.5	1,650	36.0
Current portion of long-term borrowings		817	17.7	405	8.5	452	9.9
Non-current liabilities		2,107	45.6	1,353	28.3	1,207	26.3
Long-term borrowings		1,938	42.0	1,188	24.8	1,036	22.6
Net assets		182	3.9	252	5.3	330	7.2
Owners' equity		182	3.9	252	5.3	330	7.2

Statement of cash flows	Fiscal Year	May 2019	May 2020	Six months to Nov. 2020
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		342	88	406
Depreciation		270	218	66
Cash flows from investing activities		-311	136	-48
Cash flows from financing activities		-22	42	-106
Dividends paid		-1	-1	-1
Net increase in cash and cash equivalents		7	266	251
Cash and cash equivalents		613	880	1,132

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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