

# Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2019

August 7, 2019

Name of the listed company: **NIPPON SHINYAKU CO., LTD.**

Listing stock exchange: Tokyo

Code No.: 4516

URL <http://www.nippon-shinyaku.co.jp/>

Representative: Shigenobu Maekawa, President and Representative Director

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Scheduled date for submission of quarterly Securities Report: August 9, 2019

Scheduled start of payment: —

Supplementary material: Yes

Financial result meeting: Yes (for institutional investors and securities analysts on conference call)

\* All amounts are rounded down to the nearest million yen.

## 1. Consolidated Results for the Year Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Quarter ended June 30, 2019	29,391	5.7%	6,453	33.1%	6,585	23.8%	4,951	24.9%
Quarter ended June 30, 2018	27,798	14.8%	4,846	(3.3%)	5,320	(1.1%)	3,964	0.1%

Note: Comprehensive income

As of June 30, 2019: ¥3,884 million 14.1%

As of June 30, 2018: ¥3,403 million (33.3%)

	Net income per share (¥)	
	Basic	Diluted
Quarter ended June 30, 2019	73.51	—
Quarter ended June 30, 2018	58.85	—

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

2. Equity-method investments: not applicable

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of June 30, 2019	168,934	136,307	80.5%	2,019.96
As of March 31, 2019	168,763	135,190	80.0%	2,003.39

Note: Owners' equity

As of June 30, 2019: ¥136,052 million

As of March 31, 2019: ¥134,936 million

## 2. Dividends

	Cash dividends per share (¥)				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Year-end	Annual
Year ended March 31, 2019	—	¥29.00	—	¥41.00	¥70.00
Year ending March 31, 2020	—	—	—	—	—
Year ending March 31, 2020 (forecast)	—	¥43.00	—	¥43.00	¥86.00

Note: Revisions to forecast for the current quarter: None.

## 3. Business Forecast for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
First-half period	57,000	6.5%	10,000	32.1%	10,700	30.5%	8,200	35.8%	121.74
Full term	116,000	1.1%	21,000	1.7%	22,000	2.1%	16,500	1.2%	244.97

Notes: 1. Percentage figures represent the percentage of increase or decrease against the same period of the previous year.

2. Revisions to forecast for the current quarter: None.

#### 4. Others

(1) Changes in the scope of consolidation

Inclusion: None

Exclusion: None

Note: Changes in specified subsidiaries involved changes in the scope of consolidation

(2) Adoption of special accounting methods for preparation of quarterly financial statements: None

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

1. Changes in accounting policies arising from revision of accounting standards: None

2. Changes in arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(4) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

As of June 30, 2019: 70,251,484 shares

As of March 31, 2019: 70,251,484 shares

Number of shares of treasury stock

As of June 30, 2019: 2,897,411 shares

As of March 31, 2019: 2,897,365 shares

Average number of shares outstanding (total for the consolidated period)

As of June 30, 2019: 67,354,107 shares

As of June 30, 2018: 67,354,720 shares

Note:

This summary of quarterly financial results is exempt from the quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure, published figures in this financial release have not been completed to a quarterly review of financial statements based on the Financial Instruments and Exchange Law.

This financial release contains certain statements about the future, which are based information available and deemed reasonable to Nippon Shinyaku at the time of announcement, and are not the commitments made by Nippon Shinyaku.

Readers are advised that actual results may differ substantially from the above forecasts due to various unforeseeable factors.

## 5. Consolidated Financial Statement

### (1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	31,519	31,851
Notes and accounts receivable	45,982	45,500
Electronically recorded monetary claims	573	617
Securities	10,619	10,129
Merchandise and finished goods	14,064	12,956
Semi-finished goods	1,050	1,656
Work in process	311	329
Raw materials and supplies	3,946	4,261
Other	2,651	3,352
Allowance for doubtful accounts	(0)	(0)
Total current assets	110,720	110,657
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,206	9,212
Land	7,463	7,463
Other, net	3,905	4,176
Total property, plant and equipment	20,575	20,852
Intangible assets	412	397
Investments and other assets		
Investment securities	23,460	21,795
Deferred tax assets	2,330	3,019
Long-term prepaid expenses	8,765	9,725
Other	2,497	2,485
Total investments and other assets	37,054	37,026
Total non-current assets	58,042	58,276
Total assets	168,763	168,934

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	7,986	8,535
Accounts payable	7,449	6,565
Income taxes payable	3,597	1,898
Provision for bonuses	2,929	4,381
Other	3,444	3,464
Total current liabilities	25,406	24,846
Non-current liabilities		
Deferred tax liabilities	2	2
Retirement benefit liability	7,843	7,457
Other	320	320
Total non-current liabilities	8,165	7,780
Total liabilities	33,572	32,626
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	121,677	123,866
Treasury shares	(2,469)	(2,469)
Total shareholders' equity	128,827	131,016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,440	8,289
Deferred gains or losses on hedges	(5)	(6)
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	(3,326)	(3,247)
Total accumulated other comprehensive income	6,109	5,035
Non-controlling interests	253	254
Total net assets	135,190	136,307
Total liabilities and net assets	168,763	168,934

## (2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	27,798	29,391
Cost of sales	13,220	13,300
Gross profit	14,577	16,091
Selling, general and administrative expenses		
Salaries and allowances	1,677	1,735
Provision for bonuses	966	983
Promotion expenses	1,165	1,352
Retirement benefit expenses	175	187
Depreciation	106	82
Research and development expenses	3,065	2,969
Other	2,574	2,329
Total selling, general and administrative expenses	9,731	9,637
Operating profit	4,846	6,453
Non-operating income		
Interest income	3	2
Dividend income	253	289
Rental income	123	114
Foreign exchange gains	182	—
Other	20	48
Total non-operating income	582	455
Non-operating expenses		
Interest expenses	1	0
Donations	13	85
Rental expenses	42	33
Foreign exchange losses	—	162
Other	51	41
Total non-operating expenses	108	323
Ordinary profit	5,320	6,585
Profit before income taxes	5,320	6,585
Income taxes - current	1,673	1,847
Income taxes - deferred	(323)	(219)
Total income taxes	1,350	1,627
Profit	3,970	4,958
Profit attributable to non-controlling interests	6	6
Profit attributable to owners of parent	3,964	4,951

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	3,970	4,958
Other comprehensive income		
Valuation difference on available-for-sale securities	(633)	(1,150)
Deferred gains or losses on hedges	1	(1)
Foreign currency translation adjustment	(15)	(0)
Remeasurements of defined benefit plans, net of tax	80	79
Total other comprehensive income	(566)	(1,073)
Comprehensive income	3,403	3,884
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,397	3,877
Comprehensive income attributable to non-controlling interests	6	6