

# Outline of Consolidated Financial Results for the Second Quarter Ended September 30, 2019

November 6, 2019

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

Listing stock exchange: Tokyo

Code No.: 4516

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

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Scheduled date for submission of quarterly Securities Report: November 8, 2019

Scheduled start of payment: December 5, 2019

Supplementary material: Yes

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

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

## 1. Consolidated Results for the Second Quarter Ended September 30, 2019 (April 1 to September 30, 2019)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Second quarter ended September 30, 2019	57,387	7.3%	11,025	45.7%	11,271	37.5%	8,291	37.3%
Second quarter ended September 30, 2018	53,497	7.7%	7,569	(18.3%)	8,196	(15.3%)	6,037	(13.7%)

Note: Comprehensive income

As of September 30, 2019: ¥7,461 million 7.1%

As of September 30, 2018: ¥6,967 million (17.2%)

	Net income per share (¥)	
	Basic	Diluted
Second quarter ended September 30, 2019	123.11	—
Second quarter ended September 30, 2018	89.64	—

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

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of September 30, 2019	171,042	139,883	81.6%	2,072.99
As of March 31, 2019	168,763	135,190	80.0%	2,003.39

Note: Owners' equity

As of September 30, 2019: ¥139,624 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	—	¥43.00	—	—	—
Year ending March 31, 2020 (forecast)	—	—	—	¥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 (¥)
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 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 September 30, 2019: 70,251,484 shares

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

Number of shares of treasury stock

As of September 30, 2019: 2,897,471 shares

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

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

As of September 30, 2019: 67,354,078 shares

As of September 30, 2018: 67,354,617 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 September 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	31,519	38,820
Notes and accounts receivable	45,982	39,563
Electronically recorded monetary claims	573	644
Securities	10,619	10,629
Merchandise and finished goods	14,064	14,704
Semi-finished goods	1,050	2,448
Work in process	311	330
Raw materials and supplies	3,946	4,316
Other	2,651	2,985
Allowance for doubtful accounts	(0)	(0)
Total current assets	110,720	114,444
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,206	9,119
Land	7,463	7,459
Other, net	3,905	4,288
Total property, plant and equipment	20,575	20,867
Intangible assets	412	436
Investments and other assets		
Investment securities	23,460	21,362
Deferred tax assets	2,330	2,235
Long-term prepaid expenses	8,765	9,339
Other	2,497	2,354
Total investments and other assets	37,054	35,293
Total non-current assets	58,042	56,597
Total assets	168,763	171,042

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	7,986	10,163
Accounts payable	7,449	5,397
Income taxes payable	3,597	2,695
Provision for bonuses	2,929	2,956
Other	3,444	2,586
Total current liabilities	25,406	23,799
Non-current liabilities		
Deferred tax liabilities	2	2
Retirement benefit liability	7,843	7,038
Other	320	319
Total non-current liabilities	8,165	7,359
Total liabilities	33,572	31,159
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	121,677	127,207
Treasury shares	(2,469)	(2,470)
Total shareholders' equity	128,827	134,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,440	8,443
Deferred gains or losses on hedges	(5)	0
Foreign currency translation adjustment	0	(8)
Remeasurements of defined benefit plans	(3,326)	(3,168)
Total accumulated other comprehensive income	6,109	5,267
Non-controlling interests	253	258
Total net assets	135,190	139,883
Total liabilities and net assets	168,763	171,042

## (2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	53,497	57,387
Cost of sales	25,087	26,307
Gross profit	28,410	31,079
Selling, general and administrative expenses		
Salaries and allowances	3,313	3,476
Provision for bonuses	1,937	1,972
Promotion expenses	2,346	2,668
Retirement benefit expenses	342	357
Depreciation	186	167
Research and development expenses	7,864	6,567
Other	4,849	4,844
Total selling, general and administrative expenses	20,840	20,054
Operating profit	7,569	11,025
Non-operating income		
Interest income	7	7
Dividend income	261	297
Rental income	246	228
Foreign exchange gains	289	—
Gain on sales of investment securities	—	28
Other	48	205
Total non-operating income	853	767
Non-operating expenses		
Interest expenses	2	1
Donations	53	169
Rental expenses	86	71
Foreign exchange losses	—	211
Other	83	68
Total non-operating expenses	226	521
Ordinary profit	8,196	11,271
Profit before income taxes	8,196	11,271
Income taxes - current	2,391	2,527
Income taxes - deferred	(243)	440
Total income taxes	2,147	2,968
Profit	6,048	8,302
Profit attributable to non-controlling interests	11	11
Profit attributable to owners of parent	6,037	8,291

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	6,048	8,302
Other comprehensive income		
Valuation difference on available-for-sale securities	753	(997)
Deferred gains or losses on hedges	9	5
Foreign currency translation adjustment	(5)	(8)
Remeasurements of defined benefit plans, net of tax	161	158
Total other comprehensive income	918	(841)
Comprehensive income	6,967	7,461
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,956	7,449
Comprehensive income attributable to non-controlling interests	11	11

## (3) Consolidated Statements of Cash Flows for the Quarter

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	8,196	11,271
Depreciation	1,728	1,694
Increase (decrease) in provision	(28)	27
Increase (decrease) in retirement benefit liability	(527)	(576)
Interest and dividend income	(269)	(305)
Interest expenses	2	1
Foreign exchange losses (gains)	(12)	73
Decrease (increase) in trade receivables	(2,176)	6,347
Decrease (increase) in inventories	428	(2,427)
Decrease (increase) in other current assets	(955)	(261)
Increase (decrease) in trade payables	(1,150)	2,177
Increase (decrease) in accrued consumption taxes	429	(751)
Increase (decrease) in other current liabilities	636	(2,558)
Other, net	161	(34)
Subtotal	6,462	14,677
Interest and dividends received	269	305
Interest paid	(2)	(1)
Income taxes paid	(2,104)	(3,426)
Net cash provided by (used in) operating activities	4,625	11,555
Cash flows from investing activities		
Payments into time deposits	(100)	(60)
Proceeds from withdrawal of time deposits	60	110
Purchase of securities	—	(500)
Proceeds from redemption of securities	1,000	—
Proceeds from sales of investment securities	—	658
Purchase of property, plant and equipment	(806)	(780)
Purchase of long-term prepaid expenses	(500)	(1,315)
Other, net	41	27
Net cash provided by (used in) investing activities	(304)	(1,860)
Cash flows from financing activities		
Dividends paid	(1,749)	(2,756)
Purchase of treasury shares	(3)	(0)
Other, net	(4)	(5)
Net cash provided by (used in) financing activities	(1,757)	(2,763)
Effect of exchange rate change on cash and cash equivalents	7	(82)
Net increase (decrease) in cash and cash equivalents	2,570	6,850
Cash and cash equivalents at beginning of period	27,510	39,632
Cash and cash equivalents at end of period	30,081	46,483