

Outline of Consolidated Financial Results for the Year Ended March 31, 2022(IFRS)

June 30, 2022

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

Listing stock exchange: Tokyo

Code No.: 4516

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

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

1. Consolidated Results for the Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Operating results (¥ million)												
	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
		%		%		%		%		%		%
Year ended March 31, 2022	137,484	12.8	32,948	21.1	33,301	20.6	24,998	27.8	24,986	27.9	24,241	6.4
Year ended March 31, 2021	121,859	—	27,202	—	27,608	—	19,559	—	19,540	—	22,787	—

	Earnings per share (¥)		Return on equity attributable to owners of parent		Profit before tax to total assets		Operating profit to revenue	
	Basic	Diluted						
Year ended March 31, 2022	370.97	—	14.5%	15.7%	15.7%	24.0%		
Year ended March 31, 2021	290.12	—	12.6%	14.3%	14.3%	22.3%		

Note: Equity-method investments: not applicable

(2) Financial position (¥ million)										
	Total assets		Total equity		Total equity attributable to owners of parent		Ratio of equity attributable to owners of parent to total assets		Equity attributable to owners of parent per share (¥)	
As of March 31, 2022	219,943		180,886		180,585		82.1%		2,681.18	
As of March 31, 2021	205,446		163,449		163,161		79.4%		2,422.47	

(3) Cash flows (¥ million)								
	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at year-end	
As of March 31, 2022	21,316		(10,037)		(8,407)		60,566	
As of March 31, 2021	23,666		(1,658)		(7,667)		57,883	

2. Dividends

	Annual dividends per share (¥)			Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends as a percentage of net assets (consolidated)
	2 nd quarter	Year-end	Annual			
Year ended March 31, 2021	49.00	50.00	99.00	6,667	34.1%	4.3%
Year ended March 31, 2022	51.00	59.00	110.00	7,408	29.7%	4.3%
Year ending March 31, 2023(forecast)	56.00	56.00	112.00		35.1%	

3. Business Forecast for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(¥ million)										
	Revenue		Operating profit		Profit before tax		Net income attributable to owners of the parent		Basic earnings per share (¥)	
		%		%		%		%		%
First-half period	67,000	—	14,500	—	14,700	—	11,300	—		167.77
Full term	134,000	(2.5)	27,000	(18.1)	27,500	(17.4)	21,500	(14.0)		319.21

4. Others

(1) Changes in the scope of consolidation

Inclusion: Yes Tianjin Nippon Shinyaku Co., Ltd
Exclusion: None

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

(2) 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

(3) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

As of March 31, 2022:	70,251,484 shares
As of March 31, 2021:	70,251,484 shares

Number of shares of treasury stock

As of March 31, 2022:	2,898,434 shares
As of March 31, 2021:	2,898,183 shares

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

As of March 31, 2022:	67,353,219 shares
As of March 31, 2021:	67,353,565 shares

Note:

This summary of financial results is exempt from the audit procedures under the Financial Instruments and Exchange Act.

The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on the Company's performance in the future. 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 April 1, 2020	As of March 31, 2021	As of March 31, 2022
Assets			
Current assets			
Cash and cash equivalents	43,583	57,883	60,566
Trade and other receivables	42,017	40,199	43,178
Inventories	29,865	35,557	38,066
Other financial assets	2,852	2,962	5,174
Other current assets	2,480	2,452	2,738
Total current assets	120,798	139,055	149,724
Non-current assets			
Property, plant and equipment	26,110	26,505	28,304
Intangible assets	8,299	9,833	14,050
Right-of-use assets	2,174	2,891	2,753
Other financial assets	20,866	24,102	22,294
Deferred tax assets	1,351	1,134	901
Other non-current assets	1,932	1,925	1,915
Total non-current assets	60,734	66,391	70,219
Total assets	181,533	205,446	219,943

(Millions of yen)

	As of April 1, 2020	As of March 31, 2021	As of March 31, 2022
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	17,071	18,062	21,022
Contract liabilities	-	1,343	-
Other financial liabilities	366	343	374
Lease liabilities	1,264	1,458	1,494
Income taxes payable	2,023	6,619	3,123
Other current liabilities	5,768	6,371	6,014
Total current liabilities	26,495	34,198	32,029
Non-current liabilities			
Other financial liabilities	243	241	237
Lease liabilities	866	1,383	1,219
Retirement benefit liability	6,984	6,090	5,506
Other non-current liabilities	81	82	64
Total non-current liabilities	8,176	7,797	7,027
Total liabilities	34,671	41,996	39,057
Equity			
Share capital	5,174	5,174	5,174
Capital surplus	4,445	4,445	4,445
Retained earnings	132,111	146,796	165,303
Treasury shares	(2,473)	(2,476)	(2,478)
Other components of equity	7,334	9,221	8,140
Total equity attributable to owners of parent	146,592	163,161	180,585
Non-controlling interests	269	288	300
Total equity	146,861	163,449	180,886
Total liabilities and equity	181,533	205,446	219,943

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Revenue	121,859	137,484
Cost of sales	49,306	50,191
Gross profit	72,553	87,293
Selling, general and administrative expenses	29,394	32,173
Research and development expenses	16,155	22,863
Other income	865	1,573
Other expenses	665	882
Operating profit	27,202	32,948
Finance income	531	472
Finance costs	126	119
Profit before tax	27,608	33,301
Income tax expense	8,049	8,303
Profit	19,559	24,998
Profit attributable to		
Owners of parent	19,540	24,986
Non-controlling interests	18	12
Profit	19,559	24,998
Earnings per share		
Basic earnings per share	290.12	370.97

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	19,559	24,998
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	3,326	(547)
Remeasurements of defined benefit plans	(4)	(49)
Total of items that will not be reclassified to profit or loss	3,321	(596)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(93)	(160)
Total of items that may be reclassified to profit or loss	(93)	(160)
Other comprehensive income, net of tax	3,228	(756)
Comprehensive income	22,787	24,241
Comprehensive income attributable to		
Owners of parent	22,768	24,229
Non-controlling interests	18	12
Comprehensive income	22,787	24,241

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

Year ended March 31, 2021	Equity attributable to owners of parent				Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance at beginning of period	5,174	4,445	132,111	(2,473)	-	7,334
Profit	-	-	19,540	-	-	-
Other comprehensive income	-	-	-	-	(93)	3,326
Total	-	-	19,540	-	(93)	3,326
Purchase of treasury shares	-	-	-	(3)	-	-
Dividends of surplus	-	-	(6,196)	-	-	-
Transfer from other components of equity to retained earnings	-	-	1,340	-	-	(1,345)
Total transactions with owners	-	-	(4,855)	(3)	-	(1,345)
Balance at end of period	5,174	4,445	146,796	(2,476)	△93	9,315

	Equity attributable to owners of parent		Total	Non-controlling interests	Total
	Other components of equity	Total			
	Remeasurements of defined benefit plans	Total	Total		
Balance at beginning of period	-	7,334	146,592	269	146,861
Profit	-	-	19,540	18	19,559
Other comprehensive income	(4)	3,228	3,228	-	3,228
Total	(4)	3,228	22,768	18	22,787
Purchase of treasury shares	-	-	(3)	-	(3)
Dividends of surplus	-	-	(6,196)	-	(6,196)
Transfer from other components of equity to retained earnings	4	(1,340)	-	-	-
Total transactions with owners	4	(1,340)	(6,199)	-	(6,199)
Balance at end of period	-	9,221	163,161	288	163,449

(Millions of yen)

Year ended March 31, 2022	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance at beginning of period	5,174	4,445	146,796	(2,476)	(93)	9,315
Profit	-	-	24,986	-	-	-
Other comprehensive income	-	-	-	-	(160)	(547)
Total	-	-	24,986	-	(160)	(547)
Purchase of treasury shares	-	-	-	(2)	-	-
Dividends of surplus	-	-	(6,802)	-	-	-
Transfer from other components of equity to retained earnings	-	-	324	-	-	(373)
Total transactions with owners	-	-	(6,478)	(2)	-	(373)
Balance at end of period	5,174	4,445	165,303	(2,478)	(253)	8,394

	Equity attributable to owners of parent				
	Other components of equity		Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total			
Balance at beginning of period	-	9,221	163,161	288	163,449
Profit	-	-	24,986	12	24,998
Other comprehensive income	(49)	(756)	(756)	-	(756)
Total	(49)	(756)	24,229	12	24,241
Purchase of treasury shares	-	-	(2)	-	(2)
Dividends of surplus	-	-	(6,802)	-	(6,802)
Transfer from other components of equity to retained earnings	49	(324)	-	-	-
Total transactions with owners	49	(324)	(6,804)	-	(6,804)
Balance at end of period	-	8,140	180,585	300	180,886

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	27,608	33,301
Depreciation and amortization	4,400	4,588
Interest and dividend income	(531)	(472)
Interest expenses	56	55
Foreign exchange loss (gain)	(51)	(5)
Loss (gain) on sale of fixed assets	(62)	(1)
Loss on retirement of fixed assets	112	333
Decrease (increase) in trade and other receivables	1,687	(2,885)
Decrease (increase) in inventories	(5,692)	(2,425)
Increase (decrease) in trade and other payables	(750)	2,723
Increase (decrease) in retirement benefit liability	(927)	(679)
Other	2,006	(2,354)
Subtotal	27,856	32,178
Interest and dividends received	532	473
Interest paid	(30)	(30)
Income taxes paid	(4,692)	(11,305)
Net cash provided by (used in) operating activities	23,666	21,316
Cash flows from investing activities		
Payments into time deposits	(662)	(1,114)
Proceeds from withdrawal of time deposits	582	654
Purchase of property, plant and equipment	(2,168)	(3,137)
Proceeds from sale of property, plant and equipment	195	1
Purchase of intangible assets	(1,099)	(5,806)
Purchase of investments	(3,102)	(3,402)
Proceeds from sale and redemption of investments	4,552	2,765
Other	43	2
Net cash provided by (used in) investing activities	(1,658)	(10,037)
Cash flows from financing activities		
Repayments of lease liabilities	(1,467)	(1,605)
Purchase of treasury shares	(3)	(2)
Dividends paid	(6,196)	(6,799)
Net cash provided by (used in) financing activities	(7,667)	(8,407)
Effect of exchange rate changes on cash and cash equivalents	(40)	(188)
Net increase (decrease) in cash and cash equivalents	14,299	2,683
Cash and cash equivalents at beginning of period	43,583	57,883
Cash and cash equivalents at end of period	57,883	60,566