

Outline of Consolidated Financial Results for the First Quarter Ended June 30, 2020

August 11, 2020

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 13, 2020

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, 2020 (April 1, 2020 to June 30, 2020)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Quarter ended June 30, 2020	29,913	1.8%	7,522	16.6%	7,723	17.3%	5,835	17.9%
Quarter ended June 30, 2019	29,391	5.7%	6,453	33.1%	6,585	23.8%	4,951	24.9%

Note: Comprehensive income

As of June 30, 2020: ¥6,880 million 77.1%

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

	Net income per share (¥)	
	Basic	Diluted
Quarter ended June 30, 2020	86.64	—
Quarter ended June 30, 2019	73.51	—

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, 2020	178,391	149,763	83.8%	2,219.45
As of March 31, 2020	175,017	145,760	83.1%	2,160.11

Note: Owners' equity

As of June 30, 2020: ¥149,488 million

As of March 31, 2020: ¥145,491 million

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Annual
Year ended March 31, 2020	—	¥43.00	—	¥43.00	¥86.00
Year ending March 31, 2021	—				
Year ending March 31, 2021 (forecast)		¥49.00	—	¥50.00	¥99.00

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

3. Business Forecast for the Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
First-half period	59,500	3.7%	10,000	(9.3%)	10,200	(9.5%)	7,200	(13.2%)	106.90
Full term	126,000	8.0%	25,000	15.4%	25,500	13.6%	19,000	12.6%	282.09

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, 2020: 70,251,484 shares

As of March 31, 2020: 70,251,484 shares

Number of shares of treasury stock

As of June 30, 2020: 2,897,808 shares

As of March 31, 2020: 2,897,768 shares

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

As of June 30, 2020: 67,353,706 shares

As of June 30, 2019: 67,354,107 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, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	36,005	35,034
Notes and accounts receivable	40,947	41,092
Electronically recorded monetary claims	575	530
Securities	11,109	11,099
Merchandise and finished goods	15,179	16,915
Semi-finished goods	4,244	4,471
Work in process	374	433
Raw materials and supplies	10,096	10,122
Other	3,392	4,286
Allowance for doubtful accounts	(0)	(0)
Total current assets	121,925	123,986
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,119	8,988
Land	7,459	7,459
Other, net	4,366	4,384
Total property, plant and equipment	20,944	20,831
Intangible assets	546	552
Investments and other assets		
Investment securities	18,909	20,589
Deferred tax assets	1,726	1,850
Long-term prepaid expenses	8,631	8,256
Other	2,332	2,323
Total investments and other assets	31,600	33,020
Total non-current assets	53,091	54,404
Total assets	175,017	178,391

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable	11,213	8,327
Accounts payable	5,730	6,316
Income taxes payable	2,081	2,236
Provision for bonuses	2,994	4,483
Other	2,945	3,332
Total current liabilities	24,965	24,696
Non-current liabilities		
Deferred tax liabilities	9	—
Retirement benefit liability	3,956	3,605
Other	324	324
Total non-current liabilities	4,290	3,930
Total liabilities	29,256	28,627
Net assets		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	132,886	135,844
Treasury shares	(2,473)	(2,473)
Total shareholders' equity	140,032	142,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,929	7,912
Deferred gains or losses on hedges	7	17
Foreign currency translation adjustment	(3)	(3)
Remeasurements of defined benefit plans	(1,475)	(1,428)
Total accumulated other comprehensive income	5,458	6,497
Non-controlling interests	269	275
Total net assets	145,760	149,763
Total liabilities and net assets	175,017	178,391

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	29,391	29,913
Cost of sales	13,300	12,818
Gross profit	16,091	17,094
Selling, general and administrative expenses		
Salaries and allowances	1,735	1,913
Provision for bonuses	983	990
Promotion expenses	1,352	1,223
Retirement benefit expenses	187	139
Depreciation	82	89
Research and development expenses	2,969	2,836
Other	2,329	2,379
Total selling, general and administrative expenses	9,637	9,571
Operating profit	6,453	7,522
Non-operating income		
Interest income	2	3
Dividend income	289	261
Rental income	114	117
Other	48	44
Total non-operating income	455	427
Non-operating expenses		
Interest expenses	0	0
Donations	85	151
Rental expenses	33	35
Foreign exchange losses	162	5
Other	41	33
Total non-operating expenses	323	226
Ordinary profit	6,585	7,723
Profit before income taxes	6,585	7,723
Income taxes - current	1,847	2,425
Income taxes - deferred	(219)	(543)
Total income taxes	1,627	1,882
Profit	4,958	5,841
Profit attributable to non-controlling interests	6	5
Profit attributable to owners of parent	4,951	5,835

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	4,958	5,841
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,150)	983
Deferred gains or losses on hedges	(1)	9
Foreign currency translation adjustment	(0)	(0)
Remeasurements of defined benefit plans, net of tax	79	46
Total other comprehensive income	(1,073)	1,038
Comprehensive income	3,884	6,880
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,877	6,874
Comprehensive income attributable to non-controlling interests	6	5