

# Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2018

February 6, 2019

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

Code No.: 4516

Representative: Shigenobu Maekawa, President and Representative Director

Contact: Taro Sakurai, General Manager and Finance & Accounting Dept.

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

Scheduled start of payment: –

Supplementary material: Yes

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

Listing stock exchange: Tokyo

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

## 1. Consolidated Results for the Third Quarter Ended December 31, 2018 (April 1 to December 31, 2018)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Third quarter ended December 31, 2018	87,019	12.0%	16,435	7.1%	17,244	7.9%	12,698	8.9%
Third quarter ended December 31, 2017	77,703	1.9%	15,342	(12.3%)	15,975	(15.0%)	11,660	(12.2%)

Note: Comprehensive income

As of December 31, 2018: ¥10,237 million (29.6%)

As of December 31, 2017: ¥14,532 million 4.2%

	Net income per share (¥)	
	Basic	Diluted
Third quarter ended December 31, 2018	188.52	–
Third quarter ended December 31, 2017	173.12	–

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 December 31, 2018	159,486	132,213	82.7%	1,959.27
As of March 31, 2018	155,887	125,689	80.5%	1,862.54

Note: Owners' equity

As of December 31, 2018: ¥131,964 million

As of March 31, 2018: ¥125,451 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, 2018	–	¥26.00	–	¥26.00	¥52.00
Year ending March 31, 2019	–	¥29.00	–	–	–
Year ending March 31, 2019 (forecast)	–	–	–	¥29.00	¥58.00

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

## 3. Business Forecast for the Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
Full term	108,000	6.5%	18,500	8.3%	19,000	8.9%	14,000	8.1%	207.86

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 December 31, 2018: 70,251,484 shares

As of March 31, 2018: 70,251,484 shares

Number of shares of treasury stock

As of December 31, 2018: 2,897,245 shares

As of March 31, 2018: 2,896,632 shares

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

As of December 31, 2018: 67,354,525 shares

As of December 31, 2017: 67,355,627 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 for the Quarter

### (1) Consolidated Balance Sheet for the Quarter

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	21,067	23,519
Notes and accounts receivable	39,593	47,111
Electronically recorded monetary claims	571	676
Securities	11,819	9,939
Merchandise and finished goods	14,337	13,251
Semi-finished goods	1,341	1,739
Work in process	330	204
Raw materials and supplies	4,337	3,865
Other	1,777	2,910
Allowance for doubtful accounts	(0)	(0)
Total current assets	95,176	103,217
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,508	9,264
Land	7,463	7,463
Other, net	4,130	3,905
Total property, plant and equipment	21,102	20,632
Intangible assets	484	428
Investments and other assets		
Investment securities	26,309	22,370
Deferred tax assets	517	1,434
Long-term prepaid expenses	9,621	8,899
Other	2,676	2,502
Total investments and other assets	39,124	35,208
Total non-current assets	60,710	56,269
Total assets	155,887	159,486

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	8,639	7,063
Accounts payable	6,718	6,184
Income taxes payable	2,115	2,198
Provision for bonuses	2,873	1,449
Other	2,106	3,774
Total current liabilities	22,454	20,670
Non-current liabilities		
Deferred tax liabilities	—	4
Net defined benefit liability	7,422	6,278
Other	321	320
Total non-current liabilities	7,743	6,602
Total liabilities	30,197	27,273
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	109,078	118,072
Treasury shares	(2,464)	(2,468)
Total shareholders' equity	116,234	125,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,469	8,751
Deferred gains or losses on hedges	(5)	(5)
Foreign currency translation adjustment	4	6
Remeasurements of defined benefit plans	(2,252)	(2,010)
Total accumulated other comprehensive income	9,216	6,741
Non-controlling interests	237	248
Total net assets	125,689	132,213
Total liabilities and net assets	155,887	159,486

(2) Consolidated Statements of Income for the Quarter  
(Total for the consolidated period ended December 31, 2018)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	77,703	87,019
Cost of sales	35,321	39,091
Gross profit	42,381	47,928
Selling, general and administrative expenses		
Salaries and allowances	6,716	6,861
Provision for bonuses	965	1,006
Promotion expenses	2,971	3,790
Retirement benefit expenses	549	526
Depreciation	339	267
Research and development expenses	9,051	11,727
Other	6,445	7,312
Total selling, general and administrative expenses	27,039	31,493
Operating profit	15,342	16,435
Non-operating income		
Interest income	24	10
Dividend income	448	512
Rent income	345	372
Foreign exchange gains	2	217
Other	148	95
Total non-operating income	969	1,208
Non-operating expenses		
Interest expenses	2	2
Contribution	135	150
Rent expenses	133	131
Other	64	114
Total non-operating expenses	335	399
Ordinary profit	15,975	17,244
Profit before income taxes	15,975	17,244
Income taxes - current	3,786	4,369
Income taxes - deferred	517	161
Total income taxes	4,304	4,530
Profit	11,671	12,713
Profit attributable to non-controlling interests	10	15
Profit attributable to owners of parent	11,660	12,698

(Consolidated Statements of Comprehensive Income)  
(Total for the consolidated period ended December 31, 2018)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	11,671	12,713
Other comprehensive income		
Valuation difference on available-for-sale securities	2,585	(2,718)
Deferred gains or losses on hedges	9	(0)
Foreign currency translation adjustment	(6)	1
Remeasurements of defined benefit plans, net of tax	273	242
Total other comprehensive income	2,861	(2,475)
Comprehensive income	14,532	10,237
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,522	10,222
Comprehensive income attributable to non-controlling interests	10	15