

Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2019

February 5, 2020

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 7, 2020

Scheduled start of payment: –

Supplementary material: Yes

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

Listing stock exchange: Tokyo

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

Tel. +81-75-321-9114

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

1. Consolidated Results for the Third Quarter Ended December 31, 2019 (April 1 to December 31, 2019)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Third quarter ended December 31, 2019	88,113	1.3%	15,466	(5.9%)	16,277	(5.6%)	11,886	(6.4%)
Third quarter ended December 31, 2018	87,019	12.0%	16,435	7.1%	17,244	7.9%	12,698	8.9%

Note: Comprehensive income

As of December 31, 2019: ¥12,281 million 20.0%

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

	Net income per share (¥)	
	Basic	Diluted
Third quarter ended December 31, 2019	176.47	–
Third quarter ended December 31, 2018	188.52	–

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, 2019	172,719	141,805	81.9%	2,101.46
As of March 31, 2019	168,763	135,190	80.0%	2,003.39

Note: Owners' equity

As of December 31, 2019: ¥141,541 million

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

2. Dividends

	Cash dividends per share (¥)				
	1 st quarter	2 nd quarter	3 rd 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)

	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	

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, 2019: 70,251,484 shares

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

Number of shares of treasury stock

As of December 31, 2019: 2,897,656 shares

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

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

As of December 31, 2019: 67,354,015 shares

As of December 31, 2018: 67,354,525 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 December 31, 2019
Assets		
Current assets		
Cash and deposits	31,519	28,617
Notes and accounts receivable	45,982	48,666
Electronically recorded monetary claims	573	666
Securities	10,619	10,709
Merchandise and finished goods	14,064	14,232
Semi-finished goods	1,050	3,637
Work in process	311	565
Raw materials and supplies	3,946	6,557
Other	2,651	3,054
Allowance for doubtful accounts	(0)	(0)
Total current assets	110,720	116,707
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,206	9,080
Land	7,463	7,459
Other, net	3,905	4,204
Total property, plant and equipment	20,575	20,743
Intangible assets	412	475
Investments and other assets		
Investment securities	23,460	22,498
Deferred tax assets	2,330	990
Long-term prepaid expenses	8,765	8,960
Other	2,497	2,344
Total investments and other assets	37,054	34,793
Total non-current assets	58,042	56,012
Total assets	168,763	172,719

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable	7,986	11,971
Accounts payable	7,449	5,726
Income taxes payable	3,597	470
Provision for bonuses	2,929	1,497
Other	3,444	4,142
Total current liabilities	25,406	23,807
Non-current liabilities		
Deferred tax liabilities	2	2
Retirement benefit liability	7,843	6,780
Other	320	323
Total non-current liabilities	8,165	7,106
Total liabilities	33,572	30,914
Net assets		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	121,677	127,905
Treasury shares	(2,469)	(2,472)
Total shareholders' equity	128,827	135,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,440	9,578
Deferred gains or losses on hedges	(5)	6
Foreign currency translation adjustment	0	(8)
Remeasurements of defined benefit plans	(3,326)	(3,088)
Total accumulated other comprehensive income	6,109	6,488
Non-controlling interests	253	264
Total net assets	135,190	141,805
Total liabilities and net assets	168,763	172,719

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	87,019	88,113
Cost of sales	39,091	40,683
Gross profit	47,928	47,430
Selling, general and administrative expenses		
Salaries and allowances	6,861	7,228
Provision for bonuses	1,006	1,018
Promotion expenses	3,790	4,088
Retirement benefit expenses	526	555
Depreciation	267	262
Research and development expenses	11,727	11,011
Other	7,312	7,800
Total selling, general and administrative expenses	31,493	31,964
Operating profit	16,435	15,466
Non-operating income		
Interest income	10	10
Dividend income	512	544
Gain on sales of investment securities	0	277
Rental income	372	343
Foreign exchange gains	217	—
Other	95	256
Total non-operating income	1,208	1,433
Non-operating expenses		
Interest expenses	2	1
Donations	150	242
Rental expenses	131	105
Foreign exchange losses	—	122
Other	114	149
Total non-operating expenses	399	621
Ordinary profit	17,244	16,277
Profit before income taxes	17,244	16,277
Income taxes - current	4,369	3,215
Income taxes - deferred	161	1,159
Total income taxes	4,530	4,374
Profit	12,713	11,902
Profit attributable to non-controlling interests	15	16
Profit attributable to owners of parent	12,698	11,886

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	12,713	11,902
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,718)	138
Deferred gains or losses on hedges	(0)	11
Foreign currency translation adjustment	1	(8)
Remeasurements of defined benefit plans, net of tax	242	237
Total other comprehensive income	(2,475)	378
Comprehensive income	10,237	12,281
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,222	12,264
Comprehensive income attributable to non-controlling interests	15	16