

Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2020

February 8, 2021

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

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

Tel. +81-75-321-9114

Scheduled date for submission of quarterly Securities Report: February 10, 2021

Scheduled start of payment: –

Supplementary material: Yes

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

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

1. Consolidated Results for the Third Quarter Ended December 31, 2020 (April 1 to December 31, 2020)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Third quarter ended December 31, 2020	91,837	4.2%	20,362	31.7%	21,023	29.2%	15,085	26.9%
Third quarter ended December 31, 2019	88,113	1.3%	15,466	(5.9%)	16,277	(5.6%)	11,886	(6.4%)

Note: Comprehensive income

As of December 31, 2020: ¥16,693 million 35.9%

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

	Net income per share (¥)	
	Basic	Diluted
Third quarter ended December 31, 2020	223.97	–
Third quarter ended December 31, 2019	176.47	–

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, 2020	181,840	156,256	85.8%	2,315.76
As of March 31, 2020	175,017	145,760	83.1%	2,160.11

Note: Owners' equity

As of December 31, 2020: ¥155,974 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	–	¥49.00			
Year ending March 31, 2021 (forecast)				¥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)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
	Full term	123,000	5.5%	25,000	15.4%	25,500	13.6%	19,000	12.6%

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, 2020: 70,251,484 shares

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

Number of shares of treasury stock

As of December 31, 2020: 2,897,990 shares

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

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

As of December 31, 2020: 67,353,611 shares

As of December 31, 2019: 67,354,015 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 December 31, 2020
Assets		
Current assets		
Cash and deposits	36,005	29,953
Notes and accounts receivable	40,947	48,046
Electronically recorded monetary claims	575	564
Securities	11,109	12,029
Merchandise and finished goods	15,179	18,512
Semi-finished goods	4,244	2,903
Work in process	374	737
Raw materials and supplies	10,096	11,535
Other	3,392	3,435
Allowance for doubtful accounts	(0)	(0)
Total current assets	121,925	127,719
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,119	9,017
Land	7,459	7,430
Other, net	4,366	4,421
Total property, plant and equipment	20,944	20,870
Intangible assets	546	619
Investments and other assets		
Investment securities	18,909	21,358
Deferred tax assets	1,726	760
Long-term prepaid expenses	8,631	8,189
Other	2,332	2,322
Total investments and other assets	31,600	32,631
Total non-current assets	53,091	54,120
Total assets	175,017	181,840

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable	11,213	7,693
Accounts payable	5,730	6,132
Income taxes payable	2,081	3,369
Provision for bonuses	2,994	1,536
Other	2,945	3,660
Total current liabilities	24,965	22,391
Non-current liabilities		
Deferred tax liabilities	9	—
Retirement benefit liability	3,956	2,868
Other	324	323
Total non-current liabilities	4,290	3,192
Total liabilities	29,256	25,584
Net assets		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	132,886	141,775
Treasury shares	(2,473)	(2,475)
Total shareholders' equity	140,032	148,919
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,929	8,351
Deferred gains or losses on hedges	7	(1)
Foreign currency translation adjustment	(3)	41
Remeasurements of defined benefit plans	(1,475)	(1,336)
Total accumulated other comprehensive income	5,458	7,054
Non-controlling interests	269	281
Total net assets	145,760	156,256
Total liabilities and net assets	175,017	181,840

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	88,113	91,837
Cost of sales	40,683	38,146
Gross profit	47,430	53,691
Selling, general and administrative expenses		
Salaries and allowances	7,228	8,254
Provision for bonuses	1,018	998
Promotion expenses	4,088	3,892
Retirement benefit expenses	555	387
Depreciation	262	278
Research and development expenses	11,011	11,459
Other	7,800	8,058
Total selling, general and administrative expenses	31,964	33,328
Operating profit	15,466	20,362
Non-operating income		
Interest income	10	12
Dividend income	544	500
Gain on sales of investment securities	277	626
Rental income	343	353
Other	256	106
Total non-operating income	1,433	1,599
Non-operating expenses		
Interest expenses	1	1
Donations	242	311
Rental expenses	105	105
Foreign exchange losses	122	425
Other	149	93
Total non-operating expenses	621	938
Ordinary profit	16,277	21,023
Extraordinary income		
Gain on sales of non-current assets	-	62
Total extraordinary income	-	62
Profit before income taxes	16,277	21,086
Income taxes - current	3,215	5,662
Income taxes - deferred	1,159	325
Total income taxes	4,374	5,988
Profit	11,902	15,097
Profit attributable to non-controlling interests	16	12
Profit attributable to owners of parent	11,886	15,085

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	11,902	15,097
Other comprehensive income		
Valuation difference on available-for-sale securities	138	1,421
Deferred gains or losses on hedges	11	(9)
Foreign currency translation adjustment	(8)	44
Remeasurements of defined benefit plans, net of tax	237	139
Total other comprehensive income	378	1,596
Comprehensive income	12,281	16,693
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,264	16,681
Comprehensive income attributable to non-controlling interests	16	12