

Outline of Consolidated Financial Results for the Year Ended March 31, 2021

May 14, 2021

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

Listing stock exchange: Tokyo

Code No.: 4516

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

Representative: Shigenobu Maekawa, President and Representative Director

Contact: Hideyuki Fujii, Department Manager and Finance & Accounting Dept.

Tel. +81-75-321-9114

Scheduled date for annual general meeting of shareholders: June 29, 2021

Scheduled start of payment: June 30, 2021

Scheduled date for submission of Securities Report: June 30, 2021

Supplementary material: Yes

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

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

1. Consolidated Results for the Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Year ended March 31, 2021	121,885	4.5%	26,134	20.6%	26,760	19.2%	20,702	22.7%
Year ended March 31, 2020	116,637	1.7%	21,668	5.0%	22,442	4.2%	16,866	3.5%

Note: Comprehensive income

As of March 31, 2021: ¥22,982 million 41.5%

As of March 31, 2020: ¥16,237 million 22.9%

	Net income per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2021	307.37	—	13.5%	14.4%	21.4%
Year ended March 31, 2020	250.42	—	12.0%	13.1%	18.6%

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 March 31, 2021	197,028	162,543	82.4%	2,409.01
As of March 31, 2020	175,017	145,760	83.1%	2,160.11

Note: Owners' equity

As of March 31, 2021: ¥162,254 million

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

(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, 2021	21,388	(1,564)	(6,199)	57,883
As of March 31, 2020	12,737	(2,339)	(5,660)	44,298

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, 2020	43.00	43.00	86.00	5,792	34.3%	4.1%
Year ended March 31, 2021	49.00	50.00	99.00	6,667	32.2%	4.3%
Year ending March 31, 2022(forecast)	51.00	52.00	103.00		33.0%	

3. Business Forecast for the Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	Net income attributable to owners of the parent per share (¥)
First-half period	69,500	20.2	18,000	61.6	18,200	61.8	13,000	61.0
Full term	135,000	10.8	28,000	7.1	28,500	6.5	21,000	1.4

Note: Percentage figures represent year-on-year comparisons.

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) 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

(3) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

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

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

Number of shares of treasury stock

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

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

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

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

As of March 31, 2020: 67,353,951 shares

Note:

This summary of financial results is exempt from the audit procedures under the Financial Instruments and Exchange Act. At the time of disclosure, published figures in this financial release have not been completed to an audit of financial statements based on the Financial Instruments and Exchange Law.

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 March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	36,005	47,770
Notes and accounts receivable	40,947	39,289
Electronically recorded monetary claims	575	508
Securities	11,109	13,029
Merchandise and finished goods	15,179	18,292
Semi-finished goods	4,244	6,050
Work in process	374	890
Raw materials and supplies	10,096	10,291
Other	3,392	2,968
Allowance for doubtful accounts	(0)	(0)
Total current assets	121,925	139,090
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,792	28,287
Accumulated depreciation	(18,673)	(19,277)
Buildings and structures, net	9,119	9,010
Machinery, equipment and vehicles	12,444	12,811
Accumulated depreciation	(9,685)	(10,019)
Machinery, equipment and vehicles, net	2,758	2,791
Tools, furniture and fixtures	8,955	9,408
Accumulated depreciation	(7,653)	(7,785)
Tools, furniture and fixtures, net	1,301	1,622
Land	7,459	7,430
Construction in progress	305	451
Total property, plant and equipment	20,944	21,306
Intangible assets	546	677
Investments and other assets		
Investment securities	18,909	22,113
Deferred tax assets	1,726	1,518
Long-term prepaid expenses	8,631	9,390
Retirement benefit asset	—	621
Other	2,332	2,310
Total investments and other assets	31,600	35,954
Total non-current assets	53,091	57,937
Total assets	175,017	197,028

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable	11,213	9,543
Accounts payable	5,730	8,131
Accrued expenses	1,498	1,367
Income taxes payable	2,081	6,679
Accrued consumption taxes	338	582
Provision for bonuses	2,994	3,096
Other	1,108	2,114
Total current liabilities	24,965	31,514
Non-current liabilities		
Deferred tax liabilities	9	—
Retirement benefit liability	3,956	2,646
Other	324	324
Total non-current liabilities	4,290	2,970
Total liabilities	29,256	34,485
Net assets		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	132,886	147,391
Treasury shares	(2,473)	(2,476)
Total shareholders' equity	140,032	154,535
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,929	8,911
Deferred gains or losses on hedges	7	11
Foreign currency translation adjustment	(3)	(96)
Remeasurements of defined benefit plans	(1,475)	(1,107)
Total accumulated other comprehensive income	5,458	7,719
Non-controlling interests	269	288
Total net assets	145,760	162,543
Total liabilities and net assets	175,017	197,028

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	116,637	121,885
Cost of sales	53,155	49,954
Gross profit	63,481	71,931
Selling, general and administrative expenses		
Salaries and allowances	9,198	10,211
Provision for bonuses	2,014	2,094
Retirement benefit expenses	722	521
Depreciation	352	374
Research and development expenses	13,994	16,104
Promotion expenses	5,203	4,979
Other	10,327	11,510
Total selling, general and administrative expenses	41,813	45,796
Operating profit	21,668	26,134
Non-operating income		
Interest income	17	21
Dividend income	557	510
Rental income	458	470
Gain on sale of investment securities	277	—
Foreign exchange gains	—	192
Other	288	132
Total non-operating income	1,599	1,326
Non-operating expenses		
Interest expenses	2	2
Donations	327	364
Foreign exchange losses	141	—
Rental expenses	142	140
Other	210	193
Total non-operating expenses	824	701
Ordinary profit	22,442	26,760
Extraordinary income		
Gain on sale of non-current assets	—	62
Gain on sale of investment securities	—	1,936
Total extraordinary income	—	1,998
Profit before income taxes	22,442	28,759
Income taxes - current	4,732	8,821
Income taxes - deferred	821	(783)
Total income taxes	5,553	8,038
Profit	16,888	20,721
Profit attributable to non-controlling interests	22	18
Profit attributable to owners of parent	16,866	20,702

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	16,888	20,721
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,510)	1,982
Deferred gains or losses on hedges	12	4
Foreign currency translation adjustment	(3)	(92)
Remeasurements of defined benefit plans, net of tax	1,851	367
Total other comprehensive income	(650)	2,261
Comprehensive income	16,237	22,982
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,215	22,963
Comprehensive income attributable to non-controlling interests	22	18

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

Year ended March 31, 2020	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,174	4,445	121,677	(2,469)	128,827
Changes during period					
Dividends of surplus			(5,657)		(5,657)
Profit attributable to owners of parent			16,866		16,866
Purchase of treasury shares				(3)	(3)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	11,209	(3)	11,205
Balance at end of period	5,174	4,445	132,886	(2,473)	140,032

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9,440	(5)	0	(3,326)	6,109	253	135,190
Changes during period							
Dividends of surplus							(5,657)
Profit attributable to owners of parent							16,866
Purchase of treasury shares							(3)
Net changes in items other than shareholders' equity	(2,510)	12	(3)	1,851	(650)	16	(634)
Total changes during period	(2,510)	12	(3)	1,851	(650)	16	10,570
Balance at end of period	6,929	7	(3)	(1,475)	5,458	269	145,760

(Millions of yen)

Year ended March 31, 2021	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,174	4,445	132,886	(2,473)	140,032
Changes during period					
Dividends of surplus			(6,196)		(6,196)
Profit attributable to owners of parent			20,702		20,702
Purchase of treasury shares				(3)	(3)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	14,505	(3)	14,502
Balance at end of period	5,174	4,445	147,391	(2,476)	154,535

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,929	7	(3)	(1,475)	5,458	269	145,760
Changes during period							
Dividends of surplus							(6,196)
Profit attributable to owners of parent							20,702
Purchase of treasury shares							(3)
Net changes in items other than shareholders' equity	1,982	4	(92)	367	2,261	18	2,280
Total changes during period	1,982	4	(92)	367	2,261	18	16,782
Balance at end of period	8,911	11	(96)	(1,107)	7,719	288	162,543

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	22,442	28,759
Depreciation	3,468	3,550
Increase (decrease) in provisions	64	101
Decrease (increase) in retirement benefit asset	—	(1,858)
Increase (decrease) in retirement benefit liability	(1,222)	457
Interest and dividend income	(574)	(531)
Interest expenses	2	2
Decrease (increase) in trade receivables	5,033	1,724
Decrease (increase) in inventories	(10,521)	(5,629)
Decrease (increase) in other current assets	(703)	306
Increase (decrease) in trade payables	3,227	(1,669)
Increase (decrease) in accrued consumption taxes	(887)	261
Increase (decrease) in other current liabilities	(1,685)	1,523
Foreign exchange losses (gains)	68	(52)
Loss (gain) on sale of property, plant and equipment	(3)	(62)
Loss (gain) on sale of investment securities	(277)	(1,936)
Other, net	(31)	214
Subtotal	18,400	25,162
Interest and dividends received	574	532
Interest paid	(2)	(2)
Income taxes paid	(6,235)	(4,304)
Net cash provided by (used in) operating activities	12,737	21,388
Cash flows from investing activities		
Payments into time deposits	(582)	(662)
Proceeds from withdrawal of time deposits	762	582
Purchase of securities	(2,000)	(2,000)
Proceeds from redemption of securities	1,520	2,010
Purchase of investment securities	(62)	(1,102)
Proceeds from sale of investment securities	1,340	2,542
Purchase of property, plant and equipment	(1,817)	(2,168)
Proceeds from sale of property, plant and equipment	117	195
Purchase of long-term prepaid expenses	(1,315)	(694)
Other, net	(301)	(266)
Net cash provided by (used in) investing activities	(2,339)	(1,564)
Cash flows from financing activities		
Dividends paid	(5,651)	(6,196)
Purchase of treasury shares	(3)	(3)
Other, net	(5)	—
Net cash provided by (used in) financing activities	(5,660)	(6,199)
Effect of exchange rate change on cash and cash equivalents	(72)	(40)
Net increase (decrease) in cash and cash equivalents	4,665	13,584
Cash and cash equivalents at beginning of period	39,632	44,298
Cash and cash equivalents at end of period	44,298	57,883