

# Outline of Consolidated Financial Results for the Second Quarter Ended September 30, 2021

November 10, 2021

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

Listing stock exchange: Tokyo

Code No.: 4516

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

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Scheduled date for submission of quarterly Securities Report: November 12, 2021

Scheduled start of payment: December 3, 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 Second Quarter Ended September 30, 2021 (April 1 to September 30, 2021)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Second quarter ended September 30, 2021	71,568	23.8%	21,504	93.0%	22,250	97.8%	16,561	105.1%
Second quarter ended September 30, 2020	57,817	0.8%	11,140	1.0%	11,248	(0.2%)	8,073	(2.6%)

Note: Comprehensive income

As of September 30, 2021: ¥15,714 million 61.0%

As of September 30, 2020: ¥9,758 million 30.8%

		Net income per share (¥)	
		Basic	Diluted
Second quarter ended	September 30, 2021	245.89	—
Second quarter ended	September 30, 2020	119.87	—

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 September 30, 2021	204,052	174,890	85.6%	2,592.22
As of March 31, 2021	197,028	162,543	82.4%	2,409.01

Note: Owners' equity

As of September 30, 2021: ¥174,594 million

As of March 31, 2021: ¥162,254 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, 2021	—	49.00	—	50.00	99.00
Year ending March 31, 2022	—	51.00	—	—	—
Year ending March 31, 2022 (forecast)	—	—	—	52.00	103.00

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

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

(¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share (¥)
Full term	135,000	10.8%	28,000	7.1%	28,500	6.5%	21,000	1.4%	311.79

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: Yes
2. Changes arising from other factors: None
3. Changes in accounting estimates: Yes
4. Restatement: None

(4) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)	
As of September 30, 2021:	70,251,484 shares
As of March 31, 2021:	70,251,484 shares
Number of shares of treasury stock	
As of September 30, 2021:	2,898,203 shares
As of March 31, 2021:	2,898,183 shares
Average number of shares outstanding (total for the consolidated period)	
As of September 30, 2021:	67,353,287 shares
As of September 30, 2020:	67,353,653 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

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	47,770	54,300
Notes and accounts receivable	39,289	38,952
Electronically recorded monetary claims	508	541
Securities	13,029	14,099
Merchandise and finished goods	18,292	16,079
Semi-finished goods	6,050	5,792
Work in process	890	1,993
Raw materials and supplies	10,291	11,688
Other	2,968	3,340
Allowance for doubtful accounts	(0)	(0)
Total current assets	139,090	146,788
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,010	9,403
Land	7,430	7,430
Other, net	4,866	4,845
Total property, plant and equipment	21,306	21,679
Intangible assets	677	725
Investments and other assets		
Investment securities	22,113	20,466
Deferred tax assets	1,518	2,074
Long-term prepaid expenses	9,390	8,624
Retirement benefit asset	621	1,425
Other	2,310	2,268
Total investments and other assets	35,954	34,860
Total non-current assets	57,937	57,264
Total assets	197,028	204,052

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	9,543	7,173
Accounts payable	8,131	7,288
Income taxes payable	6,679	6,041
Provision for bonuses	3,096	3,079
Other	4,064	2,572
Total current liabilities	31,514	26,155
Non-current liabilities		
Retirement benefit liability	2,646	2,682
Other	324	324
Total non-current liabilities	2,970	3,006
<b>Total liabilities</b>	<b>34,485</b>	<b>29,162</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	147,391	160,585
Treasury shares	(2,476)	(2,476)
Total shareholders' equity	154,535	167,728
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,911	7,952
Deferred gains or losses on hedges	11	20
Foreign currency translation adjustment	(96)	(111)
Remeasurements of defined benefit plans	(1,107)	(995)
Total accumulated other comprehensive income	7,719	6,865
Non-controlling interests	288	296
<b>Total net assets</b>	<b>162,543</b>	<b>174,890</b>
<b>Total liabilities and net assets</b>	<b>197,028</b>	<b>204,052</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	57,817	71,568
Cost of sales	24,994	24,589
Gross profit	32,823	46,979
Selling, general and administrative expenses		
Salaries and allowances	4,132	4,099
Provision for bonuses	2,021	2,043
Promotion expenses	2,420	2,522
Retirement benefit expenses	260	262
Depreciation	186	185
Research and development expenses	7,659	10,005
Other	5,000	6,356
Total selling, general and administrative expenses	21,682	25,474
Operating profit	11,140	21,504
Non-operating income		
Interest income	8	7
Dividend income	267	239
Rental income	234	231
Gain on sale of investment securities	—	529
Foreign exchange gains	—	76
Other	89	42
Total non-operating income	600	1,127
Non-operating expenses		
Interest expenses	1	0
Donations	216	208
Rental expenses	70	73
Foreign exchange losses	150	—
Other	53	98
Total non-operating expenses	492	380
Ordinary profit	11,248	22,250
Profit before income taxes	11,248	22,250
Income taxes - current	3,387	5,826
Income taxes - deferred	(221)	(144)
Total income taxes	3,166	5,682
Profit	8,081	16,568
Profit attributable to non-controlling interests	8	7
Profit attributable to owners of parent	8,073	16,561

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	8,081	16,568
Other comprehensive income		
Valuation difference on available-for-sale securities	1,586	(959)
Deferred gains or losses on hedges	(10)	8
Foreign currency translation adjustment	7	(15)
Remeasurements of defined benefit plans, net of tax	92	112
Total other comprehensive income	1,676	(854)
Comprehensive income	9,758	15,714
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,750	15,707
Comprehensive income attributable to non-controlling interests	8	7

## (3) Consolidated Statements of Cash Flows for the Quarter

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	11,248	22,250
Depreciation	1,740	1,453
Increase (decrease) in provisions	23	(16)
Decrease (increase) in retirement benefit asset	—	(653)
Increase (decrease) in retirement benefit liability	(648)	46
Interest and dividend income	(276)	(246)
Interest expenses	1	0
Foreign exchange losses (gains)	(32)	(3)
Loss (gain) on sale of investment securities	—	(529)
Decrease (increase) in trade receivables	3,975	303
Decrease (increase) in inventories	(4,286)	(28)
Decrease (increase) in other current assets	(7)	(351)
Increase (decrease) in trade payables	(988)	(2,369)
Increase (decrease) in accrued consumption taxes	(142)	(51)
Increase (decrease) in other current liabilities	(621)	(334)
Other, net	38	44
Subtotal	10,025	19,514
Interest and dividends received	276	246
Interest paid	(1)	(0)
Income taxes paid	(2,173)	(6,427)
Net cash provided by (used in) operating activities	8,127	13,333
<b>Cash flows from investing activities</b>		
Payments into time deposits	(80)	(60)
Proceeds from withdrawal of time deposits	30	30
Purchase of securities	(500)	—
Proceeds from redemption of securities	510	529
Proceeds from sale of investment securities	—	627
Purchase of investment securities	(300)	(0)
Purchase of property, plant and equipment	(1,018)	(1,272)
Purchase of long-term prepaid expenses	(694)	(1,580)
Other, net	(18)	(228)
Net cash provided by (used in) investing activities	(2,071)	(1,954)
<b>Cash flows from financing activities</b>		
Dividends paid	(2,898)	(3,365)
Purchase of treasury shares	(1)	(0)
Net cash provided by (used in) financing activities	(2,899)	(3,365)
Effect of exchange rate change on cash and cash equivalents	40	(12)
Net increase (decrease) in cash and cash equivalents	3,196	7,999
Cash and cash equivalents at beginning of period	44,298	57,883
Cash and cash equivalents at end of period	47,494	65,883