

## Outline of Consolidated Financial Results for the Year Ended March 31, 2022

May 11, 2022

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

Listing stock exchange: Tokyo

Code No.: 4516

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

Representative: Toru Nakai, President and Representative Director

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Scheduled date for annual general meeting of shareholders: June 29, 2022

Scheduled start of payment: June 30, 2022

Scheduled date for submission of Securities Report: June 30, 2022

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, 2022 (April 1, 2021 to March 31, 2022)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Year ended March 31, 2022	137,547	12.8%	28,299	8.3%	29,773	11.3%	23,044	11.3%
Year ended March 31, 2021	121,885	4.5%	26,134	20.6%	26,760	19.2%	20,702	22.7%

Note: Comprehensive income

As of March 31, 2022: ¥21,028 million (8.5%)

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

	Net income per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2022	342.14	—	13.6%	14.6%	20.6%
Year ended March 31, 2021	307.37	—	13.5%	14.4%	21.4%

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, 2022	210,052	176,767	84.0%	2,620.02
As of March 31, 2021	197,028	162,543	82.4%	2,409.01

Note: Owners' equity

As of March 31, 2022: ¥176,466 million

As of March 31, 2021: ¥162,254million

(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, 2022	16,018	(6,359)	(6,801)	60,566
As of March 31, 2021	21,388	(1,564)	(6,199)	57,883

### 2. Dividends

	Annual dividends per share (¥)			Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends as a percentage of net assets (consolidated)
	2 <sup>nd</sup> quarter	Year-end	Annual			
Year ended March 31, 2021	49.00	50.00	99.00	6,667	32.2%	4.3%
Year ended March 31, 2022	51.00	59.00	110.00	7,408	32.2%	4.4%
Year ending March 31, 2023(forecast)	56.00	56.00	112.00		35.1%	

Note: The consolidated payout ratio for the year ending March 31, 2023 (forecast) is calculated based on net income attributable to owners of the parent per share which is calculated based on International Financial Reporting Standards (IFRS).

### 3. Business Forecast for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(¥ million)

	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	67,000	— 14,500	— 14,700	— 11,300	— 167.77
Full term	134,000	— 27,000	— 27,500	— 21,500	— 319.21

Note: The company will voluntarily adopt International Financial Reporting Standards (IFRS) starting with the consolidated financial statements in the annual Securities Report for the year ended March 31, 2022, and accordingly, the business forecast for the year ending March 31, 2023 is based on IFRS. Therefore, year-on-year comparisons with previous fiscal year based on Japan GAAP are not shown.

### 4. Others

#### (1) Changes in the scope of consolidation

Inclusion: Yes Tianjin Nippon Shinyaku Co., Ltd

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: Yes

2. Changes in arising from other factors: None

3. Changes in accounting estimates: Yes

4. Restatement: None

#### (3) Number of shares outstanding (ordinary shares)

Number of shares outstanding (including treasury stock)

As of March 31, 2022: 70,251,484 shares

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

Number of shares of treasury stock

As of March 31, 2022: 2,898,434 shares

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

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

As of March 31, 2022: 67,353,219 shares

As of March 31, 2021: 67,353,565 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, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	47,770	50,413
Notes and accounts receivable	39,289	42,128
Electronically recorded monetary claims	508	540
Securities	13,029	15,100
Merchandise and finished goods	18,292	18,965
Semi-finished goods	6,050	6,369
Work in process	890	1,543
Raw materials and supplies	10,291	10,975
Other	2,968	3,595
Allowance for doubtful accounts	(0)	(0)
Total current assets	139,090	149,632
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,287	29,065
Accumulated depreciation	(19,277)	(19,424)
Buildings and structures, net	9,010	9,641
Machinery, equipment and vehicles	12,811	12,865
Accumulated depreciation	(10,019)	(10,051)
Machinery, equipment and vehicles, net	2,791	2,814
Tools, furniture and fixtures	9,408	9,755
Accumulated depreciation	(7,785)	(7,650)
Tools, furniture and fixtures, net	1,622	2,105
Land	7,430	7,430
Construction in progress	451	1,849
Other, net	-	41
Total property, plant and equipment	21,306	23,881
Intangible assets	677	923
Investments and other assets		
Investment securities	22,113	20,342
Deferred tax assets	1,518	2,823
Long-term prepaid expenses	9,390	9,029
Retirement benefit asset	621	1,147
Other	2,310	2,271
Total investments and other assets	35,954	35,615
Total non-current assets	57,937	60,419
Total assets	197,028	210,052

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	9,543	9,535
Accounts payable	8,131	11,087
Accrued expenses	1,367	1,605
Income taxes payable	6,679	3,181
Accrued consumption taxes	582	201
Provision for bonuses	3,096	3,079
Other	2,114	596
Total current liabilities	31,514	29,288
Non-current liabilities		
Retirement benefit liability	2,646	3,680
Other	324	316
Total non-current liabilities	2,970	3,997
<b>Total liabilities</b>	<b>34,485</b>	<b>33,285</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	147,391	163,633
Treasury shares	(2,476)	(2,478)
Total shareholders' equity	154,535	170,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,911	7,996
Deferred gains or losses on hedges	11	135
Foreign currency translation adjustment	(96)	(256)
Remeasurements of defined benefit plans	(1,107)	(2,183)
Total accumulated other comprehensive income	7,719	5,691
Non-controlling interests	288	301
<b>Total net assets</b>	<b>162,543</b>	<b>176,767</b>
<b>Total liabilities and net assets</b>	<b>197,028</b>	<b>210,052</b>

## (2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	121,885	137,547
Cost of sales	49,954	50,657
Gross profit	71,931	86,890
Selling, general and administrative expenses		
Salaries and allowances	10,211	10,452
Provision for bonuses	2,094	2,060
Retirement benefit expenses	521	661
Depreciation	374	394
Research and development expenses	16,104	26,386
Promotion expenses	4,979	5,523
Other	11,510	13,111
Total selling, general and administrative expenses	45,796	58,591
Operating profit	26,134	28,299
Non-operating income		
Interest income	21	17
Dividend income	510	455
Rental income	470	459
Gain on sale of investment securities	—	537
Foreign exchange gains	192	769
Other	132	120
Total non-operating income	1,326	2,359
Non-operating expenses		
Interest expenses	2	1
Donations	364	336
Rental expenses	140	172
Other	193	374
Total non-operating expenses	701	884
Ordinary profit	26,760	29,773
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	28,759	29,773
Income taxes - current	8,821	7,173
Income taxes - deferred	(783)	(456)
Total income taxes	8,038	6,716
Profit	20,721	23,056
Profit attributable to non-controlling interests	18	12
Profit attributable to owners of parent	20,702	23,044

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	20,721	23,056
Other comprehensive income		
Valuation difference on available-for-sale securities	1,982	(915)
Deferred gains or losses on hedges	4	124
Foreign currency translation adjustment	(92)	(160)
Remeasurements of defined benefit plans, net of tax	367	(1,075)
Total other comprehensive income	2,261	(2,028)
Comprehensive income	22,982	21,028
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,963	21,015
Comprehensive income attributable to non-controlling interests	18	12

## (3) Consolidated Statements of Changes in Net Assets

(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

(Millions of yen)

Year ended March 31, 2022	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,174	4,445	147,391	(2,476)	154,535
Changes during period					
Dividends of surplus			(6,802)		(6,802)
Profit attributable to owners of parent			23,044		23,044
Purchase of treasury shares				(2)	(2)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	16,241	(2)	16,239
Balance at end of period	5,174	4,445	163,633	(2,478)	170,774

	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	8,911	11	(96)	(1,107)	7,719	288	162,543
Changes during period							
Dividends of surplus							(6,802)
Profit attributable to owners of parent							23,044
Purchase of treasury shares							(2)
Net changes in items other than shareholders' equity	(915)	124	(160)	(1,075)	(2,028)	12	(2,015)
Total changes during period	(915)	124	(160)	(1,075)	(2,028)	12	14,223
Balance at end of period	7,996	135	(256)	(2,183)	5,691	301	176,767

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	28,759	29,773
Depreciation	3,550	2,933
Increase (decrease) in provisions	101	(16)
Decrease (increase) in retirement benefit asset	(1,858)	(1,306)
Increase (decrease) in retirement benefit liability	457	264
Interest and dividend income	(531)	(472)
Interest expenses	2	1
Decrease (increase) in trade receivables	1,724	(2,778)
Decrease (increase) in inventories	(5,629)	(2,246)
Decrease (increase) in other current assets	306	(462)
Increase (decrease) in trade payables	(1,669)	(64)
Increase (decrease) in accrued consumption taxes	261	(364)
Increase (decrease) in other current liabilities	1,523	1,415
Foreign exchange losses (gains)	(52)	(19)
Loss (gain) on sale of property, plant and equipment	(62)	(1)
Loss (gain) on sale of investment securities	(1,936)	(537)
Other, net	214	78
Subtotal	25,162	26,197
Interest and dividends received	532	473
Interest paid	(2)	(1)
Income taxes paid	(4,304)	(10,650)
Net cash provided by (used in) operating activities	21,388	16,018
Cash flows from investing activities		
Payments into time deposits	(662)	(1,114)
Proceeds from withdrawal of time deposits	582	654
Purchase of securities	(2,000)	(3,400)
Proceeds from redemption of securities	2,010	2,029
Purchase of investment securities	(1,102)	(1)
Proceeds from sale of investment securities	2,542	735
Purchase of property, plant and equipment	(2,168)	(3,165)
Proceeds from sale of property, plant and equipment	195	1
Purchase of long-term prepaid expenses	(694)	(1,580)
Other, net	(266)	(517)
Net cash provided by (used in) investing activities	(1,564)	(6,359)
Cash flows from financing activities		
Dividends paid	(6,196)	(6,799)
Purchase of treasury shares	(3)	(2)
Net cash provided by (used in) financing activities	(6,199)	(6,801)
Effect of exchange rate change on cash and cash equivalents	(40)	(174)
Net increase (decrease) in cash and cash equivalents	13,584	2,683
Cash and cash equivalents at beginning of period	44,298	57,883
Cash and cash equivalents at end of period	57,883	60,566