

Outline of Consolidated Financial Results for the Third Quarter Ended December 31, 2021

February 10, 2022

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

Code No.: 4516

Representative: Toru Nakai, President and Representative Director

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

Scheduled date for submission of quarterly Securities Report: February 14, 2022

Scheduled start of payment: —

Supplementary material: Yes

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

Listing stock exchange: Tokyo

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

1. Consolidated Results for the Third Quarter Ended December 31, 2021 (April 1 to December 31, 2021)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Third quarter ended December 31, 2021	106,218	15.7%	29,321	44.0%	30,563	45.4%	22,606	49.9%
Third quarter ended December 31, 2020	91,837	4.2%	20,362	31.7%	21,023	29.2%	15,085	26.9%

Note: Comprehensive income

As of December 31, 2021: ¥21,500 million 28.8%

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

	Net income per share (¥)	
	Basic	Diluted
Third quarter ended December 31, 2021	335.64	—
Third quarter ended December 31, 2020	223.97	—

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, 2021	204,795	177,240	86.4%	2,627.07
As of March 31, 2021	197,028	162,543	82.4%	2,409.01

Note: Owners' equity

As of December 31, 2021: ¥176,941 million

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

2. Dividends

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

	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	

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: Yes Tianjin Nippon Shinyaku Co., Ltd.

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 December 31, 2021: 70,251,484 shares

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

Number of shares of treasury stock

As of December 31, 2021: 2,898,334 shares

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

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

As of December 31, 2021: 67,353,253 shares

As of December 31, 2020: 67,353,611 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, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	47,770	44,330
Notes and accounts receivable	39,289	48,316
Electronically recorded monetary claims	508	562
Securities	13,029	14,200
Merchandise and finished goods	18,292	15,691
Semi-finished goods	6,050	6,427
Work in process	890	2,014
Raw materials and supplies	10,291	13,496
Other	2,968	3,495
Allowance for doubtful accounts	(0)	(0)
Total current assets	139,090	148,535
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,010	9,367
Land	7,430	7,430
Other, net	4,866	5,228
Total property, plant and equipment	21,306	22,026
Intangible assets	677	832
Investments and other assets		
Investment securities	22,113	19,949
Deferred tax assets	1,518	1,128
Long-term prepaid expenses	9,390	8,230
Retirement benefit asset	621	1,827
Other	2,310	2,265
Total investments and other assets	35,954	33,400
Total non-current assets	57,937	56,259
Total assets	197,028	204,795

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable	9,543	8,991
Accounts payable	8,131	7,479
Income taxes payable	6,679	2,899
Provision for bonuses	3,096	1,480
Other	4,064	3,657
Total current liabilities	31,514	24,508
Non-current liabilities		
Retirement benefit liability	2,646	2,695
Other	324	350
Total non-current liabilities	2,970	3,046
Total liabilities	34,485	27,555
Net assets		
Shareholders' equity		
Share capital	5,174	5,174
Capital surplus	4,445	4,445
Retained earnings	147,391	163,196
Treasury shares	(2,476)	(2,477)
Total shareholders' equity	154,535	170,338
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,911	7,669
Deferred gains or losses on hedges	11	42
Foreign currency translation adjustment	(96)	(169)
Remeasurements of defined benefit plans	(1,107)	(938)
Total accumulated other comprehensive income	7,719	6,603
Non-controlling interests	288	298
Total net assets	162,543	177,240
Total liabilities and net assets	197,028	204,795

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	91,837	106,218
Cost of sales	38,146	37,851
Gross profit	53,691	68,366
Selling, general and administrative expenses		
Salaries and allowances	8,254	8,199
Provision for bonuses	998	990
Promotion expenses	3,892	4,179
Retirement benefit expenses	387	402
Depreciation	278	286
Research and development expenses	11,459	15,706
Other	8,058	9,281
Total selling, general and administrative expenses	33,328	39,045
Operating profit	20,362	29,321
Non-operating income		
Interest income	12	10
Dividend income	500	441
Gain on sale of investment securities	626	529
Foreign exchange gains	-	390
Rental income	353	350
Other	106	63
Total non-operating income	1,599	1,785
Non-operating expenses		
Interest expenses	1	0
Donations	311	291
Rental expenses	105	112
Foreign exchange losses	425	-
Other	93	139
Total non-operating expenses	938	543
Ordinary profit	21,023	30,563
Extraordinary income		
Gain on sale of non-current assets	62	-
Total extraordinary income	62	-
Profit before income taxes	21,086	30,563
Income taxes - current	5,662	7,060
Income taxes - deferred	325	885
Total income taxes	5,988	7,946
Profit	15,097	22,616
Profit attributable to non-controlling interests	12	10
Profit attributable to owners of parent	15,085	22,606

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	15,097	22,616
Other comprehensive income		
Valuation difference on available-for-sale securities	1,421	(1,242)
Deferred gains or losses on hedges	(9)	30
Foreign currency translation adjustment	44	(73)
Remeasurements of defined benefit plans, net of tax	139	168
Total other comprehensive income	1,596	(1,116)
Comprehensive income	16,693	21,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,681	21,490
Comprehensive income attributable to non-controlling interests	12	10