

Outline of Consolidated Financial Results for the 3rd Quarter Ended December 31, 2017

February 6, 2018
NIPPON SHINYAKU CO., LTD.



Operating Results

(Million yen)

	3Q FY2016		3Q FY2017		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Net sales	76,260	100.0%	77,703	100.0%	1,442	1.9%
Operating income	17,496	22.9%	15,342	19.7%	-2,154	-12.3%
Ordinary income	18,792	24.6%	15,975	20.6%	-2,816	-15.0%
Net income attributable to owners of the parent	13,275	17.4%	11,660	15.0%	-1,614	-12.2%



Segmental Review

-Pharmaceuticals-

(Million yen)

	3Q FY2016		3Q FY2017		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Ethical drugs	58,439	88.7%	56,010	83.6%	-2,428	-4.2%
Profit in co-promotion	2,014	3.1%	3,138	4.7%	1,123	55.8%
Revenues from the licensing of industrial property rights	5,414	8.2%	7,854	11.7%	2,439	45.1%
Net sales	65,868	100.0%	67,003	100.0%	1,134	1.7%

Increase in sales:

- **Uptravi (+1,881 million yen, +1,916.6%)**
(pulmonary arterial hypertension)
- **Zalutia (+1,823 million yen, +29.1%)**
(urinary disorder caused by benign prostatic hyperplasia)
- **Vidaza (+1,307 million yen, +12.0%)**
(myelodysplastic syndromes)
- **Royalty payments based on overseas sales of our original product Uptravi**

Decrease in sales:

- **Eviprostat (-419 million yen, -15.9%)**
(benign prostatic hyperplasia)
- **Gaslon N (-273 million yen, -14.6%)**
(gastric ulcer, gastritis)



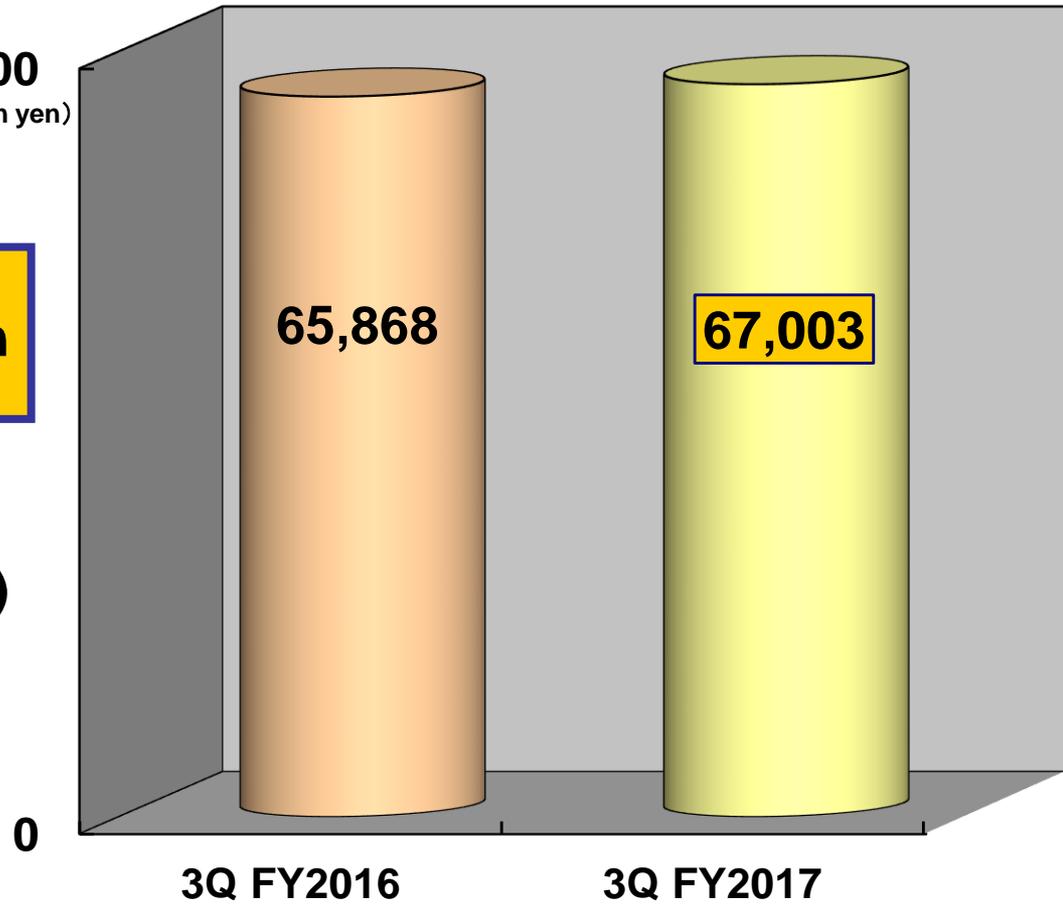
Segmental Review

-Pharmaceuticals-

Net sales 67,003 million yen

**Year-on-Year change
+ 1,134 million yen (+1.7%)**

70,000
(Million yen)





Segmental Review

-Functional Food-

(Million yen)

	3Q FY2016		3Q FY2017		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Health food ingredients	613	5.9%	657	6.1%	43	7.2%
Preservatives	1,700	16.4%	1,782	16.7%	82	4.8%
Protein preparations	7,024	67.6%	7,212	67.4%	187	2.7%
Others	1,053	10.1%	1,047	9.8%	-5	-0.5%
Net sales	10,391	100.0%	10,699	100.0%	308	3.0%



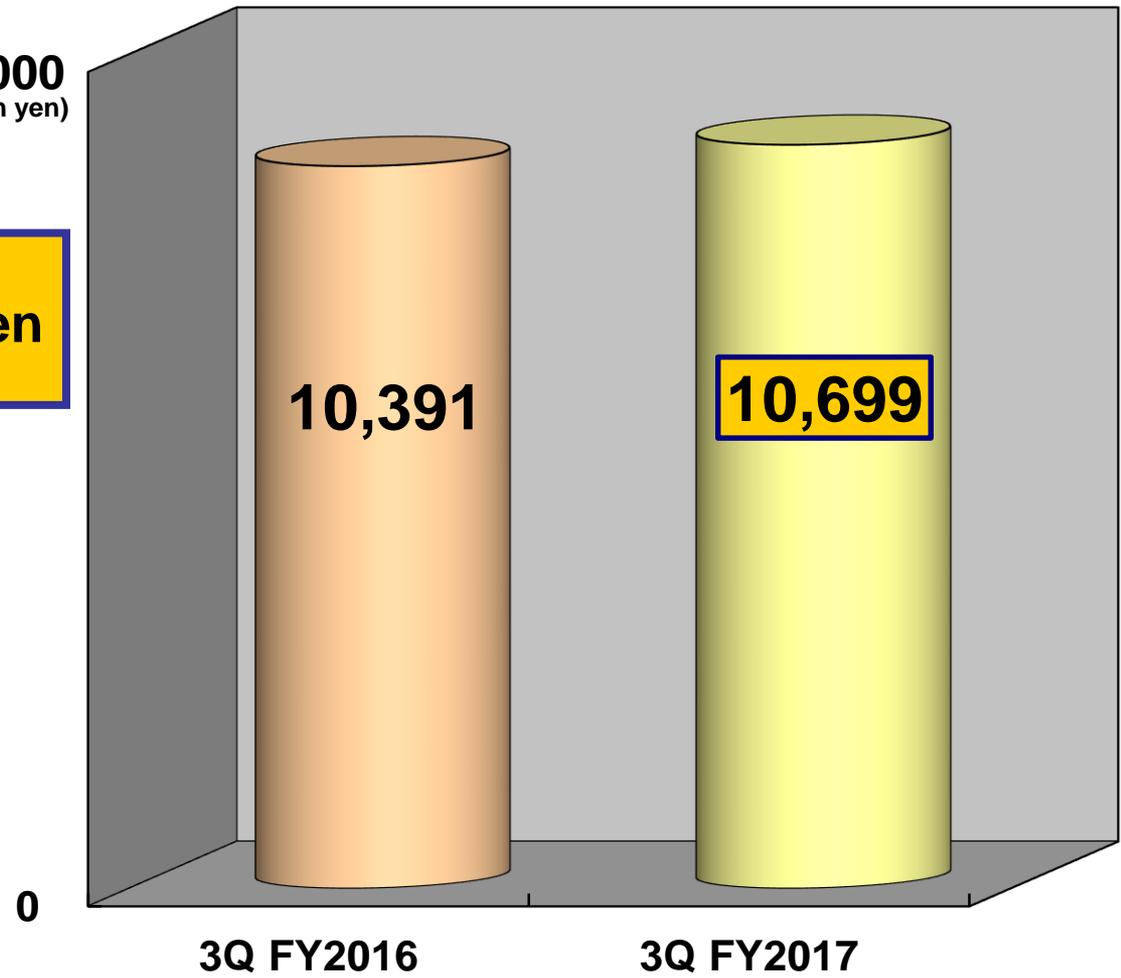
Segmental Review

-Functional Food-

12,000
(Million yen)

Net sales 10,699 million yen

Year-on-Year change
+308 million yen (+3.0%)



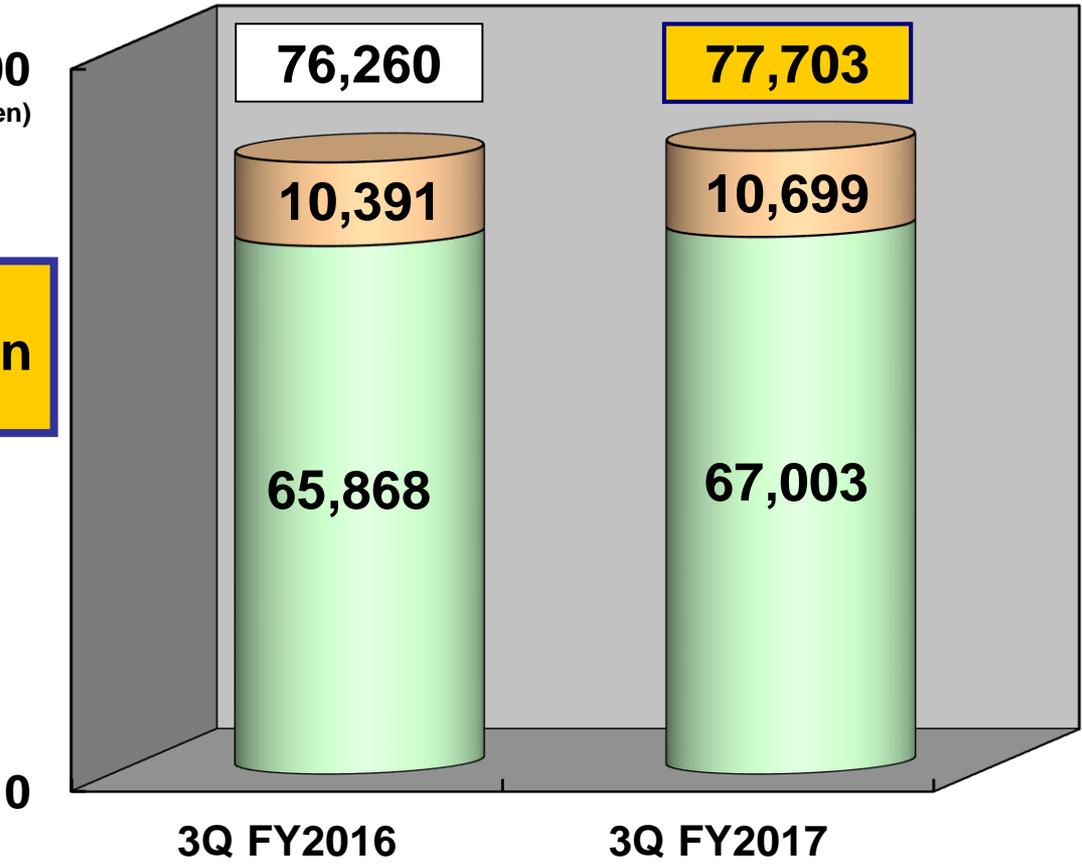


Net Sales

90,000
(Million yen)

Net sales 77,703 million yen

Year-on-Year change
+1,442 million yen (+1.9%)



■ Functional Food
■ Pharmaceuticals



Consolidated Statements of Income (1)

(Million yen)

	3Q FY2016		3Q FY2017		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Revenue						
Net sales	76,260	100.0%	77,703	100.0%	1,442	1.9%
Pharmaceuticals	65,868	86.4%	67,003	86.2%	1,134	1.7%
Functional Food	10,391	13.6%	10,699	13.8%	308	3.0%
Operating expenses	58,763	77.1%	62,361	80.3%	3,597	6.1%
Cost of sales	33,921	44.5%	35,321	45.5%	1,400	
SG&A expenses	16,991	22.3%	17,987	23.2%	995	
R&D expenses	7,850	10.3%	9,051	11.6%	1,200	
Operating income	17,496	22.9%	15,342	19.7%	-2,154	-12.3%



Consolidated Statements of Income (2)

(Million yen)

	3Q FY2016		3Q FY2017		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Operating income	17,496	22.9%	15,342	19.7%	-2,154	-12.3%
Non-operating income	1,671	2.2%	969	1.2%	-702	-42.0%
Non-operating expenses	375	0.5%	335	0.3%	-40	-10.7%
Ordinary income	18,792	24.6%	15,975	20.6%	-2,816	-15.0%
Extraordinary loss	766	1.0%	-	-	-766	-
Income taxes, etc	4,750	6.2%	4,314	5.6%	-435	-9.2%
Net income attributable to owners of the parent	13,275	17.4%	11,660	15.0%	-1,614	-12.2%



Consolidated Balance Sheet

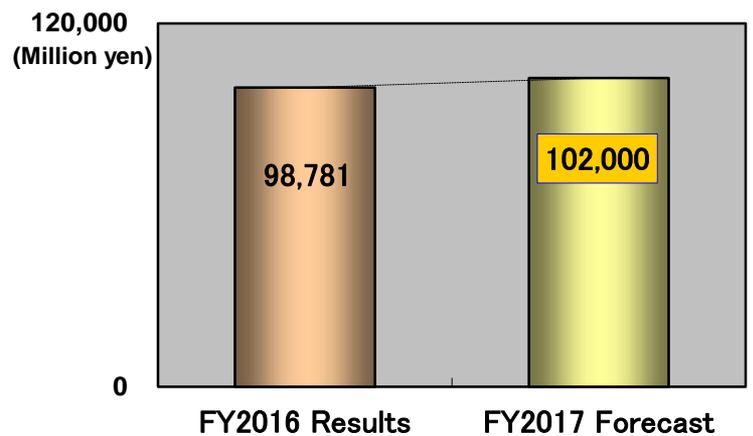
(Million yen)

	FY2016	FY2017	Change		FY2016	FY2017	Change
	4Q Results	3Q Results	Amt		4Q Results	3Q Results	Amt
Assets	150,905	153,845	2,939	Liabilities	36,589	28,784	-7,804
(Current assets)	98,787	93,161	-5,625	(Current liabilities)	27,001	18,416	-8,585
(Fixed assets)	52,118	60,683	8,565	(Long-term liabilities)	9,587	10,368	781
				Net assets	114,316	125,060	10,743
Total Assets	150,905	153,845	2,939	Total liabilities and net assets	150,905	153,845	2,939

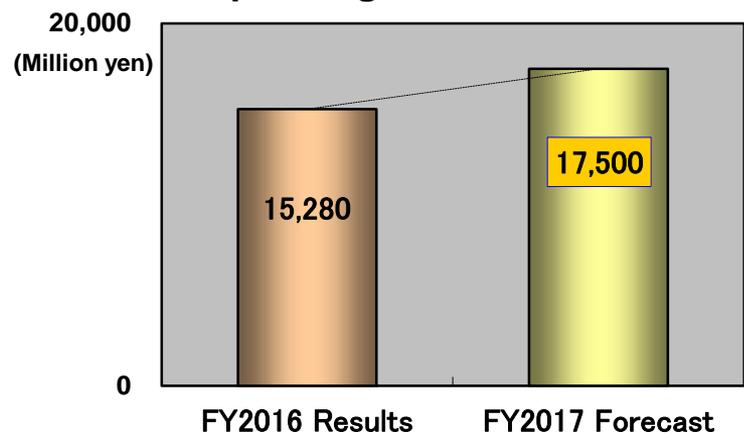


Business Forecast for the Year Ending March 31, 2018

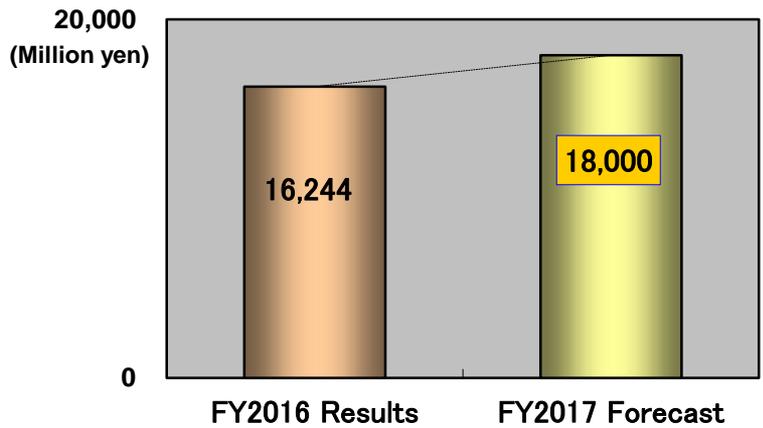
Net sales + 3.3%



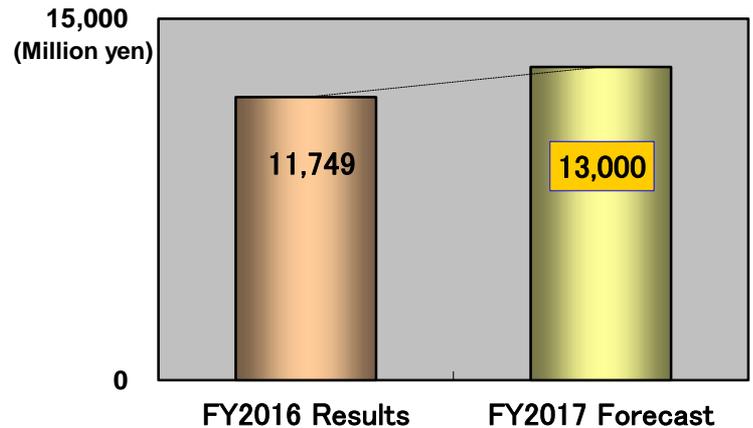
Operating income +14.5%



Ordinary income + 10.8%



Net income attributable to owners of the parent + 10.6%



Status of Development Pipeline



R&D Pipeline (Domestic)

Code No. (Generic name)	Application type	Indications	Stage	FY2015	FY2016	FY2017	FY2018
GA101 (obinutuzumab) <in-license>	NME	Follicular lymphoma	NDA filing	P III		NDA filing	
NS-73 <in-license>	NME	Veno-occlusive disease	Preparation for NDA				
NS-304 (selexipag) <in-house>	New indication	Chronic thromboembolic pulmonary hypertension	P III	P II		P III	
		Arteriosclerosis obliterans	P II	P II			
NS-580 <in-house>	NME	Endometriosis	P II	P I		P II	
NS-17 (azacitidine) <in-license>	New indication	Acute myeloid leukemia	P II			P II	
NS-065/NCNP-01 <in-house>	NME	Duchenne muscular dystrophy	P /II	P /II			
NS-32 <in-license>	NME	Iron deficiency anemia	P I		P I		
NS-917 <in-license>	NME	Relapsed/refractory acute myeloid leukemia	Preparation for development				
NS-87 <in-license>	NME	Secondary acute myeloid leukemia	Preparation for development				



R&D Pipeline (Overseas)

Code No.	Application type	Indications	Stage	FY2015	FY2016	FY2017	FY2018
prulifloxacin <in-house>	NME	Bacterial infections	China NDA filing	Lee's Pharma PIII		NDA filing	
NS-065/NCNP-01 <in-house>	NME	Duchenne muscular dystrophy	USA PII	PII			
NS-018 <in-house>	NME	Myelofibrosis	USA PI/II	PI/II			



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