

# 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)



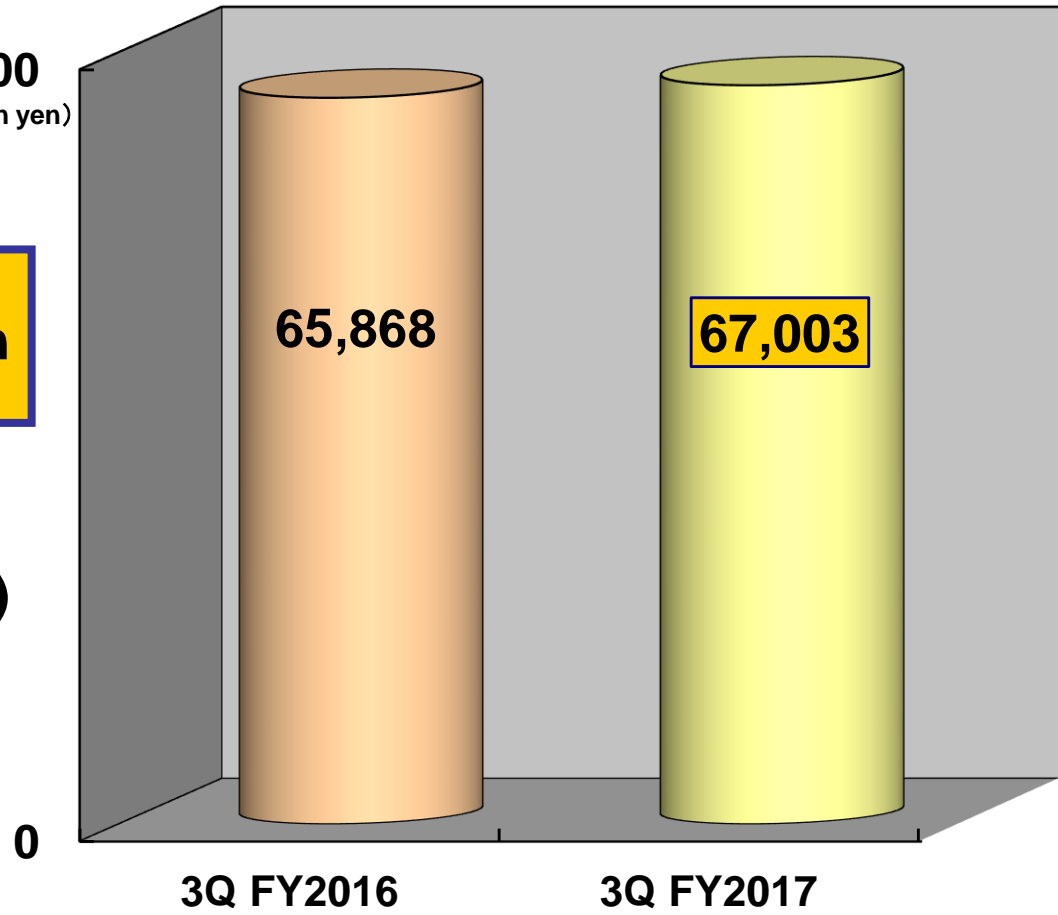
# Segmental Review

## -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%



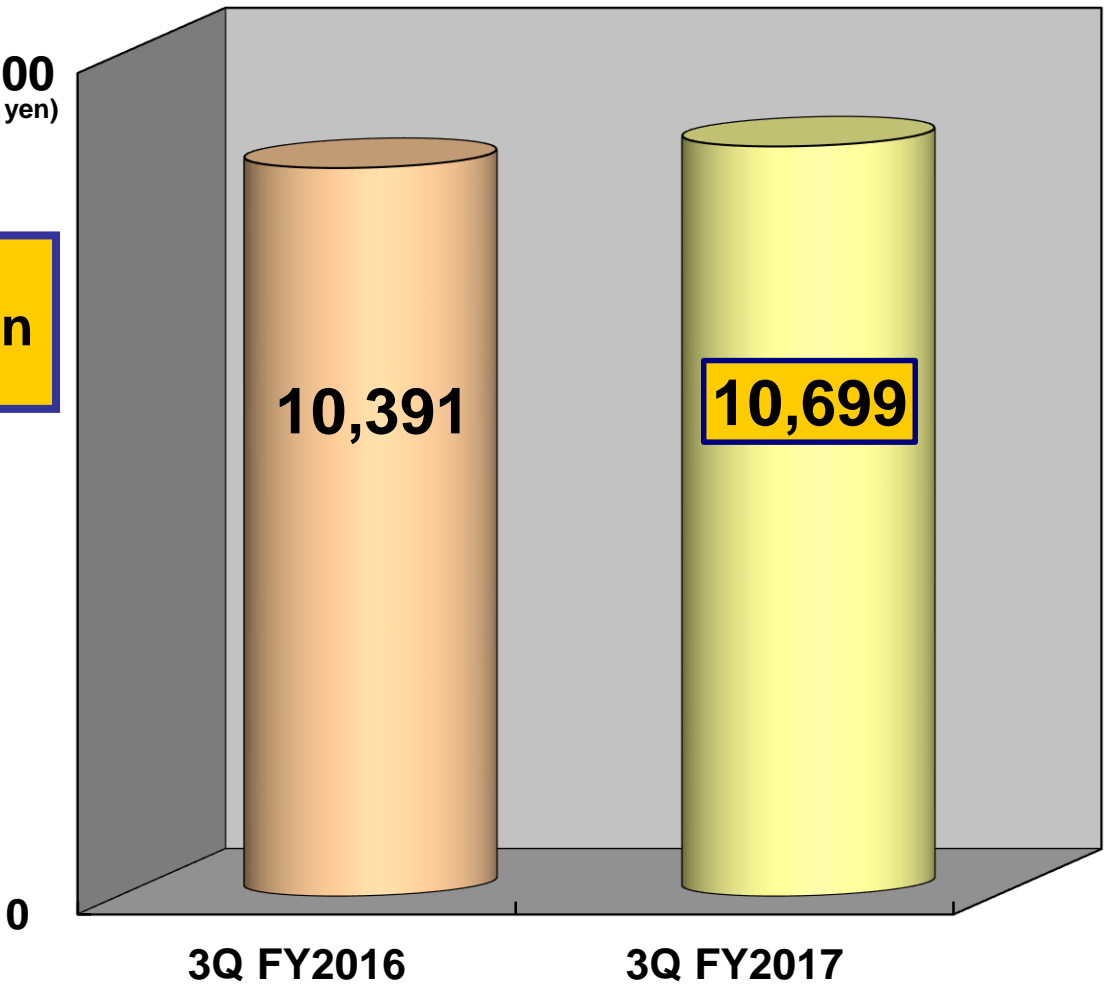
# Segmental Review

## -Functional Food-

**Net sales 10,699 million yen**

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

12,000  
(Million yen)



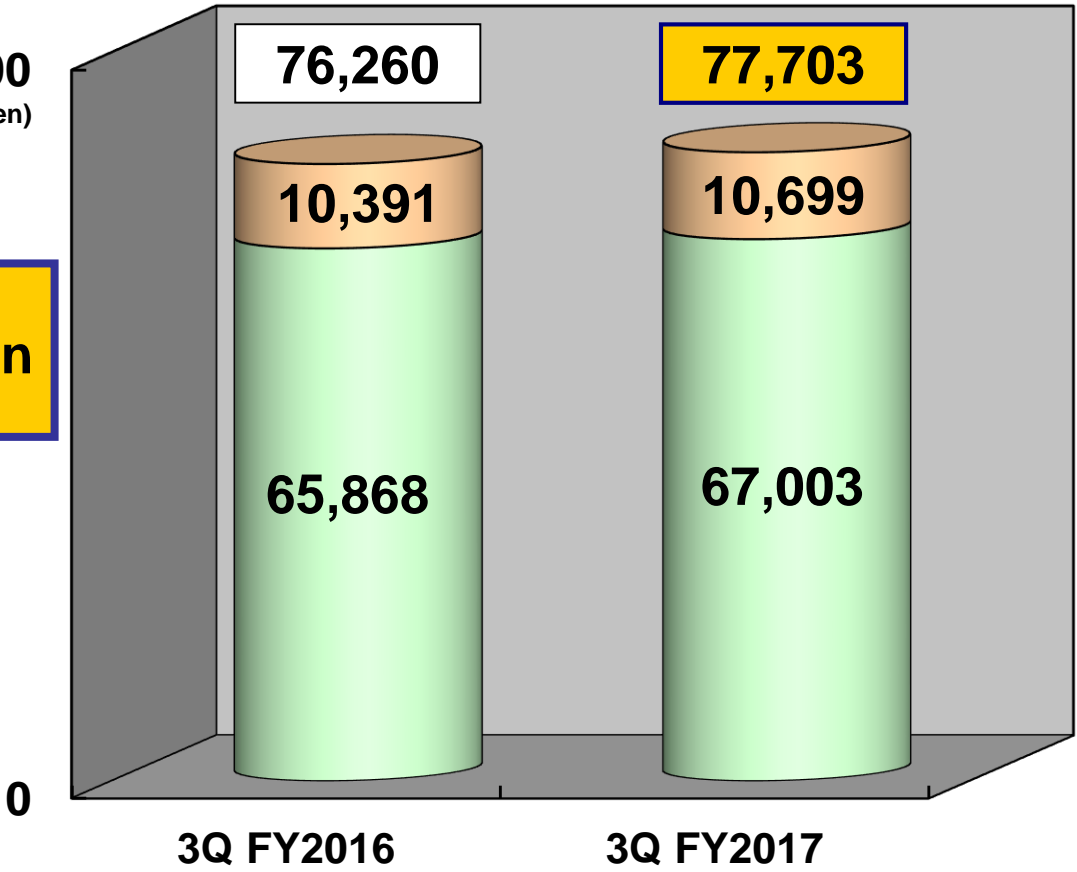


# Net Sales

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	%
<b>Revenue</b>						
<b>Net sales</b>	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%
<b>Operating expenses</b>	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	
<b>Operating income</b>	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

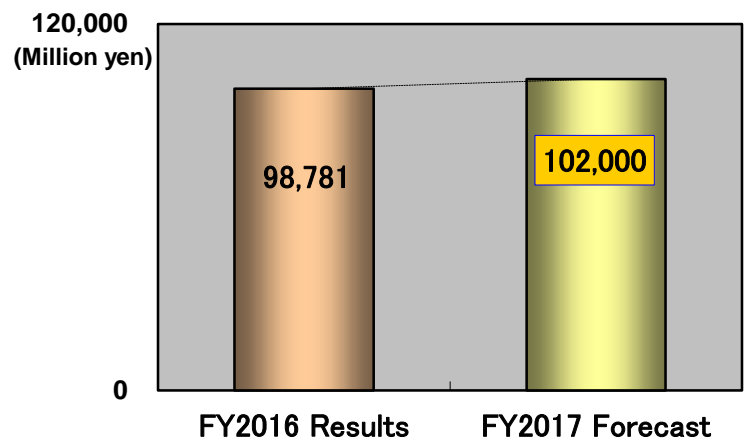
(Million yen)

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

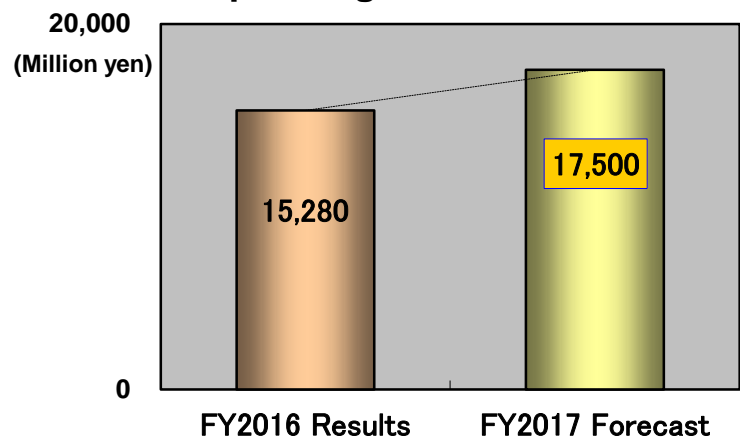


# Business Forecast for the Year Ending March 31, 2018

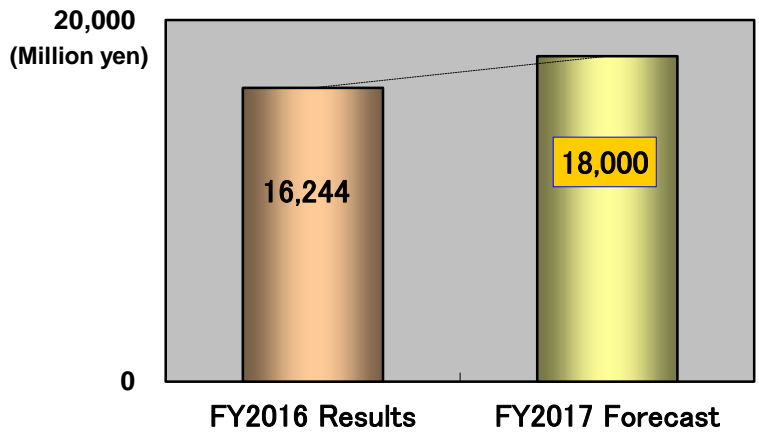
**Net sales + 3.3%**



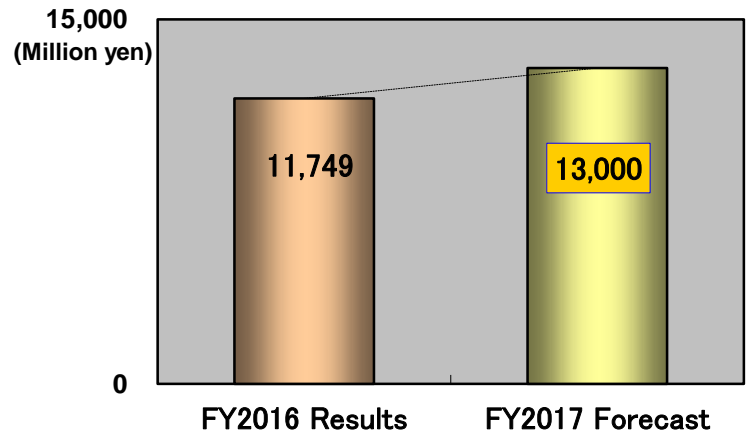
**Operating income +14.5%**



**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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