

Outline of Consolidated Financial Results for the 3rd Quarter Ended December 31, 2013

February 6, 2014
NIPPON SHINYAKU CO., LTD.



Operating Results

(Million yen)

| | 3QFY2012 | | 3QFY2013 | | YoY Change | |
|------------------|----------|--------|----------|--------|------------|------|
| | Results | Ratio | Results | Ratio | Amt | % |
| Net sales | 51,514 | 100.0% | 55,813 | 100.0% | 4,299 | 8.3% |
| Operating income | 5,361 | 10.4% | 5,425 | 9.7% | 63 | 1.2% |
| Ordinary income | 5,698 | 11.1% | 5,950 | 10.7% | 252 | 4.4% |
| Net income | 3,557 | 6.9% | 3,899 | 7.0% | 341 | 9.6% |



Segmental Review

— Pharmaceuticals —

(Million yen)

| | 3QFY2012 | | 3QFY2013 | | YoY Change | |
|---|----------|--------|----------|--------|------------|--------|
| | Results | Ratio | Results | Ratio | Amt | % |
| Ethical drugs | 41,945 | 98.3% | 45,012 | 98.5% | 3,067 | 7.3% |
| Revenues from the licensing of industrial property rights | 94 | 0.2% | 40 | 0.1% | -54 | -57.2% |
| Prulifloxacin | 507 | 1.2% | 518 | 1.1% | 11 | 2.2% |
| Contract manufacturing business | 121 | 0.3% | 137 | 0.3% | 16 | 13.4% |
| Net sales | 42,668 | 100.0% | 45,709 | 100.0% | 3,041 | 7.1% |

Increase in sales:

- **Vidaza (+1,873 Million yen, +35.5%)**
(Remedy for myelodysplastic syndrome)
- **Lunabell (+905 Million yen, +24.2%)**
(Remedy for dysmenorrhea)
- **Adcirca (+630 Million yen, +44.3%)**
(Remedy for pulmonary arterial hypertension)
- **Tramal (+480 Million yen, +136.8%)**
(Remedy for cancer pain, chronic pain)

etc.

Decrease in sales:

- **Hypen (-379 Million yen, -14.4%)**
(Non-steroidal analgesic and anti-inflammatory agent)
- **Eviprostat (-270 Million yen, -6.8%)**
(Remedy for benign prostatic hyperplasia)
- **Erizas (-223 Million yen, -28.8%)**
(Remedy for Allergic Rhinitis)
- **Selectol (-215 Million yen, -13.5%)**
(Vasodilating beta-1 blocker)

etc.



Segmental Review

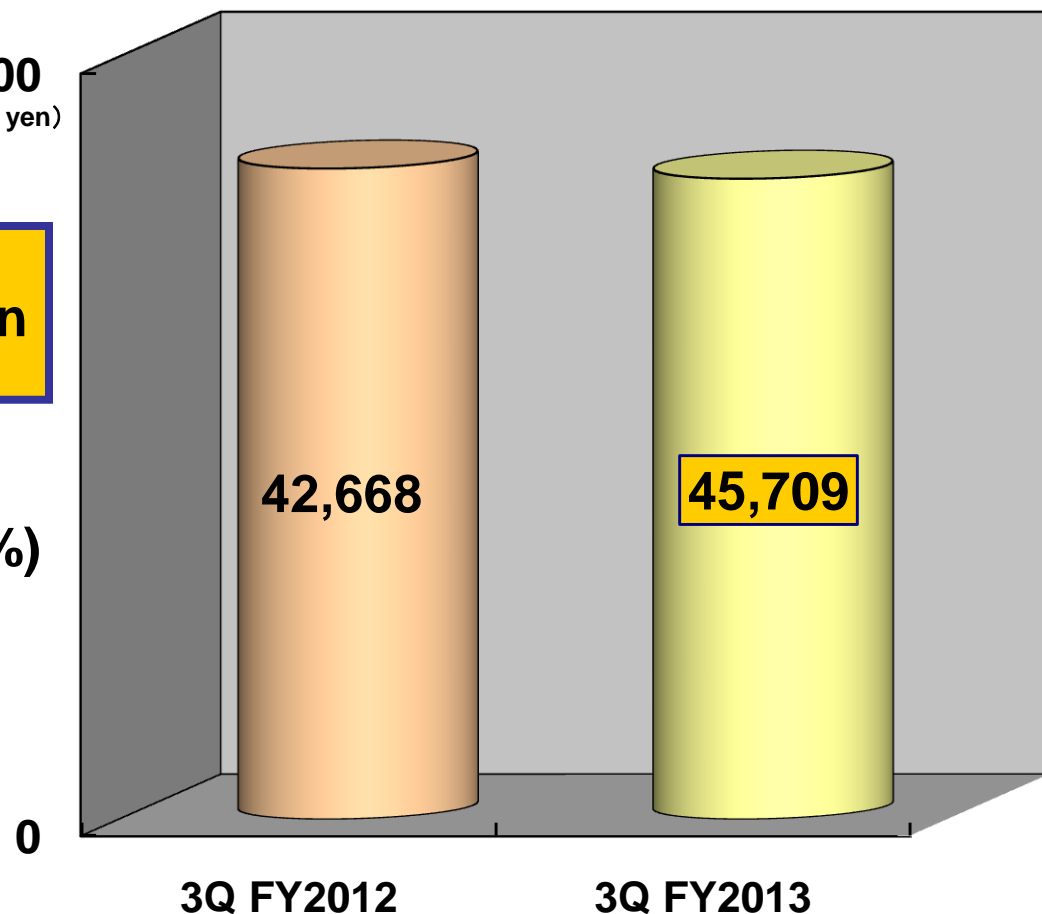
— Pharmaceuticals —

Net sales 45,709 million yen

Year-on-Year change

+ 3,041 million yen (+7.1%)

50,000
(Million yen)





Segmental Review

— Functional Food —

(Million yen)

| | 3QFY2012 | | 3QFY2013 | | YoY Change | |
|-------------------------|----------|--------|----------|--------|------------|-------|
| | Results | Ratio | Results | Ratio | Amt | % |
| Health food ingredients | 592 | 6.7% | 652 | 6.5% | 59 | 10.1% |
| Preservatives | 1,305 | 14.8% | 1,363 | 13.5% | 58 | 4.5% |
| Protein preparations | 4,500 | 50.9% | 5,534 | 54.8% | 1,035 | 23.0% |
| Nutritional ingredients | 1,335 | 15.1% | 1,473 | 14.6% | 137 | 10.3% |
| Others | 1,113 | 12.5% | 1,079 | 10.6% | -32 | -2.9% |
| Net sales | 8,845 | 100.0% | 10,103 | 100.0% | 1,258 | 14.2% |



Segmental Review

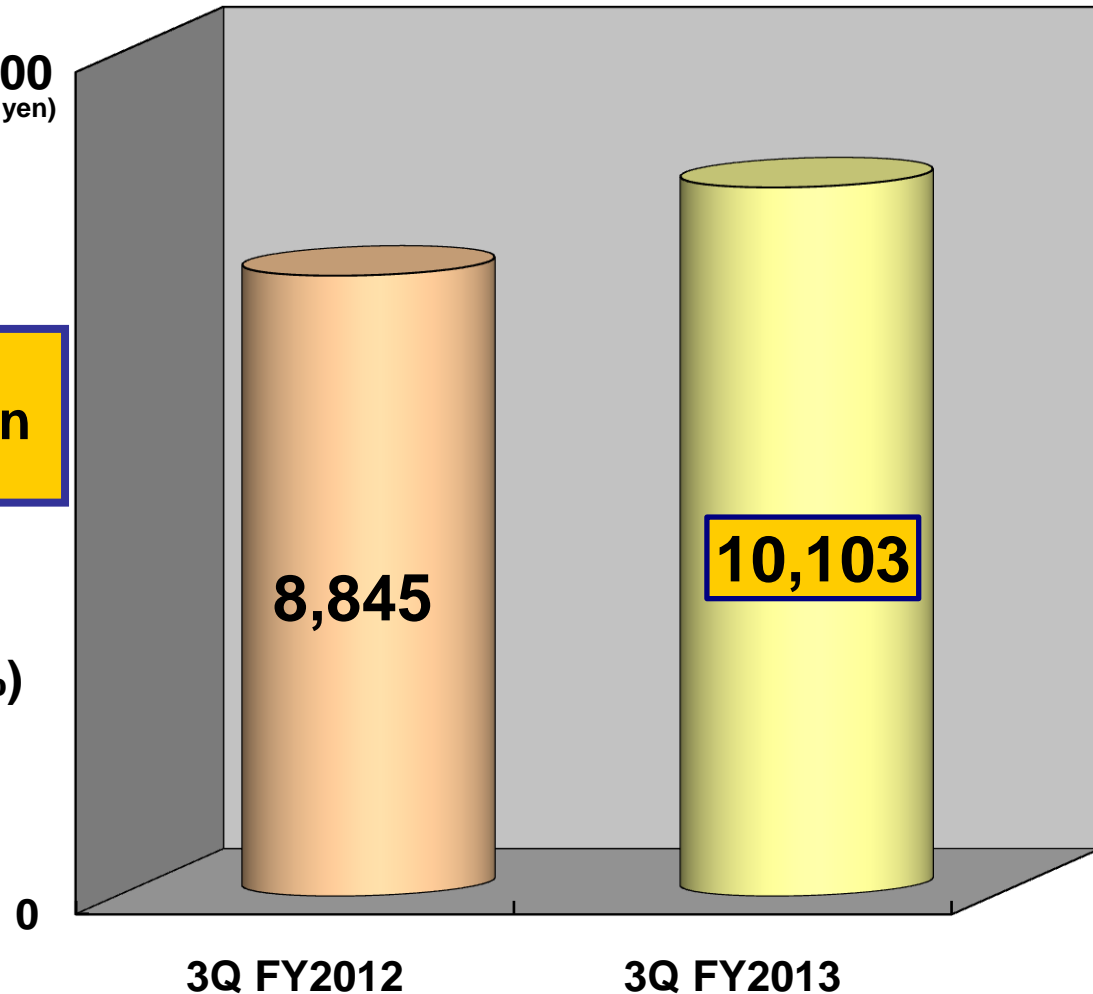
— Functional Food —

12,000
(Million yen)

Net sales 10,103 million yen

Year-on-Year change

+1,258 million yen (+14.2%)





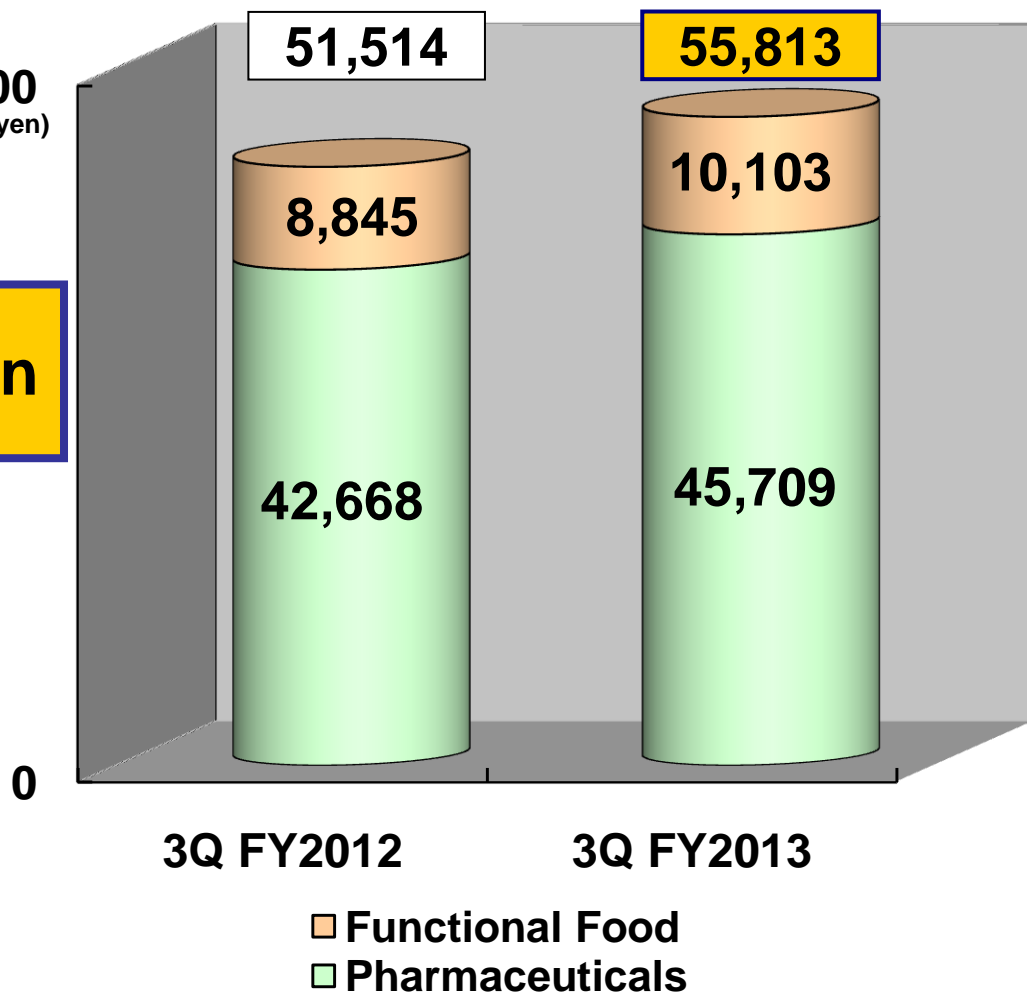
Net Sales

Net sales 55,813 million yen

Year-on-Year change

+4,299 million yen (+8.3%)

60,000
(Million yen)





Consolidated Statements of Income

(Million yen)

| | 3QFY2012 | | 3QFY2013 | | YoY Change | |
|---------------------------|----------|--------|----------|--------|------------|-------|
| | Results | Ratio | Results | Ratio | Amt | % |
| Revenue | | | | | | |
| Net sales | 51,514 | 100.0% | 55,813 | 100.0% | 4,299 | 8.3% |
| Pharmaceuticals | 42,668 | 82.8% | 45,709 | 81.9% | 3,041 | 7.1% |
| Functinal Food | 8,845 | 17.2% | 10,103 | 18.1% | 1,258 | 14.2% |
| Operating expenses | 46,152 | 89.6% | 50,388 | 90.3% | 4,235 | 9.2% |
| Cost of sales | 25,471 | 49.4% | 28,477 | 51.0% | 3,006 | |
| SG&A expenses | 14,270 | 27.8% | 14,807 | 26.6% | 537 | |
| R&D expenses | 6,411 | 12.4% | 7,102 | 12.7% | 691 | |
| Operating income | 5,361 | 10.4% | 5,425 | 9.7% | 63 | 1.2% |



Consolidated Statements of Income

(Million yen)

| | 3QFY2012 | | 3QFY2013 | | YoY Change | |
|------------------------|----------|-------|----------|-------|------------|-------|
| | Results | Ratio | Results | Ratio | Amt | % |
| Operating income | 5,361 | 10.4% | 5,425 | 9.7% | 63 | 1.2% |
| Non-operating income | 714 | 1.4% | 880 | 1.6% | 165 | 23.2% |
| Non-operating expenses | 378 | 0.7% | 355 | 0.6% | -23 | -6.1% |
| Ordinary income | 5,698 | 11.1% | 5,950 | 10.7% | 252 | 4.4% |
| Total income taxes | 2,140 | 4.2% | 2,051 | 3.7% | -89 | -4.2% |
| Net income | 3,557 | 6.9% | 3,899 | 7.0% | 341 | 9.6% |



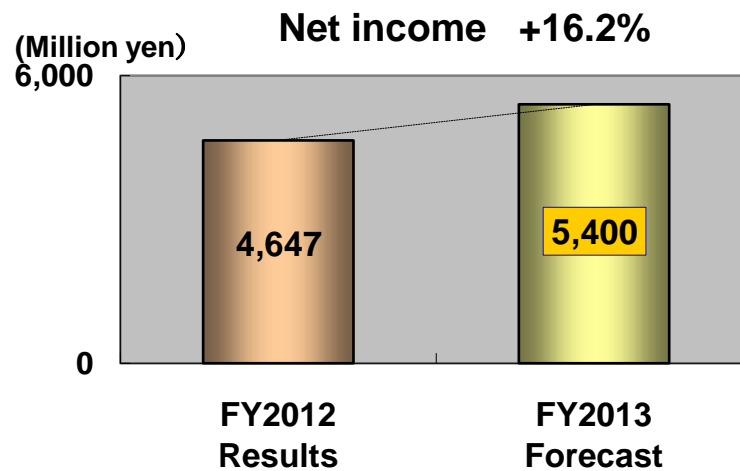
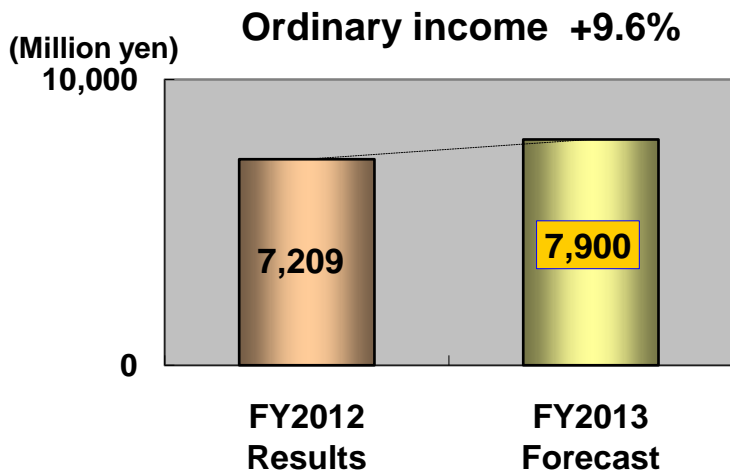
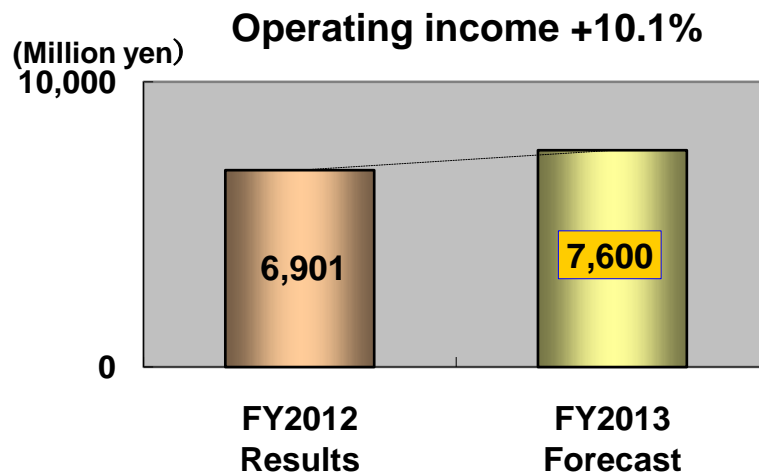
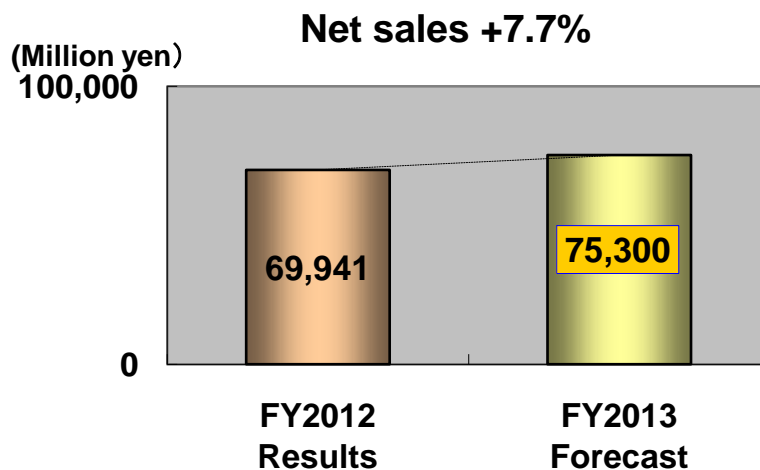
Consolidated Balance Sheet for the Quarter

(Million yen)

| | FY2012 | FY2013 | | | FY2012 | FY2013 | |
|---------------------|---------|---------|---------|---|---------|---------|---------|
| | 4Q | 3Q | Amt Chg | | 4Q | 3Q | Amt Chg |
| Assets | 113,730 | 115,579 | 1,848 | Liabilities | 24,201 | 22,446 | -1,755 |
| (Current assets) | 70,932 | 71,277 | 344 | (Current liabilities) | 15,677 | 13,514 | -2,162 |
| (Fixed assets) | 42,798 | 44,301 | 1,503 | (Long-term liabilities) | 8,523 | 8,931 | 407 |
| | | | | Net assets | 89,529 | 93,133 | 3,603 |
| Total Assets | 113,730 | 115,579 | 1,848 | Total liabilities and net assets | 113,730 | 115,579 | 1,848 |



Business Forecast for the Year Ending March 31, 2014



Status of Development Pipeline



R&D Compounds(Domestic)

| Code No. (Generic name) <Origin> | Application type | Indications | Stage | FY2011 | FY2012 | FY2013 | FY2014 |
|---|---------------------|--|---------------------------|-------------------------------|--------------|---------------|---------------|
| LY450190 (tadalafil) <in-license> | new indication | urinary disorder caused by benign prostatic hyperplasia | Approval | Eli Lilly Japan k.k. P III | NDA Filed | Approval ● | |
| NS-24 (tramadol hydrochloride) <in-license> | new formulation | cancer pain chronic pain | Preparation for NDA | P I | P III | | NDA Filing |
| ACT-064992 (macitentan) <in-license> | NME | pulmonary arterial hypertension | P III | | P III | | NDA Filing |
| GA101 (obinutuzumab) <in-license> | NME | indolent non-Hodgkin's lymphoma aggressive non-Hodgkin's lymphoma | P III | P III | | | |



R&D Compounds(Domestic)

| Code No. (Generic name) <Origin> | Application type | Indications | Stage | FY2011 | FY2012 | FY2013 | FY2014 |
|--|---------------------|--|-------|--------|--------|--------|--------|
| NS-304 (selexipag) <in-house> | NME | pulmonary arterial hypertension | P II | P II → | | | |
| | | chronic thromboembolic pulmonary hypertension | P II | P II → | | | |
| | | arteriosclerosis obliterans | P II | | | P II → | |
| NS-141 <in-house> | NME | pruritus associated with atopic dermatitis | P II | P II → | | | |
| NS-986 <in-license> | NME | nocturia | P II | | | P II → | |



R&D Compounds(Overseas)

| Code No. (Generic name) <Origin> | Application type | Indications | Stage | FY2011 | FY2012 | FY2013 | FY2014 |
|--|---------------------|--|------------------|-------------------|--------|---------|---------------|
| prulifloxacin <in-house> | NME | bacterial infections | China P III | Lee's Pharma | | P III → | NDA Filing |
| NS-304 (selexipag) <in-house> | NME | pulmonary arterial hypertension | US/EU P III | Actelion P III | → | | |
| NS-187 (bafetinib) <in-house> | NME | B-cell chronic lymphocytic leukemia | US P II | CytRx P II | → | | |
| NS-018 <in-house> | NME | myelofibrosis | US P I / P II | → | | | |



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