

Consolidated Financial Results for Cumulative 3rd Quarter of Fiscal Year Ending March 31, 2017

1. Revenue

Revenue totaled ¥188.8 billion, which was an increase of ¥76.4 billion (68.0%) compared with the same period a year ago.

While sales of long-term listed products decreased due to an influence of drug price revision and generic drug use promotion policies, sales of key new products increased. Especially, sales of OPDIVO Intravenous Infusion for malignant tumors increased by ¥76.9 billion (1,360.4%) year-on-year to ¥82.6 billion due to expansion in use for unresectable, advanced or recurrent non-small cell lung cancer and renal cell cancer. In addition, royalty revenue from Bristol-Myers Squibb also increased by ¥14.1 billion from ¥4.8 billion year-on-year to ¥18.9 billion.

Sales of the following other key new products steadily increased: ORENCIA Subcutaneous Injection for rheumatoid arthritis, EMEND Capsules and PROEMEND for Intravenous Injection for chemotherapy induced nausea and vomiting, RIVASTACH Patch for Alzheimer's disease and FORXIGA Tablets for type-2 diabetes. Please refer to page 9 of Third Quarter Flash Report for details.

Sales of key new products:

Sales of OPDIVO Intravenous Infusion for malignant tumors increased by ¥76.9 billion (1,360.4%) year-on-year to ¥82.6 billion. There is no revision in the full-year forecast because sales forecast had been revised from ¥126.0 billion to ¥105.0 billion in December 2016, considering an influence of drug price revision (50% cut) to be implemented from February 2017 and a change in market environment. The estimated cumulative number of patients treated with OPDIVO was approximately 14,000 in total up to January 15, 2017. The breakdown in a type of cancers was about 11,600 patients in non-small cell lung cancer, about 1,900 in melanoma, about 450 in renal cell cancer which was approved in August 2016 and 9 in classical Hodgkin lymphoma approved in December 2016.

Sales of GLACTIV Tablets for type-2 diabetes decreased by ¥2.6 billion (-10.4%) year-on-year to ¥22.7 billion, which is slightly behind the full-year forecast of ¥29.5 billion (-6.1% from the previous period). But, the sales of GLACTIV for this fiscal year is anticipated to accomplish the initial forecast of ¥29.5 billion (-1.9 billion from the previous period) by aiming to expand the number of patients to be newly prescribed.

Sales of RECALBON Tablets for osteoporosis decreased by ¥0.1 billion (-1.3%) year-on-year to ¥8.7 billion (1 mg tab: ¥0.3 billion and 50 mg tab: ¥8.4 billion), which was almost equal to the forecast. The full-year sales is expected to increase by ¥0.2 billion from the previous period to ¥11.5 billion (1 mg tab: ¥0.5 billion and 50 mg tab: ¥11.0 billion).

Sales of ORENCIA Subcutaneous Injection for rheumatoid arthritis was ¥8.7 billion, which was an increase by ¥2.7 billion (44.3%) year-on-year. The sales forecast was revised upward to ¥11.5 billion from ¥10.0 billion at the announcement of the 2nd quarter. The sales steadily increased. The full-year sales is expected to increase by ¥3.5 billion compared with the previous period to ¥11.5 billion, as forecasted to be revised.

The combined sales of EMEND Capsules and PROEMEND for Intravenous Injection for chemotherapy-induced nausea and vomiting increased by ¥0.3 billion (3.9%) year-on-year to ¥7.6 billion, almost as expected. The sales breakdown of the products was ¥5.8 billion for EMEND and ¥1.8 billion for PROEMEND. The full-year sales forecast of ¥10.0 billion, which is an increase by ¥0.5 billion (5.6%) from the previous period.

Sales of RIVASTACH Patch for Alzheimer's disease increased by ¥0.7 billion (12.1%) year-on-year to ¥6.8 billion, almost as estimated. The sales for this fiscal year is expected to increase by ¥1.2 billion (14.9%) to ¥9.0 billion compared with the previous period.

Sales of FORXIGA Tablets for type-2 diabetes increased by ¥2.8 billion (92.2%) year-on-year to ¥5.8 billion. The sales expansion is equal to the market expansion of SLGT-2 inhibitors, retaining about 22% of the market share. While the sales was slightly behind the full-year expectation of ¥8.5 billion, an increase by ¥4.2 billion from the previous period, we commit to achieving it through expansion of the number of patients to be newly prescribed based on abundant evidence on the lowering effect of blood glucose and safety of SLGT-2 inhibitors.

Sales of ONOACT Intravenous Infusion for tachyarrhythmia decreased by ¥0.1 billion (-3.2%) year-on-year to ¥4.4 billion. We commit to achieving the full-year expectation of ¥6.5 billion (an increase by ¥0.8 billion from the previous period) by enforcing our activity in providing information on the cardiovascular field, because target patients are larger in number in winter than in summer.

Sales of STAYBLA Tablets for overactive bladder decreased by ¥0.3 billion (-8.6%) year-on-year to ¥3.7 billion. The sales for this fiscal year is anticipated to decrease by ¥0.2 billion (-3.2%) from the previous period to ¥5.0 billion.

Sales of KYPROLIS for Intravenous Infusion for relapsed or refractory multiple myeloma launched on August 31, 2016 showed a favorable start in sales with ¥1.1 billion. The sales for this fiscal year is anticipated to be ¥2.0 billion.

Sales of long-term listed products:

With respect to sales of long-term listed products, it decreased by about 26 - 27% due to the influence of drug price revision and generic drugs.

2. Operating profit

Operating profit was ¥53.3 billion, an increase of ¥31.0 billion (138.8%) compared with the same period a year ago.

Cost of sales increased by ¥20.3 billion (67.7%) year-on-year to ¥50.3 billion in association with the increase of revenue. Research and development (R&D) costs increased by ¥9.6 billion (32.6%) year-on-year to ¥39.0 billion. While selling and general administrative expenses except R&D costs increased by ¥14.8 billion (48.6%) year-on-year to ¥45.2 billion, operating profit increased by ¥31.0 billion, because revenue remarkably increased by ¥76.4 billion year-on-year.

As personnel cost decreased by ¥6.3 billion in the same period a year ago due to the

influence of past service costs by revision of the retirement benefits plan, operating profit except the influence increased by ¥37.3 billion.

3. Profit for the quarter (attributable to owners of the parent company)

Profit for the quarter increased by ¥23.3 billion (121.4%) year-on-year to ¥42.5 billion.

The profit for the quarter (attributable to owners of the parent company) excluding the influence of revision of the retirement benefit plan in the same period increased by ¥28.2 billion (196.3%).

Revenue and profit for the quarter reached a record in terms of the cumulative 3rd quarter.

Consolidated financial forecasts for fiscal year ending March 31, 2017

ONO had been in dispute with Merck (the US) and its subsidiaries by filing a patent infringement litigation against sales of their anti-PD-1 antibody product, but entered into a settlement with them in January 2017 and will receive an initial payment from them. The sum excluding litigation-related expenses will be allocated as other income. Herewith, the consolidated financial forecast published on December 21, 2016 was revised. Please refer to page 2 of the Third Quarter Flash Report for details.

Revisions of financial forecast

- No revision in revenue was made from the latest announcement.
- Operating profit was revised upward by ¥14.5 billion from ¥54.0 billion to ¥68.5 billion.
- Profit before tax was revised upward by ¥14.5 billion from ¥56.0 billion to ¥70.5 billion.
- Profit for the quarter (attributable to owners of the parent company) was revised upward by ¥10.5 billion from ¥41.8 billion to ¥52.3 billion.

The company plans a year-end dividend of ¥20 per share. No change was made.