

**Business Results during Consolidated 1<sup>st</sup> Quarter for  
Fiscal Year Ended March 31, 2018**

1. Revenue

Revenue totaled ¥60.9 billion, which was an increase of ¥2.2 billion (3.7%) year-on-year from the previous fiscal year.

Sales of OPDIVO Intravenous Infusion for malignant tumors decreased by ¥5.4 billion (-21.4%) year-on-year to ¥19.8 billion due to the impact of drug price cut of 50% from February 2017, while the use has been expanded for renal cell carcinoma, and head and neck cancer additionally approved in the previous fiscal year. On the other hand, royalty revenue of OPDIVO from Bristol-Myers Squibb increased by ¥4.6 billion (108.4%) year-on-year to ¥8.9 billion.

For sales of other key new products, sales of GLACTIV Tablets for type-2 diabetes decreased by ¥0.7 billion year-on-year to ¥7.0 billion, and RECALBON Tablets for osteoporosis decreased by ¥0.2 billion to ¥2.7 billion due to the intensified competition. However, sales of ORENCIA Subcutaneous Injection for rheumatoid arthritis steadily increased by ¥0.6 billion year-on-year to ¥3.3 billion, and sales of FORXIGA Tablets for type-2 diabetes increased by ¥0.8 billion year-on-year to ¥2.6 billion, showing a steady increase. Further, sales of KYPROLIS for Intravenous Infusion newly launched in the previous fiscal year for multiple myeloma was ¥1.2 billion, and sales of PARSABIV Intravenous Injection for Dialysis also launched in the previous fiscal year for secondary hyperparathyroidism in patients on hemodialysis was ¥0.6 billion, both showing steady increase .

Sales of long-term listed products decreased due to the impact of competitive drugs and generic drug use promotion policies.

2. Operating profit

Operating profit was ¥14.3 billion, a decrease of ¥3.0 billion (-17.2%) year-on-year from the previous fiscal year.

Cost of sales decreased by ¥1.1 billion (-6.6%) year-on-year to ¥15.1 billion in association with the decrease of the revenue of goods and products. Research and development (R&D) costs increased by ¥3.8 billion (34.3%) year-on-year to ¥14.9 billion due to the increase in the expenses related to OPDIVO. Selling and general administrative expenses except R&D costs increased by ¥2.2 billion (15.6%) year-on-year to ¥16.2 billion due to the increase in operating

expenses of OPDIVO and expenses related to management of safety information on OPDIVO, in addition to operating expenses related to the launch of new products including PARSABIV.

Although sales revenue increased by ¥2.2 billion, operating income decreased by ¥3 billion year-on-year, due to an increase in R & D expenses and selling and general administrative expenses.

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

Profit for the period decreased by ¥1.9 billion (-13.9%) year-on-year to ¥11.8 billion in association with the decrease of the profit before tax.

While the profit for the cumulative 1st quarter exceeds the one for the cumulative 2<sup>nd</sup> quarter outlook announced on May 11, there is no revision in the consolidated financial forecasts for the cumulative 2nd quarter and the full year, taking the progress of expenses.

Sales of key products:

OPDIVO Intravenous Infusion:

Sales of OPDIVO Intravenous Infusion for malignant tumors decreased by ¥5.4 billion (-21.4%) year-on-year to ¥19.8 billion, due to the impact of urgent drug price reduction made in February this year and the competitive product, KEYTRUDA. However, as a result of the increased number of patients newly treated with OPDIVO for renal cell carcinoma, and head and neck carcinoma, the volume used increased by about 60% on the quantity basis.

As of July 15, 2017, the number of patients treated with OPDIVO was about 20,000, including about 15,500 for non-small cell lung cancer, about 2,200 for malignant melanoma, about 1,400 for renal cell carcinoma, about 100 for Hodgkin lymphoma, as well as about 670 for head and neck cancer approved in March this year.

Regarding the full-year forecast, we plan to review it after obtaining the approval for additional indication of gastric cancer currently under filing with expected approval this autumn. The anticipated number of gastric cancer patients will be a total of 13,000, including 10,000 for 3<sup>rd</sup> line therapy and 3,000 for 4<sup>th</sup> or later line therapy, according to our own surveys (external data and questionnaire results through the third party). We estimate that the number of patients actually treated with OPDIVO will be about 40% for the 3<sup>rd</sup> line therapy and about 20% for 4<sup>th</sup> or later line therapy, which will result in the contribution of about ¥6.0 billion in sales for this fiscal year.

#### GLACTIV Tablets:

Sales of GLACTIV Tablets for type-2 diabetes decreased by ¥0.7 billion (-8.6%) year-on-year to ¥7.0 billion, due to the intensified competition in the DDP-4 inhibitor market, which is slightly behind the full-year forecast of ¥29.5 billion (increase of ¥0.1 billion (0.4%) from the previous year). But, the full-year sales of GLACTIV is anticipated to accomplish the initial forecast of ¥29.5 billion by aiming to expand the number of patients to be newly prescribed.

#### ORENCIA Subcutaneous Injection:

Continuing from the previous fiscal year, sales of ORENCIA Subcutaneous Injection for rheumatoid arthritis steadily increased by ¥0.6 billion (23.1%) year-on-year to ¥3.3 billion.

#### RECALBON Tablets:

Sales of RECALBON Tablets for osteoporosis decreased by ¥0.2 billion (-6.0%) year-on-year to ¥2.7 billion, which was almost equal to the forecast. The sales breakdown of the products was ¥0.1 billion for 1 mg Tablet and ¥2.6 billion for 50 mg Tablet.

#### FORXIGA Tablets:

Sales of FORXIGA Tablets for type-2 diabetes steadily increased by ¥0.8 billion (45.7%) year-on-year to ¥2.6 billion.

#### RIVASTACH Patch:

Sales of RIVASTACH Patch for Alzheimer's disease was ¥2.2 billion, which is almost equal to the previous period. The progress is slightly lower than the full-year forecast of ¥10.0 billion (increase of 12.9% from the previous year). However, as the evaluation of the formulation convenience as a patch has been increasing, we will achieve the full-year forecast of ¥10 billion by aiming to expand the number of patients to be newly treated.

#### EMEND Capsules and PROEMEND for Intravenous Injection:

The combined sales of EMEND Capsules and PROEMEND for Intravenous Injection for chemotherapy-induced nausea and vomiting decreased by ¥0.1 billion (-3.5%) year-on-year to ¥2.5 billion, almost as expected. The sales breakdown of the products was ¥1.9 billion for EMEND and ¥0.6 billion for PROEMEND.

#### KYPROLIS for Intravenous Infusion:

Sales of KYPROLIS for Intravenous Infusion for multiple myeloma was ¥1.2 billion. In addition to the 3-drug combination regimen approved August last year, the 2-drug combination regimen with higher dose was approved in May this year. There is no change in the full-year forecast of ¥6.0 billion.

ONOACT Intravenous Infusion:

Sales of ONOACT Intravenous Infusion for tachyarrhythmia was ¥2.2 billion, which is almost equal to the previous period.

PARSABIV Intravenous Injection for Dialysis

Sales of PARSABIV Intravenous Injection for Dialysis for secondary hyperparathyroidism in patients on hemodialysis was ¥0.6 billion, showing a good start. We have already acquired 70% accounts of about 4,000 target hospitals and the number of patients used has exceeded 10,000 since the launch of the product.

Long-term listed products:

Sales of long-term listed products including OPALMON Tablets for peripheral circulatory disorder decreased by slightly more than 20%, due to the impact of generic drugs.