

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019

1. Revenue

Revenue totaled ¥223.2 billion, which was an increase of ¥22.6 billion (11.3%) from the corresponding period of the previous fiscal year (year-on-year).

The revenue included the revenue of goods and products which increased by ¥3.9 billion (2.4%) year-on-year to ¥163.8 billion, and royalty and other revenue which increased by ¥18.8 billion (46.2%) year-on-year to ¥59.4 billion.

Sales of long-term listed products were affected and decreased by the impact of National Health Insurance (NHI) drug price reduction and generic drug use promotion policies. Although Opdivo Intravenous Infusion for malignant tumors, one of main products, was affected by the revision of the NHI drug price reduction, its use was expanded for the treatment of renal cell carcinoma, and head and neck cancer approved in the fiscal year before last as well as gastric cancer and others in the previous fiscal year, resulting in sales of ¥71.3 billion, an increase of ¥2.4 billion (3.4%) year-on-year.

With respect to other main products, sales of Orencia Subcutaneous Injection for rheumatoid arthritis were ¥13.4 billion (increased by ¥2.5 billion year-on-year), sales of Forxiga Tablets for type-2 diabetes were ¥11.1 billion (increased by ¥2.6 billion year-on-year), and sales of Parsabiv Intravenous Injection for Dialysis for secondary hyperparathyroidism on hemodialysis were ¥4.4 billion (increased by ¥1.9 billion year-on-year), resulting in the steady increase in sales.

As shown in the Page 13 of the “Consolidated Financial Results”, royalty and other revenue included royalty revenue of ¥43.3 billion (increased by ¥14.9 year-on-year) of Opdivo Intravenous Infusion from Bristol-Myers Squibb Company and of ¥9.0 billion (increased by ¥4.6 billion year-on-year) of Keytruda® from Merck & Co., Inc.

2. Operating Profit

Operating profit was ¥52.1 billion, a slight decrease of 0.1% year-on-year.

Cost of sales was ¥66.6 billion, an increase of ¥16.4 billion (32.6%) year-on-year mainly due to the impact of applying IFRS 15 (an increase of ¥8.3 billion compared with the previous accounting standards) and one-time expense in order to ensure stable supply of Opdivo drug substance.

Research and development costs increased by ¥2.8 billion (5.8%) year-on-year to ¥51.2 billion mainly due to an increase of Opdivo Intravenous Infusion-related expenses and license fees associated with drug discovery alliance.

Selling, general, and administrative expenses (except for research and development costs) increased by ¥2.7 billion (5.4%) year-on-year to ¥52.2 billion due to the rise in operating costs related to main new products such as Opdivo Intravenous Infusion and Forxiga Tablets.

3. Profit before tax for the period (attributable to owners of the Company)

Profit attributable to owners of the Company increased by ¥1.7 billion (4.1%) year-on-year to ¥43.1 billion due to the decrease of income tax expense (decrease of the forecasted annual tax rate).

The increase in quarterly profit attributable to owners of the Company was due to the difference in corporate income tax because profit before tax was almost the same as in the same period of the previous year, but this is due to the impact caused by the difference in the expected annual tax rate used in the quarterly financial result during the period.

Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019

There are no changes from the forecasts of consolidated financial results for the year ending March 31, 2019 announced on November 1, 2018.

Year-end Dividend:

The Company plans to pay ¥22.5 per share for the year-end dividend. There is no change at present from the previous announcement.