

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

1. Revenue

Revenue totaled ¥71.2 billion, which was an increase of ¥10.3 billion (17.0%) year-on-year from the previous fiscal year.

Revenue of goods and products, primarily those of OPDIVO Intravenous Infusion for malignant tumors, steadily increased by ¥5.4 billion (11.2%) year-on-year to ¥53.9 billion, while some products were affected by drug price revisions. Royalty and other revenue increased by ¥4.9 billion (39.6%) year-on-year to ¥17.4 billion.

Royalty and other revenue include royalty revenue of OPDIVO from Bristol-Myers Squibb (BMS), co-promotion fee of ORENCIA Subcutaneous Injection for rheumatoid, etc. The royalty revenue of OPDIVO from BMS increased by ¥4.5 billion year-on-year to ¥13.4 billion.

Sales of OPDIVO increased by ¥3.0 billion (15.0%) year-on-year to ¥22.8 billion due to the use for expanded indications of renal cell carcinoma, and head & neck cancer both approved in FY2016, gastric cancer approved in FY2017, etc.

For sales of other key new products, sales of GLACTIV Tablets for type-2 diabetes increased by ¥0.1 billion year-on-year to ¥7.1 billion. Sales of ORENCIA Subcutaneous Injection for rheumatoid arthritis increased by ¥1.0 billion year-on-year to ¥4.3 billion. Sales of FORXIGA Tablets for type-2 diabetes increased by ¥1.0 billion year-on-year to ¥3.6 billion. The combined sales of EMEND Capsules and PROEMEND for Intravenous Injection for chemotherapy-induced nausea and vomiting increased by ¥0.2 billion year-on-year to ¥2.7 billion. Sales of RIVASTACH Patch for Alzheimer's disease increased by ¥0.1 billion year-on-year to ¥2.3 billion. Sales of KYPROLIS for Intravenous Infusion for multiple myeloma increased by ¥0.1 billion year-on-year to ¥1.3 billion. Sales of PARSABIV Intravenous Injection for Dialysis for secondary hyperparathyroidism on hemodialysis steadily increased by ¥0.7 billion year-on-year to ¥1.3 billion.

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

2. Operating profit

Operating profit was ¥18.0 billion, an increase of ¥3.7 billion (26.0%) year-on-year from the previous fiscal year.

Cost of sales increased by ¥5.0 billion (33.1%) year-on-year to ¥20.1 billion. Research and development (R&D) costs increased by ¥0.8 billion (5.2%) year-on-year to ¥15.7 billion due to the increase in expenses related to OPDIVO. Selling and general administrative (SG&A) expenses except R&D costs increased by ¥0.8 billion (4.8%) year-on-year to ¥17.0 billion due to the increase in operating expenses of major new products, such as OPDIVO and FORXIGA.

Operating profit increased by ¥3.7 billion year-on-year due to an increase of sales revenue of ¥10.3 billion due to influences, including the application of IFRS 15, while cost of sales, R&D costs, SG&A increased.

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

Profit for the period increased by ¥3.5 billion (29.4%) year-on-year to ¥15.2 billion in association with the increase of the profit before tax.

Finally, as for the change in accounting policy, our Group has applied IFRS 15 since the cumulative 1st quarter period. The effect on the consolidated income statement is that revenue increased by ¥2.5 billion, cost of sales by ¥2.5 billion, operating profit by ¥10 million, profit before tax ¥10 million, respectively, compared with those applied in the previous accounting criteria.

There is no revision in the consolidated financial forecasts for the cumulative 2nd quarter and the full year from those announced on May 10.