



— FACT BOOK —

Supplementary Materials
Financial Results <FY2016>

Otsuka Holdings Co., Ltd.

Corporate Philosophy

Otsuka-people creating new products for better health worldwide

These words embody our commitment to:

- Creating our own unique and innovative products
- Improving human health and well-being
- Contributing to the lives of people worldwide

In keeping with this corporate philosophy and Otsuka's mottoes "*JISSHO*" (Proof through Execution) and "*SOZOSEI*" (Creativity), we strive to utilize our Group's unique assets and skills to develop differentiating scientific solutions which contribute to the lives of people worldwide in the form of innovative and creative products ranging from pharmaceuticals to consumer products.

Otsuka Group is striving to cultivate a culture and a dynamic corporate climate reflecting our vision as a health-care company. As such we are dedicated to achieving global sustainability, to our relationships with local communities and to the protection of the natural environment.

Corporate profile

Company name	Otsuka Holdings Co., Ltd.
Established	July 8, 2008
President and Representative Director, CEO	Tatsuo Higuchi
Capital	JPY 81,690 million
Registered address	2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo 101-0048, Japan
Tokyo headquarters	Shinagawa Grand Central Tower, 2-16-4 Konan, Minato-ku, Tokyo 108-8241, Japan
URL	http://www.otsuka.com/en/

Contents

			Page
I	Financial Highlights	• • • • • • • •	2
II	Consolidated Statements of Income	• • • • • • • •	4
II-1	Sales of Major Products	• • • • • • • •	5
II-2	Segment Information	• • • • • • • •	7
II-3	Selling, General and Administrative Expenses	• • • • • • • •	8
III	Consolidated Balance Sheets	• • • • • • • •	9
IV	Consolidated Statements of Cash Flows	• • • • • • • •	11
V	Shareholders	• • • • • • • •	12
VI	Pipeline Information	• • • • • • • •	13
VII	(Reference) Summary of Financial Statements (J-GAAP)	• • • • • • • •	18

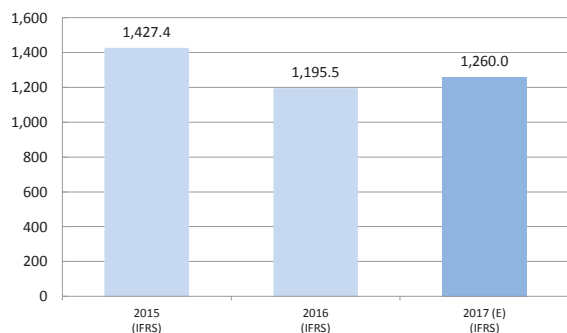
Note

•As of the fiscal year ended December 31, 2016, Otsuka Holdings voluntarily adopted International Financial Reporting Standards (IFRS) for consolidated financial statements, in place of Japanese Generally Accepted Accounting Principles (J-GAAP) previously adopted.

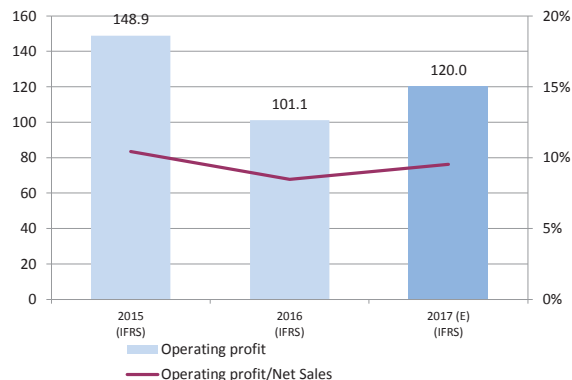
•From FY2014, domestic subsidiaries changed their fiscal year end from March 31 to December 31 in order to standardize its global activities.

I. Financial Highlights

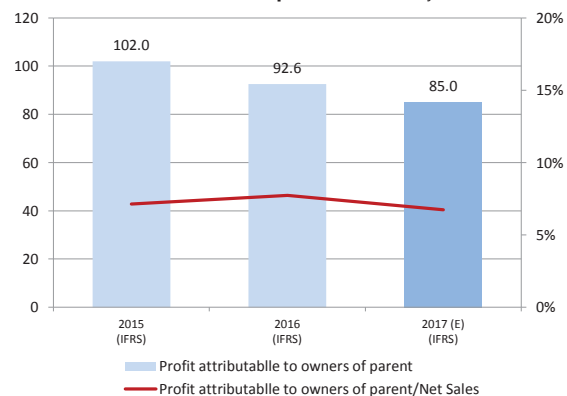
Net Sales (Billions of yen)



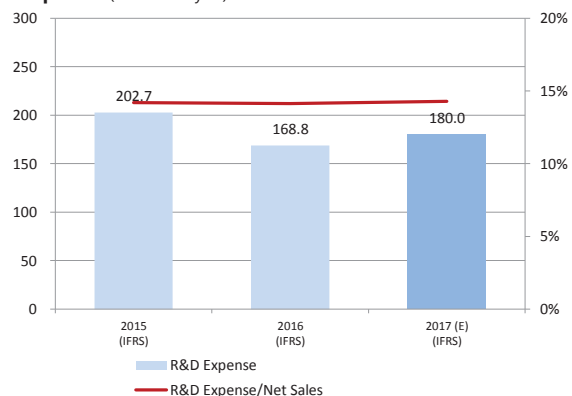
Operating Profit (Billions of yen)



Profit attributable to owners of parent (Billions of yen)



R&D expenses (Billions of yen)



Financial Highlights

		2015 (IFRS)	2016 (IFRS)	1H 2016 (IFRS) <unaudited>	Estimate 1H 2017 (IFRS)	Estimate 2017 (IFRS)
Net sales	(Billions of yen)	1,427.4	1,195.5	587.7	605.0	1,260.0
	YoY		-16.2%		3.0%	5.4%
Selling, general and administrative expenses	(Billions of yen)	636.4	535.9	248.1	265.0	540.0
	YoY		-15.8%		6.8%	0.8%
R&D expenses	(Billions of yen)	202.7	168.8	71.2	85.0	180.0
	YoY		-16.7%		19.5%	6.6%
Share of profit of associates accounted for using equity method	(Billions of yen)	12.4	16.0	9.2	8.0	15.0
	YoY		29.1%		-13.0%	-6.1%
Operating profit	(Billions of yen)	148.9	101.1	82.3	58.0	120.0
	YoY		-32.1%		-29.5%	18.7%
Profit attributable to owners of parent	(Billions of yen)	102.0	92.6	49.6	42.0	85.0
	YoY		-9.2%		-15.3%	-8.2%
Overseas net sales	(Billions of yen)	804.9	571.5	290.8	294.5	611.0
	% of net sales	56.4%	47.8%	49.5%	48.7%	48.5%

		2015 (IFRS)	2016 (IFRS)
Total assets	(Billions of yen)	2,575.3	2,478.3
Total equity	(Billions of yen)	1,727.4	1,738.4
Equity ratio	(%)	66.0%	69.0%

(Billions of yen)

Net sales by business segment	2015 (IFRS)	2016 (IFRS)	Change	1H 2016 (IFRS) <unaudited>	Estimate 1H 2017 (IFRS)	Estimate 2017 (IFRS)
Net sales	1,427.4	1,195.5	-16.2%	587.7	605.0	1,260.0
Pharmaceutical business*	973.5	753.0	-22.6%	370.8	378.0	780.0
Nutraceutical business*	315.4	311.6	-1.2%	151.8	161.0	340.0
Consumer products business*	38.5	35.5	-8.0%	17.2	18.0	37.5
Other business*	145.2	141.3	-2.7%	70.1	71.0	149.0
Eliminations/corporate	-45.2	-45.7		-22.3	-23.0	-46.5

*Intersegment sales are included.

(Billions of yen)

Operating profit by business segment	2015 (IFRS)	2016 (IFRS)	Change	1H 2016 (IFRS) <unaudited>	Estimate 1H 2017 (IFRS)	Estimate 2017 (IFRS)
Operating profit	148.9	101.1	-32.1%	82.3	58.0	120.0
Pharmaceutical business	146.9	92.0	-37.3%			
Nutraceutical business	34.4	32.5	-5.6%			
Consumer products business	6.3	5.5	-13.1%			
Other business	1.0	7.8	708.1%			
Eliminations/corporate	-39.7	-36.6				

(Reference) Exchange rates used to translate operating results of overseas subsidiaries

(yen)

Exchange rate (Yen)	2015 (IFRS)	2016 (IFRS)	Change	Estimate 2017 (IFRS)
US Dollar	121.10	108.77	-12.3	115.00
Euro	134.30	120.25	-14.1	120.00

ROE / EPS / Dividend	2015 (IFRS)	2016 (IFRS)	Change	Estimate 2017 (IFRS)
ROE (Return on equity)	6.1	5.4	-0.7	4.9
EPS (Earnings per share: yen)	188.2	170.8	-17.3	156.9
Annual dividends per share (yen)	100.0	100.0		100.0
Payout ratio	53.1%	58.5%		63.7%

(Billions of yen)

Cash flow information	2015 (IFRS)	2016 (IFRS)	Change
Net cash provided by operating activities	257.9	142.0	-115.9
Net cash used in investing activities	-422.6	-135.1	287.5
Net cash provided by (used in) financing activities	175.0	-93.1	-268.1
Cash and cash equivalents at end of period	460.6	369.9	-90.7

II. Consolidated Statements of Income

(Billions of yen)

	2015 (IFRS)	%	2016 (IFRS)	%	Change
Net sales	1,427.4	100.0%	1,195.5	100.0%	-16.2%
Cost of sales	452.5	31.7%	406.3	34.0%	-10.2%
Gross profit	974.9	68.3%	789.2	66.0%	-19.0%
Selling, general and administrative expenses	636.4	44.6%	535.9	44.8%	-15.8%
Personnel expenses	172.9		167.8		
Depreciation and amortization expenses	33.8		32.8		
Advertisement expenses	33.3		41.5		
Promotion expenses	176.8		97.8		
Impairment loss	18.9		16.3		
Other	200.6		179.6		
Research and development expenses	202.7	14.2%	168.8	14.1%	-16.7%
Share of profit of associates accounted for using equity method	12.4		16.0		
Other income	5.3		4.6		
Other expenses	4.6		3.9		
Operating profit	148.9	10.4%	101.1	8.5%	-32.1%
Finance income	10.0		3.8		
Finance costs	7.8		13.1		
Other non-operating expenses (income)	-0.7		24.8		
Profit before tax	150.3	10.5%	116.7	9.8%	-22.4%
Income tax expenses	50.9		23.3		
Profit for the year	99.4	7.0%	93.3	7.8%	-6.1%
Profit attributable to owners of parent	102.0	7.1%	92.6	7.7%	-9.2%
Profit attributable to non-controlling interests	-2.6		0.8		

II-1. Sales of Major Products

[Pharmaceutical business]

(Billions of yen)

Product name	Company	2015 (IFRS)	2016 (IFRS)	Change	1H 2016 (IFRS) <unaudited>	Estimate 1H 2017 (IFRS)	Estimate 2017 (IFRS)
Antipsychotic agent ABILIFY	Otsuka Pharmaceutical	347.5	95.4	-72.5%	57.4	35.5	66.0
US		242.1	27.8	-88.5%	19.2	6.0	11.5
<US\$ million>		<1,999>	<255>	-87.2%	<172>	<52>	<100>
Japan		35.6	31.7	-10.8%	15.7	16.0	30.0
Others		69.7	35.9	-48.6%	22.4	13.5	24.5
Antipsychotic agent/ Depot injection Abilify Maintena	Otsuka Pharmaceutical	40.4	57.2	41.4%	27.7	33.5	72.5
US		29.9	37.4	25.1%	18.4	20.5	44.0
Japan		1.3	4.3	221.7%	1.8	3.0	7.5
Others		9.2	15.5	68.3%	7.6	10.0	21.0
Antipsychotic agent REXULTI	Otsuka Pharmaceutical	4.6	29.8	545.7%	11.6	23.0	48.0
Agent for pseudobablar affect (PBA) NUDEXTA	Otsuka Pharmaceutical	19.2	23.6	23.1%	11.1	14.5	31.0
Anti-platelet agent Pletal/Pletal	Otsuka Pharmaceutical	31.5	23.6	-25.1%	12.3	10.0	20.0
Japan		23.3	16.2	-30.3%	8.5	6.5	12.5
Others		8.2	7.4	-10.4%	3.7	3.5	7.5
Anti-gastritis and anti-gastric ulcer agent Mucosta	Otsuka Pharmaceutical	15.8	12.5	-21.2%	6.7	5.0	9.0
Japan		11.4	8.2	-28.6%	4.3	2.5	4.5
Others		4.4	4.3	-1.8%	2.4	2.5	4.5
Anti-metabolite TS-1	Taiho Pharmaceutical	29.3	26.9	-8.4%	14.0	12.5	21.0
Anti-metabolite UFT	Taiho Pharmaceutical	7.5	6.5	-13.5%	3.3	3.0	5.5
Reduced folic acid formulation Uzel	Taiho Pharmaceutical	10.5	9.7	-7.5%	5.0	3.5	7.0
Antineoplastic LONSURF	Taiho Pharmaceutical	9.4	30.1	220.6%	14.5	16.5	34.0
US		6.0	23.5	292.2%	12.1	12.5	26.5
Japan		3.3	3.9	16.5%	1.9	2.0	4.0
Others		0.1	2.8	2647.2%	0.6	2.0	3.5
5-HT ₃ receptor antagonist Aloxi	Taiho Pharmaceutical	12.9	14.0	8.3%	6.7	7.0	14.5
Antineoplastic Abraxane	Taiho Pharmaceutical	20.6	20.7	0.2%	10.1	10.0	20.5
Antiepileptic E Keppra	Otsuka Pharmaceutical	23.3	28.5	22.0%	13.1	15.0	32.5
V ₂ -vasopressin receptor antagonist Samsca/JINARC	Otsuka Pharmaceutical	41.6	48.9	17.5%	23.1	29.0	60.0
Japan		25.7	30.5	18.5%	14.3	18.5	39.0
US		11.8	12.1	2.7%	6.0	6.5	13.0
Others (including JINARC)		4.0	6.2	54.4%	2.8	4.0	8.0
Agent for dry eye Mucosta ophthalmic suspension	Otsuka Pharmaceutical	4.5	4.8	7.7%	2.3	2.5	5.0
Parkinsons' disease, RLS* treatment Neupro Patch	Otsuka Pharmaceutical	8.3	10.7	29.0%	4.9	6.0	12.5
Anticancer Sprycel (collaboration with BMS)	Otsuka Pharmaceutical	31.2	29.3	-6.0%	13.8	15.5	31.0
Antibiotic Zosyn/Tazocin (bulk supply)	Taiho Pharmaceutical	13.4	8.8	-34.4%	3.8	2.5	5.5
Diagnostics -total	Otsuka Pharmaceutical	12.2	13.7	12.4%	7.3	7.5	13.5
Parenteral nutrition (clinical nutrition) -total	Otsuka Pharmaceutical Factory	106.2	107.4	1.1%	51.7	53.0	111.0
Japan		88.2	86.7	-1.7%	40.8	42.5	89.0
Others		18.0	20.7	14.9%	10.9	10.5	22.0
Pharmaceutical business -total (excluding exports)	Japan	386.1	387.9	0.5%	184.8	193.0	397.0
Pharmaceutical business -total	Total	973.5	753.0	-22.6%	370.8	378.0	780.0
Milestone and upfront revenue		66.0	18.5	-71.9%	13.7	4.0	14.0

*RLS: Restless legs syndrome

【Nutraceutical business】

(10 thousand cases)

Product name	Company	2015	2016	Change
Pocari Sweat 1 case: 24 bottles, and other (10 thousand cases)	Otsuka Pharmaceutical			
Japan		2,625	2,846	8.4%
Overseas		2,608	2,391	-8.3%
SOYJOY 1 case: 48 bars (10 thousand cases)	Otsuka Pharmaceutical			
Japan		126	136	8.7%
Overseas		20	19	-6.7%
Oronamin C 1 case: 50 bottles (10 thousand cases)	Otsuka Pharmaceutical	1,025	993	-3.1%
Calorie Mate 1 case: 4 barsx30, and other (10 thousand cases)	Otsuka Pharmaceutical	381	402	5.4%
Tiovita Drink 1 case: 50 bottles (10 thousand cases)	Taiho Pharmaceutical	345	350	1.4%
Solmack (10 thousand of bottles)	Taiho Pharmaceutical	1,501	1,525	1.6%

* Overseas sales include sales of consolidated subsidiaries only.

【Consumer business】

(10 thousand cases)

Product name	Company	2015	2016	Change
Bottled Water 1 case: 24 bottles (10 thousand cases)	Otsuka Foods	504	488	-3.1%
Match 1 case: 24 bottles (10 thousand cases)	Otsuka Foods	527	554	5.1%
Other (tea drinks and other) 1 case: 24 bottles (10 thousand cases)	Otsuka Foods	232	240	3.4%

【Other business】

(Billions of yen)

Product name	Company	2015 (IFRS)	2016 (IFRS)	Change
Functional chemicals	Otsuka Chemical	34.3	34.1	-0.7%
Fine chemicals	Otsuka Chemical	10.8	10.3	-4.3%

II-2. Segment Information

Sales to Customers by Market

(Billions of yen)

Net sales by business segment	2015 (IFRS)	2016 (IFRS)	Change
Consolidated sales	1,427.4	1,195.5	-16.2%
Pharmaceutical business	973.5	753.0	-22.6%
Japan	386.1	387.9	0.5%
North America	368.1	218.7	-40.6%
Others	219.3	146.4	-33.2%
Nutraceutical business	306.7	300.9	-1.9%
Japan	128.7	133.8	4.0%
North America	86.4	79.2	-8.3%
Others	91.6	87.8	-4.1%
Consumer products business	38.2	35.2	-8.0%
Japan	28.0	26.4	-5.8%
North America	9.7	8.3	-14.4%
Others	0.5	0.5	-6.5%
Other business	108.9	106.5	-2.2%
Japan	79.7	75.9	-4.7%
North America	1.9	2.9	56.5%
Others	27.4	27.6	1.0%
Japan - total	622.5	624.0	0.2%
North America - total	466.1	309.2	-33.7%
Others - total	338.7	262.3	-22.6%
Overseas net sales	804.9	571.5	-29.0%
Overseas net sales ratio	56.4%	47.8%	

Net Sales and Operating Income by Geographical Segment

	2015 (IFRS)	2016 (IFRS)	Change
Net sales	1,427.4	1,195.5	-16.2%
Japan*	818.6	768.2	-6.2%
North America*	542.5	363.0	-33.1%
Others*	257.7	230.6	-10.5%
Eliminations/corporate	-191.5	-166.2	

*Intersegment sales are included.

	2015 (IFRS)	2016 (IFRS)	Change
Operating income	148.9	101.1	-32.1%
Japan	85.2	83.1	-2.5%
North America	2.1	2.2	2.7%
Others	20.8	12.2	-41.4%
Eliminations/corporate	40.7	3.7	

II-3. Selling, General and Administrative Expenses

(Billions of yen)

Selling, general and administrative expenses	2015 (IFRS)	2016 (IFRS)	Change	1H 2016 (IFRS) <unaudited>	Estimate 1H 2017 (IFRS)	Estimate 2017 (IFRS)
Net sales	1,427.4	1,195.5	-16.2%	587.7	605.0	1,260.0
Selling, general and administrative expenses	636.4	535.9	-15.8%	248.1	265.0	540.0
(% of net sales)	44.6%	44.8%		42.2%	43.8%	42.9%
Promotion expenses	176.8	97.8	-44.7%			
Personnel expenses	172.9	167.8	-3.0%			
Depreciation and amortization expenses	33.8	32.8	-3.1%			
Impairment loss	18.9	16.3	-13.7%			
Advertisement expenses	33.3	41.5	24.8%			
Research and development expenses	202.7	168.8	-16.7%	71.2	85.0	180.0
(% of net sales)	14.2%	14.1%		12.1%	14.0%	14.3%
R&D expenses of pharmaceutical business	193.0	159.4	-17.4%	66.5	80.0	170.0

(Persons)

Number of employees (consolidated)	2015 (IFRS)	2016 (IFRS)	Change
Japan	14,082	13,909	-1.2%
Overseas	17,858	17,878	0.1%
Pharmaceutical business	18,743	18,647	-0.5%
Number of sales representatives (Japan)	2,492	2,453	-1.6%
Nutraceutical business	7,469	7,493	0.3%
Consumer products business	526	541	2.9%
Other business	3,505	3,457	-1.4%
Corporate	1,697	1,649	-2.8%
Number of employees (consolidated)	31,940	31,787	-0.5%

(Billions of yen)

Capital expenditures	2015 (IFRS)	2016 (IFRS)	Change	1H 2016 (IFRS) <unaudited>	Estimate 1H 2017 (IFRS)	Estimate 2017 (IFRS)
Capital expenditures	526.5	75.5	-85.7%	32.0	30.0	60.0
Pharmaceutical business	491.0	52.2	-89.4%			
Nutraceutical business	18.8	11.6	-38.4%			
Consumer products business	6.0	2.9	-51.2%			
Other business	8.0	6.3	-21.3%			
Corporate	2.7	2.5	-8.0%			

(Billions of yen)

Depreciation	2015 (IFRS)	2016 (IFRS)	Change	1H 2016 (IFRS) <unaudited>	Estimate 1H 2017 (IFRS)	Estimate 2017 (IFRS)
Depreciation	59.2	59.6	0.7%	30.0	32.0	65.0
Pharmaceutical business	39.2	39.7	1.3%			
Nutraceuticals business	10.4	10.2	-2.3%			
Consumer products business	1.1	1.1	3.3%			
Other business	4.8	5.3	10.4%			
Eliminations/corporate	3.7	3.3	-10.7%			

III. Consolidated Balance Sheets

<Assets>					(Billions of yen)
	(IFRS Transition Date) As of January 1, 2015 (IFRS)	As of December 31, 2015 (IFRS)	As of December 31, 2016 (IFRS)	Composition	Change
Current assets	1,206.4	1,140.6	1,113.9	44.9%	-26.7
Cash and cash equivalents	459.1	460.6	369.9		-90.7
Trade and other receivables	412.3	387.8	353.2		-34.6
Inventories	143.3	135.8	133.8		-2.1
Income tax receivables	17.8	2.6	14.4		11.8
Other financial assets	137.7	109.0	209.3		100.3
Other current assets	36.2	44.7	33.0		-11.6
Assets held for sale	-	-	0.3		0.3
Non-current assets	1,032.2	1,434.7	1,364.4	55.1%	-70.3
Property, plant and equipment	350.5	359.6	358.8		-0.8
Goodwill	92.3	244.7	231.8		-12.9
Intangible assets	206.6	481.2	447.0		-34.2
Investments accounted for using equity method	183.0	175.8	166.6		-9.2
Other financial assets	154.1	155.6	143.3		-12.4
Deferred tax assets	39.7	9.6	6.9		-2.6
Other non-current assets	6.1	8.2	10.0		1.8
Total assets	2,238.7	2,575.3	2,478.3	100.0%	-97.0

<Liabilities and equity>

(Billions of yen)

	(IFRS Transition Date) As of January 1, 2015 (IFRS)	As of December 31, 2015 (IFRS)	As of December 31, 2016 (IFRS)	Composition	Change
Liabilities	553.0	847.9	739.8	29.9%	-108.1
Current liabilities	452.6	480.0	436.6	17.6%	-43.4
Trade and other payables	234.0	150.1	162.3		12.3
Bonds and borrowings	72.1	80.5	79.3		-1.3
Other financial liabilities	2.3	2.8	3.9		1.1
Income taxes payables	14.0	19.0	21.5		2.5
Provisions	-	2.1	0.6		-1.5
Other current liabilities	130.2	225.6	169.1		-56.5
Non-current liabilities	100.4	367.9	303.2	12.2%	-64.6
Bonds and borrowings	22.7	234.3	194.0		-40.3
Other financial liabilities	16.6	9.1	11.9		2.8
Net defined benefit liabilities	38.2	31.2	15.3		-15.8
Provisions	0.5	0.5	0.5		0.0
Deferred tax liabilities	13.0	83.5	70.3		-13.2
Other non-current liabilities	9.4	9.4	11.2		1.9
Equity	1,685.7	1,727.4	1,738.4	70.1%	11.1
Equity attributable to owners of parent	1,653.0	1,698.5	1,710.5	69.0%	12.1
Share capital	81.7	81.7	81.7		0.0
Share premium	502.9	503.4	504.0		0.6
Treasury shares	-47.4	-47.3	-47.3		-0.0
Retained earnings	1,105.7	1,159.5	1,209.1		49.6
Other components of equity	10.1	1.1	-37.0		-38.1
Non-controlling interests	32.7	28.9	27.9	1.1%	-1.0
Total liabilities and equity	2,238.7	2,575.3	2,478.3	100.0%	-97.0

IV. Consolidated Statements of Cash Flows

(Billions of yen)

	2015 (IFRS)	2016 (IFRS)
Operating activities:		
Profit before tax	150.3	116.7
Depreciation and amortization expenses	59.2	59.6
Impairment loss and reversal of impairment loss	22.1	32.1
Share of loss (profit) of associates accounted for using equity method	-12.4	-16.0
Finance income	-10.0	-3.8
Finance costs	7.8	13.1
Other non-operating expenses (income)	0.7	-24.8
Decrease (increase) in inventories	12.8	-0.6
Decrease (increase) in trade and other receivables	26.9	22.8
Increase (decrease) in trade and other payables	-62.8	11.6
Other	76.3	-30.4
(Subtotal)	271.0	180.3
Interest and dividends received	8.9	9.2
Interest paid	-3.9	-3.5
Income taxes paid	-18.2	-43.9
Net cash flows from (used in) operating activities	257.9	142.0
Investing activities:		
Proceeds from sales of property, plant and equipment	1.7	1.7
Payments for acquisition of property, plant and equipment	-56.9	-44.4
Payments for acquisition of intangible assets	-18.6	-27.2
Proceeds from sales and redemption of investments	47.5	100.1
Payments for acquisition of investments	-51.2	-72.1
Payments for acquisition of subsidiaries	-392.4	-
Decrease (increase) in time deposits	29.6	-111.1
Other	17.8	17.9
Net cash flows from (used in) investing activities	-422.6	-135.1
Financing activities:		
Purchase of treasury shares	-0.0	-0.0
Increase (decrease) in current borrowings	-16.4	-2.6
Proceeds from non-current borrowings	266.7	1.9
Repayments of non-current borrowings	-24.5	-35.8
Dividends paid	-49.2	-54.7
Other	-1.6	-1.8
Net cash flows from (used in) financing activities	175.0	-93.1
Increase (decrease) in cash and cash equivalents	10.3	-86.2
Cash and cash equivalents at beginning of period	459.1	460.6
Effect of exchange rate changes on cash and cash equivalents	-8.8	-4.6
Cash and cash equivalents at end of period	460.6	369.9

V. Shareholders

【Classification of shareholders】

(As of December 31, 2016)

Classification	Shareholder Information								Less than trading unit
	National and local government	Financial institutions	Financial instruments firms	Other institutions	Foreign investors		Private investors and others	Total	
					Other than individuals	Individuals			
Number of shareholders	0	120	30	397	704	29	48,702	49,982	-
Number of shares held (shares)	0	1,758,841	166,913	960,890	1,444,184	124	1,246,042	5,576,994	136,217
% of outstanding shares	0.00%	31.54%	2.99%	17.23%	25.90%	0.00%	22.34%	100.00%	-

*Out of 15,986,347 shares of treasury stock, 159,863 share units are included in "Private investors and others", and 47 shares are included in "Less than trading unit"

**Shareholders who only own a number of shares that is less than a trading unit are included in "Number of shareholders".

【Principal shareholders】

(As of December 31, 2016)

Names	Address	Number of shares held	% of outstanding shares
		(thousand shares)	
The Nomura Trust & Banking Co. Otsuka Founders Shareholding Fund Trust Account	2-2-2 Otemachi, Chiyoda-ku, Tokyo	62,598	11.22
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11 Harumi, Chuo-ku, Tokyo	60,130	10.78
Otsuka Estate Limited	3-3-3 Ote-Dori, Chuo-ku, Osaka	22,891	4.10
The Master Trust Bank of Japan, Co., Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	17,024	3.05
Otsuka Group Employee Shareholding Fund	2-16-4 Konan, Minato-ku, Tokyo	14,131	2.53
The Awa Bank, Limited	2-24-1 Nishisemba-cho, Tokushima	10,971	1.97
STATE STREET BANK WEST CLIENT-TREATY 505234 (standing proxy: Mizuho Bank)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, USA (Shinagawa Intercity Tower A, 2-15-1, Konan, Minato-ku, Tokyo)	7,736	1.39
GOLDMAN SACHS & CO. REG (standing proxy: Goldman Sachs Japan Co., Ltd.)	200 WEST STREET NEW YORK, NY, USA (BPO service, Japan Information Processing Service Co., Ltd, 2-5-4, Fukuzumi, Koto-ku, Tokyo)	7,486	1.34
Otsuka Asset Co., Ltd.	17-4 Aza-Fukuike, Tosadomariura, Naruto- cho, Naruto City, Tokushima	7,380	1.32
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	6,321	1.13
ALL	-	216,668	38.83

*Shares of Japan Trustee Services Bank, Ltd., The Master Trust Bank of Japan, Co., Ltd. and Trust & Custody Services Bank, Ltd. are the sum of plural Trust Account.

**15,986,347 shares of treasury stock are excluded from principal shareholders, but included in calculating percentage of outstanding shares.

VI. Pipeline Information

Otsuka Group - Pipeline Information

(as of Dec 31, 2016)

Code / <Brand name>	Generic name	Origin	Category	Indication / Dosage form	Country / Region	Development status
OPC-14597 <ABILIFY>	aripiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Agitation associated with dementia of the Alzheimer's type / Oral	JP	Phase III
				<Abilify Maintena>: Depot injection	US JP, EU	Filed Phase III
OPC-34712 <REXULTI>	brexpiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Major depressive disorder / Oral	EU	Phase III
				Schizophrenia / Oral	JP EU	Filed** Phase III
				Agitation associated with dementia of the Alzheimer's type / Oral	US, EU	Phase III
				Posttraumatic stress disorder / Oral	US, EU	Phase III
Lu AE58054	idalopirdine	Lundbeck	Selective 5-HT ₆ receptor antagonist	Alzheimer's disease / Oral	US, EU	Phase III
ASC-01	aripiprazole, sertraline	Otsuka Pharmaceutical	Dopamine partial agonist / Selective serotonin reuptake inhibitor	Major depressive disorder / Oral	JP, Asia	Phase III
AVP-923	dextromethorphan, quinidine	Avanir	NMDA receptor antagonist / Sigma-1 receptor agonist	Dyskinesia associated with Parkinson's disease / Oral	US	Phase II
AVP-786	deuterium-modified dextromethorphan, quinidine	Avanir	NMDA receptor antagonist / Serotonin and norepinephrine reuptake inhibitor / Sigma-1 receptor agonist	Agitation associated with dementia of the Alzheimer's type / Oral	US, EU	Phase III
				Residual schizophrenia symptoms / Oral	US	Phase II
				Disinhibition syndrome in neurodegenerative disorders / Oral	US	Phase II
TAS-205		Taiho Pharmaceutical	PGD synthase inhibitor	Duchenne muscular dystrophy / Oral	JP	Phase II
Lu AA36143	nalmefene	Lundbeck	Opioid receptor antagonist	Lowing alcohol consumption of alcohol dependence / Oral	JP	Phase III
Lu AF20513		Lundbeck	β -amyloid vaccine	Preventing progression of Alzheimer's demetia / Injection	EU	Phase I

Note: In general, Otsuka disclose compounds that are in Phase II or later stage of development, although some compounds in Phase I are disclosed in the above table.

*: Product names used outside Japan.

** : Event after January 1, 2017 brexpiprazole/ Schizophrenia: filed on January in Japan

Otsuka Group - Pipeline Information

(as of Dec 31, 2016)

Code / <Brand name>	Generic name	Origin	Category	Indication / Dosage form	Country / Region	Development status
Oncology						
TAS-102 <LONSURF>	trifluridine, tipiracil	Taiho Pharmaceutical	Anti-cancer	Colorectal cancer / Oral	Asia	Phase III
				Gastric cancer / Oral	JP, US, EU	Phase III
TAS-118	tegafur, gimeracil, oteracil, folinate	Taiho Pharmaceutical	Anti-cancer (Anti-metabolite)	Pancreatic cancer / Oral	JP, Asia	Phase III
				Gastric cancer / Oral	JP, Asia	Phase III
Pro-NETU	fosnetupitant	Helsinn Healthcare	NK ₁ receptor antagonist	Chemotherapy-induced nausea and vomiting / Injection	JP	Phase II
<SATIVEX>	nabiximols	GW Pharmaceuticals	Cannabinoid (THC, CBD)	Cancer pain / Oral spray	US	Phase III
SGI-110	guadecitabine	Astex	Anti-cancer	Ovarian cancer / Injection	US, EU	Phase II
				Hepatocellular carcinoma / Injection	US, EU	Phase II
				Acute myeloid leukemia, Myelodysplastic syndrome / Injection	US	Phase II
				Acute myeloid leukemia / Injection	US, EU JP, Asia	Phase III
AT13387		Astex	Anti-cancer (Molecular-targeted drug)	NSCLC / Injection	US, EU	Phase II
AT7519		Astex	Anti-cancer (Molecular-targeted drug)	Multiple myeloma / Injection	US	Phase II
ASTX727		Astex	Anti-cancer	Myelodysplastic syndrome / Oral	US	Phase II
ASTX660		Astex	Anti-cancer (Molecular-targeted drug)	Solid tumors, Lymphomas / Oral	US	Phase I
OPB-111077		Otsuka Pharmaceutical	Anti-cancer	Solid tumors / Oral	US, Asia	Phase I
OPB-111001		Otsuka Pharmaceutical	Anti-cancer	Solid tumors / Oral	EU	Phase I
TAS-114		Taiho Pharmaceutical	Anti-cancer (Antitumor enhancer)	Non-small cell lung cancer / Oral	JP, US, EU	Phase II
TAS-115		Taiho Pharmaceutical	Anti-cancer (Molecular-targeted drug)	Solid tumors / Oral	JP	Phase I
TAS-116		Taiho Pharmaceutical	Anti-cancer (Molecular-targeted drug)	Gastrointestinal stromal tumor / Oral	JP	Phase II
TAS-117		Taiho Pharmaceutical	Anti-cancer (Molecular-targeted drug)	Solid tumors / Oral	JP	Phase I
TAS-119		Taiho Pharmaceutical	Anti-cancer (Molecular-targeted drug)	Solid tumors / Oral	US, EU	Phase I
TAS-120		Taiho Pharmaceutical	Anti-cancer (Molecular-targeted drug)	Solid tumors / Oral	JP, US, EU	Phase I
TAS-121		Taiho Pharmaceutical	Anti-cancer (Molecular-targeted drug)	Solid tumors / Oral	JP	Phase I
TAS3681		Taiho Pharmaceutical	Anti-androgenic agent	Prostate cancer / Oral	US, EU	Phase I
ET-743	trabectedin	PharmaMar	Anti-cancer	Ovarian cancer / Injection	JP	Phase I
OCV-501		Otsuka Pharmaceutical	WT1 targeted cancer vaccine	Secondary prevention of elderly acute myeloid leukemia / Injection	JP, Asia	Phase II
OCV-C02		OncoTherapy Science	Therapeutic cancer vaccine	Colorectal cancer / Injection	JP	Phase I
OPC-12759	rebamipide	Otsuka Pharmaceutical	Oral mucosal protectant / mucosal healing agent	Stomatitis associated with cancer chemoradiotherapy / Solution	JP	Phase II

Note: In general, Otsuka disclose compounds that are in Phase II or later stage of development, although some compounds in Phase I are disclosed in the above table.
*: Product names used outside Japan.

Otsuka Group - Pipeline Information

(as of Dec 31, 2016)

Code / <Brand name>	Generic name	Origin	Category	Indication / Dosage form	Country / Region	Development status
Cardiovascular & Renal system						
OPC-41061 <Samsca / JINARC>	tolvaptan	Otsuka Pharmaceutical	V ₂ receptor antagonist	Hepatic edema / Oral	Asia	Filed
				Autosomal dominant polycystic kidney disease / Oral	US Asia	Phase III Filed
				Cardiac edema / Oral	Asia	Filed
				Carcinomatous edema / Oral	JP	Phase II
				Volume overload in hemodialysis / Oral	JP	Phase II
Volume overload in peritoneal dialysis / Oral	JP	Phase II				
AKB-6548	vadadustat	Akebia	HIF-prolyl hydroxylase inhibitor	Anemia associated with chronic kidney disease / Oral	US	Phase III
Other areas						
YP-18 <ZOSYN*>	tazobactam, piperacillin	Taiho Pharmaceutical	Antibiotic agent	Complicated skin, Soft tissue infections (including diabetic foot infections) / Injection	JP	Filed
TAS-303		Taiho Pharmaceutical	Selective NA reuptake inhibitors	Stress urinary incontinence / Oral	JP	Phase II
OPC-67683 <Delyba*>	delamanid	Otsuka Pharmaceutical	Anti-tuberculosis agent	Multidrug-resistant tuberculosis / Oral	US	Phase III
				Multidrug-resistant tuberculosis for pediatrics / Oral	EU	Phase II
OPC-12759E <Mucosta Ophthalmic Suspension>	rebamipide	Otsuka Pharmaceutical	Mucin-production enhancing agent	Dry eyes / Eye drops MD (Multi dose)	JP	Phase III
OPF-105	Glucose, electrolyte, amino acid, fat and multivitamin	Otsuka Pharmaceutical Factory	Protein and amino acid preparation	Peripheral parenteral nutrition solution / Injection	JP	Phase III
OPA-15406		Otsuka Pharmaceutical	PDE4 inhibitor	Atopic dermatitis / Ointment	JP, US	Phase II
OPS-2071		Otsuka Pharmaceutical	New quinolone based antibacterial agent	Clostridium difficile infection, enteric infection / Oral	JP, Asia	Phase II
Diagnostics						
C13-CAC	calcium (13C)	Otsuka Pharmaceutical	13C-calcium carbonate breath test	Measurement of gastric acidity / In-vivo diagnostic agent	JP	Phase II
ODK-1003/ ODK-1003-CN	WT1 mRNA RT-PCR Assay Kit	Otsuka Pharmaceutical	WT1 mRNA expression in RNA extracted from leukocytes	Diagnosis for acute lymphoblastic leukemia / In-vitro diagnostic agent	JP	Filed
				Diagnosis for Myelodysplastic syndrome / In-vitro diagnostic agent	Asia	Filed

Note: In general, Otsuka disclose compounds that are in Phase II or later stage of development, although some compounds in Phase I are disclosed in the above table.

* Product names used outside Japan.

Otsuka Group - Pipeline Information

<Changes in Pipeline information Since September 2016>

Code / <Brand name>	Generic name	Origin	Category	Indication / Dosage form	Country / Region	Development status	Change from 3Q FY2016
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Central nervous system & Neurology

<Abilify Maintena*>: Depot injection	aripiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Bipolar I / Depot injection	US	Filed	Accepted filling November 2016
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Cardiovascular & Renal system

AKB-6548	vadadustat	Akebia	HIF-protyl hydroxylase inhibitor	Anemia associated with chronic kidney disease/ Oral	US	Phase III	Added
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Other areas

TAS-303		Taiho Pharmaceutical	Selective NA reuptake inhibitors	Stress urinary incontinence / Oral	JP	Phase II	Added
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<Event after January 1, 2017>

Code / <Brand name>	Generic name	Origin	Category	Indication / Dosage form	Country / Region	Development status	Change from 3Q FY2016
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OPC-34712 <REXULTI >	brexpiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Schizophrenia / Oral	JP	Filed	Filed January 2017
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Appendix

J-GAAP <unaudited>

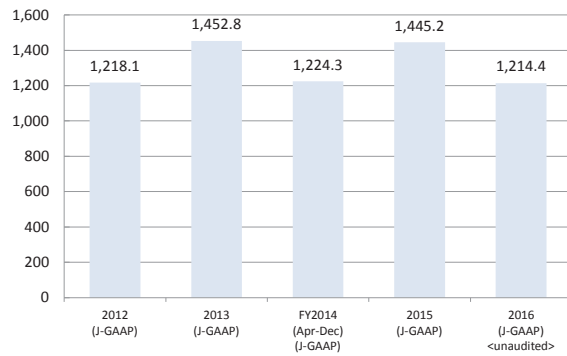
As of the fiscal year ended December 31, 2016, Otsuka Holdings voluntarily adopted International Financial Reporting Standards (IFRS) for consolidated financial statements, in place of Japanese Generally Accepted Accounting Principles (J-GAAP) previously adopted.

Therefore, FY2016 financial results under J-GAAP are disclosed as a supplemental information.

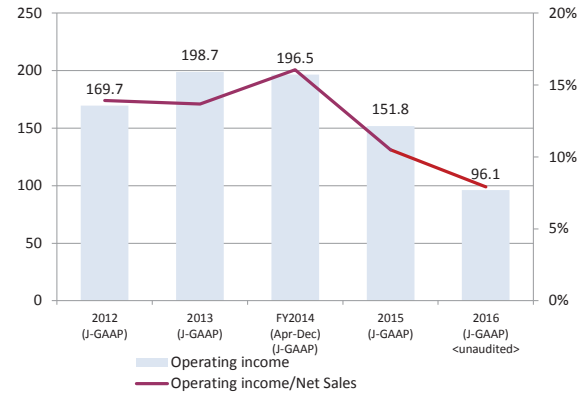
These figures are not audited as stipulated under Financial Instruments and Exchange Act.

Financial Highlights

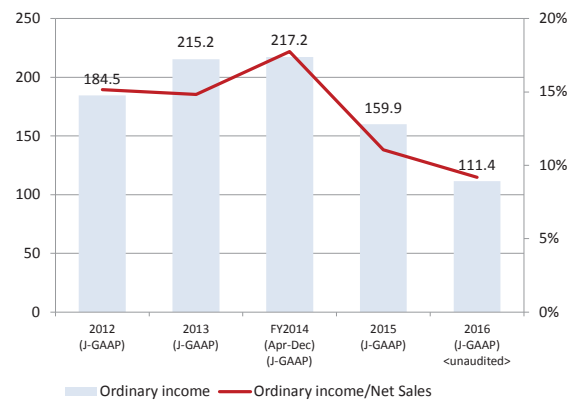
Net Sales (Billions of yen)



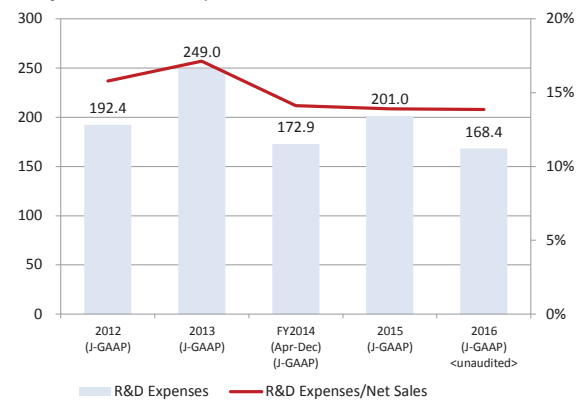
Operating Income (Billions of yen)



Ordinary Income (Billions of yen)



R&D expenses (Billions of yen)



Financial Highlights

		2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)	2016 (J-GAAP) <unaudited>
Net sales	(Billions of yen)	1,218.1	1,452.8	1,224.3	1,445.2	1,214.4
	YoY		19.3%	7.9%	-8.1%	-16.0%
Operating income	(Billions of yen)	169.7	198.7	196.5	151.8	96.1
	YoY		17.1%	7.4%	-29.0%	-36.7%
Ordinary income	(Billions of yen)	184.5	215.2	217.2	159.9	111.4
	YoY		16.7%	8.9%	-32.2%	-30.3%
Net income	(Billions of yen)	122.4	151.0	143.1	84.1	85.8
	YoY		23.3%	2.7%	-45.8%	2.0%
R&D expenses	(Billions of yen)	192.4	249.0	172.9	201.0	168.4
	YoY		29.4%	4.6%	-19.5%	-16.2%
Overseas net sales	(Billions of yen)	622.7	824.4	757.0	805.8	572.6
	% of net sales	51.1%	56.8%	61.8%	55.8%	47.2%

* Relative change YoY in FY2014: FY2014 (Apr-Dec) is compared to PY2013 (Apr-Dec: unaudited).

		2012 (JGAAP)	2013 (JGAAP)	2014 (Apr-Dec) (JGAAP)	2015 (JGAAP)	2016 (JGAAP) <unaudited>
Total assets	(Billions of yen)	1,779.2	2,028.4	2,178.2	2,528.5	2,414.0
Net assets	(Billions of yen)	1,325.1	1,510.8	1,658.6	1,683.4	1,666.0
Shareholders' equity ratio	(%)	73.7%	73.2%	74.7%	65.4%	67.8%

(Billions of yen)

Net sales by business segment	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)	2016 (J-GAAP) <unaudited>	Change
Net sales	1,218.1	1,452.8	1,224.3	1,445.2	1,214.4	-16.0%
Pharmaceutical business*	850.9	1,035.1	883.5	971.8	751.2	-22.7%
Nutraceutical business*	251.8	287.1	238.2	330.2	327.7	-0.8%
Consumer products business*	46.9	43.9	34.5	43.2	40.0	-7.5%
Other business*	111.7	130.3	102.2	145.2	141.3	-2.7%
Eliminations/corporate	-43.1	-43.7	-34.2	-45.2	-45.7	

*Intersegment sales are included.

(Billions of yen)

Operating income by business segment	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)	2016 (J-GAAP) <unaudited>	Change
Operating income	169.7	198.7	196.5	151.8	96.1	-36.7%
Pharmaceutical business	187.9	212.8	204.8	156.8	90.9	-42.0%
Nutraceutical business	21.4	25.4	21.9	31.3	35.1	12.2%
Consumer products business	-2.4	-2.2	-1.4	-3.3	-1.2	-62.7%
Other business	3.9	7.2	5.5	5.9	7.3	24.5%
Eliminations/corporate	-41.0	-44.5	-34.3	-38.8	-36.0	

(Reference) Exchange rates used to translate operating results of overseas subsidiaries (yen)

Exchange rate (Yen)	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)
US Dollar	79.80	97.72	106.72	121.10
Euro	102.55	129.77	140.20	134.30

ROE / EPS / Dividend	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)	2016 (J-GAAP) <unaudited>
ROE (Return on equity)	9.7	10.8	9.2	5.1	5.2
EPS (Earnings per share: yen)	221.9	278.1	264.2	155.1	158.3
Annual dividends per share (yen)	58.0	65.0	75.0	100.0	100.0
Payout ratio	26.1%	23.4%	28.4%	64.5%	63.2%

Cash flow information	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)
Net cash provided by operating activities	119.3	226.4	88.5	253.9
Net cash used in investing activities	-91.2	-108.5	-28.7	-420.1
Net cash provided by (used in) financing activities	-71.9	-66.7	-36.0	176.5
Cash and cash equivalents at end of period	347.6	417.5	456.5	460.6

Consolidated Statements of Income

(Billions of yen)

	2012 (J-GAAP)	%	2013 (J-GAAP)	%	2014 (Apr-Dec) (J-GAAP)	%	2015 (J-GAAP)	%	2016 (J-GAAP) <unaudited>	%	Change
Net sales	1,218.1	100.0%	1,452.8	100.0%	1,224.3	100.0%	1,445.2	100.0%	1,214.4	100.0%	-16.0%
Cost of sales	393.8	32.3%	441.6	30.4%	346.3	28.3%	449.3	31.1%	403.5	33.2%	-10.2%
Gross profit	824.2	67.7%	1,011.1	69.6%	878.0	71.7%	996.0	68.9%	810.8	66.8%	-18.6%
Selling, general and administrative expenses	654.6	53.7%	812.4	55.9%	681.5	55.7%	844.1	58.4%	714.7	58.9%	-15.3%
Promotion expenses	156.2		192.0		188.0		195.6		117.9		
Salaries and bonuses	85.4		107.1		89.9		138.2		130.1		
Reserve for bonuses	9.5		11.2		5.3		10.2		12.9		
Retirement benefit expenses	7.8		4.6		1.7		3.5		4.5		
Provision for directors' and audit & supervisory board members' retirement benefits	0.6		0.5		0.3		0.4		0.4		
Provision for directors' bonuses	0.3		0.6		0.6		0.3		0.4		
Depreciation	14.5		16.9		22.9		31.8		30.8		
Amortization of goodwill	4.8		3.7		3.8		14.0		11.9		
Research and development expenses	192.4	15.8%	249.0	17.1%	172.9	14.1%	201.0	13.9%	168.4	13.9%	-16.2%
Other	183.0		226.7		196.0		249.3		237.5		
Operating income	169.7	13.9%	198.7	13.7%	196.5	16.1%	151.8	10.5%	96.1	7.9%	-36.7%
Non-operating income	16.6		18.8		23.1		16.4		22.0		
Interest income	1.4		1.3		1.3		1.7		2.0		
Dividend income	1.5		1.3		1.0		1.6		1.6		
Amortization of negative goodwill	2.5		2.6		1.8		2.7		2.5		
Equity in earnings of unconsolidated subsidiaries and affiliates	3.1		3.2		3.9		8.0		11.8		
Foreign exchange gain, net	6.2		7.9		12.9		0.0		-		
Other	2.0		2.5		2.3		2.4		4.1		
Non-operating expenses	1.8		2.3		2.4		8.3		6.7		
Interest expenses	1.2		1.2		1.7		4.1		3.4		
Foreign exchange loss, net	-		-		-		3.0		1.9		
Other	0.6		1.1		0.8		1.2		1.4		
Ordinary income	184.5	15.1%	215.2	14.8%	217.2	17.7%	159.9	11.1%	111.4	9.2%	-30.3%
Extraordinary income	0.3		2.0		1.4		5.0		17.6		
Gain on sales of fixed assets	0.1		0.5		0.1		0.9		0.4		
Gain on change in equity interest	-		-		-		0.5		-		
Gain on sales of investment securities	-		0.3		0.0		2.8		16.9		
Gain on sales of shares of subsidiaries	-		0.3		-		-		-		
Subsidy income	-		0.9		0.9		0.4		-		
Other	0.1		0.0		0.4		0.3		0.3		
Extraordinary loss	7.8		7.0		8.4		26.7		17.0		
Loss on retirement of fixed assets	0.7		0.9		0.6		1.2		-		
Impairment loss	2.6		3.4		5.4		18.8		13.8		
Loss on valuation of investment securities	4.4		0.2		1.5		0.9		0.4		
Loss on valuation of investments in capital	-		-		-		2.5		-		
Extra retirement payments	-		1.9		0.6		-		-		
Other	0.1		0.6		0.4		3.3		2.8		
Income before income taxes and minority interests	176.9		210.2		210.3		138.2		112.0		-19.0%
Income taxes-current	62.0		81.3		46.2		37.8		33.2		
Income taxes-deferred	-8.2		-23.6		19.8		18.7		-7.6		
Total income taxes	53.8		57.7		66.1		56.4		25.5		-54.8%
Minority interests in net income	0.7		1.6		1.1		-2.4		0.7		
Net income	122.4	10.1%	151.0	10.4%	143.1	11.7%	84.1	5.8%	85.8	7.1%	2.0%

Segment Information

Sales to Customers by Market

(Billions of yen)

Net sales by business segment	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)	2016 (J-GAAP) <unaudited>	Change
Consolidated sales	1,218.1	1,452.8	1,224.3	1,445.2	1,214.4	-16.0%
Pharmaceutical business	850.9	1,035.1	883.5	971.8	751.2	-22.7%
Japan	351.8	372.9	273.7	386.1	387.9	0.5%
North America	389.0	530.5	481.6	368.0	218.7	-40.6%
Others	110.0	131.7	128.3	217.7	144.6	-33.6%
Nutraceutical business	246.9	281.1	232.7	321.6	317.0	-1.4%
Japan	142.3	147.5	109.8	141.0	147.1	4.3%
North America	49.8	59.8	55.8	86.0	79.2	-7.8%
Others	54.8	73.9	67.1	94.6	90.7	-4.1%
Consumer products business	45.2	43.8	34.4	42.9	39.7	-7.5%
Japan	39.2	36.6	27.9	32.7	30.9	-5.6%
North America	5.4	6.9	6.1	9.7	8.3	-14.1%
Others	0.6	0.3	0.3	0.5	0.5	-6.6%
Other business	75.0	92.8	73.7	109.0	106.5	-2.2%
Japan	62.0	71.4	55.9	79.7	75.9	-4.7%
North America	1.4	2.3	1.8	1.9	2.9	56.4%
Others	11.6	19.0	16.0	27.4	27.6	0.9%
Japan -total	595.3	628.3	467.3	639.5	641.8	0.4%
North America - total	445.7	599.6	545.3	465.6	309.2	-33.6%
Others - total	177.1	224.9	211.7	340.2	263.4	-22.6%
Overseas net sales	622.7	824.4	757.0	805.8	572.6	-28.9%
Overseas net sales ratio	51.1%	56.8%	61.8%	55.8%	47.2%	

Net Sales and Operating Income by Geographical Segment

(Billions of yen)

	2012 (JGAAP)	2013 (JGAAP)	2014 (Apr-Dec) (JGAAP)	2015 (JGAAP)	2016 (JGAAP) <unaudited>	Change
Net sales	1,218.1	1,452.8	1,224.3	1,445.2	1,214.4	-16.0%
Japan*	842.5	982.1	738.2	835.5	786.0	-5.9%
North America*	474.1	652.1	601.9	542.1	363.0	-33.0%
Others*	138.2	204.4	189.6	259.1	231.6	-10.6%
Eliminations/corporate	-236.7	-385.9	-305.4	-191.5	-166.2	

*Intersegment sales are included.

(Billions of yen)

	2012 (JGAAP)	2013 (JGAAP)	2014 (Apr-Dec) (JGAAP)	2015 (JGAAP)	2016 (JGAAP) <unaudited>	Change
Operating income	169.7	198.7	196.5	151.8	96.1	-36.7%
Japan	160.8	217.5	156.2	98.8	95.9	-3.0%
North America	16.2	-5.0	12.8	-11.2	-6.6	
Others	6.4	1.9	16.8	27.4	15.3	-44.1%
Eliminations/corporate	-13.8	-15.7	10.7	36.8	-8.5	

Selling, General and Administrative Expenses

(Billions of yen)

Selling, general and administrative expenses	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)	2016 (J-GAAP) <unaudited>	Change
Net sales	1,218.1	1,452.8	1,224.3	1,445.2	1,214.4	-16.0%
Selling, general and administrative expenses	654.6	812.4	681.5	844.1	714.7	-15.3%
(% of net sales)	53.7%	55.9%	55.7%	58.4%	58.9%	
Promotion expenses	156.2	192.0	188.0	195.6	117.9	-39.7%
Personnel expenses	103.7	124.0	97.9	152.5	148.3	-2.8%
Advertising expenses	29.5	34.2	26.0	33.3	41.5	24.6%
Research and development expenses	192.4	249.0	172.9	201.0	168.4	-16.2%
(% of net sales)	15.8%	17.1%	14.1%	13.9%	13.9%	
R&D expenses of pharmaceutical business	183.5	240.8	166.1	191.4	159.1	-16.9%

(Persons)

Number of employees (consolidated)	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)
Japan	13,732	14,116	14,285	14,059
Overseas	11,598	14,172	15,197	16,579
Pharmaceutical business	14,660	16,578	17,057	17,947
Number of sales representatives (Japan)	2,329	2,340	2,317	2,492
Nutraceutical business	5,729	6,405	7,022	7,339
Consumer products business	831	654	540	514
Other business	2,429	2,928	3,207	3,141
Corporate	1,681	1,723	1,656	1,697
Number of employees (consolidated)	25,330	28,288	29,482	30,638

(Billions of yen)

Capital expenditures	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)
Capital expenditures	63.3	179.0	88.2	523.9
Pharmaceutical business	38.0	154.5	31.7	488.1
Nutraceutical business	14.9	10.1	31.9	19.0
Consumer products business	2.7	2.9	2.9	6.0
Other business	4.0	4.4	18.6	8.0
Corporate	3.7	7.1	3.2	2.7

(Billions of yen)

Depreciation	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)
Depreciation	45.5	49.8	45.5	71.4
Pharmaceutical business	21.9	25.6	27.9	47.2
Nutraceuticals business	12.1	13.3	9.6	13.8
Consumer products business	2.0	1.7	1.2	1.2
Other business	4.6	4.5	3.7	5.3
Eliminations/corporate	4.9	4.6	3.2	3.9

Consolidated Balance Sheets

<Assets>

(Billions of yen)

	As of March 31, 2012 (J-GAAP)	As of March 31, 2013 (J-GAAP)	As of December 31, 2014 (J-GAAP)	As of December 31, 2015 (J-GAAP)	As of December 31, 2016 (J-GAAP) <unaudited>	Composition	change
Current assets	1,080.6	1,168.8	1,245.6	1,176.9	1,149.9	47.6%	-27.0
Cash and deposits	414.4	455.3	523.1	439.4	514.4		75.0
Notes and accounts receivable-trade	318.1	327.3	406.4	379.5	344.4		-35.0
Marketable securities	137.8	118.0	48.5	127.6	58.3		-69.3
Inventory	132.4	151.9	153.7	144.9	142.9		-2.0
Deferred tax assets	40.8	54.5	37.8	32.5	36.3		3.8
Other current assets	37.8	62.5	76.5	53.8	54.5		0.7
Allowance for doubtful receivables	-0.5	-0.6	-0.5	-0.7	-1.0		-0.2
Fixed assets	698.5	859.5	932.5	1,351.6	1,264.1	52.4%	-87.5
Tangible fixed assets	276.0	315.2	344.8	356.4	356.8		0.4
Intangible fixed assets	73.9	192.3	221.2	642.5	591.1		-51.4
Goodwill	37.8	70.6	93.2	234.0	207.3		-26.7
In-process research and development	-	-	-	238.3	196.9		-41.4
Other intangible fixed assets	36.1	121.7	128.0	170.2	186.9		16.7
Investments and other assets	348.7	352.0	366.6	352.7	316.2		-36.5
Investment securities	276.3	268.5	270.8	258.9	247.6		-11.3
Investments in capital	31.6	36.0	42.5	42.9	41.3		-1.6
Long-term loans receivable	0.9	5.3	5.6	5.6	1.5		-4.1
Net defined benefit asset	-	11.1	17.5	22.8	5.1		-17.7
Deferred tax assets	26.5	16.9	15.5	7.4	6.7		-0.7
Other assets	15.8	15.0	15.5	15.8	14.3		-1.6
Allowance for investment loss	-1.6	-0.1	-0.1	-0.1	-0.1		0.0
Allowance for doubtful receivables	-0.8	-0.7	-0.8	-0.7	-0.3		0.4
Deferred assets	0.1	0.1	0.1	0.0	0.0	0.0%	0.0
Total assets	1,779.2	2,028.4	2,178.2	2,528.5	2,414.0	100%	-114.5

<Liabilities>

(Billions of yen)

	As of March 31, 2012 (J-GAAP)	As of March 31, 2013 (J-GAAP)	As of December 31, 2014 (J-GAAP)	As of December 31, 2015 (J-GAAP)	As of December 31, 2016 (J-GAAP) <unaudited>	Composition	change
Total liabilities	454.1	517.6	519.6	845.1	748.1	31.0%	-97.0
Current liabilities	346.5	437.4	437.0	467.1	421.1	17.4%	-46.0
Notes and accounts payable-trade	97.5	132.9	130.8	82.7	87.9		5.2
Short-term borrowings	51.8	53.4	70.2	79.7	78.5		-1.2
Lease obligations	2.6	2.2	2.1	2.1	2.0		-0.1
Accounts payable -other	-	-	-	66.5	74.8		8.4
Accrued expenses	-	-	-	170.0	112.6		-57.4
Income taxes payable	33.5	51.1	14.5	19.3	21.4		2.0
Reserve for bonuses	15.9	18.7	8.6	14.1	13.4		-0.7
Provision for directors' bonuses	0.3	0.6	0.6	0.3	0.4		0.2
Provision for sales returns	0.2	0.1	0.0	0.0	0.0		0.0
Other current liabilities	144.7	178.5	210.2	32.4	30.0		-2.5
Long-term liabilities	107.7	80.2	82.6	378.0	327.0	13.5%	-51.0
Long-term debt	6.3	14.3	22.3	234.2	194.0		-40.3
Lease obligations	5.9	5.7	5.8	5.3	4.8		-0.5
Deferred tax liabilities	11.3	16.7	12.0	99.9	84.6		-15.3
Net defined benefit liability	-	8.1	10.9	9.8	12.4		2.7
Liability for employees' retirement benefits	40.6	-	-	-	-		-
Retirement benefits for directors' and audit & supervisory board members' retirement benefits	3.1	2.6	2.8	2.5	2.4		-0.0
Negative goodwill	24.0	21.5	19.7	17.2	14.8		-2.5
Other long-term liabilities	16.6	11.3	9.1	9.1	14.0		4.9
<Net assets>							
Total net assets	1,325.1	1,510.8	1,658.6	1,683.4	1,666.0	69.0%	-17.5
Shareholders' equity	1,342.0	1,438.3	1,537.9	1,572.8	1,606.1	66.5%	33.3
Common stock	81.7	81.7	81.7	81.7	81.7		0.0
Capital surplus	510.4	512.9	512.7	512.7	513.2		0.5
Retained earnings	768.3	891.6	990.9	1,025.7	1,058.5		32.8
Treasury stock	-18.4	-47.9	-47.4	-47.3	-47.3		0.0
Accumulated other comprehensive income	-31.5	46.3	89.9	82.0	32.0	1.3%	-50.0
Unrealized gain/loss on available-for-sale securities	8.3	13.8	13.2	27.1	33.3		6.3
Deferred gain (loss) on derivatives under hedge accounting	0.0	0.0	0.4	0.1	0.0		-0.1
Foreign currency translation adjustments	-39.8	12.2	57.2	41.7	5.9		-35.9
Remeasurements of defined benefit plans	-	20.3	19.2	13.0	-7.2		-20.2
Stock acquisition rights	0.1	0.1	-	-	0.1		0.1
Minority interests	14.5	26.1	30.8	28.7	27.8	1.2%	-0.9
Total liabilities and net assets	1,779.2	2,028.4	2,178.2	2,528.5	2,414.0	100.0%	-114.5

Consolidated Statements of Cash Flows

(Billions of yen)

	2012 (J-GAAP)	2013 (J-GAAP)	2014 (Apr-Dec) (J-GAAP)	2015 (J-GAAP)
Operating activities:				
Income before income taxes and minority interests	176.9	210.2	210.3	138.2
Depreciation and amortization	40.6	46.0	41.7	57.5
Impairment loss	2.6	3.4	5.4	18.8
Amortization of goodwill	2.4	1.1	2.0	11.3
Decrease/ increase in net defined benefit asset/ liability	-	-13.8	-9.6	-9.8
Increase in liability for employees' retirement benefits	-4.7	-	-	-
Increase (decrease) in allowance for doubtful receivables	0.2	-0.2	-0.2	0.2
Increase in provision for loss on business liquidation	-0.3	-1.9	-	-
Interest and dividend income	-2.9	-2.5	-2.2	-3.3
Interest expense	1.2	1.2	1.7	4.1
Equity in earnings of unconsolidated subsidiaries and affiliated companies (gain)	-3.1	-3.2	-3.9	-8.0
Loss of valuation of investments in capital	-	-	-	2.5
Gain on sales of subsidiaries' stocks (gain)	-	-0.3	-	-
(Increase) decrease in trade receivables	-47.2	12.4	-61.3	27.4
(Increase) decrease in inventories	-5.5	-1.8	17.7	14.8
Increase (decrease) in trade payables	-3.9	19.6	-3.9	-47.5
Increase (decrease) in accounts payable - other	-	-	-	-16.4
Increase (decrease) in accrued expenses	-	-	-	97.6
Increase (decrease) in long-term unearned revenue	-1.9	-7.7	-5.6	0.0
Other, net	25.7	23.3	-20.5	-20.3
Subtotal	180.1	285.8	171.6	267.0
Interest and dividends received	7.2	8.0	7.1	8.9
Interest paid	-1.2	-1.2	-1.7	-3.9
Income taxes paid	-66.8	-66.1	-88.5	-18.2
Net cash provided by operating activities	119.3	226.5	88.5	253.9
Investing activities:				
(Increase) decrease in short-term investment securities	-20.0	12.7	19.6	-7.6
Purchases of property, plant and equipment	-50.5	-48.8	-32.9	-57.3
Purchases of intangible assets	-	-21.2	-7.1	-15.6
Proceeds from sales of property, plant and equipment	0.3	1.2	0.5	1.6
Purchases of investment securities	-16.7	-5.3	-9.7	-5.3
Proceeds from sales and redemption of investment securities	16.2	12.4	1.3	10.1
Payments for investments in capital	-3.3	-1.1	-0.1	-0.4
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-1.5	-95.4	-26.7	-392.5
Payments of loans receivables	-0.7	-22.3	-2.8	-1.0
Proceeds from collection of loans receivables	1.4	0.6	0.3	19.4
(Increase) decrease in time deposits-net	-9.1	59.1	28.5	29.6
Other, net	-7.3	-0.5	0.3	-1.1
Net cash used in investing activities	-91.2	-108.5	-28.7	-420.1
Financing activities:				
Increase (decrease) in short-term debt-net	1.1	5.0	-4.2	-16.1
Proceeds from long-term debt	3.4	7.9	9.4	266.7
Repayments of long-term debt	-16.1	-13.0	-1.8	-24.4
Proceeds from disposal of treasury stock	0.2	0.4	0.4	0.1
Purchases of treasury stock	-20.0	-30.0	-0.0	-0.1
Dividends paid	-29.3	-32.8	-37.9	-48.8
Dividends paid to minority interest in consolidated subsidiaries	-0.5	-0.4	-0.4	-0.4
Proceeds from share issuance to minority shareholders	-	-	0.8	0.9
Other, net	-10.7	-3.8	-2.2	-1.5
Net cash provided by (used in) financing activities	-71.9	-66.7	-36.0	176.5
Foreign currency translation adjustment on cash and cash equivalents	6.2	9.5	14.3	-8.8
Net increase (decrease) in cash and cash equivalents	-37.6	60.7	38.2	1.5
Cash and cash equivalents at beginning of period	384.2	347.6	417.5	456.5
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	0.9	9.2	1.0	2.5
Decrease in cash and cash equivalents due to change of fiscal year end	-	-	-0.1	-
Cash and cash equivalents at end of period	347.6	417.5	456.5	460.6



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