

Financial Highlights

		(Billions of yen)				
Consolidated Management Index		2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Estimate 2017 Forecast as of Nov
Net sales	(Billions of yen)	1,427.4	1,195.5	890.1	919.0	1,260.0
	YoY		-16.2%		3.3%	5.4%
Cost of sales	(Billions of yen)	452.5	406.3	296.4	310.6	435.0
	YoY		-10.2%		4.8%	7.1%
Selling, general and administrative expenses	(Billions of yen)	636.4	535.9	378.2	410.4	545.0
	YoY		-15.8%		8.5%	1.7%
R&D expenses	(Billions of yen)	202.7	168.8	104.6	121.9	180.0
	YoY		-16.7%		16.6%	6.6%
Share of profit of associates accounted for using equity method	(Billions of yen)	12.4	16.0	14.7	17.3	20.0
	YoY		29.1%		18.2%	25.2%
Operating profit	(Billions of yen)	148.9	101.1	128.1	94.9	120.0
	YoY		-32.1%		-25.9%	18.7%
Profit attributable to owners of parent	(Billions of yen)	102.0	92.6	107.6	73.1	85.0
	YoY		-9.2%		-32.1%	-8.2%
Overseas net sales	(Billions of yen)	804.9	571.5	429.0	447.9	611.0
	% of net sales	56.4%	47.8%	48.2%	48.7%	48.5%

		(Yen)				
Exchange rate (Yen)		2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Estimate 2017 Forecast as of Nov
US\$		121.10	108.77	108.56	111.88	115.00
Euro		134.30	120.25	121.05	124.58	120.00

		(Billions of yen)				
Selling, general and administrative expenses		2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Estimate 2017 Forecast as of Nov
Selling, general and administrative expenses		636.4	535.9	378.2	410.4	545.0
(% of net sales)		44.6%	44.8%	42.5%	44.7%	43.3%
Personnel expenses		172.9	167.8	122.8	124.0	
Depreciation and amortization expenses		33.8	32.8	24.2	23.9	
Advertising expenses		33.3	41.5	30.9	32.8	
Promotion expenses		176.8	97.8	68.3	72.6	
Impairment loss		18.9	16.3	9.5	25.0	
other		200.6	179.6	122.5	132.2	
R&D expenses		202.7	168.8	104.6	121.9	180.0
(% of net sales)		14.2%	14.1%	11.7%	13.3%	14.3%
R&D expenses of pharmaceutical business		193.0	159.4	97.9	114.8	170.0

		(Billions of yen)				
Capital expenditures		2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Estimate 2017 Forecast as of Nov
Capital expenditures		526.5	75.5	41.4	93.7	110.0

		(Billions of yen)				
Depreciation		2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Estimate 2017 Forecast as of Nov
Depreciation		59.2	59.6	44.0	45.6	65.0

Sales to Customers by Market

(Billions of yen)

Net sales by business segment	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Consolidated sales	1,427.4	1,195.5	890.1	919.0	3.3%
Pharmaceutical business	973.5	753.0	557.0	572.5	2.8%
Japan	386.1	387.9	280.7	290.1	3.3%
North America	368.1	218.7	163.4	162.9	-0.3%
Others	219.3	146.4	112.9	119.5	5.8%
Nutraceutical business	306.7	300.9	227.4	234.9	3.3%
Japan	128.7	133.8	104.3	103.3	-1.0%
North America	86.4	79.2	54.8	61.1	11.5%
Others	91.6	87.8	68.2	70.5	3.4%
Consumer products business	38.2	35.2	27.1	27.4	0.9%
Japan	28.0	26.4	20.2	20.1	-0.5%
North America	9.7	8.3	6.5	6.9	5.3%
Others	0.5	0.5	0.4	0.4	-1.7%
Other business	108.9	106.5	78.6	84.3	7.3%
Japan	79.7	75.9	55.8	57.7	3.3%
North America	1.9	2.9	2.2	2.3	2.8%
Others	27.4	27.6	20.6	24.4	18.5%
Japan -total	622.5	624.0	461.1	471.1	2.2%
North America - total	466.1	309.2	227.0	233.2	2.7%
Others - total	338.7	262.3	202.1	214.8	6.3%
Overseas net sales	804.9	571.5	429.0	447.9	4.4%
Overseas net sales ratio	56.4%	47.8%	48.2%	48.7%	

Net Sales and Operating Income by Geographical and Business Segment

(1) Geographical segment

(Billions of yen)

	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Net sales	1,427.4	1,195.5	890.1	919.0	3.3%
Japan*	818.6	768.2	574.1	568.7	-0.9%
North America*	542.5	363.0	262.5	286.1	9.0%
Others*	257.7	230.6	174.9	184.6	5.5%
Eliminations/corporate	-191.5	-166.2	-121.4	-120.3	

*Intersegment sales are included.

(Billions of yen)

	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Operating income	148.9	101.1	128.1	94.9	-25.9%
Japan	85.2	83.1	96.8	69.6	-28.1%
North America	2.1	2.2	18.0	-3.0	-116.5%
Others	20.8	12.2	19.4	19.7	1.5%
Eliminations/corporate	40.7	3.7	-6.0	8.5	

(2) Business segment

(Billions of yen)

	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Net sales	1,427.4	1,195.5	890.1	919.0	3.3%
Pharmaceutical business*	973.5	753.0	557.0	572.5	2.8%
Nutraceutical business*	315.4	311.6	235.2	243.3	3.4%
Consumer products business*	38.5	35.5	27.4	27.6	0.7%
Other business*	145.2	141.3	104.9	112.0	6.8%
Eliminations/corporate	-45.2	-45.7	-34.4	-36.4	

*Intersegment sales are included.

(Billions of yen)

	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Operating income	148.9	101.1	128.1	94.9	-25.9%
Pharmaceutical business	146.9	92.0	107.9	70.8	-34.4%
Nutraceutical business	34.4	32.5	29.4	33.9	15.1%
Consumer products business	6.3	5.5	8.2	9.7	17.8%
Other business	1.0	7.8	9.4	9.1	-2.8%
Eliminations/corporate	-39.7	-36.6	-26.8	-28.6	

【Pharmaceutical business】

(Billions of yen)

Product name	Company	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change	Estimate 2017 Forecast as of Nov
Antipsychotic agent ABILIFY	Otsuka Pharmaceutical	347.5	95.4	76.3	53.6	-29.8%	66.0
US		242.1	27.8	23.3	13.0	-44.1%	14.5
<US\$ million>		<1,999>	<255>	<215>	<117>	-45.8%	<130>
Japan		35.6	31.7	23.4	20.5	-12.6%	27.0
Others		69.7	35.9	29.5	20.1	-32.0%	24.5
Antipsychotic agent/ Depot injection Ability Maintena	Otsuka Pharmaceutical	40.4	57.2	41.0	51.3	25.2%	72.5
US		29.9	37.4	26.7	30.7	14.9%	44.0
Japan		1.3	4.3	2.9	5.0	71.3%	7.5
Others		9.2	15.5	11.4	15.6	37.4%	21.0
Antipsychotic agent REXULTI	Otsuka Pharmaceutical	4.6	29.8	20.1	34.1	69.9%	48.0
Agent for pseudobablar affect (PBA) NUDEXTA	Otsuka Pharmaceutical	19.2	23.6	17.4	19.6	13.1%	28.0
Anti-platelet agent Pletaal/Pletal	Otsuka Pharmaceutical	31.5	23.6	18.0	15.6	-13.4%	20.0
Japan		23.3	16.2	12.4	9.7	-22.0%	12.5
Others		8.2	7.4	5.6	5.9	5.7%	7.5
Anti-gastritis and anti-gastric ulcer agent Mucosta	Otsuka Pharmaceutical	15.8	12.5	9.6	8.7	-9.2%	11.5
Japan		11.4	8.2	6.3	5.1	-19.1%	7.0
Others		4.4	4.3	3.3	3.6	9.7%	4.5
Anti-metabolite TS-1	Taiho Pharmaceutical	29.3	26.9	19.7	17.8	-9.9%	21.0
Anti-metabolite UFT	Taiho Pharmaceutical	7.5	6.5	4.9	4.2	-12.8%	5.5
Reduced folic acid formulation Uzel	Taiho Pharmaceutical	10.5	9.7	7.3	4.1	-43.9%	7.0
Antineoplastic LONSURF	Taiho Pharmaceutical	9.4	30.1	22.0	23.5	7.0%	34.0
US		6.0	23.5	17.8	17.0	-4.6%	24.0
Japan		3.3	3.9	2.8	2.9	4.4%	4.0
Others		0.1	2.8	1.4	3.6	157.6%	6.0
5-HT ₃ receptor antagonist Aloxi	Taiho Pharmaceutical	12.9	14.0	10.2	10.5	2.5%	14.5
Antineoplastic Abraxane	Taiho Pharmaceutical	20.6	20.7	15.1	15.6	3.4%	20.5
Antiepileptic E Keppra	Otsuka Pharmaceutical	23.3	28.5	20.2	24.1	19.4%	32.5
V ₂ -vasopressin receptor antagonist Samsca/JINARC	Otsuka Pharmaceutical	41.6	48.9	35.3	45.9	29.9%	60.0
Japan		25.7	30.5	22.0	29.0	32.3%	39.0
US		11.8	12.1	8.9	9.6	7.0%	13.0
Others (including JINARC)		4.0	6.2	4.4	7.3	64.6%	8.0
Agent for dry eye Mucosta ophthalmic suspension	Otsuka Pharmaceutical	4.5	4.8	3.5	3.7	5.3%	5.0
Parkinsons' disease, RLS* treatment Neupro Patch	Otsuka Pharmaceutical	8.3	10.7	7.6	8.6	13.1%	12.5
Anticancer Sprycel (collaboration with BMS)	Otsuka Pharmaceutical	31.2	29.3	20.8	23.2	11.2%	31.0
Antibiotic Zosyn/Tazocin (bulk supply)	Taiho Pharmaceutical	13.4	8.8	5.9	5.3	-10.3%	6.0
Diagnostics -total	Otsuka Pharmaceutical	12.2	13.7	9.6	8.5	-11.1%	13.5
Parenteral nutrition (clinical nutrition) -total	Otsuka Pharmaceutical	106.2	107.4	78.5	81.4	3.7%	111.0
Japan	Factory	88.2	86.7	62.9	64.6	2.7%	89.0
Others		18.0	20.7	15.7	16.9	7.8%	22.0
Pharmaceutical business -total (excluding exports)	Japan	386.1	387.9	280.7	290.1	3.3%	397.0
Pharmaceutical business -total	Total	973.5	753.0	557.0	572.5	2.8%	780.0
Milestone and upfront revenue		66.0	18.5	18.0	13.1	-27.1%	14.0

*RLS: Restless legs syndrome

【Nutraceutical business】

(10 thousand cases)

Product name	Company	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Pocari Sweat 1 case: 24 bottles, and other (10 thousand cases)	Otsuka Pharmaceutical					
Japan		2,625	2,846	2,333	2,312	-0.9%
Overseas		2,608	2,391	1,932	1,799	-6.9%
SOYJOY 1 case: 48 bars (10 thousand cases)	Otsuka Pharmaceutical					
Japan		126	136	105	93	-12.1%
Overseas		20	19	15	11	-21.4%
Oronamin C 1 case: 50 bottles (10 thousand cases)	Otsuka Pharmaceutical	1,025	993	762	758	-0.6%
Calorie Mate 1 case: 4 barsx30, and other (10 thousand cases)	Otsuka Pharmaceutical	381	402	304	302	-0.8%
Tiovita Drink 1 case: 50 bottles (10 thousand cases)	Taiho Pharmaceutical	345	350	262	252	-3.9%
Solmack (10 thousand of bottles)	Taiho Pharmaceutical	1,501	1,525	992	985	-0.7%

* Overseas sales include sales of consolidated subsidiaries only.

【Consumer business】

(10 thousand cases)

Product name	Company	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Bottled Water 1 case: 24 bottles (10 thousand cases)	Otsuka Foods	504	488	382	371	-2.8%
Match 1 case: 24 bottles (10 thousand cases)	Otsuka Foods	527	554	447	452	1.1%
Other (tea drinks and other) 1 case: 24 bottles (10 thousand cases)	Otsuka Foods	232	240	167	165	-1.1%

【Other business】

(Billions of yen)

Product name	Company	2015	2016	3Q 2016 (Jan-Sep)	3Q 2017 (Jan-Sep)	Change
Functional chemicals	Otsuka Chemical	34.3	34.1	25.6	28.4	11.0%
Fine chemicals	Otsuka Chemical	10.8	10.3	7.3	8.2	12.7%

Otsuka Group - Pipeline Information

(as of September 30, 2017)

Code / <Brand name>	Generic name	Origin	Features	Indication / Dosage form	Country / Region	Development status
Central nervous system & Neurology						
<Abilify Maintena*> Depot injection	aripiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Bipolar I / Depot injection	US	Approved
OPC-34712 <REXULTI*>	brexpiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Major depressive disorder / Oral	EU	Phase III
				Schizophrenia / Oral	JP, EU	Filed
				Agitation associated with dementia of the Alzheimer's type / Oral	US, EU	Phase III
				Bipolar I / Oral	US, EU	Phase III**
				Posttraumatic stress disorder / Oral	US, EU	Phase II
				Schizophrenia / Depot injection	US	Phase I
ASC-01	aripiprazole, sertraline	Otsuka Pharmaceutical	Dopamine partial agonist / Selective serotonin reuptake inhibitor	Major depressive disorder / Oral	JP Asia	Filed 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
EB-1020	centanafadine	Neurovance	Norepinephrine, dopamine and serotonin reuptake inhibitor	Attention deficit hyperactivity disorder / 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	Alcohol dependence / Oral	JP	Filed**
Lu AF20513		Lundbeck	β -amyloid vaccine	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.

** Events after Oct 1, 2017

Otsuka Group - Pipeline Information

(as of September 30, 2017)

Code / <Brand name>	Generic name	Origin	Features	Indication / Dosage form	Country / Region	Development status
Oncology						
TAS-102 <LONSURF ⁺ >	trifluridine, tipiracil	Taiho Pharmaceutical	Interference with the function of DNA	Colorectal cancer / Oral	Asia	Filed
				Gastric cancer / Oral	JP, US, EU	Phase III
TAS-118	tegafur, gimeracil, oteracil, folinate	Taiho Pharmaceutical	Anti-metabolite	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
SGI-110	guadecitabine	Astex	DNA methyltransferase inhibitor	Ovarian cancer / Injection	US, EU	Phase II
				Acute myeloid leukemia / Injection	JP, US, EU Asia	Phase III
				Myelodysplastic syndrome / Injection	JP, US, EU Asia	Phase III
ASTX727		Astex	DNA methyltransferase inhibitor	Myelodysplastic syndrome / Oral	US	Phase II
ASTX660		Astex	IAP inhibitor	Solid tumors, Lymphomas / Oral	US	Phase II
OPB-111077		Otsuka Pharmaceutical		Solid tumors, Hematological cancers	US, Asia	Phase I
TAS-114		Taiho Pharmaceutical	dUTPase inhibitor	Non-small cell lung cancer / Oral	JP, US, EU	Phase II
TAS-115		Taiho Pharmaceutical	Multi-kinase inhibitor	Prostate cancer / Oral	JP	Phase II
TAS-116		Taiho Pharmaceutical	HSP90 inhibitor	Gastrointestinal stromal tumor / Oral	JP	Phase II
TAS-117		Taiho Pharmaceutical		Solid tumors / Oral	JP	Phase I
TAS-119		Taiho Pharmaceutical		Solid tumors / Oral	US, EU	Phase I
TAS-120		Taiho Pharmaceutical		Solid tumors / Oral	JP, US, EU	Phase I
TAS-121		Taiho Pharmaceutical		Solid tumors / Oral	JP	Phase I
TAS3681		Taiho Pharmaceutical		Prostate cancer / Oral	US, EU	Phase I
TAS4464		Taiho Pharmaceutical		Solid tumors, Hematological cancers / Injection	JP, US, EU	Phase I
ET-743	trabectedin	PharmaMar		Ovarian cancer / Injection	JP	Phase I
OCV-501		Otsuka Pharmaceutical	WT1 targeted cancer vaccine	Acute myeloid leukemia / Injection	JP, Asia	Phase II
OCV-C02		OncoTherapy Science		Colorectal cancer / Injection	JP	Phase I
HF10		Takara Bio	Oncolytic Virus	Melanoma / Injection	JP	Phase II
				Pancreatic cancer/ Injection	JP	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.

Otsuka Group - Pipeline Information

(as of September 30, 2017)

Code / <Brand name>	Generic name	Origin	Features	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	Filed**
					Asia	Filed
				Cardiac edema / Oral	Asia	Filed
				Syndrome of inappropriate antidiuretic hormone secretion / Oral	JP	Phase III
AKB-6548	vadadustat	Akebia	HIF-prolyl hydroxylase inhibitor	Anemia associated with chronic kidney disease / Oral	US, EU	Phase III
Other areas						
TAS-303		Taiho Pharmaceutical	Selective norepinephrine reuptake inhibitors	Stress urinary incontinence / Oral	JP	Phase II
TAC-302		Meiji		Detrusor Underactivity with Overactive Bladder/ Oral	JP	Phase II
OPC-67683 <Delyba ⁺ >	delamanid	Otsuka Pharmaceutical	Mycolic acid biosynthesis inhibitor	Multidrug-resistant tuberculosis / Oral	US	Phase III
				Multidrug-resistant tuberculosis for pediatrics / Oral	EU	Phase II
OPC-12759E <Mucosta Ophthalmic	rebamipide	Otsuka Pharmaceutical	Mucin secretagogue	Dry eyes / Eye drops MD (Multi dose)	JP	Phase III
OPF-105	Glucose, electrolyte, amino acid, fat and vitamin	Otsuka Pharmaceutical Factory		Peripheral parenteral nutrition solution / Injection	JP	Phase III
OPA-15406		Otsuka Pharmaceutical	PDE4 inhibitor	Atopic dermatitis / Ointment	JP	Phase II
OPS-2071		Otsuka Pharmaceutical	New quinolone based antibacterial agent	Clostridium difficile infection, enteric infection / Oral	JP, Asia	Phase II
Diagnostics						
C13-CAC	13C-calcium carbonate breath test	Otsuka Pharmaceutical		Measurement of gastric acidity / In-vivo diagnostic agent	JP	Phase II
ODK-1003/	WT1 mRNA	Otsuka		Diagnosis for Myelodysplastic syndrome /	Asia	Filed
ODK-1003-CN	RT-PCR Assay Kit	Pharmaceutical		In-vitro diagnostic agent		

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.

** Events after Oct 1, 2017

<Changes from 2017Q2>

Code / <Brand name>	Generic name	Origin	Features	Indication / Dosage form	Country / Region	Development status	Change from 2Q FY2017
CNS							
<Abilify Maintena*>: Depot injection	aripiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Bipolar I / Depot injection	US	Approval	Approved July 2017
ASC-01	aripiprazole, sertraline	Otsuka Pharmaceutical	Dopamine partial agonist / Selective serotonin reuptake inhibitor	Major depressive disorder / Oral	JP	Filed	Filed July 2017
Oncology							
ASTX660		Astex	IAP inhibitor	Solid tumors, Lymphomas / Oral	US	Phase II	Phase I → Phase II
HF10		Takara Bio	Oncolytic Virus	Melanoma / Injection	JP	Phase II	Added
				Pancreatic cancer / Injection	JP	Phase I	Added
Other areas							
TAC-302		Meiji		Detrusor Underactivity with Overactive bladder/ Oral	JP	Phase II	Added

<Events after Oct 1, 2017>

Code / <Brand name>	Generic name	Origin	Category	Indication / Dosage form	Country / Region	Development status	Change from 3Q FY2017
OPC-34712 「REXULTI*」	brexpiprazole	Otsuka Pharmaceutical	Dopamine partial agonist	Bipolar I / Oral	US, EU	Phase III	Added
Lu AA36143	nalmefene	Lundbeck	Opioid receptor antagonist	Alcohol dependence / Oral	JP	Filed	Phase III → Filed
OPC-41061 <Samsca* / JINARC*>	tolvaptan	Otsuka Pharmaceutical	V ₂ receptor antagonist	Autosomal dominant polycystic kidney disease / Oral	US	Filed	Phase III → Filed

<Discontinuation of project development>

Code / <Brand name>	Generic name	Origin	Category	Indication / Dosage form	Country / Region	Development status	
OPC-41061 <Samsca* / JINARC*>	tolvaptan	Otsuka Pharmaceutical	V ₂ receptor antagonist	Carcinomatous edema / Oral	JP	Phase II	
Reason for discontinuation of project development: The decision to discontinue development was based on R&D strategy							
OPC-41061 <Samsca* / JINARC*>	tolvaptan	Otsuka Pharmaceutical	V ₂ receptor antagonist	Volume overload in hemodialysis / Oral	JP	Phase II	
Reason for discontinuation of project development: The decision to discontinue development was based on R&D strategy							
OPC-41061 <Samsca* / JINARC*>	tolvaptan	Otsuka Pharmaceutical	V ₂ receptor antagonist	Volume overload in peritoneal dialysis / Oral	JP	Phase II	
Reason for discontinuation of project development: The decision to discontinue development was based on R&D strategy							

*: Product names used outside Japan.