

Reference Data

3rd Quarter - Fiscal Year 2017
(April 1, 2017 to December 31, 2017)

Consolidated Earnings

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Consolidated Financial Data

(Millions of yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | |
|--|--------------------|------------------|------------------|------------------|--------------------|------------------|------------------|----------------------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year E (new) | Full year E (previous) |
| Net sales | 69,431 | 141,007 | 216,431 | 279,773 | 68,532 | 138,630 | 215,798 | 279,500 | 279,000 |
| (YOY%) | (+0.3%) | (-3.4%) | (-3.8%) | (-3.6%) | (-1.3%) | (-1.7%) | (-0.3%) | (-0.1%) | (-0.3%) |
| Self-Medication operations | 43,012 | 90,457 | 138,160 | 179,992 | 44,823 | 91,876 | 140,853 | 183,500 | 181,300 |
| Prescription Pharmaceutical operations | 26,418 | 50,550 | 78,270 | 99,781 | 23,709 | 46,753 | 74,944 | 96,000 | 97,700 |
| Gross profit on sales* | 44,409 | 90,333 | 138,365 | 178,226 | 44,300 | 89,559 | 140,698 | 181,800 | 180,900 |
| Selling, general and administrative expenses | 35,302 | 73,678 | 111,804 | 146,260 | 37,358 | 74,380 | 112,143 | 148,300 | 152,400 |
| Research and development expenses (% Sales) | 5,050 (7.3%) | 10,496 (7.4%) | 15,519 (7.2%) | 21,260 (7.6%) | 5,291 (7.7%) | 10,771 (7.8%) | 15,539 (7.2%) | 21,600 (7.7%) | 24,000 (8.6%) |
| Advertising expenses | 5,013 | 10,595 | 17,880 | 22,087 | 5,975 | 11,338 | 18,565 | 23,100 | 23,200 |
| Sales promotion expenses | 7,082 | 15,069 | 23,338 | 30,079 | 7,307 | 14,362 | 21,992 | 29,400 | 31,100 |
| Personnel expenses | 9,090 | 18,078 | 27,034 | 35,845 | 8,874 | 17,770 | 26,610 | 35,400 | 36,300 |
| Operating Profit | 9,106 | 16,655 | 26,560 | 31,966 | 6,941 | 15,178 | 28,555 | 33,500 | 28,500 |
| (YOY%) | (+74.0%) | (+19.6%) | (+16.9%) | (+10.7%) | (-23.8%) | (-8.9%) | (+7.5%) | (+4.8%) | (-10.8%) |
| Ordinary Profit | 10,422 | 19,129 | 31,376 | 38,036 | 8,796 | 17,850 | 33,379 | 38,500 | 34,500 |
| (YOY%) | (+39.1%) | (+8.2%) | (+7.8%) | (+3.4%) | (-15.6%) | (-6.7%) | (+6.4%) | (+1.2%) | (-9.3%) |
| Profit attributable to owners of parent | 6,945 | 13,499 | 23,670 | 28,781 | 5,534 | 12,016 | 26,463 | 30,000 | 24,000 |
| (YOY%) | (+48.2%) | (+19.7%) | (+26.5%) | (+28.1%) | (-20.3%) | (-11.0%) | (+11.8%) | (+4.2%) | (-16.6%) |
| Comprehensive income | 3,455 | 5,317 | 18,994 | 30,184 | 10,303 | 20,452 | 36,625 | - | - |
| (YOY%) | (-47.7%) | (-30.2%) | (-4.7%) | (+233.2%) | (+198.2%) | (+284.6%) | (+92.8%) | - | - |
| Basic EPS (yen) | 86.92 | 168.93 | 296.21 | 360.18 | 69.27 | 150.38 | 331.19 | 375.47 | 300.38 |
| Diluted EPS (yen) | 86.86 | 168.82 | 296.01 | 359.92 | 69.21 | 150.26 | 330.92 | 375.20 | 300.17 |
| BPS (yen) | 7,857.63 | 7,876.45 | 7,990.93 | 8,127.87 | 8,189.49 | 8,313.96 | 8,458.68 | 8,501.68 | 8,319.97 |
| Dividend per share (yen) | - | 50.00 | - | 110.00 | - | 50.00 | - | 110.00 | 110.00 |
| Payout ratio | - | - | - | 30.5% | - | - | - | 29.3% | 36.6% |
| Capital expenditure | 2,453 | 4,262 | 5,040 | 7,011 | 685 | 1,999 | 2,951 | 5,580 | 5,790 |
| Depreciation and amortization | 2,529 | 5,099 | 7,732 | 10,423 | 2,474 | 4,972 | 7,525 | 10,200 | 10,300 |
| Total assets | 751,353 | 752,705 | 762,998 | 771,222 | 779,358 | 792,600 | 806,814 | 809,000 | 787,000 |
| Shareholders' equity | 642,439 | 644,393 | 653,919 | 665,088 | 669,809 | 680,053 | 692,066 | 695,000 | 681,000 |
| Return on equity (%)** | - | - | - | 4.5% | - | - | - | 4.5% | 3.7% |
| Return on assets (%)** | - | - | - | 3.8% | - | - | - | 3.8% | 3.1% |
| Equity ratio (%) | 83.6% | 83.6% | 83.7% | 84.2% | 84.0% | 83.8% | 83.8% | 84.0% | 84.5% |
| Overseas sales | 6,836 | 13,769 | 20,361 | 27,529 | 8,283 | 15,988 | 23,500 | 30,920 | 29,520 |
| Overseas sales ratio (% of total sales) | 9.9% | 9.8% | 9.4% | 9.8% | 12.1% | 11.5% | 10.9% | 11.1% | 10.6% |
| Number of employees | 6,596 | 6,515 | 6,486 | 6,461 | 6,525 | 6,484 | 6,412 | - | - |

* After provision/reversal of reserve for returned unsold goods

** Average of the beginning and year-end balance of shareholders' equity / total assets

<Reference>

•E=Estimates

•The previous full-year forecasts for the fiscal year ending March 31, 2017 were announced on October 30, 2017.

Consolidated Balance Sheets

(Millions of yen)

| | End of FY2016 | | End of FY2017/3Q | | change | |
|---|----------------|---------------|------------------|---------------|----------------|--|
| | (March 31, 17) | % total | (Dec. 31, 17) | % total | | |
| (Assets) | | | | | | |
| I Current assets: | 308,946 | 40.1% | 358,865 | 44.5% | +49,919 | |
| Cash and deposits | 201,275 | | 207,965 | | +6,689 | |
| Notes and accounts receivable-trade | 69,535 | | 85,788 | | +16,253 | |
| Marketable securities | - | | 26,386 | | +26,386 | Transferred from investments in securities +26,000 |
| Inventories | 27,501 | | 26,791 | | -710 | |
| Deferred tax assets | 5,819 | | 6,368 | | +549 | |
| Other | 4,814 | | 5,564 | | +750 | |
| II Fixed assets: | 462,276 | 59.9% | 447,949 | 55.5% | -14,326 | |
| (1) Tangible fixed assets: | 97,282 | (12.6%) | 94,028 | (11.7%) | -3,253 | |
| Buildings and structures, net | 49,957 | | 47,971 | | -1,985 | |
| Machinery, equipment and vehicles, net | 6,372 | | 5,557 | | -814 | |
| Land | 37,457 | | 37,035 | | -421 | |
| Other, net | 3,496 | | 3,464 | | -32 | |
| (2) Intangible fixed assets: | 34,372 | (4.5%) | 31,779 | (3.9%) | -2,593 | |
| Goodwill | 16,768 | | 15,611 | | -1,157 | |
| Sales rights | 4,068 | | 3,070 | | -997 | |
| Trademarks | 9,966 | | 9,159 | | -806 | |
| Software | 3,046 | | 3,290 | | +244 | |
| Other | 523 | | 648 | | +124 | |
| (3) Investments and other assets: | 330,620 | (42.9%) | 322,140 | (39.9%) | -8,479 | |
| Investment securities | 252,459 | | 244,856 | | -7,603 | Transferred to marketable securities -26,000 Gain/loss on valuation +10,868 Bond purchase +8,102 |
| Shares of subsidiaries and affiliates | 67,550 | | 66,087 | | -1,463 | |
| Net defined benefit assets | 2,496 | | 2,678 | | +182 | |
| Deferred tax assets | 6,783 | | 6,974 | | +190 | |
| Other | 1,330 | | 1,544 | | +213 | |
| Total assets | 771,222 | 100.0% | 806,814 | 100.0% | +35,592 | |
| (Liabilities) | | | | | | |
| I Current liabilities: | 58,097 | 7.5% | 63,236 | 7.8% | +5,138 | |
| Notes and accounts payable-trade | 23,327 | | 22,062 | | -1,264 | |
| Accounts payable | 13,047 | | 15,221 | | +2,174 | |
| Accrued income taxes | 5,774 | | 7,046 | | +1,271 | |
| Provision for bonuses | 3,854 | | 2,911 | | -942 | |
| Other | 12,094 | | 15,994 | | +3,899 | |
| II Long-term liabilities: | 48,036 | 6.2% | 51,511 | 6.4% | +3,475 | |
| Net defined benefit liabilities | 23,505 | | 23,589 | | +84 | |
| Deferred taxes liabilities | 16,130 | | 19,980 | | +3,849 | |
| Other | 8,400 | | 7,941 | | -458 | |
| Total liabilities | 106,134 | 13.8% | 114,748 | 14.2% | +8,613 | |
| (Net assets) | | | | | | |
| I Shareholders' equity | 621,583 | 80.6% | 639,191 | 79.2% | +17,607 | |
| Common stock | 30,000 | 3.9% | 30,000 | 3.7% | - | |
| Capital surplus | 15,272 | 2.0% | 15,271 | 1.9% | -0 | |
| Retained earnings | 644,038 | 83.5% | 661,704 | 82.0% | +17,665 | Profit attributable to owners of parent +26,463 Dividend on retained earnings -8,797 |
| Treasury stock | -67,727 | -8.8% | -67,785 | -8.4% | -57 | |
| II Accumulated other comprehensive income | 27,875 | 3.6% | 36,647 | 4.5% | +8,771 | |
| Valuation difference on securities | 36,234 | 4.7% | 44,433 | 5.5% | +8,198 | |
| Deferred gains or losses on hedges | 0 | 0.0% | 0 | 0.0% | +0 | |
| Foreign currency translation adjustment | -2,195 | -0.3% | -2,023 | -0.3% | +171 | |
| Remeasurements of defined benefit plans | -6,162 | -0.8% | -5,761 | -0.7% | +400 | |
| III Subscription rights to shares | 478 | 0.1% | 565 | 0.1% | +87 | |
| IV Non-controlling interests | 15,150 | 2.0% | 15,662 | 1.9% | +511 | |
| Total net assets | 665,088 | 86.2% | 692,066 | 85.8% | +26,978 | |
| Total liabilities and net assets | 771,222 | 100.0% | 806,814 | 100.0% | +35,592 | |

Consolidated P/L Statement

(Millions of yen)

| | End of FY2016/3Q | | End of FY2017/3Q | | YOY change | |
|---|------------------|---------|------------------|---------|------------|--|
| | (Dec 31, 16) | % total | (Dec 31, 17) | % total | | |
| Net sales | 216,431 | 100.0% | 215,798 | 100.0% | -633 | |
| Cost of sales | 77,984 | 36.0% | 74,583 | 34.6% | -3,401 | |
| Gross profit on sales | 138,446 | 64.0% | 141,215 | 65.4% | +2,768 | |
| Provision for sales returns | 81 | | 516 | | +434 | |
| Gross profit | 138,365 | 63.9% | 140,698 | 65.2% | +2,333 | |
| Selling, general and administrative expenses | 111,804 | 51.7% | 112,143 | 52.0% | +338 | |
| Research and development expenses | 15,519 | | 15,539 | | +19 | |
| Advertising expenses | 17,880 | | 18,565 | | +684 | |
| Sales promotion expenses | 23,338 | | 21,992 | | -1,345 | |
| Personnel expenses | 27,034 | | 26,610 | | -423 | |
| Other | 28,032 | | 29,435 | | +1,403 | |
| Operating Profit | 26,560 | 12.3% | 28,555 | 13.2% | +1,994 | |
| Non-operating income | 5,981 | 2.8% | 5,983 | 2.8% | +2 | |
| Non-operating expenses | 1,165 | 0.5% | 1,159 | 0.5% | -6 | |
| Ordinary Profit | 31,376 | 14.5% | 33,379 | 15.5% | +2,003 | |
| Extraordinary income | 3,723 | 1.7% | 6,348 | 2.9% | +2,624 | Gain on sales of fixed assets +1,888 Gains from sale of fixed assets +736 |
| Extraordinary losses | 138 | 0.1% | 44 | 0.0% | -93 | |
| Profit before income taxes and minority interests | 34,961 | 16.2% | 39,683 | 18.4% | +4,722 | |
| Income taxes | 9,859 | 4.6% | 11,999 | 5.6% | +2,140 | |
| Profit | 25,101 | 11.6% | 27,683 | 12.8% | +2,582 | |
| Profit attributable to non-controlling interests | 1,431 | 0.7% | 1,220 | 0.6% | -210 | |
| Profit attributable to owners of parent | 23,670 | 10.9% | 26,463 | 12.3% | +2,792 | |

Consolidated Sales Breakdown by Segment/Category

(Millions of yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | |
|--|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|----------------------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year E (new) | Full year E (previous) |
| Self-Medication operations | 43,012 | 90,457 | 138,160 | 179,992 | 44,823 | 91,876 | 140,853 | 183,500 | 181,300 |
| (YOY%) | (-1.4%) | (-1.8%) | (-0.4%) | (-0.4%) | (+4.2%) | (+1.6%) | (+1.9%) | (+1.9%) | (+0.7%) |
| Japan | 35,560 | 75,344 | 115,723 | 149,733 | 35,949 | 74,513 | 115,263 | 149,900 | 149,300 |
| Overseas | 6,832 | 13,757 | 20,347 | 27,507 | 8,281 | 15,979 | 23,489 | 30,900 | 29,500 |
| Other | 620 | 1,355 | 2,090 | 2,751 | 592 | 1,383 | 2,099 | 2,700 | 2,500 |
| Prescription Pharmaceutical operations | 26,418 | 50,550 | 78,270 | 99,781 | 23,709 | 46,753 | 74,944 | 96,000 | 97,700 |
| (YOY%) | (+3.2%) | (-6.2%) | (-9.2%) | (-8.8%) | (-10.3%) | (-7.5%) | (-4.2%) | (-3.8%) | (-2.1%) |
| Ethical drugs | 24,562 | 48,140 | 75,451 | 96,126 | 22,732 | 45,221 | 70,727 | 91,200 | 95,100 |
| Other | 1,856 | 2,410 | 2,819 | 3,655 | 976 | 1,531 | 4,217 | 4,800 | 2,600 |
| Total | 69,431 | 141,007 | 216,431 | 279,773 | 68,532 | 138,630 | 215,798 | 279,500 | 279,000 |

Consolidated Operating Income by Segment

(Millions of yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | |
|--|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|----------------------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year E (new) | Full year E (previous) |
| Self-Medication operations | 7,022 | 15,203 | 22,744 | 30,106 | 5,843 | 14,311 | 22,216 | 28,400 | 26,000 |
| (YOY%) | (+15.7%) | (+4.6%) | (+7.8%) | (+6.0%) | (-16.8%) | (-5.9%) | (-2.3%) | (-5.7%) | (-13.6%) |
| Prescription Pharmaceutical operations | 2,496 | 2,272 | 4,981 | 3,352 | 1,414 | 1,563 | 7,396 | 6,500 | 3,900 |
| (YOY%) | (-) | (-) | (+92.2%) | (+90.9%) | (-43.3%) | (-31.2%) | (+48.5%) | (+93.9%) | (+16.3%) |
| Other* | -412 | -820 | -1,165 | -1,492 | -316 | -696 | -1,058 | -1,400 | -1,400 |
| (YOY%) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) | (-) |
| Total | 9,106 | 16,655 | 26,560 | 31,966 | 6,941 | 15,178 | 28,555 | 33,500 | 28,500 |

* The "Other" segment represents the Company (a pure holding company), which is not attributable to any reportable segment.

Consolidated Sales - Leading Brands of Self-Medication Operations

(Billions of Yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | | | |
|-------------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|--------|----------------------|--------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | YOY | Full year E (new) | YOY | Full year E (previous) |
| Japan | 35.6 | 75.3 | 115.7 | 149.7 | 35.9 | 74.5 | 115.3 | -0.4% | 149.9 | +0.1% | 149.3 |
| <i>Lipovitan</i> series | 15.6 | 33.0 | 47.4 | 58.5 | 14.6 | 31.0 | 44.1 | -6.9% | 55.1 | -5.8% | 56.8 |
| <i>Pabron</i> series | 4.3 | 10.2 | 18.8 | 26.3 | 4.6 | 11.4 | 20.9 | +10.9% | 28.0 | +6.5% | 26.9 |
| <i>RiUP</i> series | 3.8 | 7.9 | 12.3 | 16.1 | 3.7 | 7.8 | 12.3 | +0.3% | 16.2 | +1.1% | 15.9 |
| <i>VICKS</i> series | 0.5 | 1.5 | 2.9 | 3.6 | 0.5 | 1.5 | 3.1 | +7.9% | 4.1 | +12.2% | 4.2 |
| GI treatment series | 0.9 | 1.8 | 3.0 | 4.0 | 0.9 | 1.8 | 3.0 | -0.5% | 3.9 | -0.6% | 3.9 |
| <i>Livita</i> series | 0.9 | 1.9 | 2.9 | 3.8 | 0.9 | 1.7 | 2.6 | -9.3% | 3.5 | -9.0% | 3.6 |
| <i>NARON</i> series | 0.9 | 1.7 | 2.6 | 3.4 | 0.7 | 1.5 | 2.4 | -8.7% | 3.1 | -8.6% | 3.5 |
| <i>Colac</i> series | 0.8 | 1.6 | 2.5 | 3.3 | 0.9 | 1.6 | 2.5 | -2.5% | 3.3 | +1.2% | 3.3 |
| <i>Biofermin</i> series | 2.0 | 4.2 | 6.7 | 8.8 | 2.4 | 3.6 | 6.5 | -2.8% | 8.7 | -2.2% | 7.9 |
| Overseas | 6.8 | 13.8 | 20.3 | 27.5 | 8.3 | 16.0 | 23.5 | +15.4% | 30.9 | +12.3% | 29.5 |
| Energy drinks | 2.5 | 4.9 | 7.2 | 9.4 | 2.8 | 5.6 | 8.5 | +18.3% | 10.8 | +15.9% | 9.9 |
| OTC drugs | 4.2 | 8.5 | 12.6 | 17.2 | 5.1 | 9.5 | 13.8 | +9.6% | 18.6 | +8.2% | 18.3 |
| Others | 0.6 | 1.4 | 2.1 | 2.8 | 0.6 | 1.4 | 2.1 | +0.4% | 2.7 | -1.9% | 2.5 |

(Rounded to the nearest hundred-million)

Lipovitan Series: Sales Breakdown

(Billions of Yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | | | |
|---------------------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|--------|----------------------|--------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | YOY | Full year E (new) | YOY | Full year E (previous) |
| <i>Lipovitan</i> series | 15.6 | 33.0 | 47.4 | 58.5 | 14.6 | 31.0 | 44.1 | -6.9% | 55.1 | -5.8% | 56.8 |
| <i>Lipovitan D</i> | 10.2 | 21.4 | 30.5 | 37.2 | 9.5 | 20.1 | 28.7 | -5.8% | 35.2 | -5.3% | 36.1 |
| Others | 5.4 | 11.6 | 17.0 | 21.3 | 5.1 | 10.9 | 15.4 | -9.0% | 19.8 | -6.7% | 20.7 |
| (100mL other <i>Lipovitan</i>) | 3.5 | 7.4 | 10.8 | 13.5 | 3.4 | 7.2 | 10.1 | -7.1% | 13.1 | -3.3% | 13.2 |
| (50mL other <i>Lipovitan</i>) | 1.9 | 4.2 | 6.1 | 7.7 | 1.7 | 3.7 | 5.4 | -12.4% | 6.8 | -12.8% | 7.5 |

(Rounded to the nearest hundred-million)

Consolidated Sales - Leading Products of Prescription Pharmaceutical Operations

(Billions of Yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | | | |
|------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|---------|----------------------|--------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | YOY | Full year E (new) | YOY | Full year E (previous) |
| <i>Edirol</i> | 5.8 | 11.3 | 17.5 | 22.6 | 6.2 | 12.4 | 19.2 | +9.3% | 25.1 | +11.1% | 25.0 |
| <i>ZOSYN</i> | 4.2 | 8.3 | 12.7 | 15.5 | 2.8 | 5.3 | 7.9 | -37.7% | 9.3 | -40.1% | 9.5 |
| <i>Clarith</i> | 2.2 | 4.0 | 7.2 | 9.3 | 1.9 | 3.4 | 5.8 | -19.7% | 7.5 | -19.5% | 8.5 |
| <i>Bonviva</i> | 1.7 | 3.1 | 4.6 | 5.9 | 1.6 | 3.2 | 4.9 | +7.0% | 6.6 | +11.7% | 7.1 |
| <i>Palux</i> | 1.5 | 2.8 | 4.2 | 5.4 | 1.3 | 2.5 | 3.8 | -9.1% | 4.8 | -10.4% | 4.8 |
| <i>Lusefi</i> | 0.5 | 1.5 | 2.1 | 2.9 | 1.2 | 2.1 | 3.6 | +68.3% | 5.1 | +77.5% | 4.8 |
| <i>OZEX</i> | 1.1 | 2.2 | 4.1 | 4.9 | 0.9 | 1.7 | 2.9 | -29.3% | 3.7 | -24.6% | 4.7 |
| <i>Geninax</i> | 1.1 | 2.7 | 3.9 | 5.2 | 0.2 | 2.0 | 3.3 | -14.9% | 4.5 | -13.5% | 4.5 |
| <i>Biofermin</i> | 1.0 | 2.0 | 3.0 | 3.9 | 1.2 | 2.1 | 3.2 | +4.0% | 4.0 | +1.8% | 4.2 |
| <i>LOQOA</i> | 0.3 | 0.5 | 1.1 | 1.8 | 0.8 | 1.6 | 2.4 | +123.2% | 3.6 | +98.5% | 3.6 |

(Rounded to the nearest hundred-million)

Consolidated: Capital Expenditure

(Millions of yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | |
|----------------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|----------------------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year E (new) | Full year E (previous) |
| Total capital expenditure | 2,453 | 4,262 | 5,040 | 7,011 | 685 | 1,999 | 2,951 | 5,580 | 5,790 |
| Taisho Pharmaceutical | 2,268 | 3,668 | 4,343 | 6,013 | 539 | 1,765 | 2,424 | 4,330 | 4,590 |
| Production department | 28 | 387 | 586 | 1,104 | 195 | 524 | 803 | 1,190 | 1,270 |
| Research department | 134 | 381 | 509 | 893 | 209 | 562 | 678 | 1,120 | 1,050 |
| Head Office and the others | 2,105 | 2,899 | 3,246 | 4,015 | 134 | 678 | 941 | 2,020 | 2,270 |
| Other subsidiaries | 185 | 593 | 696 | 998 | 145 | 233 | 527 | 1,250 | 1,200 |

Consolidated: Depreciation and Amortization

(Millions of yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | |
|-------------------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|----------------------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year E (new) | Full year E (previous) |
| Depreciation and amortization | 2,529 | 5,099 | 7,732 | 10,423 | 2,474 | 4,972 | 7,525 | 10,200 | 10,300 |
| Cost of sales | 851 | 1,670 | 2,524 | 3,411 | 751 | 1,503 | 2,275 | 3,100 | 3,200 |
| SGA expenses | 1,678 | 3,429 | 5,207 | 7,011 | 1,722 | 3,468 | 5,249 | 7,100 | 7,100 |

Consolidated: R&D Expenses

(Millions of yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | |
|--|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|----------------------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year E (new) | Full year E (previous) |
| Total R&D expenses | 5,050 | 10,496 | 15,519 | 21,260 | 5,291 | 10,771 | 15,539 | 21,600 | 24,000 |
| Self-Medication operations | 1,320 | 2,825 | 4,104 | 5,497 | 1,495 | 3,107 | 4,443 | 6,300 | 6,400 |
| Prescription Pharmaceutical operations | 3,730 | 7,670 | 11,415 | 15,763 | 3,796 | 7,664 | 11,095 | 15,300 | 17,600 |

Results of Major Consolidated Subsidiaries

Sales and earnings of Taisho Pharmaceutical

(Billions of Yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | | | |
|-----------------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|--------|----------------------|--------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | YOY | Full year E (new) | YOY | Full year E (previous) |
| Net Sales | 49.2 | 101.6 | 156.4 | 203.1 | 49.3 | 100.5 | 158.2 | +1.1% | 204.6 | +0.7% | 204.3 |
| Self-Medication | 35.9 | 76.2 | 117.2 | 152.0 | 36.4 | 75.6 | 116.7 | -0.4% | 151.3 | -0.4% | 150.8 |
| Prescription Pharmaceutical | 13.4 | 25.4 | 39.2 | 51.1 | 12.9 | 25.0 | 41.5 | +5.9% | 53.3 | +4.3% | 53.5 |
| Operating profit | 5.9 | 11.1 | 17.9 | 23.1 | 3.8 | 10.0 | 20.1 | +12.8% | 24.3 | +5.4% | 19.4 |
| Ordinary profit | 6.6 | 13.8 | 20.9 | 26.5 | 7.9 | 17.1 | 27.9 | +33.5% | 31.9 | +20.4% | 25.5 |
| Profit | 5.2 | 10.5 | 16.0 | 20.1 | 6.1 | 13.6 | 24.1 | +50.6% | 27.0 | +34.5% | 20.1 |

(Rounded to the nearest hundred-million)

Sales and earnings of Taisho Toyama Pharmaceutical

(Billions of Yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | | | |
|------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|--------|----------------------|-------|---------------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | YOY | Full year E (new) | YOY | Full year E (previous) |
| Net Sales | 24.6 | 48.1 | 75.5 | 96.1 | 22.7 | 45.2 | 70.7 | -6.3% | 91.2 | -5.1% | 95.1 |
| Operating profit | 1.4 | 2.0 | 2.9 | 2.0 | 0.4 | 1.4 | 2.3 | -21.6% | 2.2 | +5.3% | 2.3 |
| Ordinary profit | 1.4 | 2.0 | 3.0 | 2.1 | 0.4 | 1.4 | 2.3 | -22.3% | 2.2 | +2.6% | 2.3 |
| Profit | 0.9 | 1.3 | 1.9 | 1.3 | 0.2 | 0.9 | 1.5 | -22.0% | 1.4 | +9.4% | 1.4 |

(Rounded to the nearest hundred-million)

Sales and earnings of Taisho Toyama Pharmaceutical are included in the consolidated results of Prescription Pharmaceutical operations.

Sales and earnings of Biofermin Pharmaceutical

(Billions of Yen)

| | March 2017(FY2016) | | | | March 2018(FY2017) | | | | |
|-----------------------------|--------------------|-------------|--------------|-----------|--------------------|-------------|--------------|--------|----------------------|
| | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | Full year | 1Q (4-6) | 2Q (4-9) | 3Q (4-12) | YOY | Full year E (new) |
| Net Sales | 2.6 | 5.1 | 8.1 | 10.6 | 3.0 | 5.9 | 8.5 | +4.4% | 10.6 |
| Self-Medication | 1.7 | 3.4 | 5.5 | 7.3 | 2.0 | 4.0 | 5.6 | +2.7% | 7.2 |
| Prescription Pharmaceutical | 0.8 | 1.7 | 2.6 | 3.4 | 1.1 | 1.9 | 2.8 | +7.9% | 3.4 |
| Operating profit | 0.7 | 1.3 | 2.3 | 2.7 | 1.1 | 1.9 | 2.6 | +13.7% | 2.7 |
| Ordinary profit | 0.8 | 1.3 | 2.3 | 2.7 | 1.1 | 1.9 | 2.6 | +11.3% | 2.7 |
| Profit | 0.5 | 0.9 | 1.6 | 1.9 | 0.8 | 1.3 | 1.8 | +11.3% | 1.9 |

(Rounded to the nearest hundred-million)

Major Subsidiaries and Affiliates

(As of Dec 31, 2017)

| Company | Address | Capital | Business | Ownership* |
|--|----------------|---------------------------|-----------|------------|
| (1) Consolidated subsidiaries | | | | % |
| Taisho Pharmaceutical Co.,Ltd. | Tokyo, Japan | ,000 Yen 29,804,450 | SMG PD | 100.0 |
| MEJIRO KOSAN Co., Ltd. | Tokyo, Japan | ,000 Yen 600,000 | SMG | 100.0 |
| Taisho Okinawa Co.,Ltd. | Okinawa, Japan | ,000 Yen 50,000 | SMG | 100.0 |
| Taisho M.T.C. Co.,Ltd. | Tokyo, Japan | ,000 Yen 400,000 | SMG | 60.0 |
| Taisho Pharmaceutical Logistics Co.,Ltd. | Saitama, Japan | ,000 Yen 30,000 | SMG | 100.0 |
| Biofermin Pharmaceutical Co., Ltd. | Hyogo, Japan | ,000 Yen 1,227,000 | SMG PD | 63.9 |
| Taisho Toyama Pharmaceutical Co.,Ltd. | Tokyo, Japan | ,000 Yen 2,000,000 | PD | 70.3 |
| TAISHO ACTIVE HEALTH Co., Ltd. | Tokyo, Japan | ,000 Yen 100,000 | SMG | 55.0 |
| TOKUHON Corporation | Tokyo, Japan | ,000 Yen 300,000 | SMG PD | 100.0 |
| Dr. Program Co., Ltd. | Tokyo, Japan | ,000 Yen 251,500 | SMG | 100.0 |
| Taisho Pharmaceutical (Taiwan) Co.,Ltd. | Taiwan | ,000 NT\$ 200,000 | SMG | 100.0 |
| Taisho Pharmaceutical California Inc. | U.S.A. | ,000 US\$ 41,050 | SMG | 100.0 |
| Taisho Pharmaceuticals (Philippines), Inc. | Philippines | ,000 Peso 18,900 | SMG | 100.0 |
| Taisho Co.,Ltd. Shanghai | China | ,000 CNY 132,621 | SMG | 100.0 |
| Taisho Vietnam Co.,Ltd. | Vietnam | ,000 VND 170,754,300 | SMG | 100.0 |
| Taisho Pharmaceutical (H.K.) Ltd. | China | ,000 HK\$ 165,300 | SMG | 100.0 |
| Osotspa Taisho Pharmaceutical Co., Ltd. | Thailand | ,000 THB 100,000 | SMG | 60.0 |
| Taisho Pharmaceutical R&D Inc. | U.S.A. | ,000 US\$ 4,000 | PD | 100.0 |
| PT. Taisho Pharmaceutical Indonesia Tbk | Indonesia | ,000 rupiah 10,240,000 | SMG | 98.0 |
| Taisho Pharmaceutical Singapore Private Limited | Singapore | ,000 US\$ 1,000 | SMG | 100.0 |
| Hoepharm Holdings Sdn.Bhd. | Malaysia | ,000 MYR 32,380 | SMG | 100.0 |
| Compañía Internacional de Comercio, S.A.P.I. de C.V. | Mexico | ,000 MXN 122,467 | SMG | 100.0 |
| (2) Equity accounting method | | | | |
| Toyama Chemical Co.,Ltd. | Tokyo, Japan | ,000 Yen 10,000,000 | PD | 34.0 |
| Yomeishu Seizo Co., Ltd. | Tokyo, Japan | ,000 Yen 1,650,000 | SMG | 24.1 |
| Duoc Hau Giang Pharmaceutical JSC | Vietnam | ,000 VND 1,307,460,710 | SMG | 24.4 |

SMG=Self-Medication operations PD=Prescription Pharmaceutical operations

*Ownership: including the portion of indirect ownership

Prescription Pharmaceutical Operations: New Drug Development - Taisho Pharmaceutical

As of Feb 1, 2018

In Japan

| |
|---------|
| Phase 2 |
|---------|

TS-091 (Oral)

- < Application > Central disorders of hypersomnolence
- < Development > In-house

TS-152 (Injection)

- < Application > Rheumatoid arthritis
- < Development > In-license (Licensor: Ablynx)
- < Description > Anti-TNF(Tumor Necrosis Factor)- α antibody
- < Remarks > Generic name: Ozoralizumab

TS-141 (Oral)

- < Application > Childhood Attention-Deficit/Hyperactivity Disorder
- < Development > In-house

TS-133 (Topical)

- < Application > Alopecia
- < Development > In-house

TS-142 (Oral)

- < Application > Insomnia
- < Development > In-house

Prescription Pharmaceutical Operations: New Drug Development - Taisho Pharmaceutical

As of Feb 1, 2018

Overseas

Phase 2

TS-121 (Oral)

< Application > Depression

< Development > In-house

Phase 1

TS-071 (Oral)

< Target disease > Type 2 diabetes

< In-house/Licensed-in > In-house

< Description > Sodium-glucose cotransporter 2 (SGLT2) inhibitor

< Remarks > Generic name: Luseogliflozin Hydrate

In Japan: Launched on May 23, 2014 (Product name: Lusefi)

TS-091 (Oral)

< Target disease > Central disorders of hypersomnolence

< In-house/Licensed-in > In-house

TS-134 (Oral)

< Target disease > Schizophrenia

< In-house/Licensed-in > In-house

Launch of New Products

As of Feb 1, 2018

New Products Since FY2017 2Q Earnings Announcement (Oct 30, 2017)

| |
|----------------------------|
| Self-Medication Operations |
|----------------------------|

Pabron Tenbi Quick JL

< Description > This drug contains two active ingredients: “naphazoline hydrochloride,” which relieves nasal congestion, and “ketotifen fumarate,” which radically suppresses allergies. This product is designed so that the formulation can turn into a gel at the nasal mucosa, and meets user’s needs for a no-drip nasal spray.

< Launch > Since Nov 2017

VICKS Throat Lozenges: the assortment of two types of ginger tastes

< Description > This product is sold as an assortment of lozenges with seasonal flavor and with two types of slightly warm taste: “honey and ginger taste” and “apple and ginger taste.” The product is readily available at supermarkets, candy counters in drugstores, and other outlets.

< Launch > Since Nov 2017

RIUPENERGY

< Description > A lineup of four products—three types of shampoos according to sebum level on the scalp and one type of conditioner—was conducted. These three types of shampoos contain botanical (moisturizing) ingredients that are well-selected according to each of the three types. Therefore, using these shampoos, we can wash our head thoroughly without damage and the washed hair can be brushed smoothly. These products are available only at our online shop, “taisho-direct” and selected shopping sites.

< Launch > Since Nov 2017

Lipovitan D: bottles of Christmas limited edition

< Description > In this fiscal year, bottles of Lipovitan D were newly redesigned with the green and red colors of Christmas. Through sales of Lipovitan D of Christmas limited edition, we are providing opportunities for people who have never tried energy drinks to become familiar with Lipovitan D, as we try to increase the number of users further.

< Launch > Since Nov 2017

Lipovitan D: 3-pack bottles designed as a product associated with Valentine’s Day

< Description > The packaging design studded with blue, white, and gold heart marks is intended to express the feeling of excitement or a throbbing heart for Valentine’s Day. This product is released in limited quantities and is sold at nationwide drugstores and supermarkets.

< Launch > Since Jan 2018

Launch of New Products

As of Feb 1, 2018

| |
|----------------------------|
| Self-Medication Operations |
|----------------------------|

Livita: Fiber plus care

< Description > This product is a dietary supplement called aojiru or green juice. The product contains multiple plant-derived dietary fibers in their original ratios, and it includes high-density, condensed lactic acid bacteria*. Thus, the product is suitable for people who want an easy way to manage their health. *The human gut-derived, high-density, condensed lactic acid bacteria (EC-12), contained in the product, are produced through a unique method by which the usefulness of the bacteria can be enhanced.

< Launch > Since Jan 2018

Coppertone Perfect UV Cut Gel Cream

< Description > In our brand for UV care products named Coppertone, involved in skin care, a series of sunscreens with new moisture ingredients is released. In this series, a sunscreen can be selected according to the skin's responses to ultraviolet light. In this series, "techniques for pH protection" are used to produce sweatproof and waterproof sunscreens which can be used comfortably at active scenes.

< Launch > Since Feb 2018
