### 10-Year Financial Summary

**Note:** Figures for fiscal 2014 and previous fiscal years are presented in accordance with Japanese GAAP.

Mitsubishi Tanabe Pharma Corporation and Consolidated Subsidiaries

#### Financial figures (billions of yen):

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥414.7</td>
<td>¥404.7</td>
<td>¥409.5</td>
<td>¥407.1</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>158.1</td>
<td>147.8</td>
<td>154.5</td>
<td>152.2</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>184.8</td>
<td>195.4</td>
<td>178.3</td>
<td>185.8</td>
</tr>
<tr>
<td>Operating profit</td>
<td>71.6</td>
<td>61.4</td>
<td>76.5</td>
<td>69.0</td>
</tr>
<tr>
<td>Profit attributable to owners of the Company</td>
<td>26.5</td>
<td>30.2</td>
<td>37.7</td>
<td>39.0</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>73.1</td>
<td>83.0</td>
<td>65.7</td>
<td>70.2</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>13.8</td>
<td>9.1</td>
<td>11.0</td>
<td>8.3</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>15.6</td>
<td>13.2</td>
<td>12.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Total assets</td>
<td>810.7</td>
<td>796.8</td>
<td>818.7</td>
<td>819.9</td>
</tr>
<tr>
<td>Total equity</td>
<td>666.2</td>
<td>676.8</td>
<td>695.9</td>
<td>721.4</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>50.5</td>
<td>23.9</td>
<td>59.0</td>
<td>37.2</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(74.5)</td>
<td>(61.2)</td>
<td>(7.6)</td>
<td>(63.2)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(15.9)</td>
<td>(17.1)</td>
<td>(15.4)</td>
<td>(17.1)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>116.9</td>
<td>62.9</td>
<td>97.8</td>
<td>54.3</td>
</tr>
</tbody>
</table>

#### Per share amounts (yen):

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to owners of the Company</td>
<td>47.28</td>
<td>53.91</td>
<td>67.27</td>
<td>69.54</td>
</tr>
<tr>
<td>Equity attributable to owners of the Company</td>
<td>1,162.69</td>
<td>1,194.79</td>
<td>1,230.16</td>
<td>1,275.85</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>28.00</td>
<td>28.00</td>
<td>28.00</td>
<td>35.00</td>
</tr>
</tbody>
</table>

#### Financial indicators (%):

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales ratio</td>
<td>38.1</td>
<td>36.5</td>
<td>37.7</td>
<td>37.4</td>
</tr>
<tr>
<td>SG&amp;A expenses ratio</td>
<td>44.6</td>
<td>48.3</td>
<td>43.6</td>
<td>45.6</td>
</tr>
<tr>
<td>Operating margin</td>
<td>17.3</td>
<td>15.2</td>
<td>18.7</td>
<td>17.0</td>
</tr>
<tr>
<td>R&amp;D expenses ratio</td>
<td>17.6</td>
<td>20.5</td>
<td>16.1</td>
<td>17.3</td>
</tr>
<tr>
<td>Ratio of equity attributable to owners of the Company to total assets</td>
<td>80.5</td>
<td>84.1</td>
<td>84.3</td>
<td>87.3</td>
</tr>
<tr>
<td>ROE</td>
<td>4.1</td>
<td>4.6</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>43.0²</td>
<td>39.0²</td>
<td>41.6</td>
<td>50.3</td>
</tr>
</tbody>
</table>

#### Others:

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>10,030</td>
<td>9,266</td>
<td>9,198</td>
<td>9,180</td>
</tr>
<tr>
<td>Number of common stock issued (thousands)</td>
<td>561,417</td>
<td>561,417</td>
<td>561,417</td>
<td>561,417</td>
</tr>
</tbody>
</table>

1. Property, plant and equipment and intangible fixed assets on an accrual basis.
2. Dividend payout ratio is calculated using net income less amortization of goodwill.
3. In commemoration of the 10th anniversary of its founding, the Company implemented a commemorative dividend of ¥10 per share in fiscal 2017.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥419.1</td>
<td>¥412.6</td>
<td>¥415.1</td>
<td>¥425.7</td>
<td>¥423.9</td>
<td>¥433.8</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>166.4</td>
<td>169.3</td>
<td>169.5</td>
<td>155.8</td>
<td>164.3</td>
<td>169.7</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>183.8</td>
<td>184.1</td>
<td>178.3</td>
<td>96.3</td>
<td>98.3</td>
<td>104.0</td>
</tr>
<tr>
<td>Operating profit</td>
<td>68.9</td>
<td>59.1</td>
<td>67.1</td>
<td>81.8</td>
<td>94.0</td>
<td>77.2</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>41.8</td>
<td>45.3</td>
<td>39.5</td>
<td>59.3</td>
<td>71.2</td>
<td>57.9</td>
</tr>
<tr>
<td>Capital expenditures1</td>
<td>66.5</td>
<td>70.4</td>
<td>69.6</td>
<td>64.6</td>
<td>64.7</td>
<td>79.0</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>11.4</td>
<td>14.7</td>
<td>17.3</td>
<td>12.1</td>
<td>14.4</td>
<td>6.0</td>
</tr>
<tr>
<td>Total assets</td>
<td>866.7</td>
<td>886.4</td>
<td>929.3</td>
<td>958.4</td>
<td>984.5</td>
<td>1,047.6</td>
</tr>
<tr>
<td>Total equity</td>
<td>752.9</td>
<td>777.8</td>
<td>800.4</td>
<td>826.3</td>
<td>871.4</td>
<td>894.8</td>
</tr>
<tr>
<td>Operating profit</td>
<td>60.5</td>
<td>69.8</td>
<td>68.1</td>
<td>80.8</td>
<td>59.7</td>
<td>66.9</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>(34.9)</td>
<td>(24.3)</td>
<td>(59.8)</td>
<td>(42.2)</td>
<td>(10.5)</td>
<td>(19.1)</td>
</tr>
<tr>
<td>Capital expenditures1</td>
<td>(23.6)</td>
<td>(21.0)</td>
<td>(21.8)</td>
<td>(22.2)</td>
<td>(24.4)</td>
<td>(32.5)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>58.7</td>
<td>84.9</td>
<td>73.3</td>
<td>88.9</td>
<td>113.2</td>
<td>127.0</td>
</tr>
<tr>
<td>Total assets</td>
<td>74.67</td>
<td>80.92</td>
<td>70.41</td>
<td>105.72</td>
<td>127.03</td>
<td>103.35</td>
</tr>
<tr>
<td>Total equity</td>
<td>1,333.22</td>
<td>1,365.52</td>
<td>1,406.41</td>
<td>1,453.71</td>
<td>1,533.91</td>
<td>1,574.26</td>
</tr>
<tr>
<td>Operating profit</td>
<td>40.00</td>
<td>40.00</td>
<td>42.00</td>
<td>46.00</td>
<td>52.00</td>
<td>66.00</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>39.7</td>
<td>41.0</td>
<td>40.9</td>
<td>36.6</td>
<td>38.8</td>
<td>39.1</td>
</tr>
<tr>
<td>Capital expenditures1</td>
<td>43.9</td>
<td>44.6</td>
<td>43.0</td>
<td>22.6</td>
<td>23.2</td>
<td>24.0</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>16.5</td>
<td>14.3</td>
<td>16.2</td>
<td>19.2</td>
<td>22.2</td>
<td>17.8</td>
</tr>
<tr>
<td>Total assets</td>
<td>86.3</td>
<td>86.4</td>
<td>84.9</td>
<td>85.1</td>
<td>87.4</td>
<td>84.3</td>
</tr>
<tr>
<td>Total equity</td>
<td>5.7</td>
<td>6.0</td>
<td>5.1</td>
<td>7.4</td>
<td>8.5</td>
<td>6.6</td>
</tr>
<tr>
<td>Operating profit</td>
<td>53.6</td>
<td>49.4</td>
<td>59.6</td>
<td>43.5</td>
<td>40.9</td>
<td>63.9</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>8,835</td>
<td>9,065</td>
<td>8,457</td>
<td>8,125</td>
<td>7,280</td>
<td>7,187</td>
</tr>
<tr>
<td>Capital expenditures1</td>
<td>561,417</td>
<td>561,417</td>
<td>561,417</td>
<td>561,417</td>
<td>561,417</td>
<td>561,417</td>
</tr>
</tbody>
</table>

1. Property, plant and equipment and intangible fixed assets on an accrual basis.
2. Dividend payout ratio is calculated using net income less amortization of goodwill.
3. In commemoration of the 10th anniversary of its founding, the Company implemented a commemorative dividend of ¥10 per share in fiscal 2017.
Management’s Discussion and Analysis

Results of Operations (amounts less than ¥100 million are rounded down)

**Revenue**

In fiscal 2017, revenue increased by ¥9.8 billion year on year, to ¥433.8 billion. The pharmaceuticals segment, which is the Company’s only segment, comprises domestic ethical drugs, overseas ethical drugs, royalty revenue, etc., OTC products, and others in pharmaceuticals.

Revenue from domestic ethical drugs decreased by ¥4.8 billion year on year, to ¥309.3 billion. Revenue from Simponi, Tenelia, Canaglu, and other priority products in fiscal 2017 increased ¥7.4 billion year on year, to ¥154.4 billion. However, overall revenue from vaccines declined ¥3.8 billion, to ¥35.0 billion, and revenue from long-listed drugs also declined. In addition, in October 2017 the Company transferred the generic drugs business to Nipro, and this transfer had the effect of reducing revenue by ¥7.5 billion. On the other hand, revenue from overseas ethical drugs increased ¥15.8 billion, to ¥38.5 billion, with a strong contribution from Radicava, which was launched in the U.S. in August 2017.

Royalty revenue, etc., was down ¥3.0 billion year on year, to ¥79.1 billion. Royalty revenue from Gilenya, which is licensed to Novartis, of Switzerland, increased ¥3.9 billion, to ¥57.7 billion. However, royalty revenue from Invokana and its fixed-dose combination with metformin, which are licensed to Janssen Pharmaceuticals, of the U.S., declined ¥4.8 billion, to ¥13.9 billion. Furthermore, in the previous fiscal year, the license agreement with Biogen, of the U.S., related to MT-1303 (expected indication: autoimmune diseases) was terminated, and as a result the balance of the upfront payment, which had been recorded in liabilities as deferred revenue, was recognized as revenue in a lump sum. Non-recurring revenue declined.

In addition, revenue from OTC products was up ¥0.3 billion, to ¥3.7 billion, and revenue from the others category of pharmaceuticals operations increased ¥1.6 billion, to ¥3.0 billion.

Overseas revenue rose ¥9.3 billion, to ¥112.9 billion, and the overseas revenue ratio was up 1.6 percentage points, to 26.0%.

**Core Operating Profit**

In applying IFRS, the Company has introduced “core operating profit” as a major profit item showing recurring profitability and has positioned it as an important management indicator. Core operating profit is operating profit after the deduction of non-recurring income and loss items (non-recurring items) as defined by the Company. The Company assumes that non-recurring items will include such items as income and losses associated with business transfers, restructuring expenses, impairment losses on intangible assets associated with products, and losses on disasters.

<table>
<thead>
<tr>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥423.9</td>
<td>¥433.8 (100.0%)</td>
<td>¥+ 9.8</td>
</tr>
<tr>
<td>Domestic ethical drugs</td>
<td>314.2</td>
<td>309.3 (71.3 )</td>
<td>- 4.8</td>
</tr>
<tr>
<td>Overseas ethical drugs</td>
<td>22.6</td>
<td>38.5 (8.9 )</td>
<td>+ 15.8</td>
</tr>
<tr>
<td>Royalty revenue, etc.</td>
<td>82.2</td>
<td>79.1 (18.2 )</td>
<td>- 3.0</td>
</tr>
<tr>
<td>OTC products</td>
<td>3.4</td>
<td>3.7 (0.9 )</td>
<td>+ 0.3</td>
</tr>
<tr>
<td>Others</td>
<td>1.4</td>
<td>3.0 (0.7 )</td>
<td>+ 1.6</td>
</tr>
<tr>
<td>Revenue by region:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>320.3</td>
<td>320.8 (74.0 )</td>
<td>+ 0.5</td>
</tr>
<tr>
<td>Overseas</td>
<td>103.6</td>
<td>112.9 (26.0 )</td>
<td>+ 9.3</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses are percentages of revenue.
In fiscal 2017, core operating profit decreased ¥15.9 billion year on year, to ¥78.5 billion. Priority products in fiscal 2017 recorded growth, and the launch of Radicava in the U.S. made a major contribution. However, revenue from long-listed products and royalty revenue declined, and R&D expenses increased significantly due to such factors as the advancement of candidates to late-stage development and the acquisition of NeuroDerm, of Israel. SG&A expenses increased ¥5.7 billion, to ¥104.0 billion. In addition, R&D expenses increased ¥14.3 billion, to ¥79.0 billion, and the R&D expenses ratio was up 2.9 percentage points year on year, to 18.2%.

The cost of sales ratio was up 0.3 percentage point, to 39.1%, but gross profit rose ¥4.5 billion, to ¥264.1 billion, due to the increase in revenue.

Operating Profit

In fiscal 2017, operating profit was down ¥16.7 billion year on year, to ¥77.2 billion. Core operating profit declined, and in non-recurring items, impairment loss and restructuring and other expenses exceeded the proceeds from transfer of business and gain on sales of property, plant and equipment. Non-recurring items in fiscal 2017 were a loss of ¥1.2 billion, compared with a loss of ¥0.4 billion in the previous fiscal year. The operating margin declined 4.4 percentage points, to 17.8%.

<table>
<thead>
<tr>
<th>Domestic ethical drugs</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Products in Fiscal 2017</td>
<td>¥146.9</td>
<td>¥154.4</td>
<td>¥+ 7.4</td>
<td>+ 5.1%</td>
</tr>
<tr>
<td>Remicade</td>
<td>66.8</td>
<td>64.6</td>
<td>- 2.1</td>
<td>- 3.2</td>
</tr>
<tr>
<td>Simponi</td>
<td>24.9</td>
<td>32.1</td>
<td>+ 7.2</td>
<td>+ 29.0</td>
</tr>
<tr>
<td>Tenelia</td>
<td>16.5</td>
<td>17.5</td>
<td>+ 0.9</td>
<td>+ 5.8</td>
</tr>
<tr>
<td>Talion</td>
<td>18.9</td>
<td>16.9</td>
<td>- 2.0</td>
<td>- 10.7</td>
</tr>
<tr>
<td>Lexapro</td>
<td>11.2</td>
<td>12.7</td>
<td>+ 1.4</td>
<td>+ 13.2</td>
</tr>
<tr>
<td>Canaglu</td>
<td>3.4</td>
<td>5.6</td>
<td>+ 2.1</td>
<td>+ 60.8</td>
</tr>
<tr>
<td>Imusera</td>
<td>4.9</td>
<td>4.7</td>
<td>- 0.1</td>
<td>- 3.5</td>
</tr>
</tbody>
</table>

In the overseas ethical drugs category, Radicava was the only product available in FY 2017.

| Overseas ethical drugs | | |
|------------------------|---------|
| Radicava | — 12.3 |

<table>
<thead>
<tr>
<th>Royalty revenue, etc.</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalty from Gilenya</td>
<td>53.7</td>
<td>57.7</td>
<td>+ 3.9</td>
<td>+ 7.4</td>
</tr>
<tr>
<td>Royalty from Invokana</td>
<td>18.8</td>
<td>13.9</td>
<td>- 4.8</td>
<td>- 25.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bills of yen</th>
<th>Billions of yen</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>¥164.3</td>
<td>(39.1%)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>259.5</td>
<td>264.1</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>98.3</td>
<td>104.0</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>64.7</td>
<td>79.0</td>
</tr>
<tr>
<td>Core operating profit</td>
<td>94.5</td>
<td>78.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>94.0</td>
<td>77.2</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses are percentages of revenue.
Management's Discussion and Analysis

Profit Attributable to Owners of the Company
As a result of the decrease in operating profit, in fiscal 2017 profit attributable to owners of the Company was down ¥13.3 billion year on year, to ¥57.9 billion.

Financial Position (amounts less than ¥100 million are rounded down)

Total Assets, Total Liabilities, and Total Equity
Total assets at the end of the fiscal year were ¥1,047.6 billion, an increase of ¥63.0 billion from the previous fiscal year-end.

Total non-current assets increased ¥161.3 billion year on year, to ¥462.0 billion. Due to such factors as the acquisition of NeuroDerm, intangible assets increased ¥139.7 billion and goodwill rose ¥9.9 billion. Investments in associates and joint ventures accounted for using equity method increased ¥16.2 billion due to the acquisition of shares of BIKEN Co., as an equity-method affiliate.

Total current assets declined ¥98.2 billion year on year, to ¥585.5 billion. Other financial assets declined ¥107.5 billion due to the implementation of strategic investment, as described above.

Total liabilities were up ¥39.6 billion from the end of the previous fiscal year, to ¥152.7 billion. Deferred tax liabilities increased ¥30.7 billion, and income taxes payable rose ¥13.2 billion.

Total equity at the end of the period was up ¥23.3 billion from the end of the previous fiscal year, to ¥894.8 billion. Profit attributable to owners of the Company was ¥57.9 billion, while dividends paid was ¥37.0 billion. As a result, retained earnings increased ¥28.6 billion.

Consequently, the ratio of equity attributable to owners of the Company to total assets declined 3.1 percentage points, to 84.3%.

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>¥984.5</td>
<td>¥1,047.6</td>
<td>¥+63.0</td>
<td>+6.4%</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>300.7</td>
<td>462.0</td>
<td>+161.3</td>
<td>+53.6</td>
</tr>
<tr>
<td>Current assets</td>
<td>683.7</td>
<td>585.5</td>
<td>–98.2</td>
<td>–14.4</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>113.1</td>
<td>152.7</td>
<td>+39.6</td>
<td>+35.1</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>24.7</td>
<td>55.4</td>
<td>+30.7</td>
<td>+124.4</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>88.4</td>
<td>97.3</td>
<td>+8.9</td>
<td>+10.1</td>
</tr>
<tr>
<td>Total equity</td>
<td>871.4</td>
<td>894.8</td>
<td>+23.3</td>
<td>+2.7</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses are percentages of total assets or percentages of the total of liabilities and equity.

Profit Attributable to Owners of the Company

Total Assets / Ratio of Equity Attributable to Owners of the Company to Total Assets

ROE
Cash Flows

Net cash provided by operating activities was ¥66.9 billion. Inflows, which included profit before income tax of ¥78.7 billion, exceeded outflows, which included income taxes paid of ¥13.8 billion.

Net cash used in investing activities was ¥19.1 billion. Principal items included the acquisition of NeuroDerm and the purchase of intangible assets.

Net cash used in financing activities was ¥32.5 billion. Dividends paid was ¥37.0 billion.

As a result, net cash inflows for the fiscal year were ¥13.8 billion, and the balance of cash and cash equivalents at fiscal year-end was ¥127.0 billion.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Net Cash Provided by Operating Activities</th>
<th>Net Cash Used in Investing Activities</th>
<th>Net Cash Used in Financing Activities</th>
<th>Cash and Cash Equivalents at the End of the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>¥59.7</td>
<td>(10.5)</td>
<td>(24.4)</td>
<td>113.2</td>
</tr>
<tr>
<td>FY 2017</td>
<td>¥+ 66.9</td>
<td>(19.1)</td>
<td>(32.5)</td>
<td>127.0</td>
</tr>
<tr>
<td>Change</td>
<td>+ 7.1</td>
<td>– 8.6</td>
<td>– 8.0</td>
<td>+13.8</td>
</tr>
</tbody>
</table>

Dividends

Mitsubishi Tanabe Pharma’s basic policy calls for providing a stable and continuous return to shareholders while striving to increase enterprise value by aggressively implementing strategic investment and R&D investment to achieve sustained growth.

Under Medium-Term Management Plan 16–20, for which fiscal 2016 was the first year, the Company is working to enhance return to shareholders, aiming for a dividend payout ratio of 50% under the application of IFRS.

On October 1, 2017, the Company marked the 10th anniversary of its founding. To commemorate this milestone, the Company implemented a commemorative dividend of ¥10 per share at the time of the interim dividend in fiscal 2017. In fiscal 2017, core operating profit, operating profit, and profit attributable to owners of the Company all declined, but in accordance with the basic policy on shareholder return, the Company set annual dividends at ¥56.0 per share, an increase of ¥4.0 per share (not including the commemorative dividend). Including the commemorative dividend, the annual dividend was ¥66.0 per share, and the dividend payout ratio was 63.9%, compared with 40.9% in the previous fiscal year.
Operational Risks

The following are major risks that have the potential to significantly influence the financial position or performance of the Mitsubishi Tanabe Pharma Group. In recognition of these risks, the Mitsubishi Tanabe Pharma Group works to prevent the occurrence of risk events and to implement responses in the event of their occurrence. Items in this document relating to the future are based on the judgment of the Mitsubishi Tanabe Pharma Group as of the end of fiscal 2017 (March 31, 2018).

1 Risks Related to R&D
The R&D of drugs requires lengthy investment and the commitment of substantial resources. In addition, pharmaceuticals cannot be sold if approval is not obtained under the legal and regulatory system of each country. Accordingly, it is difficult to accurately predict whether or not products will be launched and the timing of those launches. Furthermore, if problems with effectiveness or safety are found, or if a drug candidate is not expected to have economic value, development could be halted. Due to these types of factors, it is possible that R&D investment will not lead to the launch of new drugs, or that the initially-projected level of sales will not be achievable.

2 Risks Related to Adverse Drug Reactions
In the event of the appearance of serious adverse drug reactions or safety problems with a pharmaceutical, there could be a sales suspension, recall, etc.

3 Risks Related to Insurance Systems
The sale of pharmaceuticals is significantly influenced by various health insurance systems, such as medical fees, drug price standards, etc. In the event of revisions to the drug price standard that is the official price of pharmaceuticals or to the drug price system; revisions to medical fees or revisions to various health insurance systems that influence trends in the use of pharmaceuticals by medical institutions; or similar revisions to the standards and systems employed overseas, there could be an influence on the Mitsubishi Tanabe Pharma Group’s business activities.

4 Risks Related to Changes in the Market Environment
Due to the launch of competing products or generic drugs, the launch of new methods of treatment or new technologies, the announcement of new evidence, etc., there could be a relative change in the position of the Company’s pharmaceutical products in clinical use.

5 Risks Related to Intellectual Property
If the Mitsubishi Tanabe Pharma Group’s business activities conflict with the intellectual property rights of other parties, it is possible that there could be a legal dispute or that the activities could be suspended. Also, in the event that the Mitsubishi Tanabe Pharma Group believes that its intellectual property rights have been infringed upon by another party, it is possible that the Mitsubishi Tanabe Pharma Group might file lawsuits.

6 Risks Related to Alliances with Other Companies
The Mitsubishi Tanabe Pharma Group works with other companies in joint research and development, product in-licensing and out-licensing, joint promotion and marketing, and the performance of various operations on a contract basis. In the future, if contracts with alliance partners are changed or canceled, if the management environment of alliance partners worsens, if the management policies of alliance partners change, or if the supply of products from these companies is delayed or suspended, there could be an adverse influence on the Mitsubishi Tanabe Pharma Group’s business activities.

7 Risks Related to Business Acquisitions, Etc.
The Mitsubishi Tanabe Pharma Group conducts business development activities for sustained growth, and business acquisitions, etc., are implemented as a means to that end. It is possible that the expected acquisition effects, etc., will not be achieved due to such factors as changes to laws or regulations of various countries, political instability, uncertainty of economic trends, differences in business practices, changes in the economic environment or businesses of acquired businesses, etc.

8 Risks Related to Stable Supply
Due to the emergence of technical or legal / regulatory problems in the Mitsubishi Tanabe Pharma Group’s internal or external production, distribution sales, etc., or to operational stoppages, etc., resulting from fires or other disasters, there could be a suspension of or substantial delay in the supply of products.
9 Risks Related to Financial Market Conditions and Exchange Rate Fluctuations
The Mitsubishi Tanabe Pharma Group receives and delivers money related to exports and imports of certain pharmaceuticals and raw materials and also receives from overseas patent-right usage fees related to out-licensed pharmaceuticals. In addition, the Mitsubishi Tanabe Pharma Group has overseas assets, including overseas consolidated subsidiaries. Accordingly, substantial fluctuations in financial market conditions or exchange rates could lead to declines in revenue, increases in procurement costs, the generation of foreign exchange losses, etc., declines in the assets of overseas consolidated subsidiaries, and the recording of loss on sales or valuation loss due to declines in the market prices of stocks, bonds, etc.

10 Risks Related to the Environment
In the event that chemical substances, etc., used in business activities have a serious influence on the environment, expenses required for environmental improvement could arise, social trust could decline, or liability for damages, etc., could arise.

11 Risks Related to Lawsuits
(1) The Mitsubishi Tanabe Pharma Group could face lawsuits in regard to adverse drug reactions, product liability, labor problems, fair trade, etc.

(2) For “the Special Relief Law Concerning the Payment of Benefits to Relieve the Patients of Hepatitis C Infected through Specified Fibrinogen Preparations and Specified Blood-Coagulation Factor IX Preparations Contaminated by Hepatitis C Virus,” which was put into effect in January 2008, the time limit for filing a claim for benefits was extended to January 2023. Accordingly, there could be an increase in the number of people who receive payment of benefits, etc.

12 Risks Related to Information
In the event of a leakage of the confidential information of the Mitsubishi Tanabe Pharma Group or of obstruction of business due to inappropriate handling of information, system deficiencies, cyberattacks, etc., the Mitsubishi Tanabe Pharma Group could experience a loss of its competitive strength, a decline in social trust, etc.

13 Risks Related to Overseas Business Development
Substantial investment is necessary to expand and advance overseas operations, and it is possible that, due to changes in the laws and systems of various countries, the worsening of diplomatic relations, or natural disaster, etc., operations under development might be affected and the opportunity to recover that investment might be lost.

14 Risks Related to Major Disasters, Etc.
Due to a major disaster, pandemic, terrorist incident, or secondary disaster, there could be a suspension or significant delay in the supply of products, a delay in R&D plans, etc.

15 Relationship with Parent Company and Other Group Companies
In regard to transactions between the Company and its parent company, Mitsubishi Chemical Holdings (MCHC), or companies in the MCHC Group, in making decisions the highest priority is given to increasing the enterprise value of the Mitsubishi Tanabe Pharma Group in order to maximize the benefit to all of the Company’s shareholders. Transactions with a high degree of importance are implemented after the Board of Directors conducts sufficient deliberations and gives its approval.

In the event that there is a change in the capital relationship with the MCHC Group, the Mitsubishi Tanabe Pharma Group’s business activities could be affected.
## Consolidated Statement of Income

Mitsubishi Tanabe Pharma Corporation and Consolidated Subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>¥423,977</td>
<td>¥433,855</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>164,397</td>
<td>169,750</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>259,580</td>
<td>264,105</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>98,302</td>
<td>104,055</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>64,783</td>
<td>79,083</td>
</tr>
<tr>
<td>Amortization of intangible assets associated with products</td>
<td>1,528</td>
<td>2,451</td>
</tr>
<tr>
<td>Other income</td>
<td>974</td>
<td>6,661</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1,882</td>
<td>7,915</td>
</tr>
<tr>
<td>Share of profit of associates and joint ventures accounted for using equity method</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>94,083</td>
<td>77,285</td>
</tr>
<tr>
<td>Financial income</td>
<td>2,212</td>
<td>1,881</td>
</tr>
<tr>
<td>Financial expenses</td>
<td>236</td>
<td>402</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>96,059</td>
<td>78,764</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>27,137</td>
<td>24,772</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>¥ 68,922</td>
<td>¥ 53,992</td>
</tr>
</tbody>
</table>

### Profit attributable to:

- **Owners of the Company**: ¥ 71,263 ¥ 57,963
- **Non-controlling interests**: (2,341) (3,971)
- **Profit for the year**: ¥ 68,922 ¥ 53,992

### Earnings per share

- **Basic earnings per share (yen)**: ¥ 127.03 ¥ 103.35
- **Diluted earnings per share (yen)**: — 103.35
# Consolidated Statement of Comprehensive Income

Mitsubishi Tanabe Pharma Corporation and Consolidated Subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>FY 2016 (Millions of yen)</th>
<th>FY 2017 (Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit for the year</strong></td>
<td><strong>¥ 68,922</strong></td>
<td><strong>¥ 53,992</strong></td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net changes in financial assets measured at fair value through other comprehensive income</td>
<td>(2,229)</td>
<td>4,542</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>3,658</td>
<td>5,823</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>1,429</td>
<td>10,365</td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>(1,020)</td>
<td>(8,798)</td>
</tr>
<tr>
<td>Effective portion of changes in fair value of cash flow hedges</td>
<td>(4)</td>
<td>1,033</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates and joint ventures accounted for using equity method</td>
<td>(18)</td>
<td>28</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>(1,042)</td>
<td>(7,737)</td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax</td>
<td>387</td>
<td>2,628</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td><strong>¥ 69,309</strong></td>
<td><strong>¥ 56,620</strong></td>
</tr>
<tr>
<td><strong>Comprehensive income (loss) attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Company</td>
<td><strong>¥ 71,915</strong></td>
<td><strong>¥ 60,861</strong></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(2,606)</td>
<td>(4,241)</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td><strong>¥ 69,309</strong></td>
<td><strong>¥ 56,620</strong></td>
</tr>
</tbody>
</table>
## Consolidated Statement of Financial Position

Mitsubishi Tanabe Pharma Corporation and Consolidated Subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>¥ 85,836</td>
<td>¥ 80,457</td>
</tr>
<tr>
<td>Goodwill</td>
<td>80,328</td>
<td>90,313</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>61,209</td>
<td>200,940</td>
</tr>
<tr>
<td>Investments in associates and joint ventures accounted for using equity method</td>
<td>245</td>
<td>16,445</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>51,623</td>
<td>46,109</td>
</tr>
<tr>
<td>Net defined benefit assets</td>
<td>14,769</td>
<td>22,711</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>482</td>
<td>379</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>6,286</td>
<td>4,742</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>300,778</td>
<td>462,096</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>79,168</td>
<td>81,998</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>116,856</td>
<td>123,537</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>354,255</td>
<td>246,733</td>
</tr>
<tr>
<td>Other current assets</td>
<td>9,183</td>
<td>6,227</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>113,215</td>
<td>127,030</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>672,677</td>
<td>585,525</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>11,082</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>683,759</td>
<td>585,525</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥984,537</td>
<td>¥1,047,621</td>
</tr>
<tr>
<td>Liabilities and equity</td>
<td>FY 2016</td>
<td>FY 2017</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>¥ 581</td>
<td>¥ 420</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>2,405</td>
<td>2,199</td>
</tr>
<tr>
<td>Net defined benefit liabilities</td>
<td>1,092</td>
<td>868</td>
</tr>
<tr>
<td>Provisions</td>
<td>7,890</td>
<td>8,571</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>5,576</td>
<td>5,505</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>7,156</td>
<td>37,861</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>24,700</td>
<td>55,424</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>127</td>
<td>122</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>35,741</td>
<td>35,631</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>24,135</td>
<td>20,737</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>4,815</td>
<td>18,093</td>
</tr>
<tr>
<td>Provisions</td>
<td>86</td>
<td>1,934</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>20,358</td>
<td>20,853</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>85,262</td>
<td>97,370</td>
</tr>
<tr>
<td>Liabilities directly related to assets held for sale</td>
<td>3,145</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>88,407</td>
<td>97,370</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>113,107</td>
<td>152,794</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>451,187</td>
<td>451,228</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(496)</td>
<td>(1,045)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>353,427</td>
<td>382,122</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>6,387</td>
<td>503</td>
</tr>
<tr>
<td><strong>Total equity attributable to owners of the Company</strong></td>
<td>860,505</td>
<td>882,808</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>10,925</td>
<td>12,019</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>871,430</td>
<td>894,827</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>¥984,537</td>
<td>¥1,047,621</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Changes in Equity

Mitsubishi Tanabe Pharma Corporation and Consolidated Subsidiaries

#### FY 2016

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity attributable to owners of the Company</strong></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>¥50,000</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>¥451,186</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>¥(494)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>¥304,931</td>
</tr>
<tr>
<td><strong>Other components of equity</strong></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>¥(3,911)</td>
</tr>
<tr>
<td>Effective portion of changes in fair value of cash flow hedges</td>
<td>¥ 4</td>
</tr>
<tr>
<td>Net changes in financial assets measured at fair value through other comprehensive income</td>
<td>¥13,832</td>
</tr>
<tr>
<td><strong>Balance as of April 1, 2016</strong></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>—</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>—</td>
</tr>
<tr>
<td>Acquisition of treasury shares</td>
<td>—</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>—</td>
</tr>
<tr>
<td>Dividends</td>
<td>—</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>—</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>—</td>
</tr>
<tr>
<td>Transfer from other components of equity to non-financial assets</td>
<td>—</td>
</tr>
<tr>
<td>Total contributions by and distributions to owners</td>
<td>—</td>
</tr>
<tr>
<td>Issuance of new shares</td>
<td>—</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries and others</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of March 31, 2016</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### FY 2017

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity attributable to owners of the Company</strong></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>¥50,000</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>¥451,187</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>¥(496)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>¥353,427</td>
</tr>
<tr>
<td><strong>Other components of equity</strong></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>¥(4,666)</td>
</tr>
<tr>
<td>Effective portion of changes in fair value of cash flow hedges</td>
<td>—</td>
</tr>
<tr>
<td>Net changes in financial assets measured at fair value through other comprehensive income</td>
<td>¥11,101</td>
</tr>
<tr>
<td><strong>Balance as of April 1, 2017</strong></td>
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</tr>
<tr>
<td>Profit for the year</td>
<td>—</td>
</tr>
<tr>
<td>Other comprehensive income</td>
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</tr>
<tr>
<td>Total comprehensive income</td>
<td>—</td>
</tr>
<tr>
<td>Acquisition of treasury shares</td>
<td>—</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>—</td>
</tr>
<tr>
<td>Dividends</td>
<td>—</td>
</tr>
<tr>
<td>Share-based payments</td>
<td>—</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>—</td>
</tr>
<tr>
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<td>—</td>
</tr>
<tr>
<td>Total contributions by and distributions to owners</td>
<td>—</td>
</tr>
<tr>
<td>Issuance of new shares</td>
<td>—</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries and others</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Balance as of March 31, 2017</strong></td>
<td></td>
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80 Mitsubishi Tanabe Pharma Corporate Report 2018
## FY 2016

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
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<tbody>
<tr>
<td><strong>Equity attributable to owners of the Company</strong></td>
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</tr>
<tr>
<td><strong>Other components of equity</strong></td>
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<td></td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>—</td>
<td>¥(30)</td>
<td>¥ 9,895</td>
<td>¥815,518</td>
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<tr>
<td>Share of other comprehensive income of associates and joint ventures accounted for using equity method</td>
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<td>—</td>
<td>—</td>
<td>71,263</td>
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<tr>
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<td>—</td>
<td>71,263</td>
</tr>
<tr>
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<td>(18)</td>
<td>652</td>
<td>652</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>¥ 3,658</td>
<td>(18)</td>
<td>652</td>
<td>71,915</td>
</tr>
<tr>
<td>Acquisition of treasury shares</td>
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<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2)</td>
</tr>
<tr>
<td>Dividends</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(26,927)</td>
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<tr>
<td>Share-based payments</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>(3,658)</td>
<td>—</td>
<td>(4,160)</td>
<td>—</td>
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<tr>
<td>Transfer from other components of equity to non-financial assets</td>
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<td>—</td>
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<td>—</td>
</tr>
<tr>
<td><strong>Total contributions by and distributions to owners</strong></td>
<td>(3,658)</td>
<td>—</td>
<td>(4,160)</td>
<td>(26,928)</td>
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<tr>
<td>Issuance of new shares</td>
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<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries and others</td>
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<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
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<td>(4,160)</td>
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<td>—</td>
<td>—</td>
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<td>Changes in ownership interests in subsidiaries and others</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>¥(3,658)</td>
<td>—</td>
<td>(4,160)</td>
<td>(26,928)</td>
</tr>
<tr>
<td><strong>Balance as of April 1, 2017</strong></td>
<td>—</td>
<td>¥(48)</td>
<td>¥ 6,387</td>
<td>¥860,505</td>
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</tbody>
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## FY 2017

<table>
<thead>
<tr>
<th></th>
<th>Millions of yen</th>
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</tr>
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<tbody>
<tr>
<td><strong>Equity attributable to owners of the Company</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>—</td>
<td>¥(48)</td>
<td>¥ 6,387</td>
<td>¥860,505</td>
</tr>
<tr>
<td>Share of other comprehensive income of associates and joint ventures accounted for using equity method</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>57,963</td>
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<tr>
<td><strong>Total</strong></td>
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<td>—</td>
<td>57,963</td>
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<tr>
<td>Other comprehensive income</td>
<td>¥ 5,823</td>
<td>28</td>
<td>2,898</td>
<td>2,898</td>
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<tr>
<td><strong>Total comprehensive income</strong></td>
<td>¥ 5,823</td>
<td>28</td>
<td>2,898</td>
<td>60,861</td>
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<td>Acquisition of treasury shares</td>
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</tr>
<tr>
<td>Disposal of treasury shares</td>
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<td>—</td>
</tr>
<tr>
<td>Dividends</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(37,017)</td>
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<td>Share-based payments</td>
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<td>—</td>
<td>41</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>(5,823)</td>
<td>—</td>
<td>(7,749)</td>
<td>—</td>
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<tr>
<td>Transfer from other components of equity to non-financial assets</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,033)</td>
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<tr>
<td><strong>Total contributions by and distributions to owners</strong></td>
<td>(5,823)</td>
<td>—</td>
<td>(8,782)</td>
<td>(38,558)</td>
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<tr>
<td>Issuance of new shares</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Changes in ownership interests in subsidiaries and others</td>
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<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>¥(5,823)</td>
<td>—</td>
<td>(8,782)</td>
<td>(38,558)</td>
</tr>
<tr>
<td><strong>Balance as of March 31, 2018</strong></td>
<td>—</td>
<td>¥(20)</td>
<td>¥ 503</td>
<td>¥882,808</td>
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</table>
## Consolidated Statement of Cash Flows

### Mitsubishi Tanabe Pharma Corporation and Consolidated Subsidiaries

### Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before income tax</td>
<td>¥96,059</td>
<td>¥78,764</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>10,454</td>
<td>11,535</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>185</td>
<td>3,791</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>(1,864)</td>
<td>(1,238)</td>
</tr>
<tr>
<td>Share of profits of associates and joint ventures accounted for using equity method</td>
<td>(24)</td>
<td>(23)</td>
</tr>
<tr>
<td>Loss (gain) on sales of property, plant and equipment</td>
<td>(67)</td>
<td>(2,287)</td>
</tr>
<tr>
<td>Loss (gain) on sales of investments in subsidiaries</td>
<td>—</td>
<td>(3,565)</td>
</tr>
<tr>
<td>Restructuring loss</td>
<td>484</td>
<td>2,144</td>
</tr>
<tr>
<td>Decrease (increase) in trade and other receivables</td>
<td>(2,030)</td>
<td>(6,111)</td>
</tr>
<tr>
<td>Decrease (increase) in trade and other payables</td>
<td>(7,842)</td>
<td>(2,683)</td>
</tr>
<tr>
<td>Increase (decrease) in inventories</td>
<td>4,997</td>
<td>56</td>
</tr>
<tr>
<td>Increase (decrease) in provisions</td>
<td>(1,267)</td>
<td>2,529</td>
</tr>
<tr>
<td>Decrease (increase) in net defined benefit assets</td>
<td>(863)</td>
<td>1,153</td>
</tr>
<tr>
<td>Increase (decrease) in net defined benefit liabilities</td>
<td>(185)</td>
<td>(948)</td>
</tr>
<tr>
<td>Increase (decrease) in deferred income</td>
<td>(7,265)</td>
<td>(460)</td>
</tr>
<tr>
<td>Other</td>
<td>(331)</td>
<td>(2,965)</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>90,441</td>
<td>79,672</td>
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<tr>
<td>Interest received</td>
<td>1,211</td>
<td>522</td>
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<tr>
<td>Dividends received</td>
<td>737</td>
<td>772</td>
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<tr>
<td>Interest paid</td>
<td>(178)</td>
<td>(160)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(32,426)</td>
<td>(13,863)</td>
</tr>
<tr>
<td><strong>Net cash flows provided by operating activities</strong></td>
<td>59,785</td>
<td>66,943</td>
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### Cash flows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments into time deposits</td>
<td>(684)</td>
<td>(3,742)</td>
</tr>
<tr>
<td>Proceeds from withdrawal of time deposits</td>
<td>118,468</td>
<td>8,407</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(14,271)</td>
<td>(6,416)</td>
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<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>2,325</td>
<td>3,703</td>
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<tr>
<td>Purchase of intangible assets</td>
<td>(6,658)</td>
<td>(22,034)</td>
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<tr>
<td>Purchase of investments</td>
<td>(309,930)</td>
<td>(391,749)</td>
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<tr>
<td>Proceeds from sales and redemption of investments</td>
<td>197,454</td>
<td>428,741</td>
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<tr>
<td>Proceeds from withdrawal of deposits</td>
<td>—</td>
<td>70,000</td>
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<tr>
<td>Proceeds from sales of subsidiaries</td>
<td>—</td>
<td>10,803</td>
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<tr>
<td>Purchase of subsidiaries</td>
<td>—</td>
<td>(119,724)</td>
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<tr>
<td>Proceeds from transfer of business</td>
<td>3,056</td>
<td>3,000</td>
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<tr>
<td>Other</td>
<td>(326)</td>
<td>(167)</td>
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<tr>
<td><strong>Net cash flows used in investing activities</strong></td>
<td>(10,566)</td>
<td>(19,178)</td>
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</table>

### Cash flows from financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
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</thead>
<tbody>
<tr>
<td>Purchase of treasury shares</td>
<td>(2)</td>
<td>(549)</td>
</tr>
<tr>
<td>Proceeds from stock issuance to non-controlling interests</td>
<td>2,813</td>
<td>5,409</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(26,927)</td>
<td>(37,017)</td>
</tr>
<tr>
<td>Other</td>
<td>(292)</td>
<td>(344)</td>
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<tr>
<td><strong>Net cash flows used in financing activities</strong></td>
<td>(24,408)</td>
<td>(32,501)</td>
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### Effect of exchange rate changes on cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
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<th>FY 2017</th>
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<tbody>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
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<td>(1,457)</td>
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### Net increase in cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
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</thead>
<tbody>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>24,304</td>
<td>13,807</td>
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### Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale

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<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale</td>
<td>(8)</td>
<td>8</td>
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### Cash and cash equivalents at the beginning of the year

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
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</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>88,919</td>
<td>113,215</td>
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</table>

### Cash and cash equivalents at the end of the year

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2016</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>¥113,215</td>
<td>¥127,030</td>
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</table>