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Revision to Consolidated Financial Forecasts for Fiscal Year Ending March 31, 2019

Mitsubishi Tanabe Pharma Corporation (hereinafter, "MTPC") will revise the full-year business forecast for the fiscal year ending March 2019 announced on May 9, 2018, considering the recent trend of business results, as follows.

1. Revised consolidated financial forecast for the full fiscal year ending March 2019

(from April 1, 2018 to March 31, 2019)

(Unit: million JPY)

	Revenue	Core operating profit	Operating profit	Profit before tax	Profit for the period	Profit attributable to owners of the Company
Previous forecast (A)	435,000	70,000	67,000	67,500	44,500	47,000
Revised forecast (B)	424,500	55,500	50,000	50,000	32,000	37,000
Difference (B-A)	△10,500	△14,500	△17,000	△17,500	△12,500	△10,000
Percentage change (%)	△2.4	△20.7	△25.4	△25.9	△28.1	△21.3
(Reference) Results of the previous year (FY2017)	433,855	78,549	77,285	78,764	53,992	57,963

Basic earnings per share: Previously announced 83.81 yen; revised forecast 65.98 yen; actual result for the previous fiscal year 103.35 yen

※In applying IFRS, our group has introduced "core operating profit" as a staged profit that indicates the company's ordinary profitability, and has positioned it as an important indicator of business management. "core operating profit" is the operating income excluding profits and losses due to non-recurring factors as defined by our group.

2. Reasons for the revisions

As MTPC announced on February 20, 2019 in our "Mitsubishi Tanabe Pharma Received Notice of Request for Arbitration," MTPC is currently in the arbitration proceedings with Novartis Pharma AG (hereinafter "Novartis"), and among the GILENYA[®] Royalty amounts that MTPC is going to receive from Novartis, MTPC has decided not to recognize some of those amounts, which correspond to the clauses in the 1997 License Agreement of which Novartis has protested the validity, as our revenue because such payments do not satisfy one of the requirements under IFRS15, *i.e.*, "Revenue under contract with customers," which requires a payment to be made because "the parties to the contract acknowledge the contract, and each signing party is committed to fulfilling the obligations."

Additionally, “RADICAVA®,” which is a treatment option for amyotrophic lateral sclerosis (ALS), did not reach the expected number of newly administered patients in the U.S. and fell below our initial estimate. For the above reasons, the revenue for fiscal year ending in March 2019 is expected to fall below our previous forecast announced on May 9, 2018.

On the other hand, in terms of profit and loss, in addition to the above, MTPC has been accelerating growth investment for the future. As MTPC has increased R&D expenses, each profit under core is also expected to fall below the previously announced forecast.

MTPC has been discussing with the U.S. Food and Drug Administration (FDA) regarding the review of the development plan of ND0612, a development drug candidate for our consolidated subsidiary, NeuroDerm Ltd. (located in Rehovot, Israel, hereinafter, “NeuroDerm”). MTPC has largely agreed with the FDA on the revised development plan and conducted an impairment test for intangibles related to NeuroDerm products and did not observe any impairment.

3. Regarding dividend forecast

There is no change to the year-end dividend forecast from 28 JPY per share announced on May 9, 2018. (Annual dividend of 56 JPY per share)

4. Regarding future forecasts

With regard to the “GILENYA® Royalty” amounts, during the period of the arbitration proceedings, among the “GILENYA® Royalty” amounts that MTPC is going to receive from Novartis, MTPC will continue the accounting practice of not recognizing those amounts which correspond to the clauses in the 1997 License Agreement of which Novartis has protested the validity as sales revenue, as MTPC does in fiscal year 2018.

In addition, at the announcement of financial results for the fiscal year ending in March 2019, which is scheduled on May 10, 2019, MTPC is planning on disclosing the consolidated business forecast for the fiscal year ending in March 2020. Regardless of the disclosed amounts, MTPC maintains it is entitled to receive the full royalty amounts due according to the 1997 License Agreement with Novartis, and MTPC will rigorously pursue its rights in the arbitration.

As for the amounts among the “GILENYA® Royalty” amounts which will not be recognized as sales revenue, those will be recognized as revenue at the end of the arbitration, depending on the outcome of the arbitration.

(Note) The above forecasts are based on judgments and assumptions based on the information available as of the date of release of this statement, and actual performance may differ greatly depending on various factors in the future.

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