Summary of Consolidated Financial Results for the Year Ended March 31, 2021 [IFRS]

May 12, 2021

Company Name: SUMITOMO DAINIPPON PHARMA CO., LTD.
Stock Exchange Listings: Tokyo
Security Code Number: 4506 (URL https://www.ds-pharma.com/)
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Date of Annual Shareholder's Meeting: June 24, 2021
Starting Date of Dividend Payments: June 25, 2021
Preparation of Supplementary Financial Data for Financial Results: Yes
Information Meeting for Financial Results to be held: Yes (for institutional investors and analysts)

(Note: All amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Year Ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Results of Operations

(% represents changes from the previous year)

	Revenue		Core operating profit		Operating profit		Net profit		Net profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	515,952	6.9	69,583	(3.3)	71,224	(14.4)	36,829	2.5	56,219	38.0	41,007	2.8
Year ended March 31, 2020	482,732	5.1	71,982	(6.9)	83,239	43.8	35,918	(26.1)	40,753	(16.2)	39,905	(29.0)

Reference: Profit before taxes Year ended March 31, 2021 : ¥77,851 million
Year ended March 31, 2020 : ¥83,947 million

"Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors that the Group designates (hereinafter referred to as "Non-recurring Items").

	Basic earnings per share	Earnings per share (diluted)	Net profit / Equity attributable to owners of the parent	Profit before taxes / Total assets	Core operating profit / Revenue
	Yen	Yen	%	%	%
Year ended March 31, 2021	141.50	—	10.1	6.1	13.5
Year ended March 31, 2020	102.58	—	7.9	8.0	14.9

Reference: Share of profit(loss) of associates accounted for using the equity method.
Year ended March 31, 2021 : (¥27million)
Year ended March 31, 2020 : (¥5 million)

(2) Financial Position

	Total assets	Net assets	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	1,308,127	648,178	580,570	44.4	1,461.31
As of March 31, 2020	1,256,534	635,860	532,670	42.4	1,340.74

(3) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	135,601	8,875	(57,215)	193,698
Year ended March 31, 2020	46,128	(312,684)	231,081	101,708

2. Dividends

	Dividends per share					Dividends paid for the year	Payout ratio	Dividends to net assets ratio
	1st quarter	2nd quarter	3rd quarter	Year-End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	14.00	—	14.00	28.00	11,124	27.3	2.2
Year ended March 31, 2021	—	14.00	—	14.00	28.00	11,124	19.8	2.0
Year ending March 31, 2022 (Forecasts)	—	14.00	—	14.00	28.00		27.1	

3. Consolidated Financial Forecasts for the Year Ending March 31, 2022 （April 1, 2021 to March 31, 2022）

(% represents changes from the corresponding period of the previous year)

	Net sales		Core operating profit		Operating profit		Net profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2022	578,000	12.0	64,000	(8.0)	61,000	(14.4)	41,000	(27.1)	103.20

Notes:

(1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation): Yes

(New: None)

(Excluded: 1 company) Titan Ltd.

(2) Changes in accounting policies, accounting estimates, and retrospective restatements

① Changes in accounting standards required by IFRS: None

② Changes due to changes in accounting standards other than (2),①: None

③ Changes in accounting estimates: None

(3) Number of shares outstanding (Common stock)

① Number of shares outstanding (Including treasury stock) at the end of period

March 31, 2021: 397,900,154 shares

March 31, 2020: 397,900,154 shares

② Number of treasury stock at the end of period

March 31, 2021: 606,255 shares

March 31, 2020: 605,038 shares

③ Average number of shares during the period

March 31, 2021: 397,294,636 shares

March 31, 2020: 397,295,684 shares

(Reference) Outline of Non-Consolidated Financial Results (Japanese GAAP)

1. Non-consolidated Financial Results for the year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(1) Results of Operations

(% represents changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31,2021	313,890	0.6	127,674	(7.4)	135,928	(3.4)	116,499	15.6
Year ended March 31,2020	311,994	18.0	137,853	57.3	140,758	46.9	100,771	47.2

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Year ended March 31,2021	293.23	—
Year ended March 31,2020	253.64	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	1,172,584	810,181	69.1	2,039.25
As of March 31, 2020	1,073,627	697,163	64.9	1,754.77

Reference: Shareholders' Equity As of March 31, 2021 : ¥810,181 million
As of March 31, 2020 : ¥697,163 million

This summary of financial results is exempt from audit procedures.

This material contains forecasts, projections, goals, plans, and other forward-looking statements regarding the Group's financial results and other data. Such forward-looking statements are based on the Company's assumptions, estimates, outlook, and other judgments made in light of information available at the time of preparation of such statements and involve both known and unknown risks and uncertainties. Accordingly, forecasts, plans, and other statements may not be realized as described, and actual financial results, success/failure or progress of development, and other projections may differ materially from those presented herein. Please refer to page 8, "1. Operating Results and Financial Condition (4) Forecasts for the Year Ending March 31, 2022" with regard to the assumptions and other related matters for forecasts. Supplementary financial data and the presentation materials for the earnings presentation are disclosed together with the summary of financial results.

The Company holds an earnings presentation for institutional investors and analysts on Thursday, May 13, 2021. The video of the presentation is scheduled to be posted on our website.

【Attachment Documents】

1. Operating Results and Financial Condition

(1) Analysis of Operating Results

Adoption of the International Financial Reporting Standards (IFRS)

The Group discloses its consolidated financial statements that are prepared in accordance with International Financial Reporting Standards (IFRS).

Forward-looking statements contained herein are based on the Group's judgments in light of information available as of 31 March, 2021.

①Overview of overall operating results

During the fiscal year ended March 31, 2021, the world economy struggled overall as business plunged sharply following the major suppression of economic activities due to the novel coronavirus disease (COVID-19). The Japanese economy, too, remained dire as the rapid spread of COVID-19 resulted in a major decline in private consumption and exports, and the outlook is still uncertain.

In the pharmaceutical sector, R&D expenses continue to rise and competition is intensifying as the Japanese government takes further steps to curb the prices of brand-name drugs, promoting the use of generics in their stead, by, for example, expanding the scope of drugs which are subject to the off-cycle price revision. Meanwhile, there have been some moves to utilize digital technology for drug discovery and forge ahead with business in the areas of preventive medicine and presymptomatic diseases.

Against this backdrop, the Group has advanced business activities based on the Mid-Term Business Plan 2022, which commenced in FY2018 and will run for a total of five years to FY2022. During the fiscal year under review, the COVID-19 pandemic impacted various aspects of our business activities in countries and regions where the Group operates, such as restrictions on the provision of medical information and delays in clinical studies. In response, the Group used utmost caution to avoid any delay in each stage of its activities, from procurement of raw materials to manufacturing and marketing of products, to ensure the timely delivery of drugs to patients who need them. Also, we carefully pursued business activities by placing the safety of medical professionals, business partners, employees, and other stakeholders first, by holding online interviews and using digital tools to provide medical information, among other precautions.

In Japan, the Group has sought to bolster sales of mainstay products, including Trulicity®, Equa®, and EquMet® (therapeutic agents for Type 2 diabetes), and TRERIEF® (therapeutic agent for Parkinson's disease), while at the same time focusing on the provision of medical information to achieve early market penetration of new products, including LATUDA® (atypical antipsychotic), which was launched during the fiscal year under review.

In North America, Sunovion Pharmaceuticals Inc. (hereinafter, "Sunovion") worked to further expand sales of global strategic product LATUDA® and engaged in business activities designed to boost sales of other mainstay products and new products.

In December 2020, Myovant Sciences Ltd. (hereinafter, "Myovant"), a subsidiary of Sumitovant Biopharma, Ltd. (hereinafter, "Sumitovant"), signed an agreement with Pfizer Inc. (hereinafter, "Pfizer") concerning joint development and marketing of relugolix (gonadotropin-releasing hormone <GnRH> receptor antagonist) in North America in the oncology and women's health areas. Myovant launched ORGOVYX™ (generic name: relugolix), a therapeutic agent for advanced prostate cancer, in the U.S. in January 2021, thus commencing co-promotion with Pfizer pursuant to said agreement.

Another subsidiary of Sumitovant, Urovant Sciences Ltd. (hereinafter, "Urovant") in December 2020 obtained approval for GEMTESA® (generic name: vibegron), a beta-3 (β3) adrenergic receptor agonist in the U.S. In March 2021, Sumitovant made Urovant its wholly-owned subsidiary.

In China, Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. focused on marketing activities aimed at expanding sales of LATUDA® and other products amid adversities, including fewer opportunities for medical institutions to prescribe MEROPEN® (carbapenem antibiotic) due to the increased prevalence of COVID-19.

Adoption of "core operating profit" as a performance indicator

To coincide with the adoption of the IFRS, the Group has set an original performance indicator for the Group's recurring profitability in the form of "core operating profit."

"Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors that the Group designates (hereinafter referred to as "Non-recurring Items"). Among the main Non-recurring Items are impairment losses, business structure improvement expenses, and changes in fair value of contingent consideration related to company acquisitions.

Highlights of the Group's consolidated financial results for the fiscal year under review are as follows:

(Billions of yen)

	FY2019	FY2020	Change	Change %
Revenue	482.7	516.0	33.2	6.9
Core operating profit	72.0	69.6	(2.4)	(3.3)
Operating profit	83.2	71.2	(12.0)	(14.4)
Profit before taxes	83.9	77.9	(6.1)	(7.3)
Net profit	35.9	36.8	0.9	2.5
Net profit attributable to owners of the parent	40.8	56.2	15.5	38.0

Revenue increased by 6.9% year-on-year to 516.0 billion yen.

Revenue grew as Equa® and EquMet® contributed to sales on a full-year basis in the Japan segment and LATUDA® and other products experienced sales growth while relugolix-related revenue was recognized in the North America segment.

Core operating profit decreased by 3.3% year-on-year to 69.6 billion yen.

Core operating profit decreased as a result of significant increases in selling, general and administrative expenses and research and development expenses on the core basis as expenses incurred by Sumitovant and its subsidiaries were felt throughout the year, despite an increase in gross profit on account of revenue growth.

Operating profit decreased by 14.4% year-on-year to 71.2 billion yen.

Operating profit turned out to be higher than core operating profit. This is because we recorded gains from the sales of fixed assets as a result of the sale of the Company's former Ibaraki Plant, while posting a cost reversal from a decrease in the fair value of contingent consideration and impairment losses on intangible assets in an amount greater than that of the cost reversal due to the discontinued development of napabucasin for oncology and the review of business plans. Partly because a cost reversal from a decrease in the fair value of contingent consideration surpassed the amount of impairment losses on intangible assets in the previous year, operating profit showed a year-on-year decrease.

Profit before taxes decreased by 7.3% year-on-year to 77.9 billion yen.

Profit before taxes reached a higher number than that of operating profit as finance income surpassed finance expenses due to the recording of forex gains on account of the yen's depreciation on March 31, 2021.

Net profit increased by 2.5% year-on-year to 36.8 billion yen.

Net profit grew as income tax expenses decreased due to the absence of special factors during the fiscal year under review, such as the reversal of deferred tax assets recognized in the U.S. in the previous year.

Net profit attributable to owners of the parent increased by 38.0% year-on-year to 56.2 billion yen.

Net profit attributable to owners of the parent (less the amount of losses attributable to non-controlling shareholders from net profit) grew substantially, as losses on Sumitovant's subsidiaries were recorded throughout the year.

The ratio of the net profit attributable to owners of the parent to revenue was 10.9%.

②Status of each business segment

Adoption of "core segment profit" as a performance indicator for each segment

To coincide with the adoption of the IFRS, for segment performance, the Group has set an original performance indicator for each segment's recurring profitability in the form of "core segment profit."

"Core segment profit" is each segment profit calculated by deducting from "core operating profit" any items such as R&D expenses and gains and losses on business transfers, which are managed globally and thus cannot be allocated to individual segments.

[Japan segment]

Revenue increased by 9.2% year-on-year to 152.5 billion yen.

Revenue grew as the declines in sales of long-listed drugs and impact of the National Health Insurance (NHI) drug price revisions were more than offset by revenue growth due to the full-year recording of Equa® and EquMet® sales, growth of Trulicity® sales, and the launch of LATUDA®.

Core segment profit increased by 6.1% year-on-year to 24.3 billion yen.

Core segment profit grew as sales-related expenses and other selling, general and administrative expenses decreased due to the impact of the spread of COVID-19 in addition to an increase in gross profit brought about by revenue growth.

[North America segment]

Revenue increased by 7.3% year-on-year to 281.5 billion yen.

Revenue grew as part of income associated with the joint development/marketing agreement of relugolix and other factors, as well as continued sales growth of LATUDA® and APTIOM® (antiepileptic agent).

Core segment profit decreased by 0.5% year-on-year to 116.9 billion yen.

Core segment profit declined as selling, general and administrative expenses increased, in part because expenses incurred by Sumitovant and its subsidiaries were felt throughout the year, despite an increase in gross profit on account of revenue growth.

[China segment]

Revenue decreased by 2.7% year-on-year to 27.8 billion yen.

This decrease is attributable to the sales decline of MEROPEN®.

Core segment profit decreased by 8.1% year-on-year to 13.2 billion yen.

This decrease is chiefly attributable to a decrease in gross profit on account of a decline in revenue.

[Other Regions segment]

Revenue increased by 16.5% year-on-year to 17.2 billion yen.

This increase is attributable to an increase in overall exports despite a sales decrease of MEROPEN® in Southeast Asia.

Core segment profit increased by 35.9% year-on-year to 8.7 billion yen.

This increase is chiefly attributable to an increase in gross profit on account of revenue growth.

In addition to the above reportable segments, the Group is also engaged in sales of food ingredients, food additives, materials for chemical products, veterinary drugs, and other product lines, which together generated revenue of 36.9 billion yen (down by 1.3% year-on-year) and core segment profit of 3.6 billion yen (up by 11.6% year-on-year).

③Status of research and development activities

The Group has been committed to the research and development of drugs by taking every available opportunity to assimilate cutting-edge technologies through combinations of a wide variety of avenues, including in-house research, technology in-licensing, and joint research with venture businesses and academic institutions. The Group aims to continually discover exceptional pharmaceutical products with Psychiatry & Neurology, Oncology, and Regenerative

Medicine and Cell Therapy as focus areas for research. In order to contribute to global health, the Group is also working on the infectious diseases area. Furthermore, with the aim of providing new solutions to social issues in the realm of healthcare outside of pharmaceuticals, we are working toward launching frontier businesses.

〔Psychiatry and Neurology〕

We are promoting competitive drug discovery research based on our proprietary drug discovery platforms established by continuously incorporating cutting-edge technologies. For psychiatric disorders, including schizophrenia, depression, and psychiatric symptoms related to neurological disorders, we aim to optimize treatments that meet unmet medical needs through drug discovery based on neural circuit pathology, whereas for neurological disorders, including dementia, Parkinson's disease, and rare diseases, we seek to develop radical treatments for neurodegenerative diseases through drug discovery based on molecular pathological mechanisms. Every effort is being made to raise the success rate of research and development by applying the wealth of knowledge gained from clinical study data of in-house products to translational research and by selecting drug discovery targets and biomarkers through the use of big data, such as genome information and imaging data.

In the development stages, the Company is working closely with its U.S. subsidiaries under the global clinical development framework to expedite the receipt of approvals from regulatory authorities by efficiently promoting clinical development according to strategic development planning.

The progress statuses of key development projects during the fiscal year under review are as follows:

i. KYNMOBI™ (generic name: apomorphine hydrochloride)
   This product was launched in September 2020 in the U.S., following the May 2020 approval of indications for the treatment of OFF episodes associated with Parkinson's disease in adults.
ii. LONASEN® (generic name: blonanserin)
   This product became the first atypical antipsychotic in Japan indicated for the treatment of pediatric patients with schizophrenia following the March 2021 approval for a partial change to its indications, which involves additional dosing/administration for pediatric patients with schizophrenia.
iii. SEP-363856
   In Japan and China, Phase 2/3 global clinical studies for schizophrenia have commenced.

〔Oncology〕

The Group has created multiple distinctive development pipelines as we gained a diverse array of knowledge to fortify drug discovery through research and development efforts thus far. We leverage these knowledge and capability to continue focusing on research and development of drugs in the Oncology area, where unmet medical needs are high.

For drug discovery, we aim to create innovative new drugs as we enhance our competitive edge by exploring new modalities with our proprietary technologies and conducting joint research with universities and research institutions.

For development, we aim at a higher success rate and early approval for our distinctive development pipelines by determining cancer types optimally treated by them and the value of such products through short-term, small-scale studies.

The progress statuses of key development projects during the fiscal year under review are as follows:

i. ORGOVYX™ (generic name: relugolix)
   In the U.S., approval was obtained for the treatment of adult patients with advanced prostate cancer in December 2020. In Europe, a Marketing Authorization Application (MAA) was submitted for advanced prostate cancer in March 2021.
ii. Napabucasin (product code: BBI608)
   The analysis results for the Phase 3 global clinical study for colorectal cancer, which was conducted in the U.S., Japan, and elsewhere, failed to reach the primary endpoints. Following the results, the other studies were discontinued accordingly.

iii. Alvocidib (product code: DSP-2033)
The decision was made to discontinue the Phase 2 clinical study for acute myeloid leukemia (AML) and other studies in the U.S., given the competitive landscape and knowledge gained thus far.

〔Regenerative Medicine & Cell Therapy〕

We are promoting multiple research and development projects with a view toward early commercialization of our pipeline assets by developing a unique growth model wherein we pursue advanced industrialization/manufacturing technologies and state-of-the-art science through open innovation technology. While steadily advancing projects in the Neurology and Ophthalmology areas, we are setting our sights on global opportunities in Japan, the U.S., and other Asian countries, plotting a trajectory for the development of next-generation regenerative medicine, including organ regeneration. Our current target is to have these projects start contributing to earnings mainly in Japan and the U.S. during the period of the next Mid-term Business Plan (FY2023-2027, hereinafter, the "Next MTBP").

The progress statuses of key development projects during the fiscal year under review are as follows:

i. RVT-802
Preparations were made for re-submission of a biologics license application (BLA) for RVT-802, which is under development with Duke University, for pediatric congenital athymia in the U.S.
(Note) A BLA was re-submitted for pediatric congenital athymia in the U.S. in April 2021.

ii. Allogeneic iPS cell-derived dopamine neural progenitors
From the fourth case of the investigator-initiated clinical study for Parkinson's disease, which is being conducted at Kyoto University, dopamine neural progenitors of our production are transplanted.

iii. Allogeneic iPS cell-derived photoreceptors
Kobe City Eye Hospital has commenced clinical studies for retinitis pigmentosa, and our photoreceptors were transplanted in both of the two cases there.

〔Infectious Diseases〕

i. Drugs for treatments for antimicrobial-resistant bacterial infections
Joint research with Kitasato Institute was promoted. Covered by the Japan Agency for Medical Research and Development (AMED)'s CiCLE (Cyclic Innovation for Clinical Empowerment), this research and development project uses commissioned research and development funding from AMED.

ii. Malaria vaccines
A joint research project with Ehime University for a malaria disease prevention vaccine was advanced, as was a project with Ehime University and PATH of the U.S. for a malaria transmission-blocking vaccine and a malaria pre-erythrocytic vaccine. These three projects have been awarded a grant from the Global Health Innovative Technology Fund (GHIT Fund).

iii. Universal influenza vaccine
Joint research was pursued with the National Institutes of Biomedical Innovation, Health and Nutrition.

〔Others〕

The Group is moving forward with the development of value-oriented, best-in-class pharmaceutical products, in a bid to sustain growth after the expiration of the exclusive marketing period of LATUDA® in the U.S.

The progress statuses of key development projects during the fiscal year under review are as follows:

i. GEMTESA® (generic name: vibegron)
In the U.S., approval was obtained for overactive bladder (OAB) with symptoms of urge urinary incontinence, urgency, and urinary frequency in adults in December 2020.

ii. Relugolix combination tablet
In the U.S., an NDA for uterine fibroids was submitted in May 2020. Also, favorable analysis results were obtained

in the two Phase 3 clinical studies for endometriosis.

iii. Imeglimin (product code: PXL008)
In Japan, an NDA was submitted for type 2 diabetes in July 2020.

〔Frontier business〕

In terms of frontier businesses, the Group is engaged in joint development of a mobile app for the management of type 2 diabetic patients (product code: SMC-01) with Save Medical Corporation. As evidenced by this instance, the Group has identified areas that are expected to create synergy with our pharmaceutical business as core business domains, which include mental resilience (preventing psychiatric diseases from worsening through early discovery) and active aging (improving the health of the elderly from their state of mind to maintaining/enhancing their well-being). Accordingly, we will build business foundations, including core technologies (in information, engineering, etc.) and networks (through alliances, venture investments, etc.). We thus seek the possibility of various avenues mainly in Japan, the U.S., and China, in an effort to establish them as additional growth drivers during the period of the Next MTBP.

The progress during the fiscal year under review are as follows:

i. In June 2020, Sunovion and BehaVR, Inc. signed an agreement concerning joint research and development of content for virtual reality (VR) equipment that assists in managing social anxiety disorder.
ii. In July 2020, the Company, Sompo Japan Insurance Inc., and Aikomi Ltd. commenced collaboration on the research and development and commercialization of digital devices for dementia and nursing care.
iii. In August 2020, the Company and Save Medical Corporation signed a joint development agreement for a mobile app for management of type 2 diabetes (product code: SMC-01) and the Phase 3 clinical study began subsequently in Japan.
iv. In October 2020, the Company and Drawbridge Health, Inc. signed an agreement for the joint research and development of an innovative blood collection and stabilization device for lifestyle diseases.

As a result of the research and development activities mentioned above, R&D expenses for the fiscal year under review amounted to 132.7 billion yen (up by 15.3% year-on-year). Please note that if the impairment losses of 35.6 billion yen reported during the fiscal year under review were excluded, R&D expenses were 97.1 billion yen (up by 4.8% year-on-year) on the core basis. The Group manages its R&D expenses globally and so does not allocate such expenses to individual segments.

(2) Analysis of Financial Condition

For assets, non-current assets decreased by 44.1 billion yen from the previous fiscal year-end, primarily owing to a decrease in intangible assets due to depreciation and impairment losses.

Current assets increased by 95.7 billion yen from the previous fiscal year-end, primarily owing to increases in inventories and cash and cash equivalents.

As a result, total assets increased by 51.6 billion yen from the previous fiscal year-end to 1,308.1 billion yen.

For liabilities, deferred revenue, which is included in other non-current liabilities, increased as a result of the conclusion of a collaborative agreement for development and commercialization by a consolidated subsidiary. Provisions saw an increase as well. Bonds and borrowings under non-current liabilities increased, and borrowings under current liabilities decreased as a result of financing by seeking long-term borrowings and issuing subordinated bonds to repay the short-term borrowings.

As a result, total liabilities increased by 39.3 billion yen from the previous fiscal year-end to 659.9 billion yen.

For equity, equity attributable to owners of the parent increased by 47.9 billion yen from the previous fiscal year-end to 580.6 billion yen, primarily as a result of an increase in retained earnings. Non-controlling interests decreased by 35.6 billion yen from the previous fiscal year-end, since Sumitovant made Urovant its wholly-owned subsidiary as well as Sumitovant's subsidiaries posted losses.

As a result, total equity increased by 12.3 billion yen from the previous fiscal year-end to 648.2 billion yen.
The ratio of equity attributable to owners of the parent to total assets as of the end of the fiscal year under review was 44.4%.

(3) Analysis of Cash Flows

Cash flows provided by operating activities increased by 89.5 billion yen from the previous fiscal year-end to 135.6 billion yen, owing to factors that contributed to an increase in cash, such as the increase in provisions, and the receipt of a lump-sum payment following the conclusion of the collaborative agreement for development and commercialization by a consolidated subsidiary, despite an increase in income taxes paid.
Cash flows provided by investing activities amounted to 8.9 billion yen, as proceeds from sales of property, plant and equipment increased on account of the transfer of the Company's former Ibaraki Plant. Cash flows from investing activities were further bolstered as the amount of purchases decreased by 321.6 billion yen from the previous fiscal year-end with the absence of the purchase of investments as a result of the acquisition of shares of Roivant and the payment for the acquisition of control of Sumitovant and its subsidiaries, all of which were posted in the previous fiscal year.
Cash flows used in financial activities amounted to 57.2 billion yen. This was chiefly because of a decrease in proceeds by 288.3 billion yen from the previous fiscal year as the Company sought funds from short-term borrowings for the payment of the consideration for the Strategic Alliance with Roivant in the previous fiscal year. Conversely, in the fiscal year under review, the Company repaid the short-term borrowings by financing with long-term borrowings and issuance of subordinated bonds and saw an increase in payments for acquisition of interest in a subsidiary from non-controlling interests due to acquisition of Urovant.
As a result of the above, the balance of cash and cash equivalents as of March 31, 2021 was 193.7 billion yen, which represents an increase of 92.0 billion yen from the previous fiscal year-end.

(4) Forecasts for the Year Ending March 31, 2022

(Billions of yen)

	FY 2020 Results	FY 2021 Forecasts	Change	Change %
Revenue	516.0	578.0	62.0	12.0
Core operating profit	69.6	64.0	(5.6)	(8.0)
Operating profit	71.2	61.0	(10.2)	(14.4)
Net profit attributable to owners of the parent	56.2	41.0	(15.2)	(27.1)

< Revenue >

In Japan, revenue is forecasted to decrease slightly as the impacts of the NHI drug price revisions and declines in sales of long-listed products may not be offset by our efforts to expand sales of LATUDA® and Trulicity® (therapeutic agent for type 2 diabetes). In North America, revenue is forecasted to increase substantially as we expect sales expansion of LATUDA®, ORGOVYX™, GEMTESA®, and a relugolix combination tablet, whose launch is scheduled in the fiscal year ending March 31, 2022, as well as income from industrial property rights through a new alliance. Consolidated revenue is thus expected to increase by 62.0 billion yen year-on-year to 578.0 billion yen.

< Profit >

Core operating profit is forecasted to decrease by 5.6 billion yen year-on-year to 64.0 billion yen, and operating profit is expected to decrease by 10.2 billion yen year-on-year to 61.0 billion yen, as a result of expected increases in patent amortization, as well as in marketing expenses in North America following the launch of full-fledged marketing of new products there, although we expect gross profit to increase on account of revenue growth. Partly because we do not expect forex gains, which were recorded in the fiscal year under review, net profit attributable to owners of the parent for the fiscal

year ending March 31, 2022 is forecasted to decrease by 15.2 billion yen year-on-year to 41.0 billion yen.

< Prior condition >

Foreign currency exchange rates used for the forecasts are: 1 USD = 110.0 JPY (106.1 JPY in the fiscal year under review) and 1 RMB = 16.5 JPY (15.7 JPY in the fiscal year under review).

(5) Fundamental Profit and Dividend Distribution Policy for the Current Term and the Next Term

The allocation of the Company's profits in a customarily appropriate manner to its shareholders is one of the Company's fundamental management policies.

The Company's basic policy is to make dividend payments from retained earnings twice each year, which includes an interim dividend determined by the Company's Board of Directors and a year-end dividend determined by the general meeting of shareholders.

The Company believes it important to distribute surpluses in an appropriate manner reflecting any improvement in its performance. Accordingly, a performance-linked dividend hike will be considered in addition to consistent dividend payments. In its continuous effort to further increase its corporate value, the Company remains committed to establishing a solid management base and a strong financial position, while making proactive investments for sustainable business growth. In the Mid-term Business Plan covering the period from fiscal 2018 through 2022, the Company aims for a five-year average dividend payout ratio of 20% or higher.

During the fiscal year under review, the Company reported core operating profit of 69.6 billion yen and net profit attributable to owners of the parent of 56.2 billion yen.

Given the dividend policy and earnings results of the fiscal year under review, the Company plans to pay a year-end dividend of 14 yen per share, resulting in an annual dividend of 28 yen per share on a full-year basis.

The Company expects a decrease in profit for the fiscal year ending March 31, 2022 compared with the fiscal year under review. Given the importance of maintaining a stable dividend payment, however, the Company plans to pay an annual dividend of 28 yen per share, which comprises an interim dividend of 14 yen per share and a year-end dividend of another 14 yen per share.

2. Basic policy for application of accounting standard

Starting from the fiscal year ended March 31, 2018 (FY2017), the Group has adopted IFRS for preparing its consolidated financial statements with a view toward improving the international comparability of its financial statements in the capital markets and improving business management within the Group by standardizing accounting treatment.

3. Consolidated Financial Statements

(1) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Revenue	482,732	515,952
Cost of sales	129,673	137,773
Gross profit	353,059	378,179
Selling, general and administrative expenses	154,348	190,373
Research and development expenses	115,112	132,682
Other income	1,404	17,662
Other expenses	1,764	1,562
Operating profit	83,239	71,224
Finance income	3,568	9,213
Finance costs	2,860	2,586
Profit before taxes	83,947	77,851
Income tax expenses	48,029	41,022
Net profit	35,918	36,829
Net profit attributable to:		
Owners of the parent	40,753	56,219
Non-controlling interests	(4,835)	(19,390)
Net profit total	35,918	36,829
Earnings per share (yen)		
Basic earnings per share	102.58	141.50

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Net profit	35,918	36,829
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	11,350	(7,621)
Remeasurements of defined benefit plans	46	6,330
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(7,386)	5,367
Cash flow hedges	(23)	102
Total other comprehensive income	3,987	4,178
Total comprehensive income	39,905	41,007
Total comprehensive income attributable to:		
Owners of the parent	45,670	61,008
Non-controlling interests	(5,765)	(20,001)
Total comprehensive income	39,905	41,007

Note: During the year ended March 31, 2021, the Company finalized the purchase price allocation for the assets acquired and the liabilities assumed related to the strategic alliance with Roivant. Therefore, the Consolidated Statement of Comprehensive Income for the year ended March 31, 2020 was restated. For details, please refer to "Notes to Consolidated Financial Statements (Business Combinations)."

(2) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Non-current assets		
Property, plant and equipment	65,748	64,966
Goodwill	173,464	176,492
Intangible assets	421,029	383,406
Other financial assets	200,923	193,035
Income taxes receivable	—	6,726
Other non-current assets	4,173	3,516
Deferred tax assets	27,107	20,191
Total non-current assets	892,444	848,332
Current assets		
Inventories	79,368	92,215
Trade and other receivables	134,491	135,866
Other financial assets	28,717	29,480
Income taxes receivable	5,877	194
Other current assets	9,624	8,342
Cash and cash equivalents	101,708	193,698
Subtotal	359,785	459,795
Assets held for sale	4,305	—
Total current assets	364,090	459,795
Total assets	1,256,534	1,308,127

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Non-current liabilities		
Bonds and borrowings	25,020	263,859
Other financial liabilities	41,306	21,404
Retirement benefit liabilities	23,870	15,059
Other non-current liabilities	7,212	53,046
Deferred tax liabilities	26,768	28,424
Total non-current liabilities	124,176	381,802
Current liabilities		
Borrowings	272,960	9,960
Trade and other payables	62,251	64,638
Other financial liabilities	13,906	23,341
Income taxes payable	22,637	24,511
Provisions	84,644	99,851
Other current liabilities	40,100	55,846
Total current liabilities	496,498	278,147
Total liabilities	620,674	659,949
Equity		
Share capital	22,400	22,400
Capital surplus	17,837	15,855
Treasury shares	(677)	(679)
Retained earnings	457,330	508,677
Other components of equity	35,780	34,317
Equity attributable to owners of the parent	532,670	580,570
Non-controlling interests	103,190	67,608
Total equity	635,860	648,178
Total liabilities and equity	1,256,534	1,308,127

Note: During the year ended March 31, 2021, the Company finalized the purchase price allocation for the assets acquired and the liabilities assumed related to the strategic alliance with Roivant. Therefore, the Consolidated Statement of Financial Position as of March 31, 2020 was restated. For details, please refer to "Notes to Consolidated Financial Statements (Business Combinations)."

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit liability (asset)
Balance as of April 1, 2019	22,400	15,861	(674)	431,799	32,611	—
Net profit	—	—	—	40,753	—	—
Other comprehensive income	—	—	—	—	11,350	46
Total comprehensive income	—	—	—	40,753	11,350	46
Purchase of treasury shares	—	—	(3)	—	—	—
Dividends	—	—	—	(13,111)	—	—
Acquisition of subsidiaries	—	—	—	—	—	—
Transaction with non-controlling interests	—	1,976	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	—	(2,111)	2,157	(46)
Total transactions with owners	—	1,976	(3)	(15,222)	2,157	(46)
Balance as of March 31, 2020	22,400	17,837	(677)	457,330	46,118	—
Net profit	—	—	—	56,219	—	—
Other comprehensive income	—	—	—	—	(7,621)	6,330
Total comprehensive income	—	—	—	56,219	(7,621)	6,330
Purchase of treasury shares	—	—	(2)	—	—	—
Dividends	—	—	—	(11,124)	—	—
Transactions with non-controlling interests	—	(1,982)	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	—	6,252	78	(6,330)
Other increase / decrease	—	—	—	—	—	—
Total transactions with owners	—	(1,982)	(2)	(4,872)	78	(6,330)
Balance as of March 31, 2021	22,400	15,855	(679)	508,677	38,575	—

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2019	(3,853)	(6)	28,752	498,138	—	498,138
Net profit	—	—	—	40,753	(4,835)	35,918
Other comprehensive income	(6,456)	(23)	4,917	4,917	(930)	3,987
Total comprehensive income	(6,456)	(23)	4,917	45,670	(5,765)	39,905
Purchase of treasury shares	—	—	—	(3)	—	(3)
Dividends	—	—	—	(13,111)	—	(13,111)
Acquisition of subsidiaries	—	—	—	—	111,568	111,568
Transaction with non-controlling interests	—	—	—	1,976	(2,613)	(637)
Reclassification from other components of equity to retained earnings	—	—	2,111	—	—	—
Total transactions with owners	—	—	2,111	(11,138)	108,955	97,817
Balance as of March 31, 2020	(10,309)	(29)	35,780	532,670	103,190	635,860
Net profit	—	—	—	56,219	(19,390)	36,829
Other comprehensive income	5,978	102	4,789	4,789	(611)	4,178
Total comprehensive income	5,978	102	4,789	61,008	(20,001)	41,007
Purchase of treasury shares	—	—	—	(2)	—	(2)
Dividends	—	—	—	(11,124)	—	(11,124)
Transactions with non-controlling interests	—	—	—	(1,982)	(15,630)	(17,612)
Reclassification from other components of equity to retained earnings	—	—	(6,252)	—	—	—
Other increase / decrease	—	—	—	—	49	49
Total transactions with owners	—	—	(6,252)	(13,108)	(15,581)	(28,689)
Balance as of March 31, 2021	(4,331)	73	34,317	580,570	67,608	648,178

Note: During the year ended March 31, 2021, the Company finalized the purchase price allocation for the assets acquired and the liabilities assumed related to the strategic alliance with Roivant. Therefore, the Consolidated Statement of Changes in Equity as of March 31, 2020 was restated. For details, please refer to "Notes to Consolidated Financial Statements (Business Combinations)."

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from operating activities		
Net profit	35,918	36,829
Depreciation and amortization	17,365	22,673
Impairment losses	35,196	35,720
Changes in fair value of contingent consideration	(48,474)	(22,463)
Loss (gain) on sales of property, plant and equipment	(77)	(16,731)
Interest and dividend income	(3,564)	(1,153)
Interest expenses	699	2,436
Income tax expenses	48,029	41,022
(Increase) decrease in trade and other receivables	(16,374)	185
(Increase) decrease in inventories	(14,354)	(10,039)
Increase (decrease) in trade and other payables	15,241	(320)
Increase (decrease) in unearned revenue	—	51,067
Increase (decrease) in other financial liabilities	912	12,001
Increase (decrease) in retirement benefits liabilities	338	288
Increase (decrease) in provisions	(5,703)	13,145
Others, net	4,601	7,042
Subtotal	69,753	171,702
Interest received	2,686	221
Dividends received	1,123	942
Interest paid	(1,526)	(2,229)
Income taxes paid	(25,908)	(35,035)
Net cash provided by (used in) operating activities	46,128	135,601
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,722)	(6,048)
Proceeds from sales of property, plant and equipment	769	21,520
Purchase of intangible assets	(5,629)	(4,758)
Purchase of investments	(112,494)	(9,366)
Proceeds from sales and redemption of investments	1,623	8,141
Payments for acquisition of subsidiaries	(205,774)	—
Net decrease (increase) in short-term loan receivables	16,520	(839)
Others, net	23	225
Net cash provided by (used in) investing activities	(312,684)	8,875

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	270,000	(265,000)
Proceeds from long-term borrowings	—	125,000
Repayments of long-term borrowings	(19,623)	(2,960)
Proceeds from issuance of corporate bonds	—	118,927
Repayments of finance lease obligations	(4,837)	(4,727)
Dividends paid	(13,106)	(11,120)
Payments for acquisition of interest in a subsidiary from non-controlling interests	(1,350)	(19,300)
Others, net	(3)	1,965
Net cash provided by (used in) financing activities	231,081	(57,215)
Net increase (decrease) in cash and cash equivalents	(35,475)	87,261
Cash and cash equivalents at beginning of year	137,296	101,708
Effect of exchange rate changes on cash and cash equivalents	(113)	4,729
Cash and cash equivalents at end of period	101,708	193,698

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Significant Accounting Policies)

The significant accounting policies applied to the Consolidated Financial Statements are the same as those of for the prior fiscal year's consolidated financial statements.

(Operating Segments)

The Group has set an original performance indicator for the Company's recurring profitability in the form of "core operating profit."

"Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors designated by the Group. Among the main non-recurring items are impairment losses, restructuring costs and changes in fair value of contingent consideration related to company acquisitions.

(1) Reportable segments

The Group is mainly engaged in manufacture, purchase and sales of pharmaceuticals for medical treatment and manages the performance of pharmaceutical business by market in Japan, North America, China and etc. Therefore, the Group has four reportable segments: Japan, North America, China, and Other Regions.

The Group's reportable segments are the components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and assess their performances.

(2) Revenues and operating results of the reportable segments

Revenues, profit or loss and other items by each of the Group's reportable segments are shown below.

The Group sets core segment profit, which is an indicator showing each segment's recurring profitability, as its own indicator of segment business performance management.

Core segment profit is each segment profit calculated by deducting from core operating profit R&D expenses, gains and losses on sales of operations and etc. which are not allocated to each segment because such expenses are managed on a global basis.

As for the amount of core segment profit and its change from the previous fiscal year related to "Other Business" category which are not included in the reportable segments in the "1. Operating Results and Financial Condition (1) Analysis of Operating Results (ii) Status of each business segment", are included in profit eliminated for inter-segment transactions.

①Year ended March 31, 2020

(Millions of yen)

	Reportable segments					Other Business (Note)	Total
	Pharmaceuticals						
	Japan	North America	China	Other Regions	Subtotal		
Revenues from external customers	139,675	262,295	28,607	14,786	445,363	37,369	482,732
Inter-segment revenues and transfers	76	—	—	—	76	53	129
Total	139,751	262,295	28,607	14,786	445,439	37,422	482,861
Segment profit (Core segment profit)	22,898	117,514	14,408	6,396	161,216	3,202	164,418
Other items							
Depreciation and amortization	5,329	6,830	723	721	13,603	290	13,893
Impairment losses	—	35,196	—	—	35,196	—	35,196

(Note) The “Other Business” category incorporates operations not included in reportable segments, including food ingredients, food additives, chemical product materials, veterinary drugs and other products.

②Year ended March 31, 2021

(Millions of yen)

	Reportable segments					Other Business (Note)	Total
	Pharmaceuticals						
	Japan	North America	China	Other Regions	Subtotal		
Revenues from external customers	152,497	281,493	27,831	17,233	479,054	36,898	515,952
Inter-segment revenues and transfers	70	—	—	—	70	46	116
Total	152,567	281,493	27,831	17,233	479,124	36,944	516,068
Segment profit (Core segment profit)	24,284	116,881	13,238	8,693	163,096	3,574	166,670
Other items							
Depreciation and amortization	5,710	11,363	838	910	18,821	304	19,125
Impairment losses	128	35,592	—	—	35,720	—	35,720

(Note) The “Other Business” category incorporates operations not included in reportable segments, including food ingredients, food additives, chemical product materials, veterinary drugs and other products.

(3) Reconciliations between the total amounts of reportable segments and the amounts in the consolidated financial statements (reconciliation items)

The details of reconciliation are as follows:

(Millions of yen)

Revenue	Year ended March 31, 2020	Year ended March 31, 2021
Total of reportable segments	445,439	479,124
Revenue of Other Business	37,422	36,944
Elimination of inter-segment revenue	(129)	(116)
Revenue on the consolidated financial statements	482,732	515,952

(Millions of yen)

Profit	Year ended March 31, 2020	Year ended March 31, 2021
Total of reportable segments	161,216	163,096
Segment profit of Other Business	3,202	3,574
Elimination of inter-segment profit	19	22
Research and development expenses (Note)	(92,607)	(97,082)
Gains on business transfers	157	—
Others	(5)	(27)
Core operating profit	71,982	69,583
Change in fair value of contingent consideration	48,474	22,463
Impairment losses	(35,196)	(35,720)
Other income	1,252	17,689
Other expenses	(1,764)	(1,562)
Others	(1,509)	(1,229)
Operating profit in the consolidated financial statements	83,239	71,224

Note: The Group does not allocate research and development expenses to the operating segments because such expenses are managed on a global basis. Differences from Research and development expenses on the Consolidated Statement of Profit or Loss consist of impairment losses and expenses related to R&D excluded from calculation of core operating profit.

(Millions of yen)

Other items	Total of reportable segments		Other Business		Adjustments		Amount in the consolidated financial statements	
	FY2019	FY 2020	FY2019	FY 2020	FY2019	FY 2020	FY2019	FY 2020
Depreciation and amortization	13,603	18,821	290	304	3,472	3,548	17,365	22,673

(4) Revenues

The details of revenues from external customers are as follows:

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Sale of goods	474,543	503,788
Revenue arising from intellectual property rights	3,665	7,924
Other	4,524	4,240
Total	482,732	515,952

(5) Information by product and service

The details of sales from external customer by product and service are as follows:

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Pharmaceuticals	445,363	479,054
Others	37,369	36,898
Total	482,732	515,952

(6) Geographic information

The Group's geographic revenues are classified by country and region, based on the location of customers.

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Japan	180,678	192,608
North America	261,630	280,437
U.S.A in North America	256,427	275,594
Others	40,424	42,907
Total	482,732	515,952

The details of the breakdown of carrying amounts of the Group's non-current assets (except for financial assets, deferred tax assets and retirement benefit assets) by location are as follows:

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Japan	67,263	65,979
North America	594,629	566,701
U.S.A in North America	593,065	565,215
Others	2,522	2,426
Total	664,414	635,106

Note: During the year ended March 31, 2021, the Company finalized the purchase price allocation for the assets acquired and the liabilities assumed related to the strategic alliance with Roivant. Therefore, the Group's non-current assets by location as of March 31, 2020 was restated. For details, please refer to "Notes to Consolidated Financial Statements (Business Combinations)."

(7) Information of major customers

Revenue from major customer which individually accounts for greater than 10% of the total Group's revenue are as follows:

(Millions of yen)

	Reportable segment	Year ended March 31, 2020	Year ended March 31, 2021
McKesson Corporation	North America	87,812	95,732
Cardinal Health Inc.	North America	75,502	82,143
AmerisourceBergen Corporation	North America	65,110	71,767

(Impairment loss)

Impairment losses amounting to 35,196 million yen recognized for the year ended March 31, 2020 were recorded in Cost of sales, Selling, general and administrative expenses, and Research and development expenses in the Consolidated Statement of Profit or Loss amounting to 628 million yen, 12,102 million yen, and 22,466 million yen, respectively.

The details of impairment losses were 628 million yen of impairment losses on property, plant and equipment, and 34,568 million yen of impairment losses on intangible assets.

Impairment losses on property, plant and equipment amounting to 628 million yen mainly represented a reduction of carrying amount of machinery, and furniture and fixtures to the recoverable amount, which is value in use, due to a decrease in the profitability, in North America segment of pharmaceutical business.

Impairment losses on intangible assets amounting to 34,568 million yen were impairment loss on patent rights of products regarding North America segment of pharmaceutical business amounting to 12,102 million yen and impairment loss on in-process research and development of alvocidib (product code: DSP-2033) amounting to 17,394 million yen, which is being developed as a small molecule inhibitor of cyclin-dependent kinase 9 (CDK9) for hematologic malignancies, anti-cancer drug amcasertib (product code: BBI503) amounting to 1,739 million yen and regenerative cell medicine SB623 for chronic

stroke in North America (the United States and Canada) amounting to 3,333 million yen in North America segment of pharmaceutical business.
As for patent rights of products and in-process research and development of alvocidib, the carrying amount were reduced to the extent of the recoverable amount of 4,270 million yen and 8,705 million yen, respectively as the expected profitability would not be achieved. As for amcasertib, the total carrying amount is reduced due to the discontinuation of its clinical development. As for SB623, the total carrying amount is reduced due to the terminate the joint development and license agreement and return the rights in North America.
The recoverable amount is measured based on value in use, using the pre-tax discount rate of 11.0% to 19.0%.

Impairment losses amounting to 35,720 million yen recognized for the year ended March 31, 2021 were recorded in Cost of sales, Selling, general and administrative expenses, and Research and development expenses in the Consolidated Statement of Profit or Loss amounting to 128 million yen, 151 million yen, and 35,441 million yen, respectively.
The impairment losses consist of 128 million yen of impairment losses on property, plant and equipment, and 35,592 million yen of impairment losses on intangible assets.
Impairment losses on property, plant and equipment amounting to 128 million yen represented a recognition of impairment losses of construction in progress with the decreased profitability in Japan segment of pharmaceutical business. The recoverable amount is measured based on value in use. However, as the profitability is no longer expected, the total carrying amount is reduced to zero.
Impairment losses on intangible assets amounting to 35,592 million yen were mainly impairment loss on in-process research and development of napabucasin (product code: BBI608) amounting to 26,952 million yen, which is Global clinical Phase 3 study for colorectal cancer and impairment loss on in-process research and development of alvocidib (product code: DSP-2033) amounting to 8,489 million yen, which was being developed as a small molecule inhibitor of cyclin-dependent kinase 9 (CDK9) for hematologic malignancies in North America segment of pharmaceutical business. The recoverable amount of these in-process research and development is measured based on value in use. However, as the profitability is no longer expected because the research and development has been discontinued, the total carrying amount is reduced to zero.

(Other income)

Other income recognized in the current fiscal year includes gains from the sales of the former Ibaraki Plant of 16,725 million yen.

(Business Combinations)

There were no significant business combinations for the year ended March 31, 2021.

The Company has completed the share transfer procedures and etc. in accordance with the strategic alliance with Roivant. as of December 27, 2019. Through the Strategic Alliance, Roivant transferred its ownership of share of interests of five subsidiaries (Myovant Sciences Ltd., Urovant Sciences Ltd., Enzyvant Therapeutics Ltd., Altavant Sciences Ltd., and Spirovant Sciences Ltd.) to the new company, Sumitovant, and the Company has acquired all the shares of Sumitovant.
Fair value of the assets acquired and the liabilities assumed were measured at provisional amount at the end of the previous accounting period. However, During the year ended March 31, 2021, the company finalized the purchase price allocation. For this reason, reflecting the new information obtained about facts and circumstances that existed as of the acquisition date, retrospective adjustment to provisional fair value was made as below.

The details of fair value of the assets acquired and the liabilities assumed, non-controlling interests and goodwill

(Millions of yen)

Account	Provisional fair value	Adjustments	Finalized fair value
Non-current Assets			
Intangible assets	291,643	(768)	290,875
Other	3,661	—	3,661
Current Assets			
Cash and cash equivalents	18,781	—	18,781
Other	6,172	—	6,172
Non-current liabilities	40,840	(100)	40,740
Current liabilities	19,307	—	19,307
Net Assets	260,110	(668)	259,442
Non-controlling interests (Note 2)	107,783	3,785	111,568
Goodwill (Note 3)	72,228	4,453	76,681

Note:

1: The considerations transferred are allocated to the assets acquired and the liabilities assumed based on the fair values as of acquisition date.

2: Non-controlling interests are measured by multiplying provisional fair value of identifiable net assets of acquired company at acquisition date by percentage of share of interests after business combination, excluding the portion specifically attributable to non-controlling shareholders.

3: The goodwill is mainly constituted by and reflects future excess earning power expected to be generated from future business development. Such goodwill is not deductible for tax purpose.

As a result of the finalization of purchase price allocation, the Consolidated Statements of Comprehensive Income for the year ended March 31, 2020, the Consolidated Statements of Financial Positions as of March 31, 2020, and the Consolidated Statements of Changes in Equity as of March 31, 2020 were retrospectively adjusted.

(Per-share information)

The basis for calculating basic earnings per share and earnings per share were as follows:

	Year ended March 31, 2020	Year ended March 31, 2021
The basis for calculating basic earnings per share		
Net profit attributable to owners of the Parent (millions of yen)	40,753	56,219
Amounts not attributable to ordinary shareholders of the parent (millions of yen)	—	—
Net profit used to calculate basic earnings per share (millions of yen)	40,753	56,219
Weighted average number of ordinary shares (1,000 shares)	397,295	397,294
Earnings per share		
Basic earnings per share (Yen)	102.58	141.50

(Note) Dilutive earnings per share were not disclosed as there was no dilution.

(Significant subsequent event)

Not applicable.

4. Others

Changes in the Members, Board of Directors (as of June 24, 2021)

(1) Change in the Members of the Board of Directors (as of June 24, 2021)

New Member of the Board of Directors

Minoru Usui (currently Chairman and Director, Seiko Epson Corporation)

Note: The new member of the Board of Directors who will take office as of June 24, 2021 is subject to the approval at the general shareholders' meeting scheduled for the same date.
Minoru Usui is a candidate for Outside Director.

(2) Changes in the Members of the Audit & Supervisory Board (as of June 24, 2021)

(i) New Member of the Audit & Supervisory Board

Mayumi Mochizuki (currently Professor Emeritus, Keio University)

Note: The new member of the Audit & Supervisory Board who will take office as of June 24, 2021 is subject to the approval at the general shareholders' meeting scheduled for the same date.
Mayumi Mochizuki is a candidate for Outside Audit & Supervisory Board Member.

(ii) Retiring Members of the Audit & Supervisory Board

Kazuto Nishikawa (currently Outside Audit & Supervisory Board Member)