MEMBERSHIP

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 [IFRS]

May 13, 2022

Company Name:	SUMITOMO PHARMA CO., LTD.
Stock Exchange Listings:	Tokyo
Security Code Number:	4506 (URL https://www.sumitomo-pharma.com)
Representative:	Hiroshi Nomura, Representative Director, President and Chief Executive Officer
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Filing Date of Financial Report:	June 23, 2022
Date of Annual Shareholder's Meeting:	June 23, 2022
Starting Date of Dividend Payments:	June 24, 2022
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, 2022 (April 1, 2021 to March 31, 2022)

(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, 2022	560,035	8.5	58,509	(15.9)	60,234	(15.4)	40,600	10.2	56,413	0.3	28,161	(31.3)
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

Reference: Profit before taxes Year ended March 31, 2022: ¥82,961 million
Year ended March 31, 2021: ¥77,851 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, 2022	141.99	—	9.5	6.3	10.4
Year ended March 31, 2021	141.50	—	10.1	6.1	13.5

Reference: Share of profit(loss) of associates accounted for using the equity method.
Year ended March 31, 2022: ¥9 million
Year ended March 31, 2021: (¥27 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, 2022	1,308,007	673,569	607,888	46.5	1,530.08
As of March 31, 2021	1,308,127	648,178	580,570	44.4	1,461.31

(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, 2022	31,239	(18,278)	(21,426)	202,984
Year ended March 31, 2021	135,601	8,875	(57,215)	193,698

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, 2021	—	14.00	—	14.00	28.00	11,124	19.8	2.0
Year ended March 31, 2022	—	14.00	—	14.00	28.00	11,124	19.7	1.9
Year ending March 31, 2023 (Forecasts)	—	14.00	—	14.00	28.00		50.6	

3. Consolidated Financial Forecasts for the Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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, 2023	550,000	(1.8)	30,000	(48.7)	24,000	(60.2)	22,000	(61.0)	55.37

Notes:

(1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation): Yes
(New: None)
(Excluded: 3 companies) Spirovant Sciences Ltd.
Enzyvant Farber Ltd.
Enzyvant Therapeutics General 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, 2022: 397,900,154 shares
March 31, 2021: 397,900,154 shares
② Number of treasury stock at the end of period
March 31, 2022: 607,238 shares
March 31, 2021: 606,255 shares
③ Average number of shares during the period
March 31, 2022: 397,293,270 shares
March 31, 2021: 397,294,636 shares

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

1. Non-consolidated Financial Results for the year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(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 31,2022	302,390	(3.7)	111,179	(12.9)	140,870	3.6	58,722	(49.6)
Year ended March 31,2021	313,891	0.6	127,674	(7.4)	135,928	(3.4)	116,499	15.6

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Year ended March 31,2022	147.81	—
Year ended March 31,2021	293.23	—

(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, 2022	1,187,919	850,383	71.6	2,140.44
As of March 31, 2021	1,172,584	810,181	69.1	2,039.25

Reference: Shareholders' Equity As of March 31, 2022: ¥850,383 million
As of March 31, 2021: ¥810,181 million

This summary of financial results is exempt from audit procedures.

Explanation for Appropriate Use of Forecasts and Other Notes:

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, 2023" 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.

Myovant Sciences Ltd. (hereinafter, "Myovant") is listed on the New York Stock Exchange, and the Group holds approximately 53% of the outstanding shares of Myovant. ORGOVYX® (relugolix), MYFEMBREE® /RYEQO® (relugolix combination tablet) are owned by Myovant. This material contains information about Myovant, which is based on information disclosed by Myovant. For more information on Myovant, please visit https://www.myovant.com.

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 Monday, May 16, 2022. 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, 2022.

① Overview of overall operating results

During the fiscal year ended March 31, 2022, the world economy showed signs of a pickup overall as restrictions on economic activities were eased in response to the improving vaccination status amid the lasting impact of the novel coronavirus infection pandemic. More recently, however, the ongoing disruptions in the global supply chain and soaring energy prices have dampened the recovery trajectory, with the uncertainty increasing even further due to the situation in Ukraine and growing geopolitical risks in other parts of the world. Likewise, the Japanese economy has been at the mercy of the pandemic, and its outlook is still uncertain.

In the pharmaceutical sector, multiple factors have made it more difficult to foresee the future course of business, including the spread of preventive/compound solutions and the arrival of new entrants from outside the sector, on top of the push to curb prices of brand-name drugs and promote the use of generics in their stead, the greater difficulty in developing new drugs, and rising R&D expenses.

Against this backdrop, in May 2021 the Group revised its business goals laid out in the Mid-term Business Plan 2022, its five-year plan that commenced in FY2018, given the changes that had since occurred to the business environment. We have thus pursued business activities under the renewed goals. Despite the impact of the novel coronavirus infection on various aspects of our business activities throughout the fiscal year under review, we have managed to ensure the continuity of our business by taking the utmost precaution to prevent employees from being infected, with our top priority being the fulfillment of our duty to ensure a stable supply of pharmaceutical products. In the meantime, we have continued to focus on enhancing productivity by, for example, facilitating work-from-home initiatives for employees.

In Japan, the Group has continued its commitment to maximizing product value in our focus areas of Psychiatry & Neurology and Diabetes. With regards to the former, we have worked to increase market penetration of LATUDA® (atypical antipsychotic), which was launched in the previous fiscal year. In the latter area, we focused on the provision of medical information in a bid to achieve early market penetration of TWYMEEG® (therapeutic agent for type 2 diabetes), which was launched in the fiscal year under review, while at the same time seeking to bolster sales of Trulicity®, Equa®, and EquMet® (therapeutic agents for type 2 diabetes).

In North America, Sunovion Pharmaceuticals Inc. (hereinafter, "Sunovion") continued its drive to further expand sales of global strategic product LATUDA® and pushed ahead with development of the novel candidate compounds in the Psychiatry & Neurology area pursuant to the license agreement for joint development and commercialization concluded in September 2021 among the three parties including Otsuka Pharmaceutical Co., Ltd. (hereinafter, "Otsuka") and Sumitomo Pharma Co., Ltd.

In the U.S., Myovant, a subsidiary of Sumitovant Biopharma Ltd. (hereinafter, "Sumitovant"), focused on the achievement of early market penetration of ORGOVYX®, a therapeutic agent for advanced prostate cancer launched in the previous fiscal year, and MYFEMBREE®, a therapeutic agent for uterine fibroids launched in the fiscal year under review, through co-promotion with Pfizer Inc. (hereinafter, "Pfizer"). Meanwhile, Urovant Sciences Ltd. (hereinafter, "Urovant"), another subsidiary of Sumitovant, commenced marketing in the U.S. of GEMTESA®, a therapeutic agent for overactive bladder, in the fiscal year under review.

In China, Sumitomo Pharma (Suzhou) Co., Ltd. staged promotions designed to expand sales of LATUDA® and other products, in addition to MEROPEN® (carbapenem antibiotic), which has recovered from its pandemic-induced sluggish performance in the previous fiscal year.

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)

	FY2020	FY2021	Change	Change %
Revenue	516.0	560.0	44.1	8.5
Core operating profit	69.6	58.5	(11.1)	(15.9)
Operating profit	71.2	60.2	(11.0)	(15.4)
Profit before taxes	77.9	83.0	5.1	6.6
Net profit	36.8	40.6	3.8	10.2
Net profit attributable to owners of the parent	56.2	56.4	0.2	0.3

Revenue increased by 8.5% year-on-year to 560.0 billion yen.

Revenue increased overall, driven by the North America segment, which benefitted from the posting of the lump-sum upfront payment for the collaboration and license agreement for the joint development and commercialization with Otsuka in the Psychiatry & Neurology area and the contributions of new products from Myovant and Urovant. The growth in the China segment contributed to the increase as well.

Core operating profit decreased by 15.9% year-on-year to 58.5 billion yen.

Core operating profit decreased as a result of a significant increase in selling, general and administrative expenses primarily owing to the start of full-scale marketing activities by Myovant and Urovant and an increase in the amortization of intangible assets, despite an increase in gross profit on account of a revenue increase.

Operating profit decreased by 15.4% year-on-year to 60.2 billion yen.

Operating profit decrease year-on-year, despite a cost reversal from a decline in the fair value of contingent consideration.

Profit before taxes increased by 6.6% year-on-year to 83.0 billion yen.

Profit before taxes increased as financial income/expenses−a balance of financial income after the deduction of financial expenses−turned significantly increased due to the recording of forex gains resulting from the yen's depreciation on the year-end.

Net profit increased by 10.2% year-on-year to 40.6 billion yen.

Net profit increased, too, as profit before taxes increased.

Net profit attributable to owners of the parent increased by 0.3% year-on-year to 56.4 billion yen.

Net profit attributable to owners of the parent−the amount of net profit less the amount of losses attributable to non-controlling interests−edged higher from the previous fiscal year.

The ratio of the net profit attributable to owners of the parent to revenue was 10.1%.

② Status 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 decreased by 1.7% year-on-year to 149.9 billion yen.

Revenue showed a decrease primarily owing to the impact of the National Health Insurance (NHI) drug price revisions and the declines in sales of long-listed drugs, while sales of LATUDA® showed steady growth after it was launched in the previous fiscal year.

Core segment profit decreased by 19.2% year-on-year to 19.6 billion yen.

This decrease is attributable to a decline in gross profit and an increase in selling, general and administrative expenses primarily owing to sales-related expenses for TWYMEEG®, which was launched in the fiscal year under review.

[North America segment]

Revenue increased by 13.6% year-on-year to 319.8 billion yen.

Revenue showed an increase as factors for revenue growth, including the recording of the lump-sum upfront payment for the license agreement for joint development and commercialization with Otsuka, additional sales from ORGOVYX®, MYFEMBREE®, and GEMTESA®, and revenue recognition arising from an agreement with Pfizer concerning joint development and marketing, more than offset negative factors such as declines in sales of drugs such as LATUDA® and BROVANA® (therapeutic agent for chronic obstructive pulmonary disease [COPD]), the latter of which saw its exclusive marketing period expire.

Core segment profit decreased by 9.8% year-on-year to 105.4 billion yen.

This decrease is attributable to the increase in selling, general and administrative expenses due primarily to the start of full-scale marketing activities by Myovant and Urovant and an increase in the amortization of intangible assets, despite an increase in gross profit on account of a revenue increase.

[China segment]

Revenue increased by 37.6% year-on-year to 38.3 billion yen.

Revenue showed an increase as a result of an increase in sales of MEROPEN®.

Core segment profit increased by 48.0% year-on-year to 19.6 billion yen.

This increase is attributable to the rise in gross profit on account of a revenue increase.

[Other Regions segment]

Revenue decreased by 29.3% year-on-year to 12.2 billion yen.

Revenue showed a decrease as sales declined for exports and others.

Core segment profit decreased by 62.6% year-on-year to 3.3 billion yen.

This decrease is largely attributable to the decline in revenue

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 39.9 billion yen (up by 8.0% year-on-year) and core segment profit of 3.5 billion yen (down by 2.2% year-on-year).

③ Status of research and development activities

The Group has been committed to the research and development of drugs by taking every available opportunity to incorporate cutting-edge technologies through a combination of in-house research, technology in-licensing, and joint research with venture companies and academic institutions. The Group aims to continually discover exceptional pharmaceutical products in its focus areas of Psychiatry & Neurology, Oncology, and Regenerative Medicine & Cell Therapy. In order to contribute to global health, the Group is also working on tackling infectious diseases. Furthermore, with the aim of providing new solutions to social issues in the realm of healthcare outside of pharmaceuticals, we are currently busy preparing for the launch of frontier businesses on a full scale.

[Psychiatry and Neurology]

In the Psychiatry & Neurology area, 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 create innovative therapeutic agents 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 drugs for radical treatment of neurodegenerative diseases and other indications 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 data of our products and development candidates, to translational research and by selecting appropriate drug discovery targets and biomarkers through the use of big data, such as genome information, brain waves, and imaging data.

In FY2017, we introduced a new Research Project System, under which researchers who have devised project themes take the lead in their projects up to the initial clinical development stage as a general rule. In FY2021, the System yielded appreciable results, including the advancement of two products into clinical studies and many candidate drugs into the preclinical phase. Going forward, we will make the most of this System to push ahead with research and development.

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. ulotaront (product code: SEP-363856)
For schizophrenia, the Phase 3 clinical study in the U.S. and Phase 2/3 clinical studies in Japan and China were pursued.

ⅱ. SEP-4199
In the U.S. and Japan, Phase 3 clinical studies for bipolar I depression have commenced.

ⅲ. Phase 1 clinical studies for two new products have commenced.

[Oncology]

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

For drug discovery, we will 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.

In the development stage, we will seek to improve the success rate and obtain early approval for several products in our development pipeline that are under initial clinical evaluations by, for example, carefully assessing data in short-term, small-scale studies to identify cancer types optimally treated by them and determine the value of such products.

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

ⅰ. DSP-7888 (generic name: adegramotide/nelatimotide)
Phase 3 clinical studies of this product in patients with recurrent or progressive glioblastoma in the U.S. and Japan were terminated following their interim analysis after determining there is a low probability of meeting the primary endpoint at the final analysis.

ⅱ. Phase 1 clinical study for one new product has commenced.

[Regenerative Medicine & Cell Therapy]

In the Regenerative Medicine & Cell Therapy field, 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. RETHYMIC® (product code: RVT-802)
In the U.S., approval was obtained for its use in the treatment of pediatric congenital athymia in October 2021.

ⅱ. Allogeneic iPS cell-derived dopamine neural progenitors
Transplantation has been completed for all seven cases of the investigator-initiated clinical study for Parkinson's disease, which is being conducted at Kyoto University.

ⅲ. Allogeneic iPS cell-derived photoreceptors
In the clinical studies for retinitis pigmentosa being conducted at Kobe City Eye Hospital, it was confirmed that our photoreceptors were engrafted one year after they were transplanted in both of the two cases there.

[Infectious Diseases]

In a bid to contribute to global health and precautions against future pandemics by way of, for example, promoting joint research for the treatment of antimicrobial resistance (AMR), malaria vaccines, and a universal influenza vaccine, we will remain committed to ongoing research and development projects, which we hope to commercialize during the Next MTBP period.

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

ⅰ. lefamulin
In China, an NDA was submitted for community-acquired bacterial pneumonia in October 2021.

ⅱ. Drugs for treatments for antimicrobial-resistant bacterial infections
Phase 1 clinical studies of KSP-1007, which was developed as a treatment for carbapenem-resistant bacterial infections through joint research with The Kitasato Institute, have commenced in the U.S. Covered by the Japan Agency for Medical Research and Development (AMED)'s Cyclic Innovation for Clinical Empowerment (CiCLE), this research and development project uses commissioned research and development funding from AMED.

ⅲ. Malaria vaccines
A joint research project with Ehime University, European Vaccine Initiative (EVI), and Instituto de Biologia Experimental e Tecnológica (iBET) for a malaria disease prevention vaccine was advanced, as were projects 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).

ⅳ. Universal influenza vaccine
For a joint research project with the National Institutes of Biomedical Innovation, Health and Nutrition, preclinical studies were promoted. This research and development project is covered by the AMED's CiCLE, and uses commissioned research and development funding from AMED.

[Others]

In Other areas, the Group is moving forward with the development of value-oriented, best-in-class pharmaceutical products, in a bid to sustain the Group's business growth after the expiration of the exclusive marketing period for LATUDA® in the U.S. We will steadily proceed with such projects as a Phase 2 clinical study on rodatristat ethyl for the treatment of pulmonary arterial hypertension (PAH) and a Phase 3 clinical study on GEMTESA® for the treatment of overactive bladder in men with benign prostatic hyperplasia.

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

ⅰ. Relugolix combination tablet
In May 2021, approval was obtained in the U.S. for its use in the treatment of heavy menstrual bleeding associated with uterine fibroids (brand name: MYFEMBREE®). A supplemental New Drug Application (sNDA) for an additional indication of the management of moderate to severe pain associated with endometriosis was submitted in July 2021 and was accepted in September 2021.
In Europe, approval was obtained for the treatment of moderate to severe symptoms of uterine fibroids in July 2021 (brand name: RYEQO®).

ⅱ. TWYMEEG® (generic name: imeglimin hydrochloride)
In Japan, approval was obtained for the treatment of type 2 diabetes in June 2021.

[Frontier business]

In a bid to create synergies with our pharmaceuticals business, we will focus on the areas of mental resilience (preventing deterioration of neuropsychiatric disorders by detecting the signs at an early stage) and active aging (improving, maintaining, and enhancing the health of the elderly from their state of mind). By developing our business foundations, which include core technologies (information, engineering, or otherwise) and networks (alliances, venture capital investment, etc.), we are planning to establish these emerging areas as our future growth engines during the Next MTBP period.
The progress during the fiscal year under review are as follows:

ⅰ. In October 2021, an agreement was signed with BehaVR, Inc. concerning joint development and commercialization alliance of virtual reality (VR) content to treat social anxiety, generalized anxiety disorder, and major depressive disorder.

ⅱ. In Japan, joint development of a mobile app for the management of type 2 diabetes (product code: SMC-01) with Save Medical Corporation was terminated following its Phase 3 clinical study, in which the primary endpoint was not met.

ⅲ. Research and development of existing projects, including neurorehabilitation devices for hands/fingers, digital devices for relieving behavioral and psychological symptoms of dementia, and VR content for mental health, were promoted in cooperation with respective partners.

As a result of the research and development activities mentioned above, R&D expenses for the fiscal year under review amounted to 94.9 billion yen (down by 28.5% year-on-year). Please note that if the impairment losses of 0.9 billion yen reported during the fiscal year under review were excluded, R&D expenses were 94.0 billion yen (down by 3.2% 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

Non-current assets decreased by 39.8 billion yen from the previous fiscal year-end, primarily owing to a decrease in other financial assets that mainly resulted from fluctuations in the valuation of securities.
Current assets increased by 39.7 billion yen from the previous fiscal year-end, primarily owing to increases in trade and other receivables and cash and cash equivalents.
As a result, total assets amounted to 1,308.0 billion yen, which is almost flat from the previous fiscal year-end.
Liabilities decreased by 25.5 billion yen from the previous fiscal year-end to 634.4 billion yen as a result of declines in trade and other payables and income taxes payable, despite an increase in provisions. Bonds and borrowings totaled 269.0 billion yen, down by 4.8 billion yen from the previous fiscal year-end.
Equity attributable to owners of the parent increased by 27.3 billion yen from the previous fiscal year-end to 607.9 billion yen as retained earnings and other components of equity increased. Non-controlling interests decreased by 1.9 billion yen from the previous fiscal year-end.
As a result, total equity increased by 25.4 billion yen from the previous fiscal year-end to 673.6 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 46.5%.

(3) Analysis of Cash Flows

Cash flows provided by operating activities amounted to 31.2 billion yen, a decrease of 104.4 billion yen year-on-year, primarily owing to declines in trade and other payables and other financial liabilities, as well as a decrease in unearned revenue, despite an increase in profit before taxes.

Cash flows used in investing activities amounted to 18.3 billion yen, as payments for purchase of investments and purchase of property, plant and equipment surpassed proceeds from sales of investment securities. This represents a decrease in proceeds of 27.2 billion yen from the previous fiscal year, as the Company recorded an increase in cash as a result of the sale of its former Ibaraki Plant in the previous fiscal year.

Cash flows used in financial activities amounted to 21.4 billion yen. This represents a decrease in payments of 35.8 billion yen from the previous fiscal year, owing to repayment of the short-term borrowings as a result of refinancing loans with long-term borrowings and financing by issuing bonds and a decrease in payments for acquisition of interests in a subsidiary from non-controlling interests in the fiscal year under review.

As a result of the above, the balance of cash and cash equivalents as of March 31, 2022 was 203.0 billion yen, which represents an increase of 9.3 billion yen from the previous fiscal year-end.

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

(Billions of yen)

	FY 2021 Results	FY 2022 Forecasts	Change	Change %
Revenue	560.0	550.0	(10.0)	(1.8)
Core operating profit	58.5	30.0	(28.5)	(48.7)
Operating profit	60.2	24.0	(36.2)	(60.2)
Net profit attributable to owners of the parent	56.4	22.0	(34.4)	(61.0)

< Revenue >

In Japan, revenue is forecasted to decrease as the impacts of the NHI drug price revisions, the discontinuation of marketing for REPLAGAL®, and declines in sales of long-listed products may not be offset by our efforts to expand sales of LATUDA®, TWYMEEG®, and other new products.

In North America, although we will continue focusing on the sales expansion of ORGOVYX®, MYFEMBREE®, GEMTESA®, and other new products, primarily owing to the expiration of the exclusive marketing periods of LATUDA® and BROVANA® and the recording of the lump-sum upfront payment following the conclusion of the collaboration with Otsuka Pharmaceutical during the fiscal year under review, revenue is forecasted to decrease on a dollar basis. On a yen basis, however, revenue is forecasted to increase partly because of the ongoing depreciation of the currency.

Overall, consolidated revenue is expected to decrease by 10.0 billion yen year-on-year to 550.0 billion yen.

< Profit >

Gross profit is forecasted to decline by a larger margin than the decline in sales due to a decrease in revenue and changes in our product mix. Selling, general and administrative expenses are expected to increase due to the yen's depreciation, as well as an increase in expenses which will result from greater efforts to market new products in North America. Although we expect other income mainly from the sale of FDA's priority review voucher (PRV), both core operating profit and operating profit are forecasted to decrease by 28.5 billion yen to 30.0 billion yen and by 36.2 billion yen to 24.0 billion yen year-on-year, respectively. Partly because we recorded a large sum of forex gains during the fiscal year under review, net profit attributable to owners of the parent for the fiscal year ending March 31, 2023 is forecasted to decrease by 34.4 billion yen year-on-year to 22.0 billion yen.

< Prior condition >

Foreign currency exchange rates used for the forecasts are: 1 USD = 125.0 JPY (112.4 JPY in the fiscal year under review) and 1 RMB = 19.5 JPY (17.5 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 58.5 billion yen and net profit attributable to owners of the parent of 56.4 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, 2023 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, 2021	Year ended March 31, 2022
Revenue	515,952	560,035
Cost of sales	137,773	157,127
Gross profit	378,179	402,908
Selling, general and administrative expenses	190,373	249,081
Research and development expenses	132,682	94,903
Other income	17,662	2,406
Other expenses	1,562	1,096
Operating profit	71,224	60,234
Finance income	9,213	25,777
Finance costs	2,586	3,050
Profit before taxes	77,851	82,961
Income tax expenses	41,022	42,361
Net profit	36,829	40,600
Net profit attributable to:		
Owners of the parent	56,219	56,413
Non-controlling interests	(19,390)	(15,813)
Net profit total	36,829	40,600
Earnings per share (yen)		
Basic earnings per share	141.50	141.99

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Net profit	36,829	40,600
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	(7,621)	(56,800)
Remeasurements of defined benefit plans	6,330	2,307
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	5,367	42,004
Cash flow hedges	102	50
Total other comprehensive income	4,178	(12,439)
Total comprehensive income	41,007	28,161
Total comprehensive income attributable to:		
Owners of the parent	61,008	37,574
Non-controlling interests	(20,001)	(9,413)
Total comprehensive income	41,007	28,161

(2) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Non-current assets		
Property, plant and equipment	64,966	64,091
Goodwill	176,492	195,144
Intangible assets	383,406	398,692
Other financial assets	193,035	115,844
Income taxes receivable	6,726	5,538
Other non-current assets	3,516	6,527
Deferred tax assets	20,191	22,650
Total non-current assets	848,332	808,486
Current assets		
Inventories	92,215	99,021
Trade and other receivables	135,866	151,407
Other financial assets	29,480	35,596
Income taxes receivable	194	93
Other current assets	8,342	10,420
Cash and cash equivalents	193,698	202,984
Total current assets	459,795	499,521
Total assets	1,308,127	1,308,007

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Non-current liabilities		
Bonds and borrowings	263,859	243,963
Other financial liabilities	21,404	16,471
Retirement benefit liabilities	15,069	11,461
Other non-current liabilities	53,046	57,620
Deferred tax liabilities	28,424	26,550
Total non-current liabilities	381,802	356,065
Current liabilities		
Borrowings	9,960	25,085
Trade and other payables	64,638	46,183
Other financial liabilities	23,341	13,302
Income taxes payable	24,511	7,583
Provisions	99,851	119,149
Other current liabilities	55,846	67,071
Total current liabilities	278,147	278,373
Total liabilities	659,949	634,438
Equity		
Share capital	22,400	22,400
Capital surplus	15,855	16,725
Treasury shares	(679)	(681)
Retained earnings	508,677	514,210
Other components of equity	34,317	55,234
Equity attributable to owners of the parent	580,570	607,888
Non-controlling interests	67,608	65,681
Total equity	648,178	673,569
Total liabilities and equity	1,308,127	1,308,007

(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, 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)	—	—
Transaction 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	—
Net profit	—	—	—	56,413	—	—
Other comprehensive income	—	—	—	—	(56,800)	2,307
Total comprehensive income	—	—	—	56,413	(56,800)	2,307
Purchase of treasury shares	—	—	(2)	—	—	—
Dividends	—	—	—	(11,124)	—	—
Transactions with non-controlling interests	—	870	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	—	(39,756)	42,063	(2,307)
Other increase / decrease	—	—	—	—	—	—
Total transactions with owners	—	870	(2)	(50,880)	42,063	(2,307)
Balance as of March 31, 2022	22,400	16,725	(681)	514,210	23,838	—

(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, 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)
Transaction 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
Net profit	—	—	—	56,413	(15,813)	40,600
Other comprehensive income	35,604	50	(18,839)	(18,839)	6,400	(12,439)
Total comprehensive income	35,604	50	(18,839)	37,574	(9,413)	28,161
Purchase of treasury shares	—	—	—	(2)	—	(2)
Dividends	—	—	—	(11,124)	—	(11,124)
Transactions with non-controlling interests	—	—	—	870	7,486	8,356
Reclassification from other components of equity to retained earnings	—	—	39,756	—	—	—
Other increase / decrease	—	—	—	—	—	—
Total transactions with owners	—	—	39,756	(10,256)	7,486	(2,770)
Balance as of March 31, 2022	31,273	123	55,234	607,888	65,681	673,569

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from operating activities		
Net profit	36,829	40,600
Depreciation and amortization	22,673	38,348
Impairment losses	35,720	910
Changes in fair value of contingent consideration	(22,463)	(3,282)
Loss (gain) on sales of property, plant and equipment	(16,731)	(141)
Interest and dividend income	(1,153)	(1,175)
Interest expenses	2,436	2,970
Income tax expenses	41,022	42,361
(Increase) decrease in trade and other receivables	185	(6,097)
(Increase) decrease in inventories	(10,039)	5,356
Increase (decrease) in trade and other payables	(320)	(28,669)
Increase (decrease) in unearned revenue	51,067	(469)
Increase (decrease) in other financial liabilities	12,001	(11,540)
Increase (decrease) in retirement benefits liabilities	288	(348)
Increase (decrease) in provisions	13,145	8,034
Others, net	7,042	(11,953)
Subtotal	171,702	74,905
Interest received	221	173
Dividends received	942	992
Interest paid	(2,229)	(2,500)
Income taxes paid	(35,035)	(42,331)
Net cash provided by (used in) operating activities	135,601	31,239
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,048)	(7,347)
Proceeds from sales of property, plant and equipment	21,520	1,313
Purchase of intangible assets	(4,758)	(6,147)
Purchase of investments	(9,366)	(25,905)
Proceeds from sales and redemption of investments	8,141	19,472
Net decrease (increase) in short-term loan receivables	(839)	1,133
Others, net	225	(797)
Net cash provided by (used in) investing activities	8,875	(18,278)

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(265,000)	29
Proceeds from long-term borrowings	125,000	―
Repayments of long-term borrowings	(2,960)	(4,960)
Proceeds from issuance of corporate bonds	118,927	―
Repayments of finance lease obligations	(4,727)	(4,499)
Dividends paid	(11,120)	(11,126)
Payments for acquisition of interest in a subsidiary from non- controlling interests	(19,300)	(3,636)
Others, net	1,965	2,766
Net cash provided by (used in) financing activities	(57,215)	(21,426)
Net increase (decrease) in cash and cash equivalents	87,261	(8,465)
Cash and cash equivalents at beginning of year	101,708	193,698
Effect of exchange rate changes on cash and cash equivalents	4,729	17,751
Cash and cash equivalents at end of period	193,698	202,984

(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.

① Year 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.

② Year ended March 31, 2022

(Millions of yen)

	Reportable segments					Other Business (Note)	Total
	Pharmaceuticals						
	Japan	North America	China	Other Regions	Subtotal		
Revenues from external customers	149,915	319,790	38,296	12,176	520,177	39,858	560,035
Inter-segment revenues and transfers	61	—	—	—	61	40	101
Total	149,976	319,790	38,296	12,176	520,238	39,898	560,136
Segment profit (Core segment profit)	19,612	105,385	19,590	3,254	147,841	3,491	151,332
Other items							
Depreciation and amortization	5,733	26,865	893	654	34,145	327	34,472
Impairment losses	10	900	—	—	910	—	910

(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, 2021	Year ended March 31, 2022
Total of reportable segments	479,124	520,238
Revenue of Other Business	36,944	39,898
Elimination of inter-segment revenue	(116)	(101)
Revenue on the consolidated financial statements	515,952	560,035

(Millions of yen)

Profit	Year ended March 31, 2021	Year ended March 31, 2022
Total of reportable segments	163,096	147,841
Segment profit of Other Business	3,574	3,491
Elimination of inter-segment profit	22	26
Research and development expenses (Note)	(97,082)	(94,004)
Gains on business transfers	—	1,146
Others	(27)	9
Core operating profit	69,583	58,509
Change in fair value of contingent consideration	22,463	3,282
Impairment losses	(35,720)	(910)
Other income	17,689	1,251
Other expenses	(1,562)	(1,096)
Others	(1,229)	(802)
Operating profit in the consolidated financial statements	71,224	60,234

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	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Depreciation and amortization	18,821	34,145	304	327	3,548	3,876	22,673	38,348

(4) Revenues

The details of revenues from external customers are as follows:

(Millions of yen)

	Year ended March 31, 2021	Year ended March 31, 2022
Sale of goods	503,788	509,050
Revenue arising from intellectual property rights	7,924	37,205
Other	4,240	13,780
Total	515,952	560,035

(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, 2021	Year ended March 31, 2022
Pharmaceuticals	479,054	520,177
Others	36,898	39,858
Total	515,952	560,035

(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, 2021	Year ended March 31, 2022
Japan	192,608	222,884
North America	280,437	287,289
U.S.A in North America	275,594	282,521
Others	42,907	49,862
Total	515,952	560,035

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, 2021	As of March 31, 2022
Japan	65,979	65,438
North America	566,701	600,494
U.S.A in North America	565,215	598,877
Others	2,426	4,060
Total	635,106	669,992

(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, 2021	Year ended March 31, 2022
McKesson Corporation	North America	95,732	91,340
Cardinal Health Inc.	North America	82,143	85,425
AmerisourceBergen Corporation	North America	71,767	73,745

(Impairment loss)

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.

There were no significant impairment losses for the year ended March 31, 2022.

(Other income)

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

(Per-share information)

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

	Year ended March 31, 2021	Year ended March 31, 2022
The basis for calculating basic earnings per share		
Net profit attributable to owners of the Parent (millions of yen)	56,219	56,413
Amounts not attributable to ordinary shareholders of the parent (millions of yen)	—	—
Net profit used to calculate basic earnings per share (millions of yen)	56,219	56,413
Weighted average number of ordinary shares (1,000 shares)	397,294	397,293
Earnings per share		
Basic earnings per share (Yen)	141.50	141.99

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

4. Others

Changes in the Members, Board of Directors (as of June 23, 2022)

(1) Change in the Members of the Board of Directors (as of June 23, 2022)

(ⅰ)New Members of the Board of Directors

Hiroyuki Baba (currently Senior Executive Officer)
Shigeyuki Nishinaka (currently Senior Executive Officer)
Koji Fujimoto (currently Specially Appointed Professor, Tokyo Medical and Dental University)

Note: The new members of the Board of Directors who will take office as of June 23, 2022 is subject to the approval at the general shareholders' meeting scheduled for the same date.
Koji Fujimoto is a candidate for Outside Director.

(ⅱ)Retiring Members of the Board of Directors

Masayo Tada (currently Member, Board of Directors, Chairman)
Hitoshi Odagiri (currently Member, Board of Directors)
Yutaka Atomi (currently Outside Member, Board of Directors)

Note: Masayo Tada and Hitoshi Odagiri will be appointed Corporate Senior Executive Advisor and Corporate Executive Advisor at the Company, respectively.

(2) Changes in the Members of the Audit & Supervisory Board (as of June 23, 2022)

(ⅰ)New Member of the Audit & Supervisory Board
Daishiro Michimori (currently Visiting Lawyer, Shimada Hamba & Osajima)

Note: The new member of the Audit & Supervisory Board who will take office as of June 23, 2022 is subject to the approval at the general shareholders' meeting scheduled for the same date.
Daishiro Michimori is a candidate for Outside Audit & Supervisory Board Member.

(ⅱ)Retiring Member of the Audit & Supervisory Board
Junsuke Fujii (currently Outside Audit & Supervisory Board Member)