

April 26, 2018

Sumitomo Dainippon Pharma Co., Ltd.

Sumitomo Dainippon Pharma Revises Financial Forecasts (J-GAAP) and Announces Financial Forecasts under IFRS

Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Japan; President and CEO: Hiroshi Nomura; Securities Code: 4506, First Section of TSE;) announced today that it has revised its consolidated financial forecasts for the full-year period ended March 31, 2018, which were announced on January 30, 2018, after taking the Company's recent business performance trends into consideration.

1. Revision of Financial Forecasts (Japanese Generally Accepted Accounting Principles; J-GAAP)

- (1) Revisions to the Forecasts of Consolidated Financial Results for the Year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
Previous Forecasts (A)	474,000	72,000	72,000	55,000	¥138.43
Revised Forecasts (B)	478,000	65,800	60,900	37,500	¥94.38
Variance in amount (B) – (A)	4,000	(6,200)	(11,100)	(17,500)	
Variance in percent (%)	0.8	(8.6)	(15.4)	(31.8)	
[Reference] Year-on-year (Year ended March 31, 2017)	411,638	52,759	54,341	28,991	¥72.97

(2) Reasons for the revisions

Net sales are expected to exceed the previous forecasts primarily because the Japan segment and China segment have maintained sales momentum.

Meanwhile, selling, general, and administrative expenses (excluding R&D expenses) are expected to exceed the previous forecasts chiefly due to an expected increase in expenses in the North America segment, while R&D expenses are expected to rise primarily as a result of an expected increase in clinical studies costs for late-stage development products.

The Company also expects to post foreign exchange losses and loss on valuation of investment securities under non-operating expenses and extraordinary loss, respectively.

Consequently, for the full-year period ended March 31, 2018, the Company now projects net sales of 478,000 million yen (increase of 4,000 million yen), operating income of 65,800 million

yen (decrease of 6,200 million yen), ordinary income of 60,900million yen (decrease of 11,100 million yen), and net income attributable to owners of the parent of 37,500 million yen (decrease of 17,500 million yen) compared to the previous forecasts.

2. Financial Forecasts under the International Financial Reporting Standards (IFRS)

Since the Company will adopt the IFRS from the end of the fourth quarter of the fiscal year ended March 31, 2018, the Company announces its consolidated financial forecasts under the IFRS for the full-year period ended March 31, 2018.

(1) Forecasts of Consolidated Financial Results for the Year ending March 31, 2018 (April 1, 2017 to March 31, 2018) under the IFRS

(Millions of yen)

	Revenue	Core Operating profit*	Operating profit	Profit attributable to owners of the parent	Earnings per share
Previous Forecasts (A)	-	-	-	-	-
Revised Forecasts (B)	466,800	90,600	88,200	53,400	134.40
Variance in amount (B) – (A)	-	-	-	-	
Variance in percent (%)	-	-	-	-	
[Reference] Year-on-year (Year ended March 31, 2017)	-	-	-	-	-

*: Core operating profit is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors, including changes in fair value of contingent consideration, impairment losses, and business structure improvement expenses.

(2) Main Factors behind Differences in Financial Forecasts between IFRS and J-GAAP

Below are the main factors behind differences in operating income for the year ended March 31, 2018 as a result of the Company adopting the IFRS in place of the J-GAAP.

- Decrease in selling, general, and administrative expenses because goodwill is not amortized
- Decrease in R&D expenses because upfront fees related to in-licensing are now posted under intangible assets
- Decrease in selling, general, and administrative expenses due to reversal of expenses resulting from a decline in fair value of contingent consideration related to the acquisition of Boston Biomedical Inc.

Note: The above forecasts contain forward-looking statements that are based on information available as of the date of this release, as well as certain assumptions that have been deemed reasonable. Actual financial results may differ materially depending on various factors.

Contact:

Public & Investor Relations Group, Corporate Governance

Sumitomo Dainippon Pharma Co., Ltd.

TEL: +81-6-6203-1407 (Osaka); +81-3-5159-3300 (Tokyo)