Summary of Consolidated Financial Results for the Year Ended March 31, 2025 [IFRS]

May 13, 2025

Company Name:	SUMITOMO PHARMA CO., LTD.
Stock Exchange Listings:	Tokyo
Security Code Number:	4506 (URL https://www.sumitomo-pharma.com)
Representative:	Toru Kimura, Representative Director, President and Chief Executive Officer
Contact:	Koichi Kino, Vice President, Head of Corporate Governance
Telephone:	06-6203-5321
Filing Date of Financial Report:	June 26, 2025
Date of Annual Shareholder's Meeting:	June 26, 2025
Starting Date of Dividend Payments:	—
Preparation of Supplementary Financial Data for Financial Results:	Yes
Information Meeting for Financial Results to be held:	Yes (for institutional investors, analysts and the press)

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

1. Consolidated Financial Results for the Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(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 JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Year ended March 31, 2025	398,832	26.8	43,153	—	28,804	—	23,635	—	23,634	—	13,417	—
Year ended March 31, 2024	314,558	(43.4)	(132,978)	—	(354,859)	—	(314,929)	—	(314,969)	—	(250,345)	—

Reference: Profit before taxes Year ended March 31, 2025: 17,611 million JPY
Year ended March 31, 2024: (323,114) million JPY

"Core operating profit" is calculated by deducting certain items from operating profit.

	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
	JPY	JPY	%	%	%
Year ended March 31, 2025	59.49	—	14.5	2.1	10.8
Year ended March 31, 2024	(792.79)	—	(111.9)	(31.6)	(42.3)

Reference: Share of profit (loss) of associates accounted for using the equity method.
Year ended March 31, 2025: (905) million JPY
Year ended March 31, 2024: (23) million JPY

(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 JPY	Millions of JPY	Millions of JPY	%	JPY
As of March 31, 2025	742,604	169,479	169,479	22.8	426.59
As of March 31, 2024	907,506	156,136	156,063	17.2	392.82

(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 end of period
	Millions of JPY	Millions of JPY	Millions of JPY	Millions of JPY
Year ended March 31, 2025	16,500	99,754	(108,836)	23,116
Year ended March 31, 2024	(241,893)	33,036	77,851	29,047

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			
	JPY	JPY	JPY	JPY	JPY	Millions of JPY	%	%
Year ended March 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Year ended March 31, 2025	—	0.00	—	0.00	0.00	—	—	—
Year ending March 31, 2026 (Forecasts)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Forecasts for the Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

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

	Revenue		Core operating profit		Operating profit		Net profit attributable to owners of parent		Earnings per share
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	JPY
Year ending March 31, 2026	355,000	(11.0)	56,000	29.8	54,000	87.5	40,000	69.2	100.68

Notes:

(1) Significant changes in the scope of consolidation during the period: None
(New: None)
(Excluded: None)

(2) Changes in accounting policies, accounting estimates
① Changes in accounting policy required by IFRS: None
② Changes in accounting policy other than (2),①: None
③ Changes in accounting estimates: Yes
(Note) For details, please refer to "3. Consolidated Financial Statements and Major Notes (5) Notes on Consolidated Financial Statements (Changes in Accounting Estimates)" on page 18 of the attached documents.

(3) Number of shares issued (Common stock)
① Number of shares issued (Including treasury stock) at end of period
March 31, 2025: 397,900,154 shares
March 31, 2024: 397,900,154 shares

② Number of treasury stock at the end of period
March 31, 2025: 610,242 shares
March 31, 2024: 609,393 shares
③ Average number of shares outstanding during the period
Year ended March 31, 2025: 397,290,259 shares
Year ended March 31, 2024: 397,291,244 shares

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

1. Non-consolidated Financial Results for the year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Results of Operations

(% represents changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Year ended March 31,2025	136,412	38.9	11,603	—	12,028	—	106,187	—
Year ended March 31,2024	98,205	(57.6)	(50,004)	—	(6,527)	—	(588,120)	—

	Earnings per share	Earnings per share (diluted)
	JPY	JPY
Year ended March 31,2025	267.28	—
Year ended March 31,2024	(1,480.32)	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of JPY	Millions of JPY	%	JPY
As of March 31, 2025	523,417	158,908	30.4	399.98
As of March 31, 2024	645,412	108,375	16.8	272.79

Reference: Shareholders' Equity As of March 31, 2025: 158,908 million JPY
As of March 31, 2024: 108,375 million JPY

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 disclosure of such statements and involve both known and unknown risks and uncertainties. Accordingly, forecasts, plans, goals, 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. Summary of Financial Results for the Year Ended March 31, 2025 (4) Financial Forecasts for the Year Ending March 31, 2026".

Information concerning pharmaceuticals and medical devices (including those under development) contained herein is not intended as advertising or as medical advice.

Supplementary financial data and the presentation materials for the earnings presentation are disclosed together with this summary.

The Company holds an earnings presentation for institutional investors, analysts and the press on Tuesday May 13, 2025. The video of the presentation will be posted on its website promptly after the presentation.

【Attachment Documents】

1. Summary of Financial Results for the Year Ended March 31, 2025

(1) 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, 2025.

① Overview of overall operating results

During the fiscal year ended March 31, 2025, the world economy showed an overall recovery trend, supported by steady U.S. economic performance driven by increased consumer spending, despite signs of a slowdown in economic recovery in China and some other regions. However, the economic outlook remained uncertain primarily due to growing geopolitical risks, increasing volatility in financial markets, and the unclear future direction of U.S. tariff policies. In the Japanese economy, while business remained on track toward moderate recovery, weak domestic demand continued to be a concern.

In the pharmaceutical sector, while the government continued its efforts to curb medical expenses, the business environment showed signs of improvement due to the utilization of digital technology and drug price system reform. However, partly because of the increasing difficulty in developing new drugs and soaring research and development expenses, the selection and concentration of business was accelerated.

The Group finds itself in a very difficult situation, having recorded significant losses in the previous fiscal year. This is attributable to the decline in revenue from LATUDA® (atypical antipsychotic), which had peak sales of over 200.0 billion JPY before losing exclusivity in 2023 in the U.S., as well as the lower-than-expected revenue growth of ORGOVYX® (therapeutic agent for advanced prostate cancer), MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis), and GEMTESA® (therapeutic agent for overactive bladder) (collectively, the "three key products") in North America.

Against this backdrop, the Group has pursued business activities aimed at achieving an early turnaround and renewed growth by implementing fundamental structural reforms across the organization while working to expand the business of existing products, including the three key products.

In Japan, in the psychiatry & neurology area, the Group focused on the provision of medical information mainly on LATUDA® and LONASEN® Tape (atypical antipsychotic), while the exclusivity period for TRERIEF® (therapeutic agent for Parkinson's disease) expired in June 2024. The Company entered into a co-promotion collaboration partner agreement with Janssen Pharmaceutical K.K. for XEPLION® and XEPLION TRI® (both long-acting antipsychotic medication). Co-promotion activities subsequently launched in February 2025. In the diabetes area, the Group remained focused on bolstering sales of TWYMEEG®, Equa®, whose exclusivity period expired in December 2024, and EquMet® (all three therapeutic agents for type 2 diabetes).

In North America, the Group focused on expanding sales of the three key products and RETHYMIC® (cultured thymus tissue for pediatric congenital athymia). In December 2024, the Group terminated the joint development and commercialization of MYFEMBREE® with Pfizer Inc. ("Pfizer") to transition to independent commercialization.

In Asia, the Group continued working to expand sales of MEROPEN® (carbapenem antibiotic), one of its mainstays there.

As part of its fundamental structural reform, the Group offered an early retirement program to its employees in Japan, aiming to establish a profitable structure in its Japan business, following the restructuring of its group companies in North America in the previous fiscal year.

In the regenerative medicine and cell therapy business, the Company transferred part of the shares it held in RACTHERA Co., Ltd. ("RACTHERA") and S-RACMO Co., Ltd. ("S-RACMO"), which are responsible for promotion and research and development of this business, and for contract development of manufacturing methods and contract manufacturing, respectively, to Sumitomo Chemical Co., Ltd. ("Sumitomo Chemical"), its parent company. By maximizing synergies within the Sumitomo Chemical Group, the Company will strive to accelerate early development and global expansion of this business.

In addition to the above, the Company transferred its frontier business to FrontAct Co., Ltd. in May 2024, and entererd into an agreement to transfer all shares of this new subsidiary to Sawai Group Holdings Co., Ltd. in March 2025.

While working to improve performance through these undertakings, the Group also strove to strengthen its financial base by repaying a portion of existing borrowings with the proceeds from the sale of shares in Roivant Sciences Ltd. ("Roivant"), and entering into new syndicated loan agreements for refinancing purposes.

With a view to achieving sustainable growth by concentrating its management resources on focus areas, the Company concluded an agreement in April 2025 stipulating that the Asian business of its subsidiaries, Sumitomo Pharma (China) Co., Ltd. and Sumitomo Pharma Asia Pacific Pte. Ltd., along with their respective subsidiaries, would be transferred to Marubeni Global Pharma Corporation.

About "core operating profit" set as a performance indicator

With the adoption of IFRS, the Group has set "core operating profit" which shows the Group's profitability as its original performance indicator.

"Core operating profit" is calculated by deducting certain items from operating profit. The deduction items mainly include impairment losses, business structure improvement expenses and changes in fair value of contingent consideration.

Highlights of the Group's consolidated financial results (IFRS) for the fiscal year ended March 31, 2025 are as follows:

(Billions of JPY)

	FY2023	FY2024	Change	Change (%)
Revenue	314.6	398.8	84.3	26.8
Core operating profit	(133.0)	43.2	176.1	—
Operating profit	(354.9)	28.8	383.7	—
Profit before taxes	(323.1)	17.6	340.7	—
Net profit	(314.9)	23.6	338.6	—
Net profit attributable to owners of the parent	(315.0)	23.6	338.6	—

■ **Revenue increased by 26.8% year-on-year to 398.8 billion JPY.**

Revenue showed an increase primarily owing to sales expansion of the three key products in North America, as well as the effects of the one-time recording as revenue of deferred revenue associated with an upfront payment following the transition to independent commercialization of MYFEMBREE®, and foreign currency translation resulting from the year-on-year depreciation of the Japanese yen.

■ **Core operating profit(loss) was 43.2 billion JPY, compared with (133.0) billion JPY for the previous fiscal year.**

Core operating profit (loss) showed a significant improvement, marking a return to profitability due to increased revenue and significant reductions in selling, general and administrative expenses, as well as research and development expenses. These reductions resulted from Group-wide streamlining efforts, including the reduction of research and development investments through selection and concentration, along with the manifestation of positive effects of business structure improvement following the restructuring of the group companies in North America. Another factor contributing to this improvement was the recording of revenue from the partial transfer of the Company's shares in RACTHERA.

■ **Operating profit(loss) was 28.8 billion JPY, compared with (354.9) billion JPY for the previous fiscal year.**

Operating profit (loss) showed a significant improvement primarily due to reductions in impairment losses and expenses for business structure improvement, in addition to the improvement in core operating profit (loss).

■ **Profit(Loss) before taxes was 17.6 billion JPY, compared with (323.1) billion JPY for the previous fiscal year.**

Profit (loss) before taxes saw a substantial improvement due to the significant improvement in operating profit (loss), although financial income/costs－a balance of financial income after the deduction of financial costs－decreased primarily due to the recording of foreign exchange losses from the yen's appreciation.

■ **Net profit(loss) was 23.6 billion JPY, compared with (314.9) billion JPY for the previous fiscal year.**

Net profit (loss) showed a significant improvement due to the improvement in profit (loss) before taxes.

■ **Net profit(loss) attributable to owners of the parent was 23.6 billion JPY, compared with (315.0) billion JPY for the previous fiscal year.**

Net profit (loss) attributable to owners of the parent, which is the amount of net profit (loss) less the portion attributable to non-controlling interests, showed a significant improvement, marking a return to profitability.

② Status of each reportable segment

About “core segment profit” set as a segment performance indicator

For segment performance, the Group has set “core segment profit” as an original performance indicator to show each segment’s recurring profitability.

“Core segment profit” indicates each segment profit calculated by deducting any items such as research and development expenses and gains and losses on business transfers, which are managed globally and thus cannot be allocated to individual segments, from “core operating profit.”

[Japan segment]

■ **Revenue decreased by 12.9% year-on-year to 99.8 billion JPY.**

Despite sales growth of TWYMEEG®, LATUDA®, and authorized generic products, among others, revenue declined due to decreased sales of TRERIEF® and Equa® primarily owing to the loss of exclusivity, as well as the impact of NHI drug price revisions.

■ **Core segment profit(loss) decreased by 14.6% year-on-year to 11.4 billion JPY.**

Core segment profit showed a decrease as the reduction in selling, general and administrative expenses from cost reduction efforts was outweighed by a decrease in gross profit on account of a revenue decline.

[North America segment]

■ **Revenue increased by 58.3% year-on-year to 251.8 billion JPY.**

Revenue showed an increase owing to sales expansion of the three key products and APTIOM® (treatment for antiepileptic), as well as the effects of the one-time recording as revenue of deferred revenue associated with an upfront payment following the transition to independent commercialization of MYFEMBREE®, and foreign currency translation.

■ **Core segment profit(loss) was 42.6 billion JPY, compared with (80.2) billion JPY for the previous fiscal year.**

The Group posted a core segment profit due to an increase in gross profit from revenue growth and the decrease in selling, general and administrative expenses, primarily resulting from the effects of business structure improvement through the restructuring of the group companies in North America.

[Asia segment]

■ **Revenue increased by 15.5% year-on-year to 47.2 billion JPY.**

Revenue showed an increase primarily owing to an increase in sales of MEROPEN® in China.

■ **Core segment profit(loss) increased by 30.0% year-on-year to 23.9 billion JPY.**

Core segment profit increased as gross profit increased on account of revenue growth.

③ Status of research and development activities

The selection and concentration of development programs were advanced to reduce research and development expenses, while at the same time, continuing to pursue research and development by securing the seeds of next-generation growth, with a focus on two oncology products nearing launch and the regenerative medicine and cell therapy pipelines. In addition, the Research and Development Division was established in December 2024 by integrating the Drug Research Division, Drug Development Division, and Technology Research & Development Division, aiming to improve performance capacity.

[Psychiatry and Neurology]

The Group will seek to obtain conditional and time-limited regulatory approval in Japan for allogeneic iPS cell-derived dopaminergic neural progenitor cells for the indication of Parkinson's disease, while steadily pursuing a Phase 1/2 clinical study in the U.S., aiming to bring the world's first iPS cell-derived products to market and realizing game-changing therapies in collaboration with RACTHERA. For allogeneic iPS cell-derived retinal pigment epithelial cells, the Group will continue to advance a Phase 1/2 clinical study in Japan for the indication of retinal pigment epithelial tear and, for allogeneic iPS cell-derived retinal sheets, a Phase 1/2 clinical study in the U.S. for the treatment of retinitis pigmentosa. For distinguished small molecules, the Group will identify priority products from its early-stage development pipeline to sustain revenue into the 2030s, accelerating initiatives to facilitate a smooth transition to the next phase.

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

ⅰ. Allogeneic iPS cell-derived dopaminergic neural progenitor cells (product code: CT1-DAP001/DSP-1083)

In Japan, based on the data from the investigator-initiated study by Kyoto University Hospital using non-cryopreserved cells (CT1-DAP001), preparations were made to submit an application for approval for Parkinson's disease during FY2025.

In the U.S., the University of California San Diego School of Medicine pursued a Phase 1/2 clinical study (investigator-initiated study) for Parkinson's disease using non-cryopreserved cells (CT1-DAP001).

Also in the U.S., a Phase 1/2 clinical study (company-sponsored clinical study) for Parkinson's disease using cryopreserved cells (DSP-1083) was pursued.

ⅱ. Allogeneic iPS cell-derived retinal pigment epithelial cells (product code: HLCR011)

In Japan, a Phase 1/2 clinical study for retinal pigment epithelium tear was pursued.

ⅲ. Allogeneic iPS cell-derived retinal sheet (3-dimensional retina) (product code: DSP-3077)

In the U.S., a Phase 1/2 clinical study for the treatment of retinitis pigmentosa was initiated.

[Oncology]

The Group will concentrate its resources in enzomenib and nuvisertib (both in the oncology area) and seek partnership opportunities to prioritize the development of these two drugs, with the goal of receiving regulatory approval and maximizing their value early. For enzomenib, the Group will continue to pursue a Phase2 clinical study for acute myeloid leukemia to apply for approval of its monotherapy and a Phase 1/2 clinical study for its combination therapy, and for nuvisertib, Phase 1/2 clinical studies for myelofibrosis (monotherapy/combination therapy). During the "Reboot 2027" period, the Group aims to receive regulatory approval for and launch enzomenib in Japan and the U.S, and to submit an application for approval for nuvisertib in Japan and the U.S.

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

ⅰ. enzomenib (product code: DSP-5336)

In the U.S. and Japan, Phase 1/2 clinical studies for acute leukemia were pursued.

ⅱ. nuvisertib (product code: TP-3654)

In the U.S. and Japan, Phase 1/2 clinical studies for myelofibrosis were pursued.

ⅲ. SMP-3124

In the U.S. and Japan, Phase 1/2 clinical studies for solid tumors were initiated.

[Others]

In an effort to steadily develop universal influenza vaccines, the Group will conduct an interim analysis of a Phase 1 clinical study in Belgium, while continuing Phase 1 clinical studies of KSP-1007 in Japan and China in anticipation of its introduction to the Asian market. The research and development of the universal influenza vaccine and KSP-1007 are funded by research and development grants from the Japan Agency for Medical Research and Development (AMED).

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

ⅰ. OBGEMSA® (generic name: vibegron)

In Europe, regulatory approval for its indication of overactive bladder was obtained by an alliance partner in June 2024.

ⅱ. GEMTESA® (generic name: vibegron)

In the U.S., regulatory approval for its additional indication of overactive bladder in men with benign prostatic hyperplasia (BPH) was obtained in December 2024.

The Group conducted a Phase 3 clinical study for overactive bladder in men in China; however, as the expected results were not confirmed, the Group discontinued its development.

ⅲ. Universal influenza vaccine (product code: fH1/DSP-0546LP)

In Belgium, the Group initiated a Phase 1 clinical study for a novel universal influenza vaccine adjuvanted with a TLR7 agonist (immune enhancing agent) developed by the Company.

As a result of the research and development activities mentioned above, research and development expenses for the fiscal year amounted to 49.9 billion JPY (down by 55.7% year-on-year). Please note that if the business structure improvement expenses of 1.4 billion JPY recorded during the fiscal year were excluded, research and development expenses were 48.5 billion JPY (down by 46.7% year-on-year) on the core basis. The Group manages its research and development expenses globally and so does not allocate such expenses to individual segments.

(2) Financial Condition

Total assets decreased by 164.9 billion JPY from the previous fiscal year-end to 742.6 billion JPY.

Non-current assets decreased by 148.5 billion JPY from the previous fiscal year-end, as other financial assets declined significantly due to the sale of investment securities held by the Company, including the shares of Roivant.

Current assets decreased by 16.4 billion JPY from the previous fiscal year-end as a result of decreases in inventories and income taxes receivables, despite an increase in assets held for sale.

Liabilities decreased by 178.2 billion JPY from the previous fiscal year-end to 573.1 billion JPY. This is a result of a decrease in borrowings, partially repaid with proceeds from the sale of investment securities, and a decrease in other liabilities, primarily reflecting the one-time recording of deferred revenue associated with an upfront payment following the transition to independent commercialization of MYFEMBREE®. Bonds and borrowings totaled 305.4 billion JPY, a decline of 113.5 billion JPY from the previous fiscal year-end.

Total equity increased by 13.3 billion JPY from the previous fiscal year-end to 169.5 billion JPY as a result of an increase in retained earnings, despite a decrease in other components of equity, mainly due to the sale of investment securities.

The ratio of equity attributable to owners of the parent to total assets as of the end of the fiscal year was 22.8%.

The Company concluded agreements to transfer its Asian business and the frontier business. Therefore, the Company classified the relevant assets as assets held for sale, the relevant liabilities as liabilities directly associated with assets held for sale, and the relevant equity as other comprehensive income associated with assets held for sale.

(3) Cash Flows

Cash flows provided by operating activities amounted to 16.5 billion JPY, a year-on-year improvement in net cash outflow of 258.4 billion JPY. This was primarily due to a decrease in payment of business structure improvement expenses and a refund of income tax expenses for the fiscal year compared to a payment in the previous fiscal year, as well as a significant improvement of net profit (loss) excluding non-cash profit and loss items such as impairment losses.

Cash flows provided by investing activities amounted to 99.8 billion JPY, reflecting a year-on-year increase in net cash inflow of 66.7 billion JPY due to the sale of the shares of Roivant and other investment securities.

Cash flows used in financial activities amounted to 108.8 billion JPY, reflecting a year-on-year decrease in net cash inflow of 186.7 billion JPY, primarily due to debt repayments during the fiscal year, in contrast to significant borrowings in the previous fiscal year.

After adding the translation adjustments for cash and cash equivalents and an increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale, the balance of cash and cash equivalents at the end of the fiscal year was 23.1 billion JPY, which represents a decrease of 5.9 billion JPY from the previous fiscal year-end.

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(4) Financial Forecasts for the Year Ending March 31, 2026

(Billions of JPY)

	FY 2024 Results	FY 2025 Forecasts	Change	Change %
Revenue	398.8	355.0	(43.8)	(11.0)
Core operating profit	43.2	56.0	12.8	29.8
Operating profit	28.8	54.0	25.2	87.5
Net Profit	23.6	40.0	16.4	69.2
Net profit attributable to owners of the parent	23.6	40.0	16.4	69.2

< Revenue >

In the North America segment, despite an expected decline in sales of APTIOM® (treatment for antiepileptic) , whose exclusivity period will expire soon, revenue is expected to increase on a local currency basis, as the Group will continue to focus on expanding sales of the three key products: ORGOVYX®, MYFEMBREE®, and GEMTESA®. Nevertheless, due to the original foreign exchange assumption for the yen being higher than the actual rates for the fiscal year ended March 31, 2025, revenue is expected to decrease.

In the Japan segment, revenue is expected to decrease, due to the expiration of the exclusivity period for Equa® and EquMet®, although the Group will focus on expanding sales of its mainstay products, including TWYMEEG® and LATUDA®, as well as XEPLION® (long-acting antipsychotic medication), which began promotion in February 2025.

In the Asia segment, revenue is expected to decrease significantly, as a company split (simplified absorption-type company split) of the Asian business and the transfer of shares to Marubeni Global Pharma Corporation (“Transfer of the Asian Business”) are scheduled for the second quarter.

Due to the decline in revenue in each segment, overall consolidated revenue is expected to decrease by 43.8 billion JPY year-on-year to 355.0 billion JPY.

< Profit >

Core operating profit is expected to increase by 12.8 billion JPY from the fiscal year to 56.0 billion JPY. This is because selling, general and administrative expenses as well as research and development expenses are projected to decrease, driven by the effects of the business structure improvement and the forex situation, and others (core basis) is projected a gain on the Transfer of the Asian Business, although gross profit is expected to decrease due to a revenue decline.

Operating profit is expected to increase by 25.2 billion JPY to 54.0 billion JPY, due to the increase in core operating profit and decreases in business structure improvement expenses and impairment losses.

Net profit (loss) and net profit (loss) attributable to owners of the parent are expected to increase by 16.4 billion JPY to 40.0 billion JPY, driven by the increase in operating profit, although financial income/expenses are expected to deteriorate due to foreign exchange losses resulting from the original assumption of a stronger yen.

< Currency exchange rate assumptions >

Foreign currency exchange rates used for the forecasts are: 1 USD = 145.00 JPY (152.62 JPY in the fiscal year) and 1 RMB = 20.00 JPY (21.11 JPY in the fiscal year).

(5) Fundamental Policy of Profit Allocation and Dividend Distribution and the Dividends for the Year Ended March 31, 2025 and the Year Ending March 31, 2026

The allocation of the Company's profits to its shareholders in a customarily appropriate manner 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 improvements in its performance. Accordingly, a performance-linked dividend hike will be considered, in addition to consistent dividend payments. In its constant effort to further increase its corporate value, the Company remains committed to establishing a solid management foundation and maintaining a strong financial position, while making proactive investments for sustained business growth.

In the previous fiscal year, the Company decided to suspend dividends due to very weak performance, reporting a net loss attributable to owners of the parent of 315.0 billion JPY, primarily owing to the posting of significant impairment losses.

Driven by the sales growth of the three key products and the manifestation of positive effects of cost reductions from business structure improvement and otherwise in North America and Japan, the Company's performance for the fiscal year has improved significantly, with core operating profit and net profit attributable to owners of the parent reaching 43.2 billion JPY and 23.6 billion JPY, respectively. However, although conflict with the restrictive financial covenants included in a syndicated loan agreement at the previous fiscal year-end was resolved through refinancing implemented at the end of the fiscal year, the Company remains in financial difficulty, with interest-bearing liabilities totaling 305.4 billion JPY at the end of the fiscal year. Accordingly, we will suspend year-end dividends for the fiscal year ended March 31, 2025, as initially expected for the term.

The Company now expects to record a core operating profit of 56.0 billion JPY for the fiscal year ending March 31, 2026. However, as it is necessary to prioritize the improvement of the financial position for the time being, the Company plans to suspend dividends for the fiscal year ending March 31, 2026 as well.

The Group would like to extend its deepest apologies to its shareholders for the suspension of dividends. The Group will make every effort to promptly restore its performance and improve the financial position, and sincerely appreciates the kind understanding and continued support of its shareholders.

(6) Elimination of Significant Events on Assumption of Going Concern

The Group recorded a large net loss attributable to owners of the parent in the previous fiscal year, and was in conflict with restrictive financial covenants included in syndicated loan contracts. As a result, the Group found itself in a situation where the maturity of its loans could have been accelerated.

In response, the Group has successfully achieved a turnaround, reporting a net profit attributable to owners of the parent for the fiscal year by expanding the business of the three key products and other existing products and carrying out a fundamental structural reform across the Group.

As for the syndicated loan contracts, the Group has resolved the conflict with restrictive financial covenants by concluding new syndicated loan contracts, securing a stable source of funding for the time being.

Based on the above, the Group has concluded that conditions that may cast significant doubt on its ability to continue as a going concern have been eliminated as of the end of the fiscal year.

2. Basic Policy for Selection 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 and Major Notes

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

Consolidated Statement of Profit or Loss

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Revenue	314,558	398,832
Cost of sales	126,577	153,437
Gross profit	187,981	245,395
Selling, general and administrative expenses	429,538	180,605
Research and development expenses	112,637	49,865
Other income	7,490	18,356
Other expenses	8,132	3,572
Share of profit (loss) of investments accounted for using the equity method	(23)	(905)
Operating profit (loss)	(354,859)	28,804
Finance income	36,022	2,307
Finance costs	4,277	13,500
Profit (loss) before taxes	(323,114)	17,611
Income tax expenses	(8,185)	(6,024)
Net profit (loss)	(314,929)	23,635
Net profit (loss) attributable to:		
Owners of the parent	(314,969)	23,634
Non-controlling interests	40	1
Net profit (loss) total	(314,929)	23,635
Earnings per share (JPY)		
Basic earnings (loss) per share	(792.79)	59.49

Consolidated Statement of Comprehensive Income

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Net profit (loss)	(314,929)	23,635
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Changes in financial assets measured at fair value through other comprehensive income	36,488	(12,813)
Remeasurements of defined benefit liability / asset	3,424	3,466
Items that may be reclassified subsequently to profit or loss:		
Changes in financial assets measured at fair value through other comprehensive income	—	(58)
Exchange differences on translation of foreign operations	24,672	(813)
Total other comprehensive income	64,584	(10,218)
Total comprehensive income	(250,345)	13,417
Total comprehensive income attributable to:		
Owners of the parent	(250,385)	13,416
Non-controlling interests	40	1
Total comprehensive income	(250,345)	13,417

(2) Consolidated Statement of Financial Position

(Millions of JPY)

	As of March 31, 2024	As of March 31, 2025
Assets		
Non-current assets		
Property, plant and equipment	57,895	46,648
Goodwill	199,783	197,406
Intangible assets	195,652	172,509
Other financial assets	161,711	44,148
Income taxes receivable	6,846	6,765
Retirement benefit assets	11,322	14,727
Investments accounted for using the equity method	360	5,588
Other non-current assets	2,129	1,111
Deferred tax assets	2,239	534
Total non-current assets	637,937	489,436
Current assets		
Inventories	115,350	94,222
Trade and other receivables	81,023	74,840
Other financial assets	7,085	16,840
Income taxes receivable	16,216	2,886
Other current assets	18,997	10,902
Cash and cash equivalents	29,047	23,116
Subtotal	267,718	222,806
Assets held for sale	1,851	30,362
Total current assets	269,569	253,168
Total assets	907,506	742,604

(Millions of JPY)

	As of March 31, 2024	As of March 31, 2025
Liabilities and equity		
Liabilities		
Non-current liabilities		
Bonds and borrowings	133,367	258,982
Other financial liabilities	12,738	15,818
Retirement benefit liabilities	11,150	6,534
Other non-current liabilities	40,430	24,638
Deferred tax liabilities	38,211	26,550
Total non-current liabilities	235,896	332,522
Current liabilities		
Borrowings	285,517	46,440
Trade and other payables	67,720	38,544
Other financial liabilities	14,101	32,916
Income taxes payable	1,348	1,577
Provisions	79,546	71,999
Other current liabilities	67,242	45,663
Subtotal	515,474	237,139
Liabilities directly associated with assets held for sale	—	3,464
Total current liabilities	515,474	240,603
Total liabilities	751,370	573,125
Equity		
Share capital	22,400	22,400
Treasury shares	(682)	(682)
Retained earnings	(22,665)	46,784
Other components of equity	157,010	97,525
Other comprehensive income associated with assets held for sale	—	3,452
Equity attributable to owners of the parent	156,063	169,479
Non-controlling interests	73	—
Total equity	156,136	169,479
Total liabilities and equity	907,506	742,604

(3) Consolidated Statement of Changes in Equity

(Millions of JPY)

	Equity attributable to owners of the parent				
				Other components of equity	
	Share capital	Treasury shares	Retained earnings	Changes in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit liability/ asset
Balance as of April 1, 2023	22,400	(682)	280,999	39,260	—
Net profit (loss)	—	—	(314,969)	—	—
Other comprehensive income	—	—	—	36,488	3,424
Total comprehensive income	—	—	(314,969)	36,488	3,424
Purchase of treasury shares	—	(0)	—	—	—
Dividends	—	—	(2,781)	—	—
Changes associated with losing control of subsidiaries	—	—	(560)	—	—
Reclassification from other components of equity to retained earnings	—	—	14,646	(11,222)	(3,424)
Transfers to other comprehensive income associated with assets held for sale	—	—	—	—	—
Total transactions with owners	—	(0)	11,305	(11,222)	(3,424)
Balance as of March 31, 2024	22,400	(682)	(22,665)	64,526	—
Net profit (loss)	—	—	23,634	—	—
Other comprehensive income	—	—	—	(12,871)	3,466
Total comprehensive income	—	—	23,634	(12,871)	3,466
Purchase of treasury shares	—	(0)	—	—	—
Dividends	—	—	—	—	—
Changes associated with losing control of subsidiaries	—	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	45,815	(42,349)	(3,466)
Transfers to other comprehensive income associated with assets held for sale	—	—	—	—	—
Total transactions with owners	—	(0)	45,815	(42,349)	(3,466)
Balance as of March 31, 2025	22,400	(682)	46,784	9,306	—

(Millions of JPY)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Other comprehensive income associated with assets held for sale	Total		
	Exchange differences on translation of foreign operations	Total				
Balance as of April 1, 2023	64,097	103,357	675	406,749	33	406,782
Net profit (loss)	—	—	—	(314,969)	40	(314,929)
Other comprehensive income	24,672	64,584	—	64,584	—	64,584
Total comprehensive income	24,672	64,584	—	(250,385)	40	(250,345)
Purchase of treasury shares	—	—	—	(0)	—	(0)
Dividends	—	—	—	(2,781)	—	(2,781)
Changes associated with losing control of subsidiaries	3,715	3,715	(675)	2,480	—	2,480
Reclassification from other components of equity to retained earnings	—	(14,646)	—	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—
Total transactions with owners	3,715	(10,931)	(675)	(301)	—	(301)
Balance as of March 31, 2024	92,484	157,010	—	156,063	73	156,136
Net profit (loss)	—	—	—	23,634	1	23,635
Other comprehensive income	(813)	(10,218)	—	(10,218)	—	(10,218)
Total comprehensive income	(813)	(10,218)	—	13,416	1	13,417
Purchase of treasury shares	—	—	—	(0)	—	(0)
Dividends	—	—	—	—	—	—
Changes associated with losing control of subsidiaries	—	—	—	—	(74)	(74)
Reclassification from other components of equity to retained earnings	—	(45,815)	—	—	—	—
Transfer to other comprehensive income associated with assets held for sale	(3,452)	(3,452)	3,452	—	—	—
Total transactions with owners	(3,452)	(49,267)	3,452	(0)	(74)	(74)
Balance as of March 31, 2025	88,219	97,525	3,452	169,479	—	169,479

(4) Consolidated Statement of Cash Flows

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Net profit (loss)	(314,929)	23,635
Depreciation and amortization	37,765	25,562
Impairment losses	180,857	5,189
Changes in fair value of financial assets and liabilities related to contingent consideration agreement	1,562	(2,568)
Gain on sales of shares of subsidiaries	(5,890)	(13,537)
Interest and dividend income	(2,839)	(1,421)
Interest expenses	3,893	6,221
Income tax expenses	(8,185)	(6,024)
(Increase) decrease in trade and other receivables	23,390	(909)
(Increase) decrease in inventories	(11,795)	18,837
Increase (decrease) in trade and other payables	5,645	(25,868)
Increase (decrease) in unearned revenue	(17,239)	(25,822)
Increase (decrease) in other financial liabilities	6,409	17,784
Increase or decrease in retirement benefit assets and liabilities	(5,217)	3,649
Increase (decrease) in provisions	(52,908)	(6,441)
Others, net	(44,132)	(11,074)
Subtotal	(203,613)	7,213
Interest received	2,030	890
Dividends received	1,019	576
Interest paid	(3,734)	(4,361)
Income taxes paid	(37,595)	(1,892)
Income taxes refunded	—	14,074
Net cash provided by (used in) operating activities	(241,893)	16,500
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,771)	(8,498)
Proceeds from sales of property, plant and equipment	434	2,208
Purchase of intangible assets	(4,959)	(4,532)
Proceeds from sales of intangible assets	—	728
Purchase of investments	(4,772)	(1,645)
Proceeds from sales and redemption of investments	34,499	108,491
Proceeds from loss of control of subsidiaries	11,074	1,458
Expenditure from loss of control of subsidiaries	(2,469)	—
Others, net	10,000	1,544
Net cash provided by (used in) investing activities	33,036	99,754

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	84,000	(181,972)
Proceeds of long-term borrowings	—	139,487
Repayments of long-term borrowings	—	(70,000)
Repayments of lease liabilities	(4,016)	(3,614)
Proceeds of sale and lease back	—	6,700
Dividends paid	(2,792)	(3)
Others, net	659	566
Net cash provided by (used in) financing activities	77,851	(108,836)
Net increase (decrease) in cash and cash equivalents	(131,006)	7,418
Cash and cash equivalents at beginning of year	143,478	29,047
Effect of exchange rate changes on cash and cash equivalents	15,440	(177)
Cash and cash equivalents at end of year	27,912	36,288
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	1,135	(13,172)
Cash and cash equivalents at end of year (Consolidated Statement of Financial Position)	29,047	23,116

(5) Notes to Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable.

(Material Accounting Policies)

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

(Changes in Accounting Estimates)

From the fiscal year ended March 31, 2025, the Group has changed the useful lives of certain patent rights to their expected economic useful lives that reflect actual conditions.

As a result of the change, "Operating profit" and "Profit before taxes" for the year ended March 31, 2025 increased by 1,494 million JPY.

(Operating Segments)

With the adoption of IFRS, the Group has set "core operating profit" which shows the Group's profitability as its original performance indicator.

"Core operating profit" is calculated by deducting certain items from operating profit. The deduction items mainly include impairment losses, business structure improvement expenses and changes in fair value of contingent consideration.

(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, and Asia. Therefore, the Group has three reportable segments: Japan, North America, and Asia.

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.

For segment performance, the Group has set "core segment profit" as an original performance indicator to show each segment's recurring profitability.

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

① Year ended March 31, 2024

(Millions of JPY)

	Reportable segments			
	Japan	North America	Asia	Total
Revenues from external customers, etc	114,657	159,037	40,864	314,558
Segment profit(loss) (Core segment profit(loss))	13,360	(80,218)	18,402	(48,456)
Other items				
Depreciation and amortization	6,055	27,178	1,203	34,436
Impairment losses	3,787	177,070	—	180,857

② Year ended March 31, 2025

(Millions of JPY)

	Reportable segments			
	Japan	North America	Asia	Total
Revenues from external customers, etc	99,838	251,814	47,180	398,832
Segment profit (Core segment profit)	11,416	42,595	23,921	77,932
Other items				
Depreciation and amortization	6,097	15,303	1,213	22,613
Impairment losses	5,463	(274)	—	5,189

(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 JPY)

Profit	Year ended March 31, 2024	Year ended March 31, 2025
Total of reportable segments	(48,456)	77,932
Research and development expenses (Note1)	(90,890)	(48,485)
Gains on business transfers	6,391	14,293
Others	(23)	(587)
Core operating profit (loss)	(132,978)	43,153
Changes in fair value of contingent consideration	(1,562)	2,427
Impairment losses	(180,857)	(4,625)
Business structure improvement expenses (Note2)	(30,122)	(8,786)
Other income	1,099	4,063
Other expenses	(8,132)	(3,572)
Others	(2,307)	(3,856)
Operating profit (loss) in the consolidated financial statements	(354,859)	28,804

(Note) 1. The Group does not allocate research and development expenses to the reportable 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 research and development excluded from calculation of core operating profit.

2. Business structure improvement expenses for the year ended March 31, 2024 mainly comprise retirement expenses, etc. associated with the reorganization and the rationalization of group companies in North America. Business structure improvement expenses for the year ended March 31, 2025 mainly comprise retirement expenses, etc. associated with the rationalization of the Company and group companies in Japan and North America.

(Millions of JPY)

Other items	Total of reportable segments		Adjustments		Amount in the consolidated financial statements	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Depreciation and amortization	34,436	22,613	3,329	2,949	37,765	25,562

(4) Revenues

The details of revenues from external customers are as follows:

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Sale of goods	292,671	368,284
Revenue arising from intellectual property rights	2,746	2,372
Others	19,141	28,176
Total	314,558	398,832

(5) Information by product and service

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

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Pharmaceuticals	313,194	398,708
Others	1,364	124
Total	314,558	398,832

(6) Geographic information

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

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Japan	107,343	92,592
North America	155,183	246,006
U.S.A in North America	152,554	243,545
Others	52,032	60,234
China in Others	33,795	41,754
Total	314,558	398,832

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 JPY)

	As of March 31, 2024	As of March 31, 2025
Japan	57,450	42,786
North America	402,007	387,241
U.S.A in North America	401,906	387,171
Others	3,208	—
Total	462,665	430,027

(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 JPY)

	Reportable segment	Year ended March 31, 2024	Year ended March 31, 2025
Cencora, Inc. (Note)	North America	38,637	73,304
McKesson Corporation	North America	44,793	71,287
Cardinal Health Inc.	North America	33,874	53,697

(Note) The company name was changed from AmerisourceBergen Corporation during the year ended March 31, 2024.

(Impairment Losses)

Impairment losses amounting to 180,857 million JPY recognized for the year ended March 31, 2024 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 19 million JPY, 170,261 million JPY and 10,577 million JPY, respectively.

The impairment losses mainly consist of 144,107 million JPY of impairment losses on intangible assets and 35,858 million JPY of impairment losses on goodwill.

Impairment losses on intangible assets were mainly impairment losses of patent right associated with MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis) amounting to 133,457 million JPY and in-process research and development related to rodatristat ethyl, which was being developed targeting pulmonary arterial hypertension (PAH), amounting to 5,205 million JPY in North America segment.

As the profitability of patent right associated with MYFEMBREE® was no longer expected, the carrying amount of these assets was reduced to the extent of the recoverable amount. As in-process research and development of rodatristat ethyl has been discontinued and its profitability was no longer expected, the carrying amount of these assets was reduced to zero.

Impairment loss on goodwill in North America segment is 35,858 million JPY.

Impairment losses amounting to 5,463 million JPY recognized for the year ended March 31, 2025 were recorded in Cost of sales, Selling, general and administrative expenses, and Other expenses in the Consolidated Statement of Profit or Loss amounting to 107 million JPY, 4,518 million JPY and 838 million JPY, respectively. The impairment losses mainly consist of 5,262 million JPY of impairment losses on intangible assets.

Impairment losses on intangible assets mainly represent impairment losses of patent right associated with TWYMEEG® (therapeutic agent for type 2 diabetes) amounting to 4,175 million JPY and intangible assets associated with Frontier Business amounting to 1,083 million JPY in Japan segment. As the profitability of these intangible assets was no longer expected, the carrying amount of these assets was reduced to zero.

Impairment losses on goodwill are recognized when recoverable amount is less than carrying amount, and the carrying amount of goodwill is reduced to the extent of the recoverable amount. The recoverable amount is determined by fair value less costs of disposal that is measured based on approved business plan. Fair value less costs of disposal is determined by the present value of estimated future cash flows based on the past experience and external information, using assumptions such as the planned launch schedules, the probability of success of research and development activities, revenue forecasts and plans including selling prices of marketed products and products under development, and forecasts of fixed costs.

The discount rate used in the impairment test is based on the weighted average cost of capital, etc. set by each cash-generating unit. The pre-tax discount rate used in the impairment test of goodwill is 12.4%.

(Other Income)

The details of other income are as follows:

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Other income		
Gains on sales of property, plant and equipment	285	3,149
Gains on sales of shares of subsidiaries (Note)	5,890	13,537
Others	1,315	1,670
Total	7,490	18,356

(Note) Gains on sales of shares of subsidiaries were recorded due to the transfer of all the shares of Sumitomo Pharma Animal Health Co., Ltd., the Company's consolidated subsidiary, to Mitsui & Co., Ltd. during the year ended March 31, 2024.
Gains on sales of shares of subsidiaries were recorded due to the transfer of a part of the shares of S-RACMO Co., Ltd. and RACTHERA Co., Ltd., to Sumitomo Chemical Co., Ltd., the parent company, during the year ended March 31, 2025.

(Other Expenses)

The details of other expenses are as follows:

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Other expenses		
Donations	642	317
Losses on sales of shares of subsidiary (Note)	6,114	—
Others	1,376	3,255
Total	8,132	3,572

(Note) Losses on transfer of shares of subsidiary were recorded due to the transfer of all the shares of Spirovant Sciences LLC, the Company's consolidated subsidiary, to Ruagen Bio, Inc. during the year ended March 31, 2024.

(Earnings per-share)

The basis for calculating asic earnings per share and earnings per share are as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Basis for calculating basic earnings per share		
Net profit (loss) attributable to owners of the parent (Millions of JPY)	(314,969)	23,634
Amounts not attributable to ordinary shareholders of the parent (Millions of JPY)	—	—
Net profit (loss) used to calculate basic earnings per share (Millions of JPY)	(314,969)	23,634
Weighted average number of ordinary shares (1,000 shares)	397,291	397,290
Earnings per share		
Basic earnings (loss) per share (JPY)	(792.79)	59.49

(Note) Diluted earnings per share are not disclosed as there are no potential shares.

(Assets held for sale)

Non-current assets or disposal groups that are expected to be recovered primarily through sale rather than through continuing use, are classified as assets held for sale if they are available for immediate sale in its current condition and the sale is highly probable. Non-current assets or disposal groups classified as assets held for sale are measured at the lower of their carrying amount or fair value less cost to sell.

The details of assets held for sale and liabilities directly associated with the assets held for sale are as follows:

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Property, plant and equipment	753	1,740
Intangible assets	0	3,521
Deferred tax assets	—	1,999
Inventories	1,098	2,695
Trade and other receivables	—	6,556
Cash and cash equivalents	—	13,172
Others	—	679
Total assets	1,851	30,362
Trade and other payables	—	1,430
Others	—	2,034
Total liabilities	—	3,464

The Company transferred a part of its Oita Plant to Sumitomo Chemical Co., Ltd., the parent company, on April 1, 2024. Therefore, the Company classified the relevant assets as assets held for sale as of March 31, 2024. The transfer procedure of a part of Oita Plant was completed on April 1, 2024.

On April 1, 2025, the Company's Board of Directors resolved to transfer the Asian business of the Company's wholly owned subsidiaries, Sumitomo Pharma (China) Co., Ltd. and Sumitomo Pharma Asia Pacific Pte. Ltd., along with their subsidiaries, to Marubeni Global Pharma Corporation.

As a result, the Company classified the relevant assets and liabilities directly associated with the assets held for sale as assets held for sales group as of March 31, 2025.

(Material Subsequent Event)

(A company split (Simplified Absorption-Type Company Split) of the Asian Business and the Execution of a Share Transfer Agreement with Marubeni Global Pharma Corporation)

On April 1, 2025, the Company's Board of Directors resolved to execute agreements with Marubeni Global Pharma Corporation, a wholly owned subsidiary of Marubeni Corporation. The agreements include a share transfer agreement, which stipulates that the Asian business of the Company's wholly owned subsidiaries, Sumitomo Pharma (China) Co., Ltd. and Sumitomo Pharma Asia Pacific Pte. Ltd., along with their subsidiaries, will be transferred to a wholly-owned subsidiary to be newly established by the Company ("the New Company") through an absorption-type company split, and that 60% of the shares of the New Company will be transferred to Marubeni Global Pharma Corporation.

The Company expects to record gains on sales of shares of subsidiaries amounting to approximately 45.0 billion JPY for the fiscal year ending March 31, 2026. However, this amount is an estimate, and it has not been fixed currently.

The Company will continue to pursue its goal of contributing to patients in various Asian countries of which it has been striving toward thus far, by continuing to supply the products related to the business to the New Company.