
Press Release

April 30, 2024

Sumitomo Pharma Co., Ltd.

Notice Concerning Impairment Losses, Business Structure Improvement Expenses, and Finance Income

Sumitomo Pharma Co., Ltd. (Head Office: Osaka, Japan; Representative Director, President and CEO: Hiroshi Nomura; Securities Code: 4506, Prime Market of TSE) announced today that it will record impairment losses, business structure improvement expenses, and finance income for the year ended March 31, 2024, as follows.

1. About the Impairment Losses

The Sumitomo Pharma Group has revised its business forecasts in North America due to slower revenue growth for the three key products (ORGOVYX[®] (therapeutic agent for advanced prostate cancer), MYFEMBREE[®] (therapeutic agent for uterine fibroids and endometriosis), and GEMTESA[®] (therapeutic agent for overactive bladder)) compared to the financial forecasts stated in its Mid-term Business Plan 2027 (FY2023-2027). As a result, the Company will post impairment losses of a part of the patent rights related to MYFEMBREE[®], amounting to 133,457 million yen (\$923 million), and a part of goodwill in North America, amounting to 35,858 million yen (\$248 million). In addition, due to the discontinuation of development of compounds such as rodatristat ethyl and EPI-589 (both discontinued in Phase 2 study), the Company will post impairment losses of in-process research and development amounting to 10,577 million yen. Consequently, the impairment loss totaling 180,857 million yen will be recorded in cost of sales, selling, general and administrative expenses, and research and development expenses.

2. About the Business Structure Improvement Expenses

In July 2023, the Sumitomo Pharma Group reduced the U.S. group company's workforce by approximately 500 people as a part of the restructuring process of U.S. group companies, and in March 2024, streamlined its U.S. subsidiary by approximately 450 people in total.* The associated expenses of 30,122 million yen (\$208 million) will be posted as business structure improvement expenses in selling, general and administrative expenses and research and development expenses. The number of employees who left the Sumitomo Pharma Group resulting from the aforementioned rationalization implemented in March 2024 was 446, and the business structure improvement expenses associated with it were amounted to 8,689 million yen.

* For details, please refer to the "Sumitomo Pharma Announces Reduction of Workforce and Other Rationalization Measures of the USA Consolidated Subsidiary" announced on March 4, 2024.

<https://www.sumitomo-pharma.com/news/20240304.html>

3. About the Finance Income

The Company will record a foreign exchange gain of 32,829 million yen under finance income for the year ended March 31, 2024 due to recent fluctuations in foreign exchange rates. This was due to the valuation of foreign currency-denominated assets held by the Company and the valuation of foreign currency-denominated liabilities held by its overseas subsidiaries.

In addition, foreign exchange gain of 20,435 million yen will be recorded in the three months ended March 31, 2024, because financial income (foreign exchange gain) of 12,394 million yen was recorded in the nine months ended December 31, 2023.

4. Financial Impact on Business Performance

Regarding the impact on consolidated financial results for the fiscal year ended March 31, 2024, please refer to the "Sumitomo Pharma Announces Its Financial Forecasts Revision for FY2023, Financial and Dividend Forecasts for FY2024" announced today.

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