
Press Release

July 31, 2024

Sumitomo Pharma Co., Ltd.

Sumitomo Pharma Announces Offering an Early Retirement Program to Employees in Japan for Business Structural Reform

Sumitomo Pharma Co., Ltd. (Head Office: Osaka, Japan; Representative Director, President and CEO: Toru Kimura; Securities Code: 4506, Prime Market of TSE) announced today that in its meeting held on July 31, 2024, the Board of Directors resolved to offer an early retirement program to its employees in Japan, as part of fundamental business structural reforms aimed at establishing a future profitable structure in its Japan business.

1. Reason for offering an early retirement program

The Company has been facing challenging performance with significant losses in both the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024, which are net profit attributable to owners of the parent. The financial forecasts for the fiscal year ending March 31, 2025 indicate net loss attributable to owners of the parent despite its efforts to achieve core operating profit. To achieve an early recovery in performance and regrowth, the Company considers turning core operating profit positive as a must-achieve goal in order for the Group to initiate regrowth in the fiscal year ending March 31, 2025, and is implementing various measures under the policies of (1) Expanding revenue, (2) Reducing costs, and (3) Securing seeds for future business growth.

Under these circumstances, in the Japan business, generics of TRERIEF®, therapeutic agent for Parkinson's disease, were launched in June 2024, generics of Equa® and EquMet®, therapeutic agents for type 2 diabetes, are expected to be launched, and the Company's portfolio in research and development has been revised. Consequently, the streamlining of its business structure at the company-wide level to cope with changes in scale of business operation, research and development pipelines, and product composition is an urgent issue.

Taking into consideration these business conditions and the Company's current challenging financial position, it has concluded that it is essential to implement fundamental structural reforms, including rationalization, to establish an efficient business management structure and achieve sustained growth in Japan. Therefore, the Board of Directors has now resolved to offer the early retirement program.

2. Scope of the program for early retirement

- (1) Eligibility: Employees aged 40 and older with at least five years' continuous service as of November 30, 2024 (with certain exemptions)
- (2) Number of applications sought: Approx. 700
- (3) Application period: From September 17 to October 11, 2024
- (4) Effective date of retirement: November 30, 2024

(5) Preferential conditions: A special retirement benefit will be paid in addition to the normal retirement benefit. Re-employment support services will also be provided on request.

3. Financial impact on business performance

The Company plans to record the special retirement benefits and re-employment support services expenses arising from the early retirement program as business structure improvement expenses in selling, general and administrative expenses (non-core) and research and development expenses (non-core) in the fiscal year ending March, 31 2025. Since the number of applicants and total amount of expenses are unknown at this stage, the projected impact on business performance will be announced as soon as it is determined.

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