Summary of Consolidated Financial Results for the Year Ended March 31, 2024 [IFRS]

May 14, 2024

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 25, 2024
Date of Annual Shareholder's Meeting:	June 25, 2024
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 yen)

1. Consolidated Financial Results for the Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024	314,558	(43.4)	(132,978)	—	(354,859)	—	(314,929)	—	(314,969)	—	(250,345)	—
Year ended March 31, 2023	555,544	(0.8)	16,364	(72.0)	(76,979)	—	(96,714)	—	(74,512)	—	(35,085)	—

Reference: Profit before taxes Year ended March 31, 2024: (¥323,114 million)
Year ended March 31, 2023: (¥47,920 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, 2024	(792.79)	—	(111.9)	(31.6)	(42.3)
Year ended March 31, 2023	(187.55)	—	(14.7)	(3.9)	2.9

Reference: Share of profit (loss) of associates accounted for using the equity method.
Year ended March 31, 2024: (¥23 million)
Year ended March 31, 2023: ¥39 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, 2024	907,506	156,136	156,063	17.2	392.82
As of March 31, 2023	1,134,742	406,782	406,749	35.8	1,023.80

(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 yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	(241,893)	33,036	77,851	29,047
Year ended March 31, 2023	11,937	52,419	(146,817)	143,478

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, 2023	—	14.00	—	7.00	21.00	8,343	—	1.6
Year ended March 31, 2024	—	0.00	—	0.00	0.00	—	—	—
Year ending March 31, 2025 (Forecasts)	—	0.00	—	0.00	0.00		—	

3. Consolidated Financial Forecasts for the Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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 yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2025	338,000	7.5	1,000	—	0	—	(16,000)	—	(40.27)

Notes:

(1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation): Yes

(New: None)

(Excluded: 9 companies) Myovant Sciences Ltd.
Sumitomo Pharma Oncology, Inc.
Sumitovant Biopharma, Inc.
Myovant Sciences, Inc.
Enzyvant Therapeutics GmbH
Altavant Sciences GmbH
Myovant Sciences LLC
Spirovant Sciences LLC
Urovant Sciences LLC

(2) Changes in accounting policies, accounting estimates

① Changes in accounting policy required by IFRS: Yes
② Changes in accounting policy other than (2),①: None
③ Changes in accounting estimates: None
(Note) For details, please refer to "2. Consolidated Financial Statements and Major Notes (5) Notes on Consolidated Financial Statements (Material Accounting Policies)" 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, 2024: 397,900,154 shares
March 31, 2023: 397,900,154 shares
② Number of treasury stock at the end of period
March 31, 2024: 609,393 shares
March 31, 2023: 608,365 shares
③ Average number of shares outstanding during the period
Year ended March 31, 2024: 397,291,244 shares
Year ended March 31, 2023: 397,292,271 shares

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

1. Non-consolidated Financial Results for the year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(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 31,2024	98,205	(57.6)	(50,004)	—	(6,527)	—	(588,120)	—
Year ended March 31,2023	231,759	(23.4)	54,939	(50.6)	104,770	(25.6)	(182,960)	—

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Year ended March 31,2024	(1,480.32)	—
Year ended March 31,2023	(460.52)	—

(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, 2024	645,412	108,375	16.8	272.79
As of March 31, 2023	1,088,982	675,320	62.0	1,699.81

Reference: Shareholders' Equity As of March 31, 2024: ¥108,375 million
As of March 31, 2023: ¥675,320 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 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 caused by various factors thereafter. Please refer to page 8, "1. Summary of Financial Results for the Year Ended March 31, 2024 (4) Financial Forecasts for the Year Ending March 31, 2025" with regard to the assumptions and other related matters for forecasts.

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 14, 2024. 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, 2024

(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, 2024.

① Overview of overall operating results

During the fiscal year ended March 31, 2024, the world economy showed signs of improvement overall, as the U.S. economy continued to recover on the back of robust consumer spending amid the ongoing economic normalization with the COVID-19 pandemic in the rearview mirror. Meanwhile, the economic outlook remained uncertain with the growing geopolitical risks, worldwide surges in prices, and constant foreign exchange fluctuations. In the Japanese economy, while business got back on track toward moderate recovery, domestic demand lacked momentum throughout the year owing to price inflation.

In the pharmaceutical sector, business predictability is dwindling primarily because of increasing difficulty developing new drugs, soaring research and development expenses, and intensifying competition, with countries around the world continuing to advance measures to curb drug prices.

Against this backdrop, the Group announced the Mid-term Business Plan 2027, the ongoing five-year plan that commenced in FY2023, in April 2023 and has pursued business activities accordingly. However, as 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”) came below expectations in North America, the Group took another look at our previous business forecasts to record significant impairment losses on intangible assets, including patent rights, and goodwill.

In Japan, in the psychiatry & neurology area, the Group focused on the provision of medical information on TRERIEF® (therapeutic agent for Parkinson’s disease), and LATUDA® and LONASEN® Tape (both atypical antipsychotic), among others. In the diabetes area, The Group endeavored to bolster sales of Equa® and EquMet® (both therapeutic agents for type 2 diabetes). Due to a faster-than-expected demand increase for TWYMEEG® (therapeutic agent for type 2 diabetes), which lowered its inventory level, the Group had limited shipment of this therapeutic agent in April 2023. After reinforcing its production system and otherwise, however, The Group resumed regular shipment of this drug in December 2023. Meanwhile, the procedures for the transfer of all shares of Sumitomo Pharma Animal Health Co., Ltd. to Mitsui & Co., Ltd. were completed in May 2023.

In North America, the Group focused on sales of the three key products and RETHYMIC® (allogeneic cultured thymus tissue). In July 2023, the Group merged and combined our group companies in the U.S. to consolidate the functions and human resources hitherto spread throughout the region to make the workforce reduction in a bid to further reinforce the business foundation there. However, because revenue growth of the three key products was expected to be lower than anticipated, in March 2024, the Group made an additional workforce reduction and other rationalization measures at Sumitomo Pharma America, Inc. to further improve the efficiency of organizational management.

In Asia, the Group continued working to expand sales of MEROPEN® (carbapenem antibiotic), one of our mainstays there. In China, the Group received regulatory approval for XENLETA® (therapeutic agent for community-acquired pneumonia) in November 2023.

About "core operating profit" set as a performance indicator

The Group has set an original performance indicator to show 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"). 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 (IFRS) for the fiscal year ended March 31, 2024 are as follows:

(Billions of yen)

	FY2022	FY2023	Change	Change (%)
Revenue	555.5	314.6	(241.0)	(43.4)
Core operating profit	16.4	(133.0)	(149.3)	—
Operating profit	(77.0)	(354.9)	(277.9)	—
Profit before taxes	(47.9)	(323.1)	(275.2)	—
Net profit	(96.7)	(314.9)	(218.2)	—
Net profit attributable to owners of the parent	(74.5)	(315.0)	(240.5)	—

■ **Revenue decreased by 43.4% year-on-year to 314.6 billion yen.**

Revenue showed a significant decrease owing chiefly to a decrease in sales due to the loss of exclusivity for the former mainstay LATUDA® in the U.S., as well as the exclusion of two consolidated subsidiaries in Japan, Sumitomo Pharma Food & Chemical Co., Ltd. and Sumitomo Pharma Animal Health Co., Ltd., from the Group following the transfer of all of their shares, despite increasing sales of the three key products.

■ **Core operating loss was 133.0 billion yen, compared with a profit of 16.4 billion yen for the previous fiscal year.**

The Group posted a core operating loss owing chiefly to a decrease in gross profit on account of a revenue decline, despite decreases in selling, general and administrative expenses and research and development expenses mainly stemming from the restructuring of the group companies in North America.

■ **Operating loss was a loss of 354.9 billion yen, compared with a loss of 77.0 billion yen for the previous fiscal year.**

Following the review of the forecasts for the North American businesses, the Group recorded impairment losses of 133.5 billion yen and 35.9 billion yen on the part of patent right (intangible assets) for MYFEMBREE® and goodwill, respectively, as well as impairment losses of 10.6 billion yen on in-process research and development (intangible assets) for some products whose development was discontinued, making for a total of 180.9 billion yen in impairment losses. The Group also recorded business structure improvement expenses associated with the restructuring of our group companies in North America and additional rationalization measures. Operating loss showed a significant increase due to the recording of the core operating loss, on top of these non-recurring items.

■ **Loss before taxes was a loss of 323.1 billion yen, compared with a loss of 47.9 billion yen for the previous fiscal year.**

Although financial income increased primarily owing to the recording of foreign exchange gains resulting from the further depreciation of the yen, the impact of the increase in operating loss was significant, resulting in an increase in loss before taxes.

■ **Net loss was 314.9 billion yen, compared with a loss of 96.7 billion yen for the previous fiscal year.**

Net loss increased as loss before taxes increased.

■ **Net loss attributable to owners of the parent was a loss of 315.0 billion yen, compared with a loss of 74.5 billion yen for the previous fiscal year.**

Net loss attributable to owners of the parent, which is the amount of net loss less the amount of profit attributable to non-controlling interests, increased due to the significant impact of the increase in net loss.

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."

With the change in the reportable segments from the fiscal year ended March 31, 2024, comparisons are made by reclassifying entries for the corresponding period of the previous fiscal year according to the new reportable segments. For details of the change in the reportable segments, please see "3. Consolidated Financial Statements and Major Notes, (5) Notes to Consolidated Financial Statements, (Operating Segment), (2) Changes in reportable segments."

[Japan segment]

■ **Revenue decreased by 37.6% year-on-year to 114.7 billion yen.**

Despite growing sales of LATUDA®, TWYMEEG®, and other products, revenue showed a decrease owing to the conclusion of the sales collaboration for Trulicity® (therapeutic agent for type 2 diabetes) in December 2022, the recognition as revenue of an upfront payment received in consideration of the license agreement in the previous fiscal year, and the exclusion of the two consolidated subsidiaries in Japan from the Group following the transfer of all of their shares.

■ **Core segment profit decreased by 31.6% year-on-year to 13.4 billion yen.**

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

[North America segment]

■ **Revenue decreased by 51.6% year-on-year to 159.0 billion yen.**

Revenue showed a decrease owing to the significant impact of a decrease in sales due to the loss of exclusivity for the former mainstay LATUDA® in the U.S. in February 2023, despite increasing sales of the three key products and RETHYMIC®.

■ **Core segment loss was 80.2 billion yen, compared with a profit of 32.2 billion yen for the previous fiscal year.**

The Group posted a core segment loss as the reduction in selling, general and administrative expenses, primarily owing to the loss of exclusivity for LATUDA® and the restructuring of group companies in North America, was outweighed by a decrease in gross profit on account of a revenue decline.

[Asia segment]

■ **Revenue decreased by 6.0% year-on-year to 40.9 billion yen.**

Revenue showed a decrease owing to the impact of a decline in sales of MEROPEN® in China as a result of government measures to curb drug costs, despite an increase in revenue in Southeast Asia.

■ **Core segment profit decreased by 14.2% year-on-year to 18.4 billion yen.**

Core segment profit decreased owing to a decrease in gross profit on account of a revenue decline.

③ Status of research and development activities

Under the Mid-term Business Plan 2027, the Group engaged in research and development activities in psychiatry & neurology, oncology, and other areas by incorporating cutting-edge technologies through every avenue available, including in-house research, licensing-in, and joint research with biotech companies and academia. The Group remained committed to contributing to the betterment of healthcare and fuller lives of people worldwide through diverse approaches, including pharmaceutical products, regenerative medicine/cell therapy, and non-pharmaceutical solutions.

Meanwhile, the Group reprioritized development assets as more than one late-stage development candidate failed to reach expected milestones.

[Psychiatry and Neurology]

In a bid to become the first in the world to commercialize iPS cells and realize game-changing treatments, the Group will steadily move forward with preparation for an application for approval in Japan and a Phase 1/2 clinical study in the U.S. of allogeneic iPS cell-derived dopaminergic neural progenitor cells for Parkinson's disease. The Group will also make steady efforts to push on with a Phase 1/2 clinical study of allogeneic iPS cell-derived retinal pigment epithelial cells for retinal pigment epithelium tear in Japan. For distinguished small molecule development pipelines undergoing initial clinical evaluation, the Group will select priority products that the Group hopes will sustain Group earnings in the 2030s and promote initiatives to bring them to the next phase of development.

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, the two-year observation period of the Phase 1/2 clinical study (investigator-initiated study) for Parkinson's disease by Kyoto University Hospital ended in December 2023.

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

In the U.S., a Phase 1/2 clinical study (company-sponsored clinical study) for Parkinson's disease using cryopreserved cells (DSP-1083) has been initiated.

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 has commenced.

ⅲ. Ulotaront (product code: SEP-363856)

In July 2023, topline results were received for the two Phase 3 clinical studies conducted in the U.S. for the treatment of schizophrenia, but neither study met its primary endpoints. Subsequent discussions on the development strategy of this compound have led to the decision that the Group would discontinue the development of ulotaront and hand it over to Otsuka Pharmaceutical Co., Ltd.

ⅳ. SEP-4199

In the U.S. and Japan, Phase 3 clinical studies in patients with bipolar I depression were conducted, but due to the long delay in progress in subject enrollment, the studies were discontinued. After discussing the development strategy of this compound, the Group decided to discontinue its development.

ⅴ. EPI-589

Given the results of a Phase 2 clinical study for Parkinson's disease in the U.S. and another Phase 2 clinical study for amyotrophic lateral sclerosis (ALS) in the U.S. and Japan, the Group discussed the development strategy of EPI-589 and decided to discontinue its development.

[Oncology]

The Group will concentrate our resources on DSP-5336 and TP-3654 to continue their development, aiming for obtaining early approval and maximizing their value. For DSP-5336, the Group will commence a monotherapy pivotal Phase 1/2 clinical study for acute leukemia and consider conducting a clinical study for combination therapy. As for TP-3654, on the other hand, the Group will start a clinical study for combination therapy with JAK inhibitors to promote a Phase 1/2 clinical study for myelofibrosis. The Group aim to acquire regulatory approval for at least one of the two compounds and launch it during the period of the Mid-term Business Plan 2027.

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

ⅰ. TP-3654

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

ⅱ. DSP-5336

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

[Others]
For GEMTESA®, the Group will make steady efforts to pursue a Phase 3 clinical study and prepare an application for approval for overactive bladder in China. The Group will also steadily promote a Phase 1 clinical study of a universal influenza vaccine in Belgium and a Phase 1 clinical study of KSP-1007 in Japan 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. GEMTESA® (generic name: vibegron)
In the U.S., an application for its additional indication of overactive bladder in men with benign prostatic hyperplasia (BPH) was submitted in February 2024.
ⅱ. OBGEMSA® (generic name: vibegron)
In Europe, an application for approval for overactive bladder was submitted by an alliance partner in May 2023.
ⅲ. RYEQO® (generic name: relugolix, estradiol, norethindrone acetate [relugolix combination tablet])
In Europe, regulatory approval for its additional indication of endometriosis was obtained by an alliance partner in November 2023.
ⅳ. rodatristat ethyl
The Group conducted a Phase 2 clinical study for the treatment of pulmonary arterial hypertension (PAH) in the U.S.; however, as no expected efficacy and safety were confirmed, the Group discontinued all clinical studies. After discussing the development strategy of this compound, the Group discontinued its development.
ⅴ. XENLETA® (generic name: lefamulin acetate)
In China, regulatory approval for community-acquired pneumonia was obtained in November 2023.
ⅵ. Universal influenza vaccine
In Belgium, the Group submitted an application for the commencement of a Phase 1 clinical study of novel universal influenza vaccine formulations adjuvanted with a TLR7 agonist (product code: DSP-0546LP) in March 2024.

As a result of the research and development activities mentioned above, research and development expenses for the fiscal year amounted to 112.6 billion yen (down by 14.6% year-on-year). Please note that if the business structure improvement expenses and impairment losses of 21.7 billion yen recorded during the fiscal year were excluded, research and development expenses were 90.9 billion yen (down by 14.3% 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 227.2 billion yen from the previous fiscal year-end to 907.5 billion yen.

Non-current assets decreased by 114.9 billion yen from the previous fiscal year-end, owing to decreases in intangible assets and goodwill on account of the recording of impairment losses, despite an increase in other financial assets primarily owing to changes in fair value measurement of investment securities held by the Company.

Current assets decreased by 112.3 billion yen from the previous fiscal year-end as a result of decreases in trade and other receivables and other financial assets, in addition to a decrease in cash and cash equivalents.

Liabilities increased by 23.4 billion yen from the previous fiscal year-end to 751.4 billion yen as a result of an increase in borrowings from financial institutions outweighing decreases in other non-current liabilities and other current liabilities, as well as provisions relating to sales rebates in the U.S. and income taxes payable. Bonds and borrowings totaled 418.9 billion yen, which represents an increase of 84.2 billion yen from the previous fiscal year-end.

Equity attributable to owners of the parent decreased by 250.7 billion yen from the previous fiscal year-end to 156.1 billion yen as a result of a significant decrease in retained earnings due to the recording of negative net profit attributable to owners of the parent, despite an increase in other components of equity due to changes in fair value measurement of investment securities held by the Company and the yen's depreciation.

As a result, total equity decreased by 250.6 billion yen from the previous fiscal year-end to 156.1 billion yen, and the ratio of equity attributable to owners of the parent to total assets as of the end of the fiscal year is 17.2%.

With the partial transfer of the Company's Oita Plant to our parent company, Sumitomo Chemical Co., Ltd., in April 2024, relevant assets are classified under assets held for sale.

Pursuant to the share transfer agreement that was concluded in the previous fiscal year, the transfer of the shares in Sumitomo Pharma Animal Health Co., Ltd., a consolidated subsidiary of the Company, was completed effective May 31, 2023.

(3) Cash Flows

Cash flows used in operating activities amounted to 241.9 billion yen due to a year-on-year decrease in net cash inflow of 253.8 billion yen, primarily owing to an increase in net loss excluding non-cash profit and loss items such as impairment losses, as well as a decrease in provisions and an increase in income taxes paid.

Cash flows provided by investing activities amounted to 33.0 billion yen, primarily owing to increases due to the sale of investment securities and the loss of control over a subsidiary following the transfer of the shares in Sumitomo Pharma Animal Health Co., Ltd. and a decrease in short-term loan receivable. This represents a decrease of 19.4 billion yen from the previous fiscal year in investing cash inflow as the amount of cash inflow via the loss of control over a subsidiary and the sale of intangible assets was larger in the previous fiscal year than in the fiscal year under review.

Cash flows provided by financial activities amounted to 77.9 billion yen, primarily owing to short-term loan payables from financial institutions, an increase of 224.7 billion yen from the previous fiscal year due to the absence of cash outflow on account of the acquisition of interest in a subsidiary from owners of non-controlling interests as a result of making Myovant Sciences Ltd. a wholly owned subsidiary in the previous fiscal year, among others.

After adding the translation adjustments for cash and cash equivalents and an increase resulting from the transfer to assets held for sales to the above cash flows, the balance of cash and cash equivalents at the end of the fiscal year was 29.0 billion yen, which represents a decrease of 114.4 billion yen from the previous fiscal year-end.

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(4) Financial Forecasts for the Year Ending March 31, 2025

(Billions of yen)

	FY 2023 Results	FY 2024 Forecasts	Change	Change %
Revenue	314.6	338.0	23.4	7.5
Core operating profit	(133.0)	1.0	134.0	―
Operating profit	(354.9)	0.0	354.9	―
Net Profit	(314.9)	(16.0)	298.9	―
Net profit attributable to owners of the parent	(315.0)	(16.0)	299.0	―

< Revenue >
In the North America segment, the Group will focus on sales expansion of the three key products. Revenue is forecasted to increase by 39.7 billion yen year-on-year.
In the Japan segment, the Group will focus on sales expansion of its mainstay products, including TWYMEEG® and LATUDA®. However, revenue is forecasted to decrease by 14.4 billion yen year-on-year due to the impact of NHI drug price revisions and the loss of exclusivity for TRERIEF®.
As a result of the above, revenue is forecasted to increase by 23.4 billion yen year-on-year to 338.0 billion yen.

< Profit >
Gross profit is forecasted to increase by 12.0 billion yen year-on-year due to an increase in revenue in the North America segment.
Selling, general and administrative expenses and research and development expenses are expected to decrease by 108.3 billion yen year-on-year, primarily owing to the manifestation of effects of business structure improvement as part of the restructuring of the U.S. group companies during the fiscal year and the reduction as a result of the selection and concentration of research and development investment.
Meanwhile, other operating income (core) is forecasted to be 20.0 billion yen, primarily owing to business transfers.
As a result of the above, core operating profit (loss) improved by 134.0 billion yen year-on-year to a profit of 1.0 billion yen.
In addition to the improvement of core operating profit, the Group expects a substantial improvement in the non-recurring items as it recorded significant impairment losses, business structure improvement expenses, and other expenses in the fiscal year. As such, operating profit (loss), too, is forecasted to improve by 354.9 billion yen to reach a break-even of 0.0 billion yen.
Net profit (loss) is expected to improve by 298.9 billion yen to a loss of 16.0 billion yen, and net profit (loss) attributable to owners of the parent is expected to improve by 299.0 billion yen to be a loss of 16.0 billion yen, as the Group recorded foreign exchange gain for the fiscal year under review but is expected to record foreign exchange loss for the fiscal year ending March 31, 2025.

< Currency exchange rate assumptions >
Foreign currency exchange rates used for the forecasts are: 1 USD = 145.00 JPY (144.59 JPY in the fiscal year) and 1 RMB = 20.00 JPY (20.14 JPY in the fiscal year).

(5) Fundamental Policy of Profit Allocation and Dividend Distribution and the Dividends for the Year Ended March 31, 2024 and the Year Ending March 31, 2025

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 a constant 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 sustained business growth.

Pursuant to this dividend policy, during the five-year period of the Mid-term Business Plan 2027 (FY2023-FY2027), the Company would suspend dividends for the year ended March 31, 2024, as negative core operating profit is forecasted. For the fiscal year ending March 31, 2025, the Company had expected to resume dividends as core operating profit was expected to return to positive. The Company also aimed to make a consistent dividend payment thereafter.

In the previous fiscal year, the Company paid a dividend of 21 yen per share on a full-year basis. As it recorded a net loss attributable to owners of the parent of 315.0 billion yen for the fiscal year, as a result of core operating loss of 133.0 billion yen and a large amount of impairment losses, therefore, the Company now plans to suspend dividends for the fiscal year in accordance with the dividend policy and given its performance for the fiscal year.

The Company now expects to record a core operating profit of 1.0 billion yen for the fiscal year ending March 31, 2025. Unfortunately, as this is far below the target core operating profit of 40.0 billion yen laid out in the Mid-term Business Plan 2027, it is to our great regret that the Company plan to suspend dividends for the fiscal year ending March 31, 2025, 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 recover its performance promptly and would appreciate your kind understanding and continued support.

(6) Significant Events on Assumption of Going Concern

For the fiscal year under review, the Group recorded a decrease in revenue in North America as sales of the three key products came below expectations and the exclusivity for LATUDA® was lost. The Group also recorded significant impairment losses on intangible assets, such as patent right and goodwill, following the subsequent review of earlier business forecasts and related projections. As a result, the Group recorded an operating loss of 354.9 billion yen and a net loss attributable to owners of the parent of 315.0 billion yen. Meanwhile, cash flows used in operating activities amounted to 241.9 billion yen. Accordingly, the Company is in conflict with financial covenants included in a syndicated loan agreement, and, as such, the Group is in a situation where the maturity of its loans could be accelerated at the end of the fiscal year.

In response, the Group aims to turn core operating profit positive in a bid to initiate renewed growth in FY2024 by maximizing the value of the three key products early and carrying out Group-wide structural reform.

Furthermore, the Group has sold some of its assets, including all shares of Roivant Sciences Ltd. held by the Company and part of the strategic shareholdings to implement measures to secure funds. The Company also got agreement with Sumitomo Chemical Co., Ltd., our parent company, to accept debt guarantees for the Group's loans and other financial obligations from financial institutions. Given these measures, the Company has begun discussions with creditor banks about the waiver of their legal claims related to the forfeiture of the benefit of time, with the key creditor bank giving its consent not to exercise its right to accelerate payment. The Group thus expects to have continued support from the creditor banks.

Based on the above, though there are conditions that may cast significant doubt on the Group's ability to continue as a going concern, the Group have concluded that no such material uncertainty exists related to the going concern assumption.

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 yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Revenue	555,544	314,558
Cost of sales	178,919	126,577
Gross profit	376,625	187,981
Selling, general and administrative expenses	373,316	429,538
Research and development expenses	131,858	112,637
Other income	53,256	7,467
Other expenses	1,686	8,132
Operating profit (loss)	(76,979)	(354,859)
Finance income	32,218	36,022
Finance costs	3,159	4,277
Profit (loss) before taxes	(47,920)	(323,114)
Income tax expenses	48,794	(8,185)
Net profit (loss)	(96,714)	(314,929)
Net profit (loss) attributable to:		
Owners of the parent	(74,512)	(314,969)
Non-controlling interests	(22,202)	40
Net profit (loss) total	(96,714)	(314,929)
Earnings per share (yen)		
Basic earnings (loss) per share	(187.55)	(792.79)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Net profit (loss)	(96,714)	(314,929)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurements of financial assets measured at fair value through other comprehensive income	18,334	36,488
Remeasurements of the net defined benefit liability / asset	3,553	3,424
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	39,850	24,672
Cash flow hedges	(108)	—
Total other comprehensive income	61,629	64,584
Total comprehensive income	(35,085)	(250,345)
Total comprehensive income attributable to:		
Owners of the parent	(19,909)	(250,385)
Non-controlling interests	(15,176)	40
Total comprehensive income	(35,085)	(250,345)

(2) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Non-current assets		
Property, plant and equipment	58,909	57,895
Goodwill	209,415	199,783
Intangible assets	329,314	195,652
Other financial assets	134,007	161,711
Income taxes receivable	6,042	6,846
Retirement benefit assets	—	11,322
Other non-current assets	4,350	2,489
Deferred tax assets	10,845	2,239
Total non-current assets	752,882	637,937
Current assets		
Inventories	94,405	115,350
Trade and other receivables	95,908	81,023
Other financial assets	20,174	7,085
Income taxes receivable	2,722	16,216
Other current assets	17,675	18,997
Cash and cash equivalents	143,478	29,047
Subtotal	374,362	267,718
Assets held for sale	7,498	1,851
Total current assets	381,860	269,569
Total assets	1,134,742	907,506

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities and equity		
Liabilities		
Non-current liabilities		
Bonds and borrowings	244,128	133,367
Other financial liabilities	11,869	12,738
Retirement benefit liabilities	5,008	11,150
Other non-current liabilities	57,756	40,430
Deferred tax liabilities	36,505	38,211
Total non-current liabilities	355,266	235,896
Current liabilities		
Borrowings	90,588	285,517
Trade and other payables	52,141	67,720
Other financial liabilities	7,010	14,101
Income taxes payable	24,053	1,348
Provisions	119,083	79,546
Other current liabilities	78,013	67,242
Subtotal	370,888	515,474
Liabilities directly associated with assets held for sale	1,806	—
Total current liabilities	372,694	515,474
Total liabilities	727,960	751,370
Equity		
Share capital	22,400	22,400
Treasury shares	(682)	(682)
Retained earnings	280,999	(22,665)
Other components of equity	103,357	157,010
Other comprehensive income associated with assets held for sale	675	—
Equity attributable to owners of the parent	406,749	156,063
Non-controlling interests	33	73
Total equity	406,782	156,136
Total liabilities and equity	1,134,742	907,506

(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	Remeasurements of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit liability / asset
Balance as of April 1, 2022	22,400	16,725	(681)	514,210	23,838	—
Net profit (loss)	—	—	—	(74,512)	—	—
Other comprehensive income	—	—	—	—	18,334	3,553
Total comprehensive income	—	—	—	(74,512)	18,334	3,553
Purchase of treasury shares	—	—	(1)	—	—	—
Dividends	—	—	—	(11,124)	—	—
Changes associated with losing control of subsidiaries	—	—	—	991	(976)	—
Transaction with non-controlling interests	—	(170,105)	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	—	4,814	(1,261)	(3,553)
Transfers to other comprehensive income associated with assets held for sale	—	—	—	—	(675)	—
Transfer of negative balance of other capital surplus	—	153,380	—	(153,380)	—	—
Total transactions with owners	—	(16,725)	(1)	(158,699)	(2,912)	(3,553)
Balance as of March 31, 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)	—	—
Transaction with non-controlling interests	—	—	—	—	—	—
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	—	—	—	—	—	—
Transfer of negative balance of other capital surplus	—	—	—	—	—	—
Total transactions with owners	—	—	(0)	11,305	(11,222)	(3,424)
Balance as of March 31, 2024	22,400	—	(682)	(22,665)	64,526	—

(Millions of yen)

	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	Cash flow hedges	Total				
Balance as of April 1, 2022	31,273	123	55,234	—	607,888	65,681	673,569
Net profit (loss)	—	—	—	—	(74,512)	(22,202)	(96,714)
Other comprehensive income	32,824	(108)	54,603	—	54,603	7,026	61,629
Total comprehensive income	32,824	(108)	54,603	—	(19,909)	(15,176)	(35,085)
Purchase of treasury shares	—	—	—	—	(1)	—	(1)
Dividends	—	—	—	—	(11,124)	—	(11,124)
Changes associated with losing control of subsidiaries	—	(15)	(991)	—	—	—	—
Transaction with non-controlling interests	—	—	—	—	(170,105)	(50,472)	(220,577)
Reclassification from other components of equity to retained earnings	—	—	(4,814)	—	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	(675)	675	—	—	—
Transfer of negative balance of other capital surplus	—	—	—	—	—	—	—
Total transactions with owners	—	(15)	(6,480)	675	(181,230)	(50,472)	(231,702)
Balance as of March 31, 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
Transaction with non-controlling interests	—	—	—	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	(14,646)	—	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—
Transfer of negative balance of other capital surplus	—	—	—	—	—	—	—
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

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities		
Net profit (loss)	(96,714)	(314,929)
Depreciation and amortization	41,263	37,765
Impairment losses	88,167	180,857
Changes in fair value of contingent consideration	(3,388)	1,562
(Gain) loss on sales of shares in subsidiaries	(24,735)	(5,890)
Loss (gain) on intangible assets	(11,979)	—
Interest and dividend income	(5,486)	(2,839)
Interest expenses	2,640	3,893
Income tax expenses	48,794	(8,185)
(Increase) decrease in trade and other receivables	51,218	23,390
(Increase) decrease in inventories	4,560	(11,795)
Increase (decrease) in trade and other payables	5,318	5,645
Increase (decrease) in unearned revenue	(5,035)	(17,239)
Increase (decrease) in other financial liabilities	(4,731)	6,409
Increase or decrease in retirement benefit assets or liabilities	(5,435)	(5,217)
Increase (decrease) in provisions	(11,017)	(52,908)
Others, net	(39,113)	(44,132)
Subtotal	34,327	(203,613)
Interest received	4,510	2,030
Dividends received	974	1,019
Interest paid	(2,424)	(3,734)
Income taxes paid	(25,450)	(37,595)
Net cash provided by (used in) operating activities	11,937	(241,893)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,467)	(10,771)
Proceeds from sales of property, plant and equipment	1,322	434
Purchase of intangible assets	(4,275)	(4,959)
Proceeds from sales of intangible assets	12,115	—
Purchase of investments	(6,247)	(4,772)
Proceeds from sales and redemption of investments	10,068	34,499
Net decrease (increase) in short-term loan receivables	15,684	10,000
Proceeds from loss of control of subsidiaries	30,172	11,074
Expenditure from loss of control of subsidiaries	—	(2,469)
Others, net	2,047	—
Net cash provided by (used in) investing activities	52,419	33,036

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	85,559	84,000
Repayments of long-term borrowings	(20,060)	―
Repayments of finance lease obligations	(3,755)	(4,016)
Dividends paid	(11,125)	(2,792)
Payments for acquisition of interest in a subsidiary from non- controlling interests	(198,409)	―
Others, net	973	659
Net cash provided by (used in) financing activities	(146,817)	77,851
Net increase (decrease) in cash and cash equivalents	(82,461)	(131,006)
Cash and cash equivalents at beginning of year	202,984	143,478
Effect of exchange rate changes on cash and cash equivalents	24,090	15,440
Cash and cash equivalents at end of period	144,613	27,912
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(1,135)	1,135
Cash and cash equivalents at end of period (Consolidated Statement of Financial Position)	143,478	29,047

(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 of for the previous fiscal year's consolidated financial statements except for the accounting standard provided below.

New or amended Standards and Interpretations		Overview of introduction or amendment
IAS 12	Income Taxes	Clarifying accounting treatment for deferred tax related to assets and liabilities arising from a single transaction.

The Group has adopted the amendment to IAS 12 “Income Taxes” (Deferred tax related to assets and liabilities arising from a single transaction) from the beginning of this fiscal year. The adoption of the amendments to IAS 12 does not have a material impact on the Group’s consolidated financial statements.

(Operating Segments)

The Group has set an original performance indicator to show 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 designated by the Group (hereinafter referred to as "Non-recurring Items"). Main Non-recurring items are impairment losses, business structure improvement expenses 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, 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) Changes in reportable segments

Formerly, the Group set four reportable segments such as Japan, North America, China and Other Regions. In accordance with the formulation of the Mid-Term Business Plan 2027, its reportable segments have been changed to three, which are Japan, North America, and Asia, to show its business situation properly from the fiscal year ended March 31, 2024.

The segment information for the year ended March 31, 2023 has been prepared based on the changed reportable segments.

(3) 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 research and development expenses, gains and losses on business transfers, etc. which are not allocated to each segment because such expenses are managed on a global basis.

① Year ended March 31, 2023

(Millions of yen)

	Reportable segments			
	Japan	North America	Asia	Total
Revenues from external customers, etc.	183,624	328,467	43,453	555,544
Segment profit (Core segment profit)	19,532	32,249	21,446	73,227
Other items				
Depreciation and amortization	6,673	29,273	1,066	37,012
Impairment losses	31	88,136	—	88,167

② Year ended March 31, 2024

(Millions of yen)

	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

(4) 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)

Profit	Year ended March 31, 2023	Year ended March 31, 2024
Total of reportable segments	73,227	(48,456)
Research and development expenses (Note1)	(106,061)	(90,890)
Gains on business transfers	49,159	6,391
Others	39	(23)
Core operating profit (loss)	16,364	(132,978)
Change in fair value of contingent consideration	3,388	(1,562)
Impairment losses	(88,167)	(180,857)
Business structure improvement expenses (Note2)	(12,998)	(30,122)
Other income	4,058	1,099
Other expenses	(1,686)	(8,132)
Others	2,062	(2,307)
Operating profit (loss) in the condensed consolidated financial statements	(76,979)	(354,859)

(Note) 1. The Group does not allocate research and development expenses to the operating segments because those 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 mainly comprise retirement expenses, etc. associated with the restructuring of group companies in North America.

(Millions of yen)

Other items	Total of reportable segments		Adjustments		Amount in the consolidated financial statements	
	FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Depreciation and amortization	37,012	34,436	4,251	3,329	41,263	37,765

(5) Revenues

The details of revenues from external customers are as follows:

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Sale of goods	518,433	292,671
Revenue arising from intellectual property rights	15,131	2,746
Others	21,980	19,141
Total	555,544	314,558

(6) 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, 2023	Year ended March 31, 2024
Pharmaceuticals	510,722	313,194
Others	44,822	1,364
Total	555,544	314,558

(7) 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, 2023	Year ended March 31, 2024
Japan	170,612	107,343
North America	329,089	155,183
U.S.A in North America	325,886	152,554
Others	55,843	52,032
Total	555,544	314,558

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, 2023	As of March 31, 2024
Japan	62,307	57,450
North America	542,997	402,007
U.S.A in North America	542,881	401,906
Others	3,111	3,208
Total	608,415	462,665

(8) 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, 2023	Year ended March 31, 2024
McKesson Corporation	North America	101,891	44,793
Cencora, Inc. (Note)	North America	86,375	38,637
Cardinal Health Inc.	North America	97,085	33,874

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

(Impairment Losses)

Impairment losses amounting to 88,167 million yen recognized for the year ended March 31, 2023 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 4,378 million yen, 59,126 million yen and 24,663 million yen, respectively.
The impairment losses mainly consist of 80,066 million yen of impairment losses on intangible assets and 3,523 million yen of impairment losses on goodwill.
Impairment losses on intangible assets were mainly impairment losses of North America segment, including patent rights associated with KYNMOBI® (OFF episodes associated with Parkinson's disease) amounting to 55,369 million yen and software amounting to 63 million yen, patent rights associated with LONHALA®MAGNAIR®(therapeutic agent for COPD) amounting to 3,494 million yen and in-process research and development related to TP-0903, which was being developed targeting acute myeloid leukemia (AML), amounting to 20,598 million yen.
As the profitability of patent rights of products and software, etc. associated with KYNMOBI®, and patent rights associated with LONHALA®MAGNAIR® was no longer expected and development of TP-0903 has been discontinued and the profitability of its in-process research and development was no longer expected as well, the carrying amount of these assets was reduced to zero.
Impairment loss on goodwill in North America segment is 3,523 million yen.

Impairment losses amounting to 180,857 million yen 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 yen, 170,261 million yen and 10,577 million yen, respectively.
The impairment losses mainly consist of 144,107 million yen of impairment losses on intangible assets and 35,858 million yen 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 yen and in-process research and development related to rodatristat ethyl, which was being developed targeting pulmonary arterial hypertension (PAH), amounting to 5,205 million yen 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 yen.

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 14.5%. The pre-tax discount rate used in the impairment test of patent rights is 15.8%.

(Other Income)

The details of other income are as follows:

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Other income		
Gains on sales of intangible assets (Note1)	11,979	―
Gains on business transfers (Note2)	12,656	501
Gains on sales of shares of subsidiaries (Note3)	24,735	5,890
Others	3,886	1,076
Total	53,256	7,467

(Note) 1. Gains on sales of intangible assets were recorded due to the sales of priority review voucher during the year ended March 31, 2023.

2. Gains on business transfers were recorded due to the transfers of business related to BROVANA® and XOPENEX HFA® in North America, and LUNESTA® during the year ended March 31, 2023.

3. Gains on sales of shares of subsidiaries were recorded due to the transfer of all the shares of Sumitomo Pharma Food & Chemical Co., Ltd., the Company's consolidated subsidiary, to MEDIPAL HOLDINGS CORPORATION during the year ended March 31, 2023.
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.

(Other Expenses)

The details of other expenses are as follows:

(Millions of yen)

	Year ended March 31, 2023	Year ended March 31, 2024
Other expenses		
Donations	629	642
Losses on transfer of shares of subsidiary (Note)	―	6,114
Others	1,057	1,376
Total	1,686	8,132

(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 basic earnings per share and earnings per share are as follows:

	Year ended March 31, 2023	Year ended March 31, 2024
Basis for calculating basic earnings per share		
Net profit (loss) attributable to owners of the parent (millions of yen)	(74,512)	(314,969)
Amounts not attributable to ordinary shareholders of the parent (millions of yen)	―	―
Net profit (loss) used to calculate basic earnings per share (millions of yen)	(74,512)	(314,969)
Weighted average number of ordinary shares (1,000 shares)	397,292	397,291
Earnings per share		
Basic earnings (loss) per share (Yen)	(187.55)	(792.79)

(Note) Diluted earnings per share are not disclosed for the year ended March 31, 2023 as potential shares had effect of antidilution. And diluted earnings per share are not disclosed for the year ended March 31, 2024 as there are no potential shares.

(Material Subsequent Event)

To improve the efficiency of assets by reviewing strategic shareholdings, the Company entered into a contract with Roivant Sciences Ltd., on April 2, 2024 to transfer all the shares of Roivant Sciences Ltd. (71,251,083 shares) held by the Company in exchange for 98,146 million yen. This transfer of shares will have no impact on the Group's consolidated statement of profit or loss because the changes in fair value associated with these shares have been recognized in other comprehensive income.