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## **Financial Results of Astellas for Fiscal Year 2023**

Japan, April 25, 2024 – Astellas Pharma Inc. (TSE: 4503, President and CEO: Naoki Okamura, “the Company”) today announced the financial results for fiscal year 2023 ended March 31, 2024 (FY2023).

### **Consolidated financial results for FY2023 (April 1, 2023 – March 31, 2024) (core basis)**

(Millions of yen)

	FY2022	FY2023	Change (%)
Revenue	1,518,619	<b>1,603,672</b>	+85,053 (+5.6%)
Core operating profit	286,902	<b>184,641</b>	-102,262 (-35.6%)
Core profit for the year	224,619	<b>150,981</b>	-73,638 (-32.8%)

#### **Cautionary Notes**

In this material, statements made with respect to current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Astellas. These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to: (i) changes in general economic conditions and in laws and regulations, relating to pharmaceutical markets, (ii) currency exchange rate fluctuations, (iii) delays in new product launches, (iv) the inability of Astellas to market existing and new products effectively, (v) the inability of Astellas to continue to effectively research and develop products accepted by customers in highly competitive markets, and (vi) infringements of Astellas' intellectual property rights by third parties. Information about pharmaceutical products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice.

## 1. Overview of business performance and others

### (1) Overview of business performance for FY2023

#### 1) Overview of consolidated financial results for FY2023

##### <Consolidated financial results (core basis <sup>(Note)</sup>)>

Consolidated financial results (core basis) in FY2023 are shown in the table below.

While revenue increased, core operating profit and core profit for the year decreased.

##### Consolidated financial results (core basis)

(Millions of yen)

	FY2022	FY2023	Change (%)
Revenue	1,518,619	<b>1,603,672</b>	+85,053 (+5.6%)
Cost of sales	288,353	<b>292,485</b>	+4,132 (+1.4%)
Selling, general and administrative expenses	630,272	<b>740,110</b>	+109,838 (+17.4%)
R&D expenses	276,128	<b>294,187</b>	+18,059 (+6.5%)
Amortisation of intangible assets	38,436	<b>98,820</b>	+60,383 (+157.1%)
Gain on divestiture of intangible assets	212	<b>9,735</b>	+9,523 (-)
Share of profit (loss) of investments accounted for using equity method	1,260	<b>-3,165</b>	-4,425 (-)
Core operating profit	286,902	<b>184,641</b>	-102,262 (-35.6%)
Core profit for the year	224,619	<b>150,981</b>	-73,638 (-32.8%)
Basic core earnings per share (yen)	123.42	<b>84.19</b>	-39.22 (-31.8%)

(Note) The Company discloses financial results on a core basis as an indicator of its recurring profitability. Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis. These adjusted items include impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and other items that are deemed to be excluded based on the Company's judgment. A reconciliation table between results on a full basis and results on a core basis is provided in the "Supplementary Documents for FY2023 Financial Results."

## **Revenue**

- Sales of main products XTANDI for the treatment of prostate cancer, PADCEV for the treatment of urothelial cancer and XOSPATA for the treatment of acute myeloid leukemia showed steady growth. In particular, sales of PADCEV increased significantly in the United States and Europe.
- Sales of VEOZAH for the treatment of vasomotor symptoms due to menopause launched in the United States in May 2023 and sales of IZERVAY for the treatment for geographic atrophy secondary to age-related macular degeneration launched in the United States in September 2023, also contributed to increased revenue.

As a result of the above, revenue in FY2023 increased by 5.6% compared to that in the previous fiscal year (“year-on-year”) to ¥1,603.7 billion.

## **Core operating profit / Core profit for the year**

- Gross profit increased by 6.6% year-on-year to ¥1,311.2 billion. The cost-to-revenue ratio decreased by 0.7 percentage points year-on-year to 18.2%.
- Selling, general and administrative expenses increased by 17.4% year-on-year to ¥740.1 billion. Although expenses decreased as a result of reduction of mature products-related costs (decrease of approximately ¥8.0 billion year-on-year), the total amount increased due to foreign exchange rate impact (increase of ¥44.3 billion year-on-year), an increase in investment for VEOZAH-related costs (increase of approximately ¥40.0 billion year-on-year), and the impact of the acquisition of IVERIC bio, Inc (approximately ¥31.0 billion). Selling, general and administrative expenses, excluding co-promotion fees of XTANDI in the United States, increased by 19.9% year-on-year to ¥545.2 billion.
- Research and development (R&D) expenses increased by 6.5% year-on-year to ¥294.2 billion. The total amount increased mainly due to foreign exchange rate impact (increase of ¥12.5 billion year-on-year) and the impact of the acquisition of IVERIC bio, Inc.
- Amortisation of intangible assets increased by 157.1% year-on-year to ¥98.8 billion. This was mainly due to amortisation of intangible assets for IZERVAY, which the Company acquired in its acquisition of IVERIC bio, Inc.

As a result of the above, core operating profit decreased by 35.6% year-on-year to ¥184.6 billion, and core profit for the year decreased by 32.8% year-on-year to ¥151.0 billion.

### **Impact of exchange rate on financial results**

The exchange rates for the yen in FY2023 are shown in the table below. The resulting impacts were a ¥96.3 billion increase in revenue and a ¥19.1 billion increase in core operating profit compared with if the exchange rates of FY2022 were applied.

Average rate	FY2022	<b>FY2023</b>	Change
US\$/¥	135	<b>145</b>	¥9 (Weakening of yen)
€/¥	141	<b>157</b>	¥16 (Weakening of yen)

## <Consolidated financial results (full basis)>

Consolidated financial results on a full basis in FY2023 are shown in the table below. Revenue increased, while operating profit and profit for the year decreased.

The full basis financial results include “Other income” and “Other expenses,” which are excluded from the core basis financial results. In FY2023, “Other income” was ¥8.7 billion (¥3.6 billion in the previous fiscal year).

As “Other expenses,” in the fourth quarter, the Company recorded an impairment loss of intangible assets as a result of reevaluation of a gene therapy program AT808 (¥39.9 billion), an impairment loss of intangible assets in relation to a revision of the future plan for EVRENZO (¥16.4 billion), and an increase in fair value of contingent consideration for zolbetuximab (¥8.0 billion). In addition, the Company booked payments related to share based compensation such as unvested stock options in connection with the acquisition of IVERIC bio, Inc. in the second quarter (¥33.4 billion)\* and one-time expenses related to organizational restructuring on a global scale (¥25.4 billion) in FY2023. In total, “Other expenses” in FY2023 was ¥167.8 billion (¥157.5 billion in the previous fiscal year).

### Consolidated financial results (full basis)

	FY2022	FY2023	(Millions of yen) Change (%)
Revenue	1,518,619	<b>1,603,672</b>	+85,053 (+5.6%)
Operating profit	133,029	<b>25,518</b>	-107,511 (-80.8%)
Profit before tax	132,361	<b>24,969</b>	-107,392 (-81.1%)
Profit for the year	98,714	<b>17,045</b>	-81,669 (-82.7%)
Basic earnings per share (yen)	54.24	<b>9.51</b>	-44.73 (-82.5%)
Comprehensive income	205,277	<b>205,583</b>	+307 (+0.1%)

\*In the third quarter, further facts came to light and additional analysis was performed. As a result, the payments related to share-based compensation were adjusted retroactively.

The table below shows the difference between the FY2023 consolidated financial results on a full basis and the FY2023 consolidated financial revised forecasts on a full basis announced on April 12, 2024.

As revenue exceeded the FY2023 revised forecast due to the sales growth of XTANDI, profits at each stage on a full basis also exceeded the latest forecasts.

**Difference between consolidated financial results (full basis) and revised forecast**

(Millions of yen)

	FY2023 Results	FY2023 Revised Forecasts	Difference (%)
Operating profit	25,518	13,000	+12,518 (+96.3%)
Profit before tax	24,969	12,000	+12,969 (+108.1%)
Profit for the year	17,045	3,000	+14,045 (+468.2%)
Basic earnings per share (yen)	9.51	1.67	+7.84 (+469.2%)

**<Sales of Main Products>**

(Billions of yen)

	FY2022	FY2023	Change
XTANDI	661.1	<b>750.5</b>	+13.5%
PADCEV	44.4	<b>85.4</b>	+92.1%
XOSPATA	46.6	<b>55.1</b>	+18.3%
VEOZAH*1	-	<b>7.3</b>	-
IZERVAY	-	<b>12.1</b>	-
BETANIS / MYRBETRIQ / BETMIGA	188.6	<b>198.1</b>	+5.0%
PROGRAF*2	198.8	<b>203.1</b>	+2.2%

\*1 VEOZAH: Approved as “VEOZA” in Europe.

\*2 PROGRAF: Includes ADVAGRAF, GRACEPTOR, and ASTAGRAF XL.

**<XTANDI>**

- Sales increased in all regions, with near double-digit growth globally compared to the previous fiscal year, excluding the positive impact of foreign exchange rates.
- The approval obtained in the United States in November 2023 for “nonmetastatic castration-sensitive prostate cancer (M0 CSPC) with biochemical recurrence at high risk for metastasis” also contributed to sales growth.

**<PADCEV>**

- Sales expanded in all regions, with a significant increase in global sales compared to the previous fiscal year.
- Prescription growth for the “combination therapy with pembrolizumab as first-line therapy for patients with locally advanced or metastatic urothelial cancer” approved in December 2023 in the United States contributed to the sales growth.

**<XOSPATA>**

- Sales increased in all regions where it is available.

**<VEOZAH>**

- Since its launch in May 2023, sales increased but fell short of the initial expectations.

<IZERVAY>

- Since its launch in September 2023, sales grew steadily, exceeding expectations.

<BETANIS / MYRBETRIQ / BETMIGA>

- Foreign exchange rates had a positive impact and global sales increased.

<PROGRAF>

- Foreign exchange rates had a positive impact and global sales increased.



### <Revenue by region>

Revenue by region is shown in the table below. Revenue increased in all regions.

(Billions of yen)

	FY2022	<b>FY2023</b>	Change
Japan	262.3	<b>270.1</b>	+3.0%
United States	652.4	<b>663.1</b>	+1.6%
Established Markets <sup>*1</sup>	359.8	<b>415.6</b>	+15.5%
Greater China <sup>*2</sup>	80.0	<b>88.5</b>	+10.6%
International Markets <sup>*3</sup>	143.3	<b>159.1</b>	+11.0%

(Note) From the first three months of FY2023, the commercial segment of some countries included in International Markets have been changed to Established Markets. Figures of FY2022 reflect this change.

\*1 Established Markets: Europe, Canada, etc.

\*2 Greater China: China, Hong Kong, Taiwan

\*3 International Markets: Latin America, Middle East, Africa, South East Asia, South Asia, Russia, Korea, Australia, Export sales, etc.

## **(2) Financial position**

### **1) Assets, equity and liabilities**

An overview of the consolidated statement of financial position as of March 31, 2024 and the main changes from the end of the previous fiscal year are shown below.

In July 2023, the Company acquired IVERIC bio, Inc. and made it a consolidated subsidiary. The Company's assets and liabilities have been subject to substantial change due to the acquisition of IVERIC bio, Inc. and having arranged financing in the form of bank loans and issuances of bonds and commercial papers to procure requisite funds for the acquisition.

#### **Assets**

Total assets as of March 31, 2024 saw an increase of ¥1,113.1 billion compared to the end of the previous fiscal year to ¥3,569.6 billion.

**<Non-current assets>** As of March 31, 2024: ¥2,374.9 billion (an increase of ¥968.3 billion)

- Property, plant and equipment increased by ¥7.3 billion compared to the end of the previous fiscal year to ¥293.7 billion.
- Mainly due to the acquisition of IVERIC bio, Inc. in July 2023, goodwill increased by ¥90.3 billion compared to the end of the previous fiscal year to ¥418.7 billion, and intangible assets increased by ¥891.3 billion compared to the end of the previous fiscal year to ¥1,453.8 billion.

**<Current assets>** As of March 31, 2024: ¥1,194.7 billion (an increase of ¥144.8 billion)

- Cash and cash equivalents decreased by ¥41.2 billion compared to the end of the previous fiscal year to ¥335.7 billion.

#### **Equity**

Total equity as of March 31, 2024 saw an increase of ¥88.0 billion compared to the end of the previous fiscal year to ¥1,596.0 billion, making the ratio of equity attributable to owners of the parent to total assets 44.7%.

- While profit for the year stood at ¥17.0 billion, the Company paid ¥116.7 billion of dividends of surplus.

#### **Liabilities**

Total liabilities increased by ¥1,025.1 billion compared to the end of the previous fiscal year to ¥1,973.6 billion.

**<Non-current liabilities>** As of March 31, 2024: ¥687.9 billion (an increase of ¥465.4 billion)

- The Company procured requisite funds for the acquisition of IVERIC bio, Inc., in the second quarter resulting in the balances of bonds payable amounting to ¥250.0 billion (an increase of ¥200.0 billion) and long-term borrowings amounting to ¥197.7 billion as of March 31, 2024.

- Mainly due to the acquisition of IVERIC bio, Inc., deferred tax liabilities increased by ¥45.3 billion compared to the end of the previous fiscal year.

**<Current liabilities>** As of March 31, 2024: ¥1,285.7 billion (an increase of ¥559.7 billion)

- The Company procured requisite funds for the acquisition of IVERIC bio, Inc., in the second quarter resulting in the balances of commercial papers amounting to ¥285.0 billion (an increase of ¥210.0 billion), short-term borrowings amounting to ¥135.4 billion, and current portion of long-term borrowings amounting to ¥51.9 billion as of March 31, 2024.
- Other current liabilities amounted to ¥476.5 billion (an increase of ¥93.8 billion).

## 2) Cash flow

### **Cash flows from operating activities**

Net cash flows from operating activities in FY2023 decreased by ¥155.3 billion year-on-year to ¥172.5 billion.

- There were payments of ¥33.4 billion for unvested share-based payments such as share options due to the acquisition of IVERIC bio, Inc.
- Income tax paid decreased by ¥31.4 billion year-on-year to ¥38.1 billion.

### **Cash flows from investing activities**

Net cash flows used in investing activities in FY2023 was ¥845.8 billion, an increase in outflow of ¥761.3 billion year-on-year.

- Payments for acquisition of subsidiaries increased by ¥785.0 billion year-on-year to ¥785.0 billion due to the acquisition of IVERIC bio, Inc. etc.

### **Cash flows from financing activities**

Net cash flows from financing activities in FY2023 was ¥614.1 billion (outflow of ¥195.6 billion in the previous fiscal year).

- As a result of procuring requisite funds for the acquisition of IVERIC bio, Inc. in the second quarter, there was an increase of ¥324.3 billion in short-term borrowings and commercial papers (decrease of ¥15.0 billion in the previous fiscal year) and proceeds from issuance of bonds and long-term borrowings increased by ¥422.3 billion year-on-year to ¥472.3 billion.
- Dividends paid increased by ¥16.3 billion year-on-year to ¥116.7 billion.

As a result, cash and cash equivalents totaled ¥335.7 billion as of March 31, 2024, a decrease of ¥41.2 billion compared to the end of the previous fiscal year.

### (3) Consolidated business forecasts for FY2024 and other forward-looking statements

The Company's business forecasts for FY2024 are presented on a core basis (new definition\*) and full basis. The consolidated full-year business forecasts (core basis) are shown below.

#### Consolidated full-year business forecasts (core basis)

	FY2023 Results	FY2024 Forecasts	Change (%)
Revenue	1,603,672	<b>1,650,000</b>	+46,328 (+2.9%)
Selling, general and administrative expenses	740,110	<b>757,000</b>	+16,890 (+2.3%)
R&D expenses	294,187	<b>317,000</b>	+22,813 (+7.8%)
Core operating profit	276,890	<b>250,000</b>	-26,890 (-9.7%)
Core profit for the year	223,196	<b>186,000</b>	-37,196 (-16.7%)
Basic core earnings per share (yen)	124.46	<b>103.73</b>	-20.73 (-16.7%)

(Millions of yen)

(Note) The forecast of the basic core earnings per share is calculated based on the number of issued shares (excluding treasury shares) at the end of FY2023.

\* The Company will change the definition of core basis from FY2024 and will newly exclude amortisation of intangible assets, gain on divestiture of intangible assets, and share of profit (loss) of investments accounted for using the equity method from the financial results on a full basis as certain significant adjusted items defined by the company. Financial results on the new core basis, as an indicator of the Company's profitability, exclude certain significant adjusted items defined by the Company that are reported in financial results on a full basis. These adjusted items include amortisation of intangible assets, gain on divestiture of intangible assets, share of profit and loss of investments accounted for using equity method, impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and certain other items defined by the Company. Change in amounts and percentages above are calculated based on the consolidated financial results for FY2023 that reflect changes in the new definition.

#### Expected exchange rate for

<b>FY2024 (Forecast)</b>	<b>¥145/US\$</b>	<b>¥155/€</b>
FY2023 (Result)	¥145/US\$	¥157/€

Revenue is anticipated to increase while core operating profit and core profit for the year are anticipated to decrease.

The fluctuations in the exchange rate are anticipated to cause a ¥6.0 billion decrease in revenue and a ¥2.4 billion decrease in core operating profit compared with if the exchange rates of FY2023 were applied, as the exchange rate for FY2024 is anticipated to

strengthen against the euro compared with FY2023 results.

### **Revenue**

- Sales of MYRBETRIQ is expected to decrease from the effect of generic brands.
- On the other hand, PADCEV is expected to grow significantly on a global basis, mainly due to contributions from additional indication acquired for the first-line treatment for patients with urothelial cancer in the United States. VEOZAH and IZERVAY are expected to continue to grow and contribute to sales increase. These will absorb the decline in sales of MYRBETRIQ, and revenue is expected to increase.

As a result of the above, the revenue forecast is ¥1,650.0 billion (up 2.9% year on year).

### **Core operating profit/ Core profit for the year**

- Selling, general and administrative expenses are expected to be ¥757.0 billion (up 2.3% year on year) mainly due to increased investments in Strategic products. On the other hand, reduction in mature products-related costs and the cost reduction from the global organizational restructuring implemented in FY2023 are expected.
- The Company projects R&D expenses of ¥317.0 billion (up 7.8% year on year). The Company expects increased investments to strengthen Primary Focus and R&D functions, while also reducing expenses by reviewing the current portfolio.

As a result of the above, the Company projects core operating profit of ¥250.0 billion (down 9.7% year on year).

Core profit for the year is forecasted at ¥186.0 billion (down 16.7% year on year) and basic core earnings per share is forecasted at ¥103.73 (down 16.7% year on year).

### **<Sales of Main Products>**

(Billions of yen)

	FY2023 Results	FY2024 Forecasts	Change
XTANDI	750.5	<b>757.0</b>	+0.9%
PADCEV	85.4	<b>151.2</b>	+77.2%
XOSPATA	55.1	<b>60.0</b>	+8.9%
VEOZAH	7.3	<b>28.3</b>	+287.8%
IZERVAY	12.1	<b>46.4</b>	+282.6%

The consolidated full-year business forecasts (full basis) are shown below.

**Consolidated full-year business forecasts (full basis)**

(Millions of yen)

	FY2023 Results	FY2024 Forecasts	Change (%)
Revenue	1,603,672	<b>1,650,000</b>	+46,328 (+2.9%)
Operating profit	25,518	<b>48,000</b>	+22,482 (+88.1%)
Profit before tax	24,969	<b>43,000</b>	+18,031 (+72.2%)
Profit for the year	17,045	<b>30,000</b>	+12,955 (+76.0%)
Basic earnings per share (yen)	9.51	<b>16.73</b>	+7.22 (+75.9%)

(Note) The forecast of the basic earnings per share is calculated based on the number of issued shares (excluding treasury shares) at the end of FY2023.

**Expected exchange rate for**

<b>FY2024 (Forecast)</b>	<b>¥145/US\$</b>	<b>¥155/€</b>
FY2023 (Result)	¥145/US\$	¥157/€

Operating profit for FY2023 of ¥25.5 billion includes the expenses of ¥251.3 billion (net) that are excluded from the new definition of core operating profit.

In FY2024, operating profit, profit before tax, and profit for the year are anticipated to increase across the board. Operating profit is anticipated to be ¥48.0 billion, which includes expenses of approximately ¥200.0 billion that are excluded from core operating profit. The main adjustment item is “amortization of intangible assets” of approximately ¥140.0 billion. In addition, approximately ¥60.0 billion are factored in other expenses such as the risk of impairment losses. Although there are no specific indications of impairment loss at this time, the estimate is based on the amount of other expenses recorded in the past and the balance of intangible assets.

#### **(4) Capital allocation policy and dividends for FY2023 and FY2024**

The Company strives to sustainably increase enterprise value while proactively making returns to shareholders. While putting priority on business investment to assure future growth, the Company strives to increase dividend payments stably and continuously, based on medium- to long-term profit growth on a consolidated basis. In addition, the Company will flexibly acquire its own shares whenever necessary to further increase capital efficiency and earnings per share.

The annual dividend for FY2023 is ¥70 per share (including a year-end dividend of ¥35 per share) to shareholders. The Company anticipates that the annual dividend in FY2024 will be ¥74 per share (composed of interim dividend of ¥37 per share and a year-end dividend of ¥37 per share).



## 2. Consolidated Financial Statements and Notes to Consolidated Financial Statements

### (1) Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended 31 March 2023	Fiscal year ended 31 March 2024
Revenue	1,518,619	1,603,672
Cost of sales	(288,353)	(292,485)
Gross profit	1,230,266	1,311,187
Selling, general and administrative expenses	(630,272)	(740,110)
Research and development expenses	(276,128)	(294,187)
Amortisation of intangible assets	(38,436)	(98,820)
Gain on divestiture of intangible assets	212	9,735
Share of profit (loss) of investments accounted for using equity method	1,260	(3,165)
Other income	3,642	8,691
Other expenses	(157,515)	(167,814)
Operating profit	133,029	25,518
Finance income	8,110	11,455
Finance expenses	(8,779)	(12,005)
Profit before tax	132,361	24,969
Income tax expense	(33,647)	(7,924)
Profit	98,714	17,045
Profit attributable to:		
Owners of the parent	98,714	17,045
Earnings per share:		
Basic (Yen)	54.24	9.51
Diluted (Yen)	54.09	9.47

## (2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended 31 March 2023	Fiscal year ended 31 March 2024
Profit	98,714	17,045
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	8,733	(5,868)
Remeasurements of defined benefit plans	7,175	5,965
Subtotal	<u>15,908</u>	<u>96</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	90,655	194,026
Cash flow hedges	—	(7,682)
Hedging cost	—	2,098
Subtotal	<u>90,655</u>	<u>188,442</u>
Other comprehensive income	<u>106,563</u>	<u>188,538</u>
Total comprehensive income	<u>205,277</u>	<u>205,583</u>
Total comprehensive income attributable to:		
Owners of the parent	205,277	205,583

### (3) Consolidated Statement of Financial Position

(Millions of yen)

	As of 31 March 2023	As of 31 March 2024
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	286,459	293,742
Goodwill	328,411	418,694
Intangible assets	562,496	1,453,824
Trade and other receivables	24,173	20,043
Investments accounted for using equity method	12,689	15,684
Deferred tax assets	84,169	45,594
Other financial assets	97,886	108,694
Other non-current assets	10,280	18,597
Total non-current assets	1,406,564	2,374,873
Current assets		
Inventories	174,386	248,738
Trade and other receivables	427,965	534,985
Income tax receivable	17,813	13,051
Other financial assets	19,784	28,784
Other current assets	32,428	32,241
Cash and cash equivalents	376,840	335,687
Subtotal	1,049,216	1,193,485
Assets held for sale	738	1,245
Total current assets	1,049,954	1,194,730
Total assets	2,456,518	3,569,603

(Millions of yen)

	As of 31 March 2023	As of 31 March 2024
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	181,280	184,070
Treasury shares	(25,123)	(33,783)
Retained earnings	908,158	809,400
Other components of equity	340,640	533,300
Total equity attributable to owners of the parent	1,507,954	1,595,988
Total equity	1,507,954	1,595,988
Liabilities		
Non-current liabilities		
Bonds and borrowings	50,000	447,738
Trade and other payables	4,217	2,199
Deferred tax liabilities	6,048	51,346
Retirement benefit liabilities	24,818	24,674
Provisions	6,537	7,369
Other financial liabilities	89,924	105,602
Other non-current liabilities	40,987	48,962
Total non-current liabilities	222,530	687,889
Current liabilities		
Bonds and borrowings	75,000	472,278
Trade and other payables	140,236	185,193
Income tax payable	5,137	38,515
Provisions	17,855	15,700
Other financial liabilities	105,131	97,565
Other current liabilities	382,675	476,474
Total current liabilities	726,034	1,285,725
Total liabilities	948,564	1,973,615
Total equity and liabilities	2,456,518	3,569,603

#### (4) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Subscription rights to shares	Exchange differences on translation of foreign operations
As of 1 April 2022	103,001	179,467	(13,934)	944,261	630	233,621
Comprehensive income						
Profit	—	—	—	98,714	—	—
Other comprehensive income	—	—	—	—	—	90,655
Total comprehensive income	—	—	—	98,714	—	90,655
Transactions with owners						
Acquisition of treasury shares	—	—	(60,556)	—	—	—
Disposals of treasury shares	—	(1,442)	1,680	(118)	(94)	—
Cancellation of treasury shares	—	—	47,686	(47,686)	—	—
Dividends	—	—	—	(100,355)	—	—
Share-based payments	—	3,254	—	—	—	—
Transfer to retained earnings	—	—	—	13,342	—	—
Total transactions with owners	—	1,812	(11,190)	(134,817)	(94)	—
As of 31 March 2023	103,001	181,280	(25,123)	908,158	536	324,276
Comprehensive income						
Profit	—	—	—	17,045	—	—
Other comprehensive income	—	—	—	—	—	194,026
Total comprehensive income	—	—	—	17,045	—	194,026
Transactions with owners						
Acquisition of treasury shares	—	—	(10,735)	—	—	—
Disposals of treasury shares	—	(1,452)	2,075	(450)	(161)	—
Dividends	—	—	—	(116,653)	—	—
Share-based payments	—	4,242	—	—	—	—
Transfer to retained earnings	—	—	—	1,300	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	2,790	(8,660)	(115,803)	(161)	—
As of 31 March 2024	103,001	184,070	(33,783)	809,400	376	518,302

(Millions of yen)

	Equity attributable to owners of the parent						Total equity
	Other components of equity					Total	
	Cash flow hedges	Hedging cost	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
As of 1 April 2022	—	—	13,261	—	247,512	1,460,308	1,460,308
Comprehensive income							
Profit	—	—	—	—	—	98,714	98,714
Other comprehensive income	—	—	8,733	7,175	106,563	106,563	106,563
Total comprehensive income	—	—	8,733	7,175	106,563	205,277	205,277
Transactions with owners							
Acquisition of treasury shares	—	—	—	—	—	(60,556)	(60,556)
Disposals of treasury shares	—	—	—	—	(94)	27	27
Cancellation of treasury shares	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	(100,355)	(100,355)
Share-based payments	—	—	—	—	—	3,254	3,254
Transfer to retained earnings	—	—	(6,167)	(7,175)	(13,342)	—	—
Total transactions with owners	—	—	(6,167)	(7,175)	(13,435)	(157,630)	(157,630)
As of 31 March 2023	—	—	15,827	—	340,640	1,507,954	1,507,954
Comprehensive income							
Profit	—	—	—	—	—	17,045	17,045
Other comprehensive income	(7,682)	2,098	(5,868)	5,965	188,538	188,538	188,538
Total comprehensive income	(7,682)	2,098	(5,868)	5,965	188,538	205,583	205,583
Transactions with owners							
Acquisition of treasury shares	—	—	—	—	—	(10,735)	(10,735)
Disposals of treasury shares	—	—	—	—	(161)	12	12
Dividends	—	—	—	—	—	(116,653)	(116,653)
Share-based payments	—	—	—	—	—	4,242	4,242
Transfer to retained earnings	—	—	4,664	(5,965)	(1,300)	—	—
Transfer to non-financial assets	7,682	(2,098)	—	—	5,584	5,584	5,584
Total transactions with owners	7,682	(2,098)	4,664	(5,965)	4,123	(117,550)	(117,550)
As of 31 March 2024	—	—	14,623	—	533,300	1,595,988	1,595,988

## (5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended 31 March 2023	Fiscal year ended 31 March 2024
<b>Cash flows from operating activities</b>		
Profit before tax	132,361	24,969
Depreciation and amortisation	105,738	157,840
Impairment losses (reversal of impairment losses)	84,499	78,931
Finance income and expenses	668	549
(Increase) decrease in inventories	(7,086)	(60,036)
(Increase) decrease in trade and other receivables	(4,849)	(55,948)
Increase (decrease) in trade and other payables	(12,274)	29,466
Other	98,189	34,816
Subtotal	397,246	210,587
Income tax paid	(69,479)	(38,112)
Net cash flows from operating activities	327,767	172,475
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(36,441)	(38,056)
Purchases of intangible assets	(52,100)	(44,441)
Proceeds from sales of intangible assets	212	11,003
Proceeds from sales of equity instruments	12,624	—
Payments for acquisition of subsidiaries	—	(784,974)
Interest and dividends received	4,558	8,850
Other	(13,353)	1,816
Net cash flows provided by (used in) investing activities	(84,500)	(845,802)
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings and commercial papers	(15,000)	324,337
Proceeds from issuance of bonds and long-term borrowings	50,000	472,275
Redemption of bonds and repayments of long-term borrowings	(50,000)	(25,379)
Acquisition of treasury shares	(60,556)	(10,735)
Dividends paid to owners of the parent	(100,355)	(116,653)
Repayments of lease liabilities	(16,495)	(13,246)
Other	(3,218)	(16,539)
Net cash flows provided by (used in) financing activities	(195,623)	614,060
Effect of exchange rate changes on cash and cash equivalents	13,210	18,113
Net increase (decrease) in cash and cash equivalents	60,854	(41,153)
Cash and cash equivalents at the beginning of the year	315,986	376,840
Cash and cash equivalents at the end of the year	376,840	335,687

## (6) Notes to consolidated financial statements

### **Notes on going concern assumption**

Not applicable.

### **Business Combinations**

For the fiscal year ended 31 March 2024

#### Acquisition of IVERIC bio, Inc.

##### (1) Outline of the business combination

###### (i) Name and business description of the acquiree

Name of the acquiree	IVERIC bio, Inc. ("Iveric Bio")
Business Description	Research & development of pharmaceutical products

###### (ii) Acquisition date

11 July 2023, U.S. Eastern Time

###### (iii) Percentage of voting equity interests acquired

100%

###### (iv) Acquisition method

Acquisition of all shares of stock in cash

###### (v) Primary reasons for the business combination

The Company aims to become a cutting-edge, VALUE-driven life science innovator to realise its VISION to be "on the forefront of healthcare change to turn innovative science into VALUE for patients." Through the Company's Research and Development strategy, Focus Area Approach, it is working to create innovative drugs for diseases with high unmet medical need by identifying unique combinations of biology and therapeutic modality / technology from multiple perspectives. Currently, the Company has identified five Primary Focuses, including "Blindness & Regeneration," and is prioritising investment resources in these areas. As such, the acquisition of Iveric Bio is a key step in building the Company's product portfolio in this important area.

Iveric Bio focuses on the discovery and development of novel treatments in the field of ophthalmology. The U.S. Food and Drug Administration (FDA) approved IZERVAY™ (avacincaptad pegol intravitreal solution) for the treatment of geographic atrophy (GA) secondary to age-related macular degeneration (AMD) on 4 August 2023.

Avacincaptad pegol (ACP), a complement C5 inhibitor, is an investigational drug for GA secondary to AMD and has significant potential to deliver value to a large and underserved patient base. ACP met its primary efficacy endpoint (reduction of the rate of GA progression) with statistical significance across two pivotal clinical trials, (GATHER 1 and 2 Clinical Trials) and has received breakthrough therapy designation from the FDA for this indication.

The Company expects not only that the acquisition of ACP, the lead program of Iveric Bio, will contribute to the Company's fiscal year 2025 revenue targets set in its Corporate Strategic Plan 2021, but also that ACP, in conjunction with fezolinetant and PADCEV, will be a revenue-generating pillar to help compensate for the decline in sales of XTANDI due to anticipated loss of exclusivity later this decade.

In addition, the acquisition of Iveric Bio will provide a foundation of ophthalmology focused capabilities, including a multi-faceted commercial team, expansive network of experts in the ophthalmology field, and established relationships with medical institutions. Furthermore, through acquired capabilities, the Company will accelerate clinical development and commercialisation activities to positively contribute to the goals of Primary Focus, "Blindness & Regeneration."



- (2) The fair values of assets acquired, liabilities assumed and purchase consideration transferred as at the acquisition date are as follows:

(Millions of yen)

	Provisional fair value as of 30 September 2023	Fair value adjustments	Fair value (as adjusted)
Intangible assets (in-process research & development)	884,331	—	884,331
Financial assets at FVTOCI (debt instruments)	9,986	—	9,986
Cash and cash equivalents	44,649	—	44,649
Other assets	2,607	—	2,607
Deferred tax liabilities	(149,046)	(4,252)	(153,298)
Short-term borrowings	(15,079)	—	(15,079)
Other liabilities	(7,984)	—	(7,984)
Fair value of assets acquired and liabilities assumed (net)	769,464	(4,252)	765,212
Basis adjustments	(5,584)	—	(5,584)
Goodwill	35,236	8,374	43,610
Total	799,116	4,122	803,238
Total fair value of purchase consideration transferred	799,116	4,122	803,238

During the fiscal year ended 31 March 2024, further facts came to light and additional analysis was performed on the fair value measurement of the assets acquired, liabilities assumed and purchase consideration transferred at the acquisition date. As a result, the provisional fair values were adjusted as above. The initial accounting for the business combination is incomplete as of 31 March 2024 as the Company is still in the process of finalizing the fair value measurement of assets acquired, liabilities assumed and purchase consideration transferred at the acquisition date.

Goodwill mainly comprises the value of expected synergies arising from the acquisition and future economic benefits, which is not separately recognised.

- (3) Cash flow information

(Millions of yen)

Total fair value of purchase consideration transferred	803,238
Cash and cash equivalents held by the acquiree	(44,649)
Basis adjustments	5,584
Acquisition of subsidiaries, net of cash acquired	764,173

In addition, the Group separated payment for Iveric Bio's unvested share-based payments, such as share options, from the business combination and recognised ¥33,434 million as "Other expenses" in the consolidated statement of income.

- (4) Acquisition-related costs

¥3,614 million

Acquisition-related costs were recognised in "Selling, general and administrative expenses" in the consolidated statement of income.

(5) Effect on the consolidated statement of income

- (i) Profit (loss) before tax of the acquiree since the acquisition date included in the consolidated statement of income for the fiscal year ended 31 March 2024:

¥(107,506) million

(Note) This amount includes payment of ¥33,434 million for Iveric Bio's unvested share-based payments, such as share options, which is recognised separately from the business combination.

- (ii) Effect on profit (loss) before tax in the consolidated statement of income for the fiscal year ended 31 March 2024 assuming the acquisition date had been at the beginning of the fiscal year:

¥(52,765) million

(Note) This effect is calculated based on Iveric Bio's financial results for the period from 1 April 2023 to the acquisition date.

### **Segment information**

The main activities of the Group are the research and development, manufacture and sale of pharmaceutical products, and there are no separate operating segments. Therefore, the Group has a single reporting segment, "Pharmaceutical".

### **Information about products and services**

Revenue by type of product and service is as follows:

(Millions of yen)

	Fiscal year ended 31 March 2023	Fiscal year ended 31 March 2024
XTANDI	661,118	750,466
PROGRAF	198,777	203,085
BETANIS/MYRBETRIQ/BETMIGA	188,575	198,066
Other	470,148	452,055
Total	1,518,619	1,603,672

### **Information about geographical areas**

Revenue and non-current assets by geographical areas are as follows:

Revenue by geographical areas

(Millions of yen)

	Fiscal year ended 31 March 2023	Fiscal year ended 31 March 2024
Japan	284,844	286,218
United States	658,247	668,551
Others	575,528	648,903
Total	1,518,619	1,603,672

(Note) Revenue by geographical areas is categorised based on the geographical location of each Group company.

Non-current assets (property, plant and equipment, goodwill and intangible assets) by geographical areas

(Millions of yen)

	As of 31 March 2023	As of 31 March 2024
Japan	349,083	308,014
United States	710,513	1,734,228
Others	117,771	124,018
Total	1,177,367	2,166,260

**Information about major customers**

The following external customers account for 10% or more of the consolidated revenue of the Group.

(Millions of yen)

	Segment	Fiscal year ended 31 March 2023	Fiscal year ended 31 March 2024
McKesson Group	Pharmaceutical	259,992	243,433
AmerisourceBergen Group	Pharmaceutical	166,934	175,018

**Earnings per share**

The basis of calculation of basic earnings per share and diluted earnings per share is as follows:

(Millions of yen, except as otherwise indicated)

	Fiscal year ended 31 March 2023	Fiscal year ended 31 March 2024
Basis of calculating basic earnings per share		
Profit attributable to owners of the parent	98,714	17,045
Profit not attributable to ordinary shareholders of the parent	—	—
Profit used to calculate basic earnings per share	98,714	17,045
Weighted average number of ordinary shares (Thousands of shares)	1,820,019	1,793,276
Basis of calculating diluted earnings per share		
Profit used to calculate basic earnings per share	98,714	17,045
Adjustment	—	—
Profit used to calculate diluted earnings per share	98,714	17,045
Weighted average number of ordinary shares (Thousands of shares)	1,820,019	1,793,276
Effects of dilutive potential ordinary shares (Thousands of shares)	5,042	6,384
Weighted average number of diluted ordinary shares (Thousands of shares)	1,825,061	1,799,660
Earnings per share (attributable to owners of the parent):		
Basic (Yen)	54.24	9.51
Diluted (Yen)	54.09	9.47

**Significant subsequent events**

Not applicable.