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Financial Results of Astellas for Fiscal Year 2024

Japan, April 25, 2025 – Astellas Pharma Inc. (TSE: 4503, President and CEO: Naoki Okamura, “the Company”) today announced the financial results for fiscal year 2024 ending March 31, 2025 (FY2024).

Consolidated financial results for FY2024 (April 1, 2024 – March 31, 2025) (core basis)

(Millions of yen)

	FY2023	FY2024	Change (%)
Revenue	1,603,672	1,912,323	+308,652 (+19.2%)
Core operating profit	276,890	392,435	+115,545 (+41.7%)
Core profit for the year	223,196	295,682	+72,486 (+32.5%)

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 FY2024

<Consolidated financial results (core basis ^(Note))>

Consolidated financial results (core basis) in FY2024 are shown in the table below.

Revenue, core operating profit and core profit increased across the board.

Consolidated financial results (core basis)

(Millions of yen)

	FY2023	FY2024	Change (%)
Revenue	1,603,672	1,912,323	+308,652 (+19.2%)
Cost of sales	292,485	349,206	+56,721 (+19.4%)
Selling, general and administrative expenses	740,110	843,032	+102,922 (+13.9%)
R&D expenses	294,187	327,651	+33,464 (+11.4%)
Core operating profit	276,890	392,435	+115,545 (+41.7%)
Core profit for the year	223,196	295,682	+72,486 (+32.5%)
Basic core earnings per share (yen)	124.46	165.17	+40.70 (+32.7%)

(Note) The Company changed the definition of core basis from Q1/FY2024, and newly excluded 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. Figures of FY2023 reflect this change. A reconciliation table between results on a full basis and results on a core basis is provided in the "Supplementary Documents for FY2024 Financial Results."

Revenue

- Sales of XTANDI for the treatment of prostate cancer, PADCEV for the treatment of urothelial cancer and XOSPATA for the treatment of acute myeloid leukemia showed solid growth. Furthermore, sales of VEOZAH for the treatment of vasomotor symptoms due to menopause and sales of IZERVAY for the treatment for geographic atrophy secondary to age-related macular degeneration, both of which were launched in the previous fiscal year, and sales of VYLOY for the treatment of gastric and gastroesophageal junction adenocarcinoma which were launched in this fiscal year contributed to increased revenue.
- The sales growth of the above offset the sales decrease due to the generic entry of MYRBETRIQ for the treatment of overactive bladder, in the United States.

As a result of the above, revenue in FY2024 increased by 19.2% compared to that in the previous fiscal year (“year-on-year”) to ¥1,912.3 billion.

Core operating profit / Core profit

- Gross profit increased by 19.2% year-on-year to ¥1,563.1 billion.
- Selling, general and administrative expenses increased by 13.9% year-on-year to ¥843.0 billion. Although expenses decreased as a result of global organizational restructuring (decrease of approximately ¥15.0 billion year-on-year), reduction of mature products-related costs (decrease of approximately ¥10.0 billion year-on-year), and enhancement of company-wide efficiency with AI and digital (decrease of approximately ¥6.0 billion year-on-year) while promoting cost optimization through SMT*, the total amount increased due to foreign exchange rate impact (increase of ¥34.9 billion year-on-year) and increase in expenses for Strategic Brands**.
Selling, general and administrative expenses, excluding co-promotion fees of XTANDI in the United States, increased by 8.3% year-on-year to ¥590.5 billion.
- Research and development (R&D) expenses increased by 11.4% year-on-year to ¥327.7 billion. The total amount increased mainly due to foreign exchange rate impact (increase of ¥11.1 billion year-on-year) and increase in R&D investment for Primary Focus (targeted protein degradation and immuno-oncology, etc.), Strategic Brands’ lifecycle management, and enhanced R&D functions (increase of approximately ¥15.0 billion year-on-year). Additionally, one-time co-development cost payments booked in the first three months of FY2024 were also a factor in the increase.

As a result of the above, core operating profit increased by 41.7% year-on-year to ¥392.4 billion, and core profit increased by 32.5% year-on-year to ¥295.7 billion.

* SMT: Sustainable Margin Transformation.

** Strategic Brands: PADCEV, IZERVAY, VEOZAH, VYLOY, XOSPATA.

Impact of exchange rate on financial results

The exchange rates for the yen in FY2024 are shown in the table below. The resulting impacts were a ¥68.1 billion increase in revenue and a ¥15.1 billion increase in core operating profit compared with if the exchange rates of FY2023 were applied.

Average rate	FY2023	FY2024	Change
US\$/¥	145	152	¥8 (Weakening of yen)
€/¥	157	164	¥7 (Weakening of yen)

<Consolidated financial results (full basis)>

Consolidated financial results on a full basis in FY2024 are shown in the table below. Operating profit and profit both increased.

The full basis financial results include “other income” and “other expenses,” which are excluded from the core basis financial results. In addition, the full basis financial results also include “amortisation of intangible assets”, “gain on divestiture of intangible assets”, and “share of profit (loss) of investments accounted for using the equity method,” which have been newly excluded from the core basis financial results starting from FY2024. In FY2024, “amortisation of intangible assets” was ¥136.8 billion (¥98.8 billion in the previous fiscal year), “other income” was ¥20.3 billion (¥8.7 billion in the previous fiscal year), and “other expenses” was ¥235.8 billion (¥167.8 billion in the previous fiscal year). As “other expenses,” in addition to booking impairment losses for intangible assets mainly related to IZERVAY in ex-US (¥115.1 billion), AT466 (¥51.8 billion), and Iota (¥8.0 billion) in FY2024, the Company recorded foreign exchange losses (¥18.6 billion) primarily arising from the valuation of foreign currency-denominated monetary assets due to fluctuations in the foreign exchange rates, and restructuring costs (¥15.5 billion). The “income tax expense” includes a tax benefit (¥20.6 billion) arising from temporary differences related to the investment in Ganymed Pharmaceuticals GmbH, which had not been previously recognized, following the decision to liquidate the company.

Consolidated financial results (full basis)

	FY2023	FY2024	Change (%)
Revenue	1,603,672	1,912,323	+308,652 (+19.2%)
Operating profit	25,518	41,039	+15,521 (+60.8%)
Profit before tax	24,969	31,237	+6,267 (+25.1%)
Profit for the year	17,045	50,747	+33,702 (+197.7%)
Basic earnings per share (yen)	9.51	28.35	+18.84 (+198.2%)
Comprehensive income	205,583	48,888	-156,695 (-76.2%)

The table below shows the difference between the FY2024 consolidated financial results on a full basis and the FY2024 consolidated financial revised forecasts on a full basis announced on January 24, 2025.

As ¥16.7 billion was booked for change in the fair value of contingent consideration as “other income”, 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)

	FY2024 Results	FY2024 Latest Forecasts	Difference (%)
Operating profit	41,039	11,000	+30,039 (+273.1%)
Profit before tax	31,237	1,000	+30,237 (—)
Profit for the year	50,747	14,000	+36,747 (+262.5%)
Basic earnings per share (yen)	28.35	7.82	+20.53 (+262.5%)

<Sales of Main Products>

(Billions of yen)

	FY2023	FY2024	Change
XTANDI	750.5	912.3	+21.6%
PADCEV	85.4	164.1	+92.2%
IZERVAY	12.1	58.3	+380.6%
VEOZAH*1	7.3	33.8	+363.6%
VYLOY	—	12.2	—
XOSPATA	55.1	68.0	+23.4%
BETANIS / MYRBETRIQ / BETMIGA	198.1	170.0	-14.2%
PROGRAF*2	203.1	201.0	-1.0%

<XTANDI>

- Sales expanded in all regions, leading to significant growth in global sales.

<PADCEV>

- Sales expanded in all regions, leading to significant growth in global sales.
- Approved countries of the first-line therapy for patients with metastatic urothelial cancer (1L mUC) expanded and market penetration in each country contributed to sales growth.

<IZERVAY>

- In the United States, where the product has been launched, sales expanded steadily.

<VEOZAH>

- Expansion of launched countries progressed steadily, leading to steady growth in global sales.

<VYLOY>

- Global sales expanded beyond expectation.
- Faster-than-expected market penetration of Claudin 18.2 testing contributed to greater-than-expected sales growth.

<XOSPATA>

- Global sales expanded steadily.

<BETANIS / MYRBETRIQ / BETMIGA>

- Global sales decreased mainly due to the generic entry in the United States.

<PROGRAF>

- Global sales were at the same level as in the previous fiscal year.

*1 VEOZAH: Approved as "VEOZA" in ex-US.

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

<Revenue by region>

Revenue by region is shown in the table below. Revenue in the United States, Established Markets, China and International Markets increased, while revenue in Japan decreased.

(Billions of yen)

	FY2023	FY2024	Change
Japan	270.1	267.0	-1.2%
United States	663.1	866.4	+30.7%
Established Markets ^{*1}	415.6	485.4	+16.8%
China ^{*2}	70.6	78.3	+10.9%
International Markets ^{*3}	177.0	203.5	+15.0%

(Note) Region title of Greater China changed to China from the first three months of FY2024.
In addition, commercial segment of Taiwan was changed from China to International Markets.
Figures on the above table reflect this change.

*1 Established Markets: Europe, Canada, etc.

*2 China: China, Hong Kong.

*3 International Markets: Latin America, Middle East, Africa, South East Asia, South Asia, Russia, Korea, Taiwan, 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, 2025 and the main changes from the end of the previous fiscal year are shown below.

Assets

Total assets as of March 31, 2025 saw a decrease of ¥230.1 billion compared to the end of the previous fiscal year to ¥3,339.5 billion.

<Non-current assets> As of March 31, 2025: ¥2,138.2 billion (a decrease of ¥236.7 billion)

- Property, plant and equipment increased by ¥35.2 billion compared to the end of the previous fiscal year to ¥328.9 billion.
- Goodwill decreased by ¥3.5 billion compared to the end of the previous fiscal year to ¥415.2 billion, and intangible assets decreased by ¥330.1 billion compared to the end of the previous fiscal year to ¥1,123.7 billion.

<Current assets> As of March 31, 2025: ¥1,201.3 billion (an increase of ¥6.6 billion)

- Cash and cash equivalents decreased by ¥147.3 billion compared to the end of the previous fiscal year to ¥188.4 billion.

Equity

Total equity as of March 31, 2025 saw a decrease of ¥82.7 billion compared to the end of the previous fiscal year to ¥1,513.3 billion, making the ratio of equity attributable to owners of the parent to total assets 45.3%.

- While profit for the year stood at ¥50.7 billion, the Company paid ¥129.0 billion of dividends of surplus.

Liabilities

Total liabilities decreased by ¥147.3 billion compared to the end of the previous fiscal year to ¥1,826.3 billion.

<Non-current liabilities> As of March 31, 2025: ¥764.7 billion (an increase of ¥76.8 billion)

- Bonds and borrowings increased by ¥117.2 billion compared to the end of the previous fiscal year to ¥564.9 billion. Of this amount, bonds increased by ¥70.0 billion compared to the end of the previous fiscal year to ¥320.0 billion, and long-term borrowings increased by ¥47.2 billion compared to the end of the previous fiscal year to ¥244.9 billion.

<Current liabilities> As of March 31, 2025: ¥1,061.6 billion (a decrease of ¥224.1 billion)

- Bonds and borrowings decreased by ¥205.7 billion compared to the end of the previous fiscal year to ¥266.5 billion. Of this amount, short-term borrowings decreased by ¥115.4 billion compared to the end of the previous fiscal year to ¥20.0

billion, commercial papers decreased by ¥120.1 billion compared to the end of the previous fiscal year to ¥164.9 billion, current portion of bonds increased by ¥30.0 billion compared to the end of the previous fiscal year to ¥30.0 billion, and current portion of long-term borrowings decreased by ¥0.2 billion compared to the end of the previous fiscal year to ¥51.7 billion.

2) Cash flow

Cash flows from operating activities

Net cash flows from operating activities in FY2024 increased by ¥22.0 billion year-on-year to ¥194.5 billion.

- Income tax paid increased by ¥47.4 billion year-on-year to ¥85.5 billion.

Cash flows from investing activities

Net cash flows used in investing activities in FY2024 was ¥89.4 billion, a decrease in outflow of ¥756.4 billion year-on-year.

Cash flows from financing activities

Net cash flows from financing activities in FY2024 was an outflow of ¥261.4 billion (inflow of ¥614.1 billion in the previous fiscal year).

- Dividends paid increased by ¥12.3 billion year-on-year to ¥129.0 billion.

As a result, cash and cash equivalents totaled ¥188.4 billion as of March 31, 2025, a decrease of ¥147.3 billion compared to the end of the previous fiscal year.

(3) Consolidated business forecasts for FY2025 and other forward-looking statements

The Company's business forecasts for FY2025 are presented on a core basis and full basis. The consolidated full-year business forecasts for are shown below.

Consolidated full-year business forecasts (core basis)

(Millions of yen)

	FY2024 Results	FY2025 Forecasts	Change (%)
Revenue	1,912,323	1,930,000	+17,677 (+0.9%)
Selling, general and administrative expenses	843,032	805,000	-38,032 (-4.5%)
R&D expenses	327,651	342,000	+14,349 (+4.4%)
Core operating profit	392,435	410,000	+17,565 (+4.5%)
Core profit for the year	295,682	304,000	+8,318 (+2.8%)
Basic core earnings per share (yen)	165.17	169.80	+4.63 (+2.8%)

(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 FY2024.

Expected exchange rate for

FY2025 (Forecast)	¥140/US\$	¥160/€
FY2024 (Result)	¥152/US\$	¥164/€

Revenue, core operating profit and core profit for the year are all anticipated to increase. The fluctuations in the exchange rate are anticipated to cause a ¥105.7 billion decrease in revenue and a ¥25.0 billion decrease in core operating profit compared with if the exchange rates of FY2024 were applied, as the exchange rate for FY2025 is anticipated to strengthen against both the U.S. dollar and the euro compared with FY2024 results.

Revenue

- Sales of Strategic Brands*, particularly IZERVAY, PADCEV, and VYLOY, are expected to expand significantly. These gains are anticipated to offset declines in sales of Mirabegron and the impact of foreign exchange, resulting in an overall increase in revenue.

As a result of the above, the revenue forecast is ¥1,930.0 billion (up 0.9% year on year).

* Strategic Brands: PADCEV, IZERVAY, VEOZAH, VYLOY, XOSPATA.

Core operating profit/ Core profit for the year

- Selling, general and administrative expenses are expected to be ¥805.0 billion (down 4.5% year on year), reflecting cost increases due to inflation, which are expected to be offset by cost reduction effects from ongoing cost optimization efforts through SMT**.
- The Company projects R&D expenses of ¥342.0 billion (up 4.4% year on year), reflecting continued investments in lifecycle management of Strategic Brands and in Primary Focus.

As a result of the above, the Company projects core operating profit of ¥410.0 billion (up 4.5% year on year).

Core profit for the year is forecasted at ¥304.0 billion (up 2.8% year on year) and basic core earnings per share is forecasted at ¥169.80 (up 2.8% year on year).

** SMT: Sustainable Margin Transformation.

<Sales of Main Products>

(Billions of yen)

	FY2024 Results	FY2025 Forecasts	Change
XTANDI	912.3	868.0	-4.9%
PADCEV	164.1	200.0	+21.9%
IZERVAY	58.3	105.0	+80.1%
VEOZAH	33.8	50.0	+47.9%
VYLOY	12.2	40.0	+227.9%
XOSPATA	68.0	75.0	+10.3%

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

Consolidated full-year business forecasts (full basis)

(Millions of yen)

	FY2024 Results	FY2025 Forecasts	Change (%)
Revenue	1,912,323	1,930,000	+17,677 (+0.9%)
Operating profit	41,039	160,000	+118,961 (+289.9%)
Profit before tax	31,237	150,000	+118,763 (+380.2%)
Profit for the year	50,747	130,000	+79,253 (+156.2%)
Basic earnings per share (yen)	28.35	72.61	+44.26 (+156.1%)

(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 FY2024.

Expected exchange rate for

FY2025 (Forecast)	¥140/US\$	¥160/€
FY2024 (Result)	¥152/US\$	¥164/€

Operating profit for FY2024 of ¥41.0 billion includes the expenses of ¥351.4 billion (net) that are excluded from core operating profit.

In FY2025, operating profit, profit before tax, and profit for the year are anticipated to increase across the board. Operating profit is anticipated to be ¥160.0 billion, which includes expenses of approximately ¥250.0 billion that are excluded from core operating profit. The main adjustment item is “amortisation of intangible assets” of approximately ¥140.0 billion. In addition, approximately ¥110.0 billion are factored in other expenses such as the risk of impairment losses, expenses related to organizational restructuring, foreign exchange losses, etc.

(4) Capital allocation policy and dividends for FY2024 and FY2025

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 FY2024 is ¥74 per share (including a year-end dividend of ¥37 per share) to shareholders. The Company anticipates that the annual dividend in FY2025 will be ¥78 per share (composed of interim dividend of ¥39 per share and a year-end dividend of ¥39 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 2024	Fiscal year ended 31 March 2025
Revenue	1,603,672	1,912,323
Cost of sales	(292,485)	(349,206)
Gross profit	1,311,187	1,563,117
Selling, general and administrative expenses	(740,110)	(843,032)
Research and development expenses	(294,187)	(327,651)
Amortisation of intangible assets	(98,820)	(136,762)
Gain on divestiture of intangible assets	9,735	1,049
Share of profit (loss) of investments accounted for using equity method	(3,165)	(259)
Other income	8,691	20,344
Other expenses	(167,814)	(235,768)
Operating profit	25,518	41,039
Finance income	11,455	7,874
Finance expenses	(12,005)	(17,677)
Profit before tax	24,969	31,237
Income tax expense	(7,924)	19,510
Profit	17,045	50,747
Profit attributable to:		
Owners of the parent	17,045	50,747
Earnings per share:		
Basic (Yen)	9.51	28.35
Diluted (Yen)	9.47	28.24

(2) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended 31 March 2024	Fiscal year ended 31 March 2025
Profit	17,045	50,747
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(5,868)	3,251
Remeasurements of defined benefit plans	5,965	4,607
Subtotal	96	7,858
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	194,026	(9,716)
Cash flow hedges	(7,682)	—
Hedging cost	2,098	—
Subtotal	188,442	(9,716)
Other comprehensive income	188,538	(1,858)
Total comprehensive income	205,583	48,888
Total comprehensive income attributable to:		
Owners of the parent	205,583	48,888

(3) Consolidated Statement of Financial Position

(Millions of yen)

	As of 31 March 2024	As of 31 March 2025
Assets		
Non-current assets		
Property, plant and equipment	293,742	328,921
Goodwill	418,694	415,207
Intangible assets	1,453,824	1,123,714
Trade and other receivables	20,043	18,453
Investments accounted for using equity method	15,684	18,989
Deferred tax assets	45,594	98,113
Other financial assets	108,694	106,195
Other non-current assets	18,597	28,602
Total non-current assets	2,374,873	2,138,195
Current assets		
Inventories	248,738	297,261
Trade and other receivables	534,985	632,525
Income tax receivable	13,051	13,691
Other financial assets	28,784	29,941
Other current assets	32,241	39,197
Cash and cash equivalents	335,687	188,372
Subtotal	1,193,485	1,200,986
Assets held for sale	1,245	363
Total current assets	1,194,730	1,201,349
Total assets	3,569,603	3,339,544

(Millions of yen)

	As of 31 March 2024	As of 31 March 2025
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	184,070	185,259
Treasury shares	(33,783)	(37,524)
Retained earnings	809,400	740,939
Other components of equity	533,300	521,580
Total equity attributable to owners of the parent	1,595,988	1,513,255
Total equity	1,595,988	1,513,255
Liabilities		
Non-current liabilities		
Bonds and borrowings	447,738	564,893
Trade and other payables	2,199	—
Income tax payable	—	3,230
Deferred tax liabilities	51,346	5,353
Retirement benefit liabilities	24,674	22,746
Provisions	7,369	8,130
Other financial liabilities	105,602	106,759
Other non-current liabilities	48,962	53,569
Total non-current liabilities	687,889	764,679
Current liabilities		
Bonds and borrowings	472,278	266,533
Trade and other payables	185,193	187,840
Income tax payable	38,515	34,549
Provisions	15,700	17,291
Other financial liabilities	97,565	20,144
Other current liabilities	476,474	535,254
Total current liabilities	1,285,725	1,061,610
Total liabilities	1,973,615	1,826,289
Total equity and liabilities	3,569,603	3,339,544

(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 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
Comprehensive income						
Profit	—	—	—	50,747	—	—
Other comprehensive income	—	—	—	—	—	(9,716)
Total comprehensive income	—	—	—	50,747	—	(9,716)
Transactions with owners						
Acquisition of treasury shares	—	—	(6,960)	—	—	—
Disposals of treasury shares	—	(3,136)	3,219	—	(78)	—
Dividends	—	—	—	(128,993)	—	—
Share-based payments	—	4,325	—	—	—	—
Transfer to retained earnings	—	—	—	9,784	—	—
Total transactions with owners	—	1,189	(3,740)	(119,208)	(78)	—
As of 31 March 2025	103,001	185,259	(37,524)	740,939	298	508,585

(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 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
Comprehensive income							
Profit	—	—	—	—	—	50,747	50,747
Other comprehensive income	—	—	3,251	4,607	(1,858)	(1,858)	(1,858)
Total comprehensive income	—	—	3,251	4,607	(1,858)	48,888	48,888
Transactions with owners							
Acquisition of treasury shares	—	—	—	—	—	(6,960)	(6,960)
Disposals of treasury shares	—	—	—	—	(78)	6	6
Dividends	—	—	—	—	—	(128,993)	(128,993)
Share-based payments	—	—	—	—	—	4,325	4,325
Transfer to retained earnings	—	—	(5,177)	(4,607)	(9,784)	—	—
Total transactions with owners	—	—	(5,177)	(4,607)	(9,862)	(131,622)	(131,622)
As of 31 March 2025	—	—	12,697	—	521,580	1,513,255	1,513,255

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended 31 March 2024	Fiscal year ended 31 March 2025
Cash flows from operating activities		
Profit before tax	24,969	31,237
Depreciation and amortisation	157,840	199,132
Impairment losses (reversal of impairment losses)	78,931	187,564
Finance income and expenses	549	9,803
(Increase) decrease in inventories	(60,036)	(50,225)
(Increase) decrease in trade and other receivables	(55,948)	(104,735)
Increase (decrease) in trade and other payables	29,466	(11,409)
Other	34,816	18,622
Subtotal	210,587	279,989
Income tax paid	(38,112)	(85,478)
Net cash flows from operating activities	172,475	194,512
Cash flows from investing activities		
Purchases of property, plant and equipment	(38,056)	(37,003)
Purchases of intangible assets	(44,441)	(20,327)
Proceeds from sales of intangible assets	11,003	1,159
Proceeds from sales of equity instruments	—	12,920
Payments for acquisition of subsidiaries	(784,974)	—
Interest and dividends received	8,850	7,101
Other	1,816	(53,269)
Net cash flows provided by (used in) investing activities	(845,802)	(89,419)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	324,337	(236,449)
Proceeds from issuance of bonds and long-term borrowings	472,275	200,000
Redemption of bonds and repayments of long-term borrowings	(25,379)	(52,073)
Acquisition of treasury shares	(10,735)	(6,960)
Dividends paid to owners of the parent	(116,653)	(128,993)
Repayments of lease liabilities	(13,246)	(13,079)
Other	(16,539)	(23,814)
Net cash flows provided by (used in) financing activities	614,060	(261,367)
Effect of exchange rate changes on cash and cash equivalents	18,113	8,960
Net increase (decrease) in cash and cash equivalents	(41,153)	(147,315)
Cash and cash equivalents at the beginning of the year	376,840	335,687
Cash and cash equivalents at the end of the year	335,687	188,372

(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

The fair values as of 31 March 2024 were provisional as the initial accounting for the business combination was incomplete. As of 31 March 2025, the fair value measurement of assets acquired, liabilities assumed and purchase consideration transferred at the acquisition date is finalized.

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 2024	Fiscal year ended 31 March 2025
XTANDI	750,466	912,288
PROGRAF	203,085	200,998
BETANIS/MYRBETRIQ/BETMIGA	198,066	170,039
Other	452,055	628,999
Total	1,603,672	1,912,323

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 2024	Fiscal year ended 31 March 2025
Japan	286,218	280,106
United States	668,551	871,903
Others	648,903	760,314
Total	1,603,672	1,912,323

(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 2024	As of 31 March 2025
Japan	308,014	273,746
United States	1,734,228	1,447,056
Others	124,018	147,040
Total	2,166,260	1,867,842

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 2024	Fiscal year ended 31 March 2025
McKesson Group	Pharmaceutical	243,433	291,485
Cencora Group	Pharmaceutical	175,018	271,974

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 2024	Fiscal year ended 31 March 2025
Basis of calculating basic earnings per share		
Profit attributable to owners of the parent	17,045	50,747
Profit not attributable to ordinary shareholders of the parent	—	—
Profit used to calculate basic earnings per share	17,045	50,747
Weighted average number of ordinary shares (Thousands of shares)	1,793,276	1,790,205
Basis of calculating diluted earnings per share		
Profit used to calculate basic earnings per share	17,045	50,747
Adjustment	—	—
Profit used to calculate diluted earnings per share	17,045	50,747
Weighted average number of ordinary shares (Thousands of shares)	1,793,276	1,790,205
Effects of dilutive potential ordinary shares (Thousands of shares)	6,384	6,953
Weighted average number of diluted ordinary shares (Thousands of shares)	1,799,660	1,797,159
Earnings per share (attributable to owners of the parent):		
Basic (Yen)	9.51	28.35
Diluted (Yen)	9.47	28.24

Significant subsequent events

Not applicable.