Sumitomo Dainippon Pharma

Innovation today, healthier tomorrows

Investors Meeting Presentation for FY2018

(Year ended March 31, 2019)

May 13, 2019

Hiroshi Nomura, President and CEO
Sumitomo Dainippon Pharma Co., Ltd.

Disclaimer Regarding Forward-looking Statements

This material contains forecasts, projections, targets, 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 preparation of such statements and involve both known and unknown risks and uncertainties.
Accordingly, 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.
Information concerning pharmaceuticals (including compounds under development) contained herein is not intended as advertising or as medical advice.

Financial Results for FY2018

Major Topics in FY2018

FY2018 performance : Decrease in revenue and profit y-o-y due to sales decline in Japan and impairment of intangible assets in North America

Japan	Improved efficiency in manufacturing (consolidated 4 production sites into 2 sites) Declines in revenue and profit due to NHI price revisions and decreases in revenue for long-listed products
North America	LATUDA® ANDA litigations resolved with condition of settlement that generic versions of LATUDA® may enter the market commencing February 20, 2023 (Note that one litigation remains pending) Launched LONHALA® MAGNAIR®. Revenue shortfall in respiratory portfolio
China/ Others	Achieved steady growth
R&D	Success in 3 approvals, 1 NDA submission ・Approval of additional indication for TRERIEF® (Japan) ・Approval of lurasidone (China) ・Approval of RETHIO® (Japan) ・NDA submission of LONASEN® transdermal patch formulation (Japan) Received Complete Response Letters for dasotraline (ADHD) and APL-130277 from FDA Success in pivotal study : Schizophrenia for lurasidone (Japan) Success in POC study : Schizophrenia for SEP-363856 (US) Not successful in POC study : Chronic stroke for SB623 (US) Initiated clinical studies for 4 assets: SEP-378614, TP-1287, TP-3654, Allogeneic iPS cell-derived dopaminergic neuron progenitor (investigator-initiated clinical study) Initiated Phase 2 study for 1 asset: SEP-4199 global study including Japan

Financial Results for FY2018 (Core Basis)

Billions of yen

	FY2017 Results	FY2018 Results	Change			FY2018 Forecasts (2018/10)
			Value	FX rate impact	%	
Revenue	466.8	459.3	(7.6)	(0.1)	(1.6)	467.0
Cost of sales *1	112.3	113.1	0.8	(1.9)	0.7	112.5
Gross profit	354.5	346.2	(8.3)	1.8	(2.4)	354.5
SG&A expenses *1	186.2	186.1	(0.0)	(0.0)	(0.0)	190.5
Core segment profit	168.3	160.0	(8.3)	1.8	(4.9)	164.0
R&D expenses *1	86.9	82.9	(4.0)	0.0	(4.6)	87.0
Other operating income and expenses (Core basis) *2	9.2	0.2	(9.0)	–	(98.1)	0.0
Core operating profit	90.6	77.3	(13.3)	1.8	(14.7)	77.0
Changes in fair value of contingent consideration (negative number indicates loss)	6.4	9.1	2.8			(20.0)
Other non-recurring items *3 (negative number indicates loss)	(8.8)	(28.5)	(19.7)			(4.0)
Operating profit	88.2	57.9	(30.3)		(34.4)	53.0
Net profit attributable to owners of the parent	53.4	48.6	(4.8)		(9.0)	35.0

*1 Exclude non-recurring items (impairment losses, changes in fair value of contingent consideration, etc.)
*2 "P/L on business transfer" and "share of P/L of associates accounted for using equity method"
*3 Non-recurring items ("other operating income and expenses" except for *2 items, impairment losses, etc.)

FX rates: FY2017 Results : 1US$ = ¥ 110.9, 1RMB = ¥16.7
FY2018 Results : 1US$ = ¥ 110.9, 1RMB = ¥16.5

Segment Information (Core Basis)

Billions of yen

		Pharmaceuticals Business					Other Business	Total (Core basis)
		Japan	North America	China	Other Regions	Subtotal		
FY2018 Results	Revenue (Sales to customers)	129.3	252.5	24.7	14.3	420.9	38.4	459.3
	Cost of sales	52.4	21.7	3.7	5.6	83.4	29.7	113.1
	Gross profit	77.0	230.8	21.0	8.7	337.5	8.6	346.2
	SG&A expenses	51.9	116.3	8.7	3.6	180.6	5.6	186.1
	Core segment profit	25.1	114.5	12.3	5.0	157.0	3.1	160.0
	R&D expenses					81.8	1.1	82.9
	Other operating income/expenses					0.2	0.0	0.2
	Core operating profit					75.3	2.0	77.3
FY2017 Results	Revenue (Sales to customers)	143.3	240.8	23.4	16.5	424.0	42.8	466.8
	Cost of sales	51.7	15.1	4.6	7.3	78.7	33.7	112.3
	Gross profit	91.7	225.7	18.9	9.1	345.4	9.1	354.5
	SG&A expenses	51.5	116.2	8.2	4.0	179.8	6.4	186.2
	Core segment profit	40.3	109.5	10.7	5.1	165.6	2.7	168.3
	R&D expenses					85.8	1.1	86.9
	Other operating income/expenses					9.2	0.0	9.2
	Core operating profit					89.0	1.6	90.6
Change	Revenue (Sales to customers)	(14.0)	11.8	1.3	(2.2)	(3.2)	(4.4)	(7.6)
	SG&A expenses	0.4	0.1	0.6	(0.4)	0.8	(0.8)	(0.0)
	Core segment profit	(15.2)	5.0	1.6	(0.1)	(8.7)	0.4	(8.3)
	Core operating profit					(13.7)	0.4	(13.3)

Core segment profit in Japan decreased significantly due to revenue decline.

In North America and China, both revenue and profit increased.

Revenue of Major Products in Japan

Billions of yen

	FY2017 Results	FY2018 Results	Change	
			Value	%
Trulicity® *	15.9	23.1	7.2	45.1
TRERIEF®	16.1	15.7	(0.4)	(2.5)
LONASEN®	12.6	12.2	(0.4)	(3.4)
REPLAGAL®	11.7	12.5	0.8	7.0
METGLUCO®	10.9	10.1	(0.8)	(7.5)
SUREPOST®	5.0	6.1	1.0	20.4
AmBisome®	4.3	4.0	(0.3)	(6.0)
Promoted products Total	76.6	83.7	7.1	9.3
AIMIX®	18.8	8.2	(10.6)	(56.3)
AVAPRO®	8.4	2.8	(5.6)	(66.8)
AMLODIN®	11.4	9.1	(2.3)	(20.2)
PRORENAL®	5.4	4.0	(1.4)	(26.0)
GASMOTIN®	4.9	3.8	(1.1)	(23.3)
AG products	0.7	5.5	4.9	707.0
Others	17.2	12.2	(5.0)	(29.2)
Total	143.3	129.3	(14.0)	(9.8)

Trulicity® grew significantly and other promoted products have done well in spite of NHI price revision.

AIMIX® and AVAPRO® decreased due to GEs erosion. AG products showed growth.

Impact of NHI price revision was 8.4 billion yen.

Note: Sales of each product above are shown on an invoice price basis (* Trulicity® is shown on NHI price basis).

Revenue of Major Products in North America & China

	FY2017 Results	FY2018 Results	Change	FY2017 Results	FY2018 Results	Change		
						Value	FX rate impact	%
North America	Million $			Billion yen				
LATUDA®	1,611	1,663	52	178.6	184.5	5.9	0.1	3.3
BROVANA®	299	304	5	33.1	33.7	0.6	0.0	1.7
APTIOM®	141	185	44	15.7	20.5	4.8	0.0	30.9
LONHALA® MAGNAIR®	–	13	13	–	1.4	1.4	–	–
Therapeutic agent for COPD (in-licensed 3 products) *	5	5	(0)	0.5	0.5	(0.0)	0.0	(2.1)
XOPENEX®	36	42	6	4.0	4.6	0.6	0.0	15.8
Others	80	66	(15)	8.9	7.3	(1.6)	0.0	(18.7)
Total	2,172	2,277	105	240.8	252.5	11.8	0.2	4.9
China	Million RMB			Billion yen				
MEROPEN®	1,216	1,284	68	20.4	21.2	0.9	(0.3)	4.4
Others	185	212	27	3.1	3.5	0.4	(0.0)	13.5
Total	1,401	1,496	96	23.4	24.7	1.3	(0.3)	5.6

LATUDA® and APTIOM® sales showed growth.

Sales remained strong including MEROPEN®.

* UTIBRON®, SEEBRI®, ARCAPTA®

FX rates: FY2017 Results : 1US$ = ¥ 110.9, 1RMB = ¥16.7
FY2018 Results : 1US$ = ¥ 110.9, 1RMB = ¥16.5

Financial Forecasts for FY2019

Financial Forecasts for FY2019 (Core Basis)

Billions of yen

	FY2018 Results	FY2019 Forecasts	Change Value	Change %
Revenue	459.3	460.0	0.7	0.2
Cost of sales *1	113.1	116.0	2.9	2.6
Gross profit	346.2	344.0	(2.2)	(0.6)
SG&A expenses *1	186.1	181.0	(5.1)	(2.8)
Core segment profit	160.0	163.0	3.0	1.9
R&D expenses *1	82.9	86.0	3.1	3.8
Other operating income and expenses (Core basis) *2	0.2	–	(0.2)	–
Core operating profit	77.3	77.0	(0.3)	(0.4)
Changes in fair value of contingent consideration (negative number indicates loss)	9.1	(7.0)	(16.1)	
Other non-recurring items *3 (negative number indicates loss)	(28.5)	(1.0)	27.5	
Operating profit	57.9	69.0	11.1	19.2
Net profit attributable to owners of the parent	48.6	49.0	0.4	0.8
R O E (%)	10.2	9.5		
R O I C (%)	11.8	9.9		

Unchanged revenue from FY2018

Increase in core segment profit
Increase in R&D expenses
Unchanged core operating profit from FY2018

Increase in operating profit
(Impairment loss of intangible assets recorded in FY2018)

*1 Exclude non-recurring items (impairment losses, changes in fair value of contingent consideration, etc.)
*2 "P/L on business transfer" and "share of P/L of associates accounted for using equity method"
*3 Non-recurring items ("other operating income/ expenses" except for *2 items, impairment, etc.)

FX rates: FY2018 Results : 1US$ = ¥ 110.9, 1RMB = ¥16.5
FY2019 Forecasts : 1US$ = ¥ 110.0, 1RMB = ¥16.5

Segment Information (Core Basis)

Billions of yen

		Pharmaceuticals Business					Other Business	Total (Core basis)
		Japan	North America	China	Other Regions	Subtotal		
FY2019 Forecasts	Revenue (Sales to customers)	119.3	260.0	27.0	13.7	420.0	40.0	460.0
	Cost of sales	50.8	23.2	5.5	5.2	84.7	31.3	116.0
	Gross profit	68.5	236.8	21.5	8.5	335.3	8.7	344.0
	SG&A expenses	50.0	112.8	9.5	3.2	175.5	5.5	181.0
	Core segment profit	18.5	124.0	12.0	5.3	159.8	3.2	163.0
	R&D expenses					85.0	1.0	86.0
	Core operating profit					74.8	2.2	77.0
FY2018 Results	Revenue (Sales to customers)	129.3	252.5	24.7	14.3	420.9	38.4	459.3
	Cost of sales	52.4	21.7	3.7	5.6	83.4	29.7	113.1
	Gross profit	77.0	230.8	21.0	8.7	337.5	8.6	346.2
	SG&A expenses	51.9	116.3	8.7	3.6	180.6	5.6	186.1
	Core segment profit	25.1	114.5	12.3	5.0	157.0	3.1	160.0
	R&D expenses					81.8	1.1	82.9
	Core operating profit					75.3	2.0	77.3
Change	Revenue (Sales to customers)	(10.0)	7.5	2.3	(0.6)	(0.9)	1.6	0.7
	SG&A expenses	(1.9)	(3.5)	0.8	(0.4)	(5.1)	(0.1)	(5.1)
	Core segment profit	(6.6)	9.5	(0.3)	0.3	2.8	0.1	3.0
	Core operating profit					(0.5)	0.2	(0.3)

Decrease in revenue and profit in Japan is expected to be offset by North America's increase

Revenue of Major Products in Japan

Billions of yen

	FY2018 Results	FY2019 Forecasts	Change	
			Value	%
Trulicity® *	23.1	28.2	5.1	22.1
TRERIEF®	15.7	17.1	1.4	9.2
REPLAGAL®	12.5	11.8	(0.7)	(6.0)
METGLUCO®	10.1	9.3	(0.8)	(7.5)
SUREPOST®	6.1	6.2	0.1	2.3
AmBisome®	4.0	3.9	(0.1)	(3.5)
LONASEN® patch	−	1.8	1.8	−
Promoted products Total	71.5	78.3	6.8	9.6
AMLODIN®	9.1	7.5	(1.6)	(17.7)
LONASEN® tablet/powder	12.2	5.2	(7.0)	(57.4)
AIMIX®	8.2	3.7	(4.5)	(54.9)
PRORENAL®	4.0	3.3	(0.7)	(17.5)
GASMOTIN®	3.8	3.1	(0.7)	(17.5)
AG products	5.5	6.9	1.3	23.6
Others	15.0	11.3	(3.7)	(24.6)
Total	129.3	119.3	(10.0)	(7.7)

Note: Sales of each product above are shown on an invoice price basis (* Trulicity® is shown on NHI price basis).

Trulicity® expected to continue to grow.

LONASEN® patch expected to be launched

Anticipated GEs of LONASEN® tablet/powder
AG products expected to be launched from Sumitomo Dainippon Pharma

A certain impact of NHI price revision is estimated.

Revenue of Major Products in North America & China

	FY2018 Results	FY2019 Forecasts	Change	FY2018 Results	FY2019 Forecasts	Change	
						Value	%
North America	Million $			Billion yen			
LATUDA®	1,663	1,721	58	184.5	189.3	4.8	2.6
BROVANA®	304	300	(4)	33.7	33.0	(0.7)	(2.1)
APTIOM®	185	205	20	20.5	22.5	2.0	9.7
LONHALA® MAGNAIR®	13	38	25	1.4	4.2	2.8	192.9
XOPENEX®	42	37	(5)	4.6	4.1	(0.5)	(11.0)
Others	71	63	(8)	7.8	6.9	(0.9)	(11.6)
Total	2,277	2,364	87	252.5	260.0	7.5	3.0
China	Million RMB			Billion yen			
MEROPEN®	1,284	1,370	86	21.2	22.6	1.4	6.4
Others	212	266	54	3.5	4.4	0.9	25.4
Total	1,496	1,636	140	24.7	27.0	2.3	9.1

LATUDA®, LONHALA® MAGNAIR®, APTIOM® expected to grow

MEROPEN® remains a driver of China segment

FX rates: FY2018 Results : 1US$ = ¥ 110.9, 1RMB = ¥16.5
FY2019 Forecasts : 1US$ = ¥ 110.0, 1RMB = ¥16.5

Investment / Dividend Policy

Financial / Investment Policy

R&D investments	Total ¥450 billion for 5 years (FY2018-2022)
Strategic investment	Enabling investment of ¥300 to 600 billion in M&A opportunities in 5 years (FY2018-2022)

Dividend Policy

- Maintain a consistent payment policy but also consider reflecting any improvement in the Company's performance
- 5-year average payout ratio: 20% or higher

	FY2017 actual	FY2018 plan	FY2019 plan
Dividend per share (yen)	28.00	28.00	28.00
Payout ratio (%)	20.8	22.9	22.7
Return on Invested Capital (ROIC) (%)	12.1	11.8	9.9
Return on Equity (ROE) (%)	12.4	10.2	9.5

ROIC: (core operating profit – income taxes) / (capital + interest-bearing liabilities)

Activities for FY2019

Activities in Japan, North America, China and Asia

Japan: Build foundation to achieve ¥200 billion annual revenue target during the next MTBP period (FY2023-FY2027)

- Maximize product value of Trulicity® and TRERIEF®
- Prepare launch and early penetration of LONASEN® (transdermal patch) in cross-functional team led by Japan Business Unit
- Prepare structure of oncology franchise for RETHIO® (plan to launch) and napabucasin
- Promote in-license and M&A

North America: Establish post- LATUDA® growth trajectory

- Maximize product value of LATUDA®
- Accelerate and achieve early contribution of LONHALA® MAGNAIR® profit, and promotion of activities for publishing formularies
- Prepare for approval of apomorphine
- Examine strategic investments and alliances in preparation for post-LATUDA® era

China and Asia: Expand presence in growth markets

- China: Maximize revenue from MEROPEN®, early penetration of LONASEN® and LATUDA®
- Southeast Asia: Ensure successful launch of MEROPEN® and LATUDA®

Corporate Governance and Digital Innovation

Strengthen Corporate Governance

- Improve the effectiveness of the board of directors
  - ✓ Introduce external evaluation in the assessment of effectiveness
- Promote diversity among directors
  - ✓ Directors: 8, including 3 outside directors

    Yutaka Atomi: Medical doctor
    Saeko Arai: Certified public accountant/corporate executive
    Nobuhiro Endo: Corporate executive (new candidate, expected to be appointed in June 2019)

Promote digital innovation and “Work style innovation”

- Promote AI (artificial intelligence) and data utilization systems
  - ✓ Identify and promote priority projects
  - ✓ Acquire and develop human resources contributing to various problem solutions (digital talents)
- Promote work innovation by RPA (robotic process automation) and VR (virtual reality)
  - ✓ Promote high efficiency
  - ✓ Create innovation and frontier business
- Strengthen “CHANTO” by utilizing the digital workplace and improve work satisfaction
  - ✓ Share knowledge and “know-how” within the organization and cross-functional teams
  - ✓ Enhance communication between management and employees, and strengthen solidarity between employees

Research and Development

Development Pipeline (as of May 2019)

Sumitomo Dainippon Pharma

: Psychiatry & Neurology : Oncology : Regenerative medicine / cell therapy : Others

Revisions since the announcement of January 2019 are shown in red.

Area	Phase 1		Phase 2	Phase 3	NDA submitted
Japan	**dasotraline** (ADHD) **SEP-363856** (Schizophrenia) **EPI-589** (ALS)	**alvocidib** (AML) **TP-0903** (Solid tumors)	**amcasertib** (Solid tumors) **DSP-7888** (Solid tumors / Hematologic malignancies) **SEP-4199** (Bipolar I depression) **Allo iPS cell-derived products** (Parkinson's disease) Investigator-initiated clinical study	**lurasidone** (Schizophrenia / Bipolar I depression) **EPI-743** (Leigh syndrome) **napabucasin** (Colorectal cancer / Pancreatic cancer) **imeglimin** (Type 2 diabetes)	**LONASEN®** (Schizophrenia /Transdermal patch) **RETHIO®** (Conditioning treatment prior to autologous HSCT for malignant lymphoma)
U.S.	**DSP-6745** (Parkinson's disease psychosis) **SEP-378608** (Bipolar disorder) **DSP-3905** (Neuropathic pain) **SEP-378614** (Treatment resistant depression) **SEP-380135** (Agitation in Alzheimer's disease)	**alvocidib** (AML / MDS) **TP-0903** (Solid tumors / Hematologic malignancies) **DSP-0509** (Solid tumors) **TP-0184** (Solid tumors) **DSP-0337** (Solid tumors) **TP-1287** (Solid tumors) **TP-3654** (Solid tumors)	**EPI-589** (Parkinson's disease / ALS) **SEP-363856** (Schizophrenia / (Parkinson's disease psychosis) **SEP-4199** (Bipolar I depression) **alvocidib** (r/r AML) **amcasertib** (Solid tumors) **DSP-7888** (Solid tumors / Hematologic malignancies) **SB623** (Chronic stroke)	**dasotraline** (BED) **napabucasin** (Colorectal cancer / Pancreatic cancer)	**dasotraline** (ADHD) Development strategy under consideration **apomorphine** (OFF episodes associated with Parkinson's disease) Received Complete Response Letter

Clinical Development Status (Major Changes since January 31, 2019)

- **SEP-363856**
  U.S : Received Breakthrough Therapy Designation* from the FDA based on positive Phase 2 result

- **SEP-380135**
  U.S. : Started Phase 1 study (proposed indication : agitation in Alzheimer's disease)
  ✓ Novel CNS-active compound discovered using a unique discovery platform

- **DSP-2230**
  Deleted from the table due to carve out (U.S. and Japan : Phase 1 study for neuropathic pain)
  ➢ Licensed out to AlphaNavi Pharma, a biotech company carved out from Sumitomo Dainippon Pharma

- **RETHIO® (thiotepa)** [Development for the use of unapproved or off-labeled drugs]
  Japan : Approved in March 2019 for conditioning treatment prior to autologous HSCT for pediatric solid tumors
  Japan : sNDA submitted in March 2019 for conditioning treatment prior to autologous HSCT for malignant lymphoma

- **TP-0903**
  Japan : Started Phase 1 study for solid tumors

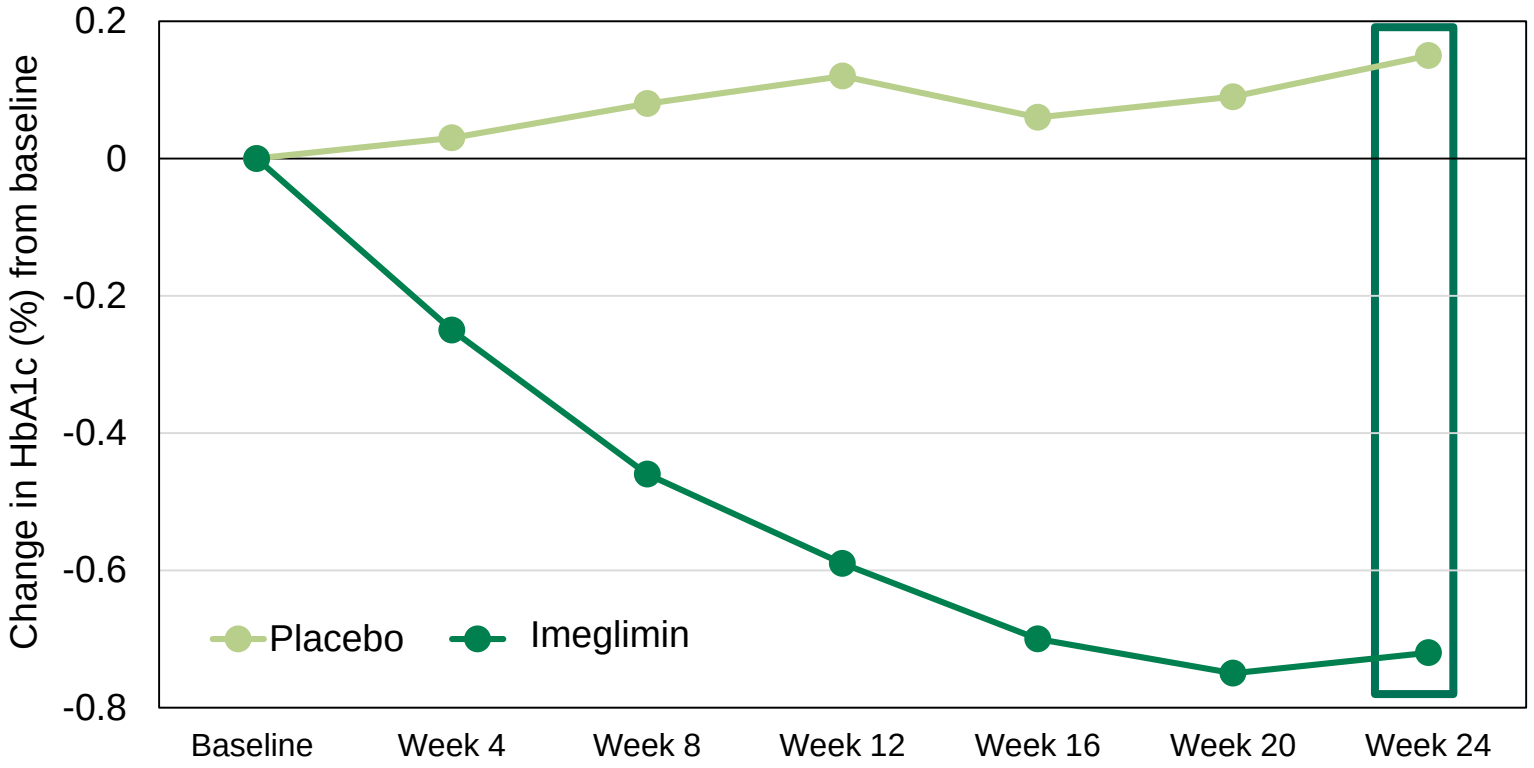
- **Imeglimin**
  Japan : Obtained positive topline results from Phase 3 study (TIMES 1) for Type 2 diabetes

*Breakthrough Therapy Designation is intended to expedite the development and review of drugs for serious or life-threatening conditions.

Imeglimin : Type 2 Diabetes Phase 3 Study Results（TIMES 1）

- **Study design :** Randomized, double-blind, placebo-controlled study (monotherapy) (1,000 mg twice-daily)

- **Efficacy :** Met primary endpoint



Primary endpoint:
Difference of change in HbA1c from baseline at week 24 between imeglimin (N=106) and placebo (N=106) groups: -0.87% (p<0.0001)

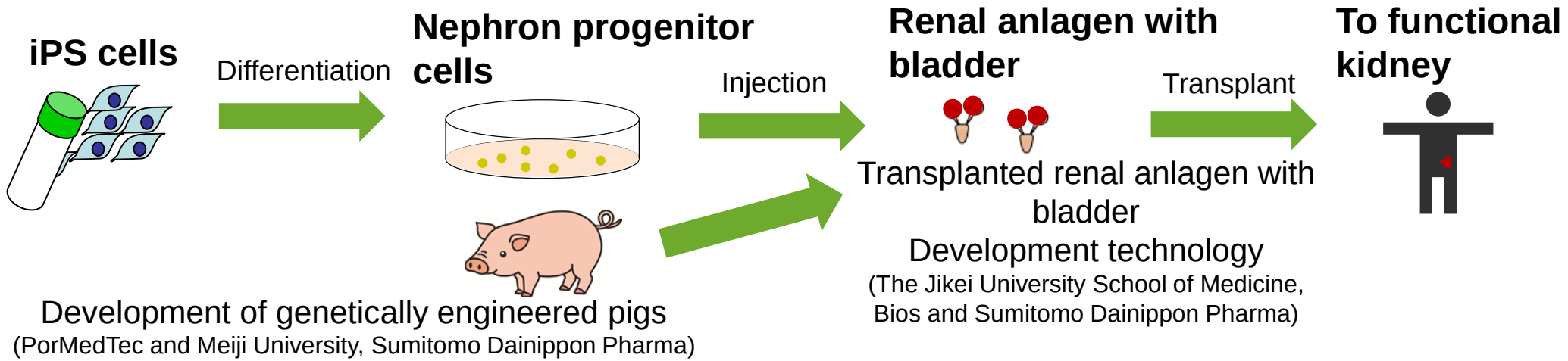
- **Safety :** Imeglimin was generally well-tolerated, adverse events were similar to previous studies

- **Future plan :** The results of the other two Phase 3 studies (TIMES 2 and TIMES 3) will be obtained in 2019
  Plan to submit NDA in FY2020 in Japan based on those results

Renal Regeneration Project Using iPS Cells

Started collaborative efforts including joint research and development with the goal of developing renal regenerative medicine

Main area	Responsible organization
Basic research on the clinical application of renal regenerative medicine using the organogenic niche method; the development of techniques for transplanting renal anlagen with bladder	The Jikei University School of Medicine, Bios and Sumitomo Dainippon Pharma
Development of genetically engineered pigs for human renal regenerative medicine	PorMedTec and Meiji University, Sumitomo Dainippon Pharma



Aim to launch before FY2027 in Japan

Main Event / Target for FY2019

Psychiatry & Neurology	• LONASEN® (New formulation : transdermal patch) : Obtain approval for schizophrenia in Japan • Lurasidone : Submit NDA for schizophrenia and bipolar l depression in Japan • Dasotraline : Determine development strategy for ADHD in the U.S., NDA submission for BED in the U.S. • Apomorphine : Resubmit NDA for OFF episodes associated with Parkinson's disease in the U.S. • SEP-363856 : Start Phase 3 study in the U.S. and Phase 2 study in Japan
Oncology	• Napabucasin : Promote global Phase 3 studies for colorectal cancer and pancreatic cancer (For both cancers, recruiting of patients completed in FY2018, interim analysis scheduled in H1 FY2019)
Regenerative medicine / Cell therapy	• SB623 : Determine development policy for chronic stroke in the U.S. • Allogeneic iPS cell-derived products（AMD: age-related macular degeneration) : Start clinical study
Other	• Imeglimin：Obtain two Phase 3 study results (TIMES 2 and TIMES 3) in Japan
Infectious Diseases	• Promote joint research with academia and others (antimicrobial resistance (AMR), universal influenza vaccines , malaria vaccines)
Frontier	• Promotion of the current themes (MELTIN, Aikomi), development of new themes

Appendices

＜Contents＞

Financial Results for FY2018 (Full Basis)

Billions of yen

	FY2017 Results	FY2018 Results	Change	
			Value	%
Revenue	466.8	459.3	(7.6)	(1.6)
Cost of sales	112.3	113.6	1.2	1.1
Gross profit	354.5	345.7	(8.8)	(2.5)
SG&A expenses	183.7	180.4	(3.2)	(1.7)
R&D expenses	86.9	102.4	15.4	17.8
Other operating income and expenses	4.3	(5.0)	(9.3)	
Operating profit	88.2	57.9	(30.3)	(34.4)
Finance income and costs	(3.3)	7.2	10.5	
Income tax expenses	31.4	16.4	(15.0)	
Net profit attributable to owners of the parent	53.4	48.6	(4.8)	(9.0)

Adjustments to Core Operating Profit

FY2018 Results

Billions of yen

IFRS Full Basis		Adjusted amount
Revenue	459.3	
Cost of sales	113.6	(0.4)
Gross profit	345.7	0.4
SG&A expenses	180.4	5.7
R&D expenses	102.4	(19.5)
Other operating income and expenses	(5.0)	5.2
Operating profit	57.9	19.4

IFRS Core Basis		Adjusted items
Revenue	459.3	
Cost of sales	113.1	
Gross profit	346.2	
SG&A expenses	186.1	Changes in fair value of contingent consideration 9.1 Impairment loss (3.4)
R&D expenses	82.9	Impairment loss (19.5)
Other operating income and expenses *1 (profit/loss on business transfer, share of profit/loss of associates accounted for using equity method)	0.2	Restructuring cost 3.8
Core operating profit	77.3	
Changes in fair value of contingent consideration (Positive number indicates profit)	9.1	From SG&A expenses 9.1
Other non-recurring items *2 (Negative number indicates loss)	(28.5)	Restructuring cost (3.8) Impairment loss (23.0)

IFRS Full Basis : Each item is shown by original financial value under IFRS

IFRS Core Basis : Each item is shown by value after adjustment for calculating core operating profit

*1 "P/L on business transfer" and "share of P/L of associates accounted for using equity method" included in "other operating income and expenses" are used for calculation for core operating profit.

*2 Non-recurring items including "other operating income and expenses" except for *1 items, and impairment losses, etc.

Financial Position / Cash Flows

Billions of yen

Financial Position	As of March 31, 2018	As of March 31, 2019	Change
Assets	809.7	834.7	25.0
Non-current assets	461.1	461.4	0.3
Current assets	348.6	373.3	24.7
Liabilities	357.0	336.6	(20.4)
Non-current liabilities	146.7	138.4	(8.3)
Current liabilities	210.2	198.2	(12.1)
Equity	452.7	498.1	45.4
Shareholders' equity ratio	55.9%	59.7%	

Cash Flows	FY2017	FY2018	Change
Operating CF	93.4	48.7	(44.7)
Investment CF	(16.5)	(35.0)	(18.5)
Financial CF	(29.6)	(28.6)	1.0
Cash / Cash equivalents	147.8	137.3	(10.5)
Operating funds	169.0	180.0	11.0
FX rate at end of period $1=	106.3	111.0	

【Assets】

Goodwill / Intangible assets	(14.0)
Deferred tax assets	9.1
Other financial assets (current)	21.7

【Liabilities】

Bonds/Borrowings (current/non-current)	(16.5)
Contingent consideration (current/non-current)	(5.3)
Trade and other payables (current)	(9.5)
Provisions (current)	7.7

【Operating CF】

Decrease in profit before tax	(19.8)
Decrease in trade / other payables	(21.4)
Increase in income taxes paid	(9.7)

【Investment CF】

Increase in short-term loan receivable	(15.6)

Product Launch Target (as of May 2019)

Area	FY2019	FY2020	FY2021	FY2022	FY2023
Japan	**LONASEN®** (Schizophrenia / Transdermal patch)	**lurasidone** (Schizophrenia / Bipolar depression)	**napabucasin** (Colorectal cancer / Pancreatic cancer)	**Allo iPS cell-derived products** *2 (AMD)	
	RETHIO® (Conditioning treatment prior to autologous HSCT for malignant lymphoma)		**imeglimin** (Type 2 diabetes)	**Allo iPS cell-derived products** *2 (Parkinson's disease)	
U.S.	**dasotraline** (ADHD) Launch target under consideration	**Apomorphine** (OFF episodes associated with Parkinson's disease)	**napabucasin** (Colorectal cancer / Pancreatic cancer)	**SB623** *2 (Chronic stroke) Launch target under consideration	**SEP-363856** (Schizophrenia)
		dasotraline (BED)			**TP-0903** *1 (Solid tumors / Hematologic malignancies)
		alvocidib *1 (AML)			**TP-0184** *1 (Solid tumors)

: Psychiatry & Neurology : Oncology
: Regenerative medicine / cell therapy : Others

Expect peak annual sales to be 50 billion yen or more (described in the first launch)

*1 Premise to utilize an application of accelerated approval program (Plan to consult with the FDA)

*2 Launch schedule is based on our goal pending agreement with partners

Regenerative Medicine/Cell Therapy Business Plan (as of May 2019)

Proposed indication, etc.	Partnering	Region (planned)	Cell type	status
Chronic stroke (SB623)	SanBio	North America	Allo mesenchymal stem cell	**Completed Phase 2b study Development strategy and launch target under consideration**
AMD (age-related macular degeneration)	Healios RIKEN	Japan	Allo iPS cell-derived retinal pigment epithelium	**In progress: clinical research Preparing to start clinical study**
Parkinson's disease (Designated as a "SAKIGAKE")	Kyoto University CiRA	Global	Allo iPS cell-derived dopamine neural progenitor	**In progress: investigator-initiated clinical study (Phase 1 / 2 study) (Japan)**
Retinitis pigmentosa	RIKEN	Global	Allo iPS cell-derived photoreceptor (3D)	**Preparing to start clinical research**
Spinal cord injury	Keio University Osaka National Hospital	Global	Allo iPS cell-derived neural progenitor	**In progress: clinical research**
Kidney failure	Jikei University Bios PorMedTec	Japan, North America	Auto/ Allo iPS cell-based induced nephron progenitor cells (organ)	**In progress: pre-clinical study**

Aim to launch in FY2022 *

* Launch schedule is based on our goal pending agreement with partners.

Sumitomo Dainippon Pharma

Innovation today, healthier tomorrows