



Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2024 [IFRS]

July 31, 2023

Company Name:	SUMITOMO PHARMA CO., LTD.
Stock Exchange Listings:	Tokyo
Security Code Number:	4506 (URL https://www.sumitomo-pharma.com)
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Filing Date of Quarterly Financial Report:	August 3, 2023
Starting Date of Dividend Payments:	—
Preparation of Supplementary Financial Data for Quarterly Financial Results:	Yes
Information Meeting for Quarterly Financial Results to be held:	Yes (for institutional investors, analysts and the press)

(Note: All amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2024 (April 1, 2023 to June 30, 2023)

(1) Results of Operations

(% represents changes from the previous year)

	Revenue		Core operating profit		Operating profit		Net profit		Net profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	75,686	(52.7)	(33,511)	—	(51,567)	—	(38,862)	—	(38,865)	—	13,022	(82.6)
Three months ended June 30, 2022	159,876	21.9	13,390	57.2	14,614	75.9	28,091	—	31,108	547.8	74,839	—

Reference: Profit before taxes Three months ended June 30, 2023: ¥(31,052) million
Three months ended June 30, 2022: ¥46,610 million

"Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors that the Group designates (hereinafter referred to as "Non-recurring Items")

	Basic earnings per share	Earnings per share (diluted)
	Yen	Yen
Three months ended June 30, 2023	(97.82)	—
Three months ended June 30, 2022	78.30	—

(2) Financial Position

	Total assets	Net assets	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of June 30, 2023	1,140,702	417,023	416,987	36.6	1,049.57
As of March 31, 2023	1,134,742	406,782	406,749	35.8	1,023.80

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	—	14.00	—	7.00	21.00
Year ending March 31, 2024	—				
Year ending March 31, 2024 (Forecasts)		0.00	—	0.00	0.00

Note: Revision of dividend forecasts from the latest announcement: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% represents changes from the corresponding period of the previous year)

	Net sales		Core operating profit		Operating profit		Net profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2024	362,000	(34.8)	(62,000)	—	(78,000)	—	(80,000)	—	(201.36)

Note: Revision of consolidated financial forecasts from the latest announcement: None

Notes:

- (1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation): Yes
(New: None)
(Excluded: 1 company) Myovant Sciences Ltd.
- (2) Changes in accounting policies and accounting estimates
- ① Changes in accounting policy required by IFRS: None
 - ② Changes in accounting policy other than (2),①: None
 - ③ Changes in accounting estimates: None
- (3) Number of shares issued (Common stock)
- ① Number of shares issued (Including treasury stock) at the end of period
 - June 30, 2023: 397,900,154 shares
 - March 31, 2023: 397,900,154 shares
 - ② Number of treasury stock at the end of period
 - June 30, 2023: 608,688 shares
 - March 31, 2023: 608,365 shares
 - ③ Average number of shares outstanding during the period
 - June 30, 2023: 397,291,552 shares
 - June 30, 2022: 397,292,798 shares

This summary of financial results is exempt from audit procedures.

Explanation for Appropriate Use of Forecasts and Other Notes:

This material contains forecasts, projections, goals, plans, and other forward-looking statements regarding the Group's financial results and other data. Such forward-looking statements are based on the Company's assumptions, estimates, outlook, and other judgments made in light of information available at the time of disclosure of such statements and involve both known and unknown risks and uncertainties. Accordingly, forecasts, plans, goals, and other statements may not be realized as described, and actual financial results, success/failure or progress of development, and other projections may differ materially from those presented herein. Please refer to page 4 of attachment Documents, "1. Qualitative Information for the Three Months Ended June 30, 2023 (4) Qualitative Information on Consolidated Financial Forecasts".

Information concerning pharmaceuticals and medical devices (including those under development) contained herein is not intended as advertising or as medical advice.

Supplementary financial data and the presentation materials for the earnings presentation are disclosed together with this summary.

The Company holds an earnings presentation for institutional investors, analysts and the press on Monday July 31, 2023. The audio of the presentation will be posted on its website promptly after the presentation.

【Attachment Documents】

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1. Qualitative Information for the Three Months Ended June 30, 2023

The Group discloses its consolidated financial statements that are prepared in accordance with International Financial Reporting Standards (IFRS).

Forward-looking statements contained herein are based on the Group's judgments in light of information available as of the last day of the three-month period.

(1) Qualitative Information on Business Results

(About the performance indicator of "Core operating profit")

The Group has set an original indicator to show the Company's recurring profitability in the form of "Core operating profit". "Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors that the Group designates (hereinafter referred to as "Non-recurring Items"). Main Non-recurring Items are impairment losses, business structure improvement expenses, and changes in fair value of contingent consideration related to company acquisitions.

Highlights of the Group's consolidated financial results for the first three months of the fiscal year ending March 31, 2024 are as follows:

	(Billions of yen)			
	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	Change %
Revenue	159.9	75.7	(84.2)	(52.7)
Core operating profit	13.4	(33.5)	(46.9)	—
Operating profit	14.6	(51.6)	(66.2)	—
Profit before taxes	46.6	(31.1)	(77.7)	—
Net profit	28.1	(38.9)	(67.0)	—
Net profit attributable to owners of the parent	31.1	(38.9)	(70.0)	—

■ **Revenue decreased by 52.7% year-on-year to 75.7 billion yen.**

Decline in revenue mainly due to the impact of the loss of exclusivity for LATUDA® in the U.S. and Sumitomo Pharma Food & Chemical Co., Ltd. was excluded from the Group along with the transfer of all shares.

■ **Core operating profit (loss) was (33.5) billion yen, a decrease in profit by 46.9 billion yen year-on-year.**

The Group posted a core operating loss owing to the sheer magnitude of the decrease in gross profit on account of a revenue decline, despite a decrease in selling, general and administrative expenses, as well as the recording of other income resulting from the transfer of the shares of Sumitomo Pharma Animal Health Co., Ltd.

■ **Operating profit (loss) was (51.6) billion yen, a decrease in profit by 66.2 billion yen year-on-year.**

The Group posted an operating loss owing to the recording of the core operating loss, as well as business structure improvement expenses due to the combination of the group companies in North America.

■ **Profit (loss) before taxes was (31.1) billion yen, a decrease in profit by 77.7 billion yen year-on-year.**

The Group posted a loss before taxes as the recording of forex gains due to the yen's depreciation was outweighed by the decrease in operating profit.

■ **Net profit (loss) was (38.9) billion yen, a decrease in profit by 67.0 billion yen year-on-year.**

Net profit decreased as well, as profit before taxes decreased.

■ **Net profit (loss) attributable to owners of the parent was (38.9) billion yen, a decrease in profit by 70.0 billion yen year-on-year.**

Net profit (loss) attributable to owners of the parent – the amount of net profit less the amount of profit attributable to non-controlling interests – decreased as well, due to the sheer magnitude of the decrease in net profit.

(About the segment performance indicator of "Core segment profit")

For segment performance, the Group has set an original performance indicator to show each segment's recurring profitability in the form of "Core segment profit".

"Core segment profit" is each segment profit calculated by deducting from "Core operating profit" any items such as R&D expenses and gains and losses on business transfers, which are managed globally and thus cannot be allocated to individual segments.

Status of each reportable segment

With the change in the reportable segments from the three months ended June 30, 2023, comparisons are made by reclassifying entries for the corresponding period of the previous fiscal year according to the new reportable segments. For details of the change in the reportable segments, please see "2. Condensed Consolidated Financial Statements and Major Notes, (5) Notes to Condensed Consolidated Financial Statements (Segment Information), (2) Changes in Reportable Segments."

[Japan segment]

■ **Revenue decreased by 41.7% year-on-year to 30.4 billion yen.**

Revenue showed a decrease owing to the conclusion of the sales collaboration for Trulicity® (therapeutic agent for type 2 diabetes) in December 2022, the reaction to the recognition as revenue of an upfront payment received in consideration of the license agreement in the corresponding period of the previous fiscal year, and Sumitomo Pharma Food & Chemical Co., Ltd. was excluded from group company along with the transfer of all shares at the end of March 2023, despite growing sales of LATUDA® (atypical antipsychotic), TWYMEEG® (therapeutic agent for type 2 diabetes), and other products.

■ **Core segment profit decreased by 68.0% year-on-year to 2.8 billion yen.**

This decrease is attributable to the decrease in gross profit on account of a revenue decline.

[North America segment]

■ **Revenue decreased by 62.7% year-on-year to 35.5 billion yen.**

Revenue showed a decrease owing to the impact of the loss of exclusivity for LATUDA® in the U.S. in February 2023, despite growing sales of ORGOVYX® (therapeutic agent for advanced prostate cancer), MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis), and GEMTESA® (therapeutic agent for overactive bladder).

■ **Core segment profit (loss) was (23.7) billion yen, a decrease in profit by 46.8 billion yen year-on-year.**

Core segment profit showed a decrease as the reduction in selling, general and administrative expenses, primarily owing to the loss of exclusivity for LATUDA®, was outweighed by the decrease in gross profit on account of a revenue decline.

[Asia Segment]

■ **Revenue decreased by 22.1% year-on-year to 9.9 billion yen.**

Revenue showed a decrease owing to the significant impact of a decline in sales of meropenem (carbapenem antibiotic) in China as a result of government measures to curb drug costs.

■ **Core segment profit decreased by 26.0% year-on-year to 4.3 billion yen.**

This decrease is attributable to a decrease in gross profit on account of a revenue decline.

(2) Qualitative Information on Financial Condition

Non-current assets increased by 67.0 billion yen from the previous fiscal year-end, primarily owing to increases in goodwill and intangible assets due to the effects of foreign currency translation and an increase in other financial assets due to changes in fair value measurement of investment securities held by the Company.

Current assets decreased by 61.1 billion yen from the previous fiscal year-end as a result of decreases in cash and cash equivalents and other financial assets.

As a result, total assets increased by 6.0 billion yen from the previous fiscal year-end to 1,140.7 billion yen.

Liabilities decreased by 4.3 billion yen from the previous fiscal year-end to 723.7 billion yen as a result of decreases in provisions and income taxes payable, despite increases in borrowings and others.

Total equity increased by 10.2 billion yen from the previous fiscal year-end to 417.0 billion yen as a result of increases in other components of equity mainly due to yen's depreciation, despite a decrease in retained earnings.

The ratio of equity attributable to owners of the parent to total assets as of the end of the quarterly accounting period was 36.6%.

(3) Qualitative Information on Cash Flows

Cash flows used in operating activities amounted to 130.2 billion yen due to a year-on-year decrease in net cash inflow of 143.4 billion yen, primarily owing to the recording of a loss before taxes, as well as the decrease in provisions and an increase in income taxes paid.

Cash flows provided by investing activities increased by 16.0 billion yen year-on-year to 38.5 billion yen, primarily owing to increases due to the sale of investment securities and the loss of control over a subsidiary following the transfer of shares of Sumitomo Pharma Animal Health Co., Ltd.

Cash flows provided by financial activities increased by 40.2 billion yen year-on-year to 33.6 billion yen primarily owing to an increase in short-term loan payables.

After adding the translation adjustments for cash and cash equivalents and the increase resulting from transfer to assets held for sale to the above cash flows, the balance of cash and cash equivalents at the end of the quarterly accounting period was 94.5 billion yen, which represents a decrease of 49.0 billion yen from the previous fiscal year-end.

(4) Qualitative Information on Consolidated Financial Forecasts

The Company has not revised the consolidated financial forecasts that were announced on May 15, 2023.

2. Condensed Consolidated Financial Statements and Major Notes

(1) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

Condensed Consolidated Statement of Profit or Loss

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	159,876	75,686
Cost of sales	46,056	30,430
Gross profit	113,820	45,256
Selling, general and administrative expenses	77,289	74,891
Research and development expenses	24,422	27,844
Other income	2,788	6,335
Other expenses	283	423
Operating profit (loss)	14,614	(51,567)
Finance income	32,879	21,315
Finance costs	883	800
Profit (loss) before taxes	46,610	(31,052)
Income tax expenses	18,519	7,810
Net profit (loss)	28,091	(38,862)
Net profit (loss) attributable to:		
Owners of the parent	31,108	(38,865)
Non-controlling interests	(3,017)	3
Net profit (loss) total	28,091	(38,862)
Earnings per share (yen)		
Basic earnings per share (loss)	78.30	(97.82)

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net profit (loss)	28,091	(38,862)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(2,283)	28,971
Remeasurements of defined benefit liability (asset)	—	(2)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	48,903	22,915
Cash flow hedges	128	—
Total other comprehensive income	46,748	51,884
Total comprehensive income	74,839	13,022
Total comprehensive income attributable to:		
Owners of the parent	70,322	13,019
Non-controlling interests	4,517	3
Total comprehensive income	74,839	13,022

(2) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Non-current assets		
Property, plant and equipment	58,909	60,050
Goodwill	209,415	227,371
Intangible assets	329,314	350,985
Other financial assets	134,007	159,411
Income taxes receivable	6,042	6,560
Other non-current assets	4,350	4,627
Deferred tax assets	10,845	10,900
Total non-current assets	752,882	819,904
Current assets		
Inventories	94,405	101,482
Trade and other receivables	95,908	95,774
Other financial assets	20,174	6,262
Income taxes receivable	2,722	2,896
Other current assets	17,675	19,909
Cash and cash equivalents	143,478	94,475
Subtotal	374,362	320,798
Assets held for sale	7,498	—
Total current assets	381,860	320,798
Total assets	1,134,742	1,140,702

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Non-current liabilities		
Bonds and borrowings	244,128	244,170
Other financial liabilities	11,869	13,034
Retirement benefit liabilities	5,008	4,875
Other non-current liabilities	57,756	48,853
Deferred tax liabilities	36,505	49,129
Total non-current liabilities	355,266	360,061
Current liabilities		
Borrowings	90,588	127,617
Trade and other payables	52,141	46,329
Other financial liabilities	7,010	7,278
Income taxes payable	24,053	9,475
Provisions	119,083	93,071
Other current liabilities	78,013	79,848
Subtotal	370,888	363,618
Liabilities directly associated with assets held for sale	1,806	—
Total current liabilities	372,694	363,618
Total liabilities	727,960	723,679
Equity		
Share capital	22,400	22,400
Treasury shares	(682)	(682)
Retained earnings	280,999	246,293
Other components of equity	103,357	148,976
Other comprehensive income associated with assets held for sale	675	—
Equity attributable to owners of the parent	406,749	416,987
Non-controlling interests	33	36
Total equity	406,782	417,023
Total liabilities and equity	1,134,742	1,140,702

(3) Condensed 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	
					Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit liability (asset)
Balance as of April 1, 2022	22,400	16,725	(681)	514,210	23,838	—
Net profit	—	—	—	31,108	—	—
Other comprehensive income	—	—	—	—	(2,283)	—
Total comprehensive income	—	—	—	31,108	(2,283)	—
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	(5,562)	—	—
Changes associated with losing control of subsidiaries	—	—	—	—	—	—
Transaction with non-controlling interests	—	362	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	—	(671)	671	—
Total transactions with owners	—	362	(0)	(6,233)	671	—
Balance as of June 30, 2022	22,400	17,087	(681)	539,085	22,226	—
Balance as of April 1, 2023	22,400	—	(682)	280,999	39,260	—
Net profit (loss)	—	—	—	(38,865)	—	—
Other comprehensive income	—	—	—	—	28,971	(2)
Total comprehensive income	—	—	—	(38,865)	28,971	(2)
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	(2,781)	—	—
Changes associated with losing control of subsidiaries	—	—	—	675	—	—
Transaction with non-controlling interests	—	—	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	—	6,265	(6,267)	2
Total transactions with owners	—	—	(0)	4,159	(6,267)	2
Balance as of June 30, 2023	22,400	—	(682)	246,293	61,964	—

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(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Other comprehensive income associated with assets held for sale	Total		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total				
Balance as of April 1, 2022	31,273	123	55,234	—	607,888	65,681	673,569
Net profit	—	—	—	—	31,108	(3,017)	28,091
Other comprehensive income	41,369	128	39,214	—	39,214	7,534	46,748
Total comprehensive income	41,369	128	39,214	—	70,322	4,517	74,839
Purchase of treasury shares	—	—	—	—	(0)	—	(0)
Dividends	—	—	—	—	(5,562)	—	(5,562)
Changes associated with losing control of subsidiaries	—	—	—	—	—	—	—
Transaction with non-controlling interests	—	—	—	—	362	1,206	1,568
Reclassification from other components of equity to retained earnings	—	—	671	—	—	—	—
Total transactions with owners	—	—	671	—	(5,200)	1,206	(3,994)
Balance as of June 30, 2022	72,642	251	95,119	—	673,010	71,404	744,414

Balance as of April 1, 2023	64,097	—	103,357	675	406,749	33	406,782
Net profit (loss)	—	—	—	—	(38,865)	3	(38,862)
Other comprehensive income	22,915	—	51,884	—	51,884	—	51,884
Total comprehensive income	22,915	—	51,884	—	13,019	3	13,022
Purchase of treasury shares	—	—	—	—	(0)	—	(0)
Dividends	—	—	—	—	(2,781)	—	(2,781)
Changes associated with losing control of subsidiaries	—	—	—	(675)	—	—	—
Transaction with non-controlling interests	—	—	—	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	(6,265)	—	—	—	—
Total transactions with owners	—	—	(6,265)	(675)	(2,781)	—	(2,781)
Balance as of June 30, 2023	87,012	—	148,976	—	416,987	36	417,023

(4) Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Net profit (loss)	28,091	(38,862)
Depreciation and amortization	11,518	9,215
Gain on sales of shares in subsidiaries	—	(5,890)
Interest and dividend income	(837)	(1,214)
Interest expenses	747	712
Income tax expenses	18,519	7,810
(Increase) decrease in trade and other receivables	(6,139)	4,757
(Increase) decrease in inventories	1,957	(734)
Increase (decrease) in trade and other payables	4,839	(10,995)
(Increase) decrease in unearned revenue	(3,369)	(4,305)
Increase (decrease) in other financial liabilities	(3,248)	(30)
Increase (decrease) in retirement benefits liabilities	16	(161)
Increase (decrease) in provisions	9,388	(34,336)
Others, net	(40,956)	(32,295)
Subtotal	20,526	(106,328)
Interest received	243	794
Dividends received	579	418
Interest paid	(216)	(260)
Income taxes paid	(7,943)	(24,785)
Net cash provided by (used in) operating activities	13,189	(130,161)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,352)	(2,549)
Proceeds from sales of property, plant and equipment	181	318
Purchase of intangible assets	(1,607)	(1,726)
Purchase of investments	(2,506)	(1,481)
Proceeds from sales and redemption of investments	584	22,822
Net decrease (increase) in short-term loan receivables	27,241	10,000
Proceeds from loss of control of subsidiaries	—	11,074
Others, net	908	—
Net cash provided by (used in) investing activities	22,449	38,458
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	559	37,029
Repayments of long-term borrowings	(740)	—
Repayments of finance lease obligations	(1,130)	(893)
Dividends paid	(5,488)	(2,736)
Others, net	155	166
Net cash provided by (used in) financing activities	(6,644)	33,566
Net increase (decrease) in cash and cash equivalents	28,994	(58,137)
Cash and cash equivalents at beginning of year	202,984	143,478
Increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	1,135
Effect of exchange rate changes on cash and cash equivalents	23,465	7,999
Cash and cash equivalents at end of period	255,443	94,475

(5) Notes to Condensed Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Significant Accounting Policies)

The significant accounting policies applied to this Condensed Consolidated Financial Statements are the same as those for the previous fiscal year's consolidated financial statements.

Income tax expenses for the three months ended June 30, 2023 are calculated based on the estimated average annual effective tax rate.

(Segments Information)

The Group has set an original performance indicator to show the Company's recurring profitability in the form of "Core operating profit".

"Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors designated by the Group (hereinafter referred to as "Non-recurring Items"). Main Non-recurring Items are impairment losses, business structure improvement expenses and changes in fair value of contingent consideration related to company acquisitions.

(1) Reportable segments

The Group is mainly engaged in manufacture, purchase and sales of pharmaceuticals for medical treatment and manages the performance of pharmaceutical business by market in Japan, North America and Asia. Therefore, the Group has three reportable segments: Japan, North America and Asia.

The Group's reportable segments are the components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segments and assess their performances.

(2) Changes in Reportable Segments

Formerly, the Group set four reportable segments such as Japan, North America, China, and Other Regions. In accordance with the formulation of the Mid-Term Business Plan 2027, its reportable segments have been changed to three segments, which are Japan, North America, and Asia, to show its business situation properly from the three months ended June 30, 2023. The segment information for the three months ended June 30, 2022 has been prepared based on the changed reportable segments.

(3) Revenue and operating results of the reportable segments

Revenue and profit or loss by each of the Group's reportable segments are shown below.

The Group sets core segment profit, which is an indicator showing each segment's recurring profitability, as its own indicator of segment business performance management.

Core segment profit is each segment profit calculated by deducting from core operating profit R&D expenses, gains and losses on sales of operations and etc. which are not allocated to each segment because such expenses are managed on a global basis.

① Three months ended June 30, 2022

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Revenue from external customers, etc.	52,070	95,155	12,651	159,876
Segment profit (Core segment profit)	8,869	23,082	5,837	37,788

② Three months ended June 30, 2023

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Revenue from external customers, etc.	30,366	35,466	9,854	75,686
Segment profit (loss) (Core segment profit (loss))	2,839	(23,733)	4,320	(16,574)

(3) Reconciliations between the total amounts of reportable segments and the amounts in the condensed consolidated financial statements (reconciliation items)

The details of reconciliation are as follows:

(Millions of yen)

Profit	Three months ended June 30, 2022	Three months ended June 30, 2023
Total of reportable segments	37,788	(16,574)
Research and development expenses (Note1)	(24,422)	(22,815)
Gains on business transfers	—	5,890
Others	24	(12)
Core operating profit (loss)	13,390	(33,511)
Business structure improvement expenses (Note2)	(1,124)	(18,052)
Other income	2,764	457
Other expenses	(283)	(423)
Others	(133)	(38)
Operating profit (loss) in the condensed consolidated financial statements	14,614	(51,567)

(Note) 1. The Group does not allocate research and development expenses to the reportable segments because such expenses are managed on a global basis. Differences from Research and development expenses on Condensed Consolidated Statement of Profit or Loss consist of expenses related to R&D excluded from calculation of core operating profit.

2. Business structure improvement expenses mainly include retirement payment related to combination of the group companies in North America.

(Significant subsequent event)

Not applicable.