



July 30, 2021

Consolidated Financial Results for the First Three Months of the Year Ending March 31, 2022 (Fiscal 2021) <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
 Listed exchange: First Section of the Tokyo Stock Exchange
 Stock code number: 4568
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 Holding quarterly information meeting: Yes (for institutional investors, analysts and the press)

(All amounts have been rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Three Months of the Year Ending March 31, 2022 (from April 1, 2021 to June 30, 2021)

(1) Consolidated Financial Results

(Percentages indicate changes from the same period in the previous fiscal year)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2021	264,069	11.4	45,769	34.1	47,062	13.7	35,220	10.7
Three months ended June 30, 2020	236,947	-4.9	34,122	-40.1	41,378	-27.5	31,823	-26.5

	Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended June 30, 2021	35,220	10.6	33,916	4.3	18.38	18.36
Three months ended June 30, 2020	31,857	-26.5	32,528	17.4	16.38	16.36

Note: Effective Thursday, October 1, 2020, Daiichi Sankyo Company, Limited (hereinafter, "Daiichi Sankyo" or "the Company") implemented a three-for-one share split of its ordinary shares. "Basic earnings per share" and "Diluted earnings per share" are calculated as if the share split had taken place at the beginning of the year ended March 31, 2021.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	2,062,470	1,280,098	1,280,098	62.1	667.96
As of March 31, 2021	2,085,178	1,272,053	1,272,053	61.0	663.85

2. Dividend

	Annual dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	40.50	–	13.50	–
Year ending March 31, 2022	–				
Year ending March 31, 2022 (Forecast)		13.50	–	13.50	27.00

Note: Revision of the forecast from most recently announced figures: No

Note: Effective Thursday, October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares. The dividend for the first six months of the fiscal year ended March 31, 2021 presents the amount prior to the share split. The annual dividend per share for the fiscal year ended March 31, 2021 is not presented because the amounts cannot be simply combined due to the implementation of the share split. When calculated based on the assumption of no share split, the annual dividend per share is ¥81 for the year ended March 31, 2021. For further details, please refer to “1. Qualitative Information about Consolidated Results for the First Three Months (4) Information about Return to Shareholders” on page 8 of the attached material.

3. Forecast of Consolidated Financial Results for Year Ending March 31, 2022

(Percentages indicate changes from the previous fiscal year)

	Revenue		Core operating profit		Operating profit		Profit before tax		Profit for the year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	990,000	2.9	70,000	-11.2	70,000	9.7	70,000	-5.6	50,000	-34.1

	Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Yen
Full year	50,000	-34.2	26.09

Note: Revision of the forecast from most recently announced figures: No

Note: Regarding the forecast of consolidated financial results for the fiscal year ending March 31, 2022, Daiichi Sankyo discloses core operating profit, which excludes non-recurring gains and losses from operating profit, as an indicator of underlying profitability. For the definition of core operating profit, please refer to “1. Qualitative Information about Consolidated Results for the First Three Months (1) Information about Operating Results” on page 2 of the attached material.

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): No
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting policies required by IFRS: No
 - 2) Changes in accounting policies due to other reasons: No
 - 3) Changes in accounting estimates: No

(3) Number of ordinary shares issued

1) Number of shares issued at the end of the period (including treasury shares)

As of June 30, 2021	1,947,034,029 shares
As of March 31, 2021	2,127,034,029 shares

2) Number of treasury shares at the end of the period

As of June 30, 2021	30,606,239 shares
As of March 31, 2021	210,868,203 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	1,916,333,127 shares
Three months ended June 30, 2020	1,944,660,766 shares

Note: Effective Thursday, October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares. "Number of ordinary shares issued" is calculated as if the share split had taken place at the beginning of the year ended March 31, 2020.

* This quarterly financial results summary is not subject to quarterly review procedures by Certified Public Accountants or an audit firm.

*Disclaimer regarding forward-looking information including appropriate use of forecast financial results

The forecast information included in these materials is based on information currently available and certain assumptions that Daiichi Sankyo regards as reasonable. Actual performance and results may differ from those forecast due to various factors.

Please see "1. Qualitative Information about Consolidated Results for the First Three Months (3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements" on page 8 for matters related to the above forecasts.

Attached Material

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1. Qualitative Information about Consolidated Results for the First Three Months

(1) Information about Operating Results

1) Overview

[Consolidated Financial Results]

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Three months ended June 30, 2020	Three months ended June 30, 2021	YoY change
Revenue	236,947	264,069	27,121 11.4%
Cost of sales*	82,211	85,152	2,941 3.6%
Selling, general and administrative expenses*	71,793	81,210	9,417 13.1%
Research and development expenses*	48,882	54,037	5,154 10.5%
Core operating profit*	34,061	43,669	9,607 28.2%
Other revenue*	62	2,100	2,038 -
Other expenses*	1	0	-1 -83.3%
Operating profit	34,122	45,769	11,647 34.1%
Profit before tax	41,378	47,062	5,684 13.7%
Profit attributable to owners of the Company	31,857	35,220	3,362 10.6%
Total comprehensive income	32,528	33,916	1,388 4.3%

* Daiichi Sankyo discloses core operating profit, which excludes temporary gains and losses (other revenue and other expenses) from operating profit, as an indicator of ordinary profitability. Temporary gains/losses include gains/losses on sale of non-current assets, gains/losses associated with business restructuring (excluding gains/losses on sales of developed products and products on the market), impairment losses on property, plant and equipment, intangible assets, and goodwill, compensation for damages or settlement, and non-recurring and large gains/losses. This table shows the actual results of cost of sales, selling, general and administrative expenses, and research and development expenses, exclusive of temporary gains/losses. The adjustment table from operating profit to core operating profit is stated in the reference data.

<Yen exchange rates for major currencies (average rate during the period)>

	Three months ended June 30, 2020	Three months ended June 30, 2021
USD/Yen	107.62	109.49
EUR/Yen	118.47	131.95

a. Revenue

- Revenue in the first three months of the year ending March 31, 2022 increased by ¥27.1 billion, or 11.4% compared to the same period of the previous fiscal year (year on year), to ¥264.1 billion.
- Revenue increased year on year due to the achieved growth with Injectafer affected by the spread of COVID-19 in the previous fiscal year and others, in addition to the achieved growth with global mainstay products such as Lixiana (generic name: edoxaban) and Enhertu (generic name: trastuzumab deruxtecan, T-DXd/DS-8201) and others.
- The positive effect on revenue from foreign exchange was ¥6.6 billion in total.

b. Core operating profit

- Core operating profit increased by ¥9.6 billion, or 28.2% year on year, to ¥43.7 billion.
- Cost of sales increased only by ¥2.9 billion, or 3.6% year on year, to ¥85.2 billion due to the improvement of the cost rate through changes in the product composition despite increasing revenue.
- Selling, general and administrative expenses increased by ¥9.4 billion, or 13.1%, to ¥81.2 billion due to the cost increase by an increase in profit sharing with AstraZeneca pertaining to Enhertu.
- Research and development expenses increased by ¥5.2 billion, or 10.5% year on year, to ¥54.0 billion due to the cost increase through R&D investment in 3 main ADCs (trastuzumab deruxtecan: T-DXd/DS-8201, datopotamab deruxtecan: Dato-DXd/DS-1062, patritumab deruxtecan: HER3-DXd/U3-1402).
- The positive effect on core operating profit from foreign exchange was ¥3.0 billion in total.

c. Operating profit

- Operating profit increased by ¥11.6 billion, or 34.1% year on year, to ¥45.8 billion.
- The amount of increase in operating profit increased compared to core operating profit due to the record of gains on sale of non-current assets (¥2.1 billion) associated with the transfer of the Osaka Distribution Center as other revenue.

d. Profit before tax

- Profit before tax increased by ¥5.7 billion, or 13.7% year on year, to ¥47.1 billion.
- Profit before tax decreased the amount of increase in profit compared to operating profit due to worsening loss (gain) on exchange differences.

e. Profit attributable to owners of the Company

- Profit attributable to owners of the Company increased by ¥3.4 billion, or 10.6% year on year, to ¥35.2 billion.

f. Total comprehensive income

- Total comprehensive income increased by ¥1.4 billion, or 4.3% year on year, to ¥33.9 billion.
- The amount of the income decreased due to worsening valuation difference on financial assets compared

to profit attributable to owners of the Company.

[Revenue by Business Unit]

Revenue by business unit is as follows. In addition, revenue by product is stated in the reference data.

a. Japan Business Unit

- Revenue from Japan Business Unit includes revenue generated by the innovative pharmaceuticals business, the vaccine business and the generic pharmaceutical business of Daiichi Sankyo Espha Co., Ltd. This revenue decreased by ¥1.1 billion, or 0.8%, to ¥129.1 billion mainly due to the impact of NHI drug price revision and decline in sales of Memary caused by generic entries following the loss of exclusivity, despite growth in sales of Lixiana, Tarlige, Enhertu and others.

The following describes the major progress in the first three months of the year ending March 31, 2022.

- In April 2021, the migraine prevention drug Emgality was launched.
- In May 2021, adalimumab biosimilar, a fully human anti-TNF- α monoclonal antibody, was launched.

b. Daiichi Sankyo Healthcare Unit

- Revenue from Daiichi Sankyo Healthcare Unit increased by ¥1.1 billion, or 7.6% year on year, to ¥15.4 billion due to the strong performance of the Loxonin series and others.

c. Oncology Business Unit

- Revenue from Oncology Business Unit includes revenue from products generated by Daiichi Sankyo, Inc. (the U.S.) and revenue generated from cancer treatment products sold by Daiichi Sankyo Europe GmbH. This revenue increased by ¥2.9 billion, or 25.1% year on year, to ¥14.5 billion due to increase of Enhertu in the U.S. and Europe. Revenue in local currency terms increased by US\$25 million, or 23.0%, to US\$132 million. This revenue

d. American Regent Unit

- Revenue from American Regent Unit increased by ¥12.6 billion, or 47.7% year on year, to ¥39.1 billion due to an increase in sales of Injectafer and others affected by the spread of COVID-19 in the previous fiscal year. Revenue in local currency terms increased by US\$111 million, or 45.1%, to US\$357 million.

e. EU Specialty Business Unit

- Revenue from EU Specialty Business Unit includes revenue other than from cancer treatment products generated by Daiichi Sankyo Europe GmbH. This revenue increased by ¥5.0 billion, or 18.1% year on year, to ¥32.7 billion due to steady growth in sales of Lixiana. Revenue in local currency terms increased by EUR14 million, or 6.1%, to EUR24.8 million.

f. ASCA Business Unit

- Revenue from ASCA^{*1} Business Unit includes sales to overseas licensees. This revenue increased by ¥3.9 billion, or 17.4% year on year, to ¥26.5 billion due to increase of Cravit, Olmesartan and others in China.

The following describes the major progress in the three months ended June 30, 2021.

- In April 2021, Esperion's bempedoic acid, the hypercholesterolemia treatment, was licensed in for Asia and South America.

*1 Asia, South & Central America

2) Status of R&D

- The Daiichi Sankyo Group (hereinafter, "the Group") is working on research and development including active utilization of collaboration with the outside in accordance with the "3 and Alpha" Strategy, which intensively allocates resources to 3ADCs*1 (trastuzumab deruxtecan: T-DXd/DS-8201, datopotamab deruxtecan: Dato-DXd/DS-1062 and patritumab deruxtecan: HER3-DXd/U3-1402) for maximizing its product value and aims to deliver medicines that change SOC*2 for realization of sustainable growth (Alpha). In addition, the Group focuses on accelerating global clinical development.
- In the medium to long term, the Group aims to develop therapeutic drugs for various diseases in addition to oncology by utilizing its competitive science and technology, and strives to strengthen drug discovering capabilities by technology research of new modalities*3.

*1 Antibody Drug Conjugate: Drug composed of an antibody drug and a payload (a small molecule drug) linked via appropriate linker. By using a monoclonal antibody that binds to a specific target expressed on cancer cells, a cytotoxic payload is delivered to cancer cells effectively with reducing systemic exposure.

*2 Standard of Care: Universally applied best treatment practice in today's medical science.

*3 New medical treatment such as ADC, nucleic acid drugs, viruses for treatment, and cell therapy.

[3ADCs]

The following describes the Group's clinical development of 3ADCs projects in the first three months of the year ending March 31, 2022. The status of each clinical trial is stated in the reference data.

a. Trastuzumab deruxtecan (T-DXd/DS-8201: HER2-directed ADC, brand name: Enhertu)

- The product is marketed under the brand name Enhertu. Daiichi Sankyo is jointly developing Enhertu with AstraZeneca, a company with a wealth of global experience in oncology.

The following describes the major progress in the first three months of the year ending March 31, 2022.

- In June 2021, data was presented at the 2021 American Society of Clinical Oncology (ASCO) of the latest data from the Phase Ib/II clinical trial for patients with triple negative breast cancer (TNBC) (trial name: BEGONIA) and the Phase II clinical trial for the third line treatment for patients with HER2 expressing colorectal cancer (trial name: DESTINY-CRC01).
- In June 2021, a Phase III clinical trial for the first line treatment for patients with HER2-positive breast cancer (trial name: DESTINY-Breast09) was initiated.
- In June 2021, the top line results (the outline of trial results) of the Phase II clinical trial for the second line treatment for patients with HER2-positive gastric cancer (trial name: DESTINY-Gastric02) were obtained.
- In June 2021, the top line results of the Phase II clinical trial for the second or later line treatment for patients with HER2-overexpressing or HER2 mutant, non-small cell lung cancer (NSCLC) (trial name: DESTINY-Lung01) were obtained.

b. Datopotamab deruxtecan (Dato-DXd/DS-1062: TROP2-directed ADC)

- Daiichi Sankyo is jointly developing the product with AstraZeneca, a company with a wealth of global experience in oncology.

The following describes the major progress in the first three months of the year ending March 31, 2022.

- In May 2021, data was presented at the European Society of Medical Oncology Virtual Congress 2021 (ESMO21) of the latest data related to triple negative breast cancer patients in the Phase I clinical trial for solid tumors (trial name: TROPION-PanTumor01).
- In June 2021, data was presented at the 2021 American Society of Clinical Oncology (ASCO) of the latest data related to NSCLC patients in the Phase I clinical trial for solid tumors (trial name: TROPION-PanTumor01).

c. Patritumab deruxtecan (HER3-DXd/U3-1402: HER3-directed ADC)

The following describes the major progress in the first three months of the year ending March 31, 2022.

- In June 2021, data was presented at the 2021 American Society of Clinical Oncology (ASCO) of the latest data from the Phase I clinical trial for patients with epidermal growth factor receptor (EGFR)-mutated NSCLC.
- In June 2021, a Phase I clinical trial was initiated to evaluate the combination with osimertinib, a tyrosine kinase inhibitor, in patients with EGFR-mutated NSCLC.

【Alpha】

The following describes the major progress in the clinical development made in each project other than 3ADCs projects in the first three months of the year ending March 31, 2022. The status of each clinical trial is stated in the reference data.

- In April 2021, a Phase I/II clinical trial for DS-1594 (Menin-MLL interaction inhibitor) was initiated for patients with acute myeloid leukemia and acute lymphocytic leukemia.
- In April 2021, a Phase II clinical trial for pexidartinib (PLX3397: CSF-1R inhibitor, brand name in the U.S.: TURALIO) was initiated in Japan for patients with tenosynovial giant cell tumor.
- In April 2021, a Phase I clinical trial for DS-6016 (anti-ALK2 antibody) was initiated for patients with fibrodysplasia ossificans progressiva.
- In May 2021, a supplemental new drug application was submitted for the pain agent mirogabalin (DS-5565: $\alpha 2\delta$ ligand, brand name: Tarlige) for an additional indication related to central neuropathic pain in Japan.
- In June 2021, approval for manufacturing and marketing in Japan was received for the oncolytic virus tesorparev (DS-1647: G47 Δ , brand name: DELYTACT).
- In June 2021, data was presented at the annual congress of the European Hematology Association (EHA) of the latest data from the Phase I clinical trial of valemestostat (DS-3201: EZH1/2 dual inhibitor) for patients with non-Hodgkin lymphoma.
- In June 2021, a Phase II clinical trial of valemestostat was initiated for patients with relapsed/refractory peripheral T-cell lymphoma (PTCL) and adult T-cell leukemia-lymphoma (ATL) (trial name: VALENTINE-PTCL01).
- In June 2021, a Phase I clinical trial for VN-0200 (RS virus vaccine) was initiated with healthy Japanese adults including elderly individuals.

3) Efforts to Address the Novel Coronavirus Infection

- Daiichi Sankyo is proactively involved in the establishment of prevention and treatment methods in the fight against COVID-19, for which there is an urgent global social need. The Company is leveraging our research properties, technologies and knowledge to the maximum extent, and through partnerships with other organizations, we are proceeding with the following R&D.

a. DS-5670 (COVID-19 mRNA vaccine)

- For the prevention of COVID-19, the Company is currently participating in “Fundamental Research on the Control of the Novel Coronavirus (2019-nCoV^{*1}),”^{*2} an initiative supported by the Japan Agency for Medical Research and Development (hereinafter, AMED). In addition, using novel nucleic acid delivery technology^{*3} developed by the Company itself, the Company is taking part in a basic research project on a genetic (mRNA) vaccine with the title “Development of a Genetic Vaccine for 2019-nCoV.”
- The Company has been selected by the MHLW to be a provider for the Japanese Government’s “Emergent Initiative to Build Production Capacity for COVID-19 Vaccines^{*4} (First Round)” as well as by AMED to be a company for the AMED’s Drug Discovery Support Program “Development of COVID-19 Vaccines^{*5} (Second Round).”
- the Company is conducting Phase I/II clinical trials in Japan with healthy adults including elderly individuals.

^{*1} 2019-nCoV is synonymous with SARS-CoV-2.

^{*2} A vaccine development initiative determined for support by AMED under urgent government-wide efforts against the worldwide spread of COVID-19.

^{*3} Technology focusing on forming lipid nanoparticle structures, stabilizing pharmaceutical active ingredients and delivering nucleic acids into immune cells. Compared to conventional vaccine technology, it has demonstrated to induce a more optimal immune response.

^{*4} The project aims to swiftly develop an actual (large-scale) production system for biologics, including vaccines, in order to ensure that the vaccines necessary for the prevention of the spread and severity of unexpected epidemics, including COVID-19, are produced as soon as possible, and that their supply is secured for the Japanese people.

^{*5} The project aims to support the development of a vaccine against COVID-19, for which R&D is already underway, and aims to ensure the early commercialization of safe and effective vaccines.

b. DS-2319 (Nafamostat inhalation formulation)

- Daiichi Sankyo has been carrying out a collaborative R&D on Nafamostat inhalation formulation for the treatment of COVID-19 with the University of Tokyo, RIKEN, and Nichi-Iko Pharmaceutical Co., Ltd.

The following describes the major progress in the first three months of the year ending March 31, 2022.

- In June 2021, the Company decided to discontinue the development of DS-2319 as a result of examining the data of ongoing nonclinical studies and Phase I clinical trial.

c. Supply of AstraZeneca’s novel coronavirus vaccine, Vaxzevria

- Based on the outsourcing agreement which Daiichi Sankyo entered into with AstraZeneca to manufacture the vaccine, Daiichi Sankyo Biotech Co., Ltd., a subsidiary of the Company, has been manufacturing the vaccine (including vial filling and packaging, etc.) since March 2021.

The following describes the major progress in the first three months of the year ending March 31, 2022.

- In June 2021, through the Japanese government, Vaxzevria was supplied to Southeast Asia and other regions.

(2) Analysis of Financial Position as of June 30, 2021

- Total assets as of June 30, 2021 were ¥2,062.5 billion, a decrease of ¥22.7 billion from the previous fiscal year-end, mainly due to the decreases in cash and cash equivalents and other financial assets (non-current assets), which were partially offset by increases in trade and other receivables and property, plant and equipment.
- Total liabilities as of June 30, 2021 were ¥782.4 billion, a decrease of ¥30.8 billion from the previous fiscal year-end, mainly due to decreases in trade and other payables and other non-current liabilities.
- Total equity as of June 30, 2021 was ¥1,280.1 billion, an increase of ¥8.0 billion from the previous fiscal year-end, mainly due to profit for the period, which was partially offset by the dividend payment.
- The ratio of equity attributable to owners of the Company to total assets was 62.1%, an increase of 1.1 points from the previous fiscal year-end.

(3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements

- There are no changes from the forecasts of consolidated financial results for the year ending March 31, 2022 publicly announced on April 27, 2021.

Note: The forecasted statements shown above are based on information currently available and certain assumptions that Daiichi Sankyo regards as reasonable. Actual performance and other results may differ from these forecasted figures due to various factors.

(4) Information about Return to Shareholders

- In order to secure sustainable growth in corporate value, one of the fundamental business policies of Daiichi Sankyo is to decide profit distributions based on a comprehensive consideration of the investments essential for implementing its growth strategy and returning profits to shareholders.
 - For the fiscal year ended March 31, 2021, the Company paid a year-end dividend of ¥13.5 per share on June 22, 2021. Accordingly, the annual dividend for the fiscal year, together with the interim dividend of ¥40.5 per share (on a pre-share split basis^{*1}) paid on December 1, 2020, is ¥81.0 per share in total, which is an increase of ¥11.0 from the previous fiscal year on a pre-share split basis.
 - For the fiscal year ending March 31, 2022, the Company intends to pay an interim dividend of ¥13.5 per share, a year-end dividend of ¥13.5 per share and an annual dividend of ¥27.0 per share.
- ^{*1} Effective October 1, 2020, the Company implemented a three-for-one share split of its ordinary shares.

2. Condensed Interim Consolidated Financial Statements with Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	380,547	352,262
Trade and other receivables	232,036	258,143
Other financial assets	444,368	394,267
Inventories	200,860	211,808
Other current assets	10,607	17,215
Total current assets	1,268,420	1,233,697
Non-current assets		
Property, plant and equipment	265,281	276,362
Goodwill	77,706	77,651
Intangible assets	172,822	175,710
Investments accounted for using the equity method	1,440	1,343
Other financial assets	139,991	135,635
Deferred tax assets	128,525	128,600
Other non-current assets	30,990	33,469
Total non-current assets	816,757	828,772
Total assets	2,085,178	2,062,470

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	297,499	266,895
Bonds and borrowings	20,391	20,392
Other financial liabilities	9,359	9,072
Income taxes payable	6,096	11,416
Provisions	6,051	5,663
Other current liabilities	14,173	19,331
Total current liabilities	353,571	332,771
Non-current liabilities		
Bonds and borrowings	163,441	163,347
Other financial liabilities	36,983	40,332
Post-employment benefit liabilities	3,929	4,040
Provisions	8,741	8,856
Deferred tax liabilities	17,516	15,032
Other non-current liabilities	228,941	217,990
Total non-current liabilities	459,553	449,600
Total liabilities	813,125	782,371
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	94,494	-
Treasury shares	(261,252)	(37,921)
Other components of equity	111,479	110,072
Retained earnings	1,277,332	1,157,947
Total equity attributable to owners of the Company	1,272,053	1,280,098
Total equity	1,272,053	1,280,098
Total liabilities and equity	2,085,178	2,062,470

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

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue	236,947	264,069
Cost of sales	82,211	85,152
Gross profit	154,736	178,917
Selling, general and administrative expenses	71,790	79,117
Research and development expenses	48,823	54,030
Operating profit	34,122	45,769
Financial income	8,044	2,055
Financial expenses	798	759
Share of profit (loss) of investments accounted for using the equity method	9	(2)
Profit before tax	41,378	47,062
Income taxes	9,555	11,842
Profit for the period	31,823	35,220
Profit attributable to:		
Owners of the Company	31,857	35,220
Non-controlling interests	(34)	-
Profit for the period	31,823	35,220
Earnings per share		
Basic earnings per share (Yen)	16.38	18.38
Diluted earnings per share (Yen)	16.36	18.36

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit for the period	31,823	35,220
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,045	(3,851)
Remeasurements of defined benefit plans	118	(49)
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(3,459)	2,597
Other comprehensive income for the period	704	(1,303)
Total comprehensive income for the period	32,528	33,916
Total comprehensive income attributable to:		
Owners of the Company	32,562	33,916
Non-controlling interests	(34)	-
Total comprehensive income for the period	32,528	33,916

(3) Condensed Interim Consolidated Statement of Changes in Equity

Three months ended June 30, 2020

(Millions of yen)

	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Subscription rights to shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2020	50,000	94,633	(162,519)	1,611	51,218	29,264
Profit for the period	–	–	–	–	–	–
Other comprehensive income for the period	–	–	–	–	(3,459)	4,045
Total comprehensive income for the period	–	–	–	–	(3,459)	4,045
Purchase of treasury shares	–	–	(12)	–	–	–
Disposal of treasury shares	–	–	682	(325)	–	–
Dividend	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(218)
Total transactions with owners of the Company	–	–	670	(325)	–	(218)
Balance as of June 30, 2020	50,000	94,633	(161,849)	1,285	47,759	33,092

(Millions of yen)

	Equity attributable to owners of the Company					
	Other components of equity			Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings			
Balance as of April 1, 2020	–	82,094	1,241,600	1,305,809	464	1,306,274
Profit for the period	–	–	31,857	31,857	(34)	31,823
Other comprehensive income for the period	118	704	–	704	–	704
Total comprehensive income for the period	118	704	31,857	32,562	(34)	32,528
Purchase of treasury shares	–	–	–	(12)	–	(12)
Disposal of treasury shares	–	(325)	(355)	0	–	0
Dividend	–	–	(22,682)	(22,682)	–	(22,682)
Transfer from other components of equity to retained earnings	(118)	(336)	336	–	–	–
Total transactions with owners of the Company	(118)	(662)	(22,701)	(22,693)	–	(22,693)
Balance as of June 30, 2020	–	82,137	1,250,757	1,315,678	430	1,316,108

Three months ended June 30, 2021

(Millions of yen)

	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Subscription rights to shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2021	50,000	94,494	(261,252)	1,038	70,024	40,416
Profit for the period	–	–	–	–	–	–
Other comprehensive income for the period	–	–	–	–	2,597	(3,851)
Total comprehensive income for the period	–	–	–	–	2,597	(3,851)
Purchase of treasury shares	–	–	(4)	–	–	–
Disposal of treasury shares	–	–	326	(111)	–	–
Cancellation of treasury shares	–	(94,494)	223,009	–	–	–
Dividend	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(41)
Total transactions with owners of the Company	–	(94,494)	223,331	(111)	–	(41)
Balance as of June 30, 2021	50,000	–	(37,921)	927	72,621	36,523

(Millions of yen)

	Equity attributable to owners of the Company					
	Other components of equity			Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings			
Balance as of April 1, 2021	–	111,479	1,277,332	1,272,053	–	1,272,053
Profit for the period	–	–	35,220	35,220	–	35,220
Other comprehensive income for the period	(49)	(1,303)	–	(1,303)	–	(1,303)
Total comprehensive income for the period	(49)	(1,303)	35,220	33,916	–	33,916
Purchase of treasury shares	–	–	–	(4)	–	(4)
Disposal of treasury shares	–	(111)	(214)	0	–	0
Cancellation of treasury shares	–	–	(128,514)	–	–	–
Dividend	–	–	(25,868)	(25,868)	–	(25,868)
Transfer from other components of equity to retained earnings	49	8	(8)	–	–	–
Total transactions with owners of the Company	49	(103)	(154,605)	(25,872)	–	(25,872)
Balance as of June 30, 2021	–	110,072	1,157,947	1,280,098	–	1,280,098

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before tax	41,378	47,062
Depreciation and amortization	14,120	14,684
Impairment losses (reversal of impairment losses)	0	-
Financial income	(8,044)	(2,055)
Financial expenses	798	759
Share of (profit) loss of investments accounted for using the equity method	(9)	2
(Gain) loss on sale and disposal of non-current assets	13	(1,814)
(Increase) decrease in trade and other receivables	64,949	(25,034)
(Increase) decrease in inventories	(10,429)	(10,106)
Increase (decrease) in trade and other payables	(30,295)	(33,923)
Others, net	(7,119)	(12,838)
Subtotal	65,362	(23,262)
Interest and dividend received	1,134	1,076
Interest paid	(224)	(135)
Income taxes paid	(10,395)	(7,771)
Net cash flows from (used in) operating activities	55,877	(30,092)
Cash flows from investing activities		
Payments into time deposits	(235,017)	(50,176)
Proceeds from maturities of time deposits	235,549	96,750
Acquisition of securities	(69,215)	(135,017)
Proceeds from sale and redemption of securities	37,311	138,330
Acquisition of property, plant and equipment	(8,968)	(16,723)
Proceeds from sale of property, plant and equipment	2	2,793
Acquisition of intangible assets	(30,028)	(5,871)
Payments for loans receivable	(21)	-
Proceeds from collection of loans receivable	110	92
Others, net	(569)	(167)
Net cash flows from (used in) investing activities	(70,848)	30,008

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from financing activities		
Repayments of bonds and borrowings	(97)	(97)
Purchase of treasury shares	(12)	(4)
Proceeds from sale of treasury shares	0	0
Dividend paid	(22,794)	(25,902)
Others, net	(3,170)	(3,274)
Net cash flows from (used in) financing activities	(26,074)	(29,278)
Net increase (decrease) in cash and cash equivalents	(41,044)	(29,362)
Cash and cash equivalents at the beginning of the period	424,184	380,547
Effect of exchange rate changes on cash and cash equivalents	(1,037)	1,077
Cash and cash equivalents at the end of the period	382,102	352,262

(5) Notes to Condensed Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Significant Subsidiaries during the Period

Not applicable.