

**Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021 [IFRS]**

November 12, 2021

|  |  |
|--|--|
| Company name   | : <b>Otsuka Holdings Co., Ltd.</b>   |
| Stock exchange listing                                   | : Tokyo Stock Exchange   |
| Code number  | : 4578   |
| URL  | : <a href="https://www.otsuka.com/en/">https://www.otsuka.com/en/</a>                  |
| Representative   | : Tatsuo Higuchi<br>President and Representative Director, CEO                         |
| Contact  | : Yuji Kogure<br>Director, Investor Relations Department<br>Telephone: +81-3-6361-7411 |
| Scheduled date of quarterly securities report submission | : November 12, 2021  |
| Scheduled date of dividend payment commencement          | : –  |
| Supplementary materials for quarterly financial results  | : Yes  |
| Earnings announcement for quarterly financial results    | : Yes (for institutional investors, analysts and the press)                            |

(Figures are rounded down to the nearest million unless otherwise stated)

**1. Consolidated Financial Results for the Third Quarter of the Year Ending December 31, 2021 (January 1, 2021 to September 30, 2021)**

(1) Consolidated Operating Results (cumulative)

(% indicates percentage of change from the same period of the previous fiscal year)

|           | Revenue         |     | Business profit |        | Operating profit |       | Profit for the period |       | Profit attributable to owners of the Company |       | Total comprehensive income for the period |      |
|-----------|-----------------|-----|-----------------|--------|------------------|-------|-----------------------|-------|--|-------|---|------|
|           | Millions of yen | %   | Millions of yen | %      | Millions of yen  | %     | Millions of yen       | %     | Millions of yen                              | %     | Millions of yen                           | %    |
| FY2021 Q3 | 1,107,417       | 3.8 | 155,863         | (17.4) | 158,130          | (7.9) | 130,033               | (0.4) | 126,648                                      | (0.9) | 189,671                                   | 65.9 |
| FY2020 Q3 | 1,066,959       | 3.7 | 188,663         | 20.7   | 171,695          | 10.2  | 130,598               | 13.7  | 127,766                                      | 14.6  | 114,354                                   | 42.1 |

\* Business profit is an indicator of ordinary earnings power calculated as follows:

Revenue – Cost of sales – Selling, general and administrative expenses – Research and development expenses + Share of profit of associates

|           | Basic earnings per share | Diluted earnings per share |
|-----------|--------------------------|----------------------------|
|           | Yen                      | Yen                        |
| FY2021 Q3 | 233.50                   | 233.34                     |
| FY2020 Q3 | 235.59                   | 234.79                     |

(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 attributable to owners of the Company per share |
|--------------------------|-----------------|-----------------|--|---|--|
|                          | Millions of yen | Millions of yen | Millions of yen                              | %   | Yen  |
| As of September 30, 2021 | 2,815,766       | 2,017,608       | 1,984,248                                    | 70.5  | 3,658.27   |
| As of December 31, 2020  | 2,627,807       | 1,883,432       | 1,852,375                                    | 70.5  | 3,415.54   |

**2. Dividends**

|                   | Annual dividend per share |                    |                   |          |        |
|-------------------|---------------------------|--------------------|-------------------|----------|--------|
|                   | First Quarter end         | Second Quarter end | Third Quarter end | Year-end | Total  |
|                   | Yen                       | Yen                | Yen               | Yen      | Yen    |
| FY2020            | –                         | 50.00              | –                 | 50.00    | 100.00 |
| FY2021            | –                         | 50.00              | –                 | –        | –      |
| FY2021 (forecast) | –                         | –                  | –                 | 50.00    | 100.00 |

\* Revisions to dividends forecast most recently announced: None

**3. Forecast of Consolidated Operating Results for the Year Ending December 31, 2021 (January 1, 2021 to December 31, 2021)**  
 (% indicates percentage of change from the previous fiscal year)

|        | Revenue         |     | Business profit |       | Operating profit |     | Profit for the year |     | Profit attributable to owners of the Company |     | Basic earnings per share |
|--------|-----------------|-----|-----------------|-------|------------------|-----|---------------------|-----|--|-----|--------------------------|
|        | Millions of yen | %   | Millions of yen | %     | Millions of yen  | %   | Millions of yen     | %   | Millions of yen                              | %   | Yen                      |
| FY2021 | 1,480,000       | 4.0 | 200,000         | (7.8) | 203,000          | 2.2 | 165,000             | 8.7 | 161,000                                      | 8.7 | 296.84                   |

\* Revisions to financial forecast most recently announced: Yes

**4. Others**

- (1) Changes in significant subsidiaries during the nine-month period ended September 30, 2021 (changes in specified subsidiaries resulting in a change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
  - 1) Changes in accounting policies required by IFRS: None
  - 2) Changes in accounting policies due to other reasons: None
  - 3) Changes in accounting estimates: None
- (3) Number of shares issued and outstanding (common stock)
  - 1) Number of shares issued and outstanding as of the end of the reporting period (including treasury shares):
 

|                    |                    |
|--------------------|--------------------|
| September 30, 2021 | 557,835,617 shares |
| December 31, 2020  | 557,835,617 shares |
  - 2) Number of shares of treasury shares as of the end of the reporting period:
 

|                    |                   |
|--------------------|-------------------|
| September 30, 2021 | 15,434,834 shares |
| December 31, 2020  | 15,499,157 shares |
  - 3) Average number of shares outstanding during the reporting period:
 

|  |                    |
|--|--------------------|
| Nine-month period ended September 30, 2021 | 542,372,023 shares |
| Nine-month period ended September 30, 2020 | 542,308,947 shares |

\* This report is out of scope of reviews by the external auditor.

**\* Note to ensure appropriate use of forecasts, and other comments in particular**

Forecasts and other forward-looking statements included in this report are based on information currently available and certain assumptions that Otsuka Holdings Co., Ltd. (hereinafter referred to as the "Company") deems reasonable. Actual performance and other results may differ significantly due to various factors. Please refer to "1. Qualitative Information (3) Forecast for Consolidated Operating Results" on page 8 for details with regard to the assumptions and other matters concerning the financial forecast.

The Company plans to hold an earnings release conference call for institutional investors, analysts and the press on November 12, 2021. Presentation materials and the webcast of the call will be available on the Company's website promptly after the call.

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## 1. Qualitative Information

### (1) Consolidated Operating Results

The forward-looking statements in this report were prepared based on information available as of September 30, 2021.

#### Summary of operating results for the nine-month period ended September 30, 2021

The Company and its subsidiaries (hereinafter referred to as the “Group”) adopted “Business profit” as an indicator of ordinary earnings power, which is calculated as follows:

Revenue – Cost of sales – Selling, general and administrative expenses – Research and development expenses + Share of profit of associates  
(Millions of yen)

|   | Nine-month period<br>ended September 30,<br>2020 | Nine-month period<br>ended September 30,<br>2021 | Change   | % Change |
|---|--|--|----------|----------|
| Revenue   | 1,066,959  | 1,107,417  | 40,458   | 3.8 %    |
| Business profit before research and<br>development expenses | 346,723  | 318,384  | (28,338) | (8.2) %  |
| Business profit   | 188,663  | 155,863  | (32,800) | (17.4) % |
| Operating profit  | 171,695  | 158,130  | (13,564) | (7.9) %  |
| Profit before tax   | 164,990  | 166,308  | 1,317    | 0.8 %    |
| Profit for the period                                       | 130,598  | 130,033  | (565)    | (0.4) %  |
| Profit attributable to owners of the<br>Company             | 127,766  | 126,648  | (1,118)  | (0.9) %  |
| Research and development expenses                           | 158,059  | 162,521  | 4,461    | 2.8 %    |
| Impairment losses   | 25,102   | 5,051  | (20,051) | (79.9) % |

Based on the concept of total health care, the Group has been promoting corporate activities to maintain and promote health and to diagnose and treat disease. Now is the time to demonstrate the Group’s true value as a total healthcare provider, and harness the opportunities presented by a growing awareness of health in the new normal in order to continue to move toward the realization of sustainable growth.

For the nine-month period ended September 30, 2021, the Group recorded consolidated revenue of ¥1,107,417 million (up 3.8% over the same period of the previous fiscal year) as the four global products *ABILIFY MAINTENA*, *REXULTI/RXULTI*, *JINARC/JYNARQUE* and *LONSURF*, and the nutraceutical business, among others, contributed to an increase in sales that significantly exceeded a large decrease in sales caused by the expiration of co-agreements for *SPRYCEL* and *E Keppra*. In the pharmaceutical business, business performance was driven by sales growth of the four global products, diagnostics, clinical nutrition, and *INQOVI* launched in North America last year, despite an impact from the above expiration of co-agreements and the launch of a generic version of *Samsca* in the U.S. In the nutraceutical business, sales of *POCARI SWEAT* in Asia, which were affected by lower consumption due to fewer occasions to go out last year, has recovered, and sales of *Nature Made* in North America and *EQUELLE* in Japan continued to grow in line with a rising awareness toward self-management of health. Re-building a distribution system corresponding to the new normal contributed to an increase in the revenue of the Nutrition & Santé SAS brand.

In contrast, gross profit increased only 1.4% over the same period of the previous fiscal year due to changes in the product mix, one-time factors\* and so on, and business profit before research and development expenses was ¥318,384 million (down 8.2%) due to increased co-promotion expenses associated with sales growth of *ABILIFY MAINTENA* and *REXULTI/RXULTI* as well as due to proactive investment in marketing activities accompanying the gradual expansion of the range of activities from the current activities in the new normal environment. Moreover, while development expenses related to vadadustat and others decreased, development expenses and so forth based on a collaboration and license agreement executed with Sumitomo Dainippon Pharma Co., Ltd. (hereinafter referred to as “Sumitomo Dainippon Pharma”) and Sunovion Pharmaceuticals Inc. (hereinafter referred to as “Sunovion Pharmaceuticals”) for joint development and commercialization increased, bringing research and development expenses to ¥162,521 million (up 2.8%), while business profit was ¥155,863 million (down 17.4%), and operating profit was ¥158,130 million (down 7.9%), mainly as a result of recording impairment losses.

Due to exchange rate fluctuations, etc., the Group recorded profit for the period of ¥130,033 million (down 0.4%), and profit attributable to owners of the Company of ¥126,648 million (down 0.9%).

\* One-time factors refer to the impact of exchange rate fluctuations on the elimination of unrealized gains on inventories in the pharmaceutical business and inventories valuation loss related to influenza diagnostics.

Results by segment are as follows:

(Millions of yen)

|                 | Pharmaceuticals | Nutraceuticals | Consumer<br>products | Others  | Adjustments | Total     |
|-----------------|-----------------|----------------|----------------------|---------|-------------|-----------|
| Revenue         | 720,974         | 280,072        | 24,115               | 110,752 | (28,496)    | 1,107,417 |
| Business profit | 126,854         | 45,905         | 5,767                | 10,813  | (33,478)    | 155,863   |

Reference (FY2020 Q3)

(Millions of yen)

|                 | Pharmaceuticals | Nutraceuticals | Consumer<br>products | Others  | Adjustments | Total     |
|-----------------|-----------------|----------------|----------------------|---------|-------------|-----------|
| Revenue         | 715,124         | 252,767        | 24,105               | 104,038 | (29,076)    | 1,066,959 |
| Business profit | 163,562         | 36,952         | 9,252                | 10,758  | (31,862)    | 188,663   |

## 1) Pharmaceuticals

Revenue for the nine-month period ended September 30, 2021 totaled ¥720,974 million (up 0.8%), with business profit of ¥126,854 million (down 22.4%).

### Main products

#### ● Four global products

The Company positions the long acting antipsychotic agent *ABILIFY MAINTENA*, the antipsychotic agent *REXULTI*<sup>\*1</sup>/*RXULTI*<sup>\*2</sup>, the V<sub>2</sub>-receptor antagonist *Samsca*/*JINARC*<sup>\*3</sup>/*JYNARQUE*<sup>\*4</sup> and the anti-cancer agent *LONSURF* as its four global products. Sales of those products totaled ¥360,850 million (up 10.9%).

\*1: Brand name for the antipsychotic agent outside Japan and Europe.

\*2: Brand name for the antipsychotic agent in Europe

\*3: Brand name for autosomal dominant polycystic kidney disease (“ADPKD”) treatment in multiple regions outside Japan

\*4: Brand name for ADPKD treatment in the U.S.

#### • Long acting antipsychotic agent *ABILIFY MAINTENA*

As the impact of the spread of COVID-19 continues, sales in the U.S. are increasing, mainly due to the use of direct-to-consumer advertising and a recovery trend in face-to-face detailing activities. In Japan, sales were strong mainly due to the addition of an indication for the suppression of recurrence and relapse of mood episodes in bipolar I disorder in September 2020. Also in Europe, sales increased, particularly in major markets. As a result, sales of *ABILIFY MAINTENA* totaled ¥96,746 million (up 10.1%).

#### • Antipsychotic agent *REXULTI/RXULTI*

In the U.S., where antipsychotic agent *REXULTI* is sold as adjunctive therapy in major depressive disorder and a treatment for schizophrenia, prescriptions grew and sales increased, mainly due to promotions utilizing digital technologies, and an increase in direct-to-consumer advertising and face-to-face detailing activities. In Japan, sales were solid, with the acquisition of approval for orally disintegrating tablets in August 2021, increasing convenience, and stronger information provision activities. As a result, sales of *REXULTI/RXULTI* totaled ¥89,021 million (up 12.1%).

#### • V<sub>2</sub>-receptor antagonist *Samsca*

In Japan, where the drug is sold as treatment for fluid retention in patients with heart failure and hepatic cirrhosis, ADPKD and another condition, prescriptions continued to expand through online detailing activities such as web seminars. In the U.S., where the drug is sold as a treatment for hyponatremia, generics were launched after the expiry of the exclusive sales period. As a result, sales of *Samsca* totaled ¥66,695 million (up 0.8%).

#### • V<sub>2</sub>-receptor antagonist *JINARC/JYNARQUE*

In the U.S., the number of prescriptions for ADPKD increased mainly due to continued efforts to raise awareness of the disease and provide information about clinical data. As a result, sales of *JINARC/JYNARQUE* totaled ¥74,304 million (up 21.8%).

#### • Anti-cancer agent *LONSURF*

In the U.S., sales increased since at-home care and the use of oral anti-cancer agents<sup>\*5, 6</sup> are recommended due to the spread of COVID-19. Prescriptions continued to be robust in Japan and Europe. As a result, sales of *LONSURF* totaled ¥34,082 million (up 9.8%).

\*5: Pelin Cinar et al., Safety at the Time of the COVID-19 Pandemic: How to Keep our Oncology Patients and Healthcare Workers Safe. J Natl Compr Canc Netw, 2020 Apr 15;1-6.

\*6: ASCO. COVID-19 Patient Care Information, Cancer Treatment and Supportive Care. <https://www.asco.org/covid-resources/patient-care-info/cancer-treatment-supportive-care>  
Updated 17 September 2021, Accessed 19 October 2021.

## 2) Nutraceuticals

Revenue for the nine-month period ended September 30, 2021 totaled ¥280,072 million (up 10.8%), with business profit of ¥45,905 million (up 24.2%).

### Main products

The Company positions *POCARI SWEAT*, *Nature Made* and the Nutrition & Santé SAS brand as its three major brands. Sales of those brands totaled ¥172,663 million (up 13.2%). Total sales of its three nurture brands, the Daiya Foods Inc. brand, *EQUELLE* and *BODY MAINTÉ*, were ¥20,392 million (up 1.9%).

#### ● Three major brands

Sales of *POCARI SWEAT*, an electrolyte supplement drink, increased overall for the brand amid restrained consumer activity due to the impact of COVID-19, as a result of conducting education about hydration and replenishment of electrolytes and developing markets in line with the situation in each region, particularly overseas. In Japan, in addition to awareness-raising regarding countermeasures against heat disorder in daily life and other measures, operation support was provided for both infection prevention measures and heat disorder countermeasures at Inter High School and All Japan Junior High School Sports Festivals, and new initiatives were implemented according to the situation.

Amid a more sophisticated awareness of physical conditioning among consumers accompanying the spread of COVID-19, consumers' trust in the brand and quality of *Nature Made* supplements by Pharmavite LLC is further rising, and sales increased due to an increase in demand, primarily for vitamins D and C in *Nature Made*'s main market of North America. Furthermore, in July 2021, *Nature Made* was selected as the No. 1<sup>\*7</sup> supplement recommended by U.S. pharmacists for the 24th consecutive year.

The Nutrition & Santé SAS brand, which sells health food products mainly in Europe, saw sales increase, mainly due to the effects of continuous product composition optimization amid increasing consumer health awareness, along with expansion of e-commerce adapted to new lifestyles.

\*7: 2021 *U.S. News & World Report* - Pharmacy Times Survey

Nature Made is ranked as the #1 Pharmacist Recommended brand for: Sleep Aids, Diabetic Multivitamins, CoQ10, Flaxseed Oil, Herbal Supplement Brand, Essential Vitamins, Omega-3/Fish Oil, Cholesterol Management (Fish Oil), Mood Health (St. John's Wort)

- Three nurture brands

Plant-based foods of the Daiya Foods Inc. brand maintained a high share in the dairy alternatives market in North America. However, the same market has been expanding rapidly and newcomer manufacturers are increasing. For the nine-month period ended September 30, 2021, efforts were continued to enhance the product lineup by utilizing its original technology and expand distribution, although sales declined for the nine-month period in part due to a fallback from the sharp surge in consumers' at-home demand accompanying the spread of COVID-19 for the same period of the previous fiscal year.

Sales of *EQUELLE*, a food and supplement brand containing equol that supports women's health and beauty, continued to grow steadily due to increased recognition of the product through the wide-ranging spread of information on the product.

As for *BODY MAINTÉ*, a protective beverage brand containing the plant-based lactic-acid bacteria B240\*<sup>8</sup>, recognition and understanding of the product spread steadily amid rising awareness regarding health and body conditioning among consumers, and by linking this with continuous in-store development, sales increased.

\*8: *Lactobacillus pentosus* ONRICb0240: Strain isolated by Tokyo University of Agriculture, for which Otsuka Pharmaceutical has confirmed efficacy.

### 3) Consumer products

In mineral water products, sales volume performed solidly, primarily of 700-milliliter PET bottles of mainstay brand *CRYSTAL GEYSER*. Moreover, the *CRYSTAL GEYSER* brand introduced 50% recycled PET bottles in April 2021, as part of proactive efforts to promote environmental consideration. Sales volume of *MATCH*, a carbonated vitamin drink, decreased overall for the brand, mainly reflecting the impacts of a continued decrease in opportunities for going outdoors and a drop in temperatures. As a result, revenue for the nine-month period ended September 30, 2021 totaled ¥24,115 million (up 0.0%), while business profit totaled ¥5,767 million (down 37.7%), in part due to a decrease in share of profit of associates.

### 4) Others

Sales in the specialty chemical business increased as a result of increased sales to the automotive industry. Sales in the fine chemical business decreased, mainly due to a decrease in demand of antibiotics.

In the transportation and warehousing business, sales increased due to the capture of new external customers in line with the promotion of a "common distribution platform" and a recovery in the handling volume.

As a result, revenue for the nine-month period ended September 30, 2021 totaled ¥110,752 million (up 6.5%), while business profit was ¥10,813 million (up 0.5%).

\* Please refer to the Supplement Documents (FACT BOOK) for sales by product and other information.

<https://www.otsuka.com/en/ir/library/materials.html>

## Impact of COVID-19 on business operations and operating results

The current situation and potential management risks for the Group have been identified as follows:

### Sales

- In the pharmaceutical business, self-restraint from going out has led to a decrease in outpatient numbers in hospitals, but in some areas or some diseases, the number of prescriptions is on an upward trend. If the current situation were to be prolonged or become more serious, there may be further decline in the number of new prescriptions due to restrictions on visits to health care facilities and the voluntary restraint on efforts to raise awareness of diseases and decline in prescriptions such as injections as part of hospital treatment, which may affect revenue.
- In the non-pharmaceutical businesses, demand for some products is increasing owing to rising health awareness and increases in at-home consumption and online shopping. On the other hand, a decline of consumption opportunities is being observed due to the limits on outdoor activities resulting from people refraining from going out. If the spread of COVID-19 were to be prolonged or become more serious, there may be further decline in the capture of new customers due to self-restraint and other restrictions on sales activities and loss of consumption opportunities, which may affect revenue.

### Manufacturing

- With regard to the procurement of raw materials, the purchasing channels overall are secure, although delays are occurring for some import items. Manufacturing had been temporarily suspended for some line items due to employees staying at home, but manufacturing has been mostly restored. The manufacturing operations are adequately staffed and proceeding smoothly. If the spread of COVID-19 were to be prolonged or become more serious causing stoppages in the procurement of raw materials, or if a cluster of infections or other similar cases occurred at a manufacturing plant, delays in the supply of some products should also be considered.

### Research and Development

- Launching clinical trial facilities and registering patients had been put on hold for some products in development undergoing clinical trials, but they have already resumed. If the situation concerning the interruption or delay of patient registration were to become more serious, schedule of clinical trials or development strategy such as the timing of applications for manufacturing and marketing approval may be amended.
- If the current situation were to be prolonged or become more serious, due to stay-at-home order etc, research activities may slow down and the timeline for new product launches in the medium to long term may be delayed.

As stated above, the Group anticipates a wide range of impacts on the Group's business due to the spread of COVID-19. The Group will continue to fully recognize management risks in advance and take all possible measures to improve corporate value and achieve the forecast of consolidated operating results for the year ending December 31, 2021.

## Research and Development Activities

Research and development expenses for the nine-month period ended September 30, 2021 totaled ¥162,521 million.

The primary areas of research and development as well as the status of new product development by segment were as follows:

### Pharmaceuticals

The Group conducts research and development with a primary focus on the areas of psychiatry and neurology, and oncology. The Group also conducts research and development focusing on fields that are yet to be fully addressed such as cardiovascular, renal system, etc.

Research and development expenses in the pharmaceutical business for the nine-month period ended September 30, 2021 were ¥152,661 million.

Research and development activities in the pharmaceutical business carried out for the nine-month period ended September 30, 2021 are summarized below.

| Category                    | Brand Name,<br>(Generic name),<br>Development Code     | Status  |
|-----------------------------|--|---|
| Psychiatry and<br>neurology | (aripiprazole long-acting<br>injection)                | <China><br>• An application for the indication of schizophrenia was filed in January 2021.  |
|                             | (centanafadine)<br>EB-1020                             | <U.S.><br>• Phase II trial for the smoking cessation was initiated in September 2021.   |
|                             | <i>AJOVY</i><br>(fremanezumab)<br>TEV-48125            | <Japan><br>• Approval was granted for the indication of preventive treatment of migraine in June 2021.  |
|                             | (ulotaront)<br>SEP-363856*                             | <U.S.><br>• Currently in Phase III trials for the treatment of schizophrenia.<br><Japan, China><br>• Currently in Phase II / III trial for the treatment of schizophrenia.  |
|                             | SEP-4199*  | <U.S.><br>• Currently in Phase III trial for the treatment of bipolar I depression.<br><Japan><br>• Currently preparing for Phase III trial for the treatment of bipolar I depression.  |
| Oncology                    | <i>INQOVI</i><br>(decitabine, cedazuridine)<br>ASTX727 | <U.S.><br>• Phase I trial for the treatment of acute myeloid leukemia was initiated in February 2021.   |
|                             | (pimipespib)<br>TAS-116                                | <Japan><br>• An application for the indication of gastrointestinal stromal tumor was filed in September 2021.   |
|                             | TAS-117  | <Japan, U.S. and Europe><br>• Phase II trial for the treatment of solid tumors harboring germline PTEN inactivating mutations was initiated in April 2021.  |
|                             | (futibatinib)<br>TAS-120                               | <Japan, U.S. and Europe><br>• Phase III trial for the treatment of intrahepatic cholangiocarcinoma was initiated in January 2021.<br><U.S. and Europe><br>• Phase II trial for the treatment of urothelial cancer was initiated in February 2021. |
|                             | TAS0953  | <Japan><br>• Phase I/II trial for the treatment of solid tumors was initiated in February 2021.   |
|                             | TAS1553  | <U.S.><br>• Phase I trial for the treatment of acute myeloid leukemia was initiated in March 2021.  |
|                             | (zimberelimab)<br>AB122                                | <Japan><br>• Phase I trial for the treatment of solid tumors was initiated in September 2021.   |
|                             | (fosnetupitant)<br>Pro-NETU                            | <Japan><br>• An application for the indication of chemotherapy-induced nausea and vomiting was filed in March 2021.   |
|                             | OPC-415  | <Japan><br>• Phase I/II trial for the treatment of multiple myeloma was initiated in June 2021.   |

| Category                        | Brand Name,<br>(Generic name),<br>Development Code | Status   |
|---------------------------------|--|--|
| Cardiovascular and renal system | (tolvaptan sodium phosphate)<br>OPC-61815          | <Japan><br>• An application for the indication of cardiac edema was filed in March 2021.                               |
|                                 | (vadadustat)<br>AKB-6548                           | <U.S.><br>• An application was filed for the indication of anemia associated with chronic kidney disease in June 2021. |
|                                 | (bempedoic acid)<br>ETC-1002                       | <Japan><br>• Phase II trial for the treatment of hypercholesterolemia was initiated in April 2021.                     |
|                                 | (voclosporin)                                      | <Europe><br>• A marketing application for the indication of lupus nephritis was filed in June 2021.                    |
|                                 | NO-13065   | <U.S.><br>• Phase I trial for the treatment of obesity was initiated in June 2021.                                     |
| Other categories                | VIS410   | <U.S.><br>• Development for the Type A influenza infection was halted due to development strategy.                     |
|                                 | <i>Moizerto</i><br>(difamilast)<br>OPA-15406       | <Japan><br>• Approval was granted for the indication of atopic dermatitis in September 2021.                           |

\* Worldwide collaboration and license agreement with Sumitomo Dainippon Pharma and its U.S.-based subsidiary Sunovion Pharmaceuticals announced September 30, 2021 for joint development and commercialization of four compounds including ulotaront (SEP-363856) and SEP-4199.

#### Nutraceuticals

In the nutraceutical business, the Group draws on its knowledge in the pharmaceutical business to constantly conduct research and development of world-class products centering on functional foods and beverages that support the maintenance and improvement of day-to-day well-being.

In the field of women's health, the Group acquired Uquora, Inc., which in North America provides specialized products in the area of female urinary tract health and also has a strong platform in July 2021. The Group will leverage synergies among group companies to promote research and development that will enable more complete support for women's health in this field, where there are high unmet needs.

Research and development expenses in the nutraceutical business for the nine-month period ended September 30, 2021 were ¥5,298 million.

#### Consumer products

In the consumer products business, the Group is engaged in the research and development of original and unique products in the field of food and beverage that are part of everyone's daily life. The Group is creating and proposing innovative products based on the themes of food and health, targeting businesses in retort foods, beverages, and plant-based foods, with the aim of solving various issues associated with the changing society, such as those involving health, the environment, population and the aging society.

Research and development expenses in the consumer products business for the nine-month period ended September 30, 2021 were ¥459 million.

#### Others

In the other businesses, the Group is primarily engaged in the research and development of specialty chemical products and fine chemicals. The Group is focusing on organic and inorganic synthesis technologies and conducting research and development of new products centered on own technology as well as research and development of next-generation fields.

Research and development expenses in the other businesses for the nine-month period ended September 30, 2021 were ¥4,102 million.



## (2) Consolidated Financial Position

### 1) Assets, Liabilities and Equity

(Millions of yen)

|                         | As of<br>December 31, 2020 | As of<br>September 30, 2021 | Change   |
|-------------------------|----------------------------|-----------------------------|----------|
| Current assets          | 1,003,727                  | 1,064,063                   | 60,336   |
| Non-current assets      | 1,624,079                  | 1,751,703                   | 127,623  |
| Total assets            | 2,627,807                  | 2,815,766                   | 187,959  |
| Current liabilities     | 416,213                    | 484,677                     | 68,464   |
| Non-current liabilities | 328,161                    | 313,480                     | (14,680) |
| Total liabilities       | 744,374                    | 798,158                     | 53,783   |
| Total equity            | 1,883,432                  | 2,017,608                   | 134,175  |

#### a. Assets

Total assets as of September 30, 2021 were ¥2,815,766 million, an increase of ¥187,959 million compared to ¥2,627,807 million as of December 31, 2020. Current assets increased by ¥60,336 million, and non-current assets increased by ¥127,623 million.

##### (Current Assets)

Current assets as of September 30, 2021 were ¥1,064,063 million, an increase of ¥60,336 million compared to ¥1,003,727 million as of December 31, 2020. This was mainly due to an increase in cash and cash equivalents by ¥91,826 million, partially offset by decreases in trade and other receivables by ¥20,603 million and other financial assets by ¥19,944 million.

##### (Non-current Assets)

Non-current assets as of September 30, 2021 were ¥1,751,703 million, an increase of ¥127,623 million compared to ¥1,624,079 million as of December 31, 2020. This was mainly due to increases in property, plant and equipment by ¥20,985 million, goodwill by ¥26,140 million, intangible assets by ¥60,049 million and investments in associates by ¥16,706 million as a result of investments in the pharmaceutical business and exchange rate fluctuations. A collaboration and license agreement has been executed for worldwide joint development and commercialization of four novel candidate compounds currently under development in psychiatry and neurology area by Sumitomo Dainippon Pharma and Sunovion Pharmaceuticals. An upfront payment of USD 270 million (¥30,226 million) associated with the agreement was recorded as an in-process research and development intangible asset as of September 30, 2021.

#### b. Liabilities

Total liabilities as of September 30, 2021 were ¥798,158 million, an increase of ¥53,783 million compared to ¥744,374 million as of December 31, 2020. Current liabilities increased by ¥68,464 million, and non-current liabilities decreased by ¥14,680 million.

##### (Current Liabilities)

Current liabilities as of September 30, 2021 were ¥484,677 million, an increase of ¥68,464 million compared to ¥416,213 million as of December 31, 2020. This was mainly due to increases in trade and other payables by ¥27,507 million, other current liabilities by ¥38,007 million, bonds and borrowings by ¥3,534 million and provisions by ¥3,243 million, partially offset by a decrease in income taxes payable by ¥4,778 million.

##### (Non-current Liabilities)

Non-current liabilities as of September 30, 2021 were ¥313,480 million, a decrease of ¥14,680 million compared to ¥328,161 million as of December 31, 2020. This was mainly due to decreases in bonds and borrowings by ¥14,938 million and contract liabilities by ¥8,473 million, partially offset by increases in other financial liabilities by ¥4,289 million and lease liabilities by ¥3,626 million.

#### c. Equity

Total equity as of September 30, 2021 was ¥2,017,608 million, an increase of ¥134,175 million compared to ¥1,883,432 million as of December 31, 2020. This was mainly due to an increase in retained earnings by ¥75,756 million which consisted of profit attributable to owners of the Company of ¥126,648 million net of dividend payments of ¥54,236 million, and an increase in other components of equity by ¥55,628 million as a result of exchange rate fluctuations.

### 2) Cash Flows

Cash and cash equivalents as of September 30, 2021 were ¥448,678 million, an increase of ¥91,826 million compared to the balance as of December 31, 2020. For the nine-month period ended September 30, 2021, net cash flows provided by operating activities were ¥197,210 million, while net cash flows used in investing activities were ¥33,009 million mainly as a result of investments in the pharmaceutical business toward the realization of sustainable growth. Net cash flows used in financing activities were ¥83,724 million as a result of repayments of borrowings and lease liabilities and ¥55,984 million of dividend payments.

Thus, cash and cash equivalents increased to ¥448,678 million as operating cash inflows exceeded the total cash outflows for investing and financing activities, further augmented by the effect of ¥11,349 million of exchange rate fluctuations on cash and cash equivalents as a result of the depreciation of the yen.

The following provides details around cash flow movements for the nine-month period ended September 30, 2021:

### Cash Flows from Operating Activities

Net cash flows provided by operating activities were ¥197,210 million, an increase in inflows of ¥9,219 million compared to the figure for the nine-month period ended September 30, 2020. Cash flows from operating activities for the nine-month period ended September 30, 2021 mainly consisted of ¥166,308 million of profit before tax, adjusted for ¥62,301 million of depreciation and amortization expenses, ¥31,025 million decrease in trade and other receivables, ¥29,304 million decrease in trade and other payables, ¥18,448 million of the other cash flow from operating activities and ¥49,880 million of income taxes paid. The increase of ¥9,219 million was primarily due to a positive impact of exchange rate fluctuations, a decrease in income taxes paid by ¥10,431 million, an increase in the other cash flow from operating activities by ¥31,014 million and an increase in cash flow related to changes in inventories by ¥20,120 million, partially offset by a decrease in impairment losses by ¥20,051 million, a change of decrease in trade and other receivables by ¥12,949 million and a change of decrease in trade and other payables by ¥15,382 million.

### Cash Flows from Investing Activities

Net cash flows used in investing activities were ¥33,009 million, a decrease in outflows of ¥53,679 million compared to the figure for the nine-month period ended September 30, 2020. Cash flows from investing activities for the nine-month period ended September 30, 2021 mainly consisted of ¥36,643 million of payments for acquisition of property, plant and equipment, ¥20,802 million of payments for acquisition of investments and ¥24,416 million decrease in time deposits. The decrease of ¥53,679 million was primarily due to ¥26,959 million decrease in payments for acquisition of intangible assets in the pharmaceutical business and a change of decrease in time deposits by ¥29,985 million.

### Cash Flows from Financing Activities

Net cash flows used in financing activities were ¥83,724 million, a decrease in outflows of ¥7,365 million compared to the figure for the nine-month period ended September 30, 2020. Cash flows from financing activities mainly consisted of ¥14,122 million in repayments of non-current borrowings, ¥13,834 million in repayments of lease liabilities and ¥55,984 million in dividends paid. The decrease of ¥7,365 million was primarily due to a change of decrease in current borrowings by ¥8,933 million.

## **(3) Forecast for Consolidated Operating Results**

In response to the consolidated operating results for the nine-month period ended September 30, 2021, the Company revised its consolidated operating results forecast for the fiscal year ending December 31, 2021 that it released on August 6, 2021 as follows:

Revisions of the consolidated operating results forecast for the fiscal year ending December 31, 2021

(Millions of yen)

|  | Previous forecast<br>(A) | Revised forecast<br>(B) | Amount of change<br>(B - A) | Change<br>(%) | (Reference)<br>FY2020 |
|--|--------------------------|-------------------------|-----------------------------|---------------|-----------------------|
| Revenue  | 1,480,000                | 1,480,000               | —                           | —             | 1,422,826             |
| Business profit before<br>research and development<br>expenses | 425,000                  | 425,000                 | —                           | —             | 433,729               |
| Business profit  | 200,000                  | 200,000                 | —                           | —             | 216,887               |
| Operating profit   | 208,000                  | 203,000                 | (5,000)                     | (2.4)         | 198,582               |
| Profit before tax  | 215,000                  | 210,000                 | (5,000)                     | (2.3)         | 189,988               |
| Profit for the year  | 169,000                  | 165,000                 | (4,000)                     | (2.4)         | 151,733               |
| Profit attributable to owners<br>of the Company                | 165,000                  | 161,000                 | (4,000)                     | (2.4)         | 148,137               |
| Basic earnings per share<br>(Yen)                              | 304.21                   | 296.84                  |                             |               | 273.15                |

|                                      |         |         |   |   |         |
|--------------------------------------|---------|---------|---|---|---------|
| Research and development<br>expenses | 225,000 | 225,000 | — | — | 216,841 |
|--------------------------------------|---------|---------|---|---|---------|

(Note) Forecast exchange rates are as follows:

|     | Previous forecast | Revised forecast |
|-----|-------------------|------------------|
| USD | 109 yen           | 109 yen          |
| EUR | 131 yen           | 131 yen          |

Revenue is expected to be achieved in accordance with the previous forecast for the four global products of the pharmaceutical business (*ABILIFY MAINTENA*, *REXULTI/RXULTI*, *Samsca/JINARC/JYNARQUE* and *LONSURF*), as well as the nutraceutical business, and full-year business profit is also expected to trend in line with the previous forecast.

Nevertheless, the Group will continue to monitor the impacts on operating results, based on the assumption of the possibilities of the increase in revenue due to favorable sales of the four global products, the decrease in revenue due to shipment adjustment on *Abraxane*, the increase in development expenses based on the collaboration and license agreement executed with Sumitomo Dainippon Pharma and Sunovion Pharmaceuticals for joint development and commercialization, and accelerated proactive marketing activities in response to the new normal.

Furthermore, operating profit, profit before tax, and profit attributable to owners of the Company are expected to be lower than the previous forecast mainly due to the impact of impairment losses for the nine-month period ended September 30, 2021.

2. Condensed Interim Consolidated Financial Statements and Major Notes  
 (1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

|                               | As of<br>December 31, 2020 | As of<br>September 30, 2021 |
|-------------------------------|----------------------------|-----------------------------|
| Assets                        |                            |                             |
| Current assets                |                            |                             |
| Cash and cash equivalents     | 356,851                    | 448,678                     |
| Trade and other receivables   | 379,107                    | 358,504                     |
| Inventories                   | 173,827                    | 178,892                     |
| Income taxes receivable       | 3,283                      | 2,465                       |
| Other financial assets        | 44,920                     | 24,975                      |
| Other current assets          | 44,488                     | 49,810                      |
| Subtotal                      | 1,002,479                  | 1,063,326                   |
| Assets held for sale          | 1,247                      | 736                         |
| Total current assets          | 1,003,727                  | 1,064,063                   |
| Non-current assets            |                            |                             |
| Property, plant and equipment | 462,131                    | 483,116                     |
| Goodwill                      | 262,914                    | 289,055                     |
| Intangible assets             | 457,192                    | 517,242                     |
| Investments in associates     | 208,146                    | 224,853                     |
| Other financial assets        | 187,221                    | 177,950                     |
| Deferred tax assets           | 21,531                     | 32,962                      |
| Other non-current assets      | 24,941                     | 26,523                      |
| Total non-current assets      | 1,624,079                  | 1,751,703                   |
| Total assets                  | 2,627,807                  | 2,815,766                   |

(Millions of yen)

|   | As of<br>December 31, 2020 | As of<br>September 30, 2021 |
|---|----------------------------|-----------------------------|
| Liabilities and equity                                    |                            |                             |
| Liabilities   |                            |                             |
| Current liabilities                                       |                            |                             |
| Trade and other payables                                  | 164,950                    | 192,458                     |
| Bonds and borrowings                                      | 28,690                     | 32,224                      |
| Lease liabilities   | 15,511                     | 16,759                      |
| Other financial liabilities                               | 1,987                      | 1,983                       |
| Income taxes payable                                      | 14,744                     | 9,965                       |
| Provisions  | -                          | 3,243                       |
| Contract liabilities                                      | 12,644                     | 12,632                      |
| Other current liabilities                                 | 177,350                    | 215,357                     |
| Subtotal  | 415,878                    | 484,626                     |
| Liabilities directly associated with assets held for sale | 334                        | 51                          |
| Total current liabilities                                 | 416,213                    | 484,677                     |
| Non-current liabilities                                   |                            |                             |
| Bonds and borrowings                                      | 124,564                    | 109,626                     |
| Lease liabilities   | 57,314                     | 60,941                      |
| Other financial liabilities                               | 16,737                     | 21,027                      |
| Net defined benefit liabilities                           | 16,724                     | 15,293                      |
| Provisions  | 904                        | 1,394                       |
| Contract liabilities                                      | 69,164                     | 60,690                      |
| Deferred tax liabilities                                  | 25,457                     | 26,643                      |
| Other non-current liabilities                             | 17,294                     | 17,864                      |
| Total non-current liabilities                             | 328,161                    | 313,480                     |
| Total liabilities   | 744,374                    | 798,158                     |
| Equity  |                            |                             |
| Equity attributable to owners of the Company              |                            |                             |
| Share capital   | 81,690                     | 81,690                      |
| Capital surplus   | 506,295                    | 506,574                     |
| Treasury shares   | (45,781)                   | (45,571)                    |
| Retained earnings   | 1,402,644                  | 1,478,400                   |
| Other components of equity                                | (92,474)                   | (36,845)                    |
| Total equity attributable to owners of the Company        | 1,852,375                  | 1,984,248                   |
| Non-controlling interests                                 | 31,057                     | 33,359                      |
| Total equity  | 1,883,432                  | 2,017,608                   |
| Total liabilities and equity                              | 2,627,807                  | 2,815,766                   |

**(2) Condensed Interim Consolidated Statements of Income**

(Millions of yen)

|  | FY2020<br>(From January 1, 2020<br>to September 30, 2020) | FY2021<br>(From January 1, 2021<br>to September 30, 2021) |
|--|---|---|
| Revenue                                      | 1,066,959   | 1,107,417   |
| Cost of sales                                | (328,511)   | (358,668)   |
| Gross profit                                 | 738,448   | 748,749   |
| Selling, general and administrative expenses | (404,981)   | (439,009)   |
| Share of profit of associates                | 13,256  | 8,644   |
| Research and development expenses            | (158,059)   | (162,521)   |
| Impairment losses                            | (25,102)  | (5,051)   |
| Other income                                 | 9,914   | 10,571  |
| Other expenses                               | (1,780)   | (3,252)   |
| Operating profit                             | 171,695   | 158,130   |
| Finance income                               | 2,239   | 11,056  |
| Finance costs                                | (8,944)   | (2,878)   |
| Profit before tax                            | 164,990   | 166,308   |
| Income tax expenses                          | (34,392)  | (36,275)  |
| Profit for the period                        | 130,598   | 130,033   |
| Attributable to:                             |   |   |
| Owners of the Company                        | 127,766   | 126,648   |
| Non-controlling interests                    | 2,831   | 3,384   |
| Earnings per share:                          |   |   |
| Basic earnings per share (Yen)               | 235.59  | 233.50  |
| Diluted earnings per share (Yen)             | 234.79  | 233.34  |

**(3) Condensed Interim Consolidated Statements of Comprehensive Income**

(Millions of yen)

|  | FY2020<br>(From January 1, 2020<br>to September 30, 2020) | FY2021<br>(From January 1, 2021<br>to September 30, 2021) |
|--|---|---|
| Profit for the period  | 130,598   | 130,033   |
| Other comprehensive income   |   |   |
| Items that will not be reclassified to profit or loss                      |   |   |
| Remeasurements of defined benefit plans                                    | 75  | 1,804   |
| Financial assets measured at fair value through other comprehensive income | 11,808  | (10,210)  |
| Share of other comprehensive income of associates                          | 414   | (190)   |
| Subtotal   | <u>12,297</u>   | <u>(8,596)</u>  |
| Items that may be reclassified to profit or loss                           |   |   |
| Foreign currency translation reserve                                       | (27,811)  | 58,969  |
| Cash flow hedges   | (6)   | 2   |
| Share of other comprehensive income of associates                          | (723)   | 9,262   |
| Subtotal   | <u>(28,541)</u>   | <u>68,234</u>   |
| Total other comprehensive income   | <u>(16,243)</u>   | <u>59,638</u>   |
| Total comprehensive income for the period                                  | <u>114,354</u>  | <u>189,671</u>  |
| Attributable to:   |   |   |
| Owners of the Company  | 112,422   | 185,621   |
| Non-controlling interests  | 1,931   | 4,049   |
| Total comprehensive income for the period                                  | <u>114,354</u>  | <u>189,671</u>  |

**(4) Condensed Interim Consolidated Statements of Changes in Equity**  
FY2020 (From January 1, 2020 to September 30, 2020)

(Millions of yen)

|  | Equity attributable to owners of the Company |                 |                 |                   |   |  |
|--|--|-----------------|-----------------|-------------------|---|--|
|  | Share capital                                | Capital surplus | Treasury shares | Retained earnings | Other components of equity              |  |
|  |  |                 |                 |                   | Remeasurements of defined benefit plans | Financial assets measured at fair value through other comprehensive income |
| Balance as of January 1, 2020  | 81,690                                       | 505,520         | (46,018)        | 1,304,569         | —                                       | 24,047   |
| Profit for the period  | —  | —               | —               | 127,766           | —                                       | —  |
| Other comprehensive income   | —  | —               | —               | —                 | 43                                      | 12,279   |
| Comprehensive income   | —  | —               | —               | 127,766           | 43                                      | 12,279   |
| Purchase of treasury shares  | —  | —               | (1)             | —                 | —                                       | —  |
| Dividends  | —  | —               | —               | (54,230)          | —                                       | —  |
| Share-based payment transactions   | —  | 637             | 238             | —                 | —                                       | —  |
| Changes in ownership interests in subsidiaries that do not result in loss of control | —  | (12)            | —               | —                 | —                                       | —  |
| Transfer from other components of equity to retained earnings                        | —  | —               | —               | (518)             | (43)                                    | 561  |
| Total transactions with owners, etc.   | —  | 624             | 237             | (54,749)          | (43)                                    | 561  |
| Balance as of September 30, 2020   | 81,690                                       | 506,145         | (45,780)        | 1,377,586         | —                                       | 36,888   |

|  | Equity attributable to owners of the Company |                  |          |           |         |           | Non-controlling interests | Total equity |
|--|--|------------------|----------|-----------|---------|-----------|---------------------------|--------------|
|  | Other components of equity                   |                  |          | Total     |         |           |                           |              |
|  | Foreign currency translation reserve         | Cash flow hedges | Total    |           |         |           |                           |              |
| Balance as of January 1, 2020  | (103,537)                                    | (1)              | (79,490) | 1,766,271 | 29,168  | 1,795,440 |                           |              |
| Profit for the period  | —  | —                | —        | 127,766   | 2,831   | 130,598   |                           |              |
| Other comprehensive income   | (27,659)                                     | (6)              | (15,343) | (15,343)  | (900)   | (16,243)  |                           |              |
| Comprehensive income   | (27,659)                                     | (6)              | (15,343) | 112,422   | 1,931   | 114,354   |                           |              |
| Purchase of treasury shares  | —  | —                | —        | (1)       | —       | (1)       |                           |              |
| Dividends  | —  | —                | —        | (54,230)  | (1,482) | (55,713)  |                           |              |
| Share-based payment transactions   | —  | —                | —        | 876       | —       | 876       |                           |              |
| Changes in ownership interests in subsidiaries that do not result in loss of control | —  | —                | —        | (12)      | 6       | (6)       |                           |              |
| Transfer from other components of equity to retained earnings                        | —  | —                | 518      | —         | —       | —         |                           |              |
| Total transactions with owners, etc.   | —  | —                | 518      | (53,367)  | (1,476) | (54,844)  |                           |              |
| Balance as of September 30, 2020   | (131,196)                                    | (8)              | (94,315) | 1,825,326 | 29,623  | 1,854,950 |                           |              |

## Equity attributable to owners of the Company

|  | Equity attributable to owners of the Company |                 |                 |                   | Other components of equity              |  |
|--|--|-----------------|-----------------|-------------------|---|--|
|  | Share capital                                | Capital surplus | Treasury shares | Retained earnings | Remeasurements of defined benefit plans | Financial assets measured at fair value through other comprehensive income |
| Balance as of January 1, 2021  | 81,690                                       | 506,295         | (45,781)        | 1,402,644         | —                                       | 43,298   |
| Profit for the period  | —  | —               | —               | 126,648           | —                                       | —  |
| Other comprehensive income   | —  | —               | —               | —                 | 1,850                                   | (10,393)   |
| Comprehensive income   | —  | —               | —               | 126,648           | 1,850                                   | (10,393)   |
| Purchase of treasury shares  | —  | —               | (1)             | —                 | —                                       | —  |
| Dividends  | —  | —               | —               | (54,236)          | —                                       | —  |
| Share-based payment transactions   | —  | 279             | 210             | —                 | —                                       | —  |
| Changes in ownership interests in subsidiaries that do not result in loss of control | —  | (0)             | —               | —                 | —                                       | —  |
| Transfer from other components of equity to retained earnings                        | —  | —               | —               | 3,344             | (1,850)                                 | (1,494)  |
| Total transactions with owners, etc.   | —  | 278             | 209             | (50,891)          | (1,850)                                 | (1,494)  |
| Balance as of September 30, 2021   | 81,690                                       | 506,574         | (45,571)        | 1,478,400         | —                                       | 31,409   |

## Equity attributable to owners of the Company

|  | Other components of equity           |                  |          | Total     | Non-controlling interests | Total equity |
|--|--------------------------------------|------------------|----------|-----------|---------------------------|--------------|
|  | Foreign currency translation reserve | Cash flow hedges | Total    |           |                           |              |
| Balance as of January 1, 2021  | (135,766)                            | (5)              | (92,474) | 1,852,375 | 31,057                    | 1,883,432    |
| Profit for the period  | —                                    | —                | —        | 126,648   | 3,384                     | 130,033      |
| Other comprehensive income   | 67,514                               | 2                | 58,973   | 58,973    | 664                       | 59,638       |
| Comprehensive income   | 67,514                               | 2                | 58,973   | 185,621   | 4,049                     | 189,671      |
| Purchase of treasury shares  | —                                    | —                | —        | (1)       | —                         | (1)          |
| Dividends  | —                                    | —                | —        | (54,236)  | (1,747)                   | (55,984)     |
| Share-based payment transactions   | —                                    | —                | —        | 489       | —                         | 489          |
| Changes in ownership interests in subsidiaries that do not result in loss of control | —                                    | —                | —        | (0)       | —                         | (0)          |
| Transfer from other components of equity to retained earnings                        | —                                    | —                | (3,344)  | —         | —                         | —            |
| Total transactions with owners, etc.   | —                                    | —                | (3,344)  | (53,748)  | (1,747)                   | (55,495)     |
| Balance as of September 30, 2021   | (68,252)                             | (2)              | (36,845) | 1,984,248 | 33,359                    | 2,017,608    |



**(5) Condensed Interim Consolidated Statements of Cash Flows**

(Millions of yen)

|  | FY2020<br>(From January 1, 2020<br>to September 30, 2020) | FY2021<br>(From January 1, 2021<br>to September 30, 2021) |
|--|---|---|
| Cash flows from operating activities                         |   |   |
| Profit before tax  | 164,990   | 166,308   |
| Depreciation and amortization expenses                       | 58,998  | 62,301  |
| Impairment losses and reversal of impairment losses          | 25,102  | 5,051   |
| Share of profit of associates                                | (13,256)  | (8,644)   |
| Finance income   | (2,239)   | (11,056)  |
| Finance costs  | 8,944   | 2,878   |
| (Increase) decrease in inventories                           | (16,261)  | 3,858   |
| Decrease in trade and other receivables                      | 43,974  | 31,025  |
| Decrease in trade and other payables                         | (13,922)  | (29,304)  |
| Others   | (12,566)  | 18,448  |
| Subtotal   | <u>243,763</u>  | <u>240,865</u>  |
| Interest and dividends received                              | 6,940   | 8,269   |
| Interest paid  | (2,400)   | (2,044)   |
| Income taxes paid  | (60,312)  | (49,880)  |
| Net cash flows provided by operating activities              | <u>187,991</u>  | <u>197,210</u>  |
| Cash flows from investing activities                         |   |   |
| Proceeds from sales of property, plant and equipment         | 114   | 1,672   |
| Payments for acquisition of property, plant and equipment    | (36,754)  | (36,643)  |
| Payments for acquisition of intangible assets                | (39,803)  | (12,843)  |
| Proceeds from sales and redemption of investments            | 14,124  | 17,417  |
| Payments for acquisition of investments                      | (19,792)  | (20,802)  |
| Payments for acquisition of subsidiaries                     | —   | (8,036)   |
| (Increase) decrease in time deposits                         | (5,568)   | 24,416  |
| Others   | 990   | 1,810   |
| Net cash flows used in investing activities                  | <u>(86,688)</u>   | <u>(33,009)</u>   |
| Cash flows from financing activities                         |   |   |
| Purchase of treasury shares                                  | (1)   | (1)   |
| Decrease in current borrowings                               | (9,145)   | (211)   |
| Proceeds from non-current borrowings                         | 433   | 430   |
| Repayments of non-current borrowings                         | (14,477)  | (14,122)  |
| Repayments of lease liabilities                              | (12,392)  | (13,834)  |
| Dividends paid   | (55,522)  | (55,984)  |
| Others   | 16  | (0)   |
| Net cash flows used in financing activities                  | <u>(91,089)</u>   | <u>(83,724)</u>   |
| Increase in cash and cash equivalents                        | 10,212  | 80,477  |
| Cash and cash equivalents at the beginning of the period     | 334,040   | 356,851   |
| Effect of exchange rate changes on cash and cash equivalents | (4,364)   | 11,349  |
| Cash and cash equivalents at the end of the period           | <u>339,888</u>  | <u>448,678</u>  |

## (6) Notes to Condensed Interim Consolidated Financial Statements

### Note to Going Concern Assumptions

Not applicable.

### Operating Segments

#### 1) Overview of reportable segments

The Group's reportable segments are the constituent units of the Group for which separate financial information is available and which are subject to periodic reviews by the Board of Directors in order to make decisions on allocation of business resources and to evaluate the business performance of the respective segments.

The Company directs the Group's strategic planning, monitors group operations and provides various services to its group companies. Business activities are conducted by the Group's subsidiaries and associates.

Centering on the healthcare business, the Group operates activities inside and outside Japan relating to the following four reportable segments: "Pharmaceuticals," "Nutraceuticals," "Consumer products" and "Others" businesses.

The Group defines the reportable segments as follows:

"Pharmaceuticals" comprises manufacturing and sales of prescription drugs and intravenous solutions.

"Nutraceuticals" comprises manufacturing and sales of functional beverages, over-the-counter drugs and nutritional supplements.

"Consumer products" comprises manufacturing and sales of mineral water, soft beverages and food products.

"Others" encompasses logistics, warehousing, manufacturing and sales of chemical products, evaluation systems for LED displays and spectroanalysis devices.

#### 2) Revenues and performance by reportable segment

Revenues and performance by the Group's reportable segments are as follows.

Segment profit is based on operating profit.

Intersegment sales and transfers reflect reasonable prices for intersegment transfers based on market value.

FY2020 (From January 1, 2020 to September 30, 2020)

(Millions of yen)

|                                   | Reportable segment |                |                   |         |           | Adjustments * | Condensed Interim Consolidated Statement of Income |
|-----------------------------------|--------------------|----------------|-------------------|---------|-----------|---------------|--|
|                                   | Pharmaceuticals    | Nutraceuticals | Consumer products | Others  | Total     |               |  |
| Revenue                           |                    |                |                   |         |           |               |  |
| Revenue from external customers   | 715,124            | 252,746        | 24,097            | 74,991  | 1,066,959 | —             | 1,066,959  |
| Intersegment revenue or transfers | —                  | 21             | 7                 | 29,047  | 29,076    | (29,076)      | —  |
| Total                             | 715,124            | 252,767        | 24,105            | 104,038 | 1,096,035 | (29,076)      | 1,066,959  |
| Segment profit                    | 144,236            | 36,960         | 9,556             | 12,775  | 203,527   | (31,832)      | 171,695  |

\* Adjustments to segment profit of ¥(31,832) million include intersegment eliminations of ¥(56) million, unallocated corporate expenses of ¥(32,266) million and other income of ¥490 million. Corporate expenses are incurred in administrative departments such as headquarters.

FY2021 (From January 1, 2021 to September 30, 2021)

(Millions of yen)

|                                   | Reportable segment |                |                   |         |           | Adjustments * | Condensed Interim Consolidated Statement of Income |
|-----------------------------------|--------------------|----------------|-------------------|---------|-----------|---------------|--|
|                                   | Pharmaceuticals    | Nutraceuticals | Consumer products | Others  | Total     |               |  |
| Revenue                           |                    |                |                   |         |           |               |  |
| Revenue from external customers   | 720,974            | 280,038        | 24,098            | 82,306  | 1,107,417 | —             | 1,107,417  |
| Intersegment revenue or transfers | —                  | 33             | 17                | 28,445  | 28,496    | (28,496)      | —  |
| Total                             | 720,974            | 280,072        | 24,115            | 110,752 | 1,135,914 | (28,496)      | 1,107,417  |
| Segment profit                    | 127,955            | 45,789         | 5,781             | 12,225  | 191,751   | (33,620)      | 158,130  |

\* Adjustments to segment profit of ¥(33,620) million include intersegment eliminations of ¥205 million, unallocated corporate expenses of ¥(34,570) million and other income of ¥743 million. Corporate expenses are incurred in administrative departments such as headquarters.