



July 29, 2022

Consolidated Financial Results for the First Three Months of the Year Ending March 31, 2023 (Fiscal 2022) <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
 Listed exchange: 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, 2023 (from April 1, 2022 to June 30, 2022)

(1) Consolidated Financial Results

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

	Revenue		Core Operating profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	280,317	6.2	34,368	(21.3)	34,382	(24.9)	29,415	(37.5)
Three months ended June 30, 2021	264,069	11.4	43,669	28.2	45,769	34.1	47,062	13.7

	Profit for the period		Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended June 30, 2022	18,851	(46.5)	18,851	(46.5)	75,113	121.5	9.84	9.83
Three months ended June 30, 2021	35,220	10.7	35,220	10.6	33,916	4.3	18.38	18.36

Note: 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.

(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, 2022	2,294,549	1,400,252	1,400,252	61.0	730.50
As of March 31, 2022	2,221,402	1,350,872	1,350,872	60.8	704.76

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, 2022	–	13.50	–	13.50	27.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecast)		13.50	–	13.50	27.00

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

3. Forecast of Consolidated Financial Results for Year Ending March 31, 2023

(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	1,150,000	10.1	105,000	15.9	105,000	43.8	105,000	42.8	83,000	23.9

	Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Yen
Full year	83,000	23.9	43.30

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

*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, 2022	1,947,034,029 shares
As of March 31, 2022	1,947,034,029 shares

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

As of June 30, 2022	30,181,593 shares
As of March 31, 2022	30,247,523 shares

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

Three months ended June 30, 2022	1,916,818,964 shares
Three months ended June 30, 2021	1,916,333,127 shares

* 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 (Core Base)]

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

	Three months ended June 30, 2021	Three months ended June 30, 2022	YoY change
Revenue	264,069	280,317	16,247 6.2%
Cost of sales*	85,152	74,692	-10,460 -12.3%
Selling, general and administrative expenses*	81,210	96,325	15,114 18.6%
Research and development expenses*	54,037	74,930	20,893 38.7%
Core operating profit*	43,669	34,368	-9,300 -21.3%
Temporary income*	2,100	13	-2,087 -99.4%
Temporary expenses*	0	-	-0 -100.0%
Operating profit	45,769	34,382	-11,387 -24.9%
Profit before tax	47,062	29,415	-17,646 -37.5%
Profit attributable to owners of the Company	35,220	18,851	-16,368 -46.5%
Total comprehensive income	33,916	75,113	41,196 121.5%

* The Daiichi Sankyo Group (hereinafter, “the Group”) discloses core operating profit, which excludes temporary income and expenses from operating profit, as an indicator of ordinary profitability. Temporary income and expenses 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 income and expenses. 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, 2021	Three months ended June 30, 2022
USD/Yen	109.49	129.57
EUR/Yen	131.95	138.10

a. Revenue

- Revenue in the first three months of the year ending March 31, 2023 increased by JPY16.2 billion, or 6.2% year on year, to JPY280.3 billion.
- Revenue increased year on year due to the achieved growth with global mainstay products such as Enhertu (generic name: trastuzumab deruxtecan, T-DXd/DS-8201) and Lixiana (generic name: edoxaban), the positive effect from foreign exchange by the depreciation of the yen and others, despite the negative effect of decrease in revenue for Nexium by the termination of co-promotion in Japan (September, 2021).
- The positive effect on revenue from foreign exchange was JPY17.3 billion in total.

b. Core operating profit

- Core operating profit decreased by JPY9.3 billion, or 21.3% year on year, to JPY34.4 billion.
- Cost of sales decreased by JPY10.5 billion, or 12.3% year on year, to JPY74.7 billion due to an improvement in cost-to-sales ratio as a result of a change in the product mix, despite an increase in revenue.
- Selling, general and administrative expenses increased by JPY15.1 billion, or 18.6%, to JPY96.3 billion due to the cost increase by an increase in profit sharing with AstraZeneca pertaining to Enhertu.
- Research and development expenses increased by JPY20.9 billion, or 38.7%, to JPY74.9 billion, mainly due to increased R&D investment in 3ADCs (trastuzumab deruxtecan, datopotamab deruxtecan: Dato-DXd/DS-1062 and patritumab deruxtecan: HER3-DXd/U3-1402).
- The negative effect on core operating profit from foreign exchange was JPY0.2 billion in total.

c. Operating profit

- Operating profit decreased by JPY11.4 billion, or 24.9% year on year, to JPY34.4 billion.

d. Profit before tax

- Profit before tax decreased by JPY17.6 billion, or 37.5% year on year, to JPY29.4 billion.
- Profit before tax increased the amount of decrease 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 decreased by JPY16.4 billion, or 46.5% year on year, to JPY18.9 billion.

f. Total comprehensive income

- Total comprehensive income increased by JPY41.2 billion, or 121.5% year on year, to JPY75.1 billion.
- Total comprehensive income increased due to significant increase in the currency translation difference pertaining to net assets of overseas subsidiaries and other factors.

[Revenue by Business Unit]

Revenue by business unit in the first three months of the year ending March 31, 2023 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 revenue from products generated by the generic pharmaceutical business of Daiichi Sankyo Espha Co., Ltd.
- Revenue from the Unit decreased by JPY20.1 billion, or 15.5% year on year, to JPY109.0 billion due to the termination of co-promotion of Nexium, the impact of NHI drug price revision, etc., despite growth in sales of Lixiana, Tarlige and others.

The following describes the major progress in the first three months of the year ending March 31, 2023.

- In April 2022, the migraine prevention drug Emgality was specified as a drug for at-home self-injection.
- In June 2022, the migraine treatment drug Reyvow was launched.

b. Daiichi Sankyo Healthcare Unit

- Revenue from Daiichi Sankyo Healthcare Unit was about the same level year on year at JPY15.3 billion continuously being impacted by COVID-19.

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.
- Revenue from the Unit increased by JPY13.1 billion, or 90.2% year on year, to JPY27.5 billion due to increase of Enhertu in the U.S. and Europe. Revenue in local currency terms increased by USD80 million, or 60.8%, to USD212 million.

The following describes the major progress in the first three months of the year ending March 31, 2023.

- In May 2022, the application was approved in the U.S. for the second line treatment for HER2-positive breast cancer for Enhertu and the promotion began.

d. American Regent Unit

- Revenue from American Regent Unit increased by JPY7.9 billion, or 20.3% year on year, to JPY47.0 billion due to an increase in sales of Venofer and others. Revenue in local currency terms increased by USD6 million, or 1.7%, to USD363 million.

e. EU Specialty Business Unit

- Revenue from EU Specialty Business Unit includes revenue from products other than from cancer treatment products generated by Daiichi Sankyo Europe GmbH.
- Revenue from the Unit increased by JPY4.4 billion, or 13.5% year on year, to JPY37.1 billion due to steady growth in sales of Lixiana. Revenue in local currency terms increased by EUR21 million, or 8.5%, to EUR269 million.

f. ASCA Business Unit

- Revenue from ASCA^{*1} Business Unit includes sales to overseas licensees.
- Revenue from the Unit increased by JPY5.4 billion, or 20.5% year on year, to JPY31.9 billion due to increase of Enhertu in Brazil and olmesartan in China, and others.

^{*1} Asia, South & Central America

2) Status of R&D

The Group is working on research and development including active collaboration with the outside in accordance with the “3 and Alpha” Strategy, which intensively allocates resources to 3ADCs^{*1} for maximizing their product values, 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 payloads (small molecule drugs) linked via appropriate linker. By using a monoclonal antibody that binds to a specific target expressed on cancer cells, cytotoxic payloads are 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, oligonucleotide, 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, 2023 (from April 1, 2022 to June 30, 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, 2023.

- In April 2022, the application for approval was accepted in the U.S. for the second line treatment for HER2 mutated, non-small cell lung cancer (NSCLC).
- In April 2022, Breakthrough Therapy Designation^{*4} was obtained from the U.S. Food and Drug Administration (FDA) for HER2 low metastatic breast cancer (post-chemotherapy).
- In May 2022, the application was approved in the U.S. for the second line treatment for HER2-positive breast cancer.
- In June 2022, data was presented at the American Society of Clinical Oncology (ASCO) 2022 from the Phase III clinical trial for HER2 low metastatic breast cancer (post-chemotherapy) (trial name: DESTINY Breast-04).

- In June 2022, the applications for approval were accepted in Japan and Europe for HER2 low metastatic breast cancer (post-chemotherapy).
- In June 2022, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) recommended approval for the second line treatment for HER2-positive breast cancer.

*4 The Breakthrough Therapy Designation is designed to expedite the development and review of medicines that may demonstrate substantial benefit over currently available treatments in order to ensure that patients with serious diseases have access to new treatments as soon as possible.

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, 2023.

- In June 2022, a Phase III clinical trial for the first line treatment for triple negative breast cancer (TNBC) (trial name: TROPION-Breast02) was initiated.

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, 2023.

- In June 2022, data was presented at the ASCO 2022 from the Phase I/II clinical trial for breast cancer and the Phase I clinical trial for NSCLC.

【Alpha】

The following describes the major progress in clinical development of Alpha projects in the first three months of the year ending March 31, 2023. The status of each clinical trial is stated in the reference data.

- In June 2022, data was presented at the ASCO 2022 from the Phase I clinical trial of DS-6000 (CDH6-directed ADC) for ovarian cancer and renal cell carcinoma.
- In June 2022, data was presented at the European Hematology Association (EHA) from the Phase III clinical trial of quizartinib (AC220: FLT3 inhibitor, brand name in Japan: Vanflyta) for the first line treatment for acute myeloid leukemia (AML) (trial name: QuANTUM-First).
- In June 2022, a Phase I clinical trial of DS-2325 (KLK5 inhibitor) for healthy adults was initiated.
- In June 2022, a Phase II clinical trial of DS-7300 (B7-H3-directed ADC) for the second line treatment for small cell lung cancer (SCLC) was initiated.
- In June 2022, a Phase I clinical trial of DS-9606 (undisclosed ADC target) for solid tumors was initiated.

3) Efforts to Address the Novel Coronavirus Infection

Daiichi Sankyo is actively working to establish a vaccine manufacturing system in Japan for the novel coronavirus disease (COVID-19), which has become a significant issue facing society. 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.

DS-5670 (COVID-19 mRNA vaccine)

DS-5670 is an mRNA vaccine against COVID-19 using cationic lipids, which are a proprietary discovery. In November 2021, a Phase II clinical trial was initiated to investigate the immunogenicity,

safety and recommended dose of DS-5670 for unvaccinated healthy adults, aiming to prevent cases of COVID-19. In addition, a dose-finding trial (for healthy adults and elderly persons) was initiated in January 2022 as a Phase I/II/III clinical trial in Japan for healthy adults and elderly persons who received two doses of an mRNA vaccine approved in Japan at least six months before receiving the additional dose of DS-5670 (third vaccination) in order to evaluate the booster effect of DS-5670. The clinical development of DS-5670 is being conducted through “Vaccine development project” promoted by the Japan Agency for Medical Research and Development (AMED) and “Urgent improvement project for vaccine manufacturing systems^{*1}” supported by the Japanese Ministry of Health, Labour and Welfare (MHLW).

^{*1} 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.

The following describes the major progress in the first three months of the year ending March 31, 2023.

- In May 2022, the results from the Phase II clinical trial for unvaccinated healthy adults were obtained.
- In May 2022, with respect to the Phase I/II/III clinical trial to determine the booster effect of an additional dose, an active-controlled non-inferiority trial to compare DS-5670 to an approved mRNA vaccine was initiated for healthy adults and elderly persons.

(2) Analysis of Financial Position as of June 30, 2022

- Total assets as of June 30, 2022 were JPY2,294.5 billion, an increase of JPY73.1 billion from the previous fiscal year-end, mainly due to the increases in trade and other receivables and inventories, which was partially offset by decreases in other financial assets (current assets).
- Total liabilities as of June 30, 2022 were JPY894.3 billion, an increase of JPY23.8 billion from the previous fiscal year-end, mainly due to increases in trade and other payables and other non-current liabilities.
- Total equity as of June 30, 2022 was JPY1,400.3 billion, an increase of JPY49.4 billion from the previous fiscal year-end, mainly due to profit for the period and the increase in other components of equity, which was partially offset by the dividend payment.
- The ratio of equity attributable to owners of the Company to total assets was 61.0%, an increase of 0.2 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, 2023 publicly announced on April 27, 2022.
- On July 19, 2022 (U.S. time), the U.S. District Court for the Eastern District of Texas has entered judgment that Enhertu infringes Seagen Inc.'s U.S. Patent and awarding Seagen Inc. USD41.8 million in damages. The Company disagrees with this judgment and will continue to explore available legal options to defend its rights vigorously, and it does not record any provision for compensation in the first three months of the year ending March 31, 2023 and does not include in the forecast of consolidated financial results for year ending March 31, 2023.

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 year ended March 31, 2022, the Company paid a year-end dividend of JPY13.5 per share on June 28, 2022. Accordingly, the annual dividend for the fiscal year, together with the interim dividend of JPY13.5 per share paid on December 1, 2021, was JPY27.0 per share in total.
- For the year ending March 31, 2023, the Company intends to pay an interim dividend of JPY13.5 per share, a year-end dividend of JPY13.5 per share and an annual dividend of JPY27.0 per share.

2. Condensed Interim Consolidated Financial Statements with Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
ASSETS		
Current assets		
Cash and cash equivalents	662,477	658,064
Trade and other receivables	266,675	291,037
Other financial assets	181,368	149,131
Inventories	217,910	249,309
Other current assets	16,838	19,588
Total current assets	1,345,271	1,367,130
Non-current assets		
Property, plant and equipment	304,070	318,289
Goodwill	83,555	90,699
Intangible assets	163,884	171,296
Investments accounted for using the equity method	1,425	1,314
Other financial assets	131,509	136,178
Deferred tax assets	138,173	139,106
Other non-current assets	53,513	70,531
Total non-current assets	876,131	927,418
Total assets	2,221,402	2,294,549

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	324,784	330,282
Bonds and borrowings	20,394	20,394
Other financial liabilities	10,766	11,276
Income taxes payable	6,910	6,814
Provisions	6,795	6,902
Other current liabilities	25,616	31,145
Total current liabilities	395,268	406,816
Non-current liabilities		
Bonds and borrowings	143,067	142,973
Other financial liabilities	42,615	44,877
Post-employment benefit liabilities	2,624	2,915
Provisions	18,290	18,314
Deferred tax liabilities	12,444	13,986
Other non-current liabilities	256,219	264,411
Total non-current liabilities	475,262	487,479
Total liabilities	870,530	894,296
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Treasury shares	(37,482)	(37,404)
Other components of equity	168,147	222,762
Retained earnings	1,170,208	1,164,894
Total equity attributable to owners of the Company	1,350,872	1,400,252
Total equity	1,350,872	1,400,252
Total liabilities and equity	2,221,402	2,294,549

(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, 2021	Three months ended June 30, 2022
Revenue	264,069	280,317
Cost of sales	85,228	74,798
Gross profit	178,841	205,518
Selling, general and administrative expenses	81,258	96,373
Research and development expenses	54,038	74,931
Other income	2,225	168
Other expenses	0	-
Operating profit	45,769	34,382
Financial income	2,055	1,562
Financial expenses	759	6,507
Share of profit (loss) of investments accounted for using the equity method	(2)	(21)
Profit before tax	47,062	29,415
Income taxes	11,842	10,563
Profit for the period	35,220	18,851
Profit attributable to:		
Owners of the Company	35,220	18,851
Earnings per share		
Basic earnings per share (Yen)	18.38	9.84
Diluted earnings per share (Yen)	18.36	9.83

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit for the period	35,220	18,851
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(3,851)	1,059
Remeasurements of defined benefit plans	(49)	0
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	2,597	55,202
Other comprehensive income for the period	(1,303)	56,261
Total comprehensive income for the period	33,916	75,113
Total comprehensive income attributable to:		
Owners of the Company	33,916	75,113

(3) Condensed Interim Consolidated Statement of Changes in Equity

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		Retained earnings	Total equity attributable to owners of the Company	Total equity
	Remeasurements of defined benefit plans	Total other components of equity			
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

Three months ended June 30, 2022

(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, 2022	50,000	–	(37,482)	822	132,103	35,221
Profit for the period	–	–	–	–	–	–
Other comprehensive income for the period	–	–	–	–	55,202	1,059
Total comprehensive income for the period	–	–	–	–	55,202	1,059
Purchase of treasury shares	–	–	(6)	–	–	–
Disposal of treasury shares	–	–	84	(29)	–	–
Dividend	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(76)
Others	–	–	–	–	(1,540)	–
Total transactions with owners of the Company	–	–	77	(29)	(1,540)	(76)
Balance as of June 30, 2022	50,000	–	(37,404)	792	185,764	36,205

(Millions of yen)

	Equity attributable to owners of the Company				
	Other components of equity			Total equity attributable to owners of the Company	Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings		
Balance as of April 1, 2022	–	168,147	1,170,208	1,350,872	1,350,872
Profit for the period	–	–	18,851	18,851	18,851
Other comprehensive income for the period	0	56,261	–	56,261	56,261
Total comprehensive income for the period	0	56,261	18,851	75,113	75,113
Purchase of treasury shares	–	–	–	(6)	(6)
Disposal of treasury shares	–	(29)	(54)	0	0
Dividend	–	–	(25,876)	(25,876)	(25,876)
Transfer from other components of equity to retained earnings	(0)	(76)	76	–	–
Others	–	(1,540)	1,689	148	148
Total transactions with owners of the Company	(0)	(1,646)	(24,165)	(25,733)	(25,733)
Balance as of June 30, 2022	–	222,762	1,164,894	1,400,252	1,400,252

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before tax	47,062	29,415
Depreciation and amortization	14,684	14,870
Impairment losses (reversal of impairment losses)	–	11
Financial income	(2,055)	(1,562)
Financial expenses	759	6,507
Share of (profit) loss of investments accounted for using the equity method	2	21
(Gain) loss on sale and disposal of non-current assets	(1,814)	504
(Increase) decrease in trade and other receivables	(25,034)	(7,319)
(Increase) decrease in inventories	(10,106)	(26,048)
Increase (decrease) in trade and other payables	(33,923)	(13,936)
Others, net	(12,838)	(14,924)
Subtotal	(23,262)	(12,459)
Interest and dividend received	1,076	1,446
Interest paid	(135)	(134)
Income taxes paid	(7,771)	(9,617)
Net cash flows from (used in) operating activities	(30,092)	(20,764)
Cash flows from investing activities		
Payments into time deposits	(50,176)	(28,017)
Proceeds from maturities of time deposits	96,750	50,128
Acquisition of securities	(135,017)	(40,874)
Proceeds from sale and redemption of securities	138,330	65,147
Acquisition of property, plant and equipment	(16,723)	(14,986)
Proceeds from sale of property, plant and equipment	2,793	17
Acquisition of intangible assets	(5,871)	(4,996)
Proceeds from collection of loans receivable	92	77
Others, net	(167)	(184)
Net cash flows from (used in) investing activities	30,008	26,311

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from financing activities		
Repayments of bonds and borrowings	(97)	(98)
Purchase of treasury shares	(4)	(6)
Proceeds from sale of treasury shares	0	0
Dividend paid	(25,902)	(25,911)
Repayments of lease liabilities	(3,274)	(3,641)
Others, net	0	0
Net cash flows from (used in) financing activities	(29,278)	(29,658)
Net increase (decrease) in cash and cash equivalents	(29,362)	(24,110)
Cash and cash equivalents at the beginning of the period	380,547	662,477
Effect of exchange rate changes on cash and cash equivalents	1,077	19,697
Cash and cash equivalents at the end of the period	352,262	658,064

(5) Notes to Condensed Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Presentation

Condensed Interim Consolidated Statement of Profit or Loss

In order to more appropriately present the results of the business activities resulting in gains and losses generated from transactions such as asset sales, the group has changed its method of presentation and now presents these amounts in “Other income” and “Other expenses” from the fiscal year ending March 31, 2023. As a result, “Cost of sales”, “Selling, general and administrative expenses” and “Research and development expenses” of 75 million yen, 2,141 million yen, and 8 million yen, respectively, in the Condensed Interim Consolidated Statement of Profit or Loss for the first three months of the year ended March 31, 2022, have been reclassified as “Other income” and “Other expenses” of 2,225 million yen and 0 million yen, respectively.