



Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2022 [IFRS]

July 29, 2021

Company Name:	SUMITOMO DAINIPPON PHARMA CO., LTD.
Stock Exchange Listings:	Tokyo
Security Code Number:	4506 (URL https://www.ds-pharma.com/)
Representative:	Hiroshi Nomura, Representative Director, President and Chief Executive Officer
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Filing Date of Quarterly Financial Report:	August 5, 2021
Starting Date of Dividend Payments:	—
Preparation of Supplementary Financial Data for Quarterly Financial Results:	Yes
Information Meeting for Quarterly Financial Results to be held:	Yes (for institutional investors and analysts)

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

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

(1) Results of Operations

(% represents changes from the previous year)

	Revenue		Core operating profit		Operating profit		Net profit		Net profit attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2021	131,196	(2.0)	8,518	(65.0)	8,306	(64.3)	807	(94.8)	4,802	(73.7)	(6,752)	—
Three months ended June 30, 2020	133,857	13.9	24,367	9.4	23,271	(42.4)	15,566	132.2	18,259	172.4	10,279	—

Reference: Profit before taxes Three months ended June 30, 2021: ¥7,957 million
Three months ended June 30, 2020: ¥21,979 million

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

	Basic earnings per share	Earnings per share (diluted)
	Yen	Yen
Three months ended June 30, 2021	12.09	—
Three months ended June 30, 2020	45.96	—

(2) Financial Position

	Total assets	Net assets	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	1,276,708	638,694	574,042	45.0	1,444.88
As of March 31, 2021	1,308,127	648,178	580,570	44.4	1,461.31

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	—	14.00	—	14.00	28.00
Year ending March 31, 2022	—				
Year ending March 31, 2022 (Forecasts)		14.00	—	14.00	28.00

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

3. Consolidated Financial Forecasts for the Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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

	Net sales		Core operating profit		Operating profit		Net profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2022	578,000	12.0	64,000	(8.0)	61,000	(14.4)	41,000	(27.1)	103.20

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

Notes:

- (1) Shift of significant subsidiaries during the period (shift of specified subsidiaries accompanied by changes in scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates, and retrospective restatements
- ① Changes in accounting standards required by IFRS: None
 - ② Changes due to changes in accounting standards other than (2),①: None
 - ③ Changes in accounting estimates: None
- (3) Number of shares outstanding (Common stock)
- ① Number of shares outstanding (Including treasury stock) at the end of period
 - June 30, 2021: 397,900,154 shares
 - March 31, 2021: 397,900,154 shares
 - ② Number of treasury stock at the end of period
 - June 30, 2021: 606,569 shares
 - March 31, 2021: 606,255 shares
 - ③ Average number of shares during the period
 - June 30, 2021: 397,293,647 shares
 - June 30, 2020: 397,295,014 shares

This summary of financial results is exempt from audit procedures.

Explanation for Appropriate Use of Forecasts and Other Notes:

This material contains forecasts, projections, targets, plans, and other forward-looking statements regarding the Group's financial results and other data. Such forward-looking statements are based on the Company's assumptions, estimates, outlook, and other judgments made in light of information available at the time of preparation of such statements and involve both known and unknown risks and uncertainties. Accordingly, forecasts, plans, and other statements may not be realized as described, and actual financial results, success/failure or progress of development, and other projections may differ materially from those presented herein. Please refer to page 4, "1. Qualitative Information for the Three Months Ended June 30, 2021 (4) Qualitative Information on Consolidated Financial Forecasts".

Myovant Sciences Ltd. (hereinafter, "Myovant") is listed on the New York Stock Exchange, and the Group holds approximately 53% of the outstanding shares of Myovant. This material contains information about Myovant, which is based on information disclosed by Myovant. For more information on Myovant, please visit <https://www.myovant.com/>.

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

The Company holds the conference call for institutional investors and analysts on Thursday July 29, 2021. The audio of the conference call will be posted on our website promptly after the conference call.

【Attachment Documents】

1. Qualitative Information for the Three Months Ended June 30, 2021	2
(1) Qualitative Information on Business Results	2
(2) Qualitative Information on Financial Condition	4
(3) Qualitative Information on Cash Flows	4
(4) Qualitative Information on Consolidated Financial Forecasts	4
2. Consolidated Financial Statements	5
(1) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income	5
(2) Consolidated Statement of Financial Position	6
(3) Consolidated Statement of Changes in Equity	8
(4) Consolidated Statement of Cash Flows	10
(5) Notes to Consolidated Financial Statements	11

1. Qualitative Information for the Three Months Ended June 30, 2021

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

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

(1) Qualitative Information on Business Results

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

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

Highlights of the Group's consolidated financial results for the first three months of the fiscal year ending March 31, 2022 are as follows:

(Billions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021	Change	Change %
Revenue	133.9	131.2	(2.7)	(2.0)
Core operating profit	24.4	8.5	(15.8)	(65.0)
Operating profit	23.3	8.3	(15.0)	(64.3)
Profit before taxes	22.0	8.0	(14.0)	(63.8)
Net profit	15.6	0.8	(14.8)	(94.8)
Net profit attributable to owners of the parent	18.3	4.8	(13.5)	(73.7)

■ Revenue decreased by 2.0% year-on-year to 131.2 billion yen.

Revenue increased in the China segment but decreased in the segments of Japan, North America, and Other Regions.

■ Core operating profit decreased by 65.0% year-on-year to 8.5 billion yen.

Core operating profit decreased as a result of an increase in selling, general and administrative expenses primarily owing to the start of full-scale marketing activities by Sumitovant Biopharma, Ltd. (hereinafter, "Sumitovant")'s subsidiaries and an increase in the amortization of intangible assets, as well as a decrease in gross profit on account of a revenue decline.

■ Operating profit decreased by 64.3% year-on-year to 8.3 billion yen.

Operating profit decreased as well as core operating profit due to the absence of major increases/decreases in fair value of contingent consideration and other income/expenses.

■ Profit before taxes decreased by 63.8% year-on-year to 8.0 billion yen.

Profit before taxes decreased due to the significant magnitude of the decrease in operating profit, despite an improvement in financial income/expenses, including forex gain/loss.

■ Net profit decreased by 94.8% year-on-year to 0.8 billion yen.

Net profit decreased as well, as income tax expenses remained almost unchanged.

■ Net profit attributable to owners of the parent decreased by 73.7% year-on-year to 4.8 billion yen.

Net profit attributable to owners of the parent decreased due to the significant magnitude of the decrease in net profit. The ratio of net profit attributable to owners of the parent to revenue was 3.7%.

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

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

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

Operating results by segment are as follows.

[Japan segment]

■ **Revenue decreased by 2.8% year-on-year to 38.7 billion yen.**

Revenue decreased primarily owing to the impact of the National Health Insurance (NHI) drug price revisions in April 2021 and the declines in sales of long-listed drugs, despite sales growth of LATUDA® (atypical antipsychotic) and Trulicity® (therapeutic agent for type 2 diabetes), among others.

■ **Core segment decreased by 16.1% year-on-year to 6.7 billion yen.**

Core segment profit decreased as gross profit fell on account of revenue decline and an increase in selling, general and administrative expenses.

[North America segment]

■ **Revenue decreased by 3.7% year-on-year to 71.4 billion yen.**

ORGOVYX™ (therapeutic agent for advanced prostate cancer), which was launched in the previous fiscal year, and GEMTESA® (therapeutic agent for overactive bladder) and MYFEMBREE® (therapeutic agent for uterine fibroids), which were launched in the quarter under review, pushed up revenue. However, declines in sales of BROVANA® (therapeutic agent for COPD) caused by the expiration of the exclusive marketing period and LATUDA® affected by an increase in shipment in the second half of the previous fiscal year, respectively, resulted in a revenue decrease overall.

■ **Core segment profit decreased by 49.4% year-on-year to 18.1 billion yen.**

This decrease is attributable to the increase in selling, general and administrative expenses due to the start of full-scale marketing activities by Sumitovant's subsidiaries, on top of the decrease in gross profit.

[China segment]

■ **Revenue increased by 66.3% year-on-year to 8.5 billion yen.**

This increase is attributable to a sales recovery of MEROPEN® (carbapenem antibiotic), whose sales shrunk in the corresponding quarterly period of the previous fiscal year due to the COVID-19 pandemic, as well as sales growth of LATUDA® and other products.

■ **Core segment profit increased by 57.5% year-on-year to 4.3 billion yen.**

This increase is attributable to the rise in gross profit on account of revenue growth.

[Other Regions segment]

■ **Revenue decreased by 50.3% year-on-year to 2.7 billion yen.**

This decrease is attributable to a fall in exports.

■ **Core segment profit decreased by 74.3% year-on-year to 0.6 billion yen.**

This decrease is attributable to the significant magnitude of the decrease in revenue.

In addition to the above reportable segments, the Group is also engaged in sales of food ingredients, food additives, materials for chemical products, veterinary drugs, and other product lines, which generated revenue of 9.9 billion yen (increased by 5.8% year-on-year) and core segment profit of 1.0 billion yen (decreased by 6.4% year-on-year).

(2) Qualitative Information on Financial Condition

Non-current assets decreased by 14.3 billion yen from the previous fiscal year-end, as a result of a decrease in other financial assets, as well as in intangible assets due to amortization.

Current assets decreased by 17.2 billion yen from the previous fiscal year-end, primarily owing to the decrease in other financial assets due to collection of short-term loan receivables and cash and cash equivalents, despite an increase in trade and other receivables in the form of a lump-sum payment following the approval of MYFEMBREE®.

As a result, total assets decreased by 31.4 billion yen from the previous fiscal year-end to 1,276.7 billion yen.

Liabilities decreased by 21.9 billion yen from the previous fiscal year-end to 638.0 billion yen, primarily owing to decreases in income taxes payable and provisions.

Equity attributable to owners of the parent decreased by 6.5 billion yen from the previous fiscal year-end to 574.0 billion yen as other components of equity decreased. Non-controlling interests decreased by 3.0 billion yen from the previous fiscal year-end as Sumitovant's subsidiaries holding non-controlling interests posted losses.

As a result, total equity decreased by 9.5 billion yen from the previous fiscal year-end to 638.7 billion yen.

The ratio of equity attributable to owners of the parent to total assets as of the end of the quarterly accounting period under review was 45.0%.

(3) Qualitative Information on Cash Flows

Cash flows used in operating activities amounted to 32.8 billion yen, a decrease of 33.3 billion yen year-on-year, owing to a decrease in profit before taxes and an increase in trade and other receivables.

Cash flows provided by investing activities decreased by 3.8 billion yen year-on-year to 17.7 billion yen, as the purchase of investments increased despite a decrease in short-term loan receivables as was the case in the corresponding quarterly period of the previous fiscal year.

Cash flows used in financial activities decreased by 2.4 billion yen year-on-year to 6.9 billion yen, due to the absence of similar payments for acquisition of interest in a subsidiary from non-controlling interests, which were posted in the corresponding quarterly period of the previous fiscal year.

As a result of the above, the balance of cash and cash equivalents as of June 30, 2021, was 170.9 billion yen, which represents a decrease of 22.8 billion yen from the previous fiscal year-end.

(4) Qualitative Information on Consolidated Financial Forecasts

The Company has not revised the consolidated financial forecasts that were announced on May 12, 2021.

2. Consolidated Financial Statements

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

Consolidated Statement of Profit or Loss

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue	133,857	131,196
Cost of sales	35,970	38,476
Gross profit	97,887	92,720
Selling, general and administrative expenses	49,012	62,061
Research and development expenses	25,744	22,429
Other income	335	354
Other expenses	195	278
Operating profit	23,271	8,306
Finance income	645	611
Finance costs	1,937	960
Profit before taxes	21,979	7,957
Income tax expenses	6,413	7,150
Net profit	15,566	807
Net profit attributable to:		
Owners of the parent	18,259	4,802
Non-controlling interests	(2,693)	(3,995)
Net profit total	15,566	807
Earnings per share (yen)		
Basic earnings per share	45.96	12.09

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net profit	15,566	807
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(231)	(6,643)
Remeasurements of defined benefit liability (asset)	—	(22)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(5,067)	(886)
Cash flow hedges	11	(8)
Total other comprehensive income	(5,287)	(7,559)
Total comprehensive income	10,279	(6,752)
Total comprehensive income attributable to:		
Owners of the parent	14,223	(2,668)
Non-controlling interests	(3,944)	(4,084)
Total comprehensive income	10,279	(6,752)

Note: During the year ended March 31, 2021, the company finalized the purchase price allocation for the assets acquired and the liabilities assumed related to the strategic alliance with Roivant Sciences Ltd. (hereinafter, "Roivant"). Therefore, the Consolidated Statement of Comprehensive Income for the three-month period ended June 30, 2020 were retrospectively adjusted.

(2) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Non-current assets		
Property, plant and equipment	64,966	64,072
Goodwill	176,492	176,332
Intangible assets	383,406	380,589
Other financial assets	193,035	180,859
Income taxes receivable	6,726	6,720
Other non-current assets	3,516	3,754
Deferred tax assets	20,191	21,742
Total non-current assets	848,332	834,068
Current assets		
Inventories	92,215	95,221
Trade and other receivables	135,866	155,151
Other financial assets	29,480	11,301
Income taxes receivable	194	164
Other current assets	8,342	9,885
Cash and cash equivalents	193,698	170,918
Total current assets	459,795	442,640
Total assets	1,308,127	1,276,708

Sumitomo Dainippon Pharma Co., Ltd. (4506)
Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2022

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Liabilities		
Non-current liabilities		
Bonds and borrowings	263,859	263,160
Other financial liabilities	21,404	19,370
Retirement benefit liabilities	15,069	15,170
Other non-current liabilities	53,046	57,139
Deferred tax liabilities	28,424	26,362
Total non-current liabilities	381,802	381,201
Current liabilities		
Borrowings	9,960	9,989
Trade and other payables	64,638	65,733
Other financial liabilities	23,341	21,955
Income taxes payable	24,511	7,842
Provisions	99,851	97,754
Other current liabilities	55,846	53,540
Total current liabilities	278,147	256,813
Total liabilities	659,949	638,014
Equity		
Share capital	22,400	22,400
Capital surplus	15,855	17,558
Treasury shares	(679)	(679)
Retained earnings	508,677	509,975
Other components of equity	34,317	24,788
Equity attributable to owners of the parent	580,570	574,042
Non-controlling interests	67,608	64,652
Total equity	648,178	638,694
Total liabilities and equity	1,308,127	1,276,708

(3) Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit liability (asset)
Balance as of April 1, 2020	22,400	17,837	(677)	457,330	46,118	—
Net profit	—	—	—	18,259	—	—
Other comprehensive income	—	—	—	—	(231)	—
Total comprehensive income	—	—	—	18,259	(231)	—
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	(5,562)	—	—
Transaction with non-controlling interests	—	408	—	—	—	—
Total transactions with owners	—	408	(0)	(5,562)	—	—
Balance as of June 30, 2020	22,400	18,245	(677)	470,027	45,887	—
Balance as of April 1, 2021	22,400	15,855	(679)	508,677	38,575	—
Net profit	—	—	—	4,802	—	—
Other comprehensive income	—	—	—	—	(6,643)	(22)
Total comprehensive income	—	—	—	4,802	(6,643)	(22)
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	(5,563)	—	—
Transaction with non-controlling interests	—	1,703	—	—	—	—
Reclassification from other components of equity to retained earnings	—	—	—	2,059	(2,081)	22
Total transactions with owners	—	1,703	(0)	(3,504)	(2,081)	22
Balance as of June 30, 2021	22,400	17,558	(679)	509,975	29,851	—

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity			Total		
	Exchange differences on translation of foreign operations	Cash flow hedges	Total			
Balance as of April 1, 2020	(10,309)	(29)	35,780	532,670	103,190	635,860
Net profit	—	—	—	18,259	(2,693)	15,566
Other comprehensive income	(3,816)	11	(4,036)	(4,036)	(1,251)	(5,287)
Total comprehensive income	(3,816)	11	(4,036)	14,223	(3,944)	10,279
Purchase of treasury shares	—	—	—	(0)	—	(0)
Dividends	—	—	—	(5,562)	—	(5,562)
Transaction with non-controlling interests	—	—	—	408	(474)	(66)
Total transactions with owners	—	—	—	(5,154)	(474)	(5,628)
Balance as of June 30, 2020	(14,125)	(18)	31,744	541,739	98,772	640,511

Balance as of April 1, 2021	(4,331)	73	34,317	580,570	67,608	648,178
Net profit	—	—	—	4,802	(3,995)	807
Other comprehensive income	(797)	(8)	(7,470)	(7,470)	(89)	(7,559)
Total comprehensive income	(797)	(8)	(7,470)	(2,668)	(4,084)	(6,752)
Purchase of treasury shares	—	—	—	(0)	—	(0)
Dividends	—	—	—	(5,563)	—	(5,563)
Transaction with non-controlling interests	—	—	—	1,703	1,128	2,831
Reclassification from other components of equity to retained earnings	—	—	(2,059)	—	—	—
Total transactions with owners	—	—	(2,059)	(3,860)	1,128	(2,732)
Balance as of June 30, 2021	(5,128)	65	24,788	574,042	64,652	638,694

Note: During the year ended March 31, 2021, the company finalized the purchase price allocation for the assets acquired and the liabilities assumed related to the strategic alliance with Roivant. Therefore, the corresponding balances in the Consolidated Statements of Financial Position as of April 1, 2020 and the corresponding balances in the Consolidated Statements of Financial Position as of June 30, 2020 were retrospectively adjusted.

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Net profit	15,566	807
Depreciation and amortization	4,408	8,271
Changes in fair value of contingent consideration	1,238	88
Interest and dividend income	(645)	(605)
Interest expenses	429	732
Income tax expenses	6,413	7,150
(Increase) decrease in trade and other receivables	(3,492)	(19,091)
(Increase) decrease in inventories	(668)	(2,928)
Increase (decrease) in trade and other payables	(7,734)	(202)
(Increase) decrease in deferred revenue	—	7,720
Increase (decrease) in retirement benefits liabilities	89	101
Increase (decrease) in provisions	6,573	(1,990)
Others, net	1,003	(9,449)
Subtotal	23,180	(9,396)
Interest received	108	40
Dividends received	541	563
Interest paid	(414)	(177)
Income taxes paid	(22,898)	(23,835)
Net cash provided by (used in) operating activities	517	(32,805)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,063)	(1,569)
Proceeds from sales of property, plant and equipment	130	126
Purchase of intangible assets	(721)	(1,386)
Purchase of investments	(2,978)	(10,227)
Proceeds from sales and redemption of investments	323	3,991
Net decrease (increase) in short-term loan receivables	25,684	27,678
Others, net	158	(925)
Net cash provided by (used in) investing activities	21,533	17,688
Cash flows from financing activities		
Repayments of long-term borrowings	(740)	(740)
Repayments of finance lease obligations	(1,204)	(1,168)
Dividends paid	(5,486)	(5,491)
Payments for acquisition of interest in a subsidiary from non-controlling interests	(2,269)	—
Others, net	365	495
Net cash provided by (used in) financing activities	(9,334)	(6,904)
Net increase (decrease) in cash and cash equivalents	12,716	(22,021)
Cash and cash equivalents at beginning of year	101,708	193,698
Effect of exchange rate changes on cash and cash equivalents	(1,046)	(759)
Cash and cash equivalents at end of period	113,378	170,918

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Significant Accounting Policies)

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

Income tax expenses for the three months ended June 30, 2021 are calculated based on the estimated average annual effective tax rate.

(Operating Segments)

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

"Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors designated by the Group. Among the main non-recurring items are impairment losses, restructuring costs and changes in fair value of contingent consideration related to company acquisitions.

(1) Reportable segments

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

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

(2) Revenues and operating results of the reportable segments

Revenues, profit or loss and other items by each of the Group's reportable segments are shown below.

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

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

As for the amount of core segment profit and its change from the same period of the previous fiscal year related to "Other Business" category which are not included in the reportable segments in the "1. Qualitative Information for the Three Months Ended June 30, 2021 (1) Qualitative Information on Business Results", are included in profit eliminated for inter-segment transactions.

① Three months ended June 30, 2020

(Millions of yen)

	Reportable segments					Other Business (Note)	Total
	Pharmaceutical						
	Japan	North America	China	Other Regions	Subtotal		
Revenues from external customers	39,746	74,133	5,128	5,508	124,515	9,342	133,857
Inter-segment revenues and transfers	18	—	—	—	18	12	30
Total	39,764	74,133	5,128	5,508	124,533	9,354	133,887
Segment profit (Core segment profit)	8,027	35,879	2,702	2,424	49,032	1,080	50,112

Note: The “Other Business” category incorporates operations not included in reportable segments, including food ingredients, food additives, chemical product materials, veterinary drugs and other products.

② Three months ended June 30, 2021

(Millions of yen)

	Reportable segments					Other Business (Note)	Total
	Pharmaceuticals						
	Japan	North America	China	Other Regions	Subtotal		
Revenues from external customers, etc.	38,650	71,392	8,529	2,740	121,311	9,885	131,196
Inter-segment revenues and transfers	19	—	—	—	19	9	28
Total	38,669	71,392	8,529	2,740	121,330	9,894	131,224
Segment profit (Core segment profit)	6,733	18,145	4,257	623	29,758	1,003	30,761

Note: The “Other Business” category incorporates operations not included in reportable segments, including food ingredients, food additives, chemical product materials, veterinary drugs and other products.

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

The details of reconciliation are as follows:

(Millions of yen)

Revenue	Three months ended June 30, 2020	Three months ended June 30, 2021
Total of reportable segments	124,533	121,330
Revenue of Other Business	9,354	9,894
Elimination of inter-segment revenue	(30)	(28)
Revenue on the consolidated financial statements	133,857	131,196

(Millions of yen)

Profit	Three months ended June 30, 2020	Three months ended June 30, 2021
Total of reportable segments	49,032	29,758
Segment profit of Other Business	1,080	1,003
Elimination of inter-segment profit	1	9
Research and development expenses (Note)	(25,744)	(22,429)
Gains on business transfers	—	164
Others	(2)	13
Core operating profit	24,367	8,518
Change in fair value of contingent consideration	(1,238)	(88)
Other income	337	177
Other expenses	(195)	(278)
Others	—	(23)
Operating profit in the consolidated financial statements	23,271	8,306

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

(Significant subsequent event)

Not applicable.