



Kyowa Kirin Co., Ltd.

Consolidated Financial Summary (IFRS) Fiscal 2023 First Quarter (January 1, 2023 – March 31, 2023)

This document is an English translation of the Japanese-language original.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (IFRS) for Three Months Ended March 31, 2023

May 10, 2023

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URL: <https://www.kyowakirin.com/index.html>
 Scheduled date of submission of Quarterly Securities Report: May 10, 2023
 Scheduled start date of dividend payment: –
 Appendix materials to accompany the quarterly financial report: Yes
 Quarterly results presentation meeting: Yes (for institutional investors and securities analysts)

(Millions of yen rounded off)

1. Consolidated Financial Results for the Three Months Ended March 31, 2023

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2023	93,535	6.6	16,979	(2.1)	15,582	(16.7)	12,760	(20.4)
March 31, 2022	87,751	8.2	17,340	11.8	18,716	15.8	16,038	24.1

Total comprehensive income: Three months ended March 31, 2023: ¥18,521 million; (5.5)%

Three months ended March 31, 2022: ¥19,593 million; (7.5)%

Note: Core operating profit was calculated by deducting “selling, general and administrative expenses” and “research and development expenses” from “gross profit,” and adding “share of profit (loss) of investments accounted for using equity method” to the amount.

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Three months ended				
March 31, 2023	12,760	(20.4)	23.74	23.74
March 31, 2022	16,038	24.1	29.85	29.84

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
As of				
March 31, 2023	930,743	766,892	766,892	82.4
December 31, 2022	939,881	762,826	762,826	81.2

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	–	24.00	–	27.00	51.00
Fiscal year ending December 31, 2023	–				
Fiscal year ending December 31, 2023 (Forecast)		27.00	–	27.00	54.00

Note: Revisions to the dividend forecast most recently announced: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	426,000	6.9	88,000	1.5	86,000	27.3	70,000	30.7	70,000	30.7	130.23

Note: Changes to the earnings forecasts most recently announced: Yes

* Notes

(1) Changes to significant subsidiaries during the period (Changes of specified subsidiaries resulting in changes in the scope of consolidation during the period under review): No

(2) Changes in accounting policies, and accounting estimates:

- a. Changes in accounting policies required by IFRS: No
- b. Changes in accounting policies other than a. above: No
- c. Changes in accounting estimates: No

(3) Number of shares issued (ordinary shares)

a. Number of shares issued (including treasury shares)

As of March 31, 2023	540,000,000 shares
As of December 31, 2022	540,000,000 shares

b. Number of treasury shares

As of March 31, 2023	2,467,421 shares
As of December 31, 2022	2,521,197 shares

c. Average number of shares during the period

Three months ended March 31, 2023	537,500,528 shares
Three months ended March 31, 2022	537,343,666 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Notice regarding the appropriate use of the earnings forecasts and other special comments

The forward-looking statements, including earnings forecasts, contained in these materials are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by management. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections for a wide variety of reasons.

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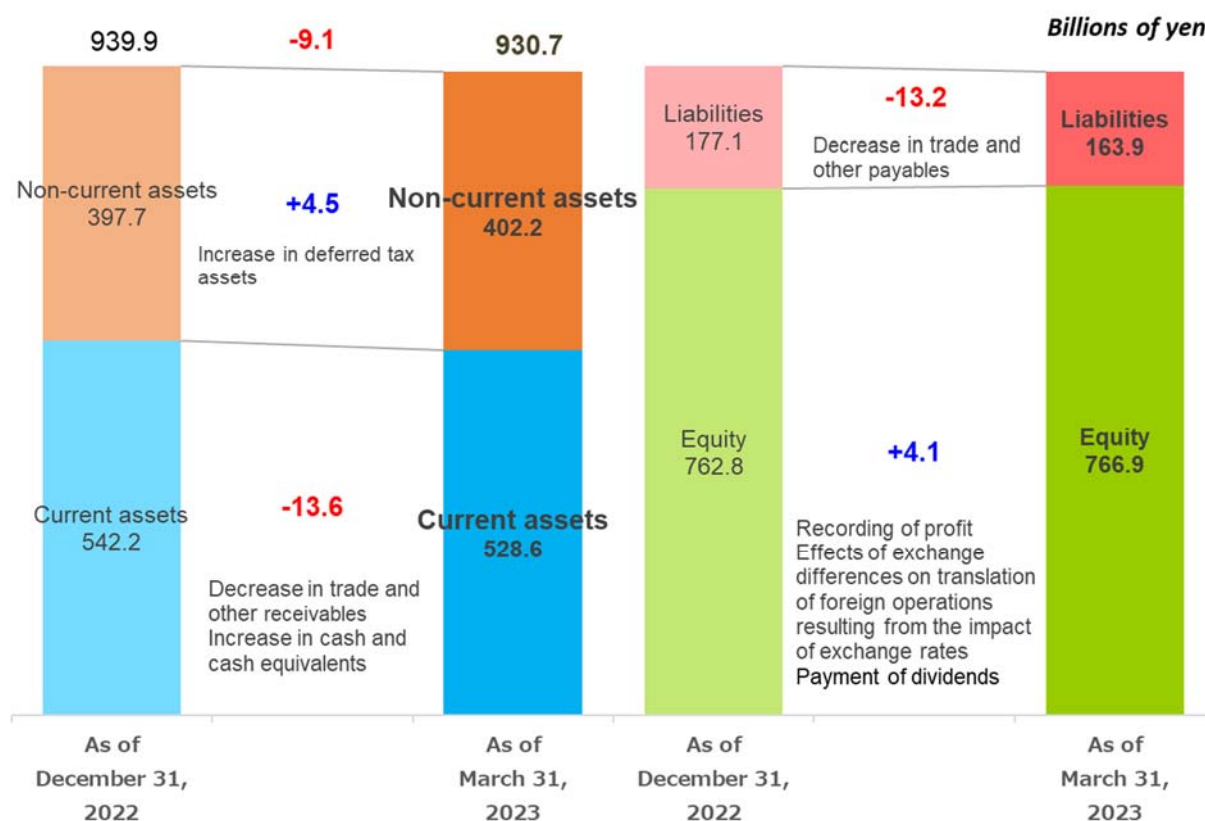
1. Operating Results and Financial Statements

(1) Summary of Consolidated Financial Position

(Billions of yen)

	As of December 31, 2022	As of March 31, 2023	Year-on-year change
Assets	939.9	930.7	(9.1)
Non-current assets	397.7	402.2	4.5
Current assets	542.2	528.6	(13.6)
Liabilities	177.1	163.9	(13.2)
Equity	762.8	766.9	4.1
Ratio of equity attributable to owners of parent to total assets (%)	81.2%	82.4%	1.2%

- Assets as of March 31, 2023, were ¥930.7 billion, a decrease of ¥9.1 billion compared to the end of the previous fiscal year.
 - Non-current assets increased by ¥4.5 billion compared to the end of the previous fiscal year, to ¥402.2 billion, due mainly to an increase in deferred tax assets.
 - Current assets decreased by ¥13.6 billion compared to the end of the previous fiscal year, to ¥528.6 billion, due mainly to a decrease in trade and other receivables, despite an increase in cash and cash equivalents.
- Liabilities as of March 31, 2023, were ¥163.9 billion, a decrease of ¥13.2 billion compared to the end of the previous fiscal year, due mainly to a decrease in trade and other payables.
- Equity as of March 31, 2023, was ¥766.9 billion, an increase of ¥4.1 billion compared to the end of the previous fiscal year, due mainly to an increase due to the recording of profit attributable to owners of parent as well as an increase in exchange differences on translation of foreign operations resulting from the impact of exchange rates, despite a decrease due to the payment of dividends, etc. As a result, the ratio of equity attributable to owners of parent to total assets as of the end of the first quarter was 82.4%, an increase of 1.2 percentage points compared to the end of the previous fiscal year.



(2) Summary of Consolidated Business Performance

1) Overview of results

The Group now applies the International Financial Reporting Standards (“IFRS”) in line with its policy of expanding business globally, and adopts “core operating profit” as a level of profit that shows the recurring profitability from operating activities. Core operating profit is calculated by deducting “selling, general and administrative expenses” and “research and development expenses” from “gross profit,” and adding “share of profit (loss) of investments accounted for using equity method” to the amount.

(Billions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023	Year-on-year change	Rate of change (%)
Revenue	87.8	93.5	5.8	6.6%
Core operating profit	17.3	17.0	(0.4)	(2.1)%
Profit before tax	18.7	15.6	(3.1)	(16.7)%
Profit attributable to owners of parent	16.0	12.8	(3.3)	(20.4)%

< Average exchange rates for each period >

Currency	Three months ended March 31, 2022	Three months ended March 31, 2023	Year-on-year change
USD (USD/¥)	¥114	¥132	Up ¥18
GBP (GBP/¥)	¥154	¥161	Up ¥7
EUR (EUR/¥)	¥129	¥141	Up ¥12

For the three months ended March 31, 2023 (January 1, 2023 to March 31, 2023), revenue was ¥93.5 billion (up 6.6% compared to the same period of the previous fiscal year), and core operating profit was ¥17.0 billion (down 2.1%). Profit attributable to owners of parent was ¥12.8 billion (down 20.4%).

- The increase in revenue was the result of growth of global strategic products in North America and EMEA and a rise in revenue from technology out-licensing, despite lower revenue in Japan. The positive effect on revenue from foreign exchange was ¥5.6 billion.
- Core operating profit decreased due to increases in selling, general and administrative expenses and research and development expenses, despite higher gross profit resulting from an increase in overseas revenue and a rise in revenue from technology out-licensing. The positive effect on core operating profit from foreign exchange was ¥1.6 billion.
- Profit attributable to owners of parent decreased as a result of an increase in other expenses in addition to a decrease in core operating profit.

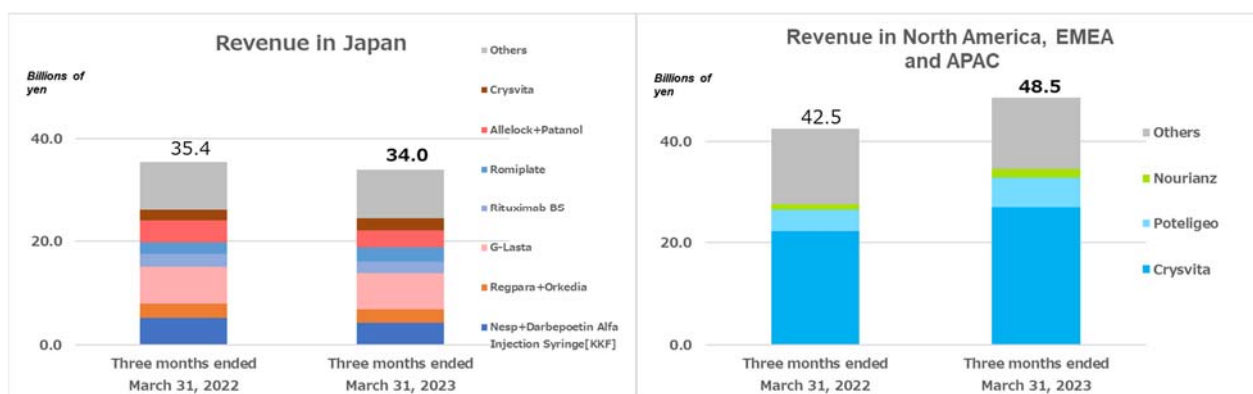
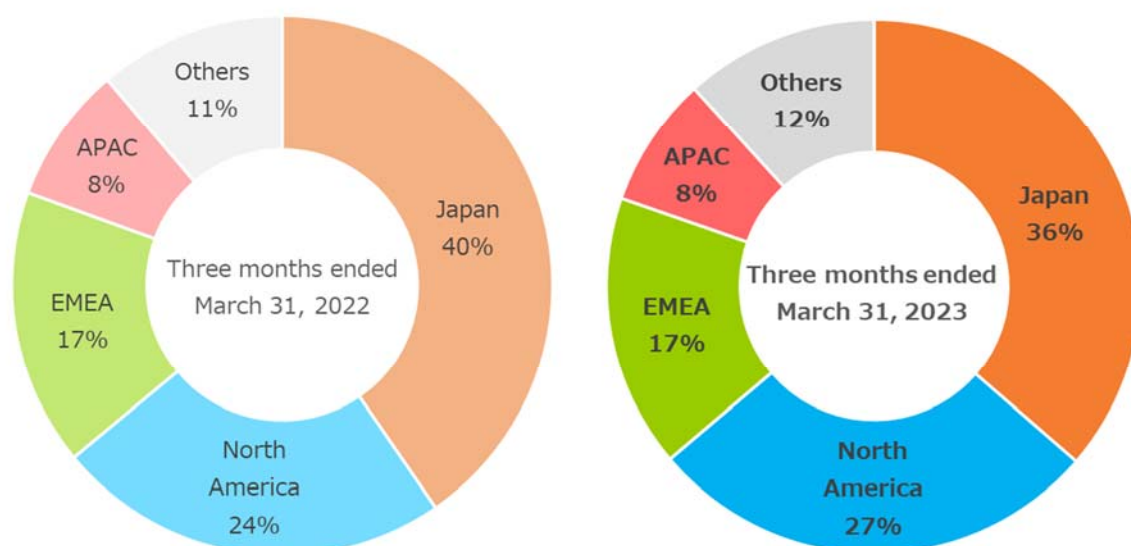
2) Revenue by regional control function

(Billions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023	Year-on-year change	Rate of change (%)
Japan	35.4	34.0	(1.4)	(4.0)%
North America	20.7	25.7	5.0	23.9%
EMEA	14.5	15.4	0.9	6.3%
APAC	7.2	7.4	0.2	2.7%
Others	9.8	11.0	1.1	11.6%
Total consolidated revenue	87.8	93.5	5.8	6.6%

- Notes:
1. Revenue by regional control function is classified based on consolidated revenue from products of regional control functions in the One Kyowa Kirin (OKK) matrix global management structure, which combines a regional organization based on four regions of Japan, North America, EMEA and APAC, a functional organization, and a product organization (product franchises).
 2. EMEA consists of Europe, the Middle East, Africa, etc.
 3. Others consists of revenue from technology out-licensing, original equipment manufacturing, etc.

Composition of revenue by regional control function



< Revenue of major products (Japan) >

(Billions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023	Year-on-year change	Rate of change (%)
Darbepoetin Alfa Injection Syringe [KKF]	4.4	3.5	(1.0)	(21.6)%
Duvroq	1.1	1.8	0.7	65.0%
G-Lasta	7.1	7.0	(0.1)	(1.2)%
Romiplate	2.2	2.7	0.5	23.2%
Crysvita	2.0	2.3	0.3	17.6%

- Revenue in Japan decreased year on year due mainly to the impact of the reductions in drug price standards implemented in April 2022.
 - Revenue from Darbepoetin Alfa Injection Syringe [KKF] decreased due to the impact of the reductions in drug price standards and the market penetration of rival products.
 - Revenue from Duvroq, a treatment for renal anemia, has been growing steadily since its launch in 2020.
 - Revenue from G-Lasta, an agent for decreasing the incidence of febrile neutropenia, stayed at the same level as in the previous fiscal year.
 - Revenue from ROMIPLATE, a treatment for chronic idiopathic thrombocytopenic purpura, increased as a result of receiving approval of its indication for treatment of patients with aplastic anemia who have had an inadequate response to conventional therapy, in 2019, and as a result of penetrating the market.
 - Revenue from Crysvita, a treatment for FGF23-related diseases, has been growing steadily since its launch in 2019.

< Revenue of major products (overseas) >

(Billions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023	Year-on-year change	Rate of change (%)
Crysvita	22.2	27.1	4.9	22.1%
Poteligeo	4.2	5.8	1.6	37.7%
Nourianz	1.1	1.7	0.5	45.9%
Gran	2.1	1.4	(0.7)	(31.3)%

- Revenue in North America increased year on year due to the growth of global strategic products.
 - Revenue from Crysvita, a treatment for X-linked hypophosphatemia, has been growing steadily since its launch in 2018.
 - Revenue from POTELIGEO, an anticancer agent, has been growing since its launch in 2018.
 - Revenue from NOURIANZ™ (product name in Japan: NOURIAST), an antiparkinsonian agent, has been growing since its launch in 2019.
- Revenue in EMEA increased year on year due to the growth of global strategic products.
 - Revenue from Crysvita, a treatment for X-linked hypophosphatemia, has been growing as the number of countries where it has been released has been increasing since its launch in 2018.
 - Revenue from POTELIGEO, an anticancer agent, has been growing as the number of countries where it has been released has been increasing since its launch in 2020.
- Revenue in APAC increased year on year.
 - Revenue from Crysvita, a treatment for X-linked hypophosphatemia, has been growing particularly in Australia where sales were launched in November 2022.
 - Revenue from Gran, a neutropenia treatment drug, declined due to the impact of the centralized governmental purchasing system* that started in some regions in China.

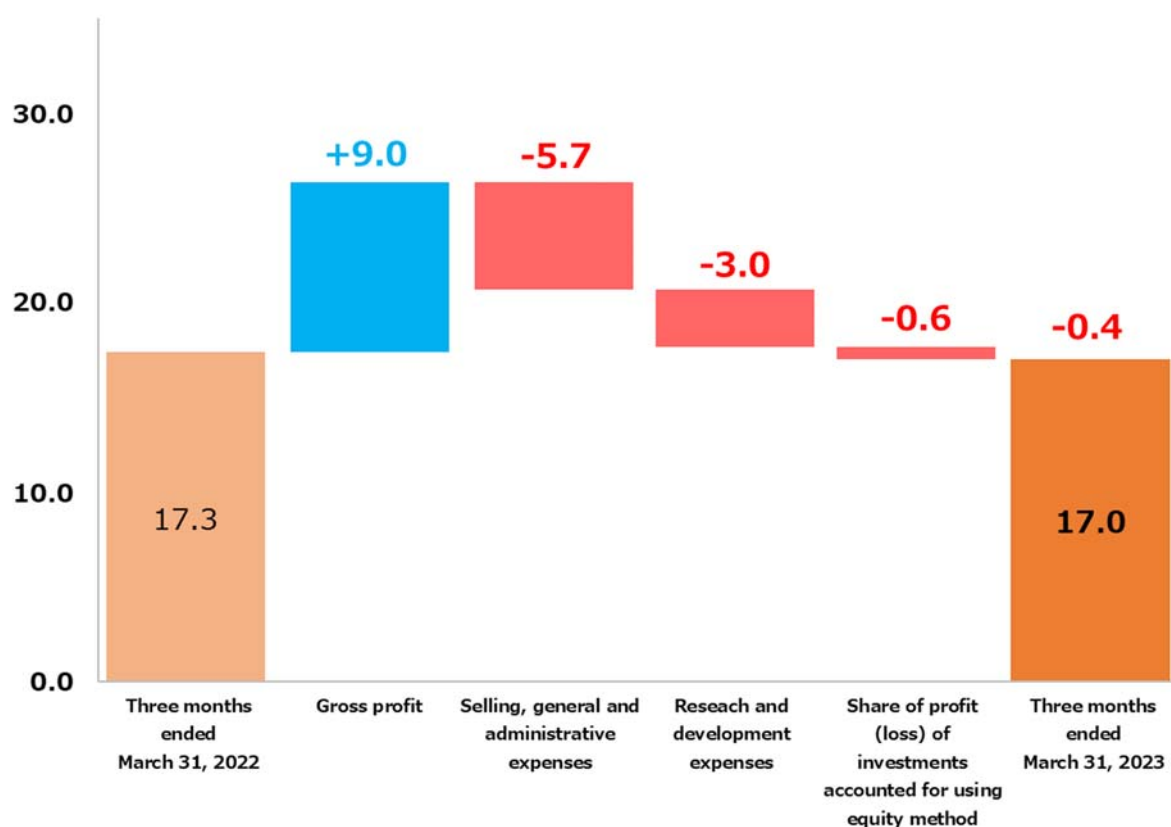
- * Volume-Based Procurement (VBP) program that was introduced in 2018 for reducing healthcare cost in China. Even though only 2 to 5 companies are selected as suppliers through a tender, drug prices are dramatically dropped down.

< Revenue from Others >

- Revenue from Others increased year on year.
- Royalties revenue from AstraZeneca in relation to benralizumab increased.

3) Core operating profit

Billions of yen

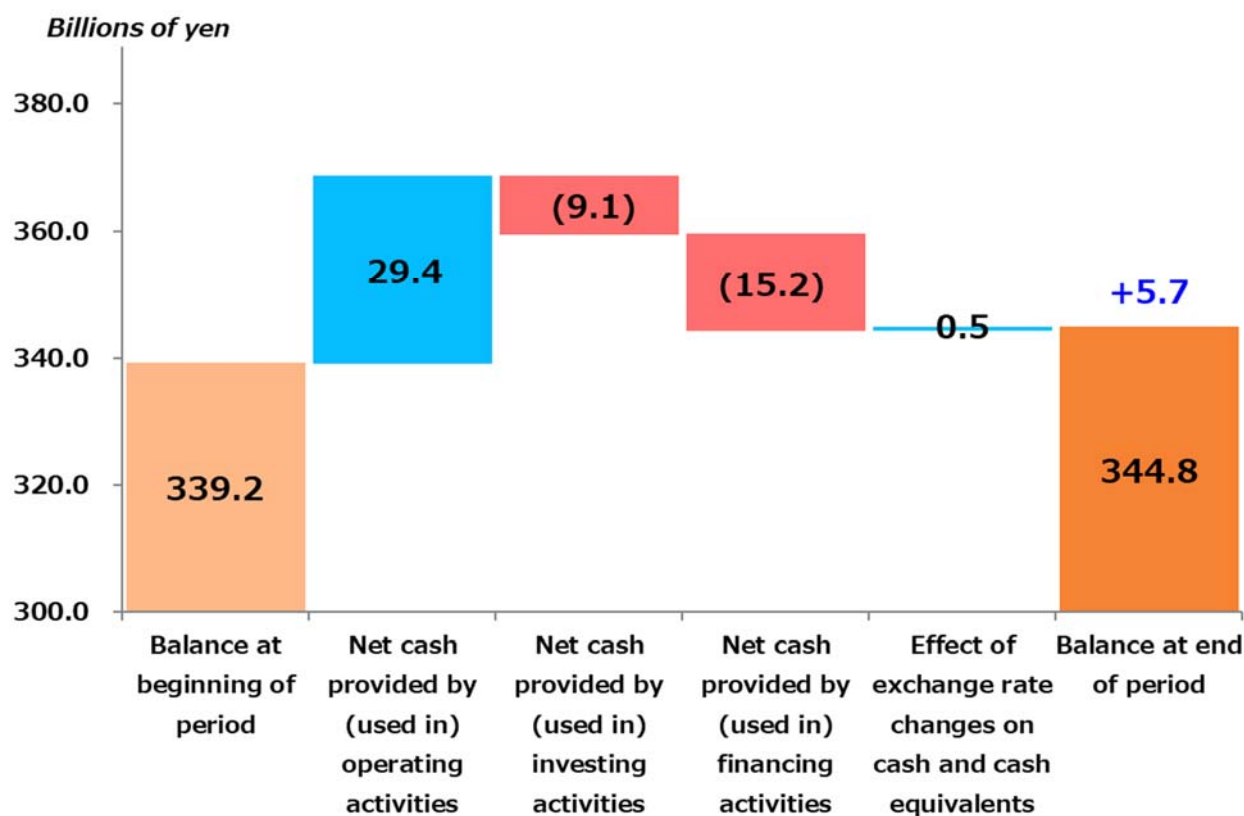


- Core operating profit decreased compared to the previous fiscal year due to an increase in personnel expenses, etc. for starting our own marketing of Crysvita in North America on April 27, 2023, in addition to increases in selling, general and administrative expenses for investment in an IT/digital platform and human resources aimed at establishing competitive global business bases, and an increase in research and development expenses as a result of progress in development for KHK4083, etc., despite an increase in gross profit due to increases in revenue from the U.S. and Europe, mainly from global strategic products, and a rise in revenue from technology out-licensing. The positive effect on core operating profit from foreign exchange was ¥1.6 billion.

(3) Summary of Consolidated Cash Flows*(Billions of yen)*

	Three months ended March 31, 2022	Three months ended March 31, 2023	Year-on-year change	Rate of change (%)
Net cash provided by (used in) operating activities	8.8	29.4	20.6	234.1%
Net cash provided by (used in) investing activities	(4.6)	(9.1)	(4.5)	96.9%
Net cash provided by (used in) financing activities	(13.2)	(15.2)	(2.0)	14.8%
Cash and cash equivalents at beginning of period	335.1	339.2	4.1	1.2%
Cash and cash equivalents at end of period	326.5	344.8	18.4	5.6%

- Cash and cash equivalents as of March 31, 2023 were ¥344.8 billion, an increase of ¥5.7 billion compared with the balance of ¥339.2 billion as of December 31, 2022. The main contributing factors affecting cash flow during the three months ended March 31, 2023 were as follows:
 - Net cash provided by operating activities was ¥29.4 billion, compared with net cash provided by operating activities of ¥8.8 billion in the same period of the previous fiscal year. Major inflows included depreciation and amortization of ¥4.8 billion in addition to profit before tax of ¥15.6 billion and a decrease (increase) in trade receivables of ¥12.0 billion. Major outflows included income taxes paid of ¥2.5 billion.
 - Net cash used in investing activities was ¥9.1 billion, compared with net cash used in investing activities of ¥4.6 billion in the same period of the previous fiscal year. Major outflows included purchase of property, plant and equipment of ¥6.6 billion and purchase of intangible assets of ¥2.5 billion.
 - Net cash used in financing activities was ¥15.2 billion, compared with net cash used in financing activities of ¥13.2 billion in the same period of the previous fiscal year. Major outflows included dividends paid of ¥14.5 billion.



(4) Research and Development Activities

The Group continuously and actively invests resources in research and development activities. We aim to advance both a technological pillar that can build a platform for applying various modalities and discovering innovative drugs and a disease pillar that continues to provide “only-one value drugs” for diseases for which there are no effective treatments while utilizing the disease science accumulated by the Group thus far, build a highly competitive pipeline, and provide new drugs with life-changing value worldwide.

For the three months ended March 31, 2023, the Group’s research and development expenses totaled ¥16.6 billion, and our progress in the respective disease fields of our main late-stage development products is as follows.

Nephrology

KHK7580 (product name in Japan: ORKEDIA)

- Applications for approval have been submitted for marketing as its indication for treatment of secondary hyperparathyroidism in China and South Korea.

RTA 402 (generic name: Bardoxolone Methyl)

- An application for approval has been submitted for manufacturing and marketing as its indication for treatment of Alport Syndrome in Japan.

KHK7791 (generic name: Tenapanor Hydrochloride)

- An application for approval has been submitted for manufacturing and marketing as its indication for treatment for improvement of hyperphosphatemia in chronic kidney disease patients on dialysis in Japan.

Immunology and allergy

KHK4827 (product name in Japan: LUMICEF)

- An application for a partial change for approval has been submitted for its planned indication for treatment for systemic sclerosis in Japan.
- An application for a partial change for approval has been submitted for its planned indication for treatment for palmoplantar pustulosis in Japan.

Other

AMG531 (product name in Japan: Romiplate)











- An application for a partial change for approval has been submitted for its indication for treatment of aplastic anemia in Japan.

R&D pipeline




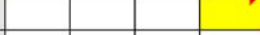



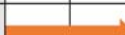
 antibody
  protein
  small molecule
  New Molecular Entity
  Updated since Dec. 31, 2022
  Updated since Dec. 31, 2022

Nephrology










As of March 31, 2023

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage					[In-House or Licensed] Remarks
				Ph I	Ph II	Ph III	Filed	Approved	
 KHK7580 Evocalcet Oral	Calcimimetic	Secondary Hyperparathyroidism	CN KR TW						[Mitsubishi Tanabe Pharma] product name in Japan: Orkedia
 ©RTA 402 Bardoxolone Methyl Oral	Antioxidant Inflammation Modulator	Alport Syndrome	JP						[Reata]
		Diabetic Kidney Disease	JP						
		Autosomal Dominant Polycystic Kidney Disease	JP						
 KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Preeclampsia	JP						[In-House] product name in Japan: Acoalan
 KHK7791 Tenapanor Hydrochloride Oral	NHE3 Inhibitor	Hyperphosphatemia in Patients on Dialysis	JP						[Ardelyx]





Oncology

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage					[In-House or Licensed] Remarks
				Ph I	Ph II	Ph III	Filed	Approved	
 KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	Mycosis Fungoides and Sézary Syndrome	IL						[In-House] POTELLIGENT product name in Japan, US and Europe: Poteligeo
			ME						
			RS KW						
 KRN125 Pegfilgrastim Injection	Long-Acting Granulocyte Colony- Stimulating Factor	Mobilization of Hematopoietic Stem Cells into Peripheral Blood for Autologous Blood Stem Cell Transplantation	JP						[Amgen K-A] product name in Japan: G-Lasta
 ©ME-401 Zandelisib Oral	PI3Kδ Inhibitor	Indolent B-cell Non-Hodgkin's Lymphoma	JP						[MEI Pharma] Third line +

Immunology/Allergy

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage					[In-House or Licensed] Remarks
				Ph I	Ph II	Ph III	Filed	Approved	
 KHK4827 Brodalumab Injection	Anti-IL-17 Receptor A Fully Human Antibody	Ankylosing Spondylitis	TH						[Amgen K-A] product name in Japan: Lumicef
		Non-radiographic Axial Spondyloarthritis	TH						
		Systemic Sclerosis	JP						
		Palmoplantar Pustulosis	JP						
 ©KHK4083/AMG 451 Rocatinimab Injection	Anti-OX40 Fully Human Antibody	Atopic Dermatitis	JP NA Europe						[In-House] POTELLIGENT Fully human antibody production technology Collaboration agreement with Amgen for the development of KHK4083/AMG 451 in all the countries except for Japan.
 ©KK4277 Injection		Autoimmune Disease	JP						[SBI Biotech]

Other

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage					[In-House or Licensed] Remarks
				Ph I	Ph II	Ph III	Filed	Approved	
 KRN23 Burosumab Injection	Anti-FGF23 Fully Human Antibody	Tumor Induced Osteomalacia (TIO)	OM QA KW BH						[In-House] Fully human antibody production technology Jointly Developed with Ultragenyx in US and Europe product name in Japan, US and Europe: Crystiva
 AMG531 Romiplostim Injection	Thrombopoietin Receptor Agonist	Aplastic Anemia Previously Untreated with Immunosuppressive Therapy	JP Asia						[Amgen K-A] product name in Japan: Romiploste
 KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Disseminated Intravascular Coagulation, Congenital Antithrombin Deficiency	Europe						[In-House] product name in Japan: Acoalan
 KHK4951 Tivozanib Ophthalmic	VEGF Receptor Tyrosine Kinase Inhibitor	Neovascular (wet) Age-Related Macular Degeneration	JP						[In-House]

Since the development of KHK6640 for Alzheimer's Disease was discontinued in Japan and Europe, the relevant information was deleted from this table.

Notes: Our main progress from March 31, 2023 are as follows.

- We decided to discontinue the development of RTA 402 (generic name: Bardoxolone Methyl) in the nephrology field.
- We decided to discontinue the development of ME-401 (generic name: Zandelisib) in the oncology field.

(5) Summary of Consolidated Earnings Forecasts and Other Forward-looking Statements

In the second quarter of fiscal 2023, the Company decided to discontinue development of the small molecule bardoxolone methyl (code name: RTA 402) licensed from Reata Pharmaceuticals Holdings.

Accordingly, regarding the related intangible assets (in-process research and development), the Company recorded impairment losses of ¥8,275 million under "Other expenses" and revised the full-year consolidated earnings forecasts.

The differences from the full-year consolidated earnings forecasts for the fiscal year ending December 31, 2023 announced on February 7, 2023 are as follows.

(Full year)

	Revenue	Core operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Yen)
Previous forecast (A)	426,000	88,000	94,000	76,000	141.40
Revised forecast (B)	426,000	88,000	86,000	70,000	130.23
Change (B-A)	—	—	(8,000)	(6,000)	—
Rate of change (%)	—	—	(8.5)%	(7.9)%	—
Fiscal 2022 results	398,371	86,697	67,572	53,573	99.68

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto**(1) Condensed Quarterly Consolidated Statement of Financial Position***(Millions of yen)*

	As of December 31, 2022	As of March 31, 2023
Assets		
Non-current assets		
Property, plant and equipment	89,099	90,079
Goodwill	135,761	137,026
Intangible assets	64,786	64,610
Other financial assets	36,531	37,319
Retirement benefit asset	15,212	14,756
Deferred tax assets	52,946	54,773
Other non-current assets	3,357	3,598
Total non-current assets	397,692	402,161
Current assets		
Inventories	70,675	71,595
Trade and other receivables	111,746	98,090
Other financial assets	526	1,686
Other current assets	14,094	10,576
Cash and cash equivalents	339,194	344,849
Subtotal	536,235	526,796
Assets held for sale	5,955	1,786
Total current assets	542,189	528,582
Total assets	939,881	930,743

(1) Condensed Quarterly Consolidated Statement of Financial Position (continued)*(Millions of yen)*

	As of December 31, 2022	As of March 31, 2023
Equity		
Share capital	26,745	26,745
Capital surplus	464,434	464,503
Treasury shares	(3,177)	(3,092)
Retained earnings	285,842	284,272
Other components of equity	(11,018)	(5,537)
Total equity attributable to owners of parent	762,826	766,892
Total equity	762,826	766,892
Liabilities		
Non-current liabilities		
Liabilities from application of equity method	15,529	14,117
Retirement benefit liability	287	328
Provisions	7,532	7,532
Deferred tax liabilities	404	417
Other financial liabilities	17,549	16,957
Other non-current liabilities	25,929	23,413
Total non-current liabilities	67,229	62,764
Current liabilities		
Trade and other payables	70,922	66,287
Provisions	2,966	2,799
Other financial liabilities	5,729	4,615
Income taxes payable	1,582	2,888
Other current liabilities	28,627	24,498
Total current liabilities	109,825	101,087
Total liabilities	177,055	163,851
Total equity and liabilities	939,881	930,743

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

(Millions of yen)

	January 1, 2022 to March 31, 2022	January 1, 2023 to March 31, 2023
Revenue	87,751	93,535
Cost of sales	(22,159)	(18,950)
Gross profit	65,592	74,585
Selling, general and administrative expenses	(36,085)	(41,789)
Research and development expenses	(13,609)	(16,619)
Share of profit (loss) of investments accounted for using equity method	1,442	802
Other income	406	221
Other expenses	(200)	(2,577)
Finance income	1,812	988
Finance costs	(642)	(29)
Profit before tax	18,716	15,582
Income tax expense	(2,677)	(2,822)
Profit	16,038	12,760
Profit attributable to Owners of parent	16,038	12,760
Earnings per share		
Basic earnings per share (Yen)	29.85	23.74
Diluted earnings per share (Yen)	29.84	23.74

Condensed Quarterly Consolidated Statement of Comprehensive Income*(Millions of yen)*

	January 1, 2022 to March 31, 2022	January 1, 2023 to March 31, 2023
Profit	16,038	12,760
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	533	556
Total of items that will not be reclassified to profit or loss	533	556
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,915	5,187
Share of other comprehensive income of investments accounted for using equity method	108	19
Total of items that may be reclassified to profit or loss	3,022	5,206
Other comprehensive income	3,555	5,761
Comprehensive income	19,593	18,521
Comprehensive income attributable to		
Owners of parent	19,593	18,521

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

January 1, 2022 to March 31, 2022

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Share acquisition rights	Exchange differences on translation of foreign operations
Balance at January 1, 2022	26,745	464,153	(3,359)	255,528	414	(7,299)
Profit	–	–	–	16,038	–	–
Other comprehensive income	–	–	–	–	–	3,022
Total comprehensive income	–	–	–	16,038	–	3,022
Dividends of surplus	–	–	–	(12,359)	–	–
Purchase of treasury shares	–	–	(1)	–	–	–
Disposal of treasury shares	–	9	56	–	–	–
Share-based remuneration transactions	–	38	19	–	(65)	–
Transfer from other components of equity to retained earnings	–	–	–	66	–	–
Total transactions with owners	–	47	75	(12,293)	(65)	–
Balance at March 31, 2022	26,745	464,200	(3,285)	259,273	349	(4,277)

	Equity attributable to owners of parent			Total equity
	Other components of equity		Total	
	Financial assets measured at fair value through other comprehensive income	Total		
Balance at January 1, 2022	980	(5,904)	737,162	737,162
Profit	–	–	16,038	16,038
Other comprehensive income	533	3,555	3,555	3,555
Total comprehensive income	533	3,555	19,593	19,593
Dividends of surplus	–	–	(12,359)	(12,359)
Purchase of treasury shares	–	–	(1)	(1)
Disposal of treasury shares	–	–	65	65
Share-based remuneration transactions	–	(65)	(8)	(8)
Transfer from other components of equity to retained earnings	(66)	(66)	–	–
Total transactions with owners	(66)	(131)	(12,302)	(12,302)
Balance at March 31, 2022	1,447	(2,480)	744,453	744,453

(3) Condensed Quarterly Consolidated Statement of Changes in Equity (continued)

January 1, 2023 to March 31, 2023

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Share acquisition rights	Exchange differences on translation of foreign operations
Balance at January 1, 2023	26,745	464,434	(3,177)	285,842	219	(12,247)
Profit	–	–	–	12,760	–	–
Other comprehensive income	–	–	–	–	–	5,206
Total comprehensive income	–	–	–	12,760	–	5,206
Dividends of surplus	–	–	–	(14,512)	–	–
Purchase of treasury shares	–	–	(2)	–	–	–
Disposal of treasury shares	–	30	68	–	–	–
Share-based remuneration transactions	–	40	19	–	(98)	–
Transfer from other components of equity to retained earnings	–	–	–	182	–	–
Total transactions with owners	–	69	85	(14,329)	(98)	–
Balance at March 31, 2023	26,745	464,503	(3,092)	284,272	121	(7,041)

	Equity attributable to owners of parent			Total equity
	Other components of equity		Total	
	Financial assets measured at fair value through other comprehensive income	Total		
Balance at January 1, 2023	1,010	(11,018)	762,826	762,826
Profit	–	–	12,760	12,760
Other comprehensive income	556	5,761	5,761	5,761
Total comprehensive income	556	5,761	18,521	18,521
Dividends of surplus	–	–	(14,512)	(14,512)
Purchase of treasury shares	–	–	(2)	(2)
Disposal of treasury shares	–	–	98	98
Share-based remuneration transactions	–	(98)	(40)	(40)
Transfer from other components of equity to retained earnings	(182)	(182)	–	–
Total transactions with owners	(182)	(281)	(14,456)	(14,456)
Balance at March 31, 2023	1,383	(5,537)	766,892	766,892

(4) Condensed Quarterly Consolidated Statement of Cash Flows*(Millions of yen)*

	January 1, 2022 to March 31, 2022	January 1, 2023 to March 31, 2023
Cash flows from operating activities		
Profit before tax	18,716	15,582
Depreciation and amortization	4,574	4,826
Impairment losses (reversal of impairment losses)	–	1,114
Increase (decrease) in provisions	(387)	(466)
Share of loss (profit) of investments accounted for using equity method	(1,442)	(802)
Decrease (increase) in inventories	(4,320)	(687)
Decrease (increase) in trade receivables	9,694	11,992
Increase (decrease) in trade payables	(1,666)	(942)
Increase (decrease) in contract liabilities	(2,018)	(2,029)
Income taxes paid	(10,089)	(2,453)
Other	(4,254)	3,290
Net cash provided by (used in) operating activities	8,807	29,423
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,211)	(6,550)
Purchase of intangible assets	(1,015)	(2,460)
Proceeds from sale of investment securities	728	–
Other	(143)	(126)
Net cash provided by (used in) investing activities	(4,640)	(9,136)
Cash flows from financing activities		
Repayments of lease liabilities	(866)	(834)
Purchase of treasury shares	(1)	(2)
Dividends paid	(12,359)	(14,512)
Other	2	170
Net cash provided by (used in) financing activities	(13,223)	(15,178)
Effect of exchange rate changes on cash and cash equivalents	444	545
Net increase (decrease) in cash and cash equivalents	(8,612)	5,654
Cash and cash equivalents at beginning of period	335,084	339,194
Cash and cash equivalents at end of period	326,472	344,849

(5) Notes to Condensed Quarterly Consolidated Financial Statements

Notes on going concern assumption

No applicable items.

Segment information

The Group omitted information by reportable segment as the Group consists of only the one reportable segment, which is the Pharmaceuticals business.