



# **Kyowa Kirin Co., Ltd.**

## **Consolidated Financial Summary (IFRS) Fiscal 2023 Third Quarter (January 1, 2023 – September 30, 2023)**

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

## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (IFRS) for Nine Months Ended September 30, 2023

November 1, 2023

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URL: <https://www.kyowakirin.com/index.html>  
 Scheduled date of submission of Quarterly Securities Report: November 1, 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 Nine Months Ended September 30, 2023

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

Nine months ended	Revenue		Core operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	306,053	7.9	60,872	0.0	64,339	6.5	53,554	8.8
September 30, 2022	283,775	11.7	60,860	30.0	60,404	44.2	49,212	49.5

Total comprehensive income:      Nine months ended September 30, 2023: ¥77,963 million; 53.6%  
                                                                                                                          Nine months ended September 30, 2022: ¥50,756 million; 30.5%

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.

Nine months ended	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
September 30, 2023	53,554	8.8	99.62	99.61
September 30, 2022	49,212	49.5	91.57	91.55

(2) Consolidated financial position

As of	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	%
September 30, 2023	1,004,051	812,143	812,143	80.9
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
Fiscal year ended December 31, 2022	Yen –	Yen 24.00	Yen –	Yen 27.00	Yen 51.00
Fiscal year ending December 31, 2023	–	27.00	–		
Fiscal year ending December 31, 2023 (Forecast)				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: None

#### \* 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: Yes

b. Changes in accounting policies other than a. above: No

c. Changes in accounting estimates: No

Note: See page 20, "2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to Condensed Quarterly Consolidated Financial Statements, *Material accounting policies.*"

(3) Number of shares issued (ordinary shares)

a. Number of shares issued (including treasury shares)

As of September 30, 2023	540,000,000 shares
As of December 31, 2022	540,000,000 shares

b. Number of treasury shares

As of September 30, 2023	2,390,163 shares
As of December 31, 2022	2,521,197 shares

c. Average number of shares during the period

Nine months ended September 30, 2023	537,565,293 shares
Nine months ended September 30, 2022	537,418,763 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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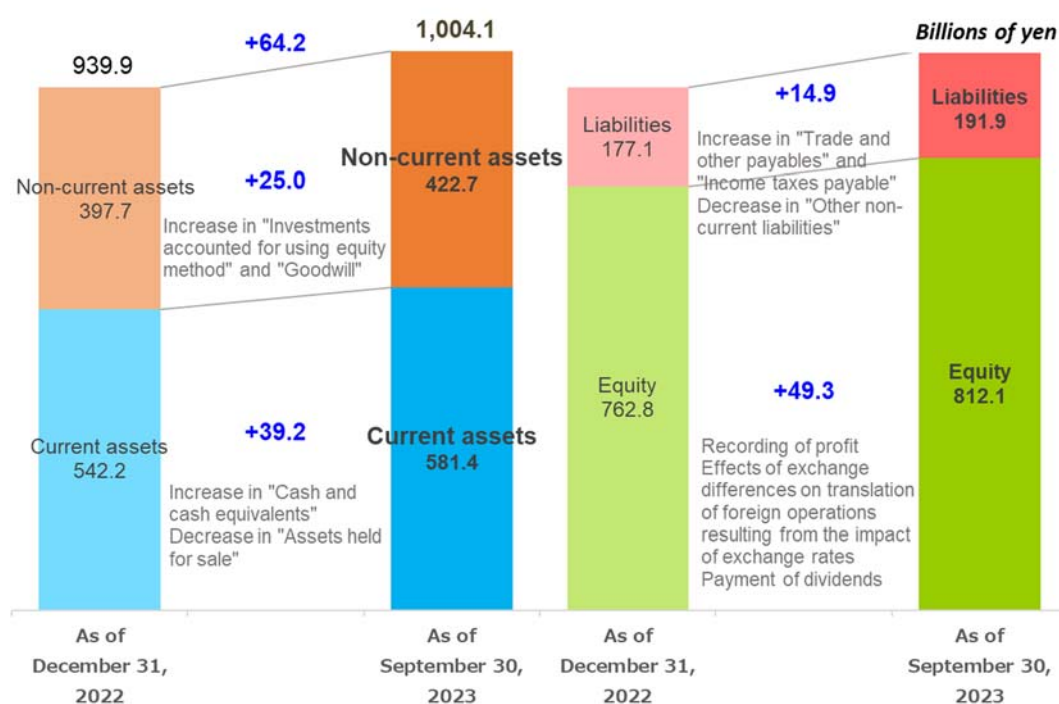
## 1. Operating Results and Financial Statements

### (1) Summary of Consolidated Financial Position

(Billions of yen)

	As of December 31, 2022	As of September 30, 2023	Year-on-year change
Assets	939.9	1,004.1	64.2
Non-current assets	397.7	422.7	25.0
Current assets	542.2	581.4	39.2
Liabilities	177.1	191.9	14.9
Equity	762.8	812.1	49.3
Ratio of equity attributable to owners of parent to total assets (%)	81.2%	80.9%	(0.3)%

- Assets as of September 30, 2023, were ¥1,004.1 billion, an increase of ¥64.2 billion compared to the end of the previous fiscal year.
  - Non-current assets increased by ¥25.0 billion compared to the end of the previous fiscal year, to ¥422.7 billion, due mainly to an increase in goodwill due to the effect of yen depreciation in foreign exchange, in addition to an increase in investments accounted for using equity method following the shift to a joint-venture structure for the established medicines business in Europe.
  - Current assets increased by ¥39.2 billion compared to the end of the previous fiscal year, to ¥581.4 billion, due mainly to an increase in cash and cash equivalents, despite a decrease in assets held for sale.
- Liabilities as of September 30, 2023, were ¥191.9 billion, an increase of ¥14.9 billion compared to the end of the previous fiscal year, due mainly to increases in trade and other payables and income taxes payable, despite a decrease in other non-current liabilities caused by a decrease in contract liabilities.
- Equity as of September 30, 2023, was ¥812.1 billion, an increase of ¥49.3 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 third quarter was 80.9%, a decrease of 0.3 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)*

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Year-on-year change	Rate of change (%)
Revenue	283.8	306.1	22.3	7.9%
Core operating profit	60.9	60.9	0.0	0.0%
Profit before tax	60.4	64.3	3.9	6.5%
Profit attributable to owners of parent	49.2	53.6	4.3	8.8%

&lt; Average exchange rates for each period &gt;

Currency	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Year-on-year change
USD (USD/¥)	¥126	¥137	Up ¥11
GBP (GBP/¥)	¥160	¥170	Up ¥10
EUR (EUR/¥)	¥135	¥148	Up ¥13

For the nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023), revenue was ¥306.1 billion (up 7.9% compared to the same period of the previous fiscal year), and core operating profit was ¥60.9 billion (up 0.0%). Profit attributable to owners of parent was ¥53.6 billion (up 8.8%).

- The increase in revenue was the result of growth of global strategic products mainly in North America and a rise in revenue from technology out-licensing. The positive effect on revenue from foreign exchange was ¥13.9 billion.
- Core operating profit remained level with the previous fiscal year 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 ¥4.2 billion.
- Profit attributable to owners of parent increased as a result of an increase in other income due mainly to the gain on sales of share and valuation of remaining share following the shift to a joint-venture structure for established medicines business in Europe, despite an increase in other expenses due mainly to the recording of impairment losses associated with the decision to discontinue development of RTA 402.

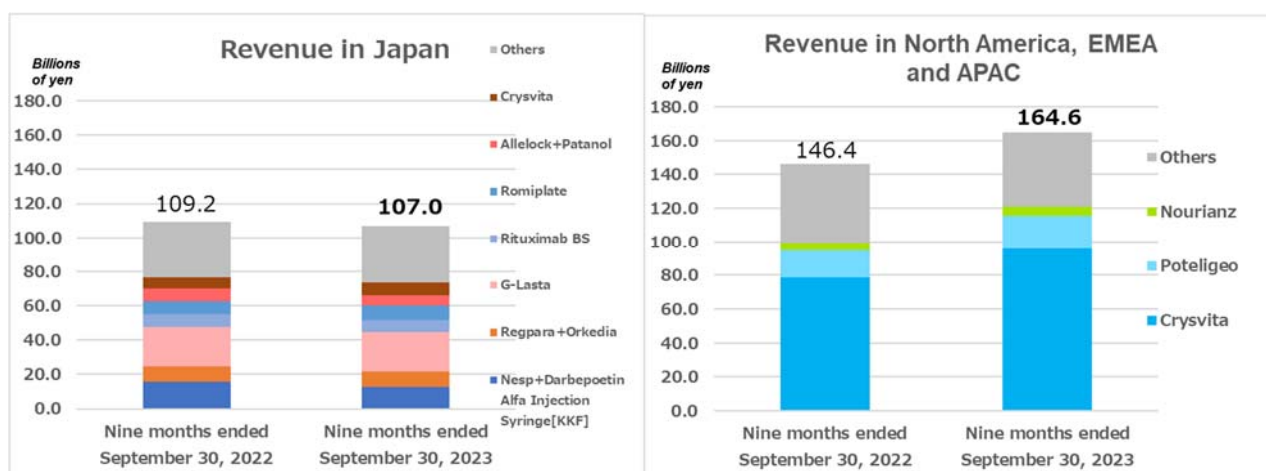
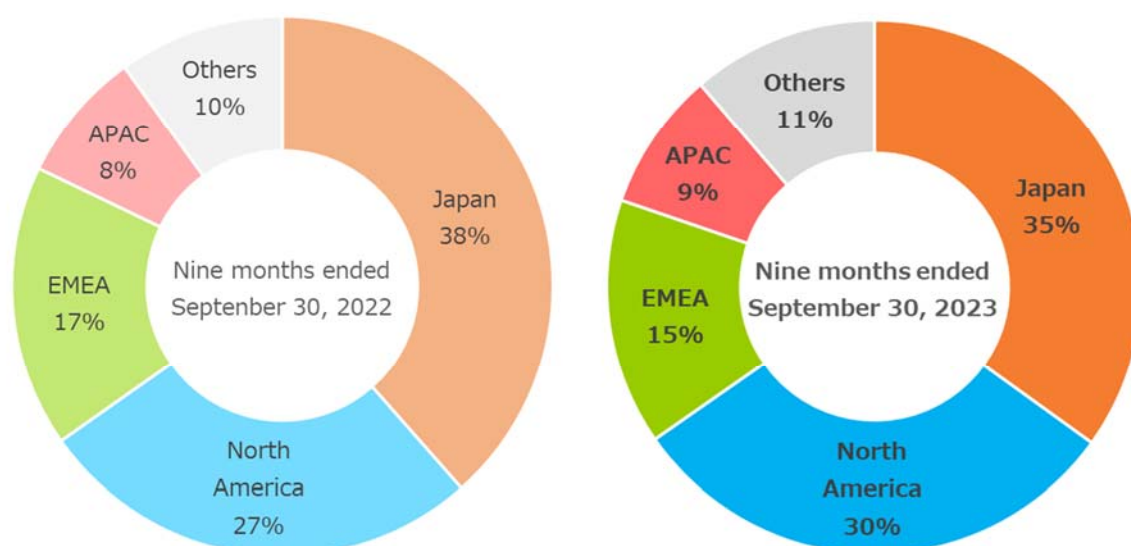
2) Revenue by regional control function

(Billions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Year-on-year change	Rate of change (%)
Japan	109.2	107.0	(2.3)	(2.1)%
North America	75.9	92.9	17.0	22.4%
EMEA	48.0	45.7	(2.3)	(4.7)%
APAC	22.5	26.0	3.5	15.4%
Others	28.1	34.5	6.3	22.5%
Total consolidated revenue	283.8	306.1	22.3	7.9%

- 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**



## &lt; Revenue of major products (Japan) &gt;

(Billions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Year-on-year change	Rate of change (%)
Darbepoetin Alfa Injection Syringe [KKF]	13.2	10.3	(2.9)	(21.7)%
Duvroq	4.4	6.9	2.4	54.4%
G-Lasta	22.7	23.2	0.5	2.3%
Romiplate	7.5	8.7	1.2	15.9%
Crysvita	6.4	7.4	1.0	16.0%

- Revenue in Japan decreased year on year due mainly to the impact of the reductions in drug price standards implemented in April 2022 and April 2023.
  - 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.

## &lt; Revenue of major products (overseas) &gt;

(Billions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Year-on-year change	Rate of change (%)
Crysvita	78.7	95.7	17.0	21.6%
Poteligeo	16.1	19.9	3.8	23.8%
Nourianz	4.5	5.5	1.0	22.9%
Gran	6.4	5.2	(1.2)	(19.2)%

- 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 decreased year on year due to a drop in revenue from the established medicines, despite 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.
  - Following the shift to a joint venture with Grünenthal for the established medicines business, in August 2023, revenue for 13 brands shifted from product sales to sales royalties and license fees, which led to a decrease in revenue from established medicines such as Abstral.



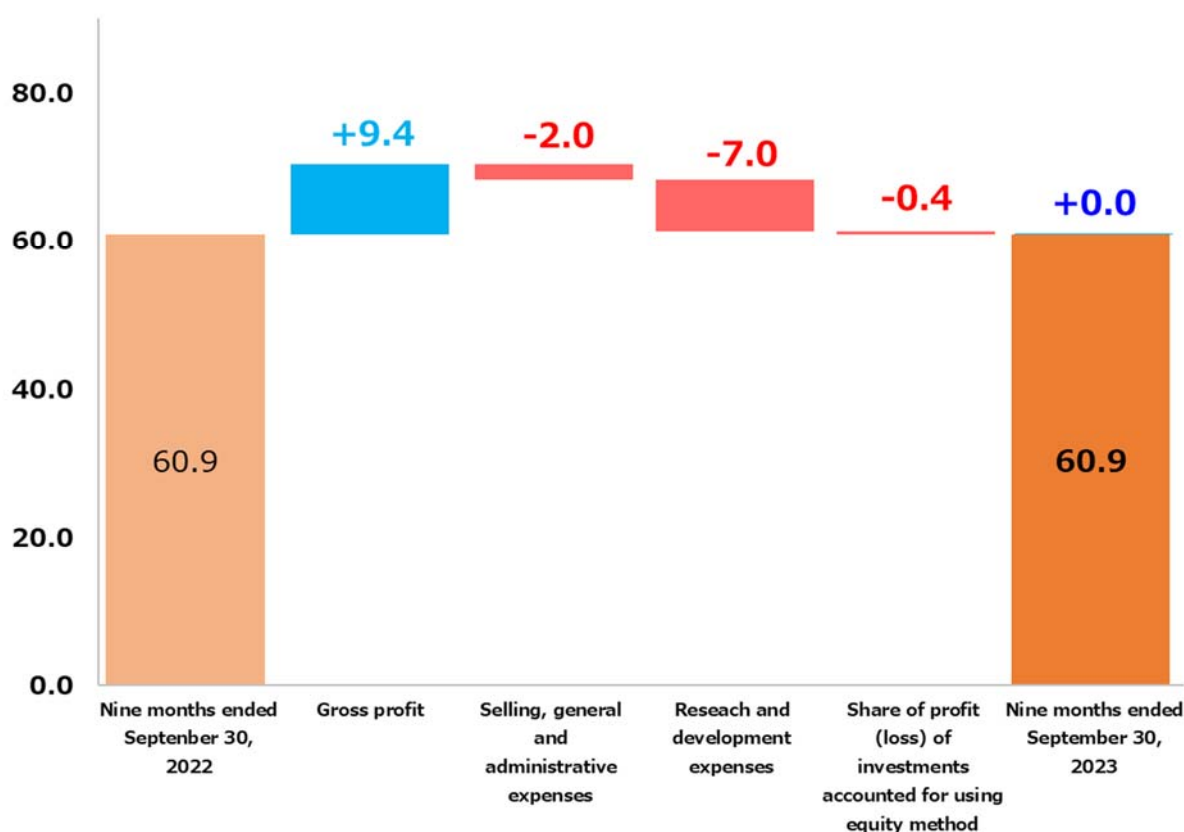
- Revenue in APAC increased year on year.
  - Revenue from Crysvida, a treatment for X-linked hypophosphatemia, has been growing particularly in Australia where sales were launched in November 2022.
  - Revenue from Gran, a neutropenia treatment drug, declined due to the impact of the centralized governmental 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

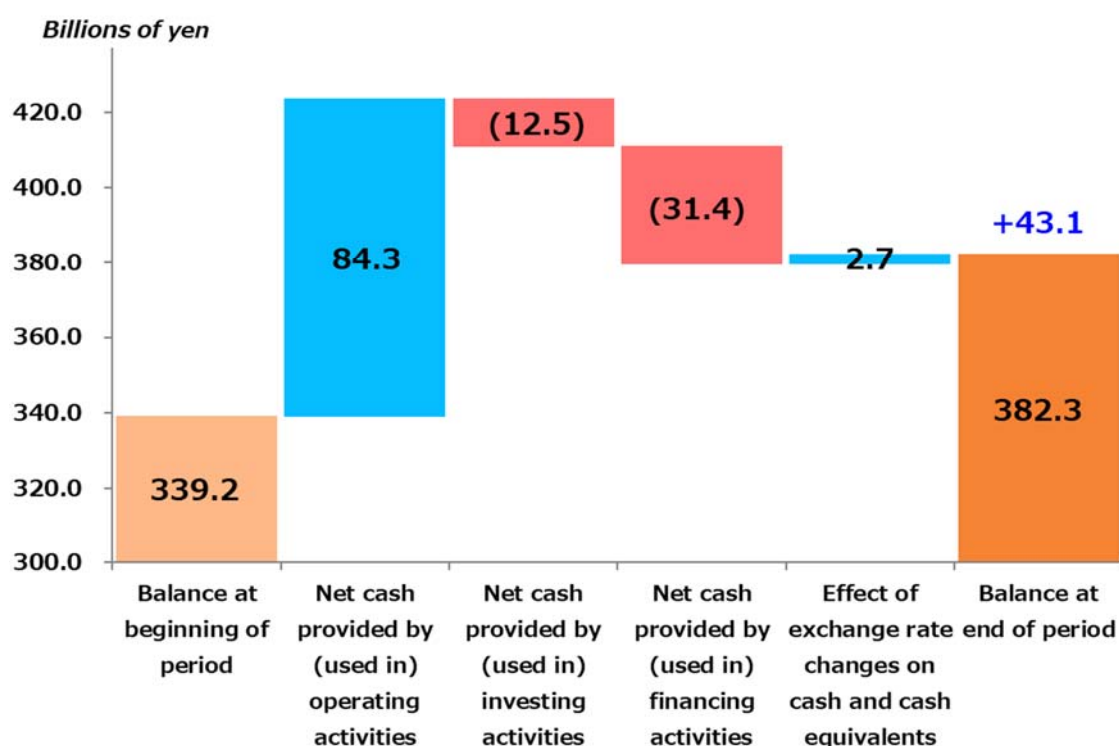


- Core operating profit remained level with the previous fiscal year due to an increase mainly in personnel expenses for starting our own marketing of Crysvida in North America on April 27, 2023, in addition to an increase in research and development expenses as a result of progress in development for KHK4083, for which a multi-regional phase III clinical trial is ongoing, and other factors, despite an increase in gross profit due to growth in revenue from global strategic products mainly in North America and a rise in revenue from technology out-licensing. The positive effect on core operating profit from foreign exchange was ¥4.2 billion.

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

	Nine months ended September 30, 2022	Nine months ended September 30, 2023	Year-on-year change	Rate of change (%)
Net cash provided by (used in) operating activities	35.5	84.3	48.7	137.1%
Net cash provided by (used in) investing activities	(13.4)	(12.5)	0.9	(6.9)%
Net cash provided by (used in) financing activities	(27.9)	(31.4)	(3.5)	12.4%
Cash and cash equivalents at beginning of period	335.1	339.2	4.1	1.2%
Cash and cash equivalents at end of period	332.8	382.3	49.5	14.9%

- Cash and cash equivalents as of September 30, 2023 were ¥382.3 billion, an increase of ¥43.1 billion compared with the balance of ¥339.2 billion as of December 31, 2022.  
The main contributing factors affecting cash flow during the nine months ended September 30, 2023 were as follows:
- Net cash provided by operating activities was ¥84.3 billion, compared with net cash provided by operating activities of ¥35.5 billion in the same period of the previous fiscal year. Major inflows were depreciation and amortization of ¥15.5 billion, foreign exchange loss (gain) of ¥12.0 billion mainly relating to exchange differences on translation of foreign currency denominated deposits from consolidated subsidiaries, and impairment losses (reversal of impairment losses) of ¥9.3 billion, in addition to profit before tax of ¥64.3 billion. Major outflows included gain on sales of share and valuation of remaining share of ¥14.8 billion and income taxes paid of ¥5.7 billion.
- Net cash used in investing activities was ¥12.5 billion, compared with net cash used in investing activities of ¥13.4 billion in the same period of the previous fiscal year. Major outflows were purchase of property, plant and equipment of ¥13.0 billion and purchase of intangible assets of ¥9.4 billion. Major inflows were proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation of ¥7.8 billion and proceeds from redemption of bonds of subsidiaries and associates of ¥2.0 billion.
- Net cash used in financing activities was ¥31.4 billion, compared with net cash used in financing activities of ¥27.9 billion in the same period of the previous fiscal year. A major outflow was dividends paid of ¥29.0 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 nine months ended September 30, 2023, the Group’s research and development expenses totaled ¥51.2 billion, and our progress in the respective disease fields of our main late-stage development products is as follows. (“◆” indicates the progress made during the third quarter of fiscal 2023.)

**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 (China: application filed in July 2022, South Korea: application filed in November 2022).

KHK7791 (product name in Japan: PHOZEVEL)

- ◆ In September 2023, we received an approval for manufacturing and marketing in Japan for the improvement of hyperphosphatemia in chronic kidney disease patients on dialysis.

**Oncology**KRN125 (product name in Japan: G-Lasta)

- ◆ In July 2023, we applied for partial change of approved indication in the oncology field for the mobilization of hematopoietic stem cells into peripheral blood for autologous blood stem cell transplantation 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 (application filed in December 2021).
- ◆ In August 2023, approval was acquired in Japan for a partial change for approval of its indication for treatment of palmoplantar pustulosis.

**Other**AMG531 (product name in Japan: Romiplate)









- ◆ In September 2023, approval was acquired in Japan for a partial change for approval of its indication for treatment of aplastic anemia.

## R&D pipeline








 antibody
  protein
  small molecule
  New Molecular Entity
  Updated since Dec. 31, 2022
  Updated since Jun. 30, 2023

### Nephrology










As of Sep 30, 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
 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]
 KRN1493 Cinacalcet Hydrochloride Oral	Calcimimetic	Primary Hyperparathyroidism	HK						[NPS Pharmaceuticals] product name in Japan: Regpara





### 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	KW						[In-House] POTELLIGENT product name in Japan, US and Europe: Poteligeo
			IL						
			ME						
			RS						
 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

### 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 and Asia: Lumicef
		Non-radiographic Axial Spondyloarthritis	TH						
		Palmoplantar Pustulosis	JP						
		Systemic Sclerosis	JP						
 ©KHK4083/AMG 451 Rocatinimab Injection	Anti-OX40 Fully Human Antibody	Atopic Dermatitis	JP NA Europe Middle East CN Asia Oceania others						[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 Asia						[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 UAE	→						[In-House] Fully human antibody production technology Jointly Developed with Ultragenyx in US and Europe product name in Japan, US and Europe: Crysvita
				KW BH	→						
				RS ME	→						
				MK	→						
			X-linked Hypophosphatemia (XLH)	MO	→						
				MK	→						
				RS ME	→						
	AMG531 Romiplostim Injection	Thrombopoietin Receptor Agonist	Aplastic Anemia Previously Untreated with Immunosuppressive Therapy	JP	→					[Amgen K-A] product name in Japan: Romiploste	
				Asia	→						
	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]

Note: Our main progress from September 30, 2023 is as follows.

- We decided to discontinue the development of KW-3357 (product name in Japan: Acoalan) for treatment for preeclampsia in the nephrology field.

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

No revisions have been made to the consolidated earnings forecasts announced on May 10, 2023.

**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 September 30, 2023
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	89,099	92,877
Goodwill	135,761	140,880
Intangible assets	64,786	64,630
Investments accounted for using equity method	–	12,518
Other financial assets	36,531	35,534
Retirement benefit asset	15,212	14,762
Deferred tax assets	52,946	56,878
Other non-current assets	3,357	4,610
Total non-current assets	397,692	422,689
Current assets		
Inventories	70,675	71,338
Trade and other receivables	111,746	113,621
Other financial assets	526	847
Other current assets	14,094	13,290
Cash and cash equivalents	339,194	382,266
Subtotal	536,235	581,362
Assets held for sale	5,955	–
Total current assets	542,189	581,362
Total assets	939,881	1,004,051

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

	As of December 31, 2022	As of September 30, 2023
<b>Equity</b>		
Share capital	26,745	26,745
Capital surplus	464,434	464,708
Treasury shares	(3,177)	(2,954)
Retained earnings	285,842	310,551
Other components of equity	(11,018)	13,093
Total equity attributable to owners of parent	762,826	812,143
Total equity	762,826	812,143
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Liabilities from application of equity method	15,529	12,688
Retirement benefit liability	287	367
Provisions	7,532	8,822
Deferred tax liabilities	404	443
Other financial liabilities	17,549	17,519
Other non-current liabilities	25,929	19,462
Total non-current liabilities	67,229	59,301
<b>Current liabilities</b>		
Trade and other payables	70,922	89,426
Provisions	2,966	4,260
Other financial liabilities	5,729	5,331
Income taxes payable	1,582	6,111
Other current liabilities	28,627	27,478
Total current liabilities	109,825	132,606
Total liabilities	177,055	191,907
Total equity and liabilities	939,881	1,004,051

**(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 September 30, 2022	January 1, 2023 to September 30, 2023
Revenue	283,775	306,053
Cost of sales	(64,146)	(76,974)
Gross profit	219,629	229,079
Selling, general and administrative expenses	(117,271)	(119,317)
Research and development expenses	(44,143)	(51,174)
Share of profit (loss) of investments accounted for using equity method	2,644	2,285
Other income	1,022	16,574
Other expenses	(5,065)	(16,620)
Finance income	4,510	3,650
Finance costs	(924)	(138)
Profit before tax	60,404	64,339
Income tax expense	(11,192)	(10,785)
Profit	49,212	53,554
Profit attributable to Owners of parent	49,212	53,554
Earnings per share		
Basic earnings per share (Yen)	91.57	99.62
Diluted earnings per share (Yen)	91.55	99.61



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

	January 1, 2022 to September 30, 2022	January 1, 2023 to September 30, 2023
Profit	49,212	53,554
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	609	750
Total of items that will not be reclassified to profit or loss	609	750
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	767	23,575
Share of other comprehensive income of investments accounted for using equity method	167	84
Total of items that may be reclassified to profit or loss	934	23,659
Other comprehensive income	1,543	24,409
Comprehensive income	50,756	77,963
Comprehensive income attributable to		
Owners of parent	50,756	77,963

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

January 1, 2022 to September 30, 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	–	–	–	49,212	–	–
Other comprehensive income	–	–	–	–	–	934
Total comprehensive income	–	–	–	49,212	–	934
Dividends of surplus	–	–	–	(25,258)	–	–
Purchase of treasury shares	–	–	(8)	–	–	–
Disposal of treasury shares	–	73	108	–	–	–
Share-based remuneration transactions	–	119	57	–	(180)	–
Transfer from other components of equity to retained earnings	–	–	–	557	–	–
Total transactions with owners	–	192	157	(24,701)	(180)	–
Balance at September 30, 2022	26,745	464,345	(3,203)	280,039	234	(6,365)

	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	–	–	49,212	49,212
Other comprehensive income	609	1,543	1,543	1,543
Total comprehensive income	609	1,543	50,756	50,756
Dividends of surplus	–	–	(25,258)	(25,258)
Purchase of treasury shares	–	–	(8)	(8)
Disposal of treasury shares	–	–	181	181
Share-based remuneration transactions	–	(180)	(5)	(5)
Transfer from other components of equity to retained earnings	(557)	(557)	–	–
Total transactions with owners	(557)	(737)	(25,090)	(25,090)
Balance at September 30, 2022	1,033	(5,098)	762,828	762,828

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

January 1, 2023 to September 30, 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	–	–	–	53,554	–	–
Other comprehensive income	–	–	–	–	–	23,659
Total comprehensive income	–	–	–	53,554	–	23,659
Dividends of surplus	–	–	–	(29,027)	–	–
Purchase of treasury shares	–	–	(8)	–	–	–
Disposal of treasury shares	–	37	79	–	–	–
Share-based remuneration transactions	–	237	152	–	(116)	–
Transfer from other components of equity to retained earnings	–	–	–	182	–	–
Total transactions with owners	–	274	223	(28,845)	(116)	–
Balance at September 30, 2023	26,745	464,708	(2,954)	310,551	103	11,412

	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	–	–	53,554	53,554
Other comprehensive income	750	24,409	24,409	24,409
Total comprehensive income	750	24,409	77,963	77,963
Dividends of surplus	–	–	(29,027)	(29,027)
Purchase of treasury shares	–	–	(8)	(8)
Disposal of treasury shares	–	–	116	116
Share-based remuneration transactions	–	(116)	274	274
Transfer from other components of equity to retained earnings	(182)	(182)	–	–
Total transactions with owners	(182)	(298)	(28,646)	(28,646)
Balance at September 30, 2023	1,578	13,093	812,143	812,143

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

	January 1, 2022 to September 30, 2022	January 1, 2023 to September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before tax	60,404	64,339
Depreciation and amortization	14,259	15,451
Impairment losses (reversal of impairment losses)	3,225	9,326
Increase (decrease) in provisions	(834)	2,101
Share of loss (profit) of investments accounted for using equity method	(2,644)	(2,285)
Gain on sales of share and valuation of remaining share (gain)	–	(14,799)
Foreign exchange loss (gain)	(13,019)	11,991
Decrease (increase) in inventories	(10,067)	(3,186)
Decrease (increase) in trade receivables	8,160	4,897
Increase (decrease) in trade payables	(3,976)	715
Increase (decrease) in contract liabilities	(5,226)	(6,090)
Income taxes paid	(21,833)	(5,653)
Other	7,092	7,479
Net cash provided by (used in) operating activities	35,543	84,286
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9,776)	(13,006)
Purchase of intangible assets	(4,893)	(9,355)
Proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation	–	7,780
Proceeds from sale of investment securities	1,976	–
Proceeds from redemption of bonds of subsidiaries and associates	–	2,000
Other	(725)	86
Net cash provided by (used in) investing activities	(13,418)	(12,495)
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(2,792)	(2,625)
Purchase of treasury shares	(8)	(8)
Dividends paid	(25,258)	(29,027)
Other	118	262
Net cash provided by (used in) financing activities	(27,940)	(31,397)
Effect of exchange rate changes on cash and cash equivalents	3,511	2,678
Net increase (decrease) in cash and cash equivalents	(2,304)	43,072
Cash and cash equivalents at beginning of period	335,084	339,194
Cash and cash equivalents at end of period	332,779	382,266

**(5) Notes to Condensed Quarterly Consolidated Financial Statements**Notes on going concern assumption

No applicable items.

Material accounting policies

The material accounting policies adopted for the Condensed Quarterly Consolidated Financial Statements are the same as those for the Consolidated Financial Statements for the fiscal year ended December 31, 2022, except for the following item.

Income tax expense for the nine months ended September 30, 2023 was calculated based on the estimated annual effective tax rate.

IAS 12 “Income Taxes” (amended in May 2023)

Starting from the second quarter of the fiscal year ending December 31, 2023, the Group has applied International Tax Reform—Pillar Two Model Rules (“Amendments to IAS 12”).

The Group has applied the exception provided in Amendments to IAS 12, and it does not recognize and does not disclose information about deferred tax assets and liabilities related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules.

Changes in presentationCondensed Quarterly Consolidated Statement of Cash Flows

“Foreign exchange loss (gain),” which had previously been included in “Other” of “Cash flows from operating activities” in the nine months ended September 30, 2022, has been presented separately because its monetary materiality has increased. To reflect this change in the presentation method, we have reclassified the amount in our Condensed Quarterly Consolidated Financial Statements for the nine months ended September 30, 2022.

As a result, negative ¥5,927 million presented as “Other” in “Cash flows from operating activities” in the Condensed Quarterly Consolidated Statement of Cash Flows for the nine months ended September 30, 2022, was reclassified as “Foreign exchange loss (gain)” of negative ¥13,019 million and “Other” of ¥7,092 million.

Segment information

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