Kyowa Kirin Co., Ltd.

Consolidated Financial Summary (IFRS)
Fiscal 2023 Second Quarter
(January 1, 2023 – June 30, 2023)

This document is an English translation of the Japanese-language original.
SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (IFRS)
for Six Months Ended June 30, 2023

Company Name: Kyowa Kirin Co., Ltd. Listed Exchanges: Tokyo Stock Exchange
Stock Code: 4151 President & Chief Executive Officer: Masashi Miyamoto
Telephone: +81 3 5205 7206 Inquiries: Satoko Yoshida
URL: https://www.kyowakirin.com/index.html

1. Consolidated Financial Results for the Six Months Ended June 30, 2023

(1) Consolidated operating results

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Core operating profit</th>
<th>Profit before tax</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
</tr>
<tr>
<td>June 30, 2023</td>
<td>199,209</td>
<td>7.5</td>
<td>37,467</td>
</tr>
<tr>
<td>June 30, 2022</td>
<td>185,271</td>
<td>12.3</td>
<td>39,908</td>
</tr>
</tbody>
</table>

Total comprehensive income: Six months ended June 30, 2023: ¥46,154 million; 13.8%
Six months ended June 30, 2022: ¥40,545 million; 19.9%

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.

<table>
<thead>
<tr>
<th>Profit attributable to owners of parent</th>
<th>Basic earnings per share</th>
<th>Diluted earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of yen</td>
<td>%</td>
<td>Yen</td>
</tr>
<tr>
<td>June 30, 2023</td>
<td>21,646</td>
<td>(38.2)</td>
</tr>
<tr>
<td>June 30, 2022</td>
<td>35,017</td>
<td>39.7</td>
</tr>
</tbody>
</table>

(2) Consolidated financial position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total equity</th>
<th>Equity attributable to owners of parent</th>
<th>Ratio of equity attributable to owners of parent to total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td>%</td>
</tr>
<tr>
<td>June 30, 2023</td>
<td>979,692</td>
<td>794,787</td>
<td>794,787</td>
<td>81.1</td>
</tr>
<tr>
<td>December 31, 2022</td>
<td>939,881</td>
<td>762,826</td>
<td>762,826</td>
<td>81.2</td>
</tr>
</tbody>
</table>

2. Dividends

<table>
<thead>
<tr>
<th>Dividends per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>First quarter-end</td>
</tr>
<tr>
<td>Second quarter-end</td>
</tr>
<tr>
<td>Third quarter-end</td>
</tr>
<tr>
<td>Fiscal year-end</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Yen</td>
</tr>
<tr>
<td>Yen</td>
</tr>
<tr>
<td>Yen</td>
</tr>
<tr>
<td>Yen</td>
</tr>
<tr>
<td>Yen</td>
</tr>
</tbody>
</table>

Fiscal year ended December 31, 2022
Fiscal year ending December 31, 2023 (Forecast)

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.)

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Core operating profit</th>
<th>Profit before tax</th>
<th>Profit</th>
<th>Profit attributable to owners of parent</th>
<th>Basic earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
<td>Millions of yen %</td>
</tr>
<tr>
<td>Full year</td>
<td>426,000</td>
<td>6.9</td>
<td>88,000</td>
<td>1.5</td>
<td>86,000</td>
<td>27.3</td>
</tr>
<tr>
<td></td>
<td>Full year</td>
<td>70,000</td>
<td>30.7</td>
<td></td>
<td>70,000</td>
<td>30.7</td>
</tr>
<tr>
<td></td>
<td>130.23</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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


(3) Number of shares issued (ordinary shares)
   a. Number of shares issued (including treasury shares)
      - As of June 30, 2023: 540,000,000 shares
      - As of December 31, 2022: 540,000,000 shares
   b. Number of treasury shares
      - As of June 30, 2023: 2,392,861 shares
      - As of December 31, 2022: 2,521,197 shares
   c. Average number of shares during the period
      - Six months ended June 30, 2023: 537,546,084 shares
      - Six months ended June 30, 2022: 537,395,867 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

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2022</th>
<th>As of June 30, 2023</th>
<th>Year-on-year change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>939.9</td>
<td>979.7</td>
<td>39.8</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>397.7</td>
<td>405.6</td>
<td>7.9</td>
</tr>
<tr>
<td>Current assets</td>
<td>542.2</td>
<td>574.1</td>
<td>31.9</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>177.1</td>
<td>184.9</td>
<td>7.9</td>
</tr>
<tr>
<td>Equity</td>
<td>762.8</td>
<td>794.8</td>
<td>32.0</td>
</tr>
<tr>
<td>Ratio of equity attributable to owners of parent to total assets (%)</td>
<td>81.2%</td>
<td>81.1%</td>
<td>(0.1)%</td>
</tr>
</tbody>
</table>

- Assets as of June 30, 2023, were ¥979.7 billion, an increase of ¥39.8 billion compared to the end of the previous fiscal year.
  - Non-current assets increased by ¥7.9 billion compared to the end of the previous fiscal year, to ¥405.6 billion, due mainly to increases in deferred tax assets and an increase in goodwill due to the effect of yen depreciation in foreign exchange, despite an impairment loss for intangible assets.
  - Current assets increased by ¥31.9 billion compared to the end of the previous fiscal year, to ¥574.1 billion, due mainly to increases in cash and cash equivalents and inventories.
- Liabilities as of June 30, 2023, were ¥184.9 billion, an increase of ¥7.9 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 contract liabilities, etc.
- Equity as of June 30, 2023, was ¥794.8 billion, an increase of ¥32.0 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 second quarter was 81.1%, a decrease of 0.1 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.

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2022</th>
<th>Six months ended June 30, 2023</th>
<th>Year-on-year change</th>
<th>Rate of change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>185.3</td>
<td>199.2</td>
<td>13.9</td>
<td>7.5%</td>
</tr>
<tr>
<td>Core operating profit</td>
<td>39.9</td>
<td>37.5</td>
<td>(2.4)</td>
<td>(6.1)%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>43.5</td>
<td>26.0</td>
<td>(17.4)</td>
<td>(40.1)%</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>35.0</td>
<td>21.6</td>
<td>(13.4)</td>
<td>(38.2)%</td>
</tr>
</tbody>
</table>

< Average exchange rates for each period >

<table>
<thead>
<tr>
<th>Currency</th>
<th>Six months ended June 30, 2022</th>
<th>Six months ended June 30, 2023</th>
<th>Year-on-year change</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD (USD/¥)</td>
<td>¥120</td>
<td>¥134</td>
<td>Up ¥14</td>
</tr>
<tr>
<td>GBP (GBP/¥)</td>
<td>¥158</td>
<td>¥164</td>
<td>Up ¥6</td>
</tr>
<tr>
<td>EUR (EUR/¥)</td>
<td>¥133</td>
<td>¥144</td>
<td>Up ¥11</td>
</tr>
</tbody>
</table>

For the six months ended June 30, 2023 (January 1, 2023 to June 30, 2023), revenue was ¥199.2 billion (up 7.5% compared to the same period of the previous fiscal year), and core operating profit was ¥37.5 billion (down 6.1%). Profit attributable to owners of parent was ¥21.6 billion (down 38.2%).

- 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 ¥9.8 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 ¥3.2 billion.
- Profit attributable to owners of parent decreased as a result of an increase in other expenses due mainly to the recording of impairment losses in association with the decision to discontinue development of RTA 402, in addition to a decrease in core operating profit.
2) Revenue by regional control function

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2022</th>
<th>Six months ended June 30, 2023</th>
<th>Year-on-year change</th>
<th>Rate of change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>72.8</td>
<td>70.9</td>
<td>(1.9)</td>
<td>(2.6)%</td>
</tr>
<tr>
<td>North America</td>
<td>47.5</td>
<td>60.3</td>
<td>12.8</td>
<td>27.0%</td>
</tr>
<tr>
<td>EMEA</td>
<td>30.9</td>
<td>30.8</td>
<td>(0.1)</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>APAC</td>
<td>14.8</td>
<td>16.0</td>
<td>1.2</td>
<td>7.9%</td>
</tr>
<tr>
<td>Others</td>
<td>19.3</td>
<td>21.2</td>
<td>1.9</td>
<td>10.1%</td>
</tr>
<tr>
<td><strong>Total consolidated revenue</strong></td>
<td><strong>185.3</strong></td>
<td><strong>199.2</strong></td>
<td><strong>13.9</strong></td>
<td><strong>7.5%</strong></td>
</tr>
</tbody>
</table>

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.
< Revenue of major products (Japan) >

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2022</th>
<th>Six months ended June 30, 2023</th>
<th>Year-on-year change</th>
<th>Rate of change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darbepoetin Alfa Injection Syringe [KKF]</td>
<td>8.8</td>
<td>6.9</td>
<td>(2.0)</td>
<td>(22.4)%</td>
</tr>
<tr>
<td>Duvroq</td>
<td>2.7</td>
<td>4.2</td>
<td>1.5</td>
<td>57.4%</td>
</tr>
<tr>
<td>G-Lasta</td>
<td>14.8</td>
<td>15.0</td>
<td>0.2</td>
<td>1.1%</td>
</tr>
<tr>
<td>Romiplate</td>
<td>4.8</td>
<td>5.7</td>
<td>1.0</td>
<td>20.1%</td>
</tr>
<tr>
<td>Crysvita</td>
<td>4.1</td>
<td>4.8</td>
<td>0.7</td>
<td>17.2%</td>
</tr>
</tbody>
</table>

- 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.

< Revenue of major products (overseas) >

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2022</th>
<th>Six months ended June 30, 2023</th>
<th>Year-on-year change</th>
<th>Rate of change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crysvita</td>
<td>49.4</td>
<td>61.9</td>
<td>12.5</td>
<td>25.3%</td>
</tr>
<tr>
<td>Poteligio</td>
<td>10.3</td>
<td>12.5</td>
<td>2.2</td>
<td>21.0%</td>
</tr>
<tr>
<td>Nourianz</td>
<td>2.6</td>
<td>3.5</td>
<td>0.9</td>
<td>36.8%</td>
</tr>
<tr>
<td>Gran</td>
<td>3.8</td>
<td>3.2</td>
<td>(0.6)</td>
<td>(16.6)%</td>
</tr>
</tbody>
</table>

- 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 mainly 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.

- 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

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 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 ¥3.2 billion.
(3) **Summary of Consolidated Cash Flows**

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30, 2022</th>
<th>Six months ended June 30, 2023</th>
<th>Year-on-year change</th>
<th>Rate of change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>22.5</td>
<td>60.3</td>
<td>37.9</td>
<td>168.7%</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(6.8)</td>
<td>(14.0)</td>
<td>(7.1)</td>
<td>104.0%</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(14.1)</td>
<td>(16.1)</td>
<td>(2.0)</td>
<td>14.2%</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>335.1</td>
<td>339.2</td>
<td>4.1</td>
<td>1.2%</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>339.9</td>
<td>372.1</td>
<td>32.2</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

- Cash and cash equivalents as of June 30, 2023 were ¥372.1 billion, an increase of ¥32.9 billion compared with the balance of ¥339.2 billion as of December 31, 2022.
- The main contributing factors affecting cash flow during the six months ended June 30, 2023 were as follows:
  - Net cash provided by operating activities was ¥60.3 billion, compared with net cash provided by operating activities of ¥22.5 billion in the same period of the previous fiscal year. Major inflows were foreign exchange loss (gain) of ¥12.0 billion mainly relating to exchange differences on translation of foreign currency denominated deposits from consolidated subsidiaries as of June 30, 2023, depreciation and amortization of ¥9.9 billion, impairment losses of ¥9.4 billion, and a decrease (increase) in trade receivables of ¥7.0 billion, in addition to profit before tax of ¥26.0 billion. A major outflow was a decrease (increase) in inventories of ¥4.8 billion.
  - Net cash used in investing activities was ¥14.0 billion, compared with net cash used in investing activities of ¥6.8 billion in the same period of the previous fiscal year. Major outflows were purchase of property, plant and equipment of ¥10.9 billion and purchase of intangible assets of ¥4.8 billion. A major inflow was proceeds from redemption of bonds of subsidiaries and associates of ¥2.0 billion.
  - Net cash used in financing activities was ¥16.1 billion, compared with net cash used in financing activities of ¥14.1 billion in the same period of the previous fiscal year. A major outflow was 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 six months ended June 30, 2023, the Group’s research and development expenses totaled ¥33.7 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 second 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).

RTA 402 (generic name: Bardoxolone Methyl)
◆ Concerning the Phase III clinical study for the treatment of diabetic kidney disease in Japan, although we reached the primary and key secondary endpoints which involved recognized improvements in eGFR, the result of decreasing the occurrence of ESRD was not obtained, and because such study results were obtained we decided to discontinue development. In addition, we have withdrawn the application for manufacturing and marketing approval of RTA 402 for Alport Syndrome in Japan and discontinued development for this indication. Further, we have initiated discussions with Reata Pharmaceuticals Holdings to end its participation as an In-County Clinical Caretaker CCC for the clinical trials of RTA 402 for Alport Syndrome and Autosomal Dominant Polycystic Kidney Disease.

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 (application filed in October 2022).

Oncology

ME-401 (generic name: Zandelisib)
◆ We conducted a Phase II clinical study targeting patients with indolent B-cell Non-Hodgkin’s Lymphoma in Japan. However, we determined that it would be difficult to implement the additional randomized comparative clinical study that was suggested in discussions with the regulatory authority and decided to discontinue development.

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).
- An application for a partial change for approval has been submitted for its planned indication for treatment for palmoplantar pustulosis in Japan (application filed in September 2022).

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 (application filed in November 2022).
## R&D pipeline

### Neoplasms

<table>
<thead>
<tr>
<th>Code Name</th>
<th>Generic Name</th>
<th>Formulation</th>
<th>Mechanism of Action</th>
<th>Indication</th>
<th>Area</th>
<th>Stage</th>
<th>[In-House or Licensed]</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>KH7580</td>
<td>ICC012</td>
<td>Oral</td>
<td>Casomimetic</td>
<td>Secondary hyperparathyroidism</td>
<td>CN TW</td>
<td>Ph I</td>
<td>[In-House]</td>
<td>Mitsubishi Tanabe Pharma Corp. product name in Japan: Orkedia</td>
</tr>
<tr>
<td>K-1337</td>
<td>Antithrombin Gamma Antithrombin</td>
<td>Injection</td>
<td>Recombinant Human</td>
<td>Preeclampsia</td>
<td>JP</td>
<td>Ph II</td>
<td>[In-House]</td>
<td>product name in Japan: Atsulisai</td>
</tr>
<tr>
<td>KF1701</td>
<td>TNafiter Hydrochloride</td>
<td>Oral</td>
<td>Casomimetic</td>
<td>Hyperphosphatemia in Patients on Dialysis</td>
<td>JP</td>
<td>Filed</td>
<td></td>
<td>(ArilMed)</td>
</tr>
<tr>
<td>KN1423</td>
<td>Casmatel Hydrochloride</td>
<td>Oral</td>
<td>Casomimetic</td>
<td>Primary Hyperparathyroidism</td>
<td>HK</td>
<td>Approved</td>
<td>NPS Pharmaceuticals Inc. product name in Japan: Regpara</td>
<td></td>
</tr>
</tbody>
</table>

Since the development of RTA-402 for Alport Syndrome, Diabetic Kidney Disease, and Autosomal Dominant Polycystic Kidney Disease was discontinued in Japan, the relevant information was deleted from this table.

### Oncology

<table>
<thead>
<tr>
<th>Code Name</th>
<th>Generic Name</th>
<th>Formulation</th>
<th>Mechanism of Action</th>
<th>Indication</th>
<th>Area</th>
<th>Stage</th>
<th>[In-House or Licensed]</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>KG-5771</td>
<td>Megamizumab</td>
<td>Injection</td>
<td>Anti-CD4 Humanized Antibody</td>
<td>Mycoses Fungoides and Cutaneous T-Cell Lymphoma</td>
<td>IL</td>
<td>Approved</td>
<td>[In-House]</td>
<td>POTELLIGENT product name in Japan, US, and Europe: Poteligeo</td>
</tr>
</tbody>
</table>

Since the development of ME-461 for Incident B-cell Non-Hodgkin’s Lymphoma was discontinued in Japan, the relevant information was deleted from this table.

### Immunology/Allergy

<table>
<thead>
<tr>
<th>Code Name</th>
<th>Generic Name</th>
<th>Formulation</th>
<th>Mechanism of Action</th>
<th>Indication</th>
<th>Area</th>
<th>Stage</th>
<th>[In-House or Licensed]</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>KHK827</td>
<td>Lantakruin</td>
<td>Injection</td>
<td>Anti-IL-17 Receptor A Fully Human Antibody</td>
<td>Ankylosing Spondylitis</td>
<td>TH</td>
<td>Ph II</td>
<td>[In-House]</td>
<td>Agena KAI product name in Japan and Asia (Korea)</td>
</tr>
<tr>
<td>GKH40334MG 451</td>
<td>Rosakrinol</td>
<td>Injection</td>
<td>Anti-OX46 Fully Human Antibody</td>
<td>Atopic Dermatitis</td>
<td>JP</td>
<td>Ph III</td>
<td>[In-House]</td>
<td>POTELLIGENT Fully human antibody production technology Collaboration agreement with Agena for the development of GKH40334MG 451 in all the countries except for Japan</td>
</tr>
<tr>
<td>GKH4277</td>
<td>Injection</td>
<td></td>
<td></td>
<td>Autoimmune Disease</td>
<td>JP</td>
<td>Filed</td>
<td></td>
<td>SBI Biotech</td>
</tr>
</tbody>
</table>
Note: Our main progress from June 30, 2023 is as follows.

- In July 2023, we applied for partial change of approved indication of KRN125 (generic name: Pegfilgrastim) in the oncology field for the mobilization of hematopoietic stem cells into peripheral blood for autologous blood stem cell transplantation in Japan.

(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

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of December 31, 2022</th>
<th>As of June 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>89,099</td>
<td>91,993</td>
</tr>
<tr>
<td>Goodwill</td>
<td>135,761</td>
<td>140,959</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>64,786</td>
<td>58,005</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>36,531</td>
<td>35,207</td>
</tr>
<tr>
<td>Retirement benefit asset</td>
<td>15,212</td>
<td>14,783</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>52,946</td>
<td>60,697</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>3,357</td>
<td>3,985</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>397,692</td>
<td>405,628</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>70,675</td>
<td>76,547</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>111,746</td>
<td>110,859</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>526</td>
<td>261</td>
</tr>
<tr>
<td>Other current assets</td>
<td>14,094</td>
<td>12,294</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>339,194</td>
<td>372,131</td>
</tr>
<tr>
<td>Subtotal</td>
<td>536,235</td>
<td>572,092</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>5,955</td>
<td>1,973</td>
</tr>
<tr>
<td>Total current assets</td>
<td>542,189</td>
<td>574,065</td>
</tr>
<tr>
<td>Total assets</td>
<td>939,881</td>
<td>979,692</td>
</tr>
</tbody>
</table>
(1) Condensed Quarterly Consolidated Statement of Financial Position (continued)

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2022</th>
<th>As of June 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>26,745</td>
<td>26,745</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>464,434</td>
<td>464,663</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(3,177)</td>
<td>(2,978)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>285,842</td>
<td>293,158</td>
</tr>
<tr>
<td>Other components of equity</td>
<td>(11,018)</td>
<td>13,199</td>
</tr>
<tr>
<td><strong>Total equity attributable to owners of parent</strong></td>
<td>762,826</td>
<td>794,787</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>762,826</td>
<td>794,787</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities from application of equity method</td>
<td>15,529</td>
<td>13,525</td>
</tr>
<tr>
<td>Retirement benefit liability</td>
<td>287</td>
<td>381</td>
</tr>
<tr>
<td>Provisions</td>
<td>7,532</td>
<td>8,512</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>404</td>
<td>432</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>17,549</td>
<td>17,781</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>25,929</td>
<td>21,367</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>67,229</td>
<td>61,999</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>70,922</td>
<td>81,755</td>
</tr>
<tr>
<td>Provisions</td>
<td>2,966</td>
<td>3,238</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>5,729</td>
<td>6,797</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>1,582</td>
<td>7,346</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>28,627</td>
<td>23,771</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>109,825</td>
<td>122,907</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>177,055</td>
<td>184,906</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>939,881</td>
<td>979,692</td>
</tr>
</tbody>
</table>
### Condensed Quarterly Consolidated Statement of Profit or Loss

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2022 to June 30, 2022</th>
<th>January 1, 2023 to June 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>185,271</td>
<td>199,209</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(43,380)</td>
<td>(47,046)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>141,891</td>
<td>152,163</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>(76,448)</td>
<td>(82,433)</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>(27,911)</td>
<td>(33,654)</td>
</tr>
<tr>
<td><strong>Share of profit (loss) of investments accounted for using equity method</strong></td>
<td>2,376</td>
<td>1,391</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>562</td>
<td>500</td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td>(1,214)</td>
<td>(14,167)</td>
</tr>
<tr>
<td><strong>Finance income</strong></td>
<td>4,746</td>
<td>2,294</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(523)</td>
<td>(48)</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>43,479</td>
<td>26,046</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(8,462)</td>
<td>(4,401)</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>35,017</td>
<td>21,646</td>
</tr>
</tbody>
</table>

**Profit attributable to Owners of parent**

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2022 to June 30, 2022</th>
<th>January 1, 2023 to June 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic earnings per share (Yen)</strong></td>
<td>65.16</td>
<td>40.27</td>
</tr>
<tr>
<td><strong>Diluted earnings per share (Yen)</strong></td>
<td>65.14</td>
<td>40.26</td>
</tr>
</tbody>
</table>
## Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2022 to June 30, 2022</th>
<th>January 1, 2023 to June 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit</strong></td>
<td>35,017</td>
<td>21,646</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets measured at fair value through other comprehensive income</td>
<td>394</td>
<td>433</td>
</tr>
<tr>
<td>Total of items that will not be reclassified to profit or loss</td>
<td>394</td>
<td>433</td>
</tr>
<tr>
<td>Items that may be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations</td>
<td>4,964</td>
<td>24,010</td>
</tr>
<tr>
<td>Share of other comprehensive income of investments accounted for using equity method</td>
<td>171</td>
<td>66</td>
</tr>
<tr>
<td>Total of items that may be reclassified to profit or loss</td>
<td>5,134</td>
<td>24,076</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>5,529</td>
<td>24,508</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>40,545</td>
<td>46,154</td>
</tr>
<tr>
<td><strong>Comprehensive income attributable to Owners of parent</strong></td>
<td>40,545</td>
<td>46,154</td>
</tr>
</tbody>
</table>
### Condensed Quarterly Consolidated Statement of Changes in Equity
January 1, 2022 to June 30, 2022

(Units: Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Capital surplus</th>
<th>Treasury shares</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
<th>Exchange differences on translation of foreign operations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share acquisition rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at January 1, 2022</strong></td>
<td>26,745</td>
<td>464,153</td>
<td>(3,359)</td>
<td>255,528</td>
<td>414 (7,299)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>35,017</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>5,134</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>35,017</td>
<td>–</td>
<td>5,134</td>
</tr>
<tr>
<td><strong>Dividends of surplus</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(12,359)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Purchase of treasury shares</strong></td>
<td>–</td>
<td>–</td>
<td>(4)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Disposal of treasury shares</strong></td>
<td>–</td>
<td>73</td>
<td>108</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Share-based remuneration transactions</strong></td>
<td>–</td>
<td>76</td>
<td>38</td>
<td>–</td>
<td>–</td>
<td>(180)</td>
</tr>
<tr>
<td><strong>Transfer from other components of equity to retained earnings</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>557</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>–</td>
<td>150</td>
<td>142</td>
<td>(11,802)</td>
<td>(180)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at June 30, 2022</strong></td>
<td>26,745</td>
<td>464,303</td>
<td>(3,218)</td>
<td>278,743</td>
<td>234 (2,165)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Capital surplus</th>
<th>Treasury shares</th>
<th>Retained earnings</th>
<th>Financial assets measured at fair value through other comprehensive income</th>
<th>Total</th>
<th>Total</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at January 1, 2022</strong></td>
<td>980</td>
<td>(5,904)</td>
<td>737,162</td>
<td>737,162</td>
<td>737,162</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>–</td>
<td>–</td>
<td>35,017</td>
<td>35,017</td>
<td>35,017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>394</td>
<td>5,529</td>
<td>5,529</td>
<td>5,529</td>
<td>5,529</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>394</td>
<td>5,529</td>
<td>5,529</td>
<td>40,545</td>
<td>40,545</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dividends of surplus</strong></td>
<td>–</td>
<td>–</td>
<td>(12,359)</td>
<td>(12,359)</td>
<td>(12,359)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase of treasury shares</strong></td>
<td>–</td>
<td>–</td>
<td>(4)</td>
<td>(4)</td>
<td>(4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Disposal of treasury shares</strong></td>
<td>–</td>
<td>–</td>
<td>181</td>
<td>181</td>
<td>181</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share-based remuneration transactions</strong></td>
<td>–</td>
<td>(180)</td>
<td>(66)</td>
<td>(66)</td>
<td>(66)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfer from other components of equity to retained earnings</strong></td>
<td>(557)</td>
<td>(557)</td>
<td>–</td>
<td>(557)</td>
<td>(557)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>(557)</td>
<td>(737)</td>
<td>(12,248)</td>
<td>(12,248)</td>
<td>(12,248)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at June 30, 2022</strong></td>
<td>818</td>
<td>(1,113)</td>
<td>765,460</td>
<td>765,460</td>
<td>765,460</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(3) Condensed Quarterly Consolidated Statement of Changes in Equity (continued)
January 1, 2023 to June 30, 2023

(Millions of yen)

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Capital surplus</th>
<th>Treasury shares</th>
<th>Retained earnings</th>
<th>Other components of equity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Share acquisition rights</td>
</tr>
<tr>
<td>Balance at January 1, 2023</td>
<td>26,745</td>
<td>464,434</td>
<td>(3,177)</td>
<td>285,842</td>
</tr>
<tr>
<td>Profit</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>21,646</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>21,646</td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(14,512)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>–</td>
<td>–</td>
<td>(6)</td>
<td>–</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>–</td>
<td>34</td>
<td>74</td>
<td>–</td>
</tr>
<tr>
<td>Share-based remuneration transactions</td>
<td>–</td>
<td>195</td>
<td>130</td>
<td>–</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>182</td>
</tr>
<tr>
<td>Total transactions with owners</td>
<td>–</td>
<td>229</td>
<td>199</td>
<td>(14,329)</td>
</tr>
<tr>
<td>Balance at June 30, 2023</td>
<td>26,745</td>
<td>464,663</td>
<td>(2,978)</td>
<td>293,158</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assets measured at fair value through other comprehensive income</th>
<th>Total</th>
<th>Total</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at January 1, 2023</td>
<td>1,010</td>
<td>(11,018)</td>
<td>762,826</td>
</tr>
<tr>
<td>Profit</td>
<td>–</td>
<td>–</td>
<td>21,646</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>433</td>
<td>24,508</td>
<td>24,508</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>433</td>
<td>24,508</td>
<td>46,154</td>
</tr>
<tr>
<td>Dividends of surplus</td>
<td>–</td>
<td>–</td>
<td>(14,512)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>–</td>
<td>–</td>
<td>(6)</td>
</tr>
<tr>
<td>Disposal of treasury shares</td>
<td>–</td>
<td>–</td>
<td>109</td>
</tr>
<tr>
<td>Share-based remuneration transactions</td>
<td>–</td>
<td>(108)</td>
<td>216</td>
</tr>
<tr>
<td>Transfer from other components of equity to retained earnings</td>
<td>(182)</td>
<td>(182)</td>
<td>–</td>
</tr>
<tr>
<td>Total transactions with owners</td>
<td>(182)</td>
<td>(291)</td>
<td>(14,193)</td>
</tr>
<tr>
<td>Balance at June 30, 2023</td>
<td>1,260</td>
<td>13,199</td>
<td>794,787</td>
</tr>
</tbody>
</table>
### (4) Condensed Quarterly Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2022 to June 30, 2022</th>
<th>January 1, 2023 to June 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>43,479</td>
<td>26,046</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>9,497</td>
<td>9,856</td>
</tr>
<tr>
<td>Impairment losses (reversal of impairment losses)</td>
<td>–</td>
<td>9,389</td>
</tr>
<tr>
<td>Increase (decrease) in provisions</td>
<td>(493)</td>
<td>867</td>
</tr>
<tr>
<td>Share of loss (profit) of investments accounted for using equity method</td>
<td>(2,376)</td>
<td>(1,391)</td>
</tr>
<tr>
<td>Foreign exchange loss (gain)</td>
<td>(9,838)</td>
<td>12,015</td>
</tr>
<tr>
<td>Decrease (increase) in inventories</td>
<td>(5,802)</td>
<td>(4,767)</td>
</tr>
<tr>
<td>Decrease (increase) in trade receivables</td>
<td>5,405</td>
<td>7,040</td>
</tr>
<tr>
<td>Increase (decrease) in trade payables</td>
<td>(2,752)</td>
<td>488</td>
</tr>
<tr>
<td>Increase (decrease) in contract liabilities</td>
<td>(4,292)</td>
<td>(4,052)</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(12,776)</td>
<td>(1,513)</td>
</tr>
<tr>
<td>Other</td>
<td>2,404</td>
<td>6,364</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>22,456</td>
<td>60,344</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(5,673)</td>
<td>(10,914)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(3,145)</td>
<td>(4,822)</td>
</tr>
<tr>
<td>Proceeds from sale of investment securities</td>
<td>1,976</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from redemption of bonds of subsidiaries and associates</td>
<td>–</td>
<td>2,000</td>
</tr>
<tr>
<td>Other</td>
<td>(2)</td>
<td>(221)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(6,844)</td>
<td>(13,958)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(1,811)</td>
<td>(1,722)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(4)</td>
<td>(6)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(12,359)</td>
<td>(14,512)</td>
</tr>
<tr>
<td>Other</td>
<td>100</td>
<td>172</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>(14,074)</td>
<td>(16,068)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>3,264</td>
<td>2,619</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>4,802</td>
<td>32,936</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at beginning of period</strong></td>
<td>335,084</td>
<td>339,194</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of period</strong></td>
<td>339,886</td>
<td>372,131</td>
</tr>
</tbody>
</table>
(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 six months ended June 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 presentation
Condensed 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 six months ended June 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 six months ended June 30, 2022. As a result, negative ¥7,434 million presented as “Other” in “Cash flows from operating activities” in the Condensed Quarterly Consolidated Statement of Cash Flows for the six months ended June 30, 2022, was reclassified as “Foreign exchange loss (gain)” of negative ¥9,838 million and “Other” of ¥2,404 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.