



Kyowa Kirin Co., Ltd.

Consolidated Financial Summary (IFRS) Fiscal 2022 Second Quarter (January 1, 2022 – June 30, 2022)

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

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (IFRS)
for Six Months Ended June 30, 2022**

August 4, 2022

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URL: <https://www.kyowakirin.com/index.html>
 Scheduled date of submission of Quarterly Securities Report: August 4, 2022
 Scheduled start date of dividend payment: September 1, 2022
 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 Six Months Ended June 30, 2022(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Six months ended	Revenue		Core operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	185,271	12.3	39,908	28.9	43,479	39.8	35,017	39.7
June 30, 2021	165,021	4.6	30,949	(10.2)	31,102	0.7	25,072	(9.8)

Total comprehensive income: Six months ended June 30, 2022: ¥40,545 million; 19.9%
 Six months ended June 30, 2021: ¥33,830 million; 74.4%

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.

Six months ended	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
June 30, 2022	35,017	39.7	65.16	65.14
June 30, 2021	25,072	(9.8)	46.67	46.65

(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	%
June 30, 2022	939,853	765,460	765,460	81.4
December 31, 2021	921,872	737,162	737,162	80.0

2. Dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended December 31, 2021	Yen —	Yen 23.00	Yen —	Yen 23.00	Yen 46.00
Fiscal year ending December 31, 2022	—	24.00			
Fiscal year ending December 31, 2022 (Forecast)			—	24.00	48.00

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

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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	400,000	13.6	77,000	17.2	79,000	31.6	63,000	20.3	63,000	20.3	117.22

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 June 30, 2022	540,000,000 shares
As of December 31, 2021	540,000,000 shares

b. Number of treasury shares

As of June 30, 2022	2,527,034 shares
As of December 31, 2021	2,671,817 shares

c. Average number of shares during the period

Six months ended June 30, 2022	537,395,867 shares
Six months ended June 30, 2021	537,231,481 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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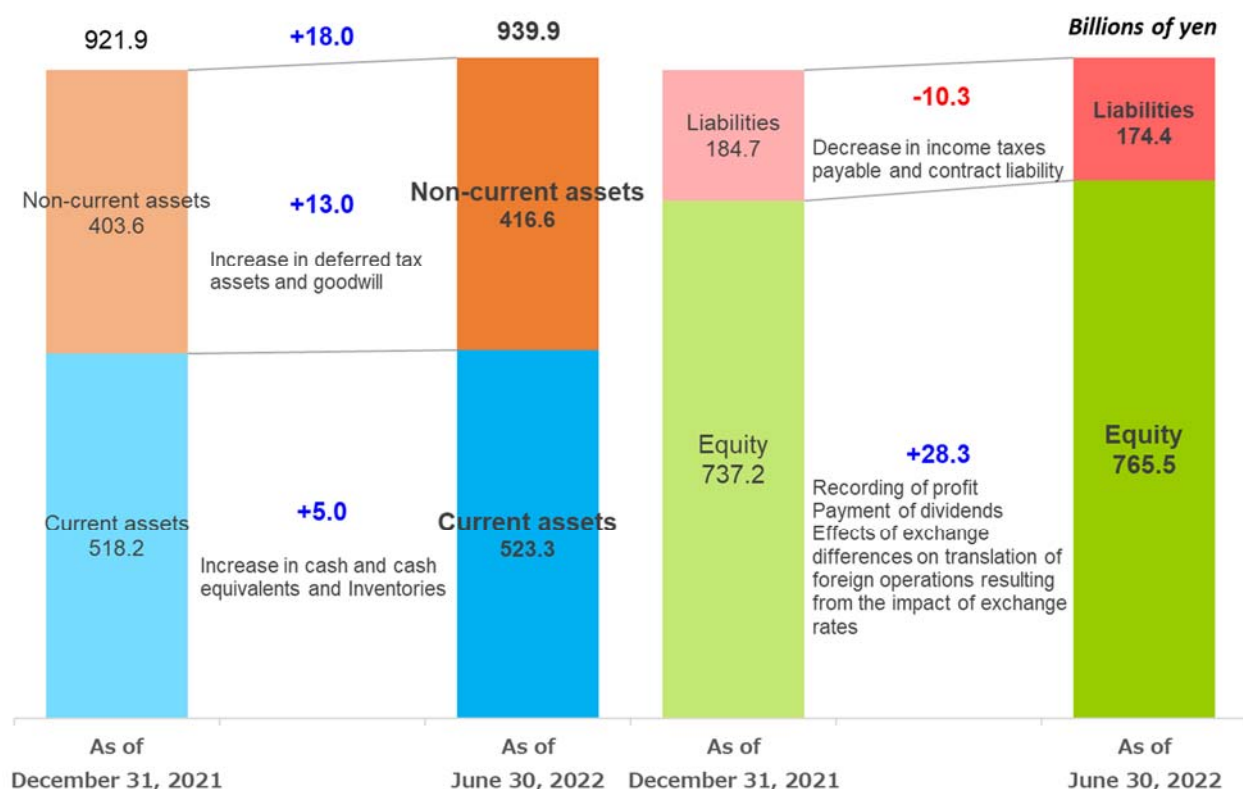
1. Operating Results and Financial Statements

(1) Summary of Consolidated Financial Position

(Billions of yen)

	As of December 31, 2021	As of June 30, 2022	Year-on-year change
Assets	921.9	939.9	18.0
Non-current assets	403.6	416.6	13.0
Current assets	518.2	523.3	5.0
Liabilities	184.7	174.4	(10.3)
Equity	737.2	765.5	28.3
Ratio of equity attributable to owners of parent to total assets (%)	80.0%	81.4%	1.4%

- Assets as of June 30, 2022, were ¥939.9 billion, an increase of ¥18.0 billion compared to the end of the previous fiscal year.
 - Non-current assets increased by ¥13.0 billion compared to the end of the previous fiscal year, to ¥416.6 billion, due mainly to an increase in deferred tax assets, and an increase in goodwill associated with the impact of yen depreciation.
 - Current assets increased by ¥5.0 billion compared to the end of the previous fiscal year, to ¥523.3 billion, due mainly to increases in cash and cash equivalents and inventories.
- Liabilities as of June 30, 2022, were ¥174.4 billion, a decrease of ¥10.3 billion compared to the end of the previous fiscal year, due mainly to decreases in income taxes payable and contract liabilities.
- Equity as of June 30, 2022, was ¥765.5 billion, an increase of ¥28.3 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 second quarter was 81.4%, an increase of 1.4 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)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Year-on-year change	Rate of change (%)
Revenue	165.0	185.3	20.2	12.3%
Core operating profit	30.9	39.9	9.0	28.9%
Profit before tax	31.1	43.5	12.4	39.8%
Profit attributable to owners of parent	25.1	35.0	9.9	39.7%

< Average exchange rates for each period >

Currency	Six months ended June 30, 2021	Six months ended June 30, 2022	Year-on-year change
USD (USD/¥)	¥107	¥120	Up ¥13
GBP (GBP/¥)	¥147	¥158	Up ¥11
CNY (CNY/¥)	¥16.4	¥18.7	Up ¥2.3

For the six months ended June 30, 2022 (January 1, 2022 to June 30, 2022), revenue was ¥185.3 billion (up 12.3% compared to the same period of the previous fiscal year), and core operating profit was ¥39.9 billion (up 28.9%). Profit attributable to owners of parent was ¥35.0 billion (up 39.7%).

- 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 ¥9.8 billion.
- Core operating profit rose, despite increases in selling, general and administrative expenses and research and development expenses, due to 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 ¥3.7 billion.
- Profit attributable to owners of parent increased as a result of an increase in finance income in addition to an increase in core operating profit, despite an increase in income taxes.

2) Revenue by regional control function

(Billions of yen)

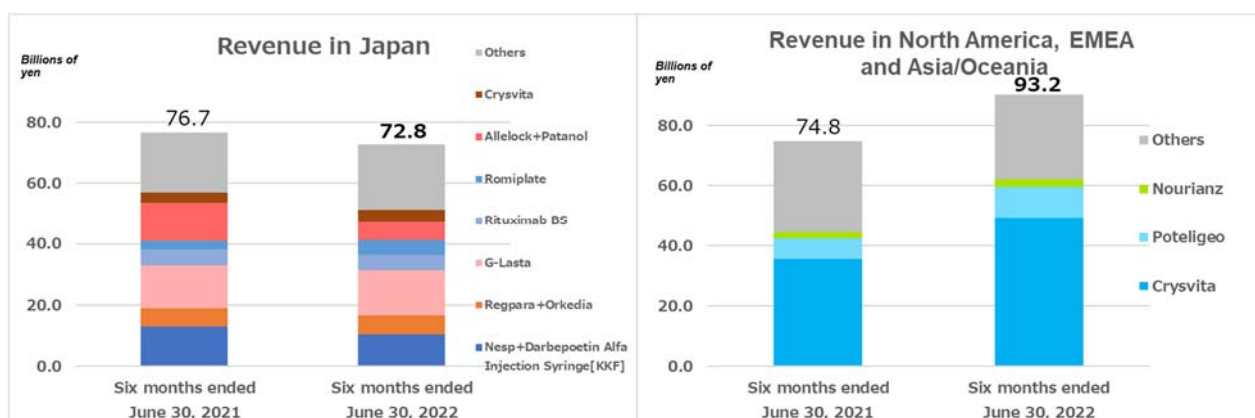
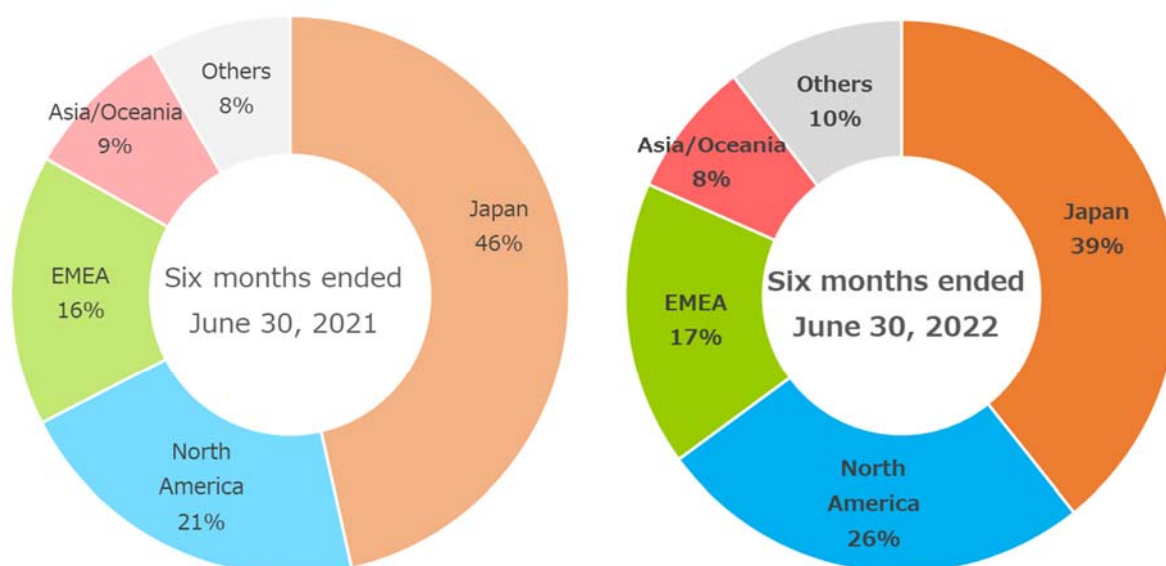
	Six months ended June 30, 2021	Six months ended June 30, 2022	Year-on-year change	Rate of change (%)
Japan	76.7	72.8	(3.9)	(5.1)%
North America	34.6	47.5	12.9	37.3%
EMEA	25.9	30.9	5.0	19.5%
Asia/Oceania	14.3	14.8	0.5	3.4%
Others	13.6	19.3	5.7	41.9%
Total consolidated revenue	165.0	185.3	20.2	12.3%

Notes: 1. Revenue by regional control function is classified based on consolidated revenue from products of regional control functions in the One Kyowa Kirin structure (a global management structure with axes combining four regions – Japan, North America, EMEA, and Asia/Oceania – and the functions needed by a global specialty pharmaceutical company).

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)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Year-on-year change	Rate of change (%)
Patanol	7.8	2.2	(5.6)	(72.2)%
Darbepoetin Alfa Injection Syringe [KKF]	11.0	8.8	(2.2)	(19.8)%
Duvroq	0.5	2.7	2.1	390.7%
Romiplate	2.8	4.8	1.9	68.1%
G-Lasta	13.8	14.8	1.0	7.3%
Crysvita	3.3	4.1	0.8	23.1%

- Revenue in Japan decreased year on year due to the significant decrease in revenue from Patanol[®], anti-allergy eye drops, in addition to the impact of the reductions in drug price standards implemented in April 2021 and April 2022, despite the growth in sales of new product groups, such as Duvroq[®], a treatment for renal anemia.
 - Revenue from Patanol[®], anti-allergy eye drops, decreased due to the release of a generic in December 2021.
 - 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 since its launch in August 2020.
 - Revenue from ROMIPLATE[®], a treatment for chronic idiopathic thrombocytopenic purpura, increased due to the impact in the first six months of the previous fiscal year from adjustments of shipments to distributors (June 2020 to March 2021).
 - Revenue from G-Lasta[®], an agent for decreasing the incidence of febrile neutropenia, increased.
 - Crysvita[®], a treatment for FGF23-related diseases, has been growing since its launch in December 2019.

< Revenue of major products (overseas) >

(Billions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022	Year-on-year change	Rate of change (%)
Crysvita	35.4	49.4	14.0	39.5%
Poteligeo	7.0	10.3	3.3	47.4%
Nourianz	1.9	2.6	0.7	33.8%
Abstral	4.0	3.6	(0.4)	(10.6)%
Regpara	4.6	2.0	(2.6)	(56.6)%
Gran	3.0	3.8	0.8	27.4%

- 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 since its launch in 2018.
 - Revenue from POTELIGEO[®], an anticancer agent, increased.
 - Revenue from NOURIANZ[™] (product name in Japan: NOURIAST[®]), an antiparkinsonian agent, has been growing since its launch in October 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 June 2020.
 - Revenue from Abstral[®], a treatment for cancer pain, decreased due to the impact of the market penetration of generics.

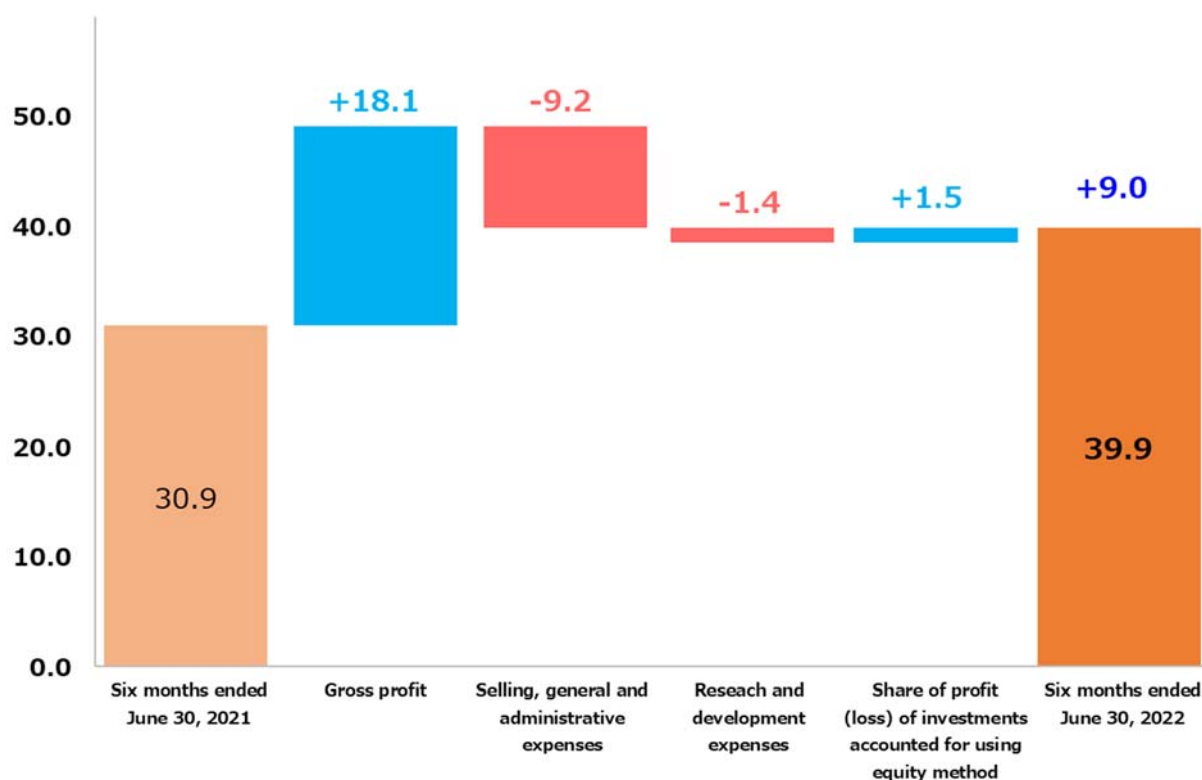
- Revenue in Asia/Oceania increased year on year.
 - Revenue from REGPARA[®], a treatment for secondary hyperparathyroidism, declined after it became subject to China's centralized governmental purchasing system* in October 2021.
 - * Volume-Based Procurement (VBP) program that has been introduced since 2018 for reducing healthcare cost in China. Even though only 2 to 5 companies are selected as suppliers through a tender, drug prices dramatically dropped down.
 - Revenue from Gran[®], a neutropenia treatment drug, increased particularly in South Korea.

< Revenue from Others >

- Revenue from Others increased year on year.
 - Technology out-licensing increased due to the recognition of revenue of upfront payment of USD400 million over a certain period in conjunction with the conclusion of an agreement in 2021 with Amgen Inc. to jointly develop and commercialize KHK4083, anti-OX40 fully human monoclonal antibody for the treatment of atopic dermatitis, in addition to an increase in royalties revenue from AstraZeneca in relation to benralizumab.

3) Core operating profit

Billions of yen

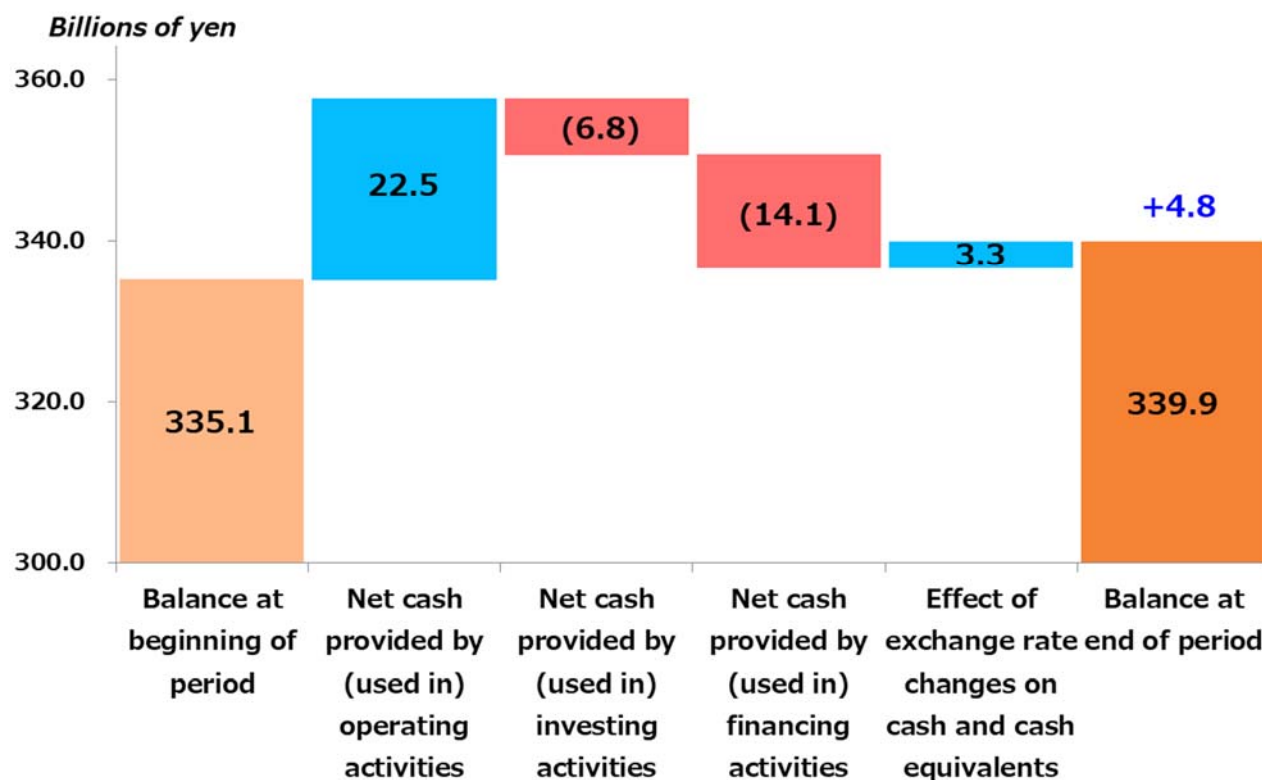


- Core operating profit increased compared to the same period of the previous fiscal year due mainly to an increase in gross profit due to an increase in revenue from U.S. and Europe, mainly from global strategic products, and in revenue from technology out-licensing, despite increases in research and development expenses mainly regarding progress in development of next-generation strategic products, in addition to increases in selling, general and administrative expenses related to investments in human resources and in IT/digital platform aimed at maximizing the value of global strategic products and rapidly establishing competitive global business bases.

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

	Six months ended June 30, 2021	Six months ended June 30, 2022	Year-on-year change	Rate of change (%)
Net cash provided by (used in) operating activities	23.0	22.5	(0.6)	(2.6)%
Net cash provided by (used in) investing activities	(1.9)	(6.8)	(5.0)	265.3%
Net cash provided by (used in) financing activities	(14.3)	(14.1)	0.2	(1.7)%
Cash and cash equivalents at beginning of period	287.0	335.1	48.1	16.7%
Cash and cash equivalents at end of period	292.8	339.9	47.1	16.1%

- Cash and cash equivalents as of June 30, 2022 were ¥339.9 billion, an increase of ¥4.8 billion compared with the balance of ¥335.1 billion as of December 31, 2021.
The main contributing factors affecting cash flow during the six months ended June 30, 2022 were as follows:
- Net cash provided by operating activities was ¥22.5 billion, compared with net cash provided by operating activities of ¥23.0 billion in the same period of the previous fiscal year. Major inflows included decrease (increase) in trade receivables of ¥5.4 billion in addition to profit before tax of ¥43.5 billion and depreciation and amortization of ¥9.5 billion. Major outflows included income taxes paid of ¥12.8 billion and decrease (increase) in inventories of ¥5.8 billion.
- Net cash used in investing activities was ¥6.8 billion, compared with net cash used in investing activities of ¥1.9 billion in the same period of the previous fiscal year. Major outflows included ¥5.7 billion for purchase of property, plant and equipment. Major inflows included proceeds from sale of investment securities of ¥2.0 billion.
- Net cash used in financing activities was ¥14.1 billion, compared with net cash used in financing activities of ¥14.3 billion in the same period of the previous fiscal year. Major outflows included dividends paid of ¥12.4 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, 2022, the Group’s research and development expenses totaled ¥27.9 billion, and our progress in the respective disease fields of our main late-stage development products are as follows. (“◆” indicates the progress made during the second quarter of fiscal 2022.)

Oncology

KRN125 (product name in Japan: G-Lasta®)

- In February 2022, we obtained approval of its indication for treatment of the mobilization of hematopoietic stem cells into peripheral blood for allogenic blood stem cell transplantation in Japan.

KHK2455

- ◆ Development carried out jointly with Pfizer/Merck had been underway for its indication for treatment of solid tumors in North America and for its indication for treatment of urothelial carcinoma in North America and Europe. However, as a result of examining the likelihood that approval would be obtained in the future considering the results of the phase I clinical study currently underway, we have discontinued development.

Immunology and allergy

KHK4083/AMG 451 (generic name: rocatinlimab)

- ◆ Although the multi-regional phase III clinical trial for atopic dermatitis started in June 2022, we have paused its enrollment and are currently amending the studies.

Other

AMG531 (product name in Japan: Romiplate®)











- In January 2022, we obtained approval of its indication for treatment of adult patients with chronic Immune Thrombocytopenia (ITP) who do not respond well to other treatments, such as corticosteroids and immunoglobulin in China.

R&D pipeline












 antibody
  protein
  small molecule
  New Molecular Entity
  Updated since Dec. 31, 2021
  Updated since Mar. 31, 2022

Nephrology

As of June 30, 2022



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 Asia						[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	CA						[In-House] POTELLIGENT® product name in Japan, U.S. and Europe: Poteligeo
			AE IL						
			CN KR KW						
 KRN125 Pegfilgrastim Injection	Long-Acting Granulocyte Colony- Stimulating Factor	Mobilization of Hematopoietic Stem Cells into Peripheral Blood for Allogeneic Blood Stem Cell Transplantation	JP						[Amgen K-A] product name in Japan: G-Lasta
		Mobilization of Hematopoietic Stem Cells into Peripheral Blood for Autologous Blood Stem Cell Transplantation	JP						
		Automated Injection Device for Decreasing the Incidence of Febrile Neutropenia in Patients Receiving Cancer Chemotherapy	JP						
 ©ME-401 Zandelisib Oral	PI3Kδ Inhibitor	Follicular Lymphoma and Marginal Zone Lymphoma	JP NA Europe Asia Oceania others						[MEI Pharma] Combination with rituximab Second line +
		Follicular Lymphoma	NA Europe Asia Oceania						[MEI Pharma] Third line +
		Marginal Zone Lymphoma	JP						[MEI Pharma] Third line +
		Indolent B-cell Non-Hodgkin's Lymphoma	JP						[MEI Pharma] Third line +
		B-cell malignancies	NA						[MEI Pharma] Monotherapy, combination with rituximab and combination with zanubrutinib

Since the development of KHK2455 for solid tumor and urothelial carcinoma was discontinued, the relevant information was deleted from this table.





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	TW	→					[Amgen K-A] product name in Japan: Lumicef
		Ankylosing Spondylitis	MY TH	→					
		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® Human Antibody-Producing Technology Collaboration agreement with Amgen for the development of KHK4083/AMG 451 in all the countries except for Japan.

Central Nervous System

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-6356 Oral	Adenosine A _{2A} Receptor Antagonist/Inverse Agonist	Parkinson's Disease	JP	→					[In-House]
 ©KHK6640 Injection	Anti-Amyloid Beta Peptide Antibody	Alzheimer's Disease	JP Europe	→					[Immunas Pharma]

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	X-linked Hypophosphatemia (XLH)	TH	→					[In-House] Human Antibody-Producing Technology Jointly Developed with Ultragenyx in US and EU product name in Japan, U.S. and Europe: Crysvita
		Tumor Induced Osteomalacia (TIO)	Europe	→					
 AMG531 Romiplostim Injection	Thrombopoietin Receptor Agonist	Treatment of Adult Patients with Chronic Immune Thrombocytopenia (ITP) Who Do Not Respond Well to Other Treatments, Such as Corticosteroids and Immunoglobulin	CN	→					[Amgen K-A] product name in Japan: Romiplate
		Treatment of Aplastic Anemia (AA) Which Is Refractory to Immunosuppressive Therapy or AA not Amenable to Immunosuppressive Therapy	SG	→					
		Aplastic Anemia Who Were Previously Untreated with Immunosuppressive Therapy	MY TH	→					
			JP Asia	→ Ph II / Ph III					
 KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Disseminated Intravascular Coagulation, Congenital Antithrombin Deficiency	Europe	→					[In-House] product name in Japan: Acoalan
 KHK4951 Ophthalmic		Wet Age-Related Macular Degeneration	JP	→					[In-House]

Note: We decided to discontinue the development of KW-6356 in the central nervous system field in July.

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

The consolidated earnings as of the end of the six months ended June 30, 2022 show that progress is exceeding initial expectations, partly due to the significant yen depreciation. The assumed average foreign exchange rate has been adjusted from the previous ¥110/USD to ¥135/USD, which will be applied to the forecasts for the third quarter ending September 30, 2022 onwards. In addition, as a result of the decision in July to discontinue the development of KW-6356, research and development expenses are expected to fall below initial expectations.

In light of these trends in business results, etc., we have revised the full-year consolidated earnings forecasts. The differences from the full-year consolidated earnings forecasts for the fiscal year ending December 31, 2022 announced February 7, 2022 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)	380,000	67,000	66,000	53,000	98.64
Revised forecast (B)	400,000	77,000	79,000	63,000	117.22
Change (B-A)	20,000	10,000	13,000	10,000	–
Rate of change (%)	5.3%	14.9%	19.7%	18.9%	–
Fiscal 2021 results	352,246	65,685	60,050	52,347	97.43

There are no raw materials for the Company's products that are procured from Russia or Ukraine. In addition, since the Company does not conduct direct business operations in these countries, the Company's business, including the present product supply, has not been significantly affected. However, if Russia's invasion continues for a prolonged period or expands to neighboring countries in Europe, etc., there could be an impact on the Company's business due to turmoil in the global economy and exchange rates caused by significant fluctuations in energy prices or disruptions in internet infrastructure from cyberattacks, as well as due to delays in procuring raw materials, materials and active pharmaceutical ingredients, importing and exporting, conducting clinical trials and carrying out sales activities.

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, 2021	As of June 30, 2022
Assets		
Non-current assets		
Property, plant and equipment	78,652	80,562
Goodwill	136,352	138,859
Intangible assets	76,066	76,338
Other financial assets	45,164	44,705
Retirement benefit asset	15,298	14,553
Deferred tax assets	49,108	58,414
Other non-current assets	3,000	3,168
Total non-current assets	403,641	416,600
Current assets		
Inventories	64,089	67,999
Trade and other receivables	104,275	105,253
Other financial assets	1,434	978
Other current assets	13,350	9,137
Cash and cash equivalents	335,084	339,886
Total current assets	518,231	523,253
Total assets	921,872	939,853

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

	As of December 31, 2021	As of June 30, 2022
Equity		
Share capital	26,745	26,745
Capital surplus	464,153	464,303
Treasury shares	(3,359)	(3,218)
Retained earnings	255,528	278,743
Other components of equity	(5,904)	(1,113)
Total equity attributable to owners of parent	<u>737,162</u>	<u>765,460</u>
Total equity	737,162	765,460
Liabilities		
Non-current liabilities		
Liabilities from application of equity method	19,426	17,376
Retirement benefit liability	221	307
Provisions	7,757	8,034
Deferred tax liabilities	386	425
Other financial liabilities	16,594	17,471
Other non-current liabilities	31,197	27,272
Total non-current liabilities	<u>75,581</u>	<u>70,886</u>
Current liabilities		
Trade and other payables	64,652	66,265
Provisions	1,580	1,266
Other financial liabilities	5,943	4,402
Income taxes payable	13,426	7,815
Other current liabilities	23,528	23,759
Total current liabilities	<u>109,129</u>	<u>103,507</u>
Total liabilities	<u>184,710</u>	<u>174,393</u>
Total equity and liabilities	<u><u>921,872</u></u>	<u><u>939,853</u></u>

(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, 2021 to June 30, 2021	January 1, 2022 to June 30, 2022
Revenue	165,021	185,271
Cost of sales	(41,248)	(43,380)
Gross profit	123,773	141,891
Selling, general and administrative expenses	(67,246)	(76,448)
Research and development expenses	(26,497)	(27,911)
Share of profit (loss) of investments accounted for using equity method	919	2,376
Other income	351	562
Other expenses	(1,068)	(1,214)
Finance income	996	4,746
Finance costs	(126)	(523)
Profit before tax	31,102	43,479
Income tax expense	(6,030)	(8,462)
Profit	25,072	35,017
Profit attributable to Owners of parent	25,072	35,017
Earnings per share		
Basic earnings per share (Yen)	46.67	65.16
Diluted earnings per share (Yen)	46.65	65.14

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

	January 1, 2021 to June 30, 2021	January 1, 2022 to June 30, 2022
Profit	25,072	35,017
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(339)	394
Total of items that will not be reclassified to profit or loss	(339)	394
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	9,056	4,964
Share of other comprehensive income of investments accounted for using equity method	40	171
Total of items that may be reclassified to profit or loss	9,096	5,134
Other comprehensive income	8,757	5,529
Comprehensive income	33,830	40,545
Comprehensive income attributable to		
Owners of parent	33,830	40,545

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

January 1, 2021 to June 30, 2021

(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, 2021	26,745	463,967	(3,545)	226,639	596	(17,915)
Profit	–	–	–	25,072	–	–
Other comprehensive income	–	–	–	–	–	9,096
Total comprehensive income	–	–	–	25,072	–	9,096
Dividends of surplus	–	–	–	(11,818)	–	–
Purchase of treasury shares	–	–	(88)	–	–	–
Disposal of treasury shares	–	48	93	–	–	–
Share-based remuneration transactions	–	86	127	–	(140)	–
Total transactions with owners	–	134	131	(11,818)	(140)	–
Balance at June 30, 2021	26,745	464,100	(3,414)	239,894	455	(8,819)

	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, 2021	1,909	(15,410)	698,396	698,396
Profit	–	–	25,072	25,072
Other comprehensive income	(339)	8,757	8,757	8,757
Total comprehensive income	(339)	8,757	33,830	33,830
Dividends of surplus	–	–	(11,818)	(11,818)
Purchase of treasury shares	–	–	(88)	(88)
Disposal of treasury shares	–	–	141	141
Share-based remuneration transactions	–	(140)	72	72
Total transactions with owners	–	(140)	(11,694)	(11,694)
Balance at June 30, 2021	1,570	(6,793)	720,532	720,532

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

January 1, 2022 to June 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	–	–	–	35,017	–	–
Other comprehensive income	–	–	–	–	–	5,134
Total comprehensive income	–	–	–	35,017	–	5,134
Dividends of surplus	–	–	–	(12,359)	–	–
Purchase of treasury shares	–	–	(4)	–	–	–
Disposal of treasury shares	–	73	108	–	–	–
Share-based remuneration transactions	–	76	38	–	(180)	–
Transfer from other components of equity to retained earnings	–	–	–	557	–	–
Total transactions with owners	–	150	142	(11,802)	(180)	–
Balance at June 30, 2022	26,745	464,303	(3,218)	278,743	234	(2,165)

	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	–	–	35,017	35,017
Other comprehensive income	394	5,529	5,529	5,529
Total comprehensive income	394	5,529	40,545	40,545
Dividends of surplus	–	–	(12,359)	(12,359)
Purchase of treasury shares	–	–	(4)	(4)
Disposal of treasury shares	–	–	181	181
Share-based remuneration transactions	–	(180)	(66)	(66)
Transfer from other components of equity to retained earnings	(557)	(557)	–	–
Total transactions with owners	(557)	(737)	(12,248)	(12,248)
Balance at June 30, 2022	818	(1,113)	765,460	765,460

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

	January 1, 2021 to June 30, 2021	January 1, 2022 to June 30, 2022
Cash flows from operating activities		
Profit before tax	31,102	43,479
Depreciation and amortization	9,303	9,497
Impairment losses (reversal of impairment losses)	647	-
Increase (decrease) in provisions	(397)	(493)
Share of loss (profit) of investments accounted for using equity method	(919)	(2,376)
Decrease (increase) in inventories	(4,880)	(5,802)
Decrease (increase) in trade receivables	2,793	5,405
Increase (decrease) in trade payables	(3,648)	(2,752)
Increase (decrease) in contract liabilities	(775)	(4,292)
Income taxes paid	(6,537)	(12,776)
Other	(3,642)	(7,434)
Net cash provided by (used in) operating activities	23,047	22,456
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,129)	(5,673)
Purchase of intangible assets	(3,725)	(3,145)
Proceeds from sale of investment securities	28	1,976
Proceeds from sale of investments accounted for using equity method	5,097	-
Other	(144)	(2)
Net cash provided by (used in) investing activities	(1,874)	(6,844)
Cash flows from financing activities		
Repayments of lease liabilities	(1,710)	(1,811)
Purchase of treasury shares	(11)	(4)
Dividends paid	(11,818)	(12,359)
Other	(782)	100
Net cash provided by (used in) financing activities	(14,321)	(14,074)
Effect of exchange rate changes on cash and cash equivalents	(1,110)	3,264
Net increase (decrease) in cash and cash equivalents	5,742	4,802
Cash and cash equivalents at beginning of period	287,019	335,084
Cash and cash equivalents at end of period	292,762	339,886

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

No applicable items.

Changes in presentationCondensed Quarterly Consolidated Statement of Cash Flows

“Increase (decrease) in contract liabilities,” which had previously been included in “Other” of “Cash flows from operating activities” in the six months ended June 30, 2021, has been presented separately because its monetary importance 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, 2021.

As a result, in the Condensed Quarterly Consolidated Statement of Cash Flows for the six months ended June 30, 2021, negative ¥4,417 million presented as “Other” in “Cash flows from operating activities” was reclassified as “Increase (decrease) in contract liabilities” of negative ¥775 million and “Other” of negative ¥3,642 million.

“Proceeds from sale of investment securities,” which had previously been included in “Other” of “Cash flows from investing activities” in the six months ended June 30, 2021, has been presented separately because its monetary importance 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, 2021.

As a result, in the Condensed Quarterly Consolidated Statement of Cash Flows for the six months ended June 30, 2021, negative ¥116 million presented as “Other” in “Cash flows from investing activities” was reclassified as “Proceeds from sale of investment securities” of ¥28 million and “Other” of negative ¥144 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.