



Kyowa Kirin Co., Ltd.

Consolidated Financial Summary (IFRS) Fiscal 2022 Third Quarter (January 1, 2022 – September 30, 2022)

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

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (IFRS) for Nine Months Ended September 30, 2022

November 4, 2022

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
 Director,
 Corporate Communications Department

URL: <https://www.kyowakirin.com/index.html>

Scheduled date of submission of Quarterly Securities Report: November 4, 2022

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, 2022

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
September 30, 2022	283,775	11.7	60,860	30.0	60,404	44.2	49,212	49.5
September 30, 2021	253,969	8.5	46,820	(7.6)	41,890	(5.2)	32,908	(12.2)

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

Nine months ended September 30, 2021: ¥38,892 million; 27.8%

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

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Nine months ended				
September 30, 2022	49,212	49.5	91.57	91.55
September 30, 2021	32,908	(12.2)	61.25	61.22

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2022	940,359	762,828	762,828	81.1
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	–	23.00	–	23.00	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: 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: 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 September 30, 2022	540,000,000 shares
As of December 31, 2021	540,000,000 shares

b. Number of treasury shares

As of September 30, 2022	2,528,282 shares
As of December 31, 2021	2,671,817 shares

c. Average number of shares during the period

Nine months ended September 30, 2022	537,418,763 shares
Nine months ended September 30, 2021	537,256,814 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.

Attachment Index

1. Operating Results and Financial Statements.....	4
(1) Summary of Consolidated Financial Position	4
(2) Summary of Consolidated Business Performance	5
(3) Summary of Consolidated Cash Flows	10
(4) Research and Development Activities	11
(5) Summary of Consolidated Earnings Forecasts and Other Forward-looking Statements	14
2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto	15
(1) Condensed Quarterly Consolidated Statement of Financial Position	15
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income.....	17
(3) Condensed Quarterly Consolidated Statement of Changes in Equity	19
(4) Condensed Quarterly Consolidated Statement of Cash Flows	21
(5) Notes to Condensed Quarterly Consolidated Financial Statements.....	22
Notes on going concern assumption.....	22
Segment information.....	22

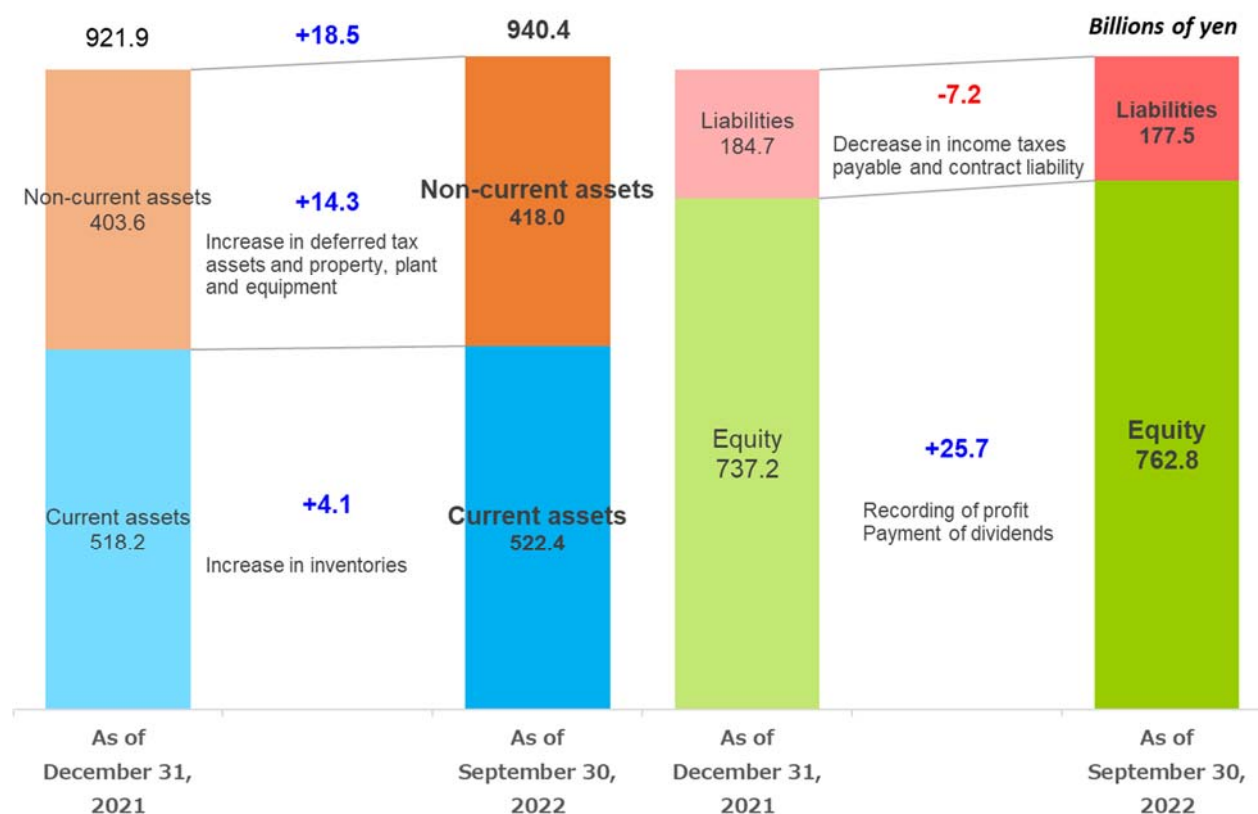
1. Operating Results and Financial Statements

(1) Summary of Consolidated Financial Position

(Billions of yen)

	As of December 31, 2021	As of September 30, 2022	Year-on-year change
Assets	921.9	940.4	18.5
Non-current assets	403.6	418.0	14.3
Current assets	518.2	522.4	4.1
Liabilities	184.7	177.5	(7.2)
Equity	737.2	762.8	25.7
Ratio of equity attributable to owners of parent to total assets (%)	80.0%	81.1%	1.1%

- Assets as of September 30, 2022, were ¥940.4 billion, an increase of ¥18.5 billion compared to the end of the previous fiscal year.
 - Non-current assets increased by ¥14.3 billion compared to the end of the previous fiscal year, to ¥418.0 billion, due mainly to increases in deferred tax assets and property, plant and equipment.
 - Current assets increased by ¥4.1 billion compared to the end of the previous fiscal year, to ¥522.4 billion, due mainly to an increase in inventories.
- Liabilities as of September 30, 2022, were ¥177.5 billion, a decrease of ¥7.2 billion compared to the end of the previous fiscal year, due mainly to decreases in income taxes payable and contract liabilities.
- Equity as of September 30, 2022, was ¥762.8 billion, an increase of ¥25.7 billion compared to the end of the previous fiscal year, due mainly to the recording of profit attributable to owners of parent, 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 81.1%, an increase of 1.1 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.

(Billions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Year-on-year change	Rate of change (%)
Revenue	254.0	283.8	29.8	11.7%
Core operating profit	46.8	60.9	14.0	30.0%
Profit before tax	41.9	60.4	18.5	44.2%
Profit attributable to owners of parent	32.9	49.2	16.3	49.5%

< Average exchange rates for each period >

Currency	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Year-on-year change
USD (USD/¥)	¥108	¥126	Up ¥18
GBP (GBP/¥)	¥149	¥160	Up ¥11
CNY (CNY/¥)	¥16.6	¥19.1	Up ¥2.5

For the nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022), revenue was ¥283.8 billion (up 11.7% compared to the same period of the previous fiscal year), and core operating profit was ¥60.9 billion (up 30.0%). Profit attributable to owners of parent was ¥49.2 billion (up 49.5%).

- 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 ¥18.7 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 ¥6.7 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.

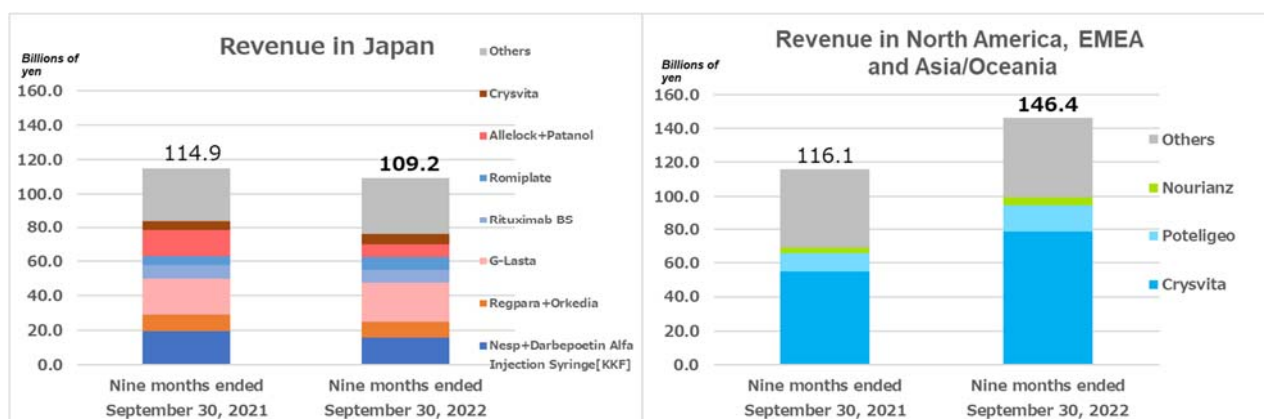
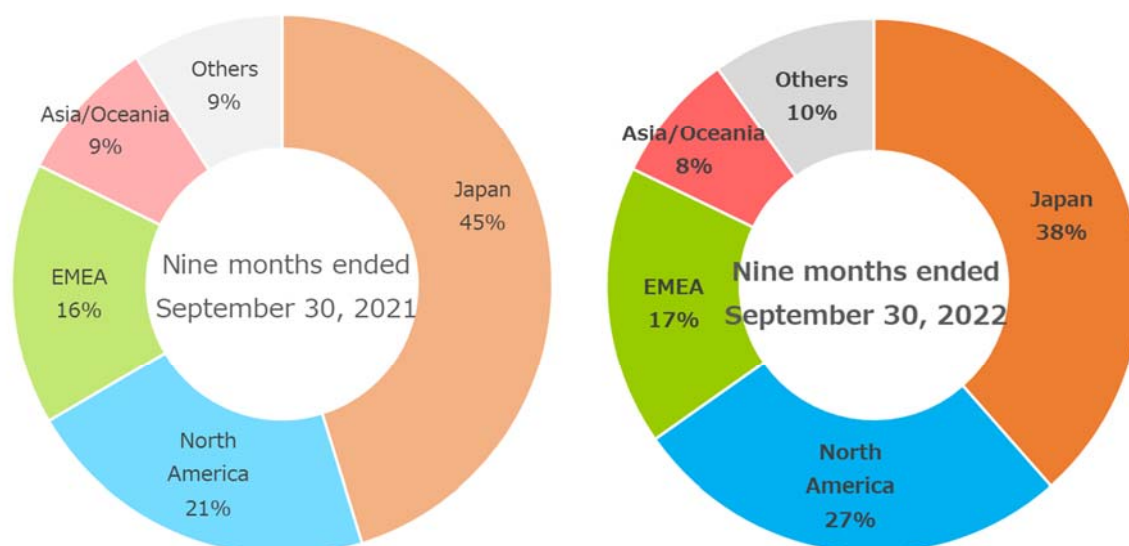
2) Revenue by regional control function

(Billions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Year-on-year change	Rate of change (%)
Japan	114.9	109.2	(5.6)	(4.9)%
North America	54.2	75.9	21.7	40.1%
EMEA	39.8	48.0	8.2	20.6%
Asia/Oceania	22.1	22.5	0.4	1.9%
Others	23.0	28.1	5.1	22.2%
Total consolidated revenue	254.0	283.8	29.8	11.7%

- 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)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Year-on-year change	Rate of change (%)
Patanol	9.2	2.4	(6.8)	(73.7)%
Darbepoetin Alfa Injection Syringe [KKF]	16.7	13.2	(3.5)	(20.8)%
Duvroq	1.4	4.4	3.1	226.2%
Romiplate	4.9	7.5	2.6	53.3%
G-Lasta	21.2	22.7	1.5	7.1%
Crysvita	5.1	6.4	1.3	24.5%

- 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 nine 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, has been growing. Approval for the automated injection device “G-Lasta[®] Subcutaneous Injection 3.6 mg BodyPod” was acquired in July 2022.
 - Revenue from Crysvita[®], a treatment for FGF23-related diseases, has been growing since its launch in December 2019.

< Revenue of major products (overseas) >

(Billions of yen)

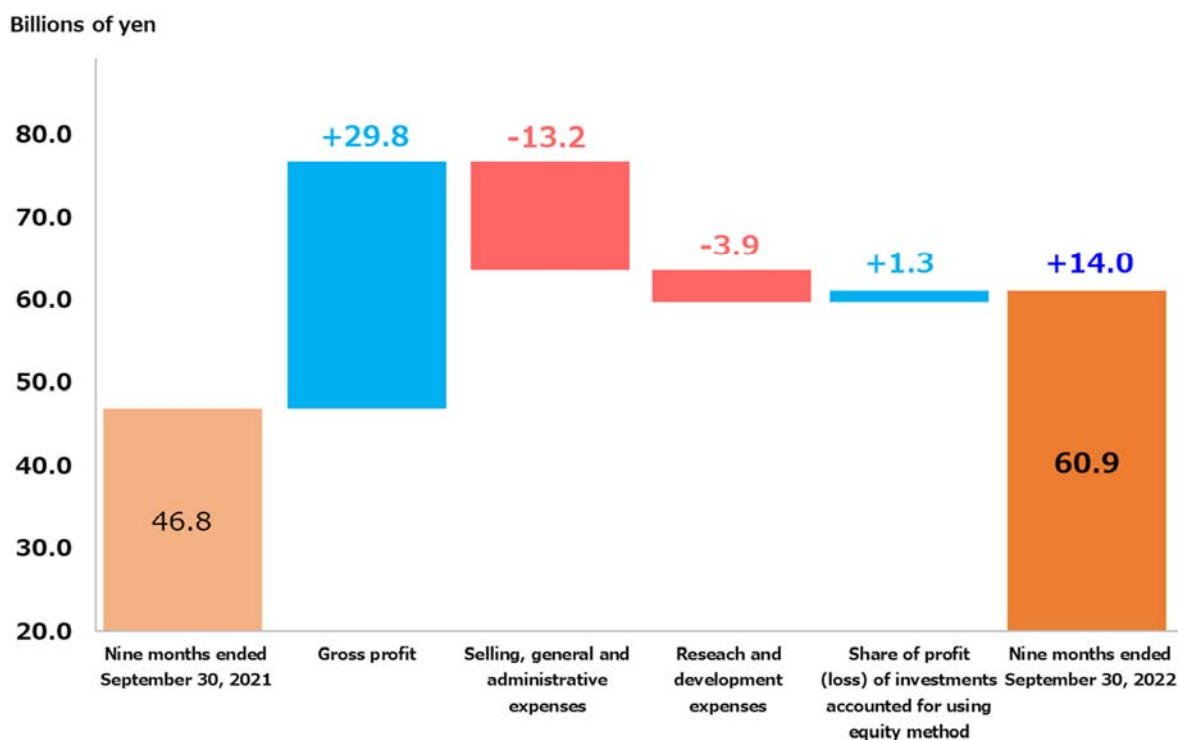
	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Year-on-year change	Rate of change (%)
Crysvita	55.1	78.7	23.7	43.0%
Poteligeo	11.0	16.1	5.1	46.6%
Nourianz	3.1	4.5	1.4	46.3%
Abstral	6.3	5.4	(0.9)	(14.1)%
Regpara	6.7	2.9	(3.8)	(56.9)%
Gran	4.9	6.4	1.5	30.2%

- 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 since its launch in 2018.
 - Revenue from POTELIGEO[®], an anticancer agent, has been growing.
 - 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. Approval for the extended indication for tumor induced osteomalacia (TIO) was acquired from the European Commission (EC) in August 2022, and sales were launched in Germany and other countries.
 - 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 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 dramatically dropped down.
 - Revenue from Gran[®], a neutropenia treatment drug, has been growing 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

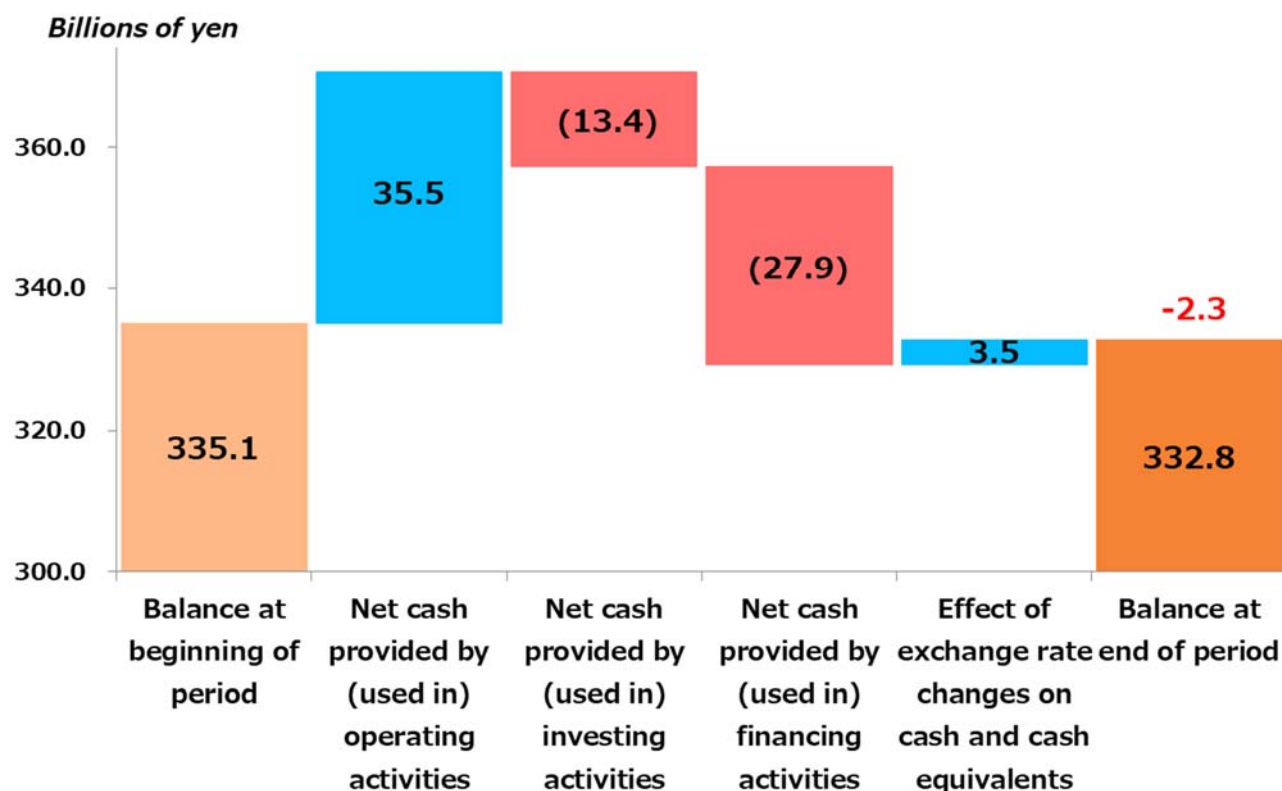


- Core operating profit increased compared to the same period of the previous fiscal year due mainly to an increase in gross profit due to increases in revenue from U.S. and Europe, mainly from global strategic products, and in revenue from technology out-licensing, despite increases in research and 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. The positive effect on core operating profit from foreign exchange was ¥6.7 billion.

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

	Nine months ended September 30, 2021	Nine months ended September 30, 2022	Year-on-year change	Rate of change (%)
Net cash provided by (used in) operating activities	81.2	35.5	(45.6)	(56.2)%
Net cash provided by (used in) investing activities	(10.8)	(13.4)	(2.6)	24.5%
Net cash provided by (used in) financing activities	(27.6)	(27.9)	(0.4)	1.4%
Cash and cash equivalents at beginning of period	287.0	335.1	48.1	16.7%
Cash and cash equivalents at end of period	330.4	332.8	2.3	0.7%

- Cash and cash equivalents as of September 30, 2022 were ¥332.8 billion, a decrease of ¥2.3 billion compared with the balance of ¥335.1 billion as of December 31, 2021. The main contributing factors affecting cash flow during the nine months ended September 30, 2022 were as follows:
- Net cash provided by operating activities was ¥35.5 billion, compared with net cash provided by operating activities of ¥81.2 billion in the same period of the previous fiscal year. Major inflows included decrease (increase) in trade receivables of ¥8.2 billion in addition to profit before tax of ¥60.4 billion and depreciation and amortization of ¥14.3 billion. Major outflows included income taxes paid of ¥21.8 billion and decrease (increase) in inventories of ¥10.1 billion.
- Net cash used in investing activities was ¥13.4 billion, compared with net cash used in investing activities of ¥10.8 billion in the same period of the previous fiscal year. Major outflows included purchase of property, plant and equipment of ¥9.8 billion and purchase of intangible assets of ¥4.9 billion. Major inflows included proceeds from sale of investment securities of ¥2.0 billion.
- Net cash used in financing activities was ¥27.9 billion, compared with net cash used in financing activities of ¥27.6 billion in the same period of the previous fiscal year. Major outflows included dividends paid of ¥25.3 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, 2022, the Group’s research and development expenses totaled ¥44.1 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 2022.)

Nephrology

KHK7580 (product name in Japan: ORKEDIA®)

- ◆ In July 2022, we applied for approval for marketing as its indication for treatment of secondary hyperparathyroidism in China.

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.
- ◆ In July 2022, we obtained approval for an automated injection device for decreasing the incidence of febrile neutropenia in patients receiving cancer chemotherapy in Japan.

Immunology and allergy

KHK4827 (product name in Japan: LUMICEF®)

- ◆ In September 2022, we filed an application in Japan for a partial change for approval of its planned indication for palmoplantar pustulosis.

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.

Central nervous system (CNS)

KW-6356

- ◆ Although a phase II clinical study in Japan targeting Parkinson’s disease confirmed its efficacy, we discontinued development in July 2022 after a thorough evaluation of the global regulatory landscape and development hurdles.

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.

KRN23 (product name in Japan, U.S. and Europe: Crysvida®)





- ◆ In August 2022, we obtained approval of its indication for treatment of tumor induced osteomalacia in Europe.

R&D pipeline




 antibody
  protein
  small molecule
  New Molecular Entity
  Updated since Dec. 31, 2021
  Updated since Jun. 30, 2022

Nephrology




As of September 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 TW						[Mitsubishi Tanabe Pharma] product name in Japan: Orkedia
 ©RTA 402 Bardoxolone Methyl Oral	Antioxidant Inflammation Modulator	Alport Syndrome	JP						[Reata]
		Diabetic Kidney Disease	JP						
		Autosomal Dominant Polycystic Kidney Disease	JP						
 KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Preeclampsia	JP						[In-House] product name in Japan: Acoalan
 KHK7791 Tenapanor Hydrochloride Oral	NHE3 Inhibitor	Hyperphosphatemia in Patients on Dialysis	JP						[Ardelyx]

Oncology

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage					[In-House or Licensed] Remarks
				Ph I	Ph II	Ph III	Filed	Approved	
 KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	Mycosis Fungoides and Sézary Syndrome	CA						[In-House] POTELLIGENT® product name in Japan, U.S. and Europe: Poteligeo
			KR AE						
			IL						
			CN 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 Zandeflisib 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

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	→					
		Ankylosing Spondylitis	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.
 ©KK4277 Injection		Autoimmune Disease	JP	→					[SBI Biotech]

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	
 ©KHK6640 Injection	Anti-Amyloid Beta Peptide Antibody	Alzheimer's Disease	JP Europe	→					[Immunas Pharma]

Since the development of KW-6356 for Parkinson's Disease was discontinued, the relevant information was deleted from this table.

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: Crystvita
		Tumor Induced Osteomalacia (TIO)	MY	→					
			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	→					
			MY TH	→					
		Aplastic Anemia Who Were Previously Untreated with Immunosuppressive Therapy	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 Tivozanib Ophthalmic		Neovascular (wet) Age-Related Macular Degeneration	JP	→					[In-House]

Note: In October 2022, we applied for approval of KHK7791 in the nephrology field for improvement of hyperphosphatemia in chronic kidney disease patients on dialysis 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 August 4, 2022.

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 September 30, 2022
Assets		
Non-current assets		
Property, plant and equipment	78,652	86,283
Goodwill	136,352	137,893
Intangible assets	76,066	72,801
Other financial assets	45,164	41,595
Retirement benefit asset	15,298	14,191
Deferred tax assets	49,108	61,906
Other non-current assets	3,000	3,312
Total non-current assets	403,641	417,981
Current assets		
Inventories	64,089	72,110
Trade and other receivables	104,275	101,929
Other financial assets	1,434	774
Other current assets	13,350	10,557
Cash and cash equivalents	335,084	332,779
Subtotal	518,231	518,149
Assets held for sale	–	4,229
Total current assets	518,231	522,378
Total assets	921,872	940,359

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

	As of December 31, 2021	As of September 30, 2022
Equity		
Share capital	26,745	26,745
Capital surplus	464,153	464,345
Treasury shares	(3,359)	(3,203)
Retained earnings	255,528	280,039
Other components of equity	(5,904)	(5,098)
Total equity attributable to owners of parent	737,162	762,828
Total equity	737,162	762,828
Liabilities		
Non-current liabilities		
Liabilities from application of equity method	19,426	17,036
Retirement benefit liability	221	310
Provisions	7,757	8,034
Deferred tax liabilities	386	426
Other financial liabilities	16,594	19,348
Other non-current liabilities	31,197	27,623
Total non-current liabilities	75,581	72,777
Current liabilities		
Trade and other payables	64,652	68,196
Provisions	1,580	972
Other financial liabilities	5,943	5,090
Income taxes payable	13,426	5,054
Other current liabilities	23,528	25,442
Total current liabilities	109,129	104,754
Total liabilities	184,710	177,531
Total equity and liabilities	921,872	940,359

(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 September 30, 2021	January 1, 2022 to September 30, 2022
Revenue	253,969	283,775
Cost of sales	(64,108)	(64,146)
Gross profit	189,861	219,629
Selling, general and administrative expenses	(104,111)	(117,271)
Research and development expenses	(40,231)	(44,143)
Share of profit (loss) of investments accounted for using equity method	1,300	2,644
Other income	736	1,022
Other expenses	(5,773)	(5,065)
Finance income	756	4,510
Finance costs	(649)	(924)
Profit before tax	41,890	60,404
Income tax expense	(8,982)	(11,192)
Profit	32,908	49,212
Profit attributable to Owners of parent	32,908	49,212
Earnings per share		
Basic earnings per share (Yen)	61.25	91.57
Diluted earnings per share (Yen)	61.22	91.55

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

	January 1, 2021 to September 30, 2021	January 1, 2022 to September 30, 2022
Profit	32,908	49,212
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,491)	609
Total of items that will not be reclassified to profit or loss	(1,491)	609
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,328	767
Share of other comprehensive income of investments accounted for using equity method	146	167
Total of items that may be reclassified to profit or loss	7,474	934
Other comprehensive income	5,983	1,543
Comprehensive income	38,892	50,756
Comprehensive income attributable to		
Owners of parent	38,892	50,756

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

January 1, 2021 to September 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	–	–	–	32,908	–	–
Other comprehensive income	–	–	–	–	–	7,474
Total comprehensive income	–	–	–	32,908	–	7,474
Dividends of surplus	–	–	–	(24,176)	–	–
Purchase of treasury shares	–	–	(17)	–	–	–
Disposal of treasury shares	–	53	103	–	–	–
Share-based remuneration transactions	–	110	69	–	(155)	–
Transfer from other components of equity to retained earnings	–	–	–	(857)	–	–
Total transactions with owners	–	163	154	(25,033)	(155)	–
Balance at September 30, 2021	26,745	464,130	(3,391)	234,514	441	(10,440)

	Equity attributable to owners of parent			
	Other components of equity		Total	Total equity
	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	–	–	32,908	32,908
Other comprehensive income	(1,491)	5,983	5,983	5,983
Total comprehensive income	(1,491)	5,983	38,892	38,892
Dividends of surplus	–	–	(24,176)	(24,176)
Purchase of treasury shares	–	–	(17)	(17)
Disposal of treasury shares	–	–	155	155
Share-based remuneration transactions	–	(155)	24	24
Transfer from other components of equity to retained earnings	857	857	–	–
Total transactions with owners	857	703	(24,013)	(24,013)
Balance at September 30, 2021	1,275	(8,724)	713,274	713,274

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

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

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

	January 1, 2021 to September 30, 2021	January 1, 2022 to September 30, 2022
Cash flows from operating activities		
Profit before tax	41,890	60,404
Depreciation and amortization	14,090	14,259
Impairment losses (reversal of impairment losses)	4,907	3,225
Increase (decrease) in provisions	(573)	(834)
Share of loss (profit) of investments accounted for using equity method	(1,300)	(2,644)
Decrease (increase) in inventories	(4,582)	(10,067)
Decrease (increase) in trade receivables	2,862	8,160
Increase (decrease) in trade payables	(4,899)	(3,976)
Increase (decrease) in contract liabilities	41,183	(5,226)
Income taxes paid	(13,912)	(21,833)
Other	1,521	(5,927)
Net cash provided by (used in) operating activities	81,186	35,543
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,898)	(9,776)
Purchase of intangible assets	(12,546)	(4,893)
Proceeds from sale of investment securities	1,774	1,976
Proceeds from sale of investments accounted for using equity method	5,097	–
Other	(204)	(725)
Net cash provided by (used in) investing activities	(10,777)	(13,418)
Cash flows from financing activities		
Repayments of lease liabilities	(2,583)	(2,792)
Purchase of treasury shares	(17)	(8)
Dividends paid	(24,176)	(25,258)
Other	(779)	118
Net cash provided by (used in) financing activities	(27,555)	(27,940)
Effect of exchange rate changes on cash and cash equivalents	566	3,511
Net increase (decrease) in cash and cash equivalents	43,420	(2,304)
Cash and cash equivalents at beginning of period	287,019	335,084
Cash and cash equivalents at end of period	330,439	332,779

(5) Notes to Condensed Quarterly Consolidated Financial Statements

Notes on going concern assumption

No applicable items.

Segment information

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