NOTICE: For the convenience of capital market participants, Chugai makes efforts to provide English translations of the information disclosed in Japanese, provided that the Japanese original prevails over its English translation in the case of any discrepancy found between documentation.

CHUGAI PHARMACEUTICAL CO., LTD.

A member of the Roche group

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (IFRS) (Non-Audited)

(for the second quarter of the fiscal year 2024)

Name of Company: Chugai Pharmaceutical Co., Ltd.
Stock Listing: Tokyo Stock Exchange
Security Code No.: 4519 (URL https://www.chugai-pharm.co.jp/english)
Representative: Osamu Okuda, Representative Director, President & CEO
Contact: Kae Miyata, Head of Corporate Communications Department
Phone: +81-(0)3-3273-0554

July 25, 2024

Date of Submission of Semi-annual Marketable Securities Filings: July 26, 2024
Date on which Dividend Payments to Commence: August 29, 2024
Supplementary Materials Prepared for the Financial Statements: Yes
Presentation Held to Explain the Financial Statements: Yes (for institutional investors, securities analysts and the media)

(Note: Amounts of less than one million yen are rounded.)

1. Interim consolidated results for the second quarter of FY 2024 (January 1, 2024–June 30, 2024)

(1) Consolidated operating results

	Revenue	% change	Operating profit	% change	Net income	% change
First six months of FY 2024	¥552,860 million	(4.6)	¥258,195 million	22.4	¥186,262 million	18.9
First six months of FY 2023	¥579,657 million	(2.7)	¥210,910 million	(26.5)	¥156,693 million	(23.2)

	Net income attributable to Chugai shareholders	% change	Total comprehensive income	% change
First six months of FY 2024	¥186,262 million	18.9	¥191,645 million	24.1
First six months of FY 2023	¥156,693 million	(23.2)	¥154,432 million	(20.6)

	Earnings per share (Basic)	Earnings per share (Diluted)
First six months of FY 2024	¥113.20	¥113.19
First six months of FY 2023	¥95.25	¥95.23

Note: Percentages represent changes compared with the same period of the previous fiscal year.

(2) Consolidated results (balance sheet)

	Total assets	Total equity	Equity attributable to Chugai shareholders	Ratio of equity attributable to Chugai shareholders
As of Jun. 30, 2024	¥2,060,163 million	¥1,751,691 million	¥1,751,691 million	85.0%
As of Dec. 31, 2023	¥1,932,547 million	¥1,625,580 million	¥1,625,580 million	84.1%

2. Dividends

	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
FY ended Dec. 2023	–	¥40.00	–	¥40.00	¥80.00
FY ending Dec. 2024	–	¥41.00			
FY ending Dec. 2024 (Forecast)			–	¥41.00	¥82.00

Note: Whether the most recent dividend forecast has been revised: No

3. Consolidated forecasts for FY 2024 (January 1, 2024–December 31, 2024)

	Revenue	% change	Core operating profit	% change	Core net income	% change
First six months of FY 2024 (Results)	¥552,860 million	+51.7	¥262,847 million	+57.1	¥189,497 million	+56.5
FY ending Dec. 2024 (Forecast)	¥1,070,000 million	(3.7)	¥460,000 million	+2.1	¥335,500 million	+0.6

	Core earnings per share	% change	Core dividend payout ratio %
First six months of FY 2024 (Results)	¥115.15	+56.4	–
FY ending Dec. 2024 (Forecast)	¥204.00	+0.6	40.2

Notes: 1. Except for Core dividend payout ratio, percentages represent changes compared with the same period of the previous fiscal year for the forecasts, and the percentage of forecast levels that have been achieved to date for the results.

2. Whether the most recent forecasts for consolidated figures have been revised: No

3. The figures for the consolidated forecasts and actuals are calculated based on Core basis indicators established by Chugai and used on a consistent basis. Core EPS is diluted earnings per share attributable to Chugai shareholders on a Core basis.

4. Others

(1) Material changes in scope of consolidation during the period: None
(2) Changes in accounting policies and changes in accounting estimates
  (a) Changes in accounting policies required by IFRS: None
  (b) Changes in accounting policies other than those in (a) above: None
  (c) Changes in accounting estimates: None

(3) Number of shares issued (common stock):

(a) Number of shares issued at the end of the period (including treasury stock)	As of Jun. 30, 2024	1,679,057,667	As of Dec. 31, 2023	1,679,057,667
(b) Number of treasury stock at the end of the period	As of Jun. 30, 2024	33,586,860	As of Dec. 31, 2023	33,743,712
(c) Average number of shares issued during the period (six months)	First six months of FY 2024	1,645,392,637	First six months of FY 2023	1,645,142,464

Notes:
The interim consolidated financial statements are not subject to reviews.

Explanation of the appropriate use of performance forecasts and other related items

(1) Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual results may differ from these forecasts due to potential risks and uncertainties.
(2) The forecast which is published for shareholders and investors is based on the internal management indicator Core basis under International Financial Reporting Standards ("IFRS"). Core results are the results after adjusting non-recurring items recognized by Chugai to IFRS results. Chugai's recognition of non-recurring items may differ from that of Roche due to the difference in the scale of operations, the scope of business and other factors. Core results are used by Chugai as an indicator for managing internal business performance, explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results such as shareholder returns. The difference between IFRS results and Core results will be explained at each event and presentation for the period.
(3) For the specifics of the forecasts, please refer to "Consolidated Forecasts and Other forward-looking Statements" on page 7 of the attachment.
(4) Chugai is scheduled to hold a presentation of the financial statements as noted below. The presentation materials will be posted on Chugai's website at the time of second quarter results announcement.
Presentation for institutional investors, securities analysts and the media (Onsite/online conference with simultaneous interpretation): July 25, 2024, Thursday (Japan time).
English translation of the scripts including Q&A will be posted on the website within two business days.

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1. Qualitative Information

(1) Consolidated operating results in billions of yen

	First six months of FY 2024.12 (Jan. 1, 2024–Jun. 30, 2024)	First six months of FY 2023.12 (Jan. 1, 2023–Jun. 30, 2023)	% change
Core results			
Revenue	**552.9**	**579.7**	**(4.6)**
Sales	485.5	523.0	(7.2)
Other revenue	67.3	56.6	+18.9
Cost of sales	(160.2)	(242.3)	(33.9)
Gross profit	**392.6**	**337.4**	**+16.4**
Research and development	(84.0)	(76.5)	+9.8
Selling, general and administration	(46.6)	(45.0)	+3.6
Other operating income (expense)	0.8	16.2	(95.1)
Operating profit	**262.8**	**232.0**	**+13.3**
Net income	**189.5**	**171.4**	**+10.6**
IFRS results			
Revenue	552.9	579.7	(4.6)
Operating profit	258.2	210.9	+22.4
Net income	186.3	156.7	+18.9

Consolidated financial highlights (IFRS results)
Revenue for the six months under review was ¥552.9 billion (a decrease of 4.6% year on year), operating profit for the six months under review was ¥258.2 billion (an increase of 22.4% year on year), and net income for the six months under review was ¥186.3 billion (an increase of 18.9% year on year). These results include non-Core items, which are excluded from the Core results that Chugai adopts to manage recurring business activities, such as amortization of intangible assets of ¥0.8 billion, impairment loss of intangible assets of ¥0.1 billion, business rebuilding expenses of ¥3.3 billion, and restructuring expenses of ¥0.5 billion.

Consolidated financial highlights (Core results)
Revenue for the six months under review was ¥552.9 billion (a decrease of 4.6% year on year), due to a decrease in sales, despite an increase in other revenue.

Of revenue, sales were ¥485.5 billion (a decrease of 7.2% year on year). In domestic sales, sales of new products Phesgo and Vabysmo grew, and the mainstay products, such as Actemra, performed favorably. However, primarily due to the effects of the supply of Ronapreve to the government, which was recognized in the same period of the previous fiscal year, the NHI drug price revisions, and the market penetration of generic drugs, domestic sales declined from the same period of the previous fiscal year. Overseas sales increased significantly compared to the same period of the previous fiscal year, due to the significant increase in the export of Hemlibra to Roche. Other revenue was ¥67.3 billion (an increase of 18.9% year on year) due to the increase in one-time income, etc., in addition to the increase in income related to Hemlibra. Furthermore, cost to sales ratio was 33.0%, a 13.3 percentage point improvement year on year, reflecting a change in product mix and other factors. As a result, gross profit amounted to ¥392.6 billion (an increase of 16.4% year on year).

Research and development expenses amounted to ¥84.0 billion (an increase of 9.8% year on year) due to investments into drug discovery/early development and increases associated with the progress of development projects, etc. Selling, general and administration expenses amounted to ¥46.6 billion (an increase of 3.6% year on year) due mainly to foreign exchange rate fluctuations and an increase in the enterprise tax (pro forma standard taxation). Other operating income (expense) was income of ¥0.8 billion (¥16.2 billion of income for the same period of the previous fiscal year due to the recognition of income from disposal of product rights, gain on sale of property, plant and equipment, and others). As a result, core operating profit was ¥262.8 billion (an increase of 13.3% year on year) and core net income was ¥189.5 billion (an increase of 10.6% year on year).

Note: Core results
Chugai discloses its results on a Core basis from 2013 in conjunction with its transition to IFRS. Core results are the results after adjusting non-recurring items recognized by Chugai to IFRS results. Chugai's recognition of non-recurring items may differ from that of Roche due to the difference in the scale of operations, the scope of business and other factors. Core results are used by Chugai as an internal performance indicator, for explaining the status of recurring profits both internally and externally, and as the basis for payment-by-results.

For further details regarding the adjustment to IFRS results, please refer to the Supplementary Materials for Interim Consolidated Financial Statements for the second quarter of the Fiscal Year 2024. 12 (IFRS), dated July 25, 2024 on page 1, entitled "Reconciliation of IFRS results to Core results."

Sales breakdown in billions of yen

	First six months of FY 2024.12 (Jan. 1, 2024–Jun. 30, 2024)	First six months of FY 2023.12 (Jan. 1, 2023–Jun. 30, 2023)	% change
Sales	**485.5**	**523.0**	**(7.2)**
Domestic sales	**217.2**	**313.6**	**(30.7)**
Oncology	118.8	126.5	(6.1)
Specialty	98.4	187.1	(47.4)
Overseas sales	**268.4**	**209.4**	**+28.2**

Domestic sales
Domestic sales were ¥217.2 billion (a decrease of 30.7% year on year) due to the effects of the supply of Ronapreve to the government, which was recognized in the same period of the previous fiscal year, the NHI drug price revisions, and the market penetration of generic drugs, despite the sales growth of new products and mainstay products.

Oncology products sales were ¥118.8 billion (a decrease of 6.1% year on year). While sales of the new product Phesgo (antineoplastic agent/anti-HER2 humanized monoclonal antibody/hyaluronan-degradation enzyme combination drug) were favorable, sales of mainstay products including Avastin (an anti-VEGF humanized monoclonal antibody, anti-cancer agent) decreased due to the effects of the NHI drug price revisions and the market penetration of generic drugs. In addition, sales of Perjeta (an anti-HER2 humanized monoclonal antibody, anti-cancer agent) decreased compared to the same period of the previous fiscal year due to the effects of the market penetration of Phesgo, a subcutaneous combination drug containing Perjeta.

Specialty products sales were ¥98.4 billion (a decrease of 47.4% year on year). This was primarily due to the supply of Ronapreve (an anti-SARS-CoV-2 monoclonal antibody) to the government (¥81.2 billion), which was recognized in the same period of the previous fiscal year, and the decline in sales of Tamiflu (an anti-influenza agent) to government stockpiles. In addition, sales of Mircera (a long-acting erythropoiesis stimulating agent) decreased due to the effects of NHI drug price revisions and market penetration of generic drugs. Meanwhile, in addition to the increased sales of the new product Vabysmo (an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody), sales of mainstay products including Actemra (a humanized anti-human IL-6 receptor monoclonal antibody) remained favorable.

Overseas sales
Overseas sales amounted to ¥268.4 billion (an increase of 28.2% year on year). In terms of exports to Roche, the export of Actemra decreased compared to the same period of the previous fiscal year, while the export of Hemlibra (a blood coagulation factor VIII substitute/anti-coagulation factor IXa/X humanized bispecific monoclonal antibody) significantly grew, and the export of Enspryng (a pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody) also increased.

R&D activities
R&D expenses on a Core basis for the first six months under review totaled ¥84.0 billion (an increase of 9.8% year on year), and the ratio of R&D expenses to revenue was 15.2%.

Progress made in R&D activities during the period from January 1, 2024 to June 30, 2024 was as follows.

Oncology
- We filed for an anti-CD20/CD3 bispecific antibody RG7828 for the treatment of follicular lymphoma (3rd Line) in March 2024.
- We filed for an antineoplastic agent/humanized anti-PD-L1 monoclonal antibody RG7446 (Product name: Tecentriq) for the treatment of alveolar soft part sarcoma in March 2024. We decided to discontinue the development for head and neck carcinoma (adjuvant) in consideration of the results of global Phase III study IMvoke010.
- We obtained approval for an antineoplastic agent/ALK inhibitor AF802/RG7853 (Product name: Alecensa) for an additional indication of postoperative adjuvant therapy for *ALK* fusion gene-positive non-small cell lung cancer in the U.S. in April, in the EU and China in June 2024, respectively.
- We started global phase III study SKYGLO for anti-CD20/CD3 bispecific antibody RG6026 for the treatment of previously untreated large B-cell lymphoma in April 2024.

Immunology
- We filed for an immunosuppressant (Product name: CellCept) for the treatment of systemic sclerosis associated interstitial lung disease based on public knowledge in February 2024, and obtained approval in June 2024.
- We started Phase I study for an antisense oligonucleotide targeting complement factor B mRNA RG6299 for the treatment of IgA nephropathy in February, and started global phase III study IMAGINATION in May 2024.

Neuroscience
- We filed for a therapeutic agent for spinal muscular atrophy RG7916 (Product name: Evrysdi) for the additional indication for pre-symptomatic spinal muscular atrophy in February 2024.
- We decided to discontinue the development of an engineered anti-tau humanized monoclonal antibody RG6100 for Alzheimer's disease in consideration of the results of overseas clinical studies conducted by Roche.
- We decided to discontinue the development of a pH-dependent binding humanized anti-IL-6 receptor monoclonal antibody SA237/RG6168 (Product name: Enspryng) for the treatment of generalized myasthenia gravis in consideration of the results of global Phase III study Luminesce.

Hematology
- A pH-dependent binding humanized anti-complement (C5) monoclonal antibody SKY59/RG6107 (Product name: PiaSky) was approved in China by the National Medical Products Administration (NMPA) of People's Republic of China for the treatment of adults and adolescents (12 years of age and above) with paroxysmal nocturnal hemoglobinuria (PNH) who have not been previously treated with complement inhibitors in February 2024. In addition, we obtained approval for the treatment of PNH in Japan in March, and launched in May 2024. Also, the U.S. Food and Drug Administration approved for the treatment of adult and pediatric patients 13 years and older with PNH and body weight of at least 40 kg, and the European Medicines Agency's Committee for Medicinal Products for Human Use recommended the approval for the treatment of PNH in June 2024, respectively.

Ophthalmology
- We obtained approval for an ophthalmic VEGF/Ang-2 inhibitor, anti-VEGF/anti-Ang-2 humanized bispecific monoclonal antibody RG7716 (Product name: Vabysmo) for an additional indication of the treatment of macular edema associated with retinal vein occlusion in March 2024.

Other Diseases

- We started Phase II study for anti-IL-8 recycling antibody AMY109 for the treatment of endometriosis in January 2024.
- A therapeutic agent for unstable angina SG-75 (Product name: Sigmart Injection) was approved by the NMPA of People's Republic of China for the treatment of unstable angina in China in April 2024.
- We started Phase I study for Anti-latent myostatin sweeping antibody GYM329/RG6237 for the treatment of obesity in May 2024.
- We started Phase I/II study for an RNAi therapeutic targeting angiotensinogen RG6615 for the treatment of hypertension in June 2024.

(2) Consolidated financial position

Assets, liabilities and net assets in billions of yen

	June 30, 2024	December 31, 2023	Change in amount
Net operating assets (NOA) and Net assets			
Net working capital	497.3	422.6	74.7
Long-term net operating assets	492.6	478.3	14.3
Net operating assets (NOA)	**989.9**	**900.9**	**89.0**
Net cash	815.7	739.0	76.7
Other non-operating assets – net	(53.9)	(14.3)	(39.6)
Total net assets	**1,751.7**	**1,625.6**	**126.1**
Consolidated balance sheet (IFRS basis)			
Total assets	2,060.2	1,932.5	127.7
Total liabilities	(308.5)	(307.0)	(1.5)
Total net assets	1,751.7	1,625.6	126.1

Net operating assets (NOA) at June 30, 2024 were ¥989.9 billion, an increase of ¥89.0 billion since the end of the previous fiscal year. Of NOA, net working capital was ¥497.3 billion, an increase of ¥74.7 billion from the end of the previous fiscal year, due mainly to an increase in accounts receivable. Long-term net operating assets increased by ¥14.3 billion to ¥492.6 billion since the end of the previous fiscal year, mainly due to the investments in the manufacturing building for active pharmaceutical ingredients (FJ3) in the Fujieda Plant and the manufacturing building for bio drug substance (UT3) in the Utsunomiya Plant.

As indicated in "Cash flows" on the next page, net cash, including marketable securities and interest-bearing debt, increased by ¥76.7 billion since the end of the previous fiscal year to ¥815.7 billion. Other non-operating assets – net decreased by ¥39.6 billion since the end of the previous fiscal year to ¥(53.9) billion due mainly to an increase in current income tax liabilities.

As a consequence, total net assets were ¥1,751.7 billion (an increase of ¥126.1 billion since the end of the previous fiscal year).

Note: Net operating assets (NOA) and Net assets
The consolidated balance sheet has been prepared in accordance with International Accounting Standards (IAS) No. 1, "Presentation of Financial Statements." On the other hand, Net operating assets (NOA) and Net assets are a reconfiguration of the consolidated balance sheet as internal indicators and are identical to the indicators disclosed by Roche. Furthermore, no items from Net operating assets (NOA) and Net assets have been excluded, as the Core results concept only applies to the income statement.

For further details, please refer to the Supplementary Materials on page 8, entitled "Financial position."

Note: Net operating assets (NOA)
Net operating assets allow for an assessment of the Group's operating performance of the business independently from financing and tax activities. Net operating assets are calculated as net working capital, long-term net operating assets that includes property, plant and equipment, intangible assets etc. minus provisions.

Cash flows in billions of yen

	First six months of FY 2024.12 (Jan. 1, 2024–Jun. 30, 2024)	First six months of FY 2023.12 (Jan. 1, 2023–Jun. 30, 2023)	% change
Free cash flows			
Operating profit - IFRS basis	258.2	210.9	+22.4
Operating profit, net of operating cash adjustments	275.1	239.3	+15.0
Operating free cash flows	169.5	318.3	(46.7)
Free cash flows	**134.7**	**221.6**	**(39.2)**
Net change in net cash	76.7	161.9	(52.6)
Consolidated statement of cash flows (IFRS basis)			
Cash flows from operating activities	171.6	254.4	(32.5)
Cash flows from investing activities	(172.9)	(44.9)	+285.1
Cash flows from financing activities	(69.5)	(69.6)	(0.1)
Net change in cash and cash equivalents	(64.9)	142.8	–
Cash and cash equivalents at June 30	393.8	365.0	+7.9

Operating profit, net of operating cash adjustments, amounted to ¥275.1 billion (an increase of 15.0% year on year), which was calculated by adjusting for depreciation and other items that are included in operating profit but are not accompanied by cash inflows or outflows and all inflows and outflows related to NOA that are not accompanied by profit and loss.

Operating free cash flows for the six months under review amounted to a net inflow of ¥169.5 billion (a decrease of 46.7% year on year) mainly due to an increase in net working capital of ¥67.0 billion and expenditures of ¥32.9 billion for the purchase of property, plant and equipment, etc. Factors accounting for the increase in net working capital, etc. are as indicated in "Assets, liabilities and net assets" on the previous page.

Free cash flows were a net cash inflow of ¥134.7 billion (a decrease of 39.2% year on year) due mainly to income taxes paid of ¥40.0 billion from operating free cash flows.

The net change in net cash calculated by adjusting for dividends paid of ¥65.5 billion, etc. from free cash flows was an increase of ¥76.7 billion.

The net change in cash and cash equivalents, excluding changes in marketable securities and interest-bearing debt, was a net cash outflow of ¥64.9 billion. The cash and cash equivalents balance at the end of this period amounted to ¥393.8 billion.

Note: Free cash flows (FCF)
The consolidated statement of cash flows has been prepared in accordance with International Accounting Standard (IAS) No. 7, "Statement of Cash Flows." FCF is a reconfiguration of the consolidated statement of cash flows as internal indicators and is identical to the indicators disclosed by Roche. Furthermore, no items from FCF have been excluded, as the Core results concept only applies to the income statement.

For further details, please refer to the Supplementary Materials on page 9, entitled "Cash flows."

(3) Consolidated forecasts and other forward-looking statements
Chugai has not made any changes in its forecast of consolidated results for the fiscal year ending December 31, 2024 since the announcement regarding the forecast issued on February 1, 2024.

Note: In "1. Qualitative Information," amounts less than ¥0.1 billion have been rounded to the nearest ¥0.1 billion. Figures for changes in amounts and percentages have been calculated using data denominated in ¥0.1 billion units.

2. Interim Condensed Consolidated Financial Statements and Major Notes

(1) Interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income

1) Interim condensed consolidated income statement in millions of yen

	First six months ended June 30	
	2024	2023
Revenue	**552,860**	**579,657**
Sales	485,532	523,049
Other revenue	67,328	56,608
Cost of sales	(160,890)	(242,990)
Gross profit	**391,970**	**336,667**
Research and development	(84,292)	(87,438)
Selling, general and administration	(49,901)	(54,280)
Other operating income (expense)	419	15,962
Operating profit	**258,195**	**210,910**
Financing costs	4	(11)
Other financial income (expense)	491	2,757
Profit before taxes	**258,690**	**213,656**
Income taxes	(72,428)	(56,963)
Net income	**186,262**	**156,693**
Attributable to:		
Chugai shareholders	186,262	156,693
Earnings per share		
Basic (yen)	113.20	95.25
Diluted (yen)	113.19	95.23

2) Interim condensed consolidated statement of comprehensive income in millions of yen

	First six months ended June 30	
	2024	2023
Net income recognized in income statement	**186,262**	**156,693**
Other comprehensive income		
Remeasurements of defined benefit plans	37	–
Financial assets measured at fair value through OCI	(22)	(146)
Items that will never be reclassified to the income statement	**15**	**(146)**
Financial assets measured at fair value through OCI	5	10
Cash flow hedges	(3,538)	(9,674)
Currency translation of foreign operations	8,902	7,549
Items that are or may be reclassified to the income statement	**5,369**	**(2,116)**
Other comprehensive income, net of tax	**5,384**	**(2,262)**
Total comprehensive income	**191,645**	**154,432**
Attributable to:		
Chugai shareholders	191,645	154,432

(2) Interim condensed consolidated balance sheet in millions of yen

	June 30, 2024	December 31, 2023
Assets		
Non-current assets:		
Property, plant and equipment	420,292	409,939
Right-of-use assets	9,941	10,762
Intangible assets	20,350	19,860
Deferred tax assets	65,758	64,474
Defined benefit plan assets	7,995	7,481
Other non-current assets	59,797	53,605
Total non-current assets	**584,132**	**566,121**
Current assets:		
Inventories	265,704	273,480
Accounts receivable	349,656	318,892
Current income tax assets	586	1,456
Marketable securities	421,897	280,308
Cash and cash equivalents	393,761	458,674
Other current assets	44,426	33,616
Total current assets	**1,476,031**	**1,366,426**
Total assets	**2,060,163**	**1,932,547**
Liabilities		
Non-current liabilities:		
Deferred tax liabilities	(4,906)	(5,787)
Defined benefit plan liabilities	(3,949)	(3,146)
Long-term provisions	(2,895)	(2,593)
Other non-current liabilities	(6,582)	(7,224)
Total non-current liabilities	**(18,332)**	**(18,750)**
Current liabilities:		
Current income tax liabilities	(72,689)	(40,798)
Short-term provisions	(2,414)	(3,442)
Accounts payable	(78,954)	(112,468)
Other current liabilities	(136,084)	(131,510)
Total current liabilities	**(290,140)**	**(288,217)**
Total liabilities	**(308,472)**	**(306,967)**
Total net assets	**1,751,691**	**1,625,580**
Equity:		
Capital and reserves attributable to Chugai shareholders	1,751,691	1,625,580
Total equity	**1,751,691**	**1,625,580**
Total liabilities and equity	**2,060,163**	**1,932,547**

(3) Interim condensed consolidated statement of cash flows in millions of yen

	First six months ended June 30	
	2024	2023
Cash flows from operating activities		
Cash generated from operations	278,669	224,976
(Increase) decrease in working capital	(66,963)	129,571
Payments made for defined benefit plans	(1,454)	(1,643)
Utilization of provisions	(2,140)	(1,393)
Other operating cash flows	3,488	(1,089)
Cash flows from operating activities, before income taxes paid	**211,601**	**350,422**
Income taxes paid	(40,038)	(96,002)
Total cash flows from operating activities	**171,563**	**254,420**
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,871)	(45,233)
Purchase of intangible assets	(1,690)	(1,439)
Disposal of property, plant and equipment	(214)	2,194
Disposal of intangible assets	544	15,160
Interest and dividends received	1,462	337
Purchases of marketable securities	(480,143)	(283,506)
Sales of marketable securities	340,090	267,441
Purchases of investment securities	(68)	(219)
Sales of investment securities	—	340
Total cash flows from investing activities	**(172,890)**	**(44,926)**
Cash flows from financing activities		
Interest paid	(45)	(39)
Lease liabilities paid	(4,014)	(3,944)
Dividends paid to Chugai shareholders	(65,500)	(65,818)
Exercise of equity compensation plans	94	155
(Increase) decrease in own equity instruments	(5)	(2)
Total cash flows from financing activities	**(69,469)**	**(69,647)**
Net effect of currency translation on cash and cash equivalents	5,884	3,000
Increase (decrease) in cash and cash equivalents	**(64,913)**	**142,847**
Cash and cash equivalents at January 1	458,674	222,169
Cash and cash equivalents at June 30	**393,761**	**365,016**

(4) Interim condensed consolidated statement of changes in equity in millions of yen

For the first six months ended June 30, 2023 (Jan. 1, 2023–Jun. 30, 2023)

	Attributable to Chugai shareholders					
	Share capital	Capital surplus	Retained earnings	Other reserves	Subtotal	Total equity
At January 1, 2023	**73,202**	**68,806**	**1,293,352**	**(10,973)**	**1,424,387**	**1,424,387**
Net income	—	—	156,693	—	156,693	156,693
Financial assets measured at fair value through OCI	—	—	—	(136)	(136)	(136)
Cash flow hedges	—	—	—	(9,674)	(9,674)	(9,674)
Currency translation of foreign operations	—	—	—	7,549	7,549	7,549
Total comprehensive income	**—**	**—**	**156,693**	**(2,262)**	**154,432**	**154,432**
Dividends	—	—	(65,801)	—	(65,801)	(65,801)
Equity compensation plans	—	(136)	—	—	(136)	(136)
Own equity instruments	—	443	—	—	443	443
Transfer from other reserves to retained earnings	—	—	(320)	320	—	—
At June 30, 2023	**73,202**	**69,112**	**1,383,925**	**(12,915)**	**1,513,324**	**1,513,324**

For the first six months ended June 30, 2024 (Jan. 1, 2024–Jun. 30, 2024)

	Attributable to Chugai shareholders					
	Share capital	Capital surplus	Retained earnings	Other reserves	Subtotal	Total equity
At January 1, 2024	**73,202**	**69,355**	**1,488,738**	**(5,715)**	**1,625,580**	**1,625,580**
Net income	—	—	186,262	—	186,262	186,262
Financial assets measured at fair value through OCI	—	—	—	(17)	(17)	(17)
Cash flow hedges	—	—	—	(3,538)	(3,538)	(3,538)
Currency translation of foreign operations	—	—	—	8,902	8,902	8,902
Remeasurements of defined benefit plans	—	—	37	—	37	37
Total comprehensive income	**—**	**—**	**186,298**	**5,347**	**191,645**	**191,645**
Dividends	—	—	(65,813)	—	(65,813)	(65,813)
Equity compensation plans	—	(136)	—	—	(136)	(136)
Own equity instruments	—	414	—	—	414	414
At June 30, 2024	**73,202**	**69,633**	**1,609,224**	**(367)**	**1,751,691**	**1,751,691**

(5) Notes regarding the going concern assumption

None

(6) Notes regarding the interim condensed consolidated financial statements

General accounting principles and significant accounting policies

a. Basis of preparation of the consolidated financial statements

These financial statements are the interim condensed consolidated financial statements ("Interim Financial Statements") of Chugai, a company registered in Japan, and its subsidiaries ("the Group"). The common stock of Chugai is publicly traded and listed on the Tokyo Stock Exchange under the stock code "TSE: 4519." The Interim Financial Statements were approved by the Board of Directors on July 25, 2024.

Roche Holding Ltd. is a public company registered in Switzerland and the parent company of the Roche Group, which discloses its results in accordance with IFRS. The shareholding percentage of Roche Holding Ltd. in Chugai is 59.89% (61.11% of the total number of shares issued excluding treasury stock). The Group became principal members of the Roche Group after entering into a strategic alliance in October 2002.

The Group meets all of the requirements for a "Specified Company under Designated International Financial Reporting Standards" as stipulated under Article 1-2, Item (ii) of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Order No. 28 of 1976). Hence, in accordance with Article 312 of the same Ordinance, the Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) No. 34 "Interim Financial Reporting."

The Interim Financial Statements should be used with the consolidated financial statements for the year ended December 31, 2023 as they do not include all the information as required for the consolidated financial statements for the full fiscal year.

The Interim Financial Statements are presented in Japanese yen, which is Chugai's functional currency and amounts are rounded to the nearest ¥1 million. They have been prepared using the historical cost convention except for items that are required to be accounted for at fair value.

b. Key accounting judgments, estimates and assumptions

The preparation of the Interim Financial Statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and contingent amounts. Actual outcomes could differ from those management estimates. The estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and various other factors. Revisions to estimates are recognized in the period in which the estimate is revised.

The information for judgment, estimates, and assumptions that have a material impact on the amount recognized in the Interim Condensed Financial Statements of the Group is principally the same for the prior fiscal year.

However, should the situation persist, it could result in such risks as major revisions of the carrying amounts of assets and liabilities in the following fiscal year and beyond.

c. Changes in accounting policies

The Group applies the same significant accounting policies that were applied to the Interim Financial Statements of the previous fiscal year.

Although minor changes have been made to certain accounting standards, they do not have a material impact on the Group's overall results and financial position.