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Financial Results of Astellas for the First Nine Months of FY2024

Japan, February 4, 2025 – Astellas Pharma Inc. (TSE: 4503, President and CEO: Naoki Okamura, “the Company”) today announced the financial results for the first nine months (April 1, 2024 – December 31, 2024) of the fiscal year 2024 ending March 31, 2025 (FY2024).

Consolidated financial results for the first nine months of FY2024 (core basis)

(Millions of yen)

	First nine months of FY2023	First nine months of FY2024	Change (%)
Revenue	1,189,070	1,453,029	+263,959 (+22.2%)
Core operating profit	206,519	297,543	+91,024 (+44.1%)
Core profit	165,094	223,060	+57,966 (+35.1%)

Cautionary Notes

In this material, statements made with respect to current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Astellas. These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to: (i) changes in general economic conditions and in laws and regulations, relating to pharmaceutical markets, (ii) currency exchange rate fluctuations, (iii) delays in new product launches, (iv) the inability of Astellas to market existing and new products effectively, (v) the inability of Astellas to continue to effectively research and develop products accepted by customers in highly competitive markets, and (vi) infringements of Astellas' intellectual property rights by third parties. Information about pharmaceutical products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice.

1. Overview of business performance and others

(1) Overview of business performance for the first nine months of FY2024

<Consolidated financial results (core basis ^(Note))>

Consolidated financial results (core basis) in the first nine months of FY2024 are shown in the table below.

Revenue, core operating profit and core profit increased across the board.

Consolidated financial results (core basis)

(Millions of yen)

	First nine months of FY2023	First nine months of FY2024	Change (%)
Revenue	1,189,070	1,453,029	+263,959 (+22.2%)
Cost of sales	219,256	272,348	+53,092 (+24.2%)
Selling, general and administrative expenses	546,961	631,716	+84,755 (+15.5%)
R&D expenses	216,334	251,422	+35,087 (+16.2%)
Core operating profit	206,519	297,543	+91,024 (+44.1%)
Core profit	165,094	223,060	+57,966 (+35.1%)
Basic core earnings per share (yen)	92.06	124.60	+32.54 (+35.3%)

(Note) The Company changed the definition of core basis from Q1/FY2024, and newly excluded amortisation of intangible assets, gain on divestiture of intangible assets, and share of profit (loss) of investments accounted for using the equity method from the financial results on a full basis as certain significant adjusted items defined by the company. Financial results on the new core basis, as an indicator of the Company's profitability, exclude certain significant adjusted items defined by the Company that are reported in financial results on a full basis. These adjusted items include amortisation of intangible assets, gain on divestiture of intangible assets, share of profit and loss of investments accounted for using equity method, impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and certain other items defined by the Company. Figures of the first nine months of FY2023 reflect this change. A reconciliation table between results on a full basis and results on a core basis is provided in the "Supplementary Documents for Q3 YTD/FY2024 Financial Results."

Revenue

- Sales of XTANDI for the treatment of prostate cancer, PADCEV for the treatment of urothelial cancer and XOSPATA for the treatment of acute myeloid leukemia showed solid growth. Furthermore, sales of VEOZAH for the treatment of vasomotor symptoms due to menopause and sales of IZERVAY for the treatment for geographic atrophy secondary to age-related macular degeneration, both of which were launched in the previous fiscal year, contributed to increased revenue.
- The sales growth of the above offset the sales decrease due to the generic entry of MYRBETRIQ for the treatment of overactive bladder, in the United States.

As a result of the above, revenue in the first nine months of FY2024 increased by 22.2% compared to that in the previous fiscal year (“year-on-year”) to ¥1,453.0 billion.

Core operating profit / Core profit

- Gross profit increased by 21.7% year-on-year to ¥1,180.7 billion.
- Selling, general and administrative expenses increased by 15.5% year-on-year to ¥631.7 billion. Although expenses decreased as a result of global organizational restructuring (decrease of approximately ¥12.0 billion year-on-year), reduction of mature products-related costs (decrease of approximately ¥8.0 billion year-on-year), and enhancement of company-wide efficiency with AI and digital (decrease of approximately ¥4.0 billion year-on-year), the total amount increased due to foreign exchange rate impact (increase of ¥31.7 billion year-on-year) and increase in expenses for Strategic Brands*.
Selling, general and administrative expenses, excluding co-promotion fees of XTANDI in the United States, increased by 7.7% year-on-year to ¥431.6 billion. Although the expenses increased, the expenses to revenue ratio decreased by 4.0 percentage points year-on-year to 29.7%.
- Research and development (R&D) expenses increased by 16.2% year-on-year to ¥251.4 billion. The total amount increased mainly due to foreign exchange rate impact (increase of ¥9.9 billion year-on-year) and increase in R&D investment for Primary Focus (targeted protein degradation and immuno-oncology, etc.), Strategic Brands Life Cycle Management, and enhanced R&D functions (increase of approximately ¥16.0 billion year-on-year). Additionally, one-time co-development cost payments booked in the first three months of FY2024 were also a factor in the increase.

As a result of the above, core operating profit increased by 44.1% year-on-year to ¥297.5 billion, and core profit increased by 35.1% year-on-year to ¥223.1 billion.

* Strategic Brands: PADCEV, IZERVAY, VEOZAH, VYLOY, XOSPATA.

Impact of exchange rate on financial results

The exchange rates for the yen in the first nine months of FY2024 are shown in the table below. The resulting impacts were a ¥66.3 billion increase in revenue and a ¥17.1 billion increase in core operating profit compared with if the exchange rates of the first nine months of FY2023 were applied.

Average rate	First nine months of FY2023	First nine months of FY2024	Change
US\$/¥	143	152	¥9 (Weakening of yen)
€/¥	155	165	¥9 (Weakening of yen)

<Consolidated financial results (full basis)>

Consolidated financial results on a full basis in the first nine months of FY2024 are shown in the table below.

Operating profit and profit decreased, while revenue increased.

The full basis financial results include “other income” and “other expenses,” which are excluded from the core basis financial results. In addition, the full basis financial results also include “amortisation of intangible assets”, “gain on divestiture of intangible assets”, and “share of profit (loss) of investments accounted for using the equity method,” which have been newly excluded from the core basis financial results starting from the first three months of FY2024.

In the first nine months of FY2024, “amortisation of intangible assets” was ¥104.2 billion (¥66.2 billion in the same period of the previous fiscal year), “other income” was ¥4.4 billion (¥8.5 billion in the same period of the previous fiscal year), and “other expenses” was ¥220.6 billion (¥84.0 billion in the same period of the previous fiscal year).

As “other expenses,” in addition to booking impairment losses for intangible assets mainly related to IZERVAY in ex-US (¥115.1 billion), AT466 (¥51.8 billion), and iota (¥8.0 billion) in the first nine months of FY2024, the Company recorded foreign exchange losses (¥16.1 billion) primarily arising from the valuation of foreign currency-denominated monetary assets due to fluctuations in the foreign exchange rates, and restructuring costs (¥10.3 billion).

Consolidated financial results (full basis)

	First nine months of FY2023	First nine months of FY2024	(Millions of yen) Change (%)
Revenue	1,189,070	1,453,029	+263,959 (+22.2%)
Operating profit	74,119	-22,481	-96,599 (-)
Profit before tax	73,630	-29,317	-102,947 (-)
Profit	50,323	-24,149	-74,472 (-)
Basic earnings per share (yen)	28.06	-13.49	-41.55 (-)
Comprehensive income	113,936	30,591	-83,345 (-73.2%)

<Sales of Main Products>

(Billions of yen)

	First nine months of FY2023	First nine months of FY2024	Change
XTANDI	560.0	703.1	+25.6%
PADCEV	55.6	117.0	+110.4%
IZERVAY	5.3	44.4	+742.8%
VEOZAH*1	3.6	24.4	+586.4%
VYLOY	—	4.9	—
XOSPATA	41.3	53.1	+28.5%
BETANIS / MYRBETRIQ / BETMIGA	142.9	124.5	-12.9%
PROGRAF*2	155.4	155.6	+0.2%

<XTANDI>

- Global sales expanded beyond expectation, driven especially by the United States.
- In the United States, sales growth was driven by the penetration of nonmetastatic castration-sensitive prostate cancer (M0 CSPC) with biochemical recurrence at high risk for metastasis and the halo effect to other indications.

<PADCEV>

- Global sales expanded significantly.
- In addition to the United States, the first-line therapy for patients with metastatic urothelial cancer (1L mUC) outside of the United States demonstrated strong uptake and contributed to sales growth.

<IZERVAY>

- In the United States, where the product has been launched, sales expanded steadily.

<VEOZAH>

- Global sales expanded steadily.
- In addition to the United States, sales growth in the Established Markets*³ also contributed, where it was launched in January 2024.

<VYLOY>

- Launched countries expanded to 9 as of December 31, 2024.
- Faster-than-expected market penetration of Claudin 18.2 testing contributed to greater-than-expected sales growth.

<XOSPATA>

- Global sales expanded, driven especially by the United States.

<BETANIS / MYRBETRIQ / BETMIGA>

- Global sales decreased mainly due to the generic entry in the United States.

<PROGRAF>

- Global sales were at the same level as in the same period of the previous fiscal year.

*1 VEOZAH: Approved as "VEOZA" in ex-US.

*2 PROGRAF: Includes ADVAGRAF, GRACEPTOR, and ASTAGRAF XL.

*3 Established Markets: Europe, Canada, etc.

<Revenue by region>

Revenue by region is shown in the table below. Revenue in the United States, Established Markets, China and International Markets increased, while revenue in Japan decreased.

(Billions of yen)

	First nine months of FY2023	First nine months of FY2024	Change
Japan	211.0	205.7	-2.5%
United States	481.4	665.1	+38.2%
Established Markets ^{*1}	306.3	363.8	+18.7%
China ^{*2}	54.1	58.1	+7.2%
International Markets ^{*3}	132.0	152.2	+15.4%

(Note) Region title of Greater China changed to China from the first three months of FY2024.

In addition, commercial segment of Taiwan was changed from China to International Markets.

Figures on the above table reflect this change.

*1 Established Markets: Europe, Canada, etc.

*2 China: China, Hong Kong.

*3 International Markets: Latin America, Middle East, Africa, South East Asia, South Asia, Russia, Korea, Taiwan, Australia, Export sales, etc.

(2) Financial position

1) Assets, equity and liabilities

An overview of the consolidated statement of financial position as of December 31, 2024 and the main changes from the end of the previous fiscal year are shown below.

Assets

Total assets as of December 31, 2024 saw a decrease of ¥118.0 billion compared to the end of the previous fiscal year to ¥3,451.6 billion.

<Non-current assets> As of December 31, 2024: ¥2,247.7 billion (a decrease of ¥127.2 billion)

- Property, plant and equipment increased by ¥39.0 billion compared to the end of the previous fiscal year to ¥332.7 billion.
- Goodwill increased by ¥14.1 billion compared to the end of the previous fiscal year to ¥432.8 billion, and intangible assets decreased by ¥242.5 billion compared to the end of the previous fiscal year to ¥1,211.3 billion.

<Current assets> As of December 31, 2024: ¥1,203.9 billion (an increase of ¥9.2 billion)

- Cash and cash equivalents decreased by ¥155.8 billion compared to the end of the previous fiscal year to ¥179.9 billion.

Equity

Total equity as of December 31, 2024 saw a decrease of ¥102.2 billion compared to the end of the previous fiscal year to ¥1,493.8 billion, making the ratio of equity attributable to owners of the parent to total assets 43.3%.

- While loss stood at ¥24.1 billion, the Company paid ¥129.0 billion of dividends of surplus.

Liabilities

Total liabilities decreased by ¥15.8 billion compared to the end of the previous fiscal year to ¥1,957.8 billion.

<Non-current liabilities> As of December 31, 2024: ¥805.3 billion (an increase of ¥117.4 billion)

- Bonds and borrowings increased by ¥137.8 billion compared to the end of the previous fiscal year to ¥585.5 billion, of which bonds increased by ¥70.0 billion from the end of the previous fiscal year to ¥320.0 billion and long-term borrowings increased by ¥67.8 billion compared to the end of the previous fiscal year to ¥265.5 billion.

<Current liabilities> As of December 31, 2024: ¥1,152.6 billion (a decrease of ¥133.2 billion)

- Bonds and borrowings decreased by ¥142.4 billion compared to the end of the previous fiscal year to ¥329.9 billion, of which short-term borrowings decreased by ¥68.2 billion compared to the end of the previous fiscal year to ¥67.2 billion, and commercial papers decreased by ¥105.2 billion compared to the end of the previous fiscal year to ¥179.8 billion.

2) Cash flow

Cash flows from operating activities

Net cash flows from operating activities in the first nine months of FY2024 decreased by ¥7.1 billion year-on-year to ¥93.4 billion.

- Income tax paid increased by ¥50.1 billion year-on-year to ¥72.7 billion.

Cash flows from investing activities

Net cash flows used in investing activities in the first nine months of FY2024 was ¥86.5 billion, a decrease in outflow of ¥737.2 billion year-on-year.

Cash flows from financing activities

Net cash flows used in financing activities in the first nine months of FY2024 was ¥170.6 billion (inflow of ¥583.1 billion in the same period of the previous fiscal year).

- Dividends paid increased by ¥12.3 billion year-on-year to ¥129.0 billion.

As a result, cash and cash equivalents totaled ¥179.9 billion as of December 31, 2024, a decrease of ¥155.8 billion compared to the end of the previous fiscal year.

(3) Consolidated business forecasts for FY2024 and other forward-looking statements

The Company's business forecasts for FY2024 are presented on a core basis and full basis. The consolidated full-year business forecasts for FY2024 are shown below.

Considering the strong performance of XTANDI in the United States and the trend of foreign exchange rates, the Company upwardly revised its business forecast of revenue announced in October 2024. Accordingly, the Company upwardly revised the profit at each stage on a core basis. On the other hand, the Company downwardly revised the profit at each stage on a full basis due to booking impairment losses for intangible assets mainly related to IZERVAY in ex-US, AT466, and iota as "other expenses".

Consolidated full-year business forecasts (core basis)

(Millions of yen)

	FY2024 Previous forecasts*	FY2024 Latest forecasts**	Change (%)	FY2023 Results
Revenue	1,800,000	1,900,000	+100,000 (+5.6%)	1,603,672
Selling, general and administrative expenses	823,000	845,000	+22,000 (+2.7%)	740,110
R&D expenses	341,000	340,000	-1,000 (-0.3%)	294,187
Core operating profit	300,000	370,000	+70,000 (+23.3%)	276,890
Core profit for the year	220,000	274,000	+54,000 (+24.5%)	223,196
Basic core earnings per share (yen)	122.90	153.06	+30.16	124.46

Consolidated full-year business forecasts (full basis)

(Millions of yen)

	FY2024 Previous forecasts*	FY2024 Latest forecasts**	Change (%)	FY2023 Results
Revenue	1,800,000	1,900,000	+100,000 (+5.6%)	1,603,672
Operating profit	80,000	11,000	-69,000 (-86.2%)	25,518
Profit before tax	70,000	1,000	-69,000 (-98.6%)	24,969
Profit for the year	50,000	14,000	-36,000 (-72.0%)	17,045
Basic earnings per share (yen)	27.93	7.82	-20.11	9.51

* Previous forecasts were announced in October 2024.

** Latest forecasts for revenue and profit at each stage were announced on January 24, 2025.

Expected exchange rate for

FY2024 (Forecast)	¥153/US\$	¥164/€
FY2023 (Result)	¥145/US\$	¥157/€

2. Condensed Interim Consolidated Financial Statements and Notes

(1) Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Nine months ended 31 December 2023	Nine months ended 31 December 2024
Revenue	1,189,070	1,453,029
Cost of sales	(219,256)	(272,348)
Gross profit	<u>969,814</u>	<u>1,180,681</u>
Selling, general and administrative expenses	(546,961)	(631,716)
Research and development expenses	(216,334)	(251,422)
Amortisation of intangible assets	(66,173)	(104,201)
Gain on divestiture of intangible assets	9,735	993
Share of profit (loss) of investments accounted for using equity method	(461)	(621)
Other income	8,471	4,417
Other expenses	(83,972)	(220,613)
Operating profit (loss)	<u>74,119</u>	<u>(22,481)</u>
Finance income	7,331	6,934
Finance expenses	(7,819)	(13,770)
Profit (Loss) before tax	<u>73,630</u>	<u>(29,317)</u>
Income tax expense	(23,308)	5,168
Profit (Loss)	<u><u>50,323</u></u>	<u><u>(24,149)</u></u>
Profit (Loss) attributable to:		
Owners of the parent	50,323	(24,149)
Earnings (Loss) per share:		
Basic (Yen)	28.06	(13.49)
Diluted (Yen)	27.96	(13.49)

(2) Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended 31 December 2023	Nine months ended 31 December 2024
Profit (Loss)	50,323	(24,149)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(5,003)	5,576
Remeasurements of defined benefit plans	471	283
Subtotal	<u>(4,532)</u>	<u>5,860</u>
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	73,729	48,880
Cash flow hedges	(7,682)	—
Hedging cost	2,098	—
Subtotal	<u>68,146</u>	<u>48,880</u>
Other comprehensive income	<u>63,614</u>	<u>54,740</u>
Total comprehensive income	<u>113,936</u>	<u>30,591</u>
Total comprehensive income attributable to:		
Owners of the parent	113,936	30,591

(3) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of 31 March 2024	As of 31 December 2024
Assets		
Non-current assets		
Property, plant and equipment	293,742	332,724
Goodwill	418,694	432,795
Intangible assets	1,453,824	1,211,344
Trade and other receivables	20,043	18,605
Investments accounted for using equity method	15,684	19,148
Deferred tax assets	45,594	81,545
Other financial assets	108,694	125,617
Other non-current assets	18,597	25,938
Total non-current assets	2,374,873	2,247,717
Current assets		
Inventories	248,738	287,343
Trade and other receivables	534,985	644,633
Income tax receivable	13,051	12,965
Other financial assets	28,784	32,490
Other current assets	32,241	46,251
Cash and cash equivalents	335,687	179,865
Subtotal	1,193,485	1,203,548
Assets held for sale	1,245	365
Total current assets	1,194,730	1,203,913
Total assets	3,569,603	3,451,630

(Millions of yen)

	As of 31 March 2024	As of 31 December 2024
Equity and liabilities		
Equity		
Share capital	103,001	103,001
Capital surplus	184,070	184,522
Treasury shares	(33,783)	(37,992)
Retained earnings	809,400	654,059
Other components of equity	533,300	590,220
Total equity attributable to owners of the parent	<u>1,595,988</u>	<u>1,493,809</u>
Total equity	1,595,988	1,493,809
Liabilities		
Non-current liabilities		
Bonds and borrowings	447,738	585,511
Trade and other payables	2,199	8,428
Income tax payable	—	2,091
Deferred tax liabilities	51,346	5,975
Retirement benefit liabilities	24,674	23,967
Provisions	7,369	6,291
Other financial liabilities	105,602	116,861
Other non-current liabilities	48,962	56,141
Total non-current liabilities	<u>687,889</u>	<u>805,264</u>
Current liabilities		
Bonds and borrowings	472,278	329,853
Trade and other payables	185,193	204,305
Income tax payable	38,515	42,085
Provisions	15,700	19,713
Other financial liabilities	97,565	46,610
Other current liabilities	476,474	509,992
Total current liabilities	<u>1,285,725</u>	<u>1,152,557</u>
Total liabilities	<u>1,973,615</u>	<u>1,957,821</u>
Total equity and liabilities	<u><u>3,569,603</u></u>	<u><u>3,451,630</u></u>

(4) Condensed Interim Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Subscription rights to shares	Exchange differences on translation of foreign operations
As of 1 April 2023	103,001	181,280	(25,123)	908,158	536	324,276
Comprehensive income						
Profit	—	—	—	50,323	—	—
Other comprehensive income	—	—	—	—	—	73,729
Total comprehensive income	—	—	—	50,323	—	73,729
Transactions with owners						
Acquisition of treasury shares	—	—	(10,734)	—	—	—
Disposals of treasury shares	—	(1,452)	1,710	(174)	(73)	—
Dividends	—	—	—	(116,653)	—	—
Share-based payments	—	3,156	—	—	—	—
Transfer to retained earnings	—	—	—	(3,033)	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	1,704	(9,023)	(119,860)	(73)	—
As of 31 December 2023	103,001	182,983	(34,147)	838,621	464	398,006

As of 1 April 2024	103,001	184,070	(33,783)	809,400	376	518,302
Comprehensive income						
Profit (Loss)	—	—	—	(24,149)	—	—
Other comprehensive income	—	—	—	—	—	48,880
Total comprehensive income	—	—	—	(24,149)	—	48,880
Transactions with owners						
Acquisition of treasury shares	—	—	(6,959)	—	—	—
Disposals of treasury shares	—	(2,724)	2,750	—	(21)	—
Dividends	—	—	—	(128,993)	—	—
Share-based payments	—	3,176	—	—	—	—
Transfer to retained earnings	—	—	—	(2,200)	—	—
Total transactions with owners	—	452	(4,209)	(131,193)	(21)	—
As of 31 December 2024	103,001	184,522	(37,992)	654,059	355	567,182

(Millions of yen)

	Equity attributable to owners of the parent						Total equity
	Other components of equity					Total	
	Cash flow hedges	Hedging cost	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
As of 1 April 2023	—	—	15,827	—	340,640	1,507,954	1,507,954
Comprehensive income							
Profit	—	—	—	—	—	50,323	50,323
Other comprehensive income	(7,682)	2,098	(5,003)	471	63,614	63,614	63,614
Total comprehensive income	(7,682)	2,098	(5,003)	471	63,614	113,936	113,936
Transactions with owners							
Acquisition of treasury shares	—	—	—	—	—	(10,734)	(10,734)
Disposals of treasury shares	—	—	—	—	(73)	12	12
Dividends	—	—	—	—	—	(116,653)	(116,653)
Share-based payments	—	—	—	—	—	3,156	3,156
Transfer to retained earnings	—	—	3,504	(471)	3,033	—	—
Transfer to non-financial assets	7,682	(2,098)	—	—	5,584	5,584	5,584
Total transactions with owners	7,682	(2,098)	3,504	(471)	8,544	(118,635)	(118,635)
As of 31 December 2023	—	—	14,328	—	412,797	1,503,255	1,503,255

As of 1 April 2024	—	—	14,623	—	533,300	1,595,988	1,595,988
Comprehensive income							
Profit (Loss)	—	—	—	—	—	(24,149)	(24,149)
Other comprehensive income	—	—	5,576	283	54,740	54,740	54,740
Total comprehensive income	—	—	5,576	283	54,740	30,591	30,591
Transactions with owners							
Acquisition of treasury shares	—	—	—	—	—	(6,959)	(6,959)
Disposals of treasury shares	—	—	—	—	(21)	5	5
Dividends	—	—	—	—	—	(128,993)	(128,993)
Share-based payments	—	—	—	—	—	3,176	3,176
Transfer to retained earnings	—	—	2,483	(283)	2,200	—	—
Total transactions with owners	—	—	2,483	(283)	2,179	(132,770)	(132,770)
As of 31 December 2024	—	—	22,683	—	590,220	1,493,809	1,493,809

(5) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended 31 December 2023	Nine months ended 31 December 2024
Cash flows from operating activities		
Profit (Loss) before tax	73,630	(29,317)
Depreciation and amortisation	109,197	151,449
Impairment losses (reversal of impairment losses)	13,776	181,108
Finance income and expenses	488	6,836
(Increase) decrease in inventories	(44,612)	(36,698)
(Increase) decrease in trade and other receivables	(31,910)	(95,797)
Increase (decrease) in trade and other payables	(14,025)	(2,553)
Other	16,536	(8,918)
Subtotal	123,081	166,111
Income tax paid	(22,585)	(72,674)
Net cash flows from operating activities	100,496	93,437
Cash flows from investing activities		
Purchases of property, plant and equipment	(27,527)	(27,304)
Purchases of intangible assets	(35,046)	(18,150)
Proceeds from sales of intangible assets	11,003	1,103
Payments for acquisition of subsidiaries	(784,784)	—
Interest and dividends received	6,275	5,326
Other	6,435	(47,430)
Net cash flows provided by (used in) investing activities	(823,644)	(86,454)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	263,169	(175,573)
Proceeds from issuance of bonds and long-term borrowings	471,615	200,000
Redemption of bonds and repayments of long-term borrowings	(6,667)	(32,705)
Acquisition of treasury shares	(10,734)	(6,959)
Dividends paid to owners of the parent	(116,653)	(128,993)
Repayments of lease liabilities	(9,956)	(8,900)
Other	(7,644)	(17,426)
Net cash flows provided by (used in) financing activities	583,131	(170,555)
Effect of exchange rate changes on cash and cash equivalents	17,156	7,751
Net increase (decrease) in cash and cash equivalents	(122,862)	(155,821)
Cash and cash equivalents at the beginning of the year	376,840	335,687
Cash and cash equivalents at the end of the period	253,978	179,865

(6) Notes to condensed interim consolidated financial statements

Notes on segment information

Segment information is omitted because the Group has a single reporting segment, "Pharmaceutical."

Notes on going concern assumption

Not applicable.