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**Consolidated Financial Results  
for the Three Months Ended June 30, 2023  
[Japanese GAAP]**



July 31, 2023

Company name: KISSEI PHARMACEUTICAL CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 4547

URL: <https://www.kissei.co.jp/>

Representative: Mutsuo Kanzawa, Chairman and CEO

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Scheduled date of filing quarterly securities report: August 10, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

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

**1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 – June 30, 2023)**

**(1) Consolidated Operating Results** (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	19,313	18.6	1,633	-	2,712	236.2	3,265	99.6
June 30, 2022	16,285	(2.1)	130	(55.4)	806	5.6	1,635	(55.1)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥4,653 million [146.2%]

Three months ended June 30, 2022: ¥1,890 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	70.95	-
June 30, 2022	35.47	-

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
June 30, 2023	225,410	197,066	87.0	4,269.96
March 31, 2023	221,200	194,814	87.7	4,204.64

(Reference) Equity: As of June 30, 2023: ¥196,090 million

As of March 31, 2023: ¥193,899 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	40.00	—	40.00	80.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		41.00	—	41.00	82.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	35,500	8.0	900	-	1,500	385.5	4,800	44.3	104.09
Full year	74,500	10.4	4,200	-	5,200	768.4	10,600	0.7	229.86

(Notes) 1. Revision to the financial results forecast announced most recently: None

- At a meeting of the Board of Directors held on May 8, 2023, the Company resolved to purchase treasury shares. “Basic earnings per share” in the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 does not take into account the impact of this purchase of treasury shares.

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2023:	49,311,185 shares
March 31, 2023:	51,811,185 shares
  - 2) Total number of treasury shares at the end of the period:

June 30, 2023:	3,388,018 shares
March 31, 2023:	5,695,618 shares
  - 3) Average number of shares during the period:

Three months ended June 30, 2023:	46,021,867 shares
Three months ended June 30, 2022:	46,115,832 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

(Cautionary note on forward-looking statements)

The financial forecasts and other forward-looking statements herein are based on information available to the Company as of the date of publication of this document and certain assumptions as of the date of publication of this document on uncertainties that may have an impact on future financial results and the Company does not in any way guarantee their achievement. Actual results may differ greatly from these forecasts due to a variety of factors.

Please refer to “1. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the Attachments for preconditions underlying the financial forecasts and other matters.

(How to obtain supplementary explanatory materials on quarterly financial results )

The supplementary explanatory materials on quarterly financial results are posted on the Company’s website together with the consolidated financial results.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

In the three months ended June 30, 2023, the pharmaceutical industry continued to experience harsh business conditions. As one of the measures to curb medical costs, including the reform of the National Health Insurance (NHI) drug pricing system, a mid-year revision of drug prices was implemented in April 2023, following the drug price revision in April 2022. Although strong ICT demand continued in the information services industry, and there were signs of a recovery in capital investment in the construction and merchandising industries, the current business climate, particularly personal consumption, is weak due to the weak yen and price hike, and the competitive environment remained fierce.

In these circumstances, the Company's financial results for the three months ended June 30, 2023 were as stated below.

	Three months ended June 30, 2022	Three months ended June 30, 2023	Change (%)
Net sales	16,285	19,313	18.6
Operating profit	130	1,633	-
Ordinary profit	806	2,712	236.2
Profit attributable to owners of parent	1,635	3,265	99.6

(Million yen)

#### • Net sales

Net sales of the Pharmaceutical Business were ¥16,065 million, an increase of 15.4% year on year. As for pharmaceuticals in Japan, in addition to the increase of sales of CAROGRAM<sup>®</sup> Tablets, a treatment for ulcerative colitis, and TAVNEOS<sup>®</sup> Capsules for the treatment of microscopic polyangiitis and granulomatosis with polyangiitis, both of which were launched in the previous fiscal year, the sales of Beova<sup>®</sup> Tablets, an overactive bladder treatment, and TAVALISSE<sup>®</sup> Tablets, a treatment for chronic idiopathic thrombocytopenic purpura, which were launched in April 2023, as well as co-promotion fees and other items increased. These increases, together with higher export sales and revenue from supply to domestic sales partners and other items, contributed to the year-on-year increase in net sales.

Net sales of the Information Services Business were ¥2,285 million, an increase of 44.4% year on year, net sales of the Construction Business were ¥763 million, an increase of 24.7% year on year, and net sales of the Merchandising Business were ¥199 million, an increase of 13.7% year on year.

#### • Profit

Regarding profit, despite an increase in the cost of sales ratio, the Company recorded a higher operating profit, ordinary profit, and profit attributable to owners of parent due to an increase in net sales and a decrease in selling, general and administrative expenses centering on R&D expenses. The Company also recorded a gain on valuation of securities as non-operating income and a gain on sales of investment securities as extraordinary income.

#### • R&D

As for R&D, we continue to promote R&D for products under each theme to move on to the next development stage. The Company temporarily withdrew the application for marketing approval in Japan for a treatment for spinocerebellar degeneration Rovatirelin (generic name, development code: KPS-0373) in July 2023 and now is in consideration on the possibility of conducting additional clinical trials and other matters.

### (2) Explanation of Financial Position

#### • Assets

Total assets amounted to ¥225,410 million as of June 30, 2023, up ¥4,209 million from the previous fiscal year-end. Current assets were up ¥2,737 million, to ¥103,379 million, mainly due to increases in notes and accounts

receivable - trade, and contract assets, and inventories despite decreases in cash and deposits, and securities. Non-current assets were up ¥1,472 million, to ¥122,031 million, mainly due to increases in investment securities and retirement benefit asset.

- Liabilities

Total liabilities amounted to ¥28,343 million as of June 30, 2023, up ¥1,957 million from the previous fiscal year-end. Current liabilities were up ¥1,542 million, to ¥16,500 million, due to increases in notes and accounts payable - trade, income taxes payable and other items, despite decreases in provision for bonuses and contract liabilities. Non-current liabilities were up ¥414 million, to ¥11,842 million, mainly due to an increase in deferred tax liabilities.

- Net assets

Total net assets amounted to ¥197,066 million as of June 30, 2023, up ¥2,252 million from the previous fiscal year-end, mainly due to an increase in valuation difference on available-for-sale securities as well as the purchase and retirement of treasury shares.

As a result, the shareholders' equity ratio was 87.0%, down from 87.7% at the previous fiscal year-end.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated financial results forecast for the fiscal year ending March 31, 2024 is unchanged from the consolidated financial results forecast announced on May 8, 2023.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	25,893	24,140
Notes and accounts receivable - trade, and contract assets	22,780	24,651
Securities	23,706	23,569
Merchandise and finished goods	12,679	13,440
Work in process	129	269
Raw materials and supplies	9,990	10,351
Other	5,461	6,956
<b>Total current assets</b>	<b>100,641</b>	<b>103,379</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	39,026	39,070
Accumulated depreciation	(30,848)	(30,989)
Buildings and structures, net	8,177	8,081
Land	13,615	13,615
Construction in progress	27	23
Other	16,116	16,164
Accumulated depreciation	(13,357)	(13,497)
Other, net	2,758	2,666
<b>Total property, plant and equipment</b>	<b>24,579</b>	<b>24,386</b>
Intangible assets	1,507	1,480
<b>Investments and other assets</b>		
Investment securities	74,769	76,873
Retirement benefit asset	3,089	3,197
Deferred tax assets	433	456
Other	16,198	15,654
Allowance for doubtful accounts	(18)	(18)
<b>Total investments and other assets</b>	<b>94,472</b>	<b>96,163</b>
<b>Total non-current assets</b>	<b>120,558</b>	<b>122,031</b>
<b>Total assets</b>	<b>221,200</b>	<b>225,410</b>

(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,617	5,070
Short-term borrowings	1,490	1,440
Income taxes payable	408	1,249
Provision for bonuses	1,670	838
Other provisions	159	143
Contract liabilities	1,846	1,776
Other	4,764	5,983
Total current liabilities	14,957	16,500
Non-current liabilities		
Deferred tax liabilities	10,426	10,871
Provision for retirement benefits for directors (and other officers)	192	196
Asset retirement obligations	139	139
Other	669	634
Total non-current liabilities	11,428	11,842
Total liabilities	26,385	28,343
<b>Net assets</b>		
Shareholders' equity		
Share capital	24,356	24,356
Capital surplus	24,226	24,226
Retained earnings	125,576	121,292
Treasury shares	(12,912)	(7,765)
Total shareholders' equity	161,246	162,109
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,393	31,789
Remeasurements of defined benefit plans	2,259	2,190
Total accumulated other comprehensive income	32,653	33,980
Non-controlling interests	914	976
Total net assets	194,814	197,066
<b>Total liabilities and net assets</b>	<b>221,200</b>	<b>225,410</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	16,285	19,313
Cost of sales	8,135	9,730
Gross profit	8,150	9,583
Selling, general and administrative expenses	8,019	7,949
Operating profit	130	1,633
Non-operating income		
Interest income	5	14
Dividend income	586	647
Gain on valuation of securities	—	446
Other	108	33
Total non-operating income	699	1,141
Non-operating expenses		
Interest expenses	5	4
Loss on valuation of securities	4	—
Foreign exchange losses	—	41
Other	13	16
Total non-operating expenses	23	62
Ordinary profit	806	2,712
Extraordinary income		
Gain on sale of investment securities	1,334	1,638
Total extraordinary income	1,334	1,638
Extraordinary losses		
Loss on disposal of non-current assets	—	0
Loss on sale of investment securities	0	—
Loss on valuation of investment securities	—	1
Total extraordinary losses	0	1
Profit before income taxes	2,141	4,349
Income taxes - current	366	1,177
Income taxes - deferred	119	(151)
Total income taxes	485	1,025
Profit	1,656	3,323
Profit attributable to non-controlling interests	20	57
Profit attributable to owners of parent	1,635	3,265

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	1,656	3,323
Other comprehensive income		
Valuation difference on available-for-sale securities	313	1,400
Remeasurements of defined benefit plans, net of tax	(79)	(70)
Total other comprehensive income	233	1,330
Comprehensive income	1,890	4,653
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,866	4,592
Comprehensive income attributable to non-controlling interests	24	61

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

In accordance with a resolution of a meeting of the Board of Directors held on May 8, 2023, the Company purchased 192,400 shares of treasury shares for ¥556 million and retired 2,500,000 shares of treasury shares for ¥5,704 million dated June 12, 2023. As a result, retained earnings and treasury shares were down ¥5,704 million and ¥5,147 million, respectively, in the three months ended June 30, 2023, and amounted to ¥121,292 million and ¥7,765 million, respectively, as of June 30, 2023.

(Segment information, etc.)

I. For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

1. Information on net sales and profit (loss), and information on the disaggregation of revenue by reportable segment

(Million yen)

	Reportable segment				Total
	Pharmaceutical	Information Services	Construction	Merchandising	
Net sales					
Pharmaceutical Business					
Pharmaceuticals	11,800	—	—	—	11,800
Therapeutic and care foods	862	—	—	—	862
Technical fees	106	—	—	—	106
Other	1,146	—	—	—	1,146
Information Services Business	—	2,041	—	—	2,041
Construction Business	—	—	831	—	831
Merchandising Business	—	—	—	210	210
Revenue arising from contracts with customers	13,915	2,041	831	210	16,999
Sales to third parties	13,915	1,582	612	175	16,285
Inter-segment sales or transfers	—	458	218	35	713
Total	13,915	2,041	831	210	16,999
Segment profit (loss)	(95)	185	6	(3)	93

2. Total amount of profit (loss) of reportable segments, difference from the amount stated in the quarterly consolidated statements of income, and main components of such difference

(Million yen)

Profit	Amount
Total for reportable segments	93
Elimination of inter-segment transactions	35
Adjustment of non-current assets	4
Other adjustments	(2)
Operating profit in the quarterly consolidated statements of income	130

II. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information on net sales and profit (loss), and information on the disaggregation of revenue by reportable segment

(Million yen)

	Reportable segment				Total
	Pharmaceutical	Information Services	Construction	Merchandising	
Net sales					
Pharmaceutical Business					
Pharmaceuticals	13,748	—	—	—	13,748
Therapeutic and care foods	890	—	—	—	890
Technical fees	99	—	—	—	99
Other	1,327	—	—	—	1,327
Information Services Business	—	2,676	—	—	2,676
Construction Business	—	—	1,044	—	1,044
Merchandising Business	—	—	—	238	238
Revenue arising from contracts with customers	16,065	2,676	1,044	238	20,025
Sales to third parties	16,065	2,285	763	199	19,313
Inter-segment sales or transfers	—	391	281	39	712
Total	16,065	2,676	1,044	238	20,025
Segment profit	1,052	480	49	10	1,592

2. Total amount of profit (loss) of reportable segments, difference from the amount stated in the quarterly consolidated statements of income, and main components of such difference

(Million yen)

Profit	Amount
Total for reportable segments	1,592
Elimination of inter-segment transactions	31
Adjustment of non-current assets	8
Other adjustments	1
Operating profit in the quarterly consolidated statements of income	1,633

### 3. Other

#### (1) Sales Results

Sales results by segment for the three months ended June 30, 2023 are as follows.

Segment classification	Three months ended June 30, 2022		Three months ended June 30, 2023		Change	
	Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)	Amount (Million yen)	Change (%)
Pharmaceutical Business	13,915	85.4	16,065	83.2	2,149	15.4
Urology	4,508	27.7	5,310	27.5	801	17.8
Renal diseases and dialysis	3,596	22.1	3,277	17.0	(318)	(8.9)
Orphan drugs	45	0.3	1,087	5.6	1,041	—
Metabolism and endocrinology	1,743	10.7	1,570	8.1	(173)	(9.9)
Obstetrics and gynecology	225	1.4	185	1.0	(39)	(17.7)
Ophthalmology	121	0.7	90	0.5	(31)	(25.9)
Other drugs	1,559	9.6	2,227	11.5	667	42.8
Therapeutic and care foods	862	5.3	890	4.6	28	3.3
Technical fees	106	0.7	99	0.5	(7)	(6.7)
Other	1,146	7.0	1,327	6.9	181	15.8
Information Services Business	1,582	9.7	2,285	11.8	702	44.4
Construction Business	612	3.8	763	4.0	151	24.7
Merchandising Business	175	1.1	199	1.0	23	13.7
Total	16,285	100.0	19,313	100.0	3,027	18.6
[Exports]	[825]	[5.1]	[1,419]	[7.4]	[593]	[71.9]

(Note) Intersegment transactions are eliminated.