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## Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]



January 30, 2024

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 & CEO  
 Contact: Takahide Kitahara, Managing Director, Department Manager of Corporate Finance and Management Department, CFO  
 Phone: +81-263-25-9081  
 Scheduled date of filing quarterly securities report: February 13, 2024  
 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 Nine Months Ended December 31, 2023 (April 1, 2023 – December 31, 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	%
Nine months ended December 31, 2023	57,859	12.1	4,164	745.9	6,100	188.6	8,337	25.0
December 31, 2022	51,635	3.1	492	-	2,113	56.5	6,667	(2.2)

(Note) Comprehensive income: Nine months ended December 31, 2023: ¥11,697 million [-%]  
 Nine months ended December 31, 2022: ¥(2,342) million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	182.87	-
December 31, 2022	144.58	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2023	228,453	197,592	86.0	4,421.71
March 31, 2023	221,200	194,814	87.7	4,204.64

(Reference) Equity: As of December 31, 2023: ¥196,550 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	–	41.00	–		
Fiscal year ending March 31, 2024 (Forecast)				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
Full year	77,500	14.8	5,000	-	6,700	-	10,000	(5.0)	226.68

(Note) Revision to the financial results forecast announced most recently: None

**\* 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):

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

December 31, 2023:	4,859,912 shares
March 31, 2023:	5,695,618 shares
  - 3) Average number of shares during the period:

Nine months ended December 31, 2023:	45,591,112 shares
Nine months ended December 31, 2022:	46,115,815 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 nine months ended December 31, 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 price 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 nine months ended December 31, 2023 were as stated below.

	(Million yen)		
	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Change (%)
Net sales	51,635	57,859	12.1
Operating profit	492	4,164	745.9
Ordinary profit	2,113	6,100	188.6
Profit attributable to owners of parent	6,667	8,337	25.0

#### • Net sales

Net sales of the Pharmaceutical Business were ¥48,616 million, an increase of 11.4% year on year. As for pharmaceuticals in Japan, in addition to the increase of sales of TAVNEOS<sup>®</sup> Capsules for the treatment of microscopic polyangiitis and granulomatosis with polyangiitis, and CAROGR<sup>®</sup> Tablets, a treatment for ulcerative colitis, both of which were launched in FY2022, the sales of Beova<sup>®</sup> Tablets, an overactive bladder treatment, and TAVALISSE<sup>®</sup> Tablets, a treatment for chronic idiopathic thrombocytopenic purpura launched in April 2023, as well as co-promotion fees and other items increased. These factors contributed to the year-on-year increase in net sales. In addition, "KORSUVA<sup>®</sup> IV Injection Syringe," a treatment for pruritis in dialysis patients, which the Company had been jointly developing with Maruishi Pharmaceutical Co., Ltd., was launched in December 2023.

Net sales of the Information Services Business were ¥6,132 million, an increase of 7.3% year on year, net sales of the Construction Business were ¥2,443 million, an increase of 37.8% year on year, and net sales of the Merchandising Business were ¥666 million, an increase of 32.6% year on year.

#### • Profit

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

#### • R&D

The Company continues to promote R&D for products under each theme to move on to the next development stage. In the meantime, 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.

Overseas, regarding Linzagolix (generic name), a treatment for uterine fibroids and endometriosis, preparations are now underway by Theramex (U.K.), the licensee, for launch in Europe during FY2024 as a treatment for uterine fibroids. In addition, the sublicensing agreement with Inmagene Biopharmaceuticals (China), which had

been granting rights to develop and market fostamatinib (generic name, development code: R788), a treatment for chronic idiopathic thrombocytopenic purpura, in China, was terminated in December 2023.

## (2) Explanation of Financial Position

### • Assets

Total assets amounted to ¥228,453 million as of December 31, 2023, up ¥7,253 million from the previous fiscal year-end. Current assets were up ¥1,608 million, to ¥102,249 million, due to increases in notes and accounts receivable - trade, and contract assets, inventories and other items despite decreases in cash and deposits and securities. Non-current assets were up ¥5,644 million, to ¥126,203 million, mainly due to an increase in investment securities.

### • Liabilities

Total liabilities amounted to ¥30,861 million as of December 31, 2023, up ¥4,475 million from the previous fiscal year-end. Current liabilities were up ¥2,271 million, to ¥17,229 million, mainly due to increases in accounts payable in other, income taxes payable and other items despite decreases in contract liabilities and other items. Non-current liabilities were up ¥2,204 million, to ¥13,632 million, mainly due to an increase in deferred tax liabilities.

### • Net assets

Total net assets amounted to ¥197,592 million as of December 31, 2023, up ¥2,777 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 86.0%, 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 November 6, 2023.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	25,893	19,907
Notes and accounts receivable - trade, and contract assets	22,780	29,501
Securities	23,706	23,298
Merchandise and finished goods	12,679	13,849
Work in process	129	229
Raw materials and supplies	9,990	10,389
Other	5,461	5,074
Total current assets	100,641	102,249
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,026	38,966
Accumulated depreciation	(30,848)	(30,959)
Buildings and structures, net	8,177	8,006
Land	13,615	13,603
Construction in progress	27	198
Other	16,116	16,630
Accumulated depreciation	(13,357)	(13,842)
Other, net	2,758	2,787
Total property, plant and equipment	24,579	24,596
Intangible assets	1,507	1,935
Investments and other assets		
Investment securities	74,769	79,972
Retirement benefit asset	3,089	3,411
Deferred tax assets	433	471
Other	16,198	15,835
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	94,472	99,671
Total non-current assets	120,558	126,203
Total assets	221,200	228,453

(Million yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,617	4,838
Short-term borrowings	1,490	1,390
Income taxes payable	408	694
Provision for bonuses	1,670	803
Other provisions	159	188
Contract liabilities	1,846	1,295
Other	4,764	8,018
Total current liabilities	14,957	17,229
Non-current liabilities		
Deferred tax liabilities	10,426	12,659
Provision for retirement benefits for directors (and other officers)	192	205
Asset retirement obligations	139	142
Other	669	624
Total non-current liabilities	11,428	13,632
Total liabilities	26,385	30,861
Net assets		
Shareholders' equity		
Share capital	24,356	24,356
Capital surplus	24,226	24,226
Retained earnings	125,576	124,486
Treasury shares	(12,912)	(12,405)
Total shareholders' equity	161,246	160,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,393	33,834
Remeasurements of defined benefit plans	2,259	2,052
Total accumulated other comprehensive income	32,653	35,886
Non-controlling interests	914	1,041
Total net assets	194,814	197,592
Total liabilities and net assets	221,200	228,453



(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Nine Months Ended December 31, 2023

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	51,635	57,859
Cost of sales	26,249	29,294
Gross profit	25,385	28,565
Selling, general and administrative expenses	24,892	24,400
Operating profit	492	4,164
Non-operating income		
Interest income	16	39
Dividend income	1,243	1,225
Gain on sale of securities	50	540
Gain on valuation of securities	170	189
Other	192	72
Total non-operating income	1,673	2,067
Non-operating expenses		
Interest expenses	15	13
Foreign exchange losses	—	64
Provision of allowance for doubtful accounts	15	—
Other	21	54
Total non-operating expenses	52	131
Ordinary profit	2,113	6,100
Extraordinary income		
Gain on sale of non-current assets	—	12
Gain on sale of investment securities	6,879	5,020
Total extraordinary income	6,879	5,032
Extraordinary losses		
Loss on disposal of non-current assets	2	31
Loss on sale of investment securities	0	—
Loss on valuation of investment securities	—	1
Total extraordinary losses	2	32
Profit before income taxes	8,990	11,100
Income taxes - current	940	1,727
Income taxes - deferred	1,305	920
Total income taxes	2,246	2,648
Profit	6,744	8,452
Profit attributable to non-controlling interests	77	115
Profit attributable to owners of parent	6,667	8,337

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31, 2023

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	6,744	8,452
Other comprehensive income		
Valuation difference on available-for-sale securities	(8,849)	3,455
Remeasurements of defined benefit plans, net of tax	(237)	(210)
Total other comprehensive income	(9,086)	3,244
Comprehensive income	(2,342)	11,697
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,422)	11,570
Comprehensive income attributable to non-controlling interests	80	126

### (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 1,664,100 shares of treasury shares for ¥5,196 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 ¥507 million, respectively, in the nine months ended December 31, 2023, and amounted to ¥124,486 million and ¥12,405 million, respectively, as of December 31, 2023.

(Segment information, etc.)

#### I. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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 sales	36,235	—	—	—	36,235
Therapeutic and care foods sales	2,716	—	—	—	2,716
Technical fees	970	—	—	—	970
Other	3,719	—	—	—	3,719
Information Services Business	—	7,247	—	—	7,247
Construction Business	—	—	2,457	—	2,457
Merchandising Business	—	—	—	664	664
Revenue arising from contracts with customers	43,641	7,247	2,457	664	54,011
Sales to third parties	43,641	5,717	1,773	502	51,635
Inter-segment sales or transfers	—	1,530	684	161	2,376
Total	43,641	7,247	2,457	664	54,011
Segment profit (loss)	(325)	654	39	30	398

##### 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	398
Elimination of inter-segment transactions	76
Adjustment of non-current assets	23
Other adjustments	(5)
Operating profit in the quarterly consolidated statements of income	492

II. For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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 sales	41,414	—	—	—	41,414
Therapeutic and care foods sales	2,776	—	—	—	2,776
Technical fees	649	—	—	—	649
Other	3,775	—	—	—	3,775
Information Services Business	—	7,590	—	—	7,590
Construction Business	—	—	3,654	—	3,654
Merchandising Business	—	—	—	787	787
Revenue arising from contracts with customers	48,616	7,590	3,654	787	60,648
Sales to third parties	48,616	6,132	2,443	666	57,859
Inter-segment sales or transfers	—	1,457	1,210	121	2,789
Total	48,616	7,590	3,654	787	60,648
Segment profit	2,849	968	214	81	4,113

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	4,113
Elimination of inter-segment transactions	65
Adjustment of non-current assets	(17)
Other adjustments	2
Operating profit in the quarterly consolidated statements of income	4,164

### 3. Other

#### (1) Sales Results

Sales results by segment for the nine months ended December 31, 2023 are as follows.

Segment classification	Nine months ended December 31, 2022		Nine months ended December 31, 2023		Change	
	Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)	Amount (Million yen)	Change (%)
Pharmaceutical Business	43,641	84.5	48,616	84.0	4,974	11.4
Urology	13,517	26.2	16,171	27.9	2,653	19.6
Renal diseases and dialysis	10,797	20.9	9,901	17.1	(896)	(8.3)
Orphan drugs	641	1.2	4,405	7.6	3,763	586.3
Metabolism and endocrinology	4,953	9.6	4,489	7.8	(464)	(9.4)
Obstetrics and gynecology	659	1.3	554	1.0	(104)	(15.9)
Ophthalmology	355	0.7	279	0.5	(76)	(21.4)
Other drugs	5,310	10.3	5,613	9.7	303	5.7
Therapeutic and care foods	2,716	5.3	2,776	4.8	60	2.2
Technical fees	970	1.9	649	1.1	(320)	(33.1)
Other	3,719	7.2	3,775	6.5	56	1.5
Information Services Business	5,717	11.1	6,132	10.6	415	7.3
Construction Business	1,773	3.4	2,443	4.2	670	37.8
Merchandising Business	502	1.0	666	1.2	164	32.6
Total	51,635	100.0	57,859	100.0	6,224	12.1
[Exports]	[3,741]	[7.2]	[3,470]	[6.0]	[(271)]	[(7.3)]

(Note) Inter-segment transactions are eliminated.