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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 7, 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

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Scheduled date of general shareholders' meeting: June 25, 2024

Scheduled date of commencing dividend payments: June 26, 2024

Scheduled date of filing securities report: June 25, 2024

Availability of supplementary explanatory materials on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	%
Fiscal year ended March 31, 2024	75,579	12.0	4,017	-	6,142	925.9	11,160	6.0
March 31, 2023	67,493	3.2	(1,129)	-	598	6.4	10,528	(18.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥36,044 million [-%]

Fiscal year ended March 31, 2023: ¥(4,229) million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2024	246.61	-	5.4	2.5	5.3
March 31, 2023	228.31	-	5.3	0.3	(1.7)

(Reference) Equity in earnings of affiliated companies: Fiscal year ended March 31, 2024: ¥- million

Fiscal year ended March 31, 2023: ¥- million

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2024	260,929	221,136	84.3	4,977.41
March 31, 2023	221,200	194,814	87.7	4,204.64

(Reference) Equity: As of March 31, 2024: ¥220,028 million

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

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	(1,677)	8,690	(10,006)	45,887
March 31, 2023	(6,679)	6,001	(3,420)	48,884

## 2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended March 31, 2023	Yen -	Yen 40.00	Yen -	Yen 40.00	Yen 80.00	Million yen 3,689	% 35.0	% 1.9
Fiscal year ended March 31, 2024	-	41.00	-	41.00	82.00	3,690	33.3	1.8
Fiscal year ending March 31, 2025 (Forecast)	-	45.00	-	45.00	90.00		35.2	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
First half	Million yen 41,000	% 10.9	Million yen 1,500	% (25.6)	Million yen 2,200	% (36.5)	Million yen 5,200	% (8.4)	Yen 117.63
Full year	83,000	9.8	4,200	4.6	5,400	(12.1)	11,300	1.2	255.62

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) 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
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024:	49,311,185 shares
March 31, 2023:	51,811,185 shares
  - 2) Total number of treasury shares at the end of the period:

March 31, 2024:	5,105,798 shares
March 31, 2023:	5,695,618 shares
  - 3) Average number of shares during the period:

Year ended March 31, 2024:	45,258,336 shares
Year ended March 31, 2023:	46,115,756 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	63,348	12.6	2,627	-	4,776	-	10,307	4.0
March 31, 2023	56,243	3.9	(2,207)	-	(448)	-	9,910	(19.1)

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	227.76	-
March 31, 2023	214.92	-

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	241,966	208,601	86.2	4,718.91
As of March 31, 2023	207,381	185,679	89.5	4,026.41

(Reference) Equity: As of March 31, 2024: ¥208,601 million

As of March 31, 2023: ¥185,679 million

\* These consolidated financial results are outside the scope of audit 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. Overview of Operating Results, etc. (5) Future Outlook” on page 5 of the Attachments for preconditions underlying the financial forecasts and other matters.

(How to obtain supplementary explanatory materials on annual financial results and materials for financial results briefing session)

The supplementary explanatory materials on annual financial results are posted on the Company’s website together with the consolidated financial results. The Company also plans to hold a financial results briefing session for securities analysts and institutional investors on Thursday, May 9, 2024. Materials to be used on the day will be posted on the Company’s website.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, the outlook for the Japanese economy remained uncertain, due to the impacts of historic yen depreciation and price hikes, as well as the unstable world situation, although social and economic activities normalized in tandem with the recovery from the COVID-19 pandemic.

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, and the competitive environment remained fierce.

In these circumstances, the Company's financial results for the fiscal year ended March 31, 2024 were as stated below.

(Million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change (%)
Net sales	67,493	75,579	12.0
Operating profit (loss)	(1,129)	4,017	-
Ordinary profit	598	6,142	925.9
Profit attributable to owners of parent	10,528	11,160	6.0

#### • Net sales

Net sales of the Pharmaceutical Business were ¥63,348 million, an increase of 12.6% year on year. TAVALISSE<sup>®</sup> Tablets, a treatment for chronic idiopathic thrombocytopenic purpura, was launched in April 2023. KORSUVA<sup>®</sup> IV Injection Syringe, a treatment for pruritis in dialysis patients, was launched in December 2023. In addition to the sales of these new products, the sales of Beova<sup>®</sup> Tablets, an overactive bladder treatment, as well as TAVNEOS<sup>®</sup> Capsules for the treatment of microscopic polyangiitis and granulomatosis with polyangiitis, and CAROGRA<sup>®</sup> Tablets, a treatment for ulcerative colitis, both of which were launched in FY2022, increased. These increases, together with higher co-promotion fees and other items, contributed to the year-on-year increase in net sales.

Net sales of the Information Services Business were ¥8,399 million, an increase of 1.4% year on year, net sales of the Construction Business were ¥3,022 million, an increase of 29.0% year on year, and net sales of the Merchandising Business were ¥809 million, an increase of 30.4% 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

Regarding a treatment of Non-muscle-invasive bladder cancer CG0070 (development code), the Company has participated in international collaborative Phase III clinical trials, led by CG Oncology, Inc. (U.S.), the licensor, and the clinical trials are now underway in Japan. Regarding Linzagolix (generic name, development code: KLH-2109), a treatment for uterine fibroids and endometriosis, which was created by the Company, Phase III clinical trials are continuing for the indication of uterine fibroids in Japan. In the meantime, the Company temporarily withdrew the application for marketing approval in Japan for a treatment for spinocerebellar degeneration

Rovatiorelin (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, preparations are now underway by Theramex (U.K.), the licensee, for launch in Europe during the first half of FY2024 as a treatment for uterine fibroids. 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. In addition, the licensing agreement with AffaMed Therapeutics (China), which had been granting rights to develop and market a treatment for Parkinson's disease KDT-3594 (development code), which was discovered by the Company, in China and other countries, was also terminated in May 2024.

## (2) Overview of Financial Position for the Fiscal Year under Review

### • Assets

Total assets amounted to ¥260,929 million as of March 31, 2024, up ¥39,729 million from the previous fiscal year-end. Current assets were up ¥3,910 million, to ¥104,551 million, mainly due to increases in accounts receivable - trade, inventories and other items, despite decreases in cash and deposits and other items. Non-current assets were up ¥35,818 million, to ¥156,377 million, mainly reflecting an increase in investment securities.

### • Liabilities

Liabilities amounted to ¥39,793 million as of March 31, 2024, up ¥13,407 million from the previous fiscal year-end. Current liabilities were up ¥2,705 million, to ¥17,663 million, mainly due to increases in income taxes payable, and accounts payable in other, despite decreases in contract liabilities and short-term borrowings. Non-current liabilities were up ¥10,701 million, to ¥22,129 million, mainly due to an increase in deferred tax liabilities.

### • Net assets

Net assets amounted to ¥221,136 million as of March 31, 2024, up ¥26,321 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 84.3%, down from 87.7% at the previous fiscal year-end.

## (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents amounted to ¥45,887 million as of March 31, 2024, down ¥2,997 million from the previous fiscal year-end, a 6.1% decrease year on year.

The cash flows for the consolidated fiscal year under review were as stated below.

### (Cash Flows from Operating Activities)

Net cash used in operating activities amounted to ¥1,677 million for the fiscal year ended March 31, 2024. This was mainly due to an increase in trade receivables and contract assets, despite a decrease in income taxes paid.

### (Cash Flows from Investing Activities)

Net cash provided by investing activities amounted to ¥8,690 million for the fiscal year ended March 31, 2024, up ¥2,689 million from the previous fiscal year-end. This was attributable to an increase in reduction of investments in specified trusts, as well as a decrease in purchase of long-term prepaid expenses, and other factors.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥10,006 million for the fiscal year ended March 31, 2024, up ¥6,586 million from the previous fiscal year-end, mainly due to purchase of treasury shares and dividends paid.

(Reference) Changes in cash flow-related indices

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity ratio (%)	81.6	84.6	87.7	84.3
Market value-based equity ratio (%)	42.0	49.5	55.1	59.9
Cash flow to interest-bearing debt ratio (year)	-	1.1	-	-
Interest coverage ratio (times)	-	64.9	-	-

Equity ratio: Equity/Total assets

Market value-based equity ratio: Market capitalization/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payments

\*1. All indices are calculated using financial values on a consolidated basis.

2. Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of shares outstanding (excluding treasury shares) at the end of the fiscal year.

3. For operating cash flow, the Company uses cash flows from operating activities in consolidated statements of cash flows. Interest-bearing debt covers all debt included in consolidated balance sheets on which interest has been paid. Interest payments also use the amount of interest paid in consolidated statements of cash flows.

(4) Basic Policy on the Distribution of Profit and Dividends for the Fiscal Year under Review and the Next Period

The Company's basic dividend policy is to make twice-yearly dividend payments, comprising interim and year-end cash dividends. The Board of Directors decides the amount of the interim cash dividend, while the General Meeting of Shareholders decides the amount of the year-end cash dividend. Also, the Company's articles of incorporation stipulate that a resolution of the Board of Directors enables the payment of interim cash dividends with a date of record of September 30 each year.

The Company considers increasing shareholder value to be of primary significance and will purchase or dispose of treasury shares flexibly when necessary, in line with business development and in accordance with resolutions of the Board of Directors.

The Company will actively pursue R&D investments (in drug discovery research including AI-driven drug discovery, new in-licensing, development and promotion of clinical themes, improvement of R&D equipment, etc.), strategic investments in ICT such as DX and capital investments in production equipment and other assets. The Company believes this will not only contribute to future profit but also enable the Company to distribute profit to its shareholders appropriately. Regarding profit attributable to owners of parent, the Company plans with the target of securing an ROE of 5% or greater.

Regarding the distribution of profit for the fiscal year under review, the Company will pay a year-end cash dividend of ¥41 per share as planned at the beginning of the fiscal year. Together with an interim cash dividend of ¥41 per share, a full-year cash dividend of ¥82 per share will be paid.

Regarding the distribution of profit for the next fiscal year, the Company plans to pay a full-year dividend of ¥90 per share, comprising an interim cash dividend of ¥45 and a year-end cash dividend of ¥45.

The Company will continue to pay stable dividends while bearing in mind maintaining its management foundation into the future, aiming at a payout ratio of 40% or more.



## (5) Future Outlook

The pharmaceutical market in Japan continues to experience harsh business conditions due to measures to curb medical costs for maintaining the Japan's universal healthcare system. In addition, uncertain business conditions are expected to continue in the future for Group companies, including the Company, due to the yen depreciation and price hikes, etc.

The current consolidated financial results forecast for the fiscal year ending March 31, 2025 is as stated below.

(Million yen)

	Forecast for the fiscal year ending March 31, 2025	Results for the fiscal year ended March 31, 2024	Change from the previous fiscal year	Change (%)
Net sales	83,000	75,579	7,421	9.8
Operating profit	4,200	4,017	183	4.6
Ordinary profit	5,400	6,142	(742)	(12.1)
Profit attributable to owners of parent	11,300	11,160	140	1.2

### • Net sales

In the Pharmaceutical Business, the Company expects to increase sales due to the Company's efforts to promote its products, such as Beova<sup>®</sup>, TAVNEOS<sup>®</sup> and CAROGRAM<sup>®</sup>, in addition to TAVALISSE<sup>®</sup> and KORSUVA<sup>®</sup>, which are new products, as well as higher technical fees. In addition, net sales in all sectors of the Information Services Business, the Construction Business and the Merchandising Business are expected to increase.

### • Profit

Operating profit is expected to increase, due to the effect of an increase in net sales despite an increase in selling, general and administrative expenses. Although ordinary profit is expected to decrease, profit attributable to owners of parent are expected to increase. No extraordinary items are expected in non-operating income and expenses. Furthermore, gain on sale of investment securities is expected in extraordinary income and losses.

## 2. Basic Policy on Selection of Accounting Standards

In consideration of the comparability between periods and comparability between companies of consolidated financial statements, the Group's current policy is to create consolidated financial statements in accordance with the Japanese GAAP.

In light of the trend toward adopting the International Financial Reporting Standards (IFRS) at other Japanese companies in the industry, the Group will consider adopting the IFRS in the future.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	25,893	22,894
Notes receivable - trade	173	126
Accounts receivable - trade	21,910	27,664
Contract assets	696	889
Securities	23,706	23,039
Merchandise and finished goods	12,679	14,310
Work in process	129	304
Raw materials and supplies	9,990	11,682
Other	5,461	3,640
Total current assets	100,641	104,551
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,026	38,954
Accumulated depreciation	(30,848)	(30,954)
Buildings and structures, net	8,177	7,999
Land	13,615	13,594
Construction in progress	27	383
Other	16,116	16,855
Accumulated depreciation	(13,357)	(13,972)
Other, net	2,758	2,883
Total property, plant and equipment	24,579	24,861
Intangible assets		
Software	1,192	1,444
Goodwill	—	309
Other	314	239
Total intangible assets	1,507	1,992
Investments and other assets		
Investment securities	74,769	106,361
Long-term loans receivable	5	5
Long-term prepaid expenses	15,209	14,219
Retirement benefit asset	3,089	7,311
Deferred tax assets	433	608
Other	983	1,034
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	94,472	129,523
Total non-current assets	120,558	156,377
<b>Total assets</b>	<b>221,200</b>	<b>260,929</b>

(Million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,617	4,893
Short-term borrowings	1,490	1,340
Income taxes payable	408	2,380
Provision for bonuses	1,670	1,847
Provision for bonuses for directors (and other officers)	9	9
Provision for sales promotion expenses	149	143
Contract liabilities	1,846	1,486
Other	4,764	5,562
Total current liabilities	14,957	17,663
Non-current liabilities		
Deferred tax liabilities	10,426	21,188
Provision for retirement benefits for directors (and other officers)	192	209
Asset retirement obligations	139	143
Other	669	588
Total non-current liabilities	11,428	22,129
Total liabilities	26,385	39,793
<b>Net assets</b>		
Shareholders' equity		
Share capital	24,356	24,356
Capital surplus	24,226	24,226
Retained earnings	125,576	127,310
Treasury shares	(12,912)	(13,209)
Total shareholders' equity	161,246	162,683
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,393	52,782
Remeasurements of defined benefit plans	2,259	4,562
Total accumulated other comprehensive income	32,653	57,344
Non-controlling interests	914	1,107
Total net assets	194,814	221,136
Total liabilities and net assets	221,200	260,929

(2) Consolidated Statements of Income and Comprehensive Income  
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	67,493	75,579
Cost of sales	35,118	38,238
Gross profit	32,374	37,341
Selling, general and administrative expenses	33,503	33,324
Operating profit (loss)	(1,129)	4,017
Non-operating income		
Interest income	23	21
Dividend income	1,379	1,297
Gain on sale of securities	50	585
Gain on valuation of securities	65	307
Foreign exchange gains	186	—
Other	131	116
Total non-operating income	1,837	2,329
Non-operating expenses		
Interest expenses	20	18
Foreign exchange losses	—	103
Provision of allowance for doubtful accounts	15	—
Commission expenses	65	65
Other	8	16
Total non-operating expenses	109	203
Ordinary profit	598	6,142
Extraordinary income		
Gain on sale of non-current assets	67	121
Gain on sale of investment securities	13,018	8,228
Total extraordinary income	13,086	8,349
Extraordinary losses		
Loss on disposal of non-current assets	4	41
Loss on sale of investment securities	0	—
Loss on valuation of investment securities	—	1
Total extraordinary losses	4	43
Profit before income taxes	13,680	14,449
Income taxes - current	2,113	3,263
Income taxes - deferred	932	(104)
Total income taxes	3,046	3,159
Profit	10,634	11,289
Profit attributable to non-controlling interests	105	128
Profit attributable to owners of parent	10,528	11,160

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	10,634	11,289
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,688)	22,398
Remeasurements of defined benefit plans, net of tax	(174)	2,357
Total other comprehensive income	(14,863)	24,755
Comprehensive income	(4,229)	36,044
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,349)	35,851
Comprehensive income attributable to non-controlling interests	120	192

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,356	24,226	118,183	(12,912)	153,854
Changes during period					
Dividends of surplus			(3,135)		(3,135)
Profit attributable to owners of parent			10,528		10,528
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	7,392	(0)	7,392
Balance at end of period	24,356	24,226	125,576	(12,912)	161,246

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	45,095	2,435	47,531	794	202,180
Changes during period					
Dividends of surplus					(3,135)
Profit attributable to owners of parent					10,528
Purchase of treasury shares					(0)
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	(14,702)	(176)	(14,878)	120	(14,757)
Total changes during period	(14,702)	(176)	(14,878)	120	(7,365)
Balance at end of period	30,393	2,259	32,653	914	194,814

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	24,356	24,226	125,576	(12,912)	161,246
Changes during period					
Dividends of surplus			(3,722)		(3,722)
Profit attributable to owners of parent			11,160		11,160
Purchase of treasury shares				(6,000)	(6,000)
Cancellation of treasury shares		(0)	(5,704)	5,704	—
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	1,734	(296)	1,437
Balance at end of period	24,356	24,226	127,310	(13,209)	162,683

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	30,393	2,259	32,653	914	194,814
Changes during period					
Dividends of surplus					(3,722)
Profit attributable to owners of parent					11,160
Purchase of treasury shares					(6,000)
Cancellation of treasury shares					—
Net changes in items other than shareholders' equity	22,388	2,302	24,690	192	24,883
Total changes during period	22,388	2,302	24,690	192	26,321
Balance at end of period	52,782	4,562	57,344	1,107	221,136

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	13,680	14,449
Depreciation	4,109	4,254
Increase (decrease) in provisions	(18)	180
Decrease (increase) in retirement benefit asset	(880)	(830)
Interest and dividend income	(1,402)	(1,319)
Interest expenses	20	18
Loss (gain) on sale of securities	(50)	(585)
Loss (gain) on valuation of securities	(65)	(307)
Loss (gain) on sale of non-current assets	(67)	(121)
Loss on disposal of non-current assets	4	41
Loss (gain) on sale of investment securities	(13,018)	(8,228)
Loss (gain) on valuation of investment securities	—	1
Increase/decrease in trade receivables and contract assets	27	(5,863)
Decrease (increase) in inventories	(3,810)	(3,480)
Decrease (increase) in other current assets	(946)	(110)
Increase (decrease) in trade payables	513	275
Increase/decrease in contract liabilities	(850)	(394)
Increase (decrease) in other current liabilities	466	1,086
Increase (decrease) in other non-current liabilities	(2)	(160)
Other, net	27	8
Subtotal	(2,262)	(1,086)
Interest and dividends received	1,302	1,261
Interest paid	(20)	(18)
Income taxes paid	(5,699)	(1,834)
Net cash provided by (used in) operating activities	(6,679)	(1,677)
<b>Cash flows from investing activities</b>		
Payments into time deposits	(75)	(51)
Proceeds from withdrawal of time deposits	75	53
Purchase of specified money in trust	(800)	—
Reduction of investments in specified trusts	888	2,911
Purchase of property, plant and equipment	(2,103)	(1,201)
Proceeds from sale of property, plant and equipment	78	175
Purchase of intangible assets	(444)	(632)
Purchase of investment securities	(991)	(2,349)
Proceeds from sale and redemption of investment securities	14,022	11,849
Loan advances	(8)	(3)
Proceeds from collection of loans receivable	11	5
Purchase of long-term prepaid expenses	(4,688)	(1,256)
Expenditure due to absorption-type split	—	(750)
Other, net	35	(59)
Net cash provided by (used in) investing activities	6,001	8,690



	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	(150)	(150)
Repayments of lease liabilities	(133)	(133)
Dividends paid	(3,135)	(3,722)
Purchase of treasury shares	(0)	(6,000)
Net cash provided by (used in) financing activities	(3,420)	(10,006)
Effect of exchange rate change on cash and cash equivalents	(21)	(3)
Net increase (decrease) in cash and cash equivalents	(4,120)	(2,997)
Cash and cash equivalents at beginning of period	53,004	48,884
Cash and cash equivalents at end of period	48,884	45,887

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in listing positions of account titles)

(Consolidated statements of income)

“Commission expenses” included in “other” under “non-operating expenses” in the fiscal year ended March 31, 2023 are separately listed from “other” from the fiscal year ended March 31, 2024 as their financial significance increased. To reflect this change in listing, financial statements of the fiscal year ended March 31, 2023 were recategorized.

As a result, ¥73 million recorded in “other” under “non-operating expenses” in the fiscal year ended March 31, 2023 is divided into ¥65 million of “commission expenses,” and ¥8 million of “other.”

(Segment information, etc.)

a. Segment information

1. Overview of reportable segments

Separate financial information on the Company's reportable segments is available for the Company's constituent units. This subject is regularly considered by the Board of Directors in order to determine the distribution of management resources and evaluate results.

2. Calculation methods for net sales, profit (loss), assets, liabilities, and other items by reportable segment

The accounting methods for reported business segments comply with the accounting policies employed for the preparation of consolidated financial statements.

Profit figures for reportable segments are on an operating-profit basis.

Inter-segment sales are based on transaction prices between third parties.

3. Information on net sales, profit (loss), assets, liabilities and other items, and information on the disaggregation by reportable segment

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment				Total
	Pharmaceutical	Information Services	Construction	Merchandising	
Net Sales					
Pharmaceutical Business					
Pharmaceuticals sales	47,077	—	—	—	47,077
Therapeutic and care foods sales	3,461	—	—	—	3,461
Technical fees	1,053	—	—	—	1,053
Other	4,650	—	—	—	4,650
Information Services Business	—	10,342	—	—	10,342
Construction Business	—	—	3,275	—	3,275
Merchandising Business	—	—	—	824	824
Revenue arising from contracts with customers	56,243	10,342	3,275	824	70,686
Sales to third parties	56,243	8,285	2,343	621	67,493
Inter-segment sales or transfers	—	2,057	932	202	3,192
Total	56,243	10,342	3,275	824	70,686
Segment profit (loss)	(2,207)	881	78	21	(1,225)
Segment assets	209,115	9,105	2,901	1,895	223,017
Other items					
Depreciation (Note)	3,745	468	23	22	4,259
Increase in property, plant and equipment and intangible assets (Note)	5,828	1,617	18	3	7,467

(Note) Depreciation of long-term prepaid expenses is included in depreciation, and the increase in long-term prepaid expenses is included in the increase in property, plant and equipment and intangible assets, respectively.

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment				Total
	Pharmaceutical	Information Services	Construction	Merchandising	
Net sales					
Pharmaceutical Business					
Pharmaceuticals sales	54,237	—	—	—	54,237
Therapeutic and care foods sales	3,545	—	—	—	3,545
Technical fees	714	—	—	—	714
Other	4,850	—	—	—	4,850
Information Services Business	—	10,511	—	—	10,511
Construction Business	—	—	4,915	—	4,915
Merchandising Business	—	—	—	983	983
Revenue arising from contracts with customers	63,348	10,511	4,915	983	79,758
Sales to third parties	63,348	8,399	3,022	809	75,579
Inter-segment sales or transfers	—	2,112	1,893	173	4,179
Total	63,348	10,511	4,915	983	79,758
Segment profit	2,627	1,064	261	81	4,035
Segment assets	246,581	11,063	3,496	2,470	263,612
Other items					
Depreciation (Note)	3,905	454	23	21	4,404
Increase in property, plant and equipment and intangible assets (Note)	3,187	712	39	150	4,090

(Note) Depreciation of long-term prepaid expenses is included in depreciation, and the increase in long-term prepaid expenses is included in the increase in property, plant and equipment and intangible assets, respectively.

4. Total amount of reportable segments, difference from the amount stated in the consolidated financial statements, and main components of such difference

(Million yen)

Net sales	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total for reportable segments	70,686	79,758
Elimination of inter-segment transactions	(3,192)	(4,179)
Net sales in the consolidated financial statements	67,493	75,579

(Million yen)

Profit	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total for reportable segments	(1,225)	4,035
Elimination of inter-segment transactions	86	69
Adjustment of non-current assets	20	(87)
Other adjustments	(10)	0
Operating profit (loss) in the consolidated financial statements	(1,129)	4,017

(Million yen)

Assets	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total for reportable segments	223,017	263,612
Elimination of inter-segment transactions	(1,817)	(2,682)
Total assets in the consolidated financial statements	221,200	260,929

(Million yen)

Other items	Total for reportable segments		Adjustments		Amount in the consolidated financial statements	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Depreciation	4,259	4,404	(150)	(150)	4,109	4,254
Increase in property, plant and equipment and intangible assets	7,467	4,090	(146)	(306)	7,321	3,783

## b. Related information

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

## 1. Information on products and services

Omitted as the same information is disclosed in “Segment information.”

## 2. Information by region

## (1) Net sales

Omitted as sales to third parties in Japan account for more than 90% of net sales in the consolidated statements of income.

## (2) Property, plant and equipment

Not applicable as the Company does not have property, plant and equipment located outside of Japan.

## 3. Principal information by customer

Customer name	Net sales (Million yen)	Relevant segment
Alfresa Corporation	11,183	Pharmaceutical Business
Mediceo Corporation	8,496	Pharmaceutical Business
Suzuken Co., Ltd.	8,471	Pharmaceutical Business

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information on products and services

Omitted due to disclosure of the same information in “Segment information.”

2. Information by region

(1) Net sales

Omitted due to sales to third parties in Japan exceeding 90% of net sales in consolidated statements of income.

(2) Property, plant and equipment

Not applicable due to the absence of property, plant and equipment located outside of Japan.

3. Principal information by customer

Customer title or name	Net sales (Million yen)	Relevant segment
Alfresa Corporation	11,446	Pharmaceutical Business
Suzuken Co., Ltd.	8,934	Pharmaceutical Business
Mediceo Corporation	8,632	Pharmaceutical Business

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	¥4,204.64	¥4,977.41
Basic earnings per share	¥228.31	¥246.61

(Notes) 1. As there are no dilutive shares, diluted earnings per share are not listed.

2. The basis for calculating basic earnings per share is as follows:

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit attributable to owners of parent (Million yen)	10,528	11,160
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent relating to common shares (Million yen)	10,528	11,160
Average number of shares during the period (Thousand shares)	46,115	45,258

(Significant subsequent events)

Not applicable.

#### 4. Other

##### (1) Changes in Officers (Scheduled on June 25, 2024)

###### 1) Changes in the Representative

Not applicable.

###### 2) Changes in other Officers

###### 1. New Candidate for Corporate Auditor Full-time Corporate Auditor

Naomi Koshihara (Currently Councilor of  
Corporate Strategy & Planning Department)

###### 2. Retiring Corporate Auditor Currently Part-time Corporate Auditor

Masayuki Isaji

##### (2) Sales Results

Sales results by segment for the year ended March 31, 2024 are as follows.

Segment classification	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Change	
	Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)	Amount (Million yen)	Change (%)
Pharmaceutical Business	56,243	83.3	63,348	83.8	7,104	12.6
Urology	18,045	26.7	21,270	28.1	3,225	17.9
Renal diseases and dialysis	13,595	20.1	12,830	17.0	(764)	(5.6)
Orphan drugs	1,113	1.6	6,079	8.0	4,966	446.1
Metabolism and endocrinology	6,200	9.2	5,631	7.5	(568)	(9.2)
Obstetrics and gynecology	820	1.2	696	0.9	(124)	(15.2)
Ophthalmology	530	0.8	400	0.5	(130)	(24.5)
Other drugs	6,771	10.0	7,328	9.7	556	8.2
Therapeutic and care foods	3,461	5.1	3,545	4.7	83	2.4
Technical fees	1,053	1.6	714	0.9	(339)	(32.2)
Other	4,650	6.9	4,850	6.4	200	4.3
Information Services Business	8,285	12.3	8,399	11.1	113	1.4
Construction Business	2,343	3.5	3,022	4.0	678	29.0
Merchandising Business	621	0.9	809	1.1	188	30.4
Total	67,493	100.0	75,579	100.0	8,086	12.0
[Exports]	[4,584]	[6.8]	[4,510]	[6.0]	[(73)]	[(1.6)]

(Note) Inter-segment transactions are eliminated.