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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]



November 5, 2024

Company name: KISSEI PHARMACEUTICAL CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 4547
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 Scheduled date of filing semi-annual securities report: November 13, 2024
 Scheduled date of commencing dividend payments: December 3, 2024
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of 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 Six Months Ended September 30, 2024 (April 1, 2024 – September 30, 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	%
Six months ended September 30, 2024	42,466	14.8	1,781	(11.6)	2,237	(35.4)	5,249	(7.6)
September 30, 2023	36,978	12.5	2,015	—	3,465	—	5,678	70.7

(Note) Comprehensive income: Six months ended September 30, 2024: ¥1,447 million [(84.9)%]

Six months ended September 30, 2023: ¥9,608 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	118.75	—
September 30, 2023	123.66	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2024	260,339	220,770	84.4	4,969.04
March 31, 2024	260,929	221,136	84.3	4,977.41

(Reference) Equity: As of September 30, 2024: ¥219,657 million

As of March 31, 2024: ¥220,028 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, 2024	—	41.00	—	41.00	82.00
Fiscal year ending March 31, 2025	—	45.00			
Fiscal year ending March 31, 2025 (Forecast)			—	45.00	90.00

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

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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	86,500	14.4	5,000	24.5	6,000	(2.3)	11,700	4.8	268.21

(Notes) 1. Revision to the financial results forecast announced most recently: Yes

- At a meeting of the Board of Directors held on November 5, 2024, the Company resolved to purchase treasury shares. “Basic earnings per share” in the Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 takes into account the impact of this purchase of treasury shares. Please refer to “2. Semi-annual Consolidated Financial Statements and Principal Notes (4) Notes to Semi-annual Consolidated Financial Statements” on page 13 of the Attachments for this purchase of treasury shares.

*** Notes:**

- (1) Significant changes in scope of consolidation during the period under review: None
- (2) Accounting methods adopted particularly for the preparation of semi-annual 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):

September 30, 2024:	49,311,185 shares
March 31, 2024:	49,311,185 shares
 - 2) Total number of treasury shares at the end of the period:

September 30, 2024:	5,105,973 shares
March 31, 2024:	5,105,798 shares
 - 3) Average number of shares during the period:

Six months ended September 30, 2024:	44,205,278 shares
Six months ended September 30, 2023:	45,922,634 shares

* Financial results reports for the six months under review (semi-annual) are outside the scope of 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. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 4 of the Attachments for preconditions underlying the financial forecasts and other matters.

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

The supplementary explanatory materials on financial results are posted on TDnet and 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, November 7, 2024. Materials to be used on the day will be posted on TDnet and the Company’s website.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

In the six months ended September 30, 2024, the pharmaceutical industry continued to experience harsh business conditions. The drug price revision was implemented in April 2024 with measures to support drug prices such as classifying more items as unprofitable products for repricing, in addition to the reform of the National Health Insurance (NHI) drug pricing system which focuses on resolving the issues of drug lag and drug loss as well as assessment and promotion of innovation. However, the overall drug price remains subject to cost-containment trends due to the measures to curb medical costs, including a mid-year revision of drug prices. Although ICT demand continued and there were also signs of a recovery in willingness for capital investment in the information services, construction and facility maintenance, 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 six months ended September 30, 2024 were as stated below.

	Six months ended September 30, 2023	Six months ended September 30, 2024	(Million yen) Change (%)
Net sales	36,978	42,466	14.8
Operating profit	2,015	1,781	(11.6)
Ordinary profit	3,465	2,237	(35.4)
Profit attributable to owners of parent	5,678	5,249	(7.6)

• Net sales

Net sales of the Pharmaceutical Business were ¥36,633 million, an increase of 19.1% year on year. In addition to the sales of Beova® Tablets, an overactive bladder treatment, sales increased for four products (CAROGR® Tablets, a treatment for ulcerative colitis; TAVNEOS® Capsules for the treatment of microscopic polyangiitis and granulomatosis with polyangiitis; TAVALLISSE® Tablets, a treatment for chronic idiopathic thrombocytopenic purpura; and KORSUVA® IV Injection Syringe, a treatment for pruritis in dialysis patients), which were launched during the period of the medium-term management plan, "PEGASUS," and revenue from technical fees, etc. also increased. These factors contributed to the year-on-year increase in net sales.

Net sales of the Information Services Business were ¥4,032 million, a decrease of 2.4% year on year, net sales of the Construction and Facility Maintenance Business were ¥1,307 million, a decrease of 21.4% year on year, and net sales of the Merchandising Business were ¥492 million, an increase of 18.3% year on year.

• Profit

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

• R&D

Linzagolix (generic name, development code: KLH-2109), a treatment for uterine fibroids and endometriosis, which was created by the Company, achieved primary endpoints in two Phase III clinical trials for the indication of uterine fibroids in Japan, and NDA preparations have commenced. Also, in September 2024, the Company entered into an agreement with Rigel Pharmaceuticals, Inc. (U.S.) to acquire exclusive rights to develop and market the acute myeloid leukemia (AML) drug "olutasidenib (generic name)" in Japan, South Korea, and Taiwan.

In the overseas development of Linzagolix, it was launched to the market in September 2024 by Theramex (U.K.),

the licensee, under the product name Yselty® in Europe for the indication of uterine fibroids. Theramex has submitted an NDA of this drug to the European Medicines Agency (EMA) for the indication of endometriosis (additional indication), and approval is currently under review. Also, the Company granted exclusive rights to develop and market Linzagolix in South Korea to JW Pharmaceutical (Korea) in June 2024. In September 2024, the Company notified Bio Genuine (China) of the termination of the licensing agreement granting it rights to develop and market the treatment in China and other countries.

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 terminated in May 2024.

(2) Overview of Financial Position for the Period under Review

i. Assets, liabilities and net assets

(Assets)

Total assets amounted to ¥260,339 million as of September 30, 2024, down ¥590 million from the previous fiscal year-end. Current assets were up ¥2,457 million, to ¥107,009 million, mainly due to an increase in cash and deposits despite a decrease in notes and accounts receivable - trade, and contract assets. Non-current assets were down ¥3,048 million, to ¥153,329 million, mainly due to a decrease in investment securities despite an increase in long-term prepaid expenses included in "Other" under investments and other assets.

(Liabilities)

Total liabilities amounted to ¥39,568 million as of September 30, 2024, down ¥224 million from the previous fiscal year-end. Current liabilities were up ¥1,785 million, to ¥19,448 million, mainly due to an increase in accounts payable included in "Other" despite decreases in contract liabilities and income taxes payable. Non-current liabilities were down ¥2,009 million, to ¥20,119 million, mainly due to a decrease in deferred tax liabilities.

(Net assets)

Total net assets amounted to ¥220,770 million as of September 30, 2024, down ¥365 million from the previous fiscal year-end, mainly due to a decrease in valuation difference on available-for-sale securities despite an increase in retained earnings.

As a result, the shareholders' equity ratio was 84.4%, up from 84.3% at the previous fiscal year-end.

ii. Cash flows

Cash and cash equivalents ("cash") amounted to ¥49,440 million for the six months ended September 30, 2024, up ¥3,553 million from the previous fiscal year-end, a 7.7% increase year on year.

The cash flows for the six months ended September 30, 2024 were as stated below.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥2,775 million for the six months ended September 30, 2024, up ¥5,108 million from the previous corresponding period, mainly due to cash inflow factors such as a decrease in trade receivables and contract assets and a decrease in inventories exceeding cash outflow factors such as an increase in income taxes paid.

(Cash Flows from Investing Activities)

Net cash provided by investing activities amounted to ¥2,779 million for the six months ended September 30, 2024, down ¥874 million from the previous corresponding period, mainly due to an increase in expenditures for the purchase of property, plant and equipment despite proceeds from sale of investment securities continuing from the previous year.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥1,960 million for the six months ended September 30, 2024, down ¥998 million from the previous corresponding period, mainly due to a decrease in expenditure for the purchase of treasury shares.

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

The pharmaceutical industry continues to experience harsh business conditions due to measures to curb medical costs, including the reform of the National Health Insurance (NHI) drug pricing system. In addition, uncertain business conditions are expected to continue in the future for Group companies, including the Company, due to the weak yen and price hike.

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

(Million yen)

	Results for the fiscal year ended March 31, 2024	Initial forecast for the fiscal year ending March 31, 2025	Revised forecast for the fiscal year ending March 31, 2025 [change from the initial forecast]	Change from the previous fiscal year	
				Change amount	Change (%)
Net sales	75,579	83,000	86,500 [3,500]	10,921	14.4
Operating profit	4,017	4,200	5,000 [800]	983	24.5
Ordinary profit	6,142	5,400	6,000 [600]	(142)	(2.3)
Profit attributable to owners of parent	11,160	11,300	11,700 [400]	540	4.8

• Net sales

The forecast for net sales has been revised to ¥86,500 million, an increase of ¥3,500 million from the initial forecast (an increase of 14.4% year on year).

As a result of a review taking the financial results for the six months ended September 30, 2024 and the current business environment into consideration, the Company has revised the net sales forecast upward by ¥3,500 million for the Pharmaceutical Business.

• Profit

For the six months ended September 30, 2024, operating profit, ordinary profit, and profit attributable to owners of parent were higher than the initial forecast mainly due to an increase in net sales and an improvement in the cost of sales ratio despite an increase in selling, general and administrative expenses centering on R&D expenses. For the second half of the fiscal year ending March 31, 2025, the Company expects an increase in selling, general and administrative expenses despite an improvement in cost of sales ratio compared with the initial forecast.

With respect to full-year profit forecasts for the fiscal year ending March 31, 2025, the Company projects operating profit of ¥5,000 million, ¥800 million higher than the initial forecast (an increase of 24.5 % year on year), ordinary profit of ¥6,000 million, ¥600 million higher than the initial forecast (a decrease of 2.3% year on year), and profit attributable to owners of parent of ¥11,700 million, ¥400 million higher than the initial forecast (an increase of 4.8% year on year). Regarding extraordinary income for the second half of the fiscal year ending March 31, 2025, gain on sale of investment securities of ¥5,300 million is expected to be recorded as extraordinary income.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	22,894	26,444
Notes and accounts receivable - trade, and contract assets	28,680	27,433
Securities	23,039	23,517
Merchandise and finished goods	14,310	13,842
Work in process	304	422
Raw materials and supplies	11,682	12,047
Other	3,640	3,300
Total current assets	104,551	107,009
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,954	39,440
Accumulated depreciation	(30,954)	(31,062)
Buildings and structures, net	7,999	8,378
Land	13,594	13,458
Construction in progress	383	1,155
Other	16,855	17,008
Accumulated depreciation	(13,972)	(13,850)
Other, net	2,883	3,157
Total property, plant and equipment	24,861	26,149
Intangible assets	1,992	1,863
Investments and other assets		
Investment securities	106,361	100,663
Retirement benefit asset	7,311	7,629
Deferred tax assets	608	459
Other	15,260	16,581
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	129,523	125,316
Total non-current assets	156,377	153,329
Total assets	260,929	260,339

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,893	5,243
Short-term borrowings	1,340	1,260
Income taxes payable	2,380	2,145
Provision for bonuses	1,847	1,774
Other provisions	153	140
Contract liabilities	1,486	1,011
Other	5,562	7,874
Total current liabilities	17,663	19,448
Non-current liabilities		
Deferred tax liabilities	21,188	19,257
Provision for retirement benefits for directors (and other officers)	209	193
Asset retirement obligations	143	142
Other	588	525
Total non-current liabilities	22,129	20,119
Total liabilities	39,793	39,568
Net assets		
Shareholders' equity		
Share capital	24,356	24,356
Capital surplus	24,226	24,226
Retained earnings	127,310	130,747
Treasury shares	(13,209)	(13,209)
Total shareholders' equity	162,683	166,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,782	49,152
Remeasurements of defined benefit plans	4,562	4,385
Total accumulated other comprehensive income	57,344	53,537
Non-controlling interests	1,107	1,113
Total net assets	221,136	220,770
Total liabilities and net assets	260,929	260,339

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	36,978	42,466
Cost of sales	18,677	21,068
Gross profit	18,300	21,397
Selling, general and administrative expenses	16,284	19,616
Operating profit	2,015	1,781
Non-operating income		
Interest income	20	20
Dividend income	707	715
Gain on sale of securities	540	—
Gain on valuation of securities	205	—
Other	57	51
Total non-operating income	1,531	786
Non-operating expenses		
Interest expenses	9	9
Loss on valuation of securities	—	117
Foreign exchange losses	31	159
Other	41	43
Total non-operating expenses	81	330
Ordinary profit	3,465	2,237
Extraordinary income		
Gain on sale of non-current assets	12	0
Gain on sale of investment securities	4,042	5,190
Total extraordinary income	4,054	5,190
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on disposal of non-current assets	16	140
Impairment losses	—	128
Loss on valuation of investment securities	1	—
Total extraordinary losses	17	269
Profit before income taxes	7,502	7,159
Income taxes - current	1,334	1,954
Income taxes - deferred	411	(47)
Total income taxes	1,745	1,906
Profit	5,757	5,252
Profit attributable to non-controlling interests	78	2
Profit attributable to owners of parent	5,678	5,249

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	5,757	5,252
Other comprehensive income		
Valuation difference on available-for-sale securities	3,991	(3,623)
Remeasurements of defined benefit plans, net of tax	(140)	(180)
Total other comprehensive income	3,851	(3,804)
Comprehensive income	9,608	1,447
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,528	1,442
Comprehensive income attributable to non-controlling interests	80	5

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	7,502	7,159
Depreciation	2,049	2,282
Impairment losses	—	128
Increase (decrease) in provisions	159	(101)
Decrease (increase) in retirement benefit asset	(416)	(578)
Interest and dividend income	(728)	(735)
Interest expenses	9	9
Loss (gain) on sale of securities	(540)	—
Loss (gain) on valuation of securities	(205)	117
Loss (gain) on sale of non-current assets	(12)	(0)
Loss on disposal of non-current assets	16	140
Loss (gain) on sale of investment securities	(4,042)	(5,190)
Loss (gain) on valuation of investment securities	1	—
Increase / decrease in trade receivables and contract assets	(4,284)	1,246
Decrease (increase) in inventories	(1,784)	(15)
Decrease (increase) in other current assets	(738)	162
Increase (decrease) in trade payables	87	349
Increase / decrease in contract liabilities	(112)	(475)
Increase (decrease) in other current liabilities	1,022	60
Increase (decrease) in other non-current liabilities	1	(115)
Other, net	(497)	115
Subtotal	(2,511)	4,558
Interest and dividends received	674	699
Interest paid	(9)	(10)
Income taxes paid	(486)	(2,472)
Net cash provided by (used in) operating activities	(2,333)	2,775
Cash flows from investing activities		
Payments into time deposits	(24)	(33)
Proceeds from withdrawal of time deposits	50	39
Reduction of investments in specified trusts	311	91
Purchase of property, plant and equipment	(553)	(1,993)
Proceeds from sale of property, plant and equipment	58	13
Purchase of intangible assets	(304)	(171)
Purchase of investment securities	(1,950)	(508)
Proceeds from sale and redemption of investment securities	6,099	5,561
Loan advances	(3)	—
Proceeds from collection of loans receivable	3	1
Purchase of long-term prepaid expenses	(1)	(36)
Other, net	(32)	(184)
Net cash provided by (used in) investing activities	3,653	2,779

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	–	150
Repayments of short-term borrowings	(100)	(230)
Repayments of lease liabilities	(64)	(67)
Dividends paid	(1,844)	(1,812)
Purchase of treasury shares	(949)	(0)
Net cash provided by (used in) financing activities	(2,959)	(1,960)
Effect of exchange rate change on cash and cash equivalents	5	(40)
Net increase (decrease) in cash and cash equivalents	(1,632)	3,553
Cash and cash equivalents at beginning of period	48,884	45,887
Cash and cash equivalents at end of period	47,251	49,440

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Segment information, etc.)

I. For the six months ended September 30, 2023 (from April 1, 2023 to September 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 and Facility Maintenance	Merchandising	
Net sales					
Pharmaceutical Business					
Pharmaceuticals sales	26,420	—	—	—	26,420
Therapeutic and care foods sales	1,763	—	—	—	1,763
Technical fees	171	—	—	—	171
Other	2,410	—	—	—	2,410
Information Services Business	—	5,074	—	—	5,074
Construction and Facility Maintenance Business	—	—	2,365	—	2,365
Merchandising Business	—	—	—	524	524
Revenue arising from contracts with customers	30,765	5,074	2,365	524	38,729
Sales to third parties	30,765	4,133	1,663	416	36,978
Inter-segment sales or transfers	—	941	702	108	1,751
Total	30,765	5,074	2,365	524	38,729
Segment profit	1,128	663	127	45	1,965

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

(Million yen)

Profit	Amount
Total for reportable segments	1,965
Elimination of inter-segment transactions	34
Adjustment of non-current assets	(7)
Other adjustments	23
Operating profit in the semi-annual consolidated statements of income	2,015

II. For the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

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 and Facility Maintenance	Merchandising	
Net sales					
Pharmaceutical Business					
Pharmaceuticals sales	31,161	—	—	—	31,161
Therapeutic and care foods sales	1,800	—	—	—	1,800
Technical fees	1,430	—	—	—	1,430
Other	2,241	—	—	—	2,241
Information Services Business	—	5,307	—	—	5,307
Construction and Facility Maintenance Business	—	—	2,638	—	2,638
Merchandising Business	—	—	—	588	588
Revenue arising from contracts with customers	36,633	5,307	2,638	588	45,167
Sales to third parties	36,633	4,032	1,307	492	42,466
Inter-segment sales or transfers	—	1,274	1,330	95	2,701
Total	36,633	5,307	2,638	588	45,167
Segment profit	1,375	193	162	59	1,791

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

(Million yen)

Profit	Amount
Total for reportable segments	1,791
Elimination of inter-segment transactions	46
Adjustment of non-current assets	(46)
Other adjustments	(9)
Operating profit in the semi-annual consolidated statements of income	1,781

3. Disclosure of changes in reportable segments, etc.

(Changes in reportable segments)

Effective from the six months ended September 30, 2024, the reportable segment “Construction Business” has been renamed “Construction and Facility Maintenance Business” to more clearly reflect the nature of the business. This change is only in the name and has no impact on segment information.

The segment information for the six months ended September, 2023 is also presented under the new name.

(Significant subsequent events)

(Purchase and cancellation of treasury shares)

KISSEI PHARMACEUTICAL CO., LTD. (the “Company”) announces the Board of Directors on November 5, 2024 resolved on the following matters relating to the acquisition of treasury shares and method of acquisition pursuant to Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the Companies Act, and the cancellation of treasury shares pursuant to Article 178 of the Companies Act.

1. Reasons for acquisition and cancellation of treasury shares

To execute a flexible capital policy in response to changes in the business environment, while improving capital efficiency and enhancing shareholder returns.

2. Method of acquisition

The Company will entrust the acquisition of its own shares at the closing price (including the final special quote) of 3,780 yen as of this day (November 5, 2024) through ToSTNeT-3 of the Tokyo Stock Exchange at 8:45 a.m. as of November 6, 2024 (no change to other trading systems and the trading time shall be made). In addition, such purchase order shall be valid only at the trading time mentioned above.

3. Details of the acquisition

(1) Type of shares to be acquired: Common shares of the Company

(2) Total number of shares to be acquired: Up to 1,400,000 shares

(Percentage of total number of issued shares (excluding treasury shares): 3.17%)

(3) Total acquisition cost: 5,292,000,000 yen (maximum)

(4) Announcement of the results of the acquisition: The acquisition results shall be announced after the close of trading at 8:45 a.m. as of November 6, 2024.

Notes: 1. The number of shares to be acquired as above shall not be changed. In addition, the whole or a part of the acquisition of the Company’s own shares may not be made according to the market conditions.

2. Acquisition of the Company’s own shares shall be made to sell orders matching buy orders.

4. Details of the cancellation

(1) Type of shares to be cancelled: Common shares of the Company

(2) Total number of shares to be cancelled: All treasury shares acquired through item 3 above

(3) Scheduled date of cancellation: November 29, 2024

(Reference)

Number of Treasury shares as of October 31, 2024

Total number of issued shares (excluding treasury shares): 44,205,187 shares

Number of treasury shares: 5,105,998 shares

3. Other

(1) Sales Results

Sales results by segment for the six months ended September 30, 2024 are as follows.

Segment classification	Six months ended September 30, 2023		Six months ended September 30, 2024		Change	
	Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)	Amount (Million yen)	Change (%)
Pharmaceutical Business	30,765	83.2	36,633	86.3	5,867	19.1
Urology	10,160	27.5	11,357	26.7	1,196	11.8
Renal diseases and dialysis	6,330	17.1	7,693	18.1	1,362	21.5
Orphan drugs	2,500	6.8	5,256	12.4	2,756	110.2
Metabolism and endocrinology	2,941	8.0	2,476	5.8	(465)	(15.8)
Obstetrics and gynecology	360	1.0	326	0.8	(34)	(9.5)
Ophthalmology	176	0.5	145	0.3	(31)	(17.6)
Other drugs	3,949	10.7	3,905	9.2	(43)	(1.1)
Therapeutic and care foods	1,763	4.8	1,800	4.2	36	2.1
Technical fees	171	0.5	1,430	3.4	1,259	736.1
Other	2,410	6.5	2,241	5.3	(169)	(7.0)
Information Services Business	4,133	11.2	4,032	9.5	(100)	(2.4)
Construction and Facility Maintenance Business	1,663	4.5	1,307	3.1	(355)	(21.4)
Merchandising Business	416	1.1	492	1.2	76	18.3
Total	36,978	100.0	42,466	100.0	5,488	14.8
[Exports]	[2,268]	[6.1]	[3,581]	[8.4]	[1,313]	[57.9]

(Note) Inter-segment transactions are eliminated.