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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 8, 2022

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: November 11, 2022

Scheduled date of commencing dividend payments: December 2, 2022

Availability of supplementary explanatory materials on quarterly financial results: Available

Schedule of quarterly 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, 2022 (April 1, 2022 – September 30, 2022)

(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, 2022	32,864	1.5	(625)	-	308	(75.9)	3,326	(41.3)
September 30, 2021	32,388	0.3	270	(86.8)	1,281	(53.9)	5,666	28.9

(Note) Comprehensive income: Six months ended September 30, 2022: ¥26 million [-%]

Six months ended September 30, 2021: ¥(10,037) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	72.13	-
September 30, 2021	122.87	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2022	233,589	200,915	85.7	4,338.62
March 31, 2022	238,087	202,180	84.6	4,366.96

(Reference) Equity: As of September 30, 2022: ¥200,079 million

As of March 31, 2022: ¥201,385 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, 2022	–	28.00	–	28.00	56.00
Fiscal year ending March 31, 2023	–	40.00			
Fiscal year ending March 31, 2023 (Forecast)			–	40.00	80.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% 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	68,500	4.8	500	-	2,100	273.7	10,800	(16.4)	234.19

(Note) Revision to the financial results forecast announced most recently: Yes

**\* 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: Yes
  - 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, 2022:	51,811,185 shares
March 31, 2022:	51,811,185 shares
  - 2) Total number of treasury shares at the end of the period:

September 30, 2022:	5,695,353 shares
March 31, 2022:	5,695,353 shares
  - 3) Average number of shares during the period:

Six months ended September 30, 2022:	46,115,832 shares
Six months ended September 30, 2021:	46,115,904 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 (4) 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 quarterly financial results and materials for financial results briefing session)

The supplementary explanatory materials on quarterly 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 Wednesday, November 9, 2022. Materials to be used on the day will be posted on the Company’s website.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

In the six months ended September 30, 2022, 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 drug price revision was implemented in April 2022, following the mid-year revision of drug prices in April 2021. Although the additional requirements for promoting new drug discovery and eliminating off-label drug use have been expanded, the replacement rate of drugs by generic versions meant more drastic price cuts for drugs that have been listed in the NHI Drug Price Standard for a long period of time. 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, personal consumption declined due to the weak yen, and the competitive environment remained fierce.

In these circumstances, the Company's financial results for the six months ended September 30, 2022 were as stated below.

(Million yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Change (%)
Net sales	32,388	32,864	1.5
Operating profit (loss)	270	(625)	-
Ordinary profit	1,281	308	(75.9)
Profit attributable to owners of parent	5,666	3,326	(41.3)

#### • Net sales

Net sales of the Pharmaceutical Business were ¥27,946 million, an increase of 3.6% year on year. In the midst of COVID-19 pandemic, we promoted a hybrid type of pharmaceutical information activities that effectively utilized various digital contents as well as the traditional physical interviews. As a result, sales of Beova<sup>®</sup> Tablets, an overactive bladder treatment, and Darbepoetin Alfa BS Injection [JCR] for the treatment of renal anemia increased, which, together with higher export sales and co-promotion fees, contributed to the year-on-year increase in net sales. CAROGRA<sup>®</sup> Tablets, a treatment for ulcerative colitis, which EA Pharma Co., Ltd. and the Company have jointly developed, was launched in May 2022 and TAVNEOS<sup>®</sup> Capsules for the treatment of microscopic polyangiitis and granulomatosis with polyangiitis was launched in June 2022.

Net sales of the Information Services Business were ¥3,335 million, a decrease of 11.2% year on year, net sales of the Construction Business were ¥1,250 million, a decrease of 7.5% year on year, and net sales of the Merchandising Business were ¥332 million, an increase of 6.1% year on year.

#### • Profit

Despite an increase in net sales and an improvement in the cost of sales ratio, the Company recorded an operating loss and a lower ordinary profit due to an increase in selling, general and administrative expenses centering on R&D expenses. Profit attributable to owners of parent decreased despite a gain on sale of investment securities.

#### • R&D

Regarding fostamatinib (generic name, development code: R788), a treatment for chronic idiopathic thrombocytopenic purpura, which was in-licensed from U.S.-based Rigel Pharmaceuticals, Inc., the Company submitted a New Drug Application (NDA) in Japan in April 2022. Regarding difelikefalin (generic name, development code: MR13A9), a treatment for pruritus in dialysis patients, which the Company is jointly developing with Maruishi Pharmaceutical Co., Ltd., an NDA was submitted by Maruishi Pharmaceutical in September 2022. Regarding linzagolix (generic name, development code: KLH-2109), a treatment for uterine fibroids and endometriosis, which is a drug discovered by the Company, Phase III clinical trials have been initiated for the indication of uterine fibroids in Japan.

Overseas, as ObsEva SA (Switzerland), which has exclusive development and commercialization rights worldwide, except certain Asian countries including Japan, to linzagolix, has decided to commence corporate reorganization proceedings, the Company has been working to have all interests related to linzagolix returned from ObsEva. ObsEva has contracted a sublicense agreement with Theramex (U.K.) to commercialize linzagolix in all countries except for North America and Asia. After canceling its license agreement with ObsEva, the Company will have the sublicense agreement between ObsEva and Theramex assigned to the Company in accordance with the agreement. The Company is holding discussions with Theramex on the launch of linzagolix in Europe. In August of this year, ObsEva withdrew its NDA for linzagolix to the U.S. Food and Drug Administration (FDA) for the indication of uterine fibroids. The Company is scrutinizing the application data and others, and will decide its policy for the development of this agent in the U.S. in accordance with the results of the scrutiny.

With respect to the out-licensing of linzagolix in Asia, the Company granted exclusive development and commercialization rights in China to China-based Bio Genuine in September 2021 and similar exclusive rights in Taiwan to Synmosa Biopharma Corporation of Taiwan in November 2022.

## (2) Explanation of Financial Position

### • Assets

Total assets amounted to ¥233,589 million as of September 30, 2022, down ¥4,498 million from the previous fiscal year-end. Current assets were up ¥173 million, to ¥99,515 million, due to increases in inventories and other items despite decreases in cash and deposits and notes and accounts receivable - trade, and contract assets. Non-current assets were down ¥4,671 million, to ¥134,074 million, mainly due to a decrease in investment securities.

### • Liabilities

Total liabilities amounted to ¥32,674 million as of September 30, 2022, down ¥3,233 million from the previous fiscal year-end. Current liabilities were down ¥2,245 million, to ¥16,499 million, due to decreases in income taxes payable and other items despite an increase in notes and accounts payable - trade. Non-current liabilities were down ¥988 million, to ¥16,175 million, mainly due to a decrease in deferred tax liabilities.

### • Net assets

Total net assets amounted to ¥200,915 million as of September 30, 2022, down ¥1,264 million from the previous fiscal year-end, mainly due to a decrease in valuation difference on available-for-sale securities.

As a result, the shareholders' equity ratio was 85.7%, up from 84.6% at the previous fiscal year-end.

## (3) Explanation of Cash Flows

Cash and cash equivalents ("cash") amounted to ¥51,383 million as of September 30, 2022, down ¥1,620 million from the previous fiscal year-end, a 3.1% decrease year on year.

The cash flows for the six months ended September 30, 2022 were as stated below.

### (Cash Flows from Operating Activities)

Net cash used in operating activities amounted to ¥3,158 million for the six months ended September 30, 2022. This was attributable to cash outflow factors such as increases in other current assets, inventories and income taxes paid despite cash inflow factors such as an increase in trade payables.

### (Cash Flows from Investing Activities)

Net cash provided by investing activities amounted to ¥2,936 million for the six months ended September 30, 2022. This was attributable to cash inflows such as gain on sale of investment securities despite cash outflows such as recording long-term prepaid expenses.

### (Cash Flows from Financing Activities)

Net cash used in financing activities was ¥1,407 million for the six months ended September 30, 2022. The main

factor was dividends paid.

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

The pharmaceutical market in Japan 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 COVID-19 pandemic and the weak yen. The current consolidated financial results forecast for the fiscal year ending March 31, 2023 are as stated below.

Consolidated financial results forecast

(Million yen)

	Results for the fiscal year ended March 31, 2022	Initial forecast for the fiscal year ending March 31, 2023	Revised forecast for the fiscal year ending March 31, 2023 [change from the initial forecast]	Change from the previous fiscal year	
				Change amount	Change (%)
Net sales	65,381	68,000	68,500 [500]	3,119	4.8
Operating profit (loss)	(1,402)	2,800	500 [(2,300)]	1,902	-
Ordinary profit	562	4,400	2,100 [(2,300)]	1,538	273.7
Profit attributable to owners of parent	12,921	10,000	10,800 [800]	(2,121)	(16.4)

##### • Net sales

The forecast for net sales has been revised to ¥68,500 million, an increase of ¥500 million from the initial forecast (an increase of 4.8% year on year).

As a result of a review taking the financial results for the six months ended September 30, 2022 and the current business environment into consideration, the Company has revised the net sales forecast upward by ¥500 million for the Pharmaceutical Business, upward by ¥700 million for the Information Services Business, downward by ¥900 million for the Construction Business, and upward by ¥200 million for the Merchandizing Business.

##### • Profit

For the six months ended September 30, 2022, operating profit, ordinary profit, and profit attributable to owners of parent were higher than the initial forecast due to an increase in net sales and an improvement in the cost of sales ratio, etc., although selling, general and administrative expenses centering on R&D expenses were higher than the initial forecast due in part to taking over overseas clinical trials for linzagolix in preparation for the cancellation of the license agreement with ObsEva, the overseas licensee for linzagolix. For the second half of the fiscal year ending March 31, 2023, the Company expects that the cost of sales ratio will be higher than the initial forecast and that selling, general and administrative expenses, primarily expenses for overseas clinical trials for linzagolix, will continue increasing as they did in the first half of the fiscal year.

With respect to full-year profit forecasts for the fiscal year ending March 31, 2023, the Company projects operating profit of ¥500 million, ¥2,300 million lower than the initial forecast (-% year on year), ordinary profit of ¥2,100 million, ¥2,300 million lower than the initial forecast (an increase of 273.7% year on year), and profit attributable to owners of parent of ¥10,800 million, ¥800 million higher than the initial forecast (a decrease of 16.4% year on year). Regarding non-operating income and expenses and extraordinary income and losses for the second half of the fiscal year ending March 31, 2023, gain on sale of investment securities of approximately ¥8,000 million is expected to be recorded as extraordinary income.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	30,013	28,388
Notes and accounts receivable - trade, and contract assets	22,808	22,399
Securities	23,139	23,453
Merchandise and finished goods	10,491	10,686
Work in process	63	670
Raw materials and supplies	8,433	8,640
Other	4,392	5,275
Total current assets	99,342	99,515
Non-current assets		
Property, plant and equipment		
Buildings and structures	39,132	39,183
Accumulated depreciation	(30,525)	(30,864)
Buildings and structures, net	8,607	8,318
Land	12,611	12,611
Construction in progress	—	2
Other	16,469	16,258
Accumulated depreciation	(13,613)	(13,329)
Other, net	2,856	2,929
Total property, plant and equipment	24,074	23,862
Intangible assets	1,569	1,604
Investments and other assets		
Investment securities	96,631	91,908
Retirement benefit asset	2,460	2,675
Deferred tax assets	524	477
Other	13,508	13,580
Allowance for doubtful accounts	(23)	(33)
Total investments and other assets	113,101	108,607
Total non-current assets	138,745	134,074
Total assets	238,087	233,589



(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,104	5,052
Short-term borrowings	1,640	1,590
Income taxes payable	3,497	859
Provision for bonuses	1,707	1,801
Other provisions	151	162
Contract liabilities	2,696	2,554
Other	4,946	4,478
Total current liabilities	18,744	16,499
Non-current liabilities		
Deferred tax liabilities	16,259	15,163
Provision for retirement benefits for directors (and other officers)	181	184
Asset retirement obligations	138	138
Other	583	688
Total non-current liabilities	17,163	16,175
Total liabilities	35,907	32,674
Net assets		
Shareholders' equity		
Share capital	24,356	24,356
Capital surplus	24,226	24,226
Retained earnings	118,183	120,218
Treasury shares	(12,912)	(12,912)
Total shareholders' equity	153,854	155,889
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	45,095	41,909
Remeasurements of defined benefit plans	2,435	2,279
Total accumulated other comprehensive income	47,531	44,189
Non-controlling interests	794	836
Total net assets	202,180	200,915
Total liabilities and net assets	238,087	233,589

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	32,388	32,864
Cost of sales	16,924	16,680
Gross profit	15,463	16,184
Selling, general and administrative expenses	15,193	16,810
Operating profit (loss)	270	(625)
Non-operating income		
Interest income	24	10
Dividend income	795	731
Gain on valuation of securities	107	21
Other	105	213
Total non-operating income	1,033	977
Non-operating expenses		
Interest expenses	11	10
Provision of allowance for doubtful accounts	—	15
Other	9	17
Total non-operating expenses	21	43
Ordinary profit	1,281	308
Extraordinary income		
Gain on sale of non-current assets	0	—
Gain on sale of investment securities	6,634	4,111
Total extraordinary income	6,634	4,111
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on disposal of non-current assets	23	2
Loss on sale of investment securities	—	0
Loss on valuation of investment securities	619	—
Total extraordinary losses	642	2
Profit before income taxes	7,273	4,418
Income taxes - current	1,837	629
Income taxes - deferred	(279)	420
Total income taxes	1,558	1,049
Profit	5,715	3,368
Profit attributable to non-controlling interests	49	42
Profit attributable to owners of parent	5,666	3,326

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	5,715	3,368
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,786)	(3,183)
Remeasurements of defined benefit plans, net of tax	33	(158)
Total other comprehensive income	(15,753)	(3,342)
Comprehensive income	(10,037)	26
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(10,087)	(15)
Comprehensive income attributable to non-controlling interests	49	42

### (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,273	4,418
Depreciation	1,755	1,994
Increase (decrease) in provisions	(115)	122
Decrease (increase) in retirement benefit asset	—	(442)
Increase (decrease) in retirement benefit liability	(83)	—
Interest and dividend income	(820)	(742)
Interest expenses	11	10
Loss (gain) on sale of securities	—	(50)
Loss (gain) on valuation of securities	(107)	(21)
Loss (gain) on sale of non-current assets	0	—
Loss on disposal of non-current assets	23	2
Loss (gain) on sale of investment securities	(6,634)	(4,111)
Loss (gain) on valuation of investment securities	619	—
Increase / decrease in trade receivables and contract assets	1,485	408
Decrease (increase) in inventories	1,414	(1,009)
Decrease (increase) in other current assets	(812)	(1,643)
Increase (decrease) in trade payables	(2,914)	948
Increase / decrease in contract liabilities	1,406	(141)
Increase (decrease) in other current liabilities	(778)	(59)
Increase (decrease) in other non-current liabilities	4	(4)
Other, net	(10)	(12)
<b>Subtotal</b>	<b>1,716</b>	<b>(335)</b>
Interest and dividends received	765	681
Interest paid	(11)	(10)
Income taxes paid	(1,538)	(3,493)
<b>Net cash provided by (used in) operating activities</b>	<b>931</b>	<b>(3,158)</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(38)	(38)
Proceeds from withdrawal of time deposits	42	42
Reduction of investments in specified trusts	97	888
Purchase of property, plant and equipment	(642)	(624)
Proceeds from sale of property, plant and equipment	0	—
Purchase of intangible assets	(198)	(284)
Purchase of investment securities	(2,502)	(392)
Proceeds from sale and redemption of investment securities	9,560	4,332
Loan advances	(4)	(5)
Proceeds from collection of loans receivable	17	8
Purchase of long-term prepaid expenses	(1,033)	(1,002)
Other, net	(18)	11
<b>Net cash provided by (used in) investing activities</b>	<b>5,280</b>	<b>2,936</b>

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Cash flows from financing activities		
Repayments of short-term borrowings	—	(50)
Repayments of long-term borrowings	(8)	—
Repayments of lease liabilities	(46)	(66)
Dividends paid	(1,245)	(1,291)
Purchase of treasury shares	(0)	—
Proceeds from sale of treasury shares	0	—
Net cash provided by (used in) financing activities	(1,300)	(1,407)
Effect of exchange rate change on cash and cash equivalents	0	8
Net increase (decrease) in cash and cash equivalents	4,912	(1,620)
Cash and cash equivalents at beginning of period	43,447	53,004
Cash and cash equivalents at end of period	48,359	51,383

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

Effective from the beginning of the first quarter ended June 30, 2022, the Company applies the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) and will prospectively apply the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on quarterly consolidated financial statements.

(Segment information, etc.)

I. For the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

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	22,947	—	—	—	22,947
Therapeutic and care foods sales	1,813	—	—	—	1,813
Technical fees	171	—	—	—	171
Other	2,036	—	—	—	2,036
Information Services Business	—	4,552	—	—	4,552
Construction Business	—	—	2,098	—	2,098
Merchandising Business	—	—	—	401	401
Revenue arising from contracts with customers	26,968	4,552	2,098	401	34,020
Sales to third parties	26,968	3,755	1,351	313	32,388
Inter-segment sales or transfers	—	796	747	87	1,631
Total	26,968	4,552	2,098	401	34,020
Segment profit (loss)	(266)	362	79	16	192

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	192
Elimination of inter-segment transactions	37
Adjustment of non-current assets	38
Other adjustments	2
Operating profit in the quarterly consolidated statements of income	270

II. For the six months ended September 30, 2022 (from April 1, 2022 to September 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 sales	23,550	—	—	—	23,550
Therapeutic and care foods sales	1,766	—	—	—	1,766
Technical fees	220	—	—	—	220
Other	2,410	—	—	—	2,410
Information Services Business	—	4,456	—	—	4,456
Construction Business	—	—	1,716	—	1,716
Merchandising Business	—	—	—	452	452
Revenue arising from contracts with customers	27,946	4,456	1,716	452	34,572
Sales to third parties	27,946	3,335	1,250	332	32,864
Inter-segment sales or transfers	—	1,120	466	119	1,707
Total	27,946	4,456	1,716	452	34,572
Segment profit (loss)	(1,108)	370	36	20	(681)

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	(681)
Elimination of inter-segment transactions	58
Adjustment of non-current assets	1
Other adjustments	(3)
Operating profit (loss) in the quarterly consolidated statements of income	(625)

(Revenue recognition)

Information on the disaggregation of revenue arising from contracts with customers is as presented in “Notes (Segment information, etc.)”



### 3. Other

#### (1) Sales Results

Sales results by segment for the six months ended September 30, 2022 are as follows.

Segment classification	Six months ended September 30, 2021		Six months ended September 30, 2022		Change	
	Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)	Amount (Million yen)	Change (%)
Pharmaceutical Business	26,968	83.3	27,946	85.0	978	3.6
Urology	7,591	23.4	8,407	25.6	816	10.8
Renal diseases and dialysis	7,037	21.7	7,088	21.6	51	0.7
Orphan drugs	30	0.1	243	0.7	213	712.6
Metabolism and endocrinology	3,731	11.5	3,294	10.0	(437)	(11.7)
Obstetrics and gynecology	544	1.7	444	1.4	(100)	(18.4)
Ophthalmology	274	0.8	232	0.7	(41)	(15.3)
Other drugs	3,738	11.5	3,840	11.7	101	2.7
Therapeutic and care foods	1,813	5.6	1,766	5.4	(47)	(2.6)
Technical fees	171	0.5	220	0.7	48	28.4
Other	2,036	6.3	2,410	7.3	373	18.4
Information Services Business	3,755	11.6	3,335	10.1	(420)	(11.2)
Construction Business	1,351	4.2	1,250	3.8	(101)	(7.5)
Merchandising Business	313	1.0	332	1.0	19	6.1
Total	32,388	100.0	32,864	100.0	476	1.5
[Exports]	[1,877]	[5.8]	[2,407]	[7.3]	[529]	[28.2]

(Note) Intersegment transactions are eliminated.