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November 2, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)



Company name: Mochida Pharmaceutical Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4534
 URL: <https://www.mochida.co.jp/english/>
 Representative: (Name) Naoyuki Mochida (Title) Representative Director, President
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 Telephone: +81-3-3358-7211
 Scheduled date to file quarterly securities report: November 13, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	49,476	(7.0)	3,952	(25.1)	4,053	(25.5)	2,838	(27.6)
September 30, 2022	53,200	(1.5)	5,279	(13.9)	5,443	(14.6)	3,923	(20.2)

Note: Total comprehensive income For the six months ended September 30, 2023: ¥4,921 million [45.2%]
 For the six months ended September 30, 2022: ¥3,389 million [(12.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	78.39	-
September 30, 2022	104.62	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	156,400	127,305	81.4
March 31, 2023	158,831	126,775	79.8

Reference: Equity

As of September 30, 2023: ¥127,305 million
 As of March 31, 2023: ¥126,775 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	40.00	-	40.00	80.00
Fiscal year ending March 31, 2024	-	40.00			
Fiscal year ending March 31, 2024 (Forecast)			-	40.00	80.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	104,000	0.7	8,500	(0.1)	8,700	(4.2)	6,300	(5.3)	176.86

Note: Revisions to the financial result forecast most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	38,500,000 shares
As of March 31, 2023	38,500,000 shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2023	2,878,093 shares
As of March 31, 2023	1,967,279 shares

- (iii) Average number of shares outstanding during the period (cumulative)

Six months ended September 30, 2023	36,210,994 shares
Six months ended September 30, 2022	37,498,631 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Explanation of the proper use of financial result forecasts and other special matters

The financial result forecasts presented in this document are based on information that is currently available to the Company as of the announcement of this document, and the Company does not guarantee to achieve them. In addition, actual financial results may differ significantly from these forecasts due to a wide range of factors.

(How to obtain supplementary material on quarterly financial results)

Supplementary material on quarterly financial results will be posted on the Company's website on Thursday, November 9, 2023.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	47,010	34,757
Accounts receivable - trade	27,806	31,268
Securities	13,499	13,499
Merchandise and finished goods	14,644	17,982
Work in process	1,453	1,660
Raw materials and supplies	8,307	8,259
Other	4,656	4,825
Total current assets	117,379	112,253
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,069	6,926
Machinery, equipment and vehicles, net	1,854	1,723
Land	4,990	5,789
Other, net	1,135	1,077
Total property, plant and equipment	15,049	15,516
Intangible assets	797	736
Investments and other assets		
Investment securities	14,246	17,574
Deferred tax assets	3,883	2,898
Other	7,476	7,420
Total investments and other assets	25,605	27,893
Total non-current assets	41,452	44,147
Total assets	158,831	156,400

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,047	9,281
Electronically recorded obligations - operating	910	1,016
Income taxes payable	501	1,096
Provision for bonuses	2,313	2,066
Other provisions	169	157
Other	14,316	10,660
Total current liabilities	27,258	24,280
Non-current liabilities		
Retirement benefit liability	4,133	4,138
Other	664	676
Total non-current liabilities	4,798	4,814
Total liabilities	32,056	29,094
Net assets		
Shareholders' equity		
Share capital	7,229	7,229
Capital surplus	1,871	1,871
Retained earnings	118,943	120,321
Treasury shares	(7,114)	(10,043)
Total shareholders' equity	120,930	119,378
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,655	7,760
Remeasurements of defined benefit plans	189	166
Total accumulated other comprehensive income	5,844	7,927
Total net assets	126,775	127,305
Total liabilities and net assets	158,831	156,400

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	53,200	49,476
Cost of sales	24,771	23,961
Gross profit	28,429	25,515
Selling, general and administrative expenses	23,149	21,563
Operating profit	5,279	3,952
Non-operating income		
Interest income	1	1
Dividend income	171	181
Other	57	70
Total non-operating income	229	253
Non-operating expenses		
Interest expenses	—	0
Share of loss of entities accounted for using equity method	—	115
Commission expenses	7	8
Other	59	27
Total non-operating expenses	66	152
Ordinary profit	5,443	4,053
Extraordinary income		
Settlement income	6	11
Gain on sale of investment securities	—	15
Insurance claim income	4	—
Total extraordinary income	10	27
Extraordinary losses		
Loss on sale and retirement of non-current assets	41	31
Total extraordinary losses	41	31
Profit before income taxes	5,412	4,049
Income taxes	1,489	1,210
Profit	3,923	2,838
Profit attributable to owners of parent	3,923	2,838

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	3,923	2,838
Other comprehensive income		
Valuation difference on available-for-sale securities	(511)	2,105
Remeasurements of defined benefit plans, net of tax	(21)	(22)
Total other comprehensive income	(533)	2,082
Comprehensive income	3,389	4,921
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,389	4,921

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	5,412	4,049
Depreciation	1,285	1,330
Loss (gain) on sale of investment securities	—	(15)
Insurance claim income	(4)	—
Loss (gain) on sale and retirement of non-current assets	41	31
Share of loss (profit) of entities accounted for using equity method	—	115
Increase (decrease) in provision for bonuses	(543)	(246)
Increase (decrease) in retirement benefit liability	(71)	(28)
Interest and dividend income	(172)	(182)
Interest expenses and commission fee	7	9
Decrease (increase) in trade receivables	1,919	(3,461)
Decrease (increase) in inventories	113	(3,496)
Decrease (increase) in other current assets	1,715	(1,471)
Increase (decrease) in trade payables	(2,051)	340
Increase (decrease) in other current liabilities	(698)	(1,972)
Other, net	(132)	(518)
Subtotal	6,821	(5,517)
Interest and dividends received	172	182
Interest expenses and commission fee paid	(4)	(7)
Proceeds from insurance income	38	—
Income taxes paid	(1,854)	(587)
Net cash provided by (used in) operating activities	5,174	(5,930)
Cash flows from investing activities		
Payments into time deposits	(7,100)	(6,900)
Proceeds from withdrawal of time deposits	6,500	7,100
Purchase of securities	(4,500)	(4,500)
Proceeds from sale of securities	4,500	4,500
Purchase of property, plant and equipment and intangible assets	(1,513)	(1,721)
Purchase of investment securities	—	(300)
Proceeds from sale of investment securities	—	15
Other, net	(25)	14
Net cash provided by (used in) investing activities	(2,139)	(1,790)
Cash flows from financing activities		
Dividends paid	(1,879)	(1,462)
Purchase of treasury shares	(937)	(2,930)
Proceeds from sale of treasury shares	—	0
Other, net	(0)	(6)
Net cash provided by (used in) financing activities	(2,816)	(4,399)
Effect of exchange rate change on cash and cash equivalents	70	67
Net increase (decrease) in cash and cash equivalents	289	(12,053)
Cash and cash equivalents at beginning of period	40,515	38,010
Cash and cash equivalents at end of period	40,804	25,957

Supplementary Materials for Consolidated Financial Results
(Six months ended September 30, 2023)

1. Capital expenditures (Millions of yen)

	FY2022	FY2023
Six months	1,391	1,187
Full year	2,105	(Forecast) 1,600

2. Depreciation (Millions of yen)

	FY2022	FY2023
Six months	1,285	1,330
(Property, plant and equipment)	746	690
Full year	2,672	(Forecast) 2,800
(Property, plant and equipment)	1,586	1,500

3. Research and development expenses (Millions of yen)

	FY2022	FY2023
Six months	6,448	4,855
(% of Revenue)	12.1 %	9.8 %
Full year	13,283	(Forecast) 13,800
(% of Revenue)	12.9 %	13.3 %

Sales of Main Products
(Six months ended September 30, 2023)

(Billions of yen)

Products	Fiscal year ended March 31, 2023		Fiscal year ending March 31, 2024		Six months Y o Y changes %
	Apr-Sep	Apr-Mar	Apr-Sep	Apr-Mar forecast	
Treatment of ulcerative colitis Lialda®	6.7	13.5	7.1	15.0	+ 6%
Treatment for chronic constipation Goofice®	3.3	6.9	3.7	9.0	+ 12%
Drug for hyperlipidemia and arteriosclerosis obliterans Epadel	3.6	7.1	3.8	7.4	+ 5%
Antidepressant Lexapro®	7.9	11.0	2.6	6.5	△ 66%
Treatment for chronic constipation Movicol®	2.7	5.4	2.8	6.2	+ 5%
Gout and hyperuricemia Urece®	1.0	2.2	1.5	4.0	+ 54%
Calcium channel blocker with a long- acting hypotensive effect Atelec®	1.4	2.6	1.2	1.9	△ 15%
Treatment of ulcerative colitis Omvoh®	-	-	0.2	1.9	-
Analgesic for chronic pain and pain after tooth extraction Tramcet®	1.5	2.9	1.2	1.8	△ 24%
Treatment for pulmonary arterial hypertension Treprost®	0.7	1.6	1.0	1.8	+ 26%
Anticoagulant agent Heparin Sodium MOCHIDA	0.6	1.2	0.6	1.2	+ 3%
Therapeutic agent for endometriosis, adenomyosis and dysmenorrhea Dinagest	1.2	1.8	0.5	1.1	△ 52%
Therapeutic agent for condyloma acuminatum and actinic keratosis Beselna	0.5	1.1	0.5	1.0	+ 3%
Generic drugs	13.5	29.5	15.0	30.9	+ 11%
Skin Care Products	3.0	5.9	3.1	6.3	+ 6%

Lexapro® sales of the fiscal year ended March 31, 2023 are the sum of Mochida's own sales and sales to Mitsubishi Tanabe Pharma Corporation.

Atelec® sales are the sum of Atelec® and Atedio® sales.

Development Pipeline

【Ethical drug】

Development code 〈Generic name〉	Stage	Indications	Formulation	Remarks 〈Development country〉
* MD-110 〈pegfilgrastim〉	Approved	Decreasing the incidence of chemotherapy-induced febrile neutropenia	Injection	Biosimilar Co-development with Kidswell Bio Corporation 〈Japan〉
* ACT-541468 〈daridorexant〉	Filed	Insomnia	Oral	Co-development with Idorsia Pharmaceuticals Japan 〈Japan〉
MD-0901 〈mesalazine〉	Phase III	Ulcerative colitis (pediatric indication)	Oral	Licensed-in from Takeda Pharmaceuticals U.S.A., Inc. In-house development 〈Japan〉
FYU-981 〈dotinurad〉	Phase III	Gout and hyperuricemia (pediatric indication)	Oral	Co-development with FUJI YAKUHI Co., Ltd. 〈Japan〉
MD-711 〈treprostinil〉	Phase II / III	Pulmonary hypertension associated with interstitial lung disease	Inhalant	Licensed-in from United Therapeutics Corporation In-house development 〈Japan〉
MND-21 〈icosapent〉	Phase III	Hypertriglyceridemia	Oral	Collaboration with Sumitomo Pharma (Suzhou) Co., Ltd. 〈China〉

【Medical device】

Development code or Common name	Stage	Intended use or indications	Remarks 〈Development country〉
dMD-001	Filed	Articular cartilage lesion	In-house development 〈Japan〉
dMD-002	Therapeutic exploratory study	Cavernous nerve injury	In-house development 〈Japan〉
* dMD-003	Therapeutic confirmatory study	Post-operative adhesion	In-house development 〈Japan〉
* Nerve Cuff	Filed (510(k))	Peripheral nerve injury	In-house development 〈USA〉

Stages of Medical devices are classified into “Therapeutic exploratory study” and “Therapeutic confirmatory study”.

* Updates from August 4, 2023