

Stock exchange listing: Tokyo Stock Exchange
Stock code: 4547

**Supplementary
Explanatory Materials on
Financial Results for
the Fiscal Year Ended
March 31, 2025**

May 7, 2025

Table of Contents

[Excerpts from “Overview of Operating Results for the Fiscal Year under Review” of the Annual Financial Results]	P 1
I. Consolidated Statements of Income	P 3
II. Consolidated Balance Sheets	P 6
III. Consolidated Statements of Cash Flows	P 8
IV. Trends in Dividends	P 9
V. Trends in Main Product Sales	P 10
VI. R&D Pipeline (In-house)	P 11
VII. R&D Pipeline (Out-licensing)	P 11

Note:

- The forward-looking statements herein are based on the information available and the Company’s analysis of various trends as of May 2025. Actual results may differ greatly from these statements due to business risks and uncertainties.

[Excerpts from “Overview of Operating Results for the Fiscal Year under Review” of the Annual Financial Results]

● Net sales

Net sales of the Pharmaceutical Business were ¥75,299 million, an increase of 18.9% year on year. In addition to the sales of Beova® Tablets, an overactive bladder treatment, sales increased for four products (TAVNEOS® Capsules for the treatment of microscopic polyangiitis and granulomatosis with polyangiitis; KORSUVA® IV Injection Syringe, a treatment for pruritus in dialysis patients, TAVALISSE® Tablets, a treatment for chronic idiopathic thrombocytopenic purpura; and CAROGRA® Tablets, a treatment for ulcerative colitis), which were launched during the period of the medium-term management plan, “PEGASUS,” and revenue from overseas licensing, etc. also increased. These factors contributed to the year-on-year increase in net sales. Also, regarding Minirin Melt® and Desmopressin formulations, the Company terminated the co-promotion agreement with Ferring Pharmaceuticals Co., Ltd. on March 31, 2025.

In addition, Linzagolix (generic name), which was discovered by the Company and licensed out to Theramex (U.K.), was launched to the market in Germany in September 2024 under the product name Yselty® for the indication of uterine fibroids, followed by the launch and preparations for launch in other European countries. Furthermore, in November 2024, an additional indication of endometriosis for this drug was approved. The Company recorded revenue from overseas licensing based on an agreement with Theramex in relation to these developments.

Net sales of the Information Services Business were ¥8,735 million, an increase of 4.0% year on year, net sales of the Construction and Facility Maintenance Business were ¥3,435 million, an increase of 13.7% year on year, and net sales of the Merchandising Business were ¥860 million, an increase of 6.3% year on year.

● Profit

Regarding profit, the Company recorded higher operating profit, ordinary profit, and profit attributable to owners of parent due to an increase in net sales as well as improvement in the cost of sales ratio, despite an increase in selling, general and administrative expenses centering on R&D expenses. The Company also recorded gain on sale of investment securities as extraordinary income. Additionally, regarding Minirin Melt® and Desmopressin formulations, with the termination of the co-promotion agreement with Ferring Pharmaceuticals Co., Ltd., the reversal of long-term prepaid expenses (impairment losses on marketing rights) was recorded as extraordinary losses.

● R&D

An NDA application was submitted in Japan in February 2025 for Linzagolix (generic name, development code: KLH-2109), which was discovered by the Company, for the indication of uterine fibroids. In addition, a Phase III clinical trial in Japan was initiated in March 2025 for an additional indication of endometriosis. Additional Phase III clinical trials in Japan for Rovatiorelin (generic name, development code: KPS-0373), a treatment for spinocerebellar degeneration, have also started from March 2025. 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, the Company granted exclusive rights to develop and market Linzagolix in South Korea to JW Pharmaceutical (South Korea) in June 2024. In March 2025, the Company terminated the licensing agreement granting it rights to develop and market the treatment in China and other countries, which was entered into with Bio Genuine (China).

In January 2025, the Company entered into a sub-licensing agreement with Tai Tien Pharmaceuticals Co., Ltd. (Taiwan) granting it rights to develop and market in Taiwan Fostamatinib (generic name, domestic brand name: TAVALISSE® Tablets), a treatment for chronic idiopathic thrombocytopenic purpura, which the Company licensed from Rigel Pharmaceuticals, Inc. (U.S.) In January 2025, JW Pharmaceutical (South Korea), the sublicensee of the drug in South Korea, has obtained marketing authorization for the same indication and is preparing for its launch.

The development of KSP-0243 (development code), a treatment for ulcerative colitis originally discovered by the Company, was discontinued due to failure to meet primary endpoints in an early Phase II clinical trial.

In April 2025, the Company’s U.S. subsidiary KISSEI AMERICA, INC. (Head Office: Fort Lee, New Jersey)

opened a new office, the Boston Open Innovation Office (“BOIO”), in the Boston area of Massachusetts, U.S., as a hub for promoting open innovation in drug discovery research. By establishing this office as its hub, the Company aims to increase access to advanced research technologies and seeds, promote open innovation, and strengthen our drug discovery platform for the creation of innovative drugs.

I. Consolidated Statements of Income

(Million yen)

Item \ Fiscal year	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025			Fiscal year ending March 31, 2026 (Forecast)		
		Forecast ^{*1}	Results	YoY	Full year	YoY	1st half
Net sales	75,579	86,500	88,330	16.9%	91,500	3.6%	44,300
Pharmaceutical Business	63,348	74,000	75,299	18.9%	75,500	0.3%	37,200
Domestic Pharmaceuticals	55,339	64,100	63,975	15.6%	65,800	2.9%	32,200
Pharmaceutical products	50,488	59,300	59,108	17.1%	60,700	2.7%	29,800
Other ^{*2}	4,850	4,800	4,866	0.3%	5,100	4.8%	2,400
Overseas Licensing	4,463	6,300	7,770	74.1%	6,100	(21.5)%	3,200
Technical Fees ^{*3}	714	2,100	2,209	209.1%	800	(63.8)%	700
Export	3,749	4,200	5,561	48.3%	5,300	(4.7)%	2,500
Therapeutic and Care Foods	3,545	3,600	3,553	0.2%	3,600	1.3%	1,800
Information Services Business	8,399	8,500	8,735	4.0%	11,400	30.5%	4,700
Construction and Facility Maintenance Business	3,022	3,150	3,435	13.7%	3,700	7.7%	1,900
Merchandising Business	809	850	860	6.3%	900	4.6%	500
Cost of sales	38,238	43,200	44,265	15.8%	47,100	6.4%	22,400
[Cost of sales ratio]	[50.6]	[49.9]	[50.1]		[51.5]		[50.6]
Gross profit	37,341	43,300	44,065	18.0%	44,400	0.8%	21,900
Selling, general and administrative expenses	33,324	38,300	38,291	14.9%	38,400	0.3%	19,600
R&D expenses	9,474	13,000	12,889	36.0%	13,000	0.9%	6,600
[Ratio to net sales]	[12.5]	[15.0]	[14.6]		[14.2]		[14.9]
Operating profit	4,017	5,000	5,773	43.7%	6,000	3.9%	2,300
Non-operating income	2,329	1,500	1,542	(33.8)%	1,500	(2.8)%	850
Interest and dividend income	1,319		1,450	9.9%			
Other	1,009		92	(90.8)%			
Non-operating expenses	203	500	341	67.7%	100	(70.7)%	50
Interest expenses	18		21	20.1%			
Other	185		319	72.3%			
Ordinary profit	6,142	6,000	6,974	13.5%	7,400	6.1%	3,100
Extraordinary income	8,349	10,500	12,033	44.1%	9,300	(22.7)%	5,000
Extraordinary losses	43	300	3,398	—	—	—	—
Profit before income taxes	14,449	16,200	15,610	8.0%	16,700	7.0%	8,100
Income taxes – current	3,263	4,300	2,918	(10.6)%	3,500	19.9%	1,500
Income taxes - deferred	(104)	150	716	—	800	11.7%	350
Profit attributable to non-controlling interests	128	50	14	(88.9)%	100	601.1%	50
Profit attributable to owners of parent	11,160	11,700	11,961	7.2%	12,300	2.8%	6,200

[Comprehensive income]	[36,044]	[(1,914)]	[—]
------------------------	----------	-----------	-----

*1: Forecast values presented in the financial statements for the six months ended September 30, 2024.

*2: Includes revenue from supply to domestic sales partners and revenue from co-promotion fees.

*3: Includes revenue contracting fees related to out-licensing, milestone payments, and running royalties.

Net sales	<p>Results:</p> <p>Pharmaceutical Business: 18.9% increase in net sales</p> <p>Net sales of domestic pharmaceuticals increased mainly because of increases in sales of Beova® as well as TAVNEOS®, KORSUVA®, TAVALISSE® and CAROGRA®. Additionally, revenue from overseas licensing increased, with both export sales and technical fees revenue rising.</p> <p>Other businesses: 6.5% increase in net sales</p> <p>Net sales of the Information Services Business increased 4.0%, net sales of the Construction and Facility Maintenance Business increased 13.7%, and net sales of the Merchandising Business increased 6.3%.</p> <p>Forecast:</p> <p>Pharmaceutical Business: 0.3% increase in net sales</p> <p>Sales of domestic pharmaceuticals are expected to increase mainly because of the promotion of the products such as Beova®, TAVNEOS®, KORSUVA®, TAVALISSE® and CAROGRA®.</p> <p>While export sales and technical fee revenue in overseas licensing are expected to decrease, sales of therapeutic and care foods are expected to increase slightly.</p> <p>Other businesses: 22.8% increase in net sales</p> <p>Net sales in all sectors of the Information Services Business, the Construction and Facility Maintenance Business, and the Merchandising Business are expected to increase.</p>
Cost of sales	<p>Results: 0.5-percentage-point improvement in cost of sales ratio</p> <p>The cost of sales ratio of the Pharmaceutical Business improved owing mainly to the change in the composition of product sales, and the increase in revenue from overseas licensing. On the other hand, the cost of sales of the other businesses increased owing mainly to the change in the business structure.</p> <p>Forecast: 1.4-percentage-point rise in cost of sales ratio</p> <p>The cost of sales ratio of the Pharmaceutical Business is expected to improve owing mainly to the change in the composition of product sales, despite an impact from a revision of drug prices. On the other hand, the cost of sales of the other businesses is expected to improve owing mainly to the change in the business structure.</p>
Selling, general and administrative expenses	<p>Results: 14.9% increase YoY</p> <p>All of selling expenses, General and administrative expenses, and R&D expenses increased. An increase in R&D expenses is mainly caused by the recording of lump-sum payment for contracts of new in-licensing, and an increase in research expenses for beginning of clinical trials of drug discovery themes.</p> <p>Forecast: 0.3% increase YoY</p> <p>Selling expenses are expected to increase, and R&D expenses are expected to increase slightly. The increase in selling expenses is due to similar reasons as in the previous fiscal year. R&D expenses are expected to increase slightly as the effect of lump-sum payment for contracts of new in-licensing recorded in the previous fiscal year will be offset by increases in clinical development expenses and research expenses for beginning of clinical trials of drug discovery themes.</p>
Non-operating income and expenses	<p>Results: Main items included a decrease compared to the gain on sale of securities and gain on valuation of securities recorded in the previous fiscal year.</p> <p>Forecast: No extraordinary items are expected.</p>
Extraordinary income and losses	<p>Results: The main item was an increase in gain on sale of investment securities and the recording of impairment losses.</p> <p>Forecast: A gain on sale of investment securities and a gain on sale of non-current assets are expected to be recorded.</p>

[Other Items (Consolidated)]

(Million yen)

Item	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025			Fiscal year ending March 31, 2026 (Forecast)		
		Forecast*	Results	YoY	Full year	YoY	1st half
Depreciation	4,254	4,900	4,615	8.5%	4,800	4.0%	2,400
Capital investment	1,879	4,400	4,705	150.4%	5,500	16.9%	4,000
Main items	Production equipment, etc. 733 Other 1,145	Production equipment, etc. 2,000 Other 2,400	Production equipment, etc. 1,904 Other 2,801		Production equipment, etc. 3,000 Other 2,500		Production equipment, etc. 2,700 Other 1,300
Number of employees at end of period	1,779	—	1,778	(1)	—	—	—

*: Forecast values presented in the financial statements for the six months ended September 30, 2024.

II. Consolidated Balance Sheets

(Million yen)

Fiscal year		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Item				
Assets	Current assets	104,551	106,980	2,428
	Cash and deposits	22,894	25,169	2,275
	Notes receivable - trade, accounts receivable - trade, and contract assets	28,680	29,654	974
	Investments in specified trusts and securities	24,901	25,286	384
	Inventories	26,297	24,980	(1,316)
	Other current assets	1,778	1,889	110
	Non-current assets	156,377	137,079	(19,297)
	Property, plant and equipment	24,861	27,069	2,208
	Intangible assets	1,992	1,894	(98)
	Investments and other assets	129,523	108,115	(21,408)
	Investment securities	106,361	84,869	(21,491)
	Long-term prepaid expenses	14,219	12,708	(1,510)
	Retirement benefit asset	7,311	8,804	1,492
	Deferred tax assets	608	566	(42)
	Other	1,040	1,184	144
	Allowance for doubtful accounts	(18)	(18)	—
Total assets		260,929	244,059	(16,869)

Cash and deposits	<ul style="list-style-type: none"> • Increase mainly due to profit
Notes receivable - trade, accounts receivable - trade, and contract assets	<ul style="list-style-type: none"> • Increases in the Pharmaceutical Business and the other businesses
Inventories	<ul style="list-style-type: none"> • A decrease in products and raw materials in the Pharmaceutical Business and a decrease in work in process in the Construction and Facility Maintenance Business
Property, plant and equipment	<ul style="list-style-type: none"> • Increases in construction in progress in the Pharmaceutical Business and buildings and structures in the Information Services Business despite a decrease in depreciation
Investment securities	<ul style="list-style-type: none"> • A decrease due to sales and a decrease in unrealized gains due to fair value evaluation
Long-term prepaid expenses	<ul style="list-style-type: none"> • A decrease caused by depreciation, in addition to an increase owing to acquisition of new assets in the Pharmaceutical Business and a decrease in the termination of sales partnerships

(Million yen)

Fiscal year		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Item				
Liabilities	Total liabilities	39,793	33,933	(5,860)
	Current liabilities	17,663	16,578	(1,084)
	Notes and accounts payable - trade	4,893	4,602	(291)
	Short-term borrowings	1,340	1,280	(60)
	Income taxes payable	2,380	1,474	(906)
	Contract liabilities	1,486	1,033	(453)
	Other	7,562	8,189	627
	Non-current liabilities	22,129	17,354	(4,775)
	Deferred tax liabilities	21,188	16,481	(4,707)
	Other	941	873	(67)
Net assets	Total net assets	221,136	210,126	(11,009)
	Shareholders' equity	162,683	165,550	2,866
	Share capital	24,356	24,356	—
	Capital surplus	24,226	24,226	—
	Retained earnings	127,310	131,488	4,178
	Treasury shares	(13,209)	(14,520)	(1,311)
	Total accumulated other comprehensive income	57,344	43,453	(13,890)
	Non-controlling interests	1,107	1,122	14
Total liabilities and net assets		260,929	244,059	(16,869)

Notes and accounts payable - trade	<ul style="list-style-type: none"> Decreased in the Pharmaceutical Business
Other current liabilities	<ul style="list-style-type: none"> An increase in accounts payable in the Pharmaceutical Business
Deferred tax liabilities	<ul style="list-style-type: none"> Decreased due to a decrease in unrealized gains on investment securities
Retained earnings	<ul style="list-style-type: none"> Dividends paid: -¥3,801 million; Cancellation of treasury shares: -¥3,981 million; Profit attributable to owners of parent: +¥11,961 million
Total accumulated other comprehensive income	<ul style="list-style-type: none"> A decrease in valuation difference on available-for-sale securities due to a decrease in unrealized gains on investment securities; an increase in remeasurements of defined benefit plans

III. Consolidated Statements of Cash Flows

(Million yen)

Item	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Change
Cash flows from operating activities	(1,677)	6,521	8,199
Cash flows from investing activities	8,690	4,952	(3,738)
Cash flows from financing activities	(10,006)	(9,325)	681
Effect of exchange rate change on cash and cash equivalents	(3)	27	30
Net increase (decrease) in cash and cash equivalents	(2,997)	2,175	5,172
Cash and cash equivalents at beginning of period	48,884	45,887	(2,997)
Cash and cash equivalents at end of period	45,887	48,158	2,271

Main factors for increases and decreases (from the fiscal year ended March 31, 2024)

1. Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥6,521 million for the fiscal year ended March 31, 2025, mainly due to cash inflow factors such as a decrease in inventories and other current liabilities, despite cash outflow factors such as an increase in trade receivables and contract assets and a decrease in trade payables.

2. Cash Flows from Investing Activities

Net cash provided by investing activities amounted to ¥4,952 million for the fiscal year ended March 31, 2025, down ¥3,738 million from the previous fiscal year-end. This was mainly attributable to an increase in expenditures for the purchase of property, plant and equipment in relation to manufacturing facility construction, and purchase of long-term prepaid expenses, and other factors, despite an increase from the proceeds from sale of investment securities.

3. Cash Flows from Financing Activities

Net cash used in financing activities was ¥9,325 million for the fiscal year ended March 31, 2025, down ¥681 million from the previous fiscal year-end, mainly due to purchase of treasury shares and dividends paid.

IV. Trends in Dividends

(Yen)

Item \ Fiscal year	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ending March 31, 2026 (Forecast)
Interim dividend	40	41	45	60
Annual dividend	80	82	100	120

(%)

Payout ratio	35.0	33.3	36.5	40.4
--------------	------	------	------	------

(Reference)

(Million yen)

Purchase of treasury shares	—	6,000	5,292	5,334
(Number of shares purchased)	—	(1,910 thousand shares)	(1,400 thousand shares)	(1,400 thousand shares)
Cancellation of treasury shares	—	5,704	3,981	4,272
(Number of shares cancelled)	—	(2,500 thousand shares)	(1,400 thousand shares)	(1,400 thousand shares)

(%)

Total payout ratio	35.0	86.8	80.6	83.8
--------------------	------	------	------	------

V. Trends in Main Product Sales

(Million yen)

Product name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025			Fiscal year ending March 31, 2026 (Forecast)		
		Forecast ^{*1}	Results	YoY	Full year	YoY	1st half
Overactive Bladder Treatment Beova [®]	15,335	18,200	18,662	21.7%	20,400	9.3%	10,000
Treatment for MPA*2 and GPA*3 TAVNEOS [®]	5,161	8,800	8,989	74.2%	11,400	26.8%	5,400
Treatment for Pruritis in Dialysis KORSUVA [®]	757	4,700	5,284	597.4%	7,100	34.4%	3,400
Hyperphosphatemia Treatment P-TOL [®]	5,241	4,800	4,442	(15.2)%	4,600	3.6%	2,400
Treatment for Renal Anemia Darbepoetin Alfa BS Injection [JCR]	4,077	3,600	3,792	(7.0)%	3,200	(15.6)%	1,600
DESMOPRESSIN Formulations MINIRIN MELT [®] , etc.*4	3,662	3,400	3,503	(4.3)%	—	—	—
Treatment for Diabetes GLUBES [®] , GLUFAST [®]	3,806	3,300	3,209	(15.7)%	2,800	(12.7)%	1,400
Treatment for Chronic ITP*5 TAVALLISSE [®]	818	2,500	2,190	167.6%	3,700	68.9%	1,700
Treatment for Renal Anemia Epoetin Alfa BS Injection [JCR]	2,336	1,800	1,771	(24.2)%	1,600	(9.7)%	800
Treatment for Ulcerative Colitis CAROGRA [®]	1,091	1,600	1,153	5.6%	1,400	21.4%	700
Dysuria Treatment URIEF [®]	2,076	1,300	1,040	(49.9)%	500	(51.9)%	300
Treatment for Diabetes MARIZEV [®]	1,073	1,100	939	(12.5)%	1,000	6.5%	500

*1: Forecast values presented in the financial statements for the six months ended September 30, 2024.

*2: Microscopic polyangiitis

*3: Granulomatosis with polyangiitis

*4: MINIRIN MELT[®], DESMOPRESSIN Nasal Spray, and DESMOPRESSIN I.V. Injection → terminated the co-promotion agreement with Ferring Pharmaceuticals Co., Ltd. on March 31, 2025

*5: Idiopathic thrombocytopenic purpura

VI. R&D Pipeline (In-house)

(As of May 2025)

Generic name / Development code	Expected indications	Category	Development stage	Development classification
Linzagolix / KLH-2109	Uterine fibroids	GnRH receptor antagonist	NDA	Kissei
	Endometriosis		Phase III	Kissei
Cretostimogene grenadenorepvec / CG0070	Non-muscle-invasive bladder cancer	Oncolytic Viral Therapy	Phase III	In-licensed / CG Oncology (U.S.)
Rovatrielin / KPS-0373	Spinocerebellar degeneration	TRH receptor agonist	Phase III	In-licensed / Shionogi (Japan)
Matsupexole / KDT-3594	Parkinson's disease	Dopamine receptor agonist	Phase II	Kissei

* Changes from previous release (February 2025):

Linzagolix (uterine fibroids): NDA preparation → NDA

Linzagolix (endometriosis): Phase III preparation → Phase III

Rovatrielin (spinocerebellar degeneration): Phase III preparation → Phase III

VII. R&D Pipeline (Out-licensing)

(As of May 2025)

Generic name	Expected indications	Category	Countries & Regions	Development company	Development stage
Linzagolix	Uterine fibroids	GnRH receptor antagonist	4 countries ^{*1}	Theramex (U.K.)	NDA
			Taiwan	Synmosa Biopharma (Taiwan)	NDA
	Endometriosis		EU	Theramex (U.K.)	Approved
Fostamatinib	Chronic idiopathic thrombocytopenic purpura	Tyrosine kinase inhibitor	Korea	JW Pharmaceutical (Korea)	Launch preparation
Silodosin	Dysuria associated with benign prostatic hyperplasia	Alpha 1A adrenergic receptor antagonist	Vietnam, etc.	Eisai (Japan)	NDA

*1: Switzerland, Brazil, Israel and Republic of South Africa

* Changes from previous release (February 2025):

Linzagolix (uterine fibroids, Australia): NDA preparation → (uterine fibroids, 4 countries) NDA

Fostamatinib (Korea): Approved → Launch preparation