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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]



February 3, 2025

Company name: KISSEI PHARMACEUTICAL CO., LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 4547
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 Representative: Mutsuo Kanzawa, Chairman & CEO
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 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 – December 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2024	65,669	13.5	4,238	1.8	5,298	(13.1)	8,840	6.0
December 31, 2023	57,859	12.1	4,164	745.9	6,100	188.6	8,337	25.0

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥(723) million [-%]

Nine months ended December 31, 2023: ¥11,697 million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	201.40	—
December 31, 2023	182.87	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	248,930	211,318	84.4	4,910.69
March 31, 2024	260,929	221,136	84.3	4,977.41

(Reference) Equity: As of December 31, 2024: ¥210,202 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

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

- (1) Significant changes in scope of consolidation during the period under review: 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: 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):

December 31, 2024:	47,911,185 shares
March 31, 2024:	49,311,185 shares
 - 2) Total number of treasury shares at the end of the period:

December 31, 2024:	5,106,086 shares
March 31, 2024:	5,105,798 shares
 - 3) Average number of shares during the period:

Nine months ended December 31, 2024:	43,894,126 shares
Nine months ended December 31, 2023:	45,591,112 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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 3 of the Attachments for preconditions underlying the financial forecasts and other matters.

(How to obtain supplementary explanatory materials on financial results)

The supplementary explanatory materials on financial results are posted on the Company’s website together with the consolidated financial results.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Period under Review	2
(2) Overview of Financial Position for the Period under Review	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	3
2. Quarterly Consolidated Financial Statements and Principal Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
(3) Notes to Quarterly Consolidated Financial Statements	8
(Segment information, etc.)	8
(Notes in case of significant changes in shareholders' equity)	10
(Notes on going concern assumption)	10
(Notes on statements of cash flows)	10
(Significant subsequent events)	10
3. Other	11
(1) Sales Results	11

1. Overview of Operating Results, etc.

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

In the nine months ended December 31, 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, including the implementation of the mid-year revision of drug prices, which has been set for April 2025 following the previous revision. 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 nine months ended December 31, 2024 were as stated below.

	(Million yen)		
	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change (%)
Net sales	57,859	65,669	13.5
Operating profit	4,164	4,238	1.8
Ordinary profit	6,100	5,298	(13.1)
Profit attributable to owners of parent	8,337	8,840	6.0

• Net sales

Net sales of the Pharmaceutical Business were ¥56,572 million, an increase of 16.4% 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 technical fees, etc. also increased. These factors contributed to the year-on-year increase in net sales.

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 technical fees based on an agreement with Theramex in relation to these developments.

Net sales of the Information Services Business were ¥5,987 million, a decrease of 2.4% year on year, net sales of the Construction and Facility Maintenance Business were ¥2,394 million, a decrease of 2.0% year on year, and net sales of the Merchandising Business were ¥715 million, an increase of 7.4% year on year.

• Profit

Regarding profit, the Company recorded higher operating profit 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. However, the Company's ordinary profit decreased because of a decrease in non-operating income, while profit attributable to owners of parent increased. The Company also recorded gain on sale of investment securities as extraordinary income. Additionally, in relation to the termination of the domestic co-promotion agreement with Ferring Pharmaceuticals Co., Ltd. for Minirin Melt® and Desmopressin formulations on March 31, 2025, the reversal of long-term prepaid expenses (impairment losses on marketing rights) was recorded as extraordinary losses.

- R&D

Linzagolix (generic name, development code: KLH-2109), which was discovered by the Company, achieved primary endpoints in two Phase III clinical trials in Japan for the indication of uterine fibroids, and the Company is preparing for an NDA. Additionally, the Company has also begun preparations for Phase III clinical trials in Japan for the additional indication of endometriosis. Preparations have also begun for additional Phase III clinical trials in Japan for a treatment for spinocerebellar degeneration. Rovatirelin (generic name, development code: KPS-0373). 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 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.

In January 2025, the Company entered into a sub-licensing agreement with Tai Tien Pharmaceuticals Co., Ltd. (Taiwan, a consolidated subsidiary of Mitsubishi Tanabe Pharma Corporation) 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 in-licensed from Rigel Pharmaceuticals, Inc. In January 2025, JW Pharmaceutical (South Korea), the sublicensee of the drug in South Korea, has obtained marketing authorization for the same indication.

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 trials.

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

- Assets

Total assets amounted to ¥248,930 million as of December 31, 2024, down ¥11,998 million from the previous fiscal year-end. Current assets were up ¥2,202 million, to ¥106,754 million, mainly due to an increase in notes and accounts receivable - trade, and contract assets despite a decrease in cash and deposits. Non-current assets were down ¥14,201 million, to ¥142,176 million, mainly due to a decrease in investment securities despite an increase in property, plant and equipment such as construction in progress.

- Liabilities

Total liabilities amounted to ¥37,612 million as of December 31, 2024, down ¥2,180 million from the previous fiscal year-end. Current liabilities were up ¥2,176 million, to ¥19,839 million, mainly due to an increase in accounts payable included in “Other” despite decreases in income taxes payable and contract liabilities. Non-current liabilities were down ¥4,357 million, to ¥17,772 million, mainly due to a decrease in deferred tax liabilities.

- Net assets

Total net assets amounted to ¥211,318 million as of December 31, 2024, down ¥9,817 million from the previous fiscal year-end, mainly due to a decrease in valuation difference on available-for-sale securities as well as the purchase and retirement of treasury shares 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.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2025 is unchanged from the consolidated financial results forecast announced on November 5, 2024.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	22,894	18,667
Notes and accounts receivable - trade, and contract assets	28,680	32,854
Securities	23,039	25,793
Merchandise and finished goods	14,310	13,997
Work in process	304	481
Raw materials and supplies	11,682	12,000
Other	3,640	2,960
Total current assets	104,551	106,754
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,954	39,262
Accumulated depreciation	(30,954)	(30,910)
Buildings and structures, net	7,999	8,351
Land	13,594	13,067
Construction in progress	383	1,316
Other	16,855	17,232
Accumulated depreciation	(13,972)	(14,000)
Other, net	2,883	3,231
Total property, plant and equipment	24,861	25,967
Intangible assets	1,992	1,859
Investments and other assets		
Investment securities	106,361	92,075
Retirement benefit asset	7,311	7,856
Deferred tax assets	608	408
Other	15,260	14,028
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	129,523	114,349
Total non-current assets	156,377	142,176
Total assets	260,929	248,930

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,893	5,115
Short-term borrowings	1,340	1,280
Income taxes payable	2,380	1,237
Provision for bonuses	1,847	874
Other provisions	153	157
Contract liabilities	1,486	1,063
Other	5,562	10,111
Total current liabilities	17,663	19,839
Non-current liabilities		
Deferred tax liabilities	21,188	16,873
Provision for retirement benefits for directors (and other officers)	209	198
Asset retirement obligations	143	143
Other	588	557
Total non-current liabilities	22,129	17,772
Total liabilities	39,793	37,612
Net assets		
Shareholders' equity		
Share capital	24,356	24,356
Capital surplus	24,226	24,226
Retained earnings	127,310	128,367
Treasury shares	(13,209)	(14,520)
Total shareholders' equity	162,683	162,429
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,782	43,476
Remeasurements of defined benefit plans	4,562	4,296
Total accumulated other comprehensive income	57,344	47,773
Non-controlling interests	1,107	1,115
Total net assets	221,136	211,318
Total liabilities and net assets	260,929	248,930

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	57,859	65,669
Cost of sales	29,294	32,551
Gross profit	28,565	33,118
Selling, general and administrative expenses	24,400	28,880
Operating profit	4,164	4,238
Non-operating income		
Interest income	39	33
Dividend income	1,225	1,295
Gain on sale of securities	540	—
Gain on valuation of securities	189	—
Other	72	63
Total non-operating income	2,067	1,392
Non-operating expenses		
Interest expenses	13	15
Loss on valuation of securities	—	77
Foreign exchange losses	64	187
Other	54	50
Total non-operating expenses	131	331
Ordinary profit	6,100	5,298
Extraordinary income		
Gain on sale of non-current assets	12	0
Gain on sale of investment securities	5,020	9,329
Total extraordinary income	5,032	9,329
Extraordinary losses		
Loss on sale of non-current assets	—	0
Loss on disposal of non-current assets	31	158
Impairment losses	—	2,895
Loss on valuation of investment securities	1	—
Total extraordinary losses	32	3,054
Profit before income taxes	11,100	11,574
Income taxes - current	1,727	2,634
Income taxes - deferred	920	84
Total income taxes	2,648	2,719
Profit	8,452	8,854
Profit attributable to non-controlling interests	115	14
Profit attributable to owners of parent	8,337	8,840

Quarterly Consolidated Statements of Comprehensive Income
Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	8,452	8,854
Other comprehensive income		
Valuation difference on available-for-sale securities	3,455	(9,306)
Remeasurements of defined benefit plans, net of tax	(210)	(271)
Total other comprehensive income	3,244	(9,577)
Comprehensive income	11,697	(723)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,570	(730)
Comprehensive income attributable to non-controlling interests	126	7

(3) Notes to Quarterly Consolidated Financial Statements

(Segment information, etc.)

I. For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	41,414	—	—	—	41,414
Therapeutic and care foods sales	2,776	—	—	—	2,776
Technical fees	649	—	—	—	649
Other	3,775	—	—	—	3,775
Information Services Business	—	7,590	—	—	7,590
Construction and Facility Maintenance Business	—	—	3,654	—	3,654
Merchandising Business	—	—	—	787	787
Revenue arising from contracts with customers	48,616	7,590	3,654	787	60,648
Sales to third parties	48,616	6,132	2,443	666	57,859
Inter-segment sales or transfers	—	1,457	1,210	121	2,789
Total	48,616	7,590	3,654	787	60,648
Segment profit	2,849	968	214	81	4,113

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	4,113
Elimination of inter-segment transactions	65
Adjustment of non-current assets	(17)
Other adjustments	2
Operating profit in the quarterly consolidated statements of income	4,164

II. For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	48,252	—	—	—	48,252
Therapeutic and care foods sales	2,787	—	—	—	2,787
Technical fees	1,876	—	—	—	1,876
Other	3,655	—	—	—	3,655
Information Services Business	—	7,792	—	—	7,792
Construction and Facility Maintenance Business	—	—	4,294	—	4,294
Merchandising Business	—	—	—	865	865
Revenue arising from contracts with customers	56,572	7,792	4,294	865	69,524
Sales to third parties	56,572	5,987	2,394	715	65,669
Inter-segment sales or transfers	—	1,805	1,899	150	3,854
Total	56,572	7,792	4,294	865	69,524
Segment profit	3,512	307	339	98	4,257

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	4,257
Elimination of inter-segment transactions	60
Adjustment of non-current assets	(69)
Other adjustments	(10)
Operating profit in the quarterly consolidated statements of income	4,238

3. Information on impairment losses on non-current assets and goodwill by reportable segment

In the Pharmaceutical Business segment, an impairment loss was recorded in connection with the termination of the agreement with Ferring Pharmaceuticals Co., Ltd. regarding the licensing of domestic sales rights for Minirin Melt® and Desmopressin formulations.

The amount of impairment losses recorded was ¥2,768 million.

4. 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 nine months ended December 31, 2023 is also presented under the new name.

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

In accordance with a resolution at the Board of Directors' meeting held on November 5, 2024, the Company repurchased 1,400,000 shares of treasury shares for ¥5,292 million. In addition, the Company retired 1,400,000 shares of treasury shares for ¥3,981 million on November 29, 2024. Consequently, for the nine months ended December 31, 2024, retained earnings decreased by ¥3,981 million and treasury shares increased by ¥1,311 million, resulting in ¥128,367 million in retained earnings and ¥14,520 million in treasury shares as of December 31, 2024.

(Notes on going concern assumption)

Not applicable.

(Notes on statements of cash flows)

Quarterly consolidated statements of cash flows for the nine months ended December 31, 2024 have not been prepared. Depreciation (including amortization for intangible assets) for the nine months ended December 31, 2023 and 2024 is as follows.

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	3,116 million yen	3,455 million yen

(Significant subsequent events)

(Execution of Significant Contract)

The Company entered into a sub-licensing agreement with Tai Tien Pharmaceuticals Co., Ltd. (Taiwan, hereinafter "Tai Tien Pharmaceuticals"), a consolidated subsidiary of Mitsubishi Tanabe Pharma Corporation, to license the development and marketing rights in Taiwan for Fostamatinib (generic name), a treatment for chronic idiopathic thrombocytopenic purpura discovered by Rigel Pharmaceuticals, Inc. (U.S.). The outline is as follows.

(1) Name of the counterparty of the contract

Tai Tien Pharmaceuticals Co., Ltd. (Taiwan)

(2) Date of the contract

January 7, 2025

(3) Details of the contract

To grant "Tai Tien Pharmaceuticals" the development and marketing rights for Fostamatinib in Taiwan

(4) Significant effect of the execution of the contract on the Company's operations

By executing this contract, the Company will receive an upfront payment and milestone payments based on the progress of commercialization in Taiwan from Tai Tien Pharmaceuticals and will supply the formulation to Tai Tien Pharmaceuticals.

3. Other

(1) Sales Results

Sales results by segment for the nine months ended December 31, 2024 are as follows.

Segment classification	Nine months ended December 31, 2023		Nine months ended December 31, 2024		Change	
	Amount (Million yen)	Composition (%)	Amount (Million yen)	Composition (%)	Amount (Million yen)	Change (%)
Pharmaceutical Business	48,616	84.0	56,572	86.1	7,955	16.4
Urology	16,171	27.9	17,807	27.1	1,635	10.1
Renal diseases and dialysis	9,901	17.1	12,060	18.4	2,159	21.8
Orphan drugs	4,405	7.6	8,469	12.9	4,063	92.2
Metabolism and endocrinology	4,489	7.8	3,646	5.6	(843)	(18.8)
Obstetrics and gynecology	554	1.0	496	0.8	(58)	(10.5)
Ophthalmology	279	0.5	206	0.3	(73)	(26.2)
Other drugs	5,613	9.7	5,567	8.5	(45)	(0.8)
Therapeutic and care foods	2,776	4.8	2,787	4.2	10	0.4
Technical fees	649	1.1	1,876	2.9	1,226	188.8
Other	3,775	6.5	3,655	5.6	(119)	(3.2)
Information Services Business	6,132	10.6	5,987	9.1	(145)	(2.4)
Construction and Facility Maintenance Business	2,443	4.2	2,394	3.6	(48)	(2.0)
Merchandising Business	666	1.2	715	1.1	49	7.4
Total	57,859	100.0	65,669	100.0	7,810	13.5
[Exports]	[3,470]	[6.0]	[4,805]	[7.3]	[1,335]	[38.5]

(Note) Inter-segment transactions are eliminated.