

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

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November 8, 2021
KYORIN Holdings, Inc.



■ Disclaimer

This material contains performance forecasts, goals and plans, and other forward-looking statements related to the Group.

These statements are based on the judgment of the Group's assumptions and outlooks based on the information and forecasts available at the time of preparation of this material, and contain known or unknown risks and uncertainties. Therefore, due to various factors that may occur, the actual performance, progress / success / failure of the development and other insights may differ significantly from the description. It also contains information about medicines (including those under development), but the description is not for the purpose of advertising or medical advice.

Overview of Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2022



| Units: millions of yen | Sep / 2018 | Sep / 2019 | Sep / 2020 | Sep / 2021 | % Y/Y | March / 2022 (Forecast) | % Y/Y |
|---------------------------|------------|------------|------------|---------------|---------------|----------------------------|--------|
| Net sales | 50,360 | 48,299 | 47,735 | 49,102 | n/a | 102,600 | n/a |
| Operating income | 2,852 | 783 | 1,502 | - 68 | - | 3,300 | -43.0% |
| Ordinary income | 3,183 | 1,076 | 1,813 | 285 | -84.2% | 3,800 | -41.1% |
| Net income | 2,217 | 834 | 2,118 | 121 | -94.3% | 2,700 | -56.0% |

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2022

[Net sales] Although the respiratory and otolaryngology markets, which are our priority areas, remained sluggish due to the impact of NHI drug price revisions and the spread of the new coronavirus infection etc., sales of New ethical drugs increased by active promotion, and sales of long-listed products increased due to quality problem of some generics drug companies, then sales of New ethical drugs, etc. (Japan) were higher than the previous year. In addition, Generic drugs increased, and overall sales were 49,102 million yen.

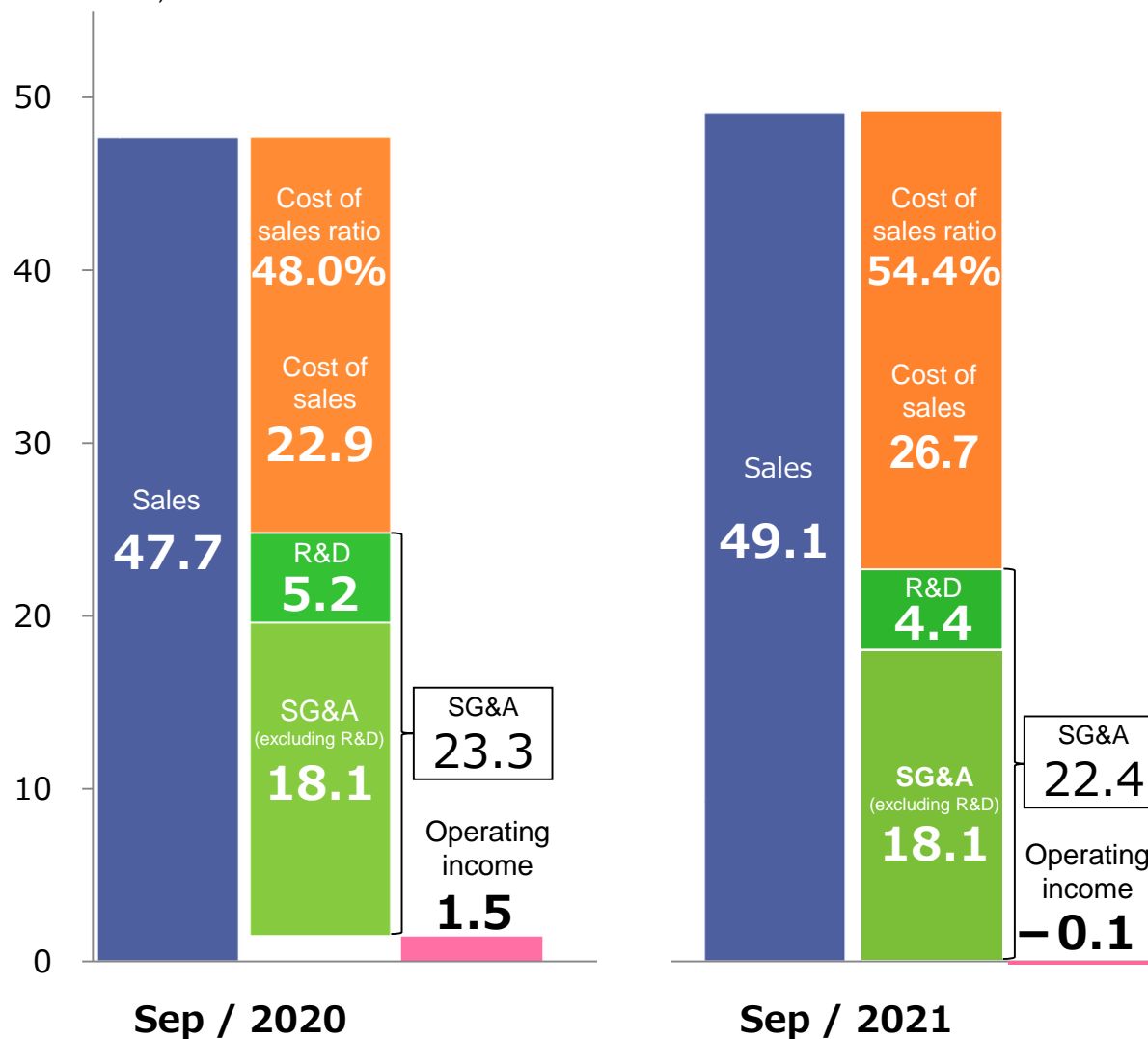
[Profit] Despite an increase of sales, gross profit decreased to 22,369 million yen due to an increase in the cost ratio (24,822 million yen in same period a year ago). Although an upfront payment for a drug for treating chronic cough was posted, SG&A expenses(including R & D expenses) was 22,438 million yen, down from year on year due to cost reduction, etc. (23,320 million yen in same period a year ago). As a result, Operating loss was 68 million yen, Ordinary income was 285 million yen, Net income was 121 million yen.

Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022

The forecast for the full year announced on May 11, 2021 remain unchanged at this moment.
There is no change to the dividend plan announced on May 11, 2021 (Annual dividend of 52 yen per share).

*From the beginning of the current term for the fiscal year ending March 31, 2022, "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, Mar 31,2020) etc. have been applied, and the revenue recognition standards for the previous second quarter is different from the current second quarter, the amount of increase / decrease compared to the current second quarter and the YoY change rate (%) are not shown. There is no impact on operating loss, ordinary loss, and net loss, from the application of the "Accounting Standard for Revenue Recognition".

(Units : ¥ billion)



Net sales increased

Cost of sales ratio increased

<Reasons of increase>

- Impact of NHI drug price revisions (Kyorin Pharmaceutical : 6% range)
- Sales of Generic drugs increased
- Loss on retirement of inventories, etc. increased

<Reason of decrease>

- Product mix

Gross profit decreased

SG&A cost decreased

- Cost of R&D decreased
- Upfront payment for AKP-009 in FY2020
- SG&A (excluding R&D) remained flat
- Cost reduction
- Upfront payment for Gefapixant citrate

Operating income decreased

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2022



(Year on Year) (Forecast)

| (Units : ¥ billion) | Sep / 2020 | Sep / 2021 | Change |
|---------------------------------|------------|-------------|--------|
| Net Sales | 47.7 | 49.1 | n/a |
| New ethical drugs, etc. (Japan) | 32.9 | 33.3 | n/a |
| New ethical drugs (Overseas) | 0.5 | 0.3 | n/a |
| Generic drugs | 14.4 | 15.5 | n/a |
| Operating Income | 1.5 | -0.1 | -1.6 |
| Ordinary Income | 1.8 | 0.3 | -1.5 |
| Net Income | 2.1 | 0.1 | -2.0 |

*The impact of the application of the "Accounting Standard for Revenue Recognition" was sales decreased by 611 million yen and SG&A expenses decreased by 611 million yen, and there is no impact on operating loss, ordinary loss, and net loss.

| | | | |
|--|--|-----------------|-------------------|
| ■ Net sales | ¥ 49.1bln | (n/a) | (+1.8) |
| ● New ethical drugs, etc. (Japan) | ¥ 33.3bln | (n/a) | (+1.4) |
| | 21.3 (2Q) | 22.3 (2Q) | |
| • Flutiform | 6.4 | ⇒ 6.3 | (-0.1) (-0.3) |
| • Desalex | 1.8 | ⇒ 2.6 | (+0.8) (-0.2) |
| • Beova | 3.8 | ⇒ 4.3 | (+0.5) (+0.2) |
| • Lasvic | 0.2 | ⇒ 0.8 | (+0.6) (-0.3) |
| • Pentasa | 6.4 | ⇒ 7.1 | (+0.7) (+1.1) |
| • Uritox | 1.6 | ⇒ 0.7 | (-0.9) (+0.2) |
| • Nasonex | 0.6 | ⇒ 0.7 | (+0.1) (+0.2) |
| • Kipres | 3.5 | ⇒ 3.6 | (+0.1) (+0.6) |
| • Mucodyne | 1.4 | ⇒ 1.6 | (+0.2) (+0.4) |
| ● New ethical drugs (Overseas) | ¥ 0.3bln | (n/a) | (-0.2) |
| | Sales of transfer of intellectual property and APIs in FY2020 | | |
| ● Generic drugs | ¥ 15.5bln | (n/a) | (+0.7) |
| | Sales increase in 3 AG products (Kipres AG, etc.) New generic drugs in June contributed to sales | | |
| ■ Operating income | ¥ -0.1bln | (-1.6) | (+0.7) |
| ● Cost of Sales ratio : 54.4% (2Q FY2020: 48.0%) | [Reason of decrease] Product mix [Reason of increase] NHI drug price revisions, Increase in sales of Generic drugs Increase in loss on retirement of inventories, etc. | | |
| ● R&D : ¥ 4.4bln (2Q FY2020 : ¥ 5.2bln) | Upfront payment for AKP-009 in FY2020 | | |
| ● SG&A (excluding R&D expenses) : ¥ 18.1bln (2Q FY2020 : ¥ 18.1bln) | Decrease in sales and labor costs, Increase in patents royalty (Upfront payment for Gefapixant citrate) | | |
| ■ Net Income | ¥ 0.1bln | (-2.0) | (+0.4) |

Consolidated Financial Results for the Second Quarter and full year forecast



| (Units : ¥ million) | Sep / 2020 | Sep / 2021 | Change | YoY Change (%) | Sep / 2021 (Forecast) | Change | Mar / 2021 | Mar / 2022 (Forecast) |
|------------------------------------|------------|---------------|--------|----------------------|--------------------------|--------|------------|--------------------------|
| Net sales | 47,735 | 49,102 | n/a | n/a | 47,300 | +1,802 | 102,904 | 102,600 |
| New ethical drugs, etc. (Japan) | 32,857 | 33,279 | n/a | n/a | 31,900 | +1,379 | 69,735 | 68,600 |
| New ethical drugs (Overseas) | 527 | 342 | n/a | n/a | 500 | -158 | 996 | 800 |
| Generic drugs | 14,351 | 15,481 | n/a | n/a | 14,800 | +681 | 32,172 | 33,100 |
| Operating Income | 1,502 | -68 | -1,570 | — | -800 | +732 | 5,786 | 3,300 |
| Ordinary Income | 1,813 | 285 | -1,527 | -84.2% | -600 | +885 | 6,447 | 3,800 |
| Net Income | 2,118 | 121 | -1,996 | -94.3% | -300 | +421 | 6,130 | 2,700 |

From the beginning of the first quarter for the Fiscal Year Ending March 31, 2022, "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, Mar.31,2020) etc. have been applied, and the second quarter results, second quarter forecast, and the full-year forecast are based on the "Accounting Standard for Revenue Recognition".

Main Product Sales Update



| (Units : ¥billion) | | Sep / 2019 | Sep / 2020 | Sep / 2021 | Change | YoY Change (%) | Sep / 2021 (Forecast) | Change | Mar / 2021 | Mar / 2022 (Forecast) |
|---------------------------------|---|------------|------------|------------|--------|----------------|-----------------------|--------|------------|-----------------------|
| New ethical drugs, etc. (Japan) | Flutiform (Combination drug for asthma treatment) | 6.7 | 6.4 | 6.3 | -0.1 | -1.2% | 6.6 | -0.3 | 13.3 | 13.9 |
| | Desalex (Antiallergic Agent) | 0 | 1.8 | 2.6 | +0.8 | +42.9% | 2.8 | -0.2 | 5.7 | 7.2 |
| | Beova (Kyorin) (β3 adrenergic receptor agonist overactive bladder therapeutics) | 0.6 | 3.8 | 4.3 | +0.5 | +14.9% | 4.1 | +0.2 | 7.3 | 8.6 |
| | Lasvic (New quinolone synthetic antibacterial agent) | — | 0.2 | 0.8 | +0.6 | +431.3% | 1.1 | -0.3 | 0.9 | 2.8 |
| | Pentasa (Ulcerative colitis and Crohn's disease treatment) | 6.8 | 6.4 | 7.1 | +0.7 | +12.0% | 6.0 | +1.1 | 12.8 | 11.7 |
| | Uritos (Kyorin) (Therapeutic agent for overactive bladder) | 3.0 | 1.6 | 0.7 | -0.9 | -57.0% | 0.5 | +0.2 | 2.3 | 1.0 |
| | Nasonex (Spray type allergic rhinitis remedy) | 2.7 | 0.6 | 0.7 | +0.1 | +11.6% | 0.5 | +0.2 | 2.8 | 1.8 |
| | Kipres (Leukotriene Receptor Antagonist) | 5.4 | 3.5 | 3.6 | +0.1 | +1.6% | 3.0 | +0.6 | 8.3 | 6.9 |
| | Mucodyne (Mucoregulant) | 2.8 | 1.4 | 1.6 | +0.2 | +10.8% | 1.2 | +0.4 | 3.3 | 2.9 |
| | Milton (Disinfectant) | 1.1 | 1.1 | 1.0 | -0.1 | -5.9% | 1.1 | -0.1 | 2.1 | 2.2 |
| | Rubysta (Disinfectant) | 0.6 | 1.0 | 1.0 | 0 | -0.8% | 1.0 | 0 | 2.0 | 2.1 |
| Generic drugs | Montelukast tablets "KM" (Leukotriene Receptor Antagonist) | 5.4 | 4.5 | 5.1 | +0.6 | +13.2% | 4.0 | +1.1 | 10.8 | 9.2 |
| | Mometasone Nasal 50μg "KYORIN" (Spray type allergic rhinitis remedy) | 0.4 | 0.9 | 1.0 | +0.1 | +13.7% | 1.0 | 0 | 3.8 | 3.5 |
| | Imidafenacin tablets & OD "KYORIN" (Therapeutic agent for overactive bladder) | — | 0.3 | 0.4 | +0.1 | +18.1% | 0.4 | 0 | 0.7 | 0.7 |

R&D Expenses, Capex & Depreciation

| (Units : ¥ million) | Sep / 2018 | Sep / 2019 | Sep / 2020 | Sep / 2021 | Change (%) | Mar / 2021 | Mar / 2022 (Forecast) |
|----------------------|------------|------------|------------|--------------|------------|------------|-----------------------|
| R&D expenses | 5,030 | 5,191 | 5,200 | 4,364 | -16.1 | 9,703 | 9,200 |
| Capital expenditure | 949 | 1,367 | 1,858 | 751 | -59.6 | 4,307 | 4,500 |
| Depreciation expense | 1,395 | 1,566 | 1,716 | 1,831 | +6.7 | 3,564 | 3,900 |

<Capital expenditure (Actual / Forecast)>

| (Units of billion) | Sep / 2020 | Sep / 2021 | Mar / 2021 | Mar / 2022 (Forecast) |
|---|------------|------------|------------|-----------------------|
| Plant facilities | 1.3 | 0.3 | 3.1 | 3.3 |
| Equipment for control, sales activities | 0.2 | 0.1 | 0.3 | 0.5 |
| Equipment for research | 0.3 | 0.3 | 0.9 | 0.7 |

Development pipeline

Main R&D Activities -1 (as of November 8 2021)

Ph III ~ Application submitted

| Stage | | Compound / Code | Indication | Origin | Features | Comments |
|----------------------------------|----------|--|-------------------------------|--------|---|---|
| Japan | Overseas | | | | | |
| Launch (Apr 2021) | — | Zymso Intravesical Solution 50% /KRP-116D | Interstitial cystitis | — | Evaluation committee on unapproved or off-labeled drugs with high medical needs “Dimethyl sulfoxid” | |
| Application (Feb 2021) MSD | — | Gefapixant citrate(INN) | Chronic coughing (planned) | Merck | Selective P2X3 receptor antagonist expected as the treatment of refractory chronic cough (RCC) or unexplained chronic cough (UCC) | Distribution agreement in Japan with MSD (Apr 2021) |

POC Project (Ph I ~ Ph II)

| Stage | | Code | Proposed Indication | Origin | Features | Comments |
|--------------------|--------------------------------------|-------------------|--|-------------|--|----------|
| Japan | Overseas | | | | | |
| Ph I (Jul 2020) | Ph Ib / IIa (aTyr pharma, USA) | KRP – R120 | Interstitial lung disease : ILD (pulmonary sarcoidosis) | aTyr pharma | It is a fusion protein drug having the action to suppress, by binding to neuropilin-2 (NRP2) receptor, the excessive activation of immune cells, and is a potential first-in-class therapy to treat inflammatory diseases such as pulmonary sarcoidosis. | |
| | Ph I (Apr 2021, England) | KRP-A218 | Rhinovirus infection at risk of potentially severe | In-house | It is antiviral drug that suppresses viral growth by targeting host molecules | |

Development pipeline

Main R&D Activities -2 (as of November 8 2021)

Licensing development (License-in)

| Stage | | Code | Proposed Indication | Origin | Features | Comments |
|--|----------|----------------|------------------------------|---------------------|--|--|
| Japan | Overseas | | | | | |
| Ph II (Dec 2019) ASKA Pharmaceutical | — | AKP-009 | Benign Prostatic Hyperplasia | ASKA Pharmaceutical | Novel androgen receptor modulator mode of action with the potential to exhibit prostatic shrinkage and to improve urinary function as a novel therapeutic agent for Benign Prostatic Hyperplasia | ASKA Pharmaceutical granted KYORIN Pharmaceutical the joint development and commercialization rights for AKP-009 in Japan (Sep 2020) |

*Additional Ph I study at a higher dose started (Sep 2021)

Licensing development (License-out)

| Stage | Compound / Code | Licensee | Therapy area / Action | Origin | Features | Comments |
|-------------|--|-----------|----------------------------|----------|---|---|
| Ph I | FPR-2 agonist program | BMS | Non-disclosure | In-house | FPR-2 agonists that mainly inhibit the migration of neutrophils and exhibit anti-inflammatory action. | License agreement with BMS (Dec 2015) |
| Ph I | KRP-203 | Priothera | — | In-house | Sphingosine-1-Phosphate Receptor Agonist | Transfer of intellectual property(patents and data required for the development and sale) and APIs (Sep 2020) |
| Nonclinical | Compound for Sensorineural Hearing Loss | Otonomy | Sensorineural Hearing Loss | In-house | Candidate compound for sensorineural hearing loss | Grant a global exclusive license to develop, manufacture and commercialize the therapeutic agent for the treatment of otic disorders such as hearing loss (Aug 2020) Kyorin Pharmaceutical reserves a commercialization right of the therapeutic agent in Japan Otonomy's Code: OTO-6XX |

P&L Summary: Consolidated Results – (1)

| (Units : ¥ million) | Sep / 2020 | | Sep / 2021 | | | |
|---------------------------------|------------|---------|---------------|---------|------------|--------|
| | Actual | % Sales | Actual | % Sales | Change (%) | Change |
| Net Sales (total) | 47,735 | 100.0% | 49,102 | 100.0% | n/a | n/a |
| New ethical drugs, etc. (Japan) | 32,857 | 68.8% | 33,279 | 67.8% | n/a | n/a |
| New ethical drugs (Overseas) | 527 | 1.1% | 342 | 0.7% | n/a | n/a |
| Generic drugs | 14,351 | 30.1% | 15,481 | 31.5% | n/a | n/a |

<Subsidiaries and Equity-method Affiliates>

Consolidated subsidiaries (5) :

- KYORIN Pharmaceutical Co., Ltd.
- Kyorin Europe GmbH
- ActivX Biosciences, Inc.
- KYORIN Rimedio Co., Ltd.
- KYORIN Pharmaceutical Group Facilities Co., Ltd.

Equity-Method Affiliates : •Nippon Rika Co., Ltd.

<Breakdown>

(Year on Year)

■ Sales **¥ 49,102mil** (n/a)

● New ethical drugs, etc. (Japan)
¥ 33,279mil (n/a)

| (billion) | 21.3 (2Q) | 22.3 (2Q) | |
|-------------|-----------|-----------|------------|
| • Flutiform | 6.4 | ⇒ | 6.3 (−0.1) |
| • Desalex | 1.8 | ⇒ | 2.6 (+0.8) |
| • Beova | 3.8 | ⇒ | 4.3 (+0.5) |
| • Lasvic | 0.2 | ⇒ | 0.8 (+0.6) |
| • Pentasa | 6.4 | ⇒ | 7.1 (+0.7) |
| • Uritos | 1.6 | ⇒ | 0.7 (−0.9) |
| • Nasonex | 0.6 | ⇒ | 0.7 (+0.1) |
| • Kipres | 3.5 | ⇒ | 3.6 (+0.1) |
| • Mucodyne | 1.4 | ⇒ | 1.6 (+0.2) |

● New ethical drugs (Overseas)
¥ 342mil (n/a)

- Sales of transfer of intellectual property and APIs in FY2020

● Generic drugs **¥ 15,481mil** (n/a)

- Sales increase in 3 AG products (Kipres AG, etc.)
- New generic drugs in June contributed to sales

P&L Summary : Consolidated Results – (2)

| (Units : ¥ million) | Sep / 2020 | | Sep / 2021 | | | |
|---|-------------------|------------------|---------------------------------|-----------------|-----------------|---------------|
| | Actual | % Sales | Actual | % Sales | Change (%) | Change |
| Sales | 47,735 | 100.0% | 49,102 | 100.0% | n/a | n/a |
| Cost of Sales | 22,913 | 48.0% | 26,732 | 54.4% | n/a | n/a |
| Gross Profit | 24,822 | 52.0% | 22,369 | 45.6% | n/a | n/a |
| SG&A (R&D expenses) | 23,320 (5,200) | 48.9% (10.9%) | 22,438 (4,364) | 45.7% (8.9%) | n/a (-16.1%) | n/a (-835) |
| Operating Income | 1,502 | 3.1% | -68 | -0.1% | — | -1,570 |
| Non-Operating Income | 356 | 0.7% | 402 | 0.8% | +12.9% | +45 |
| Non-Operating Expenses | 45 | 0.1% | 48 | 0.1% | +5.8% | +2 |
| Ordinary Income | 1,813 | 3.8% | 285 | 0.6% | -84.2% | -1,527 |
| Extraordinary profits | 1,074 | 2.3% | 0 | 0.0% | -100.0% | -1,074 |
| Extraordinary Losses | 12 | 0.0% | 16 | 0.0% | +31.5% | +3 |
| Income before income taxes | 2,874 | 6.0% | 269 | 0.5% | -90.6% | -2,605 |
| Corporate, inhabitants and enterprise taxes | 809 | 1.7% | 136 | 0.3% | -83.1% | -672 |
| Tax adjustments | -53 | -0.1% | 10 | 0.0% | — | +63 |
| Net Income | 2,118 | 4.4% | 121 | 0.2% | -94.3% | -1,996 |

<Breakdown>

(Year on Year)

◆ **Cost of sales ratio : 54.4%** (n/a)

【Reasons of increase】

- Impact of NHI drug price revisions
- Sales of Generic drugs increased
- Loss on retirement of inventories, etc. increased

【Reasons of decrease】

- Product mix

◆ **R&D Ratio : 8.9%** (n/a)

• ¥ 5.2bln→¥ 4.4bln

Upfront payment for AKP-009 in FY2020

◆ **SG&A (exclude R&D) Expenses : 36.8%**

(n/a)

• ¥ 18.1bln (2Q FY2020 : ¥ 18.1bln)

Increase in patents royalty : Upfront payment for Gefapixant citrate

Decrease in sales and labor costs

■ **Operating Income** -¥ 68mil (- ¥ 1,570mil)

■ **Net Income** ¥ 121mil (- ¥ 1,996mil)

■ **Dividend per share (interim dividend)** ¥ 20.0

BS Summary: Consolidated Results

| (Units : ¥ million) | Mar / 2021 | | Sep / 2021 | | |
|--|------------|---------|----------------|---------------|---------------|
| | Actual | % total | Actual | % total | Change |
| Current Assets | 114,027 | 68.2% | 112,811 | 68.6% | -1,215 |
| Cash, deposits | 27,445 | | 31,987 | | |
| Notes and accounts receivable | 40,446 | | 34,716 | | |
| Mk securities | 3,399 | — | 3,600 | — | — |
| Inventory | 38,568 | | 38,235 | | |
| Other | 4,166 | | 4,271 | | |
| Fixed Assets | 53,099 | 31.8% | 51,597 | 31.4% | -1,502 |
| Tangible assets | 23,896 | | 23,198 | | |
| Intangible assets | 3,785 | — | 3,489 | — | — |
| Investments | 25,417 | | 24,908 | | |
| Total Assets | 167,126 | 100.0% | 164,408 | 100.0% | -2,717 |
| Current Liabilities | 27,407 | 16.4% | 27,754 | 16.9% | +347 |
| Notes payable | 6,985 | | 8,914 | | |
| Other | 20,422 | — | 18,840 | — | — |
| Non-Current Liabilities | 15,057 | 9.0% | 14,726 | 9.0% | -330 |
| Total Liabilities | 42,464 | 25.4% | 42,480 | 25.8% | +16 |
| Owner's Equity | 120,339 | 72.0% | 117,844 | 71.7% | -2,495 |
| Other Comprehensive Income | 4,322 | 2.6% | 4,083 | 2.5% | -239 |
| Unrealized holding gain (loss) on securities | 6,639 | | 6,146 | | |
| Foreign currency translation adjustments | -40 | — | 52 | — | — |
| Remeasurements of defined benefit plans | -2,275 | | -2,115 | | |
| Total Equity | 124,661 | 74.6% | 121,927 | 74.2% | -2,734 |
| Total Liabilities and Equity | 167,126 | 100.0% | 164,408 | 100.0% | -2,717 |

<Breakdown>

(Year on Year)

| | |
|------------------------------------|---------------------|
| ■ Current Asset : | - ¥ 1,215mil |
| • Cash, deposits | (+ ¥ 4,542mil) |
| • Notes and accounts receivable | (- ¥ 5,729mil) |
| • Mk securities | (+ ¥ 200mil) |
| • Inventory | (- ¥ 333mil) |
| • Other | (+ ¥ 104mil) |
| ■ Fixed Assets : | - ¥ 1,502mil |
| • Tangible Assets | (- ¥ 697mil) |
| • Intangible Assets | (- ¥ 295mil) |
| • Investments | (- ¥ 508mil) |
| ■ Current Liabilities : | + ¥ 347mil |
| • Notes Payable | (¥ + 1,928mil) |
| • Other | (¥ - 1,581mil) |
| ■ Non-Current Liabilities : | - ¥ 330mil |

Financial summary (Consolidated)

| (Units : ¥ million) | Sep / 2019 | Sep / 2020 | Sep / 2021 | Mar / 2021 | Mar / 2022 (Forecast) |
|-----------------------|------------|------------|-----------------|------------|--------------------------|
| Sales | 48,299 | 47,735 | 49,102 | 102,904 | 102,600 |
| (Exports) | (390) | (527) | (342) | (996) | (800) |
| Cost of Sales | 23,750 | 22,913 | 26,732 | 51,276 | — |
| (cost of sales ratio) | (49.2%) | (48.0%) | (54.4%) | (49.8%) | — |
| SG&A | 23,765 | 23,320 | 22,438 | 45,841 | — |
| (Ratio to sales) | (49.2%) | (48.9%) | (45.7%) | (44.5%) | — |
| R&D Expenses | 5,191 | 5,200 | 4,364 | 9,703 | 9,200 |
| (Ratio to sales) | (10.7%) | (10.9%) | (8.9%) | (9.4%) | (9.0%) |
| Operating Income | 783 | 1,502 | -68 | 5,786 | 3,300 |
| (Ratio to sales) | (1.6%) | (3.1%) | (-0.1%) | (5.6%) | (3.2%) |
| Ordinary Income | 1,076 | 1,813 | 285 | 6,447 | 3,800 |
| (Ratio to sales) | (2.2%) | (3.8%) | (0.6%) | (6.3%) | (3.7%) |
| Net Income | 834 | 2,118 | 121 | 6,130 | 2,700 |
| (Ratio to sales) | (1.7%) | (4.4%) | (0.2%) | (6.0%) | (2.6%) |
| EPS (¥) | 14.56 | 36.98 | 2.12 | 106.99 | 47.12 |
| Capital | 700 | 700 | 700 | 700 | — |
| Assets | 165,895 | 169,789 | 164,408 | 167,126 | — |
| Total Equity | 119,516 | 123,400 | 121,927 | 124,661 | — |
| BPS (¥) | 2,086.31 | 2,153.51 | 2,127.81 | 2,175.52 | — |
| ROE | 0.7% | 1.7% | 0.1% | 5.0% | — |
| Equity Ratio (%) | 72.0% | 72.7% | 74.2% | 74.6% | — |
| Employees | 2,292 | 2,282 | 2,252 | 2,243 | — |
| Capital Expenditure | 1,367 | 1,858 | 751 | 4,307 | 4,500 |
| Depreciation Expense | 1,566 | 1,716 | 1,831 | 3,564 | 3,900 |

From the beginning of the first quarter for the Fiscal Year Ending March 31, 2022, "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, Mar.31,2020) etc. have been applied, and the second quarter results, second quarter forecast, and the full-year forecast are based on the "Accounting Standard for Revenue Recognition".

P&L summary : KYORIN pharmaceutical (Non-consolidated)-(1)



| (Units : ¥ million) | Sep / 2020 | | Sep / 2021 | | | |
|---------------------------------|------------|---------|---------------|---------|------------|--------|
| | Actual | % Sales | Actual | % Sales | Change (%) | Change |
| Net Sales (total) | 41,116 | 100.0% | 42,961 | 100.0% | n/a | n/a |
| New ethical drugs, etc. (Japan) | 31,813 | 77.4% | 32,537 | 75.7% | n/a | n/a |
| New ethical drugs (Overseas) | 433 | 1.1% | 251 | 0.6% | n/a | n/a |
| Generic drugs | 8,869 | 21.6% | 10,172 | 23.7% | n/a | n/a |

<Breakdown>

(Year on Year)

■ Sales **¥ 42,961mil** (n/a)

● New ethical drugs, etc. (Japan)
¥ 32,537mil (n/a)

| (billion) | 21.3 (2Q) | ⇒ | 22.3 (2Q) | |
|-------------|-----------|---|-----------|--------|
| • Flutiform | 6.4 | ⇒ | 6.3 | (-0.1) |
| • Desalex | 1.8 | ⇒ | 2.6 | (+0.8) |
| • Beova | 3.8 | ⇒ | 4.3 | (+0.5) |
| • Lasvic | 0.2 | ⇒ | 0.8 | (+0.6) |
| • Pentasa | 6.4 | ⇒ | 7.1 | (+0.7) |
| • Uritos | 1.6 | ⇒ | 0.7 | (-0.9) |
| • Nasonex | 0.6 | ⇒ | 0.7 | (+0.1) |
| • Kipres | 3.5 | ⇒ | 3.6 | (+0.1) |
| • Mucodyne | 1.4 | ⇒ | 1.6 | (+0.2) |

● New ethical drugs (Overseas)
¥ 251mil (n/a)

• Sales of transfer of intellectual property and APIs in FY2020

● Generic drugs **¥ 10,172mil** (n/a)

• Sales increase in 3 AG products (Kipres AG, etc.)

P&L summary : KYORIN pharmaceutical (Non-consolidated)-(2)



| (Units : ¥ million) | Sep / 2020 | | Sep / 2021 | | | |
|---|-------------------|------------------|---------------------------------|-----------------|-----------------|---------------|
| | Actual | % Sales | Actual | % Sales | Change (%) | Change |
| Sales | 41,116 | 100.0% | 42,961 | 100.0% | n/a | n/a |
| Cost of Sales | 19,773 | 48.1% | 23,277 | 54.2% | n/a | n/a |
| Gross Profit | 21,343 | 51.9% | 19,683 | 45.8% | n/a | n/a |
| SG&A (R&D expenses) | 21,021 (4,687) | 51.1% (11.4%) | 20,509 (3,782) | 47.7% (8.8%) | n/a (-19.3%) | n/a (-905) |
| Operating Income | 321 | 0.8% | -825 | -1.9% | — | -1,147 |
| Non-Operating Income | 643 | 1.6% | 585 | 1.4% | -8.9% | -57 |
| Non-Operating Expenses | 28 | 0.1% | 29 | 0.1% | +2.3% | +0 |
| Ordinary Income | 936 | 2.3% | -269 | -0.6% | — | -1,205 |
| Extraordinary profits | 1,073 | 2.6% | 0 | 0.0% | -100.0% | -1,073 |
| Extraordinary Losses | 4 | 0.0% | 9 | 0.0% | +90.2% | +4 |
| Income before income taxes | 2,005 | 4.9% | -278 | -0.6% | — | -2,283 |
| Corporate, inhabitants and enterprise taxes | 604 | 1.5% | -28 | -0.1% | — | -632 |
| Tax adjustments | — | — | — | — | — | — |
| Net Income | 1,400 | 3.4% | -249 | -0.6% | — | -1,650 |

<Breakdown>

(Year on Year)

◆ **Cost of sales ratio : 54.2%** (n/a)

【Reasons of increase】

- Impact of NHI drug price revisions
- Sales of Generic drugs increased
- Loss on retirement of inventories, etc. increased

◆ **R&D Ratio : 8.8%** (n/a)

- ¥ 4.7bln→¥ 3.8bln
- Upfront payment for AKP-009 in FY2020

◆ **SG&A (exclude R&D) Expenses : 38.9%** (n/a)

- ¥ 16.7bln (2Q FY2020 : ¥ 16.3bln)
- Increase in patents royalty : Upfront payment for Gefapixant citrate
- Decrease in sales and labor costs

■ **Operating Income – ¥ 825mil** (– ¥ 1,147mil)

■ **Net Income – ¥ 249mil** (– ¥ 1,650mil)

BS Summary: KYORIN Pharmaceutical (Non-consolidated)



| (Units : ¥ million) | Mar / 2021 | | Sep / 2021 | | |
|--|------------|---------|----------------|---------|--------|
| | Actual | % total | Actual | % total | Change |
| Current Assets | 119,598 | 76.4% | 119,314 | 76.8% | -284 |
| Cash, deposits | 16,983 | | 23,691 | | |
| Notes and accounts receivable | 36,182 | | 30,400 | | |
| Mk securities | 3,399 | — | 3,600 | — | — |
| Inventory | 29,609 | | 28,310 | | |
| Other | 33,422 | | 33,311 | | |
| Fixed Assets | 37,029 | 23.6% | 35,999 | 23.2% | -1,029 |
| Tangible assets | 7,213 | | 7,175 | | |
| Intangible assets | 3,080 | — | 2,801 | — | — |
| Investments | 26,734 | | 26,022 | | |
| Total Assets | 156,628 | 100.0% | 155,314 | 100.0% | -1,314 |
| Current Liabilities | 23,789 | 15.2% | 25,911 | 16.7% | +2,122 |
| Notes payable | 6,597 | | 9,877 | | |
| Other | 17,192 | — | 16,034 | — | — |
| Non-Current Liabilities | 12,417 | 7.9% | 12,196 | 7.9% | -220 |
| Total Liabilities | 36,207 | 23.1% | 38,108 | 24.5% | +1,901 |
| Owner's Equity | 113,848 | 72.7% | 111,147 | 71.6% | -2,700 |
| Valuation and translation adjustments | 6,572 | 4.2% | 6,057 | 3.9% | -514 |
| Total Equity | 120,420 | 76.9% | 117,205 | 75.5% | -3,215 |
| Total Liabilities and Equity | 156,628 | 100.0% | 155,314 | 100.0% | -1,314 |

<Breakdown>

(Year on Year)

| | |
|------------------------------------|---------------------|
| ■ Current Asset : | - ¥ 284mil |
| • Cash, deposits | (+ ¥ 6,708mil) |
| • Notes and accounts receivable | (- ¥ 5,782mil) |
| • Mk securities | (+ ¥ 200mil) |
| • Inventory | (- ¥ 1,299mil) |
| • Other | (- ¥ 111mil) |
| ■ Fixed Assets : | - ¥ 1,029mil |
| • Tangible Assets | (- ¥ 37mil) |
| • Intangible Assets | (- ¥ 279mil) |
| • Investments | (- ¥ 712mil) |
| ■ Current Liabilities : | + ¥ 2,122mil |
| • Notes Payable | (¥ +3,279mil) |
| • Other | (¥ -1,157mil) |
| ■ Non-Current Liabilities : | - ¥ 220mil |

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



| (Units : ¥ million) | Sep / 2019 | Sep / 2020 | Sep / 2021 | Mar / 2021 | Mar / 2022 (Forecast) |
|-----------------------|------------|------------|-----------------|------------|--------------------------|
| Sales | 41,667 | 41,116 | 42,961 | 89,674 | 89,800 |
| (Exports) | (293) | (433) | (251) | (793) | (600) |
| Cost of Sales | 20,638 | 19,773 | 23,277 | 44,922 | — |
| (cost of sales ratio) | (49.5%) | (48.1%) | (54.2%) | (50.1%) | — |
| SG&A | 21,386 | 21,021 | 20,509 | 41,190 | — |
| (Ratio to sales) | (51.3%) | (51.1%) | (47.7%) | (45.9%) | — |
| R&D Expenses | 4,717 | 4,687 | 3,782 | 8,719 | 7,800 |
| (Ratio to sales) | (11.3%) | (11.4%) | (8.8%) | (9.7%) | (8.7%) |
| Operating Income | − 357 | 321 | − 825 | 3,561 | 1,300 |
| (Ratio to sales) | (− 0.9%) | (0.8%) | (− 1.9%) | (4.0%) | (1.4%) |
| Ordinary Income | 243 | 936 | − 269 | 4,546 | 2,000 |
| (Ratio to sales) | (0.6%) | (2.3%) | (− 0.6%) | (5.1%) | (2.2%) |
| Net Income | 137 | 1,400 | − 249 | 4,814 | 1,500 |
| (Ratio to sales) | (0.3%) | (3.4%) | (− 0.6%) | (5.4%) | (1.7%) |
| EPS (¥) | 1.85 | 18.86 | − 3.37 | 64.82 | — |
| Capital | 4,317 | 4,317 | 4,317 | 4,317 | — |
| Assets | 156,318 | 160,574 | 155,314 | 156,628 | — |
| Total Equity | 116,975 | 119,891 | 117,205 | 120,420 | — |
| BPS (¥) | 1,575.04 | 1,614.30 | 1,578.14 | 1,621.43 | — |
| ROE | 0.1% | 1.2% | − 0.2% | 4.0% | — |
| Equity Ratio (%) | 74.8% | 74.7% | 75.5% | 76.9% | — |
| Employees | 1,537 | 1,504 | 1,472 | 1,471 | — |
| Capital Expenditure | 185 | 207 | 342 | 732 | 700 |
| Depreciation Expense | 679 | 684 | 722 | 1,391 | 1,500 |

From the beginning of the first quarter for the Fiscal Year Ending March 31, 2022, "Accounting Standards for Revenue Recognition" (ASBJ Statement No. 29, Mar.31,2020) etc. have been applied, and the second quarter results, second quarter forecast, and the full-year forecast are based on the "Accounting Standard for Revenue Recognition".