

# Consolidated Financial Results for the Fiscal Year Ending March 31, 2020

1. Overview of Consolidated Financial Results	P.1
2. Highlights of Business Performance	P.2
3. Consolidated Financial Results	P.3
4. Main Product Sales Update	P.4
5. R&D Expenses, Capex & Depreciation	P.5
6. Development pipeline	P.6~7
【reference】	
7. Segment information	P.8
8. Consolidated Financial Results and full year Forecast	P.9
9. P&L Summary	P.10~11
10. BS Summary	P.12
11. Financial summary	P.13
12. KYORIN Pharmaceutical result	P.14~17

May 12, 2020  
**KYORIN Holdings, Inc.**

These forecast performance figures are based on information currently available to the Company and may include uncertain factors or risk that affect our future performance. Accordingly, actual business results may materially differ from the forecasted figures due to various factors in the future.



# Overview of Consolidated Financial Results for Fiscal 2019 *Kyorin*

健康はキョーリンの願いです。



(¥ million)	FY2016	FY2017	FY2018	FY2019	Change	FY2020 (forecast)	Change
<b>Net Sales</b>	115,373	110,640	113,620	<b>109,983</b>	-3.2%	<b>115,500</b>	+5.0%
<b>Operating income</b>	10,413	8,822	8,972	<b>7,503</b>	-16.4%	<b>9,700</b>	+29.3%
<b>Ordinary income</b>	10,874	9,345	9,438	<b>8,175</b>	-13.4%	<b>10,200</b>	+24.8%
<b>Net income</b>	7,305	6,574	6,869	<b>6,149</b>	-10.5%	<b>7,600</b>	+23.6%
<b>Net income per share (yen)</b>	99.45円	89.28円	104.68円	<b>107.35円</b>	+2.5%	<b>132.67円</b>	+23.6%
<b>Total assets</b>	192,668	196,736	173,034	<b>171,160</b>	-1.1%	-	-
<b>Total equity</b>	157,837	163,297	123,395	<b>122,710</b>	-0.6%	-	-

## Consolidated Business Results for Fiscal 2019

**[Net Sales]** In new ethical drugs (Japan), results remained lower than a year ago due to decrease in sales from delay of the resumption of supply of Desalex, despite the growth of the mainstay product Flutiform and Beova. Meanwhile, sales increased in generic drugs and new ethical drugs (Overseas), but in whole Ethical drugs Business decreased. As a result net sales decreased 3,637 million yen (down 3.2%) from year on year, to 109,983 million yen.

**[Profit]** Gross profit declined 377 million yen year on year due to decrease in sales of new ethical drugs despite down of cost of sales ration. Selling, general and administrative expenses increased 1,092 million yen year on year (of which research and development expenses increased 196 million yen). Operating income was 7,503 million, down 1,469 million yen (down 16.4%) from year on year and Profit attributable to owners of parent was 6,149 million yen (down 10.5% year on year).

Both net sales and profit reached the results forecasts announced on November 7, 2019.

## Consolidated Business Results Forecast for Fiscal 2020

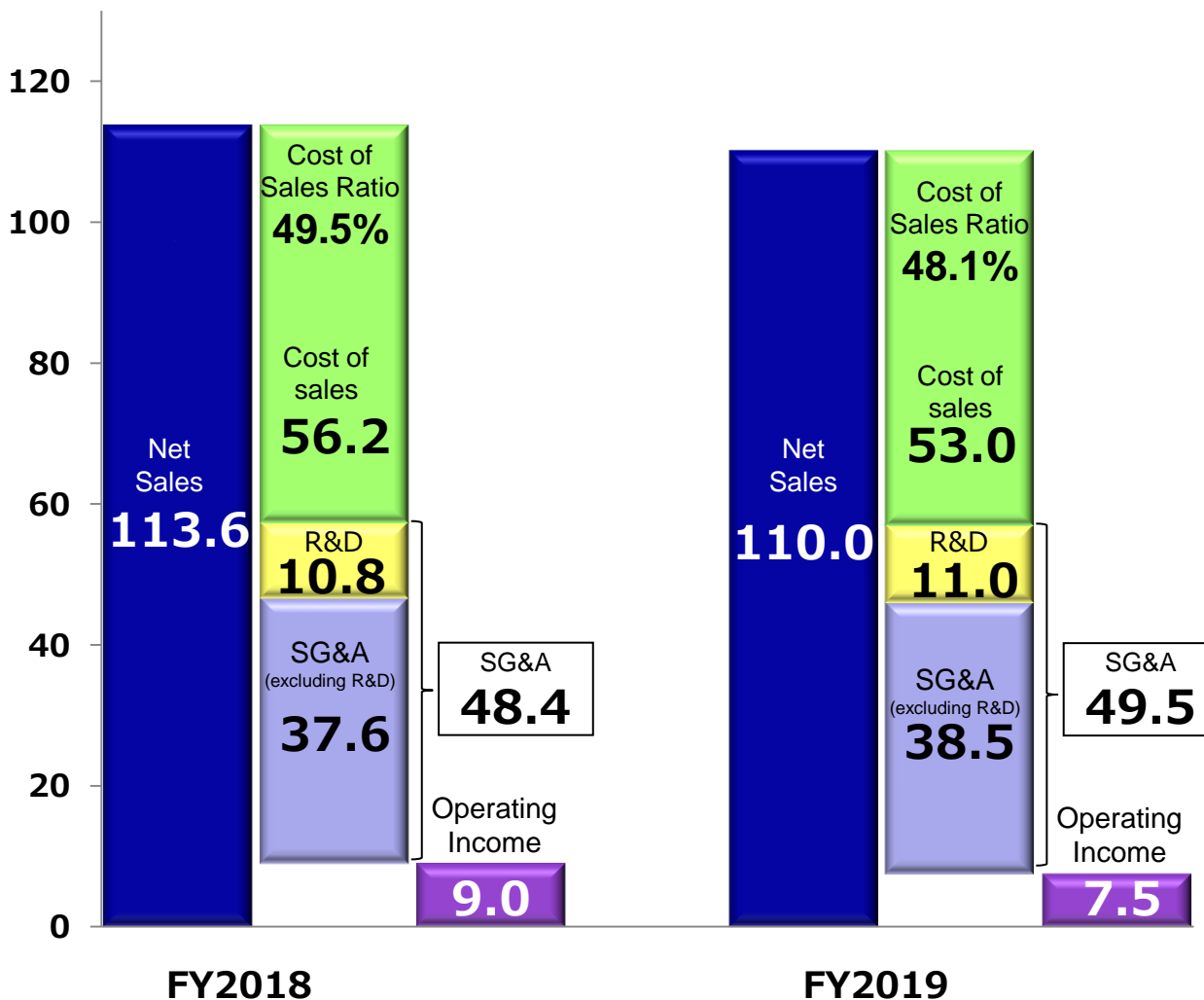
**[Net sales and income]** Although net sales will be affected by NHI drug price revisions, a boost to sales from Lasvic Tablets, a new product launched in FY2019, and growth of Beova following the lifting of limits on the prescription period are forecast and sales of new ethical drugs (Japan) are projected to be significantly higher than in the previous fiscal year. Meanwhile, in generic drugs, net sales of ethical drugs are expected to increase sharply, with growth in sales anticipated due to the launch of a new authorized generic. Profit is projected to rise, mainly due to a sharp rise in net sales.

In terms of consolidated results for the fiscal year ending March 31, 2021, net sales are forecast to be 115,500 million yen (up 5.0% from the previous year), operating income to be 9,700 million yen (up 29.3% from the previous year), and profit attributable to owners of parent to be 7,600 million yen (up 23.6% from the previous year).

The impact of the COVID-19 coronavirus outbreak on business performance is expected to be insignificant, however, given the huge uncertainty over the situation, the Company will monitor future developments and if revision of the results forecasts becomes necessary, the Company will make prompt disclosure.

# Highlights of Business Performance

(Units: ¥ billion)



- **Net Sales decreased ¥3.6bln year on year**
- **Cost of sales ratio decreased 1.4%**
  - Improvement of product mix
  - Impact of NHI price revision due to consumption tax increase (approximately 3%)
- **Gross Profit decreased ¥0.4bln year on year**
- **SG&A expenses increased ¥1.1bln year on year**
  - R&D expenses increased ¥0.2bln
  - SG&A(excluding R&D) increased ¥0.9bln
- **Operating Income decreased ¥1.5bln year on year**

# Consolidated Financial Results

(Units : ¥ billion)

(Year on Year) (forecast)

	FY2018	FY2019	Change
<b>Net Sales (total)</b>	<b>113.6</b>	<b>110.0</b>	-3.6
<b>Ethical drugs Business</b>	<b>107.9</b>	<b>103.6</b>	-4.3
◆ Sales of new ethical drugs	<b>78.5</b>	<b>72.6</b>	-5.9
○ Japan	<b>77.7</b>	<b>71.2</b>	-6.5
○ Overseas	<b>0.8</b>	<b>1.5</b>	+0.7
◆ Generic drugs	<b>29.3</b>	<b>31.0</b>	+1.7
<b>Healthcare Business</b>	<b>5.8</b>	<b>6.4</b>	+0.6
<b>Operating Income</b>	<b>9.0</b>	<b>7.5</b>	-1.5
<b>Ordinary Income</b>	<b>9.4</b>	<b>8.2</b>	-1.2
<b>Net Income</b>	<b>6.9</b>	<b>6.1</b>	-0.8

■ Net Sales	<b>110.0bln</b>	<b>(-3.6)</b>	<b>(+0.6)</b>
◆ Ethical drug business	<b>103.6bln</b>	<b>(-4.3)</b>	<b>(+0.2)</b>
● New ethical drugs	<b>71.2bln</b>	<b>(-6.5)</b>	<b>(+0.2)</b>
		<b>FY18</b>	<b>FY19</b>
• Flutiform		13.1	⇒ 14.6 ( +1.5) ( +0.5)
• Desalex		3.7	⇒ 2.6 ( -1.1) ( -2.4)
• Beova		0.7	⇒ 4.3 ( +3.6) ( +1.5)
• Lasvic		—	⇒ 1.1 ( +1.1) ( +0.2)
• Uritos		6.6	⇒ 5.8 ( -0.8) ( -0.1)
• Pentasa		13.5	⇒ 13.3 ( -0.2) ( +0.6)
• Nasonex		12.8	⇒ 6.0 ( -6.8) ( -0.2)
• Kipres		13.9	⇒ 11.8 ( -2.1) ( +0.7)
• Mucodyne		6.8	⇒ 5.8 ( -1.0) ( -0.3)
● New ethical drugs in Overseas	<b>1.5bln</b>	<b>(+0.7)</b>	<b>(+0.1)</b>
• Increase in revenue about Gatifloxacin			• Lump-sum revenue of a license agreement
● Generic drugs	<b>31.0bln</b>	<b>(+1.7)</b>	<b>( 0)</b>
• Mometasone AG contributed to the increase in sales			
◆ Healthcare Business	<b>6.4bln</b>	<b>(+0.6)</b>	<b>(+0.5)</b>
■ Operating Income	<b>7.5bln</b>	<b>(-1.5)</b>	<b>(+1.0)</b>
◆ Operating Income margin decreased 1.1 percentage points to 6.8%			
● Cost of Sales Ratio : decreased 1.4 percentage points (49.5%⇒48.1%)			
• Improvement of product mix			• Impact of NHI price revision due to consumption tax increase(approximately 3%)
● R&D Ratio : increased 0.5 percentage points (9.5%⇒10.0%)			
• R & D expenses increased ¥0.2billion (¥10.8bln ⇒¥11.0bln)			
• Increase in lump-sum contractual payments paid in conjunction with the introduction			
● SG&A Ratio(excluding R&D expenses) : increased 1.9 percentage points 33.1%⇒35.0%			
• SG&A(excluding R&D) increased ¥0.9billion (¥37.6bln⇒¥38.5bln)			Increase in patent royalties, etc.
■ Net Income	<b>6.1bln</b>	<b>(-0.8)</b>	<b>(+0.7)</b>

# Main Product Sales Update

(Units : ¥ billion)		FY2015	FY2016	FY2017	FY2018	FY2019		FY2020 (Forecast)
						Actual	Change(%)	
Sales of new ethical drugs (Japan)	<b>Flutiform</b> (Combination drug for asthma treatment)	7.2	10.1	11.9	13.1	<b>14.6</b>	<b>+12.2</b>	<b>15.0</b>
	<b>Desalex</b> (Antiallergic Agent)	—	1.0	4.9	3.7	<b>2.6</b>	<b>-30.1</b>	<b>8.8</b>
	<b>Beova (Kyorin)</b> (β3 adrenergic receptor agonist overactive bladder therapeutics)				0.7	<b>4.3</b>	<b>+481.0</b>	<b>7.0</b>
	<b>Lasvic tablets</b> (Oral new quinolone synthetic antibacterial agent)					<b>1.1</b>	<b>—</b>	<b>4.1</b>
	<b>Uritos (Kyorin)</b> (Therapeutic agent for overactive bladder)	7.5	7.5	7.2	6.6	<b>5.8</b>	<b>-11.7</b>	<b>2.7</b>
	<b>Pentasa</b> (Ulcerative colitis and Crohn's disease treatment)	16.1	15.5	15.3	13.5	<b>13.3</b>	<b>-1.5</b>	<b>11.7</b>
	<b>Nasonex</b> (Spray type allergic rhinitis remedy)	—	—	—	12.8	<b>6.0</b>	<b>-52.8</b>	<b>2.6</b>
	<b>Kipres for adult</b> (Leukotriene Receptor Antagonist)	28.6	17.7	8.3	6.2	<b>5.3</b>	<b>-15.5</b>	<b>4.2</b>
	<b>Kipres for children</b> (Leukotriene Receptor Antagonist)	15.4	14.9	10.5	7.6	<b>6.5</b>	<b>-14.6</b>	<b>5.3</b>
	<b>Mycodyne</b> (Mucoregulant)	13.0	9.9	8.7	6.8	<b>5.8</b>	<b>-14.5</b>	<b>4.9</b>
Generic drugs	<b>Montelukast tablets "KM"</b> (Leukotriene Receptor Antagonist)	—	8.2	11.7	11.9	<b>11.5</b>	<b>-3.3</b>	<b>10.7</b>
	<b>Mometasone Nasal 50mg "KYORIN"</b> (Spray type allergic rhinitis remedy)					<b>2.8</b>	<b>—</b>	<b>3.5</b>
Over-the-counter drugs	<b>Milton</b> (Disinfectant)	2.1	2.2	2.2	2.2	<b>2.4</b>	<b>+9.9</b>	<b>2.2</b>

# R&D Expenses, Capex & Depreciation

(Units : million)

	FY2015	FY2016	FY2017	FY2020	FY2019		FY2020 (Forecast)
					Actual	Change	
R&D expenses	13,019	13,569	14,243	10,790	<b>10,987</b>	+ 1.8%	<b>9,600</b>
Capital expenditure	7,218	3,051	2,885	2,306	<b>3,590</b>	+55.6%	<b>5,100</b>
Depreciation expense	3,730	3,619	3,644	2,940	<b>3,221</b>	+ 9.5%	<b>3,800</b>

## Capital expenditure (Actual / Forecast)

(Units : billion)

	FY2018	FY2019 (Actual)	FY2020 (Forecast)
Plant facilities	1.5	2.7	3.8
Equipment for control, sales activities	0.3	0.4	0.4
Equipment for research	0.5	0.5	0.9

# Development pipeline

## Main R&D Activities -1 (as of May 12 2020)

### Ph III ~ Application submitted

※Changes from the previous announcement (Feb 5 2020)

Stage		Compound/ Code	Therapy area /Action	Origin	Features	Comments
Japan	Overseas					
Application (10 / 2019)		KRP-AM1977Y (Injection)	New quinolone synthetic antibacterial agent	In-house	A novel quinolone injection developed specifically for the treatment of lower respiratory tract infections 1. Highly distributed in the lung, showing strong antibacterial activity against pathogenic bacteria of respiratory tract infection 2. Effective against both aerobic and anaerobic bacteria, and able to administer once a day 3. Showed effectiveness against aspiration pneumonia, pulmonary suppuration, and lung abscess	
※Application (3 / 2020)		KRP-116D	Interstitial cystitis	—	Evaluation committee on unapproved or off-labeled drugs with high medical needs “Dimethyl sulfoxide(DMSO)”	
Application (7 / 2019)		KRP-108P	Anti-asthmatic	(U.K.) Vectura	Expand the indication of Flutiform to pediatric patients	

•MK-7264, a drug for chronic coughing: Merck Phase III (Oversea).  
 Concluded a memorandum of understanding for sales collaboration (5 / 2019).

Oral new quinolone synthetic antibacterial agent “Lasvic tablets 75mg”: released in January 2020.

# Development pipeline

## Main R&D Activities -2 (as of February 5 2020)

### POC Project (Ph I ~ Ph II)

Stage		Compound/ Code	Therapy area /Action	Origin	Features	Comments
Japan	Overseas					
Ph II (6/2018)		Ad-SGE-REIC	malignant pleural mesothelioma	Okayama University	<p>A gene-therapy product using a novel tumor suppressor gene of reduced expression in immortalized cells/ Dickkopf-3 (REIC/Dkk-3), which was discovered by researchers from Okayama University, as a therapeutic gene.</p> <p>It is expected to have direct effect on primary tumor lesions and indirect effect on metastatic tumor lesions as a gene-therapy product that simultaneously induces tumor cell-selective apoptosis and the activation of antitumor immunity respectively.</p>	<p>Adopted to Next generation Technology Transfer Program (NexTEP) (6/2014)</p> <p>【US】 Momotaro-Gene prostate cancer(Ph I / II)</p> <p>【JP】 Okayama University liver cancer(Ph I / I b)</p>

It was decided to discontinue development of "KRP-N118", for it was estimated difficult for realization of pre-configured product profiles.

### Status of Introduced Program

**[ATYR1923]** : Code of aTyr Pharma, Inc                      Code: KRP-R120

- Entered into collaboration and license agreement with aTyr Pharma, Inc (1/2020)
- Ph 1b/2a Clinical Trial is in progress in the United States by aTyr Pharma, Inc
- 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.

### Status of Licensed Compound / Program

Stage/ Overseas	Compound/ Code	Licensee / Collaborative research	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 (12/2015)
Ph I	KRP-203	Implementing licensing activities	GvHD		Sphingosine-1-Phosphate Receptor Agonist	Because Novartis (licensee) decided to discontinue development of KRP-203 for strategic reasons, Kyorin receive the return of development rights.



## Segment information

## Sales, Profit or Loss of each report segment

(unit : ¥billion)	Sales	Change Y/Y	Profit	Change Y/Y
<b>Net Sales (total)</b>	<b>110.0</b>	<b>- 3.6</b>	<b>7.5</b>	<b>- 1.5</b>
<b>Ethical drugs business</b>	<b>103.6</b>	<b>- 4.3</b>	<b>6.6</b>	<b>- 1.7</b>
◆ Sales of new ethical drugs	<b>72.6</b>	<b>- 5.9</b>		
○ Japan	71.2	- 6.5		
○ Overseas	1.5	+ 0.7		
◆ Generic drugs	<b>31.0</b>	<b>+ 1.7</b>		
<b>Healthcare business</b>	<b>6.4</b>	<b>+ 0.6</b>	<b>0.7</b>	<b>+ 0.5</b>
<b>Amount of adjustment</b>	<b>-</b>	<b>-</b>	<b>0.2</b>	<b>- 0.3</b>

# Consolidated Financial Results and full year Forecast

(Units: ¥ million)	FY2019	FY2020 (forecast)	Year on year	
			Change	Change (%)
Sales	109,983	<b>115,500</b>	+5,517	+5.0
■ Ethical Drugs business	103,599	<b>110,500</b>	+6,901	+6.7
◆ Sales of new Ethical Drugs	72,642	<b>75,600</b>	+2,958	+4.1
○ Japan	71,152	<b>74,600</b>	+3,448	+4.8
○ Overseas	1,490	<b>1,000</b>	-490	-32.9
◆ Sales of Generic drugs	30,957	<b>34,900</b>	+3,943	+12.7
■ Healthcare Business	6,383	<b>5,000</b>	-1,383	-21.7
Operating Income	7,503	<b>9,700</b>	+2,197	+29.3
Ordinary Income	8,175	<b>10,200</b>	+2,025	+24.8
Net Income	6,149	<b>7,600</b>	+1,451	+23.6

※ The impact of the COVID-19 coronavirus outbreak on business performance is expected to be insignificant, however, given the huge uncertainty over the situation, the Company will monitor future developments and if revision of the results forecasts becomes necessary, the Company will make prompt disclosure.

# P&L Summary : Consolidated Results – (1)

(unit : ¥million)	FY2018		FY2019			
	Actual	% Sales	Actual	% Sales	% Change	Change
<b>Sales</b>	113,620	100.0%	<b>109,983</b>	100.0%	-3.2%	-3,637
<b>■ Ethical Drugs business</b>	107,859	94.9%	<b>103,599</b>	94.2%	-3.9%	-4,259
◆ Sales of new Ethical Drugs	78,525	69.1%	<b>72,642</b>	66.0%	-7.5%	-5,882
○ Japan	77,694	68.4%	<b>71,152</b>	64.7%	-8.4%	-6,542
○ Overseas	830	0.7%	<b>1,490</b>	1.4%	+79.5%	+660
◆ Generic Drugs	29,334	25.8%	<b>30,957</b>	28.1%	+5.5%	+1,622
<b>Consumer Healthcare Business</b>	5,761	5.1%	<b>6,383</b>	5.8%	+10.8%	+622

## <Subsidiaries and Equity-method Affiliates>

Consolidated subsidiaries (6) :

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

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

## < Breakdown >

Year on Year

■ Sales ¥109,983mil (−¥3,637mil)

● Ethical drug sales in Japan  
¥71,152mil (−¥6,542mil)

(¥ : billion)	FY18		FY19	
• Flutiform	13.1	⇒	14.6	( +1.5)
• Desalex	3.7	⇒	2.6	( −1.1)
• Beova	0.7	⇒	4.3	( +3.6)
• Lasvic	—	⇒	1.1	( +1.1)
• Uritos	6.6	⇒	5.8	( −0.8)
• Pentasa	13.5	⇒	13.3	( −0.2)
• Nasonex	12.8	⇒	6.0	( −6.8)
• Kipres	13.9	⇒	11.8	( −2.1)
• Mucodyne	6.8	⇒	5.8	( −1.0)

● Ethical drug sales overseas  
¥1,490mil ( + ¥660mil)

• Gatifloxacin ¥0.4bln → 0.6bln ( +¥0.2bln)

● Generic Drugs ¥30,957mil ( +¥1,622mil)  
• Mometasone AG contributed to the increase in sales

● Consumer Healthcare Business  
¥6,383mil ( + ¥622mil)

• Milton ¥2.2bln → 2.4bln ( +¥0.2bln)

• Rubysta ¥1.3bln → 1.5bln ( +¥0.2bln)

## P&amp;L Summary : Consolidated Results – (2)

(unit : ¥million)	FY2018		FY2019			
	Actual	% Sales	Actual	% Sales	% Change	Change
<b>Sales</b>	113,620	100.0%	<b>109,983</b>	100.0%	−3.2%	−3,637
<b>Cost of Sales</b>	56,210	49.5%	<b>52,950</b>	48.1%	−5.8%	−3,259
<b>Gross Profit</b>	57,409	50.5%	<b>57,032</b>	51.9%	−0.7%	−377
SG&A (Incl. R&D expenses)	48,436 (10,790)	42.6% (9.5%)	<b>49,528</b> <b>(10,987)</b>	45.0% (10.0%)	+2.3% (+1.8%)	+1,092 (+196)
<b>Operating Income</b>	8,972	7.9%	<b>7,503</b>	6.8%	−16.4%	−1,469
Non-Operating Income	798	0.7%	<b>801</b>	0.7%	+0.3%	+2
Non-Operating Expenses	332	0.3%	<b>128</b>	0.1%	−61.4%	−204
<b>Ordinary Income</b>	9,438	8.3%	<b>8,175</b>	7.4%	−13.4%	−1,262
Extraordinary Profits	66	0.1%	<b>123</b>	0.1%	+86.2%	+57
Extraordinary Losses	145	0.1%	<b>43</b>	0.0%	−69.9%	−101
<b>Income before income taxes</b>	9,359	8.2%	<b>8,255</b>	7.5%	−11.8%	−1,103
Corporate, inhabitants and enterprise taxes	2,004	1.8%	<b>2,085</b>	1.9%	+4.0%	+81
Tax adjustments	485	0.4%	<b>20</b>	0.0%	—	−464
<b>Net Income</b>	6,869	6.0%	<b>6,149</b>	5.6%	−10.5%	−719

## &lt; Breakdown &gt;

## ◆ Cost of Sales Ratio :

down 1.4 percentage points Y/Y (49.5%→48.1%)

- Improvement of product mix

## ◆ R&amp;D Ratio :

up 0.5 percentage points Y/Y (9.5%→10.0%)

\* ¥10.8bln→¥11.0bln (+ ¥0.2bln)

- Increase in lump-sum contractual payments paid in conjunction with the introduction

## ◆ SG&amp;A (exclude R&amp;D) Expenses :

up 1.9 percentage Points Y/Y(33.1%→35.0%)

\* ¥37.6bln→¥38.5bln (+¥0.9bln)

- Increase in patent royalties, etc.

## ■ Operating Income ¥7,503mil (− ¥1,469mil)

- \* Operating Income margin decreased 1.1percentage points to 6.8%

## ■ Net Income ¥6,149mil (− ¥719mil)

## ■ Dividend per share ¥75.00

- \* Consolidated Dividend ratio 70.9%

## BS Summary : Consolidated Results

( Units: ¥ million )	FY2018	
	Actual	%total
<b>Current Assets</b>	114,904	66.4%
Cash, deposits	32,007	
Notes and accounts receivable	52,635	
Mk securities	501	—
Inventory	25,420	
Other	4,339	
<b>Fixed Assets</b>	58,130	33.6%
Tangible assets	21,792	
Intangible assets	3,401	—
Investments	32,936	
<b>Total Assets</b>	173,034	100.0%

<b>Current Liabilities</b>	41,480	24.0%
Notes payable	11,441	
Other	30,038	—
<b>Non-Current Liabilities</b>	8,159	4.7%
<b>Total Liabilities</b>	49,639	28.7%
<b>Owner's Equity</b>	116,744	67.5%
<b>Other Comprehensive Income</b>	6,651	3.8%
Unrealized holding gain (loss) on securities	8,925	
Foreign currency translation adjustments	56	—
Remeasurements of defined benefit plans	-2,331	
<b>Total Equity</b>	123,395	71.3%
<b>Total Liabilities and Equity</b>	173,034	100.0%

FY2019		
Actual	% total	change
<b>117,058</b>	<b>68.4%</b>	<b>+2,154</b>
31,925		
47,449		
993	—	—
33,283		
3,406		
<b>54,102</b>	<b>31.6%</b>	<b>-4,028</b>
22,721		
3,332	—	—
28,047		
<b>171,160</b>	<b>100.0%</b>	<b>-1,873</b>

<b>31,328</b>	<b>18.3%</b>	<b>-10,151</b>
9,776		
21,551	—	—
<b>17,121</b>	<b>10.0%</b>	<b>+8,962</b>
<b>48,449</b>	<b>28.3%</b>	<b>-1,189</b>
<b>118,534</b>	<b>69.3%</b>	<b>+1,789</b>
<b>4,176</b>	<b>2.4%</b>	<b>-2,474</b>
6,922		
36	—	—
-2,782		
<b>122,710</b>	<b>71.7%</b>	<b>-684</b>
<b>171,160</b>	<b>100.0%</b>	<b>-1,873</b>

## &lt; Breakdown &gt;

Year on Year

■ Current Asset :	<b>+¥ 2,154mil</b>
• Cash, deposits	( -¥ 82mil)
• Notes and accounts receivable	( -¥ 5,186mil)
• Mk securities	( +¥ 491mil)
• Inventory	( +¥ 7,863mil)
• Other	( -¥ 932mil)
■ Fixed Assets :	<b>-¥ 4,028mil</b>
• Tangible Assets	( +¥ 929mil)
• Intangible Assets	( - ¥ 68mil)
• Investments	( -¥ 4,888mil)
■ Current Liabilities :	<b>- ¥ 10,151mil</b>
• Notes Payable	( -¥ 1,664mil)
• Other	( -¥ 8,486mil)
■ Non-Current Liabilities :	<b>+ ¥ 8,962mil</b>

# Financial Summary (Consolidated)

(units : ¥million)	FY2015	FY2016	FY2017	※FY2018	FY2019	FY2020 (forecast)
Sales	119,483	115,373	110,640	113,620	<b>109,983</b>	<b>115,500</b>
(Exports)	(5,586)	(764)	(3,339)	(830)	<b>(1,490)</b>	<b>(1,000)</b>
Cost of Sales	47,360	50,847	49,064	56,210	<b>52,950</b>	—
(cost of sales ratio )%	(39.6%)	(44.1%)	(44.3%)	(49.5%)	<b>(48.1%)</b>	—
SG&A	52,486	54,113	52,753	48,436	<b>49,528</b>	—
Ratio to Sales (%)	(43.9%)	(46.9%)	(47.7%)	(42.6%)	<b>(45.0%)</b>	—
R&D Expenses	13,019	13,569	14,243	10,790	<b>10,987</b>	<b>9,600</b>
Ratio to Sales (%)	(10.9%)	(11.8%)	(12.9%)	(9.5%)	<b>(10.0%)</b>	<b>(8.3%)</b>
Operating Income	19,636	10,413	8,822	8,972	<b>7,503</b>	<b>9,700</b>
Ratio to Sales (%)	(16.4%)	(9.0%)	(8.0%)	(7.9%)	<b>(6.8%)</b>	<b>(8.4%)</b>
Ordinary Income	19,995	10,874	9,345	9,438	<b>8,175</b>	<b>10,200</b>
Ratio to Sales (%)	(16.7%)	(9.4%)	(8.4%)	(8.3%)	<b>(7.4%)</b>	<b>(8.8%)</b>
Net Income	13,639	7,305	6,574	6,869	<b>6,149</b>	<b>7,600</b>
Ratio to Sales (%)	(11.4%)	(6.3%)	(5.9%)	(6.0%)	<b>(5.6%)</b>	<b>(6.6%)</b>
EPS (¥)	184.28円	99.45円	89.28円	104.68円	<b>107.35円</b>	<b>132.67円</b>
Capital	700	700	700	700	<b>700</b>	—
Assets	197,825	192,668	196,736	173,034	<b>171,160</b>	—
shareholder's equity	149,808	152,585	155,489	116,744	<b>118,534</b>	—
Total Equity	157,049	157,837	163,297	123,395	<b>122,710</b>	—
BPS (¥)	2,131.67円	2,146.83円	2,214.13円	2,154.05円	<b>2,142.07円</b>	—
ROE (%)	8.9%	4.6%	4.1%	4.8%	<b>5.0%</b>	—
Equity Ratio (%)	79.4%	81.9%	83.0%	71.3%	<b>71.7%</b>	—
Employees	2,420	2,382	2,348	2,297	<b>2,271</b>	—
Capital Expenditure	7,218	3,051	2,885	2,306	<b>3,590</b>	<b>5,100</b>
Depreciation Expense	3,730	3,619	3,644	2,940	<b>3,221</b>	<b>3,800</b>

※ The figures for the preceding fiscal year have been revised retrospectively following the partial revision to the Accounting Standards for Tax Effect Accounting.

# P&L Summary : KYORIN Pharmaceutical (Non-Consolidated) – (1)

(unit : ¥million)	FY2018		FY2019			
	Actual	% Sales	Actual	% Sales	% Change	Change
<b>Sales</b>	99,736	100.0%	<b>96,336</b>	100.0%	-3.4%	-3,399
■ <b>Ethical Drugs business</b>	94,731	95.0%	<b>90,827</b>	94.3%	-4.1%	-3,903
◆ Sales of new Ethical Drugs	76,172	76.4%	<b>70,377</b>	73.1%	-7.6%	-5,795
○Japan	75,558	75.8%	<b>69,116</b>	71.7%	-8.5%	-6,442
○Overseas	613	0.6%	<b>1,260</b>	1.3%	+105.4%	+647
◆ Generic Drugs	18,558	18.6%	<b>20,450</b>	21.2%	+10.2%	+1,891
■ <b>Healthcare Business</b>	5,004	5.0%	<b>5,509</b>	5.7%	+10.1%	+504

## < Breakdown > Year on Year

■ Sales ¥96,336mil ( -¥3,399mil)

● Ethical drug sales in Japan  
¥69,116mil ( -¥6,442mil)

(¥ : billion)	FY18		FY19	
• Flutiform	13.1	⇒	14.6	( +1.5)
• Desalex	3.7	⇒	2.6	( -1.1)
• Beova	0.7	⇒	4.3	( +3.6)
• Lasvic	—	⇒	1.1	( +1.1)
• Uritos	6.6	⇒	5.8	( -0.8)
• Pentasa	13.5	⇒	13.3	( -0.2)
• Nasonex	12.8	⇒	6.0	( -6.8)
• Kipres	13.9	⇒	11.8	( -2.1)
• Mucodyne	6.8	⇒	5.8	( -1.0)

● Ethical drug sales overseas  
¥1,260mil ( +¥647mil)

• Gatifloxacin ¥0.4bln → 0.6bln ( +¥0.2bln)

● Generic Drugs ¥20,450mil ( +¥1,891mil)  
• Mometasone AG contributed to the increase in sales

● Consumer Healthcare Business  
¥5,509mil ( +¥504mil)

• Milton ¥2.2bln → ¥2.4bln ( +¥0.2bln)

• Rubysta ¥1.3bln → ¥1.5bln ( +¥0.2bln)

# P&L Summary : KYORIN Pharmaceutical (Non-Consolidated) – (2)

&lt; Breakdown &gt;

(unit : ¥million)	FY2018		FY2019			
	Actual	% Sales	Actual	% Sales	% Change	Change
<b>Sales</b>	99,736	100.0%	<b>96,336</b>	100.0%	-3.4%	-3,399
<b>Cost of Sales</b>	50,443	50.6%	<b>47,339</b>	49.1%	-6.2%	-3,103
<b>Gross Profit</b>	49,292	49.4%	<b>48,996</b>	50.9%	-0.6%	-295
SG&A (R&D Expenses)	43,905 (9,569)	44.0% (9.6%)	<b>44,675</b> <b>(10,038)</b>	46.4% (10.4%)	+1.8% (+4.9%)	+769 (+469)
<b>Operating Income</b>	<b>5,387</b>	5.4%	<b>4,321</b>	4.5%	-19.8%	-1,065
Non-Operating Income	784	0.8%	<b>1,093</b>	1.1%	+39.4%	+308
Non-operating Expenses	50	0.1%	<b>74</b>	0.1%	+48.4%	+24
<b>Ordinary Income</b>	<b>6,121</b>	6.1%	<b>5,340</b>	5.5%	-12.8%	-780
Extraordinary Profits	60	0.1%	—	—	—	-60
Extraordinary Losses	120	0.1%	<b>61</b>	0.1%	-48.8%	-59
<b>Income before income taxes</b>	<b>6,061</b>	6.1%	<b>5,278</b>	5.5%	-12.9%	-782
Corporate, inhabitants and enterprise taxes	1,193	1.2%	<b>1,273</b>	1.3%	+6.7%	+80
Tax adjustments	478	0.5%	<b>7</b>	0.0%	—	-470
<b>Net Income</b>	<b>4,389</b>	4.4%	<b>3,996</b>	4.1%	-8.9%	-392

◆**Cost of Sales Ratio :**  
down 1.5 percentage points Y/Y (50.6%→49.1%)

・ Improvement of product mix

◆**R&D Ratio :**  
up 0.8percentage points Y/Y(9.6%→10.4%)

\* ¥9.6bln→¥10.0bln(+¥0.4bin)  
Increase in lump-sum contractual payments paid in conjunction with the introduction

◆**SG&A (exclude R&D) expenses :**  
up 1.6 percentage points Y/Y (34.4%→36.0%)

\* ¥34.3bln→¥34.6bln(+¥0.3bin)  
Increase in patent royalties, etc.

■**Operating Income** ¥4,321mil (-¥1,065mil)

■**Net Income** ¥3,996mil (-¥392mil)



# BS Summary : KYORIN Pharmaceutical (Non-Consolidated)

(unit : ¥million)	FY2018	
	Actual	% total
<b>Current Assets</b>	118,028	72.9%
Cash, deposits	7,581	
Accounts receivable	47,814	
Mk securities	501	—
Inventory	19,237	
Other	42,893	
<b>Fixed Assets</b>	43,957	27.1%
Tangible assets	7,685	
Intangible assets	3,087	—
Investments	33,184	
<b>Total Assets</b>	161,986	100.0%

FY2019		
Actual	% total	change
<b>121,234</b>	75.5%	+ 3,205
<b>18,323</b>		
<b>42,831</b>		
<b>993</b>	—	—
<b>26,927</b>		
<b>32,157</b>		
<b>39,336</b>	24.5%	- 4,621
<b>7,328</b>		
<b>2,741</b>	—	—
<b>29,265</b>		
<b>160,570</b>	100.0%	- 1,415

<b>Current Liabilities</b>	36,562	22.6%
Notes Payable Accounts payable	10,299	
Other	26,262	—
<b>Non-Current Liabilities</b>	4,103	2.5%
<b>Total Liabilities</b>	40,665	25.1%
<b>Owner's Equity</b>	112,464	69.4%
Valuation and translation adjustments	8,856	5.5%
<b>Total Equity</b>	121,320	74.9%
<b>Total Liabilities and Equity</b>	161,986	100.0%

<b>27,730</b>	17.3%	- 8,831
<b>10,294</b>		
<b>17,436</b>	—	—
<b>13,433</b>	8.4%	+ 9,330
<b>41,164</b>	25.6%	+ 499
<b>112,525</b>	70.1%	+ 60
<b>6,880</b>	4.3%	- 1,975
<b>119,405</b>	74.4%	- 1,914
<b>160,570</b>	100.0%	- 1,415

## &lt; Breakdown &gt;

(Year on Year)

■ Current Assets :	+¥3,205mil
• Cash, deposits	(+¥10,742mil)
• Accounts receivable	( - ¥4,873mil)
• Mk securities	( + ¥491mil)
• Inventory	( + ¥7,690mil)
• Other	( - ¥10,735mil)

■ Fixed Assets :	- ¥4,621mil
• Tangible Assets	( - ¥357mil)
• Intangible Assets	( - ¥345mil)
• Investments	( - ¥3,918mil)

■ Current Liabilities :	- ¥8,831mil
• Accounts payable	( - ¥5mil)
• Other	( - ¥8,826mil)

■ Non-Current Liabilities :	+ ¥9,330mil
-----------------------------	-------------

# Financial Summary : KYORIN Pharmaceutical (Non-Consolidated)

(units : ¥million)	FY2015	FY2016	FY2017	※FY2018	FY2019	FY2020 (forecast)
Sales	106,390	100,022	97,459	99,736	<b>96,336</b>	<b>100,700</b>
(Exports)	(5,343)	(528)	(3,115)	(613)	<b>(1,260)</b>	<b>(700)</b>
Cost of Sales	40,798	43,503	42,885	50,443	<b>47,339</b>	—
(cost of sales ratio )%	(38.3%)	(43.5%)	(44.0%)	(50.6%)	<b>(49.1%)</b>	—
SG&A	48,129	49,714	48,645	43,905	<b>44,675</b>	—
Ratio to Sales (%)	(45.2%)	(49.7%)	(49.9%)	(44.0%)	<b>(46.4%)</b>	—
R&D Expenses	12,421	12,785	13,158	9,569	<b>10,038</b>	<b>8,400</b>
Ratio to Sales (%)	(11.7%)	(12.8%)	(13.5%)	(9.6%)	<b>(10.4%)</b>	<b>(8.3%)</b>
Operating Income	17,461	6,803	5,928	5,387	<b>4,321</b>	<b>7,300</b>
Ratio to Sales (%)	(16.4%)	(6.8%)	(6.1%)	(5.4%)	<b>(4.5%)</b>	<b>(7.2%)</b>
Ordinary Income	17,985	7,396	6,608	6,121	<b>5,340</b>	<b>8,200</b>
Ratio to Sales (%)	(16.9%)	(7.4%)	(6.8%)	(6.1%)	<b>(5.5%)</b>	<b>(8.1%)</b>
Net Income	12,113	4,454	4,637	4,389	<b>3,996</b>	<b>6,200</b>
Ratio to Sales (%)	(11.4%)	(4.5%)	(4.8%)	(4.4%)	<b>(4.1%)</b>	<b>(6.2%)</b>
EPS (¥)	163.11円	59.98円	62.45円	59.10円	<b>53.82円</b>	—
Capital	4,317	4,317	4,317	4,317	<b>4,317</b>	—
Assets	155,637	149,382	151,622	161,986	<b>160,570</b>	—
shareholder's equity	117,300	117,744	118,595	112,464	<b>112,525</b>	—
Total Equity	127,610	125,310	128,614	121,320	<b>119,405</b>	—
BPS (¥)	1,718.23円	1,687.28円	1,731.76円	1,633.55円	<b>1,607.77円</b>	—
ROE (%)	9.9%	3.5%	3.7%	3.5%	<b>3.3%</b>	—
Equity Ratio (%)	82.0%	83.9%	84.8%	74.9%	<b>74.4%</b>	—
Employees	1,731	1,687	1,673	1,567	<b>1,502</b>	—
Capital Expenditure	5,059	905	815	599	<b>441</b>	<b>700</b>
Depreciation Expense	2,241	2,143	1,942	1,183	<b>1,337</b>	<b>1,500</b>

※ The figures for the preceding fiscal year have been revised retrospectively following the partial revision to the Accounting Standards for Tax Effect Accounting.