

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

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May 11, 2021

**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 2020

(Units : ¥ million)	FY2017	FY2018	FY2019	FY2020	Change	FY2021* (Forecast)	Change*
Net Sales	110,640	113,620	109,983	<b>102,904</b>	-6.4%	<b>102,600</b>	—
Operating income	8,822	8,972	7,503	<b>5,786</b>	-22.9%	<b>3,300</b>	—
Ordinary income	9,345	9,438	8,175	<b>6,447</b>	-21.1%	<b>3,800</b>	—
Net income	6,574	6,869	6,149	<b>6,130</b>	-0.3%	<b>2,700</b>	—
Net income per share (yen)	89.28	104.68	107.35	<b>106.99</b>	-0.3%	<b>47.12</b>	—
Total assets	196,736	173,034	171,160	<b>167,126</b>	-2.4%	—	—
Total equity	163,297	123,395	122,710	<b>124,661</b>	+1.6%	—	—

## Consolidated Business Results for Fiscal 2020

**[Net Sales]** Although the main products "Desalex" and "Beova" grew, the main product market shrank due to the impact of NHI drug price revisions and the spread of COVID-19 coronavirus infections. As the result New ethical drugs, etc. (Japan) was lower than the previous year. On the other hand, although Mometasone (AG) and Imidafenacin (AG) grew and sales of Generic drugs increased, overall sales decreased by 7,079 million yen year-on-year (6.4% in the same period of the previous year) to 102,904 million yen.

**[Profit]** Gross profit decreased by 5,404 million yen year-on-year due to a decrease in sales and increase of cost of sales ratio. On the other hand, selling, general and administrative expenses decreased by 3,687 million yen (including decrease in R & D expenses 1,283 million yen) from the same period of the previous year due to cost reduction efforts and voluntary restriction on MR activities, etc. Operating income was 5,786 million yen, so profit decreased by 1,717 million yen year-on-year (down 22.9%). Net income attributable to owners of the parent was 6,130 million yen (down 0.3%) after recording extraordinary income 1,929 million yen including debt exemption gain, etc..

## Consolidated Business Results Forecast for Fiscal 2021

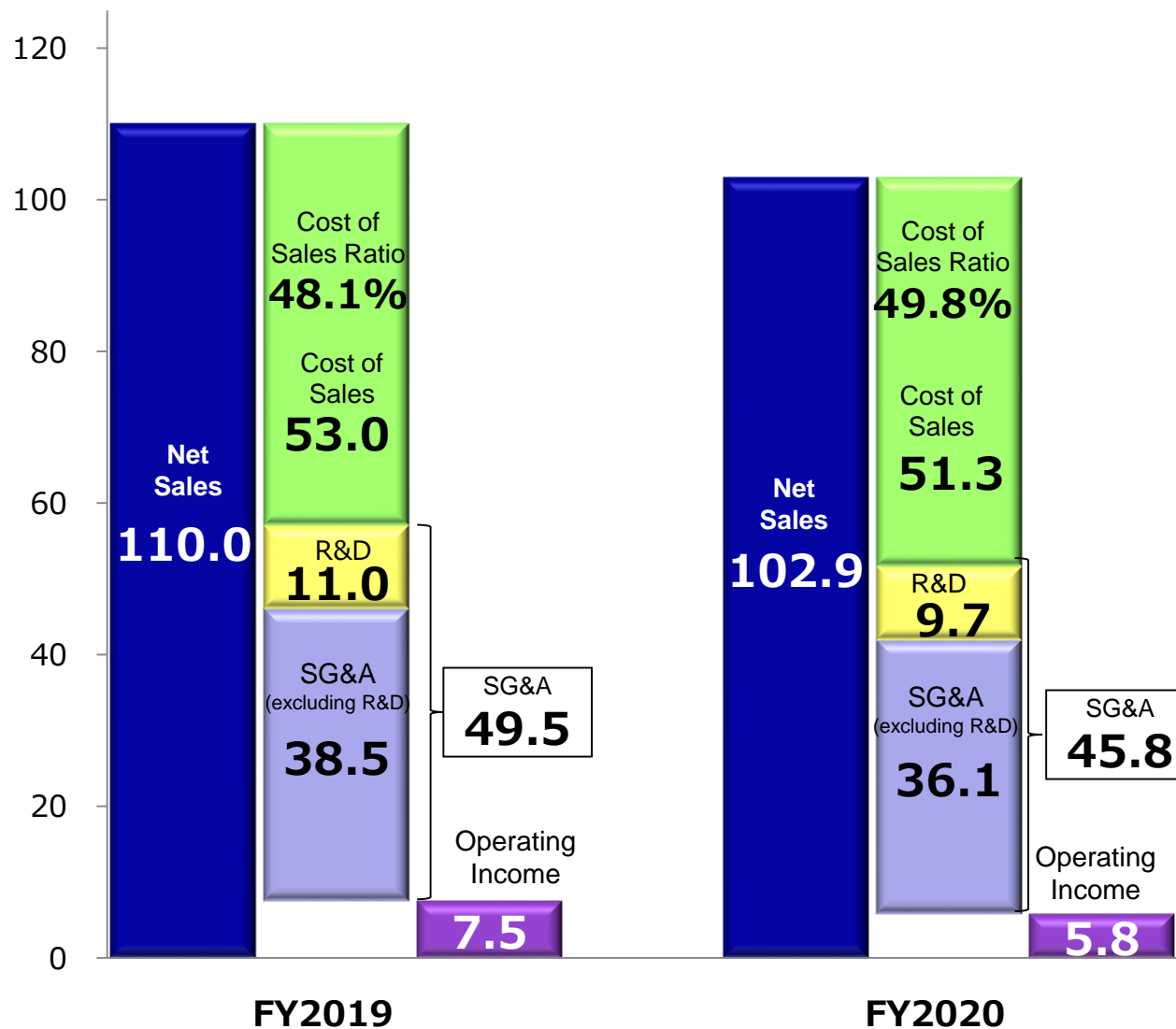
**[Net Sales and income]** In new ethical drugs, etc. (Japan), although the growth of main products are forecasted, sales of Long-term listed drugs are projected to be significantly lower than in the previous fiscal year by NHI drug price revisions. Meanwhile, in generic drugs, sales of main drugs and new generic drugs are expected to increase. Gross profit is projected to reduce due to increase in cost of sales ratio. Although book a up-front payment for the contract for the distribution right, SG&A is projected to decrease due to cost reduction efforts. As a results, in terms of consolidated results for the fiscal year ending March 31, 2022, net sales are forecasted to be 102,600 million yen, operating income to be 3,300 million yen, and profit attributable to owners of parent to be 2,700 million yen.

The impact of the COVID-19 coronavirus outbreak on business performance is incorporated certain amount to forecast. However, given the huge uncertainty over the situation, the Company will monitor future trend and if revision of the results forecasts becomes necessary, the Company will make prompt disclosure.

※It is planned to apply the "Accounting Standards for Revenue Recognition" from the fiscal year ending March 2022, and the consolidated financial forecast for the fiscal year ending March 2022 incorporates these changes. Therefore, the rate of increase / decrease from the actual results for the fiscal year ended March 31, 2021 before the application of the standards, etc. is not stated.

# Highlights of Business Performance

(Units: ¥ billion)



➤ Net Sales decreased ¥7.1bn year on year

- Cost of sales ratio increased 1.7%
  - NHI drug price revisions
  - Generic drugs ratio increased

■ Gross Profit decreased ¥5.4bn year on year

- SG&A expenses decreased ¥3.7bn year on year
  - R&D expenses decreased ¥1.3bn
  - SG&A(excluding R&D) decreased ¥2.4bn

■ Operating Income decreased ¥1.7bn year on year

# Consolidated Financial Results

(Units : ¥ billion)	FY2019	FY2020	Change
<b>Net Sales</b>	110.0	<b>102.9</b>	-7.1
New ethical drugs, etc. (Japan)	77.5	<b>69.7</b>	-7.8
New ethical drugs (Overseas)	1.5	<b>1.0</b>	-0.5
Generic drugs	31.0	<b>32.2</b>	+1.2

<b>Operating Income</b>	7.5	<b>5.8</b>	-1.7
<b>Ordinary Income</b>	8.2	<b>6.4</b>	-1.8
<b>Net Income</b>	6.1	<b>6.1</b>	0

※ The classification of reporting segment ("Prescription drugs business" and "Healthcare business") was consolidated to a single segment from the first quarter consolidated financial results for the fiscal year ended March 31, 2021

Along with this, the classification of sales was changed to combine the existing "New ethical drugs (Japan)" and "healthcare business" to "New ethical drugs, etc. (Japan)".

There is no change in "New ethical drugs (overseas)" and "Generic drugs".

		(Year on Year)	(Forecast)
<b>■ Net Sales</b>	<b>102.9bln</b>	<b>( -7.1)</b>	<b>( -5.1)</b>
● Sales of new ethical drugs in Japan	<b>69.7bln</b>	<b>( -7.8)</b>	<b>( -4.1)</b>
	FY19	FY20	
• Flutiform	14.6	⇒ 13.3	( -1.3) ( -1.2)
• Desalex	2.6	⇒ 5.7	( +3.1) ( -1.8)
• Beova	4.3	⇒ 7.3	( +3.0) ( 0)
• Lasvic	1.1	⇒ 0.9	( -0.2) ( -0.9)
• Pentasa	13.3	⇒ 12.8	( -0.5) ( +0.3)
• Uritos	5.8	⇒ 2.3	( -3.5) ( +0.1)
• Nasonex	6.0	⇒ 2.8	( -3.2) ( +0.4)
• Kipres	11.8	⇒ 8.3	( -3.5) ( +0.1)
• Mucodyne	5.8	⇒ 3.3	( -2.5) ( 0)
● Sales of new ethical drugs in Overseas	<b>1.0bln</b>	<b>( -0.5)</b>	<b>( -0.1)</b>
Decreased the sales of Gatifloxacin			
● Sales of Generic drugs	<b>32.2bln</b>	<b>(+1.2)</b>	<b>( -0.8)</b>
Sales increase by Nazonex AG, and Uritos AG(launched in June),supplement products in FY2020 contributed			
<b>■ Operating Income</b>	<b>5.8bln</b>	<b>( -1.7)</b>	<b>( -2.0)</b>
◆ Operating Income Margin decreased 1.2 percentage points to 5.6%			
● Cost of Sales Ratio : 48.1%⇒49.8% Increased 1.7 percentage points			
[Increase] NHI drug price revisions, Increase of sales of Generic products, etc.			
[Decrease] Efforts to reduce costs (Raw material costs, etc.) , Increase of Sales of New drugs			
● R&D Ratio : 10.0%⇒9.4% Decreased 0.6 percentage points			
• Decreased ¥1.3bln (¥11.0bln⇒¥9.7bln) Progress and discontinuation of development project			
● SG&A Ratio (excluding R&D) : 35.0%⇒35.1% Increased 0.1 percentage points			
• Decreased ¥2.4bln (¥38.5bln⇒¥36.1bln) Decrease of selling, labor and general expenses			
<b>■ Net Income</b>	<b>6.1bln</b>	<b>( 0)</b>	<b>( -1.1)</b>
Debt exemption gain due to the partial exemption of repayment obligation for long-term debt from JST, and others were recorded as extraordinary profit.			

# Main Product Sales Update

(Units : ¥ billion)		FY2016	FY2017	FY2018	FY2019	FY2020		FY2021 (Forecast)
						Actual	Change(%)	
New ethical drugs, etc. (Japan)	<b>Flutiform</b> (Combination drug for asthma treatment)	10.1	11.9	13.1	14.6	<b>13.3</b>	-9.0%	13.9
	<b>Desalex</b> (Antiallergic Agent)	1.0	4.9	3.7	2.6	<b>5.7</b>	+120.7%	7.2
	<b>Beova (Kyorin)</b> (B3 adrenergic receptor agonist overactive bladder therapeutics))	—	—	0.7	4.3	<b>7.3</b>	+70.2%	8.6
	<b>Lasvic</b> (Quinolone synthetic antibacterial agent)	—	—	—	1.1	<b>0.9</b>	-19.6%	2.8
	<b>Pentasa</b> (Ulcerative colitis and Crohn's disease treatment)	15.5	15.3	13.5	13.3	<b>12.8</b>	-4.3%	11.7
	<b>Uritos (Kyorin)</b> (Therapeutic agent for overactive bladder)	7.5	7.2	6.6	5.8	<b>2.3</b>	-60.1%	1.0
	<b>Nasonex</b> (Spray type allergic rhinitis remedy)	—	—	12.8	6.0	<b>2.8</b>	-54.0%	1.8
	<b>Kipres for adult</b> (Leukotriene Receptor Antagonist)	17.7	8.3	6.2	5.3	<b>3.9</b>	-25.4%	3.3
	<b>Kipres for children</b> (Leukotriene Receptor Antagonist)	14.9	10.5	7.6	6.5	<b>4.4</b>	-33.0%	3.6
	<b>Mucodyne</b> (Mucoregulant)	9.9	8.7	6.8	5.8	<b>3.3</b>	-43.4%	2.9
	<b>Milton</b> (Disinfectant)	2.2	2.2	2.2	2.4	<b>2.1</b>	-10.2%	2.2
	<b>Rubysta</b> (Disinfectant)	1.0	1.1	1.3	1.5	<b>2.0</b>	+34.9%	2.1
Generic drugs	<b>Montelukast tablets "KM"</b> (Leukotriene Receptor Antagonist)	8.2	11.7	11.9	11.5	<b>10.8</b>	-6.1%	9.2
	<b>Mometasone Nasal 50mg "KYORIN"</b> (Spray type allergic rhinitis remedy)	—	—	—	2.8	<b>3.8</b>	+37.0%	3.5
	<b>Imidafenacin tablets &amp; OD "KYORIN"</b> (Therapeutic agent for overactive bladder)	—	—	—	—	<b>0.7</b>	—	0.7

# R&D Expenses, Capex & Depreciation

(Units : ¥million)	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021 (Forecast)
					Actual	Change(%)	
R&D expenses	13,569	14,243	10,790	10,987	<b>9,703</b>	<b>-11.7%</b>	9,200
Capital expenditure	3,051	2,885	2,306	3,590	<b>4,307</b>	<b>+20.0%</b>	4,500
Depreciation expense	3,619	3,644	2,940	3,221	<b>3,564</b>	<b>+10.6%</b>	3,900

## <Capital expenditure (Actual/Forecast)>

(Units : ¥million)	FY2019	<b>FY2020 (Actual)</b>	FY2021 (Forecast)
Plant facilities	27	<b>31</b>	33
Equipment for control, sales activities	4	<b>3</b>	5
Equipment for research	5	<b>9</b>	7

# Main R&D Activities -1 (as of May 11 2021)

## Ph III ~ Launch

※Changes from the previous announcement (Feb 4 2021)

Stage		Compound / Code	Indication	Origin	Features	Comments
Japan	Overseas					
Launch※ (Mar 2021)	—	<b>Lasvic Intravenous Drip Infusion Kit 150mg/ KRP-AM1977Y</b>	New quinolone antibacterial Injection	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	
Launch※ (Apr 2021)	—	<b>Zymso Intravesical Solution 50% /KRP-116D</b>	Interstitial cystitis	—	Evaluation committee on unapproved or off-labeled drugs with high medical needs “Dimethyl sulfoxid”	

※Signed agreement with MSD for exclusive distribution rights in Japan for Gefapixant Citrate, a Treatment for Chronic Cough, in Japan (Apr 2021)

## POC Project (Ph I ~ Ph II)

Stage		Compound / Code	Proposed Indication	Origin	Features	Comments
Japan	Overseas					
Ph I (Jul 2020)	Ph I b/ II a (aTyr pharma)	<b>KRP-R120</b>	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 ※ (May 2021)	<b>KRP-A218</b>	Rhinovirus infection at risk of potentially severe		It is antiviral drug that suppresses viral growth by targeting host molecules	

# Main R&D Activities -2 (as of May 11 2021)

## Licensing development (License-in)

Stage		Compound / Code	Proposed Indication	Origin	Features	Comments
Japan	Overseas					
Ph II (Dec 2019) ASKA Pharmaceutical	—	<b>AKP-009</b>	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 within Japan (Sep 2020)

## Licensing development (License-out)

Stage	Compound / Code	Licensee / Collaborative research	Therapy area / Action	Origin	Features	Comments
Ph I	<b>FPR-2 agonist program</b>	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	<b>KRP-203</b>	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	<b>Compound for Sensorineural Hearing Loss</b>	Otonomy	—	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



## 【Reference】

# Consolidated Financial Results and full year Forecast

(Units : ¥million)	FY2020 (Actual)	FY2021 (Forecast)	Year on Year	
			Change	Change(%)
<b>Net sales (total)</b>	102,904	<b>102,600</b>	—	—
New ethical drugs, etc. (Japan)	69,735	<b>68,600</b>	—	—
New ethical drugs (Overseas)	996	<b>800</b>	—	—
Generic drugs	32,172	<b>33,100</b>	—	—
<b>Operating Income</b>	5,786	<b>3,300</b>	-2,486	-43.0%
<b>Ordinary Income</b>	6,447	<b>3,800</b>	-2,647	-41.1%
<b>Net Income</b>	6,130	<b>2,700</b>	-3,430	-56.0%

It is planned to apply the “Accounting Standards for Revenue Recognition” from the fiscal year ending March 2022, and the consolidated financial forecast for the fiscal year ending March 2022 incorporates these changes.

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

(Units : ¥million)	FY2019		FY2020			
	Actual	% Sales	Actual	% Sales	Change %	Change
<b>Net Sales (total)</b>	109,983	100.0%	<b>102,904</b>	100.0%	-6.4%	-7,079
New ethical drugs, etc. (Japan)	77,535	70.5%	<b>69,735</b>	67.8%	-10.1%	-7,800
New ethical drugs (Overseas)	1,490	1.4%	<b>996</b>	1.0%	-33.2%	-494
Generic drugs	30,957	28.1%	<b>32,172</b>	31.3%	+3.9%	+1,215

## <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 ¥102,904mil (- ¥7,079mil)

● New ethical drug, etc. (Japan)  
 ¥69,735mil (- ¥7,800mil)

(billion)

	FY19	⇒	FY20	( )
• Flutiform	14.6	⇒	13.3	( -1.3)
• Desalex	2.6	⇒	5.7	( +3.1)
• Beova	4.3	⇒	7.3	( +3.0)
• Lasvic	1.1	⇒	0.9	( -0.2)
• Pentasa	13.3	⇒	12.8	( -0.5)
• Uritos	5.8	⇒	2.3	( -3.5)
• Nasonex	6.0	⇒	2.8	( -3.2)
• Kipres	11.8	⇒	8.3	( -3.5)
• Mucodyne	5.8	⇒	3.3	( -2.5)

● New ethical drug sales (Overseas)  
 ¥996mil ( - ¥494mil)

• Decreased the sales of Gatifloxacin, etc.

● Generic drugs ¥32,172mil (+ ¥1,215mil)  
 •Nasonex AG, Uritos AG and launch of new generic drugs in FY2020 contributed to sales

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

(Units : ¥million)	FY2019		FY2020			
	Actual	% Sales	Actual	% Sales	Change %	Change
<b>Sales</b>	109,983	100.0%	<b>102,904</b>	100.0%	-6.4%	-7,079
<b>Cost of Sales</b>	52,950	48.1%	<b>51,276</b>	49.8%	-3.2%	-1,674
<b>Gross Profit</b>	57,032	51.9%	<b>51,627</b>	50.2%	-9.5%	-5,404
SG&A (R&D expenses)	49,528 (10,987)	45.0% (10.0%)	<b>45,841</b> <b>(9,703)</b>	44.5% (9.4%)	-7.4% (-11.7%)	-3,687 (-1,283)
<b>Operating Income</b>	7,503	6.8%	<b>5,786</b>	5.6%	-22.9%	-1,717
Non-Operating Income	801	0.7%	<b>798</b>	0.8%	-0.3%	-2
Non-Operating Expenses	128	0.1%	<b>137</b>	0.1%	+6.8%	+8
<b>Ordinary Income</b>	8,175	7.4%	<b>6,447</b>	6.3%	-21.1%	-1,728
Extraordinary Profits	123	0.1%	<b>1,929</b>	1.9%	+1458.2%	+1,805
Extraordinary Losses	43	0.0%	<b>25</b>	0.0%	-42.6%	-18
<b>Income before income taxes</b>	8,255	7.5%	<b>8,352</b>	8.1%	+1.2%	+96
Corporate, inhabitants and enterprise taxes	2,085	1.9%	<b>1,847</b>	1.8%	-11.4%	-238
Tax adjustments	20	0.0%	<b>374</b>	0.4%	—	+353
<b>Net Income</b>	6,149	5.6%	<b>6,130</b>	6.0%	-0.3%	-19

## <Breakdown>

### ◆ Cost of Sales Ratio :

up 1.7 percentage points Y/Y (48.1%→49.8%)

- NHI drug price revisions
- Increase of sales of Generic products

### ◆ R&D Ratio :

down 0.6 percentage points Y/Y (10.0%→9.4%)

- \* ¥11.0bln→¥9.7bln ( - ¥1.3bln)
- Progress and discontinuation of development project

### ◆ SG&A (exclude R&D) Expenses :

up 0.1 percentage Points Y/Y(35.0%→35.1%)

- \* ¥38.5bln→¥36.1bln ( - ¥2.4bln)
- Decrease of selling, labor and general costs

### ■ Operating Income ¥5,786mil ( - ¥1,717mil)

- \* Operating Income margin decreased 1.2percentage points to 5.6%

### ■ Net Income ¥6,130mil ( - ¥19mil)

- \* Recording of debt exemption gain about ¥1.1bln as extraordinary income.

### ■ Dividend per share ¥75.00 (interim dividend ¥30.00)

- \* Consolidated Dividend ratio 71.1%

# BS Summary: Consolidated Results

(Units : ¥million)	Mar / 2020		Mar / 2021		
	Actual	% total	Actual	% total	Change
<b>Current Assets</b>	117,058	68.4%	<b>114,027</b>	<b>68.2%</b>	<b>-3,031</b>
Cash, deposits	31,925		27,445		
Notes and accounts receivable	47,449		40,446		
Mk securities	993	—	3,399	—	—
Inventory	33,283		38,568		
Other	3,406		4,166		
<b>Fixed Assets</b>	54,102	31.6%	<b>53,099</b>	<b>31.8%</b>	<b>-1,002</b>
Tangible assets	22,721		23,896		
Intangible assets	3,332	—	3,785	—	—
Investments	28,047		25,417		
<b>Total Assets</b>	171,160	100.0%	<b>167,126</b>	<b>100.0%</b>	<b>-4,034</b>

<b>Current Liabilities</b>	31,328	18.3%	<b>27,407</b>	<b>16.4%</b>	<b>-3,920</b>
Notes payable	9,776	—	6,985	—	—
Other	21,551		20,422		
<b>Non-Current Liabilities</b>	17,121	10.0%	<b>15,057</b>	<b>9.0%</b>	<b>-2,064</b>
<b>Total Liabilities</b>	48,449	28.3%	<b>42,464</b>	<b>25.4%</b>	<b>-5,985</b>
<b>Owner's Equity</b>	118,534	69.3%	<b>120,339</b>	<b>72.0%</b>	<b>+1,804</b>
<b>Other Comprehensive Income</b>	4,176	2.4%	<b>4,322</b>	<b>2.6%</b>	<b>+146</b>
Unrealized holding gain (loss) on securities	6,922		6,639		
Foreign currency translation adjustments	36	—	-40	—	—
Remeasurements of defined benefit plans	-2,782		-2,275		
<b>Total Equity</b>	122,710	71.7%	<b>124,661</b>	<b>74.6%</b>	<b>+1,951</b>
<b>Total Liabilities and Equity</b>	171,160	100.0%	<b>167,126</b>	<b>100.0%</b>	<b>-4,034</b>

## <Breakdown>

Year on Year

■ Current Asset : - ¥3,031mil

- Cash, deposits ( - ¥4,480mil)
- Notes and accounts receivable ( - ¥7,002mil)
- Mk securities ( + ¥2,406mil)
- Inventory ( + ¥5,284mil)
- Other ( + ¥760mil)

■ Fixed Assets : - ¥1,002mil

- Tangible Assets ( + ¥1,174mil)
- Intangible Assets ( + ¥452mil)
- Investments ( - ¥2,630mil)

■ Current Liabilities : - ¥3,920mil

- Notes Payable ( - ¥2,791mil)
- Other ( - ¥1,129mil)

■ Non-Current Liabilities : - ¥2,064mil

# Financial summary (Consolidated)

(Units : ¥million)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021* (Forecast)
Sales	115,373	110,640	113,620	109,983	<b>102,904</b>	<b>102,600</b>
(Exports)	(764)	(3,339)	(830)	(1,490)	<b>(996)</b>	<b>(800)</b>
Cost of Sales	50,847	49,064	56,210	52,950	<b>51,276</b>	—
(cost of sales ratio) %	(44.1%)	(44.3%)	(49.5%)	(48.1%)	<b>(49.8%)</b>	—
SG&A	54,113	52,753	48,436	49,528	<b>45,841</b>	—
Ratio to Sales (%)	(46.9%)	(47.7%)	(42.6%)	(45.0%)	<b>(44.5%)</b>	—
R&D Expenses	13,569	14,243	10,790	10,987	<b>9,703</b>	<b>9,200</b>
Ratio to Sales (%)	(11.8%)	(12.9%)	(9.5%)	(10.0%)	<b>(9.4%)</b>	<b>(9.0%)</b>
Operating Income	10,413	8,822	8,972	7,503	<b>5,786</b>	<b>3,300</b>
Ratio to Sales (%)	(9.0%)	(8.0%)	(7.9%)	(6.8%)	<b>(5.6%)</b>	<b>(3.2%)</b>
Ordinary Income	10,874	9,345	9,438	8,175	<b>6,447</b>	<b>3,800</b>
Ratio to Sales (%)	(9.4%)	(8.4%)	(8.3%)	(7.4%)	<b>(6.3%)</b>	<b>(3.7%)</b>
Net Income	7,305	6,574	6,869	6,149	<b>6,130</b>	<b>2,700</b>
Ratio to Sales (%)	(6.3%)	(5.9%)	(6.0%)	(5.6%)	<b>(6.0%)</b>	<b>(2.6%)</b>
EPS (¥)	99.45	89.28	104.68	107.35	<b>106.99</b>	<b>47.12円</b>
Capital	700	700	700	700	<b>700</b>	—
Assets	192,668	196,736	173,034	171,160	<b>167,126</b>	—
Shareholder's equity	152,585	155,489	116,744	118,534	<b>120,339</b>	—
Total Equity	157,837	163,297	123,395	122,710	<b>124,661</b>	—
BPS (¥)	2,146.83	2,214.13	2,154.05	2,142.07	<b>2,175.52</b>	—
ROE (%)	4.6%	4.1%	4.8%	5.0%	<b>5.0%</b>	—
Equity Ratio (%)	81.9%	83.0%	71.3%	71.7%	<b>74.6%</b>	—
Employees	2,382	2,348	2,297	2,271	<b>2,243</b>	—
Capital Expenditure	3,051	2,885	2,306	3,590	<b>4,307</b>	<b>4,500</b>
Depreciation Expense	3,619	3,644	2,940	3,221	<b>3,564</b>	<b>3,900</b>

It was applied the "partial revision to the Accounting Standards for Tax Effect Accounting" from the fiscal year ended March 2018.

※It is planned to apply the "Accounting Standards for Revenue Recognition" from the fiscal year ending March 2022, and the consolidated financial forecast for the fiscal year ending March 2022 incorporates these changes.

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

(Units : ¥million)	FY2019		FY2020			
	Actual	% Sales	Actual	% Sales	Change %	Change
<b>Net Sales (total)</b>	96,336	100.0%	<b>89,674</b>	100.0%	-6.9%	-6,662
New ethical drugs, etc. (Japan)	74,625	77.5%	<b>67,548</b>	75.3%	-9.5%	-7,076
New ethical drugs (Overseas)	1,260	1.3%	<b>793</b>	0.9%	-37.1%	-467
Generic drugs	20,450	21.2%	<b>21,332</b>	23.8%	+4.3%	+882

## <Breakdown>

### Year on Year

■ Sales	¥89,674mil	( - ¥6,662mil)
● New ethical drugs, etc. (Japan)	¥67,548mil	( - ¥7,076mil)
(billion)	FY19	FY20
• Flutiform	14.6 ⇒	13.3 ( -1.3)
• Desalex	2.6 ⇒	5.7 ( +3.1)
• Beova	4.3 ⇒	7.3 ( +3.0)
• Lasvic	1.1 ⇒	0.9 ( -0.2)
• Pentasa	13.3 ⇒	12.8 ( -0.5)
• Uritos	5.8 ⇒	2.3 ( -3.5)
• Nasonex	6.0 ⇒	2.8 ( -3.2)
• Kipres	11.8 ⇒	8.3 ( -3.5)
• Mucodyne	5.8 ⇒	3.3 ( -2.5)
● New ethical drugs (Overseas)	¥793mil	( - ¥467mil)
		• Decreased the sales of Gatifloxacin, etc.
● Generic Drugs	¥21,332mil	( + ¥882mil)
		• Sales of Nasonex AG and Uritos AG increased

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

(Units : ¥million)	FY2019		FY2020			
	Actual	% Sales	Actual	% Sales	Change %	Change
<b>Sales</b>	96,336	100.0%	<b>89,674</b>	100.0%	-6.9%	-6,662
<b>Cost of Sales</b>	47,339	49.1%	<b>44,922</b>	50.1%	-5.1%	-2,417
<b>Gross Profit</b>	48,996	50.9%	<b>44,751</b>	49.9%	-8.7%	-4,245
SG&A (R&D expenses)	44,675 (10,038)	46.4% (10.4%)	<b>41,190</b> <b>(8,719)</b>	45.9% (9.7%)	-7.8% (-13.1%)	-3,484 (-1,319)
<b>Operating Income</b>	4,321	4.5%	<b>3,561</b>	4.0%	-17.6%	-760
Non-Operating Income	1,093	1.1%	<b>1,077</b>	1.2%	-1.4%	-15
Non-Operating Expenses	74	0.1%	<b>92</b>	0.1%	+24.4%	+18
<b>Ordinary Income</b>	5,340	5.5%	<b>4,546</b>	5.1%	-14.9%	-793
Extraordinary Profits	—	—	<b>1,929</b>	2.2%	—	+1,929
Extraordinary Losses	61	0.1%	<b>9</b>	0.0%	-84.7%	-52
<b>Income before income taxes</b>	5,278	5.5%	<b>6,466</b>	7.2%	+22.5%	+1,187
Corporate, inhabitants and enterprise taxes	1,273	1.3%	<b>1,206</b>	1.3%	-5.3%	-67
Tax adjustments	7	0.0%	<b>445</b>	0.5%	—	+437
<b>Net Income</b>	3,996	4.1%	<b>4,814</b>	5.4%	+20.5%	+817

## <Breakdown>

### ◆ Cost of Sales Ratio :

**up 1.0 percentage points Y/Y (49.1%→50.1%)**

- (Increase factor) NHI drug price revisions
- (Decrease factor)  
Efforts to reduce costs(Raw material costs, etc.)  
Increase of sales of New drugs

### ◆ R&D Ratio :

**down 0.7percentage points Y/Y(10.4%→9.7%)**

\* ¥10.0bln→¥8.7bln

Progress and discontinuation of development project

### ◆ SG&A (exclude R&D) expenses :

**up 0.2 percentage points Y/Y (36.0%→36.2%)**

\* ¥34.6bln→¥32.5bln( - ¥2.1bln)

- Efforts to reduce costs
- Decrease of selling and general costs due to voluntary restriction on promotion activities

■ **Operating Income ¥3,561mil ( - ¥760mil)**

■ **Net Income ¥4,814mil ( + ¥817mil)**

\* Recording of debt exemption gain about ¥1.1bln as extraordinary income.



# BS Summary: KYORIN Pharmaceutical (Non-consolidated)

(Units : ¥million)	Mar / 2020		Mar / 2021		
	Actual	% total	Actual	% total	Change
<b>Current Assets</b>	121,234	75.5%	<b>119,598</b>	76.4%	-1,635
Cash, deposits	18,323		<b>16,983</b>		
Notes and accounts receivable	42,831		<b>36,182</b>		
Mk securities	993	—	<b>3,399</b>	—	—
Inventory	26,927		<b>29,609</b>		
Other	32,157		<b>33,422</b>		
<b>Fixed Assets</b>	39,336	24.5%	<b>37,029</b>	23.6%	-2,306
Tangible assets	7,328		<b>7,213</b>		
Intangible assets	2,741	—	<b>3,080</b>	—	—
Investments	29,265		<b>26,734</b>		
<b>Total Assets</b>	160,570	100.0%	<b>156,628</b>	100.0%	-3,942
<b>Current Liabilities</b>	27,730	17.3%	<b>23,789</b>	15.2%	-3,941
Notes payable	10,294	—	<b>6,597</b>	—	—
Other	17,436		<b>17,192</b>		
<b>Non-Current Liabilities</b>	13,433	8.4%	<b>12,417</b>	7.9%	-1,015
<b>Total Liabilities</b>	41,164	25.6%	<b>36,207</b>	23.1%	-4,957
<b>Owner's Equity</b>	112,525	70.1%	<b>113,848</b>	72.7%	+1,323
<b>Other Comprehensive Income</b>	6,880	4.3%	<b>6,572</b>	4.2%	-308
<b>Total Equity</b>	119,405	74.4%	<b>120,420</b>	76.9%	+1,015
<b>Total Liabilities and Equity</b>	160,570	100.0%	<b>156,628</b>	100.0%	-3,942

## <Breakdown>

(Year on Year)

- Current Assets : - ¥1,635mil**
  - Cash, deposits ( - ¥1,340mil)
  - Notes and accounts receivable ( - ¥6,648mil)
  - Mk securities ( + ¥2,406mil)
  - Inventory ( + ¥2,681mil)
  - Other ( + ¥1,264mil)
  
- Fixed Assets : - ¥2,306mil**
  - Tangible Assets ( - ¥114mil)
  - Intangible Assets ( + ¥339mil)
  - Investments ( - ¥2,531mil)
  
- Current Liabilities : - ¥3,941mil**
  - Accounts payable ( - ¥3,696mil)
  - Others ( - ¥244mil)
  
- Non-Current Liabilities : - ¥1,015mil**
  - Long-term debt ( - ¥1,277mil)

# Financial Summary: KYORIN Pharmaceutical (Non-consolidated)

(Units : ¥million)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021* (Forecast)
Sales	100,022	97,459	99,736	96,336	<b>89,674</b>	<b>89,800</b>
(Exports)	(528)	(3,115)	(613)	(1,260)	<b>(793)</b>	<b>(600)</b>
Cost of Sales	43,503	42,885	50,443	47,339	<b>44,922</b>	—
(cost of sales ratio) %	(43.5%)	(44.0%)	(50.6%)	(49.1%)	<b>(50.1%)</b>	—
SG&A	49,714	48,645	43,905	44,675	<b>41,190</b>	—
Ratio to Sales (%)	(49.7%)	(49.9%)	(44.0%)	(46.4%)	<b>(45.9%)</b>	—
R&D Expenses	12,785	13,158	9,569	10,038	<b>8,719</b>	<b>7,800</b>
Ratio to Sales (%)	(12.8%)	(13.5%)	(9.6%)	(10.4%)	<b>(9.7%)</b>	<b>(8.7%)</b>
Operating Income	6,803	5,928	5,387	4,321	<b>3,561</b>	<b>1,300</b>
Ratio to Sales (%)	(6.8%)	(6.1%)	(5.4%)	(4.5%)	<b>(4.0%)</b>	<b>(1.4%)</b>
Ordinary Income	7,396	6,608	6,121	5,340	<b>4,546</b>	<b>2,000</b>
Ratio to Sales (%)	(7.4%)	(6.8%)	(6.1%)	(5.5%)	<b>(5.1%)</b>	<b>(2.2%)</b>
Net Income	4,454	4,637	4,389	3,996	<b>4,814</b>	<b>1,500</b>
Ratio to Sales (%)	(4.5%)	(4.8%)	(4.4%)	(4.1%)	<b>(5.4%)</b>	<b>(1.7%)</b>
EPS (¥)	59.98円	62.45円	59.10円	53.82円	<b>64.82</b>	—
Capital	4,317	4,317	4,317	4,317	<b>4,317</b>	—
Assets	149,382	151,622	161,986	160,570	<b>156,628</b>	—
Shareholder's equity	117,744	118,595	112,464	112,525	<b>113,848</b>	—
Total Equity	125,310	128,614	121,320	119,405	<b>120,420</b>	—
BPS (¥)	1,687.28	1,731.76	1,633.55	1,607.77	<b>1,621.43</b>	—
ROE (%)	3.5%	3.7%	3.5%	3.3%	<b>4.0%</b>	—
Equity Ratio (%)	83.9%	84.8%	74.9%	74.4%	<b>76.9%</b>	—
Employees	1,687	1,673	1,567	1,502	<b>1,471</b>	—
Capital Expenditure	905	815	599	441	<b>732</b>	<b>700</b>
Depreciation Expense	2,143	1,942	1,183	1,337	<b>1,391</b>	<b>1,500</b>

It was applied the "partial revision to the Accounting Standards for Tax Effect Accounting" from the fiscal year ended March 2018.

※It is planned to apply the "Accounting Standards for Revenue Recognition" from the fiscal year ending March 2022, and the consolidated financial forecast for the fiscal year ending March 2022 incorporates these changes.