Kyorin
健康はキョーリンの願いです。

Third Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

February 6, 2024

KYORIN Pharmaceutical Co., Ltd.

■ 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 Third Quarter Consolidated Financial Results for FY2023

Kyorin

(JPY millions)	FY2020 3Q (Apr-Dec)	FY2021 3Q (Apr-Dec)	FY2022 3Q (Apr-Dec)	**FY2023** 3Q (Apr-Dec)	**Change** (%)	Full term FY2023 (Forecast)	Change (%)
Net sales	74,955	77,717	80,707	**87,267**	**+8.1**	116,200	+2.6
Operating profit	4,114	2,926	4,702	**4,465**	**−5.0**	6,000	+17.1
Ordinary profit	4,656	3,515	5,336	**5,053**	**−5.3**	6,500	+11.5
Profit attributable to owner of parent	4,504	2,483	4,377	**3,914**	**−10.6**	4,900	+3.7

Third Quarter Consolidated Financial Results for FY2023

[Net sales] Sales of new drugs etc. (Japan) increased from year on year by the sales increased in Beova and Lasvic etc, while the impact of NHI drug price revision. Sales of generic drugs increased. As a result, net sales were 87,267 million yen (an increase of 6,560 million yen, year on year) .

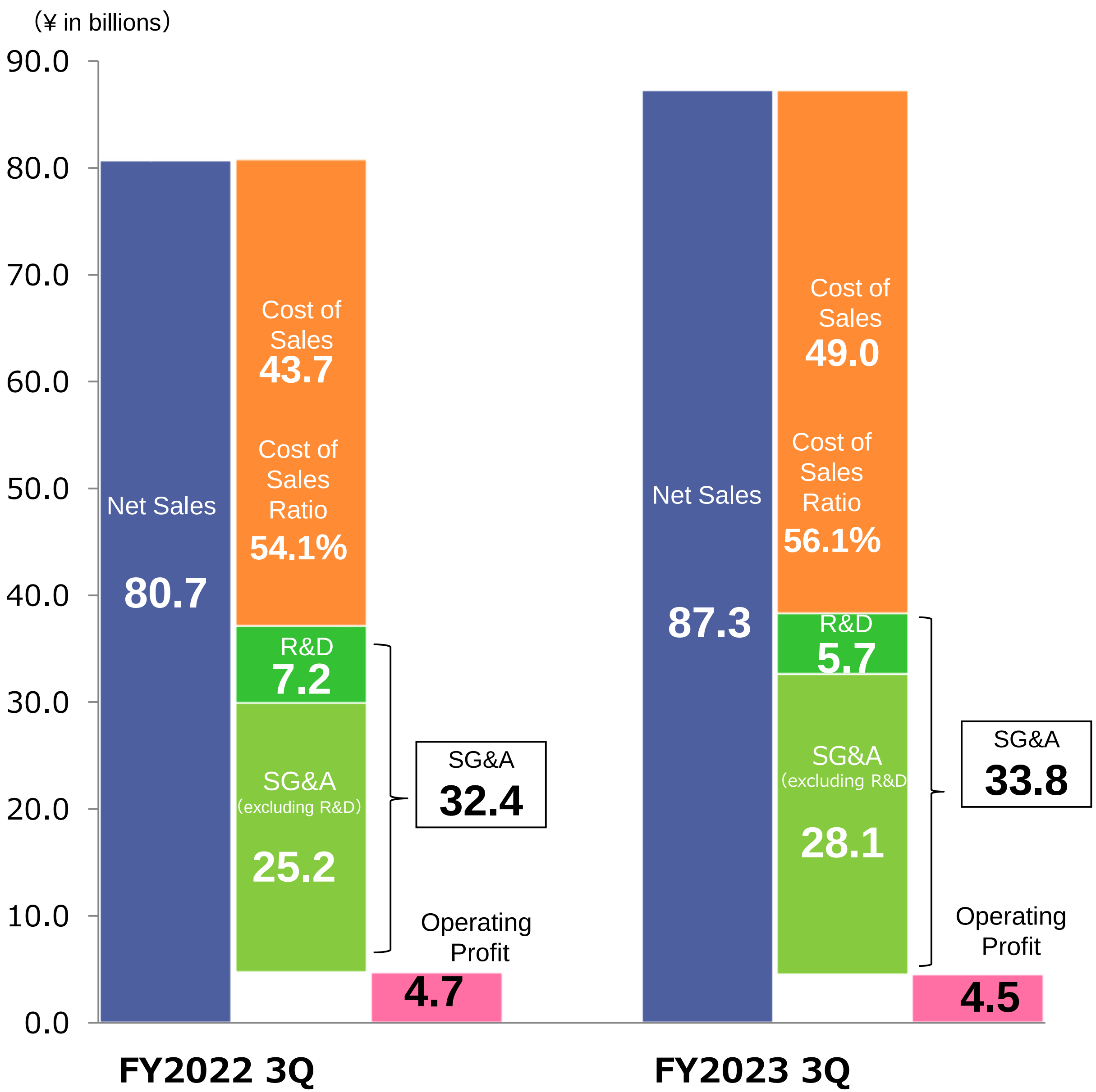
[Profit] Gross profit was 38,314 million yen (an increase of 1,259 million yen, year on year). On the other hand, increased in SG&A expenses of 1,496 million yen (R&D expenses decreased 1,446 million yen) lead to operating profit of 4,465 million yen (decreased 237 million yen, year on year). Profit attributable to owner of parent decreased 463 million yen year on year to 3,914 million as a result posting of extraordinary income for gain on sale of investment securities of 991 million yen and extraordinary loss of 871 million yen regarding the voluntary retirement program.

Consolidated Financial Results for FY2023 (forecast)

The forecast for full year announced on May 11, 2023 remain unchanged at this moment.
(There is no change to the dividend forecast announced on May 11, 2023 (Annual dividend of 52 yen per share).

Highlights of Business Performance

Kyorin



Net sales increased (+6.6 bln)

- Increase in sales of new drugs etc. (Japan)
  - Mainstay products grew
- Increase in sales of generic drugs

Cost of sales ratio increased (+2.0 %pt)

<Factors of decrease>

- Increase in sales of new drugs (Beova, Lasvic)
  - Ratio of new drugs increased

<Factors of increase>

- Impact of NHI drug price revisions (Kyorin Pharmaceutical: 7% range)
- Increase cost of sales ratio of generic drugs

Gross profit increased (+1.2 bln)

SG&A cost increased (+1.4 bln)

- R&D expenses decreased (−1.5 bln)
  - Decline of expenses regarding of ActivX.
- SG&A (excluding R&D) increased (+2.9 bln)
  - Increase in selling expenses, personnel expenses, depreciation expenses and license fees etc.

Operating profit decreased (−0.2 bln)

Consolidated Financial Results

(JPY billions)	FY2022 3Q (Apr-Dec)	**FY2023 3Q (Apr-Dec)**	Change
Net sales	80.7	**87.3**	+6.6
New drugs, etc. (Japan)	54.1	**60.6**	+6.5
New drugs (Overseas)	0.5	**0.3**	−0.2
Generic drugs	26.1	**26.4**	+0.3

Operating profit	4.7	**4.5**	−0.2
Ordinary profit	5.3	**5.1**	−0.2
Profit attributable to owner of parent	4.4	**3.9**	−0.5

(Year on Year)

■Net sales 87.3 bln (+6.6)

●New drugs, etc. (Japan) 60.6 bln (+6.5)

	FY2022 (3Q)		FY2023 (3Q)	
･Beova	9.2	⇒	13.4	(+4.2)
･Lasvic	1.8	⇒	3.7	(+1.9)
･Lyfnua	0.1		0.7	(+0.6)
･Desalex	4.8	⇒	5.2	(+0.4)
･Flutiform	9.1	⇒	9.9	(+0.8)
･Pentasa	9.9	⇒	9.5	(−0.4)
･Kipres	4.6	⇒	4.8	(+0.2)
･Mucodyne	2.8	⇒	3.2	(+0.4)
･Nasonex	1.1	⇒	0.8	(−0.3)
･Uritos	0.6	⇒	0.4	(−0.2)

●New drugs (Overseas) 0.3 bln (−0.2)

●Generic drugs 26.4 bln (+0.3)

Increase sales in AG products (Kipres AG)
Items launched in June 2023 contribute to sales

■Operating profit 4.5 bln (−0.2)

●Cost of sales ratio : 56.1% (3Q FY2022: 54.1%)

[Factors of decrease] Increase of sales for new drugs (Beova, Desalex etc.)
- Ratio of new drugs increased

[Factors of increase] NHI drug price revisions, Increase cost of sales ratio of generic drugs

●R&D : 5.7 bln (3Q FY2022: 7.2 bln)

Decline of expenses regarding of ActivX

●SG&A (excluding R&D expenses) : 28.1 bln (3Q FY2022: 25.2 bln)

Increase in selling expenses, personnel expenses,
depreciation expenses and license fees etc.

■Profit attributable to owner of parent 3.9 bln (−0.5)

Extraordinary profit: gain on sales of investment securities of 991 mil.
Extraordinary loss: expenses regarding voluntary retirement program of 871 mil.

Financial Result and Forcast

(JPY millions)	2Q (Apr-Sep)		3Q (Apr-Dec)				Full term		
	FY2022 (Actual)	**FY2023 (Actual)**	FY2022 (Actual)	**FY2023 (Actual)**	Change	Change (%)	FY2022 (Actual)	**FY2023 (Forecast)**	Progress to full term forecast (%)
Net sales	49,093	**54,937**	80,707	**87,267**	+6,560	+8.1	113,270	116,200	75.1
New drugs, etc. (Japan)	32,651	**37,875**	54,055	**60,587**	+6,532	+12.1	74,770	79,100	76.6
New drugs (Overseas)	312	**167**	532	**291**	−241	−45.3	308	400	72.8
Generic drugs	16,128	**16,895**	26,119	**26,388**	+269	+1.0	38,190	36,600	72.1
Operating profit	777	**1,144**	4,702	**4,465**	−237	−5.0	5,123	6,000	74.4
Ordinary profit	1,171	**1,387**	5,336	**5,053**	−282	−5.3	5,827	6,500	77.7
Profit attributable to owner of parent	1,242	**1,757**	4,377	**3,914**	−463	−10.6	4,723	4,900	79.9

Main Product Sales Update

	(JPY billions)	2Q (Apr-Sep)		3Q (Apr-Dec)				Full term		
		FY2022 (Actual)	FY2023 (Actual)	FY2022 (Actual)	FY2023 (Actual)	Change	Change (%)	FY2022 (Actual)	FY2023 (Forecast)	Progress to full term forecast (%)
New drugs, etc. (Japan)	**Beova (Kyorin)** (β3 adrenergic receptor agonist overactive bladder therapeutics)	5.5	**8.3**	9.2	**13.4**	+4.2	+44.9	12.9	18.9	70.5
	Lasvic (New quinolone synthetic antibacterial agent)	1.0	**2.5**	1.8	**3.7**	+1.9	+111.9	2.5	3.2	113.5
	Lyfnua (selective P2X3 receptor antagonist for the treatment of chronic cough)	0.1	**0.4**	0.1	**0.7**	+0.6	+389.9	0.2	1.3	49.4
	Desalex (Antiallergic Agent)	3.0	**3.1**	4.8	**5.2**	+0.4	+8.8	8.5	8.9	58.4
	Flutiform (Combination drug for asthma treatment)	5.7	**6.2**	9.1	**9.9**	+0.8	+8.7	12.0	11.4	86.0
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	6.5	**6.1**	9.9	**9.5**	−0.4	−4.5	12.8	11.8	80.0
	Kipres (Leukotriene Receptor Antagonist)	2.7	**2.6**	4.6	**4.8**	+0.2	+5.5	6.6	5.3	91.1
	Mucodyne (Mucoregulant)	1.5	**2.0**	2.8	**3.2**	+0.4	+17.4	3.5	3.0	105.9
	Nasonex (Spray type allergic rhinitis remedy)	0.6	**0.4**	1.1	**0.8**	−0.3	−28.9	2.5	1.2	62.0
	Uritos (Kyorin) (Therapeutic agent for overactive bladder)	0.4	**0.3**	0.6	**0.4**	−0.2	−26.0	0.7	0.2	142.5
	Milton (Disinfectant)	1.0	**1.0**	1.6	**1.5**	−0.1	−6.4	2.0	1.9	75.4
	Rubysta (Disinfectant)	1.1	**0.8**	1.6	**1.2**	−0.4	−25.8	2.1	2.1	57.2
Generic drugs	**Montelukast tablets "KM"** (Leukotriene Receptor Antagonist)	5.4	5.8	8.7	**9.2**	+0.5	+5.9	13.3	11.0	83.2
	Mometasone Nasal 50μg "KYORIN" (Spray type allergic rhinitis remedy)	1.1	0.9	1.9	**1.9**	0	−3.0	4.7	3.4	55.0
	Imidafenacin tablets & OD "KYORIN" (Therapeutic agent for overactive bladder)	0.4	0.3	0.5	**0.5**	0	−14.3	0.7	0.4	96.3

Development pipeline
Main R&D Activities -1 (as of February 6, 2024)

Ph 3 ～ Launch

Stage		Code	Proposed Indication	Origin	Features	Note
Japan	Overseas					
Ph 3 (Sep 2022)	Ph 3 (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	

POC Project（Ph1 ～ Ph2）

Stage		Code	Proposed Indication	Origin	Features	Note
Japan	Overseas					
Ph 1 (Aug 2022)		**KRP-114VP**	Overactive bladder	Merck	It selectively acts on β_3 receptors in the bladder and increases bladder capacity by enhancing the bladder-relaxing effect of noradrenaline during the urinary storage phase, resulting in the improvement of incontinence symptoms of urinary urgency, frequent urination and urge urinary incontinence with OAB.	Additional Indication for Beova in pediatric patients
—	Ph 1 (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 February 6, 2024)

Kyorin

Licensing development (License-in)

Stage		Code	Proposed Indication	Origin	Features	Note
Japan	Over seas					
Ph 2 (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 Ph1 study at a higher dose has been completed (ASKA)

Ph1 trial is being conducted again (ASKA Pharmaceutical)

Licensing development (License-out)

Stage	Compound / Code	Licensee	Therapy area / Action	Origin	Features	Note
Ph 3	**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)

Other (as of February 6, 2024)

Code	Proposed Indication	Origin	Note
KRP-DT123	Tinnitus	SUSMED	**Collaboration research and sales agreement for development of Digital Therapeutics (DTx) in otolaryngology Field (Nov 2022)** Specified clinical trial is in progress (Sep 2023)