

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

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May 11, 2022
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 Consolidated Financial Results for Fiscal 2021



(Units: ¥ million)	FY2018	FY2019	FY2020	FY2021	Change (%)	FY2022 (Forecast)	Change (%)
Net Sales	113,620	109,983	102,904	105,534	n/a	112,000	+6.1
Operating income	8,972	7,503	5,786	5,007	-13.5	5,500	+9.8
Ordinary income	9,438	8,175	6,447	5,569	-13.6	6,000	+7.7
Net income	6,869	6,149	6,130	3,932	-35.9	4,500	+14.4
Net income per share (yen)	104.68	107.35	106.99	68.62	-35.9	78.53	+14.4
Total assets	173,034	171,160	167,126	171,924	+2.9	—	—
Total equity	123,395	122,710	124,661	124,507	-0.1	—	—

Consolidated Financial Results for Fiscal 2021

Although the respiratory and otolaryngology markets, which are our priority areas, shrank due to the impact of NHI drug price revisions and the spread of the new coronavirus infection etc., both net sales and profit reached the Forecast that was announced on May 11, 2021 by efficient promotion.

[Net sales] Sales of New ethical drugs such as "Desalex", "Beova" increased, and sales of long-listed products increased due to product supply insecurity for quality problem of some generics drug companies. Other hand, Sales of out-licensing products and lump-sum payment income for out-licensed products decreased, then sales of New ethical drugs, etc. (Japan) remained flat. In addition, Generic drugs increased, and overall sales were 105,534 million yen.

[Profit] Despite an increase of sales, gross profit decreased to 49,441 million yen (51,627 million yen in previous fiscal year) due to an increase in the cost ratio. Although an upfront payment for a drug for treating chronic cough was posted, SG&A expenses (including R & D expenses) was 44,433 million yen, down from year on year (45,841 million yen in previous fiscal year) due to cost reduction, etc.. As a result, Operating income was 5,007 million yen, Ordinary income was 5,569 million yen, Net income was 3,932 million yen.

*Announced Revision of Consolidated Financial Forecasts for Fiscal Year Ended March 31, 2022 on April 26, 2022.

Consolidated Financial Forecast for Fiscal 2022

Although net sales will be affected by NHI drug price revisions, new ethical drugs, etc. (Japan), are projected to increase by lifting of shipment adjustments of "Beova" and launch of "Lyfnua", etc..

About profit, Gross profit are expected to increase by increase of net sales, SG&A are projected to increase by increase for R&D expenses. From the above, in terms of consolidated results for the fiscal year ending March 31, 2022, net sales are forecast to be 112,000 million yen (up 6.1% from the previous year), operating income to be 5,500 million yen (up 9.8% from the previous year), and profit attributable to owners of parent to be 4,500 million yen (up 14.4% from the previous year).

*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 period is different from the current period, the amount of increase / decrease compared to the previous period and the YoY change rate (%) are not shown. There is no impact on operating income, ordinary income, and net income, from the application of the "Accounting Standard for Revenue Recognition".

(Units : ¥ billion)



Net sales increased

Cost of sales ratio increased

<Reason of decrease>

- Sales of New drugs increased

<Reasons of increase>

- Impact of NHI drug price revisions (Kyorin Pharmaceutical : 6% range)
- Sales of Generic drugs increased

Gross profit decreased

SG&A cost decreased

- Cost of R&D decreased
Upfront payment for AKP-009 in FY2020
- SG&A (excluding R&D) decreased
Upfront payment for Lyfnua Tablets 45mg
Cost reduction
Applied to "Accounting Standards for Revenue Recognition", etc.

Operating income decreased

Consolidated Financial Results



(Year on Year) (Forecast)
announced on May 11, 2021

(Units : ¥ billion)	FY2020	FY2021	Change
Net Sales	102.9	105.5	n/a
New ethical drugs, etc. (Japan)	69.7	69.7	n/a
New ethical drugs (Overseas)	1.0	1.0	n/a
Generic drugs	32.2	34.8	n/a
Operating Income	5.8	5.0	-0.8
Ordinary Income	6.4	5.6	-0.8
Net Income	6.1	3.9	-2.2

*The impact of the application of the "Accounting Standard for Revenue Recognition" was sales decreased by 966 million yen and SG&A expenses decreased by 966 million yen, and there is no impact on operating income, ordinary income, and net income.

Net sales	¥ 105.5bln	(n/a)	(+2.9)																																																												
<ul style="list-style-type: none"> ● New ethical drugs, etc. (Japan) ¥ 69.7bln (n/a) (+1.1) <table border="1"> <thead> <tr> <th></th> <th>21.3 (2Q)</th> <th>⇒</th> <th>22.3 (2Q)</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>• Flutiform</td> <td>13.3</td> <td>⇒</td> <td>12.6</td> <td>(-0.7)</td> <td>(-1.3)</td> </tr> <tr> <td>• Desalex</td> <td>5.7</td> <td>⇒</td> <td>7.1</td> <td>(+1.4)</td> <td>(-0.1)</td> </tr> <tr> <td>• Beova</td> <td>7.3</td> <td>⇒</td> <td>8.6</td> <td>(+1.3)</td> <td>(0)</td> </tr> <tr> <td>• Lasvic</td> <td>0.9</td> <td>⇒</td> <td>1.8</td> <td>(+0.9)</td> <td>(-1.0)</td> </tr> <tr> <td>• Pentasa</td> <td>12.8</td> <td>⇒</td> <td>14.0</td> <td>(+1.2)</td> <td>(+2.3)</td> </tr> <tr> <td>• Kipres</td> <td>8.3</td> <td>⇒</td> <td>8.4</td> <td>(+0.1)</td> <td>(+1.5)</td> </tr> <tr> <td>• Mucodyne</td> <td>3.3</td> <td>⇒</td> <td>3.5</td> <td>(+0.2)</td> <td>(+0.6)</td> </tr> <tr> <td>• Nasonex</td> <td>2.8</td> <td>⇒</td> <td>2.4</td> <td>(-0.4)</td> <td>(+0.6)</td> </tr> <tr> <td>• Uritos</td> <td>2.3</td> <td>⇒</td> <td>1.3</td> <td>(-1.0)</td> <td>(+0.3)</td> </tr> </tbody> </table> ● New ethical drugs (Overseas) ¥ 1.0bln (n/a) (+0.2) Upfront of payment income for Lascufloxacin (out-licensing to Chinese company) ● Generic drugs ¥ 34.8bln (n/a) (+1.7) Sales increase in AG products (Kipres AG, etc.) New generic drugs in FY2021 contributed to sales 		21.3 (2Q)	⇒	22.3 (2Q)			• Flutiform	13.3	⇒	12.6	(-0.7)	(-1.3)	• Desalex	5.7	⇒	7.1	(+1.4)	(-0.1)	• Beova	7.3	⇒	8.6	(+1.3)	(0)	• Lasvic	0.9	⇒	1.8	(+0.9)	(-1.0)	• Pentasa	12.8	⇒	14.0	(+1.2)	(+2.3)	• Kipres	8.3	⇒	8.4	(+0.1)	(+1.5)	• Mucodyne	3.3	⇒	3.5	(+0.2)	(+0.6)	• Nasonex	2.8	⇒	2.4	(-0.4)	(+0.6)	• Uritos	2.3	⇒	1.3	(-1.0)	(+0.3)	¥ 5.0bln	(-0.8)	(+1.7)
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<ul style="list-style-type: none"> ● Cost of Sales ratio : 53.2% (FY2020: 49.8%) [Reason of decrease] Product mix [Reason of increase] NHI drug price revisions, Increase in sales of Generic drugs ● R&D : ¥ 8.9bln (FY2020 : ¥ 9.7bln) Upfront payment for AKP-009 in FY2020 ● SG&A (excluding R&D expenses) : ¥ 35.5bln (FY2020 : ¥ 36.1bln) Decrease in sales and labor costs, Increase in patents royalty (Upfront payment for Gefapixant citrate) 	¥ 3.9bln	(-2.2)	(+1.2)																																																												

Main Product Sales Update

(Units : ¥ billion)		FY2017	FY2018	FY2019	FY2020	FY2021	Change	Change (%)	FY2022 (Forecast)
New ethical drugs, etc. (Japan)	Flutiform (Combination drug for asthma treatment)	11.9	13.1	14.6	13.3	12.6	-0.7	-5.5	12.0
	Desalex (Antiallergic Agent)	4.9	3.7	2.6	5.7	7.1	+1.4	+24.0	8.0
	Beova (Kyorin) (β3 adrenergic receptor agonist overactive bladder therapeutics)	-	0.7	4.3	7.3	8.6	+1.3	+17.8	14.1
	Lasvic (New quinolone synthetic antibacterial agent)	-	-	1.1	0.9	1.8	+0.9	+111.3	3.0
	Lyfnua (selective P2X3 receptor antagonist for the treatment of chronic cough)	-	-	-	-	-	-	-	0.5
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	15.3	13.5	13.3	12.8	14.0	+1.2	+9.4	12.5
	Kipres (Leukotriene Receptor Antagonist)	18.8	13.9	11.8	8.3	8.4	+0.1	+1.4	6.8
	Mucodyne (Mucoregulant)	8.7	6.8	5.8	3.3	3.5	+0.2	+5.6	2.9
	Nasonex (Spray type allergic rhinitis remedy)	-	12.8	6.0	2.8	2.4	-0.4	-14.2	1.8
	Uritos (Kyorin) (Therapeutic agent for overactive bladder)	7.2	6.6	5.8	2.3	1.3	-1.0	-44.7	0.7
Milton (Disinfectant)	2.2	2.2	2.4	2.1	2.1	0	-3.9	2.0	
Rubysta (Disinfectant)	1.1	1.3	1.5	2.0	2.1	+0.1	+2.5	2.0	
Generic drugs	Montelukast tablets "KM" (Leukotriene Receptor Antagonist)	11.7	11.9	11.5	10.8	12.2	+1.4	+12.7	10.7
	Mometasone Nasal 50μg "KYORIN" (Spray type allergic rhinitis remedy)	-	-	2.8	3.8	3.6	-0.2	-5.3	3.6
	Imidafenacin tablets & OD "KYORIN" (Therapeutic agent for overactive bladder)	-	-	-	0.7	0.8	+0.1	+3.1	0.5

R&D Expenses, Capex & Depreciation

(Units : ¥ million)	FY2017	FY2018	FY2019	FY2020	FY2021	Change (%)	FY2022 (Forecast)
R&D expenses	14,243	10,790	10,987	9,703	8,897	-8.3	10,900
Capital expenditure	2,885	2,306	3,590	4,307	3,624	-15.9	5,000
Depreciation expense	3,644	2,940	3,221	3,564	3,714	+4.2	4,000

<Capital expenditure (Actual / Forecast)>

(Units : ¥ billion)	FY2020	FY2021	FY2022 (Forecast)
Plant facilities	3.1	2.6	3.9
Equipment for control, sales activities	0.3	0.4	0.6
Equipment for research	0.9	0.6	0.5

Development pipeline

Main R&D Activities -1 (as of May 11, 2022)



Ph III ~ Application submitted

※Changes from the previous announcement (Feb 4, 2022)

Stage		Compound / Code	Indication	Origin	Features	Comments
Japan	Overseas					
Launch※ (Apr 2022) MSD	—	Lyfnua Tablets 45mg / Gefapixant citrate(INN)	Chronic coughing (planned)	Merck	Selective P2X3 receptor antagonist	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 May 11, 2022)

Licensing development (License-in)

※Changes from the previous announcement (Feb 4, 2022)

Stage		Code	Proposed Indication	Origin	Features	Comments
Japan	Overseas					
Ph II (Dec 2019) ASKA Pharmaceutical	—	AKP-009	Benign Prostatic Hyperplasia	ASKA Pharmaceut ical	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 has been completed (ASKA)

Licensing development (License-out)

Stage	Compound / Code	Licensee	Therapy area / Action	Origin	Features	Comments
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)

FPR-2 agonist program was deleted from Main R&D Activities since BMS(Licensee) decided to discontinue development of FPR-2 agonist program for strategic reasons

※Compound for sensorineural hearing loss was deleted from Main R&D Activities since Otonomy (Licensee) decided to discontinue development of for sensorineural hearing loss

Consolidated Financial Results and full year Forecast



(Units : ¥ million)	FY2021	FY2022 (Forecast)	Year on Year Change	Year on Year Change (%)
Net sales (total)	105,534	112,000	+6,466	+6.1
New ethical drugs, etc.(Japan)	69,725	74,500	+4,775	+6.8
New ethical drugs (Overseas)	1,033	700	-333	-32.2
Generic drugs	34,775	36,700	+1,925	+5.5
Operating Income	5,007	5,500	+493	+9.8
Ordinary Income	5,569	6,000	+431	+7.7
Net Income	3,932	4,500	+568	+14.4

P&L Summary: Consolidated Results – (1)

(Units : ¥ million)	FY2020		FY2021			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Net Sales (total)	102,904	100.0%	105,534	100.0%	n/a	n/a
New ethical drugs, etc. (Japan)	69,735	67.8%	69,725	66.1%	n/a	n/a
New ethical drugs (Overseas)	996	1.0%	1,033	1.0%	n/a	n/a
Generic drugs	32,172	31.3%	34,775	33.0%	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>

■ **Sales** **¥ 105,534mil** (n/a)

● **New ethical drugs, etc. (Japan)**

¥ 69,725mil (n/a)

	<u>21.3</u>	⇒	<u>22.3</u>	
• Flutiform	13.3	⇒	12.6	(-0.7)
• Desalex	5.7	⇒	7.1	(+1.4)
• Beova	7.3	⇒	8.6	(+1.3)
• Lasvic	0.9	⇒	1.8	(+0.9)
• Pentasa	12.8	⇒	14.0	(+1.2)
• Kipres	8.3	⇒	8.4	(+0.1)
• Mucodyne	3.3	⇒	3.5	(+0.2)
• Nasonex	2.8	⇒	2.4	(-0.4)
• Uritos	2.3	⇒	1.3	(-1.0)

● **New ethical drugs (Overseas)**

¥ 1,033mil (n/a)

- Upfront of payment income for Lascufloxacin (out-licensing to Chinese company)

● **Generic drugs** **¥ 34,775mil** (n/a)

- Sales increase in AG products (Kipres AG, etc.)
- New generic drugs in FY 2021 contributed to sales

P&L Summary : Consolidated Results – (2)

(Units : ¥ million)	FY2020		FY2021			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Sales	102,904	100.0%	105,534	100.0%	n/a	n/a
Cost of Sales	51,276	49.8%	56,093	53.2%	n/a	n/a
Gross Profit	51,627	50.2%	49,441	46.8%	n/a	n/a
SG&A (R&D expenses)	45,841 (9,703)	44.5% (9.4%)	44,433 (8,897)	42.1% (8.4%)	n/a (-8.3%)	n/a (-805)
Operating Income	5,786	5.6%	5,007	4.7%	-13.5%	-778
Non-Operating Income	798	0.8%	677	0.6%	-15.2%	-121
Non-Operating Expenses	137	0.1%	115	0.1%	-15.9%	-21
Ordinary Income	6,447	6.3%	5,569	5.3%	-13.6%	-878
Extraordinary profits	1,929	1.9%	0	0.0%	-100.0%	-1,929
Extraordinary Losses	25	0.0%	352	0.3%	+1301.9%	+327
Income before income taxes	8,352	8.1%	5,216	4.9%	-37.5%	-3,135
Corporate, inhabitants and enterprise taxes	1,847	1.8%	1,630	1.5%	-11.7%	-216
Tax adjustments	374	0.4%	-346	-0.3%	—	-720
Net Income	6,130	6.0%	3,932	3.7%	-35.9%	-2,198

<Breakdown>

(Year on Year)

◆ **Cost of sales ratio : 53.2%** (n/a)

【Reasons of decrease】

• Sales of New drugs increased

【Reasons of increase】

• Impact of NHI drug price revisions

• Sales of Generic drugs increased

◆ **R&D Ratio : 8.4%** (n/a)

• ¥ 9.7bln → ¥ 8.9bln

Upfront payment for AKP-009 in FY2020

◆ **SG&A (exclude R&D) Expenses : 33.7%** (n/a)

• ¥ 35.5bln (FY2020 : ¥ 36.1bln)

Increase in patents royalty : Upfront payment for

Lyfnua Tablets 45mg

Decrease in sales and labor costs

■ **Operating Income ¥ 5,007mil (- ¥ 778mil)**

■ **Net Income ¥ 3,932mil (- ¥ 2,198mil)**

■ **Dividend per share ¥52,00(interim dividend)¥ 20.0**

Consolidated Dividend ratio 76.9%

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 FY2021 results is based on the "Accounting Standard for Revenue Recognition".

BS Summary: Consolidated Results

(Units : ¥ million)	Mar / 2021		Mar / 2022		
	Actual	% total	Actual	% total	Change
Current Assets	114,027	68.2%	116,376	67.7%	+2,349
Cash, deposits	27,445		26,994		
Notes and accounts receivable	40,446		41,676		
Mk securities	3,399	—	500	—	—
Inventory	38,568		42,217		
Other	4,166		4,989		
Fixed Assets	53,099	31.8%	55,547	32.3%	+2,447
Tangible assets	23,896		24,334		
Intangible assets	3,785	—	3,289	—	—
Investments	25,417		27,923		
Total Assets	167,126	100.0%	171,924	100.0%	+4,797
Current Liabilities	27,407	16.4%	32,182	18.7%	+4,774
Notes payable	6,985		10,896		
Other	20,422	—	21,286	—	—
Non-Current Liabilities	15,057	9.0%	15,234	8.9%	+177
Total Liabilities	42,464	25.4%	47,416	27.6%	+4,951
Owner's Equity	120,339	72.0%	120,491	70.1%	+152
Other Comprehensive Income	4,322	2.6%	4,016	2.3%	-306
Unrealized holding gain (loss) on securities	6,639		6,268		
Foreign currency translation adjustments	-40	—	110	—	—
Remeasurements of defined benefit plans	-2,275		-2,362		
Total Equity	124,661	74.6%	124,507	72.4%	-154
Total Liabilities and Equity	167,126	100.0%	171,924	100.0%	+4,797

<Breakdown>

(Year on Year)

■ Current Asset :	+ ¥ 2,349mil
• Cash, deposits	(- ¥ 451mil)
• Notes and accounts receivable	(+ ¥ 1,229mil)
• Mk securities	(- ¥ 2,899mil)
• Inventory	(+ ¥ 3,648mil)
• Other	(+ ¥ 822mil)
■ Fixed Assets :	+ ¥ 2,447mil
• Tangible Assets	(+ ¥ 437mil)
• Intangible Assets	(- ¥ 496mil)
• Investments	(+ ¥ 2,506mil)
■ Current Liabilities :	+ ¥ 4,774mil
• Notes Payable	(+ ¥ 3,910mil)
• Other	(+ ¥ 863mil)
■ Non-Current Liabilities :	+ ¥ 177mil

Financial summary (Consolidated)

(Units : ¥ million)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Sales	110,640	113,620	109,983	102,904	105,534	112,000
(Exports)	(3,339)	(830)	(1,490)	(996)	(1,033)	(700)
Cost of Sales	49,064	56,210	52,950	51,276	56,093	—
(cost of sales ratio)	(44.3%)	(49.5%)	(48.1%)	(49.8%)	(53.2%)	—
SG&A	52,753	48,436	49,528	45,841	44,433	—
(Ratio to sales)	(47.7%)	(42.6%)	(45.0%)	(44.5%)	(42.1%)	—
R&D Expenses	14,243	10,790	10,987	9,703	8,897	10,900
(Ratio to sales)	(12.9%)	(9.5%)	(10.0%)	(9.4%)	(8.4%)	(9.7%)
Operating Income	8,822	8,972	7,503	5,786	5,007	5,500
(Ratio to sales)	(8.0%)	(7.9%)	(6.8%)	(5.6%)	(4.7%)	(4.9%)
Ordinary Income	9,345	9,438	8,175	6,447	5,569	6,000
(Ratio to sales)	(8.4%)	(8.3%)	(7.4%)	(6.3%)	(5.3%)	(5.4%)
Net Income	6,574	6,869	6,149	6,130	3,932	4,500
(Ratio to sales)	(5.9%)	(6.0%)	(5.6%)	(6.0%)	(3.7%)	(4.0%)
EPS (¥)	89.28円	104.68円	107.35円	106.99円	68.62円	78.53円
Capital	700	700	700	700	700	—
Assets	196,736	173,034	171,160	167,126	171,924	—
Shareholder's equity	155,489	116,744	118,534	120,339	120,491	—
Total Equity	163,297	123,395	122,710	124,661	124,507	—
BPS (¥)	2,214.13	2,154.05	2,142.07	2,175.52	2,172.83	—
ROE	4.1%	4.8%	5.0%	5.0%	3.2%	—
Equity Ratio (%)	83.0%	71.3%	71.7%	74.6%	72.4%	—
Employees	2,348	2,297	2,271	2,243	2,222	—
Capital Expenditure	2,885	2,306	3,590	4,307	3,624	5,000
Depreciation Expense	3,644	2,940	3,221	3,564	3,714	4,000

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 FY2021 results is based on the "Accounting Standard for Revenue Recognition".

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



(Units : ¥ million)	FY2020		FY2021			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Net Sales (total)	89,674	100.0%	92,010	100.0%	n/a	n/a
New ethical drugs, etc. (Japan)	67,548	75.3%	67,814	73.7%	n/a	n/a
New ethical drugs (Overseas)	793	0.9%	834	0.9%	n/a	n/a
Generic drugs	21,332	23.8%	23,361	25.4%	n/a	n/a

<Breakdown>

■ Sales **¥ 92,010mil** (n/a)

● New ethical drugs, etc. (Japan)
¥ 67,814mil (n/a)

	<u>21.3</u>	⇒	<u>22.3</u>	
• Flutiform	13.3	⇒	12.6	(-0.7)
• Desalex	5.7	⇒	7.1	(+1.4)
• Beova	7.3	⇒	8.6	(+1.3)
• Lasvic	0.9	⇒	1.8	(+0.9)
• Pentasa	12.8	⇒	14.0	(+1.2)
• Kipres	8.3	⇒	8.4	(+0.1)
• Mucodyne	3.3	⇒	3.5	(+0.2)
• Nasonex	2.8	⇒	2.4	(-0.4)
• Uritos	2.3	⇒	1.3	(-1.0)

● New ethical drugs (Overseas)
¥ 833mil (n/a)

• Upfront of payment income for Lascefloxacin (out-licensing to Chinese company)

● Generic drugs **¥ 23,361mil** (n/a)

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

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



(Units : ¥ million)	FY2020		FY2021			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Sales	89,674	100.0%	92,010	100.0%	n/a	n/a
Cost of Sales	44,922	50.1%	48,736	53.0%	n/a	n/a
Gross Profit	44,751	49.9%	43,273	47.0%	n/a	n/a
SG&A (R&D expenses)	41,190 (8,719)	45.9% (9.7%)	40,413 (7,695)	43.9% (8.4%)	n/a (-11.7%)	n/a (-1,023)
Operating Income	3,561	4.0%	2,859	3.1%	-19.7%	-702
Non-Operating Income	1,077	1.2%	978	1.1%	-9.2%	-98
Non-Operating Expenses	92	0.1%	56	0.1%	-39.3%	-36
Ordinary Income	4,546	5.1%	3,781	4.1%	-16.8%	-764
Extraordinary profits	1,929	2.2%	0	0.0%	-100.0%	-1,929
Extraordinary Losses	9	0.0%	344	0.4%	+3,538.4%	+335
Income before income taxes	6,466	7.2%	3,437	3.7%	-46.9%	-3,029
Corporate, inhabitants and enterprise taxes	1,206	1.3%	1,192	1.3%	-1.1%	-13
Tax adjustments	445	0.5%	-376	-0.4%	-	-821
Net Income	4,814	5.4%	2,620	2.8%	-45.6%	-2,194

<Breakdown>

(Year on Year)

◆ **Cost of sales ratio : 53.0%** (n/a)

[Reasons of increase]

- Impact of NHI drug price revisions
- Sales of Generic drugs increased

◆ **R&D Ratio : 8.4%** (n/a)

• ¥ 8.7bln → ¥ 7.7bln

Upfront payment for AKP-009 in FY2020

◆ **SG&A (exclude R&D) Expenses : 35.6%** (n/a)

• ¥ 32.7bln (FY2020 : ¥ 32.5bln)

Increase in patents royalty : Upfront payment for Lyfnua Tablets 45mg

Decrease in sales and labor costs

■ **Operating Income ¥ 2,859mil (- ¥ 702mil)**

■ **Net Income ¥ 2,620mil (- ¥ 2,194mil)**

BS Summary: KYORIN Pharmaceutical (Non-consolidated)



(Units : ¥million)	Mar / 2021		Mar / 2022		
	Actual	% total	Actual	% total	Change
Current Assets	119,598	76.4%	121,796	76.1%	+2,198
Cash, deposits	16,983		17,535		
Notes and accounts receivable	36,182		36,690		
Mk securities	3,399	—	500	—	—
Inventory	29,609		32,366		
Other	33,422		34,704		
Fixed Assets	37,029	23.6%	38,183	23.9%	+1,153
Tangible assets	7,213		7,029		
Intangible assets	3,080	—	2,534	—	—
Investments	26,734		28,620		
Total Assets	156,628	100.0%	159,980	100.0%	+3,352
Current Liabilities	23,789	15.2%	28,543	17.8%	+4,753
Notes payable	6,597		11,746		
Other	17,192	—	16,796	—	—
Non-Current Liabilities	12,417	7.9%	12,204	7.6%	-213
Total Liabilities	36,207	23.1%	40,747	25.5%	+4,540
Owner's Equity	113,848	72.7%	113,052	70.7%	-796
Valuation and translation adjustments	6,572	4.2%	6,179	3.9%	-392
Total Equity	120,420	76.9%	119,232	74.5%	-1,188
Total Liabilities and Equity	156,628	100.0%	159,980	100.0%	+3,352

<Breakdown>

(Year on Year)

■ Current Asset :	+ ¥ 2,198mil
• Cash, deposits	(+ ¥ 552mil)
• Notes and accounts receivable	(+ ¥ 507mil)
• Mk securities	(- ¥ 2,899mil)
• Inventory	(+ ¥ 2,756mil)
• Other	(+ ¥ 1,281mil)
■ Fixed Assets :	+ ¥ 1,153mil
• Tangible Assets	(- ¥ 184mil)
• Intangible Assets	(- ¥ 546mil)
• Investments	(+ ¥ 1,885mil)
■ Current Liabilities :	+ ¥ 4,753mil
• Notes Payable	(+ ¥ 5,149mil)
• Other	(- ¥ 395mil)
■ Non-Current Liabilities :	+ ¥ 213mil

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(Units : ¥ million)	FY2017	FY2018	FY2019	FY2020	FY2021	FT2022 (Forecast)
Sales	97,459	99,736	96,336	89,674	92,010	95,900
(Exports)	(3,115)	(613)	(1,260)	(793)	(834)	(400)
Cost of Sales	42,885	50,443	47,339	44,922	48,736	—
(cost of sales ratio)	(44.0%)	(50.6%)	(49.1%)	(50.1%)	(53.0%)	—
SG&A	48,645	43,905	44,675	41,190	40,413	—
(Ratio to sales)	(49.9%)	(44.0%)	(46.4%)	(45.9%)	(43.9%)	—
R&D Expenses	13,158	9,569	10,038	8,719	7,695	9,600
(Ratio to sales)	(13.5%)	(9.6%)	(10.4%)	(9.7%)	(8.4%)	(10.0%)
Operating Income	5,928	5,387	4,321	3,561	2,859	4,400
(Ratio to sales)	(6.1%)	(5.4%)	(4.5%)	(4.0%)	(3.1%)	(4.6%)
Ordinary Income	6,608	6,121	5,340	4,546	3,781	5,200
(Ratio to sales)	(6.8%)	(6.1%)	(5.5%)	(5.1%)	(4.1%)	(5.4%)
Net Income	4,637	4,389	3,996	4,814	2,620	4,000
(Ratio to sales)	(4.8%)	(4.4%)	(4.1%)	(5.4%)	(2.8%)	(4.2%)
EPS (¥)	62.45円	59.10円	53.82円	64.82円	35.28円	—
Capital	4,317	4,317	4,317	4,317	4,317	—
Assets	151,622	161,986	160,570	156,628	159,980	—
Shareholder's equity	118,595	112,464	112,525	113,848	113,052	—
Total Equity	128,614	121,320	119,405	120,420	119,232	—
BPS (¥)	1,731.76	1,633.55	1,607.77	1,621.43	1,605.43	—
ROE	3.7%	3.5%	3.3%	4.0%	2.2%	—
Equity Ratio (%)	84.8%	74.9%	74.4%	76.9%	74.5%	—
Employees	1,673	1,567	1,502	1,471	1,441	—
Capital Expenditure	815	599	441	732	627	400
Depreciation Expense	1,942	1,183	1,337	1,391	1,461	1,600

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 FY2021 results is based on the "Accounting Standard for Revenue Recognition".