

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2023

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

November 9, 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 Second Quarter Consolidated Financial Results for Fiscal 2022

(¥ in millions)	FY2019 2Q (Apr-Sep)	FY2020 2Q (Apr-Sep)	FY2021 2Q (Apr-Sep)	FY2022 2Q (Apr-Sep)	Change (%)	Full term FY2022 (Forecast)	Change (%)
Net sales	48,299	47,735	49,102	49,093	-0.0	112,000	+6.1
Operating profit	783	1,502	-68	777	-	5,500	+9.8
Ordinary profit	1,076	1,813	285	1,171	+309.8	6,000	+7.7
Profit attributable to owner of parent	834	2,118	121	1,242	+921.1	4,500	+14.4

Second Quarter Consolidated Financial Results for the Fiscal Year Ending March 31, 2023

[Net sales] Sales of new ethical drugs etc. (Japan) decreased from year on year due to the impact of NIH drug price revision (KYORIN pharmaceutical: 8% range), though sales of main products increased. On the other hand, sales of generic drugs increased. As a result, net sales remained flat at 49,093 million.

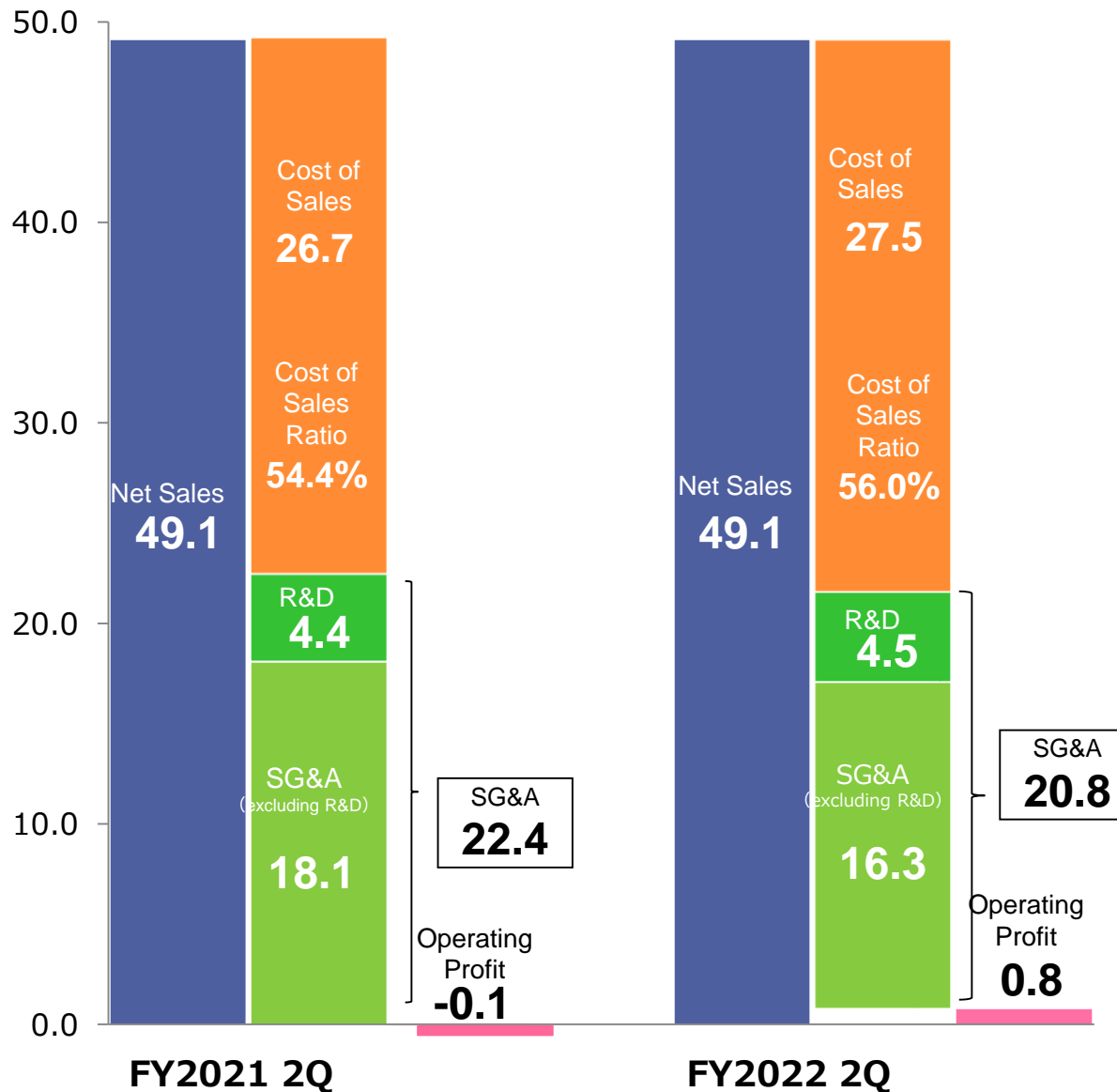
[Profit] Cost of sales ratio increased due to the impact of NIH drug price revision etc., resulting 21,611 million yen of gross profit (deceased 758 million year on year). On the other hand, decline in SG&A expenses (include of R&D expenses) of 1,604 million yen (R&D expenses increased 134 million yen) due to the absence of upfront payment in FY2021 lead to operating profit of 777 million yen (increased 846 million yen, year on year). Extraordinary income of 1,274 million yen regarding a fire at Nishinohon delivery, and extraordinary loss of 663 million yen regarding dissolution of ActivX, subsidiary of KYORIN Pharmaceutical Co., Ltd., caused to profit attributable to owner of parent of 1,242 million yen.

Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (forecast)

The forecast for full year announced on May 11, 2022 remain unchanged at this moment.
(There is no change to the dividend forecast announced on May 11, 2022 (Annual dividend of 52 yen per share).)

Highlights of Business Performance

(¥ in billions)



Net sales remained flat

- Decrease in sales of new ethical drugs etc. (Japan)
 - Main product (Beova, Desalex) grew
 - Decrease in sales of long-listed products and out-licensing product to other company
- Increase in sales of generic drugs

Cost of sales ratio decreased (+1.6 point)

<Reasons of decrease>

- Increase in sales of main product

<Reasons of increase>

- Impact of NHI drug price revisions (Kyorin Pharmaceutical: 8% range)
- Increase in sales of generic drugs

Gross profit decreased (- ¥0.8 bln)

SG&A cost decreased (- ¥1.6 bln)

- R&D expenses increased
- SG&A (excluding R&D) decreased
 - Decrease in license fees etc.
 - (Decline of upfront payment posted in FY2021 and payment of royalty)

Operating profit increased (+¥0.9 bln)

Consolidated Financial Results



(¥ in billions)	FY2021 2Q (Apr-Sep)	FY2022 2Q (Apr-Sep)	Change
Net sales	49.1	49.1	0
New ethical drugs, etc. (Japan)	33.3	32.7	-0.6
New ethical drugs (Overseas)	0.3	0.3	0
Generic drugs	15.5	16.1	+0.6
Operating profit	-0.1	0.8	+0.9
Ordinary profit	0.3	1.2	+0.9
Profit attributable to owner of parent	0.1	1.2	+1.1

(Year on Year) (Vs forecast)

■ **Net sales** **¥49.1 bln** (0) (-0.5)

● **New ethical drugs, etc. (Japan)** **¥32.7 bln** (-0.6) (-0.7)

	21.9 (2Q)	⇒	22.9 (1Q)	()	()
• Flutiform	6.3	⇒	5.7	(-0.6)	(+0.1)
• Desalex	2.6	⇒	3.0	(+0.4)	(+0.1)
• Beova	4.3	⇒	5.5	(+1.2)	(-0.9)
• Lasvic	0.8	⇒	1.0	(+0.2)	(-0.3)
• Lyfnua	—	⇒	0.1	(+0.1)	(-0.1)
• Pentasa	7.1	⇒	6.5	(-0.6)	(+0.2)
• Kipres	3.6	⇒	2.7	(-0.9)	(-0.1)
• Mucodyne	1.6	⇒	1.5	(-0.1)	(+0.1)
• Nasonex	0.7	⇒	0.6	(-0.1)	(+0.1)
• Uritos	0.7	⇒	0.4	(-0.3)	(+0.1)

● **New ethical drugs (Overseas)** **¥0.3 bln** (0) (0)

● **Generic drugs** **¥16.1 bln** (+0.6) (+0.3)

Increase sales in AG products (Kipres AG, etc.)
Items launched in June 2022 contribute to sales

■ **Operating profit** **¥0.8 bln** (+0.9) (+0.1)

● **Cost of sales ratio : 56.0% (2Q FY2021: 54.4%)**

[Reasons of decrease] Increase of sales for new drugs (Beova, Desalex etc.)

[Reasons of increase] NHI drug price revisions, Increase in sales of generic drugs

● **R&D : ¥4.5 bln (2Q FY2021: ¥4.4 bln)**

● **SG&A (excluding R&D expenses) : ¥16.3 bln (2Q FY2021: ¥18.1 bln)**

Decrease in license fees etc.

• Decline of upfront payment posted in FY2021 and payment of royalty)

■ **Profit attributable to owner of parent** **¥1.2 bln** (+1.1) (+0.5)

Extraordinary profit: gain on insurance of ¥881 mln, income of compensation for damages of ¥393 mln, regarding a fire at Nishinihon delivery center

Extraordinary loss: Impairment losses of ¥101 mln, provision for loss on liquidation of subsidiaries and associates of ¥561mln regarding dissolution of ActivX

Financial Result and Forecast



(¥ in millions)	2Q (Apr-Sep)				Full term			
	FY2021 (Actual)	FY2022 (Actual)	Change	Change (%)	FY2022 (Forecast)	Change to forecast	FY2021 (Actual)	FY2022 (Forecast)
Net sales	49,102	49,093	-9	-0.0	49,600	-507	105,534	112,000
New ethical drugs, etc. (Japan)	33,279	32,651	-627	-1.9	33,400	-749	69,725	74,500
New ethical drugs (Overseas)	342	312	-29	-8.6	300	+12	1,033	700
Generic drugs	15,481	16,128	+647	+4.2	15,800	+328	34,775	36,700
Operating profit	-68	777	+846	-	700	+77	5,007	5,500
Ordinary profit	285	1,171	+885	+309.8	1,000	+171	5,569	6,000
Profit attributable to owner of parent	121	1,242	+1,120	+921.1	700	+542	3,932	4,500

Main Product Sales Update



(¥ in billions)		2Q (Apr-Sep)							Full term	
		FY2020 (Actual)	FY2021 (Actual)	FY2022 (Actual)	Change	Change (%)	FY2022 (Forecast)	Change to forecast	FY2021 (Actual)	FY2022 (Forecast)
New ethical drugs, etc. (Japan)	Flutiform (Combination drug for asthma treatment)	6.4	6.3	5.7	-0.6	-8.9	5.6	+0.1	12.6	12.0
	Desalex (Antiallergic Agent)	1.8	2.6	3.0	+0.4	+14.9	2.9	+0.1	7.1	8.0
	Beova (Kyorin) (β3 adrenergic receptor agonist overactive bladder therapeutics)	3.8	4.3	5.5	+1.2	+26.6	6.4	-0.9	8.6	14.1
	Lasvic (New quinolone synthetic antibacterial agent)	0.2	0.8	1.0	+0.2	+17.1	1.3	-0.3	1.8	3.0
	Lyfnua (selective P2X3 receptor antagonist for the treatment of chronic cough)	—	—	0.1	+0.1	—	0.2	-0.1	—	0.5
	Pentasa (Ulcerative colitis and Crohn's disease treatment)	6.4	7.1	6.5	-0.6	-8.0	6.3	+0.2	14.0	12.5
	Kipres (Leukotriene Receptor Antagonist)	3.5	3.6	2.7	-0.9	-23.9	2.8	-0.1	8.4	6.8
	Mucodyne (Mucoregulant)	1.4	1.6	1.5	-0.1	-5.1	1.4	+0.1	3.5	2.9
	Nasonex (Spray type allergic rhinitis remedy)	0.6	0.7	0.6	-0.1	-9.8	0.5	+0.1	2.4	1.8
	Uritos (Kyorin) (Therapeutic agent for overactive bladder)	1.6	0.7	0.4	-0.3	-44.5	0.3	+0.1	1.3	0.7
	Milton (Disinfectant)	1.1	1.0	1.0	0	+0.0	1.0	0	2.1	2.0
Rubysta (Disinfectant)	1.0	1.0	1.1	+0.1	+2.7	1.0	+0.1	2.1	2.0	
Generic drugs	Montelukast tablets "KM" (Leukotriene Receptor Antagonist)	4.5	5.1	5.4	+0.3	+5.4	4.6	+0.8	12.2	10.7
	Mometasone Nasal 50μg "KYORIN" (Spray type allergic rhinitis remedy)	0.9	1.0	1.1	+0.1	+7.0	1.0	+0.1	3.6	3.6
	Imidafenacin tablets & OD "KYORIN" (Therapeutic agent for overactive bladder)	0.3	0.4	0.4	0	-7.1	0.2	+0.2	0.8	0.5

R&D Expenses, Capex & Depreciation

(Units : ¥ million)	FY2019 2Q	FY2020 2Q	FY2021 2Q	FY2022 2Q	Y on Y Change (%)	FY2021	FY2022 (Forecast)
R&D expenses	5,191	5,200	4,364	4,498	+3.1	8,897	10,900
Capital expenditure	1,367	1,858	751	3,882	+416.9	3,624	5,000
Depreciation expense	1,566	1,716	1,831	1,907	+4.2	3,714	4,000

<Capital expenditure (Actual / Forecast)>

(Units : ¥ billion)	FY2021 2Q	FY2022 2Q	FY2021	FY2022 (Forecast)
Plant facilities	0.3	3.6	2.6	3.9
Equipment for control, sales activities	0.1	0.1	0.4	0.6
Equipment for research	0.3	0.2	0.6	0.5

Development pipeline

Main R&D Activities -1 (as of November 9, 2022)



Ph 3 ~ Launch

*Updates from Aug 2, 2022

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 November 9, 2022)

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)

Licensing development (License-out)

Stage	Compound / Code	Licensee	Therapy area / Action	Origin	Features	Note
Ph 1	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)

P&L Summary: Consolidated Results – (1)

(Units : ¥ million)	FY2021 2Q (Apr-Sep)		FY2022 2Q (Apr-Sep)			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Net Sales (total)	49,102	100.0	49,093	100.0	-0.0	-9
New ethical drugs, etc. (Japan)	33,279	67.8	32,651	66.5	-1.9	-627
New ethical drugs (Overseas)	342	0.7	312	0.6	-8.6	-29
Generic drugs	15,481	31.5	16,128	32.9	+4.2	+647

<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 **¥49,093 mil** (Year on Year) (- 9)

● New ethical drugs, etc. (Japan) **¥32,651 mil** (- 627)

(¥ bln)	22.3 (2Q)	⇒	23.3 (2Q)	()
• Flutiform	6.3	⇒	5.7	(-0.6)
• Desalex	2.6	⇒	3.0	(+0.4)
• Beova	4.3	⇒	5.5	(+1.2)
• Lasvic	0.8	⇒	1.0	(+0.2)
• Lyfnua	—	⇒	0.1	(+0.1)
• Pentasa	7.1	⇒	6.5	(-0.6)
• Kipres	3.6	⇒	2.7	(-0.9)
• Mucodyne	1.6	⇒	1.5	(-0.1)
• Nasonex	0.7	⇒	0.6	(-0.1)
• Uritos	0.7	⇒	0.4	(-0.3)

● New ethical drugs (Overseas) **¥312 mil** (- 29)

● Generic drugs **¥16,128 mil** (+647)

- Sales increase in AG products (Kipres AG, etc.)
- New generic drugs in FY 2022 contributed to sales

P&L Summary : Consolidated Results – (2)

(Units : ¥ million)	FY2021 2Q (Apr-Sep)		FY2022 2Q (Apr-Sep)			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Sales	49,102	100.0	49,093	100.0	-0.0	-9
Cost of Sales	26,732	54.4	27,481	56.0	+2.8	+749
Gross Profit	22,369	45.6	21,611	44.0	-3.4	-758
SG&A (R&D expenses)	22,438 (4,364)	45.7 (8.9)	20,833 (4,498)	42.4 (9.2)	-7.2 (+3.1)	-1,604 (+134)
Operating Profit	-68	-0.1	777	1.6	-	+846
Non-Operating Income	402	0.8	447	0.9	+11.2	+45
Non-Operating Expenses	48	0.1	53	0.1	+12.1	+5
Ordinary Profit	285	0.6	1,171	2.4	+309.8	+885
Extraordinary profits	0	0.0	1,319	2.7	+100.0	+1,319
Extraordinary Losses	16	0.0	678	1.4	+4012.0	+662
Profit before income taxes	269	0.5	1,812	3.7	+572.9	+1,543
Corporate, inhabitants and enterprise taxes	136	0.3	493	1.0	+260.7	+356
Tax adjustments	10	0.0	76	0.2	-	+65
Profit attributable to owner of parent	121	0.2	1,242	2.5	+921.1	+1,120

<Breakdown>

(Year on Year)

◆ **Cost of sales ratio : 56.0% (+1.6 pt)**

【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 : 9.2% (+0.3 pt)**

- ¥ 4.4bln→¥ 4.5bln

◆ **SG&A (exclude R&D) Expenses :**

33.3% (-3.5 pt)

- ¥ 16.3bln (FY2021 : ¥ 18.1bln)

Decrease in license fees etc.

(Decline of upfront payment posted in FY2021, decline in payment of royalty)

■ **Operating Income: ¥777 mil (+ ¥846 mil)**

■ **Profit attributable to owner of parent:**

¥1,242 mil (+ ¥1,120 mil)

- Extraordinary profit: gain on insurance and income from compensation for damages regarding storage products damaged from a fire at Nishinohon delivery
- Extraordinary loss: Impairment losses and provision for loss on liquidation of subsidiaries and associates regarding dissolution of ActivX

■ **Dividend per share (interim dividend): ¥20.00**

BS Summary: Consolidated Results

(Units : ¥ million)	Mar / 2022		Sep / 2022		
	Actual	% total	Actual	% total	Change
Current Assets	116,376	67.7	116,243	66.3	- 133
Cash, deposits	26,994		28,051		
Notes and accounts receivable	41,676		34,811		
Mk securities	500	—	0	—	—
Inventory	42,217		49,316		
Other	4,989		4,064		
Fixed Assets	55,547	32.3	59,217	33.7	+3,670
Tangible assets	24,334		26,636		
Intangible assets	3,289	—	4,235	—	—
Investments	27,923		28,345		
Total Assets	171,924	100.0	175,461	100.0	+3,537
Current Liabilities	32,182	18.7	35,740	20.4	+3,558
Notes payable	10,896		12,772		
Other	21,286	—	22,968	—	—
Non-Current Liabilities	15,234	8.9	14,984	8.5	- 249
Total Liabilities	47,416	27.6	50,725	28.9	+3,309
Owner's Equity	120,491	70.1	119,877	68.3	- 613
Other Comprehensive Income	4,016	2.3	4,857	2.8	+841
Unrealized holding gain (loss) on securities	6,268		6,693		
Foreign currency translation adjustments	110	—	343	—	—
Remeasurements of defined benefit plans	-2,362		-2,179		
Total Equity	124,507	72.4	124,735	71.1	+228
Total Liabilities and Equity	171,924	100.0	175,461	100.0	+3,537

<Breakdown>

(Year on Year)

■ Current Asset : - ¥133 mil

- Cash, deposits (+ ¥1,057 mil)
- Notes and accounts receivable (- ¥6,865 mil)
- Mk securities (- ¥500 mil)
- Inventory (+ ¥7,099 mil)
- Other (- ¥924 mil)

■ Fixed Assets : + ¥3,670 mil

- Tangible Assets (+ ¥2,302 mil)
- Intangible Assets (+ ¥946 mil)
- Investments (+ ¥421 mil)

■ Current Liabilities : + ¥3,558 mil

- Notes and accounts payable (+ ¥1,876 mil)
- Other current liabilities (+ ¥1,682 mil)

■ Non-Current Liabilities : - ¥249 mil

Financial summary (Consolidated)

(Units : ¥ million)	FY2020 2Q	FY2021 2Q		FY2022 2Q		FY2021	FY2022 (Forecast)
Sales	47,735	49,102	49,093	105,534	112,000		
(Exports)	(527)	(342)	(312)	(1,033)	(700)		
Cost of Sales	22,913	26,732	27,481	56,093	—		
(cost of sales ratio)	(48.0%)	(54.4%)	(56.0%)	(53.2%)			
SG&A	23,320	22,438	20,833	44,433	—		
(Ratio to sales)	(48.9%)	(45.7%)	(42.4%)	(42.1%)			
R&D Expenses	5,200	4,364	4,498	8,897	10,900		
(Ratio to sales)	(10.9%)	(8.9%)	(9.2%)	(8.4%)	(9.7%)		
Operating Profit	1,502	−68	777	5,007	5,500		
(Ratio to sales)	(3.1%)	(−0.1%)	(1.6%)	(4.7%)	(4.9%)		
Ordinary Profit	1,813	285	1,171	5,569	6,000		
(Ratio to sales)	(3.8%)	(0.6%)	(2.4%)	(5.3%)	(5.4%)		
Profit	2,118	121	1,242	3,932	4,500		
(Ratio to sales)	(4.4%)	(0.2%)	(2.5%)	(3.7%)	(4.0%)		
EPS (¥)	36.98円	2.12円	21.69円	68.62円	78.53円		
Share Capital	700	700	700	700	—		
Assets 総資産	169,789	164,408	175,461	171,924	—		
Net Asset	123,400	121,927	124,735	124,507	—		
BPS (¥)	2,153.51円	2,127.81円	2,176.74円	2,172.83円	—		
ROE	1.7%	0.1%	1.0%	3.2%	—		
Equity Ratio (%)	72.7%	74.2%	71.1%	72.4%	—		
Employees	2,282人	2,252人	2,215人	2,222人	—		
Capital Expenditure	1,858	751	3,882	3,624	5,000		
Depreciation Expense	1,716	1,831	1,907	3,714	4,000		

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



(Units : ¥ million)	FY2021 2Q (Apr-Sep)		FY2022 2Q (Apr-Sep)			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Net Sales (total)	42,961	100.0	42,210	100.0	-1.7	-750
New ethical drugs, etc. (Japan)	32,537	75.7	31,772	75.3	-2.4	-765
New ethical drugs (Overseas)	251	0.6	195	0.5	-22.1	-55
Generic drugs	10,172	23.7	10,242	24.3	+0.7	+69

<Breakdown>

				(Year on Year)
■ Sales	¥42,210 mil			(-750)
● New ethical drugs, etc. (Japan)	¥31,772 mil			(-765)
	(¥ bln)	<u>22.3 (2Q)</u>	<u>23.3 (2Q)</u>	
• Flutiform	6.3	⇒	5.7	(-0.6)
• Desalex	2.6	⇒	3.0	(+0.4)
• Beova	4.3	⇒	5.5	(+1.2)
• Lasvic	0.8	⇒	1.0	(+0.2)
• Lyfnua	—	⇒	0.1	(+0.1)
• Pentasa	7.1	⇒	6.5	(-0.6)
• Kipres	3.6	⇒	2.7	(-0.9)
• Mucodyne	1.6	⇒	1.5	(-0.1)
• Nasonex	0.7	⇒	0.6	(-0.1)
• Uritos	0.7	⇒	0.4	(-0.3)
● New ethical drugs (Overseas)	¥195 mil			(-55)
● Generic drugs	¥10,242 mil			(+69)
				• Sales increase in AG products (Kipres AG, etc.)

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



(Units : ¥ million)	FY2021 2Q (Apr-Sep)		FY2022 2Q (Apr-Sep)			
	Actual	% Sales	Actual	% Sales	Change (%)	Change
Sales	42,961	100.0	42,210	100.0	-1.7	-750
Cost of Sales	23,277	54.2	22,770	53.9	-2.2	-507
Gross Profit	19,683	45.8	19,440	46.1	-1.2	-243
SG&A (R&D expenses)	20,509 (3,782)	47.7 (8.8)	18,905 (3,712)	44.8 (8.8)	-7.8 (-1.9)	-1,603 (-70)
Operating Profit	-825	-1.9	534	1.3	—	+1,360
Non-Operating Income	585	1.4	665	1.6	+13.6	+79
Non-Operating Expenses	29	0.1	29	0.1	-0.9	-0
Ordinary Profit	-269	-0.6	1,170	2.8	—	+1,440
Extraordinary profits	0	0.0	1,061	2.5	100.0	+1,061
Extraordinary Losses	9	0.0	3	0.0	-61.8	-5
Profit before income taxes	-278	-0.6	2,228	5.3	—	+2,507
Corporate, inhabitants and enterprise taxes	-28	-0.1	543	1.3	—	+571
Tax adjustments	—	—	—	—	—	—
Profit attributable to owner of parent	-249	-0.6	1,685	4.0	—	+1,935

<Breakdown>

(Year on Year)

◆ Cost of sales ratio: 53.9% (-0.3 pt)

【Reasons of decrease】

- Sales of new drugs increased

【Reasons of increase】

- Impact of NHI drug price revisions
- in sales of out-licensing product to other company

◆ R&D Ratio : 8.8% (-0.0 pt)

- ¥3.8 bln → ¥3.7 bln

◆ SG&A (exclude R&D) Expenses: 36.0% (-2.9 pt)

- ¥15.2 bln (FY2021 : ¥16.7 bln)

Decrease in license fees etc.

(Decline of upfront payment posted in FY2021, decline in payment of royalty)

■ Operating Income: ¥534 mil (-¥1,360 mil)

■ Profit attributable to owner of parent: ¥1,685 mil (+¥1,935 mil)

- Extraordinary profit: gain on insurance and income of compensation for damages regarding a fire at Nishinohon delivery

BS Summary: KYORIN Pharmaceutical (Non-consolidated)



(Units : ¥million)	Mar / 2022		Sep / 2022		
	Actual	% total	Actual	% total	Change
Current Assets	121,796	76.1%	121,246	75.4	-549
Cash, deposits	17,535		20,214		
Notes and accounts receivable	36,690		30,101		
Mk securities	500	—	—	—	—
Inventory	32,366		37,833		
Other	34,704		33,097		
Fixed Assets	38,183	23.9%	39,545	24.6	+1,362
Tangible assets	7,029		6,779		
Intangible assets	2,534	—	3,505	—	—
Investments	28,620		29,260		
Total Assets	159,980	100.0%	160,792	100.0	+812
Current Liabilities	28,543	17.8%	28,790	17.9	+246
Notes payable	11,746		12,335		
Other	16,796	—	16,454	—	—
Non-Current Liabilities	12,204	7.6%	12,365	7.7	+161
Total Liabilities	40,747	25.5%	41,155	25.6	+408
Shareholder's Equity	113,052	70.7%	113,030	70.3	-22
Valuation and translation adjustments	6,179	3.9%	6,606	4.1	+426
Net Assets	119,232	74.5%	119,636	74.4	+404
Total Liabilities and Net Assets	159,980	100.0%	160,792	100.0	+812

<Breakdown>

(Year on Year)

■ Current Asset : -¥549 mil

- Cash, deposits (+¥2,679 mil)
- Notes and accounts receivable (-¥6,588 mil)
- Mk securities (-¥ 500 mil)
- Inventory (+¥5,467 mil)
- Other (-¥1,607 mil)

■ Fixed Assets : +¥1,362 mil

- Tangible Assets (-¥249 mil)
- Intangible Assets (+ ¥971 mil)
- Investments (+ ¥640 mil)

■ Current Liabilities : +¥246 mil

- Notes and accounts payable (+¥589 mil)
- Other current liabilities (-¥342 mil)

■ Non-Current Liabilities : +¥161 mil

Financial Summary: KYORIN Pharmaceutical (Non-consolidated)



(Units : ¥ million)	FY2020 2Q	FY2021 2Q	FY2022 2Q	FY2021	FY2022 (Forecast)
Sales	41,116	42,961	42,210	92,010	95,900
(Exports)	(433)	(251)	(195)	(834)	(400)
Cost of Sales	19,773	23,277	22,770	48,736	—
(cost of sales ratio)	(48.1%)	(54.2%)	(53.9%)	(53.0%)	—
SG&A	21,021	20,509	18,905	40,413	—
(Ratio to sales)	(51.1%)	(47.7%)	(44.8%)	(43.9%)	—
R&D Expenses	4,687	3,782	3,712	7,695	9,600
(Ratio to sales)	(11.4%)	(8.8%)	(8.8%)	(8.4%)	(10.0%)
Operating Profit	321	−825	534	2,859	4,400
(Ratio to sales)	(0.8%)	(−1.9%)	(1.3%)	(3.1%)	(4.6%)
Ordinary Profit	936	−269	1,170	3,781	5,200
(Ratio to sales)	(2.3%)	(−0.6%)	(2.8%)	(4.1%)	(5.4%)
Profit	1,400	−249	1,685	2,620	4,000
(Ratio to sales)	(3.4%)	(−0.6%)	(4.0%)	(2.8%)	(4.2%)
EPS (¥)	18.86円	−3.37円	22.70円	35.28円	—
Share Capital	4,317	4,317	4,317	4,317	—
Assets 総資産	160,574	155,314	160,792	159,980	—
Net Asset	119,891	117,205	119,636	119,232	—
BPS (¥)	1,614.30円	1,578.14円	1,610.88円	1,605.43円	—
ROE	1.2%	−0.2%	1.4%	2.2%	—
Equity Ratio (%)	74.7%	75.5%	74.4%	74.5%	—
Employees	1,504人	1,472人	1,421人	1,441人	—
Capital Expenditure	207	342	162	627	400
Depreciation Expense	684	722	795	1,461	1,600