

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

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KYORIN Pharmaceutical Co., Ltd.



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Overview of Consolidated Financial Results for FY2023



(JPY millions)	FY2020 1Q (Apr-Jun)	FY2021 1Q (Apr-Jun)	FY2022 1Q (Apr-Jun)	FY2023 1Q (Apr-Jun)	Change (%)	Interim term FY2023 (Forecast)	Change (%)	Full term FY2023 (Forecast)	Change (%)
Net sales	24,689	24,695	24,619	27,854	+13.1	53,700	+9.4	116,200	+2.6
Operating profit	2,014	-756	489	710	+45.1	600	-22.9	6,000	+17.1
Ordinary profit	2,265	-491	779	913	+17.2	900	-23.2	6,500	+11.5
Profit attributable to owner of parent	1,609	-462	1,183	676	-42.8	700	-43.7	4,900	+3.7

First Quarter Consolidated Financial Results for FY2023

[Net sales] Sales of new drugs etc. (Japan) increased from year on year by sales increase in Beova, Lasvic etc. by the efforts to spread of the product, while the impact of the NHI drug price revision. And also sales of generic drugs increased. As a result, net sales were 27,854 million yen (an increase of 3,234 million, yen year on year)

[Profit] Gross profit was 12,232 million yen (an increase of 1,193 million yen year on year) due to increase in sales. On the other hand, SG&A expenses increased 972 million yen (R&D expenses decreased 273 million yen) . As a result, operating profit was 710 million yen (a increase of 220 million yen, year on year). Profit attributable to owner of parent was 676 million yen (a decrease of 506 million yen) , compare to an extraordinary income of 879 million yen in previous year.

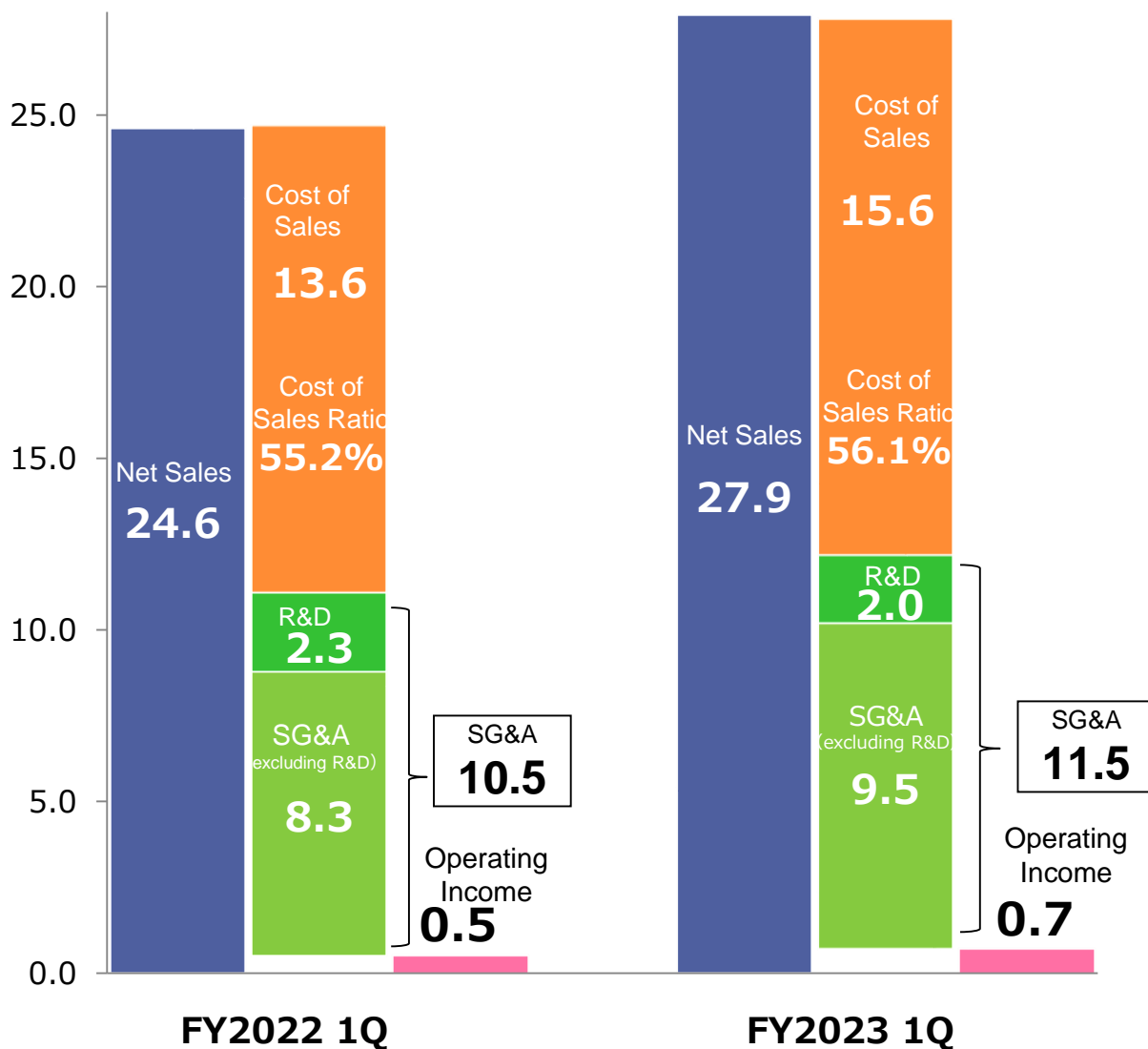
Consolidated Financial Results for FY2023 (Forecast)

The forecast for the interim term and full term announced on May 11, 2023 remain unchanged at this moment. (Progress compared with the forecast for the interim term, net sales: 51.9%, operating income: 118.4%)
There is no change to the dividend plan announced on May 11, 2023 (Annual dividend of 52 yen per share).

Highlights of Business Performance



(JPY billions)



(JPY billions)

Net sales increased (+ 3.3)

- Increase in sales of new drugs
 - Main products (Beova, Lasvic) grew
- Increase in sales of generic drugs

Cost of sales ratio increased (+ 0.9 %point)

<Factors of decrease>

- Increase in sales of new drugs

<Factors of increase>

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

Gross profit increased (+ 1.2)

SG&A cost increased (+ 1.0)

- R&D expenses decreased (- 0.3)
 - Dissolution of ActivX (Mar 2023)
- SG&A (excluding R&D) increased (+1.2)
 - Increase in license fee, personnel expenses

Operating profit increased (+ 0.2)

Consolidated Financial Results



(JPY billions)

(Year on Year)

(JPY billions)	FY2022 1Q	FY2023 1Q	Change
Net sales	24.6	27.9	+ 3.3
New drugs (Japan)	16.4	18.9	+ 2.5
New drugs (Overseas)	0.1	0.1	0
Generic drugs	8.1	8.9	+ 0.8
Operating profit	0.5	0.7	+ 0.2
Ordinary profit	0.8	0.9	+ 0.1
Profit attributable to owner of parent	1.2	0.7	- 0.5

■ **Net sales** **27.9** **(+3.3)**

● **New drugs (Japan)** **18.9** **(+2.5)**

	FY2022 (1Q)		FY2023 (1Q)	
• Beova	2.7	⇒	4.2	(+1.5)
• Lasvic	0.4	⇒	1.1	(+0.7)
• Lyfnua	0.1	⇒	0.2	(+0.1)
• Desalex	1.6	⇒	1.6	(0)
• Flutiform	2.9	⇒	3.1	(+0.2)
• Pentasa	3.4	⇒	3.1	(-0.3)
• Kipres	1.5	⇒	1.3	(-0.2)
• Mucodyne	0.8	⇒	1.0	(+0.2)
• Nasonex	0.4	⇒	0.2	(-0.2)
• Uritos	0.2	⇒	0.1	(-0.1)

● **New drugs (Overseas)** **0.1** **(0)**

● **Generic drugs** **8.9** **(+0.8)**

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

■ **Operating income** **0.7** **(+0.2)**

● **Cost of sales ratio : 56.1% (FY2022 1Q: 55.2%)**

[Factors of decrease] Increase in sales of new drugs
[Factors of increase] NHI drug price revisions, sales increase in generic drugs

● **R&D : 2.0 (FY2022 1Q: 2.3)**

Dissolution of ActivX (Mar 2023)

● **SG&A (excluding R&D expenses) : 9.5 (FY2022 1Q: 8.3)**

Increase in license fees and personnel expenses.

■ **Profit attributable to owner of parent** **0.7** **(- 0.5)**

FY2022 1Q: Extraordinary profit of gain on insurance of ¥879M regarding a fire at Nishinohon delivery center.

Main Product Sales Update



(JPY billions)		1Q (Apr-Jun)					Interim term		Full term		
		FY2022 (Actual)	FY2023 (Actual)	Change	Change (%)	Progress to interim (%)	Progress to full term (%)	FY2022 (Actual)	FY2023 (Forecast)	FY2022 (Actual)	FY2023 (Forecast)
New drugs, etc. (Japan)	Beova (Kyorin) <small>(β3 adrenergic receptor agonist overactive bladder therapeutics)</small>	2.7	4.2	+1.5	+56.4	47.6	22.3	5.5	8.8	12.9	18.9
	Lasvic <small>(New quinolone synthetic antibacterial agent)</small>	0.4	1.1	+0.7	+146.4	78.4	33.6	1.0	1.4	2.5	3.2
	Lyfnua <small>(selective P2X3 receptor antagonist for the treatment of chronic cough)</small>	0.1	0.2	+0.1	+253.6	33.7	12.8	0.1	0.5	0.2	1.3
	Desalex <small>(Antiallergic Agent)</small>	1.6	1.6	0	-0.5	50.6	18.2	3.0	3.2	8.5	8.9
	Flutiform <small>(Combination drug for asthma treatment)</small>	2.9	3.1	+0.2	+10.2	56.7	27.4	5.7	5.5	12.0	11.4
	Pentasa <small>(Ulcerative colitis and Crohn's disease treatment)</small>	3.4	3.1	-0.3	-8.1	51.0	25.9	6.5	6.0	12.8	11.8
	Kipres <small>(Leukotriene Receptor Antagonist)</small>	1.5	1.3	-0.2	-9.4	58.7	25.3	2.7	2.2	6.6	5.3
	Mucodyne <small>(Mucoregulant)</small>	0.8	1.0	+0.2	+29.5	72.1	33.1	1.5	1.4	3.5	3.0
	Nasonex <small>(Spray type allergic rhinitis remedy)</small>	0.4	0.2	-0.2	-42.1	59.8	16.9	0.6	0.3	2.5	1.2
	Uritos (Kyorin) <small>(Therapeutic agent for overactive bladder)</small>	0.2	0.1	-0.1	-27.0	100.4	50.0	0.4	0.1	0.7	0.2
	Milton <small>(Disinfectant)</small>	0.5	0.5	0	-6.3	46.3	23.8	1.0	1.0	2.0	1.9
Rubysta <small>(Disinfectant)</small>	0.5	0.4	-0.1	-16.9	38.1	18.8	1.1	1.0	2.1	2.1	
Generic drugs	Montelukast tablets "KM" <small>(Leukotriene Receptor Antagonist)</small>	2.8	3.0	+0.2	+6.8	60.1	26.7	5.4	4.9	13.3	11.0
	Mometasone Nasal 50μg "KYORIN" <small>(Spray type allergic rhinitis remedy)</small>	0.6	0.5	-0.1	-26.9	48.0	13.5	1.1	0.9	4.7	3.4
	Imidafenacin tablets & OD "KYORIN" <small>(Therapeutic agent for overactive bladder)</small>	0.2	0.2	0	-13.4	65.2	32.6	0.4	0.2	0.7	0.4

Financial Result and Forecast



(JPY millions)	1Q (Apr-Jun)						Interim term		Full term	
	FY2022 (Actual)	FY2023 (Actual)	Change	Change (%)	Progress to interim term forecast (%)	Progress to full term forecast (%)	FY2022 (Actual)	FY2023 (Forecast)	FY2022 (Actual)	FY2023 (Forecast)
Net sales	24,619	27,854	+3,234	+13.1	51.9	24.0	49,093	53,700	113,270	116,200
New drugs, etc. (Japan)	16,373	18,944	+2,571	+15.7	51.6	24.0	32,651	36,700	74,770	79,100
New ethical drugs (Overseas)	142	55	-87	-61.4	27.5	13.8	312	200	308	400
Generic drugs	8,103	8,854	+750	+9.3	53.0	24.2	16,128	16,700	38,190	36,600
Operating profit	489	710	+220	+45.1	118.4	11.8	777	600	5,123	6,000
Ordinary profit	779	913	+134	+17.2	101.6	14.1	1,171	900	5,827	6,500
Profit attributable to owner of parent	1,183	676	-506	-42.8	96.7	13.8	1,242	700	4,723	4,900

Development pipeline

Main R&D Activities -1 (as of August 2 , 2023)



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 August 2, 2023)

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 is in preparation

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)

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 scheduled.