

# Material for Financial Announcement FY 2023

# FY2023 : Financial Overview

Sales have increased for 9 consecutive fiscal years, and operating profit and net income have increased for 6 consecutive years.

¥ Billion	FY 2022	FY 2023	YoY		FY2023 (Forecast)	Progress (%)
			Change	Change (%)		
<b>Revenue</b>	<b>447.2</b>	<b>502.7</b>	<b>55.5</b>	<b>12.4%</b>	<b>500.0</b>	<b>100.5%</b>
Cost of sales	110.1	127.1	17.1	15.5%	122.0	104.2%
R&D expenses	95.3	112.2	16.8	17.7%	109.0	102.9%
Ratio of R&D to revenue	21.3%	22.3%			21.8%	
SG&A expenses	89.5	100.3	10.8	12.1%	98.0	102.3%
Other income	0.7	1.2	0.4	60.3%	1.0	117.6%
Other expenses	11.1	4.3	(6.7)	(60.8%)	5.0	86.9%
<b>Operating profit</b>	<b>142.0</b>	<b>159.9</b>	<b>18.0</b>	<b>12.7%</b>	<b>167.0</b>	<b>95.8%</b>
Net financial income	1.6	3.8	2.2	142.1%	2.0	189.9%
<b>Profit before tax</b>	<b>143.5</b>	<b>163.7</b>	<b>20.2</b>	<b>14.1%</b>	<b>169.0</b>	<b>96.9%</b>
<b>Profit for the year</b> (attributable to owners of the Company )	<b>112.7</b>	<b>128.0</b>	<b>15.3</b>	<b>13.5%</b>	<b>126.0</b>	<b>101.6%</b>

- Regarding sales revenue, sales of Opdivo increased by ¥3.1 billion to ¥145.5 billion and sales of Forxiga increased by ¥19.6 billion to ¥76.1 billion. Royalties from Bristol-Myers Squibb Company on Opdivo increased by ¥8.3 billion year on year to ¥97.9 billion, and royalties from Merck & Co., Inc. on Keytruda® increased by ¥7.9 billion year on year to ¥53.0 billion.
- Regarding expenses, combined impairment losses of ¥14.8 billion were recorded for marketing rights and intangible assets associated with compounds under development. Other expenses decreased by ¥6.7 billion year on year, mainly due to the absence of a lump-sum payment associated with the settlement of litigation on patents with Dana-Farber Cancer Institute, Inc.

# FY2023 : Sales Revenue



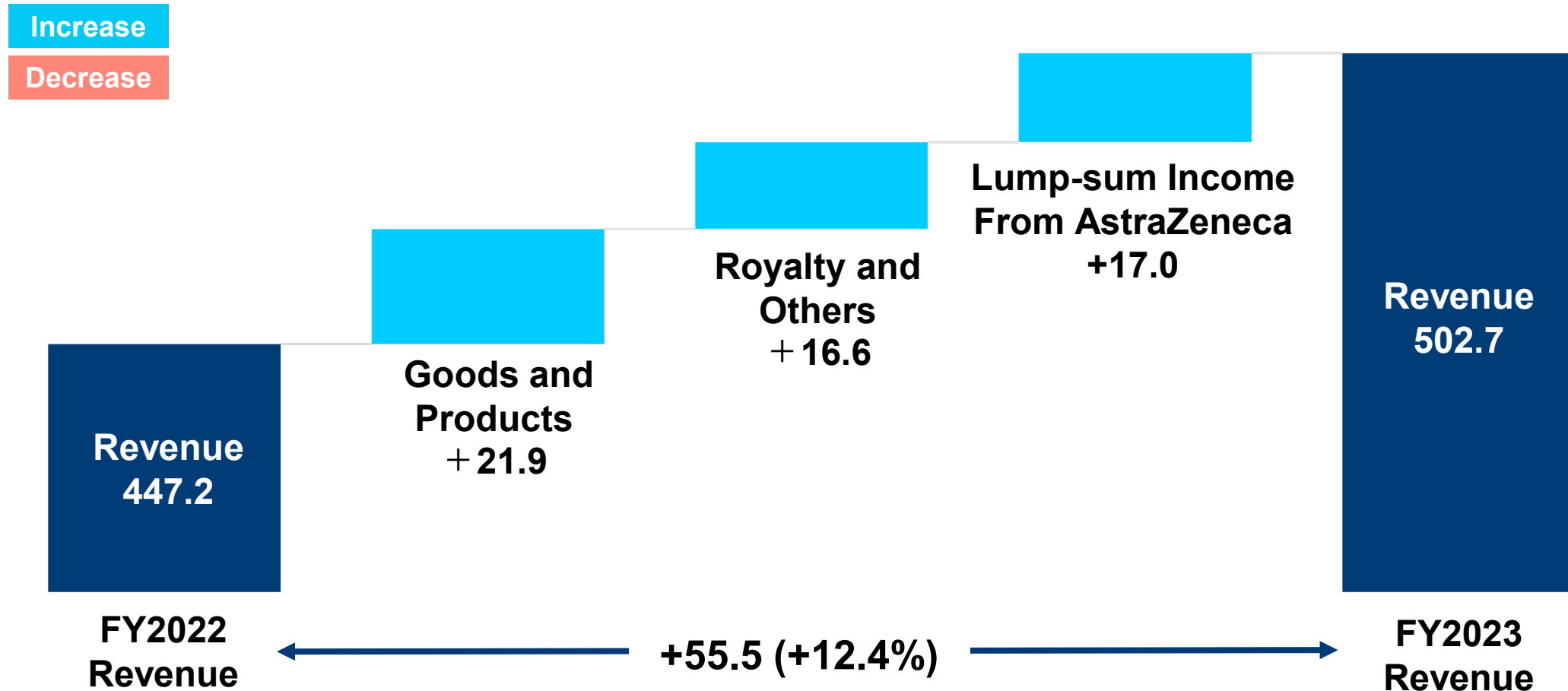
¥ Billion	FY2022	FY2023	YoY		FY2023 Forecast	Progress (%)
			Change	Change (%)		
<b>Revenue</b>	<b>447.2</b>	<b>502.7</b>	<b>55.5</b>	<b>12.4%</b>	<b>500.0</b>	<b>100.5%</b>
<b>Goods and products</b>	<b>295.0</b>	<b>317.0</b>	<b>21.9</b>	<b>7.4%</b>	<b>315.0</b>	<b>100.6%</b>
<b>Royalty and others</b>	<b>152.1</b>	<b>185.7</b>	<b>33.6</b>	<b>22.1%</b>	<b>185.0</b>	<b>100.4%</b>
OPDIVO	89.6	97.9	8.3	9.3%		
KEYTRUDA®	45.2	53.0	7.9	17.4%		

Sales Revenue of Main Products (Gross Sales Basis)						
Opdivo Intravenous Infusion	142.3	145.5	3.1	2.2%	150.0	97.0%
Forxiga Tablets	56.5	76.1	19.6	34.7%	75.0	101.5%
Orencia for Subcutaneous Injection	24.8	25.8	1.1	4.3%	25.5	101.3%
Glactiv Tablets	22.5	21.2	(1.3)	(5.9%)	21.0	100.9%
Velexbru Tablets	8.5	10.2	1.7	19.7%	9.5	107.5%
Kyprolis for Intravenous Infusion	8.7	9.1	0.4	5.1%	8.5	107.6%
Parsabiv Intravenous Injection	8.4	8.2	(0.2)	(2.1%)	8.0	102.9%
Ongentys Tablets	5.0	6.3	1.3	26.8%	6.5	97.1%

# FY2023 : Sales Revenue (Breakdown)

Revenue reached a record high due to a significant increase in sales of Forxiga, higher royalty revenue from Bristol-Myers Squibb Company, Merck & Co., Inc., and others, as well as a ¥17.0 billion upfront payment from the settlement of a patent-related lawsuit with AstraZeneca UK Limited.

(¥ Billion)



# FY2024 : Financial Forecasts

¥ Billion	FY2023 (Actual)	FY2024 (Forecast)	Change	Change (%)
<b>Revenue</b>	<b>502.7</b>	<b>450.0</b>	<b>(52.7)</b>	<b>(10.5%)</b>
Cost of sales	127.1	113.0	(14.1)	(11.1%)
R&D expenses	112.2	112.0	(0.2)	(0.2%)
Ratio of R&D to revenue	22.3%	24.9%		
SG&A expenses	100.3	100.0	(0.3)	(0.3%)
Other income	1.2	0.5	(0.7)	(57.5%)
Other expenses	4.3	3.5	(0.8)	(19.4%)
<b>Operating profit</b>	<b>159.9</b>	<b>122.0</b>	<b>(37.9)</b>	<b>(23.7%)</b>
Net financial income	3.8	1.0	(2.8)	(73.7%)
<b>Profit before tax</b>	<b>163.7</b>	<b>123.0</b>	<b>(40.7)</b>	<b>(24.9%)</b>
<b>Profit for the year</b> (attributable to owners of the Company)	<b>128.0</b>	<b>91.0</b>	<b>(37.0)</b>	<b>(28.9%)</b>

- Regarding revenue, sales of Opdivo is expected to decrease by ¥20.5 billion year on year to ¥125.0 billion, sales of Forxiga is expected to increase by ¥6.9 billion to ¥83.0 billion, and the royalty rate received from Merck & Co., Inc. for Keytruda<sup>®</sup> is expected to decrease by approximately 60%.
- Cost of sales is expected to decrease by ¥14.1 billion year on year, partly due to the absence of the ¥11.1 billion impairment loss on marketing rights recorded in the fiscal year ended March 31, 2024.
- R&D expenses are expected to decrease by ¥0.2 billion year on year to ¥112.0 billion, and other SG&A expenses are expected to decrease by ¥0.3 billion year on year to ¥100.0 billion.
- The annual exchange rate assumed in this forecast is 1 USD = 145 yen. Foreign exchange sensitivity in case of a depreciation of 1 yen may increase revenue and operating profit by ¥0.6 billion and ¥ 0.2 billion, respectively.

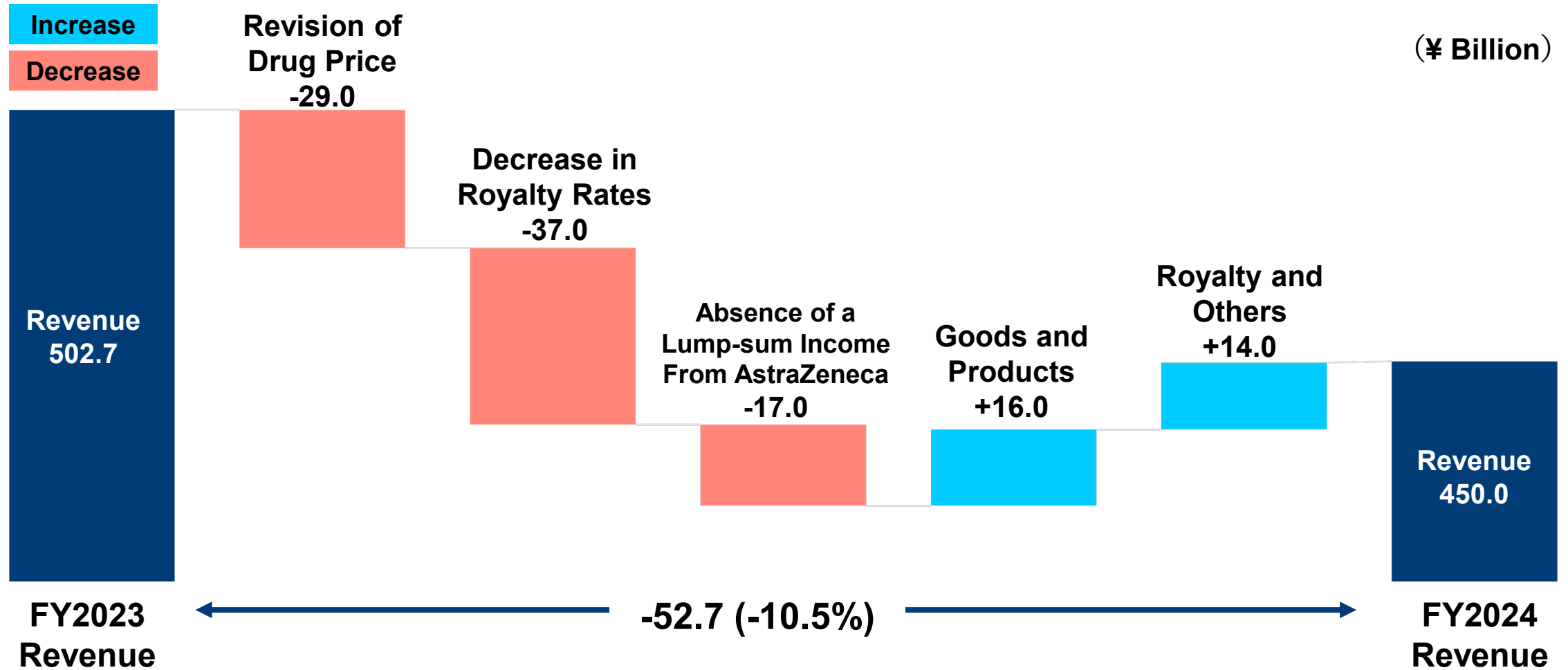
# FY2024 : Sales Forecasts

¥ Billion	FY2023 (Actual)	FY2024 (Forecast)	Change	Change (%)
<b>Revenue</b>	<b>502.7</b>	<b>450.0</b>	<b>(52.7)</b>	<b>(10.5%)</b>
Goods and products	317.0	304.0	(13.0)	(4.1%)
Royalty and others	185.7	146.0	(39.7)	(21.4%)

Sales Revenue of Main Products (Gross Sales Basis)				
Opdivo Intravenous Infusion	145.5	125.0	(20.5)	(14.1%)
Forxiga Tablets	76.1	83.0	6.9	9.0%
Orencia for Subcutaneous Injection	25.8	27.0	1.2	4.5%
Glactiv Tablets	21.2	18.5	(2.7)	(12.7%)
Velexbru Tablets	10.2	10.0	(0.2)	(2.1%)
Kyprolis for Intravenous Infusion	9.1	9.5	0.4	3.9%
Parsabiv Intravenous Injection	8.2	8.5	0.3	3.3%
Ongentys Tablets	6.3	7.5	1.2	18.8%

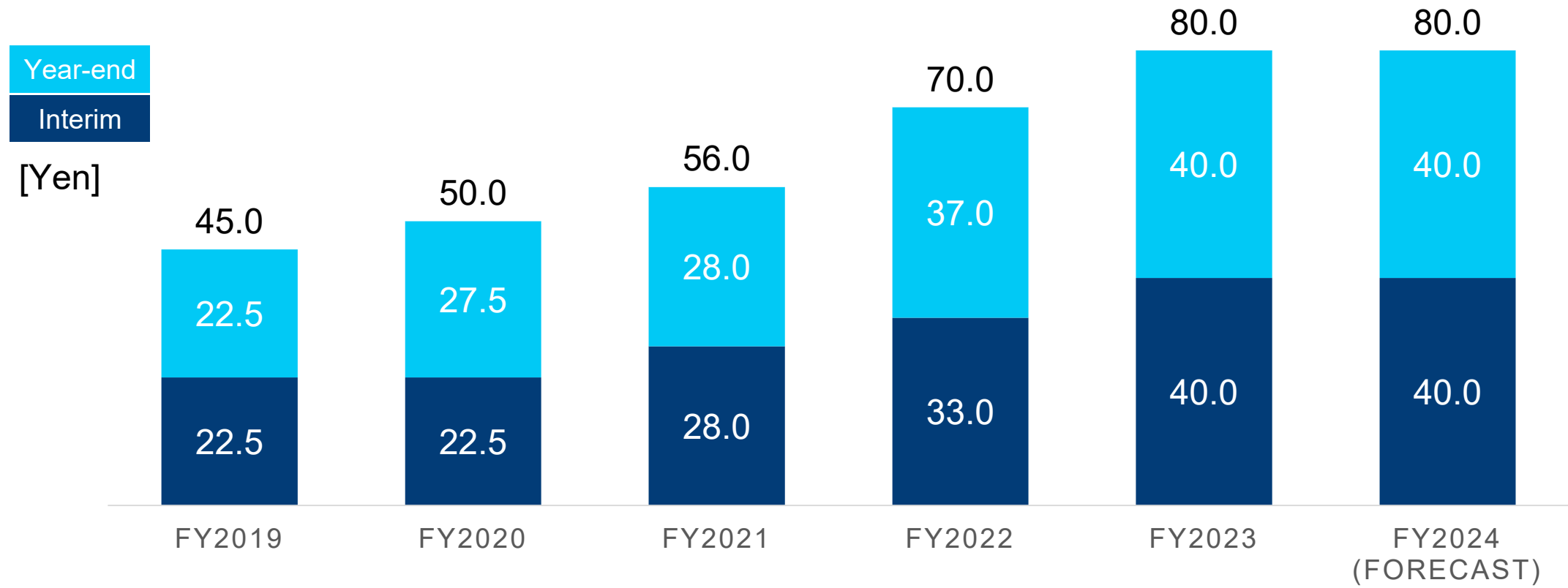
# FY2024 : Sales Forecasts (Breakdown)

Revenue is expected to decrease by ¥52.7 billion year-on-year due to the drug price reduction of Opdivo (down 15%), reduction in royalty rate received from Merck & Co., Inc. and others, and the absence of a ¥17.0 billion upfront payment from the settlement of a patent-related lawsuit with AstraZeneca UK Limited.



# Profit Distribution (Dividend)

Dividends are to be paid out in accordance with a progressive policy of maintaining or increasing the annual dividend each year, with a target payout ratio of 40%, taking into account the performance of each fiscal year and various indices.



Dividend payout ratio (consolidated)

38.0%

33.1%

34.5%

30.3%

30.0%

41.3%