KYOWA KIRIN

Integrated Report 2023

For the year ended December 31, 2023

Life-changing

Kyowa Kirin Co., Ltd.

CONTENTS

Materiality

Annual Report (PDF version)
https://ir.kyowakirin.com/en/library/annual.html

Corporate website	**https://www.kyowakirin.com/index.html**
Investors (IR)	**https://ir.kyowakirin.com/en/index.html**
• Financial Results	**https://ir.kyowakirin.com/en/library/earnings.htm**
• Corporate Governance Report	**https://ir.kyowakirin.com/en/management/governance.html**
Sustainability (CSR)	**https://www.kyowakirin.com/sustainability/index.html**
• ESG Data	**https://www.kyowakirin.com/sustainability/esg_data/index.html**

Scope of This Report

Kyowa Kirin Co., Ltd. and its consolidated subsidiaries
* Indication is provided in cases where the scope of reporting differs.

Reporting Period

January to December 2023
* The latest information at the time of publication is also included where possible.

Disclaimer

Statements concerning future plans and forecasts are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable. Actual results and performance may differ due to various risks and uncertainties. Statements concerning ethical pharmaceuticals and products under development are not intended as advertising, promotions, or medical advice.

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Motohiko Kawaguchi
Managing Executive Officer,
Chief Financial Officer (CFO),
Kyowa Kirin Co., Ltd. (In charge of Finance, Corporate Communications and Procurement Departments)

About the publication of the Integrated Report

Kyowa Kirin's Integrated Report is published for our shareholders, investors, and a wide range of other stakeholders. It introduces our business—both in its financial and non-financial aspects—as we "strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies." In producing this report, we referred to the International Integrated Reporting Framework proposed by the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Collaborative Value Creation 2.0 issued by Japan's Ministry of Economy, Trade and industry (METI).

Production of this report was led by the Corporate Communications Department, in collaboration with the Corporate Planning and other departments across the organization. As head of the Corporate Communications Department, I have confirmed that the content of this report is accurate.

We hope that this report may be of use as a tool for communication with our stakeholders, leading to the creation of new shared value.

Environment
Social
Governance
Guidance for Collaborative Value Creation

Message from the CEO

Masashi Miyamoto, Ph.D.
Representative Director of the Board, President and Chief Executive Officer (CEO)

"Strive to become a superb team. One human being, excellent or not, is ever so powerless, as a power of one, mistakes even a possibility. Show the world the excellence of coming together. Amazing results, when we become one."

This is an excerpt from our Mission Statement, the result of discussions between employees and management before the merger that created Kyowa Kirin in October 2008. This part of the statement in particular resonates with me. Our Vision for 2030 is to "consistently create and deliver life-changing value that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical (GSP) company backed by a diverse team of experts with a shared passion for innovation." Since its inception, Kyowa Kirin has delivered some outstanding outcomes, which could only have been achieved by drawing on the strengths of every single employee and being fully committed to our mission. But there are still diseases worldwide that lack effective treatments, causing suffering and distress to many people. Our goal is to continue bringing a smile to the face of as many patients as possible with our medicines. This will mean cultivating diverse human resources with a strong sense of commitment to solving these challenges and forming teams that share this vision. This is the kind of company we want to be.

FY2023 results review

In FY2023, the midpoint of our FY2021–2025 Medium Term Business Plan, we continued to make steady progress towards our 2030 Vision. In North America, we started sales of Crysvita through proprietary channels, and in EMEA we established a new business structure that allows us to focus on Crysvita and Poteligeo. In R&D, we made good progress with the global development of KHK4083 and KHK4951 and we began clinical trials of proprietary bispecific antibody drugs. KHK4083, which is being developed with Amgen Inc. and has been positioned as the next growth driver after Crysvita, is currently in Phase 3 of the ROCKET program, a clinical trial for the treatment of moderate to severe atopic dermatitis. The trial is making steady progress, with over 2,400 patients enrolled as of February 2024.

Earnings in FY2023 were also strong. We reported revenue of ¥442.2 billion, core operating profit of ¥96.8 billion and profit attributable to owners of parent of ¥81.2 billion, a new record. On a single fiscal year basis, we also achieved the main KPI in our medium term business plan — ROE of 10% or higher. These results underscore the progress we are making towards transforming Kyowa Kirin into a Japan-based GSP.

Changes in the business environment since the medium-term plan was formulated

The environment surrounding our business and our industry has been changing rapidly in recent years. This is testing our ability to create life-changing value and deliver growth while also responding quickly and accurately to change.

In response, we have set up a proprietary global sales structure for Crysvita, Poteligeo and other products, creating a framework for growth in the Group's key treatment areas – skeletal and mineral disorders, blood cancer and intractable blood disorders, and rare diseases. Also, with our acquisition of Orchard Therapeutics plc, we have gained a therapeutic platform in hematopoietic stem cell gene therapy (HSC-GT), which has the potential to cure some genetic diseases. This will allow us to deliver new value in the rare disease field worldwide.

We have also established a new business model to maximize the value of development drugs through co-development with partners, similar to the approach we took with Fasenra and KHK4083.

However, our operating environment is undergoing major changes, including: a global trend toward stricter healthcare policies and regulations to reduce medical costs; growing needs for the practical application of new modalities that can cure or control disease progression; the depletion of monoclonal antibody and small molecule drug targets; and a shift in the pharmaceutical industry, including by Big Pharma, to strategies targeting narrow treatment areas.

One of the main challenges the industry faces is reductions to drug prices and tighter criteria for treatment reimbursements, meaning drug companies increasingly have to set out clearer cases for patient value.

Given these developments, we recognized that we had to further clarify Vision 2030 to achieve our objective of becoming a Japan-based GSP capable of continuously creating life-changing value. The end result of the review process is our Story for Vision 2030, released in February 2024.

Qualitative Review for FY2023

Provide pharmaceuticals for unmet medical needs

Maximize the value of global strategic products
- Initiated own sales of Crysvita in North America and keep steady growth
- Focused on Crysvita and Poteligeo and accelerated the growth under the new EMEA structure
- Further penetration of Crysvita

Continue to create groundbreaking new drugs
- Accelerated Global Development of rocatinlimab (over 2,400 patients has registered) and moved forward P2 clinical trial preparation for KHK4951
- Started P1 study of KK2260, an antibody with REGULGENT™ (our proprietary bispecific antibody technology)
- Received an approval for manufacturing and marketing PHOZEVEL®
- Discontinued the development of RTA 402 and KW-3357PE
- Had a definitive agreement to acquire Orchard Therapeutics

Reinforce human resources and structures that support the creation of life-changing value

Cultivate human resources, Strengthen organizations, Build digital platforms, and Others
- Human resources and organization development and: Proceeded succession planning for global key positions. Renewed talent management practices for the managers in Japan, Continued the effort to embed Corporate Culture Transformation "KABEGOE"
- DE&I: Reached the ratio of women in key positions under OKK structure to 30%, Rated "Gold" in the PRIDE Index 2023 (JP)
- Selected as a 2023 "Health & Productivity Stock" for consecutive two years (JP).
- Digital infrastructure improvement: Developed Dx human resource, Launched company-wide use of generated AI in-house environment, Improved efficiency and IT literacy with no-code and low-code tools (RPA, etc.)
- Strengthened the leadership structure with expanding CxO structure

Address patient-centric healthcare needs

Patient Advocacy
- Raised disease awareness of XLH and created and expanded opportunities for patient interactions
- Conducted disease awareness campaign with centering World Lymphoma Day and initiatives with patient organizations.
- Expanded disease awareness activities centered on Rare Disease Month
- Hosted an event at "Healthcare Café" organized by four JP pharmaceutical companies (Japan)

Provide value that goes beyond pharmaceuticals
- Had an initiative to address patient needs related to XLH/TIO with Ubie.
- Planned to address patient needs related to XLH

Retain the trust of society

Ensure stable supplies of high-quality pharmaceuticals
- Proceeded to establish the key products supply system with multiple production sites
- Full operation of Takasaki Q-TOWER (quality assurance-related complex)
- Addressed human rights issues for all stakeholders through membership in JaCER*1

Help to protect the global environment
- Reduced CO_2 emissions by 55% compared to 2019 with using renewable energy
- Disclosed necessary information responding to Assembly Bill No. 1305*2 California State Law, USA
- Completed construction of Ube Plant office building with ZEB*3 certification

*1: General Incorporated Association, Japan Center for Engagement and Remedy on Business and Human Rights
*2: Mandatory Climate Change Disclosure for California-based Companies
*3: Abbreviation for Net Zero Energy Building, a building that aims to reduce energy consumption to zero while achieving a comfortable indoor environment.

Environmental changes since 2021–2025 MTBP planning

Internal Change
- Established global our own sales and marketing system for orphan drugs such as Crysvita and Poteligeo.
- Bone & mineral, intractable hematological diseases/hemato oncology, and rare diseases are becoming disease areas of strength.
- Acquired the modality of hematopoietic stem cell gene therapy, which has the potential to eliminate the underlying causes of inherited diseases.
- Portfolio changes due to rocatinlimab value maximization, new asset acquisitions and development discontinuations.
- Through the One Kyowa Kirin structure, an organization that can grow by incorporating diverse skills and structures.

External Change
- Global trend of tighter policies and regulations to reduce health care costs.
- Growing demand for cure or controlled progression and for practical application of new modalities to meet those demand.
- Decrease of druggable targets that can be addressed by monoclonal antibodies or small molecules.
- The entire pharmaceutical industry, including Megapharma, is adopting a strategy of focusing on pharmaceutical business and narrowing their focus disease areas.

Story for Vision 2030

The main thing we want to clearly communicate through this strategic story is that Kyowa Kirin delivers life-changing value. The first objective of our drug discovery strategy – the source of this life-changing value – is to focus more clearly on the Group's target treatment areas and shift modalities to advanced antibody technologies and HSC-GT. The second is to further strengthen open innovation, partner collaboration, and venture capital (VC) / corporate venture capital (CVC) activities.

To maximize life-changing value generated by this drug discovery strategy, we will have to select the optimal business model in the development and marketing stages. Two types of assets will be key. First, assets in our target treatment fields – all the Group's global assets from R&D through to sales. Our main assets here are Crysvita and Poteligeo. In the first half of the FY2021–2025 Medium Term Business Plan, we maximized the value of these drugs while putting in place our own global sales structure. Other key assets are KK2845, a promising new blood cancer drug scheduled to enter clinical trials in 2024, and products under development by Orchard Therapeutics.

Second, strategic partnering assets – by leveraging external capabilities, we will be able to build the best possible business models that combine our own strengths and those of our partners. These models will allow us to maximize the value of products derived from in-house research and rapidly deliver value to patients. In line with our Story for Vision 2030, we will pursue a range of initiatives, including in-licensing to reinforce our portfolio and investing in science and technology to build new strengths.

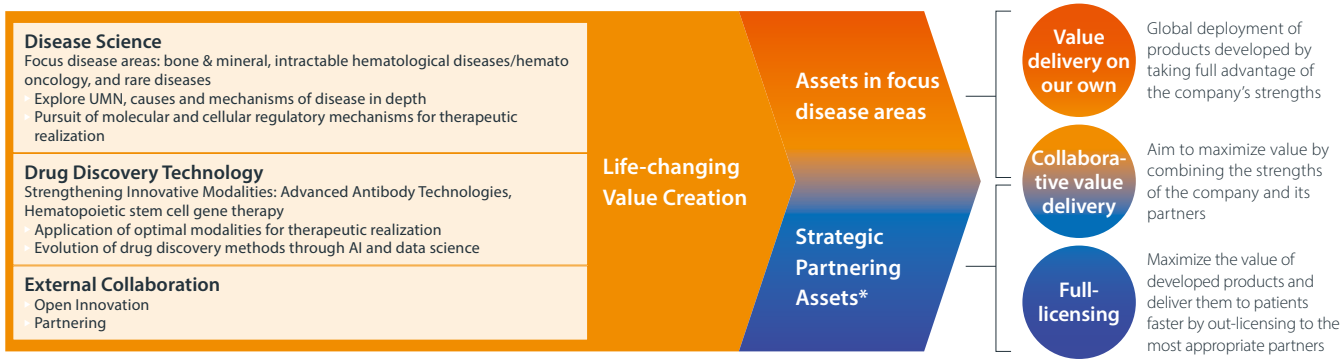
Integration of Orchard Therapeutics

Orchard's gene therapy platform uses the patient's own hematopoietic stem cells (HSC). HSC are extracted and missing or faulty genes are corrected before being transplanted back into the patient, potentially curing hereditary conditions with a single treatment. Orchard is a leading provider of HSC-GT and is building its track record in the field. The company has already launched an HSC-GT product to treat lysosomal disease in Europe and acquired FDA authorization in the US. By integrating our strengths in biopharmaceuticals with Orchard's strengths in gene therapy research, we aim to create life-changing value for unmet medical needs.

After the Orchard acquisition completed in January 2024, we set up a post-merger integration (PMI) team to rapidly capture synergies by integrating management infrastructure such as financing and compliance. We have also continued to work on US approval for Orchard's OTL-200 therapy. Going forward, we will move into the full PMI phase, prioritizing synergies in R&D and customer-facing operations.

Story for Vision 2030

Strategies for creating and delivering life-changing value



* Assets outside of the disease areas of focus are designated as strategic partnering assets, and value maximization is achieved through collaboration with partners.

A team committed to creating and providing life-changing value

To realize our Vision, the strong commitment of every single Kyowa Kirin employee will be the key factor for success in providing life-changing value in line with our Story for Vision 2030. All of us at Kyowa Kirin, including myself, have to be prepared to transform our behavior and evolve. We need to ask ourselves if our daily actions really are helping to deliver value to patients. In short, we have to work tirelessly while also looking for ways to improve. The ideal outcome of this would be the formation of teams that continuously create life-changing value by not only integrating the strengths of each team member, but also by nurturing new strengths in them. To create this kind of team, we have to strengthen the foundations that allow each employee to embody the values of Kyowa Kirin and to work on value creation using their diverse strengths. This is where our global KABEGOE (meaning 'overcoming barriers') activities play an important role, giving employees the skills to overcome their own barriers. We completed our third year of KABEGOE activities in 2023, which covered a wide range of ongoing initiatives, including workshops and action statements by management, meet-up and town hall meetings to foster direct dialogue between employees and management, and an award system to recognize employees who embody KABEGOE.

Building on the KABEGOE theme, we have positioned 2024 as a year when the Group itself begins to overcome new barriers to growth by accelerating the pace of reform in order to realize Vision 2030. Although the external environment is becoming tougher, we remain undaunted as we continue to transform Kyowa Kirin into a Japan-based GSP that creates life-changing value. I am confident this approach will ultimately bring smiles to the faces of many people living with medical conditions worldwide.

Our CxO team—leading Kyowa Kirin's transformation into a Japan-based GSP

Kyowa Kirin needs a more independent, accountable and responsive business execution structure to realize its Vision and drive growth as a Japan-based GSP. To address this, we have expanded our CxO team, with all related business functions now reporting to a single CxO. Led by the CEO, the CxO team will be responsible for accelerating decision-making and strengthening business execution.

Masashi Miyamoto
CEO

Each CxO explains their policies and strategies on the following pages.

Yutaka Osawa
CCO
See page 37

Takeyoshi Yamashita
CMO
See page 21

Motohiko Kawaguchi
CFO
See page 14

Abdul Mullick
CIBO
See page 32

Yasuo Fujii
CSO
See page 25

Shoko Itagaki
CPO
See page 29

Toshiyuki Kurata
CSCO
See page 38

History of Value Creation

Kirin 1885

Establishment of the Japan Brewery Company, the forerunner of Kirin Brewery Co., Ltd.

Kirin 1907

Establishment of Kirin Brewery Co., Ltd.

Kirin 1982

Kirin Brewery decided to enter the pharmaceutical business

By 1982, calls within the company to diversify business had become louder. A new R&D Department was established at the head office and a full-fledged pharmaceutical business was launched. The Research Institute for Production Development foundation began full-scale research towards the commercialization of erythropoietin.

Kirin 1984

Establishment of Kirin-Amgen

Kirin-Amgen, Inc. (currently Amgen K-A, Inc.), a joint venture with U.S. company Amgen, was established for the research and development of erythropoietin. Kirin-Amgen later grew into a company that holds rights to major products with annual sales exceeding ¥1 trillion. This brought global recognition of Kirin's pharmaceutical business.

Kirin 1988

Promoting open innovation

In 1988, targeting future expansion into immunology research, the Company supported the establishment of the La Jolla Immunology Institute, one of the world's leading immunology laboratories. The partnership, which continues to the present day, went on to contribute to the discovery of KHK4083. It has provided learning opportunities for many of our researchers to experience cutting-edge research.

Kirin Establishment of technology for producing fully human antibodies

Human antibodies can be used in the treatment of infectious diseases, cancer, and other diseases. The development of technology to enable their mass production had been long awaited. Our researchers became the first in the world to devise Human Artificial Chromosome (HAC) technology. They succeeded in developing mice that produce fully human antibodies. This further expanded the pharmaceutical potential of antibodies.

2008

Launch of Kyowa Hakko Kirin Co., Ltd.

In October 2008, Kyowa Hakko Kirin was formed through the merger of Kyowa Hakko Kogyo and Kirin Pharma. This began the challenge of becoming a Japan-based Global Specialty Pharmaceutical Company (GSP)—with the aim of becoming a world-class biotechnology R&D-driven life science company.

Kyowa Hakko 1949

Establishment of Kyowa Hakko Kogyo Co., Ltd. as a secondary company of Kyowa Sangyo Co., Ltd, in accordance with the Enterprise Reorganization Act

Kyowa Hakko 1951

Kyowa Hakko entered the pharmaceutical business

At a time when tuberculosis was considered a terminal disease, Kyowa Hakko had been conducting research into streptomycin, an anti-tubercular drug. But we had not been able to achieve the level of mass production that would make it commercially viable. After introducing manufacturing technology from the U.S. company Merck, we succeeded in mass-producing streptomycin for the first time in Japan. In doing so, we contributed to the eradication of tuberculosis in Japan.

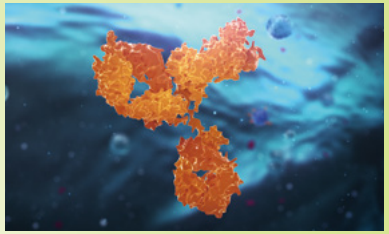
Kyowa Hakko 1956

Succeeded in isolating and commercializing the anti-tumor agent Mitomycin C

Kyowa Hakko 2003

Establishment of POTELLIGENT and BioWa

Having established POTELLIGENT, a breakthrough antibody production technology that dramatically increases the activity of antibodies, Kyowa Hakko established BioWa, Inc. in the US in 2003 to start a licensing business for this technology, out of a determination to help more people. Through their strong desire to make use of this technology, the researchers overcome repeated challenges. This culminated in the creation of world's first antibody drug utilizing POTELLIGENT, Poteligeo.



Creation of innovative drugs

We are striving to create innovative drugs and life-changing value that brings smiles to people living with medical conditions by leveraging advances in antibody technology and drug discovery capabilities from before Kyowa Kirin was established.

2012 Launch of Poteligeo in Japan

ポテリジオ®

At the time, Adult T-cell Leukemia-Lymphoma (ATL) was an incurable disease for which there was no effective treatment. All those involved in the research and development of this drug a steadfast determination to carry their efforts through to completion, with the creation of a drug. In 2012, Poteligeo was launched as the world's first antibody drug utilizing POTELLIGENT technology.

2013 Launch of Nouriast in Japan

ノウリアスト®

With dopaminergic drugs dominating the mainstream, the research and development into this non-dopaminergic drug had presented a series of challenges. The project was encouraged by a corporate culture of embracing challenges. In 2013, the effort finally bore fruit.

2018 Launch of Fasenra in Europe, US, and Japan

Fasenra

Fasenra is an antibody drug discovered by Kyowa Hakko and licensed to AstraZeneca's for development and marketing. It has grown to become one of AstraZeneca's blockbuster products.

2018 Launch of Crysvita in Europe and the US

X chromosome-linked hypophosphatemic rickets (XLH) is a rare disease that affects 1 in 20,000 people. Previously, patients had suffered from growth failure and pain that kept them awake at night, with treatment limited to symptomatic therapy. Patients with this genetic disease have suffered across generations, with both parents and children affected. Crysvita became the first essential treatment for XLH, for which there had been no adequate therapy.

CRYSVITA®

2021

Concluded an agreement with Amgen for joint development and marketing of KHK4083/AMG 451.

2023

Acquired Orchard Therapeutics plc, a leading provider of hematopoietic stem cell gene therapy (HSC-GT).

Maximize product value Access to medicine

We are acquiring distribution networks and moving into more markets to deliver our medicines to even more patients worldwide.

2011 Acquired UK company ProStrakan as a subsidiary

2014 Acquired UK company Archimedes as a subsidiary

2018 Launch of Poteligeo in the US

2019 Launch of Crysvita in Japan

2019 Launch of Nourianz in the US

2020 Launch of Poteligeo in Europe

2023 Started sales of Crysvita through proprietary channels in North America, taking over commercial activities from Ultragenyx Pharmaceutical Inc. after a five-year collaboration.

2023 Formed joint venture with Grünenthal in the established medicines business, allowing the Company to focus management resources on Crysvita and Poteligeo.

2023
Crysvita (sold in 46 countries / regions worldwide)
Poteligeo (sold in 39 countries / regions worldwide)

To The Future

Our challenge continues into the future

Quality assurance and a stable supply of products

We are improving manufacturing technology and adding more production capacity to ensure the stable production and supply of high-quality pharmaceuticals.

2010 Completed construction of one of Japan's leading production facilities for drug substances for antibodies at the Bio Process Research and Development Laboratories.

2016 Completed construction of a new biopharmaceutical API manufacturing building at Takasaki Plant, increasing production capacity.

2018 Realignment of domestic production sites completed

2019 Formulated Global QA Road Map through 2025 and started strengthening related systems

2022 Completed rollout of global quality management system (eQMS)

2022 Completed new quality assurance center Q-TOWER at Takasaki Plant

Reinforcing the management infrastructure

As part of our efforts to become a Japan-based GSP, we are maximizing the value of the Group's tangible and intangible assets through portfolio reshuffling and improvements to our management structure.

2012 Establishment of Fujifilm Kyowa Kirin Biologics Co. Ltd., a joint venture with Fujifilm Corporation.

2019 Kyowa Hakko Bio Co., Ltd. is transferred to Kirin Holdings Company, Limited.

2019 Launch of the One Kyowa Kirin structure

In response to the growth of global strategic products, Kyowa Kirin launched a matrix management structure combining the regional organizations of Japan, EMEA, North America, and APAC with functional organizations that transcend regions. The close collaboration and checks and balances between the two types of organizations have made it possible to improve operational efficiency and strengthen governance.

2021 Evolution of the One Kyowa Kirin structure

To strengthen activities with a greater focus on patients, a product organization was added to the regional and functional organizations. We aim to further maximize the value of our global strategic products.

Our Philosophy and Core Value

Our Philosophy

The Kyowa Kirin Group companies strive to contribute to the health and wellbeing of people around the world by creating new value through the pursuit of advances in life sciences and technologies.

Core Values

Innovation

Transform lives with passion and excitement.
Challenge the status quo in all of our work.

Commitment to Life

Work for the most precious presence on this planet.
Create value for patients, caregivers, healthcare professionals, and customer.

Integrity

Do the right things.
Be sincere and ethical consistently.
Make a better world through good business practices.

Teamwork/Wa

One for all, all for one.
Work in diverse teams and respect each other.
Go beyond boundaries and collaborate with stakeholders.

Our Vision toward 2030

Kyowa Kirin will realize the successful creation and delivery of life-changing value* that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical company built on the diverse team of experts with shared passion for innovation.

* Make patients smile through dramatic improvements in quality of life by identifying the unmet medical needs of people battling with medical conditions and by creating and supplying new drugs or services that help them overcome those challenges.

Provide pharmaceuticals for unmet medical needs

We are focused on developing medicines for diseases where there is a clear patient need for new options. We make full use of multiple therapeutic modalities, including biotechnology such as antibody technology, and beyond, building on our Kyowa Kirin established strengths.

Address patient-centric healthcare needs

We will meet the needs of patients and society by providing value across the entire patient care pathway, delivering cutting-edge science and technology, grounded in our in-depth pharmaceutical knowledge and expertise.

Retain the trust of society

We pursue world-class product quality and operational excellence to grow our business in ways which build long-term trust with our stakeholders.

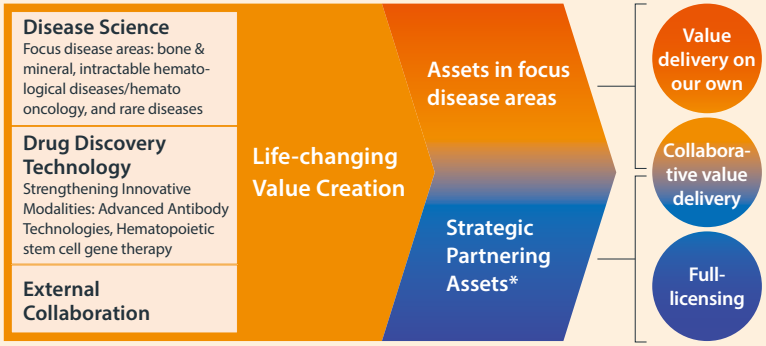
Strategies and Challenges for Achieving Our Vision

In the midst of major environmental changes, we formulated the Story for Vision 2030 to further ensure the realization of our vision. While increasing the resolution of the vision, we will link strategies and issues more organically and implement CSV management for the creation of life-changing value.

Philosophy

Story for Vision 2030

Strategies for creating and delivering life-changing value



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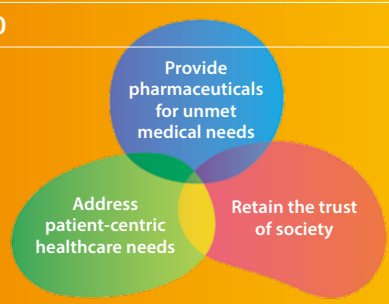
Clarified our objectives to ensure Vision 2030 is realized

Vision 2030

Kyowa Kirin will realize the successful creation and delivery of life-changing value that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical company built on the diverse team of experts with shared passion for innovation.



Key issues to be addressed to realize the vision

Materiality

Topics for value creation

- Creation of innovative drugs
- Maximize product value
- Pipeline enrichment
- Access to medicine
- Create healthcare solutions beyond medicines
- Talent portfolio
- Digital transformation
- Corporate culture

Topics for value enhancement

- Quality assurance and a supply of products
- Reducing environmental impact
- Corporate governance
- Reinforce risk management
- Ethics and transparency

CSV management

Value Creation Story

In order to make people facing illness smile, we will create social and economic value by utilizing our human and intellectual capital, which are the source of our competitiveness, and by ensuring that all employees prioritize patient centricity, and by creating value together with various stakeholders through mutual collaboration in the processes of research and development, product, quality, distribution and drug delivery.

Sources of our competitiveness

Human capital

- **Employees** who share Kyowa Kirin's vision and values
- A strong, diverse **team**
- KABEGOE* **corporate culture**

Intellectual capital

- Advances in antibody technology and incorporation of various modalities
- Breakthroughs and expertise in disease science
- Integration of internal and external innovations

* Reforms to the Group's corporate culture launched in 2019

CSV Management

Creation of social and economic value with stakeholders

- Value creation in the process of delivering medicines to patients
- Value creation in products, quality and distribution
- Value creation to meet UMN through R&D

Patient Centricity

Management Philosophy / Core Values

Output

Social value

Continuously create and provide life-changing value

- Provide new and better treatment options that meet patient expectations (new drug launches, additional indications / formulations, etc.)
- Deliver essential medicines to more patients (increase number of launch markets, etc.)
- Ensure stable supplies of pharmaceuticals

Economic value

- Revenue
- Revenue growth rate
- Core operating profit
- Core operating profit ratio
- ROE

Outcome

Bringing smiles to patients leads to satisfaction for employees as well








Materiality

Kyowa Kirin has identified materiality (key management issues) to realize its vision for 2030.
In 2022 we clarified the link between the Group's materiality and our vision and business strategy. In 2024, in light of changes in the operating environment, we reviewed the Group's materiality again when formulating our forecasts for FY2024.
Going forward, the whole Group will continue to work as one to realize our vision for 2030.

Topics for value creation

Core strategies	Materiality	Related SDGs
Provide pharmaceuticals for unmet medical needs	• Creation of innovative drugs • Maximize product value • Pipeline enrichment	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS
Address patient-centric healthcare needs	• Access to medicine • Create healthcare solutions beyond medicines	
Strengthen human resources and infrastructure to realize life-changing value	• Talent portfolio • Digital transformation • Corporate culture	

Topics for value enhancement

Core strategies	Materiality	Related SDGs
Retain the trust of society	• Quality assurance and a supply of products • Reducing environmental impact	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Strengthen human resources and infrastructure to realize life-changing value	• Corporate governance • Ethics and transparency • Reinforce risk management	

Co-creating Value with Stakeholders

To realize our Vision for Kyowa Kirin, we need to create both social and economic value. An essential part of this process is cooperating and collaborating with stakeholders in the value chain. We are committed to mutual understanding and deepening our relationship with stakeholders through various communication opportunities.

Stakeholders	Main communication opportunities and frequency	
Patients, caregivers, patient communities	▸ Disease and health information websites	Ongoing
	▸ Medical information contact center	Ongoing
	▸ Patient advocacy activities	Ongoing
Healthcare professionals	▸ Medical websites	Ongoing
	▸ Medical information contact center	Ongoing
	▸ Publication of medical findings in journals and at conferences	Ongoing
	▸ Communication via MR/MSL	Ongoing
Employees	▸ Internal intranet	Ongoing
	▸ Whistleblowing system*1	Ongoing
	▸ Awards for employees	1 time
	▸ Employee engagement survey	1 time
	▸ Interviews with superiors and team members	Ongoing
	▸ Labor-management talks	Ongoing
Partners (Suppliers, pharmaceutical wholesalers, etc.)	▸ Supplier briefings	1 time
	▸ Sustainable procurement questionnaire	1 time
	▸ Collaboration on business transactions	Ongoing
Joint R&D partners	▸ Partnerships in pharmaceutical research and development	Ongoing
Shareholders / investors*2	▸ General meeting of shareholders	1 time
	▸ Financial results briefings	4 times
	▸ IR events for R&D and ESG topics	3 times
	▸ President IR interviews	25 times
	▸ IR interviews by senior managers	31 times
	▸ IR interviews by IR staff	132 times
Industry associations, central and local governments, regulators / payers	▸ Advocacy and collaboration through industry bodies	Ongoing
Communities	▸ Initiatives to support communities	Ongoing
	▸ Dialogue with local residents	Ongoing
Future generations / environment	▸ Initiatives to support communities	Ongoing
	▸ Climate change response and other environmental measures	Ongoing

*1 The Company has also established a whistleblower system for stakeholders as part of its grievance mechanism.
*2 See P48 for more details on our shareholder and investor initiatives.

Financial Strategy

CFO Message

We will continue to deliver life-changing value that makes people smile, supported by like-minded colleagues working toward our shared vision and goals.

Motohiko Kawaguchi
Managing Executive Officer,
Chief Financial Officer (CFO)

Medium Term Business Plan progress review

Under the FY2021–2025 Medium Term Business Plan, our main objective is to establish a stable earnings structure and deliver sustained growth as a Global Specialty Pharmaceutical Company. We aim to do this by sustainably boosting growth, innovation and profitability to support medium- and long-term improvement in return on equity (ROE) and continuous increases in the dividend. We employ five key performance indicators (KPIs) to objectively measure progress toward the plan's goals: ROE, revenue growth, the R&D expenses ratio, the core operating profit ratio and the dividend payout ratio.

We took a number of steps in FY2023 to maximize the value of global strategic products such as Crysvita and Poteligeo. For example, in the US we began proprietary sales of Crysvita, while in Europe we formed a partnership in our established medicines portfolio, allowing us to focus more on Crysvita and Poteligeo. In terms of R&D, we continued to push ahead with the development of KHK4083 (rocatinlimab) in the immunological and allergic disease treatment field, including multiple clinical trials with US development partner Amgen Inc. In Japan, we decided to discontinue the development of RTA 402 in the renal disease treatment field, but we received manufacturing and marketing approval for PHOZEVEL for the improvement of hyperphosphatemia in chronic kidney disease patients on dialysis.

In the FY2021–2025 Medium Term Business Plan, we are targeting sustained growth and higher corporate value over the medium to long term, using ROE as the KPI. Our aim is to rapidly achieve ROE of 10% or higher so that it consistently exceeds the expected cost of capital. We also aim to increase ROE over the longer term. In FY2023, we reported record profits and ROE of 10.2%, achieving our near-term ROE target. We also attained our target for revenue growth of 10% or higher (CAGR versus FY2020 base year) with growth of 11.6%. However, the Group's profit structure deviated from our FY2025 objectives, with the R&D expense ratio at 16.3%, compared with our target of 18–20%, and the core operating profit ratio at 21.9%, versus our target of 25% or higher. Additionally, to ensure the Group continues to create life-changing value, we need to reconfigure our business model to adapt to changes in the operating environment, among other steps. Specifically, following the acquisition of Orchard Therapeutics plc (Orchard) and the discontinuation of some development work, we recognize that the Group needs to further increase R&D spending and strategic investment. In light of this, we decided to extend the timeframe for our KPIs, including ROE of 10% or higher, to FY2026 and beyond.

In FY2024, we will continue to expand our business regions and market reach to maximize the value of global strategic products such as Crysvita and Poteligeo. In Japan, sales of G-Lasta are likely to decline due to the impact of biosimilars, but we will focus on increasing market uptake of new products such as PHOZEVEL. In R&D, we will continue to develop next-generation global strategic products such as KHK4083, while also stepping up investment in hematopoietic stem cell gene therapy through the consolidation of Orchard. With these initiatives, we are targeting revenue growth of 10.4%, an R&D expenses ratio of 21.1%, a core operating profit ratio of 18.0% and ROE of 7.6% in FY2024.

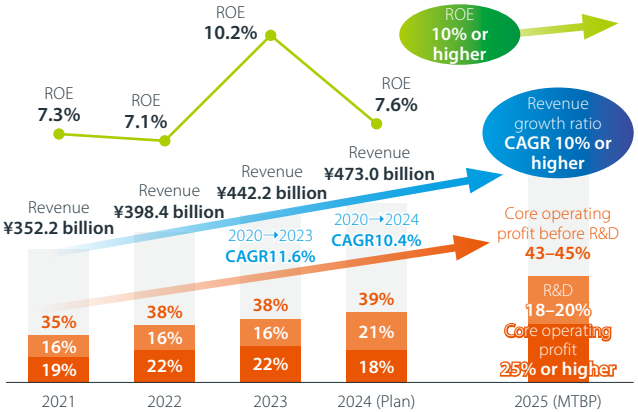
Cash allocation

In our five-year cash allocation plans in the FY2021–2025 Medium Term Business Plan, we assume the source of funds will be new operating cash flow of ¥800 billion or higher (before deduction of R&D expenses) generated during the plan's five years, in addition to cash on hand. Our top priority for cash allocation is growth investments (such as R&D, strategic investments and capex), in order to sustain growth beyond FY2025 and maximize corporate value.

Financial KPIs (Numerical guidance)

ROE	**10% or higher** (achieve target early / maintain or increase over the medium- to long-term)
Revenue growth ratio	**CAGR*1 10% or higher**
R&D expenses ratio	Targeting **18–20% to support active investment**
Core operating profit ratio*2	**25% or higher** by 2025
Dividend payout ratio	Targeting **sustained dividend hikes with 40%** (based on core EPS*3)

*1 Average growth rate over a five-year period, with FY2020 as the base year.
*2 Core operating profit: "Gross profit" – "Selling, general and administrative expenses" – "Research and development expenses" + "Share of profit (loss) of investments accounted for using equity method."
*3 "Core profit" ("Profit attributable to owners of parent" – "Other income and expenses" (excluding impact from applicable taxes)) / average number of shares during fiscal year.



*4 Above graph is taken from the Results Presentation FY2023, released February 7, 2024

+
- Steady growth in Crysvita sales
- Collaboration with Amgen on KHK4083
- Depreciation of Yen

−
- Short term financial impact on Orchard acquisition
- Increasing investment in KHK4083 development
- Depreciation of Drug price environment (Japan, Europe, and China)
- Unlaunched new products (discontinued pipelines, Nourianz in Europe)

2025 MTBP financial KPIs Achievement timing will be 2026 or beyond

R&D investment

During the FY2021–2025 Medium Term Business Plan, our goal is to consistently invest 18–20% of revenue in R&D and we plan to spend a substantial ¥100 billion in FY2024 (projected R&D expenses ratio of 21%). Specifically, we will invest resources in the continued development of next-generation products such as KHK4083 and KHK4951, R&D for early-stage development drugs such as KK2260 and KK2269—created with our proprietary Regulgent bispecific antibody technology—and antibody-drug conjugate (ADC) KK2845, while also acquiring new pipeline products. These efforts will support the continued development of innovative new drugs. In terms of drug discovery technology, we will invest to enhance innovative modalities, such as leveraging our proprietary advanced antibody technologies and Orchard's hematopoietic stem cell gene therapy technology.

Strategic investment

We will actively utilize external resources for strategic partnering (in-licensing, tie-ups, etc.) and M&A to tap external innovation, such as drug discovery technologies created through open innovation and new compounds for our pipeline. We are also targeting faster, sustained growth by expanding our pipeline over the medium and long term and by generating synergies with existing global strategic products. The Strategic Investment Review Committee, which is led by the CEO and meets monthly, proactively considers potential targets for strategic growth investments. Priority is given to the strategic investment projects shown in the box below.

In FY2023, we agreed to acquire Orchard, a global leader in hematopoietic stem cell gene therapy, for $478 million. The acquisition closed in January 2024. In February, we concluded a license agreement with BridgeBio Pharma, Inc. to develop and commercialize infigratinib in Japan for an upfront payment of $100 million. Infigratinib is targeting bone & mineral areas.

Capital investment (capex)

We are investing heavily to create a more competitive business structure to help maximize the value of global strategic products. In particular, we are working to establish a robust quality assurance and production system and strengthening supply chain management to ensure stable supplies of safe, reliable-quality pharmaceuticals to patients worldwide. We also aim to rapidly establish a global business base that supports Kyowa Kirin's sustained growth as a Japan-based GSP, including building a platform that allows us to strategically leverage IT and digital tools.

Capital investment in FY2023 totaled ¥23.2 billion (including intangible assets and long-term advance payments). To ensure stable supplies of pharmaceuticals with reliable quality, investment was mainly used for new facilities at Takasaki Plant—completion of a new quality assurance center (Q-TOWER) equipped with the latest equipment (investment of ¥14.0 billion), a new active pharmaceutical ingredient (API) manufacturing facility (¥16.8 billion), and a warehouse building (¥7.2 billion).

When evaluating the profitability of potential investments or development projects, we mainly use two quantitative standards: net present value (NPV) and expected present value (EPV). Both standards are based on the hurdle rate (by region), which reflects the expected cost of capital (WACC) for investors. In investment decisions, we focus on whether the investment will contribute to an increase in corporate value over the medium to long term by generating returns in excess of the cost of capital.

Shareholder returns

In the FY2021–2025 Medium Term Business Plan, we are targeting a consolidated dividend payout ratio of 40% based on core EPS, aiming to steadily increase returns for investors by raising the dividend in line with profit growth over the medium to long term. Based on that policy, we paid an FY2023 dividend of ¥56.00 per share (dividend payout ratio of 35.5%), an increase of ¥5.00 from FY2022. In addition, we plan to raise the dividend to ¥58.00 (dividend payout ratio of 47.6%) in FY2024, which will be the eighth consecutive increase. In February 2024, the Company decided to repurchase and retire up to ¥40 billion of its own stock (17 million shares) to improve capital efficiency and increase shareholder returns, in line with its policy of flexibly considering buybacks, taking into account the share price and other factors. The share repurchase began the same month.

To generate sustained growth and maximize corporate value as a Japan-based GSP, we will enhance the Group's growth potential, capability to innovate, and profitability in order to improve ROE over the medium to long term and support sustained increases in the dividend.

Cash Allocation*1

Source

Cash to be newly generated during the FY2021–2025 MTBP (cumulative)
Operating cash flow before deduction of R&D expenses: ¥800 billion or higher
(Operating CF + R&D expenses)

Cash on hand Approximately ¥300 billion
(at the end of 2020)

+ Borrowing capacity

Allocation

Growth investment

R&D investment:
Approximately ¥400 billion
(R&D expenses ratio of 18–20%)

Strategic investment
(Pipeline, drug discovery technology, etc.)
CAPEX: Approximately ¥100 billion
(Stable global production and supply-chain framework, IT/digital investment, etc.)

Shareholder returns

Dividend
(Core EPS-based payout ratio of 40%)

Share repurchases
(Flexible approach)

Prioritize growth investments that will sustain growth and maximize corporate value from 2025 onwards
Target sustained increases in the dividend in line with profit growth over the medium- to long-term and consider buying back shares on a flexible basis

*1 Medium Term Business Plan (2021–25) cash allocation assumptions announced on February 4, 2021

Strategic Investment

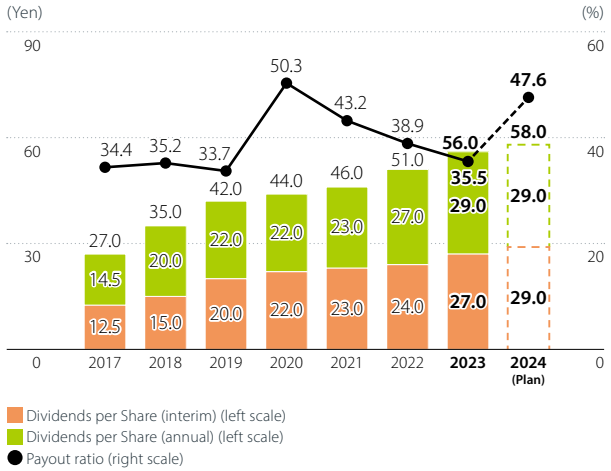
Licensing-in and M&A investments to strengthen the portfolio

Priority will be given to the focus disease areas
- bone & mineral
- intractable hematological diseases/hemato oncology
- rare diseases

Investment in science and technology to create new strengths

- Investments aimed at acquiring new drug discovery technologies and early pipelines and accelerating cooperation and collaborations
- VC investment and CVC activities for exploring and accessing information.

Dividends per Share / Payout Ratio*2



*2 Dividend payout ratio after 2021 is the dividend payout ratio based on core EPS (= Profit attributable to owners of parent – Other income & expenses and impact of applicable taxes).

AT A GLANCE

Headline News

Provide pharmaceuticals for unmet medical needs

April 2023
Started R&D collaboration with Tokyo Institute of Technology's School of Life Science and Technology into drug discovery technology

April 2023
Began sales of Crysvita in North America through proprietary channels

May 2023
Discontinued development of bardoxolone methyl (RTA 402)

July 2023
Launched sales of mitomycin C as topical ophthalmic agent in Japan and resumed sales of mitomycin C as anticancer treatment

September 2023
Obtained partial change approval for Romiplate® for treatment of aplastic anemia

September 2023
Presented results of domestic Phase 3 clinical study of KW-3357 in patients with preeclampsia; decision taken to discontinue development

October 2023
Announced agreement to acquire Orchard Therapeutics plc

November 2023
Launched sales of calcium-sensing receptor agonist Orkedia® Tablets 4 mg

January 2024
Announced license agreement with Boehringer Ingelheim to develop new compound as part of commitment to people living with fibro-inflammatory diseases

January 2024
See P22 for more details
Completed acquisition of Orchard Therapeutics

February 2024
Orchard Therapeutics announces first patient randomized in registrational trial of OTL-203 for MPS-I Hurler syndrome

February 2024
Started international Phase 2 clinical trial evaluating tivozanib eye drops in patients with diabetic macular edema

February 2024
Announced partnership with BridgeBio Pharma, Inc. granting Kyowa Kirin exclusive license for infigratinib for treatment of skeletal dysplasias in Japan

February 2024
Launched PHOZEVEL® Tablets for treatment of hyperphosphatemia

March 2024
Orchard Therapeutics receives FDA approval for Lenmeldy™, the only therapy in the US for children with early-onset metachromatic leukodystrophy

March 2024
Received Drug Research and Development Award from Pharmaceutical Society of Japan for research and development of anti-FGF23 antibody burosumab

Address patient-centric healthcare needs

October 2023
Hosted discussion group called XLH Café to support patients and families affected by X-linked hypophosphatemia rickets and osteomalacia

December 2023
Released results of follow-up questionnaire on Kurukotsu Hiroba helpline for patients and families affected by FGF23-related hypophosphatemic rickets and osteomalacia

Retain the trust of society

March 2023
ZEB-certified office building completed at Ube Plant

April 2023
Introduced RE100-standard renewable energy for all electricity purchased by two plants and three R&D sites

May 2023
See P37 for more details
Started operation of Takasaki Plant's Q-TOWER, a new quality assurance center

Strengthen human resources and infrastructure to realize life-changing value

November 2023
Awarded gold status in the PRIDE Index (Japan) as an LGBTQ+-friendly workplace for the second consecutive year

November 2023
Formulated multi-stakeholder policy

March 2024
See P31 for more details
Certified as Health & Productivity Management Outstanding Organization (White 500) for eighth consecutive year

Financial Highlights

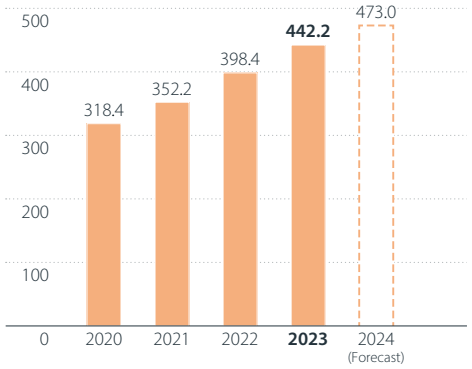
Key Points

Revenue
Revenue rose year on year, supported by growth for global products, especially in North America, and an increase in technology out-licensing revenue. Foreign exchange rates lifted revenue by ¥18.9 billion.

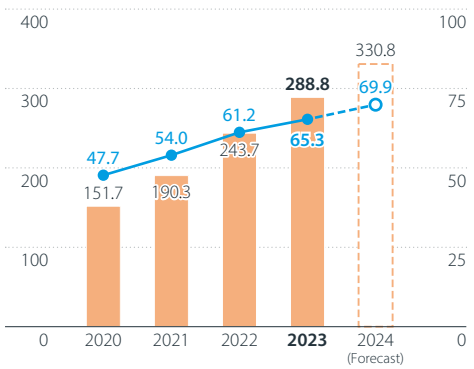
Core Operating Profit
Despite higher R&D expenses and a decline in share of profit (loss) of investments accounted for using equity method, core operating profit increased year on year, supported by a rise in gross profit due to higher overseas revenue and technology out-licensing revenue. Foreign exchange rates lifted core operating profit by ¥6.5 billion.

Profit Attributable to Owners of Parent
Net profit increased year on year, reflecting the higher core operating profit, as well as an increase in other income due to gains on the sale of shares and on the valuation of residual equity interest following the adoption of a joint-venture business structure for established medicines in Europe, and a decline in other expenses due to a drop in impairment losses.

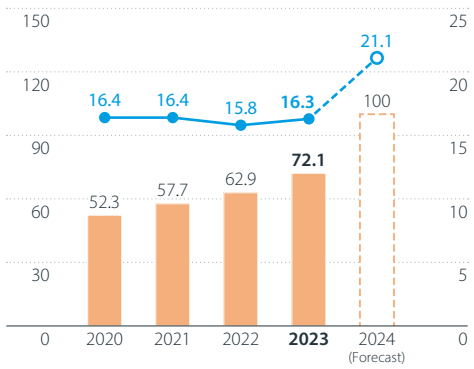
Revenue
(Billions of yen)



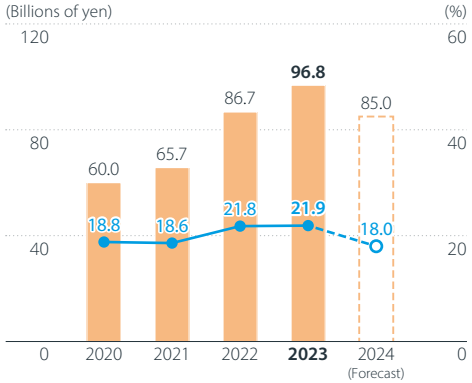
Overseas Revenue/Overseas Revenue Ratio
(Billions of yen) (%)



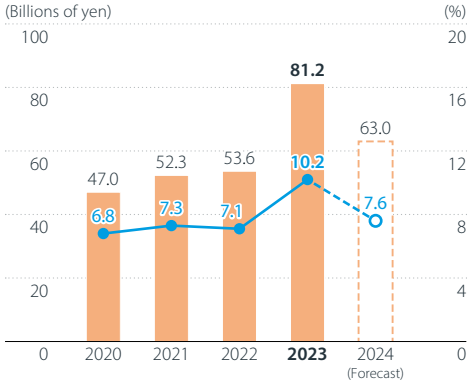
R&D Expenses/R&D Expense Ratio
(Billions of yen) (%)



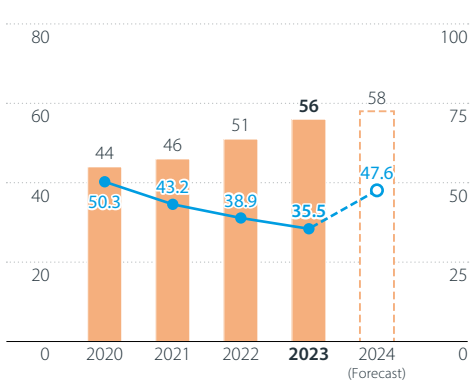
Core Operating Profit/ Core Operating Profit Ratio
(Billions of yen) (%)



Profit Attributable to Owners of Parent/ Return on Equity (ROE)
(Billions of yen) (%)



Cash Dividends/Payout Ratio*
(Yen) (%)

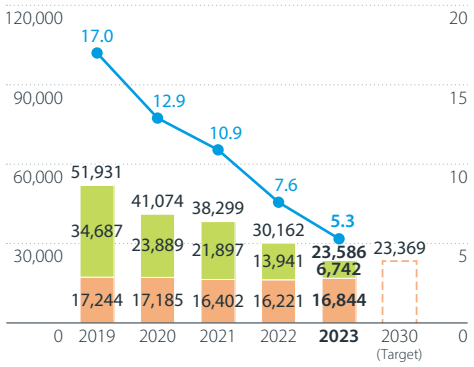


* Dividend payout ratio after 2021 is the dividend payout ratio based on core EPS in the Medium Term Business Plan (2021–25).

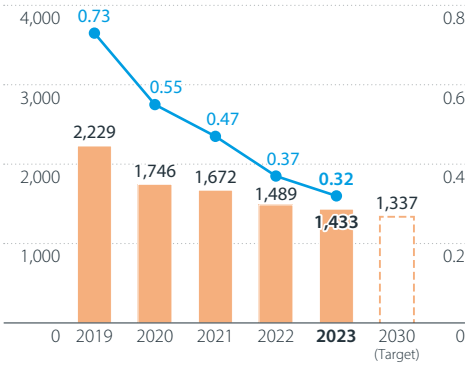
ESG Highlights

Please see ESG Data Collection for details.
https://www.kyowakirin.com/sustainability/esg_data/index.html

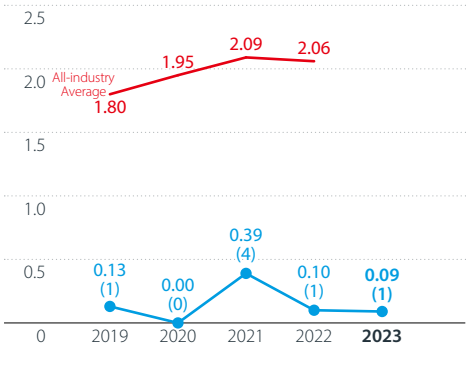
CO_2 Emissions*1



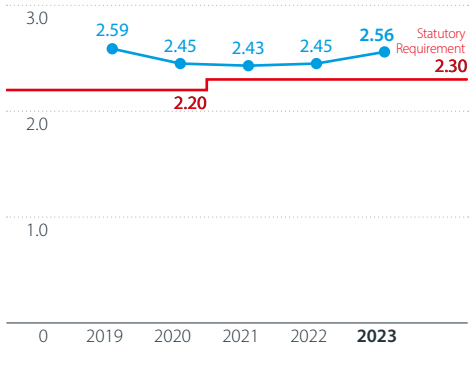
Water Use*1



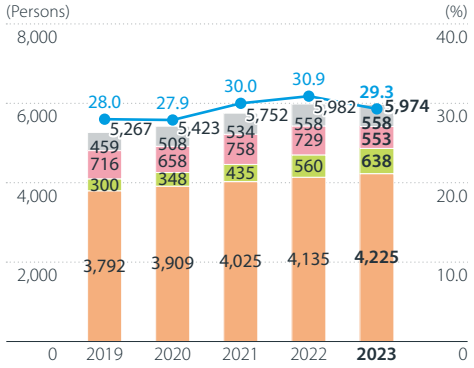
Accident Frequency Rate*2, 3



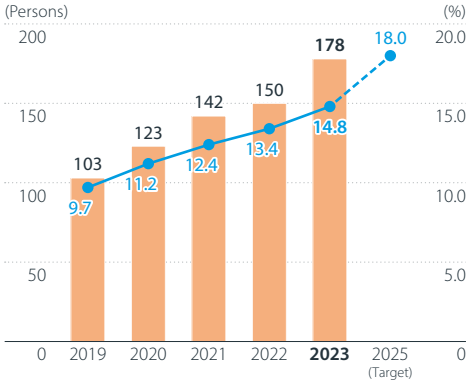
Ratio of Workers with Disabilities*4



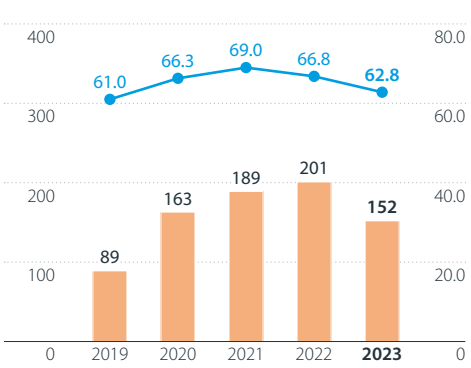
Number of Employees/ Ratio of Overseas Employees



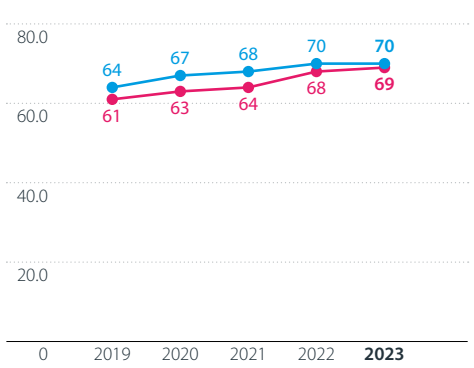
Number of Female Managers/ Ratio of Female Managers*5



Number/Percentage of mid-career hires*5



Employee survey positive response rates*6



*1 Covers plants and research laboratories worldwide.
*2 Covers all locations of Kyowa Kirin in 2019 and 2020, and all locations in Japan and overseas plants/ laboratories of the Kyowa Kirin group from 2021.
*3 The rates indicate the number of casualties from fatal lost-time accidents per million working hours.
*4 As of June each year.
*5 Covers Kyowa Kirin
*6 Responses to each question based on 5-point scale from "very much agree" to "do not agree at all," with "very much agree" and "agree" being positive responses; positive response rates of 65% or higher are generally considered to show the strengths of a company.
Different standards are used to calculate each figure for 2019 and 2020, and for 2021 and beyond.

Pipeline (As of December 31, 2023)

small molecule large molecule antibody Updated since Dec. 31, 2022 Updated since Sep. 30, 2023

Code Name (Generic Name) <Formulation>	Mechanism of Action	Indication	Stage	[In-House or Licensed] Remarks
AMG531 (romiplostim) <Injection>	Thrombopoietin Receptor Agonist	Aplastic Anemia Who Were Previously Untreated with Immunosuppressive Therapy	Ph II/Ph III	[Amgen K-A] product name in Japan: Romiplate Area of clinical study: Asia
KW-3357 (antithrombin Gamma) <Injection>	Recombinant Human Antithrombin	Disseminated Intravascular Coagulation, Congenital Antithrombin Deficiency		[In-House] product name in Japan: Acoalan Area of clinical study: EU and UK
KHK4083/AMG 451 (rocatinlimab) <Injection>	Anti-OX40 Fully Human Antibody	Atopic Dermatitis		[In-House] POTELLIGENT Fully human antibody production technology Collaboration agreement with Amgen for the development of KHK4083/AMG 451 in all the countries except for Japan. Clinical study is being conducted in JP, NA, EU, UK, Middle East, Asia, Oceania, and other regions as a global product
KK2260 <Injection>	EGFR-TfR1 Bispecific Antibody	Solid Tumor		[In-House] Bispecific Antibody with REGULGENT technology Fully human antibody production technology Clinical study underway in JP as a global product Preparations underway for PhI in NA
KK2269 <Injection>	EpCAM-CD40 Bispecific Antibody	Solid Tumor		[In-House] Bispecific Antibody with REGULGENT technology Fully human antibody production technology Preparations underway for PhI in JP and NA as a global product
KK4277 <Injection>	Anti-PTPRS Humanized Antibody	Systemic Lupus Erythematosus/Cutaneous Lupus Erythematosus		[SBI Biotech] POTELLIGENT Clinical study is being conducted in JP and Asia
KHK4951 (tivozanib) <Ophthalmic>	VEGF Receptor Tyrosine Kinase Inhibitor	Neovascular Age-Related Macular Degeneration		[In-House] Clinical study underway in JP as a global product Preparations underway for PhII

Glossary	
Phase I Clinical Trial	Studies in small numbers of healthy people (patients in some cases) to verify safety issues including side effects.
Phase II Clinical Trial	Studies in small numbers of patients to verify effective and safe dosage and regimen.
Phase III Clinical Trial	Studies in large numbers of patients to confirm efficacy and safety in comparison with standard drugs or placebo.

* All trials are conducted under supervision of clinical doctors and with the consent of participants.

HSC-GT

Reference Data: Orchard Therapeutics' Development Pipeline

Code Name (Generic Name)		Indication	Stage			Remarks
			PoC study	Pivotal study	Application	
HSC-GT	**OTL-200 (atidarsagene autotemcel)**	Metachromatic Leukodystrophy	→	→	→	product name in EU: Libmeldy HSC-GT Under Review in US
HSC-GT	**OTL-203**	MPS-IH (Hurler Syndrome)	→	→		HSC-GT
HSC-GT	**OTL-201**	MPS-IIIA (Sanfilippo Syndrome type A)	→			HSC-GT

* PoC studies in the development phase equate to Phase I/II trials, while pivotal studies equate to Phase III trials

Major Applications and Approvals

Code Name (Generic Name, Product Name)	Indication	Application/Under Review	Countries/Regions Received Approval in 2023
AMG531 (romiplostim, Product name in Japan: Romiplate)	Aplastic Anemia Previously Untreated with Immunosuppressive Therapy	—	JP
KRN125 (pegfilgrastim, Product name in Japan: G-Lasta)	Mobilization of Hematopoietic Stem Cells into Peripheral Blood for Autologous Blood Stem Cell Transplantation	JP	—
KHK4827 (brodalumab, Product name in Japan and Asia: Lumicef)	Palmoplantar Pustulosis	—	JP
	Systemic Sclerosis	JP	—
KHK7580 (evocalcet, Product name in Japan: Orkedia)	Secondary Hyperparathyroidism	CN TW	KR
KHK7791 (tenapanor hydrochloride, Product name in Japan: Phozevel)	Hyperphosphatemia in Patients on Dialysis	—	JP

R&D Strategy

Message from the CMO

Creating value with an R&D strategy based on CSV Management

Takeyoshi Yamashita, Ph.D.
Director of the Board,
Senior Managing Executive Officer and
Chief Medical Officer (CMO)

Kyowa Kirin's CSV Management and R&D strategy

Creating Shared Value (CSV) Management is the cornerstone of management at Kyowa Kirin. The objective of the CSV approach is to simultaneously create social value and economic value, and to do this, we have to identify social issues that need be addressed and provide appropriate solutions for them. This means accurately recognizing three factors—external opportunities for business growth, internal assets and expertise, and patient needs. The last factor corresponds to what society needs from Kyowa Kirin. By targeting areas where these three factors intersect, I believe we can create innovative, highly competitive and unique value.

We released Story for Vision 2030 with FY12/2023 results to explain how we plan to strategically consolidate the Group's resources at the intersection of these three factors. In Story for Vision 2030, we announced the Group will focus on three treatment fields – bone & mineral, intractable hematological diseases/hemato oncology, and rare diseases. These target treatment fields were selected based on the intersection of the above three factors, taking into account our future vision for Kyowa Kirin and the Group's business base and size. To address unmet medical needs and provide life-changing value in these fields, we have to actively utilize innovative modalities. This means not only refining and enhancing our existing strengths in biotechnology and antibody technologies, but also effectively combining them with external opportunities for business growth. This thinking informed our decision to acquire Orchard Therapeutics plc, a leader in hematopoietic stem cell gene therapy (HSC-GT), which is discussed in more detail below.

In this way, we aim to drive value creation in line with the Group's patient-centric approach and R&D strategy, guided by CSV Management, which seeks to maximize our internal strengths and external opportunities.

2023 in review

In this section, we review the Group's R&D activities since the publication of Integrated Report / Annual Report 2022 through to the publication of this report.

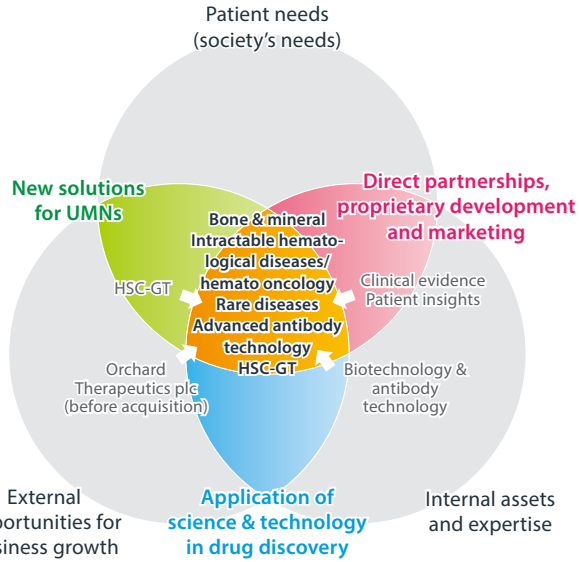
First, regarding our late-stage development pipeline in Japan, we decided to discontinue development of RTA 402 (target indication: diabetic kidney disease) and KW-3357 (preeclampsia), which were both in Phase 3 clinical trials in Japan. The Phase 3 study for RTA 402, the first large-scale trial run solely by the Company, was aimed at developing a drug that improves renal function, preventing end-stage renal disease that ultimately requires hemodialysis or other treatment in patients with diabetic kidney disease. The objective with KW-3357 was to reduce risks to mother and child during pregnancy by improving preeclampsia symptoms. The decision to end development of these drugs due to lack of positive results is regrettable, as they were both designed to address important needs, both social and medical. Despite these setbacks, we remain committed to solving social issues through the provision of pharmaceuticals, guided by our patient-centric approach. In terms of new initiatives, we acquired exclusive rights from BridgeBio Pharma, Inc. in February 2024 to develop and commercialize infigratinib for skeletal dysplasia in Japan. This represents another step toward realizing our Story for Vision 2030, described in more detail below. We plan to steadily push ahead with development of infigratinib to improve our position in bone & mineral, one of our target treatment fields.

We continued to actively develop global products under our Global Development Organization (GDO), a cross-regional organization established 18 months ago. Rocatinlimab, which we are developing with Amgen Inc. for the treatment of atopic dermatitis, is making good progress toward regulatory approval, with over 2,400 participants (as of February 8, 2024) signed up to our ROCKET program, which consists of eight Phase 3 clinical studies. To expand the drug's indications, we plan to initiate clinical trials for asthma and prurigo nodularis before the end of 2024. With KHK4951, we decided to add diabetic macular edema as a new development target based on the results of Phase 1 trials for neovascular (wet) age-related macular degeneration (nAMD). Phase 2 trials are now underway for both indications. Additionally, we announced the acquisition of HSC-GT developer Orchard Therapeutics plc in October 2023. The acquisition was completed in January 2024. As a result, Orchard Therapeutics' development therapies, OTL-203 and OTL-201, have been folded into our pipeline.

Meanwhile, we have added three proprietary development drugs to our early-stage development pipeline. KK2260 and KK2269 are being developed with our proprietary REGULGENT™ bispecific antibody technology and are currently in Phase 1 trials, and KK2845 is an antibody-drug conjugate (ADC) that is on track to enter clinical trials in the first half of 2024.

Our current development pipeline differs in some respects from what we envisioned at the start of the FY2021–2025 Medium Term Business Plan, but we have built a strong lineup of products with the potential to provide life-changing value on a global basis. This has helped clarify the direction we want to take to realize our vision of creating and providing life-changing value. Against this backdrop, and in light of developments in our business, we updated our business strategy with Story for Vision 2030, which was released with FY12/2023 results. The update sets out a more concrete vision for what kind of company we want to be and reorganizes our R&D strategy to make that vision a reality.

Kyowa Kirin's CSV Management and research strategy



Story for Vision 2030

Story for Vision 2030 sets out a number of strategies for creating and delivering life-changing value. Key to our approach will be combining disease science (identifying patient needs and exploring disease mechanisms to uncover hints for solutions) with drug discovery technology (using the hints to develop optimal solutions), and then working with external partners or leveraging external resources to complement our own strengths and enhance drug discovery competitiveness. During this process of creating new drug candidates with life-changing value, we will decide whether to develop them independently or with strategic partners, taking into account the potential for growth in our own business and maximizing product value.

In terms of disease science, our target treatment areas are bone & mineral, hematological diseases/hemato oncology, and rare diseases. We selected these areas based on our existing expertise and know-how in the global business and unmet medical needs identified through feedback from various stakeholders such as patients and healthcare professionals. We also emphasized areas where drug discovery can be implemented organically with our existing global business. In these target treatment areas, we will investigate disease conditions and patient needs and uncover disease causes and mechanisms, using that information to identify molecular and cellular regulatory mechanisms to create therapeutic agents. Key to creating life-changing value will be advanced disease regulation. Developing drug discovery technology to achieve this will be crucial. Further improving our existing biotechnology and antibody technology will of course be important, but at the same time, we will actively tap into resources from outside the Group to drive drug discovery research using innovative modalities. The Orchard Therapeutics acquisition, discussed in more detail below, is a good example of this approach. Orchard Therapeutics gives us more options to create life-changing value with its HSC-GT platform, which has the potential to deliver radical new therapies for serious genetic conditions. This kind of innovative modality can open the way to drug discovery for rare diseases that have previously been difficult to treat. At the same time, we will continue to strengthen our drug discovery technologies using AI and data science in order to reinforce the infrastructure supporting our research activities and to accelerate the pace of research.

External partnerships will be integral to our pursuit of the latest science and technology. Through open innovation and partnering activities, we will gain access to strategic information, insights and technologies and step up collaboration to deliver effective results with partners who complement our expertise and resources. We will also continue to use venture capital (VC) and corporate venture capital (CVC) activities to capture new business opportunities.

In R&D projects that have created life-changing value in this way, we will be directly involved from development right through to marketing when we want to maximize the value of our own products. With Crysvita and Poteligeo, all our employees were firmly invested in the idea of solving social issues together, illustrated by their desire to deliver the value they created and nurtured to patients themselves – value that makes patients smile.

However, R&D projects that have the potential to provide life-changing value to patients will be positioned as "strategic partnering assets" if we are unable to complete the R&D process and maximize value ourselves. We will then actively search for the best partner to meet the objectives of the project. One example of this approach is benralizumab, a drug that we discovered and licensed out to AstraZeneca plc. Since then, AstraZeneca has grown benralizumab into a blockbuster drug. This has helped bring the treatment to more patients, as well as generate significant profits for Kyowa Kirin. Meanwhile, our partnership with Amgen for rocatinlimab has allowed us to set up multiple large-scale trials, accelerating development. These cases illustrate how strategic partnering can be an important option for us.

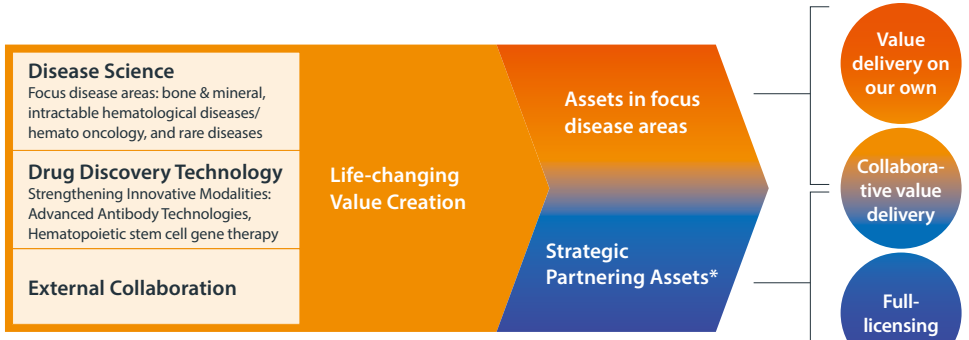
To realize our vision for 2030, we will strive to create and provide Life-changing value that brings smiles to patients, in line with our Story for Vision 2030.

Acquisition of Orchard Therapeutics

To enhance our ability to create life-changing value, we have to gain access to new drug discovery technologies and modalities. After 2030, the focus of the healthcare sector is expected to shift to diseases lacking effective treatments, personalized medicine, and radical new therapies. Barriers to drug discovery are becoming much higher. At the same time, targets in the small molecule and monoclonal antibody-based drug discovery field – an area we have focused on—are becoming depleted. This means it will become increasingly difficult to stand out in a market of similar products and we will struggle to meet emerging needs using only this approach. In contrast, there are still many potential drug targets in rare and genetic diseases. Given these trends, we decided to acquire Orchard Therapeutics, a leader in hematopoietic stem cell gene therapy (HSC-GT). We believe the company is a good strategic fit for Kyowa Kirin and offers potential synergies. The acquisition has given us access to cellular gene therapy modalities that will allow us to take on new drug discovery challenges. Orchard Therapeutics also has the expertise to practically apply the modalities, and the therapies and pipeline that embody them. Orchard Therapeutics' therapies are already on the market and its development candidates target serious and rare diseases. We believe we can maximize their value.

Story for Vision 2030

Strategies for creating and delivering life-changing value



* Assets outside of the disease areas of focus are designated as strategic partnering assets, and value maximization is achieved through collaboration with partners.

We plan to help Orchard Therapeutics further develop its vision for HSC-GT-based drug discovery, while also creating innovative new drugs by combining our drug discovery technologies and know-how with Orchard's HSC-GT. In HSC-GT-based drug discovery, Orchard Therapeutics has a proven track record in single-gene congenital diseases and an established discovery process. HSC-GT-based research also needs less time in the pre-clinical phase than the traditional drug discovery process, with trials potentially starting only around three years after the initiation of research. As a new initiative, we aim to develop advanced disease regulation therapies that were previously not feasible by adding new functions to hematopoietic stem cells. This is where our long track record in biotechnology and antibody technology will be useful.

In this way, the Orchard Therapeutics acquisition gives us new opportunities and tools for creating and delivering life-changing value, in line with our vision for 2030. Drug discovery research in particular will be a key area of collaboration and integration, generating synergies that will support the creation of new value.

Reorganization of R&D framework

The R&D Division has led the Group's R&D activities since 2014, with an emphasis on seamless activities from research to development and on cooperation and collaboration. In January 2024, the R&D Division was reorganized into separate Research and Development divisions. We also previously established a matrix management structure called One Kyowa Kirin, which has strengthened joint R&D activities across functions and regions. Under this structure, pipeline development work is now managed in project teams with members from different regions and functions, reducing the need for a single organization to reinforce internal collaboration between research and development. This latest reorganization is more specifically aimed at lifting the Group's competitiveness in R&D by giving the Research Division and the Development Division greater independence. The goal is to improve specialization and strengthen their capabilities so that they can better tackle and overcome issues in line with the Group's strategy.

Based on the Story for Vision 2030, outlined earlier, the Research Division will work to deepen and enhance its expertise in skeletal and mineral disorders, blood cancer and blood disorders, and rare diseases, to create disease assets in the Group's target treatment fields. The division will also introduce and utilize new technologies and modalities from outside the Group through open innovation and strategic investments, just as we have done with Orchard Therapeutics. The Development Division will continue to develop unique drug candidates in the pipeline with the potential to provide life-changing value. This will mean not only creating products in areas Kyowa Kirin is focused on, but also actively working with the best partners to maximize the value of our assets outside our target treatment areas. Under this new structure, research and development functions will continue to work seamlessly together in each target field and in each development drug, while also independently formulating their own plans based on strategies specific to the research and development stages. This will allow us to build our strengths in line with the Group's strategy and execute R&D that is more responsive.

Developing human capital

We are conducting research and development based on our vision for 2030 and the Company's values, aiming to continuously create life-changing value that makes people smile.

To achieve this, we need passionate people with a high level of expertise who are not afraid of change. In 2020, we formulated "Our R&D Spirits" – our vision for the kind of R&D organization we want to be.

Our R&D Spirits have four elements:
- Be the Best in Science
- Passion for Innovation
- Every Challenge, a Step to Success
- This is me. This is our team.

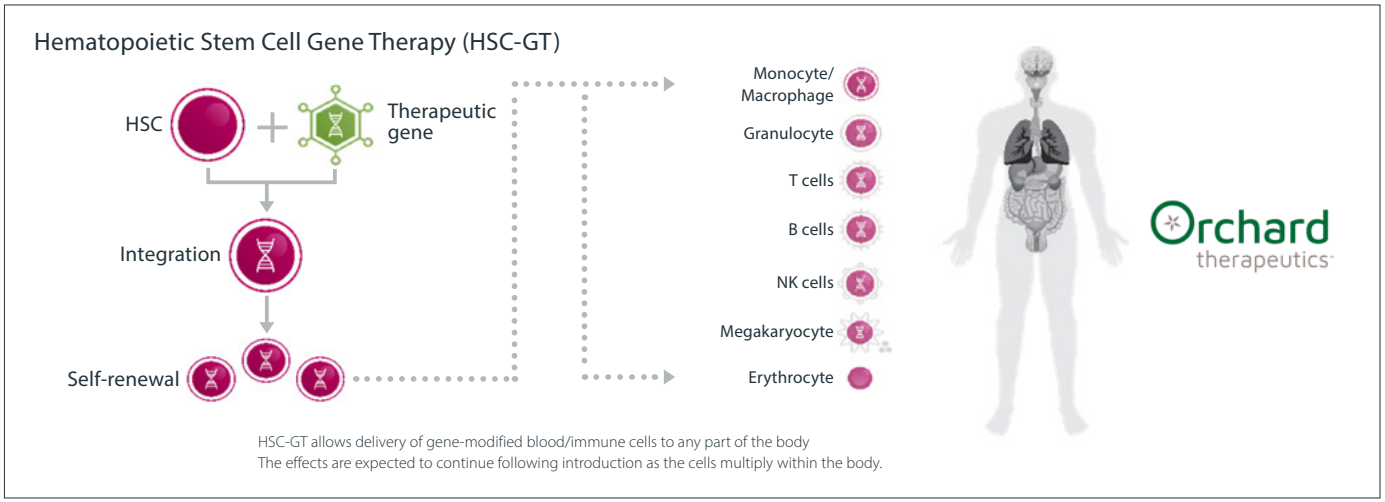
To develop human resources who embody this vision, we formulated the Human Resources Management Policy in R&D. By putting this policy into practice, we will strengthen the Group's human capital in Japan and overseas.

Accumulating and using intellectual capital

To realize our vision for 2030, it is vital that we expand and enhance the Group's intellectual capital. This means continuing to drive the development of our long-established antibody technologies, but also bringing in diverse new modalities through innovation and collaboration with external partners. Recent examples of this approach include the development of our proprietary Regulgent bispecific antibody technology and the acquisition of Orchard Therapeutics.

In development as well, we introduced the Planisware project portfolio management (PPM) system to centrally manage data related to project progress, resources and risks, supporting the effective use of intellectual capital. Using the financial data aggregated by the system and the links and associations identified between different projects, we can seamlessly gather, integrate and visualize project knowledge for effective use. We are now using the system to manage the Group's portfolio of development projects, supporting an ongoing and integrated approach to realizing an optimal development strategy.

In this way, Kyowa Kirin is working to continuously create life-changing value that makes people smile by leveraging intellectual capital in development processes and by combining internal and external intellectual capital assets.



Messages from Key People

Bringing hope to more patients through our research

Yoshifumi Torii, Ph.D.
Global Research Head

The R&D Division was reorganized into the Research Division and the Development Division on January 1, 2024. This will allow the Research Division to develop more specialized capabilities and respond more dynamically to the rapidly changing external environment. To continue creating life-changing value, the Research Division must of course drive its own research, but it also has to bring in new solutions from outside the Group to better meet the needs of patients. To retain our dominant competitive advantage in research, our three research sites – in Japan, North America, and now Orchard Therapeutics – will have to work closely together across borders. We will step up the pace of globalization in research functions to deliver new medicines that satisfy unmet medical needs.

One objective of our Story for Vision 2030 is to strengthen innovative modalities. To achieve this, we will focus on our existing advanced antibody technologies and also work closely with Orchard Therapeutics. In addition to promoting hematopoietic stem cell gene therapy (HSC-GT), we will draw on our past research into various modalities such as antibodies, small molecules and nucleic acids and combine them to form new modalities, creating a pioneering drug discovery platform. In disease science, we will channel our existing expertise into three target treatment areas – skeletal and mineral disorders, blood cancer and blood disorders, and rare diseases.

KK2260 and KK2269, currently in Phase 1 clinical trials, are based on our proprietary Regulgent bispecific antibody technology. Starting with basic research, many researchers have worked on this technology over the years, finally perfecting it after overcoming numerous challenges. As head of the Research Division, I am very happy to see that products incorporating the technology are now moving into the clinical trial phase. KK2845, our first antibody-drug conjugate (ADC) product, is also scheduled to start clinical trials in 2024. Drawing on our experience in antibody engineering, we will continue to create ADC drugs that combine safety with potent pharmacological effects.

Through these research activities, we aim to create and deliver innovative value that brings hope to many patients, guided by Our R&D Spirits. The entire Research Division, working closely with the Development Division, is committed to pursuing the continuous creation of more life-changing value that makes people smile, under the principle of patient-centric medicine.

Delivering life-changing value to patients worldwide

Ernesto Aycardi
Global Development Head

As we stand on our journey, let us reflect on the remarkable path we've traversed over the past two years since the inception of the Global Development Organization (GDO). Our unwavering commitment to global excellence has propelled us forward, igniting a beacon of progress that illuminates our way.

Our pursuit of a global strategy has been relentless. From the earliest days, we envisioned a symphony that harmonizes and embraces diverse perspectives, transcending borders and time zones. Today, that symphony resounds clearly—a testament to our collective efforts. Even programs with regional footprints, nestled in the vibrant landscapes of Japan and the Asia-Pacific region, contribute to our global crescendo.

We extend heartfelt gratitude to our esteemed stakeholders, partners, and collaborators. Your unwavering support has been the wind beneath our wings. Yet, this is but a prelude. Our aspirations stretch beyond horizons, and we pledge to deepen our partnerships, forging an unbreakable alliance to sculpt a sustainable future.

Recently, we reimagined our Research and Development Division, birthing the Research Division and the Development Division. Our commitment to transforming lives remains unyielding. Daily, we breathe life into our purpose, infusing it with newfound relevance. "Patient-centricity" is our guiding star—a compass that steers us toward societal impact.

Our internal systems and processes have undergone metamorphosis, adapting to the ever-changing external landscape. In the crucible of change, we've distilled our focus. Significant progress has been made in clarifying our perspective and strategy for different therapeutic areas, and we are making meaningful efforts to make our resources converge with laser precision. We embrace diversity, for it fuels innovation. Flexibility is our armor, and agility is our sword. With an unwavering gaze, we advance clinical development, promising life-changing value to patients across the globe.

And, now, an epochal stride. KK2260 and KK2269, born from the crucible of our research team's ingenuity, embarked on their first-in-human odyssey—the REGULGENT™ technology, honed over years, pulses within their DNA. Soon, KK2845—an antibody-drug conjugate—will follow suit. Our shoulders bear the weight of responsibility, which we carry with pride.

Colleagues, let this be our anthem—a symphony of purpose echoing across continents. As we scale new summits, let our legacy be etched in patients' hearts worldwide. For every smile we ignite, every life we transform resonates with the symphony of our shared purpose.

Onward, upward, and ever forward,

Strategic Partnering

Message from the CSO

Continuing to create new value and fulfill our purpose amid a rapidly changing environment

Yasuo Fujii
Managing Executive Officer,
Chief Strategy Officer (CSO)

Leveraging strategic partnering opportunities to realize our vision for 2030

Our unwavering vision is to continuously create life-changing value that makes people smile. I believe the Company is making steady progress towards this vision, backed by an even greater commitment from all our employees.

I think the progress we have made so far in realizing our vision for 2030 has helped us clarify the direction and approach we need to take to continue delivering growth. Specifically, we have more clearly defined the treatment areas the Group has to focus on. After establishing global sales structures for Crysvita and Poteligeo and acquiring the new modality of hematopoietic stem cell gene therapy (HSC-GT), we have identified bone & mineral, intractable hematological diseases/hemato oncology, and rare diseases as treatment fields where Kyowa Kirin can make a full contribution from value creation through to value delivery. We have also seen once again that collaboration with partners is a key strategic option for maximizing product value. The performance of Fasenra, which is already being delivered to patients worldwide, and progress with the global development of rocatinlimab, which we have positioned as a future growth driver, underscores the importance of collaboration with partners for Kyowa Kirin. To continue creating and providing life-changing value in an uncertain and increasingly turbulent global environment, we will focus on these two strategic approaches – focusing on target treatment areas and collaborating with partners – while also staying firmly on the path to sustained growth and our vision for 2030.

Strategic partnering is the key to keeping both these approaches working effectively. For example, in-licensing and M&A to generate growth in target treatment fields will remain key considerations in our strategic investment decisions. Also, when collaborating with partners, we will have to identify the optimal business model – joint-value provision or full out-licensing – to ensure patients see the benefits of our new drug candidates. Our priority will be on rapidly and reliably delivering our products to more patients identified as being able to benefit from the product value. In addition, new disease science and modality technology are the starting points for creating new drug candidates in our target treatment areas and in our collaboration with partners. Based on a medium- and long-term horizon, we will actively make strategic investments in science or technology that leads to new strengths that complement our existing R&D structure.

Together with our existing solid foundations, built up over many years, we will make effective use of strategic partnering opportunities to realize our vision for 2030.

Key strategic partnering assets

KK4277
Target disease:
Systemic lupus erythematosus
Cutaneous lupus erythematosus
Phase 1 trials

KK2269
Target disease:
Solid tumors
Phase 1 trials

KHK4951 (tivozanib)
Target diseases:
Neovascular (wet) age-related macular degeneration
Diabetic macular edema
Phase 2 trials

KK2260
Target disease:
Solid tumors
Phase 1 trials

Development drug spotlight

Eye drops with tivozanib as the active ingredient

KHK4951 is an eye drop with tivozanib as the active ingredient. Tivozanib is a proprietary VEGFR inhibitor, approved in the US and Europe as Fotivda, an oral treatment for advanced renal cell carcinoma (RCC). Kyowa Kirin is developing tivozanib as a treatment for neovascular (wet) age-related macular degeneration (nAMD), in which abnormal choroidal neovascularization damages the macula, a retinal tissue, and for diabetic macular edema (DME), a complication of diabetic retinopathy in which hyperglycemia damages capillaries in the macula, causing edema of the macula and vision loss.

FOCUS ON

Exploring knowledge in new technologies and areas

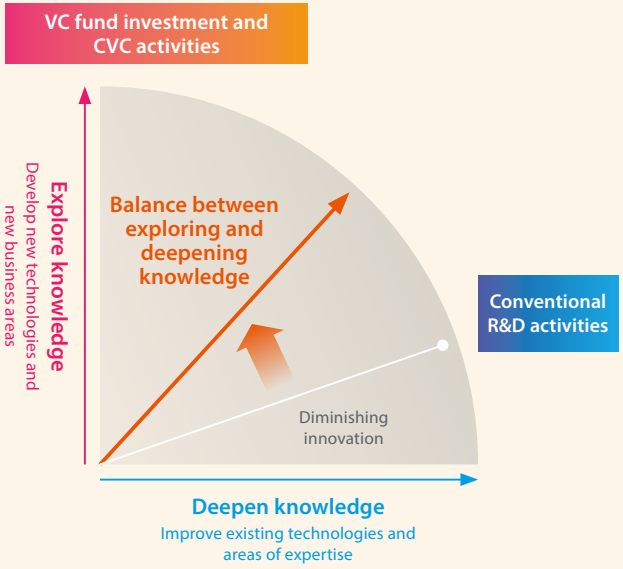
VC fund investments and CVC activities

Kyowa Kirin invests in venture capital (VC) funds and engages in corporate venture capital (CVC) activities as part of external collaboration set out in the Story for Vision 2030. As an R&D-focused company targeting long-term growth, Kyowa Kirin needs to not only "deepen knowledge" in existing areas and technologies, but also "explore knowledge" by developing new technologies and areas that are far removed from proprietary R&D. By actively tapping into external innovation and striking a good balance between exploring and deepening knowledge, we can deliver long-term growth without exhausting innovation. One way we are doing this is through investments in VC funds and CVC activities. To create innovative medicines, we aim to gain access to cutting-edge therapeutic areas by making strategic investments in international VC funds that target advanced medicine, or by building relationships as shareholders with venture companies that have the potential to become future collaborators, giving us a foothold in innovative technologies and areas.

In June 2020 we made our first VC investment, investing in London-based 4BIO Capital's Ventures II LP Fund. Through 4BIO's investment team, Kyowa Kirin has access to cutting-edge therapeutic areas across the UK, Europe and the US. Additionally, in November 2020, we invested in Fund III established by Fountain Healthcare Partners, Ireland's largest life sciences VC firm, with offices in Dublin and New York. We also invested in Fund III set up by Fast Track Initiative, a life science-focused VC firm based in Japan. Since then, we have created our own internal CVC functions, leading to our first investment in October 2022 in Cellarity, Inc. a US biotech startup. Founded by Flagship Pioneering, Cellarity has emerging technologies that are revolutionizing existing approaches to drug discovery. Also in 2022, we gained access to a high-quality venture company called LUCA Science Inc., via an introduction from Fast Track Initiative. LUCA Science owns proprietary technology that enables the isolation of highly functional mitochondria. We have launched joint research with the company to investigate treatments for mitochondrial disease. Additionally, we concluded an acquisition agreement with Orchard Therapeutics plc in October 2023 and completed the deal in January 2024. The acquisition of Orchard Therapeutics gives us a technology platform and therapy pipeline that will allow us to explore new drug discovery possibilities in the field of hematopoietic stem cell gene therapy. Orchard Therapeutics was previously a portfolio company of 4BIO.

Going forward, we will continue to actively invest in VC and CVC to support Kyowa Kirin's ongoing creation of life-changing value.

Our approach to generating more innovations for long-term growth



Initiatives to Improve Access to Medicines

Issues preventing access to healthcare

Healthcare has seen incredible progress in recent years. The development of new treatments, diagnostic techniques and pharmaceuticals is creating benefits for a growing number of patients with conditions that were previously difficult to treat.

However, many diseases worldwide still lack effective treatments. To give an example, there are roughly 7,000 rare diseases globally with very low patient incidences. However, the total number of people suffering from these conditions is reported to be as high as 350 million. Many diseases are not well known among healthcare professionals, meaning diagnosis also tends to take a long time, and the low number of patients makes it harder to develop treatments.

Additionally, issues with access vary from country to country. Even for patients with the same condition, there are disparities in access to optimal treatments due to different economic conditions and healthcare systems in the countries where they live. In some developed countries, many patients have access to optimal treatments and medicines thanks to well-established healthcare systems, while in other countries, including low- and middle-income countries, patients have limited access to necessary treatments or medicines.

Kyowa Kirin Group Policy for Access to Medicines

As part of our Vision for 2030, we aim to "consistently create and deliver life-changing value that ultimately makes people smile." To achieve this, the Kyowa Kirin Group is working on the research, development and provision of pharmaceuticals for conditions with high unmet medical needs using a range of different modalities. We have also started to create healthcare solutions beyond medicines backed by our extensive knowledge and experience in the pharmaceutical industry.

In 2022 we formulated and published the Kyowa Kirin Group Policy for Access to Medicines, recognizing that the barriers to healthcare noted above are critical social issues related to health and welfare that should be tackled by Kyowa Kirin as a Japan-based Global Specialty Pharmaceutical (GSP) company. The policy has three approaches – 1) provide pharmaceuticals for unmet medical needs, 2) improve access to medicines, and 3) ensure quality, stable supplies and patient safety and promote appropriate use. Our mission is to deliver our products to as many patients as possible as quickly as possible through these activities. Below, we highlight some of the steps we are taking to improve access to medicines.

Our initiatives to improve access to medicines

Kyowa Kirin supplies Crysvita and Poteligeo, two global medicines for the treatment of rare diseases. As noted above, developing treatments for rare diseases is challenging, but our research and development work for these drugs was backed by a strong commitment to deliver life-changing value that makes patients smile.

Crysvita is a therapeutic antibody for the treatment of X-linked hypophosphatemia (XLH) and tumor-induced osteomalacia (TIO). XLH is a rare disease with an estimated incidence of 1 in 20,000. Based on dialogue with patients, we identified a very strong medical need for the drug, which spurred our development work. We were also concerned that the limited number of patients with XLH would lead to low enrollment in clinical trials, but trials proceeded smoothly, partly due to collaboration with patient groups beforehand. Crysvita truly is a medicine developed in partnership with patients.

Poteligeo is a treatment for T-cell lymphomas, including adult T-cell leukemia-lymphoma (ATL), mycosis fungoides and Sezary syndrome. There was initial excitement in the late 1990s after the discovery of anti-CD20 antibodies for the treatment of B-cell lymphomas, but research into ATL and other T-cell lymphomas with low incidence rates subsequently lost ground in the US and Europe. First identified by Japanese researchers, ATL has high incidence rates in certain parts of the world, including Japan. Our researchers persevered in the face of many challenges, eventually developing Poteligeo, an anti-CCR4 antibody incorporating POTELLIGENT, our groundbreaking antibody production technology that dramatically increases antibody activity. As a result, patients now have access to more treatment options.

Kyowa Kirin is working to improve access to these medicines, including in low- and middle-income countries. Medicines typically have to be approved for use and for reimbursement under health insurance schemes in each country before being made available to patients. The first step we take is to increase the number of countries worldwide where our products are available in order to help treat more patients. We disclose the number of countries where Crysvita and Poteligeo have been launched as a metric showing increasing access.

However, due to factors such as different regulatory regimes in each market, launching drugs can take time. This means that even if effective drugs are available, patients may not be able to gain access because of conditions specific to their country. To address this issue, Kyowa Kirin is working to provide medicines upon request from physicians after determining eligibility. For example, it can take several years for patients to gain access to a medicine in certain countries, even after clinical trials are completed and marketing approval has been obtained, due to delays with the inclusion of medicines in health insurance reimbursement schemes. This time frame varies from region to region, but during the period between marketing and health insurance reimbursement approval, Kyowa Kirin offers an Early Access Program to give patients access to Crysvita and Poteligeo. Also, in countries where we have no plans to gain marketing approval, we run the Named Patient Program for Crysvita to provide access to patients.

These programs are implemented in accordance with the regulations of each country to provide early access to patients who really need our medicines. These activities are backed by distribution systems that guarantee quality and healthcare environments that ensure safe use. Many obstacles stand in our way, but we are making steady progress. Through these initiatives, we hope to bring more smiles to faces worldwide by delivering life-changing medicines to as many patients as possible as quickly as possible.

Kyowa Kirin Group Policy for Access to Medicines – three approaches

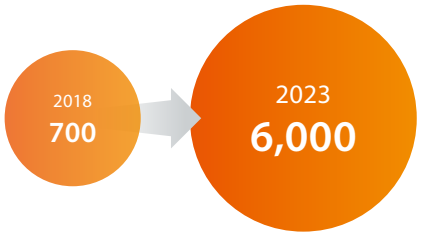
Global Strategic Products / Next-generation Drugs in the Development Pipeline

Crysvita

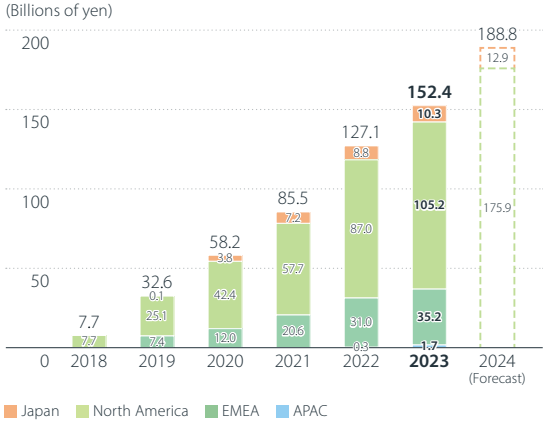
Crysvita is a recombinant fully human monoclonal IgG1 antibody against the phosphaturic hormone fibroblast growth factor 23 (FGF23). Developed by Kyowa Kirin, Crysvita is used to treat X-linked hypophosphatemia (XLH) and tumor-induced osteomalacia (TIO). XLH is a rare condition that causes hypophosphatemia due to a genetic mutation that results in excessive production of FGF23, a hormone produced in bone cells. The condition causes large amounts of phosphorus in the blood to be excreted in the urine and reduces phosphorus absorption in the intestinal tract. In patients with this condition, bone calcification is disturbed, preventing normal bone formation. In children, this leads to various symptoms such as bone deformity and short stature, while adults with XLH suffer from walking difficulties due to lower limb deformity, as well as bone and joint pain, muscle weakness and dental issues, leading to a material decline in patient QOL. The condition is estimated to occur in one in 20,000 people. Conventional treatments are phosphate and/or vitamin D supplements, with patients typically having to take multiple doses of medication each day. In contrast, Crysvita is injected every two weeks or every four weeks and increases reabsorption of phosphate in the kidneys in patients with XLH and TIO. Crysvita also increases production of vitamin D, which improves intestinal absorption of phosphate.

Since launch in 2018, the number of patients treated with Crysvita has increased steadily, with around 6,000 patients receiving the treatment as of December 31, 2023. Crysvita has seen sustained growth in the five years since launch, with revenue in 2023 reaching ¥152.4 billion, making it Kyowa Kirin's first product to surpass the ¥100 billion mark. We are targeting global revenue of ¥188.8 billion in 2024.

Number of patients treated



Revenue



* Sales from Early Access Program (EAP) not included in revenue through FY2022, but included from FY2023 as EAP is expected to generate modest sales in monetary terms

Poteligeo

Poteligeo is the world's first therapeutic antibody to be produced using our proprietary antibody-enhancing POTELLIGENT platform. Poteligeo binds to cancer cells by targeting a molecule called CC chemokine receptor 4 (CCR4) expressed on the cell surface. It demonstrates antitumor effects by eliminating cancer cells through antibody-dependent cellular cytotoxicity (ADCC) activity, enhanced by POTELLIGENT technology. Poteligeo is currently available in Japan, the US and Europe, and we continue to increase the number of launch markets.

Poteligeo is approved for the treatment of CTCL*. Patients with CTCL often tend to have tumors on the skin. However, in the Phase 3 MAVORIC study, Poteligeo showed evidence of particularly high efficacy in CTCL patients with cancer cells in the blood. Based on clinical evidence gleaned from the study, we are taking steps to educate and engage physicians and patients in the US and Europe using the message, "Treat the blood. Treat the skin." In addition to extending these activities to other regions, we plan to further educate patients in the early stages of the disease about the importance of performing blood tests, thereby identifying more patients who can benefit from Poteligeo and maximizing its value. Poteligeo generated global revenue of ¥30.3 billion in 2023. We are targeting revenue of ¥34.4 billion in 2024.

* Cutaneous T-cell lymphoma: Characterized by cancerous T-cells initially appearing in the skin

Next-generation Drugs in the Development Pipeline

KHK4083/AMG 451 (rocatinlimab)

KHK4083/AMG 451 is an anti-OX40 fully human monoclonal antibody under global development with Amgen Inc. The initial antibody was discovered in a collaboration between Kyowa Kirin US Research and La Jolla Institute for Immunology.

OX40 is a member of the TNF receptor family and is expressed on activated T cells. OX40 binds to OX40 ligands expressed on antigen-presenting cells such as dendritic cells (cells that present fragments of invading pathogens to immune cells) and stimulates the proliferation, differentiation and survival of activated T cells, the formation of memory T cells, and increased production of a range of inflammation-related proteins called cytokines, triggering systemic and localized inflammatory responses. Patients with atopic dermatitis see increased levels of OX40-expressing T cells in their blood. The activation of T cells by the binding of OX40 to OX40 ligands is thought to be the reason for deteriorating or chronic symptoms of the condition.

KHK4083/AMG 451 is an antibody drug that uses our fully human antibody production technology and our proprietary POTELLIGENT platform, which enhances antibody-dependent cellular cytotoxicity (ADCC). KHK4083/AMG 451 is seen as a viable treatment for atopic dermatitis and asthma because it binds to OX40 and inhibits its function by directly acting on activated T cells, reducing the number of activated T cells.

In May 2022, we launched the ROCKET program of Phase 3 clinical trials. The program consists of eight different studies, with more than 2,400 registered patients as of the end of February 2024.

Special Discussion
Human Capital Reinforcement toward Sustainable Growth

Rumiko Nakata
Independent Outside Director

Shoko Itagaki
Executive Officer,
Chief People Officer (CPO)

A special discussion was conducted between Outside Director Rumiko Nakata and Chief People Officer (CPO) Shoko Itagaki. Here, they discuss their thoughts and feelings with regard to the Kyowa Kirin Group's human capital and talent strategy.

Putting "Story for Vision 2030" into practice is the potential in each and every diverse individual

Itagaki: We at Kyowa Kirin designated as our vision toward 2030, "Kyowa Kirin will realize the successful creation and delivery of life-changing value that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical company built on the diverse team of experts with shared passion for innovation." Now, in the belief that to realize our vision even in this rapidly changing environment we need a strategic story set at an even higher resolution, we have announced "Story for Vision 2030." However, whether this can be put into practice will depend on each and every employee. From now on, it will be necessary to define the roles that each individual employee should play based on this story.

Up until now, we have established a basic talent management policy and promoted people strategies. Human capital is undoubtedly the source of our Group's competitiveness. Our people strategies place the utmost importance on bringing out to the maximum extent the potential that exists within each and every one of our employees, taking on the challenges of change, and continuing to provide life-changing value.

Talent Management Policy
https://www.kyowakirin.com/sustainability/human_resources_infrastructure/portfolio/index.html

Please refer to "Story for Vision 2030" on P4 for details.

Nakata: To steadily put into practice this Story for Vision 2030 initiative, there is a necessity to define a more specific talent portfolio, such as what skill sets do our talent possess and where and to what extent they will be needed. To achieve this, the Company will need to plan whether to train internally or hire externally. There are many talented and highly experienced people in the Company, so you should reskill those employees to acquire the new skills needed to correspond with the story.

Itagaki: The pace of change in the business environment is increasing, and many tasks in the pharmaceutical industry call for a high level of expertise. As it is my belief that, under these circumstances, all employees need to take ownership of their own careers and constantly be aware of updating their expertise and skills, I would like to promote career development that supports this.

Bringing about innovation through diversity

Nakata: My first impression is that the Kyowa Kirin Group attracts many talented people from all over the world, with a good mix of new graduates and mid-career hires, creating a wonderful atmosphere. In contrast, since there are many employees who are by nature very prudent, I feel that they have settled into conservative thinking and behavior. In the years to come, the pharmaceutical industry will continue to change at an even more rapid pace, so if such people take the approach of carefully examining and avoiding each risk one by one, they will not be able to keep up with the changes. At Pfizer Japan, where I worked before, risk was tolerated and change deemed inevitable. Even if their efforts end in failure, I feel I would like those employees to regard learning from those failures as being beneficial and displaying a more proactive attitude in taking on the challenges ahead.

Itagaki: I agree that there are many prudent employees, but from now on I would like to incorporate into our organization "unusual people" who have values and sensibilities that have never before existed in our Group. I want this type of talent to act as a catalyst for major innovation. To prevent these "unusual people" from turning into "ordinary people," I would like to foster a culture in which those around them can respect their ideas and support them so that they are able to demonstrate their abilities.

Nakata: I share the belief that innovation and value creation will not arise if all employees have the same way of thinking. It is important to diversify not only in terms of gender and nationality but also in experience and thought. I believe that bringing together diverse employees and having them work hard toward a common major goal will lead to value creation for the Group.

Itagaki: For diverse employees to come together and create value, and to create the in-company environment in which they will do so, I think it will be important to do two things. First, to strengthen the leadership that will connect the various members and activities and, second, create an organization with a high level of psychological safety, where everyone can freely share their opinions, and we are strengthening these efforts. To create further value, I would also like to clarify the content of each division's value creation activities and consider those initiatives that will encourage those activities.

Building a vision and talent portfolio to secure a robust talent pool

Nakata: It is especially the case that the more talented a person is, the more they demand meaningful work to which they can dedicate their lives. For people holding such ambitions, clearly communicating Kyowa Kirin's vision and expressly conveying how the Company intends to contribute to society will gain in importance in future talent strategies.

Itagaki: In terms of communicating our vision, I'm hearing that, as a Japan-based Global Specialty Pharmaceutical company, our vision of continuously creating life-changing value that brings smiles to people facing illness has been highly rated by students and resonates with them. I believe that further instilling this vision throughout the Group will definitely lead to the reinforcement of our human capital.

Nakata: In addition to communicating Kyowa Kirin's vision, you must ensure that fair performance evaluations and benefits are in place, otherwise our people will not be here to stay. Given the current shortage of talent, you will be quite unable to attract talented people.

Itagaki: You're right. It is exactly with that in mind that we're putting in place a global grading system to fairly evaluate our domestic and overseas employees. The system has gained a certain level of understanding here, and its design is evoking a sense of satisfaction.

Also, with regard to the building of a talent portfolio, the main point is HR4U, the global common human resources information system that we are currently setting up. By means of HR4U we will integrate the Group's overall human resource information, making it possible to share information on what types of human resources are available in which regions. We have great expectations for HR4U in implementing the human resource allocations that will be the engine powering Story for Vision 2030.

Nakata: With regard to personnel system reforms, such as global grading and the global integration of evaluation systems, Kyowa Kirin is very advanced compared with other companies, and I highly rate the fact while aligning the systems overseas with those in Japan that you are upgrading your systems year after year. I think it's good that this has given you more confidence. You have an excellent system in place, and one that it will be important for management to take the lead in operating properly in the years to come.

To develop leaders who are able to take a bird's-eye view of the entire Group

Itagaki: We are promoting a succession plan to discover and train next-generation leadership candidates. In particular, I believe that a company-wide optimization perspective is essential as a quality we look for in the next generation of global leaders. As the organizations for each function and region have been established, there is an urgent need to develop leaders who can organically connect them and see things from an overall optimal perspective.

Nakata: To produce such leaders, I would like to see more interaction with members from outside their own countries, especially when it comes to junior leadership candidates. If you increase opportunities to enable them to actively participate in global activities, they will feel less intimidated at the prospect of leading members globally. I believe that the Group's overseas net sales will further increase in the years to come, so it is my hope that a steadily increasing number of next-generation leaders, who have a global perspective and are able to take a bird's-eye view of the entire Group, will be coming through the system.

Itagaki: I think global experience is really important. After all, being able to exchange opinions and share values with various overseas employees at a junior age has a great impact on the quality of work later. I believe that providing such opportunities to junior employees is an important role for HR departments. It is also important for the next generation of leaders to gain experience in as many departments as possible and for them to develop an eye for seeing the group as a whole.

Nakata: At a previous company where I used to work, there was a rule that you had to have gained work experience in multiple departments to move up to a certain level. Of course, departments want talented people to stay with them for as long as possible, but because this rule was strictly enforced, there was almost no unnecessary retention of members, and this gave rise to many leaders who possessed a variety of experience.

The Kyowa Kirin Group is also actively implementing measures to promote the mobility of our people, and I thus have high expectations for the future.

Drive global talent management

Global talent pool reinforcement	▸ Formulation of global succession plan ▸ Visualization of next-generation leader candidates and formulation of individual development plans ▸ Global Exchange Program ▸ OKK Academy
Development of HR foundation	▸ Identification of global key positions and their talent requirements ▸ Implementation of global grading ▸ Formulation of leadership principles ▸ Introduction of global human resource system (HRIS) ▸ Introduction of new HR system based on positions (Japan/Managers)

Toward further increasing the ratio of women in management positions

Nakata: The Company has adopted the plan to increase the proportion of women in management positions to 18% by 2025, but my feeling is that this goal is still too low. New graduate employees are joining the company with a 50/50 split between men and women, but this difference in the ratio in managerial positions represents a major problem. I don't think it can be improved unless some drastic measures are taken. As an outside director, I would like to make a strong point here that advancing diversity will definitely lead to the creation of innovation and improved productivity and will ultimately contribute to shareholder returns.

Itagaki: Thank you for your forthright remarks. I believe that the key to increasing the proportion of women in management positions is to boldly provide opportunities for women to play active roles. I myself received major opportunities. There were times when I was worried as I had to balance childcare, but by working wholeheartedly to somehow meet those expectations I was able to produce results, and I feel that it was a great experience that helped me gain the qualities required of a leader. Based on my own experience, I would like to create an environment that provides more opportunities for female employees.

Nakata: If there are 10 requirements for a leader, men will raise their hands and say they can become a leader if they just meet two or three of them. In contrast, it is often said that there are cases in which women, even if they meet five requirements, are turned down as leaders because they lack the remaining five. Women are cautious, and there are some aspects, like just giving something a try, that can prove difficult for them. It's for that very reason that I think it so important to tell them how rewarding and interesting something will be, and to encourage and support them. To achieve this, female leaders must convey not only the weight of responsibility that comes with their work, but also the joy they derive from it. If you go up one flight of stairs, the view you see changes and the amount of information you can obtain increases. Once you are able to have your own opinions heard and exert some influence, your work will become that much more interesting.

Itagaki: It's true that the view you can see when you become a leader is different. When I was in the position at which I could take a bird's-eye view of the entire Group, I was able to clearly understand the kind of role that the department in which I had previously been had within the Company and what was expected of me. This feeling cannot be obtained unless you are a leader, and I think it will have great significance in my working life from now on.

Nakata: It would be great if you could serve as a role model for female managers and pass on your feelings and experiences to the next generation of female leadership candidates.

At the Kyowa Kirin Group, the elements necessary for future growth are being expanded, and the strategies and personnel base to leverage these elements are also being strengthened. All that remains is for all employees to firmly understand their own missions and to carry them out. And I'd really love to see this lead to final results. As an outside director, I would like to do my best to support the Company.

Itagaki: Thank you for that. I believe that Story for Vision 2030, which we announced in February 2024, is a statement of our intention to clarify our growth story and seriously realize our vision. To accelerate this story, we need to clarify and create in visual form the talent and capabilities we need while also focusing on reforming our corporate culture and promoting KABEGOE (overcoming barriers) as a key behavior. In my capacity as CPO, I recognize that this will be a major mission for me going forward. We plan to further improve our people strategy in line with the progress of Story for Vision 2030, so we look forward to continued guidance from outside directors, including yourself. Thank you for your inputs today.

PICK UP / Health and Productivity Management

Creating an organization in which an active and diverse group of people can work toward driving innovation creation

To create life-changing value that brings smiles to the faces of patients around the world, we believe that we ourselves firstly need to be physically and mentally healthy, full of vitality, and live every day full of smiles.

The Kyowa Kirin Group engages in Wellness Action so that its employees and those around them can themselves lead healthy fulfilling lives and contribute to the Company and society as a whole in a lively manner. The status of each measure is checked and evaluated both quantitatively and qualitatively at Executive Committee meetings and other meetings. In recognition of these efforts and achievements, the Company was included in the Health and Productivity Stock Selection in 2022 and 2023, having met the prescribed criteria in the Health and Productivity Management Survey conducted by the Ministry of Economy, Trade and Industry. The Company was also recognized as a certified Health and Productivity Management Organization 2024 (White 500), for the eighth consecutive year since the program was launched.

Following on from the previous year, the Japan region focused on the walking campaign that is held twice a year with the aim of providing opportunities for physical activity and revitalizing communication through a collabo-health* project co-organized by the Company's Health Insurance Association. In the fall 2023 campaign, 85.7% of employees took part. In each region outside of Japan, we comprehensively considered well-being from both physical and mental aspects, and a variety of initiatives and benefit programs were offered throughout the year to improve the well-being and care of employees.

* "Collabo-health" refers to collaborative activities organized through coordination between corporate health insurance associations and companies to enhance the health of employees and their families.

Kyowa Kirin's Growth Globally

Message from the CIBO

From the start – the driving focus has been meeting patient needs. That continues to be our north star and the purpose behind our business decisions

Abdul Mullick
Managing Executive Officer,
Chief International Business Officer (CIBO)

To "become a Global Specialty Pharmaceutical business" was highlighted in the 2013–2015 medium-term business plan. At that time, investments and select product development activities began to increase internationally.

The global Kyowa Kirin business has grown since the approval and launch of its global products: CRYSVITA, POTELIGEO and NOURIANZ*1 globally. Thanks to these achievements Kyowa Kirin's global business grew 141% between 2019–2023 and contributed 65% of the sales of the company in 2023.

Over the last several years, international business especially North America and EMEA has been an engine of growth for the company. Behind the growth is the life-changing value we aim to deliver to our patients. As a result of our continuing efforts, we continue to help bring smiles to even more patients and their families.

*1 The United States and Japan

North America: A successful partnership formed to meet patient needs

"The partnership with Ultragenyx was formed in 2013 to hasten clinical studies and ensure our ability to deliver this promising medicine to patients."

The collaboration between Kyowa Kirin and Ultragenyx Pharmaceutical Inc. (Ultragenyx) was established in 2013 to accelerate the development and delivery of CRYSVITA, a biologic therapy with breakthrough designation for X-linked hypophosphatemia (XLH) and later approved for tumor-induced osteomalacia (TIO). Both companies shared a commitment to meeting the needs of patients and recognized the potential of CRYSVITA to do so.

The partnership between Kyowa Kirin and Ultragenyx exemplifies our shared commitment to advancing rare disease therapies and meeting the needs of patients in a coordinated and efficient manner. Through this collaboration, CRYSVITA became widely accessible, providing hope and improved treatment options to patients living with XLH and TIO in 46 countries and regions*2 in the world.

Over the years, we began to appreciate that the rare disease business brings companies closer to patients, in every part of the value chain.

Many patients living with XLH and TIO are misdiagnosed for long periods of time; so we collaborate with stakeholders, including patient associations and physicians, to raise awareness and support accelerated patient identification and diagnoses. And the journey with our patients keeps going.

We strive to educate physicians about the disease and, once a patient receives a diagnosis, ensure the patient can receive appropriate care and prompt treatment. Additionally, to navigate the complex reimbursement and access pathways in the United States, the company has a team of trained Kyowa Kirin Cares case managers to offer support and assistance to patients throughout their journey.

Many market factors result in more opportunities to engage with patients in the US, and this sets the North American business apart. The insights gained from this model can be reapplied to more programs in the region, helping us the deliver life-changing value through better education, community support and access to treatments.

*2 Kyowa Kirin territory.

The life-changing value we want to deliver

The agreement with Ultragenyx was specifically designed with the intention to bring CRYSVITA "home" 5 years after its first commercial use. During that time, KKNA experienced significant growth and added the talent, technology, and infrastructure needed to manage a successful rare disease business on our own.

With a greater stake in CRYSVITA, our global company is more invested than ever before in meeting the interests of XLH and TIO patients around the world. We can readily apply and build upon what we've learned from our global work to further awareness, diagnosis, and support for people living with XLH and TIO in the U.S. and Canada.

The investments we've made will also help us as we expand our focus to more rare diseases, where patients have limited or no treatment options. Kyowa Kirin aims to keep advancing research and bring hope to more patients in North America, and around the world – thanks to the capabilities we have built.

VOICE / Message from management

Richard Wilson
Vice President, North America,
Rare Disease Franchise Head

The transition of commercial responsibilities took detailed planning and coordination, but the outcomes are very positive. Our teams feel inspired by the patients we've met: we see the real difference that treatment has had in their lives and we continue to believe that we can help more people living with XLH and TIO.

FOCUS ON

Patients Advocacy Story

Our Pledge to XLH & TIO community

In North America, we recognized that the Crysvita transition could raise concerns for patients who were unfamiliar with our company history. So in 2022, the North America Public Affairs team began investing significant time getting to know the XLH community and the XLH Network, a patient advocacy organization (PAO) on a mission to "… create resources and a community for affected individuals and their families so they can understand and cope with the complications of the disease…"

We met at medical and patient conferences. We delivered presentations about the journey burosumab took, from Kyowa Kirin labs in Japan to the patients we serve around the world. We also offered webinars to get to know patients and answer their questions about the business and our plans for patient services.

Through these engagements and conversations we heard much more about what life is like living with a rare disease, and XLH in particular. It opened our eyes to more of the concerns and needs patients confront, often alone or distanced from other patients like them. Common needs identified by patients and the advocacy organizations are supporting faster diagnosis, improving resources for disease management and care transitions, expanding multi-disciplinary physician education, and working to eliminate the barriers patients face to prescribed treatment and care.

To ensure patients understood we would stand beside them, as partners, in addressing these issues, we issued a Pledge that outlined our company's commitment to:

Please click the link below for details on Our Pledge to XLH and TIO Patient Communities
https://www.kkna.kyowakirin.com/wp-content/uploads/Community-Pledge.pdf

- Providing a world-class patient support team to be your partner along the journey
- Actively listening to and seeking patient input
- Collaborating closely with advocacy groups to best support the community, and
- Acting upon the insights patients share to strengthen resources and education efforts.

Every day, across our business, we are striving towards these goals. Additionally, we've been able to start, support and continue projects aimed at creating a brighter future for people with XLH. These have included:

- An annual summer camp from the XLH Network for children growing up with different abilities and special needs.
- A survey to understand the broader health care needs of XLH patients and what solutions may help them
- Supporting policy coalitions that are working to expand rare disease resources
- An annual conference to educate and connect patients and physicians

We are grateful to the individuals and organizations who are joining us in this work. By working together, we believe we can "make people smile."

Summer camp

VOICE / Message from the patient

A recent patient diagnosed with XLH and on treatment raved about her Kyowa Kirin Cares case manager:
"I wanted to send a huge thank you for everything Hannah [my case manager] has done for me and my family. My treatment has made a big difference – I can even get in the pool and start swimming! Soon I'll be back behind the wheel and driving"

NOTE: Real patient story; however, results on treatment may differ. Patients should speak with their doctor about what's right for them.

EMEA: the movement to build a stronger organization to deliver life-changing value to patients by partnering with our patients and ensuring we are meeting their priorities and needs.

2023 was a significant year for Kyowa Kirin International (KKI), as we embarked on a significant transformation journey to ensure our business could be wholly focused on meeting the needs of patients in specialty diseases, in line with our global ambition. In August 2023, KKI entered into a Joint Venture Collaboration with Grunenthal for 13 brands in the established medicines portfolio; primarily focused on pain management, including Abstral® and PecFent® for break-through cancer pain. This collaboration was designed to ensure the right focus and investment in the Established Medicines portfolio by a company already operating in the space, while also focusing the core Kyowa Kirin business on the global medicines, Crysvita and Poteligeo.

The ambition of the collaboration and what was behind the decision

Our Established Medicines were an important part of Kyowa Kirin's history and provided the economic foundation in the International region on which we have built our company including the Rare Disease Business Unit, focused on the global specialty products. Over time and as the Established Medicines portfolio has faced increasing pressures from generics entering the market, it was clear that additional investment and infrastructure would be required to achieve its projected growth, deliver on the needs of patients, and ensure it remains a stimulating and dynamic place to work for our employees.

By entering into the JVC with Grünenthal, we were able to infuse the EMBU portfolio with the resources and the commercial infrastructure required to grow this important suite of medicines and deliver greater life-changing value to the patients who need them. Grünenthal is an ideal partner because we share the same ambitions: to meet the needs of patients living with the diseases we serve, to bring renewed focus to the established medicines portfolio and to provide an exciting opportunity for employees.

With the divestment of the Established Medicines portfolio to Grünenthal, Kyowa Kirin International is now able to focus all of its resources on meeting the unique needs of people living with CTCL, XLH and TIO and further deepen its role as a significant contributor to the global business. The team has expanded its reach across the countries in which it operates, both by expanding the number of patients treated with its approved medicines and also reaching new markets through its geographic expansion efforts.

Programs to improve diagnosis of patients, ensure access to the medicines, and support the needs of patients on their journeys living with a rare disease have been at the heart of all our activities. Surrounding the activities in each of our markets has been a relentless focus on prioritizing and simplifying all aspects of our work to ensure we can deliver on the full potential of the global specialty business and are well positioned to support the future pipeline of specialty medicines.

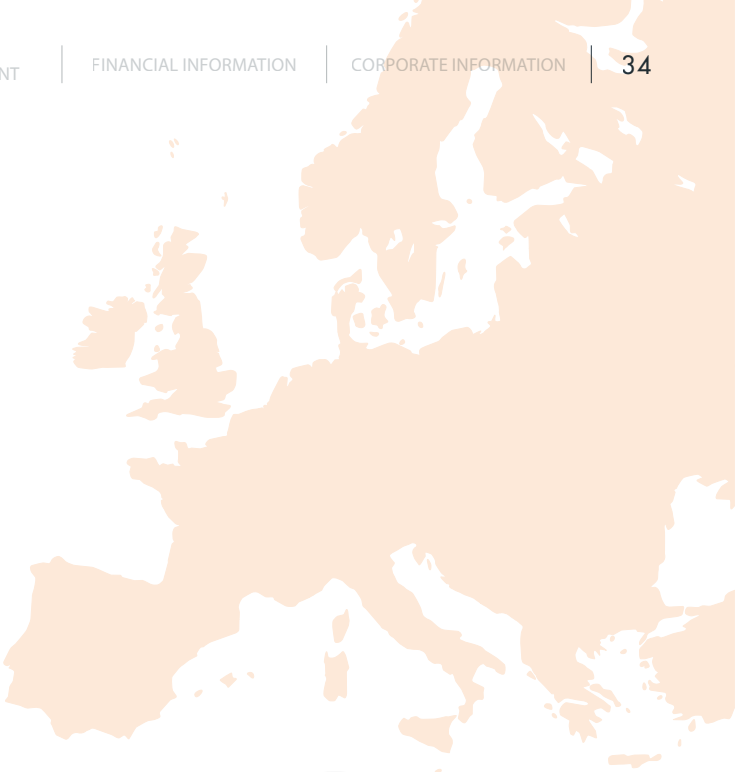
To build a stronger Kyowa Kirin and contribute the best to our patients

Our vision for our global company by 2030 is clear: The Kyowa Kirin Group companies strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies.

The decisions we have made in the past years ensure we are building a company ready to face the future; resilient to changes in the external environment, such as pandemics, rises in the cost of living, and outbreaks of conflict. Making these changes ensures we can adapt to pressures facing the pharmaceutical industry and enable us to respond to our internal challenges and opportunities so that we can continue our focus on patients.

By now focusing on our strong areas of bone & mineral, intractable hematological diseases/hemato oncology, and rare diseases, we are able to drive value of our products and maximize our reach to patients by building stronger, closer relationships with our customers and obtaining a deeper understanding of their priorities and needs.

The Kyowa Kirin team as a whole feels incredibly proud of our achievements and excited by the opportunities ahead with Crysvita and Poteligeo. We have shown that there is a significant need for our medicines and demonstrated that they deliver life-changing value to patients who have limited options. We have achieved these goals whilst managing uncertainty and embracing a lot of change in the external and internal environment. Despite challenging times, we remain laser-focused on building resilient teams focused on maximizing the reach of our portfolio and replenishing our future pipeline through R&D and business development opportunities so that we bring new or improved life-changing value to those that need them.



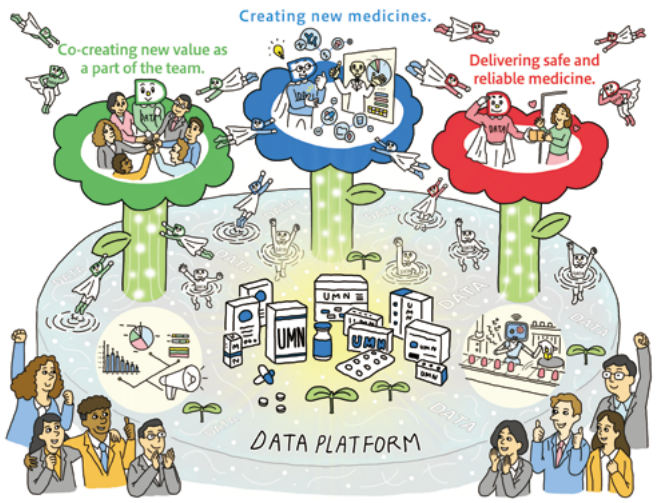
Focus on core areas of strength and build strong relationships with stakeholders

Digital Transformation Strategy

Continuously creating new digital-value by achieving operational excellence and reinforcing our digital transformation infrastructure

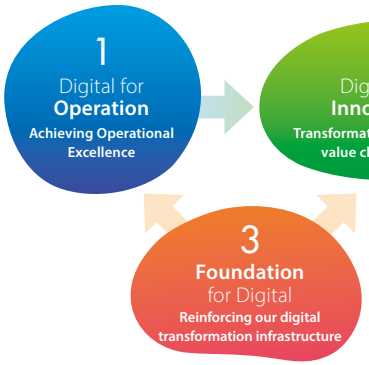
Digital Vision 2030

By 2030, as a global specialty pharmaceutical company with originality, Kyowa Kirin aims to discover unmet medical needs by utilizing data to provide new services and value, including pharmaceutical products.



Three Pillars of the Digital Strategy

To support new working styles in the new normal of today, we will create a secure, connected environment that enables employees to work anytime, anywhere. We will accelerate productivity gains through this digital shift in our operations.



We aim to create new solutions beyond providing pharmaceuticals, through collaboration with various stakeholders and through the use of various types of real-world data from outside the Company.

Under Digital Vision 2030, with a focus on personnel and data, we will steadily advance efforts to reinforce digital talent and build a platform for data use across divisions within the Group in order to reinforce the infrastructure for promoting digital transformation.

Digital Transformation Strategy

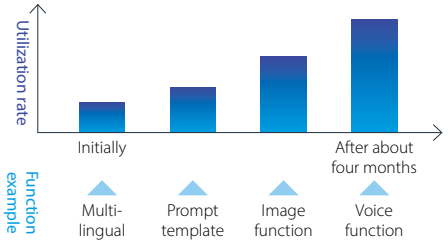
1 Digital for **Operation**

Achieving Operational Excellence

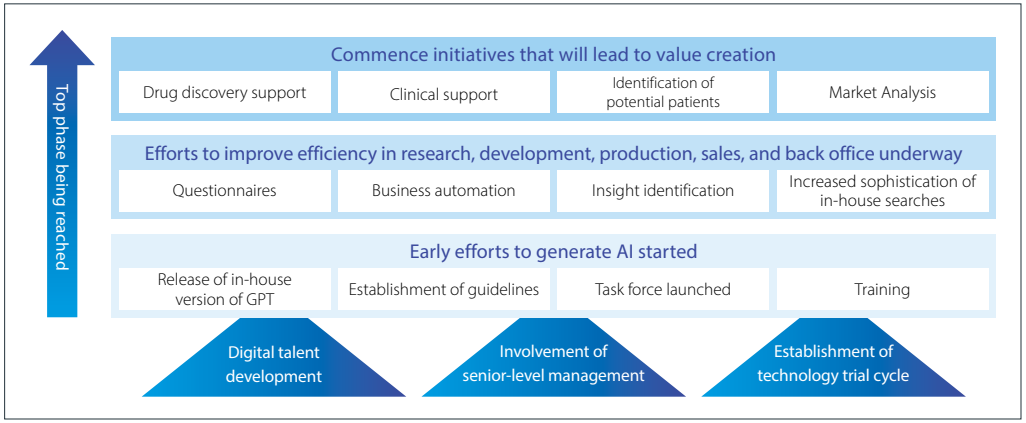
Initiatives for Generative AI Utilization

Having formed an AI task force team at an early stage, in July 2023 Kyowa Kirin completed and deployed prototypes, such as an in-house version of general-purpose GPT and an in-house SOP search GPT. At the same time, we have implemented in-house training and cross-divisional proof of concept studies and are currently commencing initiatives that will lead to value creation.

Kyowa Kirin Digital AI Playground – Utilization Rates



Its functions expanded by means of an agile approach, as of the end of 2023 our in-house general-purpose GPT was being used approximately 2,000 times a for day-to-day business purposes.



Digital Transformation Strategy

2 Digital for Innovation

Transforming to a circular value chain of data

Target Exploration for Next Generation Antibody Technology

KYOWA KIRIN × InveniAI

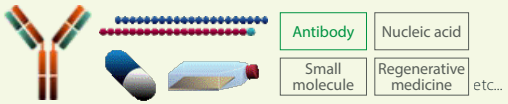
Bispecific antibody technology

AI analysis and search for combinations of two target molecules and optimal diseases

An example of target molecule and disease discovery through comprehensive analysis

Extracts information/hypotheses that are difficult to be noticed
Significantly streamlines the research for optimal target diseases

AI Drug Discovery Technology Platform



Aiming to accelerate pipeline creation with our technology x AI drug discovery

The approach will be applied to more than just antibodies

- To discover the correlation between factors related to drug development, such as our own pharmaceutical products ⇒ target proteins (genes) ⇒ applicable diseases, through this initiative we aim to discover relationships that humans could not perceive and maximize the Group's assets by incorporating AI-based network analysis methods.
- This approach consists of: (1) Drug discovery theme selection (diseases, target molecules, etc.) ⇒ (2) Categorization of related factors (digitization); (3) Correlation analysis between factors; (4) Evaluation of analysis results; and (5) Drug discovery theme selection. However, AI can only provide answers in (4) network analysis, and thus researchers using AI will need to strengthen both their drug discovery research and data science abilities.
- Therefore, our collaboration with InveniAI is not simply on a contractor basis, but rather a collaborative format that allows for close communication between their AI experts and our researchers.
- We not only have the right to use their AI platform, but also provide On the Job Training and similar ones to master its use. Through this type of communication, we are aiming to incorporate AI drug discovery functions and know-how into the KKC Group.

3 Foundation for Digital

Reinforcing digital transformation infrastructure

— Support transformation with people and data platform —

Under Digital Vision 2030, with a focus on personnel and data, we will steadily advance efforts to reinforce digital talent and build a platform for data use across divisions within the Group in order to reinforce the infrastructure for promoting digital transformation.

To realize Digital Vision 2030, Kyowa Kirin is focusing on digital talent development among all its employees and specialized human resources.

All employees are required to receive digital literacy education at a level that will enable them to understand digital technology and the concept of data utilization as well as to utilize digital tools smoothly. We also provide content such as Massive Open Online Courses (MOOCs) to help them make progress with their own learning, and the latest information is shared daily on Digital Park, social media for sharing information that 2,600 employees access.

For our specialized human resources—digital project planners (DPPs) who plan and promote business transformation through the use of digital technology; data scientists who conduct data analyses to identify business issues and needs and make data-based decisions; and data stewards who formulate data utilization rules and processes as well as promote the utilization of data infrastructure—we have three training programs available. Consisting of short-term intensive training by level and internal and external certification systems linked to practical training, these training programs lead to career advancement and business results. A total of 206 people took the training and 79 of them received certification.

DX Specialized Education

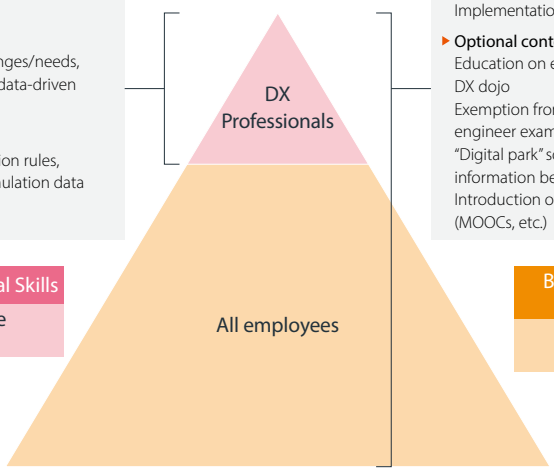
Strengthening practical skills of DX professional talent

- **Digital Project Planners (DPPs)**
  Plan and promote business transformation through utilization of digital technologies
- **Data scientists**
  Ascertain business challenges/needs, perform data analysis for data-driven decision-making
- **Data stewards**
  Promotion of data utilization rules, utilization of process formulation data infrastructure

Literacy education for all employees

Improving digital literacy of all employees
Fostering culture and discovery of suitable human resources

- **Mandatory content**
  Implementation of e-learning (once a year)
- **Optional content**
  Education on each tool (M365, RPA, BI, AI)
  DX dojo
  Exemption from fee for data processing engineer examination (three times a year)
  "Digital park" social media for sharing information between employees
  Introduction of self-learning content (MOOCs, etc.)



Strengthening Practical Skills
Focus on linkage to practice

Building Momentum and Discovery
Focus on shaping culture

Quality Assurance

Message from the CCO

Our medicines underpin patients' health

Yutaka Osawa
Representative Director of the Board,
Executive Vice President and
Chief Compliance Officer (CCO)

We aim to consistently provide world-class quality pharmaceutical products and services in compliance with our global quality, safety and compliance policies.

To continue to provide reliable quality pharmaceutical products in today's complex and dynamic risk landscapes, it is important to focus on corrective and preventive actions, with compliance and risk management at the core of our efforts. We strive to contribute to the health and wealth of people around the world by fostering a healthy quality culture so that we can act from the patient's perspective.

We believe that ensuring the stable supply of high-quality pharmaceuticals is vital for a pharmaceutical company. Having the highest level of quality and a stable supply of products are very important management imperatives, therefore, Kyowa Kirin is advancing various initiatives toward these priorities.

Q-TOWER: Symbol of Quality First

The new quality building is fully compliant with Japan, the United States, and European Good Manufacturing Practices (GMP). The Q-TOWER was newly constructed to carry out quality operations relating to quality control and quality assurance, such as the testing of biopharmaceuticals and raw material quality analysis. This new quality building is equipped with the most advanced biopharmaceutical analysis equipment, including an automated colony counter, rapid microbial testing, and robot technology. We aim to realize reliable DI (data integrity) by equipping the facility with automated and labor-saving equipment, such as a liquid handling system and an automated sample picking system, and sterility testing isolator is installed to minimize the number of false positive results during microbial tests. Also, helping create a laboratory that satisfies the latest global regulations. By introducing a test facility design that complies with the latest regulations, flexible space design has been made possible in both the laboratory area and the office area. For example, an additional laboratory for robots has been introduced in the office area. In this laboratory, the use of tracked AGVs (automatic guided vehicles) and collaborative robots under GMP control is being actively studied. We are also working to improve the efficiency of quality-related operations in conjunction with promotion of digital transformation through paperless systems and systemization. By having designed workspace areas with spatial continuity, we are providing an environment in which everyone can work healthily, creatively, and truly have an optimal workplace for fostering a positive culture.

Utilizing automated systems for viable count testing

Building a world-class Quality Assurance (QA) system

Pharmaceuticals are products that directly affect human lives. At a pharmaceutical company, quality is the responsibility of every employee. Without robust quality and compliance, we cannot earn the trust of patients, healthcare professionals, national regulatory authorities or that of society. Kyowa Kirin's Global QA Function confirms that various processes, including manufacturing and distribution, are conducted properly and in compliance with relevant laws and regulations. Our overall aim within the Global QA function is to always ensure the highest quality medicines are delivered to our patients that are in need.

Since 2019, when globalization began in earnest, we have been formulating the Kyowa Kirin Group Quality Policy and the Global Quality Roadmap to 2025 while steadily strengthening our global QA system. Under this roadmap an enterprise/electronic quality management system (eQMS) that we completed introduction in 2022 is running smoothly now. Our platform is working well to meet globally consistent standards as well as the requirements of relevant laws and regulations for each country and market we serve, by having introduced this system, which covers a wide range of quality assurance operations from deviation control, corrective action/preventive action (CAPA), training, document management, auditing, supplier management, and change management by means of a complete electronic process.

Aiming to build a preventive quality management system using risk-based approaches that we can confidently claim to be world-class, we have set globally integrated KPIs. While monitoring operational status in real time, we gather and analyze vast amounts of data collected as well as engage in continuous improvement of processes and the fostering of a quality culture routinely.

Kyowa Kirin Group Quality Policy

The Kyowa Kirin Group will contribute to the health and well-being of people around the world by consistently providing world-class quality pharmaceutical products and services in compliance with our global quality, safety and compliance policies.

Compliance and Continuous Improvement
We conduct our business in compliance with all global laws, regulations, and guidelines related to GxP. To ensure compliance, we will continuously improve our quality management system.

Cooperation and Collaboration with Stakeholders
We maintain sound relationships with regulatory authorities, suppliers, and contractors around the world to ensure a continuous supply of high-quality pharmaceutical products.

Predictive and Preventive Quality Assurance
We strive to prevent problems before they occur by using information and digital technologies to proactively identify and address risks.

Fostering a Quality Culture
We foster a healthy Quality Culture in our organization, openly discussing issues, and collaborating with our teams to ensure that we always act with integrity from the patient's perspective.

Stable Supply

Message from the CSCO

Communicating with patients as a member of the team to make things happen

Toshiyuki Kurata
Executive Officer,
Chief Supply Chain Officer (CSCO)

We believe that developing new technologies to create life-changing value, promoting the development of pharmaceutical products, and ensuring the stable supply of high-quality pharmaceuticals are vital for a pharmaceutical company. We believe it is extremely important for each employee to have a sense of responsibility for continuing to create smiles for patients, bearing in mind that even if it is just one of 100,000 doses of medicine for us, for the patient, that one dose is everything. We will continue to supply pharmaceuticals of reliable quality by taking steps to ensure a stable supply globally, pursuing stable production at our plants, and further strengthening cooperation with contract manufacturers in Japan and overseas. In addition, we will continue to digitalize and improve the efficiency of manufacturing, develop our human resources more than ever before in order to create new value, innovate technologies that give us a competitive advantage, and continue to improve the work-life balance of our employees.

Capital investment aimed at stable supply

Kyowa Kirin has two key production bases, in Takasaki City, Gunma Prefecture, and Ube City, Yamaguchi Prefecture. Primarily a base for biopharmaceuticals, Takasaki area is home to the Bio Process Research and Development Laboratories, which develop production technologies and handle regulatory filings, and Takasaki Plant, which manufactures and formulates bulk pharmaceuticals for investigational drugs and marketed products. Taking advantage of their geographical proximity, our teams work closely together. Such collaboration makes this location a world-class biopharmaceutical research and manufacturing base. Ube Plant is an automated plant specialized in oral solid dosage formulations utilizing a variety of engineering technologies. We produce and supply pharmaceutical products of reliable quality with a high degree of efficiency based on the latest manufacturing technologies and checking systems.

Construction of a new active pharmaceutical ingredient (API) manufacturing building "HB7" in Takasaki Plant is underway and is scheduled to be completed in March 2025. Manufacturing APIs for biopharmaceuticals utilizing Kyowa Kirin's unique antibody technology and protein engineering, the new HB7 Building will be equipped with both a GMP facility to manufacture APIs for use in GMP-compliant clinical trials and a pilot facility for the scaled-up verification of manufacturing methods established in our laboratories. As both facilities have been designed to have the same single-use manufacturing equipment, and the same facility configuration can be used for everything, from the initial process development of biopharmaceutical API manufacturing to the manufacturing of investigational APIs, it will be possible to manufacture high-mix, small-lot products in early phase development more flexibly and quickly. Moreover, it is planned to use the pilot facility to verify the continuous production system, which is new technology for biopharmaceutical APIs, as part of efforts to promote technological innovation directed at stable supply.

The new warehouse building is also being constructed to accommodate the expanding supply of biopharmaceuticals (products and development) in Takasaki Plant. The regulatory authorities in various countries require that strict control measures be in place for the storage of pharmaceutical raw materials, drug substances, and formulations. For that reason, the new warehouse building will comply with the standards required by each regulatory authority and be capable of stably storing biopharmaceutical raw materials, drug substances, and formulations at room, cold or frozen temperatures. The building will also have a seismic isolation structure that will enable continuous product supply and the early resumption of production even in the event of a major disaster, such as an earthquake or flood. It is assumed that key facilities will be designed to protect them from any damage caused by flooding. In addition, the facility's environmental friendliness is being taken into consideration by installing a solar power generation system on the rooftop and actively adopting energy-efficient air conditioning equipment.

Kyowa Kirin completed the construction of a new office building (named "SF Building" after the skip floor) at Ube Plant in April 2023. SF Building includes an office area, conference rooms, visitor's areas, and a cafeteria. The building features skip floors and an atrium that foster a sense of unity in the office space, promoting smooth communication among employees and departments. The building also incorporated an environment-friendly design with energy-saving systems including solar panels and natural ventilation systems. We are committed to supply high-quality pharmaceuticals stably while giving due consideration to the environment and the local communities.

New biopharmaceutical API manufacturing building, "HB7" (Scheduled to be completed in March 2025)

Supply Chain Management (SCM) and other initiatives

The number of countries in which global strategic products such as Crysvita are sold is steadily increasing, and the overseas revenue ratio, which was 48% in 2020, is expected to reach 70% in 2024. In accordance with this expansion, the supply chain related to manufacturing and distribution, including outsourcing, is becoming more and more complex, and Kyowa Kirin is focusing on its management and resilience.

Kyowa Kirin's SCM Function is responsible for accurately monitoring and controlling this complex situation so that our pharmaceutical products reach the patients who need them, when they need them, and in precisely the quantity needed. To control the supply-demand balance with a high degree of precision, the SCM Function serves as a coordinator, building strong partnerships internally in particular with the quality assurance, production, and sales functions as well as externally with contract manufacturing companies and logistics companies. At the same time, by further evolving S&OP* initiatives, the SCM Function helps to optimize inventory levels while supporting rapid decision-making by management.

Transportation risks arose in 2022 due to the Russia-Ukraine conflict, but Kyowa Kirin has continued to maintain stable supplies through SCM Function-centered cooperation and response. For the Company to keep this up going forward, in addition to early anomaly detection and continuous improvement through supply chain KPI monitoring, we are planning a raft of measures designed to maintain a stable supply. These measures include building and updating stable supply Business Continuity Plans (BCPs) and the dispersing of our storage locations for APIs over multiple sites. We will also further expand measures to counter the problem of counterfeit drugs, which has become increasingly serious in recent years, and contribute to the creation of an environment in which patients can receive treatment with peace of mind.

* Abbreviation for Sales and Operations Planning. A system that enables sales and production/operational divisions to confirm plans and results, both in quantitative and monetary terms. S&OP ensures alignment on the optimal plan for the Company, increasing the accuracy and speed of decision making to support the achievement of the Company's financial targets

Retain the trust of society

Ensure a Thriving Global Environment for Future Generations

We are actively working to conserve the environment for future generations. As part of this commitment, we aim to decarbonize our company, including the value chain.

Environmental Management

Having incorporated priority environmental issues from the perspective of their impact on the sustainability of society and on the Group's business in its FY2021–2025 Medium Term Business Plan, Kyowa Kirin is setting targets for each fiscal year and implementing measures accordingly. In particular, we have positioned climate change mitigation and adaptation and water resource management as core environmental issues. As well as our annual targets, we have set medium- and long-term targets, developing a range of measures to achieve these.

We have established and are operating a governance structure for Kyowa Kirin's environmental management. The Executive Vice President has been appointed as its chief executive officer. (For details, see 'Responding to the Task Force on Climate-related Financial Disclosure (TCFD)—Governance (relating to environmental issues)' on page 41.)

In our daily environmental management activities, we operate all of our domestic plants and research laboratories in accordance with the ISO 14001 environmental management system.

Addressing climate change

The Kirin Group, of which Kyowa Kirin is a member, has formulated the Kirin Group Environmental Vision 2050. In its vision, the Kirin Group has set a goal of achieving net-zero greenhouse gas emissions in its entire value chain by 2050 as a "Society that has overcome climate change," a society in 2050 that we want to create together regarding climate change.

In order to realize a society that has overcome climate change, as with the Kirin Group, Kyowa Kirin has raised the target of achieving net zero greenhouse gas emissions throughout the value chain by 2050. Moreover, Kyowa Kirin has adopted several more specific medium- and long-term targets, including fully converting power consumed by the Group to renewable energy by 2040 and reducing CO_2 emissions in 2030 by 55% from the 2019 level. As specific commitments related to climate change, we have raised the charges of "Promoting early reduction of CO_2 emissions" through "Energy conservation" and "Expansion of renewable energy" including capital investment, and "Promoting energy conversion." In this respect, we have created a road map for achieving the 2030 target, and set forth a short-term target (FY2024 CO_2 emissions: 51% reduction compared with 2019). We will also utilize the Kirin Group as a network in an effort to contribute to the realization of this vision by actively developing climate change measures that leverage our business characteristics.

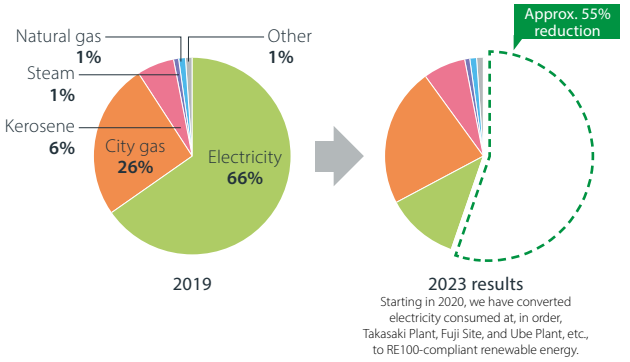
To promote the use of renewable energy, Kyowa Kirin has been promoting the introduction of solar power generation equipment at our major business locations in Japan since 2011. As of the end of FY2023, such equipment is in operation at Tokyo Research Park, Fuji Site and Takasaki Plant. In March 2023, we also began operating a large-scale solar power generation facility (1.47 MW) at Ube Plant using an on-site power purchase agreement (PPA) model. Moreover, we also operate solar power generation facilities at Kyowa Kirin China Pharmaceutical Co., Ltd. (Shanghai), and at Kyowa Kirin USA Holdings, Inc./Kyowa Kirin, Inc. (North America). In the meantime, we have been gradually introducing RE100-compliant renewable energy at Takasaki Plant, Fuji Site, and Ube Plant since 2020, switching 100% of the electricity consumed at each plant to renewable energy. By introducing these renewable energy projects, of the approximately 78,000,000 kWh of annual power consumed by the Kyowa Kirin Group in FY2023, approximately 65,400,000 kWh were switched to renewable energy with zero CO_2 emissions. When combined with the reduction effects of our energy-saving initiatives, the Group's annual CO_2 emissions declined by approximately 55% (28,300 t).*1 In 2021, RE100-compliant renewable energy was also introduced for the electricity of the head office.*2

Going forward, the plan is for us to have switched energy consumption to 100% renewable energy at our major business locations in Japan by 2025, and energy consumption at all of our group business locations, including overseas sites and domestic branch and sales offices, by 2030. In addition, we will continue to expand the introduction of solar power generation facilities at our domestic and overseas plants and research laboratories, among other facilities.

Each plant and research laboratory*3 sets its own energy intensity reduction targets for a single year, implementing measures to improve production efficiency. Unit energy consumption in FY2023 was 6.4% lower than the previous year.

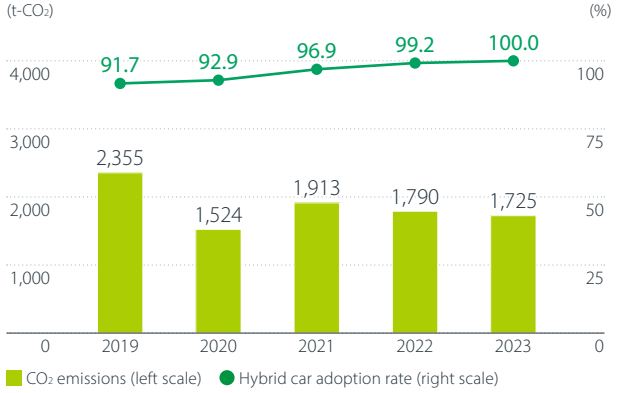
Also working to reduce CO_2 emissions from our sales vehicles, since 2009 we have been promoting the introduction of hybrid cars for our sales vehicles (company cars) in Japan. Since FY2019, all newly introduced sales vehicles have been hybrid cars. As a result, by the end of FY2023 we had completed the introduction of hybrid cars for all sales vehicles used in Japan (achieved a hybrid car adoption rate of 100%).

Ratio of emissions by energy type and CO_2 emission reduction effect from introducing renewable energy, etc. (all plants and research laboratories in Japan and overseas)



Large-scale PPA model solar power generation facility at Ube Plant

CO_2 emissions from sales vehicles and hybrid car adoption rate



Retain the trust of society

Water resources management

Kyowa Kirin conducts water risk assessments (such as water shortage/water stress, flooding, and water pollution of water sources risk assessments by WRI Aqueduct and WWF Water Risk Filter) at each plant in Japan and overseas.

As a result of the assessments, we identified that Ube Plant has a higher risk of flooding due to droughts and storm surges and that at Kyowa Kirin China Pharmaceutical Co., Ltd. (Shanghai) the risks of water shortages and flooding were greater than at other plants. In the latest local flooding simulation published by the Ministry of Land, Infrastructure, Transport and Tourism, it is assumed that Takasaki Plant would suffer flood damage.

In response to these results, alongside soft measures such as reviewing or formulating plant BCPs for large-scale natural disasters, we are also implementing hard measures such as flood prevention measures at facilities to avoid or minimize these risks.

Under the Kirin Group Environmental Vision 2050, Kyowa Kirin is working to conserve water and protect water resources in accordance with the Kyowa Kirin Group Environmental Policy. We set our 2030 water withdrawal reduction target to a 40% reduction from 2019 levels, and have also set short-term targets to achieve the 2030 target. As of the end of FY2023, we have achieved a 36% reduction from the 2019 level*1 against our 2030 water withdrawal reduction target. Furthermore, to improve the efficiency of water use, each year we set and manage water consumption intensity targets for each plant and research laboratory. In 2023, our water consumption intensity was 9.0% lower*3 than the previous year.

Biodiversity

At Kyowa Kirin, we are using our procurement activities to help protect the world's forests. Specifically, we have adopted FSC®-certified products*4 for materials such as company envelopes, company brochures, and cardboard product packaging.

In accordance with the Kirin Group Action Plan for Sustainable Use of Biological Resources, which was revised in 2021, we continue to study applications for FSC®-certified products. In addition to expanding their use for domestic product packaging cardboard boxes, we are considering using them for materials such as product inner boxes. We are also considering the use of FSC®-certified products for overseas business sites and products.

As part of its activities to preserve ecosystems and ensure biodiversity, Kyowa Kirin has been working to protect water resources through its engagement in the Kirin Group's water-source preservation project since FY2007. Takasaki and Ube Plants carry out weeding, planting and tree thinning to create forest areas that provide water resources. In addition, for the eighth year running*5, Kirin Holdings Company, Limited has been recognized as the highest Water Security A List company by CDP, an international non-profit organization that provides an environmental data disclosure system. CDP praised the Kirin Group, of which Kyowa Kirin is a member, for its efforts in protecting water resources, evaluating river basin water risks at manufacturing sites, and for formulating and implementing strategies that reflect those risks.

Kyowa Kirin business sites also work with various local communities to preserve ecosystems, including releasing young amago trout into rivers, or protecting grasslands of Akiyoshidai in Yamaguchi Prefecture. Fuji Site continues to participate in collaborative activities with local government, such as Shizuoka Prefecture's River Friendship Program, which organizes cleanups of local rivers, and a campaign to clean up trash from areas around Mount Fuji. Through these activities, we will continue to support local communities and raise awareness of the importance of preserving the beauty of the natural environment and protecting biodiversity.

In our research, development, and manufacturing of pharmaceutical products, we have established an in-house committee to ensure compliance with the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms ("the Cartagena Act") and to conduct appropriate management.

The Kirin Group is advancing a range of initiatives in this area, including the Kirin Group Declaration of Support for Biodiversity Conservation, formulated in 2010, and the Kirin Group's Guidelines on Sustainable Sourcing of Biological Resources, formulated in 2013.

Other environmental impact reduction related topics

Ube Plant's new office building, which was completed in April 2023, received ZEB (net Zero Energy Building) certification*6 as a first for both the Kyowa Kirin Group and the Kirin Group. Moreover, construction of Q-TOWER, a new quality assurance-related complex facility completed in December 2022 at Takasaki Plant, adopted the precast-prestressed concrete (PCaPC) construction method*7. In addition to improving productivity as a result of shorter construction times and ensuring safety and high quality, this approach also helped mitigate environmental impact by curtailing noise levels around the construction site, reducing waste as a result of fewer secondary materials, and realizing resource- and material-savings.

*1 Calculated based on FY2019 data for Kyowa Kirin Group's plants and research laboratories in Japan and overseas.
*2 Otemachi Financial City Grand Cube, where Kyowa Kirin's head office is located, has adopted RE100-compliant electricity derived from renewable energy sources.
*3 Kyowa Kirin Group plants and research laboratories in Japan and plants overseas.
*4 Kyowa Kirin has obtained an FSC® promotion license (FSC® N003037).
*5 From the most recent assessment results (FY2023 assessment) as of February 29, 2024.
*6 A certification granted to buildings designed to achieve a net zero energy balance by reducing primary energy consumption through energy-saving measures and by introducing renewable energy, etc., while realizing a comfortable indoor environment.
*7 A construction method in which concrete members are manufactured in advance at a construction materials plant, etc., and assembled on site.

TOPIC — Working together as one Group to protect the environment —

Adoption of FSC®-certified paper

Forestry activities to preserve water resources

New ZEB certified office building (Ube Plant)

Q-TOWER constructed using the PCaPC construction method (Takasaki Plant)


Exterior


Laboratory


Office area

Retain the trust of society

Responding to the Task Force on Climate-related Financial Disclosures (TCFD)

Since announcing our endorsement of the TCFD recommendations in 2021, Kyowa Kirin has identified the risks and opportunities that climate change poses to our business, as well as the impacts of these risks and opportunities. We have organized our findings into four areas: governance, strategy, risk/opportunity management, and indicators and targets in line with TCFD recommendations.

Governance (relating to environmental issues)

Issues related to risks and opportunities in climate change, as well as environmental activity policies and results are positioned as important matters in the Group's environmental management. These issues are reported, deliberated upon, and decided by the CSR Committee, which is chaired by the Representative Director and Executive Vice President, who has the highest responsibility for overall environmental management. The content of these discussions is reported to the Board of Directors. In addition, from FY2020 we put in place a TCFD Study Team within the CSR Management Department, which is responsible for the environmental management control function. This team studies the identification and evaluation of climate change-related risks and opportunities and our response to them. We are addressing climate-related issues as part of management strategy by regularly reviewing the risks and opportunities that have been identified and reporting them to and having them brought up by the CSR Committee.

Strategy

We aim to achieve a world in which the average temperature increase is limited to 1.5°C or less, as outlined in the Paris Agreement. We are reviewing our climate change response based on the results of our scenario analysis of climate change-related risks and opportunities and also in the context of the Kirin Group Environmental Vision 2050. We are incorporating these findings into our business strategy and advancing measures accordingly.

As mitigation measures, to support the achievement of net-zero greenhouse gas emissions throughout the value chain by 2050, we have set our 2030 CO_2 reduction target to a level corresponding to the Science-Based Target (SBT) 1.5°C target,* prepared a roadmap for achieving this target, and set short-term targets. Having incorporated targets (CO_2 emission reduction achievement rate, renewable energy introduction rate, 1% reduction in energy intensity compared with the previous year, etc.) for each fiscal year in the FY2021–2025 Medium Term Business Plan, we are promoting measures, such as the early introduction and expansion of renewable energy, energy conservation, and energy conversion, and responding to the risks associated with the transition to a decarbonized society.

As an adaptive measure, we will formulate a Business Continuity Plan (BCP) for large-scale natural disasters. This will address the impact on global production activities arising from flooding of plant and research laboratory premises. We respond to physical risks by implementing flooding prevention measures and capital investment as required. Going forward, we will continue to minimize risk by assessing and addressing the impact throughout our supply chain.

On the other hand, an increase in the number of hay fever sufferers had led to expectations of an opportunity for the allergy drug market. However, we believe the actual impact on sales revenue will be limited. Recognizing that this will form an important point in future business strategies, we will continue to consider new developments in this field to meet medical needs based on our management philosophy.

* Science-based corporate greenhouse gas emissions reduction targets consistent with the Paris Agreement levels

Risk/opportunity management

To identify risks and opportunities, we comprehensively assess—based on scenario analysis for each risk and opportunity—the expected timing and probability of occurrence, the scope and magnitude of impact, and the nature of countermeasures. We manage these risks and opportunities by identifying those that have a significant impact on business, that involve a high degree of social responsibility, or have a high probability of occurrence. We monitor and manage, on a quarterly basis, our measures to address the risks we have identified.

Metrics and targets

In 2021, we set a new 2030 CO_2 emissions reduction target of 55% reduction from 2019 levels. This is based on the SBT 1.5°C target. In addition to creating a roadmap for achieving these new targets, we have set short-term targets (2024 CO_2 emissions: 51% reduction compared with 2019). Incorporated into our FY2021–2025 Medium Term Business Plan, we are setting and managing annual targets for each fiscal year, while studying and developing measures to achieve them.

In addition, the Kirin Group has set a goal, based on the Kirin Group Environmental Vision 2050, of achieving net-zero greenhouse gas emissions for the entire value chain by 2050. As medium-term targets, the Group has upwardly revised its greenhouse gas reduction target to a 50% reduction in Scope 1 + Scope 2 and a 30% reduction in Scope 3 by 2030 compared to 2019 (approved for the SBT 1.5°C target). A target of 100% renewable energy sources for electricity consumption has been set for 2040 (RE100 member). As with the Kirin Group, the Kyowa Kirin Group has raised the goal of achieving net zero greenhouse gas emissions throughout the value chain by 2050. As a more specific medium- and long-term target, we aim to adopt renewable energy for all energy consumed by 2040, and are working with the Kirin Group to achieve this goal.

The greenhouse gas emissions in the Kyowa Kirin Group's value chain (Scope 3) are calculated by dividing them into 15 categories in accordance with the Ministry of the Environment's guidelines, which are consistent with the GHG Protocol. To achieve the Kirin Group's goal of net-zero greenhouse gas emissions for the entire value chain by 2050, we will continue to work on reducing Scope 3 emissions.

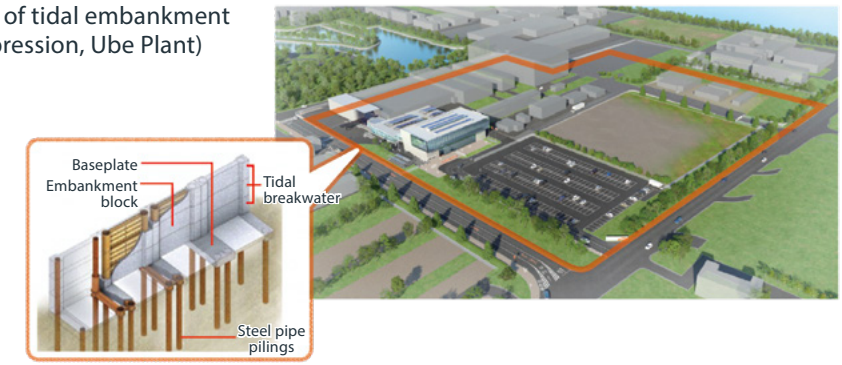
Analysis of risks, opportunities and financial impact related to climate change

Pink: Risk Blue: Opportunity

Scenario classification		Climate change-related drivers with impact assessment	Potential impact	Change through response (resilience)
Transition risk	Policy and regulations	Carbon pricing (decarbonization, emissions trading schemes)	Small	±0
		Tighter CO_2 emission regulations	Slight	Small
	Population/economy/geopolitics	Population growth in emerging economies/economic globalization	±0	±0
	Community	Changing social values	Slight	±0
Physical risk	Increase in average temperature and change in rainfall pattern (acute)	Extreme temperature rises	Small	Small
		Increased torrential rains, typhoons, and floods	Large	Slight
	Increase in average temperature, changes in rainfall pattern (chronic)	Changes in hay fever patients	Medium	Medium
		Increased energy consumption due to increased air conditioning load	Small	Small

- Achieve 2030 target early and reduce CO_2 emissions
- Review workplace BCPs for major natural disasters
- Disaster preparedness of facilities

Installation of tidal embankment (artist's impression, Ube Plant)



Human Rights

Basic Policy and Internal System

In accordance with the full-scale globalization of our business, the impact of our activities on rights-holders (those facing human rights issues) around the world is expanding. The co-creation of value with stakeholders is essential in the provision of life-changing value. In doing so, we believe that it is necessary to consider the human rights of not only our employees but also of those related to our business partners. Having launched a working team, consisting of the Strategy Division, CSR Management Department as well as the Procurement and HR departments in 2022 to fulfill the corporate social responsibility that is respect for human rights, we have commenced initiatives with regard to business and human rights. Having obtained the assistance of external experts, the specified non-profit organization Caux Round Table Japan (CRT Japan), under the United Nations Guiding Principles on Business and Human Rights and based on the demands of society and the laws and regulations of each country, we are promoting the establishment of an internal system to fulfill our responsibility to respect human rights as a company.

Moreover, in December 2022 we formulated the Kyowa Kirin Group Human Rights Policy. Along with conforming to the United Nations Guiding Principles on Business and Human Rights, this Policy expresses our intent to respect the Declaration of Helsinki in the same manner we would any other international norm as a pharmaceutical company. This Policy also stands as our promise to engage in initiatives involving respect for human rights as based on internal policies and regulations, and states that we will support and respect various international norms regarding human rights. With this policy as our commitment, we will promote corporate activities that respect human rights.

Kyowa Kirin Group Human Rights Policy
https://www.kyowakirin.com/sustainability/human_rights_labor_practices/human_rights/index.html

Human rights due diligence

In the presence of CRT, in 2022 we held a human rights due diligence workshop, during which we identified human rights themes faced by Kyowa Kirin. As a result of this workshop and an assessment made through a desktop study, we identified the priority issues that must be addressed by the working team. Similarly, in 2023, we conducted a survey of foreign technical intern trainees at a supplier used by Takasaki Plant. Together with CRT, we directly interviewed the management department and technical intern trainees at SHIN-NIPPON WEX CO., LTD.,* which actually employs the technical intern trainees. These interviews confirmed that SHIN-NIPPON WEX respects the human rights of its technical intern trainees, and does not present any specific issues of concern regarding human rights violations at the current time. Although it is difficult to assess the entire value chain, which includes the supply chain, we will continue to conduct a cycle in which we survey and evaluate human rights issues that have emerged or present a high potential risk of doing so, engage in the requisite initiatives, advance to the next step based on the results of these efforts, and disclose the outcomes.

* The link for SHIN-NIPPON WEX CO., LTD. is included below.
https://www.wex.co.jp/english/

Constructing a correction and complaint handling mechanism

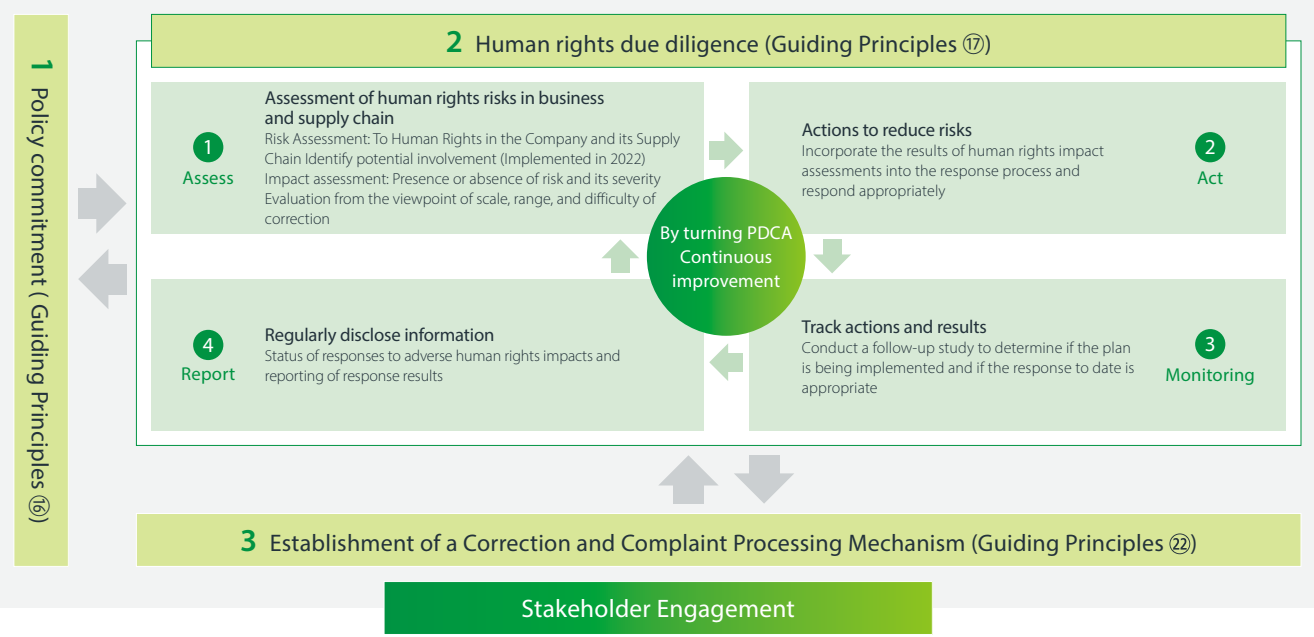
In cooperation with Kirin Holdings, we are standing members of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). As a member, we have established a human rights whistleblowing system for use by all stakeholders, including those working in the supply chain, anyone in local communities suffering negative effects from the standpoint of human rights, and all individuals, or their representatives, who may be subject to such. We report on our JaCER membership at the briefings we hold for suppliers each year, and aim to construct a system for receiving reports from further upstream along the supply chain.

Realizing responsible procurement

Growing social pressure in recent years regarding human rights and the environment has led to the demand to manage entire supply chains, including suppliers. International standards regarding supplier management have also emerged, as represented by the PSCI* Principles for Responsible Supply Chain Management (hereafter, PSCI Principles). Because our business extends across the globe, we have also advanced efforts within the Group to establish a Supplier Code of Conduct for each region. Triggered by these changes in the environment, however, in 2023 we revised the content of these codes to create a unified global Supplier Code of Conduct. Through this revised Group Supplier Code of Conduct, we will practice supplier management in a manner that better addresses the demands of society, and aim to contribute to stable supply by promoting sustainable procurement in a way that links with the supply chain.

* The Pharmaceutical Supply Chain Initiative (PSCI) is a non-profit membership organization founded in the US in 2013 by six major pharmaceutical companies. The PSCI's vision is to realize excellence in safety, environmental, and social outcomes across the entire global pharmaceutical and healthcare supply chain.

Major items that enterprises should follow under the Guiding Principles on Business and Human Rights (UN Approval 2011)



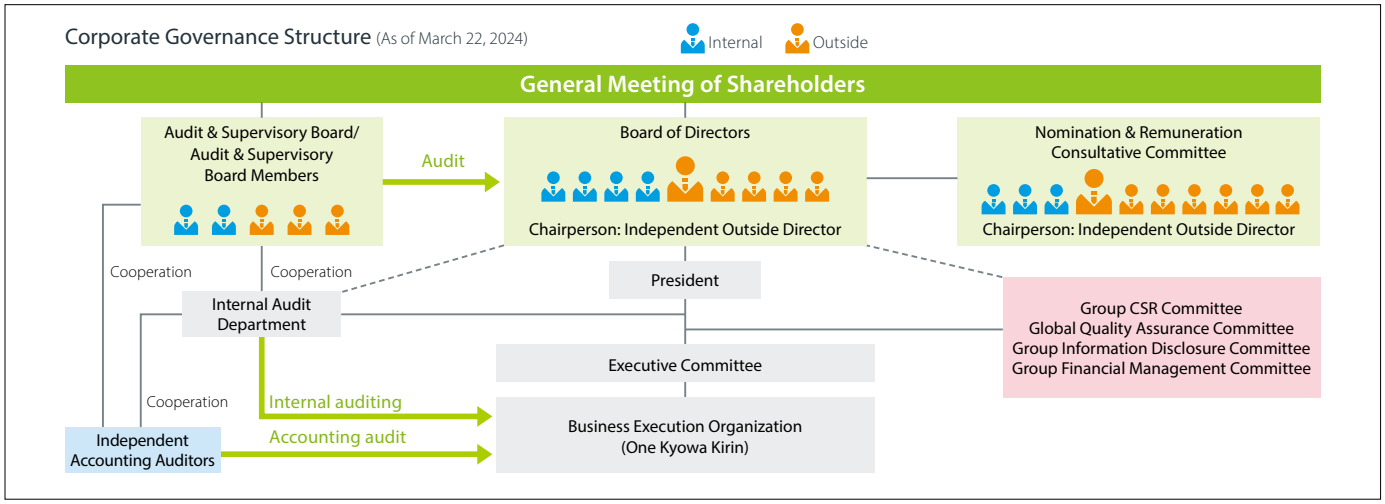
Governance

Basic Policy on Corporate Governance

Based on our philosophy that states that "The Kyowa Kirin Group companies strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies," on its values as well as on its vision and medium-term business plans, Kyowa Kirin, as a company responsible for delivering social infrastructure, will work on the enhancement of its corporate governance. It will be achieved not only by ensuring transparency and fairness in decision-making to achieve sustainable growth and increase corporate value over the medium to long term but also by establishing the structures necessary for speedy and strong decision-making and the execution of management duties, and for appropriate monitoring and supervisory functions.

The Company is therefore implementing all the principles of the Corporate Governance Code.

A Transparent Governance Structure That Leverages the Strengths of Outside Directors and Outside Audit & Supervisory Board Members



Outside Directors and Audit & Supervisory Board Members Independence Criteria

In connection with the requirements designed to ensure the independence of outside directors and Audit & Supervisory Board members and thereby to ensure the transparency and objectivity of their governance function as they exert proper management oversight, Kyowa Kirin has put in place and made public details of its own unique set of selection standards. To ensure independence in relation to our Group, the Company had referred to the provisions for independent outside directors and Audit & Supervisory Board members stipulated in the enforcement rules for securities listing regulations of the Tokyo Stock Exchange as well as the independent directors' nomination reference model created by the Japan Association of Corporate Directors in 2011.

Functions of Outside Directors/ Audit & Supervisory Board Members

In order to improve the fairness and transparency of its corporate governance while ensuring the Group's sustainable growth and boosting corporate value over the medium to long term, Kyowa Kirin appoints a majority (five out of nine directors) of independent outside directors who meet the Company's criteria for independence as outside directors.

Our outside directors have various backgrounds, expertise, and experience. They apply their wealth of experience and knowledge to the management of the Company, supervising the Company's management from an objective and fair perspective. The Company's outside Audit & Supervisory Board members apply their expertise, knowledge, and experience to auditing the Company's management from an objective and neutral standpoint, ensuring the reliability and soundness of our management.

Directors and Board of Directors

Taking into account its fiduciary duties and accountability to shareholders, the Board of Directors works diligently to realize the Company's corporate philosophy, and secure the Group's sustainable growth while increasing corporate value over the medium to long term, by establishing effective and efficient corporate governance. The Board of Directors makes decisions on significant matters pertaining to business execution by the Group. This includes the long-term management vision, medium-term and annual business plans of the entire Group and key Group companies, as well as statutory matters. The Board of Directors is also responsible for supervising the execution of directors' duties, developing basic policy on sustainability and overseeing the initiatives carried out thereunder, and establishing appropriate internal control systems across the Group by collaborating with the Internal Audit Department. In addition to items stipulated by law and the Articles of Incorporation, the Board of Directors stipulates matters to be resolved by the Board of Directors in the Regulations of the Board of Directors and delegates other authority related to business execution to the executive officers in charge of each business operation.

With respect to the Board's composition, the maximum number of directors is 10, in accordance with the Articles of Incorporation. Upon considering the skill set—that is, knowledge, experience, capabilities and insights—necessary for a Global Specialty Pharmaceutical Company and ensuring diversity, we established a transparent governance system, which is well-balanced as a whole. In order to ensure the effectiveness of objective management oversight, independent directors who have been appointed to the Board from outside the Company are in the majority, and the position of Board Chair is assumed by Mr. Akira Morita, who is an independent outside director. Policies and procedures for the selection of director candidates are discussed by the Nomination & Remuneration Consultative Committee and decided by the Board of Directors.

As of March 22, 2024, the Company has nine directors (seven males and two females, five of whom are independent outside directors). In principle, the Board of Directors meets once a month to make decisions on important matters such as management policies and to supervise business execution. In FY2023, the Board of Directors met 15 times, making decisions on important matters that included the Company's management policies and supervising the execution of duties by directors.

Audit & Supervisory Board Members and the Audit & Supervisory Board

As an independent body mandated by shareholders, the Audit & Supervisory Board and its members audit the directors as they carry out their duties as means to supervising and verifying the status of establishing sound management for the Group's sustainable growth and enhancement of corporate value over the medium to long term. Leveraging the ability of full-time members to gather information within the Group as well as their independence, Audit & Supervisory Board members actively express their opinions at Board of Directors' meetings. At the same

time, Audit & Supervisory Board members also strive to put in place and improve the framework used to ensure the effectiveness of auditing by each member. Furthermore, in order to better provide information to outside directors, Audit & Supervisory Board members exchange opinions with outside directors, and provide information which they have obtained through their auditing activities.

The Audit & Supervisory Board comprises persons with appropriate knowledge of finance and accounting matters. In accordance with the Company's Articles of Incorporation, the Audit & Supervisory Board has at least three members, at least half of whom are outside Audit & Supervisory Board members.

As of March 22, 2024, the Company had five Audit & Supervisory Board members (three males and two females, three of whom are Outside Audit & Supervisory Board members).

Evaluation of the Board of Directors' Effectiveness

To identify gaps between expected roles and responsibilities of the Board of Directors set forth in the "Kyowa Kirin Corporate Governance Policy" and the actual state of the Board of Directors in 2022–2023, we conducted an evaluation on the effectiveness of the Board of Directors. With respect to the evaluation of the Board's effectiveness, from the perspective of ensuring the effectiveness of governance, we identified wide-ranging issues, not limited to operational issues of the Board of Directors.

1. The evaluation method for Board effectiveness in 2023

Since 2020, when the current medium-term business plan was formulated, questionnaires and interviews with some executives have been conducted by external advisors for the purpose of identifying issues from a medium- to long-term perspective. This year, with the aim of gathering a wider range of opinions, the interviews were expanded to include all board members. With the advice of the external advisors, we analyzed the results of the questionnaires and interviews as well as exchanged opinions with all directors and Audit & Supervisory Board members before making an evaluation.

2. Results from 2023 effectiveness evaluation

In making the evaluation, we also referred to the questionnaire scores, comments arising from the questionnaires and interviews, external advisors' opinions, and exchanged opinions at Board of Directors' meetings. The results showed that the Board of Directors is functioning properly, and we concluded that its effectiveness was secured. This year, as in the previous year, we set questions for the members of the Nomination & Remuneration Consultative Committee, an advisory body to the Board of Directors, and concluded that the appropriateness of access to information as well as agenda/deliberation are ensured.

Corporate Governance Report
https://ir.kyowakirin.com/en/management/governance.html

3. Achievements in addressing issues identified in the 2023 evaluation

	Issues from 2023 evaluation	Achievement
❶	**Further deepening of discussions on growth investments, etc. for medium- to long-term growth strategies**	In addition to providing opportunities to discuss capital policy, we also had discussions on medium- to long-term growth strategies along with policies for the effective use of capital. We increased opportunities to discuss the state of progress of strategies against the Medium Term Business Plan.
❷	**Deepening Board of Directors' involvement to further strengthen risk management**	To deepen discussions on further strengthening risk management, the Board of Directors was given the opportunity to become more deeply involved, such as by holding intensive discussions among its members on risk recognition in view of medium- to long-term environmental changes.
❸	**Discussions relating to the ideal global governance system**	Regarding the state of global governance, we discussed and implemented a structure (the OKK structure) to realize our vision as a Global Specialty Pharmaceutical (GSP) company. Based on the issues that arose during those meetings, opportunities were created for discussions on governance methods to further realize where the Company wants to be.
❹	**Further improvement of Board of Directors' operations to improve its effectiveness**	To ensure sufficient time for deliberations on important matters, we reorganized the structure of deliberations on individual agenda items and matters to be addressed. We also increased opportunities for reports from departments in charge to further deepen the understanding of the operations of the departments in charge at Board of Directors' meetings.

4. FY2024 initiatives

Based on the evaluation results of the Board's effectiveness, we plan to implement the following measures for improvement in 2024:

	FY2024 issues	Initiatives
❶	**Enhancement of discussion of growth strategies in light of environmental changes**	Discussing and reporting on the impact of environmental changes on annual plans, etc. Intensive discussions on the direction of growth strategies based on analysis of the gap between the assumptions made when formulating the growth strategies and the current situation, and impact changes
❷	**Enhancement of discussions on individual important themes linked to the growth strategies**	Increased opportunities for discussion on individual strategies based on growth strategies designed to realize the vision
❸	**Creation of a discussion environment focused on big-picture discussions and supervisory functions**	Further devising of ways to improve Board of Directors' meeting materials and operations to support the Board of Directors in fulfilling its role Provision of a forum where the Board of Directors can regularly share the scheduled agenda and confirm excesses and deficiencies in the agenda and future developments

Board Members with a Wide Array of Skills

The Board of Directors comprises diverse individuals with various skills (knowledge, experience, etc.). This is to enable the Board of Directors to fulfill its decision-making and management oversight functions appropriately and to enhance the transparency of our governance structure.

	Name	Outside Independent	Board Chair	Nomination & Remuneration Consultative Committee	Professional skills									
					Corporate management/ Business strategy	Global business	Finance, accounting and banking	Legal, governmental affairs and compliance	HR and labor	Healthcare	R&D	Production and SCM	IT/DX	Sustainability
Directors	Masashi Miyamoto			●	●	●		●		●	●			
	Yutaka Osawa			●	●			●		●	●	●		
	Takeyoshi Yamashita			●	●	●		●		●	●		●	●
	Shinjiro Akieda				●	●	●	●					●	●
	Akira Morita	●	●	●				●		●			●	
	Yuko Haga	●		●	●	●				●				
	Takashi Oyamada	●		Chairperson	●	●	●		●					
	Yoshihisa Suzuki	●		●	●	●					●	●	●	
	Rumiko Nakata	●		●					●	●				
Audit & Supervisory Board Members	Hiroshi Komatsu				●	●	●			●				
	Hajime Kobayashi					●	●		●					
	Tomomi Yatsu	●		●			●	●						
	Mayumi Tamura	●		●	●	●	●							
	Toru Ishikura									●	●	●		●

Initiatives to Strengthen Governance of Executive Organization

- Established One Kyowa Kirin, a matrix management system comprising a four-unit regional dimension, a functional dimension, and a product (franchise) dimension
- To strengthen the regional executive oversight function, boards of directors have been established at overseas regional operating companies.
- Appointment of at least two non-executive directors who possess experience in global pharmaceutical business as directors of each overseas region
- Initiated direct exchanges of opinions between regional non-executive directors, Kyowa Kirin directors, and outside directors

Paul Carter
(Gilead Sciences, GlaxoSmithKline, Sterling Health, Arthur Anderson)

Francoise De Craecker
(Novartis, Avexis, Chiesi Farmaceutici, Horizon Pharma, Raptor Pharmaceuticals, Pharmacia, Smith & Nephew)

Olivier Daubry
(GSK, Celgine, Sanofi)

Iris Kang
(Pfizer, AstraZeneca, Schering-Plough, Bayer)

James Shannon
(Novartis, GSK, Sterling Winthrop)

Paula Soteropoulos
(Genzyme, Moderna, Akcea)

Gary Zieziula
(Merck, BMS, Roche, AMAG Pharmaceuticals)

EMEA
Kyowa Kirin International plc.

ASIA PACIFIC
Kyowa Kirin Asia Pacific Pte. Ltd.

NORTH AMERICA
Kyowa Kirin USA Holdings, Inc.

Expansion of CxO system

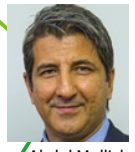
Driving growth as a Japan-based GSP, the following CxOs have been appointed to assist the CEO, and a system put in place by which all functions report to a CxO. They are responsible for improving the speed of decision-making and the strengthening of the execution system.

Motohiko Kawaguchi
CFO

Yutaka Osawa
CCO

Masashi Miyamoto
CEO

Takeyoshi Yamashita
CMO



Abdul Mullick
CIBO

Shoko Itagaki
CPO

Toshiyuki Kurata
CSCO

Yasuo Fujii
CSO

Basic policy on remuneration of Directors of the Board and Audit & Supervisory Board Members

Remuneration for Directors of the Board and Audit & Supervisory Board members is designed to increase commitment to the Company's further sustainable growth and improvement in corporate value, to attract and retain suitable talent who aspire to help the Company make the leap forward to a Global Specialty Pharmaceutical Company, to motivate executives to contribute to the Company by fulfilling their respective duties as directors or Audit & Supervisory Board members and determined through a transparent and appropriate process by adopting an objective viewpoint.

In order to realize this basic policy, investigations and deliberations on executives' remuneration are conducted by the Nomination & Remuneration Consultative Committee, which consists of a majority of outside directors and outside Audit & Supervisory Board members, and is chaired by an outside Director.

Claw back provision

Kyowa Kirin has established a claw back provision that allows the Nomination & Remuneration Consultative Committee to request the return of Executive directors and executive officer remuneration in the case of such events as illegal acts or violations of laws and regulations.

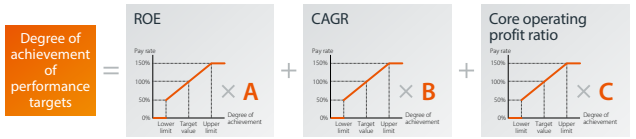
Executive Remuneration

	Fixed remuneration	Variable remuneration		
		Short-term incentive remuneration (variable)	Medium- to long-term incentive remuneration (variable)	
Type	Basic Remuneration	Performance-linked annual bonus	Share-based remuneration	
			Restricted share-based remuneration	Performance-linked, share-based remuneration (Performance Share Unit)
Payment eligibility	Directors and Audit & Supervisory Board members	Executive directors	Executive directors	
Purpose (Incentive for Officers)	Provide remuneration commensurate with the role and responsibilities of each officer, referencing peer company size and remuneration levels	Raise awareness toward the need to contribute to improving business performance each fiscal year	Have executive Directors of the Board of the Company share in the benefits and risks of share price fluctuations with the shareholders and enhancing their contribution to increase of the share price and corporate value more than ever before	Clarify the linkage between Executive directors' remuneration and the Company's business performance, and share price, and thereby provide them with incentives for achieving the Medium Term Business Plan and sustainable growth of corporate value, as well as to facilitate their sense of sharing value with shareholders
Payment method	Cash	Cash	Stock	Stock and cash (in roughly equal amounts)
Payment schedule	Monthly	A certain time each year (generally April)	A certain time each year (generally April)	
Evaluation indicator	—	Annual targets (revenue and profit)	—	ROE / CAGR / core operating profit ratio
Factor for determining the amount of remuneration	Role and responsibilities	Achievement of targets (Payment rate of 0% to 200%)	Base amount determined based on basic remuneration and stock price	Base amount determined based on basic remuneration, stock price, and achievement of targets for three consecutive fiscal years (Variation rate of 0% to 150%)
Approximate ratio (when performance targets are achieved)	1	Around 1 to 1.2		
	1	Around 0.4 to 0.5	Around 0.6 to 0.8	

Mechanism of linking bonus to performance (Illustrative image)

The weights for Executive directors in FY2023 are A to B =3 to 7.

Mechanism of calculating the degree of achievement of performance targets (Illustrative image)



The weights for Executive directors in FY2023 are A to B to C = 1 to 1 to 1.

Remuneration*1 by position (FY2023)

Position	Total Remuneration (Millions of yen)	Breakdown of Remuneration (Millions of yen)				Number of Eligible Officers
		Fixed remuneration	Variable remuneration			
			Performance-linked remuneration		Non-monetary remuneration	
		Basic Remuneration	Performance-linked annual bonus*2	Performance-linked share-based remuneration*2	Restricted share-based remuneration*2,3	
Directors (Excluding outside directors)	330	178	78	11	62	4
Audit & Supervisory Board members (Excluding outside Audit & Supervisory Board members)	29	29	—	—	—	1
Outside directors	89	89	—	—	—	6
Outside Audit & Supervisory Board members	63	63	—	—	—	3

*1 Figures include one Director of the Board who retired at the conclusion of the Ordinary General Meeting of Shareholders in the previous fiscal year. Further, they do not include one Director of the Board and two Audit & Supervisory Board Members to whom no remuneration was paid.

*2 All the amounts of performance-linked annual bonus, share-based remuneration with restriction on transfer and performance-linked share-based remuneration are the amounts recorded as expenses during the fiscal year under review. The amount of performance-linked share-based remuneration is the sum of the amounts recorded as expenses during FY2023 for each of performance-linked share-based remuneration with the performance evaluation period starting in FY2022 and FY2023 in accordance with the expected degree of achievement of the targets as of the end of the fiscal year. Performance-linked share-based remuneration is paid and delivered in the form of monetary and non-monetary remuneration after the elapse of the performance evaluation period.

*3 The number of restricted shares delivered to Executive directors during the fiscal year under review was 21,790 shares (paid-in amount per share was ¥2,838, the closing price on March 23, 2023).

Linking important management issues (materiality) with Executive Remuneration (from 2024)

To realize its vision for 2030, the Company has selected key management issues (materiality) as strategic issues in its annual business plans and is monitoring them at Board of Directors' meetings. From 2024, the evaluation indicators for performance-linked annual bonuses will include the degree of achievement of non-financial goals, such as "pipeline expansion" and "access to medicines," set in the annual business plans.

Nomination & Remuneration Consultative Committee

The Company established the Nomination & Remuneration Consultative Committee as an advisory body to the Board of Directors. Its purpose is to supplement the functions of the Board of Directors and further enhance the transparency of our governance system. The Committee deliberates and decides on the Company's nomination and remuneration from an objective and fair perspective, and reports to the Board of Directors. The Nomination & Remuneration Consultative Committee consists of 10 members, of whom the majority (7) are independent directors. The chairperson of the Committee is selected from among the independent officers.

The Nomination & Remuneration Consultative Committee deliberates and decides on proposals for policies regarding: the appointment and removal of directors, executive officers, Audit & Supervisory Board members and candidates for these officers; appointment and removal of senior directors; duties of individual directors; the policy for determining the successor of the current CEO of the Group; candidates for presidents and other key positions at individual Group companies; remuneration systems, levels, and remuneration amounts for directors, executive officers, Audit & Supervisory Board members, and for presidents and other key positions at individual Group companies. After deliberating on and deciding these matters from an objective and fair perspective, the Committee presents proposals to the Board of Directors.

CEO Succession Planning

The Nomination & Remuneration Consultative Committee conducts ongoing discussions about the selection and development of individuals who, from the perspective of KKC, would be ideally qualified for the position of CEO and reports its findings to the Board of Directors. The discussion theme includes knowledge, skills and experience needed for the role of CEO, as well as the following ideal profile of CEO, for example:

- As a leader in a human life and health-related business, deeply understand and fully commit to putting into practice the Company's philosophy and core values.
- Truly empathize with and have a strong sense of responsibility in delivering "life-changing value" to people facing illness.
- Possess the determination to want to create value for society and to change the Company for the better while leading the organization with unwavering resolve even when faced with difficulties.
- Competence to create and instill a future vision within organizations and guide that vision beyond national borders toward the achievement of the Company's strategies.

Internal Control

Based on the fundamental principles of the internal control system of its parent company, Kirin Holdings Company, Limited, the Company steadily maintains and operates internal control systems in line with Article 362, paragraph 4, item VI of the Companies Act: "The development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of a Stock Company." The status of the systems' maintenance and operation was reported and confirmed by the Board of Directors on January 19, 2024.

1. Compliance System
2. System of Information Preservation and Maintenance
3. System for Risk Management
4. Effective and Efficient Performance System
5. System for reporting for execution of duties and other Group internal control system
6. Systems related to Audit & Supervisory Board members

Governance as a listed subsidiary

Ensuring management independence

- The Integration Agreement clearly states that management independence is ensured, requiring reasonable efforts to maintain Kyowa Kirin as a listed company
- M&A decisions are made solely by the Company, without the need for prior consultation with the parent company
- In accordance with the Company's own investment policy, the interest rate on loans is determined based on reasonable judgment after considering market interest rates based on the loan period, and the loan period is shortened (in principle, one month)
- Developing systems that are compatible with the revised CG Code/new market requirements

Decision-making process that starts with protecting minority shareholders

- Ensuring that independent outside directors are in the majority
- An independent outside director elected as chairperson · Directors from the parent company do not participate in resolutions when they are special interested parties
- In the event that independent outside directors do not constitute the majority at the time of important transactions, etc. with the parent company, the Board of Directors shall establish, as an advisory body to the Board of Directors, a Conflicts of Interest Supervisory Committee for Intercompany Transactions, that will consist of independent outside directors to conduct deliberations and considerations, and report to the Board of Directors
- Consisting of a majority of outside directors, the Nomination and Remuneration Consultative Committee deliberates and decides on selecting and deselecting independent directors from an objective and fair perspective and reports back to the Board of Directors.

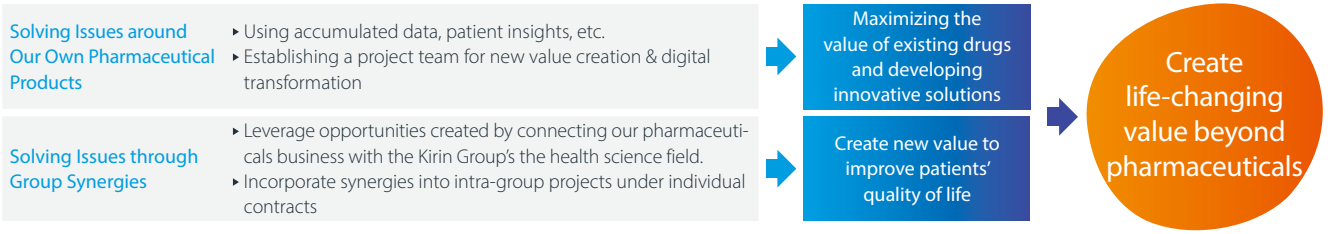
FOCUS ON

Synergies with the Kirin Group

The Kirin Group aims to become one of the world's leading CSV companies by creating value in areas ranging from food to medicine. We are the only Kirin Group company whose core business is medicine.

We believe that the management resources of the Kirin Group are extremely useful for realizing our goal of creating life-changing value. The Kirin Group's knowledge and expertise contributes greatly to our business. In production management and engineering, it helps us establish our business foundation. In environmental conservation and supply stability, it helps us fulfill our social responsibility.

We also believe that connecting the health science field, on which the Kirin Group focuses, and the medical field, in which we are involved, offers many opportunities for us to pursue our goal of going beyond pharmaceuticals to meet society's medical needs.



Implementation Status of Dialogue with Shareholders, etc.

Policy for constructive dialogue with shareholders

- Understanding that constructive dialogue with all shareholders will lead to further improvement in corporate governance and, in turn, to greater corporate value over the medium to long term, the Company actively responds in principle to requests for dialogue from all shareholders, and voluntarily offers opportunities for constructive dialogue based on the shareholder composition, which is periodically confirmed.
- Requests for dialogue from individual shareholders are dealt with mainly by the IR Group of the Corporate Communication Department, under the supervision of the officer in charge of IR. If the officer in charge of IR determines that a meeting is, within reason, necessary between the requesting shareholder and the president, a director (including outside directors) or an executive officer, such a meeting will be arranged.
- Depending on the purpose of the dialogue, the Finance Department, the Corporate Planning Department, the Legal Department and other related departments will provide their cooperation to the officer in charge of IR to enhance the content of the dialogue with the shareholders.
- The Company plans and implements presentation meetings and shareholder/investor visits to explain the Company's long-term business vision, medium-term and annual business plans, financial results, R&D, ESG, and other matters to deepen understanding of the Company and encourage dialogue with shareholders.
- The Company pays close attention to the timeliness, appropriateness and impartiality of dialogues, gives explanations in a sincere manner, listens to the opinions of all shareholders, and endeavors to engage in interactive communication. The officer in charge of IR provides reports on the opinions of and questions from all shareholders periodically or on an as-needed basis to the CEO, directors, Audit & Supervisory Board members and executive officers.

Implementation status of IR activities

Twice a year, the Company holds a Group Information Disclosure Committee meeting, chaired by the president, to discuss and decide on its policies concerning communications with shareholders, investors, and other stakeholders. Relevant officers attend the committee meetings, deliberate and make decisions based on the status of communication with all parties and matters of interest, and meeting content is reported to the Board of Directors.

With regard to the IR events and IR interviews held by the Company, our IR staff compiles the status of dialogue with shareholders and market reactions and reports that information to all officers, including outside directors, and relevant departments.

Event	Number of times	Organizers	Finance	Sales	R&D	ESG	Other
Financial results briefings (Online meetings)	4 times	President*, officers in charge	●	●	●		●
IR events	3 times	Officers in charge, outside director			●	●	●
IR interviews with the president	25 times	President, officers in charge	●	●	●	●	●
IR interviews with management	31 times	Officers in charge	●	●	●	●	
IR interviews by officer in charge of IR	132 times	Officer in charge of IR	●	●	●	●	●

* Participates twice a year: second quarter financial results and annual financial results.

Enhancing information disclosure

To further enhance dialogue with investors and shareholders, we strive to disclose high-quality information with consideration for transparency and fairness in accordance with our disclosure policy. As information disclosure tools, in addition to TDnet provided by the Tokyo Stock Exchange (TSE), we utilize the Company website for shareholders and investors, which has excellent immediacy and fairness. With some exceptions, in principle information is disclosed simultaneously in both Japan and the UK.

Introduction of website for shareholders and investors
https://ir.kyowakirin.com/en/index.html

Ordinary General Meetings of Shareholders with emphasis on dialogue

To enable shareholders to have sufficient time to review the general meeting agenda items, in accordance with the Corporate Governance Code the Company sends out convocation notices approximately three weeks prior to a meeting and, via the electronic delivery system, the electronic version is posted on the websites of the Company and the TSE even before the notices are sent. Additionally, securities reports are disclosed before general meetings of shareholders. Furthermore, in consideration of our overseas investors, we provide English translations of convocation notices and securities reports as well as an electronic voting platform. With regard to the operations of the general meetings of shareholders, for those who will not be attending on the day of the event, we will be live streaming and accepting questions in advance. After a general meeting of shareholders, we upload to our website a video of that day's proceedings, including shareholder Q&A and replies to the preliminary questions.

We will continue to aim for more open shareholder meetings in the years to come.

Main assessments from external organizations (as of February 2024)

Our ESG initiatives are highly respected within the global pharmaceutical industry, with MSCI ESG Ratings of AA (Leader) and Sustainalytics ESG Risk Ratings of 18.9 (Low Risk). Having been selected for inclusion in multiple ESG indices both domestically and internationally, Kyowa Kirin is included in all ESG indices for Japanese equities selected by the Government Pension Investment Fund (GPIF).

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Kyowa Kirin Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Kyowa Kirin Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index Series. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

The inclusion of Kyowa Kirin Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Kyowa Kirin Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

For details on assessments from external organizations, please see the External Assessments section in the ESG-related information on our website.
https://www.kyowakirin.com/sustainability/esg_data/index.html

Compliance

Compliance at Kyowa Kirin refers to acting ethically and with integrity in a socially responsible manner, with respect to all business activities of our Group.

Code of Conduct and Group Policies

The Kyowa Kirin Group Code of Conduct sets forth the actions that should be taken by everyone working in the Kyowa Kirin Group. The Code of Conduct is translated into local languages and disseminated to Group companies all around the world. All executives and employees of the Group pledge to comply with the Code of Conduct. Their understanding and compliance is monitored through employee awareness surveys and other means. We also encourage all partners in our supply chain to comply with the Code of Conduct. In addition, action policies related to individual business areas have been established as the Kyowa Kirin Group Policies.

The Code of Conduct and the Group Policies are continuously reviewed in light of changes in the external environment, such as laws and regulations, as well as changes in the internal environment and any revisions must be approved by the Board of Directors.

Kyowa Kirin Group — Outline of the Relationship between the Management Philosophy and Kyowa Kirin Group Policies
https://www.kyowakirin.com/sustainability/group_policy/index.html

Governance

Under the supervision of the Chief Compliance Officer (CCO, Representative Director and Executive Vice President), the Kyowa Kirin Group has appointed a Global CSR Head and established the CSR Management Department to assist the Head in their duties. The Global CSR Head and the CSR Management Department take the leading role in compliance, formulating and implementing compliance measures on a global and regional basis in collaboration with the Regional CSR Heads*1, who are responsible for compliance in the four regions of Japan, North America, EMEA, and APAC.

The Kyowa Kirin Group has established regional CSR committees in the four regions to discuss compliance-related activities. These committees are held on a quarterly basis to discuss the status of activities and issues that are global or specific to each region*2. In addition, a Group CSR Committee meeting, in which all function heads and the compliance managers from each region participate, is held twice a year to deliberate on compliance strategies and action plans for the entire Group, and to report on the progress of activities during the year. The Group CSR Committee is chaired by the Company's Representative Director and Executive Vice President. Important matters discussed in these committee meetings are reported to the Board of Directors.

*1 Currently, the Global CSR Head also serves as the Regional CSR Head for Japan.
*2 In Japan, held semiannually. Important issues discussed at each Regional CSR Committee are compiled by the secretariat and reported to the Regional CSR Committee held in Japan.

Education and Training

Kyowa Kirin conducts annual training programs, including Code of Conduct, through group workshops and e-learning, in order to foster an organizational culture that can flexibly respond to changes in social norms. In 2023, global e-learning on the Code of Conduct was conducted for all executives and employees, including contract and temporary employees (6,598 people). Other training sessions were held on topics such as anti-bribery and anti-corruption, personal information protection, and promotional codes.

Every year, we also conduct a Kirin Group-wide compliance and human rights awareness survey (4,695 people in Japan responded as the Kyowa Kirin Group in 2023) and a Kyowa Kirin Global Engagement and Motivation Survey (5,840 people in Japan and overseas responded in 2023). The results of the survey help to identify changes in employee awareness and issues that need to be addressed, and are utilized in formulating the Group's initiatives.

Whistleblowing System

The Kyowa Kirin Group has put in place the Compliance Line, whistleblowing system, in order to prevent, detect at an early stage and correct acts that are against the Kyowa Kirin Group Code of Conduct, as well as acts that seriously damage the brand value of the Kyowa Kirin Group. We have introduced a process under which reports concerning directors are passed directly to company auditors. On top of the strict adherence to confidentiality and a rule that those who report will not be subjected to any retaliation, steps have been taken to establish an internal and external point of contact for reporting that can be accessed by telephone, electronic and postal mail as well as online tools. Reports can also be filed anonymously. In this manner, every effort is being made to create a simple and easy reporting environment. Moreover, messages from the CEO on such topics as the importance of the Compliance Line, confidentiality and non-retaliation are sent out on a continuous basis. The point here is to ensure that employees gain a better understanding of the system through group training and e-learning and while maintaining a continuous awareness toward each point of contact for reporting. Details of the Compliance Line are readily available on the Company's website and posters displayed throughout the workplace. In 2023, the Compliance Line received a total of 34 reports in Japan and overseas.

Overseas subsidiaries operate local whistleblowing systems in each region. We also established and operate a global line that enables overseas subsidiaries' employees to report directly to the Group's head office in Japan in their local language.

Future Initiatives

Kyowa Kirin is strengthening its global compliance management system with the aim of becoming a global specialty pharmaceutical company. In all areas of our compliance functions (governance/organizational structure, policies and procedures, education and training, monitoring, and risk management) and of compliance categories, including our Group Policies, the entire Group will work together to strengthen compliance in accordance with a roadmap created with the aim of establishing the ideal compliance management system for our Group.

Kyowa Kirin Group Code of Conduct (Summary)

Introduction

1. Purpose of this Code of Conduct
2. Scope of this Code of Conduct
3. Role of Officers
4. Role of Managers
5. Raising questions and concerns
6. Prohibition of retaliation
7. Response to non-compliant actions with this Code of Conduct

Chapter 1. Relationship with Society
Chapter 2. Relationship with Employees
Chapter 3. Compliance with Rules
Chapter 4. Respect for Human Rights
Chapter 5. Environmental Preservation
Chapter 6. Information Management
Chapter 7. Risk Management

Risk Management

To earn the trust of its customers and society, the Kyowa Kirin Group identifies and responds appropriately to the various risks that arise in conducting its business activities.

Kyowa Kirin Group Risk Management

The Kyowa Kirin Group recognizes that the realization of its vision, based on its corporate philosophy will lead to sustainable growth and the enhancement of corporate value over the medium to long term. In order to safeguard its corporate value from threats, the Group engages in enterprise risk management. Through various opportunities and the taking of appropriate risks, our risk management endeavors also help create new corporate value.

Risk Management System

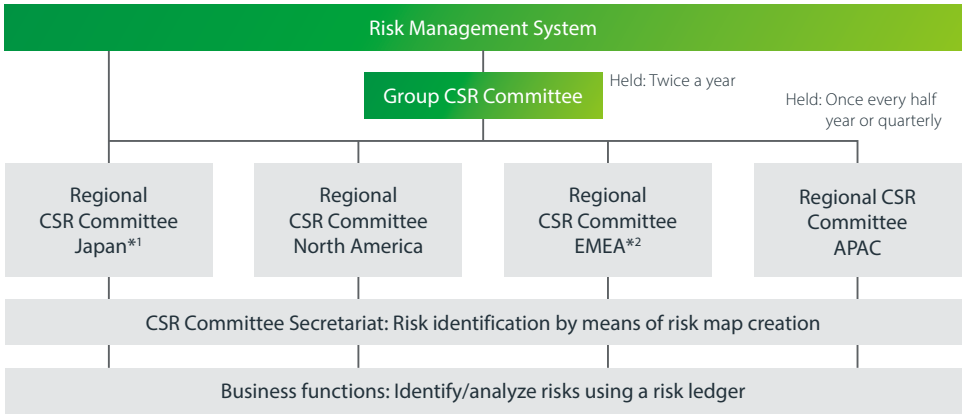
In the Kyowa Kirin Group, business functions identify risks based on changes in their internal and external environments and analyze the degree of impact of identified risks on management and the likelihood of their occurrence. After discussing and adjusting the analysis results while conversing with business functions concerning internal and external environmental changes and risk trends, the CSR Committee secretariat organizes and assesses risks by category, and identifies the principal risks. In addition to confirming the appropriateness of identifying principal risks, CSR Committees monitor measures aimed at mitigating risks as well as progress while organizing and supervising the risk management of business functions. Moreover, the Group CSR Committee meets twice a year to deliberate on the Group's overall risk management strategy and action plan and monitors the status of activities during the year. Details of principal risk mitigation measures and the monitoring results discussed by the Committee are reported to the Board of Directors.

The Kyowa Kirin Group is also moving forward with the digitalization of our risk management system, having introduced an IT system for centrally managing the risks of the entire group in a database. After business functions register risk ledgers and incident information in the database, the information is shared using a workflow with divisions that support, advise, and monitor risks from specialized and company-wide risk standpoints. This enables visualization of critical risks on a risk map. In this way we are working to develop a system that enables the effective and efficient monitoring of risks.

Crisis Management System

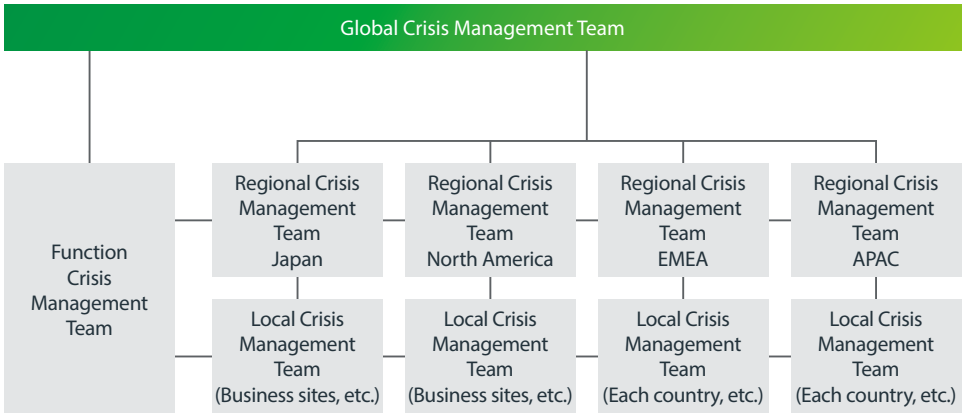
We define "crises" as situations that may have a profound impact on our business and require a rapid response among those that inhibit the achievement of our management goals. In addition, we define "crisis management" as activities that minimize the impact on our business when risks evolve into crises. In the Kyowa Kirin Group, crisis management is executed autonomously by area task forces in three layers—global, regional, and local—and the Area Crisis Management Team that responds using specialized expertise. In the event that a global response is required, each crisis management team will work together to build a system to quickly reduce any impact. In addition, we repeatedly conduct global crisis BCP exercises (cyberattacks, information leaks caused by the use of generative AI, natural disasters, shipping suspension, etc.), which connect each region, including Japan, with our global headquarters, and work to strengthen our crisis response and business continuity systems based on worst-case scenarios. Through these exercises, we improve our response capabilities, review our risk assessment and mitigation measures, and monitor to detect any signs of risk. In this way, we aim to create a resilient organization that is able to adapt flexibly to difficult situations.

Risk Management System



*1 Other regions' reports collated and presented in Japan.
*2 EMEA stands for Europe, Middle East and Africa

Crisis Management System



Management

To achieve sustainable growth and medium- to long-term improvement in corporate value for the Kyowa Kirin Group, we will ensure transparency and fairness in our decision-making as we strive for decision-making that is timely and decisive.

Directors' Profiles

Representative Director of the Board, President and Chief Executive Officer (CEO)

Masashi Miyamoto, Ph.D.

Apr. 1985 Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)
Apr. 2011 Director, Regulatory Affairs Department, Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.)
Mar. 2012 Executive Officer, Director, Regulatory Affairs Department, Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.
Jul. 2014 Executive Officer, Director, Strategic Product Portfolio Department and Regulatory Affairs Department, Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.
Apr. 2015 Executive Officer, Director, Strategic Product Portfolio Department, Kyowa Hakko Kirin Co., Ltd.
Mar. 2017 Director of the Board, Managing Executive Officer, Strategic Product Portfolio Department, Kyowa Hakko Kirin Co., Ltd.
Apr. 2017 Director of the Board, Managing Executive Officer, Director, Corporate Strategy & Planning Department, Kyowa Hakko Kirin Co., Ltd.
Mar. 2018 Representative Director of the Board, President, Kyowa Hakko Kirin Co., Ltd.
Apr. 2024 Representative Director of the Board, President & Chief Executive Officer(CEO), Kyowa Kirin Co., Ltd. (to present)

Reasons for Selection

The company has judged that Dr. Masashi Miyamoto is the right person to perform the decision-making role on material matters of management and supervising the execution of operations as Representative Director of the Board, utilizing his extensive experience and high level of insight regarding overall business management, to push forward various measures for CSV management and for making a leap forward to become a global specialty pharmaceutical company with his strong leadership, and to promote sustainable growth as well as efforts aimed at enhancing the corporate value of the Group.

Representative Director of the Board, Executive Vice President and Chief Compliance Officer (CCO)

Yutaka Osawa

Apr. 1984 Joined Kyowa Hakko Kogyo Co., Ltd.
Apr. 2007 Director, Pharmaceutical Production Development Department, Kyowa Hakko Kogyo Co., Ltd.
Oct. 2008 Director, CMC Development Department, Development Division, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.)
Apr. 2009 Director, Production Planning Department, Production Division, Kyowa Hakko Kirin Co., Ltd.
Mar. 2013 Executive Officer, Director, Production Planning Department, Production Division, Kyowa Hakko Kirin Co., Ltd.
Apr. 2014 Executive Officer, Head, Production Division, Kyowa Hakko Kirin Co., Ltd.
Mar. 2017 Managing Executive Officer, Head, Production Division, Kyowa Hakko Kirin Co., Ltd.
Mar. 2018 Director of the Board, Managing Executive Officer, Head, Production Division, Kyowa Hakko Kirin Co., Ltd.
Mar. 2019 Representative Director of the Board, Executive Vice President, Kyowa Hakko Kirin Co., Ltd.
Apr. 2024 Representative Director of the Board, Executive Vice President & Chief Compliance Officer (CCO), Kyowa Kirin Co., Ltd. (to present)

Reasons for Selection

The company has judged that Mr. Yutaka Osawa has profound knowledge and a high level of insight gained through his extensive experience regarding research and development, overseas development and manufacturing, and is the right person to fully perform the decision-making role on material matters of management and supervising the execution of operations as Director of the Board, and to firmly deliver the important mission of ensuring stable supply of high quality products as a pharmaceutical company.

Director of the Board, Senior Managing Executive Officer and Chief Medical Officer (CMO)

Takeyoshi Yamashita, Ph.D.

Apr. 1987 Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)
Apr. 2010 Director, Innovative Drug Discovery Laboratories, Research Division, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.)
Apr. 2012 Director, Research Planning Department, Research Division, Kyowa Hakko Kirin Co., Ltd.
Apr. 2014 Director, Research Core Function Laboratories, Research Functions Unit, R&D Division, Kyowa Hakko Kirin Co., Ltd.
Apr. 2015 Director, Regulatory Affairs Department, Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.
Mar. 2017 Executive Officer, Director, Regulatory Affairs Department, Pharmacovigilance and Quality Assurance Division, Kyowa Hakko Kirin Co., Ltd.
Mar. 2019 Executive Officer, Director, Corporate Strategy & Planning Department, Kyowa Hakko Kirin Co., Ltd.
Mar. 2021 Managing Executive Officer, Director, Corporate Strategy & Planning Department, Kyowa Kirin Co., Ltd.
Apr. 2022 Managing Executive Officer, Vice President Head, Strategy Division, Kyowa Kirin Co., Ltd.
Mar. 2023 Senior Managing Executive Officer, President Head, Strategy Division, Kyowa Kirin Co., Ltd.
Apr. 2023 Director of the Board, Senior Managing Executive Officer, Kyowa Kirin Co., Ltd.
Apr. 2024 Director of the Board, Senior Managing Executive Officer & Chief Medical Officer (CMO), Kyowa Kirin Co., Ltd. (to present)

Reasons for Selection

Dr. Takeyoshi Yamashita possesses abundant experience in management strategy, product strategy, and regulatory affairs as well as a high level of foresight from a strategic point of view. The company has judged him to be the right person to perform a decision-making role on material matters of management and a supervisory role in the execution of operations as Director of the Board and, as a driving force behind its leaps toward a global specialty pharmaceutical company, to be capable of promoting the development of the company's global management system in an expansive manner.

Director of the Board

Shinjiro Akieda

Apr. 1988 Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)
Mar. 2010 Chairman and President, Taiwan Kirin Company, Limited
Mar. 2013 Executive Officer and General Manager of Corporate Planning Department, Mercian Corporation
Mar. 2015 Executive Officer and General Manager of Corporate Planning Department, Kirin Beverage Company, Limited
Mar. 2017 Senior Executive Officer and General Manager of Corporate Planning Department, Kirin Beverage Company, Limited
Mar. 2018 Executive Officer and General Manager of Corporate Planning Department, Kirin Brewery Company, Limited
Mar. 2019 Executive Officer and General Manager of Corporate Strategy Department, Kirin Holdings Company, Limited
Mar. 2020 Executive Officer and General Manager of Corporate Strategy Department, and Manager of DX Strategy Office, Kirin Holdings Company, Limited
Jan. 2022 Executive Officer and General Manager of Corporate Strategy Department, Kirin Holdings Company, Limited
Mar. 2022 Senior Executive Officer and General Manager of Corporate Strategy Department, Kirin Holdings Company, Limited
Mar. 2023 Senior Executive Officer (Financial Strategy, IR), Kirin Holdings Company, Limited
Mar. 2024 Director of the Board, Senior Executive Officer and CFO (Financial Strategy, IR), Kirin Holdings Company, Limited (to present)
Director of the Board, Kyowa Kirin Co., Ltd. (to present)

Reasons for Selection

The company has judged that Mr. Shinjiro Akieda is the right person to perform the role of decision making on material matters of management and supervising the execution of operations as Director of the Board, utilizing his extensive experience and high level of insight regarding overall business management, and to promote tight-knit cooperation with Kirin Group companies which have various business bases aimed at realizing people's health and affluence by responding to diverse medical needs and providing solutions.

Director of the Board
Outside
Independent

Akira Morita

Oct. 1993 Professor, Faculty of Law and Economics, Chiba University
Apr. 1994 Professor, The University of Tokyo Graduate Schools for Law and Politics
Apr. 2004 Dean, Professor, Graduate School of Public Policy, The University of Tokyo
Jul. 2008 Director, Policy Alternatives Research Institute, The University of Tokyo
Apr. 2011 Chairman, Central Social Insurance Medical Council, Ministry of Health, Labour and Welfare
Apr. 2012 Professor, Department of Political Studies, Faculty of Law, Gakushuin University
Jun. 2012 Emeritus Professor, The University of Tokyo (to present)
Apr. 2014 Director-General, National Institute of Population and Social Security Research
Aug. 2014 Adjunct Professor, National Graduate Institute for Policy Studies
Apr. 2017 Professor, Department of Policy Studies, Tsuda University
Visiting Professor, Mie University Graduate School of Medicine
Outside Member, Administrative Council, The University of Tokyo (to present)
Apr. 2018 Director-General, Research Institute of Science and Technology for Society, Japan Science & Technology Agency
Mar. 2019 Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.) (to present)
Apr. 2019 Visiting Professor, Kanagawa University of Human Services (to present)
Jul. 2020 Representative Director, Next Generation Fundamental Policy Research Institute (to present)
May 2022 Data Health Operations Advisor, Health Insurance Claims Review & Reimbursement Services (to present)

Reasons for Selection

The company has judged that Mr. Akira Morita will utilize his academic experience and extensive knowledge as a researcher in the field of policy studies as well as his experience serving on deliberating committees for national and local government, and he is the right person to contribute toward reinforcing the company's governance function and in other ways by supervising the execution of operations from an independent standpoint and reflecting in the company's management the perspective of protecting the rights of general shareholders.

Director of the Board
Outside
Independent

Yuko Haga, Ph.D.

Apr. 1989 Senior Consultant, Tokyo Office, Price Waterhouse Consultants
Apr. 1991 Representative, Haga Management Consulting Office (to present)
Jun. 2000 Director, Link World Co., Ltd.
Feb. 2010 Director, Social Welfare Corporation Fujikenikukai (to present)
Apr. 2010 Visiting Professor, Department of Policy Management, Faculty of Policy Management, Shobi University
Apr. 2017 Associate Professor, Graduate School of Management, NUCB Business School
Mar. 2019 Outside Director of the Board, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.) (to present)
Apr. 2020 Professor, Graduate School of Management, NUCB Business School (to present)
Jun. 2020 Outside Director, MinebeaMitsumi Inc. (to present)

Reasons for Selection

The company has judged that Dr. Yuko Haga will utilize her wealth of experience in the fields of medical treatment, nursing care, and healthcare, gained from her wide-ranging activities as a management consultant, as well as her insight as a researcher in corporate strategy, and she is the right person to contribute toward reinforcing the Company's governance function and in other ways by supervising the execution of operations from an independent standpoint and reflecting in the Company's management the perspective of protecting the rights of general shareholders.

Director of the Board
Outside
Independent

Takashi Oyamada

Apr. 1979 Joined The Mitsubishi Bank, Limited (presently MUFG Bank, Ltd.)
Jan. 2006 Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (presently MUFG Bank, Ltd.)
Jun. 2009 Managing Director, The Bank of Tokyo Mitsubishi UFJ, Ltd.
Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.
May 2012 Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
May 2013 Senior Managing Executive Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jun. 2014 Representative Director, Deputy President, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jun. 2015 Member of the Board of Directors, Representative Corporate Executive, Deputy President and Group COO, Mitsubishi UFJ Financial Group, Inc.
Apr. 2016 Representative Director, President & CEO, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Member of the Board of Directors, Mitsubishi UFJ Financial Group, Inc.
Jun. 2017 Senior Advisor, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (to present)
Jun. 2018 Director and Vice Chair, The Japan Institute of International Affairs (to present)
Chairman, The Mitsubishi Economic Research Institute (to present)
Dec. 2018 Outside Director, Mitsubishi Research Institute DCS Co., Ltd. (to present)
Jun. 2019 Outside Director, Mitsubishi Electric Corporation
Outside Director, Isetan Mitsukoshi Holdings Ltd.
Mar. 2021 Outside Director of the Board, Kyowa Kirin Co., Ltd. (to present)

Reasons for Selection

Mr. Takashi Oyamada possesses an extremely high-level of knowledge on management from his long experience as a banking executive, and he has knowledge and insight into a broad range of industries based on his abundant experience in the financial sector. On the basis not only of his specialist viewpoint of the financial sector but also of his experience as a manager, the company has judged him to be the right person to make decisions on material matters and supervise the execution of operations.

Director of the Board
Outside
Independent

Yoshihisa Suzuki

Apr. 1979 Joined ITOCHU Corporation
Apr. 2003 General Manager, Aerospace, Space and Electronics Division, ITOCHU Corporation
Jun. 2003 Executive Officer, ITOCHU Corporation
Apr. 2006 Managing Executive Officer, ITOCHU Corporation Executive Vice President and CAO, ITOCHU International Inc.
Apr. 2007 President and CEO, ITOCHU International Inc.
Jun. 2011 Executive Vice President, JAMCO Corporation
Jun. 2012 President and CEO, JAMCO Corporation
Jun. 2016 Senior Managing Executive Officer, Member of the Board, ITOCHU Corporation
Apr. 2018 President and Chief Operating Officer (COO), Member of the Board, ITOCHU Corporation
Apr. 2020 President and Chief Operating Officer (COO), Chief Digital Officer (CDO), and Chief Information Officer (CIO), Member of the Board, ITOCHU Corporation
Apr. 2021 Vice Chairman, Member of the Board, ITOCHU Corporation
Mar. 2022 Outside Director of the Board, Kyowa Kirin Co., Ltd. (to present)
Apr. 2022 Vice Chairman, ITOCHU Corporation
Jun. 2022 Outside Director, OMRON Corporation (to present)
Apr. 2023 Senior Vice Representative for External Affairs, ITOCHU Corporation
Apr. 2024 Advisory Member, ITOCHU Corporation (to present)

Reasons for Selection

The company has judged Mr. Yoshihisa Suzuki is the right person to make decisions on important matters and supervise the execution of business operations based on his experience in corporate management as former president of ITOCHU Corporation overseas subsidiaries, in being in charge of divisions related to aviation and electronic information at ITOCHU Corporation, and as former president of a manufacturing company. Mr. Yoshihisa Suzuki also has knowledge and insight based on his extensive experience in Japan and overseas and has experience in financial activities through organization such as Japan Business Federation.

Director of the Board
Outside
Independent

Rumiko Nakata

Apr. 1979 Joined Esso Sekiyu K.K.
Apr. 1996 Joined Center for Socio-Economic Research K.K.
Apr. 2000 Joined Pfizer K.K.
Dec. 2011 Head of HR and Global Operations, Pfizer K.K.
Mar. 2012 Corporate Officer, Pfizer K.K.
Jan. 2014 Director of the Board, Corporate Officer, Pfizer K.K.
Mar. 2018 Executive Officer, in charge of Diversity & Inclusion, Mitsubishi Chemical Corporation
Apr. 2019 Managing Executive Officer, Supervising — Human Resources Department, Mitsubishi Chemical Corporation
Apr. 2020 Director of the Board, Managing Executive Officer, Supervising — Administration Department, Public Relations Department, Human Resources Department, Mitsubishi Chemical Corporation
Apr. 2022 Director of the Board, Mitsubishi Chemical Corporation
Mar. 2023 Outside Director of the Board, Kyowa Kirin Co., Ltd. (to present)

Reasons for Selection

Having consistently been in charge of human resource departments throughout her career, Ms. Rumiko Nakata possesses abundant knowledge and insight regarding people management based on her experience in promoting various personnel measures, such as diversity promotion and work style reform, as a director and executive officer. As she has also gained experience as a member of the Japan Association of Corporate Executives, the company has judged her to be the right person to supervise the company's management.

Audit & Supervisory Board Members' Profiles/Executive Officers

Audit & Supervisory Board Member

Hiroshi Komatsu

Apr. 1986 Joined Kyowa Hakko Kogyo Co., Ltd.
Feb. 2009 CFO, Hematech, Inc.
Apr. 2012 Manager, Corporate Planning Department, Kyowa Hakko Kirin Co., Ltd. (presently Kyowa Kirin Co., Ltd.)
Apr. 2015 Deputy Director, General Affairs Department, Kyowa Hakko Kirin Co., Ltd.
Apr. 2016 Deputy Director, General Affairs Department, and Leader, Corporate Secretariat Group, General Affairs Department, Kyowa Hakko Kirin Co., Ltd.
Mar. 2018 Audit & Supervisory Board Member (Full-time), Kyowa Hakko Kirin Co., Ltd. (to present)

Reasons for Selection
The company has judged that Mr. Hiroshi Komatsu has profound knowledge and insight through his broad range of experiences in accounting, finance, research and development, management of overseas subsidiaries, corporate planning and the ethical standards, fair and equal judgment required as an Audit & Supervisory Board member and is the right person to appropriately perform the duties as an Audit & Supervisory Board member of the Company Auditor by ensuring that the audit and supervisory functions are fully effective across a broad range of fields.

Audit & Supervisory Board Member
Outside

Hajime Kobayashi

Apr. 1989 Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)
Apr. 2011 Director, General Manager of Corporate Planning, Interfood Shareholdings Company (Vietnam)
Jan. 2013 Deputy Director, Corporate Strategy, Kirin Holdings Company, Limited
Apr. 2018 Head of Global Personnel Section, Personnel & General Affairs, Kirin Holdings Company, Limited
Mar. 2020 General Manager, Internal Audit Dept., Kirin Holdings Company, Limited
Mar. 2022 Executive Officer, General Manager, Internal Audit Dept., Kirin Holdings Company, Limited
Mar. 2024 Outside Audit & Supervisory Board Member, Kyowa Kirin Co., Ltd. (to present)

Reasons for Selection
In addition to experience in divisions related to internal audit, Mr. Hajime Kobayashi also has extensive work experience and profound knowledge and insights on overall Group management, including being involved in accounting and finance, corporate planning, personnel affairs and the management of overseas subsidiaries in the Kirin Group. He was selected as a candidate for outside Audit & Supervisory Board Member because the company has judged that he is the right person capable of overseeing the company group widely and expressing audit opinions.

Audit & Supervisory Board Member
Outside
Independent

Tomomi Yatsu

Apr. 1983 Joined Tokyo Electron Ltd.
Oct. 1986 Joined Deloitte Touche Tohmatsu LLC
Sep. 1990 Registered as Certified Public Accountant
Oct. 2001 Joined New Tokyo International Law Office Admitted to Tokyo Bar Association
Jun. 2009 Outside Auditor, Calbee, Inc.
Jun. 2010 Outside Audit & Supervisory Board Member, Taiko Pharmaceutical Co., Ltd.
Mar. 2012 Outside Audit & Supervisory Board Member, KOKUYO Co., Ltd.
Mar. 2015 Outside Audit & Supervisory Board Member, Yamaha Motor Co., Ltd.
Apr. 2015 Partner, TMI Associates
Jun. 2016 Outside Director, SMBC Nikko Securities Inc. (to present)
Jun. 2017 Outside Audit & Supervisory Board Member, IHI Corporation
Mar. 2019 Outside Corporate Auditor, Kuraray Co., Ltd. (to present)
Mar. 2021 Outside Audit & Supervisory Board Member, Kyowa Kirin Co., Ltd. (to present)
Apr. 2022 Representative, Yatsu Law and Accounting Office (to present)

Reasons for Selection
Ms. Tomomi Yatsu is both a certified public accountant and an attorney at law. She also has an immense wealth of experience serving as outside audit & supervisory board member and outside director of corporations. The company has deemed her to be an appropriate candidate capable of supervising the company and expressing audit opinions from an independent perspective through her sophisticated knowledge and insight as an accounting and legal expert and in-depth knowledge and insight as an audit & supervisory board member of corporations.

Audit & Supervisory Board Member
Outside
Independent

Mayumi Tamura

Apr. 1983 Joined Sony Corporation (presently Sony Group Corporation)
Sep. 1991 Joined JOHNSON COMPANY, LIMITED
Jul. 2002 Executive Officer, Johnson Diversey Co. Ltd. (presently CxS Corporation)
Dec. 2004 CFO, adidas Japan K.K.
Jun. 2007 Executive Officer, Senior Vice President and CFO, Seiyu KK
May 2010 Executive Officer, SVP and CFO, Walmart Japan Holdings GK (presently Seiyu Holdings KK) Executive Officer, SVP and CFO, Seiyu GK (presently Seiyu K.K.)
Jun. 2015 Outside Corporate Auditor, Honda Motor Co., Ltd.
Jun. 2017 Outside Director, Honda Motor Co., Ltd. Outside Director, Hitachi High-Technologies Corporation (presently Hitachi High-Tech Corporation)
Jun. 2019 Outside Director, SHIMIZU CORPORATION (to present)
Mar. 2022 Outside Audit & Supervisory Board Member, Kyowa Kirin Co., Ltd. (to present)
Jun. 2022 Outside Director, LIXIL Corporation (to present)

Reasons for Selection
Ms. Mayumi Tamura has been active as Outside Audit & Supervisory Board member and outside director of other companies, and also has experience in engaging in support for diversity and inclusion as a board member of an incorporated NPO. Furthermore, she possesses advanced knowledge and experience through her long-term managing roles across finance/accounting and corporate planning at various global companies, also as former CFO with in-depth insight. The company has deemed her to be an appropriate candidate capable of supervising the company and expressing audit opinions from an independent perspective based on such experience, knowledge and insight, and accordingly selected her as an outside Audit & Supervisory Board member.

Audit & Supervisory Board Member

Toru Ishikura

Apr. 1989 Joined Kirin Brewery Company, Limited (presently Kirin Holdings Company, Limited)
Mar. 2015 General Manager, Technology Management Department, Research & Development Division, Kirin Company, Limited (presently Kirin Holdings Company, Limited)
Apr. 2015 General Manager, Research & Development Strategy Department, Research & Development Division, Kirin Company, Limited
Mar. 2018 Executive Officer, General Manager, Research & Development Strategy Department, Research & Development Division, Kirin Company, Limited
Apr. 2019 Executive Officer, Vice President, Research & Development Division and General Manager, Research & Development Strategy Department, Research & Development Division, Kirin Holdings Company, Limited
Mar. 2020 Director of the Board, KYOWA HAKKO BIO CO. LTD.
Apr. 2020 Executive Officer, General Manager, Health Business Strategy Office, Corporate Strategy Department, Kirin Holdings Company, Limited
Apr. 2022 Executive Officer, General Manager, Health Science Business Department, Health Science Business Division, Kirin Holdings Company, Limited
Mar. 2023 Audit & Supervisory Board Member, Kyowa Kirin Co., Ltd. (to present) Audit & Supervisory Board Member (Full-time), Kirin Holdings Company, Limited (to present)

Reasons for Selection
Having been involved in engineering and research and development in the Kirin Group, Mr. Toru Ishikura possesses work experience and profound knowledge and insight with regard to overall Group management as well as experience of working in internal audit divisions. In Kirin Group companies, he assumed the position of General Manager of the Health Business Strategy Office in the Corporate Strategy Department in 2020 and of General Manager of the Health Science Business Department in 2022. Having successfully fulfilled those roles, the company judges him to be capable of appropriately performing duties in a wide range of fields as a member of the company's Audit & Supervisory Board.

Executive Officers

Managing Executive Officers

Hiroshi Sonekawa
Vice President, Head of Sales & Marketing Division

Motohiko Kawaguchi
Chief Financial Officer (CFO)

Abdul Mullick, Ph.D.
Chief International Business Officer (CIBO)

Yasuo Fujii
Chief Strategy Officer (CSO)

Executive Officers

Fumihiko Kanai
Responsible for ERP introduction

Yoshifumi Torii, Ph.D.
Vice President, Head of Research Division

Hiroki Takamatsu
Vice President, Head of Quality Assurance Division

Tomohiro Sudo
Director, Global Product Strategy Department

Kenji Shibata, Ph.D.
Director, Internal Audit Department

Shoko Itagaki
Chief People Officer (CPO)

Toshiyuki Kurata
Chief Supply Chain Officer (CSCO), Vice President, Head of Production Division

Atsushi Matsumoto, Ph.D.
Director, Supply Chain Management Department

Yoshiko Mori
Director, Corporate Social Responsibility Management Department

Yuichi Kawasaki
Director, Product Strategy Department

Koichi Nagano
Director, Tokyo Branch Sales Office, Sales & Marketing Division

Takefumi Matsushita, Ph.D.
Director, Corporate Planning Department

Katsuyoshi Tsukii
Vice President, Head of Development Division

Tadashi Yamaguchi
Director, Marketing Department, Sales & Marketing Division

Financial Information

WEB link

Key Financial Data

Cash Flow Data

Financial Summary

Adoption of International Financial Reporting Standards

The Group has adopted the International Financial Reporting Standards ("IFRS") since FY2017 to enhance the international comparability of its financial reporting for the capital market, and unify the process of the Group's accounting. In addition, financial data for FY2016, the fiscal year prior to the adoption of IFRS, is reformulated and displayed in an IFRS format.

Adoption of "core operating profit" (IFRS)

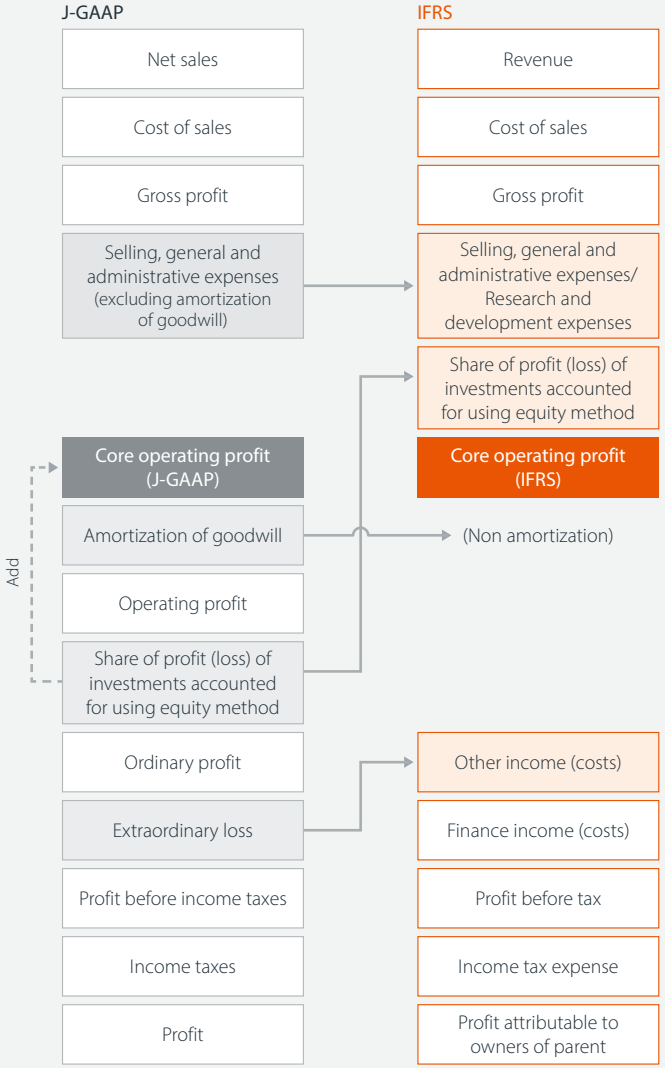
The Group has adopted "core operating profit" (IFRS) as an indicator showing recurring profitability from operating activities.

* Gross profit – Selling, general and administrative expenses – Research and development expenses + Share of profit (loss) of investments accounted for using equity method

Bio-Chemicals Business

Following the conclusion of an agreement on February 5, 2019 in which Kyowa Kirin Co., Ltd. (the "Company") agreed to transfer 95% of the shares of its consolidated subsidiary Kyowa Hakko Bio Co., Ltd. to Kirin Holdings Company, Limited, the Bio-Chemicals business is categorized as a discontinued operation from FY2019. Accordingly, the consolidated financial statements for FY2018 have been restated to reflect the change, and from FY2019, the Group has only one reportable segment: the "Pharmaceuticals business."

Major differences between IFRS and J-GAAP



Eleven-Year Selected Financial Data

	IFRS								J-GAAP			IFRS
	(Millions of yen)								(Millions of yen)			(Thousands of U.S. dollars*1)
For the Year:	**2023/12**	2022/12	2021/12	2020/12	2019/12	2018/12	2017/12	2016/12	2015/12	2014/12	2013/12	**2023/12**
Revenue*2	**¥ 442,233**	¥ 398,371	¥ 352,246	¥ 318,352	¥ 305,820	¥ 271,510	¥ 353,380	¥ 347,956	¥ 364,316	¥ 333,446	¥ 340,611	**$3,118,268**
Gross profit*2	**331,026**	311,455	264,398	237,912	226,200	198,149	224,321	214,592	225,393	205,904	212,761	**2,334,129**
Selling, general and administrative expenses (including R&D expenses)*2	**235,184**	229,081	203,287	178,922	170,827	147,745	162,113	163,124	181,628	169,731	160,987	**1,658,330**
Core Operating Profit (J-GAAP: Operating profit)*2	**96,785**	86,697	65,685	59,955	59,353	50,306	57,731	39,116	43,765	36,173	51,773	**682,446**
Profit attributable to owners of parent	**81,188**	53,573	52,347	47,027	67,084	54,414	42,899	30,450	29,774	15,898	30,078	**572,473**
Capital expenditure and investments in intangible assets*2	**32,077**	30,984	22,335	34,782	22,586	13,489	20,714	33,270	20,039	29,487	35,183	**226,181**
Depreciation and amortization*2	**21,096**	18,476	19,498	20,466	18,797	16,243	22,032	23,784	23,126	23,885	21,592	**148,753**
R&D expenses*2	**72,106**	62,896	57,679	52,312	53,511	45,659	49,216	52,929	51,604	47,737	43,682	**508,435**
Cash Flows:												
Net cash provided by operating activities	**¥ 115,551**	¥ 48,672	¥ 86,548	¥ 39,502	¥ 53,655	¥ 56,181	¥ 64,902	¥ 66,881	¥ 66,526	¥ 19,377	¥ 56,884	**$ 814,774**
Net cash provided by (used in) investing activities	**(20,382)**	(17,185)	(11,363)	252,559	(933)	(39,929)	(45,265)	(49,824)	(57,747)	16,805	(77,163)	**(143,719)**
Net cash provided by (used in) financing activities	**(32,535)**	(29,032)	(28,446)	(26,003)	(47,371)	(16,501)	(18,287)	(13,871)	(14,060)	(37,184)	(12,579)	**(229,412)**
Cash and cash equivalents at the end of the period	**403,083**	339,194	335,084	287,019	20,762	15,867	14,685	13,076	12,784	17,013	19,242	**2,842,216**
At Year-End:												
Total current assets	**¥ 611,124**	¥ 542,189	¥ 518,231	¥ 442,482	¥ 448,610	¥ 385,844	¥ 348,150	¥ 314,999	¥ 324,433	¥ 283,192	¥ 329,320	**$4,309,151**
Total assets	**1,025,942**	939,881	921,872	801,290	784,453	741,982	708,295	683,801	720,764	719,135	719,257	**7,234,115**
Total current liabilities	**133,237**	109,825	109,129	80,749	87,530	80,459	78,409	88,072	84,823	85,182	85,076	**939,482**
Interest-bearing debt	**19,301**	21,639	20,371	17,842	17,185	2,527	2,814	7,000	4,840	4,868	6,207	**136,093**
Equity	**836,418**	762,826	737,162	698,396	678,250	649,621	616,028	577,036	614,858	605,368	595,415	**5,897,744**
Number of employees	**5,974**	5,982	5,752	5,423	5,267	7,242	7,532	7,465	7,435	7,424	7,152	—
Per Share Data:	(Yen)								(Yen)			(U.S. dollars*1)
Profit attributable to owners of parent*3	**¥ 151.03**	¥ 99.68	¥ 97.43	¥ 87.56	¥ 124.57	¥ 99.40	¥ 78.38	¥ 55.65	¥ 54.40	¥ 29.05	¥ 54.95	**$ 1.065**
Equity attributable to owners of parent	**1,555.81**	1,419.27	1,371.90	1,300.12	1,263.16	1,186.65	1,125.56	1,054.48	1,122.80	1,105.44	1,085.17	**10.970**
Cash dividends	**56**	51	46	44	42	35	27	25	25	25	25	**0.395**
Common Stock Price Range (Per share):												
High	**¥ 3,150**	¥ 3,515	¥ 4,240	¥ 3,060	¥ 2,594	¥ 2,478	¥ 2,227	¥ 2,098	¥ 2,321	¥ 1,510	¥ 1,256	**$ 22.21**
Low	**2,276**	2,604	2,687	1,849	1,674	1,894	1,515	1,412	1,094	1,006	833	**16.05**
Stock Information (Thousands of shares):												
Number of common stock issued	**540,000**	540,000	540,000	540,000	540,000	576,484	576,484	576,483	576,483	576,483	576,483	—
Weighted average number of common stock issued	**537,576**	537,432	537,272	537,109	538,542	547,412	547,290	547,224	547,285	547,348	547,391	—
Financial Ratios:	(%, except EBITDA)								(%, except EBITDA)			
Return on assets (ROA)	**8.3**	5.8	6.1	5.9	8.8	7.5	6.2	4.4	4.1	2.2	4.3	—
Core operating return on assets (J-GAAP: Operating profit)*2	**9.8**	9.3	7.7	7.6	7.8	6.9	8.3	5.6	6.1	5.0	7.4	—
Return on equity attributable to owners of parent (ROE)	**10.2**	7.1	7.3	6.8	10.1	8.6	7.2	5.3	4.9	2.7	5.2	—
Ratio of equity attributable to owners of parent to total assets	**81.5**	81.2	80.0	87.2	86.5	87.6	87.0	84.4	85.2	84.1	82.6	—
Core operating margin (J-GAAP: Operating profit)*2	**21.9**	21.8	18.6	18.8	19.4	18.5	16.3	11.2	12.0	10.8	15.2	—
EBITDA*2, *4 (Millions of yen)	**118,556**	86,392	79,793	72,974	63,750	83,421	78,220	66,981	78,018	64,101	83,190	—
Payout ratio*5	**35.5**	38.9	43.2	50.3	33.7	35.2	34.4	44.9	35.1	54.4	34.8	—

*1 U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥141.82=U.S.$1, the approximate exchange rate at December 31, 2023.

*2 Figures on and after 2018 represent figures in the continued operation (Pharmaceuticals) excluding the discontinued operation (Bio-chemicals).

*3 Profit attributable to owners of parent per share is based upon the weighted average number of shares of common stock outstanding during each year.

*4 EBITDA = Profit before tax + Interest expenses + Depreciation and amortization (+ Amortization of goodwill)

*5 Under J-GAAP, consolidated dividend payout ratios are calculated using net income before the deduction of amortization of goodwill that resulted from the reverse acquisition in April 2008 (Kirin Pharma share transfer). Figures from 2021 are calculated using "Core profit" (("Profit attributable to owners of parent" – "Other income and expenses" (excluding impact from applicable taxes)) / average number of shares during fiscal year)

Management's Discussion & Analysis

Figures presented in these materials have been rounded.

Subsidiaries Included in the Scope of Consolidation

The number of consolidated subsidiaries in the Kyowa Kirin Group stood at 35 as of December 31, 2023. 51% of the shares of KKI Grunenthal UK HoldCo Ltd were transferred to Grünenthal GmbH with the formation of a joint venture with Grünenthal for the established medicine business in Europe. As a result, the number of consolidated subsidiaries decreased by four compared to the end of 2022, as this company was changed from a consolidated subsidiary to an equity-method affiliate.

Income

(Billions of yen)

	2022/12	**2023/12**	Change
Revenue	¥398.4	**¥442.2**	¥43.9
Core Operating Profit	86.7	**96.8**	10.1
Profit attributable to owners of parent	53.6	**81.2**	27.6

Revenue and Core Operating Profit

The increase in revenue was the result of growth of global strategic products mainly in North America and a rise in revenue from technology out-licensing. The positive effect on revenue from foreign exchange was ¥18.9 billion.

Core operating profit increased as a result of higher gross profit achieved due to gains in overseas revenue and revenue from technology out-licensing, despite higher research and development expenses and a decrease in share of profit (loss) of investments accounted for using equity method. The positive effect on core operating profit from foreign exchange was ¥6.5 billion.

Profit Attributable to Owners of Parent

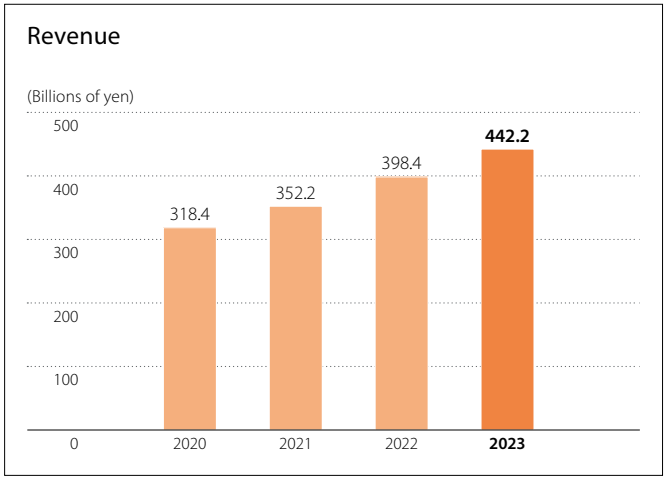
Profit attributable to owners of parent increased as a result of an increase in other income due mainly to the gain on sales of share and valuation of remaining share following the shift to a joint venture structure for the established medicines business in Europe, in addition to an increase in core operating profit, and a decrease in other expenses due mainly to a decrease in impairment losses.

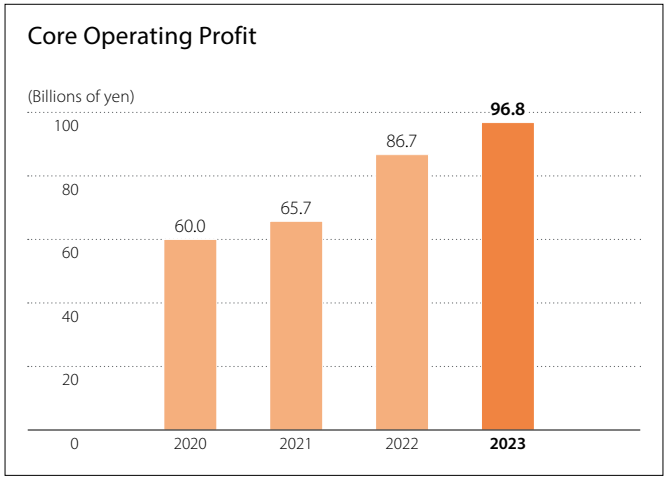
Revenue by Regional Controlling Company

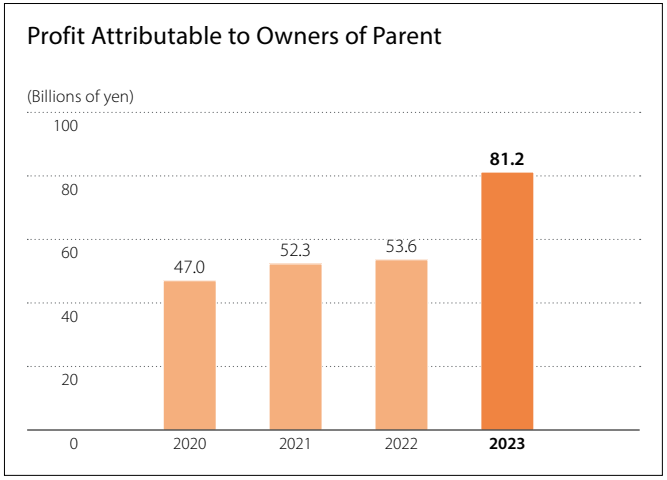
(Billions of yen)

	2022/12	**2023/12**	Change
Japan	¥148.7	**¥147.0**	¥ (1.7)
North America	112.6	**137.8**	25.2
EMEA	66.9	**73.3**	6.5
Asia/Oceania	30.1	**35.7**	5.5
Others	40.1	**48.4**	8.3
Total consolidated revenue	¥398.4	**¥442.2**	¥43.9

Notes:
1. Revenue by regional control function is classified based on consolidated revenue from products of regional control functions in the One Kyowa Kirin (OKK) matrix global management structure, which combines a regional organization based on four regions of Japan, North America, EMEA and APAC, a functional organization, and a product organization (product franchises).
2. EMEA consists of Europe, the Middle East, Africa, etc.







Japan

Revenue in Japan decreased year on year due mainly to the impact of the reductions in drug price standards implemented in April 2022 and April 2023, despite the growth in sales of Duvroq, a treatment for renal anemia, and other products.

- Revenue from Darbepoetin Alfa Injection Syringe [KKF] decreased due to the impact of the reductions in drug price standards and the market penetration of rival products.
- Revenue from Duvroq, a treatment for renal anemia, has been growing steadily since its launch in 2020.
- Revenue from G-Lasta, an agent for decreasing the incidence of febrile neutropenia, increased due to the launch of the automated injection device Bodypod in December 2022.
- Revenue from ROMIPLATE, a treatment for chronic idiopathic thrombocytopenic purpura, increased as a result of receiving approval for a partial change to the approved indication from "aplastic anemia in patients who had an inadequate response to conventional therapy" to "aplastic anemia" in September 2023, in addition to receiving approval of its indication for treatment of patients with aplastic anemia who have had an inadequate response to conventional therapy, in 2019, and as a result of penetrating the market.
- Revenue from Crysvita, a treatment for FGF23-related diseases, has been growing steadily since its launch in 2019.

North America

Revenue in North America increased year on year due to the growth of global strategic products.

- Revenue from Crysvita, a treatment for X-linked hypophosphatemia, has been growing steadily since its launch in 2018.
- Revenue from Poteligeo, an anticancer agent, has been growing since its launch in 2018.
- Revenue from Nourianz (product name in Japan: NOURIAST), an antiparkinsonian agent, has been growing since its launch in 2019.

EMEA

Revenue in EMEA increased year on year due to factors such as growth of global strategic products and proceeds from transfer of rights to Tostran, despite a drop in revenue from the established medicines.

- Revenue from Crysvita, a treatment for X-linked hypophosphatemia, has been growing as the number of countries where it has been released has been increasing since its launch in 2018.
- Revenue from Poteligeo, an anticancer agent, has been growing as the number of countries where it has been released has been increasing since its launch in 2020.
- Following the shift to a joint venture with Grünenthal for the established medicines business, in August 2023, revenue for 13 brands shifted from product sales to sales royalties and license fees, which led to a decrease in revenue from established medicines such as Abstral.
- Revenue of £62.5 million (¥11.5 billion) was recorded in October 2023 due to the transfer of the rights for Tostran, an established medicine, to ADVANZ PHARMA.

Asia/Oceania

Revenue in APAC increased year on year.

- Revenue from Crysvita, a treatment for X-linked hypophosphatemia, has been growing particularly in Australia where sales were launched in November 2022.
- Revenue from Gran, a neutropenia treatment drug, declined due to the impact of the centralized governmental purchasing system* that started in some regions in China.

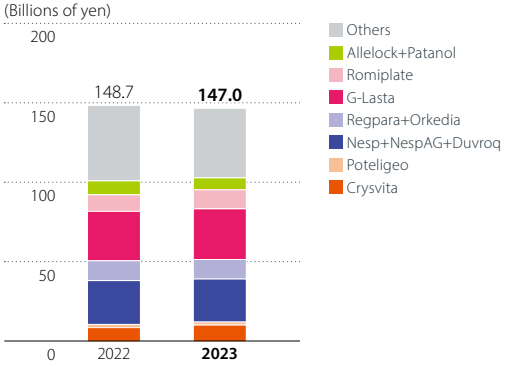
* Volume-Based Procurement (VBP) program that was introduced in 2018 for reducing healthcare cost in China. Even though only 2 to 5 companies are selected as suppliers through a tender, drug prices are dramatically dropped down.

Others

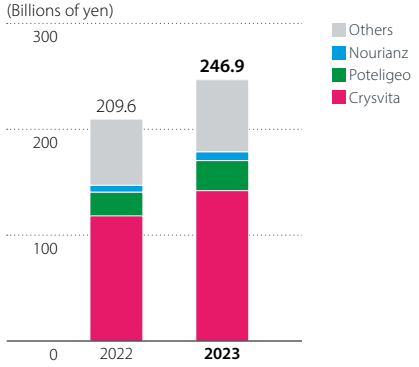
Revenue from Others increased year on year.

- Royalties revenue from AstraZeneca in relation to benralizumab increased.

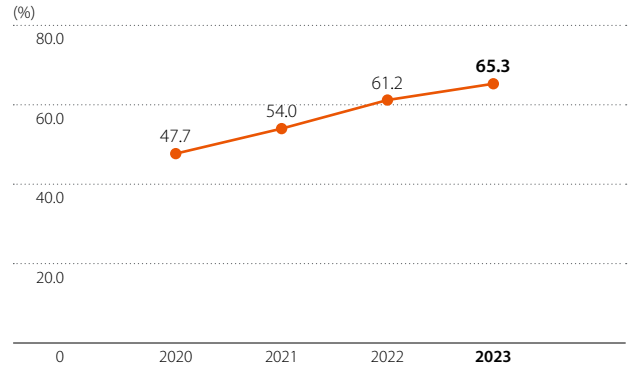
Revenue of Major Items (Japan)



Revenue of Major Items (North America, EMEA, and Asia/Oceania)



Overseas Revenue Ratio



Cash Flow

Cash and cash equivalents as of December 31, 2023 were ¥403.1 billion, an increase of ¥63.9 billion compared to the balance of ¥339.2 billion as of December 31, 2022.

The main contributing factors affecting cash flow during the current fiscal year were as follows:

- Net cash provided by operating activities was ¥115.6 billion, compared with net cash provided by operating activities of ¥48.7 billion in the previous fiscal year. Major inflows were depreciation and amortization of ¥21.1 billion, foreign exchange loss (gain) of ¥13.2 billion mainly relating to exchange differences on translation of foreign currency denominated deposits from consolidated subsidiaries as of December 31, 2023, and impairment losses (reversal of impairment losses) of ¥10.8 billion, in addition to profit before tax of ¥97.2 billion. Major outflows included gain on sales of share and valuation of remaining share of ¥14.8 billion and income taxes paid of ¥8.6 billion.
- Net cash used in investing activities was ¥20.4 billion, compared with net cash used in investing activities of ¥17.2 billion in the previous fiscal year. Major outflows were purchase of property, plant and equipment of ¥17.2 billion and purchase of intangible assets of ¥15.6 billion. Major inflows were proceeds from sale of investments in subsidiaries resulting in change in scope of consolidation of ¥7.8 billion and proceeds from redemption of bonds of subsidiaries and associates of ¥5.0 billion.
- Net cash used in financing activities was ¥32.5 billion, compared with net cash used in financing activities of ¥29.0 billion in the previous fiscal year. A major outflow was dividends paid of ¥29.0 billion.

Financial Position

Assets

Assets as of December 31, 2023, were ¥1,025.9 billion, an increase of ¥86.1 billion compared to the end of the previous fiscal year.

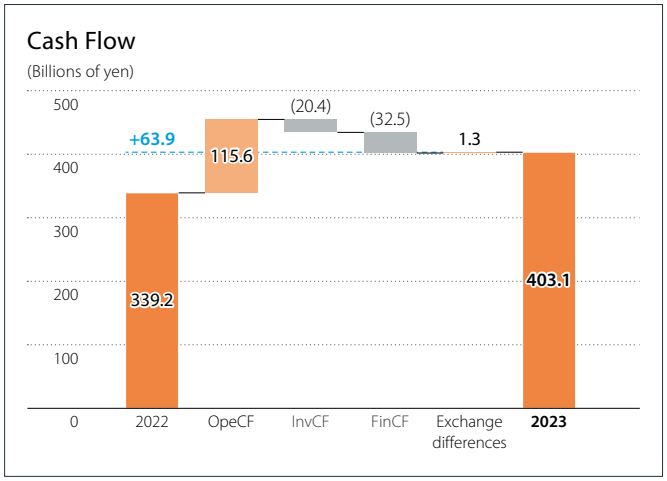
- Non-current assets increased by ¥17.1 billion compared to the end of the previous fiscal year, to ¥414.8 billion, due mainly to an increase in property, plant and equipment and an increase in goodwill due to the effect of yen depreciation in foreign exchange, in addition to an increase in investments accounted for using equity method following the shift to a joint-venture structure for the established medicines business in Europe.
- Current assets increased by ¥68.9 billion compared to the end of the previous fiscal year, to ¥611.1 billion, due mainly to an increase in cash and cash equivalents, despite a decrease in assets held for sale.

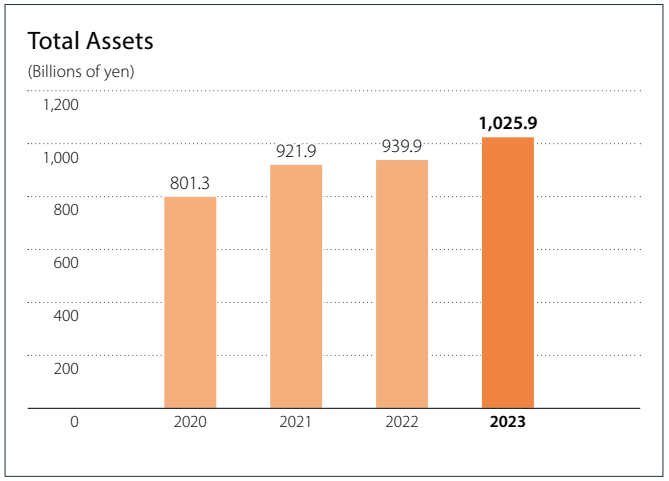
Liabilities

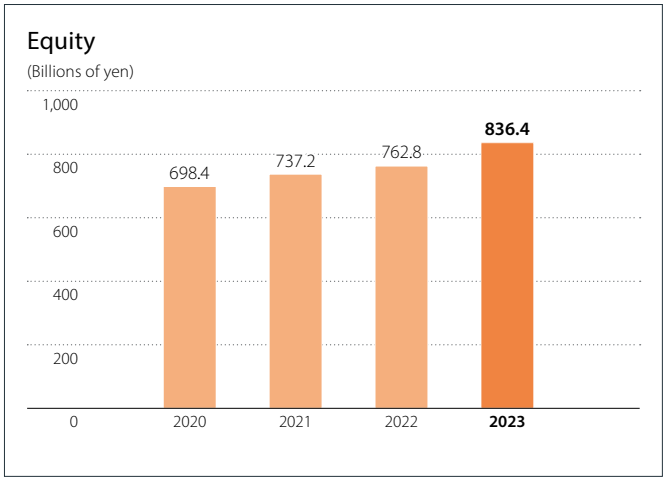
Liabilities as of December 31, 2023, were ¥189.5 billion, an increase of ¥12.5 billion compared to the end of the previous fiscal year, due mainly to an increase in trade and other payables, despite a decrease in other non-current liabilities caused by a decrease in contract liabilities.

Equity

Equity as of December 31, 2023, was ¥836.4 billion, an increase of ¥73.6 billion compared to the end of the previous fiscal year, due mainly to an increase due to the recording of profit attributable to owners of parent as well as an increase in exchange differences on translation of foreign operations resulting from the impact of exchange rates, despite a decrease due to the payment of dividends, etc. As a result, the ratio of equity attributable to owners of parent to total assets was 81.5%, an increase of 0.3 percentage points compared to the end of the previous fiscal year.







R&D Expenses

R&D expenses for the fiscal year ended December 31, 2023 totaled ¥72.1 billion, an increase of ¥9.2 billion from the previous fiscal year. The ratio of R&D expenses to sales for the year was 16.3%.

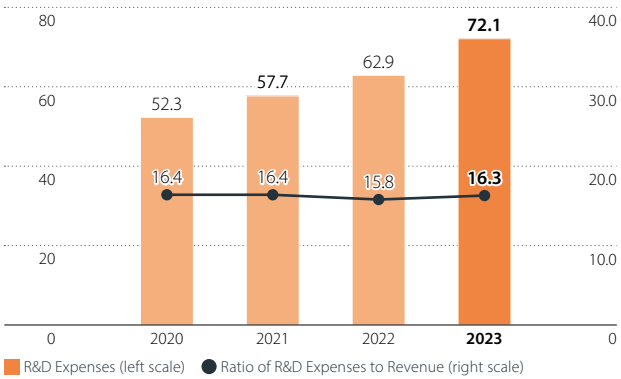
Capital Expenditure and Investments in Intangible Assets

As a basic policy, Kyowa Kirin implements capital expenditure strategically, taking into account the balance with depreciation. Capital expenditure and investments in intangible assets for the fiscal year ended December 31, 2023 totaled ¥32.1 billion, a increase of ¥1.1 billion compared with the previous fiscal year. Depreciation and amortization was ¥21.1 billion, a decrease of ¥2.6 billion.

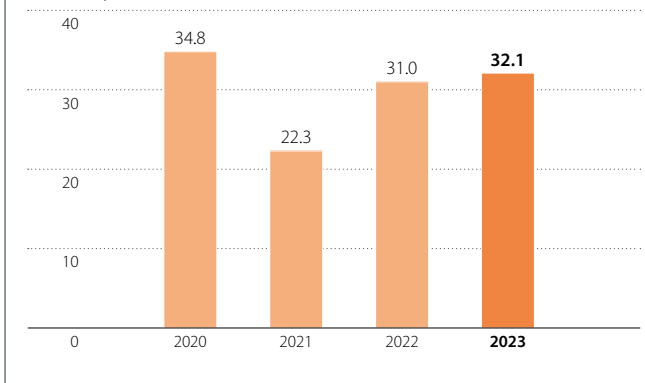
Per Share Data

Profit attributable to owners of parent per share for the fiscal year ended December 31, 2023 was ¥151.03, up from ¥99.68 in the previous fiscal year. Equity attributable to owners of parent per share was ¥1,555.81, compared with ¥1,419.27 in the previous fiscal year.

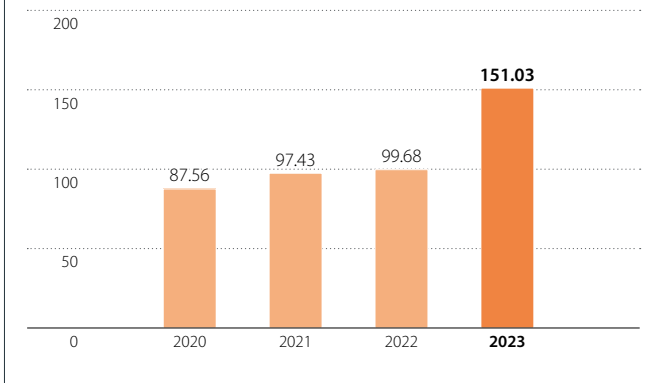
R&D Expenses



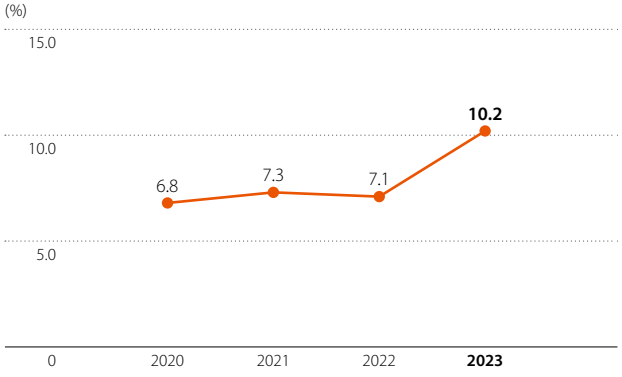
Capital Expenditure and Investments in Intangible Assets



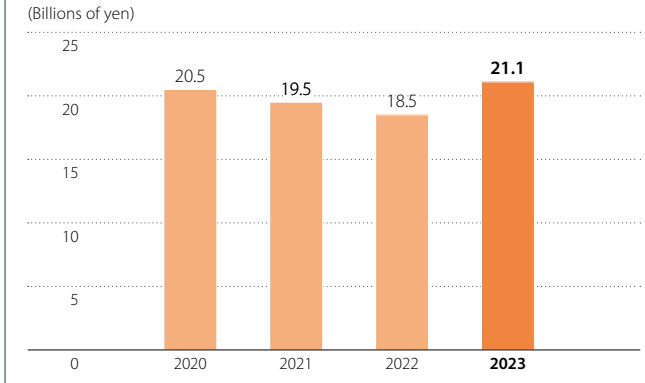
Profit Attributable to Owners of Parent per Share



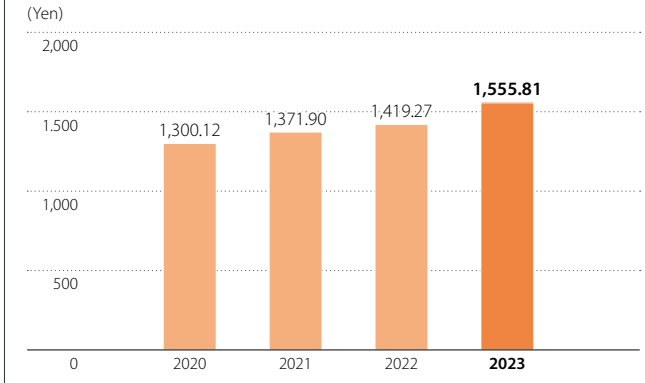
ROE



Depreciation and Amortization



Equity Attributable to Owners of Parent per Share



Outlook for FY2024

Consolidated financial earnings forecasts for fiscal 2024 are for revenue of ¥473.0 billion (up 7.0% compared to the current fiscal year), core operating profit of ¥85.0 billion (down 12.2%), profit before tax of ¥85.0 billion (down 12.6%), and profit attributable to owners of parent of ¥63.0 billion (down 22.4%).

- Revenue is expected to increase compared to the current fiscal year given the likelihood of growth in global strategic products centered on Crysvita and an increase in revenue from technology outlicensing, despite the prospect of a decrease in G-Lasta due to effects of biosimilar products in Japan.
- A year-on-year decrease is forecasted for core operating profit, despite an expected increase in gross profit attributable to higher revenue, given the prospect of higher research and development expenses and selling, general and administrative expenses associated with having completed the acquisition of Orchard Therapeutics plc on January 24, 2024, in addition to a substantial increase in research and development expenses accompanying progress in development projects particularly for KHK4083.
- A year-on-year decrease is forecasted for profit before tax due to the downturn in core operating profit.
- A year-on-year decrease is forecasted for profit attributable to owners of parent due to the prospects of an increase in income tax expense, in addition to lower profit before tax.
- Concerning cash flows from operating activities, the Company expects a decrease in net cash provided relative to that of the current fiscal year due to the prospects of higher income taxes paid, in addition to lower profit before tax.
- Concerning cash flows from investing activities, the Company expects an increase in net cash used relative to that of the current fiscal year given the likelihood of an increase in cash used in purchase of property, plant and equipment and purchase of intangible assets, in addition to cash used in the purchase of subsidiary shares accompanying change in scope of consolidation associated with the acquisition of Orchard Therapeutics plc. Regarding strategic partnering, M&A and other strategic investments, the Company will continue to evaluate and conduct investment using a flexible approach.
- Concerning cash flows from financing activities, the Company expects an increase in net cash used relative to that of the current fiscal year given anticipated cash outflows for the purchase of treasury shares. As regards the purchase of treasury shares and the sourcing of funds, we will continue to remain flexible and act as appropriate for the economic and funding environment.

As a result of the above, cash and cash equivalents as of the end of fiscal 2024 are expected to decrease from fiscal 2023.

Profit Distribution

The Company regards the return of profits to its shareholders as one of its key management priorities.

The basis of the Company's policy regarding the distribution of profits is to pay dividends stably in light of a comprehensive consideration of factors including consolidated results and dividend payout ratio for each fiscal year, while also increasing its retained earnings for future business development and other purposes. We plan to improve our capital efficiency with regards to the purchase of treasury shares by taking a flexible approach while considering the share price in the market and other factors. The Company considers it a top priority to use internal reserve funds for investments for future growth (R&D investments, strategic investments and capital expenditures) in order to achieve sustainable growth from fiscal 2025 and maximize corporate value.

As the dividend policy, the Company set its target dividend payout ratio based on core EPS at 40% in the FY2021–2025 Medium Term Business Plan. The Company aims to ensure a stable and sustained increase in the level of dividend payment (continuous increase of dividend payments) in line with medium- to long-term growth in profits.

In accordance with the above-mentioned policy, the Company paid an annual dividend from surplus of ¥56.00 per share for FY2023, an increase of ¥5.00 from the previous fiscal year and the seventh consecutive year of increase.

Outlook for FY2024

(Billions of yen)

	2023/12	2024/12 (Outlook)	Year-on-year change
Revenue	442.2	473.0	30.8
Core operating Profit	96.8	85.0	(11.8)
Profit before tax	97.2	85.0	(12.2)
Profit Attributable to Owners of Parent	81.2	63.0	(18.2)

* Note: These forecasts assume average exchange rates of ¥140/US$, ¥180/British pound and ¥155/€

	2023/12	2024/12 (Outlook)	Calculation method
ROE	10.2%	7.6%	Profit / Average beginning and ending equity
Revenue growth ratio	11.6%	10.4%	Annual average growth rate with fiscal 2020 as base year
R&D expense ratio	16.3%	21.1%	Research and development expenses / Revenue
Core operating profit ratio	21.9%	18.0%	Core operating profit / Revenue

(Yen)

	2023/12	2024/12 (Outlook)
Dividend per share (Second quarter-end)	27	29
Dividend per share (Fiscal year-end)	29	29
Dividend per share (Annual)	56	58
Dividend payout ratio*	35.5%	47.6%

* The dividend payout ratio is based on core EPS (calculated as an indicator showing recurring profitability by dividing core profit (determined by subtracting "other income," "other expenses" and the related "income tax expense" from "profit") by the average number of shares during the period).

Risk Factors

This section describes principal risks identified by the Kyowa Kirin Group as of December 31, 2023. However, the Group may face other unforeseen risks caused by changes in internal and external conditions, and risks not described here may have a negative impact on the Group's business performance and financial position.
The Group defines risks as factors that could have an uncertain impact on business targets, including both threats and opportunities.

Risks related to maximizing the value of global strategic products

▸ Details of risks and expected main impacts

The Group is working to maximize the value of two and other drugs that have been positioned as global strategic products – Crysvita, a treatment for X-linked hypophosphatemia and Poteligeo, an anticancer agent. We launched our own marketing for Crysvita in North America in April 2023. However, we need to continue monitoring whether we can increase sales and profit through market expansion. Moreover, regarding risks of global strategic products as a whole, the following risks may prevent the Group from attaining its business targets: delays to sales area expansion caused by setbacks in market launch preparations; slow progress with market penetration due to difficulties in identifying potential patients; sharply lower-than-expected sales due to a shortfall in projected product prices in new markets; and impediments to stable supplies caused by quality issues, manufacturing problems and other issues.

▸ Key mitigation measures

In preparation for maximizing the value of global strategic products, we are moving forward with measures for penetrating markets and expanding our business regions, centered on Europe and the U.S. In addition to a global management system that facilitates seamless cooperation between functions (divisions) and regions (affiliates) on a global level, the Group has appointed personnel to take responsibility for each global strategic product. This person leads a cross-function/region team that works together to draft and execute strategies to maximize the value of each product. We have started our own marketing of Crysvita in North America where we are well-prepared and continue to identify patients who require treatment, enhance communication with them, monitor field activities, and increase the level of field teams engaged in such activities. Regarding issues with quality and manufacturing, key mitigation measures are outlined in the "Risks related to product quality" and "Risks related to production and stable supply."

Risks related to healthcare cost-control policies

▸ Details of risks and expected main impacts

The trend toward tighter control of healthcare costs is increasing in Japan and elsewhere. Efforts to reform healthcare systems in various countries involve reducing prices of drugs and encouraging wider use of generic drugs. These trends may have a negative impact on the Group's business performance and financial position. In this context, while being innovative and also adequate for unmet medical needs is important to the successful reception from stakeholders, delays to the development of further practical, groundbreaking new drugs may undermine the Group's growth potential and profitability.

▸ Key mitigation measures

The Group closely monitors healthcare policy trends in each country, while also strategically examining measures to evaluate the value of its life-changing pharmaceuticals from various aspects so as to securely deliver them to patients. Furthermore, in price setting, the Group considers the impact on its business so that it can secure appropriate revenues to continuously creating innovative drugs, while complying with each country's systems.

Risks related to production and stable supply

▸ Details of risks and expected main impacts

In cases where detailed, accurate demand forecasts in various regions are impossible, particularly where market supply and demand fluctuates significantly due to the supply difficulties of other companies; where it is impossible to maintain supply capacity due to compliance violations in the supply chains, such as the Group's proprietary plants, contract manufacturers, or other suppliers of raw materials, or disaster damage, stable supplies of the Group's products could be impeded, resulting in factors such as delays in drug launch schedules or limited shipments of product that could erode trust in Kyowa Kirin as a pharmaceutical company or depress revenues, among other things.

▸ Key mitigation measures

The Group is implementing sales and operations planning (S&OP) to increase the accuracy of demand forecasting by rapidly identifying product sales and trend in needs responding to changes in external environments, and to achieve a supply-demand balance and enable quick adjustments in line with business plans. The Group formulates a BCP, reviews a safety stock holding policy in accordance with risks, implements self-inspection required in the industry, sets and monitors objective stable supply indicators, and visualizes demand using a supply-demand planning system. In addition, the Group is expanding its network of contractors, investing in proprietary plants, rolling out digital technology to enhance manufacturing operational efficiency, and increasing headcount and upgrading training systems in the production and quality assurance divisions.

Risks related to human resources

▸ Details of risks and expected main impacts

The Group is working to embed its global management system to encourage individuals from diverse backgrounds to demonstrate their abilities and engage in business activities in Japan and overseas. However, if the Company is unable to develop and hire personnel who will be responsible for the global management system, this may hinder the continuation of its business activities or sustainable growth.

▸ Key mitigation measures

The Group believes that people are the source of innovation. To maximize the abilities of each of its employees with diverse backgrounds and develop person and organization that challenge to innovate and continuously create new value, the Group promotes measures for the achievement of "Global Talent Management Basics for 2021–2025" created by the Human Resources Department to visualize human resources function's ideal state in 2025. Among measures taken thus far to build a global common human resources platform for promoting the One Kyowa Kirin system, the Group has focused on, specifically, identifying global key positions and their talent requirements, developing global common grading, formulating leadership principles, introducing our global human resource system (HRIS) and expand its functions. Concurrently, to strengthen the management system on a global basis, the Group has created succession planning for each of its global key positions and nominated next-generation leadership candidates irrespective of race, nationality, gender, or age. In addition, to strengthen the pipeline of human resources, the Group formulates individual training programs for each successor (Global Succession Plan), and implements human resource development systematically by carrying out short-term assignments on a global basis (Global Exchange Program), etc. Talent review will be organized by Global HR Business Partners beyond the framework of regions, aiming to assign the right person in the right place at a global level.

Through the employees' attitude survey and (Global Engagement And Motivation Survey) and simple surveys related to corporate culture reform, the Group monitors the extent to which the above-mentioned initiatives are gaining acceptance and taking root. At the Human Resource Development Committee in which not only the officer in charge of human resources but also officers in charge of other functions participate as members, each of these measures implemented by the Human Resources Department is discussed to allow them to be more effective.

Risks related to R&D

▸ Details of risks and expected main impacts

In its R&D, the Group pursues the ongoing creation of groundbreaking pharmaceutical products and has established the following strategies centered on technology, disease, and open innovation. (i) In addition to its ongoing quest to drive advances in antibody technology, the Group will build a platform for creating breakthrough drugs by making full use of diverse modalities. (ii) The Group will continue to provide "Only-one value drugs" to address diseases that currently have no effective treatment while taking advantage of disease science that generated global strategic products such as Crysvita and Poteligeo to date. (iii) The Group will continue to proactively incorporate external innovation through advanced open innovation activities, fusing collaborative research activities with academia, startups, and other partners (information gathering in the San Diego area, etc.) with early access to information by means of venture capital fund investments. However, in the process of developing new drugs over long periods of time, there may be cases where R&D has to be abandoned; for example, if expected efficacy is not confirmed or for safety and other reasons, which may prevent the Group from expanding its drug pipeline, undermining growth potential and profitability.

▸ Key mitigation measures

The Group is actively stepping up investments in R&D (aiming for an R&D expense ratio of 18–20%) to strengthen the pipeline of new drugs that will lead the next generation, such as global candidates. To complement proprietary research, the Group is also focusing on open innovation activities involving partners from across industry, government, and academia, including active strategic partnering (in-licensing, tie-ups, etc.) to acquire platform technologies and pipeline assets. For instance, since 2018, the Group has been extending its R&D alliance with InveniAI LLC of the United States providing AI and machine learning applications, identifying, assessing, and optimizing novel drug discovery targets that complement the Group's proprietary next-generation antibody technology. In addition, the Group is promoting digital transformation of R&D alliance by accessing the AI technology platform owned by InveniAI. Moreover, through investing in a venture capital fund, in 2022 the Group entered into a research collaboration with LUCA Science Inc., which has a proprietary technology to isolate high functional mitochondria. The collaboration allows for the Group to create innovative therapeutic options based on mitochondrial drug discovery. To further strengthen access to cutting-edge drug discovery technology owned by academia, the Group has started an organizational alliance with School of Life Science and Technology, Tokyo Institute of Technology this year for the development of drug discovery technology. In addition, to take in innovation on a global basis, the Company continues to strengthen alliance with La Jolla Institute for Immunology, a world-leading research institute, through Kyowa Kirin North America's research institute, and promote CVC (Corporate Venture Capital) activities. In October 2023, the Company entered into an acquisition agreement with England-based Orchard Therapeutics plc, specializing in hematopoietic stem cell gene therapy. Through the acquisition, we will significantly strengthen our research and development capability for continuing to create life-changing value by combining our drug discovery technology and experience with its hematopoietic stem cell gene therapy technology.

Risks related to parent and Group company management

▸ Details of risks and expected main impacts

To achieve its management goals as a Japan-based global pharmaceutical company, in accordance with the Basic Policy on the Internal Control System, the Group has been working to enhance its governance by establishing an appropriate system to secure its compliance, risk management, and the appropriateness of financial reports, as well as reporting their operations to the Board of Directors. In the event that these measures are not fully effective, emerging risks could result in restrictions or suspensions of production, sales and other business activities, and the loss of trust as a pharmaceutical company.

▸ Key mitigation measures

Risk management aims to achieve group-wide risk management that can anticipate the future and take preventative measures. To this end, the Group has introduced an IT tool to uniformly manage group-wide risks, and stages ongoing crisis and BCP drills not only linking its head office with each region but also across regions in Japan and overseas, and deliberates on material issues (materiality) that are both risks the Group needs to address over the medium- to long-term as well as opportunities. Through these actions, the Group is working to heighten its ability to respond to new and potential risks. Principal risks of the Group as well as regions are monitored by the Group's CSR Committee and each region's CSR Committee and their details are reported to the respective board of directors. Furthermore, the Group conforms to the three-line model advocated by the Institute of Internal Auditors, and has secured a system to make appropriate responses to risks. Compliance is provided in "Risks related to compliance" and the appropriateness of financial reports is in "IV. Information about Reporting Company, 4 Corporate governance" respectively.

Risks related to product quality

▸ Details of risks and expected main impacts

Pharmaceutical manufacturing requires facilities (hard assets) and procedures and people (soft assets) that are compatible with good manufacturing practice (GMP). Should a GMP inspection by a national authority or an internal audit find a serious GMP issue, the regulatory authority may issue instructions for production or shipments to be suspended. In addition, if for any reason there are any concerns about the safety or quality of a product with regard to raw materials or manufacturing processes used to make the product, these may give rise to a suspension of shipments or product recall.

▸ Key mitigation measures

The Group's quality assurance functions are centered on the Global QA Head, who reports directly to the President and collects and shares information about quality assurance activities in each region for prompt decision making. Specifically, the Global Quality Assurance Committee, regular and ad hoc Global Product Council, and other quality assurance bodies discuss critical quality-related issues reported by regional control functions, evaluate quality performance at newly selected manufacturing sites, regularly assess product quality, review the activities of global taskforces established to address specific issues, and monitor issues identified in audits and progress with related response measures. The Group has also established a global, independent specialist audit unit to reinforce product quality audits within the Group and at contractors. In addition, the Group has completed introducing an electronic Quality Management System to appropriately manage and utilize large volumes of quality assurance information on a global level and to drive continuous improvements in processes and reliability. With eQMS, key quality management processes (education and training, document management, deviation, complaints, corrective and preventative actions, modifications, change control, audits, manufacturing site management, etc.) are all managed electronically.

Quality assurance divisions and safety divisions always work closely and have established a system to prevent health damage to patients by promptly evaluating impacts on patients if quality concerns arise and always consider the effect of quality in product safety monitoring.

Risks related to the management of suppliers and contractors

▸ Details of risks and expected main impacts

The Group enters into alliances with other companies, in the form of joint development, joint commercialization, technology partnerships, and establishment of joint ventures, and it also outsources operations related to the supply of raw materials, production, logistics, and marketing for pharmaceuticals to other domestic and overseas suppliers. However, if the alliances and outsourcing contracts fail to deliver the expected results or are dissolved due to issues related to human rights, legal compliance, the environment, information security at suppliers, or if there are quality issues with contracted deliverables, the Group could face difficulty securing stable supplies of the Company's products or issues in logistics and sales, which may erode trust in Kyowa Kirin as a pharmaceutical company, lower revenues, or lead to delays in new drug applications.

▸ Key mitigation measures

The Group is seeking to conduct sustainable procurement in line with the Kyowa Kirin Group Procurement Policy, which states its commitment to pursue sustainable procurement together with suppliers to ensure stable supplies of high-quality products. To ensure that suppliers are familiar with the Group's initiatives for sustainable procurement, the Group holds briefing webinar for suppliers periodically. In addition, the Supplier Code of Conduct sums up the seven areas where the Group calls for understanding and cooperation from suppliers: relationships with society, relationships with employees, compliance with rules, respect for human rights, environmental preservation, information management, and risk management. In dealing with suppliers, we have added a clause of compliance with the Supplier Code of Conduct to our contracts, and the Group conducts questionnaires to confirm compliance with the Supplier Code of Conduct, publishing the results. The Group also obtains risk and credit background data from external organizations and conducts supplier assessments based on objective information. The Group obtains similar information in the course of transactions as needed, and confirms with a supplier when there is any cause for concern. In addition, the Group promptly shares the risk information it obtained with relevant divisions and works together to mitigate risk, including requesting corrective action from suppliers or considering changing suppliers, as needed. Through the procurement functions and systems established in each region, the Group takes measures to reduce risks and monitors the status. Based on Kyowa Kirin Group Human Rights Policy established in December 2022, the Group also promotes human rights due diligence initiatives.

Risks related to information security

▸ Details of risks and expected main impacts

As the Group utilizes a variety of networks and information systems, the Group may experience system outages or external leaks of confidential information in the event of unauthorized system access or cyberattacks. A cyberattack on a supplier could result in damages such as the leakage of confidential information of the Group or personal data, suspension of business activities, or damage to the brand. The move to homeworking is improving productivity, but the number of employees using home communication environments or working alone is rising, which increases the risk of surveillance committed through networks, cyberattacks, email errors, and loss of personal computers that may lead to information leaks. In addition, as cloud-based services are used more frequently, a security accident (including inaccessibility to such a service) occurring at the side of an outside service provider may directly affect the Group's business contingency.

▸ Key mitigation measures

The Group is taking steps to upgrade information security, including technical measures to guard against cybersecurity threats that are becoming more diverse and more sophisticated each year, as well as developing playbooks that include information such as the recommended initial response flow and procedural steps in the event of a cyber incident, to establish the system to respond to incidents. Moreover, by periodically conducting an outside evaluation driven by a standard framework for the security industry, the Group continuously improve a responsive plan formulated based on an objective risk evaluation. The Group is also taking measures to mitigate various risks, such as monitoring its business partners to verify their response to the security measures. In addition, to be better prepared to mount a rapid response and minimize damage in the event of an incident, the Group is continuously

conducting crisis drills in each region to deal with ransomware and other cyberattacks. The Group is also educating employees to raise their level of information security by conducting educational seminars periodically and targeted e-mail attack drills, and raising awareness by disseminating information and precautions on preventing infection from computer viruses in accordance with the characteristics of the latest attack methods, points of attention, etc., through seminars for employees, a dedicated cybersecurity website, etc. BCP system and drills simulating limited use of cloud services are also being organized.

Risks related to compliance

▸ Details of risks and expected main impacts

The Group is required to comply with a range of laws and regulations governing pharmaceutical R&D, manufacturing, sales, imports, and exports. In addition, in exchange with patient groups for patient-centered activities and the promotion of pharmaceuticals, in addition to the laws and regulations of each country, there are voluntary codes in the industry, and pharmaceutical companies are strongly requested to comply with them. Failure to comply with these laws, regulations and voluntary codes could result in sanctions that delay or suspend the development of new drugs, or restrict or suspend production, sales, and other business activities, which may erode trust in Kyowa Kirin as a pharmaceutical company.

▸ Key mitigation measures

The Group believes that compliance is not only legal compliance, but also involves promptly sensing and properly understanding the needs of society and acting ethically. We have stipulated the overall behavior expected of our officers and employees in the Kyowa Kirin Group Code of Conduct. The Company has established a system to comply with various laws and regulations and voluntary codes, and conducts ongoing education and training. The status of compliance and the progress of measures to address material issues are discussed at each regional CSR Committee meeting and at the Group CSR Committee meeting, both of which are held periodically, and ongoing improvement is promoted. In addition, the Group has set up a whistleblowing hotline to prevent, quickly detect, and rectify acts that violate the Code of Conduct or significantly damage the brand value of the Group. Furthermore, the Group conducts an annual employee compliance awareness survey to identify potential risks, while working to mitigate risks in the early stages by confirming the facts of survey responses and responding accordingly. Survey results are also reported to the CSR Committee and the Board of Directors. The Group compliance enhancement project that started in 2021 is improving a framework to monitor the status of efforts by each department in charge based on the various Kyowa Kirin Group Policies that supplement the Code of Conduct as well as the laws and regulations that a global pharmaceutical company must comply with, and a framework of company-wide monitoring of the compliance program of each region, including the global head office. Based on the monitoring results, the Group implements measures for improvement accordingly, further raising its compliance level.

Risks related to natural disasters

▸ Details of risks and expected main impacts

Natural disasters such as earthquakes and typhoons that may occur in various locations could lead to the closure of the Group's head offices, plants, research laboratories, and business offices or halt business activities, potentially impacting progress in drug discovery research and clinical development, the stable supply of products, the collection of safety information, and the provision of product information, which may have a negative impact on the Group's business performance and financial position.

▸ Key mitigation measures

The Group has developed a coordinated disaster prevention plan with its business sites to ensure the safety of employees and their families in the event of a disaster. Based on the plan, the Group regularly conducts safety confirmation drills and safety equipment upgrades/checks. The Group has also developed a BCP to continue supplies, monitoring, and providing information of pharmaceuticals in the event of difficulty ensuring the continuity of normal business activities. The Group conducts BCP drills simulating a range of scenarios, including super typhoons and a massive earthquake directly under the Tokyo metropolitan area. We are working to identify issues through such drills and continuously improve our BCP. Based on the global, all-hazard BCP guidelines established in 2021, the Group is working to enhance the business continuity framework in each region to prepare for various events. For example, the Group is planning to construct a new warehouse building with earthquake-proof construction at its Takasaki Plant (construction started in October 2023, operation start scheduled for January 2026).

Risks related to climate change

▸ Details of risks and expected main impacts

The occurrence of floods caused by extreme weather brought about by climate change could affect all of our business activities, including the stable supply of our products and research activities. Furthermore, in the future, the Group's brand value may decline if additional costs are incurred due to the introduction of carbon taxes or measures to comply with tighter environmental regulations, or if greenhouse gas reduction targets cannot be achieved.

▸ Key mitigation measures

In addition to the impact on business activities, the Group considers the response to climate change (prevention of global warming) to be critical to bringing about a sustainable society. The Group has created a roadmap for reducing greenhouse gas emissions over the medium- to long-term, and is moving forward with an array of initiatives across the Group. In the medium term, the Group is accelerating the reduction of emissions of greenhouse gases by focusing on energy-saving measures and expanding the use of renewable energy. From 2020, the Group has introduced RE100- certified renewable energy to its Takasaki Plant and Fuji Site, Ube Plant and Head Office, switching 100% of their purchased electricity to electricity that emits no greenhouse gases. In March 2023, Ube Plant started operation of a large-scale solar power generation system (1.47 MW) based on an onsite PPA (Power Purchase Agreement) model. In addition, the new office building that was completed in April 2023 adopted renewable energy upon reducing primary energy through energy conservation measures and received a ZEB (net Zero Energy Building) certificate for the first time among the Group and the Kirin group, which is given to a building aimed at net energy consumption of zero.

The construction of a new quality assurance-related multipurpose facility (Q-TOWER) was completed in December 2022 at Takasaki Plant. In constructing Q-TOWER, we reduced environmental impact by using a precast-prestressed concrete method in which concrete components are prepared in advance at the plant and assembled on site.

On the other hand, Kyowa Kirin China Pharmaceutical Co., Ltd. installed a solar power generation system when building a new warehouse, promoting the introduction of renewable energy.

With regard to GHG emissions under Scope 3 from the Group's value chain, we have classified 15 categories and calculated them in accordance with the guideline of the Ministry of the Environment conformed with the GHG Protocol. Then we have formulated an initial hypothesis of reduction measures and an initial roadmap plan. Going forward, we will develop measures to reduce GHG by setting a medium- to long-term target for GHG reductions under Scope 3 and working together with contract manufacturers and suppliers. Among environmental performance data, we see data of climate change and the amount of water consumption as significant indicators so that we have received a third party assurance to secure the data reliability.

The Group has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and has determined the risks and opportunities that climate change poses to its businesses and their impacts. Following the recommendations of the TCFD, the Company discloses information on the following four items: governance, strategy, risk management, and metrics and targets.

Corporate Data

Corporate Data (As of December 31, 2023)

Kyowa Kirin Co., Ltd.

Head Office
1-9-2, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Tel: 81-3-5205-7200
Fax: 81-3-5205-7182
URL: https://www.kyowakirin.com/

Number of Employees
Consolidated: 5,974

Date of Foundation
July 1, 1949

Paid-in Capital
¥26,745 million

Principal Plants

Japan
Takasaki Plant (Takasaki City, Gunma)
Ube Plant (Ube City, Yamaguchi)

Overseas
Kyowa Kirin China Pharmaceutical Co., Ltd.
Principal Plants

R&D Network

Japan
Tokyo Research Park (Machida City, Tokyo)
Fuji Research Park (Sunto-gun, Shizuoka)
CMC R&D Center (Sunto-gun, Shizuoka)
Bio Process Research and Development Laboratories (Takasaki City, Gunma)

Overseas
Kyowa Kirin, Inc.
Kyowa Kirin China Pharmaceutical Co., Ltd.
Kyowa Kirin Korea Co., Ltd.

Network (As of December 31, 2023)

Name of Company	Proportion of Voting Rights Held	Share Capital (1,000)	Principal Business
Japan			
Kyowa Kirin Plus Co., Ltd.	100%	¥100,000	Insurance, wholesale and retail
Kyowa Kirin Frontier Co., Ltd.	100%	¥100,000	Manufacturing and sales of pharmaceuticals
North America			
Kyowa Kirin USA Holdings, Inc.	100%	US$ 76,300	Supervision and management of specific subsidiaries (U.S.A.)
BioWa, Inc.	100%	US$ 10,000	Out-licensing of antibody technology (U.S.A.)
Kyowa Kirin, Inc.	100%	US$ 0.2	R&D and sales of pharmaceuticals (U.S.A.)
Kyowa Kirin Canada, Inc.	100%	CA$ 0.2	Sales of pharmaceuticals (Canada)
2 other companies			
EMEA			
Kyowa Kirin International plc.	100%	£13,849	Supervision and management of specific subsidiaries (U.K.)
17 other companies			

Name of Company	Proportion of Voting Rights Held	Share Capital (1,000)	Principal Business
APAC			
Kyowa Kirin Asia Pacific Pte. Ltd.	100%	SGD 123,045	Supervision and management of specific subsidiaries and sales of pharmaceuticals (Singapore)
Kyowa Kirin China Pharmaceutical Co., Ltd.	100%	US$ 29,800	Manufacturing and sales of pharmaceuticals (China)
Kyowa Kirin Korea Co., Ltd.	100%	KRW 2,200,000	Sales of pharmaceuticals (Korea)
Kyowa Kirin (Taiwan) Co., Ltd.	100%	TW$ 262,450	Sales of pharmaceuticals (Taiwan)
Kyowa Kirin (Hong Kong) Co., Ltd.	100%	HK$ 6,000	Sales of pharmaceuticals (Hong Kong)
4 other companies			
Equity-method affiliate			
FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd.	50.0%	¥100,000	Development, manufacturing and sales of biosimilar pharmaceuticals
KKI Grunenthal UK HoldCo Ltd	49.0%	£0.1	Supervision and management of specific subsidiaries (U.K.)
10 other companies			

Investor Information (As of December 31, 2023)

Stock Listing
Tokyo

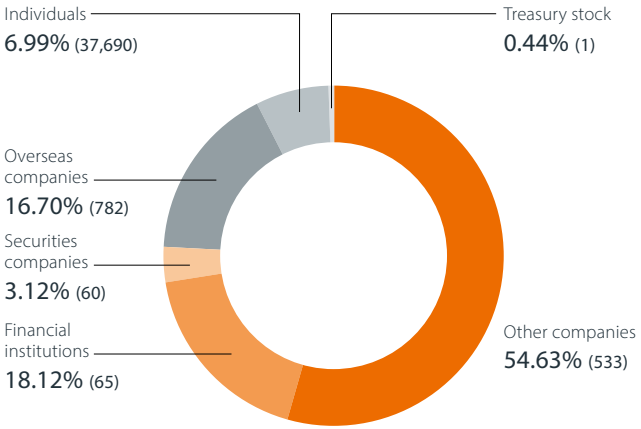
Securities Code
4151

Transfer Agent of Common Stock
Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo
100-8233, Japan
http://www.smtb.jp/personal/agency/index.html

Number of Shares of Common Stock
Authorized: 987,900,000
Issued: 540,000,000

Number of Shareholders
39,131

Shareholding by Type of Investor (Number)



Principal Shareholders

	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
Kirin Holdings Company, Limited	288,819	53.72
The Master Trust Bank of Japan, Ltd. (Trust Account)	58,462	10.87
Custody Bank of Japan, Ltd. (Trust Account)	25,600	4.76
STATE STREET BANK AND TRUST COMPANY 505223	8,936	1.66
STATE STREET BANK WEST CLIENT – TREATY 505234	5,844	1.09
SMBC Nikko Securities Inc.	5,210	0.97
JP Morgan Securities Co., Ltd.	5,142	0.96
STATE STREET BANK AND TRUST COMPANY 505025	3,473	0.65
JP Morgan Chase Bank 385781	3,382	0.63
The Dai-ichi Life Insurance Company, Limited	2,920	0.54

Stock Price and Trading Volume

Total Shareholder Return (TSR)

	Past 4 years	Past 3 years	Past 2 years	Past 1 year	Current year
Kyowa Kirin Co., Ltd.	**125.9%**	**139.6%**	**157.3%**	**154.2%**	**125.6%**
TOPIX Total Return Index	118.1%	126.8%	143.0%	139.5%	178.9%

Commitment to Life

Countless precious lives surround us.
Brought into this world, blessed,
raised with loving care – full of dreams, happiness as the goal of life.
Deeply instill in us,
Infinite possibilities for us, a pharmaceutical company.
and know that what we work for – the most precious presence of all on this planet.

Believe in ourselves, believe in our power, believe in what we have built together.
Not a large company, but with qualities like none other.
History so unique we can be proud of, technology unmatched,
And superior human beings that cannot be found elsewhere.

Be brave; do not shy away from challenges. Have passion; break away from the norm.
Innovation is not just about growth – but instead a leap towards the future,
a grand growth with wings.
Wings never to be given to those who settle for the status-quo.

Don't just make medicine. Make people smile, bring light to their lives.
How strongly one longs to live. How deeply one is loved by their loved ones.
How sincerely one desires to help the one life
they dedicate themselves to in the field of medicine.
Stay receptive, sharpen your sensitivities.
Let us become the top company in the world who cares the most for life.
Strength is not what saves the world. A caring heart is what the world calls for.

Strive to become a superb team.
One human being, excellent or not, is ever so powerless,
as a power of one, mistakes, even a possibility.
Show the world the excellence of coming together. Amazing results, when we become one.
Be driven. Think of those fighting for their lives every day.
Their strong devotion to life speaks to our hearts.
Hurry – do not scurry, but we must not stand still. Stay sincere, always – may that be our vow.
We make medicine. This is, our walk of life.

Work, can bring happiness. Remember this, always.
Born on this planet in various parts of the globe, passing through life in different ways,
And like a miracle we found one another – our jobs, our team, our company.
Know this, and be fulfilled, always.
Be thankful of what you have, pour your heart and soul into the mission you were given,
Be proud of your work, the work to save precious lives.

We are, each and everyone of us, Kyowa Kirin.

Taking the walk of life, one life at a time.