

# Kyowa Hakko Kirin Co., Ltd.

## Appendix to the Consolidated Financial Summary (JGAAP) Fiscal 2017 Interim

(January 1, 2017 - June 30, 2017)

- These materials were made as a supplement to the Kessan Tanshin (Consolidated Financial Summary, JGAAP), disclosed at the Tokyo Stock Exchange on July 28, 2017 for the first six months of Fiscal 2017, from January 1, 2017 to June 30, 2017.
- This document is an English translation of parts of the Japanese-language original. The statements, including earnings forecasts, contained in these materials are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by management. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections for a wide variety of reasons.
- Figures presented in these materials have been rounded down to the nearest tenth.

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The average exchange rate for each period was as follows:

*Unit: Yen*

	FY 2016 results				FY 2017 results				FY 2017 forecasts
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
USD	117	114	111	109	115	113			112
EUR	128	127	123	121	122	122			121
GBP	169	165	156	150	143	142			140

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## I. Consolidated Financial Results

### 1. Trends in consolidated income

Accumulative

Unit: Billions of yen, rounded down

	FY 2016 results				FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Change amount	Jan - Sep	Jan - Dec	Jan - Dec	%
Net sales	88.4	174.0	257.7	343.0	90.9	175.6	1.6	-	-	347.0	101%
Gross profit	51.7	103.8	155.8	208.4	55.8	109.1	5.3	-	-	216.0	-
Selling, general and administrative expenses	43.2	88.4	129.0	176.8	41.1	85.0	(3.4)	-	-	177.0	-
Operating income	8.5	15.3	26.8	31.6	14.7	24.1	8.7	-	-	39.0	123%
Non-operating income	0.9	2.7	1.9	3.7	1.0	1.0	(1.6)	-	-	-	-
Non-operating expenses	1.6	4.3	6.1	8.9	2.0	3.1	(1.2)	-	-	-	-
Ordinary income	7.8	13.6	22.6	26.3	13.6	22.0	8.3	-	-	35.0	133%
Extraordinary income	4.3	4.4	4.4	4.7	0.6	0.6	(3.8)	-	-	-	-
Extraordinary losses	-	-	0.2	0.8	-	-	-	-	-	-	-
Profit before income taxes	12.1	18.1	26.8	30.2	14.2	22.6	4.4	-	-	36.0	119%
Total income taxes	4.7	7.4	10.4	11.6	5.8	8.9	1.5	-	-	-	-
Profit	7.3	10.7	16.4	18.6	8.4	13.6	2.9	-	-	21.0	112%
Amortization of goodwill	3.2	6.4	9.5	12.6	3.1	6.2	(0.2)	-	-	12.5	-
Share of profit/loss of entities accounted for using equity method	(1.0)	(2.0)	(4.9)	(6.0)	(1.3)	(2.4)	(0.3)	-	-	(4.5)	-
Core operating income*	10.7	19.7	31.4	38.2	16.5	27.9	8.1	-	-	47.0	123%
EPS prior to amortization of goodwill (¥/share)	19.49	31.53	47.61	57.22	21.21	36.36	4.83	-	-	61.21	107%
ROE prior to amortization of goodwill (%)	-	-	-	5.2	-	-	-	-	-	-	-

\* Core operating income = Operating income + Amortization of goodwill + Share of profit/loss of entities accounted for using equity method

\* "FY 2017 forecasts" in these materials have been revised from the consolidated results forecasts released on January 31, 2017.

### Quarterly

Unit: Billions of yen, rounded down

	FY 2016 results				FY 2017 results				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Change amount	Jul - Sep	Oct - Dec
Net sales	88.4	85.5	83.7	85.2	90.9	84.7	(0.8)	-	-
Gross profit	51.7	52.1	52.0	52.6	55.8	53.3	1.2	-	-
Selling, general and administrative expenses	43.2	45.2	40.5	47.8	41.1	43.8	(1.4)	-	-
Operating income	8.5	6.8	11.4	4.8	14.7	9.4	2.6	-	-
Non-operating income	0.9	1.7	(0.8)	1.8	1.0	(0.0)	(1.7)	-	-
Non-operating expenses	1.6	2.7	1.7	2.8	2.0	1.0	(1.6)	-	-
Ordinary income	7.8	5.8	8.9	3.7	13.6	8.3	2.5	-	-
Extraordinary income	4.3	0.1	-	0.2	0.6	0.0	(0.1)	-	-
Extraordinary losses	-	-	0.2	0.5	-	-	-	-	-
Profit before income taxes	12.1	6.0	8.7	3.4	14.2	8.3	2.3	-	-
Total income taxes	4.7	2.6	3.0	1.2	5.8	3.1	0.5	-	-
Profit	7.3	3.3	5.7	2.1	8.4	5.1	1.8	-	-
Amortization of goodwill	3.2	3.2	3.0	3.0	3.1	3.1	(0.1)	-	-
Share of profit/loss of entities accounted for using equity method	(1.0)	(1.0)	(2.8)	(1.1)	(1.3)	(1.1)	(0.1)	-	-
Core operating income	10.7	9.0	11.7	6.7	16.5	11.3	2.3	-	-

## I. Consolidated Financial Results

### 2. Trends in results by segment

(1) Reportable segment

Accumulative

Unit: Billions of yen, rounded down

	FY 2016 results				FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Change amount	Jan - Sep	Jan - Dec	Jan - Dec	%
Net sales	88.4	174.0	257.7	343.0	90.9	175.6	1.6	-	-	347.0	101%
Pharmaceuticals	68.0	132.2	196.4	263.2	71.5	135.7	3.4	-	-	267.0	101%
Elimination of inter-segment sales	(0.2)	(0.4)	(0.5)	(0.7)	(0.2)	(0.4)	(0.0)	-	-	(1.0)	-
Bio-Chemicals	21.2	43.1	63.6	83.6	20.3	41.7	(1.4)	-	-	83.0	99%
Elimination of inter-segment sales	(0.5)	(0.9)	(1.7)	(3.1)	(0.7)	(1.2)	(0.3)	-	-	(2.0)	-
Operating income	8.5	15.3	26.8	31.6	14.7	24.1	8.7	-	-	39.0	123%
Pharmaceuticals	5.9	11.6	22.0	26.3	12.9	20.7	9.0	-	-	33.0	125%
Bio-Chemicals	2.3	3.4	4.7	5.3	1.7	3.3	(0.1)	-	-	6.0	113%
Eliminations	0.3	0.1	0.0	0.0	0.0	0.0	(0.0)	-	-	-	-
Core operating income	10.7	19.7	31.4	38.2	16.5	27.9	8.1	-	-	47.0	123%
Pharmaceuticals	7.9	15.7	26.2	32.3	14.5	24.2	8.4	-	-	40.4	125%
Bio-Chemicals	2.4	3.7	5.2	5.9	1.8	3.6	(0.1)	-	-	6.6	111%
Eliminations	0.3	0.1	0.0	0.0	0.0	0.0	(0.0)	-	-	-	-

Quarterly

Unit: Billions of yen, rounded down

	FY 2016 results				FY 2017 results				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Change amount	Jul - Sep	Oct - Dec
Net sales	88.4	85.5	83.7	85.2	90.9	84.7	(0.8)	-	-
Pharmaceuticals	68.0	64.2	64.1	66.8	71.5	64.2	(0.0)	-	-
Elimination of inter-segment sales	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)	(0.0)	-	-
Bio-Chemicals	21.2	21.9	20.5	19.9	20.3	21.3	(0.5)	-	-
Elimination of inter-segment sales	(0.5)	(0.3)	(0.8)	(1.3)	(0.7)	(0.5)	(0.1)	-	-
Operating income	8.5	6.8	11.4	4.8	14.7	9.4	2.6	-	-
Pharmaceuticals	5.9	5.7	10.3	4.2	12.9	7.7	2.0	-	-
Bio-Chemicals	2.3	1.1	1.2	0.5	1.7	1.6	0.4	-	-
Eliminations	0.3	(0.1)	(0.1)	(0.0)	0.0	0.0	0.1	-	-
Core operating income	10.7	9.0	11.7	6.7	16.5	11.3	2.3	-	-
Pharmaceuticals	7.9	7.8	10.4	6.0	14.5	9.6	1.8	-	-
Bio-Chemicals	2.4	1.3	1.4	0.7	1.8	1.7	0.4	-	-
Eliminations	0.3	(0.1)	(0.1)	(0.0)	0.0	0.0	0.1	-	-

(2) Sales by geographic region

Unit: Billions of yen, rounded down

	FY 2016 results					FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Percentage of consolidated sales	Jan - Mar	Jan - Jun	Percentage of consolidated sales	Jan - Sep	Jan - Dec	Jan - Dec	Percentage of consolidated sales
Japan	63.1	123.8	184.8	246.7	71.9%	60.1	120.1	68.4%	-	-	239.2	69.0%
International	25.2	50.2	72.8	96.2	28.1%	30.8	55.5	31.6%	-	-	107.7	31.0%
Americas	5.9	10.0	13.9	17.7	5.2%	7.5	12.1	6.9%	-	-	24.8	7.2%
Europe	12.2	25.2	36.9	49.1	14.3%	15.8	28.0	16.0%	-	-	50.7	14.6%
Asia	6.8	14.4	21.1	28.1	8.2%	7.1	14.9	8.5%	-	-	31.1	9.0%
Others	0.1	0.4	0.8	1.1	0.3%	0.2	0.4	0.2%	-	-	0.9	0.3%
Total consolidated net sales	88.4	174.0	257.7	343.0	100%	90.9	175.6	100%	-	-	347.0	100%

\* Net sales classified by region or country based on location of customer.

## I. Consolidated Financial Results

### 3. Other trends

#### (1) R&D expenses

*Unit: Billions of yen, rounded down*

	FY 2016 results				FY 2017 results				FY 2017 forecasts
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
R&D expenses	13.7	27.2	38.8	53.8	11.7	24.6	-	-	50.9
<i>R&amp;D to net sales ratio</i>	15.5%	15.7%	15.1%	15.7%	13.0%	14.0%	-	-	14.7%
Pharmaceuticals	12.9	25.6	36.4	50.5	11.0	23.1	-	-	47.5
<i>R&amp;D to net sales ratio</i>	19.1%	19.4%	18.6%	19.2%	15.5%	17.0%	-	-	17.8%
Bio-Chemicals	0.7	1.5	2.3	3.2	0.7	1.5	-	-	3.3

#### (2) Capital expenditures (property, plant and equipment)

*Unit: Billions of yen, rounded down*

	FY 2016 results				FY 2017 results				FY 2017 forecasts
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
Capital expenditures	3.9	8.5	15.8	20.7	2.1	5.5	-	-	18.3
Pharmaceuticals	2.6	5.9	10.3	12.8	1.0	2.9	-	-	9.1
Bio-Chemicals	1.2	2.6	5.4	7.9	1.1	2.5	-	-	9.1

#### (3) Depreciation expenses (property, plant and equipment and intangible assets)

*Unit: Billions of yen, rounded down*

	FY 2016 results				FY 2017 results				FY 2017 forecasts
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
Depreciation	5.7	11.7	17.2	23.0	5.4	10.7	-	-	21.9
<i>Amortization of intangible assets</i>	2.4	4.8	6.9	9.0	2.0	3.8	-	-	7.4
Pharmaceuticals	4.0	8.2	12.1	16.1	3.8	7.4	-	-	15.0
<i>Amortization of intangible assets</i>	2.3	4.8	6.9	9.0	2.0	3.8	-	-	7.4
Bio-Chemicals	1.7	3.4	5.1	6.8	1.6	3.2	-	-	6.8

\*Amortization of intangible assets does not include amortization of goodwill.

#### (4) Amortization of goodwill

*Unit: Billions of yen, rounded down*

	FY 2016 results				FY 2017 results				FY 2017 forecasts
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Dec
Amortization of goodwill	3.2	6.4	9.5	12.6	3.1	6.2	-	-	12.5
Pharmaceuticals	3.1	6.1	9.1	12.0	2.9	5.9	-	-	11.9
Bio-Chemicals	0.1	0.3	0.4	0.6	0.1	0.3	-	-	0.6

## II. Consolidated Balance Sheets

Unit: Billions of yen, rounded down

Unit: Billions of yen, rounded down

		FY 2015	FY 2016				FY 2017						
		Dec 31	Mar 31	Jun 30	Sep 30	Dec 31	Mar 31	Jun 30	Change from previous year end	Sep 30	Dec 31		
Assets		720.7	702.5	686.5	677.2	697.1	691.7	697.4	0.3	-	-		
	Current assets		324.4	310.3	311.5	311.9	326.4	330.8	339.3	12.9	-	-	
	Cash and deposits		13.2	13.2	10.9	11.8	13.0	16.2	15.8	2.7	-	-	
	Notes and accounts receivable - trade		106.8	106.9	100.7	96.2	100.9	96.8	98.7	(2.2)	-	-	
	Inventories		84.8	83.4	78.2	76.6	76.2	75.7	75.7	(0.4)	-	-	
	Deferred tax assets		11.1	10.7	10.5	10.3	10.8	11.0	10.9	0.1	-	-	
	Short-term loans receivable		96.1	87.3	98.7	107.8	114.8	120.2	128.1	13.3	-	-	
	Accounts receivable - other		7.6	4.3	3.9	4.2	5.9	6.1	5.1	(0.7)	-	-	
	Other		4.6	4.2	8.3	4.6	4.5	4.4	4.7	0.1	-	-	
	Non-current assets		396.3	392.2	374.9	365.2	370.6	360.9	358.1	(12.5)	-	-	
		Property, plant and equipment		147.0	145.8	144.8	147.6	151.0	148.1	148.2	(2.8)	-	-
		Buildings and structures		49.4	48.6	47.5	50.2	51.4	50.5	50.2	(1.1)	-	-
		Machinery, equipment and vehicles		30.6	29.7	27.7	28.3	29.2	28.4	31.5	2.3	-	-
		Land		46.6	46.3	46.1	45.9	45.6	44.4	44.4	(1.2)	-	-
		Other		20.3	21.1	23.2	23.0	24.6	24.7	21.9	(2.7)	-	-
		Intangible assets		212.8	210.7	192.6	183.7	185.0	178.4	175.1	(9.8)	-	-
		Goodwill		155.8	148.6	140.1	135.3	134.9	131.1	129.2	(5.6)	-	-
		Sales right		56.2	61.4	52.0	47.7	49.4	46.6	45.1	(4.2)	-	-
		Other		0.7	0.6	0.5	0.5	0.7	0.6	0.7	0.0	-	-
		Investments and other assets		36.4	35.6	37.4	33.8	34.6	34.3	34.7	0.1	-	-
		Investment securities		14.0	12.5	13.1	10.7	11.4	10.9	11.0	(0.4)	-	-
Net defined benefit asset		6.9	7.5	8.3	8.7	6.5	7.0	7.2	0.6	-	-		
Deferred tax assets		10.3	10.3	9.8	9.3	11.4	11.3	11.2	(0.2)	-	-		
Other		5.1	5.2	6.0	5.1	5.1	5.0	5.2	0.1	-	-		
Liabilities		105.9	97.0	91.5	86.2	96.4	91.4	88.7	(7.7)	-	-		
	Current liabilities		84.8	79.0	74.7	70.3	79.4	75.3	71.7	(7.6)	-	-	
	Notes and accounts payable - trade		19.0	23.2	17.2	17.7	18.2	21.5	17.8	(0.3)	-	-	
	Short-term loans payable		4.8	4.8	4.8	4.8	5.3	5.5	5.5	0.1	-	-	
	Accounts payable - other		39.8	33.3	36.3	29.7	37.6	28.5	29.1	(8.4)	-	-	
	Income taxes payable		11.8	4.5	6.8	5.2	8.1	6.1	8.6	0.5	-	-	
	Provision		2.7	5.7	2.2	5.5	2.3	5.7	2.8	0.4	-	-	
	Other		6.4	7.1	7.2	7.1	7.6	7.6	7.7	0.0	-	-	
	Non-current liabilities		21.0	17.9	16.7	15.9	17.0	16.1	16.9	(0.0)	-	-	
	Deferred tax liabilities		12.0	10.7	9.7	8.6	9.1	8.8	8.9	(0.1)	-	-	
	Net defined benefit liability		1.8	1.7	1.7	1.7	2.3	2.1	2.0	(0.3)	-	-	
	Provision		3.2	3.2	3.0	3.0	2.9	2.9	2.9	-	-	-	
	Other		3.9	2.2	2.2	2.5	2.5	2.0	2.9	0.4	-	-	
	Net assets		614.8	605.5	595.0	590.9	600.7	600.3	608.7	8.0	-	-	
	Shareholders' equity		594.9	595.5	598.9	597.7	599.9	601.7	606.8	6.9	-	-	
	Capital stock		26.7	26.7	26.7	26.7	26.7	26.7	26.7	-	-	-	
	Capital surplus		509.1	509.1	509.1	509.1	509.1	509.1	509.1	0.0	-	-	
	Retained earnings		85.9	86.5	89.9	88.7	90.9	92.6	97.8	6.8	-	-	
	Treasury shares		(26.8)	(26.8)	(26.8)	(26.8)	(26.8)	(26.8)	(26.8)	0.0	-	-	
	Accumulated other comprehensive income		19.4	9.5	(4.3)	(7.3)	0.2	(1.8)	1.3	1.0	-	-	
	Valuation difference on available-for-sale securities		2.9	2.1	1.5	1.8	2.0	2.1	2.5	0.5	-	-	
	Foreign currency translation adjustment		18.8	9.7	(3.8)	(7.2)	2.3	0.0	2.5	0.1	-	-	
	Remeasurements of defined benefit plans		(2.3)	(2.2)	(2.1)	(1.9)	(4.2)	(4.0)	(3.8)	0.4	-	-	
	Subscription rights to shares		0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.0	-	-	
Total liabilities and net assets		720.7	702.5	686.5	677.2	697.1	691.7	697.4	0.3	-	-		

**III. Consolidated Statements of Cash Flows**
*Unit: Billions of yen, rounded down*

	FY 2015	FY 2016		FY 2017		Breakdown
	Jan-Dec	Jan-Jun	Jan-Dec	Jan-Jun	Change amount	
<b>Cash flows from operating activities</b>	66.5	26.8	65.7	31.1	4.2	
Profit before income taxes	41.4	18.1	30.2	22.6	4.4	Profit 13.6
Depreciation	23.1	11.7	23.0	10.7	(0.9)	Tax expenses 8.9
Amortization of goodwill	13.4	6.4	12.6	6.2	(0.2)	Property, plant and equipment 6.8
Increase (decrease) in working capital	3.5	6.1	10.7	2.4	(3.6)	Intangible assets 3.8
Income taxes paid	(14.3)	(13.0)	(18.4)	(8.7)	4.2	Decrease (increase) in notes and accounts receivable - trade 2.4
Other, net	(0.6)	(2.5)	7.5	(2.1)	0.4	Decrease (increase) in inventories 0.3
						Increase (decrease) in notes and accounts payable - trade (0.3)
<b>Cash flows from investing activities</b>	(57.7)	(20.0)	(48.9)	(22.3)	(2.3)	
Purchase of property, plant and equipment	(19.0)	(9.0)	(20.6)	(8.0)	0.9	
Proceeds from sales of property, plant and equipment	3.0	3.9	4.7	1.8	(2.0)	
Purchase of intangible assets	(1.0)	(8.3)	(8.5)	(1.5)	6.7	
Purchase of investment securities	(6.7)	(4.0)	(6.0)	(2.0)	2.0	
Proceeds from sales of investment securities	17.9	0.7	0.8	0.4	(0.3)	
Proceeds from sales of shares of subsidiaries and associates	-	-	-	0.5	0.5	
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	-	-	
Net decrease (increase) in short-term loans receivable	(54.4)	(2.6)	(18.7)	(13.3)	(10.7)	Short-term loans (exceeding 3 months) to Kirin Holdings (13.5)
Other, net	2.4	(0.7)	(0.5)	0.2	1.0	
<b>Cash flows from financing activities</b>	(14.0)	(7.1)	(13.5)	(6.8)	0.3	
Net increase (decrease) in loans payable	0.0	(0.1)	0.3	0.1	0.3	
Purchase of treasury shares	(0.2)	(0.0)	(0.0)	(0.0)	(0.0)	
Cash dividends paid	(13.6)	(6.8)	(13.6)	(6.8)	0.0	
Other, net	(0.1)	(0.1)	(0.2)	(0.1)	0.0	
Effect of exchange rate change on cash and cash equivalents	1.0	(1.9)	(2.8)	0.7	2.7	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4.2)</b>	<b>(2.2)</b>	<b>0.2</b>	<b>2.7</b>	<b>5.0</b>	
Cash and cash equivalents at beginning of period	17.0	12.7	12.7	13.0	0.2	
<b>Cash and cash equivalents at end of period*</b>	<b>12.7</b>	<b>10.5</b>	<b>13.0</b>	<b>15.8</b>	<b>5.3</b>	

\*Cash and deposits in the consolidated balance sheets, cash and cash equivalents at end of period in the consolidated cash flows, and cash reserves at end of period

<b>Cash and deposits (consolidated balance sheets)</b>	13.2	10.9	13.0	15.8
Time deposits whose maturity periods exceed three months	(0.4)	(0.3)	(0.0)	(0.0)
Short-term loans to the parent company not exceeding three months	0.0	0.0	0.0	0.0
<b>Cash and cash equivalents at end of period (consolidated statements of cash flows)</b>	12.7	10.5	13.0	15.8
Time deposits whose maturity periods exceed three months	0.4	0.3	0.0	0.0
Short-term loans to the parent company in excess of three months	96.0	98.5	114.5	128.0
<b>Cash reserves at end of period</b>	<b>109.2</b>	<b>109.4</b>	<b>127.5</b>	<b>143.8</b>

# **IV. Operating Income or Loss by Segment**

## **1. Pharmaceuticals segment**

*Unit: Billions of yen, rounded down*

	FY 2016 results				FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Change amount	Jan - Sep	Jan - Dec	Jan - Dec	%
Net sales	68.0	132.2	196.4	263.2	71.5	135.7	3.4	-	-	267.0	101%
Japan	52.0	101.4	151.8	202.8	49.5	98.3	(3.1)	-	-	195.8	97%
International	15.9	30.8	44.6	60.4	22.0	37.4	6.6	-	-	71.1	118%
International sales ratio	23%	23%	23%	23%	31%	28%	-	-	-	27%	-
Americas	3.0	4.4	6.1	8.1	5.0	7.1	2.6	-	-	14.3	176%
Europe	8.8	17.8	25.9	35.2	12.4	20.8	3.0	-	-	37.4	106%
Asia	3.9	8.2	12.2	16.3	4.3	9.2	0.9	-	-	18.8	115%
Others	0.0	0.2	0.3	0.5	0.1	0.2	0.0	-	-	0.4	79%
Gross profit	44.2	89.7	135.5	182.3	49.1	95.1	5.4	-	-	188.0	103%
Selling, general and administrative expenses	38.3	78.0	113.5	156.0	36.1	74.4	(3.5)	-	-	155.0	-
Operating income	5.9	11.6	22.0	26.3	12.9	20.7	9.0	-	-	33.0	125%

## **2. Bio-Chemicals segment**

*Unit: Billions of yen, rounded down*

	FY 2016 results				FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Change amount	Jan - Sep	Jan - Dec	Jan - Dec	%
Net sales	21.2	43.1	63.6	83.6	20.3	41.7	(1.4)	-	-	83.0	99%
Japan	11.8	23.7	35.4	47.8	11.5	23.6	(0.1)	-	-	46.4	97%
International	9.3	19.4	28.2	35.8	8.8	18.1	(1.3)	-	-	36.6	102%
International sales ratio	44%	45%	44%	43%	43%	43%	-	-	-	44%	-
Americas	2.8	5.5	7.8	9.5	2.4	5.0	(0.5)	-	-	10.5	110%
Europe	3.4	7.4	10.9	13.8	3.3	7.2	(0.2)	-	-	13.3	96%
Asia	2.9	6.1	8.9	11.7	2.8	5.7	(0.4)	-	-	12.3	104%
Others	0.1	0.2	0.5	0.6	0.1	0.1	(0.0)	-	-	0.5	81%
Gross profit	7.3	14.0	20.3	26.2	6.7	13.9	(0.0)	-	-	28.0	107%
Selling, general and administrative expenses	4.9	10.5	15.5	20.9	5.0	10.6	0.1	-	-	22.0	-
Operating income	2.3	3.4	4.7	5.3	1.7	3.3	(0.1)	-	-	6.0	113%



## V. Operating Income or Loss of Main Subsidiaries of Pharmaceuticals Segment

(1) Kyowa Kirin International (GBP)

Unit: Millions of GBP, rounded down

	FY 2016 results				FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Change amount	Jan - Sep	Jan - Dec	Jan - Dec	%
Net sales	60.6	122.2	185.0	251.6	61.5	123.4	1.2	-	-	253.3	101%
Cancer pain											
<b>Abstral</b>	15.7	32.1	50.2	70.8	20.4	40.1	8.0	-	-	82.3	116%
Cancer pain											
<b>PecFent</b>	5.9	12.4	19.0	26.7	7.3	13.8	1.3	-	-	29.5	111%
Anticancer											
<b>Mitomycin-C</b>	4.4	9.2	13.7	17.7	4.2	7.9	(1.3)	-	-	15.0	85%
Chemotherapy-induced nausea and vomiting drug											
<b>Sancuso</b>	3.8	8.7	13.8	20.4	4.3	9.1	0.3	-	-	21.1	103%
Opioid-induced constipation (OIC)											
<b>Moventig</b>	-	0.5	1.0	1.7	1.0	2.0	1.4	-	-	6.8	400%
Replacement therapy with testosterone for male hypogonadism											
<b>Tostran</b>	4.7	8.4	11.9	16.0	3.0	7.5	(0.8)	-	-	14.5	90%
Relief of pain associated with chronic anal fissures											
<b>Rectogesic</b>	2.9	5.6	8.3	11.3	2.9	5.7	0.0	-	-	11.0	97%
Osteoporosis drug											
<b>Adcal-D3</b>	5.9	13.1	19.6	26.2	5.6	11.9	(1.1)	-	-	24.1	92%
<b>Others</b>	17.0	31.7	47.0	60.3	12.3	24.9	(6.7)	-	-	48.6	81%
Gross profit	47.7	94.6	140.2	190.4	48.8	96.8	2.1	-	-	191.7	101%
Selling, general and administrative expenses <sup>‡</sup>	22.4	49.1	73.5	105.3	30.7	61.4	12.2	-	-	126.3	-
R&D expenses <sup>*1</sup>	4.5	11.3	16.8	25.9	7.2	15.2	3.8	-	-	31.5	-
EBITDA <sup>*2</sup>	20.7	34.1	49.8	59.0	10.8	20.1	(13.9)	-	-	33.8	57%
Depreciation and amortization <sup>‡</sup>	15.8	32.6	49.2	65.8	15.8	31.0	(1.6)	-	-	62.5	-
Operating income	4.8	1.4	0.5	(6.7)	(5.0)	(10.8)	(12.3)	-	-	(28.6)	-

\*1. R&D expenses, and depreciation and amortization are not included in selling, general and administrative expenses.

(Depreciation and amortization = Depreciation + Amortization of goodwill).

\*2. EBITDA = Operating income + Depreciation and amortization

\*3. Geographical breakdown of net sales for January– June 2017 is as follows:

UK	Europe (excluding UK)	Americas	Other
26.1%	57.2%	13.3%	3.4%

(2) Kyowa Medex Co., Ltd.

Unit: Billions of yen, rounded down

	FY 2016 results				FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Change amount	Jan - Sep	Jan - Dec	Jan - Dec	%
Net sales	2.6	5.7	8.8	12.0	2.5	6.0	0.2	-	-	12.4	103%
Japan	1.9	4.6	7.1	9.7	2.3	5.0	0.3	-	-	10.3	107%
International	0.7	1.0	1.7	2.3	0.2	1.0	(0.0)	-	-	2.0	89%
International sales ratio	27%	19%	19%	19%	9%	17%	-	-	-	17%	-
Gross profit	1.2	2.7	4.3	6.0	1.3	3.1	0.3	-	-	6.4	106%
Selling, general and administrative expenses	1.3	2.6	3.9	5.3	1.2	2.6	0.0	-	-	5.4	-
Operating income	(0.0)	0.1	0.3	0.7	0.0	0.4	0.3	-	-	0.9	125%

**VI. Kyowa Hakko Kirin Net Sales of Main Products**

Accumulative

Unit: Billions of yen, rounded down

Indication / Product name	FY 2016 results				FY 2017 results					FY 2017 forecasts	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Change amount	Jan - Sep	Jan - Dec	Jan - Dec	%
Renal anemia treatment drug <b>Nesp</b>	13.3	27.4	41.6	56.3	12.4	26.6	(0.8)	-	-	56.4	100%
Renal anemia treatment drug <b>Espo</b>	0.4	0.8	1.2	1.5	0.3	0.6	(0.1)	-	-	1.2	80%
Secondary hyperparathyroidism <b>Regpara</b>	4.3	9.4	14.5	19.9	4.5	9.4	(0.0)	-	-	18.3	92%
Secondary hyperparathyroidism <b>Rocaltrol</b>	1.1	2.1	3.1	4.2	0.9	1.9	(0.1)	-	-	3.7	90%
Type-2 diabetes <b>Onglyza</b>	1.2	2.9	4.4	6.2	1.5	3.3	0.4	-	-	7.5	120%
Cardiovascular (Hypertension & angina pectoris) <b>Coniel</b>	2.0	4.0	5.7	7.5	1.5	3.2	(0.7)	-	-	6.3	84%
Agent for decreasing the incidence of febrile neutropenia <b>G-Lasta</b>	3.6	7.4	11.1	15.5	3.8	8.1	0.7	-	-	17.6	114%
Neutropenia treatment drug <b>Gran</b>	1.0	2.0	3.1	4.1	0.7	1.5	(0.4)	-	-	3.2	77%
Transdermal persistent pain <b>Fentos</b>	1.3	2.9	4.5	6.2	1.3	2.8	(0.1)	-	-	6.1	97%
Anticancer <b>Poteligeo</b>	0.4	0.9	1.4	1.9	0.4	0.9	(0.0)	-	-	1.8	94%
Chronic idiopathic thrombocytopenic purpura <b>Romiplate</b>	0.7	1.6	2.4	3.3	0.7	1.6	0.0	-	-	2.9	89%
Antiallergenic <b>Allelock</b>	6.8	10.8	14.0	18.1	5.6	9.1	(1.6)	-	-	15.4	85%
Antiallergic eyedrops <b>Patanol</b>	7.3	9.0	10.9	12.9	6.9	8.8	(0.2)	-	-	12.8	99%
Ulcerative colitis <b>Asacol</b>	1.2	2.4	3.5	4.7	1.0	2.0	(0.3)	-	-	4.0	84%
Psoriasis vulgaris <b>Dovobet</b>	1.2	2.9	4.1	5.4	1.2	2.6	(0.2)	-	-	5.2	96%
Psoriasis <b>Lumicef</b>	-	-	0.0	0.0	0.0	0.2	0.2	-	-	0.8	-
Parkinson's disease <b>Nourias</b>	1.4	3.3	5.1	7.2	1.8	3.9	0.6	-	-	8.5	118%
Antiepileptic <b>Depakene</b>	1.8	3.7	5.5	7.3	1.5	3.2	(0.5)	-	-	6.5	89%
Gastrointestinal <b>Nauzelin</b>	0.7	1.4	2.1	3.1	0.5	1.1	(0.2)	-	-	2.5	80%
<b>Technology out-licensing</b>	0.5	0.7	4.1	5.9	4.8	6.1	5.3	-	-	7.4	126%

**VI. Kyowa Hakko Kirin Net Sales of Main Products**

Quarterly

Unit: Billions of yen, rounded down









Indication / Product name	FY 2016 results				FY 2017 results				
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Change amount	Jul - Sep	Oct - Dec
Renal anemia treatment drug <b>Nesp</b>	13.3	14.1	14.1	14.6	12.4	14.1	0.0	-	-
Renal anemia treatment drug <b>Espo</b>	0.4	0.4	0.3	0.3	0.3	0.3	(0.0)	-	-
Secondary hyperparathyroidism <b>Regpara</b>	4.3	5.1	5.0	5.4	4.5	4.8	(0.3)	-	-
Secondary hyperparathyroidism <b>Rocaltrol</b>	1.1	1.0	1.0	1.0	0.9	1.0	(0.0)	-	-
Type-2 diabetes <b>Onglyza</b>	1.2	1.6	1.5	1.7	1.5	1.8	0.1	-	-
Cardiovascular (Hypertension & angina pectoris) <b>Coniel</b>	2.0	1.9	1.7	1.8	1.5	1.6	(0.3)	-	-
Agent for decreasing the incidence of febrile neutropenia <b>G-Lasta</b>	3.6	3.8	3.7	4.3	3.8	4.3	0.5	-	-
Neutropenia treatment drug <b>Gran</b>	1.0	1.0	1.0	1.0	0.7	0.8	(0.1)	-	-
Transdermal persistent pain <b>Fentos</b>	1.3	1.6	1.5	1.6	1.3	1.5	(0.0)	-	-
Anticancer <b>Poteligeo</b>	0.4	0.4	0.5	0.4	0.4	0.4	(0.0)	-	-
Chronic idiopathic thrombocytopenic purpura <b>Romiplate</b>	0.7	0.8	0.8	0.8	0.7	0.8	0.0	-	-
Antiallergenic <b>Allelock</b>	6.8	3.9	3.2	4.0	5.6	3.5	(0.4)	-	-
Antiallergic eyedrops <b>Patanol</b>	7.3	1.7	1.8	2.0	6.9	1.8	0.1	-	-
Ulcerative colitis <b>Asacol</b>	1.2	1.2	1.1	1.1	1.0	1.0	(0.1)	-	-
Psoriasis vulgaris <b>Dovobet</b>	1.2	1.6	1.2	1.3	1.2	1.4	(0.1)	-	-
Psoriasis <b>Lumicef</b>	-	-	0.0	0.0	0.0	0.1	0.1	-	-
Parkinson's disease <b>Nourias</b>	1.4	1.8	1.8	2.0	1.8	2.1	0.2	-	-
Antiepileptic <b>Depakene</b>	1.8	1.9	1.7	1.8	1.5	1.6	(0.2)	-	-
Gastrointestinal <b>Nauzelin</b>	0.7	0.7	0.6	1.0	0.5	0.6	(0.0)	-	-
Technology out-licensing	0.5	0.2	3.4	1.7	4.8	1.2	1.0	-	-

## VII. R&amp;D Pipeline













Filed • Approved

 antibody
  protein
  small molecule

As of Jun.30, 2017

Area		Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage	In-House or Licensed	Remarks
Nephrology		KRN321 Darbepoetin Alfa Injection	Long-Acting Erythropoiesis Stimulating Agent	Renal Anemia (on Dialysis)	NDA in preparation in CN	Kirin-Amgen	
				Renal Anemia	Filed in ID		
				Myelodysplastic Syndromes	Approved in MY		
		KRN1493 Cinacalcet Hydrochloride Oral	Calcium Receptor Agonist	Secondary Hyperparathyroidism	Filed in BN	Licensed from NPS	
		©KHK7580 Evocalcet Oral	Calcium Receptor Agonist	Secondary Hyperparathyroidism	Filed in JP	Licensed from Mitsubishi Tanabe Pharma	
Oncology		Granisetron Patch	5-HT <sub>3</sub> Serotonin Receptor Antagonist	Chemotherapy induced Nausea and Vomiting	Filed in MY	Licensed from Solasia Pharma	
Immunology /Allergy		©KHK4563 Benralizumab Injection	Anti-IL-5 Receptor Humanized Antibody	Asthma	Filed in JP	In-House	POTELLIGENT® Jointly Developed with AstraZeneca/MedImmune NDA holder is AstraZeneca
		KHK4827 Brodalumab Injection	Anti-IL-17 Receptor A Fully Human Antibody	Psoriasis	Filed in TW Filed in TH	Kirin-Amgen	
		Z-206 Mesalazine Oral	pH Dependent Controlled Release Tablet	Ulcerative Colitis (Additional Dosage and Administration)	Approved in JP	Licensed from Zeria Pharma	Jointly Developed with Zeria Pharma NDA holder is Zeria Pharma
Other		©KRN23 burosumab Injection	Anti-FGF23 Fully Human Antibody	X-linked Hypophosphatemia (XLH)	Filed in EU	In-House	Human Antibody-Producing Technology Jointly Developed with Ultragenyx in US and EU

## Phase II, Phase III

Area		Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage	In-House or Licensed	Remarks
Nephrology		©RTA 402 Bardoxolone Methyl Oral	Antioxidant Inflammation Modulator	CKD in Patients with Type 2 Diabetes	Phase II in JP	Licensed from Reata	
Oncology		©ARQ 197 Tivantinib Oral	c-Met Inhibitor	Hepatocellular Cancer	Phase III in JP	Licensed from ArQule	
		KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	Adult T-cell Leukemia/Lymphoma Cutaneous T-cell Lymphoma	Phase II in US, EU and others Phase III in US, EU, JP and others	In-House	POTELLIGENT®
Immunology /Allergy		©KHK4083 Injection	Anti-OX40 Fully Human Antibody	Ulcerative Colitis	Phase II in US, EU and others	In-House	POTELLIGENT® Human Antibody-Producing Technology
		©KHK4563 Benralizumab Injection	Anti-IL-5 Receptor Humanized Antibody	Asthma Chronic Obstructive Pulmonary Disease (COPD) Eosinophilic Chronic Rhinosinusitis (ECRS)	Phase III in JP and KR Phase III in JP Phase II in JP	In-House	POTELLIGENT® Jointly Developed with AstraZeneca/MedImmune
		KHK4827 Brodalumab Injection	Anti-IL-17 Receptor A Fully Human Antibody	Psoriasis Axial Spondyloarthritis (axSpA)	Phase III in KR Phase III in JP, KR and TW	Kirin-Amgen	
		©ASKP1240 Bleselumab Injection	Anti-CD40 Fully Human Antibody	Recurrence of Focal Segmental Glomerulosclerosis (FSGS) in <i>de novo</i> kidney transplant recipients	Phase II in US	In-House	Human Antibody-Producing Technology Jointly Developed with Astellas
		KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	HTLV-1 associated myelopathy (HAM)	Phase III in JP	In-House	POTELLIGENT®
Central Nervous System		KW-6002 Istradefylline Oral	Adenosine A <sub>2A</sub> Receptor Antagonist	Parkinson's Disease	Phase III in US, CA, EU and others	In-House	
		©KW-6356 Oral	Adenosine A <sub>2A</sub> Receptor Antagonist	Parkinson's Disease	Phase II in JP	In-House	
Other		©KRN23 burosumab Injection	Anti-FGF23 Fully Human Antibody	X-linked Hypophosphatemia (XLH) in adult patients X-linked Hypophosphatemia (XLH) in pediatric patients tumor induced Osteomalacia (TIO)/Epidermal Nevus Syndrome (ENS)	Phase III in US, CA, EU, JP and KR Phase III in US, CA, EU, AU, JP and KR Phase II in US Phase II in JP and KR	In-House	Human Antibody-Producing Technology Jointly Developed with Ultragenyx in US and EU
		AMG531 Romiplostim Injection	Thrombopoietin Receptor Agonist	Aplastic Anemia Idiopathic (Immune) Thrombocytopenic Purpura	Phase II / III in JP and KR Phase III in CN	Kirin-Amgen	

Updated since Mar 31st, 2017 (Area, Stage, Filed, Approved, etc.)  
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## VII. R&amp;D Pipeline

Phase I  antibody  protein  small molecule

As of Jun.30, 2017

Phase 1





As of Jun.30, 2017

Area		Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage	In-House or Licensed	Remarks
Oncology		©KHK2375 Entinostat Oral	HDAC Inhibitor	Breast Cancer	Phase I in JP	Syndax	
		©KHK2455 Oral	IDO 1 Inhibitor	Solid Tumor	Phase I in US	In-House	Combination with KW-0761
		©KHK2823 Injection	Anti-CD123 Fully Human Antibody	Cancer	Phase I in UK	In-House	POTELLIGENT® Human Antibody-Producing Technology
		KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	Solid Tumor	Phase I in US	In-House	POTELLIGENT® Combination with Durvalumab/Tremelimumab (Jointly Developed with AstraZeneca)
							Combination with Docetaxel
					Phase I / II in US		Combination with PF-05082566 (Jointly Developed with Pfizer)
			Phase I in JP		Combination with Nivolumab (Jointly Developed with Bristol-Myers Squibb)		
					Combination with Nivolumab (Jointly Developed with Ono Pharmaceutical)		
Immunology /Allergy		©KHK4083 Injection	Anti-OX40 Fully Human Antibody	Ulcerative Colitis Atopic Dermatitis	Phase I in JP Phase I in JP	In-House	POTELLIGENT® Human Antibody-Producing Technology
Central Nervous System		©KHK6640 Injection	Anti-Amyloid Beta Peptide Antibody	Alzheimer's Disease	Phase I in EU Phase I in JP	Licensed from Immunas Pharma	
Others		KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Disseminated Intravascular Coagulation, Congenital Antithrombin Deficiency	Phase I in EU	In-House	




 Updated since Mar 31st, 2017 (Area, Stage, Filed, Approved, etc.)  
 © New Molecular Entity

Updated since Mar 31st, 2017 (Area, Stage, Filed, Approved, etc.)


## Filed • Approved

Area		Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage	In-House or Licensed	Remarks
Nephrology		KRN321 Darbepoetin Alfa Injection	Long-Acting Erythropoiesis Stimulating Agent	Myelodysplastic Syndromes	Approved in MY	Kirin-Amgen	
		©KHK7580 Evocalcet Oral	Calcium Receptor Agonist	Secondary Hyperparathyroidism	Filed in JP	Licensed from Mitsubishi Tanabe Pharma	
Immunology /Allergy		KHK4827 Brodalumab Injection	Anti-IL-17 Receptor A Fully Human Antibody	Psoriasis	Filed in TH	Kirin-Amgen	
		Z-206 Mesalazine Oral	pH Dependent Controlled Release Tablet	Ulcerative Colitis (Additional Dosage and Administration)	Approved in JP	Licensed from Zeria Pharma	Jointly Developed with Zeria Pharma NDA holder is Zeria Pharma

## Phase II, Phase III

Area		Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage	In-House or Licensed	Remarks
Immunology /Allergy		KHK4827 Brodalumab Injection	Anti-IL-17 Receptor A Fully Human Antibody	Axial Spondyloarthritis(axSpA)	Phase III in JP, KR and TW	Kirin-Amgen	
		©ASKP1240 Bleselumab Injection	Anti-CD40 Fully Human Antibody	Recurrence of Focal Segmental Glomerulosclerosis (FSGS) in <i>de novo</i> kidney transplant recipients	Phase II in US	In-House	Human Antibody-Producing Technology Jointly Developed with Astellas
Central Nervous System		KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	HTLV-1 associated myelopathy (HAM)	Phase III in JP	In-House	POTELLIGENT®

## Phase I

Area		Code Name Generic Name Formulation	Mechanism of Action	Indication	Stage	In-House or Licensed	Remarks
Immunology /Allergy		©KHK4083 Injection	Anti-OX40 Fully Human Antibody	Atopic Dermatitis	Phase I in JP	In-House	POTELLIGENT® Human Antibody-Producing Technology

## &lt;Appendix&gt; Pipeline of Biosimilar

As of June 30th 2017

Code Name	Generic Name	Stage	Remarks
<b>FKB327</b>	Adalimumab (fully human anti-TNF- $\alpha$ monoclonal antibody)	Filed in EU	Fujifilm Kyowa Kirin Biologics
<b>FKB238</b>	Bevacizumab (humanized anti-VEGF monoclonal antibody)	Phase III in US, Europe and others	Centus Biotherapeutics