KYOWA KIRIN

Result Presentation Fiscal 2017

Kyowa Hakko Kirin Co., Ltd.

Agenda

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Progress with Mid-term Business Plan	Nobuo Hanai, Ph.D President & CEO
FY2017 Summary [IFRS]	Nobuo Hanai, Ph.D President & CEO
Financial Review & FY2018 Forecast [IFRS]	Kazuyoshi Tachibana Director, Managing Executive Officer
R&D Review	Nobuo Hanai, Ph.D President & CEO
Business Topics	Nobuo Hanai, Ph.D President & CEO
Q&A	

Forward-looking statements

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This document contains certain forward-looking statements relating to such items as the company's (including its domestic and overseas subsidiaries) forecasts, targets and plans. These forward-looking statements are based upon information available to the company at the present time and upon reasonable assumptions made by the company in making its forecasts, but the actual results in practice may differ substantially due to uncertain factors.

These uncertain factors include, but are not limited to, potential risks of the business activities in the pharmaceutical industry in Japan and overseas, intellectual property risks, risk of side effects, regulatory risks, product defect risks, risks of changes to the prices for raw materials, risks of changes to market prices, as well as risks of changes to foreign exchange rates and financial markets.

This document is used only for the purpose of providing the information to investors. Though it may contain the information concerning pharmaceutical products (including products under development), it is not for the purpose of promotion, advertising, or medical advice.

Progress with Mid-term Business Plan

Status of Progress - 4 strategic pillars

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Improvement of Global Competitiveness

- Big step towards obtaining approval: KRN23, KW-0761, KHK7580
- Launch new products onto the market: Lumicef, Moventig
- Success of RTA 402 Ph2
- Discontinued development of ARQ 197
- Established corporate brand : Changed the name of the European and US subsidiaries

Creating Innovation

- Advanced development pipeline: KHK4083, KHK2455
- Progress in the cancer immunotherapy pipeline: Delay in the development of KW-0761 targeting solid cancer due to increased competition
- Strengthen drug discovery modality: Restructured the research organization in line with the drug discovery modality strategy

Continuous Improvement for Operational Excellence

- Promoted globalization of SCM and PV systems
- Enhanced the global development organization
- Organized the domestic sales system based on the area strategy
- Completed the reorganization of the manufacturing sites
- Response to the “Corporate Governance Code”

Contribution to Health and Well-being of People

- Created revolutionary new pharmaceuticals: KRN23, KW-0761, KHK4563, KHK7580, Lumicef
- Promoted commercialization of (authorized) NESP
- Established new products in the market: Moventig
- Promoted the BS business: Approval application in the EU for FKB327, Steady progress of FKB238
- Contribution to prevention and presymptomatic healthcare: Collaboration between KHB and Kirin Group (iMUSE)

Changes in the Environment and what to do in 2018

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Changes in External Environment

- **Japan/ Significant changes in the environment surrounding drug price system**
- **Japan/ Accelerating promotion of generic drug use**
- **Fierce competition in the cancer domain (in particular, immuno-oncology)**

What to do in 2018

Halfway point in the 2016-2020 Mid-term Business Plan

- Based on the progress made during the “Investment Phase(2016-2017)”, take the necessary actions, such as strengthening the company organization and its systems

First year in the transition from “Investment Phase” to “Leaping Forward Phase (2018-2020)”

- In order to take a big step towards becoming a true GSP, steadily launch the global strategic products onto the markets in Europe and the US

FY2017 Summary

FY2017 Consolidated Results (vs.2016) IFRS

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	2016Q4 Results	2017Q4 Results	Change	
Revenue	348.0	353.4	+5.4 (+2%)	• Benralizumab-related licensing revenue (↑) • Drug price revision and generics penetration (↓)
Core Operating Profit [Margin]	39.1 [11%]	57.7 [16%]	+18.6 (+48%)	• Improvement in *FKB's loss [Equity method] (↑)
Profit	30.5	42.9	+12.4 (+41%)	• Increase in other expenses (↓)

(Billion Yen / Rounded)

*FKB: FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd.

FY2017 Consolidated Results (vs.Plan) IFRS

KYOWA KIRIN

	2017Q4 Plan*	2017Q4 Results	Change	
Revenue	348.0	353.4	+5.4 (+2%)	• Increase in domestic drug revenue (↑) • Change in accounting for milestone revenue (↑)
Core Operating Profit [Margin]	51.0 [15%]	57.7 [16%]	+6.7 (+13%)	• SG&A underspent (↑)
Profit	35.0	42.9	+7.9 (+23%)	• Decrease in income tax expense (↑)

(Billion Yen / Rounded)

*Estimated forecasts announced on October 26, 2017.

Financial Review

Consolidated：YoY Analysis -Profit-

IFRS

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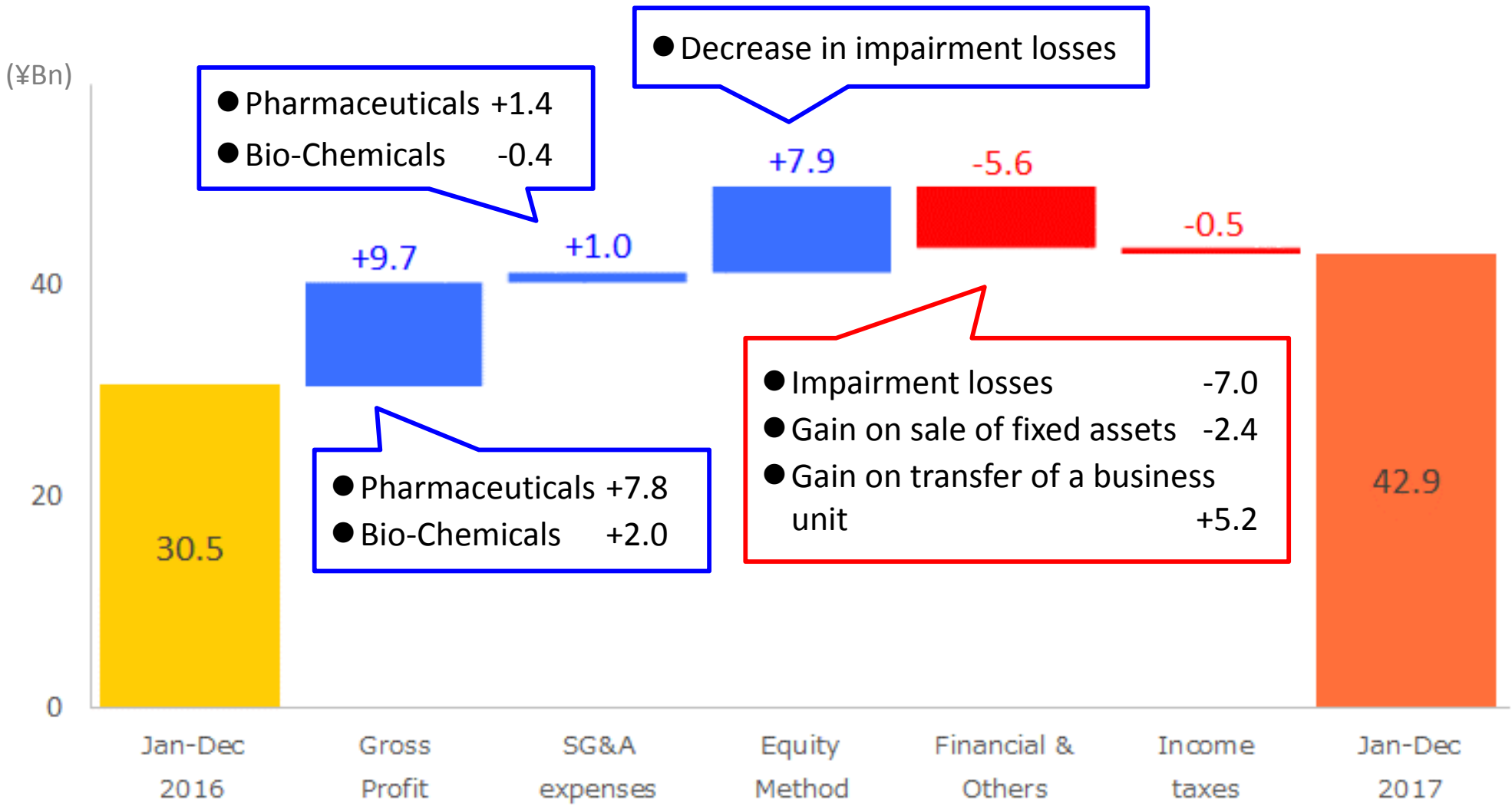
Profit +12.4 billion yen



FY2017 Results by Segment IFRS

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- Pharmaceuticals' operating profit increased due to the rise in overseas sales & licensing revenue, despite a drop in domestic revenue
- Bio-Chemicals' operating profit increased with improved profitability

		2016Q4 Results	2017Q4 Results	Change	2017Q4 Plan	Change
Pharma-ceuticals	Revenue	270.0	275.8	+5.7 (+2%)	270.0	+5.8 (+2%)
	Core Operating Profit [Margin]	33.5 [12%]	50.5 [18%]	+17.0 (+51%)	44.4	+6.1 (+12%)
Bio-Chemicals	Revenue	81.8	81.1	-0.7 (-1%)	81.0	+0.1 (+0%)
	Core Operating Profit [Margin]	5.6 [7%]	7.2 [9%]	+1.6 (+29%)	6.6	+0.6 (+8%)

(Billion Yen / Rounded)

Pharmaceuticals: YoY Analysis -Revenue-

IFRS

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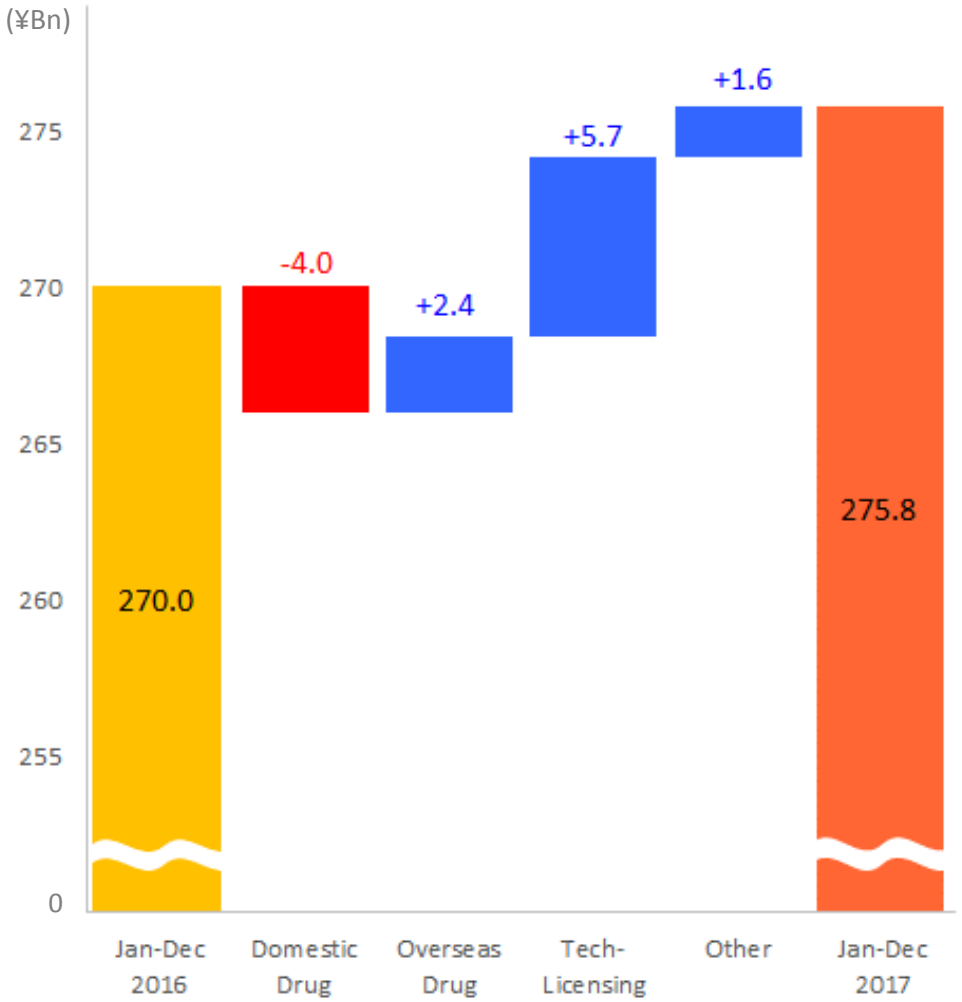
+5.7 billion yen
(incl. forex effect -0.2)



- **Domestic Drug -4.0**
  - Our key product REGPARA decreased due to the emergence of a competing product.
  - Long-listed products including ALLELOCK and Coniel also decreased due to the market penetration of generic drugs.
  - New products including G-Lasta, NOURIAST and Onglyza sustained steady growth, resulting in a YoY increase.

- **Overseas Drug +2.4 (incl. forex effect -0.6)**
  - Steady growth of Abstral and new product Moventig in EU.
  - Favorable Asian sales including NESP and REGPARA.

- **Technology Licensing +5.7**
  (incl. forex effect +0.3)
  - Due mainly to the rise in benralizumab-related revenue.

- **Others +1.6 (incl. forex effect +0.0)**
  - OEM* sales increased.

(*) Original Equipment Manufacturing

Pharmaceuticals: YoY Analysis -Core Operating Profit-

IFRS

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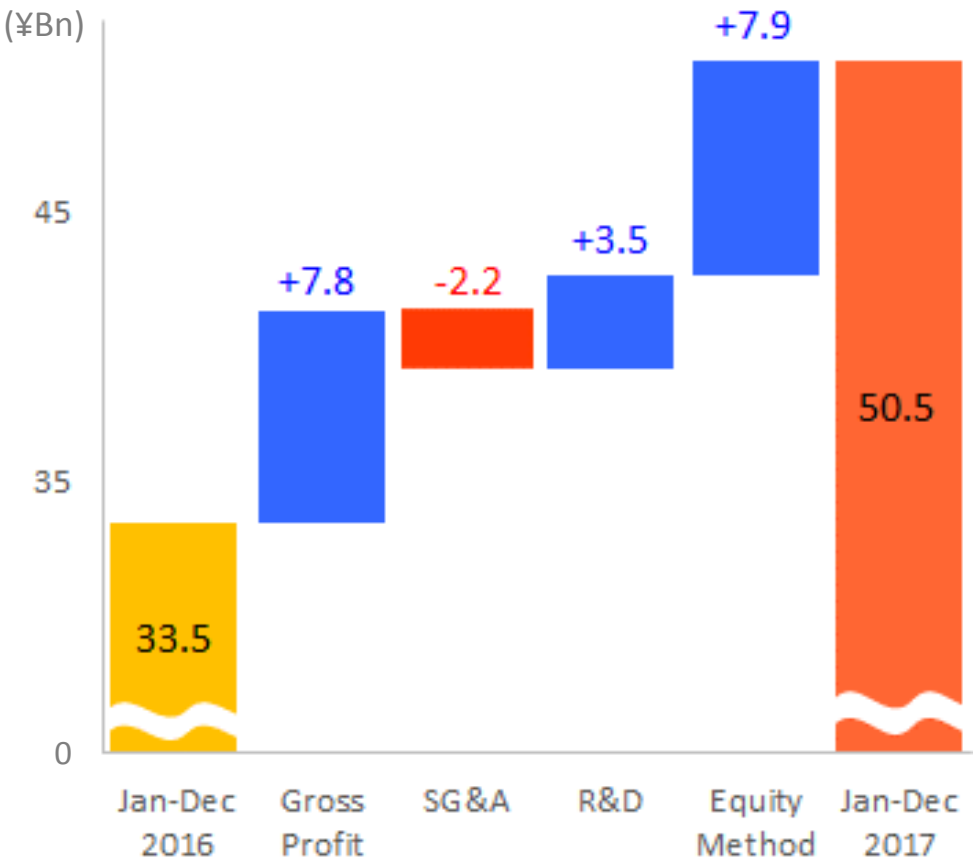
+17.0 billion yen (incl. forex effect +0.6)



- **Gross Profit +7.8 (incl. forex effect +0.0)**
  - Mainly due to the increase in technology licensing revenue.
- **SG&A -2.2 (incl. forex effect +0.7)**
  - Increased mainly due to promotional activities for Moventig and launch preparation of burosumab.
- **R&D +3.5 (incl. forex effect -0.2)**
  - Decreased due to the adjustment of some excess R&D expenses in the previous fiscal year.
  - Fewer late-stage clinical trials were conducted.
- **Income/Loss on Equity Method +7.9**
  - Decrease in the impairment losses.

Pharmaceuticals: Revenue of Major Items

IFRS

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Item		2016Q4 Results	2017Q4 Results	Change	Reason	2017Q4 Plan	Progress*
NESP	JP	56.4	56.3	-0.1 (-0%)		56.4	100%
REGPARA	JP	20.0	18.5	-1.4 (-7%)	Market penetration of competitors	18.3	101%
ALLELOCK	JP	18.2	15.9	-2.3 (-12%)	Market penetration of generics & Drug price revision	15.4	103%
Patanol	JP	13.0	12.8	-0.1 (-1%)		12.8	100%
G-Lasta	JP	15.5	18.1	+2.6 (+17%)	Steady market penetration	17.6	103%
NOURIAST	JP	7.3	8.5	+1.2 (+17%)	Steady market penetration	8.5	99%
Abstral	ex-JP	10.6	11.9	+1.3 (+12%)	Steady market penetration	–	–
Technology out-licensing	ww	12.7	18.4	+5.7 (+45%)	Revenues related to benralizumab	–	–

(Billion yen / Rounded)

＊ Progression rate against the revised FY2017 forecast disclosed on July 28, 2017

Bio-Chemicals: YoY Analysis -Revenue-

IFRS

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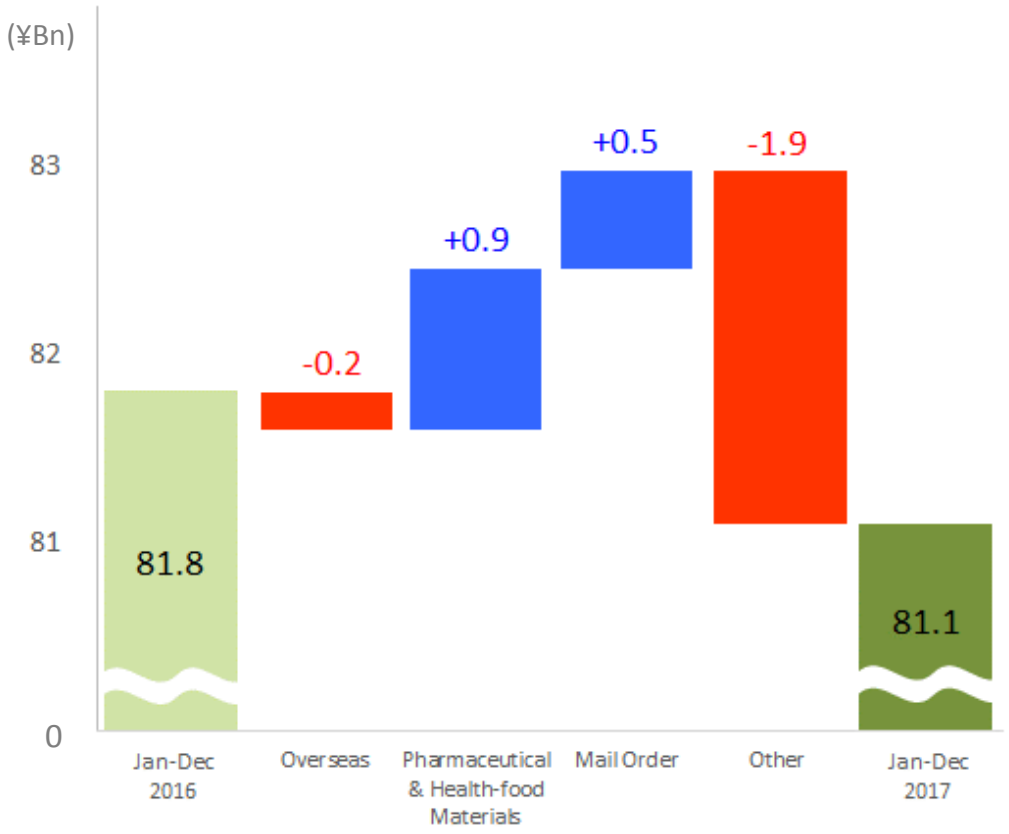
-0.7 billion yen
(incl. forex effect +1.1)



- **Overseas -0.2 (incl. forex effect +1.1)**
  - **Americas -0.0 (incl. forex effect +0.3):** Decreased in health-food materials and amino acids for cell culture mediums.
  - **Europe +0.6 (incl. forex effect +0.6)**
  - **Asia & others -0.8 (incl. forex effect +0.2):** Decreased due to the price competition in China.

- **Pharmaceutical & Health-food Materials +0.9**
  - Strong results with winning of new accounts.

- **Mail Order +0.5**
  - Substantial growth in “KHB Arginine EX.”

- **Other -1.9**
  - Mainly due to decrease in Kyowa Engineering’s sales.

Bio-Chemicals: YoY Analysis -Core Operating Profit-

IFRS

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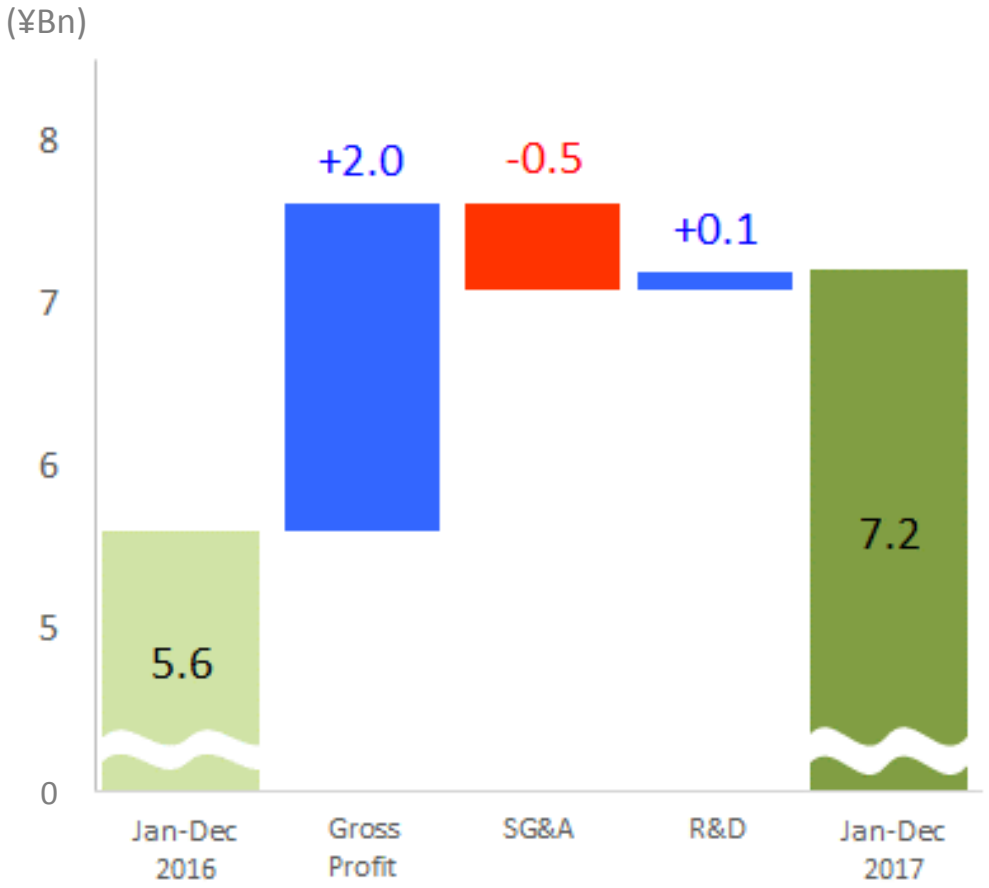
+1.6 billion yen (incl. forex effect +0.6)



- **Gross Profit +2.0 (incl. forex effect +0.7)**
  - Steady growth in the domestic business.
  - Cost reduction by Thai plant's scale-up operation.
  - No big impact arising from the fall in Kyowa Engineering's revenue.

- **SG&A -0.5 (incl. forex effect -0.1)**
  - Advertising cost increased aiming for the mail order business' growth.

FY2018 Forecast [IFRS]

FY2018 Consolidated Plan IFRS

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	2017Q4 Results	2018Q4 Plan	Change	
Revenue	353.4	335.0	-18.4 (-5%)	• Deconsolidation of Kyowa Medex (↓) • Drug price revision (↓) • Growth of overseas drug business (↑)
Core Operating Profit [Margin]	57.7 [16%]	51.0 [15%]	-6.7 (-12%)	• Increase in SG&A (↓) • Improvement in *FKB's loss [Equity method] (↑)
Profit	42.9	44.0	+1.1 (+3%)	• Gain on sale & valuation of Kyowa Medex (↑)

(Billion Yen / Rounded)

*FKB: FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd.

Pharmaceuticals: FY2018 Plan IFRS

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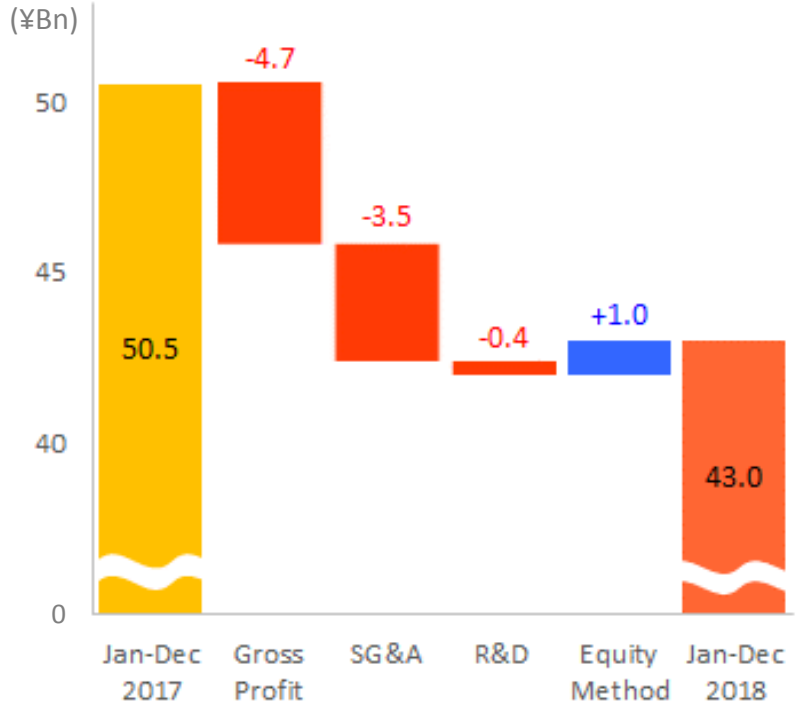
		2017Q4 Results	2018Q4 Plan	Change
Pharma-ceuticals	Revenue	275.8	262.0	-13.8 (-5%)
	Core OP [Margin]	50.5 [18%]	43.0 [16%]	-7.5 (-15%)

(Billion Yen / Rounded)



- Revenue -13.8
- Gross Profit -4.7
  - Decrease due to drug price revision
  - Decrease due to deconsolidation of Kyowa Medex
  - Increase in licensing revenue
  - Increase in overseas drug sales
- SG&A -3.5 / R&D -0.4
  - Increase in selling expenses of burosumab
- Income/loss on equity method +1.0
  - Decrease in development expenses

Bio-Chemicals: FY2018 Plan

IFRS

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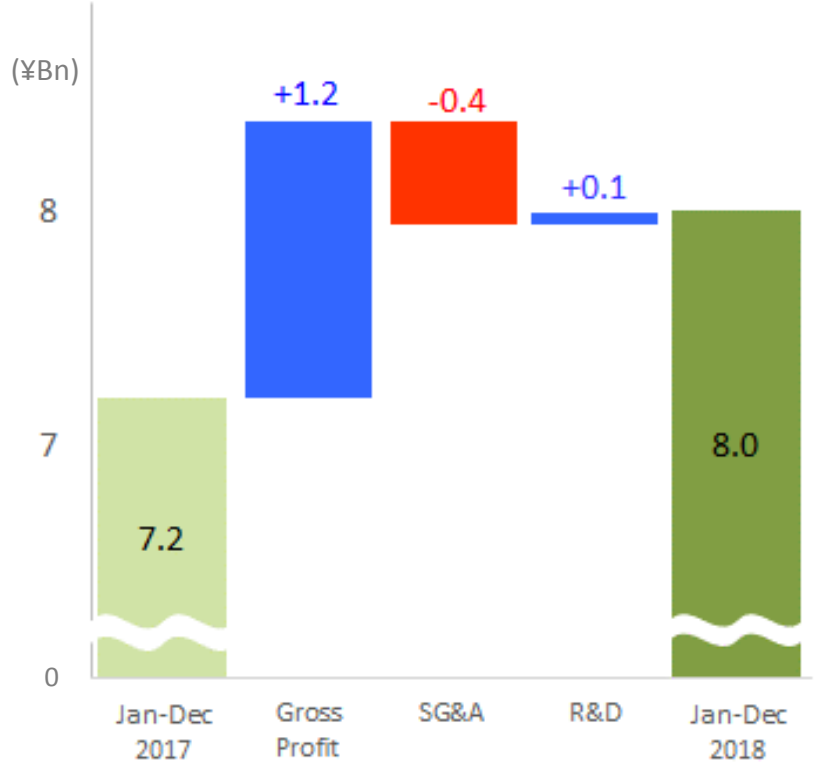
		2017Q4 Results	2018Q4 Plan	Change
Bio-Chemicals	Revenue	81.1	76.0	-5.1 (-6%)
	Core OP [Margin]	7.2 [9%]	8.0 [11%]	+0.8 (+11%)

(Billion Yen / Rounded)



- Net Sales -5.1
  - Decrease by focus on high-profitability items
  - Decrease due to transfer of a business unit
  - Increase in growth of the mail order business
- Gross Profit +1.2
  - Increase by focus on high-profitability items
  - Cost-down by shifting to overseas manufacturing
  - Decrease due to transfer of a business unit
- SG&A -0.4 / R&D +0.1
  - Increase in advertising cost aiming for the mail order business' growth.

Shareholder returns

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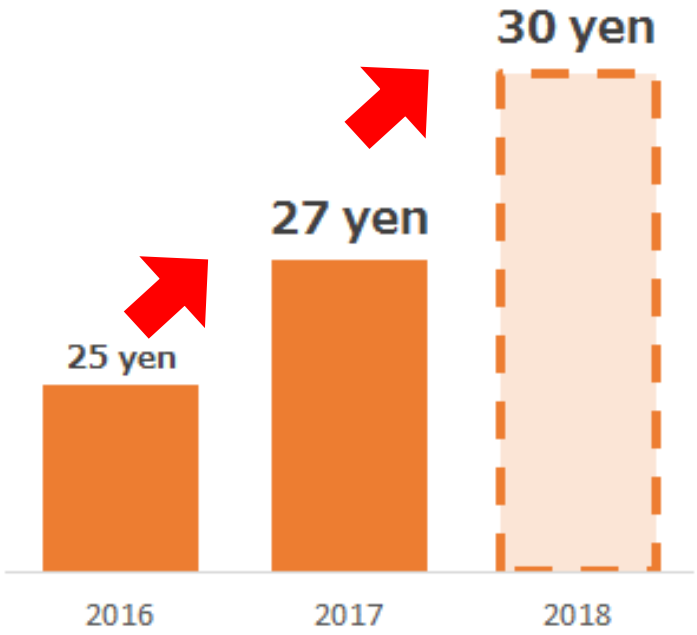
- **The dividend for FY2017 was increased by 2 yen to 27 yen.**
- **The dividend for FY2018 is planned to be further increased by 3 yen to 30 yen.**

Fiscal Year	Dividend (yen)			Payout ratio	ROE*
	Interim	Year-end			
2016	12.50	12.50	25.00	44.9%	5.3%
2017	12.50	14.50	27.00	34.4%	7.2%
(Plan) 2018	15.00	15.00	30.00	37.3%	—



*ROE: Return On Equity

[Basic policy for profit distribution]

Provide a stable dividend, while enhancing the internal reserves in preparation for future business developments and comprehensively considering the consolidated business results, payout ratio, and other factors.

- **Purchase of treasury shares** / Flexibly purchase treasury shares based on the market environment and financial situation.
- **Internal reserves** / Appropriate to investments which will lead to new growth, such as research and development, capital investments and enhanced development pipeline, that will contribute to increased corporate value in the future.
- **Dividend** / Provide a stable dividend from 2016 to 2018 based on a consolidated dividend payout ratio of around 40%.

R&D Review

Key development events in 2017

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Domestic:

- Announcement of top-line results of phase 3 clinical study of evocalcet (KHK7580) for the treatment of secondary hyperparathyroidism (January) and application for approval (April)
- Application for approval of benralizumab (KHK4563) for the treatment of asthma* (February)
- Announcement of top-line results of phase 3 clinical study of tivantinib (ARQ 197) for the treatment of hepatocellular carcinoma (March)
- Initiation of phase 3 clinical study of mogamulizumab (KW-0761) for the treatment of HTLV-1 associated myelopathy (June)
- Discontinuation of development for tivantinib (ARQ 197) (October)
- Initiation of phase 3 clinical study of evocalcet (KHK7580) for the treatment of hypercalcemia in patients with parathyroid carcinoma or primary hyperparathyroidism (October)

* NDA holder is AstraZeneca

Note: Listed events were completed between January 25, 2017 and December 31, 2017.

Key development events in 2017

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Domestic (cont.):

- **Announcement of positive results of phase 3 clinical study of evocalcet (KHK7580) for the treatment of secondary hyperparathyroidism (November at ASN)**
- **Announcement of positive results of phase 2 clinical study of bardoxolone methyl (RTA 402) for the treatment of chronic kidney disease with type II diabetes (November at ASN)**

Note: Listed events were completed between January 25, 2017 and December 31, 2017.

Key development events in 2017

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Overseas:

- Approval received for darbepoetin alfa (KRN321) for the treatment of anemia with myelodysplastic syndrome (February in Singapore and May in Malaysia)
- Application for approval of brodalumab (KHK4827) for the treatment of psoriasis (February in Taiwan, June in Thailand, September in Singapore, and November in Malaysia)
- Approval received for romiplostim (AMG531) for the treatment of chronic idiopathic (immune) thrombocytopenic purpura (March in Thailand)
- Announcement of positive results of phase 2 clinical study of burosumab (KRN23) for the treatment of pediatric X-linked hypophosphatemia (April in the U.S. and Europe)
- Announcement of positive results of phase 3 clinical study of mogamulizumab (KW-0761) for the treatment of cutaneous T-cell lymphoma (April in the U.S., Europe, Japan, and others)

Note: Listed events were completed between January 25, 2017 and December 31, 2017.

Key development events in 2017

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Overseas (cont.):

- **Announcement of positive results of phase 3 clinical study of burosumab (KRN23) for the treatment of adult X-linked hypophosphatemia (April in the U.S., Europe, Canada, Japan, and Korea)**
- **Initiation of phase 3 clinical study of brodalumab (KHK4827) for the treatment of axial spondyloarthritis (April in Japan, Korea, and Taiwan)**
- **Initiation of phase 2 clinical study of bleselumab (ASKP1240) for the treatment of recurrence of focal segmental glomerulosclerosis in de novo kidney transplant recipients (May in the U.S.)**
- **Breakthrough therapy designation for mogamulizumab (KW-0761) granted by the U.S. Food and Drug Administration for the treatment of mycosis fungoides and Sézary syndrome (August in the U.S.)**
- **Announcement of positive results of phase 2 clinical studies of burosumab (KRN23) for the treatment of pediatric X-linked hypophosphatemia and adult tumor-induced osteomalacia (September at ASBMR)**

Note: Listed events were completed between January 25, 2017 and December 31, 2017.

Key development events in 2017

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Overseas (cont.):

- Acceptance of application and priority review designation for burosumab (KRN23) granted by the U.S. Food and Drug Administration for the treatment of X-linked hypophosphatemia (October in the U.S.)
- Acceptance of application (October in Europe), acceptance of application and priority review designation granted by the U.S. Food and Drug Administration (November in the U.S.), and announcement of positive results of phase 3 clinical study (December at ASH) for mogamulizumab (KW-0761) for the treatment of cutaneous T-cell lymphoma
- Adoption of a positive opinion by the Committee for Medicinal Products for Human Use for the use of burosumab (KRN23) for the treatment of X-linked hypophosphatemia in children (December in Europe)

Note: Listed events were completed between January 25, 2017 and December 31, 2017.

Key global development updates (1)

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mogamulizumab/KW-0761 (hematological cancer) [1]

Indication		Country/ region	Development stage (Scheduled trial completion date)			Estimated enrollment	
			Phase 2	Phase 3	Application		
ATL	Relapsed/ refractory	U.S., Europe, others	(2018/1)			71	[3]
CTCL	Relapsed/ refractory	U.S., Europe, Japan, others		(2018/12)		372	[4]

CTCL/Annual incidence: U.S.: approx. 1,500 [2] patients

[1] Launched in Japan (brand name POTELIGEO®)
[2] SEER Data (2001-2007)

ClinialTrials.gov identifier:
[3] NCT01626664; [4] NCT01728805

Key global development updates (2)

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mogamulizumab/KW-0761 (solid tumor)

Indication	Country/ region	Concomitant Drug	Development stage (Scheduled trial completion date) Phase 1	Partner	Estimated enrollment	
Solid tumor	U.S.	durvalumab or tremelimumab	(2018/5)	AstraZeneca	64	1
	U.S.	PF-05082566	(2017/10)	Pfizer	70	2
	Japan	nivolumab	(2017/10)	ONO PHARMACEUTICAL Bristol-Myers Squibb	108	3
	U.S.	nivolumab	(2018/7)	Bristol-Myers Squibb	188	4
	U.S.	docetaxel	2016/12	-	13	5
	U.S.	KHK2455	(2019/8)	-	50	6

ClinicalTrials.gov identifier:
[1] NCT02301130; [2] NCT02444793; [3] NCT02476123; [4] NCT02705105; [5] NCT02358473; [6] NCT02867007

Key global development updates (3)

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burosumab/KRN23

Indication		Country/region	Development stage (Scheduled trial completion date)		Partner	Estimated enrollment	
			Phase 2	Phase 3			
XLH	Pediatric	U.S., Europe	(2018/12)		Ultragenyx Pharmaceutical (North America, Europe)	50	2
		U.S.	(2019/10)			13	3
		N.A., Europe, Japan, Korea, Australia		(2018/10)		60	4
	Adult	U.S.	(2018/8)			25	5
		U.S., Europe, Japan, Korea		(2018/3)		134	6
		N.A., Europe, Japan, Korea		(2017/8)		14	7

Estimated no. of patients: Adults: Japan: approx. 5,000, Europe: approx. 12,000, U.S.: approx. 12,000 [1]
Pediatric: Japan: approx.1,000, Europe: approx. 3,000, U.S.: approx. 3,000 [1]

[1] Estimate based on reported prevalence of 1 in 20,000 people

ClinicalTrials.gov identifier:
[2] NCT02163577; [3] NCT02750618; [4] NCT02915705; [5] NCT02312687; [6] NCT02526160; [7] NCT02537431

N. A.: North America

Key global development updates (4)

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burosumab/KRN23

Indication	Country/region	Development stage (Scheduled trial completion date)		Partner	Estimated enrollment	
		Phase 2	Phase 3			
TIO/ENS	U.S.	(2019/5)		Ultragenyx Pharmaceutical (North America, Europe)	17	[3]
	Japan, Korea	(2019/6)			6	[4]

Estimated no. of patients: Japan: approx. 30 [1], U.S.: approx.500 - 1,000 [2]

[1] 2010 Ministry of Health, Labour and Welfare Epidemiological Research on abnormalities in Hormone Receptor Mechanisms
[2] Survey by Ultragenyx Pharmaceutical

ClinicalTrials.gov identifier:
[3] NCT02304367; [4] NCT02722798

Business Topics

License Agreement: Tenapanor

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In order to strengthen our core marketing area, renal domain, as well as contribute to a therapeutic area of chronic kidney disease in Japan, we have concluded a license agreement with Ardelyx regarding tenapanor

Tenapanor:

- ✓ Selective inhibitor of the intestinal tract Na＋/H+ exchange transporter (NHE3) (oral drug)
- ✓ Reduces the concentration of serum phosphorous through a novel mechanism of action
- ✓ Unlike existing phosphorous binders, it is expected to lower phosphorous levels through small doses
- ✓ Ardelyx (originator) is currently undergoing a Phase 3 clinical study targeting hyperphosphatemia accompanying end-stage renal diseases in patients on dialysis in the US

Meaning of the license agreement:

- ✓ Within the renal domain, it enhances the product lineup in the area of chronic kidney disease-related mineral and bone disease (CKD-MBD)
- ✓ Respond to the diverse needs of patients on dialysis and medial practitioners (reduce medication-related burden and increase treatment options)

License details:

- ✓ Exclusive development and sales rights in Japan targeting the cardiorenal diseases and conditions including hyperphosphatemia
- ✓ Upfront payment, R&D milestone payments and payments of sales royalty

License Agreement: Characteristic of Tenapanor

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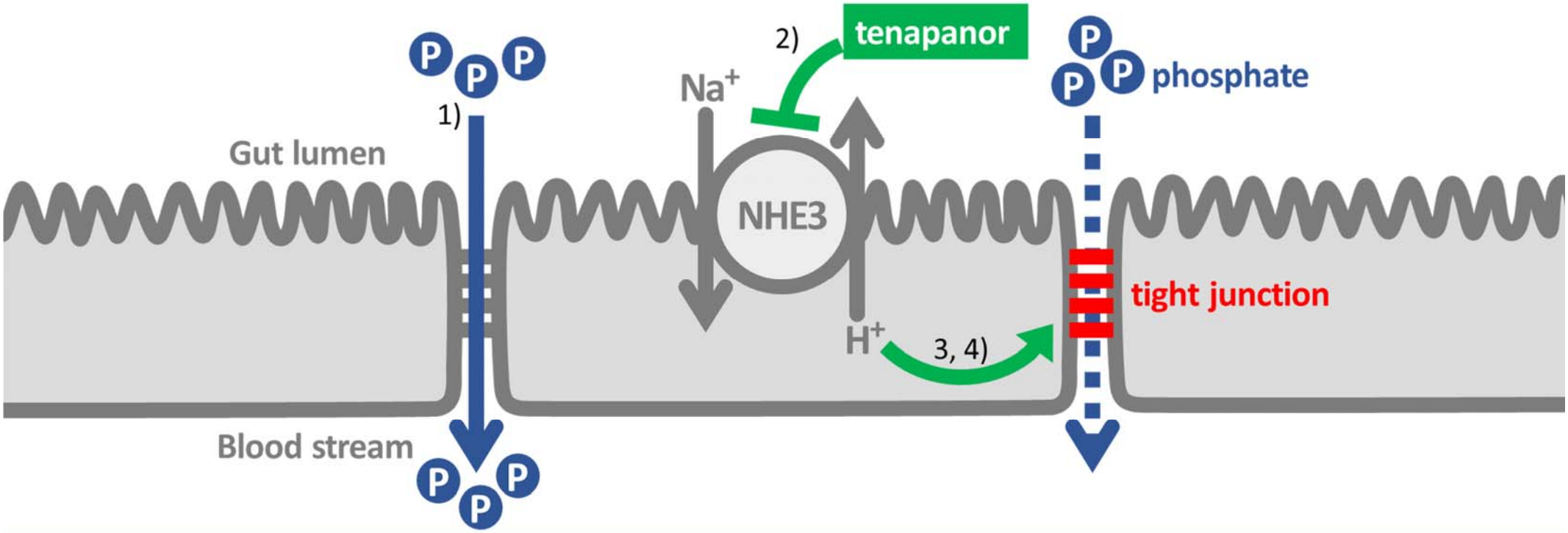

Mechanism of action (theory)

- ✓ The primary uptake route of phosphorous is passive transport between cell membranes
- ✓ Tenapanor inhibits NHE3 and thereby inhibits the uptake of sodium (Na^+)
- ✓ At the same time, the concentration of protons (H^+) in the cells increases
- ✓ The increased intracellular proton concentration tightens the junctions between cell membranes, which regulate the uptake of phosphorous in the digestive tract, and thereby inhibits the uptake of phosphorous

Features

- ✓ Unlike existing phosphorous binders, the novel mechanism of action makes it a first in class phosphorous absorption inhibitor

Appendix

Average FOREX Rate

[¥]

Currency	2016Q4 Result	2017Q4 Result	Change	2018Q4 Plan
USD/JPY	109	112	+3	110
EUR/JPY	121	126	+5	130
GBP/JPY	150	144	-6	150

Q1-Q4 FOREX Effect (YoY)

[¥Bn]

Segment	Currency	Revenue	Core Operating Profit
Pharmaceuticals Business	USD	+0.41	+0.02
	EUR	+0.08	+0.07
	GBP	-1.45	-0.04
Bio-Chemicals Business	USD	+0.48	+0.29
	EUR	+0.63	+0.26

Currency Fluctuation Sensitivity for FY2018

Pro forma impact in case of 1yen appreciation from the plan

Currency	Impact on Revenue	Impact on Core Operating Profit
USD	-0.26 billion yen	-0.17 billion yen
EUR	-0.12 billion yen	-0.06 billion yen
GBP	-0.29 billion yen	+0.01 billion yen

FY2017 GAP Analysis between J-GAAP and IFRS

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J-GAAP	IFRS
Revenue ¥350.7bn	**Revenue ¥353.4bn**
Cost of Sales	Cost of Sales
Gross Profit 220.1	**Gross Profit 224.3**
SG&A and R&D (ex-Goodwill Amortization)	SG&A and R&D
	Income/Loss on equity method -4.5
plus **(Core OP 48.6)**	**Core OP 57.7**
Goodwill Amortization 12.5	To be no longer amortized
Operating Profit (OP) 40.6	
Non-operating Income/Expenses	Other Income/Expenses
Income/Loss from Interests/Forex	Finance Income/Costs
Income/Loss on equity method -4.6	
Ordinary Profit 35.6	
Extraordinary Income/Loss	
Profit before Taxes 37.0	**Profit before Taxes 55.8**
Income Taxes	Income Taxes
Profit 26.4	**Profit 42.9**

Impact on Revenue +2.7
- Deferment of licensing revenue +4.3
- Netting of liquor taxes etc -1.5

Impact on Core Operating Profit +9.2
- Capitalization of in-process R&D +4.4
- Deferment of licensing revenue +4.3

Impact on Profit +16.5
- Cessation of goodwill amortization +12.5
- Capitalization of in-process R&D +3.1
- Deferment of licensing revenue +3.0
- Write-off of intangible assets -1.6

* Core Operating Profit under J-GAAP = Operating Profit + Goodwill Amortization + Income/Loss on Equity Method
Core Operating Profit under IFRS = Gross Profit – SG&A – R&D + Income/Loss on Equity Method

FY2016 GAP Analysis between J-GAAP and IFRS

KYOWA KIRIN

J-GAAP	IFRS
Revenue ¥343.0bn	**Revenue ¥348.0bn**
Cost of Sales	Cost of Sales
Gross Profit 208.5	**Gross Profit 214.6**
SG&A and R&D (ex-Goodwill Amortization)	SG&A and R&D
	Income/Loss on equity method -12.4
plus **(Core OP 38.2)**	**Core OP 39.1**
Goodwill Amortization 12.6	To be no longer amortized
Operating Profit (OP) 31.6	
Non-operating Income/Expenses	Other Income/Expenses
Income/Loss from Interests/Forex	Finance Income/Costs
Income/Loss on equity method -6.0	
Ordinary Profit 26.4	
Extraordinary Income/Loss	
Profit before Taxes 30.3	**Profit before Taxes 42.9**
Income Taxes	Income Taxes
Profit 18.7	**Profit 30.5**

Impact on Revenue +4.9
- Deferment of licensing revenue +6.5
- Netting of liquor taxes etc -1.5

Impact on Core Operating Profit +0.9
- Deferment of licensing revenue +6.5
- Gain/loss on equity method -6.3

Impact on Profit +11.8
- Cessation of goodwill amortization +12.6
- Deferment of licensing revenue +5.6
- Gain/loss on equity method -6.3

* Core Operating Profit under J-GAAP = Operating Profit + Goodwill Amortization + Income/Loss on Equity Method
Core Operating Profit under IFRS = Gross Profit – SG&A – R&D + Income/Loss on Equity Method

FY2017 Consolidated Results (vs.2016) J-GAAP

KYOWA KIRIN

	2016Q4 Results	2017Q4 Results	Change	
Revenue	343.0	350.7	+7.7 (+2%)	• Benralizumab-related licensing revenue (↑) • Drug price revision and generics penetration (↓)
Operating Profit [Margin]	31.6 [9%]	40.6 [12%]	+9.0 (+28%)	• Benralizumab-related licensing revenue (↑) • Increase in launch preparation costs (↓)
Ordinary Profit	26.4	35.6	+9.2 (+35%)	
Profit	18.7	26.4	+7.7 (+41%)	• Drop in extraordinary income (↓) • Rise in extraordinary loss (↓) • Drop in income tax expense (↑)

(Billion yen / Rounded / After amortization of goodwill)

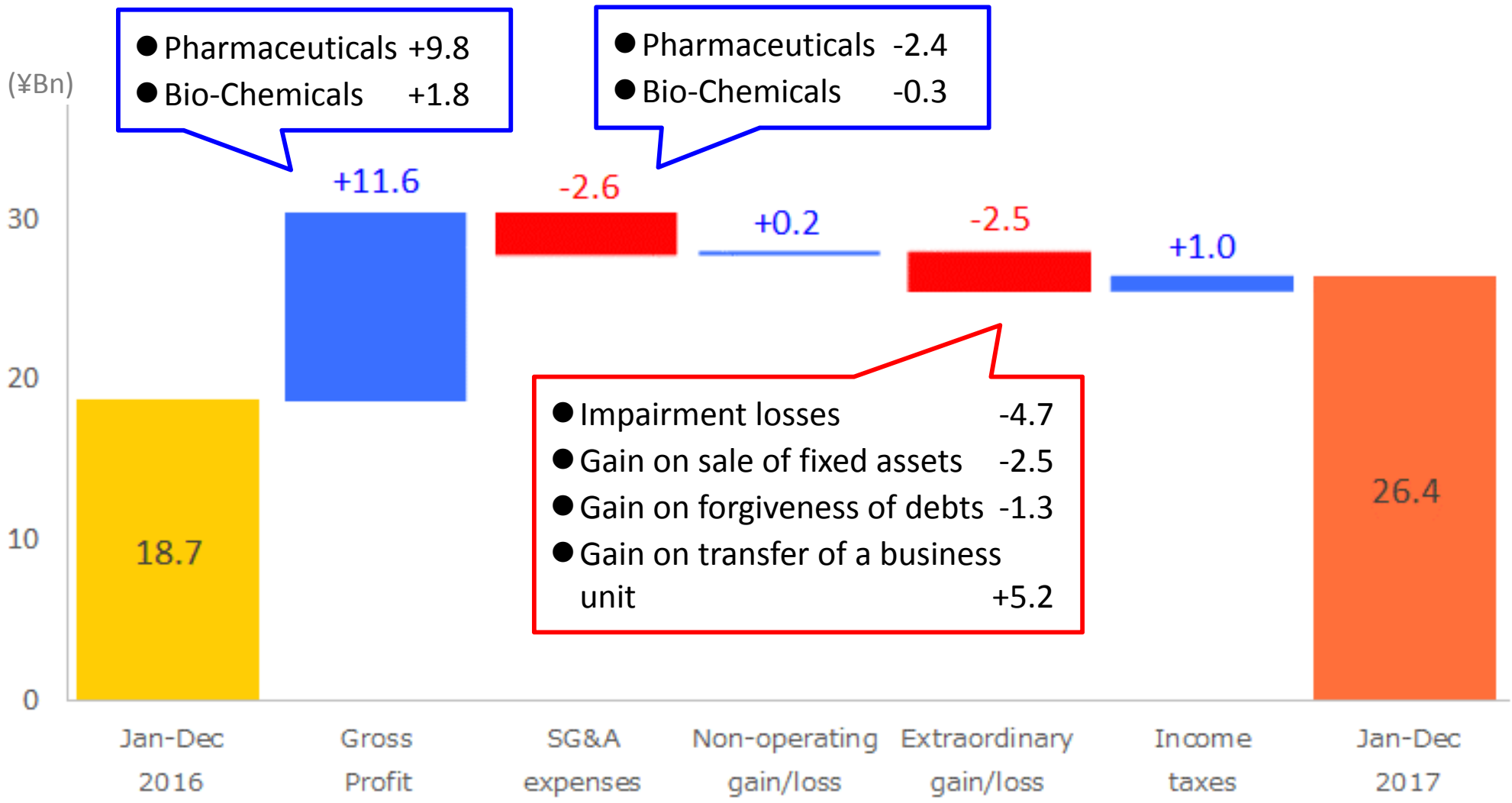
FY2017 Consolidated Results (vs.Plan) J-GAAP

KYOWA KIRIN

	2017Q4 Plan	2017Q4 Results	Change	
Revenue	347.0	350.7	+3.7 (+1%)	• Domestic drug business (↑) • FOREX impact (↑)
Operating Profit [Margin]	39.0 [11%]	40.6 [12%]	+1.6 (+4%)	• In-license of tenapanor (↓) • SG&A underspent (↑)
Ordinary Profit	35.0	35.6	+0.6 (+2%)	• FOREX-related income/loss (↓)
Profit	21.0	26.4	+5.4 (+25%)	• Drop in income tax expense (↑)

(Billion yen / Rounded / After amortization of goodwill)

Profit (Jan-Dec) +7.7 billion yen



FY2017 Results by Segment J-GAAP

KYOWA KIRIN

- Pharmaceuticals' operating profit increased due to the rise in overseas sales & licensing revenue, despite a drop in domestic revenue
- Bio-Chemicals' operating profit increased with improved profitability

		2016Q4 Results	2017Q4 Results	Change	2017Q4 Plan	Change
Pharma-ceuticals	Revenue	263.3	271.4	+8.1 (+3%)	267.0	+4.4 (+2%)
	Core Operating Profit [Margin]	26.3 [10%]	33.8 [12%]	+7.5 (+28%)	33.0 [12%]	+0.8 (+2%)
Bio-Chemicals	Revenue	83.6	82.8	-0.8 (-1%)	83.0	-0.2 (-0%)
	Core Operating Profit [Margin]	5.3 [6%]	6.8 [8%]	+1.5 (+13%)	6.0 [7%]	+0.8 (+14%)

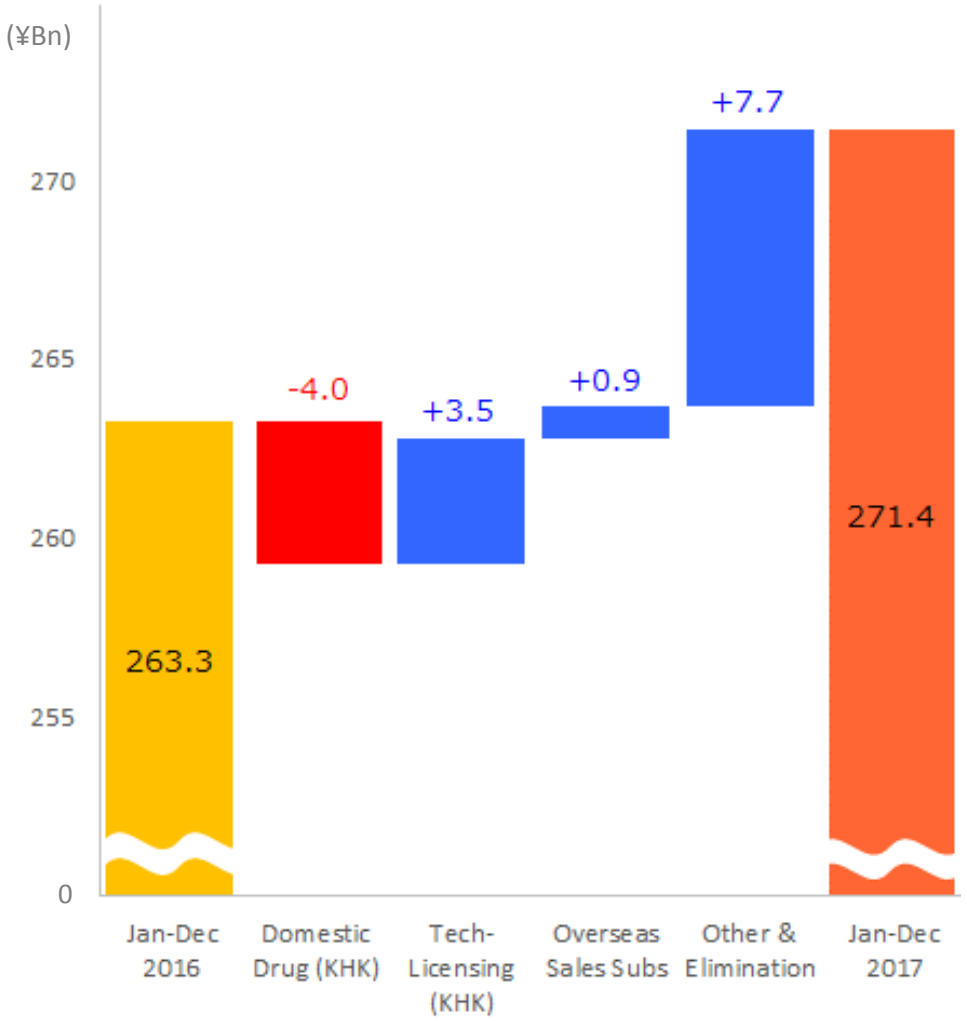
(Billion yen / Rounded / After amortization of goodwill)

Pharmaceuticals: YoY Analysis -Revenue-

J-GAAP

KYOWA KIRIN

+8.1 billion yen
(incl. forex effect -0.4)



*KHK: Kyowa Hakko Kirin Co., Ltd.

● Domestic Drug (KHK*) -4.0

- Our key product REGPARA decreased due to the emergence of a competing product.
- Long-listed products such as ALLELOCK and Coniel also decreased due to the market penetration of generic drugs.
- New products including G-Lasta, NOURIAST and Onglyza sustained steady growth, resulting in a YoY increase.

● Technology Licensing (KHK*) +3.5

(incl. forex effect +0.1)

- Due mainly to the rise in benralizumab-related revenue.

● Overseas Sales Subsidiaries +0.9

(incl. forex effect -0.8)

- Steady growth of Abstral and new product Moventig in EU.
- Favorable Asian sales including NESP and REGPARA.

● Other & Eliminations +7.7

(incl. forex effect +0.3)

- Increase resulted from the gain in BioWa's licensing revenue and favorable OEM sales of KHK.

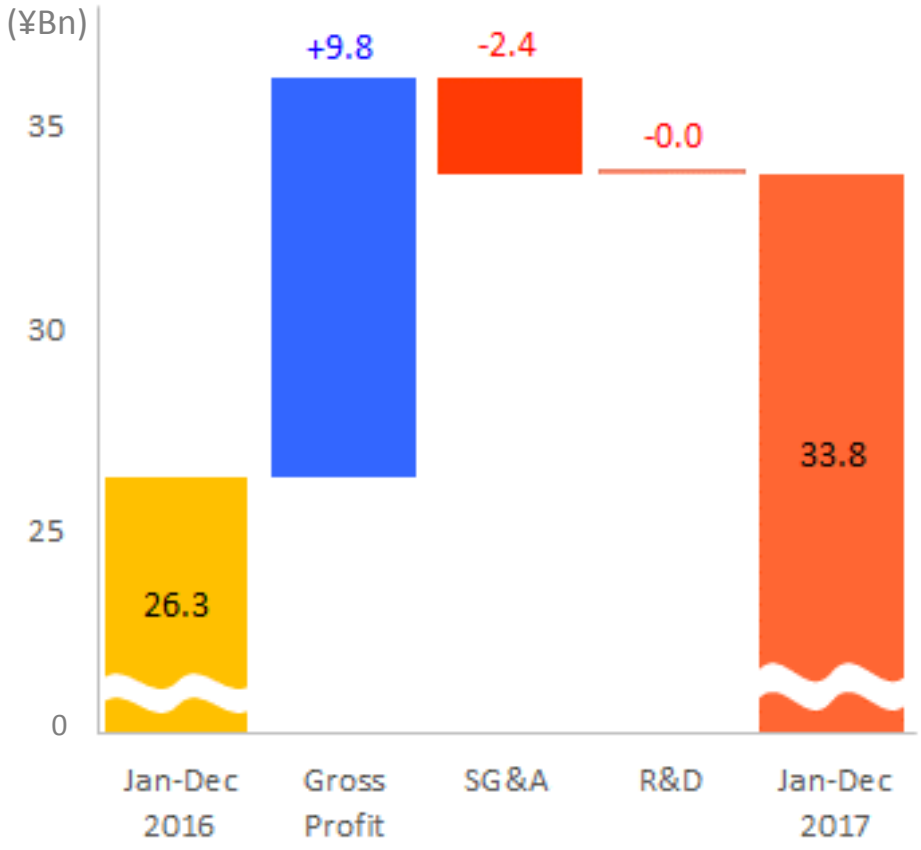
(*) Original Equipment Manufacturing

Pharmaceuticals: YoY Analysis -Operating Profit-

J-GAAP

KYOWA KIRIN

+7.5 billion yen (incl. forex effect +0.7)



- **Gross Profit +9.8 (incl. forex effect -0.1)**
  - Mainly due to the increase in technology licensing revenue.

- **SG&A -2.4 (incl. forex effect +1.0)**
  - Increased mainly due to promotional activities for Moventig and launch preparation for burosumab.

- **R&D -0.0 (incl. forex effect -0.2)**
  - Decreased due to the adjustment of some excess R&D expenses in the previous fiscal year.
  - Fewer late-stage clinical trials were conducted.
  - In-licensing upfront of tenapanor ($30M).

Pharmaceuticals: KHK's Sales by Product

J-GAAP

KYOWA KIRIN

- Domestic drug business decreased due to penetration of competitor drugs and generic drugs
- Technology out-licensing revenue came mainly from benralizumab

Product	2016Q4 Results	2017Q4 Results	Change	Reason	2017Q4 Forecast	Progress*
NESP	56.4	56.3	-0.1 (-0%)		56.4	100%
REGPARA	20.0	18.5	-1.4 (-7%)	Market penetration of competitors	18.3	101%
ALLELOCK	18.2	15.9	-2.3 (-12%)	Market penetration of generics & Drug price revision	15.4	103%
Patanol	13.0	12.8	-0.1 (-1%)		12.8	100%
G-Lasta	15.5	18.1	+2.6 (+17%)	Steady market penetration	17.6	103%
NOURIAST	7.3	8.5	+1.2 (+17%)	Steady market penetration	8.5	99%
Technology out-licensing	5.9	9.4	+3.5 (+59%)	Revenues related to benralizumab	7.4	127%

(Billion yen / Rounded)

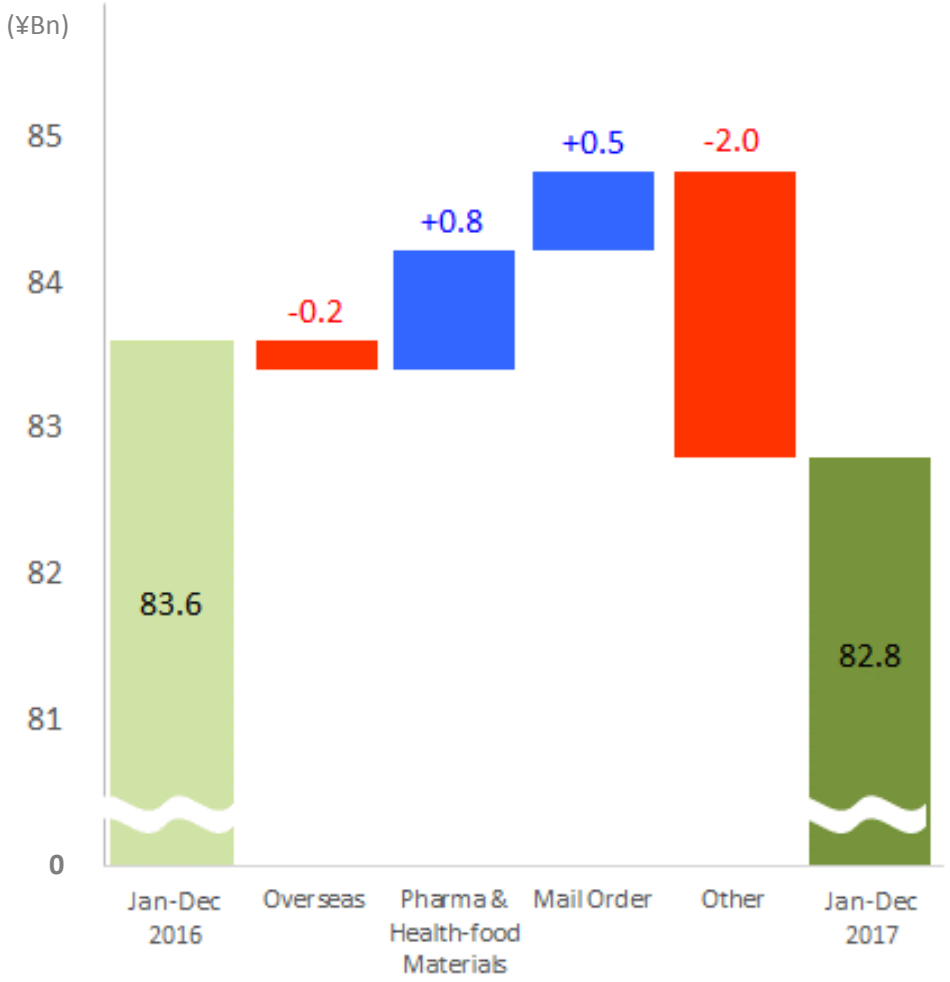
＊ Progression rate against the revised FY2017 forecast disclosed on July 28, 2017

Bio-Chemicals: YoY Analysis -Revenue-

J-GAAP

KYOWA KIRIN

-0.8 billion yen
(incl. forex effect +1.0)



- **Overseas -0.2 (incl. forex effect +1.1)**
  - **Americas -0.0 (incl. forex effect +0.3):** Decreased in health-food materials and amino acids for cell culture mediums.
  - **Europe +0.6 (incl. forex effect +0.6)**
  - **Asia & others -0.8 (incl. forex effect +0.2):** Decreased due to the price competition in China.

- **Pharmaceutical & Health-food Materials +0.8**
  - Strong results with winning of new accounts.

- **Mail Order +0.5**
  - Substantial growth in “KHB Arginine EX.”

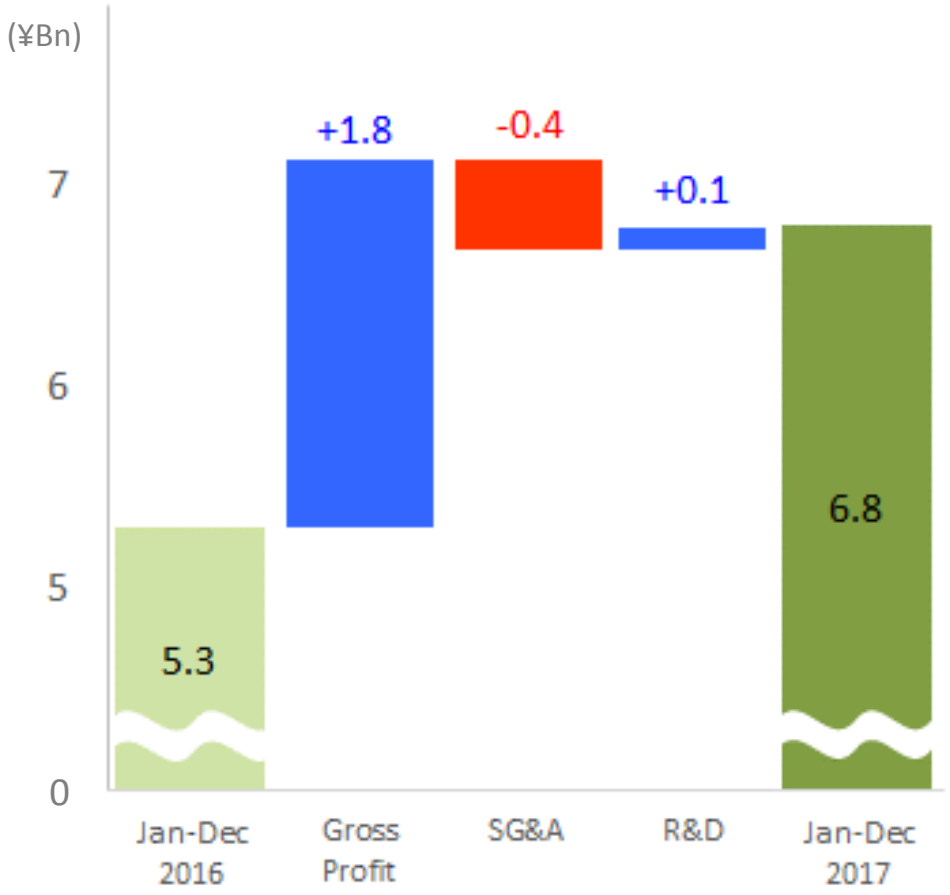
- **Other -2.0**
  - Mainly due to decrease in Kyowa Engineering’s sales.

Bio-Chemicals: YoY Analysis -Operating Profit-

J-GAAP

KYOWA KIRIN

+1.5 billion yen (incl. forex effect +0.5)



- **Gross Profit +1.8 (incl. forex effect +0.6)**
  - Steady growth in the domestic business.
  - Cost reduction by Thai plant's scale-up operation.
  - No big impact arising from the fall in Kyowa Engineering's sales.

- **SG&A -0.4 (incl. forex effect -0.1)**
  - Advertising cost increased aiming for the mail order business' growth.

Burosumab： Collaboration with Ultragenyx (summary)

KYOWA KIRIN

	KHK group	Ultragenyx
U.S.A Canada	● Books sales ● Splits profits in half with Ultragenyx for first 5 years ● After 5 years, pays mid to high 20% range sales royalty to Ultragenyx	● Splits profits in half with KHK for first 5 years ● After 5 years, receives mid to high 20% range sales royalty from KKI
Europe	● Books sales ● Pay up to 10% sales royalty to Ultragenyx	● Receives up to 10% sales royalty from KKI
Latin America	● Receives low single-digit sales royalty from Ultragenyx	● Books sales ● Pays low single-digit sales royalty to KHK
Turkey	● Receives up to 20% sales royalty from Ultragenyx ● （Retains an option to take over commercialization rights after a certain period）	● Books sales ● Pays up to 20% sales royalty to KKI
Asia (incl. Japan) ROW	● Books sales	

* KHK supplies commercial product in all regions.

Development schedule of major late-stage pipeline

KYOWA KIRIN

* : NDA holder is AstraZeneca
\+ : Estimated time of regulatory decisions

Generic name Code	Indication	Country/ region	2017	2018	2019~
bardoxolone methyl RTA 402	diabetic kidney disease	Japan	Phase 2	Phase 3	
benralizumab KHK4563	asthma	U.S.	approved*		
		Europe		+*	
		Japan	filed*	+*	
	COPD	U.S., Europe			submission*
		Japan			submission*
brodalumab KHK4827	psoriasis	Asia	filed[1]	submission	
burosumab KRN23	XLH	Europe	filed	+ (pediatric)	+ (adult)
		U.S.	filed	+[2]	
		Japan		submission	
evocalcet KHK7580	secondary hyperparathyroidism	Japan	filed	+	
mogamulizumab KW-0761	CTCL	U.S., Europe	filed	+[3]	
romiplostim AMG531	aplastic anemia	Japan, Korea		submission	+
	ITP	China			submission

[1]Filed in Taiwan, Thailand, Singapore, and Malaysia. PDUFA: [2]April 17 and [3]June 4, 2018.

Biosimilar products development

KYOWA KIRIN

Development code	Reference bio medical product		Country/region	Development stage		
	Generic name	Brand name		Phase 2	Phase 3	Application
FKB327	adalimumab	HUMIRA	U.S., others			
FKB238	bevacizumab	Avastin	U.S., Europe, others			
Not disclosed	Not disclosed	Not disclosed	Not disclosed (Target product determined)			

[1]

Biosimilar pharmaceutical products are developed by *FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd.*

ClinialTrials.gov identifier: [1] NCT02810457

[1] Development is currently conducted by Centus Biotherapeutics Limited.

List of acronyms

ATL	Adult T-cell Leukemia/Lymphoma
COPD	Chronic Obstructive Pulmonary Disease
CTCL	Cutaneous T-Cell Lymphoma
ENS	Epidermal Nevus Syndrome
HTLV-1	Human T-cell Leukemia Virus Type 1
ITP	Idiopathic (immune) Thrombocytopenic Purpura
TIO	Tumor Induced Osteomalacia
XLH	X-linked Hypophosphatemia

KYOWA KIRIN

The Kyowa Hakko 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.

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