Financial Results of Fiscal 2024

May 13, 2025

KYORIN Pharmaceutical Co., Ltd.
Representative Director, President and CEO
Yutaka Ogihara

- Outline of Consolidated Financial Results
- Trends of Mainstay Products, Generic Product
- Consolidated Financial Forecast
- Status of R&D Pipeline
- Initiatives toward Realization of Vision 110 –Stage 1–
- Initiatives to improve corporate value in the medium to long term and drive sustainable growth

Outline of Consolidated Financial Results

Breakdown of Gain and Loss for FY2024

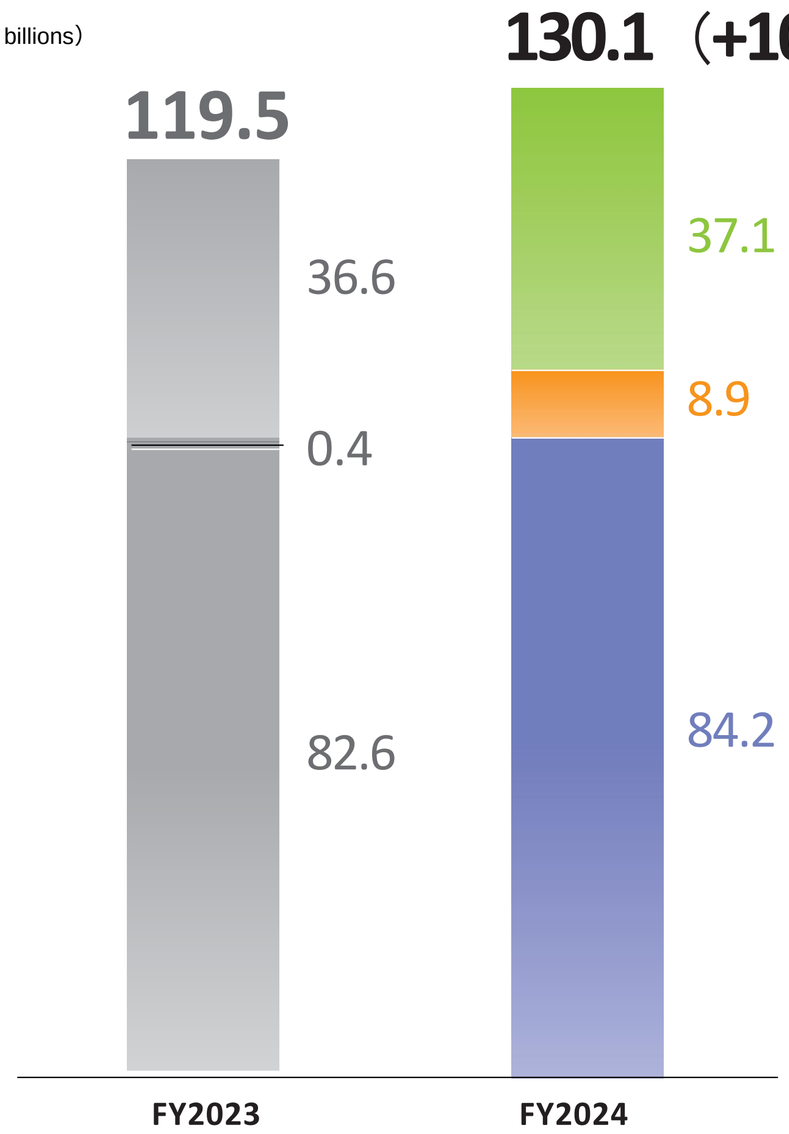
（Units: JPY billions）

		FY2023	FY2024	Year on year	
				Change	Change (%)
Net Sales		119.5	**130.1**	+10.6	+8.8
	New drugs, etc. (Japan)	82.6	**84.2**	+1.6	+1.9
	New drugs (overseas)	0.4	**8.9**	+8.5	+2195.2
	Generic drugs	36.6	**37.1**	+0.5	+1.4
Cost of sales		67.9	**70.6**	+2.7	+3.9
SG&A		45.4	**47.0**	+1.6	+3.5
(R&D)		(8.0)	**(10.5)**	(+2.5)	(+31.1)
Operating profit		6.2	**12.6**	+6.4	+101.6
Ordinary profit		6.8	**13.2**	+6.4	+93.8
Profit attributable to owners of parent		5.5	**9.1**	+3.6	+66.0

*Company has changed its accounting policies starting from FY2024, and the figures for the previous period have been retrospectively adjusted and are presented accordingly.

Highlights of Business Performance (1/3) YoY: Net Sales

（Units: JPY billions）



New drugs, etc. (Japan) +1.6

Factor of decrease

- Decrease in sales of long-listed products

Factor of increase

- New drugs grew (Beova, Lasvic, Flutiform etc.)

New drugs (Overseas) +8.5

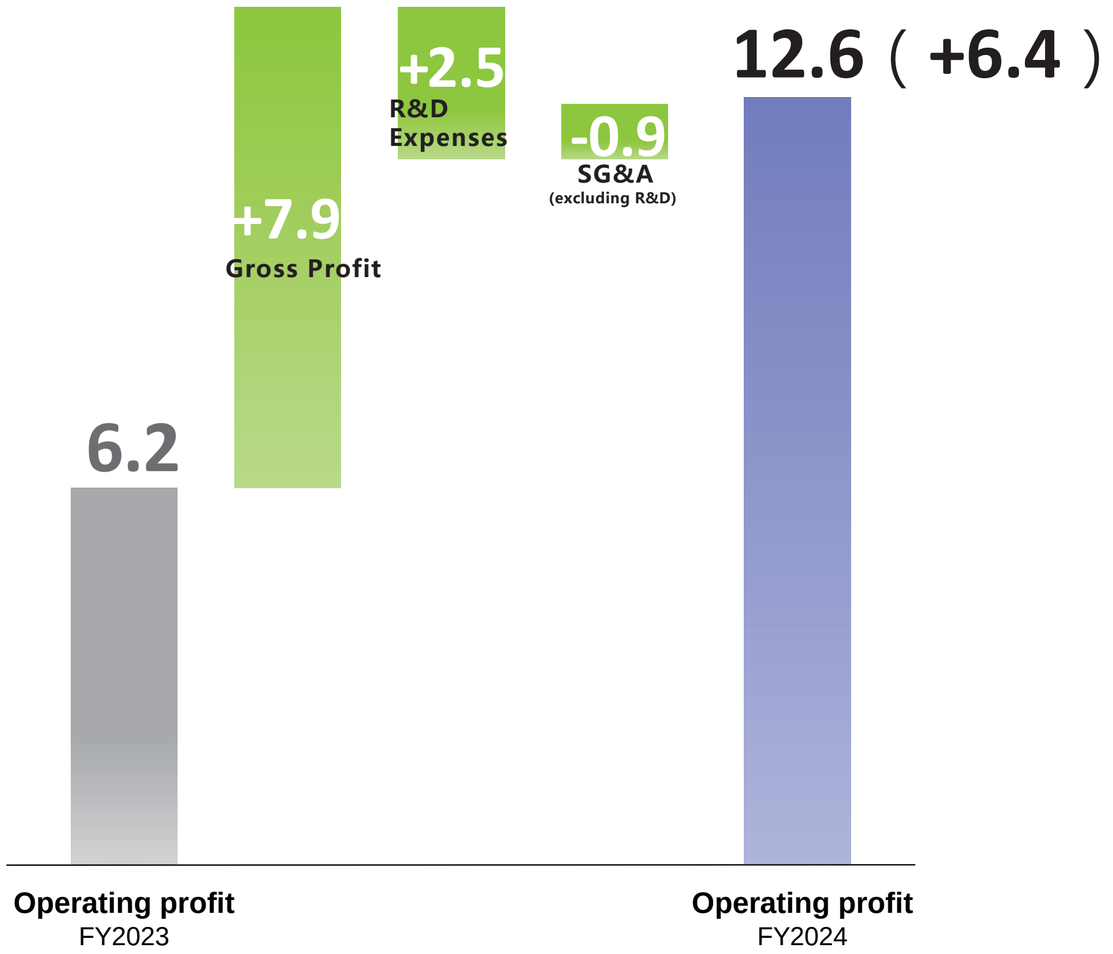
- Received upfront payment for KRP-M223 8.2 billions

Generic drugs +0.5

- Sales contribution of newly listed products in FY2024
- Decrease in sales of AG etc. due to NHI drug price revisions

Highlights of Business Performance (2/3) YoY: Operating Profit

（Units: JPY billions）



Gross Profit +7.9

Net Sales **+10.6**

Cost of sales ratio **-2.6%pt**

Factor of Increase
- Impact of NHI drug price revisions (Kyorin Pharmaceutical: 7% range)
- Impact of exchange fluctuation

Factor of Decrease
- Increase in sales of new drugs (Beova, Lasvic etc.), Improve in a ratio of new drugs
- Received upfront payment of KRP-M223: 8.2 billion yen

R&D Expenses +2.5

8.0 (FY2023) ⇒ 10.5（FY2024)

Upfront payment of KRP-S124: 2.4billion yen

SG&A (excluding R&D) -0.9

37.4 (FY2023) ⇒ 36.5 (FY2024)

- Increase in license fees etc.
- Decrease in depreciation expenses, personnel expenses

Highlights of Business Performance (3/3) YoY: Vs Forecast

（Units: JPY billions）

		FY2024 forecast (announced on May 10, 2024)	FY2024 Actual	Vs. forecast	
				Change	Achievement(%)
Net Sales		123.4	**130.1**	+6.7	105.4
	New drugs, etc. (Japan)	84.7	**84.2**	-0.5	99.4
	New drugs (overseas)	0.4	**8.9**	+8.5	2215.1
	Generic drugs	38.2	**37.1**	-1.1	97.0
Cost of sales		-	**70.6**	-	-
SG&A		-	**47.0**	-	-
(R&D)		(8.5)	**(10.5)**	(+2.0)	(123.7)
Operating profit		6.5	**12.6**	+6.1	193.4
Ordinary profit		6.9	**13.2**	+6.3	191.6
Profit attributable to owners of parent		5.0	**9.1**	+4.1	181.7

Difference from the forecast announced on May 10, 2024

Net sales	Significantly increased in sales of the new drugs (overseas) due to received upfront payment of KRP-M223
R&D expenses:	Upfront payment of KRP-S124: 2.4 billions
SG&A expenses (excluding R&D expenses)	Cost reduction

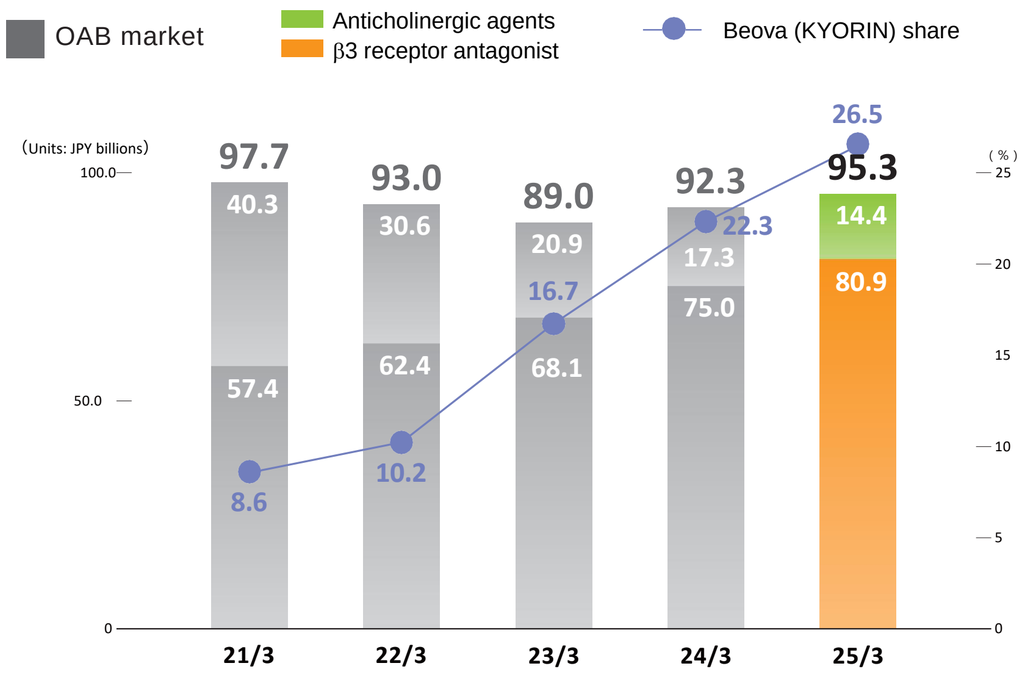
Mainstay Product Sales Update

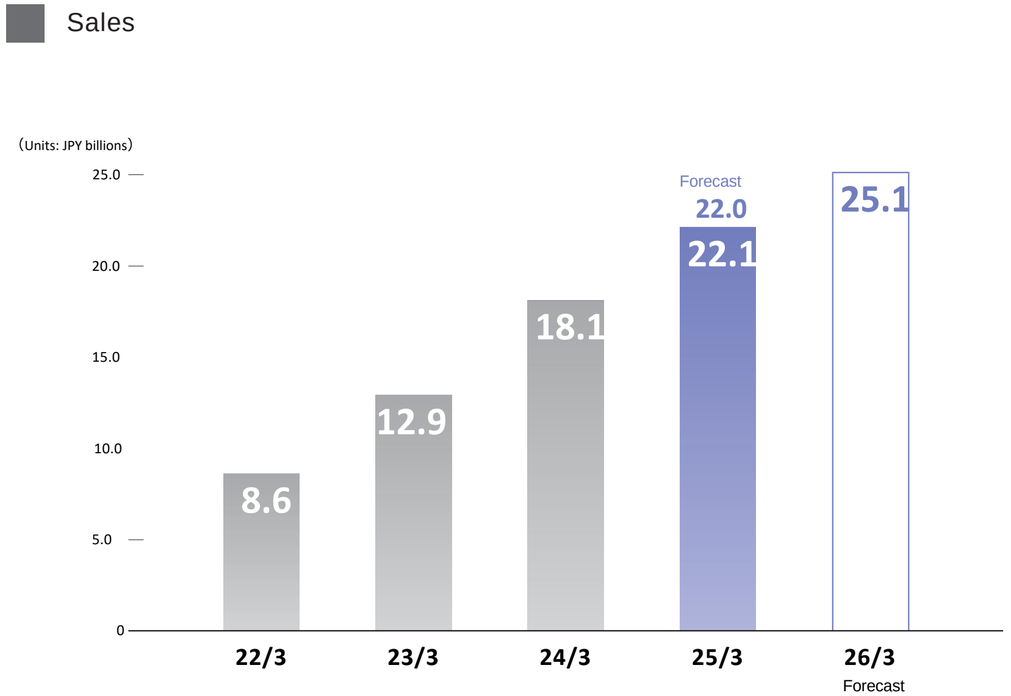
（Units: JPY billions）

		FY2023 Actual	FY2024 Actual	Year-on-year		FY2024 Forecast (announced on May 10,2024)	Vs Forecast	
				Change	Change (%)		Change	Achievement (%)
New Drugs, etc. (Japan)	Beova (KYORIN)	18.1	22.1	+4.0	+21.9	22.0	+0.1	100.4
	Lasvic	4.9	7.8	+2.9	+58.7	6.4	+1.4	122.6
	Lyfnua	0.8	0.9	+0.1	+10.6	1.5	-0.6	60.9
	Desalex	8.9	9.6	+0.7	+8.6	9.6	0	100.2
	Flutiform	12.9	13.7	+0.8	+6.8	12.5	+1.2	109.9
	Pentasa	12.3	12.2	-0.1	-0.8	11.6	+0.6	104.9
	Kipres	7.0	3.5	-3.5	-49.8	5.3	-1.8	66.1
	Mucodyne	4.2	3.6	-0.6	-15.6	4.3	-0.7	83.0
	Uritos (KYORIN)	0.5	0.3	-0.2	-40.9	0.3	0	104.1
	Milton	1.9	1.8	-0.1	-1.7	1.9	-0.1	97.0
	Rubysta	1.5	1.1	-0.4	-27.5	1.5	-0.4	73.8
Generic Drugs	Montelukast tablets “KM”	12.3	12.0	-0.3	-2.6	11.8	+0.2	101.4
	Mometasone Nasal 50mg “KYORIN”	4.5	4.1	-0.4	-9.3	4.3	-0.2	95.7
	Imidafenacin tablets & OD “KYORIN”	0.6	0.5	-0.1	-8.3	0.5	0	109.8

Trends of Mainstay Products, Generic Product

[Mainstay products] Beova (Therapeutic agent for OAB)





Market	OAB market: +3.2%[*1] Market expansion of β3 adrenergic receptor
Medium to long-term market outlook	Number of OAB patients tend to increase Market is forecast to remain flat due to impact of NHI drug price revision and launch generic drug Market expansion for β3 adrenergic receptor.

Status In FY2024	● No.1 in OAB market sale[*2] ● No.1 share of OAB patients and rate of new patients acquisition[*2] [NHI drug price revision: Beova −5.27% (Apr 2024)]

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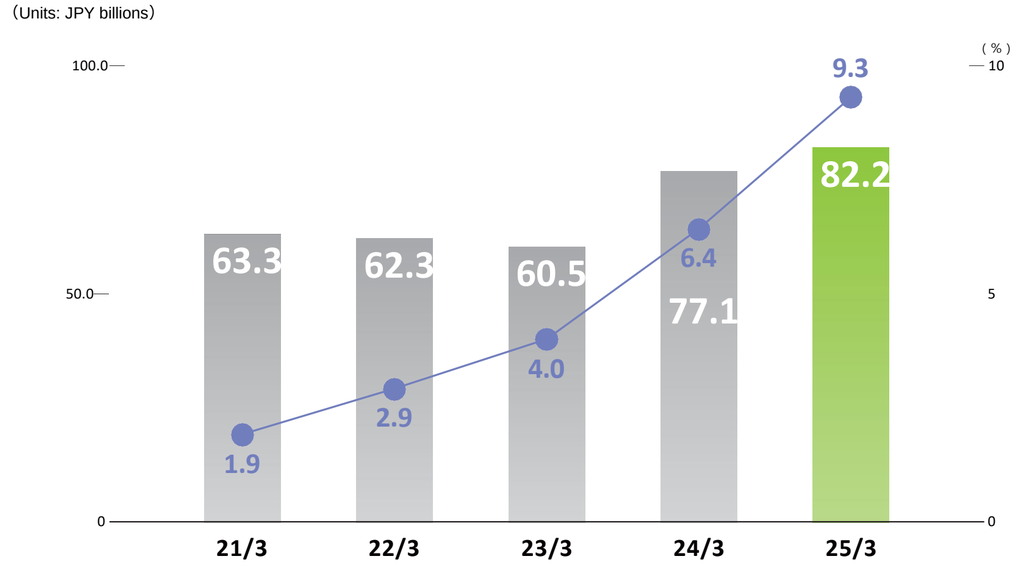
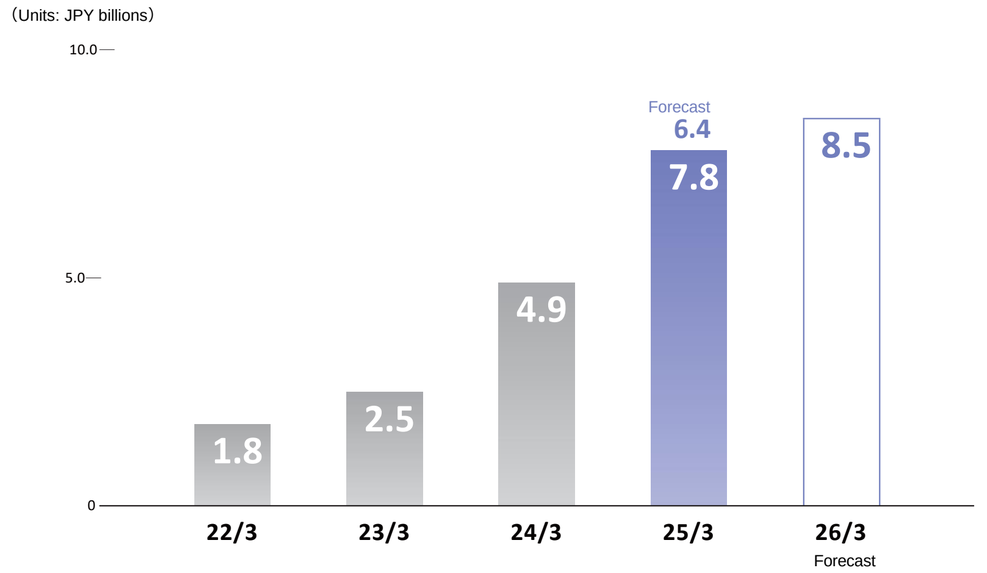
＊2 Combined total with partner company

[Mainstay products] Lasvic (New quinolone synthetic antibacterial agent)

Oral antimicrobial market　Market　Lasvic share



Sales



Market	Oral antimicrobial market: +6.6%*1 Increase to seek treatment after Covid-19 and spread of Mycoplasma pneumonia, etc.
Medium to long-term market outlook	Expect to tend to decrease in oral antimicrobial market due to prevent infection/appropriate use against AMR

Status In FY2024	●Being listed in clinical guidelines ●Achieved No.1 growth rate in oral NQ market*1 [NHI drug price revision: −6.5% (oral), −0.93% (iv) (Apr 2024)]

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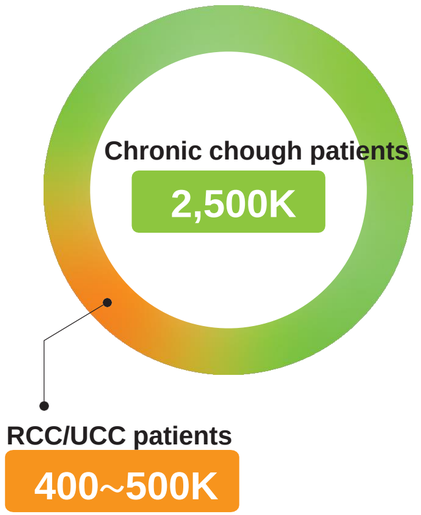
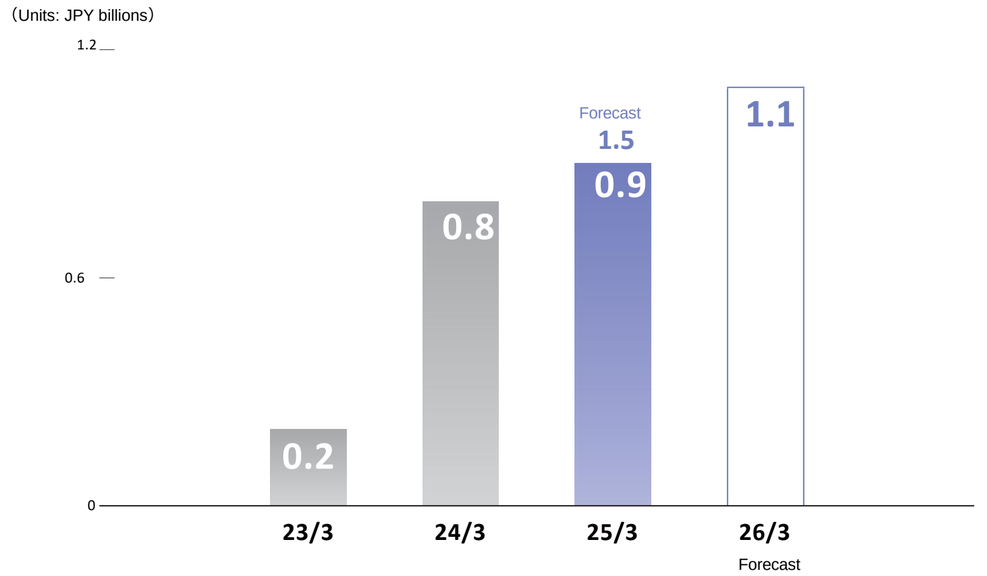
[Mainstay products] Lyfnua (Cough treatment)

The number of estimated patients



Sales

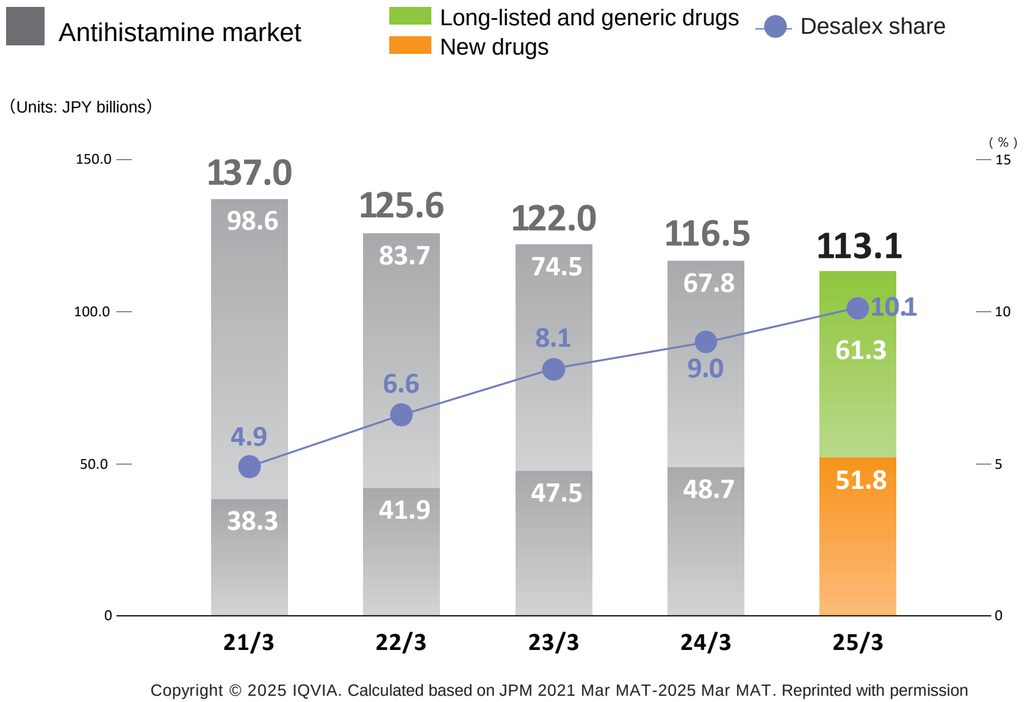


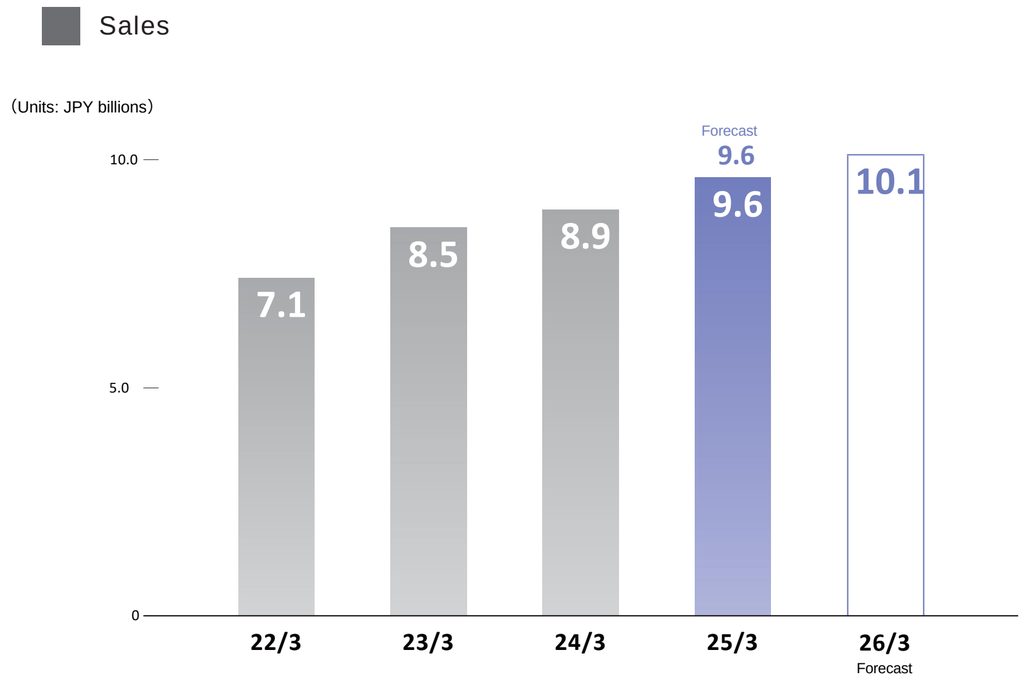
Status
In FY2024

- Initiative to extend the patient's period of taking drug (appealing effectiveness/safety including long-term data)
- Enhancement of better understanding for product characteristic (suppressing cough caused by nerve hypersensitivity)

[NHI drug price revision: −0.05 % (Apr 2024)]

[Mainstay products] Desalex (Antiallergic Agent)





Market	Antihistamine market: −2.9%*
Medium to long-term market outlook	While the number of patients tends to increase, the market is shrinking as a result of the NHI drug price revision and generic drugs.

Status In FY2024	● Sales increased steadily ● Focus on acquiring prescriptions in otolaryngology and internal medicine [NHI drug price revision: −9.36% (Apr 2024)]

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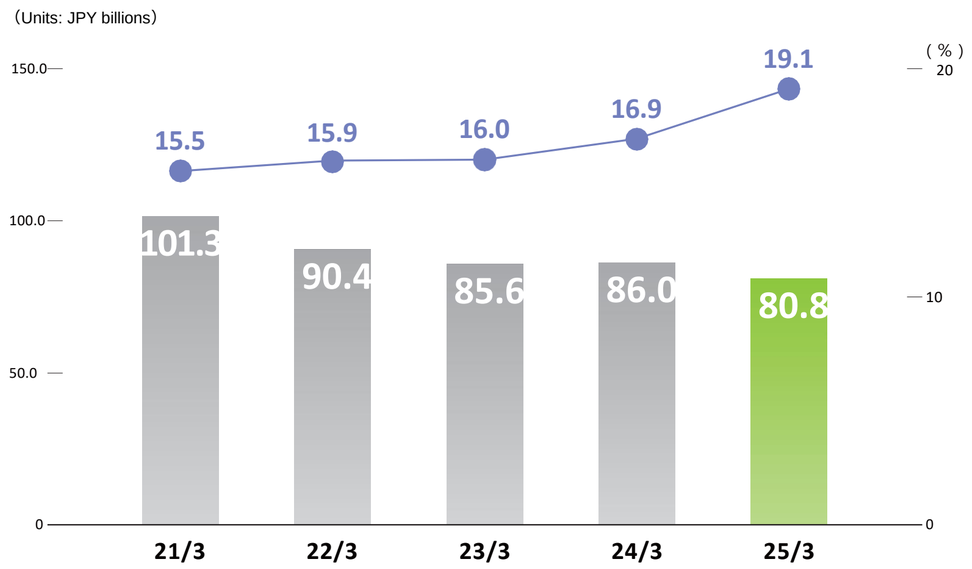
[Mainstay products] Flutiform（Anti-asthmatic）

ICS/LABA Market



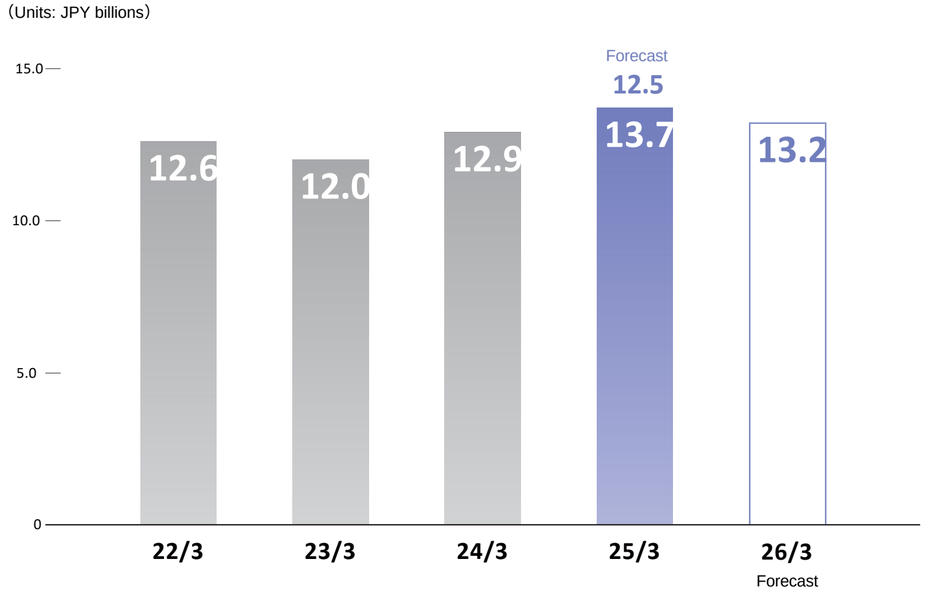
Market

ICS/LABA market: -6.0%*
Increase to seek treatment after Covid-19, and promote to switch to generic drugs

Medium to long-term market outlook

While the number patients tend to increase,
Market is forecast to remain flat due to NHI drug price revision and generic drug, etc.

Sales



Status FY2024

- Sales increased steadily
- Market share in terms of volume:
  18.7% (Mar 2024) to 19.4% (Mar 2025)
- Synergy effects with Lyfnua promotion
  [NHI drug price revision: －6.31% (Apr 2024)]

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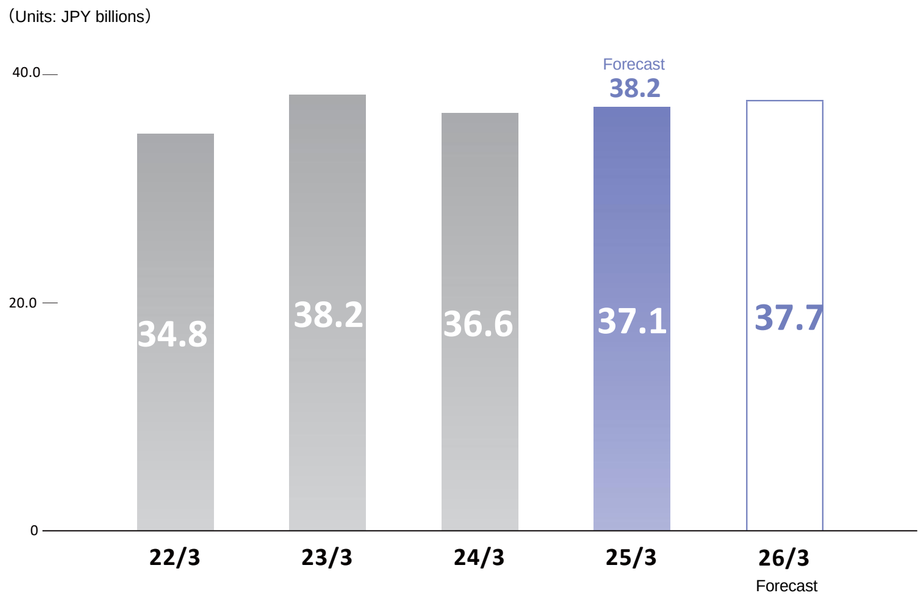
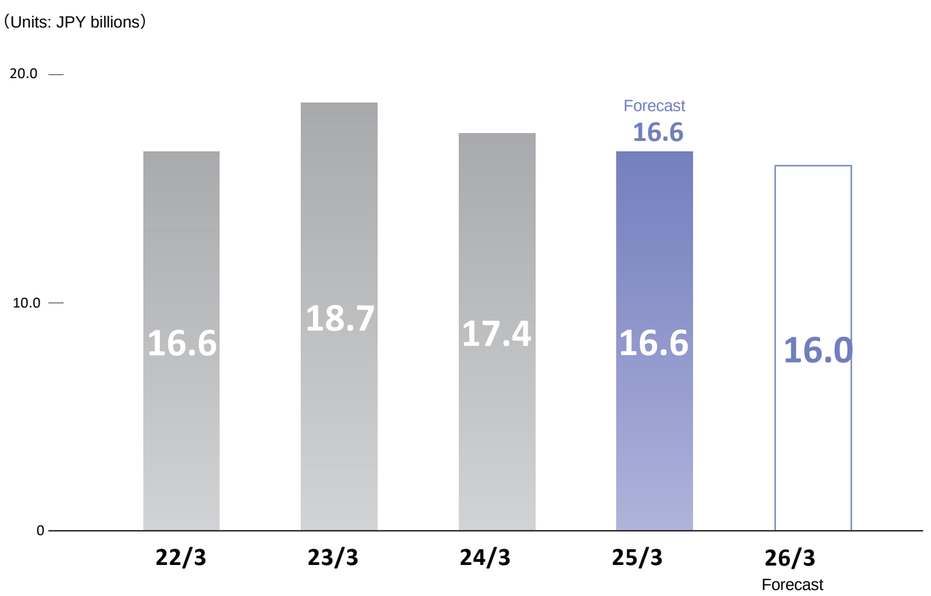
Status of Generic Drugs

Sales



Sales (AG)



Status FY2024	● New products launched in June 2024: ZONISAMIDE OD Tablets TRE 25mg, 50mg
Initiative FY2025	● Expand sales of mainstay products

Status (AG) FY2024	Negative factor: Sales decreased due to NHI drug revision Positive factor: Improve the number of sales Keep market share of 50% in AG

Consolidated Financial Forecast

Consolidated Financial Forecast for FY2025

(Units: JPY billions)

		FY2024	FY2025	Year on year	
				Change	Change (%)
Net sales		130.1	**127.0**	-3.1	-2.4
	New drugs, etc. (Japan)	84.2	**89.0**	+4.8	+5.8
	New drugs (overseas)	8.9	**0.2**	-8.7	-97.7
	Generic drugs	37.1	**37.7**	+0.6	+1.7
Cost of sales		70.6	**—**	—	—
SG&A		47.0	**—**	—	—
(R&D)		(10.5)	**(10.4)**	(-0.1)	(-1.1)
Operating profit		12.6	**6.1**	-6.5	-51.5
Ordinary profit		13.2	**6.3**	-6.9	-52.3
Profit attributable to owners of parent		9.1	**4.8**	-4.3	-47.2

<Key factors of change>

Net sales	While sales of New drugs (Beova, Lasvic etc.) are expected increase, net sales are anticipated to decrease due to reactionary drop from received upfront payment of KRP-M223
Operating profit	Gross profit is expected to decrease due to an increase in the cost of sales. SG&A expenses are expected to remain flat, leading to an anticipated decrease in profit.
Cost of sales ratio	+4%pt
SG&D ratio (excluding R&D expenses)	+1%pt
R&D expenses	-0.1 billion yen: reactionary drop from upfront payment of KRP-S124, booking clinical trial expense for KRP-R120

Consolidated Financial Forecast for FY2025

(Comparable analysis excluding the impact of KRP-M223)

(Units: JPY billions)

		FY2024	FY2024 Excluding received upfront payment of KRP-M223	FY2025	Year on year	
					Change	Change (%)
Net sales		130.1	121.8	127.0	+5.2	+4.2
	New drugs, etc. (Japan)	84.2	84.2	89.0	+4.8	+5.8
	New drugs (overseas)	8.9	0.6	0.2	-0.4	-68.4
	Generic drugs	37.1	37.1	37.7	+0.6	+1.7
Cost of sales		70.6	70.6	—	—	—
SG&A		47.0	47.0	—	—	—
(R&D)		(10.5)	(10.5)	(10.4)	(-0.1)	(-1.1)
Operating profit		12.6	4.3	6.1	+1.8	+40.5

Net sales are expected to increase by 5.2 billion yen due to an increase in sales of new drugs (Beova, Lasvic), and operating profit is expected to increase by 1.8 billion yen.

Forecast of Mainstay Products Sales

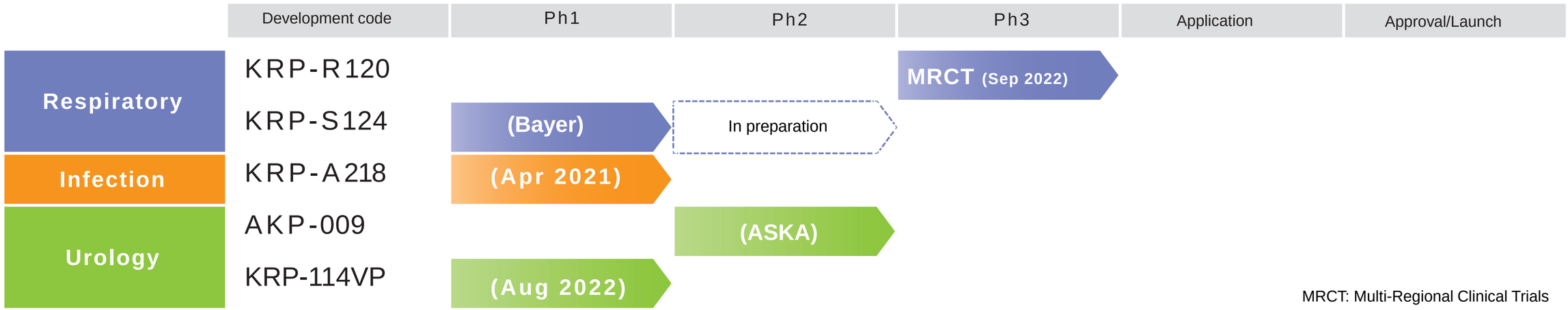
（Units: JPY billions）

		FY2024 Actual	FY2025 Forecast	Year-on-year	
				Change	Change (%)
New Drugs, etc. (Japan)	Beova (KYORIN)	22.1	25.1	+3.0	+13.7
	Lasvic	7.8	8.5	+0.7	+8.3
	Lyfnua	0.9	1.1	+0.2	+20.4
	Desalex	9.6	10.1	+0.5	+5.0
	Flutiform	13.7	13.2	-0.5	-3.9
	Pentasa	12.2	11.6	-0.6	-4.7
	Kipres	3.5	2.1	-1.4	-40.0
	Mucodyne	3.6	5.2	+1.6	+45.8
	Milton	1.8	1.8	0	-2.3
	Rubysta	1.1	1.0	-0.1	-9.7
Generic Drugs	Montelukast tablets “KM”	12.0	11.3	-0.7	-5.6
	Mometasone Nasal 50mg “KYORIN”	4.1	4.3	+0.2	+4.5

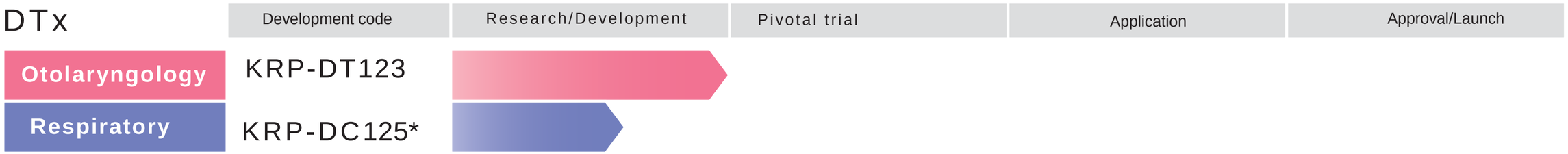
Statue of R&D Pipeline

Status of R&D Pipeline

*Updated (As of May 12, 2025)



MRCT: Multi-Regional Clinical Trials



	Compound/Code	Licensee	Stage	Features
Licensed Compound	KRP-M223*	Novartis	Pre-clinical	●MRGPRX2 antagonist ●Target: allergic and inflammatory diseases involving mast cells
	KRP-203	Priothera	Ph3	●Sphingosine-1-Phosphate receptor Agonist ●Target: AML patients undergoing HSCT ●Assignment of IP and drug substances (Sep 2020)

Status of R&D Pipeline/Option Agreement

Compound/Code	Origin	Stage	Target disease	Features
BDT272	BIODOL Therapeutics	Ph1 In France	Pain	●Press release on Jan 2025 ●FLT3 inhibitor ●Patient market of 23 million (Japan)

Based on the results of the Phase 1 trial, the decision on whether to transition to a licensing agreement will be made within FY2025.

Compound/Code	Origin	Stage	Target disease	Features
CYR-064	Cyrano Therapeutics	Ph2 In USA	Post-viral loss of smell	●Press release on Feb 2025 ●PDE inhibitor ●Patient market of 1 million (Kyorin estimated)

Based on the results of the Phase 2 trial, the decision on whether to transition to a licensing agreement will be made within FY2025.

Status of R&D Pipeline/Incubation

Compound	Origin	Features
Functional DRPs	Veneno Technologies	●Program to obtain functional Disulfide-Rich Peptides (DRPs) for selected target membrane proteins by using next-generation peptide discovery technology called “PERISS” ●Joint research agreement

Compound	Origin	Features
EM-001	EVerMed	●Extracellular vesicle derived from airway epithelial cells ●Candidate for the treatment of respiratory diseases ●Option agreement

Multi-Regional Clinical Trials (Phase 3 study)

Title	EFZO-FIT study
Objectives	Efficacy and Safety of Intravenous Efzofitimod in Patients With Pulmonary Sarcoidosis
Study design	Randomized, Double-Blind, Placebo-Controlled Parallel Assignment Study
Outcome Measures	[Primary Outcome Measures] Change from baseline in mean daily oral corticosteroid (OCS) dose post-taper [Secondary Outcome Measures] • Annual rate of change in absolute value of Forced vital capacity (FVC) • Percent change from baseline in mean daily OCS dose post-taper • Change from baseline in King's Sarcoidosis Questionnaire (KSQ)-Lung score

The Phase 3 trial is proceeding smoothly and scheduled to finish in FY2025

Target：Obstructive Sleep Apnea (OSA)

Features

OSA is a condition characterized by repeated episodes of apnea or difficulty breathing during sleep, caused by the collapse of upper airway muscles, particularly the genioglossus.

Excessive daytime sleepiness
Fatigue
Unstable sleep
Snoring
Headache

Impact on daily life
(Drowsy driving accidents, work-related accidents)

Comorbidities
(myocardial infarction, stroke)

Patients

Over 1 billion people are estimated to suffer from OSA

Moderate to severe cases (AHI over 15): 23.68 mil. In USA, 50.27 mil in EU 5 country, 9.43 mil in Japan*

Treatment

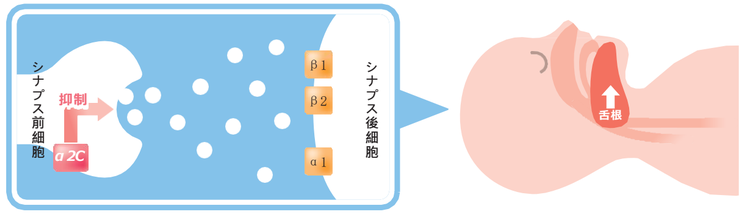
- Continuous Positive Airway Pressure (CPAP) therapy
- Oral appliances
- Surgery
- Drug therapy (Tirzepatide was approved in the US in December 2024 as a treatment for moderate-to-severe OSA and obesity

OSA is a disease with limited treatment options and high unmet medical needs

* Lancet Res Med 7(8) 687-698, 2019

KRP-S124

Target	Obstructive Sleep Apnea (OSA)
MOA	ADRA2C antagonism leads to an increase in synaptic norepinephrine levels, thereby promoting genioglossus muscle tension and alleviating upper airway collapse.
Patients	Moderate, part of mild, severe cases (0.1 billion patients in world wide)
Formulation	Oral
Status	Completed Phase 1 trial in Germany Under preparations for Phase 2 trial (aim to start in 2026)
Future direction	Worldwide development, including potential sub-licensing out



Aim for global sales exceeding 100 billion yen

Chronic Spontaneous Urticaria (CSU)

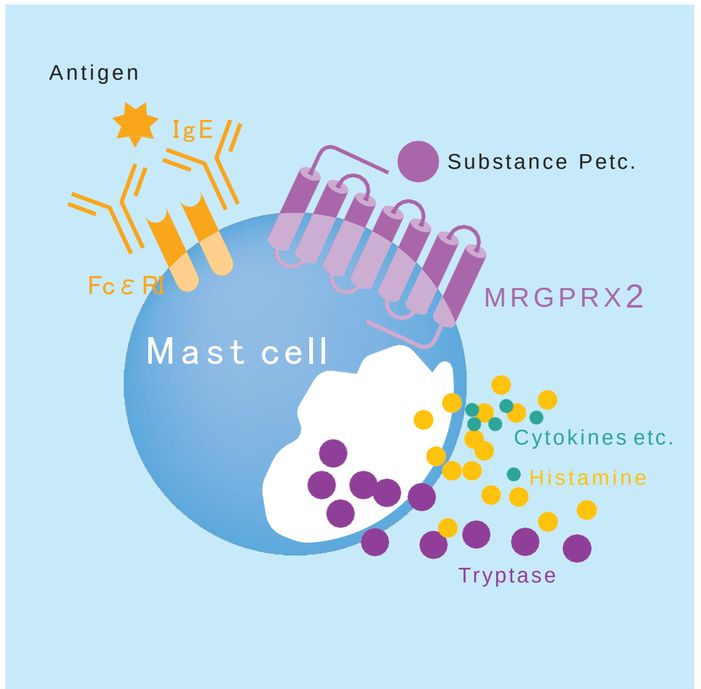
- Unexplained urticaria characterized by itchy wheals (hives) or swelling of deep tissue, lasting for more than six weeks
- Caused by degranulation due to mast cell activation
- Approximately 40 million people worldwide suffer from CSU (Prevalence: 0.5-1%)
- Current treatments: antihistamines, anti-IgE antibody, anti-IL-4/IL-13 receptor antibody

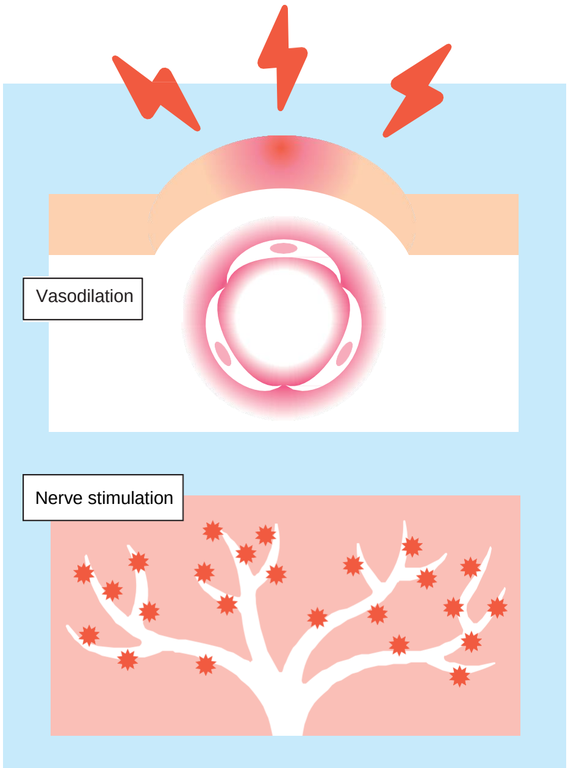
Various stimuli bind to receptors

Mast cell activation

Release of mediators through degranulation

Acts on skin blood vessels and nerves, causing intense itching and edema

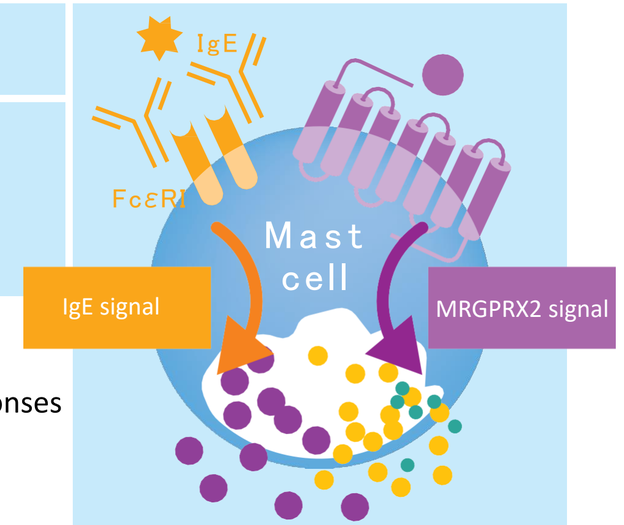




KRP-M223

Target	Allergic and inflammatory diseases involving mast cells, such as chronic spontaneous urticaria	
MOA	MRGPRX2 antagonist	
Status	Pre-clinical stage	
Patients	Upfront payment	USD 55 million
	Millstone payment	Maximum of USD 777 million, development to commercialization
	Royalties	Undisclosed

MRGPRX2
- G protein-coupled receptor mainly expressed on mast cells
- Involved in mast cell-mediated allergy and inflammatory responses
- Receptor for various ligands, including substance P
- Induces degranulation via a signaling pathway distinct from IgE receptor-mediated reactions



Anticipated to be a promising therapeutic agent for patients who are refractory to current treatments

DTx

KRP-DT123

Sep 2023, Specified clinical trial

Target	Tinnitus
Title	A Multicenter, Randomized, Double Blind, Sham Controlled Study using the App for Tinnitus Treatment in Patients with Tinnitus (Pilot Study)
Primary outcome	Change in THI total score from week 0 at week 16 after study app prescription
Subjects	Chronic tinnitus with associated suffering (18 years to 75 years)
Enrollment (Estimated)	60

Study results are scheduled to be announced at the fall 2025 academic conference

KRP-DC125

Under development with Hyfe Inc., announced on Feb 2025

Target	Chronic Cough
Features	Digital therapeutics (DTx) Development based on the principles of BCST (Behavioral Cough Suppression Therapy), which is a non-pharmacological treatment method used to reduce chronic cough by facilitating changes in patient behavior, and utilizes cough monitoring technology powered by Hyfe's AI.
Market	2.5 million patients
Stage	Research/Development

Preparations are underway for the start of the clinical trial in 2025

Initiatives toward Realization of Vision110 –Stage1–

Kyorin

Vision 110
Stage 1

- Strengthening drug discovery capability to create high-value new drugs that meet medical needs
- Expansion of development pipeline through in-licensing
- Maximization of the ratio of new drugs
- Promoting healthcare-related businesses that have synergies with the new drugs business
- Building a sustainable corporate foundation

Strengthening drug discovery capability to create high-value new drugs that meet medical needs/ Expansion of development pipeline through in-licensing

[In-licensing]

Development pipeline through in-licensing

- KRP-S124
- DTx | KRP-DT123
- BDT272
- DTx | KRP-DC125
- CYR-064

[Drug discovery]

Strengthening drug discovery by drug innovation

KRP-M223 | out-licensing

[Incubations]

Identifying products and technologies that lead to future growth

- Functional DRP
- EM-001

Drug candidate

Expanding the development pipeline

At least six in-licensing items
[Target in Stage1]

Acquiring option rights for future implementation
Capital alliance, M&A etc.

Development, application and approval

High-value new drugs that meet medical needs

FY2024

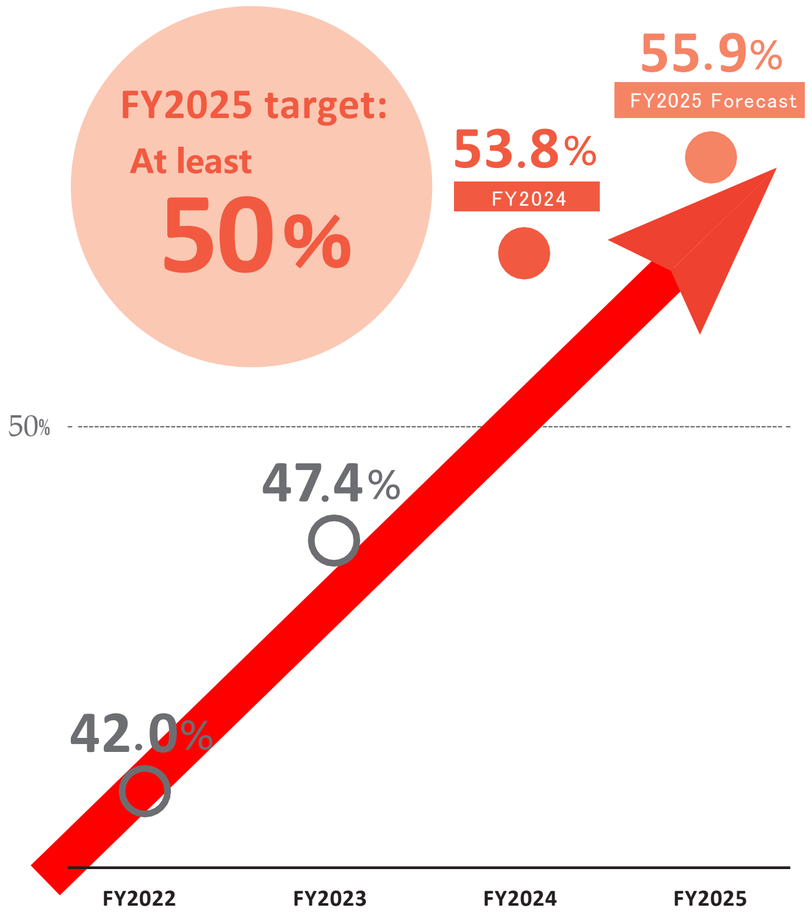
Drug discovery	1 deal (out-licensing)
In-licensing	4 deals
Incubations	1 deal

FY2025

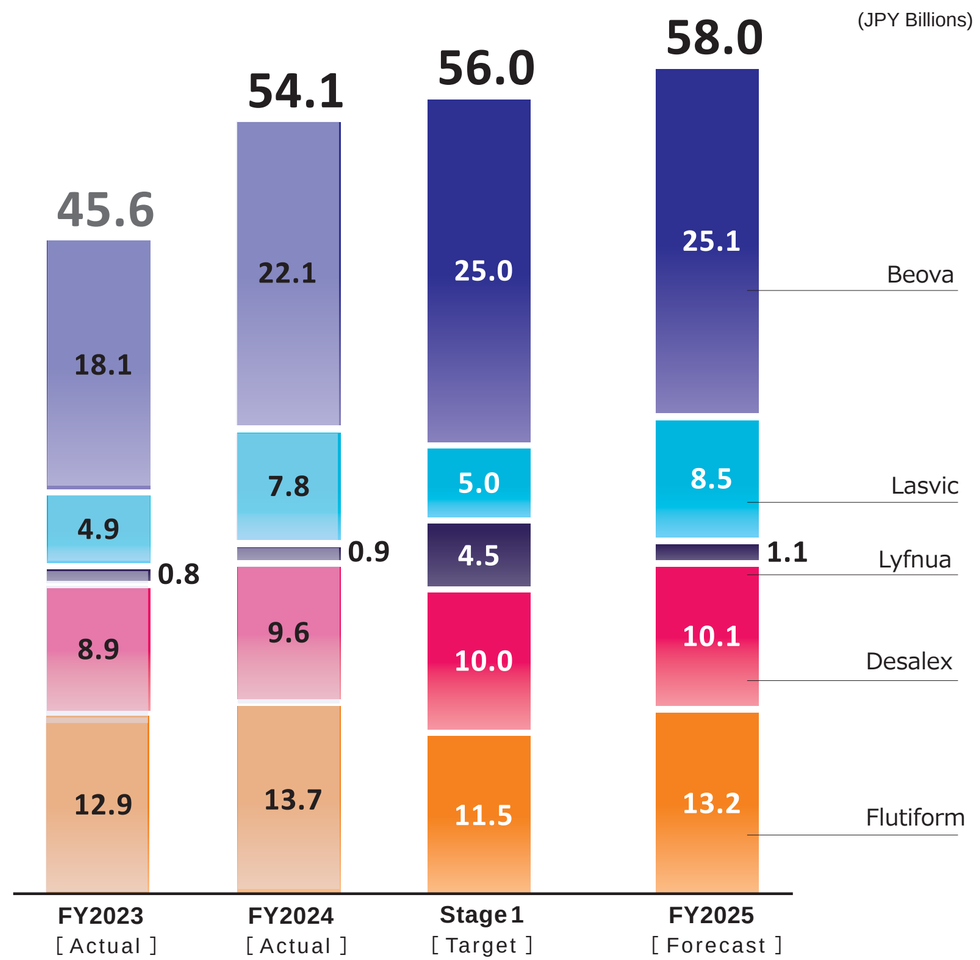
Obtain at least two in-licensed assets (including marketed products) demonstrating high potential for rapid revenue generation.

Maximization of the ratio of new drugs

Ratio of new drugs | Exceeding the FY2025 target



Product sales



Maximization of the ratio of new drugs

	Stage1 Goal	FY2024 Progress	FY2025 Initiatives
Beova®	● No.1 sales as Beova in OAB market by FY2023 ● Achieving 50% share of OAB patients	New patients acquisition rate **55.3%** *1 *3 Patient share **42.3%** *2 *3 (FY2023: 34.2%)	● Expand patient share in general internal medicine ● Enhance the consultation rate and generate ongoing consultation opportunities in urology ● DTC: initiative to encourage medical consultation *3 Combined total with partner company
Lasvic®	● No.1 sales in oral NQ market by FY2023 ● Achieving 40% market share in NQ market	Market share in oral NQ market **36.1%** *2 (FY2023: 24.6%)	● Promote treatment and therapeutic drug selection in accordance with each guideline ● Clearly define the distinctiveness and novel positioning of Lasvic HP: Expand new adoptions at university hospitals and key regional hospitals. GP: Promote prescription recommendations to diseases targeted for AMR action (※rhinosinusitis, tonsillitis, pharyngolaryngitis, acute bronchitis) and pneumonia.
Lyfnua®	● Customer coverage in 2nd half of FY2025 GP **10,000** ▶ **7,500** HP **2,000** ▶ **1,680** Aim to being a first-line treatment for the patients with chronic cough despite treatment	Customer coverage GP : **6,600** HP : **1,340**	● Utilized Practical guideline and new evidences ● Initiative to extend the patient's period of taking drug (appealing effectiveness/safety including long-term data)

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JRS Guidelines for the Management for Cough and Sputum

Revision Point

- Clearly state the recommendation levels for cough and sputum treatment
- The importance of Cough Hypersensitivity (CHS)
- Detailed explanation of refractory chronic cough

Partial modification of the JRS Guidelines for the Management for cough and Sputum 2025. p.xv Medical Review

P2X3 receptor antagonists for the management of persistent and chronic cough in adults, described on flowchart

- Consider the use of P2X3 receptor antagonists for refractory cough [Resistant to Cause-Specific Treatment (RCC) / Unexplained Chronic Cough (UCC)] as Cough Hypersensitivity Syndrome (CHS).

Partial modification of the JRS Guidelines for the Management for cough and Sputum 2025. p.v Medical Review

Based on the definition of refractory chronic cough and the positioning of P2X3 receptor antagonists clearly stated in the guidelines, promote their use as a recommended treatment

Initiatives toward Realization of Vision110 –Stage1–

Vision 110
Stage 1

	Status in FY2024	Initiatives in FY2025
Strengthening drug discovery capability to create high-value new drugs that meet medical needs	● Out-licensing of KRP-M223	● Promoting in-house research activities and acquisition of external technologies ● Expanding R&D pipeline
Expansion of development pipeline through in-licensing	● In-licensing KRP-S124 BDT272 CYR-064 KRP-DC125	● Obtain at least two in-licensed assets (including marketed products) demonstrating high potential for rapid revenue generation.
Maximization of the ratio of new drugs	● Ratio of new drugs: 53.8% ● Sales of new drugs 54.1 billion yen	● Ratio of new drugs: 55.9% ● Target 58.0 billion yen, surpassing Stage1 goal of 56.0 billion yen
Promoting healthcare-related businesses that have synergies with the new drugs business	● Sales in infection-related products 12.0 billion yen ● Shipping Mucodyne and Amrozipine from Takaoka plant ● Establish production increase structure of Mucodyne ● GeneSoc mini2 ● New products in GE	● Sales in infection-related products Target 12.7 billion yen, surpassing Stage1 goal of 10.0 billion yen ● Establish production increase structure of Mucodyne ● Transfer the production form Inami to Takaoka
Building a sustainable corporate foundation	● Operational efficiency and cost reduction	● Operational efficiency and cost reduction

Performance target

1. Performance targets (consolidated basis)

		Performance target (Stage1)	FY2025(Forecast)
Growth potential	“Net sales” CAGR	At least 2%	3.9%
Profitability	Operating profit before deduction of R&D expenses (operating profit + R&D expenses)	At least 16%	13.0%

Difference in profitability between Stage 1 target and FY2025 forecast: Impact of exchange rates, rising raw material and energy costs, and the impact of “selective medical care”

Aiming to improve profitability through sales growth, primarily of new drugs, and cost reductions.

2. Capital policy and shareholder returns

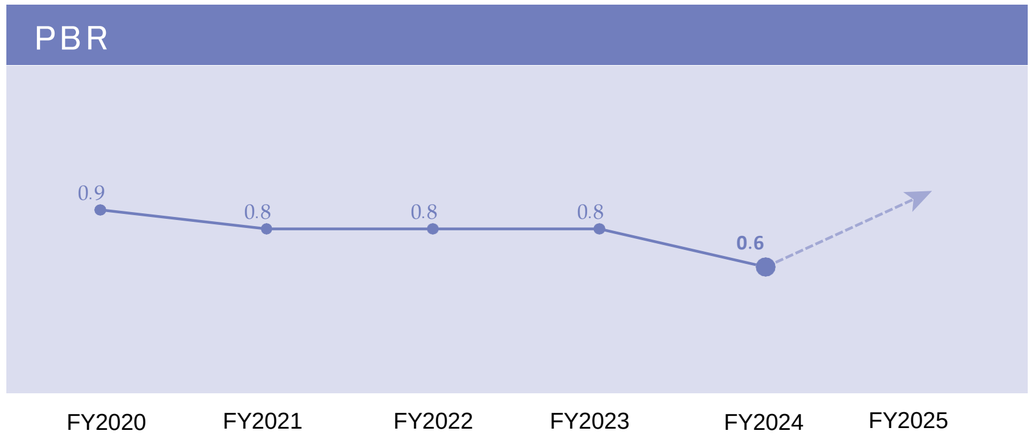
Increase capital efficiency through investment for growth and shareholder returns, with a constant awareness of the cost of capital and return on capital, while maintaining a sound financial base.
Maintain a stable dividend, taking into account the DOE (Dividend on Equity) ratio.

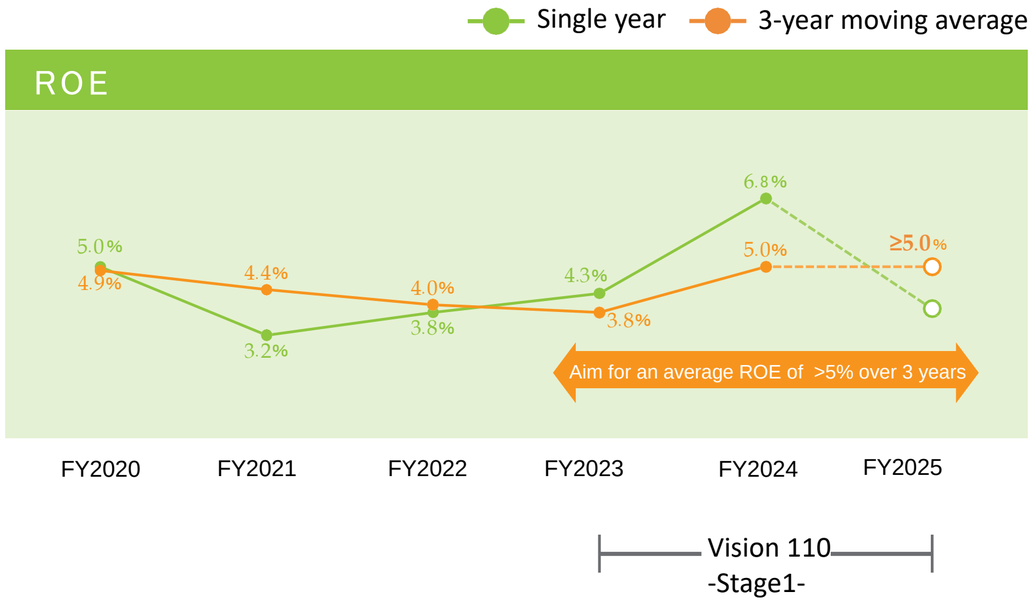
Initiatives to improve corporate value in the medium to long term and drive sustainable growth

-Action to Implement Management that is Conscious of Cost of Capital and Stock Price-

PBR Improvement Initiatives

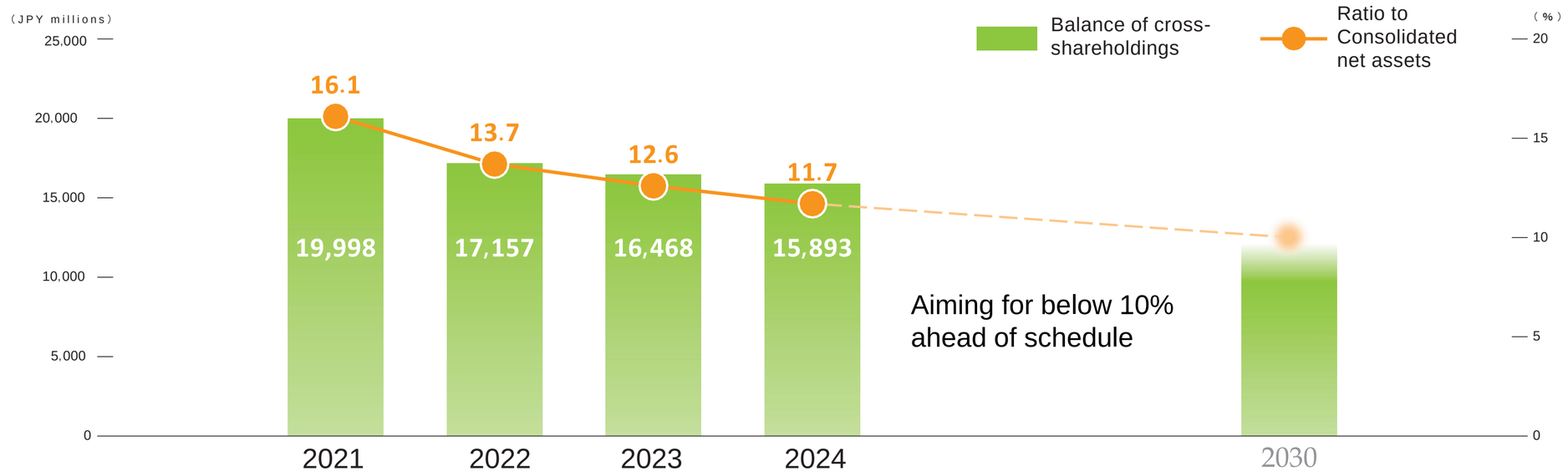
- PBR was at 0.6x as of the end of March 2025, remaining below 1x, which we recognize as an issue for our company
- Aim to improve the PBR by increasing ROE and PER, through Stage1 strategy, maximization of the ratio of new drugs, strengthening cost competitiveness, strengthening drug discovery capability, expansion of development pipeline through in-licensing
- Aim to achieve an average ROE of 5% or higher (at least equivalent to our cost of equity) over the three years for Vision110-Stage1-





Reduction of Cross-shareholdings

Reduction Target The ratio of Cross-shareholding to net assets to be less than 10% by 2030



Total of holdings	25	21(−4)	20(−1)	**20**
Listed	14	12	11	11
Unlisted	11	9	9	9

Five holdings reduced in the past last four years

Aim to reduce at least one holding

Capital policy and shareholder returns

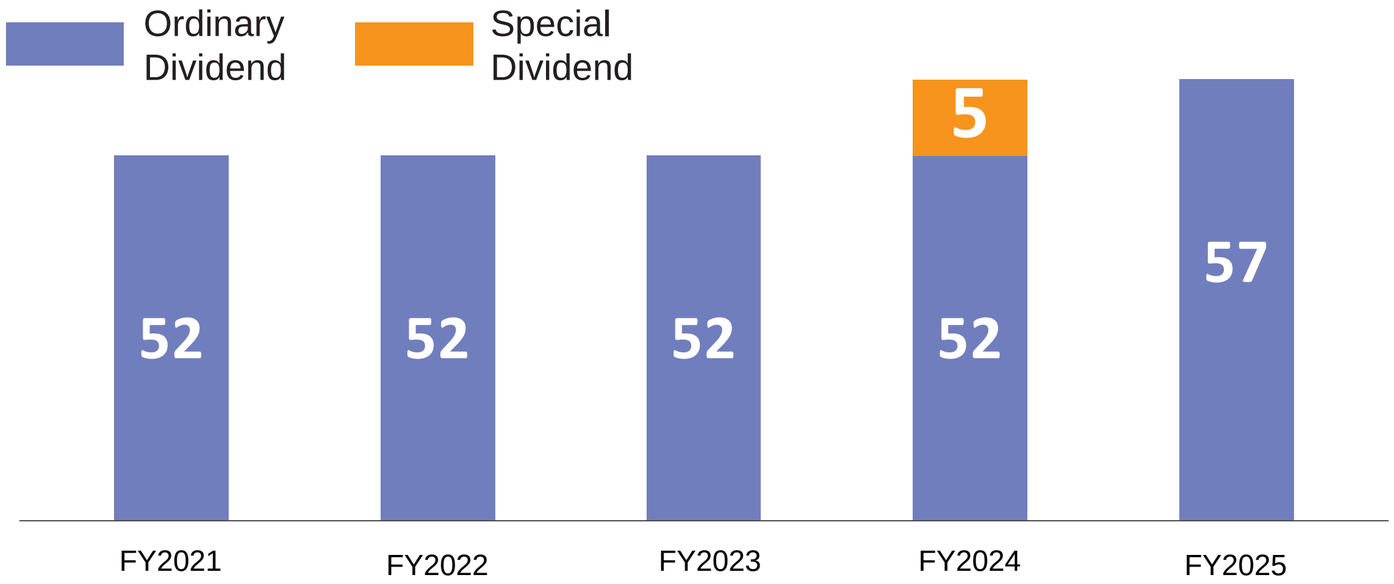
●Dividend

FY2024

- Significant increase in profit in FY2024 compared to the previous year, primary due to the recognition of received upfront payment for the licensing agreement concluded with Novartis
- Increase the year-end dividend of 32 yen by 5 yen per share as a special dividend, resulting in a total year-end dividend of 37 yen.
- Total annual dividend, including the interim dividend of 20 yen will be 57 yen per year

FY2025

- Maintain an annual dividend of 57 yen (interim dividend of 20 yen, year-end dividend of 37 yen), based on our shareholder return policy of maintaining stable dividends in consideration of the DOE (Dividend on Equity)



Cancellation of Treasury Stock

Treasury shares will be cancelled as part of measures to improve capital efficiency and shareholder returns

Class of shares to be cancelled	Common stock Company’s common shares
Number of shares to be cancelled	4,662,295 shares (7.2% of the total number of issued shares before cancellation)
Scheduled cancellation date	May 30, 2025

reference Status of Company's shares after the cancellation of treasury shares is as follows,

Total number of issued shares	59,945,641 shares
Number of Company treasury share	1,800,000 shares* (3.0% of the total number of issued shares after cancellation)

* The number of treasury shares after cancellation mentioned above does not include the 83,276 shares held in a trust account of the Custody Bank of Japan, Ltd. due to the introduction of the "Board Benefit Trust, BBT" and the 606,395 shares held in a trust account of the Custody Bank of Japan, Ltd. due to the introduction of the "Employee Stock Ownership Plan, J-ESOP."

Cashflow allocation (FY2025)

Cash on hand (the end of Mar 2025)

15.0 billion yen

Cash inflow

- **Operating cash flow (FY2025)** **16.0 billion yen**
- **Reduction of cross shareholdings**, etc.**

Borrowing capacity

Cash outflow

Growth Investment

Business Investment

Respond flexibly without a fixed upper limit

Obtain at least two in-licensed assets (including marketed products) demonstrating high potential for rapid revenue generation.

R&D Investment **10.4 billion yen**

Drug discovery
Development of KRP-R120

Capital expenditure **4.7 billion yen**

Primarily for the renewal of factory equipment, etc.
(Construction investment for the Takaoka Plant concluded in FY2024)

Shareholder returns

Dividend **3.3 billion yen**

Stable dividends taking DOE (Dividend on Equity ratio) into account
FY2024: Increase by 5 yen per share (57 yen per share)
FY2025: 57 yen per share

*before deduction of R&D expenses
**The ratio of Cross-shareholding to net assets to be less than10% by 2030

●Disclaimer

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