New Medium-Term Business Plan “Vision 110 －Stage2－"
FY2026-FY2029

~Aggressive Investment for Sustainable Growth~

Corporate Philosophy & Long-term Vision

Kyorin

Kyorin

[Corporate Philosophy]

Kyorin continues to fulfill its mission of cherishing life and benefiting society by contributing to better health.

Vision 110

[Our goal]

A company that contributes broadly to people's health by comprehensively developing healthcare-related businesses, with a core focus on the new drugs business, which continuously provides high-value new drugs that meet medical needs

Medium-Term Business Plan

Stage 1 2023 - 2025 > **Stage 2** 2026 - 2029 > **Stage 3** 2030 - 2032

Review of the Medium-Term Business Plan “Vision 110 －Stage1－"

Business strategies

Strengthening drug discovery capability to create high-value new drugs that meet medical needs	● **Concentrating resources on pain, autoimmune diseases, and neuromuscular diseases** ● **Out-licensing of in-house products (KRP-M223) to Novartis**
Expansion of development pipeline through in-licensing	● **7 licenses acquired** (Target: 6 or more) KRP-S124, KRP-A225, SIRTURO, KRP-126 (BDT272), KRP-DC125, CYR-064, Licensing product (UBE)
Maximization of the ratio of new drugs	● **Ratio of new drugs: 55.4%** (Target: 50% or more) ● **Sales of new drugs: 57.0 billion yen** (Target: 56.0 billion yen or more) **Beova 25.8 (Target: 25.0)** **Lasvic 7.3 (Target: 5.0)** **Desalex 10.2 (Target: 10.0)** **Flutiform 12.8 (Target: 11.5)** **Lyfnua 0.9 (Target: 4.5)**
Promoting healthcare-related businesses that have synergies with the new drugs business	● **Sales growth in the generic drug business** FY2023 36.6 billion yen →**FY2025 38.5 billion yen** ● **Operations at the Takaoka Plant as planned and progress in manufacturing transfer** ● **Promotion of infection-related businesses such as Diagnostics, Milton, and Rubysta**
Building a sustainable corporate foundation	● **Business structural reform:** • Refreshing the group structure transitioned from a pure holding company to an operating holding company (April 2023) • Execution of a basic agreement for the transfer of the generic drug business (April 2026) ➡ Concentration of resources on the new drug business through business portfolio optimization • Relocation of the head office • Implementation of a voluntary retirement program

Performance target
Stage1 Exit (FY2025)

		Performance target	Actual
Growth potential	**Net sales CAGR**	**2% or more**	**3.7%**
Profitability	**Operating profit before excluding R&D expenses (operating profit + R&D expenses)**	**16% or more**	**12.4%**

➢ Missed profitability targets due to unforeseen drug price reforms (new health coverage rule for long-listed products) and soaring costs.

Key Challenges and Environmental Changes for the New Medium-Term Business Plan

Medium-Term Business Plan “Vision 110 －Stage1－"

[Statement]

Transforming the business structure to realize Vision 110

- Business restructuring has reached a certain milestone
- Steady progress in drug discovery and licensing within the new drug business
- However, these efforts remain insufficient to support mid-to-long-term growth

Key Challenges

- **Promptly securing in-licensed products**
  Expand the R&D pipeline to achieve mid-to-long-term growth

- **Strengthening drug discovery capabilities**
  Steadily advance drug discovery strategies to create high-value new drugs

Environmental Changes

- **Desalex patent cliff**
  (Generic drugs entry assumed in FY2026)
- **Drug price system reforms**
- **Increasing sophistication**
- **Difficulty of drug discovery**
- **Diversification and increasing complexity of drug discovery modalities**
- **Continued promotion of generic drug use and ongoing supply instability**

Positioning of "Vision 110 -Stage2-" and Five Business Strategies

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Establishing a revenue base through growth investment | Stage2: FY2026-FY2029

[Statement]

Aggressive Investment for Sustainable Growth

-Top priority on securing in-licensed products as sustainable growth engines
-While aggressive investments (milestone payments, etc.) may lead to a challenging financial and profit situation, we will proceed with firm conviction to ensure mid-to-long-term sustainable growth

Five Business Strategies

1. **Expansion of development pipeline through in-licensing**
2. **Strengthening drug discovery capability to create high-value new drugs that meet medical needs**
3. **Maximizing market penetration of new drugs**
4. **Promoting healthcare-related businesses that have synergies with the new drugs business**
5. **Building a sustainable corporate foundation**

Transformation of the business structure

Stage1: FY2023-FY2025

Establishing a structure to strengthen drug discovery and expanding the development pipeline

Growth and Leap forward

Stage3: FY2030-FY2032 and beyond

Harvesting results and achieving sustainable growth

Business Strategy 1:
Expansion of development pipeline through in-licensing

- **Active expansion of the development pipeline in Stage 1**
- **Recognition of the need for further expansion to achieve mid-to-long-term growth**

Code/product name	Target	Status	Licensed in Stage 1
SIRTURO	Launched (MDR-TB) Stage2 (MAC-LD)	Commencement of sole promotion in June 2026 Ph2/3 (J&J)	●
KRP-DT123	Stage2	Confirmatory study	
KRP-DC125	Stage2	Confirmatory study scheduled to start in FY2026	●
KRP-114VP	Stage3 & beyond	Ph3	
KRP-S124	Stage3 & beyond	Ph2a scheduled to start in FY2026	●
KRP-A225	Stage3 & beyond	Ph1 (Hinge Bio)	●
KRP-126（BDT272）	Stage3 & beyond	Ph1 scheduled to start in FY2026 (in Japan)	●
Licensing product (UBE)	Stage3 & beyond	Pre-clinical	●
KRP-R120		Ph3 completed (Discussing future direction with aTyr)	
CYR-064	Option agreement	Ph2 (Cyrano)	●

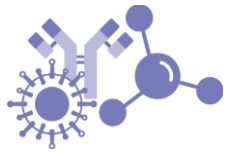
Business Strategy 1:
Expansion of development pipeline through in-licensing

- **Expand broad licensing activities across all modalities and disease areas**
- **Acquire licensed products rapidly and reliably by utilizing all possible means**

Stage 2 Licensing target: Achieve cumulative 10+ licenses acquired

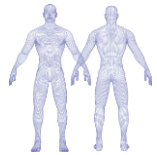
Approach to Diverse Modalities

- Small molecular
- Cell therapy
- Antibody drugs
- Gene therapy, etc.
- Nucleic acid therapeutics



Targeting a Wide Range of Diseases

- Respiratory, Otolaryngology, and Urology diseases, and others
- Rare diseases
- Diseases where corporate strengths can be leveraged with clear business viability



Targeting a Wide Range of Assets

- Research stage to early-stage development products
- Late-stage development products
- Marketed products

Targeting a Wide Range of Assets

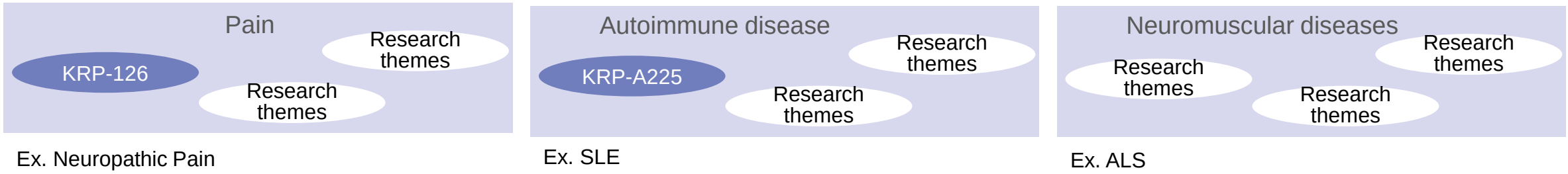
- Corporations
- Academia
- Ventures

Aggressive investment of capital and human resources

➢ Enhancing the quantity and quality of research themes through an area-focused drug discovery research system

Selection and concentration of resources by defining specific drug discovery research areas

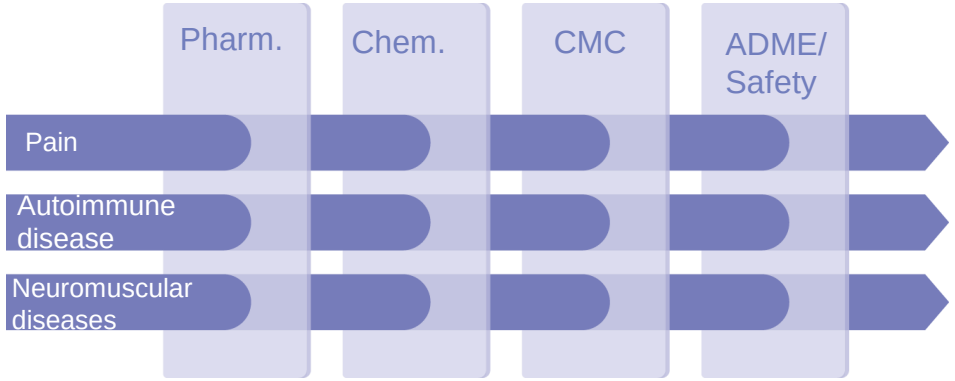
- Established three drug discovery research areas based on medical needs, business viability, and feasibility to maximize our R&D capabilities
- Enriching research themes by investing in open innovation-driven research and the acquisition of external assets



Ex. Neuropathic Pain　Ex. SLE　Ex. ALS

Transition to an area-focused drug discovery research

Aiming for faster and more efficient research by adopting a matrix organization centered on research areas



Clinical Development

- Establishing a framework capable of supporting the expansion of the development pipeline
- Advancing clinical development by strengthening the project management system
- Development plans aimed at achieving the fastest possible launch and maximizing the value of pipeline products

Creating high-value new drugs

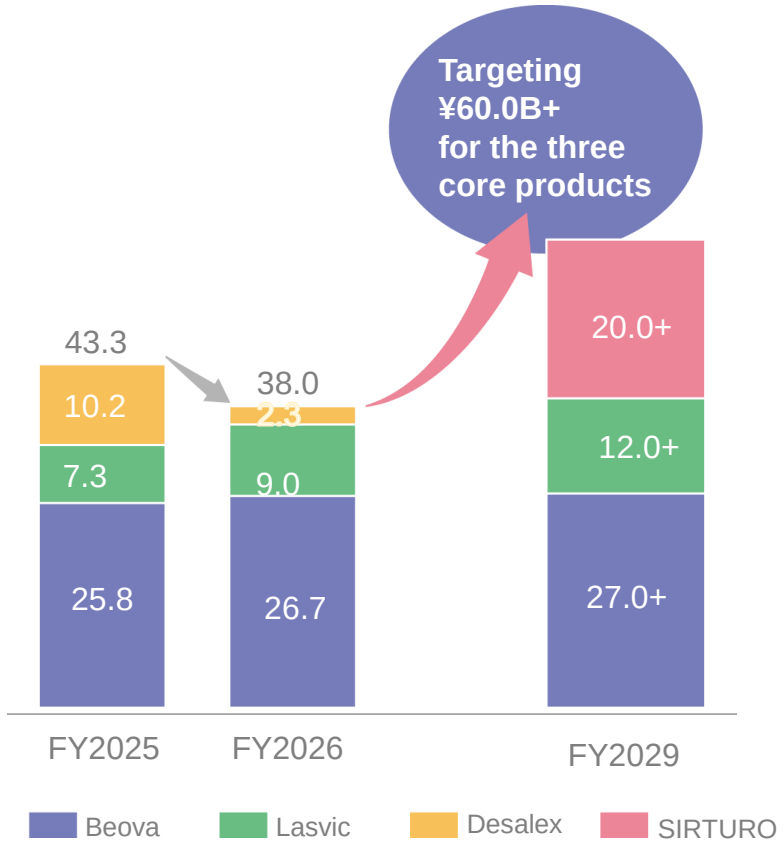
Business Strategy 3:
Maximizing market penetration of new drugs

* Subject to regulatory approval for additional indications

➢ Focus on maximizing the penetration of the three mainstay products-Beova and Lasvic, plus SIRTURO

	Stage2 Exit Targets(FY2029)	Initiatives to maximize penetration
Beova 	¥27.0B+	● Target: 60% patient share in the OAB market (Current: 48.7%) ● Identifying potential patients through disease awareness campaigns. ● Increasing penetration in general internal medicine in addition to urology
Lasvic 	¥12.0B+	● Target: 50% sales share in the oral quinolone antibacterial market (Current: 41.7%) ● Securing prescriptions through guideline penetration (promoting appropriate use) ● Establishing a "first-choice" position for elderly patients and those with underlying respiratory or ENT infections.
SIRTURO 	¥20.0B+ at an early stage	● Creating prescription opportunities by leveraging broad coverage in HP and GP markets, which is Lasvic's activity base. ● Deploying promotional activities equivalent to those of a new product launch. ● Establishing a position as a treatment for MAC-LD following approval for the additional indication.

Sales of Three Core Products



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*2: Subject to regulatory approval for additional indications

Refocusing on Mucodyne Tablets by establishing a production increase system

➢ Aiming to secure a profit source by refocusing on the original drug, Mucodyne Tablets.

Establishing a production increase system

Establishing a production increase system: Refocusing on the original drug, Mucodyne Tablets, to secure a profit source.

Oct. 2025 Lifted shipping restrictions for 250mg tablet

Feb. 2026 Lifted shipping restrictions for 500mg tablet

Drug Price System Reform

Apr. 2025

Tablets now priced at the same level as generics; excluded from generic drug use system premiums and discretionary treatment for long-listed drugs

Apr. 2026

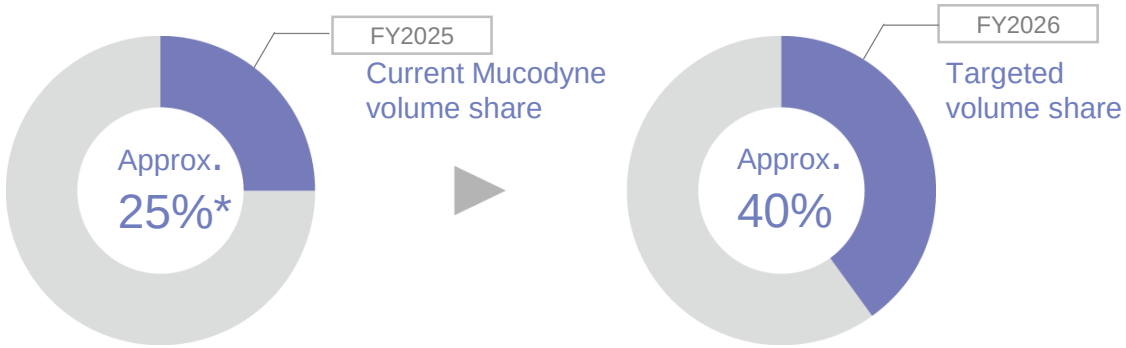
Raising the minimum drug price

	FY2024	FY2025	FY2026
250mg tab.	¥8.50	¥10.40	¥10.80
500mg tab.	¥10.10	¥10.40	¥10.80

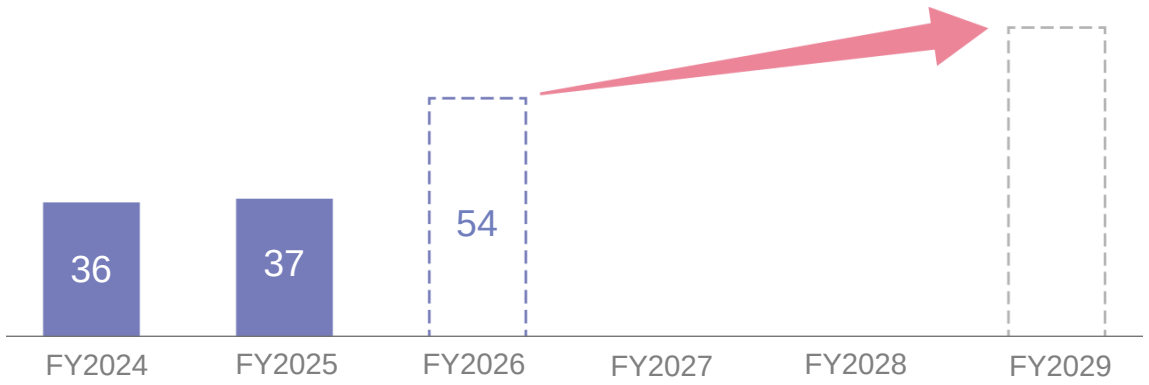
Drug Price System Reform

- Strengthening information provision activities for HP, and pharmacy-adjacent clinics
- Engaging with group dispensing pharmacies.

Market share target within Carbocisteine tablets.



Sales target for Mucodyne (all dosage forms)



Basic Agreement on the Transfer of the Generic Drug Business

Purpose of the Business Transfer

Aiming for sustainable growth by concentrating resources on the new drug business through business portfolio optimization.

Social Value

Contributing to the stable supply of generic drugs in Japan and the realization of a sustainable industrial structure.

Business to be Transferred

KYORIN Rimedio Co., Ltd.
Takaoka Plant and Inami Plant, owned by KYORIN Pharmaceutical Group Facilities Co., Ltd.

Transferee

Pharmatech Co-creation Platform, Inc. (tentative name)
A new entity to be established with Daito Co., Ltd. as the majority shareholder

Schedule (Planed)

Execution of the MOU	Execution of the Definitive Agreement	Execution date of the Succession
April 24, 2026	End of September 2026 (Scheduled)	April 1, 2027 (Scheduled)

- Details regarding the structure and financial terms of the transfer will be agreed upon and finalized during the process of discussions toward a definitive agreement; these remain undecided at this time.

Target Business

KYORIN Rimedio Co., Ltd.

KYORIN Pharmaceutical Group Facilities Co., Ltd.

Business Transfer

Pharmatech Co-creation Platform, Inc. (tentative name)

To be newly established with Daito Co., Ltd. as the majority shareholder.(Other joint investors are undisclosed.)

➢ **Establish a resilient corporate foundation to support business activities and achieve sustainable growth.**

Improving Cost Competitiveness

- Promoting cost optimization

Management initiatives focused on cost of capital and stock price

- Reduction of strategic shareholdings
- Initiatives to improve PBR

Enhancing Human Capital

- Developing and acquiring core talent to achieve the Long-term Vision
- Ongoing revision of the HR system to improve job satisfaction
- Work-style reform that embraces diverse perspectives
- Promoting "Health and Productivity Management" initiatives

KPI & Stage 2 Exit Targets

- Engagement Survey Key Score (Job Satisfaction): 4.7 or higher
- Percentage of female managers: 15% or higher
- Male childcare leave take-up rate: 90% or higher
- Employment rate of persons with disabilities: Above the statutory rate
- Health checkup and stress check completion rate: 100%

ESG & Governance

- Initiatives to achieve 2030 CO_2 emission reduction targets
- Compliance with all laws, regulations, and the code of conduct; ensuring strict compliance with high ethical standards
- Strengthening corporate governance
- Appropriate engagement with stakeholders

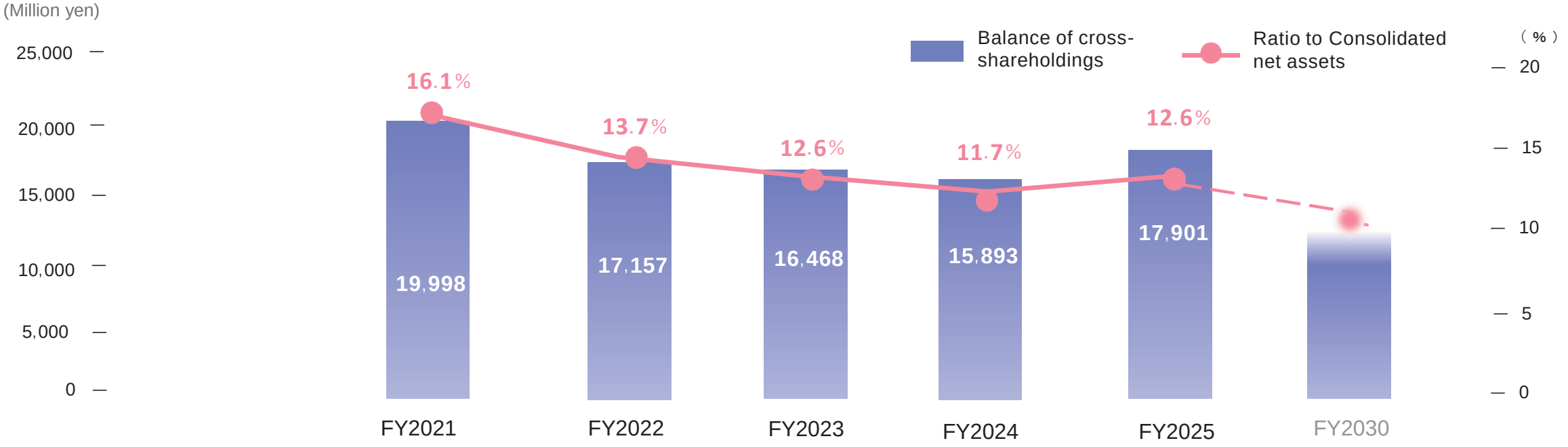
KPI & Stage 2 Exit Targets

- CO_2 emission reduction rate (vs. FY2015): 41% or higher
- Number of significant compliance violations: 0

Business Strategy 5:
Building a Sustainable Foundation, Reduction of Strategic Shareholdings

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

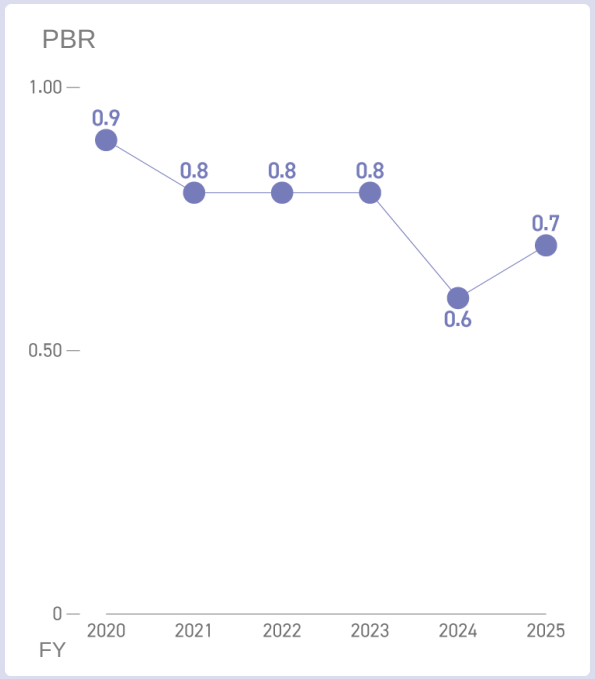
- Aiming to reduce strategic shareholdings to less than 10% of consolidated net assets ahead of schedule
- Divested 7 stocks over the past five years

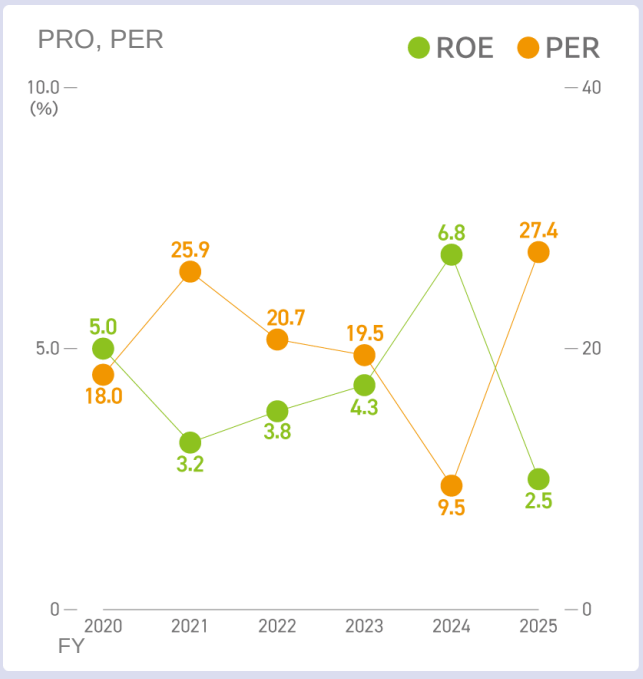


Total of holdings	25	21(-4)	20(-1)	20	18(-2)
Listed	14	12	11	11	10
Unlisted	11	9	9	9	8

Business Strategy 5:
Building a Sustainable Foundation, Efforts to Improve PBR

■ PBR trends

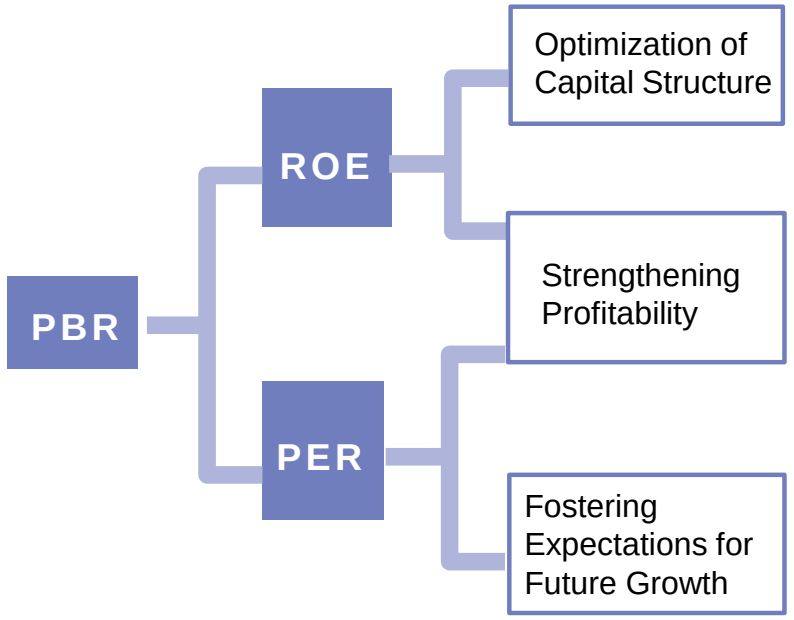




Current PBR remains below 1.0x, with a result of 0.7x at the end of FY2025.

Recognizing this as a critical management issue, we are committed to achieving a PBR of 1.0x or higher.

■ Toward improving PBR



- ●Reduction of strategic shareholdings
- ●Stable dividends
- ●Optimization of business portfolio
- ●Maximizing penetration of the three core new products
- ●Promoting cost optimization
- ●Expansion of the development pipeline
- ●Continuous creation of new drugs
- ●Promoting constructive dialogue with the stock market

Pursue sustainable corporate value enhancement by driving the five business strategies of "Vision 110—Stage2—."

1. Expansion of development pipeline through in-licensing
2. Strengthening drug discovery capability to create high-value new drugs that meet medical needs
3. Maximizing market penetration of new drugs
4. Promoting healthcare-related businesses that have synergies with the new drugs business
5. Building a sustainable corporate foundation

Performance Targets for Stage 2 and Beyond

Stage 3

Realizing returns from Stage1,2 growth investments (In-licensing / In-house Discovery)

Exit Target FY2032

Revenue	Operating profit before excluding R&D expenses	ROE
¥160.0B+	¥20.0B+	8%+

Stage 2

Exit Target FY2029

Revenue	Operating profit before excluding R&D expenses	ROE
¥120.0B+	¥17.0B+	5%+

Temporary Profit Decline Phase

- Revenue impact from generic business transfer
- Patent cliff for Desalex
- Strategic investment for in-licensing

Aiming for a V-shaped Recovery by Maximizing Penetration of Beova, Lasvic, SIRTURO

Stage 1

Exit/FY2025

Revenue	Operating profit before excluding R&D expenses	ROE
¥126.3B	¥15.6B+	2.5%

Source of Growth:
Maximizing Penetration of SIRTURO

* Subject to regulatory approval for additional indications

- **Creating prescription opportunities by leveraging broad coverage in HP and GP markets, which is Lasvic's activity base.**
- **Deploying promotional activities equivalent to those of a new product launch.**
- **Establishing a position as a treatment for treatment-refractory *Mycobacterium avium* complex-lung disease (MAC-LD) following approval for the additional indication.**

Exclusive distribution and promotion agreement with J&J in Japan

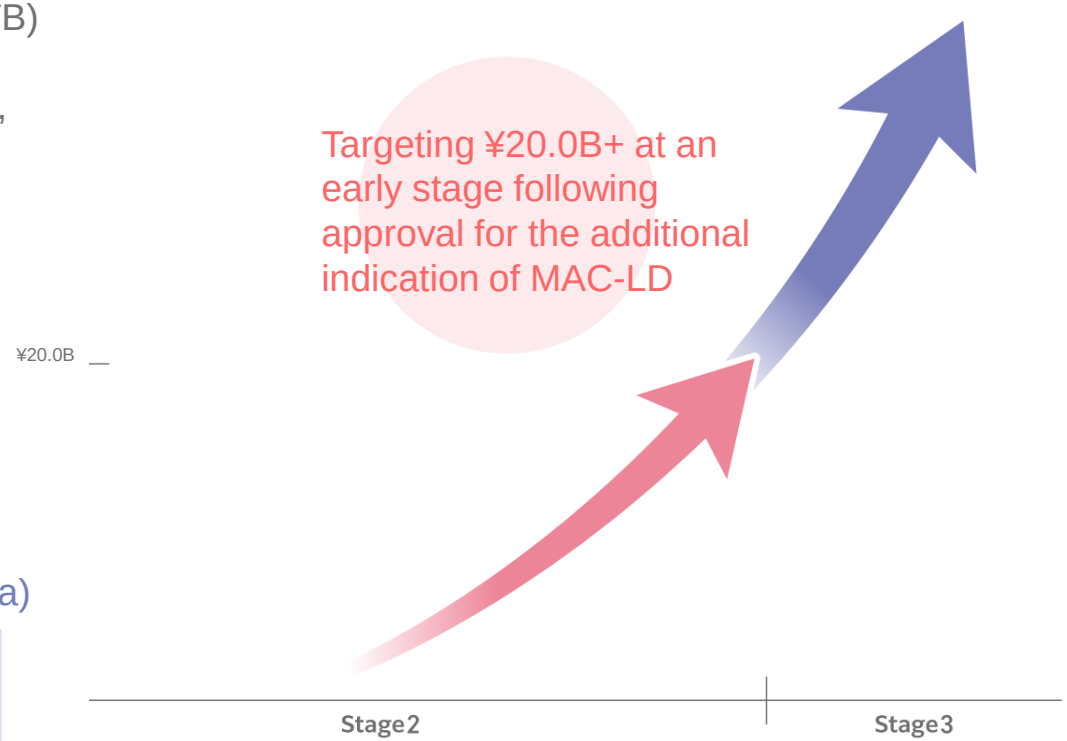
- Commencing promotional activities for multidrug-resistant tuberculosis (MDR-TB) in June 2026, aiming to increase product awareness.
- Following approval of the additional indication for treatment-refractory MAC-LD, sales for both indications will be recognized as our revenue.

Multidrug-Resistant Tuberculosis: MDR-TB

Disease	Pulmonary tuberculosis caused by Mycobacterium tuberculosis strains resistant to isoniazid (INH) and rifampicin (RFP).
Patient Number	6,423 newly registered smear-positive pulmonary TB patients; 45 multidrug-resistant TB patients (resistant to both INH and RFP).
Drug Price	¥21,636.50 (as of April 2026).

Pulmonary MAC Disease (MAC-LD, Ph2/3 for additional indication, Janssen pharma)

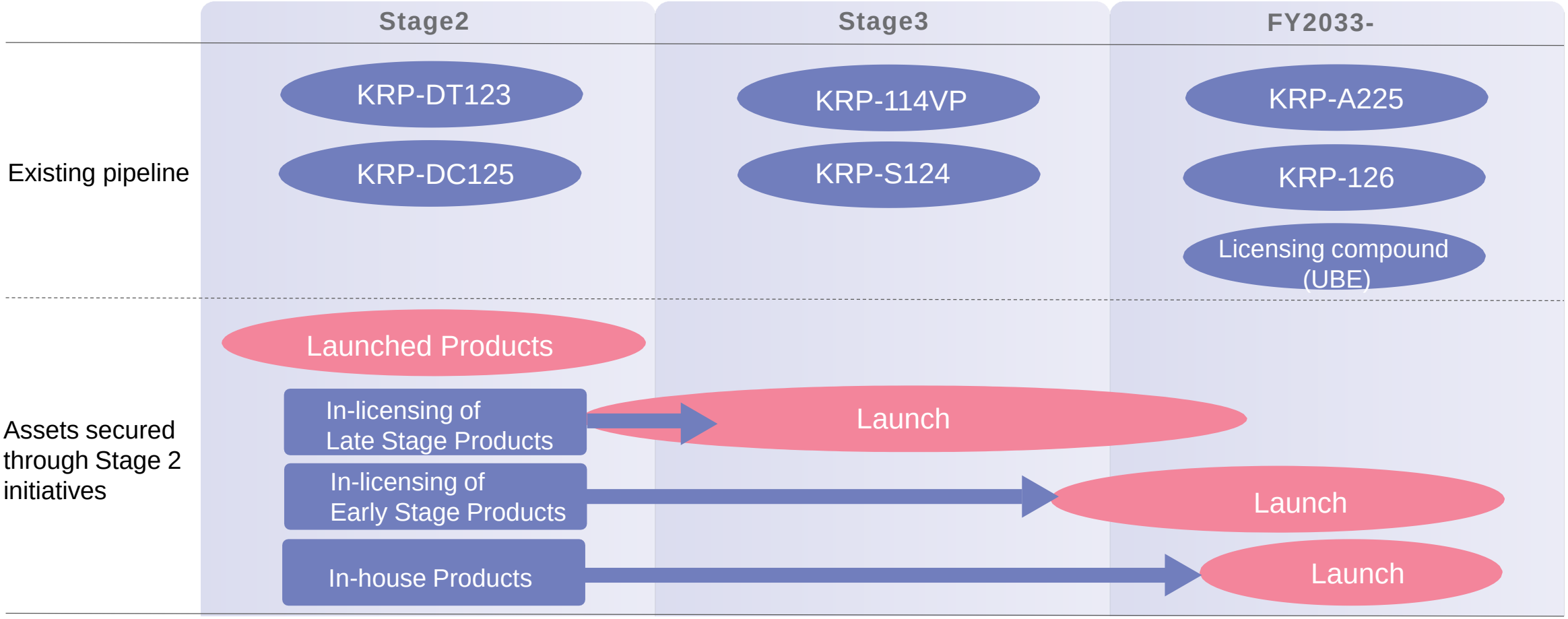
Disease	MAC-LD: A chronic infectious disease caused by *Mycobacterium avium* complex (MAC) infecting the lungs
Patient Number	Estimated at over 100,000; the number of patients is on an upward trend.



Source of Growth:
Steady Launch of Development Pipeline and Other Assets

- **In Stage 2, the top priority is the securing of in-licensed products and other assets that will serve as engines for sustainable growth.**
- **Ensuring the steady launch of the existing development pipeline and newly secured in-licensed products.**

Through these efforts, we will secure the sources of earnings for Stage 2, Stage 3, and beyond.



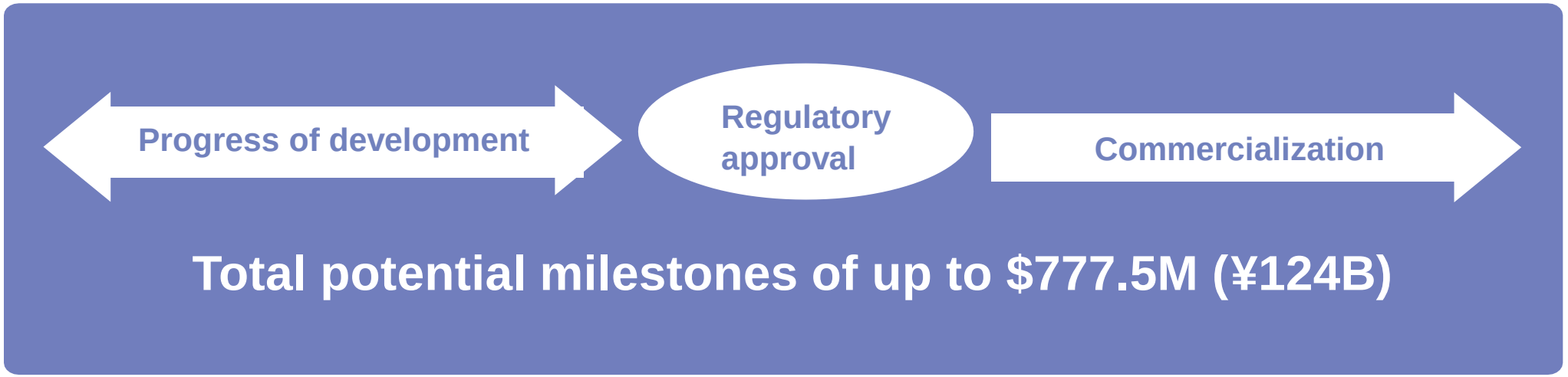
Source of Growth: Milestone Payment from In-house Discovered Product KRP-M223

KRP-M223, Candidate for the potential treatment of chronic spontaneous urticaria

- Out-licensed to Novartis in March 2025
- Novartis has an exclusive worldwide license for Development, Manufacturing and Commercialization of KRP M223

Financial term	● Total potential milestones of up to $777.5M based on development, regulatory approval, and commercialization
	● Tiered royalties based on net sales

➢ **Potential milestone payments from Novartis (Timing undisclosed)**



1 USD = 160 JPY

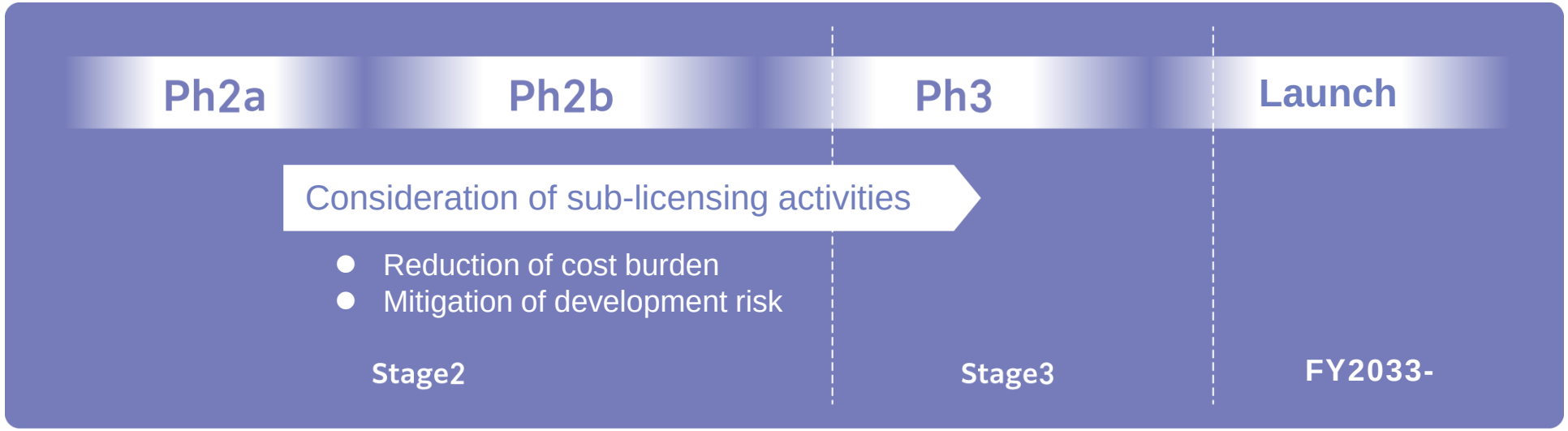
Source of Growth:
Out-licensing Strategy for KRP-S124, Treatment for Obstructive Sleep Apnea (OSA)

KRP-S124 (Treatment for Obstructive Sleep Apnea)

- In December 2024, secured exclusive global rights for the manufacture, development, and commercialization of KRP-S124 for OSA and other indications.
- Up to €70 million in milestone payments to be paid according to progress from development to launch.
- Tiered royalties based on net sales and commercial milestones to be paid to Bayer after launch.

- Driving global development.
- Planning to consider sub-licensing (co-development) for territories outside Japan based on Phase 2a results and beyond
- Aiming for a launch during Stage3 and targeting global sales of ¥100.0B or more.

Clinical Development Timeline



Cash Allocation (FY2026 to FY2029)

Cash on hand (as of end of Mar. 2026)
¥11.8B

Cash-in

Operating Cash Flow **¥35.0B**
*Before deduction of R&D expenses
*Mainly due to declining profitability from the Desalex patent cliff

Proceeds from the transfer of the generic drug business

Sale of strategic shareholdings

Improvement of Cash Conversion Cycle
*Optimizing inventory ratios (primarily Beova), collection periods, and payment terms

Debt capacity
(utilizing leverage)

Cash-out

Growth investment

Strategic investment **¥30.0-40.0B**
*In-licensing (external assets, pipeline products, and sales alliances)
*Consideration of M&A

R&D expenses **¥35.0-40.0B**
New drug development and pipeline advancement)

Capital expenditures **Approx. ¥12.0B**
Primarily for factory equipment upgrades, etc.

Others

Approx. ¥10.0B
Increase in working capital following the launch of SIRTURO

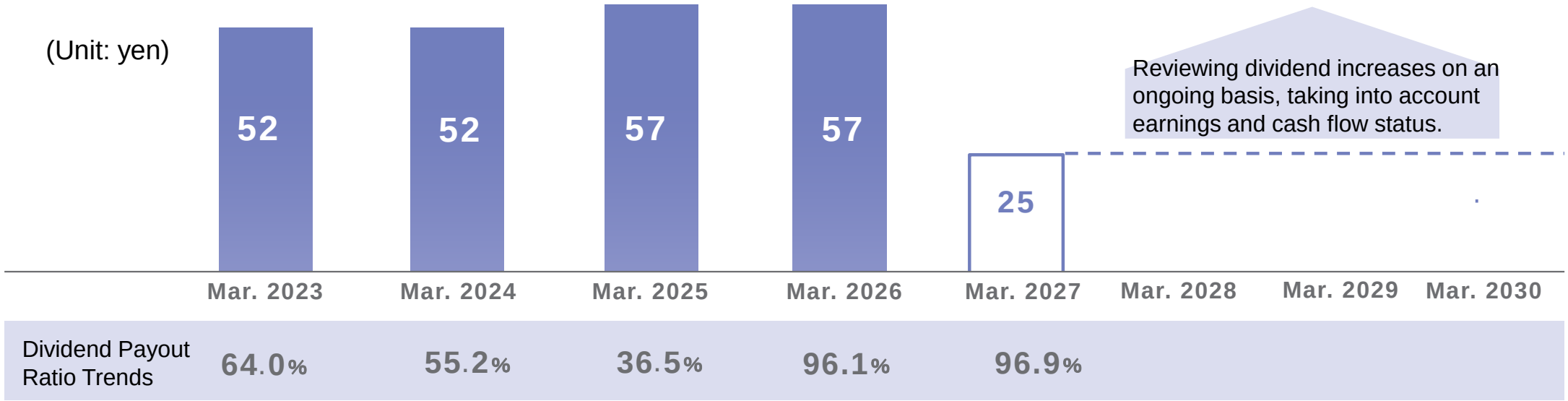
Shareholder returns

Annual dividend: ¥25/share
¥5.6B (¥1.4B/year) +α

- Prioritize investment for sustainable growth from Stage3 onward during the four-year period of Stage2.

Shareholder Return Policy

Shareholder Return Policy	Prioritize investments in pipeline expansion to achieve sustainable growth from Stage 3 onward. While maintaining an annual dividend of ¥25 per share, we will consider dividend increases based on our business performance and cash flow status.



Positioning of "Vision 110 -Stage2-" and Five Business Strategies

Establishing a revenue base through growth investment | Stage2: FY2026-FY2029

[Statement]

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Transformation of the business structure

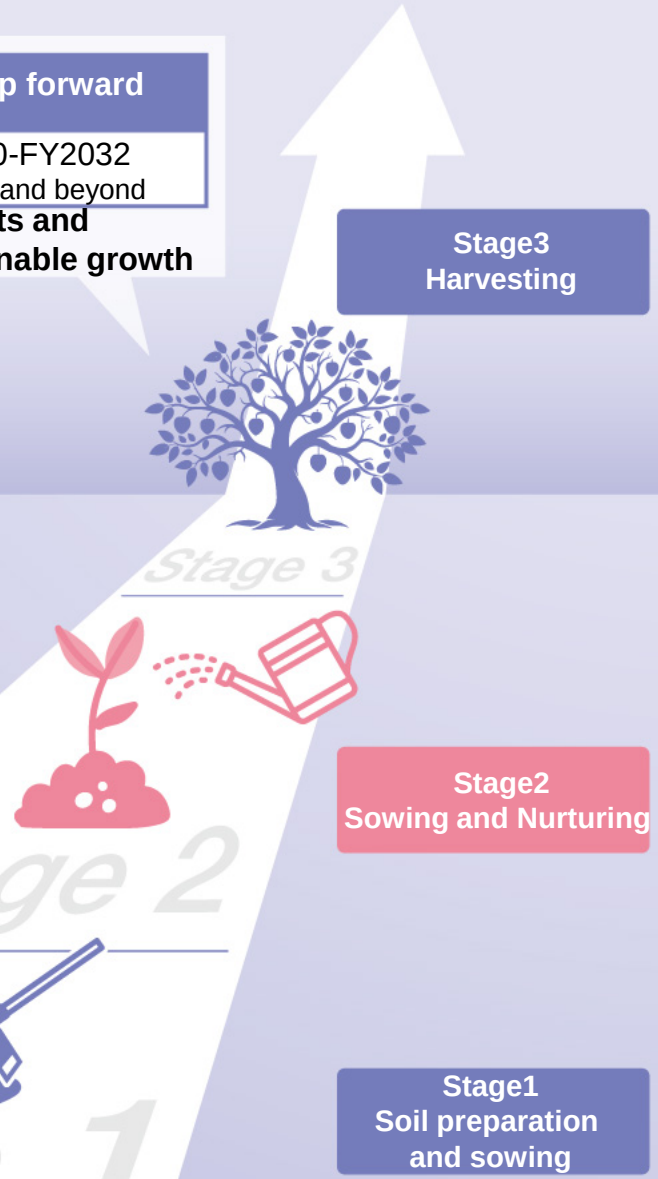
Stage1: FY2023-FY2025

Establishing a structure to strengthen drug discovery and expanding the development pipeline

Growth and Leap forward

Stage3: FY2030-FY2032 and beyond

Harvesting results and achieving sustainable growth




新薬という、
希望を。
届けたい想いがあるから。
守りたい笑顔があるから。
私たちは探しつづける。
患者さんの希望につながる新薬を。
Kyorin
杏林製薬株式会社
キョーリン リメディオ株式会社
キョーリン製薬グループ工場株式会社
健康はキョーリンの願いです。

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