Kyowa Kirin Co., Ltd.

Consolidated Financial Summary (IFRS)
Fiscal 2021

(January 1, 2021 – December 31, 2021)

This document is an English translation of parts of the Japanese-language original.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (IFRS)
for Fiscal Year Ended December 31, 2021
(The twelve-month period from January 1, 2021 to December 31, 2021)

February 7, 2022

Company Name: Kyowa Kirin Co., Ltd.
Listed Exchanges: 1st Section of the Tokyo Stock Exchange
Stock Code: 4151
President & Chief Executive Officer: Masashi Miyamoto
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Director,
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Scheduled date of Ordinary General Meeting of Shareholders: March 25, 2022
Scheduled start date of dividend payment: March 28, 2022
Scheduled date of submission of Annual Securities Report: March 8, 2022
Appendix materials to accompany the annual financial report: Yes
FY2021 earnings presentation meeting: Yes (for institutional investors and securities analysts)

(Millions of yen rounded off)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	352,246	10.6	65,685	9.6	60,050	14.9	52,347	11.3
December 31, 2020	318,352	4.1	59,955	1.0	52,263	17.5	47,027	(29.9)

Total comprehensive income: Fiscal year ended December 31, 2021: ¥62,751 million; 43.9%
Fiscal year ended December 31, 2020: ¥43,611 million; (40.4)%

Note: Core operating profit was calculated by deducting “selling, general and administrative expenses” and “research and development expenses” from “gross profit,” and adding “share of profit (loss) of investments accounted for using equity method” to the amount.

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Profit before tax to total assets ratio
Fiscal year ended	Millions of yen	%	Yen	Yen	%	%
December 31, 2021	52,347	11.3	97.43	97.39	7.3	7.0
December 31, 2020	47,027	(29.9)	87.56	87.50	6.8	6.6

(Reference) Share of profit (loss) of investments accounted for using equity method:
Fiscal year ended December 31, 2021: ¥4,575 million;
Fiscal year ended December 31, 2020: ¥964 million

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
December 31, 2021	921,872	737,162	737,162	80.0	1,371.90
December 31, 2020	801,290	698,396	698,396	87.2	1,300.12

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2021	86,548	(11,363)	(28,446)	335,084
December 31, 2020	39,502	252,559	(26,003)	287,019

2. Dividends

	Dividends per share					Total dividend amount	Dividend payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2020	–	22.00	–	22.00	44.00	23,636	50.3	3.4
Fiscal year ended December 31, 2021	–	23.00	–	23.00	46.00	24,717	43.2	3.4
Fiscal year ending December 31, 2022 (Forecast)	–	24.00	–	24.00	48.00		47.9	

Note: The figure of “dividend payout ratio (consolidated)” for the fiscal year ended December 31, 2020 indicates the dividend payout ratio based on basic earnings per share, and the figures for the fiscal year ended December 31, 2021 and the fiscal year ending December 31, 2022 (forecast) indicate the dividend payout ratio based on core EPS (calculated as an indicator showing recurring profitability by dividing core profit (determined by subtracting “other income,” “other expenses” and the related “income tax expense” from “profit”) by the average number of shares during the period).

3. Consolidated Earnings Forecasts for the Fiscal Year Ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Percentages indicate year-on-year changes.)

	Revenue		Core operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	380,000	7.9	67,000	2.0	66,000	9.9	53,000	1.2	53,000	1.2	98.64

*** Notes**

(1) Changes to significant subsidiaries during the period (Changes of specified subsidiaries resulting in changes in the scope of consolidation during the period under review): No

(2) Changes in accounting policies, and accounting estimates:

a. Changes in accounting policies required by IFRS: No

b. Changes in accounting policies other than a. above: No

c. Changes in accounting estimates: No

(3) Number of shares issued (ordinary shares)

a. Number of shares issued (including treasury shares)

As of December 31, 2021	540,000,000 shares
As of December 31, 2020	540,000,000 shares

b. Number of treasury shares

As of December 31, 2021	2,671,817 shares
As of December 31, 2020	2,823,975 shares

c. Average number of shares during the period

FY ended December 31, 2021	537,272,070 shares
FY ended December 31, 2020	537,109,444 shares

(Reference)
Non-Consolidated Results for the Fiscal Year Ended December 31, 2021 (Japanese GAAP)
(from January 1, 2021 to December 31, 2021)

(1) Non-consolidated operating results *(Percentages indicate year-on-year changes.)*

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	237,590	(6.1)	24,802	(49.0)	35,228	(28.9)	66,366	112.4
December 31, 2020	252,933	2.7	48,669	(2.7)	49,562	(32.4)	31,250	(65.8)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2021	123.52	123.47
December 31, 2020	58.18	58.15

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2021	794,087	596,921	75.1	1,110.13
December 31, 2020	687,680	555,730	80.7	1,033.43

(Reference) Equity: As of December 31, 2021: ¥596,507 million; As of December 31, 2020: ¥555,135 million

* These financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Notice regarding the appropriate use of the earnings forecasts and other special comments
The forward-looking statements, including earnings forecasts, contained in these materials are based on the information currently available to the Company and on certain assumptions deemed to be reasonable by management. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections for a wide variety of reasons. For more information regarding our suppositions that form the assumptions for the earnings forecasts, please see pages 17 and 18 of the attachment, “(5) Outlook for Fiscal 2022” in “1. Summary of Business Performance and Financial Position.”

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1. Summary of Business Performance and Financial Position

< Overview of business >

Responding to the massive changes to the business and social environments occurring as a result of the global spread of the novel coronavirus disease (COVID-19) since 2020, the Kyowa Kirin Group (the "Group") has been striving to provide stable supply of pharmaceuticals, which is a core mission of a pharmaceutical company, as an utmost priority, and while paying meticulous attention to preventing infection, carrying out activities such as maintaining production and logistics and collecting and providing information. In tandem with those efforts, the Group proceeded with initiatives for the initial year of the FY2021-2025 Medium Term Business Plan aimed at realizing the Group's new vision: Kyowa Kirin will realize the successful creation and delivery of life-changing value that ultimately makes people smile, as a Japan-based Global Specialty Pharmaceutical company built on the diverse team of experts with shared passion for innovation.

While faced with addressing the changes in the healthcare environment and restrictions on business activities worldwide due to COVID-19 continuing on from 2020, the Group continued to achieve steady growth from global strategic products such as Crysvita® and POTELIGEO®. Among the next-generation strategic products, the Group has decided to make KHK4083, which is steadily advancing in development for indications in the therapeutic areas of immunology/allergy, available to more patients as soon as possible by forming a collaboration with Amgen Inc. of the United States, which has already shown steady results in these areas. In addition, the Group is making steady progress in its collaboration with MEI Pharma of the United States to jointly develop ME-401 (generic name: Zandelisib) in the therapeutic area of oncology.

Meanwhile, the Group was not able to obtain approval in Europe for the global strategic product Istradefylline (product name in Japan: NOURIAST®), a treatment for Parkinson's Disease. The Group will continue to closely watch the judgments of the authorities of each country and region in the future for items pending applications and approval. In addition, we will respond appropriately to issues regarding stable supply structures through implementing both in-house and contracted manufacturing.

Regarding initiatives aimed at both realizing a sustainable society and achieving business growth, the Group continued to engage in awareness raising activities on illnesses as part of the response to patient-centered healthcare needs, and in November 2021, the Group declared its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in response to global climate change.

(1) Summary of Consolidated Financial Position for Fiscal 2021

(Billions of yen)

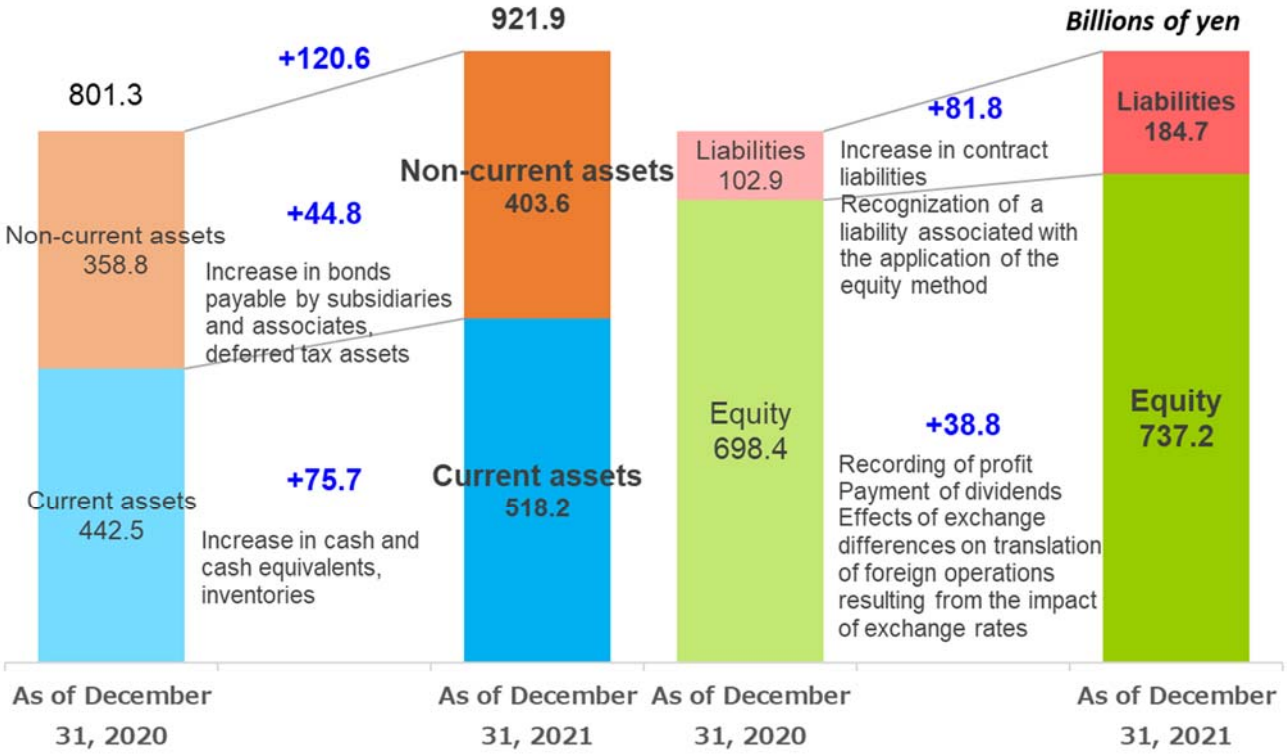
	As of December 31, 2020	As of December 31, 2021	Year-on-year change
Assets	801.3	921.9	120.6
Non-current assets	358.8	403.6	44.8
Current assets	442.5	518.2	75.7
Liabilities	102.9	184.7	81.8
Equity	698.4	737.2	38.8
Ratio of equity attributable to owners of parent to total assets (%)	87.2%	80.0%	(7.2)%

- Assets as of December 31, 2021, were ¥921.9 billion, an increase of ¥120.6 billion compared to the end of the previous fiscal year.
  - Non-current assets increased by ¥44.8 billion compared to the end of the previous fiscal year, to ¥403.6 billion, with downward pressure from factors such as the impairment of marketing rights and the sale of investment securities being more than offset by positive changes, which included an

increase in bonds payable by subsidiaries and associates following a shift away from accounting for bonds of FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd. using the equity method, and a rise in deferred tax assets.

- Current assets increased by ¥75.7 billion to ¥518.2 billion, due mainly to an increase in cash and cash equivalents from the proceeds from sale of assets held for sale (shares of Hitachi Chemical Diagnostics Systems Co., Ltd.) and proceeds from upfront payment received from Amgen Inc. based on an agreement for joint development and commercialization of KHK4083, as well as an increase in inventories, despite a decrease in assets held for sale.

- Liabilities as of December 31, 2021, were ¥184.7 billion, an increase of ¥81.8 billion compared to the end of the previous fiscal year, due mainly to an increase in contract liabilities accompanying the conclusion of an agreement with Amgen Inc., and the recording of liabilities from application of equity method for FUJIFILM KYOWA KIRIN BIOLOGICS Co., Ltd. following a shift away from accounting for bonds payable by subsidiaries and associates using the equity method.
- Equity as of December 31, 2021, was ¥737.2 billion, an increase of ¥38.8 billion compared to the end of the previous fiscal year, due mainly to an increase due to the recording of profit attributable to owners of parent as well as an increase in exchange differences on translation of foreign operations resulting from the impact of exchange rates, despite a decrease due to the payment of dividends, etc. As a result, the ratio of equity attributable to owners of parent to total assets was 80.0%, a decrease of 7.2 percentage points compared to the end of the previous fiscal year.



(2) Summary of Business Performance in Fiscal 2021

1) Overview of results

The Group now applies the International Financial Reporting Standards ("IFRS") in line with its policy of expanding business globally, and adopts "core operating profit" as a level of profit that shows the recurring profitability from operating activities. Core operating profit is calculated by deducting "selling, general and administrative expenses" and "research and development expenses" from "gross profit," and adding "share of profit (loss) of investments accounted for using equity method" to the amount.

(Billions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Year-on-year change	Rate of change (%)
Revenue	318.4	352.2	33.9	10.6%
Core operating profit	60.0	65.7	5.7	9.6%
Profit before tax	52.3	60.1	7.8	14.9%
Profit attributable to owners of parent	47.0	52.3	5.3	11.3%

< Average exchange rates for each period >

Currency	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Year-on-year change
USD (USD/¥)	¥107	¥109	Up ¥2
GBP (GBP/¥)	¥137	¥150	Up ¥13
CNY (CNY/¥)	¥15.5	¥16.9	Up ¥1.4

For the fiscal year ended December 31, 2021, revenue was ¥352.2 billion (up 10.6% compared to the previous fiscal year) and core operating profit was ¥65.7 billion (up 9.6%). Profit attributable to owners of parent was ¥52.3 billion (up 11.3%).

- The increase in revenue was the result of steady growth of global strategic products in North America and EMEA, despite lower revenue in Japan. The positive effect on revenue from foreign exchange was ¥9.0 billion.
- Core operating profit rose, despite increases in selling, general and administrative expenses and research and development expenses, due to higher gross profit resulting from an increase in overseas revenue, as well as a rise in the share of profit of investments accounted for using equity method. The positive effect on core operating profit from foreign exchange was ¥2.5 billion.
- Profit attributable to owners of parent increased as a result of a decrease in other expenses in addition to an increase in core operating profit, despite an increase in income tax expense.

2) Revenue by regional control function

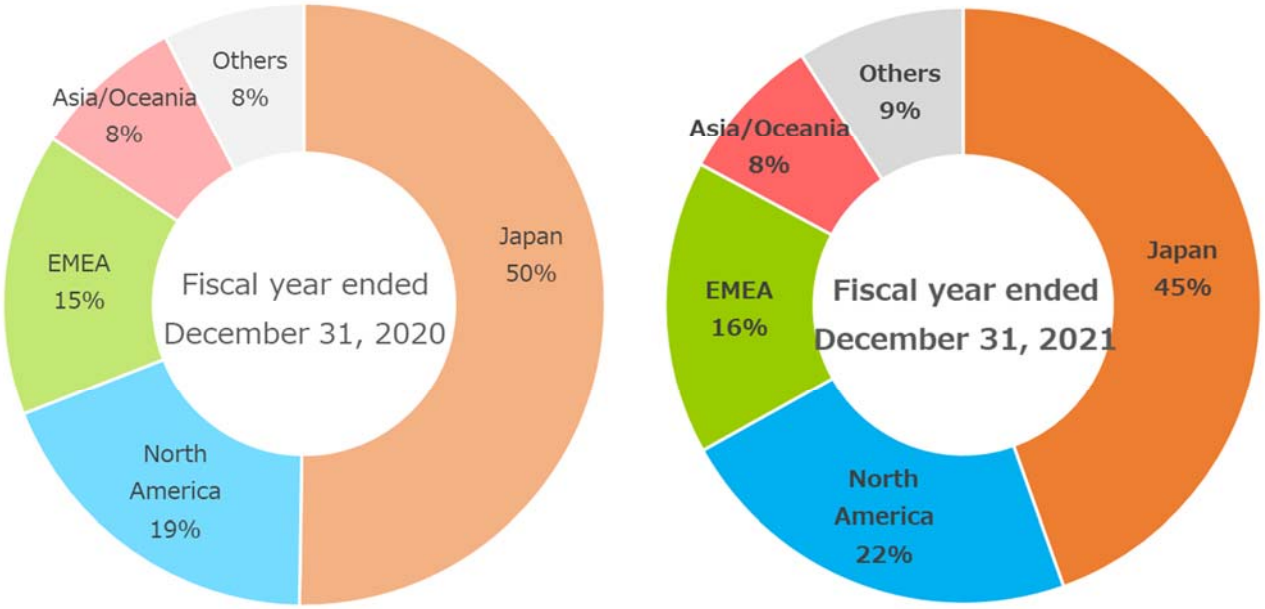
(Billions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Year-on-year change	Rate of change (%)
Japan	159.9	156.9	(3.1)	(1.9)%
North America	59.9	78.8	18.9	31.4%
EMEA	48.4	56.1	7.7	16.0%
Asia/Oceania	25.9	28.4	2.5	9.6%
Others	24.2	32.1	7.9	32.6%
Total consolidated revenue	318.4	352.2	33.9	10.6%

Notes: 1. Revenue by regional control function is classified based on consolidated revenue from products of regional control functions in the One Kyowa Kirin structure (a global management structure with axes combining four regions – Japan, North America, EMEA, and Asia/Oceania – and the functions needed by a global specialty pharmaceutical company).

2. EMEA consists of Europe, the Middle East, Africa, etc.
3. Others consists of revenue from technology out-licensing, original equipment manufacturing, etc.

Composition of revenue by regional control function



< Revenue of major products (Japan) >

(Billions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Year-on-year change	Rate of change (%)
Darbepoetin Alfa Injection Syringe [KKF]	25.2	22.3	(2.9)	(11.4)%
G-Lasta	26.7	29.4	2.7	10.0%
Nouriast	9.4	8.7	(0.7)	(7.5)%
Crysvita	3.8	7.2	3.4	89.7%
(Reference) Asacol, Minirinmelt and Desmopressin	1.9	–	(1.9)	(100.0)%

- Revenue in Japan decreased year on year due to the impact of the expiration of co-marketing agreements for some products, in addition to the impact of the reductions in drug price standards implemented in April 2020 and April 2021, despite the growth in sales of new product groups, such as Crysvita®, a treatment for FGF23-related diseases.
  - Revenue from Darbepoetin Alfa Injection Syringe [KKF], a renal anemia treatment drug, decreased due to the impact of the market penetration of rival products.
  - Firm growth in revenue was realized for G-Lasta®, an agent for decreasing the incidence of febrile neutropenia.
  - Revenue from NOURIAST®, an antiparkinsonian agent, decreased due to the impact of the market penetration of rival products.
  - Crysvita®, a treatment for FGF23-related diseases, has been penetrating the market favorably since their launch in 2019.
  - Revenue from ASACOL®, an ulcerative colitis treatment drug, and MINIRINMELT® and DESMOPRESSIN, which are treatments for central diabetes insipidus, decreased as a result of the Company discontinuing its sales of ASACOL® on March 31, 2020 and MINIRINMELT® and DESMOPRESSIN on April 27, 2020.

< Revenue of major products (overseas) >

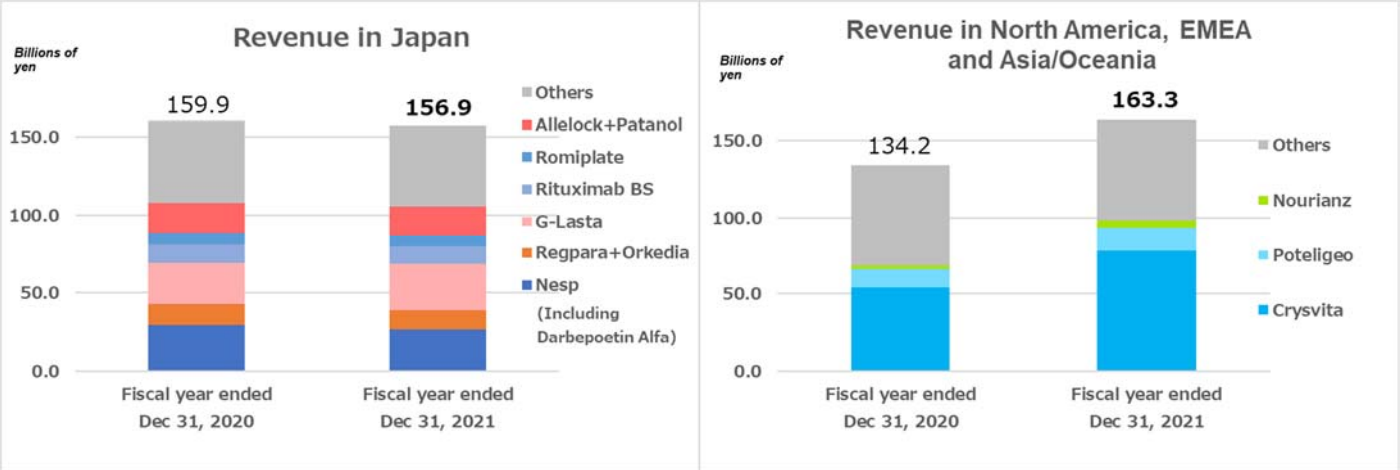
(Billions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Year-on-year change	Rate of change (%)
Crysvita	54.4	78.3	23.9	44.0%
Poteligeo	11.5	15.3	3.7	32.5%
Nourianz	2.6	4.5	1.9	74.1%
Abstral	10.2	8.5	(1.6)	(16.1)%
Regpara	8.3	7.4	(0.9)	(11.1)%

- Revenue in North America increased year on year due to the steady growth of global strategic products.
  - Revenue from Crysvita®, a treatment for X-linked hypophosphatemia, has been growing steadily since its launch in 2018. Approval for additional indication for treatment of tumor induced osteomalacia was acquired in June 2020.
  - Firm growth in revenue was realized for POTELIGEO®, an anticancer agent.
  - Revenue from NOURIANZ™ (product name in Japan: NOURIAST®), an antiparkinsonian agent, has been growing since its launch in October 2019.

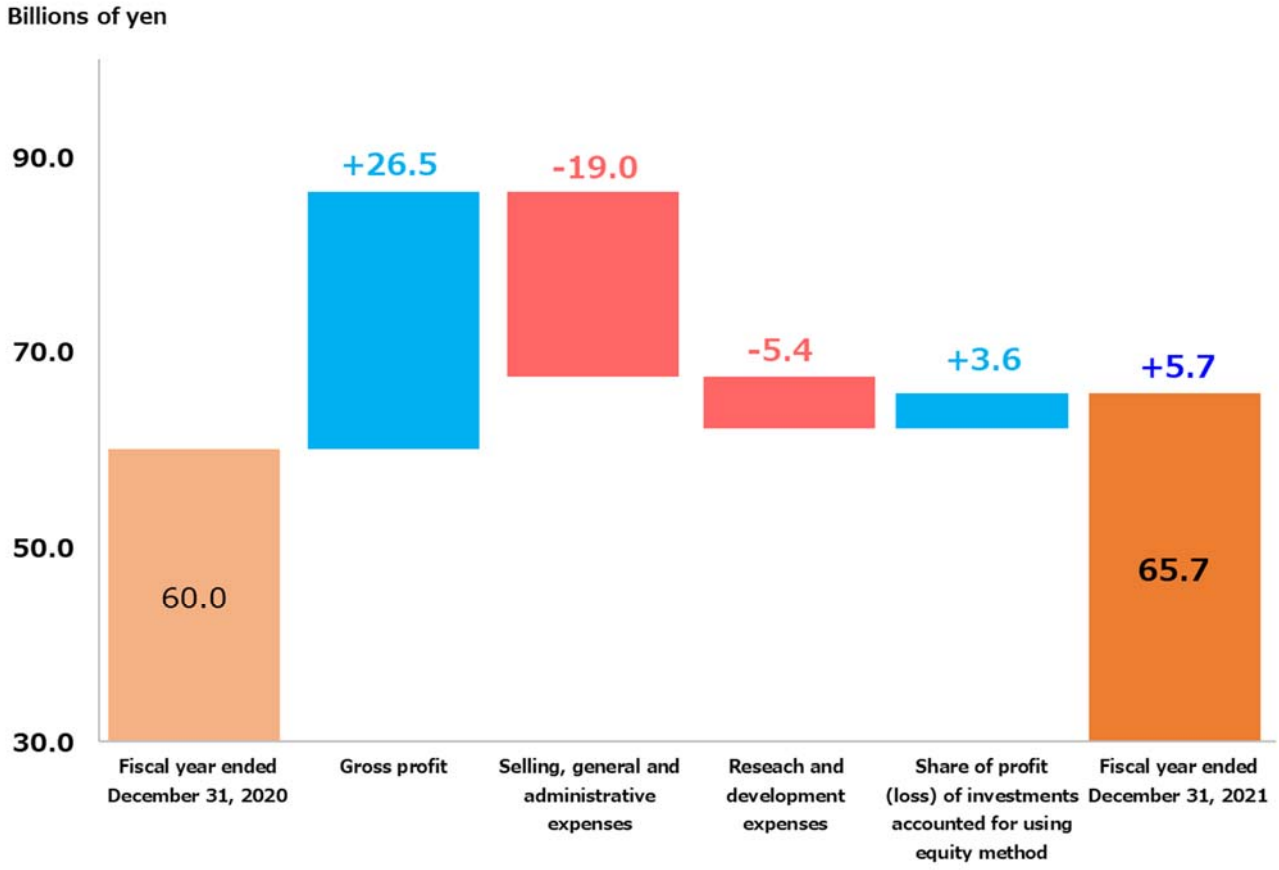
- Revenue in EMEA increased year on year due to the steady growth of global strategic products.
  - Revenue from Crysvita®, a treatment for X-linked hypophosphatemia, has been growing steadily as the number of countries where it has been released has been increasing since its launch in 2018. Approval for sale with the extended indication for older adolescents and adults was acquired in September 2020.
  - Sales of POTELIGEO®, an anticancer agent, was launched in June 2020 in Germany, and it has been penetrating the market favorably as the number of countries where it has been released has been increasing.
  - Revenue from Abstral®, a treatment for cancer pain, decreased year on year due mainly to the impact of the market penetration of generics and shipping schedule adjustments.

- Revenue in Asia/Oceania increased year on year.
  - Revenue from REGPARA®, a treatment for secondary hyperparathyroidism, declined after it became subject to China's centralized governmental purchasing system in October 2021.



- Revenue from Others increased year on year due to an increase in revenue from technology out-licensing.
  - Technology out-licensing increased in conjunction with the conclusion of an agreement with Amgen Inc. to jointly develop and commercialize KHK4083, anti-OX40 fully human monoclonal antibody for the treatment of atopic dermatitis, with potential in other autoimmune diseases, and the conclusion of an agreement to grant Aevi Genomic Medicine, LLC the rights to develop, manufacture and commercialize the human anti-LIGHT monoclonal antibody for all indications worldwide, in addition to an increase in royalties revenue from AstraZeneca in relation to benralizumab.

3) Core operating profit



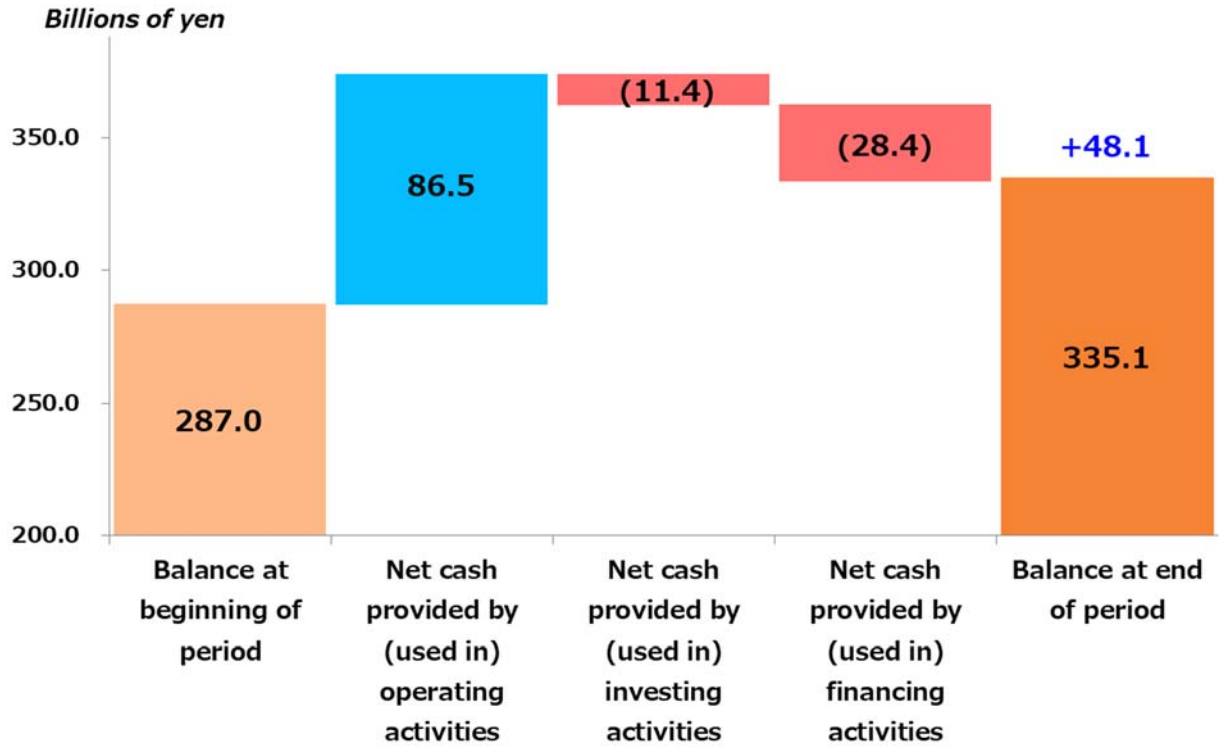
- Core operating profit rose compared to the previous fiscal year due mainly to higher gross profit following an increase in overseas revenue mainly of global strategic products, and rise in the share of profit of investments accounted for using equity method. These factors more than offset increases in selling, general and administrative expenses and research and development expenses, which were aimed at maximizing the value of global strategic products and rapidly establishing competitive global business bases.

(3) Cash Flow Summary for Fiscal 2021

(Billions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Year-on-year change	Year-on-year (%)
Net cash provided by (used in) operating activities	39.5	86.5	47.0	119.1%
Net cash provided by (used in) investing activities	252.6	(11.4)	(263.9)	–
Net cash provided by (used in) financing activities	(26.0)	(28.4)	(2.4)	9.4%
Cash and cash equivalents at beginning of period	20.8	287.0	266.3	–
Cash and cash equivalents at end of period	287.0	335.1	48.1	16.7%

- Cash and cash equivalents as of December 31, 2021, were ¥335.1 billion, an increase of ¥48.1 billion compared with the balance of ¥287.0 billion as of December 31, 2020.
  The main contributing factors affecting cash flow during the current fiscal year were as follows:
- Net cash provided by operating activities was ¥86.5 billion, compared with net cash provided by operating activities of ¥39.5 billion in the previous fiscal year. Major inflows included increase (decrease) in contract liabilities of ¥38.8 billion, which included proceeds of USD400 million from upfront payment received from Amgen Inc. based on an agreement for joint development and commercialization of KHK4083, in addition to profit before tax of ¥60.1 billion and depreciation and amortization of ¥19.5 billion. Major outflows included income taxes paid of ¥14.8 billion.
- Net cash used in investing activities was ¥11.4 billion, compared with net cash provided by investing activities of ¥252.6 billion in the previous fiscal year. Major outflows included ¥13.2 billion for purchase of intangible assets and ¥6.5 billion for purchase of property, plant and equipment. Major inflows included proceeds from sale of investments accounted for using equity method of ¥5.1 billion, and proceeds from sale of investment securities of ¥1.9 billion.
- Net cash used in financing activities was ¥28.4 billion, compared with net cash used in financing activities of ¥26.0 billion in the previous fiscal year. Major outflows included dividends paid of ¥24.2 billion.



(4) Research and Development Activities

The Group continuously and actively invests resources in research and development activities. We aim to advance both a technological pillar that can build a platform for applying various modalities and discovering innovative drugs and a disease pillar that continues to provide “only-one value drugs” for diseases for which there are no effective treatments while utilizing the disease science accumulated by the Group thus far, build a highly competitive pipeline, and provide new drugs with life-changing value worldwide.

For the fiscal year ended December 31, 2021, the Group’s research and development expenses totaled ¥57.7 billion, and our progress in the respective disease fields of our main late-stage development products are as follows. (“◆” indicates the progress made during the fourth quarter of fiscal 2021.)

Nephrology

RTA 402

- In January 2021, we started a phase III clinical study in Japan for treatment of autosomal dominant polycystic kidney disease.
- In July 2021, we applied for approval for treatment of Alport Syndrome in Japan.

KHK7791

- In April 2021, we started a phase III clinical study in Japan for treatment of hyperphosphatemia in patients receiving hemodialysis and peritoneal dialysis.

Oncology

KW-0761 (product name in Japan, U.S. and Europe: POTELIGEO®)

- In June 2021, we applied for approval of its indication for treatment of mycosis fungoides and Sézary syndrome in China.

KRN125 (product name in Japan: G-Lasta®)

- In March 2021, the Company filed an application for a partial change of approval indication for the mobilization of hematopoietic stem cells into peripheral blood for allogenic blood stem cell transplantation in Japan.
- In August 2021, we applied for approval for automated injection device for decreasing the incidence of febrile neutropenia in patients receiving cancer chemotherapy in Japan.
- In September 2021, we started a phase II clinical study in Japan for the mobilization of hematopoietic stem cells into peripheral blood for autologous peripheral blood stem cell transplantation.

ME-401

- In June 2021, we started the second study arm for treatment of marginal zone lymphoma of the global phase II clinical study.
- In August 2021, we started a global phase III clinical study for combination therapy with rituximab for patients with relapsed or refractory follicular lymphoma or marginal zone lymphoma.

Immunology and allergy

KHK4083/AMG451

- In June 2021, we concluded an agreement to jointly develop and commercialize KHK4083, for the treatment of atopic dermatitis and several other diseases, with Amgen Inc.

KHK4827 (product name in Japan: LUMICEF®)

- ◆ In December 2021, we filed an application in Japan for a partial change for approval of its planned indication for systemic sclerosis.

Other

KRN23 (product name in Japan, U.S. and Europe: Crysvita®)

- In January 2021, an application for partial change approval for our biologics license regarding its indication for treatment of tumor induced osteomalacia was accepted in Europe. (application filed in December 2020)
- In January 2021, we obtained approval of its indication for treatment of X-linked hypophosphatemic rickets and osteomalacia in China.
- In March 2021, we obtained approval of its indication for treatment of tumor induced osteomalacia in China.

AMG531 (product name in Japan: Romiplate®)

- In August 2021, we obtained approval of its indication for treatment of patients with aplastic anemia (AA) which is refractory to immunosuppressive therapy or immunosuppressive therapy being not suitable in South Korea.

R&D pipeline

antibody protein small molecule ◎ New Molecular Entity Updated since Dec. 31, 2020 Updated since Sep. 30, 2021

Nephrology As of December 31, 2021

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage					[In-House or Licensed] Remarks
				Ph Ⅰ	Ph Ⅱ	Ph Ⅲ	Filed	Approved	
KHK7580 Evocalcet Oral	Calcimimetic	Secondary Hyperparathyroidism	CN Asia						[Mitsubishi Tanabe Pharma] product name in Japan: Orkedia
◎RTA 402 Bardoxolone Methyl Oral	Antioxidant Inflammation Modulator	Alport Syndrome	JP						[Reata]
		Diabetic Kidney Disease	JP						
		Autosomal Dominant Polycystic Kidney Disease	JP						
KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Preeclampsia	JP						[In-House] product name in Japan:Acoalan
KHK7791 Tenapanor Oral	NHE3 Inhibitor	Hyperphosphatemia in Patients on Dialysis	JP						[Ardelyx]

Oncology

Code Name / Generic Name / Formulation	Mechanism of Action	Indication	Area	Stage: Ph I	Ph II	Ph III	Filed	Approved	[In-House or Licensed] Remarks
KW-0761 Mogamulizumab Injection	Anti-CCR4 Humanized Antibody	Mycosis Fungoides and Sézary Syndrome	CH SA AU					▶	[In-House] POTELLIGENT® product name in Japan, U.S. and Europe: Poteligeo
			KR				▶		
			CN CA KW				▶		
KRN125 Pegfilgrastim Injection	Long-Acting Granulocyte Colony-Stimulating Factor	Mobilization of Hematopoietic Stem Cells into Peripheral Blood for Allogeneic Blood Stem Cell Transplantation	JP				▶		[Kirin-Amgen] product name in Japan:G-Lasta
		Mobilization of Hematopoietic Stem Cells into Peripheral Blood for Autologous Blood Stem Cell Transplantation	JP		▶				
		Automated Injection Device for Decreasing the Incidence of Febrile Neutropenia in Patients Receiving Cancer Chemotherapy	JP				▶		
◎KHK2455 Oral	IDO1 Inhibitor	Solid Tumor	NA	▶					[In-House] Combination with KW-0761
		Urothelial carcinoma	NA	▶					[In-House] Combination with avelumab
			Europe	▶					
◎ME-401 Zandelisib Oral	PI3Kδ Inhibitor	Follicular Lymphoma and Marginal Zone Lymphoma	JP NA Europe Asia Oceania others			▶			[MEI Pharma] Combination with rituximab Second line +
		Follicular Lymphoma	NA Europe Asia Oceania		▶				[MEI Pharma] Third line +
		Marginal Zone Lymphoma			▶				
		Indolent B-cell Non-Hodgkin's Lymphoma	JP		▶				[MEI Pharma] Third line +
		B-cell malignancies	NA	▶					[MEI Pharma] Monotherapy, combination with rituximab and combination with zanubrutinib

Immunology/Allergy

Code Name / Generic Name / Formulation	Mechanism of Action	Indication	Area	Stage: Ph I	Ph II	Ph III	Filed	Approved	[In-House or Licensed] Remarks
KHK4827 Brodalumab Injection	Anti-IL-17 Receptor A Fully Human Antibody	Ankylosing Spondylitis	TW MY				▶		[Kirin-Amgen] product name in Japan: Lumicef
		Ankylosing Spondylitis, non-radiographic axial spondyloarthritis	TL				▶		
		Systemic Sclerosis	JP				▶		
		Palmoplantar Pustulosis	JP				▶		
◎KHK4083/AMG 451 Injection	Anti-OX40 Fully Human Antibody	Atopic Dermatitis	JP NA Europe		▶				[In-House] POTELLIGENT® Human Antibody-Producing Technology Collaboration agreement with Amgen for the development of KHK4083/AMG 451 in all the countries except for Japan.

Central Nervous System

Code Name / Generic Name / Formulation	Mechanism of Action	Indication	Area	Stage: Ph I	Ph II	Ph III	Filed	Approved	[In-House or Licensed] Remarks
KW-6002 Istradefylline Oral	Adenosine A_{2A} Receptor Antagonist	Parkinson's Disease	Europe				▶		[In-House] product name in Japan:Nouriast, product name in U.S.: Nourianz
◎KW-6356 Oral	Adenosine A_{2A} Receptor Antagonist/Inverse Agonist	Parkinson's Disease	JP		▶				[In-House]
◎KHK6640 Injection	Anti–Amyloid Beta Peptide Antibody	Alzheimer's Disease	JP Europe	▶					[Immunas Pharma]

Other

Code Name Generic Name Formulation	Mechanism of Action	Indication	Area	Stage					[In-House or Licensed] Remarks
				Ph Ⅰ	Ph Ⅱ	Ph Ⅲ	Filed	Approved	
KRN23 Burosumab Injection	Anti-FGF23 Fully Human Antibody	X-linked Hypophosphatemia (XLH)	CN BH SA SG AU	→	→	→	→	→	[In-House] Human Antibody-Producing Technology Jointly Developed with Ultragenyx in US and EU product name in Japan, U.S. and Europe: Crysvita
			TL MY	→	→	→	→		
		Tumor Induced Osteomalacia (TIO)	IS	→	→	→	→	→	
			CA	→	→	→	→	→	
			CN	→	→	→	→	→	
			Europe	→	→	→	→		
AMG531 Romiplostim Injection	Thrombopoietin Receptor Agonist	Treatment of Aplastic anemia (AA) which is refractory to immunosuppressive therapy or immunosuppressive therapy being not suitable	KR	→	→	→	→	→	[Kirin-Amgen] product name in Japan: Romiplate
		Treatment of adult aplastic anemia refractory to conventional therapies	MY SG	→	→	→	→		
		Treatment of adult patients with chronic immune thrombocytopenia (ITP) who are refractory to other treatments and Treatment of adult patients with aplastic anemia who are refractory to conventional therapy	TL	→	→	→	→		
		Immune Thrombocytopenia (ITP)	CN	→	→	→	→		
		Aplastic Anemia Who Were Previously Untreated with Immunosuppressive Therapy	JP Asia	→	→	→	Ph Ⅱ / Ph Ⅲ		
KW-3357 Antithrombin Gamma Injection	Recombinant Human Antithrombin	Disseminated Intravascular Coagulation, Congenital Antithrombin Deficiency	Europe	→					[In-House] product name in Japan: Acoalan
KHK4951		Wet Age-Related Macular Degeneration	JP	→					[In-House]

(5) Outlook for Fiscal 2022

(Billions of yen)

	Fiscal year ended December 31, 2021	**Outlook for fiscal 2022**	Year-on-year change	Rate of change (%)
Revenue	352.2	**380.0**	27.8	7.9%
Core operating profit	65.7	**67.0**	1.3	2.0%
Profit before tax	60.1	**66.0**	5.9	9.9%
Profit attributable to owners of parent	52.3	**53.0**	0.7	1.2%

Note: These forecasts assume average exchange rates of ¥110/US$, ¥150/British pound and ¥17.1/Chinese Yuan.

Financial performance indicators

	Fiscal year ended December 31, 2021	**Outlook for fiscal 2022**	
ROE	7.3%	**7.1%**	Profit / Average beginning and ending equity
Revenue growth ratio (CAGR)	10.6%	**9.3%**	Annual average growth rate with fiscal 2020 as base year
R&D expense ratio	16.4%	**18.4%**	Research and development expenses / Revenue
Core operating profit ratio	18.6%	**17.6%**	Core operating profit / Revenue
Dividend payout ratio (Note)	43.2%	**47.9%**	

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

- Consolidated financial earnings forecasts for fiscal 2022 are for revenue of ¥380.0 billion (up 7.9% compared to the current fiscal year), core operating profit of ¥67.0 billion (up 2.0%), profit before tax of ¥66.0 billion (up 9.9%), and profit attributable to owners of parent of ¥53.0 billion (up 1.2%).
- Although we expect impacts such as a reduction in drug price standards scheduled for April 2022 in Japan, revenues are expected to increase compared to the current fiscal year due to growth in the global strategic products mainly Crysvita® and an increase in licensing revenue. In addition to increases in selling, general and administrative expenses related to proactive investments in human resources and in IT/digital platform aimed at maximizing the value of global strategic products and rapidly establishing competitive global business bases, we are planning for increases in research and development expenses as a result of progress in late-stage development projects for next-generation strategic products such as KHK4083. However, we expect higher overseas revenue to lead to higher core operating profit.
- A year-on-year increase is forecasted for profit before tax as a result of a decrease in other expenses in addition to an increase in core operating profit.
- A year-on-year increase is forecasted for profit attributable to owners of parent despite an expected increase in income tax expense.
- Cash flows from operating activities are forecast to decline compared to the current fiscal year despite profit before tax being expected to increase year on year, due to the impact of changes in contract liabilities including proceeds of USD400 million in upfront payment received from Amgen Inc. based on an agreement for joint development and commercialization of KHK4083.

- Concerning cash flows from investing activities, the Company expects an increase in net cash used compared to the current fiscal year mainly because of an expected increase in cash used in the purchase of property, plant and equipment and intangible assets. Regarding strategic partnering, M&A and other strategic investments for acquiring drug discovery technologies and pipelines, the Company will evaluate and conduct investment using a flexible approach.
- Concerning cash flows from financing activities, the Company expects net cash used to be at the same level as the current fiscal year. As regards the purchase of treasury shares and the sourcing of funds, we will remain flexible and act as appropriate for the economic and funding environment.

As a result of the above, cash and cash equivalents as of the end of fiscal 2022 are expected to be at the same level as at the end of fiscal 2021.

Note: The above financial position outlook is based on information available to management at the current time. As such, they do not constitute guarantees by the Company of future performance. Actual results may differ materially from these projections for a wide variety of reasons.

(6) Basic Policy on Profit Distribution: Fiscal 2021 and Fiscal 2022 Dividends

The Company regards the return of profits to its shareholders as one of its key management priorities. The basis of the Company's policy regarding the distribution of profits is to pay dividends stably in light of a comprehensive consideration of factors including consolidated results and dividend payout ratio for each fiscal year, while also increasing its retained earnings for future business development and other purposes. We plan to improve our capital efficiency with regards to the purchase of treasury shares by taking a flexible approach while considering the share price in the market and other factors. The Company considers it a top priority to use internal reserve funds for investments for future growth (R&D investments, strategic investments and capital expenditures) in order to achieve sustainable growth from fiscal 2025 and maximize corporate value.
As the dividend policy, the Company set its target dividend payout ratio based on core EPS at 40% in the FY2021-2025 Mid-term Business Plan. The Company aims to ensure a stable and sustained increase in the level of dividend payment (continuous increase of dividend payments) in line with medium- to long-term growth in profits.
In accordance with the above-mentioned policy, the Board of Directors has resolved to pay a year-end dividend for fiscal 2021 of ¥23 per share. As a result, we expect to increase dividends for the fifth year in a row. The annual dividend is expected to be ¥46, an increase of ¥2 compared to the previous fiscal year, including an interim dividend of ¥23. With respect to the year-end dividend, we plan to submit a proposal at the 99th Ordinary General Meeting of Shareholders to be held on March 25, 2022.

Dividends of Surplus

	Details of resolution (March 25, 2022)	Dividend forecast most recently announced (Announced on February 4, 2021)	Fiscal 2020 results (Fiscal year ended December 31, 2020)
Record date	December 31, 2021	Same as left	December 31, 2020
Dividend per share (Yen)	23.00	23.00	22.00
Total dividend amount (Millions of yen)	12,359	–	11,818
Effective date	March 28, 2022	–	March 25, 2021
Dividend resource	Retained earnings	–	Retained earnings

(Reference) Breakdown of Dividends per Share

(Yen)

	Fiscal 2021 (Fiscal year ended December 31, 2021)	Dividend forecast most recently announced (Announced on February 4, 2021)	Fiscal 2020 results (Fiscal year ended December 31, 2020)
[Second quarter-end]	[23.00]	[23.00]	[22.00]
Fiscal year-end	23.00 (Note)	23.00	22.00
Dividends per share	46.00	46.00	44.00

Note: The fiscal year-end dividend (¥23.00) for the current term (fiscal year ended December 31, 2021) is based on the assumption that it will be approved at the 99th Ordinary General Meeting of Shareholders scheduled to be held on March 25, 2022.

For the fiscal year ending December 31, 2022, we expect to pay an annual dividend of ¥48 per share, an increase of ¥2 compared to the current fiscal year, consisting of an interim dividend of ¥24 and a year-end dividend of ¥24. For details of the "core EPS," refer to "(5) Outlook for Fiscal 2022."

2. Basic Rationale for Selection of Accounting Standards

The Group has applied IFRS from fiscal 2017 to enhance the international comparability of its financial information in the capital markets, and unify the process of the Group’s accounting.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Non-current assets		
Property, plant and equipment	76,012	78,652
Goodwill	132,695	136,352
Intangible assets	75,027	76,066
Investments accounted for using equity method	9,475	–
Other financial assets	17,323	45,164
Retirement benefit asset	14,674	15,298
Deferred tax assets	33,133	49,108
Other non-current assets	468	3,000
Total non-current assets	358,808	403,641
Current assets		
Inventories	51,281	64,089
Trade and other receivables	92,287	104,275
Other financial assets	636	1,434
Other current assets	6,161	13,350
Cash and cash equivalents	287,019	335,084
Subtotal	437,385	518,231
Assets held for sale	5,097	–
Total current assets	442,482	518,231
Total assets	801,290	921,872

(1) Consolidated Statement of Financial Position (continued)

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Equity		
Share capital	26,745	26,745
Capital surplus	463,967	464,153
Treasury shares	(3,545)	(3,359)
Retained earnings	226,639	255,528
Other components of equity	(15,410)	(5,904)
Total equity attributable to owners of parent	698,396	737,162
Total equity	698,396	737,162
Liabilities		
Non-current liabilities		
Liabilities from application of equity method	–	19,426
Retirement benefit liability	216	221
Provisions	7,823	7,757
Deferred tax liabilities	92	386
Other financial liabilities	13,159	16,594
Other non-current liabilities	854	31,197
Total non-current liabilities	22,145	75,581
Current liabilities		
Trade and other payables	54,867	64,652
Provisions	2,027	1,580
Other financial liabilities	5,123	5,943
Income taxes payable	4,661	13,426
Other current liabilities	14,070	23,528
Total current liabilities	80,749	109,129
Total liabilities	102,894	184,710
Total equity and liabilities	801,290	921,872

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Revenue	318,352	352,246
Cost of sales	(80,440)	(87,849)
Gross profit	237,912	264,398
Selling, general and administrative expenses	(126,610)	(145,608)
Research and development expenses	(52,312)	(57,679)
Share of profit (loss) of investments accounted for using equity method	964	4,575
Other income	1,651	985
Other expenses	(10,842)	(6,616)
Finance income	1,798	1,113
Finance costs	(299)	(1,117)
Profit before tax	52,263	60,050
Income tax expense	(5,236)	(7,703)
Profit	47,027	52,347
Profit attributable to		
Owners of parent	47,027	52,347
Earnings per share		
Basic earnings per share (Yen)	87.56	97.43
Diluted earnings per share (Yen)	87.50	97.39

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	47,027	52,347
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,138)	(1,623)
Remeasurements of defined benefit plans	2,021	1,411
Share of other comprehensive income of investments accounted for using equity method	(31)	–
Total of items that will not be reclassified to profit or loss	852	(212)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(4,156)	10,498
Share of other comprehensive income of investments accounted for using equity method	(112)	118
Total of items that may be reclassified to profit or loss	(4,268)	10,616
Other comprehensive income	(3,416)	10,404
Comprehensive income	43,611	62,751
Comprehensive income attributable to		
Owners of parent	43,611	62,751

(3) Consolidated Statement of Changes in Equity

Fiscal year ended December 31, 2020

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exchange differences on translation of foreign operations
Balance at January 1, 2020	26,745	463,893	(3,792)	201,253	751	(13,647)
Profit	–	–	–	47,027	–	–
Other comprehensive income	–	–	–	–	–	(4,268)
Total comprehensive income	–	–	–	47,027	–	(4,268)
Dividends of surplus	–	–	–	(23,631)	–	–
Purchase of treasury shares	–	–	(14)	–	–	–
Disposal of treasury shares	–	19	171	–	–	–
Share-based remuneration transactions	–	55	91	–	(155)	–
Transfer from other components of equity to retained earnings	–	–	–	1,990	–	–
Total transactions with owners	–	74	247	(21,641)	(155)	–
Balance at December 31, 2020	26,745	463,967	(3,545)	226,639	596	(17,915)

	Equity attributable to owners of parent				Total equity
	Other components of equity			Total	
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
Balance at January 1, 2020	3,047	–	(9,849)	678,250	678,250
Profit	–	–	–	47,027	47,027
Other comprehensive income	(1,138)	1,990	(3,416)	(3,416)	(3,416)
Total comprehensive income	(1,138)	1,990	(3,416)	43,611	43,611
Dividends of surplus	–	–	–	(23,631)	(23,631)
Purchase of treasury shares	–	–	–	(14)	(14)
Disposal of treasury shares	–	–	–	190	190
Share-based remuneration transactions	–	–	(155)	(10)	(10)
Transfer from other components of equity to retained earnings	(0)	(1,990)	(1,990)	–	–
Total transactions with owners	(0)	(1,990)	(2,145)	(23,465)	(23,465)
Balance at December 31, 2020	1,909	–	(15,410)	698,396	698,396

(3) Consolidated Statement of Changes in Equity (continued)

Fiscal year ended December 31, 2021

(Millions of yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Share capital	Capital surplus	Treasury shares	Retained earnings	Share acquisition rights	Exchange differences on translation of foreign operations
Balance at January 1, 2021	26,745	463,967	(3,545)	226,639	596	(17,915)
Profit	–	–	–	52,347	–	–
Other comprehensive income	–	–	–	–	–	10,616
Total comprehensive income	–	–	–	52,347	–	10,616
Dividends of surplus	–	–	–	(24,176)	–	–
Purchase of treasury shares	–	–	(23)	–	–	–
Disposal of treasury shares	–	61	121	–	–	–
Share-based remuneration transactions	–	126	88	–	(181)	–
Transfer from other components of equity to retained earnings	–	–	–	717	–	–
Total transactions with owners	–	187	186	(23,459)	(181)	–
Balance at December 31, 2021	26,745	464,153	(3,359)	255,528	414	(7,299)

	Equity attributable to owners of parent				Total equity
	Other components of equity			Total	
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total		
Balance at January 1, 2021	1,909	–	(15,410)	698,396	698,396
Profit	–	–	–	52,347	52,347
Other comprehensive income	(1,623)	1,411	10,404	10,404	10,404
Total comprehensive income	(1,623)	1,411	10,404	62,751	62,751
Dividends of surplus	–	–	–	(24,176)	(24,176)
Purchase of treasury shares	–	–	–	(23)	(23)
Disposal of treasury shares	–	–	–	182	182
Share-based remuneration transactions	–	–	(181)	32	32
Transfer from other components of equity to retained earnings	694	(1,411)	(717)	–	–
Total transactions with owners	694	(1,411)	(898)	(23,985)	(23,985)
Balance at December 31, 2021	980	–	(5,904)	737,162	737,162

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before tax	52,263	60,050
Depreciation and amortization	20,466	19,498
Impairment losses	2,857	5,286
Increase (decrease) in provisions	2,667	(608)
Share of loss (profit) of investments accounted for using equity method	(964)	(4,575)
Decrease (increase) in inventories	(6,587)	(8,280)
Decrease (increase) in trade receivables	(5,654)	(5,901)
Increase (decrease) in trade payables	2,553	(126)
Increase (decrease) in contract liabilities	(1,559)	38,767
Income taxes paid	(28,662)	(14,838)
Other	2,121	(2,727)
Net cash provided by (used in) operating activities	39,502	86,548
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,115)	(6,522)
Purchase of intangible assets	(25,112)	(13,244)
Purchase of investments accounted for using equity method	(500)	–
Proceeds from sale of investments accounted for using equity method	–	5,097
Proceeds from sale of investment securities	–	1,914
Proceeds from capital reduction with compensation of investment securities	1,500	–
Net decrease (increase) in loans receivable from parent	285,631	–
Other	1,155	1,393
Net cash provided by (used in) investing activities	252,559	(11,363)
Cash flows from financing activities		
Repayments of lease liabilities	(3,175)	(3,475)
Purchase of treasury shares	(14)	(23)
Dividends paid	(23,631)	(24,176)
Other	817	(771)
Net cash provided by (used in) financing activities	(26,003)	(28,446)
Effect of exchange rate changes on cash and cash equivalents	199	1,325
Net increase (decrease) in cash and cash equivalents	266,257	48,065
Cash and cash equivalents at beginning of period (Amount on the consolidated statement of financial position)	20,762	287,019
Cash and cash equivalents at beginning of period	20,762	287,019
Cash and cash equivalents at end of period	287,019	335,084

(5) Notes to Consolidated Financial Statements

Notes on going concern assumption

No applicable items.

Segment information, etc.

(1) Outline of reportable segments

The Group omitted information by reportable segment as the Group consists of only the one reportable segment, which is the Pharmaceuticals business.

(2) Information about products and services

Breakdown of revenue from external customers by product and service is as follows.

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Products	298,827	326,141
Licensing revenue	19,525	26,105
Total	318,352	352,246

(3) Information about geographical areas

i. Revenue

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Japan	166,639	161,988
Americas	72,178	102,163
Of which, the U.S.	70,331	99,328
Europe	48,530	53,361
Asia	30,848	34,518
Other	156	217
Total	318,352	352,246

Note: Revenue is classified by region or country based on location of customer.

ii. Non-current assets

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Japan	226,109	227,854
Americas	7,727	11,526
Europe	47,704	51,669
Asia	2,663	3,021
Total	284,203	294,070

Note: Non-current assets are classified based on the location of assets, and do not include investments accounted for using the equity method, financial instruments, retirement benefit asset and deferred tax assets.

(4) Information about major customers

The customer that accounts for 10% or more of revenue in the consolidated statement of profit or loss is as follows:

(Millions of yen)

Customer	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Alfresa Pharma Corporation	40,219	35,123

Per share information

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit attributable to ordinary equity holders of parent		
Profit attributable to owners of parent *(Millions of yen)*	47,027	52,347
Profit not attributable to ordinary equity holders of parent *(Millions of yen)*	–	–
Profit used for calculation of earnings per share *(Millions of yen)*	47,027	52,347
Average number of ordinary shares outstanding during period *(Shares)*	537,109,444	537,272,070
Increase in number of ordinary shares		
Share acquisition rights *(Shares)*	368,934	242,100
Average number of diluted ordinary shares outstanding during period *(Shares)*	537,478,378	537,514,170
Earnings per share		
Basic earnings per share *(Yen)*	87.56	97.43
Diluted earnings per share *(Yen)*	87.50	97.39

Significant subsequent events

No applicable items.