

New 5-Year Medium-Term Management Plan

PEGASUS

April, 2020 – March, 2025

- Integrate our wisdom, Soar to the new stage -

In light of the competitive market environment and changes in our product portfolio and pipeline, we have finished the previous 5-year management plan in 3 years and launched a new 5-year management plan.

PEGASUS : Basic Policy / Basic Strategy

1. Increase domestic sales

- Expand sales of new products
- Expand product portfolio by launching new products and in-licensing
- Expand earnings in the nutritional business

2. Strengthen earnings base overseas

- Establish new overseas earnings by our original product Linzagolix (KLH-2109)
- Out-license new drugs

3. Expand development pipeline

- Promote R&D focused on small molecules
- In-license according to therapeutic area strategies

4. Strengthen the management base to cope with the changes in the business environment

- Further strengthen our corporate governance
- Promote compliance with laws and regulations
- Continue the stable supply of high-quality products and reduce cost
- Develop the personnel for the next generation
- Optimize cost structure
- Promote ESG/SDGs

Financial Targets for the Final Year of PEGASUS (FY2024)

(JPY in billions)

	FY2019 Actual	Final year (FY2024) Target
Consolidated net sales	JPY 63.2	Over JPY 87.0
Non-consolidated net sales	51.3	Over 75.0
Pharmaceuticals ^{*1}	41.3	Over 62.5
Therapeutic and care foods	3.8	Over 4.5
Others ^{*2}	6.0	Over 8.0
Consolidated operating income	1.8	Over 9.0
R&D Expenses	10.7	12.5
ROE	1.5%	Over 5.0%

*1: Including active pharmaceutical ingredients (API) and bulk exports

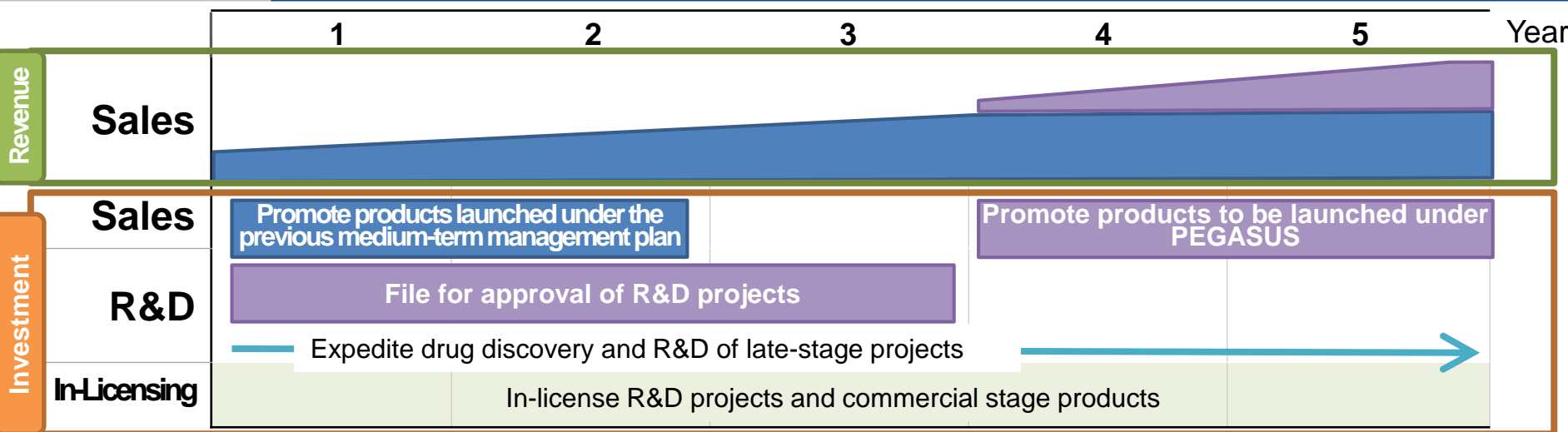
*2: Supply to domestic sales partners + royalty revenue + co-promotion fees

Results of New Products Launche/Products Scheduled to be Launched or Filed during PEGASUS

Fiscal year		2017	2018	2019	2020	2021~2024
Japan	Urology		Beova® (OAB)	MINIRIN MELT® Low-Dose (Nocturia due to nocturnal polyuria in males)	MINIRIN MELT® High-Dose (Nocturnal enuresis resulted from decrease of urine osmolality or urine specific gravity*, central diabetes insipidus)	
	Kidney /Dialysis		P-TOL® GRANULES (Hyperphosphatemia) Nalfurafine GE (Pruritus in dialysis patients)	Darbepoetin Alpha BS (Renal Anemia)		Difelikefalin / MR13A9 (Uremic pruritus in dialysis patients) Japan: End of P2 Overseas: P3 ongoing by Licensor
	Diabetes			GLUBES® OD (Combination drug of rapid-insulin secretagogue/Postprandial hyperglycemic agent)	MARIZEV® (Sustainable selective DPP-4 inhibitor)	
	Gastroenterology	Rectable® (Ulcerative colitis)				Carotegrast Methyl / AJM300 (Ulcerative colitis) Japan: P3-2 ongoing
	Gynecology	Dienogest GE (Endometriosis)				
	Rare Disease					Rovatiirelin/KPS-0373 (Spinocerebellar ataxia) Japan: End of P3 Avacopan/CCX168* (Microscopic polyangiitis, Granulomatosis with polyangiitis) End of international joint clinical P3 Fostamatinib/R788* (Chronic idiopathic thrombocytopenic purpura) Japan: P3 ongoing U.S.: Under market by originator EU: MAA by licensor CG0070 (High grade non-muscle invasive bladder cancer with CIS) R&D planning Overseas: Preparing for P3 by Licensor
Overseas				Remogliflozin (Type 2 diabetes mellitus/SGLT2 inhibitor) Launched in India by licensee		Linzagolix/ OBE2109 (Uterine fibroid/Endometriosis) P3 ongoing by the licensee in EU&U.S.

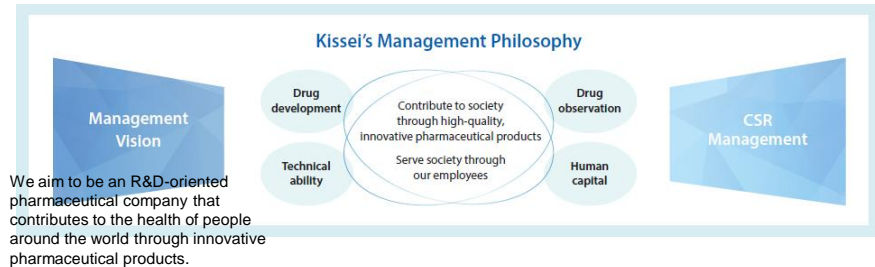
NOTE) **Blue**: Launched/ **Red**: Designated intractable disease/ *: Orphan drug designation

Concepts of Investing and Earning for PEGASUS 5 Years

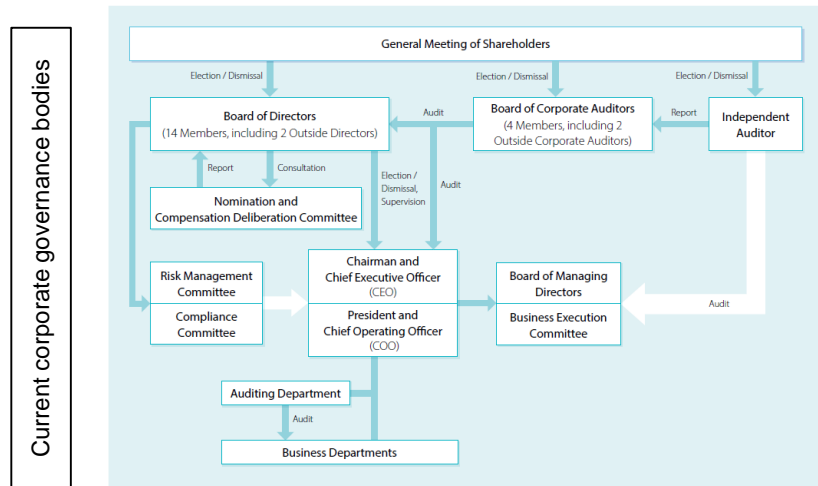


	Promote products launched under the previous medium-term management plan	File for approval of R&D projects / Promote products to be launched under PEGASUS	Expedite drug discovery and R&D of late-stage projects
Urology	Beova® (OAB) MINIRIN MELT® (Nocturia due to nocturnal polyuria in males, etc.)		
Kidney /Dialysis	P-TOL® (Hyperphosphatemia) Darbepoetin Alfa BS (Renal anemia)		Difelikefalin (Uremic pruritus in dialysis patients)
Diabetes	Glubes® (Combination drug of rapid-insulin secretagogue /postprandial hyperglycemic agent) MARIZEV® (Sustained selective DPP-4 inhibitor)		
Rare Disease		Rovatinorelin (Spinocerebellar ataxia) Avacopan (Microscopic polyangiitis /Granulomatosis with polyangiitis) Fostamatinib (chronic idiopathic thrombocytopenic purpura)	CG0070 (High grade non-muscle invasive bladder cancer with CIS)
Others		Linzagorix (Uterine fibroids/ Endometriosis) [U.S., EU] Carotegrast Methyl (Ulcerative colitis)	

Strengthening the Management Base to Cope with the Changes in the Business Environment



- Strengthen the management base and improve corporate value by promoting the new medium-term management plan in response to changes in the management environment in order to realize the management philosophy and vision



- Maintain and strengthen relationships of trust with stakeholders
- Further strengthen our corporate governance



- The mission of an R&D-oriented company is to provide new value and contribute to society by creating and providing innovative products and medical solutions based on compliance.
- At the same time, we will contribute to the achievement of SDGs in the health sector and other fields by actively promoting corporate activities with well-balanced environment, social and economic aspects, such as reducing energy consumption and creating a comfortable working environment for everyone.

Shareholder Returns

Basic profit distribution policy

Maintain stable dividends while paying attention to securing a management foundation for the future

Purchase of treasury stock

Consider flexible implementation as part of efforts to improve capital efficiency and enhance shareholder returns

Net income and shareholder returns for 10-year period from April 2009 to March 2019

Total profit attributable to owners of parent	JPY64,838 million		
Total dividends	JPY20,559 million	} JPY38,913 million	Total return ratio 60.0%
Total amounts of treasury stock purchased	JPY18,354 million		
Total number of treasury shares purchased	7,551 thousand shares	Percentage of total shares outstanding at the end of March, 2009. (56,911 thousand shares)	13.3%
Total number of treasury shares cancelled	5,100 thousand shares		9.0%



The forward-looking statements in this document are based on Kissei Pharmaceutical's analysis as of May 2020 of existing information and various trends. Actual results may differ from prospect statements due to risks and uncertainties associated with business operations.

This report contains information on drugs (including those under development), but the content of this report is not intended for advertising nor medical advice.