

News release

Notice Concerning Joint Venture Collaboration for Kyowa Kirin International plc’s Established Medicines Portfolio

Tokyo, November 24, 2022 – Kyowa Kirin Co., Ltd. (TSE:4151, the “Company”) hereby announces that Kyowa Kirin International plc, a subsidiary of the Company, has signed a Joint Venture Collaboration agreement with Grünenthal GmbH (“Grünenthal”) for the established medicines portfolio including 13 brands owned by Kyowa Kirin International plc and its subsidiaries (“KKI”), as described below. The collaboration is subject to obtaining customary approvals and clearances, including anti-trust and works councils as legally required. Upon approval, Grünenthal will own a 51 % majority share in the newly formed company and intends to acquire the remaining assets related to the established medicines portfolio in Q1, 2026.

1. Reason for Joint Venture Collaboration agreement

The Company strives to create and deliver novel medicines with life-changing value. As a Japan-based Global Specialty Pharmaceutical company, the company applies cutting-edge science including an expertise in antibody research and engineering, to address the needs of patients and society across multiple therapeutic areas including Nephrology, Oncology, Immunology/Allergy and Neurology. It operates business across our four regions – Japan, Asia Pacific, North America and EMEA/International with KKI overseeing the EMEA region and its established medicines business selling the established medicines portfolio across the region.

Global turmoil and changes in the external environment caused by COVID-19 and expanding geopolitical risks have had a significant impact on the pharmaceutical industry, which is facing a challenging business environment. There is an urgent need to enhance efficiency and ensure a stable supply of high-quality pharmaceuticals amid rapidly rising costs, including infrastructure, and to optimize growth strategies.

Grünenthal is a global pharmaceutical company headquartered in Germany with a strong commercial footprint operating across 28 affiliates in Europe, Latin America and the US, providing pharmaceutical products to partners in more than 100 countries worldwide. It has achieved growth with particular strength in the European pain market and established medicines business.

In considering its future growth strategy, the Company decided that signing a Joint Venture Collaboration agreement for KKI’s established medicines portfolio including 13 brands with Grünenthal, which has strengths in this area, would lead to the sustainable business growth necessary to deliver the medicines in the portfolio to the patients who need them.

2. Overview of Joint Venture Collaboration agreement

(1) Overview of the established medicines business

Sales and marketing of established medicines in EMEA region

(2) Transfer price and method of settlement

Transfer method of settlement	51% of the shares of the subsidiary that will take over the established medicines business held by KKI
Transfer price	£ 70,000,000

(Note 1) Prior to the share transfer date, KKI will establish a new company and transfer the established medicines business owned by KKI to the new company. On the share transfer date, 51% of the shares in the new company will be transferred to Grünenthal.

(Note 2) Intellectual property related to the transferred business will continue to be owned by KKI.

(Note 3) KKI will have the option to transfer the remaining assets related to the established medicines business, including intellectual property, to Grünenthal in Q1, 2026, and Grünenthal will have the option to acquire the business from KKI.

(Note 4) KKI will be entitled to receive license fees and royalties on sales as compensation for the intellectual property necessary to continue its business from the date of the share transfer until December 31, 2025.

3. Overview of the counterparty

(1) Name	Grünenthal GmbH
(2) Location	Zieglerstr. 6, 52078 Aachen, Germany
(3) Job title and name of representative	CEO: Gabriel Baertschi
(4) Description of business	Research, development, manufacturing, and marketing of pharmaceuticals
(5) Share capital	€ 50,000,000
(6) Date of establishment	1946
(7) Net assets	€ 1,022,212,510 as of December 31, 2021
(8) Total assets	€ 2,604,950,839 as of December 31, 2021
(9) Others	Privately-owned company

4. Timetable

(1) Date of conclusion of the agreement	November 24, 2022 (Japan Standard Time) *
(2) Date of transfer of business	Q2, 2023 (anticipated)

*local time: November 23, 2022

5. Future outlook

Since the execution date of the share transfer is anticipated to be Q2 2023, the impact of the share transfer on the Company's consolidated business results for the fiscal year ending December 31, 2022 will be immaterial.

The impact of the share transfer on our consolidated financial results for the fiscal year ending December 31, 2023 will be reflected in the consolidated earnings forecasts for the fiscal year ending December 31, 2023.

The Kyowa Kirin Group companies strive to contribute to the health and well-being of people around the world by creating new value through the pursuit of advances in life sciences and technologies.