

**FOR IMMEDIATE RELEASE**

Company Name Kyowa Kirin Co., Ltd.  
Representative Masashi Miyamoto, President and CEO  
(Code No. 4151, First Section of TSE)  
Inquiries Satoko Yoshida, Director,  
Corporate Communications Department  
Media Contact: +81-3-5205-7205  
Investor Contact: +81-3-5205-7206

## **Matters Concerning Controlling Shareholders**

**Tokyo, Japan, March 31, 2020** - Kyowa Kirin Co., Ltd. (hereinafter, "Kyowa Kirin") hereby provides information on "matters concerning controlling shareholders" with regard to its parent company Kirin Holdings Company, Limited. (hereinafter, "Kirin Holdings"). Details are as follows:

1. Names of the parent company, controlling shareholders (excluding parent company) and other associated companies and their parent companies.

(As of December 31, 2019)

Business name	Relationship	Ownership of voting rights (%)			Stock exchanges on which shares are listed
		Direct	Indirect	Total	
Kirin Holdings Company, Limited	Parent company	53.79	--	53.79	- Tokyo Stock Exchange, Inc. (1 <sup>st</sup> section) - Nagoya Stock Exchange, Inc. (1 <sup>st</sup> section) - Securities Membership Corporation Sapporo Securities Exchange - Securities Membership Corporation Fukuoka Stock Exchange

2. Position of listed company within the corporate group centering on the parent company and other relationships between listed company and the parent company.

- 1) Position of listed company within the corporate group centering on the parent company, transactional, personnel and capital relationships, etc. with the parent company and its group companies

Kyowa Kirin carries out research, development, manufacturing, marketing and import/export of ethical pharmaceuticals as a core company within the Pharmaceuticals Business division of Kirin Holdings.

Regarding personnel relationships, as of March 31, 2020, one Director of the Board, Senior Executive Officer of Kirin Holdings is appointed as a non-executive Director of Kyowa Kirin's Board with the aim of strengthening Kyowa Kirin's management structure and other initiatives, and one full-time Audit & Supervisory Board Member at Kirin Holdings also serves as a part-time Audit & Supervisory Board Member of Kyowa Kirin.

- 2) Constraints, risks and benefits from a business standpoint due to membership in the corporate group centering on the parent company, as well as impacts on management or business activities such as those affected by transactional, personnel and capital relationships, etc. with the parent company and its corporate group.

Kyowa Kirin believes that the brand strength and other management resources which derive from Kirin Holdings and its group companies contribute to increasing the corporate value of Kyowa Kirin and its group. Through membership in the Kirin Holdings corporate group, Kyowa Kirin is able to make effective use of these management resources.

As a core company operating an ethical pharmaceuticals business in the Kirin Holdings corporate group, Kyowa Kirin maintains management independence and considers itself to be unconstrained from a business standpoint and its management or business activities to be unaffected by transactional, personnel and capital relationships, etc. with the parent company and its corporate group.

- 3) Measures to ensure a certain degree of independence from the parent company

Kyowa Kirin is a consolidated subsidiary of Kirin Holdings, a pure holding company. In the Integration Agreement dated October 22, 2007, it is agreed that both companies recognize that, Kyowa Kirin will operate as an autonomous company with independence and flexibility, ensure management independence as a listed company, strive to maximize value for all shareholders and achieve consistent growth of its corporate value, while respecting Kirin Holdings' core group management policies, and Kirin Holdings will exert full and reasonable efforts to maintain Kyowa Kirin as a listed company.

To ensure the effectiveness of objective management supervision and from the perspective of protecting minority shareholders, three of the seven appointed Directors of the Board and two of the five appointed Audit & Supervisory Board Members as of March 31, 2020, who do not have a conflict of interest with general shareholders, are independent outside officers.

Kyowa Kirin establishes the Nomination & Remuneration Consultative Committee, of which outside Directors of the Board and outside Audit & Supervisory Board Members form a majority, and also conducts the evaluation on the effectiveness of the Board of Directors utilizing external advisors.

Kyowa Kirin's transactional relationships with Kirin Holdings and its group companies do include the lending of funds. Kyowa Kirin operates the lending in accordance with its own management policies, and loan interest rates are determined through rational decisions, taking into consideration market interest rates according to lending periods.

### 3. Transactions with controlling shareholders and other items

Fiscal year ended December 31, 2019

(million yen)

Category	Name	Transactions	Transaction amount	Account	Outstanding balance at fiscal year-end
Parent company	Kirin Holdings Company, Limited	Lending of funds *1	245,541	Loans receivable from parent	285,762
		Transfer of subsidiary shares *2 Transfer price Gain on transfer	110,700 43,839	Receivables *3	1,857

(Note 1) Transaction amount is the average balance through the period. Also, in accordance with Kyowa Kirin's own management policies, loan interest rates are determined through rational decisions, taking into consideration market interest rates according to lending periods.

(Note 2) Regarding the transfer of subsidiary's shares, Kyowa Kirin transferred 95% of the shares of Kyowa Hakko Bio Co., Ltd., in which it had 100% of the voting rights, to Kirin Holdings. Because this share transfer is a transaction with the parent company of Kyowa Kirin, to prevent harm to the interests of minority shareholders, Kyowa Kirin has put in place the following measures in order to establish a decision-making process characterized by fairness, transparency and objectivity.

- 1) Kyowa Kirin established an independent Third-Party Committee composed of one outside Director of the Board of Kyowa Kirin and two external experts, and this committee has submitted a report to the Board of Directors of Kyowa Kirin indicating that this transfer is not particularly disadvantageous to the minority shareholders of Kyowa Kirin.
- 2) Kyowa Kirin has obtained a share value calculation report and fairness opinion (a report indicating that the agreed transfer price is reasonable for minority shareholders of Kyowa Kirin from a financial perspective) from an independent third-party appraiser, and determined the transfer price based on that evaluation.
- 3) Kyowa Kirin has received legal advice from an independent law firm in relation to the method, process and other points to note for decision-making by the Board of Directors of Kyowa Kirin regarding the transfer, as well as obtained a legal opinion.
- 4) Officers of Kyowa Kirin that have a conflict of interest did not participate in any of the deliberations or decisions by the Board of Directors of Kyowa Kirin for resolutions related to this transfer, and they did not represent Kyowa Kirin in discussions or negotiations with Kirin Holdings.

All of the Directors of the Board of Kyowa Kirin that do not have a conflict of interest approved the decision to conclude the agreement, and all of the Audit & Supervisory Board Members that do not have a conflict of interest had no objections.

(Note 3) Kyowa Kirin plans to settle the outstanding balance at fiscal year-end in cash as a security interest has not been created against the amount.

### 4. Implementation of measures to protect minority shareholders in transactions, etc. with controlling shareholders

Transactions with controlling shareholders, whether those be of goods and services provided by Kyowa Kirin or to Kyowa Kirin, are based on objective market information and other data, and as with ordinary transactions, rational terms are agreed and the transaction is conducted appropriately so that the minority shareholders are not disadvantaged.

End