Kyowa Kirin Co., Ltd.

Sustainability Meeting

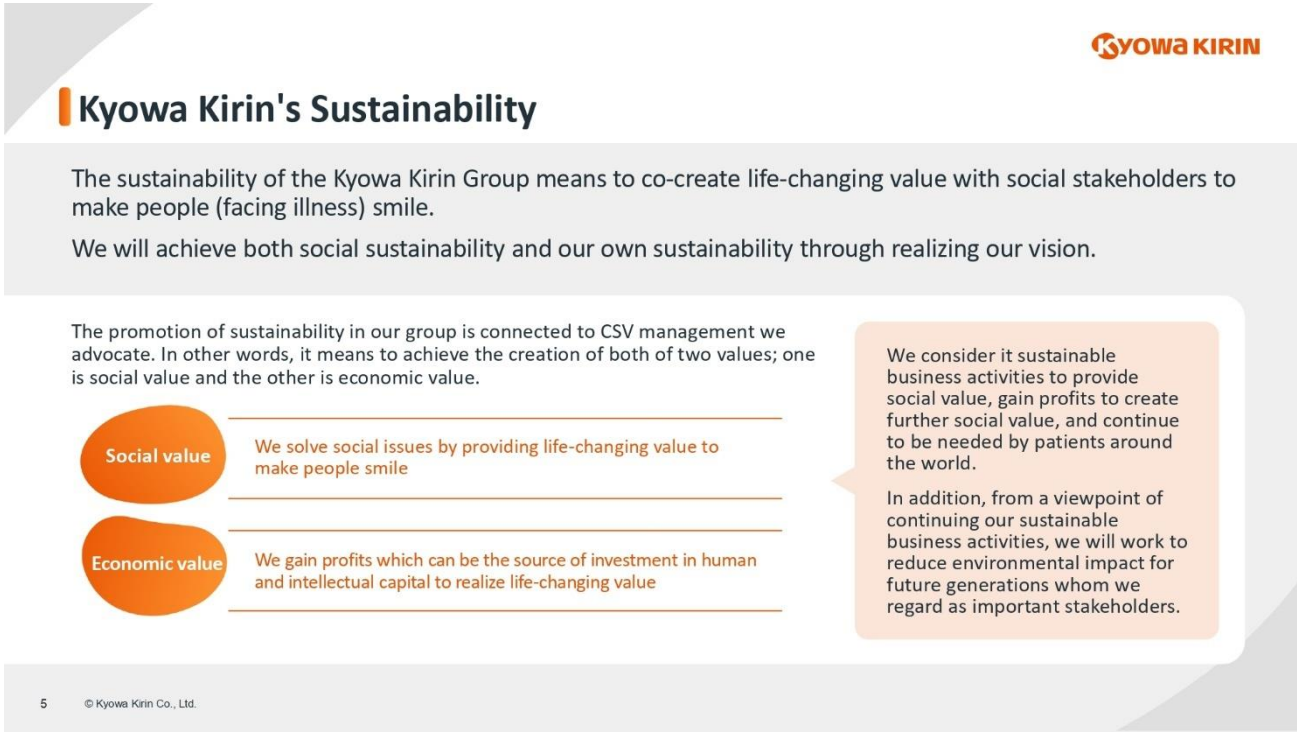
November 26, 2024

Event Summary

[Event Name]	Sustainability Meeting	
[Date]	November 26, 2024	
[Number of Speakers]	5	
	Masashi Miyamoto	Representative Director, President and Chief Executive Officer
	Takeyoshi Yamashita	Director, Senior Managing Executive Officer and Chief Medical Officer
	Yasuo Fujii	Managing Executive Officer and Chief Strategy Officer
	Shoko Itagaki	Chief People Officer (CPO) & Global Human Resources Head
	Rumiko Nakata	Independent External Director of the Board

Presentation

Moderator: Thank you for joining us today for the Sustainability Meeting 2024 of Kyowa Kirin Co., Ltd.



Miyamoto: Good morning, everyone. I am Miyamoto. Thank you very much for taking the time out of your busy schedule today to attend Kyowa Kirin's sustainability meeting. First, let me explain about Kyowa Kirin's sustainability.

At Kyowa Kirin, sustainability means to co-create life-changing value with social stakeholders to make people who are facing illness smile. In other words, this links to our concept of CSV, Creating Shared Value management.

Kyowa Kirin's social value is to solve social issues by providing life-changing value to make people smile. Our economic value is to gain profits, which can be the source of investment in human and intellectual capital to realize life-changing value.

We consider it sustainable business activities to provide social value, gain economic value to create further social value, and continue to be needed by patients around the world.

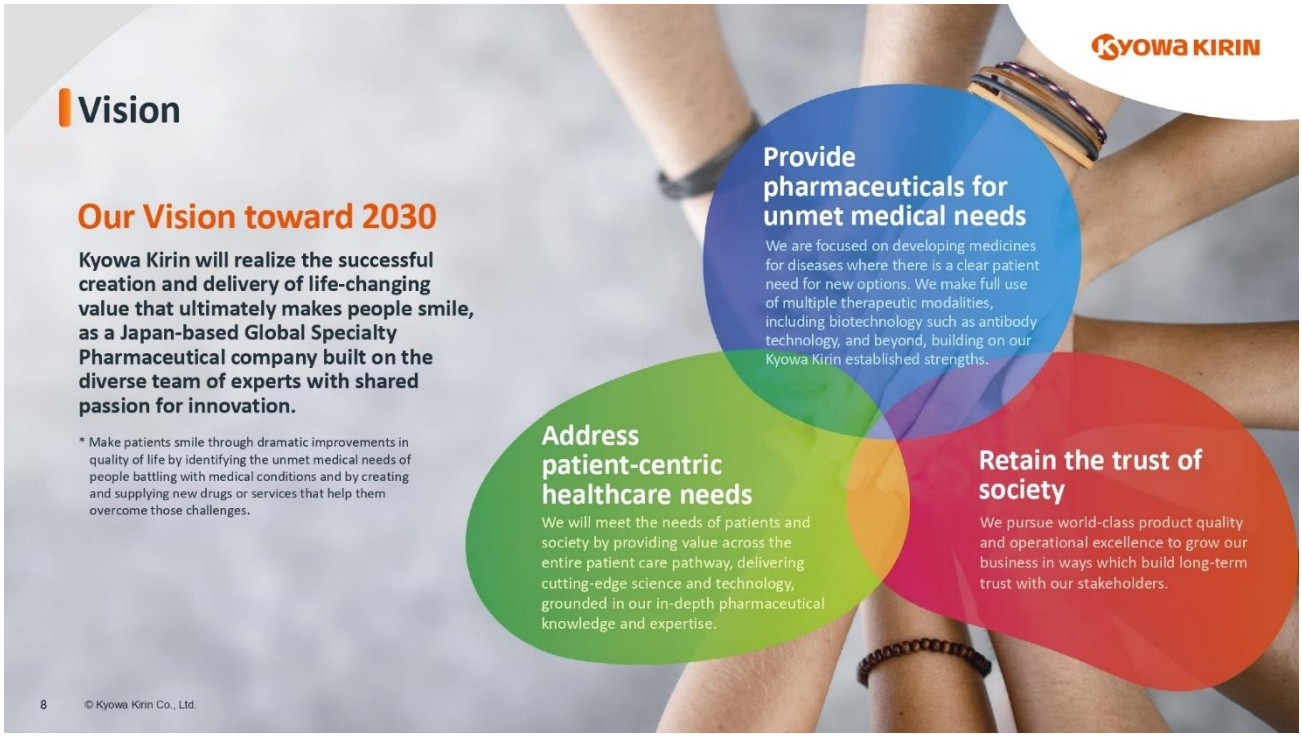
In addition, from the perspective of sustainably continuing our business activities, we have decided to regard future generations as important stakeholders and to address environmental issues as well. The content is written at the beginning of the section on Concept and Initiatives of Sustainability in the Annual Securities Report for the fiscal year ending December, 2023.

Today's meeting is about Kyowa Kirin's value creation initiatives that are in line with this concept of sustainability. As was the case with ESG briefings up to last year, we will position this meeting to report on Kyowa Kirin's initiatives from a medium- to long-term perspective.

On the other hand, since we have already communicated about ESG using integrated reports and other means, we would like to focus on our efforts to create value today.

From here, we would like to explain our vision for continuing our business activities in a sustainable manner, as well as “Story for Vision 2030” and Value Creation Story that we have formulated to ensure the realization of this vision.

Under the management philosophy of "The Kyowa Kirin Group companies strive to contribute to the health and wellbeing of people around the world by creating new value through the pursuit of advances in life sciences and technologies," we operate based on the core concepts of Commitment to Life, Innovation, Integrity, and Teamwork/Wa.

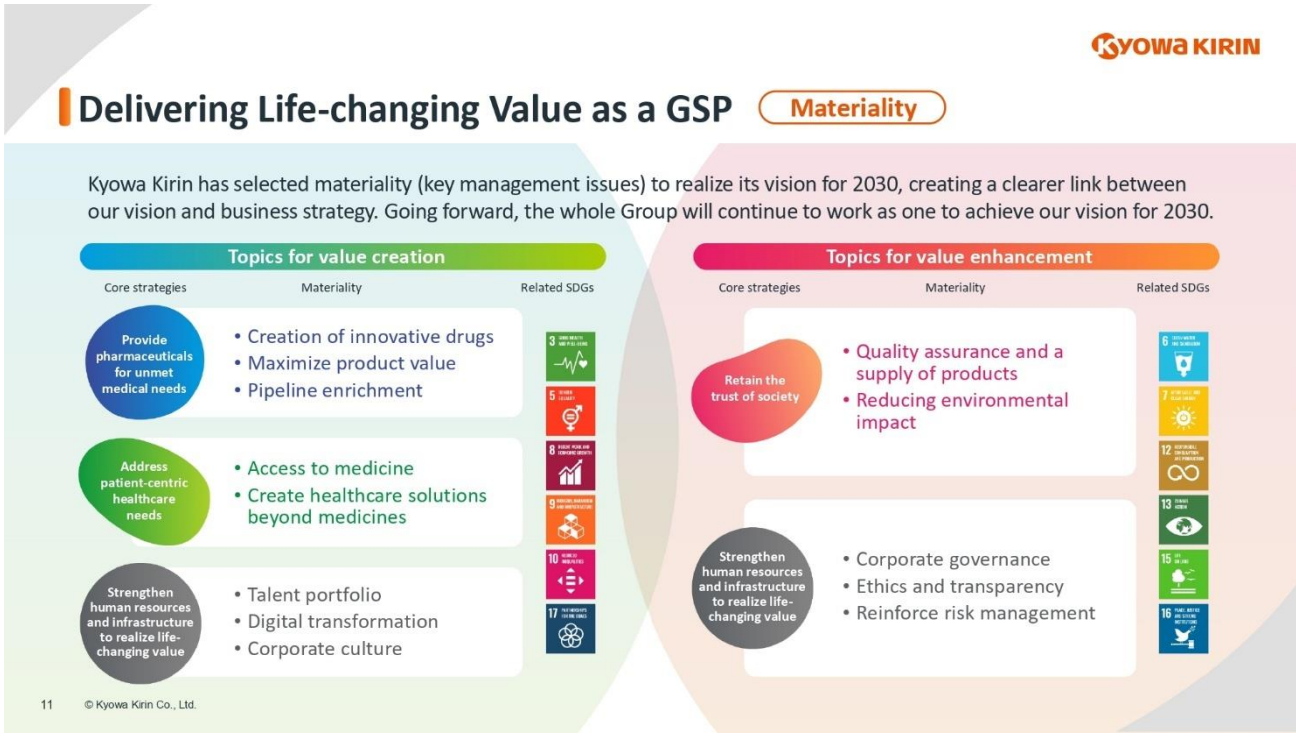


Here is our vision for 2030.

During the formulation of the new concept, we thoroughly considered and discussed what values we should create and deliver to society and finally redefined them as life-changing values. By achieving this, we aim to make smiles to all relevant stakeholders, including patients, their families, healthcare professionals, and our employees.

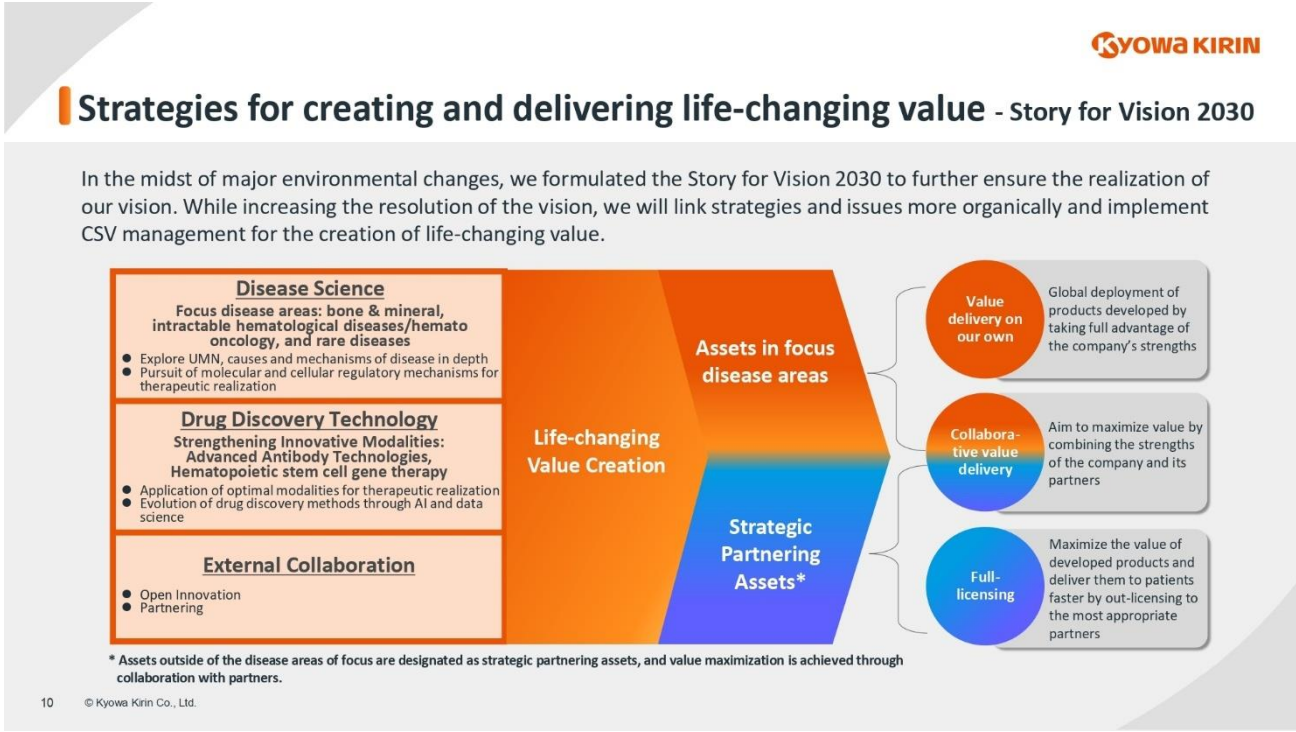
In addition, we have positioned providing of pharmaceuticals for unmet needs, addressing patient-centric healthcare needs and retaining the trust of society. This is our vision, including the items mentioned in the bubbles.

In the five-year medium-term management plan announced in 2021, in addition to the three strategic pillars I mentioned earlier, we have added a fourth strategy of strengthening human resources and infrastructure to realize this life-changing value.



Kyowa Kirin's materiality is a key management issue for the realization of the 2030 Vision. We selected topics in relation to the four strategic pillars that I have just explained.

The eight topics for value creation are shown on the left side of the slide. The five topics for value enhancement are shown on the right side. There are SDG icons related to these.



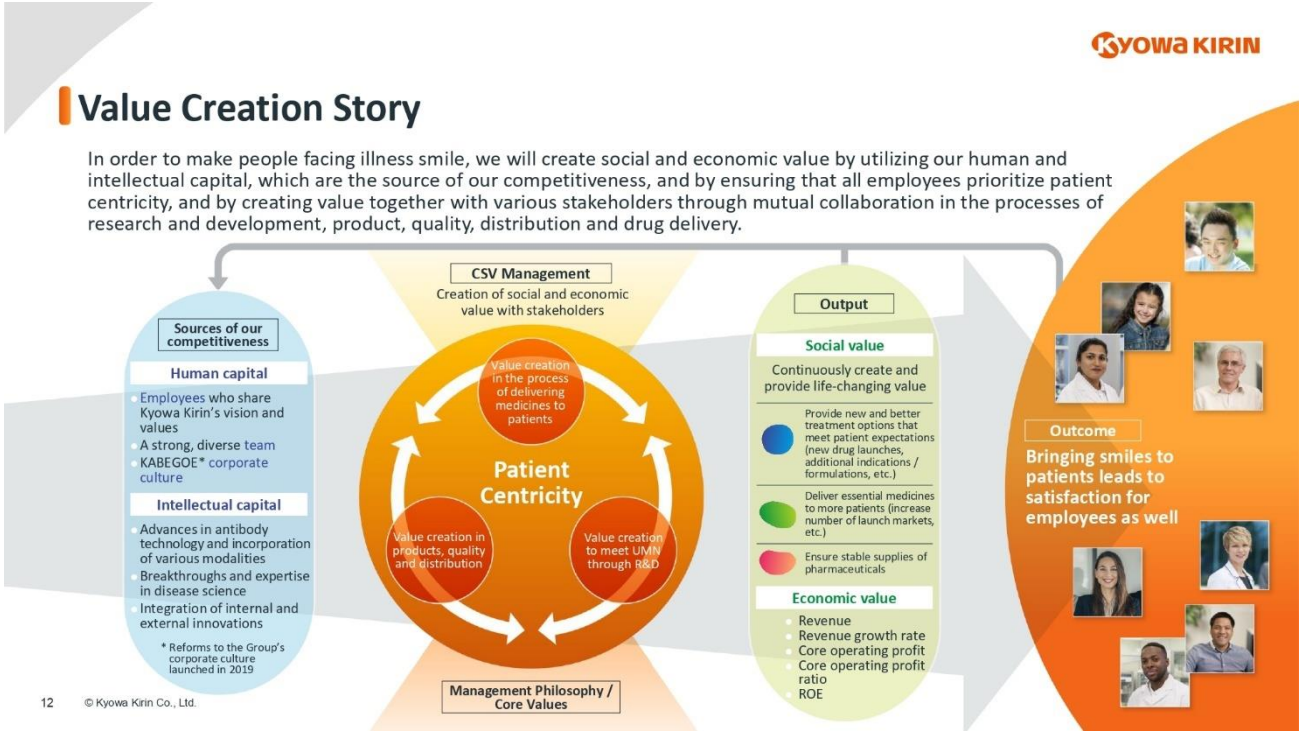
As I have explained, we have selected materiality to realize our vision for 2030 since 2021, the formulation of a new vision. Going forward, we announced the Story for Vision 2030 this February to make the realization of the vision more solid.

Here is the strategic story to realize the 2030 vision. Again, we want to make it clear that the value we deliver is life-changing value. The strategy to create life-changing value is drug discovery, as shown on the left. Setting a clear focus on the area of disease and modality shift to advanced antibody technologies and hematopoietic stem cell gene therapy will be keys to drug discovery strategy.

On the other hand, we will continue to focus on the cooperation with society that we have been engaged in. In terms of maximizing the life-changing value created by these activities, we must appropriately select a business model. In disease areas that we focus on, Kyowa Kirin will handle from development to marketing on a global basis. For strategic partnering assets, we will leverage outside capabilities to maximize their value.

In particular, I think it will be important to amplify our strengths in the disease areas we focus on while delivering the value created in those areas to patients. We expect to maximize strategic partnering assets by building the best possible business model with the right partners, including the fastest possible delivery to patients.

A specific example is rocatinlimab, an antibody to OX40. We have been developed in collaboration with the La Jolla Institute for Immunology, with whom we have a longstanding relationship. As you all know, this is a current global collaboration and co-development with our long-time partner, Amgen.



I would like to move on to the next part, the value creation story, by summarizing what I have said so far, along with the story of value creation to make people facing illness smile.

The business model shown in the center of this slide indicates that all employees are committed to creating value that leads to s make people facing illness smile, based on the concept of Patient Centricity.

This means that every employee is involved in value creation, not only through research and development to meet unmet medical needs but also in product development, quality assurance, distribution, and drug delivery to patients. Each part of the value chain must work together to create even greater value.

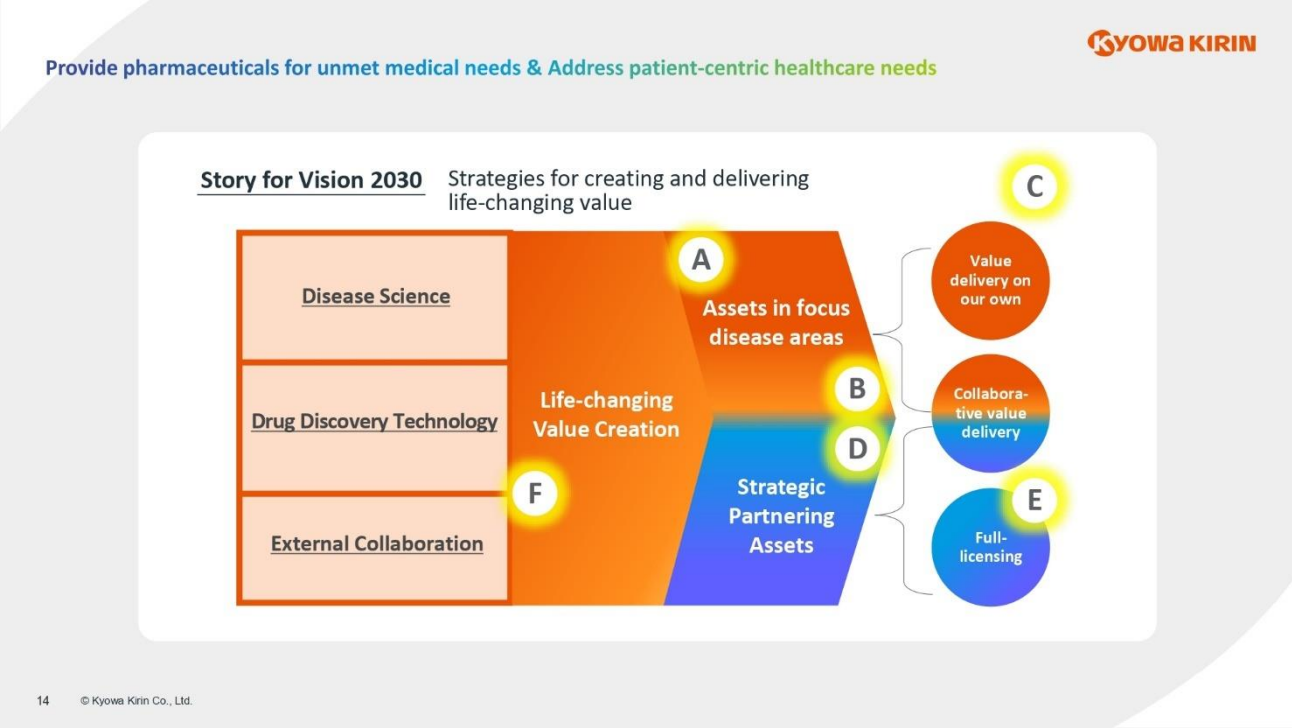
Beyond this, I will explain value creation in the process of delivering medicines to patients.

CSV management, which is placed at the top of this business model, is the core concept of our value creation and competitive strategy, as I mentioned in Kyowa Kirin's sustainability. We believe that creating life-changing value, which patients can feel as a dramatic improvement in their lives that makes them smile, leads to social value. This, in turn, enhances Kyowa Kirin's economic and corporate value.

We believe that the challenge of innovation is essential for creating life-changing value that builds both social and economic value. We also believe that our human capital and intellectual capital support the foundation of our competitiveness to support this base.

In the last part of this presentation today, I would like to touch on our company-wide human resource strategy, as well as value-creating human resources in research.

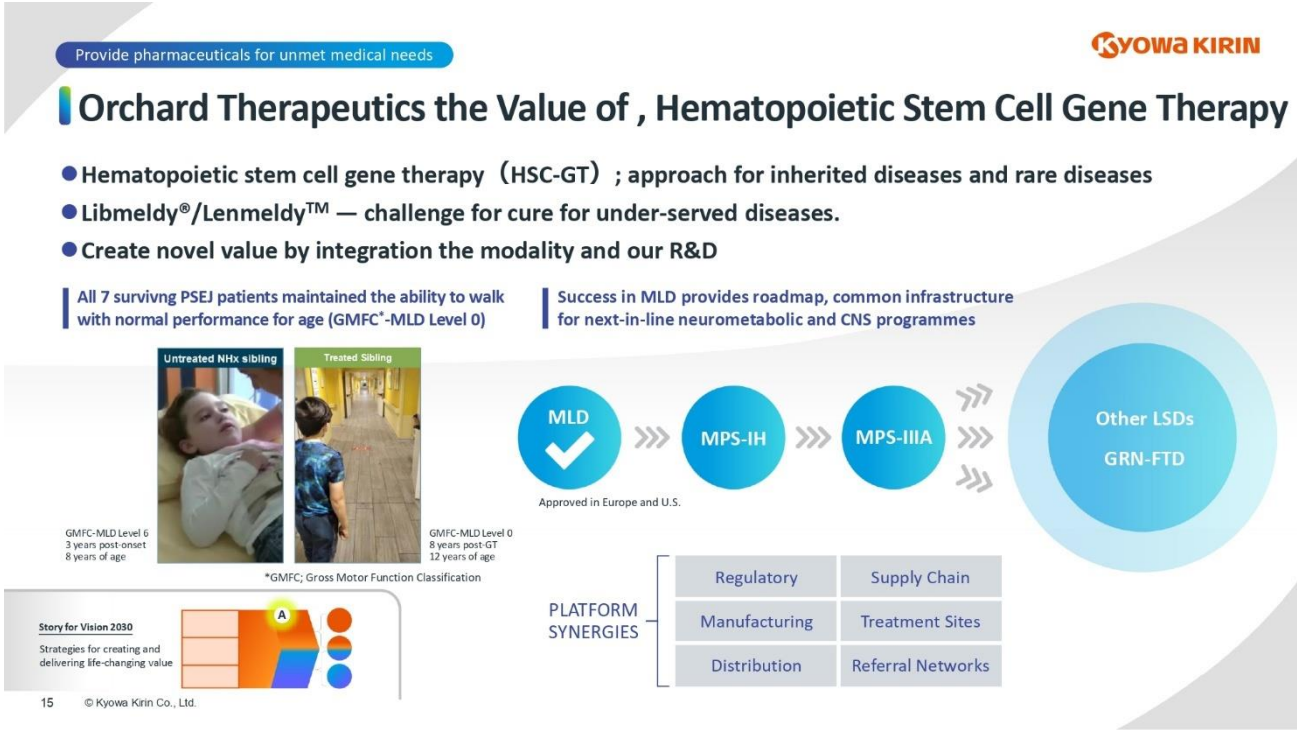
Thank you very much for your cooperation today.



Fujii: Next, I, Fujii, will explain our efforts to provide pharmaceuticals for unmet medical needs and improve access to medicines.

I will talk about our six initiatives. Here is a chart showing where each initiative belongs in Story for Vision 2030. To deliver life-changing value to patients, we believe it is important to maximize the value of promising R&D projects based on the positioning of both our focused disease areas and strategic partnering assets.

This slide shows that our initiatives and strategy are linked tightly together.

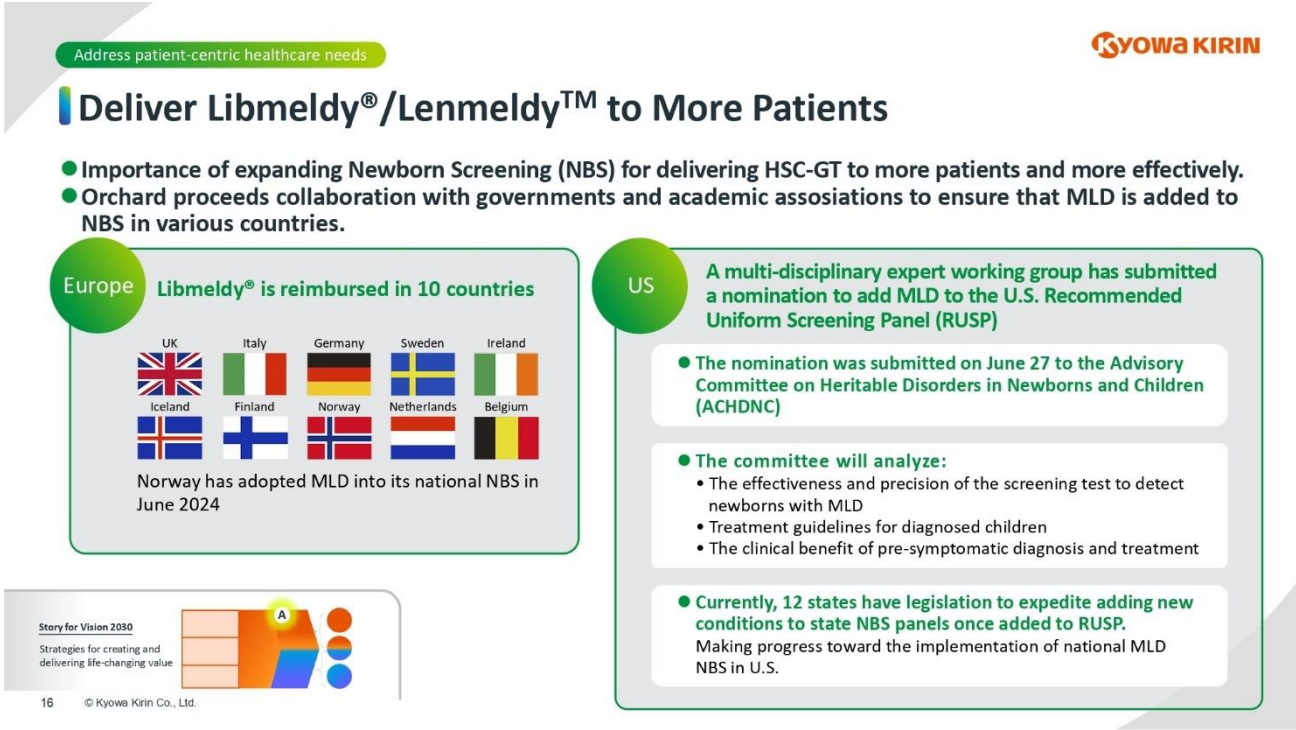


Next, I discuss social value of Hematopoietic Stem Cell Gene Therapy by Orchard Therapeutics. Libmeldy, which utilizes this technology platform, was approved in Europe in 2020. It also received FDA approval in March of this year as Lenmeldy.

MLD is a rare, life-threatening, inherited metabolic disease caused by mutations in the gene encoding the enzyme allylsulfatase A. In severe cases, a child rapidly loses the ability to walk and speak in late infancy, making it difficult to build relationships with their surroundings. In addition, many patients succumb within five years of onset, placing a heavy burden on the patients and their families.

As a result of early treatment with Libmeldy, the patient in this photo retains the ability to run down the hallway eight years after treatment. We believe this is truly a life-changing value that can be the root cure for diseases for which no cure exists.

Hematopoietic stem cell gene therapy is currently in clinical trials for Mucopolysaccharidosis Type I and Type IIIA. We will further enhance the value of this technology platform by integrating it with our R&D efforts.



Libmeldy /Lenmeldy can also be highly effective in treating patients with MLD if detected early. Therefore, an expansion of newborn screening is essential. Orchard is working with governments and relevant academic societies to add MLD for newborn screening in each country.

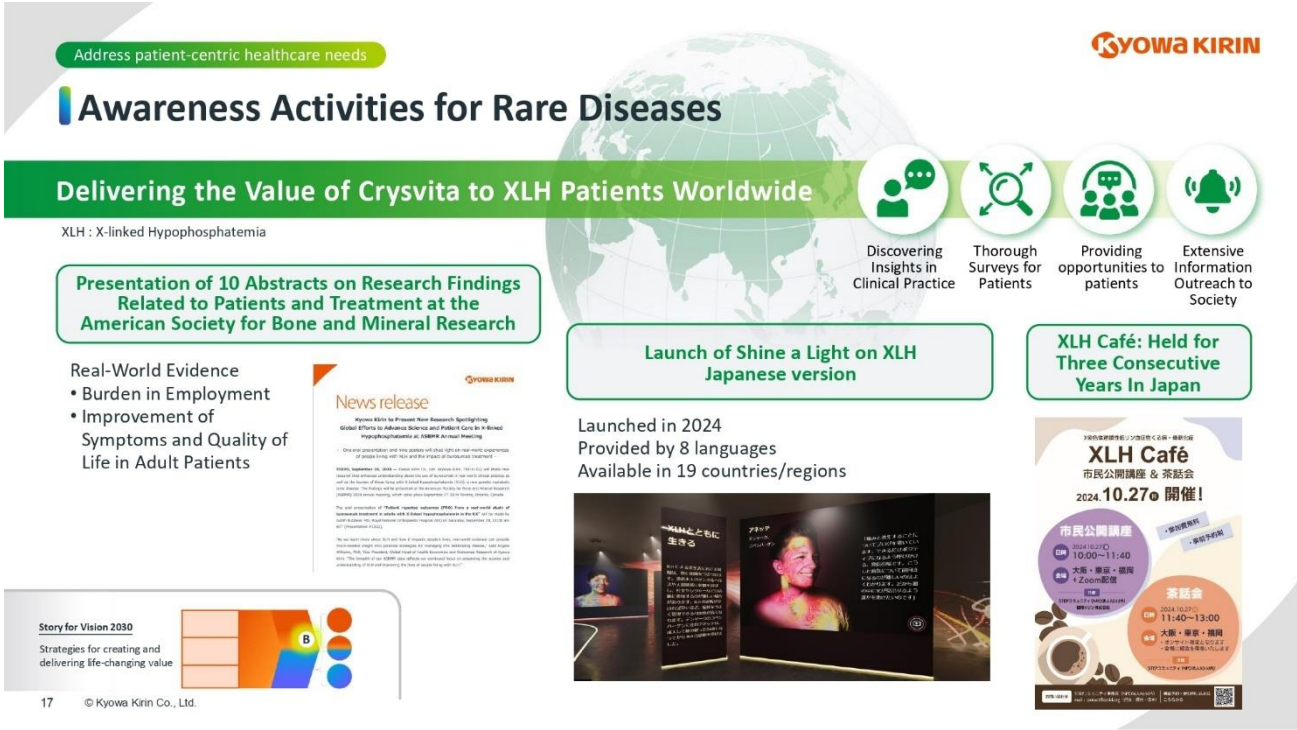
Progress has been made in Europe and the US this year. Here, I would like to touch it.

In Europe, Libmeldy has already been reimbursed in 10 countries. It is also available in France and Saudi Arabia. In addition, the MLD screening was added to the newborn screening panel in Norway in June of this year. This makes Norway the first country in the world to implement newborn screening for MLD at the national level.

Next is the US. In the US, a multi-disciplinary expert working group consisting of MLD community supporters, clinicians, public healthcare professionals and chemists has submitted a nomination to add MLD to the US Recommended Uniform Screening Panel.

This screening panel is a national guideline. Each state will use the panel's decision to determine which diseases to include in their state-specific newborn screening. We believe this is an important step in bringing Libmeldy /Lenmeldy treatment to as many patients as possible.

We will continue to contribute to rare diseases, which is our focus area, through hematopoietic stem cell gene therapy.



Crysvita is an antibody drug we discovered and is a treatment for XLH, a rare disease. Six years have passed since its launch, it has been launched in more than 50 countries worldwide and has been expanding. However, a challenge in each country and region is that patients feel isolated due to a lack of information about the disease, and healthcare workers may lack accurate knowledge since it is rare. Additionally, insights are not easily found in clinical settings.

Solving these issues is an important mission for us as a product provider. We have been developing disease awareness activities while deepening cooperation globally.

Recently, we presented the results of our global research on treatment and quality of life in adult XLH patients at a conference. In addition, a Japanese version of Shine a Light on XLH, a virtual exhibition launched by Europe, was released last year to bring the thoughts and experiences of XLH patients to deliver to as many as XLH patients.

As for domestic activities, we held XLH Café, an event for patients and their families, in October. This is the third annual event held in a hybrid format across three venues (Tokyo, Osaka, and Fukuoka) and online, providing participants the opportunity to interact with healthcare professionals.

Through these activities, we hope to increase awareness of XLH and the number of patients who reach treatment early.

As part of our disease awareness activities, we collaborate with ten patient support organizations worldwide to propose 12 items to enhance awareness of a rare cancer, CTCL, which is an indication of Poteligeo. It is available on our website in eight languages.

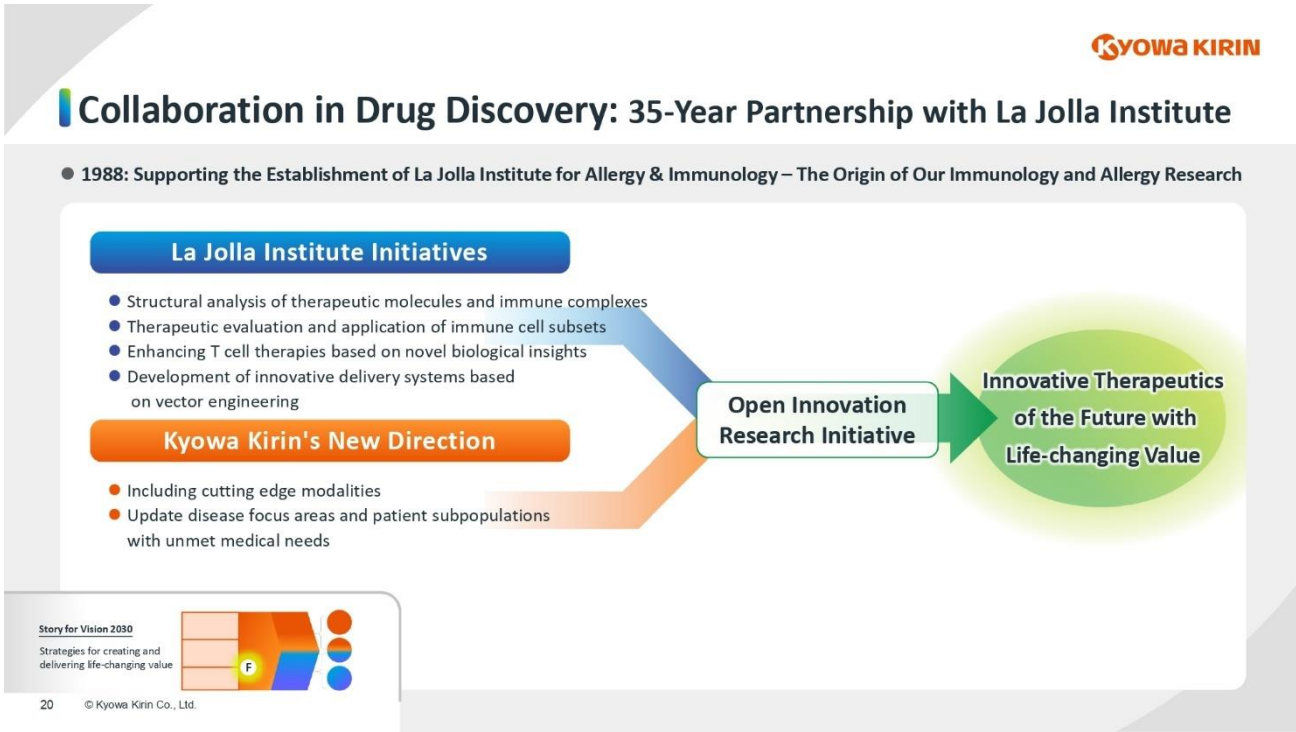
To realize the strategy of "Story for Vision 2030," we must deepen each employee's understanding of rare diseases, which is our focus area. In February, the rare disease month, we actively conducted disease awareness activities within the company and disseminated messages from management and videos from employees externally.

I would like to discuss creating and delivering value by strategic partnering.

Let me begin with our collaborative relationship with Amgen. The collaboration with Amgen, which celebrates its 40th anniversary this year, was selected for the Alliance Excellence Awards in the US.

Launched six products to date, it has contributed to our growth. Currently, rocatinlimab is in global clinical trials for atopic dermatitis. Fasenra is an antibody drug fully licensed to AstraZeneca and is now a blockbuster for them.

Strategic partnering assets will create and provide life-changing value by out-licensing our discovered products to partners who can develop and market them based on their strengths in collaboration with appropriate partners.



Finally, we would like to introduce you to our collaborations in the early stages of our research.

Our predecessor, Kirin Pharma, helped establish the La Jolla Institute for Allergy & Immunology in the US in 1988, which is the origin of our immunoallergy research. The collaboration has been ongoing for 35 years, thanks in part to the close proximity of this research center in San Diego to our US research base.

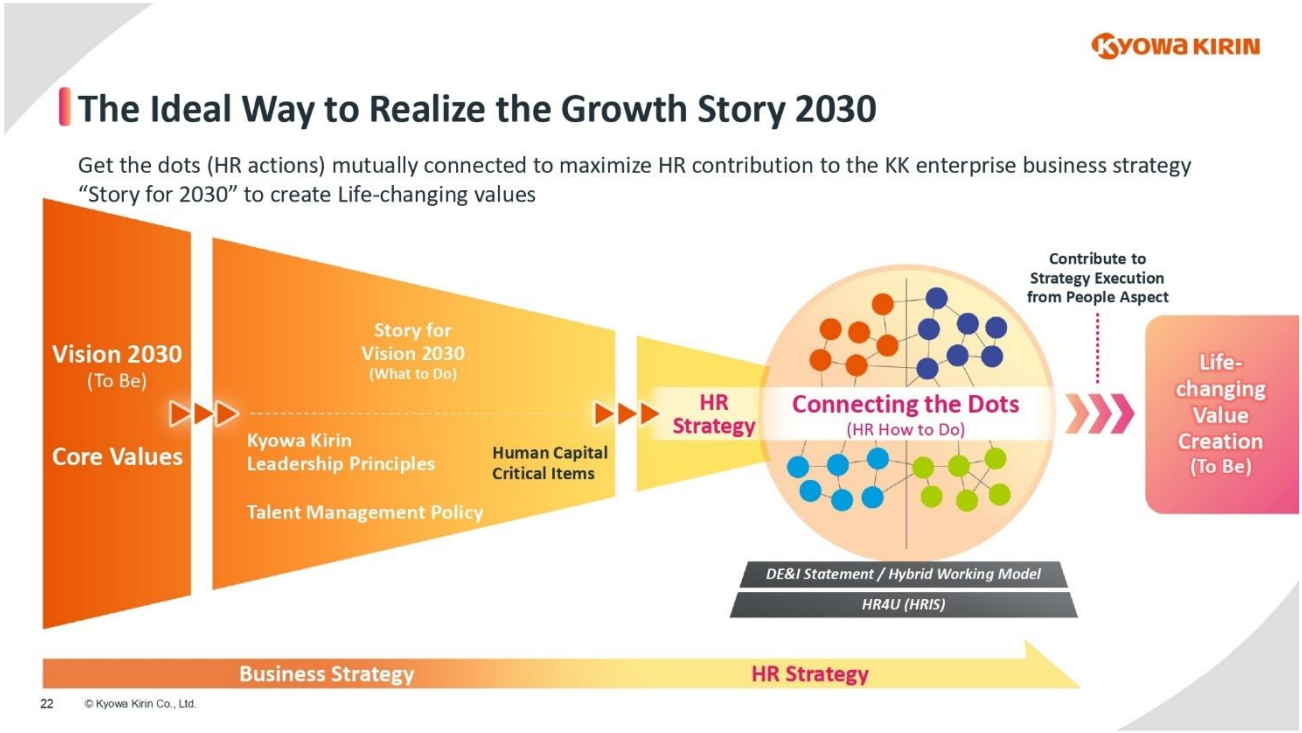
The results of that partnering, including the previously mentioned rocatinlimab and the anti-light antibody fully licensed to Avalo, continue to positively impact our discovery research.

As science continues to advance, La Jolla Research Institute and our US research sites will continue to partner to create new value while evolving their respective areas of research focus.

We will continue to create life-changing value while building irreplaceable research with external research institutions.

The story for Vision 2030 is based on the expertise and know-how we have built up through our global business. Based on this strategic story, we will continue to pursue various initiatives.

Moderator: Thank you very much. From here, the external director, Ms. Nakata and executive officer CPO, Ms. Itagaki will introduce the HR strategy to realize the initial vision. After that, Mr. Yamashita, Director, Senior Managing Executive Officer and CMO, will introduce human resource development measures at research sites. Now, Ms. Nakata and Ms. Itagaki, please.



First, for us at Kyowa Kirin, human resources are the source of innovation. Could you tell us the foundation concept based on what kind of human resources is necessary to realize Story for Vision 2030? First, Ms. Itagaki, please.

Itagaki: First, I think there is no doubt that human resources are truly the source of innovation for our company. In line with our human resource management policy, we have been fostering employees who are independent and willing to take on challenges.

The management team thoroughly discussed what actions we should ask our employees to take to implement the "Story for Vision 2030," or strategy, that I mentioned earlier. As a result, we identified 11 principles of behavior, which include thinking with the patient at the center and taking ownership to see things through, among a total of 11 principles.

By incorporating this principle into every HR process, we hope to develop people and leaders who can actually embody this behavior.

We believe that applying these principles in each employee's daily work and life will foster the culture and corporate environment we aspire to create.

Moderator: Thank you very much. Ms. Nakata, what do you think?

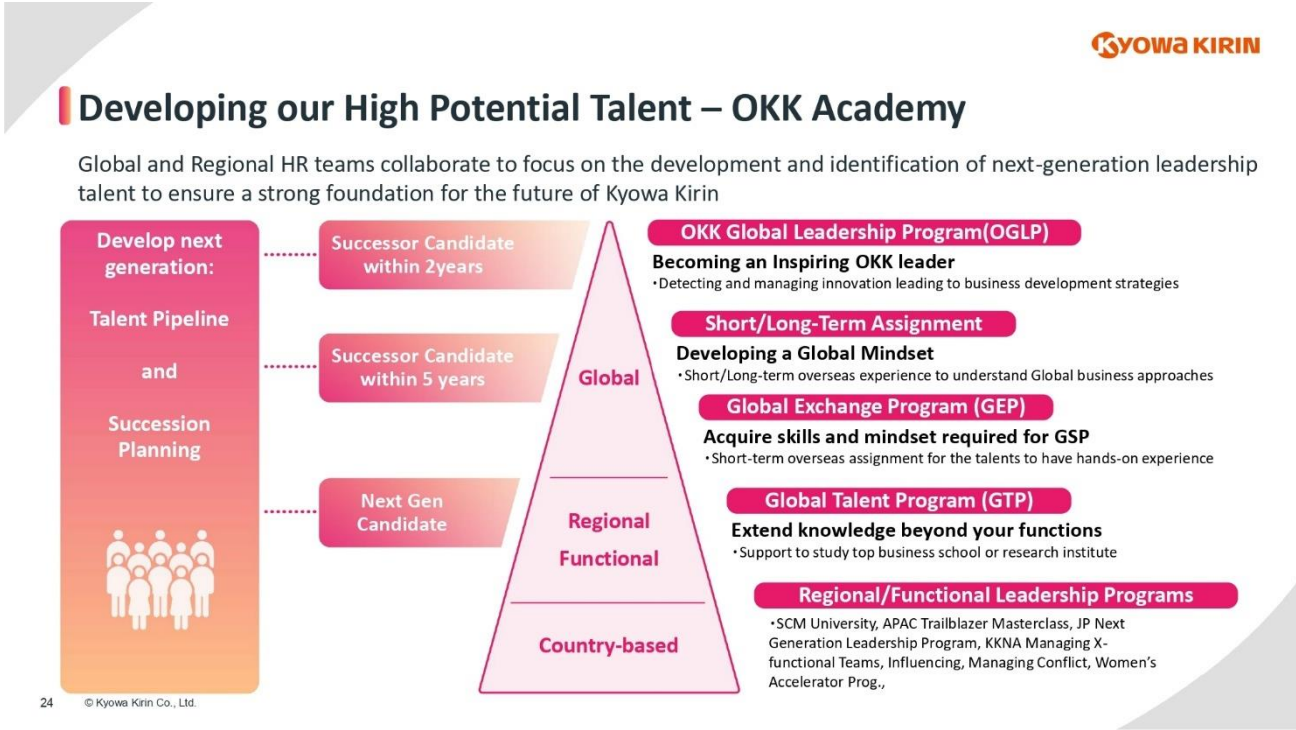
Nakata: We are in an era of very rapid change. I believe it is extremely important for employees to be self-reliant and to challenge transformation. I, along with both internal and external directors, have seen these principles recently, and I was impressed by how clear they are at the action level, especially since they were developed through thorough discussions among the management team. It is crucial for each member of

management to communicate these principles in their own words to their subordinates to ensure they are understood and internalized.

Moderator: Thank you very much. In this context, let me ask you about global talent management. Our global structure has evolved over the years, but what kind of changes are required in talent management from a global perspective? Itagaki-san, please.

Itagaki: Recently, opportunities for communication and collaboration across regions and functions have been increasing. I believe that the necessity and need to promote talent management on a global scale is becoming more and more important every day.

We are currently promoting various global programs and measures to nurture global leaders who can lead a global and diverse team, and who have a broad perspective and high vision.



For example, OKK Global Leadership Program or OGLT, is a selective training program for global senior leaders. The Global Exchange Program is a three-month short-term assignment that offers the opportunity to work in a different region from your usual location. Employees who express interest are eligible to participate.

We hope to develop leaders who can lead the global team I mentioned earlier, by promoting these global challenge programs.

Moderator: Thank you very much. Ms. Nakata, what do you think?

Nakata: Regarding the talent pipeline, some of us independent outside directors participated in discussions about global talent. I was impressed to see the management team, along with members from overseas, engaging in vigorous and robust discussions, realizing that they are responsible for their own talent and the company's talent. It was truly remarkable.

Especially young people, regardless of age, nationality, gender, and so on, I would like see excellent people to get opportunities.

What I was a bit concerned about the language skills, the English skills of Japanese people.

Itagaki: As I mentioned earlier, opportunities for global communication and collaboration are increasing at an accelerating pace these days. As you say, improving English communication skills is an urgent challenge that cannot wait any longer.

Our employees are very sensitive to this change in globalization, and number of English learners within the Company is increasing. The Company wants to encourage and support their leaning. However, looking ahead, we need to take a step forward and see English skills as an essential part of our operations. It should be included in our growth plans, and we should keep track of its progress through KPIs.

For example, I would like to consider requiring a certain level of English proficiency for leaders above a certain level in our company.

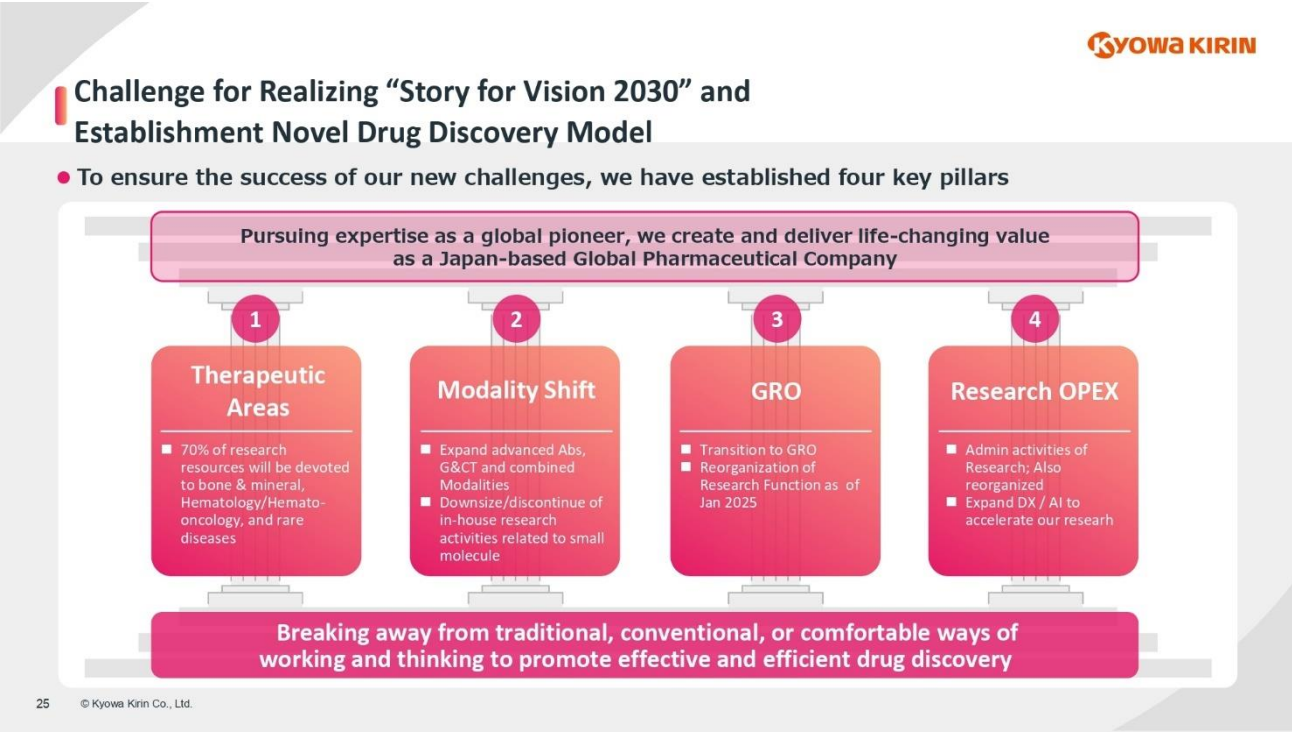
Nakata: I mentioned English language skills earlier, but it is very important to have not only language skills, but also a way of thinking and acting. I think it is important not to wait but to take initiative and act more and more on your own, or autonomously as mentioned earlier. Kyowa Kirin has been engaged in KABEGOE efforts for a while, and I would like to see ongoing commitment to cultivating this corporate culture.

Itagaki: Thank you very much. You have just mentioned KABEGOE (overcoming barriers). We are now promoting corporate culture transformation centered on the keyword KABEGOE. This KABEGOE is a behavior or mindset to step out of their comfort zone, take on challenges, and overcome all barriers and obstacles to realize our vision. This is how I explain to our employees.

We are conducting various activities around these keywords. One of them is “Meet UP”, which is a project to have an open dialogue between frontline employees and management, overcoming regional barriers and layer barriers. This has been an ongoing for four to five years now.

Then, there are the principals I mentioned earlier. I am thinking of calling these the KABEGOE Principles, with the key word “KABEGOE”. As I mentioned earlier, we would like to thoroughly incorporate this into the daily lives and operations of our employees to realize the KABEGOE culture we are striving for.

Perhaps the next challenge would be to elevate this unique culture to a source of our competitiveness. I think it is a big challenge. As a leader in promoting corporate culture reform, I would like to act as a bridge between management and employees to promote such activities.



Moderator: Thank you very much. Now, I would like to ask Mr. Yamashita about human resource development in R&D.

Topic about global talent management was just discussed, but how do you plan to develop human resources who can work globally to implement the Story for Vision 2030 in the research division? Could you please tell us about this point?

Yamashita: Our research activities play a role in creating life-changing value to ensure our continued growth as a global specialty pharmaceutical company as stated in our vision. In Story for Vision 2030, which we have

been explaining, we have set forth a policy to further strengthen the process of creating life-changing value from our drug discovery research.

The main points are shown here as the four pillars. The first is the clarification of therapeutic area, with a focus on bone and mineral, hematology, and rare diseases.

The second is a modality shift that can meet increasingly sophisticated future needs. We will strengthen advanced antibody drugs and gene-cell therapy.

Third is the promotion of global research activities. We plan to organically connect our existing research base in San Diego, the UK base we acquired through the Orchard acquisition, and our main research base in Japan to work more seamlessly and strengthen our competitiveness.

The fourth is improving the efficiency of our research activities. We will focus on creating a supportive environment that promotes research and making better use of DX and AI.

Diverse personnel with different specialties and functions will be very important to work together to advance these initiatives. You can imagine, for example, that in the first pillar, it is important to have personnel who are well versed in the science of diseases and life phenomena. In the second pillar, it is important to have personnel who are skilled in antibody and cellular gene technology and its applications.

For these specialized personnel, we have been focusing on acquiring and training them. And the area that we will place particular emphasis on from now is related to the globalization of drug discovery, which is shown in the third pillar.

Regarding the GRO as shown here, we have research facilities in three regions.

Japan will be the main laboratory for antibody technology and drug discovery in general, while the Orchard's laboratory in the UK will be the main facility for gene-cell therapy. The US will take advantage of its geographical location to promote advanced drug discovery research as well as other challenges involving open innovation activities.

Drug discovery needs a team of people with diverse specialties and skills, all working together and bringing out the best as a team. The GRO can strengthen the creation of a strong drug discovery driving by assembling a team of diverse talents from various regions.

It will be essential to have leaders who can organize such teams and promote projects. And such human resources are not limited to Japanese. It is important that all team members share and unite around our Philosophy, Vision, Core Values, and KABEGOE Principles, which I mentioned earlier. Not only leaders but also team members should communicate well with each other. This is also true in terms of efficiency in research activities.

Here are a few concrete images.

As teams are formed across different regions, the members are becoming more multinational. It is important to use communication tools to ensure good collaboration. Opportunities will arise to work at overseas research institutes.

With the GRO, reporting lines go beyond the region. Even in indirect departments such as strategy formulation, planning, and research support, work will shift to a global focus.

In human resource development, we have primarily focused on building expertise, such as supporting doctoral degrees and academic study abroad. Moving forward, we will expand our focus to include developing individuals who can lead a global team and actively contribute to the global activities outlined here.

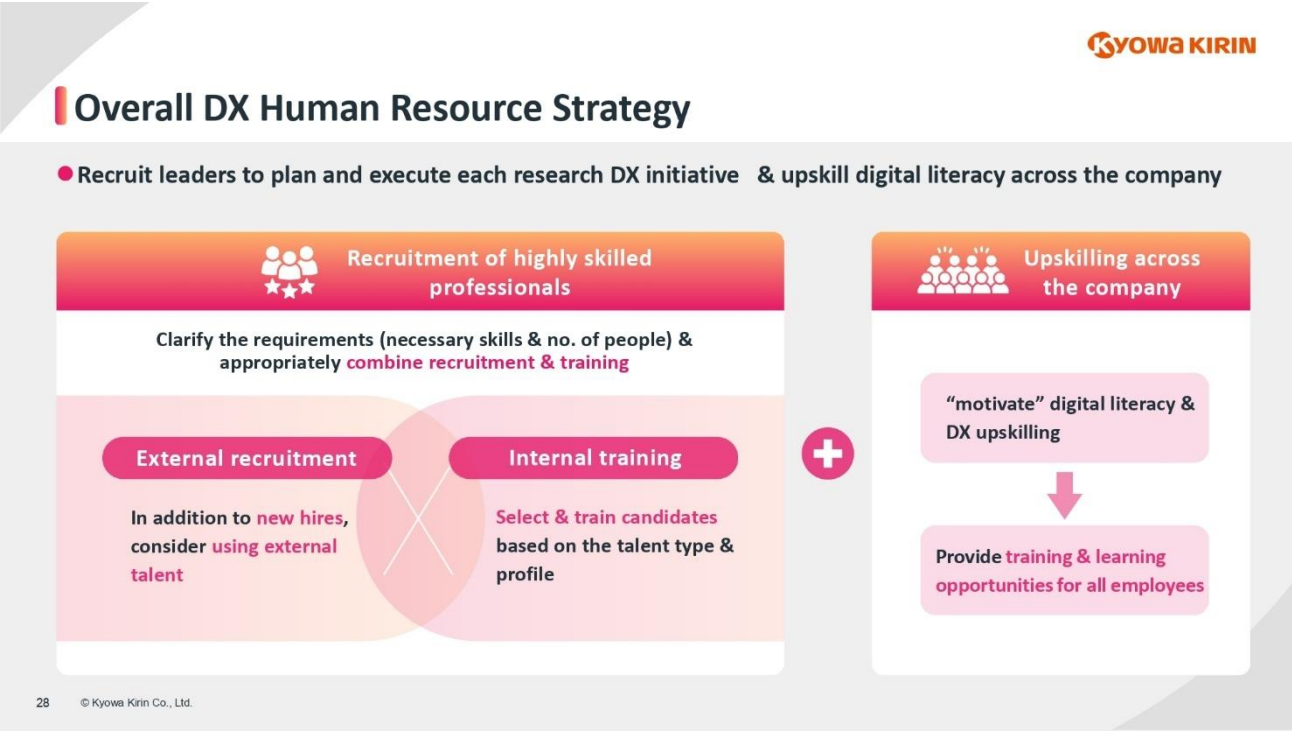
Moderator: Thank you very much. To work with a sense of speed under the GRO, could you tell us about the various Operational Excellence, or OPEX, measures you are taking in your research activities?

Yamashita: In terms of streamlining and strengthening research activities, please look at the lower right-hand corner of the slide. We believe that the key is how we can concentrate on our core businesses, which only we can do, and how we can dig deep in there. In terms of operational efficiency, we will promote the streamlining of work through digital/AI on the bottom left and outsourcing of operations on the top middle.

On the other hand, to strengthen research and create life-changing value, we aim to collaborate with external research institutions on upper right while integrating digital and AI technologies on lower left, into the drug discovery process. This will allow us to accelerate hypothesis testing and advance our unique approach to drug discovery more effectively.

The use of digital and AI is becoming increasingly important for both improving operational efficiency and enhancing drug discovery. As measures, we are promoting what is called DX, which involves shifting analog operations to digital and the introduction of various systems and tools.

For example, regarding the antibody research that we have been conducting in-house for many years, we have accumulated a wealth of original data. We are now advancing the analysis of this data using AI and automating the research process. We are also focusing on human resource development, which is key to furthering these efforts.



As shown here, we are implementing two initiatives in parallel to develop these human resources: securing highly skilled professionals and upskilling across the Company.

For highly skilled professionals, we have defined clear requirements. Our approach includes not only recruiting talent externally but also identifying and training internal personnel, sending them to academic institutions, and collaborating with AI service companies.

As for upskilling across the Company, we are working to improve the literacy of all employees using training programs established by the Kirin Group and our ICTS department. In addition, we have a program that allows for gradual upgrading, so that those who are highly trained can aim to become digital project planners in line with business objectives.

Moderator: Thank you very much. Finally, I wonder if Ms. Nakata could give us comments on the efforts of our research field, as he has introduced.

Nakata: Kyowa Kirin has excellent overseas talented personnel, technology, and resources, including Orchard. So, I think it is very important to work together on a global basis in this way.

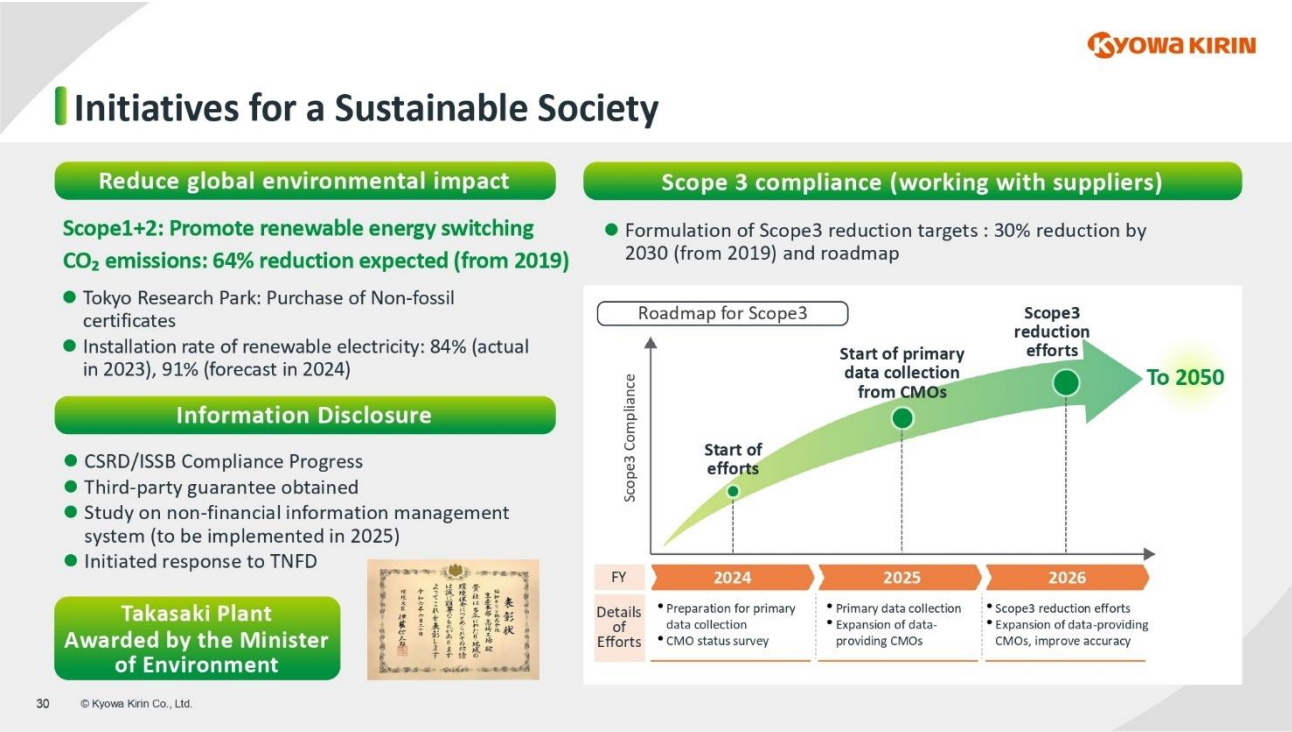
Also, while it is important to hire talented personnel from outside the company, there are many talented people in Japan. So, it is important to promote human resource development as mentioned earlier, and it can be very stressful for employees to change their ways that they have been doing things. There are some challenges to start something new. What they may consider normal is not normal at all among global members. That is why innovation is born, and I would like to see your conpany provide support for this.

What I also find amazing about Kyowa Kirin is that all these various initiatives are unified and organically combined, and going toward the Vision, and Story for Vision 2030.

To be honest, up until about last summer, independent external directors were a bit frustrating. I understand the vision and materiality, but what exactly are you going to do about it? The discussions mostly focused on short-term visions, but we all wanted to shift the focus to medium- and long-term visions. Last year, this story came up, and now I see. We had discussions including external directors, and afterwards, concrete proposals for each strategy came out. I think that R&D transformation is one of those things, but I find it amazing that everything has become a part of it..

I think by implementing this will lead to an expansion of life-changing value. As an external director, I will monitor, check, and give advice to ensure that this is done properly.

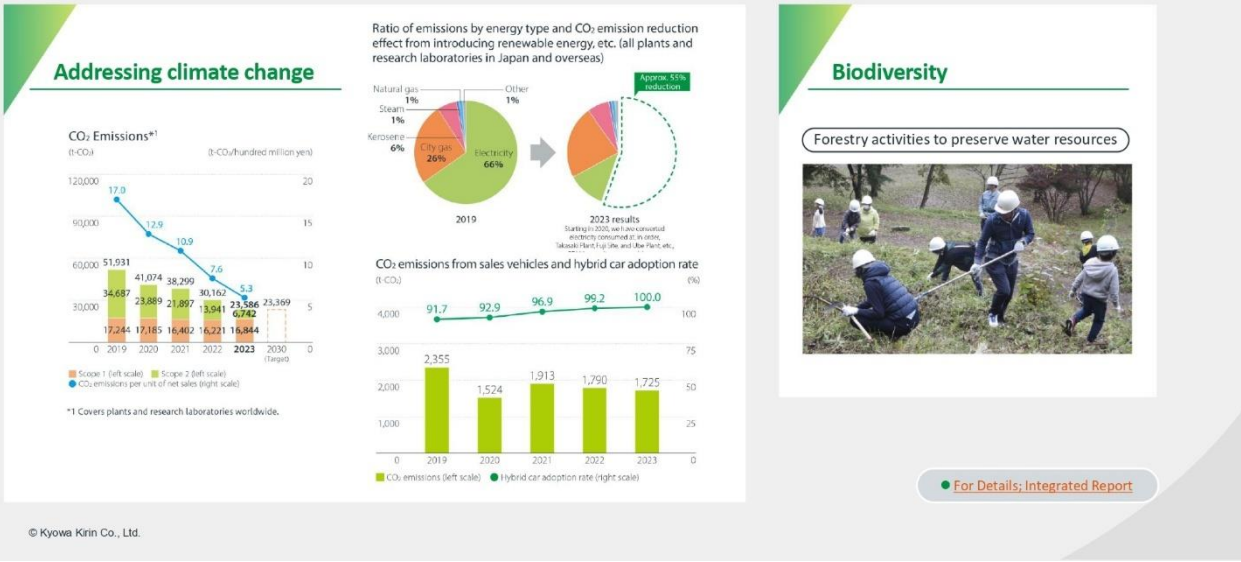
Moderator: Thank you for your valuable comments. Before we move on to the question & answer session, I would like to use a few slides to explain about our company's environment and governance.



Today, we discussed creating life-changing value that enhances Kyowa Kirin's economic and corporate value, aiming to realize both of the sustainability of society and the sustainability of Kyowa Kirin. I would now like to highlight some key points from an ESG perspective.

As for environmental topics, this slide summarizes recent topics such as progress in switching to renewable energy, Scope III compliance, information disclosure and awards presented to our business site.

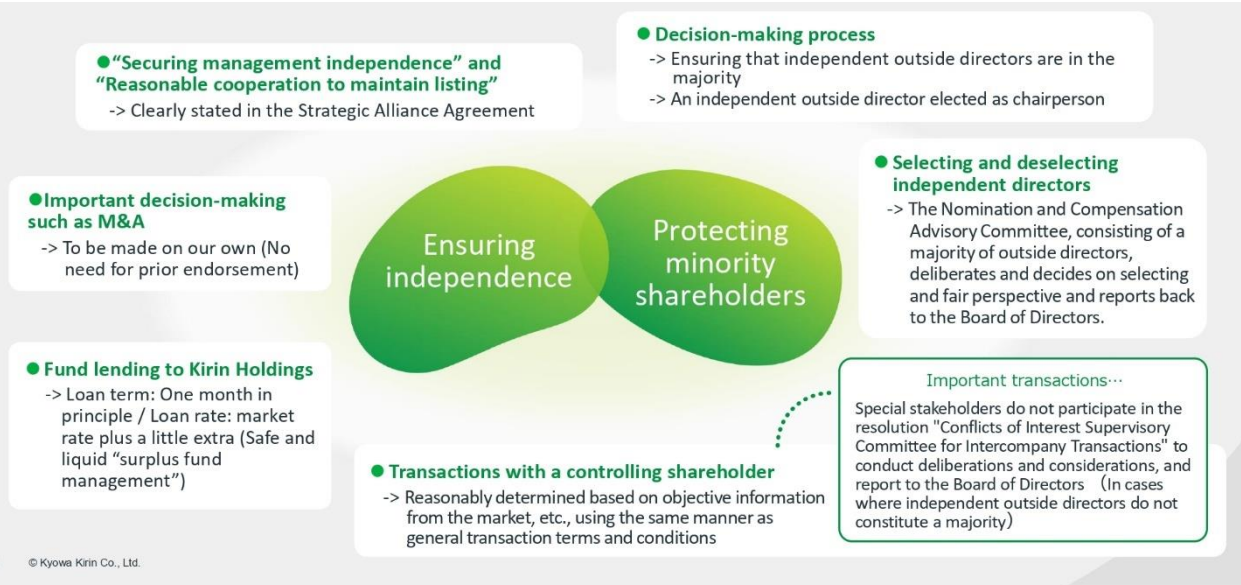
Environmental Preservation Highlights: From the 2023 Integrated Report



In our 2023 Integrated Report, we address our response to climate change and biodiversity conservation.

For more information, please see our Integrated Report.

Decent Governance System as a Listed Subsidiary



As for topics related to governance, we have summarized the key points of securing management independence as a listed subsidiary and protection of minority shareholders.

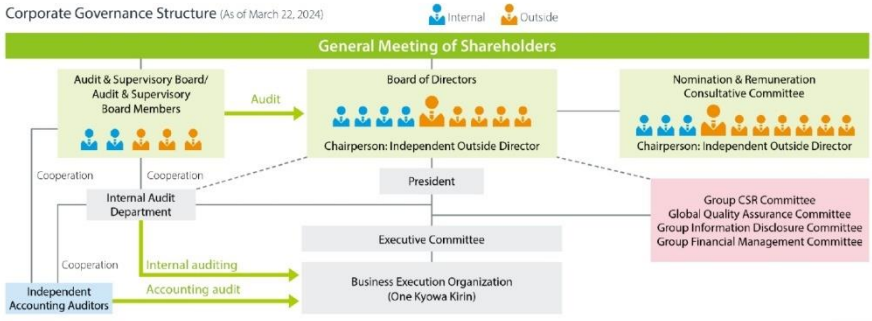
Governance Highlights: From the 2023 Integrated Report

Basic Policy on Corporate Governance

Based on our philosophy that states that "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," on its values as well as on its vision and medium-term business plans, Kyowa Kirin, as a company responsible for delivering social infrastructure, will work on the enhancement of its corporate governance. It will be achieved not only by ensuring transparency and fairness in decision-making to achieve sustainable growth and increase corporate value over the medium to long term but also by establishing the structures necessary for speedy and strong decision-making and the execution of management duties, and for appropriate monitoring and supervisory functions.

The Company is therefore implementing all the principles of the Corporate Governance Code.

A Transparent Governance Structure That Leverages the Strengths of Outside Directors and Outside Audit & Supervisory Board Members



● For Details; Integrated Report

From the Integrated Report, it shows the basic principle and our structure.

Governance Highlights: From the 2023 Integrated Report

Board Members with a Wide Array of Skills

The Board of Directors comprises diverse individuals with various skills (knowledge, experience, etc.). This is to enable the Board of Directors to fulfill its decision-making and management oversight functions appropriately and to enhance the transparency of our governance structure.

● For Details; Integrated Report

	Name	Outside Independent	Board Chair	Nomination & Remuneration Consultative Committee	Professional skills: Corporate management/ Business strategy	Global business	Finance, accounting and banking	Legal, governmental affairs and compliance	HR and labor	Healthcare	R&D	Production and SCM	IT/DX	Sustainability
Directors	Masashi Miyamoto			●	●	●		●		●	●			
	Yutaka Osawa			●	●			●		●	●	●		
	Takeyoshi Yamashita			●	●	●		●		●	●		●	●
	Shinjiro Akieda				●	●	●	●					●	●
	Akira Morita	●	●	●				●		●			●	
	Yuko Haga	●		●	●	●				●				
	Takashi Oyamada	●		Chairperson	●	●	●		●					
	Yoshihisa Suzuki	●		●	●	●					●	●	●	
	Rumiko Nakata	●		●					●	●				
Audit & Supervisory Board Members	Hiroshi Komatsu				●	●	●			●				
	Hajime Kobayashi					●	●		●					
	Tomomi Yatsu	●		●			●	●						
	Mayumi Tamura	●		●	●	●	●							
	Toru Ishikura									●	●	●		●

Initiatives to Strengthen Governance of Executive Organization

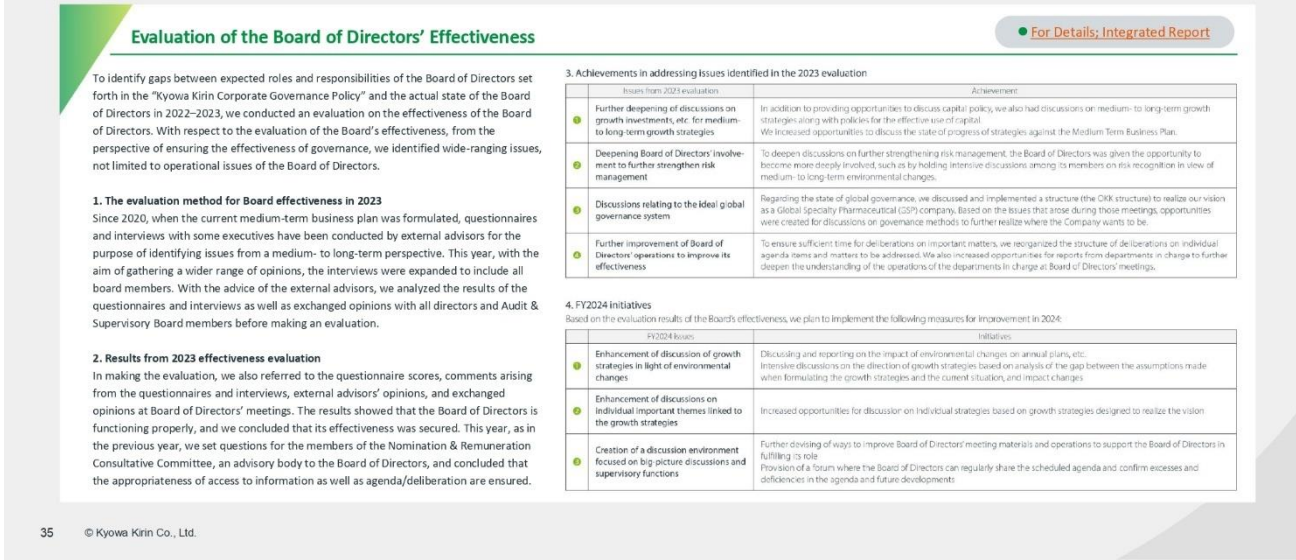
- Established One Kyowa Kirin, a matrix management system comprising a four-unit regional dimension, a functional dimension, and a product (franchise) dimension
- To strengthen the regional executive oversight function, boards of directors have been established at overseas regional operating companies.
- Appointment of at least two non-executive directors who possess experience in global pharmaceutical business as directors of each overseas region
- Initiated direct exchanges of opinions between regional non-executive directors, Kyowa Kirin directors, and outside directors

Expansion of CxO system

Driving growth as a Japan-based GSP, the following CxOs have been appointed to assist the CEO, and a system put in place by which all functions report to a CxO. They are responsible for improving the speed of decision-making and the strengthening of the execution system.

Skills matrix and enforcement structure.

Governance Highlights: From the 2023 Integrated Report



Evaluation of the Board of Directors' Effectiveness

For Details; Integrated Report

To identify gaps between expected roles and responsibilities of the Board of Directors set forth in the "Kyowa Kirin Corporate Governance Policy" and the actual state of the Board of Directors in 2022–2023, we conducted an evaluation on the effectiveness of the Board of Directors. With respect to the evaluation of the Board's effectiveness, from the perspective of ensuring the effectiveness of governance, we identified wide-ranging issues, not limited to operational issues of the Board of Directors.

1. The evaluation method for Board effectiveness in 2023

Since 2020, when the current medium-term business plan was formulated, questionnaires and interviews with some executives have been conducted by external advisors for the purpose of identifying issues from a medium- to long-term perspective. This year, with the aim of gathering a wider range of opinions, the interviews were expanded to include all board members. With the advice of the external advisors, we analyzed the results of the questionnaires and interviews as well as exchanged opinions with all directors and Audit & Supervisory Board members before making an evaluation.

2. Results from 2023 effectiveness evaluation

In making the evaluation, we also referred to the questionnaire scores, comments arising from the questionnaires and interviews, external advisors' opinions, and exchanged opinions at Board of Directors' meetings. The results showed that the Board of Directors is functioning properly, and we concluded that its effectiveness was secured. This year, as in the previous year, we set questions for the members of the Nomination & Remuneration Consultative Committee, an advisory body to the Board of Directors, and concluded that the appropriateness of access to information as well as agenda/deliberation are ensured.

3. Achievements in addressing issues identified in the 2023 evaluation

	Issues from 2023 evaluation	Achievement
1	Further deepening of discussions on growth investments, etc. for medium- to long-term growth strategies	In addition to providing opportunities to discuss capital policy, we also had discussions on medium- to long-term growth strategies along with policies for the effective use of capital. We increased opportunities to discuss the state of progress of strategies against the Medium Term Business Plan.
2	Deepening Board of Directors' involvement to further strengthen risk management	To deepen discussions on further strengthening risk management, the Board of Directors was given the opportunity to become more deeply involved, such as by holding intensive discussions among its members on risk recognition in view of medium- to long-term environmental changes.
3	Discussions relating to the ideal global governance system	Regarding the state of global governance, we discussed and implemented a structure (the ORK structure) to realize our vision as a Global Specialty Pharmaceutical (GSP) company. Based on the issues that arose during those meetings, opportunities were created for discussions on governance methods to further realize where the Company wants to be.
4	Further improvement of Board of Directors' operations to improve its effectiveness	To ensure sufficient time for deliberations on important matters, we reorganized the structure of deliberations on individual agenda items and matters to be addressed. We also increased opportunities for reports from departments in charge to further deepen the understanding of the operations of the departments in charge at Board of Directors' meetings.

4. FY2024 initiatives

Based on the evaluation results of the Board's effectiveness, we plan to implement the following measures for improvement in 2024:

	FY2024 Issues	Initiatives
1	Enhancement of discussion of growth strategies in light of environmental changes	Discussing and reporting on the impact of environmental changes on annual plans, etc. Intensive discussions on the direction of growth strategies based on analysis of the gap between the assumptions made when formulating the growth strategies and the current situation, and impact changes
2	Enhancement of discussions on individual important themes linked to the growth strategies	Increased opportunities for discussion on individual strategies based on growth strategies designed to realize the vision
3	Creation of a discussion environment focused on big-picture discussions and supervisory functions	Further devising of ways to improve Board of Directors' meeting materials and operations to support the Board of Directors in fulfilling its role Provision of a forum where the Board of Directors can regularly share the scheduled agenda and confirm excesses and deficiencies in the agenda and future developments

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In addition, we address the evaluation of Board effectiveness.

Please refer to the Integrated Report for more information on this as well.

Question & Answer

Moderator [M]: I would now like to move on to the question and answer session.

If you have any questions, please press the "raise your hand" button on the bottom center of the screen and wait. I will name you in turn, so please unmute yourself ask your question after your company name and your name. If you wish to cancel your question, please click on the "hands down button." Please note that we will limit each person to two questions to ensure we can accommodate as many questions as possible from everyone.

Now, if you have any questions, please click "raise your hand" button.

First, we learned a lot about human resource strategies from Itagaki-san and Nakata-san in the talk session. You used the word "KABEGOE", but I wonder how non-native Japanese speakers perceive the word?

Itagaki [A]: Thank you. At first, when we created the word KABEGOE in Japanese. We also wondered how it would be received while spreading the concept. Surprisingly, it was easily accepted as "breaking down barrier" which is close to literal translation, As I mentioned earlier, I explain that KABEGOE is about taking things a step further, stepping out of your comfort zone, challenging yourself, and overcoming obstacles to achieve your vision. I am happy to see when KABEGOE written in Roman characters is spreading among our overseas members.

Moderator [M]: Thank you very much.

Yamaguchi [Q]: I am Yamaguchi from Citi. Let me ask you two questions.

You have explained various core R&D strategies written in the document on page 25. With the original Kyowa Hakko Kougyou, I think it was (2) modality driven. Kirin Pharma also started out as modality-driven, but since they added quite a few things from Amgen, I think they were getting closer to (1).

I know this is a chicken and egg situation, but in terms of today's story, or rather, your company's strategy today, I wonder if (1) disease comes first and (2) modality comes second. It is truly a chicken and egg situation, but I think some people think that the modality comes first, and the disease comes second.

For your company, I am curious which of the two you prioritize. The reason I asked this question is that the risk associated with (1) is that if drug development fails in the bone, mineral, or blood areas, the business could come to an end. Therefore, could you first share what discussions took place regarding which of the two to prioritize? This is my first question. This is the first question.

Yamashita [A]: Our company, both Kirin Pharma and Kyowa Hakko have always excelled in technology and have been early in focusing on biotechnology in Japan. Since launching erythropoietin in 1990, we have indeed been focusing on biotechnology.

We started biotechnology at a stage when other companies were not yet paying much attention. Even though there are still limitations to gene and cell therapy, we are going to take on the challenge in this area. It is a technology-driven idea with a focus on the future.

On the other hand, as a pharmaceutical company, we need to understand unmet medical needs and explore what kind of solutions we can provide to address them as we work to create life-changing value. We had in-

depth discussions and recognized that it is difficult to counter with just superficial measures. In this context, we determined to strengthen the areas we are deeply into. In this context, the therapeutic area has emerged.

in the areas of bone & mineral and intractable hematological diseases/hemato oncology, we have built a global network with patients and healthcare professionals through Crysvita and Poteligeo. We aim to advance drug discovery by incorporating insights from these connections and consolidating knowledge at a higher level.

Therefore, rather than which should come first, we are thinking of striking a good balance between the two, since there seem to be limitations with technology alone.

Yamaguchi [Q]: Then I have one additional question, bone & mineral and intractable hematological diseases/hemato oncology, I think it is true that what you said. Is this just a moving target, or do you think that this disease or science target can change depending on the situation?

Yamashita [A]: This is Yamashita. For example, rare diseases. It is often discussed that this is not a disease area. It may be a subcategory or not. One of the things this chart shows is that we must create life-changing value first, and it will be the source of our company's growth.

We believe that we then have the choice whether to do it ourselves until the commercial, or whether we should enlist help of partners to maximize value.

In such a situation, we are aware of the risk of focusing too much on specific areas of drug discovery and ending up with a failure to produce a product, as you mentioned earlier. For example, we believe we should not narrow down a specific area of focus in rare diseases. In addition, we will continue to devote a certain number of resources to research that can generate life-changing value in areas not listed here.

Yamaguchi [Q]: I understand. Thank you very much. The second question, which is completely different from the first one. I think you have introduced us about access and diseases at XLH. I feel very strongly that this is exactly the kind of medicine that is directly related to your company's marketing and that you need to deliver more and more.

It is related to your company's direct business, but I think that penetration into the adult patients is slow, partly because pediatric area is more likely to be benefited sooner. Some may say that your penetration into the adult patients is a bit slow, when see it from outside. I believe that by enhancing or expanding this disease awareness campaign, more patients who can benefit from it will be identified, which will also have a positive impact on your company's performance. I think you should strengthen this area more. What do you think?

Fujii [A]: Thank you for your question. As I mentioned in my presentation today, there are many patients who are unaware of their illnesses. Even if they are, it is difficult for them to access to information, and many of them are feeling isolated. These are things we are aware of. I think it is very important to give advice to such people, so we will continue this activity.

This is an issue that applies not only to pediatric but also to adults. So, we will continue to present the results of our research at academic conferences, conduct activities to shed light on the disease among patients, and send out information about the disease to patients and health care providers. We would like to continue to exchange information, raise awareness of the disease, and have not only patients but also healthcare professionals talk about it.

Yamaguchi [Q]: Is there much difference in the response from country to country?

Fujii [A]: Yes, that's right. There is no establishment for XLH patient community in Japan yet, so we are working on activities to help establish such an association. In other countries, there are already such patient

communities that have started their activities. Japan is a bit behind in terms of actively working on that area, but we will try to catch up.

Yamaguchi [M]: Thank you. That is all.

Wada [Q]: SMBC Nikko Securities, this is Wada. Thank you very much.

Thank you for your explanation in the area of the GRO. I wanted to ask how much exchange of personnel is taking place here. One thing we would like to ask is how many people are moving, or are planning to move, between the three bases in Japan, the US, and Europe.

Also, I would like to ask you about the CVC, which I believe it launched in 2022. How you are collaborating with it, or how synergies are being generated. This time you have made strategic collaboration with Kura Oncology, but I would like to know if CVC is contributing to these activities from backside. I would appreciate if you can comment on its situation.

Yamashita [A]: I, Yamashita would like to respond regarding the global exchange of human resources. As we can see, we have three research bases in the world. As for the scale, there are less than 50 people in Orchard, and same goes for San Diego. In such a situation, it is not like a dozen of people are exchanging between the three.

However, we have already dispatched people to Orchard, and about one-tenth of them have been dispatched from Japan and are working there. In San Diego, the head is hired in the US, but personnel of coordinating the actual science are dispatched from Japan and they manage local staff. We also dispatch Japanese to conduct research, although not limited to this group.

Conversely, some come to Japan and conduct research here for six months, a year, or even two or three years for a long case.

As we conduct research in the US and the UK, so we will take turns to hold discussion meetings with these three. For example, when we hold a meeting for specific theme in the US, we send 20 to 30 personnel from Japan to join the discussions or interact with professors in academia. This is our current situation.

Fujii [A]: On the CVC side, the pipeline attaching to the technology is in a very early stage. We are looking for opportunities not only in the areas we are focusing on, but also in areas that may be interesting in the future.

As for the pipeline where we are expertise, the CVC team and our researchers are discussing whether we have interests in common in non-confidential level. In one case, a CVC investment led to a joint research project.

We are also working with VC. By working together with CVC and VC, we are able to obtain information that was not readily available before these activities. We expect it will bring a positive impact on business development.

Unfortunately, the partnership with Kura, which we announced the other day, is not one of those examples. However, we expect that we will be able to develop new experiences, such as in-licensing based on information obtained through CVC activities in future. This is answer from me.

Wada [M]: Thank you very much. I understand very well. That is all.

Sakai [Q]: My name is Sakai from UBS. Just one question. So far, questions are concentrated in the R&D. It is true that you have a research system in three bases, and I understand that you have units in each of the important centers for development.

In an era where developing new drugs is increasingly challenging, I wondered how productivity can be evaluated by distinguishing between research and development. I think setting evaluation axis is very difficult. I think that a research institute should not be a haven for researchers, and as for development, I know that several projects fail in your domestic base. I still think that there should be a certain measure of "reward and punishment". How is this set up internally?

Sorry, I don't know if this is related to sustainable topic, but if you have any comments in that area, it would be helpful. Thank you.

Yamashita [A]: I will answer to your question.

As for the research system, we are introducing its globalization today. However, we plan to make a significant change in our research system in Japan.

Our emphasis is still on how to generate innovation This is something with a very low probability of success. The other thing is to upgrade the development stage or toward development.

We refer to all of this as research, but it is a challenging process with no quick results. We aware it as challenge to how to work on it while maintaining motivation.

With the organizational changes we have implemented this time, we are focusing on separating areas of innovation from those requiring steady accumulation of results, as I mentioned earlier, and evaluating them independently.

to steadily move research forward, we need to set clear goals for success and work to achieve them within a set timeframe. This is the kind of approach we will request. The part of the innovation that mentioned earlier, where the probability of success is very low, or almost zero, is rather how many hypotheses were made and how many were tested. This is not a failure but accumulating experience or seeking a path to success. We will separate this area and evaluate each performance as you mentioned. This is what we are thinking now.

In terms of rewarding and punishing for the success or failure of development, of course, if there is a major fault, it is necessary to judge and evaluate it carefully. When all our projects are cancelled, we do a thorough review to find out where the issues were. We will continue to learn from these experiences and link them to the next step. This is answer from me.

Sakai [Q]: I think it would be difficult to give you a quantitative answer to this question, but even if there were, it would be difficult for you to talk about it, and I understand that.

When you mentioned that the R&D structure will change starting January 1, does that mean you are shifting to a structure where the focus on low-molecular weight will be slightly reduced and shifted towards medium- and high-molecular weight, as mentioned in the previous briefing?

Yamashita [A]: Yes, that's right. As I mentioned today, one of the things we are doing is shifting from a Japan-alone management organization to a global structure. Then, as you mentioned, we will stop a little bit of the small molecule drug discovery process and shift it to a more advanced form in the area of modality. Then, as I mentioned earlier, we are trying to start with incorporating a system that will strengthen management in the area of innovation.

Sakai [M]: I understand. Thank you very much.

Muraoka [Q]: Morgan Stanley, this is Muraoka. Thank you very much. I would be interested if you could comment on Kura's AML from an internal and external standpoint.

This is exactly the part of the modality shift that you are presenting. I'm not saying y that this one is problematic because it is a small molecule product. However, from the perspective of the direction your company is heading right now, I feel that "a small molecule at this timing..." is a concern.

Furthermore, you have already purchased a product that you will be applying for next year with a fairly large investment. There is still a little more time until patent cliff for Crysvita, so I believe that in your case, the option to purchase a mid-stage product at a more reasonable price might also be available.

What kind of internal discussions have there been in this area? And from the outside director's point of view, were there any discussion about this purchase that I just mentioned? Could you please tell us about that, even if it is just a few words?

Miyamoto [A]: Thank you, Mr. Muraoka. This is Miyamoto. From an internal standpoint, though.

First, as you mentioned, while this is a small molecule, if you look at our pipeline and portfolio, there are no products in the late stage or in the focus area. This is why we would like to have a product of a certain scale. From the business side, one of the goals is to have something with reasonable scale and something promising, ideally around the time the patent for Crysvita expires, as you mentioned earlier.

We decided to go with Kura because we thought it would be a good fit for our needs. There was a discussion about it being a small molecule, but after internal discussions, we concluded that we should not withdraw simply because it is a small molecule. Rather, it would fit perfectly in the focus area.

Especially from the perspective of the overall pipeline, while we are currently working on Poteligeo, those involved in sales field and commercial and marketing activities are wondering when the next product will be ready for the global market. It does not have to be next year, but they would like to see something available a bit sooner. When we look from business side, it fits perfectly for our needs. We think it makes sense, and it is a good one.

So, partnering with Kura does not mean that our efforts stop there. We want to continue exploring licensing opportunities, particularly in our focus areas including bone area. From that standpoint, as you mentioned, we will continue to explore more early-stage projects if we find them interesting. As Mr. Muraoka mentioned, if we can secure a deal of reasonable size, we will pursue it. I would also like to add that our efforts will not stop just because we have formed this partnership.

Nakata [A]: From the standpoint of an external director, Nakata will explain. We, external directors, participated in many discussions, and between those discussions, we exchanged questions and answers online. This process allowed us to engage in quite in-depth conversations.

Of course, there was some discussion about why go with small molecule, but that was not such a big discussion. On the contrary, we confirmed that Kyowa Kirin was attractive to Kura and why they chose Kyowa Kirin.

Then, even though it is a late stage, there is still a risk that it could go bad, so what [inaudible] to minimize that risk as well, so we discussed how to provide funding to minimize that risk, and examined it from various angles. We asked more in-depth questions, received careful responses to each one, and ultimately concluded that we need to firmly take on this level of risk.

And we came to that conclusion from the portfolio perspective that we should make sure that we have something to fill in there.

Muraoka [Q]: Thank you very much. Just a little additional question to President Miyamoto. I wonder if the decision was influenced by the Horizon results for roca in September not meeting your expectations, prompting you to take action before Crysvita's patent expires in 2032. Did the Horizon results in September

make you feel more strongly about this? Or, regardless of that, did you feel that you have to take something given the timing of Crysvita, putting aside roca?

Miyamoto [A]: Thank you, Mr. Muraoka.

I would like to start by stating the difference in assumptions. Although we have only shown the top line of the Horizon test results, we are not at all concerned about them. With the result, I have more expectations and more confidence. This is how I feel.

We share the same perspective within the Company, so we have no intention of accelerating or gaining it at a price based on 4083 or rocatinlimab's top-line data.

The other proof is that we were already in contact with Kura before the top line data of Horizon trial came out. We had already discussed various things, and we finally closed the deal.

Muraoka [M]: I understand. Thank you very much. That is all.

Miyamoto [M]: Thank you very much.

Moderator [M]: Thank you very much for attending our sustainability meeting today. We appreciate your continued support of Kyowa Kirin.

[END]