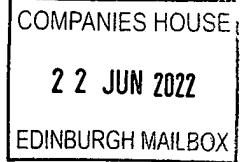


Company Registration No. SC198780 (Scotland)



KYOWA KIRIN INTERNATIONAL PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



KYOWA KIRIN INTERNATIONAL PLC

COMPANY INFORMATION

Directors

Dr Toshifumi Mikayama
Dr David Ebsworth
Dr Francesco Granata
Dr Abdul Mullick
Mr Hirohisa Fujii
Mr Yoshihiro Furuya
Mr Andrew Aristidou

Secretary

Dr Roswitha Reisinger

Company number

SC198780

Registered office

Galabank Business Park
Galashiels
TD1 1QH

Auditor

KPMG LLP
Satire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Solicitor

Shepherd & Wedderburn LLP
Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

KYOWA KIRIN INTERNATIONAL PLC

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KYOWA KIRIN INTERNATIONAL PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director present the strategic report and financial statements for the year ended 31 December 2021.

Review of the business

The principal activity of the Company is to act as a holding company for the purposes of holding shares in other group companies and to provide head office support services to the Kyowa Kirin International Group (KKI Group).

Following the acquisition of the Company by Kyowa Kirin Co. Ltd. ("KKC") on 21 April 2011 the only group in which the results of the Company are consolidated is that headed by KKC. These financial statements reflect the results and financial position of the Company only.

Operating profit for the year ended 31 December 2021 was £18.7m (2020: £0.2m) with a profit on ordinary activities after taxation of £28.9m (2020: £0.8m).

On 22 June 2021, the 100% owned subsidiary, Kyowa Kirin Pharmaceutical Development Limited, declared an interim dividend of £13.4m which was settled in specie with the intercompany cash pooling loan with the Company.

Given that the 100% owned subsidiaries of the Company, Archimedes Pharma Limited ("APL") and Archimedes Pharma UK Limited ("APUK") will not trade in the future, their permanent capital (share capital and share premium) was reduced to the minimum permitted by Company Law during the year. A capital reduction was performed to reduce APL & APUK's share capital to 1 ordinary share and their share premium accounts cancelled, creating additional distributable reserves within each company available for distribution to KKI.

On 2 August 2021, APL declared an interim dividend of £16.0m which amounted to the transfer of all residual assets to KKI, leaving net assets of 1p, being the remaining ordinary share capital. The residual assets transferred included APL's investment in APUK of £0.3m, which had been written down prior to transfer to the value of the £1 remaining share capital. The distribution was settled in specie via the cessation of the intercompany cash pooling loan with the Company. This return of capital eliminated the Company's held investment in APL of £15.7m and generated net income of £0.3m.

Concurrently on 2 August 2021, APUK, declared an interim dividend of £0.3m which amounted to the transfer of all residual assets to KKI, with the exception of £1 remaining share capital. The dividend was settled in specie via the cessation of the intercompany cash pooling loan with the Company. This return of capital eliminated the Company's held investment in APUK of £0.3m and generated net income of £nil.

An application to strike-off APL was filed on 29 September 2021 and it was formally dissolved on 4 January 2022. APUK continues to exist as a dormant entity.

The directors do not recommend payment of a dividend (2020: £nil).

COVID-19 Statement

Kyowa Kirin Group has implemented responses to the COVID-19 pandemic in accordance with the developing situation in order to fulfil the company's mission as a manufacturer of pharmaceuticals, which is to maintain a continuous supply of quality pharmaceuticals while at the same time giving top priority to minimizing the risk of infection and securing the safety of our employees.

Basic policy

While placing top priority on the health and safety of employees working within the group and their significant others, as well as healthcare professionals, patients and their families, Kyowa Kirin is working to keep a stable supply of products available for patients in need. In addition, the Group will keep its attention on preventing the spread of the coronavirus and implement appropriate responses in accordance with the situation.

KYOWA KIRIN INTERNATIONAL PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Measures to minimize the risk of infection (Global)

Employees shall continue to carry out the measures to prevent infection according to policies put in place by governments, organizations and institutions.

Impact on business

COVID-19 has continued to disrupt the business during the year with lockdowns in certain countries within our region still being a feature. The business has adapted well however and has delivered extensive improvements to its digital capability.

The KKI Group has maintained a strong financial position throughout the pandemic. The Group outperformed on budgeted profitability for the year, and continued to generate significant cash.

The consolidated balance sheet of the Kyowa Kirin Group (of which this Company forms a part of) remained in good health throughout 2021 and into 2022. The KKI Group had a positive net funding position at 30 April 2022 of £501.2m (which includes a £477.0m loan receivable balance with KKC). The Company has access to a Global Cash Sweeping service which allows for inter-company cash pooling arrangements between the Company, KKC and the other affiliates of the KKI Group.

Principle risks and uncertainties

The Company is dependent upon additional funding through the Group arrangement with the parent company. Since the acquisition of Kyowa Kirin International Group by KKC, the Company has secured lending arrangements from KKC at lower rates of interest than previously available to it. These loans are repayable within a twelve month period.

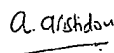
The Company is exposed to a number of foreign exchange risks. The Company has not to date entered into hedging arrangements to cover these exposures and as a result has no hedged exchange exposures.

Key performance indicators

Considering the limited activities undertaken by the Company, there are no additional factors relevant to gaining an understanding of the development, performance and position of the Company.

KKC has indicated to the directors its continued satisfaction with the progress of the Company and confirmed its support for the Company's activities.

On behalf of the board



Mr Andrew Aristidou
Director
17 June 2022

KYOWA KIRIN INTERNATIONAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr Toshifumi Mikayama
Dr David Ebsworth
Dr Francesco Granata
Dr Abdul Mullick
Mr Hirohisa Fujii
Mr Yoshihiro Furuya
Mr Andrew Aristidou

Directors and officers liability Insurance

The Directors are indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Future developments

The Company will continue to undertake its principle activities.

KYOWA KIRIN INTERNATIONAL PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

In line with the Financial Reporting Council's guidance on going concern issued April 2016, the Directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate.

The Company is an intermediate parent company for a number of subsidiaries, listed in note 12, together known as the 'KKI Group'. As at 31 December 2021 the Group had significant cash reserves, net current assets and was cash generative. The Group is funded by a combination of cash balances and through access to a wider group Global Cash Sweeping service, which allows for inter-company cash pooling arrangements between the Company, KKC and the other affiliates in the KKI Group.

The KKI Group had a balance due from its parent, KKC, at 31 December 2021 of £462.0m. The Directors are satisfied that Kyowa Kirin International plc would be able to drawdown on any funding required. The KKI Group has continued to show strong performance through to Q2 2022 with significant sales growth being delivered compared to the prior year.

The Company itself does not trade, therefore the directors have prepared cash flow forecasts for the Group in order to enable them to assess whether the company will have sufficient resources, through its own assets and those of its subsidiaries to meet its liabilities as they fall due. Those forecasts have been prepared for the Group for a period of 12 months from the date of approval of these financial statements. These forecasts indicate that the group and company have sufficient resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Auditor

In accordance with the company's articles, a resolution proposing that KPMG be re-appointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

KYOWA KIRIN INTERNATIONAL PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

A. Aristidou

Mr Andrew Aristidou

Director

17 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KYOWA KIRIN INTERNATIONAL PLC

Opinion

We have audited the financial statements of Kyowa Kirin International Plc ("the company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KYOWA KIRIN INTERNATIONAL PLC

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates. On this audit we do not believe there is a fraud risk related to revenue recognition because this is a holding non-trading entity.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected combinations with revenue and cash accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KYOWA KIRIN INTERNATIONAL PLC

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and management (as required by auditing standards), and discussed with the directors, management and legal counsel, the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KYOWA KIRIN INTERNATIONAL PLC

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

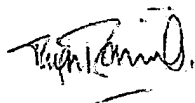
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Date: 17 June 2022

KYOWA KIRIN INTERNATIONAL PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'m	2020 £'m
Operating expenses		(10.5)	(36.4)
Other operating income		29.2	36.6
Operating profit	4	<u>18.7</u>	<u>0.2</u>
Income from shares in group undertakings	7	13.7	-
Finance income	7	0.9	2.0
Finance cost	8	(1.0)	(2.1)
Profit before taxation		<u>32.3</u>	<u>0.1</u>
Tax on profit	9	(3.4)	0.7
Profit after taxation		<u>28.9</u>	<u>0.8</u>
Profit and total comprehensive income for the financial year		<u><u>28.9</u></u>	<u><u>0.8</u></u>

There were no recognised gains or losses in either year other than the profit for the years as shown above.

All profit for the years derive from continuing operations.

The notes on pages 14 - 31 are an integral part of these financial statements.

KYOWA KIRIN INTERNATIONAL PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £'m	2020 £'m
Non current assets			
Property, plant and equipment	10	10.5	12.1
Investments	11	407.5	426.8
		<u>418.0</u>	<u>438.9</u>
Current assets			
Financial assets	13	462.0	416.0
Deferred tax asset	17	4.6	4.4
Other receivables	14	299.1	200.2
		<u>765.7</u>	<u>620.6</u>
Creditors: amounts falling due within one year			
Trade creditors and other payables	15	(946.3)	(849.7)
Lease liabilities	16	(1.2)	(1.2)
		<u>(947.5)</u>	<u>(850.9)</u>
Net current liabilities		<u>(181.8)</u>	<u>(230.3)</u>
Total assets less current liabilities		<u>236.2</u>	<u>208.6</u>
Creditors: amounts falling due after more than one year			
Lease liabilities	16	(6.6)	(7.9)
Net assets		<u>229.6</u>	<u>200.7</u>
Capital and reserves			
Called up share capital	19	13.8	13.8
Share premium account		247.3	247.3
Capital contribution reserve		23.9	23.9
Other reserves		62.5	62.5
Profit and loss account		(117.9)	(146.8)
Total equity		<u>229.6</u>	<u>200.7</u>

KYOWA KIRIN INTERNATIONAL PLC

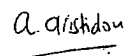
STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The notes on pages 14 - 31 are an integral part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 17 June 2022

Signed on its behalf by:



Mr Andrew Aristidou
Director

Company Registration No. SC198780

KYOWA KIRIN INTERNATIONAL PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Capital contribution reserve	Other reserves	Retained earnings	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Balance at 1 January 2020	13.8	247.3	23.9	62.5	(202.2)	145.3
Year ended 31 December 2020:						
Profit for the year	-	-	-	-	0.8	0.8
EU cross-border merger	-	-	-	-	54.6	54.6
Balance at 31 December 2020	13.8	247.3	23.9	62.5	(146.8)	200.7
Year ended 31 December 2021:						
Profit for the year	-	-	-	-	28.9	28.9
Balance at 31 December 2021	13.8	247.3	23.9	62.5	(117.9)	229.6

The notes on pages 14 - 31 are an integral part of these financial statements.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Kyowa Kirin International Plc is a company limited by shares incorporated and domiciled in Scotland. The registered office is Galabank Business Park, Galashiels, TD1 1QH.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'m.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15

Where required, equivalent disclosures are given in the group accounts of Kyowa Kirin Co. Ltd ("KKC"). The group accounts of KKC are available to the public and can be obtained as set out in note 22.

The preparation of financial statements in conformity with Adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in note 3.

IFRS 9 financial instruments

With regard to IFRS 9, there are no significant changes to the Company. The expected credit loss model for impairment reviews does not have an overall impact on the financial statements. There have been no classification changes.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

Notwithstanding net current liabilities of £181.8m as at 31st December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is an intermediate parent company for a number of subsidiaries, listed in note 12, together known as the 'KKI Group'. Due to the way that the company is funded and being part of a cash pooling arrangement with the larger group, the company has significant intra group short term/ demand intra group receivables and payables, resulting in the net current liability position referred to above.

The Company itself does not trade, therefore the directors have prepared cash flow forecasts for the Group in order to enable them to assess whether the company will have sufficient resources, through its own assets and those of its subsidiaries to meet its liabilities as they fall due. Those forecasts have been prepared for the Group for a period of 12 months from the date of approval of these financial statements.

As at 31 December 2021, the Group had significant cash reserves, net current assets and was cash generative. The Group is funded by a combination of cash balances and through access to a wider group Global Cash Sweeping service, which allows for inter-company cash pooling arrangements between the Company, KKC and the other affiliates in the KKI Group.

The KKI Group had a balance due from its parent, KKC, at 31 December 2021 of £462.0m. The Directors are satisfied that Kyowa Kirin International plc would be able to drawdown on any funding required. The KKI Group has continued to show strong performance through to Q2 2022 with significant sales growth being delivered compared to the prior year.

These forecasts indicate that the group and company have sufficient resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvement	over period of lease
Fixtures and furnishings	3-5 years
IT equipment and software	3 years
Right of use property	over period of lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Non-current investments

Investment in a subsidiary undertaking is held at cost less accumulated impairment losses.

1.6 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under IFRS 101 from the disclosure requirements of IFRS 13.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The company has two types of assets that are subject to IFRS 9's expected credit loss model:

- trade receivables with Intercompany parties for the provision of head office services
- short term intercompany loans

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. No impairment loss was identified.

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. ROU assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of other property, plant and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The company's incremental borrowing rates are reviewed and updated on an annual basis or when there is a change in an index rate.

The company has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, or for leases of low-value assets. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Exceptional items

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Adoption of new and revised standards and changes in accounting policies

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (effective date to be confirmed).
- Amendments to IAS 37: Onerous Contracts—Cost of Fulfilling a Contract (effective date to be confirmed).
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date to be confirmed).
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use (effective date to be confirmed).
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date to be confirmed).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date to be confirmed).
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date to be confirmed).

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical estimates

Investments Carrying Value

Included within the statement of financial position is investments in subsidiary undertakings with a value of £407.5m (2020: £426.8m). This amount is detailed in note 11 to the financial statements.

Judgements are made when considering the carrying value of these investments as the carrying value is assessed for impairment by considering the forecasted future cashflows of the subsidiary undertakings.

4 Operating profit

	2021 £'m	2020 £'m
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(16.8)	7.3
Group service charge income	(29.2)	(36.6)
Fees payable to the company's auditor for the audit of the company's financial statements	0.2	0.2
Depreciation of property, plant and equipment and ROU assets	2.4	2.5
	<u> </u>	<u> </u>

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
General, selling and administration	99	88

Their aggregate remuneration comprised:

	2021 £'m	2020 £'m
Wages and salaries	12.2	10.9
Social security costs	1.2	1.2
Pension costs	0.8	0.6
	14.2	12.7

6 Directors' remuneration

	2021 £'m	2020 £'m
Remuneration for qualifying services	1.6	1.6

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £'m	2020 £'m
Remuneration for qualifying services	1.0	0.9

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Investment income

	2021 £'m	2020 £'m
Finance income		
Interest receivable from group companies	0.9	2.0
Income from fixed asset investments		
Income from shares in group undertakings*	13.7	-
Total income	<u>14.6</u>	<u>2.0</u>

*On 22 June 2021, the 100% owned subsidiary, Kyowa Kirin Pharmaceutical Development Limited, declared an interim dividend of £13.4m which was settled in specie with the intercompany cash pooling loan with the Company.

On 2 August 2021, the 100% owned subsidiary, Archimedes Pharma Limited ("APL"), declared an interim dividend of £16.0m which amounted to the transfer of all residual assets to KKI, leaving net assets of 1p, being the remaining ordinary share capital. The distribution was settled in specie via the cessation of the intercompany cash pooling loan with the Company. This return of capital eliminated the Company's held investment in APL of £15.7m and generated net income of £0.3m.

Also on 2 August 2021, Archimedes Pharma UK Limited ("APUK"), declared an interim dividend of £0.3m which amounted to the transfer of all residual assets to KKI, with the exception of £1 remaining share capital. The distribution was settled in specie via the cessation of the intercompany cash pooling loan with the Company. This return of capital eliminated the Company's held investment in APUK of £0.3m and hence generated net income of £Nil.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8. Finance costs

	2021 £'m	2020 £'m
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	0.7	1.8
Interest on leases	0.3	0.3
	<u>1.0</u>	<u>2.1</u>

9. Taxation

	2021 £'m	2020 £'m
Current tax		
UK corporation tax at 19% (2020: 19%)	3.6	-
Deferred tax		
Deferred income tax credit	(0.2)	(0.7)
Total tax charge/(credit)	<u>3.4</u>	<u>(0.7)</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £'m	2020 £'m
Profit before taxation	<u>32.3</u>	<u>0.1</u>
Tax on ordinary activities at UK standard rate 19% (2020: 19%)	6.1	-
Expenses not deductible in determining taxable profit	0.2	0.1
Income not taxable	(2.5)	-
Change in unrecognised deferred tax assets	(0.2)	(0.7)
Other temporary differences	(0.2)	(0.1)
Tax charge/(credit) for the year	<u>3.4</u>	<u>(0.7)</u>

Finance Act 2021 increased the rate of corporation tax from 19.0% to 25.0% from 1 April 2023. The prevailing rate of UK corporation tax for the year therefore remained at 19.0%. This will decrease the company's net deferred tax asset accordingly as it will increase the deferred tax liability in respect of accelerated capital allowances (£0.1m impact). The deferred tax asset at 31 December 2021 has been calculated at 19.0% (2020: 19.0%).

To calculate the current tax on profits, the rate of tax used is 19.0% (2020: 19.0%), which is the average rate of Corporation Tax applicable for the year.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Property, plant and equipment

	Leasehold improvement £'m	Fixtures and furnishings £'m	IT equipment and software £'m	Right of use property £'m	Total £'m
Cost					
At 31 December 2020	4.0	0.7	2.9	9.7	17.3
Additions	-	0.1	0.7	-	0.8
Disposals	-	-	(0.3)	-	(0.3)
At 31 December 2021	4.0	0.8	3.3	9.7	17.8
Accumulated depreciation and impairment					
At 31 December 2020	1.0	0.4	1.8	2.0	5.2
Charge for the year	0.4	0.1	0.8	1.1	2.4
Eliminated on disposal	-	-	(0.3)	-	(0.3)
At 31 December 2021	1.4	0.5	2.3	3.1	7.3
Carrying amount					
At 31 December 2021	2.6	0.3	1.0	6.6	10.5
At 31 December 2020	3.0	0.3	1.1	7.7	12.1

The ROU asset of £6.6m at 31 December 2021 represents the fair value of the Company office premises in Galashiels and Marlow.

11 Investments

	2021 £'m	2020 £'m
Investments in subsidiaries	407.5	426.8

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Investments

(Continued)

Movements in non-current investments

	Loans £'m	Shares £'m	Total £'m
Cost or valuation			
At 1 January 2020	3.3	369.3	372.6
Subsidiary merged into KKI*	-	54.2	54.2
	<hr/>	<hr/>	<hr/>
At 31 December 2020 and at 1 January 2021	3.3	423.5	426.8
Impairment of investment**	-	(16.0)	(16.0)
Surrender of loan***	(3.3)	-	(3.3)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	-	407.5	407.5

*Effective 23 December 2020, the Company entered into a cross-border merger transaction under the Companies (Cross-Borders Mergers) Regulations 2007. The wholly owned Luxembourg registered subsidiary, Strakan International SA (SIS), was absorbed by the Company. The transaction was completed at the net book value of the subsidiary as of 23 December 2020.

The Completion of the transaction resulted in an increase in the Company's net assets of £163.0m and a corresponding reduction of the investment in Strakan International SA from £108.4m to nil. Included within the merged assets was the investment held by SIS in Kyowa Kirin Services Ltd of £162.6m. The transaction resulted in a net difference of £54.2m in investments in subsidiaries.

**Given that the 100% owned subsidiaries of the Company, Archimedes Pharma Limited ("APL") and Archimedes Pharma UK Limited ("APUK") will not trade in the future, their permanent capital (share capital and share premium) was reduced to the minimum permitted by Company Law. A capital reduction was performed to reduce APL & APUK's share capital to 1 ordinary share and their share premium accounts cancelled, creating additional distributable reserves within each company available for distribution to KKI.

On 2 August 2021, APL declared an interim dividend of £16.0m which amounted to the transfer of all residual assets to KKI, leaving net assets of 1p, being the remaining ordinary share capital. The residual assets transferred included APL's investment in APUK of £0.3m, which had been written down prior to transfer to the value of the £1 remaining share capital. The distribution was settled in specie via the cessation of the intercompany cash pooling loan with the Company. This return of capital eliminated the Company's held investment in APL of £15.7m.

Also on 2 August 2021, APUK, declared an interim dividend of £0.3m which amounted to the transfer of all residual assets to KKI, with the exception of £1 remaining share capital. The dividend was settled in specie via the cessation of the intercompany cash pooling loan with the Company. This return of capital eliminated the Company's held investment in APUK of £0.3m.

An application to strike-off APL was filed on 29 September 2021 and it was formally dissolved on 4 January 2022. APUK continues to exist as a dormant entity.

***Surrender of long-term loans to group subsidiaries in respect of share options paid out on their behalf at the time the company was acquired by KKC in 2011.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

	Country of incorporation	Holding %	Registered address key	Nature of business
Kyowa Kirin Holdings BV*	Netherlands	100	5	Holding Company
Kyowa Kirin Pharmaceuticals Development Ltd	England	100	1	Development and registration of pharmaceuticals
Kyowa Kirin Ltd*	England	100	1	Marketing and sale of pharmaceuticals
Kyowa Kirin Pharma SAS*	France	100	3	Marketing and sale of pharmaceuticals
Kyowa Kirin Farmaceutica SLU* Spain		100	7	Marketing and sale of pharmaceuticals
Kyowa Kirin GmbH*	Germany	100	8	Marketing and sale of pharmaceuticals
Kyowa Kirin Pharma BV*	Netherlands	100	5	Marketing and sale of pharmaceuticals
Kyowa Kirin S.r.l.*	Italy	100	4	Marketing and sale of pharmaceuticals
Kyowa Kirin AB*	Sweden	100	6	Marketing and sale of pharmaceuticals
Kyowa Kirin Services Ltd	England	100	1	Licensing and commercialisation of pharmaceuticals
Kyowa Kirin Austria GmbH*	Austria	100	10	Marketing of pharmaceuticals
Kyowa Kirin Pharma s.r.o.*	Czech Republic	100	2	Marketing and sale of pharmaceuticals
Kyowa Kirin Ireland Ltd*	Ireland	100	9	Marketing of pharmaceuticals
Kyowa Kirin S.a.r.l.*	Switzerland	100	11	Marketing and sale of pharmaceuticals
Kyowa Kirin Farmacêutica, Unipessoal Lda*	Portugal	100	12	Marketing and sale of pharmaceuticals
Kyowa Kirin Pharma FZ-LLC*	UAE	100	13	Marketing of pharmaceuticals
Archimedes Pharma Ltd	England	100	1	Dormant Company
Archimedes Pharma UK Ltd	England	100	1	Dormant Company
Kyowa Kirin Pharma S.r.l.*	Romania	100	14	Marketing and sale of pharmaceuticals

* investments held indirectly.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Subsidiaries

(Continued)

Registered Address Key

- 1 - 1st Floor Sackville House, 143-149 Fenchurch Street, London, England, EC3M 6BL
- 2 - Senovážné náměstí 992/8, Prague 1, Post Code 110 00, Czech Republic
- 3 - 20-26 Boulevard du Parc, 92200 Neuilly-sur-Seine, France
- 4 - Via dell' Annunciata, 21-20121 Milano, Italy
- 5 - Bloemlaan 2, 2132 NP Hoofddorp, The Netherlands
- 6 - Torshamnsgatan 39, 164 40 Kista, Sweden
- 7 - Paseo de la Castellana, 259C, planta 23, 28046, Madrid, Spain
- 8 - Monschauer Straße 1, 40549 Düsseldorf, Germany
- 9 - Unit 11C Westport Industrial Park, Newport Road, Westport, Co Mayo, Ireland
- 10 - Beethovengasse 8/009, A-1090, Vienna, Austria
- 11 - rue Philippe-Plantamour 18-20, c/o Intertrust (Suisse) SA, 1201 Geneva, Switzerland
- 12 - Avenida D. João II, 50, Edifício mar Vermelho, 1990-095 Lisbon, Portugal
- 13 - Office 106, Building 49, Dubai Healthcare City, PO Box 62468, Dubai, United Arab Emirates
- 14 - Strada Frumoasa 30, Bucharest, 010987, Romania

13 Financial assets

	2021	2020
	£'m	£'m
Loan due from parent undertaking	462.0	416.0

On 15 January 2020, the company entered into a rolling unsecured lending facility with KKC. The facility is renewed quarterly and interest is charged at LIBOR plus 0.05% payable quarterly in arrears. An initial loan of £370.0m was advanced to KKC with a further £46.0m lent to KKC in 2020. In the year, an additional £46.0m was lent to KKC leaving a loan balance of £462m at 31 December 2021.

14 Trade and other receivables

	2021	2020
	£'m	£'m
Other debtors	0.1	0.4
Prepayments and accrued income	19.9	22.2
Amounts due from fellow group undertakings	279.1	177.6
	<u>299.1</u>	<u>200.2</u>

Other receivables and amounts due from fellow group undertakings are due within one year.

Amounts due from fellow group undertakings includes a cash pooling receivable of £266.2m (2020: £168.6m). The Mizuho Global Cash Sweeping service allows for inter-company cash pooling arrangements between the Company, KKC and the other affiliates of the KKI Group. The facility has a lending interest rate of LIBOR plus 0.05% and a borrowing interest rate of LIBOR plus 0.2%. The aggregate borrowing limit under the facility with KKC is £10.0m.

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

15 Trade and other payables

	2021 £'m	2020 £'m
Amounts due to fellow group undertakings	939.1	841.7
Other payables	7.2	8.0
	<u>946.3</u>	<u>849.7</u>

Amounts due to fellow group undertakings includes a cash pooling payable of £938.5m (2020: £841.2m), which includes a pooling payable with KKC of £nil (2020: £0.3m). The Mizuho Global Cash Sweeping service allows for inter-company cash pooling arrangements between the Company, KKC and the other affiliates of the KKI Group. The facility has a lending interest rate of LIBOR plus 0.05% and a borrowing interest rate of LIBOR plus 0.2%. The aggregate borrowing limit under the facility with KKC is £10.0m.

Amounts due to fellow group companies are unsecured and interest free.

16 Lease liabilities

	2021 £'m	2020 £'m
Maturity analysis		
Within one year	1.4	1.4
In two to five years	5.7	5.7
In over five years	1.5	2.9
Total undiscounted liabilities	<u>8.6</u>	<u>10.0</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £'m	2020 £'m
Current liabilities	1.2	1.2
Non-current liabilities	6.6	7.9
Total discounted liabilities	<u>7.8</u>	<u>9.1</u>

	2021 £'m	2020 £'m
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>0.3</u>	<u>0.3</u>

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £'m	Tax losses £'m	Total £'m
Deferred tax asset at 1 January 2020	(0.5)	4.2	3.7
Deferred tax movements in prior year			
Credit to profit or loss	0.2	0.5	0.7
Deferred tax asset at 1 January 2021	(0.3)	4.7	4.4
Deferred tax movements in current year			
Credit to profit or loss	0.1	0.1	0.2
Deferred tax asset at 31 December 2021	(0.2)	4.8	4.6
		2021 £'m	2020 £'m
Deferred tax assets		4.6	4.4

The Company has tax losses of £25.1m (2020: £25.1m) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. The deferred tax asset recognised is based on the forecasted timing and level of future taxable profits as a result of the £462.0m interest bearing loan to KKC as at 31 December 2021.

18 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £0.8m (2020: £0.6m).

KYOWA KIRIN INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

19 Share capital	2021 £'m	2020 £'m
Ordinary share capital		
Authorised		
400,000,000 ordinary shares of 5 pence each	20.0	20.0
	<u> </u>	<u> </u>
Issued and fully paid		
276,975,440 ordinary shares of 5 pence each	13.8	13.8
	<u> </u>	<u> </u>

20 Capital commitments

The Company had no capital commitments at year end (2020: nil).

21 Events after the reporting date

Dissolution of Archimedes Pharma Limited

Archimedes Pharma Limited ("APL"), a 100% subsidiary of the Company, distributed all of its residual assets to the Company in the year, thereby reducing APL's net assets to £1, being the remaining ordinary share capital. Following an application to strike-off APL in the year, it was formally dissolved on 04 January 2022.

22 Controlling party

The ultimate parent company is Kirin Holdings Company Limited, a company registered in Japan. Kyowa Kirin Co. Ltd ("KKC") is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of KKC are available to the public and may be obtained from 1-9-2 Otemachi, Chiyodaku, Tokyo 100-0004.