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ASIA EDITION

Japan's Otsuka Pharma acquires American biotech startup Jnana Therapeutics for $1.1 B

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Expands specialty and autoimmune portfolios and drug discovery technologies



Japan-based Otsuka Pharmaceutical Co. and Jnana Therapeutics Inc. have entered into a definitive merger agreement pursuant to which Otsuka will acquire Jnana, making it a wholly owned subsidiary through Otsuka's 100-percent owned subsidiary, Otsuka America, Inc. (OAI). The acquisition is expected to be completed in the third quarter of fiscal 2024, subject to customary closing conditions.

Based on the terms of the agreement, Otsuka will pay $800 million to the shareholders of Jnana upon completion of the acquisition, as well as up to an additional $325 million in development and regulatory milestones.

US-based startup Jnana's novel approach to drug discovery is enabled by RAPID – the company's next-generation chemoproteomics platform designed to discover medicines for highly validated but challenging-to-drug targets. The platform leverages a high-throughput, binding-based screening approach that is inherently flexible, enabling the discovery of binding sites across the surface of a target protein and the identification of small molecules that elicit diverse pharmacologies.

Jnana pursues drug discovery based on concepts that are complementary to those of Astex Pharmaceuticals, a subsidiary of Otsuka based in Cambridge, UK.

In the autoimmune disease field, the company is pursuing small molecule drug discovery for highly validated, but challenging-to-drug, targets such as interferon regulatory factor 3 (IRF3), a master transcription factor for the production of interferon.

Upon completion of the acquisition, Jnana will operate as a wholly owned subsidiary of Otsuka in Boston and will continue itsresearch and development. The acquisition will be implemented by merging a special purpose company, established under OAI for this acquisition, into Jnana Therapeutics, with Jnana remaining as the surviving company.