

November 14, 2017

To whom it may concern:

Company Name: TAIYO HOLDINGS CO., LTD
Representative: Eiji Sato, President and CEO
(Code: 4626, Listed on First
Section of Tokyo Stock Exchange)
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Marketing and Manufacturing Rights Transfer of 13 Long-Term Listed Products

We announce that TAIYO HOLDINGS CO., LTD. (hereinafter “Taiyo Holdings”) entered into an Agreement with Chugai Pharmaceutical Co., Ltd. (hereinafter “Chugai”) and F. Hoffmann-La Roche, Ltd. (hereinafter “Roche”), under which Chugai and Roche will transfer the marketing authorizations including marketing and manufacturing rights (hereinafter “Transfer”), of 13 long-term listed products (hereinafter “Products”) manufactured and marketed in Japan by Chugai, to TAIYO Pharma Co., Ltd. (hereinafter “Taiyo Pharma”), a wholly owned subsidiary of Taiyo Holdings. Taiyo Holdings, Taiyo Pharma, and Chugai will cooperate closely to achieve a smooth transfer of marketing and manufacturing rights and marketing activities regarding the Products. During the handover period through to completion of the transfer, Taiyo Pharma and Chugai will work together and engage in activities aimed at the provision of information suitable for the treatment of diseases, and the promotion of proper use.

1. Background to the transfer of Products

As described in the mid-term business plan “Next Stage 2020” announced on June 7, 2017, Taiyo Holdings have deemed it to be an imminent issue to diversify its business domain in order to lessen its considerable dependence on the existing business in materials for printed wiring boards (PWB business). In this context, Taiyo Holdings had elaborated on the feasibility of various options including an entry into the medical and pharmaceutical business, which Taiyo Holdings eventually deemed to be promising as a new wing of business in terms of synergy with its core business as a R&D-oriented chemical manufacturer operating on a global basis, in terms of growth potential in the domestic and overseas markets, and in terms of social contribution that could boost employee motivation.

On August 2, 2017, Taiyo Holdings set up a wholly owned subsidiary engaged in the pharmaceutical business towards the transfer of the Products. Taiyo Holdings is determined to take this opportunity and make a full-scale entry into the pharmaceutical business.

The Products have a long track record of use and are important medicines in the society. Going forward, Taiyo Pharma will strive to achieve a stable and sustainable business operation by communicating effectively with patients and medical institutions ensuring a stable supply of the Products and through marketing, innovation-based approach of product development and manufacturing.

2. Overview of Transfer

(1) Products

The table below shows the 13 long-term listed products whose marketing and manufacturing rights in Japan will be transferred from Chugai to Taiyo Pharma.

	Brand Name	Therapeutic Category
1	BACTRAMIN [®]	Synthetic Antibacterial Agent / Agent for the treatment of Pneumocystis Pneumonia
2	DIGOSIN [®]	Digitalis Glycoside
3	EUGLUCON [®]	Oral Hypoglycemic Agent
4	FURTULON [®]	Anti-Tumor Agent
5	GLYCEOL [®]	Drug for the treatment of Intracranial Hypertension and Intracranial Edema / Ocular Hypotensive Agent
6	KYTRIL [®]	5-HT ₃ receptor antagonist for the treatment of Nausea and Vomiting
7	MADOPAR [®]	Agent for the treatment of Parkinson's disease
8	PROCARBAZINE HYDROCHLORIDE	Anti-Tumor Agent
9	PYDOXAL [®]	Active Form of Vitamin B ₆
10	RESPLEN [®]	Antitussive and Mucolytic Agent
11	RIVOTRIL [®]	Anti-epileptic Agent
12	ROCEPHIN [®]	Cephalosporin Antibiotic
13	TIGASON [®]	Agent for the treatment of Hyperkeratosis

(2) Financial Performance of the Products

The total revenue from the Products was 11,639 million yen for the fiscal year ended December 2016.

The profit & loss information concerning the Products is not available.

(3) Classification on the balance sheet

On the balance sheet, the products will be classified as inventories and intangible assets, etc.

(4) Price and settlement

The transfer price of the Products is calculated by adding the value of inventories to 21,280 million yen. The value of inventory will be determined at the transfer timing of marketing and manufacturing rights for each of the Products.

A cash settlement is planned for payment of the proceeds.

3. Overview of Transferee (as of November 14, 2017)

(1)	Company Name	TAIYO Pharma Co., Ltd.
(2)	Head Office	1-9-2 Otemachi, Chiyoda-ku, Tokyo, Japan
(3)	Representative	Eiji Sato, Representative Director and CEO Masao Arima, Representative Director and COO
(4)	Business Description	Development, manufacture and sale of ethical pharmaceuticals,

		quasi-drugs and others
(5)	Capital	450 million yen
(6)	Established	August 2, 2017

4. Overview of Transferor (as of June 30, 2017)

(1) Chugai

(1)	Company Name	Chugai Pharmaceutical Co., Ltd.	
(2)	Head Office	1-1 Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo, Japan (Registered Head Office: 5-5-1 Ukima, Kita-ku, Tokyo, Japan)	
(3)	Representative	Osamu Nagayama, Representative Director, Chairman & CEO	
(4)	Business Description	Research, development, manufacturing, sale, importation, and exportation of the pharmaceuticals	
(5)	Capital	73,202 million yen	
(6)	Established	March 8, 1943	
(7)	Net Assets	668,177 million yen	
(8)	Total Assets	821,699 million yen	
(9)	Major Shareholders and Ownership Ratio	ROCHE HOLDING LTD (Standing proxy: Nishimura & Asahi) 59.89% The Master Trust Bank of Japan, Ltd. (Trust Account) 4.39% Japan Trustee Services Bank, Ltd. (Trust Account) 3.31% JP MORGAN CHASE BANK 385147 (Standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.) 2.89% JP MORGAN CHASE BANK 380055 (Standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.) 0.92% JP MORGAN CHASE BANK 385632 (Standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.) 0.72% STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement Sales Dept., Mizuho Bank, Ltd.) 0.72% Trust & Custody Services Bank, Ltd. (Trust Collateral Account) 0.70% Japan Trustee Services Bank, Ltd. (Trust Account 5) 0.68% MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co., Ltd.) 0.65%	
(10)	Relationship with Taiyo Holdings	Capital Relationship	N/A
		Personal Relationship	N/A
		Trade Relationship	N/A
		Related Party Relationship	N/A

(2) Roche

(1)	Company Name	F. Hoffmann-La Roche Ltd	
(2)	Head Office	Konzern-Hauptsitz, Grenzacherstrasse 124, CH-4070 Basel, Switzerland	
(3)	Representative	Dr. Severin Schwan, Chairman of the Board of Directors	
(4)	Business Description	Pharmaceutical business and Diagnostic business	
(5)	Capital	150 million Swiss francs	
(6)	Established	June 1, 1989	
(7)	Net Assets	Not publicly disclosed	
(8)	Total Assets	Not publicly disclosed	
(9)	Major Shareholders and Ownership Ratio	Roche Holding AG	100%
(10)	Relationship with Taiyo Holdings	Capital Relationship	N/A
		Personal Relationship	N/A
		Trade Relationship	N/A
		Related Party Relationship	N/A

5. Schedule

(1)	Board Resolution	November 14, 2017
(2)	Conclusion of Asset Transfer Agreement	November 14, 2017
(3)	Execution of Asset Transfer	January 2018 (interim)

The transfer of the marketing authorizations including marketing and manufacturing rights will be conducted on a step-by-step basis starting from April 2018 and will be completed by the end of December 2018.

6. Future Outlook

The impact from the transfer of the Products on the consolidated financials for the fiscal year ending March 2018 is currently under review. If the announcement of the revision of the financial forecast is required after the impact is determined, it will be announced promptly.