



January 31, 2019

To Whom it may Concern:

Company Name:  **TAIYO HOLDINGS CO., LTD.**
Representative: Eiji Sato, President and CEO
Stock code: 4626, TSE 1st Section
Contact: Shuichi Omi, Executive Officer,
General Manager, Administrative
Division
Tel: 03-5953-5200

Concerning acquisition of new company shares and ownership of Daiichi Sankyo Propharma Co., Ltd. Takatsuki Plant (subsidiary acquisition)

TAIYO HOLDINGS CO., LTD. (hereinafter, Taiyo Holdings) announces the company passed a resolution at its Board of Directors meeting held today to acquire all shares of a newly established company (hereinafter, New Company) that will inherit the Takatsuki Plant (hereinafter, Takatsuki Plant) belonging to Daiichi Sankyo Propharma Co., Ltd. (hereinafter, Daiichi Sankyo Propharma), a subsidiary of Daiichi Sankyo Company, Limited, (hereinafter, Daiichi Sankyo), following a company split. In accordance, Taiyo Holdings has concluded a basic share transfer agreement with Daiichi Sankyo as outlined below.

Furthermore, Taiyo Holdings plans for the New Company to continue making products currently produced at the Takatsuki Plant via contracted manufacturing.

1. Reason for share acquisition

As indicated in our medium-term business plan NEXT STAGE 2020, the Taiyo Group is implementing various initiatives to grow the medical and pharmaceutical business as a second core business. As one of those initiatives, our subsidiary TAIYO Pharma Co., Ltd. has begun acquiring long-listed products to conduct the manufacturing and sales of pharmaceutical drugs. With this latest agreement, Taiyo Holdings will acquire the Takatsuki Plant of Daiichi Sankyo Propharma with the goal of newly establishing an internal manufacturing center.

The Daiichi Sankyo Group began operations at the Daiichi Sankyo Propharma Takatsuki Plant, which manufactures ethical pharmaceuticals, in 1933. Under an advanced, GMP-compliant manufacturing and quality management structure, the plant produces solid preparations and injectable drugs.

Through this transfer of ownership, the Taiyo Group will partner with TAIYO Pharma Co., Ltd. to begin the contracted manufacturing of pharmaceutical drugs as Taiyo Holdings looks to further strengthen the foundation of our medical and pharmaceutical business. The Takatsuki Plant will continue to conduct and expand on contracted manufacturing business from the Daiichi Sankyo Group. At the same time, Taiyo Holdings will focus on effectively using the advanced technical strengths and production capacity of the Takatsuki Plant to capture new drug manufacturing contracts from customers outside the Daiichi Sankyo Group as Taiyo Holdings aims to meet the diverse needs of pharmaceutical companies in Japan and overseas.

2. Overview of transferred subsidiary

Details of the new company will be disclosed separately as soon as details are finalized.

3. Overview of Takatsuki Plant

(1) Address	4-38, Aketa-cho, Takatsuki-shi, Osaka
(2) Surface area	Plant surface area: 52,594m ²
(3) Start of operations	December 25, 1933
(4) No. of employees	Approx. 340 (as of April 1, 2018)
(5) Manufactured products	Injectable drugs, solid preparations

4. Overview of transaction partner

(1) Name	DAIICHI SANKYO COMPANY, LIMITED	
(2) Address	3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo	
(3) Representative name and title	Sunao Manabe, Representative Director, President & COO	
(4) Business operations	Research and development, manufacture, marketing, etc. of pharmaceuticals	
(5) Share capital	50,000 million yen	
(6) Date founded	September 28, 2005	
(7) Equity attributable to owners of parent (FY2017)	1,132,982 million yen	
(8) Total consolidated assets (FY2017)	1,897,754 million yen	
(9) Major shareholders and equity ratios (As of March 31, 2018)	<p>The Master Trust Bank of Japan, Ltd. (trust account) 8.73%</p> <p>JP MORGAN CHASE BANK 380055 8.66%</p> <p>Japan Trustee Services Bank, Ltd. (trust account) 7.21%</p> <p>Nippon Life Insurance Company 5.52%</p> <p>Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd.</p> <p>Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. 2.22%</p> <p>STATE STREET BANK WEST CLIENT-TREATY 505234 1.95%</p> <p>Japan Trustee Services Bank, Ltd (trust account 5) 1.69%</p> <p>Employee stock ownership of Daiichi Sankyo Group 1.59%</p> <p>Sumitomo Mitsui Banking Corporation 1.53%</p> <p>The Shizuoka Bank, Ltd. 1.45%</p>	
(10) Relationship between listed company and company in question	Capital relationship	No items to report
	Personal relationship	No items to report
	Transactional relationship	No items to report

	Conditions applicable to relevant parties	No items to report
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5. No. of shares acquired, acquisition value, and status of retained shares before and after acquisition

Acquisition value: New Company common shares 37.6 billion yen (planned)

(1)	No. of retained shares prior to transfer	– shares (No. of voting rights –) (Percentage of voting rights –%)
(2)	No. of acquired shares	TBD (planning to acquire all issued shares)
(3)	Acquisition value	New Company common shares 37.6 billion yen (planned)
(4)	Retained shares after transfer	TBD (No. of voting rights: –) (Percentage of voting rights: 100%)

6. Schedule

(1)	Board of Directors meeting date	January 31, 2019
(2)	Agreement date	January 31, 2019
(3)	Share transfer date	October 1, 2019 (planned)

7. Future forecasts

The impact of this stock acquisition on FY2018 consolidated earnings is minor but Taiyo Holdings will provide immediate notification in the event of any matters requiring disclosure.