



Acquisition of Generic Pharmaceutical Business from Teva Takeda Pharma Ltd.

July 30, 2020

**Nichi-Iko Pharmaceutical Co., Ltd.
President and CEO
Yuichi Tamura**



The 8th Medium-term Management Plan "NEXUS ∞"



**Strategic
Imperative 1**

**Continue our deeper pursuit
of business arenas**

**Strategic
Imperative 2**

Relentless efforts for operational excellence

**Strategic
Imperative 3**

**Drive for global standard of quality and
competitive edge**

**Strategic
Imperative 4**

**Be the most trusted life science company
driven by our ESG activities**

Acquisition Rationale

We pursue the implementation of the following strategic imperatives
“Relentless efforts for operational excellence” and
“Deliver a global standard of quality and competitive edge”
in order to overcome the challenging business environment as well as
our business issues

1

Optimization of the production system by internalization of manufacturing

Unifying APIs, streamlining of overlapping products (Nichi-Iko / Elmed / Teva Takeda products),
Internalizing the manufacturing of specialized drugs, optimization of group production system

2

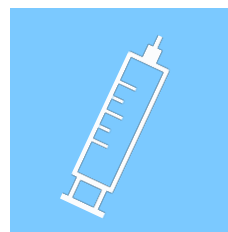
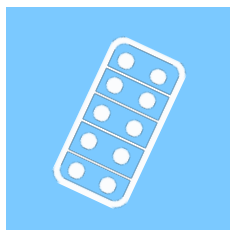
Enhancing the Quality Control System

Acquiring Teva Takeda's global Quality Control system with its competitive know-hows and talents
New QC department which will consist of 600 specialists, outside know-hows Nichi-Iko will gain
access from the contract manufacturing business

The following production capabilities will be acquired

Oncologic drugs

Utilize production line for highly reactive agents

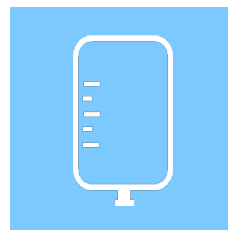
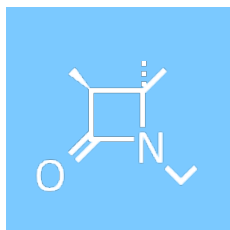


Syringe drugs

Capabilities for manufacturing specialized drugs (syringe drugs)

Antibiotics

Capabilities for manufacturing cephem antibiotic



Bag drugs

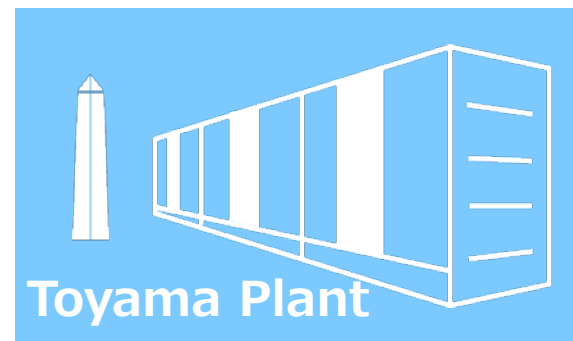
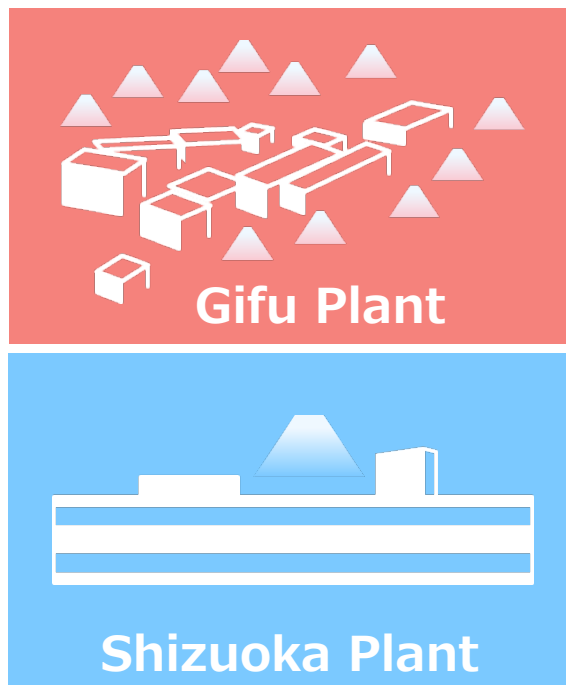
Capabilities for manufacturing specialized drugs (bag drugs)

Synergies

Internalization of outsourced products by utilizing capabilities for specialized drugs
Optimization of Nichi-Iko Group's entire production system

Unifying Overlapping Products

Overlapping products within our group pre-/post-acquisition to be unified



Optimizing products manufactured among plants

Streamline the number of products in accordance with the capabilities of each plant (facilities, lot size)
Enhance the quality control system with 600 QC specialists

Under the new quality policy, we will enhance our quality control system by complying with the global quality standards



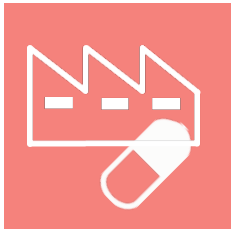
Quality control specialists

- Bolstering our quality control department
- Bolstering our pharmaceutical development department



Global quality standards

- Introduce Teva Takeda's quality standards that complies with the global quality standards



CMO business

- Maintain and improve production levels as well as quality control levels through contract manufacturing business



New quality policy

- Generic manufacturer considerate of the patients' illness and feelings
- Promise for trust and pace of mind

Synergies

Enhance the quality control by increasing personnel and blending cultures
Establish a new supply chain system which meets the global standards

Significance of the Acquisition in NEXUS

We believe this acquisition, by implementing the strategic imperatives set forth in NEXUS, will significantly contribute to increasing the enterprise value and evolving into a global comprehensive generic company

NEXUS / Strategic Imperatives



Better than the Best.

Strategic Imperative 1

Continue our deeper pursuit of business arenas



- Acquire generic drugs covering broader therapeutic areas, and expand the product portfolio
- Enter into contract manufacturing business by utilizing the plant to be acquired

Strategic Imperative 2

Relentless efforts for operational excellence



- Improve production efficiency by acquiring the plant with state-of-the-art facilities
- Further increase capacity in manufacturing and supplying products
- Optimize the value chain and drug APIs

Strategic Imperative 3

Drive for global standard of quality and competitive edge



- Acquire globally competitive talents, and strengthen/expand Nichi-Iko's personnel platform
- Pursuit premium quality by enhancing the quality control system
- Build more stable drug supply system by improving drug formulations and using multiple drug APIs, and increase value added to products

Strategic Imperative 4

Be the most trusted life science company driven by our ESG activities



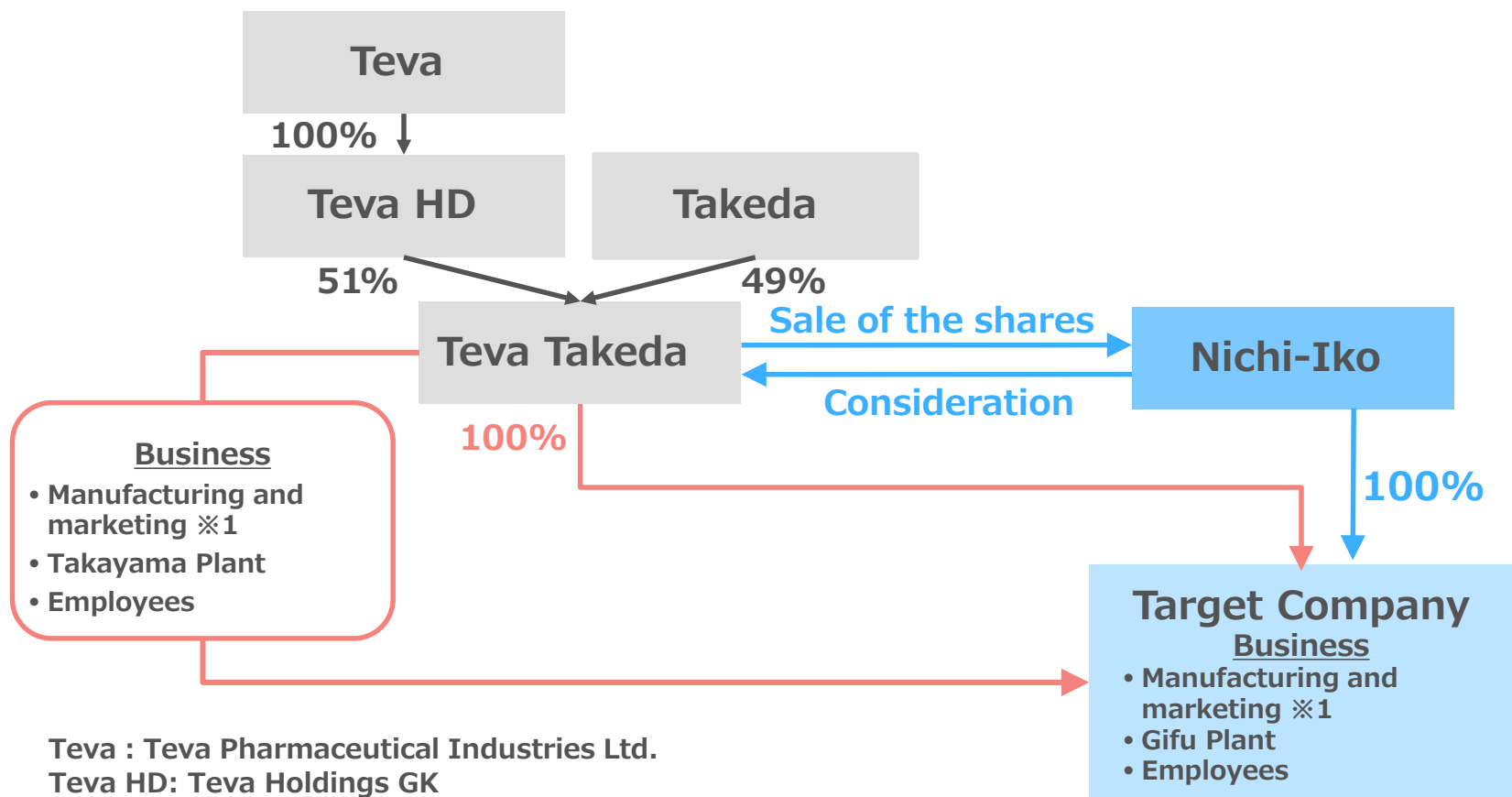
- Increase diversity in human resources
- Contribute to the local industry as well as employment
- Enhance our governance by quality control system that meets global standards

Global comprehensive generic company

Acquisition Scheme

Phase I Business to be transferred to Target Company through a company split

Phase II Acquiring the Shares of the Target Company



Teva : Teva Pharmaceutical Industries Ltd.

Teva HD: Teva Holdings GK

Takeda: Takeda Pharmaceutical Co., Ltd.

*1 : 24 molecules, 65 SKUs that Teva Takeda Pharma Ltd has specified are out of transfer scope
Authorized generics, LLPs and medical reps are not included in the business to be acquired

Overview of the acquisition method

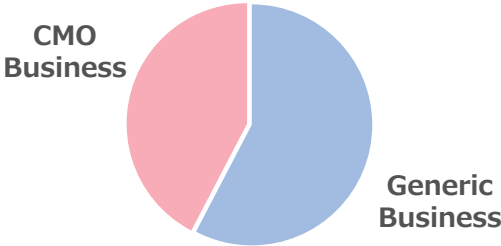
The acquisition is expected to be completed in February 2021

Acquisition scheme	<ul style="list-style-type: none">■ A company (“NewCo”) to be newly established as a wholly owned subsidiary of Teva Takeda Pharma Ltd■ After the establishment, NewCo will take over the generic pharmaceutical business*¹ and the contract manufacturing business relating to the Gifu Plant through a company split■ Nichi-Iko is scheduled to acquire all the shares of NewCo
Closing date	<ul style="list-style-type: none">■ Scheduled to be completed on February 1st, 2021
Fund procurement	<ul style="list-style-type: none">■ Funds at hand
Financial impact	<ul style="list-style-type: none">■ Impacts on the financial results will be disclosed when the amount is determined

*1 : 24 molecules, 65 SKUs that Teva Takeda Pharma Ltd has specified are out of transfer scope

Transaction Overview (1): Target Company

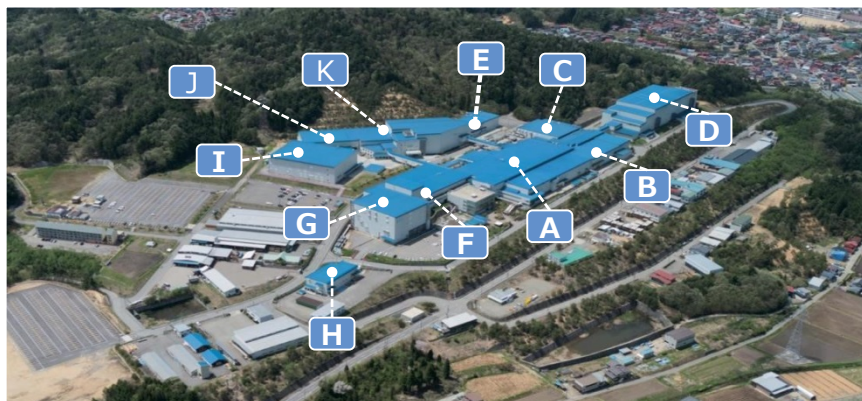
Overview of the target company is as follows

Company Name	■ Nichi-Iko Gifu Plant K.K. (tentative)
Establishment	■ Scheduled to be established on August 2020
Address	■ Headquarters : TBD ■ Gifu Plant : Takayama City, Gifu
Total Revenue	<div><div><div>■ Total Revenue: JPY 31,954 million (As of Dec 2019)</div><div>- Generic Business : c. 60%</div><div>- CMO Business : c. 40%</div></div><div><p>CMO Business</p><p>Generic Business</p></div></div>
Total Assets	■ Assets : JPY 33,308 million (As of the end of September 2019)

Transaction Overview (2): Gifu Plant

We aim to internalize the outsourced products and thus optimize our production system by utilizing Gifu facility. We also aim to achieve further improved efficiency by applying our know-hows

Layout



Name

A	Main building (OSD 1, Injectable 1)
B	QA/QC building
C, D, E	Solid drug plant 2, 3, 5
F, G	Injectable plant 2, 3
H	South plant
I	Antibiotics
J, K	Distribution center, warehouse

Basic Information

- **Location** : Takayama City, Gifu
- **Site area** : 118,599 m²
- **Building area** : 119,282 m²
- **Production dosage** :
Solid drug, injectables (ample, vial, syringe, bag)
- **Production performance** (FY2019) :
2.7 billion tablets, injectables 45.4 million pieces
- **Production capacity** :
4.0 billion tablets, injectables 110 million pieces
- **Employees** : 744 (as of the end of June 2020)
- **Function** : Manufacturing, procurement, pharmacovigilance, QC/QA
- **Features**
 - Manufacturing capabilities for specialized drugs (syringe/bag)
 - Manufacturing capabilities for oncologic drugs, antibiotic drugs
 - State-of-the-art production facilities (automation in place)
 - Further room for future expansion of manufacturing facilities

(Reference) Production post acquisition

We will have the production capacity of 20 billion tablets a year by acquiring Gifu Plant with strategic capabilities including CMO

Toyama Plant 2



■ Powders & granules

Toyama Plant 1



■ Tablets & capsules

Hokkaido Plant

(Yakuhon Pharmaceutical)



■ Pharmacopoeia drugs, antibacterials

Yamagata Plant



■ Topical drugs

Gifu Plant



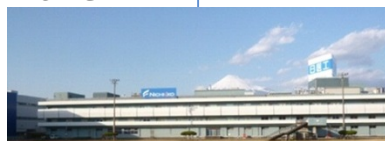
■ Tablets and injectables

Aichi Plant



■ Injectables, liquid and lyophilized products

Shizuoka Plant



■ General preparations and antibiotic injection

Saitama Plant



■ Value-added products, oral jelly, and eye drop

Overseas Plants



Quebec

Montreal Plant
(Omega)



New York

Plattsburgh Plant
(SterRx)



North Carolina

Raleigh Plant
(Sagent)

Mission Statement



We shall excel as
the outstanding generic pharmaceutical company,
making every effort to continue to serve and deliver
our products needed by our patients and their families,
pharmacists, doctors, distributors and
other pharma companies around the world.



Forward-Looking Statement

The information contained in this document is not intended as solicitation material for buying or selling the company's shares.

Earnings forecasts and other future forecasts contained herein have been made by the company based on information available at the time the material was compiled and encompass potential risks and uncertainties.

Accordingly, actual results may differ from forecasts for a variety of reasons.

The company and any other information sources for this document bear no responsibility for damages or losses resulting from the use of this information.