



February 28, 2023

To whom it may concern,

Company Name: Nichi-Iko Pharmaceutical Co., Ltd.  
(Securities Code: 4541, TSE Prime Market)  
Representative: Yuichi Tamura, President & CEO  
Susumu Kanda, Director and Executive Vice  
Contact: President

(Tel. 076-432-2121)

**Notice Regarding Change in the Company's Consolidated Subsidiary  
(Second-Tier Subsidiaries) (Share Transfer)**

Nichi-Iko Pharmaceutical Co., Ltd. (Toyama-shi, Toyama; President & CEO: Yuichi Tamura; the "Company") hereby gives notice that, at the meeting of the Board of Directors held today, the Company resolved to transfer all of the shares of Sagent Pharmaceuticals (Wyoming, USA; Chief Executive Officer: Dr. Peter Kaemmerer; "Sagent") and Omega Laboratories Ltd. (Quebec, Canada; President: Bruce Levins; "Omega") held through its consolidated subsidiary Sagent Pharmaceuticals, Inc. (Delaware, USA; Chief Executive Officer: Dr. Peter Kaemmerer; "Sagent Holding Co.") to Ellimist Singapore Pte. Ltd. (Singapore; Director : Gopi Devarakonda and Mohammed Tawfiq; "Ellimist"), which Dr. Ravi Penmetsa, a businessperson in Republic of India, substantially controls through his asset management company, and that today Sagent Holding Co. entered into an Equity Purchase Agreement (the "Equity Purchase Agreement") pertaining to the Share Transfer with Ellimist..

Details

1. Reason for the Share Transfer

As described in the "58th Annual Securities Report" released on June 30, 2022, due to an overall revision in the fiscal year ending March 2022 of the development plans for biosimilars (follow-up products to biopharmaceuticals) and orphan drugs (drugs for rare diseases), in which the Company has been making ongoing investments in our North American business, we accrued impairment losses of JPY 6.612 billion at Sagent Holding Co. and its consolidated subsidiaries (the "Sagent Group") in relation to goodwill accrued from investments in our North American business and intangible assets concerning the development of biosimilars and orphan drugs. In addition, we conducted impairment testing under International Financial Reporting Standards (IFRS), and as a result of considering the future recoverability of fixed assets, including goodwill, earnings that had been anticipated could no longer be expected, so we accrued impairment losses of JPY 28.530 billion on the fixed assets of Sagent Group, including goodwill.

In addition, as described in the "Notice Regarding Accrual of Inventory Asset Valuation Losses and Impairment Losses, and of Foreign Exchange Losses" and the "Report for the Third Quarter of the 59th Fiscal Year" released on February 14, 2023, in the consolidated cumulative third quarter of the fiscal year ending March 2023, the Company accrued a JPY 49.768 billion impairment loss regarding goodwill, tangible fixed assets, and intangible assets owned

by the Sargent Group, and had negative equity of JPY 52.101 billion as of the end of the third quarter consolidated accounting period of the fiscal year ending March 2023.

Because of this challenging business climate and financial condition, as described in the “Notice Regarding Convening of Creditors’ Meeting for Resolution of Proposed Business Turnaround Plan in Business Turnaround ADR, Completion of Business Turnaround ADR, and Financial Support including Debt Forgiveness” released on December 28, 2022, the Company is committed to a fundamental business turnaround based on the proposed business turnaround plan that was consented to by all of the financial institutions with whom it has transactions that are the creditors subject to the specified certified dispute resolution procedures under the Act on Strengthening Industrial Competitiveness.

As part of that, in order to establish a firm earnings structure and fundamentally improve the Company’s financial condition for its future re-growth and its sustained growth, the Company reviewed and considered the rebuilding of the businesses in its group and has now decided to sell Sagent and Omega to Ellimist. through the Share Transfer and to exit its North American business.

## 2. Outline of Subsidiary Transferring Shares (Sagent Holding Co.)

(1)	Name	Sagent Pharmaceuticals, Inc.
(2)	Location	1209 Orange Street, Wilmington, New Castle, 19801, Delaware, USA
(3)	Name and title of representative	Dr. Peter Kaemmerer (CEO)
(4)	Business details	Holding company of the Sagent Group (manufacture and sale of generic pharmaceuticals, mainly injectables)
(5)	Stated capital	USD 10
(6)	Incorporation	2011

## 3. Outline of Second-Tier Subsidiaries to be Changed

### (1) Outline of Sagent

(1)	Name	Sagent Pharmaceuticals	
(2)	Location	2120 Carey Avenue, Cheyenne, Wyoming 82001, USA	
(3)	Name and title of representative	Dr. Peter Kaemmerer (CEO)	
(4)	Business details	Manufacture and sale of generic pharmaceuticals, mainly injectables	
(5)	Stated capital	USD 100	
(6)	Incorporation	2006	
(7)	Major shareholders and shareholding ratios	Sagent Pharmaceuticals, Inc. 100.0%	
(8)	Relationship between the Company and Sagent	Capital relationship	It is a wholly-owned subsidiary of Sagent Holding Co.
		Personnel relationship	Two of the Company’s officers or employees serve as directors of Sagent.

	Transactional relationship	The Company conducts certain transactions with Sagent.	
(9) Operating results and financial position of Sagent in the most recent three-year period (unit: million USD)			
Accounting period	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Consolidated net assets	657	604	362
Consolidated total assets	978	1,000	760
Consolidated net assets per share (unit: USD)	65,716	60,376	36,223
Consolidated sales	288	299	312
Consolidated operating profit	-8	-64	-243
Profit before tax	-8	-62	-245
Net profit for the current period attributable to owners of parent	-4	-53	-239
Basic earnings per share (unit: USD)	-402	-5,339	-23,941

(2) Outline of Omega

(1)	Name	Omega Laboratories Ltd.	
(2)	Location	11177 Hamon Street, Montreal, Quebec Canada, H3M 3E4	
(3)	Name and title of representative	Bruce Levins (President)	
(4)	Business details	Manufacture and sale of generic pharmaceuticals, mainly injectables	
(5)	Stated capital	CAD 1,321,000	
(6)	Incorporation	1958	
(7)	Major shareholders and shareholding ratios	Sagent Pharmaceuticals, Inc. 100.0%	
(8)	Relationship between the Company and Omega	Capital relationship	It is a wholly-owned subsidiary of Sagent Holding Co.
		Personnel relationship	Not applicable.
		Transactional relationship	The Company conducts certain transactions with Omega.
(9) Operating results and financial position of Omega in the most recent three-year period (unit: million CAD)			
Accounting period	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022
Net assets	119	122	124
Total assets	185	186	188

Net assets per share (unit: CAD)	119,239	122,413	123,842
Sales	48	58	68
Operating profit	-1	3	3
Profit before tax	-3	4	3
Net profit for the current period attributable to owners of parent	-2	3	2
Basic earnings per share (unit: CAD)	-2,400	3,174	2,134

#### 4. Outline of the Counterparty of the Share Transfer

(1)	Name	Ellimist Singapore Pte. Ltd.	
(2)	Location	8 Cross, # 24-03/04, Manulife Tower, Singapore, 048424	
(3)	Name and title of representative	Gopi Devarakonda (Director) Mohammed Tawfiq (Director)	
(4)	Business details	Consulting and marketing support for pharmaceutical businesses	
(5)	Stated capital	Not disclosed	
(6)	Incorporation	February 15, 2019	
(7)	Net assets	Not disclosed	
(8)	Total assets	Not disclosed	
(9)	Major shareholders and shareholding ratios	KP Advisory Services LLP - 50%	
(10)	Relationship between the Company and Ellimist	Capital relationship	Not applicable.
		Personnel relationship	Not applicable.
		Transactional relationship	Not applicable.

#### 5. Number of Transferred Shares, Transfer Price, and Status of Shareholding Before and After Transfer

##### (1) Sagent

(1)	Number of shares held before change	10,000 shares (Ratio of voting rights holding: 100.0%)
(2)	Number of transferred shares	10,000 shares
(3)	Number of shares held after change	0 shares (Ratio of voting rights holding: 0.0%)

##### (2) Omega

(1)	Number of shares held before change	1,000 shares (Ratio of voting rights holding: 100.0%)
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(2)	Number of transferred shares	1,000 shares
(3)	Number of shares held after change	0 shares (Ratio of voting rights holding: 0.0%)

(Note) The final transfer price is planned to be decided after implementing a price adjustment based on a combined enterprise value of USD 100 million for both Sagent and Omega.

#### 6. Schedule

(1)	Date of the resolution of the Board of Directors	February 28, 2023
(2)	Execution date of the Equity Purchase Agreement	February 28, 2023
(3)	Closing date of the Share Transfer	February 28, 2023 (planned)

#### 7. Future Outlook

In conjunction with the Share Transfer, it is expected that a combined share transfer loss of (approximately) USD 124 million for both Sagent and Omega will be accrued in the fourth quarterly consolidated accounting period for the fiscal year ended March 2023.

Furthermore, at the time that the announcement was made in the “Notice Regarding Convening of Creditors’ Meeting for Resolution of Proposed Business Turnaround Plan in Business Turnaround ADR, Completion of Business Turnaround ADR, and Financial Support including Debt Forgiveness” dated December 28, 2022, it was confirmed that debt forgiveness for a total of JPY 55,784,651,484 will be provided by all 15 financial institutions with whom the Company has transactions, and going forward, there may be debt forgiveness of up to JPY 42,715,348,516 in addition to that amount.

The effect the Share Transfer will have on the Company’s consolidated results forecast for the fiscal year ending March 2023 will be promptly announced when the details have been finalized.

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