

January 17, 2024
Sawai Group Holdings Co., Ltd.

Notice of Transfer (Sale of Shares/Equity Interests) of Sawai's U.S. Subsidiary / Sub-subsidiary

Osaka, Japan – January 17, 2024 – Sawai Group Holdings Co., Ltd. (Sawai Group, Head office: Osaka, Japan, President: Mitsuo Sawai) announced that its Board of Directors, at a meeting held on January 16, resolved to transfer all shares of Sawai America Holdings Inc. (SAH), a holding company of its U.S. business, as well as its interests in Sawai America LLC (SAL) and interests in Upsher-Smith Laboratories, LLC (Upsher-Smith), both of which are subsidiaries of SAH, to Bora Pharmaceutical Holdings, Inc. (Bora). At the same time, Sumitomo Corporation of Americas (SCOA), a co-investor in SAL, will also transfer its interests to Bora.

The transfer of these shares is planned to be executed subject to the approval of the United States antitrust authorities and in accordance with other laws and regulations.

Stifel served as exclusive financial advisor to Sawai, Sumitomo, and Upsher-Smith on this transaction. Debevoise & Plimpton LLP serves as transaction counsel and Katten Muchin Rosenman LLP as antitrust counsel to Sawai, Sumitomo and Upsher-Smith in this transaction.

1. The Reason for the Transfer of These Shares

In 2017, Sawai Group acquired Upsher-Smith with the goal of full-scale entry into the U.S. market, the world's largest generic drug market. Since this acquisition, we have sought business growth by implementing a variety of measures, including the consolidation/closure of factories, enhancing production capability, and increasing the pipeline capacity.

Despite our dedicated efforts, the business environment became increasingly complex as the top three purchasing groups strengthened their buying capabilities and competitors, particularly from India, intensified price competition. Consequently, in the fiscal year ending March 2022, we recorded significant impairments of goodwill and other assets. To address these challenges, we undertook proactive measures such as streamlining back-office operations, implementing cost-cutting initiatives, and restructuring our R&D framework and development strategies.

Given these circumstances, Sawai Group discussed various options with its co-investor, Sumitomo Corporation Group. From the discussion, it was recognized that bold product investment strategies and additional investments to effectively utilize Upsher-Smith's new factory will be needed to stay ahead of its competitors. On the other hand, Sawai Group needs to prioritize the investment of management resources in the Japanese business to solve quality issues and expand demand in Japan. Therefore, Sawai Group decided that the best option would be to sell the shares and interest of the U.S. business to Bora, a globally recognized CDMO with a global commercialization arm who is eager to invest in the U.S. pharma business and effectively utilize Upsher-Smith's new factory capacity, and concluded an agreement regarding the transfer of these shares.

2. Summary of the Subsidiary Transfer

I. Sawai America Holdings Inc.

1.	Name	Sawai America Holdings Inc.
2.	Address	6701 Evenstad Drive, Maple Grove, MN 55369, U.S.A
3.	Title and name of the representative	Taku Nakaoka, President
4.	Business activities	Management of the subsidiary through the ownership of the subsidiary equity interests
5.	Capital	\$ 905 M

6.	Date of establishment	November, 2017	
7.	Major shareholders and their ownership percentage	SAWAI GROUP HOLDINGS Co., Ltd. 100%	
8.	Relations with the listed company and the mentioned company	Capital ties	Sawai Group owns 100% of the interests outstanding of the mentioned company.
		Personnel ties	Sawai has assigned four executives to the mentioned company.
		Business ties	Sawai engages in certain transactions with the mentioned company.

3. Summary of the Sub-subsidiary Transfer

I. Sawai America LLC

1.	Name	Sawai America LLC	
2.	Address	6701 Evenstad Drive, Maple Grove, MN 55369, U.S.A	
3.	Title and name of the representative	Taku Nakaoka, President	
4.	Business activities	Management of the subsidiary through the ownership of the subsidiary equity interests	
5.	Capital	-	
6.	Date of establishment	April, 2017	
7.	Major shareholders and their ownership percentage	Sawai America Holdings Inc. 80% Sumitomo Corporation of Americas 20%	
8.	Relations with the listed company and the mentioned company	Capital ties	Sawai indirectly owns 80% of the interests outstanding of the mentioned company.
		Personnel ties	Sawai has assigned three executive to the mentioned company.
		Business ties	Sawai engages in certain transactions with the mentioned company.

II. Upsher-Smith Laboratories, LLC

1.	Name	Upsher-Smith Laboratories, LLC	
2.	Address	6701 Evenstad Drive, Maple Grove, MN 55369, U.S.A	
3.	Title and name of the representative	Rich Fisher, President & COO	
4.	Business activities	Manufacturing and sales of generic drugs	
5.	Capital	-	
6.	Date of establishment	1919	
7.	Major shareholders and their ownership percentage	Sawai America LLC 100%	
8.	Relations with the listed company and the mentioned company	Capital ties	Sawai indirectly owns 80% of the interests outstanding of the mentioned company.
		Personnel ties	Sawai has assigned three executive to the mentioned company.
		Business ties	Sawai engages in certain transactions with the mentioned company.

4. Summary of the Shares Transfer Recipient

Bora is a 100% subsidiary newly established by Bora Pharmaceuticals Co., Ltd. in Delaware, U.S.A., and has no financial data. The outline of Bora Pharmaceuticals is as follows.

1.	Name	Bora Pharmaceuticals Co., Ltd.	
2.	Address	6F., No. 2, Aly. 36, Ln. 26, Ruiguang Rd., Neihu District, Taipei City, 114, Taiwan	
3.	Title and name of the representative	Bobby Sheng, Chairman	
4.	Business activities	Manufacturing and sales of pharmaceuticals and healthcare products	
5.	Capital	NT\$ 1,008,308,000 (as of Sep, 2023)	
6.	Date of establishment	June 12, 2007	
7.	Net assets	NT\$ 8,382,363,000 (as of Sep, 2023)	
8.	Total assets	NT\$ 23,429,109,000 (as of Sep, 2023)	
9.	Major shareholders and their ownership percentage	Bao Lei Co., Ltd. 18.46%	
10.	Relations with the listed company and the mentioned company	Capital ties	No relevant matter exists.
		Personnel ties	No relevant matter exists.
		Business ties	No relevant matter exists.
		Relevant party status	No relevant matter exists.

5. Transfer Amount

Trading value of equity interest US\$160 million and \$8 million upon the achievement of the conditions of Earn-out, and the equivalent of \$40 million value from Upsher-Smith separately through dividends or a repurchase of SAH shares held by Sawai Group.

6. Dates

1.	Board of Directors Resolution Date	January 16, 2024
2.	Date of Agreement Execution	January 16, 2024
3.	Date of share transfer execution	March 31, 2024 (scheduled)

The transfer of these shares/interests must be approved by the relevant authorities in accordance with the Antitrust Law and other related laws and regulations in the United States and is subject to changes depending on the progress in obtaining approval.

7. Affected Amount on Consolidated Profit and Loss Due to the Transfer

The effect on the profit and loss due to the transfer of these shares/interests is expected to be recorded in the third quarter of the fiscal year ending March 2024 and the full-year performance for the fiscal year ending March 2024. We will promptly announce the impact on Sawai Group's performance due to the transfer as the details become available.

◆ Contact Information ◆

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