



Strategic Alliance Agreement for the Generic Business of Nichi-Iko Pharmaceutical Co., Ltd. and Eisai Co., Ltd.

**- Aiming to Create New Business Models and
Expand Contribution to Patients -**

March 29, 2018

Nichi-Iko Pharmaceutical Co., Ltd.

Eisai Co., Ltd.



Agenda



I . Nichi-Iko Pharmaceutical Co., Ltd.'s Rationale for the Alliance

1. Outline and Overall Framework of the Alliance
2. Integration of Elmed Eisai and Envisioned Structure

II . Eisai Co., Ltd.'s Rationale for the Alliance

1. About Elmed Eisai
2. Creating New Business Models and Expanding Contribution to Patients
 - Outline of Total Inclusive Ecosystem and Goals of the Alliance -
3. Strategic Alliance for API Business



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Outline of the Alliance

Take up the challenge of creating new business models for the generic pharmaceutical business
Strategic alliance agreement to bring about growth and enhanced profit for both companies

API



Use API·CMO

Eisai
Vizag Plant in India

- Procurement of superior price competitive API from Eisai
- Promotion of sustainable cost reduction measures under Profit Management Plan 2019
- Leverage Eisai's API development capability and manufacturing techniques for new products as well
- Contract manufacturing at Vizag Plant in India with low costs and advanced technology

Total Inclusive Ecosystem



Provide products, etc.



- Nichi-Iko, who has a wide product lineup, provides products and other services
- Enhance Power of Development for new markets such as regional healthcare

Generic Integration

- Enhance cost competitiveness by increasing scale
- Add Value-Added Generic Drugs to product lineup
- Capture 20% share of Japanese domestic generic market

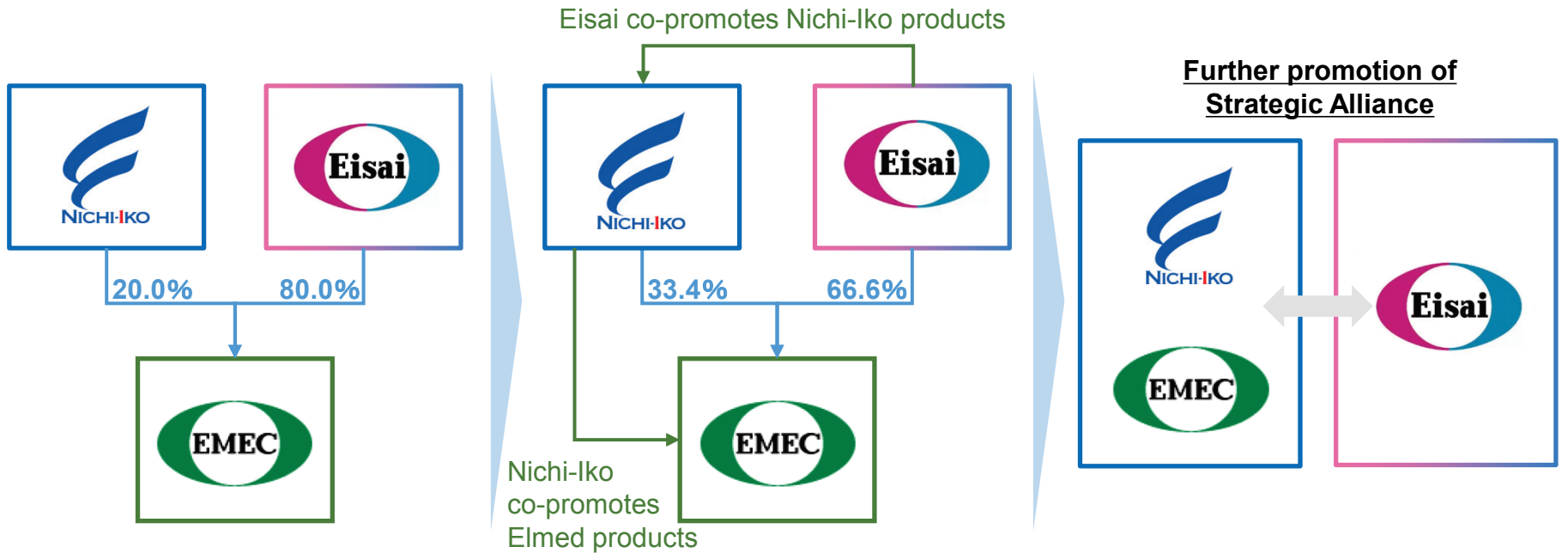
Integration of Elmed

Incremental acquisition of 17 billion yen worth of Elmed shares in total scheduled according to progress of strategic alliance agreement

April 2, 2018 (planned)
Nichi-Iko takes a 20% capital stake in Elmed

October 1, 2018 (planned)
Nichi-Iko makes additional investment in Elmed
Co-promotion commences

April 1, 2019 (planned)
Nichi-Iko takes a 100% capital stake in Elmed



→ Ratio of shares held → Co-promotion



Integration of Elmed Products



Enhanced lineup



1,007 products

Nichi-Iko-only products

873 products

Consider co-promotion with Eisai from October 1, 2018 (planned)

Business alliance with Eisai

Overlapping products between companies

134 products

Domestic generic market share

Number of products

50% or over

11

Between 30% and 50%

18

Between 10% and 30%

79

Cost synergies from increased scale



188 products

Elmed-only products
54 products

Consider co-promotion with Nichi-Iko from October 1, 2018 (planned)

Positioning of this Agreement in the Generic Market

Commanding presence in the Japanese domestic generic market

Market share expansion

Superior competitiveness

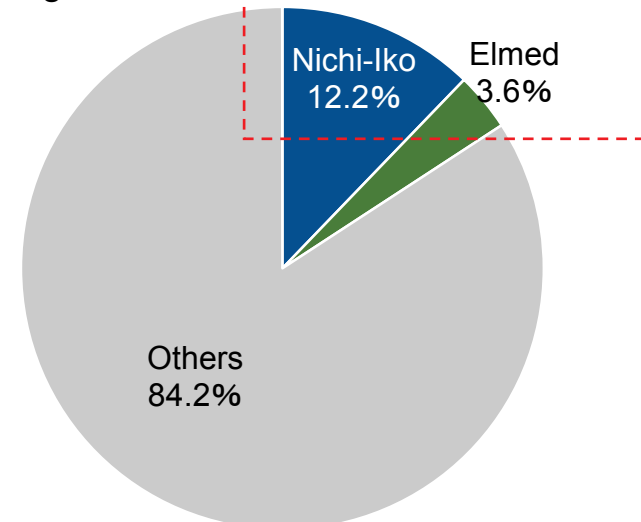
Optimization of supply system

Cost competitiveness

(For reference) Simple sum of sales for Fiscal 2017

Company	Sales (millions of yen)
Nichi-Iko + Elmed	191,398
Nichi-Iko	163,372
Elmed	28,026

Generic market share after the agreement is concluded **15.8%**



Source: Internal estimates (value share based on drug prices)



Mission Statement



Our mission is to provide value-added, high quality generic products which meet the needs of **patients and their families**, doctors, pharmacists, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic companies in the world.



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Company outline

- Founded in 1996 as a 100% subsidiary of Eisai in anticipation of necessity of low-cost and high-quality pharmaceuticals under the circumstances of increasing co-payment in elderly medicine. Since then, the company has contributed to many patients as a member of the Eisai Group by providing value-added “**brand generics**” for more than 20 years after commencing business in 1997.
- The company’s name is derived from Elderly Medicine (Development and sales of medicines for the elderly)
- Sales: 28 billion yen (FY2016 results)
- Employees: 135 (as of March 19, 2018)

<Value-added “**brand generics**”>

Value in **formulation**: barrier-free formulations such as molded (rapidly-dissolving) tablets, easily-dissolving powder/granules in water, and easy-to-handle patches, etc.

Value in **information**: provision of information in sales collaboration with Eisai

Value in **economy**: reduction of co-payment by patients with low-priced generics

Development of Rapidly



Disintegrating Tablets (Molded Tablets)

- Development as core formulation of the generic business in Eisai
- Development of production machine for Rapidly Disintegrating Tablets (Molded Tablets)



**Tableting machine for
molding moistened powder**

**Awarded the Inaugural Pharmaceutical
Machinery and Engineering Prize
(the Nakai Prize)**





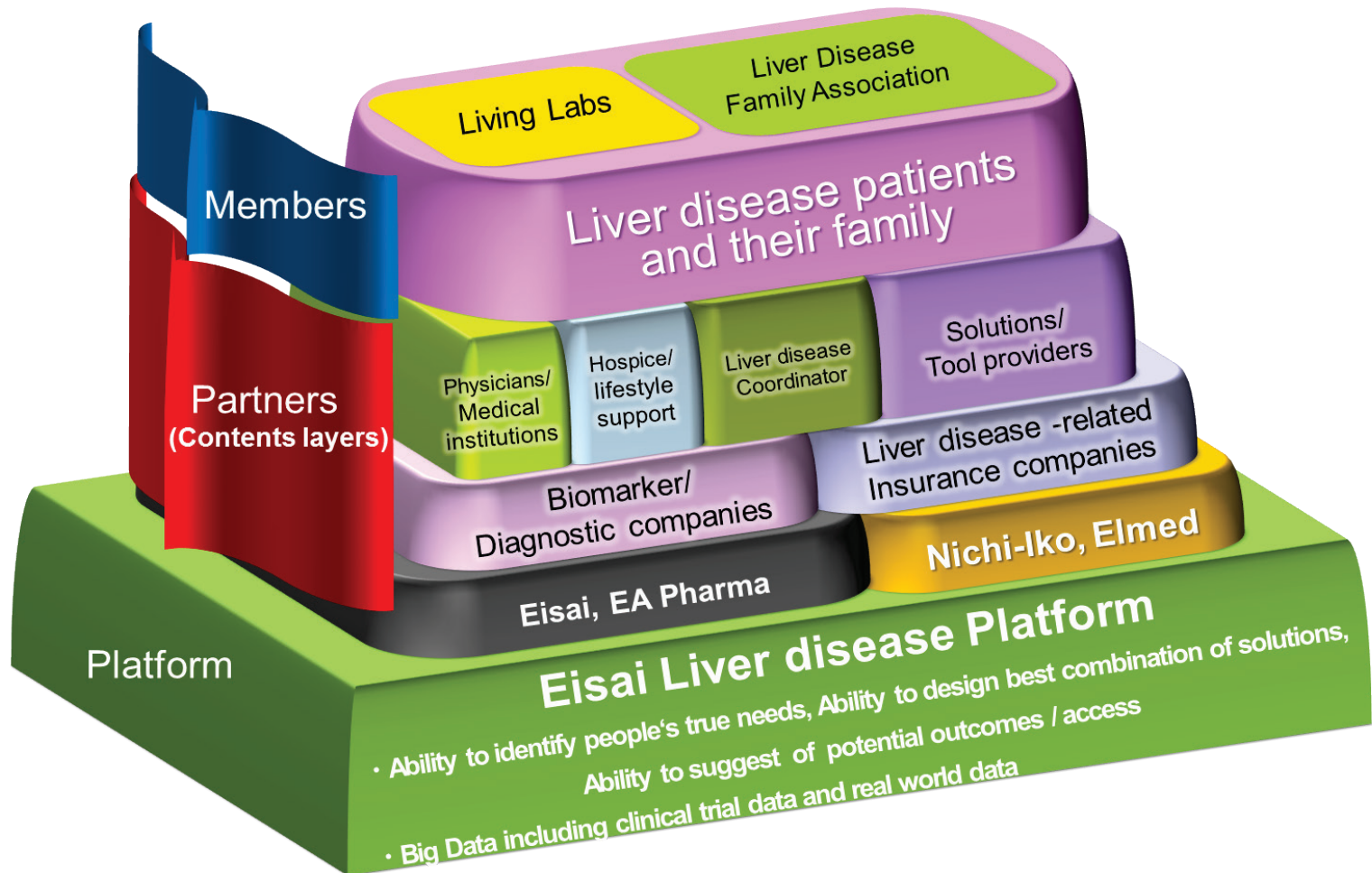
Outline of the Total Inclusive Ecosystem and Goals of the Alliance



Eisai aims to create patients' benefit through expansion of “Total Inclusive Ecosystem”, which provides necessary solutions such as medicines with patients and other stakeholders, by incorporating various contents into the platform mainly composed of the capability (i) to derive patients' “True Needs”, (ii) to design solutions of such patients' needs, and (iii) to propose Access method to such solutions as well as Outcomes (curative effect and economical efficiency) based on medical data such as evidence of clinical trial or Real World Data.

Through the agreement, Nichi-Iko, who has a wide range of generic pharmaceuticals, will be added as a content provision partner. This will enhance the Total Inclusive Ecosystem for dementia, liver disease and other diseases, as well as further expand contribution to patients in regional healthcare.

Conceptual Image of Eisai's Total Inclusive Ecosystem for Liver Disease





Expanding Liver Disease Products through Strategic Alliance



Treatment of liver cancer

Lenvima

(anticancer drug)

Diagnosing imaging

Iomeron

(Non-ionic contrast medium)

Treatment of liver cancer

DC Bead

(vascular embolization device)



Prevention of recurrence

Entecavir (Elmed)
(antiviral drug)



Diagnosis of liver cancer

Picolumi PIVKA- II MONO (PIVKA- II Kit)



Gastric and duodenal ulcer

Pariet

(proton pump inhibitor)

Nutrition therapy

Livact

(branched-chain amino acid formulation)

Liver supporting therapy

Stronger neo-minophagen C Glycyron

(treatment for chronic hepatitis)

**Hepatitis/liver cirrhosis
Liver cancer patient**



Treatment of liver cancer

Cisplatin

Peritonitis treatment

Ciprofloxacin

Spironolactone

Dyslipidemia treatment

Probucol

Bezafibrate etc

Hypertension treatment

Diltiazem Hydrochloride

Nicardipine Hydrochloride

BEC

Manidipine Hydrochloride

Nifedipine

Nitrendipine etc

Adrenal cortical hormone

Cortone

Decadron

Pruritus treatment

Ebastine

Chlorpheniramine Maleate

Saccortin Combination etc

Diabetes treatment

ILUAMIX

TELTHIA

VALHYDIO etc

Ascites Treatment (2 products)

Liver supporting therapy (1 product)



Strategic Alliance for API Business



Eisai will promote collaboration on superior API supply with Nichi-Iko on various points such as price, quality and stable supply originated from Eisai's Vizag Plant in India.

Through the above, the two companies will use generics that can achieve unprecedented high quality and stable supply to fulfill their contribution to medicine.



