

November 26, 2018

Company Name: POLA ORBIS HOLDINGS INC.
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Announcement Regarding Transfer (Transfer of Shares) of a Consolidated Subsidiary

POLA ORBIS HOLDINGS INC. (the “Company”) hereby announces that it resolved at its Board of Directors’ meeting held on November 26, 2018, to transfer all the shares of POLA PHARMA INC. (hereinafter “POLA PHARMA”) that is a consolidated subsidiary of the Company; and that the Company accordingly entered into a share transfer agreement with Sun Pharma Global FZE (Headquarters: Sharjah, United Arab Emirates), a subsidiary of Sun Pharmaceutical Industries Limited (Headquarters: Mumbai, India; hereinafter “Sun Pharma”) on the same date. The details are outlined below.

1. Reasons for the share transfer

Under the current medium-term management plan, the POLA ORBIS Group (the “Group”) seeks to improve profitability in Japan, promote a solid shift toward overall profitability from overseas operations and build a brand structure for next-generation growth in the beauty care business, while continuing to reinforce the operating base and increase corporate value through enhanced capital efficiency. As a part of this effort, the Company decided to transfer all the shares of POLA PHARMA, for the purpose of concentrating the business resources on the Group’s strong fields of the beauty care business and further improving the investment efficiency, as well as realizing sustainable growth of POLA PHARMA.

POLA PHARMA has been researching, developing, importing, manufacturing and selling pharmaceutical products mainly for skin related diseases since its establishment in 2007 as a pharmaceutical company specialized in the field of dermatology. However, the business environment for POLA PHARMA has been challenging due to drug price revisions in recent years and intensifying competition, etc.

In this environment, the Company had been searching for a means to transfer POLA PHARMA to an external company who has a pharmaceutical business as its core business in order to realize sustainable growth of POLA PHARMA, rather than continuing the Company’s investment in the business.

The Sun Pharma Group, the transferee of the shares of POLA PHARMA, is a world’s leading specialty generic pharmaceutical company headquartered in India. Sun Pharma invests in research and development focused on the areas of dermatology, cancer, and ophthalmology and has become one of the top companies who maintains high market share in the dermatology area in the US. In Japan, Sun Pharma also holds abundant development pipeline and is strengthening the dermatology area as the core of business development.

The Company sees Sun Pharma as the most suitable partner for accelerating the growth of POLA PHARMA in the future and therefore decided on the transfer of shares.

2. Outline of the consolidated subsidiary to be transferred

(1) Company name	POLA PHARMA INC.		
(2) Location	8-9-5 Nishigotanda, Shinagawa-ku, Tokyo, JAPAN		
(3) Name and title of the representative	Norihiro Araki, Representative Director and President		
(4) Description of business	Research, development, manufacture, sales, and import of prescription drugs, quasi-drugs, and dermocosmetic products		
(5) Capital	100 million yen		
(6) Date of foundation	January 5, 2007		
(7) Major shareholder and shareholding ratio	POLA ORBIS HOLDINGS INC. 100%		
(8) Relationship between the listed company and the relevant company	Capital relationship	100% owned by the Company	
	Personnel relationship	Employees of the Company joined the relevant company as director	
	Transaction relationship	Charge for management fee pursuant to management agreement	
(9) Operating results and financial position of the relevant company for the preceding three financial years			
Financial year	For the year ended December 31, 2015	For the year ended December 31, 2016	For the year ended December 31, 2017
Net assets	2,563 million yen	(1,330) million yen	(2,239) million yen
Total assets	16,891 million yen	8,734 million yen	10,115 million yen
Net sales	7,126 million yen	8,854 million yen	10,260 million yen
Operating income	(380) million yen	(747) million yen	(798) million yen
Ordinary income	(332) million yen	(736) million yen	(792) million yen
Net income	(163) million yen	(3,894) million yen	(909) million yen

Note: As a result of this transfer of shares, two entities including POLA PHARMA INC. and KAYAKU CO., LTD., a 100% owned subsidiary of POLA PHARMA INC. will no longer be consolidated subsidiaries of the Company.

3. Outline of the transferee

(1) Company name	Sun Pharma Global FZE	
(2) Location	No. 43, Block-Y, SAIF Zone, P.O. Box No. 122304, Sharjah, U.A.E	
(3) Name and title of the representative	Vishwanath Vinayak Kenkare, Manager	
(4) Description of business	General Trading	
(5) Capital	466 million yen (US \$ 4.12 million)	
(6) Date of foundation	November 25, 2008	
(7) Net assets	221,079 million yen (US \$1,956.45 million) (Financial year ended March 2018, as a single entity)	
(8) Total assets	238,822 million yen (US \$ 2,113.47 million) (Financial year ended March 2018, as a single entity)	
(9) Major shareholder and shareholding ratio	Sun Pharma Holdings, 100.0%	
(10) Relationship between the listed company and the relevant company	Capital relationship	No capital relationship to be mentioned
	Personnel relationship	No personnel relationship to be mentioned
	Transaction relationship	No transaction relationship to be mentioned
	Status as a related party	The relevant company is not applicable to a related party of the Company. The related parties and related companies of the relevant company are not applicable to a related party of the Company.

4. The number of shares to be transferred and shareholding status before and after the transfer

(1)	Number of shares held before the transfer	1,000,000 shares (Number of voting rights: 1,000,000 shares, holding ratio: 100.0%)
(2)	Number of shares to be transferred	1,000,000 shares (Number of voting rights: 1,000,000 shares, holding ratio: 100.0%)
(3)	Transfer price *	Ordinary shares of POLA PHARMA INC. 100 million yen Advisory fee, etc. (in total, roughly estimated) 200 million yen Total (roughly estimated) (100) million yen
(4)	Number of shares held after the transfer	0 shares (Number of voting rights: 0 shares, holding ratio: 0%)

* Transfer price has been decided comprehensively taking into consideration of factors such as POLA PHARMA's financial condition, earnings projection for the future, and contractual obligations of a certain pharmaceutical formulation purchased and sold by POLA PHARMA.

5. Schedule of the transfer

(1)	Date of the meeting of the Board of Directors	November 26, 2018
(2)	Date of conclusion of the agreement	November 26, 2018
(3)	Date of the transfer of the shares	December 2018 and thereafter

6. Impact on business performance

With regard to the impact on the Company's consolidated performance as a result of the share transfer, in addition to the transfer price and other expenses, the Company plans to waive all the debts owed by POLA PHARMA in the amount of approximately ¥9,000 million prior to closing, and will record extraordinary losses in total of approximately ¥9,600 million that are expected as a result of the debt waiver, and a reduction in income taxes, etc. of approximately ¥2,700 million related to the transfer.

As for the full-year consolidated performance forecast of the Company, please refer to "Announcement Regarding Recording of Extraordinary Losses and Revision to Full-year Consolidated Performance Forecast", announced on November 26, 2018.