September 1, 2016

Sumitomo Dainippon Pharma Co., Ltd.

Sumitomo Dainippon Pharma's U.S. Subsidiary Sunovion to Acquire Cynapsus Therapeutics Inc. (Canadian Specialty Central Nervous System Biotechnology Company)

Osaka, Japan, September 1, 2016 –Sumitomo Dainippon Pharma Co., Ltd. "Sumitomo Dainippon Pharma" (Head office: Osaka, Japan; President: Masayo Tada; Securities Code: 4506, First Section of TSE) announced today that its wholly-owned subsidiary Sunovion Pharmaceuticals Inc. "Sunovion" and Cynapsus Therapeutics Inc. "Cynapsus" (Head office: Toronto, ON, Canada; President & Chief Executive Officer: Anthony Giovinazzo; (NASDAQ: CYNA) (TSX: CTH)) have reached an agreement on August 31, 2016 (U.S. Eastern Time) on Sunovion's acquisition of all of the issued and outstanding common shares and warrants of Cynapsus by cash by way of Plan of Arrangement, which is a method for friendly corporate acquisition that is available under Canadian law.
Sunovion and Cynapsus jointly announced the acquisition. For more information, please refer to Sunovion's corporate website: www.sunovion.com,

1. Objectives of acquiring equity

Cynapsus is a specialty central nervous system biotechnology company developing APL-130277. APL-130277 is a sublingual film formulation including apomorphine, a dopamine agonist, which is the only molecule approved for acute, intermittent treatment of OFF episodes associated with Parkinson's disease "PD", but currently only approved as a subcutaneous injection in the United States. If the ongoing pivotal Phase 3 clinical trials are successful, it is expected that a New Drug Application "NDA" for APL-130277 will be submitted to the U.S. Food and Drug Administration "FDA" during the first half of 2017 (January to June in 2017). A pivotal European clinical program evaluating the safety and efficacy of APL-130277 in PD patients is expected to be initiated late in the fourth quarter of 2016.
Sunovion focuses on the Psychiatry & Neurology area as one of focus therapeutic areas and promotes the atypical antipsychotic agent Latuda® and antiepileptic drug Aptiom®. The acquisition of Cynapsus will help to further strengthen and diversify its Psychiatry & Neurology pipeline for offsetting a part of decline in sales as Latuda® loses its exclusivity in 2019.
"Parkinson's disease is a chronic, progressive neurodegenerative disease that affects more than four million people around the world, and there is a significant need for new options to treat the OFF episodes associated with it," said Nobuhiko Tamura, Chairman and CEO, Sunovion. "We believe that APL-130277 is an exciting late-stage candidate with the potential to make a real difference for patients and their families. The acquisition of Cynapsus complements our robust product pipeline."

2. Outline of the acquisition

Common shares of Cynapsus are listed on the Toronto Stock Exchange in Canada and the NASDAQ Global Market in the United States. The acquisition will be implemented in accordance with Plan of Arrangement under Canadian law, and Sunovion will acquire all shares and warrants from the existing shareholders and warrant holders of Cynapsus. All the stock options will be acquired and cancelled by Cynapsus.

The total value for the acquisition representing aggregate amount payable for the acquisition of common shares, warrants and stock options, will be approximately US$ 624 million (US$40.50 per share).

Transaction is expected to be completed by the end of December, 2016, subject to approval by the court and the shareholders and warrant holders of Cynapsus, and the completion of relevant statutory procedures. Nomura Securities International, Inc. serves as an exclusive financial advisor to Sunovion, Bank of America Merrill Lynch, Inc. serves as a financial advisor to Cynapsus and Stifel, Nicolaus & Company, Inc. serves as financial advisor to the Special Committee of Cynapsus.

3. Outline of Cynapsus

(1)	Company Name	Cynapsus Therapeutics Inc.		
(2)	Address of Headquarters	828 Richmond Street West Toronto, Ontario M6J 1C9, Canada		
(3)	Representative	President & CEO　Anthony Giovinazzo		
(4)	Business Description	Developing pharmaceuticals for Parkinson’s disease		
(5)	Share Capital	120M US$ (As of June 30,2016)		
(6)	Date Established	January 16, 2004		
(7)	Major shareholders and shareholding ratio	Dexxon Holdings, Inc./Dexcel Pharma Technologies Ltd. (15.0%), OrbiMed Advisors LLC (13.0%), Franklin Advisers, Inc. (11.6%) and others (As of August 31, 2016) ※		
(8)	Relationship with Sumitomo Dainippon Pharma	Nothing particular in terms of capital tie, personal connection, and business relation exists		
(9)	Financial status for recent business years (consolidated)			
Fiscal Year (in Canadian Dollars)		FY2013	FY2014	FY2015
Shareholder’s equity		0.6M	15.5M	101.6M
Total assets		3.1M	18.6M	106.9M
Shareholder’s equity per share		0.27	3.66	10.99
Revenue		-	-	-
Operating profit		△4.6M	△11.5M	△40.3M
Ordinary profit		△5.6M	△10.7M	△27.5M
Net income		△4.4M	△10.8M	△27.5M
Earnings per share		△2.05	△2.56	△2.97
Dividend per share		-	-	-

※ Shown the name of the representative investor and shareholding ratio of aggregate amount of shares jointly held by the joint holders where applicable

4. Number of shares to be acquired, value for the acquisition, and percentage of ownership after acquisition

(1)	Number of shares already acquired	0 shares Percentage of voting rights: 0%
(2)	Number of shares to be acquired	12,448,108 shares (As of August 31,2016)
(3)	Total value for the acquisition	Approximately US$ 624 million
(4)	Number of shares held after acquisition	12,448,108 shares Percentage of voting rights: 100%

Note**:** Total value for the acquisition represents aggregate amount payable for the acquisition of common shares, warrants and stock options and does not include expenses of approximately US$ 4.5 million such as advisory fee. Number of shares to be acquired may increase because of the exercise of warrants and stock options.

5. Schedule

(1)	Sunovion's Board Meeting Resolution	August 31, 2016 (U.S. Eastern Time)
(2)	Signing Date	August 31, 2016 (U.S. Eastern Time)
(3)	Completion of Shares Transfer	By the end of December, 2016 (will be completed)

6. Financial impact on group performance

Financial impact on the Sumitomo Dainippon Pharma's consolidated financial results for fiscal year ending March 31, 2017 and beyond is currently under review. We will make a disclosure if revision of forecast or any other announcement is required.

(Reference)

<u>About APL-130277</u>

APL-130277 is a sublingual film formulation including apomorphine, a dopamine agonist, which is the only molecule approved in the United States for acute intermittent treatment of OFF episodes associated with PD. If the ongoing pivotal Phase 3 clinical trials are successful, it is expected that a NDA for APL-130277 will be submitted to the U.S. FDA during the first half of 2017 (January to June in 2017). APL-130277 is designed to convert all types of OFF episodes, including morning OFF episodes and has the following attributes which differentiate it from other marketed and pre-marketed drugs.

・Sublingual film formulation has been applied by subjects in clinical trials without local irritation
・In the open-label titration phase of study CTH-300, improvement in motor function was maintained with mean improvement from baseline in UPDRS motor subscale of 16 points at 90 minutes post-dosing
・APL-130277 is available in strips containing various dose strengths (10, 15, 20, 25, 30mg each) allowing dosing over a range of 10 – 35 mg

About OFF episodes of Parkinson's disease

OFF episodes of Parkinson's disease may include symptoms of, muscle rigidity, tremor and bradykinesia, occurring when the pharmaceutical preparation containing levodopa becomes not-effective in the drug treatment for patients with PD. An estimated one quarter to one half of all people with PD whose symptoms are otherwise managed with ongoing drug therapy experience OFF episodes at least once daily and up to six times daily, with each episode lasting between 30 and 120 minutes.

Disclaimer Regarding Forward-looking Statements

The statements made in this press release are forward-looking statements based on management's assumptions and beliefs in light of information available up to the day of announcement, and involve both known and unknown risks and uncertainties.
Actual financial results may differ materially from those presented in this document, being dependent on a number of factors.
Information concerning pharmaceuticals (including compounds under development) contained within this press release is not intended as advertising or medical advice.

Contact:
Public Relations/Investor Relations
Sumitomo Dainippon Pharma Co., Ltd.
TEL: +81-6-6203-1407(Osaka)
+81-3-5159-3300 (Tokyo)