



November 7, 2019

Whom It May Concern

Company: KYORIN Holdings, Inc.
Representative: Yutaka Ogihara
Representative Director, President
(Security Code: 4569, TSE 1st Sec.)
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Absorption-type Merger between the Consolidated Subsidiaries

KYORIN Holdings, Inc. has resolved today at the meeting of the Board of Directors to conduct a merger between its subsidiaries, KYORIN Pharmaceutical Group Facilities Co., Ltd. (head office: Chiyoda-ku, Tokyo; President and Chief Executive Officer: Michiro Onoto) and KYORIN Medical Supply Co., Ltd. (head office: Chiyoda-ku, Tokyo; President and Chief Executive Officer: Yasuo Nii).

1. Background and purpose of the merger

With the drastic revisions to the drug pricing system against a backdrop of the government's measures to curtail social security costs, the operating environment for Japan's pharmaceutical industry is becoming increasingly severe. In response to this environment, the Kyorin Group has set "Enhancing cost reductions" as one of the priority strategies in its HOPE100–Stage 2– medium-term business plan (2016–2019) under the HOPE100 long-term vision, and working to improve management efficiency. Up until now, KYORIN Medical Supply Co., Ltd. has been engaged in businesses including publishing and production, shared service, and environmental hygiene, and KYORIN Pharmaceutical Group Facilities Co., Ltd. has been engaged in the manufacture and sales of prescription medicines. In an effort to effectively utilize the Group's management resources and improve its management efficiency, the Company has decided to conduct an absorption-type merger.

2. Summary of the merger

(1) Date of the merger (effective date)

April 1, 2020 (scheduled)

(2) Method of the merger

An absorption-type merger will be conducted with KYORIN Pharmaceutical Group Facilities Co., Ltd. as the surviving company and KYORIN Medical Supply Co., Ltd. as the absorbed company.

(3) Description of allotment upon the merger

Because the merger will be conducted between wholly owned subsidiaries of the Company, there will be no allotment of shares or other financial assets, etc., upon this merger.

3. Outline of companies involved in the merger

Name	KYORIN Pharmaceutical Group Facilities Co., Ltd.	KYORIN Medical Supply Co., Ltd.
Head office	6, Kanda Surugadai 4-chome, Chiyoda-ku, Tokyo	2-11, Kanda Tsukasamachi 2-chome, Chiyoda-ku, Tokyo
Representative	Michiro Onota	Yasuo Nii
Scope of business	Manufacture and sales of prescription medicines	Environmental hygiene, sales promotion, planning and production of advertising
Capital	350 million yen	488 million yen
Establishment	October 2, 2017	May 4, 1959
Account closing date	March 31	March 31
Major shareholders and shareholding ratios	KYORIN Holdings, Inc.: 100%	KYORIN Holdings, Inc.: 100%

4. Outline after the merger

Name	KYORIN Pharmaceutical Group Facilities Co., Ltd.	
Head office	6, Kanda Surugadai 4-chome, Chiyoda-ku, Tokyo	
Representative	Michiro Onota	
Scope of business	Manufacture and sales of prescription medicines	
Capital	350 million yen	
Establishment	October 2, 2017	
Account closing date	March 31	
Major shareholders and shareholding ratios	KYORIN Holdings, Inc.: 100%	

5. Future outlook

Because this merger will be conducted between wholly owned subsidiaries of the Company, the financial impact is minimal on the Group's financial results.