

September 28, 2017

Whom It May Concern

Company: KYORIN Holdings, Inc.
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Representative Director, President
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Establishment of a Subsidiary

KYORIN Holdings, Inc. announced today that it has resolved at a meeting of its Board of Directors to establish a new manufacturing subsidiary. Details are below. As disclosed in the press release dated May 11, 2017, “Consolidation of Group Production Functions,” the Company resolved at a meeting of its Board of Directors held on the same day (May 11, 2017) to establish a new manufacturing subsidiary and consolidate the production functions of the KYORIN Group under the new subsidiary.

1. Purpose of the establishment of a new subsidiary

One of the priority strategies of the Group’s medium-term business plan (2016-2019), HOPE 100 Stage 2, is “Enhanced low cost structure: Reform of the cost structure through optimization within the Group.” The Group has been conducting an overall optimization of production operations through collaboration between its Group companies. As part of this reform, the Company resolved at a meeting of its Board of Directors held on May 11, 2017 to establish a new manufacturing subsidiary and consolidate the production functions of the KYORIN Group under the new subsidiary, with the aim of leveling capacity utilization and making efficient use of assets, creating a competitive Group production structure to consistently provide high-quality products at low cost. Under this direction, the Company has decided to establish a new manufacturing subsidiary.

The KYORIN Group continues to consolidate its production functions to build a competitive production structure for the rapidly changing environment surrounding the pharmaceutical industry in Japan.

The Company has yet to determine more detailed procedures and schedules in relation to the above consolidation except for matters announced in this press release. The Company will communicate information in accordance with the actual progress.

2. Profile of the subsidiary

- (1) Name : KYORIN Pharmaceutical Group Facilities Co., Ltd.
- (2) Head office : 6, Kanda Surugadai 4-Chome Chiyoda-ku, Tokyo
- (3) Representative : Kazuhiro Marubayashi
- (4) Scope of business : Manufacture, sales, import and export of prescription medicines
- (5) Capital : 10 million yen
- (6) Scheduled establishment date : October 2, 2017
- (7) Shareholder : KYORIN Holdings, Inc. 100%
- (8) Closing Date : March 31

(Note) The Company has determined that the name of the new manufacturing subsidiary will be the same as that of its current consolidated subsidiary, KYORIN Pharmaceutical Facilities Co., Ltd. (Koka-shi, Shiga), following the completion of consolidation of production functions. KYORIN Pharmaceutical Facilities Co., Ltd. (Koka-shi, Shiga) will be absorbed through the consolidation of production functions.

3. Future outlook

Expected financial impact is minimal on the consolidated financial results for period ending March 2018.