



May 11, 2017

Whom It May Concern

Company : KYORIN Holdings, Inc.  
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: Representative Director, President  
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### Consolidation of Group Production Functions

KYORIN Holdings, Inc. (Head office: Chiyoda-ku, Tokyo, Representative Director & President: Minoru Hogawa) announced today that it has resolved at a meeting of its Board of Directors held today on the direction to establish a new manufacturing subsidiary and consolidate production functions of the KYORIN Group into such 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” and the Group has been conducting the overall optimization of production operations through collaborations between its Group companies. The establishment of the manufacturing subsidiary and consolidation of the production functions under the directions resolved on at today's meeting of the Board of Directors is aimed at the leveling of capacity utilization and the efficient use of assets, and the building of a competitive Group production structure for consistently providing high-quality products at low cost.

The Company will specifically discuss a scheme for consolidating the production functions and an outline of a new production structure. At present, the Company plans to establish a new manufacturing subsidiary, which is to be assigned the Noshiro Plant (Noshiro, Akita) of KYORIN Pharmaceutical Co., Ltd., a consolidated subsidiary, and the Production Division (Nanto, Toyama) of KYORIN Rimedio Co., Ltd., a consolidated subsidiary, through an absorption-type company demerger around April 2018. The Company also plans to integrate KYORIN Pharmaceutical Facilities Co., Ltd. (Koka, Shiga), a consolidated subsidiary, with the new manufacturing subsidiary through an absorption-type merger.

The Company has yet to determine more detailed procedures and schedules in relation to the above consolidation. The Company will communicate information in accordance with the actual progress.