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FOR IMMEDIATE RELEASE

Company Spin-Off (Short-Form Absorption-Type Company Split) and Share Transfer of a
Newly Founded Subsidiary with Transfer of Sakura Plant

Torii Pharmaceutical Co., Ltd (Torii)(TSE:4551) has announced that, at the meeting of the Board of Directors held today, it was decided that Torii would transfer its Sakura Plant in Sakura, Chiba, to IWAKI SEIYAKU CO., LTD.(IWAKI) (hereinafter referred to as the “Transaction”) as follows:

In the Transaction, a wholly-owned subsidiary will be founded by Torii (hereinafter referred to as “Sakura New Company ”), followed by succession of Sakura Plant’s land, structure, and assets owned by Torii (hereinafter referred to as “Assets”) to Sakura New Company through company spin-off (absorption-type company split) on July 1, 2020 (scheduled) (hereinafter referred to as the “Company Spin-Off”), resulting in a transfer of all shares of Sakura New Company from Torii to IWAKI (hereinafter referred to as the “Share Transfer”) on the same day. Furthermore, Torii will outsource production of Sakura Plant’s existing line of products to Sakura New Company after the Share Transfer.

I. Summary of the Transaction

1. Purpose of the Transaction

Sakura Plant has contributed to production and a stable supply of high quality pharmaceuticals as a plant of Torii, a company engaging primarily in manufacturing and marketing of pharmaceutical products, since its foundation in 1977.

Torii, however, has reached the conclusion that it would be the best choice to transfer Sakura Plant to IWAKI whose manufacturing function has high compatibility and complementarity with that of Sakura Plant and outsource production of Sakura Plant’s line of products. Given the situation that the profitability of the long term listed drugs has been decreasing due to the impact caused by the drastic reform of the drug pricing system, Torii has been considering the possibility of gradual transfer of the pharmaceutical products manufactured on their own to other companies or of switching to contract manufacturing, as part of the business structure reform named “Medium-Term Management Plan 2021.”

Employment of the employees currently working for Sakura Plant will be maintained under IWAKI. Torii’s products will be continuously manufactured in Sakura Plant for a stable supply. Torii

believes that the quality assurance system and technological capabilities that have been established within Sakura Plant will be carried on to IWAKI to maintain the stable supply system.

After the transfer, Sakura Plant is expected to function as a core manufacturing site of IWAKI, being positioned as a development and manufacturing base for IWAKI's products and commissioned products.

2. Schedule of the Transaction (scheduled)

Board of Directors for Approval of the Share Transfer Agreement	March 18, 2020
Date of the Share Transfer Agreement	March 18, 2020
Establishment of Sakura New Company	April 2020 (scheduled)
Board of Directors for Absorption-Type Company Split Agreement (Torii and Successor Company)	May 2020 (scheduled)
Date of the Absorption-Type Company Split Agreement	May 2020 (scheduled)
Date of the Absorption-Type Company Split (Effective Date) Date of Share Transfer	July 1, 2020 (scheduled)

II. Summary of the Company Spin-Off

1. Summary of Companies Concerned with the Company Spin-Off

[Split Company]

(1) Name	TORII PHARMACEUTICAL CO., LTD
(2) Location	Torii Nihonbashi Bldg., 4-1, Nihonbashi-Honcho 3-chome, Chuo-ku, Tokyo
(3) Title and name of the representative	Goichi Matsuda (President and Representative Director).
(4) Business contents	Manufacturing and marketing of pharmaceutical products.
(5) Capital	JPY 5,190 million
(6) Date of establishment	November 1, 1921

(7)	Number of shares issued	28,800,000 shares	
(8)	Fiscal year-end	December 31	
(9)	Number of Employees (As of December 31,2019)	660	
(10)	Major Shareholders (As of December 31,2019)	Japan Tobacco Inc.	54.85%
		Tachibana Securities Co., Ltd	3.46%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	2.07%
		BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	2.06%
		Japan Trustee Services Bank, Ltd. (Trust Account)	1.77%
		Sumitomo Mitsui Banking Corporation	1.21%
		J.P.MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR. ACCT	1.10%
		GOVERNMENT OF NORWAY	0.98%
		Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.90%
		Japan Trustee Services Bank, Ltd. (Trust Account 9)	0.83%
(11)	Financial results (Year ended December 31, 2019)		
	Total equity	JPY 113,125 million	
	Total assets	JPY 139,943 million	
	Net assets per share	JPY 4,029.30	
	Net sales	JPY 42,998 million	
	Operating income	JPY 1,430 million	
	Income from ordinary operations	JPY 1,691 million	
	Profit attributable to owners of the parent	JPY 27,367 million	
	Net income per share	JPY 974.98	
	Dividend per share	JPY 48.00	

[Successor Company]

Sakura New Company

- The company will be established in April 2020 as a target month.
- The name and location of the company, title and name of the representative, business description, capital, and accounting periods are yet to be decided.

2. Summary of the Assets to Be Split

(1) Description of the Split Assets

Torii will split Sakura Plant's assets owned by Torii on July 1, 2020 (scheduled).

(2) Breakdown and Amount of the Assets and Liabilities to be Split (as of December 31, 2019)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	JPY 712 million	Current Liabilities	---
Fixed Assets	JPY 983 million	Fixed Liabilities	JPY 107 million
Total	JPY1,695 million	Total	JPY 107 million

Note: The amount of the assets and liabilities to be split will be finalized after adding and subtracting the value, considering the fluctuation which may occur in the above amount by the day before the effective date of the company spin-off.

3. Status of Torii and Sakura New Company after the Company Spin-Off

No change will be made in the name and location of Torii, title and name of the representative, business description, capital, and accounting periods after the Company Spin-Off. Furthermore, Torii will transfer all shares of Sakura New Company to IWAKI on the date of share transfer related to Sakura New Company.

III. Summary of the Share Transfer

1. Summary of the Company to be transferred

Refer to "Successor Company" in "1. Summary of Companies Concerned with the Company Spin-Off" under "II. Summary of the Company Spin-Off."

2. Summary of the Company Where Shares Are to Be Transferred to

(1) Name	IWAKI SEIYAKU CO., LTD.
(2) Location	4-8-2 Nihonbashi-honcho, Chuo-ku, Tokyo, Japan
(3) Title and name of the representative	Yoshiyuki Nishikubo (President)

(4) Business contents	Manufacturing and selling of ethical drugs, OTC drugs, animal drugs, APIs, pharmaceutical intermediates, food additives, cosmetic materials, chemicals for materials for recording information, and intermediates of dyes and pigments	
(5) Capital	JPY 210 million	
(6) Date of establishment	September 24, 1948	
(7) Total equity (As of November 30,2019)	JPY 6,116 million	
(8) Total assets (As of November 30,2019)	JPY 10,627 million	
(9) Major Shareholders	IWAKI & CO., LTD.	100%
(10) Relationship with Torii	Capital	None
	Personal	None
	Business	Torii outsource the manufacture of ANTEBATE LOTION 0.05%to IWAKI.
	Related party	None

3. Value of Share Transfer

Consideration for the transfer of all shares of Sakura New Company from IWAKI to Torii is expected to be 1.1 billion yen. In addition, net assets of Sakura Plant to be split (the book value as of the end of December 2019) are about 1.5 billion yen. Net assets will be finalized after adding and subtracting the value, considering the fluctuation which may occur by the day before the effective date of the company spin-off.

IV. Impact on Financial Performance

The effects of the Transaction on the business performance of Torii's in this fiscal year will be immaterial

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