

November 29, 2019

For Immediate Release

Listed company name: **SANKYO CO., LTD.**  
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 President & COO  
 (TSE 1<sup>st</sup> Sec. Code 6417)  
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## Notice concerning Dissolution and Liquidation of a Consolidated Subsidiary

SANKYO CO., LTD. (the Company) today announced that, at the meeting of the Company's board of directors held on November 29, 2019, it was resolved to dissolve and liquidate its consolidated subsidiary, SANKYO CREATE CO., LTD. The details are as follows.

### 1. Reason for the dissolution and liquidation

SANKYO CREATE CO., LTD., a wholly-owned subsidiary of the Company, was established in March 1998 to principally operate real property leasing and management businesses of SANKYO Group (the Group), and has been mainly engaged in leasing of real property to the Company and its Group companies. The Company has been pursuing an efficient way of managing assets held by the Group, and it decided to dissolve and liquidate SANKYO CREATE CO., LTD. Going forward, the Company is to receive a distribution of residual assets (in-kind distribution of real property) and to take over the businesses.

### 2. Overview of the subsidiary to be dissolved and liquidated

|     |  |  |
|-----|--|--|
| (1) | Name   | SANKYO CREATE CO., LTD.                    |
| (2) | Location   | 29-14 Shibuya 3 chome Shibuya-ku Tokyo     |
| (3) | Name and position of representative                  | Hideyuki Busujima, Representative Director |
| (4) | Description of business                              | Leasing and management of real property    |
| (5) | Paid-in capital                                      | 24 Millions of yen                         |
| (6) | Date of Establishment                                | March 6, 1998                              |
| (7) | Principal shareholder and percentage of shareholding | SANKYO CO., LTD., 100%                     |

This material is an English translation of Japanese announcement made on November 29, 2019. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.

|     |  |                           |   |
|-----|--|---------------------------|---|
| (8) | Relationship between the Company and the subsidiary to be dissolved and liquidated | Capital relationship      | SANKYO CREATE CO., LTD. is a wholly-owned subsidiary of the Company.  |
|     |  | Personnel relationship    | Two directors of the Company concurrently serve as directors at SANKYO CREATE CO., LTD., and one statutory auditor of the Company concurrently serves as a statutory auditor at SANKYO CREATE CO., LTD. |
|     |  | Business relationship     | SANKYO CREATE CO., LTD. leases real property to the Company.  |
|     |  | Status as a related party | SANKYO CREATE CO., LTD. is a consolidated subsidiary of the Company, and therefore, is a related party of the Company.  |

|  |           |           |           |
|--|-----------|-----------|-----------|
| (9) Operating results and financial position in the past three years |           |           |           |
| Accounting period  | FY 3/2017 | FY 3/2018 | FY 3/2019 |
| Net assets   | 50,856    | 43,910    | 44,326    |
| Total assets   | 53,231    | 46,454    | 46,696    |
| Net sales  | 2,687     | 2,782     | 2,824     |
| Operating income   | 857       | 1,076     | 998       |
| Recurring income   | 871       | 1,083     | 1,018     |
| Net income   | 545       | ▲ 1,946   | 416       |

(Millions of yen)

### 3. Schedule of the dissolution and liquidation

|                                   |   |
|-----------------------------------|---|
| (1) November 29, 2019             | Resolution at a meeting of the Company's board of directors                               |
| (2) November 29, 2019             | Resolution at an extraordinary general meeting of shareholders of SANKYO CREATE CO., LTD. |
| (3) November 30, 2019 (scheduled) | Date of dissolution   |
| (4) March 15, 2020 (scheduled)    | Completion of liquidation   |

### 4. Future prospects

As a result of the dissolution and liquidation of SANKYO CREATE CO., LTD., the Company is to take over the real property which SANKYO CREATE CO., LTD. leases and manages. Accordingly, the Company believes at this point in time that the impact on consolidated financial results for the fiscal year ending March 31, 2020 is immaterial. Any matters requiring disclosure will be announced promptly.

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