

Notice of Transfer of Chromatography Business

Shiseido Company, Limited (hereinafter, Shiseido) hereby announces that it has reached an agreement on transferring the shares of its consolidated subsidiary, Shiseido Irica Technology Inc. (hereinafter, Irica Technology) and the assets associated with the chromatography business*¹ owned by Shiseido to OSAKA SODA Co., Ltd. (hereinafter, Osaka Soda).

1. Background

Shiseido Group has been revisiting the business portfolio in order to realize its VISION 2020 business plan. While selecting the key businesses for investment, Shiseido has decided to transfer the shares of Irica Technology that operates the chromatography business.

Pursuant to the transaction, Irica Technology will succeed to the rights and obligations related to Shiseido's chromatography business through corporate demerger (absorption-type split), and Irica Technology's shares will be transferred to Osaka Soda. The details of the corporate demerger (absorption-type split) will be disclosed in due course.

By integrating the chromatography-related businesses that both Osaka Soda and Shiseido own, Osaka Soda expects to establish a consistent value chain, from production of packing materials*² to sales of columns*³ and analytical equipment. In addition, the company aims to deliver further growth and enhance the value of chromatography business through utilization of Osaka Soda's global distribution network.

*¹ Chromatography Business: Shiseido manufactures and sells packing materials for analytical columns which provide superior separation and durability through high performance liquid chromatographs (analytical devices widely used in analytical chemistry and bioscience), as well as particle surface modification techniques acquired through cosmetics development.

*² Packing material: Particle that is mainly made of silica gel and has separating function.

*³ Column: A tube filled with packing material.

2. Corporate Profile: Shiseido Irica Technology Inc.

(1) Name	Shiseido Irica Technology Inc.	
(2) Headquarters	12, Nishikawabecho, Higashikujo, Minami-ku, Kyoto, Japan	
(3) Representative	President/Representative Director, Akihiro Ishino	
(4) Main business	Manufacturing and sales of analytical equipment (columns, devices, etc.)	
(5) Capital	100 million yen	
(6) Established	May 10, 1985 (Shiseido Group's subsidiary from 1997)	
(7) Shares issued	2,000	
(8) Shareholder and percentage of shareholding	Wholly owned by Shiseido Company, Limited	
(9) Relationship between Shiseido and Shiseido Irica Technology Inc.	Capital relationship	As stated in (8) above, Shiseido owns 100% of the Irica Technology's shares.
	Personnel relationship	Shiseido has assigned a President/Representative Director and an auditor who concurrently belongs

		to Shiseido's Audit Dept. In addition, two Shiseido employees are seconded to Irica Technology (other than President/Representative Director, and Audit & Supervisory Board members.)
	Business relationship	Shiseido and Irica Technology have signed an outsourcing agreement on the production of analytical equipment (columns, devices, etc.) and other matters.
(10) FY 2016 Financial Results		
Fiscal year-end	December 31, 2016	
Net sales	610 million yen	
Operating income	11 million yen	
Ordinary income	11 million yen	
Net income	8 million yen	
Net income per share (yen)	4,341 yen	

3. Corporate Profile: OSAKA SODA Co., Ltd.

(1) Name	OSAKA SODA Co., Ltd.
(2) Headquarters	12-18, Awaza 1-chome, Nishi-ku, Osaka, Japan
(3) Representative	Chairman & CEO, Tamotsu Sato President & COO, Kenshi Terada
(4) Main business	Manufacturing and sales of basic chemical products, functional chemical products, housing facilities and other
(5) Capital	10,882 million yen (as of March 2017)
(6) Established	October 26, 1915
(7) Consolidated net assets	52,725 million yen
(8) Consolidated total assets	101,503 million yen
(9) Principle shareholders and percentage of shareholding	Japan Trustee Services Bank, Ltd. (Trust account) (4.20%), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (3.92%), The Bank of Fukuoka, Ltd. (3.67%), Sompo Japan Nipponkoa Insurance Inc. (3.43%), The Iyo Bank, Ltd. (3.35%), Teijin Ltd. (3.03%), Mizuho Bank, Ltd. (2.99%), Nippon Life Insurance Company (2.85%), Asahi Kasei Chemicals Corporation (2.62%), and DAISO Partner Stock Holding Association (2.58%)
(10) Relationship between Shiseido and Osaka Soda	There is no capital relationship or personnel relationship between Shiseido and Osaka Soda.

Note: Osaka Soda manufactures and sells a wide range of chemical products that include basic chemical products such as caustic soda and epichlorohydrin, the raw material for epoxy resins, global niche functional chemical products, active pharmaceutical ingredients, pharmaceutical intermediates, and pharmaceutical purification chemicals, etc.

4. Number of shares transferred and status of shareholding before and after the transfer

(1) Number of shares held before transfer	Common shares: 2,100 (number of voting rights: 2,100, ownership ratio of voting rights: 100%)
(2) Number of shares	Common shares: 2,100 (number of voting rights: 2,100)

transferred	
(3) Number of shares held after transfer	Shares: Zero (number of voting rights: zero, ownership ratio of voting rights: 0%)

* The number of shares stated above includes the additional 100 common shares which Irica Technology will issue and allot to Shiseido upon succession to the rights and obligations related to Shiseido's chromatography business through corporate demerger (absorption-type split).

* The transfer amount is not to be disclosed as it is subject to the confidentiality clause in the agreement of transferring the shares and assets signed between Shiseido and Osaka Soda. Shiseido and Osaka Soda have appropriately exercised due diligence in the course of negotiation, and calculated and determined the appropriate amount of transfer.

5. Share transfer

(1) Date of Agreement	August 29, 2017
(2) Execution date	December 1, 2017 (planned)

6. Future outlook

Although this event will have a minor impact on our consolidated financial results for the fiscal year ending December 31, 2017, Shiseido believes that it will contribute to the Group's profitability growth.