

January 27, 2017

To all whom it may concern

Company Name: Nippon Shikizai, Inc.

Name of the representative: President and COO: Yasuhiko Todani

(Code: 4920, JASDAQ)

Reference: Director and General Manager, Human Resources and General Affairs: Jun Takigawa

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**Announcement Regarding Acquisition of Ownership by Our Consolidated Subsidiary  
(Acquisition of a Second-Generation Subsidiary)**

Nippon Shikizai, Inc. (“Nippon Shikizai”) announced today that Thepenier Pharma Industrie S.A.S. (“Thepenier”), its 100% subsidiary, acquired part of issued shares of Orleans Cosmetics S.A.S. (“Orleans Cosmetics”), a French OEM company manufacturing cosmetics effective January 26, 2017 (local time) and made the French company its subsidiary (i.e. Nippon Shikizai’s second-generation subsidiary).

Please take note that the timely disclosure requirements are not applied to this disclosure, and hence some of information and content of the disclosure are omitted in this release.

Details

1. Reason of acquisition of shares

Through this transaction, Thepenier, as part of a global strategy of Nippon Shikizai Group, made Orleans its subsidiary (i.e. Nippon Shikizai’s second-generation subsidiary) for the purpose of expansion of its product portfolio, an increase in its production capacity of cosmetic products, and strengthening of its R&D activities.

Orleans Cosmetics is one of the member companies of Cosmetic Valley, which is one of the largest and most famous industrial cluster of cosmetic manufacturers in the world, and provides its OEM services to manufacture cosmetic products on behalf of French and other countries’ major cosmetic manufacturers from its location in the Cosmetic Valley area where many research institutes of leading cosmetic manufacturers of France and other countries, as well as universities and national research institutes are assembled together.

As part of its important group management strategy, Nippon Shikizai Group has an intention to assist its domestic and overseas customers in their global business operations. Through this transaction, the Group will be able to increase its global production capacity for supply of the products made in both Japan and France and to accelerate globalization of its research and development, and marketing

activities. Through these activities, Nippon Shikizai Group as a whole will make full efforts to enhance customers' OEM services and our own enterprise value.

## 2. Outline of the subsidiary to acquire shares (Thepenier)

(1) Name	Thepenier Pharma Industrie S.A.S.
(2) Location	Route Departmentale 912, Saint-Langis-les-Mortagne(61400), France
(3) Name and position of the representative	Tsuyoshi Hasuo, President
(4) Business activity	Entrusted manufacturing service of drugs, quasi-drugs and cosmetics
(5) Capital	4,648 thousand euro
(6) Date of establishment	April 10, 1973
(7) Big shareholders and ratio of shareholding	Nippon Shikizai, Inc., 100%

## 3. Outline of the company to be acquired (Orleans Cosmetics)

(1) Name	Orleans Cosmetics S.A.S.	
(2) Location	73 rue des Fougères, Saint-Cyr-en-Val 45590, France	
(3) Name and position of the representative	Christophe DULONG	
(4) Business activity	Contracted manufacturing service of cosmetics	
(5) Capital	200,000 euro	
(6) Date of establishment	December 12, 2013	
(7) Net assets	509,402 euro	
(8) Total assets	1,165,759 euro	
(9) Big shareholders and ratio of shareholding	MARLIX DEVELOPPEMENT (S.A.S) (99%), Christophe DULONG (1%)	
(10) Relationship between the listed company and this company	Capital relationship	No relevant information is available.
	Personal relationship	No relevant information is available.
	Business relationship	No relevant information is available.
	Special circumstances relating to the related parties	-

4. Number of acquired shares, acquisition cost, and ownership of shares before and after acquisition

(1) Number of shares owned before the transfer	0 share (Number of voting right: 0) (Holding rate of voting right: - %)
(2) Number of shares acquired	160 shares (Number of voting right: 160)
(3) Acquisition cost	Common shares of Orleans Cosmetics S.A.S.: 1,200,000 euro Total (estimated amount): 1,200,000 euro
(4) Number of shares owned after the transfer	160 shares (Number of voting right: 200) (Holding rate of voting right: 80.0%)

5. Announcement regarding personnel change of the executive officer of the Company (effective January 26, 2017)

Name	New position	Former position
Tsuyoshi Hasuo	Executive Officer and President, Thepenier Pharma Industrie S.A.S., and Chairman, Orleans Cosmetics S.A.S.	Executive Officer and President, Thepenier Pharma Industrie S.A.S.

6. Future outlook

It is expected that the above transaction has only slight affect on company's consolidated financial results in the fiscal year ending February 28, 2017.

End



Orleans Cosmetics S.A.S.