

July 27, 2017

FOR IMMEDIATE RELEASE

Company name: Otsuka Holdings Co., Ltd.
Representative name: Tatsuo Higuchi
President and Representative Director, CEO
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**Otsuka Pharmaceutical to Acquire Daiya,
a Rapidly Growing Plant-Based Food Company in North America**

We are pleased to announce that Otsuka Pharmaceutical Co., Ltd. (“Otsuka Pharmaceutical”), a wholly owned subsidiary of Otsuka Holdings Co., Ltd., has agreed to acquire all of the issued and outstanding shares of Daiya Foods Inc. (“Daiya”) for 405 million Canadian dollars (“CAD”) in cash, through Otsuka Pharmaceutical’s wholly owned Canadian subsidiary, NC Global Acquisition Ltd. Daiya is a privately-held plant-based food company that is rapidly growing in North American market. The transaction is to be effected by means of a “plan of arrangement” * (“Transaction”). The Transaction is expected to be completed by September 30, 2017, subject to customary closing conditions.

*A "plan of arrangement" is a method of company acquisition available pursuant to Canadian law (the British Columbia *Business Corporations Act*) under which the acquisition becomes effective upon the approval of the Daiya shareholders as well as the British Columbia court.

1. Objectives of the Acquisition

Founded in 2008 in Vancouver, Canada, Daiya is a rapidly growing plant-based food platform in the US and Canada. The brand has broad consumer appeal and high brand elasticity, offering a growing portfolio of delicious, plant-based foods. Its portfolio includes cheese alternative products, yogurt alternatives, dressings and desserts. Daiya’s products attract a wide range of consumers, appealing to those with high health consciousness, as well as vegans, vegetarians and consumers with food allergies and intolerances. Daiya is experiencing tremendous success with existing and new retailers across channels in North America. Daiya tripled its sales in the last three years (2013-2016) and generated net sales of approximately CAD 90 million over the last twelve months, deriving most of its revenue from the large U.S. market.

Otsuka Pharmaceutical operates under the corporate philosophy of “Otsuka – people creating new products for better health worldwide.” We, as a total healthcare company, aim to care for people’s overall health not only by treating illness, but also by sustaining and improving day-to-day well-being. The acquisition of Daiya enables us to widen our nutraceutical* product portfolio by entering a new category of plant-based products, and to expand our nutraceutical footprint in North America. Furthermore, Otsuka Pharmaceutical and Daiya will share their expertise in R&D and manufacturing to accelerate mutual growth. In addition, Otsuka Pharmaceutical will actively seek ways to expand Daiya's sales into other markets that we distribute in, such as Europe and Asia.

Partnering with Daiya, Otsuka Pharmaceutical will continue to expand our global nutraceutical business to contribute to the health of people all over the world with innovative products.

*nutrition + pharmaceutical

Tatsuo Higuchi, president and representative director of Otsuka Pharmaceutical commented, “We are excited to welcome Daiya to Otsuka group. Driven by a highly talented management team, Daiya has developed high quality and unique plant-based nutrition products and built a strong brand with loyal customers. We believe this will be an important pillar for our nutraceutical business. With our shared values, vision and mission, together we will commit to the better wellness of people worldwide.”

Terry Tierney, CEO of Daiya, commented, “For 10 years, the Daiya brand has been pioneering plant-based food products that have delighted families across North America. We are excited to join the Otsuka family, which will enable us to carry forward with our mission of introducing the brand to more consumers around the globe. We are also honored to be joining a company that believes as strongly as we do in pursuing passion in our work to improve human health and devotion to our core values.”

2. Method and Schedule for Daiya’s Acquisition

1) Company Subject to be Acquired

Daiya Foods Inc.

2) Acquisition Price and Means of Acquisition

CAD 405 million in cash (from own cash reserve)

3) Scheduled Timing of Completion

By the end of September 2017, subject to approval of court and Daiya’s shareholders.

4) Change in Shares

Percentage owned prior to the acquisition: 0%

Percentage owned after the acquisition: 100%

5) Financial Advisor

Bank of America Merrill Lynch

3. About Otsuka Pharmaceutical

Corporate name	Otsuka Pharmaceutical Co., Ltd.
Date established	August 10, 1964
Representative	Tatsuo Higuchi, President and Representative Director
Address	2-9, Kanda Tsukasa-machi, Chiyoda-ku, Tokyo 101-8535, Japan
Number of employees	5,627 (as of December 31, 2016)
Net Sales	502 billion Japanese yen (FY2016)
Business description	Manufacturing, distributing, exporting, and importing of pharmaceuticals, clinical testing equipment, medical device and equipment, food products, cosmetics, and other related products
Capital	20 billion Japanese yen

4. About Daiya

Corporate name	Daiya Foods Inc.
Date established	January 15, 2008
Representative	Terry Tierney, Chief Executive Officer
Major shareholders	Privately owned by individuals. There is no capital, personnel or transactional relationship between Daiya and Otsuka Holdings Co., Ltd. that needs to be disclosed.
Address	2768 Rupert Street, Vancouver, BC V5M 3T7, Canada
Number of employees	209 (as of May 31, 2017)
Net sales	CAD 79 million (FY2016) CAD 53 million (FY2015) CAD 37 million (FY2014)
Business description	Production and sale of plant-based foods
Capital	CAD 5,072,289 (as of December 31, 2016)

5. Financial Impact

The consolidated business forecast of fiscal year 2017 will not be changed.