

September 12, 2018

For Immediate Release

Company name	Otsuka Holdings Co., Ltd.
Representative	Tatsuo Higuchi President and Representative Director, CEO
Code number	4578 First Section , Tokyo Stock Exchange
Inquiries	Yuji Kogure Director, Investors Relations Department

Notice Regarding Company Split (Simplified Absorption-type Company Split)

Otsuka Holdings Co., Ltd. (“the Company”) announces that it has resolved at the meeting of its Board of Directors held today to transfer its assets related to stock custodial business for ReCor Medical, Inc., with which the Company entered into a merger agreement on July 10, 2018 (Japan time) (“the Company Split”) to Otsuka Medical Devices Co., Ltd. (“Otsuka Medical Devices”), a fully-owned subsidiary of the Company.

Certain information has been omitted from this announcement since the Company Split is a simplified absorption-type company split in which the Company will transfer the assets to its wholly owned consolidated subsidiary.

1. Purpose of the Company Split

The Company entered into a merger agreement with ReCor Medical Inc., on July 10, 2018 (Japan time) and made ReCor Medical Inc. into its wholly owned subsidiary thereafter.

(Reference: “Otsuka Medical Devices, Otsuka Holdings and ReCor Medical Announce Signing of Merger Agreement”

http://www.omd.otsuka.com/en/information/pdf/20180710_en.pdf)

In order to optimize the allocation of group resources and to so further strengthen the group's business platform, the board has decided that the business will be transferred to and continued to be managed by Otsuka Medical Devices, a fully-owned subsidiary of the Company primarily oversees medical device operations within the Otsuka group of companies.

2. Outline of the Company Split**(1) Schedule**

September 11, 2018	Resolution by the Board of Directors of Otsuka Medical Devices
September 28, 2018	Resolution by the shareholders meeting of Otsuka Medical Devices
September 12, 2018	Resolution by the Board of Directors of the Company
September 12, 2018	Company Split Agreement to be executed by the Company and Otsuka Medical Devices
November 1, 2018	Effective date of the Company Split

Note: Since the Company Split satisfied the requirement for a simplified company split stipulated in Article 784 (2) of the Companies Act, the Company as the splitting company does not require and will not request the approval by a shareholders meeting.

(2) Method of Company Split

This is an absorption-type company split (simplified company split) in which the Company is the splitting company and Otsuka Medical Devices is the successor company.

- (3) Details of Allotments Related to the Company Split
The successor company will issue 500,000 shares of common stock and allot them to the Company.
- (4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split
The Company issues no stock acquisition rights and no bonds with stock acquisition rights.
- (5) Deduction of Capital due to the Company Split
There is no increase or decrease in capital related to the Company Split.
- (6) Rights and Obligations to be Assumed by Successor Company
For the purpose of the Company Split, the successor company will assume all assets considered necessary for conducting the business.
- (7) Prospect of Fulfillment of Obligations
The Company considers there to be no problem relating to the prospect of fulfillment of obligation to be borne by the Company or the successor company for the purpose of the Company Split.

3. Summary of Companies Involved in the Company Split

	Splitting Company (As of December 31, 2017)	Successor Company (As of December 31, 2017)
(1) Company Name	Otsuka Holdings Co., Ltd.	Otsuka Medical Devices Co., Ltd.
(2) Head Office	2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo 101-0048, Japan	2-9 Kanda-Tsukasamachi, Chiyoda-ku, Tokyo 101-0048, Japan
(3) Representative	Tatsuo Higuchi President and Representative Director, CEO	Noriko Tojo President and Representative Director
(4) Summary of Business	Control, management and related activities with respect to the Company's subsidiaries and affiliates active in the pharmaceutical industry, nutraceutical industry, consumer products, and other areas.	Overseeing medical device operations within the Otsuka group and the business activities of companies engaged in related businesses, as well as all operations related to the foregoing activities.
(5) Paid-in Capital	¥ 81.69 billion	¥ 4.8billion
(6) Establishment	July 8, 2008	February 15, 2011
(7) Number of Shares Issued	557,835,617shares	222,000 shares
(8) Book Closing Date	December 31	December 31
(9) Principal Shareholders and Shareholding Ratio	<ul style="list-style-type: none"> - Japan Trustee Services Bank, Ltd. (Trust Account) 11.49% - The Nomura Trust & Banking Co. Otsuka Founders Shareholding Fund Trust Account 11.11% - The Master Trust Bank of Japan, Co., Ltd. (Trust Account) 6.56% - Otsuka Estate Limited 4.17% - Otsuka Group Employee Shareholding Fund 2.45% 	<ul style="list-style-type: none"> - Otsuka Holdings Co., Ltd. 100%

(10) Operating Results for the Most Recent Business Year and Financial Positions as of the End of the Business Year (In millions of yen, except for those stated otherwise)		
Name	Otsuka Holdings Co., Ltd. (consolidated)	Otsuka Medical Devices Co., Ltd.
Fiscal Year	Ended December 31, 2017	Ended December 31, 2017
Total Equity (Equity attributable to owners of the Company)	1,793,278	6,778
Total Assets	2,480,256	7,929
Equity Attributable to owners of the Company per Share (yen)	3,309.55	30,531.82
Net Sales	1,239,952	109
Operating Profit	101,145	▲842
Ordinary Income	—	▲1,873
Profit Attributable to owners of the Company	112,492	▲3,965
Basic Earnings per Share (yen)	207.60	▲17,864.25

4. Outline of the Business Section Subject to the Company Split

(1) Outline of the Business

Stock custodial business for ReCor Medical, Inc.

(2) Operating Results of the Business Section Subject to the Company Split

There are no operating results of the business, as the technology concerned is still in clinical development.

(3) Assets and Liabilities To be Split Off (scheduled)

(millions of yen)

Assets		Liabilities	
Current assets	25,558	Current liabilities	9,224

5. Status of the Company after the Company Split

There will be no change in the trade name, location of the head office, name and title of the representative, line of business, paid-in capital or accounting term due to the Company Split.

6. Future Outlook

The Company Split is expected to have only minor impacts on the consolidated business results of the Company because it is a transaction between the Company and a wholly owned subsidiary.