

January 25, 2018

**Otsuka Pharmaceutical Factory enters into an agreement
to acquire additional equity in New Zealand joint venture company,
Diatranz Otsuka Limited**

Otsuka Pharmaceutical Factory, Inc. (Head Office: Naruto, Tokushima, Japan; President and Representative Director: Shinichi Ogasawara; “OPF”), which holds 50% equity in the New Zealand’s joint venture company, Diatranz Otsuka Limited (“DOL”), has reached an agreement to acquire all the DOL shares held by Living Cell Technologies Limited (“LCT”) (50% of outstanding shares) and the two companies have signed a Share Sale Agreement. Based on this Agreement, the acquisition of the shares will be completed on January 31, 2018. OPF will hold 100% of the outstanding equity shares of DOL.

OPF established DOL with LCT on November 1, 2011 and has since promoted the development and commercialization of pancreatic islet “DIABECCELL[®]” as a treatment for diabetes. Various therapies are available to treat diabetes but a novel therapy is desired for patients who have not sufficiently benefited from currently available therapies. Aiming to offer additional therapeutic options, OPF will continue to develop prevention and treatment of diabetes and its complications by utilizing the development capabilities it has cultivated. OPF will further strengthen its R&D in the field of regenerative medicine and xenotransplantation treatment and actively expand its business not only in Japan but also abroad.

Based on the corporate philosophy of “Otsuka-people creating new products for better health worldwide,” the Otsuka Group is dedicated to contributing to the health of people around the world.

About DIABECCELL

DIABECCELL, originally developed by LCT, is an encapsulated pig islet sourced from biocertified designated pathogen-free pigs. By transplantation into the abdominal cavity of the patient with diabetes, DIABECCELL helps boost insulin secretion. It is expected to be one of novel therapeutic options for refractory type 1 diabetes. Based on the license agreement executed in October 2014 between DOL and OPF, OPF holds exclusive rights to develop, manufacture and market DIABECCELL in the US and Japan. OPF is currently preparing to move on to clinical trials in the US within a few years and considering the development of DIABECCELL in Japan.

Company Profile

Diatranz Otsuka Limited

Established	:	November 1, 2011
Capital	:	AUD 50 million
Representative	:	Shaun Wynyard, General Manager
Head Office	:	19 Laureston Avenue, Papatoetoe, New Zealand
Employees	:	3 (as of December 31, 2017)
Scope of Business	:	Clinical development, manufacturing and commercialization of DIABECCELL and xenotransplantation products
Ownership	:	Before share transfer OPF 50%, LCT 50% After share transfer OPF 100%
Website (URL)	:	http://www.dolglobal.com/

Living Cell Technologies Limited

Established	:	1987
Capital	:	AUD 74,339,770 (Listed on the Australian Securities Exchange [ASX])
Representative	:	Ken Taylor, Chief Executive
Office	:	Level 7, 330 Collins Street, Melbourne VIC 3000, Australia
Scope of Business	:	Improving the wellbeing of people with serious diseases worldwide by discovering, developing and commercializing regenerative treatments which restore function using naturally occurring cells
Website (URL)	:	http://www.lctglobal.com/

Otsuka Pharmaceutical Factory, Inc.

Established	:	October 7, 1969 (founded September 1, 1921)
Capital	:	80 million yen
Representative	:	Shinichi Ogasawara, President and Representative Director
Head Office	:	115 Kuguhara, Tateiwa, Muya-cho, Naruto, Tokushima 772-8601, Japan
Employees	:	2,297 (as of December 31, 2017)
Scope of Business	:	Manufacture, sale, import and export of clinical nutrition products and other pharmaceutical products, medical devices, and functional foods, etc.
Website (URL)	:	http://www.otsukakj.jp/en/