

September 27, 2019

For Immediate Release

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(Change of Disclosure Matters) Partial Change in “Notice concerning Company Split (Incorporation-type Company Split) of a Consolidated Subsidiary and Conclusion of a Basic Agreement on Transfer of Shares in Newly Established Companies”

In the “Notice concerning Company Split (Incorporation-type Company Split) of a Consolidated Subsidiary and Conclusion of a Basic Agreement on Transfer of Shares in Newly Established Companies” released on August 6, 2019, SANKYO CO., LTD. (the “Company”) announced that the golf course management business of SANKYO CREATE CO., LTD. (“SC”), the Company’s consolidated subsidiary, will be succeeded by a company newly established through an incorporation-type company split (the “New Company 1”), and that a part of the real estate rental business of SC will be succeeded by another company newly established through an incorporation-type company split (the “New Company 2”), while all shares in the New Companies 1 and 2 allotted to SC, the splitting company, will be delivered to the Company as dividends of surplus (the “Company Split”) and these shares will be transferred (the “Share Transfer”) to Kabushikigaisha Marf Corporation (“MC”). With regard to the above, the Company hereby announces that its Board of Directors’ meeting held on September 27, 2019 resolved to change the schedule of the Company Split and the Share Transfer as follows.

1. Reason for the change

Discussions and negotiations between MC and the Company on the details of SC’s real estate rental business to be succeeded by the New Company 2 caused partial change in the details of the incorporation-type company split plan resolved at the meeting of SC’s Board of Directors held on August 6, 2019. In line with this partial change, the Company decided to change the schedule of the Company Split and the Share Transfer.

2. Details of the change

Changed parts are underlined.

[Before the change]

1-(2) Schedule of the Company Split and the Share Transfer

Conclusion date of the basic agreement	August 6, 2019
Resolution date for the Board of Directors to approve the incorporation-type company split plan (at SC)	August 6, 2019
Resolution date for the general meeting of shareholders to approve the incorporation-type company split plan (at SC)	<u>August 22, 2019 (scheduled)</u>
Effective date of the Company Split	<u>October 1, 2019 (scheduled)</u>
Date of the Share Transfer	<u>October 1, 2019 (scheduled)</u>

This material is an English translation of Japanese announcement made on September 27, 2019. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.

[After the change]

1-(2) Schedule of the Company Split and the Share Transfer

Conclusion date of the basic agreement	August 6, 2019
Resolution date for the Board of Directors to approve the incorporation-type company split plan (at SC)	August 6, 2019
Resolution date for the general meeting of shareholders to approve the incorporation-type company split plan (at SC)	<u>August 27, 2019</u>
<u>Changed resolution date for the Board of Directors to approve the incorporation-type company split plan (at SC)</u>	<u>September 27, 2019 (scheduled)</u>
<u>Changed resolution date for the general meeting of shareholders to approve the incorporation-type company split plan (at SC)</u>	<u>September 27, 2019 (scheduled)</u>
Effective date of the Company Split	<u>November 1, 2019 (scheduled)</u>
Date of the Share Transfer	<u>November 1, 2019 (scheduled)</u>

3. Future prospects

While the impacts of the Share Transfer and the above change in the schedule on the Company's consolidated financial results are minimal, a gain on sales of shares equivalent to the difference between the transfer price and the carrying amount is expected to be recognized upon the Share Transfer in the current fiscal year (fiscal year ending March 31, 2020). The Company will promptly disclose the amount upon finalization.