

History of Daiichi Sankyo—Path to the Merger

Daiichi Sankyo was born out of the merger of Sankyo Co., Ltd., and Daiichi Pharmaceutical Co., Ltd., two drug discovery-oriented companies with histories spanning roughly a century.

Sankyo started its journey by commercializing compounds created through its biological material extraction, fermentation, and other biotechnologies, such as *taka-diastase*, *adrenaline*, and *orizanin*. In the years that followed, it built upon these compounds to create numerous antibiotic drugs. Another innovative pharmaceutical developed by applying Sankyo's fermentation technologies was *pravastatin*, a drug that arose from the early statin compounds that were created by Sankyo and that revolutionized the world of medicine as antihyperlipidemic agents. This company created *loxoprofen* and *olmesartan*, both best-in-class organic synthetic drugs.

Daiichi Pharmaceutical began its advance by using its organic synthesis technologies to realize the domestic production of

salvarsan, a pioneering chemotherapeutic drug. This company also commercialized *tranexamic acid*, which is once again garnering attention for its antiplasmin effects (hemostasis and anti-inflammatory effects), and succeeded in developing and launching *ticlopidine*, which opened the doors for antiplatelet therapies in the cardiovascular field. *Levofloxacin*, which could be seen as a masterpiece in the field of synthetic antibacterial agents, left a mark on the history of not only Japan but also the entire world with its broad spectrum of antibacterial activity.

From the 1980s forward, both companies proceeded to expand their operations globally while developing and launching new products. *Pravastatin*, *levofloxacin*, and *olmesartan* became blockbuster drugs on the global market. Meanwhile, these companies maintained a strong presence in the Japanese market through their earnest and trustworthy sales activities.

In 2005, these companies were merged, creating Daiichi Sankyo to carry on their pedigreed histories.

History of Sankyo



1899

Founded as Sankyo Shoten through a joint investment by businessmen Matasaku Shiobara (pictured to the left), Shotaro Nishimura, and Genjiro Fukui and launched digestive enzyme *taka-diastase* (Dr. Jokichi Takamine discovered the enzyme from a fungus in 1894.)

1902

Launched *adrenalin* (Product name: *Adrenalin*), the world's first adrenal cortex hormone agent to be extracted successfully



1910

Dr. Umetaro Suzuki, who became Sankyo's scientific adviser in 1920, made the world's first discovery of vitamin B1 (*orizanin*) in rice bran and established a foundation for the theory of vitamins



1913

Changed company name from Sankyo Shoten to Sankyo Co., Ltd., and appointed Dr. Jokichi Takamine as its first president

1951

Launched Lulu cold medicine



1986

Launched *loxoprofen* (Product name: *Loxonin*), an anti-inflammatory analgesic



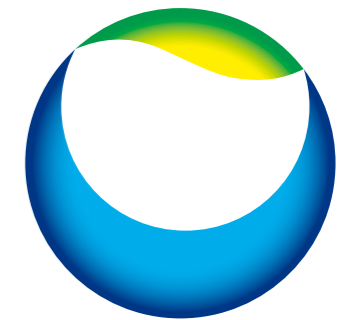
1989

Launched *pravastatin* (Product name: *Mevalotin*), a globally groundbreaking antihyperlipidemic agent



2002

Launched global product *olmesartan* (Product names: *Olmotec* and *Benicar*), an antihypertensive agent (Japanese launch took place in 2004)



Daiichi-Sankyo

History of Daiichi Pharmaceutical



1915

Founded as Arsemin Shokai by Dr. Katsuzemon Keimatsu and realized domestic production of *salvarsan*, a treatment for syphilis, which was a common disease in Japan at that time

1918

Changed company name to Daiichi Pharmaceutical Co., Ltd., and appointed Seinosuke Shibata as its first president



1921

Launched *adrenaline* (Product name: *Bosmin*), a vasoconstriction, hemostasis, and asthma medicine that became its longest-lasting product



1965

Launched *tranexamic acid* (Product name: *Transamin*), an antiplasmin medicine



1981

Launched *ticlopidine* (Product name: *Panalidine*), an antiplatelet product

1985

Launched *ofloxacin* (Product name: *Tarivid*), a broad-spectrum oral antibacterial agent



1993

Launched *levofloxacin* (Product name: *Cravit*), a broad-spectrum oral antibacterial agent

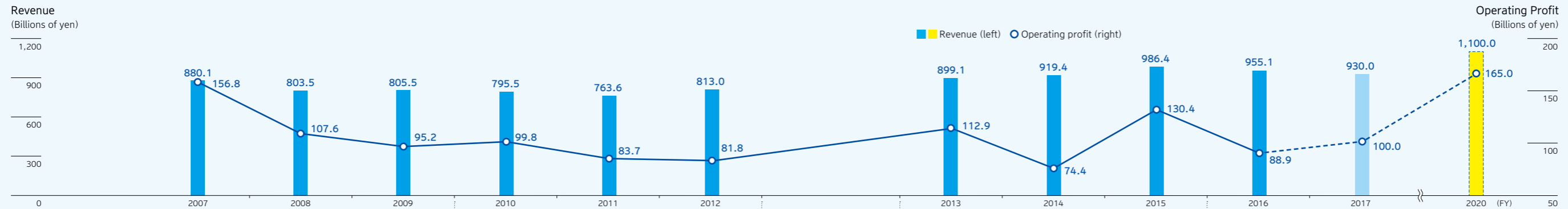


2005
Daiichi Sankyo Co., Ltd., established through merger of Sankyo Co., Ltd., and Daiichi Pharmaceutical Co., Ltd.
2007
Start of new Daiichi Sankyo Group

History of Daiichi Sankyo—Road After the Merger

Carrying on the century-long strength in science & technology forged by its predecessors, Daiichi Sankyo continues its quest to create innovative pharmaceuticals. We have been successful in growing *olmesartan* and *edoxaban*, the fruits of our predecessors' efforts and expertise in science & technology, into major global products. The antibody drug conjugate (ADC) franchise that will be key to the future of Daiichi Sankyo is also built upon these strengths, using the biotechnologies of Sankyo in the antibody portion of these drugs and the synthesis technologies of Daiichi Pharmaceutical in the linker and drug payload portions.

Notes: 1. Excluding Ranbaxy Laboratories Ltd.
2. Figures for fiscal 2011 and prior are based on Japanese GAAP, while figures for fiscal 2012 onward are based on IFRS.



Moreover, we are committed to maintaining a corporate governance structure that is always suited to the times as we build upon our global systems together with our robust, global well of talent. In Japan, the earnest and trustworthy activities of our medical representatives have continued to rank No. 1, and our domestic pharmaceutical revenue also claimed the No. 1 spot in fiscal 2016. Looking ahead, we will further strengthen our presence in Japan by furnishing wide-ranging responses to diverse medical needs through our innovative pharmaceuticals business as well as our generic business, vaccine business, and over-the-counter (OTC) related business.

	1st Mid-Term Business Plan	2nd Mid-Term Business Plan	3rd Mid-Term Business Plan	4th Mid-Term 5-Year Business Plan
Overview of initiatives under mid-term business plans	<p>Maximization of synergies and expansion of growth foundation</p> <ul style="list-style-type: none"> Focus on thrombosis, cancer, diabetes, and other fields Maximize sales of <i>olmesartan</i> franchise Introduced Ranbaxy into Group in 2008 	<p>Advancement of global hybrid business model</p> <ul style="list-style-type: none"> Focus on thrombosis, cardiovascular-metabolics, and cancer fields Expand operating foundations in Japan Conduct frontline and backyard collaboration with Ranbaxy 	<p>Promotion of measures toward sustainable growth beyond LOE</p> <ul style="list-style-type: none"> Focus on thrombosis, cardiovascular-metabolics, and cancer fields Divest and liquidate Ranbaxy over period from April 2014 to April 2015 Return to innovative business 	<p>Transformation toward 2025 Vision</p> <ul style="list-style-type: none"> Grow beyond FY2017 LOE Establish a foundation of sustainable growth
Launches of new products	<ul style="list-style-type: none"> Japan <i>Loxonin Tape</i> US <i>AZOR</i> US <i>Effient</i> Europe <i>Sevikar</i> Europe <i>Effient</i> 	<ul style="list-style-type: none"> Japan <i>Loxonin Gel</i> Japan <i>Rezaltas</i> Japan <i>Inavir</i> Japan <i>NEXIUM</i> Japan <i>Memary</i> Japan <i>LIXIANA</i> Japan <i>RANMARK</i> Japan <i>TENELIA</i> US <i>TRIBENZOR</i> Europe <i>Sevikar HCT</i> 	<ul style="list-style-type: none"> Japan <i>PRALIA</i> Japan <i>Effient</i> US <i>Injectafer</i> US <i>SAVAYSA</i> US <i>MOVANTIK</i> Europe <i>LIXIANA</i> 	<ul style="list-style-type: none"> Japan <i>VIMPAT</i>
Important management decisions	<p>Business expansion</p> <ul style="list-style-type: none"> Europe Expansion in Turkey and Ireland US Expansion in Puerto Rico 	<ul style="list-style-type: none"> Japan Start of generic business Japan Start of vaccine business 		
	<p>In-licensed products</p> <ul style="list-style-type: none"> Japan <i>Denosumab</i> US <i>Tivantinib</i> Europe <i>Tivantinib</i> 	<ul style="list-style-type: none"> Japan <i>NEXIUM</i> 	<ul style="list-style-type: none"> US <i>CL-108</i> Japan <i>VIMPAT, FluMist</i> Global <i>TS23</i> 	<ul style="list-style-type: none"> Japan <i>Heartcel</i> Japan Nine biosimilars Japan <i>KTE-C19</i> Japan Four authorized generics US <i>MorphaBond, RoxyBond</i>
	<p>Acquisition</p> <ul style="list-style-type: none"> Europe U3 Pharma GmbH US Pharma-Force, Inc. Global Ranbaxy Laboratories Ltd. 	<ul style="list-style-type: none"> US Bethlehem Plant, Plexxikon Inc. 	<ul style="list-style-type: none"> US Ambit Biosciences Corp. Japan Im Co., Ltd. 	
	<p>Restructuring</p>	<ul style="list-style-type: none"> Close of Osaka Plant Sale of Shizuoka Plant 	<ul style="list-style-type: none"> Sale of Akita Plant Restructuring in Japan, the United States, and Europe Divestment of Ranbaxy to Sun Pharmaceutical Industries Ltd. Completion of sale of Sun Pharmaceutical shares 	<ul style="list-style-type: none"> Restructuring of operations in Europe Decision to close the Hiratsuka Plant of Daiichi Sankyo Chemical Pharma Co., Ltd. Sale of Bethlehem Plant of Daiichi Sankyo, Inc. Closure of U3 Pharma GmbH in Germany Decision to close Daiichi Sankyo India Pharma Private Ltd. Decision to close Asubio Pharma Co., Ltd.
ESG	<ul style="list-style-type: none"> Governance Set term of Members of the Board as one year, four out of 10 Members of the Board are Members of the Board (Outside) Governance Established Nomination Committee and Compensation Committee (comprised of Members of the Board (Outside)) Governance Established Audit & Supervisory Board (two out of four Members of the Audit & Supervisory Board are Members of the Audit & Supervisory Board (Outside)) Governance Introduced Corporate Officer System First time for inclusion in FTSE4Good^{*1}; inclusion continues thereafter First time for inclusion in Dow Jones Sustainability Indices^{*2} (Asia Pacific); inclusion continues thereafter 	<ul style="list-style-type: none"> Start of "Daiichi Sankyo Presents Family Tie Theater" program Revision of DAIICHI SANKYO Group Corporate Conduct Charter Establishment of Daiichi Sankyo Kusuri Museum^{*3} Commencement of mobile healthcare field clinic services in developing countries Participation in United Nations Global Compact 	<ul style="list-style-type: none"> Governance Prescribed specific criteria on the judgment of independence of outside officers Governance Implemented and achieved compliance with all principles of Japan's Corporate Governance Code Participation in the Global Health Innovative Technology (GHIT) Fund Receipt of first-prize UCDA Award 2015^{*4} for Daiichi Sankyo's Value Report 2015 Establishment of Daiichi Sankyo Group Individual Conduct Principles 	<ul style="list-style-type: none"> Governance Increased number of Members of the Audit & Supervisory Board (Outside) by one (three out of five Members of the Audit & Supervisory Board are Members of the Audit & Supervisory Board (Outside)) Governance Introduced restricted share-based remuneration plan Participation in the Access Accelerated initiative^{*5} First time for inclusion in Dow Jones Sustainability Indices (World Index) in 2017

2025 Vision
Global Pharma Innovator with competitive advantage in oncology

For more information on the 5-year business plan, see pages 18 to 47.

*1 Index compiled by FTSE Russell recognizing companies that engage in responsible corporate activities
*2 Index compiled by S&P Dow Jones Indices LLC and RobecoSAM AG recognizing companies that exhibit sustainability
*3 A venue which offers an entertaining, "experienced-based" learning opportunity to visitors, introducing medicine in an accessible, easy-to-understand way

*4 Award for communication design
*5 Initiative through which pharmaceutical companies work together with The World Bank Group and the Union for International Cancer Control to improve non-communicable diseases prevention, diagnosis, and treatment options in low-income and lower-middle income countries