

10-Year Financial Summary



Item	Japanese GAAP		IFRS
	FY2010	FY2011	FY2012
Financial Results			
Revenue	967.3	938.6	994.7
Overseas revenue	489.7	469.0	483.2
Ratio of overseas revenue to revenue (%)	50.6	50.0	48.6
Operating profit	122.1	98.2	98.7
Ratio of operating profit to revenue (%)	12.6	10.5	9.9
Profit attributable to owners of the Company	70.1	10.3	64.0
Research and development expenses	194.3	185.0	184.4
Ratio of research and development expenses to revenue (%)	20.1	19.7	18.5
Depreciation and amortization	43.9	46.3	45.3
Capital expenditure	37.3	62.9	65.1
Financial Position			
Total assets	1,480.2	1,518.4	1,684.9
Total equity	887.7	832.7	938.5
Cash Flows			
Net increase (decrease) in cash and cash equivalents	43.2	(89.7)	(37.8)
Free cash flows*	78.1	(32.5)	20.4
Per Share Information			
Basic earnings per share (yen)	99.62	14.75	90.96
Equity per share attributable to owners of the Company (yen)	1,206.12	1,143.52	1,287.94
Annual dividends per share (yen)	60	60	60
Main Financial Indicators			
Return on equity attributable to owners of the Company (ROE) (%)	8.2	1.3	7.4
Ratio of equity attributable to owners of the Company to total assets (%)	57.4	53.0	53.8
Ratio of dividends to equity attributable to owners of the Company (DOE) (%)	5.0	5.1	4.9
Price-earnings ratio (PER)	16.1	102.2	20.0
Stock price at the end of the year (yen)	1,606	1,508	1,815
Market capitalization	1,130.4	1,069.2	1,277.7
Average exchange rates (USD/JPY)	85.72	79.07	83.11
(EUR/JPY)	113.13	108.96	107.15
Number of Employees			
Japan	30,488	31,929	32,229
North America	9,002	9,308	9,251
Europe	3,410	3,737	3,331
Others	2,576	2,624	2,556
	15,500	16,260	17,091

\* Cash flows from operating activities + Cash flows from investing activities

(billions of yen)						
FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
1,118.2	919.4	986.4	955.1	960.2	929.7	981.8
584.5	392.4	430.7	375.2	341.9	333.8	374.1
52.3	42.7	43.7	39.3	35.6	35.9	38.1
111.6	74.4	130.4	88.9	76.3	83.7	138.8
10.0	8.1	13.2	9.3	7.9	9.0	14.1
60.9	322.1	82.3	53.5	60.3	93.4	129.1
191.2	190.7	208.7	214.3	236.0	203.7	197.5
17.1	20.7	21.2	22.4	24.6	21.9	20.1
51.5	42.0	44.3	47.4	46.7	46.2	52.6
49.2	36.3	23.3	23.9	26.9	38.3	29.0
1,854.0	1,982.3	1,900.5	1,915.0	1,897.8	2,088.1	2,105.6
1,007.5	1,307.0	1,233.5	1,171.4	1,133.0	1,249.7	1,306.3
(23.7)	(10.7)	45.4	24.4	115.2	(116.7)	186.6
(124.1)	121.5	168.3	39.4	217.0	(50.5)	278.3
86.57	457.56	119.37	79.63	91.31	144.20	199.21
1,392.03	1,852.28	1,801.90	1,772.99	1,749.33	1,928.80	2,014.93
60	60	70	70	70	70	70
6.5	28.2	6.5	4.4	5.2	7.8	10.1
52.9	65.8	64.8	61.4	59.7	59.8	62.0
4.5	3.7	3.8	3.9	4.0	3.8	3.5
20.1	4.2	21.0	31.5	38.6	35.4	37.3
1,738	1,907	2,502	2,507	3,526	5,100	7,434
1,223.5	1,342.6	1,710.2	1,662.7	2,283.7	3,304.2	4,817.7
100.24	109.94	120.14	108.42	110.86	110.91	108.75
134.38	138.78	132.57	118.84	129.70	128.40	120.83
32,791	16,428	15,249	14,670	14,446	14,887	15,348
9,145	8,543	8,589	8,648	8,765	8,865	8,754
3,402	3,322	2,321	2,464	2,191	2,172	2,380
2,226	2,094	1,997	1,578	1,582	1,778	1,953
18,018	2,469	2,342	1,980	1,908	2,072	2,261

\* Results for FY2012 in compliance with IFRS are shown for comparison purposes.

Financial Results and Financial Analysis

Consolidated Financial Results for Fiscal 2019

Consolidated Financial Results				
	FY2018 Results	FY2019 Results	YoY	
Revenue	929.7	981.8	+52.1	(+5.6%)
Cost of sales	364.6	343.2	-21.4	
SG&A expenses	277.7	302.3	+24.6	
Research and development expenses	203.7	197.5	-6.2	
Operating profit	83.7	138.8	+55.1	(+65.8%)
Profit before tax	85.8	141.2	+55.3	(+64.5%)
Profit attributable to owners of the Company	93.4	129.1	+35.7	(+38.2%)

Yen exchange rates for major currencies (Annual average rate)

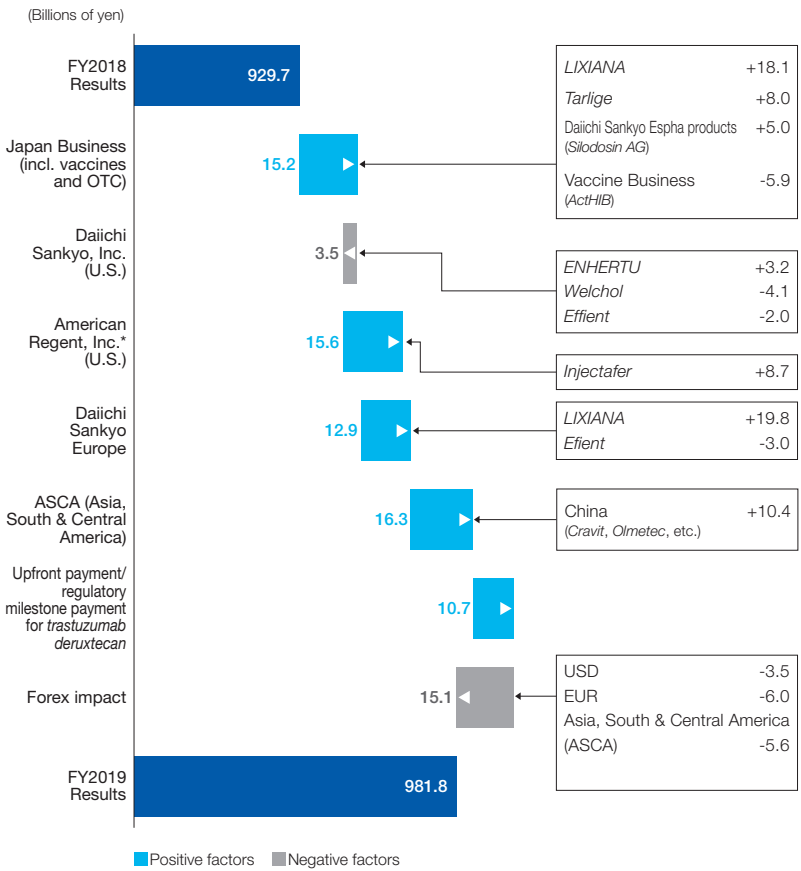
	FY2018 Results	FY2019 Results	YoY	
USD/JPY	110.91	108.75	-2.16	
EUR/JPY	128.40	120.83	-7.57	

1. Revenue

Consolidated revenue in fiscal 2019 increased by ¥52.1 billion, or 5.6% year on year, to ¥981.8 billion. The impacts of foreign exchange placed downward pressure on revenue to the extent of ¥15.1 billion. When these impacts are excluded, revenue was up ¥67.2 billion.

Revenue

Increased by ¥52.1 billion (Increased by ¥67.2 billion excl. forex impact)



\* Formerly Luitpold Pharmaceuticals, Inc.

In the Japan Business, the Vaccine Business experienced a decrease in revenue, but overall revenue increased by ¥15.2 billion following higher sales of our mainstay innovative pharmaceuticals such as *LIXIANA* and *Tarlige* and the contribution of Daiichi Sankyo Espha products and other products.

In the United States, revenue from Daiichi Sankyo, Inc. declined ¥3.5 billion year on year following a decrease in revenue from *Welchol* and *Effient*, despite the contribution of *ENHERTU*, which was launched in January 2020.

American Regent Inc. saw a revenue increase of ¥15.6 billion year on year following higher sales of *Injectafer*.

Revenue at Daiichi Sankyo Europe GmbH increased ¥12.9 billion year on year due to an increase in *LIXIANA* sales, despite a decrease in sales from *Effient*.

In the Company's operations in ASCA, Asia and South & Central America, revenue was up ¥16.3 billion year on year due to the growth in revenue in China.

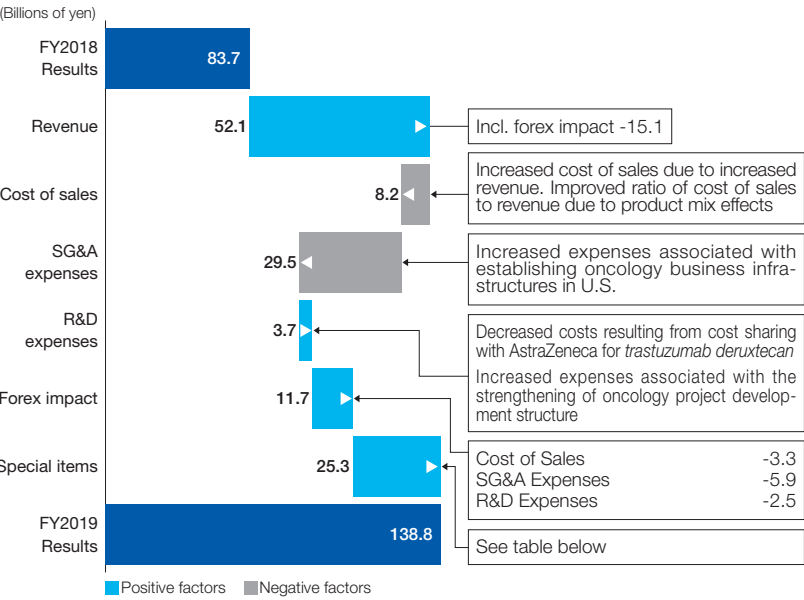
Consolidated revenue increased by ¥52.1 billion due to an upfront payment for *trastuzumab deruxtecan* (*DS-8201*; brand name in Japan and the U.S., *ENHERTU*) and ¥10.7 billion of revenue recognized for this fiscal year from the revenue of regulatory milestone payment for approval in the United States. For *trastuzumab deruxtecan*, Daiichi Sankyo concluded a joint development and co-promotion agreement with AstraZeneca in March 2019.

2. Operating Profit

Operating profit in fiscal 2019 increased ¥55.1 billion, or 65.8% year on year, to ¥138.8 billion. When the impacts of foreign exchange influences and special items are excluded, the actual increase in operating profit was ¥33.2 billion.

Operating profit

Increased by ¥55.1 billion (Increased by ¥33.2 billion excl. forex impact and special items)



Special items				
	FY2018 Results	FY2019 Results	YoY	
Cost of sales	Impairment loss (intangible assets)*1	15.1	Restructuring costs in supply chain	1.3
			Impairment loss (intangible assets)*2	6.3
			Gain on sales of subsidiary*3	-18.8
SG&A expenses	Gain on Sales of fixed assets	-3.5	Gain on Sales of fixed assets*4	-10.6
			Environmental expenditures*5	8.2
Total		11.6		-13.7

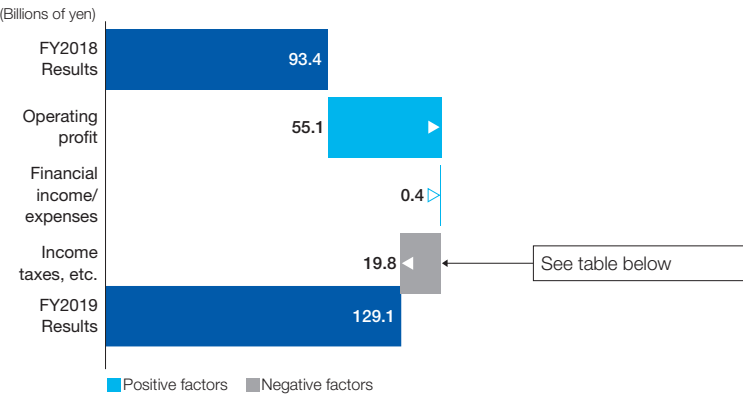
-- Cost decreased items \*1 *Zelboraf* and *MOVANTIK* \*2 *MorphaBond*, *RoxyBond*, and *Zelboraf* \*3 Gain on sales of Takatsuki plant transfer \*4 Gain on sales of Nihonbashi building \*5 Former Yasugawa plant

3. Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased ¥35.7 billion, or 38.2% year on year, to ¥129.1 billion.

Profit attributable to owners of the Company

Increased by ¥35.7 billion



Income taxes, etc.			
	FY2018 Results	FY2019 Results	YoY
Profit before tax	85.8	141.2	+55.3
Income taxes, etc.	-7.6	12.2	+19.8
Tax rate	-8.8%	8.6%	+17.5%

Consolidated revenue in fiscal 2019 increased ¥52.1 billion, including impact from foreign exchange to the extent of ¥15.1 billion.

Cost of sales increased with the growth in revenue but was up only ¥8.2 billion year on year as the ratio of cost of sales to revenue was improved as a result of the change in the product mix.

SG&A expenses increased ¥29.5 billion year on year, owing to an increase in expenses associated with establishing our oncology business infrastructure in the United States, among other factors. R&D expenses dropped ¥3.7 billion year on year due to decreased costs resulting from cost sharing with AstraZeneca for *trastuzumab deruxtecan*, among other factors.

Foreign exchange influences caused a decrease of ¥11.7 billion in expenses.

Special items in fiscal 2018 included impairment loss in intangible assets related to *Zelboraf* and *MOVANTIK*, resulting in a total increase of ¥1.6 billion in expenses. However, special items in fiscal 2019 included gain on sales of Takatsuki plant transfer and Nihonbashi building, resulting in a decrease of ¥13.7 billion in expenses, and a decrease of ¥25.3 billion in expenses year on year.

Operating profit increased ¥55.1 billion, or 65.8% year on year, including foreign exchange influences and special items.

Income taxes, etc. increased ¥19.8 billion year on year. In fiscal 2018, income taxes etc. were negative because the future taxable income amount increased in the previous fiscal year in conjunction with the strategic collaboration for *trastuzumab deruxtecan* (*DS-8201*) and it became possible to recognize additional deferred tax assets. As a result, the income tax rate increased compared to the previous fiscal year although profit attributable to owners of the Company increased.

Financial Position

1. Assets, Liabilities, and Equity

ASSETS

Total assets at the end of fiscal 2019 amounted to ¥2,105.6 billion. Trade and other receivables as well as other financial assets decreased, whereas cash and cash equivalents as well as deferred tax assets increased. These, among other factors, resulted in an increase of ¥17.6 billion compared to the end of the previous fiscal year.

Liabilities

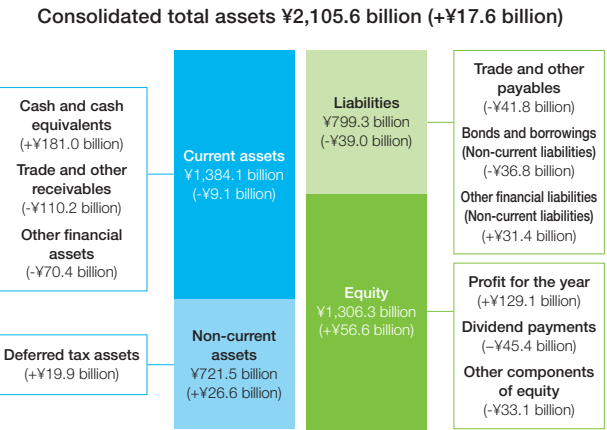
Total liabilities at the end of fiscal 2019 amounted to ¥799.3 billion. Other financial liabilities (non-current liabilities) increased, whereas trade and other payables as well as bonds and borrowings (non-current liabilities) decreased. These, among other factors, resulted in a decrease of ¥39.0 billion in total liabilities compared to the end of the previous fiscal year.

Equity

Total equity at the end of fiscal 2019 amounted to ¥1,306.3 billion. Dividend payments contributed to a decrease, whereas profit attributable to owners of the Company recorded for the year among other factors ultimately led to an increase of ¥56.6 billion compared to the end of the previous fiscal year.

Summary of consolidated statement of financial position

As of March 31, 2020: parentheses ( ) indicate comparison to March 31, 2019



3. Capital Expenditure

In fiscal 2019, we focused ¥29.0 billion of capital expenditure on the enhancement of production facilities for oncology products and iron injectable in the United States.

	FY2018 Results	FY2019 Results	YoY
Capital expenditure	38.3	29.0	-9.3
Depreciation (Property, plant and equipment)	26.0	32.0	+6.0

2. Cash Flows

Cash and cash equivalents at the end of fiscal 2019 increased by ¥181.0 billion year on year to ¥424.2 billion.

Cash flows from operating activities

Cash inflows from operating activities were ¥196.6 billion (¥92.0 billion in the previous fiscal year) due to a profit before tax amounting to ¥141.2 billion, depreciation and amortization amounting to ¥52.6 billion, and other non-cash items, as well as upfront payment for the *trastuzumab deruxtecan* strategic collaboration, among other contributing factors.

Cash flows from investing activities

Cash inflows from investing activities were ¥81.7 billion (¥142.5 billion outflow in the previous fiscal year) due to payments into time deposits, ¥37.1 billion of gain on sales of Takatsuki plant transfer, and ¥13.9 billion of gain on sales of Nihonbashi building, among other factors, despite capital expenditure and acquisitions of intangible assets.

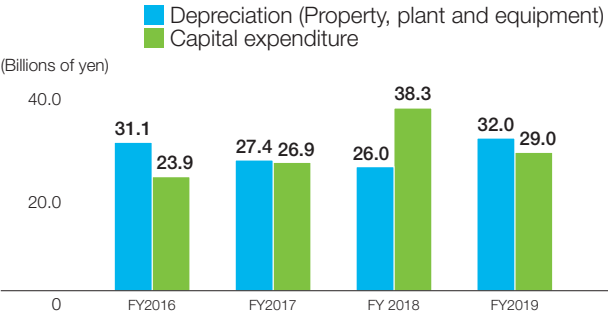
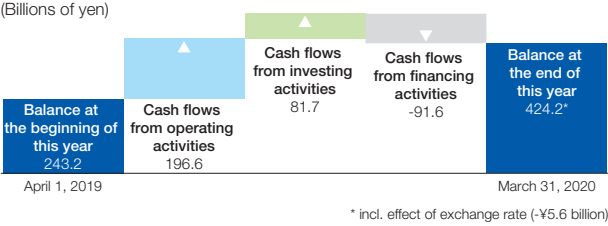
Cash flows from financing activities

Cash outflows from financing activities were ¥91.6 billion (¥66.2 billion outflow in the previous fiscal year) due to dividend payments of ¥45.4 billion, repayments of bonds of ¥40.0 billion, and other factors.

	FY2018 Results	FY2019 Results	YoY
Cash flows from operating activities	92.0	196.6	+104.6
Cash flows from investing activities	-142.5	81.7	+224.2
Cash flows from financing activities	-66.2	-91.6	-25.4
Net increase in cash and cash equivalents	-116.7	186.6	+303.3
Effect of exchange rate change on cash and cash equivalents	2.1	-5.6	-7.8
Cash and cash equivalents at the end of the year	243.2	424.2	+181.0
Free cash flows*	-50.5	278.3	+328.8

\* Free cash flows = Cash flows from operating activities + Cash flows from investing activities

Summary of consolidated statement of cash flows



Financial Results Forecasts for Fiscal 2020

Sales revenues are projected to decrease 1.2% year on year to ¥970.0 billion, as a result of the NHI drug price revision in Japan, the expiration of the exclusive sales period for *Memary*, and the termination of sales of a part of vaccines, which will be offset by revenue increase from *LIXIANA*, our mainstay products, and from *ENHERTU* and *Tarlige* which were launched in the previous fiscal year.

Operating profit is projected to decrease 42.4% year on year to ¥80.0 billion due to an expected increase in expenses resulting from the continued intensive investment in the oncology business, including the expansion of development plan for *ENHERTU*, and the booking of a one-time gain from the sale of a subsidiary in the previous fiscal year.

Profit attributable to owners of the Company is expected to decrease 56.6% year on year to 56.0 billion, due to the fact that the normal tax rate is assumed in fiscal 2020

Consolidated financial results forecast for fiscal 2020

	FY2019 Results	FY2020 Forecast	YoY
Revenue	981.8	970.0	-11.8 (-1.2%)
Operating profit	138.8	80.0	-58.8 (-42.4%)
Profit before tax	141.2	80.0	-61.2 (-43.3%)
Profit attributable to owners of the Company	129.1	56.0	-73.1 (-56.6%)

Yen exchange rates for major currencies (Annual average rate)

	FY2019 Results	FY2020 Forecast
USD/JPY	108.75	110.00
EUR/JPY	120.83	120.00

Shareholder Returns

In order to achieve sustainable growth in corporate value, the basic policy of management is to decide profit distributions based on a comprehensive evaluation of the investments essential for implementing the growth strategy and profit returns to shareholders.

Our shareholder return policy calls for a total return ratio\*<sup>1</sup> of 100% or more cumulatively for the fiscal 2016 through fiscal 2022, and annual ordinary dividend payments of ¥70 per share or more (pre-split base\*<sup>2</sup>). On the basis of this policy, Daiichi Sankyo intends to pay stable dividends while flexibly acquiring shares of its own stock.

while the tax rate in the previous fiscal year was low due to the introduction of consolidated taxation system, etc.

Forecasts are based on an assumption of foreign exchange rates at ¥110 to the U.S. dollar and ¥120 to the euro.

The impact of the *DS-1062* strategic collaboration is not included.

As it is difficult to accurately estimate the timing of convergence of COVID-19 at this point, the above forecasts do not reflect the impact of COVID-19. If global activity restrictions continue until the fourth quarter, the Company expects a negative impact of 2% to 4% (¥20.0 to ¥40.0 billion) on revenue due to factors such as the refraining of medical care. At the same time, the Company expects a decrease in expenses due to a decline in business activities, so the impact on operating profit is expected to be negligible.

Under this basic policy, Daiichi Sankyo achieved ordinary dividend payments of ¥70 per share in fiscal 2019. As a result, the total return ratio was 35.1% for fiscal 2019 and 84.2% cumulatively over four years.

In fiscal 2020, the Company plans to issue annual dividends per share of ¥81, an increase of ¥11 per share compared to fiscal 2019 (¥40.50 per share as interim dividend and ¥13.50 per share as year-end dividend [post-split base\*<sup>2</sup>]).

\*1 (Total dividends + Total acquisition costs of own shares) / Profit attributable to owners of the Company  
\*2 Daiichi Sankyo resolved to implement a three-for-one split of its common stock effective on October 1, 2020 at the Board of Directors meeting held on April 27, 2020.

Shareholder returns policy (cumulative targets for FY2016 through FY2022)



	FY2016 Results	FY2017 Results	FY2018 Results	FY2019 Results	FY2020 Plan
Dividend per share (pre-split base* <sup>2</sup> )	¥70	¥70	¥70	¥70	¥81
Purchase of treasury shares	¥50.0 billion	¥50.0 billion	—	—	Flexible
Total return ratio* <sup>1</sup>	180.7%	159.1%	48.5%	35.1%	—



# Consolidated Financial Statements

## Consolidated Statement of Profit or Loss

	(Millions of yen)	
	FY2018 (For the year ended March 31, 2019)	FY2019 (For the year ended March 31, 2020)
Revenue	929,717	981,793
Cost of sales	364,605	343,206
Gross profit	565,112	638,586
Selling, general and administrative expenses	277,695	302,320
Research and development expenses	203,711	197,465
Operating profit	83,705	138,800
Financial income	8,141	9,849
Financial expenses	5,910	7,813
Share of profit (loss) of investments accounted for using the equity method	(105)	327
Profit before tax	85,831	141,164
Income taxes	(7,591)	12,196
Profit for the year	93,422	128,967
Profit attributable to:		
Owners of the Company	93,409	129,074
Non-controlling interests	12	(107)
Profit for the year	93,422	128,967
Earnings per share		
Basic earnings per share (yen)	144.20	199.21
Diluted earnings per share (yen)	143.88	198.80

## Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	FY2018 (For the year ended March 31, 2019)	FY2019 (For the year ended March 31, 2020)
Profit for the year	93,422	128,967
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	60,976	(7,682)
Remeasurements of defined benefit plans	205	(4,272)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	9,289	(15,409)
Other comprehensive income (loss) for the year	70,471	(27,364)
Total comprehensive income for the year	163,893	101,602
Total comprehensive income attributable to:		
Owners of the Company	163,881	101,710
Non-controlling interests	12	(107)
Total comprehensive income for the year	163,893	101,602

## Consolidated Statement of Financial Position

	(Millions of yen)	
	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	243,155	424,184
Trade and other receivables	419,609	309,363
Other financial assets	536,880	466,528
Inventories	176,067	173,362
Other current assets	15,471	10,546
Subtotal	1,391,183	1,383,984
Assets held for sale	2,000	134
Total current assets	1,393,184	1,384,119
Non-current assets		
Property, plant and equipment	229,085	247,053
Goodwill	77,851	76,760
Intangible assets	169,472	172,499
Investments accounted for using the equity method	2,200	383
Other financial assets	114,895	97,974
Deferred tax assets	94,809	114,748
Other non-current assets	6,551	12,079
Total non-current assets	694,866	721,499
Total assets	2,088,051	2,105,619
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Trade and other payables	312,660	270,867
Bonds and borrowings	40,000	40,389
Other financial liabilities	530	9,490
Income taxes payable	10,451	9,937
Provisions	7,837	5,367
Other current liabilities	12,715	15,019
Subtotal	384,195	351,071
Liabilities directly associated with assets held for sale	349	—
Total current liabilities	384,544	351,071
Non-current liabilities		
Bonds and borrowings	220,585	183,811
Other financial liabilities	5,680	37,118
Post-employment benefit liabilities	10,384	5,263
Provisions	4,985	10,597
Deferred tax liabilities	17,166	15,641
Other non-current liabilities	195,000	195,840
Total non-current liabilities	453,802	448,273
Total liabilities	838,346	799,344
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	94,633	94,633
Treasury shares	(162,964)	(162,519)
Other components of equity	115,166	82,094
Retained earnings	1,152,806	1,241,600
Total equity attributable to owners of the Company	1,249,642	1,305,809
Non-controlling interests		
Non-controlling interests	62	464
Total equity	1,249,705	1,306,274
Total liabilities and equity	2,088,051	2,105,619

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(Millions of yen)						
	Equity attributable to owners of the Company					
	Equity attributable to owners of the Company			Other components of equity		
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2018	50,000	94,633	(163,531)	1,993	57,339	61,171
Changes in accounting policies	—	—	—	—	—	—
Adjusted balance as of April 1, 2018	50,000	94,633	(163,531)	1,993	57,339	61,171
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss) for the year	—	—	—	—	9,289	60,976
Total comprehensive income (loss) for the year	—	—	—	—	9,289	60,976
Purchase of treasury shares	—	—	(45)	—	—	—
Cancellation of treasury shares	—	—	612	(187)	—	—
Dividends	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(75,415)
Others	—	—	—	—	—	—
Total transactions with owners of the Company	—	—	567	(187)	—	(75,415)
Balance as of March 31, 2019	50,000	94,633	(162,964)	1,805	66,628	46,732
Changes in accounting policies	—	—	—	—	—	—
Adjusted balance as of April 1, 2019	50,000	94,633	(162,964)	1,805	66,628	46,732
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss) for the year	—	—	—	—	(15,409)	(7,682)
Total comprehensive income (loss) for the year	—	—	—	—	(15,409)	(7,682)
Purchase of treasury shares	—	—	(85)	—	—	—
Cancellation of treasury shares	—	—	530	(194)	—	—
Dividends	—	—	—	—	—	—
Changes associated with obtaining control of subsidiaries	—	—	—	—	—	—
Changes associated with losing control of subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(9,785)
Total transactions with owners of the Company	—	—	445	(194)	—	(9,785)
Balance as of March 31, 2020	50,000	94,633	(162,519)	1,611	51,218	29,264

(Millions of yen)						
	Equity attributable to owners of the Company					
	Equity attributable to owners of the Company			Other components of equity		
	Remeasurements of defined benefit plans	Total for other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2018	—	120,504	1,031,376	1,132,982	58	1,133,041
Changes in accounting policies	—	—	(530)	(530)	—	(530)
Adjusted balance as of April 1, 2018	—	120,504	1,030,846	1,132,452	58	1,132,510
Profit for the year	—	—	93,409	93,409	12	93,422
Other comprehensive income (loss) for the year	205	70,471	—	70,471	—	70,471
Total comprehensive income (loss) for the year	205	70,471	93,409	163,881	12	163,893
Purchase of treasury shares	—	—	—	(45)	—	(45)
Cancellation of treasury shares	—	(187)	(115)	310	—	310
Dividends	—	—	(45,340)	(45,340)	—	(45,340)
Transfer from other components of equity to retained earnings	(205)	(75,621)	74,006	(1,615)	—	(1,615)
Others	—	—	—	—	(8)	(8)
Total transactions with owners of the Company	(205)	(75,808)	28,550	(46,691)	(8)	(46,699)
Balance as of March 31, 2019	—	115,166	1,152,806	1,249,642	62	1,249,705
Changes in accounting policies	—	—	(375)	(375)	—	(375)
Adjusted balance as of April 1, 2019	—	115,166	1,152,431	1,249,267	62	1,249,329
Profit for the year	—	—	129,074	129,074	(107)	128,967
Other comprehensive income (loss) for the year	(4,272)	(27,364)	—	(27,364)	—	(27,364)
Total comprehensive income (loss) for the year	(4,272)	(27,364)	129,074	101,710	(107)	101,602
Purchase of treasury shares	—	—	—	(85)	—	(85)
Cancellation of treasury shares	—	(194)	(64)	271	—	271
Dividends	—	—	(45,354)	(45,354)	—	(45,354)
Changes associated with obtaining control of subsidiaries	—	—	—	—	576	576
Changes associated with losing control of subsidiaries	—	—	—	—	(67)	(67)
Transfer from other components of equity to retained earnings	4,272	(5,512)	5,512	—	—	—
Total transactions with owners of the Company	4,272	(5,707)	(39,905)	(45,167)	509	(44,658)
Balance as of March 31, 2020	—	82,094	1,241,600	1,305,809	464	1,306,274

Consolidated Statement of Cash Flows

(Millions of yen)		
	FY2018 (For the year ended March 31, 2019)	FY2019 (For the year ended March 31, 2020)
Cash flows from operating activities		
Profit before tax	85,831	141,164
Depreciation and amortization	46,169	52,611
Impairment loss	15,194	7,548
Financial income	(8,141)	(9,849)
Financial expenses	5,910	7,813
Share of (profit) loss of investments accounted for using the equity method	105	(327)
(Gain) loss on sale and disposal of non-current assets	(7,562)	(9,309)
(Increase) decrease in trade and other receivables	(187,792)	110,165
(Increase) decrease in inventories	(4,018)	(7,392)
Increase (decrease) in trade and other payables	60,419	(44,726)
Others, net	118,395	(29,650)
Subtotal	124,510	218,047
Interest and dividends received	5,437	7,261
Interest paid	(1,768)	(2,526)
Income taxes paid	(36,146)	(26,181)
Net cash flows from (used in) operating activities	92,033	196,601
Cash flows from investing activities		
Payments into time deposits	(452,338)	(881,884)
Proceeds from maturities of time deposits	378,448	908,646
Acquisition of securities	(149,672)	(152,836)
Proceeds from sale of securities	136,858	208,547
Acquisitions of property, plant and equipment	(36,108)	(31,936)
Proceeds from sale of property, plant and equipment	1,901	157
Acquisition of intangible assets	(30,505)	(20,629)
Acquisition of subsidiaries	—	463
Proceeds from sale of subsidiary	752	37,128
Payments for loans receivable	(548)	(533)
Proceeds from collection of loans receivable	839	520
Others, net	7,852	14,028
Net cash flows from (used in) investing activities	(142,520)	81,673
Cash flows from financing activities		
Proceeds from bonds and borrowings	—	3,981
Repayments of bonds and borrowings	(20,000)	(40,387)
Purchase of treasury shares	(45)	(85)
Proceeds from sale of treasury shares	0	0
Dividends paid	(45,339)	(45,356)
Others, net	(819)	(9,790)
Net cash flows from (used in) financing activities	(66,203)	(91,637)
Net increase (decrease) in cash and cash equivalents	(116,689)	186,636
Cash and cash equivalents at the beginning of the year	357,702	243,155
Effect of exchange rate change on cash and cash equivalents	2,143	(5,608)
Cash and cash equivalents at the end of the year	243,155	424,184

Major Products

Innovative Pharmaceuticals Business

Brand Name (Generic Name)		Efficacy	Launched	Remarks
Japan	Daiichi Sankyo Co., Ltd.			
ENHERTU	(trastuzumab deruxtecan)	Anti-cancer agent (HER2 directed antibody drug conjugate)	2020	Antibody-drug conjugate which is composed of a humanized monoclonal antibody specifically targeting HER2, one of the Epidermal Growth Factor Receptor (EGFR) family proteins, and a covalently linked drug (payload) via a cleavable linker. Payload is a potent and membrane permeable DNA topoisomerase I inhibitor which enables elimination of both target tumor cells and the surrounding tumor cells.
Tarlige	(mirogabalin)	Pain treatment	2019	An $\alpha 2\delta$ ligand. The pain therapy agent to reduce the neurotransmitter release from nerve terminals.
CANALIA	(teneligliptin / canagliflozin)	Type 2 diabetes mellitus treatment	2017	A first combination drug of the DPP-4 inhibitor <i>teneligliptin</i> and the SGLT2 inhibitor <i>canagliflozin</i> approved in Japan, which demonstrates blood glucose-lowering activity through a complementary pharmacological effect.
VIMPAT	(lacosamide)	Anti-epileptic agent	2016	Sodium channel blocker. Suppresses the excessive excitation of nerves in the brain, and reduces the occurrence of epileptic seizures.
Effient	(prasugrel)	Antiplatelet agent	2014	ADP receptor inhibitor. Inhibits platelet aggregation and reduces the incidence of artery stenosis and occlusion due to thrombosis.
PRALIA	(denosumab)	Treatment for osteoporosis / inhibitor for rheumatoid arthritis-induced progression of bone erosion	2013	Human monoclonal anti-RANKL antibody. Subcutaneous formulation which controls bone resorption and bone destruction by specifically inhibiting RANKL.
TENELIA	(teneligliptin)	Type 2 diabetes mellitus treatment	2012	DPP-4 inhibitor. The agent facilitates glucose-dependent insulin release and inhibits glucagon release, thereby demonstrating the blood glucose-lowering activity.
RANMARK	(denosumab)	Treatment for bone disorders caused by bone metastases from tumors	2012	Human monoclonal anti-RANKL antibody. This controls abnormal bone destruction caused by osteoclasts, and reduces the occurrence of fractures and other skeletal related events (SRE). Approved for the indication of giant cell tumors of bone in 2014 and was designated as an orphan drug.
LIXIANA	(edoxaban)	Anticoagulant	2011	Orally active Factor Xa inhibitor. Prevents the formation of blood clots by specifically, reversibly and directly inhibiting the enzyme, Factor Xa, a clotting factor in the blood.
NEXIUM	(esomeprazole)	Ulcer treatment	2011	Proton pump inhibitor. This can be used for a wide range of ages, from infants to adults. It suppresses excessive gastric acid secretion.
Memary	(memantine)	Alzheimer's disease treatment	2011	N-methyl-D-aspartate (NMDA) receptor antagonist. <i>Memantine</i> slows down progression of dementia symptoms in patients with moderate to severe Alzheimer's disease.
Inavir	(laninamivir)	Anti-influenza treatment	2010	Neuraminidase inhibitor that inhibits influenza viral proliferation. Treatment is completed with a single inhaled dosage.
Olmetec	(olmesartan)	Antihypertensive agent	2004	Angiotensin II receptor blocker. This suppresses the vasoconstriction effects of angiotensin II, and thereby demonstrates the effect of lowering blood pressure.
Rezaltas			2010	A combination drug of two antihypertensive agents: an angiotensin II receptor blocker, <i>olmesartan medoxomil</i> , and a calcium ion antagonist, <i>azelnidipine</i> . This combination demonstrates the effect of decreasing blood pressure through a complementary pharmacological effect.
Cravit	(levofloxacin)	Synthetic antibacterial agent	1993	New quinolone antibacterial agent offering strong antibacterial action and a broad antibacterial spectrum.
Mevalotin	(pravastatin)	Hypercholesterolemia treatment	1989	HMG-CoA reductase inhibitor (statin) that lowers blood cholesterol levels by inhibiting cholesterol synthesis in the liver.
Loxonin	(loxoprofen)	Anti-inflammatory analgesic	1986	Nonsteroidal anti-inflammatory analgesic. Suppresses the production of prostaglandin associated with inflammation, and thereby demonstrates an analgesic effect. Also available as transdermal agents (poultice, gel, tape).



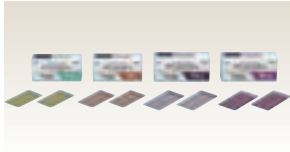
LIXIANA (Japan)



TENELIA, CANALIA (Japan)



Memary (Japan)



Tarlige (Japan)



NEXIUM (Japan)



PRALIA (Japan)



RANMARK (Japan)



Enhertu (Japan)

Innovative Pharmaceuticals Business

Brand Name (Generic Name)		Efficacy	Launched	Remarks
US	Daiichi Sankyo, Inc.			
Enhertu	(trastuzumab deruxtecan)	Treatment for malignant tumors (anti-HER2 antibody drug conjugate)	2020	An antibody drug conjugate that combines a fully human monoclonal antibody with a payload drug through a linker. The human monoclonal antibody binds specifically to human epidermal growth factor receptor 2 (HER2), a member of cell growth factor family receptor. The payload is a potent topoisomerase I inhibitor that has high membrane permeability and also kills nearby cancer cells with a bystander effect.
SAVAYSA	(edoxaban)	Anticoagulant	2015	Orally active Factor Xa inhibitor. It is an anticoagulant that specifically, reversibly and directly inhibits the enzyme, Factor Xa, a clotting factor in the blood. Approved for indications to reduce the risk of stroke and systemic embolism (SE) in patients with non-valvular atrial fibrillation (NVAF) and for the treatment of venous thromboembolism (VTE) (deep vein thrombosis (DVT) and pulmonary embolism (PE))
Effient	(prasugrel)	Antiplatelet agent	2009	Inhibits platelet aggregation and reduces the incidence of artery stenosis and occlusion
Benicar	(olmesartan)	Antihypertensive agent	2002	Benicar: Olmesartan
Benicar HCT			2003	Benicar HCT: A combination drug of olmesartan medoxomil and hydrochlorothiazide (diuretic)
AZOR			2007	AZOR: A combination drug of olmesartan medoxomil and amlodipine besylate (calcium channel blocker)
TRIBENZOR			2010	TRIBENZOR: A triple combination drug of olmesartan medoxomil, hydrochlorothiazide, and amlodipine besylate
Welchol	(colesevelam)	Hypercholesterolemia treatment Type 2 diabetes mellitus treatment	2000	Bile acid sequestrant. Marketed as a drug for treatment of hypercholesterolemia. Gained approval also for type 2 diabetes mellitus indication as part of life-cycle management
US	American Regent, Inc.			
Injectafer	(ferric carboxymaltose injection)	Iron deficiency anemia treatment	2013	Effective for patients who have intolerance to oral iron or have had unsatisfactory response to oral iron, or who have non-dialysis-dependent chronic kidney disease
Venofer	(iron sucrose injection)	Iron deficiency anemia treatment	2000	Iron replacement product. Effective for treatment of iron deficiency anemia in dialysis patients, etc.
Europe	Daiichi Sankyo Europe GmbH			
LIXIANA	(edoxaban)	Anticoagulant	2015	Orally active Factor Xa inhibitor. It is an anticoagulant that specifically, reversibly and directly inhibits the enzyme, Factor Xa, a clotting factor in the blood. Approved for indications for the prevention of stroke and systemic embolism (SE) in patients with non-valvular atrial fibrillation (NVAF) and for the treatment and prevention of recurrent venous thromboembolism (VTE) (deep vein thrombosis (DVT) and pulmonary embolism (PE))
Effient	(olmesartan)	Antihypertensive agent	2009	Inhibits platelet aggregation and reduces the incidence of artery stenosis and occlusion
Olmetec			2002	Olmetec: Olmesartan
Olmetec Plus			2005	Olmetec Plus: A combination drug of olmesartan medoxomil and hydrochlorothiazide (diuretic)
Sevikar			2009	Sevikar: A combination drug of olmesartan medoxomil and amlodipine besylate (calcium channel blocker)
Sevikar HCT			2010	Sevikar HCT: A triple combination drug of olmesartan medoxomil, hydrochlorothiazide, and amlodipine besylate

Generic Business

Brand Name (Efficacy)	
Japan	Daiichi Sankyo Espha Co., Ltd.
Olmesartan	(Antihypertensive agent)
Silodosin	(Treatment for dysuria)
Gefitinib	(Treatment for malignant tumors)
Bicalutamide	(Prostate cancer treatment)
Tamoxifen	(Anti-breast cancer agent)



Injectafer (US)



LIXIANA (Europe)



Silodosin (Generic Drugs)



Enhertu (US)



Gefitinib (Generic Drugs)



Lulu (OTC Related Drugs)



MINON series (OTC Related Drugs)



Influenza HA Vaccine (Vaccines)



# Corporate Profile / Main Group Companies

## Corporate Profile

(As of April 1, 2020)

Company name DAIICHI SANKYO CO., LTD.  
Established September 28, 2005  
Business Research and development, manufacturing, import, sales, and marketing of pharmaceutical products  
Share capital ¥50,000 million  
Headquarters 3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo 103-8426, Japan  
Branches Sapporo, Tohoku, Chiba, Saitama, Yokohama, Kanetsu, Tokai, Kyoto, Osaka, Kobe, Chugoku, Shikoku, and Kyushu

Sales Manufacturing Research and development

16.6% U.S.A.

Daiichi Sankyo, Inc.  
American Regent, Inc.  
Plexxikon Inc.

Revenue (Billions of yen)			
	FY2018 Results	FY2019 Results	YoY
Daiichi Sankyo, Inc.	36.3	32.1	-4.2
Olmesartan	10.7	9.8	-0.9
Welchol	13.4	9.1	-4.3
Enheru	-	3.2	+3.2
SAVAYSA	2.3	2.6	+0.3
Effient	2.4	0.5	-2.0
American Regent, Inc.	117.8	130.8	+13.0
Injectafer	44.2	51.8	+7.6
Venofer	28.9	31.0	+2.1

9.7% Europe

Daiichi Sankyo Europe GmbH  
Daiichi Sankyo Deutschland GmbH  
Daiichi Sankyo France SAS  
Daiichi Sankyo Italia S.p.A.  
Daiichi Sankyo España, S.A.U.  
Daiichi Sankyo UK Ltd.  
Daiichi Sankyo (Schweiz) AG  
Daiichi Sankyo Portugal, Unipessoal Lda.  
Daiichi Sankyo Austria GmbH  
Daiichi Sankyo Belgium N.V.-S.A.  
Daiichi Sankyo Nederland B.V.  
Daiichi Sankyo Ilac Ticaret Ltd. Şti.  
Daiichi Sankyo Ireland Ltd.  
Daiichi Sankyo Altkirch Sarl

Revenue (Billions of yen)			
	FY2018 Results	FY2019 Results	YoY
Daiichi Sankyo Europe	88.6	95.5	+6.9
LIXIANA	45.8	61.7	+15.9
Olmesartan	27.4	24.6	-2.8
Effient	5.7	2.5	-3.2

61.3% Japan

Daiichi Sankyo Espha Co., Ltd.  
Daiichi Sankyo Healthcare Co., Ltd.  
Daiichi Sankyo Propharma Co., Ltd.  
Daiichi Sankyo Chemical Pharma Co., Ltd.  
Daiichi Sankyo Biotech Co., Ltd.  
Daiichi Sankyo RD Novare Co., Ltd.  
Daiichi Sankyo Business Associe Co., Ltd.  
Daiichi Sankyo Happiness Co., Ltd.

Revenue (Billions of yen)			
	FY2018 Results	FY2019 Results	YoY
Domestic Prescription Drug and Vaccine Business	523.3	533.5	+10.2
LIXIANA	64.9	83.0	+18.1
NEXIUM	78.3	79.8	+1.5
Memary	50.2	50.5	+0.3
PRALIA	27.4	30.9	+3.6
TENELIA	25.3	24.7	-0.6
Loxonin	30.5	28.3	-2.2
Inavir	18.2	19.3	+1.1
RANMARK	16.4	17.9	+1.5
Effient	13.9	14.0	+0.1
Rezaltas	15.5	14.6	-0.9
CANALIA	9.2	12.8	+3.6
VIMPAT	6.6	11.2	+4.6
Omnipaque	12.0	10.3	-1.7
Olmetec	14.9	11.7	-3.2
Tarlige	-	8.0	+8.0
Daiichi Sankyo Healthcare (OTC Related)	66.4	68.5	+2.1

10.0% ASCA\*

Daiichi Sankyo (China) Holdings Co., Ltd.  
Daiichi Sankyo Taiwan Ltd.  
Daiichi Sankyo Korea Co., Ltd.  
Daiichi Sankyo (Thailand) Ltd.  
Daiichi Sankyo Hong Kong Ltd.  
Daiichi Sankyo Brasil Farmaceutica LTDA.

\* Asia, South & Central America

Revenue (Billions of yen)			
	FY2018 Results	FY2019 Results	YoY
Asia, South & Central America (ASCA)	87.7	98.3	+10.7
Daiichi Sankyo China	38.5	46.0	+7.6
Daiichi Sankyo Korea	15.7	17.2	+1.5
Daiichi Sankyo Brasil	10.0	11.5	+1.5
Daiichi Sankyo Taiwan	7.1	7.6	+0.5
Daiichi Sankyo Thailand	3.3	3.3	+0.1

## Number of Bases

(As of March 31, 2020)

Group companies 49  
Number of countries with bases 24  
R&D bases 14  
Production bases 8  
bases in 14 countries  
bases in 6 countries

ESG (Environmental, Social, and Governance) Data

Environmental

Promoting Environmental Management

Aspect	Classification	Item	Scope*1	Unit	FY2017	FY2018	FY2019
CO <sub>2</sub>	CO <sub>2</sub> emissions		In Japan	t-CO <sub>2</sub>	169,664	159,406	152,486
			Global	t-CO <sub>2</sub>	228,557	214,643	207,035
	CO <sub>2</sub> emissions by Green-house Gas Protocol	Scope 1	In Japan	t-CO <sub>2</sub>	84,283	79,505	78,597
			Global	t-CO <sub>2</sub>	108,106	100,503	100,411
		Scope 2	In Japan	t-CO <sub>2</sub>	85,382	79,901	73,889
			Global	t-CO <sub>2</sub>	120,451	114,140	106,624
Water resources	Water used		In Japan	1,000m <sup>3</sup>	10,311	9,867	8,894
			Global	1,000m <sup>3</sup>	10,828	10,393	9,356
	Wastewater		In Japan	1,000m <sup>3</sup>	9,856	9,476	8,797
			Global	1,000m <sup>3</sup>	10,283	9,809	9,111
	Effective water usage volume*2	Global	1,000m <sup>3</sup>	544	584	245	
Waste	Waste generated		In Japan	t	14,682	14,684	17,371
			Global	t	16,747	17,044	19,315
	Final disposal rate		In Japan	%	0.43	0.51	0.29
	Amount of office paper consumed		In Japan	Million sheets	53.60	51.09	43.20

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Social

Promoting Compliance Management

Aspect	Classification	Item	Scope*1	Unit	FY2017	FY2018	FY2019
Compliance	Training on Daiichi Sankyo Group Individual Conduct Principles	Number of employees participating in e-learning and group training	In Japan	Persons	—	9,248	9,070
			Outside Japan	Persons	—	Approx. 6,100	Approx. 3,140
	Compliance training based on Corporate Integrity Agreement*3 in the United States		In Japan	Persons	147	170	220
			Outside Japan	Persons	2,074	1,837	1,936
	GVP*4 compliance training	Ratio of GVP-related employees undergoing training	Non-consolidated	%	100	100	100
		Ratio of all employees (excluding GVP-related employees) undergoing training	Non-consolidated	Persons	5,562	5,682	5,822
	Development-related training (including GCP)	Aggregate number of e-learning programs and group training sessions	Non-consolidated	Times	93	86	92

Compliance Data for FY2019 (Global)

- Number of allegations received: 222
- Categories of allegations: Financial and competitive integrity, Workplace standards, Marketing and promotional activities, Conflicts of interest, Other
- Measures: Out of all allegations received, we appropriately investigated cases that we determined as requiring investigation. For cases that were recognized as compliance violations among them, we took necessary disciplinary action including dismissing the violators.

Note: The results included in this information for FY2019 were calculated by each DS affiliate based on the individual criteria, as impacted by regional differences in laws, employment practices, and local policies & procedures. Accordingly, this information has been aggregated and the discrepancies impact the overall meaning and categorization of the figures.



The Company updates its corporate website with other ESG data.  
<https://www.daiichisankyo.com/sustainability/performance-reports/esg/>

Mutual Growth of Employees and the Company

Aspect	Classification	Item	Scope*1	Unit	FY2017	FY2018	FY2019	
Employees	Number of employees by region*5		In Japan	Persons	8,765	8,865	8,754	
			Outside Japan	Persons	5,681	6,022	6,594	
			Global	Persons	14,446	14,887	15,348	
	Employee data*5	Number of male employees	In Japan	Persons	6,663	6,695	6,608	
			Outside Japan	Persons	2,888	3,076	3,232	
		Number of female employees	In Japan	Persons	2,102	2,170	2,146	
			Outside Japan	Persons	2,793	2,946	3,362	
		Average years of service	In Japan	Male	Years	19.9	20.1	20.4
				Female	Years	15.8	15.5	15.2
				All	Years	18.9	19.0	19.1
	Diversity*5	Percentage of female employees	In Japan	%	24.0	24.5	24.5	
			Global	%	33.9	34.4	35.9	
		Percentage of women in managerial positions	In Japan	%	6.0	6.5	7.3	
			Global	%	21.3	22.5	25.3	
		Percentage of women in senior managerial positions*6	In Japan	%	—	2.1	1.7	
			Global	%	—	22.5	22.8	
	Human resources development	Employment rate of people with physical or mental disabilities	In Japan	%	2.45	2.43	2.33	
		Number of company-wide award winners*7	In Japan	Persons	41	44	60	
		Employee turnover rate*8	Global	%	6.0	6.0	5.3	

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Enhancement of Communication with Stakeholders

Aspect	Classification	Item	Scope*1	Unit	FY2017	FY2018	FY2019
Patients and medical professionals	Evaluation of corporate stance and MR activities	MRs rated (all responding physicians)*9	In Japan	Rank	First	First	First
		MRs rated (hospital doctors)*9	In Japan	Rank	First	First	First
		MRs rated (private-practice physicians)*9	In Japan	Rank	First	First	First
	Number of inquiries our Medical Information Center received from outside the Company (pharmaceutical products)		In Japan	1,000 cases	101	89	90
Shareholders	Dividends per share	Interim	Non-consolidated	Yen	35	35	35
		Year-end	Non-consolidated	Yen	35	35	35
		Total	Non-consolidated	Yen	70	70	70

Improvement of Access to Healthcare

Aspect	Classification	Item	Scope	Unit	FY2017	FY2018	FY2019
Social	Number of mobile healthcare field clinics	Number of activities (January-December)	In Tanzania/ Myanmar	Times	521	1,090	28
			In Japan	Cases	5	4	4

Social Contribution Activities

Aspect	Classification	Item	Scope*1	Unit	FY2017	FY2018	FY2019
Social	Amount of contributions		Non-consolidated	Millions of yen	1,671	1,532	1,396
	Number of visitors to our laboratories/factories		In Japan	Persons	1,100	849	667
	Number of visitors to Kusuri Museum		Non-consolidated	Persons	22,137	24,362	20,568
Employees	Acquisition of volunteer leave		In Japan	Persons	18	17	16

Governance

Aspect	Classification	Item	Scope	Unit	FY2017	FY2018	FY2019
Governance	Structure of Board of Directors	Number of directors	Non-consolidated	Persons	9	9	9
		Number of outside directors	Non-consolidated	Persons	4	4	4
		Number of female directors	Non-consolidated	Persons	0	1	1
	Structure of Audit & Supervisory Board	Number of Audit & Supervisory Board members	Non-consolidated	Persons	5	5	5
		Number of Outside Audit & Supervisory Board members	Non-consolidated	Persons	3	3	3
		Number of Outside Audit & Supervisory Board members (female)	Non-consolidated	Persons	2	2	2
	Remuneration of Directors	Total	Non-consolidated	Millions of yen	609	650	683
	Remuneration of Audit & Supervisory Board members	Total	Non-consolidated	Millions of yen	117	120	120

\*1 In Japan: Daiichi Sankyo (non-consolidated) and consolidated subsidiaries in Japan. Outside Japan: consolidated overseas subsidiaries. Global: Daiichi Sankyo (non-consolidated) and all its consolidated subsidiaries.

\*2 Water intake-Water waste

\*3 Corporate Integrity Agreement: An agreement regarding legal compliance

\*4 Good Vigilance Practice: Standard for post-marketing safety control of pharmaceuticals

\*5 Number of employees as of the settlement date of each Group company (as of March 31, 2020 for FY2019). However, employees accepted from outside the Group to the Group are excluded. Figures for the average years of service are current as of April 1 of the following fiscal year.

\*6 Percentage of women who are in positions equivalent to division heads or higher positions

\*7 Total number of employees who received prize from culture-building and achievement awards


\*8 Rate of employees retiring for personal reasons

\*9 Conducted by ANTERIO Inc. (FY2017–FY2019)

\*10 Global Health Innovative Technology Fund




# Independent Assurance Report for Environmental and Social Indicators



## Independent Assurance Report

To the President and CEO of Daiichi Sankyo Co, Ltd.

We were engaged by Daiichi Sankyo Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with  (the “Indicators”) for the period from April 1, 2019 to March 31, 2020 included in its Value Report 2020 (the “Report”) for the fiscal year ended March 31, 2020.

### The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:


- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of Daiichi Sankyo Biotech Co., Ltd.’s Kitamoto factory selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

### Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

### Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.




KPMG AZSA Sustainability Co., Ltd.  
Tokyo, Japan  
October 19, 2020

## Inclusion in ESG Indices in Reflection of External CSR and ESG Evaluations

To address sustainability issues, we pursue ongoing improvements to our corporate values. These efforts have been highly appreciated, resulting in the Group being selected for the following ESG indices as of September 2020.

### Selected for the “World Index” in the pharmaceutical sector for three consecutive years




The Dow Jones Sustainability Indices(DJSI), managed by S & P Global are ESG indices evaluating the sustainability of a company and provides important criterion for investors to select investment targets.

The Company has been included in the DJSI World Index for three consecutive years and the DJSI Asia/Pacific for ten consecutive years. The Group was selected for the DJSI World Index as the first Japanese corporation in the pharmaceutical sector in 2017.

Items that received the highest appraisal in the pharmaceutical sector	
Economic aspects	· Marketing Practice
Social aspects	· Corporate citizenship and social contribution · Health Outcome Contribution · Strategy to improve Access to Drugs

### Selected consecutively for twelve years/four years




The FTSE4Good Index Series and the FTSE Blossom Japan Index are indices that reflect the performance of corporations that excel in environmental, society, and governance (ESG) factors, established by FTSE Russell, a global index provider and wholly-owned subsidiary of the London Stock Exchange.

The Company has been selected for twelve consecutive years as a component of the FTSE4Good Global Index from 2009 and for four consecutive years as a component of the FTSE Blossom Japan Index from 2017.


This index is one of four indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

### Selected consecutively for three years



The MSCI Japan Empowering Women (WIN) Select Index is an index of MSCI in the U.S. that assesses gender diversity in corporations such as the percentage of females among new recruits, employees, average work years and the percentage of female executives, and comprises corporations that excel in these factors. The Company has been included in this index for three consecutive years from 2018. This index is one of four indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

### Selected consecutively for two years




The MSCI Japan ESG Select Leaders Index is an index of MSCI in the U.S. that comprises corporations among corporations included in the MSCI Japan IMI Top 700 Index that are highly assessed in ESG (environment, society, and governance) evaluations.

The Company has been included in this index for two consecutive years from 2019. This index is one of four indices selected by the Government Pension Investment Fund (GPIF) as an ESG Index in Japanese stocks.

THE INCLUSION OF DAIICHI SANKYO CO.,LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF DAIICHI SANKYO CO.,LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### Selected consecutively for five years



The SNAM Sustainability Index is an SRI fund managed by Sompo Japan Nipponkoa Asset Management Co., Ltd., aimed at pension funds and institutional investors that invest in a wide range of companies highly rated in terms of ESG factors (environment, society, governance). The Company has been included in this index for five consecutive years.

(As of September, 2020)

# Shareholders' Information

## Common Stock (As of March 31, 2020)

Number of shares authorized	2,800,000,000
Number of shares issued	709,011,343
Number of shareholders	66,625

## Major Shareholders (As of March 31, 2020)

Name	Number of Shares Held (Thousands of shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	67,527	10.42
JP MORGAN CHASE BANK 385632	64,833	10.00
Japan Trustee Services Bank, Ltd. (trust account)	55,185	8.52
Nippon Life Insurance Company	35,776	5.52
SSBTC CLIENT OMNIBUS ACCOUNT	23,873	3.68
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	14,402	2.22
Japan Trustee Services Bank, Ltd. (trust account 7)	13,527	2.09
STATE STREET BANK AND TRUST COMPANY 505001	12,047	1.86
Japan Trustee Services Bank, Ltd. (trust account 5)	11,657	1.80
The Shizuoka Bank, Ltd.	11,390	1.76

Notes: 1. The Company holds 60,943,592 treasury shares, which are excluded from the above list.

2. Treasury shares are not included in the computing of equity stake.

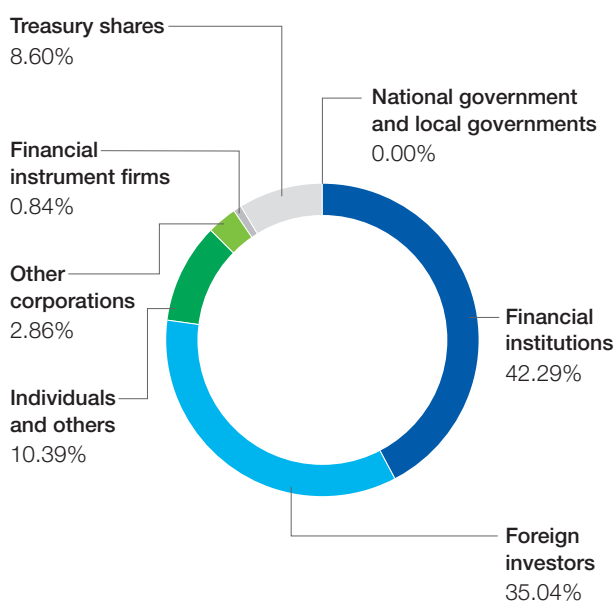
## Share Registrar

Mitsubishi UFJ Trust and Banking Corporation

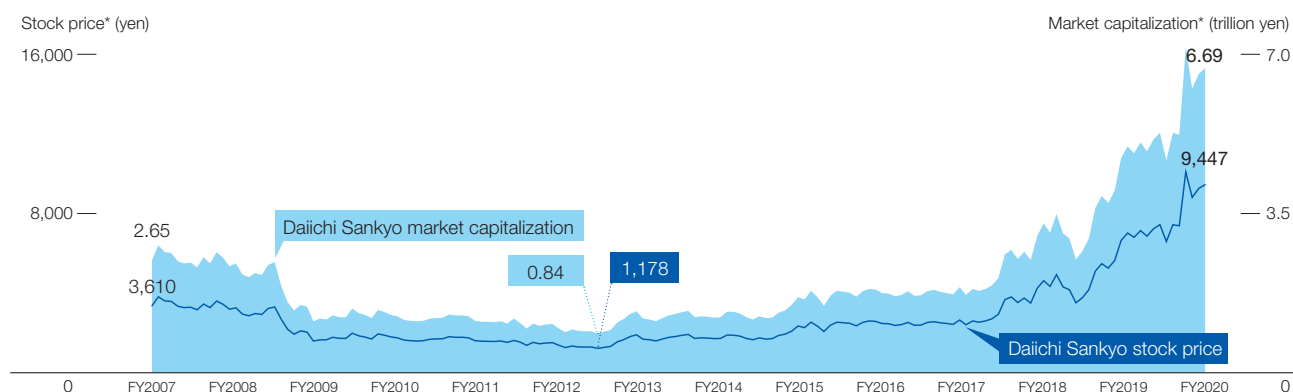
### Mailing address and telephone number:

Mitsubishi UFJ Trust and Banking Corporation  
Corporate Agency Division  
Shin-TOKYO Post Office post office box No.29,  
137-8081, Japan  
Tel: 0120-232-711 (toll free within Japan)

## Distribution of Shareholders (As of March 31, 2020)



## Market Capitalization and Changes in Stock Price



\* Stock prices and market capitalization are based on values for the end of March 2007 to the end of August 2020. Market capitalization includes treasury shares.