

10-Year Financial Summary

Japanese GAAP				
	FY2009	FY2010	FY2011	FY2012
Financial Results				
Net sales	952.1	967.3	938.6	997.8
Overseas sales	482.3	489.7	469.0	486.6
Ratio of overseas sales to net sales (%)	50.7	50.6	50.0	48.8
Operating income	95.5	122.1	98.2	100.5
Ratio of operating income to net sales (%)	10.0	12.6	10.5	10.1
Net income (loss)	41.8	70.1	10.3	66.6
Research and development expenses	196.8	194.3	185.0	183.0
Ratio of research and development expenses to net sales (%)	20.7	20.1	19.7	18.3
Depreciation and amortization	45.9	43.9	46.3	41.4
Capital expenditure	29.7	37.3	62.9	65.1
Financial Position				
Total assets	1,489.5	1,480.2	1,518.4	1,644.0
Net assets	889.5	887.7	832.7	915.7
Cash Flows				
Net increase (decrease) in cash and cash equivalents	81.4	43.2	(89.7)	(21.8)
Free cash flows*	172.8	78.1	(32.5)	19.9
Per Share Information				
Basic net income (loss) per share (yen)	59.45	99.62	14.75	94.64
Net assets per share (yen)	1,215.62	1,206.12	1,143.52	1,253.86
Annual dividends per share (yen)	60	60	60	60
Main Financial Indicators				
Return on equity (ROE) (%)	4.9	8.2	1.3	7.9
Equity ratio (%)	57.4	57.4	53.0	53.7
Dividend on equity (DOE) (%)	4.9	5.0	5.1	5.0
Price-earnings ratio (PER)	29.5	16.1	102.2	19.2
Stock price at the end of the year	1,751	1,606	1,508	1,815
Market capitalization	12,326	11,304	10,692	12,777
Average exchange rates (USD/JPY)	92.86	85.72	79.07	83.11
(EUR/JPY)	131.16	113.13	108.96	107.15
Number of Employees				
Japan	29,825	30,488	31,929	32,229
North America	8,892	9,002	9,308	9,251
Europe	3,580	3,410	3,737	3,331
Others	2,516	2,576	2,624	2,556
	14,837	15,500	16,260	17,091

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

(Billions of yen)							
IFRS							
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Financial Results							
Revenue	994.7	1,118.2	919.4	986.4	955.1	960.2	929.7
Overseas revenue	483.2	584.5	392.4	430.7	375.2	341.9	333.8
Ratio of overseas revenue to revenue (%)	48.6	52.3	42.7	43.7	39.3	35.6	35.9
Operating profit	98.7	111.6	74.4	130.4	88.9	76.3	83.7
Ratio of operating profit to revenue (%)	9.9	10.0	8.1	13.2	9.3	7.9	9.0
Profit attributable to owners of the Company	64.0	60.9	322.1	82.3	53.5	60.3	93.4
Research and development expenses	184.4	191.2	190.7	208.7	214.3	236.0	203.7
Ratio of research and development expenses to revenue (%)	18.5	17.1	20.7	21.2	22.4	24.6	21.9
Depreciation and amortization	45.3	51.5	42.0	44.3	47.4	46.7	46.2
Capital expenditure	65.1	49.2	36.3	23.3	23.9	26.9	38.3
Financial Position							
Total assets	1,684.9	1,854.0	1,982.3	1,900.5	1,915.0	1,897.8	2,088.1
Total equity	938.5	1,007.5	1,307.0	1,233.5	1,171.4	1,133.0	1,249.7
Cash Flows							
Net increase (decrease) in cash and cash equivalents	(37.8)	(23.7)	(10.7)	45.4	24.4	115.2	(116.7)
Free cash flows	20.4	(124.1)	121.5	168.3	39.4	217.0	(50.5)
Per Share Information							
Basic earnings per share (yen)	90.96	86.57	457.56	119.37	79.63	91.31	144.20
Equity per share attributable to owners of the Company (yen)	1,287.94	1,392.03	1,852.28	1,801.90	1,772.99	1,749.33	1,928.80
Annual dividends per share (yen)	60	60	60	70	70	70	70
Main Financial Indicators							
Return on equity attributable to owners of the Company (ROE) (%)	7.4	6.5	28.2	6.5	4.4	5.2	7.8
Ratio of equity attributable to owners of the Company to total assets (%)	53.8	52.9	65.8	64.8	61.4	59.7	59.8
Ratio of dividends to equity attributable to owners of the Company (%) (DOE) (%)	4.9	4.5	3.7	3.8	3.9	4.0	3.8
Price-earnings ratio (PER)	20.0	20.1	4.2	21.0	31.5	38.6	35.4
Stock price at the end of the year	1,815	1,738	1,907	2,502	2,507	3,526	5,100
Market capitalization	12,777	12,235	13,426	17,102	16,627	22,837	33,042
Average exchange rates (USD/JPY)	83.11	100.24	109.94	120.14	108.42	110.86	110.91
(EUR/JPY)	107.15	134.38	138.78	132.57	118.84	129.70	128.40
Number of Employees							
Japan	32,229	32,791	16,428	15,249	14,670	14,446	14,887
North America	9,251	9,145	8,543	8,589	8,648	8,765	8,865
Europe	3,331	3,402	3,322	2,321	2,464	2,191	2,172
Others	2,556	2,226	2,094	1,997	1,578	1,582	1,778
	17,091	18,018	2,469	2,342	1,980	1,908	2,072

Note: Results for FY2012 in compliance with IFRS are shown for comparison purposes.

# Financial Results and Financial Analysis

## Consolidated Financial Results for Fiscal 2018

Consolidated Financial Results				
	FY2017 Results	FY2018 Results	YoY	
Revenue	960.2	929.7	-30.5	(-3.2%)
Cost of sales	346.0	364.6	+18.6	
SG&A expenses	301.8	277.7	-24.2	
R&D expenses	236.0	203.7	-32.3	
Operating profit	76.3	83.7	+7.4	(+9.7%)
Profit before tax	81.0	85.8	+4.8	(+5.9%)
Profit attributable to owners of the Company	60.3	93.4	+33.1	(+55.0%)

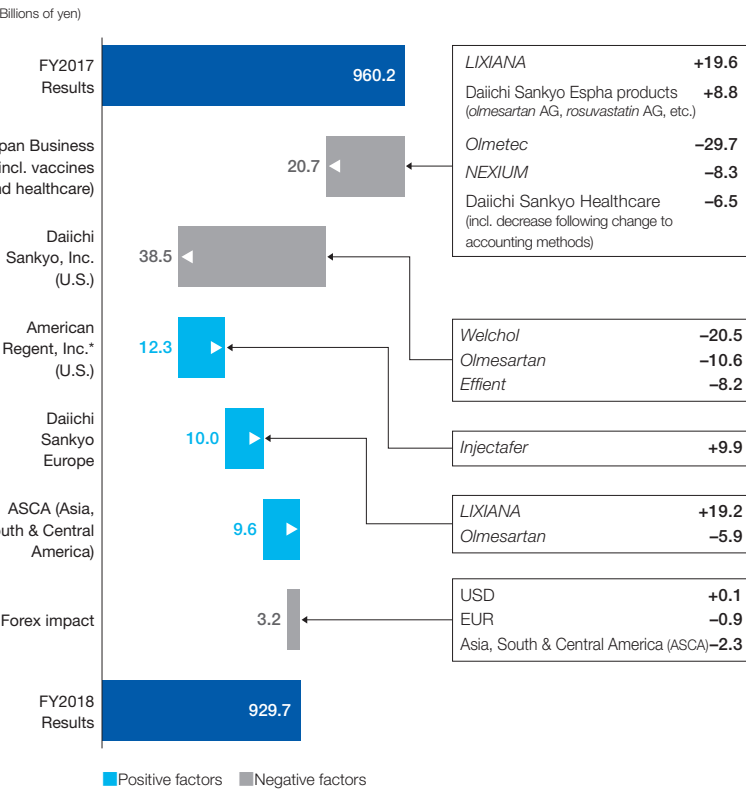
Yen Exchange Rates for Major Currencies (Annual Average Rate)			
	FY2017 Results	FY2018 Results	YoY
USD/JPY	110.86	110.91	+0.05
EUR/JPY	129.70	128.40	-1.30

### 1. Revenue

Consolidated revenue in fiscal 2018 decreased by ¥30.5 billion, or 3.2% year on year, to ¥929.7 billion. The impacts of yen appreciation placed downward pressure on revenue to the extent of ¥3.2 billion. When the impacts of foreign exchange influences are excluded, revenue was down ¥27.3 billion year on year.

#### Revenue

**Decreased by ¥30.5 billion** (Decreased by ¥27.3 billion excl. forex impact)



\* Formerly Luitpold Pharmaceuticals, Inc.

In the Japan Business, *LIXIANA* and Daiichi Sankyo Espha products enjoyed an increase in revenue, but *Olmetec* experienced a significant decrease in revenue owing to the impact of the increased number of generic drugs. In addition, *NEXIUM* experienced a decrease in revenue due to the impact of price revisions, and Daiichi Sankyo Healthcare saw a reduction in revenue following a change to our accounting methods. These factors among others resulted in an overall decrease of ¥20.7 billion.

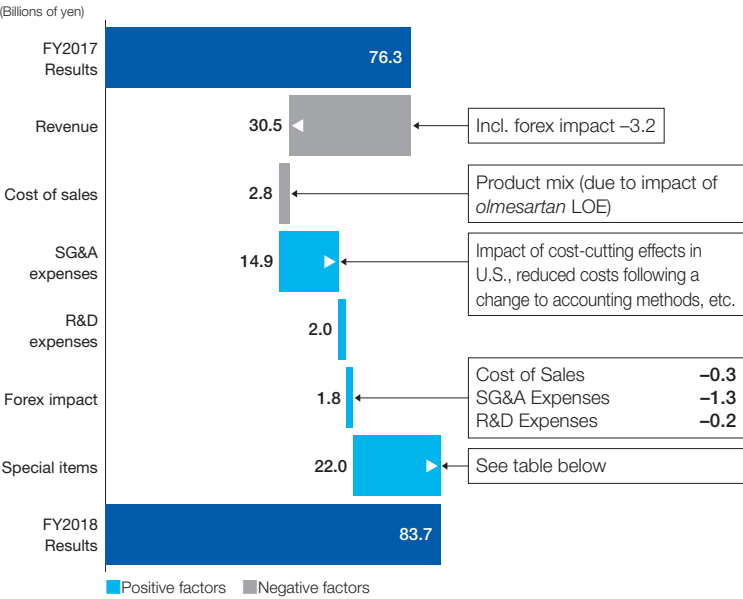
In the United States, revenue from Daiichi Sankyo, Inc. declined ¥38.5 billion year on year following a decrease in revenue from *Welchol*, *olmesartan*, and *Effient* among other factors. Meanwhile, American Regent, Inc. saw a revenue increase of ¥12.3 billion year on year following higher sales of *Injectafer*. Revenue at Daiichi Sankyo Europe GmbH increased ¥10.0 billion year on year due to a large increase in *LIXIANA* sales, despite decreases in sales from *olmesartan*. In the Company's operations in ASCA, Asia and South & Central America, revenue was up ¥9.6 billion year on year, with results chiefly seen in China and Korea.

### 2. Operating Profit

Operating profit in fiscal 2018 increased ¥7.4 billion, or 9.7% year on year, to ¥83.7 billion. When the impacts of foreign exchange influences and special items are excluded, the actual decrease in operating profit was ¥13.2 billion.

#### Operating profit

**Increased by ¥7.4 billion**  
(Decreased by ¥13.2 billion excl. forex impact and special items)



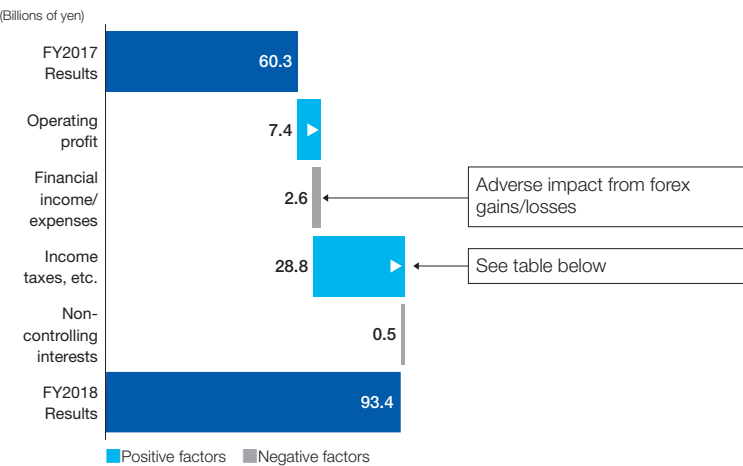
Special items					(Billions of yen)
FY2017 Results			FY2018 Results	YoY	
Cost of sales	Gain on Sales of fixed assets	-1.0	Impairment loss (intangible assets)**	15.1	+16.1
SG&A expenses	Restructuring costs in the U.S.	4.5	Gain on Sales of fixed assets	-3.5	-7.9
R&D expenses	Impairment loss (intangible assets)*	30.2			-30.2
Total		33.6		11.6	-22.0
* CL-108, etc.			** Zelnoraf and MOVANTIK		

### 3. Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased ¥33.1 billion, or 55.0% year on year, to ¥93.4 billion.

#### Profit attributable to owners of the Company

**Increased by ¥33.1 billion**



Income taxes, etc.			
	FY2017 Results	FY2018 Results	YoY
Profit before tax	81.0	85.8	+4.8
Income taxes, etc.	21.2	-7.6	-28.8
Tax rate	26.2%	-8.8%	-35.0%

Consolidated revenue in fiscal 2018 decreased ¥30.5 billion, including impact from foreign exchange to the extent of ¥3.2 billion.

Cost of sales was up ¥2.8 billion year on year as the ratio of cost of sales to revenue increased due to the impact of LOE of *olmesartan*.

SG&A expenses decreased ¥14.9 billion year on year, owing to effects from cost reductions in the U.S. as well as decreased costs following a change to accounting methods at Daiichi Sankyo Healthcare. R&D expenses dropped ¥2.0 billion year on year.

Foreign exchange influences caused a total decrease of ¥1.8 billion in expenses.

Special items in fiscal 2017 included impairment loss in intangible assets related to *CL-108*, and restructuring expenses in the U.S. Business, causing a total increase of ¥33.6 billion in expenses. Special items in fiscal 2018 included impairment loss in intangible assets related to *Zelnoraf* and *MOVANTIK*, resulting in a total increase of ¥11.6 billion in expenses, and a decrease of ¥22.0 billion in expenses year on year.

Operating profit increased ¥7.4 billion year on year including foreign exchange influences and special items.

Financial income and expenses increased ¥2.6 billion year on year due to the adverse impact from foreign exchange losses following due to the strong yen, among other factors.

Income taxes decreased ¥28.8 billion year on year as a result of the fact that we could include additional deferred tax assets due to a significant increase in the amount of our future taxable income through the strategic collaboration with AstraZeneca for *DS-8201*, among other factors.

Regarding non-controlling interests, we experienced a negative impact to profit, to the amount of ¥0.5 billion.

As a result of the above, the profit attributable to owners of the Company came to ¥93.4 billion.

Financial Results and Financial Analysis

Financial Position

1. Assets, Liabilities, and Equity

Assets

Total assets at the end of fiscal 2018 amounted to ¥2,088.1 billion. Trade and other receivables increased (¥188.1 billion year on year) among other factors, ultimately leading to an increase of ¥190.3 billion compared to the end of fiscal 2017.

Liabilities

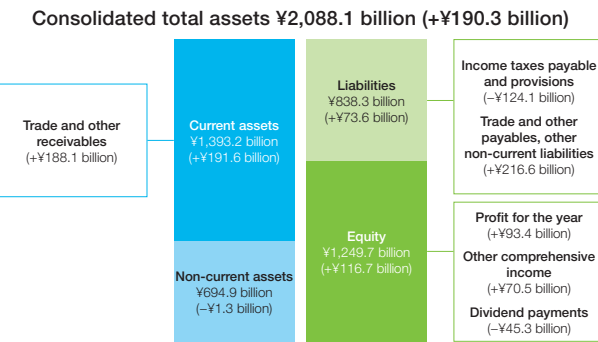
Total liabilities at the end of fiscal 2018 amounted to ¥838.3 billion. Income taxes payable and provisions decreased (¥124.1 billion year on year), while trade and other payables as well as other non-current liabilities increased (¥216.6 billion year on year) among other factors, ultimately leading to an increase of ¥73.6 billion compared to the end of fiscal 2017.

Equity

Total equity at the end of fiscal 2018 amounted to ¥1,249.7 billion. Dividend payments (¥45.3 billion) contributed to a decrease, while profit attributable to owners of the Company (¥93.4 billion) and other comprehensive income (¥70.5 billion) recorded for the year among other factors ultimately led to an increase of ¥116.7 billion compared to the end of fiscal 2017.

Summary of consolidated statement of financial position

As of March 31, 2019: parentheses ( ) indicate comparison to March 31, 2018



Ratio of equity attributable to owners of the Company to total assets (equity ratio) was 59.8% (¥1,249.7 billion ÷ ¥2,088.1 billion), which was an increase of 0.1% compared to the end of fiscal 2017.

3. Capital Expenditure

In fiscal 2018, we focused capital expenditure on production facilities for Daiichi Sankyo Chemical Pharma and Daiichi Sankyo Propharma. Especially, capital expenditure increased for our oncology business with a focus on the ADC franchise, and the total capital expenditure amounted to ¥38.3 billion.

	FY2017 Results	FY2018 Results	YoY
Capital expenditure	26.9	38.3	11.5
Depreciation (Property, plant and equipment)	27.4	26.0	-1.4

2. Cash Flows

Cash and cash equivalents at the end of fiscal 2018 decreased by ¥114.5 billion year on year to ¥243.2 billion.

Cash flows from operating activities

Cash inflows from operating activities were ¥92.0 billion (¥108.4 billion in the previous fiscal year) due to a decrease in cash caused by a profit before tax amounting to ¥85.8 billion, depreciation and amortization amounting to ¥46.2 billion, impairment loss amounting to ¥15.2 billion, and other non-cash items, as well as income tax payments and other factors.

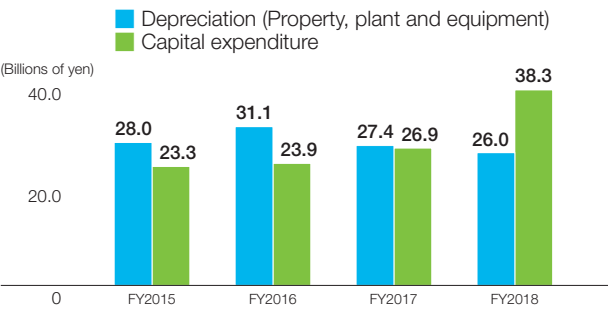
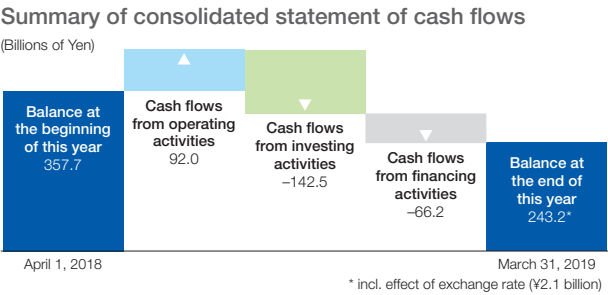
Cash flows from investing activities

Cash outflows due to investing activities were ¥142.5 billion (+¥108.6 billion in the previous fiscal year) due to payments into time deposits, as well as capital expenditure and acquisitions of intangible assets, among other factors.

Cash flows from financing activities

Cash outflows due to financing activities were ¥66.2 billion (¥101.8 billion in the previous fiscal year) due to dividend payments, repayments of borrowings, and other factors.

	FY2017 Results	FY2018 Results	YoY
Cash flows from operating activities	108.4	92.0	-16.4
Cash flows from investing activities	108.6	-142.5	-251.1
Cash flows from financing activities	-101.8	-66.2	35.6
Net increase in cash and cash equivalents	115.2	-116.7	-231.9
Effect of exchange rate change on cash and cash equivalents	-3.6	2.1	5.7
Cash and cash equivalents at the end of the year	357.7	243.2	-114.5
Free cash flows*	217.0	-50.5	-267.5



Financial Results Forecasts for Fiscal 2019

Sales revenues are projected to increase 1.1% year on year to ¥940.0 billion, due to part of the contractual lump-sum payment from our strategic collaboration for *DS-8201* being incorporated into the recognized sales amount (¥10.0 billion) for year ending March 2020.

Operating profit is projected to increase 19.5% year on year to ¥100.0 billion due to continued cost reductions, as well as recording profit from selling the Takatsuki Plant (¥19.0 billion) and real estate (¥10.6 billion) among other factors, despite the fact that cost increases are expected as a result of investments centered on the oncology business.

Profit attributable to owners of the Company is expected to decrease 22.9% year on year to ¥72.0 billion, due to income taxes going back to the regular tax rate in the year ending March 2020 despite temporarily being set at a negative rate in the previous year following our strategic collaboration for *DS-8201* among other factors.

The impact following our strategic collaboration for *DS-8201* only includes the amount recognized for this fiscal year in terms of the contractual lump-sum payment attributed to deferred revenue.

Forecasts are based on an assumption of foreign exchange rates at ¥110 to the U.S. dollar and ¥130 to the euro.

Consolidated financial results forecast for fiscal 2019

	FY2018 Results	FY2019 Results	YoY
Revenue	929.7	940.0	+10.3 (+1.1%)
Operating profit	83.7	100.0	+16.3 (+19.5%)
Profit before tax	85.8	100.0	+14.2
Profit attributable to owners of the Company	93.4	72.0	-21.4 (-22.9%)

Yen exchange rates for major currencies (Annual average rate)

	FY2018 Results	FY2019 Results
USD/JPY	110.91	110.00
EUR/JPY	128.40	130.00

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.

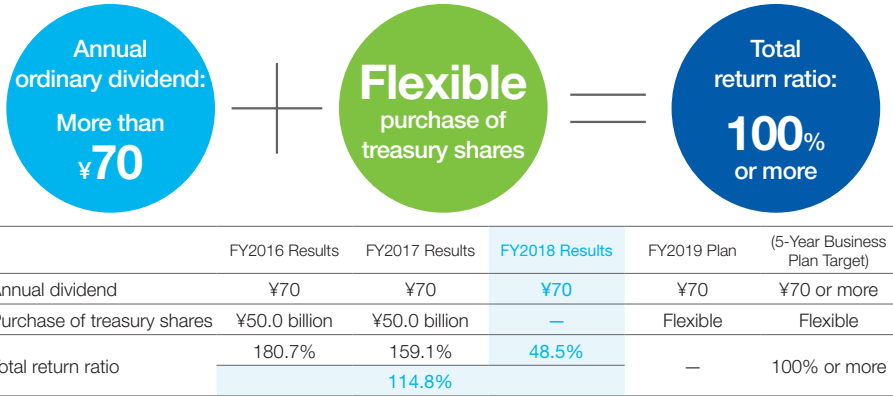
Our shareholder return policy calls for a total return ratio\* of 100% or more for the fiscal 2016 through fiscal 2022, and annual ordinary dividend payments of ¥70 per share or more. On the basis of this policy, Daiichi Sankyo intends to pay stable dividends while flexibly acquiring shares of its own stock.

Under this basic policy, Daiichi Sankyo achieved ordinary dividend payments of ¥70 per share in fiscal 2018. As a result, the total return ratio was 48.5% for one year and 114.8% cumulatively over three years.

The Company plans to issue annual dividends per share of ¥70 in fiscal 2019.

\* Total return ratio = (Total dividends + Total acquisition costs of own shares) / Profit attributable to owners of the Company

Shareholder returns policy during 5YBP (Target)



# Consolidated Financial Statements

## Consolidated Statement of Profit or Loss

	(Millions of yen)	
	FY2017 (For the year ended March 31, 2018)	FY2018 (For the year ended March 31, 2019)
Revenue	960,195	929,717
Cost of sales	346,021	364,605
Gross profit	614,173	565,112
Selling, general and administrative expenses	301,845	277,695
Research and development expenses	236,046	203,711
Operating profit	76,282	83,705
Financial income	8,642	8,141
Financial expenses	4,223	5,910
Share of profit (loss) of investments accounted for using the equity method	320	(105)
Profit before tax	81,021	85,831
Income taxes	21,210	(7,591)
Profit for the year	59,811	93,422
Profit attributable to:		
Owners of the Company	60,282	93,409
Non-controlling interests	(471)	12
Profit for the year	59,811	93,422
Earnings per share		
Basic earnings per share (yen)	91.31	144.20
Diluted earnings per share (yen)	91.10	143.88

## Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	FY2017 (For the year ended March 31, 2018)	FY2018 (For the year ended March 31, 2019)
Profit for the year	59,811	93,422
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	10,688	60,976
Remeasurements of defined benefit plans	1,616	205
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(10,229)	9,289
Share of other comprehensive income of investments accounted for using the equity method	3	—
Other comprehensive income (loss) for the year	2,078	70,471
Total comprehensive income for the year	61,890	163,893
Total comprehensive income attributable to:		
Owners of the Company	62,361	163,881
Non-controlling interests	(471)	12
Total comprehensive income for the year	61,890	163,893

## Consolidated Statement of Financial Position

	(Millions of yen)	
	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	357,702	243,155
Trade and other receivables	231,529	419,609
Other financial assets	429,380	536,880
Inventories	172,586	176,067
Other current assets	10,347	15,471
Subtotal	1,201,545	1,391,183
Assets held for sale	—	2,000
Total current assets	1,201,545	1,393,184
Non-current assets		
Property, plant and equipment	217,946	229,085
Goodwill	75,479	77,851
Intangible assets	173,537	169,472
Investments accounted for using the equity method	1,693	2,200
Other financial assets	179,177	114,895
Deferred tax assets	40,339	94,809
Other non-current assets	8,035	6,551
Total non-current assets	696,209	694,866
Total assets	1,897,754	2,088,051
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Trade and other payables	226,164	312,660
Bonds and borrowings	20,000	40,000
Other financial liabilities	516	530
Income taxes payable	64,609	10,451
Provisions	34,015	7,837
Other current liabilities	7,800	12,715
Subtotal	353,105	384,195
Liabilities directly associated with assets held for sale	—	349
Total current liabilities	353,105	384,544
Non-current liabilities		
Bonds and borrowings	260,564	220,585
Other financial liabilities	8,155	5,680
Post-employment benefit liabilities	10,547	10,384
Provisions	48,752	4,985
Deferred tax liabilities	18,676	17,166
Other non-current liabilities	64,911	195,000
Total non-current liabilities	411,608	453,802
Total liabilities	764,713	838,346
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	94,633	94,633
Treasury shares	(163,531)	(162,964)
Other components of equity	120,504	115,166
Retained earnings	1,031,376	1,152,806
Total equity attributable to owners of the Company	1,132,982	1,249,642
Non-controlling interests		
Non-controlling interests	58	62
Total equity	1,133,041	1,249,705
Total liabilities and equity	1,897,754	2,088,051



# Consolidated Financial Statements

## Consolidated Statement of Changes in Equity

(Millions of yen)

	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, 2017	50,000	103,750	(113,952)	2,067	67,568	54,853
Profit for the year	—	—	—	—	—	—
Other comprehensive income (loss) for the year	—	—	—	—	(10,229)	10,688
Total comprehensive income (loss) for the year	—	—	—	—	(10,229)	10,688
Purchase of treasury shares	—	(51)	(50,033)	—	—	—
Cancellation of treasury shares	—	—	453	(74)	—	—
Dividends	—	—	—	—	—	—
Acquisition of non-controlling interests	—	(9,064)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(4,369)
Others	—	—	—	—	—	—
Total transactions with owners of the Company	—	(9,116)	(49,579)	(74)	—	(4,369)
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

(Millions of yen)

	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, 2017	—	124,489	1,011,610	1,175,897	(4,469)	1,171,428
Profit for the year	—	—	60,282	60,282	(471)	59,811
Other comprehensive income (loss) for the year	1,620	2,078	—	2,078	—	2,078
Total comprehensive income (loss) for the year	1,620	2,078	60,282	62,361	(471)	61,890
Purchase of treasury shares	—	—	—	(50,085)	—	(50,085)
Cancellation of treasury shares	—	(74)	(75)	304	—	304
Dividends	—	—	(46,430)	(46,430)	—	(46,430)
Acquisition of non-controlling interests	—	—	—	(9,064)	5,007	(4,057)
Transfer from other components of equity to retained earnings	(1,620)	(5,989)	5,989	—	—	—
Others	—	—	—	—	(8)	(8)
Total transactions with owners of the Company	(1,620)	(6,063)	(40,516)	(105,276)	4,998	(100,277)
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

## Consolidated Statement of Cash Flows

(Millions of yen)

	FY2017 (For the year ended March 31, 2018)	FY2018 (For the year ended March 31, 2019)
Cash flows from operating activities		
Profit before tax	81,021	85,831
Depreciation and amortization	46,680	46,169
Impairment loss	36,672	15,194
Financial income	(8,642)	(8,141)
Financial expenses	4,223	5,910
Share of (profit) loss of investments accounted for using the equity method	(320)	105
(Gain) loss on sale and disposal of non-current assets	(5,125)	(7,562)
(Increase) decrease in trade and other receivables	2,535	(187,792)
(Increase) decrease in inventories	(19,394)	(4,018)
Increase (decrease) in trade and other payables	238	60,419
Others, net	(9,755)	118,395
Subtotal	128,134	124,510
Interest and dividends received	4,516	5,437
Interest paid	(2,038)	(1,768)
Income taxes paid	(22,173)	(36,146)
Net cash flows from (used in) operating activities	108,439	92,033
Cash flows from investing activities		
Payments into time deposits	(388,376)	(452,338)
Proceeds from maturities of time deposits	488,576	378,448
Acquisition of securities	(128,492)	(149,672)
Proceeds from sale of securities	165,458	136,858
Acquisitions of property, plant and equipment	(23,399)	(36,108)
Proceeds from sale of property, plant and equipment	139	1,901
Acquisition of intangible assets	(14,609)	(30,505)
Proceeds from sale of subsidiary	—	752
Payments for loans receivable	(982)	(548)
Proceeds from collection of loans receivable	753	839
Others, net	9,501	7,852
Net cash flows from (used in) investing activities	108,568	(142,520)
Cash flows from financing activities		
Repayments of bonds and borrowings	—	(20,000)
Purchase of treasury shares	(50,085)	(45)
Proceeds from sale of treasury shares	1	0
Dividends paid	(46,420)	(45,339)
Others, net	(5,262)	(819)
Net cash flows from (used in) financing activities	(101,766)	(66,203)
Net increase (decrease) in cash and cash equivalents	115,241	(116,689)
Cash and cash equivalents at the beginning of the year	246,050	357,702
Effect of exchange rate change on cash and cash equivalents	(3,590)	2,143
Cash and cash equivalents at the end of the year	357,702	243,155

Major Products

Innovative Pharmaceuticals Business

Brand Name (Generic Name)		Efficacy	Launched	Remarks
Japan [Daiichi Sankyo Co., Ltd.]				
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. Memantine 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.
			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.
Omnipaque	(iohexol)	Contrast medium	1987	Nonionic contrast medium. This is used to add contrast to images or highlight specific tissues in images that are difficult to read under normal diagnostic conditions.
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)



Memary (Japan)



TENELIA, CANALIA (Japan)



Effient (Japan)



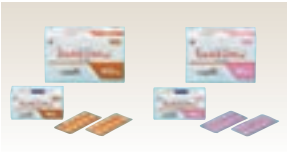
NEXIUM (Japan)



PRALIA (Japan)



RANMARK (Japan)



VIMPAT (Japan)

Innovative Pharmaceuticals Business

Brand Name (Generic Name)		Efficacy	Launched	Remarks
US [Daiichi Sankyo Inc.]				
MOVANTI <i>K</i>	( <i>naloxegol</i> )	Opioid-induced constipation treatment	2015	First once-daily oral product approved by the FDA for the treatment of opioid-induced constipation (OIC) for adults with chronic non-cancer pain.
SAVAYSA	( <i>edoxaban</i> )	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 (NVA <i>F</i> ) and for the treatment of venous thromboembolism (VTE) (deep vein thrombosis (DVT) and pulmonary embolism (PE)).
Effient	( <i>prasugrel</i> )	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	(colesevelam)	Hypercholesterolemia treatment Type 2 diabetes mellitus treatment	2010	TRIBENZOR: A triple combination drug of olmesartan medoxomil, hydrochlorothiazide, and amlodipine besylate
Welchol			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	( <i>ferric carboxymaltose injection</i> )	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	( <i>iron sucrose injection</i> )	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	( <i>edoxaban</i> )	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 (NVA <i>F</i> ) and for the treatment and prevention of recurrent venous thromboembolism (VTE) (deep vein thrombosis (DVT) and pulmonary embolism (PE)).
Effient	( <i>prasugrel</i> )	Antiplatelet agent	2009	Inhibits platelet aggregation and reduces the incidence of artery stenosis and occlusion.
Olmetec	(olmesartan)	Antihypertensive agent	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	(olmesartan)	Antihypertensive agent	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)
Rosuvastatin (Hypercholesterolemia treatment)
Telmisartan (Antihypertensive agent)
Silodosin (Treatment for dysuria)
Gefitinib (Treatment for malignant tumors)



Injectafer (US)



Gefitinib (Generic Drugs)



Lulu (OTC Related Drugs)



Breath Labo (OTC Related Drugs)



LIXIANA (Europe)



Silodosin (Generic Drugs)



MINON series (OTC Related Drugs)



Influenza HA Vaccine (Vaccines)

Vaccine Business

Brand Name
Japan [Daiichi Sankyo Co., Ltd.]
Influenza HA Vaccine
Live Attenuated Measles-Rubella Combined Vaccine
Live Attenuated Mumps Vaccine
Squarekids (4-valent combination vaccine for the prevention of pertussis, diphtheria, tetanus, and poliomyelitis (polio))

# Corporate Profile / Main Group Companies

## Corporate Profile

(As of April 1, 2019)

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, Tokyo, Chiba, Saitama, Yokohama, Kanetsu, Tokai, Kyoto, Osaka, Kobe, Chugoku, Shikoku, and Kyushu

Sales Manufacturing Research and development

## U.S.A.

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

Revenue	(Billions of yen)		
	FY2017 Results	FY2018 Results	YoY
Daiichi Sankyo, Inc.	74.8	36.3	-38.5
Olmesartan	21.3	10.7	-10.6
Welchol	33.9	13.4	-20.5
Effient	10.7	2.4	-8.2
SAVAYSA	2.2	2.3	+0.1
MOVANTIK	4.7	4.2	-0.5
American Regent, Inc.	105.4	117.8	+12.4
Venofor	31.0	28.9	-2.0
Injectafer	34.3	44.2	+9.9

## Europe

Daiichi Sankyo Europe GmbH  
Daiichi Sankyo Deutschland GmbH  
Daiichi Sankyo France SAS  
Daiichi Sankyo Italia S.p.A.  
Daiichi Sankyo España, S.A.  
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)		
	FY2017 Results	FY2018 Results	YoY
Daiichi Sankyo Europe	79.4	88.6	+9.1
Olmesartan	33.5	27.4	-6.1
Effient	8.0	5.7	-2.3
LIXIANA	27.0	45.8	+18.8

## 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)		
	FY2017 Results	FY2018 Results	YoY
Domestic Prescription Drug and Vaccine Business	540.0	523.3	-16.7
NEXIUM	86.5	78.3	-8.3
LIXIANA	45.3	64.9	+19.6
Memary	48.6	50.2	+1.7
Loxonin	36.5	30.5	-6.0
PRALIA	23.2	27.4	+4.2
TENELIA	26.3	25.3	-1.0
Inavir	25.3	18.2	-7.1
Olmotec	44.6	14.9	-29.7
RANMARK	15.4	16.4	+1.0
Effient	12.8	13.9	+1.1
Rezaltas	16.8	15.5	-1.3
Urief	11.1	10.3	-0.9
Omnipaque	14.0	12.0	-2.0
CANALIA	2.7	9.2	+6.5
VIMPAT	2.6	6.6	+3.9
Daiichi Sankyo Healthcare (OTC Related)	72.9	66.4	-6.5

## 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)		
	FY2017 Results	FY2018 Results	YoY
Asia, South & Central America (ASCA)	80.4	87.7	+7.3
Daiichi Sankyo China	35.3	38.5	+3.2
Daiichi Sankyo Taiwan	6.6	7.1	+0.5
Daiichi Sankyo Korea	11.8	15.7	+3.9
Daiichi Sankyo Thailand	2.9	3.3	+0.3
Daiichi Sankyo Brasil	10.1	10.0	-0.1



ESG (Environmental, Social, and Governance) Data

Environmental

Promoting Environmental Management

Aspect	Classification	Item	Scope*1	Unit	FY2016	FY2017	FY2018	
CO <sub>2</sub>	CO <sub>2</sub> emissions		In Japan	t-CO <sub>2</sub>	<div><div></div></div> 176,732	<div><div></div></div> 165,933	<div><div></div></div> 156,323	
			Global	t-CO <sub>2</sub>	236,162	224,826	211,560	
	CO <sub>2</sub> emissions by Greenhouse Gas Protocol		Scope 1	In Japan	t-CO <sub>2</sub>	<div><div></div></div> 91,662	<div><div></div></div> 84,283	<div><div></div></div> 79,505
				Global	t-CO <sub>2</sub>	115,474	108,106	100,503
			Scope 2	In Japan	t-CO <sub>2</sub>	<div><div></div></div> 90,182	<div><div></div></div> 85,382	<div><div></div></div> 79,901
				Global	t-CO <sub>2</sub>	125,799	120,451	114,140
Water resources	Water used		In Japan	1,000m <sup>3</sup>	<div><div></div></div> 10,986	<div><div></div></div> 10,311	<div><div></div></div> 9,867	
			Global	1,000m <sup>3</sup>	11,534	10,828	10,393	
	Wastewater		In Japan	1,000m <sup>3</sup>	<div><div></div></div> 9,934	<div><div></div></div> 9,856	<div><div></div></div> 9,476	
			Global	1,000m <sup>3</sup>	10,370	10,283	9,809	
	Effective water usage volume*2		Global	1,000m <sup>3</sup>	1,163	545	583	
Waste	Waste generated		In Japan	t	<div><div></div></div> 20,588	<div><div></div></div> 14,682	<div><div></div></div> 14,684	
			Global	t	22,788	18,514	17,044	
	Final disposal rate		In Japan	%	0.69	0.43	0.51	
	Amount of office paper consumed		In Japan	Million sheets	5,355	5,360	5,109	

Information with this mark is verified by SGS Japan Inc.  
Information with this mark is assured by SGS Japan Inc.

Social


Promoting Compliance Management

Aspect	Classification	Item	Scope*1	Unit	FY2016	FY2017	FY2018
Compliance	Training on Daiichi Sankyo Group Individual Conduct Principles	Number of employees participating in e-learning and group training	In Japan	Persons	—	—	9,248
			Outside Japan	Persons	—	—	Approx. 6,100
	Compliance training based on Corporate Integrity Agreement*3 in the United States		In Japan	Persons	125	147	170
			Outside Japan	Persons	2,001	2,074	1,837
	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	%	99.8	99.9	99.9
	Development-related training (including GCP)	Aggregate number of e-learning programs and group training sessions	Non-consolidated	Times	93	93	86

Compliance Data for FY2018 (Global)

- Number of allegations received (excluding through monitoring): 248
- 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 FY2018 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/about\\_us/responsibility/csr/esg/index.html](https://www.daiichisankyo.com/about_us/responsibility/csr/esg/index.html)

Mutual Growth of Employees and the Company

Aspect	Classification	Item	Scope*1	Unit	FY2016	FY2017	FY2018
Employees	Number of employees by region*5		In Japan	Persons	8,648	8,765	8,865
			Outside Japan	Persons	6,022	5,681	6,022
			Global	Persons	14,670	14,446	14,887
	Employee data*5	Number of male employees	In Japan	Persons	6,643	6,663	6,695
			Outside Japan	Persons	3,088	2,888	3,076
		Number of female employees	In Japan	Persons	2,005	2,102	2,170
			Outside Japan	Persons	2,934	2,793	2,946
		Average years of service	In Japan	Male	Persons	19.5	19.9
				Female	Persons	15.8	15.5
				All	Persons	18.7	18.9
	Diversity*5	Percentage of female employees	In Japan	%	23.2	24.0	24.5
			Global	%	33.7	33.9	34.4
		Percentage of women in managerial positions	In Japan	%	5.4	6.0	6.5
			Global	%	22.6	21.3	22.5
		Percentage of women in senior managerial positions*6	In Japan	%	—	—	2.1
			Global	%	—	—	22.5
	Human resources development	Employment rate of people with physical or mental disabilities	In Japan	%	2.44	2.45	2.43
		Number of company-wide award winners*7	In Japan	Persons	47	41	44
		Employee turnover rate*8	Global	%	5.3	6.0	6.0

Information with this mark is assured by KPMG AZSA Sustainability Co., Ltd.

Enhancement of Communication with Stakeholders

Aspect	Classification	Item	Scope*1	Unit	FY2016	FY2017	FY2018
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	99	101	89
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	FY2016	FY2017	FY2018
Social	Number of mobile healthcare field clinics	Number of activities (January-December)	In Tanzania	Times	102	521	1,090
	Number of development projects conducted through the GHIT Fund*10		In Japan		5	5	4

Social Contribution Activities

Aspect	Classification	Item	Scope*1	Unit	FY2016	FY2017	FY2018
Social	Amount of contributions		Non-consolidated	Millions of yen	2,003	1,671	1,532
	Number of visitors to our laboratories/factories		In Japan	Persons	1,200	1,100	849
	Number of visitors to Kusuri Museum		Non-consolidated	Persons	14,793	22,137	24,362
Employees	Acquisition of volunteer leave		In Japan	Persons	9	18	17

Governance

Aspect	Classification	Item	Scope	Unit	FY2016	FY2017	FY2018
Governance	Structure of Board of Directors	Number of directors	Non-consolidated	Persons	10	9	9
		Number of outside directors	Non-consolidated	Persons	4	4	4
		Number of female directors	Non-consolidated	Persons	0	0	1
	Structure of Audit & Supervisory Board	Number of Audit & Supervisory Board members	Non-consolidated	Persons	4	5	5
		Number of Outside Audit & Supervisory Board members	Non-consolidated	Persons	2	3	3
		Number of Outside Audit & Supervisory Board members (female)	Non-consolidated	Persons	1	2	2
	Remuneration of Directors	Total	Non-consolidated	Millions of yen	578	609	650
	Remuneration of Audit & Supervisory Board members	Total	Non-consolidated	Millions of yen	105	117	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, 2019 for FY2018). 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. (FY2016-FY2018)

\*10 Global Health Innovative Technology Fund




Independent Assurance Report for Social Indicators



### Independent Assurance Report

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

We were engaged by Daiichi Sankyo Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the social performance indicators marked with  (the “Indicators”) for the period from April 1, 2018 to March 31, 2019 included in its Value Report 2019 (the “Report”) for the fiscal year ended March 31, 2019.

#### 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’ 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.
- 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  
September 13, 2019

Shareholders’ Information

#### Common Stock

(As of March 31, 2019)

Number of shares authorized	2,800,000,000
Number of shares issued	709,011,343
Number of shareholders	74,272

#### 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)

#### Major Shareholders

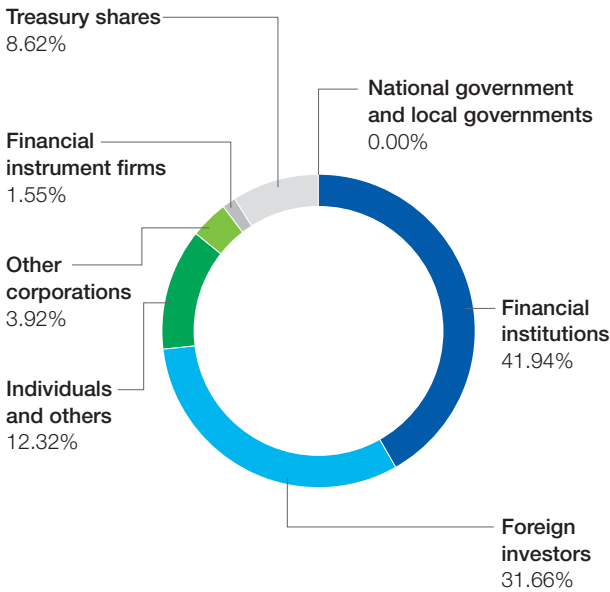
(As of March 31, 2019)

Name	Number of Shares Held (Thousands of shares)	Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	62,797	9.69
JP MORGAN CHASE BANK 380055	55,009	8.49
Japan Trustee Services Bank, Ltd. (trust account)	53,972	8.33
Nippon Life Insurance Company	35,776	5.52
SSBTC CLIENT OMNIBUS ACCOUNT	20,224	3.12
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
The Shizuoka Bank, Ltd.	11,390	1.76
Japan Trustee Services Bank, Ltd. (trust account 5)	11,230	1.73
Japan Trustee Services Bank, Ltd. (trust account 7)	10,099	1.56
JP MORGAN CHASE BANK 385151	9,861	1.52

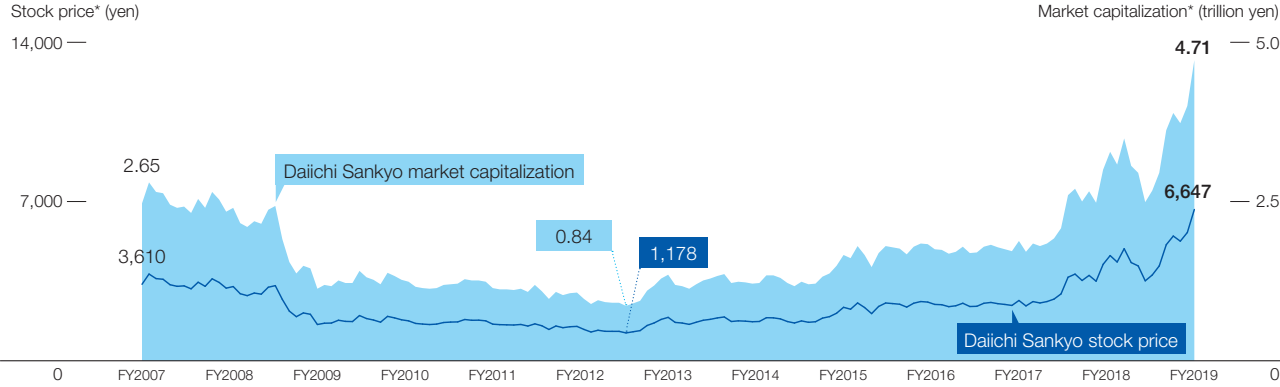
Notes: 1. The Company holds 61,124,702 treasury shares, which are excluded from the above list.  
2. Treasury shares are not included in the computing of equity stake.

#### Distribution of Shareholders

(As of March 31, 2019)



#### 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 July 2019. Market capitalization includes treasury shares.