

**CONVOCATION NOTICE OF THE 15<sup>TH</sup> ORDINARY  
GENERAL MEETING OF SHAREHOLDERS**

**For the Fiscal Year Ended March 31, 2020**

**Daiichi Sankyo Company, Limited**

\*Note: This translation does not include pictures, charts etc. originally issued in the Japanese version.

## To Our Shareholders

We sincerely appreciate the continuous support and understanding of our shareholders.

First of all, I would like to express my sincere sympathy to those affected by COVID-19. At the same time, I would like to appreciate to the health care professionals and other people who are committed to preventing the spread of infectious diseases and converging it at the forefront.

Our Group is moving forward towards the realization of our 2025 vision of a "Global Pharma Innovator with Competitive Advantage in Oncology". In January 2020, we launched DS-8201 in the U.S. under the brand name "ENHERTU" for the third line treatment of HER2 positive metastatic breast cancer, making use of our own antibody drug conjugate (ADC) technologies, which we expect to be the core of our cancer business. DS-8201 was approved and launched in approximately four years and three months which was an extremely short period of time since the first administration to patients. Subsequently, in Japan, we obtained approval for the brand name "ENHERTU" in March 2020.

We will continue to expand the countries of sales for "ENHERTU" in addition to promoting clinical trials to expand indications, and thereby endeavor to deliver it to patients as soon as possible and as many as possible.

Along with "ENHERTU", under the rising expectations for DS-1062 and U3-1402 using the same technologies as DS-8201, we will focus our resources on these three ADCs to maximize their value, and will continue to create innovative drug that will generate new therapies by leveraging the results of R&D.

I would like to ask our shareholders for your continued support.

May 2020



Sunao Manabe

Representative Director, President and CEO

## **CONVOCATION NOTICE OF THE 15<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

1. Date and Time: June 15, 2020, Monday at 10 a.m. (Japan Time) (Reception starts at 9 a.m.)
2. Place: Royal Hall, Royal Park Hotel 3F  
1-1, Nihonbashi-Kakigaracho 2-chome, Chuo-ku, Tokyo, Japan
3. Purpose of the Meeting:  
Matters to be Reported:
  1. Reports on the Business Report, the Consolidated Financial Statements for the 15<sup>th</sup> Fiscal Year (from April 1, 2019 to March 31, 2020); and Audit Reports of the Consolidated Financial Statements by the Accounting Auditors and the Audit and Supervisory Board
  2. Reports on the Non-consolidated Financial Statements for the 15<sup>th</sup> Fiscal Year (from April 1, 2019 to March 31, 2020)  
Proposals to be Resolved:  
First Proposal: Appropriation of Surplus  
Second Proposal: Election of Nine (9) Members of the Board  
Third Proposal: Provision of Bonuses to Members of the Board  
Fourth Proposal: Revision of the Restricted Period of the Restricted Share-based Remuneration System for Members of the Board (excluding Members of the Board (Outside))

### General Information

#### 1. Exercise of Voting Rights by Proxy

If you are unable to attend the Meeting in person, you may choose one shareholder holding voting rights of Daiichi Sankyo Company, Limited (the “Company”) as a proxy to attend the Meeting. However, in this case, submission of a document evidencing the proxy’s power of representation is required.

#### 2. Disclosures through the Internet

■ The following items are posted on the Company’s website, in accordance with laws and ordinance, and Article 16 of the Company’s Articles of Incorporation. Therefore, they are not included with this Convocation Notice of the 15<sup>th</sup> Ordinary General Meeting of Shareholders.

- i) Status of Share Options in the Business Report
- ii) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
- iii) Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

In addition to the documents stated in the reference documents attached to the Convocation Notice of the 15<sup>th</sup> Ordinary General Meeting of Shareholders, Status of Share Options in the Business Report, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements posted on the Company’s website are comprised of the Business Report audited by the Audit and Supervisory Board, Consolidated and Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit and Supervisory Board.

■ If any revisions in the Reference Documents for General Meeting of Shareholders, Business Report, and Non-consolidated and Consolidated Financial Statements arise, revised matters will be posted on the Company’s website.

Company’s website:

[https://www.daiichisankyo.com/media\\_investors/investor\\_relations/shareholders/](https://www.daiichisankyo.com/media_investors/investor_relations/shareholders/)

#### 3. Method for Receiving the Convocation Notice

For the subsequent General Meetings of Shareholders, shareholders may elect to receive their convocation notice by e-mail upon requesting delivery in that method. Shareholders accessing the voting website on PC or smartphone should complete the registration procedures on the website. (Please note that e-mail addresses for mobile phones cannot be used for the registration.)

### Requests to Our Shareholders

In response to the declaration of emergency by the Government of Japan, in order to prevent the spread of COVID-19 infections, the Government and prefectural governors have come to strongly urge us to refrain from going out.

Given these circumstances, as a result of our careful deliberation, we decided that the General Meeting of Shareholders shall be held by implementing appropriate infection prevention measures in order to deliberate on matters to be resolved, including appropriation of surplus to shareholders on the last day of the fiscal year.

Given the fact that shareholders are strongly urged to refrain from going out, we strongly request our shareholders to, by giving the first priority to the safety of shareholders and their families for preventing the spread of infections, exercise your voting rights in advance via the Internet or by mail and refrain from visiting the actual meeting on the day of the General Meeting of Shareholders, regardless of your health condition.

Please refer to page 4 for information on the exercise method prior to the General Meeting of Shareholders.

You can participate in the General Meeting of Shareholders by exercising your voting rights in advance via the Internet or by mail.

Please exercise your voting rights by no later than 5:30 p.m. on June 12 (Friday), 2020 (Japan Time).

#### **Exercise of voting rights via the Internet**

You can save the trouble of going to the post and easily exercise your voting rights at any time. For smartphone, you can exercise it with easy steps by just reading the QR code.

#### **Exercise of voting rights by mail**

Please indicate your approval or disapproval for the proposals on the enclosed voting form and send the form back to the Company, so that we receive it by the deadline above.

\* Your mail may be delayed due to the effect of COVID-19 infection. Please post as soon as possible.

#### **■ To institutional investors:**

The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.

#### **▶ Treatment of voting rights exercised more than once**

Treatment of duplicate votes by mail and via the Internet

If your voting rights are exercised both by mail and via the internet, we will consider the exercise via the Internet to be valid.

Treatment of duplicate votes via the Internet

If your voting rights are exercised more than once via the Internet, we will consider the latest vote to be valid.

#### Points to Note

- All costs associated with the access to the voting website (<https://evote.tr.mufg.jp/>) (cost of dial-up connections, telephone tolls, etc.) need to be borne by the shareholder. Also, when voting by mobile phone, packet communication fees and other costs entailed by the use of mobile phones also need to be borne by the shareholder.
- Please note that shareholders cannot exercise the rights on the website between 2:00 a.m. and 5:00 a.m. (Japan Time) each day due to maintenance and inspection. Please complete the entry of your voting by the dead line above.

**For further assistance regarding the system, please contact:**

Transfer Agent Department (Help Desk)

Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (9:00 to 21:00 (Japan Time), toll free (Japan only))

## Reference Documents for the 15<sup>th</sup> Ordinary General Meeting of Shareholders

### Proposals and References

#### First Proposal: Appropriation of Surplus

The Company regards the distribution of profits to all shareholders as a key management issue. Its basic policy is to pay a stable dividend.

During the fiscal year ended March 31, 2020 (fiscal 2019), the Company paid an interim dividend of ¥35 per share on December 2, 2019. A year-end dividend of ¥35 is also planned, bringing total dividend payments for fiscal 2019 to ¥70 per share.

Accordingly, for this fiscal year, the Company proposes to pay year-end dividends as follows.

#### Matters regarding year-end dividends

- 1) Type of dividend property  
Money
- 2) Matters regarding the assignment of the dividend property to shareholders and the total amount  
¥35 per common share of the Company  
Total amount: ¥22,682,371,285
- 3) Date on which such distribution of dividends from surplus takes effect  
Tuesday, June 16, 2020

**Second Proposal: Election of Nine (9) Members of the Board**


The terms of office of all nine (9) current Members of the Board will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company requests approval for the election of nine (9) Members of the Board. Candidates for Member of the Board are as follows:


Candidate Number	Name (Age)	Tenure	Number of Board of Directors' meetings attended
1	Sunao Manabe (65) Reelection	6 years	13/13 (100%)
2	Toshiaki Sai (65) Reelection	5 years	13/13 (100%)
3	Satoru Kimura (62) Reelection	1 year	10/10 (100%)
4	Noritaka Uji (71) Reelection Independent Director Candidate for Member of the Board (Outside)	6 years	13/13 (100%)
5	Tsuguya Fukui (68) Reelection Independent Director Candidate for Member of the Board (Outside)	5 years	13/13 (100%)
6	Kazuaki Kama (71) Reelection Independent Director Candidate for Member of the Board (Outside)	1 year	10/10 (100%)
7	Sawako Nohara (62) Reelection Independent Director Candidate for Member of the Board (Outside)	1 year	10/10 (100%)
8	Masahiko Ohtsuki (60) New election	–	–
9	Shoji Hirashima (59) New election	–	–


## Notes:


1. There is no special interest between each candidate and the Company.
2. Candidates for Members of the Board (Outside), Noritaka Uji, Tsuguya Fukui, Kazuaki Kama and Sawako Nohara satisfy the requirements for Independent Directors/Corporate Auditors as provided by the Tokyo Stock Exchange and criteria for independence as Members of the Board (Outside) provided by the Company (see page 17), and the Company has filed them as Independent Directors with the aforementioned stock exchange.
3. With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into agreements with each Member of the Board (Outside) to limit their liabilities in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreements), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of each candidate for Member of the Board (Outside) is approved at the Meeting, we will enter into the Liability Limitation Agreements on the same terms and conditions.
4. The age of each candidate for Member of the Board is as of June 15, 2020.
5. The number of attendance for Satoru Kimura, Kazuaki Kama and Sawako Nohara in the meetings of the Board of Directors indicates the number of attendance only to such meetings of the Board of Directors during this fiscal year held after their assumptions of office on June 17, 2019.


Candidate No. 1	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 Sunao Manabe (Aug. 5, 1954 (65))  Reelection	Apr. 1978 Entered Sankyo Company, Limited (“Sankyo”)
	Jul. 2005 Vice President, Medicinal Safety Research Laboratories of Sankyo
	Apr. 2007 Vice President, Medicinal Safety Research Laboratories of the Company
	Apr. 2009 Corporate Officer, Vice President of Global Project Management Department, R&D Division of the Company
	Apr. 2011 Corporate Officer, Head of Group HR & CSR of the Company
	Apr. 2012 Corporate Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division of the Company
	Apr. 2014 Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company
	Jun. 2014 Member of the Board, Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company
	Apr. 2015 Member of the Board, Senior Executive Officer, In Charge of Global Sales & Marketing of the Company
	Apr. 2016 Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division of the Company
	Jun. 2016 Representative Director, Member of the Board, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division of the Company
Apr. 2017 Representative Director, Member of the Board, President and COO of the Company	
Jun. 2019 Representative Director, Member of the Board, President and CEO of the Company (to present)	
Number of Shares of the Company Held	37,390
Number of years as a Member of the Board	Six (6) years at the close of this Ordinary General Meeting of Shareholders
Rate of attendance in meeting of the Board of Directors	13/13 meetings (100%)
Reason for nomination as a candidate for Member of the Board	Sunao Manabe has served as a Member of the Board since 2014 and as a Representative Director, Member of the Board, President and COO since 2017, and President and CEO since 2019. He also has the experience of being involved in research, development, international business, general affairs & human resources, corporate strategy, global sales & marketing and medical affairs. The Company has nominated him as a candidate for Member of the Board because of his expected capacity to secure and enhance the effectiveness of the Board of Directors in terms of its decision-making functions regarding execution of the operation and its oversight functions, by continuing to leverage his abundant experience and expertise for the Board of Directors.
Note	There is no special interest between Sunao Manabe and the Company.





Candidate No. 2	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 <p>Toshiaki Sai (Mar. 25, 1955 (65))</p> <p>Reelection</p>	Apr. 1979 Entered Daiichi Pharmaceutical Co., Ltd.
	Apr. 2007 Vice President, Management System Department of the Company
	Apr. 2008 Vice President, Corporate Communications Department of the Company
	Apr. 2010 Corporate Officer, Vice President of Corporate Communications Department of the Company
	Apr. 2012 Corporate Officer, Vice President of Global Brand Strategy Department, Corporate Strategy Division of the Company
	Apr. 2014 Executive Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division of the Company
	Apr. 2015 Senior Executive Officer, Head of Corporate Strategy Division of the Company
	Jun. 2015 Member of the Board, Senior Executive Officer, Head of Corporate Strategy Division of the Company
	Apr. 2017 Member of the Board, Senior Executive Officer, Head of Global Brand Strategy Division of the Company
	Apr. 2018 Member of the Board, Executive Vice President and CFO, Head of Corporate Strategy & Management Division of the Company
Jun. 2018 Representative Director, Member of the Board, Executive Vice President and CFO, Head of Corporate Strategy & Management Division of the Company (to present)	
Number of Shares of the Company Held 21,500	
Number of years as a Member of the Board Five (5) years at the close of this Ordinary General Meeting of Shareholders	
Rate of attendance in meeting of the Board of Directors 13/13 meetings (100%)	
Reason for nomination as a candidate for Member of the Board Toshiaki Sai has served as a Member of the Board since 2015 and as a Representative Director, Member of the Board, Executive Vice President and CFO since 2018, with his experience of being involved in international business, public relations & investor relations, corporate strategy, and global brand strategy. The Company has nominated him as a candidate for Member of the Board because of his expected capacity to secure and enhance the effectiveness of the Board of Directors in terms of its decision-making functions regarding execution of the operation and its oversight functions, by continuing to leverage his abundant experience and expertise for the Board of Directors.	
Note There is no special interest between Toshiaki Sai and the Company.	


Candidate No. 3	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 Satoru Kimura (Sep. 27, 1957 (62))  Reelection	Apr. 1981 Entered Daiichi Pharmaceutical Co., Ltd. Apr. 2009 Vice President of Kyoto Branch, Sales & Marketing Division, Japan Company of the Company Apr. 2014 Corporate Officer, Head of Sales & Marketing Division and Vice President of Marketing Department, Japan Company of the Company Apr. 2015 Executive Officer, Head of Sales & Marketing Division of the Company Apr. 2016 Senior Executive Officer, Head of Sales & Marketing Division of the Company Jun. 2019 Member of the Board, Senior Executive Officer, Head of Sales & Marketing Division of the Company (to present)
Number of Shares of the Company Held 19,789	
Number of years as a Member of the Board One (1) year at the close of this Ordinary General Meeting of Shareholders Rate of attendance in meeting of the Board of Directors 10/10 meetings (100%)	
Reason for nomination as a candidate for Member of the Board Satoru Kimura has served as a Corporate Officer since 2014 and a Member of the Board since 2019, involved in Sales & Marketing. The Company has nominated him as a candidate for Member of the Board because of his expected capacity to secure and enhance the effectiveness of the Board of Directors in terms of its conduct of operations and decision-making functions and its oversight functions, by continuing to leverage his abundant experience and expertise as Head of Sales & Marketing Division for the Board of Directors.	
Note There is no special interest between Satoru Kimura and the Company.	


Candidate No. 4	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 <p>Noritaka Uji (Mar. 27, 1949 (71))</p> <p>Candidate for Member of the Board (Outside)</p> <p>Independent Director</p> <p>Reelection</p>	<p>Apr. 1973 Entered Nippon Telegraph and Telephone Public Corporation</p> <p>Jun. 1999 Director, Senior Vice President, Advanced Information Network Services Sector of NTT DATA Corporation (“NTT DATA”)</p> <p>Sep. 2000 Director, Senior Vice President, Corporate Strategy Planning Department of NTT DATA</p> <p>Jun. 2001 Director, Senior Vice President, Industrial System Sector of NTT DATA</p> <p>Apr. 2002 Director, Senior Vice President, Enterprise Business Sector of NTT DATA</p> <p>Jun. 2003 Managing Director, Executive Vice President, Enterprise Systems Sector and Enterprise Business Sector of NTT DATA</p> <p>Jun. 2005 Representative Director, Executive Officer of NTT DATA</p> <p>Jun. 2007 Representative Director, Senior Executive Vice President of Nippon Telegraph and Telephone Corporation (“NTT”)</p> <p>Jun. 2012 Adviser of NTT</p> <p>Jun. 2014 Member of the Board (Outside) of the Company (to present)</p>
Number of Shares of the Company Held      3,900	
Number of years as a Member of the Board Six (6) years at the close of this Ordinary General Meeting of Shareholders Rate of attendance in meeting of the Board of Directors 13/13 meetings (100%) Material concurrent positions Outside Director of Yokogawa Electric Corporation Honorary Chairman of Japan Institute of Information Technology Honorary President of Japan Telemarketing Association Visiting Professor of Center for Global Communications, International University of Japan	
Reason for nomination as a candidate for Member of the Board (Outside) The Company again nominated Noritaka Uji as a candidate for Member of the Board (Outside) because he has given opinions as needed and beneficially, based on his expertise in the area of information technology and insights on overall corporate management developed through his management experience.	
Note 1 There is no special interest between Noritaka Uji and the Company. 2 Noritaka Uji satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Members of the Board (Outside) provided by the Company (see page 17), and the Company has filed him as an Independent Director with the aforementioned stock exchange. If the election of Noritaka Uji is approved at the Meeting, he will continue to be designated as an Independent Director. 3 With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Noritaka Uji to limit his liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Noritaka Uji is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.	

Candidate No. 5	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 Tsuguya Fukui (Jun. 24, 1951 (68))  Candidate for Member of the Board (Outside)  Independent Director  Reelection	Jan. 1992 Professor, Department of General Medicine of Saga Medical School Hospital Mar. 1994 Professor, Department of General Medicine of Kyoto University Hospital Apr. 1999 Professor, Department of Clinical Epidemiology, Kyoto University Graduate School of Medicine Apr. 2000 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Dean, School of Public Health, Kyoto University Graduate School of Medicine Feb. 2001 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Director, EBM Collaborative Research Center, School of Public Health, Kyoto University Graduate School of Medicine Sep. 2004 Chief of staff, Department of Internal medicine, Vice President, St. Luke's International Hospital Apr. 2005 President of St. Luke's International Hospital (to present) Apr. 2012 Chairperson of the Board of Trustees of St. Luke's College of Nursing (currently, St. Luke's International University) Jun. 2015 Member of the Board (Outside) of the Company (to present) Apr. 2016 President of St. Luke's International University
Number of Shares of the Company Held 8,700	
Number of years as a Member of the Board Five (5) years at the close of this Ordinary General Meeting of Shareholders Rate of attendance in meeting of the Board of Directors 13/13 meetings (100%) Material concurrent positions President of St. Luke's International Hospital Executive Director of Japan Hospital Association President of The Japan Medical Library Association	
Reason for nomination as a candidate for Member of the Board (Outside) The Company again nominated Tsuguya Fukui as a candidate for Member of the Board (Outside) because he gave opinions as needed and beneficially, based on his expertise and insights as a medical scientist.	
Note 1 There is no special interest between Tsuguya Fukui and the Company. 2 Tsuguya Fukui satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Members of the Board (Outside) provided by the Company (see page 17), and the Company has filed him as an Independent Director with the aforementioned stock exchange. If the election of Tsuguya Fukui is approved at the Meeting, he will continue to be designated as an Independent Director. 3 With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Tsuguya Fukui to limit his liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Tsuguya Fukui is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.	

Candidate No. 6	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 Kazuaki Kama (Dec. 26, 1948 (71))  Candidate for Member of the Board (Outside)  Independent Director  Reelection	Jul. 1971 Entered Ishikawajima-Harima Heavy Industries Co., Ltd. (currently, IHI Corporation) Jun. 1987 Executive Vice President of IHI INC. (New York) Jul. 2002 Associate Director and Deputy General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Jun. 2004 Executive Officer and General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Apr. 2005 Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Jun. 2005 Board Director, Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Apr. 2007 President and Chief Executive Officer of Ishikawajima-Harima Heavy Industries Co., Ltd. Apr. 2012 Chairman of the Board of IHI Corporation Apr. 2016 Board Director of IHI Corporation Jun. 2016 Executive Corporate Advisor of IHI Corporation Jun. 2019 Member of the Board (Outside) of the Company (to present) Apr. 2020 Senior Advisor of IHI Corporation (to present)
	Number of Shares of the Company Held      200
	Number of years as a Member of the Board One (1) year at the close of this Ordinary General Meeting of Shareholders Rate of attendance in meeting of the Board of Directors 10/10 meetings (100%) Material concurrent positions Senior Advisor of IHI Corporation Outside Director of SUMITOMO LIFE INSURANCE COMPANY Statutory Auditor (Outside) of Tokyo Stock Exchange, Inc.
	Reason for nomination as a candidate for Member of the Board (Outside) The Company again nominated Kazuaki Kama as a candidate for Member of the Board (Outside) because he gave opinions as needed and beneficially, based on his insights on overall corporate management, developed through his management experience at a comprehensive heavy-industry manufacturer, and his expertise in financial matters.
	Note 1 There is no special interest between Kazuaki Kama and the Company. 2 It was found that IHI Corporation, where Kazuaki Kama served as Director from June 2005 to June 2016, conducted inappropriate practices in its Civil Aero Engine Maintenance Business during his term of office as Director. Given this fact, the Ministry of Economy, Trade and Industry issued an order based on the Aircraft Manufacturing Industry Act to IHI Corporation in March 2019 demanding that engine maintenance and repair work be performed using approved methods. Further, in April 2019, IHI Corporation received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism based on the Civil Aeronautics Act. 3 Kazuaki Kama satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Members of the Board (Outside) provided by the Company (see page 17), and the Company has filed him as an Independent Director with the aforementioned stock exchange. If the election of Kazuaki Kama is approved at the Meeting, he will continue to be designated as an Independent Director. 4 With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Kazuaki Kama to limit his liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Kazuaki Kama is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.

Candidate No. 7		
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)	
 <p>Sawako Nohara (Jan. 16, 1958 (62))</p> <p>Candidate for Member of the Board (Outside)</p> <p>Independent Director</p> <p>Reelection</p>	<p>Apr. 1980 Entered Mitsubishi Petrochemical Co., Ltd. (currently, Mitsubishi Chemical Corporation)</p> <p>Dec. 1988 Entered Life Science Institute Co., Ltd.</p> <p>Jul. 1995 Entered InfoCom Research, Inc.</p> <p>Jul. 1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc.</p> <p>Dec. 2001 President of IPSe Marketing, Inc. (to present)</p> <p>Apr. 2006 Outside Director of the Board of NEC Corporation</p> <p>Oct. 2009 Project Professor of the Graduate School of Media and Governance, Keio University</p> <p>Jun. 2012 Audit &amp; Supervisory Board Member of Sompo Japan Insurance Inc.</p> <p>Jun. 2013 Outside Director of the Board of NKSJ Holdings, Inc. (currently, Sompo Holdings, Inc.) (to present)</p> <p>Jun. 2014 Outside Director of the Board of Nissha Printing Co., Ltd. (currently, Nissha Co., Ltd.)</p> <p>Jun. 2014 Outside Director of the Board of JAPAN POST BANK Co., Ltd. (to present)</p> <p>Jun. 2018 Outside Audit &amp; Supervisory Board Member of Tokyo Gas Co., Ltd. (to present)</p> <p>Jun. 2019 Member of the Board (Outside) of the Company (to present)</p> <p>Apr. 2020 Project Professor of the Graduate School of Media and Governance, Keio University (to present)</p>	
	Number of Shares of the Company Held	100
	Number of years as a Member of the Board	One (1) year at the close of this Ordinary General Meeting of Shareholders
	Rate of attendance in meeting of the Board of Directors	10/10 meetings (100%)
	Material concurrent positions	<p>President of IPSe Marketing, Inc.</p> <p>Project Professor of the Graduate School of Media and Governance, Keio University</p> <p>Outside Director of the Board of Sompo Holdings, Inc.</p> <p>Outside Director of the Board of JAPAN POST BANK Co., Ltd.</p> <p>Outside Audit &amp; Supervisory Board Member of Tokyo Gas Co., Ltd.</p>
	Reason for nomination as a candidate for Member of the Board (Outside)	The Company again nominated Sawako Nohara as a candidate for Member of the Board (Outside) because she gave opinions as needed and beneficially, based on her insights on overall corporate management, developed through her management experience, and her expertise in IT, business strategies and marketing strategies.
	Note	<p>1 There is no special interest between Sawako Nohara and the Company.</p> <p>2 Sawako Nohara satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Members of the Board (Outside) provided by the Company (see page 17), and the Company has filed her as an Independent Director with the aforementioned stock exchange. If the election of Sawako Nohara is approved at the Meeting, she will continue to be designated as an Independent Director.</p> <p>3 With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Sawako Nohara to limit his liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Sawako Nohara is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.</p>

Candidate No. 8	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 Masahiko Ohtsuki (Oct. 13, 1959 (60))  Candidate for Member of the Board  New election	Apr. 1987 Entered Sankyo Company, Limited Apr. 2010 Vice President, R&D Planning Department, R&D Division of the Company Apr. 2012 Vice President, Research Oversight Function, R&D Division of the Company. Apr. 2013 Vice President, Research Oversight Function, R&D Division of the Company Apr. 2014 Corporate Officer, Vice President of Research Oversight Function, R&D Division of the Company Apr. 2018 Corporate Officer, Vice President of Business Development & Licensing Department of the Company Apr. 2019 Executive Officer, Vice president of Business Development & Licensing Department of the Company Apr. 2020 Senior Executive Officer, Head of Digital Transformation Management Division (to present)
Number of Shares of the Company Held 14,557	
Reason for nomination as a candidate for Member of the Board Masahiko Ohtsuki has served as a Corporate Officer since 2014 and CIO (Chief Information Officer) of Daiichi Sankyo Group since April 2020, involved in research and development, international business, business development and licensing, and digital transformation. The Company has nominated him as a candidate for Member of the Board because of his expected capacity to secure and enhance the effectiveness of the Board of Directors in terms of its conduct of operations and decision-making functions and its oversight functions by leveraging his abundant experience and expertise for the Board of Directors.	
Note There is no special interest between Masahiko Ohtsuki and the Company	

Candidate No. 9	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 11, 2020)
 Shoji Hirashima (Mar. 6, 1961 (59))  Candidate for Member of the Board  New election	Apr. 1988 Entered Daiichi Pharmaceutical Company, Limited Apr. 2010 CEO, U3 Pharma GmbH Apr. 2015 Vice President, Corporate Strategy Department, Corporate Strategy Division of the Company Apr. 2016 Vice President of Corporate Strategy Department and Senior Director of Oncology Business Group, Corporate Strategy Division of the Company Apr. 2017 Corporate Officer, Vice President of Corporate Business Management Department, Corporate Strategy and Management Division Apr. 2019 Executive Officer, Head of Global Brand Strategy Division of the Company Apr. 2020 Senior Executive Officer, Head of Global Brand Strategy Division of the Company (to present)
Number of Shares of the Company Held 17,593	
Reason for nomination as a candidate for Member of the Board Shoji Hirashima has served as a Corporate Officer since 2017, involved in a variety of fields such as research and development, international business, corporate strategy, brand strategy and oncology business. The Company has nominated him as a candidate for Member of the Board because of his expected capacity to secure and enhance the effectiveness of the Board of Directors in terms of its conduct of operations and decision-making functions and its oversight functions by leveraging his abundant experience and expertise for the Board of Directors.	
Note There is no special interest between Shoji Hirashima and the Company.	



(Reference) Policies and Procedures for Appointment and Nomination of Candidates for Members of the Board

- The candidates for Members of the Board shall meet the requirements of being personnel of excellent character and insight who contribute to maximization of the Group's corporate value.
- The candidates for Members of the Board shall meet the requirements of being appropriate candidates with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc.
- The candidates for Members of the Board shall meet the requirements that there shall always be Members of the Board (Outside) included to strengthen the decision-making functions based on various perspectives and to strengthen the supervisory function over conduct of operations.
- The candidates for Members of the Board (Outside) shall meet the requirements that they are the individuals with expertise, experience and insight in Japan and overseas in fields including corporate management, medical and pharmaceutical sciences, legal and administrative affairs, and finance and accounting.
- When appointing the candidates for Members of the Board, the Board of Directors appoints the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Members of the Board (Outside) form a majority.

(Reference) Criteria for Independence as Outside Directors/Corporate Auditors

In nominating candidates for Members of the Board, the Company shall include a person who satisfies the definition of Member of the Board (Outside), aiming at reinforcing decision-making functions from various perspectives and enhancing the supervising function for execution of operation. Outside Directors/Corporate Auditors (Member of the Board (Outside) and Member of the Audit and Supervisory Board (Outside)) are required to ensure their independence from the Company.

On March 31, 2014, the Board of Directors and the Audit and Supervisory Board resolved “Criteria for independence as Outside Directors/Corporate Auditors” as follows:

1. A Member of the Board or a Member of the Audit and Supervisory Board shall be determined to be independent from the Company and not to have a conflict of interest with general shareholders of the Company unless he or she falls into any of the following categories:
  - (1) A candidate or his or her immediate family member\* who:
    - i) is or has been an Executive Person, of the Company or its parent company, companies under the common control or its subsidiary (referring to a director other than outside director, executive/corporate officer or other employee; provided, however, limited to those who are important persons in terms of relationship with immediate family members. The same shall apply hereafter.); or
    - ii) has received during any of the last three fiscal years more than ¥10 million in direct compensation for his or her services as a consultant, a specialist in law, accounting or tax, or a healthcare professional, etc. from the Company, other than director or member of audit and supervisory board compensation.
  - \* An “immediate family member” includes a person’s spouse, parents, children, siblings, grandparents, grandchildren, mothers and fathers-in-law, sons and daughters-in-law, spouses of siblings, grandchildren-in-law, and brothers and sisters-in-law. The same shall apply hereafter.
  - (2) A candidate or his or her immediate family member who is or has been within the last ten years, an Executive Person, of a corporation or other association falling into:
    - i) Business relationship
      - a) a company that has made payments to, or received payments from, the Group for products or services in an amount which, in any of the last three fiscal years, exceeds 2% of any of the companies’ consolidated gross revenues;
      - b) a consulting firm, law firm, auditing firm, tax accounting firm or school corporation that receives remuneration from the Group exceeding 10% of its gross revenue in any of the last three fiscal years; or
      - c) a lender from whom the Group obtained a loan of more than 10% of its consolidated total assets at the end of the fiscal year immediately before nomination.
    - ii) Major shareholder  
A corporation or other legal entity that is a major shareholder of the Company or a corporation of which the Company is a major shareholder at the time of determining the independence. A major shareholder means a shareholder holding at least 10% of total shares outstanding of the Company.
    - iii) Recipient of charitable contributions  
An organization to which the Company’s discretionary charitable contributions in any of the last three fiscal years are more than ¥10 million and 2% of annual gross revenues of that organization or other associations.
    - iv) Accounting auditor  
An audit firm that is or has been for the last three years an accounting auditor of the Company Group.
    - v) Cross-directorship arrangement  
When an Executive Person of the Company is a current Member of the Board (Outside) or Member of the Audit and Supervisory Board (Outside) in a cross-directorship arrangement with the listed company.
2. Even though a candidate for an Outside Director/Auditor falls into any of the above, when the Board of Directors or the Audit and Supervisory Board judge him or her to be ensured of independence after a comprehensive review, he or she may be determined to have no problem with criteria for independence as an Outside Director/Auditor.

## Outside Directors/Corporate Auditors system when the Second Proposal is approved

	Name	Years of Office	Nomination Committee	Compensation Committee	Significant Specialty/Background			
					Corporate Management	Medicine /Pharmacy	Legal /Administration	Finance /Accounting
Member of the Board (Outside)	Noritaka Uji	6 years	✓	✓	Information Technology			
	Tsuguya Fukui	5 years	✓	✓		Medicine		
	Kazuaki Kama	1 year	✓	✓	Heavy Industry			Finance
	Sawako Nohara	1 year	✓	✓	IT Business			
Member of the Audit and Supervisory Board (Outside)	Sayoko Izumoto	3 years		●				Accountant
	Tateshi Higuchi	2 years	●				Administration Diplomat	
	Yukiko Imazu	2 years					Lawyer	

✓ : Member of Committee, ● : Observer

**Third Proposal: Provision of Bonuses to Members of the Board**

The Company requests approval for the payment of Members of the Board's bonuses, amounting to ¥202 million in total to the five Members of the Board (excluding Members of the Board (Outside)) who were at office at the end of this fiscal year taking into consideration the Company's performance, etc. during this business year.

The Company also requests approval for delegation of determination of the amount of the bonus to be paid to each Member of the Board to the Board of Directors.

(Reference)

Basic design of remuneration to Members of the Board and Members of the Audit and Supervisory Board, and the Breakdown of performance-based bonuses for the fiscal year 2019

- The remuneration to Members of the Board (excluding Members of the Board (Outside)) is designed to provide remuneration that contributes to maximize corporate value. Specifically, in addition to a basic remuneration as fixed remuneration, performance-based bonuses serving as short-term incentive and restricted share-based remuneration serving as long-term incentive are adopted as variable remuneration. The proportion of each remuneration is designed to be 60% for basic remuneration, 20% for performance-based bonus, and 20% for restricted share-based remuneration if the performance goal is achieved 100%.
- The performance-based bonuses serving as short-term incentives are calculated by adopting revenue, indicating the size of the business, as an index with a high correlation to the maximization of corporate value, ratio of operating income to revenue, indicating the efficiency of business activities, and profit attributable to owners of the Company, indicating the final outcome of corporate activities, as the relevant indices.
- For the remuneration of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside), in order to ensure the advisory function over the Company's management to function sufficiently, short-term and long-term incentives are not provided and only basic remuneration is granted.

## The Remuneration system for Members of the Board and Member of the Audit and Supervisory Board

Member of the Board (Outside) Members of the Audit And Supervisory Board	Basic Remuneration (fixed) 100%		
Member of the Board (excluding Members of The Board (Outside))	Basic Remuneration (fixed) 60%	Performance-Based Bonus 20%	Restricted Share-Based Remuneration 20%


**Breakdown of Performance-Based Bonus**  
(Fiscal 2019)

Evaluation Index	Evaluation Criteria	Weight	Goal	Achievement	Evaluation Factor	Bonus Payment Rate
Revenue	Degree of achievement of the budget for the fiscal year	10%	¥940.0billion	¥981.8billion	112.2%*	200.5%
Ratio of operating profit to revenue (operating profit)	Degree of achievement of the budget for the fiscal year	10%	10.6% (¥100.0billion)	14.1% (¥138.8billion)	172.2%*	
Profit attributable to owners of the Company	Degree of achievement of the target value in the 5-year business plan	80%	¥60.0billion	¥129.1billion	215.1%	

\*The evaluation factors of revenue and operating profit margin are calculated by fixed formulas using the comparison of the actual results and the targets.

**Fourth Proposal: Revision of the Restricted Period of the Restricted Share-based Remuneration System for Members of the Board (excluding Members of the Board (Outside))**

At its 12<sup>th</sup> Ordinary General Meeting of Shareholders held on June 19, 2017, the Company gained approval regarding such matters as: introducing a remuneration system for granting restricted stocks to Members of the Board (excluding Members of the Board (Outside)) of the Company (the “System”) in order to provide them with an incentive to sustainably increase the Company’s corporate value and to further promote shared value between shareholders and themselves, and setting the maximum amount of remuneration pertaining to the System at ¥140 million per year (excluding the portion of employee salaries for Members of the Board concurrently serving as employees).

With the aim of further realization of long-term shared value between shareholders and themselves as long as possible, the Company requests approval to change the Restricted Period (as defined in the Reference below) with respect to remuneration for granting restricted stocks; to extend the period to the point in time immediately after retirement of an eligible Member of the Board.

In particular, the Company has currently gained approval with respect to the restricted period for remuneration for granting restricted stocks to be as “the period specified in advance by the Board of Directors of the Company, which is a period between three to five years.” However, the Company would like to change the Restricted Period to be as “the period extending to the time immediately after resignation or retirement of an eligible Member of the Board from all of the positions that are a Member of the Board of the Company, a Corporate Officer not concurrently serving as a Member of the Board, and a position otherwise specified in advance by the Board of Directors of the Company.” The Company would also like to make necessary changes with respect to the content of restricted stock allotment agreements to be entered into between the Company and the eligible Members of the Board upon granting restricted stocks.

Upon approval of this proposal as proposed, the Company would like to make the same changes with respect to restricted stocks previously granted as remuneration for granting restricted stocks prior to this change.

Upon approval of this proposal as proposed, there will be no changes with respect to the maximum amount of remuneration for granting restricted stocks, the total number of ordinary shares of the Company that the eligible Members of the Board receive by issuance or disposal, and the stance on the amount to be paid per share when granting restricted stocks, and there will be five eligible Members of the Board under this proposal.

(Reference)

An overview of the System upon approval of Fourth Proposal as proposed is as follows.

1. Outline

The Eligible Members of the Board shall pay, every year in principle, all monetary compensation receivables to be provided under this proposal in the form of property contributed in kind, in accordance with the resolution by the Board of Directors of the Company, and shall, in return, receive ordinary shares of the Company to be issued or disposed of by the Company.

Such issuance or disposal of the Company’s ordinary shares is subject to a restricted stock allotment agreement (hereinafter “Allotment Agreement”) entered into by and between the Company and each Eligible Member of the Board. Eligible Members of the Board are prohibited from freely transferring, creating any security interest on, or otherwise disposing of the Company’s ordinary shares that have been allotted under the Allotment Agreement (“Allotted Shares”) for a certain period specified in the Allotment Agreement (“Restricted Period”) (The terms and conditions stipulated in the Allotment Agreement are outlined in 4. below.).

2. Limit on Amount of Monetary Compensation Receivables and Number of Shares under the System

The total amount of monetary compensation receivables to be paid to the Eligible Members of the Board shall be no more than ¥140 million per year, and the total number of ordinary shares to be issued or disposed of by the Company under the System shall be no more than 70,000 shares per year. However, if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a reverse share split of its ordinary shares, or any other reason arises necessitating an adjustment to the total number of the Allotted Shares, the said total

number shall be reasonably adjusted in accordance with the share split or reverse share split ratio.

### 3. The Amount to be paid per Share

The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day) or any other amount within the extent that the amount will not be particularly advantageous to Eligible Members of the Board who subscribe the Company's ordinary shares under the System.

### 4. Outline of Terms and Conditions Stipulated in the Allotment Agreement

#### (1) Restricted Period

The Restricted Period shall be the period extending to the time immediately after resignation or retirement of an Eligible Members of the Board from all of the positions that are a Member of the Board of the Company, a Corporate Officer not concurrently serving as a Member of the Board, and a position otherwise specified in advance by the Board of Directors of the Company, beginning on the day on which shares are allotted under the Allotment Agreement. During the Restricted Period, the Eligible Members of the Board are prohibited from transferring, creating any security interest on, or otherwise disposing of the Allotted Shares.

#### (2) Lifting of transfer restriction of shares

Notwithstanding the provision of (1) above, the Company shall lift the transfer restriction of all of the Allotted Shares held by an Eligible Member of the Board upon expiration of their Restricted Period on the condition that the Eligible Member of the Board has served as either a Member of the Board of the Company, or as a Corporate Officer not concurrently serving as a Member of the Board, or in a position otherwise specified in advance by the Board of Directors of the Company during a period specified in advance by the Board of Directors of the Company (the "Period of Service"). However, if the said Eligible Member of the Board has resigned or retired from all of the positions aforementioned before expiration of the Period of Service due to his/her death or other reason deemed justifiable by the Company's Board of Directors, the Company shall reasonably adjust, as necessary, the number of Allotted Shares on which the transfer restriction is to be lifted and the timing of lifting the transfer restriction. Immediately after the transfer restriction has been lifted as stipulated above, the Company shall, by rights, acquire without contribution any Allotted Shares on which the transfer restriction has not been lifted in accordance with the provision above.

#### (3) Treatment on resignation for reasons other than justifiable grounds

Notwithstanding the provision of (2) above, the Company shall, by rights, acquire all of the Allotted Shares without contribution if, during the Restricted Period, an Eligible Member of the Board resigns or retires from all of the positions stipulated in (2) above, for a reason other than a reason deemed justifiable by the Board of Directors of the Company as stipulated in (2) above.

#### (4) Treatment during reorganization, etc.

Notwithstanding the provision of (1) above, when a proposal for a merger agreement in which the Company would be the disappearing company, or a share exchange agreement or share transfer plan in which the Company would become a wholly owned subsidiary of another company, or other matters concerning reorganization, etc. has been approved at a General Meeting of Shareholders of the Company (or by the Company's Board of Directors if shareholder approval for the said reorganization, etc. is not required) during the Restricted Period, the Company shall, prior to the effective date of the said reorganization, etc., lift the transfer restriction of a portion of the Allotted Shares in a quantity reasonably determined by resolution of the Company's Board of Directors made in the light of the length of the period from the first day of the Restricted Period until the day on which the said reorganization, etc. is approved. In the case specified above, the Company shall, by rights, acquire without contribution any Allotted Shares on which the transfer restriction has not been lifted at the time immediately after the lifting of the transfer restriction.

#### (5) Other matters determined by the Board of Directors

In addition to the above, procedures for conveying intentions and notifications concerning the Allotment

Agreement, procedures for revising the Allotment Agreement, and other matters determined by the Board of Directors shall be included in the terms and conditions of the Allotment Agreement.



(Reference) Board Evaluation for fiscal year 2019

The Company has conducted board evaluation of the Board of Directors every fiscal year and engaged in improvement measures for the issues to be addressed identified through the board evaluation, and, in the subsequent board evaluation, the Company assesses the current status and confirms the status of improvement from the previous fiscal year.

This time, the Company conducted the board evaluation for fiscal year 2019, and confirmed that the Board of Directors is functioning appropriately in terms of its role, responsibility, operation and composition, and the overall effectiveness of the Board of Directors has been ensured.

- Implementation method of the board evaluation

The Company determines, as the contents and items for evaluation relating to the effectiveness of the Board of Directors as a whole, the board evaluation items including the items to be evaluated by the Members of the Board themselves in addition to the evaluation of the Board of Directors as a whole with reference to the principle and supplementary principle associated with the general principle 4, “Roles and Responsibilities of the Board,” of Japan’s Corporate Governance Code.

The major evaluation items are as follows:

- (1) Roles and responsibilities of the Board of Directors
- (2) Operation of the Board of Directors
- (3) Composition of the Board of Directors
- (4) Issues and matters for improvement regarding effectiveness of the Board of Directors
- (5) Resolution of issues identified in the previous fiscal year’s board evaluation, and improvement measures

All Members of the Board self-evaluate the above matters by selecting grades and answering free descriptions, and the analysis results and the details are reported to the Board of Directors.

The latest round of self-evaluation generated quite a few candid opinions about all of the evaluation items using a free-description format. The Company has extracted from the free-descriptions the issues and matters for improvement that will help improve the functions and effectiveness of the Board of Directors.

- Results of the board evaluation for fiscal year 2019

The evaluation of the Board of Directors for fiscal year 2019 has concluded that the Board of Directors of the Company is functioning appropriately, and that the effectiveness of the Board of Directors as a whole has been ensured.

In addition, the Company confirmed that improvements are being made in (1) through (5) which were identified as items that need further improvement in the evaluation of the previous fiscal year with the following efforts.

- (1) Enhancement of discussion on the Board of Directors’ decision-making and oversight functions, as well as monitoring and risk management functions
  - Key efforts in fiscal year 2019  
Discussions were held on matters involving risk monitoring and management, business alliances, and information governance structures.
- (2) Establishment of forums for enhanced discussion in the Board of Directors
  - Key efforts in fiscal year 2019  
Substantive discussions were held on matters such as the trajectory of the Company’s oncology business, including forums other than meetings of the Board of Directors.
- (3) Preparation of sufficient proposal and report content as needed for discussion and decision-making materials
  - Key efforts in fiscal year 2019  
Mutually-linked agendas were set and enhancements were made to information for discussions and decision-making.
- (4) Further enhancement involving delivery of information in a manner that will promote understanding of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside)
  - Key efforts in the fiscal year 2019  
Explanations were provided on an individual basis prior to each meeting of the Board of

Directors, briefing sessions were held for the Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside), and tours of Shinagawa R&D Center were carried out.

- (5) Ensuring the diversity of the Board of Director particularly in terms of gender and nationality
  - A woman was appointed as a Member of the Board on June 17, 2019.

- Priority measures for fiscal 2020

Drawing on the self-evaluations of fiscal year 2019, the Company endeavors to ensure and improve the functions and effectiveness of its Board of Directors. To such end, the Company will implement the following priority measures in fiscal year 2020, with the aim of further strengthening the Board of Directors' decision-making function, oversight function, monitoring, and risk management function.

- (1) Enhancement of discussions involving mid- and long-term business plans
- (2) Further enhancement of proposal and report content
- (3) Further enhanced delivery of information in a manner that will promote understanding of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside)

## **Status of Audit by Members of the Audit and Supervisory Board**

### **[Organization, personnel and procedures of the audit by Members of the Audit and Supervisory Board]**

- As a company with the Audit and Supervisory Board, the Company has five Members of the Audit and Supervisory Board (two Members of the Audit and Supervisory Board (Full-time) and three Members of the Audit and Supervisory Board (Outside)), which includes one certified public accountant.
- To further strengthen the audit functions of Members of the Audit and Supervisory Board, three full-time staffers, who are independent from the execution of operations, assist with the duties of Members of the Audit and Supervisory Board.

### **[Activities of the Audit and Supervisory Board and its Members]**

- During this fiscal year, the Company's Audit and Supervisory Board generally held meetings one time per month. Its membership and details involving meeting attendance are described in the chart below.
- Aside from Audit and Supervisory Board meetings, meetings to exchange views among the Members of the Audit and Supervisory Board are held after the Board of Directors' meetings.
- Approximately 110 minutes was devoted to Audit and Supervisory Board meetings in an average month, and 24 proposals were placed on the meeting agenda this fiscal year.

### **[Key matters for sharing and consideration in Audit and Supervisory Board meetings]**

- Audit policy, audit plans, and segregation of duties
- Audit Reports by the Audit and Supervisory Board
- Consent for "Election of Members of the Audit and Supervisory Board" as proposals in General Meetings of Shareholders
- Evaluation of Accounting Auditors
- Evaluation of the effectiveness of the Audit and Supervisory Board
- Status of execution of duties by Members of the Audit and Supervisory Board (Full-time) on a monthly basis
- Audit plans and status of auditing with respect to major domestic Group companies

### **[Activities of Members of the Audit and Supervisory Board]**

- Meetings with Representative Directors (Members of the Board): held twice a year (Full-time/Outside)
- Meetings with Members of the Board: held once a year (Full-time)
- Attendance in important meetings: Attendance in meetings such as those of the Board of Directors, Management Executive Meeting, Corporate Ethics Committee, and EHS Management Committee (attendance in meetings by the Members of the Audit and Supervisory Board (Outside) is limited to those of the Board of Directors)
- Attendance, etc. in important meetings of domestic Group companies: Acting as Members of the Audit and Supervisory Board (Part-time) of the principal domestic Group companies, attendance in meetings of bodies such as the Board of Directors and Management Executive Meeting of such companies, and perusal of approval documents and other such documentation (Full-time)
- Perusal of important documents: Perusal of documentation that includes approval documents, materials and minutes of important meetings (Full-time)
- Audit by Members of the Audit and Supervisory Board: Heads of Division, Vice Presidents (department), Vice Presidents (branch), Vice Presidents (research laboratory), internal control officers of domestic and overseas Group companies, etc. (Full-time and some Outside)
- Advice and requests at the Board of Directors' meetings (Full-time/Outside)
- Membership of voluntary advisory committees: Observer of Nomination Committee and Compensation Committee (Outside)
- Cooperation with Members of the Board (Outside): engaging in opinion-exchange (Full-time/Outside)
- Meetings with the Members of the Audit and Supervisory Board (Full-time) of domestic Group companies: held twice a year (Full-time)

- Cooperation with the Internal Audit Department: reporting internal audit plans and results thereof, periodically engaging in information-sharing and opinion-exchange (Full-time)
- Cooperation with the Accounting Auditors: Receiving briefings and reports from the Accounting Auditor on matters that include the audit plan, audit/quarterly review results, results of internal control audit (J-SOX), and engaging in opinion-exchange (Full-time/Outside)

#### **Audit and Supervisory Board evaluation for fiscal year 2019**

- The Audit and Supervisory Board conducted the Audit and Supervisory Board evaluation for fiscal year 2019 to heighten its effectiveness of the Audit and Supervisory Board.

#### **Implementation method of the Audit and Supervisory Board evaluation**

- The Audit and Supervisory Board established a wide range of evaluation items to assess Audit and Supervisory Board effectiveness. Each Member of the Audit and Supervisory Board conducted a self-evaluation of the Audit and Supervisory Board by selecting grades and answering free-descriptions. The Audit and Supervisory Board then discussed those matters.

#### **Results of the evaluation of the Audit and Supervisory Board**

- The evaluation has concluded that although the Company's Audit and Supervisory Board largely carries out its activities appropriately, and the effectiveness of the Audit and Supervisory Board has been ensured, there is room for improvement in terms of heightening its effectiveness going forward. The Audit and Supervisory Board will draw on these results in terms of applying them to initiatives to be carried out for subsequent fiscal years .

(Reference) Audit and Supervisory Board structure

Name (Age)	Position	Tenure	Experience /Speciality	Number of Audit and Supervisory Board meetings attended	(Reference) Number of Board of Directors' meetings attended
Ryoichi Watanabe (61)	Member of the Audit and Supervisory Board (Full-time)	1 year	Engaged in finance and accounting, corporate business management, corporate affairs and procurement, internal audit, etc., he is familiar with overall activities of the Company and has a broad perspective and knowledge.	10/10 (100%)	10/10 (100%)

Name (Age)	Position	Tenure	Experience /Speciality	Number of Audit and Supervisory Board meetings attended	(Reference) Number of Board of Directors' meetings attended
Kenji Sato (57)	Member of the Audit and Supervisory Board (Full-time)	1 year	Engaged in research and development, human resources, corporate business management, etc., he is familiar with overall activities of the Company and has a broad perspective and knowledge.	10/10 (100%)	10/10 (100%)
Sayoko Izumoto (66)	Member of the Audit and Supervisory Board (Outside) Independent Corporate Auditor	3 years	She has expertise and insight based on her abundant experience as a certified public accountant.	13/13 (100%)	13/13 (100%)
Tateshi Higuchi (67)	Member of the Audit and Supervisory Board (Outside) Independent Corporate Auditor	2 years	He has expertise and insight based on his experience in government agencies, etc.	13/13 (100%)	13/13 (100%)
Yukiko Imazu (51)	Member of the Audit and Supervisory Board (Outside) Independent Corporate Auditor	2 years	She has expertise and insight based on her abundant experience as a lawyer.	13/13 (100%)	13/13 (100%)

## Notes:

1. The term of office for Members of the Audit and Supervisory Board of the Company is four years. Sayoko Izumoto was elected at 12<sup>th</sup> Ordinary General Meeting of Shareholders held on June 2017. Tateshi Higuchi and Yukiko Imazu were elected at 13<sup>rd</sup> Ordinary General Meeting of Shareholders held in June 2018. Ryoichi Watanabe and Kenji Sato were elected at 14<sup>th</sup> Ordinary General Meeting of Shareholders held in June 2019.
2. The number of attendance for Ryoichi Watanabe and Kenji Sato in the meetings of the Audit and Supervisory Board and the Board of Directors signifies the number of attendance only to such meetings of the Audit and Supervisory Board and the Board of Directors held after their assumption of office on June 17, 2019.
3. The age of each Member of the Audit and Supervisory Board is as of June 15, 2020.

[Attachment]

## Business Report for the 15<sup>th</sup> Fiscal Period

(From April 1, 2019 to March 31, 2020)

### 1. Status of Daiichi Sankyo Group

#### (1) Progress and Results of Operations

##### 1) Overview

##### Consolidated Financial Results

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
Revenue	929,717	981,793	52,076 5.6%
Operating profit	83,705	138,800	55,095 65.8%
Profit before tax	85,831	141,164	55,332 64.5%
Profit attributable to owners of the Company	93,409	129,074	35,665 38.2%
Total comprehensive income	163,893	101,602	-62,290 -38.0%

##### <Revenue of global mainstay products>

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

Generic name	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
<i>trastuzumab deruxtecan</i> antitumor agent (HER2-targeting antibody drug conjugate)	79	13,958	13,879 -
<i>Edoxaban</i> anticoagulant	117,686	154,032	36,346 30.9%
<i>Olmesartan</i> antihypertensive agent	105,922	100,830	-5,092 -4.8%
<i>Prasugrel</i> antiplatelet agent	23,214	18,134	-5,079 -21.9%

##### <Selling, general and administrative expenses>

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
Selling, general and administrative expenses	277,695	302,320	24,625 8.9%
Ratio of selling, general and administrative expenses to revenue	29.9%	30.8%	0.9%

**<Research and development expenses>**

(Millions of yen; all amounts have been rounded down to the nearest million yen.)

	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
Research and development expenses	203,711	197,465	-6,246 -3.1%
Ratio of research and development expenses to revenue	21.9%	20.1%	-1.8%

**<Yen exchange rates for major currencies (average rate for year)>**

(Yen)

	Year ended March 31, 2019	Year ended March 31, 2020
USD/Yen	110.91	108.75
EUR/Yen	128.40	120.83

- a. Revenue
- Revenue in the year ended March 31, 2020 (fiscal 2019) increased by ¥52.1 billion, or 5.6% year on year, to ¥981.8 billion.
  - The increase of revenue is mainly due to the growth in sales of mainstay products such as *Edoxaban*, and the increase of revenue related to *trastuzumab deruxtecan (DS-8201)*, brand name in Japan and the U.S.: *ENHERTU* (¥13.9 billion: the product sales in the U.S., and the upfront payment and the development milestone received from AstraZeneca).
  - The negative effect on revenue from foreign exchange was ¥15.1 billion in total.
- b. Operating profit
- Operating profit increased by ¥55.1 billion, or 65.8% year on year, to ¥138.8 billion.
  - Gross profit increased by ¥73.5 billion, or 13.0%, to ¥638.6 billion mainly due to a decrease in cost of sales as a result of a change in the product mix and the recording of a gain on sale of subsidiary (¥18.8 billion) in association with the transfer of Takatsuki plant, in addition to an increase in revenue.
  - Selling, general and administrative expenses increased by ¥24.6 billion, or 8.9%, to ¥302.3 billion mainly due to increases in expenses accompanied by the establishment of oncology business structure in the U.S. and expenses for environmental measures in Japan.
  - Research and development expenses decreased by ¥6.2 billion, or 3.1% year on year, to ¥197.5 billion mainly due to the effect of sharing the costs related to *trastuzumab deruxtecan (DS-8201)* with AstraZeneca.
  - The negative effect on operating profit from foreign exchange was ¥3.4 billion in total.
- c. Profit before tax
- Profit before tax increased by ¥55.3 billion, or 64.5% year on year, to ¥141.2 billion.
- d. Profit attributable to owners of the Company
- Profit attributable to owners of the Company increased by ¥35.7 billion, or 38.2% year on year, to ¥129.1 billion.
  - 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, income taxes accounted negative. Income taxes increased compared to the previous fiscal year by this effect etc., however, profit attributable to owners of the Company increased.
- e. Total comprehensive income
- Total comprehensive income decreased by ¥62.3 billion, or 38.0% year on year, to ¥101.6 billion.
  - Total comprehensive income decreased mainly due to the reversal of tax liabilities related to business restructuring of Daiichi Sankyo and its consolidated subsidiaries (“the Group”), which was carried out in the past fiscal year.



## Revenue by Geographic Area

The Group's primary revenue by geographic area is as follows.

### a) Japan

Revenue in Japan increased by ¥12.3 billion, or 2.1% year on year, to ¥602.0 billion.

#### <Prescription drug business>

- Revenue from prescription drug business increased by ¥10.2 billion, or 1.9% year on year, to ¥533.5 billion. The increase was mainly due to the growth in sales of mainstay products *LIXIANA*, *TARLIGE* and others, and the contribution to sales from authorized generic\*<sup>1</sup> products etc.

This revenue also includes revenue generated by the vaccine business and revenue generated by the generic pharmaceutical business of Daiichi Sankyo Espha Co., Ltd.

- In April 2019, Daiichi Sankyo launched *TARLIGE* (generic name: *mirogabalin besilate*) for the indication of peripheral neuropathic pain.
- In May 2019, Daiichi Sankyo launched *MINNEBRO* (generic name: *esaxerenone*) for the indication of hypertension.
- In October 2019, Daiichi Sankyo launched *VANFLYTA* (generic name: *quizartinib*) for the indication of relapsed or refractory FLT3-ITD acute myeloid leukemia.
  - Daiichi Sankyo returned the exclusive development and marketing rights in Japan for four diagnostic imaging agents (*Omnipaque*, *Omniscan*, *Visipaque* and *Sonazoid*) to U.S. company GE Healthcare and transferred marketing authorization rights in Japan to GE Healthcare Pharma Limited, an entity of GE Healthcare in Japan, in March 2020.

\*1 Authorized generic: Generic drug manufactured after receiving consent from the manufacturer of the original drug.

#### <Healthcare (OTC) products business>

- Revenue from the healthcare (OTC) products business increased ¥2.1 billion, or 3.2% year on year, to ¥68.5 billion.

### <Primary revenue composition in Japan>

(Billions of yen; all amounts have been rounded to the nearest single decimal place.)

Category	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
Prescription drug business*	523.3	533.5	10.2 1.9%
Healthcare (OTC) products	66.4	68.5	2.1 3.2%

\* Includes generic pharmaceutical business and vaccine business.

## &lt;Domestic revenue from mainstay prescription drugs&gt;

(Billions of yen; all amounts have been rounded to the nearest single decimal place.)

Product name	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
<i>LIXIANA</i> anticoagulant	64.9	83.0	18.1 27.8%
<i>NEXIUM</i> ulcer treatment	78.3	79.8	1.5 1.9%
<i>Memary</i> Alzheimer's disease treatment	50.2	50.5	0.3 0.6%
<i>PRALIA</i> treatment for osteoporosis/ inhibitor of the progression of bone erosion associated with rheumatoid arthritis	27.4	30.9	3.6 13.0%
<i>TENELIA</i> type 2 diabetes mellitus treatment	25.3	24.7	-0.6 -2.4%
<i>Loxonin</i> anti-inflammatory analgesic	30.5	28.3	-2.2 -7.3%
<i>Inavir</i> anti-influenza agent	18.2	19.3	1.1 5.9%
<i>RANMARK</i> treatment for bone complications caused by bone metastases from tumors	16.4	17.9	1.5 9.1%
<i>Efient</i> antiplatelet agent	13.9	14.0	0.1 0.7%
<i>Rezaltas</i> antihypertensive agent	15.5	14.6	-0.9 -5.8%
<i>Canalia</i> type 2 diabetes mellitus treatment	9.2	12.8	3.6 38.8%
<i>Vimpat</i> anti-epileptic agent	6.6	11.2	4.6 70.0%
<i>Omnipaque</i> contrast agent	12.0	10.3	-1.7 -13.9%
<i>Olmetec</i> antihypertensive agent	14.9	11.7	-3.2 -21.5%
<i>TARLIGE</i> pain remedy	-	8.0	8.0 -

## b) North America

- Revenue in North America increased by ¥8.8 billion, or 5.7% year on year, to ¥162.9 billion. Revenue in local currency terms increased by US\$110 million, or 7.9%, to US\$1,499 million. This revenue includes revenue generated by Daiichi Sankyo, Inc., and American Regent, Inc.
- At Daiichi Sankyo, Inc., launched *TURALIO* (generic name: *pexidartinib*) for the treatment of select patients with tenosynovial giant cell tumor (TGCT), a rare and debilitating tumor in August 2019. In addition, in January 2020, Daiichi Sankyo, Inc. launched *ENHERTU* (generic name: *trastuzumab deruxtecan*) for the treatment of adult patients with unresectable or metastatic HER2 positive breast cancer who have received two or more prior anti-HER2-based regimens in the metastatic setting.
- At Daiichi Sankyo, Inc., sales of *Welchol* declined.
- At American Regent, Inc., sales of *Injectafer* and *Venofer*, etc. increased.

## &lt;Revenue of Daiichi Sankyo, Inc. mainstay products&gt;

(Millions of US\$; all amounts have been rounded to the nearest million US\$.)

Product name	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
<i>ENHERTU</i> antitumor agent (HER2-targeting antibody drug conjugate)	-	30	30 -
<i>Olmесartan</i> * antihypertensive agent	97	91	-6 -6.5%
<i>Welchol</i> hypercholesterolemia treatment/ type 2 diabetes mellitus treatment	121	84	-37 -30.5%

\* *Benicar/Benicar HCT, AZOR, TRIBENZOR* and authorized generics for *Olmесartan*

## &lt;Revenue of American Regent, Inc.\* mainstay products&gt;

(Millions of US\$; all amounts have been rounded off to the nearest million US\$.)

Product name	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
<i>Injectafer</i> treatment for iron deficiency anemia	399	477	78 19.7%
<i>Venofer</i> treatment for iron deficiency anemia	261	285	24 9.3%

- c) Europe
- Revenue in Europe increased by ¥6.9 billion, or 7.8% year on year, to ¥95.5 billion. Revenue in local currency terms increased by EUR99 million, or 14.4%, to EUR789 million.
  - Sales of *LIXIANA* increased although sales of *Olmесartan* and its combination drugs and *Efient*, etc. declined.

**<Revenue of Daiichi Sankyo Europe GmbH mainstay products>**

(Millions of euro; all amounts have been rounded to the nearest million euro.)

Product name	Year ended March 31, 2019	Year ended March 31, 2020	YoY change
<i>LIXIANA</i> anticoagulant	357	509	153 42.9%
<i>Olmесartan</i> * antihypertensive agent	213	203	-10 -4.7%
<i>Efient</i> antiplatelet agent	44	21	-24 -53.1%

\* *Olmotec/Olmetec Plus, Sevikar and Sevikar HCT*

- d) Asia, South & Central America
- Revenue in Asia, South & Central America increased by ¥10.7 billion, or 12.2% year on year, to ¥98.3 billion. This revenue includes revenue to overseas' licensees.
  - Mainstay products such as synthetic antibacterial agent *Cravit* and *Olmесartan* and its combination drugs grew in China.
  - In August 2019, *LIXIANA* was launched in China.

**2) Status of R&D**

- The Group has established its 2025 Vision of being a “Global Pharma Innovator with Competitive Advantage in Oncology.”
- Toward the realization of 2025 Vision, the Group is working on research and development in accordance with the “3 and Alpha” Strategy, which focuses research and development resources to 3 ADCs\*<sup>1</sup> (*DS-8201*, *DS-1062* and *U3-1402*) for maximizing its product value and aims to discover medicines that change SOC\*<sup>2</sup> (Alpha) for realization of sustainable growth.
- While striving to strengthen its drug discovering capabilities by active utilization of partnering and technology research of new modalities\*<sup>3</sup>, the Group focuses on accelerating global clinical development.

In the medium- to long-term, the Group aims to develop therapeutic drugs for diseases by utilizing its competitive science and technology, not limited to specific therapeutic area.

\*1 ADC (Antibody Drug Conjugate): Drug composed of an antibody drug and a payload (a low molecule drug) linked via appropriate linker. By using a monoclonal antibody that binds to a specific target expressed on cancer cells, a cytotoxic payload is delivered to cancer cells effectively with reducing systemic exposure.

\*2 SOC (Standard of Care): Universally applied best treatment practice in today's medical science.

\*3 New modalities: New medical treatment such as ADC, nucleic acid drugs, viruses for treatment, and cell therapy.

- The following section describes the Group's major development projects and progress made in each project.

## [3 ADCs]

a. ***Trastuzumab deruxtecan (DS-8201, Japanese and U.S. product name: ENHERTU): HER2-targeting ADC***

To maximize the value of *DS-8201*, which was created using Daiichi Sankyo's proprietary ADC technology, Daiichi Sankyo is jointly developing *DS-8201* with AstraZeneca, a company with a wealth of global experience in oncology.

<Breast cancer>

- DESTINY-Breast01 trial

In December 2019, the U.S. Food and Drug Administration (FDA) approved *trastuzumab deruxtecan* for the treatment of adult patients with unresectable or metastatic HER2 positive breast cancer who have received two or more prior anti-HER2-based regimens in the metastatic setting. This indication was approved under accelerated assessment based on the results of global Phase II clinical trial presented at the San Antonio Breast Cancer Symposium (SABCS) in December 2019, and *ENHERTU* has been launched in the U.S. since January 2020.

In March 2020, Daiichi Sankyo received approval for manufacture and marketing under accelerated assessment also in Japan for treatment of patients with "HER2 positive unresectable or recurrent breast cancer after prior chemotherapy (limited to the use to patients who are refractory or intolerant to standard treatments)."

- DESTINY-Breast02 trial

The global Phase III clinical trial designed to compare the efficacy and safety of *DS-8201* versus the investigator's choice for the patients with HER2-positive recurrent and/or metastatic breast cancer previously treated with anti-HER2 ADC T-DM1 (the third or later line treatment) is underway.

- DESTINY-Breast03 trial

The global Phase III clinical trial designed to directly compare the efficacy and safety of *DS-8201* versus T-DM1 in patients with HER2-positive recurrent and/or metastatic breast cancer previously treated with anti-HER2 antibody *trastuzumab*, etc. (the second line treatment) is underway.

- DESTINY-Breast04 trial

The global Phase III clinical trial designed to compare the efficacy and safety of *DS-8201* versus the investigator's choice (chemotherapy) for the patients with HER2 low expressing metastatic breast cancer is underway.

<Gastric cancer>

- DESTINY-Gastric01 trial

In January 2020, the Group announced that Phase II clinical trials in Japan and South Korea for patients with HER2-positive recurrent and/or advanced gastric cancer had met their primary endpoints.

*DS-8201* has been granted SAKIGAKE Designation\*<sup>4</sup> by the Japan Ministry of Health, Labour and Welfare (MHLW) for the treatment of the above patients.

\*<sup>4</sup> SAKIGAKE Designation: System that promotes R&D in Japan by providing prioritized access to clinical trials and approval procedures aiming at early practical application for innovative pharmaceutical products.

- DESTINY-Gastric02 trial

The Group is also conducting Phase II trials in Europe and the U.S. for patients with HER2 positive unresectable or metastatic gastric cancer.

<Non-small cell lung cancer>

- The Group is conducting global Phase II clinical trials for patients with HER2-positive and HER2-mutated, recurrent and/or advanced non-small cell lung cancer (NSCLC).

<Colorectal cancer>

- The Group is conducting global Phase II clinical trials for patients with HER2-positive, recurrent and/or advanced colorectal cancer.

<Combination, etc.>

Daiichi Sankyo is conducting a collaborative clinical trial with Bristol-Myers Squibb Company, to evaluate the combination of *DS-8201* and *nivolumab*, the immune checkpoint inhibitor (brand name: *Opdivo*) in patients with HER2-positive breast cancer.

**b. DS-1062: TROP2-targeting ADC**

- Phase I clinical trials for patients with recurrent and/or advanced non-small cell lung cancer are underway in Japan and the U.S. The Group presented the preliminary results concerning safety and efficacy in the dose escalation part of the trial at the 2019 American Society of Clinical Oncology (ASCO) held in May to June 2019, and at the 2019 World Conference on Lung Cancer (WCLC) held in September 2019.

**c. U3-1402: HER3-targeting ADC**

<Breast cancer>

- The Group is conducting Phase I/II clinical trials in patients with HER3-positive recurrent and/or metastatic breast cancer in Japan and the U.S.

<Non-small cell lung cancer>

The Group is conducting Phase I clinical trials in Japan and the U.S. for patients with epidermal growth factor receptor (EGFR)-mutated NSCLC whose disease has progressed while taking an EGFR tyrosine kinase inhibitor (TKI). The Group presented the preliminary results concerning safety and efficacy in the dose escalation part of the trial at the 2019 American Society of Clinical Oncology (ASCO) held in May to June 2019, and at the 2019 World Conference on Lung Cancer (WCLC) held in September 2019.

[Alpha]

**1) Oncology Area**

**a. Quizartinib: FLT3 Inhibitor**

- In June 2019, Daiichi Sankyo obtained approval for manufacturing and marketing in Japan for the treatment of adults with relapsed or refractory *FLT3-ITD* acute myeloid leukemia (AML). *Quizartinib* has been marketed since October 2019 under the brand name *VANFLYTA*.
- In June 2019, Daiichi Sankyo received a Complete Response Letter (CRL), which is issued when a product is not approved as it is, from the FDA for the New Drug Application (NDA) for marketing approval of *Quizartinib* for the treatment of adults with relapsed or refractory AML with *FLT3-ITD* mutations. In addition, in October 2019, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) adopted a negative opinion on the Marketing Authorization Application (MAA) for *Quizartinib* for the treatment of adults with relapsed/refractory *FLT3-ITD* acute myeloid leukemia (AML).
- Currently, the Group is conducting global Phase III clinical trials (QuANTUM-First) to obtain approval for the indication as a first-line treatment of AML.
- *Quizartinib* has been granted Orphan Drug designation by the MHLW, the FDA and the EMA for the treatment of AML.

<Combination, etc.>

- The Group is conducting global Phase I trials to evaluate the combination of *Quizartinib* and *Milademetan*<sup>\*5</sup>, the MDM2 inhibitor (*DS-3032*), in patients with relapsed or refractory AML with FLT3-ITD mutation or patients, with newly-diagnosed AML with FLT3-ITD mutation, who are not tolerant to intensive chemotherapy.

<sup>\*5</sup> *Milademetan (DS-3032)*: Phase I trials are underway targeting patients with solid and hematologic malignancies. Data from preclinical AML animal model studies suggests that when combined with *Quizartinib*, it has a synergetic effect that is greater than when used as a single agent.

**b. *Pexidartinib*: CSF-1R/KIT/FLT3 Inhibitor**

- In August 2019, Daiichi Sankyo obtained approval for marketing from the FDA for the treatment of tenosynovial giant cell tumor (TGCT). *Pexidartinib* has been marketed since August 2019 under the brand name *TURALIO*.
- In April 2019, the EMA accepted the application for approval for marketing based on the results of Phase III clinical trials (ENLIVEN study) for TGCT patients in Europe and the U.S.
- *Pexidartinib* has been granted Orphan Drug designation by the EMA for the treatment of TGCT.

**c. *Valemetostat (DS-3201)*: EZH1/2 Dual Inhibitor**

- In December 2019, the first patient has been dosed in Phase II clinical trial for patients with adult T-cell leukemia-lymphoma in Japan.
- The Group is conducting Phase I clinical trials for patients with non-Hodgkin lymphomas including peripheral T-cell lymphoma (PTCL) in Japan and the U.S.
- In April 2019, *DS-3201* has been granted SAKIGAKE Designation by the MHLW for the treatment of PTCL.
- The Group is conducting Phase I clinical trials for patients with AML, acute lymphocytic leukemia (ALL) and small cell lung cancer in the U.S.

**d. *DS-7300*: B7-H3 targeting ADC**

- In October 2019, the first patient has been dosed in Phase I/II clinical trials evaluating *DS-7300* for the treatment of patients with recurrent and/or advanced solid tumors (head and neck cancer, esophageal cancer, non-small cell lung cancer, etc.) in Japan and the U.S.

**e. Expansion of collaboration with Zymeworks Inc. regarding bispecific antibodies**

- In April 2019, Daiichi Sankyo exercised its option for a commercial license for proprietary immuno-oncology bispecific antibodies based on a collaboration and cross-licensing agreement with Zymeworks Inc. regarding bispecific antibodies<sup>\*6</sup>. Daiichi Sankyo will continue to effectively use the technology platforms of manufacturing bispecific antibodies developed by Zymeworks Inc. with the aim of providing novel therapeutic options for patients with cancer.

<sup>\*6</sup> Bispecific antibodies: An antibody that can bind different antigens to the two antigen binding sites of one antibody molecule.

**f. *Axicabtagene ciloleucel/Axi-Cel®*: CD19-targeting CAR-T cell**

- In January 2017, Daiichi Sankyo received exclusive development, manufacturing and marketing rights for *axicabtagene ciloleucel* in Japan from Kite, a Gilead Company.
- *Axicabtagene ciloleucel* was granted Orphan Drug Designation<sup>\*7</sup> by the MHLW.
- In March 2020, Daiichi Sankyo submitted a New Drug Application (NDA) to the MHLW for the treatment of adult patients with relapsed/refractory diffuse B-cell lymphoma.

<sup>\*7</sup> Orphan Drug Designation: A system under which drugs and medical devices can be designated as orphan drugs or medical devices by the MHLW with reference to the opinion of the Pharmaceutical Affairs and Food Sanitation Council, in accordance with Article 77-2 of the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics if they are intended for use in less than 50,000 patients in Japan and there is a particularly high medical need for them. Designated orphan drugs will be subject to priority review for marketing authorization to ensure that they are supplied to clinical settings at the earliest possible opportunity. In addition, after orphan drug designation and approval, the re-examination period for the drugs will be extended up to 10 years for drugs.

**2) Areas Other than Oncology**

**a. *Edoxaban*: Factor Xa-inhibitor**

- *Edoxaban* has been on the Japanese market under the brand name *LIXIANA* with indications such as the prevention of ischemic stroke and systemic embolism in patients with non-valvular atrial fibrillation (AF), and for the treatment and prevention of recurrence of VTE (deep vein thrombosis (DVT) and pulmonary embolism (PE)).
- As for global including Japan, *Edoxaban* has been on the market in over 30 countries and regions.
- The safety and efficacy data in ENTRUST-AF PCI study for patients with atrial fibrillation (AF) following successful percutaneous coronary intervention (PCI) was presented at the ESC Congress in September 2019.
- Currently, the Group is conducting Phase III clinical trials in Japan for 80 years of age or older patients with non-valvular atrial fibrillation with the targeted indication of the prevention of stroke and systemic embolism.

**b. *Mirogabalin*:  $\alpha 2\delta$  ligand**

- *Mirogabalin* has been marketed in Japan since April 2019 under the brand name *TARLIGE* with indication for peripheral neuropathic pain.
- Currently, the Group is conducting Phase III clinical trials for patients with post-spinal cord injury neuropathic pain, etc. in Japan and other Asian countries.

**c. *Esaxerenone*: Mineralocorticoid receptor blocker**

- *Esaxerenone* has been marketed in Japan since May 2019 under the brand name *MINNEBRO* with indication for hypertension.  
The Phase III clinical trial in Japan for patients with diabetic nephropathy met its primary endpoint and key secondary endpoints. In November 2019, the result of this clinical trial was presented in the annual meeting of the American Society of Nephrology (ASN).



### 3) Production and Logistics

- The Group is accelerating transforming its production platform toward the establishment of an oncology business.
- The Group intends to make capital investments of over ¥100.0 billion in production facilities by fiscal 2022 to prepare for an increase in demand of ADC products following the acceleration of the development by the alliance with AstraZeneca related to *trastuzumab deruxtecan (DS-8201)*, Japanese and U.S. product name: *ENHERTU*) in March 2019 as well as progress in clinical development of other ADCs.
- Accordingly, the Group plans to enhance its inhouse production facilities and is making investments. Moreover, with a view to a future global rollout of ADC product such as *trastuzumab deruxtecan (DS-8201)*, the Group is aggressively strengthening alliances with overseas CMOs (pharmaceutical contract manufacturing organizations) as well in order to build a production base in line with its future plans.
- For the flagship of ADC product, *trastuzumab deruxtecan (DS-8201)*, the Group has prepared a secure product supply base and started to launch quickly (January 2020) after receiving approval in the U.S. In Japan, the Group has also prepared a product supply system aimed at market launch in fiscal 2020, having received manufacturing and marketing approval on March 25, 2020.
- As part of a review of the vaccine business, the Group reorganized the functions of Kitasato Daiichi Sankyo Vaccine Co., Ltd. and from April 1, 2019, Daiichi Sankyo Biotech Co., Ltd., a subsidiary specializing in manufacturing vaccine, started operations.
- To optimize the supply chain function, on October 1, 2019 the Takatsuki Plant owned by Daiichi Sankyo Propharma Co., Ltd. was transferred to Taiyo Holdings Co., Ltd. and started the manufacturing contract to its group company.

### 4) Efforts on Sustainability

- The Group is committed to working as a whole with respect to social challenges and business activities in a manner that actively respond to the varied demands of our society.
- The Group revised the Daiichi Sankyo Group Corporate Conduct Charter in April 2019, recognizing that international frameworks such as the United Nations Sustainable Development Goals (SDGs) and Guiding Principles on Business and Human Rights are important principles that should be followed by the Group. The revised charter has been promoted throughout the Group.
- The Group has identified its materiality (key issues), such a “creating innovative pharmaceuticals,” “providing a stable supply of top-quality pharmaceutical products,” “providing the highest quality medical information,” “promoting compliance management,” “corporate governance aimed at fulfilling our mission,” “improving access to healthcare,” “promoting environmental management,” “promoting the success and development of a diverse range of human resources who can produce competitive advantages.”
- We have received a lot of guidance and opinions from our stakeholders, and we reflect these in our corporate activities, while striving to proactively disclose the results of these improvements and issues to be addressed. Moreover, we actively engage in dialogue with ESG investors to strengthen these sustainability management initiatives.

### (2) Status of Plant and Equipment Investment

- The Group continuously invests in plants and equipment, aiming to enhance and streamline production facilities as well as strengthen and facilitate research and development. During the fiscal year under review, the Group spent ¥29.0 billion on plants and equipment.

### (3) Status of Financing

- Not applicable.

#### (4) Prospective Challenges

##### 1) 2025 Vision

- The Group has established its 2025 Vision of being a “Global Pharma Innovator with Competitive Advantage in Oncology.”
- Specifically, the Group aspires to be a Company having a specialty area<sup>\*1</sup> business centered on oncology as its core business, having enriched regional value products<sup>\*2</sup> aligned with each regional market, and having innovative products and pipeline changing the SOC in each market. At the same time, the Company aims to realize high shareholder value through highly efficient management in 2025.

\*1 Specialty area: Drugs mainly prescribed at hospitals and/or by specialty practitioners

\*2 Regional value products: Products aligned with regional market

##### 2) Fourth Medium-term Business Plan

- The Group has established the fourth medium-term business plan as a plan for transformation toward 2025 Vision. Within the vision, the Group has established six strategic targets and has been working on the establishment of foundations for sustainable growth.

[Six strategic targets in the fourth medium-term business plan]

- a. Establish Oncology Business
- b. Expand U.S. Businesses
- c. Grow as No. 1 Company in Japan
- d. Grow *Edoxaban*
- e. Continuously Generate Innovative Medicine Changing SOC
- f. Enhance Profit Generation Capabilities

- The following section describes the details of the efforts towards implementing the six strategic targets, cash generation and allocation in investment for future growth, and shareholder return policy.

#### [Six Strategic Targets]

##### a. Establish Oncology Business

- Under the “3 and Alpha” R&D strategy, which the Group adopted in fiscal 2019, the Group is focusing research and development resources on 3 ADCs (*DS-8201*, *DS-1062*, *U3-1402*), aiming to maximize the product value of each. We are also taking a variety of approaches to steadily develop products other than 3 ADCs, and enrich the product-line and the pipeline through the acquisition of external assets.
- Our top priority is to achieve market penetration and expand the indications for the antitumor agent *trastuzumab deruxtecan* (*DS-8201*, Japanese and U.S. product name: *ENHERTU*) which is our first global product in the oncology field and will become the cornerstone of our oncology business going forward. Moreover, for our next global products, *DS-1062* and *U3-1402*, our priority is to detail a specific development and commercialization strategy and then proceed swiftly with development.
- Antineoplastic agent, *ENHERTU* (*DS-8201*) has already launched in the U.S. and has been granted approval in Japan. Continuously we will maximize product value by promoting development according to the plan, providing correct product information and providing a stable product supply through optimizing joint development and joint marketing activities with our partner, AstraZeneca, and so forth, we aim to accelerate the establishment of oncology business structure while maximizing *ENHERTU* (*DS-8201*). For *DS-1062* and *U3-1402*, we will detail specific strategies for development and commercialization, also discerning the necessary resources to maximize product value, based on the results of the Phase I clinical trials that are currently in progress. We will maximize the product value of 3 ADCs by engaging in a wide range of initiatives.

**b. Expand U.S. Businesses**

- Given that we aspire to be a global enterprise, further growth in the U.S. market, the world's largest market for pharmaceuticals, is an extremely important issue.
- At U.S. subsidiary Daiichi Sankyo, Inc., our priority is to pivot the core of the business toward the oncology field and to expand the business through accelerated market penetration of Antineoplastic agent, *ENHERTU (DS-8201)*, which was launched in January 2020, and the tenosynovial giant cell tumor treatment *TURALIO*, which was launched in August 2019.
- At U.S. subsidiary American Regent, Inc., our priority is to expand business through growth in our earnings pillar, *Injectafer* treatment for iron deficiency anemia, and the generic injectable franchise, which is the core business.
- Looking ahead, we will grow our U.S. business with a focus on penetrating the market by optimizing joint marketing activities for *ENHERTU (DS-8201)* with AstraZeneca and expanding earnings of *Injectafer* by optimizing joint activities of Daiichi Sankyo, Inc. and American Regent, Inc.

**c. Grow as No. 1 Company in Japan**

- Japan is an important market for the Daiichi Sankyo Group in terms of its revenue generated on a regional basis. We aim to grow into Japan's No. 1 company in name and substance alike. To such ends, we will leverage the strengths of our innovative pharmaceuticals business<sup>\*3</sup>, while precisely addressing various social and medical needs such as prevention, self-medication and medical treatment, with the innovative business as well as our vaccines, generics and OTC drug businesses.
- Although our mainstay innovative business has grown steadily, the market environment has become increasingly severe, due to the fundamental reforms in the current NHI drug price system in Japan. Our important priority is to use the Company's strengths in Japan to grow and maintain our No. 1 company status even in this environment.
- Going forward, we will leverage our high-quality marketing capabilities to nurture our in-house developed product, the pain agent *TARLIGE*, and antihypertensive agent *MINNEBRO* into a mainstay product. We will make full use of our strengths in Japan to ensure the successful market launch of Antineoplastic agent, *ENHERTU (DS-8201)*, and together with the acute myeloid leukemia treatment *VANFLYTA*, which was launched in fiscal 2019, we will build the oncology business structure in Japan. At the same time, we will utilize external resources through aggressive in-licensing activities to overcome the adverse market environment and maintain our No. 1 company status.

\*3 Innovative pharmaceutical products: Ethical drugs protected by the exclusivity period granted by patents.

**d. Grow *Edoxaban***

- We are forging ahead with various efforts to maintain growth of the anticoagulant *Edoxaban*, which acts as a mainstay product underpinning the Group's revenues. Drawing on its outstanding product strengths and our high-quality marketing capabilities, we will maintain our No. 1 market share in Japan, and aim to grow our market share in countries where the product is sold in the European and Asian regions.
- In Japan, our priority is to overcome the impact of drug price reductions and to further expand market share as of *Edoxaban* as the Group's mainstay product, while maintaining No. 1 status. In addition, further priorities include further expansion of market share in Europe as a core product of the Company's European business, along with market penetration in China, the pivotal country in the Company's Asian business, where the product was launched in August 2019.
- Looking ahead, we will effectively communicate information about evidence acquired from clinical trials and activities that generate real-world data concerning the use of *Edoxaban*, and we will try to make sure that doctors and patients feel more reassured by anticoagulant therapy with *Edoxaban*. In Japan, we will aim to maintain growth by conducting promotions

leveraging our strength in the OD tablet (orally disintegrating tablet), which has been highly regarded as being especially easy for elderly patients to take.

**e. Continuously Generate Innovative Medicine Changing SOC**

- In R&D, the Group is working in accordance with the “3 and Alpha” Strategy, aiming to discover medicines that change SOC (Alpha) to realize sustainable growth.
- To realize sustainable growth, the Group’s priority is to continue developing therapeutic drugs for disease by utilizing its competitive science and technology, not limited to specific therapeutic areas.
- In addition to in-house drug discovery research, the Group will actively utilize partnering and conduct technology research of new modalities and so forth to strengthen its drug discovery capabilities. In conjunction with this, in addition to our existing ADCs such as low-molecule drugs and *DS-8201* we will promote research of various modalities such as next-generation ADCs, nucleic acid drugs, oncolytic viruses, cell therapy (including iPS stem cells), gene therapy, and bispecific antibodies, aiming to develop therapeutic drugs that contribute to sustainable growth.

**f. Enhance Profit Generation Capabilities**

- We are working on optimization of our systems by function for manufacturing, sales, and research and development on a global level and strengthening of procurement functions to enhance our ability to generate profits with the aim of achieving the management target for return on equity (ROE) of 8.0% or more.
- Our priority is to continue to compress or optimize our cost of sales, selling, general and administrative expenses, and research and development expenses in order to thoroughly streamline costs across the entire Group.
- Going forward, we will further enhance our ability to generate profits through various initiatives.

**[Cash Generation and Allocation in Investment for Future Growth]**

- During the 4<sup>th</sup> mid-term business plan, we will prioritize growth investments while enhancing shareholder returns.
- We will generate cash through efforts that involve increasing free cash flow before R&D expenses by enhancing our profit generation capabilities while downsizing assets including cross-held shares and real estate properties.
- In terms of research and development expenses, which are a growth investment, we plan to make total investments with a scale of ¥1,100.0 billion from fiscal 2018 to fiscal 2022 (five years), mainly centered on the 3 ADCs projects for *DS-8201*, *DS-1062*, and *U3-1402*. Moreover, to prepare for an increase in demand for investigational drugs and products from the ADC projects, we are planning to conduct new capital investments related to production totaling over ¥100.0 billion from fiscal 2020 to fiscal 2022 (three years). With respect to business development investments, we will fully utilize them on boosting the oncology businesses.

**[Shareholder Return Policy]**

- During the seven-year period from fiscal 2016 through fiscal 2022, we will seek a total return ratio<sup>\*4</sup> of 100% or more over the period and annual ordinary dividend of ¥70 per share or more. While continuing stable dividend payments, we will conduct flexible acquisition of our own shares.
- In fiscal 2020, we will pay the ordinary dividend of ¥81 per share annually on a pre-stock split basis<sup>\*5</sup>, which is effectively an ¥11 per share increase.

\*4 Total return ratio: (Total amount of dividend + Total acquisition costs of treasury shares) / Profit attributable to owners of the Company

\*5 Pre-stock split basis: 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.

**[Quantitative Target]**

- We have set the goal of achieving revenue of ¥1,100.0 billion, operating profit of ¥165.0 billion, and ROE of 8% or more in fiscal 2022.
- By strengthening investment in the oncology business, we aim to achieve an oncology business revenue target of ¥500.0 billion or higher in fiscal 2025.

**(5) Transition of Status of the Assets and Profit and Losses**

(Millions of yen, unless otherwise stated)

Category	Year ended March 31, 2016  (11 <sup>th</sup> fiscal period)	Year ended March 31, 2017  (12 <sup>th</sup> fiscal period)	Year ended March 31, 2018  (13 <sup>th</sup> fiscal period)	Year ended March 31, 2019  (14 <sup>th</sup> fiscal period)	Year ended March 31, 2020  (Current fiscal year; 15 <sup>th</sup> fiscal period)
Revenue	986,446	955,124	960,195	929,717	981,793
Operating profit	130,412	88,929	76,282	83,705	138,800
Profit before tax	122,388	87,788	81,021	85,831	141,164
Profit attributable to owners of the Company	82,282	53,466	60,282	93,409	129,074
Basic earnings per share (yen)	119.37	79.63	91.31	144.20	199.21
Return on equity attributable to owners of the Company (ROE) (%)	6.5	4.4	5.2	7.8	10.1
Annual dividend per share (yen)	70	70	70	70	70
Total assets	1,900,522	1,914,979	1,897,754	2,088,051	2,105,619
Equity attributable to owners of the Company	1,231,406	1,175,897	1,132,982	1,249,642	1,305,809

Note: Basic earnings per share is calculated based on the average number of shares outstanding during the year, exclusive of the number of treasury shares.

**(6) Principal Business**

Research and development, manufacturing, marketing, and import and export of pharmaceuticals

**(7) Status of Material Subsidiaries, etc.****1) Status of Material Subsidiaries**

The Daiichi Sankyo Group consists of Daiichi Sankyo Company, Limited, its 47 subsidiaries and its one associate, a total of 49 companies. Material subsidiaries are as follows:

Name of Group Company	Stated Capital (Millions of yen, unless otherwise stated)	Voting Rights Percentage (%)	Principal Business
Daiichi Sankyo Espha Co., Ltd.	450	100.00	Research and development and marketing of pharmaceuticals
Daiichi Sankyo Healthcare Co., Ltd.	100	100.00	Research and development, manufacture and marketing of healthcare (OTC) products
Daiichi Sankyo Propharma Co., Ltd.	100	100.00	Manufacture of pharmaceuticals
Daiichi Sankyo Chemical Pharma Co., Ltd.	50	100.00	Manufacture of pharmaceuticals
Daiichi Sankyo Biotech Co., Ltd.	50	100.00	Manufacture of vaccines, biologics, investigational drugs, etc.
Daiichi Sankyo RD Novare Co., Ltd.	50	100.00	Support for research and development of the Group
Daiichi Sankyo Business Associe Co., Ltd.	50	100.00	Business support for the Group
Daiichi Sankyo U.S. Holdings, Inc.	3.0 U.S. dollars	100.00	A holding company
Daiichi Sankyo, Inc.	0.17 million U.S. dollars	100.00	Research and development and marketing of pharmaceuticals
Plexxikon Inc.	1.0 U.S. dollar	100.00	Research and development of pharmaceuticals
American Regent, Inc.	0.20 million U.S. dollars	100.00	Research and development, manufacture and marketing of pharmaceuticals
Ambit Biosciences Corporation	1.0 U.S. dollar	100.00	Research and development of pharmaceuticals
Daiichi Sankyo Europe GmbH	16 million euro	100.00	Supervision of the Daiichi Sankyo EUROPE Group, and research and development, manufacture and marketing of pharmaceuticals
Daiichi Sankyo (China) Holdings Co., Ltd.	146 million U.S. dollars	100.00	Research and development and marketing of pharmaceuticals
Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd.	83 million U.S. dollars	100.00	Research and development, manufacture and marketing of pharmaceuticals
Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd.	53 million U.S. dollars	100.00	Research and development, manufacture and marketing of pharmaceuticals

Note: As of April 1, 2019, the Company acquired Kitasato Daiichi Sankyo Vaccine Co., Ltd. through an absorption-type merger and the firm was dissolved. By means of the company split, the manufacturing and production technology functions of the firm were transferred to Daiichi Sankyo Biotech Co., Ltd., and the functions other than manufacturing and production technologies were transferred to the Company.

## 2) Status of Material Alliances, etc.

### a. Licensing-in of technology

Name of Group Company	Other Party	Country	Details of Technology
Daiichi Sankyo Company, Limited	Amgen Inc.	U.S.A.	Technology related to <i>Denosumab</i> , an anti-RANKL antibody
Daiichi Sankyo Company, Limited	Amgen Inc.	U.S.A.	Technology related to biosimilars
Daiichi Sankyo Company, Limited	Cell Therapy Ltd.	UK	Technology related to <i>Heartcel</i> , an immunomodulatory progenitor cell therapeutic agent for ischemic heart failure
Daiichi Sankyo Company, Limited	Kite Pharma EU B.V.	Netherlands	Technology related to <i>axicabtagene ciloleucel</i> , a cellular cancer therapeutic agent for malignant lymphomas
Daiichi Sankyo Company, Limited	MedImmune, LLC	U.S.A.	Technology related to a live attenuated influenza vaccine administered as a nasal spray
Daiichi Sankyo, Inc.	Genzyme Corporation	U.S.A.	Technology related to <i>Welchol</i> , an antihyperlipidemic agent
American Regent, Inc.	Vifor (International) Inc.	Switzerland	Technology related to <i>Venofer</i> and <i>Injectafer</i> , drugs for treating anemia

### b. Licensing-out of technology

Name of Group Company	Other Party	Country	Details of Technology
Daiichi Sankyo Company, Limited	AnHeart Therapeutics Inc.	U.S.A.	Technology related to <i>DS-6051</i> , a selective ROS1/NTRK inhibitor
Daiichi Sankyo Company, Limited	Boston Pharmaceuticals Inc.	U.S.A.	Technology related to <i>DS-5010</i> , a selective RET kinase inhibitor
Daiichi Sankyo Company, Limited	Eli Lilly and Company	U.S.A.	Technology related to antiplatelet agent <i>Prasugrel</i>
Daiichi Sankyo Company, Limited	Sanofi-Aventis Deutschland GmbH	Germany	Technology related to synthetic antibacterial agent <i>Levofloxacin</i>
Daiichi Sankyo Company, Limited	Daewoong Pharmaceutical Co., Ltd.	South Korea	Technology related to <i>Olmesartan</i> , an antihypertensive agent
Daiichi Sankyo Company, Limited	Santen Pharmaceutical Co., Ltd.	Japan	Technology related to synthetic antibacterial agent <i>Levofloxacin</i> for ophthalmologic drugs

## c. Distribution agreement and others

Name of Group Company	Other Party	Country	Details
Daiichi Sankyo Company, Limited	AstraZeneca AB	Sweden	Exclusive sale and co-promotion in Japan of <i>NEXIUM</i> , a proton pump inhibitor
Daiichi Sankyo Company, Limited	AstraZeneca UK Limited	UK	Joint development and commercialization collaboration, worldwide except for Japan, of HER2-targeting ADC [fam-] <i>trastuzumab deruxtecan (DS-8201)</i>
Daiichi Sankyo Company, Limited	Cheplapharm Arzneimittel GmbH	Germany	Exclusive sale in Japan of the antihypertensive agent <i>Artist</i>
Daiichi Sankyo Company, Limited	Merz Pharmaceuticals GmbH	Germany	Exclusive sale in Japan of <i>Memary</i> for the treatment of Alzheimer's disease
Daiichi Sankyo Company, Limited	Servier Canada inc.	Canada	Exclusive sale in Canada of the anticoagulant <i>LIXIANA (Edoxaban)</i>
Daiichi Sankyo Company, Limited	UCB Biopharma Sprl	Belgium	Exclusive sale and co-promotion in Japan of <i>Vimpat</i> , a treatment for epilepsy
Daiichi Sankyo Company, Limited	Kissei Pharmaceutical Co., Ltd	Japan	Joint sale in Japan of the dysuria treatment drug <i>Urief</i>
Daiichi Sankyo Company, Limited	Mitsubishi Tanabe Pharma Corporation	Japan	Exclusive sale and co-promotion in Japan of hypoglycemic agent <i>TENELIA</i>
Daiichi Sankyo Company, Limited	Mitsubishi Tanabe Pharma Corporation	Japan	Co-promotion in Japan of hypoglycemic agent <i>CANAGLU</i>
Daiichi Sankyo Company, Limited	Mitsubishi Tanabe Pharma Corporation	Japan	Exclusive sale and co-promotion in Japan of <i>Canalia</i> , a combination drug for the treatment of type 2 diabetes mellitus
Daiichi Sankyo, Inc.	AstraZeneca UK Limited	UK	Co-promotion in the U.S.A. of <i>MOVANTIK</i> , a treatment for opioid-induced constipation
American Regent, Inc.	Fresenius U.S.A. Manufacturing Inc.	U.S.A.	Exclusive sale in the U.S.A. of the anemia treatment, <i>Venofer</i> for dialysis patients
Daiichi Sankyo Europe GmbH	Esperion Therapeutics, Inc.	U.S.A.	Exclusive sale in Europe of the hypercholesterolemia treatment, <i>bempedoic acid</i>
Daiichi Sankyo Europe GmbH	Menarini International Operations Luxembourg S.A.	Luxembourg	Joint sale in Europe of the antihypertensive agent <i>Olmotec</i>
Daiichi Sankyo Europe GmbH	Merck and Company, Incorporated	U.S.A.	Exclusive sale in Europe of the anticoagulant <i>LIXIANA</i>



**(8) The Principal Branches, Plants and Laboratories (As of March 31, 2020)****1) The Company**

Headquarters: 5-1, Nihonbashi Honcho 3-chome, Chuo-ku, Tokyo

Branches: Sapporo Branch (Hokkaido), Tohoku Branch (Miyagi), Tokyo Branch (Tokyo), Chiba Branch (Chiba), Saitama Branch (Saitama), Yokohama Branch (Kanagawa), Kanetsu Branch (Tokyo), Tokai Branch (Aichi), Kyoto Branch (Kyoto), Osaka Branch (Osaka), Kobe Branch (Hyogo), Chugoku Branch (Hiroshima), Shikoku Branch (Kagawa), and Kyushu Branch (Fukuoka)

Laboratories: Shinagawa R&D Center (Tokyo), Kasai R&D Center (Tokyo), Tatebayashi Biopharmaceuticals Center (Gunma), and Pharmaceutical Technology Division, Hiratsuka site (Kanagawa)

**2) Subsidiaries****a. In Japan**

Daiichi Sankyo Espha Co., Ltd.	Chuo-ku, Tokyo	
Daiichi Sankyo Healthcare Co., Ltd.	Chuo-ku, Tokyo	
Daiichi Sankyo Propharma Co., Ltd.	Headquarters	Chuo-ku, Tokyo
	Plant	Hiratsuka Plant (Kanagawa)
Daiichi Sankyo Chemical Pharma Co., Ltd.	Headquarters	Chuo-ku, Tokyo
	Plants	Onahama Plant (Fukushima), Tatebayashi Plant (Gunma), and Odawara Plant (Kanagawa)
Daiichi Sankyo Biotech Co., Ltd.	Kitamoto, Saitama	
Daiichi Sankyo RD Novare Co., Ltd.	Edogawa-ku, Tokyo	
Daiichi Sankyo Business Associe Co., Ltd.	Chuo-ku, Tokyo	
Daiichi Sankyo Happiness Co., Ltd.	Hiratsuka, Kanagawa	

**b. Overseas**

Daiichi Sankyo, Inc.	Basking Ridge, New Jersey, U.S.A.
American Regent, Inc.	Shirley, New York, U.S.A.
Daiichi Sankyo Europe GmbH	Munich, Germany

**(9) Status of Employees (As of March 31, 2020)**

Number of Employees		Change from Previous Fiscal Year-End
15,348		461 (increased)
Japan	8,754	111 (decreased)
North America	2,380	208 (increased)
Europe	1,953	175 (increased)
Other regions	2,261	189 (increased)

Note: The number of employees is that of working employees, and does not include that of employees temporarily transferred to other groups, but does include that of employees temporarily transferred to the Group from other groups.

**(10) Principal Lenders and the Amount of Loans (As of March 31, 2020)**

Lender	Outstanding amount of loans (Millions of yen)
Syndicated loan	80,000
Nippon Life Insurance Company	1,000

Note: Syndicated loan is jointly financed by Mizuho Bank, Ltd. and 38 other financial institutions.

**(11) Litigation**

**1) *Olmесartan* Product Liability Litigation in the United States**

- Multiple lawsuits were filed against Daiichi Sankyo Company, Limited, Daiichi Sankyo Inc. (“DSI”), Daiichi Sankyo U.S. Holdings, Inc. as well as Allergan Sales, LLC (former Forest Laboratories, LLC) and the subsidiaries and affiliates thereof in U.S. federal and state courts by claimants alleging to have experienced sprue-like enteropathy (primary symptoms of sprue-like enteropathy include severe diarrhea) and other complications as a result of taking pharmaceuticals containing *Olmесartan medoxomil* (sold under *Benicar* or other brand names in the United States). On August 1, 2017, a settlement agreement was concluded with the plaintiffs and on March 30, 2018, an agreement to partially amend the content of the settlement was concluded.
- The settlement agreement became effective in June 2018, given that at least 97% of all eligible litigants and claimants in the lawsuits decided to opt-in to the settlement under certain conditions. All the payment of US\$358 million settlement was completed in December 2019. Of this amount, US\$353 million was paid from proceeds from multiple insurance policies which cover product liability litigation against the Group.

**2) Declaratory Judgement Action Related to Daiichi Sankyo’s Proprietary Antibody Drug Conjugate (ADC) Technology against Seattle Genetics, Inc.**

- As announced in the press release dated on November 5, 2019, the Company has filed a Declaratory Judgement action in the District Court of Delaware in response to receiving communications claiming certain intellectual property rights related to our ADC technology from Seattle Genetics, Inc. with respect to a previous collaboration between the two companies for the development of ADCs.
- The Company will vigorously defend its position that our ADC technology patents are the exclusive intellectual property of Daiichi Sankyo.

## 2. Matters regarding Shares

### (1) Status of Shares (As of March 31, 2020)

- 1) **Total Number of Authorized Shares:** 2,800,000,000 shares  
 2) **Total Number of Issued Shares:** 709,011,343 shares (including 60,943,592 treasury shares)  
 3) **Number of Shareholders:** 66,625 (decrease of 7,648 from March 31, 2019)  
 4) **Major Shareholders (Top 10):**

Name of Shareholders	Number of Shares Held (thousand shares)	Equity Stake (%)
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.

### <Composition Ratios by Shareholder Category>

Shareholder Category	Equity Stake	
	As of March 31, 2019	As of March 31, 2020
National government and local governments	0.00%	0.00%
Financial institutions	41.94%	42.29%
Financial instrument firms	1.55%	0.84%
Other corporations	3.92%	2.86%
Foreign institutions and individuals	31.66%	35.04%
Individual investors and others	12.32%	10.39%
Treasury share	8.62%	8.60%

### 5) Other Important Matters Concerning Shares

At the meeting on April 27, 2020, the Board of Directors resolved to implement a three-for-one split of its common stock owned by the shareholders listed or recorded in the final register of shareholders as of the record date of September 30, 2020, with an effective date of October 1, 2020. In line with the stock split, the Board of Directors passed a resolution on the same day to amend the Articles of Incorporation of the Company to change the total number of shares issuable from 2.8 billion shares to 8.4 billion shares with an effective date of October 1, 2020.

### **3. Matters regarding Corporate Governance**

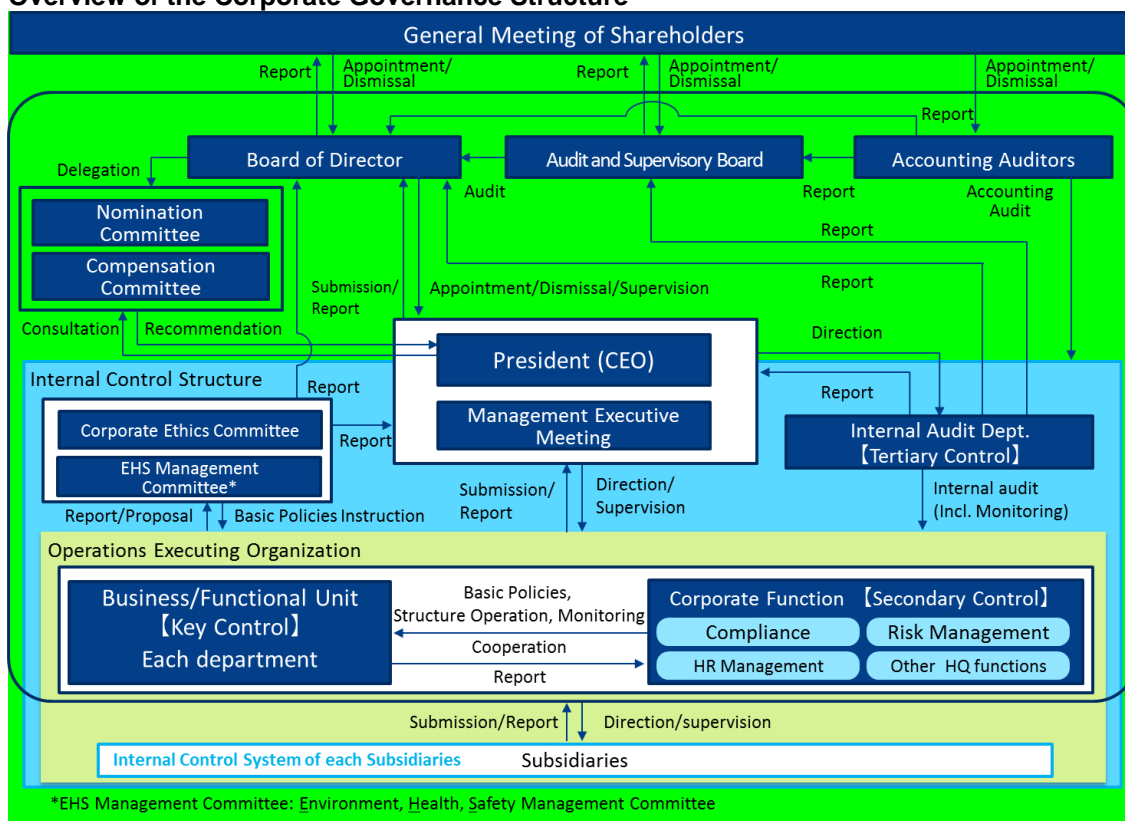
#### **(1) Systems on Corporate Governance**

- In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment, the Daiichi Sankyo is working to secure legal compliance and management transparency and to strengthen oversight of management and the conduct of operations. We place great importance on building up a corporate governance structure that is responsive to the trust of our stakeholders, especially our shareholders.

##### **1) Corporate Governance Structure:**

- a. To clarify Members' of the Board management responsibility and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year, and four out of our nine Members of the Board are Members of the Board (Outside).
- b. To ensure management transparency, nomination of candidates for Member of the Board and Corporate Officer and compensation thereof are deliberated on by a Nomination Committee and a Compensation Committee, respectively, which are established as voluntary committees. These Committees consist of four Members of the Board (Outside) and one Member of the Audit and Supervisory Board (Outside) participates as the observer in each committee.
- c. For audits of legal compliance and soundness of management, the Company has adopted an Audit and Supervisory Board system and established the Audit and Supervisory Board comprising five Members of the Audit and Supervisory Board, including three Members of the Audit and Supervisory Board (Outside).
- d. The Company prescribes specific criteria on the judgment of independence of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside) and basic matters regarding execution of duties by Members of the Board and Members of the Audit and Supervisory Board.
- e. The Company employs a Corporate Officer System which contributes to appropriate and swift management decision-making and the conduct of operations.
- f. With the aims of ensuring effectiveness and efficiency of operations, ensuring reliability of financial reporting, complying with applicable laws and regulations relevant to business activities, and safeguarding assets, the Company structures its internal control system to consist of self-monitoring carried out by respective organizations which execute its functions (primary controls), policy development and monitoring for respective organizations carried out by the corporate organization (secondary controls), and internal auditing encompassing monitoring carried out by the Internal Audit Department (tertiary controls).

### Overview of the Corporate Governance Structure



## 2) Composition and Functions of Each Committee:

- a. Nomination Committee  
 Chairperson: Noritaka Uji, Member of the Board (Outside)  
 Members: Tsuguya Fukui, Kazuaki Kama and Sawako Nohara, Members of the Board (Outside)  
 Observer: Tateshi Higuchi, Member of the Audit and Supervisory Board (Outside)
  - It is established to deliberate matters required for the nomination of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency.
  - In fiscal 2019, meetings were held seven times in April, May, September, October, November, December, and January, to discuss matters required for nominating candidate Members of the Boards, Members of the Audit and Supervisory Board and Corporate Officers, and successor plan of the President and CEO, candidate executives of Group companies, and diversity of the Board of Directors based on the revised Corporate Governance Code as well as other matters.
  
- b. Compensation Committee  
 Chairperson: Kazuaki Kama, Member of the Board (Outside)  
 Members: Noritaka Uji, Tsuguya Fukui and Sawako Nohara, Members of the Board (Outside)  
 Observer: Sayoko Izumoto, Member of the Audit and Supervisory Board (Outside)
  - It is established to deliberate matters required for a policy on compensation of Members of the Board and Corporate Officers at the request of the Board of Directors and contribute to the enhancement of management transparency.
  - In fiscal 2019, meetings were held eight times, in April, May, October, December, January, February, and March (twice), to discuss amounts and calculation standards for bonuses of Members of the Board and Corporate Officers, allotment of restricted stocks, examination of remuneration level for Members of the Board and Members of the Audit and Supervisory Board, the revision of the compensation system for Members of the Board and Members of the Audit and Supervisory Board, and other matters.
  
- c. Corporate Ethics Committee  
 Chairperson: Compliance Officer (Head of Corporate Affairs Division)  
 Members: The Committee consists of 12 members including 11 members internally assigned by the chairperson and an outside lawyer for ensuring transparency and confidence of the Committee  
 Observers: Ryoichi Watanabe and Kenji Sato, Members of the Audit and Supervisory Board (Full-time), Vice President of Internal Audit Department
  - It has been established to comply with Japanese and other jurisdictions' laws and corporate ethics and to promote the management of corporate social responsibility.
  - In fiscal 2019, meetings were held twice in July and February, to discuss revisions to the Code of Conduct for Compliance by considering environmental changes such as the revision of the JPMA Compliance Program Guidelines and the Daiichi Sankyo Group Corporate Conduct Charter, the abolition of Daiichi Sankyo Group Principles of Individual Behavior, the establishment of Daiichi Sankyo Group Employee Code of Conduct, the Fiscal 2020 Activity Plan (awareness promotion, education, monitoring, surveys, revision of regulations, and other matters related to compliance), and other matters.
  
- d. EHS Management Committee  
 Chairperson: Chief Executive Officer of EHS Management (Head of Corporate Affairs Division)  
 Members: The Committee consists of 14 members including those of Group companies assigned by the chairperson  
 Observers: Ryoichi Watanabe and Kenji Sato, Members of the Audit and Supervisory Board (Full-time)

- It has been established to protect the environment and ensure the health and safety of employees and contribute to the development of a sustainable society through overall corporate activities of the Group while achieving the uniform management and promotion of Environment, Health, and Safety management for which there is a high likelihood of risks occurring.
- In fiscal 2019, meetings were held twice, in July and February, to discuss measures to combat climate change, information disclosure in line with TCFD recommendations\*<sup>1</sup>, a reduction target for occupational accidents, the establishment of Occupational Health and Safety Management System, global healthy policies, and other matters.

\*1 TCFD: TCFD stands for Task force on Climate-related Financial Disclosures.

The Task Force on Climate-related Financial Disclosures was established by the FSB (Financial Stability Board), an international organization in which central banks and financial regulators of major countries, in December 2015.

**(2) Policies and Procedures for Appointment of Members of the Board, Members of the Audit and Supervisory Board and CEO**

- The candidates for Members of the Board shall meet the requirement of being personnel of excellent character and insight who contribute to maximizing the corporate value of the Group.
- The candidates for Members of the Board shall meet the requirements of being appropriate candidates with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc.
- The candidates for Members of the Board shall meet the requirements that there shall always be Members of the Board (Outside) included to strengthen the decision-making functions based on various perspectives and to strengthen the function of supervising conduct of operations.
- The candidates for Members of the Board (Outside) shall meet the requirements that they are the individuals with expertise, experience and insight in Japan and overseas in fields including corporate management, medical and pharmaceutical sciences, legal and administrative affairs, and finance and accounting.
- When appointing the candidates for Members of the Board, the Board of Directors shall appoint the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Members of the Board (Outside) form a majority.
- The candidates for Members of the Audit and Supervisory Board shall be examined prudently concerning their suitability as Members of the Audit and Supervisory Board, such as whether they can fulfil their duties, ensuring their independence from the representative directors, members of the board, and corporate officers.
- The candidates for Members of the Audit and Supervisory Board (Outside), in addition to meeting the aforementioned requirements, shall be confirmed to have no problems according to specific criteria on the judgment of independence.
- When appointing the candidates for Members of the Audit and Supervisory Board, the Board of Directors shall appoint the candidates after they have been deliberated by the Nomination Committee, and agreed to by the Audit and Supervisory Board.
- When appointing the candidates for Members of the Board and Members of the Audit and Supervisory Board, the General Meeting of Shareholders shall appoint the candidates after the relevant proposal.
- Candidates for CEO shall be appointed based on the successor plan and defined eligibility requirements, etc. that have been repeatedly discussed at the Nomination Committee.
- Appointment of CEO (including reelection) shall be determined by resolution of the Board of Directors over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.

**(3) Policies and Procedures for Dismissal of Members of the Board and CEO**

- If any Member of the Board is found not meeting eligibility requirements or requirements for execution of duties defined in the Companies Act or the Members of the Board Regulations, following deliberation at the Nomination Committee and the Board of Directors, the General Meeting of Shareholders shall deem that it meets criteria for dismissal of Members of the Board, and resolve dismissal of such Member of the Board after the relevant proposal.
- Dismissal of CEO shall be called into account in light of the Companies Act, defined CEO eligibility requirements or requirements for execution of duties, and determined in the same manner as appointment, by resolution of the Board of Directors over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.



**(4) Status of Members of the Board and Members of the Audit and Supervisory Board (As of March 31, 2020)**

Name	Position and Assignments, etc.	Material Concurrent Positions	Relationship of companies where they have material concurrent positions, and the Company
Joji Nakayama	Representative Director, Member of the Board, Chairman		
Sunao Manabe	Representative Director, Member of the Board, President and CEO		
Toshiaki Sai	Representative Director, Member of the Board, Executive Vice President and CFO Head of Corporate Strategy & Management Division		
Toshiaki Tojo	Member of the Board, Senior Executive Officer, In charge of Vaccine Business and Quality & Safety Management	Member of the Board, Chairman of Daiichi Sankyo Biotech Co., Ltd.	Consolidated subsidiary
Satoru Kimura	Member of the Board, Senior Executive Officer Head of Sales & Marketing Division		
Noritaka Uji	Member of the Board (Outside) Independent Director	Outside Director of Yokogawa Electric Corporation	No material business relationship
		Honorary Chairman of Japan Institute of Information Technology	
		Honorary President of Japan Telework Association	
		Visiting Professor of Center for Global Communications, International University of Japan	
Tsuguya Fukui	Member of the Board (Outside) Independent Director	President of St. Luke's International University	No material business relationship
		President of St. Luke's International Hospital	
		Executive Director of Japan Hospital Association	
		President of The Japan Medical Library Association	
Kazuaki Kama	Member of the Board (Outside) Independent Director	Executive Corporate Advisor of IHI Corporation	No material business relationship
		Outside Director of SUMITOMO LIFE INSURANCE COMPANY	
		Statutory Auditor (Outside) of Tokyo Stock Exchange, Inc.	
Sawako Nohara	Member of the Board (Outside) Independent Director	President of IPSe Marketing, Inc.	No material business relationship
		Outside Director of the Board of Sampo Holdings, Inc.	
		Outside Director of the Board of JAPAN POST BANK Co., Ltd.	
		Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd.	

Name	Position and Assignments, etc.	Material Concurrent Positions	Relationship of companies where they have material concurrent positions, and the Company
Ryoichi Watanabe	Member of the Audit and Supervisory Board (Full-time)		
Kenji Sato	Member of the Audit and Supervisory Board (Full-time)		
Sayoko Izumoto	Member of the Audit and Supervisory Board (Outside) Independent Corporate Auditor	External Audit and Supervisory Board Member of Freund Corporation	No material business relationship
		Outside Director of Hitachi Transport System, Ltd.	
Tateshi Higuchi	Member of the Audit and Supervisory Board (Outside) Independent Corporate Auditor	Consultant of Sompo Japan Nipponkoa Insurance Inc. (currently, Sompo Japan Insurance Inc.)	No material business relationship
		Outside Director of MIURA CO., LTD.	
		Member of Japan Casino Regulatory Commission, an external bureau of the Cabinet Office	
Yukiko Imazu	Member of the Audit and Supervisory Board (Outside) Independent Corporate Auditor	Partner of Anderson Mōri & Tomotsune	No material business relationship
		Director of Ishibashi Foundation	

## Notes:

1. The Company's Boards consist of nine Members of the Board and five Members of the Audit and Supervisory Board, totaling 14, and including three female members (a ratio of female members is 21.4%).
2. In the above, Members of the Board (Outside) means a member of the board (outside) prescribed by Article 2, Item 15 of the Companies Act of Japan ("the Companies Act") and Member of the Audit and Supervisory Board (Outside) means a member of the audit and supervisory board (outside) prescribed by Article 2, Item 16 of the Companies Act.
3. The Company has designated all Members of the Board (Outside) (Noritaka Uji, Tsuguya Fukui, Kazuaki Kama and Sawako Nohara) and Members of the Audit and Supervisory Board (Outside) (Sayoko Izumoto, Tateshi Higuchi and Yukiko Imazu) as Independent Directors/Corporate Auditors and filed them with the Tokyo Stock Exchange accordingly.
4. Ryoichi Watanabe, Member of the Audit and Supervisory Board (Full-time), has held various senior positions including Vice President, Corporate Finance & Accounting Department and has considerable knowledge and experience in finance and accounting matters as a Member of the Audit and Supervisory Board.
5. Sayoko Izumoto, Member of the Audit and Supervisory Board (Outside), is a certified public accountant and has considerable knowledge on financial and accounting matters.
6. No Members of the Board or Members of the Audit and Supervisory Board resigned or were removed during this fiscal year. Member of the Board Katsumi Fujimoto, Members of the Board (Outside) Hiroshi Toda and Naoki Adachi and Members of the Audit and Supervisory Board Hideyuki Haruyama and Kazuyuki Watanabe retired following the end of their tenure of office at the close of the Ordinary General Meeting of Shareholders on June 17, 2019.

**(5) Status of Members of the Board (Outside) and Members of the Audit and Supervisory Board (Outside)**

**1) Relationship of Companies Where They Have Material Concurrent Positions, and the Company (As of March 31, 2020)**

- Relationship of companies where they have material concurrent positions, and the Company, is as described in (4) Members of the Board and Members of the Audit and Supervisory Board.

**2) Major Activities During this Fiscal Year**

Name	Position	No. of attendance	Major activities
Noritaka Uji	Member of the Board (Outside)	Board of Directors Meeting 13/13 (100%)	He spoke as needed and beneficially based on his expertise in information technology and insight on overall corporate management developed through his management experience. He also served as Chairperson of the Nomination Committee and member of the Compensation Committee.
Tsuguya Fukui	Member of the Board (Outside)	Board of Directors Meeting 13/13 (100%)	He spoke as needed and beneficially based on his professional knowledge and insights as a medical scientist. He also served as member of the Nomination Committee and the Compensation Committee.
Kazuaki Kama	Member of the Board (Outside)	Board of Directors Meeting 10/10 (100%)	He spoke as needed and beneficially based on his insights on overall corporate management, developed through his management experience at a comprehensive heavy industry manufacturer, and his expertise in financial matters. He also served as Chairperson of the Compensation Committee and member of the Nomination Committee.
Sawako Nohara	Member of the Board (Outside)	Board of Directors Meeting 10/10 (100%)	She spoke as needed and beneficially based on her expertise in IT, business strategies and marketing strategies, and her insights on overall corporate management, developed through her management experience. She also served as member of the Nomination Committee and the Compensation Committee.
Sayoko Izumoto	Member of the Audit and Supervisory Board (Outside)	Board of Directors Meeting 13/13 (100%) Meetings of the Audit and Supervisory Board 13/13 (100%)	She spoke as needed and beneficially based on her expertise and insight developed through her broad business experience as a certified public accountant.
Tateshi Higuchi	Member of the Audit and Supervisory Board (Outside)	Board of Directors Meeting 13/13 (100%) Meetings of the Audit and Supervisory Board 13/13 (100%)	He spoke as needed and beneficially based on his expertise and insight developed through his extensive experience at administrative agencies.
Yukiko Imazu	Member of the Audit and Supervisory Board (Outside)	Board of Directors Meeting 13/13 (100%) Meetings of the Audit and Supervisory Board 13/13 (100%)	She spoke as needed and beneficially based on her expertise and insight developed through her broad business experience as a lawyer.

Note: The number of attendance for Kazuaki Kama and Sawako Nohara in the meetings of the Board of Directors signifies the number of attendance only to such meetings of the Board of Directors held after their assumption of office on June 17, 2019.

**3) Outline of the Terms of Liability Limitation Agreement**

- With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into agreements with Members of the Board (Outside) Noritaka Uji, Tsuguya Fukui, Kazuaki Kama and Sawako Nohara and Members of the Audit and Supervisory Board (Outside) Sayoko Izumoto, Tateshi Higuchi and Yukiko Imazu to limit their liabilities based on the Articles of Incorporation in the event that the case falls under the requirements defined in laws and ordinances (Liability Limitation Agreements); provided, however, that the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances.

**(6) Policy and Determination Methods on Remuneration Amounts or Related Calculation Methods to Members of the Board and Members of the Audit and Supervisory Board**

**1) Basic design of remuneration to Members of the Board and Members of the Audit and Supervisory Board**

- Remuneration to Members of the Board (excluding Members of the Board (Outside)) is designed to provide remuneration that contributes to maximizing corporate value. Specifically, in addition to a basic, fixed remuneration, performance based bonuses serving as short-term incentive and restricted share-based remuneration serving as long-term incentive are adopted as variable remunerations.
- Performance based bonuses serving as short-term incentives are determined by the degree of achievement of a single fiscal year measured by adopting “revenue” which shows business scale, “operating profit margin” which shows the efficiency of business activities and “profit attributable to owners of the Company” which shows the final result of corporate activities as the indices highly correlated with maximization of corporate value.
- As long-term incentives, the Company grants, every year in principle, restricted stocks with 3-5 years of transfer restriction to the eligible Members of the Board. The objective of the scheme is to provide Member of the Board an incentive to sustainably increase the Company’s corporate value and to further promote shared value between shareholders and them by having the restricted stocks.
- The Compensation Committee has discussed in fiscal 2019 that the Company will increase variable remunerations and increasing the ratio of it in order to enhance an incentive to further increase the Company’s corporate value. Daiichi Sankyo will further consider revising the remuneration to Members of the Board and Members of the Audit and Supervisory Board, including the introduction of performance-linked stock compensation according to the degree of achievement of performance during the period covered by the next 5-year Business Plan (from fiscal 2021).
- In order to ensure that Members of the Board (Outside) and Members of the Audit and Supervisory Board adequately perform their role, which is oversight of management, short-term and long-term incentives are not provided, and only basic remuneration is granted.
- The level of remunerations is set aiming to provide medium to high-level remunerations in the industrial sector, referring to the levels of other companies learned from the surveys of external specialist institutions.

**2) Procedures for deciding remuneration of Members of the Board and Members of the Audit and Supervisory Board**

- The General Meeting of Shareholders has approved a basic remuneration of Members of the Board at a maximum limit of ¥450 million per fiscal year and a total amount of restricted share-based remuneration to be granted to Members of the Board at a maximum limit of ¥140 million per fiscal year. Performance based bonuses are approved by the General Meeting of Shareholders for the relevant fiscal year.

- The General Meeting of Shareholders has approved a basic, fixed remuneration of Members of the Audit and Supervisory Board, which shall be the only remuneration they receive, at a maximum limit of ¥120 million per fiscal year.
- Establishment of the remuneration system and criteria for Members of the Board and Corporate Officers, examination and review of the remuneration level for each position, confirmation of the results of performance based bonuses, and allotment of restricted stocks have been thoroughly deliberated at the Compensation Committee, in which the four Members of the Board (Outside) serve as members and one Member of the Audit and Supervisory Board (Outside) participates as the observer.

**(7) The Amount of Remuneration and Related Payments to Members of the Board and Members of the Audit and Supervisory Board Concerning the Fiscal Year**

Classification	Total amount of remuneration and related payments (Millions of yen)	Total amount of remuneration and related payments to Members of the Board and Members of the Audit and Supervisory Board by type (Millions of yen)			Number of Members of the Board and Members of the Audit and Supervisory Board to be paid (Number of persons)
		Basic remuneration	Performance based bonuses	Restricted share-based remuneration	
Members of the Board (excluding Members of the Board (Outside))	623	313	202	108	6
Members of the Audit and Supervisory Board (excluding Members of the Audit and Supervisory Board (Outside))	75	75	–	–	4
Member of the Board (Outside)	60	60	–	–	6
Member of the Audit and Supervisory Board (Outside)	45	45	–	–	3

- Notes: 1. The amount of remuneration and related payments to Members of the Board (excluding Members of the Board (Outside)), Members of the Board (Outside) and Members of the Audit and Supervisory Board (excluding Members of the Audit and Supervisory Board (Outside)) and the number of persons to be paid, include those of one Member of the Board, two Members of the Board (Outside) and two Members of the Audit and Supervisory Board who retired following the end of their tenure of office at the close of the 14<sup>th</sup> Ordinary General Meeting of Shareholders held on June 17, 2019.
2. The total amount of basic remuneration paid to Members of the Board is ¥450 million or less per fiscal year, and the total amount of remuneration to Members of the Audit and Supervisory Board is ¥120 million or less per fiscal year (excluding the portion of salaries for Members of the Board concurrently working as employees), which were approved at the 151<sup>st</sup> Ordinary General Meeting of Shareholders of (former) Sankyo Company, Limited and the 127<sup>th</sup> Ordinary General Meeting of Shareholders of (former) Daiichi Pharmaceutical Co., Ltd., held on June 29, 2005, concerning the establishment of a holding company through a Share Transfer.
3. “Performance based bonuses” are estimated amounts to be paid in addition to the amounts shown in the “Basic remuneration” columns if the proposed “Provisions of Bonuses to Members of the Board” is approved at the 15<sup>th</sup> Ordinary General Meeting of Shareholders of the Company.
4. “Restricted share-based remuneration” above represents the amount posted to expenses as restricted share-based remuneration in this fiscal year. This restricted share-based remuneration with a maximum limit of ¥140 million per fiscal year was approved at the 12<sup>th</sup> Ordinary General Meeting of Shareholders held on June 19, 2017, separate from the resolution on the total amount of remuneration described in 2. above.

## **(8) Internal Control Structure**

### **1) Basic Policy on Establishing Internal Control Structure**

- Concerning systems for ensuring compliance with laws and ordinances and the Company's Articles of Incorporation in the execution of duties by Members of the Board and other systems for securing appropriateness of duties, the Company has resolved the basic policies at the Board of Directors' Meeting held on March 31, 2017, as follows. It is noted that, along with the basic policies, certain global policies are subject to name change based on the uniform standard of name notation (effective on April 1, 2020).
  - a. Systems for Ensuring Compliance with Laws and Regulations and the Company's Articles of Incorporation in the Execution of Duties by Members of the Board
    - The Company shall establish a compliance system by stipulating Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo Group Employee Code of Conduct, etc. as the code of conduct for Members of the Board and Members of the Audit and Supervisory Board and employees and setting up a meeting body, including outside experts.
    - The Company shall appoint Members of the Board (Outside) for the strengthening and enhancing the function to supervise management.
    - Members of the Audit and Supervisory Board shall audit the execution of duties by Members of the Board, process and contents of decision-making and the status of the establishment and implementation of internal control systems.
  - b. Systems Regarding the Retention and Management of Information Relating to the Execution of Duties by Members of the Board
    - The Company shall establish information security systems, and properly store and manage information relating to the execution of duties by Members of the Board, including the minutes of the Board of Directors, in accordance with laws, ordinances and internal regulations of the Company.
  - c. Rules and Other Systems for Risk Management
    - The Company shall stipulate various internal regulations to establish risk management systems.
    - The Internal Audit Department shall audit the status of operation of the systems mentioned above.
  - d. Systems for Ensuring the Efficient Execution of Duties by Members of the Board
    - The Company shall form a Management Executive Meeting—consisting of Members of the Board excluding Members of the Board (Outside), and executives appointed by the Chief Executive Officer (CEO) who are responsible for the main regions, corporate bodies and functions—which shall deliberate important matters for strategic decision-making by the CEO. The Company shall also set up an approval system as a means of decision-making.
    - The Company shall introduce a corporate officer system in consideration of speedy decision-making and execution of duties.
  - e. Systems for Ensuring Compliance with Laws and Ordinances and the Company's Articles of Incorporation in the Execution of Duties by Employees
    - The Company shall establish a compliance system by stipulating Daiichi Sankyo Group Corporate Conduct Charter, Daiichi Sankyo Group Employee Code of Conduct, etc. as the code of conduct for Members of the Board and Members of the Audit and Supervisory Board and employees and setting up a meeting body, including outside experts.
    - Vice Presidents responsible for the main regions, corporate bodies and functions who receive orders from the CEO in accordance with the "Daiichi Sankyo Group Global Management Regulations" and persons in charge who receive orders from the President in accordance with the "Organizational Management Regulations" shall manage duties in their charge and supervise, manage and direct members of their business units.
    - Each of the functions related to the improvement of systems concerning personnel

- management, risk management, etc. shall convey policies to manage and guide each department.
- The Internal Audit Department shall implement internal audit of the status of compliance with laws and ordinances, and the Articles of Incorporation and internal regulations.
- f. Systems for Ensuring the Proper Operation of the Group, Consisting of the Company and Its Subsidiaries
- The Company shall establish “Daiichi Sankyo Group Global Management Regulations” and “Internal Control System Establishment Regulations” to clarify the management control system of the Daiichi Sankyo Group, and transmit management policies, etc. to Group companies and set a system in place for receiving reports on management and financial results from the Board of group companies.
  - The Company shall establish “Group Company Management Regulations” to clarify responsibilities and authorities of each group company.
  - The Company shall establish “Daiichi Sankyo Group Risk Management Promotion Regulations” to develop the Daiichi Sankyo Group risk management system.
  - The Company shall establish Daiichi Sankyo Group Employee Code of Conduct, etc. to develop it to all Group companies and also arrange the Group’s compliance promotion system to keep all Group companies informed about it.
  - The Company shall establish “Internal Control Regulations on Financial Reporting” and ensure the reliability of financial reporting by properly implementing those regulations.
  - The Company shall establish “Internal Audit Regulations” and implement internal audit on Group companies.
- g. Systems Regarding Employees Assisting Duties of Members of the Audit and Supervisory Board, when Members of the Audit and Supervisory Board Ask to Appoint Such Employees
- The Company shall appoint full-time staff members who assist with the duties of Members of the Audit and Supervisory Board.
- h. Matters Regarding the Independence of the Employees Specified in the Preceding Paragraph (g) from Members of the Board and Ensuring of Effectiveness of Instructions by Members of the Audit and Supervisory Board
- Full-time staffers assisting Members of the Audit and Supervisory Board shall be independent of Members of the Board, and shall execute duties under the directions and orders from Members of the Audit and Supervisory Board.
  - Personnel changes, performance appraisal, etc. of full-time staffers assisting Members of the Audit and Supervisory Board shall require prior consent of the Audit and Supervisory Board.
- i. Systems of Reporting to Members of the Audit and Supervisory Board of the Company by Members of the Board and Employees of the Company and Subsidiaries and Other Systems Regarding Reporting to Members of the Audit and Supervisory Board of the Company
- The Company shall establish a system under which when Members of the Board find facts that could badly hurt the Company, they shall immediately report the facts to Members of the Audit and Supervisory Board.
  - Members of the Audit and Supervisory Board of the Company shall receive reports on the status of execution of duties from executives and employees of the Company as well as executives and employees of Group companies.
  - Members of the Audit and Supervisory Board of the Company shall attend the Management Executive Meeting and other important meetings.
  - To verify process and details of approvals, the Company shall establish the Members of the Audit and Supervisory Board as permanent recipients of approval document notification.

- j. Other Systems for Ensuring the Effective Audit by Members of the Audit and Supervisory Board
  - Members of the Audit and Supervisory Board of the Company shall have meetings with Representative Members of the Board on a regular basis to check management policies and exchange views concerning important issues related to auditing.
  - Members of the Audit and Supervisory Board of the Company shall exchange information with Members of the Audit and Supervisory Board of the Group companies and closely cooperate with them.
  - Members of the Audit and Supervisory Board of the Company shall coordinate and exchange views with external auditors and the Internal Audit Department.
  - The Company shall not treat unfairly any person who reports under the second item in the preceding paragraph (i) or any person who reports according to Daiichi Sankyo Group Employee Code of Conduct, etc. because of the fact of such reporting.
  - The Company shall bear expenses that may be occurred in executing the duties of the Members of the Audit and Supervisory Board.
  
- k. Basic Ideas About and Systems for Eliminating Antisocial Forces
  - The Company shall take a firm stance toward antisocial forces and organizations that threaten the order and safety of civil society. To prevent antisocial forces and organizations from being involved in the Company's management activities and to stop such forces and organizations from harming the Company, the Company shall stipulate, as its basic policy, in the Daiichi Sankyo Group Corporate Conduct Charter, etc. that it shall thoroughly forbid relations with antisocial forces and organizations. In addition, the Company shall establish an organizational structure to that end, and strive to eliminate relations with antisocial forces and organizations through means such as collecting information in cooperation with the police and other bodies, and conducting activities to train Members of the Board and other Officers, and employees.

## 2) Overview of Status for Implementing Internal Control Structure

### [Matters Regarding Risk Management]

- The Group defines risks as those factors that may prevent the Group from attaining its organizational goals and targets and that can be predicted in advance. The Group is promoting risk management through such means as taking steps to address risks inherent in corporate activities and rationally controlling the potential impacts should risks actualize. In this manner, we seek to minimize the adverse impacts of risks on people, society, and the Group.
- Chief Financial Officer (CFO) oversees group-wide risk management as the chief risk management officer, promotes risk management education, and operates the risk management system. The Company takes precautions to prevent the actualization of risks with the potential to significantly impact the management of the Company. At meetings of the Board of Directors and Management Executive Meetings, etc. we specify risks and regularly seek to identify and assess such risks. Moreover, the heads of divisions formulate countermeasures through coordination with the chief risk management officer.
- As part of the risk management scheme, the Group has a business continuity plan (BCP) that stipulates preparations for and measures to be instituted in the event of a disaster as well as crisis management procedure manuals, etc. for use in the case of an emergency.

### [Matters Regarding Compliance]

- The progress of promoting compliance is annually reported to Representative Members of the Board and the Corporate Ethics Committee (including an outside lawyer; the same shall apply hereafter) and, if there is an issue, a system is in place to make a proposal for implementing measures to resolve such issue.
- The Company has set up a whistle-blowing hotline in the Legal Department and the external law firm that employees of domestic Group companies and business partners, etc. can use. Overseas Group



companies have also set up similar hotlines. In the event of material compliance violations, a system is in place to report to the Corporate Ethics Committee, etc.

- In compliance with the “Guidelines about Sales Dissemination of Information Campaign of a Medical Product for Medical Care” published by the Japan Ministry of Health, Labour and Welfare (MHLW) in fiscal 2018, the Company abolished the conventional “Daiichi Sankyo Promotion Code for Prescription Drugs” and has established “Regulations on Promotional Activities for Prescription Drugs,” a general provision specifying basic matters to be observed by all the employees who have contact with medical institutions and healthcare professionals, and “Promotion Code for Prescription Drugs,” detailed regulations specifying guidelines, in October 2019.
- In accordance with “Global Management Regulations,” “Organizational Management Regulations,” and other rules, Vice Presidents and executives responsible for the main regions, corporate bodies and functions who receive orders from CEO supervise, manage, and direct members of their business units. Progress is reported to executives appropriately through the Management Executive Meeting and operation results meetings.

[Matters Regarding Management of Subsidiaries]

- The Company regularly communicates its policies to Group companies through the Management Executive Meeting and operation results meetings, and receives a report on the management and results of operations from Group companies. The Boards of Directors of domestic Group companies resolved to revise the respective Basic Policy based on a revision of the Companies Act implemented in May 2015 and the revision of the Basic Policy on Establishing Internal Control Structure of the Company.
- The Group has established a Global Compliance Advisory Committee as an advisory organ to the Corporate Ethics Committee, which consists of compliance officers of subsidiaries in overseas, in order to ensure the effectiveness of the global compliance system. In addition, Group companies in Japan and abroad have set up a whistle-blowing hotline comparable to that of the Company. The progress of promoting compliance in Group companies is reported to Representative Members of the Board and the Corporate Ethics Committee appropriately.

[Matters Regarding Audit by the Internal Audit Department]

- The Company has established the Internal Audit Department as an internal audit department independent from departments engaging in business execution, which comprises a certain number of staff members with special qualifications, including a certified internal auditor, and the Company maintains a system in which effective internal control is ensured by having the Internal Audit Department perform monitoring from a fair and independent position and report on risks and issues to management.
- With the purpose of contributing to the effective achievement of management targets, internal audits are performed to evaluate the business activities of organizations covered in the audits from various perspectives, including the effectiveness and efficiency of business operations and compliance, and the results of audits are reported to CEO, the Board of Directors, and other relevant parties.
- Audits of the Company are based on a comprehensive auditing approach and cover the entire organization, including Group companies, and the Internal Audit Department decides where and what to audit based on its risk assessment, risks recognized by management, audit intervals and other factors, and performs audits by organization or audits across the organization by issue.
- The Internal Audit Department receives reports of audit results from Group companies that have an audit organization and identifies risks and issues of the Group.
- The Internal Audit Department continually conducts self-evaluations of audit quality, as well as receiving evaluations of audit quality by an external specialist institution on a regular basis as part of its efforts to enhance the quality of audits.

[Matters Regarding Audit by Members of the Audit and Supervisory Board]

- Members of the Board and employees of the Company, as well as executives and employees of Group companies, report the status of the execution of operations to Members of the Audit and Supervisory Board of the Company as necessary. The Company has a system in place, under which when Members

of the Board of the Company find facts that could seriously damage the Company, they can immediately report the facts to Members of the Audit and Supervisory Board of the Company.

- Members of the Audit and Supervisory Board of the Company hold regular meetings with Members of the Board, including the Representative Director of the Company, while attending important meetings and reviewing important documents. They also coordinate closely with the Internal Audit Department and accounting auditors of the Company, and secure a system under which Members of the Audit and Supervisory Board can conduct an audit effectively.
- Fulltime Members of the Audit and Supervisory Board of the Company concurrently serve as part-time Members of the Audit and Supervisory Board of major domestic Group companies, and they attend the Board of Directors meetings and Management Executive Meetings of those companies and check those companies' status of the establishment and implementation of its internal control system.
- To further strengthen the audit functions of Members of the Audit and Supervisory Board, full-time staffers, who are independent from the execution of operations, assist with the duties of Members of the Audit and Supervisory Board.

**(9) Basic Policy Regarding Moves toward Large-Scale Acquisition of Company's Stock**

- The Company believes that it is the shareholders to decide whether or not to respond to any moves toward large-scale acquisition of Company stock. The Company does not deny the potentially significant impact that transfers of management control may have in terms of stimulating business enterprise. In line with this thinking, the Company has not prepared any specific takeover defenses.
- Nonetheless, the Company would consider it a self-evident duty of the Company management to oppose any takeover plans whose aims were generally considered inappropriate (such as schemes to ramp up the share price) or that would otherwise be deemed detrimental to the value of the Company or the mutual interests of shareholders. Accordingly, the Company will continue monitoring closely share transactions and changes in shareholders. In the event any moves toward large-scale acquisition of Company stock are noticed, the Company would evaluate any takeover proposal with outside experts and carefully determine the impact of such on the value of the Company and the mutual interests of shareholders. If any proposal were deemed detrimental to such interests, the Company would institute appropriate anti-takeover measures in response to individual cases.

#### 4. Matters regarding Accounting Auditors

##### (1) Name of Accounting Auditor (Independent Auditor)

KPMG AZSA LLC

##### (2) Amount of Fees and Others to Accounting Auditors for the Current Fiscal Year

(Millions of yen)

Category	Previous Fiscal Year		Current Fiscal Year	
	Fees for audit and attestation services	Fees for non-auditing services	Fees for audit and attestation services	Fees for non-auditing services
Daiichi Sankyo	210	11	210	5
Consolidated subsidiaries	59	–	52	–
Total	269	11	262	5

- Notes:
1. “Fees for audit and attestation services” of the amount of fees and others for the current fiscal year represents the sum of the amount of remunerations for auditing services in accordance with the Companies Act and the amount of remunerations for auditing services in accordance with the Financial Instruments and Exchange Act, since the two kinds of remunerations are not clearly divided under the audit contract entered between the Company and Accounting Auditors and they cannot be divided practically.
  2. The Audit and Supervisory Board approves fees and others of Accounting Auditors as provided in Article 399, Paragraph 1 of the Companies Act by comparing the audit plan of Accounting Auditors for the prior year with actual results, checking any change in audit hours and amount of fees, and judging the reasonableness of estimated audit hours and amount of fees in the fiscal year under review in a comprehensive manner.

##### (3) Details of Non-Auditing Services

- The Company entrusts accounting auditors with services other than service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-auditing services), including advisory services concerning the English-version financial results reports (Kessan Tanshin) and pays such fees accordingly.

##### (4) Policy on Decision to Dismiss or not to Reappoint Accounting Auditor

- In accordance with the “Accounting Auditors Assessment Standards” of the Company, the Audit and Supervisory Board shall assess the accounting auditors in a comprehensive manner and, when deemed necessary to change the accounting auditors, it shall decide a proposal for dismissing or not reappointing the accounting auditors to be submitted to a General Meeting of Shareholders.
- When accounting auditors meet any of the items of Article 340, Paragraph 1 of the Companies Act, and it is considered reasonable to dismiss them, the Audit and Supervisory Board shall, with the consent of all Members of the Audit and Supervisory Board, dismiss the accounting auditors.
- The “Accounting Auditors Assessment Standards” of the Company stipulate that the Company shall select a candidate for accounting auditor by assessing the reasonableness of the respective assessment items such as legal compliance structure, audit quality management structure, audit results, independence from the Company, knowledge and experience of pharmaceutical industry, global audit framework, and audit fees, and it shall assess the reasonableness of additional assessment items including reporting to Members of the Audit and Supervisory Board, communicating with corporate representative, and verifying status of audit when deliberating dismissal or non-reappointment of the accounting auditors.

**Consolidated Statement of Financial Position (IFRS)**  
(As of March 31, 2020)

(Millions of yen)

Account	14 <sup>th</sup> Fiscal Period (for reference)	15 <sup>th</sup> Fiscal Period
<b>[ASSETS]</b>		
<b>Current assets</b>		
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
<b>Non-current assets</b>		
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
<b>Total assets</b>	<b>2,088,051</b>	<b>2,105,619</b>

Note: Figures are rounded down to the nearest million Japanese yen.

(Millions of yen)

Account	14 <sup>th</sup> Fiscal Period (for reference)	15 <sup>th</sup> Fiscal Period
<b>[LIABILITIES AND EQUITY]</b>		
<b>Current liabilities</b>		
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
<b>Non-current liabilities</b>		
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
<b>Total liabilities</b>	<b>838,346</b>	<b>799,344</b>
<b>[EQUITY]</b>		
<b>Equity attributable to owners of the Company</b>		
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
<b>Non-controlling interests</b>		
Non-controlling interests	62	464
<b>Total equity</b>	<b>1,249,705</b>	<b>1,306,274</b>
<b>Total liabilities and equity</b>	<b>2,088,051</b>	<b>2,105,619</b>

Note: Figures are rounded down to the nearest million Japanese yen.

**Consolidated Statement of Profit or Loss (IFRS)**  
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Account	14 <sup>th</sup> Fiscal Period (for reference)	15 <sup>th</sup> Fiscal Period
Revenue	929,717	981,793
Cost of sales	364,605	343,206
<b>Gross profit</b>	<b>565,112</b>	<b>638,586</b>
Selling, general and administrative expenses	277,695	302,320
Research and development expenses	203,711	197,465
<b>Operating profit</b>	<b>83,705</b>	<b>138,800</b>
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
<b>Profit before tax</b>	<b>85,831</b>	<b>141,164</b>
Income taxes	(7,591)	12,196
<b>Profit for the year</b>	<b>93,422</b>	<b>128,967</b>
<b>Profit attributable to:</b>		
Owners of the Company	93,409	129,074
Non-controlling interests	12	(107)

Note: Figures are rounded down to the nearest million Japanese yen.

**Non-Consolidated Balance Sheet (Japanese GAAP)**  
(As of March 31, 2020)

(Millions of yen)

Account	14 <sup>th</sup> Fiscal Period (for reference)	15 <sup>th</sup> Fiscal Period
<b>[ASSETS]</b>	<b>1,619,500</b>	<b>1,657,134</b>
I. Current assets	971,715	997,027
Cash and time deposits	458,102	531,371
Trade notes receivable	268	238
Accounts receivable - trade	318,513	238,138
Securities	49,998	109,997
Merchandise and finished goods	73,151	64,896
Raw materials	16,535	26,207
Prepaid expenses	2,730	2,709
Short-term loans receivable	1,158	4,482
Accounts receivable - other	50,177	16,279
Other current assets	3,259	4,844
Provisions for doubtful accounts	(2,181)	(2,138)
II. Non-current assets	647,785	660,107
Property, plant and equipment	85,045	81,375
Buildings and structures	62,242	59,047
Machinery	449	695
Vehicles, tools, furniture and fixtures	6,499	6,607
Land	14,934	14,816
Construction in progress	919	209
Intangible assets	18,479	27,246
Patent rights	467	405
Software	1,499	2,734
Others	16,512	24,106
Investments and other assets	544,260	551,485
Investment securities	78,305	49,619
Shares in subsidiaries and associates	274,553	264,797
Investments in capital of subsidiaries and associates	105,201	105,201
Long-term loans receivable	13,913	15,888
Prepaid pension costs	6,324	19,459
Deferred tax assets	61,153	84,609
Others	4,970	12,069
Provisions for doubtful accounts	(162)	(162)
<b>Total</b>	<b>1,619,500</b>	<b>1,657,134</b>

Note: Figures are rounded down to the nearest million Japanese yen.

(Millions of yen)

Account	14 <sup>th</sup> Fiscal Period (for reference)	15 <sup>th</sup> Fiscal Period
<b>[LIABILITIES]</b>	<b>661,819</b>	<b>651,637</b>
I. Current liabilities	293,465	314,717
Accounts payable - trade	43,376	38,465
Short-term bonds	40,000	20,000
Short-term borrowings	-	69,160
Accounts payable - other	85,063	70,493
Accrued expenses	42,370	41,428
Income taxes payable	1,140	2,809
Consumption taxes payable	2,036	6,601
Deposit received	65,209	50,101
Contract liabilities	10,171	11,084
Provisions for environmental measures	91	198
Other current liabilities	4,006	4,373
II. Non-current liabilities	368,353	336,920
Bonds	140,000	120,000
Long-term borrowings	81,000	61,000
Long-term accounts payable – other	367	352
Contract liabilities	143,746	144,687
Provisions for business restructuring	470	110
Provisions for environmental measures	-	8,000
Other non-current liabilities	2,770	2,770
<b>[NET ASSETS]</b>	<b>957,680</b>	<b>1,005,497</b>
I. Shareholders' equity	920,440	986,841
Share capital	50,000	50,000
Capital surplus	656,159	656,095
Legal reserve	179,858	179,858
Other capital surplus	476,301	476,237
Retained earnings	377,244	443,265
Other retained earnings	377,244	443,265
Reserve for advanced depreciation of property, plant and equipment	6,662	5,568
Retained earnings carried forward	370,582	437,696
Treasury shares	(162,964)	(162,519)
II. Valuation and translation adjustments	35,434	17,044
Net unrealized gain or loss on investment securities	35,434	17,044
III. Subscription rights to shares	1,805	1,611
<b>Total</b>	<b>1,619,500</b>	<b>1,657,134</b>

Note: Figures are rounded down to the nearest million Japanese yen.



**Non-Consolidated Statement of Income (Japanese GAAP)**  
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Account	14 <sup>th</sup> Fiscal Period (for reference)	15 <sup>th</sup> Fiscal Period
Net sales	625,046	664,909
Cost of sales	273,859	280,538
Gross profit	351,186	384,371
Selling, general and administrative expenses	343,297	368,283
Operating income	7,889	16,087
Non-operating income	47,606	40,817
Interest income	176	624
Interest on securities	22	12
Dividend income	41,333	35,159
Rental income	4,022	4,067
Foreign exchange gains, net	819	-
Other non-operating income	1,233	954
Non-operating expenses	4,771	7,166
Interest expenses	664	793
Interest on bonds	1,896	1,350
Provisions for doubtful accounts	93	-
Foreign exchange losses, net	-	2,693
Cost of rental income	1,632	1,769
Depreciation of idle non-current assets	73	44
Loss on valuation of investment securities	11	-
Other non-operating expenses	399	514
Ordinary income	50,724	49,738
Extraordinary gains	22,372	62,857
Gain on sales of non-current assets	8,125	15,865
Gain on sales of investment securities	10,647	14,526
Gain on sales of subsidiaries and associates' shares	-	32,408
Reversal of provisions for business restructuring	2,365	-
Other extraordinary gains	1,234	57
Extraordinary losses	25,669	9,527
Loss on disposal of non-current assets	1,002	847
Provisions for environmental measures	91	8,198
Adjustments for intra-group transfer pricing	19,771	-
Loss on valuation of subsidiaries and associates' shares	4,738	-
Other extraordinary losses	65	481
Income before income taxes	47,427	103,068
Income taxes - current	1,984	7,076
Income taxes - prior period	(53,846)	-
Income taxes - deferred	(34,780)	(15,382)
Net income	134,069	111,374

Note: Figures are rounded down to the nearest million Japanese yen.

**Translation of a report originally issued in Japanese**

**Independent Auditor's Report**

May 8, 2020

The Board of Directors  
Daiichi Sankyo Company, Limited

KPMG AZSA LLC  
Tokyo Office, Japan

Toshihiro Otsuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Michiaki Yamabe (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masahiro Emori (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Daiichi Sankyo Company, Limited. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management, Audit and Supervisory Board and Its Members for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit and Supervisory Board and its members are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit and Supervisory Board and its members regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Translation of a report originally issued in Japanese**

**Independent Auditor's Report**

May 8, 2020

The Board of Directors  
Daiichi Sankyo Company, Limited

KPMG AZSA LLC  
Tokyo Office, Japan

Toshihiro Otsuka (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Michiaki Yamabe (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masahiro Emori (Seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Opinion**

We have audited the financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules of Daiichi Sankyo Company, Limited (the "Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management, Audit and Supervisory Board and Its Members for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting.

Audit and Supervisory Board and its members are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements and Others**

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit at the time of risk assessment in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related notes made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit and Supervisory Board and its members regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Board and its members with a statement that we have complied with relevant

ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Translation of a report originally issued in Japanese

### AUDIT REPORT

In the following report, we, the Audit and Supervisory Board, have prepared the results of consultation based on the Audit Reports compiled by each Member of the Audit and Supervisory Board, with respect to the audit of the performance of duties by the Members of the Board during the 15<sup>th</sup> business year from April 1, 2019 to March 31, 2020.

#### 1. Auditing methods used by Members of the Audit and Supervisory Board and the Audit and Supervisory Board, and details of audit

- (1) The Audit and Supervisory Board specified the audit standard, and the audit policy and the audit plan for the 15<sup>th</sup> fiscal year ended March 31, 2020, and received reports on the status and results of the audit carried out by each Member of the Audit and Supervisory Board based on said standard, policy and plan, as well as received reports from Members of the Board and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.
- (2) Each Member of the Audit and Supervisory Board, according to the audit standard set up by the Audit and Supervisory Board described in (1), has maintained good communications with Members of the Board, the audit division and employees of other divisions, and strived to collect information and improve the audit environment. We have executed the audit based on the following methods.
  - 1) Each Member of the Audit and Supervisory Board attended meetings of the Board of Directors and other meetings as deemed important, received from Members of the Board and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and its major business offices. With regard to subsidiaries, in addition to maintaining good communications and exchanging information with Members of the Board, Members of the Audit and Supervisory Board and others of the subsidiaries of the Company, and, as needed, receiving from the subsidiaries reports on their business conditions, the Audit and Supervisory Board of the Company, for each domestic subsidiary, received reports from Members of the Audit and Supervisory Board of the subsidiary concerning the previous fiscal year's audit results. Also, full-time Members of the Audit and Supervisory Board of the Company concurrently served as part-time Members of the Audit and Supervisory Board of principal domestic subsidiaries. They attended the Board of Directors meetings and Management Executive Meetings of those companies, perused important approval document and other such documentation, sought explanations as necessary, and checked those companies' status of the establishment and implementation of their internal control systems.
  - 2) We have monitored and verified the details of the resolution made by the Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Regulation for Enforcement of the Companies Act as what is necessary for ensuring compliance with laws and regulations and the Company's Articles of Incorporation in the execution of duties by Members of the Board, which are described in the Business Report, and for ensuring the proper operation of the Group consisting of the Company and its subsidiaries. We have also monitored and verified the status of the systems established based on the said resolution (internal control systems) by periodically receiving from Members of the Board and employees reports on the status of development and operation of such systems.
  - 3) We have received from the accounting auditors' reports on the execution of their duties and asked them for explanations as necessary. We were reported by the accounting auditors that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Regulation on Corporate Accounting) have been established in accordance with the Quality Control Standards Concerning Audit (Business Accounting Council, October 28, 2005), etc., and asked them for explanations as necessary. We have monitored and verified whether the accounting auditors maintain independency and properly implement audit.

In light of the audit conducted based on methods mentioned above, we have reviewed the Business Report, their supplementary schedules, financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) for the said fiscal year.

#### 2. Results of Audit

- (1) Results of audit of the Business Report, etc.
  - 1) We consider that the Business Report and their supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Article of Incorporation.
  - 2) With respect to the performance of duties by the Members of the Board, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Article of Incorporation.
  - 3) We consider that the details of the resolution made by the Board of Directors concerning internal control systems are proper. With respect to the details described in the Business Report and the performance of duties by the Members of the Board regarding the said internal control systems, we have found no items to be pointed out.
- (2) Results of audit of financial statements and their supplementary schedules  
We consider that the auditing methods and results of the Company's Accounting Auditors, KPMG AZSA LLC, are proper.
- (3) Results of audit of consolidated financial statements  
We consider that the auditing methods and results of the Company's Accounting Auditors, KPMG AZSA LLC, are proper.

May 11, 2020

Audit and Supervisory Board of Daiichi Sankyo Company, Limited

Member of the Audit and Supervisory Board (Full-time)	Ryoichi Watanabe (Seal)
Member of the Audit and Supervisory Board (Full-time)	Kenji Sato (Seal)
Member of the Audit and Supervisory Board (Outside)	Sayoko Izumoto (Seal)
Member of the Audit and Supervisory Board (Outside)	Tateshi Higuchi (Seal)
Member of the Audit and Supervisory Board (Outside)	Yukiko Imazu (Seal)