



Press Release

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Daiichi Sankyo Announces Split off (Simple Absorption-type Split) and Transfer of 11 Long-listed Products in Japan

Tokyo, Japan (February 26, 2021) – Daiichi Sankyo Company, Limited (hereafter, Daiichi Sankyo) announced at a Board of Directors meeting held today a resolution was passed to transfer the domestic manufacturing and sales approvals for 11 long-listed products that Daiichi Sankyo manufactures and sells in Japan to Alfresa Holdings Corporation's subsidiary, Alfresa Pharma Corporation (hereafter, Alfresa Pharma) through a company split (hereafter, the Transaction).

Daiichi Sankyo is accelerating transformation to the new pharmaceuticals business and promoting investment to maximize the value of the pipeline in the oncology field toward its 2025 Vision of becoming "a global pharma innovator with competitive advantage in oncology". With the objective of optimizing the business of domestic long-listed products while continuously fulfilling the responsibility for ensuring a stable supply of the products to medical settings, Daiichi Sankyo has decided to transfer some of Daiichi Sankyo's long-listed products to Alfresa Pharma.

In accordance with the resolution, the inventories of a total of 11 products (book value of ¥2 billion as of the end of March 2020), and the rights and obligations pertaining to their domestic manufacturing and sales, will be transferred to Alfresa Pharma from December 2021, for which Daiichi Sankyo is expected to receive payment of ¥2.7 billion (excluding the value of the inventories) from Alfresa Pharma. The revenues of the 11 long-listed products being transferred were ¥4.6 billion in the fiscal year ending March 31, 2020.

The assets and the manufacturing and sales rights and obligations for 6 of Daiichi Sankyo's 11 long-listed products will be transferred to Alfresa Pharma through a company split (hereafter, Company Split) effective December 1, 2021, and those for the other products will individually be transferred to Alfresa Pharma in order starting from December 2, 2021.

The 11 long-listed products that Daiichi Sankyo is transferring to Alfresa Pharma are as follows.

Table: List of 11 Long-listed Products

	Brand Name	Drug Classification by Efficacy	Reference
1	ACECOL [®]	ACE inhibitor excreted in bile and the kidney	○
2	EVOXAC [®]	Improvement of oral dryness	○
3	SLONNON [®]	Inhibition of thrombosis	○
4	Naloxone	Narcotic antagonist	○
5	NIDRAN [®]	Antineoplastic	○
6	MELEX [®]	Anxiolytic	○
7	OVISOT [®]	Japanese Pharmacopoeia Acetylcholine chloride for injection	
8	DUVADILAN [®]	Improvement of cerebral and peripheral hemodynamic stability, uterine relaxant	
9	TOPOTECIN [®]	Antineoplastic	
10	BANAN [®]	Oral cephem antibiotics	
11	FUCIDIN LEO [®]	Antibiotic	

(Note): Products marked ○ in the reference column are products subject to the Company Split (hereafter, the Products subject to the Company Split Scheme)

Next, Daiichi Sankyo hereby notifies regarding the Daiichi Sankyo's company split as follows. Since this is a simple absorption-type company split in which the decrease in Daiichi Sankyo's net assets is projected to be less than 10% of the total amount of net assets on the last day of the immediately preceding fiscal year and the decrease in Daiichi Sankyo's net sales is projected to be less than 3% of the total net sales in the immediately preceding fiscal year, this disclosure is made omitting some of the disclosure items and contents.

1. Summary of Daiichi Sankyo's company split

1) Reason for the company split

Because the number of products being transferred in this Transaction is large and the number of contracts, etc. related to the products to be transferred is also large, for the comprehensive transfer of the products and each contract, etc., a succession scheme via simple absorption-type company split was selected.

2) Schedule of the company split

Board of Directors resolution date	February 26, 2021
Contract conclusion date	February 26, 2021
Effective date (scheduled)	December 1, 2021
Payment date (scheduled)	December 1, 2021

(Note) Since this company split being implemented by Daiichi Sankyo is a simple absorption-type split based on the provisions of Article 784 Paragraph 2 of the Companies Act, it is being implemented without the passage of a resolution at a general shareholders' meeting.

3) Method of the company split

This is a simple absorption-type split with Daiichi Sankyo as the splitting company and Alfresa Pharma as the succeeding company.

4) Contents of allotments pertaining to the company split

Upon the Company Split, Daiichi Sankyo will receive an approximately ¥3.7 billion payment from Alfresa Pharma.

5) Treatment of share options and bonds by the company split

There will be no changes to the treatment of share options issued by Daiichi Sankyo by this company split. Also, Daiichi Sankyo has not issued any bonds with share options.

6) Capital increase or decrease from the company split

There will be no capital increase or decrease caused by this company split.

7) Rights and obligations assumed by the succeeding company

Upon the Company Split, Alfresa Pharma will succeed assets, contract positions, approvals, intellectual property rights and rights and obligations incidental thereto concerning the Products subject to the Company Split Scheme (excluding labor contracts with employees and rights and obligations incidental thereto). However, operating credits and debts that arise before the date the Company Split comes into effect (accounts receivable, accounts payable, amounts outstanding, and other monetary transactions) are vested in the splitting company, which is Daiichi Sankyo.

8) Outlook for Fulfillment of Debt Obligations

There are no debt obligations borne by Alfresa Pharma under the Company Split.

2. Approach to Calculating the Contents of Allotments Pertaining to the Company Split

Alfresa Pharma deemed that adopting the discount cash flow (DCF) method to value the assets based on the future cash flow expected from the split business was appropriate since it would continue to operate the manufacturing and sales business pertaining to the Products subject to the Company Split Scheme after the Company Split. Alfresa Pharma accordingly requested an independent third party evaluation institution to calculate the value of the business pertaining to the Products subject to the Company Split Scheme, calculated value of the relevant business based on the result received from the third party evaluation institution and presented such amount to Daiichi Sankyo.

Comprehensively considering the status of the Products subject to the Company Split Scheme at Daiichi Sankyo and the book value of assets pertaining to the Products subject to the Company Split Scheme, and as a result of discussions and negotiations between the two parties, Daiichi Sankyo finally judged that the amount mutually agreed on was suitable and concluded this absorption-type split contract pertaining to the

Company Split with Alfresa Pharma. No significant increases or decreases are projected in the financial projections that were used as assumptions for the calculation.

3. Outline of the Parties

(Splitting Company)

1. Corporate name	Daiichi Sankyo Company, Limited	
2. Address	3-5-1 Nihonbashi-honcho, Chuo-ku, Tokyo, Japan	
3. Representative's title and name	Sunao Manabe, Representative Director, President & CEO	
4. Business description	Research and development, manufacturing and marketing, etc. of pharmaceuticals	
5. Share capital	¥50,000 million	
6. Date of foundation	September 28, 2005	
7. Number of shares issued	2,127,034,029 shares	
8. Fiscal year-end	March 31	
9. Major shareholders and shareholding ratios (as of September 30, 2020)	The Master Trust Bank of Japan (trust account): 10.36% JP MORGAN CHASE BANK 385632: 9.90% Custody Bank of Japan, Ltd. (trust account): 8.51% Nippon Life Insurance Company: 5.52% SSBTC CLIENT OMNIBUS ACCOUNT: 4.02%	
10. Financial conditions and business performance in the immediately preceding fiscal year (ended March 31, 2020) based on International Financial Reporting Standards <consolidated>		
Equity attributable to owners of the company	¥1,305,809	million
Total assets	¥2,105,619	million
Equity attributable to owners of the Company per share	¥2,014.93	
Revenues	¥981,793	million
Operating profit	¥138,800	million
Profit attributable to owners of the Company	¥129,074	million
Basic earnings per share	¥199.21	

(Succeeding Company)

1. Corporate name	Alfresa Pharma Corporation
2. Address	2-2-9 Kokumachi, Chuo-ku, Osaka City, Osaka Prefecture
3. Representative's title and name	Koichi Shimada, President & CEO
4. Business description	Manufacture, import, export and marketing of pharmaceuticals, diagnostic products, medical devices, pharmaceutical raw materials, etc.
5. Share capital	¥1,000 million
6. Date of foundation	December 14, 1939
7. Number of shares issued	10,000,000 shares
8. Fiscal year-end	March 31
9. Major shareholders and shareholding ratios (as of March 31, 2020)	Alfresa Holdings Corporation: 100%

10. Financial conditions and business performance in the immediately preceding fiscal year (ended March 31, 2020) based on the Japanese GAAP		
Net assets	¥24,321	million
Total assets	¥47,177	million
Net assets per share	¥2,432.1	
Net sales	¥32,849	million
Operating income	¥1,854	million
Ordinary income	¥1,914	million
Net income	¥1,792	million
Net income per share	¥179.2	

4. Outline of the Split Business Division

1) Business description of the split division

Manufacturing and sales business of the Products subject to the Company Split Scheme (see “Table: List of 11 Long-listed Products,” Page 2).

2) Business Performance of Split Division (year ended March 31, 2020)

Sales Revenues	¥2,799 million
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3) Split assets and liabilities items and amounts (as of March 31, 2020)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥1,129 million	Current liabilities	—
Fixed assets	—	Fixed liabilities	—
Total	¥1,129 million	Total	—

(Note): The amounts of the split assets and liabilities will be determined considering increases and decreases to the above-stated amounts until the day before the date the Company Split comes into effect.

5. Status after the company split

There will be no changes in the corporate name, address, title and name of representative, business description, capital, or fiscal year-end of Daiichi Sankyo and Alfresa Pharma upon the completion of the Company Split.

6. Future Outlook

The impact on Daiichi Sankyo’s consolidated performance from the Company Split is negligible.