



Press Release

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Daiichi Sankyo Announces Reversal of Tax-related Expenses in its Non-consolidated Financial Results (Japanese GAAP)

Tokyo, Japan (July 31, 2018) – Daiichi Sankyo Company, Limited (hereafter, Daiichi Sankyo) announced that the reversal of tax-related expenses has been made in connection with the reduction of tax liabilities related to tax treatment for prior periods.

1. Details of the Event

For the fiscal year ended March 31, 2016, Daiichi Sankyo recorded an allowance for tax uncertainties as a tax liability in connection with the Daiichi Sankyo Group's restructuring. However, as the tax examination for the relevant fiscal year was completed and Daiichi Sankyo's tax treatment was finalized, Daiichi Sankyo decided to reverse the tax liability. As a result, in the non-consolidated financial statements for the fiscal year ending March 31, 2019 (Japanese GAAP), selling, general and administrative expenses of $\Delta 2.3$ billion yen (increase in operating profit) will be recorded. Additionally, corporate income taxes for prior periods of $\Delta 53.8$ billion yen, and corporate income taxes-deferred of $\Delta 14.9$ billion yen (increase in net income) will be recorded.

2. Impact of This Event on Consolidated Financial Results

In the fiscal year ending March 31, 2019 (IFRS), comprehensive income for the year will increase as the corporate income tax expenses related to the transaction will be recorded in other comprehensive income, but there will be a minor impact on profit attributable to owners of the Company.