



Press Release

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Daiichi Sankyo Announces Split off (Simple Absorption-type Split) and Transfer of 41 Long-listed Products in Japan

Tokyo, Japan (July 31, 2018) – Daiichi Sankyo Company, Limited (hereafter, Daiichi Sankyo) announces that at a Board of Directors meeting held today a resolution was passed to transfer the domestic manufacturing and sales approvals for 41 long-listed products that Daiichi Sankyo and Daiichi Sankyo's subsidiary, Daiichi Sankyo Espha Co., Ltd. (hereafter, Daiichi Sankyo Espha), manufacture and sell in Japan to Alfresa Holdings Corporation's subsidiary, Alfresa Pharma Corporation (hereafter, Alfresa Pharma).

Daiichi Sankyo has been working for many years to create innovative pharmaceuticals and continuously deliver top-quality pharmaceutical products, and is now giving priority to the investment of resources in the oncology field toward its 2025 Vision of becoming "a global pharma innovator with competitive advantage in oncology. In addition, Daiichi Sankyo Espha, as a generic drug company, contributes to the medical treatment of people in Japan against the backdrop of a rapidly aging society.

Under these circumstances, Daiichi Sankyo has examined the business optimization of domestic long-listed products and judged that the responsibility for their stable provision can continue to be fulfilled by transferring some of Daiichi Sankyo and Daiichi Sankyo Espha's long-listed products to Alfresa Pharma.

In accordance with the resolution, the inventories of a total of 41 products, which comprise 35 of Daiichi Sankyo's long-listed products and six of Daiichi Sankyo Espha's long-listed products (book value of ¥3.08 billion as of the end of March 2018), and the rights and obligations pertaining to their domestic manufacturing and sales, will be transferred to Alfresa Pharma from March 2019, for which Daiichi Sankyo and Daiichi Sankyo Espha are expected to receive payment of ¥8.42 billion (excluding the value of the inventories) from

Alfresa Pharma. The revenues of the 41 long-listed products being transferred were ¥9.16 billion in the fiscal year ending March 31, 2018.

The assets and the manufacturing and sales rights and obligations for 30 of Daiichi Sankyo's 35 long-listed products will be transferred to Alfresa Pharma through a company split effective March 1, 2019, and those for the other products will be individually transferred to Alfresa Pharma in order starting from March 2, 2019.

The assets and the manufacturing and sales rights and obligations for five of Daiichi Sankyo Espha's six long-listed products will be transferred to Alfresa Pharma through a company split scheme effective March 1, 2019, and those for the other product will be individually transferred to Alfresa Pharma after March 2, 2019.

The 41 long-listed products that Daiichi Sankyo and Daiichi Sankyo Espha are transferring to Alfresa Pharma are as follows.

Table: List of 41 Long-listed Products

	Brand Name	Drug Classification by Efficacy	Manufacturing & Marketing	Reference
1	ATP	Agents affecting metabolism, not otherwise categorized	Daiichi Sankyo	○
2	Actosin [®]	Cardiac stimulant	Daiichi Sankyo	○
3	Adsorbin [®]	Antacid	Daiichi Sankyo	○
4	Amisaline [®]	Antiarrhythmic agent	Daiichi Sankyo	○
5	Allergin [®]	Antihistamine	Daiichi Sankyo	○
6	Iscotin [®]	Antituberculous agent	Daiichi Sankyo	○
7	Indigocarmine	Function test reagent	Daiichi Sankyo	○
8	Gammalon [®]	Other circulatory organ agent	Daiichi Sankyo	○
9	Chlomy [®]	Antibiotic	Daiichi Sankyo	○
10	Chloromycetin [®]	Antibiotic	Daiichi Sankyo	○
11	Cefmetazon [®]	Antibiotic	Daiichi Sankyo	○
12	Serenal [®]	Sedative, anxiolytic	Daiichi Sankyo	○
13	Somelin [®]	Sedative, anxiolytic	Daiichi Sankyo	○
14	Daipin [®]	Antispasmodic	Daiichi Sankyo	○
15	Tarivid [®] tablets	Synthetic antibacterial	Daiichi Sankyo	○
	Tarivid [®] ear drops		Daiichi Sankyo	
16	Dopasol [®]	Antiparkinson agent	Daiichi Sankyo	○
17	Tolopelon [®]	Psychoneurosis agent	Daiichi Sankyo	○
18	Droleptan [®]	General anesthetic	Daiichi Sankyo	○
19	Neoiscotin [®]	Antituberculous agent	Daiichi Sankyo	○

	Brand Name	Drug Classification by Efficacy	Manufacturing & Marketing	Reference
20	Neodopasol [®]	Antiparkinson agent	Daiichi Sankyo	○
21	Nelbon [®]	Sedative, anxiolytic	Daiichi Sankyo	○
22	Nor-Adrenalin [®]	Adrenal hormone preparation	Daiichi Sankyo	○
23	Sodium para-aminohippurate	Function test reagent	Daiichi Sankyo	○
24	Bal [®]	Antidote	Daiichi Sankyo	○
25	Pyramide [®]	Antituberculous agent	Daiichi Sankyo	○
26	Phenolsulfonphthalein	Function test reagent	Daiichi Sankyo	○
27	Forit [®]	Psychoneurosis agent	Daiichi Sankyo	○
28	Liverall [®]	Liver disease agent	Daiichi Sankyo	○
29	Amyl nitrite	Vasodilator, antidote	Daiichi Sankyo	○
30	Glucose	Saccharide preparation	Daiichi Sankyo	○
31	Gabalon [®]	Antispasmodic	Daiichi Sankyo	
32	Cortrosyn [®]	Pituitary hormone preparation	Daiichi Sankyo	
33	Sedrena [®]	Antiparkinson agent	Daiichi Sankyo	
34	Sepazon [®]	Sedative, anxiolytic	Daiichi Sankyo	
35	Vitamedin [®]	Mixed vitamin preparation	Daiichi Sankyo	
36	S・M	Digestant	Daiichi Sankyo Espha	△
37	Sinlestal [®]	Hyperlipidemia agent	Daiichi Sankyo Espha	△
38	Neuer [®]	Peptic ulcer agent	Daiichi Sankyo Espha	△
39	Hyamine [®]	External disinfectant	Daiichi Sankyo Espha	△
40	Pantosin [®]	Vitamin B preparation	Daiichi Sankyo Espha	△
41	Captopril [®]	Hypotensive agent	Daiichi Sankyo Espha	

(Note): Products marked ○ in the reference column are products subject to the company split scheme of Daiichi Sankyo and products marked △ are products subject to the company split scheme of Daiichi Sankyo Espha.

Next, Daiichi Sankyo hereby notifies regarding the Daiichi Sankyo's company split of 30 long-listed products 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 (Daiichi Sankyo)	July 31, 2018
Contract conclusion date	July 31, 2018
Effective date (scheduled)	March 1, 2019
Payment date (scheduled)	March 1, 2019

(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 this company split, Daiichi Sankyo is scheduled to receive an approximately ¥4.2 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 this company split, the succeeding company will succeed assets, contract positions, approvals, intellectual property rights and rights and obligations incidental thereto concerning the split business (excluding labor contracts with employees and rights and obligations incidental thereto). However, operating credits and debts that arise until the date the absorption-type 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 the succeeding company under this company split.

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

Since Alfresa Pharma will continue to operate value the split business after this company split, it deemed that adopting the discount cash flow (DCF) method to value the assets based on the future cash flow expected from the split business is appropriate and conducted a calculation using a third party.

Alfresa Pharma calculated the business value based on the results of value calculation by the third party and presented the amount to Daiichi Sankyo. In addition to that, comprehensively considering the status of the transferred products at Daiichi Sankyo, and the book value of assets pertaining to the products being transferred, and as a result of discussions and negotiations between the two parties, Daiichi Sankyo finally judged that the amount mutually agreed on is suitable and concluded this absorption-type split contract pertaining to this 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
3. Representative's title and name	Representative Director, President & COO Sunao Manabe
4. Business contents	Research and development, manufacture, marketing, etc. of pharmaceuticals
5. Share Capital	¥50,000 million
6. Established	September 28, 2005
7. Number of shares issued	709,011,343 shares
8. Fiscal year-end	March 31

9. Major shareholders and shareholding ratios (as of March 31, 2018)	The Master Trust Bank of Japan (trust account): 8.73% JP MORGAN CHASE BANK 380055: 8.66% Japan Trustee Services Bank, Ltd. (trust account): 7.21% Nippon Life Insurance Company: 5.52% Trust & Custody Services Bank, Ltd. as trustee for Mizuho Trust and Banking Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Bank, Ltd. 2.22%	
10. Financial conditions and business performance in the immediately preceding fiscal year (ended March 31, 2018) international standard (consolidated)		
Equity attributable to owners of the company		¥1,132,982 million
Total assets		¥1,897,754 million
Equity attributable to owners of the Company per share		¥1,749.33
Revenues		¥960,195 million
Operating Profit		¥76,282 million
Profit attributable to owners of the Company		¥60,282 million
Basic earnings per share		¥91.31

【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	President & CEO Koichi Shimada	
4. Business contents	Manufacture, import, export and marketing of pharmaceuticals, diagnostic products, medical devices, pharmaceutical raw materials, etc.	
5. Capital	¥1,000 million	
6. Established	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, 2018)	Alfresa Holdings Corporation: 100%	
10. Financial conditions and business performance in the immediately preceding fiscal year (ended March 31, 2018) Japanese standard		
Net assets		¥22,945 million
Total assets		¥36,528 million
Net assets per share		¥2,294.5
Net sales		¥29,677 million

Operating income	¥2,155 million
Ordinary income	¥2,226 million
Net income	¥1,549 million
Net income per share	¥154.9

4. Outline of the Split Business Division

1) Business contents of the split division

The business to be split on March 1, 2019 by this absorption-type split is 30 long-listed products that Daiichi Sankyo manufactures and sells in Japan (see “Table: List of 41 Long-listed Products,” Page 2-3).

2) Business Performance of Split Division (year ended March 31, 2018)

Sales revenues	¥3,386 million
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3) Split assets and liabilities items and amounts (as of March 31, 2018)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	¥1,154 million	Current liabilities	—
Fixed assets	—	Fixed liabilities	—
Total	¥1,154 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 this 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 contents, 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 this company split is negligible.