



Press Release

Company name: DAIICHI SANKYO COMPANY, LIMITED
Representative: Sunao Manabe, Representative Director, President and COO
(Code no.: 4568, First Section, Tokyo Stock Exchange)
Please address inquiries to Koji Ogawa, Corporate Officer,
Vice President, Corporate Communications Department
Telephone: +81-3-6225-1126
<https://www.daiichisankyo.com>

Daiichi Sankyo Announces Reorganization Scheme for Kitasato Daiichi Sankyo Vaccine

Tokyo, Japan (November 30, 2018) - Daiichi Sankyo Company, Limited (hereafter, Daiichi Sankyo) today announced the scheme for the reorganization of Kitasato Daiichi Sankyo Vaccine Co., Ltd. (Headquarters: Kitamoto City, Saitama Prefecture; hereafter, Kitasato Daiichi Sankyo Vaccine), a subsidiary of Daiichi Sankyo, into a subsidiary specializing in manufacturing as of April 27, 2018. The reorganization scheme, including the absorption-type merger of Kitasato Daiichi Sankyo Vaccine into Daiichi Sankyo, was resolved at the board of directors meeting held today.

I. Purpose of the reorganization

Kitasato Daiichi Sankyo Vaccine is engaged in the research and development, manufacturing, and sales of human vaccines for the prevention and treatment of infectious diseases.

The manufacturing functions of Kitasato Daiichi Sankyo Vaccine will be transferred to Daiichi Sankyo Biotech Co., Ltd. (Headquarters: Kitamoto City, Saitama Prefecture; hereafter, Daiichi Sankyo Biotech), founded in August 2018, to ensure stable manufacturing and quality improvement, and the functions other than manufacturing to Daiichi Sankyo, which will take the initiative in promoting and thus strengthening the vaccine businesses as the manufacturer and distributor of our group.

II. Scheme of the reorganization

As a result of the absorption-type split, the manufacturing and production technology functions of Kitasato Daiichi Sankyo Vaccine (the company being acquired) will be transferred to Daiichi Sankyo Biotech (the acquiring company), a wholly-owned subsidiary of Daiichi Sankyo.

As a result of the absorption-type merger of Kitasato Daiichi Sankyo Vaccine operations (merged company) into Daiichi Sankyo (merging company), businesses other than the manufacturing and

production technology functions (e.g., research and development, reliability assurance, and sales), and the manufacturing and marketing approval of Kitasato Daiichi Sankyo Vaccine will be transferred to Daiichi Sankyo (hereafter, “the merger”).

Thus, Kitasato Daiichi Sankyo Vaccine will be dissolved.

III. Timing of the reorganization

April 1, 2019

IV. Overview of Daiichi Sankyo Biotech

(1) Company name	Daiichi Sankyo Biotech Co., Ltd.
(2) Location of the headquarters	Arai 6-111, Kitamoto City, Saitama Prefecture
(3) Business description	Contract manufacturing of vaccines, biologics, investigational drugs, etc.
(4) Share Capital	50 million yen
(5) Foundation date	August, 2018 (Start of business: April 1, 2019)

Next, we also announce the following information about the merger. Please note that some disclosure items and contents are omitted as this is a case of the simplified absorption-type merger of a wholly owned subsidiary.

1. Outline of the merger

(1) Schedule of the merger

Resolution of the board of directors (Daiichi Sankyo) November 30, 2018

Conclusion of the agreement of the merger November 30, 2018

Date of the merger (effective date) April 1, 2019

*This is a short-form merger as stipulated in Article 796, Paragraph 2 of the Companies Act for Daiichi Sankyo and Article 784, Paragraph 1 of the Companies Act for Kitasato Daiichi Sankyo Vaccine. Therefore, neither company will hold a general shareholders meeting to approve the agreement of the merger.

(2) Methods of the merger

As a result of the absorption-type merger with Daiichi Sankyo as the merging company, Kitasato Daiichi Sankyo Vaccine will dissolve.

(3) Allocations due to the merger

Since Kitasato Daiichi Sankyo Vaccine is a 100% consolidated subsidiary of Daiichi Sankyo, there is neither issuance of new shares nor allocation of money, etc. due to the merger.

(4) Equity warrants and warrant bonds of the merged company

Kitasato Daiichi Sankyo Vaccine has issued neither equity warrants nor warrant bonds.

2. Outline of the merging and merged companies

[Merging company]

(1) Company name	Daiichi Sankyo Company Limited
(2) Location of the headquarters	3-5-1, Nihonbashi-Honcho, Chuo-Ku, Tokyo
(3) Name and title of the representative	Sunao Manabe, Representative Director, President, and COO
(4) Business description	Research and development, manufacturing and sales of ethical pharmaceuticals
(5) Share capital	50 billion yen
(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 the end of September 2018)	- JP MORGAN CHASE BANK 380055: 8.87% - The Master Trust Bank of Japan, Ltd. (trust account): 8.86% - Japan Trustee Services Bank, Ltd. (trust account): 7.58% - Nippon Life Insurance Company: 5.52% - SSBTC CLIENT OMNIBUS ACCOUNT: 2.59%
(10) Financial conditions and business performance in the immediately preceding fiscal year (ended March 2018) based on Japanese standards	
Net assets	872,659 million yen
Total assets	1,472,669 million yen
Net assets per share	1,344.31 yen
Net sales	630,954 million yen
Operating income	17,177 million yen
Ordinary income	90,136 million yen
Net income	83,729 million yen
Net income per share (basic)	126.83 yen

[Merged company]

(1) Company name	Kitasato Daiichi Sankyo Vaccine Co., Ltd.
(2) Location of the headquarters	Arai 6-111, Kitamoto City, Saitama Prefecture
(3) Name and title of the representative	Toshiaki Tojo, Representative Director and President
(4) Business description	Research and development, manufacturing and sales of vaccines, etc.
(5) Share capital	100 million yen

(6) Established	April 1, 2011
(7) Total number of issued shares	3,348,890 shares
(8) Fiscal year-end	March 31
(9) Major shareholders and shareholding ratios	Daiichi Sankyo Co., Ltd.: 100%
(10) Financial conditions and business results of the previous fiscal year (ended on March 2018) based on Japanese standards	
Net assets	13,378 million yen
Total assets	32,867 million yen
Net assets per share	3,994.91 Yen
Net sales	12,577 million yen
Operating loss	3,950 million yen
Ordinary loss	4,016 million yen
Net loss	4,022 million yen
Net loss per share	1,201.12 Yen

3. Situation after merger

The merger results in no change of Daiichi Sankyo in the company name or address, title or name of the representative, businesses, capital, or fiscal year.

4. Impact of the merger on business results

Since the merger is between Daiichi Sankyo and its wholly-owned consolidated subsidiary, the impact on the consolidated financial results is non-significant.