



## Press Release

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### **Daiichi Sankyo Announces Transfer of Daiichi Sankyo Propharma Takatsuki Plant and Company Split (Simple Absorption-type Company Split)**

**Tokyo, Japan (January 31, 2019)** - Daiichi Sankyo Company, Limited (hereafter, Daiichi Sankyo) today announced that it has reached a basic agreement with Taiyo Holdings Co., LTD. (hereafter, Taiyo Holdings) for the transfer of the Takatsuki plant owned by its subsidiary, Daiichi Sankyo Propharma Co., LTD. (hereafter DSPP), over to Taiyo Holdings following a resolution passed at the board of directors meeting held today.

#### I. Purpose of Transfer

The Daiichi Sankyo Group is working to establish a high-quality, more efficient production system to become a “Global Pharma Innovator with competitive advantage in oncology” as stated in our “2025 Vision”.

As a result of a comprehensive review of our global supply chain structure, we concluded that it would be best to transfer the Takatsuki Plant, which is responsible for the pharmaceutical manufacturing business, to a company outside the Group, and continue to utilize its advanced technological capabilities and production capacity.

Employees at the Takatsuki Plant will continue to be employed by the transferee, and our products will continue to be produced and stably supplied at the Takatsuki Plant.

The technological capabilities and quality assurance systems accumulated at the Takatsuki Plant will be passed on to the transferee, enabling the establishment of a stable contract manufacturing system.

Taiyo Holdings is the global leading company in the field of solder resist (insulated ink) and has a leading share in the world market. In its Medium-Term Management Plan, Taiyo Holdings announced that it would grow its medical and pharmaceutical business into a second pillar of business, and the Takatsuki

Plant is expected to contribute as a core plant for its medical and pharmaceutical business.

## II. Method of Transfer

In April 2019, a new 100% subsidiary company of Daiichi Sankyo (name TBD, hereafter Takatsuki New Company) will be established. On October 1, 2019 (planned), the assets of the Takatsuki Plant owned by DSPP will be transferred to the Takatsuki New Company through a company split. On the same day, the land and structures (hereafter "the land") of the Takatsuki Plant owned by Daiichi Sankyo will be transferred to the Takatsuki New Company through a company split.

Subsequently, on the same day, all shares of the Takatsuki New Company owned by Daiichi Sankyo will be transferred to Taiyo Holdings. After the transfer of the shares, Daiichi Sankyo will consign the manufacture of the existing products of the Takatsuki Plant to Takatsuki New Company.

## III. Consideration for Transfer

The consideration for the transfer of the shares of the Takatsuki New Company to Taiyo Holdings is expected to be 37.6 billion yen. The net assets of the Takatsuki Plant subject to the split (the book value including the land owned by Daiichi Sankyo at the end of March 2018) amounted to approximately 18.5 billion yen.

## IV. Timeline of Transfer (scheduled)

|                 |  |
|-----------------|--|
| April 2019      | Establishment of Takatsuki New Company (tentative name)                  |
| May 2019        | Conclusion of Company Split Agreement (Determination of Transfer Assets) |
| October 1, 2019 | Effective Company Split, Transfer of Shares and Start of Business        |

## V. Overview of Companies

|                              |   |
|------------------------------|---|
| Trade name                   | DAIICHI SANKYO PROPHARMA CO., LTD.                                |
| Head office                  | 3-5-1, Nihonbashi Honcho, Chuo-ku, Tokyo, Japan                   |
| Plants                       | Hiratsuka, Takatsuki  |
| Capital                      | 100 million yen (100% owned by Daiichi Sankyo)                    |
| Representative               | Masaya Inoue, Representative Director, President                  |
| Employees (as of April 2018) | Approximately 1,100   |
| Main businesses              | Manufacture of pharmaceutical drugs and investigational new drugs |

|   |  |
|---|--|
| DAIICHI SANKYO PROPHARMA CO., LTD., Takatsuki Plant |  |
| Location  | 4-38, Aketa-cho, Takatsuki-shi, Osaka, Japan |
| Area  | 52,594 m <sup>2</sup>                        |
| Start of operations                                 | 1933   |
| Employees (as of April 2018)                        | Approximately 340                            |

|                                |  |
|--------------------------------|--|
| Trade name                     | TAIYO HOLDINGS CO., LTD.   |
| Head office                    | 388 Oaza Okura, Hikigun Ranzanmachi, Saitama-ken, Japan  |
| Capital                        | 9.3 billion yen  |
| Representative                 | Eiji Sato, Representative Director, President & CEO  |
| Sales (ending March, 2018)     | 52.2 billion yen (consolidated)  |
| Employees (ending March, 2018) | 1,268 (consolidated)   |
| Main businesses                | <ul style="list-style-type: none"> <li>- Manufacture, sale and purchase of chemical materials for electronic components, including printed wiring boards</li> <li>- Development, manufacture and sale of ethical drugs, quasi-drugs and other products</li> <li>- Manufacture and sale of dyestuffs, pigments and other chemical products</li> <li>- Power generation projects using renewable energy</li> </ul> |

## VI. Future Outlook

Gains from the transfer of shares are expected to be recorded in the fiscal year ending March 31, 2020. The amount of the gains will be reported as soon as it becomes final and conclusive.

Next, Daiichi Sankyo hereby notifies regarding the Daiichi Sankyo's company split (hereafter the Company Split) of the land of Takatsuki Plant owned by the Company as follows. Since this is a simplified absorption-type company split into a 100% subsidiary company of Daiichi Sankyo, disclosure items and details are partially omitted.

### 1. Summary of Daiichi Sankyo's Company Split

#### 1) Reason for the company split

Prior to the transfer of the Takatsuki Plant of DSPP, Daiichi Sankyo intends to transfer the land of the Takatsuki Plant to the Takatsuki New Company.

#### 2) Timeline of the Company Split (scheduled)

|   |                 |
|---|-----------------|
| Board of Directors resolution date (Daiichi Sankyo) | May 2019        |
| Contract conclusion date                            | May 2019        |
| Effective date                                      | October 1, 2019 |

(Note) Since the Company Split is a simplified absorption-type split into a 100% subsidiary company, 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 an absorption-type split (simplified absorption-type split) in which Daiichi Sankyo is the split company and the Takatsuki New Company is the successor company.

4) Contents of Allotment Pertaining to the Company Split

No money is paid or received for the Company Split.

5) Handling of Share Options and Bonds with Share Option by the Company Split

There will be no changes to the handling of share options issued by Daiichi Sankyo as a result of the 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 the Company Split.

7) Rights and Obligations Assumed by the Successor Company

The Succeeding Company shall succeed the land of the Takatsuki Plant owned by Daiichi Sankyo upon the Company Split.

8) Prospects of Fulfillment of Debt Obligations

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

2. Outline of the Parties of the Company Split

【Splitting Company】

|  |   |
|--|---|
| 1. Corporate name  | DAIICHI SANKYO CO.,LTD.   |
| 2. Address   | 3-5-1 Nihonbashi-honcho, Chuo-ku, Tokyo   |
| 3. Representative's title and name                                   | Sunao Manabe, Representative Director, President & COO  |
| 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%<br>JP MORGAN CHASE BANK 380055: 8.66%<br>Japan Trustee Services Bank, Ltd. (trust account): 7.21%<br>Nippon Life Insurance Company: 5.52%<br>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             |

**【Successor Company】**

Takatsuki New Company

- To be established in April, 2019

- Name, address, title and name of representative, nature of business, stated capital, account settlement period, etc. are not determined.

3. Outline of the Company Split

1) Contents of the Company Split

The business to be split on October 1, 2019 (planned) by the Company Split is the land of the Takatsuki Plant.

2) Split Assets and Liabilities Items and Amounts (as of March 31, 2018)

| Assets         |             | Liabilities         |            |
|----------------|-------------|---------------------|------------|
| Item           | Book Value  | Item                | Book Value |
| Current assets | —           | Current liabilities | —          |
| Fixed assets   | ¥73 million | Fixed liabilities   | —          |
| Total          | ¥73 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.

4. 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 upon the completion of the Company Split.

5. Future Outlook

The impact on Daiichi Sankyo's consolidated performance from the Company Split of the land of the Takatsuki Plant is negligible.