



Company name: DAIICHI SANKYO COMPANY, LIMITED

Representative: Hiroyuki Okuzawa, Representative Director,
President and COO

(Code no.: 4568, Prime Market, Tokyo Stock Exchange)

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**Stock Transfer of DAIICHI SANKYO ESPHA CO., LTD.
(Change in Consolidated Subsidiary)**

Tokyo, Japan - (May 16, 2023) – The Board of Directors of DAIICHI SANKYO COMPANY, LIMITED (headquartered in Chuo-ku, Tokyo; hereinafter called “the Company”) resolved at a meeting held today to transfer all shares of DAIICHI SANKYO ESPHA CO., LTD. (headquartered in Chuo-ku, Tokyo; hereinafter called “DSEP”), a consolidated subsidiary of the Company, held by the Company to Qol Holdings Co., Ltd. (headquartered in Minato-ku, Tokyo; hereinafter called “Qol”) and entered into a stock transfer agreement with Qol on the same day.

With regard to the timeline for the DSEP stock transfer, the Company will transfer to Qol, 51% of the shares by April 2024 and the remaining 49% later.

1. Purpose of stock transfer

In the Japanese market, with the government’s measures to increase generics uptake, generics have replaced branded products. The ratio of generics usage has already reached the target of 80%, and drugs of this kind are now seen as essential. However, issues such as ensuring stable supply and quality control still remain.

DSEP has taken advantage of its strength in authorized generics (AG) and has rapidly expanded its business. On the other hand, Qol has two business segments, its Pharmacy Business and its Medical Related Business, and the company has been engaged in projects to support medical care and healthcare in these fields.

We believe that we can create synergies through the integration of the two companies’ businesses, strengthen corporate capabilities, such as those for drug development and stable supply, to expand DSEP’s generics business focused on AG, and examine ways to launch new businesses. As a result, we have come

to the conclusion that the best course of action to meet the increased expectations of patients, healthcare professionals, and stakeholders is to continue to expand DSEP's business activities and to consider new business initiatives.

2. Overview of subsidiary to be transferred

Name	DAIICHI SANKYO ESPHA CO., LTD.		
Location	3-5-1 Nihonbashi Honcho, Chuo-ku, Tokyo		
Name and title of representative	Takeshi Shinseki, Representative Director, President		
Business description	Research, development and sales of pharmaceuticals		
Capital	450 million yen		
Date of establishment	April 1, 2010		
Major shareholders and shareholding ratio	DAIICHI SANKYO COMPANY, LIMITED (100%)		
Relationships between the Company and the company concerned	Shareholding relationship	The Company owns 100% shares of the company concerned.	
	Personnel relationship	Some officers of DSEP concurrently serve as officers of the company, etc.	
	Business relationship	The Company purchases products from the company concerned. The Company leases office and other space to the company concerned.	
Financial positions and operating results for the last three years (Unit: million yen except per share data)			
Year ended	March 31, 2021	March 31, 2022	March 31, 2023
Net assets	17,431	17,554	18,982
Total assets	36,024	37,431	46,466
Net assets per share	968,427.82 yen	975,233.15 yen	1,054,567.82 yen
Net sales	60,159	64,382	78,769
Operating income	10,698	10,879	12,865
Ordinary income	10,706	10,880	12,897
Net income	7,398	7,520	8,934
Net income per share	411,037.45 yen	417,805.33 yen	496,334.67 yen
Dividend per share	411,000 yen	417,000 yen	- yen

3. Overview of counterparty to transfer

Name	Qol Holdings Co., Ltd.
Location	37th Floor Shiroyama Trust Tower, 4-3-1 Toranomom, Minato-ku, Tokyo
Name and title of	Takashi Nakamura, President and Representative Director

representative		
Business description	Pharmacy and medical-related business	
Capital	5,786.89 million yen	
Date of establishment	October 13, 1992	
Net assets and total assets as of the end of the most recent fiscal year	Net assets: 48,856 million yen Total assets: 101,905 million yen	
Major shareholders and shareholding ratio (As of March 31, 2023)	MEDIPAL HOLDINGS CORPORATION	20.11%
	The Master Trust Bank of Japan, Ltd. (trust account)	9.35%
	BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	6.07%
	Qol Group employees' shareholding association	4.85%
	Takashi Nakamura	4.34%
Relationships between the Company and the company concerned	Shareholding relationship	The Company owns 3.45% of the shares of the company concerned.
	Personnel relationship	There is no personnel relationship.
	Business relationship	APO PLUS STATION Co., Ltd. (APS), a consolidated subsidiary of the company concerned, provides services of dispatching medical representatives (MRs). APS dispatches MRs to the Company. Medical Qol Co., Ltd., a consolidated subsidiary of the company concerned, produces sales materials for the Company. The Company purchases pharmaceuticals from Fujinaga Pharm Co., Ltd., a consolidated subsidiary of the company concerned.
	Applicability of affiliated party	There is no applicable affiliated party.

4. Number of shares transferred, consideration for transfer, and status of shares held before and after transfer

Number of shares held by the Company before transfer	18,000 shares (number of voting rights: 18,000; percentage of voting rights held by the Company: 100%)
Number of shares transferred	18,000 shares
Consideration for transfer	25,000 million yen
Number of shares held by the Company after transfer	0 share (number of voting rights: 0; percentage of voting rights held by the Company: 0%)

5. Timeline of transfer

Date of resolution by the Board of Directors	May 16, 2023
Date of conclusion of stock transfer agreement	May 16, 2023
Date of stock transfer execution (planned)	October 1, 2023 (30% of the shares held by the Company) April 1, 2024 (21% of the shares held by the Company) The date of execution of the transfer of the remaining 49% of the Company's shares will be determined by separate negotiation.

6. Future outlook

The impact of the stock transfer on the forecast of the consolidated financial results for the year ending March 31, 2024 is still being reviewed. We will inform you as soon as the details are finalized.