

COO Message

Aim to Become a Strong Organization Capable of Sustained Global Growth by Leveraging the Strengths of Science & Technology and Maximizing the Power of our Human Resources



Representative Director, President & COO

Reflecting on the First Year as President and COO

Last year, my first as President and COO, was a very fulfilling time for me as the company made significant progress towards the achievement of our 2025 Goals, “Global Pharma Innovator with Competitive Advantage in Oncology,” with the decision to form a strategic alliance with Merck & Co., Inc., Rahway, NJ, USA. I am also very pleased that we were able to contribute significantly to the public health and the security in Japan by supplying DAIC-HIRONA[®], the first mRNA vaccine for COVID-19 made in Japan. This achievement is a testament to the strengths of the Science & Technology generated by our people.

Once again, I am reminded that the source of our global growth lies in our people. We are building a solid foundation to bring together highly specialized talent globally, leveraging our strengths in Science & Technology to create innovation, and to deliver these innovations to patients around the world.

One of the areas I have focused on is engaging in dialogue with our employees. During the “President’s Caravan” conducted in FY2023, I visited all our business locations in Japan, conveyed the company’s management policies and my thoughts, and engaged in two-way com-

munication with approximately 9,000 employees. Through the caravan, I felt that employees began to perceive the company’s challenges and goals as their own. This experience also significantly heightened my expectations and confidence in the mutual sustainable growth of employees and the company. In the rapidly growing Daiichi Sankyo, I have the impression that many employees see opportunities to create their own careers through proactive career development. One thing I often convey to employees is the concept of an “Accountable Mindset,” which is the awareness to proactively take action, considering oneself part of the problem until the desired outcome is achieved, to break through the status quo. I believe that when diverse talents from around the world embrace this mindset and find alignment between the company’s Purpose and their own, we can create strong engagement, fostering strong organizations capable of continuous growth.

5-year Business Plan to achieve the 2025 Goals of becoming a “Global Pharma Innovator with Competitive Advantage in Oncology”

Three years have passed since we announced our 5-year business plan (FY2021-FY2025) aimed at achieving the 2025 Goals of becoming a “Global Pharma Innovator with Competitive Advantage in Oncology”. The four strategic pillars towards realizing our 2030 Vision of being an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society” are all progressing smoothly.

Realization of Maximizing 3ADCs

Maximizing the product value of the three DXd ADCs (Enhertu[®], Dato-DXd, HER3-DXd, hereafter referred to as 3ADCs), which are ahead of the curve in commercialization and development, is the most important issue of the

current 5-year business plan. Enhertu, launched in 2020, is contributing to patient treatment at a pace exceeding initial plans through steady market penetration, expansion of launch countries and regions, and acquisition of additional indications, meeting the expectations of the medical field. Following Enhertu, Dato-DXd and HER3-DXd are also progressing smoothly in their development, with preparations accelerating for their launch in FY2024. For HER3-DXd, along with I-DXd and DS-6000, we have entered into a strategic partnership with Merck & Co., Inc., Rahway, NJ, USA to deliver these treatments to more patients faster. We are working towards maximizing their value through joint development and promotion. In anticipation of increased demand for DXd ADC products with the acceleration of

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commercialization and development, we are also focusing on strengthening our production capacity.

Profit Growth of Existing Businesses and Products

Lixiana[®], a product that generates stable profits, is steadily increasing its sales in Japan, Europe, and the Asia-Pacific and Latin American regions. Furthermore, the sales of products such as Tarlige[®], Venofer[®], and Nilemdo[®]/Nustendi[®] are also steadily increasing. The profits generated from these medicines serve as a source of investment for the sustainable growth of DXd ADC products and other initiatives. In addition, the transformation towards a revenue structure centered on new drugs is progressing smoothly in each country and region, accelerating the shift towards a business structure that supports sustainable profit growth.

Identification and Establishment of Further Growth Pillars

For I-DXd and DS-6000, accumulating favorable clinical data has further enhanced their product potential. As a result, we have positioned them as growth drivers following the 3ADCs. We are accelerating R&D activities by evolving our previous R&D strategy “3ADCs and Alpha” to “5DXd ADCs and Next Wave.” Additionally, we are advancing research and development towards selecting post-DXd ADC modalities, such as initiating clinical trials for the second-generation ADC DS-9606.

Create Shared Value with Stakeholders.

We have made progress in addressing pandemic risks, including the supply of DAICHIRONA, the first mRNA vaccine for COVID-19 made in Japan. Additionally, we have made progress in addressing environmental issues by joining “RE100,” an international initiative aiming to use 100% renewable energy for business operations. We are transitioning to renewable energy at our own sites and have begun engaging with business partners to reduce the environmental impact across the entire value chain. Additionally, we are fostering the One DS Culture across the entire Group, and creating an environment where the organization can move more cohesively towards its goals by promoting the mutual sustainable growth of employees and the company through the practice of Core Behaviors.

Over the past three years, the growth of Enhertu has significantly exceeded initial plans, achieving substantial sales and profit growth. As details will be provided in the message from CFO Ogawa, the revenue for FY2025 is projected to reach 2.1 trillion yen, exceeding the target by 500 billion yen due to increased revenue in the oncology business. The core operating profit margin before R&D expenses is aimed to achieve the initial plan of 40%. Additionally, by improving capital efficiency, we aim to achieve our target of an ROE of 16% or higher. We also aim to enhance shareholder returns further, targeting a DOE of 8.5% or higher, exceeding our initial goal of 8%.

For the CFO message, click [P39](#)

Towards Sustainable Growth Beyond FY2025

We are working to expand our pipeline to realize our 2030 Vision of becoming an innovative global healthcare company contributing to the sustainable development of society, and to drive sustainable growth beyond that. Needless to say what truly supports this growth is our people. It is our people who generate the strengths in Science & Technology, and it is also our people who strengthen the entire value chain to develop innovations and deliver them as products to patients. Going forward, we will strengthen our investment in human resources, continuously developing and enhancing them and enriching our intellectual property, including our pipeline, products, technologies, know-how, and information, to drive future growth.

Meanwhile, in the dynamic and highly competitive environment surrounding us, we must swiftly adapt to rapid changes inside and outside the company that impact our business. To facilitate our response to such changes, we are aligning our management and human resources strategies, advancing internal reforms, and creating an environment to acquire, develop, and enable the success of talent that will drive global management and business. Currently, we are actively advancing global recruitment and development, while also globalizing our organizational structure and establishing a unified global human resources system. Our corporate culture, the One DS Culture, is creating a highly engaged and diverse workforce, fostering an environment that generates competitiveness

and advantages through the practice of Core Behaviors. Fostering the One DS Culture contributes to our performance, internal and external collaborations, and most importantly, our ability to create innovative pharmaceuticals that meet diverse medical needs.

The results of the Global Engagement Survey for FY2023 show that the overall score has increased by 2 points from FY2022, and scores for all questions have improved compared to the previous year. Through positive feedback from many employees, we were able to sense their commitment to contributing to patients around the world. The efforts towards fostering a “culture of learning,” which has been a challenge, have also improved the related engagement scores. We will continue to make organizational efforts in learning and create an environment where employees can actively share their successes and failures and discuss root causes and potential solutions.

It is also very important to support each employee’s challenges and develop internal talent who can lead and execute the next transformation with a global mindset. Through the practice of Develop & Grow, one of our Core Behaviors, we aim to foster a “culture of learning” where employees acquire new skills in addition to their existing experiences and knowledge, and a “culture of nurturing” where organizational leaders and senior employees take the lead in development efforts.

Furthermore, considering the rapidly changing business environment and the evolving skills required of employees, we are advancing “Project

EPOCH” to further optimize the entire Japanese organization, including group companies, and to further promote globalization from Japan. To allocate talents to new areas and roles where needed, we are implementing personnel transfers along with talent development programs that ensure the acquisition and enhancement of new expertise through practical work in the new positions. This initiative aims to encourage employees to proactively consider their careers and support their new challenges in required roles and tasks.

For details on the specific initiatives of Project EPOCH, click [P30](#)

Developing global leaders is also one of our top priorities. In April, we launched the “DS Academy” with CFO Ogawa as its inaugural dean, aiming to cultivate leaders who will lead our global organization. This academy offers various programs to help participants acquire advanced management skills and leadership capabilities. Among these, we believe it is highly significant to deepen understanding of Daiichi Sankyo’s over 100-year history and DNA, and to discuss the strategies our company should adopt for the future.

Additionally, by adopting a new global management system that includes the appointment of senior members outside of Japan, we are strengthening the global management foundation that supports our business growth.

COO’s Commitment for the Future

Traditionally, Japan has a concept known as *sanpoyoshi* or the “Three-Way Good,” which means “Good for the seller, good for the buyer, and good for society.” This idea holds that business should be beneficial for all parties involved—ourselves, our customers, and society. In modern terms, this means creating shared value with multiple stakeholders, which is precisely Daiichi Sankyo’s value co-creation model. We aim to grow as a company by realizing our Purpose and contributing more to patients. The resources obtained from this growth will be returned to each stakeholder in a bal-

anced manner. It is crucial for us to be a company that is recognized and continuously meeting the expectations of society, where all stakeholders can benefit from our growth. As a leader in Daiichi Sankyo, I will continue to take responsibility and put this into practice. We will continue to actively communicate with all our stakeholders and work together to advance our management.