April 25, 2025

Consolidated Financial Results for Year Ended March 31, 2025 (Fiscal 2024) <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
Listed exchange: the Tokyo Stock Exchange
Stock code number: 4568
URL: https://www.daiichisankyo.com
Representative: Mr. Hiroyuki Okuzawa, Representative Director, President and CEO
Contact: Mr. Kentaro Asakura, Corporate Officer, Head of Corporate Communications Department
Telephone: +81-3-6225-1125
Scheduled date of Ordinary General Shareholders Meeting: June 23, 2025
Scheduled date of dividend payments: From June 24, 2025
Scheduled date of Annual Securities Report filing: June 20, 2025
Preparing supplementary material (Reference Data) on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors, analysts and the press)

(All amounts have been rounded down to the nearest million JPY)

1. Consolidated Financial Results for Year Ended March 31, 2025

(1) Consolidated Financial Results

(Percentages indicate changes from the previous fiscal year.)

	Revenue		Core Operating Profit		Operating Profit		Profit before tax	
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Year ended March 31, 2025	1,886,256	17.8	312,835	60.2	331,925	56.9	355,631	49.9
Year ended March 31, 2024	1,601,688	25.3	195,263	59.3	211,588	75.5	237,234	87.0

	Profit for the year		Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	JPY
Year ended March 31, 2025	295,756	47.1	295,756	47.3	289,808	(6.0)	155.96
Year ended March 31, 2024	201,016	84.1	200,731	83.8	308,447	107.0	104.69

	Diluted earnings per share	Return on equity attributable to owners of the Company	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	JPY	%	%	%
Year ended March 31, 2025	155.87	17.9	10.3	17.6
Year ended March 31, 2024	104.62	12.8	7.9	13.2

Reference: Share of profit or loss of investments accounted for using the equity method:

Year ended March 31, 2025: JPY1,457 million
Year ended March 31, 2024: JPY184 million

Note: Daiichi Sankyo discloses core operating profit, which excludes non-recurring gains and losses from operating profit, as an indicator of underlying profitability. For the definition of core operating profit, please refer to "1. Results of Operations (1) Operating Results for Year ended March 31, 2025 1) Overview" on page 2 of the attached material.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of JPY	Millions of JPY	Millions of JPY	%	JPY
As of March 31, 2025	3,456,119	1,623,416	1,623,416	47.0	869.69
As of March 31, 2024	3,461,135	1,688,603	1,688,173	48.8	880.40

(3) Consolidated Cash Flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of JPY	Millions of JPY	Millions of JPY	Millions of JPY
Year ended March 31, 2025	53,842	334,170	(377,769)	639,838
Year ended March 31, 2024	599,258	(282,636)	(123,564)	647,180

2. Cash Dividends

	Annual dividends per share					Total dividends (Total)	Dividends payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the Company (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	JPY	JPY	JPY	JPY	JPY	Millions of JPY	%	%
Year ended March 31, 2024	–	20.00	–	30.00	50.00	95,874	47.8	6.1
Year ended March 31, 2025	–	30.00	–	30.00	60.00	112,959	38.5	6.9
Year ending March 31, 2026 (Forecast)	–	39.00	–	39.00	78.00		48.5	

3. Forecast of Consolidated Financial Results for Year Ending March 31, 2026

(Percentages indicate changes from the previous fiscal year.)

	Revenue		Core operating profit		Operating profit		Profit before tax		Profit for the year		Profit attributable to owners of the Company		Basic earnings per share
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	JPY
Full year	2,000,000	6.0	350,000	11.9	350,000	5.4	370,000	4.0	300,000	1.4	300,000	1.4	160.72

*Notes

(1) Significant changes in the scope of consolidation during the period: Yes
Excluded: One company Daiichi Sankyo Espha Co., Ltd.
Note: Please see "4. Consolidated Financial Statements with Primary Notes, (5) Notes to Consolidated Financial Statements, Significant changes in the scope of consolidation during the period" on page 37.

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: No
2) Changes in accounting policies due to other reasons: No
3) Changes in accounting estimates: No

(3) Number of ordinary shares issued

1) Number of shares issued at the end of the period (including own shares)

As of March 31, 2025	1,908,322,129 shares
As of March 31, 2024	1,947,034,029 shares

2) Number of own shares at the end of the period

As of March 31, 2025	41,668,788 shares
As of March 31, 2024	29,531,339 shares

3) Average number of shares outstanding during the period

Year ended March 31, 2025	1,896,393,411 shares
Year ended March 31, 2024	1,917,426,289 shares

(Reference)

Non-Consolidated Financial Results for Year Ended March 31, 2025

(1) Non-Consolidated Financial Results

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Year ended March 31, 2025	1,357,334	11.7	159,123	52.9	202,218	10.7	200,740	9.0
Year ended March 31, 2024	1,214,732	41.4	104,081	-	182,730	99.5	184,122	76.6

	Basic net income per share	Diluted net income per share
	JPY	JPY
Year ended March 31, 2025	105.85	105.79
Year ended March 31, 2024	96.03	95.96

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of JPY	Millions of JPY	%	JPY
As of March 31, 2025	2,697,206	938,666	34.8	502.63
As of March 31, 2024	2,563,981	1,104,519	43.1	575.73

Reference: Equity:

As of March 31, 2025: JPY938,241 million
As of March 31, 2024: JPY1,103,959 million

* This consolidated financial results report is not subject to audit procedures by Certified Public Accountants or audit firm

*Disclaimer regarding forward-looking information including appropriate use of forecast consolidated financial results

The forecast information included in these materials is based on information currently available and certain assumptions that the Company regards as reasonable. Actual performance and results may differ from those forecast due to various factors.

Please see *"1. Results of Operations (3) Future Outlook"* on page 12 for matters related to the above forecasts.

Attached Material

Index

1. Results of Operations

(1) Operating Results for Year ended March 31, 2025

1) Overview

[Consolidated Financial Results (Core Base)]

(Millions of JPY; all amounts have been rounded down to the nearest million JPY.)

	Year ended March 31, 2024	Year ended March 31, 2025	YoY change
Revenue	1,601,688	1,886,256	284,567 17.8%
Cost of sales*	414,765	415,722	957 0.2%
Selling, general and administrative expenses*	627,318	724,815	97,497 15.5%
Research and development expenses*	364,340	432,882	68,541 18.8%
Core operating profit*	195,263	312,835	117,571 60.2%
Temporary income*	27,261	22,167	-5,094 -18.7%
Temporary expenses*	10,936	3,077	-7,859 -71.9%
Operating profit	211,588	331,925	120,336 56.9%
Profit before tax	237,234	355,631	118,397 49.9%
Profit attributable to owners of the Company	200,731	295,756	95,025 47.3%
Total comprehensive income	308,447	289,808	-18,639 -6.0%

* Daiichi Sankyo Group (hereinafter, "the Group") discloses core operating profit, which excludes temporary income and expenses from operating profit, as an indicator of ordinary profitability. Temporary income and expenses include gains/losses on sale of non-current assets, gains/losses associated with business restructuring (excluding gains/losses on sales of developed products and products on the market), impairment losses on property, plant and equipment, intangible assets, and goodwill, compensation for damages or settlement, and non-recurring and large gains/losses.

This table shows the actual results of cost of sales, selling, general and administrative expenses, and research and development expenses, exclusive of temporary income and expenses. The adjustment table from operating profit to core operating profit is stated in the reference data.

<JPY exchange rates for major currencies (average rate for year)>

(JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
USD/JPY	144.62	152.57
EUR/JPY	156.79	163.74

a. Revenue

- Revenue in the year ended March 31, 2025 (fiscal 2024) increased by JPY284.6 billion, or 17.8% year on year, to JPY1,886.3 billion.
- Revenue increased year on year due to the growth of global mainstay products such as Enhertu (generic name: trastuzumab deruxtecan, T-DXd/DS-8201) and Lixiana (generic name: edoxaban), the positive effect from foreign exchange by the depreciation of JPY and others.
- The positive effect on revenue from foreign exchange was JPY51.3 billion in total.

b. Core operating profit

- Core operating profit increased by JPY117.6 billion, or 60.2% year on year, to JPY312.8 billion.
- Cost of sales was contained to JPY415.7 billion, constituting an increase of JPY1.0 billion, or 0.2% year on year, due to an improvement in cost-to-sales ratio as a result of a change in the product mix and others, despite an increase in revenue.
- Selling, general and administrative expenses increased by JPY97.5 billion, or 15.5%, to JPY724.8 billion due to the cost increase by an increase in profit sharing with AstraZeneca related to Enhertu.
- Research and development expenses increased by JPY68.5 billion, or 18.8% year on year, to JPY432.9 billion due to increased R&D investment in 5DXd ADCs (trastuzumab deruxtecan, datopotamab deruxtecan: Dato-DXd/DS-1062, patritumab deruxtecan: HER3-DXd/U3-1402, ifinatamab deruxtecan: I-DXd/DS-7300, DS-6000).
- The positive effect on core operating profit from foreign exchange was JPY0.8 billion in total.

c. Operating profit

- Operating profit increased by JPY120.3 billion, or 56.9% year on year, to JPY331.9 billion.

d. Profit before tax

- Profit before tax increased by JPY118.4 billion, or 49.9% year on year, to JPY355.6 billion.

e. Profit attributable to owners of the Company

- Profit attributable to owners of the Company increased by JPY95.0 billion, or 47.3% year on year, to JPY295.8 billion.

f. Total comprehensive income

- Total comprehensive income decreased by JPY18.6 billion, or 6.0% year on year, to JPY289.8 billion due to the decrease in the currency translation difference related to net assets of overseas subsidiaries and other factors.

[Revenue by Business Unit]

Revenue by business unit in the fiscal 2024 is as follows. Revenue by product is stated in the reference data.

a. Japan Business Unit

Revenue from Japan Business Unit includes revenue from products generated by the innovative pharmaceuticals business and the vaccine business.

Revenue from the Unit decreased by JPY42.0 billion, or 8.1% year on year, to JPY476.9 billion due to the loss of revenue from products generated by the generic pharmaceutical business since April 2024 in conjunction with the exclusion of Daiichi Sankyo Espha Co., Ltd. from the scope of consolidation, despite the growth of Lixiana, Tarlige, Enhertu and others.

The following describes the major progress in the fiscal 2024.

- In June 2024, antitumor agent Ezharmia was approved for relapsed or refractory peripheral T-cell lymphoma (PTCL) and the promotion started.
- In July 2024, the decision was made to implement a transfer of marketing rights for the insomnia treatment Belsomra from MSD K.K. to the Company.
- In September 2024, COVID-19 mRNA vaccines DAICHIRONA for Intramuscular Injection (for omicron JN.1 variant) was launched.
- In October 2024, intranasal live attenuated influenza vaccine FluMist Intranasal Spray was launched.
- In February 2025, anticoagulant Lixiana was approved for chronic thromboembolic pulmonary hypertension and the promotion started.
- In March 2025, antitumor agent Datroway was launched (Indications: HR positive and HER2 negative breast cancer after prior chemotherapy).

b. Daiichi Sankyo Healthcare Unit

Revenue from Daiichi Sankyo Healthcare Unit increased by JPY10.7 billion, or 14.1% year on year, to JPY86.7 billion as a result of the increase in sales of Mytear, Loxonin and others.

c. Oncology Business Unit

Revenue from Oncology Business Unit includes revenue generated from cancer treatment products sold by Daiichi Sankyo, Inc. (the U.S.) and Daiichi Sankyo Europe GmbH.

Revenue from the Unit increased by JPY129.2 billion, or 38.6% year on year, to JPY463.8 billion and the revenue in local currency increased by USD726 million, or 31.4%, to USD3,040 million due to the growth of Enhertu in the U.S. and Europe.

The following describes the major progress in the fiscal 2024.

- In April 2024, Enhertu was approved in the U.S. for multiple HER2 positive solid tumors and the promotion started.
- In January 2025, antitumor agent Datroway was launched in the U.S. (Indications: HR positive and HER2 negative breast cancer (IHC 0, IHC 1+ or IHC 2+/ISH-) after prior endocrine therapy and chemotherapy).
- In January 2025, Enhertu was approved in the U.S. for chemotherapy naïve HER2 low or HER2 ultralow breast cancer and the promotion started.
- In March 2025, Enhertu was approved in Europe for chemotherapy naïve HER2 low or HER2 ultralow breast cancer and the promotion started.

d. American Regent Unit

Revenue from American Regent Unit increased by JPY13.8 billion, or 6.8% year on year, to JPY217.2 billion and the revenue in local currency increased by USD17 million, or 1.2%, to USD1,424 million due to increases in sales of generic injectables and others.

e. EU Specialty Business Unit

Revenue from EU Specialty Business Unit includes revenue from products other than from cancer treatment products generated by Daiichi Sankyo Europe GmbH.

Revenue from the Unit increased by JPY48.2 billion, or 25.5% year on year, to JPY237.4 billion and the revenue in local currency increased by EUR243 million, or 20.2%, to EUR1,450 million due to the growth in sales of Lixiana and Nilemdo/Nustendi.

The following describes the major progress in the fiscal 2024.

- In May 2024, Nilemdo/Nustendi was approved for the treatments to reduce the risk of adverse cardiovascular events and the promotion started.

f. ASCA Business Unit

Revenue from ASCA[*1] Business Unit includes sales to overseas licensees.

Revenue from the Unit increased by JPY27.2 billion, or 14.8% year on year, to JPY211.2 billion due to an increase of Enhertu in Brazil and others.

[*1] Asia, South & Central America

The following describes the major progress in the fiscal 2024.

- In August 2024, Enhertu was approved in China for the treatment of HER2 positive gastric cancer and the promotion started.
- In October 2024, Enhertu was approved in China for the treatment of HER2 mutant NSCLC (non-small cell lung cancer) and the promotion started.

2) Status of R&D

The Group focuses on accelerating global clinical development and is working on research and development in accordance with the "5DXd ADCs[*1] and Next Wave" Strategy, which intensively allocates resources to five DXd ADCs for maximizing their product values, and aims to deliver medicines that change SOC[*2] for realization of sustainable growth (Next Wave).

In the medium to long term, the Group aims to develop therapeutic drugs for various diseases in addition to oncology by utilizing its competitive science and technology, and strives to strengthen drug discovering capabilities by technology research of new modalities[*3].

[*1] ADC: Abbreviation for Antibody Drug Conjugate, drug composed of an antibody drug and a payload (a small molecule drug) linked via appropriate linker. By using a monoclonal antibody that binds to a specific target expressed on cancer cells, a cytotoxic payload is delivered to cancer cells effectively with reducing systemic exposure. DXd ADCs are drugs that combine the Company's proprietary drugs and linkers with antibodies.

[*2] Standard of Care: Universally applied best treatment practice in today's medical science.

[*3] Modality: Medical treatment such as small molecule drugs, antibody drugs, ADC, nucleic acid drugs and gene therapy.

【5DXd ADCs】

The following describes the Group's clinical development of 5DXd ADCs projects in the fiscal 2024. The status of each clinical trial is stated in the reference data.

The Group is developing trastuzumab deruxtecan and datopotamab deruxtecan jointly with AstraZeneca. In addition, the Group is developing patritumab deruxtecan, ifinatamab deruxtecan (DS-7300), and DS-6000 jointly with Merck & Co., Inc., Rahway, NJ, USA (hereinafter "Merck in the U.S.").

a. Trastuzumab deruxtecan (T-DXd/DS-8201: HER2-directed ADC, brand name: Enhertu)

The following describes the major progress in the fiscal 2024.

- In April 2024, the application was approved in the U.S. for second or later line treatment for HER2 positive (IHC 3+) solid tumors.
- In April 2024, the outline of trial results from the Phase III clinical trial for chemotherapy naïve hormone receptor (HR) positive and HER2 low breast cancer (trial name: DESTINY-Breast06) was presented.
- In June 2024, major analysis data was presented at the American Society of Clinical Oncology (ASCO) from the DESTINY-Breast06 trials.
- In June 2024, the latest data for monotherapy and combination therapy with pertuzumab as first line treatments was presented at ASCO from the Phase Ib/II clinical trial to evaluate monotherapy and combination therapy for HER2 positive breast cancer (trial name: DESTINY-Breast07).
- In August 2024, the application was approved in China for third or later line treatment for HER2 positive gastric or gastroesophageal junction adenocarcinoma.
- In August 2024, the application for approval in Europe for chemotherapy naïve HR positive, HER2 low, or HER2 ultralow breast cancer was accepted, and Breakthrough Therapy Designation[*4] was granted by the U.S. Food and Drug Administration (FDA).
- In September 2024, the first data of the monotherapy cohort for second or later line treatment was presented at the World Conference on Lung Cancer (WCLC) from the Phase Ib clinical trial for HER2 positive nonsquamous NSCLC (trial name: DESTINY-Lung03).
- In September 2024, the data of the Phase IIIb/IV clinical trial for HER2 positive breast cancer with or without brain metastases (trial name: DESTINY-Breast12) was presented at ESMO.
- In October 2024, the application for approval was accepted and Priority Review Designation*[5] was granted in the U.S., and the application for approval was accepted in Japan for chemotherapy naïve HER2 low, or HER2 ultralow breast cancer.
- In October 2024, the application was approved in China for the treatment of HER2 mutant NSCLC and history of systemic therapy.
- In January 2025, the application was approved in the U.S. for chemotherapy naïve HR positive, HER2 low, or HER2 ultralow breast cancer.
- In February 2025, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) recommended approval for chemotherapy naïve HR positive, HER2 low, or HER2 ultralow breast cancer.
- In March 2025, the primary endpoint at the interim analysis of the Phase III clinical trial for the second line treatment for HER2 positive gastric cancer (trial name: DESTINY-Gastric04) was achieved.
- In March 2025, the Phase III clinical trial for triple combination therapy with fluoropyrimidine and pembrolizumab as the first line treatment for HER2 positive gastric cancer (trial name: DESTINY-Gastric05) was initiated.
- In March 2025, the application was approved in Europe for chemotherapy naïve HR positive, HER2 low, or HER2 ultralow breast cancer.

[*4] A system designed to expedite the development and review of medicines that may demonstrate substantial benefit over currently available treatments in order to ensure that patients with serious diseases have access to new treatments as soon as possible.

[*5] In the U.S., a system designed for medicines that would be significant improvements in treatment or medicines that offer treatment to patients having currently appropriate treatment. If granted, the review period can be expected to be shorter (targeted 6 months), compared to standard applications review period (targeted10 months).

b. Datopotamab deruxtecan (Dato-DXd/DS-1062: TROP2-directed ADC, brand name: Datroway)

The following describes the major progress in the fiscal 2024.

- In April 2024, the application for approval was accepted in the U.S. for second or later line treatment for HR positive, HER2 low or negative breast cancer.
- In May 2024, the outline of major analysis results on overall survival (OS) was presented from the Phase III clinical trial as second or later line treatment for NSCLC (trial name: TROPION-Lung01).
- In May 2024, the Phase III clinical trial for combination therapy with Rilvegostomig (AZD2936) as first line treatment for nonsquamous NSCLC (trial name: TROPION-Lung10) was initiated.
- In May 2024, the Phase III clinical trial for combination therapy with osimertinib as first line treatment of EGFR-mutated NSCLC (trial name: TROPION-Lung14) was initiated.
- In June 2024, the latest data of subgroup analysis from the Phase Ib clinical trial for first line treatment of NSCLC in combination with immune checkpoint inhibiters (trial name: TROPION-Lung02) was presented at ASCO.
- In September 2024, the final analysis results of OS from the Phase III clinical trial (trial name: TROPION-Lung01) for second or later line treatment for NSCLC were presented at WCLC, along with the progression-free survival (PFS) analysis data based on the TROP2-QCS[*6] biomarker in the same trial.
- In September 2024, the data of the Phase II clinical trial for neoadjuvant/adjuvant therapy for NSCLC (trial name: NeoCOAST-2) was presented at WCLC.
- In September 2024, the first data regarding endometrial and ovarian cancer was presented at ESMO from the Phase II clinical trial for multiple solid tumors (trial name: TROPION-PanTumor03).
- In September 2024, the outline of the final analysis results of OS in the Phase III clinical trial for second or later line treatment for HR positive, HER2 low or HER2 negative breast cancer (trial name: TROPION-Breast01) was presented.
- In October 2024, the Phase III clinical trial evaluating monotherapy and combination therapy with osimertinib in patients with EGFR-mutated, nonsquamous NSCLC that progressed on prior osimertinib (trial name: TROPION-Lung15) was initiated.
- In November 2024, the application for approval was submitted in the U.S. for EGFR-mutated NSCLC who have received prior systemic therapies (including EGFR-targeted therapies), and the application for approval for second/third line treatments for nonsquamous NSCLC was voluntarily withdrawn.
- In December 2024, pooled analysis results of clinical trials targeting EGFR-mutated NSCLC were presented at the European Society for Medical Oncology Asia Conference (ESMO Asia).
- In December 2024, Breakthrough Therapy Designation was granted by the FDA for EGFR-mutated NSCLC with disease progression on or after treatment with an EGFR tyrosine kinase inhibitor and platinum-based chemotherapy.
- In December 2024, the application for approval in EMA for second/third line treatments for nonsquamous NSCLC was voluntarily withdrawn.

- In December 2024, the application was approved in Japan for the treatment of HR positive and HER2 negative breast cancer after prior chemotherapy.
- In January 2025, the application for approval was accepted in the U.S. for EGFR-mutated NSCLC who have received prior systemic therapies (including EGFR-targeted therapies).
- In January 2025, the application was approved in the U.S. for the treatment of HR positive and HER2 negative breast cancer (IHC 0, IHC 1+ or IHC 2+/ISH-) after prior endocrine therapy and chemotherapy.
- In January 2025, the Phase III clinical trial for combination therapy with rilvegostomig in adjuvant chemotherapy for early-stage NSCLC (trial name: TROPION-Lung12) was initiated.
- In January 2025, the CHMP of the EMA recommended approval for second/third line treatments for HR positive and HER2 negative breast cancer (IHC 0, IHC 1+ or IHC 2+/ISH-).

*6 A new computational pathology platform developed by AstraZeneca that analyzes digitized images of patient tissue samples and accurately quantifies target proteins such as TROP2 expressed on the surface and inside all tumor cells in the images

c. Patritumab deruxtecan (HER3-DXd/U3-1402: HER3-directed ADC)

The following describes the major progress in the fiscal 2024.

- In June 2024, a complete response letter was received from FDA in response to the application for approval in the U.S. for third line treatment of EGFR-mutated NSCLC based on the Phase II clinical trial (trial name: HERTHENA-Lung01).
- In September 2024, the primary endpoint of the Phase III clinical trial for the second line treatment for EGFR-mutated NSCLC (trial name: HERTHENA-Lung02) was achieved.

d. Ifinatamab deruxtecan (I-DXd/DS-7300: B7-H3-directed ADC)

The following describes the major progress in the fiscal 2024.

- In May 2024, the Phase II clinical trial for second or later line treatment for solid tumors (trial name: IDeate-Pantumor02) was initiated.
- In August 2024, the Phase III clinical trial for second line treatment for extensive-stage small cell lung cancer (trial name: IDeate-Lung02) was initiated.
- In September 2024, the interim analysis data of the Phase II clinical trial for second or later line treatment for extensive-stage small cell lung cancer (trial name: IDeate-Lung01) was presented at WCLC.
- In December 2024, Orphan Drug Designation*7 was obtained from the Ministry of Health, Labour and Welfare of Japan (MHLW) for the treatment of small cell lung cancer.

*7 Orphan Drug Designation is granted in order to support and expedite development under the conditions that there are fewer than 50,000 patients in Japan and there is a particularly high medical need for it.

e. DS-6000 (CDH6-directed ADC)

The following describes the major progress in the fiscal 2024.

- In April 2024, the Phase II/III clinical trial for platinum-resistant ovarian cancer (trial name: REJOICE-Ovarian01) was initiated.
- In February 2025, Orphan Drug Designation*8 was obtained from the EMA for the treatment of ovarian cancer.
- In March 2025, Orphan Drug Designation was obtained from MHLW for the treatment of platinum-

resistant ovarian cancer.

[*8] Orphan Drug Designation, a system enabling companies to receive incentives such as the granting of subsidies, is granted for the purpose of the treatment, prevention, or diagnosis of a life-threatening or chronically debilitating disease that meets certain criteria. These criteria include that the prevalence of said disease in the EU is not more than 5 people in 10,000.

【Next Wave】

The following describes the major progress in the Next Wave in the fiscal 2024. The status of each clinical trial is stated in the reference data.

- In April 2024, the application for approval was accepted in Japan for administration of DS-5670 (COVID-19 mRNA vaccine, brand name in Japan: DAICHIRONA) for administration to ages 5 to 11 years.
- In June 2024, the application for approval was accepted in Japan for administration of DS-5670 to ages 12 years and older as vaccines against strains selected by MHLW for Fiscal 2024 in Japan.
- In June 2024, two mRNA vaccines under development (pandemic influenza mRNA vaccine, and a seasonal influenza and COVID-19 combination vaccine) were adopted by MHLW for its "Vaccine Large Scale Clinical Trial Project."
- In June 2024, the application was approved in Japan for the use of valemetostat (DS-3201: EZH1/2 inhibitor, brand name in Japan: Ezharmia) for the treatment of peripheral T-cell lymphoma (PTCL).
- In June 2024, the application was approved in China for the use of mirogabalin (DS-5565: $\alpha_2\delta$ (alpha 2 delta) ligand, brand name: Tarlige) for the treatment of diabetic peripheral neuropathic pain.
- In August 2024, MK-6070 (DS3280: a trispecific T-cell engager targeting DLL3), currently under development by Merck in the U.S., was added to the strategic collaboration agreement for three DXd ADC products with the company, and joint development commenced.
- In September 2024, the first data from the dose-escalation part of the Phase I clinical trial of DS-9606 (Anti-CLDN6 ADC with a pyrrolobenzodiazepine (PBD) payload, developed using our second proprietary ADC technology platform) for advanced solid tumors, was presented at ESMO.
- In December 2024, the Phase III clinical trial for the use of quizartinib (AC220: FLT3 inhibitor, brand name: VANFLYTA) for the first line treatment for *FLT3*-ITD-negative acute myeloid leukemia (trial name: QuANTUM-Wild) was initiated.
- In January 2025, the application for approval was accepted in China for the use of quizartinib for the first line treatment for *FLT3*-ITD-positive acute myeloid leukemia.
- In February 2025, the application was approved in Japan for the use of edoxaban (factor Xa inhibitor, brand name in Japan: Lixiana) for the inhibition of thrombosis and embolisms associated with chronic thromboembolic pulmonary hypertension.
- In March 2025, the application was approved in Japan for administration of DS-5670 to ages 5 to 11 years.

(2) Analysis of Financial Position as of March 31, 2025

1) Assets, Liabilities and Capital Position

- Total assets as of the fiscal year-end were JPY3,456.1 billion, a decrease of JPY5.0 billion from the previous fiscal year-end, mainly due to a decrease in other financial assets (current assets) , which was partially offset by increases in trade and other receivables, property, plant and equipment, and inventories.
- Total liabilities as of the fiscal year-end were JPY1,832.7 billion, an increase of JPY60.2 billion from the previous fiscal year-end, mainly due to increases in contract liabilities and trade and other payables, which were partially offset by a decrease in other non-current liabilities.

- Total equity as of the fiscal year-end was JPY1,623.4 billion, a decrease of JPY65.2 billion from the previous fiscal year-end, mainly due to cash dividend payment and purchase of own shares (51.17 million shares at an aggregate purchase cost of JPY246.1 billion), which were partially offset by the profit for the year .
- The ratio of equity attributable to owners of the Company to total assets was 47.0%, a decrease of 1.8 points from the previous fiscal year-end.

2) Status of Cash Flows

Cash and cash equivalents decreased by JPY7.3 billion for the year ended March 31, 2025 to JPY639.8 billion. The cash flow status and the contributing factors are summarized as follows:

Cash Flows from Operating Activities

- Net cash inflows provided by operating activities totaled JPY53.8 billion (previous year: JPY599.3 billion inflow), mainly due to cash inflows from profit before tax (JPY355.6 billion), non-cash items such as depreciation and amortization (JPY68.6 billion), as well as the upfront payments for the strategic collaboration of HER3-DXd/U3-1402.

Cash Flows from Investing Activities

- Net cash inflows provided by investing activities totaled JPY334.2 billion (previous year: JPY282.6 billion outflow), mainly due to proceeds from sales and redemption of investments and maturities of time deposits, which were partially offset by acquisitions of property, plant and equipment and intangible assets.

Cash Flows from Financing Activities

- Net cash outflows used in financing activities totaled JPY377.8 billion (previous year: JPY123.6 billion outflow), mainly due to cash outflows from dividend payments and purchase of own shares.

(Reference) Cash flow-related indicators

Principal Cash Flow Indicators

	Fiscal 2023	Fiscal 2024
Ratio of equity attributable to owners of the Company to total assets (%)	48.8	47.0
Ratio of equity attributable to owners of the Company to total assets (at market value) (%)	264.7	189.6
Interest-bearing debt to cash flow ratio (years)	0.22	0.95
Interest coverage ratio (times)	378.41	85.01

Ratio of equity attributable to owners of the Company to total assets: equity attributable to owners of the Company /total assets

Ratio of equity attributable to owners of the Company to total assets (at market value): total market capitalization/total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt/cash flows

Interest coverage ratio: cash flows/interest paid

(Notes)

1. All indicators are calculated on a consolidated basis.
2. Total market capitalization is calculated based on the number of outstanding ordinary shares (net of own shares).
3. Cash flows equal the amount of net cash provided by operating activities in the consolidated statement of cash flows less the amounts of “interest paid” and “income taxes paid.” Interest paid equals the “interest paid” included in the consolidated statement of cash flows.
4. Interest-bearing debt includes all liabilities reported on the consolidated statement of financial position which are subject to interest payments.

(3) Future Outlook

Forecast of Consolidated Financial Results for Year Ending March 31, 2026 (Fiscal 2025)

(JPY Millions; all amounts have been rounded down to the nearest JPY million)

	Fiscal 2024	Fiscal 2025	Amount change	Percentage change
Revenue	1,886,256	2,000,000	113,743	6.0
Core operating profit*	312,835	350,000	37,164	11.9
Operating profit	331,925	350,000	18,074	5.4
Profit before tax	355,631	370,000	14,368	4.0
Profit for the year	295,756	300,000	4,243	1.4
Profit attributable to owners of the Company	295,756	300,000	4,243	1.4

* The Group discloses core operating profit, which excludes temporary income and expenses from operating profit, as an indicator of ordinary profitability. Temporary income and expenses include gains/losses on sale of non-current assets, gains/losses associated with business restructuring (excluding gains/losses on sales of developed products and products on the market), impairment losses on property, plant and equipment, intangible assets, and goodwill, compensation for damages or settlement, and non-recurring and large gains/losses. For the adjustment table from operating profit to core operating profit, please refer to the reference data.

- Regarding revenue, the Company is expecting a 6.0% increase in revenue year on year, to JPY2,000.0 billion by revenue increase from Enhertu and a growth in milestone revenue related to strategic collaboration agreements with AstraZeneca and Merck in the U.S., among others.
- Core operating profit and Operating profit are expected to increase by 11.9% and 5.4% year on year to JPY350.0 billion, respectively due to the expected increase in gross profit by an increased revenue, despite the expected increase resulting from the increase in profit share payments to AstraZeneca accompanying increased sales of Enhertu, and the continuous allocation of resource to the oncology business, etc.
- Profit before tax is expected to increase by 4.0% to JPY370.0 billion year on year considering financial income such as interest income and others.
- Profit for the year and profit attributable to owners of the Company are expected to increase by 1.4% year on year to JPY300.0 billion respectively.
- Forecasts are based on assumption of foreign exchange rates at JPY140 against U.S. dollar and JPY160 against euro.

(4) Basic Policy on Profit Distribution and Dividend for the Years Ended March 2025 and Ending March 2026

- In order to secure sustainable growth in corporate value, one of the fundamental business policies of Daiichi Sankyo is to decide profit distributions based on a comprehensive consideration of the investments essential for implementing its growth strategy and returning profits to shareholders.
- During the 5-Year Business Plan (fiscal 2021-fiscal 2025) period, the Company aims to maximize shareholder value by further enhancing shareholder returns through dividend increase in line with profit growth and flexible acquisition of its own shares.

<Dividend increase in line with profit growth>

- The Company has decided the annual dividend forecast for fiscal 2024 to be JPY60 (interim dividend: JPY30, year-end dividend forecast: JPY30) per share, an increase of JPY10 from the annual dividend actual for fiscal 2023 at the meeting of the Board of Directors held on April 25, 2025 mainly due to the strong business performance following the further sales expansion of Enhertu.
- The Company has decided the annual dividend forecast for fiscal 2025 to be JPY78 (interim dividend forecast: JPY39, year-end dividend forecast: JPY39) per share, an increase of JPY18 from the annual dividend forecast for fiscal 2024 at the meeting of the Board of Directors held on the same day mainly due to the continued expected profit growth following further revenue increase of Enhertu.

<Flexible acquisition of own shares>

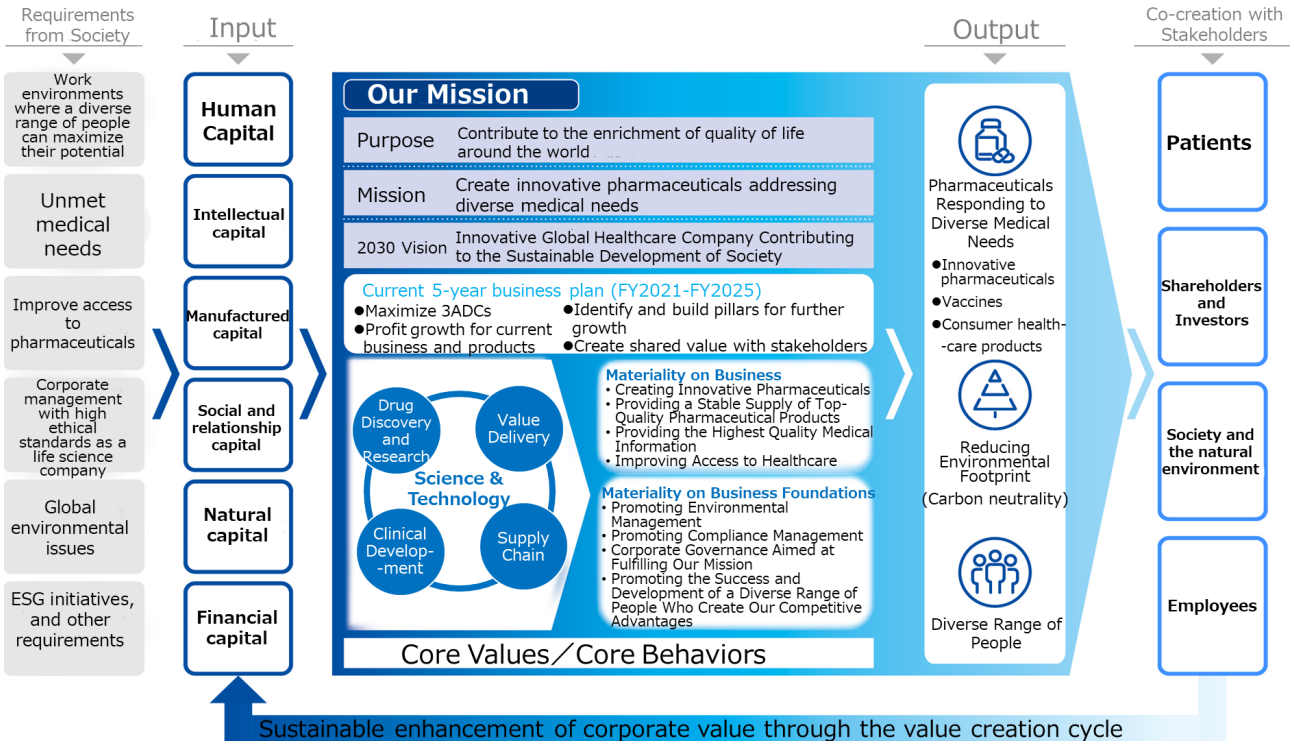
- To further improve shareholder returns and enhance capital efficiency, the Company acquired 38.71 million own shares for the cost of JPY200.0 billion between April 26, 2024 to January 9, 2025, and canceled all the acquired shares on January 31, 2025.
- Furthermore, in order to take flexible actions in response to the situation where the Company believes its future profitability is not fully reflected in its share price, the Company acquired 13.97 million own shares for the cost of JPY50.0 billion between March 3, 2025 to April 8, 2025. In addition, the Company decided to cancel all the acquired shares on May 30, 2025 at the meeting of the Board of Directors held on April 25, 2025.
- The Company decided at the meeting of the Board of Directors held on the same day to establish upper limits of 80 million shares and JPY 200.0 billion from May 1, 2025 to March 24, 2026 for acquisition of its own shares in order to enable flexible acquisition of its own shares based on comprehensive consideration such as share price level and other factors.

(5) Prospective Challenges

1) Daiichi Sankyo's Value Creation Process and ESG Management

- The Group defines ESG management as "management based on a long-term perspective that enhances both financial and non-financial value by reflecting ESG elements in business strategies," and we are implementing this management.
- To meet society's diverse requirements, we invest a variety of internal and external management resources into the value creation process and provide value to each stakeholder and society with "Science and Technology" as our greatest source of competitive advantage. By circulating the value creation process, we believe to be able to achieve both sustainable growth of the Company, and of society as a whole.
- Considering the two aspects of impact on medium- to long-term corporate value and expectations from society, including various stakeholders, we identified eight key issues as our materiality, which we have categorized as materiality on business and materiality on business foundation.

Daiichi Sankyo's Value Creation Process



2) 2030 Vision

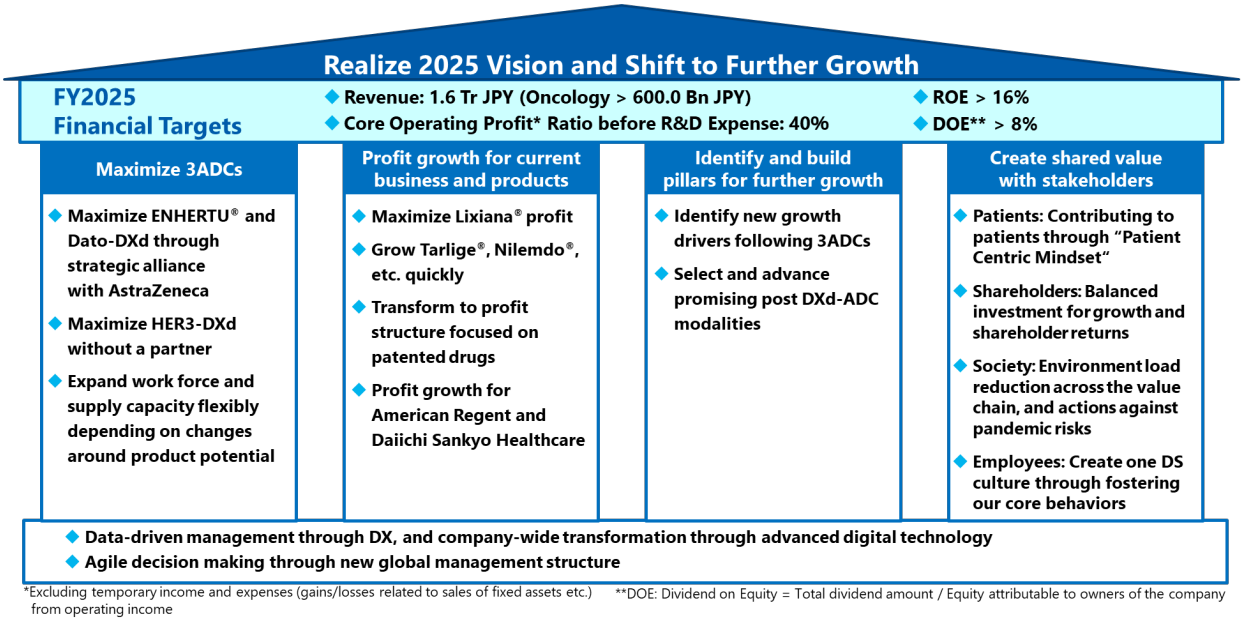
- Under ESG management, we newly established our 2030 Vision of being an "innovative global healthcare company contributing to the sustainable development of society."
- To realize our "Purpose," which is to "contribute to the enrichment of quality of life around the world," we aim to address the social issues that we are expected by society to solve through our business activities, such as the creation of innovative pharmaceuticals and efforts for achieving the SDGs. We challenge ourselves to continuously provide innovative solutions based on our strength: Science & Technology.

3) 5-Year Business Plan (Fiscal 2021 to Fiscal 2025)

- We have established 5-Year Business Plan (fiscal 2021 to fiscal 2025) and four strategic pillars as a plan to achieve our Fiscal 2025 Goal, "Global Pharma Innovator with Competitive Advantage in

Oncology" and shift to further growth toward realizing our 2030 Vision, while conducting ESG management.

Strategic Pillars for the 5-Year Business Plan (FY2021-FY2025)



*Excluding temporary income and expenses (gains/losses related to sales of fixed assets etc.) from operating income

**DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

【Four Strategic Pillars】

a. Maximize 3ADCs

- In the 5-Year Business Plan, maximizing 3ADCs (Enhertu, Dato-DXd and HER3-DXd) is our most important materiality.
- With regard to Enhertu, we will accelerate market penetration and acquisition of new indications through our strategic collaboration with AstraZeneca. In addition, we will establish advantage over competitive products for HER2, and will firmly establish HER2 low expression concept for the treatment of breast cancer.
- As for Dato-DXd, our target is to obtain approval and additional indications as quickly as possible through the strategic collaboration with AstraZeneca. Moreover, we will establish and implement an effective launch plan, and establish advantages over competitive products for TROP2.
- For HER3-DXd, we will launch as fast as possible through our in-house development. After having developed and implemented an effective launch plan, we will establish HER3 as a cancer treatment target.
- In addition to these efforts, we will promote appropriate use of the products through monitoring and risk analysis of interstitial lung disease (ILD), which is one notable side effect. We will also efficiently and gradually expand the workforce and supply capacity depending on changes around the product potential.

<Major Progress Fiscal 2021-Fiscal 2024>

- Revenue from Enhertu increased at a pace exceeding initial plans given that it has steadily achieved market penetration, expanded number of countries and regions where the drug has been launched, and has furthermore acquired new indications including the second line treatment for HER2-positive breast cancer and HER2 low breast cancer previously treated with chemotherapy. In addition, progress has also been achieved in clinical trials for further acquisition of new indications and for expanding the applicable cancer types including the acquisition of an indication for chemotherapy naïve HR positive, HER2 low or HER2 ultralow breast cancer.

- With regard to Dato-DXd (brand name: Datroway), an indication was acquired for HR positive and HER2 negative breast cancer after prior endocrine-based therapy and chemotherapy, and the drug was launched. Moreover, development progressed toward obtaining new indications, including the acceptance of an application for approval for NSCLC who have received prior systemic therapies (including EGFR-targeted therapies).
- With regard to HER3-DXd, together with I-DXd (B7-H3-directed ADC) and DS-6000 (CDH6-directed ADC), favorable clinical trial data has been accumulated and the product has moved to the stage of planning to maximize its product value. In addition, as competition in ADC development grows increasingly intense, the need to increase capacity, resources, and capability to maximize the DXd ADC franchise has increased. In order to deliver these three products to more patients more quickly, we have decided to enter into a strategic collaboration agreement with Merck in the U.S. to co-develop and co-promote these three products. Furthermore, MK-6070 (DS3280: a trispecific T-cell engager targeting DLL3), which is developed by Merck in the U.S., was added to the above-mentioned strategic collaboration, and joint development with the company commenced.

- We will continue to make steady efforts to maximize product value through effective development investments.

b. Profit Growth for Current Business and Products

- Profit growth for current business and products in addition to the oncology business will also be an important challenge as we continue to invest for sustainable growth.
- Lixiana is a highly profitable product that generates a stable profit, so we will work to further expand revenue to use it from this product as a source of investment in 3ADCs and post-3ADC growth drivers.
- For new products such as Tarlige and Nilemdo, we aim to achieve quick growth through additional indications and so forth. Through realizing early growth for these new products, in addition to Lixiana, we aim to achieve sustainable growth in our businesses for newly patented products outside of oncology as well.
- In each country/region, we aim to transform ourselves into a business structure that supports sustainable profit growth through transformation to patented product-based profit structure.
- At American Regent, Inc., we aim to grow profits mainly through Injectafer and generic injectable products. At Daiichi Sankyo Health Care Co., Ltd., we aim to grow profits primarily through expanding store sales and online business.

<Major Progress Fiscal 2021-Fiscal 2024>

- Revenue from Lixiana increased steadily as a result of improvement in product value through additional usage and dosage, etc. Moreover, Tarlige, Venofer, Nilemdo/Nustendi and other products have also encountered steady growth in each country/region. In addition, we have launched new products such as Emgality and FluMist, made progress in product transfers after loss of exclusivity in each country/region and the transfer of shares of Daiichi Sankyo Espha Co., Ltd., which handles the Japanese generic drug business, and moved forward in transforming into a patented product-based business structure. Going forward, we will continue to expand sales of highly profitable products in order to transform the business structure to one that supports sustainable profit growth.

c. Identify and Build Pillars for Further Growth

- In order to achieve sustainable growth, it is important that we identify post-3ADC growth drivers and select and advance post-DXd-ADC modalities through a multi-modality research strategy.

- We will identify post-3ADC growth drivers from fields such as the DXd-ADC family, second-generation and new-concept ADC, and modified antibodies.
- We will identify post-DXd-ADC modalities for sustainable growth from various modality technologies. Regarding LNP-mRNA, we will utilize it also in vaccines other than those for COVID-19 infections to drive the growth of the vaccine business.

<Major Progress Fiscal 2021-Fiscal 2024>

- Due to the accumulation of favorable clinical trial data and increased product potential, the Company positioned I-DXd and DS-6000 as growth drivers following the 3ADCs. In order to further accelerate future growth, development of both products is being accelerated together with Enhertu, Dato-DXd, and HER3-DXd. Progress has been made in clinical trials for the treatment of small cell lung cancer as for I-DXd and ovarian cancer as for DS-6000, and exploratory trials for the both products have been initiated in diverse cancer types.
- With regard to the Company's sixth DXd ADC DS-3939 (Anti TA-MUC1 ADC), clinical trials for the treatment of solid tumors have been conducted.
- Progress has been made in selecting post DXd ADC modalities. Promising early data has been obtained in clinical trials for the treatment of solid tumors with regard to DS-9606 (Anti-CLDN6 ADC), which is mPBD[*1] ADC, and the approval for mRNA vaccines against COVID-19 has been obtained and its supply began.

- Going forward, we will continue to identify and build pillars of further growth using our proprietary ADC technology and other technologies.

[*1] modified pyrrolobenzodiazepine

d. Create Shared Value with Stakeholders

- To promote ESG management from a long-term perspective, it is also important to create shared value with stakeholders, namely, patients, shareholders, society, the environment, and employees.
- As we expand 3ADCs to various types of cancer and target more rare diseases, we will strengthen our initiatives under a patient centric mindset and contribute to patients, not only in pharmaceutical development but across the entire value chain.
- We will implement well-balanced investment for growth, and shareholder returns to sustainably increase the value for the Company.
- For social and environmental challenges such as decarbonization society, circular economy and a society in harmony with nature, we will implement various initiatives to reduce environmental impact throughout the value chain from research and development to sales, and contribute to society and the environment.
- In addition to our stable supply in ordinary times of seasonal influenza and other vaccines from in-house manufacturing sites, we will contribute to society by establishing technologies that can be applied to vaccines for COVID-19 as well as emerging/re-emerging infectious diseases and establishing a vaccine supply system for future pandemics.
- By determining the Group's common core behaviors, which form its common core across the entire Group, we will cultivate a unique corporate culture, "One DS Culture," and further enhance the strengths of our global organization and human resources.

<Major Progress Fiscal 2021-Fiscal 2024>

- We made progress in terms of addressing pandemic risks, including supply of COVID-19 mRNA vaccines DAICHIRONA for Intramuscular Injection (monovalent: omicron XBB.1.5 variant) in Japan. Meanwhile, we joined "RE100[*2]," a global initiative that aims to use 100% renewable energy for electricity consumed in business activities. We also engaged in initiatives to address environmental challenges that include shifting to renewable energy with respect to electricity consumption at the Company's sites in Japan.
- Toward the cultivation of "One DS Culture," we have been promoting efforts to deepen the understanding of the Group's common core behaviors, which form its common core across the entire Group, and to embody them through workshops attended by the management and all employees, and other means.

- We will continue to implement a variety of measures to strengthen the value creation process with stakeholders.

[*2] A global initiative to promote 100% corporate renewable energy, run by the Climate Group, an international environmental NGO, in partnership with CDP, which encourages companies to disclose information about their climate change initiatives.

【Platform for Supporting Strategy Execution】

- To strengthen our platform for supporting the execution of our four strategic pillars, we will implement data-driven management by advancing digital transformation and advance company transformation with cutting-edge digital technology. In addition, we will realize agile decision-making through our new global management structure.

<Major Progress Fiscal 2021-Fiscal 2024>

- We began global operation of an analytical platform that enables integrated data analysis of Enhertu inside and outside the Company.
- The Oncology Business Unit was newly established to promptly respond to rapid changes in treatment systems and the market environment in the field of oncology from both business and scientific perspectives.

- Going forward, we will accelerate data-driven management and continue to strengthen our global management structure in line with changes and expansion of our business operations.

【Shareholder Return Policy】

- We will increase dividend that takes account of our profit growth. We will also flexibly acquire own shares and will enhance shareholder returns.
- We have adopted dividend on equity[*3] (DOE) based on shareholders' equity as a KPI in line with our policy of providing stable returns to shareholders. Going forward, we aim to maximize shareholder value, with a target for DOE of 8% or more in fiscal 2025, exceeding the cost of shareholders' equity.

[*3] Dividend on equity = Total dividend amount / Equity attributable to owners of the Company

<Major Progress Fiscal 2021-Fiscal 2024>

- The Company has decided the dividend increase for three consecutive years from fiscal 2022 to fiscal 2024, following the profit growth due to the growth of Enhertu, the receipt of upfront payment related to strategic collaboration agreement with Merck in the U.S., etc.

[Trends in annual dividend per share]

Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024 (Forecast)
JPY 27	JPY 30	JPY 50	JPY 60

- To further improve shareholder returns and enhance capital efficiency, etc., the Company decided and implemented two rounds of acquisition of its own shares in fiscal 2024.

[Acquired own shares]

	Total acquisition shares	Total acquisition amount
From April 2024 to January 2025	Approximately 38.71 million shares	Approximately JPY 200.0 billion
From March 2025 to April 2025	Approximately 13.79 million shares	Approximately JPY50.0 billion

- We will strive to further enhance shareholder returns through continued efforts by increasing dividends in alignment with profit growth and/or flexible acquisition of own shares.

(6) Strategic Targets and Forward-Looking Statements

- Strategic targets, forward-looking statements and other information disclosed in this material are all determined by the Company based on information obtained at the time of disclosure of this material with certain assumptions, premises and future forecasts, and thus, there are various inherent risks as well as uncertainties involved. As such, actual results of the Company may diverge materially from the content of this material.
- These risks and uncertainties include, among others, the risk of being unable to meet future commercial product/trial supply plans for 5DXd ADC products (Enhertu, Datroway, HER3-DXd, I-DXd, DS-6000), risks regarding clinical trials of 5DXd ADC products, and risks related to intellectual property disputes.

2. Matters Relating to Corporate Governance

- In addition to creating a management structure that can respond speedily and flexibly to changes in the business environment, the Daiichi Sankyo is working to secure legal compliance and management transparency and to strengthen oversight of management and the conduct of operations. We place great importance on building up a corporate governance structure that is responsive to the trust of our stakeholders, especially our shareholders.

1) Corporate Governance Structure

a. To clarify Directors management responsibility and reinforce their oversight of management and the conduct of operations, their terms of office are set at one year, and five out of our ten Directors are Outside Directors. Since June 2020, an Outside director has been appointed chairman of the Board of Directors (the Board).

b. To ensure management transparency, the Company has established two voluntary committees as advisory bodies to the Board: the Nomination Committee and the Compensation Committee. Both committees respectively deliberate on selections or dismissals of CEO and COO, the succession plan of CEO, selections of Director and Audit & Supervisory Board Member candidates, the compensation policy for Directors, the individual amounts of compensation of Directors, and other matters.

c. It is comprised by five Outside Directors and one Outside Audit & Supervisory Board Member participates as the observer in each committee.

d. For audits of legal compliance and soundness of management, the Company has adopted an Audit & Supervisory Board system and established the Audit & Supervisory Board comprising five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members.

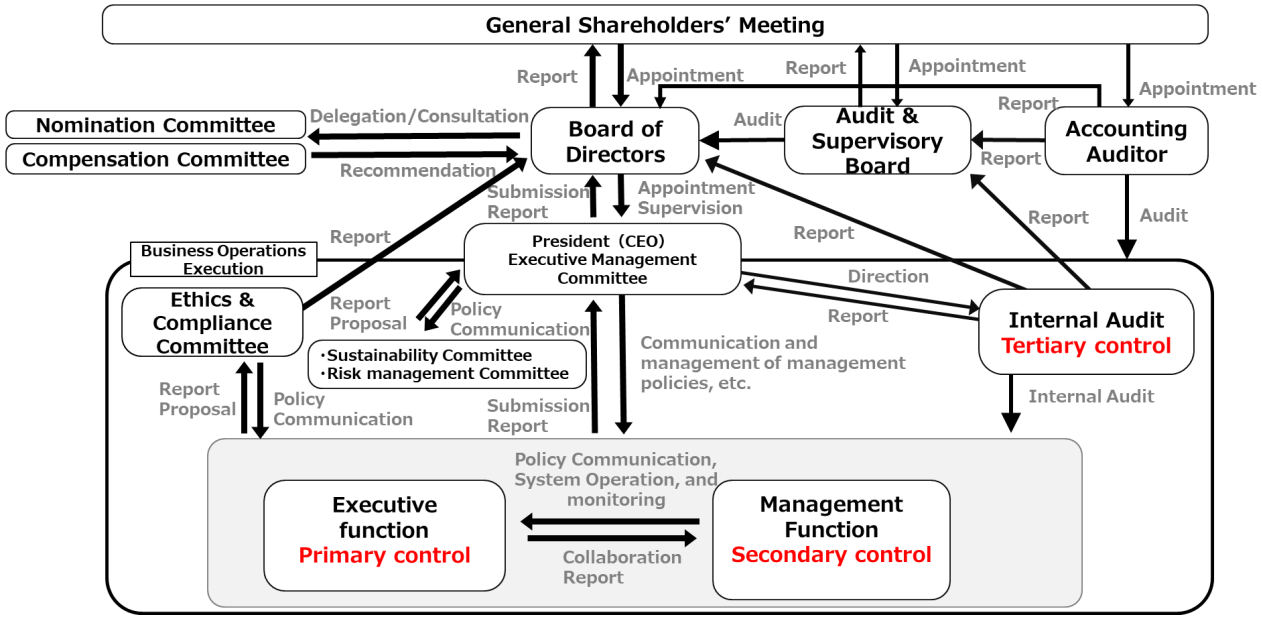
e. The Company prescribes specific criteria on the judgment of independence of Outside Directors and Outside Audit & Supervisory Board Members and basic matters regarding execution of duties by Directors and Audit & Supervisory Board Members.

f. Under the global management structure, the Management Executive Meeting with CxOs, Unit Heads, and Heads of Global Corporate Functions as members is held as appropriate to deliberate on important matters related to the strategy, policy, and execution of group management, and to contribute to management decision-making.

g. The Company employs a Corporate Officer System which contributes to appropriate and swift management decision-making and the conduct of operations.

h. With the aims of ensuring effectiveness and efficiency of operations, ensuring reliability of financial reporting, complying with applicable laws and regulations relevant to business activities, and safeguarding assets, the Company structures its internal control system to consist of self-monitoring carried out by respective organizations which execute its functions (primary controls), policy development and monitoring for respective organizations carried out by the corporate organization (secondary controls), and internal auditing encompassing monitoring carried out by the Corporate Internal Audit Department (tertiary controls).

Daiichi Sankyo Group Internal Control System Chart



2) Policies and Procedures for Appointment/Selection of Directors, Audit & Supervisory Board Members, and CEO

- Directors shall meet the requirement of being personnel of excellent character and insight who contribute to maximizing the corporate value of the Group.
- Directors shall meet the requirements of being appropriate persons with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc.
- Directors shall meet the requirements that they are the individuals with expertise, experience, and insight in one or more of the following fields: corporate management and management strategy, finance and accounting, science and technology, business strategy and marketing, global business, human resources and HR development, legal and risk management, sustainability and ESG, and/or DX and IT.
- Directors shall meet the requirements that there shall always be Outside Directors included to strengthen the decision-making functions based on various perspectives and to strengthen the function of supervising conduct of operations.
- In principle, it is a requirement that Outside Directors have no more than three concurrent positions as officers of listed companies, excluding the Company.
- The Company recognizes that ensuring the diversity of Directors particularly in terms of gender, nationality, race, etc. as well as incorporating diverse opinions into management are important for strengthening the decision-making functions and the supervisory function of the Board. The Company will continue to discuss the selection of candidates for Directors going forward.
- When selecting the candidates for Directors, the Board shall select the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Outside Directors form a majority.
- Directors should attend Board of Directors meetings and maintain an attendance rate of at least 75% or more unless there are unavoidable circumstances.
- Audit & Supervisory Board Members shall meet the requirement of whether they can fulfil their duties and ensure their independence from the representative directors, Directors, and corporate officers.
- When selecting the candidates for Audit & Supervisory Board Members, the Board shall select the candidates after they have been deliberated by the Nomination Committee, and agreed by the Audit & Supervisory Board.

- Outside Directors and Outside Audit & Supervisory Board Members shall be confirmed to have no problems according to specific criteria on the judgment of independence.
- When selecting the candidates for Directors and Audit & Supervisory Board Members, the General Meeting of Shareholders shall select them after the relevant proposal.
- Candidates for CEO shall be selected based on the successor plan and defined eligibility requirements, etc. that have been repeatedly discussed at the Nomination Committee.
- Selection of CEO and COO (including reelection) shall be determined by resolution of the Board over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.

3) Policies and Procedures for Dismissal of Directors and CEO

- If any Director is found not meeting eligibility requirements or requirements for execution of duties defined in the Companies Act or the Directors Regulations, following deliberation at the Nomination Committee and the Board, the General Meeting of Shareholders shall deem that it meets criteria for dismissal of Directors, and resolve dismissal of such Director after the relevant proposal.
- Dismissal of CEO and COO shall be called into account in light of the Companies Act, defined CEO eligibility requirements or requirements for execution of duties, and determined in the same manner as appointment, by resolution of the Board over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.

4) Matters concerning the Decision Policy regarding the Content of Individual Compensations of Directors

- The Company has established a policy regarding decisions of the content of individual compensations for Directors at the Board meeting held on May 13, 2021 and has revised a part of the content at the Board meeting held on May 19, 2022 and November 30, 2023. The outline is as follows.

1. Compensations policy

Compensations to Directors are designed based on the following ideas.

(1) Compensation system with a compensation level that can secure and maintain excellent human resources

(2) Compensation system that motivates sustainable growth over the medium to long term and contributes to the increase of the value of the Company and shareholder value

(3) A transparent, fair and rational compensation system accountable to stakeholders

2. Level of compensations

The level of compensations to Directors is set aiming to provide the high level compensations in the industrial circle, referring to the levels of other companies learned from the surveys of external specialist institutions. Specifically, the Company will mainly compare companies within the top 100 companies by market capitalization among the companies listed on the Tokyo Stock Exchange, and also refer to the levels of major domestic pharmaceutical companies.

3. Composition of compensations

<u>Directors (excluding Outside Directors)</u>

It is designed to encourage management efforts from a short-term to medium-long-term perspective and appropriately to be able to reward the results by the composition of four compensations such as basic, fixed compensation, annual performance-based bonuses, which is a variable compensation serving as short-term incentive, and restricted share-based compensation and medium-term

performance-based share compensation serving as long-term incentive. Retirement benefit system is not adopted.

Outside Directors

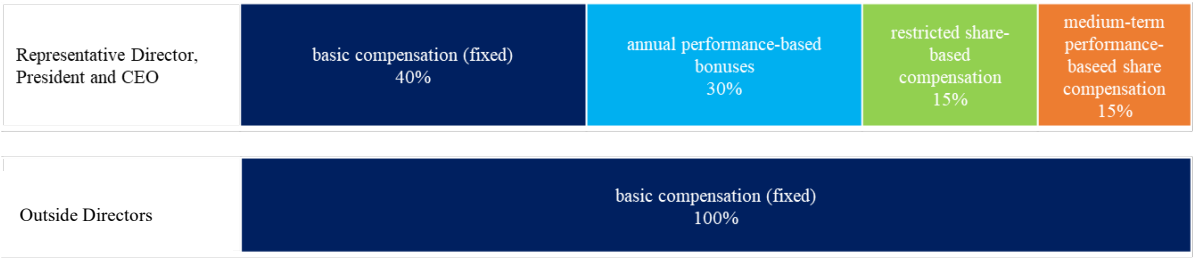
Compensation to Outside Directors who are in charge of management oversight and are not in the position to take charge of business execution is only basic, fixed compensation. Incentive bonuses and retirement benefit system are not adopted.

4. Ratio of the composition of compensations

The composition of compensations to Representative Director, President and CEO is designed to have its ratio of 40% as basic compensation, 30% as annual performance-based bonuses, 15% as restricted share-based compensation and 15% as medium-term performance-based share compensation when achieving the performance target of 100%.

The ratio of the composition of compensations of other Directors (excluding Outside Directors) will be determined in consideration of the responsibilities and the level of compensation according to the ratio of composition of compensation of Representative Director, President and CEO.

Compensation to Outside Directors is only basic, fixed compensation.



5. Basic compensation

Basic compensation to Directors shall be paid on one regular day of each month during their tenure, and the amount of individual compensation is determined according to the compensations policy and the level of compensations.

6. Annual performance-based bonuses (short-term incentive)

The amount of annual performance-based bonuses, which are short-term incentive remuneration, will be decided according to the degree of achievement of the earnings forecasts announced at the beginning of the fiscal year about profit attributable to owners of the Company, revenue and core operating profit ratio, and the evaluation of goals and tasks which each Director set at the beginning of the fiscal year.

The formula for calculating the amount of payment, and the evaluation ratio and mechanism of annual performance-based bonuses are as follows.

(1) Calculation formula for annual performance-based bonus

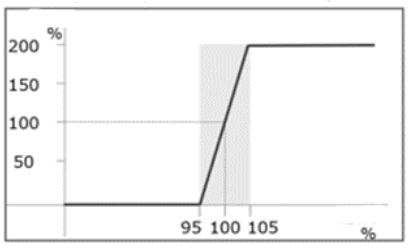
Bonus payment amount = Standard amount by position ＊ Achievement of annual targets (revenue + core operating profit ratio + profit attributable to owners of the Company) ＊ performance evaluation

(2) Achievement of annual targets (evaluation ratio and mechanism)

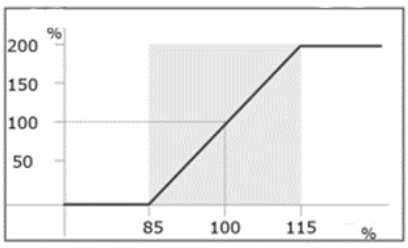
Index for the achievement of annual targets	Evaluation ratio	Evaluation coefficient fluctuation range	Targets (set with the following as a guide)
Revenue	10%	0%-200%	Upper limit: Target ＊ 105% Target: Expected value announced at the beginning of the fiscal year Lower limit: Target ＊ 95%
Core operating profit ratio	10%	0%-200%	Upper limit: Target ＊ 115% Target: Expected value announced at the beginning of the fiscal year Lower limit: Target ＊ 85%
Profit attributable to owners of the Company	80%	0%-200%	Upper limit: Target ＊ 120% Target: Expected value announced at the beginning of the fiscal year Lower limit: Target ＊ 80%
Total	100%	0%-200%	

[Target achievement ratio]

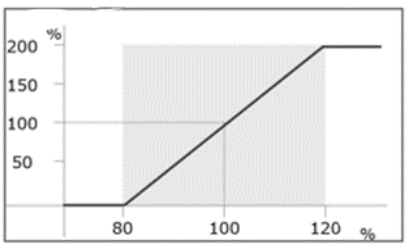
Revenue



Core operating profit ratio



Profit attributable to owners of the Company



(3) Performance evaluation

It will be converted into a coefficient and calculated according to the degree of achievement of each Director's goals and tasks set at the beginning of the fiscal year.

(i) The performance evaluation of the Executive Chairperson and the President will be determined after deliberation at a joint meeting of the Nomination Committee and the Compensation Committee.

(ii) For other Directors, the evaluation decided by CEO after deliberation at the performance meeting shall be applied. The evaluation results of Directors will be reported to the Compensation Committee.

	Index	Coefficient	Evaluation method
Executive Chairperson / President	Company-wide tasks such as R&D progress Successor training, etc.	50%-150%	Decided after deliberation at a joint meeting of the Nomination Committee and the Compensation Committee
Other Directors	Department (individual) goals	80%-120%	Performance evaluation (CEO)

7. Restricted share-based compensation (Long-term incentives)

The Company grants, every year in principle, shares with transfer restriction until the time immediately after resignation or retirement of a Director. The objective of the system is to give

incentives to sustainably increase the value of the Company and to promote sharing the same value between shareholders and Directors for as long as possible by having the restricted shares. The total number of the ordinary shares of the Company to be issued or disposed of is 240 thousand shares or less per year (if a share split of the Company's ordinary shares (including a gratis allotment of the Company's ordinary shares) or a share consolidation occurs, or if there is any other reason that requires adjustment of the total number, Daiichi Sankyo will adjust the number in a reasonable range as necessary according to the split or consolidation ratio.).

When restricted share-based compensation is paid, monetary compensation receivables will be paid to Directors based on a resolution of Board of Directors of the Company, and Directors will pay all of the paid monetary compensation receivables as in-kind contribution assets of the Company's ordinary shares and will be issued them.

When delivering the Company's ordinary shares, a restricted share allotment agreement will be concluded between the Company and each Director, and Directors shall not freely transfer, set security interests or otherwise dispose of the Company's ordinary shares allotted under the allotment agreement for a certain period of time specified in the allotment agreement.

In the allotment agreement, (1) if a Director of the Company retires or resigns during the transfer restriction period, the Company shall acquire all of the restricted shares without consideration unless otherwise such the retirement or resignation is admitted by Board of Directors that it has justifiable reasons such as expiration of terms of office, death or others, and (2) if a Director retires or resigns due to expiration of term, death or other reasons deemed justified by Board of Directors during the service provision period, the Company shall rationally adjust the number of shares for which the restrictions will be released and the timing of the release as necessary and acquire the restricted shares which the restrictions will not be released free of charge, will be included.

The number of restricted share-based compensation to be delivered shall be the number of shares of the Company's ordinary shares, which is the amount of restricted share-based compensation for each position divided by the closing price of the market price of the Company's ordinary share on the day before the allotment resolution by Board of Directors.

8. Medium-term performance-based share compensation (Long-term incentives)

Medium-term performance-based share compensation, which is a long-term incentive compensation, will be a trust-type share compensation system that has the nature of performance share (performance-based share compensation) for Directors (excluding Outside Directors) and the Corporate Officers (hereinafter, "the Target Directors & Officers.") as compensation based on the achievement of the performance of the mid-term business plan in order to promote management with an emphasis on increasing shareholder value over the medium to long term.

The trust period for the fiscal year covered by the mid-term business plan (hereinafter, the "Target Period," and the initial Target Period is 5-Year Business Plan (fiscal 2021-fiscal 2025)) will be set.

The number of shares of the Company, etc. to be delivered, etc. to the Target Directors & Officers shall be determined at a certain time every year based on share delivery points calculated by multiplying the number of points accumulated over a Target Period, which are awarded according to their position, by the performance-based coefficient. The performance-based coefficient shall be determined within the range between 0% and 200% according to the degree of achievement of targets of Daiichi Sankyo's performance indicators set forth for the final fiscal year of the Target Period (For the initial Target Period, revenue, core operating profit ratio before research and development expenses, ROE, research and development progress, ESG indicators, and relative TSR set forth in Daiichi Sankyo's 5-Year Business Plan announced in fiscal 2021 have been adopted.), and one ordinary share in Daiichi Sankyo per point shall be delivered. During the trust period, if a share split of the Company's ordinary shares (including a gratis allotment of the Company's ordinary shares) or a share consolidation occurs, or if there is any other reason that requires adjustment of the number of points, Daiichi Sankyo will adjust the number of points in a reasonable range as necessary according to the split or consolidation ratio. The total number of ordinary shares, etc. of the Company to be delivered to the Target Directors & Officers during the Target Period will be limited to the number obtained by multiplying the maximum number of 0.5 million shares per

fiscal year by the number of fiscal years of the Target Period (The initial Target Period is 2.5 million shares for the five fiscal years.). As a general rule, when the Target Directors & Officers receive the Company's shares, etc., after their retirement, 50% of the shares to be delivered will be converted into money and be provided for the purpose of allocating to tax payment funds such as withholding income tax. Shares and monetary payments will be provided through the executive compensation BIP (Board Incentive Plan) trust of Mitsubishi UFJ Trust and Banking Corporation.

With justifiable reason, when it is not possible to establish the trust, amend the trust agreement, make additional contribution to the Trust, or when Target Directors & Officers are non-resident of Japan, or with any other justifiable reason, that delivery of the Company's Shares, etc. to Target Directors & Officers from the trust is not possible, the Company may, within the upper limit of amount of money to be contributed by the Company, make monetary payments of the amount reasonably calculated based on the number of the Company's Shares, etc. that should be delivered in accordance with the plan and share price, etc., to Target Directors & Officers.

Index for the achievement of targets	Evaluation ratio	Evaluation coefficient fluctuation range	Targets (set with the following as a guide)
Revenue	20%	0%-200%	Upper limit: Target ＊ 110% Target: Expected value announced about 5-Year Business Plan Lower limit: Target ＊ 90%
Core operating profit ratio before research and development expenses	20%	0%-200%	Upper limit: Target ＊ 120% Target: Expected value announced about 5-Year Business Plan Lower limit: Target ＊ 80%
ROE	20%	0%-200%	Upper limit: Target ＊ 140% Target: Expected value announced about 5-Year Business Plan Lower limit: Target ＊ 60%
Research and development progress	15%	0%-200%	Research and development achievements (number of new indications for 3ADC on the market, pipeline value in the early and late stages)
ESG indicators	10%	0%-200%	Evaluation based on Dow Jones Sustainability Indices, FTSE Russell or Access to Medicine
Relative TSR	15%	0%-200%	Upper limit: Comparison result with TOPIX including dividend ＊ 150% Target: Comparison result with TOPIX including dividend ＊ 100% Lower limit: Comparison result with TOPIX including dividend ＊ 50%
Total	100%	0%-200%	

9. Clawback provision

Daiichi Sankyo will set forth a clawback clause that can request for the refund of part or all of the compensation received for annual performance-based bonuses and medium-term performance-based

share compensation by the resolution of Board of Directors after consultation with the Compensation Committee in the event that a material accounting error or fraud, or record of a significant impairment loss occurs.

This clause will be applied from the fiscal 2021 annual performance-based bonus and medium-term performance-based share compensation and will be applied for all periods thereafter.

10. Compensation governance and decision-making process

The Compensation Committee has been established as an advisory body to Board of Directors to ensure the appropriateness of compensation for Directors and the transparency of the decision-making process. The Compensation Committee consists of only Outside Directors, with one Outside Audit & Supervisory Board Member participating as an observer, and the chairperson is appointed by mutual appointment of the members.

The Compensation Committee fully discusses the compensation policy, the level of compensations, the composition of the compensation, the ratio of the composition of compensations, Clawback provision, the compensation governance and decision-making process, amount of annual performance-based bonuses, allocation of restricted share, and result of medium-term performance-based share compensation. In addition, the Compensation Committee discusses and confirms the detailed design of indices for the achievement of each compensation, and also verifies the compensation levels for each position.

The amount of compensation for each individual Director of the Company is first deliberated by the Compensation Committee, and then based on the deliberation results, each type of the compensation will be determined by a resolution of Board of Directors within the total amount of compensation resolved at the General Meeting of Shareholders.

- As stated in the above policy, the Compensation Committee fully discusses the compensations policy, the level of compensations, the composition of the compensation, the ratio of the composition of compensations, Clawback provision, the compensation governance and decision-making process, amount of annual performance-based bonuses, allocation of restricted share, and result of medium-term performance-based share compensation. The content of individual compensation for Directors in the current fiscal year is also decided by the Board after being first deliberated by the Compensation Committee. We judge that the content of the Company's compensation governance is in line with the above-mentioned policy regarding decisions of the content of individual compensation for Directors.

5) Decision Policy regarding the Content of Individual Compensations of Audit & Supervisory Board Members

The outline of the decision policy regarding the content of individual compensations of Audit & Supervisory Board Members is as follows.

- Compensation to Audit & Supervisory Board Members is only basic, fixed compensation in view of the role of oversight of management and no position to take charge of business execution.
- The level of basic compensations is set aiming to provide high level compensations in the industrial sector, referring to the levels of other companies learned from the surveys of external specialist institutions. Specifically, a group of companies is selected for comparison from the top 100 listed companies on the Tokyo Stock Exchange with the largest market capitalization. The Company also refers to the levels of other leading domestic pharmaceutical companies.
- The amount of the compensation for each Audit & Supervisory Board Member has been determined through the discussion and with the unanimous consent in the Audit & Supervisory Board meetings within the total amount of the compensation approved by the General Meeting of Shareholders.

3. Rationale for the Selection of Accounting Standards

The Group has adopted International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") starting in the fiscal 2013. Having considered what accounting and financial reporting standards would be best to contribute to growth in corporate value through a concerted global business development program, Daiichi Sankyo made this move (1) to improve the international comparability of the Group's financial statements with global capital markets, (2) to unify the accounting treatments applied across the Group, and (3) to contribute to diversification of the Group's methods of fund procurement in global markets.

4. Consolidated Financial Statements with Primary Notes

(1) Consolidated Statement of Financial Position

(Millions of JPY)

	As of March 31, 2024	As of March 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents	647,180	639,838
Trade and other receivables	454,188	619,101
Other financial assets	577,040	80,890
Inventories	438,111	514,910
Other current assets	32,999	47,443
Subtotal	2,149,521	1,902,183
Assets held for sale	24,503	7,250
Total current assets	2,174,024	1,909,433
Non-current assets		
Property, plant and equipment	421,692	498,517
Goodwill	108,498	108,429
Intangible assets	168,300	235,839
Investments accounted for using the equity method	608	5,600
Other financial assets	147,906	139,175
Deferred tax assets	249,354	305,019
Other non-current assets	190,749	254,104
Total non-current assets	1,287,111	1,546,685
Total assets	3,461,135	3,456,119

(Millions of JPY)

	As of March 31, 2024	As of March 31, 2025
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	557,131	579,957
Bonds and borrowings	399	399
Other financial liabilities	12,775	14,720
Income taxes payable	46,391	60,369
Provisions	15,435	5,804
Contract liabilities	57,435	67,956
Other current liabilities	22,345	24,825
Subtotal	711,914	754,032
Liabilities directly associated with assets held for sale	11,484	–
Total current liabilities	723,399	754,032
Non-current liabilities		
Bonds and borrowings	101,314	100,933
Other financial liabilities	46,229	43,675
Post-employment benefit liabilities	1,291	1,559
Provisions	13,978	13,030
Contract liabilities	680,166	751,038
Deferred tax liabilities	12,858	11,066
Other non-current liabilities	193,294	157,365
Total non-current liabilities	1,049,133	1,078,670
Total liabilities	1,772,532	1,832,703
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	1,962	–
Own shares	(36,629)	(147,321)
Other components of equity	283,998	263,693
Retained earnings	1,388,842	1,457,044
Total equity attributable to owners of the Company	1,688,173	1,623,416
Non-controlling interests	429	–
Total equity	1,688,603	1,623,416
Total liabilities and equity	3,461,135	3,456,119

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Revenue	1,601,688	1,886,256
Cost of sales	415,322	415,797
Gross profit	1,186,366	1,470,458
Selling, general and administrative expenses	636,997	731,200
Research and development expenses	365,169	435,965
Other income	27,477	28,739
Other expenses	88	107
Operating profit	211,588	331,925
Financial income	31,487	34,103
Financial expenses	6,026	11,854
Share of profit (loss) of investments accounted for using the equity method	184	1,457
Profit before tax	237,234	355,631
Income taxes	36,217	59,874
Profit for the year	201,016	295,756
Profit attributable to:		
Owners of the Company	200,731	295,756
Non-controlling interests	285	–
Profit for the year	201,016	295,756
Earnings per share		
Basic earnings per share (JPY)	104.69	155.96
Diluted earnings per share (JPY)	104.62	155.87

Consolidated Statement of Comprehensive Income

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Profit for the year	201,016	295,756
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	15,114	5,252
Remeasurements of defined benefit plans	16,226	3,702
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	75,512	(15,790)
Cash flow hedges	578	886
Other comprehensive income for the year	107,431	(5,948)
Total comprehensive income for the year	308,447	289,808
Total comprehensive income attributable to:		
Owners of the Company	307,945	289,808
Non-controlling interests	502	–
Total comprehensive income for the year	308,447	289,808

(3) Consolidated Statement of Changes in Equity

Year ended March 31, 2024

(Millions of JPY)

	Equity attributable to owners of the Company						
				Other components of equity			
	Share capital	Capital surplus	Own shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2023	50,000	–	(36,808)	608	168,415	403	31,446
Profit for the year	–	–	–	–	–	–	–
Other comprehensive income for the year	–	–	–	–	75,512	578	15,114
Total comprehensive income for the year	–	–	–	–	75,512	578	15,114
Purchase of own shares	–	–	(25)	–	–	–	–
Disposal of own shares	–	156	204	(48)	–	–	–
Dividend	–	–	–	–	–	–	–
Share-based compensation	–	1,806	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(6,818)
Transfer to non-financial assets and similar items	–	–	–	–	–	(1,213)	–
Others	–	–	–	–	–	–	–
Total transactions with owners of the Company	–	1,962	178	(48)	–	(1,213)	(6,818)
Balance as of March 31, 2024	50,000	1,962	(36,629)	560	243,928	(232)	39,742

(Millions of JPY)

	Equity attributable to owners of the Company					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2023	–	200,874	1,231,788	1,445,854	–	1,445,854
Profit for the year	–	–	200,731	200,731	285	201,016
Other comprehensive income for the year	16,009	107,213	–	107,213	217	107,431
Total comprehensive income for the year	16,009	107,213	200,731	307,945	502	308,447
Purchase of own shares	–	–	–	(25)	–	(25)
Disposal of own shares	–	(48)	–	311	–	311
Dividend	–	–	(67,109)	(67,109)	–	(67,109)
Share-based compensation	–	–	–	1,806	–	1,806
Changes in ownership interest in subsidiaries	–	–	–	–	(73)	(73)
Transfer from other components of equity to retained earnings	(16,009)	(22,827)	22,827	–	–	–
Transfer to non-financial assets and similar items	–	(1,213)	–	(1,213)	–	(1,213)
Others	–	–	604	604	–	604
Total transactions with owners of the Company	(16,009)	(24,089)	(43,677)	(65,626)	(73)	(65,699)
Balance as of March 31, 2024	–	283,998	1,388,842	1,688,173	429	1,688,603

Year ended March 31, 2025

(Millions of JPY)

	Equity attributable to owners of the Company						
				Other components of equity			
	Share capital	Capital surplus	Own shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2024	50,000	1,962	(36,629)	560	243,928	(232)	39,742
Profit for the year	–	–	–	–	–	–	–
Other comprehensive income for the year	–	–	–	–	(15,790)	886	5,252
Total comprehensive income for the year	–	–	–	–	(15,790)	886	5,252
Purchase of own shares	–	(90)	(245,975)	–	–	–	–
Disposal of own shares	–	–	960	(135)	–	–	–
Cancellation of own shares	–	(7,547)	134,323	–	–	–	–
Dividend	–	–	–	–	–	–	–
Share-based compensation	–	5,675	–	–	–	–	–
Changes associated with losing control of subsidiaries	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	(9,864)
Transfer to non-financial assets and similar items	–	–	–	–	–	(654)	–
Others	–	–	–	–	–	–	–
Total transactions with owners of the Company	–	(1,962)	(110,691)	(135)	–	(654)	(9,864)
Balance as of March 31, 2025	50,000	–	(147,321)	424	228,137	–	35,130

(Millions of JPY)

	Equity attributable to owners of the Company					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2024	–	283,998	1,388,842	1,688,173	429	1,688,603
Profit for the year	–	–	295,756	295,756	–	295,756
Other comprehensive income for the year	3,702	(5,948)	–	(5,948)	–	(5,948)
Total comprehensive income for the year	3,702	(5,948)	295,756	289,808	–	289,808
Purchase of own shares	–	–	–	(246,066)	–	(246,066)
Disposal of own shares	–	(135)	(503)	320	–	320
Cancellation of own shares	–	–	(126,775)	–	–	–
Dividend	–	–	(114,408)	(114,408)	–	(114,408)
Share-based compensation	–	–	–	5,675	–	5,675
Changes associated with losing control of subsidiaries	–	–	–	–	(429)	(429)
Transfer from other components of equity to retained earnings	(3,702)	(13,566)	13,566	–	–	–
Transfer to non-financial assets and similar items	–	(654)	–	(654)	–	(654)
Others	–	–	566	566	–	566
Total transactions with owners of the Company	(3,702)	(14,356)	(227,554)	(354,565)	(429)	(354,995)
Balance as of March 31, 2025	–	263,693	1,457,044	1,623,416	–	1,623,416

(4) Consolidated Statement of Cash Flows

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before tax	237,234	355,631
Depreciation and amortization	59,646	68,649
Impairment losses (reversal of impairment losses)	826	3,094
Financial income	(31,487)	(34,103)
Financial expenses	6,026	11,854
Share of (profit) loss of investments accounted for using the equity method	(184)	(1,457)
(Gain) loss on sale and disposal of non-current assets	1,298	(1,276)
(Increase) decrease in trade and other receivables	(69,893)	(167,750)
(Increase) decrease in inventories	(128,734)	(78,367)
Increase (decrease) in trade and other payables	119,836	40,106
Increase (decrease) in contract liabilities	416,097	81,420
Others, net	68,302	(136,972)
Subtotal	678,968	140,829
Interest and dividend received	18,892	23,226
Interest paid	(1,844)	(1,929)
Income taxes paid	(96,758)	(108,283)
Net cash flows from (used in) operating activities	599,258	53,842
Cash flows from investing activities		
Payments into time deposits	(484,189)	(15,984)
Proceeds from maturities of time deposits	356,053	356,727
Acquisition of securities	(298,770)	(207,248)
Proceeds from sale and redemption of securities	261,950	382,281
Acquisition of property, plant and equipment	(88,321)	(116,259)
Proceeds from sale of property, plant and equipment	519	499
Acquisition of intangible assets	(34,470)	(71,613)
Acquisition of subsidiaries	(6,900)	–
Proceeds from sale of subsidiaries	7,500	5,250
Proceeds from collection of loans receivable	173	18
Others, net	3,818	499
Net cash flows from (used in) investing activities	(282,636)	334,170

(Millions of JPY)

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from financing activities		
Proceeds from bonds and borrowings	484	–
Repayments of bonds and borrowings	(41,396)	(402)
Purchase of own shares	(25)	(246,066)
Proceeds from sale of own shares	0	–
Dividend paid	(67,080)	(114,317)
Repayments of lease liabilities	(15,545)	(16,984)
Others, net	0	0
Net cash flows from (used in) financing activities	(123,564)	(377,769)
Net increase (decrease) in cash and cash equivalents	193,057	10,242
Cash and cash equivalents at the beginning of the year	441,921	647,180
Effect of exchange rate changes on cash and cash equivalents	21,423	(17,584)
Cash and cash equivalents at the end of the year	656,403	639,838
Cash and cash equivalents reclassified to assets held for sale	(9,222)	–
Cash and cash equivalents at the end of the year	647,180	639,838
(Consolidated statement of financial position)		

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant changes in the scope of consolidation during the period

Daiichi Sankyo Espha Co., Ltd. ("DSEP") has been excluded from the scope of consolidation since the Company completed transfer of a cumulative total of 51% of the issued shares of DSEP during the first quarter of the fiscal year ended March 31, 2025.

Operating Segment Information

1) Reportable Segments
Disclosure is omitted as the Group has a single segment, "Pharmaceutical Operation".

2) Information about products and services
Sales by products and services were as follows:

(Millions of JPY)

	Year ended March 31, 2024		Year ended March 31, 2025		Increase / (decrease)	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Prescription drugs	1,523,410	95.1	1,796,974	95.3	273,563	18.0
Healthcare (OTC) products	75,895	4.7	86,587	4.6	10,692	14.1
Others	2,382	0.2	2,693	0.1	311	13.1
Total	1,601,688	100.0	1,886,256	100.0	284,567	17.8

3) Information by geographical area

Revenue and non-current assets by geographical area were as follows:

a. Revenue

(Millions of JPY)

	Japan	United States	Europe	Other regions	Consolidated
Year ended March 31, 2024	599,977	492,614	310,842	198,253	1,601,688
Year ended March 31, 2025	583,802	642,215	418,211	242,026	1,886,256

(Notes) 1. Revenue is classified according to the geographical location of customers.

2. The sales for the "United States," which were included in "North America" in the previous fiscal year, have been presented separately in the current fiscal year due to their increased significance. Consequently, reclassification of comparative information have been made.

b. Non-current assets

(Millions of JPY)

	Japan	United States	Europe	Other regions	Consolidated
As of March 31, 2024	318,143	237,429	130,670	12,247	698,491
As of March 31, 2025	385,120	291,395	152,481	13,787	842,785

(Note) Non-current assets are primarily presented based on the geographical location of assets, and are comprised of property, plant and equipment, goodwill and intangible assets.

4) Information on major customers

Customers for which sales were over 10% of total revenue in the Consolidated Statement of Profit or Loss are as follows:

(Millions of JPY)

Name of customer	Year ended March 31, 2024	Year ended March 31, 2025
Alfresa Holdings Corporation and its group companies	199,732	221,814
Cencora, Inc.	162,713	207,389
McKesson Corporation	173,348	203,461

Earnings per Share

1) Basis for calculation of basic earnings per share

	Year ended March 31, 2024	Year ended March 31, 2025
a. Profit Attributable to owners of the Company		
Profit attributable to owners of the Company (Millions of JPY)	200,731	295,756
Profit not attributable to owners of the Company (Millions of JPY)	–	–
Profit used to calculate basic earnings per share (Millions of JPY)	200,731	295,756
b. Weighted-average Number of Ordinary Shares		
Weighted-average number of ordinary shares (basic) (Thousands of shares)	1,917,426	1,896,393
c. Basic Earnings per Share		
Basic earnings per share (JPY)	104.69	155.96

2) Diluted Earnings per Share

	Year ended March 31, 2024	Year ended March 31, 2025
a. Diluted Profit Attributable to owners of the Company		
Profit used to calculate basic earnings per share (Millions of JPY)	200,731	295,756
Adjustment to profit (Millions of JPY)	–	–
Profit used to calculate diluted earnings per share (Millions of JPY)	200,731	295,756
b. Weighted-average Number of Diluted Ordinary Shares		
Weighted-average number of ordinary shares (basic) (Thousands of shares)	1,917,426	1,896,393
Potential effect of issue of subscription rights (Thousands of shares)	1,229	1,087
Weighted-average number of ordinary shares (diluted) (Thousands of shares)	1,918,655	1,897,481
c. Diluted Earnings per Share		
Diluted earnings per share (JPY)	104.62	155.87

Subsequent Events

1) Establishment of Upper Limits for Acquisition of Own Shares

The Company approved at the Board of Directors ("BOD") meeting held on April 25, 2025 to establish upper limits for the acquisition of its own shares based on the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same act.

a. Reason for the Establishment of Upper Limits for Acquisition of of Own Shares
To enable flexible acquisition of its own shares by comprehensively taking into account share price levels and other factors

b. Details of Acquisition
(i). Class of Shares to be Acquired
Ordinary shares of the Company
(ii). Total Number of Shares to be Acquired
Maximum of 80,000,000 shares representing 4.29% of issued shares (excluding its own shares)

(iii). Aggregate Amount of Acquisition Cost
Maximum of JPY200,000 million
(iv). Acquisition Period
From May 1, 2025 to March 24, 2026
(v). Acquisition Method
Purchase on the Tokyo Stock Exchange

2) Cancellation of Own Shares

The Company approved at the BOD meeting held on April 25, 2025 to cancel the repurchased shares based on the provisions of Article 178 of the Companies Act.

(i). Class of Shares to be Cancelled
Ordinary shares of the Company
(ii). Total Number of Shares to be Cancelled
13,971,600 shares representing 0.73% of issued shares before the cancellation
(iii). Planned Cancellation Date
May 30, 2025