

**The 20th Ordinary General Shareholders Meeting
Other Matters regarding Electronic Provision Measure
(Matters Omitted in the Documents to be Delivered)**

Start of Measures for Electronic Provision: May 26, 2025

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Daiichi Sankyo Company, Limited

<p>The above items are omitted from the document (Document stating Matters regarding Electronic Provision Measure) delivered to shareholders who have requested delivery of the document in accordance with the provisions of law and regulations and Article 16, Paragraph 2 of the Articles of Incorporation of the Company.</p>
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Status of Subscription Rights to Shares

Name of Subscription rights to shares (Date of resolution on issuance)	Number and Class of shares subject to Subscription rights to shares	Amount to be paid in for Subscription rights to shares per unit	Exercise price for Subscription rights to shares per unit	Exercisable period for Subscription rights to shares	Subscription rights to shares held by the Company's Officers
					Directors (excluding Outside Directors)
No. 3 Subscription rights to shares (July 31, 2009)	Ordinary shares of the Company 14,700 shares	JPY133,800	JPY300	From August 18, 2009 to August 17, 2039	49 units (One)
No. 4 Subscription rights to shares (July 30, 2010)	Ordinary shares of the Company 14,700 shares	JPY119,700	JPY300	From August 20, 2010 to August 19, 2040	49 units (One)
No. 5 Subscription rights to shares (June 27, 2011)	Ordinary shares of the Company 12,600 shares	JPY111,200	JPY300	From July 13, 2011 to July 12, 2041	42 units (One)
No. 6 Subscription rights to shares (June 22, 2012)	Ordinary shares of the Company 16,800 shares	JPY88,400	JPY300	From July 10, 2012 to July 9, 2042	56 units (One)
No. 7 Subscription rights to shares (June 21, 2013)	Ordinary shares of the Company 12,000 shares	JPY119,900	JPY300	From July 9, 2013 to July 8, 2043	40 units (One)
No. 8 Subscription rights to shares (June 23, 2014)	Ordinary shares of the Company 21,300 shares	JPY136,100	JPY300	From July 9, 2014 to July 8, 2044	71 units (One)
No. 9 Subscription rights to shares (June 22, 2015)	Ordinary shares of the Company 21,900 shares	JPY185,800	JPY300	From July 8, 2015 to July 7, 2045	73 units (One)
No. 10 Subscription rights to shares (June 20, 2016)	Ordinary shares of the Company 26,100 shares	JPY196,000	JPY300	From July 6, 2016 to July 5, 2046	87 units (One)

Notes: 1. Part of the Subscription rights to shares owned by Directors include Subscription rights to shares granted to Directors during their terms as Corporate Officers.

2. Conditions for exercise of Subscription rights to shares are as follows:

- a. Persons to whom share options are granted (hereinafter referred to as "holders of Subscription rights to shares") may exercise their Subscription rights to shares until the last day of the last fiscal year that ends within 10 years from the following day of the day when they retired from their office as Director or Corporate Officer of the Company that they held when the Subscription rights to shares were granted (if the holders of Subscription rights to shares concurrently serve as Director and Corporate Officer, the day when they retired from office means the day when they retired from the office of Director, regardless of whether they continued to hold the position of Corporate Officer; and if the holders of Subscription rights to shares served as Corporate Officer when the Subscription rights to shares were granted and if they took office as Director upon their retirement from office as Corporate Officer, the day when they retired from office means the day when they retired from office as Director, not the day when they retired from office as Corporate Officer).
- b. Holders of Subscription rights to shares may not dispose of the Subscription rights to shares by any means, including pledging.
- c. When holders of Subscription rights to shares die, their heir may inherit the Subscription rights to shares that have not been exercised as of the day when the cause of their inheritance occurs, and may exercise the rights in accordance with the terms of the Agreement on Allotment of Subscription rights to shares, to be entered between the Company and holders of Subscription rights to shares.
- d. When holders of Subscription rights to shares exercise their Subscription rights to shares, they may not partially exercise one Subscription right to shares.
- e. Other conditions are set forth in the Agreement on Allotment of Subscription rights to shares, to be entered between the Company and holders of Subscription rights to shares, in accordance with the resolution of Board of Directors (the Board).

3. Events and conditions for the acquisition of Subscription rights to shares are as follows:

- a. When holders of Subscription rights to shares can no longer exercise their rights pursuant to the provisions specified in the above-mentioned Note 2, the Company may acquire, free of charge, the said Subscription

- rights to shares held by the said holders of Subscription rights to shares on the day separately determined by the Board.
- b. When an absorption-type merger agreement, under which the Company is absorbed and disappears, is approved at a General Shareholders Meeting of the Company (a Board meeting if a resolution of a General Shareholders Meeting is not required), or when a proposal on approval of a share exchange agreement, under which the Company will become a wholly-owned subsidiary company in the share exchange, or a proposal on approval for a share transfer plan, under which the Company will become a wholly-owned subsidiary company in the share transfer, is approved at a General Shareholders Meeting of the Company (a Board meeting if a resolution of a General Shareholders Meeting is not required), the Company may acquire, free of charge, the Subscription rights to shares held by the holders of Subscription rights to shares on the day separately determined by the Board.
 - c. When holders of Subscription rights to shares offer in writing to abandon all or part of their Subscription rights to shares, the Company may acquire, free of charge, the said Subscription rights to shares held by those holders of Subscription rights to shares on the day separately determined by the Board.
4. Since the Company conducted a share split with one ordinary share as three shares with October 1, 2020 as the effective date, the number of shares subject to Subscription rights to shares has been changed to 300 shares per a right.
 5. The total number of shares subject to Subscription rights to shares that were unexercised as of the end of the fiscal year under review and their ratio to the total number of issued shares (excluding own shares) are as shown below.

Total number of shares subject to unexercised Subscription rights to shares	Ratio to the total number of issued shares (excluding own shares)
140,100 shares	0.01%

Internal Control System

1) Basic Policy on Establishing Internal Control System

- Concerning systems for ensuring compliance with laws and ordinances and the Company's Articles of Incorporation in the execution of duties by Directors and other systems for securing appropriateness of duties, the Company has resolved to revise its Basic Policy of Internal Control System based on the Group's global management system, etc., at the Board of Directors' Meeting held on March 31, 2025, as follows.
- a. Group Management System
 - The Company shall establish "Daiichi Sankyo Group Executive Management Committee Policy," and form an Executive Management Committee meeting - consisting of executives appointed by Chief Executive Officer (CEO) who are responsible for the main business and functions - which shall deliberate important matters for strategic decision-making by the CEO. Moreover, to conduct smooth and rapid decision-making globally, the Company shall establish the "Daiichi Sankyo Group Decision Policy" and "Decision Regulations.
 - The Company shall establish "Daiichi Sankyo Group Global Management Policy," "Internal Control System Establishment Regulations," and "Organizational Management Regulations" to clarify the management control system of the Group. The CEO shall communicate the management policy and others to the persons responsible for each business and function, etc., and receive reports from them regarding the status of business execution and operating results, etc. Moreover, the persons responsible for each business and function shall communicate the management policy, etc. to the representatives and others of the Group companies under the management of these businesses and functions, and shall receive reports on the status of business execution and operating results, etc. from the representatives of the Group companies.
 - The Company shall introduce a corporate officer system in consideration of speedy decision making and execution of duties.
 - The Company shall establish "Daiichi Sankyo Group Group Company Management Policy" to clarify responsibilities and authorities of each Group company. Moreover, the CEO or the persons responsible and others for the businesses and functions managing each Group company shall receive reports on management and operating results, etc. from the representatives and others of the Group companies.
 - The Company shall establish "Daiichi Sankyo Group Financial Reporting Policy" and "Regulations of Internal Control over Financial Reporting" and ensure the reliability of financial reporting by properly implementing those regulations.
- b. Systems for Ensuring Compliance
 - The Company shall formulate the "Daiichi Sankyo Group Corporate Conduct Charter" and the "Daiichi Sankyo Group Employee Code of Conduct" with the aim of ensuring that the Group's officers, Corporate Officers, and employees maintain a highly ethical perspective and carry out their duties appropriately.
 - The Company shall formulate the "Daiichi Sankyo Group Compliance Management Policy" and the "Regulations on Compliance Promotion" and establish meeting bodies including outside experts to enhance the Daiichi Sankyo Group's compliance framework and observe the laws, regulations, and corporate ethics of Japan and overseas countries.
 - The Company shall establish "Daiichi Sankyo Group Internal Audit Policy" and "Regulations on Internal Audit." The Corporate Internal Audit Department and audit functions of the Group companies shall implement internal audit of the status of compliance with laws and ordinances, and the Articles of Incorporation and internal regulations at the Group companies.
 - The Company shall take a firm stance toward antisocial forces and organizations that threaten the order and safety of civil society. To prevent antisocial forces and organizations from being involved in the Company's management activities and to stop such forces and organizations from harming the Company, the Company shall stipulate, as its basic policy, in "Daiichi Sankyo Group Corporate Conduct Charter," and others that it shall thoroughly forbid relations with antisocial forces and organizations. In addition, the Company shall establish an organizational structure to that end, and strive to eliminate relations with antisocial forces and organizations through means such as collecting information in cooperation with the police and other bodies, and conducting activities to train Directors, Corporate Officers, and employees.
- c. Systems Regarding Risk Management
 - The Company shall establish "Daiichi Sankyo Group Risk Management Policy," "Daiichi Sankyo Group Crisis Management Policy," "Daiichi Sankyo Group BCP Policy," and others to develop a global risk management system including the Group companies.
 - The Corporate Internal Audit Department and the audit functions of Group companies shall conduct internal audits of the status of promotion of risk management based on the above regulations and others.

- d. Systems Regarding Protection and Management of Information
 - The Company shall establish “Daiichi Sankyo Group Information Security Policy,” “Information Security Regulations,” and others develop information security systems, and properly store and manage information relating to the execution of duties by Directors, Audit & Supervisory Board Members, and Corporate Officers in accordance with laws, ordinances and internal regulations of the Company.
 - Documents concerning the Directors’ execution of duties, such as the minutes of the General Shareholders Meetings, the Board, and Executive Management Committee meetings, shall be appropriately stored and managed so that they may be viewed at any time by Directors and Audit & Supervisory Board Members.
- e. Systems Regarding Audit by Audit & Supervisory Board Members
 - Audit & Supervisory Board Members of the Company shall audit the execution of duties by Directors, process and contents of decision-making and the status of the establishment and implementation of internal control systems.
 - When Directors of the Company find facts that could badly hurt the Company, they shall immediately report the facts to Audit & Supervisory Board Members.
 - Audit & Supervisory Board Members of the Company shall receive reports on the status of execution of duties from Directors, Corporate Officers and employees of the Company as well as Directors, Corporate Officers and employees of Group companies.
 - Audit & Supervisory Board Members of the Company shall attend the Executive Management Committee meeting and other important meetings.
 - To verify process and details of approvals, the Company shall make Audit & Supervisory Board Members the permanent recipients of approval notification.
 - Audit & Supervisory Board Members of the Company shall have meetings with Representative Directors on a regular basis to check management policies and exchange views concerning important issues related to auditing.
 - Audit & Supervisory Board Members of the Company shall exchange information with Audit & Supervisory Board Members of the Group companies and closely cooperate with them.
 - Audit & Supervisory Board Members of the Company shall coordinate and exchange views with external auditors and the Corporate Internal Audit Department.
 - The Company shall appoint full-time staff who assist with the duties of Audit & Supervisory Board Members. The full-time staff shall be independent of Directors, and shall execute duties under the directions and orders from Audit & Supervisory Board Members.
 - Personnel changes, performance appraisal and others of full-time staff assisting Audit & Supervisory Board Members shall require prior consent of Audit & Supervisory Board.
 - The Company shall not treat unfairly any person who reports under the third item in this paragraph or any person who reports according to Daiichi Sankyo Group Employee Code of Conduct and others. because of the fact of such reporting.
 - The Company shall bear expenses that may be occurred in executing the duties of Audit & Supervisory Board Members.

2) Overview of Status for Implementing Internal Control Structure

[Matters regarding Group Management]

- Based on “Daiichi Sankyo Group Executive Management Committee Policy,” the Company holds Executive Management Committees as appropriate to deliberate on important matters and make decisions related to the strategy, policy, and execution of group management. In addition, “Daiichi Sankyo Group Decision Policy” and “Decision Regulations” are established regarding matters to be decided by the CEO and the delegation of authorities on business executions concerning the Group’s strategy and policy to each head of organization; and by appropriately implementing this regulation, the Company realizes smooth and speedy business operation. Matters requiring a resolution by the Board are deliberated and decided at the Board meetings as stipulated in the discussion standards defined in “Regulations of the Board of Directors.”
- The Company follows “Daiichi Sankyo Group Global Management Policy” and “Organizational Management Regulations,” and other rules; Vice Presidents responsible for the main regions, corporate bodies and functions who receive orders from the CEO, and persons in charge supervise, manage and direct members of their business units, while conveying company-wide policies to them on a regular basis, as well as receiving reports on the management and results from them.
- The Company employs a Corporate Officer System which contributes to appropriate and swift management decision-making and the conduct of operations.

[Matters Regarding Ensuring Compliance]

- The Group has defined “Daiichi Sankyo Group Corporate Conduct Charter” and “Daiichi Sankyo Group Employee Code of Conduct” as global principle and code of conduct for all executives and employees of the Group. The progress of promoting compliance is annually reported to the Board and the Corporate Ethics Committee (including an outside specialist; the same shall apply hereafter) and, if there is an issue, a system is in place to make a proposal for implementing measures to resolve such issue.
- The Company has set up a whistle-blowing hotline in the Compliance & Risk Management Department and the entrusted external specialist firm that employees of domestic and overseas Group companies and business partners, etc. can use. Overseas Group companies have also set up similar hotlines, and material compliance violations will be reported to the Corporate Ethics Committee and others.
- The Head of Global Compliance & Risk Management oversees group-wide compliance system as Chief Compliance Officer in order to ensure the effectiveness of the global compliance system. In addition, the Company has established a Global Compliance Advisory Committee as an advisory organ to the Corporate Ethics Committee, which consists of compliance officers of overseas Group companies.

[Matters Regarding Risk Management]

- The Group defines risks as those factors that will prevent the Group from attaining its organizational goals and targets. The Group has established “Daiichi Sankyo Group Risk Management Policy,” and is promoting risk management through such means as taking steps to address risks inherent in corporate activities and rationally controlling the potential impacts should risks actualize. In this manner, we seek to minimize the adverse impacts of risks on people, society, and the Group.
- The Head of Global Compliance & Risk Management oversees group-wide risk management as the chief risk management officer, promotes risk management education, and operates the risk management system. The Company takes precautions to prevent the actualization of risks with the potential to significantly impact the management of the Company and to minimize their damage. At the Board and Executive Management Committee meetings, etc. we identify such risks and regularly monitor and assess the status of them. Moreover, the heads of divisions formulate countermeasures through coordination with the chief risk management officer.
- The Group defines “Crisis Management” as implementations of measures and responses to minimize the impact and damage in the event of a crisis. The Group establishes the system in which we can rapidly and appropriately respond to crises, by assigning the Crisis Management Officer and Initial Crisis Management Officer and defining the reporting routes and rules in advance.
- In the business continuity plan (BCP), which is part of crisis management, for the purpose to adapt to diversification and intensification of external risk factors and globalization of supply chains, “Daiichi Sankyo Group BCP Policy” and “BCP Regulations” have been established to identify priority risk items and operations that have significant impact on business continuity and to design both measures to prevent actualization and countermeasures for early recovery in cases when such risks materialize.

[Matters regarding Information Security and Management]

- The Group has defined “Daiichi Sankyo Group Information Security Policy,” “Information Security Regulations” and others and maintains an information security system accordingly. As the person responsible for security management, the Head of Global DX shall supervise the Group, establish Daiichi Sankyo Group Information Security Policy and security standards with more concrete security specifications as related documents, and promote the development for preventive measures, plans for when a security incident occurs, and similar items.
- We appropriately store and manage information regarding the execution of duties by Directors, Audit & Supervisory Board Members, Corporate Officers and others according to the law and our internal regulations.
- We appropriately store and manage documents regarding the execution of duties by Directors, such as Ordinary General Shareholders Meeting minutes, the Board meeting minutes, Executive Management Committee minutes and others, so that those documents can be perused by Directors and Audit & Supervisory Board Members at any time.

[Matters regarding Audit by Audit & Supervisory Board Members]

- Directors, Corporate Officers and employees of the Company, as well as executives and employees of the Group companies, report the status of the execution of operations to Audit & Supervisory Board Members of the Company as necessary. The Company has a system in place, under which when Directors of the Company find facts that could seriously damage the Company, they can immediately report the facts to Audit & Supervisory

Board Members of the Company.

- Audit & Supervisory Board Members of the Company hold regular meetings for opinion exchanges with Directors, including the Representative Director of the Company, while attending important meetings and reviewing important documents. They also coordinate closely with the Internal Audit Department and accounting auditors of the Company, and secure a system under which Audit & Supervisory Board Members can conduct an audit effectively.
- Full-time Audit & Supervisory Board Members of the Company concurrently serve as part-time Audit & Supervisory Board Members of major domestic Group companies, and they attend the Board meetings and Management Executive Meetings of those companies and check those companies' status of the establishment and implementation of its internal control system.
- The Company has Office of Audit & Supervisory Board Members, with full-time staff independent of the execution of business operations, to provide assistance in the execution of the duties of Audit & Supervisory Board Members.

Matters regarding Accounting Auditors**1) Name of Accounting Auditor (Independent Auditor)**

KPMG AZSA LLC

2) Amount of Fees and Others to Accounting Auditors for the Current Fiscal Year

(Millions of JPY)

Category	Previous Fiscal Year		Current Fiscal Year	
	Fees for audit and attestation services	Fees for non-auditing services	Fees for audit and attestation services	Fees for non-auditing services
The Company	244	4	239	4
Consolidated subsidiaries	69	—	48	—
Total	313	4	287	4

- Notes:
1. “Fees for audit and attestation services” of the amount of fees and others for the current fiscal year represents the sum of the amount of remunerations for auditing services in accordance with the Companies Act and the amount of remunerations for auditing services in accordance with the Financial Instruments and Exchange Act, since the two kinds of remunerations are not clearly divided under the audit contract entered between the Company and Accounting Auditors and they cannot be divided practically.
 2. Audit & Supervisory Board approves fees and others of Accounting Auditors as provided in Article 399, Paragraph 1 of the Companies Act by comparing the audit plan of Accounting Auditors for the prior year with actual results, checking any change in audit hours and amount of fees, and judging the reasonableness of estimated audit hours and amount of fees in the fiscal year under review in a comprehensive manner.
 3. Overseas subsidiaries of the subsidiaries listed on “(1) Status of Material Subsidiaries” of “(7) Status of Material Subsidiaries, etc.” of “1. Status of Daiichi Sankyo Group” are audited by audit firms other than KPMG AZSA LLC.

3) Details of Non-Auditing Services

- The Company entrusts accounting auditors with services other than service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-auditing services), including advisory services concerning the English-version financial results reports (Kessan Tanshin) and pays such fees accordingly.

4) Policy on Decision to Dismiss or not to Reappoint Accounting Auditor

- In accordance with “Accounting Auditors Assessment Standards” of the Company, Audit & Supervisory Board shall assess the accounting auditors in a comprehensive manner and, when deemed necessary to change the accounting auditors, it shall decide a proposal for dismissing or not reappointing the accounting auditors to be submitted to a General Shareholders Meeting.
- When accounting auditors meet any of the items of Article 340, Paragraph 1 of the Companies Act, and it is considered reasonable to dismiss them, Audit & Supervisory Board shall, with the consent of all Audit & Supervisory Board Members, dismiss the accounting auditors.
- “Accounting Auditors Assessment Standards” of the Company stipulate that the Company shall select a candidate for accounting auditor by assessing the reasonableness of the respective assessment items such as legal compliance structure, audit quality management structure, audit results, independence from the Company, knowledge and experience of pharmaceutical industry, global audit framework, and audit fees, and it shall assess the reasonableness of additional assessment items including reporting to Audit & Supervisory Board Members, communicating with corporate representative, and verifying status of audit when deliberating dismissal or non-reappointment of the accounting auditors.

Basic Policy regarding Moves toward Large-Scale Acquisition of Company's Share

- The Company believes that it is the shareholders to decide whether or not to respond to any moves toward large-scale acquisition of Company's share. The Company does not deny the potentially significant impact that transfers of management control may have in terms of stimulating business enterprise. In line with this thinking, the Company has not prepared any specific takeover countermeasures.
- Nonetheless, the Company would consider it a self-evident duty of the Company management to oppose any takeover plans whose aims were generally considered inappropriate (such as schemes to ramp up the share price) or that would otherwise be deemed detrimental to the corporate value or the common interests of shareholders. Accordingly, the Company will continue monitoring closely share transactions and changes in shareholders.
- In the event any moves toward large-scale acquisition of Company's share are noticed, the Company would evaluate any takeover proposal at the Board meeting and determine carefully the impact of such proposal on the corporate value and the common interests of shareholders. If any proposal were deemed detrimental to such interests, the Company would institute appropriate anti-takeover measures in response to individual cases.

Consolidated Statement of Changes in Equity
(From April 1, 2024 to March 31, 2025)

(Millions of JPY)

	Equity attributable to owners of the Company						
	Other components of equity						Financial assets measured at fair value through other comprehensive income
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Cash flow hedges	
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 treasury shares	—	(90)	(245,975)	—	—	—	—
Disposal of treasury shares	—	—	960	(135)	—	—	—
Cancellation of treasury shares	—	(7,547)	134,323	—	—	—	—
Dividend	—	—	—	—	—	—	—
Share-based compensation	—	5,675	—	—	—	—	—
Changes in ownership interest in 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			Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings			
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 treasury shares	—	—	—	(246,066)	—	(246,066)
Disposal of treasury shares	—	(135)	(503)	320	—	320
Cancellation of treasury shares	—	—	(126,775)	—	—	—
Dividend	—	—	(114,408)	(114,408)	—	(114,408)
Share-based compensation	—	—	—	5,675	—	5,675
Changes in ownership interest in 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

Note: Figures are rounded down to the nearest million JPY.

Notes to Consolidated Financial Statements

1. Basis of Preparation of Consolidated Financial Statements

(1) Basis of Preparation of Consolidated Financial Statements

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) pursuant to the provisions of Article 120, Paragraph 1 of the Corporate Accounting Rules. These consolidated financial statements omit certain disclosure items required under IFRS in accordance with the provisions in the latter part of that Paragraph.

(2) Scope of Consolidation

- Number of consolidated subsidiaries: 48

- Major consolidated subsidiaries:

Domestic:

Daiichi Sankyo Healthcare Co., Ltd., Daiichi Sankyo Propharma Co., Ltd., Daiichi Sankyo Chemical Pharma Co., Ltd., Daiichi Sankyo Biotech Co., Ltd., Daiichi Sankyo Business Associe Co., Ltd.

Overseas:

Daiichi Sankyo U.S. Holdings, Inc., Daiichi Sankyo Inc., American Regent, Inc., Daiichi Sankyo Europe GmbH, Daiichi Sankyo (China) Holdings Co., Ltd., Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd.

- Change in the number of consolidated subsidiaries

Increase: 2 companies (increase due to establishment)

Decrease: 3 companies (decrease mainly due to liquidation)

(3) Application of the Equity Method

- Number of associates which are accounted for under the equity method: 2

- Associates: Hitachi Pharma Information Solutions, Ltd., Daiichi Sankyo Espha Co., Ltd.

- Change in the number of associates which are accounted for under the equity method

Increase: 1 company (increase due to reduction in ownership interest resulting from the transfer of shares)

(4) Significant Accounting Policies

1) Basis and Method of Valuation of Significant Assets

a. Non-derivative Financial Assets

(i) Initial recognition and measurement

Financial assets are recognized on the contract date when the Group becomes a party to the contractual provisions of the instruments.

Financial assets, except for financial assets measured at fair value through profit or loss, are measured at fair value plus transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are initially recognized at transaction price.

At initial recognition, financial assets are classified as (a) financial assets measured at amortized cost; (b) financial assets measured at fair value through other comprehensive income; or (c) financial assets measured at fair value through profit or loss.

(a) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value through other comprehensive income

Debt instruments measured at fair value are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments measured at fair value, except for equity instruments held for trading which must be measured at fair value through profit or loss, the Group made an irrevocable election to present subsequent changes in fair value of certain equity instruments in other comprehensive income.

(c) Financial assets measured at fair value through profit or loss

Financial assets, except for financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on their classification as follows:

(a) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value through other comprehensive income

Changes in the fair value of debt instruments classified as financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gain and losses, which are recognized in profit or loss, and the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when debt instruments are derecognized.

Changes in the fair value of equity instruments designated as financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income, and the accumulated amount of other comprehensive income is transferred to retained earnings when equity instruments are derecognized or the decrease in fair value compared to acquisition cost is significant.

(c) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value, and any changes in fair value are recognized in profit or loss.

(iii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or are transferred in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred to another entity.

b. Impairment of Financial Assets

At the end of each reporting period, the Group evaluates whether the credit risk on financial assets measured at amortized cost has increased significantly since initial recognition, and a loss allowance for expected credit losses on such financial assets is recognized.

If the credit risk on financial assets has not increased significantly since initial recognition, a loss allowance is measured at an amount equal to 12-month expected credit losses. If the credit risk on

financial assets has increased significantly since initial recognition, a loss allowance is measured at an amount equal to lifetime expected credit losses. However, a loss allowance for trade receivables that do not contain a significant financing component is measured at an amount equal to lifetime expected credit losses.

The Group considers, as a general rule, that there has been a significant increase in the credit risk when payments have not been made for more than 30 days passed contractual due date. The Group considers not only the information regarding due date but also other reasonable and supportable information when determining whether credit risk has increased significantly since initial recognition. The Group considers that there has not been a significant increase in the credit risk when the financial assets are determined to have low credit risk at the end of reporting period.

Expected credit losses on financial assets are measured in a way that reflects the following factors:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured based on the discounted present value of the differences between the contractual cash flows and the cash flows expected to be received. When expected credit losses are recognized, the carrying amount of the financial asset is reduced through use of a loss allowance for expected credit losses, and expected credit losses are recognized in profit or loss. If, in a subsequent period, the amount of the expected credit losses decreases, the previously recognized credit losses are reversed by adjusting the loss allowance and the reversal is recognized in profit or loss. The carrying amount of financial assets measured at amortized cost is reduced directly when they are expected to become uncollectible in the future and all collaterals are implemented or transferred to the Group.

c. Non-derivative Financial Liabilities

(i) Initial recognition and measurement

Financial liabilities are classified as financial liabilities measured at amortized cost or financial liabilities measured at fair value through profit or loss at initial recognition.

At initial recognition, financial liabilities are measured at fair value and, in the case of financial liabilities at amortized cost, the transaction costs that are directly attributable to the issue of the financial liabilities are deducted.

(ii) Subsequent measurement

After initial recognition, financial liabilities are measured based on classification as follows:

(a) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method. Amortization using the effective interest method and gains or losses arising from termination of recognition are recognized in profit or loss.

(b) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are measured at fair value through profit or loss.

(iii) Derecognition

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

d. Offsetting Financial Assets and Liabilities

Financial assets and financial liabilities are offset only when the Group has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

e. Derivatives and Hedge Accounting

Derivatives are utilized to hedge foreign currency risk and interest rate risk. The derivatives primarily used by the Group include forward foreign exchange contracts and interest-rate swaps.

At the inception of the hedging relationship the Group formally designates and documents the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements.

The Group assesses at the inception of the hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. At a minimum, the Group performs the ongoing assessment at each reporting date or upon a significant change in the circumstances affecting the hedge effectiveness requirements, whichever comes earlier.

Derivatives are initially recognized at fair value with transaction costs recognized in profit or loss when they are incurred. After initial recognition, derivatives are measured at fair value.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Changes in the fair value of the hedging instruments are recognized in profit or loss. Changes in the fair value of hedged items attributable to the hedged risks are recognized in profit or loss, adjusting the carrying amount of the hedged item.

(ii) Cash flow hedges

The effective portion of changes in fair value of hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized immediately in profit or loss. The cumulative amounts of changes in fair value of hedging instruments recognized in other comprehensive income are reclassified from equity to profit or loss in the same period or periods when the hedged forecast cash flows or hedged items affect profit or loss. If hedged items result in the recognition of non-financial assets or non-financial liabilities, the cumulative amounts recognized in other comprehensive income are accounted for as adjustments in the carrying amount of the non-financial assets or non-financial liabilities. When forecast transactions or firm commitments are no longer expected to occur, any related cumulative gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss. The Group discontinues hedge accounting prospectively only when the hedging relationship ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised.

f. Inventories

Inventories are measured at the lower of cost and net realizable value. Costs of inventories comprise cost of raw materials, direct labor and other costs directly attributable to the inventories and cost of related production overheads. The cost of inventories is assigned by using the weighted average cost formula. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2) Depreciation and Amortization of Significant Depreciable Assets

a. Property, Plant and Equipment

An item of property, plant and equipment, except for land, is depreciated by the straight-line method based on the estimated useful life of the asset. The estimated useful lives of major items of property, plant and equipment are as follows:

- Buildings and structures: 15 to 50 years
- Machinery and vehicles: 4 to 8 years

The depreciation method, the residual value and the useful life of an item of property, plant and

equipment are reviewed at least annually and adjusted as necessary.

b. Intangible Assets

Intangible assets with finite useful lives are amortized by the straight-line method based on the estimated useful life of the asset. The estimated useful lives of major items of intangible assets are as follows:

- Commercial rights: 9 to 18 years

The amortization method, the residual value and the useful lives of intangible assets are reviewed at least annually and adjusted as necessary.

c. Right-of-use Assets

Right-of-use assets are depreciated using the straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of the self-owned property, plant and equipment.

3) Method of Accounting for Significant Provisions

A provision is recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the amount of a provision is measured at the present value of the expenditures expected to be required to settle the obligation. The present value is determined by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks inherent in the liabilities. The increase in the carrying amount of a provision reflecting the passage of time is recognized as a financial expense.

4) Method of Accounting for Revenue and Expenses

The main business of the Group is the manufacturing and marketing of pharmaceutical products, and the promised goods or services to be transferred to customers are as follows:

a. Sales of finished goods and merchandise

The promised goods or services to be transferred to customers are mainly the sales of prescription drugs and healthcare (OTC) products. Regarding this type of sale, the Group recognizes revenue when finished goods and merchandise are transferred to and accepted by customers, because control of finished goods and merchandise is transferred and the performance obligation is satisfied at that time. The Group receives consideration approximately within 3 months from the timing of satisfaction of the performance obligation, and there are no significant financing components.

The Group is obliged to take trade discounts, cash discounts, rebates and returns depending on the conditions of contracts. In this case, the transaction price is measured at the amount after deducting the estimated amounts of those items from the consideration promised in the contract with customers, and the amount of consideration expected to be returned to customers is recorded as a refund liability. The estimation of refund liabilities is based on the contractual conditions and/or historical experience.

b. License fee revenue

The Group receives consideration for upfront payments, milestone revenue and running royalties by entering into agreements to grant rights to third parties for the research and development of products, manufacturing and marketing of products, and usage of technologies.

Revenue from upfront payments is recognized at the time of granting a license if the performance obligation is satisfied at a point in time, and milestone revenue is recognized when a milestone agreed among parties such as application for approval to regulatory agencies is achieved, considering the possibility that a significant reversal of revenue might occur subsequently. If a performance obligation is not satisfied at a point in time, its consideration is accounted for as a contract liability

and recognized as revenue over a period in accordance with the satisfaction of the performance obligation related to individual contracts, such as research and development collaborations. Running royalties are measured based on sales of counterparties or other indexes and recognized as revenue considering the timing of occurrence. The Group receives consideration approximately within 3 months from the timing of satisfaction of the performance obligation, and there are no significant financing components.

5) Employee Benefits

a. Post-employment Benefits

(i) Defined benefit plans

The present value of defined benefit obligations and related current service cost and, where applicable, past service cost are determined using the projected unit credit method for each plan separately.

The discount rate is determined by reference to market yields at the end of the reporting period on high-rated corporate bonds, reflecting the estimated timing of benefit payments.

Past service costs are recognized in profit or loss as incurred.

Remeasurements of defined benefit plans are recognized in other comprehensive income in the period when they are incurred and transferred to retained earnings immediately.

(ii) Defined contribution plans

The contributions to defined contribution plans are recognized as expenses when the related service is rendered by the employees.

b. Others

Short-term employee benefits are not discounted and are recognized as expenses when the related service is rendered by the employees. The expected costs of accumulating short-term compensated absences are recognized as liabilities when the Group has present legal or constructive obligations to pay as a result of past employee service and when reliable estimates of the obligation can be made.

6) Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency using the exchange rates at the end of the reporting period and the exchange differences arising on the settlement of monetary items or on translating monetary items are generally recognized in profit or loss. However, exchange differences arising from the translation of financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

Assets and liabilities of foreign operations (including goodwill and fair value adjustments arising on the acquisition of foreign operations) are translated into the presentation currency at the closing rate at the end of the reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rate for the period except for the case that the exchange rates fluctuate significantly. When a subsidiary's functional currency is the currency of a hyperinflationary economy, adjustments are made to its separate financial statements to reflect current price levels, and income and expenses of the subsidiary are translated into the presentation currency at the closing rate at the end of the reporting period.

Exchange differences arising from translation of financial statements of foreign operations are recognized in other comprehensive income after the date of transition to IFRS. On the disposal of the entire interest in a foreign operation, or on the partial disposal of the interest in a foreign operation that involves the loss of control of a subsidiary or loss of significant influence over an associate, the

cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated as a separate component of equity, is reclassified to profit or loss as a part of gain or loss on disposal.

(5) Matters Related to Goodwill

Goodwill is measured at cost less accumulated impairment loss and is not amortized. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination.

2. Notes Concerning Accounting Estimates

Items which are recognized in the consolidated financial statements as of March 31, 2025 based on accounting estimates and could have a significant impact on the consolidated financial statements for the next fiscal year ending March 31, 2026 are as follows:

(1) Valuation of Intangible Assets

1) Amount recorded in the consolidated financial statements as of March 31, 2025: Intangible assets
JPY235,839 million

2) Information regarding the content of accounting estimates

Intangible assets of the Group comprise commercial rights related to pharmaceutical products, in-process research and development and other assets.

The Group performs impairment testing for intangible assets which indicate potential impairment at all such times and for intangible assets not yet available for use annually and at any time there is an indication that an asset may be impaired.

The recoverable amount of an intangible asset is the higher of its fair value less costs of disposal and its value in use, which is calculated based on risk-adjusted future cash flows discounted by an appropriate discount rate. If the carrying amount of an intangible asset exceeds the recoverable amount, an impairment loss is recognized in profit or loss and the carrying amount is reduced to the recoverable amount.

For measurement of the value in use, the Group considers the possibility that the manufacturing and marketing of new products are approved, sales forecasts of products and other factors. Due to uncertainty in the underlying assumptions, it is possible that actual results may differ and, as a result, significant adjustments in the amount of intangible assets may be required in the consolidated financial statements for the next fiscal year ending March 31, 2026.

(2) Provisions and Contingent Liabilities

1) Amount recorded in the consolidated financial statements as of March 31, 2025: Provisions
JPY18,835 million

2) Information regarding the content of accounting estimates

A provision is recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When it is not probable that an outflow of resources embodying economic benefits will be required or the amount of the outflow of resources cannot be estimated with sufficient reliability, the Group discloses it as a contingent liability.

Provisions are calculated and contingent liabilities are assessed based on the best estimate of the timing and the amount of the future outflows of economic benefits as of the reporting dates. Due to uncertainty in the underlying assumptions, it is possible that actual results may differ and, as a result, significant adjustments may be required in the consolidated financial statements for the next fiscal year ending March 31, 2026.

3. Notes to Consolidated Statement of Financial Position

(1) Allowance for doubtful accounts directly deducted from assets

Trade and other receivables JPY666 million

Other financial assets JPY1 million

(2) Accumulated depreciation and accumulated impairment losses on property, plant and equipment
..... JPY544,289 million

(3) Contingent Liabilities

1) Loan guarantees

The Company provides loan guarantees in relation to its employees' borrowings from financial institutions as follows:

Employees (housing and other loans)JPY99 million

2) Litigations

Lawsuit relating to Seagen Inc.'s U.S. patent

In October 2020, Seagen Inc. filed a patent infringement lawsuit in the U.S. District Court of Eastern District of Texas, alleging that the Company's ADCs, including ENHERTU, infringed a U.S. patent 10,808,039 held by Seagen Inc. A jury trial was held in April 2022, and the verdict confirmed that ENHERTU infringed the Seagen Inc.'s U.S. patent. The jury has determined that Seagen Inc.'s damages amount between October 2020 and March 2022 prior to the jury trial was USD41.8 million, and found that there was willful infringement of Seagen Inc.'s U.S. patent. In July 2022, despite the jury's finding of willfulness, the court decided under the totality of the circumstances that enhancement of damages was not warranted, and therefore did not enhance the damages award. In October 2023, the court dismissed the Company's post-trial motions challenging the judgment issued in July 2022, and rendered a first-instance judgment ordering the payment of USD41.8 million in damages as determined by the said judgment, as well as an 8% royalty on ENHERTU's US sales from April 1, 2022, until the expiration of Seagen Inc.'s US patent on November 4, 2024. In November 2023, the Company filed an appeal to the United States Court of Appeals for the Federal Circuit against the first-instance judgment rendered in October 2023. If compensation and royalty will be paid to Seagen Inc., it will be split equally between the Company and AstraZeneca UK Limited based on the agreement for joint development and sales alliance of ENHERTU.

In relation to this matter, in December 2020, the Company and relevant parties claimed that Seagen Inc.'s U.S. patent is invalid and filed a petition with the United States Patent and Trademark Office ("USPTO") for Post Grant Review ("PGR") to examine the validity of Seagen Inc.'s U.S. patent. However, in June 2021, the USPTO decided that PGR would not be initiated. In response to this decision, in July 2021, the Company and relevant parties filed a request for rehearing of the decisions denying institution with the USPTO, and in August 2021, filed an administrative litigation in the U.S. District Court for the Eastern District of Virginia. As a result, in April 2022, the USPTO approved the request for rehearing and decided to initiate PGR. In July 2022, the USPTO granted Seagen Inc.'s request for rehearing and decided not to proceed with the PGR process. However, in February 2023, in response to the Company's request for rehearing, the USPTO granted its request to re-initiate PGR. In January 2024, the USPTO issued a decision declaring Seagen Inc.'s U.S. patent invalid. In February 2024, Seagen Inc. filed a request for a Director Review against the USPTO's decision made in January 2024. However, in March 2024, the USPTO dismissed the said request. In May 2024, Seagen Inc. filed an appeal to the United States Court of Appeals for the Federal Circuit against the decision of the USPTO.

In July 2024, the Federal Circuit decided that the same panel of judges would hear both the appeal of the patent infringement lawsuit and the appeal of the PGR as related cases.

The said U.S. patent is the only patent that Seagen Inc. is relying on as the basis for their appeal in the ongoing patent infringement lawsuit at the Federal Circuit . The Company believes that it is unlikely that the said U.S. patent is valid and considers the likelihood of paying compensation to be low, and therefore did not record any provision for compensation for the alleged patent infringement.

4. Notes to Consolidated Statement of Profit or Loss

Other income

The Company recorded JPY16,276 million as “Gain on transfer of subsidiaries and associates” in Other income in the Consolidated Statement of Profit or Loss for the fiscal year ended March 31, 2025, due to the loss of control over Daiichi Sankyo Espha Co., Ltd..

5. Notes to Consolidated Statement of Changes in Equity

(1) Matters Related to the Total Number of Issued Shares

Class of shares	Number of shares at April 1, 2024	Increase in number of shares during the year	Decrease in number of shares during the year	Number of shares at March 31, 2025
Ordinary shares	1,947,034 thousand shares	-	38,711 thousand shares	1,908,322 thousand shares

Note: The decrease in number of ordinary shares was due to cancellation of 38,711 thousand shares.

(2) Matters Related to Class and Number of Treasury shares

Class of shares	Number of shares at April 1, 2024	Increase in number of shares during the year	Decrease in number of shares during the year	Number of shares at March 31, 2025
Ordinary shares	29,531 thousand shares	51,170 thousand shares	39,033 thousand shares	41,668 thousand shares

Notes:

1. The increase in number of its treasury shares was due to purchases of 5 thousand shares of less than one unit and acquisition of its treasury shares of 51,165 thousand shares. Of the increase due to acquisition, the increase in shares held by trusts was 2,550 thousand shares.
2. The decrease in number of its treasury shares was due to cancellation of 38,711 thousand shares, a decrease of 262 thousand shares as a result of exercise of subscription rights to shares and a decrease of 58 thousand shares due to granting restricted stocks.
3. Of the number of its treasury shares at March 31, 2025, the number of shares held by trusts was 2,550 thousand shares.

(3) Matters Related to Dividend from Surplus

1) Amount of dividend paid

- a. Dividend based on a resolution made at the 19th Ordinary General Shareholders Meeting held on June 17, 2024

- Total amount of dividend: JPY57,525 million
- Dividend per share: JPY30.00
- Record date: March 31, 2024
- Effective date: June 18, 2024

b. Dividend based on a resolution made at the Board meeting held on October 31, 2024

- Total amount of dividend: JPY56,883 million
- Dividend per share: JPY30.00
- Record date: September 30, 2024
- Effective date: December 10, 2024

2) Dividend recorded in the current fiscal year for which the effective date falls in the following fiscal year

The following shall be referred to the 20th Ordinary General Shareholders Meeting, which will be held on June 23, 2025.

- Total amount of dividend: JPY56,076 million
- Resource of dividend: Retained earnings
- Dividend per share: JPY30.00
- Record date: March 31, 2025
- Effective date: June 24, 2025

Note: The total amount of dividend noted above includes JPY 77 million in dividends related to the shares of the Company held by the executive compensation BIP Trust and the share-granting ESOP Trust.

(4) Matters Related to Subscription Rights to Shares

Issuer	Grant of subscription rights to shares	Class of shares to be converted	Number of shares to be converted
The Company	No. 1 Subscription Rights to Shares granted in February 2008 (Share remuneration-type stock option)	Ordinary shares	9 thousand shares
The Company	No. 2 Subscription Rights to Shares granted in November 2008 (Share remuneration-type stock option)	Ordinary shares	15 thousand shares
The Company	No. 3 Subscription Rights to Shares granted in August 2009 (Share remuneration-type stock option)	Ordinary shares	45 thousand shares
The Company	No. 4 Subscription Rights to Shares granted in August 2010 (Share remuneration-type stock option)	Ordinary shares	87 thousand shares
The Company	No. 5 Subscription Rights to Shares granted in July 2011 (Share remuneration-type stock option)	Ordinary shares	104 thousand shares
The Company	No. 6 Subscription Rights to Shares granted in July 2012 (Share remuneration-type stock option)	Ordinary shares	145 thousand shares
The Company	No. 7 Subscription Rights to Shares granted in July 2013 (Share remuneration-type stock option)	Ordinary shares	110 thousand shares
The Company	No. 8 Subscription Rights to Shares granted in July 2014 (Share remuneration-type stock option)	Ordinary shares	104 thousand shares
The Company	No. 9 Subscription Rights to Shares granted in July 2015 (Share remuneration-type stock option)	Ordinary shares	124 thousand shares
The Company	No. 10 Subscription Rights to Shares granted in July 2016 (Share remuneration-type stock option)	Ordinary shares	161 thousand shares

6. Notes Concerning Tax Effect Accounting

(1) Sources of Deferred Tax Assets and Liabilities

Deferred tax assets	(Millions of JPY)
Prepaid outsourced research expenses and co-development expenses	19,434
Depreciation and amortization	32,675
Unrealized gain and valuation loss of inventories	85,528
Unused tax losses	2,574
Accrued expenses	52,207
Valuation loss of securities	1,460
Impairment loss	3,673
Lease liabilities	13,987
Capitalized research expenses	102,502
Others	62,163
Total deferred tax assets	376,209
Deferred tax liabilities	
Intangible assets	(16,025)
Financial assets measured at fair value through other comprehensive income	(16,547)
Post-employment benefit assets	(11,502)
Reserve for advanced depreciation of property, plant and equipment	(4,153)
Right-of-use assets	(12,197)
Others	(21,830)
Total deferred tax liabilities	(82,256)
Net deferred tax assets (liabilities)	293,952

Note: Capitalized research expenses are the research expenses that have been made eligible for capitalization and amortization for tax purposes in the United States.

(2) Impact of Tax Reform in Japan

In Japan, since the “Act for Partial Revision of the Income Tax Act, etc.” (Act No.13 of 2025)) was enacted on March 31, 2025, “tax measures to secure financial resources for strengthening defense capabilities (special defense corporation tax)” will be imposed starting from consolidated fiscal years beginning on or after April 1, 2026. As a result, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the consolidated fiscal years beginning on or after April 1, 2026, are calculated using a statutory effective tax rate of 31.4% compared to the previous rate of 30.5%.

Due to this tax rate change, deferred tax assets related to the Company and domestic consolidated subsidiaries (after deducting the amount of deferred tax liabilities) increased by JPY833 million, while income taxes - deferred decreased by JPY1,366 million, and other comprehensive income decreased by JPY532 million.

7. Notes Concerning Financial Instruments

(1) Matters Related to Financial Instruments

The Group raises funds through the issuance of bonds payable and loans from financial institutions. Regarding investments, the Group selects the safest and most secure financial products.

To reduce credit risks relating to trade and other receivables, the Group has established mandatory credit management guidelines. Other financial assets are mostly short-term financial instruments and stocks.

The Finance and Accounting Department prepares and updates funding plans based on reports submitted by each department to manage liquidity risks related to trade and other payables.

The funds raised from bonds and borrowings are intended to be used for purchase of treasury shares and refinancing. To respond to the interest rates risk of some of the long-term borrowings, the Group obtains fixed interest through interest swap transactions. In accordance with transaction management policy, derivative trading is limited to commercial needs.

(2) Matters Related to Fair Value of Financial Instruments

Carrying amounts of the financial instruments on the consolidated statement of financial position, the fair values of each type of financial instruments and the difference as of March 31, 2025, are as follows:

(Millions of JPY)

	Amount recorded in consolidated statement of financial position	Fair value	Difference
(1) Cash and cash equivalents	639,838	639,838	-
(2) Trade and other receivables	619,101	619,101	-
(3) Other financial assets	220,065	220,062	(3)
(4) Trade and other payables	(579,957)	(579,957)	-
(5) Bonds and borrowings	(101,332)	(86,273)	15,058
(6) Other financial liabilities	(58,396)	(58,396)	-
(7) Contingent consideration	(1,445)	(1,445)	-

Note: 1. Liabilities are shown in parentheses.

2. Contingent consideration is included in "Other non-current liabilities" in the consolidated statement of financial position.

Notes: Measurement method of fair values of financial instruments

(1) Cash and cash equivalents, (2) Trade and other receivables, and (4) Trade and other payables

Fair values of these instruments approximate carrying amounts as they are settled in a short period.

(3) Other financial assets, and (6) Other financial liabilities

For financial instruments traded in an active market, the fair value is determined by reference to the quoted market price. When there is no active market, the fair value of the financial instruments is measured by using appropriate valuation methods. The fair value of derivatives is measured by reference to quotes obtained from financial institutions which are contractual counterparties.

(5) Bonds and borrowings

The fair value of bonds is determined by reference to the observable market price and is categorised within Level 2. Fair value of borrowings with variable interest rates reflects the market rate in the short-term and therefore approximates the carrying value. Fair value of borrowings with fixed

interest rates is discounted using an expected market interest rate based on the assumption that the total principal amount is newly borrowed on the same terms and conditions, and is categorised within Level 2.

(3) Matters Related to Fair Value Hierarchy

Fair Value Hierarchy

The fair value hierarchy of financial instruments is categorised into the following three levels depending on the observability and significance of the inputs:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Transfers of financial instruments among these levels are recognized at the end of the year.

As of March 31, 2025

(Millions of JPY)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss:				
Derivative assets	-	-	8	8
Bonds	-	751	-	751
Others	31,511	494	810	32,816
Financial assets measured at fair value through other comprehensive income:				
Equity securities	56,423	-	14,231	70,655
Others	-	-	1,775	1,775
Total	87,935	1,246	16,826	106,008
Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
Derivative liabilities	-	5	-	5
Contingent consideration	-	-	1,445	1,445
Total	-	5	1,445	1,451

Notes:

1. There were no significant transfers of financial instruments between the levels.
2. The fair value of financial instruments categorized as Level 2 is measured using the quoted price obtained from the financial institutions.
3. The fair value of unlisted shares is categorized as Level 3 and measured at fair value using comparable peer company analysis and other valuation models, such as the net asset method. Since unobservable inputs, such as EBITDA, are used in these valuation models, the fair value of these shares is categorized as Level 3. To measure fair value, EBITDA ratio in the range of 2.2 ~ 8.7 is used based on the corresponding comparable peer companies. When the EBITDA ratio increases, the fair value also increases.
4. The "Contingent consideration" classified as "Financial liabilities measured at fair value through profit or loss" arises from the business combinations of HBT Labs, Inc.
The contingent consideration for the business combination of HBT Labs, Inc. is the estimated amount of future milestone payments and royalty payments over a certain period based on sales of the development pipeline, taking into account the time value of money. The total amount of future payments that the

Company may be required to make for all future milestones under the contingent consideration agreement is JPY2,990 million (before discount). There is no upper limit on the royalty payments to be made based on future sales of the development pipeline, and the estimated payment amounts are calculated based on future forecast sales.

8. Notes Concerning Revenue Recognition

(1) Disaggregation of revenue

Breakdown of revenue of the Group is as follows:

Year ended March 31, 2025

(Millions of JPY)

		Region				
		Japan	United States	Europe	Other regions	Total
Sales of finished goods and merchandise	Prescription drugs	470,421	528,559	378,210	195,764	1,572,955
	Healthcare (OTC) products	86,385	—	—	202	86,587
	Total	556,806	528,559	378,210	195,967	1,659,543
License fee revenue		6,001	112,722	28,818	13,287	160,829
Others		20,994	993	11,182	32,772	65,883
Total		583,802	642,215	418,211	242,026	1,886,256

Note: 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.

(2) Basic information to understand the Company's revenue

The information is provided in "1. Basis of Preparation of Consolidated Financial Statements, (4) Significant Accounting Policies, 4) Method of Accounting for Revenue and Expenses."

(3) Information to understand the amount of the Company's revenue for the year ended March 31, 2025 and following years

1) Contract balances

The balances of accounts receivable arising from contracts with customers and contract liabilities are as follows:

(Millions of JPY)

	As of March 31, 2025
Accounts receivable arising from contracts with customers	435,520
Contract liabilities	818,994

Note: The main contract liabilities are consideration received from customers prior to satisfaction of performance obligations regarding license fee revenue, which is reclassified to revenue as the performance obligations are satisfied.

2) Transaction prices allocated to remaining performance obligations

Transaction prices allocated to remaining performance obligations were mainly related to license fee revenue, and the period in which revenue will be recognized are as set out in the table below.

The disclosure of contracts for which the initial expected period is within one year is omitted applying the practical expedient.

(Millions of JPY)

	As of March 31, 2025
Within 1 year	67,941
Over 1 year within 5 years	270,808
Over 5 years	480,230
Total	818,980

9. Notes Concerning Per Share Information

(1) Equity per share attributable to owners of the Company:	JPY869.69
(2) Basic earnings per share:	JPY155.96
(3) Diluted earnings per share:	JPY155.87

10. Notes Concerning Significant Subsequent Events

(1) Establishment of Upper Limits for Acquisition of Treasury 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 treasury 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.

1) Reason for the Establishment of Upper Limits for Acquisition of Treasury Shares

To enable flexible acquisition of its treasury shares by comprehensively taking into account share price levels and other factors

2) Details of Acquisition

a. Class of Shares to be Acquired

Ordinary shares of the Company

b. Total Number of Shares to be Acquired

Maximum of 80,000,000 shares representing 4.29% of issued shares (excluding its treasury shares)

c. Aggregate amount of Acquisition Cost

Maximum of JPY200,000 million

d. Acquisition Period

From May 1, 2025 to March 24, 2026

e. Acquisition Method

Purchase on the Tokyo Stock Exchange

(2) Cancellation of Treasury 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. treasury

a. Class of Shares to be Cancelled

Ordinary shares of the Company

b. Total Number of Shares to be Cancelled

13,971,600 shares representing 0.73% of issued shares before the cancellation

c. Planned Cancellation Date

May 30, 2025

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2024 to March 31, 2025)

(Millions of JPY)

	Shareholders' equity						
	Share Capital	Capital surplus			Retained earnings		
		Legal reserve	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for advanced depreciation of property, plant and equipment	Retained earnings carried forward	
Balance as of April 1, 2024	50,000	179,858	254,156	434,014	4,378	625,099	629,478
Movement in the current year							
Reversal of reserve for advanced depreciation of property, plant and equipment					(339)	339	-
Dividend from surplus						(114,408)	(114,408)
Net income						200,740	200,740
Purchase of treasury shares							
Disposal of treasury shares			(503)	(503)			
Cancellation of treasury shares			(134,323)	(134,323)			
Others			(1,716)	(1,716)			
Movement in the year (net) other than shareholders' equity							
Total movement in the current year	-	-	(136,543)	(136,543)	(339)	86,671	86,331
Balance as of March 31, 2025	50,000	179,858	117,613	297,471	4,039	711,770	715,810

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total Shareholders' equity	Net unrealized gain or loss on investment securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2024	(36,629)	1,076,863	27,328	(232)	27,096	560	1,104,519
Movement in the current year							
Reversal of reserve for advanced depreciation of property, plant and equipment		-					-
Dividend from surplus		(114,408)					(114,408)
Net income		200,740					200,740
Purchase of treasury shares	(245,975)	(245,975)					(245,975)
Disposal of treasury shares	960	456					456
Cancellation of treasury shares	134,323	-					-
Others		(1,716)					(1,716)
Movement in the year (net) other than shareholders' equity			(5,046)	232	(4,814)	(135)	(4,950)
Total movement in the current year	(110,691)	(160,903)	(5,046)	232	(4,814)	(135)	(165,853)
Balance as of March 31, 2025	(147,321)	915,959	22,281	-	22,281	424	938,666

Note: Figures are rounded down to the nearest million JPY

Notes to Non-Consolidated Financial Statements

1. Significant Accounting Policies

(1) Basis and Method of Valuation of Assets

1) Securities

(i) Held-to-maturity securities

Held-to-maturity securities are measured at amortized costs (straight-line amortization).

(ii) Shares in subsidiaries and associates

Shares in subsidiaries and associates are measured at cost using the moving average method.

(iii) Available-for-sale securities

With quoted market price:

Available-for-sale securities with quoted market price are measured at market value based on the market price as of the reporting date with the valuation difference being recognized directly in equity. Cost of sales is calculated using the moving average method.

Without quoted market price:

Available-for-sale securities without quoted market price are carried at cost using the moving average method.

2) Inventories

Inventories held for sale in the ordinary course of business:

Inventories are measured at cost based on the periodic average method. The carrying amount on the non-consolidated balance sheet is reduced to reflect declines in profitability.

(2) Depreciation and Amortization Method of Non-current Assets

1) Property, plant and equipment

Property, plant and equipment is depreciated by the straight-line method.

The estimated useful lives of major items of property, plant and equipment are as follows:

Buildings:	15 to 50 years
Machinery:	4 to 17 years
Tools, furniture and fixtures:	2 to 15 years

2) Intangible assets

Intangible assets are amortized by the straight-line method.

Software for internal use is amortized over an estimated useful life of 5 years if it is certain that use of the software will result in future cost reductions.

(3) Provisions

1) Provisions for doubtful accounts

Provisions for doubtful accounts are recorded in relation to potential losses on trade receivables, loans receivable and other assets based on historical loss ratio for general accounts receivable and

based on individually assessed estimated uncollectable amounts for specific doubtful accounts.

2) Provisions for retirement benefits

Provisions for retirement benefits and Prepaid pension costs are recorded to employees based on the estimated amount of projected benefit obligations and the pension plan assets as of the end of the fiscal year.

Past service costs are amortized within one year (12 months) after they are incurred.

Actuarial gains and losses are amortized by the straight-line method over a certain number of years (10 years) within the average remaining years of service of the employees from the fiscal year following the year in which the differences occurred.

3) Provisions for environmental measures

Provisions for environmental measures are recorded based on the estimated costs for purification of polluted soils contained in certain land.

(4) Translation of Foreign Currency Assets and Liabilities

Foreign currency monetary assets and liabilities are translated to Japanese yen using the spot exchange rate on the reporting date, and the exchange differences are recognized in profit or loss.

(5) Hedge Accounting

1) Hedge accounting

In principle, deferral hedge accounting is adopted. Foreign exchange forward contracts which meet the requirements for allocation method are accounted for by that method.

2) Hedging instruments and hedged items

Hedging instruments: Foreign exchange forward contracts

Hedged items: Foreign currency monetary assets and liabilities, Foreign currency forward contracts

3) Hedge Policy

The Company hedges foreign exchange risks associated with exports and imports. The Company does not enter into derivative transactions for speculative purposes.

4) Method of Assessing Hedge Effectiveness

Foreign exchange forward contracts are exempt from assessment of hedge effectiveness, since the principal contract terms of the hedging instruments are identical with the hedged items and it is assumed that the hedging is highly effective.

(6) Method of Accounting for Revenue and Expenses

The main business of the Company is the manufacturing and marketing of pharmaceutical products, and the main performance obligation(s) based on the contracts with customers and usual timing of revenue recognition are as follows:

1) Sales of finished goods and merchandise

The promised goods or services to be transferred to customers are mainly the sales of prescription

drugs. Regarding this type of sale, the Company recognizes revenue when finished goods and merchandise are transferred to and accepted by customers, because control of finished goods and merchandise is transferred and the performance obligation is satisfied at that time. The Company receives consideration approximately within 3 months from the timing of satisfaction of the performance obligation, and there are no significant financing components.

The Company is obliged to take trade discounts, cash discounts, rebates and returns depending on the conditions of contracts. In this case, the transaction price is measured at the amount after deducting the estimated amounts of those items from the consideration promised in the contract with customers, and the amount of consideration expected to be returned to customers is recorded as a refund liability. The estimation of refund liabilities is based on the contractual conditions and/or historical experience.

2) License fee revenue

The Company receives consideration for upfront payments, milestone revenue and running royalties by entering into agreements to grant rights to third parties for the research and development of products, manufacturing and marketing of products, and usage of technologies.

Revenue from upfront payments is recognized at the time of granting a license if the performance obligation is satisfied at a point in time, and milestone revenue is recognized when a milestone agreed among parties such as application for approval to regulatory agencies is achieved, considering the possibility that a significant reversal of revenue might occur subsequently. If a performance obligation is not satisfied at a point in time, its consideration is accounted for as a contract liability and recognized as revenue over a period in accordance with the satisfaction of the performance obligation. Running royalties are measured based on sales of counterparties or other indexes, and recognized as revenue considering the timing of occurrence. The Company receives consideration approximately within 3 months from the timing of satisfaction of the performance obligation, and there are no significant financing components.

2. Notes concerning accounting estimates

Items which are recognized in the non-consolidated financial statements as of March 31, 2025 based on accounting estimates and could have a significant impact on the non-consolidated financial statements for the next fiscal year ending March 31, 2026 are as follows:

(1) Provisions and Contingent Liabilities

1) Amount recorded in the non-consolidated financial statements as of March 31, 2025: Provisions for environmental measures JPY12,969 million

2) Information regarding the content of accounting estimates

The information is omitted as the relevant information is disclosed in “2. Notes Concerning Accounting Estimates” in the notes to the consolidated financial statements.

3. Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment JPY172,887 million

(2) Contingent liabilities

1) Loan guarantees

The Company provides guarantees in relation to its subsidiaries' lease agreements for their offices. The Company also provides loan guarantees in relation to its associates' and employees' borrowings from financial institutions as follows:

Plexxikon Inc. JPY4,762 million

Employees (housing and other loans) JPY99 million

2) Litigations

Lawsuit relating to Seagen Inc.'s U.S. patent

In October 2020, Seagen Inc. filed a patent infringement lawsuit in the U.S. District Court of Eastern District of Texas, alleging that the Company's ADCs, including ENHERTU, infringed a U.S. patent 10,808,039 held by Seagen Inc. A jury trial was held in April 2022, and the verdict confirmed that ENHERTU infringed the Seagen Inc.'s U.S. patent. The jury has determined that Seagen Inc.'s damages amount between October 2020 and March 2022 prior to the jury trial was USD41.8 million, and found that there was willful infringement of Seagen Inc.'s U.S. patent. In July 2022, despite the jury's finding of willfulness, the court decided under the totality of the circumstances that enhancement of damages was not warranted, and therefore did not enhance the damages award. In October 2023, the court dismissed the Company's post-trial motions challenging the judgment issued in July 2022, and rendered a first-instance judgment ordering the payment of USD41.8 million in damages as determined by the said judgment, as well as an 8% royalty on ENHERTU's US sales from April 1, 2022, until the expiration of Seagen Inc.'s US patent on November 4, 2024. In November 2023, the Company filed an appeal to the United States Court of Appeals for the Federal Circuit against the first-instance judgment rendered in October 2023. If compensation and royalty will be paid to Seagen Inc., it will be split equally between the Company and AstraZeneca UK Limited based on the agreement for joint development and sales alliance of ENHERTU.

In relation to this matter, in December 2020, the Company and relevant parties claimed that Seagen Inc.'s U.S. patent is invalid and filed a petition with the United States Patent and Trademark Office ("USPTO") for Post Grant Review ("PGR") to examine the validity of Seagen Inc.'s U.S. patent. However, in June 2021, the USPTO decided that PGR would not be initiated. In response to this decision, in July 2021, the Company and relevant parties filed a request for rehearing of the decisions denying institution with the USPTO, and in August 2021, filed an administrative litigation in the U.S. District Court for the Eastern District of Virginia. As a result, in April 2022, the USPTO approved the request for rehearing and decided to initiate PGR. In July 2022, the USPTO granted Seagen Inc.'s request for rehearing and decided not to proceed with the PGR process. However, in February 2023, in response to the Company's request for rehearing, the USPTO granted its request to re-initiate PGR. In January 2024, the USPTO issued a decision declaring Seagen Inc.'s U.S. patent invalid. In February 2024, Seagen Inc. filed a request for a Director Review against the USPTO's decision made in January 2024. However, in March 2024, the USPTO dismissed the said request. In May 2024, Seagen Inc. filed an appeal to the United States Court of Appeals for the Federal Circuit against the decision of the USPTO.

In July 2024, the Federal Circuit decided that the same panel of judges would hear both the appeal of the patent infringement lawsuit and the appeal of the PGR as related cases.

The said U.S. patent is the only patent that Seagen Inc. is relying on as the basis for their appeal in the ongoing patent infringement lawsuit at the Federal Circuit . The Company believes that it is unlikely that the said U.S. patent is valid and considers the likelihood of paying compensation to be low, and therefore did not record any provision for compensation for the alleged patent infringement.

(3) Monetary assets from and liabilities to subsidiaries and associates

- 1) Short-term monetary assets JPY220,869 million
- 2) Long-term monetary assets JPY164,057 million
- 3) Short-term monetary liabilities JPY226,561 million

4. Notes to Non-Consolidated Statement of Income

(1) Transactions with subsidiaries and associates

- 1) Net Sales JPY681,037 million
- 2) Purchases of goods JPY110,890 million
- 3) Selling, general and administrative expenses JPY390,000 million
- 4) Non-operating transactions JPY34,964 million

(2) Extraordinary gains

Gain on transfer of subsidiaries and associates

Gain on transfer of subsidiaries and associates relates to the sale of shares of Daiichi Sankyo Espha Co., Ltd.

Gain on liquidation of subsidiaries and associates

Gain on liquidation of subsidiaries and associates relates to the liquidation of Daiichi Sankyo RD Novare Co., Ltd.

Subsidy Income

Subsidy income is related to the development of the vaccine for the novel coronavirus infection (COVID-19).

5. Notes to Non-Consolidated Statement of Changes in Net Assets

Matters Related to Class and Number of Treasury Shares

Class of shares	Number of shares at April 1, 2024	Increase in number of shares during the year	Decrease in number of shares during the year	Number of shares at March 31, 2025
Ordinary shares	29,531 thousand shares	51,170 thousand shares	39,033 thousand shares	41,668 thousand shares

Notes:

1. The increase in number of its treasury shares was due to acquisition of 48,614 thousand shares based on the

Company's Articles of Incorporation pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, purchases of 5 thousand shares of less than one unit, and acquisition of 2,550 thousand shares related to the executive compensation BIP Trust and the share-granting ESOP Trust.

2. The decrease in number of its treasury shares was due to cancellation of 38,711 thousand shares, a decrease of 262 thousand shares as a result of exercise of subscription rights to shares and a decrease of 58 thousand shares due to granting restricted stocks.
3. Of the number of its treasury shares at March 31, 2025, the number of shares held by trusts was 2,550 thousand shares.

6. Notes Concerning Tax Effect Accounting

(1) Sources of deferred tax assets and liabilities are as follows:

Deferred tax assets	(Millions of JPY)
Prepaid outsourced research expenses and co-development expenses	19,371
Prepaid expenses	27,484
Depreciation and amortization	22,905
Valuation loss of inventories	33,291
Accrued bonuses	5,512
Valuation loss of securities	1,575
Adjustment of book value of shares in subsidiaries	4,467
Accrued enterprise taxes	3,477
Contract liabilities	40,069
Subsidy Income	10,980
Provisions for doubtful accounts	951
Provisions for environmental measures	4,068
Others	5,938
Subtotal of deferred tax assets	180,094
Valuation allowance	(3,397)
Total deferred tax assets	176,696
Deferred tax liabilities	
Net unrealized gain or loss on investment securities	(10,203)
Prepaid pension cost	(11,750)
Reserve for advanced depreciation of property, plant and equipment	(3,995)
Others	(199)
Total deferred tax liabilities	(26,148)
Net deferred tax assets (liabilities)	150,547

(2) Accounting treatment for national corporation tax and local corporation tax, and tax effect accounting related to these taxes

The Company has applied the Group Tax Sharing System. The Company has accounted for national corporation tax, local corporation tax and tax effect accounting related to these taxes and made relevant disclosures in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

(3) Adjustment of deferred tax assets and deferred tax liabilities due to change in corporate tax rates

Since the “Act for Partial Revision of the Income Tax Act, etc.” (Act No.13 of 2025)) was enacted on

March 31, 2025, “tax measures to secure financial resources for strengthening defense capabilities (special defense corporation tax)” will be imposed starting from fiscal years beginning on or after April 1, 2026. As a result, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026, are calculated using a statutory effective tax rate of 31.4% compared to the previous rate of 30.5%.

Due to this tax rate change, deferred tax assets (after deducting the amount of deferred tax liabilities) increased by JPY1,519 million, while income taxes - deferred decreased by JPY1,812 million, and net unrealized gain or loss on investment securities decreased by JPY292 million.

7. Notes Concerning Revenue Recognition

Notes concerning revenue recognition are omitted as the relevant information is disclosed in “8. Notes Concerning Revenue Recognition” in the notes to the consolidated financial statements.

8. Notes Concerning Related Party Transactions

Subsidiaries

Nature of related party	Name	Business	Ownership percentage	Relationship		Transactions	Transaction amount (Millions of JPY)	Accounts	Balance at the end of year (Millions of JPY)
				Concurrent directors	Business relationship				
Subsidiary	Daiichi Sankyo Healthcare Co., Ltd.	Research and development, manufacturing and marketing of healthcare products	Directly 100.0	Directors: 1	Lending and borrowing of funds	Custody of funds	31,907	Deposit received	31,907
Subsidiary	Daiichi Sankyo Propharma Co., Ltd.	Manufacturing of pharmaceuticals	Directly 100.0	Directors: 1	Purchase of merchandise	Purchase of merchandise	29,878	Accounts payable - trade	2,761
						Lending of funds	58,692	Short-term loans receivable	2,872
								Long-term loans receivable	55,820
Subsidiary	Daiichi Sankyo Chemical Pharma Co., Ltd.	Manufacturing of pharmaceuticals	Directly 100.0	Directors: 1	Purchase of merchandise	Lending of funds	73,755	Short-term loans receivable	21,031
								Long-term loans receivable	52,723
Subsidiary	Daiichi Sankyo U.S. Holdings, Inc.	Holding company	Directly 100.0	Directors: 1	Interlocking of officers	Underwriting of capital increase	184,338	—	—
Subsidiary	Daiichi Sankyo Inc.	Research and development and marketing of pharmaceuticals	Indirectly 100.0	Directors: 1	Marketing of pharmaceuticals and entrustment of research and development and marketing	Marketing of pharmaceuticals and royalty income	281,989	Accounts receivable - trade	57,100
						Entrustment of research and marketing	258,056	Accounts payable - other	82,716
								Accrued expenses	8,904
Subsidiary	Daiichi Sankyo Europe GmbH	Supervision of the Daiichi Sankyo Europe Group, and research and development, manufacturing and marketing of pharmaceuticals	Directly 100.0	Directors: 2	Marketing of pharmaceuticals and entrustment of research and development and marketing	Marketing of pharmaceuticals and royalty income	319,549	Accounts receivable - trade	80,084
						Entrustment of research and marketing	87,273	Accounts payable - other	41,404
						Lending of funds	53,469	Long-term loans receivable	1,023
						Underwriting of capital increase	66,108	—	—

Notes:

Policies for determining transaction terms and conditions

Transaction terms with the companies mentioned above are decided by referring to market prices.

9. Notes Concerning Per Share Information

- (1) Net assets per share JP502.63
- (2) Earnings per share JPY105.85
- (3) Diluted earnings per share JPY105.79

10. Notes Concerning Significant Subsequent Events

(1) Transfer of Shares of Daiichi Sankyo Espha Co., Ltd.

On April 1, 2025, the Company transferred 29% of the issued shares of Daiichi Sankyo Espha Co., Ltd. (“DSEP”) held by the Company based on the provisions of the stock transfer agreement with Qol Holdings Co., Ltd. signed on May 16, 2023.

As a result, the Company will record approximately JPY7.0 billion as “Gain on transfer of subsidiaries and associates” in the Non-Consolidated Statement of Income for the fiscal year ending March 31, 2026.

(2) Absorption-type Merger of the Company with Daiichi Sankyo Propharma and Daiichi Sankyo Chemical Pharma

The Company approved at the Board of Directors (“BOD”) meeting held on November 29, 2024 to carry out an absorption-type merger with its wholly owned subsidiaries, Daiichi Sankyo Propharma Co., Ltd. (“Daiichi Sankyo Propharma”) and Daiichi Sankyo Chemical Pharma Co., Ltd. (“Daiichi Sankyo Chemical Pharma”), and completed the merger on April 1, 2025, which is the business combination date.

1) Outline of Merger

a. Name of Merging Companies and Business

(i) Names of Merging Companies

The Company, and its wholly owned subsidiaries, Daiichi Sankyo Propharma and Daiichi Sankyo Chemical Pharma

(ii) Type of Business

Daiichi Sankyo Company, Limited (“the Company”): Research and development, manufacturing, import, sales, and marketing of pharmaceutical products

Daiichi Sankyo Propharma: Manufacturing of pharmaceuticals and clinical trial drugs

Daiichi Sankyo Chemical Pharma: Manufacturing of pharmaceutical substances, intermediates and clinical trial drug substances

b. Date of Merger

April 1, 2025

c. Legal Form of Merger

Absorption-type merger, in which the Company is the surviving company while Daiichi Sankyo Propharma and Daiichi Sankyo Chemical Pharma will be dissolved.

d. Name of Merged Company

Daiichi Sankyo Company, Limited

e. Other Matters Related to the Outline of the Transaction

Daiichi Sankyo Propharma and Daiichi Sankyo Chemical Pharma manufacture the Company’s ethical pharmaceuticals and investigational new drugs. To stably supply ADCs (antibody drug conjugates), which drive the Company’s growth, and accelerate the development of new modalities, it needs to further deepen the alignment between the manufacturing function and

pharmaceutical technology development function. The current consolidation of the functions, which had been divided among three companies, into one company can organically fuse the processes from development to commercial production and take advantage of the experience which they have cultivated within the Company, leading to improved rapidity, improved productivity, and a reinforced production system, indispensable to the development and production of anticancer agents.

2) Outline of Accounting Treatment to be Applied

Based on the "Accounting Standard for Business Combinations" and the "Implementation Guidance on Accounting Standards for Business Combinations and Accounting Standard for Business Divestitures," the transaction will be accounted for as a business combination under common control. As a result of this merger, the Company will record a Gain on extinguishment of tie-in shares of JPY81.9 billion, as an extraordinary gain in the Non-Consolidated Statement of Income for the fiscal year ending March 31, 2026.

(3) Establishment of Upper Limits for Acquisition of Treasury Shares

The Company approved at the BOD meeting held on April 25, 2025 to establish upper limits for the acquisition of its treasury 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.

1) Reason for the Establishment of Upper Limits for Acquisition of Treasury Shares

To enable flexible acquisition of its treasury shares by comprehensively taking into account share price levels and other factors

2) Details of Acquisition

a. Class of Shares to be Acquired

Ordinary shares of the Company

b. Total Number of Shares to be Acquired

Maximum of 80,000,000 shares representing 4.29% of issued shares (excluding its treasury shares)

c. Aggregate amount of Acquisition Cost

Maximum of JPY200,000 million

d. Acquisition Period

From May 1, 2025 to March 24, 2026

e. Acquisition Method

Purchase on the Tokyo Stock Exchange

(4) Cancellation of Treasury 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.

a. Class of Shares to be Cancelled

Ordinary shares of the Company

b. Total Number of Shares to be Cancelled

13,971,600 shares representing 0.73% of issued shares before the cancellation

c. Planned Cancellation Date

May 30, 2025