

**The 21st 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 25, 2026

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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 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 rights 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.

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 Board of Directors.

- b. When an absorption-type merger agreement, under which the Company is absorbed and disappears, is approved at a General Meeting of Shareholders of the Company (a meeting of Board of Directors if a resolution of a General Meeting of Shareholders 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 Meeting of Shareholders of the Company (a meeting of Board of Directors if a resolution of a General Meeting of Shareholders 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 Board of Directors.
 - 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 Board of Directors.
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 treasury 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 treasury 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, 2026, as follows.
 - a. Group Management System
 - i. 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".
 - ii. 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.
 - iii. The Company shall introduce a corporate officer system in consideration of speedy decision making and execution of duties.
 - iv. 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.
 - v. 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
 - i. 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.
 - ii. 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.
 - iii. The Company shall establish "Daiichi Sankyo Group Internal Audit Policy." 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.
 - iv. 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
 - i. The Company shall establish policies such as "Daiichi Sankyo Group Risk Management Policy," "Daiichi Sankyo Group Crisis Management Policy," and "Daiichi Sankyo Group BCP Policy" to build a global risk management system that encompasses all Group companies.

- ii. The Corporate Internal Audit Department and the audit functions of Group companies shall conduct internal audits to assess the status of risk management implementation in accordance with the aforementioned policies and regulations.
- d. Systems regarding Information Security and Management
 - i. The Company shall formulate “Daiichi Sankyo Group Information Security Policy” and “Information Security Regulations,” to establish information security systems, and to 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.
 - ii. 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.
- e. Systems regarding Audit by Audit & Supervisory Board Members
 - i. The Company’s Audit & Supervisory Board Members 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.
 - ii. If they find facts that could badly hurt the Company, Directors shall immediately report the facts to Audit & Supervisory Board Members.
 - iii. 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 the Directors, Corporate Officers, and employees of Group companies.
 - iv. Audit & Supervisory Board Members of the Company shall attend the Executive Management Committee and other important meetings.
 - v. To verify process and details of approvals, the Company shall always establish Audit & Supervisory Board Members as permanent recipients of approval document notification.
 - vi. 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.
 - vii. Audit & Supervisory Board Members of the Company shall exchange information with Audit & Supervisory Board Members of the Group companies and closely cooperate with them.
 - viii. Audit & Supervisory Board Members of the Company shall coordinate and exchange views with external auditors and the Corporate Internal Audit Department.
 - ix. The Company shall appoint full-time staff members who assist with the duties of Audit & Supervisory Board Members. These full-time staff members shall be independent of Directors, and shall execute duties under the directions and orders from Audit & Supervisory Board Members.
 - x. Personnel changes, performance appraisal, etc. of full-time staff members assisting Audit & Supervisory Board Members shall require prior consent of Audit & Supervisory Board.
 - xi. The Company shall not treat unfairly any person who reports under the third item in the preceding paragraph e. (iii) or any person who reports according to Daiichi Sankyo Group Employee Code of Conduct, etc. because of the fact of such reporting.
 - xii. 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,” “Internal Control System Establishment Regulations,” 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 for Ensuring Compliance]

- The Group has defined the “Daiichi Sankyo Group Corporate Conduct Charter” and the “Daiichi Sankyo Group Employee Code of Conduct” as global principle and code of conduct for all executives and employees of the Group. Head of Global Compliance & Risk Management serves as Chief Compliance Officer and is responsible for overseeing the Group-wide compliance program.
- The Company has established a system whereby reports on the Group’s compliance initiatives are submitted to the Board of Directors as well as the Global Ethics & Compliance Committee, which was established in fiscal 2025, and, if any issues are identified, recommendations are made regarding the implementation of measures to resolve them.
- The Group has set up a whistle-blowing hotline in the Compliance & Risk Management Department and the entrusted external specialist firm for use by the executives, employees of domestic and overseas Group companies as well as our business partners and other persons concerned. The Company shall establish similar hotlines at overseas Group companies, and any compliance violations that could adversely affect the Group are reported to the Global Ethics & Compliance Committee and other relevant bodies.

[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 the “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.
- Head of Global Compliance & Risk Management oversees group-wide risk management, 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 meetings of the Board of Directors and Executive Management Committee, etc. we identify such risks and regularly monitor and assess the status of them. Moreover, the heads of each unit and function formulate countermeasures through coordination with the Head of Global Compliance & Risk Management. In addition, the Company has established the Risk Management Committee to supplement the broad-ranging decisions made by the Executive Management Committee regarding risk and to facilitate focused discussions on the Group’s risks.
- 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, establishing a system of crisis management based on level of crisis, 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 operations and supply chains, the “Daiichi Sankyo Group BCP Policy” and “BCP Regulations” have been established to identify priority products and operations with a large 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. Head of Global Digital Transformation (DX) oversees the digital security strategy and has appointed a Head of Global Cybersecurity responsible for security management across the entire Group. In addition, the Company has established security standards that operationalize its information security policy, and is continuously implementing preventive measures and strengthening contingency response capabilities to address increasingly sophisticated cyber threats.
- The Company appropriately stores and manages information regarding the execution of duties by Directors, Audit & Supervisory Board Members, Corporate Officers and other executives according to the law and our internal regulations.
- The Company appropriately stores and manages documents regarding the execution of duties by Directors, such as

Ordinary General Shareholders Meeting minutes, the Board meeting minutes, Executive Management Committee minutes and other related documents, 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 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 meetings of the Board of Directors and Management Executive Committee 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	239	4	295	7
Consolidated subsidiaries	48	–	36	–
Total	287	4	332	7

- 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 Act (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 the “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 Meeting of Shareholders.
- 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.
- The “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, 2025 to March 31, 2026)

(Millions of JPY)

	Equity attributable to owners of the Company						
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Other components of equity		
					Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2025	50,000	-	(147,321)	424	228,137	-	35,130
Profit for the year	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	50,185	77	4,753
Total comprehensive income for the year	-	-	-	-	50,185	77	4,753
Purchase of treasury shares	-	(115)	(150,342)	-	-	-	-
Disposal of treasury shares	-	-	535	(42)	-	-	-
Cancellation of treasury shares	-	(8,629)	48,971	-	-	-	-
Dividend	-	-	-	-	-	-	-
Share-based compensation	-	8,745	164	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(7,141)
Transfer to non-financial assets and similar items	-	-	-	-	-	(77)	-
Others	-	-	-	-	171	-	-
Total transactions with owners of the Company	-	-	(100,671)	(42)	171	(77)	(7,141)
Balance as of March 31, 2026	50,000	-	(247,993)	381	278,494	-	32,743

	Equity attributable to owners of the Company				
	Other components of equity				Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	
Balance as of April 1, 2025	-	263,693	1,457,044	1,623,416	1,623,416
Profit for the year	-	-	259,874	259,874	259,874
Other comprehensive income for the year	(4,981)	50,034	-	50,034	50,034
Total comprehensive income for the year	(4,981)	50,034	259,874	309,908	309,908
Purchase of treasury shares	-	-	-	(150,458)	(150,458)
Disposal of treasury shares	-	(42)	(221)	271	271
Cancellation of treasury shares	-	-	(40,341)	-	-
Dividend	-	-	(128,527)	(128,527)	(128,527)
Share-based compensation	-	-	-	8,909	8,909
Transfer from other components of equity to retained earnings	4,981	(2,159)	2,159	-	-
Transfer to non-financial assets and similar items	-	(77)	-	(77)	(77)
Others	-	171	566	737	737
Total transactions with owners of the Company	4,981	(2,108)	(166,365)	(269,145)	(269,145)
Balance as of March 31, 2026	-	311,619	1,550,553	1,664,179	1,664,179

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

Notes to Consolidated Financial Statements

1. Significant Accounting Policies for 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: 43
- Names of major consolidated subsidiaries:

Domestic:

Daiichi Sankyo Healthcare 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

Decrease: 5 companies (decrease due to liquidations and mergers)

(3) Application of the Equity Method

- Number of associates which are accounted for using the equity method: 1
- Names of associates: Daiichi Sankyo Espha Co., Ltd.
- Change in the number of associates which are accounted for under the equity method

Decrease: 1 company (decrease 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.

Net defined benefit liabilities or assets are calculated by deducting the fair value of the plan assets from the present value of the defined benefit obligations.

If the defined benefit plan has surplus, the defined benefit asset is limited to the asset ceiling that is the present value of any future economic benefits available in the form of reductions in the future contributions to the plan or cash refunds.

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.

Service costs and net interest on the net defined benefit liabilities (assets) are recognized in profit or loss.

(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.

(6) Changes in Presentation

(Consolidated Statement of Financial Position)

"Long-term advance payments" under non-current assets, is disclosed separately from the consolidated fiscal year ended March 31, 2026, since the monetary significance has increased.

As a result, a portion of the amounts reported in "Other non-current assets" under non-current assets as of March 31, 2025 amounting to JPY167,428 million has been reclassified as "Long-term advance payments" under non-current assets.

2. Notes Regarding Accounting Estimates

Items for which accounting estimates were included in the consolidated financial statements for the consolidated fiscal year ended March 31, 2026, and that may have a significant impact on the consolidated financial statements for the consolidated fiscal year ending March 31, 2027 are as follows:

(1) Valuation of Intangible Assets

1) Amount recorded in the consolidated financial statements as of March 31, 2026: Intangible assets
JPY241,064 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 consolidated fiscal year ending March 31, 2027.

(2) Provisions and Contingent Liabilities

1) Amount recorded in the consolidated financial statements as of March 31, 2026: Provisions
JPY214,383 million

2) Information regarding the content of accounting estimates

Provisions are 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 consolidated fiscal year ending March 31, 2027.

3. Notes Regarding Consolidated Statement of Financial Position

(1) Allowance Directly Deducted from Balances of Assets

Trade and other receivables.....JPY1,700 million

Other financial assets	JPY1 million
(2) Accumulated Depreciation and Accumulated Impairment Losses on Property, Plant and Equipment	JPY585,392 million

4. Notes Regarding Consolidated Statement of Profit or Loss

Other income

The Company recorded JPY16,819 million as Gain on liquidation of a subsidiary in “Other income” in the Consolidated Statement of Profit or Loss for the consolidated fiscal year ended March 31, 2026, due to the liquidation of Ambit Biosciences Corporation.

5. Notes Regarding Consolidated Statement of Changes in Equity

(1) Matters Regarding The Total Number of Issued Shares

Class of shares	Number of shares at April 1, 2025	Increase in number of shares during the year	Decrease in number of shares during the year	Number of shares at March 31, 2026
Ordinary shares	1,908,322 thousand shares	-	13,971 thousand shares	1,894,350 thousand shares

Note: The decrease in number of ordinary shares was due to cancellation of 13,971 thousand shares.

(2) Matters Regarding Class and Number of Treasury shares

Class of shares	Number of shares at April 1, 2025	Increase in number of shares during the year	Decrease in number of shares during the year	Number of shares at March 31, 2026
Ordinary shares	41,668 thousand shares	47,200 thousand shares	14,172 thousand shares	74,697 thousand shares

Notes:

1. The increase in number of its treasury shares was due to acquisition of 35,526 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 4 thousand shares of less than one trading unit, and acquisition of 11,669 thousand shares related to the share-granting ESOP Trust.
2. The decrease in number of its treasury shares was attributable to the cancellation of 13,971 thousand shares, a decrease of 0 thousand shares resulting from the delivery of shares of less than one trading unit upon purchase requests, a decrease of 71 thousand shares as a result of exercise of subscription rights to shares, a decrease of 82 thousand shares due to granting restricted stocks, and a decrease of 46 thousand shares due to the delivery of shares to the executive compensation BIP Trust.
3. Of the number of its treasury shares at March 31, 2026, the number of shares held by the executive compensation BIP Trust and the share-granting ESOP Trust was 14,173 thousand shares.

(3) Matters Regarding Dividend from Surplus

1) Dividend payment amounts

- a. Dividend based on a resolution made at the 20th Ordinary General Shareholders Meeting held on

June 23, 2025

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

b. Dividend based on a resolution made at the Board meeting held on October 31, 2025

- Total amount of dividends: JPY72,743 million
- Dividend per share: JPY39.00
- Record date: September 30, 2025
- Effective date: December 10, 2025

Note:

1. The total amount of dividends resolved at the Annual General Meeting of Shareholders held on June 23, 2025, includes JPY 76 million in dividends related to the shares of the Company held by the executive compensation BIP Trust and the share-granting ESOP Trust.
2. The total amount of dividends resolved at the Board Meeting held on October 31, 2025, includes JPY 552 million in dividends related to the shares of the Company held by the executive compensation BIP Trust and the share-granting ESOP Trust.

2) Among dividends with a record date that falls under the consolidated fiscal year, for those with an effective date in the subsequent period

The following shall be referred to the 21th Ordinary General Shareholders Meeting, which will be held on June 22, 2026.

- Total amount of dividends: JPY71,519 million
- Source of funds for the dividends: Retained earnings
- Dividend per share: JPY39.00
- Record date: March 31, 2026
- Effective date: June 23, 2026

Note: The total amount of dividend noted above includes JPY 552 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 Regarding 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	98 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	88 thousand shares
The Company	No. 10 Subscription Rights to Shares granted in July 2016 (Share remuneration-type stock option)	Ordinary shares	137 thousand shares

6. Notes Regarding Tax Effect Accounting

Sources of Deferred Tax Assets and Liabilities

Deferred tax assets	(Millions of JPY)
Prepaid outsourced research expenses and co-development expenses	15,194
Depreciation and amortization	23,287
Unrealized gain and valuation loss of inventories	153,459
Unused tax losses	3,009
Accrued expenses	69,225
Valuation loss of securities	1,367
Impairment loss	3,947
Lease liabilities	12,639
Capitalized research expenses	143,070
Provisions	66,259
Others	71,099
Total deferred tax assets	562,561
Deferred tax liabilities	
Intangible assets	(10,927)
Financial assets measured at fair value through other comprehensive income	(15,766)
Post-employment benefit assets	(7,302)
Reserve for advanced depreciation of property, plant and equipment	(3,999)
Right-of-use assets	(11,097)
Long-term accounts receivable	(23,197)
Others	(28,202)
Total deferred tax liabilities	(100,492)
Net deferred tax assets (liabilities)	462,069

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

7. Notes Regarding Financial Instruments

(1) Matters Regarding 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 Regarding 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, 2026, are as follows:

(Millions of JPY)

	Amount recorded in consolidated statement of financial position	Fair value	Difference
(1) Cash and cash equivalents	449,807	449,807	-
(2) Trade and other receivables	741,145	741,145	-
(3) Other financial assets	299,171	299,167	(4)
(4) Trade and other payables	(596,856)	(596,856)	-
(5) Bonds and borrowings	(300,481)	(272,560)	27,921
(6) Other financial liabilities	(52,849)	(52,849)	-
(7) Contingent consideration	(1,546)	(1,546)	-

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 Regarding 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, 2026

(Millions of JPY)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss:				
Derivative assets	-	-	1	1
Bonds	-	804	-	804
Others	40,031	516	917	41,465
Financial assets measured at fair value through other comprehensive income:				
Equity securities	35,972	-	14,319	50,291
Others	-	-	2,005	2,005
Total	76,003	1,321	17,242	94,567
Financial liabilities				
Financial liabilities measured at fair value through profit or loss:				
Derivative liabilities	-	4	-	4
Contingent consideration	-	-	1,546	1,546
Total	-	4	1,546	1,550

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 3.3 ~ 9.7 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 JPY3,198 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 Regarding Revenue Recognition

(1) Revenue Breakdown

Breakdown of revenue of the Group is as follows:

As of March 31, 2026

(Millions of JPY)

		Region				
		Japan	United States	Europe	Other regions	Total
Sales of finished goods and merchandise	Prescription drugs	483,239	610,934	449,648	219,624	1,763,447
	Healthcare (OTC) products	90,457	—	—	134	90,592
	Total	573,697	610,934	449,648	219,759	1,854,039
License fee revenue		1,290	138,466	29,575	20,889	190,221
Others		5,125	0	18,151	55,506	78,784
Total		580,112	749,401	497,375	296,155	2,123,045

(2) Basic Information for Understanding 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 for Understanding the Amount of the Company's revenue for the Consolidated Fiscal Year Ended March 31, 2026 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, 2026
Accounts receivable arising from contracts with customers	520,979
Contract liabilities	881,214

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, 2026
Within 1 year	74,405
Over 1 year within 5 years	291,330
Over 5 years	515,479
Total	881,214

9. Notes Regarding Per Share Information

(1) Equity per share attributable to owners of the Company:	JPY914.56
(2) Basic earnings per share:	JPY140.44
(3) Diluted earnings per share:	JPY140.37

10. Notes Regarding Significant Subsequent Events

(1) Stock Transfer of Daiichi Sankyo Healthcare Co., Ltd.

The Board of Directors resolved at a meeting held on March 31, 2026 to transfer all of the Company's shares of DAIICHI SANKYO HEALTHCARE CO., LTD. ("DSHC"), a subsidiary of the Company, to Suntory Holdings Limited ("Suntory HD") and entered into a stock transfer agreement with Suntory HD on April 15, 2026.

1) Reason for the stock transfer

As self-care and self-medication are increasingly promoted in Japan in support of extending healthy life expectancy, DSHC has contributed to the further development of self-medication as a leading company in the OTC pharmaceutical market, while also expanding into functional skincare, oral care, and food products. Currently, in addition to pharmacies and drugstores, DSHC is strengthening its mail-order sales channel and expanding its presence overseas. To further grow DSHC's business, the Company and Suntory HD have determined that it would be optimal to leverage the strengths of Suntory HD, which has established a strong business foundation in the beverages, food, and health food businesses, and have accordingly entered into this agreement.

2) Name of counterparty to transfer

Suntory Holdings Limited

3) Name and description of business of subsidiary

Name: DAIICHI SANKYO HEALTHCARE CO., LTD.

Description of business: Manufacture and sale of pharmaceuticals, quasi-drugs, cosmetics, medical devices, foods, beverages, and other products.

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

Number of shares held by the Company before transfer	10,000 shares (Number of voting rights: 10,000; percentage of voting rights held by the Company: 100%)
Number of shares transferred	10,000 shares
Consideration for transfer	246,500 million yen (planned)
Number of shares held by the Company after transfer	0 shares (Number of voting rights: 0; percentage of voting rights held by the Company: 0%)

(Notes)

1. A stock split of DSHC shares is scheduled to be executed prior to the execution of the Stock Transfer. The number of shares and voting rights above are the numbers after the stock split.
2. The consideration for transfer above is an estimate as of the current date, and the final price may be adjusted based on the price adjustment provisions set forth in the stock transfer agreement.

5) Timeline of stock transfer

Date of resolution by the Board of Directors	March 31, 2026
Date of signing of stock transfer agreement	April 15, 2026
Date of stock transfer closing (planned)	June 1, 2026 (Transfer of DSHC shares such that the Company's voting rights ratio in DSHC becomes 70%) June 1, 2027 (Transfer of DSHC shares such that the Company's voting rights ratio in DSHC becomes 30%) June 1, 2029 (Transfer of all remaining shares of DSHC held by the Company at that time)

6) Impact on the Company's earnings and financial position

The Company expects to recognize a gain on disposal of a subsidiary. However, these amounts are currently undetermined, as the Company is still assessing the timing of recognition of the gain on disposal, and the measurement of the amounts will depend on the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost.

In addition, the assets and liabilities of the subsidiary to be disposed of were classified as "Assets held for sale" and "Liabilities directly associated with assets held for sale" as of March 31, 2026.

(2) Cancellation of Treasury Shares

The Board of Directors resolved at a meeting held on May 11, 2026 to cancel the repurchased shares based on the provisions of Article 178 of the Companies Act.

1) Class of Shares to be Cancelled

Ordinary shares of the Company

2) Total Number of Shares to be Cancelled

31,457,200 shares representing 1.66% of issued shares before the cancellation

3) Planned Cancellation Date

June 10, 2026

11. Other Notes

Notes Regarding for Provisions

(1) Provision for Loss Compensation

1) Outsourced manufacturing of ADC products

The Company outsources a portion of the manufacturing of its ADC products to multiple contract manufacturing organizations ("CMOs"). The manufacturing agreements with these CMOs include annual minimum purchase obligations. If the order volumes placed with a CMO in a given year fall below the applicable minimum purchase obligation, the Company may be required to make compensation payments to the CMO. During the consolidated fiscal year ended March 31, 2026, the Company reviewed its supply plan based on clinical trial results and other factors and changed to a new supply plan incorporating risk adjustments. As a result, a projected shortfall arose between the revised supply plan and the minimum purchase obligations under the manufacturing outsourcing agreements with the CMOs.

Accordingly, a provision of JPY169,498 million was recognized, based on the best estimate at the reporting date of the costs to be incurred, given that loss compensation is probable to be paid to certain CMOs in the future.

2) Capital expenditure project

During the consolidated fiscal year ended March 31, 2026, the Company has decided to discontinue certain capital expenditures at its manufacturing facilities in Japan. As construction contracts have been entered into with certain third party contractors, there is a possibility that penalty payments

may be incurred as a result of the discontinuation. Accordingly, a provision of JPY12,685 million was recognized, based on the best estimate at the reporting date of the costs to be incurred, given that loss compensation is probable to be paid in the future.

(2) Environmental measures

Provisions for environmental measures are recognized at the estimated amount of losses mainly for countermeasures against contaminated soil on the site of the former Yasugawa Plant.

During the consolidated fiscal year ended March 31, 2026, an additional provision of JPY16,000 million was recorded based on the current best estimate for the costs required for the finalized countermeasure work plan due to the determination that additional countermeasures against contaminated soil would be required in the southern area of the site, while JPY1,776 million was utilized due to payment of construction costs. The timing of payments will be affected by the work plan to be determined through discussions with the relevant authorities.

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2025 to March 31, 2026)

(Millions of JPY)

	Shareholders' equity						Total retained earnings
	Share Capital	Capital surplus			Retained earnings		
		Legal reserve	Other capital surplus	Total capital surplus	Other retained earnings		
					Reserve for advanced depreciation of property, plant and equipment	Retained earnings carried forward	
Balance as of April 1, 2025	50,000	179,858	117,613	297,471	4,039	711,770	715,810
Movement in the current year							
Reversal of reserve for advanced depreciation of property, plant and equipment					(291)	291	-
Dividend from surplus						(128,819)	(128,819)
Net income						447,886	447,886
Purchase of treasury shares							
Disposal of treasury shares			(221)	(221)			
Cancellation of treasury shares			(48,971)	(48,971)			
Movement in the year (net) other than shareholders' equity							
Total movement in the current year	-	-	(49,192)	(49,192)	(291)	319,358	319,066
Balance as of March 31, 2026	50,000	179,858	68,420	248,278	3,747	1,031,129	1,034,877

	Shareholders' equity				Subscription rights to shares	Total net assets
	Treasury shares	Total Shareholders' equity	Net unrealized gain or loss on investment securities	Total valuation and translation adjustments		
Balance as of April 1, 2025	(147,321)	915,959	22,281	22,281	424	938,666
Movement in the current year						
Reversal of reserve for advanced depreciation of property, plant and equipment		-				-
Dividend from surplus		(128,819)				(128,819)
Net income		447,886				447,886
Purchase of treasury shares	(150,342)	(150,342)				(150,342)
Disposal of treasury shares	700	478				478
Cancellation of treasury shares	48,971	-				-
Movement in the year (net) other than shareholders' equity			(1,902)	(1,902)	(42)	(1,944)
Total movement in the current year	(100,671)	169,202	(1,902)	(1,902)	(42)	167,257
Balance as of March 31, 2026	(247,993)	1,085,162	20,379	20,379	381	1,105,923

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) Securities to be held to maturity

Securities to be held to maturity are measured based on amortized costs method (straight-line method)

(ii) Shares in subsidiaries and associates

Shares in subsidiaries and associates are measured based on the moving average cost method.

(iii) Available-for-sale securities

Securities other than shares that do not have a market value:

Fair value method (with the entire amount of valuation differences inserted directly into net assets, and the cost of sales calculated using the moving average method).

Shares that do not have a market value:

Moving average cost method.

2) Inventories

Inventories held for sale in the ordinary course of business:

Inventories are measured based on the periodic average cost method. (The carrying amount in the non-consolidated balance sheet is written down as profitability declines.)

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

1) Property, plant and equipment (excluding leased assets)

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 (excluding leased 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.

However, the intangible assets for which the estimated useful lives are expected to be 5 years or longer are amortized over the internally estimated useful lives.

The estimated useful lives of major items of intangible assets are as follows:

Software for internal use:	5 to 10years
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3) Leased assets

Leased assets under finance leases that do not transfer ownership are depreciated on the straight line basis over the lease term, with a residual value of zero.

(3) Recognition Criteria for Provisions

1) Allowance for doubtful accounts

To make allowances for the non-payment of trade receivables, loans receivable, and other receivables, for general receivables the historical default rate is used, and receivables designated as potentially irrecoverable is determined using actual default rates on an individual claim basis, and an allowance is made for the amount deemed irrecoverable.

2) Provisions for retirement benefits

To make allowances for the payment of retirement benefits to employees, Provisions for retirement benefits and Prepaid pension costs are recorded based on the amount of projected retirement benefit liabilities and pension assets as of the end of the fiscal year. When calculating pension benefit liabilities, the method for attributing expected benefit payments for the end to the fiscal year under review is as per the benefit formula basis.

Past service costs are recorded as expenses over one year (12 months) after the date they are incurred. Actuarial gains and losses are treated as expenses in the fiscal year following the fiscal year in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (in 10 years) that is within the average number of years of remaining service of employees at the time the differences emerge each fiscal year.

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) Provisions for loss compensation

Provisions for loss compensation are recorded based on the estimated costs expected to be incurred.

(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, deferred hedge accounting is applied. 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) Recognition Criteria 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.

(7) Changes in Presentation

(Non-Consolidated Balance Sheet)

"Long-term advance payments", under non-current assets, is disclosed separately from the fiscal year ended March 31, 2026, since the monetary significance has increased.

As a result, a portion of the amounts reported in "Other non-current assets" under non-current assets as of March 31, 2025 amounting to JPY167,428 million has been reclassified as "Long-term advance payments" under non-current assets.

(Non-Consolidated Statement of Income)

"Compensation received", under the "Extraordinary gains", is disclosed separately from the fiscal year ended March 31, 2026, since the monetary significance has increased.

As a result, a portion of the amounts reported in "Other non-operating income" under the "Non-operating income" for the fiscal year ended March 31, 2025, amounting to JPY210 million has been reclassified as "Compensation received" under "Extraordinary gains".

2. Notes Regarding Accounting Estimates

Items for which accounting estimates were included in the non-consolidated financial statements for the fiscal year ended March 31, 2026, and that may have a significant impact on the non-consolidated financial statements for the fiscal year ending March 31, 2027 are as follows.

(1) Provisions and Contingent Liabilities

1) Amount recorded in the non-consolidated financial statements as of March 31, 2026: Provisions for loss compensation JPY182,183 million and environmental measures JPY27,192 million

2) Information regarding the content of accounting estimates

The information is omitted as the relevant information is disclosed in "2. Notes Regarding Accounting Estimates" in the notes to the consolidated financial statements.

3. Notes Regarding Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment JPY358,089 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.JPY4,324 million

Employees (housing and other loans).....JPY68 million

(3) Monetary Claims and Obligations to Subsidiaries and Associates

1) Short-term monetary claims.....JPY364,157 million

2) Long-term monetary claimsJPY18,790 million

3) Short-term monetary obligationsJPY271,075 million

4. Notes Regarding Non-Consolidated Statement of Income

(1) Amount of Transactions with Subsidiaries and Associates

1) Net SalesJPY1,053,077million

2) Purchases of goods.....JPY52,827 million

3) Selling, general and administrative expenses.....JPY424,241 million

4) Amount of transactions from transactions other than

operating transactions.....JPY47,190 million

(2) Extraordinary Gains

Gain on extinguishment of tie-in shares

Gain on extinguishment of tie-in shares relates to the merger by absorption of Daiichi Sankyo Propharma Co., Ltd., and Daiichi Sankyo Chemical Pharma Co., Ltd., both of which were consolidated subsidiaries.

Subsidy income

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

Gain on sale of shares of subsidiaries and associates

Gain on sale of shares of subsidiaries and associates relates to the disposal of Daiichi Sankyo Espha Co., Ltd., and Hitachi Pharma Information Solutions, Ltd.

Compensation received

Compensation received relates to the recovery of damages from former shareholders of Ranbaxy Laboratories Ltd.

(3) Extraordinary Losses

Loss on restructuring of the production structure

Loss on restructuring of the production structure relates to losses to be incurred as a result of a shift to a new supply plan for the Company’s ADC products incorporating risk adjustments based on clinical trial results and other factors, and mainly includes increases in provisions for loss compensation and impairment losses.

Loss on liquidation of subsidiaries

Loss on liquidation of subsidiaries relates to the liquidation of Ambit Biosciences Corporation.

5. Notes Regarding Non-Consolidated Statement of Changes in Equity

Matters Regarding Class and Number of Treasury Shares

Class of shares	Number of shares at April 1, 2025	Increase in number of shares during the year	Decrease in number of shares during the year	Number of shares at March 31, 2026
Ordinary shares	41,668 thousand shares	47,200 thousand shares	14,172 thousand shares	74,697 thousand shares

Notes:

1. The increase in number of its treasury shares was due to acquisition of 35,526 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 4 thousand shares of less than one trading unit, and acquisition of 11,669 thousand shares related to the share-granting ESOP Trust.
2. The decrease in number of its treasury shares was attributable to the cancellation of 13,971 thousand shares, a decrease of 0 thousand shares resulting from the delivery of shares less than one trading unit upon purchase requests, a decrease of 71 thousand shares as a result of exercise of subscription rights to shares, a decrease of 82 thousand shares due to granting restricted stocks, and a decrease of 46 thousand shares due to the delivery of shares to the executive compensation BIP Trust.
3. Of the number of its treasury shares at March 31, 2026, the number of shares held by the executive compensation BIP Trust and the share-granting ESOP Trust was 14,173 thousand shares.

6. Notes Regarding 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	15,122
Prepaid expenses	49,064
Depreciation and amortization	23,819
Valuation loss of inventories	37,081
Accrued bonuses	2,823
Valuation loss of securities	2,599
Adjustment of book value of shares in subsidiaries	12,340
Accrued enterprise taxes	5,955
Contract liabilities	37,449
Subsidy income	11,838
Provisions for doubtful accounts	1,016
Provisions for environmental measures	8,549
Provisions for loss compensation	57,278
Others	7,070
Subtotal of deferred tax assets	272,010
Valuation allowance	(5,232)
Total deferred tax assets	266,777
Deferred tax liabilities	
Net unrealized gain or loss on investment securities	(9,345)
Prepaid pension cost	(12,454)
Reserve for advanced depreciation of property, plant and equipment	(4,004)
Long-term accounts receivable	(23,197)
Others	(121)
Total deferred tax liabilities	(49,122)
Net deferred tax assets (liabilities)	217,655

(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).

7. Notes Regarding Revenue Recognition

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

8. Notes Regarding Transactions with Related Parties

Subsidiaries and associates

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	30,619	Deposit received	30,619
Subsidiary	Daiichi Sankyo U.S. Holdings, Inc.	Holding company	Directly 100.0	Directors: 1	Interlocking of officers	Underwriting of capital increase	217,826	—	—
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	620,259	Accounts receivable - trade	74,189
						Entrustment of research and marketing	304,695	Accounts payable - other	95,956
								Accrued expenses	5,728
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	369,142	Accounts receivable - trade	127,358
						Entrustment of research and marketing	97,307	Accounts payable - other	53,584
								Accrued expenses	936
						Lending of funds	60,535	Short-term loans receivable	60,535
Underwriting of capital increase	54,045	—	—						

Notes: Transaction terms and policy on determination of transaction terms

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

9. Notes Regarding Per Share Information

(1) Net Assets per Share	JPY607.56
(2) Earnings per Share	JPY242.05
(3) Diluted Earnings per Share	JPY241.93

10. Notes Regarding Significant Subsequent Events

(1) Stock Transfer of DAIICHI SANKYO HEALTHCARE Co., Ltd.

The Board of Directors resolved at a meeting held on March 31, 2026 to transfer all shares of DAIICHI SANKYO HEALTHCARE CO., LTD. (“DSHC”), a subsidiary of the Company, held by the Company to Suntory Holdings Limited (“Suntory HD”) and entered into a stock transfer agreement with Suntory HD on April 15, 2026.

1) Reason for the stock transfer

As self-care and self-medication are increasingly promoted in Japan in support of extending healthy life expectancy, DSHC has contributed to the further development of self-medication as a leading company in the OTC pharmaceutical market, while also expanding into functional skincare, oral care, and food products. Currently, in addition to pharmacies and drugstores, DSHC is strengthening its mail-order sales channel and expanding its presence overseas. To further grow DSHC’s business, the Company and Suntory HD have determined that it would be optimal to leverage the strengths of Suntory HD, which has established a strong business foundation in the beverages, food, and health food businesses, and have accordingly entered into this agreement.

2) Name of counterparty to transfer Suntory Holdings Limited

3) Name and description of business of subsidiary Name: DAIICHI SANKYO HEALTHCARE CO., LTD. Description of business: Manufacture and sale of pharmaceuticals, quasi-drugs, cosmetics, medical devices, foods, beverages, and other products.

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

Number of shares held by the Company before transfer	10,000 shares (Number of voting rights: 10,000; percentage of voting rights held by the Company: 100%)
Number of shares transferred	10,000 shares
Consideration for transfer	246,500 million yen (planned)
Number of shares held by the Company after transfer	0 shares (Number of voting rights: 0; percentage of voting rights held by the Company: 0%)

(Notes)

1. A stock split of DSHC shares is scheduled to be executed prior to the execution of the Stock Transfer. The number of shares and voting rights above are the numbers after the stock split.
2. The consideration for transfer above is an estimate as of the current date, and the final price may be adjusted based on the price adjustment provisions set forth in the stock transfer agreement.

5) Timeline of stock transfer

Date of resolution by the Board of Directors	March 31, 2026
Date of signing of stock transfer agreement	April 15, 2026
Date of stock transfer closing (planned)	June 1, 2026 (Transfer of DSHC shares such that the Company’s voting rights ratio in DSHC becomes 70%) June 1, 2027 (Transfer of DSHC shares such that the Company’s voting rights ratio in DSHC becomes 30%) June 1, 2029 (Transfer of all remaining shares of DSHC held by the Company at that time)

6) Impact on the Company’s earnings and financial position

The Company expects to recognize gains on sale of shares of subsidiaries and associates upon each disposal of such shares. For the fiscal year ending March 31, 2027, the Company expects to recognize

gains on the sale of shares of subsidiaries of approximately JPY60.0 billion.

(2) Cancellation of Treasury Shares

The Board of Directors resolved at meeting held on May 11, 2026 to cancel the repurchased shares based on the provisions of Article 178 of the Companies Act.

- 1) Class of Shares to be Cancelled
Ordinary shares of the Company
- 2) Total Number of Shares to be Cancelled
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- 3) Planned Cancellation Date
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During the fiscal year ended March 31, 2026, the Company reviewed its supply plan based on clinical trial results and other factors and changed to a new supply plan incorporating risk adjustments. As a result, a projected shortfall arose between the revised supply plan and the minimum purchase obligations under the manufacturing outsourcing agreements with CMOs. Accordingly, a provision of JPY169,498 million was recognized, based on the best estimate at the reporting date of the costs to be incurred, given that loss compensation is probable to be paid to certain CMOs in the future.

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