

**CONVOCATION NOTICE OF THE 16TH ORDINARY
GENERAL MEETING OF SHAREHOLDERS**

For the Fiscal Year Ended March 31, 2021

Daiichi Sankyo Company, Limited

*Note: This translation does not include pictures, charts etc. originally issued in the Japanese version.

To Our Shareholders

We sincerely appreciate the continuous kindness of our shareholders.

In addition, we would like to express our deepest sympathies to those who passed away due to COVID-19, and thank the medical personnel who are close to those who are fighting illness and are making efforts in treatment. We will continue to devote ourselves to the research and development of vaccines and therapeutic agents.

Our “Purpose” is to “contribute to the enrichment of quality of life around the world.” As a pharmaceutical company with strengths in science and technology, we continuously create innovative pharmaceuticals and provide pharmaceuticals that meet diverse medical needs to provide sustainable value to society. We were able to launch the anti-cancer drug “Enhertu”, which is an antibody-drug conjugate (ADC) that utilizes our unique technology, in Japan and Europe in fiscal 2020, following the launch in the U.S. in fiscal 2019. Subsequent ADCs such as Dato-DXd and HER3-DXd are also steadily developing.

Now, we have newly established our 2030 Vision of being an “Innovative Global Healthcare Company Contributing to the Sustainable Development of Society,” and have established 5-Year Business Plan (fiscal 2021 to fiscal 2025) as a plan to realize our 2025 Vision, “Global Pharma Innovator with Competitive Advantage in Oncology.” By working together as a Daiichi Sankyo Group on 5-Year Business Plan toward the 2030 Vision, we aim to solve the social issues expected of our company and increase shareholder value. I would like to ask our shareholders for your continued support and cooperation.

May 2021



Sunao Manabe

Representative Director, President and CEO

Our Mission	To contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, and through the provision of pharmaceuticals addressing diverse medical needs.
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CONVOCATION NOTICE OF THE 16TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

1. Date and Time: June 21, 2021, Monday at 10 a.m. (Japan Time) (Reception starts at 9 a.m.)
2. Place: Royal Hall, Royal Park Hotel 3F
1-1, Nihonbashi-Kakigiracho 2-chome, Chuo-ku, Tokyo, Japan
3. Purpose of the Meeting:
Matters to be Reported:
 1. Reports on the Business Report, the Consolidated Financial Statements for the 16th Fiscal Year (from April 1, 2020 to March 31, 2021); and Audit Reports of the Consolidated Financial Statements by the Accounting Auditors and Audit & Supervisory Board
 2. Reports on the Non-consolidated Financial Statements for the 16th Fiscal Year (from April 1, 2020 to March 31, 2021)

Proposals to be Resolved:

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|-------------------|--|
| First Proposal: | Appropriation of Surplus |
| Second Proposal: | Election of Nine (9) Directors |
| Third Proposal: | Election of One (1) Audit & Supervisory Board Member |
| Fourth Proposal: | Provision of Bonuses to Directors |
| Fifth Proposal: | Revision of the Maximum Amount of Compensation for Directors |
| Sixth Proposal: | Revision of the Maximum Amount of Compensation for Audit & Supervisory Board Members |
| Seventh Proposal: | Determination of Amount and Content of Medium-term Performance-based Share Compensation to Directors, etc. |

General Information

1. Exercise of Voting Rights by Proxy

If you are unable to attend the Meeting in person, you may choose one shareholder holding voting rights of Daiichi Sankyo Company, Limited (the "Company") as a proxy to attend the Meeting. However, in this case, submission of a document evidencing the proxy's power of representation is required.

2. Disclosures through the Internet

■ The following items are posted on the Company's website, in accordance with laws and ordinance, and Article 16 of the Company's Articles of Incorporation. Therefore, they are not included with this Convocation Notice of the 16th Ordinary General Meeting of Shareholders.

- i) Status of Subscription Rights to Shares, Internal Control System and Matters regarding Accounting Auditors in the Business Report,
- ii) Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
- iii) Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

In addition to the documents stated in the reference documents attached to the Convocation Notice of the 16th Ordinary General Meeting of Shareholders, Subscription Rights to Shares, Internal Control System and Matters regarding Accounting Auditors in the Business Report, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements, Non-Consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements posted on the Company's website are comprised of the Business Report audited by Audit & Supervisory Board, Consolidated and Non-consolidated Financial Statements audited by the Accounting Auditor and Audit & Supervisory Board.

■ If any revisions in the Reference Documents for the Ordinary General Meeting of Shareholders, Business Report, and Non-consolidated and Consolidated Financial Statements arise, revised matters will be posted on the Company's website.

Company's website:

<https://www.daiichisankyo.co.jp/investors/shareholders/meetings/>

3. Method for Receiving the Convocation Notice

For the subsequent General Meetings of Shareholders, shareholders may elect to receive their convocation notice by e-mail upon requesting delivery in that method. Shareholders accessing the voting website on PC or smartphone should complete the registration procedures on the website. (Please note that e-mail addresses for mobile phones cannot be used for the registration.)

Information on live distribution of the Ordinary General Meeting of Shareholders:

We will broadcast live so that you can see the state of the Ordinary General Meeting of Shareholders from your home.

Delivery date and time: From 10:00 am on Monday, June 21, 2021 to the close of the Ordinary General Meeting of Shareholders
(The distribution page is scheduled to open around 9:30 am, 30 minutes before the start time.)

How to watch: Viewing URL of the day

<https://4568.v-virtual-mtg.jp>

Please have the "shareholder number" required on the shareholder confirmation screen (login screen) ready in advance for access (please be sure to have it handy before posting the voting rights exercise form).

① Shareholder number

"Shareholder number" (8 digits) stated in voting rights exercise form or dividend-related documents, etc.

② Password

"Zip code" (7 digits) of registered address on shareholder list (as of the end of March)

Information on telephone numbers for inquiries regarding shareholder numbers / passwords:

Mitsubishi UFJ Trust and Banking Corporation 0120-191-060 (toll free)

June 21, 2021 (the day of the Ordinary General Meeting of Shareholders) from 9:00 am to the end of the Ordinary General Meeting of Shareholders

Precautions regarding viewing live distribution of the Ordinary General Meeting of Shareholders:

- ✓ Due to unavoidable circumstances, live distribution may not be possible.
- ✓ Since live distribution viewing is not permitted as the attendance of the ordinary General Meeting of Shareholders under the Companies Act of Japan (the “Companies Act”), it is not possible to participate in the resolution of the day, ask questions, exercise voting rights or make motions that are permitted to shareholders at the venue of the Ordinary General Meeting of Shareholders.
- ✓ Please exercise your voting rights in advance by using the method shown on the back cover.
- ✓ Please note that video and audio may malfunction depending on your PC environment (model, performance, etc.) and Internet connection environment (line status, connection speed, etc.).
- ✓ Communication charges for viewing will be borne by each shareholder.
- ✓ Shooting / recording of live distribution and publication on SNS etc. are strictly prohibited.
- ✓ In the case of live distribution, the attending shareholders may be unavoidably reflected. Please note.

Regarding the video about the business report:

A video with narration regarding the business report will be posted on the Company’s website by June 1, 2021 (Tuesday). 【Japanese only】

<https://www.daiichisankyo.co.jp/investors/shareholders/meetings/>

Reference Documents for the 16th Ordinary General Meeting of Shareholders

Proposals and References

First Proposal: Appropriation of Surplus

The Company regards the distribution of profits to all shareholders as a key management issue. Its basic policy is to pay a stable dividend.

During the fiscal year ended March 31, 2021 (fiscal 2020), the Company paid an interim dividend of ¥40.50 per share (on a pre-share split basis) on December 1, 2020. The Company conducted a share split of 3 ordinary shares per share with October 1, 2020 as the effective date, and assuming that the share split was conducted at the beginning of the period, we plan to pay a year-end dividend of ¥13.50 (on a post-share split basis), for a total annual dividend of ¥27.00 per share.

Accordingly, for this fiscal year, the Company proposes to pay year-end dividends as follows.

Matters regarding year-end dividends

- 1) Type of dividend property
Money
- 2) Matters regarding the assignment of the dividend property to shareholders and the total amount
¥13.50 per common share of the Company
Total amount: ¥25,868,238,651
- 3) Date on which such distribution of dividends from surplus takes effect
Tuesday, June 22, 2021

(Reference) Total return ratio for the cumulative total of the 4th 5-Year Business Plan

	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020
Dividend per share	¥70.00	¥70.00	¥70.00	¥70.00	¥27.00*1
Treasury share acquisition	¥50 billion	¥50 billion	-	-	¥100 billion
Total return ratio*2	180.7%	159.1%	48.5%	35.1%	200.3%
	105.6%				

*1 Annual dividend per share without considering the share split is ¥81.00

*2 Total return ratio = (Total amount of dividend + Total acquisition costs of treasury shares) / Profit attributable to owners of the Company

Second Proposal: Election of Nine (9) Directors

The terms of office of all nine (9) current Directors will expire at the close of this Ordinary General Meeting of Shareholders.


Accordingly, the Company requests approval for the election of nine (9) Directors. Directors are selected individually. Candidates for Directors are as follows:

Candidate Number	Name (Age)	Tenure	Number of Board of Directors' meetings attended
1	Sunao Manabe (66) Reelection	7 years	14/14 (100%)
2	Satoru Kimura (63) Reelection	2 years	14/14 (100%)
3	Masahiko Ohtsuki (61) Reelection	1 year	11/11 (100%)
4	Shoji Hirashima (60) Reelection	1 year	11/11 (100%)
5	Noritaka Uji (72) Reelection Independent Director Outside Director	7 years	14/14 (100%)
6	Tsuguya Fukui (69) Reelection Independent Director Outside Director	6 years	13/14 (93%)
7	Kazuaki Kama (72) Reelection Independent Director Outside Director	2 years	14/14 (100%)
8	Sawako Nohara (63) Reelection Independent Director Outside Director	2 years	14/14 (100%)
9	Hiroyuki Okuzawa (58) New election	–	–

Notes:

- There is no special interest between each candidate and the Company.
- Candidates for Outside Directors, Noritaka Uji, Tsuguya Fukui, Kazuaki Kama and Sawako Nohara satisfy the requirements for Independent Directors/Corporate Auditors as provided by the Tokyo Stock Exchange and criteria for independence as Outside Directors provided by the Company, and the Company has filed them as Independent Directors with the aforementioned stock exchange.
- With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into agreements with each Outside Director to limit their liabilities in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreements), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of each candidate for Outside Director is approved at the Meeting, we will enter into the Liability Limitation Agreements on the same terms and conditions.
- The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.
The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If the election of each candidate for Director is approved at the 16th Ordinary General Meeting of Shareholders (the "Meeting"), the Company plans to include each of them as an insured under the insurance policy and renew the policy in July 2021.
- The age of each candidate for Director is as of June 21, 2021.
- The number of attendance for Masahiko Ohtsuki and Shoji Hirashima in the meetings of Board of Directors indicates the number of attendance only to such meetings during fiscal 2020 held after their assumptions of office


on June 15, 2020.


Candidate No. 1		
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)	
 <p>Sunao Manabe (Aug. 5, 1954 (66))</p> <p>Reelection</p>	<p>Apr. 1978 Joined Sankyo Company, Limited (“Sankyo”)</p> <p>Jul. 2005 Vice President, Medicinal Safety Research Laboratories of Sankyo</p> <p>Apr. 2007 Vice President, Medicinal Safety Research Laboratories of the Company</p> <p>Apr. 2009 Corporate Officer, Vice President of Global Project Management Department, R&D Division of the Company</p> <p>Apr. 2011 Corporate Officer, Head of Group HR & CSR of the Company</p> <p>Apr. 2012 Corporate Officer, Vice President of Corporate Strategy Department, Corporate Strategy Division of the Company</p> <p>Apr. 2014 Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company</p> <p>Jun. 2014 Director, Executive Officer, President of Japan Company and Head of Business Intelligence Division of the Company</p> <p>Apr. 2015 Director, Senior Executive Officer, In Charge of Global Sales & Marketing of the Company</p> <p>Apr. 2016 Director, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division of the Company¹⁾</p> <p>Jun. 2016 Representative Director, Executive Vice President, Head of General Affairs & Human Resources Division, and Medical Affairs Division of the Company¹⁾</p> <p>Apr. 2017 Representative Director, President and COO of the Company</p> <p>Jun. 2019 Representative Director, President and CEO of the Company (to present)</p> <p>1) Appointed also as the Head of General Affairs & Human Resources Unit in the Global Management Structure of Daiichi Sankyo Group</p>	
	Number of Shares of the Company Held	123,778
	Number of years as a Director	Seven (7) years at the close of this Ordinary General Meeting of Shareholders
	Rate of attendance in meeting of Board of Directors	14/14 meetings (100%)
	Reason for nomination as a candidate for Director	<p>Sunao Manabe has been involved in research, development, international business, general affairs & human resources, corporate strategy, global sales & marketing and medical affairs in the Company, and served as a Director since 2014, a Representative Director, President and COO since 2017, and President and CEO since 2019.</p> <p>At Board of Directors, he has appropriately fulfilled the role of decision making and supervision of business execution by making useful remarks and proposals, based on the above experience, professional expertise and representative position of the Company.</p> <p>Also, he has appropriately made proposals and responded to inquiries at both the Nomination Committee and the Compensation Committee from the standpoint of representing the business execution, based on the policies of both committees, and has contributed to strengthen management oversight function of both committees.</p> <p>The Company has again nominated him as a candidate of Director, expecting him to continue to fulfill the above roles.</p>
	Note	1. There is no special interest between Sunao Manabe and the Company.


2. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.


The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas.

If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021.

Candidate No. 2	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 <p>Satoru Kimura (Sep. 27, 1957 (63))</p> <p>Reelection</p>	<p>Apr. 1981 Joined Daiichi Pharmaceutical Co., Ltd.</p> <p>Apr. 2009 Vice President of Kyoto Branch, Sales & Marketing Division, Japan Company of the Company</p> <p>Apr. 2014 Corporate Officer, Head of Sales & Marketing Division and Vice President of Marketing Department, Japan Company of the Company</p> <p>Apr. 2015 Executive Officer, Head of Sales & Marketing Division of the Company¹⁾</p> <p>Apr. 2016 Senior Executive Officer, Head of Sales & Marketing Division of the Company¹⁾</p> <p>Jun. 2019 Director, Senior Executive Officer, Head of Sales & Marketing Division of the Company¹⁾</p> <p>Apr. 2021 Director, Senior Executive Officer, Head of Japan Business Unit of the Company²⁾ (to present)</p> <p>1) Appointed also as the Head of Sales & Marketing (Japan) Unit in the Global Management Structure of Daiichi Sankyo Group</p> <p>2) Appointed also as the Head of Japan Business Unit in the Global Management Structure of Daiichi Sankyo Group</p>
Number of Shares of the Company Held	65,488
Number of years as a Director	Two (2) years at the close of this Ordinary General Meeting of Shareholders
Rate of attendance in meeting of Board of Directors	14/14 meetings (100%)
Reason for nomination as a candidate for Director	<p>Satoru Kimura has been involved in pharmaceutical business including domestic sales and marketing in the Company and served as a Corporate Officer since 2014 and a Director since 2019.</p> <p>At Board of Directors, he has appropriately fulfilled the role of decision making and supervision of business execution by making useful remarks and recommendations, based on the above experience, professional expertise and the viewpoint of the entire business of the Company.</p> <p>The Company has again nominated him as a candidate of Director, expecting him to continue to fulfill the above roles.</p>
Note	<p>1. There is no special interest between Satoru Kimura and the Company.</p> <p>2. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.</p> <p>The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas.</p> <p>If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021.</p>


Candidate No. 3	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 Masahiko Ohtsuki (Oct. 13, 1959 (61)) Candidate for Director Reelection	Apr. 1987 Joined Sankyo Company, Limited Apr. 2010 Vice President, R&D Planning Department, R&D Division of the Company Apr. 2012 Vice President, Research Oversight Function, R&D Division of the Company. Apr. 2013 Vice President, Research Oversight Function, R&D Division of the Company Apr. 2014 Corporate Officer, Vice President of Research Oversight Function, R&D Division of the Company Apr. 2018 Corporate Officer, Vice President of Business Development & Licensing Department of the Company Apr. 2019 Executive Officer, Vice president of Business Development & Licensing Department of the Company Apr. 2020 Senior Executive Officer, Head of Digital Transformation Management Division ¹⁾ Jun. 2020 Director, Senior Executive Officer, Head of Digital Transformation Management Division ¹⁾ (to present) 1) Appointed also as the Head of Digital Transformation Management Unit and CIO (Chief Information Officer) in the Global Management Structure of Daiichi Sankyo Group
Number of Shares of the Company Held	49,192
Number of years as a Director	One (1) year at the close of this Ordinary General Meeting of Shareholders
Rate of attendance in meeting of Board of Directors	11/11 meetings (100%)
Reason for nomination as a candidate for Director	<p>Masahiko Ohtsuki has been involved in research and development, international business, business development and licensing, and digital transformation in the Company, and served as a Corporate Officer since 2014, and Director and CIO since April 2020.</p> <p>At Board of Directors, he has appropriately fulfilled the role of decision making and supervision of business execution by making useful remarks and recommendations, based on the above experience, professional expertise and the viewpoint of the entire business of the Company.</p> <p>The Company has again nominated him as a candidate of Director, expecting him to continue to fulfill the above roles.</p>
Note	<ol style="list-style-type: none"> There is no special interest between Masahiko Ohtsuki and the Company. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021.

Candidate No. 4	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 Shoji Hirashima (Mar. 6, 1961 (60)) Candidate for Director Reelection	Apr. 1988 Joined Daiichi Pharmaceutical Company, Limited Apr. 2010 CEO, U3 Pharma GmbH Apr. 2015 Vice President, Corporate Strategy Department, Corporate Strategy Division of the Company Apr. 2016 Vice President of Corporate Strategy Department and Senior Director of Oncology Business Group, Corporate Strategy Division of the Company Apr. 2017 Corporate Officer, Vice President of Corporate Business Management Department, Corporate Strategy and Management Division Apr. 2019 Executive Officer, Head of Global Brand Strategy Division of the Company ¹⁾ Apr. 2020 Senior Executive Officer, Head of Global Brand Strategy Division of the Company ¹⁾ Jun. 2020 Director, Senior Executive Officer, Head of Global Brand Strategy Division of the Company ¹⁾ Apr. 2021 Director, Senior Executive Officer, Head of Corporate Strategy Division of the Company ²⁾ (to present)
	1) Appointed also as the Head of Global Brand Strategy Unit in the Global Management Structure of Daiichi Sankyo Group 2) Appointed also as the Head of Corporate Strategy Unit in the Global Management Structure of Daiichi Sankyo Group
	Number of Shares of the Company Held 58,000
	Reason for nomination as a candidate for Director Shoji Hirashima has been involved in research and development, international business, corporate strategy, brand strategy and oncology business, and served as a Corporate Officer since 2017 and Director since 2020 At Board of Directors, he has appropriately fulfilled the role of decision making and supervision of business execution by making useful remarks and recommendations, based on the above experience, professional expertise and the viewpoint of the entire business of the Company. The Company has again nominated him as a candidate of Director, expecting him to continue to fulfill the above roles.
	Note 1. There is no special interest between Shoji Hirashima and the Company. 2. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021.

Candidate No. 5	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 Noritaka Uji (Mar. 27, 1949 (72)) Candidate for Outside Director Independent Director Reelection	Apr. 1973 Joined Nippon Telegraph and Telephone Public Corporation Jun. 1999 Director, Senior Vice President, Advanced Information Network Services Sector of NTT DATA Corporation (“NTT DATA”) Sep. 2000 Director, Senior Vice President, Corporate Strategy Planning Department of NTT DATA Jun. 2001 Director, Senior Vice President, Industrial System Sector of NTT DATA Apr. 2002 Director, Senior Vice President, Enterprise Business Sector of NTT DATA Jun. 2003 Managing Director, Executive Vice President, Enterprise Systems Sector and Enterprise Business Sector of NTT DATA Jun. 2005 Representative Director, Executive Officer of NTT DATA Jun. 2007 Representative Director, Senior Executive Vice President of Nippon Telegraph and Telephone Corporation (“NTT”) Jun. 2012 Adviser of NTT Jun. 2014 Outside Director of the Company (to present)
	Number of Shares of the Company Held 12,800
	Number of years as a Director Seven (7) years at the close of this Ordinary General Meeting of Shareholders Rate of attendance in meeting of Board of Directors 14/14 meetings (100%) Material concurrent positions Outside Director of Yokogawa Electric Corporation Honorary Chairperson of Japan Institute of Information Technology Honorary President of Japan Telemarketing Association Visiting Professor of Center for Global Communications, International University of Japan
	Reason for nomination as a candidate for Outside Director Noritaka Uji has a wealth of experience and a wide range of knowledge in corporate management and IT / digital technology, from his experience as a company manager in the information and communication field. He has been the first Outside Director of the Company to become Chairperson of Board of Directors since June 2020. Based on the above experience, professional expertise and objective standpoint, he has made useful remarks and recommendations, and chaired and managed Board of Directors appropriately, having contributed to the separation of execution and supervision and appropriately fulfilled the role of supervision for business execution. Also, as a member of the Nomination Committee and Compensation Committee, he has made statements actively from an outside perspective and contributed to strengthen management oversight function of both committees. The Company has again nominated him as a candidate of Outside Director, expecting him to continue to fulfill the above roles.
	Note 1. There is no special interest between Noritaka Uji and the Company. 2. Noritaka Uji satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Outside Directors provided by the Company, and the Company has filed him as an Independent Director with the aforementioned stock exchange. If the election of Noritaka Uji is approved at the Meeting, he will continue to be designated as an Independent Director. 3. With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Noritaka Uji to limit his liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Noritaka Uji is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions. 4. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the


insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.

The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021.

Candidate No. 6	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 <p>Tsuguya Fukui (Jun. 24, 1951 (69))</p> <p>Candidate for Outside Director</p> <p>Independent Director</p> <p>Reelection</p>	<p>Jan. 1992 Professor, Department of General Medicine of Saga Medical School Hospital</p> <p>Mar. 1994 Professor, Department of General Medicine of Kyoto University Hospital</p> <p>Apr. 1999 Professor, Department of Clinical Epidemiology, Kyoto University Graduate School of Medicine</p> <p>Apr. 2000 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Dean, School of Public Health, Kyoto University Graduate School of Medicine</p> <p>Feb. 2001 Professor, Department of Clinical Epidemiology, Professor, Department of Health Informatics, Director, EBM Collaborative Research Center, School of Public Health, Kyoto University Graduate School of Medicine</p> <p>Sep. 2004 Chief of staff, Department of Internal medicine, Vice President, St. Luke's International Hospital</p> <p>Apr. 2005 President of St. Luke's International Hospital</p> <p>Apr. 2012 Chairperson of the Board of Trustees of St. Luke's College of Nursing (currently, St. Luke's International University)</p> <p>Jun. 2015 Outside Director of the Company (to present)</p> <p>Apr. 2016 President of St. Luke's International University</p>
	Number of Shares of the Company Held 28,100
	<p>Number of years as a Director Six (6) years at the close of this Ordinary General Meeting of Shareholders</p> <p>Rate of attendance in meeting of Board of Directors 13/14 meetings (93%)</p> <p>Material concurrent positions Member, the Board of Directors, Japan Council for Evaluation of Postgraduate Clinical Training Executive Director of Japan Hospital Association President of The Japan Medical Library Association</p>
	<p>Reason for nomination as a candidate for Outside Director</p> <p>Tsuguya Fukui has a wealth of experience and a wide range of knowledge in medical care and public health, from his experience as a medical doctor and medical institution manager.</p> <p>At Board of Directors, he has appropriately fulfilled the role of supervision of business execution by making useful remarks and recommendations, based on the above experience, professional expertise and objective standpoint.</p> <p>Also, he has appropriately chaired and managed the Nomination Committee as the chair (since September 2020) and has made beneficial statements at the Compensation Committee, having contributed to strengthen management oversight function of both committees.</p> <p>The Company has again nominated him as a candidate of Outside Director, expecting him to continue to fulfill the above roles.</p>
	<p>Note</p> <ol style="list-style-type: none"> 1. There is no special interest between Tsuguya Fukui and the Company. 2. Tsuguya Fukui satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Outside Directors provided by the Company, and the Company has filed him as an Independent Director with the aforementioned stock exchange. If the election of Tsuguya Fukui is approved at the Meeting, he will continue to be designated as an Independent Director. 3. With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Tsuguya Fukui to limit his liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Tsuguya Fukui is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.


4. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.

The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021.


Candidate No. 7	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 Kazuaki Kama (Dec. 26, 1948 (72)) Candidate for Outside Director Independent Director Reelection	Jul. 1971 Joined Ishikawajima-Harima Heavy Industries Co., Ltd. (currently, IHI Corporation) Jun. 1987 Executive Vice President of IHI INC. (New York) Jul. 2002 Associate Director and Deputy General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Jun. 2004 Executive Officer and General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Apr. 2005 Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Jun. 2005 Board Director, Managing Executive Officer, General Manager of Finance and Accounting Division of Ishikawajima-Harima Heavy Industries Co., Ltd. Apr. 2007 President and Chief Executive Officer of Ishikawajima-Harima Heavy Industries Co., Ltd. Apr. 2012 Chairperson of the Board of IHI Corporation Apr. 2016 Board Director of IHI Corporation Jun. 2016 Executive Corporate Advisor of IHI Corporation Jun. 2019 Outside Director of the Company (to present) Apr. 2020 Senior Advisor of IHI Corporation (to present)
	Number of Shares of the Company Held 1,800
	Number of years as a Director Two (2) years at the close of this Ordinary General Meeting of Shareholders Rate of attendance in meeting of Board of Directors 14/14 meetings (100%) Material concurrent positions Senior Advisor of IHI Corporation Outside Director of SUMITOMO LIFE INSURANCE COMPANY Statutory Auditor (Outside) of Tokyo Stock Exchange, Inc.
	Reason for nomination as a candidate for Outside Director Kazuaki Kama has a wealth of experience and a wide range of knowledge in corporate management and financial accounting, from his experience as a company manager at a heavy industry manufacturer. At Board of Directors, he has appropriately fulfilled the role of supervision of business execution by making useful remarks and recommendations, based on the above experience, professional expertise and objective standpoint. Also, he has appropriately chaired and managed the Compensation Committee as the chair (since July 2019) and has made beneficial statements at the Nomination Committee, having contributed to strengthen management oversight function of both committees. The Company has again nominated him as a candidate of Outside Director, expecting him to continue to fulfill the above roles.
	Note 1. There is no special interest between Kazuaki Kama and the Company. 2. It was found that IHI Corporation, where Kazuaki Kama served as Director from June 2005 to June 2016, conducted inappropriate practices in its Civil Aero Engine Maintenance Business during his term of office as Director. Given this fact, the Ministry of Economy, Trade and Industry issued an order based on the Aircraft Manufacturing Industry Act to IHI Corporation in March 2019 demanding that engine maintenance and repair work be performed using approved methods. Further, in April 2019, IHI Corporation received a business improvement order from the Ministry of Land, Infrastructure, Transport and Tourism based on the Civil Aeronautics Act. 3. Kazuaki Kama satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Outside Directors provided by the Company, and the Company has filed him as an Independent Director with the aforementioned stock exchange. If the election of Kazuaki Kama is

approved at the Meeting, he will continue to be designated as an Independent Director.

4. With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Kazuaki Kama to limit his liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Kazuaki Kama is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.
5. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.
The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021.

Candidate No. 8		
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 20, 2021)	
 <p>Sawako Nohara (Jan. 16, 1958 (63))</p> <p>Candidate for Outside Director</p> <p>Independent Director</p> <p>Reelection</p>	<p>Apr. 1980 Joined Mitsubishi Petrochemical Co., Ltd. (currently, Mitsubishi Chemical Corporation)</p> <p>Dec. 1988 Joined Life Science Institute Co., Ltd.</p> <p>Jul. 1995 Joined InfoCom Research, Inc.</p> <p>Jul. 1998 Head of the E-Commerce Business Development Group of InfoCom Research, Inc.</p> <p>Dec. 2001 President of IPSe Marketing, Inc. (to present)</p> <p>Apr. 2006 Outside Director of the Board of NEC Corporation</p> <p>Oct. 2009 Project Professor of the Graduate School of Media and Governance, Keio University</p> <p>Jun. 2012 Audit & Supervisory Board Member of Sompo Japan Insurance Inc.</p> <p>Jun. 2013 Outside Director of the Board of NKSJ Holdings, Inc. (currently, Sompo Holdings, Inc.) (to present)</p> <p>Jun. 2014 Outside Director of the Board of Nissha Printing Co., Ltd. (currently, Nissha Co., Ltd.)</p> <p>Jun. 2014 Outside Director of the Board of JAPAN POST BANK Co., Ltd.</p> <p>Jun. 2018 Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd. (to present)</p> <p>Jun. 2019 Outside Director of the Company (to present)</p> <p>Apr. 2020 Project Professor of the Graduate School of Media and Governance, Keio University (to present)</p>	
	Number of Shares of the Company Held	700
	Number of years as a Director	Two (2) year at the close of this Ordinary General Meeting of Shareholders
	Rate of attendance in meeting of Board of Directors	14/14 meetings (100%)
	Material concurrent positions	<p>President of IPSe Marketing, Inc.</p> <p>Project Professor of the Graduate School of Media and Governance, Keio University</p> <p>Outside Director of the Board of Sompo Holdings, Inc. (Scheduled to retire in June 2021)</p> <p>Outside Audit & Supervisory Board Member (Scheduled to retire in June 2021), Outside Director of the Board (Scheduled to take office in June 2021) of Tokyo Gas Co., Ltd.</p> <p>Outside Director of the Board of Keikyu Corporation (Scheduled to take office in June 2021)</p>
	Reason for nomination as a candidate for Outside Director	<p>Sawako Nohara has a wealth of experience and a wide range of knowledge in corporate management, IT, business, and marketing strategy, from her experience as a company founder and manager related to the internet and digital business.</p> <p>At Board of Directors, she has appropriately fulfilled the role of supervision of business execution by making useful remarks and recommendations, based on the above experience, professional expertise and objective standpoint.</p> <p>Also, as a member of the Nomination Committee and Compensation Committee, she has made statements actively from an outside perspective, and has contributed to strengthen management oversight function of both committees.</p> <p>The Company has again nominated her as a candidate of Outside Director, expecting her to continue to fulfill the above roles.</p>
	Note	<p>1. There is no special interest between Sawako Nohara and the Company.</p> <p>2. Sawako Nohara satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Outside Directors provided by the Company, and the Company has filed her as an Independent Director with the aforementioned stock exchange. If the election of Sawako Nohara is approved at the Meeting, she will continue to be designated as an Independent Director.</p>

3. With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Sawako Nohara to limit her liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If the election of Sawako Nohara is approved at the Meeting, we will continue the Liability Limitation Agreement on the same terms and conditions.
4. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.
The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If her election is approved at the Meeting, the Company plans to include her as an insured under the insurance policy and renew the said policy in July 2021.

Candidate No. 9	
Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 Hiroyuki Okuzawa (Oct. 31, 1962 (58)) Candidate for Director New election	<p>Apr. 1986 Joined Sankyo Company, Limited</p> <p>Apr. 2017 Vice President of Business Planning Department, ASCA Company of the Company</p> <p>Apr. 2018 Corporate Officer, President of ASCA Company of the Company</p> <p>Apr. 2021 Executive Officer, Head of Corporate Planning & Management Division and CFO of the Company (to present)</p> <p>1) Appointed also as the President of ASCA Company in the Global Management Structure of Daiichi Sankyo Group</p> <p>2) Appointed also as the Head of Corporate Planning & Management Unit in the Global Management Structure of Daiichi Sankyo Group</p>
Number of Shares of the Company Held 29,878	
Reason for nomination as a candidate for Director	
<p>Hiroyuki Okuzawa has been involved in international business, corporate strategy, and human resources in the Company, and has served as a Corporate Officer since 2018 and CFO since April 2021.</p> <p>The Company has nominated him as a candidate for Director, expecting him to ensure and enhance the effectiveness of the decision making and supervision of Board of Directors by leveraging his abundant experience and a wide range of knowledge.</p>	
Note	
<ol style="list-style-type: none"> 1. There is no special interest between Hiroyuki Okuzawa and the Company. 2. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality. The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas. If his election is approved at the Meeting, the Company plans to include him as an insured under the insurance policy and renew the said policy in July 2021. 	

(Reference) Skill Matrix of Board of Directors

In light of our medium- to long-term management direction and business strategy, we have identified the skills (knowledge, experience, and abilities) that Board of Directors of the Company should have in order to properly exercise its decision-making and management oversight function, aiming to realize the 2030 vision "Innovative Global Healthcare Company Contributing to the Sustainable Development of Society" as shown in the 5th 5-Year Business Plan.

The following table shows the composition of Board of Directors when Proposal 2 and 3 are approved as originally proposed at this Ordinary General Meeting of Shareholders, and the skills possessed by each Director and Audit & Supervisory Board Member.

When appointing Directors, we consider the diversity and balance of these skills.

Audit & Supervisory Board Members are appointed based on the requirements for candidates separately set by Audit & Supervisory Board.

	Name	I	C	Skill										Qualification
				a	b	c	d	e	f	g	h	i		
Director	Sunao Manabe			✓		✓	✓	✓	✓			✓		Veterinarian
	Satoru Kimura			✓			✓							Pharmacist
	Masahiko Ohtsuki					✓		✓					✓	Pharmacist
	Shoji Hirashima			✓	✓	✓	✓	✓			✓			
	Hiroyuki Okuzawa			✓	✓		✓	✓	✓					
	Noritaka Uji	✓	✓	✓		✓	✓	✓	✓			✓	✓	
	Tsuguya Fukui	✓				✓				✓				Doctor
	Kazuaki Kama	✓		✓	✓			✓	✓	✓	✓			
	Sawako Nohara	✓		✓		✓	✓					✓	✓	
Audit & Supervisory Board Member	Ryoichi Watanabe			✓	✓						✓			
	Kenji Sato					✓			✓	✓				
	Tateshi Higuchi	✓						✓	✓	✓				
	Yukiko Imazu	✓							✓	✓				Lawyer
	Masako Watanabe	✓			✓									Certified public accountant

I: Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and Outside Directors provided by the Company

C: Chairperson of the Board of Directors

a: Corporate Management/ Management Strategy

b: Finance/Accounting

c: Science & Technology

d: Business Strategy/Marketing

e: Global Business

f: Human Resources/Human Resources Development

g: Legal/Risk Management

h: Sustainability/ESG

i: DX/IT

Please see the Company's website regarding "Criteria for Independence as Outside Directors/Audit & Supervisory Board Members," "Board Evaluation for fiscal 2020" and "Status of Audit by Audit & Supervisory Board for fiscal 2020"


<https://www.daiichisankyo.co.jp/investors/shareholders/meetings/>

Third Proposal: Election of One (1) Audit & Supervisory Board Member

The term of office of Sayoko Izumoto, an Audit & Supervisory Board Member, will expire at the close of this Ordinary General Meeting of Shareholders.

Accordingly, the Company requests approval for the election of one (1) Audit & Supervisory Board Member. The candidate is as follows.

Audit & Supervisory Board has given its consent to this proposal.

Name (Date of Birth (Age))	Career Summary, Positions, Assignments, and Material Concurrent Positions (as of May 17, 2021)
 <p>Masako Watanabe (January 29, 1962 (59))</p> <p>Candidate for Outside Audit & Supervisory Board Member</p> <p>New election</p>	<p>Apr. 1984 Joined The Fuji Bank, Ltd. (currently “Mizuho Bank, Ltd.”)</p> <p>Oct. 1990 Joined Tohmatsu LLC (currently “Deloitte Touche Tohmatsu LLC”)</p> <p>Aug. 1994 Registered as Certified Public Accountant</p> <p>Jul. 2007 Partner of Tohmatsu LLC</p> <p>Aug. 2020 Representative of Masako Watanabe Certified Public Accountant Office (to present)</p>
Material concurrent positions: None	
Number of Shares of the Company Held 0	
<p>Reason for nomination as a candidate for Outside Audit & Supervisory Board Member</p> <p>The Company has nominated Masako Watanabe as a candidate for Outside Audit & Supervisory Board Member expecting her to audit the execution of duties by the Company's Directors from her expertise and objective standpoint using her insights based on her extensive practical financial/accounting experience as a certified public accountant.</p>	
<p>Note</p> <ol style="list-style-type: none"> 1. There is no special interest between Masako Watanabe and the Company. 2. Masako Watanabe, the candidate for new Outside Audit & Supervisory Board Member satisfies the requirements for Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and criteria for independence as Outside Audit & Supervisory Board Members provided by the Company, and the Company has filed her as an Independent Corporate Auditor with the aforementioned stock exchange. If the election of Masako Watanabe is approved at the Meeting, she plans to be designated as an Independent Corporate Auditor. 3. With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into an agreement with Masako Watanabe to limit her liability in accordance with the Articles of Incorporation in cases falling under the requirements defined in laws and ordinances (Liability Limitation Agreement), and the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and ordinances. If her election is approved at the Meeting, we will enter into the Liability Limitation Agreement with her on the same terms and conditions as other Audit & Supervisory Board Members. 4. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy covers damages such as compensation for damages and litigation expenses to be borne by the insured in cases where an insured receives a claim for damages from a shareholder, a third party, etc. However, the Company has taken measures to ensure that the 	

appropriateness of execution of duties by officers is not impaired by establishing certain reasons for coverage exclusion, such as damages arising from performance of an illegal act with full knowledge of its illegality.

The full amount of the insurance premiums is borne by the Company and Group companies in Japan and overseas.

If her election is approved at the Meeting, the Company plans to newly include her as an insured under the insurance policy and renew the said policy in July 2021.

5. The age of Masako Watanabe is as of June 21, 2021.

(Reference) Expected Audit & Supervisory Board structure after appointment

Candidate	Name (Age)	Tenure	Number of Board of Directors' meetings attended	
			Number of Audit & Supervisory Board meetings attended	
-	Ryoichi Watanabe (62)	2 years	14/14 (100%)	13/13 (100%)
-	Kenji Sato (58)	2 years	14/14 (100%)	13/13 (100%)
-	Tateshi Higuchi (68)	3 years	14/14 (100%)	13/13 (100%)
-	Yukiko Imazu (52)	3 years	14/14 (100%)	13/13 (100%)
✓	Masako Watanabe (59)	-	-	-

The candidate for new Audit & Supervisory Board Member: Masako Watanabe

Independent Directors/Corporate Auditors as provided for by the Tokyo Stock Exchange and Outside Audit & Supervisory Board Members: Tateshi Higuchi, Yukiko Imazu and Masako Watanabe

Note:

The term of office for Audit & Supervisory Board Members of the Company is four years. Tateshi Higuchi and Yukiko Imazu were elected at 13rd Ordinary General Meeting of Shareholders held in June 2018. Ryoichi Watanabe and Kenji Sato were elected at 14th Ordinary General Meeting of Shareholders held in June 2019.

Fourth Proposal: Provision of Bonuses to Directors

The Company requests approval for the payment of Directors' bonuses, amounting to ¥98 million in total to the five Directors (excluding Outside Directors) who were at office at the end of fiscal 2020 taking into consideration the Company's financial results, etc. during the fiscal year.

The total amount of Directors' bonuses was determined pursuant to the Company's Decision Policy regarding the Content of Individual Compensations of Directors (Please refer to page 71 on the Business Report for details.) of the fiscal year as well as the Company's financial results, etc. during the fiscal year, and the Company considers the amount to be appropriate.

The Company also requests approval for delegation of determination of the amount of the bonus to be paid to each Director to Board of Directors.

Fifth Proposal: Revision of the Maximum Amount of Compensation for Directors

The Company has heretofore designed the compensation plans for Directors (excluding Outside Directors), who are engaged in management from short-term and long-term perspectives, for the contribution to maximizing corporate value, composed of three types of compensations: the basic compensation (fixed compensation), the annual performance-based bonuses (variable compensation), serving as short-term incentive, and the restricted share-based compensation (variable compensation), serving as long-term incentive. Compensation to Outside Directors who are responsible for management oversight and are not in the position to take charge of business execution has been only basic compensation, so that management oversight fully functions.

At the 151st Ordinary General Meeting of Shareholders of (former) Sankyo Company, Limited and the 127th Ordinary General Meeting of Shareholders of (former) Daiichi Pharmaceutical Co., Ltd., held on June 29, 2005, the total amount of basic compensation paid to Directors (excluding the portion of employee salaries for Directors concurrently serving as employees) was approved at ¥450 million or less per fiscal year, and the Company has paid basic compensation within the maximum amount of compensation by the resolutions of Board of Directors. In addition, the Company has paid bonuses to Directors (excluding Outside Directors), who take charge of business execution, by the resolution of the General Meeting of Shareholders each year.

In addition, at the 12th Ordinary General Meeting of Shareholders held on June 19, 2017, the Company gained approval on setting the total amount of restricted share-based compensation to Directors (excluding Outside Directors) at ¥140 million or less per fiscal year and setting the total number of ordinary shares to be issued or disposed of by the Company at 70,000 shares or less per year. (Note) (if the Company performs a share split (including allotment of shares without contribution) or a share consolidation, or any other reason requiring an adjustment to the total number of such shares arises, the total number shall be reasonably adjusted in accordance with the share split or share consolidation ratio.) Based on this approval, the Company has provided restricted share-based compensation within the maximum amount of compensation by the resolutions of Board of Directors.

Note: Based on the resolution at the meeting of Board of Directors held on April 27, 2020, the Company implemented a three-for-one share split of its ordinary shares on October 1, 2020 as the effective date. Accordingly, the total number of ordinary shares to be issued or disposed of by the Company has been adjusted to 210,000 shares or less per year thereafter.

On this occasion, in order to maintain a level of compensations suitable for aiming to provide the high level compensations in the industrial circle, as well as to enhance incentives that provide motivation toward further increases in corporate value, the Company decided to review the compensation system for Directors, for the purposes including changing the composition of compensations to increase the ratio of variable compensations.

* For an outline of the new compensation system for Directors, please refer to "(Reference) Overview of the Company's New Executive Compensation System" (from page 31 to 36).

Accordingly, the Company proposes to revise the maximum amount of compensation for Directors of the Company as follows.

- (1) The total amount of basic compensation shall be ¥630 million or less per fiscal year (including the total amount of basic compensation paid to Outside Directors at ¥140 million or less per fiscal year) (excluding the portion of employee salaries for Directors concurrently serving as employees).
- (2) In addition to the above total amount of basic compensation, the total amount of payments of annual

performance-based bonuses paid to Directors (excluding Outside Directors) shall be newly set at ¥850 million or less per fiscal year. The amount to be paid as annual performance-based bonuses shall be determined according to the degree of achievement of consolidated financial results and targets set forth in advance by Board of Directors.

- (3) In addition to the above total amount of basic compensation and the total amount of annual performance-based bonuses, the total amount of payments of restricted share-based compensation serving as long-term incentive paid to Directors (excluding Outside Directors) shall be ¥160 million or less per fiscal year, and the total number of ordinary shares to be issued or disposed of by the Company to Directors (excluding Outside Directors) shall be 240,000 shares or less per year. (if, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including allotment of shares without contribution) or a share consolidation, or any other reason requiring an adjustment to the total number of the allotted shares arises, the total number shall be reasonably adjusted in accordance with the share split or share consolidation ratio.)

* There will be no changes in the mechanism relating to the compensation system for granting restricted shares. (Upon approval of this proposal as proposed, an outline of this system will be as stated in page 33 below.)

With regard to each of the abovementioned compensations, the specific timing and amount of each payment to each Director shall be determined by Board of Directors within the abovementioned maximum amounts of compensations after consultation with the Compensation Committee.

Upon approval of the Second Proposal and this proposal as proposed, the number of Directors subject to this proposal will be nine (including four Outside Directors). Outside Directors who are responsible for management oversight and are not in the position to take charge of business execution, will receive only basic compensation (fixed compensation).

The contents of the abovementioned revision of the maximum amount of compensation for Directors based on this proposal are in accordance with the contents of the Company's Decision Policy regarding the Content of Individual Compensations of Directors (Please refer to page 71 on the Business Report for details.), and are necessary and reasonable as the compensation system in light of the abovementioned purposes of the revision, the standard of calculating the amount of compensation and the number of Directors subject to the compensation system, and have been determined upon comprehensively taking into consideration a variety of factors and the Company's business conditions. Accordingly, the Company considers the contents to be appropriate.

Sixth Proposal: Revision of the Maximum Amount of Compensation for Audit & Supervisory Board Members

The Company has paid only basic compensation (fixed compensation) to Audit & Supervisory Board Members who are responsible for management oversight and auditing functions and are not in the position to take charge of business execution.

At the 151st Ordinary General Meeting of Shareholders of (former) Sankyo Company, Limited and the 127th Ordinary General Meeting of Shareholders of (former) Daiichi Pharmaceutical Co., Ltd., held on June 29, 2005, it was approved that the total amount of basic compensation for Audit & Supervisory Board Members shall be at ¥120 million or less per fiscal year, and the Company has paid compensations within the maximum total amount upon discussion at Audit & Supervisory Board.

On this occasion, in order to maintain a level of compensations suitable for aiming to provide the high level compensations in the industrial circle, and considering that the increase in auditing work and expansion of the scope of auditing, the Company proposes to revise the maximum amount of compensations for Audit & Supervisory Board Members to ¥180 million or less per fiscal year.

Upon approval of the Third Proposal and this proposal as proposed, the number of Audit & Supervisory Board Members subject to this proposal will be five (including three Outside Audit & Supervisory Board Members).

In addition, Audit & Supervisory Board Members who are responsible for management oversight and auditing functions and are not in the position to take charge of business execution, will continue to be only basic compensation (fixed compensation).

Seventh Proposal: Determination of Amount and Content of Medium-term Performance-based Share Compensation to Directors, etc.

1. Reasons for the proposal and rationale for said compensation

The Company's compensation for Directors (excluding Outside Directors) currently consists of basic compensation, annual performance-based bonuses, and restricted share-based compensation. On this occasion, in order to maintain a level of compensations suitable for aiming to provide the high level compensations in the industrial circle, as well as to enhance incentives that provide motivation toward further increases in corporate value, the Company decided to review the compensation system for the purposes including changing the composition of compensations to increase the ratio of variable compensations.

As part of this revision, the Company requests approval to introduce a trust-type and share-based compensation plan (the "Compensation Plan"), which has the nature of globally prevailing performance-based share compensation, as a new incentive plan for its Directors (excluding Outside Directors) and Corporate Officers (collectively "Target Directors & Officers"). The introduction of this new medium-term performance-based share compensation, which serves as long-term incentive and links pay to the achievement of performance during a series of fiscal years subject to a medium-term business plan, aims to promote management with a focus on increasing shareholder value over the medium to long term.

Upon approval of the Fifth Proposal "Revision of the Maximum Amount of Compensation for Directors" as originally proposed, the total amount of basic compensation to be paid to Directors will be ¥630 million or less per fiscal year (including the total amount of basic compensation to be paid to Outside Directors will be ¥140 million or less per fiscal year) (excluding the portion of employee salaries for Directors concurrently serving as employees). Meanwhile, the total amounts of annual performance-based bonuses and restricted share-based compensation to be paid to Directors will be ¥850 million or less and ¥160 million or less per fiscal year, respectively. Under this proposal, the Company proposes to pay the share-based compensation to Target Directors & Officers. separately from these compensations.

Upon approval of the Second Proposal "Election of Nine (9) Directors" as originally proposed, there will be five Target Directors under the Compensation Plan. As mentioned above, because the Compensation Plan also covers Corporate Officers (at present, there are 19 eligible Corporate Officers not concurrently serving as Directors under the Compensation Plan), the amount of compensation to be paid under the Compensation Plan includes the amount to be paid to Corporate Officers. However, given the possibility that these Corporate Officers become Directors (excluding Outside Directors; the same applies hereinafter in this proposal) during a series of fiscal years subject to a medium-term business plan set out by the Company (the "Target Period" in this proposal) of the Trust (as defined in 2. (2) below), the Company proposes the amount and content of the entire Compensation Plan for Target Directors & Officers.

The purposes of introducing the Compensation Plan are to further clarify the linkage between compensation for Target Directors & Officers. and the value of Company's shares, and raise their motivation of contributing to improve the Company's business performance and corporate value over the medium to long term, as well as to promote sharing the same interests with shareholders. In addition, the details of this proposal are considered necessary and reasonable as a compensation system in terms of the content of the Company's Decision Policy regarding the Content of Individual Compensations of Directors (as stated on page 71 of the Business Report; the content will be revised as described at the end of this notice subject to the approval of this proposal) given factors such as the standard for calculating the amount of compensation, the level of its ratio to the total compensation to Directors, and the level of number of Directors eligible for the Compensation Plan. Furthermore, such details have been determined by comprehensively taking into account the Company's business conditions and other various circumstances. Accordingly, the Company considers the contents to be appropriate.

The Company has submitted this proposal for approval after taking into consideration the result of deliberation by the Compensation Committee and Board of Directors on the introduction of this Compensation Plan.

2. Amount and content of compensation under the Compensation Plan

(1) Overview of the Compensation Plan

The Compensation Plan is a share-based compensation plan, under which a trust established by the Company will acquire the Company's shares using the money to be contributed by the Company, and the Company's shares and money equivalent to the converted value of such shares ("Daiichi Sankyo's Shares, etc.") are delivered or paid ("Delivered" or "Delivery," as the case may be) to Target Directors & Officers. through said trust. (The details are as described in (2) below and the following sections.)

i) Individuals eligible for Delivery of Daiichi Sankyo's Shares, etc. under this proposal	<ul style="list-style-type: none"> Directors (excluding Outside Directors) and Corporate Officers of the Company
ii) Impact of the Company's shares covered by this proposal on the total number of issued shares	
Upper limit of money to be contributed by the Company (as described in (2) below)	<ul style="list-style-type: none"> ¥800 million per fiscal year multiplied by the number of fiscal years corresponding to the Target Period (for the initial Target Period commencing from fiscal 2021, the upper limit shall be ¥4.0 billion for five fiscal years.)
Maximum number of Daiichi Sankyo's Shares, etc. to be Delivered to Target Directors & Officers. from the Trust and method of acquisition of the Company's shares (as described in (2) and (3) below)	<ul style="list-style-type: none"> 500 thousand shares^{Note} (maximum number of Daiichi Sankyo's Shares, etc. to be Delivered to Target Directors & Officers. per fiscal year) multiplied by the number of fiscal years corresponding to the Target Period (for the initial Target Period commencing from fiscal 2021, the maximum number shall be 2.5 million shares for five fiscal years.) As shares of the Company will be acquired from the stock market, dilution will not occur. <p>Note: The ratio of the number of the Company's shares per annum to the total number of issued shares (excluding treasury shares as of March 31, 2021) shall be approximately 0.03%.</p>
iii) Details of performance achievement conditions (as described in (3) below)	<ul style="list-style-type: none"> Varies within the range between 0% and 200% according to the degree of achievement of targets of the Company's performance indices set forth in a medium-term business plan (for the initial Target Period commencing from fiscal 2021, revenue, core operating profit^{*1} margin before deducting research and development expenses, ROE, progress of research and development, ESG indices and relative TSR^{*2} shall be used.)
iv) Timing of Delivery of Daiichi Sankyo's Shares, etc. to Target Directors & Officers. (as described in (4) below)	<ul style="list-style-type: none"> After retirement

*1 core operating profit: As an indicator of ordinary profitability, "core operating profit" which excludes temporary gains and losses (other revenue and other expenses) from operating income is disclosed.

*2 TSR: Total Shareholder Returns

(2) Upper limit of money to be contributed by the Company

The Target Period under the Compensation Plan shall be a series of fiscal years subject to a medium-term business plan set out by the Company. In the event that the period subject to a medium-term business plan is revised in response to changes in the external environment, the Target Period will be set in accordance with the revised period subject to the medium-term business plan.

In order to acquire the Company's shares to be Delivered to Target Directors & Officers., the Company will contribute money within the upper limit of ¥800 million per fiscal year (for the initial Target Period, the upper limit shall be ¥4.0 billion for five fiscal years) to establish a trust (the "Trust"), wherein Target Directors & Officers. who meet the beneficiary requirements shall be beneficiaries, for the Target Period.

The Trust will acquire the Company's shares from the stock market using the money entrusted in accordance with the instructions of the trust administrator.

The Company will award points (as specified in (3) below) to Target Directors & Officers., and Daiichi Sankyo's Shares, etc. will be Delivered to Target Directors & Officers. from the Trust when they meet the beneficiary requirements.

The Trust may, at the expiration of the trust period of the Trust, be continued by amending the trust

agreement and making additional contributions to the Trust, instead of establishing a new Trust. In that case, the trust period of the Trust will be extended in accordance with the Target Period. The Company will continue awarding points to Target Directors & Officers. during the extended trust period.

However, in the case of making such additional contributions, if there are any shares of the Company (excluding Daiichi Sankyo's Shares, etc. equivalent to the number of points awarded to Target Directors & Officers. that are yet to be Delivered) and money remaining in the trust property ("Residual Shares, etc.") at the final day of the trust period prior to the extension, the sum of the amounts of Residual Shares, etc. to be Delivered to Target Directors & Officers. and additional trust money to be contributed shall be within the amount obtained by multiplying the upper limit per fiscal year of ¥800 million by the number of fiscal years corresponding to the Target Period.

If neither amendment to the trust agreement nor additional contribution is made at the expiration of the trust period, no points will be awarded to Target Directors & Officers. thereafter. However, if Target Directors & Officers. who might meet the beneficiary requirements remain in office at that point in time, the trust period of Trust may be extended for up to ten years until such Target Directors & Officers. resign from their position and Delivery of the Company's shares is completed.

(3) Calculation method and maximum number of Daiichi Sankyo's Shares, etc. to be acquired by Target Directors & Officers.

The number of Daiichi Sankyo's Shares, etc. to be Delivered to Target Directors & Officers. shall be determined at a certain time every year based on Share Delivery Points calculated by multiplying the number of points accumulated over the Target Period, which are awarded according to their position, by the performance-based coefficient. The performance-based coefficient shall be determined within the range between 0% and 200% according to the degree of achievement of targets of the Company's performance indices set forth for the final fiscal year of the Target Period (for the initial Target Period, revenue, core operating profit margin before deducting research and development expenses, ROE, progress of research and development, ESG indices and relative TSR set forth in the medium-term business plan announced in fiscal 2021 are scheduled to be adopted), and one share in the Company per point shall be delivered.

During the trust period, if the Company performs a share split (including allotment of shares without contribution) or a reverse share split of its ordinary shares, or any other reason arises necessitating an adjustment to the number of points, the said number of points shall be reasonably adjusted as needed in accordance with the share split or reverse share split ratio.

The total number of Daiichi Sankyo's Shares, etc. to be Delivered to Target Directors & Officers. shall be up to the number obtained by multiplying the maximum number per fiscal year of 500 thousand shares by the number of fiscal years corresponding to the Target Period (for the initial Target Period, the maximum number shall be 2.5 million shares for five fiscal years). The maximum total number of Daiichi Sankyo's Shares, etc. to be Delivered to Directors has been set with reference to information such as the latest share price, in consideration of the upper limit of trust money as stated in (2) above.

(4) Timing of Delivery of Daiichi Sankyo's Shares, etc. to Target Directors & Officers.

Target Directors & Officers. who meet the beneficiary requirements shall, after their retirement, receive a Delivery of Daiichi Sankyo's Shares, etc. equivalent to the number of Share Delivery Points calculated in accordance with (3) above. At that time, said Target Directors & Officers. shall receive a delivery of the Company's shares in the number equivalent to 50% of such Share Delivery Points. Meanwhile, the Company's shares equivalent to the remaining points will be converted into cash within the Trust, and said Target Directors & Officers. shall receive a payment of money equivalent to the converted value of such shares.

If an Target Director, etc. were to die during the trust period, all the Company's shares in the number equivalent to the number of Share Delivery Points awarded up to that time will be converted into cash within the Trust, and an heir to said Target Director, etc. shall receive a payment of money equivalent to the converted value of such shares.

(5) Clawback provision

In the event that an Target Director, etc. is found to have committed a material accounting error or fraud in the financial indices that are the basis for calculating the performance-based compensation, or caused the Company to record a significant impairment loss, the Company may demand said Target Director, etc. to partially or fully compensate the damage in amount obtained by multiplying the number of shares already delivered (including the number of shares sold to pay taxes) under the Compensation Plan by the closing price of the Company's share on the Tokyo Stock Exchange at the date on which the demand for

return is notified.

(6) Voting rights related to the Company's shares

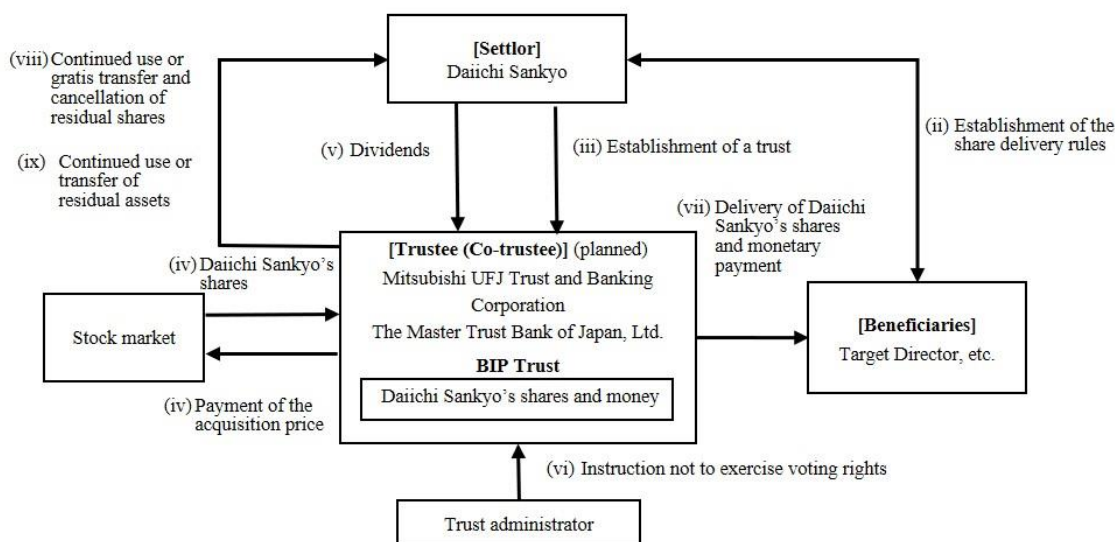
To ensure the neutrality of management, voting rights of the Company's shares held by the Trust shall not be exercised during the trust period.

(7) Other details of the Compensation Plan

Other details of the Compensation Plan shall be determined by Board of Directors each time the Trust is established, the trust agreement is amended or an additional contribution to the Trust is made.

(Overview of the Compensation Plan)

(i) Resolution at this General Meeting of Shareholders



- (i) Daiichi Sankyo will obtain a resolution of approval for executive compensation in relation to the introduction of the Compensation Plan at this General Meeting of Shareholders.
- (ii) Daiichi Sankyo will establish share delivery rules pertaining to executive compensation in relation to the introduction of the Compensation Plan at a meeting of Board of Directors.
- (iii) Daiichi Sankyo will contribute money within the upper limit as approved by the resolution at this General Meeting of Shareholders as in (i) to establish a BIP Trust (the “Trust”) wherein Target Directors & Officers, who meet the beneficiary requirements shall be beneficiaries.
- (iv) The Trust will acquire Daiichi Sankyo’s shares from the stock market using the money entrusted in (iii) in accordance with the instructions of the trust administrator. The number of shares to be acquired by the Trust shall be within the upper limit as approved by the resolution at this General Meeting of Shareholders as in (i).
- (v) Dividends will be paid on Daiichi Sankyo’s shares held by the Trust in the same manner as for other shares in Daiichi Sankyo.
- (vi) Voting rights of Daiichi Sankyo’s shares held by the Trust shall not be exercised throughout the trust period.
- (vii) During the Target Period, a certain number of points will be awarded every year to Target Directors & Officers, who meet the beneficiary requirements in accordance with the share delivery rules. Subsequently, Daiichi Sankyo’s Shares, etc. will be Delivered to them from the Trust based on the number of points calculated by multiplying the number of points accumulated over the Target Period by the performance-based coefficient.
- (viii) If residual shares remain at the expiration of the trust period due to non-achievement of targets during the trust period or any other reason, the Trust may continue to be used as the Compensation Plan or as a share-based compensation plan of the same type by amending the trust agreement and making additional contributions to the Trust by resolution of Board of Directors. Meanwhile, if the Trust is not continued and terminated, the Trust is planned to transfer such residual shares without consideration to Daiichi Sankyo, and Daiichi Sankyo plans to cancel such shares by resolution of Board of Directors in order to increase shareholder return.
- (ix) Any residual dividends pertaining to Daiichi Sankyo’s shares held by the Trust that arise at the expiration of the trust period will be used as funds for share acquisition if the Trust is continued to be used. Meanwhile, if the Trust is terminated due to the expiration of the trust period, any portion exceeding the reserve for trust expenses is planned to be donated to an organization with no interest with Daiichi Sankyo or Target Directors & Officers.

(Reference)**Overview of the Company's New Executive Compensation System**

After continuous deliberation by the Compensation Committee, Board of Directors resolved to ask for the approval of shareholders to revise its executive compensation system for fiscal 2021 onwards at its meeting held on March 31, 2021, and to introduce a medium-term performance-based share compensation plan at its meeting held on May 13, 2021. In the event that proposals from the Fifth Proposal "Revision of the Maximum Amount of Compensation for Directors" through the Seventh Proposal "Determination of Amount and Content of Medium-term Performance-based Share Compensation to Directors, etc." are approved by shareholders, the overview of the new executive compensation system will be as follows.

Decision Policy regarding the Content of Individual Compensations of Directors**1. Compensations policy**

Compensations to Directors are designed based on the following ideas.

- (1) Compensation system with a compensation level that can secure and maintain excellent human resources
- (2) Compensation system that motivates sustainable growth over the medium to long term and contributes to the increase of the value of the Company and shareholder value
- (3) A transparent, fair and rational compensation system accountable to stakeholders

2. Level of compensations

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

3. Composition of compensations**Directors (excluding Outside Directors)**

It is designed to encourage management efforts from a short-term to medium-long-term perspective and appropriately to be able to reward the results by the composition of four compensations such as basic, fixed compensation, annual performance based bonuses serving as short-term incentive, and restricted share-based compensation serving and medium-term performance-based share compensation as long-term incentive. Retirement benefit system is not adopted.

Outside Directors

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

4. Ratio of the composition of compensations

Compensations to Representative Director, President and CEO is designed to have its ratio of 40% as basic compensation, 30% as annual performance-based bonuses, 15% as restricted share-based compensation and 15% as medium-term performance-based share compensation when achieving the performance target of 100%. The ratio of the composition of compensations of other Directors (excluding Outside Directors) will be determined in consideration of the responsibilities and the level of compensation according to the ratio of composition of compensation of Representative Director, President and CEO. Compensation to

Outside Directors is only basic, fixed compensation.

Representative Director, President and CEO	basic compensation (fixed) 40%	annual performance-based bonuses 30%	restricted share- based compensation 15%	medium-term performance- based share compensation 15%
Outside Directors	basic compensation (fixed) 100%			

5. Basic compensation

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

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

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

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

(1) Calculation formula for annual performance-based bonus

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

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

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

(3) Performance evaluation

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

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

(ii) For other Directors, the evaluation decided by the President after deliberation at the performance meeting shall be applied.

The evaluation results of Directors will be reported to the Compensation Committee.

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

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

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

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

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

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

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

8. Medium-term performance-based share compensation

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

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

The number of Daiichi Sankyo's Shares, etc. to be Delivered, etc. to the Target Directors & Officers. shall be determined at a certain time every year based on Share Delivery Points calculated by multiplying the number of points accumulated over a Target Period, which are awarded according to their position, by the performance-based coefficient. The performance-based coefficient shall be determined within the range between 0% and 200% according to the degree of achievement of targets of Daiichi Sankyo's performance

indicators set forth for the final fiscal year of the Target Period (For the initial Target Period, core operating profit ratio before research and development expenses, ROE, research and development progress, ESG indicators, and relative TSR set forth in Daiichi Sankyo's 5-Year Business Plan announced in fiscal 2021 shall be adopted.), and one share in Daiichi Sankyo per point shall be delivered.

During the trust period, if a share split of the Company's ordinary shares (including a gratis allotment of the Company's ordinary shares) or a share consolidation occurs, or if there is any other reason that requires adjustment of the number of points, Daiichi Sankyo will adjust the number of points in a reasonable range as necessary according to the split or consolidation ratio.

The total number of ordinary shares, etc. of the Company to be delivered to the Target Directors & Officers, during the Target Period will be limited to the number obtained by multiplying the maximum number of 0.5 million shares per fiscal year by the number of fiscal years of the Target Period (The initial Target Period is 2.5 million shares for the five fiscal years.). As a general rule, when the Target Directors & Officers, receive the Company's shares, etc., after their retirement, 50% of the shares to be delivered will be converted into money and be provided for the purpose of allocating to tax payment funds such as withholding income tax. Shares and monetary payments will be provided through the executive compensation BIP (Board Incentive Plan) trust of Mitsubishi UFJ Trust and Banking Corporation.

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

9. Clawback provision

Daiichi Sankyo will set forth a clawback clause that can request for the refund of part or all of the compensation received for annual performance-based bonuses and medium-term performance-based share compensation by the resolution of Board of Directors after consultation with the Compensation Committee in the event that a material accounting error or fraud, or record of a significant impairment loss occurs.

This clause will be applied from the fiscal 2021 annual performance-based bonus and medium-term

performance-based share compensation and will be applied for all periods thereafter.

10. Compensation governance and decision-making process

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

The Compensation Committee fully discusses the compensation system, the composition of the compensation, verification and review of compensation levels for each position, target setting and result confirmation of annual performance-based bonuses and medium-term performance-based share compensation, and allocation of restricted share.

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

Reference: Decision Policy regarding the Content of Individual Compensations of Audit & Supervisory Board Members

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

(Reference) Matters to be Submitted for Approval at this General Meeting of Shareholders, including upper limit of each compensation

Maximum amount of compensation			Before revision			After revision (17 th fiscal year onwards)		
			Directors (excluding Outside Directors)	Outside Directors	Audit & Supervisory Board Members	Directors (excluding Outside Directors)	Outside Directors	Audit & Supervisory Board Members
Fixed	Basic compensation		¥450 million		¥120 million	¥630 million (including ¥140 million for Outside Directors)		¥180 million
Variable	Short-term incentive	Annual performance-based bonuses	Resolution at the General Meeting of Shareholders	(1)	(2)	¥850 million	-	-
	Long-term incentive	Restricted share-based compensation	¥140 million	-	-	¥160 million	-	-
		Medium-term performance-based compensation	-	-	-	(4)	¥800 million per fiscal year (including Corporate Officers)	-

- (1) The Company requests approval for annual performance-based bonuses for the 16th fiscal year in the Fourth Proposal at this General Meeting of Shareholders.
- (2) The Company requests approval for the maximum amounts of basic compensation, annual performance-based bonuses and restricted share-based compensation for Directors for the 17th fiscal year onwards in the Fifth Proposal at this General Meeting of Shareholders.
- (3) The Company requests approval for the maximum amount of basic compensation for Audit & Supervisory Board Members for the 17th fiscal year onwards in the Sixth Proposal at this General Meeting of Shareholders.
- (4) The Company requests approval for the maximum amount of compensation in relation to the introduction of the medium-term performance-based compensation to Directors (excluding Outside Directors) and Corporate Officers for the 17th fiscal year onwards in the Seventh Proposal at this General Meeting of Shareholders.

[Attachment]

Business Report for the 16th Fiscal Period
(From April 1, 2020 to March 31, 2021)

1. Status of Daiichi Sankyo Group**(1) Progress and Results of Operations****1) Overview****Consolidated Financial Results**

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

	Year ended March 31, 2020	Year ended March 31, 2021	YoY change
Revenue	981,793	962,516	-19,276 -2.0%
Cost of sales	343,206	338,289	-4,917 -1.4%
Selling, general and administrative expenses	302,320	333,079	30,758 10.2%
Research and development expenses	197,465	227,353	29,888 15.1%
Operating profit	138,800	63,795	-75,005 -54.0%
Profit before tax	141,164	74,124	-67,039 -47.5%
Profit attributable to owners of the Company	129,074	75,958	-53,116 -41.2%
Total comprehensive income	101,602	114,982	13,379 13.2%

<Revenue of global mainstay products>

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

Generic name (Main brand name)	Year ended March 31, 2020	Year ended March 31, 2021	YoY change
Trastuzumab deruxtecan (Enhertu) antitumor agent (HER2-directed antibody drug conjugate)	13,958	43,470	29,511 211.4%
Edoxaban (Lixiana) anticoagulant	154,032	165,928	11,895 7.7%
Olmesartan antihypertensive agent	100,830	91,820	-9,010 -8.9%
Prasugrel antiplatelet agent	18,134	17,325	-809 -4.5%

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

	(Yen)	
	Year ended March 31, 2020	Year ended March 31, 2021
USD/Yen	108.75	106.06
EUR/Yen	120.83	123.70

a. Revenue

- Revenue in the year ended March 31, 2021 (fiscal 2020) decreased by ¥19.3 billion, or 2.0% year on year, to ¥962.5 billion.
- Revenue decreased year on year due to the NHI drug price revision in Japan, termination of vaccine sales cooperation, and on account of the performance of Memaury, Inavir, Injectafer and others, despite having achieved growth with global mainstay products such as Enhertu (generic name: trastuzumab deruxtecan, T-DXd/DS-8201) and Lixiana, and the revenue recognition of upfront payment for the global development and commercialization collaboration of datopotamab deruxtecan (Dato-DXd/DS-1062) with AstraZeneca (¥3.9 billion).
- The negative effect on revenue from foreign exchange was ¥5.3 billion in total.

b. Operating profit

- Operating profit decreased by ¥75.0 billion, or 54.0% year on year, to ¥63.8 billion.
- Cost of sales was ¥338.3 billion, approximately the same level as the previous fiscal year, as a result of having been included a gain on sale of subsidiary (¥18.8 billion) in association with the transfer of Takatsuki plant in the previous year, despite a decline in revenue.
- Selling, general and administrative expenses increased by ¥30.8 billion, or 10.2%, to ¥333.1 billion despite a decrease in sales promotion expenses due to the impact of the spread of COVID-19, as a result of having recorded a gain on sale of property, plant and equipment of ¥10.6 billion associated with the sale of the Nihonbashi Building in the previous year, in addition to an increase in expenses associated with Enhertu (sales promotion expenses and profit sharing) and the loss compensation of the vaccine business (¥15.0 billion).
- Research and development expenses increased by ¥29.9 billion, or 15.1% year on year, to ¥227.4 billion despite lower expenses brought about by an increase in cost sharing with AstraZeneca pertaining to Enhertu and Dato-DXd, mainly due to R&D investment in 3 main ADCs as well as higher expenses associated with enhancing the oncology project development structure.
- The effect on operating profit from foreign exchange was negligible in total.

c. Profit before tax

- Profit before tax decreased by ¥67.0 billion, or 47.5% year on year, to ¥74.1 billion.
- The decrease in profit before tax was modest compared to the decrease in operating profit due to improvement of ¥8.1 billion in Daiichi Sankyo's financial balance mainly resulting from improvement of loss (gain) on exchange differences.

d. Profit attributable to owners of the Company

- Profit attributable to owners of the Company decreased by ¥53.1 billion, or 41.2% year on year, to ¥76.0 billion.
- The decrease in profit attributable to owners of the Company was modest compared to the decrease in profit before tax due to increasing additional deferred tax assets and negative income taxes through increasing future taxable income amount.

e. Total comprehensive income

- Total comprehensive income increased by ¥13.4 billion, or 13.2% year on year, to ¥115.0 billion.
- This increase is due to improvement in valuation difference on financial assets and foreign exchange translation difference on net assets of overseas subsidiaries.

[Revenue by Geographic Area]

Primary revenue by geographic area is as follows.

a. Japan

- Revenue in Japan decreased by ¥45.7 billion, or 7.6% year on year, to ¥556.3 billion.

<Prescription drug business>

- In the prescription drug business, revenue decreased by ¥44.4 billion, or 8.3%, to ¥489.1 billion mainly due to NHI drug price revision in Japan, decline in sales of Memary caused by generic entries following the loss of exclusivity, termination of vaccine sales cooperation, and decline in sales of Inavir caused by the lower level of seasonal influenza outbreak, despite growth in sales of Tarlige. This revenue also includes revenue generated by the vaccine business and revenue generated by the generic pharmaceutical business of Daiichi Sankyo Espha Co., Ltd.
- In May 2020, Enhertu for the treatment of patients with HER2-positive unresectable or recurrent breast cancer after prior chemotherapy (limit the use to patients who are refractory or intolerant to standard treatments) was launched.
- In December 2020, UCB in Japan, our sales partner, approved the application to partially change items of approval for anti-epileptic agent Vimpat, to expand the indications for combination therapy using tonic-clonic seizures in epilepsy patients.
- In January 2021, Eli Lilly Japan K.K., our sales partner, received manufacturing and marketing approval for the migraine prevention drug Emgality for the preventive treatment of migraine.
- In February 2021, the Company decided to transfer the domestic manufacturing and sales approvals for 11 long-listed products that it manufactures and sells in Japan to Alfresa Pharma Corporation through a company split.

<Healthcare (OTC) products business>

- Revenue from the healthcare (OTC) products business decreased by ¥1.3 billion, or 1.8% year on year, to ¥67.2 billion due to the impact of the spread of COVID-19.

<Primary revenue composition in Japan>

(Billions of yen; all amounts have been rounded to the nearest single decimal place.)

	Year ended March 31, 2020	Year ended March 31, 2021	YoY change
Prescription drugs*	533.5	489.1	-44.4 -8.3%
Healthcare (OTC) products	68.5	67.2	-1.3 -1.8%

* Includes generic pharmaceutical business and vaccine business.

<Domestic revenue from mainstay prescription drugs>

(Billions of yen; all amounts have been rounded to the nearest single decimal place.)

Brand name	Year ended March 31, 2020	Year ended March 31, 2021	YoY change
Nexium ulcer treatment	79.8	77.8	-1.9 -2.4%
Lixiana anticoagulant	83.0	77.4	-5.6 -6.8%
Pralia treatment for osteoporosis/ inhibitor of the progression of bone erosion associated with rheumatoid arthritis	30.9	34.6	3.7 11.9%
Memory Alzheimer's disease treatment	50.5	18.4	-32.1 -63.5%
Tenelia type 2 diabetes mellitus treatment	24.7	24.2	-0.5 -1.9%
Loxonin anti-inflammatory analgesic	28.3	24.2	-4.1 -14.5%
Ranmark treatment for bone complications caused by bone metastases from tumors	17.9	19.3	1.4 8.1%
Inavir anti-influenza agent	19.3	3.6	-15.6 -81.2%
Tarlige pain agent treatment	8.0	20.6	12.6 157.6%
Canalia type 2 diabetes mellitus treatment	12.8	15.4	2.6 20.3%
Vimpat anti-epileptic agent	11.2	14.5	3.4 30.3%
Efient antiplatelet agent	14.0	14.1	0.1 0.6%
Rezaltas antihypertensive agent	14.6	13.1	-1.5 -10.1%
Olmotec antihypertensive agent	11.7	9.2	-2.4 -20.8%
Enhertu antitumor agent (HER2-directed antibody drug conjugate)	-	4.4	4.4 -

b. North America

- Revenue in North America increased by ¥6.2 billion, or 3.8% year on year, to ¥169.1 billion. Revenue in local currency terms increased by US\$95 million, or 6.4%, to US\$1,594 million. This revenue includes revenue generated by Daiichi Sankyo, Inc., and American Regent, Inc.
- At Daiichi Sankyo, Inc., sales increased year on year due to contributions of Enhertu.
- At American Regent, Inc., sales of Injectafer and others decreased due to the impact of the spread of COVID-19.

<Revenue of Daiichi Sankyo, Inc. mainstay products>

(Millions of US\$; all amounts have been rounded to the nearest million US\$.)

Brand name	Year ended March 31, 2020	Year ended March 31, 2021	YoY change
Enhertu antitumor agent (HER2-directed antibody drug conjugate)	30	243	213 715.8%
Olmesartan* antihypertensive agent	91	81	-10 -10.9%
Welchol hypercholesterolemia treatment/ type 2 diabetes mellitus treatment	84	47	-37 -43.8%

* Benicar /Benicar HCT, Azor, Tribenzor and authorized generics for Olmesartan

<Revenue of American Regent, Inc. mainstay products>

(Millions of US\$; all amounts have been rounded to the nearest million US\$.)

Brand name	Year ended March 31, 2020	Year ended March 31, 2021	YoY change
Injectafer treatment for iron deficiency anemia	477	416	-61 -12.7%
Venofer treatment for iron deficiency anemia	285	272	-13 -4.7%

c. Europe

- Revenue in Europe increased by ¥16.1 billion, or 16.9% year on year, to ¥111.7 billion. Revenue in local currency terms increased by EUR114 million, or 14.4%, to EUR903 million.
- Revenue increased due to steady growth in sales of Lixiana and as a result of having recorded a gain from transfer of the non-core products of Daiichi Sankyo France SAS.
- In November 2020, the hypercholesterolemia treatments NILEMDO (with bempedoic acid as sole active ingredient) and NUSTENDI (combination drug comprising bempedoic acid and ezetimibe) were launched.
- In February 2021, Enhertu was launched for the treatment of unresectable or metastatic HER2 positive breast cancer for patients who have received two or more prior anti-HER2-based regimens.

<Revenue of Daiichi Sankyo Europe GmbH mainstay products>

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

Brand name	Year ended March 31, 2020	Year ended March 31, 2021	YoY change
Lixiana anticoagulant	509	620	111 21.7%
Olmesartan* antihypertensive agent	203	174	-29 -14.4%
Efient antiplatelet agent	21	13	-8 -38.0%

* Olmetec /Olmetec Plus, Sevikar and Sevikar HCT

d. Asia, South & Central America

- Revenue in Asia, South & Central America increased by ¥1.3 billion, or 1.4% year on year, to ¥99.7 billion. This revenue includes sales to overseas licensees.

2) Status of R&D

- The Daiichi Sankyo Group (hereinafter, “the Group”) is working on research and development in accordance with the “3 and Alpha” Strategy, which intensively allocates resources to 3ADCs*¹ (trastuzumab deruxtecan: T-DXd/DS-8201, datopotamab deruxtecan: Dato-DXd/DS-1062 and patritumab deruxtecan: HER3-DXd/U3-1402) for maximizing its product value and aims to deliver medicines that change SOC*² (Alpha) for realization of sustainable growth.
- While striving to strengthen drug discovering capabilities by active utilization of partnering and technology research of new modalities*³, the Group focuses on accelerating global clinical development.

In the medium- to long-term, the Group aims to develop therapeutic drugs for various diseases in addition to oncology by utilizing its competitive science and technology.

*¹ Antibody Drug Conjugate: Drug composed of an antibody drug and a payload (a small molecule drug) linked via appropriate linker. By using a monoclonal antibody that binds to a specific target expressed on cancer cells, a cytotoxic payload is delivered to cancer cells effectively with reducing systemic exposure.

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

*³ New medical treatment such as ADC, nucleic acid drugs, viruses for treatment, and cell therapy.

【3ADCs】

The following describes the Group’s clinical development of 3ADCs projects as of March 31, 2021.

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

T-DXd is marketed in Japan and the U.S. under the brand name Enhertu. To maximize the product value, Daiichi Sankyo is jointly developing T-DXd with AstraZeneca, a company with a wealth of global experience in oncology.

<Breast cancer>

DESTINY-Breast01 trial (Phase II, Monotherapy, Third line treatment)

- T-DXd has been approved and marketed for the treatment of adult patients with unresectable or metastatic HER2 positive breast cancer who have received two or more prior anti-HER2-based regimens in the metastatic setting in the U.S., and for the treatment of patients with HER2 positive unresectable or recurrent breast cancer after prior chemotherapy (limited to the use to patients who are refractory or intolerant to standard treatments) in Japan.
- In December 2020, the Company presented new data from the trial at the 2020 San Antonio Breast Cancer Symposium (#SABCS20).
- T-DXd was approved for the treatment of unresectable or metastatic HER2 positive breast cancer for patients who have received two or more prior anti-HER2-based regimens in January 2021 in the European Union (EU) and in February 2021 in the United Kingdom. T-DXd was granted designation for accelerated assessment*⁴ from the European Medicines Agency (EMA).

*⁴ Accelerated assessment is granted by the EMA to medicines expected to significantly contribute from the perspective of public health and therapeutic innovation and can be significantly reduced the review timelines.

DESTINY-Breast02 trial (Phase III, Monotherapy, Third line treatment)

- The global clinical trial designed to compare the efficacy and safety of T-DXd versus the investigator’s choice for the patients with HER2 positive breast cancer previously treated with HER2-directed ADC T-DM1, etc. is underway.

DESTINY-Breast03 trial (Phase III, Monotherapy, Second line treatment)

- The global clinical trial designed to compare the efficacy and safety of T-DXd versus T-DM1 for the patients with HER2 positive breast cancer previously treated with anti-HER2 antibody, trastuzumab, etc. is underway.

DESTINY-Breast04 trial (Phase III, Monotherapy, Third or later line treatment)

- The global clinical trial designed to compare the efficacy and safety of T-DXd versus the investigator's choice for the patients with HER2 low expressing metastatic breast cancer is underway.

DESTINY-Breast05 trial (Phase III, Monotherapy, Post neo-adjuvant therapy)

- In November 2020, the global clinical trial designed to compare the efficacy and safety of T-DXd versus T-DM1 for patients with HER2 positive early breast cancer with high risk of disease recurrence who have residual invasive disease in the breast or axillary lymph nodes after receiving neo-adjuvant therapy was initiated.

DESTINY-Breast06 trial (Phase III, Monotherapy, Chemotherapy naive)

- In July 2020, the global clinical trial designed to compare the efficacy and safety of T-DXd versus the investigator's choice for the patients who have received endocrine therapy, but have not received chemotherapy with HER2 low expressing metastatic breast cancer was initiated.

DESTINY-Breast07 trial (Phase Ib/II, Combination, Second/First line treatment)

- In January 2021, the global clinical trial was initiated to evaluate the efficacy and safety of combination of T-DXd and various anticancer drugs for patients with HER2 positive breast cancer.

DESTINY-Breast08 trial (Phase Ib, Combination, Chemotherapy naive)

- In January 2021, the global clinical trial was initiated to evaluate the combination of T-DXd and various anticancer drugs for patients with HER2 low expressing metastatic breast cancer.

BEGONIA trial (Phase Ib/II, Combination, First line treatment)

- AstraZeneca is conducting clinical trial in the U.S., Europe and Asia to evaluate the combination of T-DXd and durvalumab, the immune checkpoint inhibitor (hereinafter, Imfinzi) in patients with triple negative breast cancer (TNBC).

<Gastric cancer>

DESTINY-Gastric01 trial (Phase II, Monotherapy, Third line treatment)

- Clinical trial in Japan and South Korea for the patients with HER2 positive gastric or gastroesophageal junction adenocarcinoma that had progressed following two or more treatment regimens including trastuzumab has been completed in the previous fiscal year. The application for approval in Japan was submitted in April 2020, and T-DXd was approved in September 2020 for the treatment of HER2 positive unresectable advanced and/or recurrent gastric cancer that has progressed after cancer chemotherapy. T-DXd was granted SAKIGAKE Designation^{*5} by Japan's Ministry of Health, Labour and Welfare (MHLW).
- The Group presented the primary analysis results at the 2020 American Society of Clinical Oncology (ASCO) in May 2020.
- In January 2021, T-DXd was approved in the U.S. for the treatment of locally advanced or metastatic HER2 positive gastric or gastroesophageal junction adenocarcinoma in patients who have received a prior regimen including trastuzumab. Furthermore, T-DXd was granted Breakthrough Therapy Designation^{*6}, Orphan Drug Designation^{*7}, and Priority Review Designation^{*8} from the U.S. Food and Drug Administration (hereinafter, FDA).

^{*5} System that promotes R&D in Japan by providing prioritized access to clinical trial and approval procedures aiming at early practical application for innovative pharmaceutical products.

^{*6} Designation in the U.S. designed to expedite the development and review of medicines that may demonstrate substantial benefit over currently available treatments in order to ensure that patients with serious diseases have access to new treatments as soon as possible.

^{*7} Designation to medicines intended for the treatment, diagnosis or prevention of rare diseases or disorders that affect fewer than 200,000 people in the U.S. It can receive preferential treatment such as tax incentives and subsidies.

^{*8} A designation, that is granted by the FDA to drugs that would be significant improvements in the safety or effectiveness of the treatment, diagnosis or prevention of serious conditions when compared to standard applications in the U.S. Under Priority Review, the FDA aims to take action on an application within 6 months as compared to 10 months under standard review.

DESTINY-Gastric02 trial (Phase II, Monotherapy, Second line treatment)

- The Group is conducting clinical trial in the U.S. and Europe for patients with HER2-positive gastric cancer.

DESTINY-Gastric03 trial (Phase Ib/II, Combination, Second/First line treatment)

- In June 2020, the trial to evaluate the combination of T-DXd and various other drugs for patients with HER2-positive gastric cancer or gastroesophageal junction adenocarcinoma was initiated in the U.S., Europe and Asia.

<Non-small cell lung cancer>

DESTINY-Lung01 trial (Phase II, Monotherapy, Second line treatment)

- The Group is conducting clinical trial in Japan, the U.S. and Europe for patients with HER2-positive and HER2 mutant, non-small cell lung cancer (NSCLC).
- In May 2020, T-DXd has been granted Breakthrough Therapy Designation by the FDA for the treatment of patients with HER2 mutant unresectable and/or metastatic non-squamous NSCLC.
- In May 2020, the Group presented data from the trial at the 2020 American Society of Clinical Oncology (ASCO).
- In January 2021, the Group presented new data from the trial at the 2020 World Conference on Lung Cancer (WCLC).

DESTINY-Lung02 trial (Phase II, Monotherapy, Second line treatment)

- In March 2021, the clinical trial was initiated to evaluate the efficacy and safety of 6.4mg/kg and 5.4mg/kg doses of T-DXd for patients with HER2 mutant NSCLC.

HUDSON trial (Phase II, Combination, Second line treatment)

- AstraZeneca is conducting clinical trial in the U.S., Europe and Asia to evaluate the combination of T-DXd and Imfinzi for patients with NSCLC whose disease progressed on an anti-PD-1/PD-L1 containing therapy.

<Colorectal cancer>

DESTINY-CRC01 trial (Phase II, Monotherapy, Third line treatment)

- The Group is conducting clinical trial in Japan, the U.S. and Europe for patients with HER2-positive colorectal cancer.
- The Group presented the primary analysis results at the 2020 American Society of Clinical Oncology (ASCO) in May 2020.

DESTINY-CRC02 trial (Phase II, Monotherapy, Third line treatment)

- In March 2021, the global clinical trial was initiated to evaluate the efficacy and safety of 6.4mg/kg and 5.4mg/kg doses of T-DXd for patients with HER2-positive colorectal cancer.

<Other>

Combination study of T-DXd and nivolumab (Phase I, Combination, Third or later line treatment)

- Daiichi Sankyo is conducting clinical trial in the U.S. and Europe with Bristol-Myers Squibb Company, to evaluate the combination of T-DXd and nivolumab, the immune checkpoint inhibitor, in patients with HER2-positive breast cancer and bladder cancer.
- In December 2020, the Company presented new data from the trial at the 2020 San Antonio Breast Cancer Symposium (#SABCS20).

Combination study of T-DXd and pembrolizumab (Phase I, Combination, Third or later line treatment)

- Daiichi Sankyo is conducting clinical trial in the U.S. and Europe with Merck & Co., Inc., to evaluate the combination of T-DXd and pembrolizumab, the immune checkpoint inhibitor (hereinafter, Keytruda) in patients with HER2-positive breast cancer and NSCLC.

DESTINY-PanTumor01 trial (Phase II, Monotherapy, Second or later line treatment)

- In January 2021, the global clinical trial was initiated for patients with HER2 mutant colorectal, urothelial, gastric, hepatobiliary, endometrial, ovarian, cervical, salivary gland, pancreatic and breast cancer, and melanoma, etc..

DESTINY-PanTumor02 trial (Phase II, Monotherapy, Refractory to standards of care (SOC))

- In August 2020, the trial for patients with HER2 expressing bladder cancer, biliary tract cancer, cervical cancer, endometrial cancer, ovarian cancer, pancreatic cancer, and other rare types of cancer was initiated in the U.S. and Asia.

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

In July 2020, Daiichi Sankyo entered into a strategic collaboration agreement for Dato-DXd with AstraZeneca. To maximize the product value, Daiichi Sankyo is jointly developing Dato-DXd with AstraZeneca, a company with a wealth of global experience in oncology.

<Non-small cell lung cancer>

TROPION-PanTumor01 trial (Phase I, Monotherapy)

- The Group is conducting a global Phase I clinical trial in monotherapy with Dato-DXd for patients with NSCLC refractory to standards of care (SOC).
- In May 2020, the Group presented data from the trial at the 2020 American Society of Clinical Oncology (ASCO).
- In June 2020, patients with triple negative breast cancer (TNBC) refractory to standards of care (SOC) were added to this trial.
- In January 2021, the Group presented new data from the trial at the 2020 World Conference on Lung Cancer (WCLC).

TROPION-Lung01 trial (Phase III, Monotherapy, Second or later line treatment)

- In December 2020, the global clinical trial designed to compare the efficacy and safety of Dato-DXd versus docetaxel in patients with NSCLC without actionable genomic alterations*⁹ was initiated.

*⁹ Genomic alterations that could potentially be targeted for treatment, such as EGFR mutations.

TROPION-Lung02 trial (Phase I, Combination)

- In October 2020, the clinical trial to evaluate the combination of Dato-DXd and Keytruda in patients with NSCLC without actionable genomic alterations was initiated.

TROPION-Lung04 trial (Phase I, Combination)

- In March 2021, a Phase I clinical trial was initiated to evaluate the combination of Dato-DXd and Imfinzi for patients with NSCLC without actionable genomic alterations.

TROPION-Lung05 trial (Phase II, Monotherapy)

- In December 2020, the global clinical trial in patients with NSCLC with actionable genomic alterations was initiated.

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

<Breast cancer>

- The Group is conducting Phase I/II clinical trial in Japan and the U.S. in monotherapy with HER3-DXd for patients with HER3-positive cancer refractory to standards of care (SOC).

<Non-small cell lung cancer>

- The Group is conducting a global Phase I clinical trial in monotherapy with HER3-DXd for patients with epidermal growth factor receptor (EGFR)-mutated NSCLC whose disease has progressed while taking an EGFR tyrosine kinase inhibitor (TKI).
- The Group presented the interim data for the trial at the European Society of Medical Oncology Virtual Congress 2020 (ESMO20) in September 2020.

HERTHENA-Lung01 trial (Phase II, Monotherapy, Third or later line treatment)

- In February 2021, the global clinical trial in patients with epidermal growth factor receptor (EGFR)-mutated NSCLC was initiated.

<Colorectal cancer>

- In September 2020, Phase II clinical trial in monotherapy with HER3-DXd for patients with HER3 expressing colorectal cancer (the third line treatment) was initiated in Japan, the U.S. and Europe.

d. Research collaboration, etc.

Entered into innovative research collaboration with Gustave Roussy*¹⁰

- In July 2020, the Group entered into an agreement to support comprehensive research programs by Gustave Roussy such as clinical and translational research, including potential combination strategies with other drugs for Dato-DXd and HER3-DXd.

*¹⁰ Gustave Roussy Cancer Campus (GRCC): Cancer research laboratory located in Villejuif in southern Paris, France

【Alpha】

The following describes the progress of the research and development made in each project other than 3ADCs projects in the year ended March 31, 2021 (fiscal 2020).

① Oncology Area

a. DS-6157 (GPR20-directed ADC)

- In May 2020, Phase I clinical trial in monotherapy with DS-6157 for patients with recurrent or advanced gastrointestinal stromal tumor (GIST) was initiated in Japan and the U.S.

b. DS-1055 (GARP-directed antibody)

- In October 2020, Phase I clinical trial in monotherapy with DS-1055 for patients with unresectable solid tumors was initiated in Japan and the U.S.

c. Teserpaturev (DS-1647: G47A)

- In December 2020, Daiichi Sankyo submitted a New Drug Application (NDA) for regenerative medicine to the MHLW for the treatment of patients with malignant glioma. Teserpaturev was granted SAKIGAKE Designation and Orphan Drug Designation^{*11} by the MHLW.

^{*11} A system under which designation is granted by the MHLW under the conditions where the drug is intended for use in less than 50,000 patients in Japan and there is a particularly high medical need for it. Designated orphan drugs are granted support measures such as tax measures and re-examination period extensions.

d. Axicabtagene ciloleucel: (Axi-Cel™: CD19-targeting CAR-T cell, brand name: YESCARTA)

- In January 2021, Daiichi Sankyo was granted approval in Japan for YESCARTA as a regenerative medicine product for the treatment of adult patients with relapsed/refractory large B-cell lymphoma.

e. DS-6000 (CDH6-directed ADC)

- In February 2021, a Phase I clinical trial in monotherapy with DS-6000 for patients with unresectable renal cell carcinoma and ovarian cancer was initiated in the U.S.

② Areas Other than Oncology

a. Strategic partnership with Ultragenyx Pharmaceutical Inc. for use of gene therapy manufacturing technology

- In April 2020, Daiichi Sankyo has entered into a strategic partnership with Ultragenyx Pharmaceutical Inc. for the non-exclusive use of gene therapy manufacturing technology with Ultragenyx Pharmaceutical Inc.'s proprietary adeno associated virus (AAV) vector.

b. Commencement of open innovation research with Mitsubishi UFJ Capital Co., Ltd. and Nagoya Institute of Technology

- In April 2020, Daiichi Sankyo has commenced open innovation research concerning a gene therapy for restoring vision with Mitsubishi UFJ Capital Co., Ltd. and Nagoya Institute of Technology.

c. Prasugrel (ADP receptor inhibitor)

- In July 2020, the primary endpoint has been achieved in the Japan Phase III clinical trial (PRASTRO-III) in thrombotic stroke patients.
- In December 2020, an application was filed to partially change items of approval for manufacturing and marketing in Japan mainly based on the results of this trial.

d. Edoxaban (Factor Xa-inhibitor)

- In August 2020, the primary endpoint has been achieved in the Japan Phase III clinical trial (ELDERCARE AF Study) for the anticoagulant, edoxaban, in elderly patients with non-valvular atrial fibrillation and high bleeding risk.
- In September 2020, an application was filed to partially change items of approval for manufacturing and marketing in Japan based on the results of this trial.

e. Mirogabalin ($\alpha 2\delta$ ligand)

- In December 2020, the primary endpoint has been achieved in the Phase III clinical trial in Asia (Japan, South Korea and Taiwan) in patients with central neuropathic pain after spinal cord injury.

f. Renadirsen sodium (DS-5141: ENA[®] Oligonucleotide)

- In January 2021, Daiichi Sankyo obtained the results from the Phase I/II clinical trial in Japan for patients with Duchenne muscular dystrophy and is advancing with further analysis.

3) Efforts to Address the Novel Coronavirus Infection

- Daiichi Sankyo is proactively involved in the establishment of prevention and treatment methods in the fight against COVID-19, for which there is an urgent global social need. We are leveraging our research properties, technologies and knowledge to the maximum extent, and through partnerships with other organizations, we are proceeding with the following R&D.

a. DS-5670: genetic (mRNA) vaccine

- For the prevention of COVID-19, Daiichi Sankyo is currently participating in “Fundamental Research on the Control of the Novel Coronavirus (2019-nCoV^{*1}),”^{*2} an initiative supported by the Japan Agency for Medical Research and Development (hereinafter, AMED). In addition, using novel nucleic acid delivery technology^{*3} developed by Daiichi Sankyo itself, Daiichi Sankyo is taking part in a basic research project on a genetic (mRNA) vaccine with the title “Development of a Genetic Vaccine for 2019-nCoV.”
- In August 2020, Daiichi Sankyo was selected by the MHLW to be a provider for the Japanese Government’s “Emergent Initiative to Build Production Capacity for COVID-19 Vaccines^{*4} (First Round).”
- In August 2020, Daiichi Sankyo was selected by AMED to be a company for the AMED’s Drug Discovery Support Program “Development of a Vaccine for COVID-19 Vaccines^{*5} (Second Round).”
- In March 2021, a Phase I/II clinical trial was initiated in Japan with healthy adults including elderly individuals.

^{*1} 2019-nCoV is synonymous with SARS-CoV-2.

^{*2} A vaccine development initiative determined for support by AMED under urgent government-wide efforts against the worldwide spread of COVID-19.

^{*3} Technology focusing on forming lipid nanoparticle structures, stabilizing pharmaceutical active ingredients and delivering nucleic acids into immune cells. Compared to conventional vaccine technology, it has demonstrated to induce a more optimal immune response.

^{*4} The project aims to swiftly develop an actual (large-scale) production system for biologics, including vaccines, in order to ensure that the vaccines necessary for the prevention of the spread and severity of unexpected epidemics, including COVID-19, are produced as soon as possible, and that their supply is secured for the Japanese people.

^{*5} The project aims to support the development of a vaccine against COVID-19, for which R&D is already underway, and aims to ensure the early commercialization of safe and effective vaccines.

b. DS-2319: Nafamostat inhalation formulation

- In June 2020, Daiichi Sankyo entered into a Basic Agreement on Collaborative R&D on Nafamostat Inhalation Formulation with the University of Tokyo, RIKEN, and Nichi-Iko Pharmaceutical Co., Ltd. on Nafamostat inhalation formulation for the treatment of COVID-19.
- Daiichi Sankyo is carrying out R&D on the Nafamostat inhalation formulation using technology gained in the development of its anti-influenza virus agent, Inavir.
- In March 2021, a Phase I clinical trial was initiated in Japan with healthy adults.

c. Supply of AstraZeneca’s novel coronavirus vaccine in Japan

- In June 2020, Daiichi Sankyo agreed to proceed with discussions with AstraZeneca for the stable supply in Japan of a potential novel coronavirus vaccine being developed by AstraZeneca and Oxford University in the U.K.
- In February 2021, Daiichi Sankyo entered into an outsourcing agreement with AstraZeneca to manufacture the vaccine in Japan (including vial filling and packaging, etc.), and started manufacturing in March 2021.

(2) Status of Plant and Equipment Investment

- The Group continuously invests in plants and equipment, aiming to enhance and streamline production facilities as well as strengthen and facilitate research and development. During the fiscal year under review, the Group spent ¥40.1 billion on plants and equipment.

(3) Status of Financing

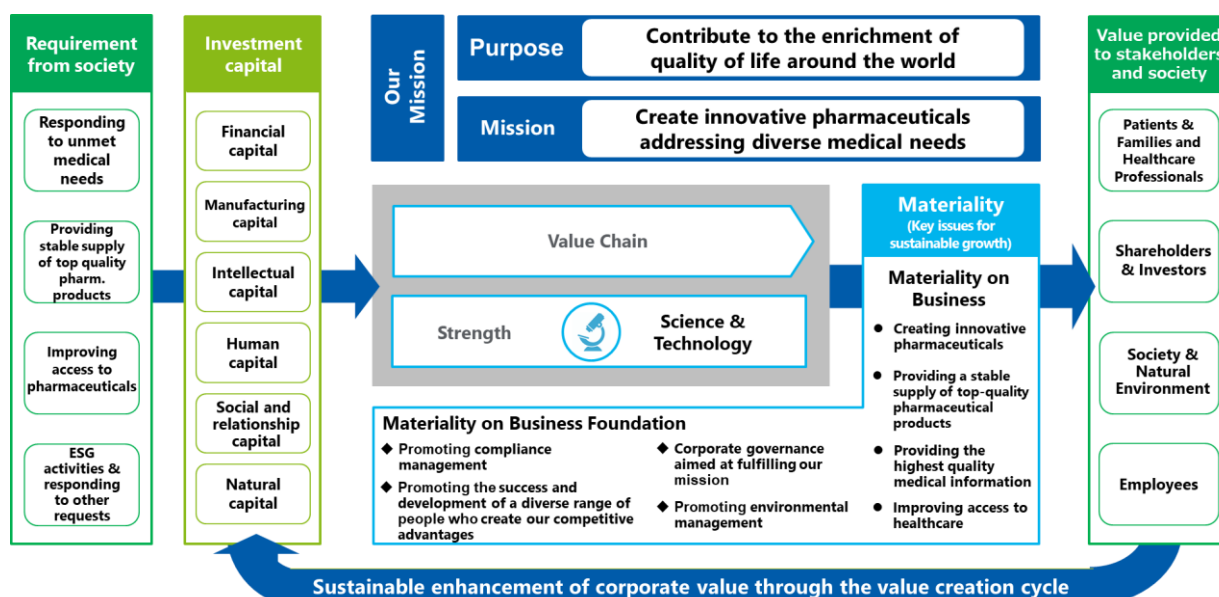
- Not applicable.

(4) Prospective Challenges

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

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

Daiichi Sankyo’s Value Creation Process



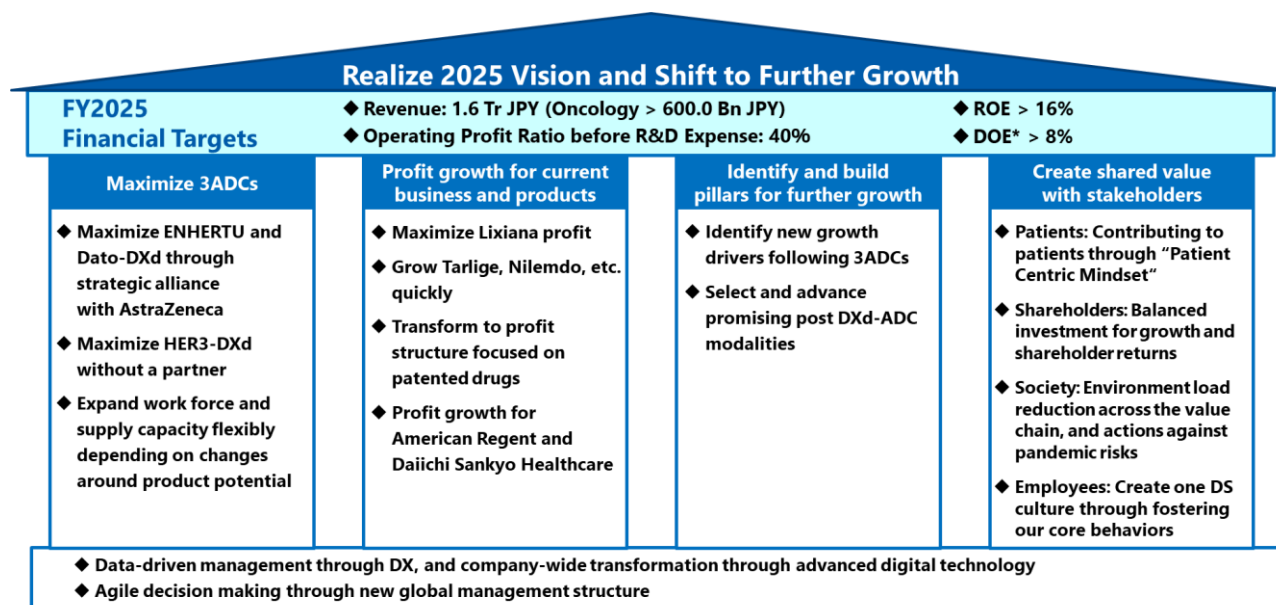
2) 2030 Vision

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

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

- We have established 5-Year Business Plan (fiscal 2021 to fiscal 2025) and four strategic pillars as a plan to realize our 2025 Vision, “Global Pharma Innovator with Competitive Advantage in Oncology” and shift to further growth toward our 2030 Vision, while conducting ESG management.

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



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

【Four Strategic Pillars】

a. Maximize 3ADCs

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

b. Profit Growth for Current Business and Products

- Profit growth for current business and products in addition to the oncology business will also be an important challenge as we continue to invest for sustainable growth.
- Regarding Lixiana, as a highly profitable product that generates a stable profit, we aim to achieve annual revenue of ¥200.0 billion at an early timing, and to achieve peak annual revenue of ¥220.0 billion or higher.
- For new products such as Tarlige and Nilemdo, we aim to achieve quick growth through additional indications and so forth. Through realizing early growth for these new products, in addition to Lixiana, we aim to achieve sustainable growth in our businesses for newly patented products outside of oncology as well.
- In each region, we aim to transform ourselves into a business structure that supports sustainable profit growth through transformation to patented product-based profit structure.
- At American Regent, Inc., we aim to grow profits mainly through Injectafer and generic injectable products. At Daiichi Sankyo Health Care Co., Ltd., we aim to grow profits primarily through expanding Japanese domestic in-store sales and online business.

c. Identify and Build Pillars for Further Growth

- In order to achieve sustainable growth, it is important that we identify post-3ADC growth drivers and select and advance post-DXd-ADC modalities through a multi-modality research strategy.
- We will identify post-3ADC growth drivers from fields such as the DXd-ADC family, second-generation and new-concept ADC, modified antibodies, and the ENA[®] family^{*1}.
- We will identify post-DXd-ADC modalities for sustainable growth from various modality technologies. Regarding LNP-mRNA, we will utilize it also in vaccines other than those for COVID-19 infections to drive the growth of the vaccine business.

^{*1} 2'-O,4'-C-Ethylene-bridged Nucleic Acids: It is a modified nucleic acid using Daiichi Sankyo's proprietary technology.

d. Create Shared Value with Stakeholders

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

【Platform for Supporting Strategy Execution】

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

【Shareholder Return Policy】

- In addition to maintaining the ordinary dividend of ¥27 per share, we will increase dividend that take account of our profit growth. We will also flexibly acquire own shares and will enhance shareholder returns.
- We have adopted dividend on equity^{*2} (DOE) based on shareholders' equity as a KPI in line with our policy of providing stable returns to shareholders. Going forward, we aim to maximize shareholder value, with a target for DOE of 8% or more in the fiscal year ending March, 2025, exceeding the cost of shareholders' equity.

^{*2} Dividend on equity = Total dividend amount / Equity attributable to owners of the Company

【Fiscal 2025 Financial Targets】

Revenue: ¥1.6 trillion (Oncology: ¥600.0 billion or more)

Operating profit^{*3} ratio before research and development expenses: 40% or more

ROE: 16% or more

DOE: 8% or more

^{*3} Excluding special items (gains and losses related to sale of non-current assets, restructuring, impairment, litigation, etc.)

Assumption of exchange rate for fiscal 2025: 1USD=¥105, 1EUR=¥120

(5) Transition of Status of the Assets and Profit and Losses

(Millions of yen, unless otherwise stated)

Category	Year ended March 31, 2017 (12 th fiscal period)	Year ended March 31, 2018 (13 th fiscal period)	Year ended March 31, 2019 (14 th fiscal period)	Year ended March 31, 2020 (15 th fiscal period)	Year ended March 31, 2021 (Current fiscal year; 16 th fiscal period)
Revenue	955,124	960,195	929,717	981,793	962,516
Operating profit	88,929	76,282	83,705	138,800	63,795
Profit before tax	87,788	81,021	85,831	141,164	74,124
Profit attributable to owners of the Company	53,466	60,282	93,409	129,074	75,958
Basic earnings per share (yen)	26.54	30.44	48.07	66.40	39.17
Return on equity attributable to owners of the Company (ROE) (%)	4.4	5.2	7.8	10.1	5.9
Annual dividend per share (yen)	70	70	70	70	-
Total assets	1,914,979	1,897,754	2,088,051	2,105,619	2,085,178
Equity attributable to owners of the Company	1,175,897	1,132,982	1,249,642	1,305,809	1,272,053

- Notes: 1. Basic earnings per share is calculated based on the average number of shares outstanding during the year, exclusive of the number of treasury shares.
2. Effective October 1, 2020, the Company implemented a three-for-one share split of its ordinary shares. Basic earnings per share is calculated as if the share split had taken place at the beginning of the year ended March 31, 2017.
3. The annual dividend per share for the year ended March 31, 2021 is not stated because the amounts cannot be simply combined due to the implementation of the share split. Without factoring in the share split, the annual dividend per share would have been ¥81.

(6) Principal Business

Research and development, manufacturing, marketing, and import and export of pharmaceuticals

(7) Status of Material Subsidiaries, etc.**1) Status of Material Subsidiaries**

The Daiichi Sankyo Group consists of Daiichi Sankyo Company, Limited, its 47 subsidiaries and its two associates, a total of 50 companies. Material subsidiaries are as follows:

Name of Group Company	Stated Capital (Millions of yen, unless otherwise stated)	Voting Rights Percentage (%)	Principal Business
Daiichi Sankyo Espha Co., Ltd.	450	100.00	Research and development and marketing of pharmaceuticals
Daiichi Sankyo Healthcare Co., Ltd.	100	100.00	Research and development, manufacture and marketing of healthcare (OTC) products
Daiichi Sankyo Propharma Co., Ltd.	100	100.00	Manufacture of pharmaceuticals
Daiichi Sankyo Chemical Pharma Co., Ltd.	50	100.00	Manufacture of pharmaceuticals
Daiichi Sankyo Biotech Co., Ltd.	50	100.00	Manufacture of vaccines, biologics, investigational drugs, etc.
Daiichi Sankyo RD Novare Co., Ltd.	50	100.00	Support for research and development of the Group
Daiichi Sankyo Business Associe Co., Ltd.	50	100.00	Business support for the Group
Daiichi Sankyo U.S. Holdings, Inc.	3.0 U.S. dollars	100.00	A holding company
Daiichi Sankyo, Inc.	0.17 million U.S. dollars	100.00	Research and development and marketing of pharmaceuticals
Plexxikon Inc.	1.0 U.S. dollar	100.00	Research and development of pharmaceuticals
American Regent, Inc.	0.20 million U.S. dollars	100.00	Research and development, manufacture and marketing of pharmaceuticals
Ambit Biosciences Corporation	1.0 U.S. dollar	100.00	Research and development of pharmaceuticals
Daiichi Sankyo Europe GmbH	16 million euro	100.00	Supervision of the Daiichi Sankyo EUROPE Group, and research and development, manufacture and marketing of pharmaceuticals
Daiichi Sankyo (China) Holdings Co., Ltd.	146 million U.S. dollars	100.00	Research and development and marketing of pharmaceuticals
Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd.	83 million U.S. dollars	100.00	Research and development, manufacture and marketing of pharmaceuticals
Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd.	53 million U.S. dollars	100.00	Research and development, manufacture and marketing of pharmaceuticals

2) Status of Material Alliances, etc.

a. Licensing-in of technology

Name of Group Company	Other Party	Country	Details of Technology
Daiichi Sankyo Company, Limited	Amgen Inc.	U.S.A.	Technology related to Denosumab, an anti-RANKL antibody
Daiichi Sankyo Company, Limited	Amgen Inc.	U.S.A.	Technology related to biosimilars
Daiichi Sankyo Company, Limited	Cell Therapy Ltd.	UK	Technology related to Heartcel, an immunomodulatory progenitor cell therapeutic agent for ischemic heart failure
Daiichi Sankyo Company, Limited	Kite Pharma, Inc.	U.S.A.	Technology related to YESCARTA®, a cellular cancer therapeutic agent for malignant lymphomas
Daiichi Sankyo Company, Limited	MedImmune, LLC	U.S.A.	Technology related to a live attenuated influenza vaccine administered as a nasal spray
Daiichi Sankyo Company, Limited	Ultragenyx Pharmaceutical Inc.	U.S.A.	Gene therapy manufacturing technology with adeno associated virus (AAV) vector
Daiichi Sankyo, Inc.	Genzyme Corporation	U.S.A.	Technology related to Welchol, an antihyperlipidemic agent
American Regent, Inc.	Vifor (International) Inc.	Switzerland	Technology related to Venofer and Injectafer, drugs for treating anemia

b. Licensing-out of technology

Name of Group Company	Other Party	Country	Details of Technology
Daiichi Sankyo Company, Limited	Eli Lilly and Company	U.S.A.	Technology related to antiplatelet agent Prasugrel

c. Distribution agreement and others (licensing-in)

Name of Group Company	Other Party	Country	Details
Daiichi Sankyo Company, Limited	AstraZeneca AB	Sweden	Exclusive sale and co-promotion in Japan of NEXIUM, a proton pump inhibitor
Daiichi Sankyo Company, Limited	Merz Pharmaceuticals GmbH	Germany	Exclusive sale in Japan of Memary for the treatment of Alzheimer's disease
Daiichi Sankyo Company, Limited	UCB Biopharma Sprl	Belgium	Exclusive sale and co-promotion in Japan of Vimpat, a treatment for epilepsy
Daiichi Sankyo Company, Limited	Kissei Pharmaceutical Co., Ltd	Japan	Joint sale in Japan of the dysuria treatment drug Urief
Daiichi Sankyo Company, Limited	Mitsubishi Tanabe Pharma Corporation	Japan	Exclusive sale and co-promotion in Japan of hypoglycemic agent TENELIA
Daiichi Sankyo Company, Limited	Mitsubishi Tanabe Pharma Corporation	Japan	Co-promotion in Japan of hypoglycemic agent CANAGLU
Daiichi Sankyo Company, Limited	Mitsubishi Tanabe Pharma Corporation	Japan	Exclusive sale and co-promotion in Japan of Canalia, a combination drug for the treatment of type 2 diabetes mellitus
Daiichi Sankyo Company, Limited	Eli Lilly Japan K.K. Eli Lilly and Company	Japan U.S.A.	Exclusive sale and co-promotion in Japan of the migraine prevention drug Emgality
Daiichi Sankyo Europe GmbH	Esperion Therapeutics, Inc.	U.S.A.	Exclusive sale in Europe of the hypercholesterolemia treatment, bempedoic acid

d. Distribution agreement and others (licensing-out)

Name of Group Company	Other Party	Country	Details
Daiichi Sankyo Company, Limited	AstraZeneca UK Limited	UK	Joint development and commercialization collaboration, worldwide except for Japan, of HER2-directed ADC ENHERTU
Daiichi Sankyo Company, Limited	AstraZeneca UK Limited	UK	Joint development and commercialization collaboration, worldwide except for Japan, of TROP2-directed ADC Dato-DXd
Daiichi Sankyo Company, Limited	Servier Canada inc.	Canada	Exclusive sale in Canada of the anticoagulant LIXIANA (Edoxaban)
American Regent, Inc.	Fresenius U.S.A. Manufacturing Inc.	U.S.A.	Exclusive sale in the U.S.A. of the anemia treatment, Venofer for dialysis patients
Daiichi Sankyo Europe GmbH	Menarini International Operations Luxembourg S.A.	Luxembourg	Joint sale in Europe of the antihypertensive agent Olmetec
Daiichi Sankyo Northern Europe GmbH	Organon Trade LLC	U.S.A.	Exclusive sale in Europe of the anticoagulant LIXIANA

(8) The Principal Branches, Plants and Laboratories (As of March 31, 2021)**1) The Company**

Headquarters: 5-1, Nihonbashi Honcho 3-chome, Chuo-ku, Tokyo

Branches: Sapporo Branch (Hokkaido), Tohoku Branch (Miyagi), Tokyo Branch (Tokyo), Chiba Branch (Chiba), Saitama Branch (Saitama), Yokohama Branch (Kanagawa), Kanetsu Branch (Tokyo), Tokai Branch (Aichi), Kyoto Branch (Kyoto), Osaka Branch (Osaka), Kobe Branch (Hyogo), Chugoku Branch (Hiroshima), Shikoku Branch (Kagawa), and Kyushu Branch (Fukuoka)

Laboratories: Shinagawa R&D Center (Tokyo), Kasai R&D Center (Tokyo), Tatebayashi Biopharmaceuticals Center (Gunma), and Pharmaceutical Technology Division, Hiratsuka site (Kanagawa)

2) Subsidiaries**a. In Japan**

Daiichi Sankyo Espha Co., Ltd.	Chuo-ku, Tokyo	
Daiichi Sankyo Healthcare Co., Ltd.	Chuo-ku, Tokyo	
Daiichi Sankyo Propharma Co., Ltd.	Headquarters	Chuo-ku, Tokyo
	Plant	Hiratsuka Plant (Kanagawa)
Daiichi Sankyo Chemical Pharma Co., Ltd.	Headquarters	Chuo-ku, Tokyo
	Plants	Onahama Plant (Fukushima), Tatebayashi Plant (Gunma), and Odawara Plant (Kanagawa)
Daiichi Sankyo Biotech Co., Ltd.	Kitamoto, Saitama	
Daiichi Sankyo RD Novare Co., Ltd.	Edogawa-ku, Tokyo	
Daiichi Sankyo Business Associe Co., Ltd.	Chuo-ku, Tokyo	
Daiichi Sankyo Happiness Co., Ltd.	Hiratsuka, Kanagawa	

b. Overseas

Daiichi Sankyo, Inc.	Basking Ridge, New Jersey, U.S.A.
American Regent, Inc.	Shirley, New York, U.S.A.
Daiichi Sankyo Europe GmbH	Munich, Germany

(9) Status of Employees (As of March 31, 2021)

Number of Employees		Change from Previous Fiscal Year-End
16,033		685 (increased)
Japan	8,979	225 (increased)
North America	2,602	222 (increased)
Europe	2,137	184 (increased)
Other regions	2,315	54 (increased)

Note: The number of employees is that of working employees, and does not include that of employees temporarily transferred to other groups, but does include that of employees temporarily transferred to the Group from other groups.

(10) Principal Lenders and the Amount of Loans (As of March 31, 2021)

Lender	Outstanding amount of loans (Millions of yen)
Syndicated loan	60,000
Nippon Life Insurance Company	1,000

Note: Syndicated loan is jointly financed by Mizuho Bank, Ltd. and 28 other financial institutions.

(11) Litigation and Other Matters

1) Declaratory Judgement Action and Other Matters Related to Daiichi Sankyo's Proprietary Antibody Drug Conjugate (ADC) Technology against Seagen Inc. (the former Seattle Genetics, Inc.)

- As announced in the press release dated on November 5, 2019, the Company has filed a Declaratory Judgement action in the District Court of Delaware in response to receiving communications claiming certain intellectual property rights related to our ADC technology from Seagen Inc. with respect to a previous collaboration between the two companies for the development of ADCs.
- The Company will vigorously defend its position that our ADC technology patents are the exclusive intellectual property of Daiichi Sankyo.
- On the other hand, Seagen Inc. filed an arbitration demand in connection with the dispute in November 2019, and the arbitration process is underway.

2) Lawsuit and Other Matters Related to U.S. Patent Held by Seagen Inc.

- Seagen Inc. filed a patent infringement lawsuit in the District Court for the Eastern District of Texas in October 2020, claiming Daiichi Sankyo's proprietary ENHERTU[®] and other ADCs infringed the U.S. patent held by Seagen Inc.
- The Company, etc. filed a Declaratory Judgement action for non-infringement in the District Court of Delaware in November 2020, seeking to vigorously defend its position that Daiichi Sankyo has not infringed the U.S. patent held by Seagen Inc.
- Daiichi Sankyo, Inc., etc. filed a post grant review (PGR) petition with the United States Patent and Trademark Office in December 2020, alleging the invalidity of said U.S. patent.

2. Matters regarding Shares

(1) Status of Shares (As of March 31, 2021)

- 1) **Total Number of Authorized Shares:** 8,400,000,000 shares
- 2) **Total Number of Issued Shares:** 2,127,034,029 shares (including 210,868,203 treasury shares)
- 3) **Number of Shareholders:** 82,607 (increase of 15,982 from March 31, 2020)
- 4) **Major Shareholders (Top 10):**

Name of Shareholders	Number of Shares Held (thousand shares)	Equity Stake (%)
The Master Trust Bank of Japan, Ltd. (trust account)	218,758	11.42
JP Morgan Chase Bank 385632	182,590	9.53
Custody Bank of Japan, Ltd. (trust account)	151,386	7.90
Nippon Life Insurance Company	107,328	5.60
SSBTC CLIENT OMNIBUS ACCOUNT	68,490	3.57
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	43,208	2.25
Custody Bank of Japan, Ltd. (trust account 7)	40,937	2.14
STATE STREET BANK AND TRUST COMPANY 505001	36,402	1.90
The Shizuoka Bank, Ltd.	34,172	1.78
Government of Norway	28,069	1.46

Notes: 1. The Company held 210,868,203 treasury shares as of March 31, 2021, which are excluded from the above list.

2. Treasury shares are not included in the computing of equity stake.

<Composition Ratios by Shareholder Category>

Shareholder Category	Equity Stake	
	As of March 31, 2020 (for reference)	As of March 31, 2021
National government and local governments	0.00%	0.00%
Financial institutions	42.29%	42.04%
Financial instrument firms	0.84%	1.03%
Other corporations	2.86%	2.62%
Foreign institutions and individuals	35.04%	34.62%
Individual investors and others	10.39%	9.78%
Treasury share	8.60%	9.91%

5) Shares Granted to Directors as Compensation during the Fiscal Year

The status of shares granted to Directors as compensation for their execution of duties during the fiscal year under review is as follows:

Category	Class and number of shares	Number of grantees
Directors (excluding Outside Directors)	Ordinary shares of the Company 31,239 shares	5

6) Other Important Matters Concerning Shares

- a. Share split
- The Company implemented a three-for-one share split of its ordinary shares with a record date of September 30, 2020 On October 1, 2020 as the effective date. Accordingly, the Company amended its Articles of Incorporation to change the total number of shares authorized from 2.8 billion shares to 8.4 billion shares.
- b. Purchase and cancellation of treasury shares
- To increase shareholder returns and enhance capital efficiency, the Company purchased approximately 29.47 million treasury shares for the cost of approximately ¥100.0 billion from November 2, 2020 to March 12, 2021 on the open market.
 - As a result of the cancellation of 180.00 million treasury shares implemented on April 15, 2021, the total number of issued shares came to 1,947,034,029 shares.

(2) Matters regarding Subscription Rights to Shares

- This information is posted on the Company's website, in accordance with laws and regulations, and Article 16 of the Company's Articles of Incorporation.
<https://www.daiichisankyo.co.jp/investors/shareholders/meetings/>
- At the 12th Ordinary General Meeting of Shareholders held in June 2017, it was resolved to introduce a restricted share-based compensation system and discontinue the existing share compensation-type stock option system. Accordingly, the Company did not issue new subscription rights to shares during this fiscal year.

3. Matters regarding Corporate Governance

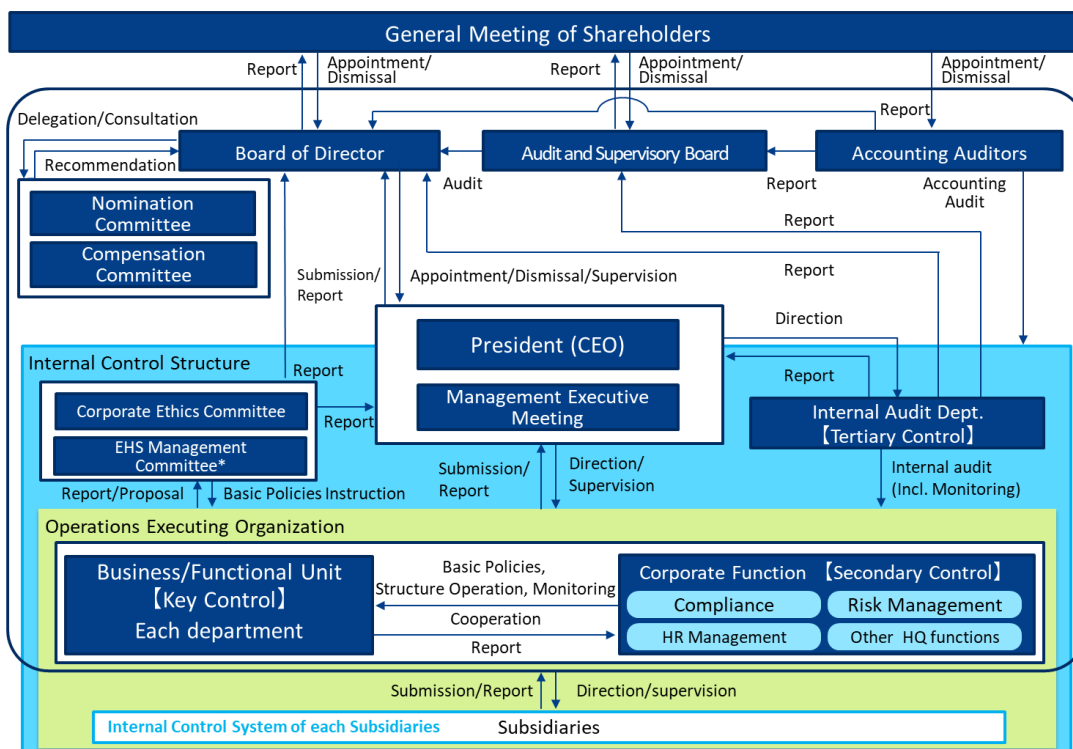
(1) Systems on Corporate Governance

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

1) Corporate Governance Structure

- a. To clarify Directors management responsibility and reinforce their management oversight and the conduct of operations, their terms of office are set at one year, and four out of our nine Directors are Outside Directors. Since June 2020, an Outside Director has been appointed chairperson of Board of Directors.
- b. To ensure management transparency, nomination of candidates for Director and Corporate Officer, successor plan of CEO and compensation thereof are deliberated on by a Nomination Committee and a Compensation Committee, respectively, which are established as voluntary committees. It is comprised by four Outside Directors and one Outside Audit & Supervisory Board Member participates as the observer in each committee.
- c. Both Committees are composed of four Outside Directors, and one Outside Audit & Supervisory Board Member participates as an observer.
- d. For audits of legal compliance and soundness of management, the Company has adopted an Audit & Supervisory Board system and established Audit & Supervisory Board comprising five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members.
- e. The Company prescribes specific criteria on the judgment of independence of Outside Directors and Outside Audit & Supervisory Board Members and basic matters regarding execution of duties by Directors and Audit & Supervisory Board Members.
- f. The Company employs a Corporate Officer System which contributes to appropriate and swift management decision-making and the conduct of operations.
- g. With the aims of ensuring effectiveness and efficiency of operations, ensuring reliability of financial reporting, complying with applicable laws and regulations relevant to business activities, and safeguarding assets, the Company structures its internal control system to consist of self-monitoring carried out by respective organizations which execute its functions (primary controls), policy development and monitoring for respective organizations carried out by the corporate organization (secondary controls), and internal auditing encompassing monitoring carried out by the Internal Audit Department (tertiary controls).

Overview of the Corporate Governance Structure



*EHS Management Committee: Environment, Health, Safety Management Committee

2) Composition and Functions of Each Committee:

- a. **Nominating Committee**
 Chairperson: Tsuguya Fukui, Outside Director
 Members: Noritaka Uji, Kazuaki Kama and Sawako Nohara, Outside Directors
 Observer: Tateshi Higuchi, Outside Audit & Supervisory Board Member
 - It has been established to deliberate matters required for the nomination of Directors and Corporate Officers at the request of Board of Directors and contribute to the enhancement of management transparency and oversight functions.
 - In fiscal 2020, meetings were held seven times in April, August, September, October, November, December and January to discuss nomination of candidate Directors, Audit & Supervisory Board Members and Corporate Officers, successor plan of the CEO and nomination of candidate executives of Group companies, as well as other matters.
- b. **Compensation Committee**
 Chairperson: Kazuaki Kama, Outside Director
 Members: Noritaka Uji, Tsuguya Fukui and Sawako Nohara, Outside Directors
 Observer: Sayoko Izumoto, Outside Audit & Supervisory Board Member
 - It has been established to deliberate matters required for a policy on compensation of Directors and Corporate Officers at the request of Board of Directors and contribute to the enhancement of management transparency and oversight functions.
 - In fiscal 2020, meetings were held nine times, in April, May, September, October, November, December, January, February and March, to discuss amounts and calculation standards for bonuses of Directors and Corporate Officers, allotment of restricted shares, examination of compensation level for Directors and Audit & Supervisory Board Members, the revision of the compensation system for Directors and Audit & Supervisory Board Members, and other matters.

- * Nomination and Compensation Committee (hosted jointly)
 - Joint meetings were held in July and October 2020 to discuss the position of the Nomination Committee and the Compensation Committee as the advisory bodies to Board of Directors, objectives of CEO for fiscal 2020 and other matters.
- c. Corporate Ethics Committee

Chairperson: Compliance Officer (Head of Corporate Affairs Division)

Members: The Committee consists of 13 members including 12 members internally assigned by the chairperson and an outside lawyer for ensuring transparency and confidence of the Committee.

Observers: Ryoichi Watanabe and Kenji Sato, Full-time Audit & Supervisory Board Members and Vice President of Internal Audit Department

 - It has been established to comply with Japanese and other jurisdictions' laws and corporate ethics and to promote the management of corporate social responsibility.
 - In fiscal 2020, meetings were held twice, in August and February, to discuss the establishment of the Daiichi Sankyo Group Privacy Policy, setting of materiality KPIs for promoting compliance management and the Fiscal 2021 Compliance Objectives and Promotional Activity Plan (awareness promotion, education, monitoring, surveys, revision of regulations, and other matters related to compliance) and other matters.
- d. EHS Management Committee

Chairperson: Chief Executive Officer of EHS Management (Head of Corporate Affairs Division)

Members: The Committee consists of 14 members including executives of Group companies assigned by the chairperson.

Observers: Ryoichi Watanabe and Kenji Sato, Full-time Audit & Supervisory Board Members

 - It has been established to achieve the integrated operation and promotion of the management system to consistently improve environment, health and safety for the purpose of minimizing risks and contributing to the development of a sustainable society, recognizing that the protection of the environment and ensuring the health and safety of employees through overall corporate activities of the Group are the most important business challenges.
 - In fiscal 2020, meetings were held twice, in July and February, to discuss the 5th Medium-term EHS Management Policy and Objectives, integration of Environment and Occupational Health and Safety Management Systems, participation in RE100*, global healthy policies and other matters.

*RE100: RE100 is a global initiative that aims to source 100% of the electricity used by participating companies in their business activities from renewable energy.

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

- The candidates for Directors shall meet the requirement of being personnel of excellent character and insight who contribute to maximizing the corporate value of the Group.
- The candidates for Directors shall meet the requirements of being appropriate candidates with respect to term of office and age, and of being suitably competent of performing timely and accurate judgment, looking at the changes in the business environment while giving importance to the continuance of management policies, etc.
- The candidates for Directors shall meet the requirements that there shall always be Outside Directors included to strengthen the decision-making functions based on various perspectives and to strengthen the function of supervising conduct of operations.
- The candidates for Outside Directors shall meet the requirements that they are the individuals with expertise, experience and insight in fields including corporate management, finance and accounting, science, global business, sustainability and ESG.
- The Company shall confirm that the status of material concurrent positions of candidates for Outside Directors is within a range in which they are able to perform their duties as Directors of the Company appropriately.
- The Company recognizes that ensuring the diversity of Directors particularly in terms of gender and

nationality as well as incorporating diverse opinions into management are important for strengthening the supervisory function and decision-making of Board of Directors. The Company will continue to discuss the selection of candidates for Directors going forward.

- When appointing the candidates for Directors, Board of Directors shall appoint the candidates after they have been sufficiently deliberated by the Nomination Committee, of which Outside Directors form a majority.
- The Directors Regulations of the Company stipulate that Directors must attend meetings of Board of Directors except where there is an unavoidable reason.
- The candidates for Audit & Supervisory Board Members shall be examined prudently concerning their suitability as Audit & Supervisory Board Members, such as whether they can fulfil their duties, ensuring their independence from the representative directors, Directors, and corporate officers.
- When appointing the candidates for Audit & Supervisory Board Members, Board of Directors shall appoint the candidates after they have been deliberated by the Nomination Committee, and agreed by Audit & Supervisory Board.
- The candidates for Outside Directors and Outside Audit & Supervisory Board Members shall be confirmed to have no problems according to specific criteria on the judgment of independence.
- When appointing the candidates for Directors and Audit & Supervisory Board Members, the General Meeting of Shareholders shall appoint the candidates after the relevant proposal.
- Candidates for CEO shall be appointed based on the successor plan and defined eligibility requirements, etc. that have been repeatedly discussed at the Nomination Committee.
- Appointment of CEO (including reelection) shall be determined by resolution of Board of Directors over a recommendation from the Nomination Committee that the Committee submits after sufficient deliberation.

(3) Policies and Procedures for Dismissal of Directors and CEO

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

(4) Status of Directors and Audit & Supervisory Board Members (As of March 31, 2021)

Name	Position and Assignments, etc.	Material Concurrent Positions	Relationship between companies where they have material concurrent positions and the Company
Sunao Manabe	Representative Director, President and CEO		
Toshiaki Sai	Representative Director, Executive Vice President and CFO Head of Corporate Strategy & Management Division		
Satoru Kimura	Director, Senior Executive Officer Head of Sales & Marketing Division		
Masahiko Ohtsuki	Director, Senior Executive Officer Head of Digital Transformation Management Division		
Shoji Hirashima	Director, Senior Executive Officer Head of Global Brand Strategy Division		
Noritaka Uji	Outside Director	Outside Director of Yokogawa Electric Corporation	No material business relationship
		Honorary Chairperson of Japan Institute of Information Technology	
		Honorary President of Japan Telework Association	
		Visiting Professor of Center for Global Communications, International University of Japan	
Tsuguya Fukui	Outside Director	President of St. Luke's International Hospital	No material business relationship
		Executive Director of Japan Hospital Association	
		President of The Japan Medical Library Association	
Kazuaki Kama	Outside Director	Senior Advisor of IHI Corporation	No material business relationship
		Outside Director of SUMITOMO LIFE INSURANCE COMPANY	
		Statutory Auditor (Outside) of Tokyo Stock Exchange, Inc.	
Sawako Nohara	Outside Director	President of IPSe Marketing, Inc.	No material business relationship
		Project Professor of the Graduate School of Media and Governance, Keio University	
		Outside Director of the Board of Sampo Holdings, Inc.	
		Outside Audit & Supervisory Board Member of Tokyo Gas Co., Ltd.	

Name	Position and Assignments, etc.	Material Concurrent Positions	Relationship between companies where they have material concurrent positions and the Company
Ryoichi Watanabe	Full-time Audit & Supervisory Board Member		
Kenji Sato	Full-time Audit & Supervisory Board Member		
Sayoko Izumoto	Outside Audit & Supervisory Board Member	External Audit & Supervisory Board Member of Freund Corporation	No material business relationship
		Outside Director of Hitachi Transport System, Ltd.	
Tateshi Higuchi	Outside Audit & Supervisory Board Member	Outside Director of MIURA CO., LTD.	No material business relationship
		Member of Japan Casino Regulatory Commission, an external bureau of the Cabinet Office	
Yukiko Imazu	Outside Audit & Supervisory Board Member	Partner of Anderson Mōri & Tomotsune	No material business relationship
		Director of Ishibashi Foundation	

Notes:

1. The Company's Boards consist of nine Directors and five Audit & Supervisory Board Members, totaling 14, and including three female members (the ratio of female members is 21.4%).
2. In the above, Outside Director means an outside director prescribed by Article 2, Item 15 of the Companies Act and Outside Audit & Supervisory Board Member means an outside audit & supervisory board member prescribed by Article 2, Item 16 of the Companies Act.
3. The Company has designated all Outside Directors (Noritaka Uji, Tsuguya Fukui, Kazuaki Kama and Sawako Nohara) and Outside Audit & Supervisory Board Members (Sayoko Izumoto, Tateshi Higuchi and Yukiko Imazu) as Independent Directors/Corporate Auditors and filed them with the Tokyo Stock Exchange accordingly.
4. Ryoichi Watanabe, Audit & Supervisory Board Member (Full-time), has held various senior positions including Vice President, Corporate Finance & Accounting Department and has considerable knowledge and experience in finance and accounting as an Audit & Supervisory Board Member.
5. Sayoko Izumoto, Outside Audit & Supervisory Board Member, is a certified public accountant and has considerable knowledge in finance and accounting.
6. No Directors or Audit & Supervisory Board Members resigned or were removed during this fiscal year. Directors Joji Nakayama and Toshiaki Tojo retired following the end of their tenure of office at the conclusion of the Ordinary General Meeting of Shareholders held on June 15, 2020.

(5) Status of Outside Directors and Outside Audit & Supervisory Board Members**1) Relationship between Companies Where They Have Material Concurrent Positions and the Company (As of March 31, 2021)**

- The relationship between companies where they have material concurrent positions and the Company is as described in (4) Status of Directors and Audit & Supervisory Board Members.

2) Major Activities During this Fiscal Year

Position	No. of attendance	Major activities
Noritaka Uji		
Outside Director	Board of Directors Meetings 14/14 (100%)	Noritaka Uji has abundant experience and a wide range of knowledge in overall corporate management, IT, and digital technology, developed through his management experience in the area of information technology. He attended all meetings of Board of Directors held during this fiscal year. Since June 2020, he has served as the Chairperson of Board of Directors, the first Outside Director to assume the position in the Company. By making useful comments and proposals as needed based on the above experience, professional insight and objective standpoint, as well as appropriately managing the proceedings of meetings of Board of Directors, he has contributed to the separation of execution and oversight, and appropriately fulfilled his roles including the oversight on execution of the operation. Furthermore, as a member of the Nomination Committee and the Compensation Committee, he attended all meetings of both Committees held during this fiscal year and actively made comments from an external perspective, contributing to the enhancement of the Committees' oversight functions on management.
Chairperson of Board of Directors	Meetings of the Nomination Committee 7/7 (100%)	
Member of the Nomination Committee	Meetings of the Compensation Committee 9/9 (100%)	
Member of the Compensation Committee		
Tsuguya Fukui		
Outside Director	Board of Directors Meetings 13/14 (93%)	Tsuguya Fukui has abundant experience and a wide range of knowledge in such fields as overall healthcare and public health, developed through his experience as a medical scientist and president of a medical institution. He attended all meetings of Board of Directors, except one, held during this fiscal year. By making useful comments and proposals as needed at meetings of Board of Directors based on the above experience, professional insight and objective standpoint, he has appropriately fulfilled his roles including the oversight on execution of the operation. Furthermore, as Chairperson of the Nomination Committee (appointed in June 2020), he attended all meetings of the Committee held during this fiscal year and appropriately managed the proceedings of meetings of the Committee from an external perspective. In addition, as a member of the Compensation Committee, he attended all meetings of the Committee held during this fiscal year and made useful comments as needed, contributing to the enhancement of the Committees' oversight functions on management.
Chairperson of the Nomination Committee	Meetings of the Nomination Committee 7/7 (100%)	
Member of the Compensation Committee	Meetings of the Compensation Committee 9/9 (100%)	

Position	No. of attendance	Major activities
Kazuaki Kama		
Outside Director Chairperson of the Compensation Committee Member of the Nomination Committee	Board of Directors Meetings 14/14 (100%) Meetings of the Nomination Committee 7/7 (100%) Meetings of the Compensation Committee 9/9 (100%)	Kazuaki Kama has abundant experience and a wide range of knowledge in overall corporate management as well as finance and accounting, developed through his management experience at a comprehensive heavy-industry manufacturer. He attended all meetings of Board of Directors held during this fiscal year. By making useful comments and proposals as needed at meetings of Board of Directors based on the above experience, professional insight and objective standpoint, he has appropriately fulfilled his roles including the oversight on execution of the operation. Furthermore, as Chairperson of the Compensation Committee (appointed in June 2019), he attended all meetings of the Committee held during this fiscal year and appropriately managed the proceedings of meetings of the Committee from an external perspective. In addition, as a member of the Nomination Committee, he attended all meetings of the Committee held during this fiscal year and made useful comments as needed, contributing to the enhancement of the Committees' oversight functions on management.
Sawako Nohara		
Outside Director Member of the Nomination Committee Member of the Compensation Committee	Board of Directors Meetings 14/14 (100%) Meetings of the Nomination Committee 7/7 (100%) Meetings of the Compensation Committee 9/9 (100%)	Sawako Nohara has abundant experience and a wide range of knowledge in such fields as overall corporate management, IT, business strategies and marketing strategies, developed through her experience as the founder of a company engaging in the Internet and digital business and management experience. She attended all meetings of Board of Directors held during this fiscal year. By making useful comments and proposals as needed at meetings of Board of Directors based on the above experience, professional insight and objective standpoint, she has appropriately fulfilled her roles including the oversight on execution of the operation. Furthermore, as a member of the Nomination Committee and the Compensation Committee, she attended all meetings of both Committees held during this fiscal year and actively made comments from an external perspective, contributing to the enhancement of the Committees' oversight functions on management.
Sayoko Izumoto		
Outside Audit & Supervisory Board Member Observer of the Compensation Committee	Board of Directors Meetings 14/14 (100%) Meetings of Audit & Supervisory Board 13/13 (100%) Meetings of the Compensation Committee 9/9 (100%)	Sayoko Izumoto has abundant experience and a wide range of knowledge in all aspects of finance and accounting, developed through her experience as a certified public accountant. She attended all meetings of Board of Directors and Audit & Supervisory Board held during this fiscal year and made useful comments and proposals as needed based on the above experience, professional insight and objective standpoint. She also assessed the status of decision making by Board of Directors and other matters, thereby performing her duties to audit the execution of Directors' duties in an appropriate manner. In addition, she attended all meetings of the Compensation Committee held during this fiscal year as an observer and provided valuable opinions and advice as needed.

Position	No. of attendance	Major activities
Tateshi Higuchi		
Outside Audit & Supervisory Board Member	Board of Directors Meetings 14/14 (100%)	Tateshi Higuchi has abundant experience and a wide range of knowledge in overall administrative affairs, developed through his experience as a police bureaucrat and diplomat. He attended all meetings of Board of Directors and Audit & Supervisory Board held during this fiscal year and made useful comments and proposals as needed based on the above experience, professional insight and objective standpoint. He also assessed the status of decision making by Board of Directors and other matters, thereby performing his duties to audit the execution of Directors' duties in an appropriate manner. In addition, he attended all meetings of the Nomination Committee held during this fiscal year as an observer and provided valuable opinions and advice as needed.
Observer of the Nomination Committee	Meetings of Audit & Supervisory Board 13/13 (100%)	
	Meetings of the Nomination Committee 7/7 (100%)	
Yukiko Imazu		
Outside Audit & Supervisory Board Member	Board of Directors Meetings 14/14 (100%)	Yukiko Imazu has abundant experience and a wide range of knowledge in overall legal affairs, developed through her experience as a lawyer. She attended all meetings of Board of Directors and Audit & Supervisory Board held during this fiscal year and made useful comments and proposals as needed based on the above experience, professional insight and objective standpoint. She also assessed the status of decision making by Board of Directors and other matters, thereby performing her duties to audit the execution of Directors' duties in an appropriate manner.
	Meetings of Audit & Supervisory Board 13/13 (100%)	

3) Outline of the Terms of Liability Limitation Agreement

- With regard to liability for damages under Article 423, Paragraph 1 of the Companies Act, the Company has entered into agreements with Outside Directors Noritaka Uji, Tsuguya Fukui, Kazuaki Kama and Sawako Nohara and Outside Audit & Supervisory Board Members Sayoko Izumoto, Tateshi Higuchi and Yukiko Imazu to limit their liabilities based on the Articles of Incorporation in the event that the case falls under the requirements defined in laws and regulations (Liability Limitation Agreements); provided, however, that the maximum amount of liabilities under such agreement is the minimum liability amount as provided by applicable laws and regulations.

(6) Matters regarding Directors and Officers Liability Insurance Policy

- The Company has entered into a directors and officers liability insurance policy with an insurance company. In the event of a claim for damages filed against an insured by a shareholder or a third party, this insurance policy covers such damages as compensation for damages and litigation cost to be borne by the insured. However, this policy does include certain exemption clauses, for instance, not covering damages attributable to acts in violation of laws or regulations carried out by an insured with full knowledge of his/her illegality, so as not to impair the appropriateness of execution of duties by directors and other officers.
- The insureds of this insurance policy are Directors, Audit & Supervisory Board Members and Corporate Officers of the Company and domestic Group companies* as well as key Executive Persons and managerial employees of overseas Group companies (excluding those in the U.S.)*. The insurance premiums are fully paid by companies to which the insureds belong.
* Group companies in the U.S. have separately entered into an insurance policy similar to this directors and officers liability insurance policy.

(7) The Amount of Compensation and Related Payments to Directors and Audit & Supervisory Board Members for Fiscal 2020

Classification	Total amount of compensation and related payments (Millions of yen)	Total amount of compensation and related payments to Directors and Audit & Supervisory Board Members by type (Millions of yen)			Number of Directors and Audit & Supervisory Board Members to be paid (Number of persons)
		Basic compensation	Performance-based bonuses	Restricted share-based compensation	
Directors (excluding Outside Directors)	479	286	98	96	7
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	75	75	–	–	2
Outside Directors	68	68	–	–	4
Outside Audit & Supervisory Board Members	45	45	–	–	3

- The amount of compensation and related payments to Directors (excluding Outside Directors) and the number of persons to be paid include those of two Directors who retired following the end of their tenure of office at the conclusion of the 15th Ordinary General Meeting of Shareholders held on June 15, 2020.
- The total amount of “basic compensation” paid to Directors (excluding the portion of salaries for Directors concurrently working as employees) and the total amount of compensation paid to Audit & Supervisory Board Members who only receive “basic compensation” were approved to be ¥450 million or less per fiscal year and ¥120 million or less per fiscal year at the 151st Ordinary General Meeting of Shareholders of (the former) Sankyo Company, Limited and the 127th Ordinary General Meeting of Shareholders of (the former) Daiichi Pharmaceutical Co., Ltd., held on June 29, 2005, respectively, concerning the establishment of the Company as a holding company through a share transfer (the Company had ten Directors and four Audit & Supervisory Board Members at the time of the establishment).
- “Performance-based bonuses” above represent an estimated amount to be paid separately from the amount of the “Basic compensation” above if the proposed “Provision of Bonuses to Directors” is approved at the 16th Ordinary General Meeting of Shareholders of the Company. “Revenue,” “operating profit margin” and “profit attributable to owners of the Company,” have been adopted as the performance indicators to form the basis of the calculation of the amount of “performance-based bonuses,” which is determined by an interlocking with those indicators. For “revenue” and “operating profit margin,” which indicate the size of business and the efficiency of business activities, respectively, the evaluation criteria are the degree of achievement of the budget for the relevant fiscal year. Meanwhile, for “profit attributable to owners of the Company,” which indicates the final outcome of corporate activities, the evaluation criterion is the degree of achievement of the target value in 5-Year Business Plan for the relevant fiscal year. As such, the bonuses are intended to provide a strong motivation to commit to achieving not only the targets for the relevant fiscal year but also 5-Year Business Plan by evaluating the degree of achievement of both short-term and medium-long-term targets in combination.
The targets and actual results of indices for “performance-based bonuses” for the fiscal year under review are as follows:

**Breakdown of
Performance-Based
Bonus**
(Fiscal 2020)

Evaluation Index	Evaluation Criteria	Weight	Goal	Achievement	Evaluation Factor	Bonus Payment Rate
Revenue	Degree of achievement of the budget for the fiscal year	10%	¥970.0billion	¥962.5billion	100.0%*	114.9%
Ratio of operating profit to revenue (operating profit)	Degree of achievement of the budget for the fiscal year	10%	8.2% (¥80.0billion)	6.6% (¥63.8billion)	60.9%*	
Profit attributable to owners of the Company	Degree of achievement of the target value in the 5-year business plan	80%	¥61.5billion	¥76.0billion	123.5%	

*The evaluation factors of revenue and operating profit margin are calculated by fixed formulas using the comparison of the actual results and the targets.

- “Restricted share-based compensation” above represents the amount recorded as expenses for restricted share-based compensation in this fiscal year. This restricted share-based compensation with a maximum limit of ¥140 million per fiscal year was approved to be paid to Directors (excluding Outside Directors) of the Company at the 12th Ordinary General Meeting of Shareholders held on June 19, 2017, separately from the aforementioned resolution on the total amount of compensation. At the same time, the total number of ordinary shares to be issued or disposed of by the Company was also approved to be 70 thousand shares* or less per year (if the Company performs a share split (including allotment of shares without contribution) or a share consolidation of its ordinary shares, or any other reason requiring an adjustment to the total number of such shares arises, the said total number shall be reasonably adjusted in accordance with the share split or share consolidation ratio). (The Company had ten Directors (of which four were Outside Directors) at the conclusion of the said Ordinary General Meeting of Shareholders.)

* In line with a three-for-one share split of ordinary shares of the Company implemented with the effective date of October 1, 2020 in accordance with the resolution of Board of Directors meeting held on April 27, 2020, the total number of ordinary shares to be issued or disposed of by the Company thereafter was adjusted to be 210 thousand shares or less per year.

The content of restricted share-based compensation paid to Directors (excluding Outside Directors) as non-monetary compensation for the fiscal year under review is as follows:

- Target Directors and number of shares granted: Five Directors (excluding Outside Directors) of the Company; 10,413 shares
- Grant date: July 14, 2020
- Method for grant: Disposal of treasury shares (contribution in kind of monetary compensation receivables provided to Target Directors as property to be contributed to acquire restricted shares)
- Conditions for providing restricted shares: Conclusion of a restricted share allotment agreement (hereinafter the “Allotment Agreement”)

(Overview of the Allotment Agreement)**a. Restricted period**

The restricted period shall be the period extending to the time immediately after resignation or retirement from the position of Director or Corporate Officer not concurrently serving as Director of the Company from July 14, 2020 (the “Disposal Date”).

b. Terms for lifting of transfer restriction of shares

An Target Director must continue to be a Director or Corporate Officer not concurrently serving as Director of the Company during the period from the Disposal Date to the time immediately before the conclusion of the first Ordinary General Meeting of Shareholders after the Date (the “Period of Service”).

However, in the event that an Target Director resigns or retires from the position of Director or Corporate Officer not concurrently serving as Director of the Company during the restricted period due to the end of his/her tenure of office, attainment of retirement age or any other justifiable reason in the Period of Service, the transfer restriction shall be lifted at the time immediately after the resignation or retirement regarding the number of shares reasonably adjusted according to the period until the resignation or retirement date.

c. Acquisition without contribution by the Company

The Company, shall, by rights, acquire without contribution any allotted shares on which the transfer restriction has not been lifted at the expiration of the restricted period or at the time of lifting the transfer restriction.

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

- At Board of Directors meeting held on February 26, 2021, the Company has established a policy regarding decisions of the content of individual compensations for Directors after deliberation by the Compensation Committee. The outline is as follows.

1) Compensation Policy

- Compensations to Directors of the Company are designed for the contribution to maximizing the corporate value.

2) Level of Compensations

- The level of compensations to Directors of the Company is set aiming to provide medium to high level compensations in the industrial circle, referring to the levels of other companies learned from the surveys of external specialist institutions.

3) Composition of Compensations

- Compensation to Directors (excluding Outside Directors) is designed to encourage management efforts from both a short-term perspective and a medium- to long-term perspective and to reward the results of those efforts appropriately by composing compensation into three compensations comprising the basic, fixed compensation, the performance-based bonuses, serving as short-term incentive, and the restricted share-based compensation, serving as long-term incentive. Retirement benefit system is not adopted.
- Compensation to Outside Directors who are responsible for management oversight and are not in the position to take charge of business execution is only basic, fixed compensation. Incentive bonuses and retirement benefit system are not adopted.

4) Ratio of the Composition of Compensations

- Compensation to Directors (excluding Outside Directors) is designed to have its ratio of 60% as basic compensation, 20% as performance-based bonuses, and 20% as restricted share-based compensation when achieving the performance target of 100%.
- Compensation to Outside Directors is only basic compensation.

5) Basic Compensation

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

6) Annual Performance-based Bonuses (Short-term Incentive)

- Annual performance-based bonuses, which are short-term incentive compensation, shall be paid in a lump sum at a fixed time each year after obtaining approval at each annual Ordinary General Meeting of Shareholders.
- Annual performance-based bonuses are determined by the degree of achievement of objectives for a single fiscal year measured by adopting “revenue,” “operating profit margin” and “profit attributable to owners of the Company” as the relevant indices.

7) Restricted Share-based Compensation (Long-term Incentive)

- With respect to restricted share-based compensation, which is long-term incentive compensation, the Company grants, every year in principle, shares with transfer restriction until the time immediately after resignation or retirement of Directors. The objective of the system is to give incentives to sustainably increase the value of the Company and to promote shared value between shareholders and Directors over as longer a time as possible by having Directors continually own the Company’s shares.
- The number of shares, which is determined by dividing the amount of restricted share-based compensation per position by closing price of the Company’s share one day prior to the meeting of Board of Directors’ resolution on allocation, is granted.

8) Compensation Governance and Decision-Making Process

- The Compensation Committee has been established as an advisory body to Board of Directors to ensure the appropriateness of compensation for Directors and Corporate Officers and the transparency of the decision-making process. The Compensation Committee consists of only Outside Directors, with one Audit & Supervisory Board Member as an observer, and the Chairperson is elected by mutual election of the members.
- The Compensation Committee fully discusses the compensation system, the composition of the compensation, verification and review of compensation levels for each position, target setting and result confirmation of performance-based bonuses, and allocation of restricted shares.
- The amount of compensation for each individual Director is first deliberated by the Compensation Committee, and then the basic compensation is determined by a resolution of Board of Directors within the total amount of compensation resolved at the General Meeting of Shareholders based on the deliberation results. Performance-based bonuses are determined by a resolution of Board of Directors and approved at each Ordinary General Meeting of Shareholders, and restricted share-based compensation is determined by a resolution of Board of Directors within the total amount of compensation resolved at the General Meeting of Shareholders.
- The Compensation Committee has fully deliberated about verifications and reviews of the compensation system, the composition of the compensation, and compensation level for each position, target setting and result confirmation of performance-based bonuses, and the allocation of the restricted shares. Subsequent to the decision of the above policy, the content of individual compensation for Directors in this fiscal year is also decided after being first deliberated by the Compensation Committee based on the policy. Board of Directors of the Company therefore judges that such content of compensation is in accordance with the policy regarding decisions of the content of individual compensations for Directors.

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

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

- Compensation to Audit & Supervisory Board Members is only fixed and basic in view of the role of management oversight and no position to take charge of business execution.
- The level of basic compensation is set aiming to provide medium to high level compensations in the industrial circle, referring to the levels of other companies learned from the surveys of external specialist institutions.
- The amount of the compensation for each individual Audit & Supervisory Board Member has been determined through the discussions and with the unanimous consent in Audit & Supervisory Board meetings within the total amount of compensation approved by the General Meeting of Shareholders.

(10) Basic Policy Regarding Moves toward Large-Scale Acquisition of Company's Shares

- The Company believes that it is the shareholders to decide whether or not to respond to any moves toward large-scale acquisition of Company 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 defenses.
- 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 mutual 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 share are noticed, the Company would evaluate any takeover proposal with outside experts and determine carefully the impact of such on the corporate value and the mutual 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.

4. Internal Control System

- Internal Control System is posted on the Company's website, in accordance with laws and ordinance, and Article 16 of the Company's Articles of Incorporation.
<https://www.daiichisankyo.co.jp/investors/shareholders/meetings/>

5. Matters regarding Accounting Auditors

- Matters regarding Accounting Auditors are posted on the Company's website, in accordance with laws and ordinance, and Article 16 of the Company's Articles of Incorporation.
<https://www.daiichisankyo.co.jp/investors/shareholders/meetings/>

Consolidated Statement of Financial Position (IFRS)
(As of March 31, 2021)

(Millions of yen)

Account	15th Fiscal Period (for reference)	16th Fiscal Period
[ASSETS]		
Current assets		
Cash and cash equivalents	424,184	380,547
Trade and other receivables	309,363	232,036
Other financial assets	466,528	444,368
Inventories	173,362	200,860
Other current assets	10,546	10,607
Subtotal	1,383,984	1,268,420
Assets held for sale	134	-
Total current assets	1,384,119	1,268,420
Non-current assets		
Property, plant and equipment	247,053	265,281
Goodwill	76,760	77,706
Intangible assets	172,499	172,822
Investments accounted for using the equity method	383	1,440
Other financial assets	97,974	139,991
Deferred tax assets	114,748	128,525
Other non-current assets	12,079	30,990
Total non-current assets	721,499	816,757
Total assets	2,105,619	2,085,178

Note: Figures are rounded down to the nearest million Japanese yen.

(Millions of yen)

Account	15th Fiscal Period (for reference)	16th Fiscal Period
[LIABILITIES AND EQUITY]		
Current liabilities		
Trade and other payables	270,867	297,499
Bonds and borrowings	40,389	20,391
Other financial liabilities	9,490	9,359
Income taxes payable	9,937	6,096
Provisions	5,367	6,051
Other current liabilities	15,019	14,173
Total current liabilities	351,071	353,571
Non-current liabilities		
Bonds and borrowings	183,811	163,441
Other financial liabilities	37,118	36,983
Post-employment benefit liabilities	5,263	3,929
Provisions	10,597	8,741
Deferred tax liabilities	15,641	17,516
Other non-current liabilities	195,840	228,941
Total non-current liabilities	448,273	459,553
Total liabilities	799,344	813,125
[EQUITY]		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	94,633	94,494
Treasury shares	(162,519)	(261,252)
Other components of equity	82,094	111,479
Retained earnings	1,241,600	1,277,332
Total equity attributable to owners of the Company	1,305,809	1,272,053
Non-controlling interests		
Non-controlling interests	464	-
Total equity	1,306,274	1,272,053
Total liabilities and equity	2,105,619	2,085,178

Note: Figures are rounded down to the nearest million Japanese yen.

Consolidated Statement of Profit or Loss (IFRS)
(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Account	15th Fiscal Period (for reference)	16th Fiscal Period
Revenue	981,793	962,516
Cost of sales	343,206	338,289
Gross profit	638,586	624,227
Selling, general and administrative expenses	302,320	333,079
Research and development expenses	197,465	227,353
Operating profit	138,800	63,795
Financial income	9,849	12,916
Financial expenses	7,813	2,755
Share of profit (loss) of investments accounted for using the equity method	327	168
Profit before tax	141,164	74,124
Income taxes	12,196	(1,705)
Profit for the year	128,967	75,830
Profit attributable to:		
Owners of the Company	129,074	75,958
Non-controlling interests	(107)	(127)

Note: Figures are rounded down to the nearest million Japanese yen.

Non-Consolidated Balance Sheet (Japanese GAAP)
(As of March 31, 2021)

(Millions of yen)

Account	15th Fiscal Period (for reference)	16th Fiscal Period
[ASSETS]	1,657,134	1,589,239
I. Current assets	997,027	887,558
Cash and time deposits	531,371	370,915
Trade notes receivable	238	223
Accounts receivable - trade	238,138	173,209
Securities	109,997	189,983
Merchandise and finished goods	64,896	76,318
Raw materials	26,207	41,020
Prepaid expenses	2,709	2,830
Short-term loans receivable	4,482	2,025
Accounts receivable - other	16,279	25,617
Other current assets	4,844	7,589
Provisions for doubtful accounts	(2,138)	(2,175)
II. Non-current assets	660,107	701,680
Property, plant and equipment	81,375	81,326
Buildings and structures	59,047	57,287
Machinery	695	717
Vehicles, tools, furniture and fixtures	6,607	7,643
Land	14,816	14,816
Construction in progress	209	862
Intangible assets	27,246	20,599
Patent rights	405	343
Software	2,734	2,238
Others	24,106	18,018
Investments and other assets	551,485	599,753
Investment securities	49,619	61,788
Shares in subsidiaries and associates	264,797	269,777
Investments in capital of subsidiaries and associates	105,201	106,040
Long-term loans receivable	15,888	15,863
Prepaid pension costs	19,459	25,536
Deferred tax assets	84,609	89,388
Others	12,069	31,489
Provisions for doubtful accounts	(162)	(131)
Total	1,657,134	1,589,239

Note: Figures are rounded down to the nearest million Japanese yen.

(Millions of yen)

Account	15th Fiscal Period (for reference)	16th Fiscal Period
[LIABILITIES]	651,637	641,473
I. Current liabilities	314,717	292,625
Accounts payable - trade	38,465	38,125
Short-term bonds	20,000	-
Short-term borrowings	69,160	36,059
Accounts payable - other	70,493	81,803
Accrued expenses	41,428	40,490
Income taxes payable	2,809	1,016
Consumption taxes payable	6,601	2,975
Deposit received	50,101	65,718
Contract liabilities	11,084	18,225
Provisions for environmental measures	198	1,015
Other current liabilities	4,373	7,194
II. Non-current liabilities	336,920	348,848
Bonds	120,000	120,000
Long-term borrowings	61,000	41,000
Long-term accounts payable - other	352	325
Contract liabilities	144,687	175,101
Provisions for business restructuring	110	-
Provisions for environmental measures	8,000	6,558
Other non-current liabilities	2,770	5,863
[NET ASSETS]	1,005,497	947,766
I. Shareholders' equity	986,841	919,688
Share capital	50,000	50,000
Capital surplus	656,095	655,620
Legal reserve	179,858	179,858
Other capital surplus	476,237	475,762
Retained earnings	443,265	475,320
Other retained earnings	443,265	475,320
Reserve for advanced depreciation of property, plant and equipment	5,568	5,267
Retained earnings carried forward	437,696	470,052
Treasury shares	(162,519)	(261,252)
II. Valuation and translation adjustments	17,044	27,039
Net unrealized gain or loss on investment securities	17,044	27,039
III. Subscription rights to shares	1,611	1,038
Total	1,657,134	1,589,239

Note: Figures are rounded down to the nearest million Japanese yen.

Non-Consolidated Statement of Income (Japanese GAAP)
(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Account	15th Fiscal Period (for reference)	16th Fiscal Period
Net sales	664,909	701,000
Cost of sales	280,538	268,034
Gross profit	384,371	432,965
Selling, general and administrative expenses	368,283	393,312
Operating income	16,087	39,652
Non-operating income	40,817	49,047
Interest income	624	191
Interest on securities	12	32
Dividend income	35,159	42,772
Rental income	4,067	3,965
Foreign exchange gains, net	-	1,565
Other non-operating income	954	518
Non-operating expenses	7,166	4,156
Interest expenses	793	602
Interest on bonds	1,350	1,127
Foreign exchange losses, net	2,693	-
Cost of rental income	1,769	1,940
Depreciation of idle non-current assets	44	32
Other non-operating expenses	514	453
Ordinary income	49,738	84,543
Extraordinary gains	62,857	1,887
Gain on sales of non-current assets	15,865	2
Gain on sales of investment securities	14,526	1,409
Gain on sales of subsidiaries and associates' shares	32,408	-
Other extraordinary gains	57	475
Extraordinary losses	9,527	15,947
Loss on disposal of non-current assets	847	602
Loss compensation	-	15,000
Provisions for environmental measures	8,198	-
Other extraordinary losses	481	345
Income before income taxes	103,068	70,484
Income taxes - current	7,076	(1,351)
Income taxes - deferred	(15,382)	(9,166)
Net income	111,374	81,002

Note: Figures are rounded down to the nearest million Japanese yen.

Translation of a report originally issued in Japanese

Independent Auditor's Report

May 14, 2021

The Board of Directors
Daiichi Sankyo Company, Limited

KPMG AZSA LLC
Tokyo Office, Japan

Kanako Ogura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Michiaki Yamabe (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahiro Emori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the related notes of Daiichi Sankyo Company, Limited. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 to Consolidated Statement of Financial Position (3) Contingent Liabilities 2) Litigations. The Company filed a Declaratory Judgement action in the District Court of Delaware in November 2019 in response to receiving communications from Seagen Inc., claiming certain intellectual property rights related to Daiichi Sankyo's antibody-drug conjugate (ADC) products with respect to a collaboration between the two companies for the development of ADCs. On the other hand, Seagen Inc. applied for an arbitration on the objection in November 2019 and thereafter the arbitration procedure has been in progress. Although the Company does not currently recognize any obligation to Seagen Inc., the Company may need to make payments depending on the results of the arbitration or other proceedings. Our opinion is not modified in respect of this matter.

Responsibilities of Management, Audit and Supervisory Board and Its Members for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit and Supervisory Board and its members are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the latter part of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required by International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit and Supervisory Board and its members regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Translation of a report originally issued in Japanese

Independent Auditor's Report

May 14, 2021

The Board of Directors
Daiichi Sankyo Company, Limited

KPMG AZSA LLC
Tokyo Office, Japan

Kanako Ogura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Michiaki Yamabe (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahiro Emori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the supplementary schedules ("the financial statements and others") of Daiichi Sankyo Company, Limited ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and others referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and others were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 to Non-Consolidated Balance Sheet (2) Contingent Liabilities 2) Litigations. The Company filed a Declaratory Judgement action in the District Court of Delaware in November 2019 in response to receiving communications from Seagen Inc., claiming certain intellectual property rights related to Daiichi Sankyo's antibody-drug conjugate (ADC) products with respect to a collaboration between the two companies for the development of ADCs. On the other hand, Seagen Inc. applied for an arbitration on the objection in November 2019 and thereafter the arbitration procedure has been in progress. Although the Company does not currently recognize any obligation to Seagen Inc., the Company may need to make payments depending on the results of the arbitration or other proceedings. Our opinion is not modified in respect of this matter.

Responsibilities of Management, Audit and Supervisory Board and Its Members for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and others in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and others that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and others, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit and Supervisory Board and its members are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and others.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and others, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit at the time of risk assessment in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and others or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and others are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and others, including the disclosures, and whether the financial statements and others represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit and Supervisory Board and its members regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Supervisory Board and its members with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Translation of a report originally issued in Japanese

AUDIT REPORT

In the following report, we, Audit & Supervisory Board, have prepared the results of consultation based on the Audit Reports compiled by each Audit & Supervisory Board Member, with respect to the audit of the performance of duties by Directors during the 16th business year from April 1, 2020 to March 31, 2021.

1. Auditing methods used by Audit & Supervisory Board Members and Audit & Supervisory Board, and details of audit

- (1) Audit & Supervisory Board specified the audit standard, and the audit policy and the audit plan for the 16th fiscal year ended March 31, 2021, and received reports on the status and results of the audit carried out by each Audit & Supervisory Board Member based on said standard, policy and plan, as well as received reports from Directors and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.
- (2) Each Audit & Supervisory Board Member, according to the audit standard set up by Audit & Supervisory Board described in (1), has maintained good communications with Directors, the audit division and employees of other divisions, and strived to collect information and improve the audit environment. We have executed the audit based on the following methods.
 - 1) Each Audit & Supervisory Board Member attended meetings of Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and its major business offices. With regard to subsidiaries, in addition to maintaining good communications and exchanging information with Directors, Audit & Supervisory Board Members and others of the subsidiaries of the Company, and, as needed, receiving from the subsidiaries reports on their business conditions, Audit & Supervisory Board of the Company, for each domestic subsidiary, received reports from Audit & Supervisory Board Members of the subsidiary concerning the audit results. Also, full-time Audit & Supervisory Board Members of the Company concurrently served as part-time Audit & Supervisory Board Members of principal domestic subsidiaries. They attended Board of Directors meetings and Management Executive Meetings of those companies, perused important approval document and other such documentation, sought explanations as necessary, and checked those companies' status of the establishment and implementation of their internal control systems.
 - 2) We have monitored and verified the details of the resolution made by Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Regulation for Enforcement of the Companies Act as what is necessary for ensuring compliance with laws and regulations and the Company's Articles of Incorporation in the execution of duties by Directors, which are described in the Business Report, and for ensuring the proper operation of the Group consisting of the Company and its subsidiaries. We have also monitored and verified the status of the systems established based on the said resolution (internal control systems) by periodically receiving from Directors and employees reports on the status of development and operation of such systems.
 - 3) We have received from the accounting auditors' reports on the execution of their duties and asked them for explanations as necessary. We were reported by the accounting auditors that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Regulation on Corporate Accounting) have been established in accordance with the Quality Control Standards Concerning Audit (Business Accounting Council, October 28, 2005), etc., and asked them for explanations as necessary. We have monitored and verified whether the accounting auditors maintain independency and properly implement audit.

In light of the audit conducted based on methods mentioned above, we have reviewed the Business Report, their supplementary schedules, financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) for the said fiscal year.

2. Results of Audit

- (1) Results of audit of the Business Report, etc.
 - 1) We consider that the Business Report and their supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Article of Incorporation.
 - 2) With respect to the performance of duties by Directors, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Article of Incorporation.
 - 3) We consider that the details of the resolution made by Board of Directors concerning internal control systems are proper. With respect to the details described in the Business Report and the performance of duties by Directors regarding the said internal control systems, we have found no items to be pointed out.
- (2) Results of audit of financial statements and their supplementary schedules
We consider that the auditing methods and results of the Company's Accounting Auditors, KPMG AZSA LLC, are proper.
- (3) Results of audit of consolidated financial statements
We consider that the auditing methods and results of the Company's Accounting Auditors, KPMG AZSA LLC, are proper.

May 17, 2021

Audit & Supervisory Board of Daiichi Sankyo Company, Limited

Full-time Audit & Supervisory Board Member	Ryoichi Watanabe (Seal)
Full-time Audit & Supervisory Board Member	Kenji Sato (Seal)
Outside Audit & Supervisory Board Member	Sayoko Izumoto (Seal)
Outside Audit & Supervisory Board Member	Tateshi Higuchi (Seal)
Outside Audit & Supervisory Board Member	Yukiko Imazu (Seal)

Information on exercising voting rights:

Please exercise your voting rights by no later than 5:30 p.m. on June 18 (Friday), 2021 (Japan Time).

Exercise of voting rights via the Internet: Please refer to the enclosed leaflet.

Exercise of voting rights by mail:

Please indicate your approval or disapproval for the proposals on the enclosed voting form and send the form back to the Company, so that we receive it by the deadline above.

From the perspective of preventing the spread of COVID-19, we ask shareholders and their families to give top priority to their safety, and exercise their voting rights in advance via the Internet or in writing as much as possible. We strongly request that you refrain from visiting the venue on the day of the general meeting of shareholders.

■ To institutional investors:

The Company participates in the electronic voting platform for institutional investors operated by ICJ, Inc.

▶ Treatment of voting rights exercised more than once

Treatment of duplicate votes by mail and via the Internet

If your voting rights are exercised both by mail and via the internet, we will consider the exercise via the Internet to be valid.

Treatment of duplicate votes via the Internet

If your voting rights are exercised more than once via the Internet, we will consider the latest vote to be valid.

Points to Note

- All costs associated with the access to the voting website (<https://evote.tr.mufg.jp/>) (cost of dial-up connections, telephone tolls, etc.) need to be borne by the shareholder. Also, when voting by mobile phone, packet communication fees and other costs entailed by the use of mobile phones also need to be borne by the shareholder.
- Please note that shareholders cannot exercise the rights on the website between 2:00 a.m. and 5:00 a.m. (Japan Time) each day due to maintenance and inspection. Please complete the entry of your voting by the deadline above.

For further assistance regarding the system, please contact:
Transfer Agent Department (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation
Phone: 0120-173-027 (9:00 to 21:00 (Japan Time), toll free (Japan only))