



July 31, 2024

Consolidated Financial Results for the First Three Months of the Year Ending March 31, 2025 (Fiscal 2024) <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
 Listed exchange: the Tokyo Stock Exchange
 Stock code number: 4568
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Scheduled date of dividend payments: –
 Preparing supplementary material (Reference Data) on quarterly financial results: Yes
 Holding quarterly information meeting: Yes (for institutional investors, analysts and the press)

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

1. Consolidated Financial Results for the First Three Months of the Year Ending March 31, 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated Financial Results

(Percentages indicate changes from the same period in the previous fiscal year)

	Revenue		Core Operating profit		Operating profit		Profit before tax	
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Three months ended June 30, 2024	436,175	24.3	72,882	63.9	92,979	111.2	110,198	111.4
Three months ended June 30, 2023	350,835	25.2	44,463	29.4	44,032	28.1	52,133	77.2

	Profit for the period		Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	JPY	JPY
Three months ended June 30, 2024	85,383	49.8	85,383	49.8	135,469	19.7	44.60	44.57
Three months ended June 30, 2023	57,013	202.4	57,013	202.4	113,144	50.6	29.74	29.72

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

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of JPY	Millions of JPY	Millions of JPY	%	JPY
As of June 30, 2024	3,437,132	1,720,849	1,720,849	50.1	901.38
As of March 31, 2024	3,461,135	1,688,603	1,688,173	48.8	880.40

2. Dividend

	Annual dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	JPY	JPY	JPY	JPY	JPY
Year ended March 31, 2024	–	20.00	–	30.00	50.00
Year ending March 31, 2025	–				
Year ending March 31, 2025 (Forecast)		30.00	–	30.00	60.00

Note: Revision of the forecast from most recently announced figures: No

3. Forecast of Consolidated Financial Results for Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate changes from the previous fiscal year)

	Revenue		Core operating profit		Operating profit		Profit before tax		Profit for the year	
	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%	Millions of JPY	%
Full year	1,750,000	9.3	210,000	7.5	230,000	8.7	235,000	(0.9)	190,000	(5.5)

	Profit attributable to owners of the Company		Basic earnings per share
	Millions of JPY	%	JPY
Full year	190,000	(5.3)	99.09

Note: Revision of the forecast from most recently announced figures: No

*Notes

(1) Significant changes in the scope of consolidation during the period : Yes

Excluded from consolidation: One company Daiichi Sankyo Espha Co., Ltd.

Note: Please see “2. Condensed Interim Consolidated Financial Statements with Primary Notes, (5) Notes to Condensed Interim Consolidated Financial Statements, (Significant changes in the scope of consolidation during the period)” on page 17.

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

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

(3) Number of ordinary shares issued

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

As of June 30, 2024	1,947,034,029 shares
As of March 31, 2024	1,947,034,029 shares

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

As of June 30, 2024	37,896,419 shares
As of March 31, 2024	29,531,339 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	1,914,362,840 shares
Three months ended June 30, 2023	1,917,345,695 shares

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: No

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

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

Please see “1. Qualitative Information about Consolidated Results for the First Three Months (3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements” on page 8 for matters related to the above forecasts.

Attached Material

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1. Results of Operations

(1) Operating Results for the first three months of the year ending March 31, 2025

1) Overview

[Consolidated Financial Results (Core Base)]

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

	Three months ended June 30, 2023	Three months ended June 30, 2024	YoY change
Revenue	350,835	436,175	85,339 24.3%
Cost of sales*	93,609	94,985	1,375 1.5%
Selling, general and administrative expenses*	135,609	167,618	32,008 23.6%
Research and development expenses*	77,152	100,689	23,536 30.5%
Core operating profit*	44,463	72,882	28,418 63.9%
Temporary income*	514	20,096	19,582 —
Temporary expenses*	945	0	-944 -100.0%
Operating profit	44,032	92,979	48,946 111.2%
Profit before tax	52,133	110,198	58,064 111.4%
Profit attributable to owners of the Company	57,013	85,383	28,370 49.8%
Total comprehensive income	113,144	135,469	22,325 19.7%

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

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

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

	Three months ended June 30, 2023	Three months ended June 30, 2024
USD/JPY	137.37	155.89
EUR/JPY	149.46	167.88

a. Revenue

- Revenue in the first three months of the year ending March 31, 2025 increased by JPY85.3 billion, or 24.3% year on year, to JPY436.2 billion.
- Revenue increased year on year due to the achieved growth with global mainstay products such as Enhertu (generic name: trastuzumab deruxtecan, T-DXd/DS-8201) and Lixiana (generic name: edoxaban), the positive effect from foreign exchange by the depreciation of JPY and others.
- The positive effect on revenue from foreign exchange was JPY30.4 billion in total.

b. Core operating profit

- Core operating profit increased by JPY28.4 billion, or 63.9% year on year, to JPY72.9 billion.
- Cost of sales was contained to JPY95.0 billion, constituting an increase of JPY1.4 billion, or 1.5% year on year, due to an improvement in cost-to-sales ratio as a result of a change in the product mix and others, despite an increase in revenue.
- Selling, general and administrative expenses increased by JPY32.0 billion, or 23.6%, to JPY167.6 billion due to the cost increase by an increase in profit sharing with AstraZeneca related to Enhertu.
- Research and development expenses increased by JPY23.5 billion, or 30.5% year on year, to JPY100.7 billion due to increased R&D investment in 5DXd ADCs (trastuzumab deruxtecan, datopotamab deruxtecan: Dato-DXd/DS-1062, patritumab deruxtecan: HER3-DXd/U3-1402, ifinatamab deruxtecan: I-DXd/DS-7300, DS-6000).
- The negative effect on core operating profit from foreign exchange was JPY2.0 billion in total.

c. Operating profit

- Operating profit increased by JPY48.9 billion, or 111.2% year on year, to JPY93.0 billion.
- The amount of increase compared to that of core operating profit was higher due to an increase in temporary income as a result of recording the gain on share transfer of Daiichi Sankyo Espha Co., Ltd.

d. Profit before tax

- Profit before tax increased by JPY58.1 billion, or 111.4% year on year, to JPY110.2 billion.
- The amount of increase compared to that of operating profit was higher mainly due to JPY 9.1 billion improvement in financial balance by an improvement in loss (gain) on exchange differences.

e. Profit attributable to owners of the Company

- Profit attributable to owners of the Company increased by JPY28.4 billion, or 49.8% year on year, to JPY85.4 billion.
- The amount of increase compared to that of profit before tax was lower due to the increase in income taxes. While income taxes decreased in the first three months of the year ending March 31, 2024 due to the impact of tax effect accounting related to the decision to transfer Daiichi Sankyo Espha Co.,

Ltd and others, there was no such impact in the first three months ending March 31, 2025, and income taxes increased compared year on year.

f. Total comprehensive income

- Total comprehensive income increased by JPY22.3 billion, or 19.7% year on year, to JPY135.5 billion.

[Revenue by Business Unit]

Revenue by business unit in the first three months of the year ending March 31, 2025 is as follows. Revenue by product is stated in the reference data.

a. Japan Business Unit

- Revenue from Japan Business Unit includes revenue from products generated by the innovative pharmaceuticals business and the vaccine business.
- Revenue from the Unit decreased by JPY1.3 billion, or 1.1% year on year, to JPY117.7 billion due to the loss of revenue from products generated by the generic pharmaceutical business since April 2024 in conjunction with the exclusion of Daiichi Sankyo Espha Co., Ltd. from the scope of consolidation, despite the growth of Lixiana, Enhertu, Tarlige and others.

The following describes the major progress in the first three months of the year ending March 31, 2025.

- In June 2024, antitumor agent Ezharmia was approved for relapsed or refractory peripheral T-cell lymphoma (PTCL) and the promotion began.

b. Daiichi Sankyo Healthcare Unit

- Revenue from Daiichi Sankyo Healthcare Unit increased by JPY2.9 billion, or 17.0% year on year, to JPY20.0 billion as a result of the increase in sales of Mytear, Loxonin, Lulu and others.

c. Oncology Business Unit

- Revenue from Oncology Business Unit includes revenue generated from cancer treatment products sold by Daiichi Sankyo, Inc. (the U.S.) and Daiichi Sankyo Europe GmbH.
- Revenue from the Unit increased by JPY35.8 billion, or 50.7% year on year, to JPY106.4 billion and the revenue in local currency increased by USD169 million, or 32.8%, to USD683 million due to growth of Enhertu in the U.S. and Europe.

The following describes the major progress in the first three months of the year ending March 31, 2025.

- In April 2024, Enhertu was approved in the U.S. for multiple HER2-positive solid tumors and the promotion began.

d. American Regent Unit

- Revenue from American Regent Unit increased by JPY5.3 billion, or 10.4% year on year, to JPY55.9 billion and the revenue in local currency decreased by USD10 million, or 2.7%, to USD359 million due to an increase in sales of Injectafer and positive effect on revenue from foreign exchange.

e. EU Specialty Business Unit

- Revenue from EU Specialty Business Unit includes revenue from products other than from cancer treatment products generated by Daiichi Sankyo Europe GmbH.
- Revenue from the Unit increased by JPY17.7 billion, or 42.7% year on year, to JPY59.2 billion and the revenue in local currency increased by EUR75 million, or 27.0%, to EUR353 million due to the growth in sales of Lixiana and Nilemdo/Nustendi.

The following describes the major progress in the first three months year ending March 31, 2025.

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

f. ASCA Business Unit

- Revenue from ASCA^{*1} Business Unit includes sales to overseas licensees.
- Revenue from the Unit increased by JPY9.2 billion, or 23.4% year on year, to JPY48.7 billion due to increase of Enhertu in Brazil and others.

^{*1} Asia, South & Central America

2) Status of R&D

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

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

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

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

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

【5DXd ADCs】

The following describes the Group’s clinical development of 5DXd ADCs projects in the first three months of the year ending March 31, 2025. The status of each clinical trial is stated in the reference data.

The Group is developing trastuzumab deruxtecan and datopotamab deruxtecan jointly with AstraZeneca. In addition, the Group concluded a strategic collaboration agreement with Merck & Co., Inc., Rahway, NJ, USA (hereinafter “Merck in the U.S.”) for patritumab deruxtecan, ifinatamab deruxtecan, and DS-6000 in October 2023 and the Group is developing these three products jointly with Merck in the U.S.

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

The following describes the major progress in the first three months of the year ending March 31, 2025.

- In April 2024, the application was approved in the U.S. for second or later line treatment for HER2 positive (IHC 3+) solid tumors.

- In April 2024, the outline of trial results from the Phase III clinical trial for treatment of chemotherapy naïve patients with hormone receptor (HR) positive and HER2 low breast cancer (trial name: DESTINY-Breast06) was presented.
- In June 2024, major analysis data was presented at the American Society of Clinical Oncology (ASCO) from the DESTINY-Breast06 trials.
- In June 2024, the latest data for monotherapy and combination therapy with pertuzumab as first line treatments was presented at ASCO from the Phase Ib/II trial to evaluate monotherapy and combination therapy for patients with HER2 positive breast cancer (trial name: DESTINY-Breast07).

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

The following describes the major progress in the first three months of the year ending March 31, 2025.

- In April 2024, the application for approval was accepted in the U.S. for second or later line treatment for HR positive, HER2 low or negative breast cancer.
- In May 2024, the outline of major analysis results on overall survival (OS) was presented from the Phase III clinical trial as second or later line treatment for NSCLC (trial name: TROPION-Lung01).
- In May 2024, the Phase III clinical trial for combination therapy with Rilvegostomig (AZD2936) as first line treatment for nonsquamous NSCLC (trial name: TROPION-Lung10) was initiated.
- In May 2024, the Phase III clinical trial for combination therapy with osimertinib as first line treatment of EGFR-mutated NSCLC (trial name: TROPION-Lung14) was initiated.
- In June 2024, the latest data of subgroup analysis from the Phase Ib trial for first line treatment of NSCLC in combination with immune checkpoint inhibitors (trial name: TROPION-Lung02) was presented at ASCO.

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

The following describes the major progress in the first three months of the year ending March 31, 2025.

- In June 2024, a complete response letter was received from the Food and Drug Administration (FDA) in response to the application for approval in the U.S. for third line treatment of EGFR-mutated NSCLC based on the Phase II clinical trial (trial name: HERTHENA-Lung01).

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

The following describes the major progress in the first three months of the year ending March 31, 2025.

- In May 2024, the Phase II clinical trial for second or later line treatment for solid tumors (trial name: IDEate-Pantumor02) was initiated.

e. DS-6000 (CDH6-directed ADC)

The following describes the major progress in the first three months of the year ending March 31, 2025.

- In April 2024, the Phase II/III clinical trial for platinum-resistant ovarian cancer (trial name: REJOICE-Ovarian01) was initiated.

【Next Wave】

The following describes the major progress in the Next Wave in the first three months of the year ending March 31, 2025. The status of each clinical trial is stated in the reference data.

- In April 2024, the application for approval was accepted in Japan for administration of DS-5670 (COVID-19 mRNA vaccine, brand name in Japan: DAICHIRONA) to ages five to 11 years.

- In June 2024, the application for approval was accepted in Japan for administration of DS-5670 to ages 12 years and older as vaccines against strains selected by the Ministry of Health, Labour and Welfare of Japan (MHLW) for Fiscal 2024 in Japan .
- In June 2024, two mRNA vaccines under development (pandemic influenza mRNA vaccine, and a seasonal influenza and COVID-19 combination vaccine) were adopted by MHLW for its “Vaccine Large Scale Clinical Trial Project.”
- In June 2024, the application was approved in Japan for the use of valemetostat (DS-3201: EZH1/2 inhibitor, brand name in Japan: Ezharmia) for the treatment of peripheral T-cell lymphoma (PTCL).
- In June 2024, the application was approved in China for the use of mirogabalin (DS-5565: $\alpha_{2\delta}$ (alpha 2 delta) ligand, brand name in Japan: Tarlige) for the treatment of diabetic peripheral neuropathic pain.

(2) Analysis of Financial Position as of June 30, 2024

- Total assets as of June 30, 2024 were JPY3,437.1 billion, a decrease of JPY24 billion from the previous fiscal year-end, mainly due to decreases in other financial assets (current assets), which were partially offset by an increase in cash and cash equivalents and trade and other receivables.
- Total liabilities as of June 30, 2024 were JPY1,716.3 billion, a decrease of JPY56.2 billion from the previous fiscal year-end, mainly due to decreases in trade and other payables and other current liabilities and income taxes payable, which were partially offset by an increase in other non-current liabilities.
- Total equity as of June 30, 2024 was JPY1,720.8 billion, an increase of JPY32.2 billion from the previous fiscal year-end, mainly due to the profit for the period and increases in other components of equity, which was partially offset by the dividend payment and purchase of own shares (8.38 million shares at an aggregate purchase cost of JPY45.7 billion: The maximum total number of shares to be purchased is 55 million shares or the maximum aggregate purchase cost is JPY200 billion.)
- The ratio of equity attributable to owners of the Company to total assets was 50.1, an increase of 1.3 points from the previous fiscal year-end.

(3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements

- There are no changes from the forecasts of consolidated financial results for the year ending March 31, 2025 publicly announced on April 25, 2024.

(4) Information about Return to Shareholders

- In order to secure sustainable growth in corporate value, one of the fundamental business policies of Daiichi Sankyo is to decide profit distributions based on a comprehensive consideration of the investments essential for implementing its growth strategy and returning profits to shareholders.
- For fiscal 2023, the Company paid a year-end dividend of JPY30 per share on June 18, 2024. Accordingly, the annual dividend for the fiscal year, together with the interim dividend of JPY20 per share paid on December 8, 2023, was JPY50 per share in total.
- For fiscal 2024, given a higher probability of achieving the major financial targets for fiscal 2025 mainly due to further increase in sales of Enhertu, the Company intends to pay JPY60 as annual dividend per share, increased by JPY10 compared to that of fiscal 2023. The Company intends to pay an interim dividend and a year-end dividend each amounting to JPY30 per share. In addition, the Company has decided to acquire its own shares from April 26, 2024 to January 15, 2025 up to a total acquisition amount of JPY200.0 billion or a total acquisition shares of 55 million shares and to cancel all the own shares acquired through the acquisition (Scheduled cancellation date: January 31, 2025) at the meeting of the Board of Directors held on April 25, 2024 to enhance capital efficiency and to improve shareholder returns. Based on the decision of the Board of Directors on April 25, 2024, the Company acquired approximately 8.38 million own shares for the cost of approximately JPY45.7 billion by June 30, 2024.

2. Condensed Interim Consolidated Financial Statements with Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of JPY)

	As of March 31, 2024	As of June 30, 2024
ASSETS		
Current assets		
Cash and cash equivalents	647,180	805,259
Trade and other receivables	454,188	544,463
Other financial assets	577,040	204,096
Inventories	438,111	444,698
Other current assets	32,999	51,077
Subtotal	2,149,521	2,049,595
Assets held for sale	24,503	12,250
Total current assets	2,174,024	2,061,845
Non-current assets		
Property, plant and equipment	421,692	448,346
Goodwill	108,498	114,043
Intangible assets	168,300	174,884
Investments accounted for using the equity method	608	634
Other financial assets	147,906	159,374
Deferred tax assets	249,354	242,220
Other non-current assets	190,749	235,785
Total non-current assets	1,287,111	1,375,287
Total assets	3,461,135	3,437,132

(Millions of JPY)

	As of March 31, 2024	As of June 30, 2024
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Trade and other payables	557,131	531,155
Bonds and borrowings	399	399
Other financial liabilities	12,775	13,800
Income taxes payable	46,391	21,274
Provisions	15,435	11,426
Contract liabilities	57,435	56,970
Other current liabilities	22,345	27,637
Subtotal	711,914	662,664
Liabilities directly associated with assets held for sale	11,484	-
Total current liabilities	723,399	662,664
Non-current liabilities		
Bonds and borrowings	101,314	101,218
Other financial liabilities	46,229	49,577
Post-employment benefit liabilities	1,291	1,456
Provisions	13,978	14,124
Contract liabilities	680,166	666,109
Deferred tax liabilities	12,858	13,255
Other non-current liabilities	193,294	207,875
Total non-current liabilities	1,049,133	1,053,619
Total liabilities	1,772,532	1,716,283
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	1,962	2,721
Own shares	(36,629)	(82,326)
Other components of equity	283,998	333,576
Retained earnings	1,388,842	1,416,877
Total equity attributable to owners of the Company	1,688,173	1,720,849
Non-controlling interests	429	-
Total equity	1,688,603	1,720,849
Total liabilities and equity	3,461,135	3,437,132

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

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of JPY)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	350,835	436,175
Cost of sales	93,675	95,049
Gross profit	257,159	341,125
Selling, general and administrative expenses	136,580	175,115
Research and development expenses	77,152	100,714
Other income	606	27,683
Other expenses	0	0
Operating profit	44,032	92,979
Financial income	8,821	19,133
Financial expenses	727	1,974
Share of profit (loss) of investments accounted for using the equity method	6	60
Profit before tax	52,133	110,198
Income taxes	(4,879)	24,815
Profit for the period	57,013	85,383
Profit attributable to:		
Owners of the Company	57,013	85,383
Earnings per share		
Basic earnings per share (JPY)	29.74	44.60
Diluted earnings per share (JPY)	29.72	44.57

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of JPY)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit for the period	57,013	85,383
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	7,917	4,457
Remeasurements of defined benefit plans	11	(0)
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	48,180	44,890
Cash flow hedges	21	738
Total other comprehensive income for the period, net of tax	56,131	50,086
Total comprehensive income for the period	113,144	135,469
Total comprehensive income attributable to:		
Owners of the Company	113,144	135,469

(3) Condensed Interim Consolidated Statement of Changes in Equity

Three months ended June 30, 2023

(Millions of JPY)

	Equity attributable to owners of the Company					
	Share capital	Own shares	Subscription rights to shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2023	50,000	(36,808)	608	168,415	403	31,446
Profit for the period	–	–	–	–	–	–
Other comprehensive income for the period	–	–	–	48,180	21	7,917
Total comprehensive income for the period	–	–	–	48,180	21	7,917
Purchase of own shares	–	(5)	–	–	–	–
Disposal of own shares	–	13	(6)	–	–	–
Dividend	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(209)
Transfer to non-financial assets and similar items	–	–	–	–	(424)	–
Others	–	–	–	–	–	–
Total transactions with owners of the Company	–	7	(6)	–	(424)	(209)
Balance as of June 30, 2023	50,000	(36,800)	602	216,596	–	39,154

(Millions of JPY)

	Equity attributable to owners of the Company				
	Other components of equity			Total equity attributable to owners of the Company	Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings		
Balance as of April 1, 2023	–	200,874	1,231,788	1,445,854	1,445,854
Profit for the period	–	–	57,013	57,013	57,013
Other comprehensive income for the period	11	56,131	–	56,131	56,131
Total comprehensive income for the period	11	56,131	57,013	113,144	113,144
Purchase of own shares	–	–	–	(5)	(5)
Disposal of own shares	–	(6)	(6)	0	0
Dividend	–	–	(28,760)	(28,760)	(28,760)
Transfer from other components of equity to retained earnings	(11)	(220)	220	–	–
Transfer to non-financial assets and similar items	–	(424)	–	(424)	(424)
Others	–	–	60	60	60
Total transactions with owners of the Company	(11)	(652)	(28,485)	(29,130)	(29,130)
Balance as of June 30, 2023	–	256,353	1,260,315	1,529,868	1,529,868

Three months ended June 30, 2024

(Millions of JPY)

	Equity attributable to owners of the Company						
	Share capital	Capital surplus	Own shares	Other components of equity			
				Subscription rights to shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2024	50,000	1,962	(36,629)	560	243,928	(232)	39,742
Profit for the year	–	–	–	–	–	–	–
Other comprehensive income for the year	–	–	–	–	44,890	738	4,457
Total comprehensive income for the year	–	–	–	–	44,890	738	4,547
Purchase of own shares	–	–	(45,712)	–	–	–	–
Disposal of own shares	–	(11)	15	(3)	–	–	–
Dividend	–	–	–	–	–	–	–
Share-based compensation	–	770	–	–	–	–	–
Changes associated with losing control of subsidiaries	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	–	1
Transfer to non-financial assets and similar items	–	–	–	–	–	(505)	–
Others	–	–	–	–	–	–	–
Total transactions with owners of the Company	–	758	(45,696)	(3)	–	(505)	1
Balance as of June 30, 2024	50,000	2,721	(82,326)	556	288,818	–	44,201

(Millions of JPY)

	Equity attributable to owners of the Company					
	Other components of equity			Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Total other components of equity	Retained earnings			
Balance as of April 1, 2024	–	283,998	1,388,842	1,688,173	429	1,688,603
Profit for the year	–	–	85,383	85,383	–	85,383
Other comprehensive income for the year	(0)	50,086	–	50,086	–	50,086
Total comprehensive income for the year	(0)	50,086	85,383	135,469	–	135,469
Purchase of own shares	–	–	–	(45,712)	–	(45,712)
Disposal of own shares	–	(3)	–	0	–	0
Dividend	–	–	(57,525)	(57,525)	–	(57,525)
Share-based compensation	–	–	–	770	–	770
Changes associated with losing control of subsidiaries	–	–	–	–	(429)	(429)
Transfer from other components of equity to retained earnings	0	1	(1)	–	–	–
Transfer to non-financial assets and similar items	–	(505)	–	(505)	–	(505)
Others	–	–	178	178	–	178
Total transactions with owners of the Company	0	(507)	(57,348)	(102,794)	(429)	(103,223)
Balance as of June 30, 2024	–	333,576	1,416,877	1,720,849	–	1,720,849

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of JPY)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	52,133	110,198
Depreciation and amortization	14,169	16,615
Impairment losses (reversal of impairment losses)	3	–
Financial income	(8,821)	(19,133)
Financial expenses	727	1,974
Share of (profit) loss of investments accounted for using the equity method	(6)	(60)
(Gain) loss on sale and disposal of non-current assets	51	(3,249)
(Increase) decrease in trade and other receivables	(18,628)	(66,425)
(Increase) decrease in inventories	(32,598)	(761)
Increase (decrease) in trade and other payables	(4,513)	(45,878)
Increase (decrease) in contract liabilities	(8,844)	(14,652)
Others, net	(36,071)	(53,938)
Subtotal	(42,399)	(75,310)
Interest and dividend received	4,158	7,189
Interest paid	(141)	(180)
Income taxes paid	(7,856)	(41,741)
Net cash flows from (used in) operating activities	(46,238)	(110,042)
Cash flows from investing activities		
Payments into time deposits	(53,258)	(2,611)
Proceeds from maturities of time deposits	100,469	285,102
Acquisition of securities	(1,938)	(47,582)
Proceeds from sale and redemption of securities	122,288	144,611
Acquisition of property, plant and equipment	(24,542)	(21,179)
Proceeds from sale of property, plant and equipment	6	477
Acquisition of intangible assets	(1,965)	(10,833)
Proceeds from sale of a subsidiary	–	5,250
Proceeds from collection of loans receivable	70	12
Others, net	(738)	4,052
Net cash flows from (used in) investing activities	140,392	357,299

(Millions of JPY)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from financing activities		
Repayments of bonds and borrowings	(99)	(99)
Purchase of own shares	(5)	(45,712)
Dividend paid	(28,795)	(57,570)
Repayments of lease liabilities	(3,628)	(4,174)
Others, net	0	0
Net cash flows from (used in) financing activities	(32,528)	(107,557)
Net increase (decrease) in cash and cash equivalents	61,625	139,699
Cash and cash equivalents at the beginning of the period	441,921	647,180
Effect of exchange rate changes on cash and cash equivalents	22,428	18,379
Cash and cash equivalents at the end of the period	525,975	805,259
Cash and cash equivalents reclassified to assets held for sale	(6,310)	—
Cash and cash equivalents at the end of the period (Condensed interim consolidated statements of financial position)	519,664	805,259

(5) Notes to Condensed Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant changes in the scope of consolidation during the period

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

Changes in Presentation

(Condensed Interim Consolidated Statement of Cash Flows)

The "Increase (decrease) in contract liabilities", which was included in "Increase (decrease) in trade and other payables" and "Others, net" under cash flows from operating activities, is disclosed separately from the first quarter of the fiscal year ending March 31, 2025, since the monetary significance has increased.

To reflect this change in presentation, the Condensed Interim Consolidated Statement of Cash Flows for the first quarter of the fiscal year ended March 31, 2024, has been reclassified on a consistent basis.

As a result, a portion of the amounts reported in "Increase (decrease) in trade and other payables" and "Others, net" under cash flows from operating activities in the Condensed Interim Consolidated Statement of Cash Flows for the first quarter of the fiscal year ended March 31, 2024 amounting to JPY2,219 million and JPY6,624 million, respectively, has been reclassified as "Increase (decrease) in contract liabilities".

Operating Segment Information

Disclosure is omitted as the Group has a single segment, "Pharmaceutical Operation".