

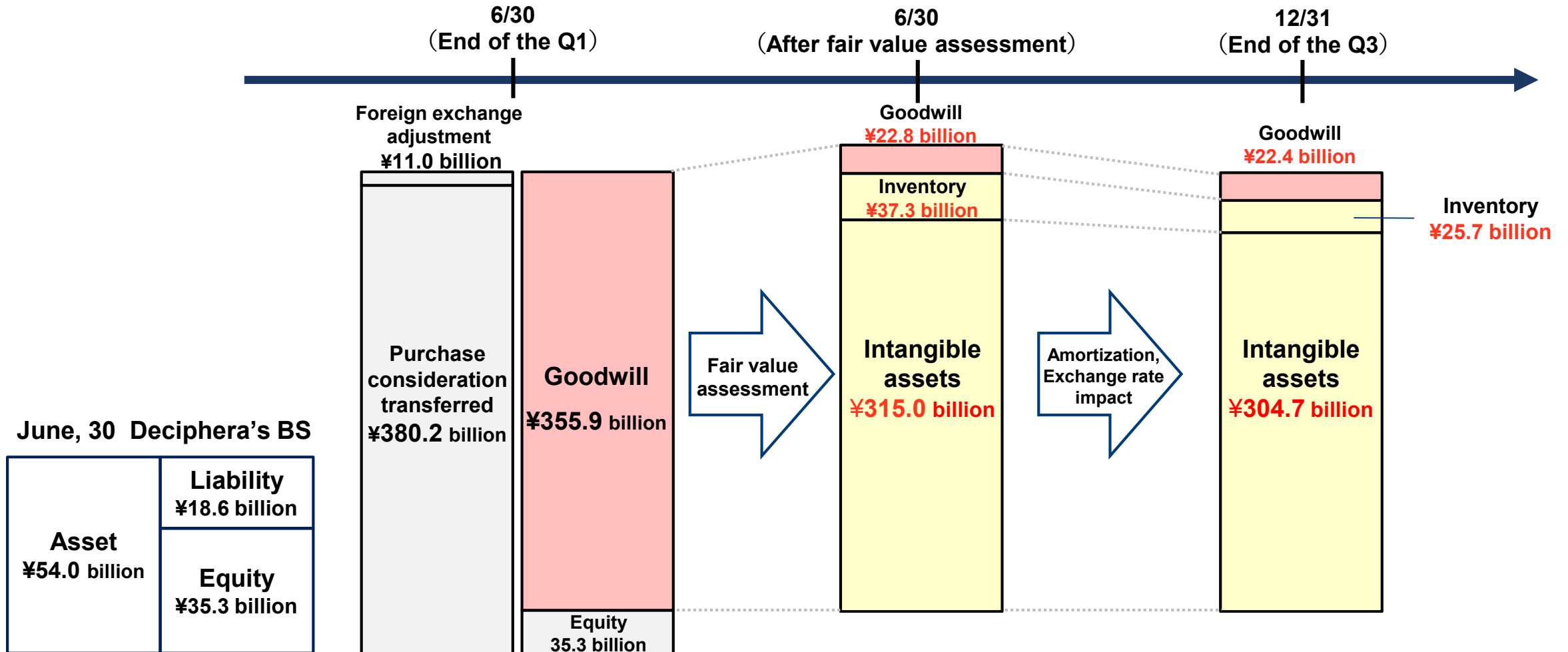
Material for Financial Announcement Q3 FY 2024

Highlights of Financial Results for FY2024 Q3

- In the third quarter of the current fiscal year, the purchase price allocation (PPA) for the acquisition of Deciphera Pharmaceuticals, Inc., was completed, and “intangible assets”, “revaluation of inventories (step-up)” and “goodwill” at the time of acquisition were recorded in the consolidated statement of financial position.
- In the third quarter of the current fiscal year, amortization expense (for the six months from July to December) associated with “intangible assets” and “inventory step-up” recognized in the PPA was recorded in the consolidated statement of income.
- In October 2024, we entered into a license agreement with LigaChem Biosciences of South Korea for LCB97, an antibody-drug conjugate (ADC) for the treatment of solid tumors, and a drug discovery collaboration agreement for the discovery of new ADCs using their ADC platform. The upfront payment and research milestone payments were recorded as R&D expenses in the consolidated statements of income in the third quarter of the current fiscal year.

Fair value of assets acquired, liabilities assumed and purchase consideration transferred at the acquisition date

- In the first and second quarters, the entire difference between the acquisition price and net assets was recorded as “goodwill” (provisional accounting treatment).
- In the third quarter, the company identifies intangible assets and other assets as of the acquisition date through a fair value assessment (PPA).





Revenue
¥374.6
billion

YoY -15.3 billion
(-3.9%)



Goods and Products Sales
¥256.9 billion

YoY +9.9 billion (+4.0%)

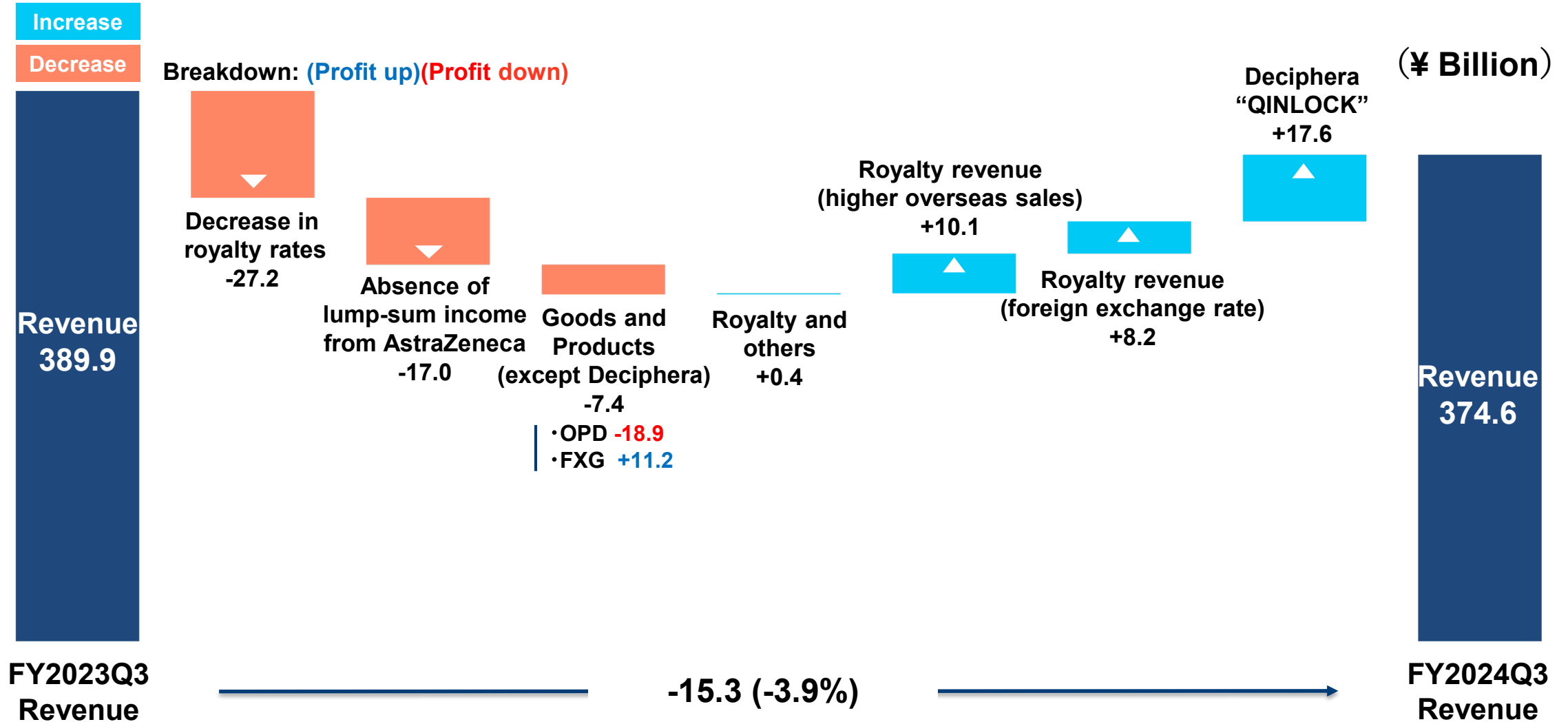


Royalty and Others
¥117.7 billion

YoY -25.3 billion (-17.7%)

FY2024 Q3 : Sales Revenue (Breakdown)

- Revenue was decreased mainly due to the revision of drug price of Opdivo, despite an increase in sales of Forxiga Tablets.
- Royalty revenue was decreased mainly due to a decrease in royalty rates from Merck, despite an increase in royalty revenue from Bristol-Myers Squibb.



FY2024 Q3 : Sales Revenue by Product (Domestic)

¥ in Billion

	FY2023Q3	FY2024Q3	YoY		FY2024 Forecast*
			Change	Change (%)	
Revenue	389.9	<u>374.6</u>	(15.3)	(3.9%)	485.0
Goods and products	246.9	<u>256.9</u>	9.9	4.0%	333.0
Royalty and others	143.0	<u>117.7</u>	(25.3)	(17.7%)	152.0

Goods and Products (Domestic)	FY2023Q3	FY2024Q3	YoY		FY2024 Forecast*
			Change	Change (%)	
Opdivo Intravenous Infusion	114.9	<u>96.0</u>	(18.9)	(16.5%)	125.0
Forxiga Tablets	57.5	<u>68.7</u>	11.2	19.5%	89.0
Orencia for Subcutaneous Injection	20.0	<u>20.8</u>	0.7	3.7%	27.0
Glactiv Tablets	16.7	<u>14.7</u>	(2.0)	(12.2%)	18.5
Velexbru Tablets	8.0	<u>8.2</u>	0.3	3.1%	10.0
Kyprolis for Intravenous Infusion	7.1	<u>6.9</u>	(0.2)	(2.6%)	9.5
Parsabiv Intravenous Injection	6.4	<u>6.6</u>	0.2	2.8%	8.5
Ongentys Tablets	4.9	<u>6.0</u>	1.1	22.5%	7.5

* The consolidated financial forecast for the fiscal year ending March 2025, announced on October 31, 2024, is provided.

• Sales revenue of domestic products is shown in a gross sales basis (shipment price).

• Sales revenue of overseas products is shown in a net sales basis.

FY2024 Q3 : Sales Revenue by Product (Overseas) / Royalty

¥ in Billion

	FY2023Q3	FY2024Q3	YoY		FY2024 Forecast*
			Change	Change (%)	
Revenue	389.9	<u>374.6</u>	(15.3)	(3.9%)	485.0
Goods and products	246.9	<u>256.9</u>	9.9	4.0%	333.0
Royalty and others	143.0	<u>117.7</u>	(25.3)	(17.7%)	152.0

Goods and Product (Overseas)	FY2023Q3	FY2024Q3	YoY	
			Change	Change (%)
OPDIVO	9.1	<u>10.0</u>	0.9	10.2%
QINLOCK	—	<u>17.3</u>	—	—

Royalty and others	FY2023Q3	FY2024Q3	YoY	
			Change	Change (%)
OPDIVO	73.9	<u>86.3</u>	12.4	16.8%
KEYTRUDA®	38.9	<u>19.4</u>	(19.5)	(50.1%)

* The consolidated financial forecast for the fiscal year ending March 2025, announced on October 31, 2024, is provided.

• Sales revenue of domestic products is shown in a gross sales basis (shipment price).

• Sales revenue of overseas products is shown in a net sales basis.

FY2024 Q3 : Core Operating Profit



Core Operating Profit
¥ 97.7 billion

YoY -56.9 billion
 (-36.8%)



Revenue ¥ 374.6 billion
 YoY -15.3 billion (-3.9%)



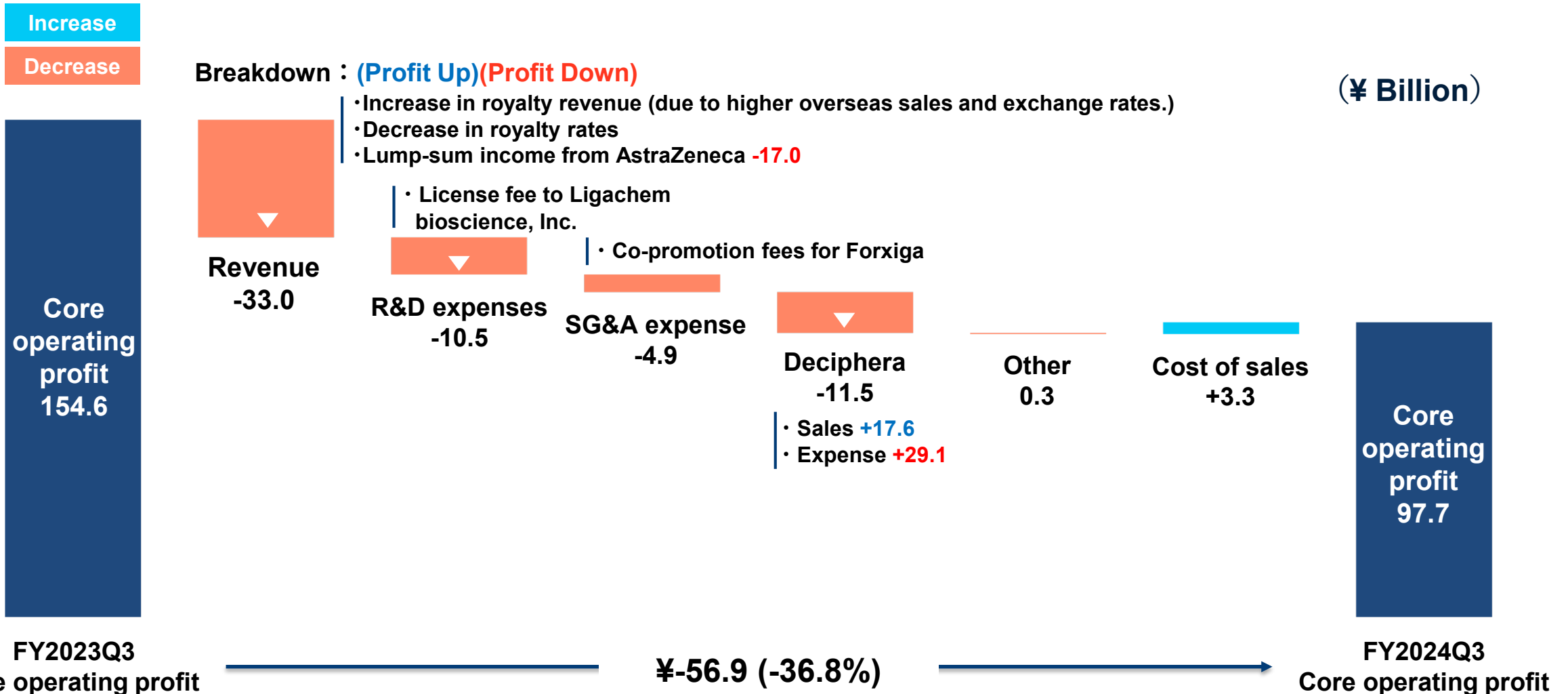
R&D Expense ¥103.4 billion
 YoY +26.9 billion (+35.1%)



SG&A Expense ¥90.2 billion
 YoY +16.9 billion (+23.0%)

FY2024 Q3 : Core Operating Profit (Breakdown)

• While revenue decreased, R&D expenses, and SG&A expenses increased, and an operating loss was recorded by Deciphera Pharmaceuticals, LLC., resulting in a decrease of ¥56.9 billion from the same period last year to ¥97.7 billion.



FY2024 Q3 : Financial Overview (Core)

¥ in Billion

	FY2023 Q3	FY2024 Q3	YoY		FY2024 Forecast*
			Change	Change(%)	
Revenue	389.9	<u>374.6</u>	(15.3)	(3.9%)	485.0
Cost of sales	85.3	<u>83.1</u>	(2.2)	(2.6%)	109.0
R&D expenses	76.5	<u>103.4</u>	26.9	35.1%	143.0
SG&A expenses	73.3	<u>90.2</u>	16.9	23.0%	120.0
Other income	0.5	<u>0.8</u>	0.3	47.9%	0.5
Other expenses	0.7	<u>1.1</u>	0.4	50.8%	3.5
Core operating profit	154.6	<u>97.7</u>	(56.9)	(36.8%)	110.0
Core profit before tax	157.3	<u>100.0</u>	(57.3)	(36.4%)	110.5
Core profit for the period (attributable to owners of the Company)	123.6	<u>76.5</u>	(47.1)	(38.1%)	81.0

YoY Breakdown

R&D expenses +¥26.9 billion (+35.1%)

R&D ratio : 27.6%

Main reasons

- Development costs for clinical trials
- R&D expenses from Deciphera +¥16.4 billion
- Upfront & Milestone payment to Ligachem Bioscience, Inc.

SG&A expenses +¥16.9 billion (+23.0%)

Main reasons

- Co-promotion fees for Forxiga Tablets
- SG&A expenses from Deciphera +¥12.0 billion

* The consolidated financial forecast for the fiscal year ending March 2025, announced on October 31, 2024, is provided.

(Ref) FY2024 Q3 : Financial Overview

¥ in Billion

	FY2023 Q3	FY2024 Q3	YoY		FY2024 Forecast*
			Change	Change (%)	
Revenue	389.9	<u>374.6</u>	(15.3)	(3.9%)	485.0
Cost of sales	95.5	<u>102.7</u>	7.3	7.6%	130.0
R&D expenses	76.5	<u>107.1</u>	30.6	40.0%	147.0
SG&A expenses	73.3	<u>93.7</u>	20.4	27.9%	123.0
Operating profit	144.6	<u>70.8</u>	(73.9)	(51.1%)	82.0
Adjustment	10.0	<u>26.9</u>			
Core operating profit	154.6	<u>97.7</u>	(56.9)	(36.8%)	110.0
Profit before tax	147.3	<u>72.0</u>	(75.3)	(51.1%)	81.5
Profit for the period (attributable to owners of the Company)	110.5	<u>56.6</u>	(54.0)	(48.8%)	58.0
Core Profit for the period	123.6	<u>76.5</u>	(47.1)	(38.1%)	81.0

YoY Breakdown

Cost of sales ¥7.3 billion

Main reasons

- Amortization expenses associated with QINLOCK, etc. ¥15.1 billion
- Absence of impairment losses on sales licenses recorded in the previous fiscal year ¥-5.4 billion

R&D expenses +¥30.6 billion R&D ratio : 28.6%

Main reasons

- Development costs for clinical trials
- R&D expenses from Deciphera ¥16.4 billion
- Impairment loss for itolizumab ¥3.5 billion
- Upfront & Milestone payment to Ligachem Bioscience, Inc.

SG&A expenses +¥19.3 billion

Main reasons

- Co-promotion fees for Forxiga Tablets
- R&D expenses from Deciphera ¥12.0 billion
- Expenses associated with the acquisition of Deciphera

Adjustment

Main adjustment

- Amortization expenses associated with Intangible assets and inventory (step-up) ¥15.1 billion
- Impairment loss for itolizumab ¥3.5 billion
- Acquisition costs for the acquisition of Deciphera

* The consolidated financial forecast for the fiscal year ending March 2025, announced on October 31, 2024, is provided.

FY2024 : Financial Forecast

There are no change from the financial forecast for the fiscal year ending March 2025, announced on October 31, 2024.

¥ in Billion

	FY2023 Actual	FY2024 Forecast	Change	Change (%)
Revenue	502.7	485.0	(17.7)	(3.5%)
Cost of sales	109.6	109.0	(0.6)	(0.5%)
R&D expenses	108.5	143.0	+34.5	+31.8%
SG&A expenses	100.3	120.0	+19.7	+19.7%
Core operating profit	180.9	110.0	(70.9)	(39.2%)
Core profit before tax	184.7	110.5	(74.2)	(40.1%)
Income tax expense	42.1	29.4	(12.7)	(30.2%)
Core profit for the year	142.5	81.0	(61.5)	(43.2%)

* The exchange rate assumed for the second half of the fiscal year in the financial forecast is ¥145 per US dollar.

The sensitivity to exchange rates is assumed to be an increase of ¥0.4 billion in revenue and a decrease of ¥0.2 billion in operating profit for every ¥1 depreciation of the yen.

FY2024 : Financial Forecast (Sales by Product)

¥ in Billion

Goods and Products (Domestic)	FY2023	FY2024 Forecast	YoY	
			Change	Change (%)
Opdivo Intravenous Infusion	145.5	<u>125.0</u>	(20.5)	(14.1%)
Forxiga Tablets	76.1	<u>89.0</u>	12.9	16.9%
Orencia for Subcutaneous Injection	25.8	<u>27.0</u>	1.2	4.5%
Glactiv Tablets	21.2	<u>18.5</u>	(2.7)	(12.7%)
Velexbru Tablets	10.2	<u>10.0</u>	(0.2)	(2.1%)
Kyprolis for Intravenous Infusion	9.1	<u>9.5</u>	0.4	3.9%
Parsabiv Intravenous Injection	8.2	<u>8.5</u>	0.3	3.3%
Ongentys Tablets	6.3	<u>7.5</u>	1.2	18.8%

Goods and Product (Overseas)	FY2023	FY2024 Forecast	YoY	
			Change	Change (%)
OPDIVO	12.0	<u>13.5</u>	1.5	12.5%
QINLOCK*	—	25.0	—	—

* Sales of QINLOCK are forecasted to be ¥25.0 billion, an upward revision of ¥1.5 billion from the previous forecast announced on October 31st, 2024.

* Sales revenue of domestic products is shown in a gross sales basis (shipment price).

* Sales revenue of overseas products is shown in a net sales basis.