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Partial Amendments to Trust-type Share Grant System for Officers and Employees of its U.S. Subsidiaries

Tokyo, Japan (May 16, 2023) – Daiichi Sankyo Company, Limited (hereafter “Daiichi Sankyo” or the “Company”) announced that it decided at a meeting of its Board of Directors held on August 30, 2022 to introduce a trust-type share grant system (the “System”) as a new incentive plan for eligible officers and employees of its U.S. subsidiaries (“Eligible Officers and Employees”) as disclosed previously with "Daiichi Sankyo Announces the Introduction of a Trust-type Share Grant System for Officers and Employees of its U.S. Subsidiaries" issued on the same date, but at a meeting of its Board of Directors held today, the Company decided to make partial amendments to the System. The details are stated as follows.

1. Context Behind the Amendments

Daiichi Sankyo decided that it will introduce the System to enhance the engagement of Eligible Officers and Employees, and to acquire and retain talents by granting shares instead of its current share price-linked monetary compensation. The System is a system in which the Company’s shares are acquired by a trust established by the Company that uses money contributed by its U.S. subsidiaries as funds (the “Trust”), and the Company’s shares are granted to Eligible Officers and Employees through the Trust. The Company has decided to make the following amendments since it will be unable to acquire the shares within the initially planned schedule.

2. Details of the Amendments

(1) Initial details of the System

Date of trust agreement	May 22, 2023 (planned)
Trust period	May 22, 2023 (planned) to August 31, 2026 (planned)
Start date of the System	May 22, 2023 (planned)

Timing of share acquisition	<p>Shares will be acquired with the amount of money in each period below.</p> <p>(a) Fiscal year 2023: Approximately 125 million US dollar worth of Japanese yen (planned)</p> <p>* Planned to be converted to Japanese yen using the TTM rate ^(Note) on May 16, 2023 (in the same manner in the following fiscal years)</p> <p>(Note) Telegraphic Transfer Middle Rate</p> <p>May 25, 2023 (planned) to June 21, 2023 (planned)</p> <p>(b) Fiscal year 2024: Approximately 135 million US dollar worth of Japanese yen (planned)</p> <p>May 27, 2024 (planned) to June 21, 2024 (planned)</p> <p>(c) Fiscal year 2025: Approximately 140 million US dollar worth of Japanese yen (planned)</p> <p>May 26, 2025 (planned) to June 20, 2025 (planned)</p> <p>(excluding the period from five business days prior to the final day of the settlement period [including the quarterly settlement period] to the final day of the settlement period)</p>
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(2) Details of the System after amendments

Amended sections are underlined.

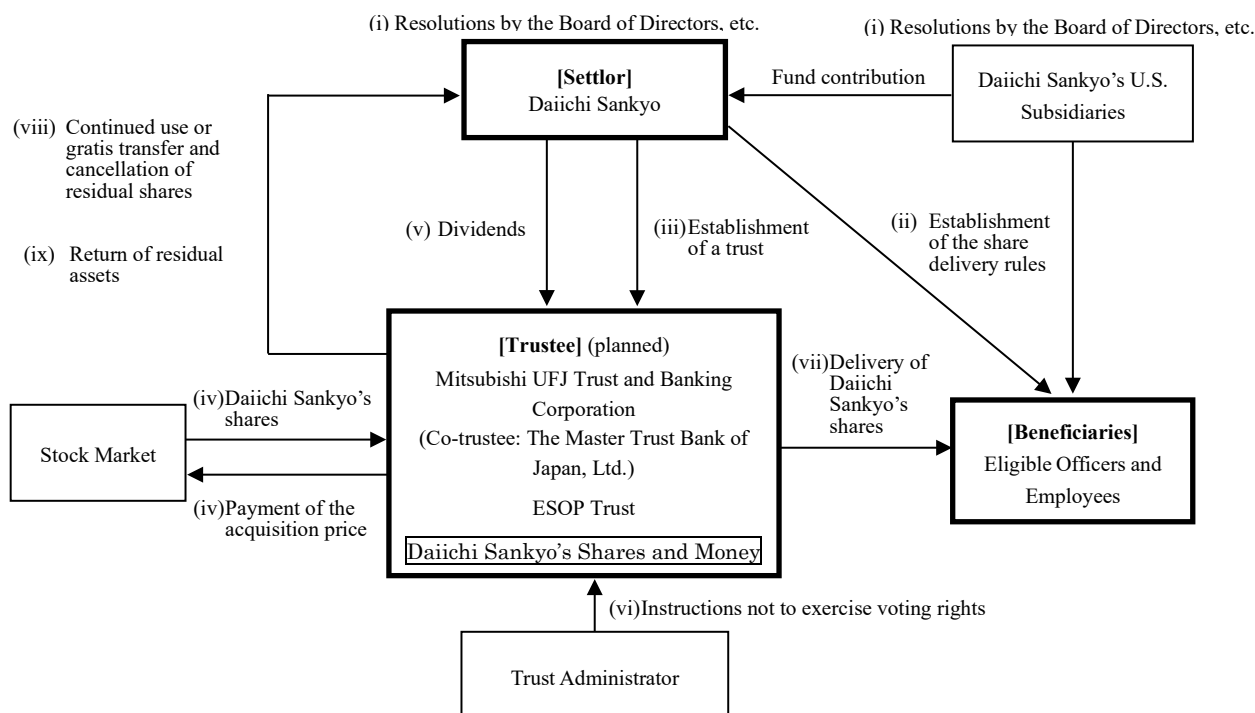
Date of trust agreement	<u>April 11, 2024</u> (planned)
Trust period	<u>April 11, 2024</u> (planned) to August 31, 2026 (planned)
Start date of the System	<u>April 11, 2024</u> (planned)
Timing of share acquisition	<p>Shares will be acquired with the amount of money in each period below.</p> <p>(a) <u>Fiscal year 2024: Approximately 260 million US dollar worth of Japanese yen (planned)</u></p> <p>* <u>Planned to be converted to Japanese yen using the TTM rate ^(Note) on April 5, 2024 (in the same manner in the following fiscal years)</u></p> <p><u>(Note) Telegraphic Transfer Middle Rate</u></p> <p><u>April 16, 2024 (planned) to June 21, 2024 (planned)</u></p> <p>(b) Fiscal year 2025: Approximately 140 million US dollar worth of Japanese yen (planned)</p> <p>May 26, 2025 (planned) to June 20, 2025 (planned)</p> <p>(excluding the period from five business days prior to the final day of the settlement period [including the quarterly settlement period] to the final day of the settlement period)</p>

(Reference) Overview of the System

1. Purpose and Conditions Regarding Introduction of the System

- (1) Daiichi Sankyo will introduce the System to enhance the engagement of Eligible Officers and Employees, and to acquire and retain talented human resources by granting shares instead of its current share price-linked monetary compensation.
- (2) The System adopts a structure known as a share-granting ESOP (Employee Stock Ownership Plan) trust (“ESOP Trust”). The ESOP Trust is an incentive plan that references U.S. ESOP systems. The system delivers Daiichi Sankyo’s shares to Eligible Officers and Employees, based on the job grade and the individual performance of the Eligible Officers and Employees.

2. Structure of the ESOP Trust



- (i) Daiichi Sankyo and its U.S. subsidiaries will perform the required procedures such as resolutions by their Boards of Directors for the introduction of the System.
- (ii) Daiichi Sankyo and its U.S. subsidiaries will establish share delivery rules associated with the System at their respective Boards of Directors meetings, etc.
- (iii) Daiichi Sankyo will establish an ESOP Trust (the "Trust") wherein Eligible Officers and Employees who meet the beneficiary requirements as the beneficiaries and will entrust a set amount of money with the trustee during a set period each year.
- (iv) The Trust will acquire Daiichi Sankyo's shares from the stock market during a set period by using the money contributed in (iii) as a source according to the instructions of the trust administrator.
- (v) Dividends will be paid on Daiichi Sankyo's shares held by the Trust in the same manner as other shares of 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 trust period, a set number of points will be granted to Eligible Officers and Employees based on their job grade and the individual performance, etc. After a certain period of time has elapsed since the points are granted, a number of Daiichi Sankyo's shares corresponding to the number of points in question are delivered to Eligible Officers and Employees, who meet certain beneficiary requirements.
- (viii) If residual shares remain at the expiration of the trust period, the Trust will continue to be used as the System or as a similar share delivery system, or the Trust will make a gratis transfer of the residual shares in question to Daiichi Sankyo and Daiichi Sankyo will cancel such shares by a resolution of the Board of Directors.
- (ix) Upon termination of the Trust, the residual assets after distribution to beneficiaries will be returned to Daiichi Sankyo within the scope of the reserve for trust expenses, which is calculated by deducting funds for share acquisition from the trust money. In addition, any portion exceeding the reserve for trust expenses will be distributed to Eligible Officers and Employees that meet certain beneficiary

requirements, and then the remaining amount will be donated to an organization with no interest with Daiichi Sankyo.

(Note) In the case where Daiichi Sankyo's shares are exhausted from the Trust due to the delivery of Daiichi Sankyo's shares to Eligible Officers and Employees, who are meeting the beneficiary requirements, the Trust will be terminated prior to the expiration of the trust period. Daiichi Sankyo may also entrust additional money to the Trust as funds for the acquisition of Daiichi Sankyo's shares, and the Trust may acquire additional shares of Daiichi Sankyo. Then, each of Daiichi Sankyo's U.S. subsidiaries will contribute an amount of money equivalent to trust money based on the number of eligible persons, etc. at each company.

Details of Trust Agreement

(i) Type of trust	Monetary trust other than a specified solely administrated monetary trust (third-party benefit trust)
(ii) Purpose of trust	To provide incentives to the Eligible Officers and Employees
(iii) Settlor	Daiichi Sankyo
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (planned) (Co-trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiaries	Eligible Officers and Employees, who meet beneficiary requirements
(vi) Trust administrator	A third party (certified public accountant) with no interest with Daiichi Sankyo
(vii) Date of trust agreement	April 11, 2024 (planned)
(viii) Trust period	April 11, 2024 (planned) to August 31, 2026 (planned)
(ix) Start date of the System	April 11, 2024 (planned)
(x) Exercise of voting rights	No voting rights shall be exercised.
(xi) Type of shares to be acquired	Daiichi Sankyo's ordinary shares
(xii) Amount of trust money	Total of 400 million US dollar worth of Japanese yen (planned) *Converted to Japanese yen using the exchange rates listed on “(xiii) Timing of share acquisition” and contributed as trust money on a year-by-year basis.
(xiii) Timing of share acquisition	Shares will be acquired with the amount of money in each period below. (a) Fiscal year 2024: Approximately 260 million US dollar worth of Japanese yen (planned) * Planned to be converted to Japanese yen using the TTM rate ^(Note) on April 5, 2024 (in the same manner in the following fiscal years) (Note) Telegraphic Transfer Middle Rate April 16, 2024 (planned) to June 21, 2024 (planned) (b) Fiscal year 2025: Approximately 140 million US dollar worth of Japanese yen (planned) May 26, 2025 (planned) to June 20, 2025 (planned) (excluding the period from five business days prior to the final day of the settlement period [including the quarterly settlement period] to the final day of the settlement period)
(xiv) Method of share acquisition	To be acquired from the stock market
(xv) Rights holder	Daiichi Sankyo

(xvi) Residual assets Residual assets that Daiichi Sankyo may receive as the rights holder shall be limited to the extent of the reserve for trust expenses, etc., which is calculated by deducting funds for share acquisition from the trust money.

(Note) The above planned period may be changed to an appropriate period in light of applicable laws and regulations, etc.