



October 31, 2022

Consolidated Financial Results for the First Six Months of the Year Ending March 31, 2023 (Fiscal 2022) <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
 Listed exchange: the Tokyo Stock Exchange
 Stock code number: 4568
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 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 yen)

1. Consolidated Financial Results for the First Six Months of the Year Ending March 31, 2023 (from April 1, 2022 to September 30, 2022)

(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 yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2022	607,797	14.7	84,781	2.5	95,580	12.8	91,265	6.2
Six months ended September 30, 2021	529,965	10.4	82,678	41.7	84,742	44.9	85,955	28.3

	Profit for the period		Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended September 30, 2022	58,309	△6.7	58,309	△6.7	141,727	115.5	30.42	30.39
Six months ended September 30, 2021	62,465	21.1	62,465	20.9	65,767	31.8	32.59	32.56

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. Qualitative Information about Consolidated Results for the First Six Months (1) Information about Operating Results" 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 yen	Millions of yen	Millions of yen	%	Yen
As of September 30, 2022	2,427,775	1,467,149	1,467,149	60.4	765.32
As of March 31, 2022	2,221,402	1,350,872	1,350,872	60.8	704.76

2. Dividend

	Annual dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	13.50	–	13.50	27.00
Year ending March 31, 2023	–	15.00			
Year ending March 31, 2023 (Forecast)			–	15.00	30.00

Note: Revision of the forecast from most recently announced figures: Yes

3. Forecast of Consolidated Financial Results for Year Ending March 31, 2023

(Percentages indicate changes from the previous fiscal year)

	Revenue		Core operating profit		Operating profit		Profit before tax		Profit for the year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	1,250,000	19.6	120,000	32.4	130,000	78.0	130,000	76.8	100,000	49.3

	Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Yen
Full year	100,000	49.3	52.16

Note: Revision of the forecast from most recently announced figures: Yes

*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): Yes

Excluded from consolidation: One company Daiichi Sankyo Pharmaceutical (Beijing) Co. Ltd.

Note: Please see “2. Condensed Interim Consolidated Financial Statements with Primary Notes, (5)

Notes to Condensed Interim Consolidated Financial Statements, (Changes in Significant Subsidiaries during the Period)” on page 19.

(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 treasury shares)

As of September 30, 2022	1,947,034,029 shares
As of March 31, 2022	1,947,034,029 shares

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

As of September 30, 2022	30,002,636 shares
As of March 31, 2022	30,247,523 shares

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

Six months ended September 30, 2022	1,916,898,392 shares
Six months ended September 30, 2021	1,916,460,879 shares

* This quarterly financial results summary is not subject to quarterly review procedures by Certified Public Accountants or an audit firm.

*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 Six Months (3) Information about Forecasts of Consolidated Financial Results and Other Forward-Looking Statements" on page 9 for matters related to the above forecasts.

Attached Material

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1. Qualitative Information about Consolidated Results for the First Six Months

(1) Information about Operating Results

1) Overview

[Consolidated Financial Results (Core Base)]

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

	Six months ended September 30, 2021	Six months ended September 30, 2022	YoY change
Revenue	529,965	607,797	77,832 14.7%
Cost of sales*	172,560	159,405	-13,154 -7.6%
Selling, general and administrative expenses*	165,718	209,755	44,036 26.6%
Research and development expenses*	109,007	153,855	44,848 41.1%
Core operating profit*	82,678	84,781	2,102 2.5%
Temporary income*	2,116	10,811	8,695 410.8%
Temporary expenses*	52	12	-40 -77.1%
Operating profit	84,742	95,580	10,838 12.8%
Profit before tax	85,955	91,265	5,310 6.2%
Profit attributable to owners of the Company	62,465	58,309	-4,156 -6.7%
Total comprehensive income	65,767	141,727	75,959 115.5%

* The 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.

<Yen exchange rates for major currencies (average rate during the period)>

	Six months ended September 30, 2021	Six months ended September 30, 2022
USD/Yen	109.80	133.98
EUR/Yen	130.89	138.72

a. Revenue

- Revenue in the first six months of the year ending March 31, 2023 increased by JPY77.8 billion, or 14.7% year on year, to JPY607.8 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 the yen and others, despite the negative effect of decrease in revenue for Nexium by the termination of co-promotion in Japan (September, 2021).
- The positive effect on revenue from foreign exchange was JPY43.4 billion in total.

b. Core operating profit

- Core operating profit increased by JPY2.1 billion, or 2.5% year on year, to JPY84.8 billion.
- Cost of sales decreased by JPY13.2 billion, or 7.6% year on year, to JPY159.4 billion due to an improvement in cost-to-sales ratio as a result of a change in the product mix, despite an increase in revenue.
- Selling, general and administrative expenses increased by JPY44.0 billion, or 26.6%, to JPY209.8 billion due to the cost increase by an increase in profit sharing with AstraZeneca related to Enhertu.
- Research and development expenses increased by JPY44.8 billion, or 41.1%, to JPY153.9 billion, mainly due to increased R&D investment in 3ADCs (trastuzumab deruxtecan, datopotamab deruxtecan: Dato-DXd/DS-1062 and patritumab deruxtecan: HER3-DXd/U3-1402).
- The negative effect on core operating profit from foreign exchange was JPY1.4 billion in total.

c. Operating profit

- Operating profit increased by JPY10.8 billion, or 12.8% year on year, to JPY95.6 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 of gain on the transfer of Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd., and others.

d. Profit before tax

- Profit before tax increased by JPY5.3 billion, or 6.2% year on year, to JPY91.3 billion.
- Profit before tax decreased the amount of increase in profit compared to operating profit due to worsening loss (gain) on exchange differences.

e. Profit attributable to owners of the Company

- Profit attributable to owners of the Company decreased by JPY4.2 billion, or 6.7% year on year, to JPY58.3 billion.
- Profit attributable to owners of the Company decreased year on year due to the increase of income taxes.

f. Total comprehensive income

- Total comprehensive income increased by JPY76.0 billion, or 115.5% year on year, to JPY141.7 billion.
- Total comprehensive income increased due to significant increase in the currency translation difference related to net assets of overseas subsidiaries and other factors.

[Revenue by Business Unit]

Revenue by business unit in the first six months of the year ending March 31, 2023 is as follows. In addition, revenue by product is stated in the reference data.

a. Japan Business Unit

- Revenue from Japan Business Unit includes revenue generated by the innovative pharmaceuticals business, the vaccine business and revenue from products generated by the generic pharmaceutical business of Daiichi Sankyo Espha Co., Ltd.
- Revenue from the Unit decreased by JPY30.5 billion, or 11.9% year on year, to JPY225.1 billion due to the termination of co-promotion of Nexium, the impact of NHI drug price revision, etc., despite growth in sales of Lixiana, Tarlige and others.

The following describes the major progress in the first six months of the year ending March 31, 2023.

- In April 2022, the migraine prevention drug Emgality was specified as a drug for at-home self-injection.
- In June 2022, the migraine treatment drug Reyvow was launched.

b. Daiichi Sankyo Healthcare Unit

- Revenue from Daiichi Sankyo Healthcare Unit was about the same level year on year at JPY33.6 billion continuously being impacted by COVID-19.

c. Oncology Business Unit

- Revenue from Oncology Business Unit includes revenue from products generated by Daiichi Sankyo, Inc. (the U.S.) and revenue generated from cancer treatment products sold by Daiichi Sankyo Europe GmbH.
- Revenue from the Unit increased by JPY39.7 billion, or 127.9% year on year, to JPY70.7 billion due to increase of Enhertu in the U.S. and Europe. Revenue in local currency increased by USD245 million, or 86.8%, to USD528 million.

The following describes the major progress in the first six months of the year ending March 31, 2023.

- In May 2022, the application was approved in the U.S. for the second line treatment for HER2-positive breast cancer for Enhertu and the promotion began.
- In July 2022, the application was approved in Europe for the second line treatment for HER2-positive breast cancer for Enhertu and the promotion began.
- In August 2022, the application was approved in the U.S. for HER2 low breast cancer (post-chemotherapy) for Enhertu and the promotion began.
- In August 2022, the application was approved in the U.S. for the second line treatment for HER2 mutant non-small cell lung cancer (NSCLC) for Enhertu and the promotion began.

d. American Regent Unit

- Revenue from American Regent Unit increased by JPY17.2 billion, or 22.3% year on year, to JPY94.1 billion due to an increase in sales of Venofer and others. Revenue in local currency increased by USD2 million, or 0.2%, to USD703 million.

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 JPY8.2 billion, or 12.8% year on year, to JPY71.8 billion due to steady growth in sales of Lixiana. Revenue in local currency increased by EUR31 million, or 6.5%, to EUR518 million.

f. ASCA Business Unit

- Revenue from ASCA^{*1} Business Unit includes sales to overseas licensees.
- Revenue from the Unit increased by JPY14.8 billion, or 26.8% year on year, to JPY69.8 billion due to increase of Enhertu in Brazil and olmesartan in China, and others.

^{*1} Asia, South & Central America

2) Status of R&D

The Group is working on research and development including active collaboration with the outside in accordance with the “3 and Alpha” Strategy, which intensively allocates resources to 3ADCs^{*1} for maximizing their product values, and aims to deliver medicines that change SOC^{*2} for realization of sustainable growth (Alpha). In addition, 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, and strives to strengthen drug discovering capabilities by technology research of new modalities^{*3}.

^{*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 in the first six months of the year ending March 31, 2023 (from April 1, 2022 to September 30, 2022). The status of each clinical trial is stated in the reference data.

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

The product is marketed under the brand name Enhertu. Daiichi Sankyo is jointly developing Enhertu with AstraZeneca, a company with a wealth of global experience in oncology.

The following describes the major progress in the first six months of the year ending March 31, 2023.

- In April 2022, the application for approval was accepted in the U.S. for the second line treatment for HER2 mutant NSCLC.
- In April 2022, Breakthrough Therapy Designation^{*4} was obtained from the U.S. Food and Drug Administration (FDA) for HER2 low breast cancer (post-chemotherapy).

- In May 2022, the application was approved in the U.S. for the second line treatment for HER2-positive breast cancer.
 - In June 2022, data was presented at the American Society of Clinical Oncology (ASCO) 2022 from the Phase III clinical trial for HER2 low breast cancer (post-chemotherapy) (trial name: DESTINY Breast-04).
 - In June 2022, the applications for approval were accepted in Japan and Europe for HER2 low breast cancer (post-chemotherapy).
 - In June 2022, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) recommended approval for the second line treatment for HER2-positive breast cancer.
 - In July 2022, the application was approved in Europe for the second line treatment for HER2-positive breast cancer.
 - In July 2022, the application for approval was accepted in the U.S. for HER2 low breast cancer (post-chemotherapy), and in August 2022, the application for this indication was approved in the U.S.
 - In August 2022, the application was approved in the U.S. for the second line treatment for HER2 mutant NSCLC.
 - In August 2022, the primary endpoint of the Phase III clinical trial for the third line treatment for HER2-positive breast cancer (trial name: DESTINY-Breast02) was achieved.
 - In August 2022, the application for approval was accepted in China for HER2 low breast cancer (post-chemotherapy).
 - In August 2022, a Phase II clinical trial for the second or later line treatment for HER2 mutant NSCLC (trial name: DESTINY-Lung05) was initiated in China.
 - In September 2022, data was presented at the European Society for Medical Oncology Congress 2022 (ESMO Congress 2022) from the Phase II clinical trials for NSCLC (trial names: DESTINY-Lung01 and DESTINY-Lung02).
 - In September 2022, Orphan Drug Designation^{*5} was obtained from Japan's Ministry of Health, Labour and Welfare (MHLW) for the treatment of HER2-positive unresectable advanced or recurrent NSCLC.
- ^{*4} The Breakthrough Therapy Designation is 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.
- ^{*5} Orphan Drug Designation is granted in order to support and expedite development under the conditions that there are fewer than 50,000 patients in Japan and there is a particularly high medical need for it.

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

Daiichi Sankyo is jointly developing the product with AstraZeneca, a company with a wealth of global experience in oncology.

The following describes the major progress in the first six months of the year ending March 31, 2023.

- In June 2022, a Phase III clinical trial for the first line treatment for triple negative breast cancer (TNBC) (trial name: TROPION-Breast02) was initiated.
- In July 2022, a Phase I/II clinical trial for NSCLC and triple negative breast cancer (TNBC) (trial name: TROPION-PanTumor02) was initiated in China.
- In August 2022, initial data was presented at the World Conference on Lung Cancer (WCLC) from the Phase I-b clinical trial for combination with immune checkpoint inhibitors for NSCLC (trial name: TROPION-Lung02).
- In September 2022, a Global Phase II clinical trial for multiple solid tumors (trial name: TROPION-PanTumor03) was initiated.

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

The following describes the major progress in the first six months of the year ending March 31, 2023.

- In June 2022, data was presented at the ASCO 2022 from the Phase I/II clinical trial for breast cancer and the Phase I clinical trial for NSCLC.
- In August 2022, a Phase III clinical trial for the second line treatment for EGFR mutated NSCLC (trial name: HERTHENA-Lung02) was initiated.

【Alpha】

The following describes the major progress in clinical development of Alpha projects in the first six months of the year ending March 31, 2023. The status of each clinical trial is stated in the reference data.

- In June 2022, data was presented at the ASCO 2022 from the Phase I clinical trial of DS-6000 (CDH6-directed ADC) for ovarian cancer and renal cell carcinoma.
- In June 2022, data was presented at the European Hematology Association (EHA) from the Phase III clinical trial of quizartinib (AC220: FLT3 inhibitor, brand name in Japan: Vanflyta) for the first line treatment for acute myeloid leukemia (AML) (trial name: QuANTUM-First).
- In June 2022, a Phase I clinical trial of DS-2325 (KLK5 inhibitor) for healthy adults was initiated.
- In June 2022, a Phase II clinical trial of DS-7300 (B7-H3-directed ADC) for the second line treatment for small cell lung cancer (SCLC) was initiated.
- In June 2022, a Phase I clinical trial of DS-9606 (undisclosed ADC target) for solid tumors was initiated.
- In August 2022, the application for approval was accepted in Japan and Europe for quizartinib for the first line treatment of acute myeloid leukemia (AML).
- In September 2022, data was presented at the European Society for Medical Oncology Congress 2022 (ESMO Congress 2022) from the Phase I/II clinical trial of DS-7300 for solid tumors.
- In September 2022, the application was approved in Japan for valemetostat (DS-3201: EZH1/2 inhibitor, brand name: EZHARMIA) for relapsed or refractory adult T-cell leukemia-lymphoma (ATLL).

3) Efforts to Address the Novel Coronavirus Infection

Daiichi Sankyo is actively working to establish a vaccine manufacturing system in Japan for the novel coronavirus disease (COVID-19), which has become a significant issue facing society. 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.

DS-5670 (COVID-19 mRNA vaccine)

DS-5670 is an mRNA vaccine against COVID-19 using cationic lipids, which are a proprietary discovery. In November 2021, a Phase II clinical trial was initiated to investigate the immunogenicity, safety and recommended dose of DS-5670 for unvaccinated healthy adults. In addition, a dose-finding trial (for healthy adults and elderly persons) was initiated in January 2022 as a Phase I/II/III clinical trial in Japan for healthy adults and elderly persons who received two doses of an mRNA vaccine approved in Japan at least six months before receiving the additional dose of DS-5670 (third vaccination) in order to evaluate the booster effect of DS-5670. The clinical development of DS-5670 is being conducted through “Vaccine development project” promoted by the Japan Agency for Medical Research and Development (AMED) and “Urgent improvement project for vaccine manufacturing systems*1” supported by the Japanese Ministry of Health, Labour and Welfare (MHLW).

*1 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.

The following describes the major progress in the first six months of the year ending March 31, 2023.

- In May 2022, the results from the Phase II clinical trial for unvaccinated healthy adults were obtained.
- In May 2022, with respect to the Phase I/II/III clinical trial to determine the booster effect of an additional dose, an active-controlled non-inferiority trial to compare DS-5670 to an approved mRNA vaccine was initiated for healthy adults and elderly persons.
- In September 2022, a Phase III clinical trial for unvaccinated healthy adults was initiated.

(2) Analysis of Financial Position as of September 30, 2022

- Total assets as of September 30, 2022 were JPY2,427.8 billion, an increase of JPY206.4 billion from the previous fiscal year-end, mainly due to increases in trade and other receivables, and other financial assets (current assets), which was partially offset by a decrease in cash and cash equivalents.
- Total liabilities as of September 30, 2022 were JPY960.6 billion, an increase of JPY90.1 billion from the previous fiscal year-end, mainly due to an increase in other non-current liabilities, which was partially offset by a decrease in bonds and borrowings (non-current liabilities).
- Total equity as of September 30, 2022 was JPY1,467.1 billion, an increase of JPY116.3 billion from the previous fiscal year-end, mainly due to profit for the period and an increase in other components of equity, which was partially offset by dividend paid.
- The ratio of equity attributable to owners of the Company to total assets was 60.4%, a decrease of 0.4 points from the previous fiscal year-end.

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

- The differences from the forecasts of consolidated financial results for the year ending March 31, 2023, which were publicly announced on April 27, 2022, are shown below.

1) Revisions to the forecasts of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

	Revenue	Core operating profit	Operating profit	Profit before tax	Profit for the year	Profit attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecasts (A)	1,150,000	105,000	105,000	105,000	83,000	83,000
Revised forecasts (B)	1,250,000	120,000	130,000	130,000	100,000	100,000
Change (B-A)	100,000	15,000	25,000	25,000	17,000	17,000
Percentage of change (%)	8.7	14.3	23.8	23.8	20.5	20.5
(Reference) Year ended March 31, 2022	1,044,892	90,605	73,025	73,516	66,972	66,972

* Assumed exchange rate since the third quarter: USD/Yen = 140, EUR/Yen = 140

Note: The forecasted statements shown above are based on information currently available and certain assumptions that Daiichi Sankyo regards as reasonable. Actual performance and other results may differ from these forecasted figures due to various factors.

2) Reason for the revision

- Revenue has been revised upward by JPY100.0 billion from the previous forecast to JPY1,250.0 billion based on strong performance in revenue centered on Enhertu and weaving in the positive effect from foreign exchange by the depreciation of the yen.
- Core operating profit has been revised upward by JPY15.0 billion from the previous forecast to JPY120.0 billion to reflect the greatly outweighed expansion in business performance despite an increase in expenses due to the effect from foreign exchange by the depreciation of the yen.
- Operating profit has been revised upward by JPY10.0 billion from the core operating profit forecast to JPY130.0 billion, to reflect the gain from transfer of Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd. accompanying the divestment of a part of infectious disease business in China and others.

- Profit attributable to owners of the Company has been revised upward by JPY17.0 billion from the previous forecast to JPY100.0 billion.

(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. During the current 5-year business plan period (fiscal year 2021 through fiscal year 2025), in addition to maintaining the ordinary dividend of JPY27.00 per share, we will take account of our profit growth and increase dividend. We will also flexibly conduct share buy-back and will enhance shareholder return.
- For the year ended March 31, 2022, the Company paid a year-end dividend of JPY13.5 per share on June 28, 2022. Accordingly, the annual dividend for the fiscal year, together with the interim dividend of JPY13.5 per share paid on December 1, 2021, was JPY27.0 per share in total.
- For the year ending March 31, 2023, in consideration of the forecast for consolidated financial results, the Company has decided the revision of the interim dividend and the year-end dividend forecast for the year ending March 31, 2023 to be JPY15.00 per share, an increase of JPY1.50 respectively, i.e. annual dividend to be JPY30.00 per share, an increase of JPY3.00 from the previous fiscal year at the meeting of the Board of Directors held on October 31, 2022.

2. Condensed Interim Consolidated Financial Statements with Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
ASSETS		
Current assets		
Cash and cash equivalents	662,477	480,219
Trade and other receivables	266,675	333,495
Other financial assets	181,368	358,522
Inventories	217,910	262,126
Other current assets	16,838	22,923
Total current assets	1,345,271	1,457,288
Non-current assets		
Property, plant and equipment	304,070	326,171
Goodwill	83,555	101,957
Intangible assets	163,884	199,136
Investments accounted for using the equity method	1,425	1,303
Other financial assets	131,509	135,043
Deferred tax assets	138,173	133,414
Other non-current assets	53,513	73,459
Total non-current assets	876,131	970,487
Total assets	2,221,402	2,427,775

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	324,784	332,224
Bonds and borrowings	20,394	41,395
Other financial liabilities	10,766	11,046
Income taxes payable	6,910	12,933
Provisions	6,795	8,390
Other current liabilities	25,616	22,111
Total current liabilities	395,268	428,101
Non-current liabilities		
Bonds and borrowings	143,067	101,880
Other financial liabilities	42,615	45,458
Post-employment benefit liabilities	2,624	2,978
Provisions	18,290	17,336
Deferred tax liabilities	12,444	18,968
Other non-current liabilities	256,219	345,902
Total non-current liabilities	475,262	532,524
Total liabilities	870,530	960,626
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	–	55
Treasury shares	(37,482)	(37,187)
Other components of equity	168,147	249,325
Retained earnings	1,170,208	1,204,955
Total equity attributable to owners of the Company	1,350,872	1,467,149
Total equity	1,350,872	1,467,149
Total liabilities and equity	2,221,402	2,427,775

(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 yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Revenue	529,965	607,797
Cost of sales	172,635	159,567
Gross profit	357,329	448,230
Selling, general and administrative expenses	165,815	209,859
Research and development expenses	109,072	150,654
Other income	2,301	7,864
Other expenses	0	—
Operating profit	84,742	95,580
Financial income	2,645	4,931
Financial expenses	1,475	9,214
Share of profit (loss) of investments accounted for using the equity method	43	(32)
Profit before tax	85,955	91,265
Income taxes	23,489	32,956
Profit for the period	62,465	58,309
Profit attributable to:		
Owners of the Company	62,465	58,309
Earnings per share		
Basic earnings per share (Yen)	32.59	30.42
Diluted earnings per share (Yen)	32.56	30.39

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit for the period	62,465	58,309
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(3,261)	(1,239)
Remeasurements of defined benefit plans	(47)	0
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	6,611	84,657
Other comprehensive income for the period	3,301	83,418
Total comprehensive income for the period	65,767	141,727
Total comprehensive income attributable to:		
Owners of the Company	65,767	141,727

(3) Condensed Interim Consolidated Statement of Changes in Equity

Six months ended September 30, 2021

	(Millions of yen)					
	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
Subscription rights to shares				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	
Balance as of April 1, 2021	50,000	94,494	(261,252)	1,038	70,024	40,416
Profit for the period	–	–	–	–	–	–
Other comprehensive income for the period	–	–	–	–	6,611	(3,261)
Total comprehensive income for the period	–	–	–	–	6,611	(3,261)
Purchase of treasury shares	–	–	(9)	–	–	–
Disposal of treasury shares	–	–	697	(191)	–	–
Cancellation of treasury shares	–	(94,494)	223,009	–	–	–
Dividend	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(325)
Total transactions with owners of the Company	–	(94,494)	223,697	(191)	–	(325)
Balance as of September 30, 2021	50,000	–	(37,555)	847	76,635	36,828

	(Millions of yen)				
	Equity attributable to owners of the Company				
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company	Total equity
Remeasurements of defined benefit plans	Total other components of equity				
Balance as of April 1, 2021	–	111,479	1,277,332	1,272,053	1,272,053
Profit for the period	–	–	62,465	62,465	62,465
Other comprehensive income for the period	(47)	3,301	–	3,301	3,301
Total comprehensive income for the period	(47)	3,301	62,465	65,767	65,767
Purchase of treasury shares	–	–	–	(9)	(9)
Disposal of treasury shares	–	(191)	(221)	284	284
Cancellation of treasury shares	–	–	(128,514)	–	–
Dividend	–	–	(25,868)	(25,868)	(25,868)
Transfer from other components of equity to retained earnings	47	(278)	278	–	–
Total transactions with owners of the Company	47	(469)	(154,325)	(25,592)	(25,592)
Balance as of September 30, 2021	–	114,311	1,185,472	1,312,228	1,312,228

Six months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of the Company					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
				Subscription rights to shares	Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2022	50,000		(37,482)	822	132,103	35,221
Profit for the period	—	—	—	—	—	—
Other comprehensive income for the period	—	—	—	—	84,657	(1,239)
Total comprehensive income for the period	—	—	—	—	84,657	(1,239)
Purchase of treasury shares	—	—	(12)	—	—	—
Disposal of treasury shares	—	55	307	(74)	—	—
Dividend	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(616)
Others	—	—	—	—	(1,547)	—
Total transactions with owners of the Company	—	55	295	(74)	(1,547)	(616)
Balance as of September 30, 2022	50,000	55	(37,187)	747	215,212	33,365

(Millions of yen)

	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, 2022	—	168,147	1,170,208	1,350,872	1,350,872
Profit for the period	—	—	58,309	58,309	58,309
Other comprehensive income for the period	0	83,418	—	83,418	83,418
Total comprehensive income for the period	0	83,418	58,309	141,727	141,727
Purchase of treasury shares	—	—	—	(12)	(12)
Disposal of treasury shares	—	(74)	—	289	289
Dividend	—	—	(25,876)	(25,876)	(25,876)
Transfer from other components of equity to retained earnings	(0)	(617)	617	—	—
Others	—	(1,547)	1,697	149	149
Total transactions with owners of the Company	(0)	(2,239)	(23,561)	(25,450)	(25,450)
Balance as of September 30, 2022	—	249,325	1,204,955	1,467,149	1,467,149

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before tax	85,955	91,265
Depreciation and amortization	28,972	29,986
Impairment losses (reversal of impairment losses)	52	(3,190)
Financial income	(2,645)	(4,931)
Financial expenses	1,475	9,214
Share of (profit) loss of investments accounted for using the equity method	(43)	32
(Gain) loss on sale and disposal of non-current assets	(1,595)	(792)
(Increase) decrease in trade and other receivables	(43,060)	(37,726)
(Increase) decrease in inventories	(7,659)	(37,872)
Increase (decrease) in trade and other payables	(33,007)	(23,587)
Others, net	15,333	41,804
Subtotal	43,778	64,201
Interest and dividend received	1,522	2,402
Interest paid	(829)	(1,048)
Income taxes paid	(13,004)	(19,449)
Net cash flows from (used in) operating activities	31,467	46,105
Cash flows from investing activities		
Payments into time deposits	(125,597)	(197,789)
Proceeds from maturities of time deposits	234,880	70,179
Acquisition of securities	(198,728)	(152,481)
Proceeds from sale and redemption of securities	317,105	129,198
Acquisition of property, plant and equipment	(31,957)	(27,453)
Proceeds from sale of property, plant and equipment	2,798	1,544
Acquisition of intangible assets	(9,691)	(5,557)
Acquisition of subsidiaries	–	(30,544)
Proceeds from sale of subsidiaries	–	8,357
Proceeds from collection of loans receivable	178	172
Others, net	(424)	(658)
Net cash flows from (used in) investing activities	188,563	(205,031)
Cash flows from financing activities		
	Six months ended September 30, 2021	Six months ended September 30, 2022

	Six months ended September 30, 2021	Six months ended September 30, 2022
Repayments of bonds and borrowings	(20,195)	(20,197)
Purchase of treasury shares	(9)	(12)
Proceeds from sale of treasury shares	0	0
Dividend paid	(25,860)	(25,867)
Payments of lease liabilities	(6,686)	(7,212)
Others, net	0	0
Net cash flows from (used in) financing activities	(52,751)	(53,290)
Net increase (decrease) in cash and cash equivalents	167,279	(212,217)
Cash and cash equivalents at the beginning of the period	380,547	662,477
Effect of exchange rate changes on cash and cash equivalents	2,227	29,958
Cash and cash equivalents at the end of the period	550,054	480,219

(5) Notes to Condensed Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Significant Subsidiaries during the Period

Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd. has been excluded from the scope of consolidation since Daiichi Sankyo (China) Holdings Co., Ltd., a consolidated subsidiary of the Company, has sold all the equity interests during the second quarter ended September 30, 2022.

Changes in Presentation

Condensed Interim Consolidated Statement of Profit or Loss

In order to appropriately present the results of the business activities resulting in gains and losses generated from transactions such as asset sales, the Group has changed its method of presentation and now presents these amounts in “Other income” and “Other expenses” from the fiscal year ending March 31, 2023.

As a result, “Cost of sales”, “Selling, general and administrative expenses” and “Research and development expenses” of 76 million yen, 2,198 million yen, and 26 million yen, respectively, in the Condensed Interim Consolidated Statement of Profit or Loss for the six months ended September 30, 2021, have been reclassified as “Other income” and “Other expenses” of 2,301 million yen and 0 million yen, respectively.