October 29, 2021

Consolidated Financial Results for the First Six Months of the Year Ending March 31, 2022 (Fiscal 2021) <under IFRS>

Listed company name: Daiichi Sankyo Company, Limited
Listed exchange: First Section of the Tokyo Stock Exchange
Stock code number: 4568
URL: https://www.daiichisankyo.com
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Scheduled date of Quarterly Report filing: November 8, 2021
Scheduled date of dividend payments: December 1, 2021
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, 2022 (from April 1, 2021 to September 30, 2021)

(1) Consolidated Financial Results

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

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	529,965	10.4	84,742	44.9	85,955	28.3	62,465	21.1
Six months ended September 30, 2020	480,168	0.1	58,465	(32.1)	66,986	(23.0)	51,594	(19.9)

	Profit attributable to owners of the Company		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended September 30, 2021	62,465	20.9	65,767	31.8	32.59	32.56
Six months ended September 30, 2020	51,667	(19.8)	49,900	9.5	26.57	26.53

Note: Effective Thursday, October 1, 2020, Daiichi Sankyo Company, Limited (hereinafter, "Daiichi Sankyo" or "the Company") implemented a three-for-one share split of its ordinary shares. "Basic earnings per share" and "Diluted earnings per share" are calculated as if the share split had taken place at the beginning of the year ended March 31, 2021.

(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, 2021	2,110,729	1,312,228	1,312,228	62.2	684.62
As of March 31, 2021	2,085,178	1,272,053	1,272,053	61.0	663.85

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, 2021	–	40.50	–	13.50	–
Year ending March 31, 2022	–	13.50			
Year ending March 31, 2022 (Forecast)			–	13.50	27.00

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

Note: Effective Thursday, October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares. The dividend for the first six months of the fiscal year ended March 31, 2021 presents the amount prior to the share split. The annual dividend per share for the fiscal year ended March 31, 2021 is not presented because the amounts cannot be simply combined due to the implementation of the share split. For further details, please refer to "1. Qualitative Information about Consolidated Results for the First Six Months (4) Information about Return to Shareholders" on page 10 of the attached material.

3. Forecast of Consolidated Financial Results for Year Ending March 31, 2022

(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	1,030,000	7.0	90,000	14.1	92,000	44.2	92,000	24.1	64,000	(15.6)

	Profit attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Yen
Full year	64,000	(15.7)	33.39

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

Note: Regarding the forecast of consolidated financial results for the fiscal year ending March 31, 2022, Daiichi Sankyo discloses core operating profit, which excludes temporary income and expenses from operating profit, as an indicator of ordinary 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.

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in scope of consolidation): No

(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, 2021	1,947,034,029 shares
As of March 31, 2021	2,127,034,029 shares

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

As of September 30, 2021	30,308,841 shares
As of March 31, 2021	210,868,203 shares

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

Six months ended September 30, 2021	1,916,460,879 shares
Six months ended September 30, 2020	1,944,936,675 shares

Note: Effective Thursday, October 1, 2020, Daiichi Sankyo implemented a three-for-one share split of its ordinary shares. "Number of ordinary shares issued" is calculated as if the share split had taken place at the beginning of the year ended March 31, 2021.

* 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]

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

	Six months ended September 30, 2020	Six months ended September 30, 2021	YoY change
Revenue	480,168	529,965	49,796 10.4%
Cost of sales*	168,575	172,560	3,985 2.4%
Selling, general and administrative expenses*	148,608	165,718	17,110 11.5%
Research and development expenses*	104,621	109,007	4,385 4.2%
Core operating profit*	58,363	82,678	24,314 41.7%
Temporary income*	111	2,116	2,004 -
Temporary expenses*	9	52	42 428.0%
Operating profit	58,465	84,742	26,276 44.9%
Profit before tax	66,986	85,955	18,969 28.3%
Profit attributable to owners of the Company	51,667	62,465	10,798 20.9%
Total comprehensive income	49,900	65,767	15,867 31.8%

* Daiichi Sankyo 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)>

(Yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
USD/Yen	106.92	109.80
EUR/Yen	121.29	130.89

a. Revenue

- Revenue in the first six months of the year ending March 31, 2022 increased by ¥49.8 billion, or 10.4% compared to the same period of the previous fiscal year (year on year), to ¥530.0 billion.
- Revenue increased year on year due to the achieved growth with Injectafer affected by the spread of COVID-19 in the previous fiscal year and others, in addition to the achieved growth with global mainstay products such as Lixiana (generic name: edoxaban) and Enhertu (generic name: trastuzumab deruxtecan, T-DXd/DS-8201) and others.
- The positive effect on revenue from foreign exchange was ¥12.1 billion in total.

b. Core operating profit

- Core operating profit increased by ¥24.3 billion, or 41.7% year on year, to ¥82.7 billion.
- Cost of sales increased only by ¥4.0 billion, or 2.4% year on year, to ¥172.6 billion due to an improvement in cost-to-sales ratio as a result of a change in the product mix.
- Selling, general and administrative expenses increased by ¥17.1 billion, or 11.5%, to ¥165.7 billion due to the cost increase by an increase in profit sharing with AstraZeneca pertaining to Enhertu.
- Research and development expenses increased by ¥4.4 billion, or 4.2% year on year, to ¥109.0 billion due to the cost increase through R&D investment in 3 main ADCs (trastuzumab deruxtecan, datopotamab deruxtecan: Dato-DXd/DS-1062, patritumab deruxtecan: HER3-DXd/U3-1402).
- The positive effect on core operating profit from foreign exchange was ¥4.6 billion in total.

c. Operating profit

- Operating profit increased by ¥26.3 billion, or 44.9% year on year, to ¥84.7 billion.
- The amount of increase in operating profit increased compared to core operating profit mainly due to the record of gains on sale of non-current assets (¥2.1 billion) associated with the transfer of the Osaka Distribution Center as temporary income.

d. Profit before tax

- Profit before tax increased by ¥19.0 billion, or 28.3% year on year, to ¥86.0 billion.
- The amount of increase in profit before tax was smaller 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 increased by ¥10.8 billion, or 20.9% year on year, to ¥62.5 billion.

f. Total comprehensive income

- Total comprehensive income increased by ¥15.9 billion, or 31.8% year on year, to ¥65.8 billion.

- The amount of increase in total comprehensive income increased compared to profit attributable to owners of the Company due to improvement in the currency translation difference pertaining to net assets of overseas subsidiaries, despite a worsening in the valuation difference on financial assets.

[Revenue by Business Unit]

Revenue by business unit in the first six months of the year ending March 31, 2022 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.
- This revenue from the Unit increased by ¥5.5 billion, or 2.2% year on year, to ¥255.6 billion due to growth in sales of Lixiana, Tarlige, Enhertu and others, despite the impact of NHI drug price revision and decline in sales of Memary caused by generic entries following the loss of exclusivity, and others.

The following describes the major progress in the first six months of the year ending March 31, 2022.

- In April 2021, the migraine prevention drug Emgality was launched.
- In May 2021, adalimumab biosimilar, a fully human anti-TNF-α monoclonal antibody, was launched.
- In August 2021, a supplemental application was approved for partial changes in usage and dosage for Lixiana tablets 15 mg and Lixiana OD tablets 15 mg.
- In August 2021, a collaborative agreement was concluded to commercialize lasmiditan succinate in Japan for the treatment of migraines.

b. Daiichi Sankyo Healthcare Unit

- Revenue from Daiichi Sankyo Healthcare Unit increased by ¥0.8 billion, or 2.4% year on year, to ¥33.8 billion due to the strong performance of the Loxonin series and others.

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.
- This revenue from the Unit increased by ¥7.5 billion, or 31.7% year on year, to ¥31.0 billion due to increase of Enhertu in the U.S. and Europe. Revenue in local currency terms increased by US$62 million, or 28.3%, to US$283 million.

d. American Regent Unit

- Revenue from American Regent Unit increased by ¥18.0 billion, or 30.6% year on year, to ¥77.0 billion due to an increase in sales of Injectafer and others affected by the spread of COVID-19 in the previous fiscal year. Revenue in local currency terms increased by US$150 million, or 27.1%, to US$701 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.
- This revenue from the Unit increased by ¥9.3 billion, or 17.2% year on year, to ¥63.7 billion due to steady growth in sales of Lixiana. Revenue in local currency terms increased by EUR39 million, or 8.6%, to EUR486 million.

f. ASCA Business Unit

- Revenue from ASCA[*1] Business Unit includes sales to overseas licensees.
- This revenue from the Unit increased by ¥6.7 billion, or 13.8% year on year, to ¥55.1 billion due to increase of olmesartan and others in China.

The following describes the major progress in the first six months of the year ending March 31, 2022.

- In April 2021, Esperion's bempedoic acid, the hypercholesterolemia treatment, was licensed in for Asia and South America.

[*1] Asia, South & Central America

2) Status of R&D

- The Daiichi Sankyo Group (hereinafter, "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] (trastuzumab deruxtecan: T-DXd/DS-8201, datopotamab deruxtecan: Dato-DXd/DS-1062 and patritumab deruxtecan: HER3-DXd/U3-1402) 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, 2022 (from April 1, 2021 to September 30, 2021). 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, 2022.

- In June 2021, data was presented at the 2021 American Society of Clinical Oncology (ASCO) from the Phase Ib/II clinical trial for patients with triple negative breast cancer (TNBC) (trial name:

BEGONIA) and the Phase II clinical trial for the third line treatment for patients with HER2 expressing colorectal cancer (trial name: DESTINY-CRC01).

- In June 2021, a Phase III clinical trial for the first line treatment for patients with HER2-positive breast cancer (trial name: DESTINY-Breast09) was initiated.
- In June 2021, the top line results (the outline of trial results) of the Phase II clinical trial for the second line treatment for patients with HER2-positive gastric cancer (trial name: DESTINY-Gastric02) were obtained.
- In June 2021, the top line results of the Phase II clinical trial for the second or later line treatment for patients with HER2-overexpressing or HER2 mutant, non-small cell lung cancer (NSCLC) (trial name: DESTINY-Lung01) were obtained.
- In July 2021, a Phase III clinical trial for the second line treatment for patients with HER2-positive gastric cancer (trial name: DESTINY-Gastric04) was initiated.
- In August 2021, the primary endpoint in interim analysis of the Phase III clinical trial for the second line treatment for patients with HER2-positive breast cancer (trial name: DESTINY-Breast03) was achieved, and Real-Time Oncology Review (RTOR[*4]) designation was obtained from the U.S. Food and Drug Administration (FDA).
- In September 2021, a Phase II clinical trial for the third line treatment for patients with HER2-positive gastric cancer (trial name: DESTINY-Gastric06) was initiated in China.
- In September 2021, data was presented at the European Society for Medical Oncology Congress 2021 (ESMO Congress 2021) from the Phase II clinical trial for the third line treatment for patients with HER2-positive breast cancer (trial name: DESTINY-Breast01), the DESTINY-Breast03 clinical trial, the DESTINY-Gastric02 clinical trial, and the DESTINY-Lung01 clinical trial.

[*4] The Real-Time Oncology Review (RTOR) program aims to explore a more efficient review process to ensure that safe and effective treatments are available to patients as early as possible. Under the program, the FDA allows for accelerated screening of large amounts of data prior to an applicant formally submitting the complete application.

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, 2022.

- In May 2021, data was presented at the European Society for Medical Oncology Virtual Congress 2021 (ESMO Breast 2021) for triple negative breast cancer patients in the Phase I clinical trial for solid tumors (trial name: TROPION-PanTumor01).
- In June 2021, data was presented at the 2021 American Society of Clinical Oncology (ASCO) for NSCLC patients in the TROPION-PanTumor01 clinical trial.
- In September 2021, data was presented at the 2021 World Conference on Lung Cancer (WCLC) and the European Society for Medical Oncology Congress 2021 (ESMO Congress 2021) for NSCLC patients in the TROPION-PanTumor01 clinical trial.

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, 2022.

- In June 2021, data was presented at the 2021 American Society of Clinical Oncology (ASCO) from the Phase I clinical trial for patients with epidermal growth factor receptor (EGFR)-mutated NSCLC.
- In June 2021, a Phase I clinical trial was initiated to evaluate the combination with osimertinib, a tyrosine kinase inhibitor, in patients with EGFR-mutated NSCLC.

【Alpha】

The following describes the major progress in clinical development for each project other than 3ADCs in the first six months of the year ending March 31, 2022. The status of each clinical trial is stated in the reference data.

- In April 2021, a Phase I/II clinical trial for DS-1594 (Menin-MLL interaction inhibitor) was initiated for patients with acute myeloid leukemia and acute lymphocytic leukemia.
- In April 2021, a Phase II clinical trial for pexidartinib (PLX3397: CSF-1R inhibitor, brand name in the U.S.: Turalio) was initiated in Japan for patients with tenosynovial giant cell tumor.
- In April 2021, a Phase I clinical trial for DS-6016 (anti-ALK2 antibody) was initiated for patients with fibrodysplasia ossificans progressiva.
- In May 2021, a supplemental new drug application was submitted for the pain agent mirogabalin (DS-5565: α2δ ligand, brand name: Tarlige) for an additional indication related to central neuropathic pain in Japan.
- In June 2021, approval for manufacturing and marketing in Japan was received for the oncolytic virus teserpaturev (DS-1647: G47Δ, brand name: Delytact).
- In June 2021, data was presented at the annual congress of the European Hematology Association (EHA) of the latest data from the Phase I clinical trial of valemetostat (DS-3201: EZH1/2 dual inhibitor) for patients with non-Hodgkin lymphoma.
- In June 2021, a Phase II clinical trial of valemetostat was initiated for patients with relapsed/refractory peripheral T-cell lymphoma (PTCL) and adult T-cell leukemia-lymphoma (ATL) (trial name: VALENTINE-PTCL01).
- In June 2021, a Phase I clinical trial for VN-0200 (RS virus vaccine) was initiated with healthy Japanese adults including elderly individuals.
- In August 2021, the primary endpoint of the ENVISAGE-TAVI AF clinical trial involving the anticoagulant edoxaban (brand name: Lixiana) for patients with atrial fibrillation (AF) who have undergone transcatheter aortic valve implantation (TAVI) was achieved, and results were presented at the European Society of Cardiology Congress 2021 (ESC Congress 2021).
- In September 2021, data was presented at the European Society for Medical Oncology Congress 2021 (ESMO Congress 2021) from the Phase I/II clinical trial of DS-7300 (B7-H3-directed ADC) for solid tumors.

3) Efforts to Address the Novel Coronavirus Infection

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

a. DS-5670 (COVID-19 mRNA vaccine)

- For the prevention of COVID-19, the Company is currently participating in "Fundamental Research on the Control of the Novel Coronavirus (2019-nCoV[*1]),"[*2] an initiative supported by the Japan Agency for Medical Research and Development (hereinafter, AMED). In addition, using novel nucleic acid delivery technology[*3] developed inhouse, the Company is taking part in a basic research project on a genetic (mRNA) vaccine with the title "Development of a Genetic Vaccine for 2019-nCoV."
- The Company has been selected by the MHLW to be a provider for the Japanese Government's "Emergent Initiative to Build Production Capacity for COVID-19 Vaccines[*4] (First Round)" as well

as by AMED to be a company for the AMED's Drug Discovery Support Program "Development of COVID-19 Vaccines[*5] (Second Round)."

- The Company is conducting Phase I/II clinical trials in Japan with healthy adults including elderly individuals.

[*1] 2019-nCoV is synonymous with SARS-CoV-2.

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

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

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

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

b. DS-2319 (Nafamostat inhalation formulation)

- Daiichi Sankyo has been carrying out a collaborative R&D on nafamostat inhalation formulation for the treatment of COVID-19 with the University of Tokyo, RIKEN, and Nichi-Iko Pharmaceutical Co., Ltd.

The following describes the major progress in the first six months of the year ending March 31, 2022.

- In June 2021, the Company decided to discontinue the development of DS-2319 as a result of examining the data of ongoing nonclinical studies and Phase I clinical trial.

c. Supply of AstraZeneca's novel coronavirus vaccine, Vaxzevria

- Based on the agreement which Daiichi Sankyo entered into with AstraZeneca to manufacture the vaccine, Daiichi Sankyo Biotech Co., Ltd., a subsidiary of the Company, has been manufacturing the vaccine (including vial filling and packaging, etc.) since March 2021.

The following describes the major progress in the first six months of the year ending March 31, 2022.

- In June 2021, through the Japanese government, Vaxzevria was supplied to Southeast Asia and other regions.

(2) Analysis of Financial Position as of September 30, 2021

- Total assets as of September 30, 2021 were ¥2,110.7 billion, an increase of ¥25.6 billion from the previous fiscal year-end, mainly due to increases in cash and cash equivalents and trade and other receivables, which were partially offset by decreases in other financial assets (current assets).
- Total liabilities as of September 30, 2021 were ¥798.5 billion, a decrease of ¥14.6 billion from the previous fiscal year-end, mainly due to decreases in trade and other payables and bonds and borrowings (non-current liabilities), which were partially offset by an increase in other non-current liabilities.
- Total equity as of September 30, 2021 was ¥1,312.2 billion, an increase of ¥40.2 billion from the previous fiscal year-end, mainly because of the profit for the period, which was partially offset by dividend paid.
- The ratio of equity attributable to owners of the Company to total assets was 62.2%, an increase of 1.2 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, 2022, which were publicly announced on April 27, 2021, are shown below.

1) Revisions to the forecasts of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	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)	990,000	70,000	70,000	70,000	50,000	50,000
Revised forecasts (B)	1,030,000	90,000	92,000	92,000	64,000	64,000
Change (B-A)	40,000	20,000	22,000	22,000	14,000	14,000
Percentage of change (%)	4.0	28.6	31.4	31.4	28.0	28.0
(Reference) Year ended March 31, 2021	962,516	78,853	63,795	74,124	75,830	75,958

* Assumed exchange rate since the third quarter: USD/Yen = 105, EUR/Yen = 120

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 ¥40.0 billion from the previous forecast to ¥1,030.0 billion based on strong performance in revenue centered on Lixiana and Injectafer.
- Core operating profit has been revised upward by ¥20.0 billion from the previous forecast to ¥90.0 billion to reflect the upward revision in revenue.
- Operating profit has been revised upward by an additional ¥2.0 billion from the core operating profit forecast to ¥92.0 billion, to reflect the gain from transfer of the Osaka Distribution Center.
- Profit attributable to owners of the Company has been revised upward by ¥14.0 billion from the previous forecast to ¥64.0 billion.

- The Company assumes that a certain impact will continue due to COVID-19 infections. However, the impact on operating profit of the Group is expected to be minor.

(4) Information about Return to Shareholders

- In order to secure sustainable growth in corporate value, one of the fundamental business strategies 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 the fiscal year ended March 31, 2021, the Company paid a year-end dividend of ¥13.5 per share on June 22, 2021. Accordingly, the annual dividend for the fiscal year, together with the interim dividend of ¥40.5 per share (on a pre-share split basis[*1]) paid on December 1, 2020, is ¥81.0 per share in total, which is an increase of ¥11.0 from the previous fiscal year on a pre-share split basis.
- For the fiscal year ending March 31, 2022, the Company intends to pay an interim dividend of ¥13.5 per share, a year-end dividend of ¥13.5 per share and an annual dividend of ¥27.0 per share.
- The Board of Directors meeting held on October 29, 2021 approved to pay an ordinary dividend of ¥13.5 per share as an interim dividend. The Company will pay the interim dividend on December 1, 2021 to shareholders as of September 30, 2021.

[*1] Effective October 1, 2020, the Company implemented a three-for-one share split of its ordinary shares.

2. Condensed Interim Consolidated Financial Statements with Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
ASSETS		
Current assets		
Cash and cash equivalents	380,547	550,054
Trade and other receivables	232,036	276,496
Other financial assets	444,368	219,054
Inventories	200,860	209,990
Other current assets	10,607	14,585
Total current assets	1,268,420	1,270,181
Non-current assets		
Property, plant and equipment	265,281	285,025
Goodwill	77,706	78,321
Intangible assets	172,822	170,454
Investments accounted for using the equity method	1,440	1,389
Other financial assets	139,991	134,624
Deferred tax assets	128,525	132,640
Other non-current assets	30,990	38,093
Total non-current assets	816,757	840,548
Total assets	2,085,178	2,110,729

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	297,499	265,499
Bonds and borrowings	20,391	20,393
Other financial liabilities	9,359	8,525
Income taxes payable	6,096	20,466
Provisions	6,051	5,997
Other current liabilities	14,173	15,163
Total current liabilities	353,571	336,046
Non-current liabilities		
Bonds and borrowings	163,441	143,254
Other financial liabilities	36,983	38,963
Post-employment benefit liabilities	3,929	4,094
Provisions	8,741	8,836
Deferred tax liabilities	17,516	15,041
Other non-current liabilities	228,941	252,264
Total non-current liabilities	459,553	462,454
Total liabilities	813,125	798,501
Equity		
Equity attributable to owners of the Company		
Share capital	50,000	50,000
Capital surplus	94,494	–
Treasury shares	(261,252)	(37,555)
Other components of equity	111,479	114,311
Retained earnings	1,277,332	1,185,472
Total equity attributable to owners of the Company	1,272,053	1,312,228
Total equity	1,272,053	1,312,228
Total liabilities and equity	2,085,178	2,110,729

(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, 2020	Six months ended September 30, 2021
Revenue	480,168	529,965
Cost of sales	168,573	172,559
Gross profit	311,595	357,405
Selling, general and administrative expenses	148,615	163,616
Research and development expenses	104,514	109,046
Operating profit	58,465	84,742
Financial income	9,909	2,645
Financial expenses	1,424	1,475
Share of profit (loss) of investments accounted for using the equity method	36	43
Profit before tax	66,986	85,955
Income taxes	15,391	23,489
Profit for the period	51,594	62,465
Profit attributable to:		
Owners of the Company	51,667	62,465
Non-controlling interests	(72)	–
Profit for the period	51,594	62,465
Earnings per share		
Basic earnings per share (Yen)	26.57	32.59
Diluted earnings per share (Yen)	26.53	32.56

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit for the period	51,594	62,465
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	5,150	(3,261)
Remeasurements of defined benefit plans	75	(47)
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(6,920)	6,611
Other comprehensive income for the period	(1,694)	3,301
Total comprehensive income for the period	49,900	65,767
Total comprehensive income attributable to:		
Owners of the Company	49,972	65,767
Non-controlling interests	(72)	–
Total comprehensive income for the period	49,900	65,767

(3) Condensed Interim Consolidated Statement of Changes in Equity

Six months ended September 30, 2020

(Millions of yen)

	Equity attributable to owners of the Company					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	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, 2020	50,000	94,633	(162,519)	1,611	51,218	29,264
Profit for the period	–	–	–	–	–	–
Other comprehensive income for the period	–	–	–	–	(6,920)	5,150
Total comprehensive income for the period	–	–	–	–	(6,920)	5,150
Purchase of treasury shares	–	–	(38)	–	–	–
Disposal of treasury shares	–	–	1,174	(516)	–	–
Dividend	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(378)
Total transactions with owners of the Company	–	–	1,136	(516)	–	(378)
Balance as of September 30, 2020	50,000	94,633	(161,383)	1,094	44,298	34,036

(Millions of yen)

	Equity attributable to owners of the Company					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance as of April 1, 2020	–	82,094	1,241,600	1,305,809	464	1,306,274
Profit for the period	–	–	51,667	51,667	(72)	51,594
Other comprehensive income for the period	75	(1,694)	–	(1,694)	–	(1,694)
Total comprehensive income for the period	75	(1,694)	51,667	49,972	(72)	49,900
Purchase of treasury shares	–	–	–	(38)	–	(38)
Disposal of treasury shares	–	(516)	(386)	272	–	272
Dividend	–	–	(22,682)	(22,682)	–	(22,682)
Transfer from other components of equity to retained earnings	(75)	(453)	453	–	–	–
Total transactions with owners of the Company	(75)	(970)	(22,614)	(22,448)	–	(22,448)
Balance as of September 30, 2020	–	79,429	1,270,653	1,333,333	391	1,333,725

Six months ended September 30, 2021

(Millions of yen)

	Equity attributable to owners of the Company					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	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					
	Remeasure-ments of defined benefit plans	Total other components of equity	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total 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

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before tax	66,986	85,955
Depreciation and amortization	28,454	28,972
Impairment losses (reversal of impairment losses)	9	52
Financial income	(9,909)	(2,645)
Financial expenses	1,424	1,475
Share of (profit) loss of investments accounted for using the equity method	(36)	(43)
(Gain) loss on sale and disposal of non-current assets	71	(1,595)
(Increase) decrease in trade and other receivables	55,825	(43,060)
(Increase) decrease in inventories	(10,227)	(7,659)
Increase (decrease) in trade and other payables	(21,964)	(33,007)
Others, net	14,454	15,333
Subtotal	125,089	43,778
Interest and dividend received	1,800	1,522
Interest paid	(927)	(829)
Income taxes paid	(14,162)	(13,004)
Net cash flows from (used in) operating activities	111,800	31,467
Cash flows from investing activities		
Payments into time deposits	(313,228)	(125,597)
Proceeds from maturities of time deposits	388,784	234,880
Acquisition of securities	(121,117)	(198,728)
Proceeds from sale and redemption of securities	78,974	317,105
Acquisition of property, plant and equipment	(14,806)	(31,957)
Proceeds from sale of property, plant and equipment	16	2,798
Acquisition of intangible assets	(31,782)	(9,691)
Payments for loans receivable	(24)	–
Proceeds from collection of loans receivable	214	178
Others, net	(588)	(424)
Net cash flows from (used in) investing activities	(13,559)	188,563

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Repayments of bonds and borrowings	(40,195)	(20,195)
Purchase of treasury shares	(38)	(9)
Proceeds from sale of treasury shares	1	0
Dividend paid	(22,686)	(25,860)
Others, net	(6,361)	(6,686)
Net cash flows from (used in) financing activities	(69,279)	(52,751)
Net increase (decrease) in cash and cash equivalents	28,961	167,279
Cash and cash equivalents at the beginning of the period	424,184	380,547
Effect of exchange rate changes on cash and cash equivalents	(1,878)	2,227
Cash and cash equivalents at the end of the period	451,267	550,054

(5) Notes to Condensed Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Significant Subsidiaries during the Period

Not applicable.