

Passion for Innovation.
Compassion for Patients.™



5-Year Business Plan (FY2021–FY2025)

DAIICHI SANKYO CO., LTD.

Sunao Manabe
President and CEO

April 5th, 2021

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Agenda

① Daiichi Sankyo's ESG Management

② 2030 Vision

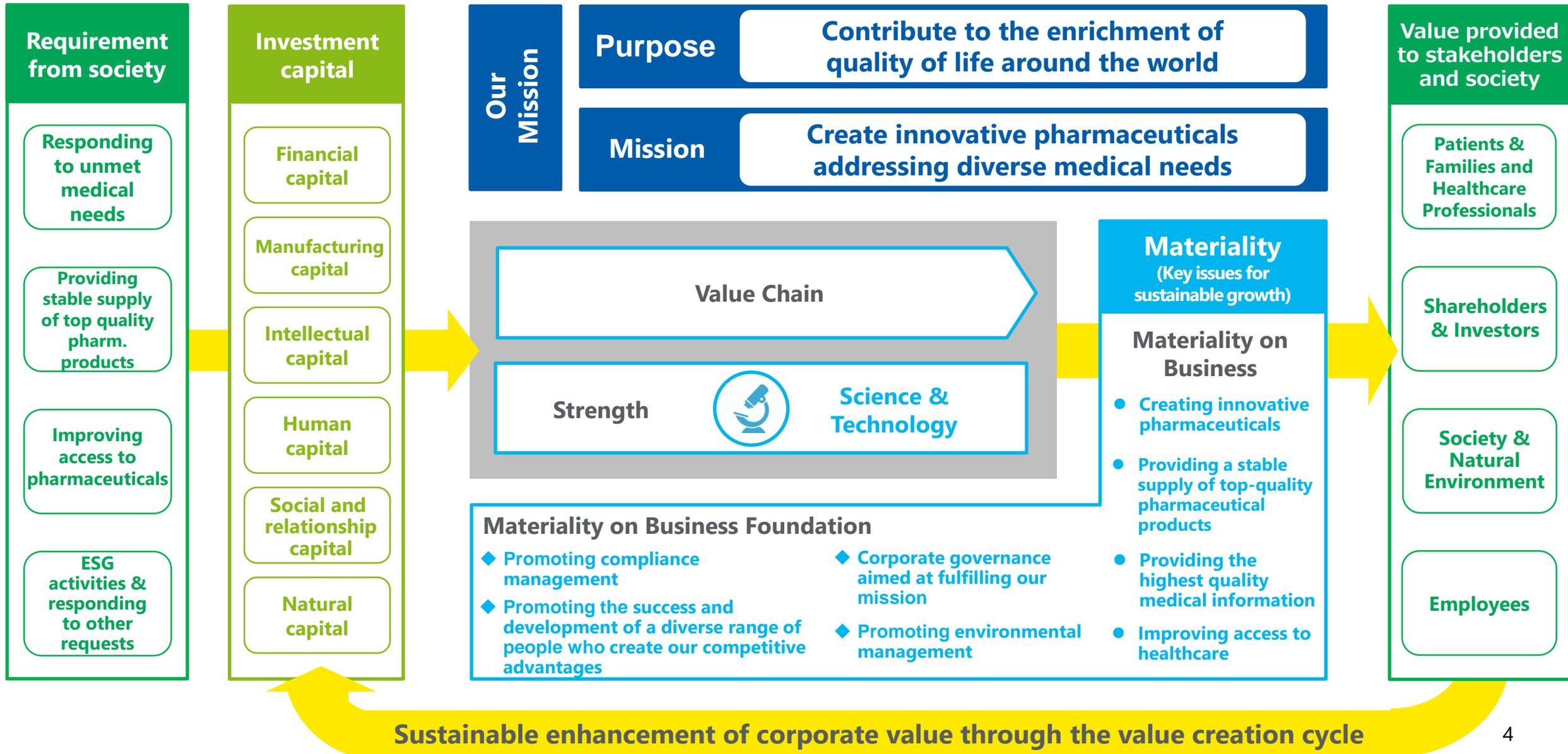
③ 5-Year Business Plan (FY2016-FY2020) Recap

④ 5-Year Business Plan (FY2021-FY2025)

⑤ Appendix



Daiichi Sankyo's Value Creation Process and ESG Management

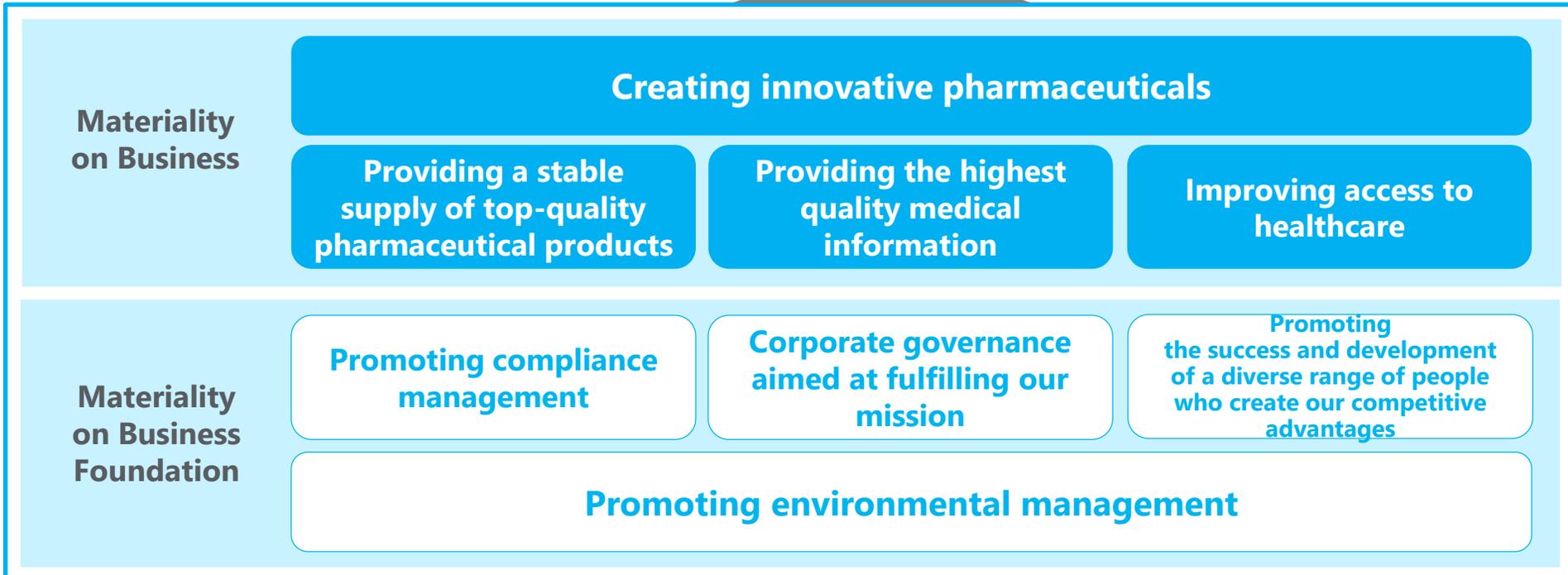


Materiality

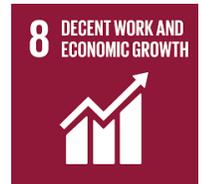
- Key Issues to address for Sustainable Growth -

- ◆ Materiality identified based on impact to our mid-to-long-term corporate value and expectations from society
- ◆ We contribute to SDGs by focusing on our Materiality

The value we provide to our stakeholders and society through our value creation process



SDGs Goals



① Daiichi Sankyo's ESG Management

② **2030 Vision**

③ 5-Year Business Plan (FY2016-FY2020) Recap

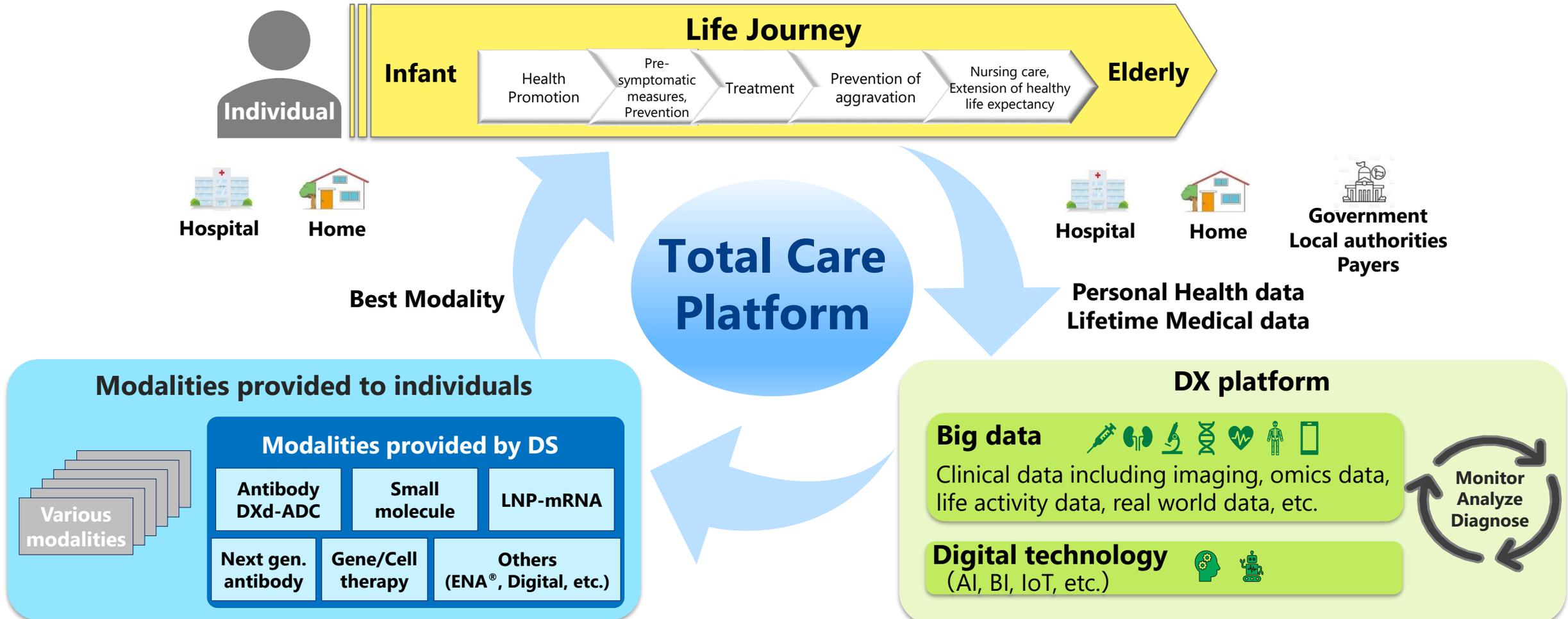
④ 5-Year Business Plan (FY2021-FY2025)

⑤ Appendix



External Environment and How we will provide Value

Leverage our strength, Science & Technology, to provide the best “total care” treatments during the lifetime of an individual



Purpose

**Contribute to the enrichment of
quality of life around the world**

2030 Vision

Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

To realize our “Purpose,” the DS group of companies aims to address the social issues that we are expected by society to solve through our business activities, such as the creation of innovative pharmaceuticals and efforts for achieving the SDGs. We challenge ourselves to continuously provide innovative solutions based on our strength: Science & Technology

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③ **5-Year Business Plan (FY2016-FY2020) Recap**

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5-Year Business Plan (FY2016-FY2020) Recap: Major Progress of the 6 Strategic Targets and Shareholder Returns

Establish oncology business

- ◆ Launched Enhertu and added new indications
- ◆ Formed two strategic alliance with AstraZeneca for Enhertu and Dato-DXd
- ◆ Significant progress in clinical development for 3ADCs



Grow edoxaban

- ◆ Substantial revenue growth (achieved 100.0 Bn JPY two years ahead of plan)
- ◆ Achieved number one market share in Japan
- ◆ Significant market share growth in Europe and Asia



Grow as the number one company in Japan

- ◆ Number one company in Japan in terms of revenue for four consecutive years
- ◆ Launched competitive in-house products (Tarlige, etc.)
- ◆ Acquired high quality new products (Emgality, etc.)



Expand US businesses

- ◆ Launched Enhertu
- ◆ Steady growth of American Regent business
- ◆ Implemented exit strategy for the pain business

Continuously generate innovative new products changing standard of care (SOC*)

- ◆ Increased pipeline value
- ◆ Solid progress in drug discovery and development using wide range of modalities (nucleic acid, cell therapy, gene therapy, etc.)



Enhance profit generation capabilities

- ◆ Optimized global manufacturing and RD structures (two locations divested and five closed)
- ◆ Optimized commercial structures in US and EU
- ◆ Divested non-core assets (properties and long-listed products)
- ◆ Additional investment for ADCs

Shareholder returns

- ◆ Total return ratio of more than 100% in the cumulative 5 years
- ◆ Acquisition of own shares (200.0 Bn JPY in total)
- ◆ Increased dividends and implemented a three-to-one stock split

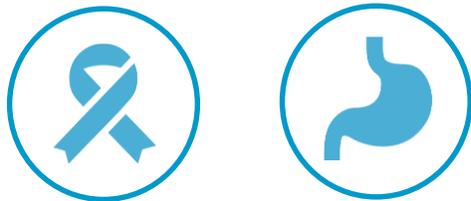


* Standard of Care

5-Year Business Plan (FY2016-FY2020) Recap: Establish Oncology Business

Launched Enhertu and added new indications

- ◆ HER2 Positive Breast Cancer 3L
 - Launched in US*¹ (Jan. 2020)
 - Launched in Japan*² (May 2020)
 - Approved in EU*³ (Jan. 2021)
- ◆ HER2 Positive Gastric Cancer 3L
 - Launched in Japan*⁴ (Sep. 2020)
- ◆ HER2 Positive Gastric Cancer 2L
 - Launched in US*⁵ (Jan. 2021)



Formed strategic alliance with AstraZeneca for Enhertu and Dato-DXd

- ◆ Enhertu (Mar. 2019)
 - Financial Consideration up to US\$ 6.9 Bn (759.0 Bn JPY*) in total
- ◆ Dato-DXd (Jul. 2020)
 - Financial Consideration up to US\$ 6.0 Bn (660.0 Bn JPY*) in total

* US\$1 = 110 JPY



Significant progress in clinical development for 3ADCs

- ◆ Enhertu
 - Ph3: 7
 - Ph2 (pivotal): 4
 - Ph2: 6
 - Ph1: 7
- ◆ Dato-DXd
 - Ph3: 1
 - Ph2 (pivotal): 1
 - Ph1: 4
- ◆ HER3-DXd
 - Ph2 (pivotal): 1
 - Ph2: 1
 - Ph1: 3

Number of ongoing clinical studies as of March 31, 2021

*1 Treatment of adult patients with unresectable or metastatic HER2 positive breast cancer who have received two or more prior anti HER2 based regimens in the metastatic setting
 *2 Treatment of patients with HER2 positive unresectable or recurrent breast cancer after prior chemotherapy (limit the use to patients who are refractory or intolerant to standard treatments)
 *3 Treatment of adult patients with unresectable or metastatic HER2 positive breast cancer who have received two or more prior anti-HER2 based regimens
 *4 Treatment of patients with HER2 positive unresectable advanced or recurrent gastric cancer that has progressed after chemotherapy
 *5 Treatment of adult patients with locally advanced or metastatic HER2 positive gastric or gastroesophageal junction (GEJ) adenocarcinoma who have received a prior trastuzumab-based regimen

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* Standard of Care

5-Year Business Plan (FY2016-FY2020) Recap: Financial Targets

Financial targets were revised in FY2018 considering changes around US pain business and increased investment for ADCs

	FY2020 estimate*	Financial Targets (FY2020)	Financial Targets (FY2022)
● Revenue	960.0 Bn JPY	1,100.0 Bn JPY	1,100.0 Bn JPY
● Operating Profit	60.0 Bn JPY	165.0 Bn JPY	165.0 Bn JPY
● ROE	4.4%	> 8.0%	> 8.0%
● Total Return Ratio	111.8%	> 100%	> 100%
● Dividends	81 JPY / year	> 70 JPY / year	> 70 JPY / year

*Revenue, Operating Profit: Estimate as of January 2021
 ROE, Total Return Ratio: In-house estimate
 Dividends: Pre-stock split (three-for-one) base

5-Year Business Plan (FY2016-FY2020) Recap: Increased Corporate Value

Our share price increased drastically over the past five years



① Daiichi Sankyo's ESG Management

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③ 5-Year Business Plan (FY2016-FY2020) Recap

④ **5-Year Business Plan (FY2021-FY2025)**

⑤ Appendix



5-Year Business Plan (FY2021-FY2025) for Sustainable Growth

Under ESG management, we will realize our 2025 Vision, **Global Pharma Innovator with Competitive Advantage in Oncology**, and will shift to further growth toward our 2030 Vision

2030 Vision

**Innovative Global
Healthcare Company
Contributing to the
Sustainable Development
of Society**

**5-Year
Business Plan
(FY2021-FY2025)**

**Realize 2025 Vision
and shift to
further Growth**

As of FY2020

- ◆ Oncology business launched
- ◆ Edoxaban growing
- ◆ Regional value being enhanced
- ◆ AZ strategic alliance
- ◆ Increased RD investment

- ◆ **Global top 10 in Oncology**
- ◆ **Additional growth pillars being source of revenue and profit**
- ◆ **New products being source of profit in each business unit**
- ◆ **Contributing to sustainable development of society through our business**

Strategic Pillars for the 5-Year Business Plan (FY2021-FY2025)

Realize 2025 Vision and Shift to Further Growth

FY2025 Financial Targets

- ◆ Revenue: 1.6 Tr JPY (Oncology > 600.0 Bn JPY)
- ◆ Operating Profit Ratio before R&D Expense: 40%
- ◆ ROE > 16%
- ◆ DOE* > 8%

Maximize 3ADCs

- ◆ Maximize ENHERTU and Dato-DXd through strategic alliance with AstraZeneca
- ◆ Maximize HER3-DXd without a partner
- ◆ Expand work force and supply capacity flexibly depending on changes around product potential

Profit growth for current business and products

- ◆ Maximize Lixiana profit
- ◆ Grow Tarlige, Nilemdo, etc. quickly
- ◆ Transform to profit structure focused on patented drugs
- ◆ Profit growth for American Regent and Daiichi Sankyo Healthcare

Identify and build pillars for further growth

- ◆ Identify new growth drivers following 3ADCs
- ◆ Select and advance promising post DXd-ADC modalities

Create shared value with stakeholders

- ◆ Patients: Contributing to patients through "Patient Centric Mindset"
- ◆ Shareholders: Balanced investment for growth and shareholder returns
- ◆ Society: Environment load reduction across the value chain, and actions against pandemic risks
- ◆ Employees: Create one DS culture through fostering our core behaviors

- ◆ Data-driven management through DX, and company-wide transformation through advanced digital technology
- ◆ Agile decision making through new global management structure

*DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

5-Year Business Plan (FY2021-FY2025)

1 Strategic Pillar 1: Maximize 3ADCs

2 Strategic Pillar 2: Profit Growth for Current Business and Products

3 Strategic Pillar 3: Identify and Build Pillars for Further Growth

4 Strategic Pillar 4: Create Shared Value with Stakeholders

5 Data-driven Management through DX, and Transformation through Advanced Digital Technology

6 Well-Balanced Investment for Growth and Shareholder Returns

7 FY2025 Financial Targets

Maximize 3ADCs

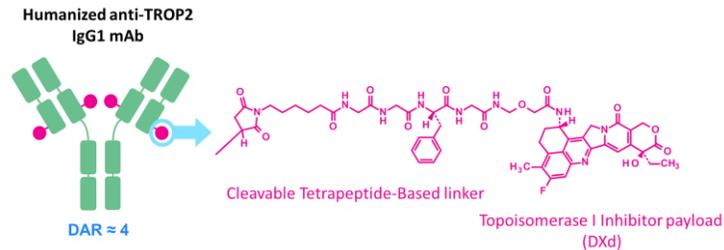
Maximize value of 3ADCs by providing new treatment solutions that change SOC to more patients, especially for breast cancer and NSCLC*

ENHERTU®



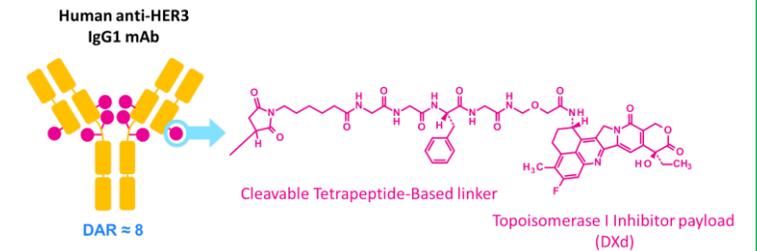
- ◆ Accelerate market penetration and new indication launches through strategic alliance with AZ
- ◆ Establish advantage over competitive products
- ◆ Establish HER2 low concept

Dato-DXd



- ◆ Gain approval and new indications through strategic alliance with AZ
- ◆ Establish and implement effective launch plan
- ◆ Establish advantage over competitive products

HER3-DXd



- ◆ Launch as early as possible through in-house development
- ◆ Establish and implement effective launch plan
- ◆ Establish HER3 as cancer treatment target

- ◆ Promote proper use through ILD monitoring
- ◆ Expand the work force and supply capacity efficiently and gradually depending on changes around the product potential

*NSCLC: Non-Small Cell Lung Cancer

Expand 3ADCs in broader cancer types and treatment lines

5-Year Business Plan (FY2021-FY2025)

ENHERTU

 DESTINY-Breast03

 DESTINY-Breast04

 DESTINY-Breast06

 DESTINY-Gastric04

 DESTINY-Lung01/02

 DESTINY-CRC01/02

Dato-DXd

 TROPION-Lung01

HER3-DXd

 HERTHENA-Lung01

FY2026 & Beyond

ENHERTU

 DESTINY-Breast05

 DESTINY-Breast09

- Neoadjuvant/adjuvant BC
- Early treatment lines for BC/GC/NSCLC/CRC (combo therapy included)
- Other cancer types

Dato-DXd

- Early treatment lines for NSCLC, I/O combo
- HER2 negative BC
- Other cancer types

HER3-DXd

- Early treatment lines for NSCLC, osimertinib combo
- Other cancer types

Present

ENHERTU

 DESTINY-Breast01

 DESTINY-Gastric01

3ADCs : Contribution to Breast Cancer and NSCLC during the 5-Year Business Plan (FY2021-FY2025)

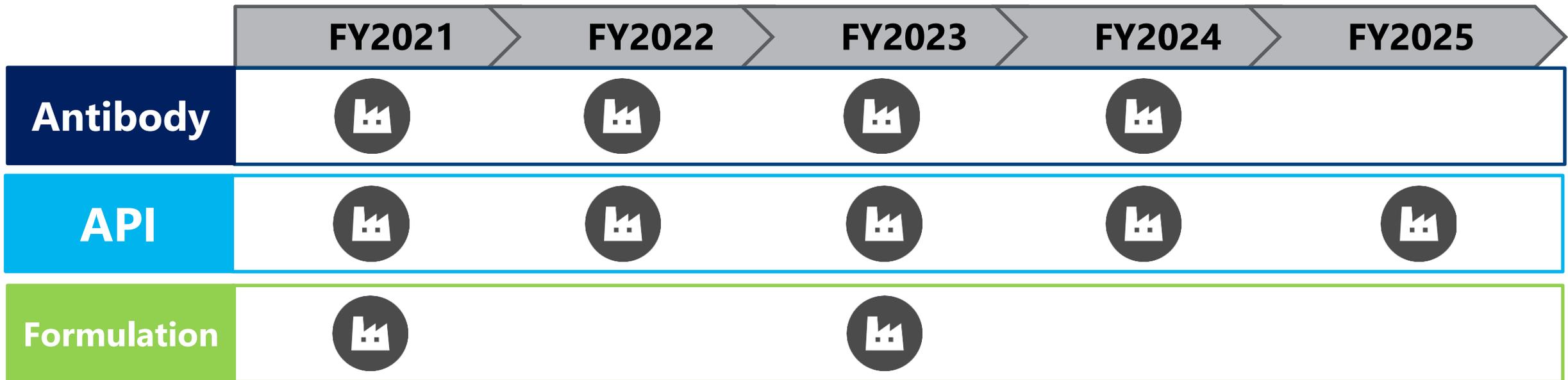
We plan to provide our 3ADCs as treatment choice for major sub-types of breast cancer and NSCLC

	HR positive	HR negative
HER2 positive	ENHERTU	
HER2 low	ENHERTU	
HER2 negative	Dato-DXd	

	
No mutation	Dato-DXd
EGFR mutation	HER3-DXd
HER2 mut HER2 positive	ENHERTU

Enhancing ADC Supply

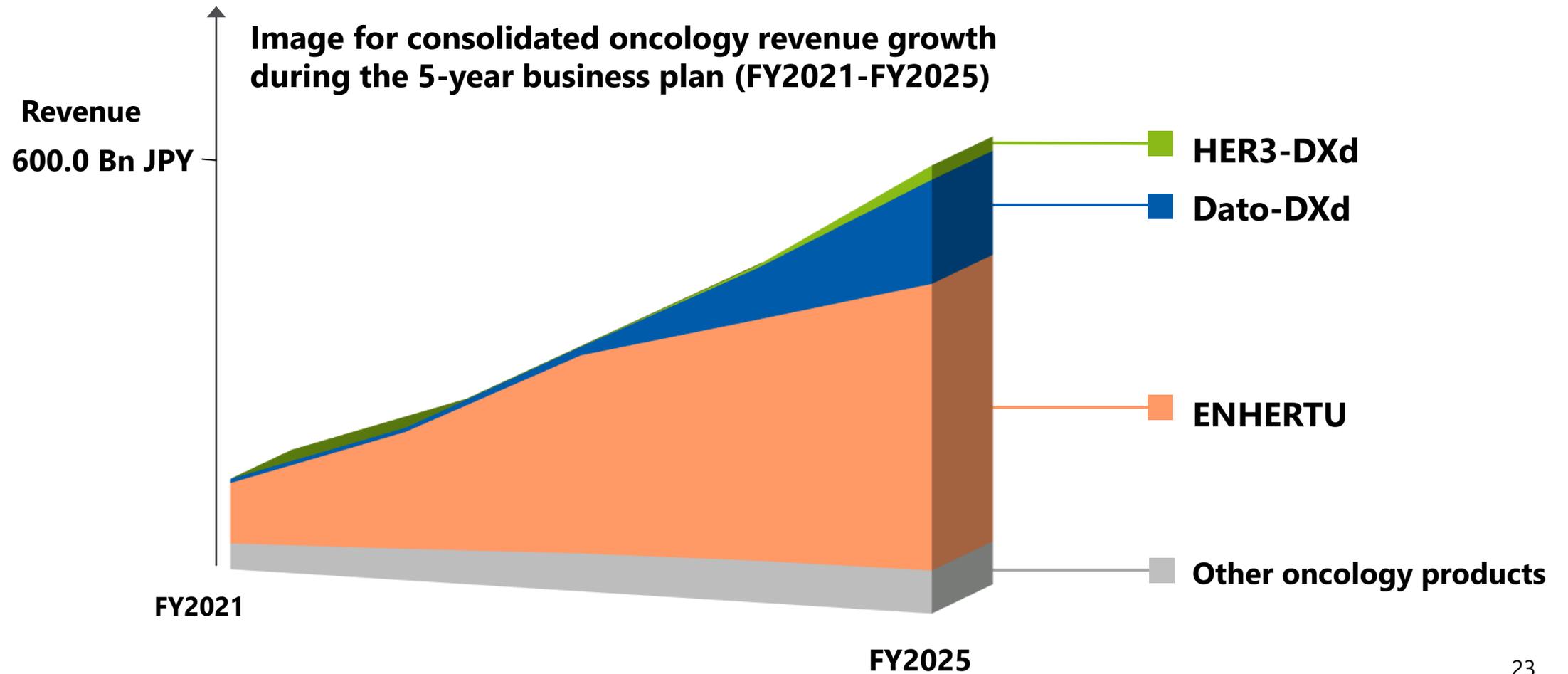
- ◆ Maximum 300.0 Bn JPY CAPEX and CMO investment to enhance ADC supply
- ◆ Build global supply chain with resilience enabling stable supply even in case of emergency such as natural disaster or pandemic



Scale of each CAPEX is different

Oncology Revenue Target

Targeting > 600.0 Bn JPY in FY2025 by maximizing 3ADCs



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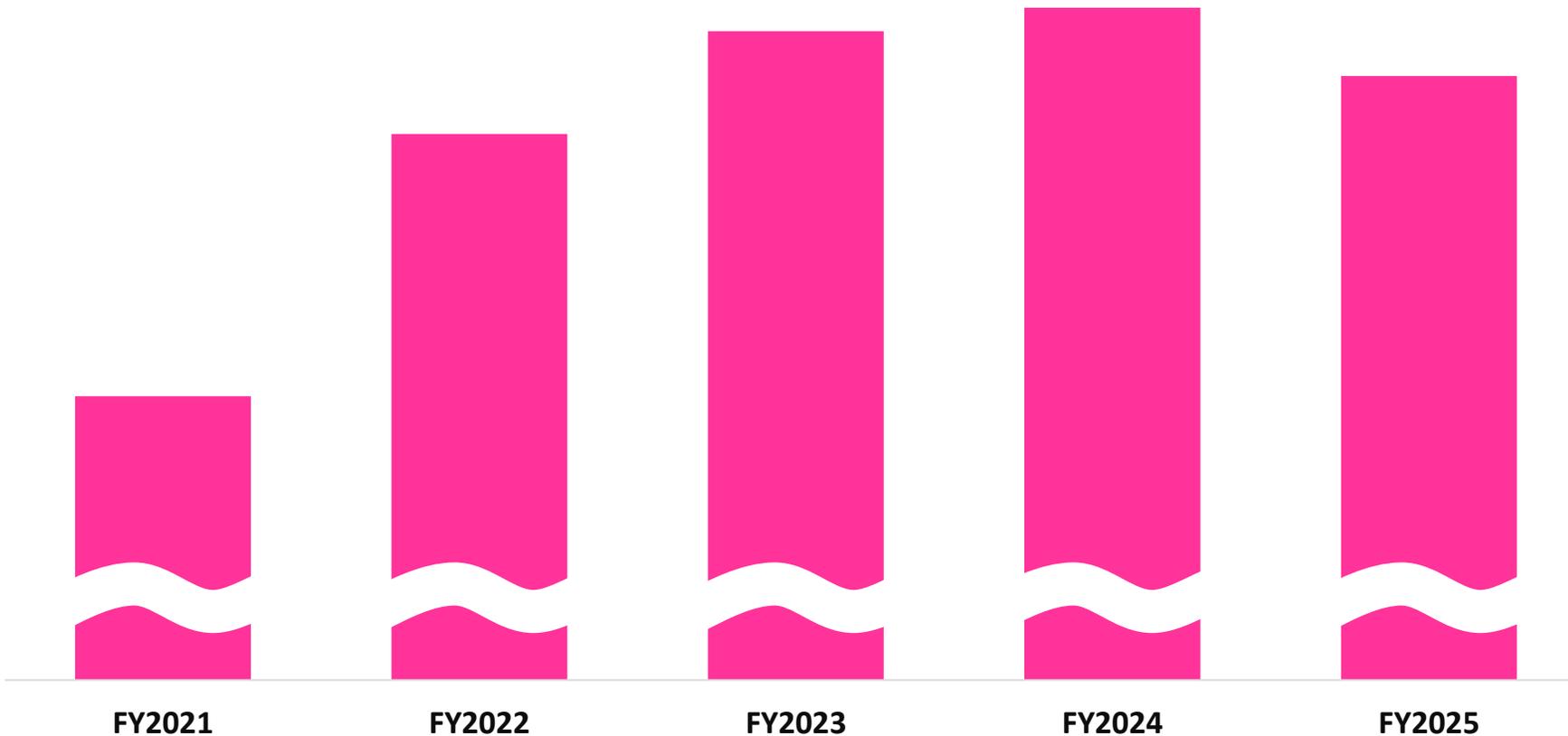
6 Well-Balanced Investment for Growth and Shareholder Returns

7 FY2025 Financial Targets

Maximize Lixiana® Profit

Targeting peak annual revenue > 220.0 Bn JPY; Lixiana will provide steady profit

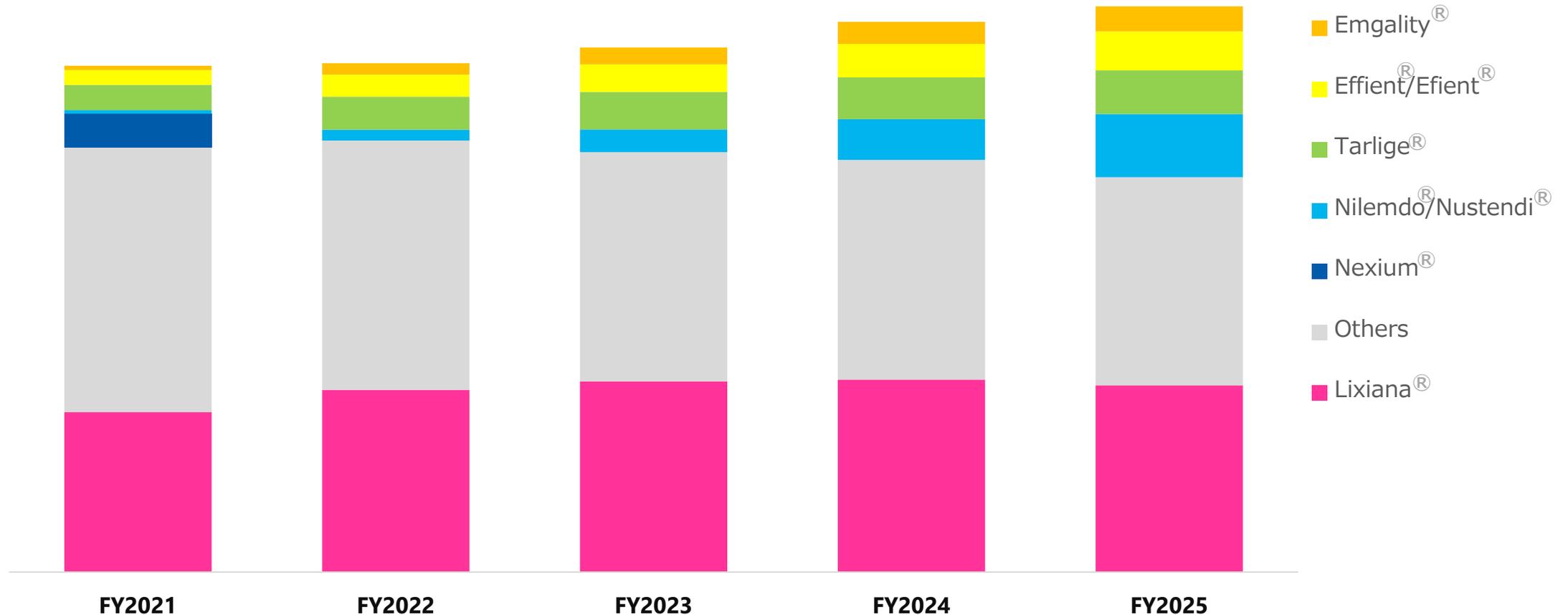
Image for consolidated revenue growth



Grow Tarlige[®], Nilemdo[®], and Other Products

We will also aim for sustainable growth in our business outside of oncology

Image for consolidated revenue growth



Transform to Profit Structure focused on Patented Drugs

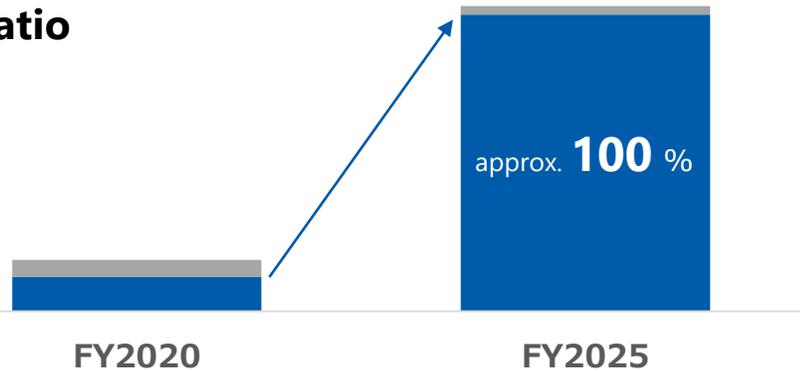
US and Europe businesses will further transform to profit structure focused on patented drugs, and will contribute to our sustainable growth

US

excluding American Regent

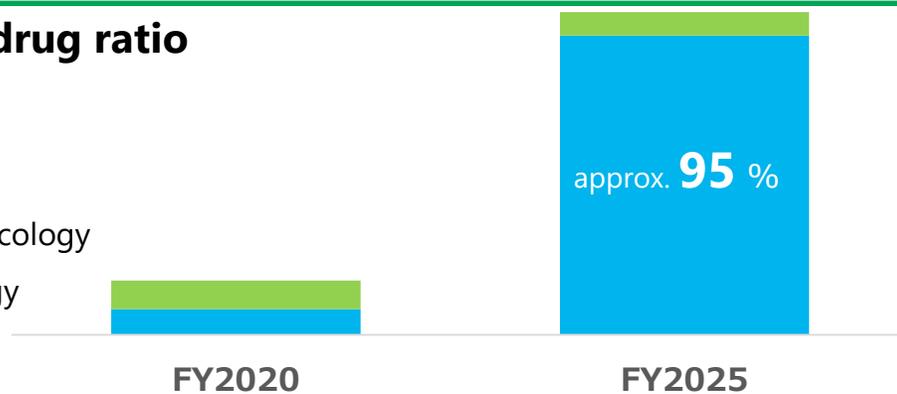
Patented drug ratio

Off-patent
Patented



Oncology drug ratio

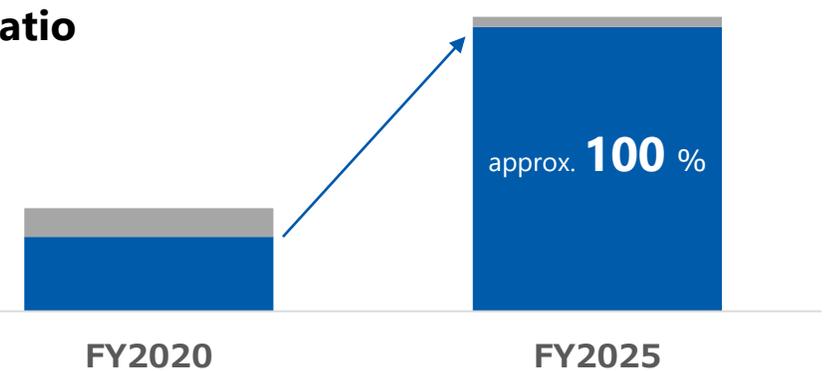
Non-Oncology
Oncology



Europe

Patented drug ratio

Off-patent
Patented



Oncology drug ratio

Non-Oncology
Oncology



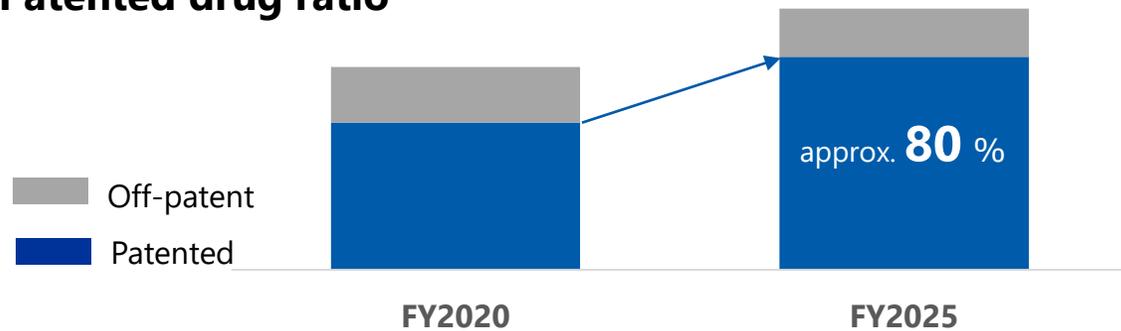
Transform to Profit Structure focused on Patented Drugs

Patented drug ratio will increase in Japan as well. ASCA transformation and growth also based on patented drugs, and will depend on local business environments

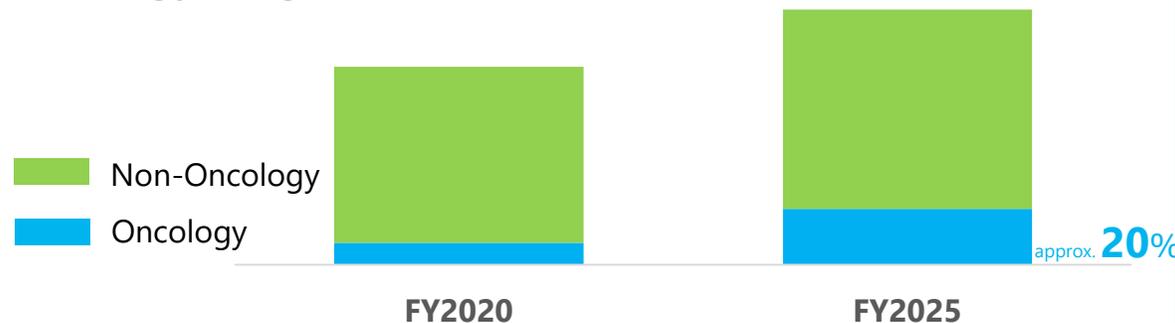
Japan

excluding DS Healthcare, DS Espha

Patented drug ratio

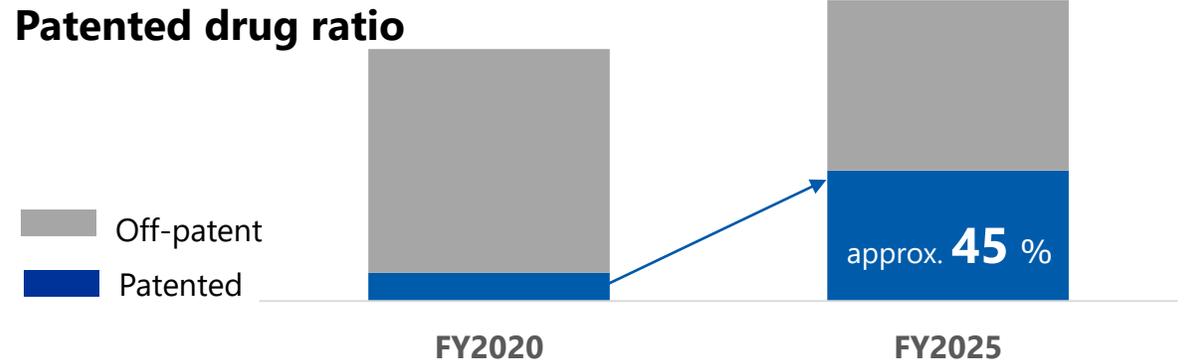


Oncology drug ratio

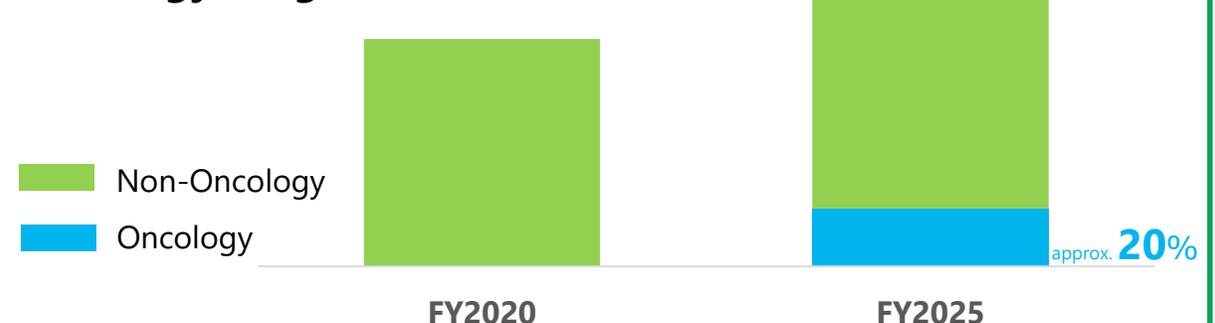


ASCA*

Patented drug ratio



Oncology drug ratio



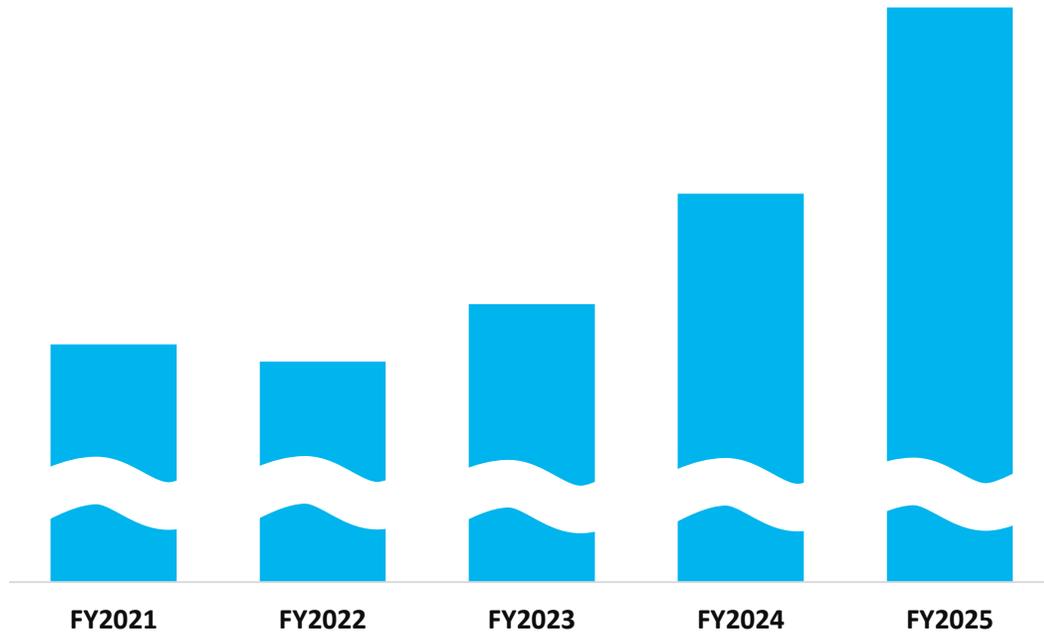
* Asia, South and Central America

Profit Growth for American Regent and DS Healthcare

American Regent

**Grow with Injectafer[®]
and Generic Injectable Products**

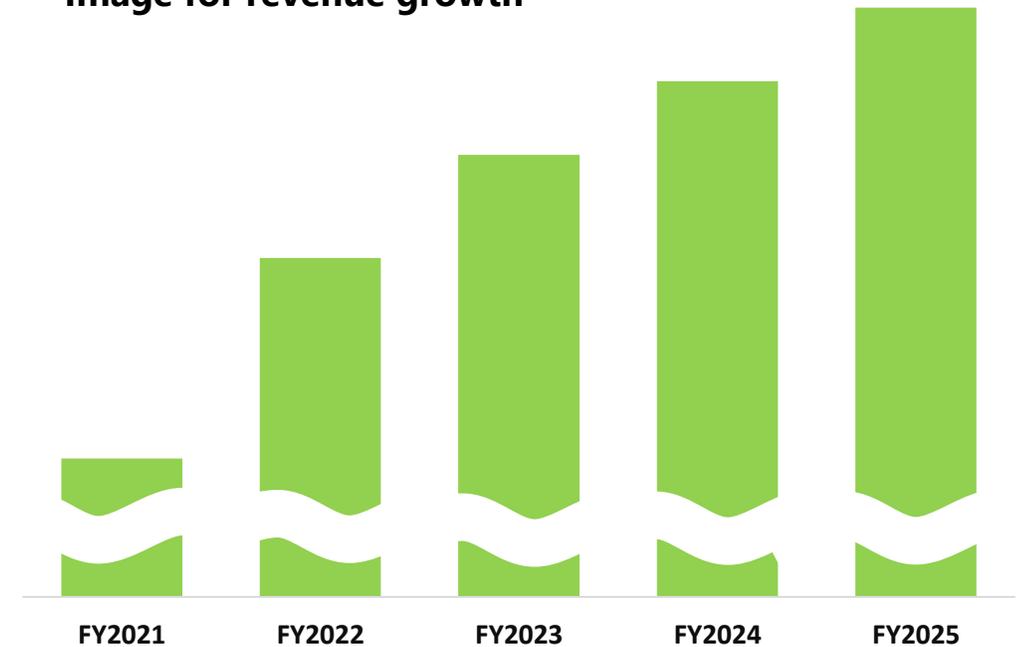
Image for revenue growth



Daiichi Sankyo Healthcare

**Grow with Japan In-store
and Mail Order Businesses**

Image for revenue growth



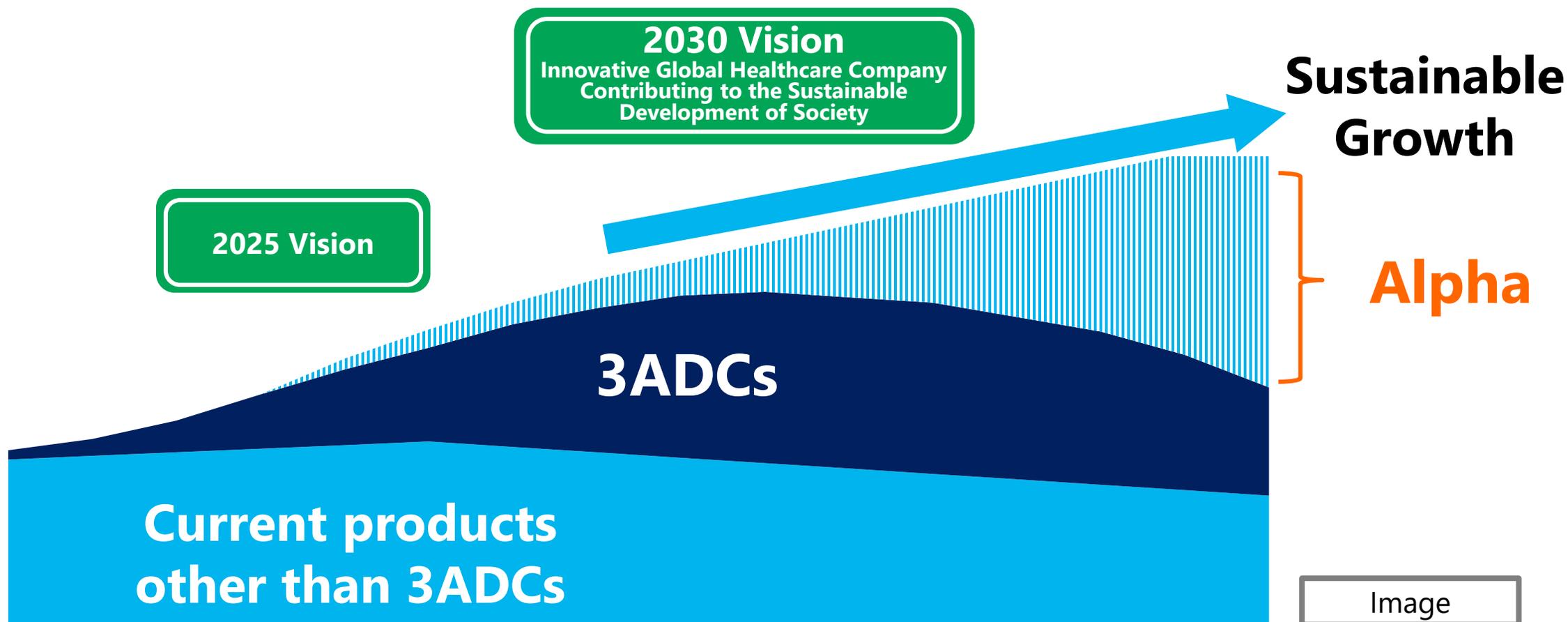
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Identify and Build Pillars for Further Growth

Continuously develop products and modalities as pillars for our sustainable growth

- Identify new growth drivers following 3ADCs
- Select and advance promising post DXd-ADC modalities

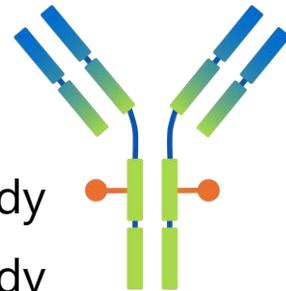


Assumption: revenue for the current products other than 3ADCs will decrease at a constant rate after FY2026

Identify New Growth Drivers following 3ADCs

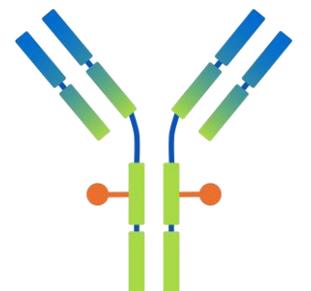
DXd-ADC family

- ◆ DS-7300 : Observed responses
- ◆ DS-6157 : Ph1 on track
- ◆ DS-6000 : Ph1 on track
- ◆ DS-3939 : Preparing for FIH study
- ◆ DS-XXXX : Preparing for FIH study



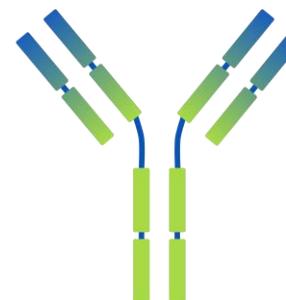
2nd generation and New concept ADC

- ◆ 2nd generation ADC, DS-9606
 - Preparing for FIH study
- ◆ New concept ADC
 - Preparing for FIH study



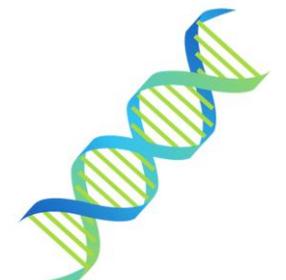
Modified antibody

- ◆ DS-1055 (immuno-oncology)
 - Ph1 on track
- ◆ DS-1103 (immuno-oncology)
 - Preparing for FIH study
- ◆ Bi-specific antibody
 - Preparing for FIH study

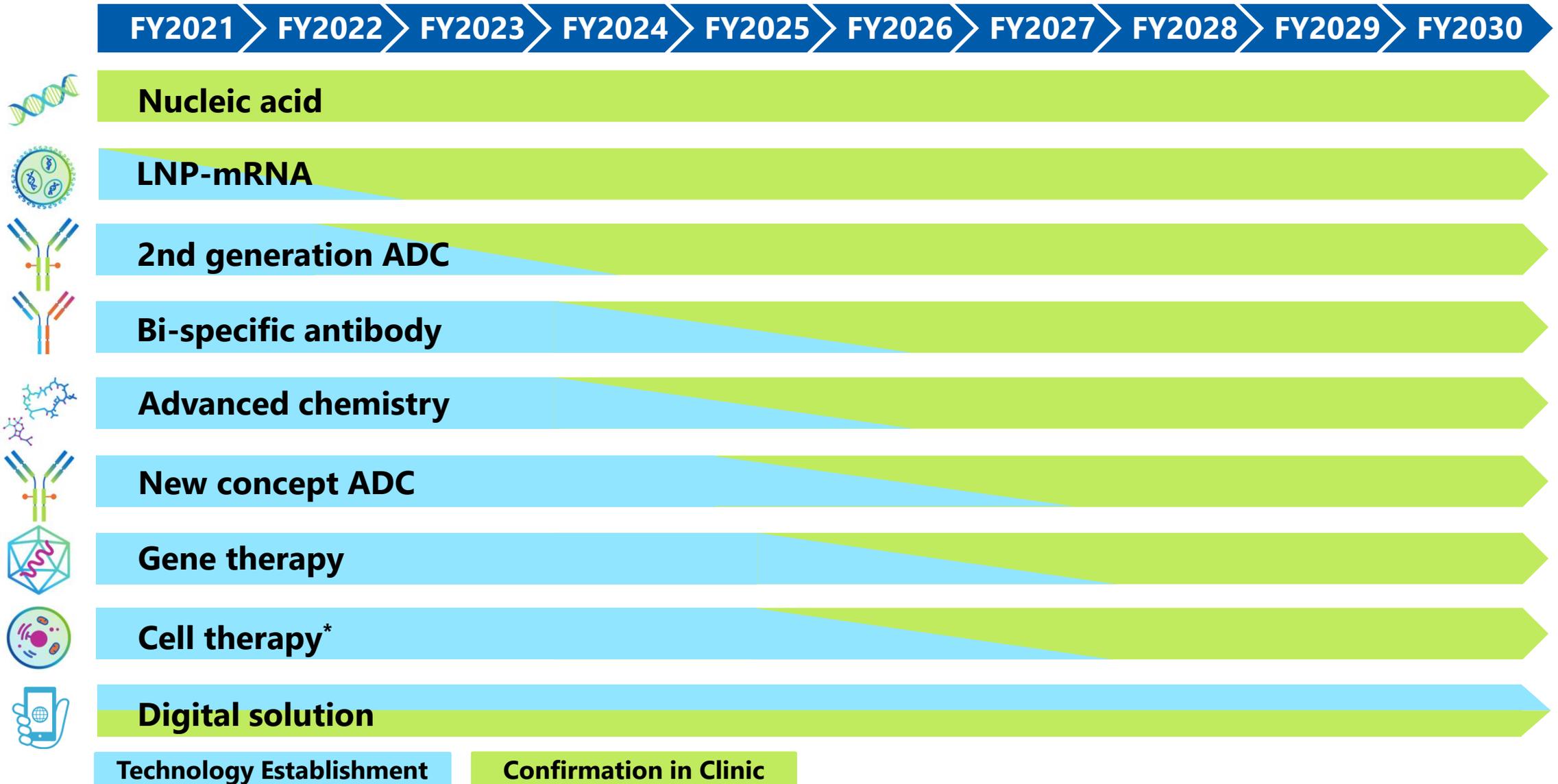


ENA[®] family

- ◆ Multiple projects utilizing ENA technology
 - DS-5141, DS-5144, DS-5150, DS-5151, DS-5153, DS-4108, etc.



Select and Advance Promising Post DXd-ADC Modalities



*In-house developed products

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Contributing to Patients through “Patient Centric Mindset”

Further foster patient centric mindset and realize our purpose as 3ADCs expand to various types of cancer and our activities in Alpha target more rare diseases



Patient Centric Mindset



Enhance initiatives throughout the value chain



◆ Drug development

- Better understanding unmet needs through interaction with patient associations and reflecting them to clinical development plans
- Activities to engage employees (training sessions at medical sites, etc.)

◆ Social contribution activities

- Donations for patient associations, volunteer activities



◆ Development of drug formulations

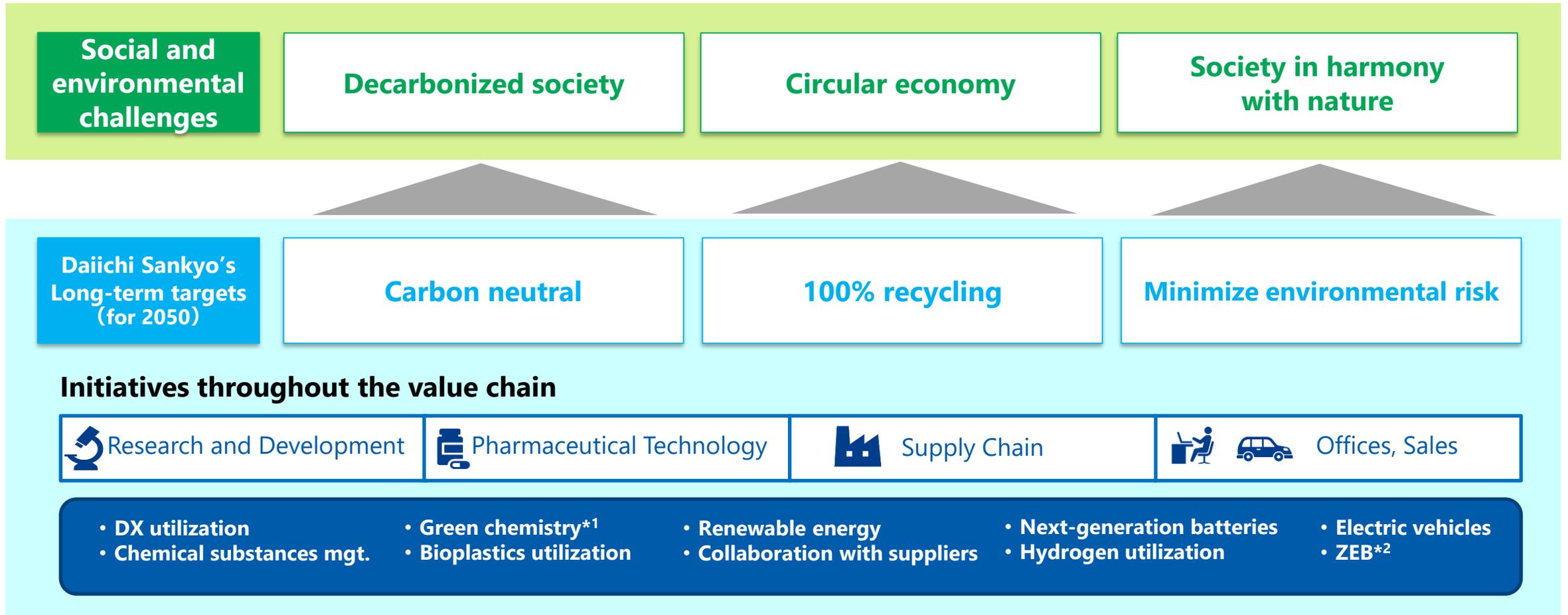
- Development of new formulations considering patient's perspectives

◆ Activities to provide information

- Providing easier to understand and more accessible safety information

Environment Load Reduction across the Value Chain

Implement various initiatives to reduce environmental impact and contribute to society and the environment



*1 Manufacturing process in consideration of the sustainability of the global environment, including prevention of environmental pollution, and reduction of raw material and energy consumption

*2 ZEB: Net Zero Energy Building

Actions against Pandemic Risks

As a pharmaceutical company, we will contribute to society by establishing technology and manufacturing expertise for COVID-19 and future epidemics

Stable supply of vaccines from internal manufacturing site

- ◆ Our vaccines are being stably supplied from an internal manufacturing site
 - Seasonal influenza vaccine
 - Live vaccines



Vaccine development utilizing modality technology

- ◆ Development of DS-5670*
 - **Started Ph1/2 study from March 2021**
 - Efficient encapsulation of mRNA in nanoparticles and efficient delivery of mRNA to cells
- ◆ Build platform production technology that can be used to create vaccines for COVID-19 and **future emerging/re-emerging infectious diseases**



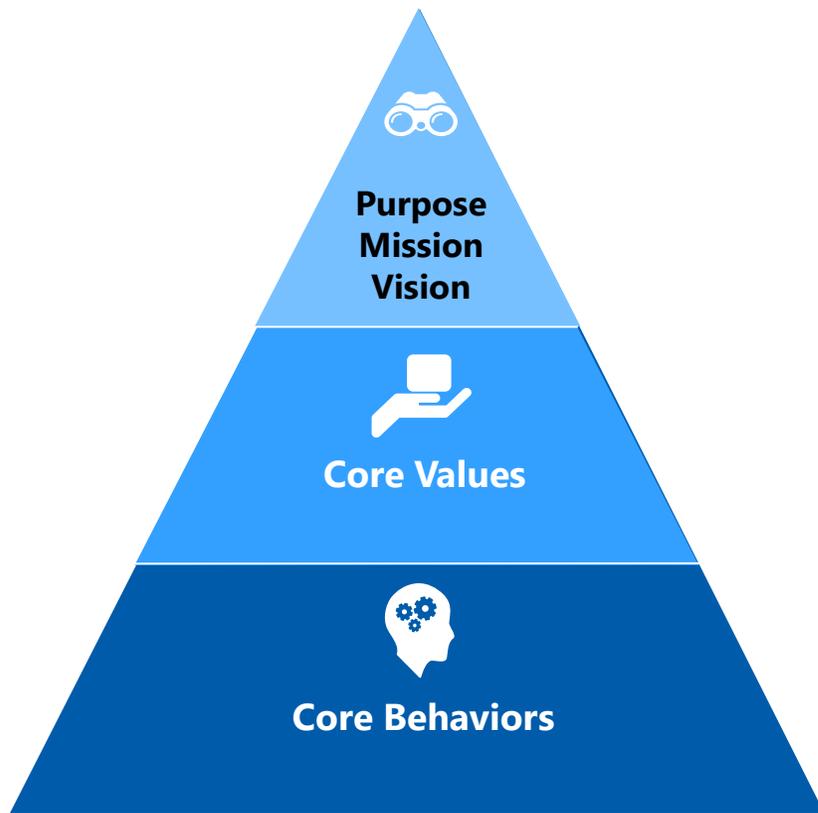
Build vaccine manufacturing expertise for future epidemics

- ◆ Establishing mRNA vaccine production site at Daiichi Sankyo Biotech through collaboration with MHLW
- ◆ Target to achieve early stable supply through mobilizing all efforts within the pharmaceutical industry during times of pandemic

*AMED supported project

Create ONE DS Culture Through Fostering Our Core Behaviors

Our 3 core behaviors build on our unique strengths and heritage, and will guide how we work together globally in the future



ONE DS Culture

- ◆ Recruiting diverse and talented people from many countries and regions to fuel our growth
- ◆ Creating an environment where people can bring their best to serve patients



- ◆ Three Core Behaviors, which will be embedded across the entire company

**Be Inclusive &
Embrace Diversity**

Collaborate & Trust

Develop & Grow

Areas of Focus

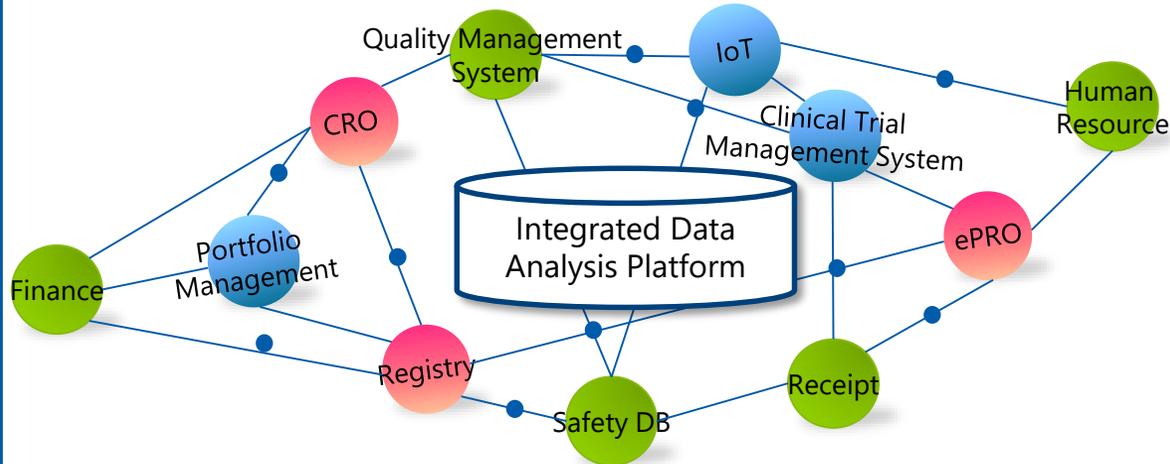
- Valuing people for who they are as individuals and welcoming diverse perspectives which enables us to achieve more
- Treating each other with respect and building trust through transparency and a willingness to listen which enables us to collaborate simply and productively
- Learning, experimenting and taking initiative which enables us to grow together every day to strengthen Daiichi Sankyo's capability

5-Year Business Plan (FY2021-FY2025)

- 1 Strategic Pillar 1: Maximize 3ADCs
- 2 Strategic Pillar 2: Profit Growth for Current Business and Products
- 3 Strategic Pillar 3: Identify and Build Pillars for Further Growth
- 4 Strategic Pillar 4: Create Shared Value with Stakeholders
- 5 Data-driven Management through DX, and Transformation through Advanced Digital Technology**
- 6 Well-Balanced Investment for Growth and Shareholder Returns
- 7 FY2025 Financial Targets

Data-driven Management through DX, and Transformation Through Advanced Digital Technology

Data-driven management



Value chain transformation through digital technology

- ◆ Utilize digital technology (including AI and robots) to redefine human work and streamline work styles and business processes. Examples below:
 - **Research:** Smart lab
 - ✓ Data-driven drug discovery, automation/sophistication/labor saving for processes and analysis
 - **Development:** Efficient and sophisticated clinical trials
 - ✓ Virtual clinical trial, utilization of RWD/RWE
 - **Supply:** Smart factory
 - ✓ Efficient, quality improved and predictive maintenance of ADC manufacturing
 - **Commercial:** Expand digital marketing
 - ✓ Real × digital seamless salesforce activities

Enhance IT infrastructure to advance DX

- ◆ Establish IT platform that accelerates decision making, enhances the business, and strengthens competitiveness

5-Year Business Plan (FY2021-FY2025)

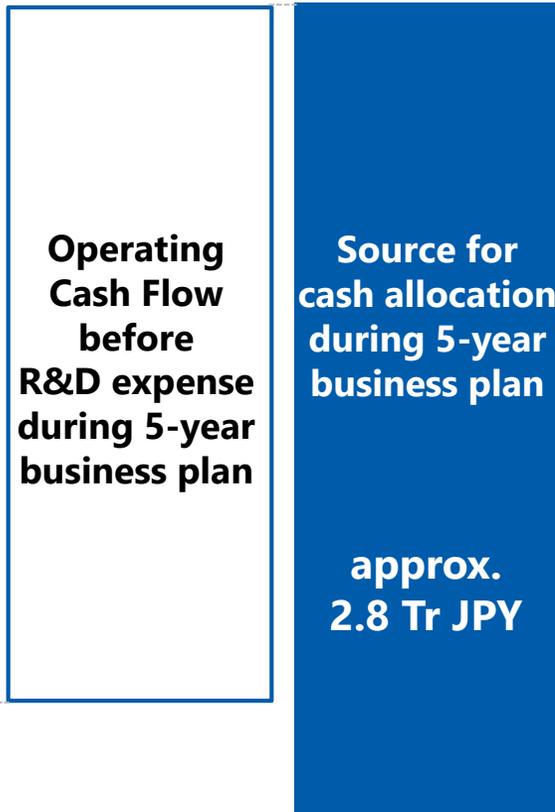
- 1 Strategic Pillar 1: Maximize 3ADCs
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Well-balanced Investment for Growth and Shareholder Returns

Cash Allocation

Prioritize R&D and capital investments for 3ADCs and pay dividends taking account of profit growth

Image for cash allocation



Prioritized investment for 3ADCs

Investment focused on enhancing ADC supply capabilities

Flexible allocation depending on pipeline progress for 1) investment to build pillars for further growth (in-house/external); and 2) acquisition of own shares

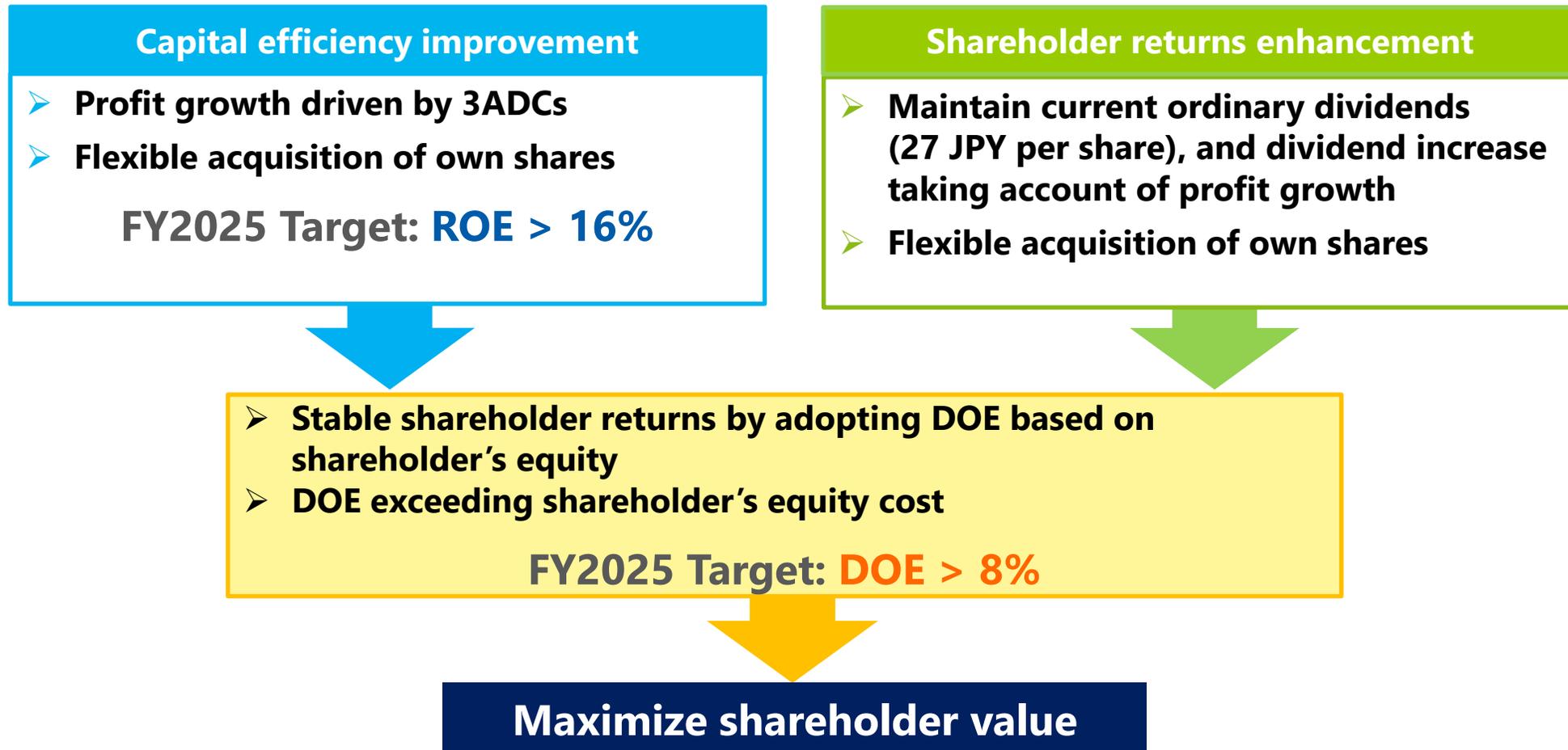
Stable dividends and dividend increase that take account of profit growth

Current cash in hands* approx. 400.0 Bn JPY

*Cash in hands excluding working capital

Shareholder Returns Policy

- ◆ Maximize shareholder value by improving capital efficiency and enhancing shareholder returns in consideration of shareholder's equity cost
- ◆ Adopt DOE* as KPI for shareholder returns and target > 8% in FY2025



*DOE: Dividend on Equity = Total dividend amount / Equity attributable to owners of the company

5-Year Business Plan (FY2021-FY2025)

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FY2025 Financial Targets

◆ **Revenue**
1.6 Tr JPY

➤ **Oncology > 600.0 Bn JPY**

Achieve significant revenue/profit growth after investment for 3ADCs, and shift to a new stage for realizing 2030 vision

Revenue

960.0
Bn JPY

303.0
Bn JPY

Operating Profit* ratio
before R&D expense: 32%

FY2020 Estimate

FY2025 Target

FY2016-FY2020

5-Year Business Plan (FY2021-FY2025)

Investment for 3ADCs

Profit Growth

◆ **Operating Profit* ratio
before R&D expense: 40%**

◆ **ROE > 16%**

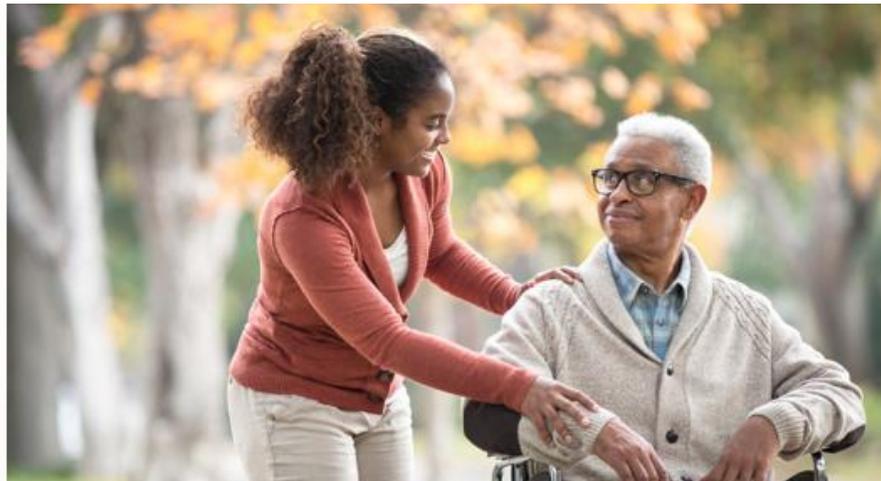
◆ **DOE > 8%**

*Excluding special items (gains and losses related to sale of fixed assets, restructuring, impairment, litigation, etc.)

FY2025 Currency rate assumptions: 1 USD=105 JPY, 1 EUR=120 JPY



Daiichi Sankyo will contribute to the enrichment of quality of life around the world



① Daiichi Sankyo's ESG Management

② 2030 Vision

③ 5-Year Business Plan (FY2016-FY2020) Recap

④ 5-Year Business Plan (FY2021-FY2025)

⑤ **Appendix**



List of Studies on Slide 20 (Launch Plan for 3ADCs)

ADC	Cancer Type	Study Name	Study Objective
ENHERTU	Breast	DESTINY-Breast01	HER2 positive BC, T-DM1 resistant/refractory
		DESTINY-Breast03	HER2 positive BC 2L, vs T-DM1
		DESTINY-Breast04	HER2 low BC post chemotherapy, vs physician's choice
		DESTINY-Breast05	HER2 positive BC, post-neoadjuvant
		DESTINY-Breast06	HER2 low chemotherapy naïve, vs physician's choice
		DESTINY-Breast09	HER2 positive BC 1L, vs DS-8201+pertuzumab vs THP
	Gastric	DESTINY-Gastric01	HER2 positive GC 3L~, vs physician's choice
		DESTINY-Gastric04	HER2 positive GC 2L, vs standard of care
	NSCLC	DESTINY-Lung01	HER2 mutant NSCLC, HER2 positive NSCLC 2L~
		DESTINY-Lung02	HER2 mutant NSCLC 2L~, 2 doses (5.4 and 6.4mg/kg)
Colorectal	DESTINY-CRC01	HER2 positive CRC 3L	
	DESTINY-CRC02	HER2 positive CRC 3L, 2 doses (5.4 and 6.4mg/kg)	
Dato-DXd	NSCLC	TROPION-Lung01	NSCLC (no actionable gene mutation) , 2/3L
HER3-DXd	NSCLC	HERTHENA-Lung01	EGFR mutant NSCLC, 3L

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