

Passion for Innovation.  
Compassion for Patients.™



# The 5<sup>th</sup> 5-year Business Plan Update

**Excerpt from Top Management Presentation,  
Financial Results of FY2022 Q4 on April 27<sup>th</sup>, 2023**

# 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)
- ◆ Core 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

\*Excluding temporary income and expenses (gains/losses related to sales of fixed assets etc.) from operating income

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

## Maximize 3ADCs

- ◆ **Maximize product value of ENHERTU®**
  - **Approval of new indication**
    - HER2+ BC 2L (DB-03)  
HER2 low BC post-chemo (DB-04)  
HER2 mutant NSCLC 2L+ (DL-01, DL-02)
  - **Sales growth in each country/ region**
    - Sales expansion exceeding initial plan based on the results of DB-03 and DB-04
  - **Progress of LCM**
    - HER2+ BC 1L (DB-09)  
HER2+ BC neoadjuvant (DB-11)  
HER2 low BC chemo naïve (DB-06) etc.
- ◆ **Maximize product values of Dato-DXd and HER3-DXd**
  - **Progress of pivotal study for launch**
    - Dato-DXd : NSCLC 2L+ (TL-01)
    - HER3-DXd : EGFR mutated NSCLC 3L (HL-01)
  - **Initiation of new Ph3 studies**
    - Dato-DXd : NSCLC (without actionable genomic alteration) 1L (TL-07 and TL-08) etc.
    - HER3-DXd : EGFR mutated NSCLC 2L (HL-02)

## Profit growth for current business and products

- ◆ **Growth of current products**
  - **Steady sales expansion of Lixiana®**
    - Increase product value with additional dosage and administration (Prevention for stroke and systemic embolism in elderly patients with non-valvular atrial fibrillation and high bleeding risk: ELDERCARE-AF study)
  - **Sales increase of current products in each countries/ regions**
    - Tarlige®, Injectafer®, Venofer®, Nilemdo®/Nustendi® etc.
    - Increase product values of current products by additional indication/ formulation
- ◆ **Transformation of business structure focused on patented drugs**
  - **Launch of new drug**
    - Emgality®, Reyvow®, Ezharmia® etc.
  - **Progress of product divestiture after loss of exclusivity in each country/region**

# 5-Year Business Plan: Progress in FY2021-FY2022

## Identify and build pillars for further growth

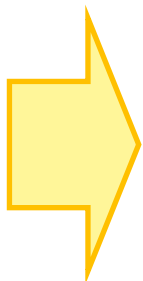
- ◆ **Emerging candidates for new growth driver (Rising Stars) following 3ADCs**
  - **Progress of development for DS-7300 (B7-H3-directed ADC)**
    - Obtained interim analysis data which showed early efficacy signals in multiple cancer types (SCLC, CRPC, ESCC, sqNSCLC)
    - Started new Ph2 study for ES-SCLC 2L+
  - **Progress of development for DS-6000 (CDH6-directed ADC)**
    - Obtained interim analysis data which showed early efficacy signals in multiple cancer types (OVC, RCC)
- ◆ **Advancement to select post DXd-ADC modalities**
  - **Started clinical study for the next generation ADC, DS-9606**

## Create shared value with stakeholders

- ◆ **Strengthening shareholder returns**
  - **Increase dividend with profit growth**
    - Increase FY2022 annual dividend per share from 27 JPY to 30 JPY
- ◆ **Actions against pandemic risks**
  - **Regulatory submission for DS-5670 (COVID-19 mRNA vaccine)**
    - Regulatory submission for original strain booster vaccination
- ◆ **Environment load reduction across the value chain**
  - **Progress initiative for environmental issues**
    - Joined RE100, a global initiative aiming to use 100% renewable energy for electricity consumed in business activities
    - Converted electricity consumed in bases in Japan to renewable energy
- ◆ **Penetration of Core Behavior for fostering one DS culture**
  - **Further understanding of three Core Behaviors through workshop by management and employees**

# Expectation on achieving FY2025 KPIs

(as of 2023 Apr.)

	<u>At the time of planning 5YBP</u>		<u>As of 2023 Apr.</u>
<b>Revenue</b>	<b>1,600 Bn JPY</b>		<b>2.0 Tr JPY</b>
<b>Revenue in Oncology</b>	<b>&gt; 600 Bn JPY</b>		<b>&gt; 900 Bn JPY</b>
<b>Core Operating Profit ratio before R&amp;D expense</b>	<b>40%</b>		<b>40%</b>
<b>ROE</b>	<b>&gt; 16%</b>		<b>&gt; 16%</b>
<b>DOE</b>	<b>&gt; 8%</b>		<b>&gt; 8%</b>

Currency rate assumptions

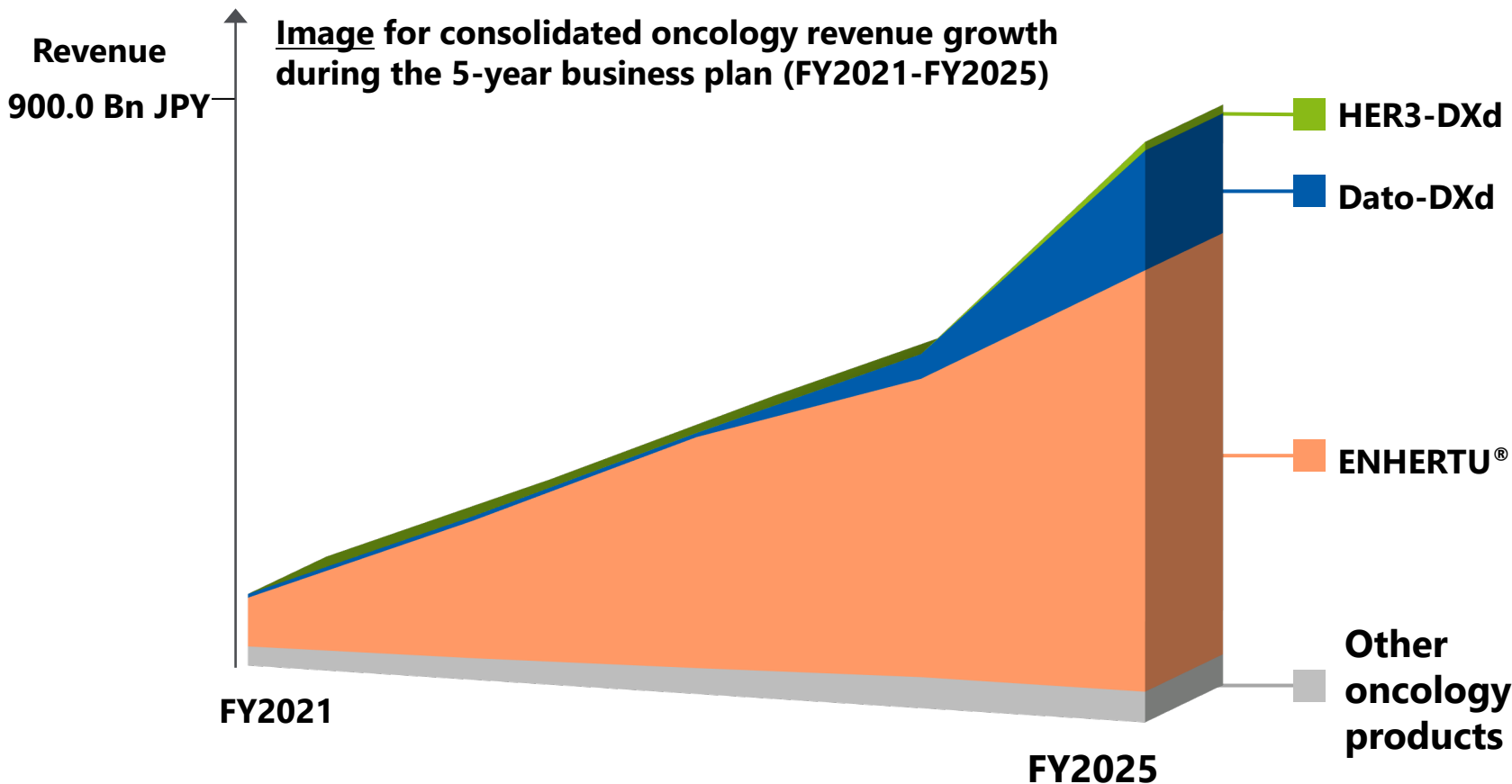
1 USD=105 JPY, 1 EUR=120 JPY

1 USD=**130 JPY**, 1 EUR=**140 JPY**

# Expectation on Oncology Revenue

(as of 2023 Apr.)

**With the revenue growth of ENHERTU<sup>®</sup> and Dato-DXd, and progress of 3ADC development exceeding initial plan, oncology revenue\* in FY2025 is estimated > 900.0 Bn JPY**



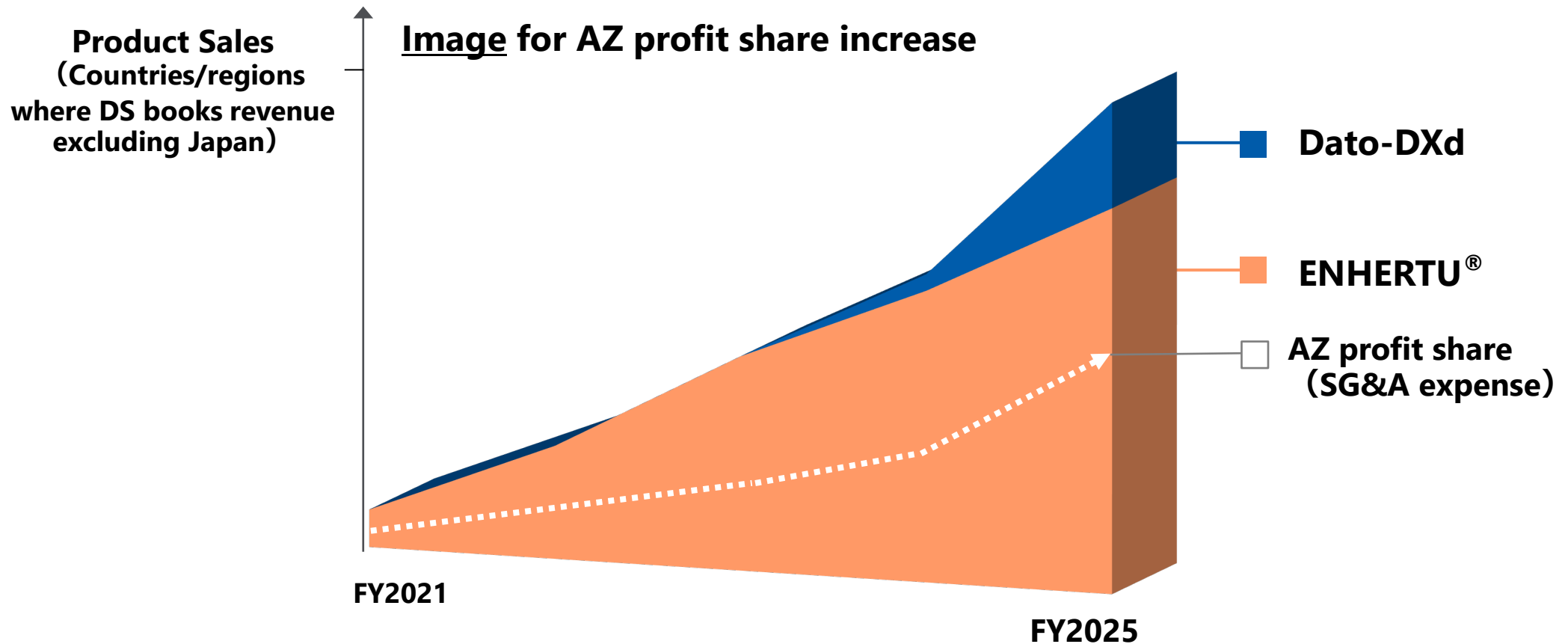
## Major factors increased from initial plan

- ◆ Sales expansion in NSCLC by expanding target patients at launch
  - TL-01 : NSCLC with/without actionable genomic alterations
- ◆ Accelerated LCM driving sales expansion and increased development milestone revenue
  - TL-08 etc.
- ◆ Sales expansion in breast cancer based on the results of DB-03 and DB-04
- ◆ Accelerated LCM driving sales expansion and increased development milestone revenue
  - DB-09 and DB-11 etc.
- ◆ Sales milestone increase by product sales expansion exceeding initial plan

\*Revenue includes alliance revenue (50% of gross profit in countries/regions where AZ books revenue ) upfront/Quid payment, development/sales milestones etc. for ENHERTU<sup>®</sup> and Dato-DXd

# Profit Share Increase for ENHERTU<sup>®</sup> and Dato-DXd

Along with the growth of product sales of ENHERTU<sup>®</sup> and Dato-DXd, SG&A expenses increase with profit share\* based on the strategic alliance with AZ



\*For splitting profit of product sales, DS pays AZ 50% of gross profit in countries/regions where DS books revenue excluding Japan.

## Proactive investment in R&D, based on the exceeded progress in 3ADCs clinical development

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

### FY2026 & Beyond

#### ENHERTU®

#### DESTINY-Breast05

- Combo with DS internal asset, I/O or targeted therapy in BC and NSCLC
- Other cancer types

#### Dato-DXd

#### TROPION-Lung07

#### TROPION-Breast03

- Combo with I/O in BC and NSCLC
- Other cancer types

#### HER3-DXd

- Combo with targeted therapy in NSCLC
- Other cancer types

#### Dato-DXd

#### TROPION-Lung01

#### TROPION-Lung08

#### TROPION-Breast01

#### TROPION-Breast02

#### HER3-DXd

#### HERTHENA-Lung01

#### HERTHENA-Lung02

#### ENHERTU®

#### DESTINY-Breast03

#### DESTINY-Breast04

#### DESTINY-Breast06

#### DESTINY-Breast09

#### DESTINY-Breast11

#### DESTINY-Gastric02

#### DESTINY-Gastric04

#### DESTINY-Lung01/02

#### DESTINY-Lung04

#### DESTINY-CRC01/02

~FY2020

#### ENHERTU®

#### DESTINY-Breast01

#### DESTINY-Gastric01



A study approved the indication during 5-Year Business Plan



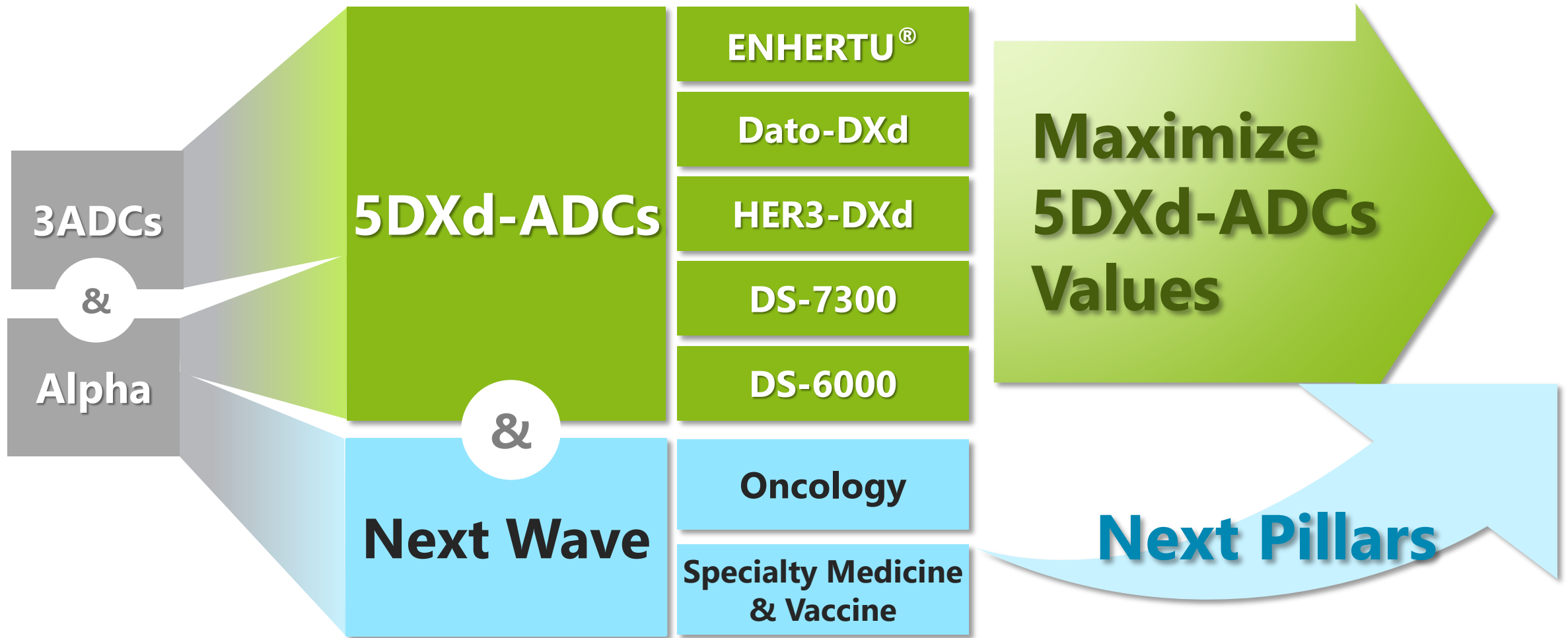
A study accelerated to expect an approval during 5-Year Business Plan (including a new study)

Major study only (ref., appendices)

Timeline indicated is based on the current forecast and subject to change.



# From "3 and Alpha" to "5DXd-ADCs and Next Wave"

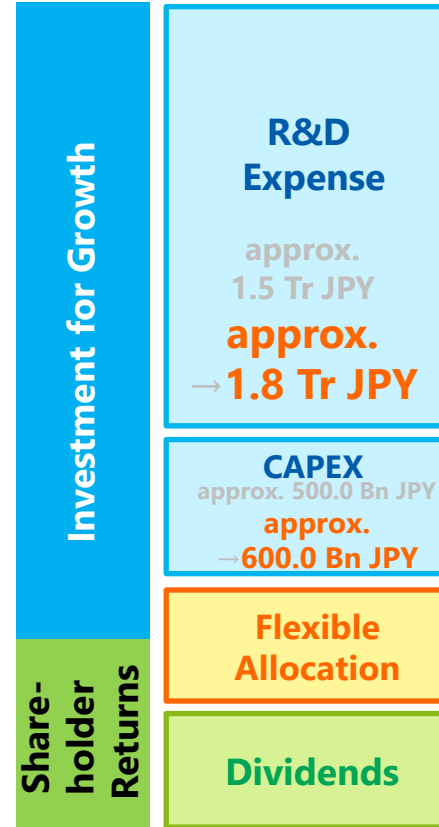
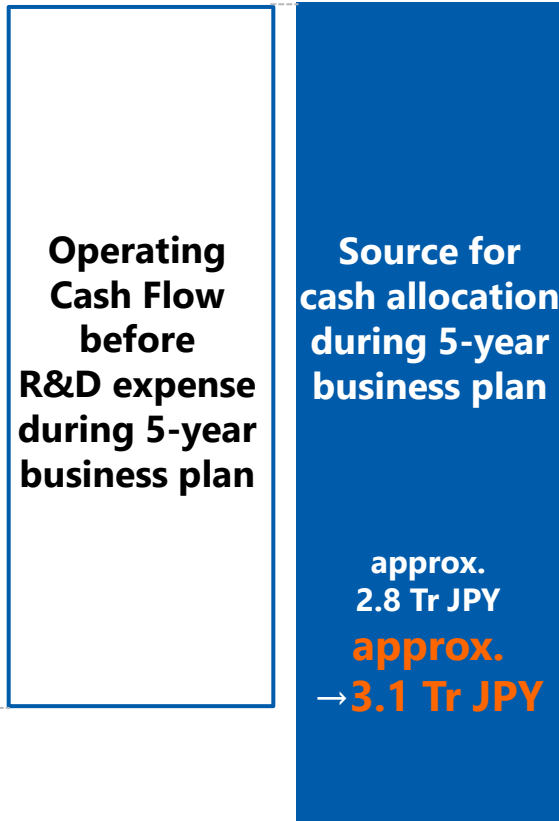


# Well-balanced Investment for Growth and Shareholder Returns

## Cash Allocation

Increase R&D expense and CAPEX for further growth in future

Image for cash allocation



Prioritized investment for DXd-ADC

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

FY2020 cash in hands\*  
 approx. 400.0 Bn JPY

\*Cash in hands excluding working capital

# Expectation on achieving FY2025 KPIs

(as of 2023 Apr.)

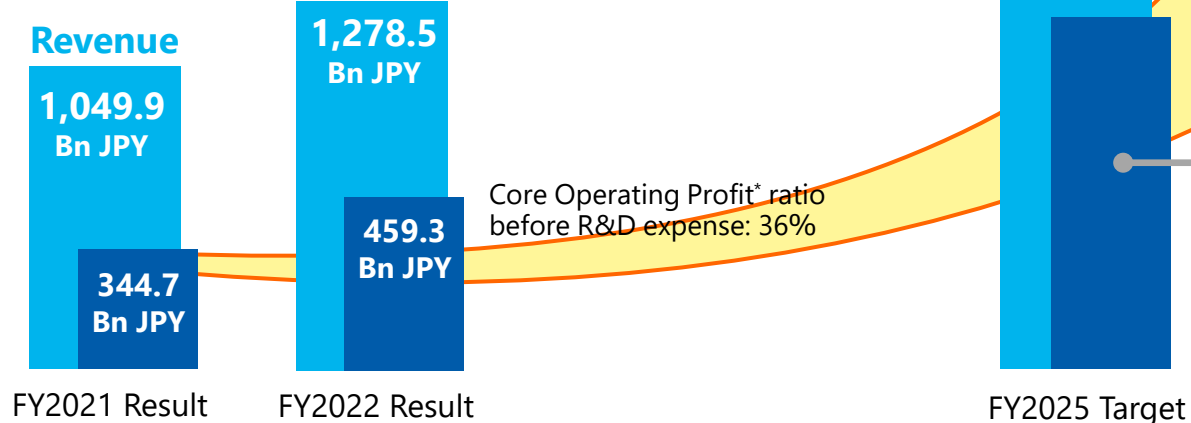
## ◆ Revenue

**2.0 Tr JPY**

➤ Revenue in Oncology

**> 900.0 Bn JPY**

Achieve significant revenue/profit growth after investment for DXd-ADC, and shift to a new stage for realizing 2030 vision



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

◆ ROE > **16%**

◆ DOE > **8%**

Investment for DXd-ADC

Profit Growth

FY2025 Currency rate assumptions: 1 USD=**130 JPY**, 1 EUR=**140 JPY**

\*Excluding temporary income and expenses (gains/losses related to sales of fixed assets etc.) from operating income