HER3-DXd, I-DXd (DS-7300), R-DXd (DS-6000)
Strategic Collaboration
with Merck & Co., Inc., Rahway, NJ, USA

DAIICHI SANKYO CO., LTD.

Sunao Manabe
Representative Director, Executive Chairperson & CEO
October 20, 2023
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Agenda

1. Background/Significance of the Collaboration
2. Overview of the Collaboration
3. Q&A
Daiichi Sankyo’s Oncology Business Growth Strategy

5-Year Business Plan (FY2021‒FY2025) -Announced in April 2021-

- Strategic Pillar 1: Maximize 3ADCs
- Strategic Pillar 3: Identify and build pillars for further growth
  - Identify new growth drivers following 3ADCs
  - Select and advance promising post DXd-ADC modalities

5-Year Business Plan (FY2021‒FY2025) Update -as of April 2023-

- Oncology revenue in FY2025: Expect to achieve 900.0 Bn JPY or more (150% of plan)
- Development of 3ADCs ahead of plan
- Emerging new growth driver candidates following 3ADCs (Rising Stars)
- New R&D strategy "5DXd-ADCs and Next Wave"
- R&D expenses during the 5YBP: Aggressive investment of approximately 1.8 Tn JPY (120% of plan)
Environmental Changes since April 2023

Internal environment: Further positive progress for DXd-ADC franchise

◆ HER3-DXd
  ➢ Success of HL-01 study
    Started planning for further maximization

◆ I-DXd (DS-7300)
  ➢ Latest data announcement at WCLC/ESMO 2023
    Started to discuss development plans further

◆ R-DXd (DS-6000)
  ➢ Latest data announcement at ESMO 2023
    Started to discuss development plans further

◆ ENHERTU®
  ➢ Success of DPT-02 study
    Expanding to various HER2-expressing solid tumors

◆ Dato-DXd
  ➢ Successes of TL-01/TB-01 studies
    Started planning for further maximization

◆ DS-3939 (anti TA-MUC1 ADC)
  ➢ Initiated Ph1/2 trial
    Another clinical stage ADC in the pipeline

External environment: Intensifying competitive pressure in ADC development

◆ Numerous oncology companies are focusing on ADC development
  ➢ ADC data gained significant attention at ASCO 2023 and WCLC 2023

Enhanced capacity, resources and capabilities have become necessary to maximize DXd-ADC franchise

ENHERTU®: trastuzumab deruxtecan (International Nonproprietary Name: INN), T-DXd, DS-8201 (HER2-directed ADC), Dato-DXd: datopotamab deruxtecan (INN), DS-1062 (TROP2-directed ADC), HER3-DXd: patritumab deruxtecan (INN), U3-1402 (HER3-directed ADC), I-DXd: ifiniatamab deruxtecan, DS-7300 (B7-H3-directed ADC), R-DXd: raludotatug deruxtecan, DS-6000 (CDH6-directed ADC)
### Why a Strategic Collaboration?

<table>
<thead>
<tr>
<th>Our Mission</th>
<th>Purpose</th>
<th>Contribute to the enrichment of quality of life around the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission</td>
<td>Mission</td>
<td>Create innovative pharmaceuticals addressing diverse medical needs</td>
</tr>
</tbody>
</table>

**Internal/external environmental changes**

Enhanced capacity, resources and capabilities have become necessary to maximize DXd-ADC franchise.

Strategic collaboration will help us deliver on the promise of our next three DXd-ADCs by potentially enabling us to reach more patients more quickly than we could on our own.
What We Aim to Achieve through Strategic Collaboration

Leverage collaborator's capacity, resources and capabilities

- Develop **more aggressive development plans** targeting **broader patient populations**
- **Accelerate development timelines** and mitigate risk of delays
- Gain opportunity to **contribute to patients in more countries/regions**

Further expand resources to create favorable cycle for sustainable growth

- **Optimal resource allocation** for new growth drivers following 5DXd-ADCs, post DXd-ADC modalities, etc.
  - DS-3939 (TA-MUC1 directed ADC), DS-XXXX (7th DXd-ADC)
  - DS-9606 (2nd generation ADC), New concept ADC, etc.
  - Early stage research projects

Create more corporate and product value through strategic collaboration
Why Merck & Co., Inc., Rahway, NJ, USA?

A world-leading oncology company with KEYTRUDA® as a foundation

- Remarkable experience in oncology, proven expertise in immuno-oncology
- Strong capabilities and capacity, resources in development
- Oncology business in numerous countries/regions and tumor types

A collaborator that is best-positioned to help us in our goal of establishing new standards of care across multiple tumor types

Extensive experience with strategic collaboration

A collaborator with multiple successful global strategic collaborations, gives us the highest probability to achieve our goals

High valuation and commitment for success

A collaborator with highest valuation for 3 products (HER3-DXd, I-DXd and R-DXd), and commitment for success among the companies that expressed interest

KEYTRUDA® is a registered trademark of Merck Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., Rahway, NJ, USA
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## Strategic Collaboration Overview

**Collaboration with Merck & Co., Inc., Rahway, NJ, USA (MRK)**

### Overview

- **Co-development and co-commercialization** of HER3-DXd, I-DXd (DS-7300), R-DXd (DS-6000)

  Territory: **Global** (excluding Japan)

### Governance

- **Development and commercialization strategies** will be planned and implemented based on **mutual agreement**
## Strategic Collaboration Overview

### Development

- **Co-development** as monotherapy and combination therapy for HER3-DXd, I-DXd (DS-7300), R-DXd (DS-6000)

- **MRK** will be responsible for **75% of the first 2 Bn USD** of R&D expenses for each product, and the companies will share R&D expenses **equally thereafter**

### Commercial

- **Global (excluding Japan):**
  The companies will **co-promote and share gross profit and promotional expenses** etc.

- **Japan:**
  Daiichi Sankyo will **solely commercialize** and **pay royalty** to MRK

- **Sales booking**
  Daiichi Sankyo will book product sales in all countries/regions where Daiichi Sankyo has local operations (including Japan)

### Manufacturing

- **Daiichi Sankyo** will **manufacture and supply** all 3 products
Financial Terms for Strategic Collaboration

Up to 22.0 Bn USD (3,300.0 Bn JPY) in total (1USD=150JPY)

**Upfront payments 4.5 Bn USD (675.0 Bn JPY) : 1.5 Bn USD×3 products**

<table>
<thead>
<tr>
<th></th>
<th>HER3-DXd (DS-7300)</th>
<th>I-DXd (DS-6000)</th>
<th>R-DXd (DS-6000)</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Upon contract execution</td>
<td>0.75 Bn USD</td>
<td>1.5 Bn USD</td>
<td>0.75 Bn USD</td>
<td>3.0 Bn USD</td>
</tr>
<tr>
<td>12 months after execution</td>
<td>0.75 Bn USD</td>
<td>-</td>
<td>-</td>
<td>0.75 Bn USD</td>
</tr>
<tr>
<td>24 months after execution</td>
<td>-</td>
<td>-</td>
<td>0.75 Bn USD</td>
<td>0.75 Bn USD</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.5 Bn USD</strong></td>
<td><strong>1.5 Bn USD</strong></td>
<td><strong>1.5 Bn USD</strong></td>
<td><strong>4.5 Bn USD</strong></td>
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MRK may elect not to pay the two upfront payments of 0.75 Bn USD each that are due after 12 months and after 24 months, respectively. If MRK opts out of HER3-DXd and/or R-DXd, the upfront payments already paid will be retained by DS and rights related to such products will be returned to DS.

- Received upfront payments will be deferred and booked as revenue considering the estimated exclusivity period.

**R&D expenses related refundable upfront payments 1.0 Bn USD (150.0 Bn JPY) : 0.5 Bn USD×2 products (HER3-DXd,I-DXd)**

- MRK will be responsible for 75% of the first 2 Bn USD of R&D expenses for each product (MRK to bear 0.5 Bn USD more than DS compared to equal share)
- 0.5 Bn USD for HER3-DXd and I-DXd, respectively to be paid upon contract execution as R&D expenses related refundable upfront payments (Pro-rated portion may be refundable in the event of early termination of development for both products). As for R-DXd, 75% of R&D expenses will be paid by MRK as they are incurred.
- Accounting treatment is not yet determined

**Sales milestones Up to 16.5 Bn USD (2,475.0 Bn JPY) : Up to 5.5 Bn USD×3 products**

- Received sales milestones will be booked as revenue in the year of achievement
Daiichi Sankyo will contribute to the enrichment of quality of life around the world
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Contact address regarding this material

Daiichi Sankyo Co., Ltd.
Corporate Communications Department

TEL: +81-3-6225-1125
Email: DaiichiSankyoIR@daiichisankyo.co.jp