Revised Target for 5-Year Business Plan

Current Progress of 5-Year Business Plan

- **Edoxaban**: Growing in momentum beyond the initial target
- **Luitpold (US)**: Maintaining a high level **growth**
- **Oncology**: Enriching our pipeline value including DS-8201
  
  NDA submission & launch preparation of Quizartinib and Pexidartinib are underway

- **Pain Business (US)**: Difficult to achieve the initial target
- **Japan Business**: Future business environment getting severe

**Difficult to achieve the FY2020 Target**: OP 165.0 Bn JPY
Current Progress of 5-Year Business Plan: Oncology Business

Built 3 pillars of oncology business, ADC Franchise, AML Franchise and Breakthrough Science, and focus investments on the pillars.

ADC Franchise
- Refer to next page

AML Franchise
- Rich pipeline Quizartinib etc.

Breakthrough Science
- Rich pipeline Pexidartinib etc.

Cancer Enterprise 2025 Vision

7 new molecular entitles in 8 years
Current Progress of 5-Year Business Plan: ADC Franchise

- Established ADC technology as a platform technology
  - DS-8201: Accumulated promising clinical data
  - U3-1402: Disclosed good clinical data
  - Increasing expectation on other ADCs

ADC Franchise

- DS-8201
  - HER2
- U3-1402
  - HER3
- TA-MUC1
- DS-7300
  - B7-H3
- DS-6000
- DS-6157
  - GPR20
- DS-1062
  - TROP2
- Next-Gen ADC
Policy to Revise the 5-Year Business Plan

- Identify a highly promising investment opportunity for a huge future return, as the value of ADC franchise (DS-8201, U3-1402, etc.) is increasing
- Prioritize investments to maximize the ADC franchise’s potential

Rather than stick to the original profit target, increase investments in oncology, and accelerate the future growth
5-Year Business Plan (Original)

- Grow beyond FY2017 LOE of olmesartan
- Establish a foundation of sustainable growth

2025 Vision
Global Pharma Innovator with Competitive Advantage in Oncology

- Increase value of late-stage pipeline
  3-5 products with peak-sales of more than 100.0 Bn JPY each

- ROE: 8% or more

- Shareholder Returns (FY2016 - FY2020)
  - Annual ordinary dividends: 70 JPY or more
  - Flexible acquisition of own shares
  - Total return ratio: 100% or more
Revised Target for 5-Year Business Plan

- Revised FY2020 Target
- Achieve original OP target two years behind

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue (Bn JPY)</th>
<th>OP (Bn JPY)</th>
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<tbody>
<tr>
<td>FY2018 Forecast</td>
<td>910.0</td>
<td>78.0</td>
</tr>
<tr>
<td>FY2020 Target</td>
<td>960.0</td>
<td>80.0</td>
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<tr>
<td>FY2022 Target</td>
<td>1,100.0</td>
<td>165.0</td>
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</tbody>
</table>

**2025 Vision**
Global Pharma Innovator with Competitive Advantage in Oncology

- **Increase value of late-stage pipeline**
  Total expected revenue at peak: 500.0 Bn JPY or more

- **ROE**: 8% or more

- **Shareholder Returns (FY2016 - FY2022)**
  - Annual ordinary dividends: 70 JPY or more
  - Flexible acquisition of own shares
  - Total return ratio: 100% or more

*The targets exclude the impact of gain on sales of fixed assets, transformation business portfolio and partnering*
Establish a Foundation of Sustainable Growth: Six Strategic Targets

- Grow Edoxaban
- Grow as No.1 Company in Japan
- Expand US Businesses
- Establish Oncology Business
- Continuously Generate Innovative Medicine Changing SOC
- Enhance Profit Generation Capabilities

Toward 2025 Vision

Global Pharma Innovator with Competitive Advantage in Oncology

Revenue
910.0 Bn JPY

OP
78.0 Bn JPY

FY2018 Forecast

Revenue
960.0 Bn JPY

OP
80.0 Bn JPY

FY2020 Target

Revenue
1,100.0 Bn JPY

OP
165.0 Bn JPY

FY2022 Target

2025 Vision
Mid-term Measures

◆ Mid-term measures to accomplish our strategic targets

Focus resources on oncology business

- Increase R&D and capital expenditures
- Promote partnering (to maximize pipeline value)
- Make the best use of BD investments
- Transform to oncology centered business portfolio

Revise regional strategy

- Grow LPI
- Accelerate oncology business establishment

Enhance profit generation capabilities

- Maximize edoxaban
- Grow base business (incl. acquisition of new products)
- Accelerate oncology business establishment

- Reduce investments in non oncology
- Promote further cost reduction initiatives
- Sell non-core assets and cross-shareholdings

Blue: Oncology business related
Increase R&D Investments and allocate more to oncology
Make the best use of Business Development Investments to enhance oncology business
Shareholder Returns Policy: FY2016 - FY2022

- **Annual ordinary dividends:** 70 JPY dividend in FY2016 and FY2017
- **Acquisition of own shares:** 50.0 Bn JPY in both FY2016 and FY2017
- **Total return ratio:** 100% or more (extended to FY2022)

*Total return ratio = (Dividends + Total acquisition costs of own shares) / Profit attributable to owners of the company
Oncology Business: Increase Investments

FY2018 - FY2022 (5 Years)

R&D Investments: 1,100.0 Bn JPY
- Prioritize the investments to maximize the potential of ADC franchise
- Capital Exp. to enhance oncology: 25.0 Bn JPY or more

R&D Investments

1,100.0 Bn JPY

900.0 Bn JPY
Allocate more to oncology

200.0 Bn JPY
Additional investment to oncology

900.0 Bn JPY
Allocate furthermore to oncology

<Original>
FY2016 - FY2020 (5 Years)

<After Revision>
FY2018 - FY2022 (5 Years)
Oncology Business: Revenue Target

◆ Expand the future oncology revenue by accelerating and enhancing the investments

<Original>
Oncology Business:
Revenue
FY2020: 40.0 Bn JPY
FY2025: 300.0 Bn JPY

Value of late-stage pipeline
FY2020:
3-5 products
with peak-sales of more than 100.0 Bn JPY each

Oncology Revenue

150.0 Bn JPY
FY2022

Value of late-stage pipeline
FY2022:
Total expected revenue at peak: 500.0 Bn JPY or more

Oncology Revenue
500.0 Bn JPY
FY2025

40.0 Bn JPY
FY2020
Toward 2025 Vision

Global Pharma Innovator with
Competitive Advantage
in Oncology

Enhance investments and maximize oncology business

- R&D investments: **1,100 Bn JPY**, Oncology revenue: **500 Bn JPY** in FY2025

Commitment of FY2022

- OP **165 Bn JPY**, ROE **8%** or more, Value of late-stage pipeline* **500 Bn JPY** or more, Total return ratio **100%** or more

* Total expected revenue at peak