

# Agenda

- 1 FY2023 Financial Results
- 2 Business Update
- 3 R&D Update
- 4 5-Year Business Plan Update**
- 5 FY2024 Forecast
- 6 Appendix



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

## Realize 2025 Goal 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

# 5-Year Business Plan: Progress in FY2021-FY2023

## Maximize 3ADCs

- ◆ **Maximize product value of ENHERTU®**
  - **Approval of new indication**
    - HER2+ BC 2L, HER2 low BC post-chemo, HER2 mutant NSCLC 2L+, HER2+ Solid Tumors 2L+ etc.
  - **Sales growth in each country/region**
  - **Progress of indication expansion**
    - 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**
  - **Filing accepted**
    - Dato-DXd : Non SQ NSCLC 2L+ (TL-01)  
HR+/HER2 low or negative BC 2L (TB-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) etc.
- ◆ **Strategic collaboration for HER3-DXd, I-DXd and DS-6000**
  - **Co-development and co-commercialization with MRK\*1**

## Profit growth for current business and products

- ◆ **Growth of current products**
  - **Steady sales expansion of Lixiana®**
    - Increase product value with additional dosage and administration\*2
  - **Sales increase of current products in each country/region**
    - Tarlige®, 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®, Ezharmia®, Vanflyta®, Daichirona® etc.
  - **Progress of product divestiture after loss of exclusivity in each country/region**
  - **Stock transfer of Daiichi Sankyo Espha Co., Ltd.**
    - Divestiture of generic business in Japan
- ◆ **Profit growth for American Regent and Daiichi Sankyo Healthcare**
  - **Contribution to consolidated performance through increased revenue and profit.**

\*1 Merck & Co., Inc., Rahway, NJ, USA

\*2 Prevention for stroke and systemic embolism in elderly patients with non-valvular atrial fibrillation and high bleeding risk: ELDERCARE-AF study

## Identify and build pillars for further growth

- ◆ **Emerging growth drivers following 3ADCs**
  - **Progress of development for I-DXd (B7-H3-directed ADC)**
    - Accumulated promising data in Ph1/2 study for multiple cancer types
    - Plan to start Ph3 study for SCLC
    - Accelerate development through strategic collaboration with MRK
  - **Progress of development for DS-6000 (CDH6-directed ADC)**
    - Accumulated promising data for OVC
    - Accelerate development through strategic collaboration with MRK
- ◆ **Advancement to select post DXd-ADC modalities**
  - **Started clinical study for 2<sup>nd</sup> generation ADC, DS-9606**
  - **Approval and supply of mRNA COVID-19 vaccine, Daichirona® for intramuscular injection**

OVC: ovarian cancer, SCLC: small cell lung cancer,

## Create shared value with stakeholders

- ◆ **Strengthening shareholder returns**
  - **Increase dividend taking account of profit growth**
    - Increase annual dividend in two consecutive years due to profit growth of ENHERTU®, and received upfront payment related to strategic collaboration with MRK etc
- ◆ **Actions against pandemic risks**
  - **Supply of Daichirona® for intramuscular injection (Omicron XBB.1.5-adapted monovalent vaccine)**
    - Submitted approval application 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**

# Estimate for FY2025 KPIs

(as of Apr. 2024)

	5YBP Target (Apr. 2021)	Estimate as of Apr. 2023	Estimate as of Apr. 2024
Revenue	1,600 Bn JPY	2.0 Tr JPY	2.1 Tr JPY
Revenue in Oncology	> 600 Bn JPY	> 900 Bn JPY	> 1.0 Tr JPY
Core Operating Profit ratio before R&D expense	40%	40%	40%
ROE	> 16%	> 16%	> 16%
DOE	> 8%	> 8%	> 8.5%

Currency rate assumptions

1 USD=105 JPY, 1 EUR=120 JPY

1 USD=130 JPY, 1 EUR=140 JPY

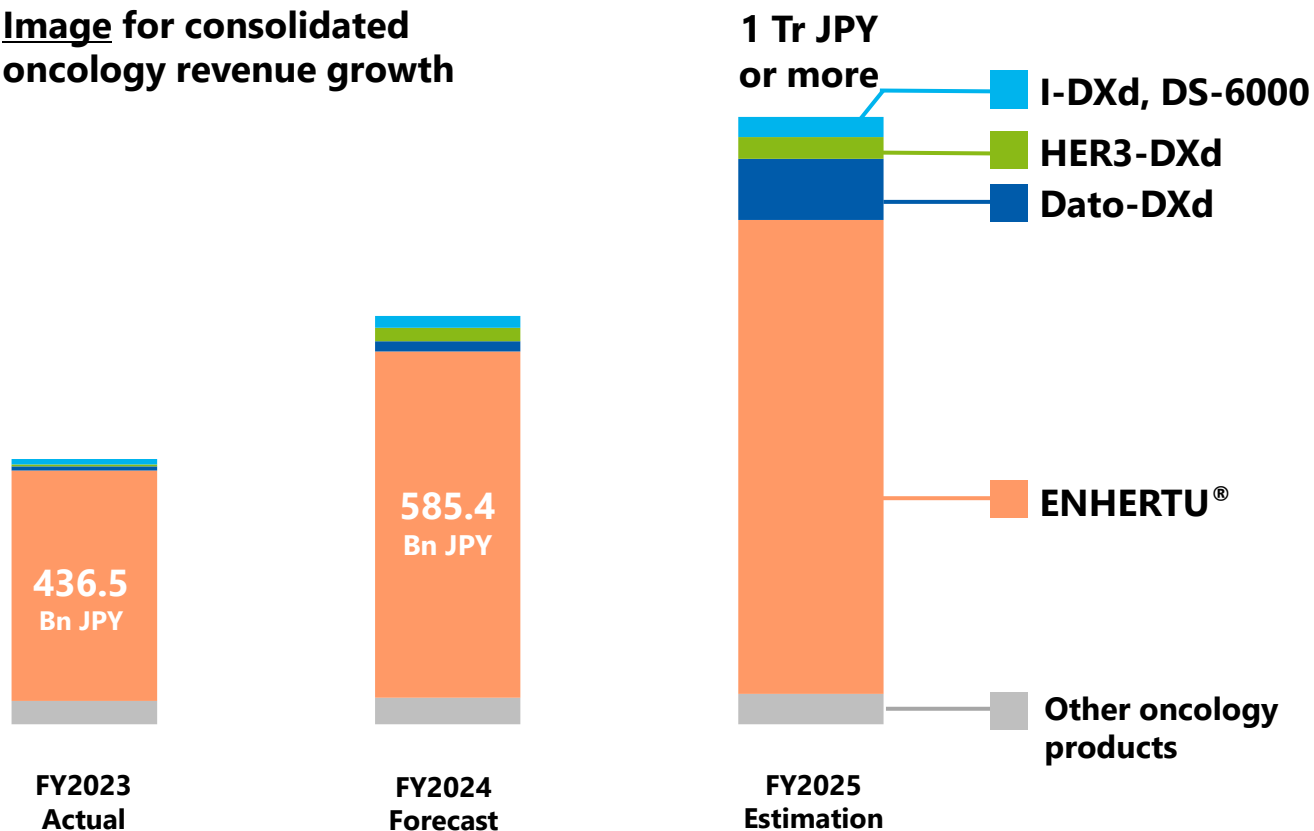
1 USD=145 JPY, 1 EUR=155 JPY

# Estimated Oncology Revenue

(as of Apr. 2024)

Estimate **oncology revenue of 1 Tr JPY or more in FY2025** driven by further revenue growth of ENHERTU® and upfront payments related to strategic collaboration with MRK\*<sup>1</sup> for HER3-DXd, I-DXd, and DS-6000

## Image for consolidated oncology revenue growth



## Increase/decrease from Apr. 2023 estimation

### Major Increase

#### ◆ ENHERTU®

- ✓ Further revenue growth in breast cancer driven by DB-03/04 indications

#### ◆◆ HER3-DXd, I-DXd, DS-6000

- ✓ Revenue increase from upfront payments related to strategic collaboration with Merck

### Major decrease

#### ◆ Dato-DXd

- ✓ Revised target patient population based on TL-01 results
- ✓ Revised timeline for TL-08

\*1 Merck & Co., Inc., Rahway, NJ, USA

\*2 Revenue for ENHERTU®, Dato-DXd, HER3-DXd, I-DXd and DS-6000 includes alliance revenue (50% of gross profit from product sales in countries/regions where AstraZeneca and Merck book sales), upfront payments, development and sales milestones received from both collaborators based on strategic alliance agreements

# Estimated R&D Expenses

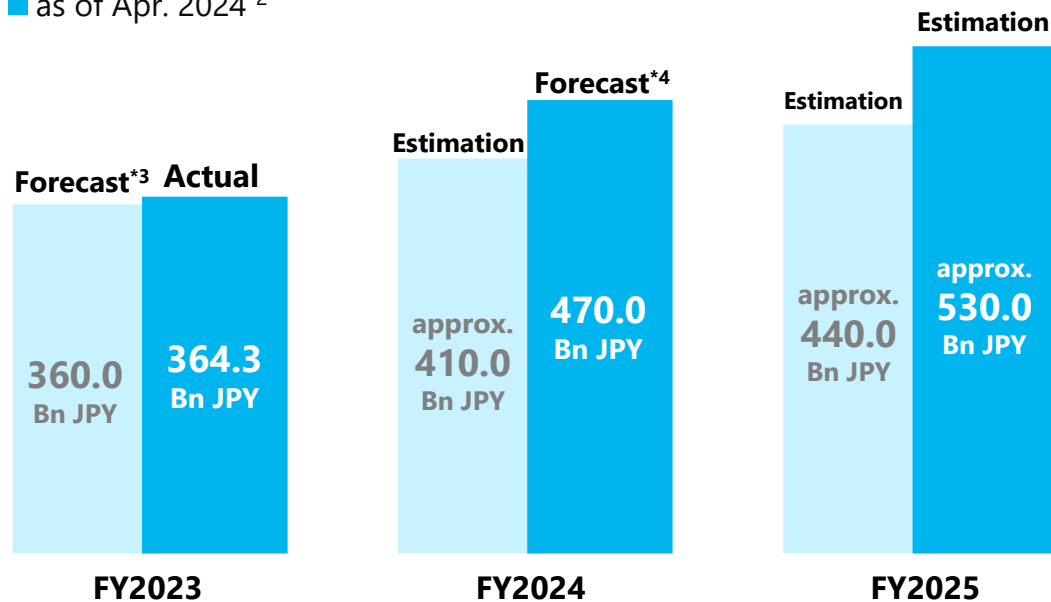
(as of Apr. 2024)

Estimate **R&D expenses of approx. 1 Tr JPY for FY2024 and FY2025** in total driven by new study initiation for ENHERTU® and other expenses

## R&D expenses trend

■ as of Apr. 2023\*<sup>1</sup>

■ as of Apr. 2024\*<sup>2</sup>



Currency rate assumptions

\*1: 1USD=130 JPY、1EUR=140 JPY

\*2: 1USD=145 JPY、1EUR=155 JPY

Forecast

\*3: as of Apr. 2023

\*4: as of Apr. 2024

## Increase/decrease from Apr. 2023 estimation

### Major Increase

- ◆ **Initiation of new studies for ENHERTU®**
  - ✓ New studies considering DPT-02 results
- ◆ **Acceleration of indication expansion studies and initiation of new studies for Next Wave products** (DS-3939, etc.)
- ◆ **Expanded medical affairs activities** (Create and deliver new evidence for ENHERTU®, Dato-DXd and HER3-DXd)
- ◆ **Strengthen R&D infrastructure** (Increased R&D headcount)

### Major decrease

- ◆ **HER3-DXd, I-DXd, DS-6000**
  - ✓ Acceleration of indication expansion studies and initiation of new studies through the strategic collaboration with Merck\*<sup>1</sup> (IDeate-Lung02, REJOICE-Ovarian01, etc.)
  - ✓ Meanwhile, Daiichi Sankyo's R&D expenses for these three ADCs will decrease from the cost share with Merck  
(Merck 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)

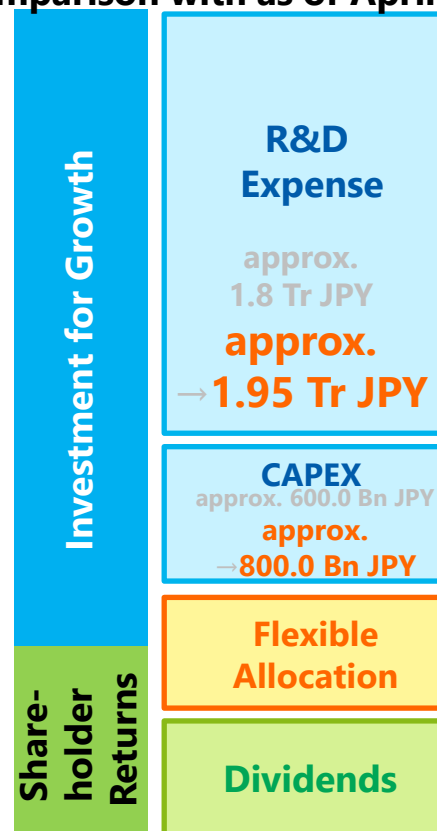
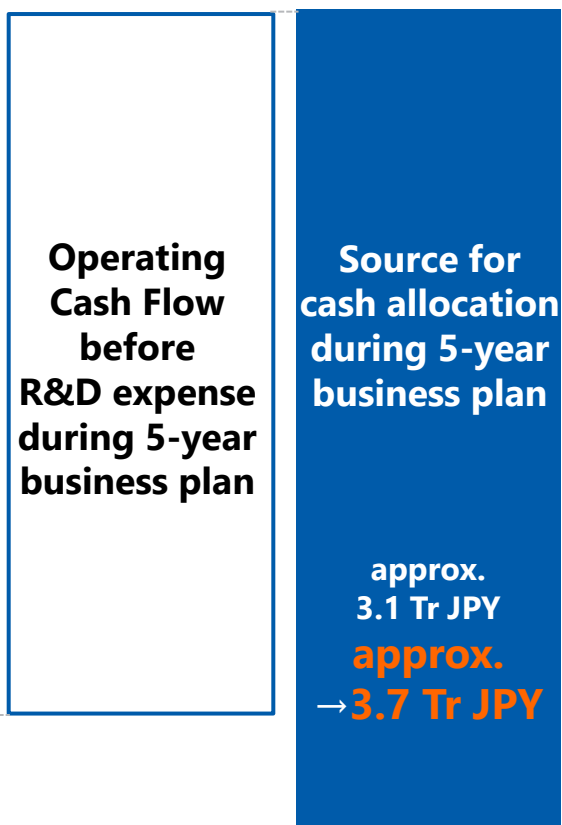
\*1 Merck & Co., Inc., Rahway, NJ, USA

# Well-balanced Investment for Growth and Shareholder Returns

## Cash Allocation

Increase **R&D expense** and **CAPEX** for further growth in future, and increase **shareholder returns** with cash flow of **approx. 600.0 Bn JPY** increased due to the received upfront payment related to strategic collaboration with MRK etc.

Image for cash allocation  
(Comparison with as of April 2023)



Prioritized investment for DXd-ADCs

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



# Forecast of FY2025 KPIs

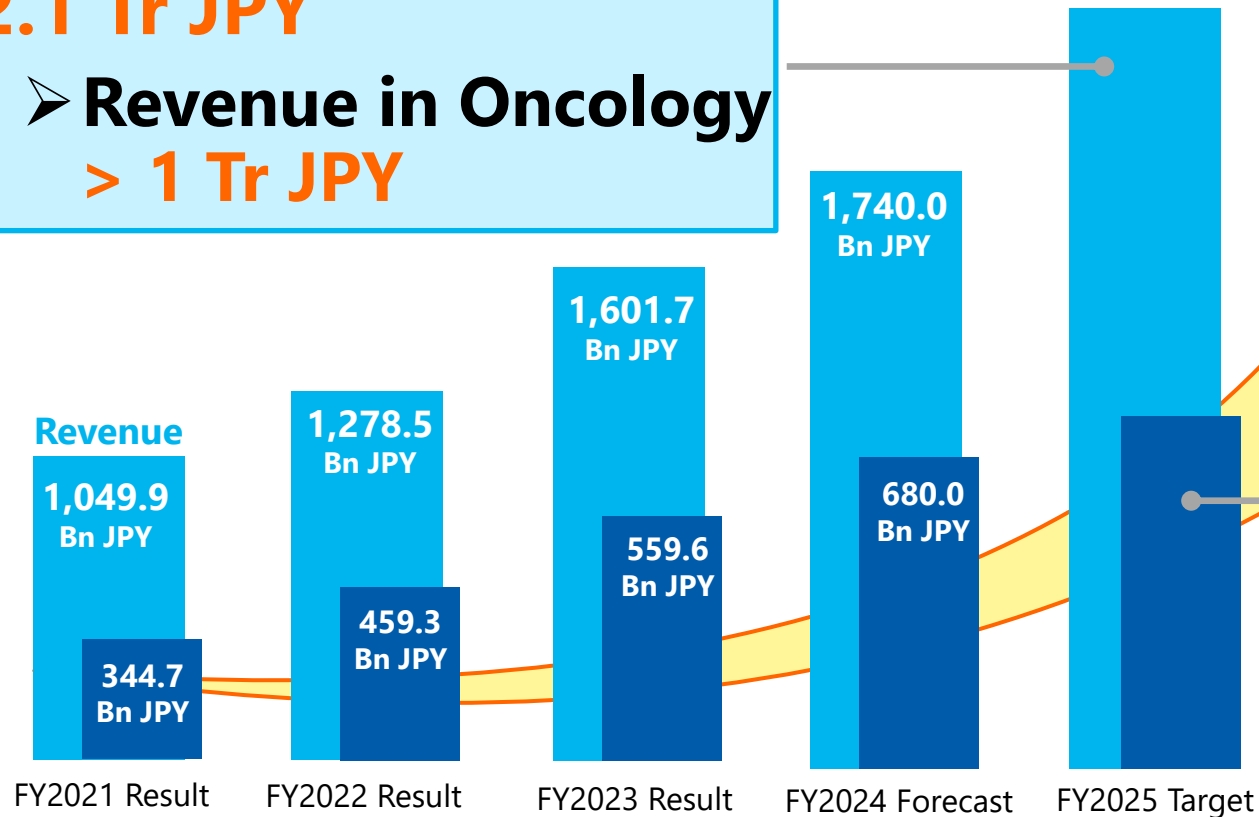
(as of Apr. 2024)

## ◆ Revenue

**2.1 Tr JPY**

➤ Revenue in Oncology  
**> 1 Tr JPY**

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



Forecast of Core Operating Profit\* ratio before R&D expense: 39%

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

◆ ROE > **16%**

◆ DOE > **8.5%**

FY2025 Currency rate assumptions: 1 USD=**145 JPY**, 1 EUR=**155 JPY**

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



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

