5-Year Business Plan (FY2021–FY2025)

DAIICHI SANKYO CO., LTD.

Sunao Manabe
President and CEO

April 5th, 2021
Forward-Looking Statements

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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

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

**Mission**
Create innovative pharmaceuticals addressing diverse medical needs

**Value Chain**

**Strength**
Science & Technology

**Materiality on Business**
- Creating innovative pharmaceuticals
- Providing a stable supply of top-quality pharmaceutical products
- Providing the highest quality medical information
- Improving access to healthcare

**Materiality on Business Foundation**
- Promoting compliance management
- Promoting the success and development of a diverse range of people who create our competitive advantages
- Corporate governance aimed at fulfilling our mission
- Promoting environmental management

**Value provided to stakeholders and society**
- Patients & Families and Healthcare Professionals
- Shareholders & Investors
- Society & Natural Environment
- Employees

**Requirement from society**
- Responding to unmet medical needs
- Providing stable supply of top quality pharm. products
- Improving access to pharmaceuticals
- ESG activities & responding to other requests

**Investment capital**
- Financial capital
- Manufacturing capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

Sustainable enhancement of corporate value through the value creation cycle
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

Materiality on Business

Creating innovative pharmaceuticals
- Providing a stable supply of top-quality pharmaceutical products
- Providing the highest quality medical information
- Improving access to healthcare

Materiality on Business Foundation

- Promoting compliance management
- Corporate governance aimed at fulfilling our mission
- Promoting the success and development of a diverse range of people who create our competitive advantages

Promoting environmental management

SDGs Goals

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURES

17 PARTNERSHIPS FOR THE GOALS

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

13 CLIMATE ACTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
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
Leverage our strength, Science & Technology, to provide the best “total care” treatments during the lifetime of an individual.

**Life Journey**
- **Infant**
  - Health Promotion
  - Pre-symptomatic measures, Prevention
  - Treatment

- **Individual**
  - **Elderly**
  - Prevention of aggravation
  - Nursing care, Extension of healthy life expectancy

**Total Care Platform**
- Hospital
- Home
- Government
- Local authorities
- Payers

**Modalities provided to individuals**
- Various modalities
- **Modalities provided by DS**
  - Antibody
  - DXd-ADC
  - Small molecule
  - LNP-mRNA
  - Next gen. antibody
  - Gene/Cell therapy
  - Others (ENA®, Digital, etc.)

**DX platform**
- Big data
  - Clinical data including imaging, omics data, life activity data, real world data, etc.
- Digital technology
  - (AI, BI, IoT, etc.)

**Personal Health data**
- Lifetime Medical data

**Personal Health data**
- Monitor
- Analyze
- Diagnose

**External Environment and How we will provide Value**
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.
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
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
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
5-Year Business Plan (FY2016-FY2020) Recap: Major Progress of the 6 Strategic Targets and Shareholder Returns

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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

<table>
<thead>
<tr>
<th></th>
<th>FY2020 estimate*</th>
<th>Financial Targets (FY2020)</th>
<th>Financial Targets (FY2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>960.0 Bn JPY</td>
<td>1,100.0 Bn JPY</td>
<td>1,100.0 Bn JPY</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>60.0 Bn JPY</td>
<td>165.0 Bn JPY</td>
<td>165.0 Bn JPY</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>4.4%</td>
<td>&gt; 8.0%</td>
<td>&gt; 8.0%</td>
</tr>
<tr>
<td><strong>Total Return Ratio</strong></td>
<td>111.8%</td>
<td>&gt; 100%</td>
<td>&gt; 100%</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>81 JPY / year</td>
<td>&gt; 70 JPY / year</td>
<td>&gt; 70 JPY / year</td>
</tr>
</tbody>
</table>

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

⚫ Revenue
⚫ Operating Profit
⚫ ROE
⚫ Total Return Ratio
⚫ Dividends

⚫ Revenue
⚫ Operating Profit
⚫ ROE
⚫ Total Return Ratio
⚫ Dividends

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

2. 2030 Vision

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

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

5. Appendix
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.

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

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

2030 Vision

Innovative Global Healthcare Company Contributing to the Sustainable Development of Society

- 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*
Launch Plan for 3ADCs

Expand 3ADCs in broader cancer types and treatment lines

5-Year Business Plan (FY2021-FY2025)

Present

<table>
<thead>
<tr>
<th>ENHERTU</th>
<th>DESTINY-Breast01</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>DESTINY-Gastric01</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>ENHERTU</th>
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<td></td>
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<td>DESTINY-CRC01/02</td>
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Dato-DXd

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<tr>
<th>TROPION-Lung01</th>
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</table>

HER3-DXd

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<th>HERTHENA-Lung01</th>
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FY2026 & Beyond

**ENHERTU**

<table>
<thead>
<tr>
<th>DESTINY-Breast05</th>
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<tr>
<td>DESTINY-Breast09</td>
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</table>

- 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

Only pivotal studies for new indications are included. Further details are in Appendix.
We plan to provide our 3ADCs as treatment choice for major sub-types of breast cancer and NSCLC.

<table>
<thead>
<tr>
<th>HER2 Status</th>
<th>Treatment Choice</th>
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<tbody>
<tr>
<td>HR positive</td>
<td>ENHERTU</td>
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<tr>
<td>HR negative</td>
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<tr>
<td>HER2 positive</td>
<td>ENHERTU</td>
</tr>
<tr>
<td>HER2 low</td>
<td>ENHERTU</td>
</tr>
<tr>
<td>HER2 negative</td>
<td>Dato-DXd</td>
</tr>
<tr>
<td>No mutation</td>
<td>Dato-DXd</td>
</tr>
<tr>
<td>EGFR mutation</td>
<td>HER3-DXd</td>
</tr>
<tr>
<td>HER2 mut HER2 pos.</td>
<td>ENHERTU</td>
</tr>
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</table>
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

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<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
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<tbody>
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Scale of each CAPEX is different
Targeting > 600.0 Bn JPY in FY2025 by maximizing 3ADCs

Image for consolidated oncology revenue growth during the 5-year business plan (FY2021-FY2025)
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 Lixiana® Profit

Targeting peak annual revenue > 220.0 Bn JPY; Lixiana will provide steady profit
We will also aim for sustainable growth in our business outside of oncology.
US and Europe businesses will further transform to profit structure focused on patented drugs, and will contribute to our sustainable growth.

**US**
- **Patented drug ratio:**
  - FY2020: Off-patent, Patented
  - FY2025: approx. 100%
- **Oncology drug ratio:**
  - FY2020: Non-Oncology, Oncology
  - FY2025: approx. 95%

**Europe**
- **Patented drug ratio:**
  - FY2020: Off-patent, Patented
  - FY2025: approx. 100%
- **Oncology drug ratio:**
  - FY2020: Non-Oncology, Oncology
  - FY2025: approx. 45%
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**

- FY2020: approx. 20%
- FY2025: approx. 80%

**Oncology drug ratio**

- FY2020: approx. 20%
- FY2025: approx. 80%

### ASCA*

*Asia, South and Central America

**Patented drug ratio**

- FY2020: approx. 45%
- FY2025: approx. 20%

**Oncology drug ratio**

- FY2020: approx. 20%
- FY2025: approx. 20%
## Profit Growth for American Regent and DS Healthcare

<table>
<thead>
<tr>
<th></th>
<th>American Regent</th>
<th>Daiichi Sankyo Healthcare</th>
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<tbody>
<tr>
<td><strong>Grow with Injectafer® and Generic Injectable Products</strong></td>
<td><img src="#" alt="Image for revenue growth" /></td>
<td><img src="#" alt="Image for revenue growth" /></td>
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<tr>
<td>FY2021</td>
<td><img src="#" alt="Bar chart for FY2021" /></td>
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<tr>
<td></td>
<td><strong>Grow with Japan In-store and Mail Order Businesses</strong></td>
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<td>FY2021</td>
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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
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

2030 Vision
Innovative Global Healthcare Company
Contributing to the Sustainable Development of Society

2025 Vision

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

- Nucleic acid
- LNP-mRNA
- 2nd generation ADC
- Bi-specific antibody
- Advanced chemistry
- New concept ADC
- Gene therapy
- Cell therapy*
- Digital solution

*In-house developed products
5-Year Business Plan (FY2021-FY2025)

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

**Daiichi Sankyo’s Long-term targets (for 2050)**

- **Decarbonized society**
- **Circular economy**
- **Society in harmony with nature**

**Initiatives throughout the value chain**

- Research and Development
- Pharmaceutical Technology
- Supply Chain
- Offices, Sales

- • DX utilization
- • Chemical substances mgt.
- • Green chemistry*1
- • Bioplastics utilization
- • Renewable energy
- • Collaboration with suppliers
- • Next-generation batteries
- • Hydrogen utilization
- • Electric vehicles
- • ZEB*2

*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

- 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

**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
<table>
<thead>
<tr>
<th></th>
<th>5-Year Business Plan (FY2021-FY2025)</th>
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<tbody>
<tr>
<td>1</td>
<td>Strategic Pillar 1: Maximize 3ADCs</td>
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<td>2</td>
<td>Strategic Pillar 2: Profit Growth for Current Business and Products</td>
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<tr>
<td>3</td>
<td>Strategic Pillar 3: Identify and Build Pillars for Further Growth</td>
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<td>4</td>
<td>Strategic Pillar 4: Create Shared Value with Stakeholders</td>
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<tr>
<td>5</td>
<td><strong>Data-driven Management through DX, and Transformation through Advanced Digital Technology</strong></td>
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<tr>
<td>6</td>
<td>Well-Balanced Investment for Growth and Shareholder Returns</td>
</tr>
<tr>
<td>7</td>
<td>FY2025 Financial Targets</td>
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</table>
Data-driven Management through DX, and Transformation Through Advanced Digital Digital Technology

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

RWD: Real World Data, RWE: Real World Evidence
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
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

Current cash in hands* approx. 400.0 Bn JPY

Source for cash allocation during 5-year business plan approx. 2.8 Tr JPY

Operating Cash Flow before R&D expense during 5-year business plan

R&D Expense approx. 1.5 Tr JPY

CAPEX approx. 500.0 Bn JPY

Flexible Allocation

Investment for Growth

Dividends

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

*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

**Capital efficiency improvement**
- Profit growth driven by 3ADCs
- Flexible acquisition of own shares

FY2025 Target: **ROE > 16%**

**Shareholder returns enhancement**
- Maintain current ordinary dividends (27 JPY per share), and dividend increase taking account of profit growth
- Flexible acquisition of own shares

- Stable shareholder returns by adopting DOE based on shareholder’s equity
- DOE exceeding shareholder’s equity cost

FY2025 Target: **DOE > 8%**

*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
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7. FY2025 Financial Targets
**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%

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

*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)**

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