Acquisition of Tolero Pharmaceuticals, Inc.

December 21, 2016
Sumitomo Dainippon Pharma Co., Ltd.
Acquisition of Tolero Pharmaceuticals, Inc.

Significance of the Acquisition

- Acquire attractive compounds with potential to treat hematological disorders
- Obtain outstanding expertise in drug discovery capabilities for kinase inhibitors and other drug targets
- Contribute to business growth after LATUDA LOE

Company profile

<table>
<thead>
<tr>
<th>Name</th>
<th>Tolero Pharmaceuticals, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established</td>
<td>June 2011</td>
</tr>
<tr>
<td>Headquarters</td>
<td>Lehi, UT, United States</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>23 (As of October 31, 2016)</td>
</tr>
</tbody>
</table>

Executive management

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>David J. Bearss, Ph.D.</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Dallin M. Anderson</td>
<td>Chairman and President</td>
</tr>
<tr>
<td>David W. Sampson</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Steven D. Weitman, M.D., Ph.D.</td>
<td>Chief Medical Officer</td>
</tr>
</tbody>
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<tr>
<td>Michael V. McCullar, Ph.D.</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Steven L. Warner, Ph.D.</td>
<td>Vice President, Drug Discovery and Development</td>
</tr>
<tr>
<td>Michael A. Bernstein, M.P.H.</td>
<td>Vice President, Regulatory Affairs</td>
</tr>
</tbody>
</table>
Tolero’s Development Products and Discovery Capabilities

### Development products

<table>
<thead>
<tr>
<th>Development code</th>
<th>Generic name</th>
<th>Mechanism of action</th>
<th>Target indication</th>
<th>Development location</th>
<th>Development stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>Alvocidib</td>
<td>CDK9 inhibitor</td>
<td>Acute myeloid leukemia</td>
<td>U.S.</td>
<td>Phase 2 (Completed)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Acute myeloid leukemia (Biomarker)</td>
<td>U.S.</td>
<td>Phase 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Myelodysplastic syndromes</td>
<td>U.S.</td>
<td>Preclinical</td>
</tr>
<tr>
<td>TP-0903</td>
<td>TBD</td>
<td>AXL receptor tyrosine kinase inhibitor</td>
<td>Solid tumors, Hematologic malignancies</td>
<td>U.S.</td>
<td>Phase 1</td>
</tr>
<tr>
<td>TP-1287</td>
<td>TBD</td>
<td>CDK9 inhibitor</td>
<td>TBD</td>
<td>U.S.</td>
<td>Preclinical</td>
</tr>
<tr>
<td>TP-0184</td>
<td>TBD</td>
<td>ALK2 inhibitor</td>
<td>TBD</td>
<td>U.S.</td>
<td>Preclinical</td>
</tr>
</tbody>
</table>

* In addition to the above list, Tolero possesses two compounds in the preclinical stage

### Drug discovery capabilities

- Experienced personnel who have been involved in drug discovery and clinical development targeting kinases for more than 10 years.
- Unique evaluation system that assesses disease relevance and in-silico platform to discover disease-related kinases

Select target indication, such as hematologic malignancies, most relevant to targeted kinase
Profile of Alvocidib

**Mechanism of action:** Cyclin-dependent kinase 9 inhibitor (injection)
* Cyclin-dependent kinase 9 (CDK9): A member of the cyclin-dependent kinase family, which activates transcription of cancer-related genes

**Target indications:** Acute myeloid leukemia (AML), myelodysplastic syndrome (MDS), etc.

**Development stage:**
- Newly diagnosed AML (poor-risk patients): Phase 2 completed
- Relapsed or refractory AML: Phase 2 completed
- Relapsed or refractory AML (biomarker positive patients): Phase 2 ongoing

**Expected Characteristics:**
- Induce apoptosis in various types of cancer cells through suppressing MCL-1 expression by inhibiting CDK9

![Diagram of Alvocidib's mechanism of action](image)
Phase 2 Study Results of Alvocidib (efficacy) (Conducted by NCI)

- ACM regimen (alvocidib combination therapy) demonstrated a statistically significant improvement compared to control therapy
  - **Newly diagnosed poor-risk AML patients**

  ![Graph showing Complete Remission (CR) rate for ACM and 7+3 regimens](image)

- **Complete Remission (CR) rate**
  - ACM (n=109): 70% (p = 0.003)
  - 7+3 (n=56): 46%


- **7+3**: Standard treatment regimen of induction therapy for newly diagnosed AML patients
  - Cytarabine (day 1-7)
  - Daunorubicin (day 1-3)

- **Relapsed or refractory AML patients**

  ![Graph showing Complete Remission (CR) rate for ACM, CT, and Sirolimus+MEC regimens](image)

- **Complete Remission (CR) rate**
  - ACM (n=36): 28%
  - CT (n=35): 14%
  - Sirolimus+MEC (n=20): 15%


- **CT**: Carboplatin + Topotecan
- **Sirolimus + MEC**:
  - Sirolimus
  - Mitoxantrone + Etoposide + Cytarabine
Phase 2 Study Results of Alvocidib (safety)  
(Conducted by NCI)

Milliseconds regimen (alvocidib combination therapy) demonstrated tolerability similar to that of the control therapy

- Newly diagnosed poor-risk AML patients

<table>
<thead>
<tr>
<th>Grade ≥3 toxicity</th>
<th>ACM (n=109)</th>
<th>7+3 (n=56)</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumor lysis syndrome</td>
<td>9 (8%)</td>
<td>4 (8%)</td>
<td>&gt;0.99</td>
</tr>
<tr>
<td>Myocardial dysfunction</td>
<td>8 (7%)</td>
<td>3 (8%)</td>
<td>0.75</td>
</tr>
<tr>
<td>GI toxicity</td>
<td>12 (11%)</td>
<td>5 (8%)</td>
<td>0.79</td>
</tr>
<tr>
<td>Hepatic dysfunction</td>
<td>23 (21%)</td>
<td>13 (23%)</td>
<td>0.84</td>
</tr>
<tr>
<td>Infection</td>
<td>38 (35%)</td>
<td>21 (38%)</td>
<td>0.74</td>
</tr>
<tr>
<td>Pulmonary toxicity</td>
<td>8 (7%)</td>
<td>4 (7%)</td>
<td>&gt;0.99</td>
</tr>
<tr>
<td>Renal toxicity</td>
<td>3 (3%)</td>
<td>1 (2%)</td>
<td>&gt;0.99</td>
</tr>
<tr>
<td>Thromboembolic events</td>
<td>3 (3%)</td>
<td>1 (2%)</td>
<td>&gt;0.99</td>
</tr>
<tr>
<td>Febrile neutropenia events</td>
<td>52 (48%)</td>
<td>25 (45%)</td>
<td>0.74</td>
</tr>
</tbody>
</table>


- NCI completed 9 studies of Phase 1 and Phase 2 for AML  
  (Total number of patients: about 600)
Clinical Development Plan of Alvocidib

- **Development Strategy:**
  - Prioritize global studies with biomarker-positive population, aiming for early approval
  - To be positioned as one of the standard regimens in induction therapy in AML
  - Indication subsequently to be expanded to maintenance therapy by oral drug (TP-1287)

- **Target Indication:**
  - Relapsed or refractory AML ⇒ Expand to newly diagnosed AML
  - Additional indication for MDS

- **Expected Peak Sales:** About 50 billion yen

(Reference) Number of AML patients in the U.S.
- Estimated New Cases in 2016: 19,950
- Estimated Deaths in 2016: 10,430
- Percent Surviving 5 Years (2006～2012): 26.6 %

*National Cancer Institute; SEET Stat Fact Sheets: Acute Myeloid Leukemia (AML) Created in 2016*
Phase 2 Study Design of Alvocidib (Biomarker)

- **Biomarker-driven Phase 2 AML Study:**
  - Two-stage Phase 2 study; Open-label, randomized study to assess the clinical response to ACM compared to AM treatment in relapsed or refractory AML patients (18-65 years) with patients with high MCL-1 expression
    - MCL-1 positive patients: Method of measuring using biomarker
  - Primary endpoint: Complete remission rate
  - Secondary endpoint: Overall Survival Rate, etc.
  - Study Start Date: December 2015

Stage 1:
- Alvocidib + Cytarabine + Mitoxantrone (ACM)

Stage 2:
- Alvocidib + Cytarabine + Mitoxantrone (ACM)
- Cytarabine + Mitoxantrone (CM)

NDA to the FDA in FY2018 at the earliest (utilize accelerated approval*)
* Plan to consult with the FDA

ClinicalTrials.gov, NCT02520011
### Rate of Patients with High MCL-1 Expression

<table>
<thead>
<tr>
<th>Type</th>
<th>Cancer type</th>
<th>Patients rate with high MCL-1 expression</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hematologic malignancy</td>
<td>Acute myeloid leukemia</td>
<td>middle</td>
<td>Data of Tolero</td>
</tr>
<tr>
<td></td>
<td>Myelodysplastic syndromes</td>
<td>high</td>
<td>Data of Tolero</td>
</tr>
<tr>
<td></td>
<td>Chronic lymphocytic leukemia</td>
<td>21 %</td>
<td>J Clin Oncol 2014;32:5s</td>
</tr>
<tr>
<td>Solid tumors</td>
<td>Non small cell lung cancer</td>
<td>33 %</td>
<td>Cell Death Differ. 2015;22:2098</td>
</tr>
<tr>
<td></td>
<td>Breast cancer (triple negative)</td>
<td>53 %</td>
<td>Cell Death Differ. 2015;22:2098</td>
</tr>
<tr>
<td></td>
<td>Non-Hodgkin's lymphoma</td>
<td>53 %</td>
<td>Blood Cancer J. 2015;5:e368</td>
</tr>
<tr>
<td></td>
<td>Prostate cancer</td>
<td>81 %</td>
<td>Am J Pathol. 1996;148:1567</td>
</tr>
</tbody>
</table>
Profile of TP-0903

- **Mechanism of action**: AXL receptor tyrosine kinase inhibitor (oral)
  
  *AXL receptor tyrosine kinase: a member of the receptor tyrosine kinase family, involved in cell proliferation, migration, aggregation, and anti-inflammation*

- **Target Indication**: Solid tumors and hematologic malignancies

- **Development Stage**: Phase 1 (US)

- **Expected Characteristics**:
  
  - Reduction of EMT
  
  - Synergistic effect with EGFR inhibitors
  
  - Suppression of metastasis and resensitization to drug resistance

  *EMT (Epithelial-Mesenchymal Transition): Process by which epithelial cells lose their cell polarity and cellular adhesion function, and gain migratory and infiltrative properties to become mesenchymal stem cells*

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AXL kinase

Epithelial Cell

TP-0903

Acquisition of migration and infiltration capacity

Mesenchymal Phenotype
Profile of TP-0184

- **Mechanism of action**: ALK2 inhibitor (oral)
  *ALK2 (activin receptor-like kinase-2) : a member of the bone morphogenetic protein (BMP) Receptor

- **Development Stage**: Preclinical (Treated experience to patients)

- **Expected Characteristics**:
  - ALK2 mutations in diffuse intrinsic pontine glioma (DIPG, one of pediatric brain tumors) are identified. TP-0184 is expected for a potential treatment to pediatric brain tumors
  - Suppression of hepcidin (regulator of iron metabolism)
  - Potential treatment to associated with chronic inflammation and cancer-related anemia

<Anemia associated with chronic inflammation>
- BMP6 production by inflammation
- Activation of BMPR signaling by BMP6
- Induction of hepcidin gene
- Suppression of iron metabolism by hepcidin
- Anemia caused by deficiency of iron, which is needed in hematopoietic lineage
Transaction Summary and Financial Impact

Transaction Summary

- **Form**: Implemented by way of a merger between Tolero and a special purpose company which has been established under Dainippon Sumitomo Pharma America Holdings, Inc. (Tolero will be the surviving company)

- **Consideration**: Upfront payment US$200 million
  Development milestones up to US$430 million
  Sales milestones up to US$150 million

- **Closing (Planned)**: February 2017

Financial Impact

- **Accounting Treatment (USGAAP)**
  - The consideration will be allocated to assets and liabilities, and the difference between the net asset and total consideration will be recorded as goodwill.
  (Contingent consideration related to each milestone is recorded in liabilities by its fair value. Change of the fair value is recognized as expense.)

- **Impact to P/L**
  - Details of purchase price allocation and amortization of intangible assets / goodwill will be announced after the transaction completed.

- **Funding of Acquisition**
  - Own fund and debt loan
R&D System of Oncology Area after Deal Closing

- Sumitomo Dainippon Pharma, Boston Biomedical and Tolero Pharmaceuticals to collaborate in drug discovery activities
- Continually create innovative products

U.S. business chart on April 2017 (planned)

Sumitomo Dainippon Pharma Co., Ltd. (Japan)

Dainippon Sumitomo Pharma America Holdings, Inc. (U.S.)

Sunovion Pharmaceuticals Inc. (U.S.)

Boston Biomedical, Inc.* (U.S.)

Tolero Pharmaceuticals, Inc. (U.S.)

Global Oncology Office (Japan) promote to cooperation

DSP Cancer Institute / Oncology Clinical Development Unit (Japan)

Global oncology

R&D, Sales (Oncology area)

R&D, Sales (P&N and Respiratory area)

R&D (Oncology area)

* As of April 1, 2017, Boston Biomedical, Inc. planned to merge with Boston Biomedical Pharma, Inc.
### Clinical studies of ACM with newly diagnosed non-favorable risk AML (6 studies, 256 total patients)

<table>
<thead>
<tr>
<th>Type of Clinical study</th>
<th>CR rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1 and pharmacokinetic study</td>
<td>50 %</td>
</tr>
<tr>
<td>Phase 1 and pharmacokinetic study</td>
<td>40 %</td>
</tr>
<tr>
<td>Phase 2 study</td>
<td>75 %</td>
</tr>
<tr>
<td>Phase 2 study</td>
<td>67 %</td>
</tr>
<tr>
<td>Phase 2 study</td>
<td>62 %</td>
</tr>
<tr>
<td>Phase 2 study</td>
<td>74 %</td>
</tr>
<tr>
<td>Phase 2 study</td>
<td>70 %</td>
</tr>
<tr>
<td>Total</td>
<td>68 %</td>
</tr>
</tbody>
</table>

### Clinical studies of ACM with relapsed or refractory ATM (4 studies, 149 total patients)

<table>
<thead>
<tr>
<th>Type of Clinical study</th>
<th>CR rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1 and pharmacokinetic study</td>
<td>18 %</td>
</tr>
<tr>
<td>Phase 1 and pharmacokinetic study</td>
<td>39 %</td>
</tr>
<tr>
<td>Phase 2 study</td>
<td>43 %</td>
</tr>
<tr>
<td>Phase 2 study</td>
<td>28 %</td>
</tr>
<tr>
<td>Total</td>
<td>36 %</td>
</tr>
</tbody>
</table>

Appendix

AML Treatment Methods

Induction therapy

Post-induction therapy

Consolidation therapy

Maintenance / intensification therapy

Number of leukemia cells

Course of treatment

Remission

Cure

All leukemia cells killed

Leukemia cells reproduce again
Repeat treatment even after relapsed

Relapsed

Refractory

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The statements made in this presentation material are forward looking statements based on management’s assumptions and beliefs in light of information available up to the day of announcement, and involve both known and unknown risks and uncertainties.

Actual financial results may differ materially from those presented in this document, being dependent on a number of factors.

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Sumitomo Dainippon Pharma

Innovation today, healthier tomorrows