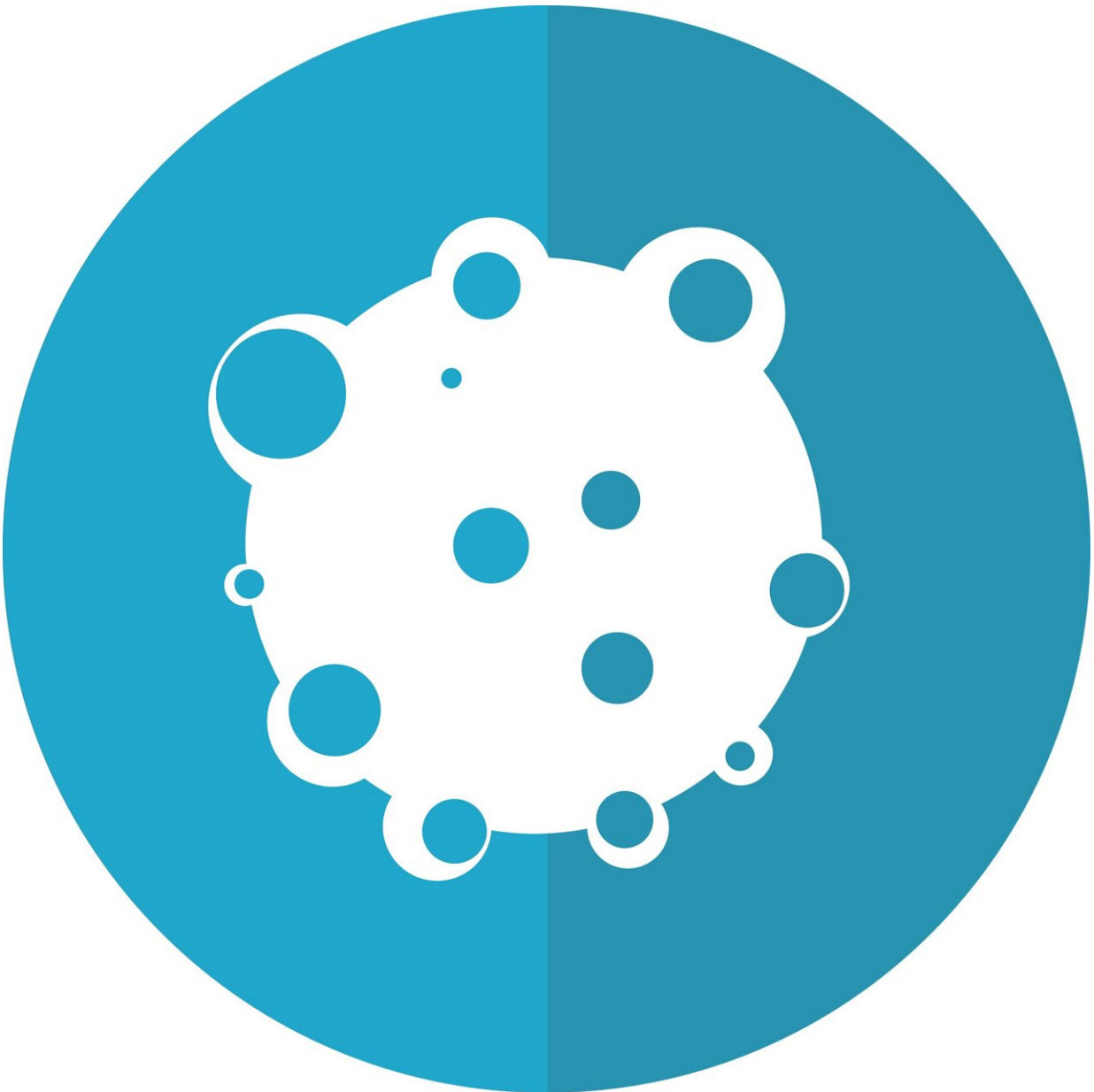


Daiichi Sankyo soars on \$22bn Merck cancer drugs deal

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Shares in Japan's Daiichi Sankyo soared on Friday after the pharma group announced a major cancer drug deal with US giant Merck worth up to \$22 billion.

Merck will pay Daiichi for the rights to three drugs in development known as antibody-drug conjugates (ADCs), which attack cancer cells without damaging surrounding healthy ones.

Daiichi shares briefly surged almost 18 percent on the announcement and at the lunch break on the Tokyo bourse were up 12.9 percent at 4,041.00 yen.

The deal combines "Daiichi Sankyo's proven ADC expertise" and Merck's "deep experience in oncology and clinical development capabilities to advance and expand the reach of ADCs for patients across multiple types of cancer", a joint statement said.

Merck will make "a \$4 billion upfront payment in addition to \$1.5 billion in continuation payments over the next 24 months, and may make additional payments of up to \$16.5 billion contingent upon the achievement of future sales milestones, for a total potential consideration of up to \$22 billion", it added.

The companies will jointly develop and potentially commercialize the three drugs worldwide, except in Japan where Daiichi will maintain exclusive rights.

All three drugs are in different stages of clinical development for the treatment of multiple solid tumors both as monotherapy and/or in

combination with other treatments.

One of them, patritumab deruxtecan for lung cancer treatment, will seek US approval in March 2024, the firms said.

"The pioneering work by Daiichi Sankyo scientists has highlighted the far-reaching potential of ADCs to provide meaningful new options for patients with cancer," Merck chief executive Robert Davis said in a statement.

"We look forward to forging this collaboration to deliver the next generation of precision cancer medicines, driven by our mutual compassion for patients around the world."

The deal adds promising drug candidates to Merck's oncology portfolio, as its bestselling cancer therapy Keytruda will see its patent expire later this decade, Bloomberg reported.

Merck was in talks to buy ADC drug developer Seagen but instead the firm was bought by US rival Pfizer for \$43 billion.

The European Commission, the European Union's anti-trust authority, approved that takeover on Thursday.

Daiichi has already teamed up with Britain's AstraZeneca to sell a similar drug, Enhertu, to extend the lives of breast-cancer patients.

Daiichi and AstraZeneca are also co-developing another candidate for lung and breast cancer.

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