Notice: This is an English translation of a notice issued in Japanese made solely for the convenience of foreign shareholders. In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

[Translation]

Security Code No. 4506
May 31, 2021

Dear Shareholders:

Notice of Convocation of the 201st Annual Shareholders' Meeting

We would like to express our deepest sorrow for the people who passed away due to the novel coronavirus disease (COVID-19). We also extend our sincerest condolences to the bereaved families, and our heartfelt sympathies to those who are suffering from or affected by the disease.

We hereby notify you of the 201st Annual Shareholders' Meeting (hereinafter referred to as the "Meeting") of Sumitomo Dainippon Pharma Co., Ltd. (hereinafter referred to as the "Company"), which will be held as stated below.

You can exercise your voting rights in writing or by electronic or magnetic means (the Internet, etc.) without attending the Meeting in person on its scheduled date. As the spread of COVID-19 is still continuing, from the perspective of ensuring your safety and preventing the spread of infection, we request you to exercise your voting rights in advance in writing or by electronic or magnetic means (the Internet, etc.), and refrain from attending the Meeting in person on its scheduled date, as much as possible, regardless of your health condition.

In order to exercise your voting rights in advance, please review the attached Reference Documents for the Shareholders' Meeting and exercise your voting rights no later than 5:00 p.m., Wednesday, June 23, 2021 (JST) according to the description on pages 4 and 5.

1. Date and Time: 10:00 a.m. on Thursday, June 24, 2021 (JST)
* Reception will open at 9:00 a.m.

2. Place: Hall on the 7th floor of the Company's
Corporate Headquarters Building
6-8, Doshomachi 2-chome,
Chuo-ku, Osaka, Japan
* Please note that as the number of seats in the hall on the 7th floor is limited, you may be guided to other venues in the Company's Corporate Headquarters Building.

3. Purpose of the Meeting:

Matters to be Reported:
1. Business Report; Consolidated Financial Statements; and Non-Consolidated Financial Statements for the 201st Fiscal Year (from April 1, 2020 to March 31, 2021)
2. Audit Report of the Accounting Auditor and Audit Report of the Audit & Supervisory Board on the Consolidated Financial Statements

Matters to be Resolved:

First Proposal: Appropriation of Surplus
Second Proposal: Partial Amendments to the Articles of Incorporation
Third Proposal: Election of Nine (9) Directors
Fourth Proposal: Election of Three (3) Audit & Supervisory Board Members
Fifth Proposal: Revision of the Remuneration Amount for Directors

Yours faithfully,

Hiroshi Nomura
Representative Director and President
Sumitomo Dainippon Pharma Co., Ltd.
6-8, Doshomachi 2-chome,
Chuo-ku, Osaka, Japan

- If you will be attending the Meeting in person, please submit the voting form enclosed herewith to the receptionist at the place of the Meeting. Also, please bring this Notice with you on the day of the Meeting at the Meeting venue.
- "System to Ensure the Appropriateness of Business Operations and its Implementation" in the Business Report, "Consolidated Statement of Changes in Equity" and "Notes to Consolidated

Financial Statements" of the Consolidated Financial Statements, and "Non-Consolidated Statement of Changes in Equity" and "Notes to Non-Consolidated Financial Statements" of the Non-Consolidated Financial Statements are posted on the Company's website in accordance with laws and regulations, as well as with Article 16 of the Company's Articles of Incorporation; accordingly, they are no longer included in the documents attached to this Notice.

- The Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, which have been audited by the Audit & Supervisory Board Members and the Accounting Auditor, include not only the documents contained in the documents attached to this Notice but also "System to Ensure the Appropriateness of Business Operations and its Implementation," "Consolidated Statement of Changes in Equity," "Notes to Consolidated Financial Statements," "Non-Consolidated Statement of Changes in Equity," and "Notes to Non-Consolidated Financial Statements," which are posted on the Company's website.
- Any modification that may be made to the Reference Documents for the Shareholders' Meeting, Business Report, Consolidated Financial Statements and/or Non-Consolidated Financial Statements will be posted on the Company's website.
- Shareholders who decide to kindly refrain from attending the Meeting in person on its scheduled date can submit questions in advance through the Company's website. The method to submit questions in advance and other information relating to the operation of the Meeting, as well as other relevant matters, are posted on the Company's website.
- The Company's website address is https://www.ds-pharma.co.jp/.

Guidance for Exercising Voting Rights

You can exercise your voting rights by any of the three methods described below:

If you exercise your voting rights in writing

Please indicate your approval or disapproval of the proposals on the voting form enclosed herewith, and return the form to the Company so that it will arrive by the deadline (you need not affix a stamp).

Deadline: **To be received by 5:00 p.m. on Wednesday, June 23, 2021 (JST)**

If you exercise your voting rights by electronic or magnetic means (the Internet, etc.)

Exercise by "Smart Voting"

Please scan the "online voting website log-in QR code® for smartphone" on the bottom right of the voting form enclosed herewith with your smartphone or tablet device.

* "QR code" is the registered trademark of DENSO WAVE INCORPORATED.

Deadline: **5:00 p.m. on Wednesday, June 23, 2021 (JST)**

Exercise by Entering a Voting Code and a Password

Please access the online voting website designated by the Company, and indicate your approval or disapproval of the proposals by the deadline.

Online voting website
https://www.web54.net

Deadline: **5:00 p.m. on Wednesday, June 23, 2021 (JST)**

1. Please be advised that shareholders who use the online voting website will be required to change their "passwords" on the said website for the purpose of preventing unauthorized access ("impersonation") or tampering of the shareholders' votes by any other person.
2. The Company will provide a new "voting code" and "password" each time the Annual Shareholders' Meeting is convened.

If you attend the Meeting in person

Please submit the voting form to **the receptionist at the place of the Meeting**.

Date and Time: **10:00 a.m. on Thursday, June 24, 2021 (JST)**

Place: **Hall on the 7th floor of the Company's Corporate Headquarters Building**
6-8, Doshomachi 2-chome, Chuo-ku, Osaka, Japan
(Please see the access map at the end of this document.)

For Institutional Investors

Institutional investors can use the electronic voting platform for institutional investors operated by ICJ, Inc. to exercise their voting rights.

Reference Documents for the Shareholders' Meeting

Proposals and Matters for Reference:

First Proposal: Appropriation of Surplus

The allocation of the Company's profits in a customarily appropriate manner to its shareholders is one of the Company's fundamental management policies.

The Company believes it important to distribute surplus in an appropriate manner reflecting the Company's performance. Accordingly, a performance-linked dividend hike will be considered in addition to consistent dividend payments. In a constant effort to further increase its corporate value, the Company remains committed to establishing a solid management base and a strong financial position, while making proactive investments for sustainable business growth. In the Mid-term Business Plan 2022 covering the period of five (5) years from FY2018, the Company aims for a five (5) year average dividend payout ratio of 20% or higher during the period.

During the fiscal year under review, the Company reported core operating profit of 69.6 billion yen and net profit attributable to owners of the parent of 56.2 billion yen.

Given the dividend policy and earnings results of the fiscal year under review described above, the Company hereby propose the year-end dividend as follows:

Matters related to the year-end dividend

(1) Category of dividend property:
Cash

(2) Matters related to the allocation of dividend property to the shareholders, and the aggregate amount of the dividend:
Fourteen (14) yen per share of common stock of the Company (5,562,114,586 yen in aggregate)
Therefore, the annual dividend, including the interim dividend, shall be twenty-eight (28) yen per share.

(3) Date on which the distribution of surplus will take effect:
June 25, 2021

Second Proposal: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

In October 2005, Sumitomo Pharmaceuticals Co., Ltd. and Dainippon Pharmaceutical Co., Ltd. merged to form the Company, and its current trade name is "Sumitomo Dainippon Pharma Co., Ltd." In 2021, the Company entered its sixteenth year since the merger. During this time, the Company has realized globalization of its businesses and taken on numerous challenges including entry into various new fields, such as oncology, regenerative medicine & cell therapy and frontier businesses, as well as large-scale acquisitions and business alliances. The Company has undergone a major transformation since the merger.

Under such circumstances, in order for the Company to further continue developing, it is proposed to change the trade name of the Company from "Sumitomo Dainippon Pharma Co., Ltd" to "Sumitomo Pharma Co., Ltd." and make necessary amendments to Article 1 of the current Articles of Incorporation, with the aim of utilizing the simple and global "Sumitomo" brand to the maximum extent and evolving towards a new stage of business.

These amendments will take effect on April 1, 2022.

2. Details of the amendments

The details of the amendments to the Articles of Incorporation are as follows:

(Proposed amendments are underlined.)

Current Article	Proposed Amendments
Chapter 1. General Rules (Trade Name) Article 1. The name of the Company shall be Dainippon Sumitomo Seiyaku *Kabushiki Kaisha* and, in English, its name shall be Sumitomo Dainippon Pharma Co., Ltd.	Chapter 1. General Rules (Trade Name) Article 1. The name of the Company shall be Sumitomo Pharma *Kabushiki Kaisha* and, in English, its name shall be Sumitomo Pharma Co., Ltd.

Third Proposal: Election of Nine (9) Directors

The term of office of all the current Directors (8 persons) of the Company will expire upon the conclusion of this Shareholders' Meeting. Therefore, the Company would like you to elect nine (9) Directors.

The candidates for Directors are as follows:

Candidate No.	Name	Current Position(s), Responsibilities, etc. at the Company	Attendance at the Meetings of the Board of Directors
1	Masayo Tada Reelection	Member, Board of Directors and Chairman	100% (21/21)
2	Hiroshi Nomura Reelection	Representative Director and President	100% (21/21)
3	Hitoshi Odagiri Reelection	Representative Director Executive Vice President In charge of the Sales & Marketing Division Executive Director, Sales & Marketing Division Senior Director, CNS Sales Department Head of Japan Business Unit	100% (21/21)
4	Toru Kimura Reelection	Representative Director Executive Vice President Chief Scientific Officer In charge of the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant	100% (21/21)
5	Yoshiharu Ikeda Reelection	Member, Board of Directors Senior Executive Officer In charge of Regulatory Affairs, Medical Information, Medical Affairs, the Corporate Regulatory Compliance & Quality Assurance Division, the Technology Research & Development Division and the Manufacturing Division Executive Director, Corporate Regulatory Compliance & Quality Assurance Division Deputy Head of Japan Business Unit	100% (21/21)
6	Yutaka Atomi	Member, Board of Directors (Outside Director)	100%

	Reelection Outside Independent		(21/21)
7	Saeko Arai Reelection Outside Independent	Member, Board of Directors (Outside Director)	100% (21/21)
8	Nobuhiro Endo Reelection Outside Independent	Member, Board of Directors (Outside Director)	100% (21/21)
9	Minoru Usui New Outside Independent		-

Note: The Company's group companies, consisting of the Company and its subsidiaries, are hereinafter referred to collectively as the "Group."

Candidate No.	Name (Date of birth)	Summary of the Profile, Position(s), Responsibilities and Significant Concurrent Position(s)	Number of Shares of the Company Owned
1	 Masayo Tada (Jan. 13, 1945) Reelection	April 1968: Joined Sumitomo Chemical Co., Ltd. June 1998: Director of Sumitomo Chemical Co., Ltd. June 2002: Managing Director of Sumitomo Chemical Co., Ltd. January 2005: Managing Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd. June 2005: Director and Managing Executive Officer of the former Sumitomo Pharmaceuticals Co., Ltd. October 2005: Member of the Board of Directors and Executive Vice President of the Company June 2007: Member of the Board of Directors and Senior Executive Vice President of the Company June 2008: Representative Director, President and Chief Executive Officer of the Company April 2018: Representative Director and Chairman of the Company April 2021: Member of the Board of Directors and Chairman of the Company (up to the present) [Significant Concurrent Positions] Member of the Board of Directors of Sunovion Pharmaceuticals Inc. Member of the Board of Directors of Sumitovant Biopharma Ltd. Member of the Board of Directors of Roivant Sciences Ltd. [Reason for Nomination as a Candidate for	130,000 shares

		Director] Mr. Masayo Tada served as the Representative Director and President of the Company for about 10 years from June 2008 to March 2018, and as the Representative Director and Chairman of the Company for three years since April 2018 to March 2021. During these periods, he exercised his leadership in enhancing the foundations of the business including the globalization of the Company. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value using his extensive knowledge, capacity and experience.	
2	 Hiroshi Nomura (Aug. 31, 1957) Reelection	April 1981: Joined Sumitomo Chemical Co., Ltd. January 2008: Joined the Company June 2008: Executive Officer of the Company June 2012: Member of the Board of Directors and Executive Officer of the Company April 2014: Member of the Board of Directors and Senior Executive Officer of the Company April 2016: Member of the Board of Directors and Executive Vice President of the Company April 2017: Representative Director and Executive Vice President of the Company April 2018: Representative Director and President of the Company (up to the present) [Significant Concurrent Positions] Member of the Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member of the Board of Directors of Sumitovant Biopharma Ltd. Member of the Board of Directors of Myovant Sciences Ltd. Board Chairman of the Japan Epilepsy Research Foundation [Reason for Nomination as a Candidate for	53,500 shares

		Director] Mr. Hiroshi Nomura served as a responsible person for the departments of global strategy, global corporate management, human resources, finance and accounting, and drug development of the Company, and in responsible positions at its overseas subsidiaries. Since April 2018, he has served as the Representative Director and President of the Company. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value by using his extensive knowledge, capacity and experience.	
3	 Hitoshi Odagiri (Jan. 4, 1957) Reelection	April 1979: Joined Inabata & Co., Ltd. October 1984: Joined the former Sumitomo Pharmaceuticals Co., Ltd. June 2009: Senior Vice President of Dainippon Sumitomo Pharma America, Inc. (currently, Sunovion Pharmaceuticals Inc.) April 2012: Executive Officer of the Company April 2016: Senior Executive Officer of the Company June 2016: Member of the Board of Directors and Senior Executive Officer of the Company April 2019: Member of the Board of Directors and Executive Vice President of the Company April 2021: Representative Director and Executive Vice President of the Company (up to the present) [Currently in Charge of the Following] Sales & Marketing Division Executive Director, Sales & Marketing Division Senior Director, CNS Sales Department Head of Japan Business Unit [Reason for Nomination as a Candidate for Director]	36,800 shares

		Mr. Hitoshi Odagiri has served as a responsible person for the Japan business and the sales and marketing department, and in responsible positions of the human resources department of the Company and at its overseas subsidiaries. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value using his extensive knowledge, capacity and experience.	
4	 Toru Kimura (Aug. 5, 1960) Reelection	April 1989: Joined Sumitomo Chemical Co., Ltd. October 1992: Joined the former Sumitomo Pharmaceuticals Co., Ltd. June 2010: Director of Research Planning & Management of the Company April 2012: Director of Global Strategy of the Company September 2013: Director of the Regenerative & Cellular Medicine Office of the Company April 2015: Executive Officer of the Company June 2016: Member of the Board of Directors and Executive Officer of the Company April 2019: Member of the Board of Directors and Senior Executive Officer of the Company April 2021: Representative Director and Executive Vice President of the Company (up to the present) [Currently in Charge of the Following] Chief Scientific Officer Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant [Significant Concurrent Positions] Member of the Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member of the Board of Directors of Enzyvant Therapeutics Ltd.	31,600 shares

		[Reason for Nomination as a Candidate for Director] Mr. Toru Kimura has served as a responsible person for the departments of global strategy, regenerative and cellular medicine and research of the Company. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value using his extensive knowledge, capacity and experience.	
5	 Yoshiharu Ikeda (Jan. 5, 1958) Reelection	April 1985: Joined the former Sumitomo Pharmaceuticals Co., Ltd. June 2009: Director of Corporate Planning of the Company June 2010: Executive Officer of the Company January 2012: Executive Vice President of Sunovion Pharmaceuticals Inc. April 2016: Senior Executive Officer of the Company June 2020: Member of the Board of Directors and Senior Executive Officer of the Company (up to the present) [Currently in Charge of the Following] Regulatory Affairs, Medical Information, Medical Affairs, the Corporate Regulatory Compliance & Quality Assurance Division, the Technology Research & Development Division, and the Manufacturing Division Executive Director of the Corporate Regulatory Compliance & Quality Assurance Division Deputy Head of Japan Business Unit [Significant Concurrent Position] Member of the Board of Directors of DS Pharma Promo Co., Ltd. Member of the Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. [Reason for Nomination as a Candidate for	4,900 shares

		Director] Mr. Yoshiharu Ikeda has been in charge of corporate regulatory compliance and quality assurance of the Company, and has served in responsible positions of the departments of global strategy, IT system, research, technology research and manufacturing of the Company and at its overseas subsidiaries. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value using his extensive knowledge, capacity and experience.	
6	 Yutaka Atomi (Dec. 5, 1944) Reelection Outside Independent	April 1970: Intern Doctor at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo April 1982: Chief of the Medical Staff at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo June 1988: Visiting Researcher at the Department of Surgery of the University of California, San Francisco February 1989: Research Assistant at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo July 1992: Lecturer at the First Department of Surgery of the Faculty of Medicine of the University of Tokyo October 1992: Professor at the First Department of Surgery of the School of Medicine of Kyorin University April 1998: Vice Director of Kyorin University Hospital April 2004: Dean of the School of Medicine of Kyorin University April 2010: President of Kyorin University June 2013: Outside Audit & Supervisory Board Member of the Company June 2017: Member of the Board of Directors (Outside Director) of the Company (up to the present) April 2018: President Emeritus of Kyorin	0 share

		University (up to the present) June 2018: President of the Pancreas Research Foundation of Japan June 2019: Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. (up to the present) [Significant Concurrent Positions] President Emeritus of Kyorin University Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. [Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles] Mr. Yutaka Atomi has extensive experience and expertise as a medical doctor. The Company has continued to nominate him as a candidate for Outside Director in the expectation that he will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using his experience and expertise, while supervising the management from an independent and objective standpoint as an Outside Director. Although he has not been directly involved in corporate management, the Company has determined that he is capable of appropriately performing his duties as an Outside Director for the reasons described above.	
7	 Saeko Arai (Feb. 6, 1964) Reelection	October 1987: Joined Eiwa Audit Corporation (currently, KPMG AZSA LLC) August 1992: Registered as a Certified Public Accountant (Reregistered in January 1997) April 1997: Joined Internet Research Institute, Inc., Manager of General Affairs and Accounting September 1998: Director, Manager of General Administration and CFO of Internet Research Institute, Inc. February 2000: Director of IRI USA, Inc. November 2002: President and CEO of IRI USA,	0 share

	Outside Independent	Inc. November 2002: Established Gratia, Inc. (currently, Acuray, Inc.) and assumed the position of President thereof (up to the present) April 2016: Professor at the Faculty of Business Administration of Hakuoh University January 2017: Outside Audit & Supervisory Board Member of teamS Inc. (up to the present) June 2017: Outside Audit & Supervisory Board Member of AEON Credit Service Co., Ltd. (up to the present) June 2018: Member of the Board of Directors (Outside Director) of the Company (up to the present) June 2018: Outside Director of Tokyu Fudosan Holdings Corporation (up to the present) April 2019: Professor at the Faculty of Business Administration of Hakuoh University (up to the present) [Significant Concurrent Positions] Professor at the Faculty of Business Administration of Hakuoh University President of Acuray, Inc. Outside Director of Tokyu Fudosan Holdings Corporation Member of the contract supervisory committee and member of the information security auditor selection committee of the Government Pension Investment Fund (GPIF) [Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles] Ms. Saeko Arai has extensive experience as a corporate executive, having engaged in business management at multiple companies, and expertise as a certified public accountant. The Company has continued to nominate her as a candidate for	

		Outside Director in the expectation that she will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using her experience and expertise, while supervising the management from an independent and objective standpoint as an Outside Director.	
8	 Nobuhiro Endo (Nov. 8, 1953) Reelection Outside Independent	April 1981: Joined NEC Corporation April 2006: Senior Vice President and Executive General Manager of the Mobile Network Operations Unit of NEC Corporation April 2009: Executive Vice President of NEC Corporation June 2009: Executive Vice President and Member of the Board of NEC Corporation April 2010: President (Representative Director) of NEC Corporation April 2016: Chairman of the Board (Representative Director) of NEC Corporation June 2016: Outside Director of JAPAN POST INSURANCE Co., Ltd. June 2017: Outside Director of Seiko Holdings Corporation June 2018: Outside Director of Japan Exchange Group, Inc. (up to the present) June 2019: Member of the Board of Directors (Outside Director) of the Company (up to the present) June 2019: Chairman of the Board of NEC Corporation (up to the present) June 2019: Outside Director of Tokio Marine Holdings, Inc. (up to the present) [Significant Concurrent Positions] Chairman of the Board of NEC Corporation Outside Director of Japan Exchange Group, Inc. Outside Director of Tokio Marine Holdings, Inc. [Reason for Nomination as a Candidate for Outside Director and Summary of Expected	0 share

		Roles] Mr. Nobuhiro Endo has a wide range of knowledge and extensive experience which he has acquired in the course of his long career as a corporate executive at a company conducting ICT business, etc. at a global level. The Company has continued to nominate him as a candidate for Outside Director in the expectation that he will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using his knowledge and experience, while supervising the management from an independent and objective standpoint as an Outside Director.	
9	 Minoru Usui (Apr. 22, 1955) New Outside Independent	November 1979: Joined Shinshu Seiki Co., Ltd. (currently, Seiko Epson Corporation) June 2002: Director of Seiko Epson Corporation November 2005: General Administrative Manager of the Production Engineering & Development Division of Seiko Epson Corporation July 2007: General Administrative Manager of the Corporate Research & Development Division of Seiko Epson Corporation October 2007: Managing Director of Seiko Epson Corporation June 2008: President and Representative Director of Seiko Epson Corporation Chief Executive Officer of Seiko Epson Corporation April 2020: Chairman and Director of Seiko Epson Corporation (up to the present) [Significant Concurrent Position] Chairman and Director of Seiko Epson Corporation [Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles] Mr. Minoru Usui has a wide range of knowledge and extensive experience which he has acquired in	0 share

		the course of his long career as a corporate executive at a company providing products including information-related equipment and related services at a global level. The Company has nominated him as a candidate for Outside Director in the expectation that he will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using his knowledge and experience, while supervising the management from an independent and objective standpoint as an Outside Director.	

(Note)
1. Mr. Hiroshi Nomura serves as the board chairman of the Japan Epilepsy Research Foundation to which the Company has made donations for its research grant projects and related support.
2. None of the other candidates have any special interests in the Company.
3. Mr. Yutaka Atomi, Ms. Saeko Arai, Mr. Nobuhiro Endo and Mr. Minoru Usui are candidates for Outside Directors as defined in Item 7, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act.
4. The Company designated Mr. Yutaka Atomi, Ms. Saeko Arai and Mr. Nobuhiro Endo as Independent Directors as defined by Tokyo Stock Exchange, Inc., and reported the same to the said exchange. Upon the approval of the election of Mr. Minoru Usui as an Outside Director, the Company intends to designate him as an Independent Director as defined by the said exchange, and report the same thereto.
5. Mr. Yutaka Atomi, Ms. Saeko Arai and Mr. Nobuhiro Endo currently serve as Outside Directors of the Company, and Mr. Yutaka Atomi will have served as an Outside Director for four (4) years, Ms. Saeko Arai will have served as an Outside Director for three (3) years, and Mr. Nobuhiro Endo will have served as an Outside Director for two (2) years, at the conclusion of this Shareholders' Meeting.
6. The Company entered into an agreement with each of Mr. Yutaka Atomi, Ms. Saeko Arai and Mr. Nobuhiro Endo who currently serve as Outside Directors of the Company, which limits their liability for damages under Paragraph 1, Article 423 of the Companies Act. Under the terms of the agreement, their liability is limited to either ten (10) million yen or the amount stipulated under applicable laws and regulations, whichever is higher. Upon the approval of the reelection of Mr. Yutaka Atomi, Ms. Saeko Arai and Mr. Nobuhiro Endo as Outside Directors, the Company intends to extend the term of the said agreement. Upon the approval of the election of Mr. Minoru Usui as an Outside Director, the Company intends to enter into an agreement with him with the same terms as those of the said agreement.
7. The Company entered into an agreement of directors and officers liability insurance with an insurance company which is provided in Paragraph 1, Article 430-3 of the Companies Act. All the officers and major employees such as executive officers (hereinafter, "Officers, etc.") of the Company and its domestic subsidiaries (hereinafter,

the “Company and its Domestic Subsidiaries”) are insured by the insurance. When these candidates assume the position of Director, they will also be insured by the insurance. The Company pays the premium of the insurance in full, and the insurance covers any loss or damage of compensation for damage and litigation costs for which the insured may be liable because of any claim for compensation for damage made against the insured during the term of the insurance arising from any act (including omission of an act) performed by the insured with respect to any duties as Officers, etc. of the Company and its Domestic Subsidiaries. However, the insurance includes certain exceptions to liability such as damage arising from an act conducted by the insured knowing such act is in violation of laws and regulations. The term of the insurance is one (1) year and it is scheduled to be renewed on the same terms upon expiration.

8. As for NEC Corporation where Mr. Nobuhiro Endo serves as the chairman of the board, the company’s activities were identified by the Japan Fair Trade Commission on July 12, 2016, as violating the Antimonopoly Act with respect to transactions with Tokyo Electric Power Company Holdings, Inc. (formerly, Tokyo Electric Power Company, Inc.) on telecommunications equipment for electric power systems. NEC Corporation respectively received from the Japan Fair Trade Commission a cease and desist order and an order for payment of surcharge for activities in violation of the Antimonopoly Act with respect to transactions for fire-fighting emergency radio systems on February 2, 2017, and with respect to transactions for hybrid optical communication equipment and equipment for transmission lines for Chubu Electric Power Co., Inc. on February 15, 2017. After these incidents were brought to his attention, Mr. Endo fulfilled his duties by promoting measures to prevent recurrence of such problems through such means as reinforcing the compliance system and enhancing the development and operation of the internal control system.
9. As for JAPAN POST INSURANCE Co., Ltd. where Mr. Nobuhiro Endo served as an outside director from June 2016 to June 2018, the company received a partial business suspension order and a business improvement order from the Financial Services Agency as of December 27, 2019, with respect to improper solicitation, etc. of its life insurance products. These facts were found out after his retirement, and while he was not aware of such facts during his term as an outside director of the company, he used to give compliance-oriented advice on a regular basis.
10. As for Japan Exchange Group, Inc. (hereinafter, “JPX”) where Mr. Nobuhiro Endo serves as an outside director, JPX received a business improvement order from the Financial Services Agency as of November 30, 2020, upon the occurrence of a failure in the “arrowhead” cash equity trading system of Tokyo Stock Exchange, Inc. (hereinafter, “TSE”), a subsidiary of JPX, in October 2020, as a result of which all trading at TSE was suspended for the entire day. The Financial Services Agency found that the settings for automatic switchover functions of the equipment which suffered the failure were incomplete and rules of TSE for trading resumptions were inadequate. Since prior to the occurrence of the said event, he used to make proposals for market operations with high stability and reliability at the meetings of the board of directors of JPX as appropriate.

After the occurrence of the said event, as a member of the Investigation Committee of Independent Outside Directors in Relation to the System Failure which was established by JPX, Mr. Endo evaluated and made proposals regarding matters such as the true cause of the occurrence of the failure, appropriateness of measures and responses taken by JPX and TSE before and after the event, measures to prevent recurrence of similar events, with respect to opinions and findings made by JPX and TSE regarding the history of events during the day the failure occurred and the cause and related facts of the failure. Mr. Endo fulfilled his duties by also reporting the status and results of the investigation by the said committee at the meetings of the board of directors of JPX.

Fourth Proposal: Election of Three (3) Audit & Supervisory Board Members

The term of office of the three (3) Audit & Supervisory Board Members of the Company, Yoshinori Oh-e, Kazuto Nishikawa and Junsuke Fujii will expire upon the conclusion of this Shareholders' Meeting.

Therefore, the Company would like you to elect three (3) Audit & Supervisory Board Members.

The Audit & Supervisory Board has already approved this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

Candidate No.	Name (Date of birth)	Summary of the Profile, Position(s) and Significant Concurrent Position(s)	Number of Shares of the Company Owned
1	 Yoshinori Oh-e (Nov. 23, 1957) Reelection	April 1982: Joined the Company June 2010: Executive Officer of the Company June 2010: Director of Business Development of the Company April 2014: Senior Executive Officer of the Company April 2014: Executive Director of the Corporate Regulatory Compliance & Quality Assurance Division of the Company April 2017: Corporate Advisor of the Company June 2017: Full-time Audit & Supervisory Board Member of the Company (up to the present) [Reason for Nomination as a Candidate for Audit & Supervisory Board Member] Mr. Yoshinori Oh-e has extensive knowledge, capacity and experience in pharmaceutical business in general, having served in responsible positions of the departments of business development, research and development as well as regulatory compliance and quality assurance of the Company. The Company has continued to nominate him as a candidate for Audit & Supervisory Board Member, finding that he will be able to contribute to the auditing of the Group with his	9,000 shares

		knowledge, capacity and experience.	
2	 Junsuke Fujii (Dec. 22, 1952) Reelection Outside Independent	April 1976: Joined Sumitomo Bank (currently, Sumitomo Mitsui Banking Corporation) June 2003: Executive Officer of Sumitomo Mitsui Banking Corporation April 2006: Managing Executive Officer of Sumitomo Mitsui Banking Corporation April 2008: Managing Executive Officer of Sumitomo Mitsui Financial Group, Inc. June 2008: Director of Sumitomo Mitsui Financial Group, Inc. April 2009: Director and Senior Managing Executive Officer of Sumitomo Mitsui Banking Corporation April 2011: Director of The Japan Research Institute, Limited April 2012: Representative Director, President and CEO of The Japan Research Institute, Limited May 2015: Director and Chairman of The Japan Research Institute, Limited June 2016: Outside Audit & Supervisory Board Member of House Foods Group Inc. June 2016: Outside Audit & Supervisory Board Member of The Royal Hotel, Limited June 2017: Outside Audit & Supervisory Board Member of the Company (up to the present) June 2017: Special Adviser of The Japan Research Institute, Limited (up to the present) June 2020: Outside Director of House Foods Group Inc. (up to the present) [Significant Concurrent Position] Outside Director of House Foods Group Inc.	0 share

		[Reason for Nomination as a Candidate for Outside Audit & Supervisory Board Member] Mr. Junsuke Fujii has a wide range of knowledge and extensive experience which he has acquired in the course of his long career as a corporate executive at a major commercial bank and a company providing consulting and other related services. The Company has continued to nominate him as a candidate for Outside Audit & Supervisory Board Member, finding that he will be able to contribute to the auditing of the Group using his knowledge and experience.	
3	 Mayumi Mochizuki (Mar. 10, 1954) New Outside Independent	April 1976: Joined Nippon Roche K.K. (currently, Chugai Pharmaceutical Co., Ltd.) April 1983: Joined the Department of Pharmacy of Kitasato University Hospital April 1997: Associate Professor at the Graduate School of Pharmaceutical Sciences of Chiba University September 2000: Professor at the School of Pharmacy of Kitasato University April 2007: Professor at Kyoritsu University of Pharmacy April 2008: Professor at the Faculty of Pharmacy of Keio University April 2009: Associate Dean in Pharmacy at the Graduate School of Pharmaceutical Sciences of Keio University July 2013: Dean of the Faculty of Pharmacy and Dean of the Graduate School of Pharmaceutical Sciences of Keio University October 2015: Director of the Department of Pharmacy at Keio University Hospital April 2019: Professor Emeritus at Keio University (up to the present) April 2019: Project Professor at the Faculty of	0 share

		Pharmacy of Keio University April 2019: Adviser of the International Medical Information Center (up to the present) April 2020: Special Adviser of the International University of Health and Welfare (up to the present) October 2020: Vice President of Science Council of Japan (up to the present) [Significant Concurrent Positions] Professor Emeritus at Keio University Vice President of Science Council of Japan [Reason for Nomination as a Candidate for Outside Audit & Supervisory Board Member] Ms. Mayumi Mochizuki has extensive experience and expertise as a pharmacologist. The Company has nominated her as a candidate for Outside Audit & Supervisory Board Member in the expectation that she will be able to contribute to the auditing of the Group using her experience and expertise. Although she has not been directly involved in corporate management, the Company has determined that she is capable of appropriately performing her duties as an Outside Audit & Supervisory Board Member for the reasons described above.	

(Note) 1. None of the above candidates have any special interests in the Company.

2. Mr. Junsuke Fujii and Ms. Mayumi Mochizuki are candidates for Outside Audit & Supervisory Board Members as defined in Item 8, Paragraph 3, Article 2 of the Ordinance for Enforcement of the Companies Act.

3. Mr. Junsuke Fujii was a person executing the business operations of Sumitomo Mitsui Banking Corporation which is a specified associated service provider (major business partner) of the Company until June 2011.

4. The Company designated Mr. Junsuke Fujii as an Independent Audit & Supervisory Board Member as defined by Tokyo Stock Exchange, Inc., and reported the same to the said exchange. Upon the approval of the election of Ms. Mayumi Mochizuki as an Outside Audit & Supervisory Board Member, the Company intends to designate her as an Independent Audit & Supervisory Board Member as defined by the said exchange, and report the same thereto.

5. Mr. Junsuke Fujii currently serves as an Outside Audit & Supervisory Board Member of the Company, and he will have served as an Outside Audit & Supervisory Board Member for four (4) years at the conclusion of this Shareholders' Meeting.
6. The Company entered into an agreement with Mr. Junsuke Fujii, who currently serves as an Outside Audit & Supervisory Board Member of the Company, which limits his liability for damages under Paragraph 1, Article 423 of the Companies Act. Under the terms of the agreement, his liability is limited to either ten (10) million yen or the amount stipulated under applicable laws and regulations, whichever is higher. Upon the approval of the reelection of Mr. Junsuke Fujii as an Outside Audit & Supervisory Board Member, the Company intends to extend the term of the said agreement. Upon the approval of the election of Ms. Mayumi Mochizuki as an Outside Audit & Supervisory Board Member, the Company intends to enter into an agreement with her with the same terms as those of the said agreement.
7. The Company entered into an agreement of directors and officers liability insurance with an insurance company which is provided in Paragraph 1, Article 430-3 of the Companies Act. All the officers and major employees such as executive officers (hereinafter, "Officers, etc.") of the Company and its domestic subsidiaries (hereinafter, the "Company and its Domestic Subsidiaries") are insured by the insurance. When these candidates assume the position of Audit & Supervisory Board Member, they will also be insured by the insurance. The Company pays the premium of the insurance in full, and the insurance covers any loss or damage of compensation for damage and litigation costs for which the insured may be liable because of any claim for compensation for damage made against the insured during the term of the insurance arising from any act (including omission of an act) performed by the insured with respect to any duties as Officers, etc. of the Company and its Domestic Subsidiaries. However, the insurance includes certain exceptions to liability such as damage arising from an act conducted by the insured knowing such act is in violation of laws and regulations. The term of the insurance is one (1) year and it is scheduled to be renewed on the same terms upon expiration.

(Reference)

Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members

The Company considers persons who do not fall under any of the following to be independent; provided, however, that this does not preclude the Company from making judgment that such persons who meet these independence criteria are virtually not independent given specific circumstances:

(1) Persons who have the Company as their major business partner (meaning persons who received payments from the Company for products or services in an amount that exceeds, in any of their last three (3) fiscal years, two percent (2%) of their consolidated annual revenue or consolidated annual net sales), or persons executing the business operations thereof (meaning an "Executive" as defined in Article 2, paragraph 3, item (vi) of the Ordinance for Enforcement of the Companies Act; the same shall apply hereinafter in these independence criteria);

(2) Persons who are the Company's major business partners (meaning persons who made payments to the Company for products or services in an amount that exceeds, in any of the Company's last three (3) fiscal years, two percent (2%) of the Company's consolidated annual revenue), or persons executing the business operations thereof;

(3) Consultants, accounting or legal professionals who received from the Company monetary consideration or other properties of ten (10) million yen or more, except for the compensation of the Directors or the Audit & Supervisory Board Members, in any of their last three (3) fiscal years (or those persons who belong to corporations, associations or any other entity, which received from the Company monetary consideration or other properties of one hundred (100) million yen or more in any of their last three (3) fiscal years);

(4) Persons who received from the Company any donation or grant of ten (10) million yen or more in any of their last three (3) fiscal years (or those persons who belong to corporations, associations or any other entity, which received from the Company any donation or grant of one hundred (100) million yen or more in any of their last three (3) fiscal years);

(5) Persons who fall under either of ① and ② below in any of the past ten (10) years;
   ① Persons executing the business operations of the parent company of the Company (including directors who are not persons executing the business operations, and including audit & supervisory board members in cases where it must be determined whether Outside Audit & Supervisory Board Members meet these independence criteria); or
   ② Persons executing the business operations of any subsidiary of the parent company of the Company (excluding the Company and its subsidiaries; the same shall apply hereinafter); or

(6) Close relatives (Note 1) of persons who fall under any of ① to ③ below (excluding persons other than persons with important positions (Note 2));
   ① Persons who fall under any of (1) to (5) above;
   ② Persons executing the business operations of any subsidiary of the Company (including directors who are not persons executing the business operations in cases where it must be determined whether Outside Audit & Supervisory Board Members meet these independence

criteria), persons executing the business operations of the parent company of the Company (including directors who are not persons executing the business operations, and including audit & supervisory board members in cases where it must be determined whether Outside Audit & Supervisory Board Members meet these independence criteria), or persons executing the business operations of any subsidiary of the parent company; or

③ Persons who were persons executing the business operations of the Company or any subsidiary of the Company in any of the past three (3) years (including directors who are not persons executing the business operations in cases where it must be determined whether Outside Audit & Supervisory Board Members meet these independence criteria).

(Note 1) Close relatives mean the spouse and relatives within the second degree of kinship.

(Note 2) Persons with important positions mean the directors (excluding outside directors), executive officers, department leaders, certified public accountants who belong to audit corporations or accounting firms, lawyers who belong to law firms and any other person who is objectively and reasonably found to have a similar importance.

Fifth Proposal: Revision of the Remuneration Amount for Directors

It was approved in the 185th Annual Shareholders' Meeting held on June 29, 2005 that the remuneration amount for Directors of the Company shall be not more than 400 million yen annually, and this rule remains in place up to the present.

Approximately 16 years have passed since the previous revision, and during this time, the business foundations of the Group have expanded globally along with the changes in the social conditions and business environment, and the roles and responsibilities of Directors of the Company have also increased. In order to continue to secure diverse and talented persons aiming for the increase of corporate value under such circumstances, it is necessary to set an adequate level of remuneration suitable for the corporate scale, as well as to take measures to enhance incentives. In addition, the Company would like to increase the number of Directors to respond to such changes, and if the Third Proposal is approved, the number of Directors will be increased from eight (8) (including three (3) Outside Directors) to nine (9) (including four (4) Outside Directors). After considering these matters comprehensively, the Company has determined that it is appropriate to revise the amount of remuneration for Directors to be not more than 700 million yen annually, and would like you to approve the revision.

If this proposal is approved, it is scheduled to amend the total amount of remuneration and the like in the Policy for Determining Remuneration and the like for Directors, etc. described on pages 56 to 58 so as to be consistent with this proposal at the meeting of the Board of Directors to be held after the conclusion of this Shareholders' Meeting.

END

[Attached Documents]

Business Report

(From April 1, 2020 to March 31, 2021)

1. Matters Regarding the Current Circumstances of the Group

(1) Group Business Progress and Results

During the fiscal year ended March 31, 2021, the world economy struggled overall as business plunged sharply following the major suppression of economic activities due to the novel coronavirus disease (COVID-19) pandemic. The Japanese economy, too, remained dire as the rapid spread of COVID-19 resulted in a major decline in private consumption and exports, and the outlook is still uncertain.

In the pharmaceutical sector, R&D expenses continue to rise and competition is intensifying as the Japanese government takes further steps to curb the prices of brand-name drugs, promoting the use of generics in their stead, by, for example, expanding the scope of drugs which are subject to the off-cycle price revision. Meanwhile, there have been some moves to utilize digital technology for drug discovery and forge ahead with business in the areas of preventive medicine and presymptomatic diseases.

Against this backdrop, the Group has advanced business activities based on the Mid-term Business Plan 2022, which commenced in FY2018 and will run for a total of five years to FY2022. During the fiscal year under review, the COVID-19 pandemic impacted various aspects of our business activities in countries and regions where the Group operates, such as restrictions on the provision of medical information and delays in clinical studies. In response, the Group used utmost caution to avoid any delay in each stage of its activities, from procurement of raw materials to manufacturing and marketing of products, to ensure the timely delivery of drugs to patients who need them. Also, we carefully pursued business activities by placing the safety of medical professionals, business partners, employees, and other stakeholders first, by holding online interviews and using digital tools to provide medical information, among other precautions.

In Japan, the Group has sought to bolster sales of mainstay products, including Trulicity®, Equa®, and EquMet® (therapeutic agents for type 2 diabetes), and TRERIEF® (therapeutic agent for Parkinson's disease), while at the same time focusing on the provision of medical information to achieve early market penetration of new products, including LATUDA® (atypical antipsychotic), which was launched during the fiscal year under review.

In North America, Sunovion Pharmaceuticals Inc. (hereinafter, “Sunovion”) worked to further expand sales of global strategic product LATUDA® and engaged in business activities designed to boost sales of other mainstay products and new products.

In December 2020, Myovant Sciences Ltd. (hereinafter, “Myovant”), a subsidiary of Sumitovant Biopharma, Ltd. (hereinafter, “Sumitovant”), signed an agreement with Pfizer Inc. (hereinafter, “Pfizer”) concerning joint development and marketing of relugolix (gonadotropin-releasing hormone receptor antagonist) in North America in the oncology and women’s health areas. Myovant launched ORGOVYX™ (generic name: relugolix), a therapeutic agent for advanced prostate cancer, in the U.S. in January 2021, thus commencing co-promotion with Pfizer pursuant to said agreement.

Another subsidiary of Sumitovant, Urovant Sciences Ltd. (hereinafter, "Urovant") in December 2020 obtained approval for GEMTESA® (generic name: vibegron), a beta-3 (β3) adrenergic receptor agonist in the U.S. In March 2021, Sumitovant made Urovant its wholly-owned subsidiary.

In China, Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. focused on marketing activities aimed at expanding sales of LATUDA® and other products amid adversities, including fewer opportunities for medical institutions to prescribe MEROPEN® (carbapenem antibiotic) due to the increased prevalence of COVID-19.

Adoption of the International Financial Reporting Standards (IFRS) and "core operating profit" as a performance indicator

The Group has adopted the International Financial Reporting Standards (IFRS) for preparing its consolidated financial statements.

To coincide with the adoption of the IFRS, the Group has set an original performance indicator for the recurring profitability of a company in the form of "core operating profit."

"Core operating profit" is calculated by deducting from operating profit any gains and losses resulting from non-recurring factors that the Group designates (hereinafter, "Non-recurring Items"). Among the main Non-recurring Items are impairment losses, business structure improvement expenses, and changes in fair value of contingent consideration related to company acquisitions.

Highlights of the Group's consolidated financial results for the fiscal year under review are as follows:

	FY2020 (Billions of Yen)	FY2019 (Billions of Yen)	Change (Billions of Yen)	Rate of Change
Revenue	516.0	482.7	33.2	6.9 %
Core operating profit	69.6	72.0	(2.4)	(3.3) %
Operating profit	71.2	83.2	(12.0)	(14.4) %
Profit before taxes	77.9	83.9	(6.1)	(7.3) %
Net profit	36.8	35.9	0.9	2.5 %
Net profit attributable to owners of the parent	56.2	40.8	15.5	38.0 %

■ **Revenue increased by 6.9% year-on-year to 516.0 billion yen.**

Revenue grew as Equa® and EquMet® contributed to sales on a full-year basis in the Japan segment and LATUDA® and other products experienced sales growth while relugolix-related revenue was recognized in the North America segment.

■ **Core operating profit decreased by 3.3% year-on-year to 69.6 billion yen.**

Core operating profit decreased as a result of significant increases in selling, general and administrative expenses and research and development expenses on the core basis as expenses incurred by Sumitovant and its subsidiaries were felt throughout the year, despite an increase in gross profit on account of revenue growth.

■ **Operating profit decreased by 14.4% year-on-year to 71.2 billion yen.**

Operating profit turned out to be higher than core operating profit. This is because we recorded gains from the sales of fixed assets as a result of the sale of the Company's former Ibaraki Plant, while posting a cost reversal from a decrease in the fair value of contingent consideration and impairment losses on intangible assets in an amount greater than that of the cost reversal due to the discontinued development of napabucasin for the oncology area and the review of business plans. Partly because a cost reversal from a decrease in the fair value of contingent consideration surpassed the amount of impairment losses on intangible assets in the previous fiscal year, operating profit showed a year-on-year decrease.

■ **Profit before taxes decreased by 7.3% year-on-year to 77.9 billion yen.**

Profit before taxes reached a higher number than that of operating profit as finance income surpassed finance expenses due to the recording of forex gains on account of the yen's depreciation on March 31, 2021.

■ **Net profit increased by 2.5% year-on-year to 36.8 billion yen.**

Net profit grew as income tax expenses decreased due to the absence of special factors during the fiscal year under review, such as the reversal of deferred tax assets recognized in the U.S. in the previous fiscal year.

■ **Net profit attributable to owners of the parent increased by 38.0% year-on-year to 56.2 billion yen.**

Net profit attributable to owners of the parent (less the amount of losses attributable to non-controlling interests from net profit) grew substantially, as losses on Sumitovant's subsidiaries were recorded throughout the year.

The ratio of the net profit attributable to owners of the parent to revenue was 10.9%.

Adoption of "core segment profit" as a performance indicator for each segment

To coincide with the adoption of the IFRS, for segment performance, the Group has set an original performance indicator for each segment's recurring profitability in the form of "core segment profit."

"Core segment profit" is each segment profit calculated by deducting from "core operating profit" any items such as R&D expenses and gains and losses on business transfers, which are managed globally and thus cannot be allocated to individual segments.

Business performance by reportable segment is as follows:

1. Japan

■ **Revenue increased by 9.2% year-on-year to 152.5 billion yen.**

Revenue grew as the declines in sales of long-listed drugs and impact of the National Health Insurance (NHI) drug price revisions were more than offset by revenue growth due to the full-year recording of Equa® and EquMet® sales, growth of Trulicity® sales, and the launch of LATUDA®.

■ **Core segment profit increased by 6.1% year-on-year to 24.3 billion yen.**

Core segment profit grew as sales-related expenses and other selling, general and administrative

expenses decreased due to the impact of the spread of COVID-19 in addition to an increase in gross profit brought about by revenue growth.

2. North America

■ **Revenue increased by 7.3% year-on-year to 281.5 billion yen.**

Revenue grew due to recording of part of income associated with the joint development/marketing agreement of relugolix and other factors, as well as continued sales growth of LATUDA® and APTIOM® (antiepileptic agent).

■ **Core segment profit decreased by 0.5% year-on-year to 116.9 billion yen.**

Core segment profit declined as selling, general and administrative expenses increased, in part because expenses incurred by Sumitovant and its subsidiaries were felt throughout the year, despite an increase in gross profit on account of revenue growth.

3. China

■ **Revenue decreased by 2.7% year-on-year to 27.8 billion yen.**

This decrease is attributable to the sales decline of MEROPEN®.

■ **Core segment profit decreased by 8.1% year-on-year to 13.2 billion yen.**

This decrease is chiefly attributable to a decrease in gross profit on account of a decline in revenue.

4. Other Regions

■ **Revenue increased by 16.5% year-on-year to 17.2 billion yen.**

This increase is attributable to an increase in overall exports despite a sales decrease of MEROPEN® in Southeast Asia.

■ **Core segment profit increased by 35.9% year-on-year to 8.7 billion yen.**

This increase is chiefly attributable to an increase in gross profit on account of revenue growth.

In addition to the above reportable segments, the Group is also engaged in sales of food ingredients, food additives, materials for chemical products, veterinary drugs, and other product lines, which together generated revenue of 36.9 billion yen (down by 1.3% year-on-year) and core segment profit of 3.6 billion yen (up by 11.6% year-on-year).

The status of research and development activities is as follows:

The Group has been committed to the research and development of drugs by taking every available opportunity to assimilate cutting-edge technologies through combinations of a wide variety of avenues, including in-house research, technology in-licensing, and joint research with venture businesses and academic institutions. The Group aims to continually discover exceptional pharmaceutical products with Psychiatry & Neurology, Oncology, and Regenerative Medicine & Cell Therapy as focus areas for research. In order to contribute to global health, the Group is also working on the infectious diseases area. Furthermore, with the aim of providing new solutions to social issues in the realm of healthcare outside of pharmaceuticals, we are working toward launching frontier businesses.

The progress statuses of key development projects during the fiscal year under review are as follows:

① Psychiatry & Neurology

i. KYNMOBI™ (generic name: apomorphine hydrochloride)

This product was launched in September 2020 in the U.S., following the May 2020 approval of indications for the treatment of OFF episodes associated with Parkinson's disease in adults.

ii. LONASEN® (generic name: blonanserin)

This product became the first atypical antipsychotic in Japan indicated for the treatment of pediatric patients with schizophrenia following the March 2021 approval for a partial change to its indications, which involves additional dosing/administration for pediatric patients with schizophrenia.

iii. SEP-363856

In Japan and China, Phase 2/3 global clinical studies for schizophrenia have commenced.

② Oncology

i. ORGOVYX™ (generic name: relugolix)

In the U.S., approval was obtained for the treatment of adult patients with advanced prostate cancer in December 2020. In Europe, a Marketing Authorization Application (MAA) was submitted for advanced prostate cancer in March 2021.

ii. Napabucasin (product code: BBI608)

The analysis results for the Phase 3 global clinical study for colorectal cancer, which was conducted in the U.S., Japan, and elsewhere, failed to reach the primary endpoints. Following the results, the other clinical studies were discontinued accordingly.

iii. Alvocidib (product code: DSP-2033)

The decision was made to discontinue the Phase 2 clinical study for acute myeloid leukemia (AML) and other studies in the U.S., given the competitive landscape and knowledge gained thus far.

③ Regenerative Medicine & Cell Therapy

i. RVT-802

Preparations were made for re-submission for RVT-802, which is under development with Duke University, for pediatric congenital athymia in the U.S.

(Note) A biologics license application (BLA) was re-submitted for pediatric congenital athymia in the U.S. in April 2021.

ii. Allogeneic iPS cell-derived dopamine neural progenitors

From the fourth case of the investigator-initiated clinical study for Parkinson's disease, which is being conducted at Kyoto University, dopamine neural progenitors of our production are transplanted.

iii. Allogeneic iPS cell-derived photoreceptors

Kobe City Eye Hospital has commenced clinical studies for retinitis pigmentosa, and our photoreceptors were transplanted in both of the two cases there.

④ Infectious Disease

i. Drugs for treatments for antimicrobial-resistant bacterial infections

Joint research with Kitasato Institute was promoted. Covered by the Japan Agency for Medical Research and Development (AMED)'s CiCLE (Cyclic Innovation for Clinical

Empowerment), this research and development project uses commissioned research and development funding from AMED.

ii. Malaria vaccines

A joint research project with Ehime University for a malaria disease prevention vaccine was advanced, as were projects with Ehime University and PATH of the U.S. for a malaria transmission-blocking vaccine and a malaria pre-erythrocytic vaccine. These three projects have been awarded a grant from the Global Health Innovative Technology Fund (GHIT Fund).

iii. Universal influenza vaccine

Joint research was pursued with the National Institutes of Biomedical Innovation, Health and Nutrition.

⑤ Others

i. GEMTESA® (generic name: vibegron)

In the U.S., approval was obtained for overactive bladder (OAB) with symptoms of urge urinary incontinence, urgency, and urinary frequency in adults in December 2020.

ii. Relugolix combination tablet

In the U.S., an NDA for uterine fibroids was submitted in May 2020. Also, favorable analysis results were obtained in the two Phase 3 clinical studies for endometriosis.

iii. Imeglimin (product code: PXL008)

In Japan, an NDA was submitted for type 2 diabetes in July 2020.

⑥ Frontier Business

i. In June 2020, Sunovion and BehaVR, Inc. signed an agreement concerning joint research and development of content for virtual reality (VR) equipment that assists in managing social anxiety disorder.

ii. In July 2020, the Company, Sompo Japan Insurance Inc., and Aikomi Ltd. commenced collaboration on the research and development and commercialization of digital devices for dementia and nursing care.

iii. In August 2020, the Company and Save Medical Corporation signed a joint development agreement for a mobile app for management of type 2 diabetes (product code: SMC-01) and the Phase 3 clinical study began subsequently in Japan.

iv. In October 2020, the Company and Drawbridge Health, Inc. signed an agreement for the joint research and development of an innovative blood collection and stabilization device for lifestyle diseases.

As a result of the research and development activities mentioned above, R&D expenses for the fiscal year under review amounted to 132.7 billion yen (up by 15.3% year-on-year). Please note that if the impairment losses of 35.6 billion yen reported during the fiscal year under review were excluded, R&D expenses were 97.1 billion yen (up by 4.8% year-on-year) on the core basis. The Group manages its R&D expenses globally and so does not allocate such expenses to individual segments.

(2) Capital Investments by the Group

The total amount of capital investments made by the Group during the fiscal year under review was 12.7 billion yen, and the major capital investment made during the fiscal year under review includes an investment for reinforcement of production facilities in the Suzuka Plant of the Company.

(3) Financing of the Group

The Company raised funds in the amount of 120 billion yen through issuance of subordinated bonds in September 2020, and also obtained a long-term loan of 125 billion yen in December 2020 to refinance a short-term loan (bridge loan) of 270 billion yen raised in the previous fiscal year as a fund for the formation of a strategic alliance with Roivant Sciences Ltd. (hereinafter, "Roivant").

(4) Issues to be Addressed by the Group

The Company upholds the following Corporate Mission and Management Mission.

Corporate mission

To broadly contribute to society through value creation based on innovative research and development activities for the betterment of healthcare and fuller lives of people worldwide

Management mission

- To contribute to healthcare and people's well-being based upon the principles of customer-oriented management and innovative research
- To continuously strive to maximize corporate value through constant business development and to fulfill shareholder expectations
- To provide an environment in which employees can fulfill their potential and increase their creativity
- To maintain our social confidence as a member of society and to contribute to the realization of a better global environment

We define the implementation of this corporate mission as "CSR-Based Management," and we also seek to contribute to the attainment of the Sustainable Development Goals (SDGs) through our business activities.

With the prospect of the advancement of the aging society and further pressure on healthcare funding, the pharmaceutical industry is approaching a "Time for Change" in which digital technologies are utilized in drug discovery and creation of new approaches to medical treatment, and preventive medicine becomes commonplace. To respond to this changing environment, in April 2019 we published a new vision: "For Longer and Healthier Lives - We unlock the future with cutting-edge technology and ideas," as well as the Mid-term Business Plan 2022, which commenced in FY2018 and will run for five years to FY2022, in order to contribute to resolving issues in the healthcare area under our corporate mission. The basic strategy of the Mid-term Business Plan 2022 is provided below:

Basic Strategy of the Mid-term Business Plan 2022

The Group will reshape its business foundation through the "establishment of growth engine" and the "building of flexible and efficient organization," preparing for the "Time for Change" and "Post-LATUDA®" business environment - referring to the time, beginning February 20, 2023, when generic versions of LATUDA® can be launched in the U.S. market.

In accordance with this strategy, the Company embarked on the alliance with Roivant in December

2019, which resulted in the establishment of five new subsidiaries under the new holding company Sumitovant. With the strategic alliance, the Company has acquired multiple pipelines, including relugolix and vibegron, both of which are blockbuster candidates that are expected to sustain growth after the expiration of the exclusive marketing period of LATUDA® in the U.S. The Company also acquired DrugOme and Digital Innovation, which should accelerate its digital transformation, as well as talent who run these healthcare technology platforms through the strategic alliance. Meanwhile, in March 2021, we discontinued the development of napabucasin, which had been expected to be a post-LATUDA® growth driver.

Although a decline in revenue due to this discontinued development should be offset by sales growth of new products from Sumitovant, we expect that core operating profit should decrease partly because of posting of expenses associated with the marketing of said new products and depreciation of patent rights. Accordingly, we have revised our FY2022 business goals laid out in the Mid-term Business Plan 2022 as follows:

FY2022 business goals

	Previous Goals	Revised Goals
Revenue	600.0 billion yen	600.0 billion yen
Core operating profit*1	120.0 billion yen	60.0 billion yen
ROIC*1	10%	3%
ROE*2	12%	3%

*1 ROIC = (Core operating profit - income taxes) / (Capital total+ Interest-bearing liabilities)

*2 ROE = Net profit attributable to owners of the parent / Equity attributable to owners of the parent

The Group will do its utmost to develop products that we hope will be upcoming blockbusters in the Psychiatry & Neurology, Oncology, and Regenerative Medicine & Cell Therapy areas as we seek to expand business over the mid- and long-term, while at the same time pursuing the maximization of value of relugolix and vibegron. At the same time, we will forge ahead with the frontier business. With regard to business operation, we will increase our resilience by, for instance, strengthening the foundation of each business unit and regional operations and also make ongoing efforts to foster a corporate culture that accelerates reforms, and develop human resources.

In addition, we are working to improve productivity and resolve operational issues with a total of approximately 35 full-time engineers in charge of analyzing for DrugOME and promoting the use of Digital Innovation in Japan and the U.S. We will continue to actively utilize digital technologies to accelerate our transformation into a data-driven company.

By sustaining business growth through these initiatives, we will aim at an ROE of 10% or higher in the latter half of the 2020s.

Activity Policy for FY2021

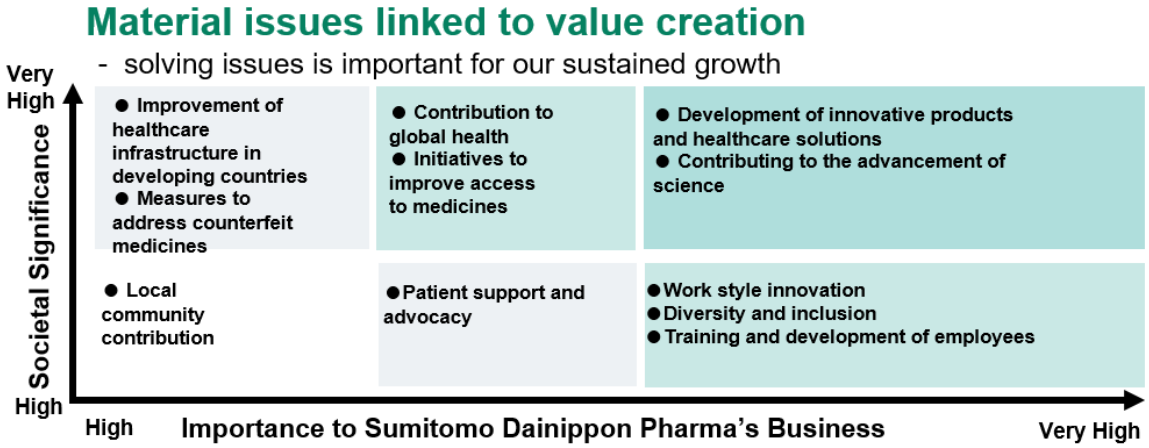
The COVID-19 pandemic continues to impact various aspects of our business activities in countries and regions where the Group operates, such as restrictions on the provision of medical information and delays in clinical studies. In order to continue delivering pharmaceuticals to the patients surely, the Group does all that it can to ensure stable product supply, taking the utmost care to prevent any delay in

each stage of its operations from procurement of raw materials to manufacturing and marketing of products, by placing top priority on the safety of medical professionals, business partners, employees, and other stakeholders in our business undertakings. Meanwhile, we will also proactively introduce measures that mitigate the difficulty of not being able to communicate in person as people work from home, such as online communication tools.

The following is the Group's business activity policy for FY2021.

① CSR-Based Management

To practice CSR-based management, the Group has identified materiality (material issues), which are divided into two categories: materiality linked to value creation, which is highly unique and vital for the sustained growth of our business, including the development of innovative products and healthcare solutions and contribution to the development of science; and materiality that forms the foundation for business continuity, which is essential for the continuation of our business activities, including corporate governance and compliance. We will continuously review materiality to ensure that they serve as pertinent goals that are aligned with our Corporate Mission by, for example, setting quantitative targets, as we listen carefully to what our various stakeholders have to say. By addressing these material issues, we will work to enhance our corporate value.



② Research and Development Activities

The Group aims to establish itself as a "Global Specialized Player" by 2033. Accordingly, we will actively engage in research and development to become a global leader in the three focus areas of Psychiatry & Neurology, Oncology, and Regenerative Medicine & Cell Therapy, while working on the development of best-in-class pharmaceutical products focused on creating value and research and development in the Infectious Diseases area. At the same time, we will work on

the frontier business with a view toward providing solutions in healthcare fields other than pharmaceuticals. Furthermore, we will aim to increase our productivity in research and development by proactively utilizing AI-assisted drug discovery techniques and DrugOme and other digital technologies and leveraging synergies created through the accelerated collaboration among group companies in Japan and the U.S.

Best in class: There are existing drugs, but new drugs that have a clear advantage over the existing drugs

i. Psychiatry & Neurology area

In the Psychiatry & Neurology area, we are promoting competitive drug discovery research based on our proprietary drug discovery platforms established by continuously incorporating cutting-edge technologies. For psychiatric disorders, including schizophrenia, depression, and psychiatric symptoms related to neurological disorders, we aim to optimize treatments that meet unmet medical needs through drug discovery based on neural circuit pathology, whereas for neurological disorders, including dementia, Parkinson's disease, and rare diseases, we seek to develop radical treatments for neurodegenerative diseases through drug discovery based on molecular pathological mechanisms. Every effort is being made to raise the success rate of research and development by applying the wealth of knowledge gained from clinical study data of in-house products to translational research and by selecting appropriate drug discovery targets and biomarkers through the use of big data, such as genome information and imaging data.

In the development stages, the Company is working closely with its U.S. subsidiaries under the global clinical development framework to expedite the receipt of approvals from regulatory authorities by efficiently promoting clinical development according to strategic development planning.

For SEP-363856, the Group will promote the Phase 3 study in patients with schizophrenia in the U.S. and the Phase 2/3 studies in patients with schizophrenia in Japan and China. Efforts will also be made for the commencement of clinical studies for other indications.

For SEP-4199, based on the results of its Phase 2 global clinical study, we will commence a Phase 3 clinical study in patients with bipolar I depression.

We will also continue aggressive efforts to develop early-stage assets, such as DSP-1181,

which was created by using AI technology through joint research with Exscientia Ltd., and whose Phase 1 clinical study is underway in patients with obsessive compulsive disorder, and SEP-378614, whose Phase 1 clinical study is underway in patients with treatment-resistant depression.

ii. Oncology area

The Group has created multiple distinctive development pipelines as we gained a diverse array of knowledge to fortify drug discovery through research and development efforts thus far. We will leverage these knowledge and capability to continue focusing on research and development of drugs in the Oncology area, where unmet medical needs are high.

For drug discovery, we will aim to create innovative new drugs as we enhance our competitive edge by exploring new modalities with our proprietary technologies and conducting joint research with universities and research institutions.

For development, we will aim at a higher success rate and early approval for our distinctive development pipelines by determining cancer types optimally treated by them and the value of such products through short-term, small-scale studies.

We will also move forward with the clinical development of Adegramotide Acetate/Nelatimotide Trifluoroacetate (product code: DSP-7888), a cancer peptide vaccine currently in the Phase 3 global clinical study for treatment of glioblastoma (combination therapy). Development will also continue for dubermatinib (product code: TP-0903), whose external-institution-initiated Phase 1/2 clinical studies are being conducted for acute myeloid leukemia (AML), as well as products in earlier phases.

iii. Regenerative Medicine & Cell Therapy area

In the Regenerative Medicine & Cell Therapy area, we are promoting multiple research and development projects with a view toward early commercialization of our pipeline assets by developing a unique growth model wherein we pursue advanced industrialization/manufacturing technologies and state-of-the-art science through open innovation technology. While steadily advancing projects in the Neurology and Ophthalmology areas, we are setting our sights on global opportunities in Japan, the U.S., and other Asian countries, plotting a trajectory for the development of next-generation regenerative medicine, including organ regeneration. Our current target is to have these projects start contributing to earnings mainly in Japan and the U.S. during the period of the next Mid-term Business Plan (FY2023-2027, hereinafter, the “Next MTBP”).

For RVT-802, for which an application for approval was re-submitted in April 2021 for treatment of pediatric congenital athymia, we will strive to obtain approval by the end of FY2021. In the area of iPS cell-derived treatments, Kyoto University is running an investigator-initiated clinical study involving patients with Parkinson’s disease using dopaminergic neural progenitor cells derived from allogeneic iPS cells, which has received designation under the Sakigake Designation Scheme (priority review), and we expect them to complete cell transplantation to all seven clinical study candidates by the end of FY2021. We will thus work with Kyoto University for commercialization and also make preparations for the commencement of a clinical study in FY2022 in the U.S. For age-related macular degeneration, we will aim to commence a clinical study by the end of FY2021 while aggressively propelling research and development projects on regenerative medicine for retinal pigmentary degeneration, spinal cord injuries, and kidney failure with relevant

partners. Furthermore, we will expand the pipeline that takes advantage of next-generation technology.

iv. Infectious Diseases area

In a bid to contribute to global health by way of, for example, promoting joint research on treatment for antimicrobial resistance (AMR), malaria vaccines, and a universal influenza vaccine, we will remain committed to ongoing research and development projects, which we hope to commercialize during the Next MTBP.

v. Other areas

In Other areas, the Group is moving forward with the development of value-oriented, best-in-class pharmaceutical products, in a bid to sustain growth after the expiration of the exclusive marketing period of LATUDA® in the U.S. Also in the U.S., we will make steady efforts to gain approval for a relugolix combination tablet, whose NDA has been submitted for the treatment of uterine fibroids, and prepare for its NDA for the treatment of endometriosis. For rodatristat ethyl, we will conduct a Phase 2 clinical study for the treatment of pulmonary arterial hypertension (PAH).

In Japan, the Company will prepare for obtaining approval for imeglimin for treatment of type 2 diabetes.

vi. Frontier business

In terms of frontier businesses, the Group is engaged in joint development of a mobile app for the management of type 2 diabetic patients (product code: SMC-01) with Save Medical Corporation. As evidenced by this instance, the Group has identified areas that are expected to create synergy with our pharmaceutical business as core business domains, which include mental resilience (preventing psychiatric diseases from worsening through early discovery) and active aging (improving the health of the elderly from their state of mind to maintaining/enhancing their well-being). Accordingly, we will build business foundations, including core technologies (in information, engineering, etc.) and networks (through alliances, venture investments, etc.). We will thus seek the possibility of various avenues mainly in Japan, the U.S., and China, in an effort to establish them as additional growth drivers during the period of the Next MTBP.

③ Business Activities in Each Regional Segment

In Japan, in response to the increasingly difficult market environment resulting from the commencement of the off-cycle NHI drug price revision and other measures to curb drug costs, we will manage our business with greater efficiency. In the Psychiatry & Neurology area, we will promote market penetration of LATUDA®, which was launched in June 2020 for the treatment of schizophrenia and bipolar depression. In the diabetes area, while striving to expand sales of Trulicity®, Equa®, and EquMet®, we will focus on preparing for the marketing of imeglimin, whose launch is scheduled for FY2021.

In the North America segment, we will have Sunovion and the Sumitovant group navigate our business activities, in a bid to establish a post-LATUDA® growth trajectory. Sunovion will focus its efforts on further revenue expansion of LATUDA®, one of the primary revenue sources of the Group, and promotion of KYNMOBI™, which was launched in September 2020. The Sumitovant group, on the other hand, will focus on early market penetration and sales expansion of

ORGOVYX™, which Myovant launched in January 2021, and a relugolix combination tablet for uterine fibroids, whose launch is scheduled for FY2021, through co-promotion with Pfizer, Inc. Meanwhile, Urovant will ensure market penetration of GEMTESA®, which was launched in April 2021. In so doing, we will work to increase the efficiency of marketing by Myovant and Urovant by taking advantage of Sunovion's commercial function.

The Group will reinforce its business foundations in China, the third pillar of its business, while at the same time securing its growth potential by consolidating its foothold in the Asian market. In the China segment, we will seek further growth by expanding sales of MEROPEN®, LONASEN®, and LATUDA®, despite the ongoing measures to curb drug costs. In Southeast Asia, we will strive to expand sales of MEROPEN® and LATUDA® in collaboration with respective partner companies, while expanding business in countries that best fit our pipelines.

④ Building a Flexible and Efficient Organization

In order to respond to "Time for Change" and develop our capability of delivering the highest performance (CHANTO), while maintaining a "culture with resilient and detailed execution," the Group will foster a culture in which our personnel can take advantage of environmental changes and perform their tasks with innovation and flexibility.

In order to respond to changes in the business environment, we will bolster our business foundations and expedite digitalization, including extensive use of Digital Innovation. As the COVID-19 forces us to work from home, we will take this opportunity to accelerate workstyle reform in the shape of higher operational efficiency and the like.

Shareholder Returns

In terms of returns to shareholders, the Company's basic policy is that a performance-linked dividend hike will be considered in addition to consistent dividend payments. The Company aims to achieve an average payout ratio of 20% or more over the five years from FY2018 to FY2022, as laid out in the Mid-term Business Plan 2022.

(5) Assets and Income

Assets and Income of the Group

Category	IFRS			
	FY2017 (Fiscal year ended March 2018)	FY2018 (Fiscal year ended March 2019)	FY2019 (Fiscal year ended March 2020)	FY2020 (Fiscal year ended March 2021) (the fiscal year under review)
Revenue (Millions of yen)	466,838	459,267	482,732	515,952
Operating profit (Millions of yen)	88,173	57,884	83,239	71,224
Net profit attributable to owners of the parent (Millions of yen)	53,448	48,627	40,753	56,219

Basic earnings per share	134.53 yen	122.39 yen	102.58 yen	141.50 yen
Total assets (Millions of yen)	809,684	834,717	1,256,534	1,308,127
Total equity (Millions of yen)	452,723	498,138	635,860	648,178

(Note) 1. Because provisional accounting treatment for a business combination conducted during FY2019 was fixed during the fiscal year under review, the allocation of acquisition costs was reviewed. Consequently, the figures for FY2019 were adjusted retroactively.

2. Amounts are rounded to the nearest million yen.

(For your reference)

The Company established its policy for strategic shareholding in its Basic Policy on Corporate Governance, as described below:

- The Company shall not hold any shares of other companies except when such shareholding supports the sustainable enhancement of its corporate value, such as establishment or maintenance of corporate alliances and other types of relationships with important business partners and customers.
- The Company shall have the Board of Directors evaluate the reasonableness and the economic rationale of respective strategic shareholdings on an annual basis, and when the Board of Directors finds any such shareholdings not reasonable, the Company shall proceed to reduce the relevant shareholdings or sell the relevant shares.
- With respect to exercising voting rights for such strategic shareholdings, the Company shall examine the proposal from the viewpoint of whether it will lead to enhancing not only the corporate value of the relevant issuing company, but also that of the Company.

Based on this Policy, the Company has the Board of Directors evaluate the reasonableness of continuation of its respective strategic shareholdings on an annual basis. Consequently, while the Company held 39 kinds of listed shares as of June 2015, it proceeded to sell some of them thereafter, and held 25 kinds of listed shares as of the end of the fiscal year under review.

Upon implementation of the strategic alliance with Roivant, the Company acquired Roivant's shares (unlisted) in December 2019. The ratio of such shares to the total equity in the Consolidated Statement of Financial Position of the Group, as of the end of the fiscal year under review, was 19.0%.

(6) Details of the Principal Businesses of the Group

Manufacturing, processing, purchase, sale, and import and export of pharmaceuticals, food ingredients, food additives, materials for chemical products, veterinary drugs and the like.

(7) Major Sales Branches, Plants, etc., of the Group

Category	Name	Place	Name	Place	Name	Place

	Osaka Head Office	Osaka	Tokyo Head Office	Chuo-ku, Tokyo		
Branches	Sapporo Branch	Sapporo	Tohoku Branch	Sendai	Kita-Kanto Branch	Chuo-ku, Tokyo
	Koshinetsu Branch	Chuo-ku, Tokyo	Chiba Branch	Chiba	Saitama Branch	Saitama
	Tokyo Branch	Chuo-ku, Tokyo	Yokohama Branch	Yokohama	Tokai Branch	Nagoya
	Keiji-Hokuriku Branch	Kyoto	Osaka Branch	Osaka	Kobe Branch	Kobe
	Chugoku Branch	Hiroshima	Shikoku Branch	Takamatsu, Kagawa	Kyushu Branch	Fukuoka
Plants	Suzuka Plant	Suzuka, Mie	Oita Plant	Oita, Oita		
Research Laboratories	Central Research Laboratories	Suita, Osaka	Osaka Research Center	Osaka		
Subsidiaries	DSP Gokyo Food & Chemical Co., Ltd.	Osaka	DS Pharma Animal Health Co., Ltd.	Osaka	DS Pharma Promo Co., Ltd.	Suita, Osaka
	Sumitomo Dainippon Pharma America, Inc.	U.S.A.	Sunovion	U.S.A.	Sumitomo Dainippon Pharma Oncology, Inc.	U.S.A.
	Sumitovant	U.K.	Myovant	U.K.	Urovant	U.K.
	Enzyvant Therapeutics Ltd.	U.K.	Altavant Sciences Ltd.	U.K.	Spirovant Sciences Ltd.	Bermuda
	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	China				

(Note) 1. Boston Biomedical, Inc. and Tolero Pharmaceuticals, Inc. underwent an absorption-type merger under which Boston Biomedical, Inc. is the surviving company as of July 1, 2020, and changed its corporate name to Sumitomo Dainippon Pharma Oncology, Inc. as of the same date.

2. The above branches were reorganized as described below as of April 1, 2021.

Category	Name	Place	Name	Place	Name	Place
Branches	Sapporo Branch	Sapporo	Tohoku Branch	Sendai	Kita-Kanto-Koshinetsu Branch	Chuo-ku, Tokyo

	Saitama-Chiba Branch	Saitama	Tokyo Branch	Chuo-ku, Tokyo	Yokohama Branch	Yokohama
	Tokai Branch	Nagoya	Keiji-Hokuriku Branch	Kyoto	Osaka Branch	Osaka
	Kobe Branch	Kobe	Chugoku Branch	Hiroshima	Shikoku Branch	Takamatsu, Kagawa
	Kyushu Branch	Fukuoka				

(8) Employees

① Employees of the Group

Business Segment	Number of Employees
Pharmaceutical Business	6,529
Others	293
Total	6,822

(Note) The number of employees of the Group indicated above is the total number of all persons currently working in the Group, including the seconded employees accepted by the Group, but excluding the employees seconded to other companies.

② Employees of the Company

Number of Employees	Change from the Previous Fiscal Year	Average Age	Average Length of Continuous Employment
3,067	44	43.1	17.8 years

(Note) 1. The number of the Company's employees indicated above is the total number of all persons currently working in the Company, including the 139 seconded employees accepted by the Company, but excluding the 200 employees seconded to other companies.

2. The average age and average length of continuous employment were calculated based on the number that excludes the seconded employees accepted by the Company.

(9) Parent Company and Significant Subsidiaries

① Parent Company

The parent company of the Company is Sumitomo Chemical Co., Ltd. holding 205,634,000 shares of common stock of the Company (investment ratio: 51.68%). The business transactions between the Company and Sumitomo Chemical Co., Ltd. are: the lease and rental of certain manufacturing/research facilities for pharmaceuticals, the consignment and undertaking of services in relation thereto, the purchase of raw materials, and the provision of a loan to Sumitomo Chemical Co., Ltd.

② Matters concerning Business Transactions with the Parent Company

Among the business transactions between the Company and Sumitomo Chemical Co., Ltd., the loan to Sumitomo Chemical Co., Ltd. needs to be noted in the Notes to Non-Consolidated Financial Statements for the fiscal year under review.

i. Considerations made so as not to harm the interests of the Company in conducting the business transaction

With respect to the loan to Sumitomo Chemical Co., Ltd., the Company has set relevant terms and conditions paying attention not to harm the interests of the Company by, for example, determining a reasonable interest rate that takes the market interest rate into account.

ii. Decision of the Board of Directors of the Company on whether or not the business transaction might harm the interests of the Company, and the reason therefor

The terms and conditions of the business transaction are reasonable and accordingly the Board of Directors decided that the business transaction would not harm the interests of the Company.

iii. Opinion of the Outside Director(s) when the opinion is different from the decision of the Board of Directors (if applicable)

There was no applicable matter.

③ Significant Subsidiaries

	Name	Investment Ratio (%)	Principal Businesses
Japan	DSP Gokyo Food & Chemical Co., Ltd.	100	Manufacture and sale of food ingredients, food additives, chemical product materials and the like
	DS Pharma Animal Health Co., Ltd.	100	Manufacture and sale of veterinary drugs and the like
	DS Pharma Promo Co., Ltd.	100	Manufacture and sale of medical drugs and the like
Overseas	Sumitomo Dainippon Pharma America, Inc.	100	A holding company Shared service for general management operations
	Sunovion	100 (100)	Manufacture and sale of medical drugs
	Sumitomo Dainippon Pharma Oncology, Inc.	100 (100)	Research and development in the oncology area

	Sumitovant	100	Management of the Sumitovant group companies, and formulation and promotion of business strategies and the like therefor
	Myovant	53 (53)	Research and development as well as manufacture and sale of medical drugs (women's health and prostate cancer)
	Urovant	100 (100)	Research and development of medical drugs (urological diseases)
	Enzyvant Therapeutics Ltd.	100 (100)	Research and development of medical drugs (rare pediatric diseases)
	Altavant Sciences Ltd.	100 (100)	Research and development of medical drugs (rare respiratory diseases)
	Spirovant Sciences Ltd.	100 (100)	Research and development of medical drugs (cystic fibrosis (gene therapy))
	Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	100	Manufacture and sale of medical drugs

(Note) 1. The figure indicated in parentheses under the Investment Ratio column indicates the indirect ownership ratio (%) vis-a-vis the total ownership ratio.

2. Sumitomo Dainippon Pharma America, Inc. is listed as a significant subsidiary from the fiscal year under review because of the change of its functions, such as that it performs a part of the general management operations of the subsidiaries in North America.

(10) Principal Lenders and the Amounts of Loans

Lender	Outstanding Amount of the Loan
Sumitomo Mitsui Banking Corporation	30,020 million yen
Sumitomo Mitsui Trust Bank, Limited	29,700 million yen
The Norinchukin Bank	23,700 million yen
MUFG Bank, Ltd.	19,000 million yen
The Hyakujushi Bank, Ltd.	18,100 million yen

2. Matters Regarding the Shares

(1) Total Number of Issuable Shares: 1,500,000,000 shares

(2) Total Number of Issued Shares: 397,900,154 shares
(including 606,255 treasury stocks)

(3) Number of Shareholders

As of the end of the Fiscal Year Under Review: 24,381

(4) Top Ten Shareholders

Name of Shareholder	Number of Shares Held (Thousand Shares)	Shareholding Ratio (%)
Sumitomo Chemical Co., Ltd.	205,634	51.76
The Master Trust Bank of Japan, Ltd. (Trust account)	31,715	7.98
Inabata & Co., Ltd.	16,782	4.22
Custody Bank of Japan, Ltd. (Trust account)	12,828	3.23
Nippon Life Insurance Company	7,581	1.91
SMBC Trust Bank Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits)	7,000	1.76
Sumitomo Life Insurance Company	5,776	1.45
Custody Bank of Japan, Ltd. (Trust account 7)	4,145	1.04
Sumitomo Dainippon Pharma Employee Shareholders' Association	2,934	0.74
Aioi Nissay Dowa Insurance Co., Ltd.	2,661	0.67

(Note)
1. The numbers of shares held are rounded down to the nearest thousand shares.
2. The shareholding ratios were calculated after deducting the treasury stocks (606,255 shares).
3. The 7,000,000 shares of the Company which are held by SMBC Trust Bank Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits) and which were contributed by Sumitomo Mitsui Banking Corporation, were placed in a retirement benefit trust account. After deducting the aforementioned shares that were contributed, Sumitomo Mitsui Banking Corporation holds 1,125,000 shares of the Company (shareholding ratio: 0.28%).

3. Matters Regarding the Directors and Audit & Supervisory Board Members of the Company

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2021)

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Representative Director and Chairman	Masayo Tada	Member, Board of Directors of Sunovion Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member, Board of Directors of Sumitovant Member, Board of Directors of Roivant
Representative Director and President	Hiroshi Nomura	Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member, Board of Directors of Sumitovant Member, Board of Directors of Myovant Board Chairman of the Japan Epilepsy Research Foundation
Member, Board of Directors	Hitoshi Odagiri	Executive Vice President In charge of the Sales & Marketing Division Executive Director, Sales & Marketing Division Senior Director, CNS Sales Department Head of Japan Business Unit
Member, Board of Directors	Toru Kimura	Senior Executive Officer Chief Scientific Officer In charge of the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, the Regenerative & Cellular Medicine Manufacturing Plant, and the Drug Research Division Senior Executive Research Director, Drug Research Division Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member, Board of Directors of Enzyvant Therapeutics Ltd.

Member, Board of Directors	Yoshiharu Ikeda	Senior Executive Officer In charge of Regulatory Affairs, Medical Information, Medical Affairs, the Corporate Regulatory Compliance & Quality Assurance Division, the Technology Research & Development Division, and the Manufacturing Division Executive Director, Corporate Regulatory Compliance & Quality Assurance Division Deputy Head of Japan Business Unit Member, Board of Directors of DS Pharma Promo Co., Ltd.
Member, Board of Directors (Outside Director)	Yutaka Atomi	President Emeritus of Kyorin University Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd.
Member, Board of Directors (Outside Director)	Saeko Arai	Professor at the Faculty of Business Administration of Hakuoh University President of Acuray, Inc. Outside Director of Tokyu Fudosan Holdings Corporation Member of the contract supervisory committee and member of the information security auditor selection committee of the Government Pension Investment Fund (GPIF)
Member, Board of Directors (Outside Director)	Nobuhiro Endo	Chairman of the Board of NEC Corporation Outside Director of Japan Exchange Group, Inc. Outside Director of Tokio Marine Holdings, Inc.
Full-Time Audit & Supervisory Board Member	Yoshinori Oh-e	
Full-Time Audit & Supervisory Board Member	Takashi Kutsunai	
Outside Audit & Supervisory Board Member	Kazuto Nishikawa	Nonmember Inspector of the Hyogo Prefectural Credit Federation of Agricultural Cooperatives
Outside Audit & Supervisory Board Member	Junsuke Fujii	Outside Director of House Foods Group Inc.
Outside Audit & Supervisory Board Member	Yoshio Iteya	Partner at Anderson Mori & Tomotsune Adjunct Professor at Hitotsubashi University School of Law

(Note) 1. Director Yoshiharu Ikeda was newly appointed at the 200th Annual Shareholders' Meeting held on June 23, 2020 and assumed the office thereafter.

2. Director Yutaka Atomi retired the office of the president of the Pancreas Research

Foundation of Japan as of July 10, 2020.

3. Audit & Supervisory Board Member Junsuke Fujii retired the office of outside audit & supervisory board member of House Foods Group Inc. as of June 25, 2020, and was elected as an outside director of House Foods Group Inc. at the annual shareholders' meeting held on the same day and assumed the office thereafter.
4. Audit & Supervisory Board Member Yoshio Iteya left Mori Hamada & Matsumoto as of December 31, 2020.
5. Directors Yutaka Atomi, Saeko Arai and Nobuhiro Endo are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
6. Audit & Supervisory Board Members Kazuto Nishikawa, Junsuke Fujii and Yoshio Iteya are Outside Audit & Supervisory Board Members as defined in Item 16, Article 2 of the Companies Act.
7. Audit & Supervisory Board Member Kazuto Nishikawa has a considerable amount of knowledge in finance and accounting affairs, having served in many relevant positions such as Director-General of the Inspection Bureau of the Financial Services Agency.
8. The Company designated Directors Yutaka Atomi, Saeko Arai and Nobuhiro Endo and Audit & Supervisory Board Members Kazuto Nishikawa and Junsuke Fujii as Independent Directors/Audit & Supervisory Board Members as defined by Tokyo Stock Exchange, Inc., and reported the same to the said exchange.
9. As of April 1, 2021, there were changes in the Position, Responsibilities, Principal Duties, and Significant Concurrent Positions of the Directors as follows:

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Member, Board of Directors and Chairman	Masayo Tada	Member, Board of Directors of Sunovion Member, Board of Directors of Sumitovant Member, Board of Directors of Roivant
Representative Director	Hitoshi Odagiri	Executive Vice President In charge of the Sales & Marketing Division Executive Director, Sales & Marketing Division Senior Director, CNS Sales Department Head of Japan Business Unit

Representative Director	Toru Kimura	Executive Vice President Chief Scientific Officer In charge of the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member, Board of Directors of Enzyvant Therapeutics Ltd.
Member, Board of Directors	Yoshiharu Ikeda	Senior Executive Officer In charge of Regulatory Affairs, Medical Information, Medical Affairs, the Corporate Regulatory Compliance & Quality Assurance Division, the Technology Research & Development Division, and the Manufacturing Division Executive Director, Corporate Regulatory Compliance & Quality Assurance Division Deputy Head of Japan Business Unit Member, Board of Directors of DS Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc.

(2) Overview of the Agreement Limiting the Liability of the Directors and Audit & Supervisory Board Members

Pursuant to Paragraph 1 of Article 427 of the Companies Act, with respect to liability for damages, the Company executed an agreement (hereinafter referred to as the "Limited Liability Agreement") with Outside Directors Yutaka Atomi, Saeko Arai and Nobuhiro Endo and Outside Audit & Supervisory Board Members Kazuto Nishikawa, Junsuke Fujii and Yoshio Iteya to limit their liability for damages under circumstances where they acted in good faith and were not grossly negligent in performing their respective duties. The Limited Liability Agreement provides for a total maximum liability of ten (10) million yen or any amount stipulated by the relevant laws and regulations, whichever is higher.

(3) Matters Regarding the Outside Directors and Outside Audit & Supervisory Board Members

① The Relationships between the Company and the Companies or Organizations Where the Outside Directors and Outside Audit & Supervisory Board Members Concurrently Hold Significant Positions

The relationships between the Company and the companies or organizations where the Outside Directors and Outside Audit & Supervisory Board Members concurrently hold significant

positions are as follows:

i. There is no significant trading relationship between the Company and the Pancreas Research Foundation of Japan where Director Yutaka Atomi served as the president, Kyorin University where he serves as the president emeritus, or Sanki Engineering Co., Ltd. where he serves as an outside audit & supervisory board member.

ii. There is no significant trading relationship between the Company and Hakuoh University where Director Saeko Arai serves as a professor, Acuray, Inc. where she serves as the president, Tokyu Fudosan Holdings Corporation where she serves as an outside director, or the Government Pension Investment Fund (GPIF) where she serves as a member of the contract supervisory committee and member of the information security auditor selection committee.

iii. There is no significant trading relationship between the Company and NEC Corporation where Director Nobuhiro Endo serves as the chairman of the board, Japan Exchange Group, Inc. where he serves as an outside director, or Tokio Marine Holdings, Inc. where he serves as an outside director.

iv. There is no significant trading relationship between the Company and the Hyogo Prefectural Credit Federation of Agricultural Cooperatives where Audit & Supervisory Board Member Kazuto Nishikawa serves as a nonmember inspector.

v. There is no significant trading relationship between the Company and House Foods Group Inc. where Audit & Supervisory Board Member Junsuke Fujii serves as an outside director.

vi. There is no significant trading relationship between the Company and Mori Hamada & Matsumoto where Audit & Supervisory Board Member Yoshio Iteya served as a partner, Anderson Mori & Tomotsune where he serves as a partner, or Hitotsubashi University where he serves as an adjunct professor.

② The Principal Activities of the Outside Directors and Outside Audit & Supervisory Board Members

Category	Name	Principal Activities
Outside Directors	Yutaka Atomi	He attended all twenty-one (21) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily from the professional standpoint of a medical doctor. He attended all ten (10) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all two (2) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings

		from the standpoint of protecting the interests of minority shareholders.
	Saeko Arai	She attended all twenty-one (21) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily based on her extensive experience as a corporate executive and from the professional standpoint of a certified public accountant. She attended all ten (10) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. She also attended all two (2) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.
	Nobuhiro Endo	He attended all twenty-one (21) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily based on his extensive experience and broad perspective as a corporate executive. Among the ten (10) meetings held by the Nomination and Compensation Committee during the fiscal year under review, he attended nine (9) meetings, and made statements at those meetings from an independent and objective standpoint. He also attended all two (2) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.
Outside Audit & Supervisory Board Members	Kazuto Nishikawa	He attended all twenty-one (21) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review. He made statements at those meetings, primarily from the professional standpoint of an expert in the fields of finance and accounting.

	Junsuke Fujii	He attended twenty (20) meetings out of the twenty-one (21) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review. He made statements at those meetings, primarily based on his extensive experience and broad perspective as a corporate executive.
	Yoshio Iteya	He attended all twenty-one (21) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review. He made statements at those meetings, primarily from the professional standpoint of an attorney.

(Note) Despite the spread of COVID-19, sufficient time for deliberation at meetings, including meetings held by the Board of Directors, the Audit & Supervisory Board, the Nomination and Compensation Committee, and the Supervisory Committee for Conflict of Interests in Transactions between Group Companies, was secured to the same level as in the past through remote meetings utilizing measures such as the teleconference system and the web meeting system, while thoroughly preventing the spread of infection.

(4) Remuneration and the like for Directors and Audit & Supervisory Board Members

① The Total Amount of Remuneration and the like by Type and the Number of Officers Concerned

Category of Officer	Total Amount of Remuneration and the like (Millions of Yen)	Amount of Remuneration and the like (Millions of Yen)			Number of Officers Concerned
		Base remuneration	Performance-linked remuneration (bonuses)	Non-performance-linked remuneration (bonuses)	
Directors (excluding Outside Directors)	352	304	48	-	6
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	51	51	-	-	2
Outside Directors and Outside Audit & Supervisory Board Members	75	72	-	3	6

(Note) 1. The respective amounts of remuneration and the like for Directors and Audit & Supervisory Board Members that were determined in the 185th Annual Shareholders' Meeting held on June 29, 2005, do not exceed 400 million yen annually for Directors, and 100 million yen annually for Audit & Supervisory

Board Members, and the numbers of officers concerned under this resolution were ten (10) Directors and four (4) Audit & Supervisory Board Members.

2. The total amount of remuneration and the like for nine (9) Directors is 391 million yen, and the total amount of remuneration and the like for five (5) Audit & Supervisory Board Members is 87 million yen.
3. The amount of remuneration and the like includes the amount of 47 million yen, which represents the bonuses to be paid to Directors (excluding Outside Directors), and three (3) million yen, which represents the bonuses to be paid to Outside Directors, with respect to the fiscal year under review.
4. The above-mentioned performance-linked remuneration (bonuses) includes one (1) million yen, which is the difference between the amount scheduled to be paid as described in the Business Report of the previous fiscal year and the amount finally fixed.

② The Policy for Determining Remuneration and the like for Directors, etc.

The Company has the Nomination and Compensation Committee as the consultative body to the Board of Directors for enhancing the objectivity and independence of the functions of the Board of Directors relating to matters such as the nomination of candidates for Directors and Audit & Supervisory Board Members and decisions regarding remuneration for Directors. As a system of remuneration for Directors, the Company has provided as described below the policy for determining remuneration and the like for individual Directors, and the policy was determined by the Board of Directors based on the recommendation from the Nomination and Compensation Committee after the Board of Directors sought such recommendation and the Nomination and Compensation Committee deliberated the relevant matters.

i. System of remuneration and the like

Remuneration for the Directors (excluding Outside Directors) consists of base remuneration and performance-linked remuneration (bonuses), and this system is established to serve as an incentive for achieving sustainable growth and enhancing the corporate value of the Group. The Directors contribute a certain ratio of their base remuneration every month to the Sumitomo Dainippon Pharma Officers Shareholders' Association to acquire shares of the Company. The Directors continue to hold the shares they acquire during their term of office and for one year after their retirement. Through such measures, the Directors' willingness to contribute to the increase of corporate value in the medium- to long-term is enhanced and value sharing with shareholders is promoted. The performance-linked remuneration (bonuses) is calculated by the method described in (ii) below, and the ratio of such remuneration is approximately 10% of the total of remuneration and the like.

Remuneration for the Outside Directors consists of base remuneration and non-performance-linked remuneration (bonuses), and the Company adopts a remuneration system where the business performance of the Company is not linked thereto, for the purpose of securing the supervisory function and independence of the Outside Directors.

The base amounts are set with respect to the base remuneration, performance-linked remuneration (bonuses) and non-performance-linked remuneration (bonuses) according to each position, such as Representative Director. The total amount of the remuneration and the like shall be not more than 400 million yen annually as approved at the Shareholders' Meeting.

ii. Method of calculating the amount of performance-linked remuneration (bonuses)

The amount of the performance-linked remuneration (bonuses) for the Directors (excluding Outside Directors) is calculated based on the performance-linked elements and individual performance, and is calculated to be within the scope of zero to 200% of the base amount.

The performance-linked elements are evaluated by the Nomination and Compensation Committee based on the degree of achievement of targets, using the "core operating profit," which was set as a profit indicator showing recurring profitability of a company within the Group and serves as an original performance management indicator. The individual performance is evaluated by the Nomination and Compensation Committee based on the degree of achievement of performance targets of each Director (excluding Outside Directors). The "core operating profit" forecast publicized in the announcement of the consolidated financial results for the previous fiscal year (33 billion yen) was used as a target, and the result of the fiscal year under review was 69.6 billion yen.

iii. Method of determining remuneration and the like

Remuneration and the like for individual Directors are determined by the Board of Directors based on the recommendation from the Nomination and Compensation Committee after the Board of Directors seeks such recommendation and the Nomination and Compensation Committee deliberates the relevant matters. When the Board of Directors determines to delegate the decision-making thereof to the Representative Director and President, the Representative Director and President shall determine the same, respecting the recommendation made by the Nomination and Compensation Committee to the Board of Directors.

Upon the delegation by the Board of Directors, Representative Director and President Hiroshi Nomura, who oversees business operations as a whole and has a good understanding of the state of the execution of duties by all Directors (excluding Outside Directors), determined the said remuneration and the like for the fiscal year under review, and the Nomination and Compensation Committee confirmed that the said remuneration and the like was in accordance with the system of remuneration for Directors. Accordingly, the Board of Directors has determined that the decision of the said remuneration and the like was in accordance with the said policy.

4. Accounting Auditor

(1) Name

KPMG AZSA LLC

(2) Amount of Remuneration and the like

	Amount to be paid (Millions of Yen)
Consideration to be paid for the services (audit attestation services) described in Paragraph 1 of Article 2 of the Certified Public Accountants Act (Act No. 103 of 1948)	159
Total amount of fees to be paid in cash or otherwise by the Company or Subsidiaries of the Company	162

(Note)
1. The Audit & Supervisory Board of the Company has determined to consent to the amount of the remuneration and the like for the Accounting Auditor after performing necessary verifications on the details of the Accounting Auditor's audit plan, status of performance of accounting audit duties, and the appropriateness of the basis for calculating the remuneration.
2. Under the Audit Agreement between the Company and the Accounting Auditor, there is no distinction between the remuneration and the like for an audit under the Companies Act and the Financial Instruments and Exchange Act. Moreover, the two amounts cannot be substantially distinguished from each other. Thus, the amount of remuneration and the like related to the audit attestation services reflects the total sum of these two kinds of amounts.
3. Significant subsidiaries located abroad were audited by auditing firms other than the Accounting Auditor of the Company.

(3) Non-Audit Services

The Company assigns to the Accounting Auditor preparation of a comfort letter regarding the issuance of bonds, which is outside the scope of the services set forth in Paragraph 1 of Article 2 of the Certified Public Accountants Act (i.e., non-audit services).

(4) Policy for the Determination of the Dismissal or Non-Reelection of the Accounting Auditor

The Audit & Supervisory Board of the Company is entitled to dismiss the Accounting Auditor pursuant to Article 340 of the Companies Act. In addition, in case the Audit & Supervisory Board finds substantial concerns with respect to the continuation of the performance by the Accounting Auditor of its duties, the Audit & Supervisory Board will determine the content of a proposal regarding the dismissal or non-reelection of such Accounting Auditor in accordance with the policy for the determination of the dismissal or non-reelection of the Accounting Auditor separately provided for. Based on the determination made by the Audit & Supervisory Board of the Company, the Board of Directors of the Company will submit the proposal to the Shareholders' Meeting as a matter to be resolved.

Consolidated Statement of Financial Position

(As of March 31, 2021)

(millions of yen)

Item	Amount As of March 31, 2021	(Reference) Amount As of March 31, 2020	Item	Amount As of March 31, 2021	(Reference) Amount As of March 31, 2020
Assets			**Liabilities**		
Non-current assets	**848,332**	**892,444**	**Non-current liabilities**	**381,802**	**124,176**
Property, plant and equipment	64,966	65,748	Bonds and borrowings	263,859	25,020
Goodwill	176,492	173,464	Other financial liabilities	21,404	41,306
Intangible assets	383,406	421,029	Retirement benefit liabilities	15,069	23,870
Other financial assets	193,035	200,923	Other non-current liabilities	53,046	7,212
Income tax receivable	6,726	—	Deferred tax liabilities	28,424	26,768
Other non-current assets	3,516	4,173	**Current liabilities**	**278,147**	**496,498**
Deferred tax assets	20,191	27,107	Borrowings	9,960	272,960
			Trade and other payables	64,638	62,251
			Other financial liabilities	23,341	13,906
			Income taxes payable	24,511	22,637
Current assets	**459,795**	**364,090**	Provisions	99,851	84,644
Inventories	92,215	79,368	Other current liabilities	55,846	40,100
Trade and other receivables	135,866	134,491	**Total liabilities**	**659,949**	**620,674**
Other financial assets	29,480	28,717	**Equity**		
Income tax receivable	194	5,877	**Equity attributable to owners of the parent**	**580,570**	**532,670**
Other current assets	8,342	9,624	Share capital	22,400	22,400
Cash and cash equivalents	193,698	101,708	Capital surplus	15,855	17,837
Assets held for sale	—	4,305	Treasury shares	(679)	(677)
			Retained earnings	508,677	457,330
			Other components of equity	34,317	35,780
			Non-controlling interests	**67,608**	**103,190**
			Total equity	**648,178**	**635,860**
Total assets	**1,308,127**	**1,256,534**	**Total liabilities and equity**	**1,308,127**	**1,256,534**

(Notes) 1. During the year ended March 31, 2021, the Company finalized the purchase price allocation for the assets acquired and the liabilities assumed related to the strategic alliance with Roivant. Therefore, the Consolidated Statement of Financial Position as of March 31, 2020 was restated.

2. All amounts are rounded to the nearest million yen

Consolidated Statement of Profit or Loss

(April 1, 2020 to March 31, 2021)

(millions of yen)

Item	Amount Year ended March 31, 2021	(Reference) Amount Year ended March 31, 2020
Revenue	**515,952**	**482,732**
Cost of sales	137,773	129,673
Gross profit	**378,179**	**353,059**
Selling, general and administrative expenses	190,373	154,348
Research and development expenses	132,682	115,112
Other income	17,662	1,404
Other expenses	1,562	1,764
Operating profit	**71,224**	**83,239**
Finance income	9,213	3,568
Finance expenses	2,586	2,860
Profit before taxes	**77,851**	**83,947**
Income tax expenses	41,022	48,029
Net profit	**36,829**	**35,918**
Net profit attributable to:		
Owners of the parent	56,219	40,753
Non-controlling interests	(19,390)	(4,835)
Net profit	**36,829**	**35,918**

(Note) All amounts are rounded to the nearest million yen

Non-consolidated Statement of Financial Position

(As of March 31, 2021)

(millions of yen)

Item	Amount As of March 31, 2021	(Reference) Amount As of March 31, 2020	Item	Amount As of March 31, 2021	(Reference) Amount As of March 31, 2020
Assets			**Liabilities**		
Current assets	**310,720**	**295,920**	**Current liabilities**	**82,885**	**336,927**
Cash and time deposits	34,664	27,694	Accounts payable	21,872	19,899
Accounts receivable	109,203	97,173	Short-term borrowings	8,900	270,000
Merchandise and finished goods	49,591	45,716	Current portion of long-term borrowings	4,960	2,960
Work-in-process	3,470	1,862	Accounts payable-other	14,898	14,632
Raw materials and supplies	10,111	10,821	Accrued expenses	991	953
Advance payments	63	219	Income taxes payable	24,235	22,069
Prepaid expenses	72	149	Advances received	8	—
Short-term loans to affiliates	95,266	104,714	Deposits received	384	255
Accounts receivables - other	8,280	7,572	Reserve for bonuses	5,380	5,461
Fixed assets	**861,864**	**777,707**	Others	1,257	698
Property, plant and equipment	**41,902**	**46,954**	**Long-term liabilities**	**279,518**	**39,537**
Buildings	24,938	29,777	Bonds	120,000	—
Structures	531	593	Long-term borrowings	145,060	25,020
Machinery and equipment	7,369	6,842	Long-term deposits payable	3,365	3,608
Vehicles	11	16	Provision for retirement benefit liabilities	11,093	10,846
Tools, furniture and fixtures	3,652	3,397	Others	—	63
Land	4,357	4,607			
Construction in progress	1,044	1,722			
			Total Liabilities	**362,403**	**376,464**
Intangible assets	**5,190**	**5,936**	**Net assets**		
Software	3,322	3,421	**Shareholders' equity**	**782,409**	**677,036**
Marketing rights	1,034	1,785	Share capital	22,400	22,400
Others	834	730	Capital surplus	15,861	15,861
			Legal capital surplus	15,860	15,860
Investments and other assets	**814,772**	**724,817**	Other capital surplus	1	1
Investment securities	169,124	156,017	Retained earnings	744,827	639,452
Investment in affiliates	562,623	522,688	Legal retained earnings	5,288	5,288
Amount invested in capital of affiliates	3,148	3,148	Other retained earnings	739,539	634,164
Long-term loans to affiliates	69,327	21,893	Reserve for advanced depreciation of non-current assets	1,250	1,321
Long-term prepaid expenses	1,178	1,702	General reserve	275,510	275,510
Prepaid pension cost	2,777	5,248	Retained earnings carried forward	462,779	357,333
Deferred tax assets	5,196	12,736	Treasury shares	(679)	(677)
Others	1,421	1,409	**Valuation, translation adjustments and others**	**27,772**	**20,127**
Allowance for doubtful receivables	(22)	(24)	Unrealized gains on available-for-sale securities, net of tax	27,772	20,127
			Total net assets	**810,181**	**697,163**
Total assets	**1,172,584**	**1,073,627**	**Total liabilities and net assets**	**1,172,584**	**1,073,627**

(Note) All amounts are rounded to the nearest million yen

Non-consolidated Statement of Profit or Loss

(April 1, 2020 to March 31, 2021)

(millions of yen)

Item	Amount Year ended March 31, 2021	(Reference) Amount Year ended March 31, 2020
Net sales	**313,890**	**311,994**
Cost of sales	**91,927**	**77,562**
Gross profit	**221,963**	**234,432**
Reversal of reserve for sales returns	1	2
Gross profit-net	**221,964**	**234,434**
Selling, general and administrative expenses	**94,290**	**96,581**
Operating profit	**127,674**	**137,853**
Non-operating income	**13,926**	**6,063**
Interest and dividend income	6,996	5,842
Foreign exchange gains	6,368	—
Others	562	221
Non-operating expenses	**5,672**	**3,158**
Interest expenses	1,963	433
Bonds issuance costs	1,074	—
Donations	979	687
Losses on disposal of fixed assets	189	463
Foreign exchange losses	—	783
Others	1,467	792
Ordinary income	**135,928**	**140,758**
Extraordinary income	**16,906**	**1,063**
Gains on sales of fixed assets	16,906	—
Gains on sales of investment securities	—	1,063
Extraordinary loss	—	**4,972**
Losses on valuation of investment securities	—	4,422
Losses on product recalls	—	550
Profit before taxes	**152,834**	**136,849**
Income tax expenses - current	32,164	32,387
Income tax expenses - deferred	4,171	3,691
Net profit	**116,499**	**100,771**

(Note) All amounts are rounded to the nearest million yen

Independent Auditor's Report

May 10, 2021

The Board of Directors of Sumitomo Dainippon Pharma Co., Ltd.:

KPMG AZSA LLC
Osaka Office, Japan

Daisuke Harada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroyuki Matano
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masato Tateishi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, comprising the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity and the Notes to Consolidated Financial Statements of Sumitomo Dainippon Pharma Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards("IFRS") pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the

omission of a part of the disclosures required under IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely

responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:
The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 10, 2021

To the Board of Directors of Sumitomo Dainippon Pharma Co., Ltd.:

KPMG AZSA LLC
Osaka Office, Japan

Daisuke Harada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hiroyuki Matano
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masato Tateishi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the Non-consolidated Statement of Financial Position, the Non-consolidated Statement of Profit or Loss, the Non-consolidated Statement of Changes in Equity and the Notes to Non-Consolidated Financial Statements, and the supplementary schedules ("the financial statements and others") of Sumitomo Dainippon Pharma Co., Ltd. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial

statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report by the Audit & Supervisory Board

Audit Report

The Audit & Supervisory Board prepared this audit report with regard to the performance of duties of Directors of the Company for the 201st fiscal year from April 1, 2020 to March 31, 2021, upon deliberation based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows:

1. Auditing Method adopted by Audit & Supervisory Board Members as well as the Audit & Supervisory Board and details thereof

   (1) The Audit & Supervisory Board established the audit policies, audit plans, assignment of duties, and other matters, and received reports from each Audit & Supervisory Board Member on the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board received reports from Directors, other related persons, and the Accounting Auditor on the status of the performance of their duties, and requested explanations as necessary.

   (2) In conformity with Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies, audit plans, assignment of duties, and other matters, each Audit & Supervisory Board Member, by also utilizing online meeting systems via the telephone line, the Internet, etc., endeavored to communicate with Directors, the internal auditing division, other employees and the Accounting Auditor, among others, endeavored to collect information and maintain and improve the audit environment, and conducted audits through the methods described below:

   ① Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from Directors, employees and other related parsons on the status of the performance of their duties, requested explanations as necessary, examined important approval documents, etc., and inspected the status of the business operations and assets of the head offices and other principal offices. With respect to subsidiaries, Audit & Supervisory Board Members regularly received reports concerning their business, and endeavored to keep track of the status of the business operations and assets by communicating and exchanging information with Directors, Audit & Supervisory Board Members and other related persons of each of the major domestic and overseas subsidiaries.

   ② With regard to the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complies with all laws, regulations and the Articles of Incorporation of the Company, that is described in the Business Report, and other systems prescribed in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act as systems necessary for ensuring the appropriateness of the business operations of a group of enterprises consisting of a stock company and its subsidiaries, and the system (internal control system) developed based on such resolutions, Audit & Supervisory Board Members regularly received reports from Directors, employees and other related parsons on the status of their construction and implementation, requested explanations as necessary and represented opinion.

   ③ Audit & Supervisory Board Members regularly received reports from the Accounting Auditor on the status of its performance of duties and requested explanations as necessary. Audit & Supervisory Board Members were notified by the Accounting Auditor that "a system to ensure the proper performance of the duties" (matters set forth in each item of Article 131 of the Ordinance on Accounting of Companies) had been established in accordance with "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, requested explanations as necessary, and monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit.

Audit & Supervisory Board Members examined the Business Report and its supporting schedules, the non-consolidated financial statements (Non-consolidated Statement of Financial Position, Non-consolidated Profit or Loss, Non-consolidated Statement of Changes in Equity, and Notes to Non-consolidated Financial Statements) and their supporting schedules, as well as the consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements) for

the fiscal year under review in accordance with the above methods.

2. Results of Audit

(1) Results of audit of the Business Report and other documents

① We confirm that the Business Report and supporting schedules accurately represent the position of the Company according to the laws, regulations and the Articles of Incorporation of the Company.

② We have not found any improper conduct or any material evidence of violations of any law or any Articles of Incorporation of the Company in relation to the performance of duties by Directors.

③ We confirm that the resolutions adopted by the Board of Directors with respect to the internal control system are appropriate. In addition, we have not found any matters that should be noted regarding the contents of the Business Report and the performance of duties by Directors in relation to the internal control system.

④ With respect to the business transactions with the parent company, etc., described in the Business Report, we have not found any matters that should be noted in relation to the considerations made not to harm the interests of the Company in conducting the business transaction and the decision of the Board of Directors of the Company on whether or not the business transaction might harm the interests of the Company, and the reason therefor.

(2) Results of audit of financial statements and supporting schedules
We confirm that the method and the results of the audit conducted by KPMG AZSA LLC, Accounting Auditor of the Company, are appropriate.

(3) Results of audit of consolidated financial statements
We confirm that the method and the results of the audit conducted by KPMG AZSA LLC, Accounting Auditor of the Company, are appropriate.

May 11, 2021

The Audit & Supervisory Board, Sumitomo Dainippon Pharma Co., Ltd.

Yoshinori Oh-e, Full-time Audit & Supervisory Board Member (seal)

Takashi Kutsunai, Full-time Audit & Supervisory Board Member (seal)

Kazuto Nishikawa, Outside Audit & Supervisory Board Member (seal)

Junsuke Fujii, Outside Audit & Supervisory Board Member (seal)

Yoshio Iteya, Outside Audit & Supervisory Board Member (seal)

END