

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.

SUMITOMO PHARMA CO., LTD. HEREBY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THIS TRANSLATION, WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE ACCURACY, RELIABILITY OR COMPLETENESS OF THIS TRANSLATION. IN NO EVENT SHALL SUMITOMO PHARMA CO., LTD. BE LIABLE FOR DAMAGES OF ANY KIND OR NATURE, INCLUDING WITHOUT LIMITATION, DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR INCIDENTAL DAMAGES ARISING FROM OR IN CONNECTION WITH THIS TRANSLATION.

[Translation]

Security Code No. 4506

(Date of Sending) June 1, 2023

(Commencement Date of the Measures for Electronic Provision) May 30, 2023

Dear Shareholders:

Notice of Convocation of the 203rd Annual Shareholders' Meeting

We hereby notify you of the 203rd Annual Shareholders' Meeting (hereinafter referred to as the "Meeting") of Sumitomo Pharma Co., Ltd. (hereinafter referred to as the "Company"), which will be held as stated below.

In convening the Meeting, the Company takes measures for the electronic provision of information contained in the reference documents and other related documents for the Shareholders' Meeting (matters subject to the measures for electronic provision). Please access the Company's website to review the information.

Company's website

<https://www.sumitomo-pharma.com/ir/shareholder/shareholder.html>

The Company also posts the matters subject to the measures for electronic provision on the website of Tokyo Stock Exchange, Inc.

Tokyo Stock Exchange website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

In order to review the above matters, please access the website above, enter "Sumitomo Pharma" as the issue name (company name) or "4506" as the security code, and click "Search," and then click "Basic Information"

and select “Documents for public inspection/PR information.”

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. From the perspective of preventing the spread of the novel coronavirus infection, we request you to exercise your voting rights in advance in writing or by electronic or magnetic means (the Internet, etc.), as much as possible.

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., Monday, June 26, 2023 (JST) according to the description on pages 4 and 5.

Please carefully consider whether or not to attend the Meeting in person on its scheduled date by taking into consideration the situation of infections, etc.

- 1. Date and Time:** 10:00 a.m. on Tuesday, June 27, 2023 (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 203rd Fiscal
Year (from April 1, 2022 to March 31, 2023)
 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:** Election of Nine (9) Directors
 - Third Proposal:** Election of One (1) Audit & Supervisory Board Member

Yours faithfully,

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

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- 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.
 - Among the matters subject to the measures for electronic provision, “System to Ensure the Appropriateness of Business Operations and its Implementation,” “Overview of the Agreement Limiting the Liability of the Directors and Audit & Supervisory Board Members” and “Overview of the Agreement of Directors and Officers Liability Insurance” 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 websites above 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 delivered to shareholders who have requested the delivery of a paper copy of documents (the “Delivered Documents”).
 - The Delivered Documents are part of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing their audit reports.
 - Any modification to the matters subject to the measures for electronic provision will be posted on the websites above.

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 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 Monday, June 26, 2023 (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 Monday, June 26, 2023 (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 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). If you return the voting form without indicating your approval or disapproval with respect to any proposal, you will be deemed to have indicated your approval for the proposal.

Deadline: To be received by 5:00 p.m. on Monday, June 26, 2023 (JST)

If you attend the Meeting in person

Please submit the voting form enclosed herewith to **the receptionist at the place of the**

Meeting.

Date and Time: 10:00 a.m. on Tuesday, June 27, 2023 (JST)

Place: Hall on the 7th floor of the Company's Corporate Headquarters
Building
6-8, Doshomachi 2-chome, Chuo-ku, Osaka, Japan

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 has aimed 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 16.4 billion yen, but net profit attributable to owners of the parent of was a loss of 74.5 billion yen, as a result of reporting of a significant impairment loss, among other reasons.

Given the dividend policy and earnings results of the fiscal year under review described above, the Company hereby proposes the year-end dividend as follows, regretfully reducing by seven (7) yen per share from the previous fiscal year.

The total amount of dividends paid during the period of five (5) years of the Mid-term Business Plan 2022, including the year-end dividend, is 133 yen per share, and the dividend payout ratio for the cumulative amount of the net profit attributable to owners of the parent during the period of five (5) years is 41.4%.

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:

Seven (7) yen per share of common stock of the Company (2,781,042,523 yen in aggregate)

Therefore, the annual dividend, including the interim dividend, shall be twenty-one (21) yen per share.

(3) Date on which the distribution of surplus will take effect:

June 28, 2023

Second Proposal: Election of Nine (9) Directors

The term of office of all the current Directors (9 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	No. of Years in Office	Current Position(s), Responsibilities, etc. at the Company	Attendance at the Meetings of the Board of Directors
1	Hiroshi Nomura <u>Reelection</u>	11 years	Representative Director and President	100% (18/18)
2	Toru Kimura <u>Reelection</u>	7 years	Representative Director Executive Vice President In charge of Global Corporate Strategy, Finance & Accounting, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant	100% (18/18)
3	Yoshiharu Ikeda <u>Reelection</u>	3 years	Member, Board of Directors Senior Executive Officer In charge of the Drug Research Division Head of Japan Business Unit	100% (18/18)
4	Hiroyuki Baba <u>Reelection</u>	1 year	Member, Board of Directors Senior Executive Officer In charge of the Global Data Design Office, Legal Affairs, Intellectual Property, IT Management & Digital Transformation, and the Frontier Business Office	100% (15/15)
5	Shigeyuki Nishinaka <u>Reelection</u>	1 year	Member, Board of Directors Senior Executive Officer In charge of Business Development & Management	100% (15/15)
6	Saeko Arai <u>Reelection</u> <u>Outside</u>	5 years	Member, Board of Directors (Outside Director)	100% (18/18)


	Independent			
7	Nobuhiro Endo Reelection Outside Independent	4 years	Member, Board of Directors (Outside Director)	100% (18/18)
8	Minoru Usui Reelection Outside Independent	2 years	Member, Board of Directors (Outside Director)	100% (18/18)
9	Koji Fujimoto Reelection Outside Independent	1 year	Member, Board of Directors (Outside Director)	100% (15/15)


(Note) The attendance at the Meetings of the Board of Directors of Mr. Hiroyuki Baba, Mr. Shigeyuki Nishinaka and Mr. Koji Fujimoto is that for the period after their assumption of office as Directors.

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


Candidate No.	Name and Other Information	Summary of the Profile, Position(s), Responsibilities and Significant Concurrent Position(s)
1	 <p>Hiroshi Nomura (Aug. 31, 1957) 65 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reelection</div> <p>No. of shares of the Company owned: 70,400 shares</p> <p>No. of years in office as a Director: 11 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (18/18)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 86% (6/7)</p>	<p>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)</p> <p>[Significant Concurrent Positions] Member, Board of Directors of Sumitomo Pharma Oncology, Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Roivant Sciences Ltd. Board Chairman of the Japan Epilepsy Research Foundation</p> <p>[Reason for Nomination as a Candidate for 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, experience and skills.</p>


<p>2</p>  <p>Toru Kimura (Aug. 5, 1960) 62 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reelection</div> <p>No. of shares of the Company owned: 51,200 shares</p> <p>No. of years in office as a Director: 7 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (18/18)</p>		<p>April 1989: Joined Sumitomo Chemical Co., Ltd.</p> <p>October 1992: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>April 2012: Senior Director of Global Strategy of the Company</p> <p>September 2013: Senior Director of the Regenerative & Cellular Medicine Office of the Company</p> <p>April 2015: Executive Officer of the Company</p> <p>June 2016: Member of the Board of Directors and Executive Officer of the Company</p> <p>April 2019: Member of the Board of Directors and Senior Executive Officer of the Company</p> <p>April 2021: Representative Director and Executive Vice President of the Company (up to the present)</p> <p>[Currently in Charge of the Following] Global Corporate Strategy, Finance & Accounting, Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant</p> <p>[Significant Concurrent Positions] Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Enzyvant Therapeutics Inc. Member, Board of Directors of Spirovant Sciences, Inc.</p> <p>[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. Since April 2021, he has served as a Representative Director 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, experience and skills.</p>
<p>3</p>		<p>April 1985: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2010: Executive Officer of the Company</p> <p>January 2012: Executive Vice President of Sunovion Pharmaceuticals Inc.</p> <p>April 2016: Senior Executive Officer of the Company</p> <p>June 2020: Member of the Board of Directors and Senior Executive Officer of the Company (up to the present)</p>


	<p>Yoshiharu Ikeda (Jan. 5, 1958) 65 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reelection</div> <p>No. of shares of the Company owned: 15,300 shares</p> <p>No. of years in office as a Director: 3 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (18/18)</p>	<p>[Currently in Charge of the Following] The Drug Research Division Head of Japan Business Unit</p> <p>[Significant Concurrent Positions] Member, Board of Directors of Sumitomo Pharma Animal Health Co., Ltd. Member, Board of Directors of Sumitomo Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Pharma Oncology, Inc.</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Yoshiharu Ikeda has served as a responsible person for the departments of corporate regulatory compliance and quality assurance, as well as research, technology research and manufacturing of the Company, and in responsible positions of the departments of global strategy and IT system 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, experience and skills.</p>
4	 <p>Hiroyuki Baba (Oct. 14, 1959) 63 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reelection</div> <p>No. of shares of the Company owned: 6,000 shares</p> <p>No. of years in office as a</p>	<p>April 1982: Joined Sumitomo Chemical Co., Ltd. April 2013: Executive Vice President of Sunovion Pharmaceuticals Inc. April 2014: Joined the Company April 2014: Executive Officer of the Company April 2019: Senior Executive Officer of the Company June 2022: Member of the Board of Directors and Senior Executive Officer of the Company (up to the present)</p> <p>[Currently in Charge of the Following] The Global Data Design Office, Legal Affairs, Intellectual Property, IT Management & Digital Transformation, and the Frontier Business Office</p> <p>[Significant Concurrent Position] Member, Board of Directors of Sunovion Pharmaceuticals Inc.</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Hiroyuki Baba has served as a responsible person for the departments of digital transformation, legal affairs, intellectual</p>

	<p>Director: 1 year</p> <p>Attendance at the Meetings of the Board of Directors: 100% (15/15)</p> <p>*The status of attendance after his assumption of office as a Director</p>	<p>property, IT system and frontier business of the Company, and in responsible positions of the departments of global strategy and business development, 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, experience and skills.</p>
<p>5</p>	 <p>Shigeyuki Nishinaka (Nov. 17, 1964) 58 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Reelection</div> <p>No. of shares of the Company owned: 7,200 shares</p> <p>No. of years in office as a Director: 1 year</p> <p>Attendance at the Meetings of the Board of Directors: 100% (15/15)</p>	<p>April 1989: Joined NKK Corporation (currently, JFE Holdings, Inc.)</p> <p>October 1994: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>August 2001: Joined Daiichi Pharmaceutical Co., Ltd. (currently, Daiichi Sankyo Co., Ltd.)</p> <p>February 2009: Joined the Company</p> <p>January 2014: Senior Director of the Global Oncology Office of the Company</p> <p>April 2014: Corporate Officer of the Company</p> <p>April 2017: Executive Officer of the Company</p> <p>April 2020: Senior Executive Officer of the Company</p> <p>June 2022: Member of the Board of Directors and Senior Executive Officer of the Company (up to the present)</p> <p>[Currently in Charge of the Following] Business Development & Management</p> <p>[Significant Concurrent Positions] Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Urovant Sciences Inc. Member, Board of Directors of Myovant Sciences Ltd.</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Shigeyuki Nishinaka has served as a responsible person for the departments of business development and international business management of the Company, and in responsible positions of the departments of global strategy and research of the Company. The Company has continued to nominate him as a candidate for</p>

	<p>*The status of attendance after his assumption of office as a Director</p>	<p>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, experience and skills.</p>
<p>6</p>	<div data-bbox="363 427 580 696" data-label="Image"> </div> <p>Saeko Arai (Feb. 6, 1964) 59 years old</p> <div data-bbox="368 864 576 927" data-label="Text"> <p>Reelection</p> </div> <div data-bbox="368 949 576 1012" data-label="Text"> <p>Outside</p> </div> <div data-bbox="368 1034 576 1097" data-label="Text"> <p>Independent</p> </div> <p>No. of shares of the Company owned: 0 shares</p> <p>No. of years in office as a Director: 5 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (18/18)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 100% (7/7)</p>	<p>October 1987: Joined Eiwa Audit Corporation (currently, KPMG AZSA LLC)</p> <p>August 1992: Registered as a Certified Public Accountant (Reregistered in January 1997)</p> <p>April 1997: Joined Internet Research Institute, Inc.</p> <p>September 1998: Director, Manager of General Administration and CFO of Internet Research Institute, Inc.</p> <p>February 2000: Director of IRI USA, Inc.</p> <p>November 2002: President and CEO of IRI USA, Inc.</p> <p>November 2002: President of Gratia, Inc. (currently, Acuray, Inc.) (up to the present)</p> <p>April 2016: Professor at the Faculty of Business Administration of Hakuoh University</p> <p>January 2017: Outside Audit & Supervisory Board Member of teamS Inc. (up to the present)</p> <p>June 2017: Outside Audit & Supervisory Board Member of AEON Credit Service Co., Ltd. (up to the present)</p> <p>June 2018: Member of the Board of Directors (Outside Director) of the Company (up to the present)</p> <p>June 2018: Outside Director of Tokyu Fudosan Holdings Corporation (up to the present)</p> <p>April 2019: Professor at the Faculty of Business Administration of Hakuoh University (up to the present)</p> <p>[Significant Concurrent Positions]</p> <p>Professor at the Faculty of Business Administration of Hakuoh University</p> <p>President of Acuray, Inc.</p> <p>Outside Director of Tokyu Fudosan Holdings Corporation</p> <p>Member of the contract supervisory committee and member of the information security auditor selection committee of the Government Pension Investment Fund (GPIF)</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles]</p> <p>Ms. Saeko Arai has extensive experience as a corporate executive, having engaged in business management at multiple companies, and</p>

	Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (1/1)	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.
7	 <p>Nobuhiro Endo (Nov. 8, 1953) 69 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Reelection</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent</div> <p>No. of shares of the Company owned: 0 shares</p> <p>No. of years in office as a Director: 4 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (18/18)</p>	<p>April 1981: Joined NEC Corporation</p> <p>April 2006: Senior Vice President and Executive General Manager of the Mobile Network Operations Unit of NEC Corporation</p> <p>April 2009: Executive Vice President of NEC Corporation</p> <p>June 2009: Executive Vice President and Member of the Board of NEC Corporation</p> <p>April 2010: President (Representative Director) of NEC Corporation</p> <p>April 2016: Chairman of the Board (Representative Director) of NEC Corporation</p> <p>June 2016: Outside Director of JAPAN POST INSURANCE Co., Ltd.</p> <p>June 2017: Outside Director of Seiko Holdings Corporation</p> <p>June 2018: Outside Director of Japan Exchange Group, Inc. (up to the present)</p> <p>June 2019: Member of the Board of Directors (Outside Director) of the Company (up to the present)</p> <p>June 2019: Chairman of the Board of NEC Corporation</p> <p>June 2019: Outside Director of Tokio Marine Holdings, Inc. (up to the present)</p> <p>June 2022: Executive Advisor of NEC Corporation (up to the present)</p> <p>June 2022: Outside Director of Nisshin Seifun Group Inc. (up to the present)</p> <p>[Significant Concurrent Positions]</p> <p>Outside Director of Japan Exchange Group, Inc.</p> <p>Outside Director of Tokio Marine Holdings, Inc.</p> <p>Outside Director of Nisshin Seifun Group Inc.</p>

	<p>Attendance at the Meetings of the Nomination and Compensation Committee: 57% (4/7)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (1/1)</p>	<p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles]</p> <p>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.</p>
<p>8</p>	 <p>Minoru Usui (Apr. 22, 1955) 68 years old</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>No. of shares of the Company owned: 0 shares</p> <p>No. of years in office as a Director: 2 years</p>	<p>November 1979: Joined Shinshu Seiki Co., Ltd. (currently, Seiko Epson Corporation)</p> <p>June 2002: Director of Seiko Epson Corporation</p> <p>November 2005: General Administrative Manager of the Production Engineering & Development Division of Seiko Epson Corporation</p> <p>July 2007: General Administrative Manager of the Corporate Research & Development Division of Seiko Epson Corporation</p> <p>October 2007: Managing Director of Seiko Epson Corporation</p> <p>June 2008: President and Representative Director of Seiko Epson Corporation Chief Executive Officer of Seiko Epson Corporation</p> <p>April 2020: Chairman and Director of Seiko Epson Corporation (up to the present)</p> <p>June 2021: Member of the Board of Directors (Outside Director) of the Company (up to the present)</p> <p>June 2021: Outside Director of IHI Corporation (up to the present)</p> <p>[Significant Concurrent Positions]</p> <p>Chairman and Director of Seiko Epson Corporation Outside Director of IHI Corporation</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles]</p>

	<p>Attendance at the Meetings of the Board of Directors: 100% (18/18)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 100% (7/7)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (1/1)</p>	<p>Mr. Minoru Usui 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 providing products including information-related equipment and related services 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.</p>
<p>9</p>	 <p>Koji Fujimoto (May 1, 1963) 60 years old</p> <div data-bbox="363 1688 572 1753" style="border: 1px solid black; padding: 2px; text-align: center;">Reelection</div> <div data-bbox="363 1776 572 1841" style="border: 1px solid black; padding: 2px; text-align: center;">Outside</div> <div data-bbox="363 1863 572 1928" style="border: 1px solid black; padding: 2px; text-align: center;">Independent</div> <p>No. of shares of</p>	<p>April 1987: Joined the Ministry of International Trade and Industry (MITI) (currently, the Ministry of Economy, Trade and Industry (METI))</p> <p>July 2003: Director of the Medical and Assistive Device Industries Office of METI</p> <p>July 2008: Director of the Service Industries Division of METI (Director of the Healthcare Industries Division after organizational revision in July 2011)</p> <p>July 2012: Counsellor of the Cabinet Secretariat (Office of Healthcare Policy, etc.)</p> <p>July 2015: Councillor of the Cabinet Secretariat (Assistant Director of the Office of Healthcare Policy)</p> <p>August 2019: Specially Appointed Professor at Tokyo Medical and Dental University (to the present)</p> <p>August 2019: Senior URA of the Research University Promotion Organization of Tokyo Medical and Dental University</p> <p>August 2019: Deputy Director of the Research Center for Industry Alliances (the Open Innovation Center of the Institute of</p>

<p>the Company owned: 0 shares</p> <p>No. of years in office as a Director: 1 year</p> <p>Attendance at the Meetings of the Board of Directors: 100% (15/15)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 100% (5/5)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (1/1)</p> <p>*The status of attendance after his assumption of office as a Director</p>	<p>Research Innovation, after reorganization in March 2023) of Tokyo Medical and Dental University</p> <p>June 2022: Member of the Board of Directors (Outside Director) of the Company (up to the present)</p> <p>March 2023: Deputy Director/Senior URA of the Open Innovation Center of the Institute of Research Innovation of Tokyo Medical and Dental University (up to the present)</p> <p>March 2023: Director of Emergency Assistance Japan Co., Ltd. (up to the present)</p> <p>[Significant Concurrent Positions]</p> <p>Specially Appointed Professor at Tokyo Medical and Dental University</p> <p>Deputy Director/Senior URA of the Open Innovation Center of the Institute of Research Innovation of Tokyo Medical and Dental University</p> <p>Director of Emergency Assistance Japan Co., Ltd.</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles]</p> <p>Mr. Koji Fujimoto has served in various responsible positions at the Ministry of Economy, Trade and Industry and the Cabinet Secretariat, and has a wide range of knowledge and extensive experience which he has acquired in the course of the development and promotion of healthcare industry policies. 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.</p>
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- (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. Ms. Saeko Arai, Mr. Nobuhiro Endo, Mr. Minoru Usui and Mr. Koji Fujimoto are candidates for Outside Directors as defined in Item 7, Paragraph 3, Article 2 of the

Regulations for Enforcement of the Companies Act.

4. The Company designated Ms. Saeko Arai, Mr. Nobuhiro Endo, Mr. Minoru Usui and Mr. Koji Fujimoto as Independent Directors as defined by Tokyo Stock Exchange, Inc., and reported the same to the said exchange.
5. Ms. Saeko Arai, Mr. Nobuhiro Endo, Mr. Minoru Usui and Mr. Koji Fujimoto currently serve as Outside Directors of the Company, and Ms. Saeko Arai will have served as an Outside Director for five (5) years, Mr. Nobuhiro Endo will have served as an Outside Director for four (4) years, Mr. Minoru Usui will have served as an Outside Director for two (2) years, and Mr. Koji Fujimoto will have served as an Outside Director for one (1) year at the conclusion of this Shareholders' Meeting.
6. The Company entered into an agreement with each of Ms. Saeko Arai, Mr. Nobuhiro Endo, Mr. Minoru Usui and Mr. Koji Fujimoto 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 Ms. Saeko Arai, Mr. Nobuhiro Endo, Mr. Minoru Usui and Mr. Koji Fujimoto as Outside Directors, the Company intends to extend the term 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 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.
9. 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.


Third Proposal: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Yoshinori Oh-e will resign from the office of the Audit & Supervisory Board Member upon the conclusion of this Shareholders' Meeting.

Therefore, the Company would like you to elect one (1) Audit & Supervisory Board Member.

The Audit & Supervisory Board has already approved this proposal.

The candidate for an Audit & Supervisory Board Member is as follows:

	Name and Other Information	Summary of the Profile, Position(s) and Significant Concurrent Position(s)
	 <p>Hisayoshi Kashima (July 11, 1961) 61 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">New</div> <p>No. of shares of the Company owned: 8,500 shares</p>	<p>April 1985: Joined the former Sumitomo Pharmaceuticals Co., Ltd. June 2007: Senior Director of Finance & Accounting of the Company April 2012: Member of the Board of Directors of Sumitomo Pharma (Suzhou) Co., Ltd. April 2014: Corporate Officer of the Company April 2014: Senior Director of Finance & Accounting of the Company (up to the present) April 2018: Senior Corporate Officer of the Company (up to the present)</p> <p>[Significant Concurrent Position] Supervisor of Sumitomo Pharma (Suzhou) Co., Ltd.</p> <p>[Reason for Nomination as a Candidate for Audit & Supervisory Board Member] Mr. Hisayoshi Kashima has extensive knowledge, experience and skills in pharmaceutical business in general, and expertise in finance and accounting affairs, having served in responsible positions of the department of finance and accounting of the Company, and at its overseas subsidiaries. The Company has nominated 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 knowledge, experience, skills and expertise.</p>

- (Note) 1. The above candidate does not have any special interests in the Company.
2. 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 the candidate assumes the position of Audit & Supervisory Board Member, he 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 or 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.

END

(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 Regulations 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 remuneration 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.

(Reference)

If the second and third proposals are approved as originally proposed, the Skills Matrix of the Directors and Audit & Supervisory Board Members will be as described in the table below.*1

Name/Position		Corporate management or organizational operations in Japan or abroad*2	Different industries ^{*3}	Creation and cultivation of new business/ business development*4	Digital technologies and data utilization*5	Healthcare industry			Finance, accounting and tax	Legal, compliance and risk management	Major career, expertise, etc.
						Medical science, pharmaceutical science, public administration	R&D	Planning, marketing, etc.			
Hiroshi Nomura	Representative Director and President	○						○	○		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.
Toru Kimura	Representative Director	○					○				Served as a responsible person for the departments of global strategy, regenerative and cellular medicine and research of the Company.
Yoshiharu Ikeda	Member, Board of Directors	○					○	○			Served as a responsible person for the departments of corporate regulatory compliance & quality assurance, as well as research, technology research and manufacturing of the Company, and in responsible positions of the departments of global strategy and IT system of the Company, and at its overseas subsidiaries.
Hiroyuki Baba	Member, Board of Directors	○							○		Served as a responsible person for the departments of digital transformation, legal affairs, intellectual property, IT system and frontier business of the Company, and in responsible positions of the departments of global strategy and business development at the Company, and at its overseas subsidiaries.
Shigeyuki Nishinaka	Member, Board of Directors	○					○	○			Served as a responsible person for the departments of business development and international business management, and in responsible positions of the departments of global strategy and research of the Company.
Saeko Arai	Member, Board of Directors (Outside Director)	○	○	○					○		Corporate executive, CPA
Nobuhiro Endo	Member, Board of Directors (Outside Director)	○	○	○	○						Corporate executive
Minoru Usui	Member, Board of Directors (Outside Director)	○	○	○	○						Corporate executive
Koji Fujimoto	Member, Board of Directors (Outside Director)					○					Served in responsible positions at the Ministry of Economy, Trade and Industry and the Cabinet Secretariat.
Takashi Kutsunai	Full-Time Audit & Supervisory Board Member								○		Served in responsible positions of the finance & accounting department of the Company, and at its overseas subsidiaries.
Hisayoshi Kashima	Full-Time Audit & Supervisory Board Member	○							○		Served in responsible positions of the finance & accounting department of the Company, and at its overseas subsidiaries.
Yoshio Iteya	Outside Audit & Supervisory Board Member									○	Attorney at law
Mayumi Mochizuki	Outside Audit & Supervisory Board Member					○					Pharmacologist
Daishiro Michimori	Outside Audit & Supervisory Board Member								○	○	Served in responsible positions at the Ministry of Finance and the Cabinet Secretariat. Attorney at law

*1 Circles (○) for Internal Directors and Full-time Audit & Supervisory Board Members indicate knowledge, experience and skills cultivated through the relevant person's career, etc. Circles for Outside Directors and Outside Audit & Supervisory Board Members indicate knowledge, experience and skills expected of them based on the relevant person's expertise, career, etc. The number of circles indicated for each Director or Audit & Supervisory Board Member is limited so that it does not exceed four, and therefore the matrix does not necessarily show all the knowledge, experience and skills held by the relevant person.

*2 The Board of Directors considers that it is necessary that the Directors and Audit & Supervisory Board Members have comprehensive knowledge, experience and skills concerning various matters, including governance, sustainability, business strategy, and global business operations as the extensive knowledge, experience and skills of a person who is in charge of corporate management or organizational operations in Japan or abroad.

*3 The Board of Directors considers that it is necessary that the Directors and Audit & Supervisory Board Members have extensive knowledge, experience and skills in different industries to offer a perspective which is different from those of the healthcare industry.

*4 The Board of Directors considers that it is necessary that the Directors and Audit & Supervisory Board Members have extensive knowledge, experience and skills concerning the creation and cultivation of new business or business development to contribute to the development of new business.

*5 The Board of Directors considers that it is necessary that the Directors and Audit & Supervisory Board Members have extensive knowledge, experience and skills concerning digital technologies and data utilization to contribute to the creation of new value through digital technology or data utilization.

[Attached Documents]

Business Report

(From April 1, 2022 to March 31, 2023)

1. Matters Regarding the Current Circumstances of the Group

(1) Group Business Progress and Results

During the fiscal year ended March 31, 2023, the world economy grew uncertain as the situation in Ukraine and other geopolitical risks were heightened, prices kept rising globally primarily owing to the soaring energy prices, and monetary tightening policies progressed, although economies continued recovering in Europe and the United States with the easing of the impact of the novel coronavirus infection pandemic. The Japanese economy, too, showed signs of a mild recovery despite the high currency volatility and soaring prices, but its activities have yet to be normalized on a full scale.

In the pharmaceutical sector, things remained as harsh as ever, with countries around the world continuing to advance measures to curb drug costs.

Against this backdrop, the Group forged ahead with rebuilding our business foundation by “establishing growth engine” and “building a flexible and efficient organization” in the final year of the Mid-term Business Plan 2022, its five-year plan that commenced in FY2018. Meanwhile, the Group followed the approach of selection and concentration in a bid to focus on products and development candidates that we wish to grow into the future. After a review of business forecasts and development plans for some products, however, we reported impairment losses on intangible assets, including patent rights and in-process research and development.

In Japan, in the Diabetes area, the sales collaboration for Trulicity® (therapeutic agent for type 2 diabetes) was concluded in December 2022, but the Group continued its commitment to bolstering sales of TWYMEEG® (therapeutic agent for type 2 diabetes), whose prescription-day limit was lifted in September 2022, as well as Equa® and EquMet®. In the Psychiatry & Neurology area, we focused on the provision of medical information on TRERIEF® (Parkinson’s disease drug), LATUDA® (atypical antipsychotic), and LONASEN® Tape. In the Frontier Business, we launched the MELTz® Hand Rehabilitation System, which was jointly developed with MELTIN MMI (hereinafter, “MELTIN”).

In North America, Sunovion Pharmaceuticals Inc. (hereinafter, “Sunovion”) saw its business scale down significantly owing to the expiration of the exclusive marketing period of LATUDA® in the U.S. in February 2023 and the decision to discontinue the sale of KYNMOBI® (treatment for OFF episodes in patients with Parkinson’s disease).

With regard to Sumitovant Biopharma Ltd. (hereinafter, “Sumitovant”), one of its subsidiaries focused on expanding sales of ORGOVYX® (therapeutic agent for advanced prostate cancer) and received regulatory approval in the U.S. for an additional indication of endometriosis for MYFEMBREE® (therapeutic agent for uterine fibroids) in August 2022. Another subsidiary focused on expanding sales of GEMTESA® (therapeutic agent for overactive bladder). In March 2023, Sumitovant made Myovant Sciences Ltd. (hereinafter, “Myovant”) into a wholly owned subsidiary.

As part of efforts to achieve sustained growth after the loss of exclusivity for LATUDA® in the U.S., the Group plans to merge and combine seven of its subsidiaries in the U.S. into a single company in July 2023, with Sunovion as the remaining company, with a view towards further solidifying its business foundation by consolidating functions and human resources that have hitherto been distributed in North America, and preparations were made for the combination of the Group companies in the U.S.

In China, Sumitomo Pharma (Suzhou) Co., Ltd. continued working to expand sales of MEROPEN® (carbapenem antibiotic), one of its mainstays.

For other businesses, the procedures for the transfer of all shares of Sumitomo Pharma Food & Chemical Co., Ltd. to MEDIPAL HOLDINGS CORPORATION were completed in March 2023. In a similar vein, a share transfer agreement for the transfer of all shares of Sumitomo Pharma Animal Health Co., Ltd. to

Mitsui & Co., Ltd. was concluded in December 2022.

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

	FY2022 (Billions of Yen)	FY2021 (Billions of Yen)	Change (Billions of Yen)	Rate of Change
Revenue	555.5	560.0	(4.5)	(0.8) %
Core operating profit	16.4	58.5	(42.1)	(72.0) %
Operating profit	(77.0)	60.2	(137.2)	— %
Profit before tax	(47.9)	83.0	(130.9)	— %
Net profit	(96.7)	40.6	(137.3)	— %
Net profit attributable to owners of the parent	(74.5)	56.4	(130.9)	— %

(Notes) 1. The Group has adopted the International Financial Reporting Standards (IFRS) for preparing its consolidated financial statements.

2. Core operating profit is calculated by deducting from operating profit any gains and losses resulting from non-recurring factors, including impairment losses, business structure improvement expenses, changes in fair value of contingent consideration related to company acquisitions.

■ **Revenue decreased by 0.8% year-on-year to 555.5 billion yen.**

Revenue decreased overall as the Japan segment was significantly impacted by the succession of the marketing rights of REPLAGAL® for Fabry disease in the previous fiscal year, and the conclusion of the sales collaboration for Trulicity®, as well as the National Health Insurance (NHI) drug price revisions, in the fiscal year under review, despite increases in the segments of North America, China, and Other Regions primarily owing to the effects of the forex situation.

■ **Core operating profit decreased by 72.0% year-on-year to 16.4 billion yen.**

Core operating profit decreased as the recording of other income resulting from the transfer of the shares of Sumitomo Pharma Food & Chemical Co., Ltd., the sale of the U.S. Food and Drug Administration (FDA)'s priority review voucher, and the divestiture of the marketing rights to BROVANA®, a therapeutic agent for chronic obstructive pulmonary disease (COPD), and XOPENEX HFA®, a therapeutic agent for asthma, was outweighed by a decrease in gross profit and increases in selling, general and administrative expenses and R&D expenses primarily because of the effects of the forex situation.

(Note) Priority review voucher: Awarded by drug regulatory authorities to a company that receives approval for drugs for rare diseases or other hard-to-develop drugs, the voucher can be used to expedite the review process for another drug submitted.

■ **Operating profit was a loss of 77.0 billion yen, decreased in profit by 137.2 billion yen year-on-year.**

Following the review of the revenue forecasts for KYNMOBI®, the Company booked an impairment loss of 55.4 billion yen on the entire value of the patents (intangible assets) for the product. Following the discontinuation of development of duberatinib (product code: TP-0903), a development product

in the Oncology area, the Company booked an impairment loss of 20.6 billion yen on the entire value of in-process research and development (intangible assets) for the product as well, and a total of 88.2 billion yen in impairment losses was booked, including an impairment loss of 3.5 billion yen on the part of goodwill in the Oncology area. In addition, the Company recorded business structure improvement expenses for the Group companies in North America, thus posting an operating loss.

■ **Profit before taxes was a loss of 47.9 billion yen, decreased in profit by 130.9 billion yen year-on-year.**

The Company recorded loss before taxes as an increase in financial income/expenses—a balance of financial income after the deduction of financial expenses—primarily owing to the recording of forex gains due to the yen’s depreciation at the end of the fiscal year under review was outweighed by the decrease in operating profit.

■ **Net profit was a loss of 96.7 billion yen, decreased in profit by 137.3 billion yen year-on-year.**

Net profit decreased as well, as profit before taxes decreased.

■ **Net profit attributable to owners of the parent was a loss of 74.5 billion yen, decreased in profit by 130.9 billion yen year-on-year.**

Net profit attributable to owners of the parent—the amount of net profit less the amount of losses attributable to non-controlling interests—decreased as well, due to the sheer magnitude of the decrease in net profit.

Business performance by reportable segment is as follows.

“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.

1. Japan

■ **Revenue decreased by 15.9% year-on-year to 126.1 billion yen.**

Revenue showed a decrease primarily owing to the succession of the marketing rights of REPLAGAL® in the previous fiscal year and the conclusion of the sales collaboration for Trulicity® and the NHI drug price revisions in the fiscal year under review, despite growing sales of LATUDA®, TWYMEEG®, and other products due to higher market penetration.

■ **Core segment profit decreased by 53.8% year-on-year to 9.1 billion yen.**

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

2. North America

■ **Revenue increased by 2.7% year-on-year to 328.5 billion yen.**

Despite the absence of the recording as revenue of the lump-sum upfront payment for the license agreement for joint development and commercialization with Otsuka Pharmaceutical Co., Ltd. in the Psychiatry & Neurology area in the previous fiscal year, revenue grew for the fiscal year under review owing to increased sales of some of the products from the Sumitovant Group, including ORGOVYX® and GEMTESA®, on top of the effects of the forex situation, despite the expiration of the exclusive marketing period of LATUDA® in the U.S.

■ **Core segment profit decreased by 69.4% year-on-year to 32.2 billion yen.**

This significant decrease is attributable to an increase in selling, general and administrative expenses on account of an increase in the expenses of the Sumitovant Group and the effects of the forex situation, in addition to the decrease in gross profit.

3. China

■ **Revenue increased by 2.9% year-on-year to 39.4 billion yen.**

Revenue increased primarily owing to the effects of the forex situation, despite a decrease in sales of MEROPEN® as a result of government measures to curb drug costs.

■ **Core segment profit decreased by 0.2% year-on-year to 19.5 billion yen.**

Core segment profit decreased slightly as an increase in gross profit was outweighed by an increase in selling, general and administrative expenses.

4. Other Regions

■ **Revenue increased by 37.6% year-on-year to 16.8 billion yen.**

Revenue increased owing to the significant impact of the recognition as revenue of an upfront payment received in consideration of the license agreement for a highly selective oral orexin-2 receptor agonist (product code: DSP-0187).

■ **Core segment profit increased by 206.9% year-on-year to 10.0 billion yen.**

This increase is attributable to a rise 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 44.8 billion yen (up by 12.5% year-on-year) and core segment profit of 2.4 billion yen (down by 32.2% year-on-year).

The status of research and development activities is as follows:

Under the Mid-term Business Plan 2022, the Group engaged in research and development activities in the focus areas of Psychiatry & Neurology, Oncology, and Regenerative Medicine/Cell Therapy, as well as in the Infectious Diseases area, as a way to contribute to global health. In the healthcare areas other than pharmaceutical products, the Group continued to prepare to get the Frontier Business into full gear in a bid to offer novel solutions to social issues.

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

① Psychiatry & Neurology

i. ulotaront (product code: SEP-363856)

For schizophrenia, the Phase 3 clinical studies in the U.S. and the Phase 2/3 clinical study in Japan and China were pursued. Also, the Phase 2/3 clinical study for the adjunctive treatment of major depressive disorder (MDD) have commenced in the U.S., as have the Phase 2/3 clinical study for generalized anxiety disorder (GAD) in the U.S. and Japan.

. SEP-4199

In the U.S. and Japan, Phase 3 clinical studies for bipolar I depression were pursued.

iii. Phase 1 clinical studies for two new products have commenced.

② Oncology

i. ORGOVYX® (generic name: relugolix)

In May 2022, regulatory approval was secured in Europe for the treatment of adult patients with advanced hormone-sensitive prostate cancer.

ii. adegramotide/nelatimotide (product code: DSP-7888)

The Phase 1/2 clinical study of this compound in patients with solid tumors in the U.S. was terminated following its interim analysis, which confirmed no expected efficacy. After a review of its development policy, including the results of its Phase 3 clinical study for glioblastoma that was stopped in FY2021, it was decided to terminate the development of this compound.

iii. duberminib (product code: TP-0903)

In the U.S., a research group-initiated Phase 1/2 clinical study for acute myeloid leukemia (AML) was terminated as no expected efficacy was confirmed. After a review of its development policy, it was decided to terminate the development of this compound.

③ Regenerative Medicine/Cell Therapy

In the U.S., construction of a manufacturing plant for cell therapy products began in August 2022 to start producing RETHYMIC®, an allogeneic cultured thymus tissue, and allogeneic iPS cell-derived products.

④ Infectious Disease

Phase 1 clinical studies of KSP-1007, which was developed as a treatment for carbapenem-resistant bacterial infections through joint research with the Kitasato Institute, have been completed in the U.S. In August 2022, the FDA granted this drug Qualified Infectious Disease Product (QIDP) status and Fast Track* designation. Covered by the Japan Agency for Medical Research and Development (AMED)'s Cyclic Innovation for Clinical Empowerment (CiCLE), this research and development project uses commissioned research and development funding from AMED.

* A process designed to facilitate closer cooperation with, and rolling review in the application for approval by, the FDA

⑤ Others

i. relugolix, estradiol, and norethindrone acetate (relugolix combination tablet)

In the U.S., approval for MYFEMBREE®'s additional indication of moderate to severe pain associated with endometriosis was obtained in August 2022.

In Europe, an application for RYEQO®'s additional indication of endometriosis was filed in October 2022.

ii. vibegron

In China, the Phase 3 clinical study was commenced for overactive bladder.

⑥ Frontier Business

i. In Japan, the Company concluded an agreement regarding a marketing alliance with MELTIN in September 2022 for the MELTz® Hand Rehabilitation System, which was jointly developed with MELTIN and for which MELTIN obtained medical device certification in May 2022. The Company has commenced marketing the product accordingly.

ii. In the U.S., in November 2022, BehaVR, Inc. commenced a trial sale of First Resort™ (non-

medical device), VR contents for mental health, which was jointly developed with the Company.

- iii. In Japan, in March 2023, Pixie Dust Technologies, Inc. commenced marketing of VUEVO (non-medical device), a smart device that displays multiple utterances as subtitles for hard of hearing people, which was jointly developed with the Company.
- iv. In Japan, in March 2023, the Support Program for Screening of Depression / Rating of Severity, which is being jointly developed among Keio University, i2medical LLC, and the Company, was granted priority review by the Ministry of Health, Labour and Welfare (MHLW) as Japan's first Software as a Medical Device (SaMD).

About the priority review system for SaMD products

This system was introduced on a trial basis by the MHLW in 2022 to prioritize the review of SaMD products that meet certain requirements, including innovativeness, usefulness, and the intention to develop the product and receive approval in Japan before expanding to other countries.

As a result of the research and development activities mentioned above, R&D expenses for the fiscal year under review amounted to 131.9 billion yen (up by 38.9% year-on-year). Please note that if the impairment losses of 25.8 billion yen reported during the fiscal under review were excluded, R&D expenses were 106.1 billion yen (up by 12.8% 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 14.6 billion yen, and the major capital investment made during the fiscal year under review includes an investment for the construction of a cell-processing center in the U.S.

(3) Financing of the Group

During the fiscal year under review, the Company obtained a short-term loan (bridge loan) of 90 billion yen from a financial institution as part of a fund for making Myovant its wholly-owned subsidiary.

(4) Issues to be Addressed by the Group

The Company engages in business in accordance with its 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."

As humanity is increasingly being challenged by enduring social issues, including an aging society with fewer children and the pandemic, medical needs in the Psychiatry & Neurology and Oncology areas are expected to expand continuously. Meanwhile, medical needs keep growing sophisticated, urging the Company to address social expectations for solving healthcare challenges by making the most of diverse modalities as it caters to a lifestyle in which the digital and real world are seamlessly integrated with each other and the values of people.

Against this backdrop, in an effort to contribute to the solution of ever-changing healthcare challenges, with a focus on the Psychiatry & Neurology and Oncology disease areas, the Group will contribute to the betterment of healthcare and fuller lives of people worldwide through diverse approaches, including pharmaceuticals, regenerative medicine/cell therapy, and non-pharmaceutical products, based on the Vision drawn up in April 2019, which reads, "For Longer and Healthier Lives. We unlock the future with

cutting edge technologies and ideas.” In other areas, too, the Company will tap into assets at hand to deliver solid value to patients. With this, the Company aims to establish itself as a Global Specialized Player by 2033.

In line with this Vision, in April 2023, we drew up the Mid-term Business Plan 2027, which will guide the Group through the five years commencing in FY2023.



In order to promote integrated management of the Group, effective as of July 1, 2023, the system of philosophies shall be reconfigured to coincide with the reorganization of Group companies in the U.S; Mission, Value, and the Declaration of Conduct shall collectively constitute a body of philosophies which will be shared and instilled throughout the Group.

The Company also defines attempts to contribute to the realization of a sustainable society and the continued enhancement of corporate value through the practice of its Mission as “Sustainability Management.”

Mission (Sumitomo Pharma’s raison d’être and pledge and commitment to society)

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

Values (Value to be shared among all officers and employees)

- Patient First
- Always with Integrity
- One Diverse Team

Declaration of Conduct (Norm of action to be observed in the course of daily business)

1. Follow through the global slogan “Innovation today, healthier tomorrows”
2. Pursue trustworthy corporate activities
3. Positively disclose and properly manage information
4. Improve individual capabilities and collaborate with peers
5. Respect human rights
6. Positively address global environmental issues
7. Build harmonious relationships with society

[Mid-term Business Plan 2027]

- ① Basic Strategy

“Make a qualitative transformation of the business structure and business practices”

The Company will transform its business structure by working to establish a revenue base that facilitates sustainable growth, with a focus on maximizing the value of ORGOVYX®, MYFEMBREE®, and GEMTESA® (collectively, the “three key products”), and by engaging in research and development designed to bring the Company’s innovations to fruition. In the meantime, we will build a foothold for achieving renewed growth after the expiration of the exclusive marketing period of LATUDA® in the U.S. and for establishing a position as a Global Specialized Player. At the same time, we will take advantage of the reorganization of its Group companies in the U.S. to reengineer the Group operating structure and increase the flexibility and efficiency of its business foundation.

② Priority Issues

i. Strengthening Business Profitability

In North America, the Company will concentrate its efforts on the early value maximization of the three key products while steadily moving forward with the reorganization of Group companies in the U.S. to create synergy. In Japan, we will focus on maximizing the value of priority products and new products to ensure business revenue while strengthening the Regenerative Medicine/Cell Therapy Business and Frontier Business. In China & Asia, we will expand the product line while maximizing revenue and profit by launching products in more countries/regions.

ii. Bring Own Innovations to Fruition

The Company will accelerate the development of late-stage assets such as ulotaront and allo iPS cell-derived dopamine neural progenitor cells (product code: DSP-1083), and work to achieve their successful launches.

We will select priority products from among early-stage assets to accelerate in-house development while seeking to maximize the value of our pipeline through adequate measures, including partnerships with external parties, thus realizing appropriate investment allocation.

With regard to drug discovery research, we will forge ahead with our translational research and biomarker research and develop modality technologies to further strengthen our highly unique foundation for drug discovery. In addition, we will propel data-driven drug discovery to continuously create candidate compounds that focus on the essence of clinical conditions.

We will shift the Regenerative Medicine/Cell Therapy Business and Frontier Business into full gear to make them pillars of our earnings during the next Mid-term Business Plan period, which will commence in FY2028.

We will promote research and development of drugs to treat antimicrobial resistant bacterial infections and vaccines through partnerships with outside institutes, thus contributing to global health.

iii. Strengthening Group Governance

The Company will take advantage of the reorganization of its Group companies in the U.S. to set about building a management structure that allows it to make rapid business decisions optimized for the Group.

iv. Accelerating Digital Transformation (DX)

The Company will innovate its organization into one where all of its employees make maximal use of its digital platforms (DrugOME and Digital Innovation) and, following data-driven decisions, make continued autonomous efforts to innovate operations and create value.

v. Instilling Corporate Culture and Implementing HR Strategies

The Company will promote integrated management for the Group through the instillation of globally-shared philosophies and set about building a global HR management foundation in order to create an HR portfolio that allows members of the Group to work together closely and achieve goals as one.

③ Business Goals

i. Financial Goals

PL/CF	FY2023	FY2024-FY2027
Revenue	¥362.0 billion	CAGR of 12% or higher (Base year: FY2023)
Core operating profit	¥(62.0) billion	¥192.0 billion or higher (For four-year total)
Operating cash flow	¥(130.0) billion	¥270.0 billion or higher (For four-year total)
ROIC	(8.5)%	6.5% or higher (For four-year total)
ROE	(21.9)%	8% or higher (For four-year total)
BS	At the end of FY2027	
Net D/E ratio	0.5 or lower	
Interest-bearing liabilities	¥200.0 billion or lower	
Ratio of equity attributable to owners of the parent to total assets	40% or higher	

Notes: 1. Forex assumptions: USD1 = JPY130, RMB1 = JPY19.5

2. All indicators above are after adjusting for the probability of success.

3. CAGR: Compound Annual Growth Rate

4. $ROIC = (\text{Core operating profit} - \text{Income taxes}) / (\text{Equity} + \text{Interest-bearing liabilities})$

ii. Long-term ROE Goal

The Company will aim for an ROE of 10% for the next Mid-term Business Plan period, which will commence in FY2028.

iii. Dividend Policy

The Company believes it important to distribute surpluses in an appropriate manner reflecting any improvement in its performance. Accordingly, as the Company's fundamental policy, a performance-linked dividend hike will be considered in addition to consistent dividend payments.

Pursuant to this fundamental policy, during the period of the Mid-term Business Plan 2027, we will suspend dividends for FY2023 as negative core operating profit is forecasted. We will resume dividends for FY2024 as core operating profit is expected to return to positive. A stable dividend payment will be the aim thereafter.

iv. Investment Policy

Research and development investment in the Company's assets will be prioritized. Resources will be allocated to M&As and in-licensing as well, so long as they do not significantly affect the achievement of the financial goals.

[Activity Policy for FY2023]

The Group's business activity policy for FY2023 is as follows.

In accordance with the basic strategy of the Mid-term Business Plan 2027, the Group will aggressively

pursue business activities in order to achieve the business goals.

① Sustainability Management

The Group has reviewed material issues for practicing Sustainability Management from the perspective of expectations from society and impact on corporate value enhancement, thereby determining that “Development of Innovative Products and Healthcare Solutions” is the single most important material issue. We also set targets and KPIs for each material issue. By addressing the material issues and practicing Sustainability Management, the Group aims to contribute to the sustainability of society in general and realize sustainable growth of its business.

In FY2023, the first year of the Mid-term Business Plan 2027, we will work on the following activities for our business and research and development as a way to implement Sustainability Management.

Expectations from society	Very large	<ul style="list-style-type: none"> • Stable supply of high-quality pharmaceutical products • Provision of high-quality product information and promotion of proper use • Improving access to medicines and advocacy 	<ul style="list-style-type: none"> • Development of innovative products and healthcare solutions
		<ul style="list-style-type: none"> • Respect for human rights • Promotion of environmental initiatives • Enhancement of corporate governance • Strengthening of risk management • Pursuing compliance 	<ul style="list-style-type: none"> • Expansion of human capital and instillment of corporate culture
	Large		
		Impact on corporate value enhancement	
		Large	Very large

② Business Activities in Each Regional Segment

i. North America segment

While steadily moving forward with the reorganization of Group companies in the U.S., the Company will operate its business there with Sunovion (to be renamed as Sumitomo Pharma America Inc. in July 2023) taking the lead to maximize the value of ORGOVYX®, MYFEMBREE®, and GEMTESA® early, as they are expected to drive renewed growth after the end of the exclusive marketing period for LATUDA® in the U.S. For ORGOVYX® and MYFEMBREE®, in particular, we will continue focusing on their market penetration and sales expansion through co-promotion with Pfizer Inc. We will also work to expand sales of APTIOM® and RETHYMIC®.

ii. Japan segment

In response to a market environment that is becoming increasingly challenging due to policies to curb drug costs, including NHI drug price revision, the Company will further increase the efficiency of its business operations. In the Psychiatry & Neurology area, we will promote the sales expansion of LATUDA® and LONASEN® Tape. In the Diabetes area, we will strive to expand sales of TWYMEEG®, as well as Equa® and EquMet®. Meanwhile, we will continue working to establish the foundation for the Regenerative Medicine/Cell Therapy Business and, at the same time, make greater efforts to shift the Frontier Business into full gear.

iii. China segment and Asia

The Group will continue reinforcing its business foundations in China, the third pillar of its business, while at the same time securing its growth potential by further consolidating its foothold in the Asian market.

In the China segment, we will determine the impact of the ongoing measures to curb drug costs in FY2023 and continue focusing on marketing MEROPEN®, LATUDA®, and other products.

In Asia, we will seek to expand business in countries suitable for our development pipelines and boost sales of MEROPEN® and LATUDA® in collaboration with alliance partners. At the same time, we will further the business of vibegron, a therapeutic agent for overactive bladder, whose license for development, manufacturing and commercialization in Taiwan and other Asian countries we obtained from KYORIN Pharmaceutical Co., Ltd.

③ Research and Development Activities

The Group aims to establish itself as a “Global Specialized Player” by 2033. With a focus on the Psychiatry & Neurology and Oncology disease areas, where unmet medical needs are high, we will make the utmost of the experience and knowledge that we have acquired so far to continue making active efforts for research and development of pharmaceuticals, regenerative medicine/cell therapy, non-pharmaceutical products, and otherwise. In other areas, too, we will tap into assets at hand and make steady R&D efforts to deliver solid value to patients. With regard to drug discovery research, we will forge ahead with our translational research and biomarker research and develop modality technologies to further strengthen our highly unique foundation for drug discovery. In addition, we will propel data-driven drug discovery to continuously create candidate compounds that focus on the essence of clinical conditions.

i. Psychiatry & Neurology area

For ulotaront, a late-stage development asset, we will steadily proceed with the application for approval for schizophrenia in the U.S. and pursue Phase 2/3 clinical studies in Japan and China. We will also pursue the Phase 2/3 clinical studies for the adjunctive treatment of major depressive disorder (MDD) in the U.S., as well as the Phase 2/3 clinical studies for generalized anxiety disorder (GAD) in the U.S. and Japan, which were commenced in FY2022. We are also promoting the Phase 3 clinical study of SEP-4199, another late-stage development asset, for bipolar I depression in the U.S. and Japan. Meanwhile, we will steadily pursue Phase 1 clinical studies for distinctive early-stage development assets while appropriately assessing their efficacy to further enhance our development pipeline.

We will make steady efforts to prepare for the application for approval of allo iPS cell-derived dopamine neural progenitor for Parkinson’s disease in Japan and for the commencement of its clinical study in the U.S. by the end of FY2023. For allo iPS cell-derived retinal pigment epithelium, we will promote a project to commence a sponsor-initiated clinical trial for retinal pigment epithelium tears in Japan by the end of FY2023 in order to determine its therapeutic effects early.

For VR contents under development for social anxiety disorder (product code: BVR-100), we will work with our alliance partner to prepare for the commencement of its clinical study in the U.S. Meanwhile, for the wearable EEG meter, which is under development as a portable EEG meter for depression, we will make steady efforts to have it certified as a medical device

in Japan.

ii. Oncology area

We will concentrate our resources on DSP-5336 and TP-3654 to continue with their development in order to obtain early approval and maximize their value for acute leukemia and myelofibrosis, respectively.

iii. Other areas

For GEMTESA®, we will steadily proceed with application for approval of its additional indication for the treatment of overactive bladder in men with benign prostatic hyperplasia (BPH) in the U.S. and application for approval for overactive bladder in Europe, China, and Taiwan.

For rodatristat ethyl, we will steadily proceed with a Phase 2 clinical study for the treatment of pulmonary arterial hypertension (PAH) in the U.S.

For lefamulin, we will make steady efforts to obtain approval for the indication of bacterial community-acquired pneumonia in China.

For the joint research on a universal influenza vaccine with the National Institutes of Biomedical Innovation, Health and Nutrition, we will promote preclinical research to prepare for the commencement of a Phase 1 clinical study by the end of FY2023. Covered by the Japan Agency for Medical Research and Development (AMED)'s Cyclic Innovation for Clinical Empowerment (CiCLE), this research and development project uses commissioned research and development funding from AMED.

For KSP-1007, based on the results of the Phase 1 clinical study in the U.S., we will promote measures to transition to the next development phase.

[Financial Results Forecasts for FY2023]

By pursuing the business activities described above, the Group will strive to enhance corporate value and secure earnings. Given the sheer magnitude of the expiration of the exclusive marketing period of LATUDA® in the U.S., we expect revenue to decrease by 193.5 billion yen year-on-year to 362.0 billion yen and core operating profit to decrease by 78.4 billion yen year-on-year to negative 62.0 billion yen for FY2023. We would like to extend our deepest apologies to our shareholders. We will make every effort to promptly recover our performance and would appreciate your kind understanding and continued support.

(5) Assets and Income

Assets and Income of the Group

Category	IFRS			
	FY2019 (Fiscal year ended March 2020)	FY2020 (Fiscal year ended March 2021)	FY2021 (Fiscal year ended March 2022)	FY2022 (Fiscal year ended March 2023) (the fiscal year under review)
Revenue (Millions of yen)	482,732	515,952	560,035	555,544
Operating profit	83,239	71,224	60,234	(76,979)

(Millions of yen)				
Net profit attributable to owners of the parent (Millions of yen)	40,753	56,219	56,413	(74,512)
Basic earnings per share	102.58 yen	141.50 yen	141.99 yen	(187.55) yen
Total assets (Millions of yen)	1,256,534	1,308,127	1,308,007	1,134,742
Total equity (Millions of yen)	635,860	648,178	673,569	406,782

- (Note)
1. Because provisional accounting treatment for a business combination conducted during FY2019 was fixed during FY2020, the allocation of acquisition costs was reviewed. Consequently, the figures for FY2019 were adjusted retroactively.
 2. Amounts are rounded to the nearest million yen.

(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 16 kinds of listed shares as of the end of the fiscal year under review.

(6) Details of the Principal Businesses of the Group

Manufacturing, processing, purchase, sale, and import and export of pharmaceuticals, 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-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
	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	Regenerative & Cellular Medicine Kobe Center	Kobe

(Note) Major subsidiaries are as described in the section of “Significant Subsidiaries” below.

(8) Employees

① Employees of the Group

Business Segment	Number of Employees
Pharmaceutical Business	6,151
Others	99
Total	6,250

(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
3,026	-14	43.8	18.3 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 183 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	Place	Investment Ratio (%)	Principal Businesses
Japan	Sumitomo Pharma Animal Health Co., Ltd.	Osaka	100	Manufacture and sale of veterinary drugs and the like
	Sumitomo Pharma Promo Co., Ltd.	Suita, Osaka	100	Manufacture and sale of medical drugs and the like

Overseas	Sumitomo Pharma America Holdings, Inc.	U.S.A.	100	A holding company Shared service for general management operations
	Sunovion Pharmaceuticals Inc.	U.S.A.	100 (100)	Manufacture and sale of medical drugs
	Sumitomo Pharma Oncology, Inc.	U.S.A.	100 (100)	Research and development in the oncology area
	Sumitovant Biopharma Ltd.	U.K.	100	Management of the Sumitovant group companies, and formulation and promotion of business strategies and the like therefor
	Myovant Sciences Ltd.	U.K.	100 (100)	Manufacture and sale of medical drugs (women's health and prostate cancer)
	Urovant Sciences Inc.	U.S.A.	100 (100)	Manufacture and sale of medical drugs (urological diseases)
	Enzyvant Therapeutics Inc.	U.S.A.	100 (100)	Manufacture and sale of medical drugs (rare pediatric diseases) Research and development of medical drugs (rare respiratory diseases)
	Spirovant Sciences, Inc.	U.S.A.	100 (100)	Research and development of medical drugs (cystic fibrosis (gene therapy))
	Sumitomo Pharma (Suzhou) Co., Ltd.	China	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 Pharma Food & Chemical Co., Ltd. is excluded from the Company's significant subsidiaries as a result of the transfer of all its shares to MEDIPAL HOLDINGS CORPORATION as of March 31, 2023.
 3. Myovant Sciences Ltd. became a wholly-owned subsidiary of Sumitovant Biopharma Ltd. as of March 10, 2023.
 4. Urovant Sciences, Ltd., Enzyvant Therapeutics Ltd. and Altavant Sciences Ltd. ceased to exist as a result of the restructuring of subsidiaries of Sumitovant Biopharma Ltd. during the fiscal year under review; accordingly, Urovant Sciences, Inc. and Enzyvant Therapeutics Inc. are listed as significant subsidiaries. Altavant

Sciences Inc. ceased to exist as a result of an absorption-type merger with Enzyvant Therapeutics Inc.

(10) Principal Lenders and the Amounts of Loans

Lender	Outstanding Amount of the Loan
Sumitomo Mitsui Banking Corporation	110,000 million yen
Sumitomo Mitsui Trust Bank, Limited	25,000 million yen
The Norinchukin Bank	20,000 million yen
The Hyakujushi Bank, Ltd.	15,000 million yen
MUFG Bank, Ltd.	15,000 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 608,365 treasury stocks)

(3) Number of Shareholders

As of the end of the Fiscal Year Under Review: 36,395

(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)	39,494	9.94
Custody Bank of Japan, Ltd. (Trust account)	15,797	3.98
Inabata & Co., Ltd.	9,782	2.46
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
Sumitomo Pharma Employee Shareholders' Association	3,136	0.79
BNYM AS AGT/CLTS NON TREATY JASDEC	3,098	0.78
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 (608,365 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.

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

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2023)

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Representative Director and President	Hiroshi Nomura	Member, Board of Directors of Sumitomo Pharma Oncology, Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Roivant Sciences Ltd. Board Chairman of the Japan Epilepsy Research Foundation
Representative Director	Toru Kimura	Executive Vice President In charge of Global Corporate Strategy, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Enzyvant Therapeutics Inc. Member, Board of Directors of Spirovant Sciences, Inc.

Member, Board of Directors	Yoshiharu Ikeda	Senior Executive Officer In charge of the Cancer Research Unit, the Modality Research Unit and the Drug Research Division Head of Japan Business Unit Member, Board of Directors of Sumitomo Pharma Animal Health Co., Ltd. Member, Board of Directors of Sumitomo Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Pharma Oncology, Inc.
Member, Board of Directors	Hiroyuki Baba	Senior Executive Officer In charge of the Global Data Design Office, Legal Affairs, Intellectual Property, IT Management & Digital Transformation, and the Frontier Business Office Member, Board of Directors of Sunovion Pharmaceuticals Inc.
Member, Board of Directors	Shigeyuki Nishinaka	Senior Executive Officer In charge of the Global Business Development and International Business Management Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Urovant Sciences Inc. Member, Board of Directors of Myovant Sciences 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	Outside Director of Japan Exchange Group, Inc. Outside Director of Tokio Marine Holdings, Inc. Outside Director of Nisshin Seifun Group Inc.

Member, Board of Directors (Outside Director)	Minoru Usui	Chairman and Director of Seiko Epson Corporation Outside Director of IHI Corporation
Member, Board of Directors (Outside Director)	Koji Fujimoto	Specially Appointed Professor at Tokyo Medical and Dental University Deputy Director/Senior URA of the Open Innovation Center, Institute of Research Innovation, Tokyo Medical and Dental University Director of Emergency Assistance Japan Co., Ltd.
Full-Time Audit & Supervisory Board Member	Yoshinori Oh-e	
Full-Time Audit & Supervisory Board Member	Takashi Kutsunai	
Outside Audit & Supervisory Board Member	Yoshio Iteya	Partner at Anderson Mori & Tomotsune Specially Appointed Professor at Hitotsubashi University School of Law
Outside Audit & Supervisory Board Member	Mayumi Mochizuki	Professor Emeritus at Keio University Vice President of Science Council of Japan
Outside Audit & Supervisory Board Member	Daishiro Michimori	Visiting Lawyer of Shimada Hamba & Osajima

- (Note)
1. Directors Hiroyuki Baba, Shigeyuki Nishinaka and Koji Fujimoto and Audit & Supervisory Board Member Daishiro Michimori were newly elected at the 202nd Annual Shareholders' Meeting held on June 23, 2022 and assumed the offices thereafter.
 2. Audit & Supervisory Board Member Junsuke Fujii retired due to resignation on June 23, 2022.
 3. Directors Saeko Arai, Nobuhiro Endo, Minoru Usui and Koji Fujimoto are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
 4. Audit & Supervisory Board Members Yoshio Iteya, Mayumi Mochizuki and Daishiro Michimori are Outside Audit & Supervisory Board Members as defined in Item 16, Article 2 of the Companies Act.
 5. Audit & Supervisory Board Member Daishiro Michimori has a considerable amount of knowledge in finance and accounting affairs, having served in various responsible positions at the Ministry of Finance and as the Regional Commissioner of the Tokyo Regional Taxation Bureau.
 6. The Company designated Directors Saeko Arai, Nobuhiro Endo, Minoru Usui and Koji Fujimoto and Audit & Supervisory Board Members Mayumi Mochizuki and Daishiro Michimori as Independent Directors/Audit & Supervisory Board Members as defined by Tokyo Stock Exchange, Inc., and reported the same to the said exchange.
 7. As of April 1, 2023, 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
Representative Director	Toru Kimura	Executive Vice President In charge of Global Corporate Strategy, Finance & Accounting, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Enzyvant Therapeutics Inc. Member, Board of Directors of Spirovant Sciences, Inc.
Member, Board of Directors	Yoshiharu Ikeda	Senior Executive Officer In charge of the Drug Research Division Head of Japan Business Unit Member, Board of Directors of Sumitomo Pharma Animal Health Co., Ltd. Member, Board of Directors of Sumitomo Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Pharma Oncology, Inc.
Member, Board of Directors	Shigeyuki Nishinaka	Senior Executive Officer In charge of Business Development & Management Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Urovant Sciences Inc. Member, Board of Directors of Myovant Sciences Ltd.

(2) 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

There is no significant trading relationship between the Company and the companies or

organizations where the Outside Directors and Outside Audit & Supervisory Board Members concurrently hold significant positions.

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

Category	Name	Principal Activities
Outside Directors	Saeko Arai	She attended all eighteen (18) 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 seven (7) 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 one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.
	Nobuhiro Endo	He attended all eighteen (18) 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 a broad perspective as a corporate executive. He attended four (4) meetings out of the seven (7) 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 one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.

	Minoru Usui	He attended all eighteen (18) 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. He attended all seven (7) 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 one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.
	Koji Fujimoto	He attended all fifteen (15) meetings held by the Board of Directors during the fiscal year under review after his assumption of office as a Director, and made statements at those meetings, primarily based on his extensive experience and broad perspective in the healthcare field at administrative organizations. He attended all five (5) meetings held by the Nomination and Compensation Committee during the fiscal year under review after his assumption of office as a Director, and made statements at those meetings from an independent and objective standpoint. He also attended one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.
Outside Audit & Supervisory Board Members	Yoshio Iteya	He attended seventeen (17) meetings out of the eighteen (18) 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.
	Mayumi Mochizuki	She attended seventeen (17) meetings out of the eighteen (18) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit &

		Supervisory Board during the fiscal year under review. She made statements at those meetings, primarily from the professional standpoint of a pharmacologist.
	Daishiro Michimori	He attended all fifteen (15) meetings held by the Board of Directors and all ten (10) meetings held by the Audit & Supervisory Board during the fiscal year under review after his assumption of office as an Audit & Supervisory Board Member. He made statements at those meetings, primarily from the professional standpoints of an expert in financial and accounting affairs and of an attorney.

(3) 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)	274	230	44	-	7
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	57	57	-	-	2
Outside Directors and Outside Audit & Supervisory Board Members	88	84	-	4	9

- (Note)
1. The amount of remuneration and the like for Directors that was determined by resolution at the 201st Annual Shareholders' Meeting held on June 24, 2021, does not exceed 700 million yen annually, and the number of Directors concerned under this resolution was nine (9).
 2. The amount of remuneration and the like for Audit & Supervisory Board Members that was determined by resolution at the 185th Annual Shareholders' Meeting held on June 29, 2005, does not exceed 100 million yen annually, and the number of Audit & Supervisory Board Members concerned under this resolution was four (4).
 3. The total amount of remuneration and the like for twelve (12) Directors is 326 million yen, and the total amount of remuneration and the like for six (6) Audit & Supervisory Board Members is 93 million yen.
 4. The Outside Directors and Outside Audit & Supervisory Board Members include

one (1) Director and one (1) Audit & Supervisory Board Member who retired upon the conclusion of the 202nd Annual Shareholders' Meeting held on June 23, 2022.

5. The amount of remuneration and the like includes the amount of 44 million yen, which represents the bonuses to be paid to Directors (excluding Outside Directors), and four (4) million yen, which represents the bonuses to be paid to Outside Directors, with respect to the fiscal year under review.

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 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 700 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).

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.

On July 1, 2022, the system of remuneration for Directors was amended and the policy for determining remuneration and the like for individual Directors was amended as follows. These amendments were determined at the meeting of the Board of Directors held on May 31, 2022, based on the recommendation from the Nomination and Compensation Committee.

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. Part of the base remuneration is the remuneration to be contributed to the Sumitomo Pharma Officers Shareholders' Association for the purpose of acquiring shares of the Company. The Directors continue to hold the shares they acquire through the said Association 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.

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 ratios of the base amount of the base remuneration and the performance-linked remuneration (bonuses) of the Directors

(excluding Outside Directors) are set to be 70% for the base remuneration and 30% for the performance-linked remuneration (bonuses), with respect to the total amount of the remuneration (when the performance-linked elements described in ii below and individual performance are all considered standard). The total amount of the remuneration and the like shall be not more than 700 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 as indicators 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; "R&D results" which are the base of the business activities of the Group and important to its continuous growth; and "operating cash flow" which serves as the investment fund for R&D and related activities. 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). Among the performance-linked elements, a target of 58.5 billion yen was set for the "core operating profit," and the result of the fiscal year under review was 16.4 billion yen. With respect to the "operating cash flow," a target was set as 16.7 billion yen, and the result of the fiscal year under review was 11.9 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 above 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)	122
Total amount of fees to be paid in cash or otherwise by the Company or Subsidiaries of the Company	123

- (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 paid consideration to the Accounting Auditor for “advisory services for the content of the ESG-related reports, etc.,” 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-re-election of such Accounting Auditor in accordance with the policy for the determination of the dismissal or non-re-election 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, 2023)

(millions of yen)

Item	Amount As of March 31, 2023	(Reference) Amount As of March 31, 2022	Item	Amount As of March 31, 2023	(Reference) Amount As of March 31, 2022
Assets			Liabilities		
Non-current assets	752,882	808,486	Non-current liabilities	355,266	356,065
Property, plant and equipment	58,909	64,091	Bonds and borrowings	244,128	243,963
Goodwill	209,415	195,144	Other financial liabilities	11,869	16,471
Intangible assets	329,314	398,692	Retirement benefit liabilities	5,008	11,461
Other financial assets	134,007	115,844	Other non-current liabilities	57,756	57,620
Income tax receivable	6,042	5,538	Deferred tax liabilities	36,505	26,550
Other non-current assets	4,350	6,527	Current liabilities	372,694	278,373
Deferred tax assets	10,845	22,650	Borrowings	90,588	25,085
			Trade and other payables	52,141	46,183
Current assets	381,860	499,521	Other financial liabilities	7,010	13,302
Inventories	94,405	99,021	Income taxes payable	24,053	7,583
Trade and other receivables	95,908	151,407	Provisions	119,083	119,149
Other financial assets	20,174	35,596	Other current liabilities	78,013	67,071
Income tax receivable	2,722	93	Subtotal	370,888	278,373
Other current assets	17,675	10,420	Liabilities directly associated with assets held for sale	1,806	—
Cash and cash equivalents	143,478	202,984	Total liabilities	727,960	634,438
Subtotal	374,362	499,521	Equity		
Assets held for sale	7,498	—	Equity attributable to owners of the parent	406,749	607,888
			Share capital	22,400	22,400
			Capital surplus	—	16,725
			Treasury shares	(682)	(681)
			Retained earnings	280,999	514,210
			Other components of equity	103,357	55,234
			Other comprehensive income associated with assets held for sale	675	—
			Non-controlling interests	33	65,681
			Total equity	406,782	673,569
Total assets	1,134,742	1,308,007	Total liabilities and equity	1,134,742	1,308,007

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

Consolidated Statement of Profit or Loss

(April 1, 2022 to March 31, 2023)

(millions of yen)

Item	Amount Year ended March 31, 2023	(Reference) Amount Year ended March 31, 2022
Revenue	555,544	560,035
Cost of sales	178,919	157,127
Gross profit	376,625	402,908
Selling, general and administrative expenses	373,316	249,081
Research and development expenses	131,858	94,903
Other income	53,256	2,406
Other expenses	1,686	1,096
Operating profit (loss)	(76,979)	60,234
Finance income	32,218	25,777
Finance expenses	3,159	3,050
Profit (loss) before taxes	(47,920)	82,961
Income tax expenses	48,794	42,361
Net profit (loss)	(96,714)	40,600
Net profit attributable to:		
Owners of the parent	(74,512)	56,413
Non-controlling interests	(22,202)	(15,813)
Net profit (loss)	(96,714)	40,600

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

Non-consolidated Statement of Financial Position

(As of March 31, 2023)

(millions of yen)

Item	Amount As of March 31, 2023	(Reference) Amount As of March 31, 2022	Item	Amount As of March 31, 2023	(Reference) Amount As of March 31, 2022
Assets			Liabilities		
Current assets	186,029	330,532	Current liabilities	151,617	77,596
Cash and time deposits	20,064	49,803	Accounts payable	12,064	17,948
Accounts receivable	89,009	127,842	Short-term borrowings	91,800	9,800
Merchandise and finished goods	39,417	40,283	Current portion of long-term borrowings	—	20,060
Work-in-process	2,625	2,943	Accounts payable-other	16,454	16,384
Raw materials and supplies	12,379	12,712	Accrued expenses	983	885
Advance payments	230	71	Income taxes payable	25,094	6,280
Prepaid expenses	658	507	Advances received	41	—
Short-term loans to affiliates	10,786	84,009	Deposits received	433	292
Accounts receivables - other	19,646	12,362	Reserve for bonuses	4,558	5,200
Allowance for doubtful accounts of affiliates	(8,785)	—	Others	190	747
Fixed assets	902,953	857,387	Long-term liabilities	262,045	259,940
Property, plant and equipment	40,349	40,658	Bonds	120,000	120,000
Buildings	23,903	24,029	Long-term borrowings	125,000	125,000
Structures	568	562	Long-term deposits payable	4,313	3,902
Machinery and equipment	6,672	7,044	Deferred tax liabilities	1,585	—
Vehicles	39	7	Provision for retirement benefit liabilities	11,147	11,038
Tools, furniture and fixtures	3,993	3,553			
Land	4,357	4,357			
Construction in progress	817	1,106			
			Total Liabilities	413,662	337,536
Intangible assets	6,943	6,904	Net assets		
Software	3,103	3,489	Shareholders' equity	635,920	830,005
Marketing rights	1,447	791	Share capital	22,400	22,400
Patent rights	1,443	1,667	Capital surplus	15,861	15,861
Others	950	957	Legal capital surplus	15,860	15,860
Investments and other assets	855,661	809,825	Other capital surplus	1	1
Investment securities	125,282	100,151	Retained earnings	598,341	792,425
Investment in affiliates	559,825	584,497	Legal retained earnings	5,288	5,288
Amount invested in capital of affiliates	5,144	3,148	Other retained earnings	593,053	787,137
Long-term loans to affiliates	162,812	109,459	Reserve for advanced depreciation of non-current assets	1,109	1,180
Long-term prepaid expenses	505	858	General reserve	275,510	275,510
Prepaid pension cost	632	1,080	Retained earnings carried forward	316,434	510,447
Deferred tax assets	—	8,559	Treasury shares	(682)	(681)
Others	1,480	2,095	Valuation, translation adjustments and others	39,400	20,378
Allowance for doubtful receivables	(19)	(22)	Unrealized gains on available-for-sale securities, net of tax	39,400	20,378
			Total net assets	675,320	850,383
Total assets	1,088,982	1,187,919	Total liabilities and net assets	1,088,982	1,187,919

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

Non-consolidated Statement of Profit or Loss

(April 1, 2022 to March 31, 2023)

(millions of yen)

Item	Amount	(Reference)
	Year ended March 31, 2023	Amount Year ended March 31, 2022
Net sales	231,759	302,390
Cost of sales	77,237	92,951
Gross profit	154,522	209,439
Selling, general and administrative expenses	99,583	98,260
Operating profit	54,939	111,179
Non-operating income	53,841	33,256
Interest and dividend income	25,782	8,018
Foreign exchange gains	27,807	24,712
Others	252	526
Non-operating expenses	4,010	3,565
Interest expenses	2,265	2,238
Donations	528	511
Losses on disposal of fixed assets	325	201
Others	892	615
Ordinary income	104,770	140,870
Extraordinary income	36,544	5,372
Gains on sales of shares of affiliates	33,121	—
Gains on sales of investment securities	3,423	5,372
Extraordinary loss	285,784	65,993
Loss on valuation of shares of affiliates	275,519	—
Losses on valuation of investment securities	1,480	65,993
Provision of allowance for doubtful accounts of affiliates	8,785	—
Profit (loss) before taxes	(144,470)	80,249
Income tax expenses - current	36,794	21,632
Income tax expenses - deferred	1,696	(105)
Net profit (loss)	(182,960)	58,722

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

Independent Auditor's Report

May 11, 2023

To the Board of Directors of Sumitomo 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, which comprise 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 Pharma Co., Ltd. and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentences of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards (“IFRS”).

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.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentences of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items 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 in accordance with the second sentences of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items required under IFRS.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to 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. 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 selection and application of audit procedures depends on the auditor's judgment.
- 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 in accordance with the second sentences of Article 120-1 of the Regulations on Corporate Accounting that prescribes some omissions of disclosure items 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 Audit & Supervisory Board Members and Audit & Supervisory Board 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 Audit & Supervisory Board Members and Audit & Supervisory Board 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 11, 2023

To the Board of Directors of Sumitomo 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 accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of Sumitomo Pharma Co., Ltd. (“the Company”) as at March 31, 2023 and for the year from April 1, 2022 to March 31, 2023 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying 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 accompanying 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 the Accompanying Supplementary Schedules* 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.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their

duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying 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 accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying 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.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying 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. 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 accompanying 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 accompanying 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 selection and application of audit procedures depends on the auditor's judgment.
- 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 accompanying 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 accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board 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 Audit & Supervisory Board Members and Audit & Supervisory Board 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 203rd fiscal year from April 1, 2022 to March 31, 2023, 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 having meetings in person and 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 persons 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 Regulations 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 persons 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 Regulations on Corporate Accounting) 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 Statement of 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 laws, regulations or 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 12, 2023

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

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

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

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

Mayumi Mochizuki, Outside Audit & Supervisory Board Member (seal)

Daishiro Michimori, Outside Audit & Supervisory Board Member (seal)

END