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[Translation]

Security Code No. 4506

(Date of Sending) May 31, 2024

(Commencement Date of the Measures for Electronic Provision) May 30, 2024

Dear Shareholders:

Notice of Convocation of the 204th Annual Shareholders' Meeting

We hereby notify you of the 204th 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.”

If you are not attending the Meeting in person on its scheduled date, you can exercise your voting rights in writing or by electronic or magnetic means (the Internet, etc.). In that case, please review the attached Reference Documents for the Shareholders’ Meeting and exercise your voting rights no later than 5:00 p.m., Monday, June 24, 2024 (JST) according to the description on pages 4 and 5.

- 1. Date and Time:** 10:00 a.m. on Tuesday, June 25, 2024 (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 204th Fiscal
Year (from April 1, 2023 to March 31, 2024)
 2. Audit Report of the Accounting Auditor and Audit Report
of the Audit & Supervisory Board on the Consolidated
Financial Statements
Matters to be Resolved:
Proposal: Election of Eight (8) Directors

Yours faithfully,

Hiroshi Nomura
Representative Director, President and CEO
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 24, 2024 (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 proposal by the deadline.

Online voting website

<https://www.web54.net>

Deadline: 5:00 p.m. on Monday, June 24, 2024 (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 proposal 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 the 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 24, 2024 (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 25, 2024 (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

Proposal and Matters for Reference:

Proposal: Election of Eight (8) 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 eight (8) 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	Toru Kimura Reelection	8 years	Representative Director Senior Managing Executive Officer In charge of Global Corporate Strategy, Global Finance, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant	100% (16/16)
2	Tsutomu Nakagawa New	-	Executive Officer President and CEO of Sumitomo Pharma America, Inc.	-
3	Motoyuki Sakai New	-	-	-
4	Hiroshi Niinuma New	-	-	-
5	Saeko Arai Reelection Outside Independent	6 years	Member, Board of Directors (Outside Director)	100% (16/16)


6	Nobuhiro Endo Reelection Outside Independent	5 years	Member, Board of Directors (Outside Director)	94% (15/16)
7	Minoru Usui Reelection Outside Independent	3 years	Member, Board of Directors (Outside Director)	94% (15/16)
8	Koji Fujimoto Reelection Outside Independent	2 year	Member, Board of Directors (Outside Director)	100% (16/16)


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>Toru Kimura (Aug. 5, 1960) 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: 75,300 shares</p> <p>No. of years in office as a Director: 8 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (16/16)</p>	<p>April 1989: Joined Sumitomo Chemical Co., Ltd. October 1992: Joined the former Sumitomo Pharmaceuticals Co., Ltd. September 2013: Vice President, Head of the Regenerative & Cellular Medicine Office of the Company April 2015: Executive Officer of the Company June 2016: Member of the Board of Directors and Executive Officer of the Company April 2019: Member of the Board of Directors and Managing Executive Officer of the Company April 2021: Representative Director and Senior Managing Executive Officer of the Company (up to the present)</p> <p>[Currently in Charge of the Following] Global Corporate Strategy, Global Finance, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant</p> <p>[Significant Concurrent Position] Member, Board of Directors of Sumitomo Pharma UK Holdings, Ltd.</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, global finance, 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>2</p>	 <p>Tsutomu Nakagawa (Apr. 27, 1968) 56 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: 3,000 shares</p>	<p>April 1993: Joined the former Sumitomo Pharmaceuticals Co., Ltd. April 2016: Senior Officer of Global Oncology of the Company April 2017: Senior Officer of Global Oncology (Development Strategy) of the Company April 2019: Vice President, Head of the Global Oncology Office of the Company April 2020: Vice President, Head of Global Corporate Strategy of the Company April 2022: Executive Officer of the Company (up to the present) July 2023: Chief Strategy Officer of Sumitomo Pharma America, Inc. April 2024: President and CEO of Sumitomo Pharma America, Inc. (up to the present)</p> <p>[Currently in Charge of the Following] President and CEO of Sumitomo Pharma America, Inc.</p> <p>[Significant Concurrent Positions] Chair of Sumitomo Pharma UK Holdings, Ltd. President and CEO of Sumitomo Pharma America, Inc. Chair of Sumitomo Pharma Switzerland GmbH</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Tsutomu Nakagawa has served in responsible positions of the departments of research and global corporate strategy of the Company, and at its overseas subsidiaries. The Company has nominated 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>Motoyuki Sakai (Aug. 14, 1961) 62 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">New</div>	<p>April 1985: Joined Sumitomo Chemical Co., Ltd. June 2007: General Manager, Finance & Accounting Office (Accounting) of Sumitomo Chemical Co., Ltd. July 2010: General Manager, Corporate Planning & Coordination Office (Corporate Planning) of Sumitomo Chemical Co., Ltd. April 2013: General Manager, Corporate Planning & Coordination Office (Business Development) of Sumitomo Chemical Co., Ltd. April 2014: Executive Officer of Sumitomo Chemical Co., Ltd. April 2018: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p>

	<p>No. of shares of the Company owned: 0 shares</p>	<p>President and Representative Director of Sumitomo Chemical Asia Pte Ltd</p> <p>April 2023: Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>June 2023: Representative Director and Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd. (up to the present) (In charge of Energy & Functional Materials Sector)</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Motoyuki Sakai has a wide range of knowledge and extensive experience which he has acquired in the course of his career as a corporate executive at Sumitomo Chemical Co., Ltd. The Company has nominated him as a candidate for Director, finding 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.</p>
<p>4</p>	 <p>Hiroshi Niinuma (Mar. 5, 1958) 66 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: 0 shares</p>	<p>April 1981: Joined Sumitomo Chemical Co., Ltd.</p> <p>April 2006: General Manager, Personnel Office of Sumitomo Chemical Co., Ltd.</p> <p>April 2007: General Manager, Human Resources Department of Sumitomo Chemical Co., Ltd.</p> <p>April 2009: General Manager, General Affairs Department of Sumitomo Chemical Co., Ltd.</p> <p>April 2010: Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>April 2013: Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>April 2018: Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>June 2018: Director and Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.</p> <p>April 2022: Director and Executive Vice President of Sumitomo Chemical Co., Ltd. (up to the present) (In charge of General Affairs, External Relations, Legal, Sustainability, Human Resources, Osaka Office Administration)</p> <p>[Significant Concurrent Position] Director and Executive Vice President of Sumitomo Chemical Co., Ltd.</p> <p>[Reason for Nomination as a Candidate for Director]</p>

		<p>Mr. Hiroshi Niinuma has a wide range of knowledge and extensive experience which he has acquired in the course of his career as a corporate executive at Sumitomo Chemical Co., Ltd. The Company has nominated him as a candidate for Director, finding 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 taking a role in supervising the execution of business operations, among other matters.</p>
<p>5</p>	 <p>Saeko Arai (Feb. 6, 1964) 60 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: 6 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (16/16)</p> <p>Attendance at the Meetings of the Nomination and</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.</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>June 2023: Outside Audit & Supervisory Board Member of YKK Corporation (up to the present)</p> <p>March 2024: Outside Audit & Supervisory Board Member of Kao Corporation (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</p>

	<p>Compensation Committee: 100% (8/8)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (4/4)</p>	<p>information security auditor selection committee of the Government Pension Investment Fund (GPIF) Outside Audit & Supervisory Board Member of YKK Corporation Outside Audit & Supervisory Board Member of Kao Corporation</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles] Ms. Saeko Arai has extensive experience as a corporate executive, having engaged in business management at multiple companies, and expertise as a certified public accountant. The Company has continued to nominate her as a candidate for Outside Director in the expectation that she will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using her experience and expertise, while supervising the management from an independent and objective standpoint as an Outside Director.</p>
<p>6</p>	 <p>Nobuhiro Endo (Nov. 8, 1953) 70 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reelection</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent</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</p>	<p>April 1981: Joined NEC Corporation April 2006: Senior Vice President and Executive General Manager of the Mobile Network Operations Unit of NEC Corporation April 2009: Executive Vice President of NEC Corporation June 2009: Executive Vice President and Member of the Board of NEC Corporation April 2010: President (Representative Director) of NEC Corporation April 2016: Chairman of the Board (Representative Director) of NEC Corporation June 2016: Outside Director of JAPAN POST INSURANCE Co., Ltd. June 2017: Outside Director of Seiko Holdings Corporation June 2018: Outside Director of Japan Exchange Group, Inc. (up to the present) June 2019: Member of the Board of Directors (Outside Director) of the Company (up to the present) June 2019: Chairman of the Board of NEC Corporation June 2019: Outside Director of Tokio Marine Holdings, Inc. (up to the present) June 2022: Executive Advisor of NEC Corporation (up to the present) June 2022: Outside Director of Nisshin Seifun Group Inc. (up to the present)</p>

	<p>Meetings of the Board of Directors: 94% (15/16)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 75% (6/8)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (4/4)</p>	<p>[Significant Concurrent Positions]</p> <p>Outside Director of Japan Exchange Group, Inc. Outside Director of Tokio Marine Holdings, Inc. Outside Director of Nisshin Seifun Group Inc.</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>
7	 <p>Minoru Usui (Apr. 22, 1955) 69 years old</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>No. of shares of the Company owned: 0 shares</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 Position]</p>

	<p>No. of years in office as a Director: 3 years</p> <p>Attendance at the Meetings of the Board of Directors: 94% (15/16)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 100% (8/8)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (4/4)</p>	<p>Outside Director of IHI Corporation</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles]</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>8</p>	 <p>Koji Fujimoto (May 1, 1963) 61 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-left: auto; margin-right: auto;">Reelection</div>	<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</p>

<div style="border: 1px solid black; padding: 2px; text-align: center;">Outside</div>	<p style="text-align: center;">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 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>
<div style="border: 1px solid black; padding: 2px; text-align: center;">Independent</div>	
<p>No. of shares of the Company owned: 0 shares</p>	
<p>No. of years in office as a Director: 2 years</p>	
<p>Attendance at the Meetings of the Board of Directors: 100% (16/16)</p>	
<p>Attendance at the Meetings of the Nomination and Compensation Committee: 100% (8/8)</p>	
<p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (4/4)</p>	

- (Note)
1. None of the candidates have any special interests in the Company.
 2. 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.
 3. 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.

4. 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 six (6) years, Mr. Nobuhiro Endo will have served as an Outside Director for five (5) years, Mr. Minoru Usui will have served as an Outside Director for three (3) years, and Mr. Koji Fujimoto will have served as an Outside Director for two (2) years at the conclusion of this Shareholders' Meeting.
5. 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.
6. Mr. Hiroshi Niinuma and Mr. Motoyuki Sakai are executives of Sumitomo Chemical Co., Ltd., the parent company of the Company. Their current positions and responsibilities at Sumitomo Chemical Co., Ltd. are as described in "Summary of the Profile, Position(s), Responsibilities and Significant Concurrent Position(s)"
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 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.

9. As for Tokio Marine & Nichido Fire Insurance Co., Ltd. (hereinafter, "TMNF"), a subsidiary of Tokio Marine Holdings, Inc. where Mr. Nobuhiro Endo serves as an outside director, TMNF received a business improvement order pursuant to the Insurance Business Act from the Financial Services Agency as of December 26, 2023, as the Financial Services Agency found with TMNF that there had been acts considered to conflict with the Antimonopoly Act and inappropriate acts in light of the purpose of the Antimonopoly Act, as well as underlying systemic issues. Although Mr. Endo was not aware of such facts in advance, he had regularly given advice from the perspectives of enhancement of internal control and compliance with laws and regulations, among other matters, at the board of directors and other meetings. After being made aware of such facts, Mr. Endo fulfilled his duties by instructing thorough investigation of relevant facts and analysis of the true cause of the incidents, as well as the formulation of measures to prevent recurrence of similar events.

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 heads, 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 proposal is 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.			
Toru Kimura	Representative Director, President and CEO	○					○				Served as a responsible person for the departments of global strategy, global finance, regenerative and cellular medicine and research of the Company.
Motoyuki Sakai	Representative Director	○	○					○			Corporate executive
Tsutomu Nakagawa	Member, Board of Directors	○					○	○			Served in responsible positions of the departments of research and global corporate strategy of the Company, and at its overseas subsidiaries.
Hiroshi Niinuma	Member, Board of Directors	○	○						○		Corporate executive
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 departments of human resources, international business management and internal auditing of the Company.
Hisayoshi Kashima	Full-Time Audit & Supervisory Board Member	○							○	○	Served in responsible positions of the department of global finance 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, 2023 to March 31, 2024)

1. Matters Regarding the Current Circumstances of the Group

(1) Group Business Progress and Results

During the fiscal year ended March 31, 2024, the world economy showed signs of improvement overall, as the U.S. economy continued to recover on the back of robust consumer spending amid the ongoing economic normalization with the COVID-19 pandemic in the rearview mirror. Meanwhile, the economic outlook remained uncertain with the growing geopolitical risks, worldwide surges in prices, and constant foreign exchange fluctuations. In the Japanese economy, while business got back on track toward moderate recovery, domestic demand lacked momentum throughout the year owing to price inflation.

In the pharmaceutical sector, business predictability is dwindling primarily because of increasing difficulty in developing new drugs, soaring research and development expenses, and intensifying competition, with countries around the world continuing to advance measures to curb drug prices.

Against this backdrop, the Group announced the Mid-term Business Plan 2027, the ongoing five-year plan that commenced in FY2023, in April 2023 and has pursued business activities accordingly. However, as revenue growth of ORGOVYX[®] (therapeutic agent for advanced prostate cancer), MYFEMBREE[®] (therapeutic agent for uterine fibroids and endometriosis), and GEMTESA[®] (therapeutic agent for overactive bladder) (collectively, the “three key products”) came below expectations in North America, the Group took another look at our previous business forecasts to record significant impairment losses on intangible assets, including patent rights, and goodwill.

In Japan, in the psychiatry & neurology area, the Group focused on the provision of medical information on TRERIEF[®] (therapeutic agent for Parkinson’s disease), and LATUDA[®] and LONASEN[™] Tape (both atypical antipsychotic), among others. In the diabetes area, the Group endeavored to bolster sales of Equa[®] and EquMet[®] (both therapeutic agents for type 2 diabetes). Due to a faster-than-expected demand increase for TWYMEEG[®] (therapeutic agent for type 2 diabetes), which lowered its inventory level, the Group had limited shipment of this therapeutic agent in April 2023. After reinforcing its production system and otherwise, however, the Group resumed regular shipment of this drug in December 2023. Meanwhile, the procedures for the transfer of all shares of Sumitomo Pharma Animal Health Co., Ltd. to Mitsui & Co., Ltd. were completed in May 2023.

In North America, the Group focused on sales of the three key products and RETHYMIC[®] (allogeneic cultured thymus tissue). In July 2023, the Group merged and combined our group companies in the U.S. to consolidate the functions and human resources hitherto spread throughout the region to make the workforce reduction in a bid to further reinforce the business foundation there. However, because revenue growth of the three key products was expected to be lower than anticipated, in March 2024, the Group made an additional workforce reduction and other rationalization measures at Sumitomo Pharma America, Inc. to further improve the efficiency of organizational management.

In Asia, the Group continued working to expand sales of MEROPEN[®] (carbapenem antibiotic), one of our mainstays there. In China, the Group received regulatory approval for XENLETA[®] (therapeutic agent for community-acquired pneumonia) in November 2023.

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

	FY2023 (Billions of Yen)	FY2022 (Billions of Yen)	Change (Billions of Yen)	Rate of Change
Revenue	314.6	555.5	(241.0)	(43.4) %
Core operating profit	(133.0)	16.4	(149.3)	— %
Operating profit	(354.9)	(77.0)	(277.9)	— %
Profit before taxes	(323.1)	(47.9)	(275.2)	— %
Net profit	(314.9)	(96.7)	(218.2)	— %
Net profit attributable to owners of the parent	(315.0)	(74.5)	(240.5)	— %

- (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 43.4% year-on-year to 314.6 billion yen.

Revenue showed a significant decrease owing chiefly to a decrease in sales due to the loss of exclusivity for the former mainstay LATUDA[®] in the U.S., as well as the exclusion of two consolidated subsidiaries in Japan, Sumitomo Pharma Food & Chemical Co., Ltd. and Sumitomo Pharma Animal Health Co., Ltd., from the Group following the transfer of all of their shares, despite increasing sales of the three key products.

■ Core operating loss was 133.0 billion yen, compared with a profit of 16.4 billion yen for the previous fiscal year.

The Group posted a core operating loss owing chiefly to a decrease in gross profit on account of a revenue decline, despite decreases in selling, general and administrative expenses and research and development expenses mainly stemming from the restructuring of the group companies in North America.

■ Operating loss was 354.9 billion yen, compared with a loss of 77.0 billion yen for the previous fiscal year.

Following the review of the forecasts for the North American businesses, the Group recorded impairment losses of 133.5 billion yen and 35.9 billion yen on the part of patent right (intangible assets) for MYFEMBREE[®] and goodwill, respectively, as well as impairment losses of 10.6 billion yen on in-process research and development (intangible assets) for some products whose development was discontinued, making for a total of 180.9 billion yen in impairment losses. The Group also recorded

business structure improvement expenses associated with the restructuring of our group companies in North America and additional rationalization measures. Operating loss showed a significant increase due to the recording of the core operating loss, on top of these non-recurring items.

■ **Loss before taxes was 323.1 billion yen, compared with a loss of 47.9 billion yen for the previous fiscal year.**

Although financial income increased primarily owing to the recording of foreign exchange gains resulting from the further depreciation of the yen, the impact of the increase in operating loss was significant, resulting in an increase in loss before taxes.

■ **Net loss was 314.9 billion yen, compared with a loss of 96.7 billion yen for the previous fiscal year.**

Net loss increased as loss before taxes increased.

■ **Net loss attributable to owners of the parent was 315.0 billion yen, compared with a loss of 74.5 billion yen for the previous fiscal year.**

Net loss attributable to owners of the parent, which is the amount of net loss less the amount of profit attributable to non-controlling interests, increased due to the significant impact of the increase in net loss.

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 research and development 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 37.6% year-on-year to 114.7 billion yen.**

Despite growing sales of LATUDA[®], TWYMEEG[®], and other products, revenue showed a decrease owing to the conclusion of the sales collaboration for Trulicity[®] (therapeutic agent for type 2 diabetes) in December 2022, the recognition as revenue of an upfront payment received in consideration of the license agreement in the previous fiscal year, and the exclusion of the two consolidated subsidiaries in Japan from the Group following the transfer of all of their shares.

■ **Core segment profit decreased by 31.6% year-on-year to 13.4 billion yen.**

Core segment profit showed a decrease as the reduction in selling, general and administrative expenses was outweighed by a decrease in gross profit on account of a revenue decline.

2. North America

■ **Revenue decreased by 51.6% year-on-year to 159.0 billion yen.**

Revenue showed a decrease owing to the significant impact of a decrease in sales due to the loss of exclusivity for the former mainstay LATUDA[®] in the U.S. in February 2023, despite increasing sales of the three key products and RETHYMIC[®].

■ **Core segment loss was 80.2 billion yen, compared with a profit of 32.2 billion yen for the previous**

fiscal year.

The Group posted a core segment loss as the reduction in selling, general and administrative expenses, primarily owing to the loss of exclusivity for LATUDA[®] and the restructuring of group companies in North America, was outweighed by a decrease in gross profit on account of a revenue decline.

3. Asia**■ Revenue decreased by 6.0% year-on-year to 40.9 billion yen.**

Revenue showed a decrease owing to the impact of a decline in sales of MEROPEN[®] in China as a result of government measures to curb drug costs, despite an increase in revenue in Southeast Asia.

■ Core segment profit decreased by 14.2% year-on-year to 18.4 billion yen.

Core segment profit decreased owing to a decrease in gross profit on account of a revenue decline.

The status of research and development activities is as follows:

Under the Mid-term Business Plan 2027, the Group engaged in research and development activities in psychiatry & neurology, oncology, and other areas by incorporating cutting-edge technologies through every avenue available, including in-house research, licensing-in, and joint research with biotech companies and academia. The Group remained committed to contributing to the betterment of healthcare and fuller lives of people worldwide through diverse approaches, including pharmaceutical products, regenerative medicine/cell therapy, and non-pharmaceutical solutions.

Meanwhile, the Group reprioritized development assets as more than one late-stage development candidate failed to reach expected milestones.

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

1. Psychiatry & Neurology**i. Allogeneic iPS cell-derived dopaminergic neural progenitor cells (product code: CT1-DAP001/DSP-1083)**

In Japan, the two-year observation period of the Phase 1/2 clinical study (investigator-initiated study) for Parkinson's disease by Kyoto University Hospital ended in December 2023.

In the U.S., the University of California San Diego School of Medicine has started a Phase 1/2 clinical study (investigator-initiated study) for Parkinson's disease using non-cryopreserved cells (CT1-DAP001).

In the U.S., a Phase 1/2 clinical study (company-sponsored clinical study) for Parkinson's disease using cryopreserved cells (DSP-1083) has been initiated.

ii. Allogeneic iPS cell-derived retinal pigment epithelial cells (product code: HLCR011)

In Japan, a Phase 1/2 clinical study for retinal pigment epithelium tear has commenced.

iii. Ulotaront (product code: SEP-363856)

In July 2023, topline results were received for the two Phase 3 clinical studies conducted in the U.S. for the treatment of schizophrenia, but neither study met its primary endpoints. Subsequent discussions on the development strategy of this compound have led to the decision that the Group would discontinue the development of ulotaront and hand it over to Otsuka Pharmaceutical Co., Ltd.

iv. SEP-4199

In the U.S. and Japan, Phase 3 clinical studies in patients with bipolar I depression were conducted, but due to the long delay in progress in subject enrollment, the studies were discontinued. After discussing the development strategy of this compound, the Group decided to discontinue its development.

v. EPI-589

Given the results of a Phase 2 clinical study for Parkinson's disease in the U.S. and another Phase 2 clinical study for amyotrophic lateral sclerosis (ALS) in the U.S. and Japan, the Group discussed the development strategy of EPI-589 and decided to discontinue its development.

2. Oncology

i. TP-3654

In the U.S. and Japan, Phase 1/2 clinical studies for myelofibrosis were pursued.

ii. DSP-5336

In the U.S. and Japan, Phase 1/2 clinical studies for acute leukemia were pursued.

3. Others

i. GEMTESA[®] (generic name: vibegron)

In the U.S., an application for its additional indication of overactive bladder in men with benign prostatic hyperplasia (BPH) was submitted in February 2024.

ii. OBGEMSA[®] (generic name: vibegron)

In Europe, an application for approval for overactive bladder was submitted by an alliance partner in May 2023.

iii. RYEQO[®] (generic name: relugolix, estradiol, norethindrone acetate [relugolix combination tablet])

In Europe, regulatory approval for its additional indication of endometriosis was obtained by an alliance partner in November 2023.

iv. rodatrastat ethyl

The Group conducted a Phase 2 clinical study for the treatment of pulmonary arterial hypertension (PAH) in the U.S.; however, as no expected efficacy and safety were confirmed, the Group discontinued all clinical studies. After discussing the development strategy of this compound, the Group discontinued its development.

v. XENLETA[®] (generic name: lefamulin)

In China, regulatory approval for community-acquired pneumonia was obtained in November 2023.

vi. Universal influenza vaccine

In Belgium, the Group submitted an application for the commencement of a Phase 1 clinical study of novel universal influenza vaccine formulations adjuvanted with a TLR7 agonist (product code: DSP-0546LP) in March 2024.

As a result of the research and development activities mentioned above, research and development expenses for the fiscal year under review amounted to 112.6 billion yen (down by 14.6% year-on-year).

Please note that if the business structure improvement expenses and impairment losses of 21.7 billion yen recorded during the fiscal year under review were excluded, research and development expenses were 90.9 billion yen (down by 14.3% year-on-year) on the core basis. The Group manages its research and development 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 14.1 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 of 55 billion yen from a financial institution in addition to the short-term loan obtained in the previous fiscal year, as part of a fund for making Myovant Sciences Ltd. its wholly-owned subsidiary, and together with 90 billion yen obtained in the previous fiscal year, the total balance of the short-term loan (bridge loan) amounted to 145 billion yen. The term of the relevant loan agreement was extended from March 7, 2024 to September 30, 2024.

The Company also obtained a short-term loan of 29 billion yen from a financial institution to meet the working capital needs of the Group.

(4) Issues to be Addressed by the Group

After announcing the Mid-term Business Plan 2027 in April 2023, the Company finds itself in a challenging business environment, missing key milestones. In accordance with the Mid-term Business Plan 2027, the Group merged and combined our group companies in the U.S. in July 2023, which involved a major workforce reduction. However, despite significant year-on-year growth, revenue from the three key products for FY2023 undershot the targets laid out in the Mid-term Business Plan 2027 by a large margin, to the extent that the revenue plans for FY2024 and thereafter are likely to fall behind schedule as well. This being the case, in March 2024, the Group implemented a second round of personnel downsizing at our group companies in the U.S., to allow management of our business in a way commensurate with the size of revenue that the Group can expect going forward. With regard to research and development activities, given the current financial condition, the Group has decided to intensively invest in two development programs in the Oncology area, which are expected to bring product creations to market during the period of the Mid-term Business Plan 2027, and the regenerative medicine/cell therapy development program in the Psychiatry & Neurology area, which looks set to become a growth driver over the mid- and long-term.

Furthermore, the Frontier Business will be taken over by a newly established subsidiary, FrontAct Co., Ltd. Under this new structure, the Group will seek to establish a solid position in this business field by exploring the possibility of attracting capital not only from the own funds but also from other companies.

While the Group's goal of becoming a Global Specialized Player by 2033 remain unchanged, the Group believes it is necessary to review the "Mid-term Business Plan 2027", given the business environment facing the Group. The Group will work to enable the release of a new mid-term business plan as soon as possible.

In order for the Group to initiate renewed growth in FY2024, the Group considers turning core operating profit positive as a must-achieve goal, and will steer business management under the following policies.

1. Expanding revenue

The Group will put the greatest focus on maximizing the value of the three key products early in North America. For ORGOVYX[®], the Group expects the revision of clinical practice guidelines in oncology and policy measures designed to relieve the burden on patients via the Inflation Reduction Act (IRA), among others, to serve as a tailwind for our business. The Group will work to gain a larger market share with the aim of establishing a position as a standard medication for androgen deprivation therapy for patients with prostate cancer. For MYFEMBREE[®], the Group will focus on expanding the oral GnRH market and increasing its market penetration by gaining greater recognition and popularity among patients and medical professionals. By engaging in co-promotion with Pfizer Inc., the Group will continue our efforts toward greater market penetration and sales expansion of these two products. For GEMTESA[®], the Group expects to receive regulatory approval for its additional indication of overactive bladder with BPH by the end of FY2024 as the Group works to further expand its sales by updating the marketing structure and otherwise.

2. Reducing costs

Following the structural reform of our U.S. group companies in FY2023, the Group will make concerted efforts to accelerate streamlining by increasing efficiency in organizational operations and trimming costs to the minimum. In research and development activities, the Group will downsize personnel in North America, and carry out the selection and concentration of the pipeline in each area under strict cost controls so that the Group can allocate our management resources to pipelines that will forge the future of the Group.

3. Securing seeds for future business growth

The Group will concentrate our resources on DSP-5336 and TP-3654 in the Oncology area to continue their development, obtain early approval, and maximize their value. As for DSP-5336, the Group will start collecting data to apply for approval of its monotherapy as part of the Phase 1/2 clinical study for acute leukemia and consider conducting a clinical study for its adjunctive therapy. As for TP-3654, the Group will start collecting data for adjunctive therapy with JAK inhibitors as part of the Phase 1/2 clinical study for myelofibrosis. The Group aims to acquire regulatory approval for at least one of the two compounds and launch it during the period of the Mid-term Business Plan 2027.

In the Psychiatry & Neurology area, in a bid to become the first in the world to commercialize iPS cells and realize game-changing treatments, the Group will steadily move forward with preparation for an application for approval in Japan and a Phase 1/2 clinical study in the U.S. of allogeneic iPS cell-derived dopaminergic neural progenitor cells for Parkinson's disease. The Group will also make steady efforts to push on with a Phase 1/2 clinical study of allogeneic iPS cell-derived retinal pigment epithelial cells for retinal pigment epithelium tear in Japan. For distinguished small molecule development pipelines undergoing initial clinical evaluation, the Group will select priority products that the Group hopes will sustain Group earnings in the 2030s and promote initiatives to bring them to the next phase of development.

In the Others area, the Group will make steady efforts to pursue a Phase 3 clinical study of GEMTESA[®] and prepare an application for approval for overactive bladder in China. At the same time, the Group will steadily advance a Phase 1 clinical study of a universal influenza vaccine in

Belgium and a Phase 1 clinical study of KSP-1007 in Japan in anticipation of its introduction to the Asian market. The research and development of the universal influenza vaccine and KSP-1007 are funded by research and development grants from the Japan Agency for Medical Research and Development (AMED).

The Group will remain committed to doing our utmost to deliver new value to our patients and their families and caregivers as quickly as possible.

[Significant Events on Assumption of Going Concern]

The Group recorded a large net loss attributable to owners of the parent and operating cash outflow for the fiscal year under review, and it is also in breach of restrictive financial covenants included in syndicated loan contracts. As such, the Group is in a situation where the maturity of its loans could be accelerated.

In response, the Group aims to turn core operating profit for FY2024 positive by maximizing the value of the three key products early and carrying out Group-wide structural reform. Furthermore, given sales of stock held by the Group to secure funds and acceptance of debt guarantee by Sumitomo Chemical Co., Ltd, our parent company, the Company has begun discussions with creditor banks about the release of their legal claims related to the forfeiture of the benefit of time, with the key creditor bank giving its consent not to exercise its right to accelerate payment. The Group thus expects to have continued support from the creditor banks.

Based on the above, the Group have concluded that no material uncertainty exists related to the going concern assumption.

(5) Assets and Income

Assets and Income of the Group

Category	IFRS			
	FY2020 (Fiscal year ended March 2021)	FY2021 (Fiscal year ended March 2022)	FY2022 (Fiscal year ended March 2023)	FY2023 (Fiscal year ended March 2024) (the fiscal year under review)
Revenue (Millions of yen)	515,952	560,035	555,544	314,558
Operating profit (Millions of yen)	71,224	60,234	(76,979)	(354,859)
Net profit attributable to owners of the parent (Millions of yen)	56,219	56,413	(74,512)	(314,969)
Basic earnings per share	141.50 yen	141.99 yen	(187.55) yen	(792.79) yen
Total assets (Millions of yen)	1,308,127	1,308,007	1,134,742	907,506
Total equity (Millions of yen)	648,178	673,569	406,782	156,136

(Note) 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 12 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 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	Kobe

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

(8) Employees

① Employees of the Group

Number of Employees	Increase (Decrease) from the End of the Previous Fiscal Year
4,980	(1,270)

(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	Increase (Decrease) from the End of the Previous Fiscal Year	Average Age	Average Length of Continuous Employment
2,908	(118)	44.3	18.7 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 140 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, the provision of a loan to Sumitomo Chemical Co., Ltd., and financial guarantee by 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. and the financial guarantee by Sumitomo Chemical Co., Ltd. need 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 transactions

With respect to the transactions, the Company has paid attention not to harm the interests of the Company by, for example, determining reasonable conditions based on the market interest rate and generally employed terms and conditions.

- 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 Promo Co., Ltd.	Suita, Osaka	100	Manufacture and sale of medical drugs and the like
Overseas	Sumitomo Pharma UK Holdings, Ltd.	U.K.	100	A holding company Management of subsidiaries in the U.S. and Europe, and formulation and promotion of business strategies and the like therefor
	Sumitomo Pharma America, Inc.	U.S.A.	100 (100)	Manufacture and sale of medical drugs
	Sumitomo Pharma Switzerland GmbH	Switzerland	100 (100)	Holding of intellectual property rights and manufacture and management of medical drugs
	Sumitomo Pharma (China) Co., Ltd.	China	100	A holding company Management of subsidiaries in China and shared service for general administration operations therefor
	Sumitomo Pharma (Suzhou) Co., Ltd.	China	100 (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 Animal Health Co., Ltd. is excluded from the Company's significant subsidiaries as a result of the transfer of all its shares to Mitsui & Co., Ltd. in May 2023.
 3. Sumitomo Pharma America Holdings, Inc., Sumitomo Pharma Oncology, Inc., Myovant Sciences Ltd., Urovant Sciences, Inc., and Enzyvant Therapeutics, Inc. are excluded from the Company's significant subsidiaries as they ceased to exist as a result of the restructuring of subsidiaries in the U.S. and Europe during the fiscal year under review.
 4. Sumitovant Biopharma Ltd. changed its trade name to Sumitomo Pharma UK Holdings, Ltd. during the fiscal year under review. Sunovion Pharmaceuticals Inc. changed its trade name to Sumitomo Pharma America, Inc. during the fiscal year under review.
 5. Spirovant Sciences, LLC (former Spirovant Sciences, Inc.) is excluded from the Company's significant subsidiaries as a result of the transfer of all its equities to Ruagen Bio, Inc. in March 2024.
 6. Sumitomo Pharma Switzerland GmbH is listed as a significant subsidiary from the fiscal year under review as a result of the restructuring of subsidiaries in the U.S. and Europe during the fiscal year under review.
 7. Sumitomo Pharma (China) Co., Ltd. is listed as a significant subsidiary from the fiscal year under review as a result of having made Sumitomo Pharma (Suzhou) Co., Ltd. its subsidiary in July 2023.

(10) Principal Lenders and the Amounts of Loans

Lender	Outstanding Amount of the Loan
Sumitomo Mitsui Banking Corporation	173,000 million yen
Sumitomo Mitsui Trust Bank, Limited	46,000 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 609,393 treasury stocks)

(3) Number of Shareholders

As of the end of the Fiscal Year Under Review: 49,797

(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)	22,995	5.79
Custody Bank of Japan, Ltd. (Trust account)	11,100	2.79
Inabata & Co., Ltd.	8,782	2.21
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	3,627	0.91
Custody Bank of Japan, Ltd. (Trust account 4)	3,352	0.84
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,835	0.71

- (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 (609,393 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, 2024)

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Representative Director, President and CEO	Hiroshi Nomura	Member, Board of Directors of Sumitomo Pharma UK Holdings, Ltd. Board Chairman of the Japan Epilepsy Research Foundation

Representative Director	Toru Kimura	Senior Managing Executive Officer In charge of Global Corporate Strategy, Global Finance, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant Member, Board of Directors of Sumitomo Pharma UK Holdings, Ltd.
Member, Board of Directors	Yoshiharu Ikeda	Managing Executive Officer In charge of the Drug Research Division Head of Japan Business Unit Member, Board of Directors of Sumitomo Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Pharma UK Holdings, Ltd.
Member, Board of Directors	Hiroyuki Baba	Managing 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 Sumitomo Pharma UK Holdings, Ltd.
Member, Board of Directors	Shigeyuki Nishinaka	Managing Executive Officer In charge of Business Development & Management Member, Board of Directors of Sumitomo Pharma UK Holdings, 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 Outside Audit & Supervisory Board Member of YKK Corporation Outside Audit & Supervisory Board Member of Kao 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	Takashi Kutsunai	
Full-Time Audit & Supervisory Board Member	Hisayoshi Kashima	
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
Outside Audit & Supervisory Board Member	Daishiro Michimori	Visiting Lawyer of Shimada Hamba & Osajima

- (Note)
1. Audit & Supervisory Board Member Hisayoshi Kashima was newly elected at the 203rd Annual Shareholders' Meeting held on June 27, 2023 and assumed the office thereafter.
 2. Audit & Supervisory Board Member Yoshinori Oh-e retired due to resignation on June 27, 2023.
 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 Hisayoshi Kashima has a considerable amount of knowledge in finance and accounting affairs, having served in responsible positions of the department of global finance of the Company. 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, 2024, there were changes in the Position, Responsibilities, Principal Duties, and Significant Concurrent Positions of the Directors as follows:

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Member, Board of Directors	Shigeyuki Nishinaka	Managing Executive Officer In charge of Business Development & Management Vice President, Head of Business Development & Management Member, Board of Directors of Sumitomo Pharma UK Holdings, Ltd. Member, Board of Directors of Sumitomo Pharma (China) Co., Ltd. Member, Board of Directors of Sumitomo Pharma (Suzhou) Co., 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 sixteen (16) 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 eight (8) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an

		independent and objective standpoint. She also attended all four (4) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.
	Nobuhiro Endo	He attended fifteen (15) meetings out of the sixteen (16) 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 six (6) meetings out of the eight (8) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all four (4) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.
	Minoru Usui	He attended fifteen (15) meetings out of the sixteen (16) 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 eight (8) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all four (4) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.
	Koji Fujimoto	He attended all sixteen (16) 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 in the healthcare field at administrative organizations. He attended all eight (8) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all four (4) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.
Outside Audit & Supervisory Board Members	Yoshio Iteya	He attended all sixteen (16) 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 all sixteen (16) 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 sixteen (16) 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 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)	
Directors (excluding Outside Directors)	164	171	(7)	5

Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	55	55	—	3
Outside Directors and Outside Audit & Supervisory Board Members	87	87	—	7

- (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 nine (9) Directors is 215 million yen, and the total amount of remuneration and the like for six (6) Audit & Supervisory Board Members is 91 million yen.
 4. The Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) include one (1) Audit & Supervisory Board Member who retired upon the conclusion of the 203rd Annual Shareholders' Meeting held on June 27, 2023.
 5. There is no payment of the performance-linked remuneration (bonuses) for the fiscal year under review. The amount of the performance-linked remuneration (bonuses) is the difference between the amount scheduled to be paid as described in the Business Report of the previous fiscal year and the amount finally fixed.

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

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

i. System of remuneration and the like

Remuneration for the Directors (excluding Outside Directors) consists of base

remuneration and performance-linked remuneration (bonuses), and this system is established to serve as an incentive for achieving sustainable growth and enhancing the corporate value of the Group. 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).

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, President and CEO, the Representative Director, President and CEO shall determine the same, respecting and in accordance with the recommendation made by the Nomination and Compensation Committee to the Board of Directors.

On July 1, 2023, 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 June 27, 2023, 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 only, 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 and 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 16.4 billion yen was set for “core operating profit” for FY2023, and the result was a loss of 133 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, President and CEO, the Representative Director, President and CEO shall determine the same, respecting and in accordance with the recommendation made by the Nomination and Compensation Committee to the Board of Directors.

Upon the delegation by the Board of Directors, Representative Director, President and CEO 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)	120
Total amount of fees to be paid in cash or otherwise by the Company or Subsidiaries of the Company	120

(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) 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, 2024)

(millions of yen)

Item	Amount As of March 31, 2024	(Reference) Amount As of March 31, 2023	Item	Amount As of March 31, 2024	(Reference) Amount As of March 31, 2023
Assets			Liabilities		
Non-current assets	637,937	752,882	Non-current liabilities	235,896	355,266
Property, plant and equipment	57,895	58,909	Bonds and borrowings	133,367	244,128
Goodwill	199,783	209,415	Other financial liabilities	12,738	11,869
Intangible assets	195,652	329,314	Retirement benefit liabilities	11,150	5,008
Other financial assets	161,711	134,007	Other non-current liabilities	40,430	57,756
Income taxes receivable	6,846	6,042	Deferred tax liabilities	38,211	36,505
Retirement benefit assets	11,322	—	Current liabilities	515,474	372,694
Other non-current assets	2,489	4,350	Borrowings	285,517	90,588
Deferred tax assets	2,239	10,845	Trade and other payables	67,720	52,141
			Other financial liabilities	14,101	7,010
Current assets	269,569	381,860	Income taxes payable	1,348	24,053
Inventories	115,350	94,405	Provisions	79,546	119,083
Trade and other receivables	81,023	95,908	Other current liabilities	67,242	78,013
Other financial assets	7,085	20,174	Subtotal	515,474	370,888
Income taxes receivable	16,216	2,722	Liabilities directly associated with assets held for sale	—	1,806
Other current assets	18,997	17,675	Total liabilities	751,370	727,960
Cash and cash equivalents	29,047	143,478	Equity		
Subtotal	267,718	374,362	Equity attributable to owners of the parent	156,063	406,749
Assets held for sale	1,851	7,498	Share capital	22,400	22,400
			Treasury shares	(682)	(682)
			Retained earnings	(22,665)	280,999
			Other components of equity	157,010	103,357
			Other comprehensive income associated with assets held for sale	—	675
			Non-controlling interests	73	33
			Total equity	156,136	406,782
Total assets	907,506	1,134,742	Total liabilities and equity	907,506	1,134,742

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

Consolidated Statement of Profit or Loss

(April 1, 2023 to March 31, 2024)

(millions of yen)

Item	Amount Year ended March 31, 2024	(Reference) Amount Year ended March 31, 2023
Revenue	314,558	555,544
Cost of sales	126,577	178,919
Gross profit	187,981	376,625
Selling, general and administrative expenses	429,538	373,316
Research and development expenses	112,637	131,858
Other income	7,467	53,256
Other expenses	8,132	1,686
Operating profit (loss)	(354,859)	(76,979)
Finance income	36,022	32,218
Finance costs	4,277	3,159
Profit (loss) before taxes	(323,114)	(47,920)
Income tax expenses	(8,185)	48,794
Net profit (loss)	(314,929)	(96,714)
Net profit attributable to:		
Owners of the parent	(314,969)	(74,512)
Non-controlling interests	40	(22,202)
Net profit (loss)	(314,929)	(96,714)

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

Non-consolidated Statement of Financial Position

(As of March 31, 2024)

(millions of yen)

Item	Amount As of March 31, 2024	(Reference) Amount As of March 31, 2023	Item	Amount As of March 31, 2024	(Reference) Amount As of March 31, 2023
Assets			Liabilities		
Current assets	117,468	186,029	Current liabilities	365,278	151,617
Cash and time deposits	3,716	20,064	Accounts payable	14,623	12,064
Accounts receivable	27,566	89,009	Short-term borrowings	225,000	90,000
Merchandise and finished goods	43,672	39,417	Short-term loans from affiliates	7,518	1,800
Work-in-process	3,189	2,625	Current portion of long-term borrowings	60,000	—
Raw materials and supplies	12,111	12,379	Accounts payable-other	52,745	16,454
Advance payments	165	230	Accrued expenses	938	983
Prepaid expenses	669	658	Income taxes payable	142	25,094
Short-term loans to affiliates	646	10,786	Deposits received	446	433
Accounts receivables - other	12,314	19,646	Reserve for bonuses	3,535	4,558
Income taxes receivable	13,420	—	Others	331	231
Allowance for doubtful accounts of affiliates	—	(8,785)	Long-term liabilities	171,759	262,045
Fixed assets	527,944	902,953	Bonds	120,000	120,000
Property, plant and equipment	40,066	40,349	Long-term borrowings	14,000	125,000
Buildings	22,773	23,903	Long-term accounts payable-other	198	—
Structures	533	568	Long-term deposits payable	5,265	4,313
Machinery and equipment	6,462	6,672	Deferred tax liabilities	21,278	1,585
Vehicles	56	39	Provision for retirement benefit liabilities	11,018	11,147
Tools, furniture and fixtures	3,788	3,993	Total Liabilities	537,037	413,662
Land	4,357	4,357	Net assets		
Construction in progress	2,097	817	Shareholders' equity	45,018	635,920
Intangible assets	8,577	6,943	Share capital	22,400	22,400
Software	2,639	3,103	Capital surplus	15,861	15,861
Marketing rights	2,064	1,447	Legal capital surplus	15,860	15,860
Patent rights	3,011	1,443	Other capital surplus	1	1
Others	863	950	Retained earnings	7,439	598,341
Investments and other assets	479,301	855,661	Legal retained earnings	5,288	5,288
Investment securities	149,740	125,282	Other retained earnings	2,151	593,053
Investment in affiliates	1,501	559,825	Reserve for advanced depreciation of non-current assets	—	1,109
Amount invested in capital of affiliates	5,144	5,144	General reserve	275,510	275,510
Long-term loans to affiliates	366,278	162,812	Retained earnings carried forward	(273,359)	316,434
Long-term prepaid expenses	579	505	Treasury shares	(682)	(682)
Prepaid pension cost	1,191	632	Valuation, translation adjustments and others	63,357	39,400
Others	1,443	1,480	Unrealized gains on available-for-sale securities, net of tax	63,357	39,400
Allowance for doubtful receivables	(19)	(19)	Total net assets	108,375	675,320
Allowance for doubtful accounts of affiliates	(46,556)	—	Total liabilities and net assets	645,412	1,088,982
Total assets	645,412	1,088,982			

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

Non-consolidated Statement of Profit or Loss

(April 1, 2023 to March 31, 2024)

Item	(millions of yen)	
	Amount Year ended March 31, 2024	(Reference) Amount Year ended March 31, 2023
Net sales	98,205	231,759
Cost of sales	61,232	77,237
Gross profit	36,973	154,522
Selling, general and administrative expenses	86,977	99,583
Operating profit (loss)	(50,004)	54,939
Non-operating income	48,224	53,841
Interest and dividend income	19,227	25,782
Foreign exchange gains	28,233	27,807
Others	764	252
Non-operating expenses	4,747	4,010
Interest expenses	3,106	2,265
Donations	515	528
Losses on disposal of fixed assets	293	325
Losses on investments in partnership	487	321
Others	346	571
Ordinary income (loss)	(6,527)	104,770
Extraordinary income	22,800	36,544
Gains on sales of investment securities	16,129	3,423
Gains on sales of shares of affiliates	6,671	33,121
Extraordinary loss	594,841	285,784
Loss on valuation of shares of affiliates	556,823	275,519
Provision of allowance for doubtful accounts of affiliates	37,771	8,785
Losses on valuation of investment securities	247	1,480
Profit (loss) before taxes	(578,568)	(144,470)
Income tax expenses - current	386	36,794
Income tax expenses - deferred	9,166	1,696
Net profit (loss)	(588,120)	(182,960)

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

Independent Auditor's Report

May 10, 2024

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

KPMG AZSA LLC
Osaka Office, Japan

Hiroyuki Matano
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masato Tateishi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuya Hasegawa
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, 2024 and for the year from April 1, 2023 to March 31, 2024 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, actions taken to eliminate threats or safeguards applied.

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

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

Notes to the Reader of Independent Auditor's Report:

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

Independent Auditor's Report

May 10, 2024

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

KPMG AZSA LLC
Osaka Office, Japan

Hiroyuki Matano
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masato Tateishi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takuya Hasegawa
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, 2024 and for the year from April 1, 2023 to March 31, 2024 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, actions taken to eliminate threats or safeguards applied.

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 204th fiscal year from April 1, 2023 to March 31, 2024, 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) 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 13, 2024

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

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

Hisayoshi Kashima, 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