

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

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[Translation]

Security Code No. 4506

May 31, 2022

Dear Shareholders:

**Notice of Convocation of the 202<sup>nd</sup> Annual Shareholders' Meeting**

We hereby notify you of the 202<sup>nd</sup> 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.

**You can exercise your voting rights in writing or by electronic or magnetic means (the Internet, etc.) without attending the Meeting in person on its scheduled date. From the perspective of preventing the spread of the novel coronavirus infection, we request you to exercise your voting rights in advance in writing or by electronic or magnetic means (the Internet, etc.), and refrain from attending the Meeting in person on its scheduled date, as much as possible.**

**In order to exercise your voting rights in advance, please review the attached Reference Documents for the Shareholders' Meeting and exercise your voting rights no later than 5:00 p.m., Wednesday, June 22, 2022 (JST) according to the description on pages 4 and 5.**

1. **Date and Time:** 10:00 a.m. on Thursday, June 23, 2022 (JST)  
\* Reception will open at 9:00 a.m.
2. **Place:** Hall on the 7<sup>th</sup> 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 7<sup>th</sup> 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 202<sup>nd</sup> Fiscal Year (from April 1, 2021 to March 31, 2022)
  2. Audit Report of the Accounting Auditor and Audit Report of the Audit & Supervisory Board on the Consolidated Financial Statements

**Matters to be Resolved:**

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

Yours faithfully,

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

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- If you will be attending the Meeting in person, please submit the voting form enclosed herewith to the receptionist at the place of the Meeting. Also, please bring this Notice with you on the day of the Meeting at the Meeting venue.
  - “System to Ensure the Appropriateness of Business Operations and its Implementation” in the Business Report, “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements, and “Non-Consolidated Statement of Changes in Equity” and “Notes to Non-Consolidated Financial Statements” of the Non-Consolidated Financial Statements are posted on the Company's website in accordance with laws and regulations, as well as with Article 16 of the Company's Articles of Incorporation; accordingly, they are no longer included in the documents attached to this Notice.
  - The Business Report, Consolidated Financial Statements and Non-Consolidated Financial

Statements, which have been audited by the Audit & Supervisory Board Members and the Accounting Auditor, include not only the documents contained in the documents attached to this Notice but also “System to Ensure the Appropriateness of Business Operations and its Implementation,” “Consolidated Statement of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Non-Consolidated Statement of Changes in Equity,” and “Notes to Non-Consolidated Financial Statements,” which are posted on the Company’s website.

- Any modification that may be made to the Reference Documents for the Shareholders’ Meeting, Business Report, Consolidated Financial Statements and/or Non-Consolidated Financial Statements will be posted on the Company’s website.
- Information relating to the measures taken to prevent the spread of the novel coronavirus infection at the Meeting, as well as other relevant matters, are posted on the Company’s website.
- The Company’s website address is as follows:

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

## **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 Wednesday, June 22, 2022 (JST)**

#### **Exercise by Entering a Voting Code and a Password**

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

Online voting website

**<https://www.web54.net>**

**Deadline: 5:00 p.m. on Wednesday, June 22, 2022 (JST)**

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

### **If you exercise your voting rights in writing**

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

**Deadline: To be received by 5:00 p.m. on Wednesday, June 22, 2022 (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 Thursday, June 23, 2022 (JST)

**Place:** Hall on the 7<sup>th</sup> floor of the Company's Corporate Headquarters Building

**6-8, Doshomachi 2-chome, Chuo-ku, Osaka, Japan**

(Please see the access map at the end of this document.)

**For Institutional Investors**

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

## Reference Documents for the Shareholders' Meeting

### Proposals and Matters for Reference:

#### **First Proposal: Appropriation of Surplus**

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

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

During the fiscal year under review, the Company reported core operating profit of 58.5 billion yen and net profit attributable to owners of the parent of 56.4 billion yen.

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

Matters related to the year-end dividend

(1) Category of dividend property:

Cash

(2) Matters related to the allocation of dividend property to the shareholders, and the aggregate amount of the dividend:

Fourteen (14) yen per share of common stock of the Company (5,562,100,824 yen in aggregate)

Therefore, the annual dividend, including the interim dividend, shall be twenty-eight (28) yen per share.

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

June 24, 2022

## Second Proposal: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the amendments

As the amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act for Partially Amending the Companies Act (Act No. 70 of 2019) will come into effect on September 1, 2022, the Company will make the following amendments to its Articles of Incorporation in order to prepare for the introduction of a system for the electronic provision of materials for the Shareholders' Meeting.

- (1) Paragraph 1, Article 16 of the proposed amendments newly establishes a provision to the effect that the Company will take measures for the electronic provision of the information contained in the Reference Documents for the Shareholders' Meeting, etc.
- (2) Paragraph 2, Article 16 of the proposed amendments newly establishes a provision that limits the scope of the matters described in the documents to be delivered to shareholders who have requested the delivery of a paper copy of documents.
- (3) The provision of Article 16 (Disclosure through the Internet and Deemed Delivery of Reference Documents, etc.) of the current Articles of Incorporation will be deleted, as it will become unnecessary.
- (4) Supplementary provisions will be established regarding the effective date or the like of the newly established and deleted provisions described above.

### 2. Details of the amendments

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

(Proposed amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Chapter 3. Shareholders' Meeting</p> <p><u>Article 16. (Disclosure through the Internet and Deemed Delivery of Reference Documents, etc.)</u></p> <p><u>In convening the Shareholders' Meeting, the Company may be deemed to have provided the shareholders with the information relating to the matters that should be stated or indicated in the reference documents for the Shareholders' Meeting, business reports, non-consolidated financial statements and consolidated financial statements by disclosing such information through a method that uses the Internet in accordance with the applicable Ordinances of the Ministry of Justice.</u></p>	<p>Chapter 3. Shareholders' Meeting</p> <p>(Deleted)</p>

<p>(Newly established)</p>	<p><u>Article 16. (Measures for Electronic Provision of Information, etc.)</u></p> <p><u>1. In convening the Shareholders' Meeting, the Company shall take measures for the electronic provision of information contained in the reference documents and other related documents for the Shareholders' Meeting.</u></p> <p><u>2. Among the matters for which measures for the electronic provision of information are to be taken, the Company may omit all or part of the matters prescribed by the Ministry of Justice Order from the documents to be delivered to shareholders who have made a request for the delivery of a paper copy of documents by the record date for voting rights.</u></p>
<p>(Newly established)</p>	<p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Article 1. The deletion of Article 16 (Disclosure through the Internet and Deemed Delivery of Reference Documents, etc.) of the Articles of Incorporation prior to amendments and the new establishment of Article 16 (Measures for Electronic Provision of Information, etc.) of the Articles of Incorporation after amendments shall become effective from September 1, 2022.</u></p> <p><u>Article 2. Notwithstanding the provision of the preceding article, Article 16 (Disclosure through the Internet and Deemed Delivery of Reference Documents, etc.) of the Articles of Incorporation prior to amendments remains in effect for any Shareholders' Meeting to be held by the end of February 2023.</u></p> <p><u>Article 3. These Supplementary Provisions will be deleted after March 1, 2023 or a date on which three (3) months have elapsed from the date of the Shareholders' Meeting specified in the preceding article, whichever comes later.</u></p>

### Third Proposal: Election of Nine (9) Directors

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

The candidates for Directors are as follows:

Candidate No.	Name	No. of Years in Office	Current Position(s), Responsibilities, etc. at the Company	Attendance at the Meetings of the Board of Directors
1	Hiroshi Nomura <u>Reelection</u>	10 years	Representative Director and President	100% (22/22)
2	Toru Kimura <u>Reelection</u>	6 years	Representative Director Executive Vice President In charge of Global Corporate Strategy, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant	100% (22/22)
3	Yoshiharu Ikeda <u>Reelection</u>	2 years	Member, Board of Directors Senior Executive Officer In charge of the Cancer Research Unit, the Modality Research Unit and the Drug Research Division Head of Japan Business Unit	100% (22/22)
4	Hiroyuki Baba <u>New</u>	-	Senior Executive Officer In charge of the Global Data Design Office, Legal Affairs, Intellectual Property, IT Management & Digital Transformation, and the Frontier Business Office	-
5	Shigeyuki Nishinaka <u>New</u>	-	Senior Executive Officer In charge of Global Business Development and International Business Management	-
6	Saeko Arai <u>Reelection</u> <u>Outside</u>	4 years	Member, Board of Directors (Outside Director)	100% (22/22)

	Independent			
7	Nobuhiro Endo Reelection Outside Independent	3 years	Member, Board of Directors (Outside Director)	91% (20/22)
8	Minoru Usui Reelection Outside Independent	1 year	Member, Board of Directors (Outside Director)	100% (17/17)
9	Koji Fujimoto New Outside Independent	-	-	-

(Note) The attendance at the Meetings of the Board of Directors of Mr. Minoru Usui is that for the period after his assumption of office as a Director.

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

Candidate No.	Name and Other Information	Summary of the Profile, Position(s), Responsibilities and Significant Concurrent Position(s)
1	 <p>Hiroshi Nomura (Aug. 31, 1957) 64 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reelection</div> <p>No. of shares of the Company owned: 60,300 shares</p> <p>No. of years in office as a Director: 10 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (22/22)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 100% (12/12)</p>	<p>April 1981: Joined Sumitomo Chemical Co., Ltd.            January 2008: Joined the Company            June 2008: Executive Officer of the Company            June 2012: Member of the Board of Directors and Executive Officer of the Company            April 2014: Member of the Board of Directors and Senior Executive Officer of the Company            April 2016: Member of the Board of Directors and Executive Vice President of the Company            April 2017: Representative Director and Executive Vice President of the Company            April 2018: Representative Director and President of the Company (up to the present)</p> <p>[Significant Concurrent Positions]            Member, Board of Directors of Sumitomo Pharma Oncology, Inc.            Member, Board of Directors of Sumitovant Biopharma Ltd.            Member, Board of Directors of Myovant Sciences Ltd.            Board Chairman of the Japan Epilepsy Research Foundation</p> <p>[Reason for Nomination as a Candidate for Director]            Mr. Hiroshi Nomura served as a responsible person for the departments of global strategy, global corporate management, human resources, finance and accounting, and drug development of the Company, and in responsible positions at its overseas subsidiaries. Since April 2018, he has served as the Representative Director and President of the Company. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value by using his extensive knowledge, experience and skills.</p>

<p>2</p>  <p>Toru Kimura (Aug. 5, 1960) 61 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: 39,000 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% (22/22)</p>		<p>April 1989: Joined Sumitomo Chemical Co., Ltd.</p> <p>October 1992: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>April 2012: Senior Director of Global Strategy of the Company</p> <p>September 2013: Senior Director of the Regenerative &amp; Cellular Medicine Office of the Company</p> <p>April 2015: Executive Officer of the Company</p> <p>June 2016: Member of the Board of Directors and Executive Officer of the Company</p> <p>April 2019: Member of the Board of Directors and Senior Executive Officer of the Company</p> <p>April 2021: Representative Director and Executive Vice President of the Company (up to the present)</p> <p>[Currently in Charge of the Following] Global Corporate Strategy, Regenerative &amp; Cellular Medicine Office, the Regenerative &amp; Cellular Medicine Kobe Center, and the Regenerative &amp; Cellular Medicine Manufacturing Plant</p> <p>[Significant Concurrent Positions] Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Enzyvant Therapeutics Ltd. Member, Board of Directors of Spirovant Sciences, Inc.</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Toru Kimura has served as a responsible person for the departments of global strategy, regenerative and cellular medicine and research of the Company. Since April 2021, he has served as a Representative Director of the Company. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value using his extensive knowledge, experience and skills.</p>
<p>3</p>	 <p>Yoshiharu Ikeda</p>	<p>April 1985: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>June 2010: Executive Officer of the Company</p> <p>January 2012: Executive Vice President of Sunovion Pharmaceuticals Inc.</p> <p>April 2016: Senior Executive Officer of the Company</p> <p>June 2020: Member of the Board of Directors and Senior Executive Officer of the Company (up to the present)</p>

	<p>(Jan. 5, 1958) 64 years old</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">Reelection</div> <p>No. of shares of the Company owned: 9,800 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% (22/22)</p>	<p>[Currently in Charge of the Following] The Cancer Research Unit, the Modality Research Unit and the Drug Research Division Head of Japan Business Unit</p> <p>[Significant Concurrent Positions] Member, Board of Directors of Sumitomo Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Pharma Oncology, Inc. Member, Board of Directors of Altavant Sciences Ltd.</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Yoshiharu Ikeda has been in charge of corporate regulatory compliance and quality assurance, as well as technology research and manufacturing of the Company, and has served in responsible positions of the departments of global strategy, IT system and research of the Company and at its overseas subsidiaries. The Company has continued to nominate him as a candidate for Director, finding that he will be able to contribute to the sustainable growth of the Group and increase of its corporate value using his extensive knowledge, experience and skills.</p>
4	 <p>Hiroyuki Baba (Oct. 14, 1959) 62 years old</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;">New</div> <p>No. of shares of the Company owned: 600 shares</p>	<p>April 1982: Joined Sumitomo Chemical Co., Ltd. April 2013: Executive Vice President of Sunovion Pharmaceuticals Inc. April 2014: Joined the Company April 2014: Executive Officer of the Company April 2019: Senior Executive Officer of the Company (up to the present)</p> <p>[Currently in Charge of the Following] The Global Data Design Office, Legal Affairs, Intellectual Property, IT Management &amp; Digital Transformation, and the Frontier Business Office</p> <p>[Significant Concurrent Position] Member, Board of Directors of Sunovion Pharmaceuticals Inc.</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Hiroyuki Baba has served in responsible positions of the departments of global strategy, business development, digital transformation, legal affairs, intellectual property, IT system and frontier business of the Company and at its overseas subsidiaries. The Company has nominated him as a candidate for Director,</p>

		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.
5	 <p>Shigeyuki Nishinaka (Nov. 17, 1964) 57 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 1989: Joined NKK Corporation (currently, JFE Holdings, Inc.)</p> <p>October 1994: Joined the former Sumitomo Pharmaceuticals Co., Ltd.</p> <p>August 2001: Joined Daiichi Pharmaceutical Co., Ltd. (currently, Daiichi Sankyo Co., Ltd.)</p> <p>February 2009: Joined the Company</p> <p>January 2014: Senior Director of the Global Oncology Office of the Company</p> <p>April 2014: Administration Officer of the Company</p> <p>April 2017: Executive Officer of the Company</p> <p>April 2020: Senior Executive Officer of the Company (up to the present)</p> <p>[Currently in Charge of the Following] Global Business Development and International Business Management</p> <p>[Significant Concurrent Positions] Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Urovant Sciences Ltd.</p> <p>[Reason for Nomination as a Candidate for Director] Mr. Shigeyuki Nishinaka has served in responsible positions of the departments of global strategy, business development, international business management and research of the Company. 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>
6	 <p>Saeko Arai (Feb. 6, 1964)</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>58 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: 4 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (22/22)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 100% (12/12)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (1/1)</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 &amp; Supervisory Board Member of teamS Inc. (up to the present)</p> <p>June 2017: Outside Audit &amp; Supervisory Board Member of AEON Credit Service Co., Ltd. (up to the present)</p> <p>June 2018: Member of the Board of Directors (Outside Director) of the Company (up to the present)</p> <p>June 2018: Outside Director of Tokyu Fudosan Holdings Corporation (up to the present)</p> <p>April 2019: Professor at the Faculty of Business Administration of Hakuoh University (up to the present)</p> <p>[Significant Concurrent Positions]</p> <p>Professor at the Faculty of Business Administration of Hakuoh University</p> <p>President of Acuray, Inc.</p> <p>Outside Director of Tokyu Fudosan Holdings Corporation</p> <p>Member of the contract supervisory committee and member of the information security auditor selection committee of the Government Pension Investment Fund (GPIF)</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles]</p> <p>Ms. Saeko Arai has extensive experience as a corporate executive, having engaged in business management at multiple companies, and 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>
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<p>7</p>  <p>Nobuhiro Endo (Nov. 8, 1953) 68 years old</p> <p>Reelection</p> <p>Outside</p> <p>Independent</p> <p>No. of shares of the Company owned: 0 shares</p> <p>No. of years in office as a Director: 3 years</p> <p>Attendance at the Meetings of the Board of Directors: 91% (20/22)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee: 92% (11/12)</p> <p>Attendance at the Meeting of the Supervisory Committee for</p>	<p>April 1981: Joined NEC Corporation</p> <p>April 2006: Senior Vice President and Executive General Manager of the Mobile Network Operations Unit of NEC Corporation</p> <p>April 2009: Executive Vice President of NEC Corporation</p> <p>June 2009: Executive Vice President and Member of the Board of NEC Corporation</p> <p>April 2010: President (Representative Director) of NEC Corporation</p> <p>April 2016: Chairman of the Board (Representative Director) of NEC Corporation</p> <p>June 2016: Outside Director of JAPAN POST INSURANCE Co., Ltd.</p> <p>June 2017: Outside Director of Seiko Holdings Corporation</p> <p>June 2018: Outside Director of Japan Exchange Group, Inc. (up to the present)</p> <p>June 2019: Member of the Board of Directors (Outside Director) of the Company (up to the present)</p> <p>June 2019: Chairman of the Board of NEC Corporation (up to the present)</p> <p>June 2019: Outside Director of Tokio Marine Holdings, Inc. (up to the present)</p> <p>[Significant Concurrent Positions] Chairman of the Board of NEC Corporation Outside Director of Japan Exchange Group, Inc. Outside Director of Tokio Marine Holdings, Inc.</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles] Mr. Nobuhiro Endo has a wide range of knowledge and extensive experience which he has acquired in the course of his long career as a corporate executive at a company conducting ICT business, etc. at a global level. The Company has continued to nominate him as a candidate for Outside Director in the expectation that he will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using his knowledge and experience, while supervising the management from an independent and objective standpoint as an Outside Director.</p>
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	Conflict of Interests in Transactions between Group Companies: 100% (1/1)	
8	 <p>Minoru Usui (Apr. 22, 1955) 67 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: 1 year</p> <p>Attendance at the Meetings of the Board of Directors: 100% (17/17)</p> <p>Attendance at the Meetings of the Nomination and Compensation Committee:</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 &amp; Development Division of Seiko Epson Corporation</p> <p>July 2007: General Administrative Manager of the Corporate Research &amp; Development Division of Seiko Epson Corporation</p> <p>October 2007: Managing Director of Seiko Epson Corporation</p> <p>June 2008: President and Representative Director of Seiko Epson Corporation Chief Executive Officer of Seiko Epson Corporation</p> <p>April 2020: Chairman and Director of Seiko Epson Corporation (up to the present)</p> <p>June 2021: Member of the Board of Directors (Outside Director) of the Company (up to the present)</p> <p>June 2021: Outside Director of IHI Corporation (up to the present)</p> <p>[Significant Concurrent Positions] Chairman and Director of Seiko Epson Corporation Outside Director of IHI Corporation</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles] 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>100% (9/9)</p> <p>Attendance at the Meeting of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies: 100% (1/1)</p> <p>*The status of attendance after his assumption of office as a Director</p>	
<p>9</p>	 <p>Koji Fujimoto (May 1, 1963) 59 years old</p> <p>New</p> <p>Outside</p> <p>Independent</p> <p>No. of shares of the Company owned: 0 shares</p>	<p>April 1987: Joined the Ministry of International Trade and Industry (MITI) (currently, the Ministry of Economy, Trade and Industry (METI))</p> <p>July 2003: Director of the Medical and Assistive Device Industries Office of METI</p> <p>July 2008: Director of the Service Industries Division of METI (Director of the Healthcare Industries Division after organizational revision in July 2011)</p> <p>July 2012: Counsellor of the Cabinet Secretariat (Office of Healthcare Policy, etc.)</p> <p>July 2015: Councillor of the Cabinet Secretariat (Assistant Director of the Office of Healthcare Policy)</p> <p>August 2019: Specially Appointed Professor at Tokyo Medical and Dental University (to the present)</p> <p>August 2019: Senior URA of the Research University Promotion Organization of Tokyo Medical and Dental University (up to the present)</p> <p>August 2019: Deputy Director of the Research Center for Industry Alliances of Tokyo Medical and Dental University (up to the present)</p> <p>[Significant Concurrent Positions] Specially Appointed Professor at Tokyo Medical and Dental University</p>

		<p>Senior URA of the Research University Promotion Organization of Tokyo Medical and Dental University Deputy Director of the Research Center for Industry Alliances of Tokyo Medical and Dental University</p> <p>[Reason for Nomination as a Candidate for Outside Director and Summary of Expected Roles] 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 nominated him as a candidate for Outside Director in the expectation that he will be able to contribute to the management for the sustainable growth of the Group and increase of its corporate value using his knowledge and experience, while supervising the management from an independent and objective standpoint as an Outside Director. Although he has not been directly involved in corporate management, the Company has determined that he is capable of appropriately performing his duties as an Outside Director for the reasons described above.</p>
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- (Note)
1. Mr. Hiroshi Nomura serves as the board chairman of the Japan Epilepsy Research Foundation to which the Company has made donations for its research grant projects and related support.
  2. None of the other candidates have any special interests in the Company.
  3. Ms. Saeko Arai, Mr. Nobuhiro Endo, Mr. Minoru Usui and Mr. Koji Fujimoto are candidates for Outside Directors as defined in Item 7, Paragraph 3, Article 2 of the Regulations for Enforcement of the Companies Act.
  4. The Company designated Ms. Saeko Arai, Mr. Nobuhiro Endo and Mr. Minoru Usui as Independent Directors as defined by Tokyo Stock Exchange, Inc., and reported the same to the said exchange. Upon the approval of the election of Mr. Koji Fujimoto as an Outside Director, the Company intends to designate him as an Independent Director as defined by the said exchange, and report the same thereto.
  5. Ms. Saeko Arai, Mr. Nobuhiro Endo and Mr. Minoru Usui currently serve as Outside Directors of the Company, and Ms. Saeko Arai will have served as an Outside Director for four (4) years, Mr. Nobuhiro Endo will have served as an Outside Director for three (3) years, and Mr. Minoru Usui will have served as an Outside Director for one (1) year, at the conclusion of this Shareholders' Meeting.
  6. The Company entered into an agreement with each of Ms. Saeko Arai, Mr. Nobuhiro Endo and Mr. Minoru Usui 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 and Mr. Minoru Usui as Outside Directors, the Company intends to extend the term of the said agreement. Upon the approval of the election of Mr. Koji Fujimoto as an Outside Director, the Company intends to enter into an agreement with him with the same terms as those of the said agreement.

7. The Company entered into an agreement of directors and officers liability insurance with an insurance company which is provided in Paragraph 1, Article 430-3 of the Companies Act. All the officers and major employees such as executive officers (hereinafter, “Officers, etc.”) of the Company and its domestic subsidiaries (hereinafter, the “Company and its Domestic Subsidiaries”) are insured by the insurance. When these candidates assume the position of Director, they will also be insured by the insurance. The Company pays the premium of the insurance in full, and the insurance covers any loss or damage of compensation for damage and litigation costs for which the insured may be liable because of any claim for compensation for damage made against the insured during the term of the insurance arising from any act (including omission of an act) performed by the insured with respect to any duties as Officers, etc. of the Company and its Domestic Subsidiaries. However, the insurance includes certain exceptions to liability such as damage arising from an act conducted by the insured knowing such act is in violation of laws and regulations. The term of the insurance is one (1) year and it is scheduled to be renewed on the same terms upon expiration.
8. As for JAPAN POST INSURANCE Co., Ltd. where Mr. Nobuhiro Endo served as an outside director from June 2016 to June 2018, the company received a partial business suspension order and a business improvement order from the Financial Services Agency as of December 27, 2019, with respect to improper solicitation, etc. of its life insurance products. These facts were found out after his retirement, and while he was not aware of such facts during his term as an outside director of the company, he used to give compliance-oriented advice on a regular basis.
9. As for Japan Exchange Group, Inc. (hereinafter, “JPX”) where Mr. Nobuhiro Endo serves as an outside director, JPX received a business improvement order from the Financial Services Agency as of November 30, 2020, upon the occurrence of a failure in the “arrowhead” cash equity trading system of Tokyo Stock Exchange, Inc. (hereinafter, “TSE”), a subsidiary of JPX, in October 2020, as a result of which all trading at TSE was suspended for the entire day. The Financial Services Agency found that the settings for automatic switchover functions of the equipment which suffered the failure were incomplete and rules of TSE for trading resumptions were inadequate. Since prior to the occurrence of the said event, he used to make proposals for market operations with high stability and reliability at the meetings of the board of directors of JPX as appropriate. After the occurrence of the said event, as a member of the Investigation Committee of Independent Outside Directors in Relation to the System Failure which was established by JPX, Mr. Endo evaluated and made proposals regarding matters such as the true cause of the occurrence of the failure, appropriateness of measures and responses taken by JPX

and TSE before and after the event, measures to prevent recurrence of similar events, with respect to opinions and findings made by JPX and TSE regarding the history of events during the day the failure occurred and the cause and related facts of the failure. Mr. Endo fulfilled his duties by also reporting the status and results of the investigation by the said committee at the meetings of the board of directors of JPX.

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

The term of office of the two (2) Audit & Supervisory Board Members of the Company, Mr. Takashi Kutsunai and Mr. Yoshio Iteya, will expire upon the conclusion of this Shareholders' Meeting. In addition, Audit & Supervisory Board Member Mr. Junsuke Fujii will resign from the office of the Audit & Supervisory Board Member upon the conclusion of this Shareholders' Meeting.

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

The Audit & Supervisory Board has already approved this proposal.

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

Candidate No.	Name and Other Information	Summary of the Profile, Position(s) and Significant Concurrent Position(s)
1	 <p>Takashi Kutsunai (Jun. 26, 1958) 63 years old</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reelection</div> <p>No. of shares of the Company owned: 18,600 shares</p> <p>No. of years in office as an Audit &amp; Supervisory Board Member: 4 years</p> <p>Attendance at the Meetings of the Board of</p>	<p>April 1981: Joined Sumitomo Chemical Co., Ltd. October 1984: Joined the former Sumitomo Pharmaceuticals Co., Ltd. April 2012: Senior Director of Internal Auditing of the Company April 2013: Administration Officer of the Company June 2018: Full-time Audit &amp; Supervisory Board Member of the Company (up to the present)</p> <p>[Reason for Nomination as a Candidate for Audit &amp; Supervisory Board Member]</p> <p>Mr. Takashi Kutsunai has extensive knowledge, experience and skills in pharmaceutical business in general, having served in responsible positions of the departments of human resources, international business management and internal auditing of the Company. The Company has continued to nominate him as a candidate for Audit &amp; Supervisory Board Member, finding that he will be able to contribute to the auditing of the Group with his knowledge, experience and skills</p>

	<p>Directors: 100% (22/22)</p> <p>Attendance at the Meetings of the Audit &amp; Supervisory Board: 100% (13/13)</p>	
2	 <p>Yoshio Iteya (Jan. 9, 1956) 66 years</p> <div data-bbox="371 1070 579 1137" style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 10px;">Reelection</div> <div data-bbox="371 1167 579 1234" style="border: 1px solid black; padding: 2px; width: fit-content;">Outside</div> <p>No. of shares of the Company owned: 0 shares</p> <p>No. of years in office as an Audit &amp; Supervisory Board Member: 4 years</p> <p>Attendance at the Meetings of the Board of Directors: 100% (22/22)</p> <p>Attendance at the</p>	<p>April 1983: Admitted to the Bar (Japan) April 1989: Admitted to the Bar (New York) January 1992: Partner at Mori Hamada &amp; Matsumoto April 2004: Specially Appointed Professor at Hitotsubashi University School of Law (up to the present) June 2018: Outside Audit &amp; Supervisory Board Member of the Company (up to the present) January 2021: Partner at Anderson Mori &amp; Tomotsune (up to the present)</p> <p>[Significant Concurrent Positions] Partner at Anderson Mori &amp; Tomotsune Specially Appointed Professor at Hitotsubashi University School of Law</p> <p>[Reason for Nomination as a Candidate for Audit &amp; Supervisory Board Member] Mr. Yoshio Iteya has extensive experience and expertise as an attorney. The Company has continued to nominate him as a candidate for Outside Audit &amp; Supervisory Board Member in the expectation that that he will be able to contribute to the auditing of the Group using his experience and expertise. Although he has not been directly involved in corporate management, the Company has determined that he is capable of appropriately performing his duties as an Outside Audit &amp; Supervisory Board Member for the reasons described above.</p>

	Meetings of the Audit & Supervisory Board: 100% (13/13)	
3	 <p>Daishiro Michimori (Sep. 29, 1956) 65 years old</p> <p>New</p> <p>Outside</p> <p>Independent</p> <p>No. of shares of the Company owned: 0 shares</p>	<p>April 1979: Joined the Ministry of Finance</p> <p>October 2010: Councillor of the Cabinet Secretariat (National Policy Unit)</p> <p>August 2012: Regional Commissioner of the Tokyo Regional Taxation Bureau</p> <p>July 2014: Director-General for Policy Planning of the Ministry of Land, Infrastructure, Transport and Tourism</p> <p>April 2016: Admitted to the Bar (Japan)</p> <p>April 2016: Advisor Attorney of TMI Associates</p> <p>April 2016: Managing Director of the Institute of Daiwa Institute of Research Ltd.</p> <p>June 2016: Outside Member of the Board of World Co., Ltd.</p> <p>April 2018: Senior Managing Director of the Institute of Daiwa Institute of Research Ltd.</p> <p>April 2021: Visiting Lawyer of Shimada Hamba &amp; Osajima (up to the present)</p> <p>April 2022: Senior Advisor of Daiwa Institute of Research Ltd. (up to the present)</p> <p>[Significant Concurrent Position] Visiting Lawyer of Shimada Hamba &amp; Osajima</p> <p>[Reason for Nomination as a Candidate for Outside Audit &amp; Supervisory Board Member] Mr. Daishiro Michimori has served in various responsible positions at the Ministry of Finance and the Cabinet Secretariat, and has expertise related to finance and accounting which he has acquired in the course of the development and promotion of financial policies, and also as an attorney. The Company has nominated him as a candidate for Outside Audit &amp; Supervisory Board Member in the expectation that he will be able to contribute to the auditing of the Group using his expertise. Although he has not been directly involved in corporate management, the Company has determined that he is capable of appropriately performing his duties as an Outside Audit &amp; Supervisory Board Member for the reasons described above.</p>

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

2. Mr. Yoshio Iteya and Mr. Daishiro Michimori are candidates for Outside Audit & Supervisory Board Members as defined in Item 8, Paragraph 3, Article 2 of the Regulations for Enforcement of the Companies Act.
3. Upon the approval of the election of Mr. Daishiro Michimori as an Outside Audit & Supervisory Board Member, the Company intends to designate him as an Independent Audit & Supervisory Board Member as defined by Tokyo Stock Exchange, Inc., and report the same thereto. Although Mr. Yoshio Iteya meets the criteria for an Independent Audit & Supervisory Board Member as defined by the said exchange, the Company has not designated or reported him as an Independent Audit & Supervisory Board Member to the said exchange due to the policy of the law firm which he belongs to.
4. Mr. Yoshio Iteya currently serves as an Outside Audit & Supervisory Board Member of the Company, and he will have served as an Outside Audit & Supervisory Board Member for four (4) years at the conclusion of this Shareholders' Meeting.
5. The Company entered into an agreement with Mr. Yoshio Iteya, who currently serves as an Outside Audit & Supervisory Board Member of the Company, which limits his liability for damages under Paragraph 1, Article 423 of the Companies Act. Under the terms of the agreement, his liability is limited to either ten (10) million yen or the amount stipulated under applicable laws and regulations, whichever is higher. Upon the approval of the reelection of Mr. Yoshio Iteya as an Outside Audit & Supervisory Board Member, the Company intends to extend the term of the said agreement. Upon the approval of the election of Mr. Daishiro Michimori as an Outside Audit & Supervisory Board Member, the Company intends to enter into an agreement with him with the same terms as those of the said agreement.
6. The Company entered into an agreement of directors and officers liability insurance with an insurance company which is provided in Paragraph 1, Article 430-3 of the Companies Act. All the officers and major employees such as executive officers (hereinafter, "Officers, etc.") of the Company and its domestic subsidiaries (hereinafter, the "Company and its Domestic Subsidiaries") are insured by the insurance. When these candidates assume the position of Audit & Supervisory Board Member, they will also be insured by the insurance. The Company pays the premium of the insurance in full, and the insurance covers any loss or damage of compensation for damage and litigation costs for which the insured may be liable because of any claim for compensation for damage made against the insured during the term of the insurance arising from any act (including omission of an act) performed by the insured with respect to any duties as Officers, etc. of the Company and its Domestic Subsidiaries. However, the insurance includes certain exceptions to liability such as damage arising from an act conducted by the insured knowing such act is in violation of laws and regulations. The term of the insurance is one (1) year and it is scheduled to be renewed on the same terms upon expiration.

END

(Reference)

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

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

- (1) Persons who have the Company as their major business partner (meaning persons who received payments from the Company for products or services in an amount that exceeds, in any of their last three (3) fiscal years, two percent (2%) of their consolidated annual revenue or consolidated annual net sales), or persons executing the business operations thereof (meaning an “executive” as defined in Article 2, paragraph 3, item (vi) of the Regulations for Enforcement of the Companies Act; the same shall apply hereinafter in these independence criteria);
- (2) Persons who are the Company’s major business partners (meaning persons who made payments to the Company for products or services in an amount that exceeds, in any of the Company’s last three (3) fiscal years, two percent (2%) of the Company’s consolidated annual revenue), or persons executing the business operations thereof;
- (3) Consultants, accounting or legal professionals who received from the Company monetary consideration or other properties of ten (10) million yen or more, except for the remuneration of the Directors or the Audit & Supervisory Board Members, in any of their last three (3) fiscal years (or those persons who belong to corporations, associations or any other entity, which received from the Company monetary consideration or other properties of one hundred (100) million yen or more in any of their last three (3) fiscal years);
- (4) Persons who received from the Company any donation or grant of ten (10) million yen or more in any of their last three (3) fiscal years (or those persons who belong to corporations, associations or any other entity, which received from the Company any donation or grant of one hundred (100) million yen or more in any of their last three (3) fiscal years);
- (5) Persons who fall under either of ① and ② below in any of the past ten (10) years;
  - ① Persons executing the business operations of the parent company of the Company (including directors who are not persons executing the business operations, and including audit & supervisory board members in cases where it must be determined whether Outside Audit & Supervisory Board Members meet these independence criteria); or
  - ② Persons executing the business operations of any subsidiary of the parent company of the Company (excluding the Company and its subsidiaries; the same shall apply hereinafter); or
- (6) Close relatives (Note 1) of persons who fall under any of ① to ③ below (excluding persons other than persons with important positions (Note 2));
  - ① Persons who fall under any of (1) to (5) above;
  - ② Persons executing the business operations of any subsidiary of the Company (including directors who are not persons executing the business operations in cases where it must be determined whether Outside Audit & Supervisory Board Members meet these independence criteria), persons executing the business operations of the parent company of the Company

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

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

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

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

(Reference)

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

Name/Position		Corporate management or organizational operations in Japan or abroad*2	Different industries <sup>*3</sup>	Creation and cultivation of new business/ business development*4	Digital technologies and data utilization*5	Healthcare industry			Finance, accounting and tax	Legal, compliance and risk management	Major career, expertise, etc.
						Medical science, pharmaceutical science, public administration	R&D	Planning, marketing, etc.			
Hiroshi Nomura	Representative Director and President	○						○	○		Served as a responsible person for the departments of global strategy, global corporate management, human resources, finance and accounting, and drug development of the Company, and in responsible positions at its overseas subsidiaries.
Toru Kimura	Representative Director	○					○				Served as a responsible person for the departments of global strategy, regenerative and cellular medicine and research of the Company.
Yoshiharu Ikeda	Member, Board of Directors	○					○	○			Served as a responsible person for corporate regulatory compliance and quality assurance, as well as technology research and manufacturing of the Company, and in responsible positions of the departments of global strategy, IT system and research of the Company and at its overseas subsidiaries.
Hiroyuki Baba	Member, Board of Directors	○							○		Served in responsible positions of the departments of global strategy, business development, digital transformation, legal affairs, intellectual property, IT system and frontier business of the Company and at its overseas subsidiaries.
Shigeyuki Nishinaka	Member, Board of Directors	○					○	○			Served in responsible positions of the departments of global strategy, business development, international business management and research of the Company.
Saeko Arai	Member, Board of Directors (Outside Director)	○	○	○					○		Corporate executive, CPA
Nobuhiro Endo	Member, Board of Directors (Outside Director)	○	○	○	○						Corporate executive
Minoru Usui	Member, Board of Directors (Outside Director)	○	○	○	○						Corporate executive
Koji Fujimoto	Member, Board of Directors (Outside Director)					○					Served in responsible positions at the Ministry of Economy, Trade and Industry and the Cabinet Secretariat.
Yoshinori Oh-e	Full-Time Audit & Supervisory Board Member						○	○			Served in responsible positions of the departments of business development, research and development as well as regulatory compliance and quality assurance of the Company.
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.
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, 2021 to March 31, 2022)

### **1. Matters Regarding the Current Circumstances of the Group**

#### **(1) Group Business Progress and Results**

During the fiscal year ended March 31, 2022, the world economy showed signs of a pickup overall as restrictions on economic activities were eased in response to the improving vaccination status amid the lasting impact of the novel coronavirus infection pandemic. More recently, however, the ongoing disruptions in the global supply chain and soaring energy prices have dampened the recovery trajectory, with the uncertainty increasing even further due to the situation in Ukraine and growing geopolitical risks in other parts of the world. Likewise, the Japanese economy has been at the mercy of the pandemic, and its outlook is still uncertain.

In the pharmaceutical sector, multiple factors have made it more difficult to foresee the future course of business, including the spread of preventive/compound solutions and the arrival of new entrants from outside the sector, on top of the push to curb prices of brand-name drugs and promote the use of generics in their stead, the greater difficulty in developing new drugs, and rising R&D expenses.

Against this backdrop, in May 2021 the Group revised its business goals laid out in the Mid-term Business Plan 2022, its five-year plan that commenced in FY2018, given the changes that had since occurred to the business environment. We have thus pursued business activities under the renewed goals. Despite the impact of the novel coronavirus infection on various aspects of our business activities throughout the fiscal year under review, we have managed to ensure the continuity of our business by taking the utmost precaution to prevent employees from being infected, with our top priority being the fulfillment of our duty to ensure a stable supply of pharmaceutical products. In the meantime, we have continued to focus on enhancing productivity by, for example, facilitating work-from-home initiatives for employees.

In Japan, the Group has continued its commitment to maximizing product value in our focus areas of Psychiatry & Neurology and Diabetes. With regards to the former, we have worked to increase market penetration of LATUDA<sup>®</sup> (atypical antipsychotic), which was launched in the previous fiscal year. In the latter area, we focused on the provision of medical information in a bid to achieve early market penetration of TWYMEEG<sup>®</sup> (therapeutic agent for type 2 diabetes), which was launched in the fiscal year under review, while at the same time seeking to bolster sales of Trulicity<sup>®</sup>, Equa<sup>®</sup>, and EquMet<sup>®</sup> (therapeutic agents for type 2 diabetes).

In North America, Sunovion Pharmaceuticals Inc. (hereinafter, "Sunovion") continued its drive to further expand sales of global strategic product LATUDA<sup>®</sup> and pushed ahead with development of the novel candidate compounds in the Psychiatry & Neurology area pursuant to the license agreement for joint development and commercialization concluded in September 2021 among the three parties including Otsuka Pharmaceutical Co., Ltd. (hereinafter, "Otsuka") and Sumitomo Pharma Co., Ltd.

In the U.S., Myovant Sciences Ltd. (hereinafter, "Myovant"), a subsidiary of Sumitovant Biopharma Ltd. (hereinafter, "Sumitovant"), focused on the achievement of early market penetration of ORGOVYX<sup>®</sup>, a therapeutic agent for advanced prostate cancer launched in the previous fiscal year, and MYFEMBREE<sup>®</sup>, a therapeutic agent for uterine fibroids launched in the fiscal year under review, through co-promotion with Pfizer Inc. (hereinafter, "Pfizer"). Meanwhile, Urovant Sciences Ltd. (hereinafter, "Urovant"), another subsidiary of Sumitovant, commenced marketing in the U.S.

of GEMTESA<sup>®</sup>, a therapeutic agent for overactive bladder, in the fiscal year under review.

In China, Sumitomo Pharma (Suzhou) Co., Ltd. staged promotions designed to expand sales of LATUDA<sup>®</sup> and other products, in addition to MEROPEN<sup>®</sup> (carbapenem antibiotic), which has recovered from its pandemic-induced sluggish performance in the previous fiscal year.

### **Adoption of the International Financial Reporting Standards (IFRS) and “core operating profit” as a performance indicator**

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

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

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

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

	FY2021 (Billions of Yen)	FY2020 (Billions of Yen)	Change (Billions of Yen)	Rate of Change
Revenue	560.0	516.0	44.1	8.5 %
Core operating profit	58.5	69.6	(11.1)	(15.9) %
Operating profit	60.2	71.2	(11.0)	(15.4) %
Profit before taxes	83.0	77.9	5.1	6.6 %
Net profit	40.6	36.8	3.8	10.2 %
Net profit attributable to owners of the parent	56.4	56.2	0.2	0.3 %

#### **■ Revenue increased by 8.5% year-on-year to 560.0 billion yen.**

Revenue increased overall, driven by the North America segment, which benefitted from the posting of the lump-sum upfront payment for the joint development and marketing alliance agreement with Otsuka in the Psychiatry & Neurology area and the contributions of new products from Myovant and Urovant. The growth in the China segment contributed to the increase as well.

#### **■ Core operating profit decreased by 15.9% year-on-year to 58.5 billion yen.**

Core operating profit decreased as a result of a significant increase in selling, general and administrative expenses primarily owing to the start of full-scale marketing activities by Myovant and Urovant and an increase in the amortization of intangible assets, despite an increase in gross profit on account of a revenue increase.

#### **■ Operating profit decreased by 15.4% year-on-year to 60.2 billion yen.**

Operating profit decreased year-on-year, despite a cost reversal from a decline in the fair value of contingent consideration.

■ **Profit before taxes increased by 6.6% year-on-year to 83.0 billion yen.**

Profit before taxes increased as financial income/expenses—a balance of financial income after the deduction of financial expenses—turned significantly positive due to the recording of forex gains resulting from the yen’s depreciation on the year-end date.

■ **Net profit increased by 10.2% year-on-year to 40.6 billion yen.**

Net profit increased, too, as profit before taxes increased.

■ **Net profit attributable to owners of the parent increased by 0.3% year-on-year to 56.4 billion yen.**

Net profit attributable to owners of the parent—the amount of net profit less the amount of losses attributable to non-controlling interests—edged higher from the previous fiscal year.

The ratio of the net profit attributable to owners of the parent to revenue was 10.1%.

**Adoption of “core segment profit” as a performance indicator for each segment**

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

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

Business performance by reportable segment is as follows:

1. Japan

■ **Revenue decreased by 1.7% year-on-year to 149.9 billion yen.**

Revenue showed a decrease primarily owing to the impact of the National Health Insurance (NHI) drug price revisions and the declines in sales of long-listed drugs, while sales of LATUDA<sup>®</sup> showed steady growth after it was launched in the previous fiscal year.

■ **Core segment profit decreased by 19.2% year-on-year to 19.6 billion yen.**

This decrease is attributable to a decline in gross profit and an increase in selling, general and administrative expenses primarily owing to sales-related expenses for TWYMEEG<sup>®</sup>, which was launched in the fiscal year under review.

2. North America

■ **Revenue increased by 13.6% year-on-year to 319.8 billion yen.**

Revenue showed an increase as factors for revenue growth, including the recording of the lump-sum upfront payment for the license agreement for joint development and commercialization with Otsuka, additional sales from ORGOVYX<sup>®</sup>, MYFEMBREE<sup>®</sup>, and GEMTESA<sup>®</sup>, and revenue recognition arising from an agreement executed with Pfizer in the previous fiscal year concerning joint development and marketing, more than offset negative factors such as declines in sales of drugs such as LATUDA<sup>®</sup> and BROVANA<sup>®</sup> (therapeutic agent for chronic obstructive pulmonary disease [COPD]), the latter of which saw its exclusive marketing period expire.

■ **Core segment profit decreased by 9.8% year-on-year to 105.4 billion yen.**

This decrease is attributable to the increase in selling, general and administrative expenses due primarily to the start of full-scale marketing activities by Myovant and Urovant and an increase in the amortization of intangible assets, despite an increase in gross profit on account of a revenue increase.

3. China

■ **Revenue increased by 37.6% year-on-year to 38.3 billion yen.**

Revenue showed an increase as a result of an increase in sales of MEROPEN<sup>®</sup>.

■ **Core segment profit increased by 48.0% year-on-year to 19.6 billion yen.**

This increase is attributable to the rise in gross profit on account of a revenue increase.

4. Other Regions

■ **Revenue decreased by 29.3% year-on-year to 12.2 billion yen.**

Revenue showed a decrease as sales declined for exports and others.

■ **Core segment profit decreased by 62.6% year-on-year to 3.3 billion yen.**

This decrease is largely attributable to the decline in revenue.

In addition to the above reportable segments, the Group is also engaged in sales of food ingredients, food additives, materials for chemical products, veterinary drugs, and other product lines, which together generated revenue of 39.9 billion yen (up by 8.0% year-on-year) and core segment profit of 3.5 billion yen (down by 2.2% year-on-year).

The status of research and development activities is as follows:

The Group has been committed to the research and development of drugs by taking every available opportunity to incorporate cutting-edge technologies through a combination of in-house research, technology in-licensing, and joint research with venture companies and academic institutions. The Group aims to continually discover exceptional pharmaceutical products in its focus areas of Psychiatry & Neurology, Oncology, and Regenerative Medicine & Cell Therapy. In order to contribute to global health, the Group is also working on tackling infectious diseases. Furthermore, with the aim of providing new solutions to social issues in the realm of healthcare outside of pharmaceuticals, we are currently busy preparing for the launch of frontier businesses on a full scale.

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

① Psychiatry & Neurology

i. ulotaront (product code: SEP-363856)

For schizophrenia, the Phase 3 clinical study in the U.S. and Phase 2/3 clinical studies in Japan and China were pursued.

ii. SEP-4199

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

- iii. Phase 1 clinical studies for two new products have commenced.
- ② Oncology
- i. DSP-7888 (generic name: adegramotide/nelatimotide)

Phase 3 clinical studies of this product in patients with recurrent or progressive glioblastoma in the U.S. and Japan were terminated following their interim analysis after determining there is a low probability of meeting the primary endpoint at the final analysis.
  - ii. Phase 1 clinical study for one new product has commenced.
- ③ Regenerative Medicine & Cell Therapy
- i. RETHYMIC<sup>®</sup> (product code: RVT-802)

In the U.S., approval was obtained for its use in the treatment of pediatric congenital athymia in October 2021.
  - ii. Allogeneic iPS cell-derived dopamine neural progenitors

Transplantation has been completed for all seven cases of the investigator-initiated clinical study for Parkinson's disease, which is being conducted at Kyoto University.
  - iii. Allogeneic iPS cell-derived photoreceptors

In the clinical studies for retinitis pigmentosa being conducted at Kobe City Eye Hospital with the use of our photoreceptors, it was confirmed that our photoreceptors were engrafted one year after they were transplanted in both of the two cases there.
- ④ Infectious Disease
- i. lefamulin

In China, an NDA was submitted for community-acquired bacterial pneumonia in October 2021.
  - ii. Drugs for treatments for antimicrobial-resistant bacterial infections

Phase 1 clinical studies of KSP-1007, which was developed as a treatment for carbapenem-resistant bacterial infections through joint research with the Kitasato Institute, have commenced in the U.S. Covered by the Japan Agency for Medical Research and Development (AMED)'s Cyclic Innovation for Clinical Empowerment (CiCLE), this research and development project uses commissioned research and development funding from AMED.
  - iii. Malaria vaccines

A joint research project with Ehime University, European Vaccine Initiative (EVI), and Instituto de Biología Experimental e Tecnológica (iBET) for a malaria disease prevention vaccine was advanced, as were projects with Ehime University and PATH of the U.S. for a malaria transmission-blocking vaccine and a malaria pre-erythrocytic vaccine. These three projects have been awarded a grant from the Global Health Innovative Technology Fund (GHIT Fund).
  - iv. Universal influenza vaccine

For a joint research project with the National Institutes of Biomedical Innovation, Health and Nutrition, preclinical studies were promoted. This research and development project is covered by the AMED's CiCLE, and uses commissioned research and development funding from AMED.
- ⑤ Others
- i. Relugolix combination tablet

In May 2021, approval was obtained in the U.S. for its use in the treatment of heavy menstrual bleeding associated with uterine fibroids (brand name: MYFEMBREE<sup>®</sup>). A supplemental New Drug Application (sNDA) for the management of moderate to severe pain associated with

endometriosis was submitted in July 2021 and was accepted in September 2021.

In Europe, approval was obtained for the treatment of moderate to severe symptoms of uterine fibroids in July 2021 (brand name: RYEQO®).

ii. TWYMEEG® (generic name: imeglimin hydrochloride)

In Japan, approval was obtained for the treatment of type 2 diabetes in June 2021.

⑥ Frontier Business

i. In October 2021, an agreement was signed with BehaVR, Inc. concerning joint development and marketing alliance of virtual reality (VR) content to treat social anxiety disorder, generalized anxiety disorder, and major depressive disorder.

ii. In Japan, joint development of a mobile app for the management of type 2 diabetes (product code: SMC-01) with Save Medical Corporation was terminated following its Phase 3 clinical study, in which the primary endpoint was not met.

iii. Research and development of existing projects, including neurorehabilitation devices for hands/fingers, digital devices for relieving behavioral and psychological symptoms of dementia, and VR content for mental health, were promoted in cooperation with respective partners.

As a result of the research and development activities mentioned above, R&D expenses for the fiscal year under review amounted to 94.9 billion yen (down by 28.5% year-on-year). Please note that if the impairment losses of 0.9 billion yen reported during the fiscal year under review were excluded, R&D expenses were 94.0 billion yen (down by 3.2% year-on-year) on the core basis. The Group manages its R&D expenses globally and so does not allocate such expenses to individual segments.

**(2) Capital Investments by the Group**

The total amount of capital investments made by the Group during the fiscal year under review was 12.6 billion yen, and the major capital investment made during the fiscal year under review includes an investment for the Facility of Regenerative and Cellular Medicine Organization (“FORCE”) of S-RACMO Co., Ltd.

**(3) Financing of the Group**

There was no particular matter to be noted with respect to financing of the Group during the fiscal year under review.

**(4) Issues to be Addressed by the Group**

For the sixteen and a half years since Sumitomo Pharmaceuticals Co., Ltd. and Dainippon Pharmaceutical Co., Ltd. merged under the trade name Sumitomo Dainippon Pharma Co., Ltd. in October 2005, the Company has globalized its business and taken on numerous challenges, including entry into new research areas and large-scale acquisitions and partnerships, and has undergone a major transformation. For us to evolve toward a new business stage and sustain renewed business growth, we changed the trade name from Sumitomo Dainippon Pharma Co., Ltd. to “Sumitomo Pharma Co., Ltd.”, on April 1st, 2022. Led by our unwavering commitment to our Corporate Mission and Managing Mission, we will continue to steer our business activities.

### Corporate Mission

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

### Management Mission

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

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

### Mid-term Business Plan 2022

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

The basic strategy of the Mid-term Business Plan 2022 is to reshape its business foundations through the “establishment of growth engine” and the “building of flexible and efficient organization,” preparing for the “Time for Change” and the post-LATUDA competitive landscape, when generic versions of this blockbuster drug can be launched in the U.S. beginning February 20, 2023.

In accordance with this basic strategy, the Company embarked on a strategic alliance with Roivant Sciences Ltd. (hereinafter, “Roivant”) in December 2019, which resulted in the establishment of five new subsidiaries under the new holding company Sumitovant (also our new subsidiary). With this strategic alliance, the Company has acquired multiple pipelines, including relugolix and vibegron, both of which are blockbuster candidates that are expected to sustain growth after the expiration of the exclusive marketing period of LATUDA® in the U.S. The Company also acquired DrugOME and Digital Innovation, which should accelerate its digital transformation, as well as talent who run these healthcare technology platforms. Meanwhile, given the discontinued development of napabucasin, which we had hoped would be a post-LATUDA growth driver, in March 2021 and other events, we revised our FY2022 business goals laid out in the Mid-term Business Plan 2022 in May 2021 as follows:

#### FY2022 business goals

	Previous Goals (announced in April 2019)	Revised Goals (revised in May 2021)
Revenue	600.0 billion yen	600.0 billion yen
Core operating profit	120.0 billion yen	60.0 billion yen
ROIC* <sup>1</sup>	10%	3%

ROE <sup>*2</sup>	12%	3%
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\*1 ROIC = (Core operating profit - income taxes) / (Total capital + Interest-bearing liabilities)

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

In a bid to accomplish these revised business goals, the Group is currently focusing on the sales expansion of new products, including ORGOVYX<sup>®</sup>, MYFEMBREE<sup>®</sup>, and GEMTESA<sup>®</sup> in the U.S. and LATUDA<sup>®</sup> and TWYMEEG<sup>®</sup> in Japan. Due partly to the ongoing impact of the novel coronavirus infection pandemic, however, some of these products are taking longer than originally anticipated to penetrate their respective markets, with the result that our business outlook for FY2022 is expected to be revenue of 550 billion yen and core operating profit of 30 billion yen, which fall short of the business goals. Nevertheless, we remain fully committed to these new products as their growth will be our primary revenue source after LATUDA<sup>®</sup>'s exclusivity expires in the U.S. At the same time, we will sustain business growth by strengthening our business foundations through more efficient business operation across the Group and forging ahead with research and development mainly by investing in late-stage development assets, thus aiming at ROE of 10% or higher sometime in the latter half of the 2020s.

#### Activity Policy for FY2022

The novel coronavirus infection pandemic and the rising geopolitical risk in Europe continue to impact various aspects of our business activities in countries and regions where we operate, such as restrictions on the provision of medical information and delays in clinical studies. In order to deliver pharmaceuticals to patients surely, the Group does all that it can to ensure a stable product supply, taking the utmost care to prevent any delay in each stage of its operations from the procurement of raw materials to the manufacturing and marketing of products. While placing top priority on the safety of medical professionals, business partners, employees, and other stakeholders in our business undertakings, we will also proactively introduce measures that mitigate the difficulty of not being able to communicate in person as people work from home, such as adopting online communication tools.

FY2022 marks the final year of the Mid-term Business Plan 2022. It is also highly significant in shaping the future of the Company as we will draw up the next Mid-term Business Plan (hereinafter, the "Next MTBP"), which will cover the period from FY2023 to FY2027.

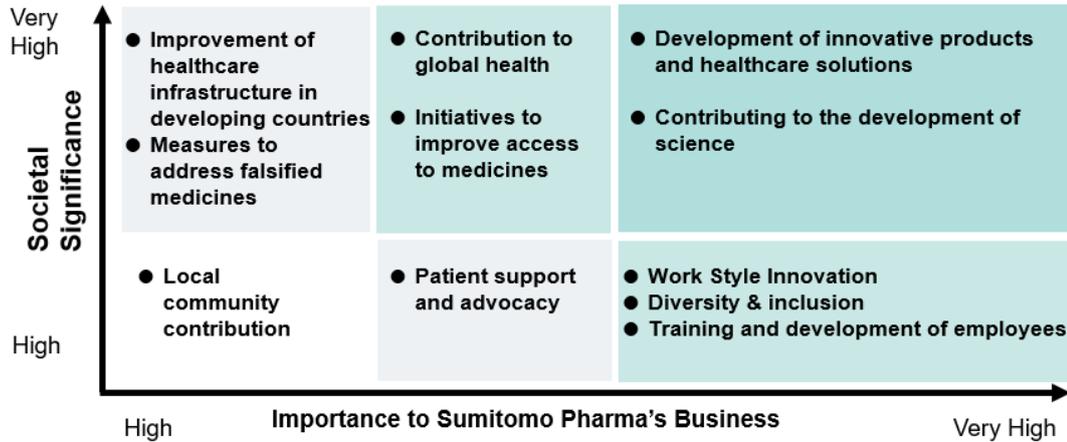
The following is the Group's business activity policy for FY2022.

#### ① CSR-Based Management

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

## Materiality linked to value creation

—solving issues is important for our sustained growth



## Materiality that forms the foundation for business continuity

—solving issues is essential for our business continuity



### ② Research and Development Activities

The Group aims to establish itself as a “Global Specialized Player” by 2033. Accordingly, we will remain committed to actively engaging in research and development to become a global leader in the three focus areas of Psychiatry & Neurology, Oncology, and Regenerative Medicine & Cell Therapy, while working on the development of best-in-class (new drugs that have a clear advantage over the existing drugs) pharmaceutical products focused on creating value and research and development in the area of Infectious Diseases. At the same time, we will work on the frontier business with a view toward providing solutions in healthcare fields other than pharmaceuticals. Furthermore, we will aim to increase our productivity in research and development by pursuing AI-assisted drug discovery such as our proprietary in silico drug discovery system, proactively utilizing DrugOME and other digital technologies, and leveraging synergies created through the accelerated collaboration among Group companies in Japan and the U.S.

### Position we aspire to establish in 2033



i. Psychiatry & Neurology area

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

In FY2017, we introduced a new Research Project System, under which researchers who have devised project themes take the lead in their projects up to the initial clinical development stage as a general rule. In FY2021, the System yielded appreciable results, including the advancement of two products into clinical studies and many candidate drugs into the preclinical phase. Going forward, we will make the most of this System to push ahead with research and development.

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

Under this policy, we will accelerate the development of the four novel candidate compounds that are covered by the license agreement with Otsuka for joint development and commercialization through collaboration with the company. For ulotaront, one of the late-stage development assets of the four, we will steadily promote a Phase 3 clinical study for schizophrenia in the U.S. and Phase 2/3 clinical studies for schizophrenia in Japan and China, while at the same time drawing up a development plan for two additional indication candidates toward the commencement of clinical studies. We will also promote Phase 3 clinical studies of SEP-4199, another late-stage development asset, that commenced in the U.S. and Japan in 2021 for the treatment for bipolar I depression.

ii. Oncology area

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

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

In the development stage, we will seek to improve the success rate and obtain early approval for several products in our development pipelines that are under initial clinical evaluations by, for example, carefully assessing data in short-term, small-scale studies to identify cancer types optimally treated by them and determine the value of such products.

iii. Regenerative Medicine & Cell Therapy area

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

At present, Kyoto University is running an investigator-initiated clinical study involving patients with Parkinson's disease using dopaminergic neural progenitor cells derived from allogeneic iPS cells, and cell transplantation to all seven clinical study candidates have been completed. We will thus work with Kyoto University on commercialization and also make preparations for the commencement of a clinical study in the U.S. For allogeneic iPS cell-derived retinal pigment epithelium (product code: HLCR011), we will aim to commence a clinical study for age-related macular degeneration by the end of FY2022, while aggressively propelling research and development projects on regenerative medicine for retinal pigmentary degeneration, spinal cord injuries, and kidney failure with relevant partners. Furthermore, we will proceed with preparations for the establishment of a manufacturing plant for regenerative medicine & cell therapy in the U.S. as a foothold for business there.

iv. Infectious Diseases area

In a bid to contribute to global health and precautions against future pandemics by way of, for example, promoting joint research for the treatment of antimicrobial-resistance bacterial infections, malaria vaccines, and a universal influenza vaccine, we will remain committed to actively engaging in ongoing research and development projects, which we hope to commercialize during the Next MTBP period.

For products under development, we will promote a Phase 1 clinical study on KSP-1007, which was discovered through joint research with the Kitasato Institute, that we started in January 2022 in the U.S. for the proposed indications of complicated urinary tract infections and complicated intra-abdominal infections. In China, we will work to obtain approval of lefamulin, whose NDA was submitted for community-acquired bacterial pneumonia in October 2021.

v. Other areas

In Other areas, the Group is moving forward with the development of value-oriented, best-in-class pharmaceutical products, in a bid to sustain the Group's business growth after the expiration of the exclusive marketing period for LATUDA® in the U.S. We will steadily proceed with such projects as a Phase 2 clinical study on rodatristat ethyl for the treatment of pulmonary arterial hypertension (PAH) and a Phase 3 clinical study on GEMTESA® for the treatment of overactive bladder in men with benign prostatic hyperplasia in the U.S.

vi. Frontier business

In a bid to create synergies with our pharmaceuticals business, we will focus on the areas of

mental resilience (preventing deterioration of neuropsychiatric disorders by detecting the signs at an early stage) and active aging (improving, maintaining, and enhancing the health of the elderly from their state of mind). By developing our business foundations, which include core technologies (information, engineering, or otherwise) and networks (alliances, venture capital investment, etc.), we are planning to establish these emerging areas as our future growth engines during the Next MTBP period.

We will also beef up our activities for neurorehabilitation devices for hands/fingers, digital devices for relieving behavioral and psychological symptoms of dementia, and VR content for mental health in close cooperation with respective partners for the commencement of these businesses on a full scale from FY2022.

### ③ Business Activities in Each Regional Segment

#### i. Japan segment

In response to the increasingly difficult market environment resulting from the NHI drug price revisions and other measures to curb drug costs, we will manage our business with greater efficiency. In the Psychiatry & Neurology area, we will promote the sales expansion of LATUDA<sup>®</sup> and LONASEN<sup>®</sup> Tape. In the Diabetes area, we will strive to expand sales of Trulicity<sup>®</sup>, Equa<sup>®</sup>, and EquMet<sup>®</sup>, while working to increase market penetration for TWYMEEG<sup>®</sup>, which was launched in September 2021.

#### ii. North America segment

We will have Sunovion and the Sumitovant Group navigate our business activities, in a bid to establish a post-LATUDA growth trajectory. Sunovion will maximize revenue for LATUDA<sup>®</sup>, currently one of the primary revenue sources of the Group, and focus on the sales expansion of KYNMOBI<sup>®</sup>. As for the Sumitovant Group, Myovant will focus on early market penetration and sales expansion for ORGOVYX<sup>®</sup> and MYFEMBREE<sup>®</sup> launched in June 2021 through co-promotion with Pfizer. Urovant will focus on expanding sales of GEMTESA<sup>®</sup>, which was launched in April 2021. Enzyvant Therapeutics Ltd. will strive to realize early delivery of RETHYMIC<sup>®</sup>, a regenerative medicine product whose marketing began in March 2022 after obtaining approval for the treatment of pediatric congenital athymia in October 2021, to all the patients who desire treatment. Furthermore, we will work to increase the efficiency of our marketing in North America, by, for example, making efficient use of Sunovion's commercial functions for the sake of marketing by Myovant and Urovant.

#### iii. China segment and Southeast Asia

The Group will reinforce its business foundations in China, the third pillar of its business, while at the same time securing its growth potential by consolidating its foothold in the Asian market. In the China segment, in FY2022, we will continue to focus on marketing MEROPEN<sup>®</sup>, LATUDA<sup>®</sup>, and other products, although the impact of the ongoing measures to curb drug costs is expected to be felt.

In Southeast Asia, we will strive to boost sales of MEROPEN<sup>®</sup> and LATUDA<sup>®</sup> in collaboration with our respective partner companies, while expanding business in countries that best fit our development pipelines.

### ④ Building a Flexible and Efficient Organization

In order to respond to “Time for Change” and develop our capability of delivering the highest

performance (CHANTO), while maintaining a “culture with resilient and detailed execution,” the Group will foster a culture in which our personnel can take advantage of environmental changes and perform their tasks with innovation and flexibility.

Also, in order to respond to changes in the business environment, we will bolster our business foundations and expedite digitalization, including the extensive use of Digital Innovation.

#### Shareholder Returns

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

### (5) Assets and Income

#### Assets and Income of the Group

Category	IFRS			
	FY2018 (Fiscal year ended March 2019)	FY2019 (Fiscal year ended March 2020)	FY2020 (Fiscal year ended March 2021)	FY2021 (Fiscal year ended March 2022) (the fiscal year under review)
Revenue (Millions of yen)	459,267	482,732	515,952	560,035
Operating profit (Millions of yen)	57,884	83,239	71,224	60,234
Net profit attributable to owners of the parent (Millions of yen)	48,627	40,753	56,219	56,413
Basic earnings per share	122.39 yen	102.58 yen	141.50 yen	141.99 yen
Total assets (Millions of yen)	834,717	1,256,534	1,308,127	1,308,007
Total equity (Millions of yen)	498,138	635,860	648,178	673,569

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

(For your reference)

The Company established its policy for strategic shareholding in its Basic Policy on Corporate

Governance, as described below:

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

Based on this Policy, the Company has the Board of Directors evaluate the reasonableness of continuation of its respective strategic shareholdings on an annual basis. Consequently, while the Company held 39 kinds of listed shares as of June 2015, it proceeded to sell some of them thereafter, and held 19 kinds of listed shares as of the end of the fiscal year under review.

The ratio of strategic shareholdings (including unlisted shares and deemed holdings of equity securities) to the total equity in the Consolidated Statement of Financial Position of the Group, as of the end of the fiscal year under review, was 17.3%, in which the ratio occupied by Roivant's shares acquired upon implementation of the strategic alliance with Roivant was 7.8%.

#### (6) Details of the Principal Businesses of the Group

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

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

Category	Name	Place	Name	Place	Name	Place
	Osaka Head Office	Osaka	Tokyo Head Office	Chuo-ku, Tokyo		
Branches	Sapporo Branch	Sapporo	Tohoku Branch	Sendai	Kita-Kanto-Koshinetsu Branch	Chuo-ku, Tokyo
	Saitama-Chiba Branch	Saitama	Tokyo Branch	Chuo-ku, Tokyo	Yokohama Branch	Yokohama
	Tokai Branch	Nagoya	Keiji-Hokuriku Branch	Kyoto	Osaka Branch	Osaka
	Kobe Branch	Kobe	Chugoku Branch	Hiroshima	Shikoku Branch	Takamatsu, Kagawa

	Kyushu Branch	Fukuoka				
Plants	Suzuka Plant	Suzuka, Mie	Oita Plant	Oita, Oita		
Research Laboratories	Central Research Laboratories	Suita, Osaka	Osaka Research Center	Osaka		

- (Note)
1. Major subsidiaries are as described in the section of “Significant Subsidiaries” below.
  2. Kobe Branch was integrated into Osaka Branch as of April 1, 2022.

## (8) Employees

### ① Employees of the Group

Business Segment	Number of Employees
Pharmaceutical Business	6,689
Others	298
Total	6,987

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

### ② Employees of the Company

Number of Employees	Change from the Previous Fiscal Year	Average Age	Average Length of Continuous Employment
3,040	-27	43.4	18.0 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 138 seconded employees accepted by the Company, but excluding the 193 employees seconded to other companies.
  2. The average age and average length of continuous employment were calculated based on the number that excludes the seconded employees accepted by the Company.

## (9) Parent Company and Significant Subsidiaries

### ① Parent Company

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

Co., Ltd.

② Matters concerning Business Transactions with the Parent Company

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

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

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

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

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

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

There was no applicable matter.

③ Significant Subsidiaries

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

Sumitomo Dainippon Pharma Oncology, Inc.	U.S.A.	100 (100)	Research and development in the oncology area
Sumitovant Biopharma Ltd.	U.K.	100	Management of the Sumitovant group companies, and formulation and promotion of business strategies and the like therefor
Myovant Sciences Ltd.	U.K.	53 (53)	Manufacture and sale of medical drugs (women's health and prostate cancer)
Urovant Sciences Ltd.	U.K.	100 (100)	Manufacture and sale of medical drugs (urological diseases)
Enzyvant Therapeutics Ltd.	U.K.	100 (100)	Manufacture and sale of medical drugs (rare pediatric diseases)
Altavant Sciences Ltd.	U.K.	100 (100)	Research and development of medical drugs (rare respiratory diseases)
Spirovant Sciences, Inc.	U.S.A.	100 (100)	Research and development of medical drugs (cystic fibrosis (gene therapy))
Sumitomo Pharmaceuticals (Suzhou) Co., Ltd.	China	100	Manufacture and sale of medical drugs

- (Note)
1. The figure indicated in parentheses under the Investment Ratio column indicates the indirect ownership ratio (%) vis-a-vis the total ownership ratio.
  2. Spirovant Sciences, Inc. is listed as a significant subsidiary because of the restructuring of subsidiaries of Sumitovant Biopharma Ltd. during the fiscal year under review.
  3. The trade names of the following subsidiaries have been changed as described below as of April 1, 2022.

	Before change	After change
Japan	DSP Gokyo Food & Chemical Co., Ltd.	Sumitomo Pharma Food & Chemical Co., Ltd.
	DS Pharma Animal Health Co., Ltd.	Sumitomo Pharma Animal Health Co., Ltd.
	DS Pharma Promo Co., Ltd.	Sumitomo Pharma Promo Co., Ltd.
Overseas	Sumitomo Dainippon Pharma	Sumitomo Pharma America

	America, Inc.	Holdings, Inc.
	Sumitomo Dainippon Pharma Oncology, Inc.	Sumitomo Pharma Oncology, Inc.

**(10) Principal Lenders and the Amounts of Loans**

Lender	Outstanding Amount of the Loan
Sumitomo Mitsui Banking Corporation	29,060 million yen
Sumitomo Mitsui Trust Bank, Limited	28,900 million yen
The Norinchukin Bank	22,900 million yen
The Hyakujushi Bank, Ltd.	17,700 million yen
MUFG Bank, Ltd.	17,000 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 607,238 treasury stocks)
- (3) Number of Shareholders**  
As of the end of the Fiscal Year Under Review: 30,257

**(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)	40,506	10.20
Inabata & Co., Ltd.	13,782	3.47
Custody Bank of Japan, Ltd. (Trust account)	11,906	3.00
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
STATE STREET BANK WEST CLIENT – TREATY 505234	2,937	0.74
Sumitomo Dainippon Pharma Employee Shareholders' Association	2,907	0.73

Custody Bank of Japan, Ltd. (Security investment trust account)	2,695	0.68
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- (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 (607,238 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, 2022)

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Member, Board of Directors and Chairman	Masayo Tada	Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Roivant Sciences Ltd.
Representative Director and President	Hiroshi Nomura	Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Myovant Sciences Ltd. Board Chairman of the Japan Epilepsy Research Foundation
Representative Director	Hitoshi Odagiri	Executive Vice President In charge of the Sales & Marketing Division Executive Director, Sales & Marketing Division Senior Director, CNS Sales Department Head of Japan Business Unit

Representative Director	Toru Kimura	Executive Vice President Chief Scientific Officer In charge of the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc. Member, Board of Directors of Enzyvant Therapeutics Ltd. Member, Board of Directors of Altavant Sciences Ltd. Member, Board of Directors of Spirovant Sciences, Inc.
Member, Board of Directors	Yoshiharu Ikeda	Senior Executive Officer In charge of Regulatory Affairs, Medical Information, Medical Affairs, the Corporate Regulatory Compliance & Quality Assurance Division, the Technology Research & Development Division, and the Manufacturing Division Executive Director, Corporate Regulatory Compliance & Quality Assurance Division Deputy Head of Japan Business Unit Member, Board of Directors of DS Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Dainippon Pharma Oncology, Inc.
Member, Board of Directors (Outside Director)	Yutaka Atomi	President Emeritus of Kyorin University Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd.
Member, Board of Directors (Outside Director)	Saeko Arai	Professor at the Faculty of Business Administration of Hakuoh University President of Acuray, Inc. Outside Director of Tokyu Fudosan Holdings Corporation Member of the contract supervisory committee and member of the information security auditor selection committee of the Government Pension Investment Fund (GPIF)

Member, Board of Directors (Outside Director)	Nobuhiro Endo	Chairman of the Board of NEC Corporation Outside Director of Japan Exchange Group, Inc. Outside Director of Tokio Marine Holdings, Inc.
Member, Board of Directors (Outside Director)	Minoru Usui	Chairman and Director of Seiko Epson Corporation Outside Director of IHI Corporation
Full-Time Audit & Supervisory Board Member	Yoshinori Oh-e	
Full-Time Audit & Supervisory Board Member	Takashi Kutsunai	
Outside Audit & Supervisory Board Member	Junsuke Fujii	Outside Director of House Foods Group Inc.
Outside Audit & Supervisory Board Member	Yoshio Iteya	Partner at Anderson Mori & Tomotsune Specially Appointed Professor at Hitotsubashi University School of Law
Outside Audit & Supervisory Board Member	Mayumi Mochizuki	Professor Emeritus at Keio University Vice President of Science Council of Japan

- (Note)
1. Director Minoru Usui and Audit & Supervisory Board Member Mayumi Mochizuki were newly elected at the 201<sup>st</sup> Annual Shareholders' Meeting held on June 24, 2021 and assumed the offices thereafter.
  2. Directors Yutaka Atomi, Saeko Arai, Nobuhiro Endo and Minoru Usui are Outside Directors as defined in Item 15, Article 2 of the Companies Act.
  3. Audit & Supervisory Board Members Junsuke Fujii, Yoshio Iteya and Mayumi Mochizuki are Outside Audit & Supervisory Board Members as defined in Item 16, Article 2 of the Companies Act.
  4. The Company designated Directors Yutaka Atomi, Saeko Arai, Nobuhiro Endo and Minoru Usui and Audit & Supervisory Board Members Junsuke Fujii and Mayumi Mochizuki as Independent Directors/Audit & Supervisory Board Members as defined by Tokyo Stock Exchange, Inc., and reported the same to the said exchange.
  5. As of April 1, 2022, there were changes in the Position, Responsibilities, Principal Duties, and Significant Concurrent Positions of the Directors as follows:

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Member, Board of Directors and Chairman	Masayo Tada	Member, Board of Directors of Roivant Sciences Ltd.

Representative Director and President	Hiroshi Nomura	Member, Board of Directors of Sumitomo Pharma Oncology, Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Myovant Sciences Ltd. Board Chairman of the Japan Epilepsy Research Foundation
Representative Director	Toru Kimura	Executive Vice President In charge of Global Corporate Strategy, the Regenerative & Cellular Medicine Office, the Regenerative & Cellular Medicine Kobe Center, and the Regenerative & Cellular Medicine Manufacturing Plant Member, Board of Directors of Sunovion Pharmaceuticals Inc. Member, Board of Directors of Sumitovant Biopharma Ltd. Member, Board of Directors of Enzyvant Therapeutics Ltd. Member, Board of Directors of Spirovant Sciences, Inc.
Member, Board of Directors	Yoshiharu Ikeda	Senior Executive Officer In charge of the Cancer Research Unit, the Modality Research Unit and the Drug Research Division Head of Japan Business Unit Member, Board of Directors of Sumitomo Pharma Promo Co., Ltd. Member, Board of Directors of Sumitomo Pharma Oncology, Inc. Member, Board of Directors of Altavant Sciences Ltd.
Member, Board of Directors	Hitoshi Odagiri	

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

Pursuant to Paragraph 1 of Article 427 of the Companies Act, with respect to liability for damages, the Company executed an agreement (hereinafter referred to as the “Limited Liability Agreement”) with Outside Directors Yutaka Atomi, Saeko Arai, Nobuhiro Endo and Minoru Usui and Outside Audit & Supervisory Board Members Junsuke Fujii, Yoshio Iteya and Mayumi Mochizuki to limit their liability for damages under circumstances where they acted in good faith and were not grossly negligent in

performing their respective duties. The Limited Liability Agreement provides for a total maximum liability of ten (10) million yen or any amount stipulated by the relevant laws and regulations, whichever is higher.

### **(3) Overview of the Agreement of Directors and Officers Liability Insurance**

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. 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.

### **(4) 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	Yutaka Atomi	He attended all twenty-two (22) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily from the professional standpoint of a medical doctor. He attended all twelve (12) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.

	Saeko Arai	<p>She attended all twenty-two (22) 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 twelve (12) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. She also attended one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.</p>
	Nobuhiro Endo	<p>He attended twenty (20) meetings out of the twenty-two (22) 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 eleven (11) meetings out of the twelve (12) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.</p>
	Minoru Usui	<p>He attended all seventeen (17) meetings held by the Board of Directors during the fiscal year under review after his assumption of office as a Director, and made statements at those meetings, primarily based on his extensive experience and broad perspective as a corporate executive. He attended all nine (9) meetings held by the Nomination and Compensation Committee during the fiscal year under review after his assumption of office as a Director, and made statements at those meetings from an independent and</p>

		objective standpoint. He also attended one (1) meeting held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review after his assumption of office as a Director, and made statements at the meeting from the standpoint of protecting the interests of minority shareholders.
Outside Audit & Supervisory Board Members	Junsuke Fujii	He attended all twenty-two (22) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review. He made statements at those meetings, primarily based on his extensive experience and broad perspective as a corporate executive.
	Yoshio Iteya	He attended all twenty-two (22) 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 eleven (11) meetings out of the seventeen (17) meetings held by the Board of Directors and eight (8) meetings out of the ten (10) meetings held by the Audit & Supervisory Board during the fiscal year under review after her assumption of office as an Audit & Supervisory Board Member. She made statements at those meetings, primarily from the professional standpoint as a pharmacologist.

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

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

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

Category of Officer	Total Amount of Remuneration and the like (Millions of Yen)	Amount of Remuneration and the like (Millions of Yen)			Number of Officers Concerned
		Base remuneration	Performance-linked remuneration (bonuses)	Non-performance-linked remuneration (bonuses)	
Directors (excluding Outside Directors)	343	316	27	-	5
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	53	53	-	-	2
Outside Directors and Outside Audit & Supervisory Board Members	85	81	-	4	8

- (Note)
1. The amount of remuneration and the like for Directors that was determined by resolution at the 201<sup>st</sup> 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 185<sup>th</sup> 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 392 million yen, and the total amount of remuneration and the like for six (6) Audit & Supervisory Board Members is 89 million yen.
  4. The Outside Directors and Outside Audit & Supervisory Board Members include one (1) Audit & Supervisory Board Member who retired upon the conclusion of the 201<sup>st</sup> Annual Shareholders' Meeting held on June 24, 2021.
  5. The amount of remuneration and the like includes the amount of 27 million yen, which represents the bonuses to be paid to Directors (excluding Outside Directors), and four (4) million yen, which represents the bonuses to be paid to Outside Directors, with respect to the fiscal year under review.

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

The Company has the Nomination and Compensation Committee as the consultative body to the Board of Directors for enhancing the objectivity and independence of the functions of the Board of Directors relating to matters such as the nomination of candidates for Directors and Audit & Supervisory Board Members and decisions regarding remuneration for Directors. As a system of

remuneration for Directors, the Company has provided as described below the policy for determining remuneration and the like for individual Directors, and the policy was determined by the Board of Directors based on the recommendation from the Nomination and Compensation Committee after the Board of Directors sought such recommendation and the Nomination and Compensation Committee deliberated the relevant matters.

i. System of remuneration and the like

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

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

The base amounts are set with respect to the base remuneration, performance-linked remuneration (bonuses) and non-performance-linked remuneration (bonuses) according to each position, such as Representative Director. The total amount of the remuneration and the like shall be not more than 700 million yen annually as approved at the Shareholders' Meeting.

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

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

The performance-linked elements are evaluated by the Nomination and Compensation Committee based on the degree of achievement of targets, using the "core operating profit," which was set as a profit indicator showing recurring profitability of a company within the Group and serves as an original performance management indicator. The individual performance is evaluated by the Nomination and Compensation Committee based on the degree of achievement of performance targets of each Director (excluding Outside Directors). The "core operating profit" forecast publicized in the announcement of the consolidated financial results for the previous fiscal year (64 billion yen) was used as a target, and the result of the fiscal year under review was 58.5 billion yen.

iii. Method of determining remuneration and the like

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

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

#### 4. Accounting Auditor

##### (1) Name

KPMG AZSA LLC

##### (2) Amount of Remuneration and the like

	Amount to be paid (Millions of Yen)
Consideration to be paid for the services (audit attestation services) described in Paragraph 1 of Article 2 of the Certified Public Accountants Act (Act No. 103 of 1948)	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, 2022)

(millions of yen)

Item	Amount As of March 31, 2022	(Reference) Amount As of March 31, 2021	Item	Amount As of March 31, 2022	(Reference) Amount As of March 31, 2021
<b>Assets</b>			<b>Liabilities</b>		
<b>Non-current assets</b>	<b>808,486</b>	<b>848,332</b>	<b>Non-current liabilities</b>	<b>356,065</b>	<b>381,802</b>
Property, plant and equipment	64,091	64,966	Bonds and borrowings	243,963	263,859
Goodwill	195,144	176,492	Other financial liabilities	16,471	21,404
Intangible assets	398,692	383,406	Retirement benefit liabilities	11,461	15,069
Other financial assets	115,844	193,035	Other non-current liabilities	57,620	53,046
Income tax receivable	5,538	6,726	Deferred tax liabilities	26,550	28,424
Other non-current assets	6,527	3,516	<b>Current liabilities</b>	<b>278,373</b>	<b>278,147</b>
Deferred tax assets	22,650	20,191	Borrowings	25,085	9,960
			Trade and other payables	46,183	64,638
<b>Current assets</b>	<b>499,521</b>	<b>459,795</b>	Other financial liabilities	13,302	23,341
Inventories	99,021	92,215	Income taxes payable	7,583	24,511
Trade and other receivables	151,407	135,866	Provisions	119,149	99,851
Other financial assets	35,596	29,480	Other current liabilities	67,071	55,846
Income tax receivable	93	194	<b>Total liabilities</b>	<b>634,438</b>	<b>659,949</b>
Other current assets	10,420	8,342	<b>Equity</b>		
Cash and cash equivalents	202,984	193,698	<b>Equity attributable to owners of the parent</b>	<b>607,888</b>	<b>580,570</b>
			Share capital	22,400	22,400
			Capital surplus	16,725	15,855
			Treasury shares	(681)	(679)
			Retained earnings	514,210	508,677
			Other components of equity	55,234	34,317
			<b>Non-controlling interests</b>	<b>65,681</b>	<b>67,608</b>
			<b>Total equity</b>	<b>673,569</b>	<b>648,178</b>
<b>Total assets</b>	<b>1,308,007</b>	<b>1,308,127</b>	<b>Total liabilities and equity</b>	<b>1,308,007</b>	<b>1,308,127</b>

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

**Consolidated Statement of Profit or Loss**

(April 1, 2021 to March 31, 2022)

(millions of yen)

Item	Amount Year ended March 31, 2022	(Reference) Amount Year ended March 31, 2021
Revenue	560,035	515,952
Cost of sales	157,127	137,773
Gross profit	402,908	378,179
Selling, general and administrative expenses	249,081	190,373
Research and development expenses	94,903	132,682
Other income	2,406	17,662
Other expenses	1,096	1,562
Operating profit	60,234	71,224
Finance income	25,777	9,213
Finance expenses	3,050	2,586
<b>Profit before taxes</b>	<b>82,961</b>	<b>77,851</b>
Income tax expenses	42,361	41,022
<b>Net profit</b>	<b>40,600</b>	<b>36,829</b>
<b>Net profit attributable to:</b>		
Owners of the parent	56,413	56,219
Non-controlling interests	(15,813)	(19,390)
<b>Net profit</b>	<b>40,600</b>	<b>36,829</b>

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

**Non-consolidated Statement of Financial Position**

(As of March 31, 2022)

(millions of yen)

Item	Amount As of March 31, 2022	(Reference) Amount As of March 31, 2021	Item	Amount As of March 31, 2022	(Reference) Amount As of March 31, 2021
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>	<b>330,532</b>	<b>310,720</b>	<b>Current liabilities</b>	<b>77,596</b>	<b>82,885</b>
Cash and time deposits	49,803	34,664	Accounts payable	17,948	21,872
Accounts receivable	127,842	109,203	Short-term borrowings	9,800	8,900
Merchandise and finished goods	40,283	49,591	Current portion of long-term borrowings	20,060	4,960
Work-in-process	2,943	3,470	Accounts payable-other	16,384	14,898
Raw materials and supplies	12,712	10,111	Accrued expenses	885	991
Advance payments	71	63	Income taxes payable	6,280	24,235
Prepaid expenses	507	72	Advances received	—	8
Short-term loans to affiliates	84,009	95,266	Deposits received	292	384
Accounts receivables - other	12,362	8,280	Reserve for bonuses	5,200	5,380
<b>Fixed assets</b>	<b>857,387</b>	<b>861,864</b>	Others	747	1,257
<b>Property, plant and equipment</b>	<b>40,658</b>	<b>41,902</b>	<b>Long-term liabilities</b>	<b>259,940</b>	<b>279,518</b>
Buildings	24,029	24,938	Bonds	120,000	120,000
Structures	562	531	Long-term borrowings	125,000	145,060
Machinery and equipment	7,044	7,369	Long-term deposits payable	3,902	3,365
Vehicles	7	11	Provision for retirement benefit liabilities	11,038	11,093
Tools, furniture and fixtures	3,553	3,652			
Land	4,357	4,357			
Construction in progress	1,106	1,044			
			<b>Total Liabilities</b>	<b>337,536</b>	<b>362,403</b>
<b>Intangible assets</b>	<b>6,904</b>	<b>5,190</b>	<b>Net assets</b>		
Software	3,489	3,322	<b>Shareholders' equity</b>	<b>830,005</b>	<b>782,409</b>
Marketing rights	791	1,034	Share capital	22,400	22,400
Patent rights	1,667	90	Capital surplus	15,861	15,861
Others	957	744	Legal capital surplus	15,860	15,860
<b>Investments and other assets</b>	<b>809,825</b>	<b>814,772</b>	Other capital surplus	1	1
Investment securities	100,151	169,124	Retained earnings	792,425	744,827
Investment in affiliates	584,497	562,623	Legal retained earnings	5,288	5,288
Amount invested in capital of affiliates	3,148	3,148	Other retained earnings	787,137	739,539
Long-term loans to affiliates	109,459	69,327	Reserve for advanced depreciation of non-current assets	1,180	1,250
Long-term prepaid expenses	858	1,178	General reserve	275,510	275,510
Prepaid pension cost	1,080	2,777	Retained earnings carried forward	510,447	462,779
Deferred tax assets	8,559	5,196	Treasury shares	(681)	(679)
Others	2,095	1,421	<b>Valuation, translation adjustments and others</b>	<b>20,378</b>	<b>27,772</b>
Allowance for doubtful receivables	(22)	(22)	Unrealized gains on available-for-sale securities, net of tax	20,378	27,772
			<b>Total net assets</b>	<b>850,383</b>	<b>810,181</b>
<b>Total assets</b>	<b>1,187,919</b>	<b>1,172,584</b>	<b>Total liabilities and net assets</b>	<b>1,187,919</b>	<b>1,172,584</b>

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

**Non-consolidated Statement of Profit or Loss**

(April 1, 2021 to March 31, 2022)

Item	(millions of yen)	
	Amount Year ended March 31, 2022	(Reference) Amount Year ended March 31, 2021
<b>Net sales</b>	<b>302,390</b>	<b>313,891</b>
<b>Cost of sales</b>	<b>92,951</b>	<b>91,927</b>
<b>Gross profit</b>	<b>209,439</b>	<b>221,964</b>
<b>Selling, general and administrative expenses</b>	<b>98,260</b>	<b>94,290</b>
<b>Operating profit</b>	<b>111,179</b>	<b>127,674</b>
<b>Non-operating income</b>	<b>33,256</b>	<b>13,926</b>
Interest and dividend income	8,018	6,996
Foreign exchange gains	24,712	6,368
Others	526	562
<b>Non-operating expenses</b>	<b>3,565</b>	<b>5,672</b>
Interest expenses	2,238	1,963
Bonds issuance costs	—	1,074
Donations	511	979
Losses on disposal of fixed assets	201	189
Others	615	1,467
<b>Ordinary income</b>	<b>140,870</b>	<b>135,928</b>
<b>Extraordinary income</b>	<b>5,372</b>	<b>16,906</b>
Gains on sales of investment securities	5,372	—
Gains on sales of fixed assets	—	16,906
<b>Extraordinary loss</b>	<b>65,993</b>	<b>—</b>
Losses on valuation of investment securities	65,993	—
<b>Profit before taxes</b>	<b>80,249</b>	<b>152,834</b>
Income tax expenses - current	21,632	32,164
Income tax expenses - deferred	(105)	4,171
<b>Net profit</b>	<b>58,722</b>	<b>116,499</b>

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

## Independent Auditor's Report

May 10, 2022

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

KPMG AZSA LLC  
Osaka Office, Japan

Daisuke Harada  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroyuki Matano  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masato Tateishi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the consolidated financial statements, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity and the Notes to Consolidated Financial Statements of Sumitomo Pharma Co., Ltd. (previously Sumitomo Dainippon Pharma Co., Ltd.) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 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 International Financial Reporting Standards.

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 International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

#### **Notes to the Reader of Independent Auditor's Report:**

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

## Independent Auditor's Report

May 10, 2022

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

KPMG AZSA LLC  
Osaka Office, Japan

Daisuke Harada  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Hiroyuki Matano  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masato Tateishi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the financial statements, which comprise the Non-consolidated Statement of Financial Position, the Non-consolidated Statement of Profit or Loss, the Non-consolidated Statement of Changes in Equity and the Notes to Non-Consolidated Financial Statements, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of Sumitomo Pharma Co., Ltd. (previously Sumitomo Dainippon Pharma Co., Ltd.) (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

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

### **Basis for Opinion**

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

### **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Audit & Supervisory Board

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

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

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

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

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

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

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

#### **Notes to the Reader of Independent Auditor's Report:**

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

## **Audit Report by the Audit & Supervisory Board**

### **Audit Report**

The Audit & Supervisory Board prepared this audit report with regard to the performance of duties of Directors of the Company for the 202<sup>nd</sup> fiscal year from April 1, 2021 to March 31, 2022, upon deliberation based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows:

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

- (1) The Audit & Supervisory Board established the audit policies, audit plans, assignment of duties, and other matters, and received reports from each Audit & Supervisory Board Member on the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board received reports from Directors, other related persons, and the Accounting Auditor on the status of the performance of their duties, and requested explanations as necessary.
- (2) In conformity with Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies, audit plans, assignment of duties, and other matters, each Audit & Supervisory Board Member, by also utilizing online meeting systems via the telephone line, the Internet, etc., endeavored to communicate with Directors, the internal auditing division, other employees and the Accounting Auditor, among others, endeavored to collect information and maintain and improve the audit environment, and conducted audits through the methods described below:
  - ① Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, received reports from Directors, employees and other related persons on the status of the performance of their duties, requested explanations as necessary, examined important approval documents, etc., and inspected the status of the business operations and assets of the head offices and other principal offices. With respect to subsidiaries, Audit & Supervisory Board Members regularly received reports concerning their business, and endeavored to keep track of the status of the business operations and assets by communicating and exchanging information with Directors, Audit & Supervisory Board Members and other related persons of each of the major domestic and overseas subsidiaries.
  - ② With regard to the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties complies with all laws, regulations and the Articles of Incorporation of the Company, that is described in the Business Report, and other systems prescribed in Paragraphs 1 and 3, Article 100 of the Regulations for Enforcement of the Companies Act as systems necessary for ensuring the appropriateness of the business operations of a group of enterprises consisting of a stock company and its subsidiaries, and the system (internal control system) developed based on such resolutions, Audit & Supervisory Board Members regularly received reports from Directors, employees and other related persons on the status of their construction and implementation, requested explanations as necessary and represented opinion.
  - ③ Audit & Supervisory Board Members regularly received reports from the Accounting Auditor on the status of its performance of duties and requested explanations as necessary. Audit & Supervisory Board Members were notified by the Accounting Auditor that "a system to ensure the proper performance of the duties" (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) had been established in accordance with "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, requested explanations as necessary, and monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit.

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

year under review in accordance with the above methods.

## 2. Results of Audit

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

- ① We confirm that the Business Report and supporting schedules accurately represent the position of the Company according to the laws, regulations and the Articles of Incorporation of the Company.
- ② We have not found any improper conduct or any material evidence of violations of any laws, regulations or Articles of Incorporation of the Company in relation to the performance of duties by Directors.
- ③ We confirm that the resolutions adopted by the Board of Directors with respect to the internal control system are appropriate. In addition, we have not found any matters that should be noted regarding the contents of the Business Report and the performance of duties by Directors in relation to the internal control system.
- ④ With respect to the business transactions with the parent company, etc., described in the Business Report, we have not found any matters that should be noted in relation to the considerations made not to harm the interests of the Company in conducting the business transaction and the decision of the Board of Directors of the Company on whether or not the business transaction might harm the interests of the Company, and the reason therefor.

### (2) Results of audit of financial statements and supporting schedules

We confirm that the method and the results of the audit conducted by KPMG AZSA LLC, Accounting Auditor of the Company, are appropriate.

### (3) Results of audit of consolidated financial statements

We confirm that the method and the results of the audit conducted by KPMG AZSA LLC, Accounting Auditor of the Company, are appropriate.

May 12, 2022

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

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

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

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

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

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

END