We will practice our business philosophy centered on entrepreneurship and accelerate our advancement to a new stage.

With unflagging resolve, we are striving to rebuild our business foundation for sustained growth

In April 2022, the Company changed its name from Sumitomo Dainippon Pharma Co., Ltd. to Sumitomo Pharma Co., Ltd. Sumitomo Dainippon Pharma Co., Ltd. was formed following the merger of Dainippon Pharmaceutical Co., Ltd. and Sumitomo Pharmaceuticals Co., Ltd. in October 2005, and the company has grown enormously both in terms of its scale and business areas over the intervening sixteen and a half years. The company has renewed its group brand with the aim of further improvement and development toward a new business stage. Now, all Group companies are coming together as one team and stepping up efforts to reach a new business stage.

When Sumitomo Dainippon Pharma began in October 2005, the decision to give it a combination of the names of its precursors was to respect the weight of history behind Dainippon Pharmaceutical, which was founded in 1897, while also achieving a harmony among all employees as quickly as possible. Over the more than 16 years since that merger, we have not only achieved a great harmony but have also significantly increased the Group's sales while massively globalizing its business.

Since the merger, we have promoted the worldwide development of the atypical antipsychotic LATUDA®, built a business foundation in the U.S. with the acquisition of Sepracor Inc. (currently, Sunovion Pharmaceuticals Inc.) in 2009, and seen LATUDA® become the company's first blockbuster product. In 2012, we entered into the Oncology area which has high unmet medical needs with the acquisition of Boston Biomedical, Inc. (currently, Sumitomo Pharma Oncology, Inc.). We then advanced the Regenerative Medicine/Cell Therapy field in 2013. In 2018, we began Frontier business on a full-scale aimed at providing solutions beyond pharmaceuticals for every stage of wellness promotion, from illness prevention to physical therapy to social reintegration.

At the same time, not having launched products from Sumitomo Pharma Group in 10 years, it must be said that we still have some distance to go toward fulfilling our corporate mission of "creating new value based on innovative research and development activities." Moreover, there will be a loss of exclusivity (LOE) for LATUDA®, which accounts for approximately 40% of the Group's revenue, in the U.S. in February 2023. We acquired multiple pipelines, including future Blockbuster candidates, through the strategic alliance with Roivant Sciences Ltd. ("Roivant") in December 2019. However, conditions may remain challenging through fiscal 2023 and beyond as it will take time for these candidates to develop into post-LATUDA growth engines.

To prevail as quickly as possible and achieve sustained growth for the Group, we will accelerate the growth of new products while also expanding further pipelines as well as stepping up efforts in our Regenerative Medicine/Cell Therapy business as well as the Frontier business. All of these pursuits will be

extremely challenging, but the Sumitomo Group, which has nearly 400 years of history, manifest its business philosophy centered on entrepreneurship. This means that we face challenges head-on and persevere through any difficulties. Taking the opportunity presented by our corporate rebranding, all Group employees, whether in Japan or abroad, will take this sprit in their hearts and strive to rebuild our business foundation with unflagging resolve.

Becoming a global leader with a unique presence in the three focus areas of Psychiatry & Neurology, Oncology, and Regenerative Medicine/Cell Therapy

With the aim of becoming a corporate group with solutions to a range of social issues in a changing global healthcare environment, Sumitomo Pharma established a new vision —

Hiroshi Nomura
Representative Director,
President and Chief Executive Officer

"For Longer and Healthier Lives. We unlock the future with cutting edge technologies and ideas" — in April 2019. We set a vison of becoming a global leader in specific areas as well as working on Frontier business, with the aspiration to establish a position as a "Global Specialized Player" with a strong presence in 2033.

The specific areas are Psychiatry & Neurology, Oncology, and Regenerative Medicine/Cell Therapy, our three research focus areas. Unmet medical needs are growing rapidly in each area with the aging of society. We are therefore looking to utilize cutting-edge technologies to create innovative pharmaceuticals.

However, the kind of global leader that we envision does not mean the company that makes the most sales revenue. Our goal is to provide distinctive pharmaceuticals indispensable for each area. Moreover, in addition to pharmaceuticals, we also aim to become a company with a unique presence by commercializing a range of healthcare solutions to support healthy lifestyles through the Frontier business, which includes everything from illness prevention to physical therapy, social welfare, and caregiving.

Joint development begun on four development pipelines with Otsuka Pharmaceutical as a global partnering strategy

As the first step toward achieving the "position we aspire to establish in 2033," we are working towards achieving the goals of the Mid-term Business Plan 2022 ("the MTBP"), which commenced in fiscal 2018. Sales of LATUDA® in North America declined year-over-year in fiscal 2021, the fourth year of the MTBP. Meanwhile, we are working to expand the sales of three new products in the U.S. that we acquired through the strategic alliance with Roivant, namely ORGOVYX® (indication: advanced prostate cancer), MYFEMBREE® (indication: uterine fibroids), and GEMTESA® (indication: overactive bladder). In the U.S., we launched RETHYMIC®, an allogeneic cultured thymus tissue used in regenerative medicine for immune reconstitution in pediatric patients with congenital athymia. In Japan we launched TWYMEEG® for the treatment of type 2 diabetes. The successes of these products led to the highest ever sales revenue for the company.

Furthermore, as one of the global partnering strategies described in the MTBP, in September 2021 we signed an agreement with Otsuka Pharmaceutical concerning joint development and sales involving four development pipelines in the area of psychiatry and neurology. The four compounds covered under the agreement, which include ulotaront (SEP-363856), a compound in Phase 3 studies in the U.S., and Phase 2/3 studies in Japan and China, show promise as future growth engines in the Psychiatry & Neurology area. Through this collaboration with Otsuka Pharmaceutical, we will expeditiously and certainly develop these compounds and provide them to as many patients around the world as possible. This type of strategic alliance will become particularly important after the LOE of LATUDA®, as our R&D budget will be limited. Identifying Otsuka

Pharmaceutical as the best partner for us in the first step of the strategic alliance was a major achievement for us in fiscal 2021.

Promoting digital transformation within the Group using two healthcare technology platforms

Fiscal 2021 also saw us make steady progress toward digital transformation, a key measure in the MTBP. Through the strategic alliance with Roivant, we acquired two healthcare technology platforms — DrugOME and Digital Innovation — along with the digital experts who will run them. Dedicated technology teams have since been working closely with broader business teams to promote the use of the digital technology platforms throughout the Group. They have already made an array of achievements over the two years since they got fully underway.

For example, with DrugOME, we are working to support business development activities that include conducting asset searches and disease landscape and forecast research using natural language processing technologies, and we have built a system to identify and rank promising drug discovery targets based on data from the latest research papers in the Drug Research Division. We will be active on many fronts going forward, which includes commercial assessment of compounds in clinical stage, optimizing clinical development plans and study design, improving clinical study efficiency, and expeditiously acquiring promising pipelines.

Regarding Digital Innovation, we have assigned specialist engineers from each broader business team to serve as digital innovators. These individuals use digital technologies to solve teams' business problems and improve productivity. As examples from Japan, digital innovators have developed a variety of applications including domestic regulatory information and support tools for preparing clinical study-related documents, and have boosted operational efficiency as a result. Their activities in the U.S. include developing clinical study enrollment prediction tools and tools to speed up enrollment, using chat bots to improve sales operation efficiency, and analyzing social media information to find key opinion leaders to approach as part of marketing activities.

These are examples of how the two platforms are achieving more than we had hoped. Along with using data in a more sophisticated fashion, we will continue to further the digital transformation throughout the Group by replicating these successes in other departments.

Instilling "CHANTO" (the capability of delivering the highest performance) and revising human resources system in order to foster a corporate culture where employees can take full aim at their goals

As part of strengthening our business foundation to support sustained growth for the Group, the MTBP calls for fostering a corporate culture and developing talent to drive innovation, in addition to pursuing digital transformation. "CHANTO" will be a key concept for this endeavor and constitutes Conduct Guidelines that aim to instill in all Group employees the capability to deliver the highest performance. This ties in with the "spirit of entrepreneurship" I mentioned earlier and refers to continuously setting and achieving ambitious goals.

Our Corporate Mission is "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." However, drug discovery research today is a difficult arena with a success rate that is said to be just one in 20,000, or even one in 30,000. To overcome this hurdle and create value, it will be vital that we make effective use of

DrugOME and Digital Innovation to enhance our R&D precision and productivity, and that everyone involved in our business — whether R&D, production, sales, or management — delivers the highest performance toward achieving established goals.

Since the start of the MTBP, we have instilled the "CHANTO" concept throughout the Group, including at overseas subsidiaries, by making opportunities to communicate with Group management and employees. In fiscal 2021, along with formulating and implementing action plans at each workplace in order to encourage the putting into practice of "CHANTO" in a variety of places, we also began monitoring the degree to which workplaces are practicing "CHANTO".

For employees to overcome difficulties and achieve goals, we need to provide evaluation and compensation programs to reward challenge seeking, while also making it so that employees can pursue ambitious goals without worrying about being adversely evaluated if they fail. To this end, a new human resource system was implemented in Sumitomo Pharma in Japan in April 2022 that is in line with this approach. By further instilling "CHANTO" group-wide and revising the human resources system, we will foster a corporate culture where employees take full aim at achieving their goals.

A focus on maximizing LATUDA® profits and making steady progress with major development projects in the final year of the MTBP

In fiscal 2022, the final year of the MTBP, we will focus on maximizing profits from LATUDA® before its LOE in February 2023. We will also concentrate on expanding sales of ORGOVYX®, MYFEMBREE®, and GEMTESA®, all newly launched products in the U.S., as growth drivers post-LATUDA.

Regarding R&D, we will promote to develop ulotaront (SEP-363856) and SEP-4199, which includes starting clinical studies for two additional indications for ulotaront in collaboration with Otsuka Pharmaceutical. With regard to ulotaront, while factors such as the situation in Ukraine have had an impact on recruiting patients for clinical studies, we will work with the CRO and take the best possible approach to ensure that we do not miss our target launch window of fiscal 2024. In the Oncology area, we will advance our early-stage development pipelines. The Regenerative Medicine/Cell Therapy field will see us commence clinical studies in Japan for allogeneic iPS cell-derived products (for age-related macular degeneration). In the U.S., we plan to start clinical studies for Parkinson's disease and begin construction of an iPS cell product manufacturing facility. For the Frontier business, we will commercialize existing projects that involve products such as the MELTz Hand Rehabilitation System, digital device for relieving BPSD, and VR contents for mental health.

For fiscal 2022, we forecast sales revenue of ¥550 billion and core operating profit of ¥30 billion. Achieving market penetration with new products has taken longer than expected due to factors such as the effects of COVID-19. Compared to targets in the revised MTBP, excepting revenue growth due to a weakened yen, sales revenue was revised downward by ¥90 billion. Heavily impacted by the downward revision to sales revenue, core operating profit was revised downward to ¥30 billion, despite a profit increase of ¥21 billion owing to the sale of assets and other factors.

Assessing and analyzing risks and opportunities presented by climate change in preparation for information disclosure in line with the TCFD recommendations

In 2018, we defined material issues (materialities) for CSR-based management in order to contribute to solving a broad range

of social issues through our business activities. Since then, we have continuously revised our material issues, including updating them in 2020, based on changes in society, the progress of our activities, and the results of communications with our stakeholders.

We also established KPIs in June 2021 for evaluating and analyzing progress made toward the targets of these material issues, and have disclosed our fiscal 2021 results in this report. To develop even more fitting KPIs in light of our business lineup and plans, we will continue to hold discussions that take into consideration the views of external stakeholders.

Among all our many material issues, our environmental initiatives have become especially important in recent years. We recognize our responsibility as a pharmaceutical company and have worked to reduce our environmental impact in all our business pursuits. We established our Basic Environmental Policies in 2005, laying out the kind of company we should become and the measures we must take to get there. We then revised the policies in May 2021 in response to social needs, and gave more attention to efforts aimed at making society more sustainable. Going forward, we will follow these Basic Environmental Policies and strengthen efforts to reduce our environmental impact with the entire value chain in mind. To this end, we announced our goal of achieving zero greenhouse gas emissions (Scope 1 &2) by 2050 when we revised the Basic Environmental Policies, and we have already deployed renewable energy at our Oita and Suzuka plants.

Having declared our support for the TCFD (Task Force on Climate-related Financial Disclosures) in November 2021, we are also continuing to analyze and assess risks and opportunities for the purpose of information disclosure according to these recommendations. An analysis and assessment of Sumitomo Pharma (Japan only) under the +2°C and +4°C scenarios found

that there would be no significant financial impact on the company in either scenario in terms of risks or opportunities. We will continue to review these scenarios as global warming progresses and the international situation changes. At the same time, we will expand the scope of analyses and assessments to the entire Group and will respond quickly to risks and opportunities that have a significant financial impact.

Sumitomo Pharma will continue to create innovative pharmaceuticals and healthcare solutions that will contribute to healthier and fuller lives for people. We will also achieve sustained growth by maximizing the value of next-generation blockbuster pharmaceutical candidates that will support us post-LATUDA, strengthening the business foundation continually, and promoting CSR-based management. I would like to ask all of our stakeholders for your ongoing support in the future.

Representative Director, President and Chief Executive Officer