Sumitomo Pharma

Integrated Report 2025

Securities Code 4506

Innovation today, healthier tomorrows

Sumitomo Pharma Co., Ltd.

Publication of the 2025 Integrated Report

The Sumitomo Pharma Group defines Sustainability Management as the contribution toward the realization of a sustainable society and sustained enhancement of corporate value by means of the practice of its 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.*

We regard this integrated report as a key communication tool to help stakeholders gain a deeper understanding of the Group's medium- to long-term policies and practices in Sustainability Management, and to foster constructive dialogue with all stakeholders. Last fiscal year, due to ongoing fundamental structural reforms, we chose not to publish the Integrated Report 2024. Instead, we disclosed our FY2023 activities and related data on our corporate website.

In FY2023, our Group faced a challenging situation, recording losses for the second consecutive year. To turn things around, we launched fundamental structural reforms—including changes to our management framework—in June 2024. As a result, in FY2024, we achieved both a positive core operating profit and overall profitability ahead of schedule, making a decisive first step towards restructuring.

However, our goal extends beyond restructuring—we aim to restart the Value Creation Cycle for sustainable growth. Therefore, in May 2025, we formulated *Reboot 2027* as a new activity policy through FY2027. This report is structured around this activity policy to provide stakeholders with deeper insights into our strategy and direction.

I hope that this report will serve as a catalyst for further dialogue with all of our stakeholders. To convey the management team's commitment and strategic direction, it includes messages not only from myself, but also from Representative Director, Executive Vice President Sakai; from Member, Board of Directors Nakagawa, who serves as President and CEO of Sumitomo Pharma America; and from Member, Board of Directors (Outside) Usui. In addition, messages from the Executives responsible for our R&D and HR strategies—both critical to our future growth—highlight our forward-looking initiatives.

Going forward, we will continue to sincerely listen to the opinions and expectations of our stakeholders regarding our Sustainability Management, and remain committed to making this integrated report an even more effective communication tool. I would greatly appreciate your candid feedback.

Toru Kimura
Representative Director, President and CEO

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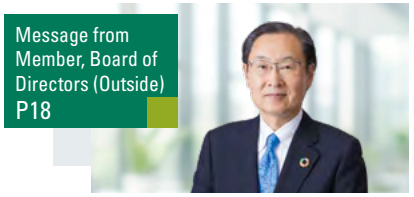

Purpose

Purpose

Sumitomo Pharma's Purpose and Reason for Being

For the betterment of healthcare and fuller lives of people worldwide

The Sumitomo Pharma Group is devoted to the research and development of innovative and useful products and healthcare solutions "for the betterment of healthcare and fuller lives of people worldwide."

Sumitomo Pharma Group's Philosophy

Mission

(The significance of the Group's existence, commitment and duty to society)

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

Values

(Values that all executives and employees should share)

Patient First
Always with Integrity
One Diverse Team

Declaration of Conduct

(The code of conduct to be observed in daily work by all executives and employees)

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

R&D

Focus Areas of Sumitomo Pharma's R&D

With a focus on two disease areas with high unmet medical needs and other areas

The Sumitomo Pharma Group is committed to contributing to the betterment of healthcare and fuller lives of people in three disease areas—Oncology, Psychiatry & Neurology (CNS), and Other—as well as in such modalities as small molecules and regenerative medicine/cell therapy.

Oncology area

Prostate cancer, hematologic malignancies, etc.

CNS area

Rare neurodegenerative diseases, ophthalmic diseases, etc.

Other areas

Urological diseases, gynecological diseases, rare diseases, infectious diseases, etc.

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Small molecules

Molecular design and synthesis capabilities based on accumulated experience and know-how

Regenerative medicine/ cell therapy

Presence, technology, and expertise gained through pioneering initiatives

Global platform

Regions Where Sumitomo Pharma Delivers Value

Become a company with a strong presence, mainly in Japan and the U.S.

Since the merger, the Sumitomo Pharma Group has strived to "globalize its business." Currently, we have local headquarters, research and development, and sales functions in Japan and the U.S., and are engaged in sales and marketing activities suited to each region.

Japan

In addition to serving as a global headquarters, the Japan business focuses on CNS area, the diabetes area, and the rare diseases area.

U.S.

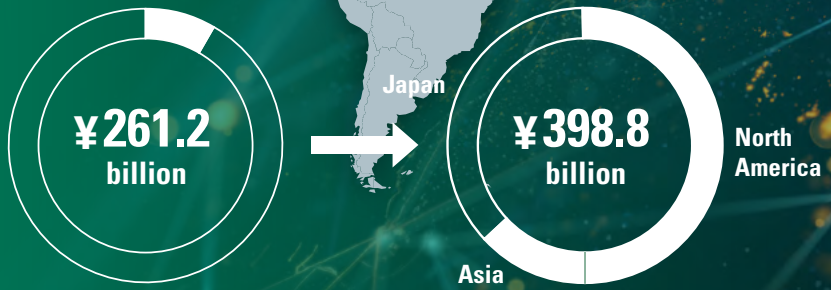
Sumitomo Pharma America, Inc., which was integrated in July 2023 through a combination of Group companies, is engaged in research and development, manufacturing, and sales of pharmaceuticals.

Europe and other areas

Coordination with partner companies

Asia

We will continue to contribute to patients in Asian countries by supplying products to the joint venture between Sumitomo Pharma and Marubeni Global Pharma Corporation.



Human resources

Human resources

The Driving Force Behind Our Value Creation

Developing human resources to become an “R&D-driven pharmaceutical company”

In parallel with the continuation of decisive structural reforms, Sumitomo Pharma is advancing *Reboot 2027*, which aims to restructure our foundation as an R&D-driven pharmaceutical company. At the heart of this transformation is our people. To empower that talent that will shape our future, we are pursuing a human resource strategy focused on restructuring our human resource structure, developing next generation of management, reforming personnel systems, and fostering mindsets.

Restructure the human resources system and empower a diverse workforce

- Resume recruitment (mid-career hires, alumni, class of 2027 new graduates, etc.) to increase staffing
- Provide opportunities for employees to build their own career (resume in-house job posting system)
- Revise conditions for re-employment after retirement
- Support women's active participation

Cultivate management and leadership talent

- Strengthen succession planning (including strategic transfers and placements)
- Start new training program

Reform the personnel system

- Step 1 ▶ Revise personnel evaluation procedures (starting from FY2024 evaluations)
- Step 2 ▶ Reform the personnel system (target: FY2026)

Change mindsets and foster a sense of unity throughout the Company

- Carry out the company transformation project (Voice to Transformation)

what we aim for

Our Aspirations

The Future We Aspire to Create

Vigorously implement “Value Creation Cycle” to establish a unique position globally

Sumitomo Pharma will continue to amplify innovation and implement it in society by strongly accelerating “Value Creation Cycle,” which consists of “R&D,” “Sales/Expansion of indications,” “Profit acquisition,” and “Upgrading Technology and Strategies.” We define our the position we aspire to establish as “Global Specialized Player (GSP),” which is achieved through strategic deepening and explosion via the above innovation process and through our contribution in a unique position in the global marketplace.

Continuously deliver innovative pharmaceuticals to the market

- Competitive drug discovery research focused on our strong areas and technologies
- Early confirmation of value in small clinical trials
- Maximize value quickly by leveraging alliances

Deepen and expand R&D infrastructure

- Superior access to information, technology, seeds of drug discovery, and human resources
- Feedback of proprietary data and know how

Maximize market value and improved patient outcomes

- Deliver to the world, focusing on the U.S. and Japan
- Establish scientific evidence and become a leader in innovative/groundbreaking drug discovery

Continued growth of portfolio brands and expand management resources

- High market share/profit margins
- Accumulate unique data and expertise

Message from the President

United as One to Shape the Future

Toru Kimura
Representative Director,
President and CEO

One year since my appointment as president

▶ A Turning point from restructuring to regrowth

In June 2024, I assumed the role of President and CEO. Prior to this, as Representative Director and Senior Managing Executive Officer, I oversaw Global Corporate Strategy, Global Finance, and Regenerative & Cellular Medicine. Now, I have taken on a leadership role in spearheading sustainable growth and long-term value creation across our entire group. I firmly believe that the responsibilities of a President and CEO extend beyond mere decision-making; they encompass setting a clear strategic direction for our business and rebuilding trust with stakeholders both inside and outside the company.

Over the past year since assuming the role of President and CEO, I have been acutely aware that the challenge lies not only in restoring business performance, but in enhancing our corporate value. Through decisive structural reforms in the U.S., Japan, and Asia, we have laid a solid foundation for growth. I believe this marks a pivotal shift from restructuring to regrowth for Sumitomo Pharma.

In Japan, we have seen tangible progress. For example, our sales partnership with Janssen Pharmaceutical for XEPLION® leveraged our deep expertise in the psychiatry field, and our promotional partnership with Novo Nordisk Pharma for Ozempic® was built on our strong presence and trust in the diabetes field, supported by our experience with diverse mechanisms including GLP-1 drugs. In the regenerative medicine/cell therapy business, we have made steady progress, including submission of an application for manufacturing and marketing authorization for iPS cell-derived dopaminergic neural progenitor cells for Parkinson's disease, in strengthened collaboration with Sumitomo Chemical, our parent company. These initiatives exemplify how our strengths and strategies are working in synergy to transform our Japan business into a sustainable and profitable model.

Going forward, we will continue to leverage the strengths we have cultivated over the years to further enhance our corporate value. As President and CEO, my mission is to lead Sumitomo Pharma into a new phase

Message from the President

of growth, embracing change and shaping the future as an R&D-driven pharmaceutical company that contributes to people's health and well-being worldwide through the realization of our Philosophy.

Summary of Fiscal Year 2024

▶ Results of structural reforms and return to profitability

In FY2024 (ended March 2025), we not only achieved our initial goal of turning core operating profit positive but also returned to profitability at the bottom line. Revenue increased by 26.8% year-on-year to ¥398.8 billion, core operating profit reached ¥43.2 billion, and net profit attributable to owners of the parent was ¥23.6 billion—marking a significant improvement in performance.

This success was driven by the robust growth of our existing products, particularly our three key products in North America—ORGOVYX®, MYFEMBREE®, and GEMTESA®—as well enhanced profitability through fundamental structural reforms, including early retirement programs and substantial reductions in R&D expenses.

Among the three key products, ORGOVYX® (for advanced prostate cancer) and GEMTESA® (for overactive bladder) significantly exceeded initial sales forecasts, contributing meaningfully to the reinforcement of our earnings base. In terms of structural reforms, following the reorganization of our North American group companies in FY2023, we implemented early retirement programs on an unprecedented scale and streamlined our domestic organization to establish a profitable structure in Japan. In Asia, we advanced the process of forming a joint venture with the premise of transferring the business to Marubeni Global Pharma, aiming to strengthen our financial base and concentrate management resources on strategic areas. Company-wide efforts in operational reform and cost reduction led to a ¥110 billion reduction in SG&A expenses compared to FY2023, and a ¥140 billion reduction compared to FY2022 when structural reforms were initiated.

Among the various structural reforms, we undertook a particularly significant reorganization of our R&D operations. Given temporary constraints on our investment capacity, we focused on the selection and concentration of development programs. At the same time, we worked to establish a collaborative framework with Sumitomo Chemical in the field of regenerative medicine/cell therapy. As a result, we significantly reduced R&D expenses from ¥90.9 billion in FY2023 to ¥48.5 billion. In December 2024, we integrated the Drug Research, Drug Development, and Technology Research & Development divisions to form a unified R&D division. This new structure enables seamless operations from early-stage research to clinical development under a unified strategic framework. It has accelerated decision-making and strengthened interdepartmental collaboration. By aligning the direction of each department with our overall strategy, we have dramatically improved the efficiency and execution capabilities of our R&D activities.

To further strengthen our financial foundation, we refinanced existing loans related to the full acquisition of Myovant in March 2025 and the strategic partnership with Roivant established in December 2019. This was achieved by partially repaying the loans using proceeds from the sale of Roivant shares.

Through these initiatives, FY2024 marked a year of steady progress toward building a structure capable of delivering results even under constrained resources. This was accomplished by implementing decisive structural reforms, including the review of our group structure, the reorganization of our R&D division, and the strengthening of our financial base.

Reboot 2027: Restarting toward a stronger Sumitomo Pharma

▶ The positioning, goals, and intent behind Reboot 2027

Building on the achievements of our structural reforms and return to profitability in FY2024, we launched the activity policy—*Reboot 2027*—covering the period from FY2025 to 2027. The term *Reboot* signifies more than a recovery; it reflects our firm resolve to be reborn as a company to strongly accelerate the Value Creation Cycle.

This Cycle is fueled by the daily actions, awareness, and commitment of every officer and employee. To make it even more robust, cross-functional collaboration across the entire organization is essential. Reboot 2027 was formulated through extensive deliberations at the Board of Directors level, with a strong emphasis on this United as One approach.

Under Reboot 2027, we have set three financial targets to be achieved by FY2027:

- Sales of the three key products: ¥250 billion
- Core operating profit: ¥25 billion or more

Message from the President

• Free cash flow: maintain profitability

These targets are grounded in realistic and achievable assumptions, including revenue growth in the U.S. and capital secured through the divestiture of our Asian business.

Beyond these goals, our next aspiration is to firmly establish our position as a *Global Specialized Player* (GSP). We aim to build an internal structure capable of managing clinical development from early to late stages, and to evolve into a pharmaceutical company with a robust pipeline in the areas of Oncology, CNS (including regenerative medicine/cell therapy) and socially impactful areas such as infectious diseases. Through this transformation, we will establish a unique global presence and contribute to healthier, more fulfilling lives for people around the world. Reboot 2027 is our roadmap for Sumitomo Pharma to restart as a truly R&D-driven pharmaceutical company.

▶ Business strategy under Reboot 2027

The business strategy of Reboot 2027 is anchored in two pillars: our existing products and our development pipeline.

In the U.S. business, among our three key products—ORGOVYX®, MYFEMBREE®, and GEMTESA®—sales of ORGOVYX® and GEMTESA® have been particularly strong. These products not only underpin our group's revenue base but also serve as catalysts for strongly accelerating our Value Creation Cycle. Maximizing their value is therefore a top priority. To achieve this, we are executing high-impact sales strategies with strong ROI, while continuing to enhance operational efficiency through rigorous cost control, thereby solidifying our profit base. In the Japan business, we will focus on building strong product brands and deepening market penetration for existing products such as LATUDA® and TWYMEEG®, as well as newly partnered products like XEPLION® and Ozempic®.

Regarding our development pipeline, we have prioritized the early launch of two oncology candidates: enzomenib and nuvisertib. To maximize their value while mitigating investment and development risk, we are actively pursuing strategic partnerships.

Enzomenib is a menin-KMT2A binding inhibitor that has demonstrated safety and efficacy in treating acute leukemia. It garnered significant attention at the American Society of Hematology (ASH) meeting in December 2024, where it was recognized locally as *best-in-class*. Nuvisertib is a highly original compound developed by Sumitomo Pharma that selectively inhibits PIM1 kinase, which is involved in cancer cell proliferation. It is particularly promising when used in combination with JAK inhibitors. These drugs have the potential to offer new treatment options for patients who have not responded adequately to existing therapies.

We plan to submit an NDA for approval of enzomenib in FY2026 and launch it in FY2027. Nuvisertib is also scheduled for NDA submission in FY2027. While maintaining marketing leadership in Japan and the U.S., we are actively seeking partners under conditions that reduce investment and risk, with a strong focus on maximizing value.

These two assets exemplify the strength of our drug development capabilities. While early-stage clinical development is conducted in-house, we aim to build an efficient and sustainable development framework by flexibly integrating external collaborators in the later stages. Our focus on these two oncology assets is not only key to reinforcing our earnings base but also directly linked to enhancing corporate value.

▶ Future strategy for the regenerative medicine/cell therapy field

I believe that regenerative medicine/cell therapy will be one of the key pillars driving Sumitomo Pharma's future growth. In FY2024, we established RACTHERA, a joint venture company with Sumitomo Chemical, to advance our business using iPS cell technology. This strategic decision enables us to maintain the quality and speed of our research and development despite our financial constraints, while leveraging the collective strengths of the Sumitomo Chemical Group.

Through the establishment of RACTHERA, we have built a structure in which investments in R&D and production facilities necessary for the commercialization and launch of iPS cell-derived products are shared in proportion to equity ownership. This allows us to reduce the immediate financial burden of R&D under our current challenging profit and financial conditions, while also strengthening our business foundation through technological synergies with Sumitomo Chemical.

As a front-runner in this field, our goal is to launch the world's first iPS cell-derived dopamine neural progenitor cells for Parkinson's disease in Japan, followed by expansion into the U.S. market. These therapies have the potential to regenerate lost function and shorten the period during which conventional drug treatment loses efficacy, thereby contributing to the extension of patients' healthy lifespans.

Under Reboot 2027, we have positioned the launch of iPS cell-derived products as the top milestone in the regenerative medicine/cell therapy field over the next three years. Together with RETHYMIC®, our congenital athymia treatment already launched in the U.S., we will fully leverage Sumitomo Pharma's technologies and expertise in the regenerative medicine/cell therapy field to deliver new therapeutic value to patients and society, and to strongly accelerate the Value Creation Cycle for Sumitomo Pharma.

Message from the President

▶ Approach to global strategy

In FY2024, alongside advancing structural reforms across our businesses in the U.S., Japan, and Asia, we laid the foundation for rebuilding our global strategy. A key milestone was the decision to form a joint venture with Marubeni Global Pharma for our Asian business. This strategic move enabled us to secure capital while concentrating resources on our core markets—Japan and the U.S. The joint venture is structured in two phases: a 60% transfer in FY2025, followed by the remaining 40% after FY2029. We expect total consideration from the transfer to reach approximately ¥72 billion. Moreover, during the joint venture period, dividends will be distributed at a 100% payout ratio, with Sumitomo Pharma receiving 40% of the dividends. Additionally, we will continue to generate revenue through product supply.

Looking ahead, our global expansion will focus on Japan, which serves as the foundation for all pharmaceutical operations including drug discovery, and the U.S., the world's largest pharmaceutical market. In the U.S., we will pursue revenue and profit maximization centered on the growth of our three key products. In Japan, under a restructured sales organization, we have added new partnerships— XEPLION® with Janssen Pharmaceutical and Ozempic® with Novo Nordisk Pharma—to our existing portfolio, creating a more robust product lineup. This structure is expected to maintain profitability for several years. We will continue to focus on therapeutic areas where our in-house sales capabilities can be fully leveraged. Our sales strategies will be tailored to the regional characteristics of Japan and the U.S., while in the area of research and development, we have established an integrated framework that enables seamless progression from drug discovery and CMC (Chemistry, Manufacturing, and Controls) research based in Japan to global clinical development. Under this framework, we aim to enhance both the speed and quality of new drug development, while ensuring strategic consistency with our mid- to long-term global strategy. This is how we are repositioning ourselves as a truly R&D-driven pharmaceutical company.

As outlined above, I am confident we have transitioned from a phase of *rebuilding* to one of *regrowth* following the implementation of fundamental structural reforms. Our global strategy review is not simply a reassessment of geographic operations, but a comprehensive redesign aimed at enhancing both the quality and profitability of our business portfolio. Through the formation of a joint venture for our Asian business and the divestiture of our frontier business, we are simultaneously concentrating growth investments and reinforcing our financial foundation. Looking ahead, we remain committed to pursuing agile and sustainable growth.

Rebuilding the Value Creation Cycle as an R&D-driven pharmaceutical company

As an R&D-driven pharmaceutical company, Sumitomo Pharma is committed to accelerating its Value Creation Cycle, with the ultimate goal of establishing itself as a *Global Specialized Player* (GSP).

This cycle involves maximizing the capabilities of all corporate functions, and reinvesting the revenue generated from innovation into further research and development, thereby accelerating the cycle and enabling sustainable growth. In the short term, our priority is to leverage the solid business foundation established through structural reforms and ensure steady growth of our three key products, particularly in the U.S. market. In the medium term, the key drivers will be the early launch and strategic partnerships for the two oncology assets, as well as the commercialization of regenerative medicine/cell therapies. In the long term, we will focus on expanding our pipeline by advancing early-stage development projects, including those in the CNS area, and creating new development candidates. Through the restructuring of our R&D organization, we aim to evolve into a company with a deep and comprehensive pipeline spanning from early to late-stage development.

The next three years will be a critical period, with several major milestones concentrated around the commercialization of iPS cell-derived products and the approval and launch of the two oncology candidates. Even with constrained resources, we will continue to deliver results through *United as One* approach steadily progressing toward the realization of our GSP vision.

Message on Financial Strategy and Priorities

Restructuring Our Financial Foundation to Pave the Way for Sustainable Growth

Motoyuki Sakai
Representative Director, Executive Vice President
Global Corporate Strategy; Global Finance Administration
External Affairs; Corporate Governance; IT Management & Data Analytics

Decisive structural reforms and their outcomes

Since assuming the role of Executive Vice President in June 2024, I have placed the highest priority on building a robust financial foundation to support sustainable growth. Within a short time frame, we executed bold and decisive structural reforms, including the strategic selection and concentration of assets and businesses, and organizational restructuring across the Group. These efforts have gradually clarified our path toward financial soundness and renewed growth.

▶ Achieving profitability

The expansion of revenue from our three key products in the U.S. —combined with cost reductions through workforce optimization, selection and concentration of R&D themes, and expense rationalization (totaling approximately ¥200 billion over FY2023–FY2024)— contributed significantly to turning both core operating profit and net profit positive. Achieving net profitability a full year ahead of schedule represents a remarkable transformation, made possible by unified decision-making and swift execution across the Group.

▶ Improving financial health

Proceeds from the sale of Roivant shares, strategic shareholdings, and fixed assets were used to repay debt, resulting in a year-on-year reduction of interest-bearing liabilities by approximately ¥110 billion, to ¥306.8 billion as of March 2025. Refinancing existing borrowings also resolved covenant breaches caused by significant losses in FY2023 and secured stable funding going forward. These initiatives represent a solid step toward rebuilding our financial foundation.

Reboot 2027: Goals and financial strategy

We have launched *Reboot 2027 – Reboot for a Strong Sumitomo Pharma* as the activity policy for FY2025–FY2027. Under this activity policy, we aim to achieve the following financial targets by FY2027:

- Sales of the three key products: ¥250 billion
- Core operating profit: ¥25 billion or more
- Free cash flow: maintain profitability

We believe these targets are well within reach through continued strategic focus and resource allocation.

Additionally, we are committed to reducing interest-bearing debt to below ¥200 billion as early as possible. Our goal is to maintain positive free cash flow, excluding temporary factors such as proceeds from the divestiture of our Asian business and other asset sales, while steadily repaying borrowings.

Regarding dividends, we regret to announce that, continuing from previous years, no dividend is planned for FY2025. Our priority remains improving our financial health. We will continue to advance our business activities toward resuming dividends, carefully balancing financial stability with growth investments.

Growth investments and FY2025 priorities

Despite constrained resources, we remain committed to investing in R&D that supports future growth.

In particular, for two oncology programs, we are pursuing the fastest possible development while managing financial constraints and development risks to maximize value. This includes exploring partnerships for joint development and commercialization.

In the regenerative medicine/cell therapy business, we see strong potential for future growth. In FY2024, we established RACTHERA as a joint venture with Sumitomo Chemical. By leveraging the collective strengths of the Sumitomo Chemical Group, we aim to pursue maximum efficiency and outcomes.

Our top priority for FY2025 is to rebuild the Value Creation Cycle outlined in Reboot 2027. This includes enhancing the profitability of existing businesses and maximizing the value of development assets through external partnerships. Through these efforts, we are committed to restoring corporate value and securing a path toward sustainable growth.

Special Feature

For a “Strong Sumitomo Pharma”

For a “Strong Sumitomo Pharma”

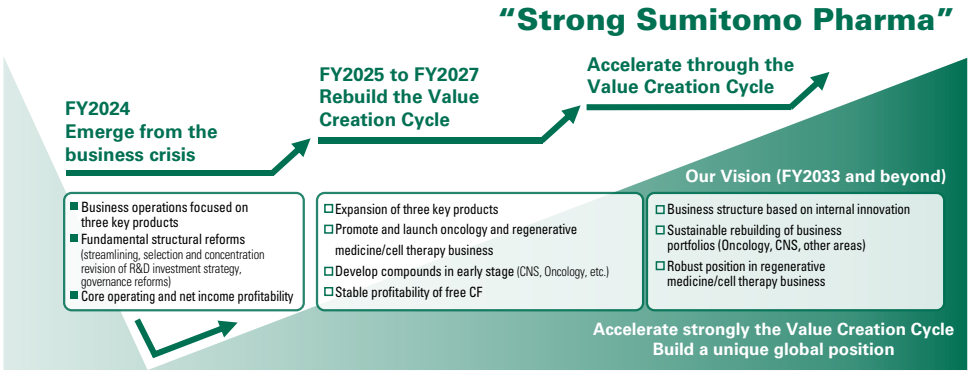
Sumitomo Pharma’s “Reboot 2027”

■ Strategic scenario

In FY2023, ’our business performance declined significantly, primarily due to reduced sales following the expiration of the exclusive sales period of the atypical antipsychotic drug LATUDA® in the U.S., and lower-than-expected revenue from our three key products: ORGOVYX® (a treatment for advanced prostate cancer), MYFEMBREE® (a treatment for uterine fibroids and endometriosis), and GEMTESA® (a treatment for overactive bladder).

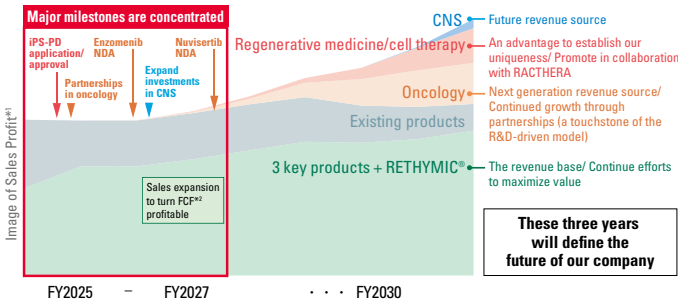
In this challenging business environment, we focused in FY2024 on expanding sales of the three key products, as well as RETHYMIC®, a cultured thymus tissue for pediatric congenital athymia, while also carrying out decisive structural reforms. As a result, we achieved a V-shaped recovery, marking the first step towards renewed growth.

FY2025 to 2027 represents a critical period for us, marked by several key milestones—including the stabilization of our revenue base through expanded sales of our three key products and the commercialization of regenerative medicine/cell therapy products and two oncology compounds. In light of this situation, we withdrew the Mid-term Business Plan 2027 announced in April 2023, and in May 2025 we announced “Reboot 2027 - Reboot for a Strong Sumitomo Pharma -” as a new action policy through FY2027. To reposition ourselves as an R&D-driven pharmaceutical company, we are committed to strengthening our corporate foundation through the Value Creation Cycle, with the aim of reestablishing our position as a Global Specialized Player (GSP).



■ Rebuild the Value Creation Cycle

Looking ahead to FY2033, we will establish a unique position globally by implementing our own Value Creation Cycle based on internal innovation. In terms of R&D activities, the disease areas we will focus on include oncology, psychiatry & neurology (CNS), and other areas such as infectious diseases, and the modalities we will focus on are small molecules and regenerative medicine/cell therapy. “Reboot 2027” outlines our key initiatives for FY2025-2027. These three years will be a pivotal period for us marked by several critical milestones, including stabilizing the revenue base by expanding sales of the three key products and the commercialization of two oncology compounds as well as regenerative medicine and cell therapy products.



*1 The graph shows the mid- to long-term revenue and earnings forecast before adjustment for the probability of success

*2 FCF stands for Free Cash Flow

■ Financial targets

By FY2027, we aim to expand sales of the three key products to ¥250 billion and consistently generate core operating profit of ¥25 billion or more, excluding temporary factors. In addition to maximizing sales of the three key products, we will implement thorough cost management and optimize our financial operations to generate stable free cash flow based on revenues from ongoing business activities, excluding one-time revenues such as asset sales. Regarding the dividend policy, we will prioritize reducing interest-bearing debt to below ¥200 billion. Once financial stability is secured and the balance with growth investments is appropriately assessed, we will consider resuming dividend payments at a suitable time.

Financial Targets in “Reboot 2027”

By FY2027

PL	Sales of 3 key products	Expand to ¥250 billion*
PL	Core operating profit	Consistently more than ¥25 billion, excluding one-time factors (from FY2027)
CF	Free cash flow	Maintain profitability (FY2025-2027) → Return to profitability excluding sales-related income (FY2027)

As early as possible

Interest-bearing debt	Reduce interest-bearing debt to less than ¥200 billion
Dividend policy	Prioritize the repayment of interest-bearing debt for the time being and aim to resume dividend payments at an appropriate time

*Converted at the rate of 150 yen per dollar

For a "Strong Sumitomo Pharma"
Sumitomo Pharma's "Reboot 2027"
Business Strategy

Overview of business strategies

In the U.S. and Japanese markets, we aim to establish stable earnings base by maximizing the value of existing products— particularly our three key products—thorough rigorous cost management. At the same time, we will strengthen our portfolio by prioritizing internally developed pipeline assets and actively pursuing partnering opportunities. As part of our efforts to reaffirm our position as an R&D-driven pharmaceutical company, we are committed to realizing our proprietary innovations in the fields of oncology and regenerative medicine/cell therapy.

Maximize the value of existing products

- North America: Maximize sales and product P&L of the three key products
- Japan: Contribute steadily to revenue by expanding sales of existing products + XEPLION® and Ozempic*1

Thorough cost management

*1 Co-promotion began in July 2025 after the announcement of *Reboot 2027*

Strengthen the portfolios by selecting internally developed pipelines and pursuing partnering opportunities

- Focus on the two oncology compounds: Establish the next revenue base after the three key products
- Seek partnering opportunities: Maximize value, develop as quickly as possible, reduce investment capital
- Collaboration with RACTHERA: Promote the regenerative medicine/cell therapy business and develop it into the Group's core business

Growth Strategy Increasing revenue

In North America, we remain focused on accelerating maximization of the value of our three key products.

In Japan, we are working to expand sales of LATUDA® (an atypical antipsychotic drug) and TWYMEEG® (a treatment for type 2 diabetes), along with newly promoted products: XEPLION® and XEPLION TRI® (long-acting antipsychotic medication started promoting in February 2025), and Ozempic® (type 2 diabetes drug started promoting in July 2025).

Growth Strategy Early launch of the two oncology candidates

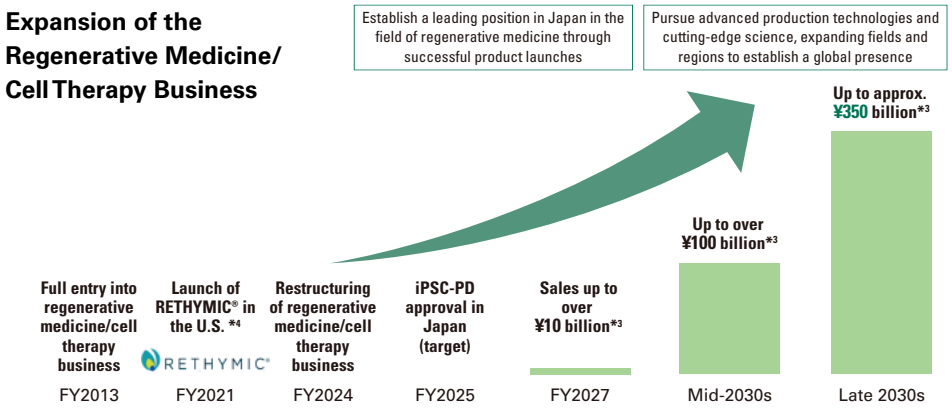
During "Reboot 2027" period, we have positioned two oncology compounds as our flagship assets in our efforts to realize ourselves as an R&D-driven pharmaceutical company. We are concentrating resources on enzomenib, targeting acute leukemia, with the goal of obtaining regulatory approval and launching the product in both Japan and the U.S. For nuvisertib, which targets myelofibrosis, we plan to submit applications for approval in both countries. To accelerate development and maximize the value of both compounds, we are actively pursuing partnership opportunities with other companies.

Growth Strategy Expansion of the regenerative medicine/cell therapy business

In collaboration with Sumitomo Chemical, RACTHERA, and S-RACMO, we are advancing efforts toward commercialization of regenerative medicine and cell therapy. Under "Reboot 2027", we aim to achieve sales revenue of up to ¥350 billion in the latter half of the 2030s. In Japan, our goal is to obtain conditional and time-limited approval by the end of FY2025*2 for the treatment of Parkinson's disease using allogeneic iPS cell-derived dopaminergic neural progenitor cells. By establishing ourselves as a front-runner in the development of iPS cell-based regenerative medicine and cell therapy products, we intend to lay the groundwork for future launch in the U.S., our largest market.

*2 MAA Submitted on August 5, 2025.

Expansion of the Regenerative Medicine/ Cell Therapy Business



*3 Before adjusting for the probability of success, and whether multiple products in development are launched
*4 Cultured thymic tissue products approved in the U.S. for immune reconstitution in pediatric congenital athymia

Regional Strategies Activities focused on Japan and the U.S.

We are focusing our efforts on Japan, which serves as a pharmaceutical business platform encompassing drug discovery research, and North America, our largest market. By striking a balance between integrated Group management and agile local responsiveness, we aim to ensure swift decision-making and execution. In August 2025, our Asia business—previously operated through Sumitomo Pharma (China) Co., Ltd., Sumitomo Pharma Asia Pacific Pte. Ltd., and their subsidiaries—was transferred to Marubeni Pharmaceuticals Corporation a newly established joint venture with Marubeni Global Pharma Corporation.

Balancing unified group management and local responsiveness
Ensuring swift decision-making and execution

Strong cooperation among global strategic functions	■ Strategy/ Planning / Business Development ■ Finance ■ R&D/CMC
Timely cooperation for efficiency	■ Regulatory affairs/reliability/production ■ IT & Digital ■ Legal/IP/internal audit/IR ■ HR
Focus on local responsiveness	■ Sales/marketing

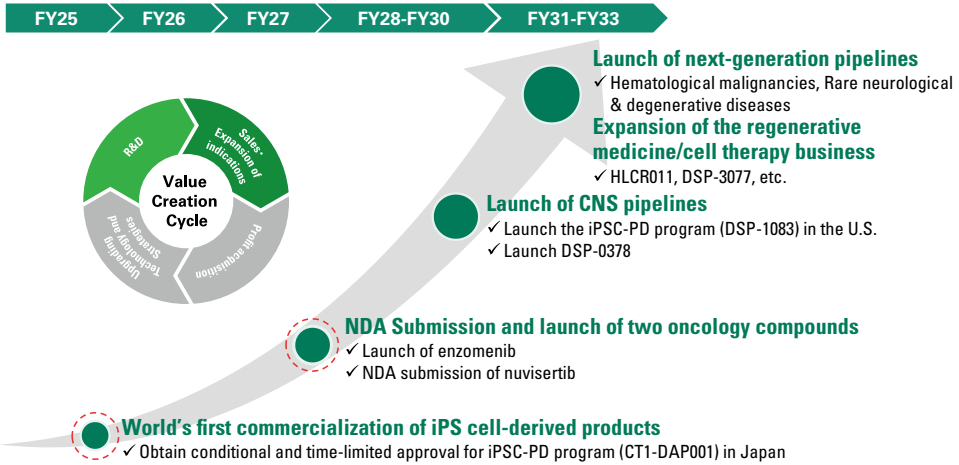
For a "Strong Sumitomo Pharma"

Sumitomo Pharma's "Reboot 2027"

R&D

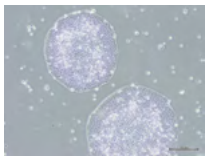
Value creation through R&D activities

Reboot 2027 will prioritize the world's first commercialization of iPS cell-derived products and the submission and launch of two oncology candidates, which will then lead to rebuilding the Value Creation Cycle.



World's first commercialization of iPS cell-derived products

In August 2025, in collaboration with RACTHERA, we submitted an application of manufacturing and marketing authorization in Japan for allogeneic iPS cell-derived dopaminergic neural progenitor cells for the treatment of Parkinson's disease. A phase 1/2 study in the U.S. is also underway. In addition, we are conducting a Phase 1/2 study in Japan of allogeneic iPS cell-derived retinal pigment epithelial cells targeting retinal pigment epithelium tear, and a Phase 1/2 study in the U.S. of an allogeneic iPS cell-derived retinal sheet for the treatment of retinitis pigmentosa.



iPSC-PD Program (Allogeneic iPS Cell-Derived Dopaminergic Neural Progenitor Cells)

- Seek to make this an innovative treatment option to improve motor symptoms in people with Parkinson's disease
- The results of an investigator-initiated clinical trial conducted by Kyoto University have been published in Nature (April 17,2025)
- Consultation for the SAKIGAKE comprehensive evaluation is underway, intending to obtain approval by the end of FY2025
- World's first practical application of iPS cell-derived products

NDA Submission and launch of two oncology compounds

In accordance with our basic R&D policy of *Right target, Right plan, and Right action*, we are advancing the development of two oncology compounds: enzomenib, which we aim to launch by FY2027, and nuvisertib, which we aim to apply for approval of by FY2027.

Right target (Drug target relevance)
- ✓ Targets clearly associated with disease and accumulated internal and external clinical evidence

Right plan (Development strategy and clinical trial design)
- ✓ Focus on hematological malignancies, which have a high probability of successful development within the oncology area
- ✓ Select a patient population in which the treatment is more likely to be effective
- ✓ Efficacy endpoints are objective measures*1 and will continue to be used in confirmatory clinical trials

Right action (Clinical development operations)
- ✓ Promote development steadily by conducting single-arm, open-label studies while reviewing data step by step
- ✓ Promote small-scale confirmatory clinical trials in a conscientious and elaborate manner

Accelerate indication expansion through external alliances to maximize value faster

*1 Evaluation based on hematologic recovery, organ size, etc.

Policy for future R&D activities

In December 2024 we established the R&D Organization by merging the Drug Research Division, Drug Development Division, Technology Research & Development Division, and Medical Affairs, with the goal of enhancing rapid decision-making and value creation capabilities at every stage from discovery to clinical development and post-approval evidence acquisition. Furthermore, to enhance the likelihood of success, we are focusing on diseases areas where our strengths can be fully leveraged, and pursuing a streamlined development strategy. This involves identifying early signals of efficacy in small patient populations and advancing R&D in a stepwise manner. In parallel, we are collaborating with external partners to continuously develop our pipeline while mitigating internal cost burdens.

To Maximize the Value of Internal Portfolios

- **Maximize the value of internal portfolios through appropriate means, whether developed internally or through external partnerships**
- **Continually nurture pipelines while reducing the company's cost burden**

1. Partnerships to maximize value utilizing internal development capability (co-development, etc.)

Areas	Disease Focuses (or businesses)	Policies
Oncology	Hematological malignancies	■ Achieved initial POC*2 for the two oncology compounds ■ Maximizing product value through partnerships
CNS	Neurological rare/degenerative diseases	■ Aiming to obtain initial POC with a compact development strategy ■ Considering partnerships to maximize product value
	Regenerative medicine/cell therapy business	■ Reorganization with Sumitomo Chemical has been completed ✓Secure stable funding for R&D and capital investments ✓Proactively participate in development and accelerate commercialization through group synergies

*2 Initial signs of efficacy have been confirmed in a limited number of patients

2. Alliances leveraging partner's late-stage development capabilities (out-licensing, etc.)

Infectious diseases, existing pipelines outside disease focuses,etc.

Message from the Head of U.S. Business

Rebuilding Our U.S. Business

——Driving Growth of Three Key Products and Looking Ahead

Tsutomu Nakagawa
Member, Board of Directors, Managing Executive Officer
North America Business
President and CEO, Sumitomo Pharma America, Inc.

We believe that the growth of our U.S. business is a driving force that will shape the future of the Sumitomo Pharma Group. Our three key products—ORGOVYX®, GEMTESA®, and MYFEMBREE®—initially required time to gain market traction. However, in FY2024, each achieved significant milestones, enabling our U.S. business to return to a growth trajectory. In addition, for RETHYMIC®, we have launched our own processing facility in the U.S., and are in the process of building a more robust system to ensure a stable product supply to patients.

ORGOVYX® ▶ Accelerated growth driven by reduced patient out-of-pocket costs

ORGOVYX®, an oral GnRH receptor antagonist for prostate cancer, benefited from the introduction of a cap on patient out-of-pocket costs under the U.S. Medicare Part D program in January 2024, which was further lowered in January 2025. Capitalizing on this reduction in patient burden, we implemented targeted promotional activities, including raising awareness among healthcare professionals about this policy change. The unique value of ORGOVYX® as the only oral GnRH receptor antagonist has gained increasing recognition, resulting in FY2024 sales of $544 million—significantly exceeding the initial forecast of $400 million. We expect continued growth in prescriptions, with FY2025 sales forecasted at $710 million, along with anticipated receipt of a sales milestone from Pfizer.

GEMTESA® ▶ Expansion driven by new indication

GEMTESA®, a treatment for overactive bladder (OAB), continued to benefit from its clinical advantages—such as simple dosing, no hypertension warning, and minimal drug-drug interactions—leading to FY2024 sales of $431 million, well above the initial forecast of $380 million. For FY2025, we forecasted sales of $572 million. Following the label expansion at the end of 2024 to include OAB in men with benign prostatic hyperplasia (BPH), we aim to deepen penetration among male patients and further improve quality of life for those affected by OAB symptoms.

MYFEMBREE® ▶ Enhancing profitability through a direct sales model

MYFEMBREE®, a treatment for uterine fibroids and endometriosis, recorded FY2024 sales of $84 million, below the initial forecast of $124 million. At the end of 2024, we concluded our collaboration with Pfizer, and from January 2025, transitioned to a solo commercialization structure led by Sumitomo Pharma America (SMPA). In April 2025, we launched the Community Care Team, integrating the primary care team for GEMTESA®, to strengthen promotional efforts—particularly in the endometriosis segment, where it has taken longer to communicate the product's value. For FY2025, we forecast sales of $85 million, aiming to improve profitability under the direct sales model while expanding patient access to MYFEMBREE®.

Our U.S. strategy under Reboot 2027

The U.S. is the world's largest pharmaceutical market, and our ability to respond flexibly and swiftly to evolving medical needs and rapidly changing market dynamics is key to our growth. While our three key products and the RETHYMIC® business serve as the foundation for near-term revenue, we must also accelerate development of our pipeline—including two oncology assets—to strongly accelerate the Value Creation Cycle.

SMPA brings together a diverse team of professionals whose expertise and broad experience are being integrated with our company strategy to boldly pursue new innovations. I am personally committed to leading this effort, enhancing our presence in the global pharmaceutical industry, and advancing our company Mission: To broadly contribute to society for the betterment of healthcare and fuller lives of people—working United as One.

Message from Member, Board of Directors (Outside)

Creating Value for Society Through Transformation

Minoru Usui
Member, Board of Directors (Outside)

A Year of strategic recovery and surpassing expectations

In FY2024, Sumitomo Pharma returned to profitability in both core operating profit and net profit. It was a pivotal year, marked by outcomes that clearly surpassed expectations.

This achievement was driven by the management team's decisive leadership and unwavering commitment to frontline operations. President Kimura, in particular, made repeated visits to the operations sites, directly engaging with employees to articulate the company's strategic direction and uplift morale across the organization.

In our U.S. operations—central to the company's turnaround—Director Nakagawa assumed the role of President & CEO of Sumitomo Pharma America. Under his leadership, collaboration with Sumitomo Pharma was significantly enhanced, enabling more precise situational analysis and proactive issue resolution. This fostered a stronger sense of unity across the organization.

In Japan, efforts to streamline personnel and organizational structures helped clarify our strategic focus areas, allowing for more effective resource allocation. The flattening of our R&D structure also contributed to faster and more efficient operations. I believe these reforms were instrumental in enabling a swift return to profitability.

Reboot 2027 — Commitment and collaboration for a fresh start

The activity policy, *Reboot 2027*, launched in FY2025, sets forth ambitious and concrete goals, including the launch of two oncology products and the achievement of three financial targets. Within the Board of Directors, discussions have focused not only on the plan's content but also on its execution strategy.

Throughout these discussions, I have emphasized the importance of cross-functional collaboration—working together *United as One*. Achieving transformative goals requires more than individual departmental success; it demands active coordination across adjacent functions and upstream/downstream operations. This perspective is informed by my experience at Epson, where dismantling silos within R&D and fostering open dialogue helped build a cohesive, goal-oriented organization.

I believe that this shift toward unified collaboration—*United as One*—has the potential to drive transformative change at Sumitomo Pharma.

My role as an Outside Director — a supportive presence for challenges

As an outside Member, Board of Directors, my mission is to contribute to the enhancement of drug discovery capabilities and executional strength through an independent and objective perspective. I am particularly encouraged by the recent flattening of the R&D structure, which has made it easier to capture and incorporate ideas from researchers, including earlier in career members.

An organization that empowers individuals to act autonomously is the true source of innovation. Rather than waiting for top-down instructions, employees should envision their own goals and determine the best course of action. I believe this mindset will be fundamental to Sumitomo Pharma's future success. That is why I will continue to share messages such as "Let's take on the challenge" and "Let's focus here" at research presentation sessions in laboratories and at internal events.

Looking ahead — creating new value for society

I see Sumitomo Pharma's aspiration to become a *Global Specialized Player*—driven by strongly accelerating the Value Creation Cycle—as that of a company that challenges the boundaries of medicine and delivers new value to society.

Through diverse innovations—from pharmaceuticals to regenerative medicine/cell therapy—we aim to build a future where patients and their families can enjoy healthier, more fulfilling lives. This initiative carries profound social significance.

I am convinced that continuing to pursue this kind of value creation as an R&D-driven pharmaceutical company will inspire our employees and lead to sustainable growth for Sumitomo Pharma.

Value Creation

Platform for Value Creation

History of the Sumitomo Pharma Group

In research and development, which is our business foundation, the Sumitomo Pharma Group expanded beyond the Psychiatry & Neurology (CNS) area and entered the Oncology area full-scale in 2011. We have also been working in the Regenerative Medicine and Cell Therapy area as a new business sector since 2013, well ahead of our competitors. We will continue to take on the challenge of establishing ourselves as a Global Specialized Player (GSP)* by 2033.

*Global Specialized Player: The Sumitomo Pharma Group is committed to contributing to the betterment of healthcare and fuller lives of people and to establishing its unique position worldwide through a diverse range of approaches, including pharmaceuticals and regenerative medicine and cell therapy, in the disease areas of Oncology and CNS.

A long-standing company established in the 19th century by pharmaceutical industry leaders with the aspiration of making good quality pharmaceuticals widely available

Dainippon Pharmaceutical Co., Ltd.

Osaka Pharmaceuticals Co., Ltd. was established by 21 prominent leaders in the pharmaceutical industry in Doshomachi, Osaka in 1897. In the following year of 1898, the Pharmaceutical Plant was established in Ebie, Osaka. The company acquired the semi-governmental Dainippon Pharmaceutical Company in Tokyo, and changed the name of the company to Dainippon Pharmaceutical Co., Ltd. Dainippon Pharmaceutical Co., Ltd. operated a wide-ranging business that included the manufacture and sale of animal health products, food additives, and industrial materials in addition to pharmaceuticals.

A pharmaceutical company that grew out of a chemical manufacturer and inherited the business spirit and technology of Sumitomo

Sumitomo Pharmaceuticals Co., Ltd.

Sumitomo Pharmaceuticals Co., Ltd. was established in 1984 from the Research, Development and Manufacturing divisions of Sumitomo Chemical Co., Ltd.'s pharmaceuticals business, as well as the Pharmaceutical Sales division of Inabata & Co., Ltd., the sole distributor of Sumitomo Chemical Company's pharmaceuticals. Sumitomo Pharmaceuticals Co., Ltd. grew through the pharmaceuticals business with its focus on the cardiovascular/diabetes area, the CNS area, the immunology (inflammation/allergy) area, and the oncology/infection area.

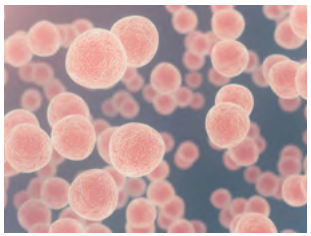
October 1, 2005
Establishment of Sumitomo Dainippon Pharma (now Sumitomo Pharma) through a merger between Dainippon Pharmaceutical and Sumitomo Pharmaceuticals

2009
Acquisition of U.S.-based Sepracor Inc. (now Sumitomo Pharma America Inc.)

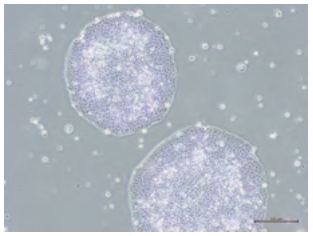
2011
Launch of LATUDA® in the U.S.

Latuda (lurasidone HCl) tablets 20mg | 40mg | 60mg | 80mg | 120mg

Entry into the oncology area



2013
Full-scale entry into the regenerative medicine and cell therapy business



2014
Establishment of Regenerative & Cellular Medicine Kobe Center

2019
Strategic alliance with Roivant Sciences Ltd.

2021
Launch of the three key products

ORGOVYX® (relugolix) 120 mg tablets

Myfembree® (relugolix, estradiol, and norethindrone acetate) tablets 40 mg, 1 mg, 0.5 mg

GEMTESA® (vibegron) 75 mg tablets

2024
Establishment of RACTHERA Co., Ltd. (the regenerative medicine and cell therapy joint venture)

Six Capitals

*Key indicators are calculated on a consolidated basis for the Sumitomo Pharma Group, except where noted.

Intellectual capital

Pipelines, drug discovery capabilities, and leading-edge technologies and know-how that enable us to provide innovative products and healthcare solutions

With CNS, and oncology as our priority disease areas, we are strengthening our intellectual capital with the aspiration of establishing a position as a GSP by 2033 by contributing to the betterment of healthcare and fuller lives of people worldwide through diverse approaches including pharmaceuticals and regenerative medicine and cell therapy.

Key indicators

- Number of products launched (in the past 5 years) **6** products
- Number of development products **15** products (as of July 31, 2025)
- Number of inventions (in the past 5 years) **228**

Human capital

Human resources that are the source of competitiveness and the driving force of innovation

We recognize that human resources are a source of competitiveness and an important driver of innovation for pharmaceutical companies. Therefore, we have established a system that utilizes the abilities of individual employees and strives to develop human resources who can flexibly adapt to changes and take on new challenges.

Key indicators

- Number of employees Non-consolidated: **1,799** Consolidated: **3,832**
- Employee engagement score*1 (non-consolidated) **44.8**%
- Percentage of female managers (non-consolidated) **15.0**% (as of April 2025)
- Number of digital human resources and data scientists (as of March 2025) (non-consolidated) Citizen Data Scientists: **114** Citizen Developer: **76**
- Degree of practicing CHANTO*2 (non-consolidated) **90.3**%

*1 Percentage of positive in the engagement survey on a 5-point scale.
*2 Percentage of positive responses to survey items assessing the degree of CHANTO practice on a 5-point scale.

Financial capital

Promote strengthening of financial base

Pharmaceutical companies typically require a long period of time (10 years or more) from drug discovery to market launch and realization of revenue, during which time they need to invest heavily in research and development. Therefore, Sumitomo Pharma believes that financial stability is necessary and is working to strengthen its financial base. In FY2024, we utilized the proceeds from asset divestitures to repay borrowings and to conduct refinancing, thereby securing a stable funding for the foreseeable future.

Key indicators

- Core operating profit **¥43.2** billion
- Cash flows from operating activities **¥16.5** billion
- ROIC **9.4**%
- ROE **14.5**%
- Net D/E ratio **1.67**
- Balance of interest-bearing liabilities **¥305.4** billion

Social and relational capital

Build a solid foundation in Japan and the U.S.

We have a solid sales network in Japan and the U.S. By building our own sales network, we are able to conduct sales and marketing activities tailored to local needs, which leads to building good relationships with healthcare professionals and gaining the trust of patients.

Key indicators

- Number of MR (as of March 31, 2025)*1 Japan: **390**, USA: **380**
- Evaluation by doctors in Japan in focus areas*2 Diabetes: **9**th Schizophrenia: **2**nd

*1 Excluding managers
*2 INTAGE Healthcare Inc."Rep-i February 2025 survey"(unauthorized reproduction prohibited), MR ranking among physicians and pharmaceutical manufacturers defined by us

Manufacturing capital

Establish a production system that ensures a stable supply of high-quality products to patients

We have sufficient manufacturing capacity necessary to ensure a stable supply of high-quality products to patients who need our pharmaceutical products. In addition, in relation to the regenerative medicine and cell therapy business, our affiliate S-RACMO Co., Ltd. owns a commercial manufacturing facility dedicated to regenerative medicine and cell therapy products, and we are aiming to fully launch the regenerative medicine and cell therapy business.

Key indicators

- Number of manufacturing sites Japan: **2**
- Number of commercial manufacturing facilities*1 dedicated to regenerative medicine and cell therapy products **4** facilities (SMaRT, FORCE, CRAFT*2, and CPC in the U.S.)

*1 Including facilities owned by S-RACMO Co., Ltd.
*2 Completed in July 2025

Natural capital

Promote reduction of load on natural capital under the themes of carbon neutrality, creating a circular society and preserving biodiversity

We recognize that environmental issues such as climate change are serious global-scale issues that threaten people's healthy and full lives. Through our business activities, we promote the reduction on the load on natural capital under the themes of creating a low-carbon and circular society and preserving biodiversity.

Key indicators

GHG emissions (Scope1+2)	**46**kt-CO_2
Water withdrawal	**644**kt
Waste recycling rate (non-consolidated)	**83**%
Waste final disposal rate (non-consolidated)	**0.25**%

Sumitomo Pharma's Value Creation Process

The Sumitomo Pharma Group is working towards realizing a sustainable society guided by our corporate Philosophy: "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." To put our Philosophy into practice, we are addressing ten Material Issues such as "Development of innovative products and healthcare solutions" through business activities that leverage our three strengths (R&D, human resources, and global platform) based on our six types of capital, as well as providing solutions that meet diverse medical needs. We will continue to work to embody our Philosophy, aiming to establish Sumitomo Pharma as a "Global Specialized Player (GSP)."

Input

Intellectual capital
Pipelines, drug discovery capabilities, and leading-edge technologies and knowhow that enable us to provide innovative products and healthcare solutions

Human capital
Human resources that are the source of competitiveness and the driving force of innovation

Financial capital
Promote strengthening of financial base

Social & relationship capital
Build a solid foundation in Japan and the U.S.

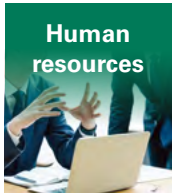
Manufactured capital
Establish a production system that ensures a stable supply of high-quality products to patients

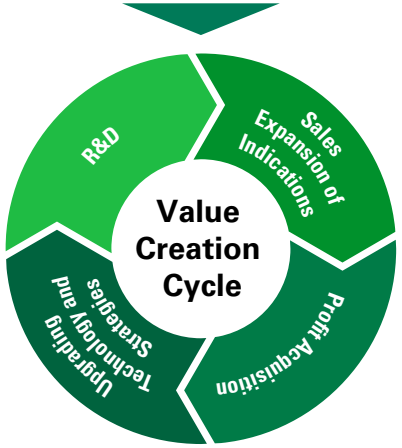
Natural capital
Promote reduction of load on natural capital under the themes of carbon neutrality, creating a circular society and preserving biodiversity

Business Model

Position we aspire to establish by 2033
"Global Specialized Player (GSP)"

Sumitomo Pharma's three strengths based on its six types of capital





Material Issues

10 Material Issues, including **"Development of innovative products and healthcare solutions"**

The list of material issues is available here.

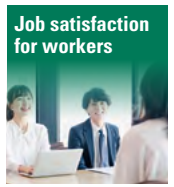
Output

Diverse solutions centered on pharmaceuticals

Disease areas	×	Modalities
Oncology area		Small molecule
CNS area		
Other areas		Regenerative medicine and cell therapy

Outcome

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



Business

Business Overview

Business Overview

Message from the Head of Research and Development

We will demonstrate our true value as an R&D-driven pharmaceutical company by creating innovative drugs, with the highest priority on the development of two compounds in the oncology area

Yumi Sato
Managing Executive Officer
Research and Development Division
Senior Vice President, Head of Research and Development Division
Chief Development Officer, Sumitomo Pharma America, Inc.

Progress of structural reforms and the launch of *Reboot 2027*

As part of the decisive structural reforms implemented from FY2023 to FY2024, we also undertook major reforms in our R&D system. We consolidated our drug discovery research in Japan, and reorganized CMC (Chemistry, Manufacturing, and Controls) research and clinical development into a system in which teams in Japan and the U.S. work together. We will continue to strengthen cross-regional and cross-departmental collaboration to continuously bring innovative pharmaceutical to market. To reinvigorate ourselves as an R&D-driven pharmaceutical company, we are working to re-start the R&D Value Creation Cycle under the *Reboot 2027*. The first year of the *Reboot 2027*, FY2025, is designated as the *year to show our true value*.

Toward achieving important milestones in FY2025

In the psychiatry & neurology (CNS) area, we submitted an application for manufacturing and marketing authorization of raguneprocel (allogeneic iPS cell-derived dopaminergic neural progenitor cells) in Japan in August 2025. Together with Sumitomo Chemical, RACTHERA, and S-RACMO, we are focusing on the practical application of iPS cell-derived products ahead of the rest of the world. In the oncology area, we are collaborating with Sumitomo Pharma America, Inc. (SMPA) to develop two compounds, enzomenib and nuvisertib, for which early market launch is our top priority, under the leadership of SMPA's CMO (Chief Medical Officer) for oncology. For both compounds, we have accumulated favorable data, and we aim to accelerate development and maximize the value of both candidates in late-stage clinical development, by flexibly combining collaborations with external partners. In the infectious diseases area, interim analysis of the FIH trial* of fH1/DSP-0546LP (universal influenza vaccine) is scheduled to be completed. This is expected to demonstrate not only the universal vaccine's potential for business development but also the scientific potential of our proprietary adjuvant technology that was put to practical use in this vaccine.

* FIH trial: First-in-Human trial

Strengthening area strategies and R&D infrastructure

We aim to continuously create groundbreaking pharmaceuticals incorporating cutting-edge science through R&D focused on the areas of oncology and CNS, where there are many unmet medical needs, and the area of infectious diseases, where there is great social significance. In the oncology area, we are working on the creation of successor products utilizing our proprietary data obtained from the ongoing clinical trials of our two focus compounds(enzomenib and nuvisertib). SMP-3124 is a liposomal formulation encapsulating a CHK1 inhibitor. It is a liposome encapsulation of a novel compound we discovered against a target that has been shown to be effective in clinical practice, and is expected to be a promising new drug. In the CNS area, where there are significant unmet medical needs, drug discovery is difficult for many reasons, including the fact that elucidation of CNS disease pathology is still in the early stages, the difficulty of predicting clinical effects and safety from non-clinical studies, and the necessity of delivering drugs to the brain. Sumitomo Pharma has wide-ranging candidates in the initial development and late research stages thanks to our unique translational technology accumulated through many years of research and our know-how in creating compounds with superior brain penetration. Our newly established Translational Research and Early Clinical Development Department will play a central role in confirming the potential of these candidates in early stage clinical trials, thereby contributing to advancement of late-stage development candidates.

I believe our synthetic chemistry capabilities, which extend beyond specific disease areas or chemical scaffolds, to be one of our strengths. In addition to molecular dynamics simulations and advanced molecular design capabilities, we are further enhancing our technologies—such as AI utilization and improvements in synthesis process development—to boost our R&D productivity and drug discovery capabilities.

FY2025 is the year to show our true value of our R&D capabilities

FY2025 will be *the year we show our true value* as an R&D-driven pharmaceutical company. In addition to focusing on our core development compounds, we will refine our R&D strengths to reshape the Value Creation Cycle, thereby achieving sustainable growth and innovation.

Business Overview (by Disease Area)

Oncology Area

In addition to maximizing the value of ORGOVYX® for advanced prostate cancer, we are committed to addressing unmet medical needs through the development of differentiated products targeting specific disease areas such as acute leukemia and myelofibrosis.

Strategic approach in the oncology area

Through our ongoing R&D effort in the oncology area, we have built robust pipelines. Leveraging the insights gained, we continue to prioritized R&D in this area, where unmet medical needs remain substantial. In drug discovery, we aim to develop innovative products and healthcare solutions by enhancing our competitiveness through modality development utilizing proprietary technologies, alongside collaborative initiatives with academic institutions. At the development stage, we seek to enhance the likelihood of success by conducting careful evaluations of data from short-term, small-scale clinical studies. These assessments help us identify the most suitable cancer types and clarify product value for multiple pipeline candidates currently undergoing early-stage clinical evaluation.

Pipeline status

We are focusing our development resources on enzomenib (DSP-5336) and nuvisertib (TP-3654), pursuing these programs in-house while remaining open to potential partnerships

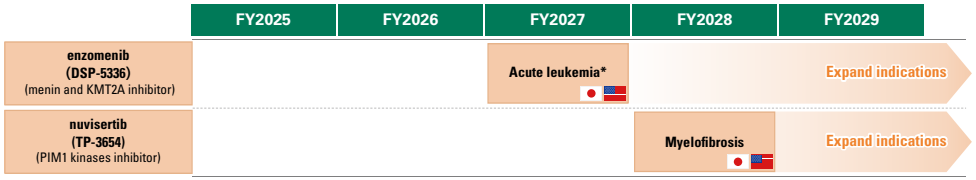
enzomenib (DSP-5336)	
Mechanism of action	Menin and KMT2A inhibitor
Target disease (development phases)	Acute leukemia (monotherapy: Phase 2, combination: Phase 1/2)
Aimed positioning	Best-in-class drug among menin and KMT2A inhibitors
Features of developed compounds	Clinical data ☑ CR/CRh rates of >40% were achieved in patients with KMT2A rearrangement or NPM1 mutation as monotherapy ☑ No dose-limiting toxicities observed and well tolerated Key points of differentiation ☑ Superior efficacy expected for specific patient populations ☑ Low concern about QTc prolongation and differentiation syndrome

nuvisertib (TP-3654)	
Mechanism of action	PIM1 kinase inhibitor
Target disease (development phases)	Myelofibrosis (monotherapy, combination with JAK inhibitor: Phase 1/2)
Aimed positioning	First-in-class myelofibrosis treatment that selectively inhibits PIM1 kinase
Features of developed compounds	Clinical data ☑ Monotherapy reduced spleen size by at least 25% in 22.2% of patients. Systemic symptom scores improved by ≥50% in 44.4% of patients ☑ No dose-limiting toxicities observed, hemoglobin levels and platelet counts improved Key points of differentiation ☑ The new mechanism and low hematologic toxicity concerns make it a potential optimal combination drug with JAK inhibitors ☑ In addition to alleviating myelofibrosis symptoms and splenomegaly, it may prevent bone marrow fibrosis

KMT2A: lysine methyltransferase 2A, NPM1: NucleoPhosmin 1, CR: Complete Remission, CRh: Complete Remission with Partial Hematologic Recovery

to facilitate early regulatory approval and maximizing product value. For enzomenib, we are steadily progressing with a phase 2 study as a monotherapy for acute leukemia, alongside a phase 1/2 studies for combination therapy., For nuvisertib, phase 1/2 study is underway for a monotherapy and combination therapy for myelofibrosis.

Product launch target (as of August 5, 2025)



*Relapsed or refractory acute leukemia with KMT2A rearrangement or acute myeloid leukemia with NPM1 mutation

Priority measures under Reboot 2027

We remain focused on maximizing the value of ORGOVYX®, which is increasingly recognized as the only orally administered GnRH receptor antagonist. Sales are growing, supported by changes in the Medicare Part D drug benefit system. Following the further reduction in patient copayment caps in January 2025, we aim to establish a solid position in androgen deprivation therapy in urology, while promoting clinical differentiation in oncology to expand market share and position ORGOVYX® as a blockbuster product. For enzomenib, we are targeting regulatory approval and launch in both the U.S. and Japan. For nuvisertib, we aim to submit applications for approval in both countries.

Status of major products

ORGOVYX® (U.S.)	ORGOVYX® is the first and only oral GnRH receptor antagonist approved for the indication of adult patients with advanced prostate cancer by the U.S. Food and Drug Administration (FDA), the European Commission, and Health Canada. This product works by blocking GnRH receptors to reduce testosterone production in the testes, which is known to stimulate the growth of prostate cancer. In FY2024, ORGOVYX® generated revenue of $544 million, representing an 86.3% increase year-on-year.

Business Overview (by Disease Area)

Psychiatry & Neurology (CNS) Area

In Japan, we are focusing on information provision activities centered on the atypical antipsychotics LATUDA® and LONASEN® Tape. We have also entered into a co-promotion collaboration partnership with Janssen Pharmaceutical for the long-acting antipsychotics XEPLION® and XEPLION TRI®, and started joint promotional activities in February 2025. In Japan and the U.S., in addition to small molecule drugs, we are advancing R&D initiatives across multiple candidates, including regenerative medicine and cell therapy, in partnership with RACTHERA.

Strategic approach in the CNS area

In the CNS area, we are committed to continuous value creation by focusing on neurological disorders with high unmet medical needs, including neurodegenerative and rare diseases. In particular, we aim to develop innovative new drugs—such as disease-modifying treatments—by applying our proprietary small molecule drug discovery technologies with strong CNS penetration to targets closely linked to clinical pathology. We are also leveraging non-clinical models with high relevance, such as iPS cells, while further enhancing our accumulated translational technologies, including EEG and imaging, to improve the probability of R&D success.

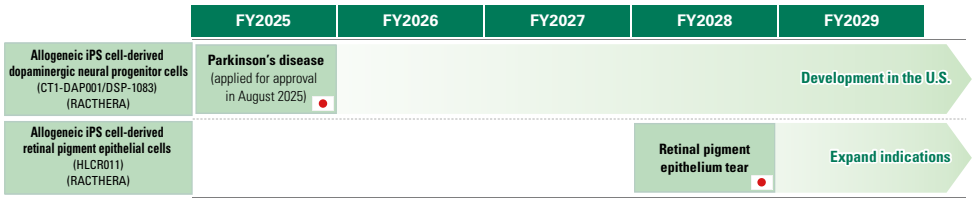
We have been engaged in research activities in regenerative medicine and cell therapy since the 1990s, drawing on foundational knowledge and intellectual property obtained through Sumitomo Chemical's basic research using human ES cells, as well as Sumitomo Chemical's joint research with RIKEN in the ophthalmology area. In FY2024, to accelerate business development in this area, Sumitomo Chemical and Sumitomo Pharma established a joint venture company, RACTHERA. Together, we are promoting efforts to rapidly commercialize iPS cell-derived products, with the goal of becoming the first in the world to launch iPS cell-derived dopaminergic neural progenitor cells for the treatment of Parkinson's disease.

Pipeline status

In August 2025, in collaboration with RACTHERA, we submitted an application in Japan for manufacturing and marketing approval for allogeneic iPS cell-derived dopaminergic neural progenitor cells (CT1-DAP001/DSP-1083) for the indication of improving motor symptoms during OFF episodes in patients with advanced Parkinson's disease. phase 1/2 study is also progressing steadily in the U.S. In addition, we are advancing a phase 1/2 study in Japan of allogeneic iPS cell-derived retinal pigment epithelial cells (HLCR011) targeting retinal pigment epithelium tear, and a phase 1/2 study in the U.S. of an allogeneic iPS cell-derived retinal sheet (DSP-3077) for the treatment of retinitis pigmentosa.

From our portfolio of small molecule drugs in early-stage clinical development, we will select priority candidates that are expected to contribute to the Group's revenue in the 2030s, and are actively working to advance them to the next phase of development.

Product launch target (as of August 5, 2025)



Priority measures under Reboot 2027

In the CNS area, we are advancing small molecule drug discovery with a focus on diseases that present significant unmet medical needs. To ensure a steady stream of innovation in the CNS area, we are enhancing our translational research capabilities and placing top priority on identifying promising early-stage clinical and preclinical candidates that can drive our future growth.

In regenerative medicine and cell therapy, we aim to be a global pioneer in the commercialization of iPS cell-derived products and the realization of transformative therapies. In both Japan and the U.S., we are advancing the development and commercialization of three allogeneic iPS cell-derived candidates: dopaminergic neural progenitor cells for the treatment of Parkinson's disease, retinal pigment epithelial cells for retinal pigment epithelium tear, and retinal sheets (3D retina) for retinitis pigmentosa.

Status of major products

LATUDA® (Japan)	Developed by Sumitomo Pharma, LATUDA® has been marketed in over 50 countries, including in Europe and the U.S. In Japan, it has been on the market since 2020 for the indications of schizophrenia and the improvement of depressive symptoms associated with bipolar disorder. In FY2024, LATUDA® generated revenue of ¥13.2 billion in Japan, representing a 12.1% increase year-on-year.
LONASEN® Tape (Japan)	Developed by Sumitomo Pharma, LONASEN® Tape is the world's first transdermal patch formulation approved for schizophrenia. In FY2024, LONASEN® Tape generated revenue of ¥4.6 billion in Japan, marking a 20.2% increase year-on-year.

Business Overview (by Disease Area)

Other Areas

In the U.S., we offer MYFEMBREE® for the treatment of uterine fibroids and endometriosis, and GEMTESA® for overactive bladder. In Japan, we focus on diabetes area and provide several therapeutic for type 2 diabetes, including TWYMEEG®, Ozempic®, and METGLUCO®.

Strategic approach

Sumitomo Pharma holds a diverse portfolio of assets, primarily in areas where we have already established a strong presence, including women's health, urology, diabetes, rare diseases, and infectious diseases. In Japan, we place particular emphasis on diabetes, offering a variety of therapeutic drugs with different mechanisms of action to address diverse medical needs.

Pipeline Status

A phase 1 study of a universal influenza vaccine incorporating DSP-0546, a novel TLR7 vaccine adjuvant developed by Sumitomo Pharma, is currently underway in Belgium. We are also steadily advancing the development of KSP-1007, a therapeutic candidate for carbapenem-resistant bacterial infections, through ongoing phase 1 study in Japan and China, with a view to future expansion across Asia. Both programs are supported by a contract research funding from the Japan Agency for Medical Research and Development (AMED).

Brand name/ Generic name/ Product code	Proposed indication	Region	Development stage
KSP-1007	Complicated urinary tract infections and Complicated intra-abdominal infections, Hospital-acquired bacterial pneumonia including ventilator-associated bacterial pneumonia	U.S., Japan, China	Phase 1
fH1/DSP-0546LP	Influenza virus prophylaxis	Europe	Phase 1

Priority measures under Reboot 2027

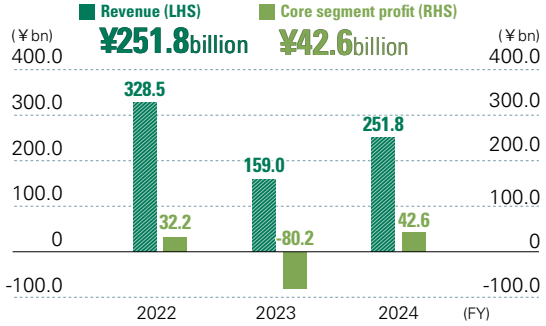
We are promoting GEMTESA® by highlighting its expanded indication for overactive bladder associated with benign prostatic hyperplasia (BPH), as well as its clinical differentiation from competing therapies. Our goal is to establish GEMTESA® as a standard treatment option for both male and female patients with overactive bladder. For MYFEMBREE®, we are placing particular emphasis on communicating its safety and efficacy in treating moderate to severe pain associated with endometriosis. In December 2024, the joint development and commercialization agreement with Pfizer Inc. concluded, and MYFEMBREE® transitioned to a standalone business. Under a newly optimized organizational structure, we aim to enhance profitability while delivering MYFEMBREE® to a broader patient population.

Status of major products

GEMTESA® (U.S.)	GEMTESA® is the first and only ß3-adrenergic receptor agonist in the U.S. to include urgency data in its prescribing information and to carry no blood pressure warning. It is a once-daily oral treatment effective for all three major symptoms of overactive bladder: urge urinary incontinence, urgency, and urinary frequency. In FY2024, GEMTESA® generated revenue of $431 million in North America, representing a 69.2% increase year-on-year.
MYFEMBREE® (U.S.)	MYFEMBREE® is a once-daily oral gonadotropin-releasing hormone (GnRH) receptor antagonist indicated for the treatment of heavy menstrual bleeding associated with uterine fibroids in premenopausal women. In FY2024, MYFEMBREE® generated revenue of $84 million in North America, reflecting a 31.7% increase year-on-year.

Business Overview (by Region)

North American Business



Overview of FY2024 and Reboot 2027

The North American business faced a challenging situation, following a sharp decline in revenue due to the expiration of the exclusivity period for LATUDA®, an atypical antipsychotic that had achieved peak sales of over ¥200 billion in FY2023. In response, we implemented decisive structural reforms, including significant workforce reductions, to align operations with the new revenue scale. At the same time, we concentrated management resources on our three key products: ORGOVYX® for advanced prostate cancer, MYFEMBREE® for uterine fibroids and endometriosis, and GEMTESA® for overactive bladder. As a result, core segment profit for the North American business reached ¥42.6 billion in FY2024, marking a V-shaped recovery from ¥80.2 billion loss recorded in the previous fiscal year.

Key initiatives for the North American business under Reboot 2027

Maximizing the value of existing products

- Three key products: Maximizing sales and product profitability through the execution of strong sales strategies with excellent return on investment
- RETHYMIC®: Enhancing product supply to patients through the establishment of in-house processing facilities

Pursuing continuous operational efficiency improvements

- Continuing rigorous cost management
- Simplifying the governance structure
- Maintaining efficient commercial structure to support approval and launch of enzomenib

Notably, ORGOVYX® and GEMTESA® both outperformed initial forecasts. In December 2024, MYFEMBREE® transitioned to a standalone sales structure following the conclusion of the joint development and commercialization agreement with Pfizer Inc. Under this new structure, we are working to enhance profitability and maximize product value. For RETHYMIC®, our cultured thymus tissue for pediatric congenital athymia, we have established our own processing facilities in the U.S., and are making steady progress in building a stable supply system to serve patients.

The North American business remains the cornerstone of the Group's revenue base. Under "Reboot 2027," we will continue to focus on maximizing the value of our three key products and RETHYMIC®, while pursuing further revenue growth through ongoing improvements in operational efficiency.

Forecast for FY2025

In the North American segment, we expect sales of the three key products to continue to increase. We will also focus on sales of RETHYMIC®.

Priority products (North America)

ORGOVYX®

Indications: Advanced prostate cancer

Drive demand and brand preference across Urology and Oncology

- Urology: Establish firm position in Androgen Deprivation Therapy
- Oncology: Expand market share supported by clinical differentiation
- Patients: Disseminate educational resources regarding changes in out-of-pocket costs due to Medicare Part D drug benefit modifications

GEMTESA®

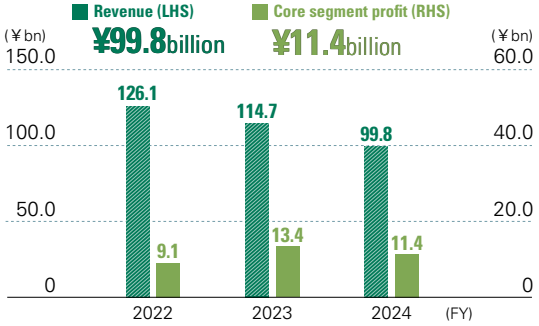
Indications: Overactive bladder; Overactive bladder associated with prostatic hyperplasia

Establish standard of care OAB treatment for men and women with overactive bladder

- Keep emphasizing clinical differentiation: Simple dosing regimen, no blood pressure warning in the label, no drug-drug interactions with CYP2D6 substrates, and crushable tablet
- Expansion of prescriptions for men: Increase awareness in male patients by leveraging new indication (overactive bladder in men being pharmacologically treated for benign prostatic hyperplasia)
- Optimize the balance between price and volume: Implement balanced pricing strategies in response to market changes

Business Overview (by Region)

Japan Business



Overview of FY2024 and Reboot 2027

In FY2024, sales revenues increased for LATUDA®, an atypical antipsychotic, and LONASEN® Tape, an antipsychotic, expanded, as well as for TWYMEEG®, a treatment for type 2 diabetes. However, overall performance was affected by the expiration of the exclusivity periods for TRERIEF® (Parkinson's disease) in June and Equa® (type 2 diabetes) in December 2024. As a result, core segment profit for the Japan business was ¥11.4 billion, representing a 14.6% decline year-on-year.

In response, we advanced decisive structural reforms across the Group, including the reorganization of our North America subsidiaries and the solicitation of early retirements in Japan. At the same time, we entered into a co-promotion collaboration partnership with Janssen Pharmaceutical in January 2025 for the long-acting antipsychotics XEPLION® and XEPLION TRI®, and a promotion partnership with Novo Nordisk Pharma in May 2025 for Ozempic®, the type 2 diabetes treatment.

"Reboot 2027" is designed to secure revenues and establish regenerative medicine and cell therapy as our core business. It focuses on three main themes: (1) Maximizing the value of key and newly launched products; (2) Accelerating the launch and expansion of the regenerative medicine and cell therapy business; and (3) Enhancing operational agility to respond to change.

Key initiatives for the Japan business under Reboot 2027

Secure revenues through our strengths and key products, and make regenerative medicine and cell therapy our core business

1 Maximize the value of key products* and new products

- Maximize product value by leveraging the sales base and relationships in the areas of strength (CNS/diabetes/rare diseases)
- Prepare for the launch of the oncology business
- Improve customer satisfaction through omni-channel information and conduct evidence-based medical activities

2 Focus on launching and expanding the regenerative medicine and cell therapy business

- Smooth launch of CT1-DAP001/DSP-1083 (Parkinson's disease) business
- Contribution to clinical studies for CT1-DAP001/ DSP-1083 approval
- Contribution to the next products (HLCR011, DSP-3077)

3 Adapt operations to change

- Build and operate a system that adapts to changes in product and workforce mix
- Respond flexibly to changes in healthcare policy
- Strategic alliances to ensure business continuity

*TWYMEEG®, LATUDA®, XEPLION®/XEPLION TRI®, LONASEN® Tape, Agalsidase Beta BS, IZCARGO®

Forecast for FY2025

In the Japan segment, revenue is expected to decline due to the expiration of exclusivity periods for Equa® and EquMet®. In response, we will focus on expanding sales of core products such as TWYMEEG® and LATUDA®, along with XEPLION® and Ozempic®, which entered co-promotion in February and July 2025, respectively.

Priority products (Japan)

CNS

LATUDA®

Indications: Schizophrenia and bipolar depression

To be the best drug for schizophrenia and bipolar depression

- Contribute to acute treatment (inpatient and outpatient) by improving positive symptoms
- Contribute to the treatment of bipolar depression by improving depressive symptoms

CNS

XEPLION®/ XEPLION TRI®

Indications: Schizophrenia

Contribute to the treatment of more patients with schizophrenia through the addition to the CNS product line

- Marketing alliance with Janssen Pharmaceutical will contribute to preventing relapse and rehospitalization and reducing the medication burden for patients

Diabetes

TWYMEEG®

Indications: Type 2 diabetes

Contribute to the treatment of elderly patients with type 2 diabetes through the use in combination with DPP-4 inhibitors

- The only glucose-dependent insulin secretagogue that can be used in combination with DPP-4 inhibitors
- The revised package insert (April 2025) allow use in patients with renal impairment

Diabetes

Ozempic®

Indications: Type 2 diabetes

Contribute to the promotion of personalized medicine by making it possible to propose a wider range of treatments

- Co-promotion agreement with Novo Nordisk Pharma
- Expect synergies with TWYMEEG® and METGLUCO®

Governance

Governance

Corporate Governance

Sumitomo Pharma commits itself to continuously pursuing the establishment of a corporate governance system which is highly effective, aiming for the fuller realization of its 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. The Company posts on its website the summary for its basic concept and basic policy titled the "Basic Policy on Corporate Governance."

Corporate governance system

Pursuant to the resolution of the Annual Shareholders' Meeting held on June 26, 2025, the Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee with the aim of strengthening the supervisory function of the Board of Directors by placing as members of the Board of Directors, Audit and Supervisory Committee Members who are in charge of, among other things, auditing the execution of duties by Directors, and further enhancing corporate governance, as well as further increasing its corporate value by enabling more speedy decision making under the appropriate supervision by the Board of Directors and enriching strategic discussions for the mid to long term at the meetings of the Board of Directors.

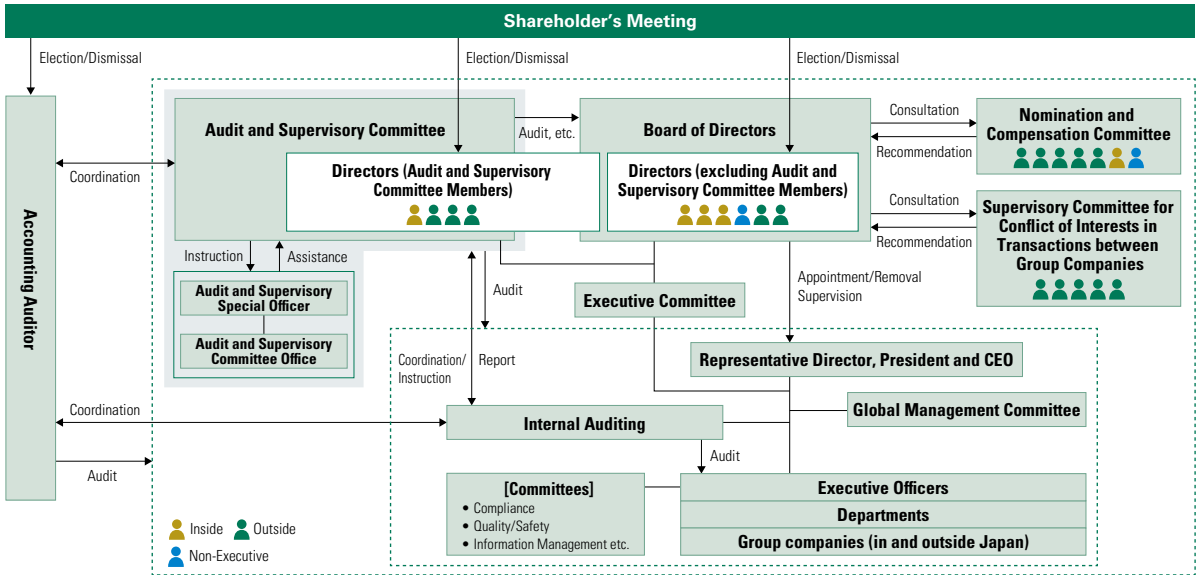
The Board of Directors and its membership

The Board of Directors shall have an appropriate number of Directors to ensure that the Board of Directors performs its functions effectively and efficiently. One third (1/3) or more of the Directors shall be Independent Outside Directors. In addition, One (1) or more of the Independent Outside Directors shall be persons who have experience in management at other companies. As of July 1, 2025, the Board of Directors consists of ten members (including one female Director), including five Independent Outside Directors (the chairperson: President and CEO). The Board of Directors holds a meeting once a month, in principle, and resolves and reports on material business matters. The Company has adopted an executive officer system to separate management supervision from business execution.

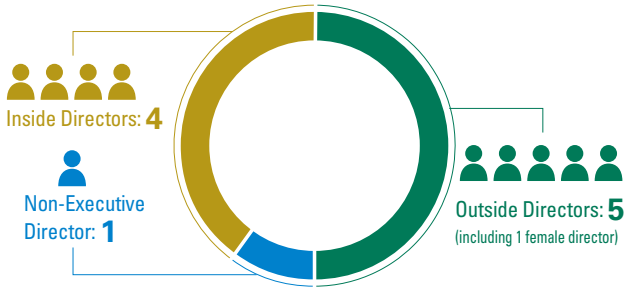
The Directors shall prepare well for meetings of the Board of Directors by proactively collecting the information necessary for promoting discussions at the meetings. The Directors shall also actively contribute to swift and proper decision making for achieving the Company's sustainable growth and the enhancement of the corporate value over the mid to long-term. The Directors shall strive to spend sufficient time to fulfill their expected roles and responsibilities for the Company, and shall perform their duties as Directors, making the most of their knowledge, experience and skills, and enlisting advice from outside experts as necessary. The Directors shall report to the Nomination and Compensation Committee on the status of the positions they concurrently hold at other companies or organizations. The Directors shall perform their duties for the common interests of both the Company and the shareholders, recognizing their fiduciary responsibilities to shareholders and fully understanding the importance of appropriate communication and cooperation with stakeholders. The Outside Directors shall strive to collect the information necessary for performing their duties effectively and efficiently through efforts such as attending important meetings at the Company, including meetings of the Board of Directors, and appropriately cooperating and collaborating with other Directors. The Outside Directors shall appropriately cooperate and collaborate with the Accounting Auditor and the department which is in charge of internal audit, as necessary.

From the independent standpoint, the Independent Outside Directors shall strive to fulfill their expected roles and responsibilities in decision making at meetings of the Board of Directors and supervision of conflicts of interest, among other things, based on their knowledge, experience and insights in their respective fields of expertise.

Framework of the corporate governance system



Composition of the Board of Directors (as of July 1, 2025)



Corporate Governance

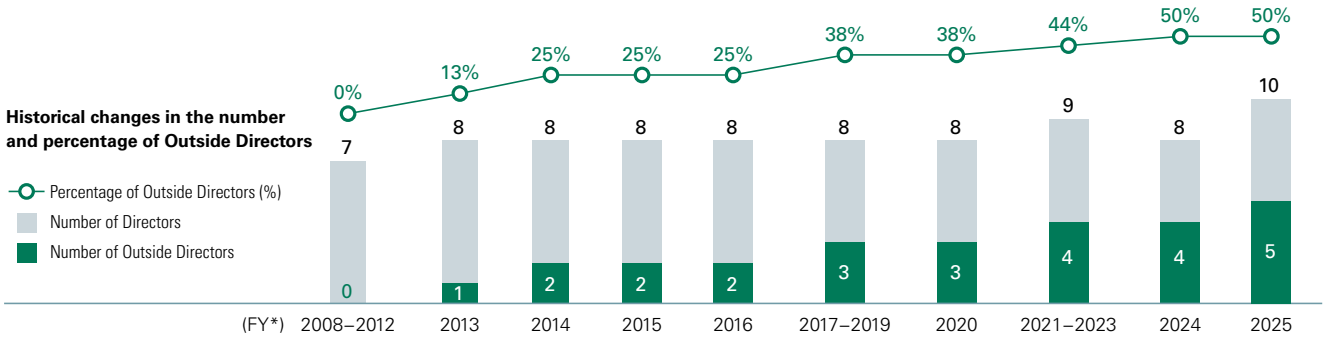
Audit and Supervisory Committee, and Audit and Supervisory Committee Members

The Audit and Supervisory Committee shall have the appropriate number of Audit and Supervisory Committee Members to ensure that the Audit and Supervisory Committee performs its duties effectively and efficiently. At least half of the Audit and Supervisory Committee Members shall be Outside Directors. One (1) or more of the Audit and Supervisory Committee Member shall be persons who have considerable expertise in finance and accounting. As of July 1, 2025, the Audit and Supervisory Committee consists of four members (including one female Director), including three Independent Outside Directors (the chairperson: Full-time Audit and Supervisory Committee Member). The Audit and Supervisory Committee holds a meeting once a month, in principle, discusses and resolves material matters relating to auditing, and also examines in advance matters to be submitted to the Board of Directors for discussion.

The Audit and Supervisory Committee receives reports of auditing plans and auditing results from the Internal Auditing Department, and as necessary, requests investigation or gives specific instructions to the Internal Auditing Department. The Company has assigned one Audit and Supervisory Special Officer and one full-time staff member, who are independent from the directions and orders of officers and employees who execute operations, to assist the duties of the Audit and Supervisory Committee.

The Audit and Supervisory Committee Members shall strive to spend sufficient time to fulfill their expected roles and responsibilities for the Company, and shall perform their duties as Audit and Supervisory Committee Members, making the most of their knowledge, experience and skills, and enlisting advice from outside experts as necessary. The Audit and Supervisory Committee Members shall strive to proactively collect the information necessary for performing their duties effectively and efficiently through efforts such as attendance in important meetings at the Company, including meetings of the Board of Directors, and the exercise of their right to conduct an investigation under the law. The Audit and Supervisory Committee Members shall provide their opinions and recommendations on the performance of duties by the Directors in a timely and appropriate manner. In addition, the Audit and Supervisory Committee Members shall cooperate and collaborate with Outside Directors, including sharing information with the Outside

Governance reform: progression of initiatives



*As of the time after the Annual Shareholders' Meeting in each fiscal year

Corporate Governance System	Company with an Audit & Supervisory Board	Company with an Audit and Supervisory Committee
Supervisory function	Nomination and Compensation Committee	
	Supervisory Committee for Conflict of Interests in Transactions between Group Companies	
Effectiveness	Evaluation of Effectiveness of Board of Directors	
	Regular meetings of Outside Directors and Outside Audit & Supervisory Board Members	
Policy	Declaration of Conduct	
	Compliance Standard	
	Basic Policy on Corporate Governance	
	SMP Group Risk Management Policy	
	Basic Environmental Policies (Enacted and enforced on December 27, 2005)	
	SMP Group Human Rights Policy (Enacted and enforced on March 1, 2022)	
Human Resource Development	SMP Academy, a selective training program that includes the Management Course to foster future managers, established	

Corporate Governance

Directors (excluding Directors who are Audit and Supervisory Committee Members) to assist the Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) in improving their ability to collect information.

Accounting audits are conducted by KPMG AZSA LLC, under the audit agreement.

The Company has established the Internal Auditing Department (9 people as of July 1, 2025), which reports directly to the Representative Director, President and CEO of the Company. The Internal Auditing Department conducts internal audits for not only the Company but also its subsidiaries to check the basic elements necessary for achieving the objectives of internal control from a fair and independent standpoint. In addition, the Internal Auditing Department evaluates the status of development and operation of the internal control over financial reports in accordance with the Financial Instruments and Exchange Act. The Internal Auditing Department directly reports to the Board of Directors regarding the results of the internal audit for the preceding fiscal year and the audit plans for the current fiscal year once a year in accordance with the Regulations of the Board of Directors, in addition to reporting the results of its work to the Representative Director, President and CEO.

Nomination and Compensation Committee

The Company has the Nomination and Compensation Committee as a consultative body to the Board of Directors for enhancing the objectivity and independence of the functions of the Board of Directors in relation to matters such as the nomination of the candidates for the Directors, and decisions on the remuneration of the Directors (excluding Directors who are Audit and Supervisory Committee Members), and meetings of the Committee are held as necessary. As of July 1, 2025, the Nomination and Compensation Committee consists of seven members, the majority (five members) of which being Independent Outside Directors from the viewpoint of emphasizing independence, and the chairperson being appointed from the Independent Outside Directors.

The Nomination and Compensation Committee shall prepare and provide the Board of Directors with a recommendation in response to a consultation request therefrom relating to the matters such as the nomination of candidates for Director, appointing a successor of the President and CEO, remuneration of Directors. The Nomination and Compensation Committee shall submit to the Board of Directors a recommendation with respect to the agenda for Shareholders' Meetings regarding the election, dismissal and remuneration of the Directors who are Audit and Supervisory Committee Members with the consent of the Audit and Supervisory Committee.

It is set forth in the Basic Policy on Corporate Governance that the Board of Directors shall respect the recommendation from the Nomination and Compensation Committee.

Composition of the Nomination and Compensation Committee

Chairperson	Minoru Usui (Outside Director)
Members	Koji Fujimoto (Outside Director)
	Yoshio Iteya (Outside Director, Audit & Supervisory Committee Member)
	Mayumi Mochizuki (Outside Director, Audit & Supervisory Committee Member)
	Daishiro Michimori (Outside Director, Audit & Supervisory Committee Member)
	Toru Kimura (Representative Director, President and CEO)
	Hiroshi Niinuma (Non-Executive Director)

Supervisory Committee for Conflict of Interests in Transactions between Group Companies

The Company set up the Supervisory Committee for Conflict of Interests in Transactions between Group Companies as a consultative body to the Board of Directors in order to ensure that the Company's significant transactions, etc. with its parent company or any subsidiary of the parent company (excluding the Company and its subsidiaries) are fair and reasonable and help protect the interest of minority shareholders of the Company. The meetings are held as necessary. The Committee consists of all the Independent Outside Directors, and the chairperson shall be appointed from among the members by mutual vote of the members. As of July 1, 2025, the Supervisory Committee for Conflict of Interests in Transactions between Group Companies consists of five Independent Outside Directors. It is set forth in the Basic Policy on Corporate Governance that the Board of Directors shall respect the recommendation from the Supervisory Committee for Conflict of Interests in Transactions between Group Companies.

Composition of the Supervisory Committee for Conflict of Interests in Transactions between Group Companies

Chairperson	Koji Fujimoto (Outside Director)
Members	Minoru Usui (Outside Director)
	Yoshio Iteya (Outside Director, Audit & Supervisory Committee Member)
	Mayumi Mochizuki (Outside Director, Audit & Supervisory Committee Member)
	Daishiro Michimori (Outside Director, Audit & Supervisory Committee Member)

Global Management Committee and Executive Committee

The Global Management Committee holds meetings twice a month, in principle, as a consultative body to the President and CEO for the decision making for important business matters, based on the basic policy determined by the Board of Directors.

The Executive Committee holds a meeting once a month, in principle, for the purpose of appropriately sharing among the Directors, including the Outside Directors, Executive Officers and others, the status of the execution of business operations and material matters related thereto.

Executive remuneration

The Policy for determining remuneration and the like for Directors (excluding Directors who are Audit and Supervisory Committee Members), 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 in relation to matters such as the nomination of candidates for Directors and decisions regarding remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members). 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 (excluding Directors who are Audit and Supervisory Committee Members), 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.

Corporate Governance

1) System of remuneration and the like

Remuneration for the Directors (excluding Outside Directors and Non-Executive Directors) consists of base remuneration and performance-linked remuneration (bonuses), and this system is established to serve as an incentive for achieving sustainable growth and enhancing the corporate value of the Group. Part of the base remuneration is the remuneration to be contributed to the Sumitomo Pharma Officers Shareholders' Association for the purpose of acquiring shares of the Company. The Directors continue to hold the shares they acquire through the said Association during their term of office and for one year after their retirement. Through such measures, the Directors' willingness to contribute to the increase of corporate value in the medium- to long-term is enhanced and value sharing with shareholders is promoted.

Remuneration for the Outside Directors and Non-Executive Directors consists of base remuneration only, and the Company adopts a remuneration system where the business performance of the Company is not linked thereto, for the purpose of securing the supervisory function and independence of the Outside Directors. The base amounts are set with respect to the base remuneration and performance-linked remuneration (bonuses) according to each position, such as Representative Director. The ratios of the base amount of the base remuneration and the performance-linked remuneration (bonuses) of the Directors (excluding Outside Directors and Non-Executive Director) are set to be 70% for the base remuneration and 30% for the performance-linked remuneration (bonuses), with respect to the total amount of the remuneration (when the performance-linked elements described in "Method of calculating the amount of performance-linked remuneration (bonuses)" below and individual performance are all considered standard). The total amount of the remuneration and the like shall be not more than 500 million JPY annually as approved at the Shareholders' Meeting.

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

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

The performance-linked elements are evaluated by the Nomination and Compensation Committee based on the degree of achievement of targets, using as indicators the "core operating profit," which was set as a profit indicator showing recurring profitability of a company within the Group and serves as an original performance management indicator; "R&D results" which are the base of the business activities of the Group and important to its continuous growth; and "operating cash flow" which serves as the investment fund for R&D and related activities. The individual performance is evaluated by the Nomination and Compensation Committee based on the degree of achievement of performance targets of each Director (excluding Outside Directors and Non-Executive Directors).

Regardless of the result of the calculation, the performance-linked remuneration (bonuses) will not be paid if no dividend is paid throughout the relevant business year.

3) Method of determining remuneration and the like

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

Remuneration and the like of Directors who are Audit and Supervisory Committee Members

Directors who are Audit and Supervisory Committee Members receive only base remuneration. The details of individual remuneration and the like are determined through consultation among the Directors who are Audit and Supervisory Committee Members, within the annual limit of 100 million yen as approved at the 205th Annual Shareholders' Meeting held on June 26, 2025.

Amount of executive remuneration (FY2024)

The remuneration and the like for FY2024 has been calculated in accordance with the system of remuneration for Directors, which was in place prior to the transition. With respect to the remuneration and the like, Toru Kimura, Representative Director, President and CEO, who oversees the overall operations and is fully informed of the execution of duties by all Directors (excluding Outside Directors), determines the amounts under delegation from the Board of Directors. The Nomination and Compensation Committee confirms that such details are in accordance with the system of remuneration for Directors. Based on the above, the Board of Directors has determined that the finalized content of the remuneration and the like is in alignment with the Policy for Determining Remuneration and the like for Directors. Pursuant to the resolution at the 205th Annual Shareholders' Meeting held on June 26, 2025, the Company has transitioned from a company with an Audit & Supervisory Board to a company with an Audit and Supervisory Committee.

Category of Officer	Total Amount of Remuneration and the like	Amount of Remuneration and the like			Number of Officers Concerned
		Base remuneration	Performance-linked remuneration (bonuses)	Other remuneration	
Directors (excluding Outside Directors)	¥126mn	¥126mn	–	–	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	¥50mn	¥50mn	–	–	2
Outside Directors and Outside Audit & Supervisory Board Members	¥98mn	¥88mn	–	¥10mn	7

*1 The amount of remuneration and the like for Directors that was determined by resolution at the 201st Annual Shareholders' Meeting held on June 24, 2021, does not exceed 700 million yen annually, and the number of Directors concerned under this resolution was nine (9).
*2 The amount of remuneration and the like for Audit & Supervisory Board Members that was determined by resolution at the 185th Annual Shareholders' Meeting held on June 29, 2005, does not exceed 100 million yen annually, and the number of Audit & Supervisory Board Members concerned under this resolution was four (4).
*3 The total amount of remuneration and the like for twelve (12) Directors is 186 million yen, and the total amount of remuneration and the like for five (5) Audit & Supervisory Board Members is 88 million yen.
*4 The Directors (excluding Outside Directors) include four (4) Directors who retired upon the conclusion of the 204th Annual Shareholders' Meeting held on June 25, 2024.
*5 As for base remuneration for Directors (excluding Outside Directors), reduction was made from April 2024 to March 2025 by 30% for the Representative Director, President and CEO, and by 20% for other Directors (by 10% for April 2025) in light of a challenging business situation. From April 2025 to June 2025, reduction was made by 30% for the Representative Director, President and CEO, and by 20% for other Directors. From July 2025 to June 2026, reduction has been made by 10% for the Representative Director, President and CEO.
*6 As for performance-linked remuneration (bonuses) for Directors (excluding Outside Directors), such remuneration based on the performance of the fiscal year under review was not paid in light of the challenging business situation.
*7 Other remuneration for the Outside Directors and Outside Audit & Supervisory Board Members indicates the amount of remuneration for activities as members of any relevant committees.

Corporate Governance

Skill sets and skills matrix of Directors

The Board of Directors of the Company shall be diverse and have the well-balanced knowledge, experience and skills described below so that the Board of Directors can fully exercise its function and secure its effectiveness. The knowledge, experience and skills to be held by the Board of Directors shall be reviewed as necessary in accordance with changes such as those in the outside environment and the circumstances of the Company.

(1) Extensive knowledge, experience and skills as a person who is in charge of corporate management or organizational operations in Japan or abroad
(2) Extensive knowledge, experience and skills in different industries
(3) Extensive knowledge, experience and skills concerning the creation and cultivation of new business or business development
(4) Extensive knowledge, experience and skills concerning digital technologies and data utilization
(5) Professional knowledge, experience and skills in the healthcare industry
(6) Professional knowledge, experience and skills concerning finance, accounting and tax matters
(7) Professional knowledge, experience and skills concerning legal, compliance and risk management matters

The skills matrix of the Directors*1

Name/Position		Corporate management or organizational operations in Japan or abroad*2	Different industries*3	Creation and cultivation of new business / business development*4	Digital technologies and data utilization*5	Healthcare industry			Finance, accounting and tax	Legal, compliance and risk management	Major career, expertise, etc.
						Medical science, pharmaceutical science, public administration	R&D	Planning, marketing, etc.			
Toru Kimura	Representative Director, President and CEO	●					●				Served as a responsible person for the departments of global strategy, global finance, regenerative and cellular medicine and research of the Company
Motoyuki Sakai	Representative Director	●	●						●		Corporate executive
Tsutomu Nakagawa	Member, Board of Directors	●					●	●			Served in responsible positions of the departments of research and global corporate strategy of the Company, and at its overseas subsidiaries
Hiroshi Niinuma	Member, Board of Directors	●	●							●	Corporate executive
Minoru Usui	Member, Board of Directors (Outside)	●	●	●	●						Corporate executive
Koji Fujimoto	Member, Board of Directors (Outside)					●					Served in responsible positions at the Ministry of Economy, Trade and Industry and the Cabinet Secretariat
Hisayoshi Kashima	Member, Board of Directors Audit and Supervisory Committee Member	●						●	●		Served in responsible positions of the department of global finance of the Company, and at its overseas subsidiaries
Yoshio Iteya	Member, Board of Directors Audit and Supervisory Committee Member (Outside)									●	Attorney at law
Mayumi Mochizuki	Member, Board of Directors Audit and Supervisory Committee Member (Outside)					●					Pharmacologist
Daishiro Michimori	Member, Board of Directors Audit and Supervisory Committee Member (Outside)								●	●	Served in responsible positions at the Ministry of Finance and the Cabinet Secretariat. Attorney at law

*1 Circles (●) for Internal Directors indicate knowledge, experience and skills cultivated through the relevant person's career, etc. Circles for Outside Directors 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 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 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 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 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 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.

Corporate Governance

The principal activities of the Outside Directors and Outside Audit & Supervisory Board Members (FY2024)

Outside Directors

Name	Principal activities	Attendance/Frequency of principal activities convocation (Attendance rate)		
		Board of Directors meetings	Nomination and Compensation Committee	Supervisory Committee for Conflict of Interests in Transactions between Group Companies
Saeko Arai	She attended all twenty-one (21) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily based on her extensive experience as a corporate executive and from the professional standpoint of a certified public accountant. She attended all ten (10) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. She also attended all five (5) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.	21/21 (100%)	10/10 (100%)	5/5 (100%)
Nobuhiro Endo	He attended eighteen (18) meetings out of the twenty-one (21) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily based on his extensive experience and a broad perspective as a corporate executive. He attended nine (9) meetings out of the ten (10) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all five (5) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.	18/21 (86%)	9/10 (90%)	5/5 (100%)
Minoru Usui	He attended all twenty-one (21) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily based on his extensive experience and broad perspective as a corporate executive. He attended all ten (10) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all five (5) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.	21/21 (100%)	10/10 (100%)	5/5 (100%)
Koji Fujimoto	He attended all twenty-one (21) meetings held by the Board of Directors during the fiscal year under review, and made statements at those meetings, primarily based on his extensive experience and broad perspective in the healthcare field at administrative organizations. He attended all ten (10) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all five (5) meetings held by the Supervisory Committee for Conflict of Interests in Transactions between Group Companies during the fiscal year under review, and made statements at those meetings from the standpoint of protecting the interests of minority shareholders.	21/21 (100%)	10/10 (100%)	5/5 (100%)

Outside Audit & Supervisory Board Members

Name	Principal activities	Attendance/Frequency of principal activities convocation (Attendance rate)	
		Board of Directors meetings	Audit & Supervisory Board meetings
Yoshio Iteya	He attended all twenty-one (21) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review. He made statements at those meetings, primarily from the professional standpoint of an attorney.	21/21 (100%)	13/13 (100%)
Mayumi Mochizuki	She attended all twenty-one (21) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review. She made statements at those meetings, primarily from the professional standpoint of a pharmacologist.	21/21 (100%)	13/13 (100%)
Daishiro Michimori	He attended all twenty-one (21) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review. He made statements at those meetings, primarily from the professional standpoints of an expert in financial and accounting affairs and of an attorney.	21/21 (100%)	13/13 (100%)

Evaluation of the effectiveness of the Board of Directors

The Company has evaluated the effectiveness of the Board of Directors annually since FY2015. In FY2018 and FY2021, the Company utilized external evaluation.

1) Purpose, method and process of evaluation of effectiveness

The Company has evaluated the effectiveness of the Board of Directors with the aim of improving the effectiveness of the Board of Directors for enhancing corporate governance of the Company: specifically, recognizing any differences between the ideal status of the roles and duties, etc. of the Board of Directors of the Company that are set forth in the Basic Policy on Corporate Governance and the actual circumstances; regularly and repeatedly engaging in agenda-finding and improvement activities; and thereby continuously enhancing the functions of the Board of Directors. In FY2024, the Company conducted a questionnaire to all the Directors and Audit & Supervisory Board Members from February to March 2025, and based on the analyzed results of answers thereto, opinions were exchanged at the meetings of the Board of Directors held in April and May 2025.

2) Topics to be evaluated

The questionnaire (anonymous) is conducted to seek answers to quantitative evaluation on four scales for each topic and also opinions freely entered in comment boxes. The major topics of the questionnaire were as follows:

1) Composition of the Board of Directors
2) Roles and duties of the Board of Directors
3) Status of the operations of the Board of Directors
4) Functions of the Nomination and Compensation Committee
5) Support system for Outside Directors and Outside Audit & Supervisory Board Members
6) Roles and responsibilities of Independent Outside Directors
7) Roles and responsibilities of Audit & Supervisory Board Members/Response to what is pointed out by Audit &

Corporate Governance

Supervisory Board Members at the meeting of the Board of Directors
8) Relationship with stakeholders/examination of issues of sustainability
9) Related party transactions
10) Review on strategic shareholdings
11) Provision of training
12) Efforts made for the agendas identified in the previous fiscal year

3) Results of evaluation

Based on the report of the quantitative analysis of answers to the questionnaire (including the comparative analysis with the numerical values of the evaluation results in the past) and all the opinions entered in the comment boxes, opinions were exchanged at the meeting of the Board of Directors in April and May 2025. As a result, it was confirmed that there is no major problem to be pointed out with respect to the operation of the Board of Directors in FY2024 and the effectiveness of the Board of Directors of the Company has been ensured in general. In addition, it was agreed that, although appropriate progress was acknowledged, there was room for further improvement for the major agendas of FY2024 ((i) Enhancement of supervision of the group companies in North America, (ii) Constructive discussions regarding agendas to be addressed in the medium- to long- term, and (iii) Deepening of discussion regarding human capital).

4) Major agendas to be addressed in FY2025

The following agendas have been identified as major agendas to be addressed in FY2025 as a result of the evaluation of the effectiveness of the Board of Directors for FY2024.

- Supervision of management to realize "Reboot 2027"
- Discussions regarding agendas to be addressed in the medium- to long-term to become a "Strong Sumitomo Pharma"

The Board of Directors is determined to further enhance its functions, while addressing these agendas.

Relationship with the parent company

Sumitomo Chemical Co., Ltd. is the parent company holding 51.78% (as of March 31, 2025) of the voting rights of the Company.

Sumitomo Pharma's Basic Policy on Corporate Governance stipulates the objective of ensuring the Company's independence while respecting the management policy of the Sumitomo Chemical Group. When carrying out significant matters of business (mergers, capital increase/ decrease, significant capital expenditure, investments and loans, etc.), we contact Sumitomo Chemical in advance. However, there are no restrictions by the parent company on our conduct of business activities (such as prior approval by the parent company), and a certain independence has been ensured.

In the case where the Company conducts transactions with the parent company, appropriate supervision is given in light of the importance of the transactions, and in accordance with relevant procedures such as a requirement of approval at meetings of the Board of Directors at which Independent Outside Directors are present, in order to ensure that such transactions are fair and reasonable from the viewpoint of enhancing the corporate value of the Company. With respect to the Company's significant transactions, etc. with its parent company or any subsidiary of the parent company (excluding the Company and its subsidiaries), deliberations are conducted from the viewpoint of protecting the interest of minority shareholders at the Supervisory Committee for Conflict of Interests in Transactions between Group Companies which was set up as a consultative body to the Board of Directors and consists of all the Independent Outside Directors. It is set forth in the Basic Policy that the Board of Directors shall respect recommendations from the Supervisory Committee for Conflict of Interests in Transactions between Group Companies.

The Company conducts transactions with the parent company, such as lease of facilities and procurement of raw materials from the parent company, the joint operation of a joint venture for the regenerative medicine and cell therapy business, and financial guarantee by the parent company. The Company has been careful not to harm the interests of the Company by, for example, determining reasonable conditions based on the market interest rate and generally employed terms and conditions.

Strengthening group governance

The Sumitomo Pharma Group is continuously working to strengthen group governance in order to sustainably increase its corporate value. The Mid-term Business Plan 2027 identifies this as a priority issue and declares that the policy of balancing integrated group management with local responsiveness remains the foundation of our group management as we work to achieve a qualitative transformation into a flexible and efficient organization.

As part of the execution of the plan, the Management Committee was globalized upon completion of the integration of our North American subsidiaries (July 1, 2023). The committee now includes Sumitomo Pharma America, Inc. (SMPA) executives in its membership. In this way, we have established a system to streamline decision-making so that the Group can make timely and optimal decisions on management issues such as portfolio management.

Furthermore, in order to strengthen coordination among Group companies, we have developed reporting lines and established rules on responsibilities and authority, with the goal of balancing coordination with the transfer of authority according to functional characteristics to achieve efficient organizational management. With regard to the business operations of Group companies, we have set up departments to manage each Group company based on company rules, and we strive to understand the status of management and business execution at Group companies while providing the appropriate support for business execution.

At SMPA, which makes a significant contribution to sales and profits, the majority (four out of five) of the Directors are executives of the Company, and starting in April 2024, our Director and Executive Officer serves as President and CEO, in an effort to improve management oversight and transparency.

Corporate Governance

Succession plan

Sumitomo Pharma is engaged in discussions on a plan for identifying potential successors (succession plan) for the President and CEO and other officers of the Company, with the Nomination and Compensation Committee playing a central role. The Nomination and Compensation Committee is having ongoing discussions on the personality required of the President and CEO and other officers and their development plan, and is reporting the progress to the Board of Directors as appropriate.

Strategic shareholdings

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. In addition to this policy, the Board of Directors annually evaluates whether it is reasonable to continue each respective strategic shareholding based on points such as the purpose of such shareholding, as well as the transaction status and unrealized profit and loss thereof. Since FY2015, we have been selling shares that we have determined are no longer reasonable to continue holding, and as a result, strategic shareholdings accounted for 21.7% of total equity at the end of FY2024 (the number of listed shares held has decreased by 80% since the end of FY2015). In FY2025, we will continue to reduce our strategic shareholdings, aiming for a ratio of 10% of total equity.

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. To be specific, it was decided that decisions regarding some proposals such as M&A related proposals and all proposals at a shareholders' meeting held for the first time after the occurrence of any major scandal should be made with special care.

Efforts to facilitate the exercise of voting rights

The Company takes the appropriate measures so that the rights of shareholders are actually ensured, sending out a notice of convocation of the annual shareholders' meeting approximately three weeks before the date of the meeting to facilitate the exercise of voting rights and other rights of shareholders and posting the materials on the Company's website the day before the convocation notices are sent out. For foreign shareholders, the Company posts an English translation of the convocation notice (full text) and other materials on the Company's website at the same time as the Japanese version. Methods of voting include the Electronic Voting Platform, "Smart Voting" and other digital methods in addition to conventional voting in writing.

The Company has made efforts to vitalize the Shareholders' Meeting, such as providing video presentations and narration of the business report and other reports during the meeting. In addition, details of the results of resolutions on proposals at the annual shareholders' meeting are submitted in an extraordinary report and disclosed on our website. The business report, the presentation by the President and CEO and the summary of question-and-answer session at the annual shareholders' meeting are also posted on the Company's website.

Information disclosure

Sumitomo Pharma will actively disclose information in accordance with the policy stipulated in the Declaration of Conduct. Furthermore, based on the recognition that transparency is vital to being a company trusted by society, we will endeavor to disclose corporate information to various stakeholders in a timely, appropriate, and fair manner.

With regard to information that is required to be disclosed under the Timely Disclosure Rules established by the Tokyo Stock Exchange, we will disclose that information in accordance with those rules.

We will endeavor to actively disclose information requested by stakeholders or information necessary for stakeholders to understand our company, even if it is information not covered by the Timely Disclosure Rules. Sumitomo Pharma discloses corporate information in accordance with the in-house regulations for disclosure of information (the Disclosure Policy*), which stipulate the criteria and procedures for the disclosure of information.

*Information on our information disclosure policies and criteria and our information disclosure process are posted on our website.

Development of an internal control system

Based on the Companies Act, the Board of Directors of the Company passed a resolution on the basic policies for the development of a system to ensure appropriate business operation. The status of implementation efforts pursuant to the basic policies for each year is reported at the Board of Directors meeting held in March of the fiscal year and the basic policies are revised as necessary to improve the internal control system.

Internal control over financial reporting

In order to ensure the reliability of financial reporting, Sumitomo Pharma is striving to enhance its internal control system in accordance with the Company's basic framework for internal control as required by Japan's Financial Instruments and Exchange Act.

Specifically, we determine the necessary scope from the perspective of the materiality of the impact on the reliability of financial reporting for the Company, its major consolidated subsidiaries, and equity method affiliates, targeting the company-wide internal control system and business processes with the potential for significant impact on finances. Every year, the President and CEO assesses the effectiveness of the design and implementation of the internal control framework, while also confirming the effectiveness of internal control.

Risk Management

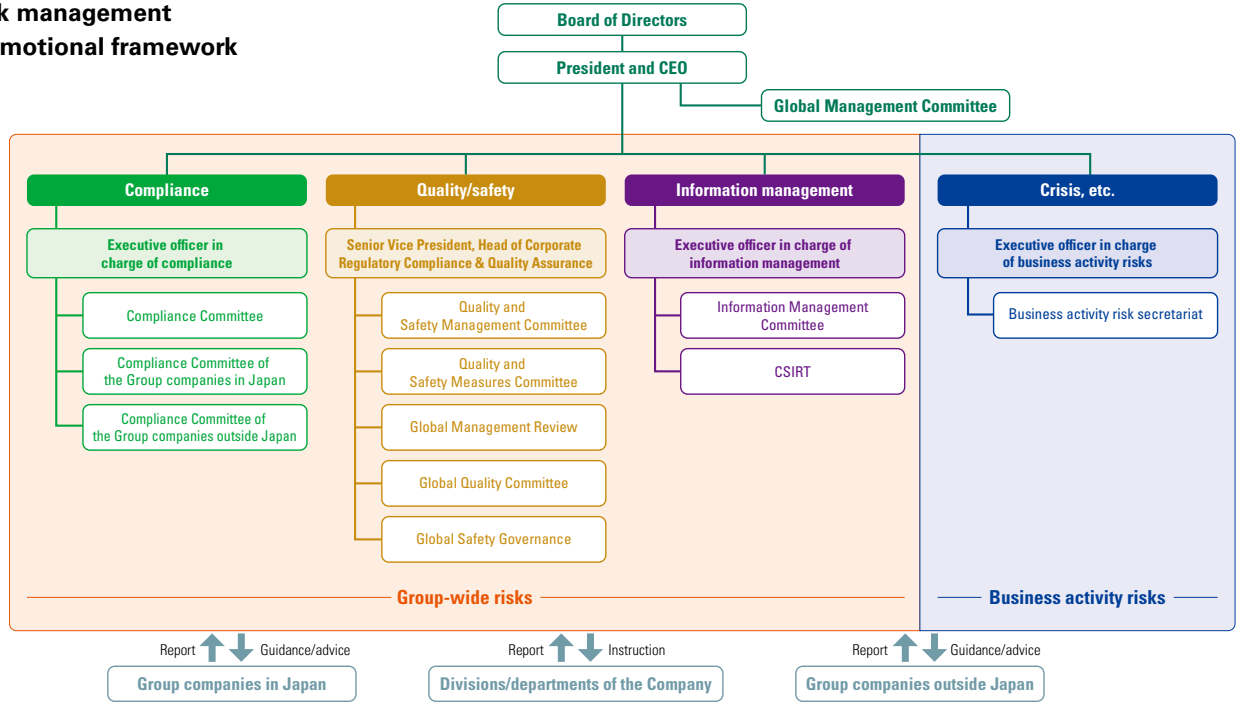
Sumitomo Pharma has established the SMP Group Risk Management Policy that provides for basic thoughts of the Group with respect to risk management and has developed a system to appropriately promote risk management for the Group. Under this promotional framework, according to the particularities of each risk, risks are divided into those requiring a horizontal, group-wide approach (group-wide risks), and those requiring specific approaches by each company (business activity risks). We keep track of the risk management of the group companies as a whole through reports from each group company, and provide each group company with its advice and guidance as necessary.

In order to address risks bearing an impact on business activities, we have established the internal "Risk Management Rule" under which it is clarified that the President and CEO's role in overseeing risk management, and developed systems to promote risk management for respective risks classified according to their characteristics. The status of operations in each system to promote risk management is periodically reported to the Board of Directors.

One of the Company's specific initiatives is to carry out annual risk assessments for all business units, including Group companies in Japan and overseas, and formulate necessary countermeasures based on the results followed by implementation and evaluation. This is undertaken systematically by each business unit company-wide working on the solution to each problem.

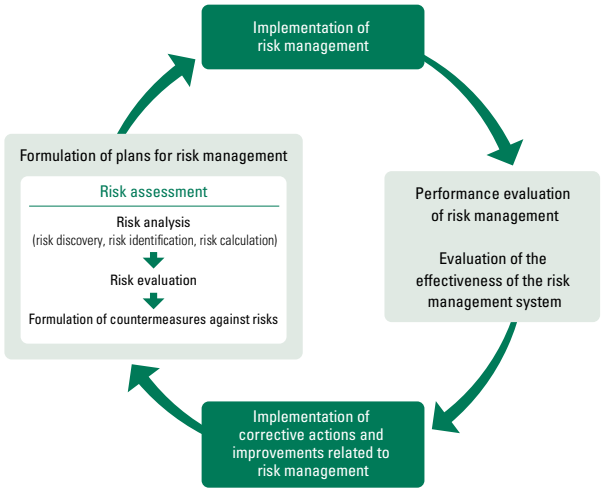
*Business activity risks: Natural disasters such as earthquakes, typhoons, heavy rains, and infectious disease pandemics, as well as risks associated with business activities, such as procurement, production, inventory management, and human resource management, that each group company undertakes on its own responsibility.

Risk management promotional framework



*CSIRT (Computer Security Incident Response Team): A system for considering preventive measures against unauthorized access due to cyberattacks and responding rapidly in the event of detecting an intrusion

Initiatives of risk management



Rebuilding Business Continuity Plan (BCP) and Business Continuity Management (BCM)

From the viewpoint of our social duty of ensuring a stable supply of pharmaceutical products, Sumitomo Pharma formulates its business continuity plans (all-hazards BCP:Business Continuity Plan) that address not only large-scale disasters and pandemics, but also diverse disasters and unexpected situations.

Furthermore, to strengthen and improve the effectiveness of our risk management, we have established a continuous management cycle that includes reviewing our BCPs, implementing proactive measures, and conducting education and training. Also, we are advancing sustainable business continuity management (BCM:Business Continuity Management), which promotes management activities even during ordinary times.

Risk Management

Initial response plan

We have established a Crisis Management Team (CMT) that, immediately after a disaster occurs, starts gathering information, outlines the status of damage, offers advice on whether a Disaster Management Headquarters should be established, and if established, works to gather further information.

We carry out regular CMT training and other measures with the objective of increasing our swift and precise first-response capabilities. Additionally, we are currently carrying out training to facilitate coordination between the CMT and each business base (the Disaster Management Headquarters in the disaster area) as well as the Disaster Management Headquarters, and are working to boost crisis management capabilities during times of disaster.

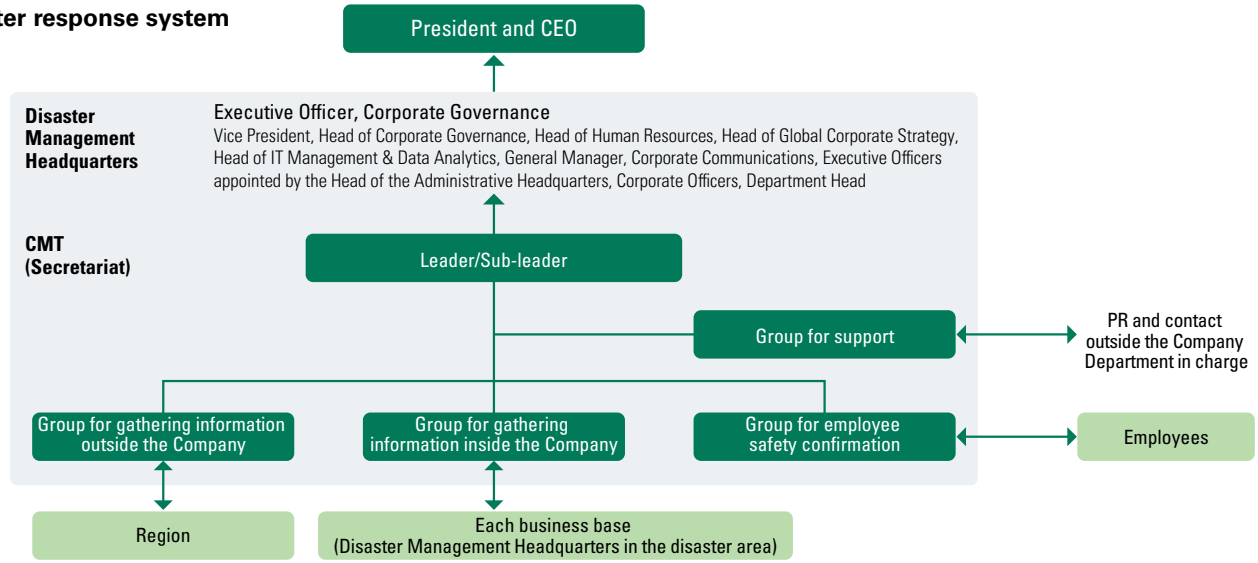
Information management

"Information" is an essential asset in our corporate activities, and how it is utilized and protected is of particular importance to Sumitomo Pharma. We have established global policies for records and information management as well as various rules for information management and Information Technology security, etc. to minimize risks.

Management of confidential information and inside information

In accordance with the internal rules, we manage confidential information in an appropriate manner. We have established an information management system that includes an executive officer in charge of information management and the Information Management Committee. In order to prevent insider trading, we have internal rules which specify matters that all officers and employees must comply with, including the appropriate management of inside information. Additionally, we regularly hold training for officers and employees and we work to increase their level of awareness.

Disaster response system



Managing personal information

Sumitomo Pharma has a privacy policy in place, and in accordance with its internal rules, properly handles and protects personal information acquired through its business activities from healthcare professionals, product users, business partners, shareholders, officers and employees and other persons in accordance with domestic and international personal information protection laws and regulations. In addition, Sumitomo Pharma actively promotes protection of personal information by establishing a solid management system that includes an executive officer in charge of personal information management and a personal information hotline, and regularly educating and training its officers and employees.

Information security

As information security efforts, we continue to update technical measures, internal rules, and procedures according to societal changes and advances in information technology as we monitor compliance. In addition, we hold periodic information security training for officers and employees to raise awareness. We also strive to address security risks at our group companies and business partners. Further, as a countermeasure against information security risks throughout the supply chain, we conduct IT security assessments of our business partners using a security rating service.

Moreover, we consider preventive measures against unauthorized access due to cyberattacks and have established a system that responds rapidly in the event of detecting an intrusion, through a Computer Security Incident Response Team (CSIRT). We also continuously work to prevent information security incidents. CSIRT also conducts regularly response training that presents a cyberattack scenario.

Compliance

Declaration of Conduct and Compliance Standards

Sumitomo Pharma has declared in our publicly announced Declaration of Conduct our commitment to "abide by relevant laws and regulations, and conduct our business in a transparent and fair manner with the highest level of ethics." To put this declaration into practice and ensure full compliance, we have established our Compliance Standards, based on which we conduct our business.

Framework for compliance implementation

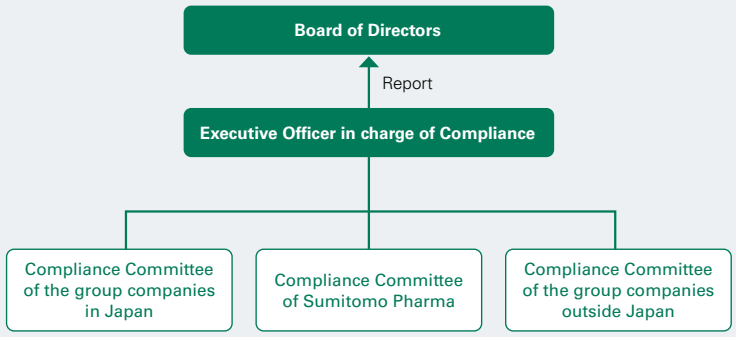
Sumitomo Pharma has in place the organizational framework shown below for full implementation of compliance by every company of the Sumitomo Pharma Group.

One of Sumitomo Pharma's executive officers is charged with overseeing all compliance matters of Sumitomo Pharma and its group companies around the world.

We have set up three compliance committees, the Compliance Committee of Sumitomo Pharma, the Compliance Committee of the group companies in Japan and the Compliance Committee of the group companies outside Japan. The Sumitomo Pharma executive officer in charge of compliance serves as chair of each of the three committees and reports to the Board of Directors on the committee activities.

The Compliance Committee of Sumitomo Pharma deliberates on any revisions of the Compliance Standards, discusses compliance education and training programs and verifies their implementation, and reviews compliance implementation. The Compliance Committees of the group companies in and outside Japan each shares information and discusses compliance matters such as compliance policies, programs and activities.

Framework for compliance implementation



Compliance hotline

Sumitomo Pharma has set up internal and external compliance hotlines through which its officers and employees can make reports and consultations relating to incidents of real or threatened corruption, human rights issues (including harassment, etc.), and other acts of compliance violation. Similar compliance hotlines have been installed in the group companies in and outside Japan. The officers and employees of such group companies may use the Sumitomo Pharma hotlines. In addition, anonymous reports are also accepted and responded to. Our compliance hotline is also available to our business partners, the officers and employees of our subsidiaries, and others who have served in the past.

Those involved in the operation of the compliance hotline will protect the confidentiality of the reporter/ consulter. The company prohibits to treat persons disadvantageously who have reported or consulted such matters on the basis that they made such reports or consultation, and the people are protected from treating persons disadvantageously by the officers and employees of the company and its subsidiaries.

Compliance education and training

Sumitomo Pharma provides all its employees with annual compliance educations and training on a number of topics that include corruption, insider trading, the harmful incident concerning pharmaceuticals, and harassment. We also conduct grade-specific education and training programs for new employees and managers (Vice Presidents and Senior Directors). A booklet about the Compliance Standards is used in compliance workshops held at the workplace level. Additionally, we require our group companies in and outside Japan to provide similar compliance education and training programs.

Initiatives to exclude anti-social forces and prevent corrupt activities

The Company rejects any relationships whatsoever with anti-social forces and has established special provisions allowing for the termination of a contract signed with a counterparty that the Company deems to be an anti-social force.

Additionally, from the perspective of preventing corruption in business activities, the Company has stipulated Corruption Prevention Guidelines, while also specifying provisions against corruption in new transaction contracts that accompany the acceptance of compensation.

Future compliance initiatives

Sumitomo Pharma recognizes that the implementation of compliance is a major prerequisite for the continued existence of companies. We will continue to provide our officers and employees with necessary education and training to ensure that their decisions and conduct are in full compliance with relevant laws and regulations as well as our own internal rules, and are consistent with the social responsibilities and corporate ethics. Also, we will continue to improve our compliance implementation regime.

Board Members and Executive Officers

(as of August 1, 2025)

Directors other than those who are Audit & Supervisory Committee Members

Toru Kimura

Representative Director, President and CEO

1989	Joined Sumitomo Chemical Co., Ltd.
1992	Joined the former Sumitomo Pharmaceuticals Co., Ltd.
2013	Vice President, Head of the Regenerative & Cellular Medicine Office of the Company
2015	Executive Officer of the Company
2016	Member of the Board of Directors and Executive Officer of the Company
2019	Member of the Board of Directors and Managing Executive Officer of the Company
2021	Representative Director and Senior Managing Executive Officer of the Company
2024	Representative Director, President and CEO of the Company (up to the present)

Motoyuki Sakai

Representative Director, Executive Vice President

Global Corporate Strategy;
Global Finance Administration
External Affairs; Corporate Governance;
IT Management & Data Analytics

1985	Joined Sumitomo Chemical Co., Ltd.
2007	General Manager, Finance & Accounting Office (Accounting) of Sumitomo Chemical Co., Ltd.
2010	General Manager, Corporate Planning & Coordination Office (Corporate Planning) of Sumitomo Chemical Co., Ltd.
2013	General Manager, Corporate Planning & Coordination Office (Business Development) of Sumitomo Chemical Co., Ltd.
2014	Executive Officer of Sumitomo Chemical Co., Ltd.
2018	Managing Executive Officer of Sumitomo Chemical Co., Ltd. President and Representative Director of Sumitomo Chemical Asia Pte Ltd
2023	Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd. Representative Director and Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.
2024	Representative Director and Executive Vice President of the Company (up to the present)

Tsutomu Nakagawa

Member, Board of Directors, Managing Executive Officer

North America Business
President and CEO, Sumitomo Pharma America, Inc.

1993	Joined the former Sumitomo Pharmaceuticals Co., Ltd.
2016	Senior Officer of Global Oncology of the Company
2017	Senior Officer of Global Oncology (Development Strategy) of the Company
2019	Vice President, Head of the Global Oncology Office of the Company
2020	Vice President, Head of Global Corporate Strategy of the Company
2022	Executive Officer of the Company
2023	Chief Strategy Officer of Sumitomo Pharma America, Inc.
2024	President and CEO of Sumitomo Pharma America, Inc. (up to the present) Member of the Board of Directors and Executive Officer of the Company
2025	Member of the Board of Directors and Managing Executive Officer of the Company (up to the present)

Hiroshi Niinuma

Member, Board of Directors

1981	Joined Sumitomo Chemical Co., Ltd.
2006	General Manager, Personnel Office of Sumitomo Chemical Co., Ltd.
2007	General Manager, Human Resources Department of Sumitomo Chemical Co., Ltd.
2009	General Manager, General Affairs Department of Sumitomo Chemical Co., Ltd.
2010	Executive Officer of Sumitomo Chemical Co., Ltd.
2013	Managing Executive Officer of Sumitomo Chemical Co., Ltd.
2018	Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd. Director and Senior Managing Executive Officer of Sumitomo Chemical Co., Ltd.
2022	Director and Executive Vice President of Sumitomo Chemical Co., Ltd. (up to the present)
2024	Member of the Board of Directors of the Company (up to the present)

Minoru Usui

Member, Board of Directors (Outside)

1979	Joined Shinshu Seiki Co., Ltd. (currently, Seiko Epson Corporation)
2002	Director of Seiko Epson Corporation
2005	General Administrative Manager of the Production Engineering & Development Division of Seiko Epson Corporation
2007	General Administrative Manager of the Corporate Research & Development Division of Seiko Epson Corporation Managing Director of Seiko Epson Corporation
2008	President and Representative Director of Seiko Epson Corporation, Chief Executive Officer of Seiko Epson Corporation
2020	Chairman and Director of Seiko Epson Corporation
2021	Member of the Board of Directors (Outside Director) of the Company (up to the present) Outside Director of IHI Corporation (up to the present)

Koji Fujimoto

Member, Board of Directors (Outside)

1987	Joined the Ministry of International Trade and Industry (MITI) (currently the Ministry of Economy, Trade and Industry (METI))
2003	Director of the Medical and Assistive Device Industries Office of METI
2008	Director of the Service Industries Division of METI (Director of the Healthcare Industries Division after organizational revision in July 2011)
2012	Counsellor of the Cabinet Secretariat (Office of Healthcare Policy, etc.)
2015	Councillor of the Cabinet Secretariat (Assistant Director of the Office of Healthcare Policy)
2019	Specially Appointed Professor at Tokyo Medical and Dental University (currently, Institute of Science Tokyo) (up to the present) Senior URA of the Research University Promotion Organization of Tokyo Medical and Dental University (currently, Institute of Science Tokyo) Deputy Director of the Research Center for Industry Alliances (the Open Innovation Center of the Institute of Research Innovation, after reorganization in March 2023) of Tokyo Medical and Dental University (currently, Institute of Science Tokyo)
2022	Member of the Board of Directors (Outside Director) of the Company (up to the present)
2023	Deputy Director/Senior URA of the Open Innovation Center of the Institute of Research Innovation of Tokyo Medical and Dental University (currently, Institute of Science Tokyo) Director of Emergency Assistance Japan Co., Ltd.
2024	Senior URA of the Center for Medical Innovation of Institute of Science Tokyo (up to the present)
2025	Advisor of Emergency Assistance Japan Co., Ltd. (up to the present)

Board Members and Executive Officers

Directors who are Audit & Supervisory Committee Members

Hisayoshi Kashima

Member, Board of Directors, Audit and Supervisory Committee Member

1985	Joined the former Sumitomo Pharmaceuticals Co., Ltd.
2007	Vice President, Head of Finance & Accounting of the Company
2012	Member, Board of Directors of Sumitomo Pharma (Suzhou) Co., Ltd.
2014	Vice President, Head of Finance & Accounting of the Company
2023	Full-time Audit & Supervisory Board Member of the Company
2025	Directors who are Audit & Supervisory Committee Members (up to the present)

Yoshio Iteya

Member, Board of Directors, Audit and Supervisory Committee Member (Outside)

1983	Admitted to the Bar (Japan)
1989	Admitted to the Bar (New York)
1992	Partner at Mori Hamada & Matsumoto
2004	Specially Appointed Professor at Hitotsubashi University School of Law (up to the present)
2018	Outside Audit & Supervisory Board Member of the Company
2021	Partner at Anderson Mori & Tomotsune (up to the present)
2024	Outside Audit & Supervisory Board Member of FUJIFILM Holdings Corporation (up to the present)
2025	Directors who are Audit & Supervisory Committee Members of the Company (Outside) (up to the present)

Mayumi Mochizuki

Member, Board of Directors, Audit and Supervisory Committee Member (Outside)

1976	Joined Nippon Roche K.K. (currently, Chugai Pharmaceutical Co., Ltd.)
1983	Joined the Department of Pharmacy of Kitasato University Hospital
1997	Associate Professor at the Graduate School of Pharmaceutical Sciences of Chiba University
2000	Professor at the School of Pharmacy of Kitasato University
2007	Professor at Kyoritsu University of Pharmacy
2008	Professor at the Faculty of Pharmacy of Keio University
2009	Associate Dean in Pharmacy at the Graduate School of Pharmaceutical Sciences of Keio University
2013	Dean of the Faculty of Pharmacy and Dean of the Graduate School of Pharmaceutical Sciences of Keio University
2015	Director of the Department of Pharmacy at Keio University Hospital
2019	Professor Emeritus at Keio University (up to the present) Project Professor at the Faculty of Pharmacy of Keio University Adviser of the International Medical Information Center (up to the present)
2020	Special Adviser of the International University of Health and Welfare Vice President of Science Council of Japan
2021	Outside Audit & Supervisory Board Member of the Company
2025	Directors who are Audit & Supervisory Committee Members of the Company(Outside) (up to the present)

Daishiro Michimori

Member, Board of Directors, Audit and Supervisory Committee Member (Outside)

1979	Joined the Ministry of Finance
2010	Councillor of the Cabinet Secretariat (National Policy Unit)
2012	Regional Commissioner of the Tokyo Regional Taxation Bureau
2014	Director-General for Policy Planning of the Ministry of Land, Infrastructure, Transport and Tourism
2016	Admitted to the Bar (Japan) Advisor Attorney of TMI Associates Managing Director of the Institute of Daiwa Institute of Research Ltd. Outside Member of the Board of World Co., Ltd.
2018	Senior Managing Director of the Institute of Daiwa Institute of Research Ltd.
2021	Visiting Attorney of Shimada Hamba & Osajima (up to the present)
2022	Senior Advisor of Daiwa Institute of Research Ltd. Outside Audit & Supervisory Board Member of the Company
2025	Directors who are Audit & Supervisory Committee Members of the Company (Outside) (up to the present)

Executive Officers

Managing Executive Officer

Hideyuki Harada
Supply Chain Division
Senior Vice President,
Head of Supply Chain Division
Head of Japan Business Unit

Yumi Sato
Research and Development Division
Senior Vice President, Head of Research and Development Division
Chief Development Officer,
Sumitomo Pharma America, Inc.

Executive Officers

Koichi Kozuki
Business Development & Management;
Corporate Regulatory Compliance & Quality Assurance Division
Senior Vice President, Head of Corporate Regulatory Compliance & Quality Assurance Division
Deputy Head of Japan Business Unit

Yutaka Wakemi
Global Corporate Strategy; Global Finance

Isao Shimizu
Senior Vice President, Deputy Head of Corporate Regulatory Compliance & Quality Assurance Division
Senior Vice President, Deputy Head of Research and Development Division (Drug Discovery Research)

Koji Yamazaki
Sales & Marketing Division
Senior Vice President, Head of Sales & Marketing Division
Deputy Head of Japan Business Unit

Kenji Ueno
Senior Vice President,
Deputy Head of Research and Development Division (CMC)

Kimihiro Mizuno
Legal & Compliance;
Intellectual Property;
Human Resources

Sustainability

Sustainability

Environment

Environment

Environmental management

Environmental issues such as climate change are serious global problems that threaten the health and wellbeing of people worldwide. Through all of its business activities, Sumitomo Pharma will actively work on preserving the environment and creating a recycling-oriented society, and aim to resolve these issues in order to realize a sustainable society. We use energy, water resources, and various chemical substances for research and development and for manufacturing products, and we believe it is important for us to be aware of the impact of our business activities on the environment and to address environmental issues. Therefore, we have established an environmental management system with reference to ISO14001, and are operating the system at all of our sites in Japan. Suzuka Plant and Oita Plant have acquired ISO14001 certification.

Medium- to long-term environmental goals

Sumitomo Pharma is promoting a structured approach to environmental initiatives by identifying our priority issues and advancing efforts to address them. From a medium- to long-term perspective, we aim to address the issues facing society and social demands as part of our corporate social responsibility. To achieve this, we have established three priority issues (carbon neutrality, water, and resource circulation) along with two foundational issues (legal compliance/prevention of environmental accidents and stakeholder communication) in our medium- to long-term environmental goals*1. Among these priority issues, the target for reducing water withdrawal has been updated to reflect the expected decrease in water withdrawal resulting from the downsizing of active pharmaceutical ingredient (API) manufacturing functions in FY2024.

*1 For details on our medium- to long-term environmental goals (FY2024-FY2026) and major achievements, please see "Environmental Goals and Performance."

Medium- to long-term environmental goals (FY2024-FY2026) and major achievements

Priority issues	Targets	Target FY	Indicator*2	Results for Fiscal 2024
Carbon neutrality	Achieve carbon neutrality by reducing GHG emissions.	2050	Aiming at zero GHG emissions (Scope 1+2).	46,257t-CO_2
		2030	<SBT> Reduce absolute Scope 1 and 2 GHG emissions 42% by FY2030 from a FY2020 base year.	Reduced by 36% compared to base year
			<SBT> Reduce absolute Scope 3 GHG emissions from purchased goods and services 25% by FY2030 from a FY2020 base year.	Increased by 44% compared to base year
			Increase the ratio of non-fossil electricity to 50% or more of total electricity use.	45%
		—	Replace all company vehicles*3 with hybrid or electric vehicles by FY2026.	95%
			Completely phase out the use of CFC-containing products and equipment by FY2025.	1 unit left
Water	Promote water conservation and address water risks.	2030	Reduce water withdrawal to below the FY2020 level (599 kt*4).	644 kt
		—	Conduct water risk assessments at production and research sites.	Implemented (no significant risks identified)
Resource Circulation	Promote waste reduction and recycling.	2030	Achieve a plastic waste recycling rate of 65% or more.	66%
			Maintain recycling rate at 80% or higher and aim for at least 85% by FY2030.	83%
			Maintain final disposal rate at less than 1% and aim for less than 0.5% by FY2030.	0.25%

*2 2050 GHG emissions reduction target and SBT (Science Based Targets) are evaluated on a consolidated basis, and other targets are evaluated on a non-consolidated basis.
*3 Excluding in-house vehicles
*4 Amount of water withdrawal in FY2020, excluding water used at the downsized API manufacturing division.

Third-party assurance

We disclose our environmental performance data for the past three in the "ESG Data List*5" on our "Sustainability" webpage. In addition to indicating environmental performance metrics for which it has received third-party assurance from KPMG AZSA Sustainability Co., Ltd., we publish the "Independent Practitioner's Limited Assurance Report" on its "Third-Party Assurance*6" webpage.

*5 For details, please see "ESG Data Table."
*6 For details, please see "Third-Party Assurance."

Environment

Information disclosure based on the TCFD recommendations (Responses to climate change)

In November 2021, Sumitomo Pharma announced its support for the TCFD recommendations*1 and, concerning climate change-related risks and opportunities, we proceeded with initiatives in line with the TCFD recommendations and disclosed the information for the first time in April 2022. Since the disclosure, in order to fully prepare ourselves for climate change by facilitating the initiatives continuously, we have been promoting dialog with stakeholders based on the disclosed information. We will further reduce the risks of climate change and precisely seize its opportunities, by continuing to value dialog with our stakeholders, reexamining the risks and opportunities due to climate change from various perspectives, and thinking about them from the aspects of both climate change-related "mitigation" and "adaptation." Sumitomo Pharma will include the promotion of its response to climate change in "environmental initiatives," one of the Material Issues forming the foundation for business continuity. With an awareness of the financial impacts of environmental changes on our business, we will incorporate responses to risks and opportunities in our management strategies.

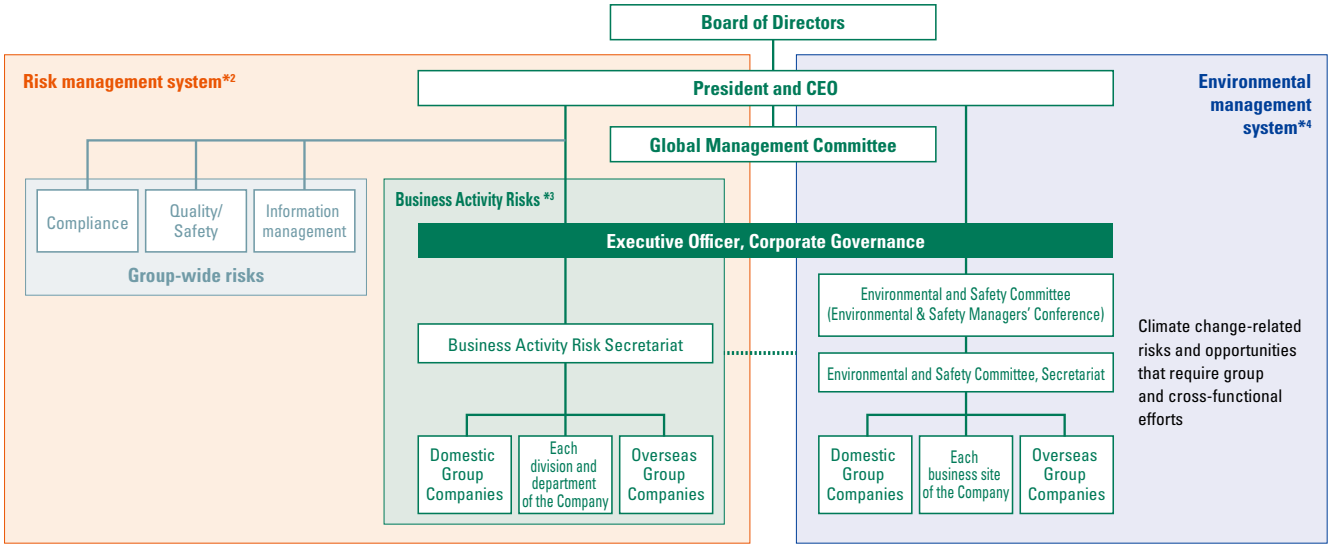
*1 For details, please see "Sumitomo Dainippon Pharma Announces Support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)."

Governance

We have developed a risk management system*2 overseen by the President and CEO under the supervision of the Board of Directors and carry out comprehensive risk management. With regard to business activity risks*3, including climate change-related risks and opportunities, we have established a Business Activity Risks Secretariat under the supervision of the executive officer in charge of corporate governance, and carry out annual company-wide risk assessments through the President and CEOs of domestic and overseas Group companies and heads of all business units, and formulate necessary countermeasures based on the results followed by implementation and evaluation. These details are reported regularly, at least once a year, to the Board of Directors by the executive officer in charge, where discussions are held on important matters such as key action plans and risk management policies, and countermeasures are directed where necessary.

With regard to issues related to climate change, such as the reduction of GHG (Greenhouse Gas) emissions, that require group or cross-divisional initiatives, we hold discussions at the Environmental and Safety Committee, under the environmental management system*4 and incorporate them into our medium- to long-term environmental goals*5. In addition, we make planned capital investments (investment toward carbon neutrality) and other investments that contribute to the reduction of GHG emissions based on our Mid-term Business Plan. Our initiatives to tackle climate change under the environmental management system will be reported to the Board of Directors at least once a year as part of our sustainability initiatives, and opportunities for briefings by experts will be considered when necessary.

Figure 1 Governance system chart for climate change-related risks/opportunities



*2 For information on the risk management promotional framework, please see "Risk Management."

*3 Disasters such as earthquakes, typhoons, heavy rains, and epidemics, as well as risks associated with business activities, such as procurement, production, inventory management, and human resource management, that each company undertakes on its own responsibility.

*4 For information on the environmental management system, please see "Environmental Management."

*5 For information on medium- to long-term environmental goals, please see "Environmental Goals and Performance."

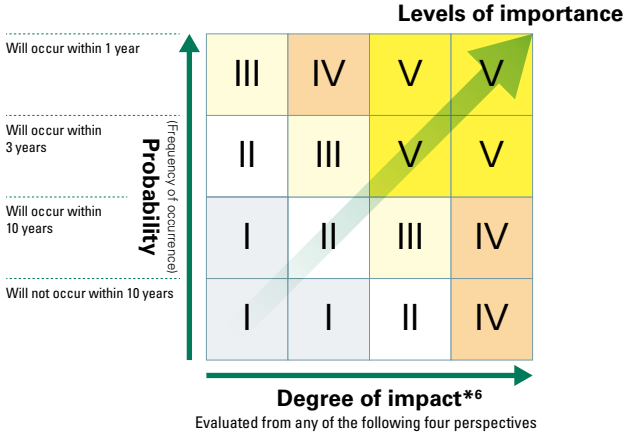
Environment

Strategy

We evaluate risks and opportunities due to climate change according to the two aspects of "degree of impact*6" and "probability*7" as a primary evaluation, and classify them into five "levels of importance" from "I" to "V", according to the combination of these two aspects (Figure 2). In doing so, "degree of impact" is evaluated in consideration of the degree of progress on measures taken. For risks and opportunities that are ranked "III" or higher by the primary evaluation, we conduct a more detailed secondary evaluation using our scenarios for evaluation (1.5˚C and 4˚C)*8, which are created with reference to 1.5˚C scenarios*9 and 4˚C scenarios*9, and for significant risks and opportunities identified by the secondary evaluation, we estimate the potential financial impact by making as many detailed assumptions as possible and promote countermeasures.

*6 "Degree of impact" will be evaluated on any of "economic impact", "impact on the human body", "reputational impact" and "impact on business."
*7 "Probability" will be evaluated by frequency of occurrence on a time scale of 1 year (short term), 3 years (medium term) and 10 years (long term).
*8 "A world where sustainability is emphasized and progress is made in laws and regulations and technological development toward fossil fuel substitution," is assumed in the 1.5˚C scenario, while "a world where convenience and efficiency are emphasized and climate-related risks such as flooding have increased" is assumed in the 4˚C scenario.
*9 AR6 (RCP1.9 and RCP8.5) issued by IPCC (Intergovernmental Panel on Climate Change), NZE and STEPS issued by the IEA (International Energy Agency) World Energy Outlook 2024, and various predicted values and peripheral information from the Ministry of the Environment.

Figure 2 Risk map



Risks and opportunities due to climate change

Scenario	Risk classification		Risk details	Financial impact	Countermeasures	
1.5˚C and 4˚C	Physical risks	Acute risks	Flooding, inundation and landslides caused by typhoons and heavy rains disrupt supplies of raw materials and purchased products as well as the sales and supply of the Company's products.	—*10	Adaptation	• Formulate BCP to reinforce stable supply structure • Avoid supply disruptions by optimizing inventories • Enhance stability of procurement by diversifying suppliers
1.5˚C	Transition Risks	Policy and legal risks	Introduction of carbon tax results in tax burden depending of GHG emissions.	Approx. ¥1.1 billion/year*11	Mitigation	Implement various measures toward achieving FY2050 goals*5 • Achieve reinforced FY2030 goals*5 with a view to achieving long-term goals. • Continue the planned transition to non-fossil energy. • Continue planned investment in carbon neutral equipment. • Continue energy saving measures.
		Market risks	Introduction of carbon tax results in increasing costs of supplies, deliveries, and related energies.	Approx. ¥6.4 billion/year*12	Mitigation	• Encourage business partners including suppliers to reduce greenhouse gas (GHG) emissions. • Make constant efforts toward resource and energy savings through technology development and improved operational efficiency.

Scenario	Opportunity classification		Opportunity details	Financial impact	Countermeasures	
1.5˚C and 4˚C	Opportunities	Resource efficiency	Reducing water withdrawal helps to reduce costs. It also indirectly contributes to the reduction of GHG emissions generated in the process of supplying tap water and treating wastewater, and to the maintenance of ecosystems by protecting water intake sources.	Minor*13	Mitigation	Implement various measures toward achieving FY2030 goals*5 • We have installed water-saving nozzles on the faucets at some facilities. We will continue to proactively promote initiatives in this area.

*10 Varies depending on the scale of the disaster and items to be affected.
*11 Calculated by multiplying GHG emissions in FY2023 of approximately 54,000 t (Scope 1 and 2 emissions on a consolidated basis)#1 by IEA's assumed carbon price for developed countries in 2030 of 140 USD/t-CO_2 (hereafter, "assumed carbon price"). Assuming an exchange rate of 150 yen/USD.
#1 Click here ("Carbon Neutrality") for information on boundary of calculation.
*12 Calculated by multiplying FY2023 GHG emissions for Scope 3 Category 1 "Purchased goods and services" and Category 4 "Transportation and distribution (upstream)" of approximately 306,000 t#2 by assumed carbon price.
#2 Click here ("Carbon Neutrality") for information on boundary of calculation.
*13 Stated qualitatively as it is difficult to estimate the indirect contribution.

Environment

Management of risks and opportunities

Integration of the process for identifying and evaluating risks and opportunities due to climate change into comprehensive risk management

We have integrated the process for identifying and evaluating risks and opportunities due to climate change into the risk management system. Under the risk management system, we carry out annual risk assessments for all business units, including Group companies in Japan and overseas, and the results are aggregated to identify significant risks. With regard to climate change, we also use this assessment to extract and evaluate risks and opportunities, and view it as one of the risks that could affect our company in the medium to long term.

Process for managing climate change-related risks and opportunities

For climate change-related risks and opportunities, we devise measures, formulate annual plans to implement them, and evaluate progress annually, under the coordination of the risk management system and environmental management system. For example, for natural disasters (typhoons, heavy rains, flooding), which fall under the category of "acute risk" as physical risks, we promote the formulation of business continuity plans (BCP) etc. mainly under the risk management system. With regard to the reduction of GHG emissions in preparation for the introduction of carbon taxes, which fall under the category of "Policy and Legal Risks" as "transition risks," we formulate and manage medium- to long-term environmental goals mainly under the environmental management system.

Metrics and targets

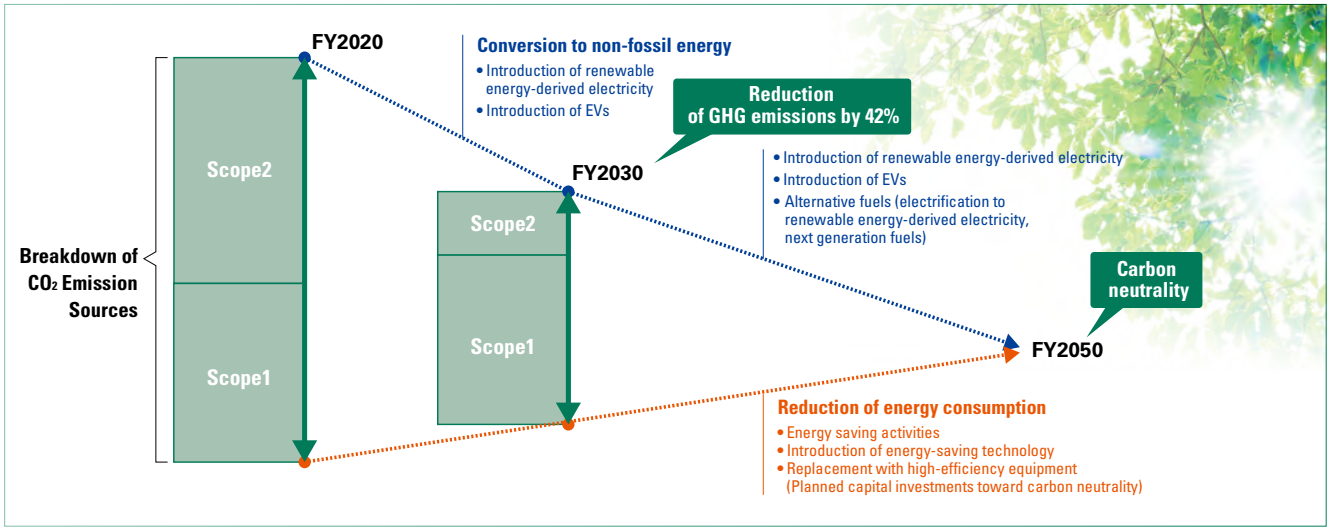
We take appropriate measures to respond to individual risks and opportunities due to climate change by thinking about them from the aspects of both climate change-related "mitigation" and "adaptation," as shown in the table "Risks and Opportunities due to Climate Change" on page 47. For carbon tax risks that fall under "Policy and Legal Risks" as transition risks, we are working to reduce GHG emissions by setting quantitative targets from the aspect of "mitigation."

Sumitomo Pharma aims to reduce greenhouse gas (GHG) emissions (Scope 1+2) to zero by FY2050 through fossil fuel substitution. This will be achieved through the active use of energy saving and carbon dioxide eliminating technologies, which are expected to advance in the future, and renewable energy which is forecast to expand. For Scope 1 and 2 emissions, we raised our target in FY2022 to "reduce GHG emissions (Scope 1+2) by 42% from FY2020 level by FY2030."*14 In addition, for Scope 3 emissions, which account for approximately 85% of our GHG emissions, we have set a target to "reduce GHG emissions (Scope 3 Category 1 (purchased goods and services)) by 25% from FY2020 level by FY2030."*14 These GHG emission reduction targets have been approved by the Science Based Targets initiative (SBTi), and are scientifically valid and consistent with the levels required by the Paris Agreement.

Meanwhile, for natural disasters (typhoons, heavy rains, flooding), which fall under the category of "acute" physical risks, we are promoting the formulation of BCP*15, optimization of product inventories, and diversifying suppliers, from the aspect of "adaptation", some of which have been completed. In addition, we are implementing initiatives to enhance the effectiveness of our BCP by identifying and improving issues through annual training. As for opportunities, we will continue to work on reducing water withdrawal*16 in line with our medium- to long-term goals, and will continue to closely monitor the impact of climate change on the area of infectious diseases, where we are conducting research and development.

*14 For information on progress in GHG emission reduction targets and on Scope 3 emissions, please see "Carbon Neutrality."
*15 For information on BCP formulation, etc., please see "Risk Management."
*16 For information on progress in water withdrawal reduction targets, please see "Water・Resource Circulation."

Figure 3 Roadmap for reducing GHG emissions



Environment

Carbon neutrality

Efforts to save energy and reduce GHG emissions

To achieve the Scope 1+2 targets, we will continue to introduce non-fossil energy sources such as renewable energy-derived electricity, and systematically pursue capital investments that contribute to energy saving and CO_2 reductions through switching to LED lights and introducing energy-efficient facilities, taking into consideration the cost effectiveness in terms of CO_2 reduction (yen/t-CO_2) and the payback period of each measure. Following Oita Plant from November 2021 and Suzuka Plant from April 2022, we began purchasing renewable energy-derived electricity at the Tokyo Head Office in April 2024. For Scope 3, we will actively communicate with our suppliers to work together to achieve the target.

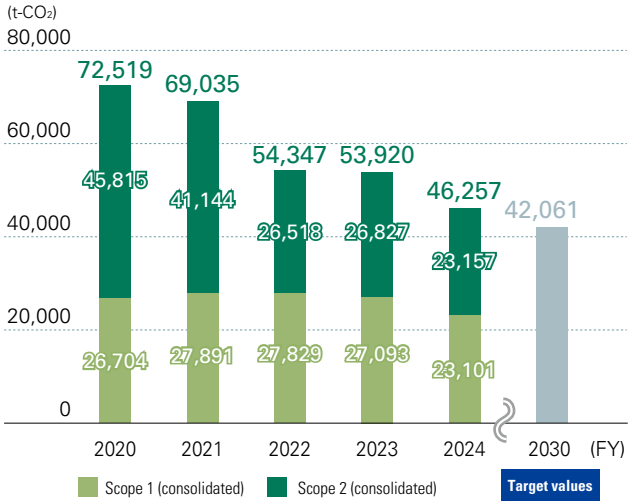
Additionally, we support the Japanese Government's policies in addressing global warming prevention, including the carbon neutral declaration, as well as relevant laws and regulations concerning energy saving and climate change. At the same time, we appropriately submit periodic reports to the government on energy consumption and other relevant information. Furthermore, in support of the Japanese government's "Decokatsu" initiative, a national movement to change people's behavior and lifestyles toward decarbonization, we made the "Decokatsu" declaration in January 2024 and we have been actively raising awareness among our executives and employees. Each of us engages steadily in energy saving actions, such as thoroughly controlling air conditioning temperatures, reducing the use of air conditioners by dressing appropriately, and green driving.

Accounting of emissions across the supply chain

We work to monitor GHG emissions across our entire supply chain. Our Scope 3 emissions have decreased from FY2022 to FY2024, mainly due to a reduction in Category 1 (purchased goods and services), which accounts for approximately 85% of our total Scope 3 emissions. We continue our efforts to collect primary data for Scope 3 Category 1 emissions, including requesting GHG emissions disclosures from our major suppliers.

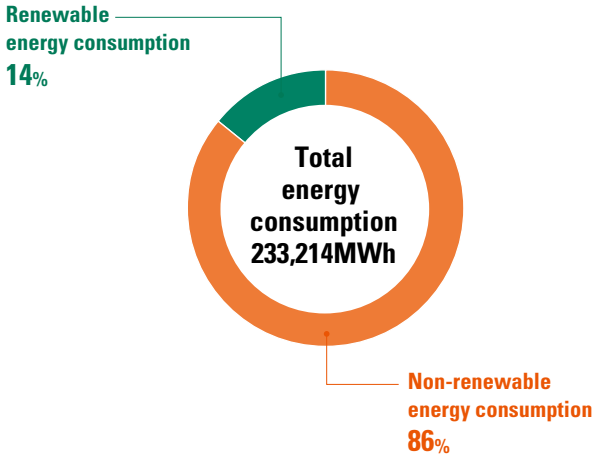
We have established the "Sustainable Code of Conduct for Business Partners," and have initiated the Sustainability Survey of our business partners from FY2023. As for the environment, our business partners are requested to set targets for GHG reductions voluntarily and take actions to achieve them.

Trends in GHG emissions reduction targets (consolidated) with FY2020 as base year



Boundary of calculation: Sumitomo Pharma, consolidated subsidiaries in Japan, and overseas consolidated subsidiaries.
For more information on the calculation criteria, please see "ESG Data Table."

Ratio of renewable energy consumption



Boundary of calculation: Sumitomo Pharma, consolidated subsidiaries in Japan, and overseas consolidated subsidiaries.
For more information on the calculation criteria, please see "ESG Data Table."

GHG emissions by scope

Scope	Definition	FY2022 CO_2 Emissions (t-CO_2)	FY2023 CO_2 Emissions (t-CO_2)	FY2024 CO_2 Emissions (t-CO_2)
Scope1	Direct emissions of greenhouse gases from ourselves (fuel combustion, industrial processes)	27,829	27,093	23,101
Scope2	Indirect emissions from the consumption of electricity, heating, cooling and steam supplied by other parties	26,518	26,827	23,157
Scope3	Indirect emissions other than those covered in Scope 1 and Scope 2 (emissions by other parties involved with the activities of our business)	366,620	355,702	268,271

*For GHG emissions by category (Scope 3), please see "Carbon Neutrality."

Environment

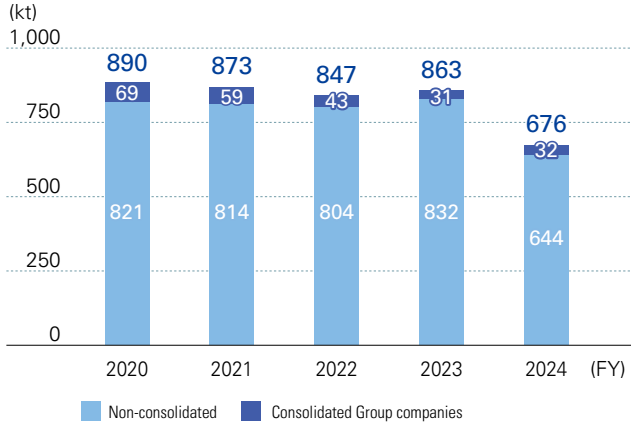
Effective utilization of water resources

Good quality and sufficient quantities of fresh water are essential for our business activities, including the manufacturing of pharmaceutical products. As problems related to water resources are becoming increasingly serious worldwide, Sumitomo Pharma has set a medium-to long-term environmental goals of "reducing water withdrawal to below the FY2020 level (599 kt*) by FY2030," in order to use water resources in a sustainable manner. Moreover, we believe that reducing water withdrawal leads to the protection of water sources and it is therefore an activity that indirectly contributes to the conservation of biodiversity.

We monitor and manage the water withdrawal and discharge across all business sites in the Sumitomo Pharma Group, excluding small-scale offices such as tenant offices. To effectively utilize water resources, we have introduced water-saving equipment such as water-saving nozzles on faucets in animal breeding rooms, and implemented operational improvements, including reviewing the frequency of equipment and facility cleaning and optimizing air conditioning operations. In FY2024, water withdrawal decreased compared to the previous fiscal year due to the downsizing of active pharmaceutical ingredient (API) manufacturing functions at our domestic production sites.

*Amount of water withdrawal in FY2020, excluding water used at the downsized API manufacturing division.

Trends in water withdrawal (consolidated)

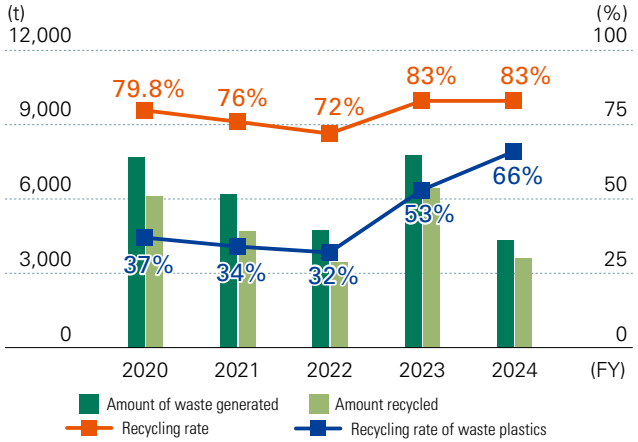


Boundary of calculation: Sumitomo Pharma, consolidated subsidiaries in Japan, and overseas consolidated subsidiaries. However, small offices such as branches and business offices are excluded. In addition, overseas consolidated subsidiaries that have only small offices are excluded from the scope. For more information on the calculation criteria, please see "ESG Data Table."

Resource circulation

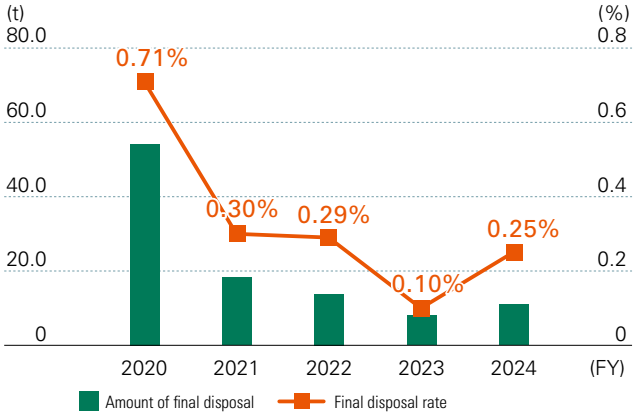
To make effective use of limited resources, Sumitomo Pharma continues to actively practice the "3Rs" of waste management (reduce, reuse, recycle) under the medium-to long-term environmental goals. In FY2024, we achieved our targets for recycling rates and final disposal rate, continuing the progress made in FY2023. Furthermore, material recycling of blister packaging waste, which was initiated in FY2023, made a significant contribution, enabling us to exceed our target plastic recycling rate of 65% for the first time in FY2024. We are also taking various other initiatives aimed at resource circulation, such as converting unused research equipment and plastic containers into valuable resources and recycling non-dispersive asbestos-containing waste.

Amount of waste generated, amount recycled, and recycling rate



Boundary of calculation: Sumitomo Pharma only (branches and business offices are excluded)

Amount of final disposal and final disposal rate



Boundary of calculation: Sumitomo Pharma only (branches and business offices are excluded)

Environment

Biodiversity

Sumitomo Pharma is taking action in accordance with the policy that states, "we recognize that our business activities benefit significantly from biodiversity, while the environmental impacts associated with these activities can adversely affect it. We are committed to mitigating both our nature-related dependencies and impacts." These efforts are summarized in the table below. Additionally, in our medium-term environmental plan (FY2024-FY2026), we have set a goal to "provide timely and appropriate information disclosure and engage in active dialogue." We are working toward disclosing information based on the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations.

Our policy and goals are compatible with Keidanren Declaration for Biodiversity and Guideline (Revised Edition), which aims to realize a sustainable society through building a society in harmony with nature, and we endorse its aim.

Relationship between our business activities and biodiversity

Indicator*	Business activities	Relationship with Biodiversity		Our Efforts to Mitigate Dependency/Impact	Details of Initiatives (please see the corresponding web page for details)
		Dependency/ Impact	Explanation		
GHG (Greenhouse Gas) Emissions	Raw material procurement, Transportation (upstream), Research & development, production (direct operations), Transportation (downstream), Usage	Impact	Climate change due to the increase in GHG in the atmosphere is deteriorating the living environment of organisms.	Sumitomo Pharma Group has obtained certification from the Science Based Targets initiative in November 2023, and has developed a roadmap for reducing GHG emissions in Scope 1 and 2, and is working towards achieving the targets. For Scope 3, we are also working toward achieving our targets by collecting primary data from suppliers and collaborating with our business partners.	Information Disclosure Based on TCFD Recommendations (Response to Climate Change)
Water Resource Utilization	Raw material procurement, Research & development, production (direct operations)	Dependency/ Impact	There is a dependency on water quality and supply volume, and excessive water usage can lead to the deterioration of water sources and impact the surrounding ecosystem.	Water resources are essential for our business activities, including pharmaceutical manufacturing. We have set a medium-to long-term environmental goals of "reducing water withdrawal to below the FY2020 level by FY2030," and are working to reduce water withdrawal.	Water•Resource Circulation
Emissions to Air and Water	Raw material procurement, Research & development, production (direct operations)	Impact	Soil, air, and water pollution caused by chemicals can deteriorate the living environment of living organisms.	We have installed recovery equipment for major chlorinated solvents to prevent leakage into the environment. We have also set voluntary standards that are stricter than the environmental standards for wastewater from our main production and some research sites to prevent environmental pollution.	Pollution Prevention
	Raw material procurement, Production (direct operations)	Impact	Antibiotics released into the environment as wastewater or other waste cause antimicrobial resistance (AMR), potentially leading to more widespread disease outbreaks.	We regularly conduct internal audits of our manufacturing site based on the Antibiotic Manufacturing Standard published by the AMR Industry Alliance as a benchmark for responsible antibiotic manufacturing, to ensure that there are no issues.	–
Waste Generation	Raw material procurement, Transportation (upstream), Research & development, production (direct operations), Transportation (downstream), Usage	Impact	Improper disposal of waste, especially hazardous waste, can cause pollution and deteriorate the living environment of organisms.	We have set numerical targets for the recycling rate and final disposal rate of waste, and have also set a target for the recycling rate of waste plastics, actively working on the 3Rs (Reduce, Reuse, Recycle) of waste.	Water•Resource Circulation
Utilization of Energy Resources, Biological Resources, etc.	Raw material procurement, Research & development, production (direct operations)	Dependency	Overexploitation or overconsumption of resources can lead to species extinction and irreversible degradation of ecosystem services.	We are working on resource conservation and effective use of resources through the implementation of green procurement guidelines for office supplies, converting waste into valuable materials, and entrusting recyclable waste to recycling contractors, as well as promoting energy conservation. We also request our business partners to work on efficient use of resources and sustainable procurement through the "Sustainable Code of Conduct for Business Partners," and conduct surveys on the initiatives of our major suppliers.	Carbon Neutrality Water•Resource Circulation Together with Business Partners
Use of Genetically Modified Organisms	Research & development (direct operations)	Impact	Genetically modified organisms, depending on their characteristics, may cause a rapid decline in wild animals and plants, and are of concern for their potential impact on biodiversity.	When conducting gene recombination experiments for drug discovery research, we comply with the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (Cartagena Act) and ensure their safety management.	Drug Discovery Research / Product Development Research

*Indicators on which the pharmaceutical sector has a potentially high dependency/impact in the assessment tools of ENCORE (2024 update) and WWF Biodiversity Risk Filter

Human Capital

Strengthening Human Capital toward the Sustained Enhancement of Corporate Value

Message from the Executive Officer in Charge of Human Resources

People Are the Engine of Transformation

Kimihiro Mizuno
Executive Officer
Legal & Compliance; Intellectual Property; Human Resources

Under the banner of Reboot 2027, Sumitomo Pharma is advancing transformation toward becoming a *Strong Sumitomo Pharma* by creating the Value Creation Cycle as an R&D-driven pharmaceutical company. At the core of this transformation lies our people. Talent is the engine of change and the key to shaping our future. We position our human resources strategy at the heart of management, aiming to maximize the potential of every employee through HR system reform, the development of management and leadership talent, and the transformation of the corporate culture.

1 Reforming the HR system

Following the early retirement program implemented in FY2024, our workforce composition has undergone significant changes. To navigate this transitional phase and return to a growth trajectory, we must create mechanisms that unlock the potential of each individual and foster an environment where employees can work with a strong sense of purpose. The HR system reform currently under consideration is designed to better recognize employee initiative and support continuous growth. We are pursuing fair and equitable treatment based on performance and potential, irrespective of age or gender. By empowering earlier in career employees to take on new challenges and enabling experienced employees to fully leverage their expertise, we aim to accelerate the growth of both individuals and the organization.

2 Development of management and leadership talent

Developing the next generation of management and leadership talent is one of our most critical priorities. As our internal talent composition evolves, building a robust pipeline of future leaders is essential to ensuring long-term sustainability and competitiveness. Through succession planning, we are promoting strategic job rotations led by senior management to broaden perspectives through diverse experiences. This approach is designed to cultivate leaders with vision, sound judgement, and strong execution capabilities. We view leadership development as a responsibility directly tied to the Company's restructuring and future, and we are committed to this effort with a long-term perspective.

3 Transforming corporate culture

Empowering our people—the engine of transformation—requires a fundamental shift in corporate culture that nurtures and sustains their growth and energy. To realize the transformation toward a *Strong Sumitomo Pharma* through the Value Creation Cycle as a R&D-driven pharmaceutical company, it is essential that each employee deeply understands their role and contribution, expresses their ideas openly, and collaborates proactively to achieve results, and that this is supported by a shift in mindset and behavior. To embed this transformation into our culture, we launched the *Voice to Transformation project (V2X)* in December 2024. Approximately 80 employees of diverse ages, roles, and departments—selected through internal recruitment—are actively engaged in transformation activities, united by the belief that *we will transform our company ourselves*. This initiative has reaffirmed the presence of strong transformative energy within our organization. We believe that such voluntary, grassroots efforts will be the driving force behind genuine cultural transformation.

We believe in the potential of our talent and will continue to support each employee's challenges and growth as we work to restructure and shape the future of Sumitomo Pharma.

Strengthening Human Capital toward the Sustained Enhancement of Corporate Value

Group Philosophy and human resources strategy

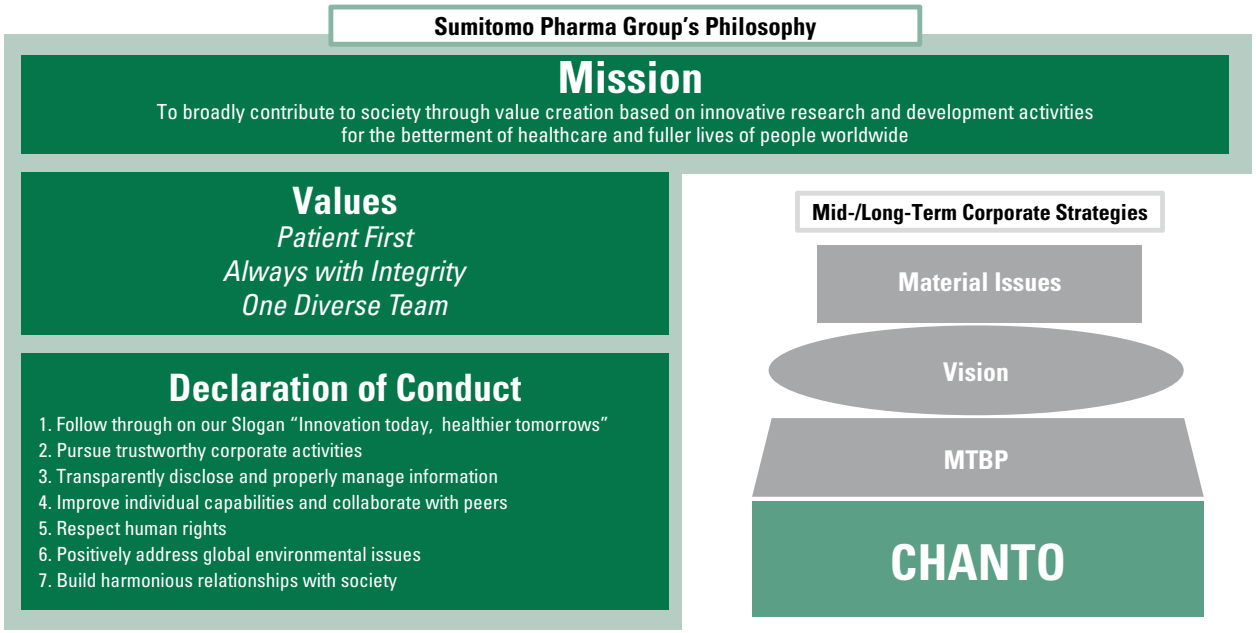
Sumitomo Pharma Group's Philosophy

The Sumitomo Pharma Group shares the Mission (the reason for the Group's existence, commitment and duty to society) of "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," the Values (values that all executives and employees should share), and the Declaration of Conduct (code of conduct to be observed in daily work) as our Group Philosophy. We will promote group-wide management by instilling this globally-shared Philosophy in the Group.

Instilling the Group Philosophy and Project CHANTO

The Sumitomo Pharma Group has established its Mid-/Long-Term Corporate Strategies, which include its Material Issues and its Vision, based on the Group's Philosophy. This philosophy serves as the foundation for decision-making and actions in all our corporate activities, including efforts to establish our position as a Global Specialized Player (GSP).

In addition to this Philosophy, we worked on "Project CHANTO" from FY2020 to 2024 as an effort to promote the instillation of CHANTO. CHANTO is a word that expresses the attitude of setting ambitious goals, taking on challenges without fear of failure, and getting the job done in order to continue contributing to the betterment of healthcare and fuller lives of people. Project CHANTO encouraged changes in employees' mindset and behavior through discussions at the workplace level, and worked to create results for individuals and organizations and foster a positive corporate culture. Elements of CHANTO have been included in personnel evaluations (competency and behavioral assessment), and its spirit has been instilled throughout the company, so we determined that the project had achieved a certain level of success. Therefore, Project CHANTO was ended in FY2024. However, CHANTO continues to play an important role as a guide for our actions within the Group.



Company transformation project -Voice to Transformation (V2X)-

(1) Background and purpose of V2X

We are currently implementing a company-wide transformation project called Voice to Transformation (V2X), aimed at enhancing productivity and corporate value through the effective use of restructured resources. Guided by the belief that "our people are the engine of transformation," we are promoting both operational and mindset transformation in tandem. V2X serves as a core project of Reboot 2027, our strategic initiative to reinforce our foundation as an R&D-driven pharmaceutical company.

(2) Concrete V2X activities

First, we conducted a company-wide survey to identify key organizational issues. Based on the findings, five working groups (WGs) were formed, each actively engaged in discussions to address issues across a range of themes. In addition to WGs' activities, a variety of initiatives have been launched, such as enhancing communication from management, creating opportunities for dialogue, streamlining work processes and meetings, and disseminating information to encourage that behavioral shifts—such as "starting with small steps." These efforts

Strengthening Human Capital toward the Sustained Enhancement of Corporate Value

have fostered opportunities for employees to exchange opinions across roles and departments, collaborate toward shared goals, and ultimately strengthen organizational cohesion and employee engagement.

(3) Progress of V2X

Each WG is now working to resolve specific issues and regularly shares its specific progress, achievements, and challenging in monthly briefings to the Board of Directors. Through ongoing dialogue with management, we are refining the priorities and strategic direction of measures while implementing the PDCA cycle. We regard V2X not merely as a human resources initiative, but as avital effort to unlock the full potential of our people—the true source of corporate value. Going forward, we will continue to expand this transformational movement across the company, positioning it as a key driver of a dynamic and sustainable Value Creation Cycle.

Basic policy of the human resources strategy and desired talent

Human resources strategy

The goal of the Group's human resources strategy is to build an organizational base that supports innovation in order to achieve "Development of innovative products and healthcare solutions," which is a Material Issue. At the core of this strategy are strengthening human capital and promoting diversity. Through these efforts, we aim to achieve both a sustainable society and the sustainable growth of the company.

This strategy is positioned as one of the most important sustainability items for the Group, based on the expectations of society and its impact on corporate value.

In addition, at the HR Strategy Meeting, directors (excluding outside directors and non-executive directors) and executive officers hold ongoing discussions on policies such as ensuring diversity of human resources, developing human resources, and creating a comfortable working environment. This enhances the effectiveness of our human resource strategy and strengthens efforts across the organization.

Human resource development policy

Recognizing that personal growth and business growth are the twin engines of our growth, Sumitomo Pharma strives to achieve both personal and business growth and continuously provide value to society under the human resources strategy linked with the business strategy. For this purpose, we have identified the Desired Talent for Sumitomo Pharma Employees and support employees' growth through training, job rotation, and other programs. In addition to specialized training, we also actively develop human resources with management knowledge.

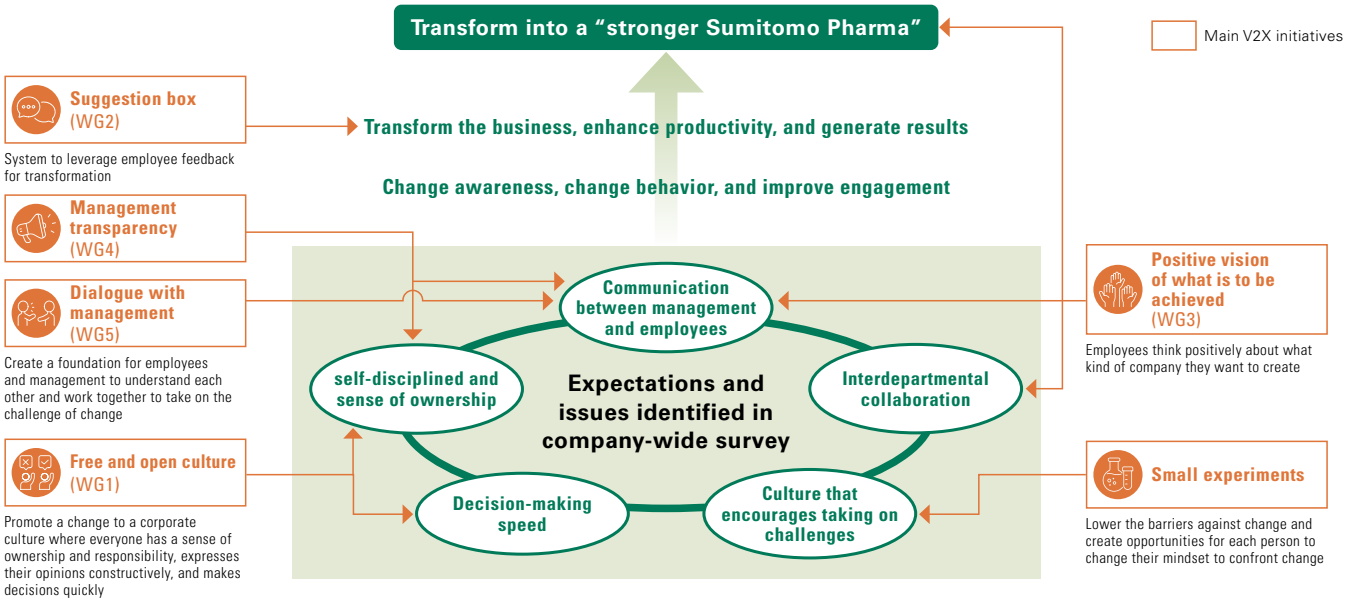
Going forward, we will build a human resource portfolio across the entire Group, and recruit, develop, and assign employees more effectively and efficiently in order to achieve our global goals.

Desired talent

Shown below is the Desired Talent for Sumitomo Pharma Employees for our Sustainability Management :

- A professional who is proactive in adapting to changes and taking on a challenge
- A professional who aspires to enhance value through personal development
- A professional who is positive and flexible enough to adapt to changes in business environment

Purpose and connection of each V2X activity



Strengthening Human Capital toward the Sustained Enhancement of Corporate Value

These attitudes remain important values even in the corporate transformation that is underway under Reboot 2027. In addition to these ideal employees, we are currently focusing on developing human resources with broader perspectives and new skills, against the backdrop of advances in globalization and digitalization.

We need employees who are willing to adapt flexibly to new and changing business environments and take on new challenges and goals on their own initiative, and I am counting on such employees to contribute to the sustainable growth of the company by sparing no effort to increase their own value and pursue their own personal growth.

Training system and initiatives

Training system

Sumitomo Pharma's training system consists of grade-specific training for department heads, managers, and general employees, selected employees training aimed at developing digital human resources, leaders, and global human resources, and training for all employees, including career development and self-improvement.

We are currently reviewing this system to make it more relevant to the times. In particular, in addition to grooming next-generation leaders, we focus on developing global human resources and human resources capable of leveraging digital transformation in line with the globalization of our business and the digitalization of society.

Evolution of training for the development of future leaders

For the SMP Academy, the training program for selected employees established in 2016 and designed to groom future leaders and executives, we select employees who have a desire to improve themselves and growth potential, from among young to middle-rank employees to managerial employees. A total of 644 employees have participated in this training program so far. In the year-long program, participants develop a comprehensive view of business and the imagination to create new value through the instruction provided by external lecturers and members of the management team.

Currently, in order to realize Reboot 2027, we are considering further enhancing and evolving our training system while building on the success of the SMP Academy to date. We aim to provide a more diverse range of human resource growth opportunities, along with the ongoing implementation of the selective training, while ensuring consistency with the Group's overall human resource development policy.

Developing global human resources

Sumitomo Pharma is committed to developing global human resources through experience, by sending employees to overseas subsidiaries or educational or research institutions. To further increase the number of employees with a global skillset, we will strengthen leadership, cross-cultural communication, and management skills that can be applied globally.

With regard to English proficiency, which is the foundation for global communication, we have been working to improve speaking and writing skills through language school attendance subsidies and e-learning programs for all employees.

Developing human resources capable of leveraging digital transformation

In 2021, we started DX training to develop human resources who can create new value and reform operations through DX. We offer e-learning programs for all employees and for managers and a program aimed at providing advanced practical knowledge of data science, with the goal of developing digitally skilled employees who can solve various problems by actively using various types of data and digital tools as early as possible. We plan to have 100 citizen data scientists*1 by FY2024 and 150 citizen developers*2 by FY2027. As of FY2024, these programs have produced approximately 114 citizen data scientists and 76 citizen developers.

*1 Personnel initiating data-driven value creation
*2 Personnel capable of autonomously increasing operational efficiency at the workplace

Talent management system

Sumitomo Pharma has in place and operates the talent management system in order to centrally record and manage the skills and competence of each employee (talent). We consider what our businesses will be like in the future, identify the required competence and use data from the talent management system, thereby achieving "talent development" and "appropriate personnel placement" and attaining our business targets.

We also undertake people analytics based on the information accumulated, expediting our decision-making process in the HR field and searching for factors that contribute to individual growth and employee engagement.

Going forward, we will promote initiatives aimed at realizing human resource measures that develop employee talent to the full in a speedy manner, accelerate employee growth by utilizing analytical data for human resource management, and maximize organizational results.

Research Project System

Sumitomo Pharma has a Research Project System to accelerate the development of innovative pharmaceutical products. Under this system, enthusiastic researchers

Strengthening Human Capital toward the Sustained Enhancement of Corporate Value

proposing research themes lead their research projects from start to finish as the project leaders. This system gives each project leader, regardless of their age and experience, the power to execute the budget and assess the project members and allows them to manage the project at their discretion, helping us produce better results and develop human resources. So far, 10 products developed under this Research Project System have advanced to clinical study, and there are currently more than 15 ongoing research projects. Since October 2017, the system has produced 43 research project leaders.

Fostering a culture of proactively embracing challenges

Sumitomo Pharma has introduced a self-reporting system and a personnel transfer through in-house job posting to encourage employees to take on challenges proactively and aggressively. Under the self-reporting system, each employee is interviewed by their supervisor based on their self-report to know their individual situation and career aspirations. This system helps prepare for a long-term human resources development plan and develop individual skills. Under the personnel transfer through in-house job posting system, every employee is given an opportunity to apply for the positions they desire. This system helps keep them motivated and revitalize the organization by facilitating the transfer of motivated employees. As a foundation for the growth of both the company and individuals, we will continue to create a culture that encourages taking on challenges.

Respect for human rights

Sumitomo Pharma's basic policy on respect for human rights

The Sumitomo Pharma Group upholds respecting human rights as one of the Material Issues, in an aim to contribute to building a sustainable society as well as the sustained growth of the Group. In the "Declaration of Conduct: Item 5. Respect Human Rights," we clearly support the international basic principles of human rights, conform with the UN Guiding Principles on Business and Human Rights, and articulate our commitment to complying with laws pertaining to labor and employment in our countries and regions of business.

As for measures that concern respecting human rights, in the "Compliance Standard: Item 25. Respect for Human Rights, Prohibition of Discrimination and Harassing Behavior, and Prohibition of Harassment," we clearly reject any discrimination or harassment based on race, nationality, ethnic or social origin, ancestry, ethnicity, age, religion, faith or belief, sex and gender, sexual orientation, gender identity, marital status, academic background, disability, disease, employment status, or any other status, observing this standard in all the aspects of our activities.

In 2022, we established and put into force the SMP Group Human Rights Policy as the overarching policy for all documents and standards related to the Group's efforts to respect human rights. We also established and enforced the Rules for Promotion of Respecting Human Rights, which stipulates systems and procedures for each department to appropriately promote respect for human rights. Efforts for respecting human rights are shared with the compliance promotion system and the risk management promotion system, and reported to the Board of Directors on a regular basis (at least once a year) for supervision.

To ensure a comprehensive understanding of these systems and efforts, as well as the internal dissemination of our basic policy for human rights, we conduct annual e-learning training on "Business and Human Rights" for all employees, around the time of Human Rights Week in December. In FY2024, we focused on the themes of forced labor and child labor.

Initiatives to prevent harassment

We consider that sexual harassment and abuse of authority in the workplace are important issues related to the infringement of human rights because these actions hurt the dignity of individuals. For this reason, we have clearly stated an anti-harassment policy in the work rules of the Employment Policy, which specifies that violations of this policy are subject to disciplinary action.

In our in-house training, we educate employees on the relationship between our business activities and human rights, helping them have a better understanding of human rights. In our new employee training, we cultivate their awareness of respecting human rights as employees of a company engaged in drug research and development, manufacturing, and sales. Moreover, we ensure that employees acquire proper knowledge and raise awareness of preventing harassment through grade-specific training and training for managers.

In FY2024 we gave all employees e-learning harassment training on the themes of understanding abuse of authority and sexual harassment and important points to keep in mind when receiving reports.

Establishing and operating a system for human rights due diligence*3

In accordance with the Rules for Promotion of Respecting Human Rights, we have set up a secretariat, which is headed by the Executive Officer in charge of promotion of respecting human rights, at the Corporate Governance Department, and have established a system that promotes respect for human rights in each department, including conducting due diligence. The secretariat assists our departments in their efforts to respect human rights as well as monitors the Group's activities to promote respect for human rights, providing guidance and advice. As a grievance handling mechanism, we have set up a compliance hotline that accepts human rights-related inquiries, both from within the company and from external parties.

Under the respecting human rights promotion system, since FY2022, we have conducted human rights risk

Strengthening Human Capital toward the Sustained Enhancement of Corporate Value

assessments for the Group engaging external consultants, as part of our human rights due diligence. By the end of FY2024, we carried out a human rights risks survey using a Self-Assessment Questionnaire (SAQ), including matters related to the prohibition of forced labor, child labor, and discrimination, fair treatment, wages and working hours, freedom of association, and respect for indigenous peoples' lives and local communities. This survey targeted 14 group companies, including Sumitomo Pharma. As a result, although several risks were identified, no serious human rights risks requiring urgent action were identified, as efforts to mitigate these risks had already been implemented. In FY2025, we expect to conduct company-specific questionnaires and interviews as a follow-up to this survey.

Moreover, to deepen the Group's efforts to respect human rights, we will strengthen our group-wide system for promoting respect for human rights, and also enhance employee education and awareness-raising, as well as engagement with stakeholders.

For our business partners, we initiated a sustainability survey in FY2023 based on our "Sumitomo Pharma Sustainable Code of Conduct for Business Partners" and are advancing collaboration with our business partners to achieve a sustainable society and environment throughout the value chain. As shown in the diagram on the right, the code of conduct includes matters closely related to respect for human rights in the areas of ethics, labor, safety and health, and the environment. Therefore, we also conduct assessments from the perspective of preventing and mitigating negative impacts on human rights, taking into account the human rights due diligence process. Of the 10 major domestic primary suppliers surveyed in FY2023, none were judged to be high risk in the overall assessment. In FY2024, we held an evaluation results briefing session for these 10 companies and provided feedback. We also expanded the scope of the survey to 30 major domestic primary suppliers and asked them to respond to the sustainability survey, receiving responses from 27 companies.

In FY2025, we will analyze the responses, provide feedback on the evaluation results, and request improvement plan development as necessary. Furthermore, we intend to continue the cycle of sustainability assessments in the future.

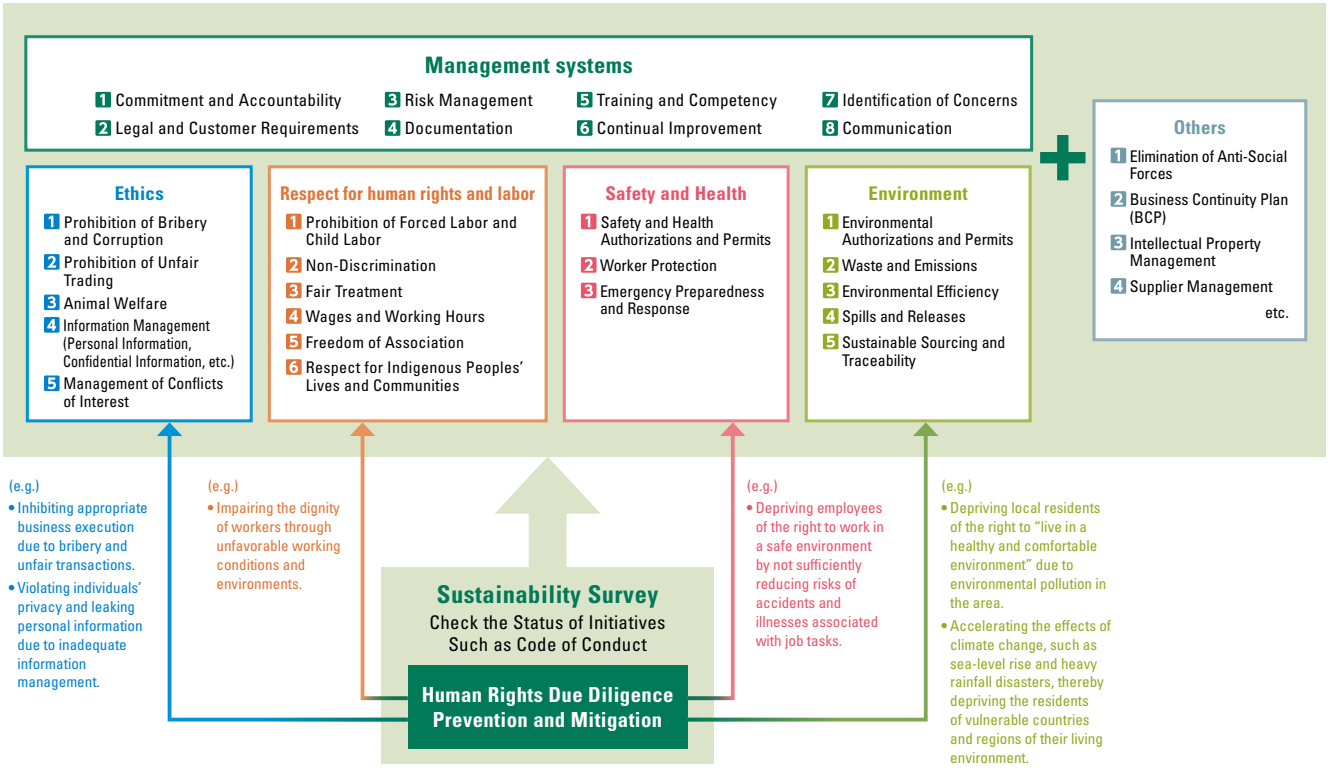
*3 A series of processes for assessing adverse impacts on human rights, responding to survey results, conducting follow-up surveys, and disseminating information about response methods.

Diversity & inclusion

Supporting women's active participation

Sumitomo Pharma promotes establishing a work environment where anyone can play an active role, irrespective of gender. We help all employees balance their work and parenting with our shorter working hours system for childcare, subsidies for use of unlicensed daycare centers, MR area selection system, and other support systems. On the other hand, we encourage male employees to take childcare leave and help with

Overview of sustainability survey



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parenting to eliminate unconscious gender-related stereotypes and biases, enabling employees to balance their work and parenting responsibilities regardless of gender, and foster an organizational culture of mutual support. Thanks to initiatives such as introducing ten days of paid childcare leave and holding childcare leave seminars for male employees, in FY2024, the percentage of male employees taking childcare leave was 100%, and it has remained at this level since FY2022.

In addition, we will focus on increasing female leaders, raising the percentage of female managers to 20% or higher by FY2027 (the percentage of female managers as of April 1, 2025 was 15.0%). We aim to raise the ratio of male to female managers to as high as the ratio of male to female employees as a goal for the future.

Promoting understanding of sexual diversity

Sumitomo Pharma clearly states in our Declaration of Conduct (Guidelines for Daily Application) that we do not discriminate on grounds of sexual orientation and gender identity. We actively promote understanding of LGBTQ (lesbian, gay, bisexual, transgender, questioning, and queer) among all employees.

In recent years, we have been holding LGBTQ training sessions and seminars for all employees, including officers and managers, to help them acquire proper understanding of LGBTQ issues. We also opened a consultation desk for anyone in need of assistance, and starting in April 2020, we established a same-gender partnership system, which treats same-gender partners equally to spouses in our housing program, congratulatory and condolence leave program, and other programs.

Supporting active participation by persons with disabilities

The Group is actively championing the employment of people with disabilities in order to fulfill its corporate social responsibility and promote normalization*4.

"Cocowork," which was accredited as a special subsidiary, grows leafy vegetables using solar-powered hydroponics to support the independence of people with mental disabilities. The harvested vegetables are not only shipped to supermarkets and restaurants, but also delivered as fresh vegetable sets to all employees in Japan as a birthday present from the Company. The vegetable deliveries have received favorable responses from employees as well as their families, leading to better understanding of the Company's efforts to employ people with mental disabilities. Furthermore, the Group's shared service subsidiary*5, "SMP Business Partners," actively promotes the employment of people with intellectual disabilities while also engaging in vocational training for students from support schools. Through the application of special subsidiaries to the Group, our rate of employment of people with disabilities as of June 1, 2025, was 2.63%.

*4 Normalization: an approach to realizing a society where persons with disabilities live equally with those without disabilities

*5 Shared service: support functions to consolidate and standardize common business units within group companies with the aim of achieving overall operational efficiency and improving quality across the entire group

Establishing systems enabling employees to choose diverse work styles

Working from home system

Having revised the system to allow employees to work from home up to 12 days a month, we are promoting a hybrid work style that keeps the balance between in-office and remote work and leverages the advantages of both to further improve productivity.

Staggered work hours system

To enable employees to work more flexibly, we have revised the system to allow them to work staggered hours on a daily basis (previously on a monthly basis) and move up and back their starting times by up to two hours.

Imputed work system

For those employees under the fixed working hour system, we instituted an imputed work system unique to Sumitomo Pharma that allows employees to leave before the official closing time without having their pay docked if they efficiently finish their work before then.

Each system encourages employees to adopt a more self-disciplined and independent work style, and we will take a flexible approach to addressing any issues that arise in the implementation of this system.

Health management initiatives

Health management

To achieve the Mission, Sumitomo Pharma should create a work environment where every employee can work actively in good mental and physical health conditions. We believe that employees should seek personal fulfillment both during and outside of work by maintaining and promoting the health of their own and their family members.

In October 2017, we drew up the Declaration of Health Innovation. In August 2021, we issued the Health White Paper, which visualized the progress of our efforts related to the declaration. It has been publicly available since 2022. As a result of our organizational efforts for the betterment of healthcare and fuller lives of all employees and their families, in March 2025, we were recognized under the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program for the large enterprise category (White 500) for the ninth consecutive year.

Social Contributions

Social Contribution through Our Business

Health improvement program for mothers and children in Cambodia

Material Issues

Improving access to medicines and advocacy

Sumitomo Pharma is committed to realizing our Philosophy "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." In achieving this, we prioritize continuous creation of innovation and social implementation, collaboration with local communities and society, and social contribution. We place particular emphasis on "Improving access to medicines and advocacy," one of our Material Issues, which leads to benefits such as improved medical care in low- and middle-income countries and raising disease awareness among patients.

Research and development of influenza and malaria vaccines, and countermeasures against antimicrobial resistance (AMR)

Amid growing global concerns over the sustainability of healthcare systems, Sumitomo Pharma is committed to addressing issues in the field of infectious diseases that pose a global threat.

Through our research on interferons, we have developed a proprietary the toll-like receptor 7 (TLR7) adjuvant (DSP-0546). Utilizing this proprietary adjuvant technology, we are conducting a phase 1 study in Europe for a universal influenza vaccine that provides protection against a broad range of influenza viruses, developed through joint research with the National Institutes of Biomedical Innovation, Health and Nutrition as a general R&D-type project under the Cyclic Innovation for Clinical Empowerment (CiCLE) Program conducted by the Japan Agency for Medical Research and Development (AMED). The joint research group, for the first time, demonstrated that their novel universal influenza vaccine candidate formulations, adjuvanted with TLR7 agonist, provide a strong protection against heterologous strains (cross-protection), elucidated the mode of action of the formulations, and indicated the significance of the TLR7 adjuvant. The research results have been published in the online edition of the international academic journal Vaccine. With regard to malaria, we are continuing collaboration with Ehime University, the European Vaccine Initiative (EVI), and Instituto de Biologia Experimental e Tecnológica (iBET) on a vaccine to prevent clinical malaria, and with Ehime University and PATH in the U.S. on malaria transmission-blocking vaccines. Each of these projects has been selected for funding by the Global Health Innovative Technology Fund (GHIT Fund).

To address AMR, we are advancing the research and development of drugs for the treatment of carbapenem-resistant bacterial infections, while also focusing on promoting the proper use of antibiotics. In Vietnam in particular, where there are reports of high resistance rates to antibiotics of various gram-negative rods, we have been collaborating with major hospitals since 2019 to conduct antibiotic susceptibility surveillance studies aimed at the proper use of antibiotics and AMR countermeasures. The study is a detailed cohort investigation into the development of resistance to the antibiotics used as a main treatment option for severe and intractable infections in Vietnam. Local intervention is also conducted to ensure the appropriate prescription and use of antibiotics in accordance with the latest conditions. In 2020, we completed the first antibiotic susceptibility surveillance study, which covered 10 hospitals, followed by the second antibiotic susceptibility surveillance study, which covered 11 hospitals, in 2024. To promote self-sustaining proper use of antibiotics in Vietnam, we are working with the Ministry of Health and local research institutions to support the development of a nationwide framework. This includes the establishment of a central laboratory and a bacterial strain bank aimed at improving testing capabilities across the country.

Initiatives to improve access to medicines

To address issues related to access to medicines, in addition to our R&D efforts and the provision of our products, we are working to improve access by strengthening healthcare systems and business environments through multi-platform collaboration with international organizations, government agencies, research institutions, and civil society.

In Kampong Cham Province, Cambodia from 2016 to 2023, and in Siem Reap Province, Cambodia from 2023 to 2024, as part of its support for strengthening healthcare systems in developing countries, Sumitomo Pharma engaged in initiatives to promote training of community care volunteers for mothers and newborns, health checkups for infants and pregnant women, regular education on nutrition and hygiene, cooking classes for making nutritious baby food, and home-visit childcare support in collaboration with NPOs, local governments, local health centers, and communities. The initiatives were led by the NPO People's Hope Japan.

As an R&D-driven pharmaceutical company, we are committed to continuously generating and implementing innovation, while ensuring a stable supply of high-quality medicines. To foster a business environment that enables

Social Contribution through Our Business

these efforts, we proactively engage in dialogue with government agencies and relevant ministries through industry associations such as the Japan Pharmaceutical Manufacturers Association (JPMA) and the Pharmaceutical Research and Manufacturers of America (PhRMA). Through these engagements, we advocate for policies that appropriately reflect the value of pharmaceuticals in pricing and promote broader understanding of the importance of sustained investment in drug discovery and R&D. These efforts are aimed at accelerating patients' access to medicines and enhancing the overall quality of healthcare. Going forward, we will prioritize stakeholder dialogue and actively contribute to policy development that addresses social challenges—thereby helping to realize a sustainable society and enhance our corporate value.

Response to requests for the development of unapproved and off-label drugs

As part of our efforts to provide new treatment options in areas with high unmet medical needs, we act on requests for the development of unapproved and off-label drugs. Thus far, we have obtained approvals for six such drugs, among them a partial change to the approval details for the biguanide oral hypoglycemic agent METGLUCO® in September 2022, to include the additional indications of induction of ovulation in polycystic ovary syndrome and regulated ovarian stimulation for assisted reproduction in polycystic ovary syndrome. In addition, we are working on a development request for the use of RETHIO®, an alkylating anticancer agent belonging to the ethylenimine family, in the treatment of CNS lymphomas (including primary and other lymphomas with CNS invasion).

Improving disease-related literacy for patients, their families, and society

We actively engage in improving disease-related literacy across society by providing high-quality information about diseases through initiatives such as enhancing our web content and holding public lectures, not only among patients and their families but also throughout society as a whole. As part of this initiative, our health information website "Kokoro Share*1" aims to contribute to better treatment and lives by providing patients and their families with accurate information about schizophrenia and bipolar disorder in an easy-to-understand manner. Because the symptoms of bipolar disorder often resemble those of depression, accurate diagnosis can take time. To promote greater understanding of bipolar disorder, in FY2024 we held an online public lecture titled "Another Cause of Depression- Do You Know About Bipolar Disorder?-" In addition to expert explanations on diagnosis and treatment, the session featured conversations with individuals living with bipolar I or II disorder and their family members, sharing insights based on their real-life experiences. The recorded lecture is available as archived videos on our "Kokoro Share" website and on Sumitomo Pharma's official YouTube channel. Through these efforts, we aim to eliminate the stigma and misconceptions associated with diseases and contribute to addressing related social issues such as improving access to medicines.

*1 For details, please see our "Kokoro Share" website (available only in Japanese)

Disease awareness initiatives for rare diseases in the U.S.

Sumitomo Pharma America, Inc. (SMPA) sponsors Medical Stories, a nationally distributed documentary series airing on local PBS member stations, and available on YouTube, with the aim of raising public awareness of rare diseases. This series features true stories of individuals overcoming life-altering illnesses. One episode, Charlie's Story, portrays a child and their family confronting congenital athymia, an ultra-rare pediatric condition that affects only 17 to 24 live births each year in the U.S. It is characterized by the absence of a thymus at birth, resulting in severe immunodeficiency, life-threatening immune dysregulation, and increased susceptibility to infections. Historically, supportive care had been the only treatment option, with most affected children facing the harsh reality of survival only until the age of two or three. As the first and only company in the U.S. to offer a regenerative medicine product indicated for immune reconstitution in congenital athymia, SMPA is committed not only to providing innovative treatment options but also to promoting greater societal understanding and awareness of such conditions. Through these efforts, SMPA continues to support patients and their families.

Charlie's Story episode of Medical Stories

The Sumitomo Pharma Group promotes a wide range of social contribution activities centering on the items listed in our Material Issues. For further information on other initiatives for social contribution, please visit our website.

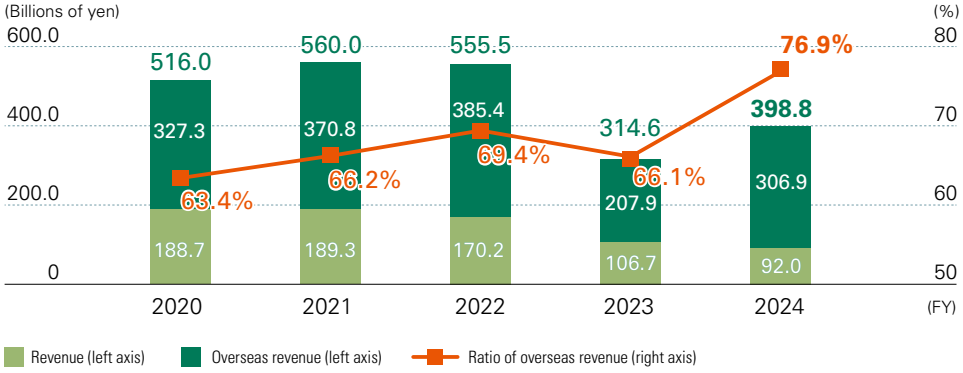
▶Contribution to Societies and Local Communities
https://www.sumitomo-pharma.com/sustainability/social/social_contribution/
▶Our website that provides information on medicines for children who will lead the next generation (SUKOYAKA Compass)
https://www.sumitomo-pharma.co.jp/sukoyaka/ (available only in Japanese)
Detailed information about activities in each year is listed in the "Activity Reports" section.
https://www.sumitomo-pharma.com/sustainability/report/

Data

Data Section

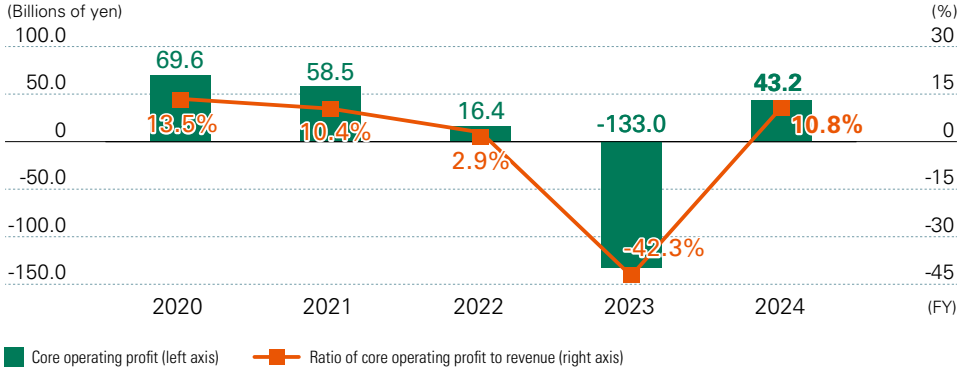
Financial Highlights

Revenue / Overseas revenue / Ratio of overseas revenue



Revenue for FY2024 increased by 26.8% year-on-year, owing to the sales expansion of the three key products in North America, as well as the effects of the one-time recording as revenue of deferred revenue associated with an upfront payment following the transition to independent commercialization of MYFEMBREE®, and foreign currency translation resulting from the year-on-year depreciation of the Japanese yen.

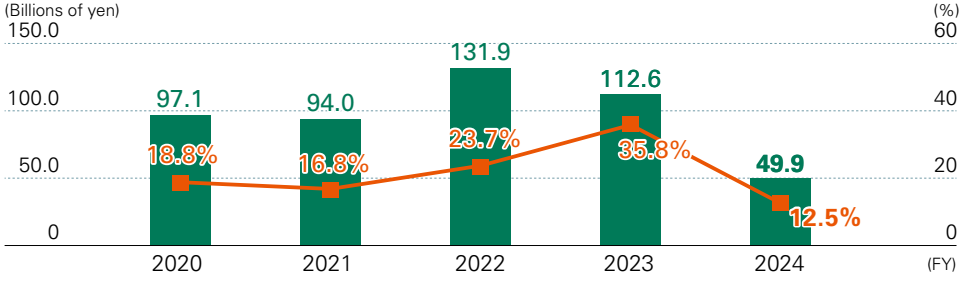
Core operating profit*1 / Ratio of core operating profit to revenue



Core operating profit showed a significant improvement, marking a return to profitability due to increased revenue and significant reductions in selling, general and administrative expenses, as well as R&D expenses. These reductions resulted from Group-wide streamlining efforts, including the reduction of R&D investments through selection and concentration, along with the manifestation of positive effects of business structure improvement following the restructuring of the group companies in North America. Another factor contributing to this improvement was the recording of revenue from the partial transfer of the Company's shares in RACTHERA Co., Ltd.

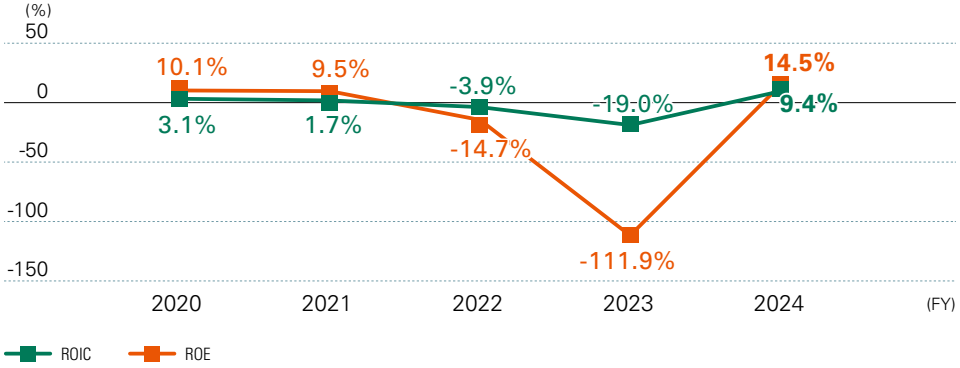
*1 Core operating profit is calculated by deducting from operating profit any gains and losses resulting from non-recurring factors that the Group designates.

R&D expenses / Ratio of R&D expenses to revenue / Launched products



The selection and concentration of development programs were advanced to reduce R&D expenses, while at the same time, continuing to pursue R&D by securing the seeds of next-generation growth, with a focus on two oncology products nearing launch and the regenerative medicine and cell therapy pipelines. As a result, total R&D expenses in FY2024 were ¥49.9 billion (down 55.7% year-on-year), and core R&D expenses, excluding business restructuring expenses, were ¥48.5 billion (down 46.7% year-on-year).

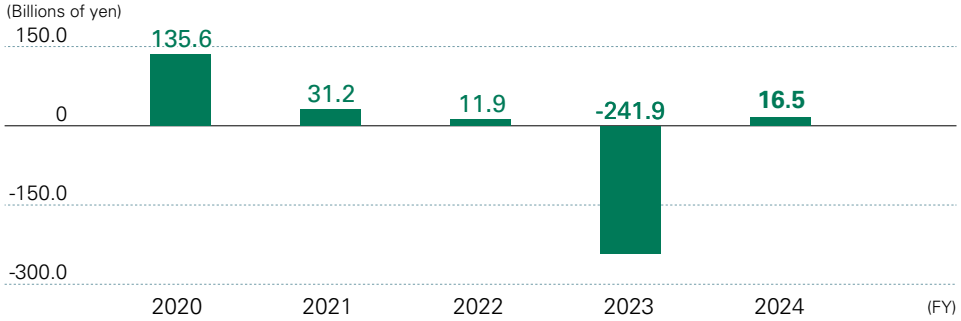
ROIC / ROE



In addition to a significant improvement in core operating profit, reductions in impairment losses and business restructuring expenses contributed to a turnaround in the profit and loss attributable to owners of the parent company. The figure shifted from a deficit of ¥315 billion to a surplus of ¥23.6 billion, resulting in a V-shaped recovery in ROE and ROIC for FY2024.

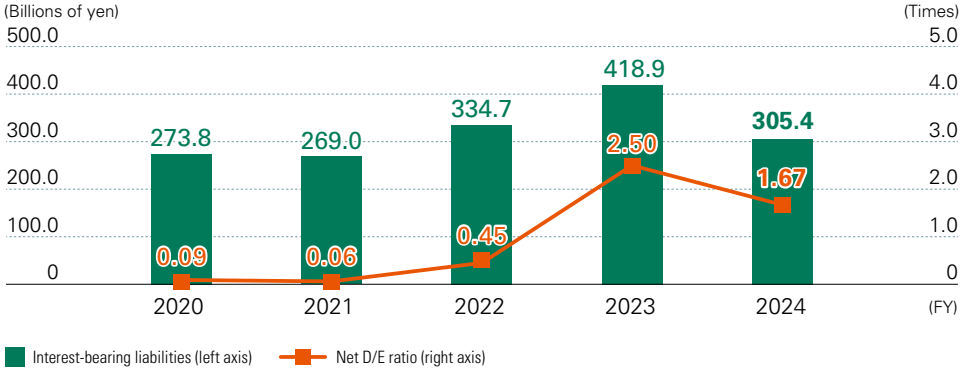
Financial Highlights

Cash flows from operating activities



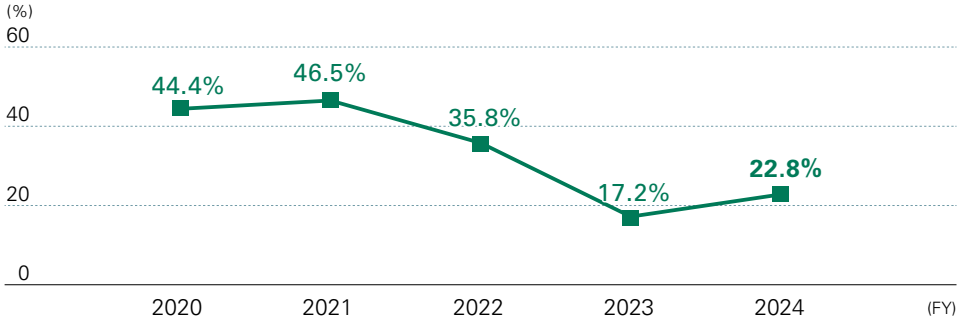
In FY2024, cash flows provided by operating activities amounted to ¥16.5 billion, a year-on-year improvement in net cash outflow of ¥258.4 billion. This was primarily due to a decrease in payment of business structure improvement expenses and a refund of income tax expenses for the fiscal year compared to a payment in the previous fiscal year, as well as a significant improvement of net profit excluding non-cash profit and loss items such as impairment losses.

Interest-bearing liabilities / Net D/E ratio



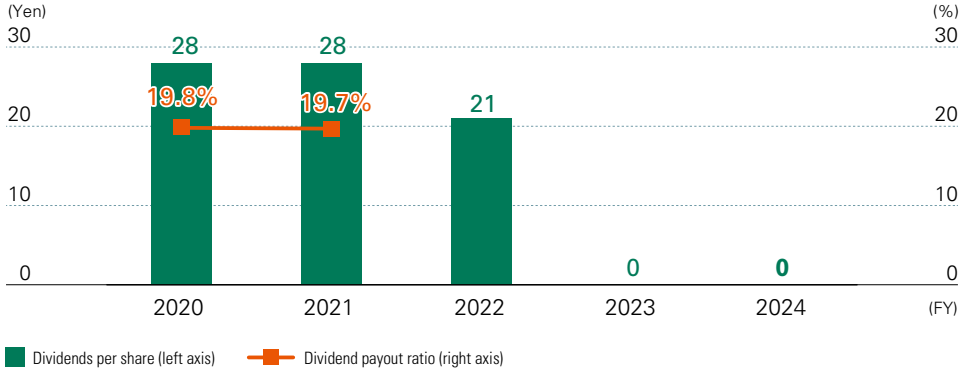
Interest-bearing liabilities, including corporate bonds and borrowings, decreased by ¥113.5 billion from the end of the previous fiscal year to ¥305.4 billion, primarily due to the use of proceeds from the sale of investment securities for repayment.

Ratio of equity attributable to owners of the parent to total assets



Equity attributable to owners of the parent in FY2024 increased by ¥13.3 billion from the previous fiscal year-end to ¥169.5 billion as a result of an increase in retained earnings, despite a decrease in other components of equity, mainly due to the sale of investment securities. As a result, the ratio of equity attributable to owners of the parent to total assets improved to 22.8%, up 5.6 percentage points from the end of the previous fiscal year.

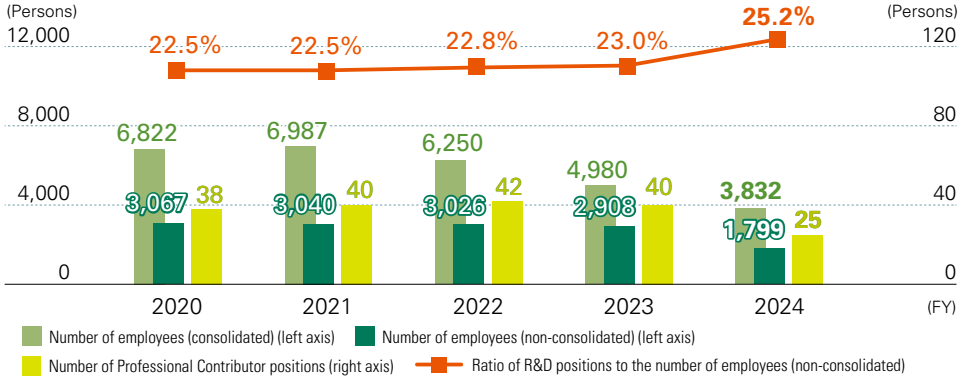
Dividends per share / Dividend payout ratio



Despite the significant improvement in business performance, interest-bearing liabilities continued to place a heavy burden on the financial position. As in FY2023, we suspended dividend payments for FY2024.

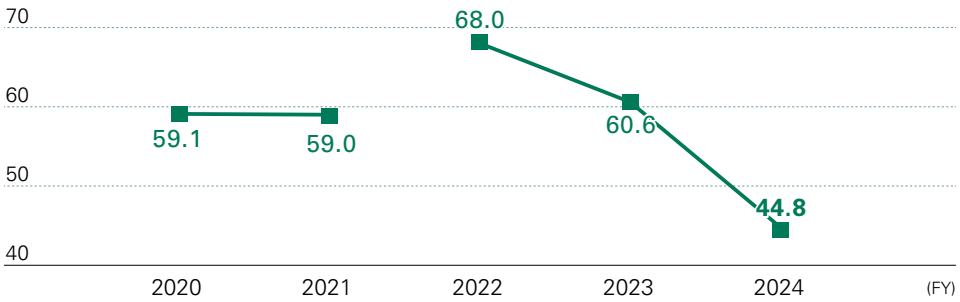
Non-Financial Highlights

Number of employees / Number of R&D positions / Number of professional contributor positions



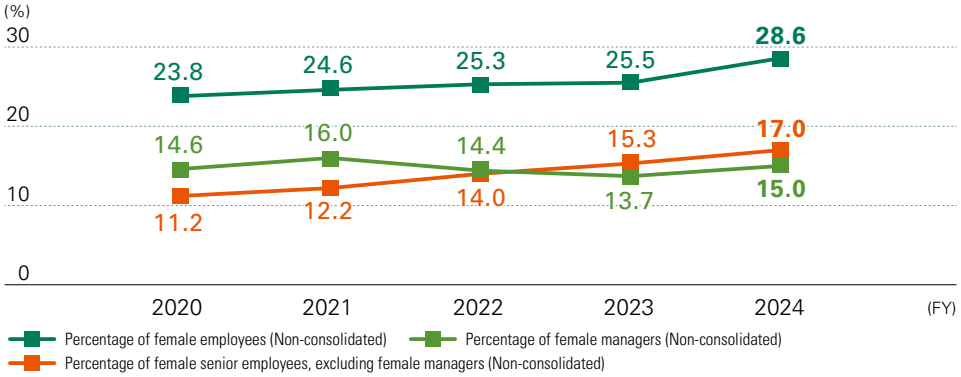
As an R&D-driven pharmaceutical company, we maintain a certain ratio of R&D positions to domestic employees. In FY2016, we adopted a professional human resources system that harnesses human resources with a high ability to produce results based on their advanced expertise as a mechanism to utilize the abilities of individual employees, and established the position of Professional Contributor (PC).

Employee engagement



Since FY2022, we have introduced a new system within SMP Opinion, our company-wide employee engagement survey, that provides insights into correlation between engagement levels and related survey items. In FY2024, the engagement score temporarily declined due to a review of personnel structure. Nevertheless, we remain committed to enhancing employee engagement by identifying workplace issues and advancing reforms to our HR systems.

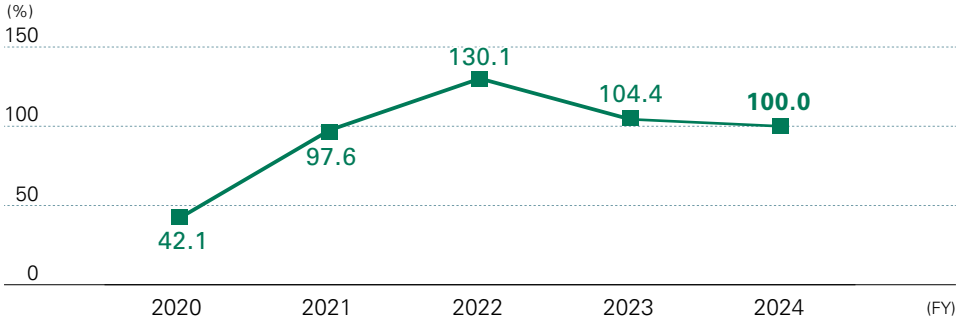
Percentage of female employees / Percentage of female managers / Percentage of female senior employees, excluding female managers



We aim to increase the percentage of female managers to 20% or more by FY2027, and are also focusing on developing female leaders. One of our goals for the future is to make the gender ratio in managerial positions roughly the same as the gender ratio in our workforce. To this end, we are establishing a work environment where anyone can play an active role, irrespective of gender.

*The percentage of female employees and the percentage of female managers by region (consolidated) are as of the end of the fiscal year, while the percentage of female managers and the percentage of female senior employees, excluding female managers (non-consolidated) are as of April 1 of the following fiscal year.

Percentage of male employees taking childcare leave

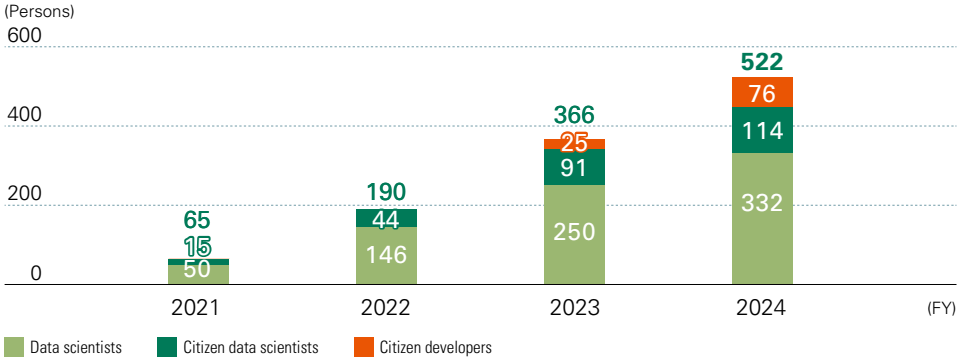


Sumitomo Pharma encourages male employees to take childcare leave and help with parenting to eliminate unconscious gender-related stereotypes and biases, enabling employees to balance their work and parenting responsibilities regardless of gender, and foster an organizational culture of mutual support. The percentage of male employees taking childcare leave has consistently remained at 100%.

*The percentage of male employees taking childcare leave is calculated as the number of male employees who took childcare leave during the relevant fiscal year divided by the number of male employees whose spouse gave birth during the same year. There are some years in which the figure exceeds 100% because eligible employees from the previous fiscal year took childcare leave in the current fiscal year.

Non-Financial Highlights

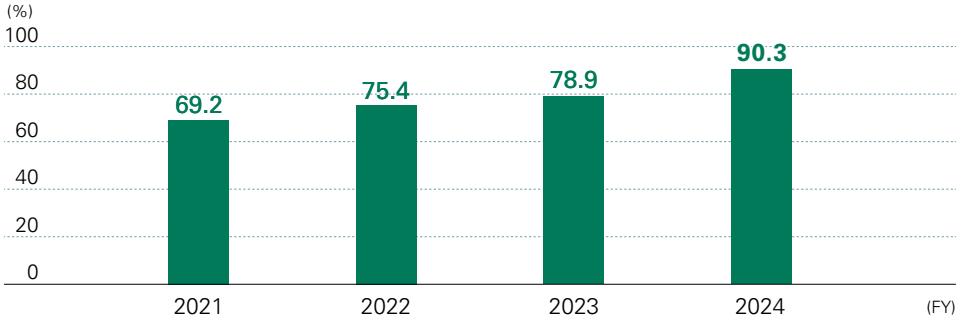
Number of digital experts and data scientists (Cumulative total from FY2021)



We started DX training in 2021 with the goal of accelerating the development of digitally skilled personnel who can solve problems through proactive use of diverse data. We have already achieved our original targets for training data scientists*1 and citizen data scientists*2. Building on this foundation, we are implementing advanced training programs to equip employees with high-level practical skills, and aim to train 150 citizen developers*3 by FY2027.

*1 Based on "Skill Checklist Ver. 3.01" by the Japan Data Scientist Society
*2 Personnel initiating data-driven value creation
*3 Personnel capable of autonomously increasing operational efficiency at the workplace

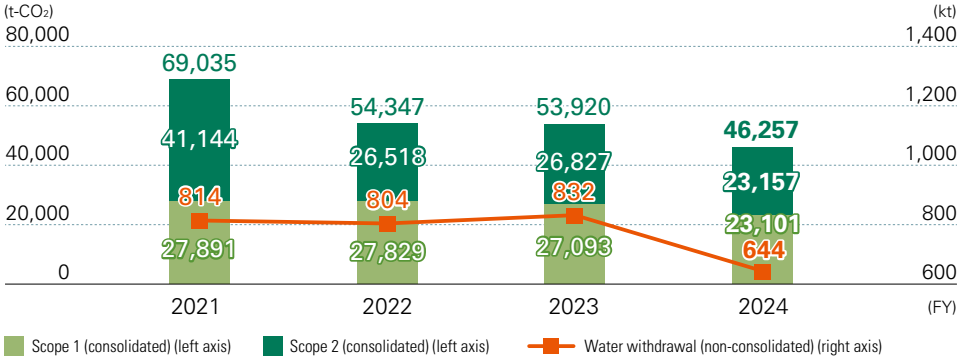
Degree of practicing CHANTO*1



CHANTO is a word that expresses the attitude of setting ambitious goals, taking on challenges without fear of failure, and getting the job done in order to continue contributing to the betterment of healthcare and fuller lives of people. Since FY2021, we have been measuring the level of CHANTO*2 practice among employees, as indicated by the percentage of positive responses in employee surveys. In FY2024, more than 90% of respondents gave positive feedback, suggesting that a corporate culture focused on delivering the highest performance is steadily taking root.

*1 Percentage of positive responses to engagement questions answered on a 5-point scale.
*2 Measurement is based on employee surveys: the SMP Opinion Survey conducted from FY2021 through FY2023, followed by the Project CHANTO Survey in FY2024.

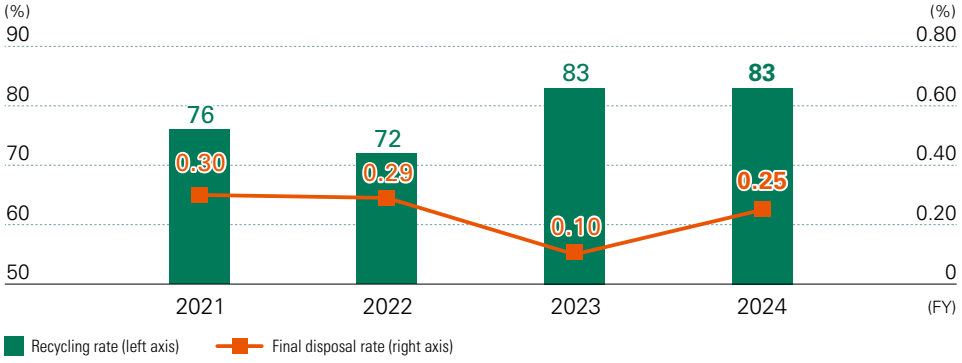
Greenhouse gas emissions and water withdrawal



For environmental initiatives, in FY2022 we raised our target through FY2030 to "reduce GHG emissions (Scope 1 + 2) by 42% from FY2020 levels." For Scope 3, which accounts for approximately 85% of our GHG emissions, we have also set a target of "reducing GHG emissions from Category 1 (purchased goods and services) by 25% from FY2020 levels." Additionally, we have set a goal to "reduce water withdrawal to below the FY2020 level (599,000 tons*)."

*Amount of water withdrawal in FY2020, excluding water used at the downsized API (active pharmaceutical ingredients) manufacturing division.

Waste recycling rate and final disposal rate



To make effective use of limited resources, Sumitomo Pharma continues to actively practice the "3Rs" of waste management (Reduce, Reuse, Recycle). In FY2024, we achieved our targets for recycling rates and final disposal rate, continuing the progress made in FY2023. Furthermore, material recycling of blister packaging waste made a contribution, enabling us to exceed our target plastic recycling rate of 65% for the first time in FY2024.

Ten-Year Summary of Selected Financial Data

Sumitomo Pharma Co., Ltd., and Consolidated Subsidiaries

Millions of yen

	Japanese GAAP			IFRS						
(FY)	2015	2016[*1]	2017	2017	2018	2019[*2]	2020	2021	2022	2023	**2024**
Results of operations:											
Revenue	¥ 403,206	¥ 411,639	¥ 477,966	¥ 466,838	¥ 459,267	¥ 482,762	¥ 515,952	¥ 560,035	¥ 555,544	¥ 314,558	**¥ 398,832**
Overseas sales revenue	215,055	227,495	290,321	281,434	293,325	307,819	327,286	370,771	385,371	207,872	**306,870**
Ratio to revenue	53.3%	55.3%	60.7%	60.3%	63.9%	63.8%	63.4%	66.2%	69.4%	66.1%	**76.9%**
Cost of sales	104,471	100,071	119,852	112,345	113,109	128,346	137,490	157,117	176,695	126,577	**153,183**
Selling, general and administrative expenses[*3]	261,805	259,066	292,291	186,176	186,143	189,979	211,770	251,560	305,622	236,437	**167,717**
Research and development expenses	82,034	80,819	91,397	86,881	82,891	92,607	97,082	94,004	106,061	90,890	**48,485**
Ratio of R&D expenses to revenue	20.3%	19.6%	19.1%	18.6%	18.0%	19.2%	18.8%	16.8%	19.1%	28.9%	**12.2%**
Core operating profit (loss)[*4]	—	—	—	90,604	77,299	71,982	69,583	58,509	16,364	(132,978)	**43,153**
Ratio of core operating profit (loss) to revenue	—	—	—	19.4%	16.8%	14.9%	13.5%	10.4%	2.9%	(42.3%)	**10.8**
Operating profit (loss)	36,930	52,501	65,823	88,173	57,884	83,239	71,224	60,234	(76,979)	(354,859)	**28,804**
Ratio of operating profit (loss) to revenue	9.2%	12.8%	13.8%	18.9%	12.6%	17.2%	13.8%	10.8%	(13.9%)	(112.8%)	**7.2%**
Net profit (loss) attributable to owners of the parent	24,697	28,733	37,525	53,448	48,627	40,753	56,219	56,413	(74,512)	(314,969)	**23,634**
Financial position:											
Total assets	¥ 707,717	¥ 783,640	¥ 801,425	¥ 809,684	¥ 834,717	¥1,256,534	¥1,308,127	¥1,308,007	¥ 1,134,742	¥ 907,506	**¥ 742,604**
Total equity	446,473	460,389	483,050	452,723	498,138	635,860	648,178	673,569	406,782	156,136	**169,479**
Equity attribute to owners of the parent	—	—	—	452,723	498,138	532,670	580,570	607,888	406,749	156,063	**169,479**
Other statistics:											
Capital expenditures[*5]	¥ 9,785	¥ 10,619	¥ 10,060	¥ 10,184	¥ 13,231	¥ 11,990	¥ 12,660	¥ 12,663	¥ 14,551	¥ 14,123	**¥ 12,082**
Depreciation and amortization	20,267	18,649	19,909	12,887	13,976	17,365	22,673	38,348	41,263	37,765	**25,562**

Ten-Year Summary of Selected Financial Data

Sumitomo Pharma Co., Ltd., and Consolidated Subsidiaries

Yen

	Japanese GAAP			IFRS							
(FY)	2015	2016[*1]	2017	2017	2018	2019[*2]	2020	2021	2022	2023	**2024**
Per share of common stock:											
Basic net profit (loss)	¥ 62.16	¥ 72.32	¥ 94.45	¥ 134.53	¥ 122.39	¥ 102.58	¥ 141.50	¥ 141.99	¥ (187.55)	¥ (792.79)	**¥ 59.49**
Equity attributable to owners of the parent	1,123.76	1,158.80	1,215.84	1,139.50	1,253.82	1,340.74	1,461.31	1,530.08	1,023.80	392.82	**426.59**
Cash dividends applicable to the year	18.00	20.00	28.00	28.00	28.00	28.00	28.00	28.00	21.00	0.00	**0.00**
Financial indicators:											
ROIC[*6]	—	—	—	12.1%	11.8%	3.3%	3.1%	1.7%	(3.9%)	(19.0%)	**9.4%**
ROE	5.5%	6.3%	8.0%	12.4%	10.2%	7.9%	10.1%	9.5%	(14.7%)	(111.9%)	**14.5%**
ROA	3.5%	3.9%	4.7%	6.7%	5.9%	3.9%	4.4%	4.3%	(6.1%)	(30.8%)	**2.9%**
Ratio of equity attributable to owners of the parent to total assets	63.1%	58.8%	60.3%	55.9%	59.7%	42.4%	44.4%	46.5%	35.8%	17.2%	**22.80%**
Dividend payout ratio	29.0%	27.7%	29.6%	20.8%	22.9%	27.3%	19.8%	19.7%	—	—	—

Items for which terminology differs between Japanese GAAP and IFRS

The Sumitomo Pharma Group has adopted the International Financial Reporting Standards (IFRS) for preparing its consolidated financial statements from the fiscal year ended March 31, 2018. For the fiscal year ended March 31, 2018, in addition to IFRS, figures based on Japanese GAAP are also included. The table above uses IFRS terminology. The table below shows the correspondence between Japanese GAAP and IFRS terminology.

Japanese GAAP	IFRS
Net sales	Revenue
Ratio to net sales	Ratio to revenue
Net income attributable to owners of the parent	Net profit attributable to owners of the parent
Net assets	Total equity
Basic net income	Basic net profit
Net assets	Equity attributable to owners of the parent
Equity ratio	Ratio of equity attributable to owners of the parent to total assets

Other notes

*1 Because provisional accounting treatment for business combinations conducted during the fiscal year ended March 31, 2017 was fixed during the fiscal year ended March 31, 2018, the allocation of acquisition costs was reviewed. Consequently, the figures for the year ended March 31, 2017 were adjusted retroactively.

*2 Because provisional accounting treatment for business combinations conducted during the fiscal year ended March 31, 2020 was fixed during the fiscal year ended March 31, 2021, the allocation of acquisition costs was reviewed. Consequently, the figures for the year ended March 31, 2020 were adjusted retroactively.

*3 Under Japanese GAAP, the category "selling, general and administrative expenses" includes research and development expenses and under IFRS it does not.

*4 To coincide with the adoption of the IFRS, the Group has set "Core operating profit" as an earnings indicator showing the Company's recurring profitability. "Core operating profit" is calculated by deducting certain items from operating profit. The deduction items mainly include impairment losses, business restructure improvement expenses, and changes in fair value of contingent consideration. Revenue and expenses under "RESULTS OF OPERATION (IFRS)" are reported on a "core basis" after deducting these certain items.

*5 Capital expenditures have typically shown the acquisition costs of property, plant and equipment and intangible assets. However, the figures under IFRS for the fiscal year ended March 31,2017 and after show the acquisition costs of property, plant and equipment and software.

*6 ROIC: (Core operating profit – Income taxes) / (Total equity + Interest-bearing liabilities)

Value Chain Initiatives

The Sumitomo Pharma Group contributes not only to patient care but also to improving the quality of life (QOL) for patients and their families by continually creating diverse solutions, primarily innovative pharmaceutical products through its value chain.

Research

With CNS and Oncology as priority disease areas, we will pursue the discovery of innovative new drug candidate compounds, utilizing diverse modalities including small molecules and regenerative medicine/cell therapy.

- Basic research (1–3 years): Discover and create new candidate substances that can approach specific targets with clear relevance to clinical conditions.
- Non-clinical studies (3–5 years): Research the pharmacological effects, safety and pharmacokinetics of new drug candidate compounds using laboratory animals and cultured cells.
- Make extensive use of cutting-edge technologies that have been developed by ourselves or obtained from academia or biotech companies.

Clinical development

Under our global development organization, we aim to obtain early approval through a compact development strategy that progressively increases the probability of success.

- Clinical studies (3–7 years): Clinical studies for obtaining approval are divided into three phases and are conducted in clinical sites such as hospitals with the enrollment of healthy volunteers and patients after obtaining their informed consent.
- Design products and develop processes to make products that are easy to use.
- Submit applications for approval to regulatory authorities in each country.

Production and quality control

We provide a stable supply of products under strict quality controls.

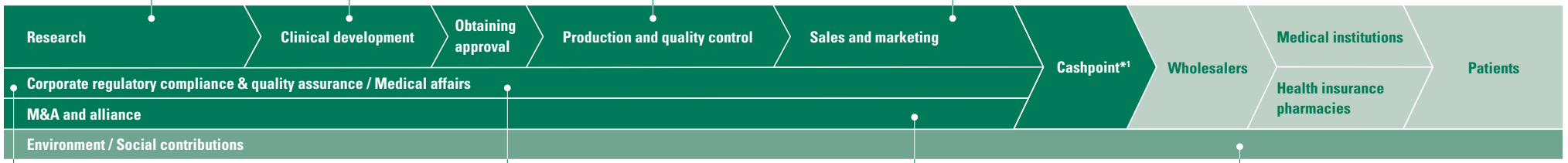
- Consistently produce high quality products under our global supply chain system that covers procurement of raw materials through distribution under strict quality controls.
- Provide medical institutions and dispensing pharmacies all over Japan with products.

→ For details, please refer to the "Corporate Regulatory Compliance and Quality Assurance" and "Provision of Stable Supplies" on our website.

Sales and marketing

We focus on Japan and the U.S., implementing activities suited to each region.

- Through an information provision system capable of adapting to market changes, provide healthcare professionals with information on proper use of products.



Corporate regulatory compliance & quality assurance

We assure the quality of our products and information at a global level, from the development stage through to post-marketing stage.

- Established a quality assurance and audit system that delivers global "A-N-SHI-N*2."
- Conduct integrated management of safety information, including adverse reactions, from the development stage (clinical studies) to the post-marketing stage and engage in proactive safety measures and provision of information.

→ For details, please refer to the "Corporate Regulatory Compliance and Quality Assurance" on our website.

Medical affairs

Create, provide, and disseminate high-level information that is based on robust scientific evidence and that meets medical needs.

- Build up and disseminate evidence to satisfy unmet medical needs.

→ For details, please refer to the "Medical Affairs" on our website.

M&A and alliance

Aiming to make effective use of our portfolio, we are promoting collaboration and licensing with partners, while also promoting alliances with outside research institutions.

- Promote collaboration with partners in priority disease areas.
- Enter into research alliances with research institutions that include universities in Japan and overseas, as well as biotech companies with innovative technologies.
- Engage in an open innovation activity called PRISM through which we call for original ideas and conduct joint research to match our drug discovery research needs.

Environment

We are aware of its responsibility for its own environmental impact and are working to reduce environmental impact across all business activities.

→ For details, please refer to the "Environment" on p. 45.

Social contributions

In addition to our business activities, we are working to solve social issues through collaboration with local communities and societies.

→ For details, please refer to the "Social Contribution through Our Business" on p. 59.

*1 Cashpoint: We sell pharmaceutical products to wholesalers, delivering the products to medical institutions and health insurance pharmacies through wholesalers which are then prescribed to patients. The method for determining the official prices for ethical pharmaceuticals (drug prices) varies according to the country.

*2 A-N-SHI-N: Trustworthiness, reliability, peace of mind, making people feel reassured and safe.

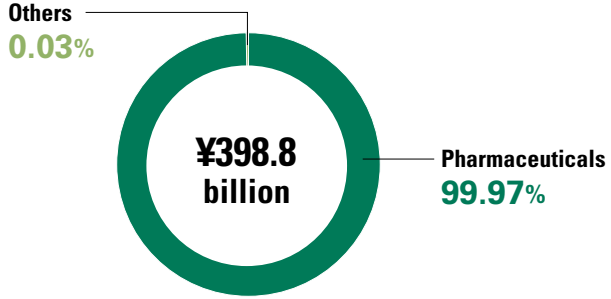
Corporate Profile

(As of March 31, 2025)

Name	Sumitomo Pharma Co., Ltd.
Establishment	May 14, 1897
Date of merger	October 1, 2005
Representative	Toru Kimura, Representative Director, President and CEO
Number of employees	1,799 (3,832: consolidated)
Osaka head office	6-8, Doshomachi 2-chome, Chuo-ku, Osaka 541-0045, Japan TEL: +81-6-6203-5321
Tokyo head office	Tokyo Nihombashi Tower, 2-7-1, Nihonbashi, Chuo-ku, Tokyo 103-6020, Japan TEL: +81-3-5205-3720
Capital	¥22.4 billion
Total number of shares issued	397,900,154
Stock exchange listing	Tokyo Stock Exchange
Securities code	4506
Fiscal year-end	March 31
Ordinary general meeting of shareholders	June

Main banks	Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd.
Key facilities	Osaka Head Office (Osaka) Tokyo Head Office (Tokyo) 7 Branches 2 Plants (Mie, Oita) 2 Research Laboratories (Osaka) 2 Distribution Centers (Hyogo, Saitama)
Businesses (Consolidated)	Manufacturing and sales of pharmaceuticals and others

Composition of revenue (Consolidated: Fiscal year ended March 31, 2025)



Major consolidated subsidiaries (Japan)

	Establishment	Ownership	Fiscal year-end	Number of employees	Businesses
Sumitomo Pharma Promo Co., Ltd.	Jun. 1998	100%	March 31	60	Manufacturing and sales of pharmaceuticals, etc.

Major consolidated subsidiaries (Overseas)

	Establishment	Ownership	Fiscal year-end	Number of employees	Businesses
Sumitomo Pharma America, Inc.	Jan. 1984	100%	March 31	1,157*	Manufacturing and sales of pharmaceuticals
Sumitomo Pharma (Suzhou) Co., Ltd.	Dec. 2003	100%	March 31	569	Manufacturing and sales of pharmaceuticals

*Include employees of consolidated subsidiaries.

Associated company

	Establishment	Ownership	Businesses
RACTHERA Co., Ltd.	Nov. 2024	Sumitomo Chemical 66.6%, Sumitomo Pharma 33.4%	Research, development, manufacture, sales, and import and export of regenerative medicine and cell therapy products, cell processing products, and regenerative medicine and cell therapy-related products
S-RACMO Co., Ltd.	Sep. 2020	Sumitomo Chemical 66.6%, Sumitomo Pharma 33.4%	Contract development and manufacturing organization (CDMO) in the Regenerative Medicine and Cell Therapy Field

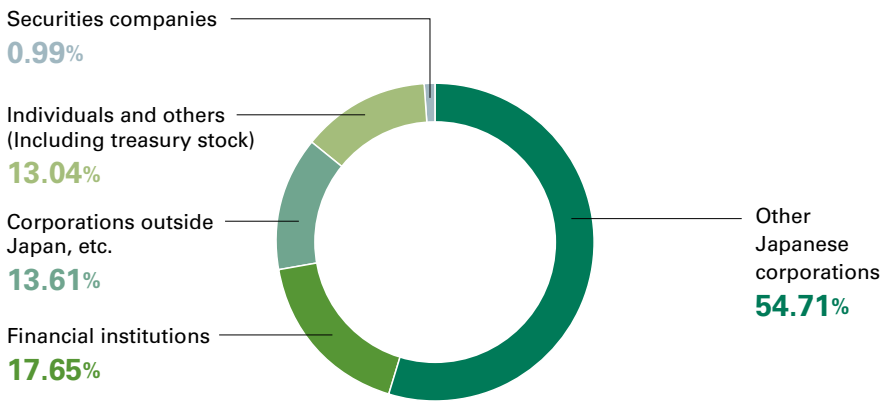
Shareholder Data

Principal shareholders (As of March 31, 2025)

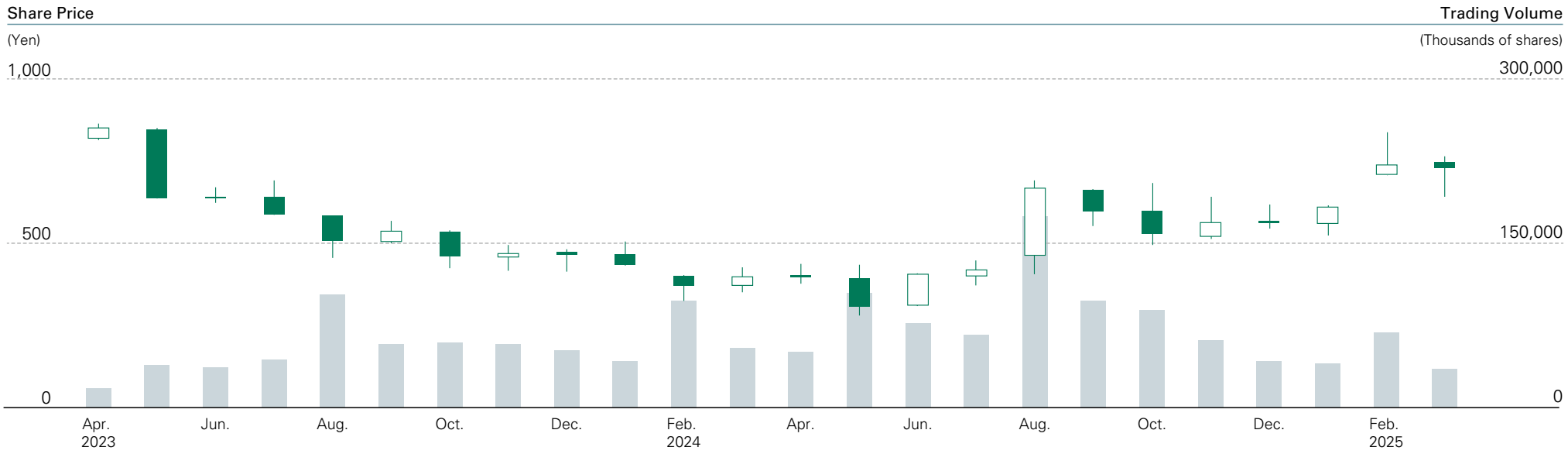
Name of Shareholders	No. of Shares Held (Thousands of Shares)	Percentage of Shareholding
Sumitomo Chemical Co., Ltd.	205,634	51.76
The Master Trust Bank of Japan, Ltd. (Trust account)	33,887	8.53
Custody Bank of Japan, Ltd. (Trust account)	12,534	3.15
Nippon Life Insurance Company	7,581	1.91
SMBC Trust Bank Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits)	7,000	1.76
Inabata & Co., Ltd.	5,800	1.46
Sumitomo Life Insurance Company	5,776	1.45
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	3,136	0.79
STATE STREET BANK AND TRUST COMPANY 505001	2,987	0.75
MORGANSTANLEY & CO. LLC	2,906	0.73

*1 The shareholding ratio is calculated by excluding the number of treasury stock (610,242 shares#).
(#Exclude 1,000 shares under name of the Company which are not owned by the Company substantially)
*2 No. of Shares Held is rounded down to the nearest thousand.

Composition of shareholders (As of March 31, 2025)



Share price range and trading volume



Sumitomo Pharma Group's External Evaluation on Sustainability

FTSE Blossom Japan Index*

The FTSE Blossom Japan Index is created by the global index provider FTSE Russell (U.K.) to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. Sumitomo Pharma has been continuously included as a constituent in the Index since 2017 when the Index was launched.

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index*

The FTSE Blossom Japan Sector Relative Index is created by the global index provider FTSE Russell (U.K.) to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices in each sector. Sumitomo Pharma has been continuously included as a constituent in the Index since 2022 when the Index was launched.

FTSE Blossom Japan Sector Relative Index

MSCI Nihonkabu ESG Select Leaders Index*

Among the stocks that make up the MSCI Nihonkabu IMI Index, the MSCI Nihonkabu ESG Select Leaders Index aims to represent the performance of companies that are leading within their GICS® sector groups in terms of ESG evaluations while also meeting certain quality factor criteria. Sumitomo Pharma has been included as a constituent in the index since 2024 when the Index was launched.

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

S&P/JPX Carbon Efficient Index*

The S&P/JPX Carbon Efficient Index is an ESG index jointly designed by S&P Dow Jones Indices and Japan Exchange Group. This index comprises companies included in the Tokyo Stock Price Index (TOPIX), and the weight of constituent is determined by carbon efficiency (Carbon emissions per unit of revenue) and the disclosure status of environmental information. Sumitomo Pharma has been included as a constituent in the Index since 2018 when the Index was launched.

S&P/JPX Carbon Efficient Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index*

Built with the data and scoring methodology of Equileap (Netherlands), the Morningstar (U.S.) Gender Diversity Indexes are designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. This index was newly adopted by GPIF from March 2023. Sumitomo Pharma has been included in the constituent stocks since its establishment in 2023, and has been certified as the highest "Group 1."

MORNINGSTAR GenDi J
Japan ex-REIT Gender Diversity Tilt Index
TOP CONSTITUENT 2025

SOMPO Sustainability Index

SOMPO Sustainability index is created by the SOMPO Asset Management, and is used in SRI (socially responsible investment) fund for pension funds or institutional investors to invest widely in companies with the high ESG (environment, society, governance) evaluation ratings. Sumitomo Pharma has been continuously included as a constituent in the Index since 2012 when the Index was launched.

2025 Sompo Sustainability Index

CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Sumitomo Pharma has been selected by CDP as the highest A-List company in the category of "climate change" in CDP 2024, in recognition of its efforts and measures against climate change.

Climate CDP A List 2024

*We have been selected for five inclusions in a constituent of the ESG indexes that cover Japanese stocks adopted by the Government Pension Investment Fund (GPIF) (as of the end of August 2025).

Editorial Policy

Applicable period

This report covers the performance for fiscal 2024 (April 1, 2024 to March 31, 2025), including certain activities that continued beyond the reporting period.

*We have suspended the publication of the Integrated Report 2024 due to ongoing fundamental structural re-form. For information regarding FY2023, please visit "FY2023 Activities and Data Links" on our official website.

Organizational scope

This report is based on the activities of Sumitomo Pharma Co., Ltd., and its associated companies. Some of the information is based on Sumitomo Pharma Co., Ltd.

Reference guidelines

- IFRS, International Integrated Reporting Framework
- Company-Investor Dialogue for Collaborative Value Creation compiled by the Ministry of Economy, Trade and Industry of Japan
- GRI Sustainability Reporting Standards
- ISO26000
- International Financial Reporting Standards (IFRS) (applied from the fiscal year ended March 31, 2018)

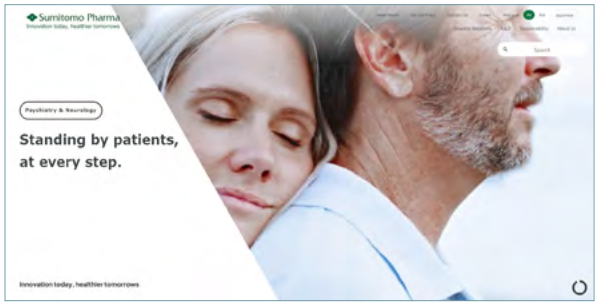
Disclaimer regarding forward-looking statements

This Report contains forecasts, projections, goals, plans, and other forward-looking statements regarding the Group's financial results and other data. Such forward-looking statements are based on the Company's assumptions, estimates, outlook, and other judgments made in light of information available at the time of preparation of such statements and involve both known and unknown risks and uncertainties. Accordingly, forecasts, plans, goals, and other statements may not be realized as described, and actual financial results, success/failure or progress of development, and other projections may differ materially from those presented herein.

Information concerning pharmaceuticals and other products (including compounds under development) contained herein is not intended as advertising or as medical advice.

*The information in this report is presented on the IFRS core base unless otherwise specified.

Information disclosure media



Corporate site

IR site

Sustainability site

Video: Sumitomo Pharma introduction

Video: Sumitomo Pharma's roots
(Only available in Japanese)

Integrated Report 2025

Interim shareholder report
(Only available in Japanese)

Sumitomo Pharma Co., Ltd.

IR Site
https://www.sumitomo-pharma.com/ir

Sustainability Site
https://www.sumitomo-pharma.com/sustainability

Issued in October, 2025