

Innovation today, healthier tomorrows

Integrated Report 2026

Securities Code 4506

Sumitomo Pharma Co., Ltd.



Publication of the 2026 Integrated Report



Guided by our 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 Sumitomo Pharma Group aims to contribute to the realization of a sustainable society and the sustained enhancement of corporate value. We regard this integrated report as a key communication tool for helping shareholders, investors, and other stakeholders understand our medium- to long-term management policies and initiatives based on that Mission, and for fostering constructive dialogue with them.

The Sumitomo Pharma Group faced a challenging business environment in FY2023. Since then, through fundamental structural reforms, we have worked to rebuild our earnings structure and financial foundation. In FY2025, our business performance recovered significantly, enabling us to achieve the financial targets set out in *Reboot 2027* ahead of schedule. I believe this achievement reflects the collective efforts of the entire Group to reshape our business portfolio, reform our cost structure, and reorganize our R&D structure.

However, our efforts to enhance corporate value do not end once with the completion of our restructuring. What matters is ensuring that this recovery is not temporary, but that we continue to drive the Value Creation Cycle as an R&D-driven pharmaceutical company. To that end, we have launched *Boost 2028* as our growth strategy through FY2028. By maximizing the earnings generated by our core products and reinvesting those funds in oncology development candidates, regenerative medicine/cell therapy, and next-generation pipeline assets, we will accelerate the transition from *value creation* to *value delivery*.

This report provides a detailed account of our transition from restructuring to renewed growth through messages from the management team and information on our business strategies, research and development, human resources, and corporate governance. In particular, as a result of our research and development, the conditional and time-limited approval of AMCHEPRY®—the world’s first iPS cell-derived pharmaceutical product—in Japan is a symbolic accomplishment that has truly delivered new value to patients and brought renewed energy to the Company. Going forward, we will steadily translate the value generated through research and development into business growth and demonstrate through tangible results that we are making steady progress toward renewed growth.

We recognize that regaining the confidence of the capital markets remains an important challenge. We must confront these challenges sincerely and deliver results across earnings, R&D, capital policy, and shareholder returns—not merely words. Through this report, I hope you will see that the Company has moved beyond the restructuring phase and taken a solid step toward sustainable growth. We will continue to engage in dialogue and reflect the feedback we receive in improvements to our management and disclosure practices.

Motoyuki Sakai

Representative Director, Executive Vice President

Contents



Message from the President 8



Message from the CFO 12



Message from the Head of Research and Development 29



Message from the Head of U.S. Business 33



Message from an Outside Director 38



Message from the Executive Officer in Charge of Human Resources 62

Publication of the 2026 Integrated Report	1
Contents	2
Introduction	3

Chapter 1	
Management Message	8
Message from the President	8
Message from the CFO	12

Chapter 2	
Special Feature "Boost 2028"	14

Chapter 3	
Value Creation Process	22
History	23
Sumitomo Pharma's Value Creation Process	24
Six Capitals	25
Value Chain Initiatives	27

Chapter 4	
Business Overview	28
Message from the Head of Research and Development	29
Research and Development	31
Message from the Head of U.S. Business	33
Regional Overview	35

Chapter 5	
Governance	37
Message from an Outside Director	38
Corporate Governance	40
Risk Management	49
Compliance	51
Board Members and Executive Officers	52

Chapter 6	
Sustainability	54
Environment	55
Strengthening Human Capital toward the Sustained Enhancement of Corporate Value	
Message from the Executive Officer in Charge of Human Resources	62
Human Resources Strategy	64
Special Feature Employee Roundtable Discussion	70
Social Contribution through Our Business	72

Chapter 7	
Data	74
Financial Highlights	75
Non-Financial Highlights	77
Summary of Selected Financial Data	79
Corporate Profile	80
Shareholder Data	81
External Evaluations of Sumitomo Pharma Group	82
Editorial Policy	83

Introduction

Sumitomo Pharma’s Purpose

Beyond restructuring, toward “sustainable value creation.”

As the heart of our transformation is our enduring mission:
“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)

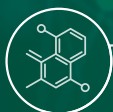
- 1** Follow through on our Slogan *Innovation today, healthier tomorrows*
- 2** Pursue trustworthy corporate activities
- 3** Transparently disclose and properly manage information
- 4** Improve individual capabilities and collaborate with peers
- 5** Respect human rights
- 6** Positively address global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

Introduction

Sumitomo Pharma's Focus Areas

Innovative drugs, as quickly as possible, to as many people as possible.

By focusing on the Oncology and CNS (psychiatry & neurology) areas and delivering therapies "swiftly" and "broadly", we will achieve sustainable value creation.



Modalities where SMP has strength

Small molecules

Ability to address target molecules
within cells and brain

iPS cell-derived products

Potential to restore
lost functions



SMP's Priority areas

Oncology: **Hematologic malignancies**

Clearly defined targets, with driver
genes playing a significant role in
disease development

CNS: **Neurodegenera- tive diseases***

Progress in elucidating disease
mechanisms, enabling the use of
objective biomarkers

*Including rare neurological diseases

Introduction

Where Sumitomo Pharma Operates

We hone our strengths and go where we can make the greatest contribution

To maximize the value we provide, we focus on the U.S. and Japan.

Japan

Focus on the CNS, metabolic diseases such as diabetes and obesity, and rare diseases



U.S.

Marketing centered on core products
Development prioritizing two oncology products (enzomenib and nuvisertib)

ORGovyx
(relugolix) 120 mg tablets

GEMTESA
(vibegron) 75 mg tablets

Europe and other regions

Collaboration with partner companies

Asia

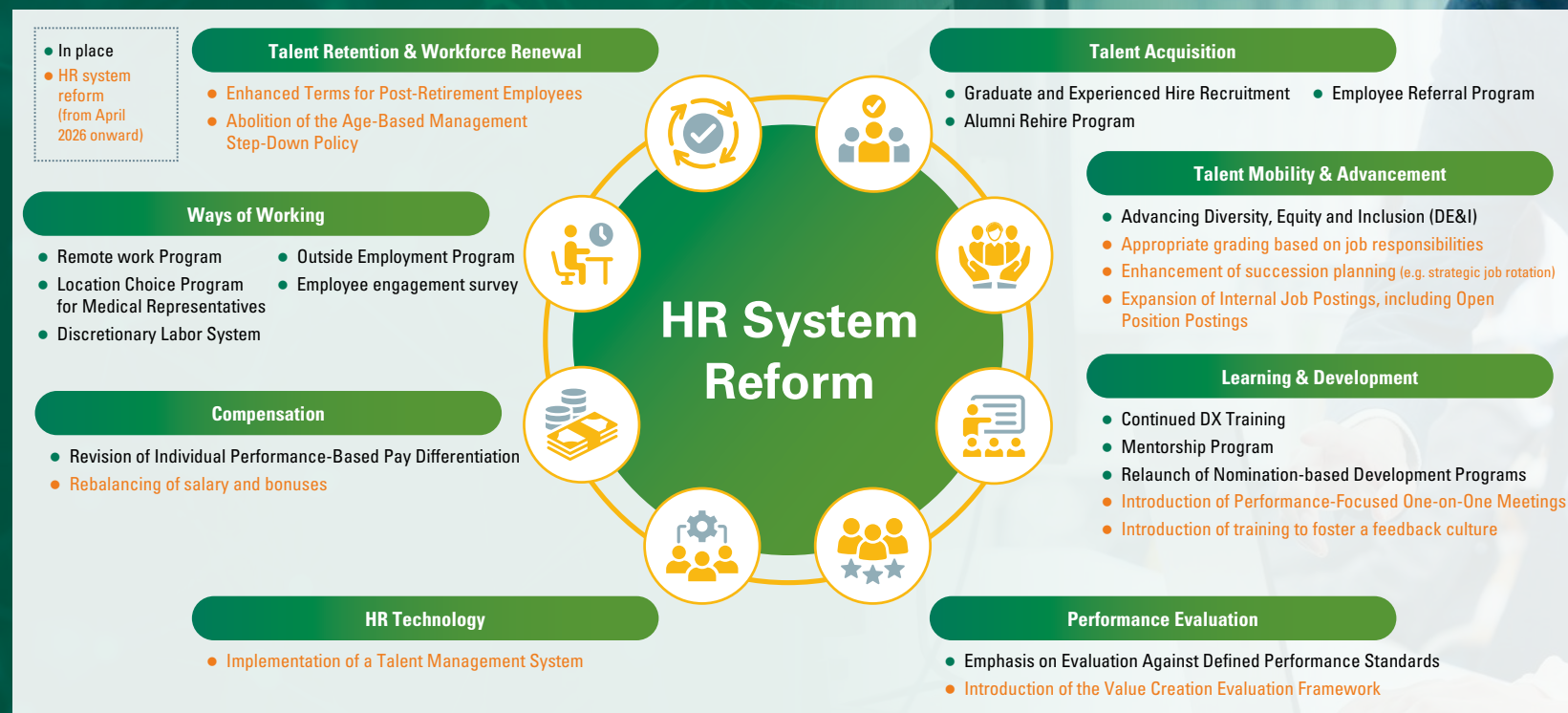
Supplying products to the joint venture with Marubeni Global Pharma Corporation

Introduction

Sumitomo Pharma's Growth Drivers

Transformation Fuels Growth

By unlocking the full potential of our people, we will create new value as an “R&D-driven pharmaceutical company.”



Introduction

The Future Sumitomo Pharma Aspires

For longer and healthier lives. We unlock the future with cutting-edge technology and ideas.

We accelerate the cycle of value creation and aim to become a "Global Specialized Player (GSP)" with a unique global presence.

GSP

Global
Specialized
Player



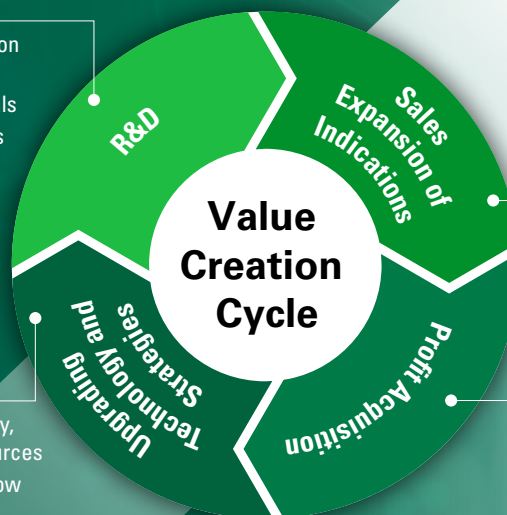
Continuously create and bring to market innovative drugs

- 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

Chapter 1

Message from the President

From Restructuring to Renewed Growth

—Becoming a Company That Continuously
Drives the Value Creation Cycle

Toru Kimura

Representative Director, President and CEO



A sense of accomplishment in our “restructuring” and a new foundation for “renewed growth”

In FY2025, Sumitomo Pharma achieved record-high core operating profit and net profit attributable to owners of the parent. These results reflect the success of the structural reforms we have executed over the past two years, together with the sustained growth of our core products. More importantly, they mark a defining milestone in our transition from restructuring to renewed growth. Looking back, the Company we are today bears little resemblance to the organization we were at the outset of this journey. This contrast underscores the scale of what we have accomplished in such a short period.

When I assumed the role of president and CEO in June 2024, the challenges facing the Company were unmistakably clear. What was less certain was whether we, as an

organization, could fully confront those challenges, put our plans into action, and carry them through to completion. In the end, that proved to be our greatest test.

To achieve a genuine restructuring of the Company, we needed to address two fundamental challenges. The first was rebuilding our business foundation. The second was transforming the organizational mindset and culture that had contributed to past setbacks. Without addressing both, any recovery would have been temporary.

We therefore undertook a comprehensive review of our workforce structure while simultaneously implementing far-reaching business portfolio reforms to concentrate resources on our core markets of Japan and the U.S. These were very tough decisions, particularly for our employees. Yet across the organization, a shared recognition emerged that *meaningful change could no longer be deferred*. As that understanding

took hold, our people began driving transformation within their own organizations. I regard that shift in ownership and accountability as the first major turning point in our recovery. At the same time, I was determined to undertake a thorough and candid examination of *how the Company had arrived at its situation*. Lasting transformation requires more than corrective action; it requires a clear understanding of the underlying causes. We conducted extensive interviews with individuals involved in the management of the Company over the past 20 years and revisited key decisions that had shaped our trajectory. This process brought into focus the structural and cultural challenges that had accumulated over time. More importantly, it fostered a shared understanding throughout the organization of why change was necessary and what form that change needed to take. That became the second turning point. By advancing transformation on both fronts, the



Message from the President

hard dimensions of structure and operations, and the soft dimensions of culture and mindset, we were able to achieve the objectives of *Reboot 2027* significantly ahead of schedule. As a result, we have effectively completed the restructuring phase and established a foundation for sustainable growth.

From "restructuring" to "renewed growth" — a shift in management decision-making

Reboot 2027, announced in May 2025, was originally conceived as a restructuring plan to be executed over several years. Underlying this was an exceptionally rigorous business turnaround plan, formulated with the support of external advisors. It was designed with a clear sense of urgency, setting targets so demanding that failure to achieve them *would have placed the Company's future at risk*.

As noted earlier, we implemented large-scale workforce restructuring ahead of schedule and pursued a series of transformation initiatives in a concentrated manner within a short period of time. These included business portfolio reforms, such as the restructuring of our Asia business and the prioritization of research and development (R&D) programs. At the same time, we generated cash through asset divestitures, advanced cost structure reforms primarily through reductions in SG&A expenses, and steadily reduced interest-bearing debt while executing refinancing measures. Through these efforts, we worked to rebuild both our earnings base and financial foundation. By executing these measures concurrently and with a clear sense of urgency, we substantially accelerated progress against targets that had originally been expected to require several years to achieve, accomplishing them in approximately one year.

However, these decisions were not always accompanied by obvious answers. For example, with respect to the workforce restructuring that was ultimately implemented ahead of schedule, there were differing views regarding both its scale and timing, including opinions advocating a *more gradual approach*. Throughout these discussions, however, I consistently emphasized that the central question was not the magnitude of the short-term burden, but *whether we could transform the*

Company into an organization capable of generating sustainable growth over the long term. In my view, delaying difficult decisions risks diminishing an organization's sense of urgency and can result in reforms that are incomplete in both scope and impact. For that reason, I ultimately concluded that, *rather than spreading the burden over time, we should undertake a decisive transformation through a single, clear course of action*. This conviction led us to implement these reforms within an extremely short period following my appointment as President.

We applied the same disciplined decision-making framework to the restructuring of our Asia business. While the business had been an important contributor to earnings, we placed *greater weight on the objective of reshaping our business portfolio for sustainable growth* and made our decisions based on the likelihood of creating long-term value. We approached the prioritization of R&D programs and the strengthening of our financial foundation from the same perspective.

By making these decisions and completing the series of measures under *Reboot 2027*, the next management imperative became increasingly clear. Rather than remaining focused on restructuring, we needed to articulate a growth strategy beyond recovery and shift the center of gravity of management accordingly.

In March 2026, we unveiled *Boost 2028*, our new three-year strategic plan. This plan represents far more than an extension of our earnings recovery. It marks our transition to the next stage, where we leverage the business foundation established through *Reboot 2027* and the benefits of our structural reforms to achieve sustainable growth. In other words, we have moved beyond a phase centered on ensuring the Company's survival and entered a phase focused on proactively allocating resources to future growth opportunities. This shift in management priorities and capital allocation is, in essence, what defines the Company's renewed growth trajectory.

The core of "Boost 2028" — establishing the Value Creation Cycle

In the past, while we achieved a number of individual successes, we did not necessarily have a structure capable of consistently



translating those achievements into the next phase of growth. In a business environment that is evolving at an unprecedented pace, simply repeating past successes is not sufficient to sustain growth. Indeed, I believe this was one of the fundamental challenges underlying the difficulties we experienced.

That is precisely why I have placed particular emphasis on establishing a framework that *continuously drives the Value Creation Cycle*. Specifically, we will generate sustainable earnings from core products such as ORGOVYX® and GEMTESA® and reinvest those returns in oncology assets and our next-generation pipeline. The deliberate design and disciplined execution of this cycle of earnings generation and growth investment form the foundation of *Boost 2028*. At the same time, no framework creates value on its own. Ultimately, it is our people who bring the Value Creation Cycle to life.

To establish this mechanism effectively, every employee must understand the value we seek to create and the direction in which we are heading. More importantly, each individual must be willing to pursue improvements, embrace new challenges, and contribute from their respective position within the organization. This is why I have devoted significant attention not only to business transformation, but also to strengthening the organizational culture and human resource foundation that support sustainable value creation.

Yet even the best-designed framework cannot succeed through structure alone. Across workplaces that have

Message from the President

experienced workforce reductions, organizational restructuring, and other significant changes, many employees candidly expressed their concern that *they were fully occupied by immediate responsibilities and had little capacity to take on new challenges*. During visits to our sites, I encountered this reality repeatedly through direct dialogue with employees.

What these experiences reinforced for me was that systems alone do not drive transformation; sustainable change requires shifts in both mindset and behavior.

For that reason, we have prioritized initiatives that may appear straightforward at first glance—such as the redesign of our HR system and fostering a feedback culture—as a platform for each employee to actively engage in value creation. They also encourage the fundamental behaviors that underpin a healthy organization: the courage to *say what needs to be said, even when it is difficult, and the openness to listen when receiving candid feedback*.

I do not believe that we have yet reached our destination. However, I have begun to see encouraging signs of change. Younger employees are increasingly willing to voice concerns or challenge assumptions in meetings, and people across organizational boundaries are engaging in constructive discussions about *how to improve the way we work*. While these changes may seem incremental, I believe they represent meaningful progress in strengthening the culture that will support our future growth.

The Value Creation Cycle functions only through the accumulation of countless daily decisions and actions throughout the organization. Ensuring that this cycle functions effectively and consistently is therefore one of management’s most important responsibilities. In my view, our ability to embed and sustain this cycle will be a defining factor in determining whether we achieve sustainable growth. Moreover, I am encouraged by the progress we have made thus far and am confident that we are steadily transforming into an organization capable of continuously creating new value.

An organization that has proved its “ability to follow through”

An achievement that symbolizes the Company’s transformation into an organization capable of creating value is the conditional and time-limited approval of AMCHEPRY®, an iPS cell-derived therapy.

AMCHEPRY® is a regenerative medicine product using iPS cell-derived dopaminergic neural progenitor cells for the treatment of Parkinson’s disease. In March 2026, we obtained conditional and time-limited approval for this product in Japan. As the world’s first approved medicine derived from iPS cells, it represents a socially significant milestone in bringing next-generation medicine into clinical practice. What stands out to me, however, is not merely the achievement itself, but the organizational growth and execution capabilities demonstrated throughout the journey that led to it.

The project initially started with a small team of approximately 10 members. As development progressed, however, new challenges emerged one after another. In response, collaboration expanded organically across the organization, particularly among the quality, manufacturing, regulatory affairs, and commercial functions. Ultimately, the initiative evolved into a large-scale project involving more than 200 people. I do not believe this was the result of the efforts of any single function or individual. Rather, it reflected the collective commitment of people across the organization, united by a common purpose and working together toward a shared goal.

One episode, in particular, left a lasting impression on me. It was the moment we made the difficult decision to defer the planned regulatory submission. At a stage when projects would ordinarily move forward toward consultation with the regulatory authorities, concerns emerged regarding the prospects for approval, prompting a fundamental discussion about whether we should pause and reassess our approach. Although postponing the process would have significant implications in terms of both time and resources, we ultimately concluded that *proceeding without addressing those concerns would not be in the best interests of the project*. Instead, we chose to *step back, re-evaluate our strategy, and rebuild our approach from the ground up*.

While the decision surprised some on the frontlines, the project team subsequently made preparations to submit the application. Looking back, I believe that decision was instrumental in securing approval. Through this experience, I believe the organization gained a profound appreciation for *the value of seeing difficult undertakings through to completion*.

More importantly, I became convinced that the experience of confronting difficult decisions and carrying them through has helped us evolve into an organization that thinks and acts independently, collaborates across organizational boundaries, and remains committed to achieving its objectives rather than waiting for direction from above. For that reason, I do not regard the approval of AMCHEPRY® simply as a successful outcome of drug development. Rather, I see it as tangible evidence of the organizational capabilities we have developed through our transformation.

Even in challenging circumstances, we are prepared to pause, reassess, make difficult decisions, and follow through with conviction. I believe this mindset is what sustains the Value Creation Cycle and will serve as a cornerstone of the Company’s sustainable growth.

Where we will focus our resources ——the core of our growth strategy

Through *Boost 2028*, our ambitions extend far beyond revenue growth alone. We are making significant investments in Oncology R&D, maximizing the revenue base generated by our core products, ORGOVYX® and GEMTESA®, and steadily sustaining the Value Creation Cycle by reinvesting those earnings into the next phase of growth. To achieve this, we have clearly identified the areas on which we will focus our management resources and defined the growth we aim to realize.

The development of our two oncology assets is currently progressing as planned. At the same time, research and development inherently involves uncertainty. For this reason, I place greater importance not simply on progress itself, but on whether we have the organizational capabilities to make sound decisions when faced with challenging situations and the discipline to see those decisions through to completion.

Message from the President

We maintain continuous dialogue with our development teams to align on and prepare for *the circumstances under which we ought to make course corrections*. This is an area on which we are placing greater emphasis than ever before.

At the same time, maximizing the profitability of our existing products remains critically important. While ORGOVYX® and GEMTESA® continue to deliver steady growth in the U.S., their commercial opportunities are inevitably constrained by factors such as potential generic competition and market dynamics. Accordingly, our ability to generate maximum value during this limited window and reinvest those proceeds into future growth initiatives will be a key determinant of our long-term success.

We have moved beyond the restructuring phase and established the foundation necessary to drive the Value Creation Cycle. Looking ahead, the challenge will be to ensure that this cycle functions at its full potential and translates into sustainable growth. The coming years will be a defining period, one in which our ability to execute with focus, discipline, and consistency will be put to the test.

Public offering ——“a capital strategy to accelerate growth”

To keep the Value Creation Cycle in motion, continuous investment in both R&D and our business foundation is indispensable. Such investment, however, must be underpinned by a stable financial foundation capable of



supporting sustainable growth. Based on this conviction, we made the decision to undertake a public offering of shares.

I fully recognize that a range of views exists regarding our public offering. Nonetheless, I view this decision not as a mere financing exercise, but as a strategic step essential to the execution of our growth strategy. Eliminating financial constraints and ensuring that we could proactively allocate resources to growth initiatives were prerequisites for entering the next phase of growth.

Careful judgment was required regarding the timing of the public offering. Given the many uncertainties in the market environment, there were views within the Company that *it might be preferable to wait for conditions to improve*. However, our foremost consideration was *whether we were prepared to transition decisively into the growth phase*.

Ultimately, we chose to proceed with the public offering because we had achieved tangible progress in restructuring, gained confidence in the recovery of our earnings base and reached a significant milestone with the conditional and time-limited approval of AMCHEPRY®. Taken together, these developments convinced us that this was the appropriate moment to demonstrate the Company’s *commitment to moving decisively into a new phase of growth*. Through extensive dialogue with securities firms and other market participants, we further strengthened our conviction that the *timing was right to act*.

While some investors have expressed support for our decision, *recognizing its potential to remove constraints on growth*, we are equally mindful of concerns regarding share dilution. It is management’s responsibility to address such concerns not through words, but through results. Delivering tangible outcomes from the strengthened financial foundation created thorough the capital increase, and demonstrating through our performance that *this decision was the right one*, is a responsibility that I take very seriously.

To our stakeholders

Over the past two years, we have completed our restructuring and are now transitioning into the renewed growth phase.

However, I recognize that what the capital markets seek to see is not *whether restructuring has been completed*, but *whether we can deliver sustainable growth going forward*. In that sense, I believe we are still in the process of rebuilding trust.

What we must do is straightforward. We must steadily achieve the targets we have set and consistently demonstrate those achievements through tangible results. There is nothing extraordinary about this; the true test lies in our ability to execute the fundamentals with discipline and consistency, day after day.

Throughout the restructuring process, we were required to make many difficult decisions. During that time, I consistently adhered to one principle: *never avoid difficult realities, explain them in my own words, and see decisions through to the end*. I have never compromised these principles in challenging circumstances, nor do I intend to do so in the future. In particular, I believe that trust is built through transparent communication about both achievements and challenges, rather than through an overly polished narrative.

Even as we enter this renewed growth phase, I make it a priority to spend as much time as possible engaging directly with employees. I regularly visit our research laboratories, manufacturing sites, and other workplaces, often several times a week, and hold discussions in small groups. Face-to-face dialogue enables me to better understand the realities on the ground and to hear concerns that might otherwise go unspoken. Some of the feedback is encouraging, while some is candid and challenging, but I believe it is my responsibility to listen to and embrace all of it.

The Company has transitioned from restructuring to a phase of renewed growth. What matters now is whether we can truly transform ourselves into a company capable of continuously driving the Value Creation Cycle. I am convinced that both our organization and our people have emerged stronger through this journey. Building on that strength, I am committed to delivering renewed growth and translating it into tangible improvements in both corporate value and shareholder value for the Sumitomo Pharma Group over the medium to long term. This commitment represents both my responsibility as President and my enduring promise to all stakeholders.



Message from the CFO



From Financial Restructuring to Driving Growth

Motoyuki Sakai

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

Rebuilding the financial foundation

In FY2023, the Company faced a significant deterioration in earnings as a structural imbalance became apparent, with costs exceeding revenues. The recognition of substantial losses significantly eroded shareholders' equity and caused the equity ratio to decline sharply. In addition, the increased burden of interest-bearing liabilities constrained our financial capacity, making the rebuilding of our financial foundation an urgent management issue.

In this phase, we prioritized transforming our earnings structure to stably generate profits, reducing excess debt, and enhancing equity capital. Improving the Company's financial soundness is not merely about restoring financial indicators; it is a prerequisite for rebuilding the foundation that enables us to continue investing for future growth.

To achieve this, we thoroughly optimized our business scale and cost structure. In addition to streamlining measures such as selection and concentration in R&D areas, a review of our workforce structure, and cost reductions, we reshaped our business portfolio, including the divestiture of the Asia business, and disposed of non-core assets, thereby reducing interest-bearing liabilities and improving the Company's financial foundation.

None of the decisions underlying these measures was easy, but each was essential to ensure the continuity of our business and secure future growth opportunities. Rebuilding our financial foundation was not merely a defensive measure; it was a process of restoring the strategic flexibility needed to pursue the next stage of growth.

Balancing financial discipline and growth investments

The key objectives of *Reboot 2027* were to achieve a stable profit structure and reduce interest-bearing liabilities. With those goals in mind, we steadily worked to improve the Company's financial soundness. Based on this progress, we are charting a path to transition from the restructuring phase to a phase of renewed growth. However, streamlining efforts alone cannot deliver sustainable growth. Improving the Company's financial soundness is not an end in itself but a means of getting the Value Creation Cycle moving again with greater momentum. To maintain and enhance competitiveness as a pharmaceutical company, it is imperative that we continue to invest in growth while carefully assessing what is financially sustainable.

Under the next phase, *Boost 2028*, we aim to accelerate growth by expanding investments in R&D and other growth initiatives while maintaining financial discipline.

In addition, when deciding on an investment, the timing is just as critical as the investment amount. If necessary investments are deferred excessively, the gap with competitors may widen to a point where regaining lost ground becomes increasingly difficult. On the other hand, clinical development is inherently uncertain, and we need to give due consideration to risks arising from dependence on key products, as well as changes in the market environment and competitive conditions.

Accordingly, as CFO, I place great importance on carefully assessing both the scale and timing of growth investments at all times. To achieve a balance between continuing to invest for growth and maintaining financial soundness, we have established ROE and the equity ratio as key management indicators under *Boost 2028*. Guided by these indicators, we will ensure disciplined decision-making that takes into account both capital efficiency and financial position.

Message from the CFO

Securing financial flexibility through a public offering

The public offering was an important capital strategy to ease financial constraints and secure the financial flexibility necessary for renewed growth. Its primary purpose was to establish a financial foundation that would enable us to seize the growth investment opportunities called for in *Boost 2028* and make agile decisions when needed.

The issuance of subordinated debt and bank borrowings in connection with the business acquisition arising from our strategic alliance with Roivant was a reasonable decision under the circumstances at that time. Subsequently, however, the earnings outlook for the acquired business deteriorated, resulting in substantial impairment losses on goodwill and intangible assets. This increased financial constraints and made the refinancing of the subordinated debt increasingly uncertain. In addition, bank borrowings came to require parent company guarantees, further reducing our financial flexibility and limiting our freedom to access



capital. Against this backdrop, the equity offering was a practical and important strategic decision to address these issues promptly, strengthen our balance sheet, and restore the financial flexibility necessary to support future growth.

A capital increase, however, results in share dilution. Over the medium-to-long term, I believe that executing necessary growth investments at the appropriate time and strengthening the Company's future earnings base will contribute to enhancing shareholder value. What is important is that we allocate the funds raised in a disciplined manner and steadily translate those investments into enhanced corporate value.

Value Creation Cycle toward sustained growth

The foundation of sustainable growth lies in a virtuous cycle of investment and earnings generation. We will invest the funds generated from existing businesses into R&D and business opportunities that will become future sources of earnings and then draw on those results to generate further earnings. Keeping this cycle functioning continuously will lead to the rebuilding of the Value Creation Cycle.

To that end, we need to make growth investments on a continuous and timely basis while considering the optimal balance of profit, capital efficiency, and financial soundness. In *Boost 2028*, we have placed importance on ROE as an indicator of capital efficiency and on the equity ratio as a marker of financial soundness. Guided by these indicators, balancing growth investment with financial discipline will remain at the core of our management approach.

In terms of growth investments, it will be critical

that we allocate growth capital primarily to areas and markets where we can leverage our strengths. Rather than spreading our limited management resources too broadly, we will concentrate our investments on opportunities where we can build competitive advantage and enhance corporate value over the long term. Finance plays a critical role in identifying and capturing growth opportunities while appropriately managing risk, thereby supporting disciplined investment decisions.

To our stakeholders

Having undergone a period of restructuring, the Company is now entering a new phase aimed at renewed growth. Going forward, a key priority will be to leverage our strengthened financial foundation and allocate capital appropriately to growth opportunities that enhance corporate value. As CFO, I am committed to maintaining an appropriate balance between growth investment and financial soundness, setting achievable targets, and demonstrating our progress and results with transparency and integrity.

I recognize delivering returns to shareholders as a key management priority. While we are currently prioritizing growth investments to advance *Boost 2028*, our objective is to strengthen a sustainable earnings base capable of generating long-term cash flows. By steadily enhancing this earnings base through disciplined growth investments and allocating the resulting cash flows appropriately between reinvestment and shareholder returns, we will continue to drive our Value Creation Cycle and achieve sustainable growth in corporate value over the medium to long term.



Chapter 2

Special
Feature

"Boost 2028"

Accelerating Strong Sumitomo Pharma Growth Strategy “Boost 2028”

Review of “Reboot 2027”

In May 2025, Sumitomo Pharma announced Reboot 2027- Reboot for a Strong Sumitomo Pharma- as our action plan through FY2027. Under Reboot 2027, we accelerated and rigorously pursued efforts to expand sales of our three key products, prioritize and focus R&D initiatives, reshape our business portfolio, and reform our cost structure.

As a result, in FY2025, sales of ORGOVYX® and GEMTESA® in North America grew more than expected, and core operating profit, operating profit, and net profit attributable to owners of the parent all reached record highs, largely achieving the financial targets set out in Reboot 2027.

There was also progress on the R&D front. In addition to taking the lead in advancing clinical trials for two oncology assets, we obtained manufacturing and marketing authorization (conditional and time-limited) in Japan for AMCHEPRY®, the world’s first iPS cell-derived regenerative medicine. In addition, we obtained positive interim analysis results in a phase 1 study of our universal influenza vaccine in Europe. Through these achievements, we made steady progress in creating value as an R&D-driven pharmaceutical company.

Financial Targets under “Reboot”
(FY2027)

Sales of three key products	¥250 billion
Core operating profit (excluding one-time factors*)	Consistently more than ¥25 billion
Free cash flow (excluding divestment-related income)	Maintain profitability
Interest-bearing debt (end of fiscal year)	Reduce to less than ¥200 billion as early as possible

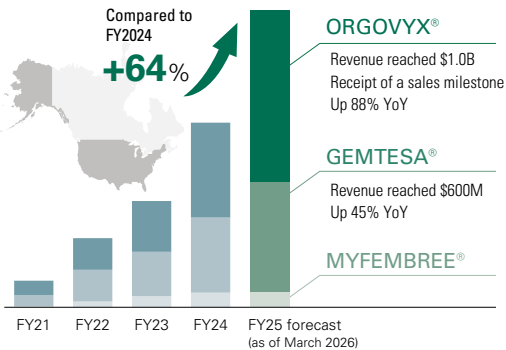
*One-time factors consist of sales milestone income and profit from the divestment of the Asian business

Driving value creation as an R&D-driven pharmaceutical company

- Toward the world’s first commercialization of iPS cell-derived regenerative medicine, achieved NDA submission of iPSC-PD (raguneprocel*) in Japan and started the investigator-initiated study in North America
- Accelerating in-house clinical development to enable the fastest possible launch of the two oncology assets
- Observing favorable data in safety, tolerability, immunogenicity and cross-reactivity from the interim analysis of a Ph1 study in Europe

*The product name is “AMCHEPRY®”. It received manufacturing and marketing authorization (conditional and time-limited) in March 2026.

Growth of the three Key Products



Promotional Partnership

- Ozempic®**
Subcutaneous Injection
Treatment for type 2 diabetes
- Wegovy®**
Subcutaneous Injection
Treatment for obesity disease

Restructuring of the Asia Business

- Completed the first closing of share transfer
(Continuing product supply to Asia)
- Profit from the divestment of the Asia business
¥49.0 billion

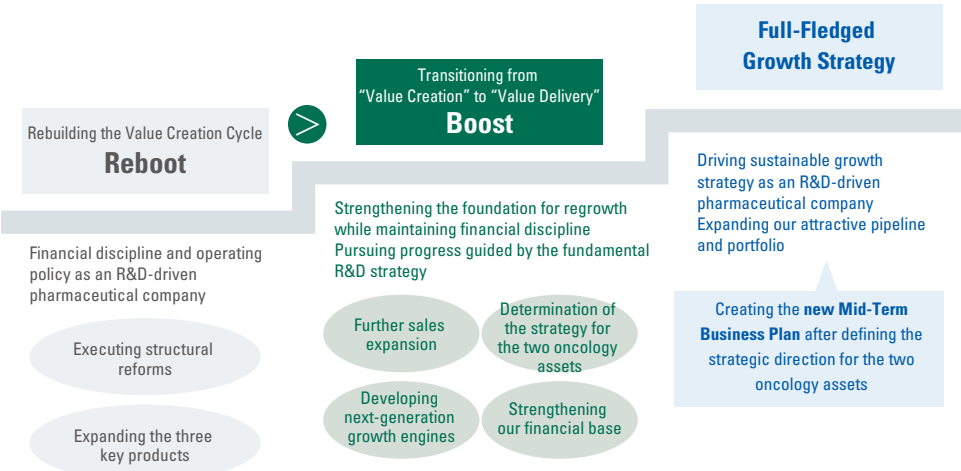
Growth Strategy "Boost 2028"

From "Reboot" to "Boost" Rebuilding the Value Creation Cycle

Positioning of "Boost 2028"

Having made progress toward achieving the financial targets of our three-year action plan Reboot 2027 ahead of schedule, we have formulated a new growth strategy: Boost 2028—Accelerating Strong Sumitomo Pharma—, which looks ahead to FY2028. We will pursue Boost 2028 as a bridge from the achievements of structural reforms to rebuild the Value Creation Cycle (the "Reboot") to the full-scale implementation of our growth strategy (the "Boost"), laying the groundwork for our next phase of growth.

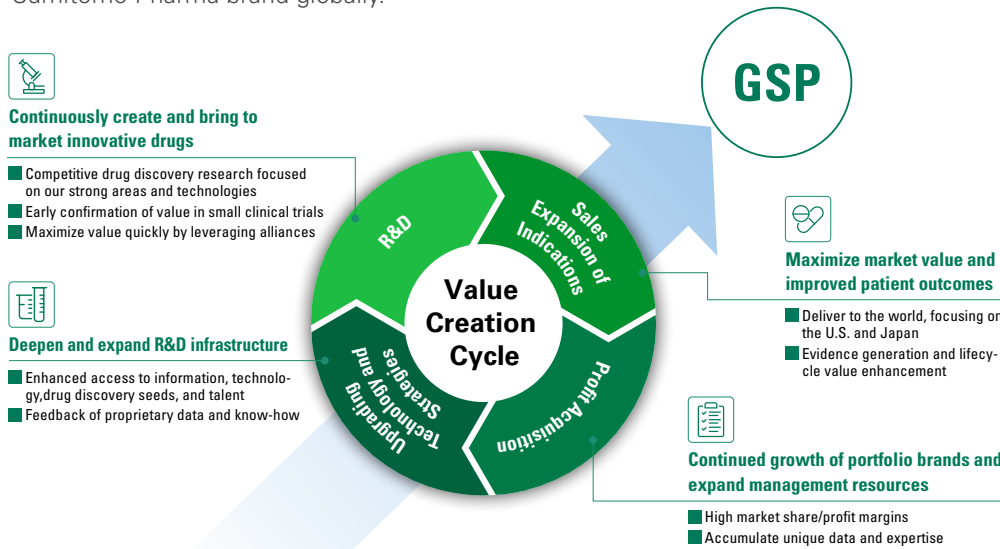
Specifically, we will strengthen our revenue base by maximizing the value of our key products, particularly ORGOVYX® and GEMTESA®. At the same time, we will advance the development of our two oncology assets, enzomenib and nuvisertib, as our highest-priority programs and work to establish the next generation growth driver while maintaining financial discipline. Through these efforts, we will accelerate the Company's growth.



Sumitomo Pharma Group's vision: become a GSP

Sumitomo Pharma's vision for FY2033 is to become a Global Specialized Player (GSP). GSP describes the kind of company Sumitomo Pharma aspires to be: one that concentrates its resources in areas where we can leverage our strengths, establishes a competitive advantage globally, and achieves sustainable value creation. An important step toward becoming a GSP is Boost 2028, which is a plan to enhance the profitability of our core products and invest in next-generation growth platforms in areas where we have strengths, including the oncology, the CNS (psychiatric and neurological), and the regenerative medicine/cell therapy business.

We aim to drive a virtuous Value Creation Cycle by reinvesting the results—from R&D through increased sales, expanded indications, and profit generation—in the next round of R&D, thereby fostering sustained innovation and its practical implementation. Through this cycle, we aim to contribute to people's healthy and fulfilling lives, build a unique position in areas where we can leverage our strengths, and establish the Sumitomo Pharma brand globally.



Growth Strategy "Boost 2028"

Three initiatives to realize a strong Sumitomo Pharma

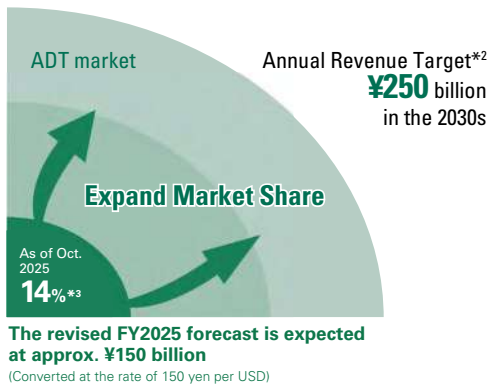
(1) Accelerate growth trends

Under Boost 2028, we will first strengthen our sustainable revenue base by maximizing the value of our core products. We will then channel the resulting gains into next-generation R&D and growth investments, thereby further accelerating our Value Creation Cycle.

ORGOVYX®

ORGOVYX® for advanced prostate cancer continues to deliver strong sales growth, supported by changes to the U.S. drug benefit system that lowered the annual cap on patient's out-of-pocket expenses beginning in January 2025. Despite this momentum, ORGOVYX® currently holds an approximately 14% share of the androgen deprivation therapy (ADT) market, leaving significant room for further growth. To achieve our goal of ¥250 billion in sales revenue in the 2030s, we will seek to further expand market penetration by enhancing awareness of ORGOVYX® among healthcare professionals at urology clinics, university hospitals, and other institutions. We will raise awareness of ORGOVYX® as a treatment option included in the NCCN (National Comprehensive Cancer Network) Guidelines and highlight its distinctive feature as the only oral treatment option for hormonal therapy.

Potential for share expansion in ADT*¹ market



A dual approach that engages both patients and healthcare professionals



Healthcare professionals

Actively promote to improve awareness of the **significant reduction in patient out-of-pocket costs** under the Inflation Reduction Act*⁴

Patients

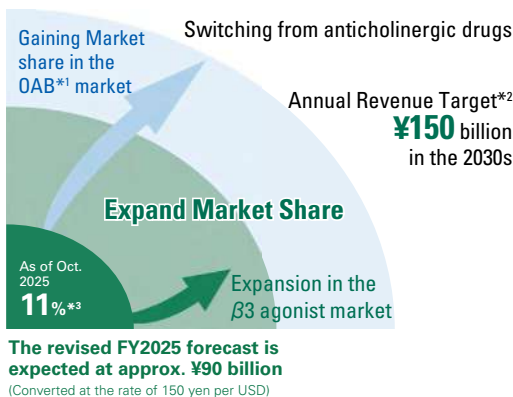
Expand awareness of the product's differentiation as **the only oral option** in hormone therapy

*¹ Androgen Deprivation Therapy
*² Net product revenue basis
*³ Internal calculation based on information licensed from IQVIA: NSP Volume for the period 10/1 to 10/31, 2025 reflecting estimates of real-world activity. All rights reserved.
*⁴ Under Medicare Part D, the annual out-of-pocket cap has been set at \$2,000 in CY2025, with no out-of-pocket costs above the cap

GEMTESA®

As generic competition continues to broaden the $\beta 3$ agonist market, our GEMTESA® product for overactive bladder (OAB) is gaining recognition for its differentiated clinical profile as the only $\beta 3$ agonist that does not carry a warning regarding increased blood pressure. GEMTESA® is also uniquely positioned as the only $\beta 3$ agonist approved for OAB associated with benign prostatic hyperplasia, further expanding its potential patient population. While anticholinergics remain widely prescribed for OAB, $\beta 3$ agonists are expected to capture a growing share of the market due to their generally favorable tolerability profile and lower risk of side effects. To promote the value of this product to more healthcare professionals, we are enhancing product awareness through targeted DTC (Direct to Consumer) advertising. GEMTESA® currently holds an approximately 11% share of the U.S. OAB market. By establishing it as the standard of care, we aim to drive continued market penetration and achieve sales revenue of ¥150 billion in the 2030s.

Potential for share expansion of the $\beta 3$ agonist market



Establish GEMTESA® as the standard of care

Emphasizing clinical benefits and key differentiation

$\beta 3$ agonist

- ✓ A more **user-friendly** option than anticholinergic drugs

GEMTESA®

- ✓ The **only** $\beta 3$ agonist without a blood-pressure warning
- ✓ The **only** $\beta 3$ agonist approved for the treatment of men with OAB symptoms who are receiving pharmacological therapy for benign prostatic hyperplasia, offering benefits for male patients

*¹ Overactive bladder
*² Net product revenue basis
*³ This is based on information licensed from IQVIA: NPA for the period 10/1 to 10/31, 2025 reflecting estimates of real-world activity. All rights reserved.

Growth Strategy "Boost 2028"

Three initiatives to realize a strong Sumitomo Pharma

(2) Unleash the full potential of our R&D capabilities

To translate the revenue generated by our core products into sustainable growth, it is essential to build a robust pipeline that will serve as our next-generation growth driver. As an R&D-driven pharmaceutical company, our mission is to deliver innovative therapies to patients both swiftly and broadly. In other words, we are committed to bringing the results of our research to as many patients as possible, as quickly as possible. To achieve this, we will accelerate development while maximizing patient value through lifecycle management including indication expansion.

Under Boost 2028, we will focus on establishing the next-generation of growth drivers. To that end, we will designate our two oncology assets, enzomenib and nuvisertib, as our highest-priority programs and concentrate resources on their development to achieve the earliest possible launches. These assets have the potential to become next-generation revenue drivers for Sumitomo Pharma and play a pivotal role in advancing our Value Creation Cycle. Looking ahead, we also expect significant growth in regenerative medicine/cell therapy beginning in the 2030s. We are therefore strengthening our R&D capabilities in this area and expanding our pipeline to continuously create groundbreaking therapies.

Early launch of two oncology assets

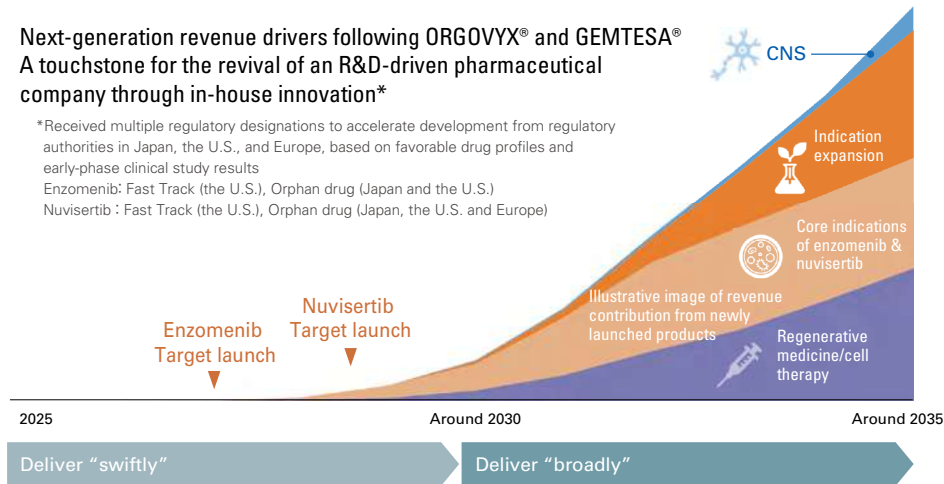
In the highly competitive oncology area, we are vigorously advancing development of our two oncology assets by expanding our clinical trial sites beyond Japan and the U.S. to Europe and Asia.

We are planning to launch enzomenib and nuvisertib in the U.S. as quickly as possible in FY2027 and FY2028, respectively. Based on their promising efficacy and favorable safety profiles, we expect each asset to generate peak sales revenue of more than ¥100 billion. In addition, to maximize value early, we will consider development strategies with a focus on forming timely partnerships.

Enzomenib is currently undergoing a phase 2 study toward approval as a monotherapy for acute leukemia, as well as a phase 1/2 study as part of combination therapy. Nuvisertib is also steadily generating data in phase 1/2 studies as both a combination and monotherapy for myelofibrosis, and we are considering expanding its indications.

Next-generation revenue drivers following ORGOVYX® and GEMTESA®
A touchstone for the revival of an R&D-driven pharmaceutical company through in-house innovation*

*Received multiple regulatory designations to accelerate development from regulatory authorities in Japan, the U.S., and Europe, based on favorable drug profiles and early-phase clinical study results
Enzomenib: Fast Track (the U.S.), Orphan drug (Japan and the U.S.)
Nuvisertib : Fast Track (the U.S.), Orphan drug (Japan, the U.S. and Europe)



Business Potential of the Two Oncology Assets

	Enzomenib	Nuvisertib
Target Indication	Acute leukemia (KMT2A-rearranged or NPM1-mutated)	Myelofibrosis
Mechanism of action	Selective menin inhibition	PIM1 kinase inhibition (novel mechanism of action)
Expected competitive advantages	Promising efficacy and a favorable safety profile (potentially lower risk of cardiac adverse events and differentiation syndrome)	Promising efficacy and a favorable safety profile (potential to improve bone marrow fibrosis)
Aimed positioning	Best-in-class therapy in the menin inhibitor market (No limitations on concomitant use with azole antifungals)	Potential first-line treatment used in combination with the standard of care (No limitations on use in patients with low platelet counts)
Development Phases	Phase 2 Monotherapy for relapsed/refractory acute leukemia Combination therapy with venetoclax/azacitidine for newly diagnosed	Phase 1/2 Monotherapy for relapsed/refractory myelofibrosis Combination therapy with momelotinib for newly diagnosed or relapsed/refractory
Target launch date	FY2027	FY2028
Peak sales forecast	<ul style="list-style-type: none"> • Over ¥100 billion • Expect over ¥200 billion with indication expansions 	<ul style="list-style-type: none"> • Over ¥100 billion • Indication expansions under consideration

Acute myeloid leukemia incidence rate*1 (U.S.: 21,000/year; Japan: 8,000/year)
Acute myeloid leukemia drug market size*1 (2024: US\$1.67B; 2030: US\$2.49B)
*1 Global Data

Number of myelofibrosis patients*1 (U.S.: 13,000; Japan: 2,000)
Myelofibrosis drug market size*1 (2024: US\$1.56B; 2030: US\$1.54B)

Growth Strategy "Boost 2028"

Three initiatives to realize a strong Sumitomo Pharma

(3) Foster and establish growth engines

Sumitomo Pharma is leveraging the drug discovery platform and development expertise it has cultivated in the oncology and CNS to build a continuous pipeline as a next-generation growth engine. In addition to advancing the development of successor products for our two oncology assets and R&D targeting neurodegenerative diseases, we are working on regenerative medicine/cell therapy, starting with the world's first commercialization of iPS cell-derived regenerative medicine, as well as new business areas such as a universal influenza vaccine.

To ensure a sustainable Value Creation Cycle, it is crucial to continuously generate pipelines that will drive future growth. Sumitomo Pharma aims to bring about a paradigm shift in healthcare by providing new treatment options through the development of innovative therapies.

Oncology

We will pursue the earliest possible launches of enzomenib and nuvisertib and maximize their value. Our R&D will focus on prostate cancer, where we can draw on the value chain established for ORGOVYX®, and on hematologic malignancies, where we can apply the R&D expertise gained from enzomenib and nuvisertib and where driver genes play a major role and therapeutic targets are clearly defined. Through these efforts, we aim to generate value on an ongoing basis.

Universal influenza vaccine

We are advancing the development of a universal influenza vaccine using our proprietary adjuvant technology. Interim analysis results from the phase 1 study currently underway in Europe showed favorable tolerability and immunogenicity, as well as cross-reactivity against LAH derived from multiple influenza virus subtypes, raising expectations for immune responses against multiple influenza strains. Furthermore, based on the knowledge gained through this program, we established a Vaccines and Adjuvants Business Development Office and are pursuing the commercialization of our proprietary adjuvant technology.



Modalities Where SMP Has Strength

Small molecules	Ability to address intracellular and brain targets
iPS cell-derived products	Potential to restore lost functions



Priority Areas for SMP's Strategic Focus

Oncology: hematologic malignancies	Clear targets substantially affected by driver genes
CNS: Neurodegenerative diseases*	Progress in elucidating disease mechanisms, enabling the use of objective biomarkers (BM)

*Including rare neurological diseases



Oncology

Early-stage clinical development data substantiating the potential of the two oncology assets



Regenerative Medicine: Application for regulatory approval based on clinical study results from a limited number of patients

CNS: Advance programs while validating efficacy signals in a limited number of patients



Build a continuous product pipeline

Leverage the R&D platforms established in oncology and CNS
Develop vaccines and adjuvants as a new business area

CNS

Leveraging our R&D platform, which we have cultivated over many years with a focus on small-molecule drug discovery, we are advancing R&D in neurodegenerative diseases. By leveraging biomarkers, we aim to detect efficacy signals early, even in trials with small patient populations, and accelerate the discovery and development of innovative therapeutics.

Regenerative medicine/cell therapy business

Starting with the conditional and time-limited approval of the iPS cell-derived regenerative medicine AMCHEPRY®, we will advance the development of regenerative medicine/cell therapy, aiming to restore lost functions. We will continue to create innovative treatment options and strive to bring about a paradigm shift in healthcare.

Growth Strategy "Boost 2028"

TOPICS

What is AMCHEPRY®, the world’s first approved regenerative medicine/cell therapy using iPS cells?

Characteristics of the target disease and estimated number of potential patients

AMCHEPRY® (generic name: raguneprocel) is a regenerative medicine/cell therapy product derived from iPS cells targeting Parkinson's disease. Parkinson's disease is a progressive neurodegenerative disorder in which dopamine-producing neurons in the substantia nigra of the midbrain degenerate and are lost due to aging and other factors, causing difficulties in daily life through impaired motor function and other symptoms. It is estimated that there are approximately 290,000 patients in Japan and approximately 1.1 million in the U.S.* Existing drug therapies primarily focus on symptomatic therapy to compensate for insufficient dopamine function, leaving patients and clinicians eager for new treatment options. Significant potential demand is anticipated not only in Japan but globally.

Steps in regenerative medicine

AMCHEPRY® represents a novel regenerative medicine/cell therapy approach that has the potential to transform the treatment paradigm for Parkinson’s disease. Whereas conventional medications are intended to manage symptoms through drug administration, AMCHEPRY® aims to restore lost neural function by transplanting dopamine neural progenitor cells derived from iPS cells.

Current situation

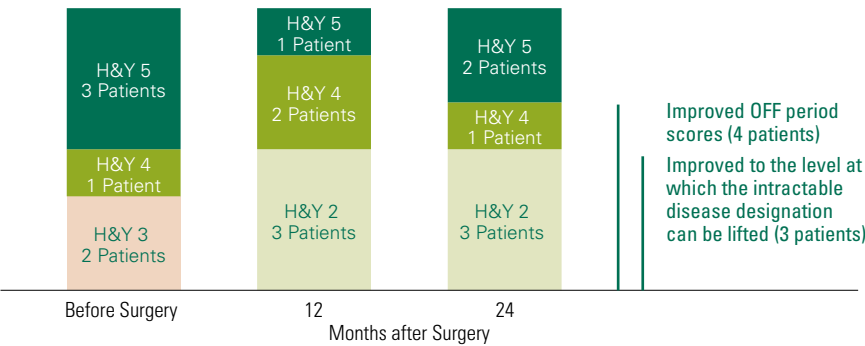
This product was developed in collaboration with Kyoto University, and an application for approval was submitted in Japan based on the results of an investigator-initiated study. Manufacturing and marketing authorization (conditional and time-limited) was obtained in March 2026. This approval is the world’s first for an iPS cell-derived regenerative medicine and marks an important step toward the future commercialization of iPS cell-derived regenerative medicine. Furthermore, in North America, investigator-initiated and corporate clinical trials have begun, steadily advancing efforts toward global expansion.

Current challenges and future plans

Looking ahead, we will continue to strengthen the foundation of our regenerative medicine business by accumulating clinical evidence and enhancing our manufacturing and quality capabilities and strengthening our stable supply systems. In collaboration with the Sumitomo Chemical Group, we aim to maximize the value of AMCHEPRY® through full approval and broader adoption in Japan, advance development toward approval in the U.S., and expand the potential of iPS cell-derived regenerative medicine into new disease areas, including ophthalmic disorders and spinal cord injuries.

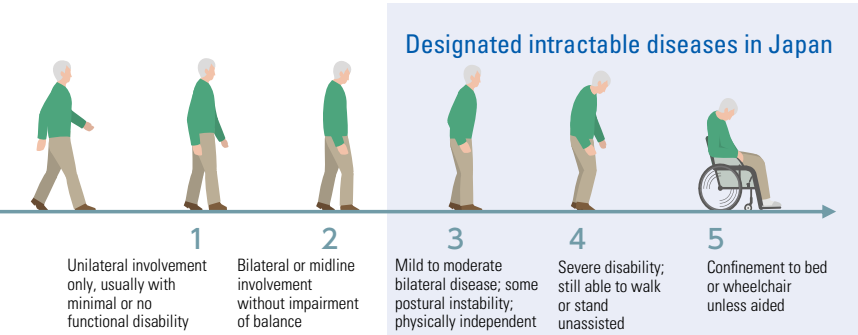
*"Patient Survey (2020)" released by the Ministry of Health, Labour and Welfare and data published by Parkinson’s Foundation

Results of the Investigator-Initiated Study (n=6)



Edited from Nature, 641, 971-977 (2025)

Hoehn & Yahr (H&Y) scale



Growth Strategy "Boost 2028"

Financial targets

Profit and loss management

Under the Boost 2028 plan, we will continue to strengthen profitability and financial resilience through rigorous cost management, while strategically reinvesting the cash generated by maximizing the value of our core products, particularly ORGOVYX® and GEMTESA®. By accelerating investment in our next-generation growth drivers, including our two oncology assets and regenerative medicine/cell therapy, we aim to achieve a sustainable Value Creation Cycle.

Before (FY2024-FY2025)

Emergency response to severe management challenges, with profit and loss management driven by fundamental structural reforms

- Significant cost and workforce reduction, alongside business restructuring and divestments
- Cap-based management of R&D expenses
- Selection and concentration of R&D programs

After

Make necessary growth investments on the premise of securing bottom-line profits and strengthening the financial base

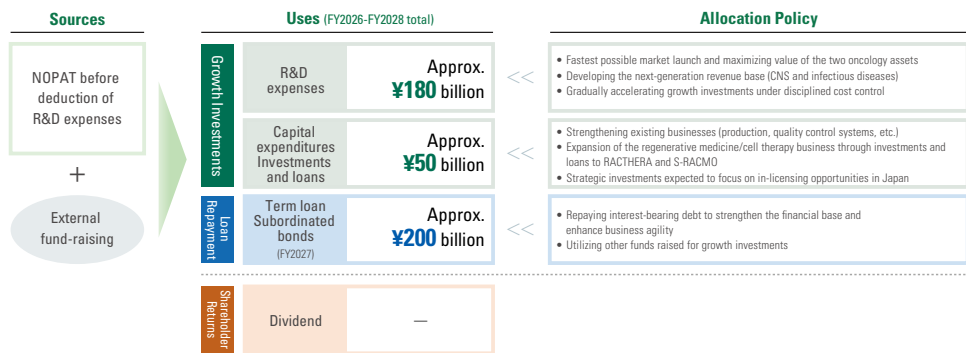
- Maximizing revenue of ORGOVYX® and GEMTESA®
- Fastest possible market launch and expanding value of the two oncology assets
- Developing the next-generation revenue drivers

Capital allocation

We will strategically deploy cash generated from our core business and externally sourced capital to fund growth investments and debt repayment. Investment will be prioritized toward our two oncology assets, CNS pipeline assets that are expected to become key future growth drivers, and the enhancement of manufacturing and quality capabilities, as well as to the regenerative medicine/cell therapy business to support sustainable long-term growth.

Capital allocation policy

Execution of medium- to long-term growth investments under disciplined financial management
Acceleration of financial-base strengthening and next-generation revenue base through external fund-raising



Financial KPIs

As financial KPIs under Boost 2028, we have set a target of increasing net sales of ORGOVYX® and GEMTESA® to over ¥350 billion in FY2028, as well as an ROE of 10% or more during the period. Furthermore, we plan to raise our equity ratio to over 50% as soon as possible, and to allocate over ¥180 billion in research and development expenses over the next three years, including to the regenerative medicine/cell therapy business (equity stake).

Boost 2028 (FY2026-FY2028)

KPI Targets

Business Growth	Sales of ORGOVYX® and GEMTESA®	With two blockbuster drugs, Over ¥350 billion in FY2028
Profit and Loss Management	ROE	10% or more FY2026-FY2028
Financial Stability	Equity ratio	Over 50% at an early stage Recover to positive net cash
Development of Next-generation Growth Engines	R&D expenses Including Regenerative medicine/cell therapy business (Equity-method affiliate)	Allocate Over ¥180 billion cumulatively from FY2026 to FY2028 while considering ROE

Chapter 3

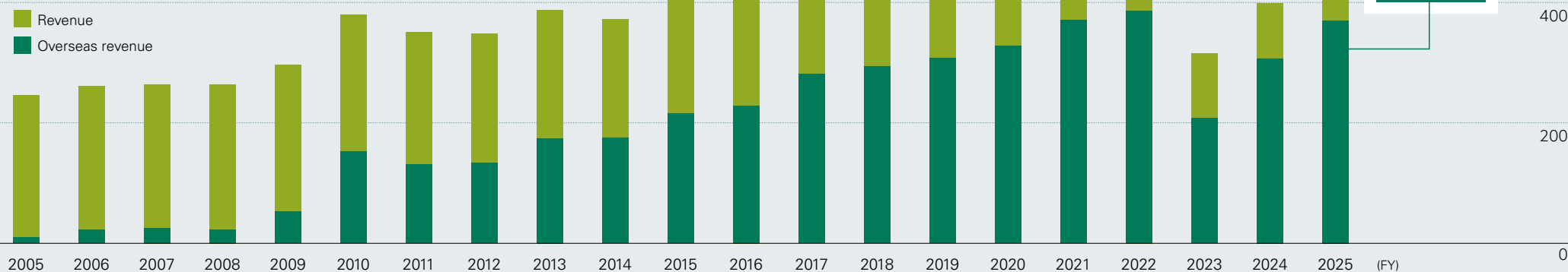
Value Creation Process

History	23
Sumitomo Pharma's Value Creation Process	24
Six Capitals	25
Value Chain Initiatives	27

History

Since its establishment in 1897, the Sumitomo Pharma Group has continued to evolve through mergers and business expansion. Building on its foundation in the Psychiatry & Neurology (CNS) area, the Group has expanded into Oncology and Regenerative Medicine and Cell Therapy, and continues to take on the challenge of establishing itself as a Global Specialized Player (GSP)* by 2033.

*Global Specialized Player (GSP): 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.

October 1, 2005

Establishment of Sumitomo Dainippon Pharma (now Sumitomo Pharma) through a merger between Dainippon Pharmaceutical and Sumitomo Pharmaceuticals

2011

Launch of LATUDA® in the U.S.



Entry into the oncology area

2014

Establishment of Regenerative & Cellular Medicine Kobe Center



2021

Launch of ORGOVYX® and GEMTESA® in the U.S.



2025

ORGOVYX® achieves blockbuster status in the U.S.

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.

2009

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

2013

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



2015

LATUDA® achieves blockbuster status in the U.S.

2024

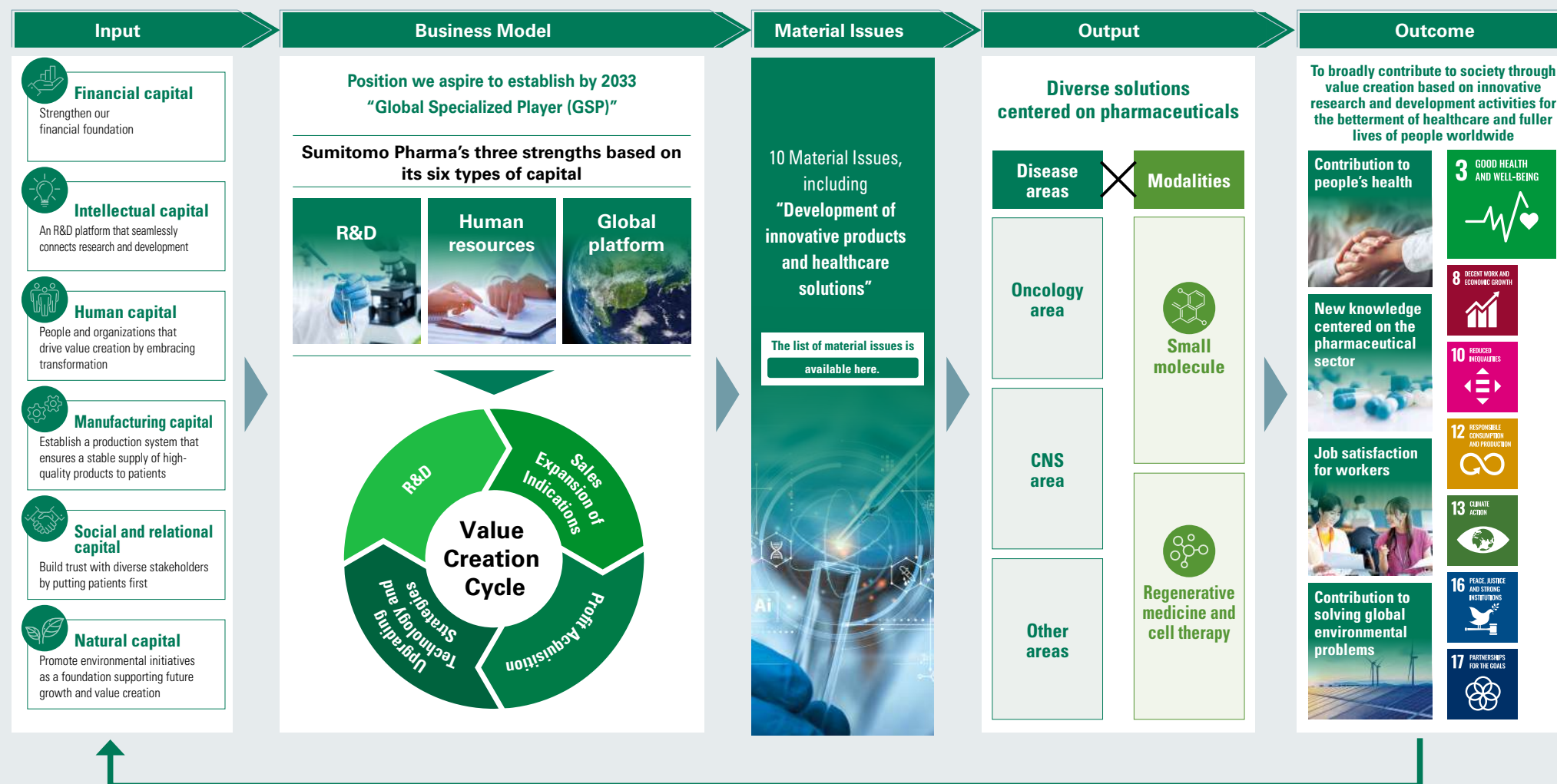
Establishment of RACTHERA (the regenerative medicine and cell therapy joint venture with Sumitomo Chemical Co., Ltd.)

2026

Acquisition of conditional and time-limited approval for AMCHEPRY®

Sumitomo Pharma's Value Creation Process

The Sumitomo Pharma Group is working towards the realization of 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)."



Six Capitals



Financial capital

Characteristics (strengths)

Strengthen our financial foundation

Pharmaceutical companies typically require a period of 10 years or more from drug discovery to market launch and revenue generation during which time they need to invest heavily in research and development. A stable financial foundation is essential for continuing to make growth investments. To this end, Sumitomo Pharma rebuilt its financial foundation through the reduction of interest-bearing liabilities, asset sales, and refinancing under the Reboot 2027 plan. Furthermore, under the Boost 2028 plan, in addition to funds raised through a public offering, we are using funds generated by maximizing the value of our key products to enhance management flexibility and further strengthen our financial position, building a management foundation that supports the Value Creation Cycle.

Challenges to achieving our vision

The challenge is to strengthen a sustainable revenue base while balancing growth investment with financial discipline. We will appropriately allocate the funds generated from our earnings base to reinvestment and shareholder returns, while maintaining financial soundness and driving the Value Creation Cycle to achieve renewed growth.

Key indicators

• Core operating profit	¥105.9 billion
• Cash flows from operating activities	¥71.7 billion
• ROIC	22.8%
• ROE	46.3%
• Net D/E ratio	0.59
• Balance of interest-bearing liabilities	¥217.2 billion



Intellectual capital

Characteristics (strengths)

An R&D platform that seamlessly connects research and development

Sumitomo Pharma focuses on the oncology and CNS (psychiatric and neurological) areas and has established an integrated framework spanning research through development. By incorporating clinical development perspectives from the research stage and using translational research, biomarkers, and collaboration with external partners, we seek to identify the potential of promising development candidates early, thereby improving the probability of R&D success and accelerating development.

Challenges to achieving our vision

The challenge lies in strategically allocating limited resources to our focus areas to ensure continuous pipeline creation and improve the R&D success rate. By leveraging our global development framework and external partnerships, we will improve R&D productivity and translate it into sustainable value creation.

Key indicators

• Number of products launched (in the past 5 years)	2 products
• Number of development candidates	16 candidates (as of July 31, 2026)
• Number of inventions (in the past 5 years)	195



Human capital

Characteristics (strengths)

People and organizations that drive value creation by embracing transformation

The business structure reforms are prompting changes in each employee's mindset and behavior. Under the new HR system, we are working to strengthen our talent base, which is the source of our competitiveness and the driving force behind innovation, by fostering individuals who challenge themselves to "Go Beyond Expectations," "Go Beyond Boundaries," and "Go Beyond Own Limits" to create value.

Challenges to achieving our vision

The challenge is to connect each employee's abilities and growth to improved competitiveness and sustained value creation. We will strengthen the development of talent in management, R&D, digital transformation, and global operations, while fostering an organizational culture that encourages employees to take on challenges and drive change, thereby achieving innovation and enhancing corporate value.

Key indicators

• Number of employees	Non-consolidated: 1,747 Consolidated: 3,123
• Employee engagement score* (non-consolidated)	58.5%
• Percentage of female managers	15.4% (non-consolidated, as of April 2026)
• Number of digital professionals and data scientists trained (non-consolidated, as of March 2026)	

Citizen Data Scientists: 114
Citizen Developers: 108

*Percentage of positive responses to engagement-related questions rated on a five-point scale

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

Six Capitals



Manufacturing capital

Characteristics (strengths)

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

We have in place a robust manufacturing and quality assurance framework centered on our manufacturing sites in Japan to ensure a stable global 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. operates commercial manufacturing facilities dedicated to regenerative medicine and cell therapy products, and we are aiming to advance the business toward full-scale commercialization.

Challenges to achieving our vision

The challenge is to improve production efficiency and strengthen the supply capabilities while maintaining a stable supply of high-quality pharmaceutical products. Through collaboration among our manufacturing, quality, and procurement functions, we aim to build a resilient production platform capable of responding to future changes in demand and supply risks.

Key indicators

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

*Including facilities owned by S-RACMO Co., Ltd.



Social and relational capital

Characteristics (strengths)

Build trust with diverse stakeholders by putting patients first

We have a solid sales network in Japan and the U.S. By building our own sales network, we can engage in dialogue with healthcare professionals and patients, enabling us to conduct sales and marketing activities tailored to local needs. In addition, we are promoting disease awareness activities and initiatives to improve access to healthcare. We work to address social issues through collaboration with Japanese and international government agencies, medical institutions, industry organizations, NPOs, and others, thereby building trust and enhancing corporate value.

Challenges to achieving our vision

The challenge lies in clarifying the connection between initiatives aimed at solving social issues and business activities, and in making outcomes and social impact more visible. We aim to build a virtuous cycle that links trust with stakeholders to value creation.

Key indicators

- Number of MRs (as of March 31, 2026)*1
Japan: **460**, U.S.: **390**
- Assessment by physicians in Japan in our focus areas*2
Diabetes: **9th** Schizophrenia: **2nd**

*1 Excluding managers

*2 INTAGE Healthcare Inc. "Rep-i February 2026 survey" (unauthorized reproduction prohibited), MR ranking among physicians and pharmaceutical manufacturers defined by us



Natural capital

Characteristics (strengths)

Promote environmental initiatives as a foundation supporting future growth and value creation

We regard addressing climate change and nature-related issues as important management challenges and are working to reduce GHG emissions and water withdrawal and promote waste recycling. Through risk and opportunity assessments based on TCFD recommendations and company-wide environmental management, we are strengthening our management foundation to improve business sustainability and support the Value Creation Cycle.

Challenges to achieving our vision

The challenge lies in integrating responses to climate change and nature-related issues into business strategies, and more clearly demonstrating the relationship between environmental KPIs and the enhancement of corporate value. We will step up efforts to reduce Scope3 emissions through collaboration with suppliers and to incorporate resource circularity into product design, further strengthening the business foundation that supports sustainable growth.

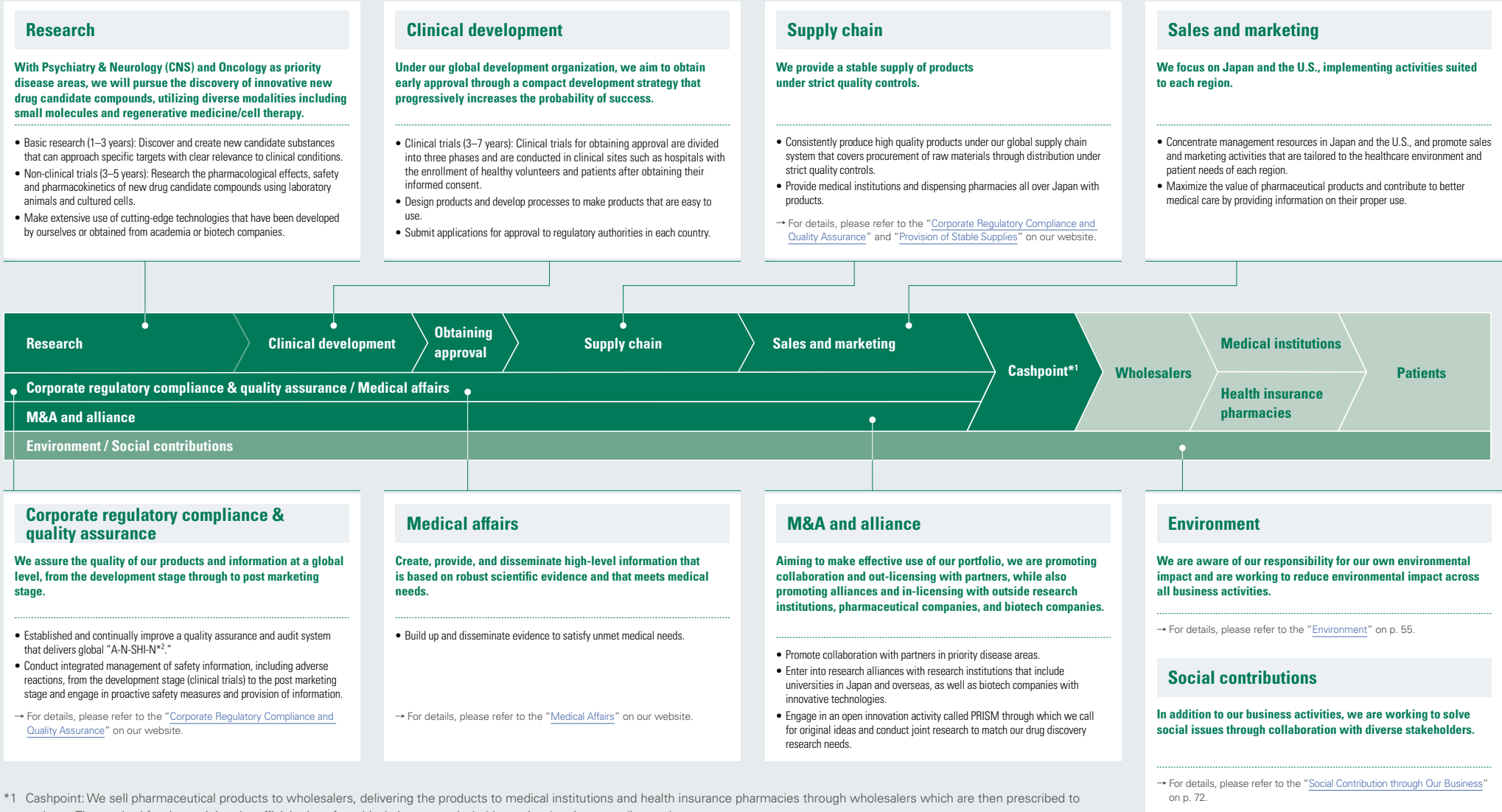
Key indicators

GHG emissions (Scope1+2)	40 kt-CO ₂
Water withdrawal	554 kt
Waste recycling rate (non-consolidated)	89 %
Waste final disposal rate (non-consolidated)	0.24 %

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

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.



Chapter 4

Business Overview

Message from the Head of Research and Development	29
Research and Development	31
Message from the Head of U.S. Business	33
Regional Overview	35



Business Overview

Message from the Head of Research and Development

Unlocking the Full Potential of R&D to Sustain the Value Creation Cycle

Yumi Sato

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Reassessing our strengths and refocusing our R&D strategy

Under *Reboot 2027*, Sumitomo Pharma fundamentally reassessed its approach to R&D. To continuously create value as an R&D-driven pharmaceutical company within the constraints of limited resources, it was essential to clarify *what we would and would not pursue* and to reassess our strengths. This went beyond simply adjusting our R&D spending and headcount. After reviewing past R&D and taking stock of the expertise, technologies, people, and networks we have cultivated, we revamped our R&D strategy to focus resources on the areas where we can be most competitive and to translate those strengths into future growth.

As a result, we decided to concentrate our management resources on areas where we can maximize our unique strengths: sophisticated compound design capabilities and cutting-edge regenerative medicine technology. In terms of disease areas, we will focus on oncology, particularly hematologic malignancies, and the CNS (psychiatry & neurology) area, especially neurodegenerative diseases, where there is a high level of unmet medical need. In terms of modalities, we aim to create sustainable value by focusing on small- and medium-molecule drugs, as well as iPS cell-derived products in regenerative medicine and cell therapy.

These are all areas where we have accumulated proprietary research platforms and organizational capabilities through drug discovery and development over many years. Competitiveness in R&D cannot be built overnight. Our R&D strategy is therefore based on further refining these tangible and intangible assets and capabilities we have accumulated, increasing the probability of success, and translating them into future growth.

At the same time, we have fundamentally transformed our approach to R&D. We are shifting away from an approach predicated on large-scale investment toward an

integrated framework spanning basic research through early clinical development, in which we assess early signals of efficacy and safety and make decisions at each stage. The key is to combine speed with a higher probability of success while operating with limited resources. We rapidly test the insights and hypotheses obtained during the research phase in early clinical trials, and then, based on those results, promptly advance the program to the next stage of development. Accelerating this cycle and sustaining the Value Creation Cycle from R&D is the core of our current R&D strategy.

Embedding the Value Creation Cycle into R&D operations

Under *Boost 2028*, the driving force for renewed growth is the Value Creation Cycle, which encompasses *R&D, Sales and Expansion of indications, Profit acquisition, and Upgrading technology and strategies*. I see *R&D* as the starting point of the cycle. Within the R&D division, we implement this cycle in our daily R&D processes.

Concrete examples of this shift include the establishment of the R&D Division in 2024 through the integration of Drug Research, Drug Development, and Technology Research Divisions, and the creation of the Translational Medicine and Early Development Department in 2025. Previously, research and clinical development were conducted by separate organizations, but now we have a system in which clinical perspectives are incorporated from the research stage, and the development team proceeds with a deep understanding of the research's intentions and hypotheses. The Translational Medicine and Early Development Department embodies this R&D model. Its role is to design and conduct small-scale clinical trials aimed at detecting early signals of efficacy and safety based on scientific findings discovered during the research phase.

The development of DSP-0378 in the CNS area is a compelling example of progress under this new approach. Drawing on the pharmacological insights and biological understanding accumulated during the research phase, we examine the changes occurring in vivo from a pharmacological perspective in early clinical trials in humans, detect signals of efficacy, and then use them to inform the subsequent development decisions. By advancing research and development in an integrated way while leveraging mechanisms of action and biomarkers, we are beginning to establish an R&D model that seamlessly connects research with clinical development.

I believe the Value Creation Cycle in R&D is about more than simply handing work over from research to development. It means moving forward toward the shared goal of delivering new value to patients, with each of us understanding what is needed beyond our own role. Researchers need to understand clinical practice, and development staff need to understand the rationale behind the research. Both must keep asking what is needed next, with patients and healthcare settings firmly in mind. I believe it is the cumulative effect of these efforts that enables us to continually generate innovation.

Business Overview

Message from the Head of Research and Development

Successfully launching two oncology development candidates and building a foundation for further growth

The primary R&D mission in *Boost 2028* is to bring two oncology candidates, enzomenib and nuvisertib, to market as quickly and reliably as possible. I believe these two oncology development candidates will serve as a critical starting point for getting back onto a growth trajectory by translating R&D achievements into business results and restarting the Value Creation Cycle.

Enzomenib is being developed primarily for KMT2A-rearranged acute leukemia. Based on the data obtained through clinical trials and evaluations from physicians treating patients, enzomenib has shown promising efficacy and a favorable safety profile, reinforcing our expectations for its potential. In particular, we are beginning to see the potential for differentiation with respect to QT prolongation* and differentiation syndrome, both of which present challenges with existing drugs.

Nuvisertib is also showing its favorable safety profile. We are currently conducting monotherapy and combination therapy trials, and we expect to be able to make a decision on whether to proceed to the pivotal trial by the end of FY2026. We believe it has the potential to become a new treatment option for patients with myelofibrosis, an area of significant unmet needs.

In developing these two candidates, the focus is on steadily building a track record starting with diseases that can most clearly demonstrate efficacy and safety—first proving value in areas with a high probability of success, and then aiming to expand indications. I believe that this approach, grounded in scientific evidence and informed by past experience, is the fastest and most reliable route to market.

*QT prolongation: A condition in which the heart takes longer to electrically recover between beats. In severe cases, it may lead to arrhythmias, making it an important safety consideration in drug development.

Building an organization that continuously generates next-generation pipeline assets

For an R&D-driven pharmaceutical company, the most important thing is not to stop at a single success. My goal is to leverage the success of enzomenib and nuvisertib to generate the next-generation pipeline assets and keep the Value Creation Cycle moving continuously. By maximizing the value of the pipeline centered on hematologic malignancies and expanding indications, we will establish a robust business foundation that supports sustainable growth. The areas we expect to serve as the next foundation for growth are CNS, regenerative medicine/cell therapy, and infectious diseases. In the CNS area, we are developing early-stage candidates primarily for neurodegenerative diseases. Building on the expertise we have gained in psychiatric disorders, we are placing greater emphasis on diseases with more clearly understood pathophysiology that lend themselves to biomarker-guided development. These efforts draw on our electroencephalogram analysis technology and the expertise we have accumulated over many years in the CNS area.

In the field of regenerative medicine/cell therapy, we obtained manufacturing and marketing authorization (conditional and time-limited) for the world's first allogeneic iPS cell-derived dopaminergic neural progenitor cell product AMCHEPRY®. Securing approval for AMCHEPRY® represents more than the success of a single product. I see it as a milestone that embodies our persistent efforts in a field with few precedents and demonstrates how research can translate into tangible value for patients. Going forward, we will pursue full approval in Japan and step up development in the U.S. This is not just a product, but an important demonstration of the value of Sumitomo Pharma's regenerative medicine platform.

Furthermore, in the area of infectious diseases, we are advancing initiatives that leverage our proprietary vaccine and adjuvant technologies with an eye toward future new growth opportunities. We established the Vaccines and Adjuvants Business Development Office and intend to advance the development of a universal influenza vaccine while developing our adjuvant technology into a valuable platform in its own right. This also reflects the chemical synthesis expertise we have built over many years.

Our strengths lie not only in creating compounds but also in our ability to design them using advanced simulation technologies, together with the drug discovery and development expertise we have built in the CNS and oncology areas. In the oncology area, we have established a back-translation cycle in which patient data and disease understanding obtained from clinical development are returned to the research stage, and we are pursuing similar initiatives in the CNS area. In addition to further honing these strengths, we are actively pursuing research themes that build on existing assets and accumulated knowledge—such as developing next-generation assets that build on ORGOVYX® and our menin inhibitor programs—with the aim of generating new pipelines to underpin future growth.

To our stakeholders

Sumitomo Pharma has entered a new stage of renewed growth. What is required of the R&D division now is not simply to produce new drug candidates. Our goal is to drive the Value Creation Cycle through R&D, and deliver tangible value to patients, healthcare professionals, society, and our shareholders and investors.

R&D inherently involves uncertainty. That is precisely why we must continue to take on ambitious challenges. I remain committed to making science-based decisions and delivering new treatment options to patients, even with limited resources. By ensuring the success of enzomenib and nuvisertib and channeling those results into further R&D investment and the creation of a next-generation pipeline, we will accelerate our evolution into an organization that continuously drives the Value Creation Cycle as an R&D-driven pharmaceutical company. I believe that is the responsibility I must fulfill as the Executive Officer in Charge of R&D.

Business Overview

Research and Development

CNS (Psychiatry & Neurology) area

Strengths of the Sumitomo Pharma Group in the CNS area

The CNS is a priority area in which Sumitomo Pharma has built strong drug discovery capabilities and a solid business foundation over many years. We are pursuing highly competitive drug discovery research in this area based on our proprietary drug discovery technology platform, built through the incorporation of cutting-edge technologies. We focus on the neurological disorders area with high unmet medical needs—including neurodegenerative disorders like Parkinson’s disease and rare diseases, while pursuing continuous value creation.

In particular, by applying our strength in small molecule drug discovery technologies with CNS penetration to drug targets that are highly relevant to disease pathologies in humans, we aim to create innovative new drugs with the potential to deliver disease-modifying effects or curative treatments. We also use clinical data from existing products and development candidates in translational research, and leverage iPS cell models and animal disease models established through collaborations with academia, as well as neural-circuit biomarkers based on EEG and neuroimaging, to identify and select promising drug candidates.

In addition, during the early stages of clinical development, we utilize biomarkers to capture efficacy signals early from small patient populations, rapidly verifying the potential of the product candidate and promoting development step by step, thereby reducing development risks and improving the probability of success.

Latest pipeline status

In the CNS area, we are pursuing R&D in both small-molecule drugs and regenerative medicine/cell therapies. With respect to small-molecule drugs, we have several development candidates, including DSP-0378 for progressive myoclonic epilepsy and developmental epileptic encephalopathy, DSP-0551 for tremor in Parkinson’s disease, and DSP-0187 and DSP-0038 for neurodegenerative and psychiatric disorders. We aim to bring multiple products to market by the early 2030s.

In the field of regenerative medicine/cell therapy, we are developing raguneprocel/CT1-DAP001/DSP-1083 for Parkinson’s disease and DSP-3077 for retinitis pigmentosa as our core pipeline. In the case of raguneprocel, we have obtained conditional and time-limited approval in Japan under the product name AMCHEPRY®, and will henceforth

Development pipeline (as of July 31, 2026)

Areas	Generic name/ development code	Mechanism of action, etc.	Proposed indication	Development stage
CNS	DSP-0038	Serotonin 5-HT _{2A} receptor antagonist and serotonin 5-HT _{1A} receptor agonist	Alzheimer’s disease psychosis	Phase 1
	DSP-0187	Selective orexin-2 receptor agonist	Narcolepsy	Phase 1
	DSP-3456	Metabotropic glutamate receptor 2/3 negative allosteric modulator (mGluR2/3 NAM)	Treatment-resistant depression	Phase 1
	DSP-0378	Gamma-aminobutyric acid (GABA) _A receptor positive allosteric modulator	Progressive myoclonic epilepsy Developmental epileptic encephalopathy	Phase 1
	DSP-2342	Serotonin 5-HT _{2A} and 5-HT ₇ receptor antagonist	To be determined	Phase 1
	DSP-0551	Multi-ion channel modulator	Tremor associated with Parkinson’s disease	Phase 1
	CT1-DAP001/ DSP-1083 (Japan)	Allogeneic iPS cell-derived dopaminergic neural progenitor cells	Parkinson’s disease	Conditional and time-limited approval obtained (Mar. 2026) ⇒ Post-marketing clinical trial ongoing
	CT1-DAP001/ DSP-1083 (U.S.)	Allogeneic iPS cell-derived dopaminergic neural progenitor cells	Parkinson’s disease / investigator-initiated and company-sponsored clinical study	Phase 1/2
	HLCR011 (Japan)	Allogeneic iPS cell-derived retinal pigment epithelial cells	Retinal pigment epithelium tear	Phase 1/2
Oncology	DSP-3077 (U.S.)	Allogeneic iPS cell-derived retinal sheet	Retinitis pigmentosa	Phase 1/2
	Enzomenib	Selective menin inhibition	Acute leukemia	Phase 1/2
	Nuvisertib	PI3K1 kinase inhibition	Myelofibrosis	Phase 1/2
	SMP-3124	CHK1 inhibition	Solid tumors	Phase 1/2
Other	DSP-0390	EBP inhibition	Glioblastoma	Phase 1
	KSP-1007	β-lactamase inhibition	Complicated urinary tract infections and intra-abdominal infections, hospital-acquired bacterial pneumonia	Phase 1
	fH1/DSP-0546LP	Split, Adjuvanted vaccine	Influenza virus prophylaxis	Phase 1

steadily advance the post-marketing clinical trial (phase 4 study) aimed at obtaining full approval as our top priority. Meanwhile, in the U.S., we are advancing clinical development of this program with the aim of maximizing its global business value. We are also advancing the development of DSP-3077, which uses allogeneic iPS cell-derived retinal sheets, with the aim of providing a new treatment option for retinitis pigmentosa.

Oncology area

Strengths of the Sumitomo Pharma Group in the oncology areas

Oncology is an area in which Sumitomo Pharma’s accumulated drug discovery technologies and proprietary research platform are strengths. Through our R&D activities to date, we have created multiple differentiated development candidates. Leveraging these

Business Overview

Research and Development

accomplishments, we continue to focus on research and development in the oncology area, which has significant unmet medical needs.

In terms of drug discovery in the oncology area, we aim to create innovative new drugs by enhancing our competitiveness through expanding into a new range of modalities by leveraging our proprietary novel technologies, joint research with academia, and other initiatives. For several pipeline assets undergoing early clinical evaluation, we carefully assess data from short-term, small-scale trials to identify the optimal target cancer types and evaluate each asset’s value potential, thereby increasing the probability of success.

Latest pipeline status

Development is also progressing steadily in oncology toward the creation of innovative treatments. We have positioned enzomenib for acute leukemia and nuvisertib for myelofibrosis as our highest-priority development candidates, and are accelerating clinical development mainly in Japan, the U.S., Europe, and Asia with the aim of bringing them to market as quickly as possible. Both candidates have demonstrated promising efficacy and favorable safety profiles in early clinical stages, and we will seek to maximize their value by achieving upcoming key milestones.

We are also advancing the development of SMP-3124 for solid tumors. By leveraging our proprietary liposomal nanoparticle technology to optimize pharmacokinetics and promote selective accumulation in tumor tissue, we aim to enhance efficacy and reduce systemic toxicity.

Sumitomo Pharma is developing this liposomal nanoparticle technology, which combines our compound design capabilities with liposomal DDS technology, into a drug discovery platform, with a view to applying it across multiple drug discovery programs.



Other areas

Strengths of the Sumitomo Pharma Group in other areas

Aiming to contribute to global health and pandemic preparedness, we are engaged in the R&D of a universal influenza vaccine and therapeutic agents for infections caused by drug-resistant bacteria. Sumitomo Pharma possesses a proprietary TLR7 adjuvant (DSP-0546)* discovered through interferon research, and is advancing the development of a universal influenza vaccine and malaria vaccines using it. The adjuvant has received high international acclaim and positive attention, including being selected for the Coalition for Epidemic Preparedness Innovations (CEPI) Adjuvant Library. In July 2026, we established a new Vaccines and Adjuvants Business Development Office and are working to build a business foundation as an adjuvant solution provider through collaboration with vaccine development companies and provision of our technologies.

*TLR7 adjuvant (DSP-0546)

This compound specifically activates TLR7, a Toll-like receptor that detects viral RNA and triggers an innate immune response. It has an immunoenhancing effect that, when added to an antigen as an adjuvant, increases the magnitude, quality, and duration of the immune response.

Latest pipeline status

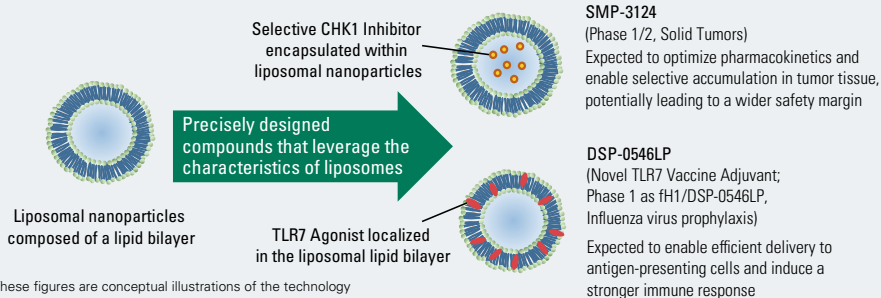
In the infectious diseases area, we are advancing the development of a universal influenza vaccine and malaria vaccines using our adjuvant technology, as well as KSP-1007, which was discovered through collaborative research with the Kitasato Institute. These developments are being carried out in cooperation with external organizations in Japan and abroad.

fH1/DSP-0546LP universal influenza vaccine

fH1/DSP-0546LP is an influenza vaccine designed to be effective against a broad range of strains of the continually mutating influenza virus. Unlike conventional seasonal vaccines, which require the selection of vaccine strains each year, this vaccine focuses on antigenic regions common to a wide range of influenza viruses, allowing it to induce immunity against different viral subtypes. Currently, preparations are underway to conduct a controlled human infection study (CHIS) in Europe.

Expanding the applications of liposomal nanoparticle technology

- Proprietary drug discovery platform integrating compound design capabilities and liposomal DDS technology
- Creation of molecules optimized to maximize DDS functionality based on therapeutic area needs
- Drug delivery platform applicable across multiple discovery programs



Business Overview

Message from the Head of U.S. Business

Driving the Value Creation Cycle through Our U.S. Business to Support the Group's Sustainable Growth

The mission of our U.S. business: A core driver of value creation

In the pharmaceutical business, the U.S. is the world's largest market. While competition is extremely intense, success in the U.S. market is critical to delivering pharmaceuticals to more patients and maximizing their value. We view the U.S. market not merely as a source of sales revenue, but as a strategic market that serves as a cornerstone of the Sumitomo Pharma Group's growth and value creation.

While our U.S. business is often recognized for its contribution to earnings generation, its value extends far beyond financial performance. The market insights, customer understanding, and competitive expertise accumulated in the U.S. market are leveraged to advance our next-generation R&D pipeline and inform future business strategies. I believe these insights and capabilities cultivated through our U.S. operations represent valuable assets that enhance the overall competitiveness of the Sumitomo Pharma Group.

To date, we have executed a series of transformative reforms across our U.S. business. In July 2023, we integrated our seven U.S. subsidiaries into a single organization and established a new management structure. We also undertook significant organizational restructuring and workforce optimization in response to changes in the business environment. Although we started from a challenging position, these initiatives have substantially improved operational efficiency and profitability, transforming our U.S. business into a key driver of value creation for the Group and enabling us to achieve the goals of *Reboot 2027* ahead of schedule.

The U.S. business will continue to play a pivotal role in *Boost 2028*, our growth strategy succeeding *Reboot 2027*. Considering the current earnings structure of the Sumitomo Pharma Group, the continued growth of our U.S. business is a critical driver of the Group's overall growth and value creation. I fully recognize the significance of this responsibility and am firmly committed to achieving renewed growth for the Sumitomo Pharma Group through the sustained success of our U.S. business.



Tsutomu Nakagawa

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

Using data to maximize the value of our core products

A key priority for the successful execution of *Boost 2028* is sustaining the growth momentum of our core products in the U.S., ORGOVYX® and GEMTESA®. Since being launched in the U.S. in 2021, both products have consistently expanded their market penetration while achieving robust growth. I believe there is still significant room for further market growth, and we are pursuing a range of initiatives to further maximize the value of both products.

ORGOVYX® has already established a strong position in the urology community. At the same time, we see further growth opportunities in facilities such as academic medical centers and specialized oncology institutions that treat patients with more advanced prostate cancer. To achieve this, we are expanding market penetration by providing appropriate information on product characteristics and clinical data to healthcare professionals, including physicians and pharmacists. In parallel, we are working to enhance awareness of reimbursement pathways and improve patient access, thereby supporting broader adoption of ORGOVYX®.

As for GEMTESA®, expanded insurance coverage has created opportunities to reach a broader patient population. However, given the long-established presence of competing therapies in the market, increasing awareness of GEMTESA® and its differentiated value proposition will be critical to driving further growth. To that end, we are implementing DTC (direct-to-consumer) initiatives that highlight the product's key advantages that differentiate GEMTESA® from established competing therapies, such as its suitability for patients with hypertension and its low potential for drug-drug interactions. Through these initiatives, we aim to further expand patient access and sustain the continued growth of GEMTESA®.

A distinguishing feature of our strategy is its data-driven approach. Rather than relying solely on experience or intuition, we rigorously evaluate the ROI (return on investment) of each initiative, continuously monitor leading indicators such as market awareness, and make prompt adjustments as needed. We are also actively leveraging artificial intelligence (AI) to enhance the efficiency of our sales activities and business

Business Overview

Message from the Head of U.S. Business

operations. Through this disciplined approach, we allocate our limited management resources to the initiatives that deliver the greatest impact. We believe this will drive the sustainable growth of our U.S. business and, in turn, contribute to the long-term growth of the Sumitomo Pharma Group as a whole.

Generating the investment capacity to develop the next-generation pipeline

To steadily advance our next-generation pipeline, it is essential to generate stable earnings and create investment capacity for the future.

I believe it is critical not to view short-term earnings and longer-term growth as competing priorities. Sustained growth requires continued investment in R&D, and such investment must be underpinned by a stable earnings base. Conversely, an excessive focus on short-term profitability at the expense of R&D investment could compromise future growth opportunities. For this reason, we manage earnings generation and growth investment as mutually reinforcing elements of a sustainable growth cycle. Importantly, the profits generated by our U.S. business do not remain within the U.S. market. They are reinvested across the Group to strengthen R&D capabilities and advance our next-generation pipeline, thereby contributing to the Sumitomo Pharma Group’s value creation.

Two oncology assets in our next-generation pipeline have now reached important stages of development. In developing these new drug candidates, obtaining regulatory approval is not the ultimate goal. What matters is how quickly we can achieve market penetration following launch and deliver these therapies to patients who need them. In the U.S. in particular, commercial success depends not only on the intrinsic value of a medicine but also on how quickly favorable reimbursement and market access can be secured.

For this reason, we have established dedicated teams that collaborate from the development stage onward to build a strong business foundation with a view to the successful commercialization of our next-generation pipeline assets.

We reinvest the profits generated by our U.S. business into R&D and deliver the resulting innovations back to global markets, including the U.S. Those outcomes, in turn, generate new profits that support the next phase of growth investment. This continuous cycle is our Value Creation Cycle. I regard the U.S. business as a key engine that supports and sustains this Value Creation Cycle.

Building organizational capabilities that allow us to continually adapt to change

The operating environment in the U.S. market is undergoing significant change. Uncertainty has increased due to factors such as growing pressure to contain drug prices and evolving policy developments. To anticipate changes in the business environment and formulate and execute effective responses, we rejoined the industry association PhRMA (Pharmaceutical Research and Manufacturers of America) in 2025 and established a framework to identify emerging policy trends at an early stage. We have also formed a cross-functional team

tasked with developing response measures based on multiple potential scenarios. What is important is not to fear change itself, but to build an organization that can respond with agility and speed on the assumption that change is inevitable.

My U.S. management team comprises individuals with diverse backgrounds and experiences. When aligned around common purpose and shared decision-making principles, this diversity becomes a significant source of strength. I place particular emphasis on ensuring that people understand not only what we do, but why we do it.

In the U.S. market, where the competitive landscape, regulatory environment, and customer needs are constantly evolving, it is essential not to centralize all decision-making at the top. Rather, we seek to foster an organization in which individuals, drawing on their diverse expertise and perspectives, can make proactive decisions guided by a shared sense of purpose. I believe that an organization capable of integrating diverse perspectives with swift decision-making is well positioned to maintain its competitiveness in a rapidly changing market.

Looking back, since the merger of our U.S. subsidiaries in 2023, we have faced many challenging decisions, including workforce optimization and business reforms. What we gained through these efforts were not merely cost savings. The greatest achievement was our evolution into an organization in which people with different cultural backgrounds and values make decisions based on a shared purpose and continue to move forward even under challenging circumstances. The experience of overcoming these challenges has, in turn, become the foundation of the strong sense of unity and execution capabilities that characterize our team today.

I believe that, going forward, the most important factor for our U.S. business will be the organizational capabilities needed to continue adapting to change. Even as markets and regulations evolve, we accurately assess the situation, make sound decisions, and put them into action. It is these continuous efforts that will ultimately lead to sustainable business growth and the enhancement of corporate value.

To our stakeholders

The U.S. business plays a vital role in driving the growth of the Sumitomo Pharma Group while supporting its Value Creation Cycle through reinvestment in the next-generation pipeline. As the Head of U.S. Business, I will continue to lead these efforts and deliver results steadily, even in a rapidly evolving business environment.

In addition, by strengthening collaboration with Group companies in Japan and the U.S., I will ensure that the value created by the U.S. business contributes to the growth of the Group as a whole. By achieving both short-term results and long-term growth, we will contribute to the sustainable enhancement of corporate value. Continuously demonstrating these outcomes through tangible results is my mission. By fulfilling this mission, I will contribute to the sustainable growth of the Sumitomo Pharma Group.

Business Overview

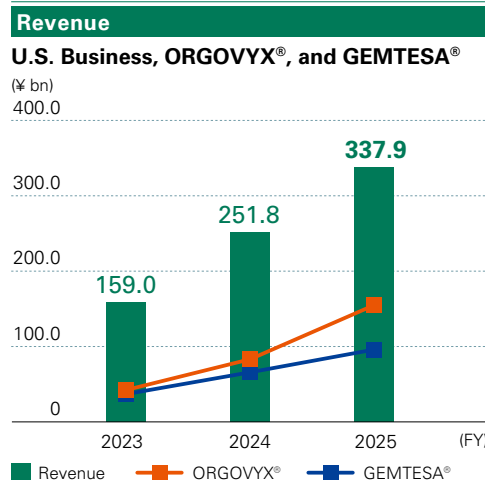
Regional Overview

U.S. Business

Revenue from APTIOM®, the anti-epileptic drug, declined due to increased competition. Nevertheless, overall revenue from the U.S. business increased, driven by sales growth of ORGOVYX® (for advanced prostate cancer) and GEMTESA® (for overactive bladder), as well as the recognition of a sales milestone payment for ORGOVYX®.

In FY2025, we focused on expanding sales of ORGOVYX® and GEMTESA® by communicating their differentiated product profiles relative to competing drugs to healthcare

Results for FY2025



TOPIC

Establishment of CPC (Cell Processing Center) in the U.S.

In the regenerative medicine/cell therapy business, we are establishing a Cell Processing Center (CPC) in the U.S. In addition to strengthening the stable supply system for RETHYMIC®, a regenerative medicine/cell therapy product for pediatric congenital athymia, the CPC will expand our manufacturing capacity and strengthen our supply system by establishing advanced manufacturing and quality control functions required for the in-house production of regenerative medicine/cell therapy products. This will contribute to improving access to treatment for patients with rare diseases while building a business foundation that supports the sustainable growth of our regenerative medicine/cell therapy business.

professionals and patients, while optimizing our commercial organization.

With U.S. sales revenue from ORGOVYX® and GEMTESA® contributing significantly to the Group's business growth, in August 2025, Sumitomo Pharma acquired substantially all assets, including patent rights for those two drugs as well as the uterine fibroid and endometriosis treatment drug MYFEMBREE® from our wholly owned subsidiaries Sumitomo Pharma Switzerland GmbH and Urovant Sciences GmbH. Through this acquisition, we have established a structure that enables Sumitomo Pharma to be directly involved in the business operations of ORGOVYX® and GEMTESA®.

Status of key products in FY2026

As a growth driver supporting renewed growth following the decline in LATUDA® sales in the U.S., we are working to expand sales of ORGOVYX® and GEMTESA® and to maximize their value.

ORGOVYX®



ORGOVYX® (for advanced prostate cancer) is an orally administered GnRH* receptor antagonist taken once daily that suppresses the production of testosterone in the testes, which is involved in the development of prostate cancer.

In FY2026, we will deploy strategic sales activities tailored to the growth potential of each specialty. While continuing to expand prescriptions in our core urology and radiology segments, we will accelerate penetration into the oncology market, where significant growth potential exists. Through a range of measures such as academic society activities, inter-physician collaboration (Dr. to Dr.), and DTC advertising, we aim to increase awareness and understanding. We will also work to improve patient access in response to changes in the Medicare coverage, with the aim of achieving sustained market share growth.

GEMTESA®



GEMTESA® is a once-daily oral treatment for overactive bladder (OAB) that is effective against all three key symptoms: urge urinary incontinence, urinary urgency, and urinary frequency. As its prescribing information does not include a warning regarding increases in blood pressure, it is expected to offer a treatment option for patients with hypertension and older patients.

In FY2026, we will continue to work on expanding market share by focusing on differentiation in clinical efficacy and safety. In response to the latest insurance coverage situation in Medicare, we will promote disease awareness and understanding of treatment significance through online education for healthcare professionals and information dissemination for patients. We will also strengthen promotional efforts targeting patient groups including those with concomitant hypertension and men with concomitant benign prostatic hyperplasia, aiming to expand prescribing and further increase market penetration.

*Gonadotropin-releasing hormone

Business Overview

Regional Overview

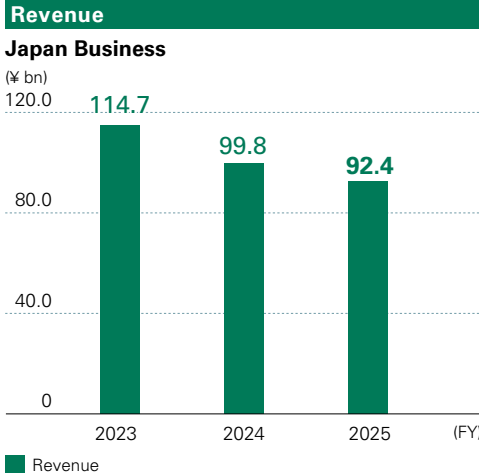


In the Japan business, TWYMEEG®, a treatment for type 2 diabetes, continued to grow, while the rollout of the atypical antipsychotic LATUDA® and the long-acting antipsychotics XEPLION® and XEPLION TRI® progressed. Revenue declined, however, due to the impact of the generic entry for the type 2 diabetes treatments Equa® and EquMet®. In addition to maximizing the value of our core products, primarily in the CNS (psychiatric and neurological) and metabolic disease areas, we are working to strengthen our medium- to long-term revenue base by actively utilizing sales partnerships with other companies.

Status of key products in FY2026

In the Japan business, we are working to maximize the value of each product, focusing on LATUDA® and XEPLION®/XEPLION TRI® in the CNS area, and TWYMEEG® and Ozempic®/Wegovy® in the metabolic disease area, including diabetes and obesity.

Results for FY2025



Strengthening the revenue base through sales partnerships

In addition to maximizing the value of products developed in-house, we are also working to strengthen our revenue base through sales partnerships with external partners. For XEPLION®/XEPLION TRI®, Ozempic®, and Wegovy®, we will make full use of our established sales platform and contribute to “patient-centered care” by providing information that supports the selection of treatment options tailored to the needs of individual patients.

LATUDA®



The atypical antipsychotic LATUDA® is one of the core products in the CNS area in Japan. It has established a solid position in the treatment of schizophrenia and bipolar disorder, and progress was also made in initiatives aimed at obtaining an additional pediatric indication in FY2025. We will continue to maximize its value through the promotion of appropriate use and information provision activities.

XEPLION®/ XEPLION TRI®



Starting in February 2025, we began a joint promotion with Janssen Pharmaceutical, and in 2026 we transitioned to an in-house distribution system. As treatment options, the long-acting injectables XEPLION® and XEPLION TRI® are expected to contribute to improving patients’ medication adherence. Going forward, we will work to strengthen our presence in the CNS area through our in-house sales organization and pursue further growth.

TWYMEEG®



With its novel mechanism of action, TWYMEEG® has steadily increased its market penetration in the treatment of type 2 diabetes. While strengthening our presence in diabetes care in Japan, we aim to further maximize its value through the appropriate provision of information to healthcare professionals.

Ozempic®/ Wegovy®



We started a joint promotion with Novo Nordisk Pharma for Ozempic® in July 2025 and for Wegovy® in November of the same year. Ozempic® is used as a treatment for type 2 diabetes, and Wegovy® is used as a treatment for obesity. In June 2026, Wegovy® was approved for an additional indication for MASH (metabolic dysfunction-associated steatohepatitis). Leveraging our long-established commercial presence and expertise in the diabetes field, we are providing healthcare professionals with information on Ozempic® and Wegovy®.

AMCHEPRY®



In the regenerative medicine/cell therapy business, we obtained manufacturing and marketing authorization (conditional and time-limited) in Japan in March 2026 for the allogeneic iPS cell-derived dopaminergic neural progenitor cell product AMCHEPRY®, which is the world’s first iPS cell-derived regenerative medicine.

Chapter 5

Governance

Message from an Outside Director	38
Corporate Governance	40
Risk Management	49
Compliance	51
Board Members and Executive Officers	52

Message from an Outside Director



Becoming a company that can deliver results —
Reflections on Sumitomo Pharma’s transformation from my perspective as an outside director

Using a “Shared Map” to Identify Key Issues and Balance Challenge with Discipline

Koji Fujimoto
Member, Board of Directors (Outside)

The role of an outside director is to have a “shared map” with management and support their challenges

I do not consider the role of an outside director to be merely a supervisory function. Of course, supervision, advice, and risk checks are important responsibilities. However, at Sumitomo Pharma, which has undertaken structural reforms and is now pursuing renewed growth, that alone is not enough. I believe that supporting management’s decision-making and enhancing the quality of those decisions as it takes on new challenges is an equally important role.

What I always keep in mind is to have a *shared map* with management. What I call the *map* is not just understanding the business environment and business performance. I believe that the starting point of governance is for both management and outside directors to share a common understanding of what is happening within the Company and what it aims to achieve. Only when that understanding is shared can

an outside director’s advice and questions become truly effective. While outside directors cannot have the same level of detail in situational awareness of day-to-day operations as management, their distance from the frontline allows them to see the bigger picture. That is precisely why I believe it is important to understand management’s perspective before raising questions from a different angle.

If management embraces necessary risks and challenges under sound corporate governance, I will actively support such efforts and encourage their execution as an outside director. In a growth phase, steering clear of risk is not the objective. It is important to identify risks that must be taken and have the courage to pursue new challenges. On the other hand, we must rigorously question whether the Company is confronting its issues directly and whether it has thoroughly assessed their feasibility. I believe that maintaining this balance is the role required of Sumitomo Pharma’s Board of Directors.

The crux of the Board’s discussions on the formulation of “Boost 2028” was feasibility

The lesson learned through the implementation of *Reboot 2027* was that executing an excellent strategy to the very end is more important than simply drafting it. Sumitomo Pharma has long possessed strong technologies, talented people, and promising R&D programs. However, the Company has also experienced cases where its efforts did not necessarily lead to expected results. I believe this owes not only to problems with the strategy itself but also to the Company’s failure to fully execute it as an organization and its inability to take adequate measures despite the known issues.

That is precisely why we emphasized more than just earnings improvement in *Reboot 2027*. We sought to take a hard look at *why things did not go well* and share those reflections as an organization.

Message from an Outside Director

We make sure that the experiences gained from difficult situations do not become short-lived but are embedded in the Company’s decision-making, ways of working, and organizational principles. In other words, I believe that the very essence of restructuring was about embedding past lessons into the new organization and culture. Based on these experiences, the Company formulated *Boost 2028* to drive the next stage of growth.

Currently, Sumitomo Pharma has several important growth drivers, including the oncology area, the regenerative medicine/cell therapy business derived from iPS cells, and the psychiatry & neurology (CNS) area. Furthermore, the Company conducted a public offering of shares and strengthened its financial foundation to support growth investments. All of these are important decisions that will determine the Company’s future corporate value.

However, the discussions at the meetings of the Board of Directors were not limited to *whether the strategy was attractive or how much growth potential there was*. Rather, the question we faced was *whether the Company could truly translate that strategy into tangible results*.

Symbolic of this was the discussion regarding the public offering. Despite the resulting share dilution, it was imperative for the Company to secure a sufficiently strong financial foundation to undertake future growth investments. At the meetings of the Board, we carefully discussed accountability to the capital markets, the impact on existing shareholders, and the potential returns on investment, among other matters. The question raised was not *whether the Company could raise funds* but *whether it could translate the funds raised into future value creation*.

The Board also thoroughly examined each measure called for in *Boost 2028*, focusing on where failures could occur, whether the structure allowed for a mindset of shifting responsibility to others, and whether a turnaround was possible if unexpected situations arose. For Sumitomo Pharma as an R&D-driven pharmaceutical company, it is crucial that it evolves into a company that can execute research and development to the very end. In my view, the Company’s future competitiveness will depend not only on its belief in future potential, but also on its perseverance and ability to turn that potential into outcomes that benefit society.

Boost 2028 is not only a new growth strategy but also the starting point for embedding the lessons learned from *Reboot 2027* in the form of corporate culture. In that sense, the Board placed the greatest emphasis on the strategy’s feasibility.

Governance for the growth phase —— Balancing challenge with discipline

During the crisis response phase, the direction to take was relatively clear. That was because it was a phase that required making the right decisions among limited options and executing them swiftly.

However, the situation is completely different in the growth phase. While there are more options and investment opportunities, the role of the Board in deciding which growth to pursue and which risks to take becomes even more important. I view Sumitomo Pharma’s transition to a company with an Audit and Supervisory Committee within that context. The change in governance structure is not an end in itself. Rather, it provides a foundation that balances swift decision-making with enhanced supervisory functions in order to

engage in more substantive and strategic discussions.

Furthermore, what I consider most important as an outside director in the Company’s current corporate governance system is *preventing complacency from creeping in*. Now that the restructuring is starting to bear fruit, it is important not to become complacent with past successes but to continue questioning *what did not go well* and *where new risks exist*. Precisely because the Company has experienced a crisis, I believe it must retain the lessons learned from that experience and always make decisions with continued vigilance.

I will continue to exercise independent judgement rather than simply going with the prevailing view, and to question whether management is truly prepared to take risks and pursue challenges and whether they are adequately assessing feasibility. At the same time, I intend to give my firm support to initiatives that are worth pursuing.

To that end, I want to continue being mindful of having a *shared map* with management. This means confronting the same reality, understanding the destination, and persistently questioning whether the path forward is genuinely achievable. I believe that is my responsibility as an outside director.

Sumitomo Pharma is now endeavoring to transform from a company undergoing restructuring into one that generates growth. What will determine success or failure is not only drawing up strategies but becoming an organization that executes those strategies to the very end and can continue creating value. As an outside director, I intend to maintain rigorous oversight of this transformation while firmly supporting the Company.

Corporate Governance

Sumitomo Pharma is committed to continuously enhancing its corporate governance system to support 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. 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. Under this structure, we are working to further strengthen the supervisory function of the Board of Directors and to build a more effective governance system. We are also improving the quality and transparency of decision-making by strengthening group governance, developing successors, and enriching discussions on the topics of medium- to long-term strategies, human capital, and R&D investments. Going forward, we will continue to position governance as a management foundation that supports sustainable value creation, thereby enhancing corporate value.

Corporate governance system

The Company has adopted the structure of 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 whose roles and responsibilities include auditing the execution of duties by Directors, and further enhancing corporate governance. The Company also aims to further increase its corporate value by enabling more timely decision-making under the appropriate supervision of the Board of Directors and enriching strategic discussions for the medium to long term at the meetings of the Board of Directors.

The Board of Directors and its membership

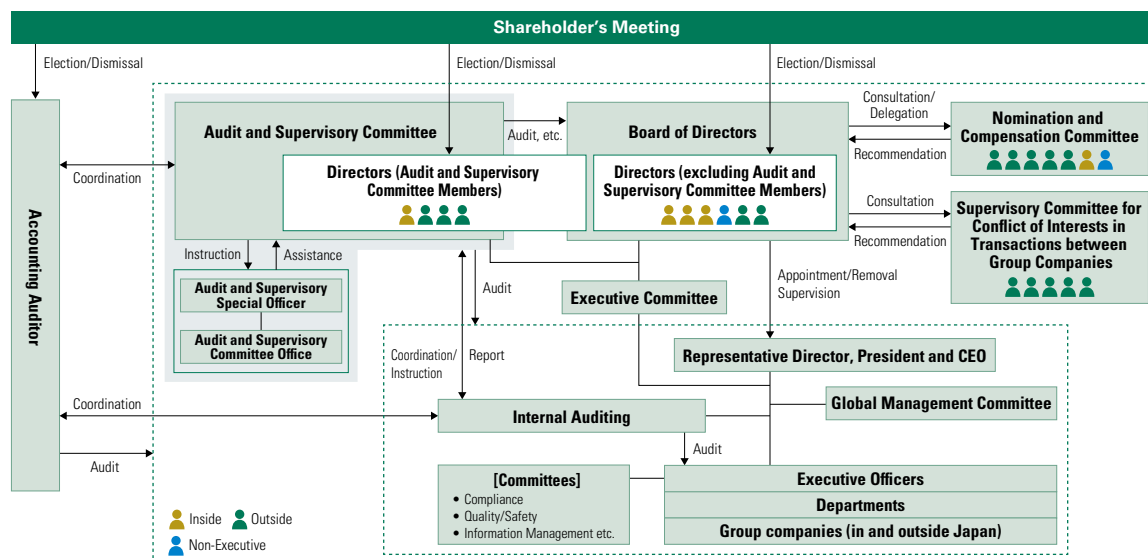
The Board of Directors shall have an appropriate number of Directors to ensure that the Board of Directors performs its functions effectively and efficiently. One third (1/3) or more of the Directors shall be Independent Outside Directors. In addition, One (1) or more of the Independent Outside Directors shall be persons who have experience in management at other companies. As of July 1, 2026, the Board of Directors consists of ten members (including one female Director),

including five Independent Outside Directors (the chairperson: Representative Director, 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.

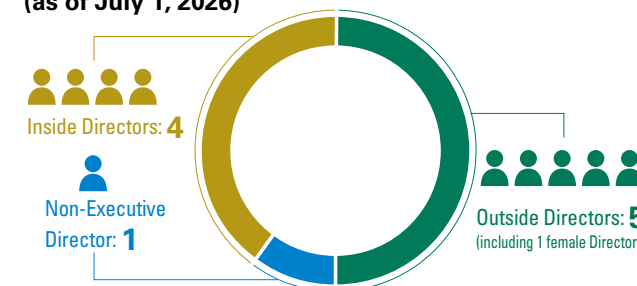
The Directors shall prepare well for meetings of the Board of Directors by proactively collecting the information necessary for promoting discussions at the meetings. The Directors shall also actively contribute to swift and decisive decision-making for achieving the Company's sustainable growth and the enhancement of the corporate value over the medium 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 collaboration 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

Framework of the corporate governance system



Composition of the Board of Directors (as of July 1, 2026)



Corporate Governance

department in charge of internal audit, as necessary.

From an 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.

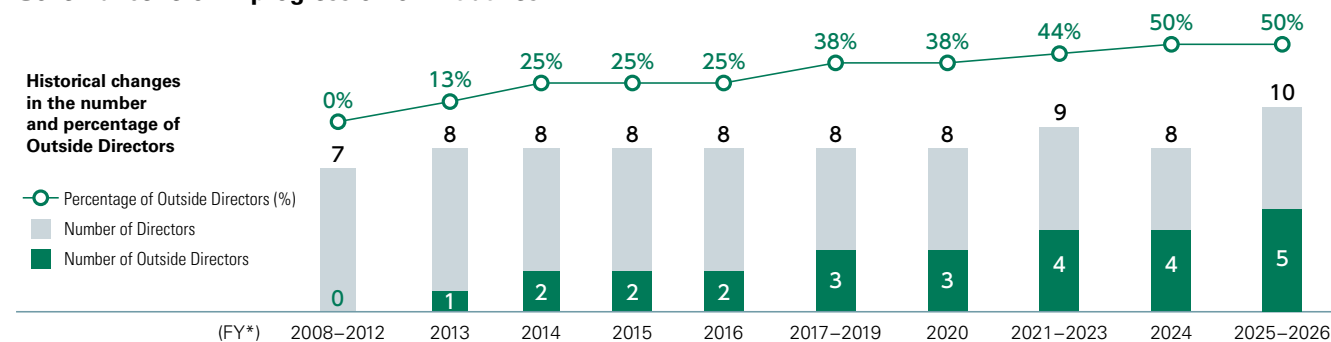
Audit and Supervisory Committee, and Audit and Supervisory Committee Members

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 Members shall be persons who have considerable expertise in finance and accounting. As of July 1, 2026, 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, to discuss and resolve material matters relating to auditing, and also reviews in advance matters to be submitted to the Board of Directors for discussion.

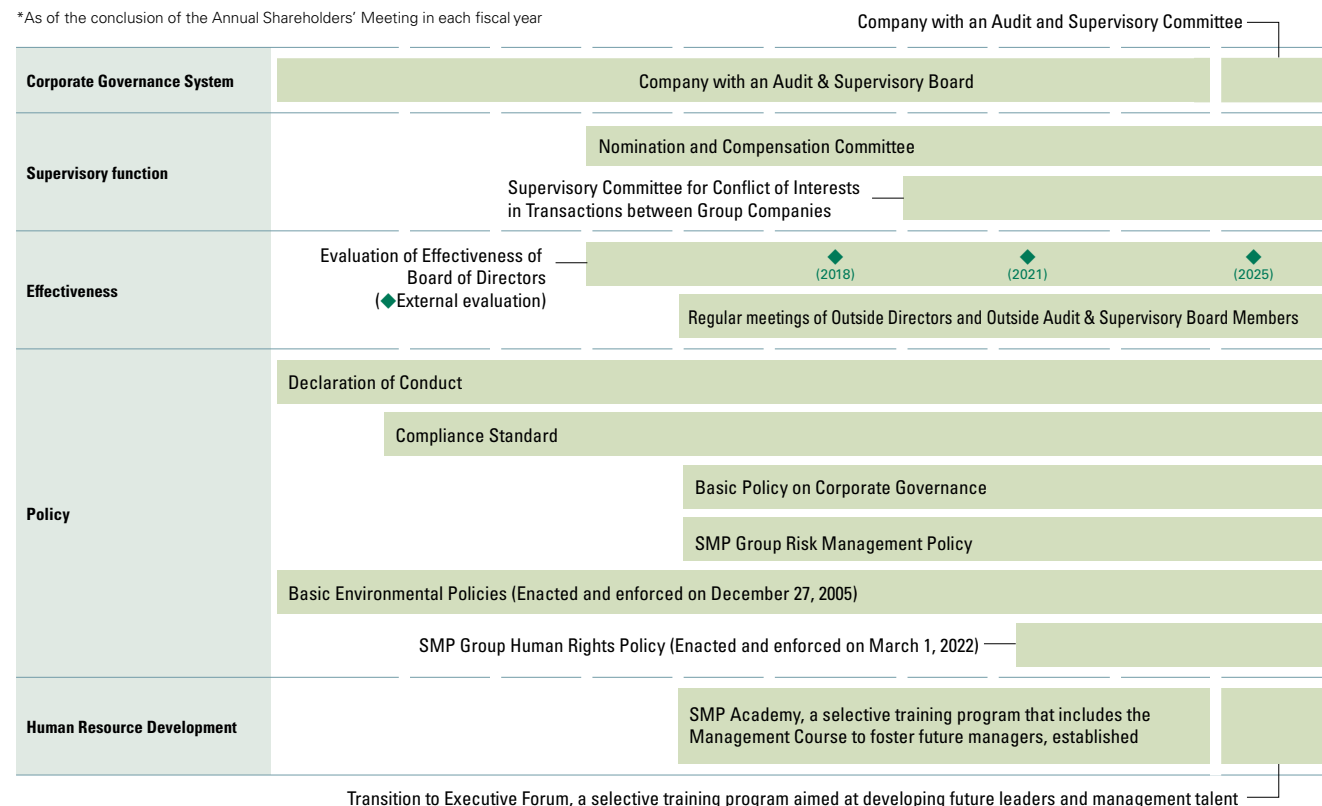
The Audit and Supervisory Committee receives reports on auditing plans and auditing results from the Internal Auditing Department, and as necessary, requests an investigation or gives specific instructions to the Internal Auditing Department. To assist the duties of the Audit and Supervisory Committee, the Company has assigned one Audit and Supervisory Special Officer, who acts under the direction and orders of the Audit and Supervisory Committee independently from the officers and employees who execute operations. The Company has also established an Audit and Supervisory Committee Office to assist with the duties of the Audit and Supervisory Committee and to serve as its secretariat. The Office is staffed by one dedicated full-time employee who is not subject to the directions and orders of officers and employees who execute operations.

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

Governance reform: progression of initiatives



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



Corporate Governance

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 at 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. The Audit and Supervisory Committee Members shall also appropriately coordinate with the Outside Directors, including sharing information with the Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and endeavor to share necessary information with them to enhance their information-gathering capabilities.

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

The Company has established the Internal Auditing Department (8 members as of July 1, 2026), 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 reporting 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

Composition of the Nomination and Compensation Committee

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

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, 2026, the Nomination and Compensation Committee consists of seven members, the majority (five members) of whom are Independent Outside Directors from the viewpoint of emphasizing independence, and the chairperson is appointed from among 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, the appointment of a successor to the President and CEO, and the 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.

Supervisory Committee for Conflict of Interests in Transactions between Group Companies

The Company has established 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 interests of minority shareholders of the Company.

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 and Supervisory Committee Member) Mayumi Mochizuki (Outside Director, Audit and Supervisory Committee Member) Daishiro Michimori (Outside Director, Audit and Supervisory Committee Member)

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, 2026, 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.

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 established the Nomination and Compensation Committee as a consultative body to the Board of Directors, or a decision-making body for matters delegated to it by the Board of Directors, in order to enhance 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

Corporate Governance

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.

1) System of remuneration and the like

Remuneration for the Directors (excluding Outside Directors and Non-Executive Directors) consists of base remuneration, performance-linked remuneration (bonuses) and long-term incentives (remuneration by acquisition of the Company's shares), and this system is established to serve as an incentive for achieving sustainable growth and enhancing the corporate value of the Group. The long-term incentives (remuneration by acquisition of the Company's shares) are 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, performance-linked remuneration (bonuses) and the long-term incentives (remuneration by acquisition of the Company's shares) according to each position, such as Representative Director. The ratios of the base amount of the base remuneration, the performance-linked remuneration (bonuses) and the long-term incentives (remuneration by acquisition of the Company's shares) of the Directors (excluding Outside Directors and Non-Executive Directors) are set to be approximately 60% for the base remuneration and 30% for the performance-linked remuneration (bonuses) and 10% for the long-term incentives (remuneration by acquisition of the Company's shares), with

respect to the total amount of the remuneration. The total amount of the remuneration and the like shall be not more than ¥500 million 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 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.

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 to be determined based on the system of remuneration for Directors by the Nomination and Compensation Committee, to which the Board of Directors delegates the decision-making thereof.

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 as approved at the 205th Annual Shareholders' Meeting held on June 26, 2025.

Amount of executive remuneration (FY2025)

The remuneration and the like for FY2025 has been calculated as follows in accordance with the system of remuneration for Directors. 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 (Millions of yen)	Amount of Remuneration and the like (Millions of yen)		Number of Officers Concerned
		Base remuneration	Performance-linked remuneration (bonuses)	
Directors (excluding Directors who are Audit and Supervisory Committee Members) (Outside Directors out of the above)	171 (33)	171 (33)	–	8 (4)
Directors who are Audit and Supervisory Committee Members (Outside Directors out of the above)	53 (34)	53 (34)		4 (3)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members out of the above)	21 (9)	21 (9)		5 (3)

- *1 The amount paid for Audit & Supervisory Board Members is for the period before the Company's transition to a company with the Audit and Supervisory Committee, and the amount paid for Directors who are Audit and Supervisory Committee Members is for the period after the transition.
- *2 The amount of remuneration and the like for Directors (excluding Directors who are Audit and Supervisory Committee Members) that was determined by resolution at the 205th Annual Shareholders' Meeting held on June 26, 2025, does not exceed ¥500 million annually, and the number of Directors concerned under this resolution was six (6).
- *3 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 annually, and the number of Audit & Supervisory Board Members concerned under this resolution was four (4).
- *4 The amount of remuneration and the like for Directors who are Audit and Supervisory Committee Members that was determined by resolution at the 205th Annual Shareholders' Meeting held on June 26, 2025, does not exceed ¥100 million annually, and the number of Directors concerned under this resolution was four (4).
- *5 The Directors (excluding Directors who are Audit and Supervisory Committee Members) include two (2) Outside Directors who retired upon the conclusion of the 205th Annual Shareholders' Meeting held on June 26, 2025.
- *6 As for base remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), in light of a challenging business situation, a reduction was made from April 2025 to June 2025, by 30% for the Representative Director, President and CEO, and by 20% for other Directors. From July 2025 to March 2026, a reduction was made by 10% for the Representative Director, President and CEO. From April 2026 to June 2026, a reduction was made by 10% for the Representative Director, President and CEO.

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 that 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 (FY2025)

Category	Name	Principal activities	Attendance/Held (Attendance rate)		
			Board of Directors meetings	Nomination and Compensation Committee	Supervisory Committee for Conflict of Interests in Transactions between Group Companies
Outside Directors	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 eight (8) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all two (2) 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%)	8/8 (100%)	2/2 (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 eight (8) meetings held by the Nomination and Compensation Committee during the fiscal year under review, and made statements at those meetings from an independent and objective standpoint. He also attended all two (2) 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%)	8/8 (100%)	2/2 (100%)
Outside Directors Audit and Supervisory Committee Members	Yoshio Iteya	He attended nineteen (19) meetings out of the twenty-one (21) meetings held by the Board of Directors, all three (3) meetings held by the Audit & Supervisory Board and all ten (10) meetings held by the Audit and Supervisory Committee during the fiscal year under review. He made statements at those meetings, primarily from the professional standpoint of an attorney. He attended three (3) meetings out of the six (6) meetings held by the Nomination and Compensation Committee, which were held after he assumed the office of Audit and Supervisory Committee Member, and made statements at those meetings from an independent and objective standpoint. He also attended all two (2) 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.	19/21 (90%)	3/6 (50%)	2/2 (100%)
	Mayumi Mochizuki	She attended twenty (20) meetings out of the twenty-one (21) meetings held by the Board of Directors, all three (3) meetings held by the Audit & Supervisory Board and all ten (10) meetings held by the Audit and Supervisory Committee during the fiscal year under review. She made statements at those meetings, primarily from the professional standpoint of a pharmacologist. She attended all six (6) meetings held by the Nomination and Compensation Committee, which were held after she assumed the office of Audit and Supervisory Committee Member, and made statements at those meetings from an independent and objective standpoint. She also attended all two (2) 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.	20/21 (95%)	6/6 (100%)	2/2 (100%)
	Daishiro Michimori	He attended all twenty-one (21) meetings held by the Board of Directors, all three (3) meetings held by the Audit & Supervisory Board, and all ten (10) meetings held by the Audit and Supervisory Committee 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. He attended all six (6) meetings held by the Nomination and Compensation Committee, which were held after he assumed the office of Audit and Supervisory Committee Member, and made statements at those meetings from an independent and objective standpoint. He also attended all two (2) 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%)	6/6 (100%)	2/2 (100%)

*1 The attendance records of Mr. Yoshio Iteya, Ms. Mayumi Mochizuki, and Mr. Daishiro Michimori at Board meetings are calculated by combining their attendance records as Audit & Supervisory Board Members before the transition to a company with an Audit and Supervisory Committee on June 26, 2025, and their attendance records as Directors and Audit and Supervisory Committee Members after the transition.

*2 The attendance records of Mr. Yoshio Iteya, Ms. Mayumi Mochizuki, and Mr. Daishiro Michimori at the Nomination and Compensation Committee meetings are limited to those held during the current fiscal year after their appointment on June 26, 2025.

Evaluation of the effectiveness of the Board of Directors

The Company has evaluated the effectiveness of the Board of Directors annually since FY2015. In FY2025, the Company utilized external evaluation for the third time following FY2018 and FY2021.

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 identifying issues and improvement activities; and thereby continuously enhancing the functions of the Board of Directors.

Evaluation process for FY2025

- February-March 2026: Questionnaire survey of all Directors
- April 2026: Discussion based on the results of the analysis of the questionnaire
- May 2026: Discussion based on questionnaire analysis results and reports of review results from external evaluators, and identification of major agendas to be addressed in FY2026

The external evaluators conducted an analysis and review of the effectiveness of the Board of Directors for FY2025, including the status of efforts toward major agendas, based on the following information and activities, and reported the results at the Board of Directors meeting in May.

- Review of Board meeting minutes and other Board-related documents
- Discussion among Outside Directors regarding revisions to the questions on the Board of Directors’ effectiveness evaluation questionnaire
- Analysis of questionnaire results
- Attendance at the discussion regarding the effectiveness evaluation at the Board of Directors meeting in April 2026

Corporate Governance

2) Topics to be evaluated

The questionnaire (anonymous) is conducted to seek answers of quantitative evaluation on four scales for each topic and also opinions freely entered in comment boxes. In the evaluation of the effectiveness in FY2025, it was decided to conduct a major review on topics of inquiry by taking advantage of the opportunity of the transition to a company with the Audit and Supervisory Committee. Based on the opinions of Outside Directors for a proposed review, topics of inquiry were changed. The major topics of the questionnaire for FY2025 were described below:

- 1) Efforts made for the major agendas
- 2) Exercise of supervisory functions
- 3) Enhancement of supervision through the transition to a company with the Audit and Supervisory Committee
- 4) Appropriate supervision of related party transactions
- 5) Appropriate supervision in light of the functions exercised by the Nomination and Compensation Committee
- 6) Composition of the Board of Directors
- 7) Status of the operations of the Board of Directors and support for the operation
- 8) Roles and responsibilities of Independent Outside Directors
- 9) Relationship with stakeholders
- 10) Other (training, the method of implementation of evaluation of the effectiveness of the Board of Directors and the content thereof, etc.)

3) Results of evaluation

Based on the report of the quantitative analysis of answers to the questionnaire (including the comparative analysis between answers from Internal Directors and Outside Directors) and all the opinions entered in the comment boxes, opinions were exchanged at the meetings of the Board of Directors in April and May 2026. These discussions also took into account the evaluation reports by the external evaluators. As a result, the evaluation process, methods, and evaluation results for the effectiveness evaluation of the Board of Directors in FY2025 were deemed appropriate. It was confirmed that there is no major problem to be pointed

out with respect to the operation of the Board of Directors in FY2025, and the effectiveness of the Board of Directors of the Company has been ensured in general. The effectiveness was also confirmed by the external evaluators.

With respect to the efforts made for the major agendas of FY2025 ((i) Supervision of management to realize “Reboot 2027,” and (ii) Discussions regarding agendas to be addressed in the medium to long term to become a “Strong Sumitomo Pharma”), although appropriate progress was acknowledged in (i) and (ii), the members of the Board of Directors agreed that continued efforts need to be made for (ii).

Furthermore, the external evaluators provided suggestions regarding matters that should be considered to further improve the effectiveness of the Board of Directors.

4) Major agendas to be addressed in FY2026

The following agendas have been identified as major agendas to be addressed in FY2026 as a result of the evaluation of the effectiveness of the Board of Directors for FY2025.

- Formulation of the next medium-term business plan and enrichment of the medium- to long-term discussions extending beyond the plan period.
- Further enhancement of the supervisory functions of the Board of Directors and deeper discussions on the appropriate role and structure of the Board of Directors in support of such enhancement.

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

Relationship with the parent company

Sumitomo Chemical Co., Ltd. held 51.81% of the Company's voting rights as of March 31, 2026. Following the issuance of new shares through a public offering, its holding decreased to 45.84% or higher as of May 22, 2026. It continues to be the parent company of Sumitomo Pharma Co., Ltd.

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 interests 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, business entrustments related thereto and procurement of raw materials from the parent company, and the joint operation of a joint venture for the regenerative medicine and cell therapy business. 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.

Corporate Governance

Strengthening group governance

The Sumitomo Pharma Group is continuously working to strengthen group governance in order to sustainably increase its corporate value. Under “Boost 2028,” we emphasize balancing value creation for growth with financial discipline. We will work to further strengthen governance by accelerating Board discussions on a comprehensive growth strategy to further enhance corporate value and by exercising supervision with a strong focus on financial discipline.

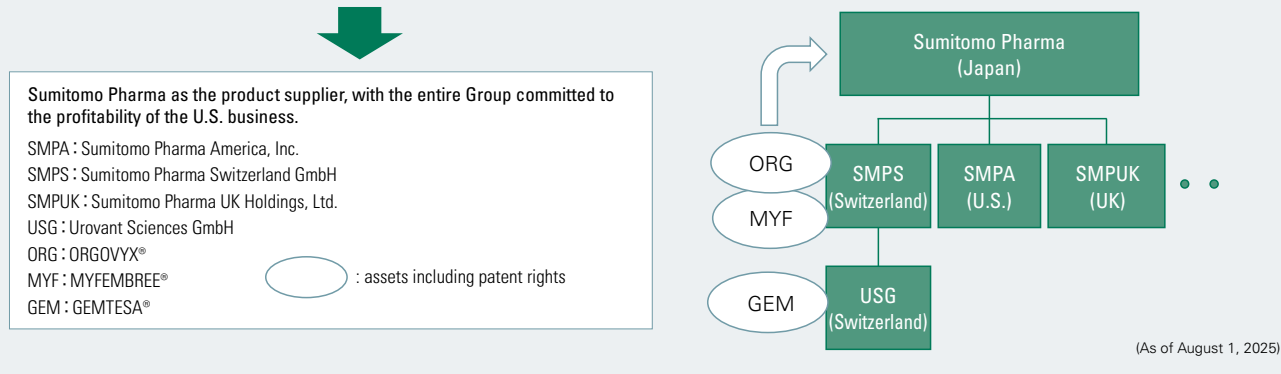
As part of these efforts, the Management Committee was globalized upon completion of the integration of our North American subsidiaries (July 1, 2023). The committee now includes Sumitomo Pharma America, Inc. (SMPA) executives in its membership. In this way, we have established a system to make optimal decisions for the Group as a whole in a timely and appropriate manner on management issues such as portfolio management. Furthermore, in August 2025, we consolidated virtually all of our assets, including patent rights for the key products in the U.S., into Sumitomo Pharma. This has enabled us to establish a system where Sumitomo Pharma is directly involved in the business operations of its key products, and the entire Group is committed to the profitability of our U.S. business.

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, an Executive Officer (currently Member, Board of Directors, Managing Executive Officer) serves as President and CEO, in an effort to improve management oversight and transparency.

Capital Restructuring and Asset Assignment within the Group

Purpose	Establish a structure that enables Sumitomo Pharma to commit to the U.S. business, which is highly and strategically important to the Group, more directly
Capital Restructuring (Completed March 31, 2025)	Restructured SMPA and SMPS, originally subsidiaries of SMPUK, to direct subsidiaries of Sumitomo Pharma
Asset Assignment (Effective August 1, 2025)	Sumitomo Pharma acquired virtually all assets from SMPS and USG, including patent rights for the key products in the U.S.



Strategic shareholdings

The Company will 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 reviews the rationale for continuing to hold each of our individual strategic shareholdings, using factors such as the purpose of holding them, transaction status, and unrealized gains or losses as evaluation criteria. At the time the Corporate Governance Code was applied in June 2015, our strategic shareholdings consisted of 39 individual listed stocks, but we have been selling them off since that time. As of the end of March 2025, the number of listed shares held

was 7, while as of the end of March 2026, it was 4. As of the end of March 2026, strategic shareholdings account for 13.75% of total equity, and for FY2026, the target is to bring this figure below 10%.

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.

Corporate Governance

Efforts to facilitate the exercise of voting rights

The Company takes the appropriate measures so that the rights of shareholders are substantively 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 a summary of the question-and-answer session at the annual shareholders’ meeting are also posted on the Company’s website.

Information disclosure

Sumitomo Pharma discloses corporate information in accordance with its basic stance on information disclosure (the Disclosure Policy) and the Information Disclosure Code* which stipulates the criteria and procedures for the disclosure of information.

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

With respect to “decisions” set forth in the rules of the Tokyo Stock Exchange for timely disclosure (the Timely Disclosure Rules), we will immediately disclose the information as soon as such decisions are made by the Board of Directors or other decision-making bodies (including decision-making bodies of subsidiaries). The details of the matters to be disclosed are determined by the Head of Corporate Communications, upon discussion with heads of other relevant departments. In addition, any “facts” specified in the Timely Disclosure Rules will be disclosed promptly after their occurrence. The details of the matters to be disclosed are determined by the Head of Corporate Communications, upon discussion with heads of other relevant departments. The “financial results information,” set forth in the Timely Disclosure Rules, is immediately disclosed after the resolution of the Board of Directors. The details of the matters to be disclosed are discussed by the Head of Corporate Communications, the Head of Global Corporate Strategy, the Head of Global Finance, and the Head of Corporate Governance. The details of the matters to be disclosed relating to financial results summaries and other related matters are determined by the Head of Global Finance, and those relating to revisions of financial forecasts and dividend forecasts and other related matters are determined by the Head of Global Corporate Strategy, respectively.

We will endeavor to actively disclose information requested by stakeholders or information necessary for stakeholders to understand the Company, even if it is information not covered by the Timely Disclosure Rules.

*Information on our information disclosure policies and criteria and our information disclosure processes 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 the proper conduct of business operations. The status of implementation efforts pursuant to the basic policies for each year is reported at the Board of Directors meeting 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 status of the development and operation of the internal control framework and confirms the effectiveness of internal control.

Risk Management

Sumitomo Pharma has in place the SMP Group Risk Management Policy that provides for basic thoughts of the Group with respect to risk management and has a framework to appropriately promote risk management for the Group. Under this framework, according to the particularities of each risk, risks are classified into those requiring a horizontal, group-wide approach (group-wide risks), and those managed by each company under its own responsibility (business activity risks). Through reports from group companies in Japan and overseas on both group-wide risks and business activity risks, we monitor the status of risk management across the Group and

provide advice and guidance as necessary.

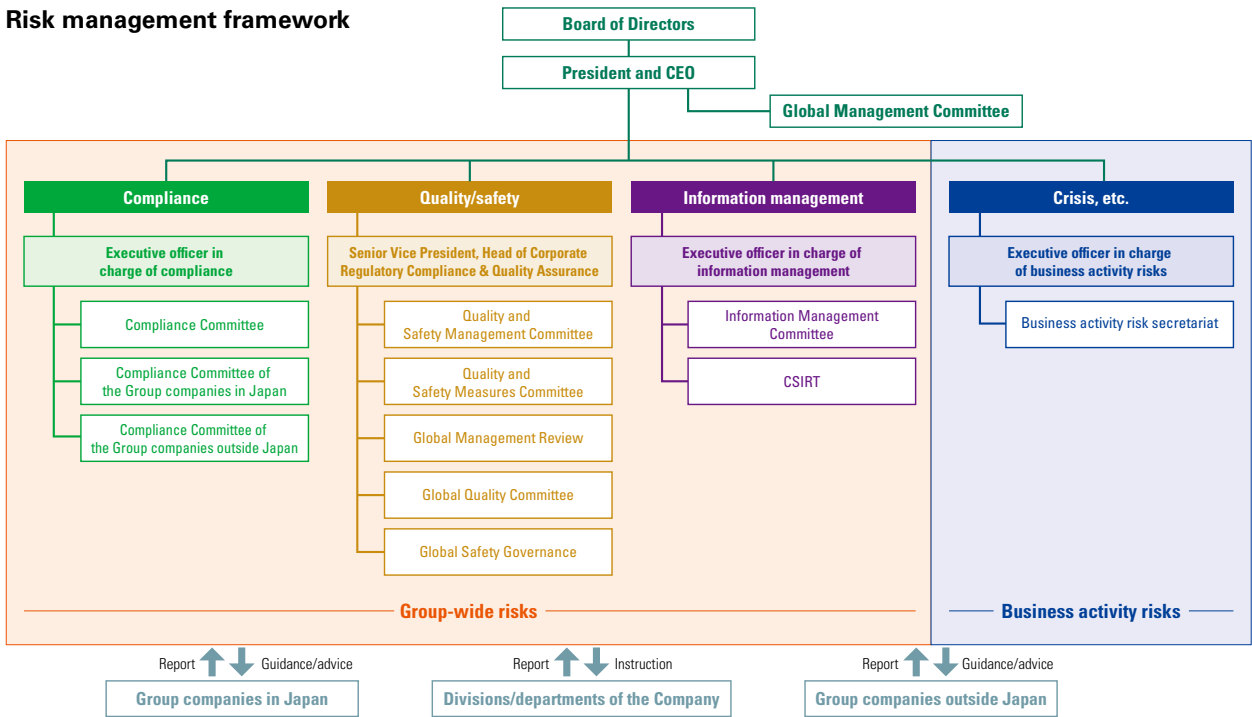
In order to address risks that may affect its business activities, we have in place the internal "Risk Management Rule" which clarifies the President and CEO's role in overseeing risk management, and also have separate systems to promote risk management for group-wide risks classified according to their characteristics: compliance, quality and safety, and information management. The status of operations in each system to promote risk management is periodically reported to the Board of Directors.

As one specific initiative, we conduct annual risk assessments at group companies in Japan and overseas

and across all departments of the Company, and formulate necessary countermeasures based on the results followed by implementation and evaluation. All group companies and departments systematically work to address their respective issues.

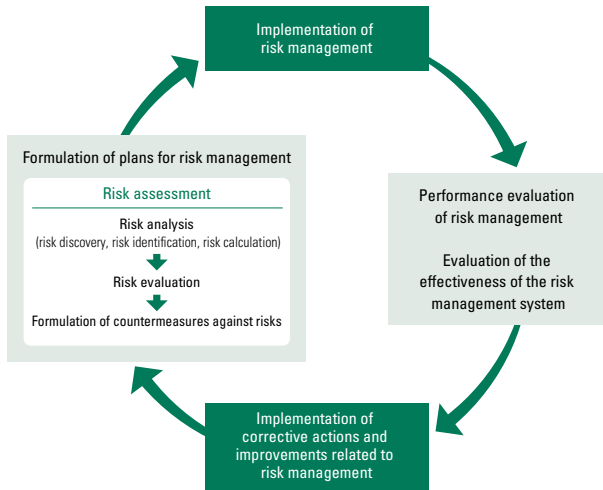
*Business activity risks: Natural disasters such as earthquakes, typhoons, heavy rains, and infectious disease pandemics, as well as risks associated with business activities, such as procurement, production, inventory management, and human resource management, that each group company undertakes on its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

Risk management 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

Risk management process



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) that address not only large-scale disasters and pandemics, but also a wide range of other disasters and unforeseen events.

Furthermore, to strengthen risk management and enhance its effectiveness, we have a continuous management cycle that includes reviewing our BCPs, implementing proactive measures, and conducting

Risk Management

education and training. Through this cycle, we advance sustainable business continuity management (BCM) and carry out preparedness activities during normal operations.

Initial response plan

We have in place a Crisis Management Team (CMT) that, immediately after a disaster occurs, starts gathering information, consolidates information of the extent of damage, makes recommendations on whether to establish a Disaster Management Headquarters, and continues to gather information after the headquarters is established.

The CMT conducts regular CMT drills and other exercises to strengthen its ability to respond swiftly and effectively in the initial stages of disaster. 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 global policies on records and information management, together with internal rules covering information management, IT security, and related matters, to ensure appropriate risk management. Furthermore, to ensure the appropriate management of business records in light of the increasing use of IT and generative AI in business operations, we have established internal rules governing the retention and use of records created or obtained in the course of business operations, including meeting recordings.

Management of confidential and internal information

In accordance with the internal rules, we manage the information we hold based on its level of importance and review the status of such management annually. We have

also established an information management structure that includes an executive officer responsible for 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 internal information and insider information. Additionally, we regularly hold training for officers and employees to raise awareness of the importance of preventing leaks of company information and ensuring proper information management.

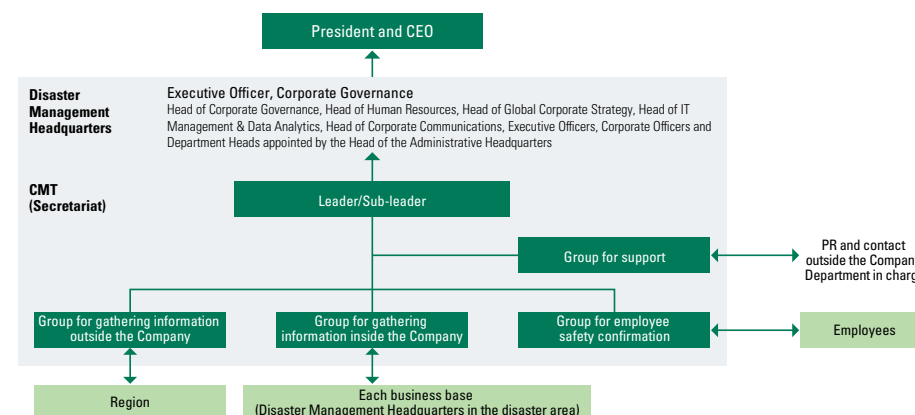
Management of personal information

Sumitomo Pharma has a privacy policy in place. In accordance with the internal rules and applicable personal information protection laws and regulations in Japan and other countries, we appropriately handle and protect personal information obtained through our business activities, including information relating to healthcare professionals, product users, business partners, shareholders, officers and employees. We review the status of such handling and protection annually. 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

Disaster response system



hold periodic information security training for officers and employees to raise awareness. Furthermore, in light of the expanding use of generative AI, we have internal rules for its use. In accordance with these rules, we promote the safe and responsible use of generative AI by appropriately managing risks, including information leakage and regulatory non-compliance, and safeguarding information, while balancing operational efficiency with the creation of innovative value.

We also strive to address security risks at our group companies and business partners. In particular, 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 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 regular response drills based on simulated cyberattack scenarios.

Compliance

Declaration of Conduct and Compliance Standards

In our Declaration of Conduct, we state our commitment to “abide by applicable laws and regulations, and conduct our business transparently and fairly, guided by high ethical standards.” To further translate this declaration into practice and ensure the consistent implementation of compliance, we have established our Compliance Standards as specific standards of conduct for our business activities.

Framework for compliance implementation

Sumitomo Pharma has in place the organizational framework shown below to promote thorough compliance across the Sumitomo Pharma Group.

Sumitomo Pharma appoints an executive officer responsible for overseeing compliance matters relating to Sumitomo Pharma and its group companies in Japan and overseas.

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’s activities.

The Compliance Committee of Sumitomo Pharma deliberates on the amendment to or abolition of the Compliance Standards, reviews compliance education and training programs and verifies their implementation and examines the status of compliance implementation. The Compliance Committees for the group companies in Japan and overseas share information and discuss compliance policies, measures, activities and other related matters.

Compliance hotline

Sumitomo Pharma has set up internal and external compliance hotlines through which its officers and employees can make reports or seek advice relating to incidents of actual or suspected compliance violations, including corruption and human rights issues such as harassment. Each group company is also required to establish its own compliance hotline, and the officers, employees, and other eligible individuals at group companies may also use the Sumitomo Pharma hotlines.

In addition, anonymous reports are accepted and appropriately addressed. 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 reporting and consulting individuals.

The company prohibits any disadvantageous treatment of individuals who make reports or seek consultation through the compliance hotline. Such individuals are protected from disadvantageous treatment by the officers and employees of the company and its subsidiaries.

Compliance education and training

Sumitomo Pharma provides all its employees with annual compliance education and training on topics important to compliance, including information management, corruption, insider trading, the harmful incident concerning pharmaceuticals, and harassment. We also conduct grade-specific education and training programs for new graduate hires, mid-career hires, and managers (Vice Presidents and Senior Directors). We have prepared a practical guide in conjunction with the establishment of the Compliance Standards. Additionally, we require our group companies in and outside Japan to provide similar compliance education and training programs.

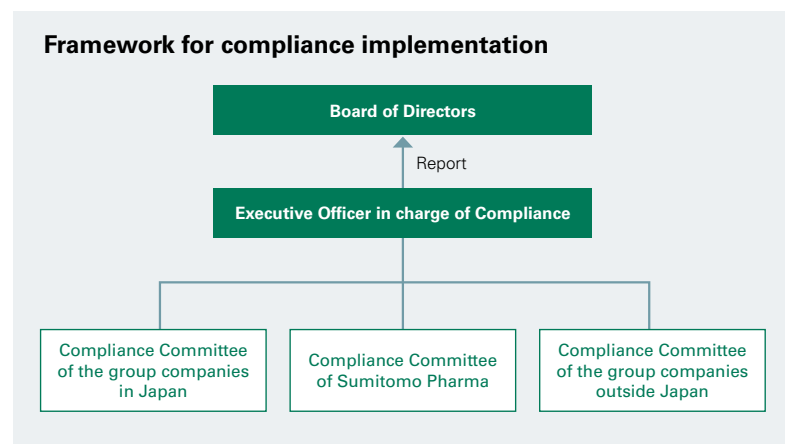
Initiatives to exclude anti-social forces and prevent corrupt activities

Sumitomo Pharma 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 applicable laws and regulations in Japan and other countries, our own internal rules, social norms, and corporate ethics. Also, we will work to further enhance the effectiveness of our framework for compliance implementation.





Board Members and Executive Officers (As of August 1, 2026)

Directors other than those who are Audit and 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;
Corporate Communications; 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 Chair, 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.
- 2024 Member of the Board of Directors of the Company (up to the present)
- 2026 Director of Sumitomo Chemical Co., Ltd.

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)
- 2024 Advisor of Seiko Epson Corporation

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.

Board Members and Executive Officers

Directors who are Audit and 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 Director who is an Audit and Supervisory Committee Member (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 Director who is an Audit and Supervisory Committee Member (Outside Director) of the Company (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 Director who is an Audit and Supervisory Committee Member (Outside Director) of the Company (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 Daiwa Institute of Research Ltd.
Outside Member of the Board of World Co., Ltd.
- 2018 Senior Managing Director 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 Director who is an Audit and Supervisory Committee Member (Outside Director) of the Company (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

Vaccines and Adjuvants Business Development;
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

Kimihiro Mizuno

Legal & Compliance;
Intellectual Property
Chief Corporate Officer,
Sumitomo Pharma America, Inc.

Isao Shimizu

Corporate Regulatory Compliance & Quality
Assurance Division
Senior Vice President, Head of Corporate Regulatory
Compliance & Quality Assurance Division
Deputy Head of Japan Business Unit

Katsuhiko Nishida

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

Yutaka Wakemi

Global Corporate Strategy; Global Finance

Shunji Kobayashi

Human Resources

Audit and Supervisory Special Officer

Fumihiro Nishi

Audit and Supervisory Special Officer

Chapter 6

Sustainability

Environment 55

Strengthening Human Capital toward the
Sustained Enhancement of Corporate Value

Message from the Executive
Officer in Charge of Human Resources 62

Human Resources Strategy 64

Special Feature Employee Roundtable Discussion 70

Social Contribution through Our Business 72

Environment

Environment

Sumitomo Pharma positions its response to environmental challenges as a way to contribute to the sustainability of society and strengthen the management foundation that supports sustainable business operations. In addition to reducing GHG emissions, water withdrawal, and waste, we are working with suppliers to reduce Scope 3 emissions and are addressing climate- and nature-related issues in line with TCFD and TNFD recommendations. By addressing environmental challenges, we aim to ensure a stable supply of products, strengthen resilience, and secure business continuity, thereby sustaining the *Value Creation Cycle* and enhancing corporate value over the medium to long term.

Basic approach to environmental issues and management structure

For Sumitomo Pharma, it is an important responsibility to protect the global environment, which underpins healthy and prosperous lives, and pass it on to future generations. Sumitomo Pharma uses energy, water resources, and various chemicals in the research, development, and manufacturing of pharmaceuticals. In light of growing societal demands regarding environmental issues such as climate change and nature loss, and their impact on business activities, we have positioned “environmental initiatives” as one of our Material Issues. We recognize climate change in particular as a critical issue with a significant impact on our business, and we are taking steps to address it through risk and opportunity assessments based on the TCFD recommendations.

Under its Basic Environmental Policy, Sumitomo Pharma has in place the company-wide environmental management system centered on the Environmental and Safety Committee (see Figure 1, “Governance framework for climate change-related risks/opportunities.” We formulate

Medium- to long-term environmental goals (FY2024-FY2026) and progress*1

Priority issues	Targets	Target FY	Indicator*2	Results for Fiscal 2025
Carbon neutrality	Achieve carbon neutrality by reducing GHG emissions.	2050	Aiming at zero GHG emissions (Scope 1+2).	40,235 t-CO ₂
		2030	[SBT] Reduce absolute Scope 1 and 2 GHG emissions 42% by FY2030 from a FY2020 base year.	Reduced by 41.7% compared to base year*3
			[SBT] Reduce absolute Scope 3 Category 1*4 GHG emissions 25% by FY2030 from a FY2020 base year.	Increased by 18% compared to base year*5
			Increase the ratio of non-fossil electricity to 50% or more of total electricity use.	47%
		—	Replace all company vehicles*6 with hybrid or electric vehicles by FY2026.	97%
			Completely phase out the use of CFC-containing products and equipment by FY2025.	Complete phase-out
Water	Promote water conservation and address water risks.	2030	Reduce water withdrawal to 599 kt or less*7.	554 kt
		—	Conduct water risk assessments at production and research sites.	—
Resource Circulation	Promote waste reduction and recycling.	2030	Achieve a plastic waste recycling rate of 65% or more.	62%
			Maintain recycling rate at 80% or higher and aim for at least 85% by FY2030.	89%
			Maintain final disposal rate at less than 1% and aim for less than 0.5% by FY2030.	0.24%

Scope 1: Direct emissions of greenhouse gases from ourselves (fuel combustion, industrial processes)

Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies

Scope 3: Indirect emissions other than those covered in Scope 1 and Scope 2 (emissions by other parties involved with the activities of our business)

*1 For details, please see “[Environmental Goals and Performance](#).”

*2 FY2050 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 GHG emissions for the base year and FY2025 were recalculated and evaluated due to changes in boundaries such as the sale of some overseas subsidiaries.
FY2020: 66,960 t-CO₂; FY2025: 39,063 t-CO₂

*4 Emissions based on purchased goods and services

*5 GHG emissions for the base year and FY2025 were recalculated and evaluated due to changes in boundaries such as the sale of some overseas subsidiaries and improvements in the accuracy of secondary data from overseas subsidiaries.
FY2020: 679,171 t-CO₂; FY2025: 802,946 t-CO₂

*6 Excluding in-house vehicles

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

Environment

Environment

medium- and long-term targets as well as medium-term and annual plans to promote initiatives to address environmental issues. Important environmental matters are reported to the president and, as necessary, brought before the Management Committee for decision-making. Furthermore, our environmental initiatives, as one aspect of our sustainability efforts, are reported to the Board of Directors at least once a year and advanced under its supervision.

Medium- to long-term environmental goals

We identify “carbon neutrality,” “water,” and “resource circulation” as priority issues, and position “legal compliance and prevention of environmental accidents” and “stakeholder communication” as the foundation for these initiatives. Our medium- to long-term goals are established based on an assessment of risks and opportunities in accordance with the TCFD recommendations.

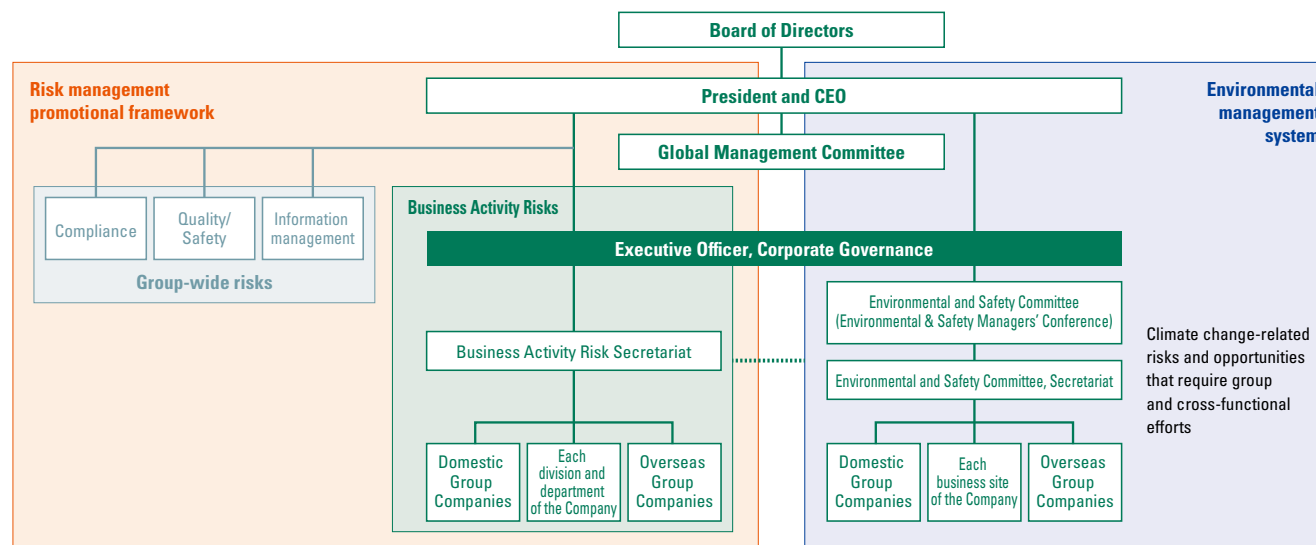
Third-party assurance

We disclose our environmental performance data for the past three years in the “[ESG Data Table](#)” on the “Sustainability” page on our corporate website. In addition to indicating environmental performance metrics for which we have received third-party assurance from KPMG AZSA Sustainability Co., Ltd., we publish the “Independent Practitioner’s Limited Assurance Report” on our “[Third-Party Assurance](#)” webpage.

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

Sumitomo Pharma has been implementing initiatives in line with the TCFD recommendations, and since our initial disclosure, we have been continuously enhancing these initiatives and promoting dialogue with stakeholders based on the disclosed information to ensure preparedness for climate change. We will further reduce the risks of climate change and precisely seize its opportunities, by continuing to value dialogue with our stakeholders, reexamining the

Figure 1 Governance framework for climate change-related risks/opportunities



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.”

Governance

We have in place a risk management promotional framework 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, including climate change-related risks and opportunities, we have 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. We formulate, implement, and evaluate necessary countermeasures based on those results. 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 and incorporate them into our medium- to long-term environmental goals. In addition, we are systematically advancing capital investments (investment toward carbon neutrality) and other investments that contribute to the reduction of GHG emissions based on our medium-term business plan. Our initiatives to tackle climate change under the environmental management system are reported to the Board of Directors at least once a year as part of our sustainability initiatives, and opportunities for briefings by experts are provided when necessary.

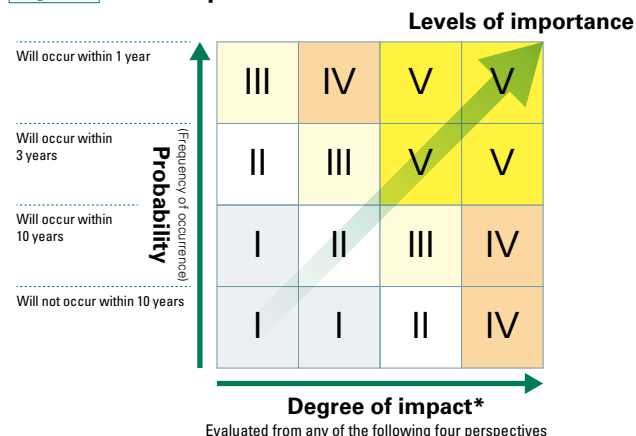
Environment

Environment

Strategy

We evaluate risks and opportunities due to climate change according to the two aspects of “degree of impact” and “probability” 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), 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.

Figure 2 Risk map



*“Degree of impact” will be evaluated on any of “economic impact,” “impact on the human body,” “reputational impact” and “impact on business.”

Risks and opportunities due to climate change

Scenario*1	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.	—*2	Adaptation	<ul style="list-style-type: none"> 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	The introduction of a carbon tax results in a tax burden depending on GHG emissions.	Approx. ¥1.0 billion/year*3	Mitigation	Implement various measures toward achieving FY2050 goals*5 <ul style="list-style-type: none"> 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	The introduction of a carbon tax results in increased costs of procurement, transportation, and energy.	Approx. ¥4.8 billion/year*4	Mitigation	<ul style="list-style-type: none"> 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*5	Mitigation	Implement various measures toward achieving FY2030 goals <ul style="list-style-type: none"> We have installed water-saving nozzles on the faucets at some facilities. We will continue to proactively promote initiatives in this area.

*1 “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.

*2 Varies depending on the scale of the disaster and items to be affected.

*3 Calculated by multiplying GHG emissions in FY2024 of approximately 46,000 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-CO₂ (hereafter, “assumed carbon price”). Assuming an exchange rate of 150 yen/USD.

#1 Click here (“[Carbon Neutrality](#)”) for information on boundary of calculation.

*4 Calculated by multiplying FY2024 GHG emissions for Scope 3 Category 1 “Purchased goods and services” and Category 4 “Transportation and distribution (upstream)” of approximately 230,000 t*2 by assumed carbon price.

#2 Click here (“[Carbon Neutrality](#)”) for information on boundary of calculation.

*5 Stated qualitatively as it is difficult to estimate the indirect contribution.

Environment

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 promotional framework. Under the framework, 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 climate change as one of the significant factors 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 promotional framework 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 promotional framework. 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 57. For

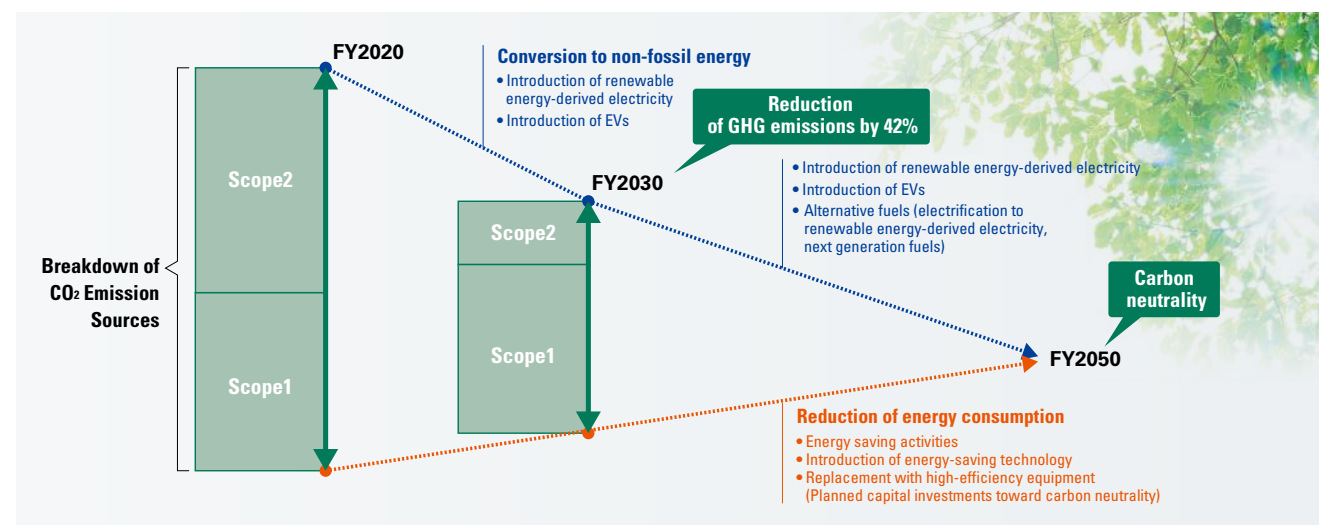
carbon tax risks that fall under "Policy and Legal Risks" as transition risks, we are working to reduce GHG emissions by setting quantitative targets from the aspect of "mitigation."

Sumitomo Pharma aims to reduce greenhouse gas (GHG) emissions (Scope 1+2) to zero by FY2050 by continuing to decarbonize and move away from fossil fuels. This will be achieved through the active use of energy saving and CO₂ reduction technologies, which are expected to advance in the future, and renewable energy which is forecast to expand. For Scope 1 and 2 emissions, we set a target to "reduce GHG emissions (Scope 1+2) by 42% from FY2020 level by FY2030," while for Scope 3 emissions, which account for approximately 85% of our GHG emissions, we set a target to "reduce GHG emissions (Scope 3 Category 1 (purchased goods and services)) by 25% from FY2020 level by FY2030." 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, optimization of product inventories, and diversifying suppliers, from the perspective of "adaptation," some of which have been completed. Regarding BCP, we strive to enhance its effectiveness by identifying issues through annual training and making continuous improvements. As for opportunities, we will continue to work on reducing water withdrawal 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.

Figure 3 Roadmap for reducing GHG emissions



Environment

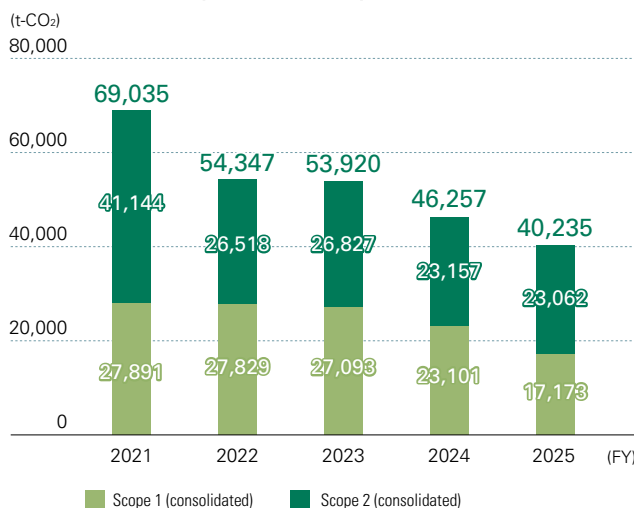
Environment

Carbon neutrality

Efforts to save energy and reduce GHG emissions

To achieve the Scope 1+2 targets, we are continuing to introduce non-fossil energy sources such as renewable energy-derived electricity, and systematically pursuing capital investments that contribute to energy saving and CO₂ reductions through switching to LED lights and introducing energy-efficient facilities, based on factors such as the cost-effectiveness of CO₂ reduction (yen/t-CO₂) and the payback period of each measure. We currently purchase renewable energy-derived electricity at the Oita Plant, Suzuka Plant, and Tokyo Head Office. For Scope 3, we are actively communicating with our suppliers to work together to achieve the target.

GHG emissions (consolidated)



Boundary of calculation: Sumitomo Pharma Group consolidated
For more information on the calculation standards, please see "[ESG Data Table](#)."

Additionally, based on the intent of 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, we appropriately submit periodic reports to the government on energy consumption and other relevant information. Furthermore, while 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.

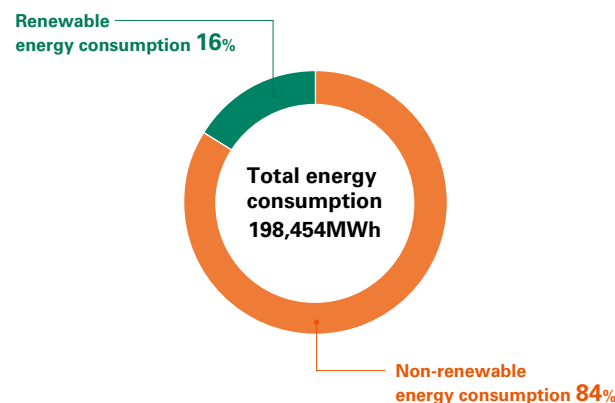
Accounting of emissions across the supply chain

We work to monitor GHG emissions across our entire supply chain. Although our calculations are currently

centered on secondary data, 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 conduct a Sustainability Survey of our business partners. On the environment front, our business partners are requested to set targets for GHG reductions voluntarily and take actions to achieve them.

Ratio of renewable energy consumption (consolidated)



Boundary of calculation: Sumitomo Pharma Group consolidated
For more information on the calculation standards, please see "[ESG Data Table](#)."

Scope 3* GHG emissions (non-consolidated)

Scope	FY2023 CO ₂ Emissions (t-CO ₂)	FY2024 CO ₂ Emissions (t-CO ₂)	FY2025 CO ₂ Emissions (t-CO ₂)
Scope 3	355,702	268,297	320,176

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

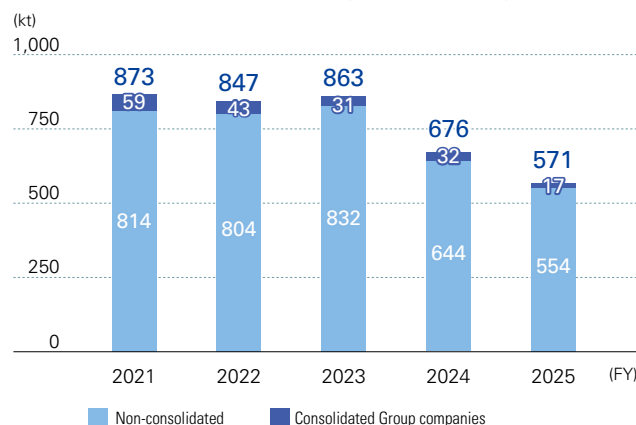
Environment

Environment

Effective utilization of water resources

Good quality and sufficient quantities of fresh water are an indispensable resource for our business activities, including the manufacturing of pharmaceutical products. As water resource issues become increasingly severe worldwide, from the perspective of balancing environmental conservation and business continuity, we have set a medium- to long-term environmental goal to “reduce water withdrawal to 599 thousand tons (FY2020 actual results excluding water withdrawal at downscaled active pharmaceutical ingredient manufacturing departments) or less by FY2030.” We believe that reducing water withdrawal contributes indirectly to the conservation of biodiversity

Trends in water withdrawal (consolidated)



Boundary of calculation: Sumitomo Pharma Group consolidated (excluding small offices; in addition, overseas consolidated subsidiaries that have only small offices are excluded from the scope). For more information on the calculation standards, please see “[ESG Data Table](#).”

through the protection of water sources.

We properly manage water withdrawal across all group business sites, excluding small offices such as tenant offices, and are engaged in both facility-level measures—such as introducing water-saving equipment like water-saving nozzles—and operational improvements—such as optimizing equipment and facility cleaning frequencies and adjusting air conditioning operations. We will continue these efforts in the future, aiming for the sustainable use of water resources.

Resource circulation

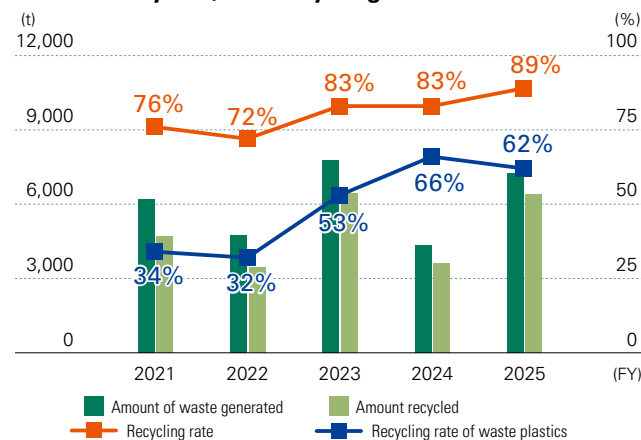
To make effective use of limited resources, Sumitomo Pharma continues to properly manage waste and

actively practice the “3Rs” of waste management (reduce, reuse, recycle) under the medium- to long-term environmental goals.

To promote recycling and reduce the amount of final disposal, we are working on the circular use of resources, such as converting waste oil into fuel, recycling non-dispersive asbestos-containing waste, and making effective use of research equipment that is no longer in use. In addition, as part of our efforts to make effective use of plastic resources, we are promoting the material recycling of blister packaging waste and turning plastic containers and other items into valuable resources.

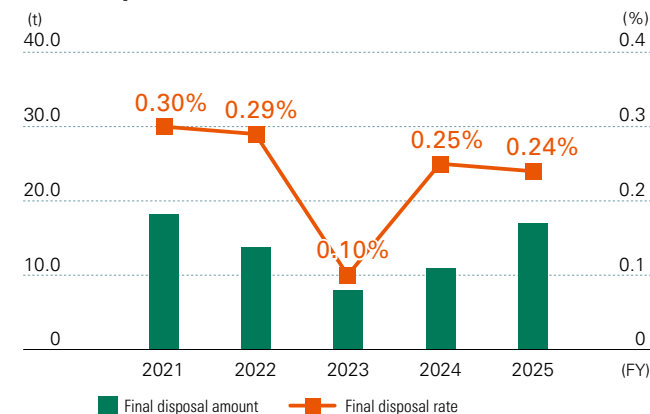
We will continue to work towards reducing waste and improving resource recycling, contributing to the realization of a circular society.

Amount of waste generated, amount recycled, and recycling rate



Boundary of calculation: Sumitomo Pharma only (excluding sales offices; for the recycling rate of waste plastics, excluding the head offices and sales offices)

Final disposal amount and rate



Boundary of calculation: Sumitomo Pharma only (sales offices are excluded)

Environment

Environment

Biodiversity

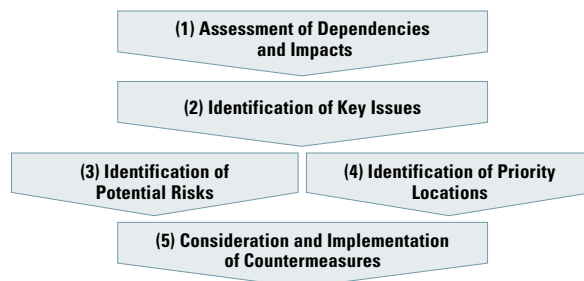
Sumitomo Pharma recognizes that our business activities benefit significantly from biodiversity and that the environmental burdens associated with our business activities may have various impacts on biodiversity, while mitigating our nature-related dependencies and impacts. To achieve this objective, we are undertaking a range of initiatives to address nature-related issues. 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 (Task Force on Nature-related Financial Disclosures)*¹ recommendations.

*¹ An international initiative that seeks to develop a global framework through which companies and financial institutions can identify, assess, and disclose nature-related risks and opportunities as financial information.

Information disclosure based on TNFD recommendations

We assessed our nature-related dependencies and impacts in accordance with the LEAP approach*² recommended by the TNFD. As a result, for our direct operations (pharmaceutical manufacturing), we identified water resources (dependency), biological resources (dependency), and pollution (impact) as key issues, and organized the potential risks over the short, medium, and long term. In addition, we assessed five production and research sites using publicly available analytical tools, and identified all five sites as priority locations.

Assessment process for nature-related issues



No existing risks that have already materialized have been identified at this time, and no potential risks were found to be at a level that would have a significant impact on business continuity. We organized examples of our current initiatives under “Existing Mitigation Measures” in the table. Going forward, we will enhance the accuracy of our assessments,

expand the scope of assessment to include upstream and downstream activities within the value chain, and assess nature-related opportunities.

For details, please see “[Biodiversity](#)”.

*² A methodology developed by the TNFD as an integrated approach for assessing nature-related issues, including interfaces with nature, dependencies, impacts, risks, and opportunities.

Potential risks in direct operations

Short term: 1 year / Medium term: 3 years / Long term: 10 years

Key Issues	TNFD Risk Categories		Time Horizon	Potential Risks	Existing Mitigation Measures
Water Resources (Dependency)	Physical Risk	Chronic	Medium Long	Suspension of plant operations due to restrictions on water withdrawal resulting from water shortages	Under our medium- to long-term Environmental Goals, we have set the goal of reducing water withdrawal to a level at or below that of FY2020 by FY2030 (non-consolidated basis) and are promoting initiatives to reduce water withdrawal (For reference, water withdrawal at CPC in the United States account for less than 0.1% of total consolidated water withdrawal and are therefore extremely small.)
	Physical Risk	Chronic	Long	Increased costs for purchasing potable water and other water supplies due to deterioration in water quality, or increased capital and operating costs for in-house water treatment	
Biological Resources (Dependency)	Physical Risk	Chronic	Long	Increased procurement costs due to unstable supplies of biological resources resulting from ecosystem degradation or overexploitation	Under the Sustainable Conduct Guidelines for Business Partners, we encourage our business partners to promote resource efficiency and sustainable procurement, and we survey major suppliers regarding their related initiatives We operate Green Procurement Guidelines for office supplies and other materials
Pollution (Impact)	Physical Risk	Acute	Short	Adverse impacts on ecosystems resulting from the release of hazardous substances into water systems due to inappropriate wastewater treatment, or leakage of hazardous substances into soil and other environmental media caused by accidents or disasters	We operate recovery systems for major chlorinated solvents to prevent their release into the environment We monitor wastewater from production sites and certain research sites in accordance with voluntary standards that are more stringent than regulatory requirements We maintain emergency response procedures and conduct regular drills
			Medium		
			Long		
	Transition Risk	Liability Reputation	Short	Liability to local communities and other stakeholders, and loss of trust in the Company, resulting from the release of hazardous substances into water systems due to inappropriate wastewater treatment, or leakage of hazardous substances into soil and other environmental media caused by accidents or disasters	We have established a specialized committee and developed internal rules and procedures to ensure strict compliance in genetically modified organism experiments conducted in drug discovery research
			Medium		
			Long		
	Physical Risk	Chronic	Long	Deterioration of ecosystem health resulting from adverse effects on aquatic organisms and other biota caused by active pharmaceutical ingredients released into the environment from manufacturing processes Widespread outbreaks of infectious diseases if antibiotics released into the environment from manufacturing processes cause antimicrobial resistance (AMR)	We reduce the discharge of antibiotics through wastewater and solid waste and verify through periodic internal audits of our API manufacturing sites that the Predicted Environmental Concentration (PEC) in factory effluent remains below the Predicted No-Effect Concentrations (PNEC-MIC * ³ and PNEC-ENV * ⁴)
	Transition Risk	Policy	Medium Long	Increased costs of complying with strengthened regulations aimed at preventing environmental pollution	We monitor developments in relevant laws and regulations and respond proactively to regulatory changes

*³ PNEC-MIC: Predicted No-Effect Concentration calculated based on Minimum Inhibitory Concentration (MIC) data for microorganisms

*⁴ PNEC-ENV: Predicted No-Effect Concentration calculated based on ecotoxicity test data for environmental organisms, including fish, invertebrates, and algae

Human Capital

Strengthening Human Capital toward the Sustained Enhancement of Corporate Value



Message from the Executive Officer in Charge of Human Resources

Empowering the Value Creation Cycle through People and Organizations

—Instilling “Go Beyond” behaviors and building a talent foundation that supports renewed growth



Shunji Kobayashi
Executive Officer
Human Resources

Transforming behavioral changes born from structural reforms into a new organizational culture

Since 2024, Sumitomo Pharma has been implementing fundamental structural reforms and working to improve its revenue structure and rebuild its business foundation. In FY2025, we were able to achieve significant gains in profitability, laying the foundation for a transition from the rebuilding phase to a renewed growth phase. However, as the Executive Officer in Charge of Human Resources, what I value most is not the numbers themselves, but the significant changes that began to occur in the awareness and behavior of each and every employee during the reform process.

As structural reforms brought major changes to the size and composition of Sumitomo Pharma's organization and workforce, there were initially concerns about the impact on business operations and organizational management. As it turned out, however, many employees took ownership of the challenges facing the Company and helped us navigate this difficult period by supporting one

another beyond their own areas of responsibility.

The most notable change is that progress has begun in breaking down organizational silos that have long been identified as a problem. Having a large workforce of highly specialized experts is one of Sumitomo Pharma's major strengths. On the other hand, due to a strong culture of respecting each other's expertise, interdepartmental collaboration was sometimes lacking. However, over the past few years of crisis response, many employees have come to realize the importance of working together across organizational and functional boundaries. As a result, by bringing together individuals with diverse expertise, the organization is beginning to transform into one capable of creating even greater value than before.

Additionally, through initiatives related to the company transformation project *Voice to Transformation (V2X)*, employees increasingly viewed challenges facing the Company and other departments as their own, and had more opportunities to proactively voice their views. This heightened sense of ownership is one of the important

intangible assets gained through structural reforms, and I believe it will be the driving force supporting the future Value Creation Cycle.

However, this change also arose partly because of the external pressure of a crisis. That's why our challenge is to ensure this behavioral change doesn't remain temporary but becomes ingrained in our organizational culture. The goal is to build an organization where employees proactively identify issues by themselves and continue to take on challenges across departments and positions, not only during times of business crisis but also during normal times. That, I believe, is the starting point for our human resources strategy to achieve *Boost 2028*.

Talent that “Goes Beyond” will create the future of our R&D-driven pharmaceutical company

It goes without saying that at Sumitomo Pharma, an R&D-driven pharmaceutical company, it is each and every one of our employees who actually drives our Value Creation Cycle. By leveraging the strengths of highly specialized individuals



Strengthening Human Capital toward the Sustained Enhancement of Corporate Value

Message from the Executive Officer in Charge of Human Resources

in their respective fields—research, development, production, quality assurance, sales, corporate affairs, and more—we create innovative pharmaceutical products, deliver value to patients, and achieve sustainable growth for our company. That is why we consider *our people* to be the most important management asset that will generate future growth and enhance corporate value. On the other hand, as we transition to a renewed growth phase after structural reforms, the type of talent we need is also changing. To continue creating value in a business environment that is more uncertain than ever, we are looking for individuals who not only possess advanced expertise but can also identify problems on their own, act proactively, and work across departmental and functional boundaries to create value.

Based on this philosophy, Sumitomo Pharma has adopted *Go Beyond* as the key concept in our human resources strategy. *Go Beyond Expectations*, *Go Beyond Boundaries*, and *Go Beyond Your Limits*—these are not just slogans. *Go Beyond Expectations* means creating greater value beyond one’s assigned role. *Go Beyond Boundaries* means collaborating with colleagues who have different areas of expertise by going beyond the boundaries of one’s own department or job function to tackle challenges from a company-wide perspective. Finally, *Go Beyond Your Limits* means continuing to grow by incorporating new knowledge and ways of thinking, rather than resting on past experiences and successes. I want to increase the number of people at Sumitomo Pharma who exhibit this kind of *Go Beyond* behavior.

In the pharmaceutical industry, it takes more than 10 years for a single new drug to reach patients. In that lengthy process, while each phase demands advanced expertise, there is also a risk that perspectives become overly focused on individual functions. In fact, what we should truly aim for is not simply completing our own process, but delivering value to patients. That is precisely why I believe researchers should be mindful of providing value to patients after a product is launched, and that development personnel should understand the

perspectives from the early stages of drug discovery. I want to create an organization in which everyone treats the whole process—from drug discovery to delivering value to patients—as their own responsibility and contributes to value creation from their respective roles. If Sumitomo Pharma, as an R&D-driven pharmaceutical company, can increase the number of individuals with that mindset, I am confident that the Value Creation Cycle will continue to operate more vigorously.

A new HR system to support those who challenge themselves to “Go Beyond”

As I mentioned, the central theme of *Boost 2028* is to strongly accelerate the Value Creation Cycle. To achieve this, it is essential for each employee to think for themselves and continuously take on challenges. I believe the mission of our human resources strategy is to support them in taking on these challenges and to create an environment where each individual can perform to their fullest potential.

That’s why we introduced the new HR system. The essence of this reform is not simply to redesign evaluation and compensation systems. The goal is to encourage behavioral change among employees and support them in challenging themselves to *Go Beyond Expectations*, *Go Beyond Boundaries*, and *Go Beyond Your Limits*. I regard this system as an important management foundation for fostering a corporate culture suitable for our renewed growth phase.

In designing the system, we adopted an approach that emphasizes employees’ expected roles and outcomes and contributions to value creation, rather than age or past experience. We have also clarified the perspective from which to evaluate the challenges employees take on for themselves. What is important is increasing the number of people who are not afraid of failure and are willing to take on the challenge of creating new value.

To be sure, there was some initial uncertainty when the system was introduced. Because the approach differs from our traditional thinking, some people expressed

the opinion *that they didn’t understand what they had to do to receive a positive evaluation*. However, I believe such reactions arise precisely because the system is not a straightforward continuation of the past, but rather requires employees to shift to new behaviors. The goal is not simply to introduce a system, but rather to ensure that the underlying principles are understood and that this leads to actual behavioral change.

That is precisely why I devote my efforts not to merely explaining the system, but to repeatedly engaging in dialogue to instill its essence and purpose. Ultimately, the goal is to create an organizational culture where taking on challenges is the norm, not relying on systems. I believe that when such a culture takes root, individuals who *Go Beyond* will continuously emerge and become a major driving force for enhancing corporate value.

To our stakeholders

Now that we have rebuilt our revenue base through structural reforms, Sumitomo Pharma has entered a new stage of renewed growth. The role that the human resources strategy plays in achieving “Boost 2028” is extremely significant. The goal is to evolve into an R&D-driven pharmaceutical company that continuously sustains the Value Creation Cycle. I believe the driving force behind this is not the systems or structures themselves, but rather a culture in which each employee proactively takes on challenges, and where those challenges transform the organization and lead to the creation of new value.

The introduction of the new HR system is not the goal, but the starting point. I am convinced that our competitiveness as an R&D-driven pharmaceutical company will be further strengthened if people who take on challenges are fairly evaluated and recognized and those challenges spawn new ones in a virtuous cycle that spreads throughout the organization.

Going forward, we remain fully committed to fostering a culture where every employee can realize their full potential and continuously embrace “Go Beyond” challenges.

Strengthening Human Capital for the Sustained Enhancement of Corporate Value

Human Resources Strategy

As an R&D-driven pharmaceutical company, Sumitomo Pharma regards its people as its most important management asset in achieving sustainable value creation. As we move into a renewed growth phase following our structural reforms, we are taking an integrated approach to the introduction of a new HR system, talent development, corporate culture transformation, and the promotion of diversity. In addition to embedding our desired talent profile, developing next-generation leaders, and strengthening our global and digital (DX) talent, we are driving changes in employee mindsets and behaviors through V2X, described later in this section, to strengthen the talent foundation that supports our Value Creation Cycle. We believe that linking each employee’s willingness to take on challenges and grow to the enhancement of corporate value will be a driving force for sustainable growth.

Group Philosophy and Corporate Culture Transformation

Group Philosophy

The Sumitomo Pharma Group shares the Mission—the significance of our existence and our promises and responsibility to society—; the Values shared by all executives and employees; and the Declaration of Conduct, which sets out the standards of conduct to be followed in day-to-day business. By embedding this globally shared Philosophy throughout the Group, we will further advance integrated Group management.

Company Transformation Project —Voice to Transformation (V2X)—

We are advancing V2X (Voice to Transformation), a company transformation project that promotes changes in employee mindsets and behaviors in tandem to make full use of our restructured management resources and

improve productivity and corporate value. V2X also plays an important role in our growth strategy, Boost 2028.

Under V2X, we first conducted a company-wide survey to identify organizational issues and, based on the results, established five working groups (VGs). Each WG engages in cross-functional discussions and develops initiatives to address specific issues. We are also implementing a broad range of measures, including management communications, expanded opportunities for dialogue, more efficient meetings and work processes, and communications that encourage everyday improvements. These activities have stimulated dialogue and collaboration across roles and organizational boundaries, contributing to a stronger sense of unity and higher employee engagement.

The VGs have since moved into a phase focused on delivering tangible results. They share progress and challenges in reporting sessions with management and drive the PDCA cycle through ongoing dialogue with management. We position V2X not simply as an HR initiative, but as an important management initiative that unlocks the power of our people—the source of corporate value creation. We will continue to expand this transformation across the Company and develop V2X as a driving force that keeps the Value Creation Cycle moving.

Basic Policy for Human Resources Strategy and Desired Talent Profile

Human Resources Strategy

As an R&D-driven pharmaceutical company, we place the continuous creation of innovative medicines and the vigorous advancement of the Value Creation Cycle at the core of our management. To achieve this, we regard people as the source of value creation and pursue a human resources strategy aligned with our

Sumitomo Pharma Group’s Philosophy

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

Values

Patient First
Always with Integrity
One Diverse Team

Declaration of Conduct

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

Human Capital

Strengthening Human Capital for the Sustained Enhancement of Corporate Value | Human Resources Strategy

management strategy. By developing “Talent that Goes Beyond,” our newly defined desired talent profile, we are building an organization that encourages each employee to proactively take on challenges and pursue personal growth, promotes co-creation across departments and positions, and generates new value. We are also creating an environment in which diverse talent can fully demonstrate their capabilities and strengthening the talent foundation that supports the Value Creation Cycle. Through these efforts, we aim to achieve sustainable value creation and innovation, build a stronger Sumitomo Pharma, and sustainably enhance corporate value.

Human Resource Development Policy

We position human resource development as a key management priority in creating a virtuous cycle between individual growth and business growth. To cultivate employees who embody our desired talent profile, we focus not only on building expertise, but also on cultivating a management perspective and the ability to drive transformation. Through training, job rotations, and one-

on-one meetings, we support each employee in taking on challenges and growing. At the same time, we optimize talent deployment and pursue systematic development across the Group, strengthening the talent foundation that supports sustainable value creation and innovation.

Desired Talent Profile

We seek “Talent that Goes Beyond”—people who think for themselves, take action, and drive the Value Creation Cycle forward. This means going beyond expectations by proactively delivering results that exceed expectations; going beyond boundaries by co-creating value across departments and positions; and going beyond oneself by continually challenging oneself to grow. We believe that people who put these principles into practice are the driving force behind our sustainable growth and innovation.

Desired State

The Sumitomo Pharma Group aims to be an organization in which every employee takes ownership of realizing the Mission. Employees proactively expand their roles, create

new value through collaboration across departments, and pursue their own growth alongside the Company’s growth. By building a relationship in which employees and the Company choose—and are chosen by—each other, we will foster a corporate culture that keeps the Value Creation Cycle moving forward, helping us build a stronger Sumitomo Pharma and sustainably enhance corporate value.

Specific Initiatives for Human Resource Development

Human Resources Strategy by Region

The Sumitomo Pharma Group pursues human resources strategies tailored to the roles and business characteristics of each region in support of its global management strategy. In Japan, we view securing and developing younger employees and next-generation leaders—needs that became more apparent following our structural reforms—as a key priority. We are therefore focused on developing our newly defined desired talent profile, “Talent

Key Points of the Redefinition



Does the talent profile describe people who can enjoy achieving results and growth through proactive action and constructive dialogue?



Does the talent profile describe people who take on challenges with diverse colleagues and co-create valuable outcomes through collaboration?



Does the talent profile describe people who continue to drive transformation without being bound by conventional approaches?

People are the source of transformation.

We redefined our desired talent profile in direct alignment with our Mission

Current State

Employees respond to the Company's instructions and expectations

Realizing the Mission

(Philosophy, etc.)

Achieving goals



- Work remains within a defined scope, making it difficult to challenge the status quo
- Company and supervisor instructions are prioritized, with rules and precedents respected
- This makes it difficult to foster proactive efforts to take on challenges or independently expand one's role

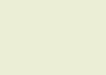
Desired State

Employees take ownership of realizing the Mission together with the Company

Realizing the Mission

(Philosophy, etc.)

Achieving goals



- Proactively expand their scope of work and exceed expectations
- Co-create value with colleagues across departments and positions, while advancing their careers and achieving self-fulfillment alongside the Company's growth
- Go beyond conventional wisdom and who they were yesterday, continually taking on new challenges with fresh ideas



Human Capital

Strengthening Human Capital for the Sustained Enhancement of Corporate Value | Human Resources Strategy

that Goes Beyond” —people who exceed expectations, transcend boundaries, and continually surpass their former selves. We are developing people who move beyond departmental boundaries and established precedents, take on challenges on their own initiative, and contribute to value creation through constructive dialogue and feedback, while fostering an organizational culture that encourages candid exchange of views.

In the U.S., meanwhile, we support business growth by hiring, promoting, and deploying talent suited to the local market and business environment. By drawing on their respective strengths and working together, the two regions will strengthen the talent foundation that supports the Value Creation Cycle of an R&D-driven pharmaceutical company and contribute to sustainable corporate value enhancement.

Executive Forum

We offer the Executive Forum, a selective development program designed to cultivate the next generation of management talent who will support sustainable corporate value enhancement. The program consists of a Basic Course for next-generation leader candidates and an Advanced Course for next-generation executive candidates. It develops decision-making skills from a management perspective, strategic thinking, and the leadership needed to lead an organization, while encouraging participants to broaden their perspectives and change their behaviors through cross-functional discussions and proposals to management. By systematically developing future leaders and executive candidates, we aim to strengthen the talent foundation that supports the Value Creation Cycle of an R&D-driven pharmaceutical company and enhance corporate value over the medium to long term.

SMPA Mentor Program

We conduct the SMPA Mentor Program with our U.S. subsidiary to promote cross-Group learning and talent exchange. Through ongoing dialogue, experienced employees and participants share knowledge and experience, supporting career development and leadership growth. The program also promotes global collaboration by building networks across countries and organizations and deepening mutual understanding. These two-way learning opportunities help develop next-generation talent and strengthen organizational capabilities, thereby reinforcing the human capital that supports sustainable value creation as an R&D-driven pharmaceutical company.

Developing Talent to Leverage DX

In 2021, we launched DX training to develop people who can create new value and transform operations through DX. In addition to e-learning for all employees, we offer courses designed to build more advanced practical data science skills, with the goal of accelerating the development of digital talent capable of solving a wide range of issues through the active use of data and digital tools. We set targets for developing 100 citizen data scientists*¹ by FY2024 and 150 citizen developers*² by FY2027. By the end of FY2025, we had developed 114 citizen data scientists and 108 citizen developers.

We are also advancing our use of AI from simply “using AI” to “going beyond with AI.” To that end, we provide training content centered on Microsoft Copilot to improve productivity and the speed of work. In addition, to promote AI use across the Company, we have appointed 38 AI champions from across departments and hold company-wide reporting sessions to share use cases and spread know-how throughout the organization.

*1 Personnel who serve as a starting point for data-driven value creation

*2 Personnel capable of autonomously driving operational efficiency in their workplaces

Talent Management System

We position human capital as a critical asset that supports the execution of our management strategy and are enhancing talent management through our talent management system. We visualize and centrally manage each employee’s skills, experience, and career aspirations to support the development and deployment of talent needed to execute our business strategies. We also use people analytics based on accumulated data to identify the drivers of employee growth and engagement and to advance data-driven HR initiatives, with the goal of maximizing organizational performance and corporate value.

Research Project System

We have established the Research Project System to continuously generate innovation as an R&D-driven pharmaceutical company. Under this system, researchers who propose a research theme are appointed as research project leaders and lead the project consistently from the early stages of research until the project is handed over to late-stage development. Regardless of age or years of experience, research project leaders are given authority over budget execution and people management, encouraging autonomous decision-making.

This system strengthens each researcher’s willingness to take on challenges and sense of ownership while supporting both the delivery of results and the development of next-generation leaders. To date, 10 compounds generated under the system have advanced to the clinical stage, and more than 15 research projects are currently underway. By fostering a culture in which researchers proactively pursue value creation, we are strengthening our ability to build the pipeline that will support future growth.

Human Capital

Strengthening Human Capital for the Sustained Enhancement of Corporate Value | Human Resources Strategy

Performance Evaluation System

As part of our HR system reform, we revamped our performance evaluation system to strengthen the Value Creation Cycle as an R&D-driven pharmaceutical company. By redesigning the previous system to encourage both results and behavioral change, we support each employee in taking on challenges and pursuing growth on their own initiative.

Under the new system, performance is assessed from three perspectives: Role Evaluation, Value Creation Evaluation, and Demonstrated Ability Evaluation. Role Evaluation assesses the extent to which assigned duties and expected roles are fulfilled, with an emphasis on the consistent execution of business operations. Value Creation Evaluation assesses new value and organizational impact generated through challenges that go beyond existing boundaries. Demonstrated Ability Evaluation assesses the behaviors and capabilities demonstrated in line with our desired talent profile, including ownership, willingness to take on challenges, co-creation and collaboration, the ability to drive change, and deepening expertise.

We have also introduced regular one-on-one meetings with supervisors to support employee growth and the delivery of results. Through ongoing dialogue—not only about

progress toward goals, but also about challenges related to value creation and career development—these meetings enable timely feedback and encourage behavioral change.

By appropriately evaluating not only the fulfillment of expected roles but also challenges that go beyond expectations, boundaries, and oneself, we encourage proactive value creation and are building an organization that supports sustainable growth. We believe that investors will recognize this system as an important foundation for enhancing the value of our human capital and strengthening our capacity for innovation, thereby contributing to enhanced corporate value.

Remuneration System Linked to the Performance Evaluation System

We have introduced a remuneration system linked to the new performance evaluation system, establishing a mechanism that appropriately reflects both results and efforts to take on challenges in creating value in employee compensation. Remuneration is determined by combining Outcome Evaluation, which consists of Role Evaluation and Value Creation Evaluation, with Demonstrated Ability Evaluation. Outcome Evaluation is reflected primarily in bonuses, while Demonstrated

Ability Evaluation is reflected primarily in salary increases. This allows us to evaluate not only short-term results but also medium- to long-term growth and the demonstration of capabilities.

Through these system reforms, we are creating an environment in which employees can take on challenges with confidence, encouraging behaviors that enhance corporate value, and maximizing the impact of our investment in human capital.

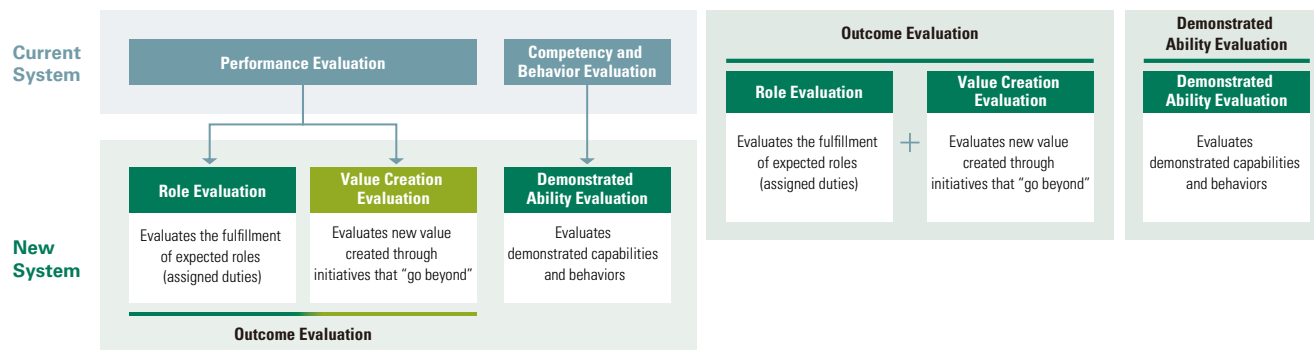
Respect for Human Rights

Sumitomo Pharma’s Basic Approach to Respect for Human Rights

The Sumitomo Pharma Group places importance on respect for human rights in pursuing both its contribution to a sustainable society and the Group’s sustainable growth. Item 5 of our Declaration of Conduct, “Respect human rights,” expresses our support for the fundamental international principles of human rights, our commitment to act in accordance with the UN Guiding Principles on Business and Human Rights, and our commitment to comply with applicable labor and employment laws in each country and region.

In addition, Item 25 of our Compliance Standard, “Respect for Human Rights, Prohibition of Discrimination and Harassing Behavior, and Prohibition of Harassment,” clearly states that we do not engage in discrimination or harassment based on race, nationality, origin, ancestry, ethnicity, age, religion, faith or belief, sex or gender, sexual orientation, gender identity, marital status, educational background, disability, disease, employment status, or other such grounds, and we apply this standard in all our activities.

In 2022, we established and put into effect 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 implemented



Human Capital

Strengthening Human Capital for the Sustained Enhancement of Corporate Value | Human Resources Strategy

the Rules for Promotion of Respecting Human Rights, which set out the framework and procedures through which each department appropriately promotes respect for human rights. Information on our human rights initiatives is shared through our compliance promotion and risk management frameworks, and the initiatives are reported to and overseen by the Board of Directors regularly, at least once a year.

To embed these basic policies, frameworks, and initiatives throughout the Company, we provide annual e-learning on “Business and Human Rights” to all employees in conjunction with Human Rights Week each December. We have also established a compliance hotline for human rights-related inquiries and reports. The hotline is available to the Company’s officers and employees, as well as their families, business partners, and others involved in the Group’s business, and accepts inquiries and reports from outside the Company.

Initiatives to Prevent Harassment

We regard sexual harassment and abuse of authority as serious issues that may constitute violations of human rights. Our Rules of Employment clearly set out our prevention policy, and we take strict action against violations. We also provide training for new employees, level-specific training, and training for managers to deepen understanding of human rights and raise awareness of harassment prevention. Through these initiatives, we aim to create a workplace in which everyone can work with a sense of security.

Human Rights Due Diligence

We continuously conduct human rights due diligence under our framework for promoting respect for human rights. In our supply chain, we also conduct sustainability surveys and evaluations of business partners and work to prevent and mitigate adverse impacts on human rights. We will continue to embed respect for human rights and strengthen stakeholder engagement, thereby reinforcing the management foundation that supports sustainable value creation.

Diversity, Equity & Inclusion*3

Promoting the Advancement of Women

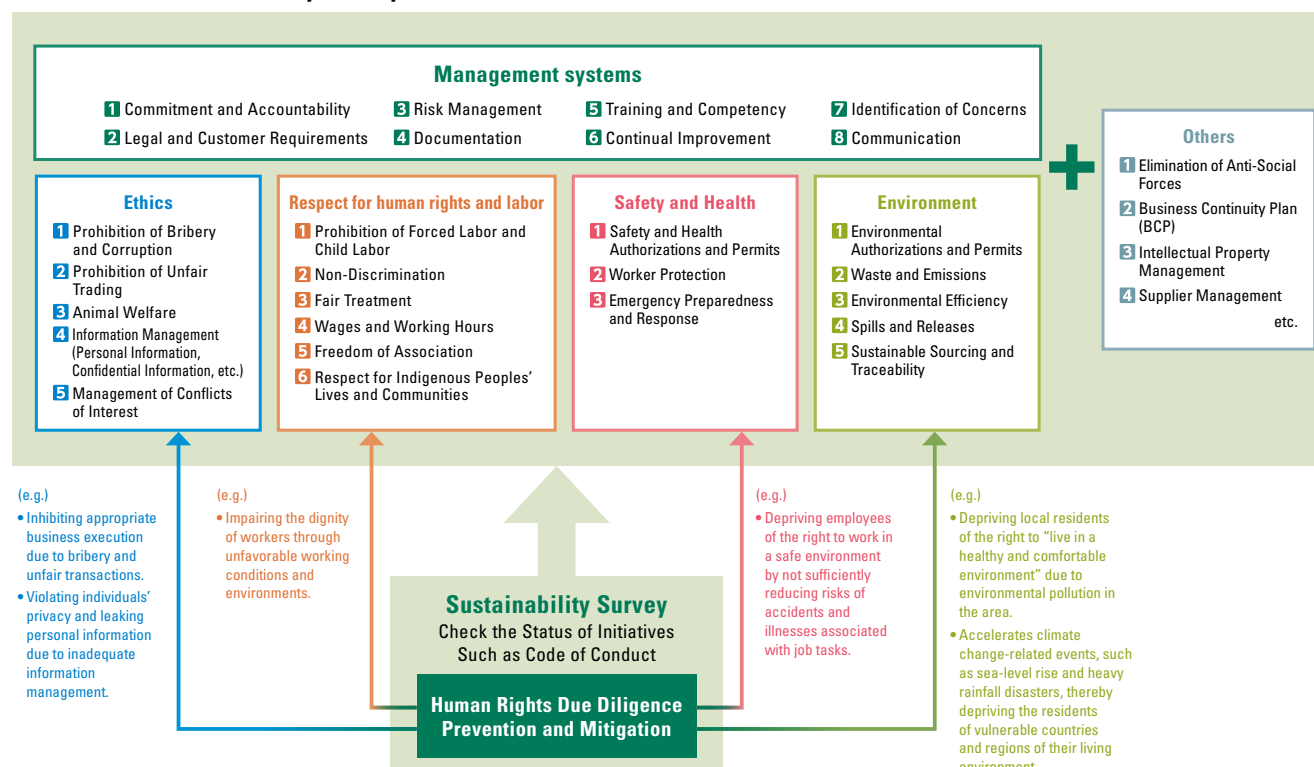
We believe that an organization in which diverse talent can fully demonstrate their capabilities provides the foundation for sustainable value creation as an R&D-driven pharmaceutical company. In particular, we position the advancement of women as an important management

priority because incorporating diverse perspectives and values into management and business operations can strengthen our capacity for innovation and enhance decision-making. Accordingly, we are taking an integrated approach to recruitment, development, promotion, and flexible ways of working.

We support flexible ways of working across different life stages through programs such as reduced working hours for childcare, subsidies for the use of unlicensed childcare facilities, and the MR Area Selection System. We

*3 The programs and initiatives presented in this section apply to employees of Sumitomo Pharma Co., Ltd. in Japan on a non-consolidated basis.

Overview of sustainability survey



Human Capital

Strengthening Human Capital for the Sustained Enhancement of Corporate Value | Human Resources Strategy

are also working to eliminate fixed gender-role assumptions, such as “women take care of children while men work,” by encouraging greater participation by men in childcare. Through measures including partially paid childcare leave and information sessions, the rate of childcare leave taken by male employees has remained at 100% since FY2022, helping foster a corporate culture in which employees can balance work and childcare regardless of gender.

We have also set a target of at least 20% female managers by FY2027 and are strengthening the development of next-generation leaders. Building on our longstanding efforts to develop female leaders, we resumed female leadership development training in 2026 and are further strengthening our development initiatives.

As of April 2026, women accounted for 15.4% of managers. Through female leadership training and career development support, we are systematically developing the pipeline of management candidates. Over time, we aim to bring the gender composition of management into closer alignment with that of our overall workforce and to build an organization in which diverse perspectives are reflected in management and decision-making.

We view the advancement of women not merely as an HR initiative, but as a strategic investment in human capital that supports our capacity for innovation and corporate value enhancement. We will continue advancing initiatives that translate diversity into competitive advantage.

Promoting the Participation and Advancement of People with Disabilities

We aim to realize a society in which every individual can demonstrate their abilities regardless of disability. To this end, we promote the employment and advancement of people with disabilities based on the concept of normalization^{*4}. This is both a corporate social responsibility and part of our human capital strategy to enhance corporate value by building an organization in which diverse talent can thrive.

Cocowork, our special subsidiary, operates a sunlight-based hydroponic farming business to support the independence of people with psychiatric disabilities. The vegetables grown are sold externally and also given to employees as birthday gifts, helping deepen understanding of the employment of people with disabilities and create connections with employees and their families. This initiative contributes not only to creating employment opportunities but also to building an environment in which employees with disabilities can feel connected to society and experience fulfillment through work.

In addition, SMP Business Partners, which performs shared services^{*5} functions for the Group, actively employs people with intellectual disabilities and hosts vocational training for students from special needs schools. In addition to providing employment opportunities, it supports future independence and employment, thereby contributing to local communities.

As a result of these initiatives, the employment rate of people with disabilities, calculated on a group basis under the special subsidiary system, was 2.69% as of June 1, 2026. We will continue to foster an inclusive corporate culture by creating an environment in which diverse talent can work with confidence and demonstrate their capabilities, thereby achieving both sustainable growth and the creation of social value.

^{*4} Normalization: An approach to realizing a society in which people with and without disabilities live on an equal basis

^{*5} Shared services: Consolidating and standardizing common operations across Group companies to improve management efficiency and quality throughout the Group

Establishing Systems that Enable Diverse Work Styles

We are developing systems that support autonomous and flexible ways of working so that each employee can fully demonstrate their capabilities. Our remote work program can be used up to 12 times per month, and we promote

hybrid work that combines the advantages of working in the office and working remotely, enabling us to improve productivity while supporting diverse work styles. Under our staggered working hours program, we have expanded the available start-time options and made the program available on a day-by-day basis, enabling employees to work flexibly according to their individual circumstances.

We have also introduced our proprietary “deemed standard working hours” system, creating an environment in which employees who perform their duties efficiently can work flexibly. Through these initiatives, we are enhancing employee autonomy and engagement while building a highly productive organization capable of adapting to a rapidly changing business environment.

Health and Productivity Management Initiatives

To fulfill our Mission, it is essential to create a workplace in which every employee can work with vitality while maintaining good physical and mental health. We also believe it is important for employees to maintain and improve their own health and that of their families so they can lead fulfilling lives both at work and outside of work.

In October 2017, we established our Health Declaration, “Health Innovation.” In August 2021, we published the Health White Paper to provide greater visibility into the progress of initiatives under the declaration, and we have made it publicly available since 2022. We are working as one organization to support healthy and fulfilling lives for all employees and their families. In March 2026, we were recognized for the 10th consecutive year under the 2026 Certified Health & Productivity Management Outstanding Organizations Recognition Program in the large enterprise category (White 500).

Human Capital

Strengthening Human Capital for the Sustained Enhancement of Corporate Value



From left

- 1 Tomoya Yabuuchi** Supply Chain Division
Formulation Technology Group,
Manufacturing Technology
Department
Member, V2X Working Group
- 2 Shunichiro Uesugi** R&D Division
Strategic Planning Group, R&D
Strategy and Planning Department
V2X Secretariat
Leader, R&D Transformation
Initiative (RD-X)
- 3 Saki Sakurai** R&D Division
Translational Medicine Group,
Translational Medicine and Early
Development Department
Member, RD-X
- 4 Yumi Masui** Corporate Departments
Sustainability Promotion
Group, Corporate Governance
Department
V2X Secretariat
- 5 Yoshiharu Yamada** Sales & Marketing Division
Tokyo No. 2 Sales Office, Capital
Region Sales Department
Member, V2X Working Group

Sumitomo Pharma launched a company-wide transformation project called Voice to Transformation (V2X) in 2024. Drawing on employees' voices to drive transformation, the initiative is bringing about a variety of changes across the Company. In this roundtable discussion, employees involved in V2X and those working on the front lines discuss the behavioral changes taking place at Sumitomo Pharma and the future they envision beyond them.

V2X broadening perspectives —from individual role to the Company as a whole

Yamada My work in the sales organization often tended to be self-contained, so I had relatively few opportunities to

consider issues from a company-wide perspective. However, through V2X, I had more opportunities to interact with employees from other departments and came to realize that our activities contribute to the company's overall value creation. Learning that employees in other departments are working with a strong commitment to the company's renewed growth each in their own way, made me realize anew the importance of every piece of information we provide to healthcare professionals. Nowadays, whenever I take action, I not only think about what I can do as a salesperson, but also about how I can contribute to the company's growth.

Sakurai I am not a member of the V2X project, but I have taken part in several of its initiatives. I used to have little

contact with other departments and had few opportunities to raise concerns or issues that I had noticed. After the launch of V2X, there are now many opportunities to connect with employees through initiatives like V2Box and commitment presentations, making me feel that it's okay to speak up. When I actually posted on V2Box, I received a lot of feedback from colleagues, which helped me get relevant departments to take action and gave me the feeling that my voice was being heard within the organization. The commitment presentations gave me a valuable opportunity to put my work into words and explain it to colleagues I had never interacted with before. The positive feedback from participants in other departments renewed my appreciation of how my work contributes to the company as a whole. Even junior employees can participate in initiatives to improve the company. This change was very significant for me.



Masui What impressed me was how many employees, about 80 in total, volunteered to participate in V2X as members of the V2X Working Group driving the project forward. I was surprised to find out that there are so many colleagues who genuinely want to change the company. Also, now that communication from management has increased, I feel that the company's situation and challenges are being shared in a timely manner, and that it has become easier for employees to engage in discussions with a shared sense of direction. These communications have also prompted more discussions in the workplace about management challenges and the Company's future. Also, through the planning and other activities of the V2X Working Group, I feel that topics that used to be discussed only within individual workplaces are now being viewed as company-wide issues, and there are more opportunities to exchange opinions across departments.



Yabuuchi Personally, I used to prioritize fulfilling my responsibilities in my own department. But after joining

Strengthening Human Capital for the Sustained Enhancement of Corporate Value

Special Feature Employee Roundtable Discussion

in V2X, I've developed a stronger awareness of what's necessary for the growth of the entire company and the need to act beyond the boundaries of my own department. Where previously we would have waited for the relevant departments to take action on certain issues, now we are increasingly proposing solutions and involving others in the process to address the issues. Also, as a manager, I've made a point of actively giving my team members opportunities to take on challenges. Even in situations where it would be faster for me to handle it myself, I believe that having the courage to delegate tasks fosters the initiative and growth of each individual. I feel that if more people act with a sense of ownership, the organization can change significantly.

Small changes on the front lines can drive the organization forward

Yamada In the Capital Region Sales Department where I work, we have been gathering feedback from the front lines — things that could be done better or that should be changed — and using that feedback to implement real improvements. V2X is what initially prompted us to put a formal process in place, but frontline staff are now taking the initiative themselves. For example, volunteers have spontaneously started workshops to prepare for upcoming products, and initiatives have begun to share information across sales offices. I believe that the positive experience of seeing that speaking up can bring about change is leading to further action.



Uesugi The R&D Division is advancing an internal transformation initiative called *RD-X*, focusing on two pillars: *strengthening collaboration* and *growth opportunities*. Among the initiatives that received a particularly positive response, the mentorship program stands out. We created opportunities for Division members who had previously had little contact with one another to connect and discuss their career and work-related concerns. Participants left comments such as, *I made new connections that increased my motivation, I was*

reminded of why I work at this company, and My career path became clearer. I feel that these very connections between people are becoming an important asset as we work towards our common goal of developing innovative medicines.

Sakurai RD-X also conducts activities to deepen understanding of other departments and holds workshops on the use of Copilot. Perhaps as a result of these activities, I feel that there are more opportunities for colleagues from drug discovery research, development, and CMC to discuss things in the same forum. While different areas of expertise bring different perspectives and ways of thinking, I feel that nowadays we are increasingly exchanging opinions from a unified perspective: namely, how can Sumitomo Pharma succeed, and how can the R&D Division deliver results as quickly as possible to achieve that? We also had a workshop attended by nearly 100 employees, and I feel the circle of collaboration is steadily expanding.

Yabuuchi Our Supply Chain Division has long been active in improvement efforts, but the number of themes being addressed across departments has clearly increased. Previously, the focus was on themes that could be completed solely within one's own department, but we are now seeing more projects that involve collaboration with R&D and other departments and are pursued with a view to what is best for the Company as a whole. At the recent Improvement Activity Awards Ceremony that I attended, many of the themes demonstrated successful collaboration across departmental boundaries. I'm seeing a real change: people are increasingly taking the initiative and involving others in tackling difficult challenges.



Speaking up and embracing challenges drive growth

Yamada I feel that the gap between management and frontline employees has narrowed. The realization that our voices can change the company is a big deal. In fact, there have been instances where suggestions from the front lines

have been implemented as improvement measures, and small changes are starting to take shape. Going forward, we will not be passive, but will think and act independently, and continuously strive for improvement. I believe these efforts will collectively contribute to the company's growth.

Uesugi Through V2X, there are definitely more opportunities for frank discussion across departments and organizational levels, and I can feel the positive changes that have come from that. For me personally, the opportunity to interact with employees I hadn't previously had contact with and to connect with like-minded colleagues was a great asset. By reaching out to the right people without hesitation and collaborating across departments and roles, we can achieve results that would not be possible individually. I believe that the more such collaborations we have, the greater the results we can achieve that we couldn't achieve on our own. On the other hand, these changes are still centered around the employees who are participating in these activities. Extending these changes across the company remains an ongoing challenge.



Sumitomo Pharma has about 1,750 employees in Japan alone. Going forward, I would like to spread the insights and behavioral changes generated by V2X across the company and, by translating these increasingly active collaborations into concrete results, contribute to the company's renewed growth and value creation.

Yabuuchi Through V2X and the new HR system, I feel that there's a growing awareness of the importance of adding greater value through one's work. However, reforming the organizational culture is a means, not an end. I believe what's important is that each person has a sense of ownership and, by collaborating across departments and roles, turns that into business results. I am committed to taking action and engaging those around me as I contribute to the company's growth and to delivering valuable medicines to patients.

Social Contribution through Our Business

The Sumitomo Pharma Group is working to create new treatment options by leveraging the drug-discovery capabilities it has cultivated as an R&D-driven pharmaceutical company. At the same time, the Group is working to solve social issues by utilizing medical networks to improve access to healthcare and promote understanding of diseases.

Sumitomo Pharma contributes to expanding treatment opportunities and improving patients' quality of life (QOL), while also building trust and a foundation of collaboration through dialogue and cooperation with diverse stakeholders. In this way, we aim to strengthen the management foundation that supports the Value Creation Cycle and realize both the sustainable development of society and the sustainable growth of the Company.

Material Issues

Improving access to medicines and advocacy

Sumitomo Pharma considers improving access to healthcare and addressing social issues important priorities and has identified *Improving access to medicines and advocacy* as one of its Material Issues.

In addition to expanding treatment options for patients and addressing drug lag, Sumitomo Pharma is also working to eliminate stigma and promote early medical consultation through disease awareness. In addition to vaccine development in infectious diseases and strengthening health systems in developing countries, we promote the development of healthcare professionals, public awareness, and policy advocacy through collaboration with industry, governments, NPOs, NGOs, and other diverse stakeholders.

Research and development of influenza and malaria vaccines

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 toll-like receptor 7 (TLR7) adjuvant (DSP-0546). This adjuvant was selected for the CEPI Adjuvant Library*, launched in July 2025, as a promising technology that could contribute to future pandemic preparedness.

Utilizing this proprietary adjuvant technology, we are conducting a phase 1 study in Europe for a *universal influenza vaccine* that is expected to provide protection against a broad range of influenza viruses. The vaccine candidate is being developed jointly with the National Institutes of Biomedical Innovation, Health and Nutrition as a research and development project under the Cyclic Innovation for Clinical Empowerment (CICLE) Program of the Japan Agency for Medical Research and Development (AMED). The interim analysis confirmed generally favorable tolerability and cross-reactivity against multiple influenza A subtypes, and controlled human infection studies (CHIS) are scheduled to begin in FY2026. With regard to malaria, we are continuing research with Ehime University, the European Vaccine Initiative (EVI), and Instituto de Biología Experimental e Tecnológica (iBET) on a vaccine to prevent clinical malaria, and with Ehime University and PATH in the U.S. on a malaria transmission-blocking vaccine. Both projects have been selected for funding by the Global Health Innovative Technology Fund (GHIT Fund).

*About the CEPI Adjuvant Library

An initiative led by CEPI to identify and evaluate optimal combinations of vaccines and adjuvants. With the support of CEPI, research institutions conduct preclinical trials and select promising combinations to accelerate vaccine development and support progression into clinical development.

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.

As a part of efforts to strengthen health systems in developing countries, we are engaged in capacity building for clinical pharmacists in Vietnam as a member of the International Affairs Committee of the Japan Pharmaceutical Manufacturers Association. During the first phase, from 2018 to 2022, the initiative focused on chronic diseases such as diabetes and hypertension. In the second phase, which began in 2024, the focus shifted to anticancer drugs, with efforts aimed at developing the systems and capacity needed to provide medication guidance and promote the appropriate use of medicines.

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 these efforts, we engage in dialogue and policy advocacy 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). By promoting understanding of the importance of achieving drug prices that appropriately reflect the value of medicines and reinvestment in drug discovery and R&D enabled by such pricing, we help improve patients' access to medicines and the quality of healthcare through the provision of new treatment options and a stable supply of medicines.

Social Contribution through Our Business

Going forward, we will continue to participate in policy development that contributes to addressing social challenges, while placing importance on dialogue with stakeholders, thereby helping to both enhance the realization of a sustainable society and 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 for diseases with high unmet medical needs, we respond to requests for the development of unapproved and off-label drugs. To date, we have obtained six approvals. Among them, in September 2022 we received approval for a partial revision of the approved indications for the biguanide oral hypoglycemic agent METGLUCO®, adding the indications of *ovulation induction in polycystic ovary syndrome and controlled ovarian stimulation for assisted reproductive technology in polycystic ovary syndrome*. In addition, we are advancing development in response to a request for the use of RETHIO®, an alkylating anticancer agent belonging to the ethylenimine family, for the treatment of *CNS lymphomas (including primary and other lymphomas involving CNS infiltration)*.

Disease awareness activities in the psychiatric disorders area

Improving access to healthcare requires not only the provision of pharmaceutical products but also the dissemination of a correct understanding of diseases. In the psychiatric disorders area in particular, misunderstandings and stigma surrounding the disease contribute to delays in seeking medical attention and discontinuation of treatment, leading to a loss of opportunities for proper diagnosis and treatment.

Sumitomo Pharma not only provides medications for schizophrenia and bipolar disorder, but is also working to reduce stigma, encourage early consultation, and promote uninterrupted treatment by improving understanding of the disease among patients, their families, and the general public.

As part of this effort, Sumitomo Pharma operates the online mental health awareness website *Kokoro Share**, which aims to provide accurate information about schizophrenia and bipolar disorder in an easy-to-understand manner. We also hold public lectures for the community as an opportunity to deepen understanding of the diseases through the voices of patients and healthcare professionals. Furthermore, we conduct information dissemination and awareness-raising activities in conjunction with World Bipolar Disorder Day and World Schizophrenia Day, working to reduce stigma and improve understanding of the disease.

In FY2025, we held public lectures on schizophrenia and bipolar disorder. Through lectures and discussions featuring people living with these conditions, their families, and healthcare professionals, we worked to promote understanding of treatment continuation and relapse prevention for schizophrenia, as well as diagnosis, treatment, and accurate knowledge of bipolar disorder.

The lectures are archived on the *Kokoro Share* website and our official YouTube channel, providing access to a wider audience.

We believe these initiatives will help reduce stigma by promoting a correct understanding of the disease, and will also contribute to early medical consultation, uninterrupted treatment, and appropriate diagnosis and treatment. Sumitomo Pharma will continue to work to reduce stigma and improve access to healthcare through disease awareness efforts, contributing to preventing the worsening and recurrence of psychiatric disorders.

* For details, please see our [Kokoro Share](#) website (available only in Japanese)



Disease awareness poster installed in the Osaka headquarters lobby to coincide with World Schizophrenia Day

Disease awareness activities for prostate cancer and overactive bladder in the U.S.

Prostate cancer and overactive bladder are also disease areas where improving access to healthcare is essential. In the early stages of prostate cancer, there are often few noticeable symptoms, and in the case of overactive bladder, patients may be reluctant to consult healthcare professionals about their symptoms, leading to delayed medical attention. Such delays in seeking medical care are one of the factors that cause missed opportunities for appropriate diagnosis and treatment.

Sumitomo Pharma America, Inc. not only provides treatments for prostate cancer and overactive bladder, but also works to promote disease awareness and foster a better understanding of these conditions.

These initiatives are expected to encourage earlier medical consultations and diagnoses, expanding opportunities for patients to receive appropriate treatment and improving their QOL. Going forward, we will continue to enhance access to healthcare through disease awareness activities, helping more patients access appropriate healthcare at the right time.

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/>

Chapter 7

Data

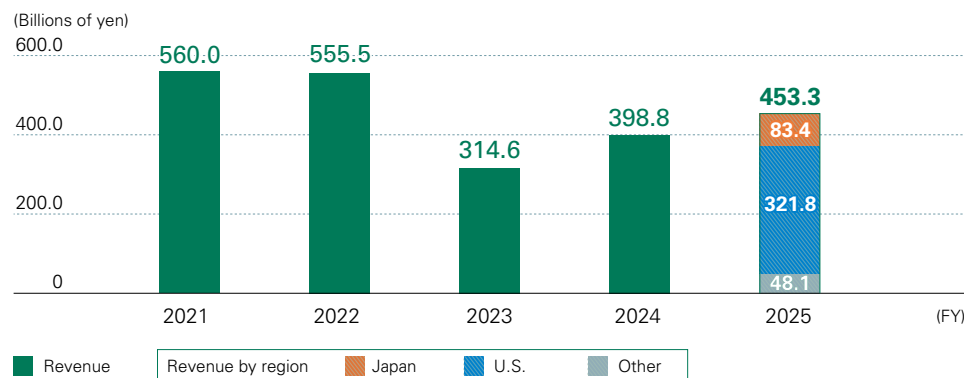
Financial Highlights	75
Non-Financial Highlights	77
Summary of Selected Financial Data	79
Corporate Profile	80
Shareholder Data	81
External Evaluations of Sumitomo Pharma Group	82
Editorial Policy	83





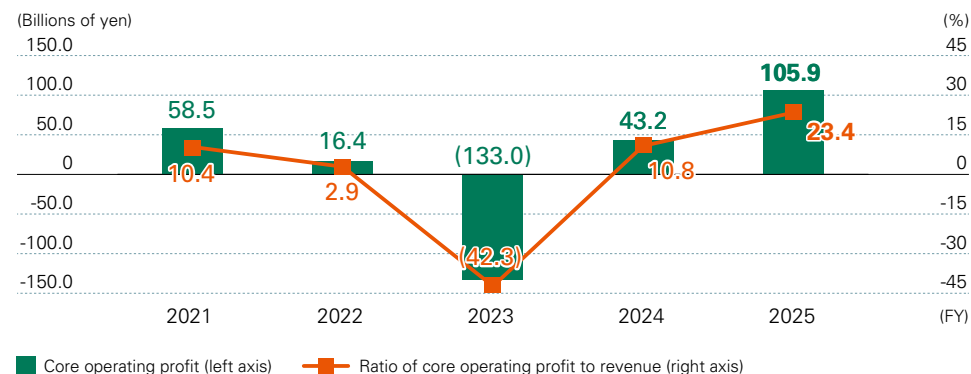
Financial Highlights

Revenue / Revenue by region



Revenue for FY2025 increased by 13.7% year-on-year, primarily driven by the growth in sales of ORGOVYX® and GEMTESA® in the U.S. and the recognition of a sales milestone payment from ORGOVYX®.

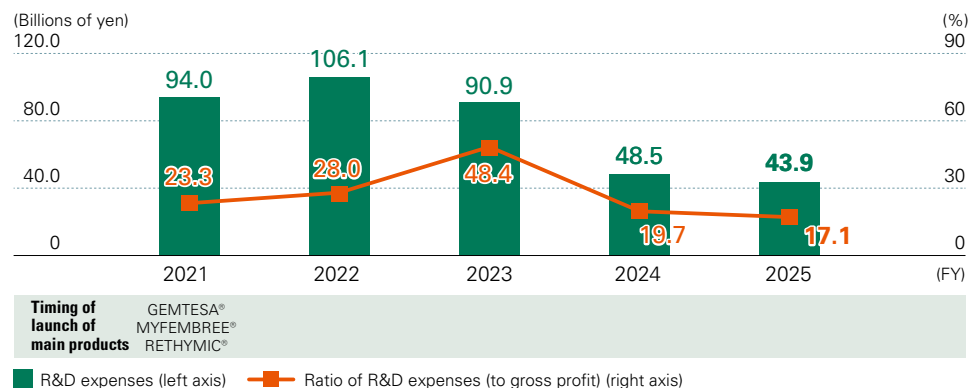
Core operating profit* / Ratio of core operating profit to revenue



Core operating profit increased by 145.4% year-on-year, driven by higher revenue; lower SG&A and R&D expenses resulting from business restructuring and the reorganization of the regenerative medicine/cell therapy business; and the recognition in others (core basis) of a ¥49.0 billion gain on the partial transfer of the Asian business.

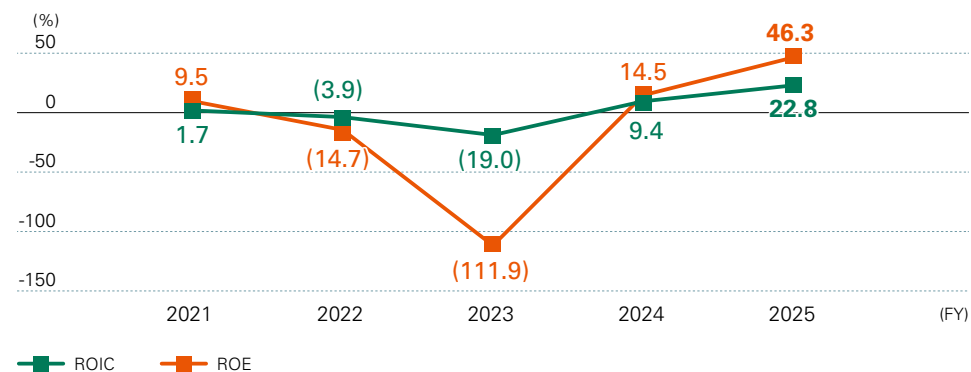
*Core operating profit is calculated by deducting certain items from operating profit. The deduction items mainly include impairment losses, business restructure improvement expenses, and changes in fair value of contingent consideration

R&D expenses / Ratio of R&D expenses (to gross profit) / Launched products



We concentrated management resources on the two oncology assets, enzomenib and nuvisertib, which we expect to be next-generation growth drivers, as our highest-priority programs. As a result, total core R&D expenses in FY2025 were ¥43.9 billion (down 9.4% year-on-year).

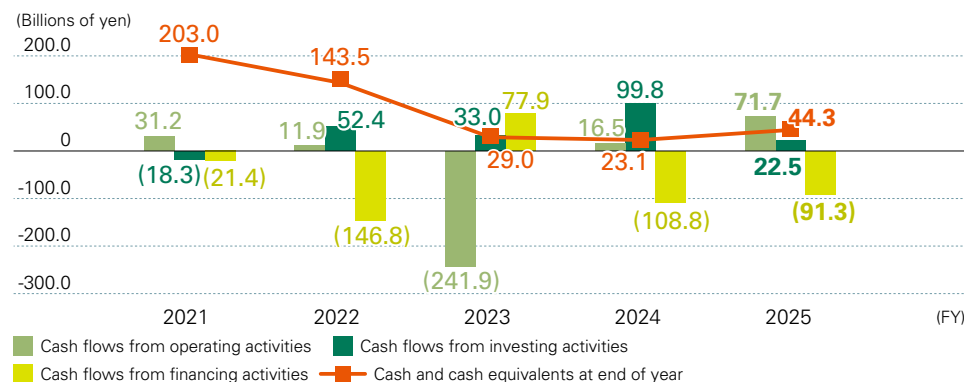
ROIC / ROE



In addition to a significant increase in core operating profit, improvements in profitability and capital efficiency through business structure reforms and the rebuilding of the financial foundation have led to a substantial improvement in ROE and ROIC.

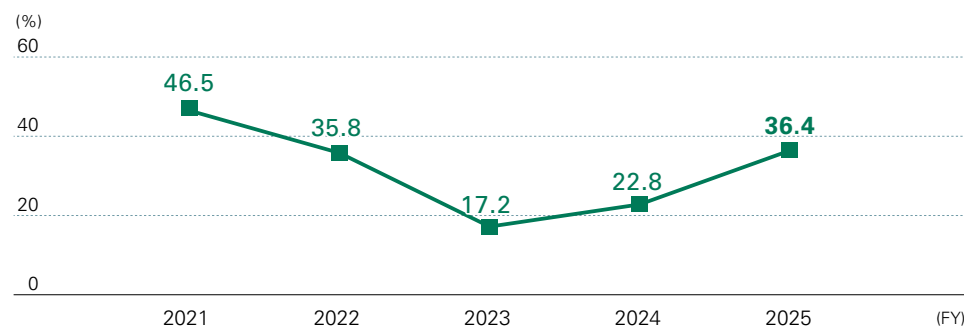
Financial Highlights

Cash flows from operating, investing and financing activities / Cash and cash equivalents at end of year



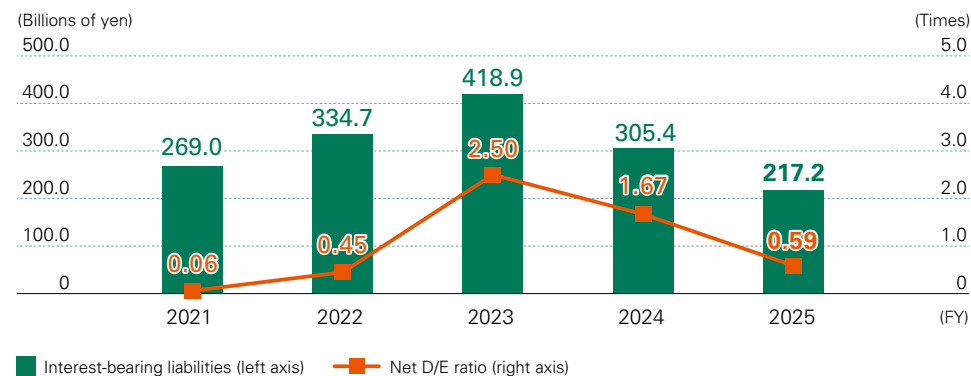
In FY2025, cash flows (CF) from operating activities increased in income by ¥55.2 billion year-on-year due to a significant increase in net profit. CF from investing activities decreased in income by ¥77.3 billion year-on-year due mainly to a large amount of income from the sale of investment securities in the previous fiscal year. CF from financing activities decreased in spending by ¥17.5 billion year-on-year due mainly to loan repayments being lower than in the previous fiscal year. As a result, cash and cash equivalents increased by ¥21.2 billion year-on-year.

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



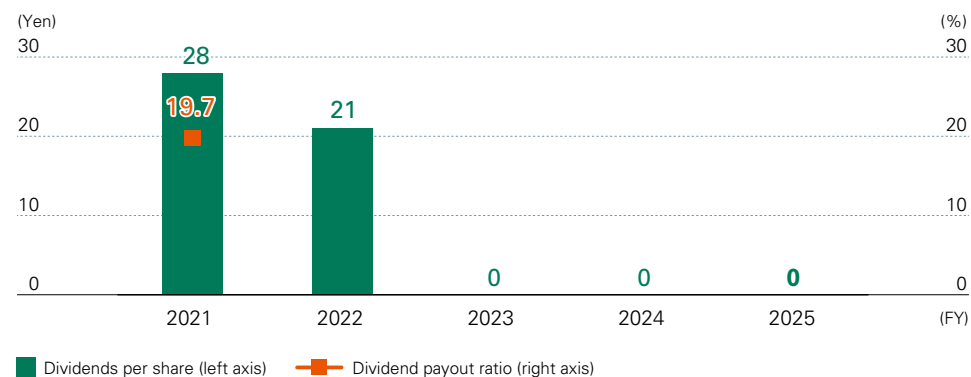
Equity attributable to owners of the parent in FY2025 increased by ¥123.0 billion from the previous fiscal year-end to ¥292.5 billion due to an increase in retained earnings resulting from a substantial rise in net profit for the fiscal year. As a result, the ratio of equity attributable to owners of the parent to total assets improved to 36.4%, up 13.6 percentage points from the end of the previous fiscal year.

Interest-bearing liabilities / Net D/E ratio



Interest-bearing liabilities, including corporate bonds and borrowings, decreased by ¥88.2 billion from the end of the previous fiscal year to ¥217.2 billion. Furthermore, due mainly to the increase in equity attributable to owners of the parent and the decrease in interest-bearing liabilities, the net D/E ratio decreased by 1.08 points.

Dividends per share / Dividend payout ratio

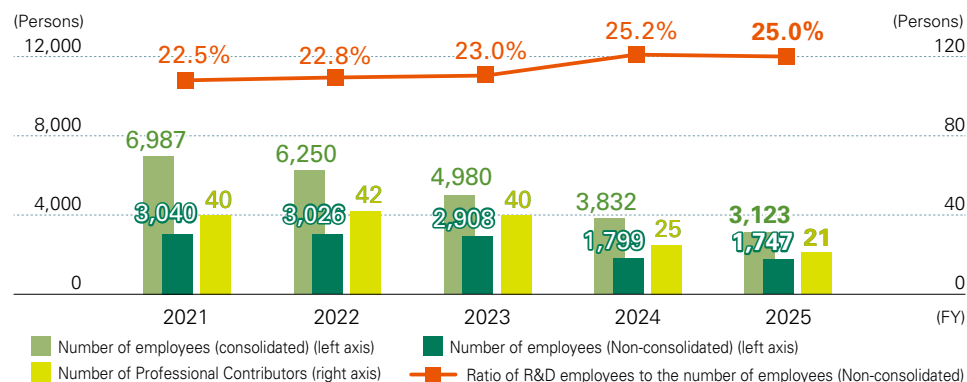


Despite the significant increase in profit in FY2025, we did not pay a dividend, prioritizing the acceleration of strategic investments, particularly in R&D, and the strengthening of our financial position.



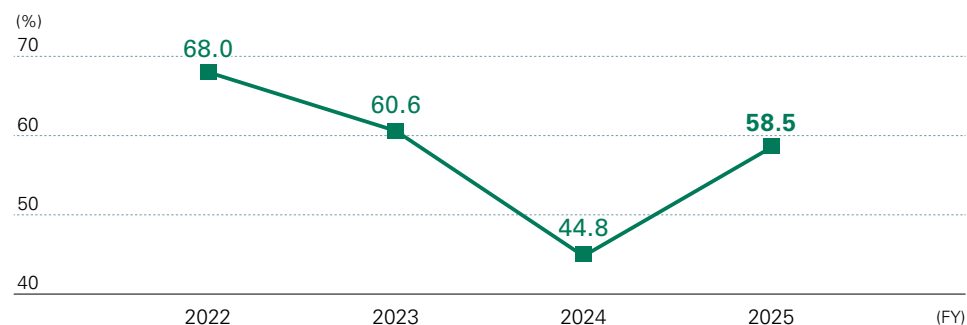
Non-Financial Highlights

Number of employees / Number of R&D employees / Number of professional contributors



As an R&D-driven pharmaceutical company, we maintain the proportion of R&D employees in our domestic workforce above a certain level. In FY2016, we introduced the Professional Contributor (PC) system, which has become firmly established as a framework under which highly specialized employees can demonstrate their abilities. The PC system serves as an important HR foundation supporting employee growth and organizational vitality.

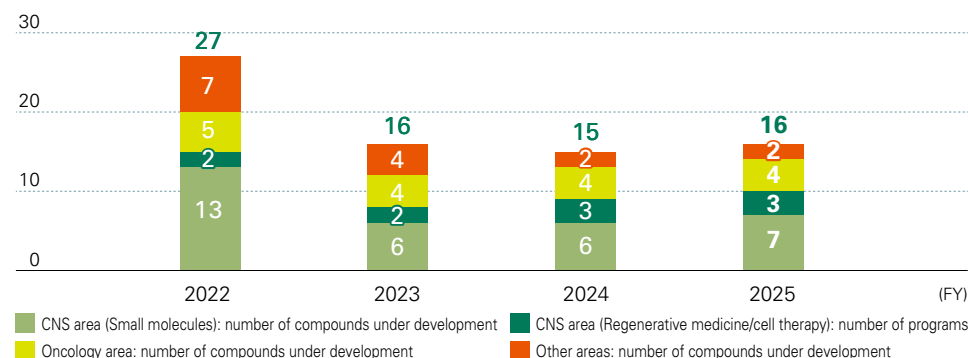
Employee engagement score



Sumitomo Pharma continuously monitors and analyzes employee engagement. The engagement score improved year on year in FY2025 as business performance continued to recover. Through ongoing dialogue and improvement initiatives, we will continue working to create an environment in which every employee can fully demonstrate their capabilities.

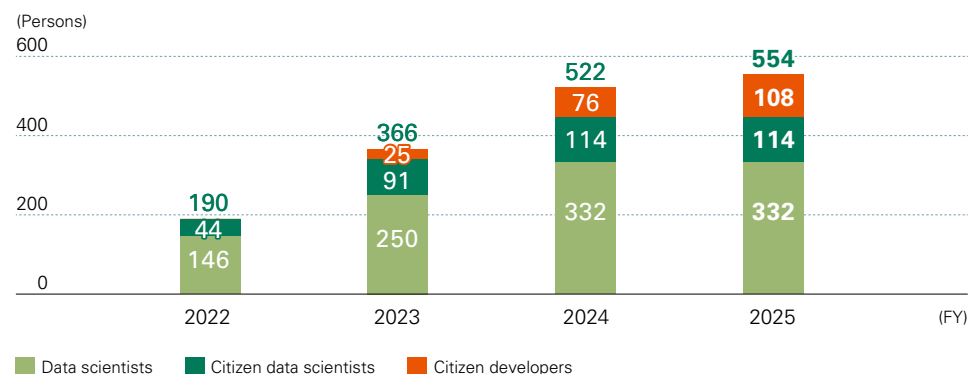
*Percentage of positive responses to engagement-related questions rated on a five-point scale

Number of drug candidates under development



With Oncology and Psychiatry & Neurology (CNS) as our priority disease areas, we conduct research and development in pharmaceuticals and regenerative medicine/cell therapy. In other areas as well, we are leveraging our assets to steadily advance research and development. In March 2026, we obtained manufacturing and marketing authorization (conditional and time-limited) in Japan for the allogeneic iPS cell-derived dopaminergic neural progenitor cell product AMCHEPRY®.

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



We launched our DX training program in 2021 with the goal of accelerating the development of digitally skilled employees who can solve problems through proactive use of diverse data. We have already achieved our initial targets for the number of 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" published by The Japan Data Scientist Society

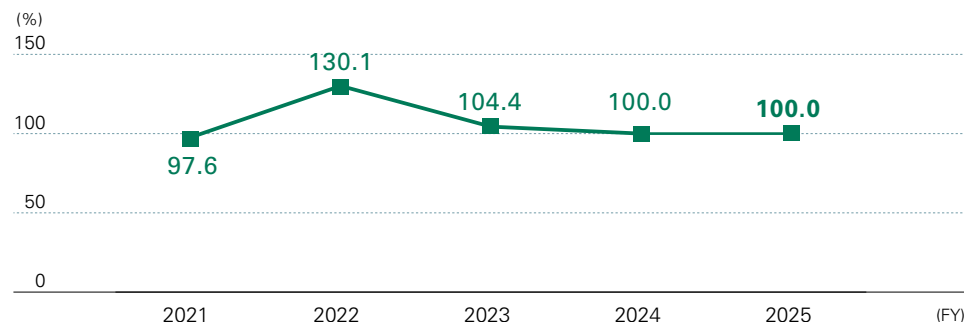
*² Employees who serve as catalysts for value creation through the use of data

*³ Employees who can independently drive operational efficiency improvements in the workplace



Non-Financial Highlights

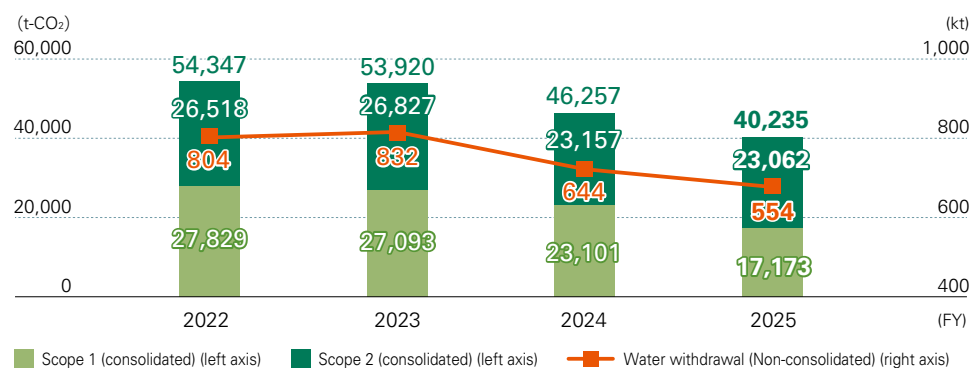
Percentage of male employees taking childcare leave



Sumitomo Pharma strives to eliminate unconscious gender-related stereotypes and biases, enable employees to balance work and parenting responsibilities regardless of gender, and foster an organizational culture of mutual support. As part of these efforts, we encourage male employees to take childcare leave and actively participate in parenting. The percentage of male employees taking childcare leave has remained at 100% over successive years.

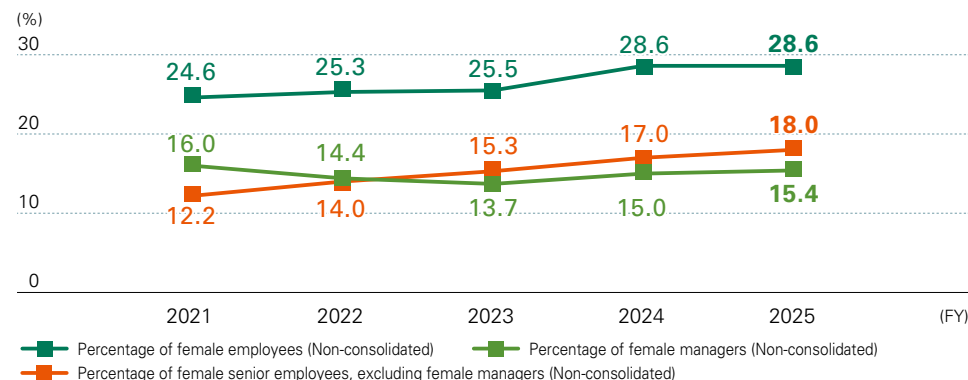
*The percentage of male employees taking childcare leave is calculated as the number of male employees who took childcare leave during the relevant fiscal year divided by the number of male employees whose spouse gave birth during the same year. There are some years in which the figure exceeds 100% because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

Greenhouse gas emissions and water withdrawal



We are systematically implementing energy-saving and CO₂ reduction measures with the aim of reducing GHG emissions (Scope 1 + 2) by 42% from the FY2020 level. For Scope 3, we have also set a target of reducing GHG emissions by 25% from the FY2020 level. Additionally, we have set a goal to reduce water withdrawal to 599 kt or less and are working toward sustainable water use.

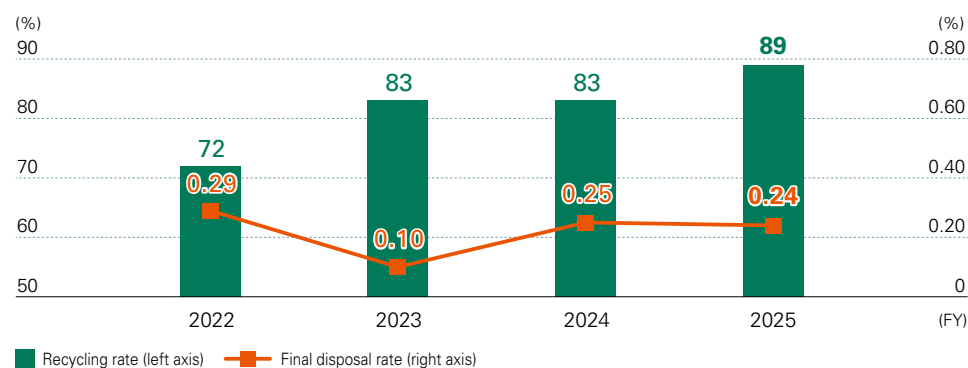
Percentage of female employees / Percentage of female managers / Percentage of female senior employees, excluding female managers



We aim to increase the percentage of female managers to 20% or more by FY2027 and are also focusing on developing female leaders. A goal 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 is as of the end of the fiscal year, while the percentage of female managers and the percentage of female senior employees, excluding female managers are as of April 1 of the following fiscal year.

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). We are promoting recycling and reducing the amount of final disposal, with the aim of achieving a waste plastic recycling rate of 65% or higher, a waste recycling rate of 85% or higher, and a final disposal rate of less than 0.5% by FY2030.

Summary of Selected Financial Data

Sumitomo Pharma Co., Ltd., and Consolidated Subsidiaries
International Financial Reporting Standards (IFRS)

Millions of yen

(FY)	2021	2022	2023	2024	2025
Results of operations:					
Revenue	560,035	555,544	314,558	398,832	453,294
Japan	—	—	—	—	83,375
U.S.	—	—	—	—	321,844
Other	—	—	—	—	48,075
Cost of sales	157,117	176,695	126,577	153,183	196,401
Selling, general and administrative expenses*1	251,560	305,622	236,437	167,717	159,347
Research and development expenses	94,004	106,061	90,890	48,485	43,947
Ratio of R&D expenses (to gross profit)	23.3%	28.0%	48.4%	19.7%	17.1%
Core operating profit (loss)*2	58,509	16,364	(132,978)	43,153	105,908
Ratio of core operating profit (loss) to revenue	10.4%	2.9%	(42.3%)	10.8%	23.4%
Operating profit (loss)	60,234	(76,979)	(354,859)	28,804	107,338
Ratio of operating profit (loss) to revenue	10.8%	(13.9%)	(112.8%)	7.2%	23.7%
Net profit (loss) attributable to owners of the parent	56,413	(74,512)	(314,969)	23,634	106,865
Financial position:					
Total assets	1,308,007	1,134,742	907,506	742,604	804,571
Total equity	673,569	406,782	156,136	169,479	292,467
Equity attributable to owners of the parent	607,888	406,749	156,063	169,479	292,467

(FY)	2021	2022	2023	2024	2025
Other statistics:					
Capital expenditures*3	12,663	14,551	14,123	12,082	6,565
Depreciation and amortization	38,348	41,263	37,765	25,562	20,786
Per share of common stock (Yen):					
Basic net profit (loss)	141.99	(187.55)	(792.79)	59.49	268.99
Equity attributable to owners of the parent	1,530.08	1,023.80	392.82	426.59	736.16
Cash dividends applicable to the year	28.00	21.00	0.00	0.00	0.00
Financial indicators:					
ROIC*4	1.7%	(3.9%)	(19.0%)	9.4%	22.8%
ROE	9.5%	(14.7%)	(111.9%)	14.5%	46.3%
Ratio of equity attributable to owners of the parent to total assets	46.5%	35.8%	17.2%	22.8%	36.4%
Dividend payout ratio	19.7%	—	—	—	—

*1 The category “selling, general and administrative expenses” does not include research and development expenses.

*2 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.

*3 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.

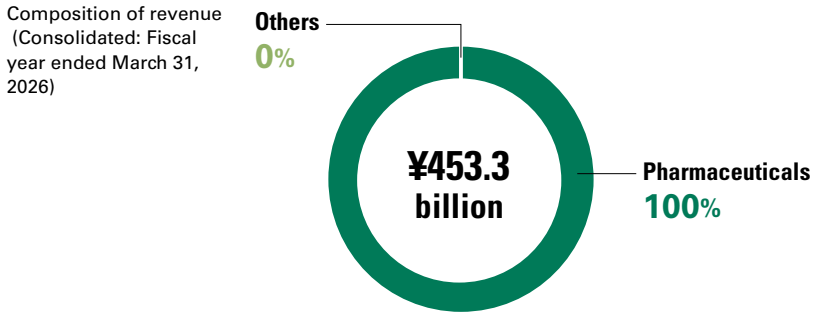
*4 ROIC: (Core operating profit – Income taxes) / (Total equity + Interest-bearing liabilities)

Corporate Profile

(As of March 31, 2026)

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	1,747 (3,123: 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 103-6012, 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 Sales Departments 2 Plants (Mie, Oita) 2 Research Laboratories (Osaka)
Businesses (Consolidated)	Manufacturing and sales of pharmaceuticals and others



Major consolidated subsidiaries (Japan)

	Establishment	Ownership	Fiscal year-end	Number of employees	Businesses
Sumitomo Pharma Promo Co., Ltd.	Jun. 1998	100%	March 31	25	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	1,225*	Manufacturing and sales of pharmaceuticals

*Includes employees of consolidated subsidiaries.

Associated companies

	Establishment	Ownership	Businesses
Marubeni Pharmaceuticals Corporation	May 2025	Sumitomo Pharma 40.0%	Manufacturing and sales of pharmaceuticals, etc.
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

Major shareholders (As of March 31, 2026)

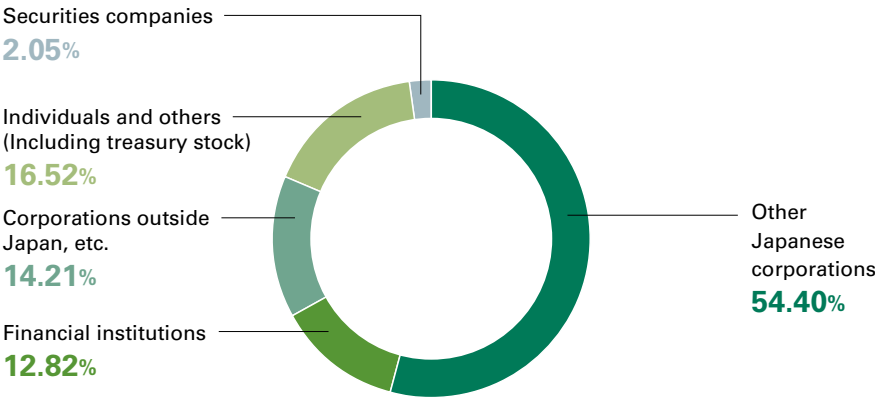
Shareholders	No. of Shares Held (Thousands of Shares)	Percentage of Shareholding (%)
Sumitomo Chemical Co., Ltd.	205,634	51.76
The MasterTrust Bank of Japan, Ltd. (Trust account)	25,038	6.30
SMBC Trust Bank Ltd. (Trust account for Sumitomo Mitsui Banking Corporation's retirement benefits)	7,000	1.76
Custody Bank of Japan, Ltd. (Trust account)	6,219	1.57
Sumitomo Life Insurance Company	5,776	1.45
BNYM AS AGT/CLTS 10 PERCENT	4,573	1.15
Inabata & Co., Ltd.	4,400	1.11
THE BANK OF NEWYORK, TREATY JASDEC ACCOUNT	3,977	1.00
Nippon Life Insurance Company	3,790	0.95
J.P. MORGAN BANK LUXEMBOURG S.A. 381593	3,030	0.76

1 Percentage of shareholding is calculated excluding treasury stock (611,105 shares).

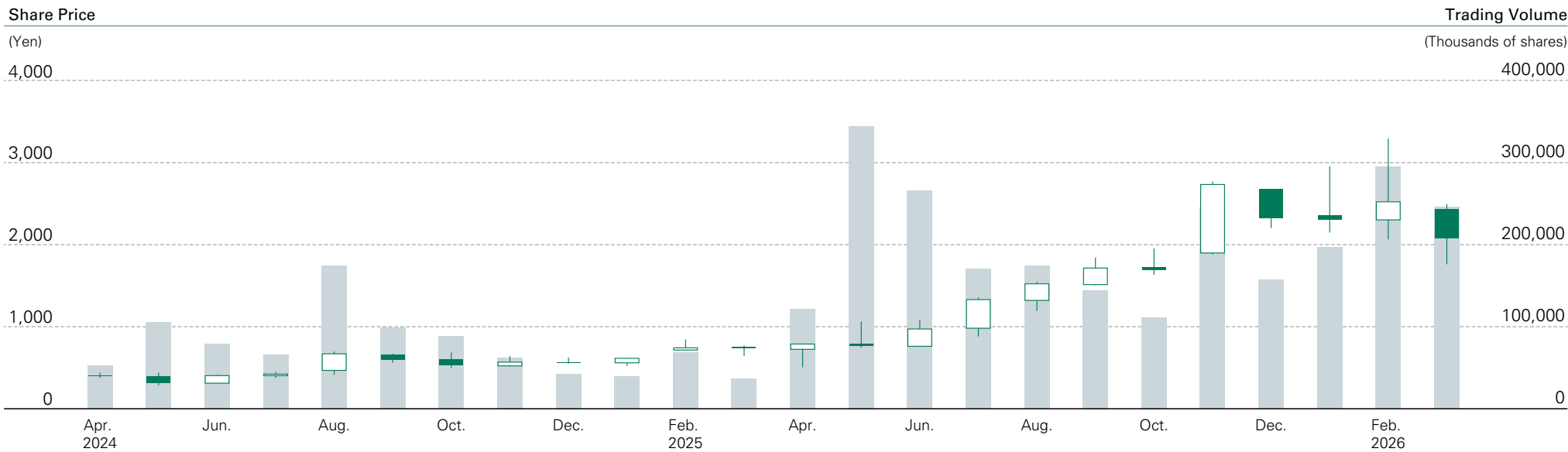
*Exclude 1,000 shares under name of the Company which are not owned by the Company substantially

*2 The numbers of shares held are rounded down to the nearest thousand shares.

Composition of shareholders (As of March 31, 2026)



Share price range and trading volume



External Evaluations of Sumitomo Pharma Group

*We have been selected as a constituent of five ESG indexes covering Japanese equities adopted by the Government Pension Investment Fund (GPIF) (as of the end of August 2026).

Recognition from the Capital Markets

JPX Prime 150 Index

The JPX Prime 150 Index is a stock price index developed by JPX Market Innovation & Research, Inc. and is composed of leading Japanese companies that are estimated to create value. Constituent stocks are selected based on two measures of value creation: 1) "return on capital" which is based on financial results, and 2) "market valuation" which is based on future information and non-financial information. Sumitomo Pharma has been recognized as meeting these criteria and is therefore included as a constituent of the Index.



External Evaluations on Sustainability

FTSE4Good Index Series

The FTSE4Good Index Series was created by the global index provider FTSE Russell (U.K.) to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Sumitomo Pharma has been recognized as meeting the criteria and is included as a constituent of the index.



FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Sumitomo Pharma Co., Ltd. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

<https://www.lseg.com/en/ftse-russell/indices/ftse4good> (External site)

FTSE JPX Blossom Japan Index*

The FTSE JPX 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 the Index was launched in 2017.



FTSE JPX Blossom Japan Index

FTSE Russell confirms that Sumitomo Pharma Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE JPX Blossom Japan Index is designed to measure the performance of companies demonstrating specific Environmental, Social and Governance (ESG) practices. The FTSE JPX Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan> (External site)

FTSE JPX Blossom Japan Sector Relative Index*

The FTSE JPX Blossom Japan Sector Relative Index is created by the global index provider FTSE Russell (U.K.). The FTSE JPX Blossom Japan Sector Relative Index is composed of Japanese companies that demonstrate strong ESG (Environmental, Social, and Governance) practices relative to their industry peers. It is designed to reflect companies' ESG initiatives while minimizing sector bias by evaluating performance on a sector-relative basis. Sumitomo Pharma has been continuously included as a constituent in the Index since 2022 when the Index was launched.



FTSE JPX Blossom Japan Sector Relative Index

FTSE Russell confirms that Sumitomo Pharma Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE JPX Blossom Japan Sector Relative Index. The FTSE JPX Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan> (External site)

MSCI Nihonkabu ESG Select Leaders Index*

The MSCI Nihonkabu ESG Select Leaders Index is constructed from among the constituents of the MSCI Nihonkabu IMI Index and is designed to represent the performance of companies with strong ESG ratings within each GICS® (Global Industry Classification Standard) sector. Sumitomo Pharma has been included as a constituent of the Index since it was launched in 2024.

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

THE INCLUSION OF Sumitomo Pharma Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Sumitomo Pharma Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index*

The S&P/JPX Carbon Efficient Index is an ESG index jointly developed by S&P Dow Jones Indices and Japan Exchange Group. This index comprises companies included in the Tokyo Stock Price Index (TOPIX), and constituent weights are 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 the Index was launched in 2018.



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 as a constituent since the Index was launched in 2023.

SOMPO Sustainability Index

"Somp Sustainability Index" is an active index composed of approximately 300 stocks with superior ESG evaluations. It is constructed by integrating stock selection based on ESG evaluations by Somp Risk Management with stock valuation by Somp Asset Management. A long-term investment strategy that tracks this index has been adopted by institutional investors, including pension funds. Sumitomo Pharma has been continuously included as a constituent in the Index since 2012 when the index was launched.



CDP (climate change)

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. In recognition of its efforts and measures, Sumitomo Pharma was included on CDP's A List, the highest rating in the climate change category, for the second consecutive year in 2025.



CDP (Supplier Engagement Assessment)

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. CDP's annual Supplier Engagement Assessment (SEA) – formerly known as CDP's Supplier Engagement Rating (SER) – evaluates corporate supply chain engagement on climate issues. In 2025, Sumitomo Pharma was selected for the first time as the highest rating of "Supplier Engagement Assessment Leader".



Editorial Policy

Applicable period

This report covers the performance for FY2025 (April 1, 2025 to March 31, 2026), including certain activities that continued beyond the reporting period.

Organizational scope

This report covers the activities of Sumitomo Pharma Co., Ltd. and its associated companies. Certain information relates to Sumitomo Pharma Co., Ltd. on a stand-alone basis.

Reference guidelines

- IFRS Foundation's 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.

Unless otherwise specified, the information in this report is presented on a core basis under IFRS.

Information disclosure media



Corporate site



IR site



Sustainability site



Video: Sumitomo Pharma introduction



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



Integrated Report 2026



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>