
News Release

November 30, 2022

Sumitomo Pharma Co., Ltd.

Sumitomo Pharma Announces Transfer of Shares of a Consolidated Subsidiary, Sumitomo Pharma Food & Chemical

Sumitomo Pharma Co., Ltd. (Head Office: Osaka, Japan; Representative Director, President and CEO: Hiroshi Nomura; Securities Code: 4506, Prime Market of TSE) announced that it has resolved, at a meeting of the board of directors held on November 30, to transfer all the shares (hereinafter the “Share Transfer”) of its wholly owned subsidiary Sumitomo Pharma Food & Chemical Co., Ltd. (Head office: Osaka, Japan; President and CEO: Nobuyuki Hara, hereinafter “Sumitomo Pharma Food & Chemical”) to MEDIPAL HOLDINGS CORPORATION (Head Office: Chuo-ku, Tokyo, Japan; Representative Director, President and CEO: Shuichi Watanabe; hereinafter “MEDIPAL”). Sumitomo Pharma has also entered into a Share Purchase agreement with MEDIPAL regarding the Share Transfer as described below.

The execution of the Share Transfer is subject to regulatory approval under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of April 14, 1947) and the satisfaction of other closing conditions.

1. Reasons and Purposes of the Share Transfer

Sumitomo Pharma has been considering various measures to formulate a new Mid-term Business Plan, based on its policy to pursue the selection and concentration of its businesses to strengthen its business foundations. As part of this policy, Sumitomo Pharma has decided to transfer all shares of Sumitomo Pharma Food & Chemical, our non-pharmaceutical business subsidiary, to MEDIPAL.

Sumitomo Pharma Food & Chemical, established in 2010 by consolidating the Food & Specialty Products Division of Sumitomo Pharma and the trading company Gokyo Trading Co., Ltd., is a wholly owned subsidiary of Sumitomo Pharma that imports, manufactures, and sells food ingredients, food additives and chemical product materials, etc. Taking advantage of the research and development abilities and commitment to quality of a manufacturer, as well as the strengths of a trading company having both information collection and communication abilities, Sumitomo Pharma Food & Chemical has constantly delivered valuable products and merchandise in keeping with its mission to be a company that is useful to society.

MEDIPAL has stated in its 2027 Medium-Term Vision (April 2022 to March 2027, covering the fiscal years ending March 2023 to March 2027), that it will strengthen and enhance its initiatives to respond to the needs for extending healthy life expectancies and the growing demand for prevention and pre-disease. MEDIPAL believes that the addition of Sumitomo Pharma Food & Chemical, which has contributed to the improvement of people’s wellbeing and lifestyle through the provision of food ingredients, will contribute to the success of the MEDIPAL Group’s Medium-Term Vision. Sumitomo Pharma believes that the Share Transfer will lead to the further growth of Sumitomo Pharma Food & Chemical, as a company integrating research and development, distribution, and sales. The Share Transfer will create

synergies between the competitive products that come from Sumitomo Pharma Food & Chemical's advanced research and development capabilities and MEDIPAL Group's extensive distribution network. In addition, considering MEDIPAL's focus on expanding into overseas markets as one of growth strategies of its Medium-Term Vision, international expansion is expected to play an important role in Sumitomo Pharma Food & Chemical's growth strategy.

Sumitomo Pharma intends to make full use of the consideration received from the Share Transfer to implement measures to strengthen its business foundation and to establish growth engines. It will also strive to secure sustained growth by concentrating its management resources on the pharmaceutical business.

2. Overview of the Subsidiary That Is Subject to the Share Transfer (as of March 31, 2022)

(1)	Name	Sumitomo Pharma Food & Chemical Co., Ltd.*1		
(2)	Location of headquarters	2-5-25 Umeda, Kita-ku, Osaka, Japan		
(3)	Job title and name of representative	Nobuyuki Hara, President and Chief Executive Officer		
(4)	Description of business	Manufacturing and sales of food ingredients, food additives, chemical product materials, etc.		
(5)	Share capital	¥200 million		
(6)	Date of establishment	October 2, 1947		
(7)	Major shareholder and ownership ratios	100% - Sumitomo Pharma Co., Ltd.*2		
(8)	Relationship between Sumitomo Pharma and said company	Capital relationship	Sumitomo Pharma Food & Chemical is a wholly owned subsidiary of Sumitomo Pharma.	
		Personnel relationship	There are no matters to be disclosed.	
		Business relationship	Sumitomo Pharma purchases raw materials from and engages in other business with Sumitomo Pharma Food & Chemical.	
(9)	Operating results and financial positions of said company for the last three years Unit: millions of yen (excluding net assets per share)			
	Fiscal year ended	March 31, 2020	March 31, 2021	March 31, 2022
	Net assets	16,582	17,320	18,092

Total assets	22,668	23,735	24,818
Net assets per share	8,291	8,660	9,046
Net sales	32,121	30,956	33,497
Ordinary profit	Not disclosed	Not disclosed	Not disclosed
Net profit	Not disclosed	Not disclosed	Not disclosed
Net profit per share	Not disclosed	Not disclosed	Not disclosed

*1 The trade name was changed from DSP GOKYO FOOD & CHEMICAL Co., Ltd. to Sumitomo Pharma Food & Chemical Co., Ltd. on April 1, 2022.

*2 The trade name was changed from Sumitomo Dainippon Pharma Co., Ltd. to Sumitomo Pharma Co., Ltd. on April 1, 2022.

3. Overview of the Counterparty to the Share Transfer (as of March 31, 2022)

(1)	Name	MEDIPAL HOLDINGS CORPORATION
(2)	Location of headquarters	2-7-15, Yaesu, Chuo-ku, Tokyo, Japan
(3)	Job title and name of representative	Shuichi Watanabe, Representative Director, President and CEO
(4)	Description of business	As a holding company, MEDIPAL HOLDINGS controls, administers and supports the operating activities of companies in which it holds shares in the Prescription Pharmaceutical Wholesale Business; the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business; and the Animal Health Products and Food Processing Raw Materials Wholesale Business, and conducts business development for the MEDIPAL Group.
(5)	Share capital	¥22,398 million
(6)	Date of establishment	May 6, 1923
(7)	Consolidated net assets and total assets for the previous fiscal year	
	Fiscal year ended	Year ended March 31, 2022
	Consolidated net assets	¥649,089 million
	Consolidated total assets	¥1,709,474 million
(8)	Major shareholders and ownership ratios* ³	The Master Trust Bank of Japan, Ltd. (Trust Account) 14.18%
	*3 Ratio of shares owned	Custody Bank of Japan, Ltd. (Trust Account) 4.40%

	with all issued shares (excluding treasury share)	<p>NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) 3.26%</p> <p>MEDICEO Employees Shareholders' Association of MP Group 2.84%</p> <p>STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd. Settlement & Cleaning Services Department) 2.51%</p> <p>Kobayashi Pharmaceutical Co., Ltd. 2.42%</p> <p>NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) 2.35%</p> <p>Custody Bank of Japan, Ltd. (Eisai Co., Ltd. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank Ltd.) 2.07%</p> <p>Custody Bank of Japan, Ltd. as trustee for Daiichi Sankyo Company, Limited Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd. 1.56%</p> <p>Sumitomo Pharma Co., Ltd. 1.50%</p>	
(9)	Relationship between Sumitomo Pharma and the Counterparty	Capital relationship	MEDIPAL holds 921,788 shares of Sumitomo Pharma's common share and Sumitomo Pharma holds 3,246,368 shares* ⁵ of MEDIPAL's common share.
		Personnel relationship	There are no matters to be disclosed.
		Business relationship	Several of MEDIPAL's consolidated subsidiaries are engaged in the prescription pharmaceutical wholesaling business and have established cooperative sales relationships with Sumitomo Pharma as customers.

		Related party relationship	Not applicable.
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*4 The trade name was changed from Sumitomo Dainippon Pharma Co., Ltd. to Sumitomo Pharma Co., Ltd. on April 1, 2022.

*5 This includes shares held by the MEDICEO Clients Shareholders' Association.

4. Number of Shares to Be Transferred, Transfer Value, and Status of Shares Held Before and After Share Transfer

(1)	Number of shares held before share transfer	2,000,000 shares
(2)	Number of shares to be transferred	2,000,000 shares
(3)	Total value of the share transfer	The transfer value will be determined by deducting the special dividend amount ^{*6} from the 43,472 million yen value of Sumitomo Pharma Food & Chemical's shares.
(4)	Number of shares held after share transfer	0 shares

*6 The special dividend is a dividend of retained earnings paid by Sumitomo Pharma Food & Chemical to Sumitomo Pharma. The amount of the dividend is to be determined at the shareholders' meeting of Sumitomo Pharma Food & Chemical.

5. Schedule

(1)	Date of resolution at the meeting of Sumitomo Pharma's board of directors	November 30, 2022
(2)	Date of conclusion of the agreement	November 30, 2022
(3)	Share transfer execution date ^{*7}	Within the fiscal year 2022 (scheduled)

*7 Subject to change due to filings with applicable regulatory authorities and other required approvals

6. Future Outlook

When the Share Transfer is processed, a gain on the sale of shares of subsidiaries of approximately ¥25 billion (before tax) is scheduled to be recorded. However, the impact on the consolidated financial results for FY2022 has yet to be determined because the amount is to be recorded at the closing. If it becomes necessary to revise the consolidated financial forecasts for FY2022, Sumitomo Pharma will announce such information in a timely manner.

Please note that Sumitomo Pharma Food & Chemical will be excluded from Sumitomo Pharma's subsidiaries upon completion of the Share Transfer.

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