Marketing

We aim for early maximization of product value in each region.

Japanese Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>171.9</td>
</tr>
<tr>
<td>2014</td>
<td>156.6</td>
</tr>
<tr>
<td>2015</td>
<td>146.5</td>
</tr>
<tr>
<td>2016</td>
<td>137.6 (forecast)</td>
</tr>
</tbody>
</table>

North American Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>145.3</td>
</tr>
<tr>
<td>2014</td>
<td>148.2</td>
</tr>
<tr>
<td>2015</td>
<td>200.7 (forecast)</td>
</tr>
<tr>
<td>2016</td>
<td>184.9</td>
</tr>
</tbody>
</table>

Chinese Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11.9</td>
</tr>
<tr>
<td>2014</td>
<td>17.1</td>
</tr>
<tr>
<td>2015</td>
<td>18.4</td>
</tr>
<tr>
<td>2016</td>
<td>16.0 (forecast)</td>
</tr>
</tbody>
</table>
Japanese Market

- Concentrate marketing resources on strategic and new products to maximize product value at an early stage
- Build highly efficient sales organization

**AIMIX®**
- **Launch**: December 2012
- **Indications**: Hypertension
- **Features**: Combination product of irbesartan (AVAPRO®) and amlodipine besilate (AMLODIN®)

**LONASEN®**
- **Launch**: April 2008
- **Indications**: Schizophrenia
- **Features**: Dopamine D2 receptors and serotonin 5-HT2A receptors blocker

**TRERIEF®**
- **Launch**: March 2009
- **Indications**: Parkinson’s disease
- **Features**: Parkinson’s disease drug with levodopa-enhancing effect

North American Market

- Further expand atypical antipsychotic LATUDA®
- Expand sales of long-acting beta-agonist BROVANA® and antiepileptic drug APTIOM®

**LATUDA®**
- **Launch**: February 2011 (U.S.) September 2012 (Canada)
- **Indications**: Schizophrenia, Bipolar I depression
- **Features**: Affinity for dopamine D2, serotonin 5-HT2A and serotonin 5-HT1 receptors where it has antagonist effects

**APTIOM®**
- **Launch**: April 2014 (U.S.) October 2014 (Canada)
- **Indications**: Partial-onset seizures (Monotherapy / Combination therapy)
- **Features**: A voltage-gated sodium channel blocker is taken once daily and can be taken whole or crushed, with or without food

Chinese Market

- Maximize profits from existing products
- Establish highly efficient business foundation

**MEROPEN®**
- **Launch**: 1999
- **Indications**: General infections, febrile neutropenia
- **Features**: Standard therapy for severe infections, used in many countries
Fiscal 2015 Main Initiatives and Business Results

In addition to the provision of information by MRs, Sumitomo Dainippon Pharma actively promoted hybrid marketing that combined these activities with e-promotion utilizing the Internet and other means in efforts to expand sales through the appropriate provision of information. As a result, although sales of strategic products such as AIMIX®, a therapeutic agent for hypertension, LONASEN®, an atypical antipsychotic, and TRERIEF®, a therapeutic agent for Parkinson’s disease increased, this was not enough to offset the decline in sales of long-listed brands, resulting in a decline in sales.

Sales of Major Products (Sales of U.S. Subsidiary, Billions of yen)

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Therapeutic Indication</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Rate of change (%)</th>
<th>FY 2016 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIMIX®</td>
<td>Therapeutic agent for hypertension</td>
<td>12.0</td>
<td>14.9</td>
<td>25.0</td>
<td>16.1</td>
</tr>
<tr>
<td>AVAPRO®</td>
<td>Therapeutic agent for hypertension</td>
<td>11.4</td>
<td>10.8</td>
<td>(4.6)</td>
<td>9.3</td>
</tr>
<tr>
<td>LONASEN®</td>
<td>Atypical antipsychotic</td>
<td>11.5</td>
<td>12.6</td>
<td>10.0</td>
<td>13.8</td>
</tr>
<tr>
<td>TRERIEF®</td>
<td>Therapeutic agent for Parkinson’s disease</td>
<td>11.6</td>
<td>13.1</td>
<td>12.7</td>
<td>14.5</td>
</tr>
<tr>
<td>SUREPOST®</td>
<td>Rapid-acting insulin secretagogue</td>
<td>2.4</td>
<td>3.6</td>
<td>48.3</td>
<td>4.6</td>
</tr>
<tr>
<td>AmBisome®</td>
<td>Therapeutic agent for systemic fungal infection</td>
<td>4.3</td>
<td>4.3</td>
<td>0.6</td>
<td>4.3</td>
</tr>
<tr>
<td>REPLAGAL®</td>
<td>Anderson-Fabry disease drug</td>
<td>9.7</td>
<td>10.2</td>
<td>5.3</td>
<td>10.5</td>
</tr>
<tr>
<td>METGLUCO®</td>
<td>Biguanide oral hypoglycemic</td>
<td>17.1</td>
<td>14.7</td>
<td>(13.8)</td>
<td>9.8</td>
</tr>
<tr>
<td>AMLODIN®</td>
<td>Therapeutic agent for hypertension and angina pectoris</td>
<td>19.6</td>
<td>16.4</td>
<td>(16.3)</td>
<td>12.2</td>
</tr>
</tbody>
</table>

Key Measures
- Concentrate marketing resources on strategic products and new products for early maximization of product value
- Build efficient sales organization

Focus Marketing Areas
Hypertension / Diabetes Area, Psychiatry & Neurology Area, and Specialty Areas

Key Products for Sales and Marketing
Strategic products
AIMIX® (cardiovascular), LONASEN® (psychiatry & neurology), TRERIEF® (psychiatry & neurology)
New products
REMITCH® (pruritus (chronic liver disease): additional indication approved in May 2015), Trulicity® (diabetes: launched in September 2015)
New Products

Based on a promotion agreement concluded with Torii Pharmaceutical Co., Ltd., Sumitomo Dainippon Pharma provides information to medical institutions on the new indication for REMITCH®, which received approval for the additional indication of improving pruritus in chronic liver disease patients in May 2015. REMITCH® is the first medication with this indication and contributes to treatment as a new option.

Trulicity®, a once-weekly GLP-1 receptor agonist indicated for type 2 diabetes launched in September 2015, not only has an outstanding effect on lowering blood sugar levels with once-weekly administration, but is also provided with Ateose®, a unique disposable auto-injector with a pre-attached needle. At present, we are providing information to medical professionals in partnership with Eli Lilly Japan K.K.

Aiming to Build a Highly Efficient Sales Organization

Since April 2016, Sumitomo Dainippon Pharma has progressively dissolved the region-based sub-division structure and transferred the functions such as strategy planning to the respective branches. By reducing the number of organizational layers, we have created a structure that can quickly indicate head office decision-making while reducing the number of branches and increasing the authority of each branch to enable a flexible response to changing local healthcare.

Fiscal 2016 Business Plan and Outlook

In fiscal 2016, as a result of the impact of NHI drug price revisions and the spread of the government’s policies to encourage the use of generic drugs, sales of long-listed brands such as AMLODIN® and METGLUCO® are expected to continue to fall, and sales are likely to decline. We will keep this decline to a minimum by focusing on and expanding sales of AIMIX®, LONASEN®, and TRERIEF®, which are strategic products, and Trulicity® and REMITCH®, which are new products.

Furthermore, we will continue to actively deploy e-promotion in addition to provision of information by MRs as well as promote the building of an efficient sales organization and implementing selection and concentration in the allocation of marketing resources as we aim to expand sales.

CSR Activities in Marketing

Basic Approach

Sumitomo Dainippon Pharma believes that the very objective of our CSR management is upholding our existence “as a company that continues to be trusted by society, shareholders, and suppliers; appreciated by patients and clients; and for whom our employees are happy to work.” Our aim is to provide high value added products to meet medical needs and to improve QOL for patients. In the Sales & Marketing Division, we formulate and promote DSP Ambition as a vision (Conduct Guidelines) in order to achieve “marketing from the patient’s point of view that is appreciated by customers.”

Pursuing Fair Promotion Activities

In view of the JPMA Promotion Code for Prescription Drugs, Sumitomo Dainippon Pharma has formulated the DSP Promotion Code for Prescription Drugs to specify the standards of conduct that MRs have to comply with when promoting ethical drugs with the aim of engaging in fair promotion activities.

Moreover, the Fair Trade Council of the Ethical Pharmaceutical Drugs Marketing Industry has specified the Fair Competition Code Concerning Restriction on Premium Offers in Ethical Drugs Marketing Industry. In light of the relevant legislation and these voluntary standards, Sumitomo Dainippon Pharma has formulated the DSP-GPP (Good Promotion Practice) with the objective of engaging in fair and transparent marketing activities.

In fiscal 2015, we provided monthly training for MRs in those rules such as the Promotion Code, Fair Competition Code and the DSP-GPP, and the points to consider for the product explanation sessions, research sessions and lectures.
Pharmaceutical Business  North American Market

**Net sales** (Fiscal 2015) ¥184.9 billion  Number of MRs (Fiscal 2015) 710

* MR: Medical Representatives

**Fiscal 2015 Main Initiatives and Business Results**

Sumitomo Dainippon Pharma conducts marketing in North America through its subsidiary Sunovion Pharmaceuticals Inc. An atypical antipsychotic LATUDA® grew into a blockbuster drug, surpassing annual sales of US$1 billion in North America. The focus on early market penetration for the bipolar I depression indication for which additional approval was obtained in June 2013, enhanced activities by MRs dedicated exclusively to LATUDA® since the product’s launch, as well as DTC advertising on television and the Internet since 2014, and promotion activities aimed at medical professionals have all paid off.

An antiepileptic APTIOM® obtained approval for the additional monotherapy indication in August 2015, becoming the only once-daily dose, non-sustained release antiepileptic drug available for monotherapy and adjunctive therapy in the treatment of partial onset seizures. We assigned MRs dedicated exclusively to APTIOM® and significantly expanded sales as a result of concentrating efforts on promoting it as a strategic product and aggressively working on sales activities.

A long-acting beta-agonist BROVANA® is an inhalant bronchodilator used as a maintenance therapy for COPD. Its use has not only increased in hospitals and pharmacies, but also grown in the home medical care and long-term care (LTC) settings, and it has experienced eight years of continuous revenue growth since its launch in 2007.

### Sales of Major Products (Sales of U.S. Subsidiary, Billions of yen)

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Therapeutic Indication</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Rate of change (%)</th>
<th>FY 2016 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>LATUDA®</td>
<td>Atypical antipsychotic</td>
<td>82.5</td>
<td>120.4</td>
<td>45.9</td>
<td>126.7</td>
</tr>
<tr>
<td>APTIOM®</td>
<td>Antiepileptic</td>
<td>2.5</td>
<td>7.6</td>
<td>20.0</td>
<td>13.7</td>
</tr>
<tr>
<td>BROVANA®</td>
<td>Long-acting beta-agonist</td>
<td>22.2</td>
<td>29.9</td>
<td>34.9</td>
<td>31.5</td>
</tr>
<tr>
<td>Ciclesonide</td>
<td>Inhaled corticosteroid, Corticosteroid nasal spray</td>
<td>6.7</td>
<td>7.0</td>
<td>4.5</td>
<td>6.1</td>
</tr>
<tr>
<td>XOPENEX®</td>
<td>Short-acting beta-agonist</td>
<td>8.5</td>
<td>6.7 (21.6)</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>LUNESTA®</td>
<td>Sedative hypnotic</td>
<td>11.5</td>
<td>4.6 (60.1)</td>
<td>2.9</td>
<td></td>
</tr>
</tbody>
</table>

Key Measures
- Further growth for an atypical antipsychotic LATUDA®
- Expand sales of a long-acting beta-agonist BROVANA® and an antiepileptic APTIOM®
In fiscal 2016, Sunovion will seek further growth for LATUDA®, which developed into a blockbuster, in addition to focusing efforts on expanding sales of strategic products APTIOM® and BROVANA®.

We will aim for further growth in sales of LATUDA® by continuing to work on promotion aimed at medical professionals and DTC advertising on the treatment of bipolar I depression.

We will continue to increase product recognition for APTIOM® and promote monotherapy.

For BROVANA®, Sunovion will continue its initiatives of fiscal 2015 to further expand sales by stressing its effectiveness and convenience in COPD treatment to medical professionals. Moreover, we submitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) in July 2016 for SUN-101, which is scheduled for launch in fiscal 2017, a long-acting muscarinic antagonist (LAMA) treatment for COPD with a different mechanism of action from BROVANA® (a long-acting beta-agonist: LABA).

Other than the above, ahead of the launch of napabucasin, the cancer stemness inhibitor for which an application is scheduled to be made in fiscal 2017, we are planning to promote the creation of a sales organization at Boston Biomedical Pharma, Inc., which intends to carry out sales of anticancer drugs in the U.S.

Our subsidiary Sunovion is a member of the Pharmaceutical Research and Manufacturers of America (PhRMA), whose mission is to conduct effective advocacy for public policies to facilitate the discovery of new medicines for patients by pharmaceutical and biotechnology companies.

Since 2001, PhRMA has had in place the PhRMA Code on Interactions with Healthcare Professionals (the PhRMA Code), which is a voluntary standard that sets out interactions with U.S. healthcare institutions. Sunovion is a signatory company of the Code and has formulated policies and guidelines in order to comply with the PhRMA Code in its promotion activities in the U.S.

PhRMA also recommends that member companies undergo an external verification of their policies and guidelines on compliance with the PhRMA Code at least once every three years. Sunovion completed its external verification in February 2016, and it was determined that the company had policies and business processes in place to foster compliance with the PhRMA Code. Sunovion submitted the results of its external verification to PhRMA in March 2016 and is one of 23 companies to have completed the external verification.

Sunovion implements activities to provide support for patients’ groups in the psychiatry & neurology area and the respiratory area, which are its business domains. For example, many of the employees participate in the annual walk events held by various patient support groups to raise awareness of mental illness and epilepsy. Employees also take part in cycling and other events to encourage respiratory health.
Fiscal 2015 Main Initiatives and Business Results

Sumitomo Dainippon Pharma sells four products in the Chinese market, which are MEROPEN® (brand name in China: MEPEM®), a carbapenem antibiotic, ALMARL®, a therapeutic agent for hypertension, angina pectoris and arrhythmia, SEDIEL®, a serotonin-agonist anti-anxiety drug, and GASMOTIN®, a gastroprokinetic. The 300 MRs (as of March 31, 2016) at our subsidiary Sumitomo Pharmaceuticals (Suzhou) Co., Ltd., cover 30 provinces and cities (major cities, provinces, and autonomous regions).

In fiscal 2015, the environment continued to be extremely challenging, impacted by changes to the bidding system. However, as a result of a strong performance particularly for MEROPEN®, yuan-based sales remained the same as the previous fiscal year and increased on the yen basis with the impact of exchange rates.

| Sales of Major Products (Sales of Chinese Subsidiary, Billions of yen) |
|-----------------|-----------------|--------|--------|-----------------|
| Brand Name      | Therapeutic Indication | FY 2014 | FY 2015 | Rate of change (%) | FY 2016 forecast |
| MEROPEN®        | Carbapenem antibiotic | 143     | 156    | 9.2              | 137               |

Fiscal 2016 Business Plan and Outlook

We expect sales to decline in fiscal 2016 as growth will tend to slow due to the continuing impact of the bidding system.

We will increase business efficiency through such initiatives as the introduction of e-promotion in addition to activities to provide information by MRs and continue working to maximize profit.

CSR Activities in Marketing

Compliance with RDPAC Code of Practice

We have always complied with the RDPAC Code of Practice formulated by the RDPAC (China Association of Enterprises with Foreign Investment, R&D-based Pharmaceutical Association Committee) formed by foreign companies that have expanded into China to develop appropriate promotion activities. In addition, we worked to strengthen the compliance system through improvement of internal systems in FY 2015.
Marketing

Related Business
Developing business in a broad range of fields through cooperation with the pharmaceuticals business

Food Ingredients and Chemical Product Materials
DSP Gokyo Food & Chemical Co., Ltd.
http://www.dsp-gokyo-fc.co.jp/english/

In the food ingredients and food additives business, the company develops and sells food ingredients and additives for use in manufacturing safe, high-quality foods. Products include polysaccharides, primarily GLYLOID® (tamarind seed gum), the first product of its kind successfully produced by us on an industrial scale; seasonings such as soup or bouillon. We also run the information portal site aimed at maximizing the value of polysaccharides, our core products.

The chemical product materials business encompasses such products as active pharmaceutical ingredients, cosmetic materials, electronic chemicals, coatings and industrial chemicals. Leveraging Sumitomo Dainippon Pharma’s technologies and know-how from the pharmaceuticals business, and through cooperation with domestic and overseas suppliers, we are expanding these business units to a wide range of customers. We will aim to expand this business as a company that integrates research, development and sales operations to continually create value that is recognized by all.

Animal Health Products
DS Pharma Animal Health Co., Ltd.
https://animal.ds-pharma.co.jp/eng/

The major products are veterinary medicinal products and therapeutic nutritional formulas for companion animals, primarily dogs and cats, as well as for livestock such as cattle, swine, poultry, horses and aquacultured fish.

In its main field of business, the companion animal market, DS Pharma Animal Health launched OraStrip™, a test strip of halitosis as an indicator for canine oral health management in March 2016, and ds PIMOHEART® for chronic canine heart failure in April 2016.

For the livestock industries, DS Pharma Animal Health provides VICTAS® Soluble Powder 25%, a fluoroquinolone antibiotic for swine, URSO®, a bile acid product for cattle, EQVALAN® paste, an oral anthelmintic for horses, and other products. For the aquaculture industry, the company provides vaccines and other products including anesthetics for fish and crustaceans and synthetic antibacterial drugs, contributing to security and safety of food. In addition, the company deals in feed additives and mixed feeds for maintaining animal’s health and improving productivity.

In July 2015, we concluded an agreement on joint clinical development in Japan with J-ARM Co., Ltd. in the animal cellular medicine business. Subsequently, in April 2016, we established Ikeda Regenerative and Cellular Medicine Center for Animals (Ikeda, Osaka) with the aim of early commercialization of cellular medicine for animals.

As a research and development based animal health company, we will continue our efforts to create high-quality products that deliver new value that support the well-being of animals and promote a blissful society where animals and people live together harmoniously.

Diagnostics and Research Materials
DS Pharma Biomedical Co., Ltd.
http://www.dsp-bio.com/

In the diagnostics business, to help ensure accurate and timely treatment, the company develops and supplies point-of-care testing (POCT) products, such as diagnostics for infectious diseases like influenza and Streptococcus, and the H-FABP detecting reagent as diagnostics for acute myocardial infarction, as well as bone and calcium metabolism markers and diagnostics for neuropsychiatric disorder. The company is also developing biomarkers as companion diagnostics, which are performed to predict the efficacy and/or side-effects of drugs before they are administered, and developing and selling highly-sensitive and advanced products by combining chemiluminescent/fluorescent equipment and special reagents.

Meanwhile, in a sector that achieves synergies with Sumitomo Dainippon Pharma’s Regenerative Medicine & Cell Therapy Business, the company also develops and supplies S-Medium, a serum- and feeder-free, chemically defined medium, that can be applied in regenerative therapy using human stem cells, including ES/iPS cells, and POCA®, a series of ready-to-use assay models effective in drug discovery research. In July 2015, the company commenced sales of POCA® HAND1-EST, a developmental toxicity evaluation kit.