Utilizing our strengths to create the new

By utilizing our Company’s capital (intellectual capital, social and relationship capital, and human capital, etc.) to create and provide new value, we contribute to the betterment of healthcare and fuller lives of people worldwide. At the same time, we generate economic value and strive to boost sustained corporate value.

Sources of value creation — six types of capital

<table>
<thead>
<tr>
<th>Intellectual capital</th>
<th>New drugs under clinical development</th>
<th>24*1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New drugs launched since the merger*2</td>
<td>13*1</td>
</tr>
<tr>
<td>Social and relationship capital</td>
<td>Number of medical institutions supplied</td>
<td>112,612</td>
</tr>
<tr>
<td></td>
<td>Number of joint research projects</td>
<td>113</td>
</tr>
<tr>
<td>Human capital</td>
<td>Number of employees</td>
<td>3,067</td>
</tr>
<tr>
<td></td>
<td>(of which, R&amp;D positions)</td>
<td>675</td>
</tr>
<tr>
<td></td>
<td>Number of PC positions*3</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Number of participants in the DSP Academy*4</td>
<td>227</td>
</tr>
<tr>
<td></td>
<td>Response rate for employee satisfaction survey (fiscal 2018)</td>
<td>97.9%</td>
</tr>
<tr>
<td>Financial capital</td>
<td>High profitability and robust financial base</td>
<td>10.2%</td>
</tr>
<tr>
<td></td>
<td>ROE</td>
<td>10.2%</td>
</tr>
<tr>
<td></td>
<td>Ratio of equity attributable to owners of the parent to total assets</td>
<td>59.7%</td>
</tr>
<tr>
<td>Manufactured capital</td>
<td>2 plants and 2 research laboratories</td>
<td></td>
</tr>
<tr>
<td>Natural capital</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As of March 31, 2019 unless otherwise specified.

*1 As of July 31, 2019
*2 New drugs for which approval obtained since October 2005
*3 Professional Contributor, a job title at Sumitomo Dainippon Pharma
*4 A skill-specific, selective education and training system (details on p.48)
*5 Three focus areas for research: Psychiatry & Neurology, Oncology, Regenerative Medicine/Cell Therapy
**Business Activities**

**Value provided to society**

**Value Chain**

- **Innovative Drug Discovery**
  - Psychiatry & Neurology Area
    - New compounds under development: 11
  - Regenerative Medicine / Cell Therapy Field
    - Projects under development: 6
  - Oncology Area
    - New compounds under development: 11
  - Infectious Diseases Area
    - Joint research with academia, etc.

- **Drug Development, Production, Sale, and Information Provision**
  - Development (product development and clinical development)
  - Sales and Marketing
  - Corporate Regulatory Compliance & Quality Assurance / Medical Science
  - Production and Quality Control

- **CSR-based Management / Corporate Governance**
  - Work Style Innovation, Diversity & Inclusion
    - Details on p.47-50
  - Training and Development of Employees, Health and Safety
    - Details on p.48-49
  - Strengthening the Corporate Governance, Compliance, and Risk Management Systems
    - Details on p.50
  - Contributing to global health, contributing to local communities
    - Details on p.51-53
  - Environmental Initiatives
    - Details on p.54

We have established “Materiality (material issues for CSR-based management)” for our business activities. Details on p.46

**Creating innovative pharmaceutical products and healthcare solutions in areas with high unmet medical needs**

- Contributing to improving quality of life (QOL) for patients and their families
- Improving sustained corporate value
  - Returns to shareholders (stable dividends, increases in dividends linked to improvements in performance)
  - Strategic investment aimed at sustained growth (includes research and development investment)
- Also contributing to achieving the Sustainable Development Goals (SDGs)

**Sustained Growth**

Sumitomo Dainippon Pharma Co., Ltd. Integrated Report 2019