Sales and Marketing

Basic Policy of Regional Strategy

Expand business through our commercial footprint plus partnerships

Main Points of Regional Strategy in MTBP 2022

Japanese Market

Transform to steady growth

• Maximize product value in Diabetes area (Trulicity®, imeglimin)
• Maximize product value in Psychiatry & Neurology area (TRERIEF®, LONASEN® Tape, lurasidone)
• Execute strategic in-licensing/partnership opportunities
• Establish business foundation in Regenerative Medicine / Cell Therapy

Establish oncology business foundation

• Establish sales & marketing organization for napabucasin

• Promote proper use of new product RETHIO®
• Optimize structure to collect and communicate drug safety information

Optimize business operation

• Provide appropriate scientific information to healthcare providers
• Achieve safe, secure and stable production as well as optimal CoGs
• Leverage digital technology to maximize efficiency and effectiveness of business operations

North American Market

Maximize value of Psychiatry & Neurology and Respiratory products

• Maximize value of LATUDA®
• Accelerate development of SEP-363856
• Gain approval of and launch dasotraline and apomorphine
• Accelerate to achieve early contribution of LONHALA® MAGNAIR® in profit

Establish Oncology business foundations

• Gain approval of napabucasin
• Establish sales and marketing organization for launch

Build foundations to achieve ¥200 billion revenue target during the next period of Mid-term business plan (FY2023-2027)

Expand presence in growing markets

Collaborate with partners
Pursue opportunity for strategic investment & partnership
• Expand pipeline
• Explore co-promotion partnership, leveraging our commercial footprint

Optimize business operation
• Leverage highly talented human resources with expertise in focus areas
• Leverage digital technology to maximize efficiency and effectiveness of business operations

Maximize value of LATUDA® and establish post-LATUDA® growth trajectory

Develop and implement regional strategy for Asian market
• Develop and implement business strategy for the Asian market as well as expand R&D pipeline
• Pursue business opportunity in Regenerative Medicine/Cell Therapy and Frontier areas

Reinforce business in Southeast Asia
• Reinforce business functions in subsidiaries in Singapore and Thailand
• Maximize revenue from MEROPEN® and LATUDA® through strategic alliance with local partners

Ensure successful launch of new products (LONASEN® and LATUDA®)

Further expand China business
• Reinforce business infrastructure as the third pillar after Japan and North America
• Maximize revenue from MEROPEN®
Fiscal 2018 Main Initiatives and Business Results

Revenue decreased by 9.8% year-on-year to 129.3 billion yen. Sales of Trulicity®, SUREPOST®, REPLAGAL®, and other products increased, but revenue decreased due to difficulties in offsetting the impacts of NHI drug price revisions and declines in sales of long-listed products, including AIMIX® for which new generics have been released.

Core segment profit decreased by 37.6% year-on-year to 25.1 billion yen. This major decrease is chiefly attributable to the decrease in gross profit due to NHI drug price revisions and declines in sales of long-listed products.

In fiscal 2019, although the entry of generics for LONASEN® tablet and powder and a decline in sales of existing long-listed products are anticipated, we expect revenue growth due to such factors as the commencement of a marketing alliance for Equa®/EquMet® and the launch of LONASEN® Tape in addition to an expansion in sales of TRERIEF® and Trulicity®.

**Revenue of Major Products**

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Therapeutic Indication</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Rate of change (%)</th>
<th>FY 2019 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trulicity®</td>
<td>Therapeutic agent for type 2 diabetes</td>
<td>15.9</td>
<td>23.1</td>
<td>72</td>
<td>28.2</td>
</tr>
<tr>
<td>TRERIEF®</td>
<td>Therapeutic agent for Parkinson’s disease</td>
<td>16.1</td>
<td>15.7</td>
<td>(4)</td>
<td>17.1</td>
</tr>
<tr>
<td>REPLAGAL®</td>
<td>Therapeutic agent for Anderson-Fabry disease</td>
<td>11.7</td>
<td>12.5</td>
<td>8</td>
<td>11.8</td>
</tr>
<tr>
<td>LONASEN® tablet/powder</td>
<td>Atypical antipsychotic</td>
<td>12.6</td>
<td>12.2</td>
<td>(4)</td>
<td>5.2</td>
</tr>
<tr>
<td>METGLUCO®</td>
<td>Therapeutic agent for type 2 diabetes</td>
<td>10.9</td>
<td>10.1</td>
<td>(8)</td>
<td>9.3</td>
</tr>
<tr>
<td>SUREPOST®</td>
<td>Therapeutic agent for type 2 diabetes</td>
<td>5.0</td>
<td>6.1</td>
<td>10</td>
<td>6.2</td>
</tr>
<tr>
<td>AmBisome®</td>
<td>Therapeutic agent for systemic fungal infection</td>
<td>4.3</td>
<td>4.0</td>
<td>(3)</td>
<td>3.9</td>
</tr>
<tr>
<td>AMLODIN®</td>
<td>Therapeutic agent for hypertension and angina pectoris</td>
<td>11.4</td>
<td>9.1</td>
<td>(23)</td>
<td>7.5</td>
</tr>
<tr>
<td>AIMIX®</td>
<td>Therapeutic agent for hypertension</td>
<td>18.8</td>
<td>8.2</td>
<td>(106)</td>
<td>3.7</td>
</tr>
<tr>
<td>LONASEN® Tape</td>
<td>Atypical antipsychotic</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1.8</td>
</tr>
<tr>
<td>Equa®/EquMet®</td>
<td>Therapeutic agent for type 2 diabetes</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>16.0</td>
</tr>
</tbody>
</table>

* Revenue of Trulicyte is shown on NHI price basis.

**Fiscal 2019 Business Plan and Outlook**

In fiscal 2019, although the entry of generics for LONASEN® tablet and powder and a decline in sales of existing long-listed products are anticipated, we expect revenue growth due to such factors as the commencement of a marketing alliance for Equa®/EquMet® and the launch of LONASEN® Tape in addition to an expansion in sales of TRERIEF® and Trulicity®.
Fiscal 2018 main initiatives and business results
Revenue increased by 4.9% year-on-year to reach 252.5 billion yen. This increase is primarily attributable to the growth in sales of APTIOM® and the launch of LONHALA® MAGNAIR®, on top of strong sales of LATUDA®.

Core segment profit increased by 4.6% year-on-year to reach 114.5 billion yen. This increase is attributable to the increase in gross profit due to an increase in sales.

Revenue of major products

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Therapeutic Indication</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Rate of change (%)</th>
<th>FY 2019 forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>LATUDA®</td>
<td>Atypical antipsychotic</td>
<td>178.6</td>
<td>184.5</td>
<td>3.3</td>
<td>189.3</td>
</tr>
<tr>
<td>BROVANA®</td>
<td>Therapeutic agent for COPD</td>
<td>33.1</td>
<td>33.7</td>
<td>1.7</td>
<td>33.0</td>
</tr>
<tr>
<td>APTIOM®</td>
<td>Antiepileptic</td>
<td>15.7</td>
<td>20.5</td>
<td>30.9</td>
<td>22.5</td>
</tr>
<tr>
<td>LONHALA® MAGNAIR®</td>
<td>Therapeutic agent for COPD</td>
<td>-</td>
<td>1.4</td>
<td>-</td>
<td>4.2</td>
</tr>
<tr>
<td>XOPENEX®</td>
<td>Therapeutic agent for asthma</td>
<td>4.0</td>
<td>4.6</td>
<td>15.8</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Fiscal 2019 business plan and outlook
Revenue is expected to grow due to sales expansion of LATUDA®, APTIOM®, and LONHALA® MAGNAIR®. Revenue is thus expected to increase slightly year-on-year to 260.0 billion yen.

Notes: 1. Net sales and segment profit follow Japanese accounting standards up to fiscal 2016.
2. The numbers MR represent the numbers as of March 31 of the fiscal year.
China Business
Fiscal 2018 Main Initiatives and Business Results
Sumitomo Dainippon Pharma sells five products in the Chinese market, which are MEROPEN®, ALMARL®, SEDIEL®, GASMOTIN®, and LONASEN®. The 330 MRs of Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. cover 30 provinces and cities (areas: main cities, provinces, and autonomous regions).

Revenue increased by 5.6% year-on-year to reach 24.7 billion yen. This increase is attributable to an increase in sales of mainstay MEROPEN® and other products. Core segment profit increased by 14.8% year-on-year to reach 12.3 billion yen.

The challenging environment due to such factors as changes in the bidding system will persist. However, in addition to working to expand the Chinese business led by MEROPEN®, we will focus efforts on sales of LONASEN® launched in 2018, and LATUDA®, which we plan to launch in fiscal 2019. Thus, we forecast revenue and profit growth year-on-year in Chinese segment.

Southeast Asia Business
We will commence activities to provide pharmaceutical information based on our Singapore subsidiary, the functions of which we strengthened to form our Southeast Asia regional headquarters in April 2019, and our Thai subsidiary established in January 2019, and aim for sustained growth in the Southeast Asia region by maximizing the value of current products (LATUDA® and MEROPEN®) and strengthening our business base in each country. Furthermore, we will continue to promote the early launch of products under development.
Related Business

Food Ingredients and Chemical Product Materials
DSP Gokyo Food & Chemical Co., Ltd.

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 the company on an industrial scale and seasonings such as soup or bouillon.

Additionally, in the chemical product materials business, which includes pharmaceutical excipients, personal care products, coatings and industrial materials, and electronic materials, we are expanding to a wide range of customers by leveraging our unique technology and expertise, while cooperating with domestic and overseas suppliers.

Going forward, we will aim to expand 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.

In the animal health products business, the company manufactures and sells veterinary medicines and other products for companion animals, primarily dogs and cats, as well as for livestock such as cattle, swine, poultry, horses and aquacultured fish. We also operate a clinical testing business, which is vital for definitive diagnosis.

Furthermore, we have been expanding our business areas with the aim of transformation into a company that can provide comprehensive solutions to respond to various needs of veterinarians, pet owners, and livestock farmers at each stage of healthcare cycle of examination, testing, diagnosis, medication, and follow up care. Twice a year, we also run the New Business Search Program to Support Animal Health, which is aimed at combining the seeds of research organizations and start-ups with the management resources of the company for their commercialization.

In terms of new business, to realize practical use of regenerative medicine in veterinary medical treatment, in June 2019, we applied for manufacturing and marketing approval of injection of the world’s first* canine (allogenic) adipose tissue-derived mesenchymal stem cell for improvement of clinical signs associated with intervertebral disc herniation in dogs. In a collaboration with Nestle Japan, we also began handling Nestle’s Purina Pro Plan Veterinary Diets, veterinary diets and supplements for pets in December 2018.

We help people live fulfilling, happy lives by supporting animal health.

*As of June, 2019, internal survey by DS Pharma Animal Health

Prescription Drugs Business
DS Pharma Promo Co., Ltd.

DS Pharma Promo Co., Ltd., which merged with DS Pharma Biomedical Co., Ltd., a wholly-owned subsidiary of Sumitomo Dainippon Pharma, as the surviving company on April 1, 2019, manufactures and sells authorized generic (AG) products*. DS Pharma Promo is principally responsible for the Sumitomo Dainippon Pharma Group’s AG business, creating high value-added products and engaging in activities to provide accurate information in collaboration with Sumitomo Dainippon Pharma. The in-vitro diagnostic drug business of DS Pharma Biomedical was transferred to a company that is a joint venture (SB Bioscience Co., Ltd.) between Sumitomo Dainippon Pharma and Sumitomo Bakelite Co., Ltd. in April 2019.

* Generic drugs that are authorized by brand-name pharmaceutical companies and manufactured using active pharmaceutical ingredients, additives, and manufacturing methods, etc. that are identical to those of brand-name drugs, and that are marketed prior to other generics drugs with a patent license from brand-name pharmaceutical companies.