To Our Shareholders:

Information Disclosure on the Internet Regarding the Notice of the 32nd Ordinary General Meeting of Shareholders

32nd Term (January 1, 2021 – December 31, 2021)

Sosei Group Corporation

The matters listed above are provided to shareholders through postings on the Company's Internet website (https://www.soseiheptares.com/) in accordance with laws and regulations and Article 14 of the Company's Articles of Incorporation.

■ <u>Stock acquisition rights ("stock options"), etc. (as of December 31, 2021)</u>

1. Stock options owned by the Company's directors and executive officers that were issued as compensation for performance of duties as of the end of the fiscal period under review

		31st Stock Options	32nd Stock Options
Date of Board resolution		May 15, 2017	May 15, 2017
Number of stock options		21	2
Number and class of shares for stock options		8,400 shares of common shares	800 shares of common shares
Amount of payment for stock options		1,234,900 yen per stock option (Note 3)	7,782.11 yen per stock option (Note 3)
Value of assets to be provided on exercise of stock options		400 yen per stock option (1 yen per share)	1,227,600 yen per stock option (3,069 yen per share)
Exercise period of stock options		from July 1, 2020 to April 30, 2027	from July 1, 2020 to April 30, 2027
Terms and conditions for exercise		Notes 1, 2 and 4	Notes 1, 2 and 4
Holdings by directors and executive officers	Directors and executive officers (excluding external directors)	Number of stock options: 18 Number of shares for stock options: 7,200 Number of holders: 2 (Note 5)	Number of stock options: 2 Number of shares for stock options: 800 Number of holders: 1 (Note 5)
	External directors	Number of stock options: 3 Number of shares for stock options: 1,200 Number of holders: 1	-

		34th Stock Options
Date of Board resolution		November 21, 2017
Number of stock options		2
Number and class of shares for stock options		800 shares of common shares
Amount of payment for stock options		6,214 yen per stock option (Note 6)
Value of assets to be provided on exercise of stock options		1,069,200 yen per stock option (2,673 yen per share)
Exercise period of stock options		from December 1, 2020 to October 29, 2027
Terms and conditions for exercise		Notes 1, 2 and 4
Holdings by directors and executive officers	Directors and executive officers (excluding external directors)	Number of stock options: 2 Number of shares for stock options: 800 Number of holders: 1 (Note 5)
	External directors	-

(Notes):

1. Stock option holders must be directors, executive officers or employees of the Company or the Company's subsidiaries when exercising stock options; provided, however, that this does not apply in cases of retirement due to expiration of a term of office or reaching the mandatory retirement age, or when there are other legitimate reasons.
2. (1) Stock options may not be exercised by heirs of stock option holders.
   (2) Stock options may not be exercised if by exercising the options the Company's total number of outstanding shares after exercise would exceed the total number of authorized shares at that time.
   (3) Stock options may not be exercised in fractions of one unit.
3. The fair value of the stock option granted to directors and executive officers of the Company was offset against the same amount of their rights to remuneration effective on the date of allotment.
4. (1) Stock option holders may exercise the options if the closing price of common shares of the Company in the regular trading on the TSE on July 1, 2020 (for 34th stock options, on December 1, 2020) is one hundred and fifteen percent (115%) or more of the base price. For the purpose of these items, the "base price" means the closing price of common shares of the Company in the regular trading on the TSE on the allotment date.
   (2) Notwithstanding the conditions provided in the item (1) above, the options may be exercised in part if certain stipulated conditions are met on the date after one, two or three years from the allotment date.
5. Holdings of the 31st, 32nd and 34th Stock Options include the options granted to an employee, a director of a subsidiary and an employee of a subsidiary before his assumption of the office as executive officer.
6. The stock options were granted to executive officers of the Company as incentive remuneration and the grant without payment of cash equivalent to the fair value of the stock option granted does not constitute a particularly favorable condition of issuance.
7. The number of shares for stock options was changed from 100 shares per stock option to 400 shares per stock option following the stock split as of July 1, 2018 and the value of assets to be provided on exercise of stock options was adjusted accordingly.

2. Other important matters regarding stock acquisition rights, etc.

(1) In accordance with the resolution of the Board of Directors of 7 July 2021, the Company issues the following bonds with stock acquisition rights.

Name of Issue	Sosei Group Corporation Euro-yen Denominated Convertible Bonds due 2026
Issue Date	July 27 2021
Number of Stock Acquisition Right	3,000
Types of shares for which Stock Acquisition Rights are to be made	Common stock
Exercise period of Stock Acquisition Right	from August 10, 2021 to July 13, 2026
Conversion Price	2,235 yen per share
Number of remaining Stock Acquisition Right as of December 31 2021	3,000

(2) The Company repurchased JPY 15.75 billion in principal amount of its existing convertible bonds due 2025 issued pursuant to the resolution of the Board of Directors held on 30 June 2020 (which had an aggregate principal amount of JPY 16 billion). The remaining convertible bonds, totaling JPY 0.25 billion in principal amount, were converted by their holders into stock in September 2021.

■ <u>Outline of the systems for ensuring the appropriateness of operations and their operating status</u>

The following provides a summary of the systems for ensuring the appropriateness of operations as resolved by the Company’s Board of Directors, and of the operating status of these systems.

1. Systems for ensuring the appropriateness of operations

<<Matters required for execution of duties by the Audit Committee>>

(3) Matters related to directors and employees who assist in Audit Committee duties
Employees who assist in the duties of the Audit Committee conduct their duties in coordination with the Internal Audit Department in accordance with the directions of the chairman of the Committee. Evaluations related to the performance of these employees are conducted by the Committee, and transfers of such employees are subject to approval by the Committee.

(4) Systems regarding matters to be reported by directors (excluding directors who are Audit Committee members), executive officers, and employees to the Audit Committee and other matters to be reported to the Audit Committee
- Directors, executive officers and employees of the Company and subsidiaries who learn of facts that may cause material damages to the Company or acts, etc. that are in violation of laws and regulations or Articles of Incorporation shall report them to the Audit Committee, and those who make such reports shall not be treated unfairly for reporting such facts or actions.
- The Internal Audit Department reports timely and properly to the Audit Committee on the implementation status of internal audits.
- The Legal and Compliance Department reports timely and properly to the Audit Committee on the status of whistleblowing system.

(5) Other systems to ensure that audits are conducted effectively by the Audit Committee
- The Internal Audit Department consults in advance with the Audit Committee regarding internal audit policies and plans, etc. and closely coordinates with the Committee, which includes holding discussions related to audits.
- The Company promptly processes requests by the Audit Committee members for advancement or reimbursement of expenses necessary for the performance of Audit Committee duties.

<<Systems for ensuring that the execution of duties by executive officers conforms with laws and regulations and Articles of Incorporation, and other systems required to ensure the appropriateness of the Company’s operations>>

(6) System to ensure the performance of duties by executive officers and employees and by directors and employees of subsidiaries to conform with laws and regulations and Articles of Incorporation
- Compliance with laws and regulations and adherence to corporate ethics are stipulated in the Group’s code of corporate conduct, and every effort is made to raise awareness of this among all executive officers and employees, including at

subsidiaries. An independent whistle-blower hotline exists and is operated appropriately.
- The Internal Audit Department conducts internal audits related to performance of duties at the Company and its subsidiaries.

(7) System related to preservation and management of information related to performance of duties by executive officers
Information related to performance of duties by executive officers is appropriately prepared, retained and managed in accordance with internal company rules.

(8) Rules and other systems related to management of risk of loss
- Specific policies and measures are determined to deal with risks related to the Group's business operations, and risk management procedures are appropriately conducted at the Company and its subsidiaries.
- Important management decisions are made after adequate deliberation by the Board of Directors, etc. and based on the opinions of outside experts as necessary.

(9) System to ensure that performance of duties by executive officers and directors, etc. of subsidiaries is conducted efficiently
- Operational responsibilities of executive officers and official authority for respective executives and employees of the Company and subsidiaries are clearly stipulated, and reporting on operational performance and deliberations on important matters are conducted with flexibility in accordance with these rules.
- System construction is promoted to improve operational efficiency.

(10) System to ensure the appropriateness of operations at the corporate group consisting of the Company and its subsidiaries
- Reports on operational matters at subsidiaries are received in accordance with internal company rules, and instructions and support relating to the establishment of systems designed to ensure operational appropriateness are provided to subsidiaries.
- The Internal Audit Department provides instructions and recommendations for improvements to subsidiaries based on the findings of internal audits of subsidiaries.
- Efforts are made to ensure the appropriateness of the Group's financial reporting, which is evaluated, maintained, and improved.

2. Outline of the operational status of systems for ensuring the appropriateness of operations

(1) Compliance system
The Group has established a code of corporate conduct that applies to the entire Group, and is proceeding with further revisions, which include exhaustive efforts to promote awareness, in order to respond to recent changes in the business environment. In addition, whistle-blowing incidents are handled appropriately through a whistle-blower hotline established externally, and internal audits are conducted by the Internal Audit Department at the Group's companies in accordance with the internal auditing plan.

(2) Information retention and management system
The Company has appropriately created, stored, and managed minutes of meetings of the Board of Directors and committees, etc. and other documents related to the execution

of operations in accordance with the rules on document management and other rules.

(3) Risk management system

The Company has conducted sufficient deliberations and made business decisions at meetings of the Board of Directors, by taking into account the opinions of outside experts, etc., regarding the Group’s significant investment projects and technical alliances, etc. In addition, the Internal Audit Department has provided guidance on the risk management system of the Company and its subsidiaries based on the results of internal audits.

(4) System for efficient and appropriate execution of duties

The Group stipulates authority levels for executives and employees in accordance with formal authority rules at each company. In order to ensure that operations are carried out efficiently and appropriately, the Group requires management of affiliated companies to provide reports to the parent company in accordance with the relevant rules, and provides suitable supervision and guidance by the parent to affiliated companies. In addition, the business performance of subsidiaries is reported as necessary at meetings of the Board of Directors. The Internal Audit Department provides guidance on recommended improvements identified through internal audits.

(5) System for execution of duties by the Audit Committee

The Audit Committee and the employees who assist in the performance of duties of the Audit Committee coordinated, as appropriate, with the Internal Audit Department in the execution of their duties. The Audit Committee members attended important meetings, including meetings of the Board of Directors, and requested reports from the directors, executive officers, corporate auditors and employees of the Company and its subsidiaries as necessary. In addition, they receive reports on the handling of any reports made through the whistle-blower process.

■ **Policy on the conduct of persons influencing decision on the Company's financial and business policies**

Not applicable.

Consolidated Statement of Changes in Equity

(Millions of yen)

	Capital Stock	Capital surplus	Treasury stock	Retained earnings	Other elements of shareholders' equity	Equity attributable to owners of the parent	Total equity
Balance at January 1, 2021	**40,220**	**30,452**	**(0)**	**(10,785)**	**(7,506)**	**52,381**	**52,381**
Net profit for the year	-	-	-	1,017	-	**1,017**	**1,017**
Other comprehensive income	-	-	-	-	4,606	**4,606**	**4,606**
Total comprehensive income	-	-	-	1,017	4,606	**5,623**	**5,623**
Issuance of new shares	689	(89)	-	-	-	**600**	**600**
Share-based payments	-	699	-	-	-	**699**	**699**
Issuance of convertible bonds	-	1,809	-	-	-	**1,809**	**1,809**
Repurchase and cancellation of convertible bonds	-	(3,877)	-	-	-	**(3,877)**	**(3,877)**
Conversion of convertible bonds	127	106	-	-	-	**233**	**233**
Total transactions with owners	816	(1,352)	-	-	-	**(536)**	**(536)**
Balance at December 31, 2021	**41,036**	**29,100**	**(0)**	**(9,768)**	**(2,900)**	**57,468**	**57,468**

Note: Amounts less than ¥1 million have been rounded

Notes to the Consolidated Financial Statements

1. Basis of preparation of the consolidated financial statements

(1) Standards for preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") based on Paragraph 1, Article 120 of the Corporate Accounting Rules. Some statements and notes required by IFRS have been omitted pursuant to the provisions of the latter part of the Paragraph.

(2) Scope of consolidation

1) Consolidated subsidiaries

i. Number of subsidiaries: 4

ii. Names of principal consolidated subsidiaries:

Sosei Co. Ltd.

Heptares Therapeutics Ltd.

(3) Scope of equity accounting

1) Associates accounted for using the equity method

i. Number of associates accounted for using the equity method: 1

ii. Names of principal companies:

MiNA (Holdings) Ltd.

Although the Group holds less than 20% of the voting rights of MiNA (Holdings) Limited, the Group considers it to be an affiliate accounted for using the equity method because the Group has exercised its right to appoint a director, and therefore has significant influence over the company.

(4) Accounting policies

1) Valuation standards and methods for significant assets and liabilities

i.Financial assets (Excluding derivatives)

Initial recognition and measurement of financial assets

Trade receivables and other receivables are recognized initially on their settlement dates. Other financial assets are recognized on their transaction dates. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the time of initial recognition, the classification of financial assets is determined as follows:

Debt instruments

Financial assets measured at amortized cost

A financial asset is measured at amortized cost when both of the following conditions are met:

(a) the financial asset is held in a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through profit or loss are financial assets other than those defined above.

Equity instruments

Financial assets measured at fair value through other comprehensive income

The Group may irrevocably elect to classify equity investments, other than those held for trading, upon initial recognition as financial assets measured at fair value through other comprehensive income.

Equity financial assets measured at fair value through profit or loss are equity financial assets other than those defined above.

Subsequent measurement of financial assets

After initial recognition, the Group measures a financial asset according to its classification as follows:

(a) a financial asset measured at fair value through profit or loss is recognized as the change in the amount of the fair value.

(b) a financial asset measured at fair value through other comprehensive income is recognized as the change in the amount of the fair value. Dividends from a financial asset are recognized as part of financial income in net income (loss) for the current period, except for those portions considered to be part of the cost of investment.

(c) a financial asset measured at amortized cost is recognized by the effective interest method.

Derecognition of financial assets

The Group derecognizes a financial asset when, and only when:

(a) the contractual rights to cash flows from the financial asset expire, or

(b) it transfers the contractual rights to receive cash flows from the financial asset and transfers substantially all the risks and rewards of ownership of the financial asset.

Impairment of financial assets

For financial assets measured at amortized cost expected credit losses are recorded through an allowance for doubtful accounts. At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group measures the loss allowance for a financial instrument at an amount equal to the expected annual credit loss where the credit risk on that financial instrument has not increased significantly since initial recognition. Alternatively, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit loss if the credit risk on that financial instrument has increased significantly since initial recognition. The Group uses the change in risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make this assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Whether or not a financial asset is credit impaired is determined by the default of the borrower, or if the lender, for economic or contractual reasons relating to the borrower's financial difficulty, grants to the borrower a concession(s) that the lender would not otherwise have granted, or when other factors occur, such as the disappearance of an active market. Expected credit losses are measured as the difference between contractual cash flows that are due to the Group in accordance with a contract and the cash flows that the entity expects to receive, discounted at the original effective interest rate. The Group directly reduces the value of a credit impaired-financial asset when it, or a part of it, cannot realistically be expected to be realized and its collateral is realized or transferred to the Group. Where an impairment loss is reduced after initial recognition, the decrease in impairment loss (decrease to the allowance for doubtful accounts) is reversed in profit or loss. The impairment loss is reversed up to the value of the amortization at the time the impairment loss was recognized.

ii. Financial liabilities (Excluding derivatives)

Initial recognition and measurement of financial liabilities

Financial liabilities are recognized on the transaction date. At initial recognition, the Group measures a financial liability at its fair value minus, in the case of a financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. The Group classifies financial liabilities upon initial recognition as financial liabilities subsequently measured at fair value through profit or loss, or financial liabilities measured at amortized cost.

Subsequent measurement of financial liabilities

After initial recognition, the Group measures a financial liability as follows:

(a) a financial liability measured at fair value through the profit or loss is recognized as a change in fair value.

(b) a financial liability measured at amortized cost is recognized by the effective interest method.

If the discontinuation of amortization and derecognition using the effective interest method occur, a gain or loss is recognized within net profit or loss for the current period as part of finance costs.

Derecognition of financial liabilities

The Group removes a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

iii. Derivatives

The Group uses forward exchange contract to manage its foreign exchange risk. These derivatives are initially recognized at fair value on the date the contract is entered into, and are remeasured at fair value at each balance sheet date after initial recognition. Changes in fair value are recognized through profit or loss. These derivatives do not qualify for hedge accounting.

iv. Presentation of financial assets and financial liabilities

The Group offsets financial assets and financial liabilities showing the net amount only when the Group has the legal right to offset the balances, and either settles the balances on a net basis or intends to simultaneously realize the asset and settle the liability.

v . Valuation standards and methods for non-financial assets and liabilities

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost is directly attributable to the acquisition of the asset, the initial estimate of costs for dismantling and removing the asset and the costs of restoring property to its original state.

Goodwill and intangible assets

Goodwill

Goodwill arising from an acquisition of a subsidiary is recorded at cost less accumulated impairment losses. Upon initial recognition goodwill is measured at the fair value of the transfer consideration, including the amount recognized for non-controlling interests, less the net recognized value (normally, the fair value) of identifiable assets and assumed liabilities at the time of the acquisition. Goodwill is not amortized. It is allocated to cash-generating units and an annual impairment test is conducted at the same time in each financial year or whenever there is an indication that goodwill may be impaired. Impairment losses on goodwill are recognized in the consolidated statement of profit or loss and other comprehensive income and are not reversed subsequently.

Intangible assets

Separately acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. The cost is directly attributable to the acquisition of the intangible asset.

Development assets

Expenditure on research activities is recognized as a cost in the period in which it occurs. Internally generated intangible assets that occur at the development stage are recognized only when all the following criteria can be substantiated:

- Technical feasibility of completing an intangible asset that can be used or sold
- Intention to complete the intangible asset and then use it or sell it
- Ability to use or sell the intangible asset
- Method by which the intangible asset will create future economic benefit with strong potential
- Possibility of using financial or other resources that will be necessary to complete the intangible asset and use it or sell it
- Ability to reliably measure expenditure required to develop the intangible asset

The amount initially recognized for internally generated intangible assets is the total of costs incurred from the date that the intangible asset initially met the above recognition standards. When an internally generated intangible asset cannot be recognized, development outlays are expensed in the period they occur. Intangible assets generated after initial recognition are stated at acquisition cost less cumulative amortization and cumulative impairment. Intangible assets acquired through business combinations and recognized separately from goodwill are stated at acquisition cost less cumulative amortization and cumulative impairment after initial recognition at fair value as of the acquisition date.

Lease (as a lessee)

Management assesses whether new contracts include a lease at inception of the contract. If the contract conveys the right to control the use of an identified asset for a period in exchange for consideration, the contract is, or contains, a lease.

Initial recognition and measurement

At the commencement date of the contract, a right-of-use asset is measured at an amount equal to the initial measurement of the lease liability, adjusted by an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset itself. The lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the commencement date.

Subsequent measurement

A right-of-use asset is depreciated using the straight-line method over the shorter of the lease term or the useful life of the right-of-use asset. Interest on the lease liability is calculated to be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The lease liability is reduced by lease payments net of the interest expense.

Presentation

In the Consolidated Balance Sheet, the Group presents right-of-use assets in "Property, plant and equipment" and lease liabilities in "Lease liabilities". In the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Group presents interest expense at an amount that produces a constant periodic rate of interest on the remaining balance of the lease liability in "Financial costs".

Short-term leases and leases of low-value assets

For low-value asset leases and short-term leases with lease terms of 12 months or less, the Group has adopted the exemption provisions of IFRS 16 *Leases,* and has elected not to recognize right-of-use assets and lease liabilities. The Group recognizes lease payments for these leases as expenses over the lease term using the straight-line method.

vi . Impairment of non-financial assets

The book values of non-financial assets are reviewed for indications of impairment at each reporting date. If any such indications exist, the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives or intangible assets not yet available for use, the recoverable amount is estimated at the same time in each financial year. The recoverable amount of assets or cash-generating units is the higher of value in use or fair value less disposal costs. In the calculation of value in use, estimated future cash flows are discounted to present value using a discount rate that reflects the time value of money and risks inherent to the asset. In respect of cash-generating units, assets are grouped into the smallest units generating largely independent cash flows from other assets or units, through continued usage.

In respect of cash-generating units for goodwill, goodwill is assessed based on those business units defined for the purposes of internal reporting. In principle, a cash-generating unit is classified as a type of business and geographical region. Corporate assets do not generate independent cash inflows. Therefore, when there are indications of impairment in corporate assets the recoverable amount of the cash-generating unit to which the corporate asset belongs is calculated for the impairment test. Assets that do not have external cash flows are included within the cash-generating units of the business units that they support. Impairment loss is recognized in profit or loss when the book value of the asset or cash-generating unit exceeds the recoverable amount. Impairment loss recognized in connection with cash-generating units is allocated first to reduce the book value of goodwill relating to that cash-generating unit. Any additional impairment required is allocated next to reduce the book values of other assets within the cash-generating unit proportionally.

Impairment losses related to goodwill are not reversed. In respect of impairment losses on other assets recognized in the past, the existence of indications showing that the loss has decreased or been eliminated is assessed on each reporting date. If there are indications of a reversal of impairment and the estimate used for determining the recoverable amount has changed, the impairment loss is reversed. The previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been (net of amortization and depreciation) had no impairment loss been recognized for the asset in prior years.

2) Depreciation methods for significant depreciable assets

i. Property, plant and equipment

Property, plant and equipment are depreciated based on their depreciable amounts by the straight-line method over the expected useful life of each asset. The normal expected useful lives of major asset categories are as follows:

- Buildings and structures: 6 to 18 years
- Machinery and equipment: 3 to 10 years
- Furniture and fixtures: 2 to 10 years

The expected useful lives, residual values and depreciation methods are reviewed at the end of each financial year, and changes in these items, if any, are applied prospectively as changes in accounting estimates.

ii. Intangible assets

Intangible assets are amortized based on their amortizable amounts by the straight-line method over the expected useful life of each asset. The amortization method, expected useful lives, and residual values are reviewed at the end of each financial year, and changes in these items, if any, are applied prospectively as changes in accounting estimates. Expected useful lives of major asset categories are as follows.

- Product-related assets: 18 years
- Core technology: 12 to 20 years
- Customer-related assets: 20 years

Intangible assets with indefinite useful lives and intangible assets that are not yet available for use and therefore not yet amortized, are tested for impairment at the same time in each financial year and whenever there is an indication of impairment.

3) Accounting standards for significant income and expenditure

i. Revenue recognition

The Group earns revenue through sales of a developed pharmaceutical product, license agreements providing development and marketing rights of pharmaceutical products and research and development service agreements contracted with third parties. These agreements are classified into the following types of revenue based on their purpose and performance obligations:

Types of revenue classified by purpose:

- Upfront fees and milestone income : Upfront fees, Development milestone income, Sales milestone income
- Royalty income: Sales royalty income
- Pharmaceutical product sales: Product supply revenue
- Other: Income from contracted research and development services

Each research and licensing agreement is analyzed to identify the consideration receivable (the transaction price) and the underlying performance obligations. Such obligations can include the promise to grant a license, the provision of research and development services and the supply of product. The transaction price is then allocated to these performance obligations and revenue is recognized at a point in time or over time as the performance obligations are satisfied.

If variable consideration arises under a contract the Group includes in the transaction price only those amounts in respect of which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Revenue excludes amounts collected on behalf of tax authorities (for example, sales taxes and value added taxes).

The promise to grant a license is regarded as a distinct performance obligation if the customer can benefit from the license either on its own or together with other resources that are readily available to the customer, and the Group’s promise to transfer the license to the customer is separately identifiable from other promises in the contract.

The promise to grant a license under a contract is a promise to provide a right to access intellectual property if all the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights.
- the rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities identified in (a); and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Where the above criteria are met, the promise to grant a license is accounted for as a performance obligation satisfied over time and revenue is recognized over time accordingly. Where these criteria are not met the promise to grant a license is determined to provide a right-to-use intellectual property accounted for as a performance obligation satisfied at a point in time.

ii. Cost of sales

Cost of sales comprises (i) the fully loaded cost of those employees providing research and development services for specific customers under contracts (including other costs directly associated with these activities such as lab consumables and an allocated share of depreciation of lab equipment) and (ii) the costs directly associated with product supply.

4) Standards for conversion of significant foreign-denominated assets and liabilities to Japanese currency

i. Foreign-denominated transactions

Transactions denominated in foreign currencies are translated into the functional currency of each Group company at the rates of exchange prevailing at the dates of the transactions. Foreign-denominated monetary assets and liabilities are translated into the functional currency of each Group company using the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies measured at fair value are retranslated into the functional currency at the exchange rates on the date fair value is determined. Non-monetary items measured at cost are translated at the exchange rate on the transaction date. Exchange differences resulting from retranslation or settlement are recognized in profit or loss in the period incurred.

ii. Financial statements of foreign operations

The assets and liabilities of the Group's foreign operations (such as overseas subsidiaries) are translated into Japanese yen at the exchange rates prevailing at the end of the period. Income and expenses are translated into Japanese yen at the average annual exchange rates for the period as long as there is no significant exchange rate fluctuation. Exchange differences arising from the translation of the financial statements of foreign operations are recognized in "Other comprehensive income" in the consolidated statement of profit or loss and other comprehensive income and accumulated in "Other components of equity" in the consolidated balance sheet.

5) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed, and equity instruments issued by the Company in exchange for control of the acquiree. If the consideration transferred exceeds the fair value of identifiable assets and liabilities, the excess is recorded as goodwill in the consolidated balance sheet. Conversely, if the fair value of such assets and liabilities exceeds the consideration transferred, the excess is immediately recognized as a gain in the consolidated statement of profit or loss and other comprehensive income. If the initial accounting for a business combination is incomplete by the end of the period in which the business combination occurred, the Group reports provisional amounts for items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period which lasts no more than one year from the acquisition date. Acquisition costs are expensed as incurred.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. Notes relating to changes in presentation

Notes relating to key accounting judgements and estimates

"Notes relating to key accounting judgements and estimates" have been included in the current financial year in accordance with the first paragraph of Article 102-3-2 of the Regulation on Corporate Accounting due to the revision of the Regulation on Corporate Accounting (Ministry of Justice Order No. 13, 2006) along with the promulgation of the Ministerial Ordinance Partially Revising the Regulation on Corporate Accounting (Ministry of Justice Order No. 45, 2020).

3. Notes relating to key accounting judgements and estimates

In preparing consolidated financial statements in accordance with IFRS, management is required to make judgements, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates due to their nature. The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The key judgements and estimates made by management that have had a significant effect on the amounts recognized in the consolidated financial statements are as follows:

Carrying amounts of Goodwill and Intangible Assets

The carrying amounts of Goodwill and Intangible Assets were ¥15,095 million and ¥9,120 million, respectively, as at December 31, 2021. During 2021 intangible asset impairment charges totalling ¥3,138 million were recorded within Other expenses. The valuation principles that apply to Goodwill and Intangible Assets are set out in Note 1.(4) 1) v: *Valuation standards and methods for non-financial assets and liabilities*, and Note 1.(4) 1) vi: *Impairment of non-financial assets*. Significant judgement is exercised by management in estimating the future cash flows used in the valuation models through which impairment is tested, including assumptions over the timing of the achievement of milestones, the probability of success of R&D programs, revenue forecasts relating developed products and the WACC. Management uses its experience, external sources, knowledge of the activities of competitors and industry trends in forming these assumptions. If there are material adverse differences between management's projected cash flows and the actual cash flows (for example, the occurrence or timing of milestone receipts could differ), impairment charges may be required to reduce the carrying amounts of goodwill and intangible assets down to their recoverable amounts.

Contingent consideration in business combinations

A charge of ¥2,893 million for contingent consideration fair value movements was recorded in 2021 under Finance costs and the year end liability stood at ¥4,095 million. The contingent consideration liability is a fair value estimate by management of the amount payable to the former shareholders of Heptares Therapeutics Limited under the 2015 Share Purchase Agreement. It has been calculated on a risk adjusted and discounted basis. The probabilities of success used in the Group's financial models are based on industry standard rates which are adjusted when management judge the probability of success of the current phase of development of an asset to be different to the standard rate. The maximum amount of contingent consideration payable under the contract is US$220 million of which US$83 million has been paid out to date and an additional US$35 million has become payable in 2022. Under the agreement there are defined mechanisms for determining the amounts payable. In instances where the agreement is not explicit the liability includes management's best estimate of the probable outflows. It is therefore possible that the amounts ultimately payable will be different to those provided for (driving fair value movements in future income statements) where there are differing interpretations of the agreement or where there are differences between management's assumptions and actual events. Please also see Note 1.(4) 5) *Business combinations* and Note 6. (2) *Fair value of financial instruments*.

4. Notes to consolidated statement of financial position

Cumulative depreciation on property, plant and equipment was ¥1,922 million .

5. Notes to the consolidated statement of changes in equity

(1) Total shares outstanding

Share class	Shares at beginning of the financial year	Increase in shares during the financial year	Decrease in shares during the financial year	Shares at end of the financial year
Common shares	80,596,128	922,188	-	81,518,316

Note: The increase in common shares outstanding is due to the exercise of stock options (584,000 shares), the allotment of Restricted Stock Units ("RSUs") (201,867 shares) and the conversion of convertible bonds (136,312 shares).

(2) Subscription warrants, etc. at December 31, 2021

Type and number of shares for subscription warrants at December 31, 2021:
Common shares 13,515,218

6. Notes on financial instruments

(1) Financial instruments

1) Policies for management of financial instruments

The Group limits its investments to short-term instruments with minimal risk and does not engage in speculative transactions. Funds are primarily procured through issuing new stock and bonds, and borrowing from banks.

2) Financial instrument content and their risks, and risk management framework

Trade and other receivables are exposed to customer credit risk. To mitigate this risk payment deadlines and balances are monitored for each customer. Trade and other payables have payment deadlines of less than one year. The Group limits its investments to short-term deposits to reduce risk.

(2) Fair value of financial instruments

Amounts stated in the consolidated balance sheet at December 31, 2021, their corresponding fair values and the differences between these amounts are as follows:

	Amount stated in consolidated balance sheet ¥m	Fair value ¥m	Difference ¥m
Other financial assets	2,650	2,650	-
Trade and other receivables	2,138	2,138	-
Cash and cash equivalents	60,087	60,087	-
Contingent consideration related to corporate acquisition	4,095	4,095	-
Corporate bonds	27,440	28,198	758
Trade and other payables	1,176	1,176	-

Notes: Valuation methodology for financial instruments

1. Cash and cash equivalents, trade and other receivables and trade and other payables

These are settled over short time periods so fair values approximate book values.

2. Corporate bonds

The fair value of corporate bonds is calculated by discounting the total amount of principal and interest at an interest rate that considers the remaining maturity of the bonds and credit risk.

3. Contingent consideration in business combination

Such consideration is calculated by discounting the estimated payable after considering the probability of occurrence of future cash outflows.

4. Other financial assets

The fair value of financial instruments that are traded in an active financial market is determined based on market prices. Where an active market does not exist, the fair value is measured using an appropriate valuation method.

(3) Repayment schedule for Corporate bonds and Lease liabilities

	Due within 1 year ¥m	Due more than 1 year and less than 5 years ¥m	Due more than 5 years ¥m
Corporate bonds	-	30,000	-
Lease liabilities	244	716	1,210

7. Notes on revenue recognition

The Group earns revenue through selling a fully developed pharmaceutical product, granting licenses that provide the rights to develop and market pharmaceutical products and through the provision of research and development services to customers. These activities are classified into the following types of revenue based on their purpose and performance obligations:

(1) Types of revenue classified by purpose

- Upfront fees and milestone income: Upfront fees, Development milestone income, Sales milestone income
- Royalty income: Sales royalty income
- Pharmaceutical product sales: Product supply revenue
- Other: Income from contracted research and development services

(2) Types of revenue classified by performance obligation

1) Grant of Licenses

When a license is distinct from other goods or services and evaluated as a right to use license:
Upfront fees are recognized at the time of the grant of the license if the performance obligation is satisfied at one point in time. Development milestone income is only recognized when it is determined that milestones agreed between the parties, such as regulatory filings, have been reached, taking into consideration the probability of a subsequent significant reversal of revenue. Sales royalty income and sales milestone income are measured based on the sales recorded by the counterparty when (or as) the later of (i) a contractually agreed target is achieved or a sales transaction has occurred, and (ii) the performance obligation is satisfied.

When a license is distinct from other goods or services and evaluated as a right to access license:
Not applicable.

2) Research and Development services

Research and Development services – compensated through upfront fees and development milestones:
When upfront fees and development milestone income is allocated to performance obligations other than the grant of a license.
Consideration relating to performance obligations that are not satisfied at a point in time is initially recorded as deferred revenue when the Group receives consideration before the performance obligations are satisfied. Revenue from contracted research and development services is recognized over time from the date of commencement of the research plan, or date of achieving an agreed milestone event if later, to the expected date of completion of the customer consumes the benefits. The portion of Revenue recognized in a period is measured based on the ratio of actual cost incurred in the period to the total expected cost. However, development milestone income is only recognized when it is determined that the agreed milestones have been achieved, taking into consideration the probability of a subsequent significant reversal of revenue.

Research and Development services – compensated through FTE charges:
Full Time Equivalent ("FTE") revenue earned from providing research and development services to customers is recognized over time where the contract charges a fixed amount per time period for the provision of such services because the customer simultaneously receives and consumes the benefits provided by the Group's performance.

3) Pharmaceutical product sales

Pharmaceutical product sales are recognized upon the customer's acceptance.

The transaction prices for granting licenses are allocated to each performance obligation based on the relative stand-alone selling prices calculated using the residual approach. The consideration is the amount receivable within one year from satisfaction of the performance obligations or fulfillment of contractual terms and conditions..

Variable consideration is allocated to a specific performance obligation only if both of the following conditions apply:
-Variable payment terms relate specifically to the entity's effort to satisfy the performance obligation or transfer the distinct good or service.
-Allocating the variable amount of consideration entirely to the performance obligation or the distinct good or service, considering all of the performance obligations and payment terms in the contract, is consistent with the following allocation objective: an entity should allocate the transaction price to each performance obligation or distinct good or service in an amount that depicts the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods or services to the customer.

If the consideration in the contract with the customer includes variable consideration, revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Sales royalty income receivable under a grant of license is recognized when the later of the following has occurred (i) subsequent sale or usage, or (ii) the performance obligation in relation to the sales-based royalty has been satisfied.

There are no significant financing components included in any contracts.

(3) Breakdown of revenue

	Performance obligations			
Types of Revenue	**Grant of Licenses ¥m**	**Research and Development services ¥m**	**Product supply revenue ¥m**	**Total ¥m**
Upfront fees and milestone income	13,370	1,297	-	14,667
Royalty income	2,311	-	-	2,311
Product supply revenue	-	-	28	28
Other	-	706	-	706
	15,681	2,003	28	17,712

Performance obligations satisfied in past periods amounting to ¥4,323 million are included in revenue for the year ended December 31, 2021.

(4) Contract balances

Receivables from contracts with customers

Included in the balance sheet as “Trade and other receivables”.

Deferred revenue

Included in the balance sheet as “Other non-current liabilities” and “Other current liabilities”.

Opening and closing balances of deferred revenue from contracts with customers	At December 31, 2021 ¥m
Beginning balance	1,767
Of the beginning balance, the amount recognized as revenue	(932)
Exchange differences on translation	175
Amount newly recognized as contract liability and carried forward to the next period	131
Ending Balance	1,141
Other non-current liabilities	384
Other current liabilities	757

(5) Transaction price allocated to the remaining performance obligations

Research and development services related performance obligations arising under contracts may be unsatisfied or partially satisfied at the reporting date. Milestone income allocated to research and development services is not included in the transaction price allocated to the remaining performance obligation because the uncertainty of reaching the agreed milestone, such as a regulatory filing, will not be resolved until the actual achievement of the milestone. Since the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group’s performance of services completed to date, the transaction price allocated to the remaining performance obligations relating to research and development services is omitted as a practical expedient in accordance with paragraphs 121(b) and B16 of IFRS15.

8. Notes on per-share information

	¥
Equity attributable to owners of parent per share	704.97
Basic earnings per share	12.53

9. Other notes

(1) Interest-bearing debt

On December 30, 2019, Mizuho Bank and others provided the Company with a ¥5,000 million commitment line ("the Facility") which was extended to December 30, 2022 in December 2021. The facility remained undrawn at December 31, 2021. The Facility’s covenants require consolidated net assets to be maintained at not less than 75% of the immediately preceding period. Under the Facility the Company has the right to convert, at any time during the commitment period, the Facility to a four year amortizing term loan.

(2) Disposal of shares in associated company

The Group’s investment in JITSUBO CO., LTD. (‘JITSUBO’), an associated company of the Group, was classified as an investment accounted for using the equity method in the consolidated balance sheet as at December 31, 2020. During the current year the Group resolved to sell its entire shareholding in JITSUBO and recorded a ¥ 206 million gain on reversal of an impairment loss for investments accounted for using the equity method based on the sale price in the share transfer agreement. The carrying amount of the Group’s shareholding as at March 31, 2021 was measured at fair value less costs of disposal, which was lower than the carrying amount before recognizing the impairment loss. On April 30, 2021, the Group completed the disposal of its shareholding in JITSUBO.

(3) Impairment

An intangible asset existed in the consolidated balances sheet at the start of the current financial year relating to two clinical stage drug candidates. The rights to these two drug candidates were out-licensed to a partner during the year as part of much broader collaboration. As the collaboration partner has decided not to progress these two drug candidates further in clinical trials an impairment charge of ¥3,064m has been recorded within in Other expenses within the consolidated statement of profit or loss and other comprehensive income to fully write off the value of the customer-related intangible asset.

(4) Impact of COVID-19

The Group has deployed a number of counter-measures to mitigate the impact of COVID-19 on its operations. However, slight delays in some R&D programs have been experienced. In the preparation of the consolidated financial statements management has considered the actual impact of COVID-19 to date as well as a range of potential impacts on the Group's operations. Although uncertainty remains over the future impact of COVID-19, the situation is normalizing in many geographies and management's assumption is that the impact of COVID-19 will not be long term. Management believes the Group retains enough liquidity to continue to pursue its stated business objectives and, accordingly, it is appropriate to use the going-concern basis of preparation for the consolidated financial statements. Management's assessment did not identify any necessary adjustments to the carrying values of assets and liabilities or the values of revenues and expenditures recorded in the year. The extent to which COVID-19 impacts our future financial results will depend on the duration and severity of the pandemic. Management continues to monitor the situation in order to mitigate the effects on the Group, wherever possible.

Non-Consolidated Statement of Changes in Equity

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
			Other retained earnings		
		Capital reserve	Retained earnings brought forward		
Balance at January 1, 2021	**40,220**	**28,337**	**(7,723)**	**(0)**	**60,834**
Changes during the period:					
Issuance of new shares	689	689	-	-	**1,378**
Conversion of convertible bonds	127	127			**254**
Net loss for the year	-	-	(4,260)	-	**(4,260)**
Net changes of items other than shareholders' equity	-	-	-	-	**-**
Total changes during the period	816	816	(4,260)	-	**(2,628)**
Balance at December 31, 2021	**41,036**	**29,153**	**(11,983)**	**(0)**	**58,206**

	Subscription rights to shares	Total net assets
Balance at January 1, 2021	**670**	**61,504**
Changes of during the period:		
Issuance of new shares	-	**1,378**
Conversion of convertible bonds	-	**254**
Net loss for the year	-	**(4,260)**
Net changes of items other than shareholders' equity	(406)	**(406)**
Total changes during the period	(406)	**(3,034)**
Balance at December 31, 2021	**264**	**58,470**

Note: Amounts less than ¥1 million have been rounded

Notes to the Non-Consolidated Financial Statements

1. Significant accounting policies

(1) Asset valuation standards and methods

1) Marketable securities

Shares of subsidiaries and affiliated companies are carried at cost determined by the moving-average method.

(2) Fixed asset depreciation methods

1) Property, plant and equipment (except lease assets):

The declining balance method is used. However, the straight-line method is used for facilities attached to buildings and acquired on or after April 1, 2016. The normal estimated useful lives are as follows:

- Buildings (facilities attached to buildings): 6-18 years
- Tools, furniture and fixtures: 5-10 years

2) Intangible fixed assets (except lease assets):

The straight-line method is used.
For internal-use software, the straight-line method is used based on an estimated useful life of 5 years.

3) Lease assets: Finance lease transactions without a transfer of ownership

The straight-line method is used over the term of the lease with a residual value of zero.

(3) Accounting for deferred assets

Bond issuance cost: Expensed in full at the time of payment.
Share issuance cost: Expensed in full at the time of payment.

(4) Recognition standards for provision

1) Allowance for doubtful accounts

Allowance is made for credit losses on accounts receivable and other accounts. An estimate of irrecoverable amounts is set aside based on historical credit loss rates for ordinary receivables and based on individual considerations for other receivables regarded as doubtful.

2) Provision for bonuses

Provision is made during the financial year for the payment of employee bonuses.

3) Provision for directors' bonuses

Provision is made during the fiscal year for the payment of director bonuses.

4) Provision for stock-based compensation

Provision is made for stock-based compensation based on an estimation of the expense incurred in the fiscal year.

(5) Standards for conversion of significant foreign-denominated assets and liabilities to Japanese currency

Foreign-denominated monetary claims and obligations are converted to Japanese yen based on spot exchange rates on the period-end date, and translation differences are accounted for within profit or loss for the period.

(6) Basis of preparation of the financial statements

Consumption taxes are accounted for using the tax-exclusion method.

2. Notes on changes in disclosure

Accounting standard for disclosure of accounting estimates has been applied in Fiscal Year 2021 and notes on changes in accounting estimates are included in the notes to the Non-Consolidated Financial Statements.

3. Notes on changes in Accounting Estimates

Valuation of Shares of subsidiaries and associates

	Ending balance ¥m
Shares of subsidiaries and associates	49,973

A valuation loss is recorded on non-marketable securities such as unlisted subsidiaries and associates when their net equity values drops significantly, unless there is sufficient evidence to support its recoverability.
A net equity value on impairment test is performed based on the latest available financial statements.
Where the net equity value decreases dramatically, a valuation loss is not recognized when recoverability is supported by sufficient evidence.
As a result of the above valuation methodology, no valuation loss is recognized in Fiscal Year 2021.
Although the valuation is processed appropriately based on the latest available financial statements, there is a possibility that valuation loss could be recognized due to uncertain events in the future.

4. Notes to the Balance Sheet

	¥m
(1) Cumulative depreciation on property, plant and equipment	70
(2) Monetary claims and obligations to subsidiaries and affiliates (other than ones shown separately in the balance sheet)	
Monetary obligations to subsidiaries and affiliates	0

(3) Guarantee liabilities

Debt guarantees totaling ¥2,067 million have been provided in relation to land and building lease agreements signed by the Company's subsidiary, Heptares Therapeutics Ltd.

5. Notes to the Statement of Profit or Loss

Operating transactions with subsidiaries and affiliates totalled ¥833 million.
Non-operating transactions with subsidiaries and affiliates totalled ¥29 million.

6. Notes to the Statement of Changes in Equity

Share class	Shares at beginning of fiscal year	Increase in shares during fiscal year	Decrease in shares during fiscal year	Shares at end of fiscal year
Ordinary Treasury shares	213	-	-	213

7. Tax

The main factors giving rise to deferred tax assets are as follows:

	¥m
Tax losses carried forward	2,526
Stock in subsidiaries and affiliates	3,135
Allowance for doubtful debts	740
Other	263
Deferred tax assets subtotal	6,664
Valuation allowance	(6,664)
Total deferred tax assets	**-**

8. **Related party transactions**

(1) **Subsidiaries**

Type	Name of company	Share of voting rights holding (held)	Transaction type	Transaction amount ¥m	Account	Ending balance ¥m
Subsidiary	Sosei Co. Ltd.	Direct holding 100%	Provision of management services to subsidiary	76	Accounts receivable	-
			Loan to subsidiary	350	Long-term loans to subsidiaries and affiliates	2,418
Subsidiary	Heptares Therapeutics Ltd.	Direct holding 100%	Provision of management services to subsidiary	747	Accounts receivable	-
			Debt guarantees	2,067	-	-
			Receipt of interest income	29	Accounts receivable-subsidiaries and affiliates	-

Notes:

1. Transaction amounts do not include consumption taxes, etc.; term-end balances include consumption taxes, etc.
2. Prices and other transaction terms are determined upon discussion and agreement by the two parties on terms equivalent to other parties unrelated to the Company.
3. Intercompany receivables and interest are collected based on the available cash position of each company.
4. Loans to Sosei Co., Ltd. are made at market interest rates. Collateral has not been requested.
5. At the end of the fiscal year under review, ¥2,418 million was set aside as an allowance for doubtful debts in respect of a long-term loan receivable from a subsidiary company, Sosei Co., Ltd. During the current fiscal period ¥350 million was recorded as an allowance for doubtful accounts for affiliated companies.
6. Debt guarantees have been provided in relation to land and building lease agreements and building contracts signed by the Company's subsidiary, Heptares Therapeutics Ltd. No fee for the provision of the guarantees has been charged to the subsidiary.

(2) **Officers and major individual shareholders**

Type	Name	Share of voting rights holding (held)		Relationship with related parties	Transaction type	Transaction amount ¥m	Account	Ending balance ¥m
Officer	Shinichi Tamura	Directly held	1.41	Representative Executive Officer, President and CEO	Exercise of stock options	164	-	-
					In-kind contribution of monetary compensation claim	35	-	-
Officer	Tomohiro Tohyama	Directly held	0.04	Director	In-kind contribution of monetary	12	-	-

Type	Name	Share of voting rights holding (held)		Relationship with related parties	Transaction type	Transaction amount ¥m	Account	Ending balance ¥m
					compensation claim			
Officer	Kuniaki Kaga	Directly held	0.03	Director	In-kind contribution of monetary compensation claim	20	-	-
Officer	David Roblin	Directly held	-	Director	In-kind contribution of monetary compensation claim	20	-	-
Officer	Noriaki Nagai	Directly held	0.02	Director	In-kind contribution of monetary compensation claim	22	-	-
Officer	Rolf Soderstorm	Directly held	0.00	Director	In-kind contribution of monetary compensation claim	8	-	-
Officer	Malcolm Weir	Directly held	0.01	Executive Officer and Executive Vice President	In-kind contribution of monetary compensation claim	21	-	-
					Exercise of stock options	60	-	-
					Payment of contingent consideration	371	Accounts payable	387
Officer	Christopher Cargill	Directly held	-	Executive Officer and CFO	In-kind contribution of monetary compensation claim	20	-	-
Officer	Tim Tasker	Directly held	0.02	Executive Officer and CMO	Exercise of stock options	19	-	-
					In-kind contribution of monetary compensation claim	18	-	-

Type	Name	Share of voting rights holding (held)		Relationship with related parties	Transaction type	Transaction amount ¥m	Account	Ending balance ¥m
					Payment of contingent consideration	84	Accounts payable	88
Officer	Kazuhiko Yoshizumi	Directly held	0.00	Executive Officer and CCO	In-kind contribution of monetary compensation claim	10	-	-
Officer	Tadayoshi Yasui	Directly held	0.01	Executive Officer	In-kind contribution of monetary compensation claim	11	-	-

Notes:

1. Transaction prices and other conditions are determined by reference to similar third-party contracts.
2. In-kind contribution of monetary compensation claim relates to the Restricted Stock Unit plan.
3. The exercise of stock options by Mr. Tamura, Mr. Wier and Mr. Tasker in the current fiscal year relates to the 30th stock acquisition rights approved by the Board of Directors on November 13, 2015.
4. The payments of contingent consideration are traded by foreign currency. Transaction amounts are transferred into Japanese yen at the average annual exchange rates for the period. Ending balances are translated into the Japanese yen using the exchange rate at the end of the period.

9. Notes on per-share information

	¥
(1) Net assets per share	714.03
(2) Net loss per share	(52.47)