



May 12, 2022
JCR Pharmaceuticals Co., Ltd.

Translation

Notice of Disposition of Treasury Stock through Third-Party Allotment for the Purpose of Making a Donation to Kyoto University

May 12, 2022 -- JCR Pharmaceuticals Co., Ltd. (TSE 4552; Chairman and President: Shin Ashida; “JCR”) announced that the Board of Directors has resolved to conduct a disposition of treasury stock through third-party allotment for the purpose of making a donation to Kyoto University as follows.

Approval by the JCR Ordinary General Meeting of Shareholders scheduled for June 2022 is a condition for conducting this disposition of treasury stock.

1. Overview of the Disposition

(1) Date of disposition (planned)	July 2022
(2) Number of shares to be disposed	1,000,000 shares of common stock
(3) Disposition price	¥1 per share
(4) Amount to be procured	¥1,000,000
(5) Disposition method	Third-party allotment
(6) Subscriber	Kyoto University
(7) Other	This disposition of treasury stock is conditional upon passage of an extraordinary resolution for favorable issuance at the Company’s Ordinary General Meeting of Shareholders scheduled for June 2022. Other items related to the disposition shall be resolved by the Board of Directors after the Ordinary General Meeting of Shareholders.

This disposition of treasury stock is conducted as a donation to the Tasuku Honjo “Yuh-shi” Fund and the Cancer Immunotherapy Research Fund set up by Kyoto University, and the Company has designated to Kyoto University, the subscriber of this disposition, that this be incorporated as follows:

Tasuku Honjo “Yuh-shi” Fund	500,000 shares
Cancer Immunotherapy Research Fund	500,000 shares

2. Purpose and Reason for the Disposition

JCR, based on a corporate philosophy of “contributing towards people’s healthcare through pharmaceutical products,” aims to create sustainable corporate value and contribute to the health and wellbeing of patients suffering from rare diseases through business activities that use proprietary biotechnologies and cell therapy and regenerative medicine technologies to create innovative pharmaceutical products responding to unmet medical needs in the fields of rare and intractable diseases.

In conjunction, toward realizing the corporate philosophy, JCR has also engaged in various social contribution activities through donations to companies, organizations, etc. that provide humane support in medically disadvantaged countries, support for maternal and child health development, support for children undergoing medical care and their families, and support for development of young medical researchers.

As a new initiative for social contribution activities, this disposition of treasury stock is aimed at providing financial support to young researchers to enable them to concentrate on their research. JCR will donate the amount to the two Kyoto University funds, the Tasuku Honjo “Yuh-shi” Fund and the Cancer Immunotherapy Research Fund.

The Tasuku Honjo “Yuh-shi” Fund was established with the objective of providing long-term financial support to young researchers who are highly idealistic and involved in life science or basic research, and was set up to commemorate Kyoto University Distinguished Prof. Tasuku Honjo being awarded the Nobel Prize in Physiology or Medicine. The Cancer Immunotherapy Research Fund was set up with the objective of strengthening the long-term financial base of the Center for Cancer Immunotherapy and Immunobiology (CCII), which was established at Kyoto University as Japan’s first comprehensive research institute for cancer immunotherapy research.

As the research conducted by these two funds requires long periods, JCR plans to make donations through the disposition of treasury stock with the purpose of providing continued, stable support. From JCR dividend payments, etc., we plan to ensure part of the funds’ source of funding to be provided continuously and stably.

By donating to these two funds, we are convinced that it will lead to JCR’s aim to “contribute to health improvements with better treatment options” by supporting development of challenging and creative basic research that could cause a paradigm shift in the field of life science, and support research aiming at realizing the “full cancer recovery”, which is a long-cherished wish of humankind.

Social contribution activities such as these strengthen the JCR corporate brand and lead to further raising employee morale, which we believe contributes to the sustainable growth of JCR and enhances corporate value from a medium- to long-term perspective.

3. Amount of to be Procured, Use and Planned Expenditure Timing

(1) Amount of to be procured

1) Total amount for payment	¥1,000,000
2) Estimated cost of disposition expenses	¥0
3) Estimated net proceeds	¥1,000,000

(2) Specific Use of Procured Funds

The abovementioned net proceeds are planned to be used to cover legal fees, etc. and other expenses necessary to build the scheme for this treasury stock disposition.

4. Views on Rationality of Use of Proceeds

The net proceeds are planned to be used to cover legal fees, etc. and other expenses necessary to build the scheme for this treasury stock disposition. JCR believes the use of these funds is rational as the various expenses are essential to build this scheme, and in view of the medium- to long-term perspective that this disposition of treasury stock will lead to the sustainable growth of JCR and enhanced corporate value.

5. Rationality of Disposition Conditions, etc.

(1) Grounds for calculation and specific details of amount for payment

The objective of this disposition of treasury stock is to contribute to the development of research from donations to the two funds through the disposition of treasury stock to enable continuous and stable financial support to young researchers involved in life science or basic research, or research into cancer immunotherapy.

As JCR believes that this will contribute to the realization of its corporate philosophy, sustainable growth and enhancement of corporate value, as noted in the aforementioned 3.-(2), the net proceeds are planned to be used for expenses needed to build this scheme. As a result, we believe the disposition price of ¥1 per share is rational.

(2) Grounds for judging that the volume of disposition and scale of stock dilution are rational

This disposition of treasury stock has the objective of providing partial financial support for young researchers at the two funds stably on a continued basis. JCR's basic policy is to pay continuous and stable dividends and believes the scale of the disposition volume to be the source of support for the two funds is reasonable as they can plan on acquiring dividend income through the incorporation of the treasury stock that they can use to achieve their objectives.

Moreover, the scale of dilution of stock from this disposition of treasury stock is small and has a negligible impact on the share market, comprising 0.77% (rounded to two decimal places) of the number of shares outstanding (129,686,308 shares) and 0.81% of the total number of voting rights (1,240,719 votes) as of March 31, 2022.

6. Reason for Selection of Subscriber, etc.

(1) Overview of the subscriber

1. Name	Kyoto University
2. Location	Yoshida-honmachi, Sakyo-ku, Kyoto
3. Representative	Nagahiro Minato, president
4. Total number of students	22,486 (fiscal 2021)
5. Capital	¥268,182 million (fully government-funded)
6. Date of establishment	June 1897.
7. Relationship with JCR	
Capital relationship	Not applicable
Personnel relationship	Not applicable
Transaction relationship	Not applicable
Relevant status towards related parties	Not applicable

The purposes of establishment, etc., of the two funds that JCR has designated for incorporation of its shares through the disposal of treasury stock are as follows:

1. Name	Kyoto University Tasuku Honjo "Yuh-shi" Fund
2. Location	Yoshida-honmachi, Sakyo-ku, Kyoto

3. Establisher	Norihiro Tokitoh, Executive Vice-President for Research, Kyoto University
4. Objective of establishment	Support through salary and research funding over the long term for young researchers with high ideals and involved in life science or basic research

1. Name	Kyoto University Cancer Immunotherapy Research Fund
2. Location	Yoshida-honmachi, Sakyo-ku, Kyoto
3. Establisher	Kazuhiro Iwai, Dean, Graduate School of Medicine, Kyoto University
4. Objective of establishment	Strengthen the long-term financial base of the CCII, established as a comprehensive research institute for cancer immunotherapy research

(Note) JCR has confirmed via an investigation based on publicly disclosed information, etc. on websites and other sources, that neither the subscribers nor their directors have absolutely no association with anti-social forces, and have submitted written confirmation of such to the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange.”)

(2) Reason for the selection of subscribers

This disposition of treasury stock has the objective to provide continuous and stable financial support to young researchers involved in life science or basic research, or research into cancer immunotherapy, which leads to JCR’s aim to “contribute to health improvements with better treatment options” and we believe it connects to the Company’s sustained growth and enhanced corporate value.

To ensure realizing these goals, we believe that for the research record of the subscribers and their ability to collect funds to support young researchers effectively and efficiently it is important to have branding power to be able to raise a certain level of funding, thus Kyoto University was made the subscriber and we determined that it is appropriate for the two funds established within that university to be the recipient of the Company’s shares.

(3) Holding policy of the subscribers

JCR has obtained consent from the subscriber Kyoto University that it will not transfer the common stock obtained through this disposition of treasury stock for a period of 10 years in principle to utilize the dividend income for long-term financial support for young researchers, etc.

Moreover, JCR has confirmed in principle that the voting rights for the shares allocated to Kyoto University as a result of this disposal of treasury stock will not be exercised.

Moreover, based on the stipulations of Tokyo Stock Exchange, in the event of the applicable common stock disposed to the subscribers through this disposition of treasury stock being transferred wholly or in part within two years of the date of disposition, the subscriber shall notify JCR in writing of the recipient’s name, address, number of shares transferred, date of transfer, transfer price, reason for transfer and transfer method, etc. JCR shall notify Tokyo Stock Exchange of the details of the report, and plans to obtain written assurances from the subscribers that the details of this report will be made publicly available.

(4) Confirmation of sufficiency of assets required for the subscriber's payment

Kyoto University, as the subscriber, will make payment in cash using donations for the two funds.

7. Major Shareholders and Shareholding Percentages Following the Stock Disposition

Prior to the Disposition (as of March 31, 2022)		Following the Disposition	
MEDIPAL HOLDINGS CORPORATION	22.46%	MEDIPAL HOLDINGS CORPORATION	22.46%
The Master Trust Bank of Japan, Ltd. (Trust account)	9.45%	The Master Trust Bank of Japan, Ltd. (Trust account)	9.45%
KISSEI PHARMACEUTICAL CO., LTD.	8.72%	KISSEI PHARMACEUTICAL CO., LTD.	8.72%
FUTURE BRAIN CO., LTD.	6.71%	FUTURE BRAIN CO., LTD.	6.71%
Custody Bank of Japan, Ltd. (Trust account)	5.03%	Custody Bank of Japan, Ltd. (Trust account)	5.03%
The Nomura Trust and Banking Co., Ltd. (A trust account)	5.02%	The Nomura Trust and Banking Co., Ltd. (A trust account)	5.02%
Sumitomo Dainippon Pharma Co., Ltd. (Note)* ¹	2.62%	Sumitomo Pharma Co., Ltd. (Note)* ¹	2.62%
Mochida Pharmaceutical Co., Ltd.	1.69%	Mochida Pharmaceutical Co., Ltd.	1.69%
SSBTC CLIENT OMNIBUS ACCOUNT	0.88%	SSBTC CLIENT OMNIBUS ACCOUNT	0.88%
Employee Shareholding Association of JCR Pharmaceuticals Co., Ltd.	0.85%	Employee Shareholding Association of JCR Pharmaceuticals Co., Ltd.	0.85%

- (Notes) 1. Sumitomo Dainippon Pharma Co., Ltd. changed its company name to Sumitomo Pharma Co., Ltd. on April 1, 2022
- Shareholding percentages reflect the stock holding ratio to outstanding shares.
 - The above table does not include JCR's treasury stock of 5,585,744 shares (except for 343,600 shares of its stock held in trust under a stock benefit trust.). JCR's holdings of the treasury stock following disposition will be 4,585,744 shares.
 - Major shareholders and shareholding ratios following the disposition are based on the shareholders' register as of March 31, 2022, and take into account only the changes resulting from this treasury stock disposition.

8. Future Outlook

Regarding the impact on JCR's performance going forward, we are of the understanding that it will be negligible, but in the event of an item for disclosure arising in the future, will make prompt notification.

9. Disclosure Regarding Procedures under the Code of Corporate Conduct

As this stock disposition will result in dilution of less than 25% and there will not be a change in controlling shareholders, it does not require the receipt of an independent third-party opinion or shareholder approval as required under Rule 432 of the Securities Listing Regulations and Related Rules stipulated by Tokyo Stock Exchange.

10. Financial Results and Equity Finance Status for Most Recent Three Years

(1) Financial results for most recent three years (consolidated)

	FY2019	FY2020	FY2021
Net sales	¥24,781 million	¥30,085 million	¥51,082 million
Operating income	¥3,244 million	¥8,269 million	¥19,933 million
Ordinary income	¥3,293 million	¥8,488 million	¥20,512 million
Profit attributable to owners of the parent	¥2,678 million	¥6,892 million	¥14,507 million
Net income per share	¥21.72	¥55.81	¥117.26
Dividend per share	¥8.00	¥12.00	¥22.00
Net assets per share	¥257.92	¥306.31	¥406.57

(Note) We conducted a 4-for-1 stock split on October 1, 2020. Net income per share, dividend per share and net assets per share are calculated and presented as though the stock split had been implemented at the beginning of FY2019.

(2) Current number of shares outstanding and issuable shares (as of March 31, 2022)

	Number of shares	Ratio to shares outstanding
Number of shares outstanding	129,686,308 shares	100.0%
Number of issuable shares at current conversion price (exercise price)	—	—
Number of issuable shares at lowest conversion price (exercise price)	—	—
Number of issuable shares at highest conversion price (exercise price)	—	—

(3) Recent share price status

1) Status for most recent three years

	FY2019	FY2020	FY2021
Opening price	¥6,620	¥9,420 □¥3,085	¥3,625
Highest price	¥11,300	¥13,050 □¥3,800	¥3,745
Lowest price	¥5,850	¥8,720 □¥2,336	¥1,854
Closing price	¥9,420	¥12,500 □¥3,585	¥2,257

(Note) We conducted a 4-for-1 stock split on October 1, 2020. The □ mark shown for FY2020 is the share price after the ex-rights due to the stock split.

2) Status for most recent six months

	2021 November	December	2022 January	February	March	April
Opening price	¥2,789	¥2,463	¥2,226	¥2,014	¥2,183	¥2,256
Highest price	¥2,928	¥2,470	¥2,244	¥2,208	¥2,316	¥2,435
Lowest price	¥2,495	¥2,146	¥1,854	¥1,960	¥1,912	¥2,148
Closing price	¥2,499	¥2,224	¥2,011	¥2,178	¥2,257	¥2,428

3) Share prices as of the business day prior to the disposition resolution date

	May 11, 2020
Opening price	¥2,303
Highest price	¥2,310
Lowest price	¥2,234
Closing price	¥2,280

(4) Equity finance status for most recent three years

Not applicable.

About JCR Pharmaceuticals Co., Ltd.

JCR Pharmaceuticals Co., Ltd. (TSE 4552) is a global specialty pharmaceuticals company that is redefining expectations and expanding possibilities for people with rare and genetic diseases worldwide. We continue to build upon our 45-year legacy in Japan while expanding our global footprint into the US, Europe, and Latin America. We improve patients' lives by applying our scientific expertise and unique technologies to research, develop, and deliver next-generation therapies. Our approved products in Japan include therapies for the treatment of growth disorder, Fabry disease, acute graft-versus host disease, and renal anemia. Our investigational products in development worldwide are aimed at treating rare diseases including MPS I (Hurler, Hurler-Scheie and Scheie syndrome), MPS II (Hunter syndrome), Pompe disease, and more. JCR strives to expand the possibilities for patients while accelerating medical advancement at a global level. Our core values – reliability, confidence, and persistence – benefit all our stakeholders, including employees, partners, and patients. Together we soar. For more information, please visit <https://www.jcrpharm.co.jp/en/site/en/>.

Cautionary Statement Regarding Forward-Looking Statements

This document contains forward-looking statements that are subject to known and unknown risks and uncertainties, many of which are outside our control. Forward-looking statements often contain words such as “believe,” “estimate,” “anticipate,” “intend,” “plan,” “will,” “would,” “target” and similar references to future periods. All forward-looking statements regarding our plans, outlook, strategy and future business, financial performance and financial condition are based on judgments derived from the information available to us at this time. Factors or events that could cause our actual results to be materially different from those expressed in our forward-looking statements include, but are not limited to, a deterioration of economic conditions, a change in the legal or governmental system, a delay in launching a new product, impact on competitors' pricing

and product strategies, a decline in marketing capabilities relating to our products, manufacturing difficulties or delays, an infringement of our intellectual property rights, an adverse court decision in a significant lawsuit and regulatory actions.

This document involves information on pharmaceutical products (including those under development). However, it is not intended for advertising or providing medical advice. Furthermore, it is intended to provide information on our company and businesses and not to solicit investment in securities we issue.

Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the factors that could cause actual results to differ materially, even if new information becomes available in the future.

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