

(FOR REFERENCE PURPOSE)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Security code: 4552)

June 1, 2022

To the Shareholders

3-19 Kasuga-cho, Ashiya, Hyogo, 659-0021
JCR Pharmaceuticals Co., Ltd
Representative Director, Chairman and President
Shin Ashida

Notice of Convocation of The 47th Ordinary General Meeting of Shareholders

We wish to notify you as follows that the Company will hold the 47th Ordinary General Meeting of Shareholders of JCR Pharmaceuticals Co., Ltd. (“JCR” or the “Company”) to be held at the time and place as detailed below.

Same as last year, uncertainties regarding the situation surrounding the COVID-19 pandemic persist, but the Company decided to hold the Ordinary General Meeting of Shareholders with setting up a seating capacity to prevent the spread of the virus.

We request that shareholders to refrain from attending the meeting on the day, and instead of exercising their voting rights for the Ordinary General Meeting of Shareholders in advance in writing or through the Internet to avoid the risk of spreading the virus, and to refrain from attending the venue on the day the meeting is being held.

To exercise your voting rights in advance, please review the following proposals and the “Proposals and reference information” described later and exercise your voting rights no later than 6:00 p.m., Tuesday, June 21, 2022 (Japan Standard Time).

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■ Voting in Writing

Please indicate your approval or disapproval of the proposals on the voting form enclosed herewith, and return the Form to the Company so that it will arrive by the deadline noted above.

■ Voting by Electromagnetic Methods (the Internet, etc.)

Please review the “Instructions for Voting by Electromagnetic Methods (the Internet, etc.)” (available only in Japanese as provided in the original document or on the online voting website), and indicate your approval or disapproval of the proposals by the deadline noted above by using one of two methods: by scanning the QR code provided on the enclosed voting form (“Smart Exercise” method), or by visiting the website for exercising voting rights (<https://www.web54.net>) and manually entering your “voting code” and “password.”

Yours faithfully,

Details

1. **Date and Time** 10:00 a.m., June 22, 2022 (Wednesday)
2. **Place** ANA Crowne Plaza Hotel Kobe (Room “The Ballroom” on the 10th floor)
1 Chome, Kitano-cho, Chuo-ku, Kobe

As mentioned earlier, we humbly request that shareholders refrain from attendance at the Ordinary General Meeting of Shareholders to avoid the risk of spreading the virus to shareholders or the Company’s officers and employees.

3. Agenda:

Matters to be Reported: Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, and Audit Report of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 47th Fiscal Year (from April 1, 2021 to March 31, 2022)

Matters to be Resolved:

- Proposal 1** Partial Amendments to the Articles of Incorporation
- Proposal 2** Appointment of Eleven (11) Directors
- Proposal 3** Issuance of Share Acquisition Rights to Directors and Corporate Officers for Stock Option Scheme as Stock-linked Compensation Plan.
- Proposal 4** Disposal of Treasury Shares by Allocation to a Third Party for the Purpose of Donation to National University Corporation Kyoto University

< Requests to Shareholders >

- The abovementioned information is subject to updates through to the day of the Ordinary General Meeting of Shareholders due to factors such as the situation surrounding the pandemic and details of announcements by the government or other bodies. Please confirm the latest information through the Company's website below.
- When exercising voting rights through the voting form, there is a risk of transmitting the virus during the mailing process or collation operations. We request that voting rights exercised in advance be exercised online.

○ Among documents that should be provided for the Notice of Convocation of the Ordinary General Meeting of Shareholders, the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements” are posted on the Company’s website below (in Japanese only) pursuant to laws and regulations and Article 16 of Incorporation of the Company, and therefore, are not included in the present documents provided for the Notice of Convocation of the Ordinary General Meeting of Shareholders.

The Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited on the occasion of preparation of the audit report by Audit & Supervisory Board Members and the accounting audit report by the Accounting Auditor include matters that should be shown as the “Notes to Consolidated Financial Statements” and the “Notes to Non-consolidated Financial Statements” in addition to those described in the present documents provided.

○ Any required corrections to the Business Report, the Consolidated Financial Statements, the Non-

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consolidated Financial Statements and/or the Proposals and reference information for the Shareholders' Meeting will be immediately posted on the Company's website below.

Note: Company's website. (<https://www.jcrpharm.co.jp/en/site/en/index.html>)

Details of Voting Methods

Voting in Person by Attending Ordinary General Meeting of Shareholders



You are kindly requested to bring the enclosed voting form with you on the day of the Shareholders' Meeting, and please submit it at the reception desk. Also, please bring this document for your reference to the meeting.

Date and Time

10 a.m., June 22, 2022
(Wednesday)

Exercising your voting rights in advance



Voting by Mail

Please consider the reference documents for the Ordinary General Meeting of Shareholders described below, and indicate your approval or disapproval of the proposal on the enclosed voting form, and return it so that it will arrive by the following deadline.


Deadline for Exercise

6 p.m., June 21, 2022
(Tuesday)



Voting by Electromagnetic Methods (the Internet, etc.)

Please consider the reference documents for the Ordinary General Meeting of Shareholders described below, and enter your approval or disapproval of the proposal on the Company's designated website for exercising voting rights (<https://www.web54.net>).

Please refer to the next
page for details 

Deadline for Exercise

6 p.m., June 21, 2022
(Tuesday)

Notes

- In the event that a voting right is exercised twice via the enclosed voting form and online, only the online vote shall be counted as an effective vote.
- In the event that a voting right is exercised online more than once, only the most recent vote shall be counted as an effective vote.
- Depending on the use environment of the Internet, the network service, and the device used for communication, the online voting website may not be available.
- Shareholders shall bear the connection charges of the Internet providers and the communication charges of the telecommunications carriers (telephone charges, etc.) for accessing the online voting website.

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Instructions for Voting by Electromagnetic Methods (the Internet, etc.)

Deadline for Exercise

6:00 p.m., June 21, 2022 (Tuesday)

***Please be reminded that the online voting website and phone inquiries services are available only in Japanese.**

1. Exercising Voting Rights via the Internet

Please note the following matters if you chose to exercise your voting rights via the Internet.

- (1) Online voting is available only by accessing the following online voting website designated by the Company. This website is available through the Internet via cellular phone also.

[Online voting website URL] <https://www.web54.net>

*You may also access the online voting website by scanning the two-dimensional code (QR Code) on the right side of voting form [shown in the Japanese original] that allows you to directly login without entering voting code and password if your cellular phone is equipped with a barcode reader. For more detailed instructions on this procedure, please refer to the user manual of your cellular phone.



(QR Code is trademarked by DENSO WAVE INCORPORATED)

- (2) When you vote online, please enter the “voting code” and the “password” provided in the enclosed voting form, and indicate your approval or disapproval of the proposals by following the instructions displayed on the screen.
- (3) Online votes will be accepted until 6:00 p.m., Tuesday, June 21, 2022 (Japan Standard Time), the day immediately prior to the date of the Ordinary General Meeting of Shareholders. However, your early voting would be highly appreciated for the convenience of vote counting.
- (4) Shareholders shall bear the connection charges of the Internet providers and the communication charges of the telecommunications carriers (telephone charges, etc.) for accessing the online voting website.
- (5) If you have any question related to online voting, please contact the following for inquiry services.

Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited.

[Special Phone Line] 0120-652-031

(9:00 a.m. to 9:00 p.m. (Japan Standard Time), toll-free within Japan)

2. Electronic Voting Platform for Institutional Investors

Institutional investors may also use the “Electronic Voting Platform” operated by ICJ, Inc. to vote in this Ordinary General Meeting of Shareholders.

Proposals and reference information

Proposal 1

Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

(1) Article 16 (Disclosure via the Internet and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders)

Since the revised provisions provided for in the proviso to Article 1 of the supplementary provisions of the Act for Partial Amendment of the Companies Act (Act. No. 70 of 2019) will take effect on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation to prepare for the introduction of the system for providing reference materials for the General Meeting of Shareholders in electronic format.

- 1) The proposed amended Paragraph 1 of Article 16 (Measures for Provision of Information in Electronic Format, etc.) stipulates that measures will be taken to provide information contained in the reference materials for the General Meeting of Shareholders in electronic format.
- 2) The proposed amended Paragraph 2 of Article 16 (Measures for Provision of Information in Electronic Format, etc.) establishes a provision to limit the scope of the matters to be described in paper-based documents to be delivered to shareholders who have requested the delivery of paper-based documents.
- 3) Since the provisions regarding disclosure via the internet and deemed provision of reference documents, etc. for the General Meeting of Shareholders (Article 16 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- 4) In line with the above additions and deletions, supplementary provisions concerning the effective date and related matters will be established.

(2) Article 19 (Number of Directors)

The Company proposes to increase the maximum number of directors specified in Article 19 (Number of Directors) of the current Articles of Incorporation from ten (10) to eleven (11) to further strengthen and enhance the management oversight framework and facilitate business expansion and globalization.

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2. Details of amendments

Details of the amendments are as follows.

(Underline indicates parts to be amended.)

Current Articles of Incorporation	Proposed amendments
<p><u>(Disclosure via the Internet and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders)</u></p> <p><u>Article 16: When convening the General Meeting of Shareholders, the Company may deem that it has provided shareholders with information concerning matters that should be described or presented in reference documents for the General Meeting of Shareholders, business reports, financial statements and consolidated financial statements in the event that they are disclosed via the internet in accordance with the Ministry of Justice Ordinance.</u></p> <p>(Newly added)</p> <p>(Number of Directors)</p> <p>Article 19: The number of directors shall not exceed <u>ten (10)</u>.</p>	<p>(Deleted)</p> <p><u>(Measures for Provision of Information in Electronic Format, etc.)</u></p> <p><u>Article 16:</u></p> <p><u>When convening the General Meeting of Shareholders, the Company shall take measures to provide information contained in reference documents, etc. for the General Meeting of Shareholders in electronic format.</u></p> <p><u>2: Of the items for which measures will be taken to provide information in electronic format, the Company may exclude all or some of those items stipulated in the Ministry of Justice Ordinance from the paper-based documents to be delivered to shareholders who have requested paper-based documents by the record date for voting rights.</u></p> <p>(Number of Directors)</p> <p>Article 19: The number of directors shall not exceed <u>eleven (11)</u>.</p>

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Current Articles of Incorporation	Proposed amendments
(Newly added)	<p data-bbox="1026 228 1282 257" style="text-align: center;"><u>Supplementary Provisions</u></p> <p data-bbox="860 263 953 292"><u>Article 1:</u></p> <p data-bbox="889 292 1443 485"><u>The deletion of Article 16 of the current Articles of Incorporation (Disclosure via the Internet and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders) and the addition of the proposed amended Article 16 (Measures for Provision of Information in Electronic Format, etc.) shall become effective as of September 1, 2022.</u></p> <p data-bbox="860 491 1443 684"><u>2: Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation (Disclosure via the Internet and Deemed Provision of Reference Documents, etc. for the General Meeting of Shareholders) shall remain in effect with respect to a General Meeting of Shareholders to be held on or before February 28, 2023.</u></p> <p data-bbox="860 691 1443 799"><u>3: These provisions shall be deleted on March 1, 2023, or on the date when three (3) months have elapsed from the date of the General Meeting of Shareholders described in the preceding paragraph, whichever is later.</u></p>

Proposal 2

Appointment of Eleven (11) Directors

All of the current nine (9) Directors will reach the maturity of the term of office at the end of this Ordinary General Meeting of Shareholders. Therefore, in order to facilitate business expansion, respond to globalization, and further reinforce the Company's management supervision, we would like to request the appointment of a total of eleven (11) Directors, adding two (2) Directors as a condition of the recognition and adoption of Proposal 1, "Partial Amendments to the Articles of Incorporation."
The eleven (11) candidates nominated by the Board are as follows.

Candidate No.	Candidate Name	(Reference)	
		Present Position of JCR Pharmaceuticals Co., Ltd.	Attendance of the Board Meetings of Directors in the 47th Fiscal Year (from April 1, 2021 to March 31, 2022)
1	Reappointed Shin Ashida	Representative Director Chairman and President Chief Executive Officer (CEO) Chief Operating Officer (COO)	15/15 (100%)
2	Reappointed Toru Ashida	Senior Vice President Sales and Administration Executive Director, Sales Division	15/15 (100%)
3	Reappointed Mathias Schmidt, PD, Ph.D.	Vice President Clinical Development, Global Business Strategy and Business Development	15/15 (100%)

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Candidate No.	Candidate Name	(Reference)	
		Present Position of JCR Pharmaceuticals Co., Ltd.	Attendance of the Board Meetings of Directors in the 47th Fiscal Year (from April 1, 2021 to March 31, 2022)
4	Reappointed Hiroyuki Sonoda, Ph.D.	Vice President Research and Corporate Strategy Executive Director, Research Division	15/15 (100%)
5	Reappointed Yoshio Hiyama, Ph.D.	Senior Executive Director Production and Quality Assurance Executive Director, Production Division	11/11 (100%)
6	Reappointed Toshihiro Ishikiriyama	Outside Director Independent Director	15/15 (100%)
7	Reappointed Takashi Suetsuna	Outside Director Independent Director	14/15 (93%)
8	Reappointed Toshihide Yoda	Outside Director	14/15 (93%)
9	Reappointed Yuko Hayashi, Ph.D.	Outside Director Independent Director	15/15 (100%)
10	Newly-appointed Yutaka Atomi, M.D., Ph.D.	Outside Director Independent Director	-
11	Newly-appointed Philippe Fauchet OBE	Outside Director Independent Director	-

(Note) Director Yoshio Hiyama was appointed at the 46th Ordinary General Meeting of Shareholders held on June 23, 2021, and therefore the number of meetings of the Board of Directors is different for him from that of other Directors.

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Candidate
No.

1

Reappointed



Shin Ashida (January 2, 1943)

Number of Shares of
the Company Owned **10,400**
shares

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

September 1975	Appointed Representative Director and President at the establishment of JCR Pharmaceuticals Co., Ltd. (to present)	June 2007	Appointed President of the Company (to present) Appointed Chief Operating Officer (COO) of the Company (to present)
June 2005	Appointed Chairman of the Company (to present) Appointed Chief Executive Officer (CEO) of the Company (to present)		

[Significant Concurrent Positions]

Member of the Board of Directors of Future Brain Co., Ltd.
Representative Director and President of JCR INTERNATIONAL SA

Reason for Nomination as a Candidate for Director

The Company has nominated him as a candidate for a Member of the Board of Directors of the Company because of his ability and actual achievements as founder and business manager of the Company and for sustained enhancement of the corporate value in the future, and the Company requests continued appointment of him as Director.

Candidate
No.

2

Reappointed



Toru Ashida (October 31, 1968)

Number of Shares of
the Company Owned **261,498**
shares

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 1992	Joined Nippon Life Insurance Company	June 2019	In charge of Corporate Strategy
April 2002	Appointed Representative Director and President at the establishment of JBS Co., Ltd.		Head of Quality Assurance Division, Corporate Planning Division, Administration Division, and Medical Affairs Department of the Company
January 2014	Joined JCR Pharmaceuticals Co., Ltd.	April 2020	Executive Director of Sales Division of the Company (to present)
July 2014	Appointed Corporate Officer of the Company Executive Director of Corporate Business Support Division and Director of Corporate Strategy Department of the Company	June 2020	Appointed to Vice President of the Company and In charge of Sales Division
April 2016	Head of Office of the President of the Company	June 2021	Appointed to Senior Vice President of the Company (to present) and In charge of Sales and Administration (to present)
June 2018	Appointed Senior Executive Director of the Company (to present) Head of Quality Assurance Division, Corporate Planning Division, and Medical Affairs Department of the Company		

[Significant Concurrent Positions]

Representative Director and President of Future Brain Co., Ltd.

Reason for Nomination as a Candidate for Director

The Company has nominated him as a candidate for a Member of the Board of Directors of the Company because he has abundant experience in managing the organization at a major financial institution and operating an organization which supports facilities for clinical trial and is an appropriate person for enhancement of the corporate value of the Company, and the Company requests continued appointment of him as Director.

(FOR REFERENCE PURPOSE)

Candidate
No.

3

Reappointed



Mathias Schmidt, PD, Ph.D. (February 13, 1968) the Company Owned share

Number of Shares of

share

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 2001	Laboratory Head and Senior Group Leader, Oncology, Altana Pharma AG, Germany	October 2016	President and Chief Executive Officer, ArmaGen, Inc., USA (to present)
May 2003	Lecturer in Disease Biology, Pharmacology, Human Biology, Drug Discovery & Development, University of Constance, Germany	March 2019	Executive Vice President, Head of Research and Development, Triphase Accelerator Corporation, USA
June 2007	Associate Principal Strategic Planning / Business Support Department, Nycomed GmbH, Germany (currently Takeda GmbH)	June 2020	Appointed Senior Executive Director of JCR Pharmaceuticals Co., Ltd. and In charge of Global Strategy
January 2010	Principal & Head of Biologics Department, Nycomed GmbH, Germany (currently Takeda GmbH)	July 2020	JCR USA, Inc. President and CEO (to present)
June 2012	Vice President Biological Sciences, Takeda California, USA	June 2021	Appointed to Vice President of the Company (to present) Clinical Development, Global Business Strategy and Business Development. (to present)

[Significant Concurrent Positions]

President and Chief Executive Officer ArmaGen, Inc., USA
JCR USA, Inc. President and CEO

Reason for Nomination as a Candidate for Director

The Company has nominated him as a candidate for a Member of the Board of Directors of the Company because of his research achievements at academia as well as extensive research activities and abundant experience of global clinical development at pharmaceutical companies. In advancing globalization, the Company expects that his high management abilities and achievements will greatly contribute in enhancing the corporate value of the Company, and the Company requests continued appointment of him as Director.

Candidate
No.

4

Reappointed



Hiroyuki Sonoda, Ph.D. (June 15, 1978) the Company Owned 1,540 shares

Number of Shares of
the Company Owned

1,540
shares

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 2003	Joined JCR Pharmaceuticals Co., Ltd.	June 2020	Appointed Senior Executive Director of the Company
April 2016	Director of Corporate Planning Division (In charge of Research) of the Company		and In charge of Research and Development Division
October 2017	Leader of Frontier Research Unit and Director of Corporate Planning Division (In charge of Research) of the Company		Executive Director of Research Division, and Director of Drug Discovery Research Institute
April 2018	Executive Director of Research Planning Division of the Company	June 2021	Appointed to Vice President of the Company (to present) and In charge of Research and Corporate Strategy (to present)
June 2018	Appointed Corporate Officer of the Company		Executive Director, Research Division (to present)

Reason for Nomination as a Candidate for Director

The Company has nominated him to continue as a Member of the Board of Directors of the Company because he has demonstrated high-level capabilities in the research field and produced results in leading his division since he joined the Company, and he can be expected to contribute significantly to increasing corporate value in new areas of research that will support the future growth of JCR and to demonstrate high-level capabilities in the field of management strategy with wide-ranging ideas based on his abundant knowledge.

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Candidate
No.

5

Yoshio Hiyama, Ph.D. (August 29, 1960)

Number of Shares of
the Company Owned 985
shares

Reappointed



Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 1986	Joined Daiichi Pharmaceuticals Co., Ltd. (currently Daiichi Sankyo Co., Ltd.)	April 2019	Joined JCR Pharmaceuticals Co., Ltd. Assistant director, Production Division
October 1999	PMD VAC Co., Ltd. (secondment)	April 2020	Marketing Supervisor General Director of Pharmacovigilance Dept., and PMS office manager
April 2005	Manager, Regulatory Affairs Group	September 2020	Director of Corporate Planning Division (In charge of Vaccine Business), and Pharmacovigilance Dept.
October 2011	Daiichi Sankyo Co., Ltd. (returned), Group Manager, R&D Group in Vaccine Planning Dept.	June 2021	Appointed to Senior Executive Director of the Company (to present) In charge of Production and Quality Assurance (to present) Executive Director, Production Division (to present)
July 2012	Japan Vaccines Co. Ltd. (secondment), Marketing Supervisor General and Quality and Safety management director		

Reason for Nomination as a Candidate for Director

The Company has nominated him to continue as a Member of the Board of Directors of the Company because he has a wealth of knowledge and wide-ranging operation experience concerning the manufacture, quality control, supply chain, and compliance of a wide range of pharmaceuticals, and it deems him an appropriate person who can be expected to greatly contribute to enhancing the corporate value of the Company.

(FOR REFERENCE PURPOSE)

Candidate
No.

6

Reappointed

Outside
Director

Independent
Director



Toshihiro Ishikiriya (October 12, 1952)

Number of Shares of
the Company Owned 8,000
shares

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

January 2002	Joined GlaxoSmithKline K.K.	June 2015	Appointed Member of the Board of Directors (Outside Director) of JCR Pharmaceuticals Co., Ltd. (to present)
March 2002	Member of the Board of Directors and General Manager of Corporate Planning of GlaxoSmithKline K.K.	July 2018	Audit & Supervisory Board Member of GlaxoSmithKline K.K. (to present)
April 2005	Member of the Board of Directors, General Manager of Financial Affairs and in charge of Business Development of GlaxoSmithKline K.K.	August 2019	Outside Audit & Supervisory Board Member of GSK Capital K.K. (to present)
June 2008	Member of the Board of Directors and Managing Director of GlaxoSmithKline K.K.		Outside Audit & Supervisory Board Member of GKK K.K. (to present)
April 2012	Member of the Board of Directors, Managing Director and General Manager of Vaccine Business Promotion Division of GlaxoSmithKline K.K.		Outside Audit & Supervisory Board Member of GlaxoSmithKline Consumer Healthcare Japan K.K. (to present)
July 2012	Representative Director and Chairman of Japan Vaccine Co., Ltd.	September 2019	Outside Audit & Supervisory Board Member of ViiV Healthcare K.K. (to present)
June 2014	Representative Director and President of Japan Vaccine Co., Ltd.		Representative Director and President of RegeNephro Co., Ltd. (to present)

[Significant Concurrent Positions]

Audit & Supervisory Board Member of GlaxoSmithKline K.K.
Outside Audit & Supervisory Board Member of GSK Capital K.K.
Outside Audit & Supervisory Board Member of GKK K.K.
Outside Audit & Supervisory Board Member of GlaxoSmithKline Consumer Healthcare Japan K.K.
Outside Audit & Supervisory Board Member of ViiV Healthcare K.K.
Representative Director and President of RegeNephro Co., Ltd.

Reason for Nomination as a Candidate for Outside Director and Overview of expected role

The Company has nominated him to continue as a Member of the Board of Directors of the Company because he has abundant experience and expert knowledge as a manager of pharmaceutical companies, and he can be expected to contribute significantly to improving the Company's corporate value by providing supervision from an expert perspective of the Board of Directors' execution of business and advice to management and so forth.

(FOR REFERENCE PURPOSE)

Candidate
No.

7

Reappointed

Outside
Director

Independent
Director



Takashi Suetsuna

(March 8, 1949)

Number of Shares of
the Company Owned

—
share

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 1974	Joined the National Police Agency	June 2013	Outside Audit & Supervisory Board Member of Marubeni Corporation
February 1994	Chief of Kochi Prefectural Police Headquarters	June 2015	Outside Director of Totetsu Kogyo Co., Ltd. (to present)
September 1997	Director of Finance Division of Commissioner-General's Secretariat of National Police Agency	June 2016	Outside Audit & Supervisory Board Member of Keikyu Corporation (to present)
September 2001	Chief Inspector General of Commissioner-General's Secretariat of National Police Agency		Outside Audit & Supervisory Board Member of Kandenko Co., Ltd. (to present)
August 2002	Chief of Kanagawa Prefectural Police Headquarters		Appointed Outside Audit & Supervisory Board Member of JCR Pharmaceuticals Co., Ltd.
August 2004	Deputy Superintendent General of National Police Agency	June 2017	Appointed Member of the Board of Directors (Outside Director) of the Company (to present)
September 2005	Grand Chamberlain to the Crown Prince at the Imperial Household Agency	June 2018	Outside Audit & Supervisory Board Member of Aioi Nissay Dowa Insurance Co., Ltd. (to present)
April 2009	Ambassador Extraordinary and Plenipotentiary to Grand Duchy of Luxembourg		
June 2012	Retired from the above office		

[Significant Concurrent Positions]

Outside Director of Totetsu Kogyo Co., Ltd.

Outside Audit & Supervisory Board Member of Keikyu Corporation

Outside Audit & Supervisory Board Member of Kandenko Co., Ltd.

Outside Audit & Supervisory Board Member of Aioi Nissay Dowa Insurance Co., Ltd.

Reason for Nomination as a Candidate for Outside Director and Overview of expected role

Although he has not been involved in corporate management except as an Outside Director of the Company, the Company has nominated him to continue as a Member of the Board of Directors of the Company because he has a wealth of experience in government institutions and a global perspective as a diplomat, and he can be expected to contribute significantly to improving the Company's corporate value by providing supervision from an expert perspective of the Board of Directors' execution of business and advice to management and so forth.

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Candidate
No.

8

Reappointed

Outside
Director



Toshihide Yoda

(January 8, 1963)

Number of Shares of
the Company Owned —
share

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 1985	Joined Nippon Kangyo Kakumaru Securities	April 2012	Managing Director of Medipal Holdings Corporation In charge of IR and General Manager of Business Development Department CMA® (to present)
May 1989	Joined UBS Securities Japan Co., Ltd.	May 2016	Director of SPLine Corporation
July 1996	Joined ING Bearing Securities		Director of Medie Co., Ltd.
December 2000	Joined Lehman Brothers Japan Inc.	June 2016	Director of Mediceo Corporation (to present)
October 2008	Joined Barclays Capital Securities Japan Limited (currently, Barclays Securities Japan Limited) Managing Director of Barclays Capital Securities Japan Limited (currently, Barclays Securities Japan Limited)	February 2018	Director of JCR USA, Inc. (to present)
		June 2018	Senior Vice President of Medipal Holdings Corporation (to present) Appointed Member of the Board of Directors (Outside Director) of JCR Pharmaceuticals. Co., Ltd. (to present)
June 2010	Director of Medipal Holdings Corporation		

[Significant Concurrent Positions]

Senior Vice President of Medipal Holdings Corporation
Director of Mediceo Corporation
Director of JCR USA, Inc.

Reason for Nomination as a Candidate for Outside Director and Overview of expected role

The Company has nominated him to continue as a Member of the Board of Directors of the Company because he has wide-ranging knowledge as pharmaceutical sector analyst in the finance industry and experience of leading numerous new businesses, and he can be expected to contribute significantly to improving the Company's corporate value by providing supervision from an expert perspective of the Board of Directors' execution of business and advice to management and so forth.

(FOR REFERENCE PURPOSE)

Candidate
No.

9

Reappointed

Outside
Director

Independent
Director



Yuko Hayashi, Ph.D. (February 18, 1965)

Number of Shares of
the Company Owned —
share

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 1988	Joined IBM Japan, Ltd.	April 2012	Associate Professor of Graduate School of Innovation and Technology Management of Yamaguchi University
October 2003	Visiting Researcher of Research Center for Advanced Science and Technology of The University of Tokyo	June 2015	Professor of Graduate School of Innovation and Technology Management of Yamaguchi University (to present)
April 2007	Lecturer of Graduate School of Innovation and Technology Management of Yamaguchi University Visiting Researcher of National Graduate Institute for Policy Studies	January 2017	Executive Board Member of Special Olympics Nippon Foundation (to present)
March 2011	Executive Director of 3.11 Earthquake Orphans Cultural and Sports Support Facilitation Corporation of Public Interest Incorporated Association (to present)	April 2018	Researcher of Graduate School of Frontier Sciences of The University of Tokyo (to present)
		June 2018	Appointed Member of the Board of Directors (Outside Director) of JCR Pharmaceuticals. Co., Ltd. (to present)

[Significant Concurrent Positions]

Professor of Graduate School of Innovation and Technology Management of Yamaguchi University
Executive Board Member of Special Olympics Nippon Foundation
Executive Director of 3.11 Earthquake Orphans Cultural and Sports Support Facilitation Corporation of Public Interest Incorporated Association

Reason for Nomination as a Candidate for Outside Director and Overview of expected role

Although she has not been involved in corporate management except as an Outside Director of the Company, the Company has nominated her to continue as a Member of the Board of Directors of the Company because she has expert knowledge related to commercialization of innovation and abundant insight in diverse areas such as research activities related to cutting-edge medicine and diversity, and she can be expected to contribute significantly to improving the Company's corporate value by providing supervision from an expert perspective of the Board of Directors' execution of business and advice to management and so forth.

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Candidate
No.

10

Newly-
appointed

Outside
Director

Independent
Director



Yutaka Atomi, M.D.,
Ph.D.

(December 5, 1944)

Number of Shares of
the Company Owned —
share

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

April 1970	Attending Surgeon, First Department of Surgery, Faculty of Medicine, The University of Tokyo	June 2013	Outside Audit & Supervisory Board Member, Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)
April 1982	Chief of Medical Staff, First Department of Surgery, Faculty of Medicine, The University of Tokyo	June 2017	Outside Director, Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.) (to present)
June 1988	Visiting Researcher, Department of Surgery, University of California, San Francisco	April 2018	President Emeritus, Kyorin University (to present)
July 1992	Assistant Professor, First Department of Surgery, Faculty of Medicine, The University of Tokyo	June 2018	President, Pancreas Research Foundation of Japan
October 1992	Professor, First Department of Surgery, Faculty of Medicine, Kyorin University	April 2019	President, International Medical Research Foundation (to present)
April 2004	Dean, Faculty of Medicine, Kyorin University	June 2019	Outside Audit & Supervisory Board Member, Sanki Engineering Co., Ltd. (to present)
April 2010	President, Kyorin University		

[Significant Concurrent Positions]

Outside Director, Sumitomo Dainippon Pharma Co., Ltd.(currently Sumitomo Pharma Co., Ltd.)
President Emeritus, Kyorin University
Outside Audit & Supervisory Board Member, Sanki Engineering Co., Ltd.
President, International Medical Research Foundation

Reason for Nomination as a Candidate for Outside Director and Overview of expected role

Although he has not been involved in corporate management except as an Outside Director of the Company, the Company has nominated her to continue as a Member of the Board of Directors of the Company because she has expert knowledge related to commercialization of innovation and abundant insight in diverse areas such as research activities related to cutting-edge medicine and diversity, and she can be expected to contribute significantly to improving the Company's corporate value by providing supervision from an expert perspective of the Board of Directors' execution of business and advice to management and so forth.

(FOR REFERENCE PURPOSE)

Candidate
No.

11

Newly-
appointed

Outside
Director

Independent
Director



Philippe Fauchet OBE (November 2, 1957)

Number of Shares of
the Company Owned —
share

Summary of the Profile, Position, Responsibilities and Significant Concurrent Positions

October 1984	Joined Roussel UCLAF S.A., France (currently, Aventis S.A.)	April 2017	Chairman of GlaxoSmithKline plc.
September 1996	Joined Sanofi S.A. France	November 2017	Resigned as Outside Director, JCR Pharmaceuticals Co., Ltd.
June 2001	Appointed President and Representative Director, Sanofi-Synthelabo K.K. (currently, Sanofi K.K.)	February 2019	Stepped down as Chairman, GlaxoSmithKline K.K.
May 2005	Appointed President and Representative Director, Sanofi-Aventis K.K. (currently, Sanofi K.K.)	May 2019	External Director, Bonac Corporation (to present)
January 2010	Appointed President and Representative Director, GlaxoSmithKline K.K.	March 2020	External Director, Noile-Immune Biotech Inc. (to present)
June 2013	Appointed Outside Director, JCR Pharmaceuticals Co., Ltd.	September 2020	External Director, Rezolute, Inc.(RZLT) (to present)

[Significant Concurrent Positions]

External Director, Bonac Corporation
External Director, Noile-Immune Biotech Inc.
External Director, Rezolute, Inc.(RZLT)

Reason for Nomination as a Candidate for Outside Director and Overview of expected role

The Company has nominated him as a Member of the Board of Directors of the Company because he has abundant experience and knowledge as the head of a global pharmaceutical company, and he can be expected to contribute significantly to improving the Company's corporate value by providing supervision from an expert perspective of the Board of Directors' execution of business and advice to management and so forth.

(FOR REFERENCE PURPOSE)

- (Notes) 1. The number of shares of the Company owned by each candidate includes the equity interests in the JCR Officer Shareholding Association.
2. Mr. Yutaka Atomi and Mr. Philippe Fauchet are new candidates for Director.
3. Mr. Toshihide Yoda is a Senior Vice President of Medipal Holdings Corporation, of which Mr. Toshihide Yoda serves as Senior Vice President, is a major shareholder of the Company.
4. There are no particular vested interests between other candidates and the Company.
5. Mr. Toshihiro Ishikiriyama will have served as an Outside Director for seven (7) years, Mr. Takashi Suetsuna will have served as an Outside Director for five (5) years, and Mr. Toshihide Yoda and Dr. Yuko Hayashi will have served as an Outside Director for four (4) years at the conclusion of this General Shareholders Meeting.
6. When this proposal is approved as originally proposed, Mr. Toshihiro Ishikiriyama, Mr. Takashi Suetsuna and Dr. Yuko Hayashi will be registered at the Tokyo Stock Exchange as Independent Director without particular vested interests with the shareholders in general, as defined by the Tokyo Stock Exchange. Furthermore, Mr. Yutaka Atomi and Mr. Philippe Fauchet satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company plans to submit notification concerning their designation as independent officers.
7. In accordance with Article 28, Paragraph 2 of the Company's Articles of Incorporation, the Company has concluded a contract with Mr. Toshihiro Ishikiriyama, Mr. Takashi Suetsuna, Mr. Toshihide Yoda, and Dr. Yuko Hayashi with respect to limiting their liabilities for damages under Paragraph 1 of Article 423 of the Companies Act to the Minimum Liability Amount stipulated in Paragraph 1 of Article 425 of the Companies Act so far as they are performing their duties in good faith and without gross negligence. If the proposal is approved as originally proposed and four (4) directors are re-elected, the above contract will be continued. Moreover, if the elections of Mr. Yutaka Atomi and Mr. Philippe Fauchet are approved, the Company intends to enter the same liability limitation agreement with them.
8. The Company has concluded an officer liability insurance contract with the insurance company, and each candidate for director shall be the insured under such insurance contract. Please refer to page 51 of this notice for an outline of the contents of this agreement. In addition, in the event each candidate assumes the post of director, the applicable insurance contract shall be renewed during the term of office.

Criteria for independence of Outside Directors

In nomination of candidates for Outside Director of Member of the Board of Directors of the Company, the Company places great emphasis on abundant experience and high insight in corporate management etc. in addition to the requirements under the Companies Act. Independent Director has been designated as a person who fulfills the guidelines of an independent Director who is not likely to conflict of interest with the general shareholders as defined by the Tokyo Stock Exchange.

(FOR REFERENCE PURPOSE)

(Reference)

Skill Matrix of each Director and Audit & Supervisory Board Member after the Conclusion of the General Meeting of Shareholders

	Name	Position	Skills													
			General Management	Industry Knowledge	Global Experience	R&D	Production	Sales	ICT	Administrative Experience	Law	Tax & Financial Accounting	Sustainability	Risk Management	Other	
Board of Directors	Shin Ashida	Representative Director, Chairman and President	○	○		○	○							○	○	
	Toru Ashida	Senior Vice President	○	○					○				○			
	Mathias Schmidt, PD, Ph.D.	Vice President	○	○	○	○										○ Business Development & contract negotiations
	Hiroyuki Sonoda Ph.D.	Vice President		○		○									○	
	Yoshio Hiyama, Ph.D.	Director		○	○		○				○				○	○ Quality & Safety
	Toshihiro Ishikiryama	Director (Outside/Independent/)	○	○	○	○	○	○				○				
	Takashi Suetsuna	Director (Outside/Independent/)			○						○	○	○		○	
	Toshihide Yoda	Director (Outside)	○	○	○							○				
	Yuko Hayashi, Ph.D.	Director (Outside/Independent/)								○				○		○ Diversity & Inclusion
	Yutaka Atomi, M.D., Ph.D.	Director (Outside/Independent/)		○		○									○	
Audit & Supervisory Board	Philippe Fauchet OBE	Director (Outside/Independent/)	○	○	○											○ Business Development Collaboration
	Kazumasa Oizumi	Audit & Supervisory Board Member (Outside/Independent/)	○							○						○ Audit Practice
	Kazuhiko Yamada	Audit & Supervisory Board Member (Outside/Independent/)									○		○			

(FOR REFERENCE PURPOSE)

Kenjiro Miyatake	Audit & Supervisory Board Member (Independent/ Outside)	○	○					○		○					
Takeshi Komura	Audit & Supervisory Board Member (Independent/ Outside)	○								○	○		○		
Shuichi Tani	Audit & Supervisory Board Member (Independent/ Outside)	○	○							○					

(Note) The expertise and experience listed in the above table do not represent all the expertise and experience possessed by the Directors and Audit & Supervisory Board Members.

Proposal 3

Issuance of Share Acquisition Rights to Directors and Corporate Officers for Stock Option Scheme as Stock-linked Compensation Plan

The stock-linked compensation stock option allotted to Directors of the Company (excluding Outside Directors; hereinafter referred to as “eligible Directors”) and the Corporate Officers of the Company are intended to further increase their motivation for contribution or the morale toward continued enhancement of the business performance and corporate value in the medium- and long-term.

Although the maximum yearly amounts of remuneration for the Directors were approved at no more than 500 million yen (including 100 million yen or less for Outside Directors) at the 42nd Ordinary Shareholders Meeting held on June 28, 2017 and remains unchanged to date, with respect to stock-linked compensation stock options for the fiscal year ending March 31, 2023, we propose the issuance of new share acquisition rights as stock-linked compensation stock options up to an annual amount of 200 million yen or less and up to 865 units of new share acquisition rights (One (1) new share acquisition right shall be 100 shares.) to eligible Directors, separately from the above-mentioned applicable amount of remuneration.

Stock-linked compensation stock options for the fiscal year ending March 31, 2023 shall also be issued to Corporate Officers of the Company, and the maximum annual amount for Corporate Officers shall be 50 million yen or less and 215 units of new share acquisition rights (One (1) share acquisition right shall be 100 shares.).

In addition, the above-mentioned stock-linked compensation stock options shall be paid at a fair value when allocating new share acquisition rights, and the eligible Directors and Corporate Officers shall set off the payment of such amount by means of a compensation claim against us in lieu of the payment of such amount. This system was introduced in 2009 as a system replacing the retirement benefit plan for directors which was abolished on June 27, 2007.

Currently, the numbers of Directors is nine (9) (including four (4) Outside Directors), and if the Proposal 2 “Appointment of eleven (11) Directors” is approved as originally proposed, the numbers of Directors shall be eleven (11) (including six (6) Outside Directors).

1. Outlines of new share acquisition rights as the stock-linked compensation stock options

(1) Recipients of the share acquisition rights

Five (5) Directors (excluding Outside Directors) and four (4) Corporate Officers of the Company

(2) Total number of the share acquisition rights

Limited to a maximum of 1,080 units

(One (1) share acquisition right shall be 100 shares.)

(FOR REFERENCE PURPOSE)

Provided, however, that the same adjustment shall be made in the event the number of shares subject to the share warrants set forth in paragraph (3) is adjusted.

(3) Type and number of shares for the share acquisition rights

Not exceed 108,000 common shares of the Company.

In addition, the date on which the share acquisition rights are allotted to the Company (hereinafter referred to as the “Allotment Date”).

Subsequently, in the event of a share split or consolidation of shares, the number of shares subject to such split or consolidation shall be adjusted according to the following formula: Provided, however, that such adjustment shall be made with respect to the number of shares subject to share acquisition rights not exercised at such time among such share acquisition rights, and any fraction less than one (1) share resulting from such adjustment shall be discarded.

Number of shares after adjustment = Number of shares before adjustment × Ratio of split/consolidation

In addition, in the event we merge or merge with another company and acquire the rights to subscribe for new shares, or in the event we effect an incorporation-type demerger or absorption-type demerger, we may adjust the number of shares to a reasonable extent as we deem necessary.

(4) Paid-in amount for the share acquisition rights

The paid-in amount shall be the fair value calculated by Black-Scholes Option Pricing Model on the date of allotment of the share acquisition rights. The Company shall regard the monetary compensation equivalent to the paid-in amount to be paid to those directors and corporate officers of the Company subject to an allotment of the share acquisition rights, and they shall obtain the share acquisition rights by offsetting said payment liabilities with their claims for compensation from the Company.

(5) Value of property to be invested upon the exercise of the share acquisition rights

The value of property per one share to be invested upon exercise of the share acquisition rights (hereinafter referred to as the “Exercise Value”) shall be one (1) yen.

(6) Period for exercising the share acquisition rights

Up to 30 years after the allotment date.

(7) Conditions for the exercise of the share acquisition rights

[1] A share acquisition right holder may exercise the rights only within ten (10) days from the day following the day he/she loses his/her position as a director of the Company or a subsidiary

(FOR REFERENCE PURPOSE)

company or from the day following the he/she resigns from the position as a corporate officer. However, if a corporate officer who has become a director of the Company or a director of a subsidiary company resigns, he/she may exercise his/her rights within ten (10) days following the day he/she no longer occupies the position of a director. A corporate officer loses his/her rights if his/her resignation is due to dismissal or for personal reasons.

[2] The share acquisition rights shall be exercised collectively only once and may not be divided and exercised in parts.

[3] In the event the share acquisition right holder loses the position of a director of the Company or a subsidiary company or a corporate officer of the Company reaches retirement prior to the day of the Ordinary General Meeting of Shareholders scheduled to be held in June 2023, he/she will not be able to exercise the rights.

[4] The Company prohibits the pledging or other disposal of the share acquisition rights in any manner whatsoever.

[5] Other conditions for the exercise of rights shall accord with the provisions of the “Share Acquisition Rights Allotment Agreement” concluded between the Company and the recipients of the share acquisition rights.

(8) Reasons for Acquisition of the share acquisition rights

[1] Share acquisition rights may be acquired free of charge if a merger agreement in which we become an extinguished company is approved, and if a proposal to approve a share exchange agreement and a share transfer proposal in which we become a wholly owned subsidiary are approved at a General Meeting of Shareholders.

[2] In the event the holder of the rights to acquire for new shares is unable to exercise the rights because the conditions for exercising the rights to acquire for new shares mentioned in (7) above cease to apply, the said rights to acquire for new shares may be acquired without consideration.

(9) Inheritance of the share acquisition rights

If a share acquisition right holder dies, only one of his/her legal heirs (hereinafter referred to as the “Successor to the Rights”) may exercise the share acquisition rights within one year from the day following the death of the share acquisition right holder. In case the Successor to the Rights dies, the heirs of the Successor to the Rights may not inherit the share acquisition rights.

(10) Restriction on the transfer of the share acquisition rights

The acquisition of the share acquisition rights by transfer shall require the approval of the Board of Directors of the Company.

(11) Other matters

(FOR REFERENCE PURPOSE)

Other matters related to the share acquisition rights shall be determined by resolution of the Board of Directors.

2. Reasons why it is appropriate to issue stock-linked compensation stock options to the eligible directors

The above-mentioned details of the stock options as stock-linked compensation for the fiscal year ending March 31, 2023, as well as the amount of compensation and the maximum number of new share acquisition rights for the eligible directors, are considered as appropriate based on the following factors: the purpose of stock options as stock-linked compensation, the economic situation and social standards, the increase in the roles and responsibilities of directors due to changes in the business environment surrounding the Company, the Company's business performance, and the Company's policy regarding the determination of the details of individual remuneration, etc., for Directors (for details of the policy, see pages 51 to 55 of this notice).

Proposal 4

Disposal of Treasury Shares by Allocation to a Third Party for the Purpose of Donation to National University Corporation Kyoto University

Under the corporate philosophy of “contributing towards people’s healthcare through pharmaceutical products,” the Company has strived in our business activities to create sustained company value and contribute to all patients suffering from rare diseases by creating groundbreaking new drugs that respond to unmet medical needs in the field of rare and incurable diseases, using independent biotechnology, cell therapy, and regenerative medical technology. In addition, for achieving our corporate philosophy, the Company has acted to contribute to society in various ways through donations to corporations and organizations conducting activities such as humanitarian aid in countries in medically disadvantaged environments, assistance in the development of maternal and child health, support of children and families receiving healthcare, and assistance in training young medical researchers. Now, as a new social contribution activity, the Company would like to donate to two funds established within National University Corporation Kyoto University (hereinafter referred to as “Kyoto University”), the Tasuku Honjo “Yuh-shi” Fund and Cancer Immunotherapy Research Fund (hereinafter referred to as “the two funds”), through disposal of treasury shares, for the purpose of financial support in order to allow young researchers to focus on their research. The Tasuku Honjo “Yuh-shi” Fund was established to commemorate Distinguished Professor of Kyoto University Tasuku Honjo’s receipt of the Nobel Prize in Physiology or Medicine, for the purpose of providing long-term financial support to young researchers engaged in life sciences or basic research with lofty ideals. The Cancer Immunotherapy Research Fund was established for the purpose of long-term strengthening of the financial base of the Center for Cancer Immunotherapy and Immunobiology, established within Kyoto University as the first-ever Japanese comprehensive research institute dedicated to cancer immunotherapy research. As the research covered by the two funds requires a long time, the Company decided to donate through disposal of treasury shares in order to provide continuous, stable support. Some of the funds’ capital is projected to be continuously, stably secured due to the allotment of the Company’s treasury shares.

We are confident that supporting research aimed at ambitious, original basic research that can bring about a paradigm shift in the life science fields and at realizing humanity’s longstanding wish to completely cure cancer is tied to “contribute to health improvements with better treatment options”

We believe that this type of social contribution activity will further solidify the Company’s corporate brand, lead to further raising employee morale, and play a part in improving the Company’s sustainable growth and company value from a mid- to long-term perspective.

(FOR REFERENCE PURPOSE)

For the purposes and objectives above, we believe a payment amount of 1 yen per share is reasonable and will request that the Company's Board of Directors acknowledge delegation of determination of subscription requirements regarding disposal of treasury shares by allocation to a third party based on the provisions of Article 199 and Article 200 of the Companies Act.

Details of treasury shares to be disposed

Type of and maximum shares for disposal	1,000,000 common shares
Minimum payment amount	1 yen per share
Total payment amount	1,000,000 yen
Disposal method	Disposal by allocation to a third party
Disposal recipient	National University Corporation Kyoto University
Disposal date	During July 2022
Delegation of determination	In addition to the matters stipulated above, all matters necessary for subscription requirements for shares for subscription shall be determined by resolution of the Company's Board of Directors.

(Note) This disposal of treasury shares will be implemented as donations to the Tasuku Honjo "Yuh-shi" Fund and Cancer Immunotherapy Research Fund established at Kyoto University, and the Company will specify the following arrangement to Kyoto University.

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





[Attachment] Report on business results (From April 1, 2021 to March 31, 2022)

1 Current Situation of the Corporate Group

1. Progress of business and its results

(1) Summary of consolidated operating results for the fiscal year under review

The overview of this consolidated fiscal year is as follows.

Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
51,082	19,933	20,512	14,507
million yen	million yen	million yen	million yen
 Against Previous Fiscal Year	 Against Previous Fiscal Year	 Against Previous Fiscal Year	 Against Previous Fiscal Year
69.8%	141.1%	141.6%	110.5%
increase	increase	increase	increase

(Notes) 1. All amounts are rounded down to the nearest million yen.

2. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been adopted from the start of the consolidated fiscal year under review, and the figures reflect the adoption of the standard.

1. Net Sales

Net sales amounted to 51,082 million yen (up 69.8% year on year), marking 10 consecutive fiscal years of growth and the highest-ever net sales result to date.

2. Operating Income and Ordinary Income

Operating income of 19,933 million yen (up 141.1%), ordinary income of 20,512 million yen (up 141.6%), and profit attributable to owners of parent of 14,507 million yen (up 110.5%), we made our highest-ever amounts of each.







Gross profit increased 82.4% as a result of higher net sales, while selling, general and administrative expenses, including research and development expenses, increased only 47.7%.

R&D expenses increased 33.9% to 7,175 million yen.

(FOR REFERENCE PURPOSE)

3. Main components of sales

The main components of sales are as follows.

	Net sales for FY2021		Year-on-year change
Recombinant human growth hormone product GROWJECT®	12,945 million yen	 △2.3%	311 million yen decrease
Mucopolysaccharidoses Type II treatment IZCARGO®	3,003 million yen	—	3,003 million yen increase
Regenerative medical products TEMCELL® HS Inj.	3,497 million yen	 +43.2%	1,055 million yen increase
Renal anemia treatments Epoetin Alfa BS Inj. [JCR] Darbepoetin Alfa BS Inj. [JCR]	5,875 million yen 2,876 million yen 2,998 million yen	 △17.1%	1,212 million yen decrease 401 million yen decrease 810 million yen decrease
Fabry disease treatment Agalsidase Beta BS I.V. Infusion [JCR]	711 million yen	 +51.3%	241 million yen increase
AZD1222	14,375 million yen	 +3458.3%	13,971 million yen increase
Revenue from licensing	10,571 million yen	 +65.0%	4,165 million yen increase

(Note) All amounts are rounded down to the nearest million yen.

- GROWJECT® grew in terms of sales volume, but was affected by NHI price revisions.
- IZCARGO® for intravenous infusion, a therapeutic agent for MPS type II, launched in May 2021.
- We are commissioned to manufacture the bulk substance of the COVID-19 vaccine (AZD1222) from AstraZeneca Co., Ltd.

(FOR REFERENCE PURPOSE)

- Revenue from licensing originates from conclusion of contracts, etc. for joint development and commercialization.

(2) The status of R&D

[Treatments for lysosomal storage diseases]

- In treatments for lysosomal storage diseases for which there are more than 17 types of treatment, we are currently prioritizing research and development on new drugs that employ our unique blood-brain barrier (BBB) technology, J-Brain Cargo®.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of Hunter Syndrome, Pabinafusp Alfa (development code: JR-141), sales commenced in Japan in May 2021 (product name: “IZCARGO® for IV infusion 10mg”). In addition, an application for marketing approval was filed with the Brazilian Health Surveillance Agency (ANVISA) in the Federal Republic of Brazil in December 2020. In other regions, the designation of Fast Track (*1) was received from the U.S. Food and Drug Administration (FDA) in February 2021, and the designation of PRIME (*2) was received from the European Medicines Agency (EMA) in October 2021. In February 2022, the drug began to be administered to the first subjects in a global Phase III clinical trial.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of mucopolysaccharidose type I (development code: JR-171), Phase I/II clinical trials are currently underway in Japan, Brazil, and the U.S., and registration of all cases planned until March 2022 is completed. It has received orphan drug designation from the FDA in February 2021, and from the European Commission (EC) in March 2021. In addition, a designation of Fast Track was received from the FDA in September 2021, and it is expected that clinical development will be expedited in the U.S. and that it will receive priority review and accelerated approval.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of mucopolysaccharidose type III A (development code: JR-441), designation of orphan drug was received from the EC in January 2022, and various incentives for promoting development in the European (EU) region can now be received. Currently work is proceeding toward the commencement of global clinical trials in the first half of 2023.
- We have also been successively conducting R&D into other treatments for lysosomal storage diseases that employ J-Brain Cargo®, including a treatment for Pompe disease (development code: JR-162), a treatment for Sly syndrome (development code: JR-443), and a treatment for Sanfilippo syndrome type B (development code: JR-446). We will also develop each of these treatments globally. Moreover, a decision was made in March 2022 to newly begin development on the treatment for GM2 gangliosidosis (development code: JR-479).
- In addition to the above, we entered into an agreement with Takeda Pharmaceutical Company Limited in March 2022 to jointly conduct research on gene therapies that employ J-Brain Cargo® technology for several lysosomal storage diseases. This is the first step toward demonstrating the application potentials of J-Brain Cargo® technology in various modalities.

(FOR REFERENCE PURPOSE)

[Regenerative medicine products]

- We commenced Phase I/II clinical trials of TEMCELL® HS Inj. for the new expanded indication of neonatal hypoxic ischemic encephalopathy (HIE) (development code: JR-031HIE).
- In April 2022, we reached agreement to terminate joint research into an allogeneic regenerative medical product using dental pulp stem cells (DPCs), which had been jointly developed with TEIJIN LIMITED, for the indication of acute cerebral infarction (development code: JTR-161/JR-161).

[Human growth hormone product]

- We are conducting a Phase III clinical trial for an additional indication for GROWJECT® in patients with short stature homeobox-containing gene (SHOX) deficiency (development code: JR-401X).
- We are conducting a Phase II clinical trial of a recombinant long-acting growth hormone (rDNA origin) (development code: JR-142).

*1 FDA Fast Track system

A system aimed at facilitating the development of therapeutic treatments that fulfill unmet medical needs and expediting review in order to treat critical conditions. When a pharmaceutical is designated under the Fast Track system, not only are meetings with the FDA to discuss the development plan held frequently, but also, it becomes the subject of priority review and accelerated approval if it satisfies the related criteria.

*2 EMA PRIME (PRiority MEDicines)

A scheme that was started to strengthen the development support for a pharmaceutical that is targeting unmet medical needs. By receiving accelerated and proactive assistance through PRIME, it becomes possible to expedite the pharmaceutical's application and it could potentially be targeted for expedited review.

[Reference] Research and Development Status of New Products

Code Nonproprietary name (Product name)	Indication	Status	Mechanism	Remarks
JR-141 Pabinafusp Alpa (development code: JR-141, IZCARGO®)	LSD MPS type II (Hunter)	Brazil: Filed Global: Phase III	BBB-penetrating iduronate-2- sulfatase (rDNA origin)	• ERT • J-Brain Cargo®
JR-171	LSD MPS type I (Hurler etc.)	Global: Phase I/II	BBB-penetrating α - L-iduronidase (rDNA origin)	• ERT • J-Brain Cargo® • J-MIG System®
JR-162	LSD Pompe disease	Preclinical	J-Brain Cargo® - applied acid α - glucosidase (rDNA origin)	• ERT • J-Brain Cargo®

(FOR REFERENCE PURPOSE)

JR-441	LSD MPS type III A (Sanfilippo A)	Preclinical	BBB-penetrating heparan N-sulfatase (rDNA origin)	<ul style="list-style-type: none"> • ERT • J-Brain Cargo®
JR-443	LSD MPS type VII (Sly)	Preclinical	BBB-penetrating β - glucuronidase (rDNA origin)	<ul style="list-style-type: none"> • ERT • J-Brain Cargo®
JR-446	LSD MPS type III B (Sanfilippo B)	Preclinical	BBB-penetrating α - N- acetylglucosamini- dase (rDNA origin)	<ul style="list-style-type: none"> • ERT • J-Brain Cargo®
JR-479	LSD GM2-gangliosidosis (Tay-Sachs, Sandhoff)	Preclinical	BBB-penetrating β - hexosaminidase-A (rDNA origin)	<ul style="list-style-type: none"> • ERT • J-Brain Cargo®
JR-401X Somatropin (GROWJECT®)	SHOX deficiency	Phase III	Human growth hormone (rDNA origin)	<ul style="list-style-type: none"> • Expanded Indication
JR-142	Pediatric growth hormone deficiency	Phase II	Long-acting human growth hormone (rDNA origin)	<ul style="list-style-type: none"> • J-MIG System®
JR-031HIE Human (allogeneic) bone marrow derived mesenchymal stem cells (TEMCELL® HS Inj.)	Neonatal Hypoxic Ischemic Encephalopathy	Phase I/II	Human somatic stem cell processed product	<ul style="list-style-type: none"> • Expanded Indication • Regenerative medical product

(Note) LSD: Lysosomal storage disorder

2. State of financing

In order to procure quick and stable working capital, the Company have entered into commitment line agreements with major financial institutions totaling 15.5 billion yen.

3. State of capital expenditure

Capital expenditures in the fiscal year under review totaled 10,612 million yen, including capital investments of 9,104 million yen in pharmaceutical manufacturing facilities and of 888 million yen in R&D facilities.

(Note) All amounts are rounded down to the nearest million yen.

4. Challenges need to be addressed

Forward-looking statements contained in this document are based on information available as of the end of the fiscal year under review.

(1) Corporate philosophy

JCR's corporate philosophy is "Contributing towards people's healthcare through pharmaceutical products."

Core Values

Reliability: We strive to establish a reliable company for all stakeholders by actions with high sense of duty in addition to compliance.

Confidence: We continue our research and development from our own point of view and provide high-quality products and information with confidence in the aim of providing pharmaceuticals that are accepted world-class.

Belief: We aim for further corporate growth in the belief of "Think by oneself, act by oneself" under the basic philosophy.

Basic Business Policies

Our business policies proposed below indicate the more detailed direction of the company based on three core values.

1. Management with Focus on Customer Satisfaction

We provide high-quality products, accurate information, and thorough services to customers at all times to enhance customer satisfaction.

(FOR REFERENCE PURPOSE)

2. Management Following Laws and Internal Rules based on Social Commonsense

We promote compliance based on corporate governance and strive to establish internal regulatory system to ensure smooth corporate activities. We follow related laws including Pharmaceutical Affairs Law (Pharmaceutical and Medical Device Act), Companies Act, and Antimonopoly Act, and agreements and guidelines in the pharmaceutical industry for this purpose.

3. Management in the Aim of Development of Pharmaceuticals Accepted Worldwide

We actively engage in research and development of pharmaceuticals that are accepted worldwide through our own point of view, based on our researches in the field of orphan diseases in the aim of further advances in the future.

4. Management with Consideration for Work Environment

In order to provide highly reliable products as a pharmaceutical company, we make every effort to develop safe and employee-friendly work environment at each office.

5. Management for Development of Human Resources Who Can Think by Oneself and Act by Oneself

For “Think by oneself, and act by oneself,” we aim to develop professionals who have clear sense of purpose and responsibility based on the cooperation among departments.

6. Management to Enhance Management Efficiency and Advantages of JCR to the Maximum

In order to develop business in the pharmaceutical market where the competition is keen, we strive for optimization of “Personnel, Material, and Cost” that form the basis of the management, with a viewpoint to ascertain the market. In addition, we continue to develop a unique business only JCR can engage in, by reinforcement of the cooperation within the company.

(2) Corporate strategy, etc.

The Company formulated and announced the three-year Midterm Business Plan “Henkaku” (Revolution into the Future) in May 2020. In this plan, we are working toward full-fledged globalization by aiming to realize our Mid- to Long-Term Management Vision “Toward 2030” not only through qualitative and quantitative “Revolution” of all aspects of business but through change of individual employees on “Team JCR,” the source of the Company’s value.

In FY2021, the second year of the midterm business plan, we were the first in the world to launch Izcargos®, the world’s first blood-brain barrier-transit enzyme replacement therapy for the treatment of Hunter syndrome, in Japan (May 2021) and commenced Phase III clinical trials in the U.S., Europe and Brazil. We concluded exclusive joint development and licensing contracts for Izcargos® with Takeda Pharmaceutical Company Limited in specified regions (September 2021). Furthermore, we concluded a contract for the joint research of gene therapy employing the Company’s proprietary technology J-Brain Cargo® with Takeda Pharmaceutical Company Limited (March 2022).

We believe the launch of Izcargos®, which employs J-Brain Cargo®, and development of a gene therapy, which is a new modality, will achieve very important milestones for the Company. Going forward, we will continue to create new value by creating revolutionary platform technology for drug discovery and offering our original pharmaceuticals, and we will contribute to health and making people smile around the world, not limiting ourselves to rare diseases.

Furthermore, although specific risks have not become apparent at the present stage, we will continue to closely monitor the risk of an increase in energy costs impacting continuous growth, in addition to the

risk of the impact on supply chains of factors such as political disorder caused by the COVID-19 pandemic and international disputes impairing stable supply of products.

Regarding the manufacturing of the vaccine for COVID-19 collaborating with AstraZeneca, we sincerely engaged in this project as the CSR of the biotechnology company and completed manufacture of the bulk drug corresponding to the projected amount.

(3) Environmental awareness and challenges need to be addressed

In the world's pharmaceutical industry, pharmaceutical companies expanding their scope to not only R&D and manufacturing of treatments but management of prevention, diagnosis, and prognosis, offering total health care services, have increased. In addition, the cost of social welfare is rising due to the progression of an ageing society, and health care systems in every country are seeking a return to economic health. On the other hand, groundbreaking pharmaceutical innovations such as gene therapy and cancer immunotherapy are gaining momentum. With acceleration of Value Based Health Care (VBHC) initiatives, which assess the value of these types of new drugs appropriately and reflect this in their price, pharmaceutical companies engaged in R&D are required to create pharmaceuticals with high added value. Joint research with academia and technical cooperation between pharmaceutical companies has therefore dynamized, and changes in competitive circumstances have become increasingly drastic.

The Company believes it is our obligation to offer pharmaceuticals created through unique R&D to patients around the world and continue to create revolutionary platform technology to contribute to the treatment of various diseases besides those in the field of rare diseases. We will promote "Revolution" continuously and tackle the following challenges to achieve sustainable and stable growth in the future.

Top priority business challenge: Qualitative and quantitative reorganization of the quality assurance system

Under the Midterm Business Plan "Henkaku", we will make steady progress on R&D of treatments for lysosomal storage diseases in the field of rare diseases. In anticipation of further growth in JCR's importance in the global field, "Qualitative and quantitative reorganization of the quality assurance system" has been identified as our top priority business challenge. Recently, with several cases impairing credibility toward pharmaceuticals, the attitude of the pharmaceutical company toward the steadily supply and quality is severely required. The most important duty of a pharmaceutical company is to rapidly and steadily supply high-quality products to the clinical frontlines. We recognize that this is a critical challenge that can have a bearing on our continued existence as an enterprise.

The Company has established a system that scientifically guarantees quality from the delivery of raw materials to production and shipment of products in line with domestic and international GMP (Good Manufacturing Practice: rules for manufacturing management and quality control for pharmaceuticals) in order to provide high-quality, useful pharmaceuticals and medical equipment to society, and continues to work to increase these standards. Furthermore, because of a succession of industry scandals, we are starting new education programs and strengthening compliance education for all our employees more than ever before in order to prevent scandal within the Company.

(FOR REFERENCE PURPOSE)

Regarding product quality and safety, we have established a system of cooperation among three executives in accordance with the law, scientifically evaluating product quality and safety in the Quality Assurance Division independent of the Sales Division and Production Division. In addition, organizational changes were carried out, with the Quality Testing Department being separated from the Production Division and being integrated with the Testing Method Development Department. Through this, we are aiming for practical, economical, and efficient operation under a quality control system that makes it possible to implement quality assurance in a chain, from considering testing methods in the initial stages of research to testing when shipping at the time of commercial production.

During the next several years, we are planning entry into global clinical trials for multiple pipeline compounds employing J-Brain Cargo® technology and will also actively grapple with constructing supply chains focused on globalization. The Company's proprietary technology J-Brain Cargo® has the potential to become the first-ever therapies for diseases that manifest central nervous symptoms for which no effective therapy currently exists. With this awareness, we recognize the importance of our duty to rapidly and steadily supply high-quality products as a pharmaceutical company responding to currently unmet medical needs with our R&D. Recognizing this, we will step up our efforts even more than before to implement qualitative and quantitative reorganization of the quality assurance system.

Furthermore, JCR will accelerate measures to address the following five important business challenges.

(1) Action for sustainable growth of the sales of our products

Regarding the Company's series of treatments for lysosomal storage diseases, several items will enter global trials in the next few years, and they are expected to launch globally from 2025 onward. Research and development costs are predicted to increase accompanying prosperous progress in active R&D. For this reason, we continue to identify the sustainable growth of sales of existing products as an important business challenge. Notably, we believe that it is of the utmost importance to strengthen the sales base of GROWJECT®, a recombinant human growth hormone product that accounts for much of our net sales, by striving for maintenance and growth of net sales and realizing acceleration of the market penetration of Izcargo®, which commenced sales in May 2021, and global alliances regarding pipeline compounds.

Even now, the market for growth hormone products continues to expand, due to activities such as efforts to develop additional indications for growth hormone products, programs to raise awareness of diseases, and development of human growth hormone products with more long-term effects by companies that market growth hormone products. On the other hand, growth hormone products are used primarily to treat growth disorders in children. In the near future, overall market growth is predicted to turn negative due to the falling birthrate in Japan.

As at-home self-injection products, the Company's injectors are the only electric devices using electronic control in Japan, and JCR has continued to expand its market share in Japan by making use of their features. In order to respond further to patients and healthcare professionals in the future, JCR will pursue the further improvement of the degree of treatment satisfaction

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through development of dedicated injectors and their corresponding smartphone applications software as well as development of user-friendly dosage forms that understand the patient's perspective and products with long-term effects. By enhancing these methods further and with the effective and efficient information providing activities, JCR will offset the impacts of the projected decline in the size of the market and the impact of NHI price revisions as it works to preserve and drive growth in net sales.

In other compounds, we will also work to preserve and drive growth in net sales by appropriately responding to changes in the business environment.

(2) Expansion of basic research activities

In the pharmaceutical industry, it takes more than ten years for a new platform technology to be established as a pharmaceutical, including basic research. We expect that JCR's top priority of developing a series of treatments for lysosomal storage diseases will run its course in the next ten years or so with the prosperous progress in our R&D. Therefore, we will accelerate measures to address basic research in order to create a new platform technology and revolutionary pharmaceuticals in anticipation of the period after we have developed treatments for lysosomal storage diseases.

In FY2021, we were able to provide Izcargo®, the first pipeline compound adopting the Company's proprietary technology J-Brain Cargo®, at real clinical sites. This J-Brain Cargo® technology is a technology that can deliver drug substances to the brain and other organs, and it is believed that it can be applied to a variety of diseases, not just lysosomal storage diseases. We have learned from the knowledge gained from several pipeline compounds adapting this technology that optimizing J-Brain Cargo® according to the characteristics of the substances we wish to deliver, such as nucleic acids or proteins, can efficiently deliver these substances to the brain or other target organs. Applying J-Brain Cargo® platform technology in frequently used modalities has improved the possibilities of applying it to a variety of diseases.

Going forward, we will cooperate with other companies for the purpose of using pharmaceutical candidate compounds and gaining synergies that complement the technology, for the Company's growth and to create new opportunities. We will continue to advance basic research, the Company's strong point, create new valuable basic technologies for other companies, and establish a stable business pillar.

(3) Evaluation and implementation of further capital expenditure for manufacturing and research

In addition to the six products currently being manufactured and sold, the Company is planning to manufacture and sell over 10 treatments for lysosomal storage diseases globally going forward. We currently expect insufficient capabilities for stable supply at our four domestic plants. For this, we are designing the vaccine drug plant that is currently under construction in Nishi-ku, Kobe based on the FY2020 Emergency Vaccine Production System Improvement Project (Ministry of Health, Labour and Welfare) so that it can manufacture other products during the period that vaccines are not being manufactured. We plan for this plant to commence

commercial manufacturing from the second half of 2023. In addition to this, the adjacent business site has been purchased, and we plan to construct a plant for bulk drug and pharmaceutical production there.

We will proactively proceed with the necessary capital investment while closely watching the business environment based on medium- to long-term estimates.

(4) **Product strategy planning including evidence generation**

Pharmaceutical companies that develop treatments for lysosomal storage diseases have an important duty to provide useful information to those clinical sites worldwide engaged to treat lysosomal storage diseases. Doing so will also help to increase JCR's business value. Accordingly, JCR will push ahead with product strategy planning including evidence generation as an important business challenge.

For example, treatments for lysosomal storage diseases using J-Brain Cargo® technology are expected to provide patients with an improved prognosis through alleviation of central nervous system symptoms that are as yet unmet medical needs. However, in short-term clinical trials, it is difficult to obtain data about prognoses that require long-term monitoring. Because this sort of data is crucial to the clinical frontlines, JCR will conduct proactive and strategic data collection activities for Izcargo®, which was launched in Japan for the first time in the world in May 2021, and work to provide data on usage experience and long-term effectiveness and safety at real clinical sites from Japan to the world.

Furthermore, some medical conditions are difficult to identify as lysosomal storage diseases, because the main symptoms of those conditions are only central nervous system symptoms. In addition, central nervous system symptoms are normally irreversible, and recovery is difficult once they have occurred. Given that JCR's treatments for lysosomal storage diseases can be useful for these medical conditions, JCR believes that one of its important duties is to conduct activities that facilitate the early detection and treatment of these conditions.

(5) **Transformation of operations and organizations along with human resource development**

As the Company strives to be an R&D company with a global presence, JCR will need to have achieved a major transformation in all aspects of its business by its 50th anniversary in 2025. Meanwhile, we are convinced that JCR's value originates from every member of Team JCR who embraces JCR's corporate culture. This will remain unchanged in the era of full-scale globalization, and continue to be a source of new value in manufacturing and research.

The number of employees in JCR reached 810 in FY2021 with the increase of around 300 in FY2015, the first year of the previous midterm management plan. Furthermore, JCR will expand the scope of employees and business along with prosperous progress in R&D and global development.

On the other hand, to preserve and develop Team JCR's corporate culture, we believe that it is important to limit our operations to a size where we know—and can see—every member of Team JCR while working to secure human resources rich in diversity for full-scale globalization. Even in a phase of the acceleration of globalization and rapid business expansion, we will focus

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on high value-added operations, increase the efficiency of business processes through digitalization, and advance the necessary organizational reforms to ensure that we can still operate with only a certain number of dedicated staff. Additionally, we will carry out human resources development to foster the growth of every member of Team JCR, such as through human resources that can be successful globally and training the next generation to lead the Company.

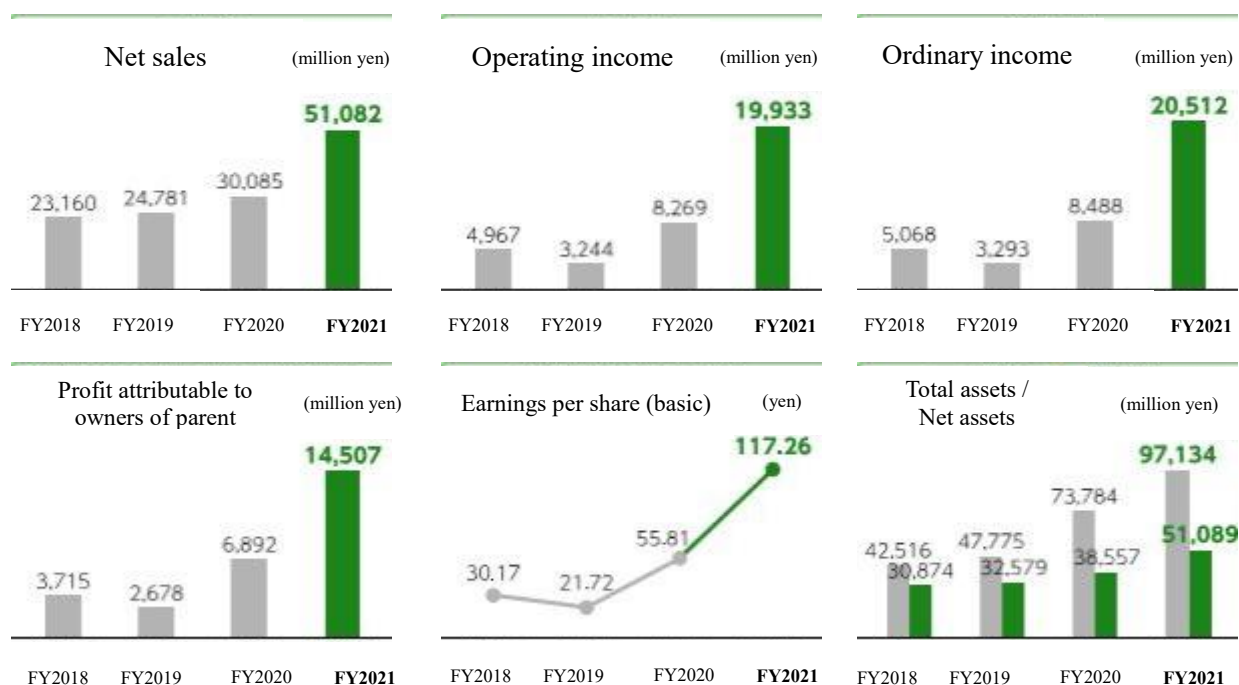
5. Trends in assets and profit and loss

(1) Trends in the state of business results and assets of JCR Group

Category		44th term Fiscal year 2018	45th term Fiscal year 2019	46th term Fiscal year 2020	47th term (term under review) Fiscal year 2021
Net sales	(million yen)	23,160	24,781	30,085	51,082
Operating income	(million yen)	4,967	3,244	8,269	19,933
Ordinary income	(million yen)	5,068	3,293	8,488	20,512
Profit attributable to owners of parent	(million yen)	3,715	2,678	6,892	14,507
Earnings per share (basic)	(yen)	30.17	21.72	55.81	117.26
Total assets	(million yen)	42,516	47,775	73,784	97,134
Net assets	(million yen)	30,874	32,579	38,557	51,089

- (Notes)
1. The Company conducted a four-for-one stock split of common shares effective on October 1, 2020. As a result, earnings per share has been calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year 2018.
 2. All amounts are rounded down to the nearest million yen.
 3. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been adopted from the start of the consolidated fiscal year under review, and the figures for the consolidated fiscal year under review reflect the adoption of the standard.

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(2) Trends in the business results and assets of the Company

Category		44th term Fiscal year 2018	45th term Fiscal year 2019	46th term Fiscal year 2020	47th term (term under review) Fiscal year 2021
Net sales	(million yen)	22,910	24,725	30,085	51,081
Operating income	(million yen)	4,967	3,287	8,641	20,137
Ordinary income	(million yen)	5,031	3,342	8,594	20,425
Profit attributable to owners of parent	(million yen)	3,826	2,741	7,081	14,446
Earnings per share	(yen)	31.08	22.23	57.33	116.77
Total assets	(million yen)	42,072	47,440	73,727	97,033
Net assets	(million yen)	30,524	32,278	38,546	50,939

- (Notes) 1. The Company conducted a four-for-one stock split of common shares effective on October 1, 2020. As a result, earnings per share has been calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year 2018.
2. All amounts are rounded down to the nearest million yen.

(FOR REFERENCE PURPOSE)

3. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been adopted from the start of the consolidated fiscal year under review, and the figures for the consolidated fiscal year under review reflect the adoption of the standard.

6. Important subsidiaries, etc.

(1) Subsidiaries

Company Name	Capital	Investment Ratio of the Company	Description of Main Business
Chromatech Co., Ltd.	10 million yen	100.0 %	Sale of medical and laboratory equipment
JCR Engineering Co., Ltd.	10 million yen	100.0 %	Processing and custody of facility information Facility management Construction management
JCR INTERNATIONAL SA	1 million CHF	100.0 %	Surveys toward market development and investments related to pharmaceuticals
JCR USA, Inc.	5 million USD	65.0 %	Management and supervision of outsourcing to the CRO related to clinical trials
ArmaGen, Inc.	1 USD	100.0 %	Development of pharmaceuticals and management of intellectual property and licenses
JCR DO BRASIL FARMACÊUTICOS IMPORTAÇÃO E EXPORTAÇÃO LTDA.	10 million BRL	100.0 %	Import, sale and distribution of pharmaceuticals in Brazil

(2) Affiliated company

No relevant items.

(3) Specified wholly-owned subsidiaries as of the last day of the fiscal year

No relevant items

7. Scope of main business

The Company Group manufactures, purchases and sells ethical pharmaceuticals, regenerative medicine products, active pharmaceutical ingredients and raw materials and also purchases and sells laboratory instruments, apparatus and medical equipment.

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8. Main places of business and manufacturing sites

(1) JCR Pharmaceuticals Co., Ltd.

Category	Name (Location)
Head Office	Head Office (Ashiya, Hyogo Prefecture)
Office	Tokyo Office (Minato-ku, Tokyo)
Manufacturing Sites	Seishin Plant (Nishi-ku, Kobe) Kobe Plant (Nishi-ku, Kobe) Murotani Plant (Nishi-ku, Kobe) Kobe API Plant (Nishi-ku, Kobe)
Research Laboratory	Research Institute (Nishi-ku, Kobe) Bio Research Center (Nishi-ku Kobe)

(2) Subsidiaries

Category	Name (Location)
Japan	Chromatech Co., Ltd. (Nishinomiya, Hyogo) JCR Engineering Co., Ltd. (Nishi-ku, Kobe)
Overseas	JCR INTERNATIONAL SA (Switzerland) JCR USA, Inc. (USA) ArmaGen, Inc. (USA) JCR DO BRASIL FARMACÊUTICOS IMPORTAÇÃO E EXPORTAÇÃO LTDA. (Brazil)

9. Employees

Business Division	Number of Employees
Pharmaceuticals	697
Medical devices and laboratory equipment	4
Company-wide (shared)	109
Total	810

(Note) The number of employees refers to the employed workforce.

10. Principal Lenders

(FOR REFERENCE PURPOSE)

Lender	Loan Value
MUFG Bank, Ltd.	5,850 million yen
Mizuho Bank, Ltd.	3,950 million yen
Sumitomo Mitsui Banking Corporation	3,650 million yen

(Note) All amounts are rounded down to the nearest million yen.

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2 Matters Related to the Shares of the Company

1. State of shares

(1) Total number of authorized shares	320,000,000 shares	
(2) Total number of outstanding shares	129,686,308 shares	(including 5,585,744 shares held as treasury shares)
(3) Number of shareholders at the end of the term under review	19,200 shareholders	

2. Principal shareholders (Top 10)

Name of Shareholder	Number of Shares Held	Ratio of Shareholding
Medipal Holdings Corporation	29,131,000 shares	23.47%
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,259,000 shares	9.87%
Kissei Pharmaceutical Co., Ltd.	11,318,000 shares	9.12%
Future Brain Co., Ltd.	8,711,000 shares	7.02%
Custody Bank of Japan, Ltd. (Trust Account)	6,526,000 shares	5.25%
The Nomura Trust and Banking Co., Ltd. (Trust A Account)	6,514,000 shares	5.24%
Sumitomo Dainippon Pharma Co., Ltd.	3,400,000 shares	2.73%
Mochida Pharmaceutical Co., Ltd.	2,200,000 shares	1.77%
SSBTC CLIENT OMNIBUS ACCOUNT	1,153,000 shares	0.92%
Employee Shareholding Association of JCR Pharmaceuticals Co., Ltd.	1,104,000 shares	0.89%

- (Notes)
1. For Number of Shares Held, values of less than 1,000 shares are rounded down, and for Ratio of Shareholding, all amounts are rounded down to the second decimal place.
 2. The Company holds 5,585,744 shares of the Company; however it is not included in the table above.
 3. 343,600 shares of the Company held with Custody Bank of Japan, Ltd. (Trust E Account) following the adoption of Benefit Trust Scheme (J-ESOP), are not included in treasury shares of the Company (5,585,744 shares).
 4. Ratios of shareholding have been calculated after deducting treasury shares from the total number of outstanding shares.
 5. Sumitomo Dainippon Pharma Co., Ltd. changed its trade name to Sumitomo Pharma Co., Ltd. on April 1, 2022.

3 Matters Related to the New Shares Acquisition Rights of the Company

1. State of shares acquisition rights granted as compensation for the execution of duties held by Directors and Audit & Supervisory Board Members on the last day of the fiscal year under review

Date of Resolution on Issue	Period of Exercise	Exercise Price	Recipients	Number of Rights (Note)
June 25, 2009	From July 1, 2009 To June 30, 2039	1 yen	1 Director	6
June 25, 2010	From August 23, 2010 To August 22, 2040	1 yen	1 Director	8
June 28, 2011	From July 15, 2011 To July 14, 2041	1 yen	1 Director	60
June 27, 2012	From July 17, 2012 To July 16, 2042	1 yen	1 Director	80
June 19, 2013	From July 10, 2013 To July 9, 2043	1 yen	1 Director	20
July 25, 2014	From August 15, 2014 To August 14, 2044	1 yen	1 Director 1 Audit & Supervisory Board Member	40 10
June 24, 2015	From July 15, 2015 To July 14, 2045	1 yen	2 Directors	60
June 22, 2016	From July 13, 2016 To July 12, 2046	1 yen	2 Directors	60
June 28, 2017	From July 14, 2017 To July 13, 2047	1 yen	2 Directors	60
October 25, 2018	From November 9, 2018 To November 8, 2048	1 yen	3 Directors	65
June 27, 2019	From July 12, 2019 To July 11, 2049	1 yen	3 Directors	65
June 24, 2020	From July 14, 2020 To July 13, 2050	1 yen	4 Directors	80
June 23, 2021	From July 13, 2021 To July 12, 2051	1 yen	5 Directors	430

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- (Notes) 1. The number of shares to be acquired by exercise of new share acquisition rights resolved on June 25, 2009 and June 25, 2010 corresponds to 4,000 shares per new share acquisition right. The number of shares to be acquired by exercise of new share acquisition rights resolved on June 28, 2011, June 27, 2012, June 19, 2013, July 25, 2014, June 24, 2015, June 22, 2016, June 28, 2017, October 25, 2018, June 27, 2019 and June 24, 2020 corresponds to 400 shares per new share acquisition right. The number of shares to be acquired by exercise of new share acquisition rights resolved on June 23, 2021 corresponds to 100 shares per new share acquisition right. The number of shares subject to acquisition rights to shares has been adjusted to reflect the four-for-one stock split conducted on October 1, 2020 for the purpose of resolutions from June 25, 2009 to June 24, 2020.
2. The above Directors do not include Outside Directors.

2. State of new share acquisition rights granted to the Company employees as compensation for the execution of duties during the fiscal year under review

Date of Resolution on Issue	Period of Exercise	Exercise Price	Recipients	Number of Rights (Note)	
June 23, 2021	From To	July 13, 2021 July 12, 2051	1 yen	4 Corporate Officers	110

(Note) The number of shares to be acquired by exercise of new share acquisition rights resolved on June 23, 2021 corresponds to 100 shares per new share acquisition right.

3. Other important matters related to new share acquisition rights, etc.

No relevant items

4 Officers (As of March 31, 2022)

1. Names, etc., of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Representative Director, Chairman and President Chief Executive Officer (CEO) and Chief Operating Officer (COO)	Shin Ashida	Member of the Board of Directors of Future Brain Co., Ltd. Representative Director and President of JCR INTERNATIONAL SA
Member, Board of Directors Senior Vice President	Toru Ashida	In charge of Sales and Administration Executive Director of Sales Division, Representative Director and President of Future Brain Co., Ltd.
Member, Board of Directors Vice President	Mathias Schmidt	In charge of Clinical Development, Global Business Strategy and Business Development President and Chief Executive Officer of ArmaGen, Inc., USA President and Chief Executive Officer of JCR USA, Inc.
Member, Board of Directors Vice President	Hiroyuki Sonoda	In charge of Research and Corporate Strategy Executive Director of Research Division
Member, Board of Directors	Yoshio Hiyama	In charge of Production and Quality Assurance Executive Director, Production Division
Member, Board of Directors	Toshihiro Ishikiriyama	Audit & Supervisory Board Member of GlaxoSmithKline K. K. Outside Audit & Supervisory Board Member of GSK Capital K.K. Outside Audit & Supervisory Board Member of GKK K.K. Outside Audit & Supervisory Board Member of GlaxoSmithKline Consumer Healthcare Japan K.K. Outside Audit & Supervisory Board Member of ViiV Healthcare K.K. Representative Director and President of RegeNephro Co., Ltd.
Member, Board of Directors	Takashi Suetsuna	Outside Director of Totetsu Kogyo Co., Ltd. Outside Audit & Supervisory Board Member of Keikyu Corporation Outside Audit & Supervisory Board Member of Kandenko Co., Ltd. Outside Audit & Supervisory Board Member of Aioi Nissay Dowa Insurance Co., Ltd
Member, Board of Directors	Toshihide Yoda	Senior Vice President of Medipal Holdings Corporation Director of Mediceo Corporation Director of JCR USA, Inc.

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Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Member, Board of Directors	Yuko Hayashi	Professor of Graduate School of Innovation and Technology Management of Yamaguchi University Executive Board Member of Special Olympics Nippon of Foundation Executive Director of 3.11 Earthquake Orphans Cultural and Sports Support Facilitation Corporation of Public Interest Incorporated Association
Full-Time Audit & Supervisory Board Member	Kazumasa Oizumi	
Audit & Supervisory Board Member	Kazuhiko Yamada	Head of Kazuhiko Yamada Tax Accountant Offices Outside Director of Create Corporation (Member of Audit and Supervisory Committee)
Audit & Supervisory Board Member	Kenjiro Miyatake	Board Chairman of Kobe Pharmaceutical University
Audit & Supervisory Board Member	Takeshi Komura	Board Chairman of Capital Market Promotion Foundation of Public Interest Incorporated Foundation Board Chairman of The Iwatani Naoji Foundation
Audit & Supervisory Board Member	Shuichi Tani	Director of The Foundation for Growth Science

- (Notes) 1. The Company designated four (4) Outside Directors; Mr. Toshihiro Ishikiryama, Mr. Takashi Suetsuna, Mr. Toshihide Yoda, and Dr. Yuko Hayashi, among which the three (3) Outside Directors; Mr. Toshihiro Ishikiryama, Mr. Takashi Suetsuna, and Dr. Yuko Hayashi are Independent Directors who are not likely to conflict of interest with the general shareholders as defined by the Tokyo Stock Exchange, Inc.
2. The Company designated five (5) Outside Audit & Supervisory Board Members; Mr. Kazumasa Oizumi, Mr. Kazuhiko Yamada, Mr. Kenjiro Miyatake, Mr. Takeshi Komura and Mr. Shuichi Tani are Independent Audit & Supervisory Board Members who are not likely to conflict of interest with the general shareholders as defined by the Tokyo Stock Exchange, Inc.
3. Audit & Supervisory Board Member Mr. Kazumasa Oizumi has many years of experience at financial institutions; Audit & Supervisory Board Member Mr. Kazuhiko Yamada is a qualified tax accountant and has appreciable extent of knowledge with regard to finance and accounting; Audit & Supervisory Board Member Mr. Kenjiro Miyatake has experience as business manager in the pharmaceutical industry; Audit & Supervisory Board Member Mr. Takeshi Komura has extensive experience and high insight in administrative and financial institutions; Audit & Supervisory Board Member Mr. Shuichi Tani has extensive experience and high insight on health care and medical welfare.
4. The Company has introduced a Corporate Officer system in order to streamline the management organization and strengthen the functions of the Board of Directors.

The Corporate Officers are as follows.

Corporate Officer	Yutaka Honda	Executive Director, Administration Division (reporting to the president)
Corporate Officer	Takayo Egawa	Manager of International Affairs Office
Corporate Officer	Kazunori Tanizawa	Executive Director of Development Division
Corporate Officer	Junichi Ando	Executive Director, Quality Assurance Division

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Mr. Yutaka Honda was appointed as Corporate Officer; Executive Director, Administration Division (reporting to the president); and Director, General Affairs Dept. on April 1, and will be appointed as Senior Corporate Officer; Executive Director, Administration Division; and Director, General Affairs Dept. on June 22, 2022.

2. Summary of the details of liability limitation contract

The Company has set a provision in the Articles of Incorporation for concluding liability limitation contracts with Directors and Audit & Supervisory Board Members who do not participate in the execution of operation so that we can call on excellent and appropriate human resources readily and they can fully exercise their expected role.

Under the said provision and based on the stipulations of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, the Company has concluded contracts with the Outside Directors Mr. Toshihiro Ishikiriya, Mr. Takashi Suetsuna, Mr. Toshihide Yoda, Dr. Yuko Hayashi and the five (5) Audit & Supervisory Board Members with respect to limiting their liabilities for damages under Paragraph 1, Article 423 of the Companies Act to the Minimum Liability Amount stipulated in Paragraph 1, Article 425 of the Companies Act so far as they are performing their duties in good faith and without gross negligence.

3. Summary of the details of directors and officers liability insurance contract

We have concluded an officer liability insurance (D&O insurance) contract with the insurance company as set forth in Paragraph 1 of Article 430-3 of the Companies Act, with Directors, Audit & Supervisory Board Members, and Corporate Officers as insured persons.

The outline of the contents of the applicable insurance contract shall be covered by the applicable insurance contract with respect to any loss or damage that the insured may incur as a result of the insured assuming responsibility for the execution of its duties or receiving a claim pertaining to the pursuit of such liability.

Provided, however, that such insurance contract shall not indemnify the insured against any claim for damages arising out of the willful or gross negligence of the insured.

The Company shall bear all insurance premiums and the insured shall not bear any insurance premiums.

4. Compensation, etc. of Directors and Audit & Supervisory Board Members

(1) Policies for determining details of executive compensation, etc.

At a meeting of the Board of Directors held on February 25, 2021 and March 25, 2021, JCR passed a resolution regarding policies for determining the details of individual compensation, etc. for Directors. On the occasion of this resolution by the Board of Directors, JCR consulted the Advisory Committee for Nomination, Compensation, etc. composed of one internal Director, three Outside Directors, and two Audit & Supervisory Board Members beforehand and followed their recommendations.

Furthermore, with regard to individual compensation for Directors, the Board of Directors confirmed that the

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method of determining details of compensation and details of compensation as determined regarding stock option-based compensation would match the policies and that recommended guidelines from the Advisory Committee for Nomination, Compensation, etc. were respected in line with the policies. The details of the policies for determining individual compensation, etc., for Directors are as follows.

Basic policy concerning compensation, etc.

The basic policy on executive compensation is to establish and operate a system that is intended to enhance motivation to contribute to improved corporate value and morale while aiming for continued improvements to business performance on a medium- to long-term basis.

Compensation for Directors and Auditors is classified into two types: fixed compensation and stock option-based compensation. For the time being, performance-linked compensation does not adopt this system.

Specifically, with regard to compensation for internal Directors, JCR has introduced a system of stock option-based compensation in addition to fixed compensation in the form of basic compensation. Compensation for Outside Directors consists solely of fixed compensation in the form of basic compensation.

Compensation for Audit & Supervisory Board Members consists solely of fixed compensation in the form of basic compensation.

Additionally, JCR has established an Advisory Committee for Nomination, Compensation, etc. with the goal of ensuring the independence and objectivity of Board of Director functions with regards to compensation, etc. As an advisory body to the Board of Directors, the committee includes Independent Outside Directors and Independent Outside Audit & Supervisory Board Members.

1. Policy for determining amount of individual compensation, etc., for basic compensation (monetary compensation) (including policy for the period of providing compensation etc. and determination of requirements)

Basic compensation for Directors is paid as monthly fixed compensation in accordance with each Director's duties. JCR determines the amount in line with the size of the individual's role while also referencing business conditions and social standards within a range determined through a resolution by the General Meeting of Shareholders.

Meanwhile, executive bonuses are determined through comprehensive consideration of past actual payments, the level of contribution of each Director and other factors. Once the amount has been determined, it is paid every year at a certain period.

Note that the President and CEO, who is delegated by the Board of Directors, makes the final decision within a range determined through a resolution by the General Meeting of Shareholders upon full deliberation by the Advisory Committee for Nomination, Compensation, etc.

Basic compensation for Audit & Supervisory Board Members is paid as monthly fixed compensation in accordance with each Audit & Supervisory Board Member's duties. The amount is determined while referencing business conditions and social standards. Note that compensation for Audit & Supervisory Board Members is decided through discussion with Audit & Supervisory Board Members within a range determined

through a resolution by the General Meeting of Shareholders.

2. Policy concerning performance-linked compensation

JCR has made it its management policy to aim for long-term growth by actively investing in research and development in innovative fields. It has decided not to adopt performance-linked compensation, which changes the amount of compensation in coordination with recent business performance, for the time being out of concern that it will limit these types of investments.

3. Policy concerning details of non-monetary compensation and methods for calculating amounts and number of payments (including policy for the period of providing compensation etc. and determination of requirements) Stock-linked compensation stock option provided as non-monetary compensation to internal Directors is intended to enhance motivation to contribute to continued improvement in business performance and corporate value on a medium- to long-term basis, and is allotted every year on at a certain period. Individual compensation will be determined in accordance with each Director's position and role at the Board of Directors' meeting upon full deliberation by the Advisory Committee for Nomination, Compensation, etc. within a range established through a resolution by the General Meeting of Shareholders.

Issues such as the maximum number of authorized shares shall be deliberated at the General Meeting of Shareholders.

4. Policy for determining the individual monetary and non-monetary compensation ratio

With regard to the amounts of monetary and non-monetary compensation for internal Directors, the ratio of individual compensation will be determined each fiscal year in order to respond flexibly to the contributions to business results by each internal Director in each fiscal year.

The Advisory Committee for Nomination, Compensation, etc. examines and determines appropriate amounts for each type of compensation for internal Directors after viewing the elements set forth in the policy, while giving consideration to JCR's performance and business conditions.

The Board of Directors and the President and CEO, who makes the final decision for the Board of Directors, respect the recommendations of the Advisory Committee for Nomination, Compensation, etc. and determine the details of individual compensation for internal Directors as indicated by the recommendations within the permitted ratio.

Compensation for Outside Directors shall consist solely of fixed compensation (monetary compensation) in the form of basic compensation.

Compensation for Audit & Supervisory Board Members shall consist solely of fixed compensation (monetary compensation) in the form of basic compensation.

5. Matters concerning decisions about details of executive individual compensation, etc. for Directors

The amount of individual compensation is based on deliberation by the Board of Directors, while the President and CEO makes the final decision about the specific details. That authority extends to the amount of basic compensation and bonuses for each Director.

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The Board of Directors consults the Advisory Committee for Nomination, Compensation, etc. about the original motion so that authority is exercised appropriately. The President and CEO, who makes the final decision for the Board of Directors, makes a decision based on the details of the recommendation.

(2) Total compensation, etc. for the current fiscal year

Category	Total compensation, etc. (million yen)	Total compensation, etc. by type (million yen)			Eligible executives
		Basic compensation	Performance- linked compensation, etc.	Non-monetary compensation, etc.	
Director (Outside Directors)	525 (44)	384 (44)	–	141 (–)	9 (3)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Members)	62 (62)	62 (62)	–	–	5 (5)
Total (of which are outside executives)	587 (106)	446 (106)	–	141 (–)	14 (8)

(Notes) 1 All amounts are rounded down to the nearest million yen.

2. Total compensation, etc. for Directors does not include the salaries of Directors who concurrently serve as employees.
3. Includes one Director who resigned from their post at the conclusion of the 46th Ordinary General Meeting of Shareholders, held on June 23, 2021.
4. The content of non-monetary compensation is our stock-linked compensation stock option, and the conditions at the time of allotment and the status of deliveries in the current fiscal year are described on pages 51 to 55 and 47 to 48 of this convocation notice.
5. At the 42nd Ordinary General Meeting of Shareholders held on June 28, 2017, it was resolved that the amount of compensation for Directors shall not exceed 500 million yen per year (of which no more than 100 million yen for Outside Directors) and that for Audit & Supervisory Board Members shall not exceed 80 million yen per year. At the conclusion of this Ordinary General Meeting of Shareholders, the number of Directors was ten (10) (including five (5) Outside Directors) and the number of Audit & Supervisory Board Members was five (5). Moreover, in a separate amount from fixed compensation, the 46th Ordinary General Meeting of Shareholders, held on June 23, 2021, approved an annual amount of 200 million yen or less and up to 65,000 units of new share subscription rights as the amount of remuneration related to share acquisition rights to be issued as stock-linked compensation stock options (Outside Directors not being eligible to receive a grant). The number of Directors (excluding Outside Directors) at the conclusion of this Ordinary General Meeting of Shareholders is five (5).

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6. The Board of Directors delegates determination of the amount of fixed compensation for each Director to Representative Director, President and CEO Shin Ashida. The reason for this delegation is that the Company has decided that the president and CEO is suitable to evaluate the Directors in the division of which they are in charge, while giving consideration to the performance of the Company overall. The Board of Directors has decided non-monetary compensation (stock-linked compensation stock options). At the time of this determination, JCR consulted the Advisory Committee for Nomination, Compensation etc. beforehand and verified its validity etc.

5. Matters regarding the Outside Directors and Outside Audit & Supervisory Board Members

- (1) The Relationships between the Company and the Companies or Organizations Where the Outside Directors and Outside Audit & Supervisory Board Members Concurrently Hold Significant Positions
1. The Company and Medipal Holdings Corporation, which holds 23.47% of the Company's share, have entered into the agreement of investment in development pipeline of the Company.
 2. Mediceo Corporation is a subsidiary of Medipal Holdings Corporation which is the largest shareholder of the Company and has a trading relationship with the Company. The annual transaction amount is 15.5% of the total sales of the Company.
 3. JCR USA, Inc. is a subsidiary of the Company.
 4. There is no significant trading relationship between the Company and entities where its Outside Directors and Outside Audit & Supervisory Board Members hold concurrent positions, other than those indicated above.

(2) The Principal Activities of the Outside Directors and Outside Audit & Supervisory Board Members

Category	Name	Principal Activities
Outside Director	Toshihiro Ishikiriya	Among the fifteen (15) meetings held by the Board of Directors during the fiscal year under review, he attended all meetings, and he made statements at those meetings, primarily based on his standpoint as a business manager. In addition, as a member of the Nomination and Compensation Advisory Committee, he is actively involved from an objective and neutral standpoint in the selection of candidates for our executive positions and in the determination of compensation. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Director	Takashi Suetsuna	He attended fourteen (14) meetings out of fifteen (15) meetings held by the Board of Directors during the fiscal year under review, and he made statements at those meetings, primarily based on his career and knowledge in public administrations over many years and global insights. In addition, as a member of the Nomination and Compensation Advisory Committee, he is actively involved from an objective and neutral standpoint in the selection of candidates for our executive positions and in the determination of compensation. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Director	Toshihide Yoda	Among the fifteen (15) meetings held by the Board of Directors during the fiscal year under review, he attended fourteen (14) meetings, and he made statements at those meetings, primarily based on his extensive knowledge as an analyst of pharmaceutical sector and experience engaging in much new company business. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.

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Category	Name	Principal Activities
Outside Director	Yuko Hayashi, Ph.D.	Among the fifteen (15) meetings held by the Board of Directors during the fiscal year under review, she attended all meetings, and she made statements at those meetings, primarily based on her expertise on a wide range of extensive experience such as research activities on advanced medical care and promotion of women's participation and advancement in the workplace. In addition, as a member of the Nomination and Compensation Advisory Committee, she is actively involved from an objective and neutral standpoint in the selection of candidates for our executive positions and in the determination of compensation. In this way, she properly fulfills her roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Audit & Supervisory Board Member	Kazumasa Oizumi	He attended all fifteen (15) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his career in the financial industry and experience as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Kazuhiko Yamada	He attended all fifteen (15) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his career in the financial industry and experience as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Kenjiro Miyatake	He attended all fifteen (15) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his career in the financial industry and experience as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Takeshi Komura	He attended thirteen (13) meetings out of fifteen (15) meetings held by the Board of Directors and twelve (12) meetings out of thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his extensive experience and insights in administrative agencies and a wide range of finance as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Shuichi Tani	He attended fourteen (14) meetings out of fifteen (15) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his extensive experience and insights on health care, deep insight into medical welfare and educational institutions as Outside Audit & Supervisory Board Member.

5 Accounting Auditor

1. Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

2. Amount of compensation, etc., for the Accounting Auditor related to the fiscal year under review

- (1) Amount of compensation for the auditing work as the Accounting Auditor of the Company
45 million yen
- (2) Amount of compensation for the non-auditing work as the Accounting Auditor of the Company
35 million yen
- (3) Total value of money that the Company and the Company's subsidiaries should pay and other economic benefits
87 million yen

(Notes)1. All amounts are rounded down to the nearest million yen.

2. Regarding the compensation, etc., for the Accounting Auditor, the Audit & Supervisory Board has given consent to it under Paragraph 1, Article 399 of the Companies Act after having checked the time of audits by audit item, the transition of compensations for audits, the audit plan and achievements of past fiscal years, in light of the "Practical Guidelines for Cooperation with Financial Auditors" released by the Japan Audit & Supervisory Board Members Association followed by considering the adequacy and applicability of the estimated time of audits and amount of compensations for the fiscal year under review.
3. The amounts of the audit compensation, etc., for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not clearly distinguished in the audit contract concluded between the Company and the Accounting Auditor, and cannot be distinguished in reality either therefore the values given above are the total values.
4. In addition to the amount of remuneration paid to the accounting auditor for the current fiscal year, the Company paid an additional remuneration of 7 million yen for the audit for the previous fiscal year

3. Details of non-auditing work

The Company entrusts the accounting auditor with "guidance and advisory work for introducing core systems" and "advisory work related to overseas subsidiary companies" which is a task (non-auditing work) other than the work under paragraph 1, Article 2 of the Certified Public Accountants Act.

4. Policy for determination of the dismissal or non-reappointment of an Accounting Auditor

- (1) The Audit & Supervisory Board may dismiss an Accounting Auditor with the unanimous consent of all Audit & Supervisory Board Members if they are of the opinion that the Accounting Auditor falls under one of the categories stipulated in the items of Article 340, Paragraph 1 of the Companies Act and would cause a material adverse effect against the auditing work of the Company. In that case, Audit & Supervisory

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Board Members nominated by the Audit & Supervisory Board shall present a report at the earliest General Meeting of Shareholders convened after the dismissal to the effect that the Accounting Auditor has been dismissed, together with the reason for the dismissal.

- (2) Apart from cases based on the circumstances of the Company, the Audit & Supervisory Board may also determine the contents of a proposal for the dismissal or non-reappointment of an Accounting Auditor and the Board of Directors may submit the proposal to a General Meeting of Shareholders based on the determination, if the Accounting Auditor violates or infringes a law such as the Companies Act or Certified Public Accountants Act, etc., and in the opinion of the Audit & Supervisory Board, the duties of the Accounting Auditor is not or will not be carried out appropriately, or if a material adverse effect has or will have arisen in the auditing work of the Company due to the Accounting Auditor being punished with a work suspension order by the supervisory authorities

5. Summary of the details of liability limitation contracts

The Company has no contract with the Accounting Auditor that limits its liability for damages under Article 423, Paragraph 1 of the Companies Act.

6 Company Systems and Policies

1. Systems to ensure the appropriateness of work

(1) Systems to ensure the appropriateness of work

- [1] Systems to ensure that the execution of the duties of Directors and employees conforms to laws and regulations, and the Articles of Incorporation

The Company has stipulated JCR Compliance Policy to ensure that the execution of the duties of Directors and the execution of the duties of employees who execute their duties under the direction and supervision of Directors conforms to laws and regulations. Moreover, the Company has prepared Compliance Handbook that have put the details of those standards into concrete form and is aiming for the diffusion and thorough implementation of the corporate philosophy, corporate ethics and compliance on an everyday basis by distributing those handbooks to all Directors and employees.

Furthermore, the Company will enhance educational activities by implementing internal training meetings organized by the Compliance Committee and issuing periodical compliance communications to ensure systems that enable strong awareness of both the Board of Directors and employees with regard to compliance at all times, and strive for the prevention of behavior that violates laws and regulations as well as voluntary industry standards and internal regulations.

Moreover, the Company is maintaining an internal audit system by the Internal Audit Division, conducting audits of the appropriate processing and efficiency of work management and audits of cross checks and monitoring of work, and preparing systems that allow the results of internal audits to be reflected fully in compliance systems.

- [2] Systems related to the storage and control of information pertaining to the execution of the duties of Directors

The Company prepares, stores and controls documents such as requests for approval, contracts based on internal regulations such as the regulations on requests for approval, document control regulations, information security and control regulations, and contract work management regulations, etc., and ensures that system with regard to access to information pertaining to the execution of the duties of Directors and the execution of the duties of employees who execute their duties under the direction and supervision of Directors. The Company will strive for the further enhancement of these systems in the future.

- [3] Regulations related to management of the risk of loss and their systems

The Company establishes a basic risk management guideline and develops a risk management system under the guideline. The Company apprehends exposure of risk in corporate activities as a company that handles products, namely drugs, related to people's health, has established procedures related to risk control in each division, as well as systems with which it can prevent the occurrence of risk, manage risk, and respond to risk that has occurred in collaboration with the concerned committees such as the Risk Management Promotion Committee, Internal Control Committee and Compliance Committee. In particular, as a

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pharmaceutical company, the Company regularly holds meetings of the three executives of manufacturing and marketing (the marketing supervisor-general, quality assurance manager and safety management supervisor) in accordance with regulations of the Pharmaceutical and Medical Device Act, and has constructed systems that assure the quality, effectiveness and safety of drugs.

Moreover, while expanding its operations globally, the Company will introduce the global-standard drug quality system and pursue an even higher level of safety.

[4] Systems to ensure that the execution of the duties of Directors is carried out efficiently

The Company has introduced a Corporate Officer system and adopted systems whereby work based on decision-making by the Board of Directors is executed promptly and efficiently by each Corporate Officer. The Company holds regular meetings of the Board of Directors once a month, otherwise regularly holds meetings of a Management Council with members comprising Directors and Corporate Officers etc., aims for communication between both Directors and Corporate Officers with regard to the execution of duties and has established systems that enable appropriate measures to be taken quickly based on regular reporting of matters like the state of progress toward the work targets of each division.

Decision-making in the everyday execution of duties is carried out based on the regulations on the segregation of duties and the regulations on management authority, etc., and the Company will further simplify decision-making routes and make the execution of duties more efficient in the future by the revision of management authority, etc. at appropriate times.

[5] Systems to ensure the appropriateness of work in the Company Group

The Company manages its subsidiaries based on regulations on the management of affiliated companies. In addition, regarding reporting to the Company about matters related to execution of duties of Directors, etc. of subsidiaries, has supervisory Directors report regularly in regard to the status of execution of work at meetings of the Company's Board of Directors, and has adopted systems whereby the financial status and status of execution of work can be confirmed at all times.

Regarding the management of the risk of loss at subsidiary companies, we have constructed a system to manage risks, including risk prevention, and to deal with risks that have occurred, by applying the Company's basic risk management guideline at subsidiary companies. We also have subsidiary companies report the status of the risk management to the Company periodically or as needed. Furthermore, in order to ensure that the duties of Directors, etc. at subsidiary companies are executed efficiently, the Company has streamlined the decision-making route and made the execution of duties more efficient, and periodically received reports of the status of these matters.

In addition, JCR Compliance Policy and Compliance Handbook are applied at subsidiary companies to ensure that the duties of Directors, etc. and employees at subsidiary companies are executed in compliance with laws, regulations and the Articles of Incorporation.

Audit & Supervisory Board Members requests subsidiary companies to report on operations when it is necessary for Audit & Supervisory Board Members to execute its duties and also surveys the state of business and asset performance of the Group companies.

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- [6] Systems related to the employees in question in the event of the appointment of employees having been requested by Audit & Supervisory Board Members to assist in its duties and systems related to the independence of those employees from Directors and the securing of the effectiveness of instructions by Audit & Supervisory Board Members to those employees

Employees who shall assist the duties of Audit & Supervisory Board Members shall be appointed in accordance with the needs of Audit & Supervisory Board Members and the Directors shall respect the opinions of Audit & Supervisory Board Members in regard to those personnel matters in order to ensure the independence of those employees from Directors. In securing the effectiveness of instructions by Audit & Supervisory Board Members to those employees, the employees shall execute their duties under the supervision and direction of Audit & Supervisory Board Members and the Company cooperates in improving the auditing environments.

- [7] Systems related to reports from the Company's and subsidiary companies' Directors and employees to Audit & Supervisory Board Members and systems to ensure that those reporters will not be unfavorably treated due to those reports

The Managing Directors shall regularly report on the status of the execution of their duties at meetings of the Board of Directors, and the Company's Directors and employees shall report promptly, from time to time as prescribed by Audit & Supervisory Board Members, with regard to the work of the Company and important matters that exert an impact on the work of the Company or its subsidiaries.

In addition, the Company has set up a contact point for whistle-blowing inside and outside the Company for all of the Company's and subsidiary companies' employees, and from the viewpoints of laws, regulations and rules, the Company has adopted a system whereby behaviors against them and events that will have a significant influence will be promptly reported to Audit & Supervisory Board Members through an outside contact point.

The Company ensures, pursuant to the whistle-blowing system, that individuals who make a report to Audit & Supervisory Board Members will not be unfavorably treated at all due to the report.

- [8] Matters related to expenses incurred for the execution of duties of Audit & Supervisory Board Members or matters related to policies on the disposal of debts

When Audit & Supervisory Board Members request an advance payment of expenses incurred for the execution of their duties, a reimbursement of expenses, spent, or debts borne, this request shall be accepted according to predefined procedures unless the said expenses requested are recognized obviously unnecessary for the execution of duties of Audit & Supervisory Board Members.

- [9] Other systems to ensure that the audits by Audit & Supervisory Board Members are carried out effectively
Audit & Supervisory Board Members shall attend meetings of the Board of Directors and other important meetings, or review important documents related to the execution of work and arrange the auditing environments so that they can request explanations from Directors, employees or the Accounting Auditor as necessary.

- [10] The fundamental principles towards the exclusion of anti-social forces and its scheme

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The basic policy of the Company is to “resolutely confront antisocial forces that pose a threat to civil society and make unjust and illegal demands” and the Company raises that policy in its code of practice to familiarize all executives and employees thoroughly. The Company has also constructed and maintained close-knit cooperative relations with police forces of respective district and expert external institutions and gathered information on anti-social forces and groups proactively. The Company has constructed systems that enable it to cooperate closely with external institutions and legal experts and cope when any incident occurs.

(2) Summary of the operational status of systems to ensure the adequacy of work

[1] Operational status for ensuring that the execution of the duties of Directors and employees conforms to laws and regulations, and the Articles of Incorporation

We communicate and disseminate the compliance and the JCR Compliance Policy to all Directors and employees including subsidiary companies by means such as distribution of Compliance Handbooks, implementation of company-wide training and regular issuance of compliance newsletters. Additionally, we make efforts for prevention and suppression of violating acts by setting up a contact point for whistleblowing inside and outside the Company. Furthermore, we reflect the results of internal audits in the execution of work and enrichment of the compliance system.

[2] Operational status related to the storage and control of information pertaining to the execution of the duties of Directors

Regarding the handling of information at the Company, we have rigorous access restrictions in place for each job level, division, department and project. Information to be transmitted externally is utilized in a rigorous manner in accordance with the “Detailed Regulations on Handling of Internal Information to be Transmitted Outside the Company.”

[3] Operational status related to management of the risk of loss

In order to minimize losses or disadvantages, the Company regularly sorts out significant risks across the company and at each division under the initiative of the Risk Management Promotion Office, and constructs and runs preventive measures and countermeasures in collaboration with the Internal Control Committee, the Compliance Committee and the Safety and Health Committee.

[4] Operational status for ensuring that the execution of the duties of Directors is carried out efficiently

In addition to meetings of the Board of Directors and the Audit & Supervisory Board to be held twice a month, we regularly hold meetings of a Management Council consisting of Directors and Corporate Officers twice a month, and confirm and evaluate whether the execution of work is operated efficiently and accurately at each conference body.

[5] Operational status for ensuring the adequacy of work in the Company Group

Subsidiary companies’ Directors review the status of the execution of work and the status of financial affairs and then report regularly to the Company’s Board of Directors. Also regarding the management of the risk of loss and the conformity to laws, regulations and the Articles of Incorporation, the Company regularly

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checks the operational status through making efforts for sorting out and handling risks and disseminating the compliance by applying the Company's related regulations

[6] Operational status for ensuring that the audits by Audit & Supervisory Board Members are carried out effectively

Audit & Supervisory Board Members perform audits based on the auditing plan established by the Audit & Supervisory Board, and also conduct hearing of Corporate Directors, employees, Directors of subsidiary companies, and the Accounting Auditor as needed.

[7] Efforts toward the exclusion of anti-social forces

We make efforts for regularly communicating basic policies with Corporate Directors and employees and collecting information from related institutions, and at the time of occurrence of an event, we collaborate with the competent police and law firms.

2. Policy on the declaration of dividends of surplus

The Company regards the distribution of its profits to shareholders as an important management policy.

The basic policy of the Company in regard to the declaration of dividends of surplus, etc., is to provide continuous and stable dividends by taking into account of factors such as business performance and cash flow while securing sufficient internal reserves for the development of new drug products and the strengthening of financial status that will be the source of future profits.

Since the Company has recorded a new record for earnings in the fiscal year under review, we have decided to pay a special dividend of 2 yen per share in the year-end dividend, and under the abovementioned basic policy, the Board of Directors meeting held on May 12, 2022 resolved to pay a dividend of 12 yen per share (including the special dividend of 2 yen).

We conducted a four-for-one stock split on October 1, 2020. When calculated as though the stock split was conducted at the start of the previous fiscal year (April 1, 2020), the annual dividend for the previous fiscal year would have been 12 yen per share. The annual dividend for the fiscal year under review is 22 yen per share (interim dividend of 10 yen; year-end dividend of 12 yen), an increase of 10 yen over the previous fiscal year. The Company intends to retain undistributed surplus as a resource for funding the enhancement of business structure and contribution to continuous profit return.

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Consolidated Balance Sheet (as of March 31, 2022)

(unit: million yen)

Accounting Item	Amount	Accounting Item	Amount
Assets		Liabilities	
[Current assets]	[62,188]	[Current liabilities]	[42,054]
Cash and deposits	30,733	Notes and accounts payable - trade	1,324
Notes and accounts receivable - trade, and contract assets	15,585	Short-term loans payable	15,150
Securities	244	Accounts payable - other	5,189
Merchandise and finished goods	2,121	Income taxes payable	5,915
Work in process	5,024	Special suspense account for tax purpose reduction entry	11,996
Raw materials and supplies	7,491	Provision for bonuses	902
Other	986	Provision for directors' bonuses	102
		Other	1,473
[Non-current assets]	[34,946]	[Non-current liabilities]	[3,990]
Property, plant and equipment	(26,782)	Bonds payable	500
Buildings and structures	6,086	Long-term loans payable	2,450
Machinery, equipment and vehicles	1,308	Provision for employee shares benefit	78
Land	10,379	Net defined benefit liability	870
Construction in progress	8,019	Other	92
Other	989	Total liabilities	46,045
Intangible assets	(2,960)	Net Assets	
Patents	2,711	[Shareholders' equity]	[49,697]
Other	249	Capital stock	9,061
Investments and other assets	(5,202)	Capital surplus	10,994
Investment securities	2,230	Retained earnings	33,241
Net defined benefit asset	213	Treasury shares	-3,600
Deferred tax assets	2,433	[Accumulated other comprehensive income]	[618]
Other	330	Valuation difference on available-for-sale securities	619
Allowance for doubtful accounts	-4	Deferred gains or losses on hedges	0
		Foreign currency translation adjustment	30
		Remeasurements of defined benefit plans	-32
		[Share acquisition rights]	[567]
		[Non-controlling interests]	[205]
Total assets	97,137	Total net assets	51,089
		Total liabilities and net assets	97,134

(Note) Amounts of less than one million yen are rounded down to the nearest million yen.

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Consolidated Statement of Income (From April 1, 2021 to March 31, 2022)

(unit: million yen)

Accounting Item	Amount	
Net sales		51,082
Cost of sales		10,461
Gross profit		40,620
Selling, general and administrative expenses		20,686
Operating income		19,933
Non-operating income		
Interest income	7	
Dividend income	28	
Foreign exchange gains	551	
Other	68	656
Non-operating expenses		
Interest expenses	45	
Commission fee	12	
Other	18	77
Ordinary income		20,512
Extraordinary income		
Gain on sale of investment securities	0	0
Extraordinary losses		
Loss on disposal of non-current assets	2	
Loss on cancellation of contracts	1,000	
Other	105	1,108
Profit before income taxes		19,404
Income taxes-current	5,549	
Income taxes-deferred	-663	4,886
Profit		14,517
Profit attributable to non-controlling interests		10
Profit attributable to owners of parent		14,507

(Note) Amounts of less than one million yen are rounded down to the nearest million yen.

(FOR REFERENCE PURPOSE)

Consolidated Statements of Changes in Equity (From April 1, 2021 to March 31, 2022)

(unit: million yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at beginning of current period	9,061	10,941	20,904	-3,685	37,222
Changes of items during period					
Dividends of surplus			-2,170		-2,170
Profit attributable to owners of parent			14,507		14,507
Disposal of treasury shares		53		85	138
Net changes of items other than shareholders' equity					
Total changes of items during period	-	53	12,336	85	12,475
Balance at end of current period	9,061	10,994	33,241	-3,600	49,697

	Accumulated other comprehensive income					Subscription Rights to Shares	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred gains or losses on hedges	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at beginning of current period	691	0	-18	-31	641	517	174	38,557
Changes of items during period								
Dividends of surplus								-2,170
Profit attributable to owners of parent								14,507
Disposal of treasury shares								138
Net changes of items other than shareholders' equity	-71	0	48	-0	-23	49	30	56
Total changes of items during period	-71	0	48	-0	-23	49	30	12,531
Balance at beginning of current period	619	0	30	-32	618	567	205	51,089

(Note) Amounts of less than one million yen are rounded down to the nearest million yen.

(FOR REFERENCE PURPOSE)

Balance Sheet (as of March 31, 2022)

(unit: million yen)

Accounting Item	Amount	Accounting Item	Amount
Assets		Liabilities	
[Current assets]	[61,215]	[Current liabilities]	[42,123]
Cash and deposits	29,823	Accounts payable - trade	1,320
Accounts receivable - trade and contract assets	15,493	Short-term loans payable	12,100
Securities	244	Current portion of long-term loans payable	3,050
Merchandise and finished goods	2,132	Lease obligations	21
Work in process	5,024	Accounts payable - other	5,317
Raw materials and supplies	7,491	Accrued expenses	536
Prepaid expenses	487	Income taxes payable	5,892
Other	517	Advances received	37
		Deposits received	262
		Special suspense account for tax purpose reduction entry	11,996
		Provision for bonuses	902
[Non-current assets]	[35,818]	Provision for directors' bonuses	102
Property, plant and equipment	(26,762)	Other	584
Buildings	5,959	[Non-current liabilities]	[3,970]
Structures	126	Bonds payable	500
Machinery and equipment	1,291	Long-term loans payable	2,450
Vehicles	1	Lease obligations	44
Tools, furniture and fixtures	921	Provision for retirement benefits	850
Land	10,379	Provision for employee shares benefit	78
Leased assets	63	Asset retirement obligations	40
Construction in progress	8,019	Other	7
Intangible assets	(248)	Total liabilities	46,094
Software	243	Net Assets	
Telephone subscription right	5	[Shareholders' equity]	[49,751]
		Capital stock	9,061
Investments and other assets	(8,806)	Capital surplus	10,994
Investment securities	2,230	Legal capital surplus	7,827
Shares of subsidiaries and associates	3,529	Other capital surplus	3,167
Investments in capital	2	Retained earnings	33,294
Long-term prepaid expenses	18	Legal retained earnings	279
Prepaid pension cost	240	Other retained earnings	33,015
Deferred tax assets	2,418	General reserve	951
Other	371	Retained earnings brought forward	32,064
Allowance for doubtful accounts	-4	Treasury shares	-3,600
		[Valuation and translation adjustments]	[620]
		Valuation difference on available-for-sale securities	619
		Deferred gains or losses on hedges	0
		[Share acquisition rights]	[567]
Total assets	97,033	Total net assets	50,939
		Total liabilities and net assets	97,033

(Note) Amounts of less than one million yen are rounded down to the nearest million yen.

(FOR REFERENCE PURPOSE)

Statement of Income (From April 1, 2021 to March 31, 2022)

(unit: million yen)

Accounting Item	Amount	
Net sales		51,081
Cost of sales		10,463
Gross profit		40,618
Selling, general and administrative expenses		20,480
Operating income		20,137
Non-operating income		
Interest income	1	
Interest on securities	4	
Dividend income	28	
Foreign exchange gains	535	
Other	70	641
Non-operating expenses		
Interest expenses	44	
Commission expenses	12	
Loss on valuation of stocks of subsidiaries and affiliates	276	
Other	20	353
Ordinary income		20,425
Extraordinary income		
Gain on sale of investment securities	0	0
Extraordinary losses		
Loss on disposal of non-current assets	2	
Loss on cancellation of contracts	1,000	
Other	105	1,108
Profit before income taxes		19,317
Income taxes - current	5,531	
Income taxes - deferred	-661	4,870
Profit		14,446

(Note) Amounts of less than one million yen are rounded down to the nearest million yen.

(FOR REFERENCE PURPOSE)

Statements of Changes in Equity (From April 1, 2021 to March 31, 2022)

(unit: million yen)

	Shareholders' equity			
	Capital Stock	Legal Capital Surplus	Capital Surplus Other Capital Surplus	Total Capital Surpluses
Balance at beginning of current period	9,061	7,827	3,113	10,941
Changes of items during period				
Dividends of surplus				
Profit				
Disposal of treasury shares			53	53
Net changes of items other than shareholders' equity				
Total changes of items during period	–	–	53	53
Balance at end of current period	9,061	7,827	3,167	10,994

	Shareholders' Equity					
	Retained earnings			Total Other Retained Earnings	Treasury Shares	Total Shareholders' Equity
	Legal Retained Earnings	Other retained earnings				
	General Reserve	Retained Earnings Brought Forward				
Balance at beginning of current period	279	951	19,788	21,019	-3,685	37,336
Changes of items during period						
Dividends of surplus			-2,170	-2,170		-2,170
Profit			14,446	14,446		14,446
Disposal of treasury shares					85	138
Net changes of items other than shareholders' equity						
Total changes of items during period	–	–	12,275	12,275	85	12,414
Balance at end of current period	279	951	32,064	33,294	-3,600	49,751

	Valuation and Translation Adjustments			Share acquisition rights	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred gains or losses on hedges	Total Valuation and Translation Adjustments		
Balance at beginning of current period	691	0	691	517	38,546
Changes of items during period					
Dividends of surplus					-2,170
Profit					14,446
Disposal of treasury shares					138
Net changes of items other than shareholders' equity	-71	0	-71	49	-22
Total changes of items during period	-71	0	-71	49	12,392
Balance at end of current period	619	0	620	567	50,939

(Note) Amounts of less than one million yen are rounded down to the nearest million yen.