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(Securities code: 4597)
Date of sending: March 8, 2023
Start date of electronic provision measures: March 2, 2023

To Our Shareholders:

Yoshihiro Arai,
President and Chief Executive Officer
Solasia Pharma K.K.
4F, SUMITOMO FUDOSAN SHIBA-KOEN TOWER, 2-11-1, Shiba-koen,
Minato-ku, Tokyo

Notice of the 15th Annual General Meeting of Shareholders

You are cordially invited to attend the 15th Annual General Meeting of Shareholders of Solasia Pharma K.K. (the "Company"), which will be held as described below.

If you are unable to attend the meeting in person, you can exercise your voting rights by either of the following methods. Please exercise your voting rights after reviewing the enclosed reference documents concerning the General Meeting of Shareholders.

[Voting by mail]
Please indicate your approval or disapproval of the proposals in the enclosed voting form and return it so that your vote is received by 5:30 p.m. on Wednesday, March 22, 2023 (JST).

[Voting via the Internet]
Please access the website for the exercise of voting rights specified by the Company (https://evote.tr.mufg.jp/), enter the "login ID" and the "temporary password" printed in the enclosed voting form and follow the guidance on the screen to enter your votes of approval or disapproval by 5:30 p.m. on Wednesday, March 22, 2023 (JST).

Please refer to the "Guide to Exercising Voting Rights via the Internet" on page 4 for further details.

1. **Date and Time:** Thursday, March 23, 2023, at 10:00 a.m. (Reception starts at 9:30 a.m.) (JST)
2. **Venue:** AP Hamamatsucho RoomDEF
   B1F, Tower B, Shiba Park Building, 2-4-1, Shiba-koen, Minato-ku, Tokyo
3. **Purpose of the Meeting:**

   Matters to be reported

   The business report, consolidated financial statements and non-consolidated financial statements for the 15th fiscal year (from January 1, 2022 to December 31, 2022) and the results of audits concerning consolidated financial statements made by independent auditors and the Audit & Supervisory Board

   Matters to be resolved

   Proposal No. 1: Election of Five (5) Board Directors

   Proposal No. 2: Election of One (1) Audit & Supervisory Board Member

4. **Matters Regarding Measures for Electronic Provision he Meeting:**

   The Company has taken measures for electronic provision of materials for the General Meeting of Shareholders, following the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation. Matters regarding measures for electronic provision are as detailed below.

Address of the materials for which the measures for electronic provision are taken
(https://www.solasia.co.jp/)
(https//https://d.sokai.jp/4597/teiji/)
(https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show)

- When you attend the meeting, you are kindly requested to submit the enclosed voting form at reception. Please note that anyone who is not entitled to exercise voting rights, such as non-shareholding proxy, person accompanying the shareholder) will not be allowed to enter the venue.
  Please also bring this notice for your reference.
- If the reference documents for the General Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements are to be revised, the Company shall post the revised content on the above websites.
- Regarding this General Meeting of Shareholders, we have decided to send to all shareholders the documents to be delivered to shareholders who have requested delivery of documents based on the provisions of laws and regulations and the Articles of Incorporation. Please refer to it.

Solasia Pharma K.K. has taken the following precautions to prevent the spread of COVID-19 at our Annual General Meeting of Shareholders.

As stated above, we offer our shareholders a choice of different ways to exercise their voting rights: by attending the meeting in person, by mail, or online. For specific instructions, we refer you to pages 4.

- Shareholders who are considering attending the meeting in person are requested to monitor their health up to the day of the meeting and take the utmost care to ensure their wellbeing.
- Shareholders who attending in person may be requested to wear masks, have their temperature taken upon entrance, and utilize the hand sanitizer provided.
- Attendees will be seated in a manner ensuring proper distance for other attendees. Therefore, the number of seats available is limited. If all seats are full Please note that we may refuse entry.
- Administrative staff will thoroughly observe mask-wearing while attending to their duties.
- Other measures to prevent the spread of infection (such as periodically opening or closing doors for ventilation). We sincerely appreciate your understanding and cooperation in these efforts.

Please note that, should changes in COVID-19 caseload or government or other official announcements prompt changes to the measures described above between now and the meeting date, we will make such information available on our official website (https://solasia.co.jp/). We recommend monitoring our website from time to time for such updates.

Guide to Exercising Voting Rights via the Internet

If you exercise your voting rights via the Internet, please read carefully and make sure you understand the following matters.
If you intend to attend the Annual General Meeting of Shareholders, you do not need to exercise your voting rights either by mail (the voting form) or via the Internet.

1. Voting rights website and exercising your voting rights

(1) To exercise your voting rights via the Internet, please access the website ("Voting Site") specified by the Company (https://evote.tr.mufg.jp/) via a PC or a smartphone. You can exercise your voting rights via the Internet only by accessing this voting site.

(2) Please be aware that, depending on your Internet environment, you may not be able to access this voting site (e.g., if you connect to the Internet via a firewall, have anti-virus software installed, use a proxy server, or if you don't choose TLS encrypted communication, etc.).

(3) You can exercise your voting rights on the voting site until 5:30 p.m. on Wednesday, March 22, 2023 (JST). However, we respectfully request that you exercise your voting rights at your earliest convenience.

2. Exercising your voting rights on the Voting Site

(1) Please access the voting site for exercising voting rights (https://evote.tr.mufg.jp/), use the "login ID" and the "temporary password" printed in the voting form and follow the guidance on screen to enter your votes of approval or disapproval.

(2) Please note that, in order to prevent illegal online access (impersonation) and falsification from non-shareholders, you will be requested to change your "temporary password" on the voting site.

(3) You will be notified of a new "login ID" and "temporary password" every time a General Meeting of Shareholders is convened.

3. Multiple exercise of voting rights

(1) Please note that your voting on the voting site shall take precedence if you exercise your voting rights both by mail and on the voting site.

(2) If you exercise your voting rights more than once on the voting site, the last exercise shall take precedence. In addition, if you exercise your voting rights through multiple devices, the last vote shall take precedence.

(3) In the event that a shareholder provides no indication of approval or disapproval with regard to the proposals, the shareholder shall be considered to have expressed approval, which shall be handled accordingly

4. Fees incurred when accessing the voting rights website

Any fees (including connection fees to Internet providers, etc.) incurred when accessing the voting rights website shall be borne by shareholders. Similarly, if voting via a mobile phone, etc., any connection charges or other fees arising from the use of the mobile phone, etc. shall be borne by shareholders.

[Attachment 1]

Business Report

(From January 1, 2022 to December 31, 2022)

1. Current status of the Group

(1) Business progress and results

(i) Overview of business

Solasia Pharma K.K. (the "Company") and its group company (collectively, the "Group") are both a specialty pharma company, specializing in the development and commercialization of products in the oncology field, and a type of biotechnology venture company. Clinical trials and other evaluations associated with research and development for pharmaceutical and other related products require a large amount of upfront investment. They also tend to be conducted over medium to long periods of time, requiring equivalent periods of time for the securing of revenue and the collection of investment capital. As a result of our upfront investment in these pipeline products up till now, we have successfully developed and launched three of them. The Company is aware that the product launches are a starting point for collecting investment capital, but it is still conducting upfront investment for its entire business to compensate for the multiple final-stage clinical trials that are currently underway. The Company is still making these investments because the final stages of clinical trials typically require larger amounts of investment than any other phase of research and development for pharmaceutical and other related products.

The United States is home to numerous successful biopharma venture companies, the majority of which post losses on a single-year basis. According to research by the Company, of the companies that make up the NASDAQ Biotechnology Index, 150 companies have market capitalization of more than 100 billion yen. Of those, 109 are posting operating losses as of January 31, 2023. We believe that this situation exists because the market places more importance on making proactive upfront investments in promising drug development than on assessing these companies on the basis of their single-year gains and losses. At present, the Company is operating in accordance with this sort of business strategy.

During the fiscal year ended December 31, 2022, the Company primarily undertook business activities related to the following pipeline products.

［Launched products (development completed)］

SP-01 (Indication: **Chemotherapy-induced nausea and vomiting)**
SP-03 (Indication: **Oral mucositis/stomatitis caused by chemotherapy and radiotherapy)**

Prescription and delivery volumes of Sancuso® (SP-01) and episil® (SP-03), which are mainly sold in China, were adversely affected by the spread of COVID-19 and related city-wide lockdowns in the country. Specifically, the pandemic and lockdowns resulted in temporary closures of cancer treatment centers and significant reductions in patient treatments. Further, marketing activities of the Group's and sales partners' medical representatives (MRs), including their access to medical institutions, were restrained. Prescription and shipment volumes of the two products were also affected by changes in the sales structure in the three Chinese cities (Beijing, Shanghai, and Guangzhou. Hereafter, the "Three cities") made during the third quarter of the fiscal year under review.

SP-02 (Indication: **Relapsed or Refractory Peripheral T-cell Lymphoma)**

The Company obtained marketing approval for DARVIAS® (SP-02) in Japan on June 20, 2022, and began sales on August 22.

［Pipeline products in the non-clinical study phase］

SP-04 (Target Indication: **Chemotherapy-induced peripheral neuropathy)**

Based on the results of the international Phase III clinical trial including Japan in patients with colorectal cancer of SP-04 targeting oxaliplatin-induced peripheral neuropathy, the Company has decided to park the development of the pipeline product for this indication; instead, we have determined to conduct additional animal studies to investigate the product's potential in treating taxane-induced peripheral neuropathy. Based on information obtained from the results of animal studies conducted so far, we plan to conduct new animal studies in collaboration with licensor Egetis Therapeutics through 2023.

[Pipeline product (development stopped)]

SP-05 (Target Indication: **Increase in antitumor efficacy of fluorouracil**）

In November 2022, it was found out that neither the primary endpoint nor the key secondary endpoint showed statistical significant differences as the final results of the international Phase III AGENT Study including Japan in colorectal cancer.

[Other]

Solasia implemented the following measures to improve its business structure and relationship with partners.

- In June 2022, Solasia entered into a capital and business partnership agreement with Nippon Kayaku Co., Ltd., its partner for DARVIAS®(SP-02). The purpose of the partnership was to secure stable financial resources for the long term necessary for the Company's continued active engagement in the development of new cancer treatments to meet the expectations of cancer patients, patients suffering from adverse effects of existing anticancer drugs, and healthcare providers.
- In June 2022, the Company resolved to dissolve its sales structure in China, which had been the main cause of the Group's losses, primarily for the purposes of reducing fixed costs and managing country risk of operating in China, including soaring labor costs and lockdowns in metropolitan areas. In specific, the Company decided to dissolve its sales organization operated by wholly-owned subsidiary Solasia Medical Information Consulting (Shanghai) Co., Ltd. in the Three cities in the end of July 2022, which brought down the number of Group employees from 77 (as of March 31, 2022) to around 27(as of December 31,2022).
- Following the abovementioned decision to dissolve its own sales structure in China, on the same day, the Company entered into a sublicense agreement with Lee's Pharmaceutical (HK) Limited (hereinafter "Lee's"), granting the latter marketing rights to Sancuso® and episil® in the Three cities in China. As a result, the Company's sales of the two products in all of China are made to Lee's.
- To lower product procurement costs and ensure stable supply of products, on July 8, 2022, the Company concluded an agreement with Camurus AB, under which it acquired from the latter global licensing rights, including manufacturing rights, to episil® (SP-03) oral liquid.

［New Drug Candidate products］

Development candidates and technologies below are early-stage projects in the research or pre-clinical development stages. They have potential to become our next pipeline products, and we are working on research and development together with each partner company.

Nucleic acid drug candidate for peritoneal metastases

- In December 2020, the Company entered into an agreement with Japan-based GeneCare Research Institute Co., Ltd. ("GC") for exclusive negotiating rights (option rights) to in-license the latter's nucleic acid drug candidate RECQL1-siRNA and related technologies. We are currently engaged in joint development with GC, and will decide whether to practice the

option rights to in-license the drug candidate, taking into consideration progress in non-clinical studies and new formulation development going forward.

- RECQL1-siRNA is an siRNA (small interfering, double-stranded RNA) and a nucleic acid drug discovered by GC based on technologies in-licensed from US-based Alnylam Pharmaceuticals, Inc. (Nasdaq: ALNY), a world leader in RNA inference (RNAi) technologies. The drug is believed to have a novel mechanism of action to induce cell death by selectively suppressing the expression of the DNA repair enzyme helicase RECQL1, which is found to be overexpressed in cancer cells. In multiple pharmacological studies, the drug was shown to suppress the growth of various types of cancer and prolong survival in animal models of peritoneal dissemination associated with advanced-stage ovarian or gastric cancer.
- Currently, the Company is examining various conditions necessary for the expression of the effects of new, potentially more effective siRNA sequences discovered in collaboration with Ui-Tei Laboratory of the Graduate School of Science, the University of Tokyo, with a view to product development. The Company and GC began for pharmacological studies and the development of new formulations to advance the novel siRNA sequences to the clinical development stage.

*Peritoneal dissemination is a type of metastasis observed in ovarian or gastric cancer patients, where cancer cells migrate to the peritoneal cavity and spread like seeds scattered and sown in the soil. As the condition progresses, it may be accompanied by malignant ascites, and the prognosis is said to be poor. Systemic chemotherapy has not been sufficiently effective in treating peritoneal dissemination, and novel local treatments, such as intraperitoneal administration of drugs, are also being tried.

Drug discovery business utilizes RNA editing technology(gene therapy)

- In December 2019, the Company concluded a joint research and development agreement with EditForce, Inc., a biotech company originating from Kyushu University. For the Company, the initiative is a means of acquiring candidate products for long-term development. Specifically, it furthers the Company's plans to develop new gene therapy drugs in the field of oncology based on RNA editing technology.
- The Company has selected a potential target disease and gene mutations causing the disease, and is preparing and examining various matters necessary to conduct non-clinical studies to confirm the efficacy of the pentatricopeptide repeat (PPR) candidate discovered using the RNA editing technology of EditForce.

Drug discovery using novel antibody modification technology

- In April 2022, the Company entered into a capital and business alliance agreement with HikariQ, Inc., a startup with roots in Tokyo Institute of Technology. The agreement mainly outlines the Company's investment in HikariQ.
- The fundamental technology of HikariQ's Q-body involves attaching a fluorescent dye to the Q-body, an antibody, and quenching the fluorescence of the dye so the Q-body does not emit fluorescence when it is not bound to the target antigen. However, when the antibody binds to the target antigen, the fluorescent dye is ejected and emits fluorescence. In this way, the Q-body acts as a biosensor whose fluorescence intensity changes according to the target antigen concentration. Immunoassays utilizing this technology are expected to be much simpler and less costly than existing immunoassays that rely on immune reactions. Further, a preliminary review regarding the discovery and development of the next-generation antibody-drug conjugates (ADC) using the Q-body technology is also underway.

- HikariQ is conducting research on immunoassays, and the Company, jointly with HikariQ, has commenced a preliminary review of the discovery and development of the next-generation ADCs using the Q-body technology.

The Company has made progress in the development of its pipeline products as outlined above, and intends to enhance corporate value in the medium to long term through structural reforms aimed at improving earnings. However, in the short term, upfront expenditures for pipeline product development and investments in establishing sales structures continue to exceed earnings from product sales due to the impact of COVID-19-related lockdowns in China, the Company's main market, and product sales still being in the early stage. As a result, our financial performance during the fiscal year ended December 31, 2022, was as follows.

In the fiscal year ended December 31, 2022, revenue totaled 1,092 million yen, mainly owed to sales of pipeline products Sancuso® (SP-01), DARVIAS® (SP-02) and episil® (SP-03). In addition, gross profit amounted to 662 million yen.

R&D expenses amounted to 883 million yen, mainly comprising expenses for obtaining marketing approval for DARVIAS® (SP-02) and conducting a Phase III clinical trial (pivotal study) for SP-05. SG&A expenses amounted to 2,250 million yen, up 302 million yen year on year, as ongoing company-wide efforts to cut costs could not fully offset one-time costs (311 million yen) related to the dissolution of the in-house sales structure in China, an intangible asset impairment loss of 200 million yen reflecting the results of the SP-05 Phase III clinical study, and an intangible asset impairment loss of 231 million yen reflecting sluggish sales of episil® (SP-03) due to the impact of the Chinese city lockdown. The Company incurred an operating loss of 2,470 million yen. The Company incurred an overall loss of 2,548 million yen.

The Group posted a 401 million yen increase in intangible assets attributable to development costs and in-licensing expenses recognized as assets among pipeline investment outlays. In the fiscal year ended December 31, 2022, pipeline investment amounted to 1,284 million yen. This figure includes the 401 million yen in intangible assets derived from capitalization of such outlays and 883 million yen in R&D expenses. However, amortization of intangible assets related to the pipeline product Sancuso® (SP-01), DARVIAS® (SP-02) and episil® (SP-03), leading to amortization of 480 million yen. Further, the Group reported impairment losses for intangible assets amounting to 431 million yen related to the pipeline product. As a result, the balance of intangible assets was 1,570 million yen as of December 31, 2022.

(ii) Future outlook

On the premise of the following business progress, we forecast that for the fiscal year ending December 31, 2023, revenue would range between 1.0 billion to 1.8 billion yen, while operating profit (loss), profit (loss) before tax and bottom-line profit (loss) would range between a loss of 1,150 million yen to 350 million yen .

1) Key assumptions behind the revenue forecast (1.0 billion yen to 1.8 billion yen)
We expect to generate a minimum of 1.0 billion yen in revenue, mainly from the sales of Sancuso® (SP-01 [China]), episil® (SP-03 [Japan, China, Korea]), and DARVIAS® (SP-02 [Japan]; launched in August 2022). However, as these products are still in the sales expansion stage, we believe their market penetration will be limited relative to the potential size of the market. Additionally, we anticipate an upfront payment of 800 million yen arising from a potential out-licensing agreement for DARVIAS® in China and added this amount to the lower bound of the revenue forecast to obtain the upper bound of 1.8 billion yen. We note that there is considerable uncertainty stemming from the impact of COVID-19 concerning product sales, the feasibility of concluding an out-licensing agreement, and the scale of upfront payment resulting from the agreement.
2) Key assumptions behind the operating expense forecast (2.15 billion yen)
We will incur cost of sales due to product sales of Sancuso® (SP-01), episil® (SP-03) and DARVIAS® (SP-02). For Sancuso® (SP-01), episil® (SP-03), and DARVIAS® (SP-02), we invest

in limited marketing activities, including post-marketing surveillance.
We will incur amortization expenses on intangible assets of Sancuso® (SP-01) and DARVIAS® (SP-02). We expect to incur operating expenses and development investment into new drug candidates.
Because the overall Group expects to continue making upfront investments as described above, we forecast an operating profit (loss), profit (loss) before tax, and bottom-line profit (loss) would range between a loss of 1,150 million yen to 350 million yen.

(iii) Status of capital investment
No items to report.

(iv) Status of financing

- The Company procured 1,020 million yen through the issue of 12,000,000 new shares by third-party allocation to Nippon kayaku Co., Ltd. with a paid-in date of July 14, 2022.
- The Company issued the No. 2 unsecured straight bonds (500 million yen, payments completed on March 2, 2022). The Company redeemed 500 million yen of the bonds on March 23,2022.
- The Company issued the No. 13 share acquisition rights (10 million yen, payments completed on March 2, 2022). The Company procured 1,643 million yen through the issue of 22,400,000 new shares by the exercise of share acquisition rights in 2022.
- The Company repurchased 60,800 units of the No. 12 share acquisition rights for 3 million yen and disposed them on August 31,2022.

(2) Changes in assets and profit (loss)

(i) Status of assets and profit (loss) of the Group (under International Financial Reporting Standards [IFRS])

(Millions of yen)

Classification	12th fiscal year ended December 31, 2019	13th fiscal year ended December 31, 2020	14th fiscal year ended December 31, 2021	15th fiscal year ended December 31, 2022 (Fiscal year under review)
Revenue	1,310	454	559	1,092
Loss attributable to owners of parent	(1,867)	(4,127)	(2,478)	(2,548)
Basic loss per share (Yen)	(17.75)	(35.16)	(19.04)	(16.77)
Total assets	7,946	5,775	3,144	3,134
Total equity	6,917	3,652	2,587	2,662

Note: The above amounts are based on the consolidated financial statements, which are prepared under International Financial Reporting Standards (IFRS).

(ii) Status of assets and profit (loss) of the Company (under Japanese GAAP)

(Millions of yen)

Classification	12th fiscal year ended December 31, 2019	13th fiscal year ended December 31, 2020	14th fiscal year ended December 31, 2021	15th fiscal year ended December 31, 2022 (Fiscal year under review)
Net sales	1,310	454	559	1,092
Loss	(2,204)	(3,091)	(2,232)	(2,084)
Loss per share (Yen)	(20.96)	(26.34)	(17.15)	(13.72)
Total assets	4,365	3,286	922	1,513
Net assets	3,465	1,267	443	1,031

(3) Status of parent company and significant subsidiaries

(i) Status of the parent company
Not applicable.

(ii) Status of significant subsidiaries
Solasia Medical Information Consulting (Shanghai) Co. Ltd. (wholly-owned subsidiary)

(4) Issues to be addressed

The Group is an enterprise that specializes in the sale and development of drugs and other such products and accordingly engages in management concerning the following issues to be addressed.

(i) Progress in development of existing pipelines
The Group's future earnings hinge upon the success of pipeline development. Accordingly, we recognize it is critical for the Group to develop products, conduct clinical studies, obtain approvals and progress in pharmaceutical-related technology in order to increase corporate value.
Please refer to "1. (1) (i) Overview of business for information regarding the current status of development.

(ii) Expansion of new pipeline
For the Group, a full pipeline is directly linked with corporate value and also greatly affect future profits. As a business model, the Group out-licenses product marketing to partners and achieves added value through product development, which includes clinical studies. To make the most of clinical development functions, the Group's primary strength, we aim to achieve proper portfolio balance spanning from the early stages of development just before the initiation of clinical studies through the late stages of development just before approval. In addition, the Group will actively engage in efforts geared toward discovery of candidates for new drug development, especially in anti-malignant tumor drug and cancer supportive drug fields, and medical devices that show promise for contributing to the overall treatment of cancer.

(iii) Building strong partnerships
The Group's business model for gaining profits on internally developed products involves both out-licensing product marketing to partners and conducting internal marketing. Accordingly, it is extremely important that we license commercial rights to, and maintain solid partnership with, strong and trustworthy partners that have sales networks established in their countries/territories. In order to develop and enhance this earnings structure, the Group will actively promote collaboration with partners that have achieved good performance in respective fields of business.

(iv) Strengthening the organization
The Group endeavors to hire and place staff members in each section who have knowledge and experience in their fields. Meanwhile, it is important that we properly increase the workforce and form an efficient organization in order to address an increasing volume of development activity brought about by pipeline expansion, product quality assurance, and reliability assurance required for product manufacturing and sales, etc.. The Group strives to act as an entity that continually

satisfies the expectations of its shareholders. Accordingly, we recognize that this entails maintaining a well-balanced workforce, in which job assignments are decided regardless of age or gender and accumulated knowledge and experience are passed to following generations. The Group will set its sights on building up its organization using a small staff of experts, rather than pursing efforts geared toward increasing the size of the organization. In doing so, we will take active steps that entail securing the requisite workforce, training employees and strengthening the organization from a medium- to long-term perspective. In addition, alliances that involve collaboration between the Group's staff members, outside specialists and external mandated organizations are an essential aspect of implementing the Group's business model. Going forward, we will assemble optimal teams primarily comprising talent from the Group, focusing our efforts on building partnerships, particularly with specialists and organizations with superior levels of expertise.

(v) Strengthening internal controls
The Group works to implement and sustain its business model. To that end, we will remain mindful of appropriateness, efficiency, corporate ethics and compliance in doing business, while maintaining an awareness of how these considerations relate to the Group's business and corporate scale. At the same time, with the aim of acting as a company that continually satisfies the expectations of its stakeholders, we will remain steadfastly committed to implementing internal controls, particularly those involving risk management and compliance practices.

(vi) Financing
As noted earlier, we must strengthen our pipeline in order to increase our corporate value. With this in mind, we need a certain funds for finance advance investment, particularly to cover development expenses and in-licensing expenses.
The Group has been procuring funds by sub-licensing products to pharmaceutical companies and issuing new shares. Going forward, we will continue to consider fundraising options geared toward strengthening our operating infrastructure, while also taking steps to ensure that our business activities continue unimpeded.

(5) Principal business (as of December 31, 2022)
The Group engages in drug development and sales, specializing in the field of oncology.

(6) Principal offices (as of December 31, 2022)
(i) The Company
Headquarters: Minato-ku, Tokyo

(ii) Subsidiary
Solasia Medical Information Consulting (Shanghai) Co. Ltd.
Headquarters: Shanghai, China
Beijing Office: Beijing, China

(7) Status of employees (as of December 31, 2022)
Status of employees of the Group

Number of employees	Changes from the end of previous fiscal year	Average age	Average service years
27	Decrease by 50(Decrease by 1)	50.9	5.81

Note: "Number of employees" indicates the number of full-time employees (incl. those seconded from outside the Company), excluding the number of part-time and temporary employees (indicated in parentheses).

(8) Status of borrowings (as of December 31, 2022)
No items to report.

(9) Other significant matter regarding current status of the Group
As of December 31, 2021, the Company reported a retained loss brought forward of 7,529,470,319 yen. In order to compensate for this loss brought forward; return financial conditions to a state in which shareholder return policies, such as the distribution of surplus funds as dividends and share buybacks, are possible; and aim for increased flexibility and maneuverability in its capital policy in the future,

the Board of Directors passed a resolution on February 21, 2022, and the General Meeting of Shareholders passed a resolution on March 24, 2022, to reduce the amount of capital stock and legal capital surplus, effective as of May 10, 2022, as follows.

	As of December 31, 2021	change	After the effective date
Capital stock	2,110,416,906 yen	(2,010,416,906) yen	100,000,000 yen
Legal capital surplus	5,929,867,233 yen	(5,519,053,413) yen	410,813,820 yen
Retained loss brought forward	(7,529,470,319) yen	7,529,470,319 yen	0 yen

The above figures do not include factors during the fiscal year 2022 other than this matter.

2. Status of shares (as of December 31, 2021)

(1) Total number of authorized shares 480,000,000 shares
(2) Total number of issued shares 168,402,310 shares
(3) Number of shareholders 31,349
(4) Major Shareholders

Name of shareholders	Number of shares held	Shareholding ratio (%)
	Ordinary shares	
Nippon Kayaku Co., Ltd	12,000,000	7.12
Maruho Co., Ltd	11,324,000	6.72
Nomura Securities Co.,Ltd	10,741,615	6.37
SBI SECURITIES Co., Ltd	2,953,548	1.75
Fumisige Ehira	2,665,300	1.58
Rakuten Securities, Inc	2,508,900	1.48
Trust & Custody Services Bank, Ltd. (Trust Account)	2,327,400	1.38
Matsui Securities Co., Ltd	1,765,400	1.04
MSIP CLIENT SECURITIES	1,662,522	0.98
au Kabucom Securities Co., Ltd	1,258,800	0.74

Notes: 1. The treasury stock is excluded from the calculation of shareholding ration. Trust & Custody Services Bank, Ltd. (Trust E Account) currently retains 436,200 Company shares that are not included in treasury stock as trust assets under a Japanese employee stock ownership plan (J-ESOP) system.

(5) Other significant matters regarding shares

The total number of issued shares of the Company increased by 34,456,100 shares through issuance of new shares by third party allotment to Nippon Kayaku Co., Ltd and exercise of share acquisition rights.

3. Status of share acquisition rights

(1) Status of share acquisition rights granted to and held by officers of the Company as considerations for performance of duties (as of December 31, 2022)

		No. 5 Share acquisition rights	No. 6 Share acquisition rights
Date of resolution on issuance		July 31, 2013	September 17, 2013
Total number of share acquisition rights granted		1,225,600 units	1,045,000 units
Class and number of shares to be issued upon exercise of share acquisition rights		Ordinary shares: 1,225,600 shares (1 share per unit of share acquisition rights)	Ordinary shares: 1,045,000 shares (1 share per unit of share acquisition rights)
Paid-in amount of share acquisition rights		No cash payment is required in exchange for share acquisition rights.	No cash payment is required in exchange for share acquisition rights.
Amounts to be paid upon exercise of share acquisition rights		20.75467641 yen per share	20.75467641 yen per share
Exercise period for share acquisition rights		From August 1, 2015 to July 31, 2023	From March 20, 2016 to March 19, 2024
Major conditions for exercise of share acquisition rights		(Note 1)	(Note 1)
Share acquisition rights held by officers of the Company	Board Directors (excluding outside Board Directors)	271,600 units (1 person)	440,000 units (1 person)

		No. 7 Share acquisition rights	No. 8 Share acquisition rights
Date of resolution on issuance		October 3, 2014	February 4, 2016
Total number of share acquisition rights granted		950,000 units	3,415,000 units
Class and number of shares to be issued upon exercise of share acquisition rights		Ordinary shares: 950,000 shares (1 share per unit of share acquisition rights)	Ordinary shares: 3,415,000 shares (1 share per unit of share acquisition rights)
Paid-in amount of share acquisition rights		No cash payment is required in exchange for share acquisition rights.	No cash payment is required in exchange for share acquisition rights.
Amounts to be paid upon exercise of share acquisition rights		20.75467641 yen per share	29 yen per share
Exercise period for share acquisition rights		From October 11, 2016 to October 10, 2024	From February 5, 2018 to February 4, 2026
Major conditions for exercise of share acquisition rights		(Note 2)	(Note 3)
Share acquisition rights held by officers of the Company	Board Directors (excluding outside Board Directors)	55,000 units (1 person)	1,090,000 units (2 persons)
	Outside Board Directors	—	100,000 units (1 persons)
	Audit & Supervisory Board Members	—	70,000 units (1 persons)

		No. 9 Share acquisition rights
Date of resolution on issuance		April 30, 2016
Total number of share acquisition rights granted		100,000 units
Class and number of shares to be issued upon exercise of share acquisition rights		Ordinary shares: 100,000 shares (1 share per unit of share acquisition rights)
Paid-in amount of share acquisition rights		No cash payment is required in exchange for share acquisition rights.
Amounts to be paid upon exercise of share acquisition rights		29 yen per share
Exercise period for share acquisition rights		From May 3, 2018 to May 2, 2026
Major conditions for exercise of share acquisition rights		(Note 2)
Share acquisition rights held by officers of the Company	Board Directors (excluding outside Board Directors)	100,000 units (1 persons)

Notes: 1. When any holder of share acquisition rights dies or becomes unable to work for the Company or its subsidiary due to a permanent mental or physical health disorder, the holder's heir or proxy may exercise the share acquisition rights of the holder within one year from the date on which the holder dies or develops the permanent mental or physical health disorder referenced above.

2. When any holder of share acquisition rights dies or becomes unable to work for the Company due to a mental or physical health disorder, the holder's heir or proxy may exercise the holder's share acquisition rights within one year from the date on which the holder dies or develops the mental or physical health disorder referenced above.

3. When any holder of share acquisition rights dies or becomes unable to work for the Company or its subsidiary due to a mental or physical health disorder, the holder's heir or proxy may exercise the share acquisition rights of the holder within one year from the date on which the holder dies or develops the mental or physical health disorder referenced above.

(2) Status of share acquisition rights granted to employees, etc. as consideration for performance of duties during the fiscal year under review

Not applicable.

4. Status of officers of the Company

(1) Status of Board Directors and Audit & Supervisory Board Members (as of December 31, 2022)

Name	Position and responsibilities in the Company	Important concurrent positions
Yoshihiro Arai	President and Chief Executive Officer	
Toshio Miyashita	Board Director, CFO and Head of Administration Division	
Stanley Lau	Board Director	Executive Partner, BizPro International LLC Senior Advisor, Wuxi SiFong Information Technology Co. Ltd Board Director, Xian Libang Pharmaceutical
Norikazu Eiki	Board Director	Board Director, AnGes, Inc. Advisor, CM Plus Corporation President, EIKI CONSULTING, LLC Board Director, TOWA PHARMACEUTICAL CO., LTD. Board Director, FunPep Co., Ltd. Board Director, Kidswell Bio Co., Ltd
Jiro Mizukawa	Board Director	Special Advisor, LTL Pharma Co., Ltd
Susumu Araki	Standing Audit & Supervisory Board Member	
Makoto Matsuo	Audit & Supervisory Board Member	Partner, Momo-o, Matsuo & Namba Law Firm Board Director, Demel Japan Co., Ltd. Auditor, Nike Japan Corp. Board Director, Audit and Supervisory Committee Member, CAPCOM Co., Ltd. Auditor, Burberry Japan K.K. Auditor, CEOLIA Pharma Co., Ltd. Auditor, Sumitomo Forestry Co., Ltd. Auditor, TAISHO PHARMACEUTICAL HOLDINGS Co., Ltd. Board Director, Rapidus Corporation
Yoshiyuki Yamakawa	Audit & Supervisory Board Member	Board Director and Chairman, Hibiki Partners Co., Ltd. Outside Board Director, Reprocell, Inc. Outside Board Director, D. Western Therapeutics Institute, Inc. Outside Audit & Supervisory Board Member, Chiome Bioscience Inc. Outside Audit & Supervisory Board Member, TAGCyx Biotechnologies Inc.

Notes:
1. Board Directors Stanley Lau, Norikazu Eiki and Jiro Mizukawa are outside Board Directors.
2. Audit & Supervisory Board Members Susumu Araki, Makoto Matsuo and Yoshiyuki Yamakawa are outside Audit & Supervisory Board Members
3. There are no special interests between the Company and any of the corporate bodies etc., at which the outside Board Directors listed above concurrently serve as officers, etc.
4. There are no special interests between the Company and any of the corporate bodies etc., at which the outside Audit & Supervisory Board Members listed above concurrently serve as an officer, etc.
5. The Company has designated Board Directors Stanley Lau, Norikazu Eiki and Jiro Mizukawa and Audit & Supervisory Board Members Susumu Araki, Makoto Matsuo and Yoshiyuki Yamakawa as independent officers and has notified the Tokyo Stock Exchange regarding this designation.

(2) **Remuneration, etc. for Board Directors and Audit & Supervisory Board Members**

(i) Policy for determining officers' remuneration, etc.

The Company's Board of Directors passed a resolution regarding a policy for determining remuneration, etc. for individual Board Directors. Remuneration for the Company's officers consists of fixed, basic remuneration and performance-linked bonuses, and is determined by the resolution of the Board of Directors in accordance with the policy outlined below after discussing a remuneration structure suited to the duties and responsibilities of each officer (remuneration for Audit & Supervisory Board Members is determined by discussions among the Audit & Supervisory Board Members). Remuneration level is set to be commensurate with the business environment, performance, and the scale of the Company, after taking into consideration comparisons with remuneration levels of industry peers in Japan and survey data on executive compensation by specialized outside institutions.

The Company has separate remuneration structures for Board Directors responsible for business execution and for non-executive Board Directors responsible for management supervision.

(a) The basic remuneration structure for Board Directors responsible for business execution consists of fixed, basic remuneration and performance-linked bonuses paid according to the rate of achievement of targets for a given fiscal year. The amount of basic remuneration and the ratio of basic remuneration to performance-linked bonuses are determined based on the position, responsibilities, and years of service of individual Board Directors as well as the Company's business performance, and after taking into consideration employee salary levels and director remuneration levels of industry peers. Basic remuneration is paid monthly, while performance-linked bonuses are paid at a fixed time of each fiscal year.

Performance-linked bonuses are calculated by multiplying the base amount, which is obtained by multiplying the basic remuneration by a certain ratio based on the position, responsibilities, and years of service of individual Board Directors, by the rate of achievement of the targets for a given fiscal year. The amount of bonuses is calculated by the President and CEO of the Company and approved by the Board of Directors. The rate of achievement of targets is calculated using factors such as progress in product development, in-licensing and out-licensing of pipeline products, and management stability status including budgetary control. These indicators for achievement have been adopted as being consistent with the management evaluation method unique to biotech startups, in which more weight is given to aggressive upfront expenditures in drug development than single-year profit or loss.

(b) For non-executive Board Directors responsible for management supervision, in principle, only fixed, basic remuneration is paid. The amount of remuneration is calculated by the President and CEO of the Company and is approved by the Board of Directors. Remuneration for these Board Directors is paid monthly.

(ii) Total amount of remuneration, etc. for Board Directors and Audit & Supervisory Board Members

Classification	Total amount of remuneration, etc.	Breakdown			Number
		Basic remuneration	Performance-linked Bonuses	Non-Monetary remuneration	
Board Directors (of which outside Board Directors)	57 million yen (7 million yen)	57 million yen (7 million yen)	—	—	5 (3)
Audit & Supervisory Board Members (of which outside Audit & Supervisory Board Members)	10 million yen (10 million yen)	10 million yen (10 million yen)	—	—	3 (3)
Total (of which outside officers)	68 million yen (18 million yen)	68 million yen (18 million yen)	—	—	8 (6)

Note: At the General Meeting of Shareholders held on March 31, 2016, a resolution was passed to set the maximum amount of remuneration per year at 300 million yen for Board Directors (eight Board Directors at the time of resolution) and 50 million yen for Audit & Supervisory Board Members (three Audit & Supervisory Board Members at the time of resolution). Remuneration for individual Board Directors is determined by the resolution of the Board of Directors, and remuneration for individual Audit & Supervisory Board Members is determined by discussions among the Audit &

Supervisory Board Members.

(iii) Reasons the Board of Directors determined remuneration, etc. for individual Board Directors for the fiscal year under review was in accord with the Company's policy
Remuneration, etc. for individual Board Directors was determined by the Board of Directors after comprehensively considering the following factors while ensuring compliance with the Company's policy for determining such matters: the position, duties and responsibilities, and years of service of individual Board Directors; the Company's business performance; employee salary levels and director remuneration levels of industry peers; and the rate of achievement of targets. Hence, the Board of Directors determined that the remuneration for individual Board Directors for the fiscal year under review was in accord with the Company's policy for determining remuneration.

(3) **Outside officers**

(i) Status of major activities of outside officers

Position	Name	Major activities
Board Director	Stanley Lau	Attended 12 of 13 meetings of the Board of Directors held during the fiscal year under review; made necessary remarks as appropriate from the standpoint of his abundant experience in the pharmaceutical industry and his familiarity with the business environment in China.
Board Director	Norikazu Eiki	Attended 13 of 13 meetings of the Board of Directors held during the fiscal year under review; made necessary remarks as appropriate from the standpoint of his abundant experience in the pharmaceutical industry.
Board Director	Jiro Mizukawa	Attended 13 of 13 meetings of the Board of Directors held during the fiscal year under review; made necessary remarks as appropriate from the standpoint of the management of the Company with his extensive expertise and experience in the pharmaceutical industry.
Audit & Supervisory Board Member	Susumu Araki	Attended 13 of 13 meetings of the Board of Directors and 14 of 14 meetings of the Audit & Supervisory Board held during the fiscal year under review; made necessary remarks as appropriate based on his professional expertise in business management and financial accounting garnered through his experience serving as board director at listed companies in the pharmaceutical industry.
Audit & Supervisory Board Member	Makoto Matsuo	Attended 12 of 13 meetings of the Board of Directors and 14 of 14 meetings of the Audit & Supervisory Board held during the fiscal year under review; made necessary remarks as appropriate from his professional standpoint as an attorney at law.
Audit & Supervisory Board Member	Yoshiyuki Yamakawa	Attended 13 of 13 meetings of the Board of Directors and 14 of 14 meetings of the Audit & Supervisory Board held during the fiscal year under review; made necessary remarks as appropriate from the standpoint of a member of corporate management in a biotech company and management consulting company.

Note: In addition to the number of meetings held by the Board of Directors indicated above, 11 resolutions made in writing were deemed to have been resolved at the meetings of the Board of Directors.

(ii) Overview of the limited liability agreement
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with each outside Board Director and each outside Audit & Supervisory Board Member to limit the liability for damages under Article 423, Paragraph 1 of the same act. The maximum amount of liability for damages under the said agreements shall be the amount provided for by laws and regulations.

(4) Overview of the directors and officers liability insurance contract
The Company has entered into a directors and officers liability insurance (D&O insurance) contract with an insurance company, with the Board Directors, Audit & Supervisory Board Members, and managerial employees (hereafter "directors and other officers") of the Company and its subsidiaries as insured parties. Under the terms of the contract, the insurer will cover damages that may arise due to directors and other officers, the insured, assuming responsibilities for the execution of their duties or receiving claims related to the pursuit of such responsibilities. However, to ensure that the appropriateness of the insured's execution of duties is not impaired, the contract sets forth certain

exclusions, including damages arising from actions that are criminal or those taken in the knowledge that they violate laws or regulations. The Company bears the entire cost of D&O insurance premiums.

5. Status of Independent Auditor

(i) Name of Independent Auditor
BDO Sanyu & Co.

(ii) Amount of remuneration, etc. paid to Financial Auditor for the fiscal year under review

Amount of remuneration, etc. for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	16 million yen
Total amount of cash and other property benefits to be paid to Independent Auditor by the Company and its subsidiary	16 million yen

Notes: 1. Under the audit agreement between the Company and its Independent Auditor, audit remuneration, etc. for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not separate, and cannot be effectively separated. Consequently, the above amounts reflect total audit remuneration, etc.

2. The Audit & Supervisory Board conducted necessary verifications to determine the appropriateness of details of the audit plan made by the Independent Auditor, circumstances regarding the performance of accounting audits and the basis for the calculation of remuneration estimates. Based on the results of these verifications, the Board approved the amount of remuneration, etc. paid to the Independent Auditor.

(iii) Policy on decision for dismissal or non-reappointment of Independent Auditor
The Audit & Supervisory Board shall determine the content of proposals related to the dismissal or non-reappointment of the Independent Auditor and will submit them to the General Meeting of Shareholders of the Company if it judges that the Independent Auditor is unable to carry out his or her duties appropriately.
In addition, when it is deemed that the Independent Auditor falls into any of the categories stipulated under Article 340, Paragraph 1 of the Companies Act, the Independent Auditor will be dismissed based on the unanimous agreement of the Audit & Supervisory Board Members.
In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the dismissal of the Independent Auditor and the reason for dismissal at the first General Meeting of Shareholders to be held following the dismissal.

(iv) Overview of the limited liability agreement
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with the Independent Auditor to limit the liability for damages under Article 423, Paragraph 1 of the same act.
The maximum amount of the liability for damages under the said agreement shall be the higher amount between either 9 million yen, or the amount prescribed according to Article 425, Paragraph 1 of the Companies Act.

6. System for Ensuring the Appropriateness of Operations and the Operating Status of the System

(1) The Board of Directors has resolved to develop systems necessary as follows to ensure that the duties performed by the Board of Directors of the Company and its subsidiary comply with the laws and regulations, the Articles of Incorporation and other systems necessary to ensure the operational appropriateness of the Company and its subsidiary:

(i) System for Ensuring Compliance with Laws, Regulations and the Articles of Incorporation in the Performance of Duties by Directors and Employees

- The Company is to promote the thorough understanding of the "Code of Conduct" among Directors and employees.
- The Company is to establish and maintain an internal control system to ensure the reliability of financial reporting and conduct appropriate assessments.
- The Company is to promptly comprehend and appropriately respond to any violation of the laws and any other material matters related to compliance in accordance with the "Rules of the Whistleblowing System."
- The Company is to take decisive actions against anti-social forces and promote efforts for cutting off any and all relationships with anti-social forces in accordance with the "Regulations regarding Anti-Social Forces."
- The Company is to regularly implement internal audits in accordance with the "Internal Audit Rules" and verify the above matters.

(ii) System for Preservation and Management of Information Relating to the Performance of Duties by Directors

The documents and related materials concerning Director performance, including the minutes of Board of Director meetings, shall be properly preserved and managed in accordance with laws and the "Document Management Rules" and made accessible to the Directors and Corporate Auditors at all times.

(iii) Regulations Concerning the Management of Risk of Loss and Other Relevant Risk Management Systems

The Company is to take measures promptly and appropriately against management risks affecting the operation of the Company in accordance with the "Risk Management Rules."

(iv) System for Ensuring Efficient Functioning of Directors

- The Company shall formulate a midterm-business plan, which will govern the duties of Directors and establish regulations regarding the implementation of internal controls.
- The Company shall implement IT systems during regular and extraordinary board director meetings, as well as other meetings, to make decisions necessary for performing duties in a timely manner.

(v) System for Ensuring the Adequacy of Operations of the Solasia Group (Consisting of Solasia and its Subsidiary)

(a) System for Ensuring Compliance with Laws, Regulations and the Articles of Incorporation in the Performance of Duties by Directors and Employees of the Subsidiary

- The Company is to establish a Code of Conduct governing the Solasia Group and its subsidiary and promote the thorough understanding of this Code among Directors and employees of the subsidiary.
- All of the operations and activities of the subsidiary are to be subject to internal audit by the audit division.

(b) System for Reporting of Matters Related to Business Operations performed by Directors of the Subsidiary

- The Company is to appoint Directors and Corporate Auditors as Directors of the subsidiary and to incorporate the subsidiary's operations into the internal control system.
- The Company shall clarify any matters that require approval or reporting and ensure thorough compliance with these criteria at the subsidiary.

(c) Regulations of the Subsidiary Concerning the Management of Risk of Loss and Other Relevant Risk Management Systems
- The Company is to establish a subsidiary risk management system which follows the "Risk Management Rules."

(d) System for Ensuring Efficient Functioning of Directors of the Subsidiary
- The operations of the subsidiary shall be governed by the mid-term business plan, under which the Directors of the subsidiary are to perform their duties and according to which internal controls are to be implemented.

(vi) Matters Regarding Employees Assisting Corporate Auditors and the Independence of Such Employees from the Directors

Corporate Auditors may instruct employees to assist them with any matters required for the audit and in such cases, these employees shall be free from the command and control of other Directors and employees.

(vii) System for Reporting by Directors and Employees to Corporate Auditors and other systems for reporting to Corporate Auditors
- The Company is to ensure that Corporate Auditors attend any and all of the Company's meetings and to properly obtain any information related to efficacy of internal control systems.
- The Directors and employees are to report their performance to Corporate Auditors upon request.
- The Directors and employees are to directly report any and all matters that infringe upon laws and regulations or could have a major impact on the finance or business of the Company to the Corporate Auditors immediately upon recognition of these matters.
- The Company is to ensure that Directors and employees will not be treated adversely in retaliation for having reported such matters to Corporate Auditors.
- The Company shall promptly confer advance payments upon Corporate Auditors for expenses related to the performance of their duties upon request, provided that these payments are deemed necessary for the completion of these duties.

(viii) Other Relevant Systems for Ensuring the Proper Functioning of Audits

The Corporate Auditors are to maintain close communication and coordination with the division in charge of internal and independent auditors and the Company is to ensure that the representative director holds regular meetings with the Corporate Auditors to exchange opinions and information.

(2) The following is an overview of the operating status of the system for ensuring the appropriateness of operations of the Company for the fiscal year under review:

(i) Performance of Duties by Board Directors

Pursuant to the Regulations of the Board of Directors, in addition to monthly regular Board meetings, extraordinary Board meetings will be held via teleconference or written resolutions will be made as necessary to make key decisions related to matters prescribed by laws and regulations, etc. or important matters concerning business operations. Moreover, the minutes of the Board meetings and other information regarding the performance of duties of the Directors shall be stored and managed appropriately in accordance with laws and regulations and the "Document Management Rules."

(ii) Performance of Duties by Audit & Supervisory Board Members

Audit & Supervisory Board Members, in addition to audits conducted in accordance with the auditing policy specified by the Audit & Supervisory Board, shall audit the performance of duties by Directors and confirm the proper establishment and operation of internal controls by attending Board meetings and other important internal meetings and regularly exchanging information with the Representative Director, the Independent Auditor and the internal audit section.

(iii) Implementation of internal audits

Internal audits of the Company shall be implemented in accordance with the Internal Audit Plan.

7. Policy regarding decisions on dividends of surplus, etc.

The Company regards the generation of capital gains through increases in corporate value and the subsequent return of profits to shareholders through dividends of surplus as key managerial priorities. Meanwhile, the Company must make substantial investment in drug development over extended periods of time. Therefore, given that the Company places a relatively high emphasis on upfront investment in comparison to other business operations, it is not in a financial position that allows for the payment of dividends under Japan's Companies Act. Going forward, we intend to consider the prospect of paying dividends with a focus on further improving balance between investment in development and shareholder returns once we have successfully commercialized products currently under development and attained an adequate financial standing.

The Company stipulates in its Articles of Incorporation that the payment of dividends shall be determined by a resolution of the Board of Directors and not by a resolution of the General Meeting of Shareholders, unless otherwise provided for by laws and regulations. The recording date of year-end dividends is December 31 of each year and the recording date of interim dividends is June 30 of each year.

Consolidated statement of financial position

(As of December 31, 2022)

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	714	803
Trade and other receivables	126	572
Inventories	0	14
Other current assets	53	44
Total current assets	894	1,435
Non-current assets		
Property, plant and equipment	36	26
Light-of-use asset	84	37
Intangible assets	2,079	1,570
Investments accounted for using equity method	―	11
Other non-current assets	49	52
Total non-current assets	2,249	1,698
Total assets	3,144	3,134
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	386	332
Lease liabilities	47	37
Other current liabilities	55	37
Total current liabilities	489	407
Non-current liabilities		
Deferred tax liabilities	18	53
Lease liabilities	37	0
Other non-current liabilities	10	10
Total non-current liabilities	67	64
Total liabilities	556	472
Equity		
Share capital	2,110	1,436
Capital surplus	5,738	1,500
Retained earnings	(5,204)	(223)
Treasury stock	(70)	(70)
Other components of equity	13	19
Total equity	2,587	2,662
Total liabilities and equity	3,144	3,144

Note: The above financial statement has been prepared under IFRS.

Consolidated statement of profit or loss

(From January 1, 2022 to December 31, 2022)

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Revenue	559	1,092
Cost of sales	185	430
Gross profit	373	662
Research and development expenses	845	883
Selling, general and administrative expenses	1,948	2,250
Operating profit (loss)	(2,419)	(2,470)
Finance income	0	0
Finance costs	23	18
Other income	0	―
Share of profit (loss) of investments accounted for using equity method	―	(3)
Profit (loss) before tax	(2,442)	(2,492)
Income taxes	35	56
Profit (loss)	(2,478)	(2,548)
Profit (loss) attributable to:		
Owners of parent	(2,478)	(2,548)

Note: The above financial statement has been prepared under IFRS.

Consolidated statement of changes in equity

(From January 1, 2022 to December 31, 2022)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity
					Exchange differences on translation of foreign operations	Share acquisition rights	Total Other components of equity	
Balance at January 1, 2021	1,402	5,043	(2,726)	(70)	(6)	9	2	3,652
Comprehensive income								
Profit (loss)	–	–	(2,478)	–	–	–	–	(2,478)
Other comprehensive income	–	–	–	–	17	–	17	17
Total comprehensive income	–	–	(2,478)	–	17	–	17	(2,461)
Transactions with owners								
Exercise of share acquisition rights	707	702	–	–	–	(6)	(6)	1,403
Acquisition of treasury shares	–	–	–	(0)	–	–	–	(0)
Share-based payments	–	(7)	–	–	–	–	–	(7)
Total transactions with owners	707	695	–	(0)	–	(6)	(6)	1,396
Balance at December 31,2021	2,110	5,738	(5,204)	(70)	10	3	13	2,587
Balance at January 1, 2022	2,110	5,738	(5,204)	(70)	10	3	13	2,587
Comprehensive income								
Profit (loss)	–	–	(2,548)	–	–	–	–	(2,548)
Other comprehensive income	–	–	–	–	5	–	5	5
Total comprehensive income	–	–	(2,548)	–	5	–	5	(2,543)
Transactions with owners								
Issuance of new shares	510	477	—	—	—	—	—	987
Exercise of share acquisition rights	826	810	—	—	—	(7)	(7)	1,629
Issuance of share acquisition rights						10	10	10
Disposal of share acquisition rights	—	—	—	—	—	(3)	(3)	(3)
Capital reduction	(2,010)	(5,519)	7,529	—	—	—	—	—
Disposal of treasury shares	—	—	—	0	—	—	—	0
Share-based payment transactions	—	(6)	—	—	—	—	—	(6)
Total transactions with owners	(674)	(4,237)	7,529	0		0	0	2,617
Balance at December 31, 2022	1,436	1,500	223	(70)	15	3	19	2,662

Note: The above financial statement has been prepared under IFRS.

Balance sheet

(As of December 31, 2022)

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets	**820**	**1,401**
Cash and deposits	668	793
Current trade receivables	86	542
Merchandise	0	14
Other	64	51
Non-current assets	**102**	**111**
Property, plant and equipment	**31**	**26**
Buildings	22	20
Tools, furniture and fixtures	8	5
Leased assets	0	0
Investments and other assets	**70**	**85**
Shares of subsidiaries and associates	―	14
Investments in capital of subsidiaries and associates	30	30
Lease and guarantee deposits	40	40
Total assets	**922**	**1,513**
Liabilities		
Current liabilities	**425**	**435**
Accounts payable	27	51
other Trade and other payables	363	376
Income taxes payable—Other current liabilities	26	0
Other	7	6
Non-current liabilities	**53**	**46**
Allowance for employee stock benefit	39	33
Other non-current liabilities	14	13
Total liabilities	**479**	**482**
Shareholders' equity	**439**	**1,027**
Capital stock	**2,110**	**1,436**
Capital surplus	**5,929**	**1,746**
Legal capital surplus	5,929	1,746
Retained earnings	**(7,529)**	**(2,084)**
Other retained earnings	(7,529)	(2,084)
Retained earnings brought forward	(7,529)	(2,084)
Treasury stock	**(70)**	**(70)**
Share acquisition rights	**3**	**3**
Total net assets	**443**	**1,031**
Total liabilities and net assets	**922**	**1,513**

Note: The above financial statement has been prepared under Japanese GAAP.

Statement of income

(From January 1, 2022 to December 31, 2022)

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	559	1,092
Cost of sales	185	430
Gross profit	373	662
Selling, general and administrative expenses	2,580	2,365
Operating profit (loss)	(2,206)	(1,702)
Non-operating income	0	0
Interest income	0	0
Other	0	―
Non-operating expenses	22	70
Interest expenses	0	0
Commission fee	16	6
Share issuance cost	5	48
Foreign exchange losses	0	15
Ordinary loss	(2,228)	(1,772)
Extraordinary losses	―	311
Business restructuring expenses	―	311
Loss before income taxes	(2,228)	(2,084)
Income taxes—current	3	0
Profit (loss)	(2,232)	(2,084)

Note: The above financial statement has been prepared under Japanese GAAP.

Statement of changes in equity

(From January 1, 2021 to December 31, 2021)

(Millions of yen)

	Shareholders' equity					share acquisition rights	Total net assets
	Capital stock	Capital surplus: Legal capital surplus	Retained earnings: Other retained earnings: Retained earnings brought forward	Treasury shares	Total shareholders' equity		
Balance at January 1, 2021	1,402	5,222	(5,296)	(70)	1,257	9	1,267
Changes of items during period							
Issuance of share acquisition rights	—	—	—	—	—	—	—
Exercise of share acquisition rights	707	707	—	—	1,414	(6)	1,408
Loss	—	—	(2,232)	–	(2,232)	—	(2,232)
Acquisition of treasury shares	—	—	—	(0)	(0)	—	(0)
Total changes of items during period	707	707	(2,232)	(0)	(817)	(6)	(824)
Balance at December 31, 2021	2,110	5,929	(7,529)	(70)	439	3	443

Note: The above financial statement has been prepared under Japanese GAAP.

(From January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity					share acquisition rights	Total net assets
	Capital stock	Capital surplus: Legal capital surplus	Retained earnings: Other retained earnings: Retained earnings brought forward	Treasury shares	Total shareholders' equity		
Balance at January 1, 2022	2,110	5,929	(7,529)	(70)	439	3	443
Changes of items during period							
Issuance of new shares	510	510	—	—	1,020	—	1,020
Exercise of share acquisition rights	826	826	—	—	1,652	(7)	1,644
Issuance of share acquisition rights	—	—	—	—	—	10	10
Disposal of share acquisition rights	—	—	—	—	—	(3)	(3)
Capital reduction	(2,010)	(5,519)	7,529	—	—	—	—
Disposal of treasury shares	—	—	—	0	0	—	—
Loss	—	—	(2,084)	–	(2,084)	—	(2,084)
Total changes of items during period	(674)	(4,182)	5,444	0	587	0	587
Balance at December 31, 2022	1,436	1,746	(2,084)	(70)	1,027	3	1,031

Note: The above financial statement has been prepared under Japanese GAAP.

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Audit Report of Independent Auditor on Consolidated Financial Statements (Copy)

Independent Auditor's Report (translation)

February 16, 2023

To the Board of Directors of
Solasia Pharma K.K.

BDO Sanyu & Co.
Tokyo office

Designated Partner Engagement Partner	Certified Public Accountant	Hiroshi Saito
Designated Partner Engagement Partner	Certified Public Accountant	Hidetoshi Kawai
Designated Partner Engagement Partner	Certified Public Accountant	Hiroaki Nakanishi

Opinion

We have audited, pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, Solasia Pharma K.K.'s consolidated financial statements for the fiscal year spanning from January 1, 2022 to December 31, 2022, which consist of the consolidated statement of financial position, the consolidated statement of profit or loss and the consolidated statement of changes in equity, as well as the notes attached to the consolidated financial statements.

In our opinion, the above consolidated financial statements, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position and the operational results of the Group, which consists of Solasia Pharma K.K. and its consolidated subsidiary, for the accounting period covered.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit &Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design andoperating effectiveness of the controls over the other information. The other information comprises theinformation included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not expressany form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies

to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

• Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate whether the overall presentation and disclosures of the consolidated financial statements are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflict of interest

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of Independent Auditor on Non-consolidated Financial Statements (Copy)

Independent Auditor's Report
(translation)

February 16, 2023

To the Board of Directors of
Solasia Pharma K.K.

BDO Sanyu & Co.
Tokyo office

Designated Partner Engagement Partner	Certified Public Accountant	Hiroshi Saito
Designated Partner Engagement Partner	Certified Public Accountant	Hidetoshi Kawai
Designated Partner Engagement Partner	Certified Public Accountant	Hiroaki Nakanishi

Opinion

We have audited, pursuant to the first item, second Paragraph of Article 436of the Companies Act, Solasia Pharma K.K.'s non-consolidated financial statements for the 15th fiscal year spanning from January 1, 2022 to December 31 2022, which consist of the balance sheet, the statement of income and the statement of changes in equity, as well as the notes attached to the non-consolidated financial statements and supplementary schedules.

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and operating results of Solasia Pharma K.K. for the accounting period covered in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit &Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.
Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are

free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

• Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

• Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conflict of interest

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Board (Copy)

Audit Report

We, the Audit & Supervisory Board, have prepared, upon consultation, this Audit Report based on reports compiled by each Audit & Supervisory Board Member concerning the performance of duties conducted by Board Directors during the 15th fiscal year spanning from January 1, 2022 to December 31, 2022 and hereby report as follows:

1. Auditing methods and contents used by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board specified an audit policy, an audit plan, etc.; received reports from each Audit & Supervisory Board Member on the status of implementation and results of audits; obtained reports from Board Directors, etc. and the Independent Auditor on the status of the performance of their duties; and requested explanations as needed.

(2) Each Audit & Supervisory Board Member has, according to the audit policy, audit plan, etc., maintained good communications with Board Directors, the internal audit division and other employees, etc., and strived to collect information and improve the audit environment. We have conducted the audits based on the following methods:

(i) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings; received reports on the performance of duties by Board Directors, employees, etc.; asked for explanations as necessary; examined documents concerning important decisions; and examined business and financial conditions at the headquarters and its principal branches. Additionally, in terms of the subsidiary of the Company, we have maintained good communications and exchanged information with Board Directors, Audit & Supervisory Board Members and other personnel of the subsidiary and received reports on business conditions from the subsidiary as needed.

(ii) Each Audit & Supervisory Board Member received reports on a regular basis from the Board Directors and employees, etc.; requested explanations as necessary; and provided opinions with respect to matters mentioned in the business report. These matters consist of the contents of the Board of Directors' resolutions, which regard the development and maintenance of systems for ensuring that Board Directors' performances of their duties comply with applicable laws and regulations as well as the Articles of Incorporation of the Company. These resolutions also concern other systems that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (*kabushiki gaisha*) and the group that comprises the company and its subsidiary, as well as systems developed and maintained based on these resolutions (internal control systems).

(iii) We have also monitored and verified whether the Independent Auditor maintains independence and properly conducts audits, received reports on the performance of duties from the Independent Auditor and requested explanations as necessary. The Independent Auditor reported that "systems for ensuring that the performance of duties is being carried out correctly" (listed in each item of Article 131 of the Rules of Corporate Accounting) have been established in accordance with the "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), etc., and requested explanations as necessary.

Based on the methods mentioned above, we have reviewed the Business Report, its supplementary schedules, non-consolidated financial statements (balance sheet, statement of income, statement of changes in equity and notes attached to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) for the 15th fiscal year.

2. Results of audits

(1) Results of audit of the Business Report, etc.

(i) We consider that the Business Report and their supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Article of Incorporation.

(ii) With respect to the performance of duties by Board Directors, we have found neither unjust transactions nor material facts that violate relevant laws and regulations or the Company's Article of Incorporation.

(iii) We consider that the details of the resolution made by the Board of Directors concerning internal control systems are proper. We have discovered no report-worthy issues related to the details described in the Business Report regarding these internal control systems and the performance of related duties by Board Directors.

(2) Results of audit of non-consolidated financial statements and their supplementary schedules

We consider that the auditing methods and the results of audits conducted by the Company's Independent Auditor, BDO Sanyu & Co., are proper.

(3) Results of audit of consolidated financial statements and their supplementary schedules

We consider that the auditing methods and results of audits conducted by the Company's Independent Auditor, BDO Sanyu & Co., are proper.

February 16, 2023

Solasia Pharma K.K. Audit & Supervisory Board

Standing Audit & Supervisory Board Member	Susumu Araki	(Seal)
Audit & Supervisory Board Member	Makoto Matsuo	(Seal)
Audit & Supervisory Board Member	Yoshiyuki Yamakawa	(Seal)

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Election of Five (5) Board Directors

The terms of office of all five (5) incumbent Board Directors of the Company will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, the Company proposes the election of five (5) Board Directors as reappointment of all Directors.

The candidates for Board Director are as follows:

No.	Name	Current position and responsibility in the Company
1	Yoshihiro Arai (Reelection)	President and Chief Executive Officer, Board Director
2	Toshio Miyashita (Reelection)	CFO and Head of Administration Division, Board Director
3	Stanley Lau (Reelection/Outside/Independent)	Board Director
4	Norikazu Eiki (Reelection/Outside/Independent)	Board Director
5	Jiro Mizukawa (Reelection/Outside/Independent)	Board Director

No.	Name (Date of birth)	Career summary, position and responsibility in the Company and significant concurrent positions outside the Company	Number of shares in the Company owned
1	Yoshihiro Arai (July 27, 1960) Number of Attended Board of Director Meetings: 13/13	Apr. 1985 Searle Yakuhin K.K. (currently Pfizer Japan Inc.) Feb. 1994 Director, Clinical Development, Amgen K.K Apr. 2007 Director, Head of Product Planning, Development, Amgen K.K. Sept. 2007 Executive Vice President, Head of Development, JapanBridge Inc. (currently Solasia Pharma K.K.) Feb. 2013 President and Chief Executive Officer, Board Director, Solasia Pharma K.K. (present)	672,945
2	Toshio Miyashita (Nov. 25, 1967) Number of Attended Board of Director Meetings: 13/13	Sept. 1997 Innotech Corporation Jan. 1999 Administration Director, Admon Science Inc. (Transferred) May 2003 Administration Director, Sosei Co. Ltd. (currently Sosei Group Corporation) Nov. 2005 VP Corporate Planning, Director, Arakis Limited (Transferred) Mar. 2007 Partner & Board Director, HIBIKI Partners Co., Ltd. May 2007 Auditor, ATANI LIMITED Apr. 2008 Auditor, Value Pharma Co., Ltd. Aug. 2009 CFO, J-Pharma Co., Ltd. Nov. 2011 Acting CFO, Solasia pharma K.K. Apr. 2012 Board Director, CFO, J-Pharma Co., Ltd Jan. 2014 CFO, Solasia Pharma K.K. Dec. 2015 Board Director, CFO, Solasia Pharma K.K. (present)	497,300
3	Stanley Lau (Aug. 30, 1954) Number of Attended Board of Director Meetings: 12/13	June 1981 Pfizer Corp. Hong Kong Apr. 1987 Managing Director, Merck & Co. Oct. 1994 General Manager, Schering Plough China Ltd. Oct. 1998 Vice President, Pharmacia / Searle Asia Area July 2002 General Manager, Baxter Healthcare International China Apr. 2009 Managing Director, Haopy Pharmaceuticals Co., Ltd. Nov. 2010 President, China Biologic Products, Inc. Mar. 2012 COO, Eddingpharm Ltd. Mar. 2013 CEO, Amsino Medical Group Dec. 2014 Board Director, Solasia Pharma K.K. (present) Mar. 2015 Executive Partner, BizPro International LLC (present) May 2015 Senior Advisor, Wuxi SiFong Information Technology Co., Ltd (present) June 2017 Board Director, Xian Libang Pharmaceutical (present) <Significant concurrent positions> Executive Partner, BizPro International LLC Senior Advisor, Wuxi SiFong Information Technology Co., Ltd Board Director, Xian Libang Pharmaceutical	–

No.	Name (Date of birth)	Career summary, position and responsibility in the Company and significant concurrent positions outside the Company	Number of shares in the Company owned
4	Norikazu Eiki (Apr. 17, 1948) Number of Attended Board of Director Meetings: 13/13	Apr. 1969 Shell Oil Co., Ltd. (currently Showa Shell Sekiyu K.K.) June 1973 Matsushita Electric Works Ltd. (currently Panasonic Corporation) Aug. 1979 General Manager, Corporate Planning, Ciba-Geigy Japan Ltd. (currently Novartis Pharma K.K.) Jan. 1994 General Manager, Technical Operation Division, Bayer Yakuhin Ltd. Mar. 1997 Board Director, Head of Shiga Factory, Bayer Yakuhin Ltd. July 2002 President and CEO, Bayer Yakuhin Ltd. Jan. 2007 Chairman and Representative Director, Bayer Yakuhin Ltd. Apr. 2010 Chairman, Director, Bayer Yakuhin Ltd. May 2014 Board Director, AnGes MG, Inc. (currently AnGes, Inc.) (present) June 2014 Advisor, CM Plus Corporation (present) Jan. 2015 President, EIKI CONSULTING, LLC (present) Mar. 2015 Board Chairman, FunPep Co., Ltd. June 2015 Board Director, TOWA PHARMACEUTICAL CO., LTD. (present) Apr. 2016 Board Director, Solasia Pharma K.K. (present) Jan. 2017 Board Director, FunPep Co., Ltd. (present) June 2018 Board Director, Gene Techno Science Co., Ltd. (currently Kidswell Bio Co., Ltd.present) <Significant concurrent positions> Board Director, AnGes, Inc. Advisor, CM Plus Corporation President, EIKI CONSULTING, LLC Board Director, TOWA PHARMACEUTICAL CO., LTD. Board Director, FunPep Co., Ltd. Board Director, Kidswell Bio Co., Ltd.	–
5	Jiro Mizukawa (Sep. 14, 1952) Number of Attended Board of Director Meetings: 13/13	Apr. 1976 Marupi-Searle Co.(currently Pfizer Japan Inc.) Nov. 1989 Osaka Branch Manager and Product Manager of the Marketing Division, Searle Yakuhin K.K. (currently Pfizer Japan Inc.) Aug. 1992 Deputy Head of Sales, Monsanto Japan Ltd. (currently Pfizer Japan Inc.) July 1995 Head of Sales of the CNS & General Care Division, Pharmacia & Upjohn Corp. (currently Pfizer Japan Inc.) July 1999 Head of Distribution Policy and Sales of the CNS & General Care Division, Pharmacia Corp. (currently Pfizer Inc.) Feb. 2003 Head of Sales of the CNS Division, Nippon Boehringer Ingelheim Co., Ltd. Dec. 2003 Corporate Officer of the Oncology and Specialty Care Division, Sanofi-Aventis K.K. (currently Sanofi K.K.) Nov. 2009 Managing Director and Head of the Pharmaceuticals Division, Abbott Japan LLC (currently AbbVie GK) Aug. 2016 Representative Director, LTL Pharma Co., Ltd. Mar.2020 Board Director, Solasia Pharma K.K. (present) July 2021 Executive Chairman, LTL Pharma Co., Ltd. July 2022 Special Advisor, LTL Pharma Co., Ltd. (present) <Significant concurrent positions> Special Advisor, LTL Pharma Co., Ltd	–

Notes: 1. There are no special interests between any of the candidates and the Company.

2. Among the candidates for Board Director, Stanley Lau, Norikazu Eiki and Jiro Mizukawa are candidates for outside Board Director.

3. The Company has reported Stanley Lau, Norikazu Eiki and Jiro Mizukawa as independent officers according to

provisions set forth by the Tokyo Stock Exchange. If the nomination of Stanley Lau, Norikazu Eiki and Jiro Mizukawa are approved, the Company will submit them as independent officers.

4. The Company has nominated Stanley Lau as a candidate for outside Board Director because it expects him to contribute to the management of the Company with the extensive experience and abundant knowledge he accumulated as a member of corporate management in China. At the conclusion of this Annual General Meeting of Shareholders, his tenure as an outside Board Director will have been eight years and three months.
5. The Company has nominated Norikazu Eiki as a candidate for outside Board Director because it expects him to contribute to the management of the Company with the extensive experience and abundant knowledge he has accumulated as a member of corporate management. At the conclusion of this Annual General Meeting of Shareholders, his tenure as an outside Board Director will have been six year and eleven months.
6. The Company has nominated Jiro Mizukawa as a candidate for outside Board Director because it expects him to contribute to the management of the Company with his extensive expertise and experience in the pharmaceutical industry. At the conclusion of this Annual General Meeting of Shareholders, his tenure as an outside Board Director will have been three years.
7. The Company stipulates, in Article 28, Paragraph 2 of the Articles of Incorporation of the Company, that it may enter into limited liability agreements with Directors (excluding executive Directors, etc.) pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement is the liability amount prescribed by laws and regulations. If the nominations of Stanley Lau, Norikazu Eiki and Jiro Mizukawa, candidates for outside Board Director, are approved, the Company plans to renew its limited liability agreements with each one of them.
8. The Company has taken out directors and officers liability insurance (“D&O insurance”) covering its Board Directors and Audit & Supervisory Board Members, and it plans to continue to renew such coverage. Essentially, D&O insurance compensates directors and officers for losses that may result from liabilities or claims brought against them pertaining to the execution of their duties as corporate directors and officers. Candidates for Board Directors and Audit & Supervisory Board Members are also covered, and will continue to be covered, by the Company’s D&O insurance policies.

Proposal No. 2: Election of One (1) Audit & Supervisory Board Member

At the conclusion of this General Meeting of Shareholders, the terms of office of one incumbent Audit & Supervisory Board Member Susumu Araki will expire. Therefore, the Company proposes the election of one (1) Audit & Supervisory Board Member.

The consent of the Audit & Supervisory Board has been obtained for this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary, position and responsibility in the Company and significant concurrent positions outside the Company		Number of shares in the Company owned
Susumu Araki (Aug. 6, 1952) Number of Attended Board of Director Meetings: 13/13 Number of Attended Audit & Supervisory Board Meetings: 14/14	Apr. 1976	The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)	–
	June 1996	Branch manager, Labuan Branch, The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)	
	July. 2001	Branch manager, Kamata Branch, The Tokai Bank, Ltd. (currently MUFG Bank, Ltd.)	
	June. 2002	General Planning Director, Financial Director, Qol Co., Ltd.	
	June 2004	Board Director, Qol Co., Ltd.	
	June 2008	Senior Executive Managing Director, Qol Co., Ltd.	
	June 2017	Retirement, Qol Co., Ltd.	
	Mar 2019	Audit & Supervisory Board Member, Solasia Pharma K.K. (present)	

Notes:
1. Susumu Araki is candidate for outside Audit & Supervisory Board Member. At the conclusion of this Annual General Meeting of Shareholders, his tenure as an outside Audit & Supervisory Board Member four years.
2. There are no special interests between Susumu Araki and the Company.
3. The Company has reported Susumu Araki as an independent officer under provisions set forth by the Tokyo Stock Exchange. If the nomination of Susumu Araki for Audit & Supervisory Board Member is approved, the Company will submit him as an independent officer.
4. The Company stipulates, in Article 36, paragraph 2 of the Articles of Incorporation of the Company, that it may enter into limited liability agreements with Audit & Supervisory Board Members pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement is the liability amount prescribed by laws and regulations. If the nomination of Susumu Araki for outside Audit & Supervisory Board Member is approved, the Company will enter into a limited liability agreement with him.
5. The Company has taken out directors and officers liability insurance ("D&O insurance") covering its Board Directors and Audit & Supervisory Board Members, and it plans to continue to renew such coverage. Essentially, D&O insurance compensates directors and officers for losses that may result from liabilities or claims brought against them pertaining to the execution of their duties as corporate directors and officers. Candidates for Board Directors and Audit & Supervisory Board Members are also covered, and will continue to be covered, by the Company's D&O insurance policies.