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Securities Code 4579

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Hirobumi Takeuchi
Representative Director
RaQualia Pharma Inc.
1-21-19 Meieki Minami,
Nakamura-ku, Nagoya, Japan

CONVOCATION NOTICE OF THE 15TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We are pleased to announce the 15th Ordinary General Meeting of Shareholders (the “Meeting”) of RaQualia Pharma Inc. (the “Company”) to be held as indicated below.

In holding the Meeting, the Company provides information that constitutes the content of Reference Materials for the Ordinary General Meeting of Shareholders, etc. (“Electronically Provided Items”) in an electronic format. As the information is posted in each of the websites on the internet below, please access any of the websites and confirm the information.

[The Company’s website]

<https://www.raqualia.co.jp> (in Japanese only)

(Please access the website above, and choose “IR Information,” and then “General Meeting of Shareholders,” to confirm the information.)

[Website for posting the materials for the general meeting of shareholders]

<https://d.sokai.jp/4579/teiji/> (in Japanese only)

[The Tokyo Stock Exchange’s website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese only)

(Please access the TSE’s website above, search for the Company by putting “RaQualia Pharma” in the “name of stock (name of company)” or the securities code “4579” in “code,” select “basic information” and “public documents/PR information,” and confirm the information in the list of “convocation notices of ordinary general meetings of shareholders/materials for ordinary general meetings of shareholders” in the “public documents.”)

In order to prevent the spread of novel coronavirus (COVID-19), you are strongly encouraged to refrain from traveling to the venue on the date of the Meeting and exercise your voting rights prior to the Meeting in writing (by mail) or via the internet, if at all possible. Please review the attached Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights no later than 5:30 p.m., Thursday, March 23, 2023 (Japan Standard Time).

1. **Date and Time:** March 24, 2023 (Friday) at 10:30 a.m. (Reception desk is scheduled to open at 9:30 a.m.)
2. **Place:** Sakae Gas Hall, Sakae Gas Building 5F,
3-15-33 Sakae, Naka-ku, Nagoya, Japan
3. **Meeting Agenda:**
 - Report matters:**
 1. The Business Report and the Consolidated Financial Statements for the 15th Fiscal Year (January 1, 2022 to December 31, 2022), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-consolidated Financial Statements for the 15th Fiscal Year (January 1, 2022 to December 31, 2022)
 - Resolution matters:**
 - Proposal 1:** Election of Four (4) Directors (excluding Directors Serving on the Audit and Supervisory Committee)
 - Proposal 2:** Election of Three (3) Directors Serving on the Audit and Supervisory Committee
 - Proposal 3:** Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee
4. **Guidance for Exercising Voting Rights** Please refer to the “Guidance for Exercising Voting Rights.”

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- If you plan to attend the Meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.
 - If any amendments are made to the Electronically Provided Items, the Company will post the items before and after the amendments on each of the internet websites above.
 - To the shareholders who requested the delivery of paper-based documents, the Company has sent the documents that contain the Electronically Provided Items. However, in accordance with laws and ordinances and Article 18, Paragraph 2 of the Articles of Incorporation, the following documents are not posted in those documents: System for Ensuring the Appropriateness of Business Operations and Summary of Status of Implementation of System (Internal Control System) for Ensuring the Appropriateness of Business Operations in the Business Report; the Consolidated Statement of Changes in Equity, the Basis of Preparing Consolidated Financial Statements and Other Notes in the Consolidated Financial Statements; and Non-consolidated Statement of Changes in Equity and Significant Accounting Policies and Other Notes in the Non-consolidated Financial Statements. Therefore, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements attached thereto constitute a part of the documents audited by the Accounting Auditor to prepare the Accounting Audit Report and those audited by the Audit and Supervisory Committee to prepare the Audit Report.

Business Briefing for Shareholders

After this Ordinary General Meeting of Shareholders, we will continue to hold a Business Briefing for Shareholders to explain our medium-term strategies and other matters to our shareholders. The Business Briefing for Shareholders will be broadcast live on the Internet following this Ordinary General Meeting of Shareholders.

1. **Date and Time:** March 24, 2023 (Friday), after the Ordinary General Meeting of Shareholders (scheduled for about 30 minutes)
2. **Place:** The same venue as this Ordinary General Meeting of Shareholders

Please note that the above Business Briefing for Shareholders is intended for shareholders who will attend this Ordinary General Meeting of Shareholders or view it via live webcast.

For details on how to watch the live webcast, please refer to [Information on Live Webcast and Pre-Q&A Reception].

Guidance for Exercising Voting Rights

Exercise of voting rights at the Meeting is shareholders' important right. Please review the attached Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights.

You may exercise your voting rights by the following three methods.

Voting via the Internet

Please enter your vote "for" or "against" for each of the proposals by following the guidance on the next page.

Deadline: **All data entry to be completed no later than 5:30 p.m., Thursday, March 23, 2023 (Japan Standard Time)**

Voting in Writing (by Mail)

Please indicate "for" or "against" for each of the proposals in the enclosed Voting Right Exercise Form.

Deadline: **To be received no later than 5:30 p.m., Thursday, March 23, 2023 (Japan Standard Time)**

Attending the Meeting

Please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.

Date and Time: **March 24, 2023 (Friday) at 10:30 a.m.**
(Reception desk is scheduled to open at 9:30 a.m.)

How to Fill out the Voting Right Exercise Form

Proposal 3

- If you approve:
Put a circle in the box marked 賛 [For]
- If you disapprove:
Put a circle in the box marked 否 [Against].

Proposals 1, 2

- If you approve of all of the candidates:
Put a circle in the box marked 賛 [For]
- If you disapprove of all of the candidates:
Put a circle in the box marked 否 [Against].
- If you disapprove of some of the candidates:
Put a circle in the box marked 賛 [For] and indicate the number of the candidate that you disapprove.

If there is no indication of approval or disapproval of the Proposals on the Voting Right Exercise Form, it shall be deemed that it indicates approval.

If you exercise voting rights in duplicate, both in writing (by mail) and via the internet, the voting rights exercised via the internet shall be deemed effective. Also, if you exercise voting rights several times via the internet, only your final vote shall be deemed effective.

Guidance for Exercising Voting Rights via the Internet

By scanning the QR Code (“smart voting”)

You can login to the website for exercising voting rights without entering the voting right exercise code and password.

1. Please scan the QR Code printed on the Voting Right Exercise Form at the bottom right.

* QR Code is a registered trademark of DENSO WAVE INCORPORATED.

2. Then please follow the on-screen instructions to enter your vote “for” or “against” for each of the proposals.

The exercise of voting right by “smart voting” is available only once.
In case if you want to change your vote after exercising your voting right, please access the website for a personal computer and login by entering the “voting right exercise code” and “password” supplied on the Voting Right Exercise Form, to exercise your voting right again.
* You will be transferred to the website for a personal computer by scanning the QR Code again.

By entering the voting right exercise code and password

Website for exercising voting rights: <https://www.web54.net> (in Japanese only)

1. Please access the website for exercising voting rights.

- Click “Proceed to the next”

2. Please enter the “voting right exercise code” supplied on the Voting Right Exercise Form.

- Enter the “voting right exercise code”
- Click “Login”

3. Please enter the “password” supplied on the Voting Right Exercise Form.

- Enter the “initial password”
- Enter the new password that you will actually use
- Click “Register”

4. Then please follow the on-screen instructions to enter your vote “for” or “against” for each of the proposals.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the internet, please contact:

Sumitomo Mitsui Trust Bank, Limited,
Stock Transfer Agency Web Support (dedicated line)
Telephone: 0120-652-031 (toll free, available only
in Japan) (Support in Japanese only)
[9:00 a.m. to 9:00 p.m. (Japan Standard Time)]

Reference Materials for the Ordinary General Meeting of Shareholders

Proposal 1: Election of Four (4) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The terms of office of all four (4) Directors (excluding Directors serving on the Audit and Supervisory Committee; the same shall apply hereinafter in this proposal) will expire upon conclusion of this Meeting. Therefore, it is proposed that four (4) Directors be elected.

The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
1	Hirobumi Takeuchi (Dec. 21, 1971)	<p>Apr. 1994 Joined Kyowa Co., Ltd.</p> <p>Feb. 2004 Joined Skylight Biotech, Inc. General Manager, Sales Department</p> <p>Sep. 2005 Director in charge of Business Promotion and Finance</p> <p>Jul. 2006 Director and CFO in charge of Administrative Division</p> <p>May 2009 Joined Sumisho Realty Management Co., Ltd. Manager, Administration Department</p> <p>Jan. 2013 Joined Cyfuse Biomedical K.K. Board Director in charge of Corporate Planning and Business Administration</p> <p>Jan. 2014 Joined the Company Assistant General Manager, Accounting Department</p> <p>Apr. 2014 General Manager, Accounting Department</p> <p>Oct. 2014 General Manager, Finance and Accounting Department, Finance and Corporate Planning Division</p> <p>Apr. 2018 President, UBiENCE Inc.</p> <p>Mar. 2021 Joined the Company Representative Director (to present)</p> <p>Mar. 2021 President and CEO, TMRC Co., Ltd. (to present)</p> <p>Jun. 2021 Director, UBiENCE Inc. (to present)</p> <p><Important concurrent position> President and CEO, TMRC Co., Ltd. Director, UBiENCE Inc.</p>	5,431 shares
<p>[Reason for the nomination as candidate for Director]</p> <p>Mr. Hirobumi Takeuchi has abundant business experience and knowledge of corporate management and finance as a bioventure manager. After joining the Company in 2014, he played a central role in formulating plans, including the reduction of business expenses as a member of the turnaround team. He has also served as the Company's Representative Director since March 2021, and has demonstrated his ability in the top management of the Company. Expecting that he will continue to manage the Company based on the perspectives of growth, efficiency, and shareholder returns, he has once again been nominated as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
2	Michihiro Tsuchiya (Jul. 12, 1947)	Apr. 1976 Joined Tanabe Seiyaku Co., Ltd. (currently Mitsubishi Tanabe Pharma Corporation) Jun. 2001 Director, General Manager, Corporate Strategic Planning Department Jun. 2003 Managing Director, Research Headquarters Jun. 2006 Representative Director, Senior Executive Corporate Officer, Research Headquarters Oct. 2007 Board Director, Executive Vice President, Mitsubishi Tanabe Pharma Corporation Jun. 2009 President & Representative Director Jun. 2014 Chairman of the Board & Representative Director Jun. 2016 Chairman of the Board & Director Jun. 2017 Senior Executive Adviser Jun. 2018 Outside Director, Sumitomo Electric Industries, Ltd. (to present) Jun. 2018 Outside Director, Kyoto University Innovation Capital Co., Ltd. (to present) Mar. 2020 Outside Director, the Company (to present) <Important concurrent position> Outside Director, Sumitomo Electric Industries, Ltd. Outside Director, Kyoto University Innovation Capital Co., Ltd.	– shares
[Reason for selection as candidate for Outside Director and outline of expected role] Mr. Michihiro Tsuchiya has abundant experience as a senior manager and broad insight into global operations. Expecting to utilize Mr. Tsuchiya's knowledge in the senior management of the Company, so that he may promote further revitalization of the Board of Directors, improve transparency of senior management and strengthen corporate governance, he has once again been nominated as a candidate for Outside Director.			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
3	Masaki Sudo (Jul. 29, 1971)	<p>Apr. 1996 Joined TEIJIN LIMITED</p> <p>Sep. 1999 Joined Pfizer Seiyaku K.K. (currently Pfizer Japan Inc.)</p> <p>Apr. 2004 Principal Scientist, Discovery Chemistry, Pfizer Global Research and Development Nagoya Laboratories</p> <p>Apr. 2006 Senior Principal Scientist, Discovery Chemistry, Pfizer Global Research and Development Nagoya Laboratories</p> <p>Jul. 2008 Joined the Company Principal Scientist, Research Division</p> <p>Oct. 2012 General Manager, Chemistry Research Department, Discovery Research Division</p> <p>Apr. 2016 Designated Associate Professor, Institute of Transformative Bio-Molecules, Nagoya University</p> <p>Jul. 2018 Visiting Professor, Nagoya University</p> <p>Jul. 2018 Manager, Business Planning Office, Stem Cell & Device Laboratory, Inc.</p> <p>Jan. 2020 Chief Manager, Business Development Department</p> <p>Jun. 2021 Joined the Company General Manager, Business Strategy Department</p> <p>Oct. 2021 Vice President (in charge of Administration and Corporate Planning & Strategy) (to present)</p> <p>Mar. 2022 Director (to present)</p>	12,747 shares
<p>[Reason for the nomination as candidate for Director]</p> <p>As Director and Vice President (in charge of Administration and Corporate Planning & Strategy), Mr. Masaki Sudo has been involved in overseeing the Administration Division, including human resources and general affairs, formulation of medium-term management plans, and investor relations, as well as in the formulation and implementation of strategies for the entire Company as the person in charge of corporate planning. Expecting that, going forward, Mr. Sudo will continue to plan and implement the Company's growth strategy, he has once again been nominated as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
4	Katsuhiko Uto (Mar. 31, 1974)	<p>May 2005 Joined Nippon Boehringer Ingelheim Co., Ltd.</p> <p>Jan. 2013 Joined Asahi Kasei Pharma Corporation Senior Researcher</p> <p>Jul. 2013 A unit leader, Pharmacology Research Department</p> <p>May 2017 Joined Maruho Co., Ltd.</p> <p>Oct. 2018 Project Manager, Project Management Unit</p> <p>Jun. 2020 Project Manager, Research Planning and Strategy Office, Drug Discovery Research Department</p> <p>Jan. 2021 Joined the Company General Manager, Research Planning, Discovery Research</p> <p>Mar. 2021 Vice President (in charge of Research Planning)</p> <p>Mar. 2022 Vice President (in charge of Discovery Research) (to present) Director (to present)</p>	4,354 shares
<p>[Reason for the nomination as candidate for Director]</p> <p>As Director and Vice President (in charge of Discovery Research), Mr. Katsuhiko Uto has demonstrated his prowess in discovery research that is central to drug development and research, the Company's core business. Expecting that Mr. Uto will perform roles that are central to drug development and research to continue to achieve research results, he has once again been nominated as a candidate for Director.</p>			

- (Notes)
1. No conflict of special interests exists between the Company and each candidate.
 2. Mr. Michihiro Tsuchiya is a candidate for Outside Director.
 3. Mr. Michihiro Tsuchiya's tenure as Outside Director of the Company will be three (3) years at the conclusion of this Ordinary General Meeting.
 4. The Company has designated Mr. Michihiro Tsuchiya as an independent officer based on the regulations stipulated by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly. If the reelection of Mr. Tsuchiya is approved, the Company will designate him again as an independent officer.
 5. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Mr. Michihiro Tsuchiya to limit his liability for damages specified in Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances. If the reelection of Mr. Tsuchiya is approved, the Company plans to continue this agreement with him.
 6. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages from claims, etc. borne by the insured persons pertaining to the pursuit of liability arising in the course of execution of duties. The candidates for the reappointment will continue to be included as the insured persons in this insurance policy. Furthermore, the Company plans to renew this insurance policy with the same details at the time of the next renewal.

Proposal 2: Election of Three (3) Directors Serving on the Audit and Supervisory Committee

The terms of office of all three (3) Directors serving on the Audit and Supervisory Committee will expire upon conclusion of this Meeting. Therefore, it is proposed that three (3) Directors serving on the Audit and Supervisory Committee be elected. The Audit and Supervisory Committee has already given its consent to this proposal.

The candidates for Directors serving on the Audit and Supervisory Committee are as follows.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
1	Kosuke Ishii (Aug. 31, 1982)	<p>Jan. 2005 Joined Arcadia Group Co., Ltd.</p> <p>Nov. 2005 Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>Jun. 2008 Registered as certified public accountant</p> <p>Sep. 2013 General Manager, Administrative Department, Megakaryon Corporation (seconded)</p> <p>Mar. 2015 Joined Megakaryon Corporation</p> <p>Mar. 2018 Executive Officer, General Manager, Corporate Administrative Department</p> <p>Jul. 2019 Representative, Kosuke Ishii Accounting Office (to present)</p> <p>May 2020 Outside Auditor, Metagen Therapeutics, Inc. (to present)</p> <p>Sep. 2020 Representative Director, BioAid Corporation (to present)</p> <p>Mar. 2021 Outside Auditor, miRaX Therapeutics K.K. (to present)</p> <p>Mar. 2021 Outside Director (Audit and Supervisory Committee Member), the Company (to present)</p> <p>Jun. 2021 Auditor, Chordia Therapeutics Inc.</p> <p>Nov. 2022 Outside Director (Audit and Supervisory Committee Member), Chordia Therapeutics Inc. (to present)</p> <p><Important concurrent position></p> <p>Representative, Kosuke Ishii Accounting Office</p> <p>Outside Auditor, Metagen Therapeutics, Inc.</p> <p>Representative Director, BioAid Corporation</p> <p>Outside Auditor, miRaX Therapeutics K.K.</p> <p>Outside Director, Chordia Therapeutics Inc.</p>	- shares
<p>[Reason for selection as candidate for Outside Director and outline of expected role]</p> <p>Mr. Kosuke Ishii has experience in accounting audits at an audit firm, has considerable knowledge of finance and accounting as a certified public accountant, and can reflect his specialist viewpoint on accounting in the Company's auditing. In addition, he has achievements in establishing internal controls, etc. in bioventure. Accordingly, he has once again been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee. Mr. Ishii's tenure as Outside Director (Audit and Supervisory Committee Member) will be two (2) years at the conclusion of this Meeting.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
2	Yuichi Kakinuma (Nov. 16, 1977)	Apr. 2005 Joined the Legal Training and Research Institute, Supreme Court of Japan Jan. 2007 Registered as a member of Saitama Bar Association Jan. 2007 Joined Takashino Law Office (currently Takashino Kakinuma Law Office) Oct. 2010 Partner (to present) Jun. 2014 Substitute Auditor, TSUTSUMI JEWELRY Co., Ltd. Jun. 2015 Outside Director Jun. 2017 Outside Director (Audit and Supervisory Committee Member) (to present) Mar. 2021 Outside Director (Audit and Supervisory Committee Member), the Company (to present) <Important concurrent position> Partner, Takashino Kakinuma Law Office Outside Director, TSUTSUMI JEWELRY Co., Ltd.	2,384,700 shares
<p>[Reason for selection as candidate for Outside Director and outline of expected role]</p> <p>Mr. Yuichi Kakinuma has actively practiced as an attorney at law in a broad range of areas, and although he has never been directly involved in the management of a company other than as an outside officer, it is expected to receive his multifaceted advice on corporate legal affairs and compliance that he can offer from his specialist viewpoint. In addition, he is the largest shareholder of the Company and has many years of investment experience as an individual investor in bioventure. It is believed that he is a suitable person to achieve shareholder corporate governance, and accordingly he has again been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee. Mr. Kakinuma's tenure as Outside Director (Audit and Supervisory Committee Member) will be two (2) years at the conclusion of this Meeting.</p>			

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
3	Megumi Uzu (Sep. 26, 1960)	Apr. 1983	Joined Chugai Pharmaceutical Co., Ltd.
		Jun. 2010	Deputy General Manager, Oncology Lifecycle Management Department, Project Lifecycle Management Unit
		Jan. 2015	General Manager, Oncology Lifecycle Management Department, Project Lifecycle Management Unit
		Mar. 2021	Outside Director (Audit and Supervisory Committee Member), the Company (to present)
	[Reason for selection as candidate for Outside Director and outline of expected role] Ms. Megumi Uzu has played the leading role in the R&D and lifecycle management at Chugai Pharmaceutical Co., Ltd., including tocilizumab (Actemra) and alectinib hydrochloride, which is selective ALK (anaplastic lymphoma kinase) inhibitor. Although she has never been directly involved in the corporate management other than as an outside officer, she is expected to appropriately perform her duties such as monitoring of corporate management and giving advice from an objective perspective with independence and fairness based on her high level of expertise and insight. Accordingly, she has again been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee. Ms. Uzu's tenure as Outside Director (Audit and Supervisory Committee Member) will be two (2) years at the conclusion of this Meeting.		

- (Notes)
1. No conflict of special interests exists between the Company and each candidate.
 2. Mr. Kosuke Ishii, Mr. Yuichi Kakinuma, and Ms. Megumi Uzu are candidates for Outside Directors.
 3. The Company has designated Mr. Kosuke Ishii and Ms. Megumi Uzu as independent officers based on the regulations stipulated by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly. If the reelection of each of the candidates is approved, the Company will designate them again as independent officers.
 4. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Mr. Kosuke Ishii, Mr. Yuichi Kakinuma, and Ms. Megumi Uzu to limit their liability for damages specified in Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances. If the reelection of each of the candidates is approved, the Company plans to continue this agreement with them.
 5. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages from claims, etc. borne by the insured persons pertaining to the pursuit of liability arising in the course of execution of duties. The candidates for the reappointment will continue to be included as the insured persons in this insurance policy. Furthermore, the Company plans to renew this insurance policy with the same details at the time of the next renewal.

Proposal 3: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

At the start of this Meeting, the term of effect of the elected status of substitute Director serving on the Audit and Supervisory Committee, Mr. Akira Takagi, will expire. He was elected at the 13th Ordinary General Meeting of Shareholders held on March 25, 2021. Accordingly, once again, as preparation for a situation where the number of incumbent Directors serving on the Audit and Supervisory Committee does not satisfy the number prescribed by laws and ordinances, it is proposed that one (1) substitute Director serving on the Audit and Supervisory Committee be elected as a substitute in advance for all of the Directors serving on the Audit and Supervisory Committee. The Audit and Supervisory Committee has already given its consent to this proposal.

The candidate for substitute Director serving on the Audit and Supervisory Committee is as follows.

Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
Akira Takagi (Oct. 7, 1983)	Apr. 2009 Joined PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)	- shares
	Oct. 2014 Joined Sato Sogo Law Office	
	Jan. 2015 External Audit & Supervisory Board Member, i-mobile Co., Ltd.	
	Aug. 2017 Head, Takagi Certified Public Accountant Office (to present)	
	Mar. 2019 Outside Corporate Auditor, bitbank, inc. (to present)	
	Nov. 2019 Outside Auditor, REXEV Inc. (to present)	
	Mar. 2020 Outside Auditor, LPIXEL Inc. (to present)	
	Jun. 2021 Outside Corporate Auditor, AVIX, Inc. (to present)	
	Aug. 2021 Outside Corporate Auditor, BUZZKURI INC. (to present)	
	Oct. 2021 External Director (Audit & Supervisory Committee Member), i-mobile Co., Ltd. (to present)	
	Jan. 2022 Representative Director, KIC Co., Ltd. (to present)	
	Jun. 2022 Outside Audit & Supervisory Board Member, Algorithm inc. (to present)	
	<Important concurrent position>	
	Head, Takagi Certified Public Accountant Office Outside Corporate Auditor, bitbank, inc. Outside Auditor, REXEV Inc. Outside Auditor, LPIXEL Inc. Outside Corporate Auditor, AVIX, Inc. Outside Corporate Auditor, BUZZKURI INC. External Director, i-mobile Co., Ltd. Representative Director, KIC Co., Ltd. Outside Audit & Supervisory Board Member, Algorithm inc.	
<p>[Reason for selection as candidate for a substitute Outside Director and outline of expected role]</p> <p>Mr. Akira Takagi has experience in accounting audits at an audit firm, and has considerable knowledge of finance and accounting as a certified public accountant. It is judged that he will be able to audit the execution of duties of the Company's Directors from an objective standpoint based on his knowledge and experience. Accordingly, he has been nominated as a substitute Outside Director serving on the Audit and Supervisory Committee.</p>		

- (Notes)
1. No conflict of special interests exists between the Company and the candidate.
 2. Mr. Akira Takagi is a candidate for substitute Outside Director serving on the Audit and Supervisory Committee.
 3. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company will enter into an agreement with Mr. Akira Takagi to limit his liability for damages specified in Article 423, Paragraph 1, of the said Act, if he is elected as Outside Director serving on the Audit and Supervisory Committee and actually assumes the office. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances.

4. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages from claims, etc. borne by the insured persons pertaining to the pursuit of liability arising in the course of execution of duties. Mr. Akira Takagi will be included in the insured persons covered by the contract of D&O Insurance if he is elected as Outside Director serving on the Audit and Supervisory Committee and actually assumes the office. Furthermore, the Company plans to renew this insurance policy with the same details at the time of the next renewal.

[For Reference] Skills Matrix for Candidates for Directors

What is a skills matrix?

A skills matrix is a list of the combination of “skills” and “diversity” of each Director in terms of knowledge, background, and experience to enable the Board of Directors to fulfill its supervisory function. The purpose of the matrix is to contrast the knowledge and experience of current and prospective Directors with those required by the Company in light of its management strategy, and to disclose the balanced composition of the Board of Directors as a whole and the appropriateness of the appointment of Directors in accordance with the management strategy.

The Company nominates candidates for Directors in consideration of the balance and diversity of their knowledge, experience, capabilities, etc. If Proposals 1 and 2 of this Meeting are approved as proposed, the skills matrix of each Director will be as follows:

Name		Areas in which the skills are expected to be particularly effective					
		Corporate Management	R&D	Business Strategy Marketing	Finance Accounting	Legal Intellectual Property	Corporate Governance
Hirobumi Takeuchi		•		•	•	•	
Michihiro Tsuchiya	Outside Director	•	•	•			•
Masaki Sudo		•	•	•		•	
Katsuhiro Uto		•	•				
Kosuke Ishii	Outside Director Audit and Supervisory Committee Member	•			•		•
Yuichi Kakinuma	Outside Director Audit and Supervisory Committee Member	•				•	•
Megumi Uzu	Outside Director Audit and Supervisory Committee Member	•	•	•			•

Consolidated Financial Statements

Consolidated Balance Sheet

(Thousands of yen)

Account title	15th Fiscal Year (As of December 31, 2022)	Account title	15th Fiscal Year (As of December 31, 2022)
Assets		Liabilities	
Current assets	4,822,094	Current liabilities	493,778
Cash and deposits	3,675,450	Accounts payable - trade	128,066
Accounts receivable - trade, and contract assets	602,311	Current portion of long-term borrowings	2,620
Securities	250,599	Lease liabilities	42,887
Work in process	978	Accounts payable - other	206,209
Supplies	7,522	Accrued expenses	60,479
Advance payments to suppliers	89,820	Income taxes payable	30,957
Prepaid expenses	108,633	Deposits received	18,922
Other	86,777	Other	3,635
Non-current assets	1,435,559	Non-current liabilities	266,893
Property, plant and equipment	391,024	Long-term borrowings	9,170
Buildings	154,158	Lease liabilities	167,661
Tools, furniture and fixtures	963,622	Asset retirement obligations	12,222
Leased assets	254,926	Provision for share awards	60,590
Accumulated depreciation	(981,683)	Provision for share awards for directors (and other officers)	14,498
Intangible assets	24,325	Deferred tax liabilities	2,750
Trademark right	4,268	Total liabilities	760,671
Software	19,984	Net assets	
Other	72	Shareholders' equity	5,494,178
Investments and other assets	1,020,208	Share capital	2,265,697
Investment securities	987,962	Capital surplus	2,455,480
Other	32,245	Retained earnings	773,021
		Treasury shares	(21)
		Accumulated other comprehensive income	(5,569)
		Valuation difference on available- for-sale securities	(5,569)
		Share acquisition rights	8,372
		Total net assets	5,496,981
Total assets	6,257,653	Total liabilities and net assets	6,257,653

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Consolidated Statement of Income

(Thousands of yen)

Account title	15th Fiscal Year (January 1, 2022 to December 31, 2022)
Business revenue	2,918,038
Business expenses	2,051,803
Cost of business revenue	231,586
Research and development expenses	1,248,678
Other selling, general and administrative expenses	571,538
Operating profit	866,235
Non-operating income	76,649
Interest income	529
Interest on securities	13,127
Foreign exchange gains	43,697
Gain on valuation of derivatives	13,672
Other	5,622
Non-operating expenses	38,545
Interest expenses	5,995
Commitment fees	5,833
Share issuance costs	15,897
Loss on valuation of compound financial instruments	10,820
Ordinary profit	904,338
Extraordinary income	14,472
Gain on sale of investment securities	10,268
Gain on redemption of investment securities	4,203
Extraordinary losses	67,799
Loss on valuation of investment securities	49,999
Retirement benefits for directors (and other officers)	17,800
Profit before income taxes	851,011
Income taxes - current	129,034
Income taxes - deferred	(1,413)
Profit	723,390
Profit attributable to owners of parent	723,390

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Consolidated Statement of Changes in Equity
(15th Fiscal Year from January 1, 2022 to December 31, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,256,920	2,446,703	49,631	(21)	4,753,234
Changes during period					
Issuance of new shares	8,776	8,776			17,553
Profit attributable to owners of parent			723,390		723,390
Net changes in items other than shareholders' equity					–
Total changes during period	8,776	8,776	723,390	–	740,944
Balance at end of period	2,265,697	2,455,480	773,021	(21)	5,494,178

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	23,919	23,919	10,850	4,788,004
Changes during period				
Issuance of new shares		–		17,553
Profit attributable to owners of parent		–		723,390
Net changes in items other than shareholders' equity	(29,489)	(29,489)	(2,477)	(31,966)
Total changes during period	(29,489)	(29,489)	(2,477)	708,977
Balance at end of period	(5,569)	(5,569)	8,372	5,496,981

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.