

(FOR REFERENCE PURPOSE)

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

(Security code: 4552)

May 31, 2023

To the Shareholders

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

Notice of Convocation of The 48th Ordinary General Meeting of Shareholders

We wish to notify you as follows that the Company will hold the 48th Ordinary General Meeting of Shareholders of JCR Pharmaceuticals Co., Ltd. (“JCR” or the “Company”) to be held at the time and place as detailed below.

When convening the Ordinary General Meeting of Shareholders, information contained in reference documents, etc., for the General Meeting of Shareholders (Matters for Electronic Provision) is provided in electronic format in each of the following websites on the Internet. Please access one of the websites and confirm.

■The Company’s website

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

(Please access the above websites, select from the menu “From JCR to Shareholders,” “To Shareholders and Investors,” “About Shares,” “General Meeting of Shareholders” and “Ordinary General Meeting of Shareholders 2023” in this order, and confirm.)

(FOR REFERENCE PURPOSE)

■Website for posting the materials for the General Meeting of Shareholders (in Japanese)

<https://d.sokai.jp/4552/teiji/>

■Tokyo Stock Exchange Website (TSE Listed Company Information Service) (in Japanese)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

Please access the above websites, enter “JCR Pharma” in “Security name (Company name)” or the Company’s security code “4552” in the “Code” and search, and select “Basic information” and “Documents for public inspection/PR information” in this order, and confirm based on the “Notice of Convocation of General Meeting of Shareholders/Reference Materials for General Meeting of Shareholders” section in the “Documents for public inspection.”

To exercise your voting rights in advance, please review the following proposals and the “Proposals and reference information” described later and exercise your voting rights no later than 6:00 p.m., Tuesday, June 20, 2023 (Japan Standard Time).

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

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

■Voting in Writing

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

Yours faithfully,

(FOR REFERENCE PURPOSE)

Details

1. **Date and Time** 10:00 a.m., June 21, 2023 (Wednesday)
2. **Place** ANA Crowne Plaza Hotel Kobe (Room “The Ballroom” on the 10th floor)
1 Chome, Kitano-cho, Chuo-ku, Kobe
3. **Agenda:**
 - Matters to be Reported:** Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, and Audit Report of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 48th Fiscal Year (from April 1, 2022 to March 31, 2023)
 - Matters to be Resolved:**
 - Proposal 1** Partial Amendments to the Articles of Incorporation
 - Proposal 2** Appointment of Twelve (12) Directors
 - Proposal 3** Appointment of Three (3) Audit & Supervisory Board Members
 - Proposal 4** Issuance of Share Acquisition Rights to Directors and Corporate Officers for Stock Option Scheme as Stock-linked Compensation Plan.

<Requests to Shareholders>

- The abovementioned information is subject to updates through to the day of the Ordinary General Meeting of Shareholders due to factors such as the situation surrounding the COVID-19 pandemic and details of announcements by the government or other bodies. Please confirm the latest information through the Company’s website.
- We accept questions about this Ordinary General Meeting of Shareholders at the Advance Question Acceptance Site. In addition to presenting some of the replies to the questions we received during this Ordinary General Meeting of Shareholders, we will post them on the Company website later. Questions other than those about the contents concerning Matters to Be Reported and Agenda for this Ordinary General Meeting of Shareholders may not be answered, while for overlapping questions and others, the contents of questions may be reorganized by the Company. Moreover, we will not reply individually to shareholders who have submitted questions in advance. We would appreciate your understanding in advance.

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- ⦿ When there is a revision to the Matters for Electronic Provision, we will post a statement to that effect in the abovementioned websites on the Internet with items before and after the revision.
- ⦿ Among the Matters for Electronic Provision, the following ones are not included in documents to be provided to shareholders who have requested the provision in writing, in accordance with the provisions of laws and regulations as well as Article 16, Paragraph 2 of the Company's Articles of Incorporation:
 - 1) "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements; and,
 - 2) "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements.

The aforementioned documents excluded from documents to be provided to shareholders who have requested the provision in writing are some of the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited on the occasion of preparation of the audit report by Audit & Supervisory Board Members and the accounting audit report by the Accounting Auditor, respectively.

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

Website to receive questions in advance: <https://v.sokai.jp/4552/2023/jcrpharm/>

Deadline for receipt of questions: 6:00 p.m., June 9, 2023 (Friday)

- When logging in, you will need to enter your ID (9 digit shareholder number) and password (your 7 digit postal code) in half-width characters.
- Please be sure to make a note of your shareholder number before sending the voting form.

Details of Voting Methods

Voting in Person by Attending
Ordinary General Meeting of
Shareholders

Exercising your voting rights in advance



You are kindly requested to bring the voting form enclosed with this Notice of Convocation with you on the day of the Shareholders' Meeting, and please submit it at the reception desk.

Date and Time

10 a.m., June 21, 2023
(Wednesday)



Voting by Electromagnetic
Methods (the Internet, etc.)

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

Please refer to the next
page for details ▶

Deadline for Exercise

6 p.m., June 20, 2023
(Tuesday)



Voting by Mail

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

Deadline for Exercise

6 p.m., June 20, 2023
(Tuesday)

Notes

- If there is no indication of your approval or disapproval of the proposal on the returned voting form, it shall be treated as an indication of approval.
- In the event that a voting right is exercised twice via the online and the enclosed voting form, only the online vote shall be counted as an effective vote.
- In the event that a voting right is exercised online more than once, only the most recent vote shall be counted as an effective vote.
- Depending on the use environment of the Internet, the network service, and the device used for communication, the online voting website may not be available.
- Shareholders shall bear the connection charges of the Internet providers and the communication charges of the telecommunications carriers (telephone charges, etc.) for accessing the online voting website.

(FOR REFERENCE PURPOSE)

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

Deadline for Exercise

6:00 p.m., June 20, 2023 (Tuesday)

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

1. Exercising Voting Rights via the Internet

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

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

[Online voting website URL] <https://www.web54.net> (in Japanese)

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



(QR Code is trademarked by DENSO WAVE INCORPORATED)

- (2) When you vote online, please enter the “voting code” and the “password” provided in the enclosed voting form, and indicate your approval or disapproval of the proposals by following the instructions displayed on the screen.
- (3) Online votes will be accepted until 6:00 p.m., Tuesday, June 20, 2022 (Japan Standard Time), the day immediately prior to the date of the Ordinary General Meeting of Shareholders. However, your early voting would be highly appreciated for the convenience of vote counting.
- (4) Shareholders shall bear the connection charges of the Internet providers and the communication charges of the telecommunications carriers (telephone charges, etc.) for accessing the online voting website.
- (5) If you have any question related to online voting, please contact the following for inquiry services.

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

[Special Phone Line] 0120-652-031

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

2. Electronic Voting Platform for Institutional Investors

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

Proposals and reference information

Proposal 1

Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

Article 19 (Number of Directors)

The Company proposes to increase the maximum number of directors specified in Article 19 (Number of Directors) of the current Articles of Incorporation from eleven (11) to twelve (12) to facilitate full-scale globalization going forward and further strengthen the management oversight framework.

2. Details of amendments

Details of the amendments are as follows.

(Underline indicates parts to be amended.)

Current Articles of Incorporation	Proposed amendments
(Number of Directors) Article 19: The number of directors shall not exceed <u>eleven</u> (11).	(Number of Directors) Article 19: The number of directors shall not exceed <u>twelve</u> (12).

Proposal 2

Appointment of Twelve (12) Directors

All of the current eleven (11) Directors will reach the maturity of the term of office at the end of this Ordinary General Meeting of Shareholders. Therefore, in order to facilitate full-scale globalization going forward and further strengthen the management oversight framework, we would like to request the appointment of a total of twelve (12) Directors, adding one (1) Director as a condition of the recognition and adoption of Proposal 1, “Partial Amendments to the Articles of Incorporation.”

The twelve (12) candidates nominated by the Board are as follows.

Candidate No.	Candidate Name	(Reference)	
		Present Position of the Company	Attendance of the Board Meetings of Directors in the 48th Fiscal Year (from April 1, 2022 to March 31, 2023)
1	Reappointed Shin Ashida	Representative Director Chairman and President Chief Executive Officer (CEO) Chief Operating Officer (COO)	13/13 (100%)
2	Reappointed Toru Ashida	Senior Vice President Sales Executive Director of Sales Division	13/13 (100%)
3	Reappointed Mathias Schmidt, PD, Ph.D.	Vice President Clinical Development	13/13 (100%)
4	Reappointed Hiroyuki Sonoda, Ph.D.	Vice President Research Executive Director of Research Division	13/13 (100%)

(FOR REFERENCE PURPOSE)

Candidate No.	Candidate Name	(Reference)	
		Present Position of the Company	Attendance of the Board Meetings of Directors in the 48th Fiscal Year (from April 1, 2022 to March 31, 2023)
5	Reappointed Yoshio Hiyama, Ph.D.	Senior Executive Director Production and Quality Assurance Executive Director of Production Division	13/13 (100%)
6	Reappointed Toshihiro Ishikiryama	Outside Director Independent Director	13/13 (100%)
7	Reappointed Takashi Suetsuna	Outside Director Independent Director	13/13 (100%)
8	Reappointed Toshihide Yoda	Outside Director	13/13 (100%)
9	Reappointed Yuko Hayashi, Ph.D.	Outside Director Independent Director	13/13 (100%)
10	Reappointed Yutaka Atomi, M.D., Ph.D.	Outside Director Independent Director	10/11 (90%)
11	Reappointed Philippe Fauchet OBE	Outside Director Independent Director	11/11 (100%)
12	Newly-appointed Marc Dunoyer	Outside Director Independent Director	-

(Note) Director Yutaka Atomi and Philippe Fauchet OBE were appointed at the 47th Ordinary General Meeting of Shareholders held on June 22, 2022, and therefore the number of meetings of the Board of Directors is different for them from that of other Directors.

(FOR REFERENCE PURPOSE)

Candidate
No.

1

Reappointed



Shin Ashida (January 2, 1943)

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

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

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

[Significant Concurrent Positions]

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

Reason for Nomination as a Candidate for Director

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

Candidate
No.

2

Reappointed



Toru Ashida (October 31, 1968)

Number of Shares of
the Company Owned **261,804**
shares

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

April 1992	Joined Nippon Life Insurance Company	June 2019	In charge of Corporate Strategy Head of Quality Assurance Division, Corporate Planning Division, Administration Division, and Medical Affairs Department of the Company
April 2002	Appointed Representative Director and President at the establishment of JBS Co., Ltd.	April 2020	Executive Director of Sales Division of the Company (to present)
January 2014	Joined the Company	June 2020	Appointed to Vice President of the Company and in charge of Sales Division
July 2014	Appointed Corporate Officer of the Company Executive Director of Corporate Business Support Division and Director of Corporate Strategy Department of the Company	June 2021	Appointed to Senior Vice President of the Company (to present) and in charge of Sales and Administration
April 2016	Head of Office of the President of the Company	April 2023	In charge of Sales (to present)
June 2018	Appointed Senior Executive Director of the Company Head of Quality Assurance Division, Corporate Planning Division, and Medical Affairs Department of the Company		

[Significant Concurrent Positions]

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

Reason for Nomination as a Candidate for Director

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

(FOR REFERENCE PURPOSE)

Candidate
No.

3

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

Reappointed



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

April 2001	Laboratory Head and Senior Group Leader of Oncology of Altana Pharma AG, Germany	October 2016	President and Chief Executive Officer of ArmaGen, Inc., USA (to present)
May 2003	Lecturer in Disease Biology, Pharmacology, Human Biology, Drug Discovery & Development of University of Constance, Germany	March 2019	Executive Vice President, Head of Research and Development of Triphase Accelerator Corporation, USA
June 2007	Associate Principal of Strategic Planning and Business Support Department of Nycomed GmbH, Germany (currently Takeda GmbH)	June 2020	Appointed Senior Executive Director of the Company and in charge of Global Strategy
January 2010	Principal & Head of Biologics Department of Nycomed GmbH, Germany (currently Takeda GmbH)	July 2020	President and CEO of JCR USA, Inc. (to present)
June 2012	Vice President Biological Sciences of Takeda California, USA	June 2021	Appointed to Vice President of the Company (to present) and in charge of Clinical Development, Global Business Strategy and Business Development
		August 2022	Director of JCR Luxembourg S.A. (to present)
		September 2022	Director of JCR Europe B.V. (to present)
		April 2023	In charge of Clinical Development (to present)

[Significant Concurrent Positions]

President and Chief Executive Officer of ArmaGen, Inc., USA
President and CEO of JCR USA, Inc.
Director of JCR Luxembourg S.A.
Director of JCR Europe B.V.

Reason for Nomination as a Candidate for Director

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

(FOR REFERENCE PURPOSE)

Candidate
No.

4

Reappointed



Hiroyuki Sonoda, Ph.D. (June 15, 1978)

Number of Shares of
the Company Owned 1,840
shares

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

April 2003	Joined the Company	June 2020	Appointed Senior Executive Director of the Company
April 2016	Director of Corporate Planning Division (In charge of Research) of the Company		and in charge of Research and Development Division
October 2017	Leader of Frontier Research Unit and Director of Corporate Planning Division (In charge of Research) of the Company		Executive Director of Research Division, and Director of Drug Discovery Research Institute
April 2018	Executive Director of Research Planning Division of the Company	June 2021	Appointed to Vice President of the Company (to present) and in charge of Research and Corporate Strategy
June 2018	Appointed Corporate Officer of the Company		Executive Director of Research Division (to present)
		October 2022	Representative Director and President of AlliedCel Corporation (to present)
		April 2023	In charge of Research (to present)

[Significant Concurrent Positions]

Representative Director and President of AlliedCel Corporation

Reason for Nomination as a Candidate for Director

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

Candidate
No.

5

Reappointed



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

Number of Shares of
the Company Owned 1,584
shares

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

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

Reason for Nomination as a Candidate for Director

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

(FOR REFERENCE PURPOSE)

Candidate
No.

6

Reappointed

Outside
Director

Independent
Director



Toshihiro Ishikiriya (October 12, 1952)

Number of Shares of
the Company Owned 8,000
shares

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

January 2002	Joined GlaxoSmithKline K.K.	June 2015	Appointed Member of the Board of Directors (Outside Director) of the Company (to present)
March 2002	Member of the Board of Directors and General Manager of Corporate Planning of GlaxoSmithKline K.K.	July 2018	Audit & Supervisory Board Member of GlaxoSmithKline K.K. (to present)
April 2005	Member of the Board of Directors, General Manager of Financial Affairs and in charge of Business Development of GlaxoSmithKline K.K.	August 2019	Outside Audit & Supervisory Board Member of GSK Capital K.K. Outside Audit & Supervisory Board Member of GKK K.K. Outside Audit & Supervisory Board Member of GlaxoSmithKline Consumer Healthcare Japan K.K. (to present) Outside Audit & Supervisory Board Member of ViiV Healthcare K.K. (to present)
June 2008	Member of the Board of Directors and Managing Director of GlaxoSmithKline K.K.	September 2019	Representative Director and President of RegeNephro Co., Ltd.
April 2012	Member of the Board of Directors, Managing Director and General Manager of Vaccine Business Promotion Division of GlaxoSmithKline K.K.	April 2023	Member of the Board of RegeNephro Co., Ltd. (to present)
July 2012	Representative Director and Chairman of Japan Vaccine Co., Ltd.		
June 2014	Representative Director and President of Japan Vaccine Co., Ltd.		

[Significant Concurrent Positions]

Audit & Supervisory Board Member of GlaxoSmithKline K.K.

Outside Audit & Supervisory Board Member of GlaxoSmithKline Consumer Healthcare Japan K.K.

Outside Audit & Supervisory Board Member of ViiV Healthcare K.K.

Member of the Board of RegeNephro Co., Ltd.

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

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

(FOR REFERENCE PURPOSE)

Candidate
No.

7

Reappointed

Outside
Director

Independent
Director



Takashi Suetsuna

(March 8, 1949)

Number of Shares of
the Company Owned

—
share

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

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

[Significant Concurrent Positions]

Outside Director of Totetsu Kogyo Co., Ltd.
Outside Audit & Supervisory Board Member of Keikyu Corporation
Outside Audit & Supervisory Board Member of Kandenko Co., Ltd.

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

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

(FOR REFERENCE PURPOSE)

Candidate
No.

8

Reappointed

Outside
Director



Toshihide Yoda

(January 8, 1963)

Number of Shares of
the Company Owned —
share

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

April 1985	Joined Nippon Kangyo Kakumaru Securities	April 2012	Managing Director of Medipal Holdings Corporation In charge of IR and General Manager of Business Development Department CMA®
May 1989	Joined UBS Securities Japan Co., Ltd.	May 2016	Director of SPLine Corporation
July 1996	Joined ING Bearing Securities	Director of Medie Co., Ltd.	
December 2000	Joined Lehman Brothers Japan Inc.	June 2016	Director of Mediceo Corporation
October 2008	Joined Barclays Capital Securities Japan Limited (currently, Barclays Securities Japan Limited)	February 2018	Director of JCR USA, Inc. (to present)
	Managing Director of Barclays Capital Securities Japan Limited (currently, Barclays Securities Japan Limited)	June 2018	Senior Vice President of Medipal Holdings Corporation (to present)
			Appointed Member of the Board of Directors (Outside Director) of the Company (to present)
June 2010	Director of Medipal Holdings Corporation	June 2022	General Manager of Business Development Department of Medipal Holdings Corporation (to present)

[Significant Concurrent Positions]

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

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

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

(FOR REFERENCE PURPOSE)

Candidate
No.

9

Reappointed

Outside
Director

Independent
Director



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

Number of Shares of
the Company Owned —
share

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

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

[Significant Concurrent Positions]

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

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

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

(FOR REFERENCE PURPOSE)

Candidate
No.

10

Reappointed

Outside
Director

Independent
Director



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

(December 5, 1944)

Number of Shares of
the Company Owned —
share

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

April 1970	Attending Surgeon of First Department of Surgery of Faculty of Medicine of The University of Tokyo	June 2013	Outside Audit & Supervisory Board Member of Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)
April 1982	Chief of Medical Staff of First Department of Surgery of Faculty of Medicine of The University of Tokyo	June 2017	Outside Director of Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)
June 1988	Visiting Researcher of Department of Surgery of University of California, San Francisco	April 2018	President Emeritus of Kyorin University (to present)
July 1992	Assistant Professor of First Department of Surgery of Faculty of Medicine of The University of Tokyo	June 2018	President of Pancreas Research Foundation of Japan
October 1992	Professor of First Department of Surgery of Faculty of Medicine of Kyorin University	April 2019	President of International Medical Research Foundation (to present)
April 2004	Dean of Faculty of Medicine of Kyorin University	June 2019	Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. (to present)
April 2010	President of Kyorin University	June 2022	Appointed Member of the Board of Directors (Outside Director) of the Company (to present)

[Significant Concurrent Positions]

President Emeritus of Kyorin University
Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd.
President of International Medical Research Foundation
Executive Director of Japan Medical Education Foundation

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

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

(FOR REFERENCE PURPOSE)

Candidate
No.

11

Reappointed

Outside
Director

Independent
Director



Philippe Fauchet OBE (November 2, 1957) Number of Shares of
the Company Owned
share

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

October 1984	Joined Roussel UCLAF S.A., France (currently, Aventis S.A.)	April 2017	Chairman of GlaxoSmithKline plc.
September 1996	Joined Sanofi S.A., France	November 2017	Resigned as Outside Director of the Company
June 2001	Appointed President and Representative Director of Sanofi-Synthelabo K.K. (currently, Sanofi K.K.)	February 2019	Stepped down as Chairman of GlaxoSmithKline K.K.
May 2005	Appointed President and Representative Director of Sanofi-Aventis K.K. (currently, Sanofi K.K.)	May 2019	External Director of Bonac Corporation
January 2010	Appointed President and Representative Director of GlaxoSmithKline K.K.	March 2020	External Director of Noile-Immune Biotech Inc. (to present)
June 2013	Appointed Outside Director of the Company	September 2020	External Director of Rezolute, Inc.(RZLT) (to present)
		June 2022	Outside Director of LUCA Science Inc. (to present)
		June 2022	Appointed Member of the Board of Directors (Outside Director) of JCR Pharmaceuticals. Co., Ltd. (to present)

[Significant Concurrent Positions]

External Director of Noile-Immune Biotech Inc.
External Director of Rezolute, Inc.(RZLT)
Outside Director of LUCA Science Inc.

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

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

(FOR REFERENCE PURPOSE)

Candidate
No.

12

Newly-
appointed

Outside
Director



Marc Dunoyer

(October 12, 1952)

Number of Shares of
the Company Owned —
share

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

October 1999	Representative Director Vice President of GlaxoWellcome KK	June 2010	Outside Director of the Company
March 2000	Representative Director President of GlaxoWellcome KK	April 2013	Resigned as Outside Director of the Company
January 2001	Representative Director President of GlaxoSmithKline KK	June 2013	Executive Vice President of Global Portfolio & Product Strategy of AstraZeneca PLC
March 2003	Corporate Executive Team Member of GlaxoSmithKline PLC	November 2013	Member of the Board of Directors and Executive Director and Chief Financial Officer of AstraZeneca PLC
May 2008	Regional President of Asia Pacific & Japan of GlaxoSmithKline PLC	June 2018	Chairman of AstraZeneca KK (to present) Member of the Board of Directors of Orchard Therapeutics PLC (to present)
January 2010	Representative Director Chairman of GlaxoSmithKline KK	August 2021	Chief Executive Officer of Alexion, AstraZeneca's Rare Disease Group (to present)
February 2010	Foundational Global Head of Rare Diseases Unit of GlaxoSmithKline PLC		Chief Strategy Officer of AstraZeneca Group (to present)

[Significant Concurrent Positions]

Chief Strategy Officer of AstraZeneca Group
Chief Executive Officer of Alexion, AstraZeneca's Rare Disease Group
Chairman of AstraZeneca KK
Member of the Board of Directors of Orchard Therapeutics PLC

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

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

(FOR REFERENCE PURPOSE)

- (Notes) 1. The number of shares of the Company owned by each candidate includes the equity interests in the JCR Officer Shareholding Association.
2. Mr. Marc Dunoyer is a new candidate for Director.
Mr. Marc Dunoyer is Chief Executive Officer of Alexion, AstraZeneca Rare Disease, a specified related business operator of the Company. His positions and responsibilities as an executive officer currently and over the past ten years are as described in the profile.
3. Mr. Toshihide Yoda is a Senior Vice President of Medipal Holdings Corporation, of which Mr. Toshihide Yoda serves as Senior Vice President, is a major shareholder of the Company.
4. There are no particular vested interests between other candidates and the Company.
5. Mr. Toshihiro Ishikiriyama will have served as an Outside Director for eight (8) years, Mr. Takashi Suetsuna will have served as an Outside Director for six (6) years, Mr. Toshihide Yoda and Dr. Yuko Hayashi will have served as an Outside Director for five (5) years, and Mr. Yutaka Atomi and Mr. Philippe Fauchet will have served as an Outside Director for one (1) year at the conclusion of this General Shareholders Meeting.
6. When this proposal is approved as originally proposed, Mr. Toshihiro Ishikiriyama, Mr. Takashi Suetsuna, Dr. Yuko Hayashi, Mr. Yutaka Atomi and Mr. Philippe Fauchet will be registered at the Tokyo Stock Exchange as Independent Director without particular vested interests with the shareholders in general, as defined by the Tokyo Stock Exchange.
7. In accordance with Article 28, Paragraph 2 of the Company's Articles of Incorporation, the Company has concluded a contract with Mr. Toshihiro Ishikiriyama, Mr. Takashi Suetsuna, Mr. Toshihide Yoda, Dr. Yuko Hayashi, Mr. Yutaka Atomi and Mr. Philippe Fauchet with respect to limiting their liabilities for damages under Paragraph 1 of Article 423 of the Companies Act to the Minimum Liability Amount stipulated in Paragraph 1 of Article 425 of the Companies Act so far as they are performing their duties in good faith and without gross negligence. If the proposal is approved as originally proposed and six (6) directors are re-elected, the above contract will be continued. Moreover, if the election of Mr. Marc Dunoyer is approved, the Company intends to enter the same liability limitation agreement with him.
8. The Company has concluded an officer liability insurance contract with the insurance company, and each candidate for director shall be the insured under such insurance contract. Please refer to "4 Officers, 3 Summary of the details of directors and officers liability insurance contract" in the Report on business results. In addition, in the event each candidate assumes the post of director, the applicable insurance contract shall be renewed during the term of office.

Criteria for independence of Outside Directors

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

Proposal 3

Appointment of Three (3) Audit & Supervisory Board Members (Kansayaku)

Three (3) Audit & Supervisory Board Members, Mr. Kazumasa Oizumi, Mr. Kazuhiko Yamada and Mr. Kenjiro Miyatake will reach the maturity of the term of office at the end of this Annual Shareholders Meeting. We would like to request the appointment of three (3) Audit & Supervisory Board Members. The Audit & Supervisory Board has assented to this proposal. The three (3) candidates nominated by the Board are as follows.

Candidate No.	Candidate Name	Present Position of the Company	(Reference)		
			Attendance of the Board Meetings of Directors in the 48th Fiscal Year (from April 1, 2022 to March 31, 2023)	Attendance of the Board Meetings of Auditors in the 48th Fiscal Year (from April 1, 2022 to March 31, 2023)	
1	Reappointed Kazumasa Oizumi	Outside Director Independent Director	Outside Audit & Supervisory Board Member (Active)	13/13 (100%)	13/13 (100%)
2	Reappointed Kazuhiko Yamada	Outside Director Independent Director	Outside Audit & Supervisory Board Member	13/13 (100%)	13/13 (100%)
3	Reappointed Kenjiro Miyatake	Outside Director Independent Director	Outside Audit & Supervisory Board Member	13/13 (100%)	13/13 (100%)

(FOR REFERENCE PURPOSE)

Candidate
No.

1

Reappointed



Kazumasa Oizumi (September 6, 1947)

Number of Shares of
the Company Owned **9,406**
shares

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

March 1992	Manager of Utsunomiya Branch of Nippon Life Insurance Company	June 2014	Full-Time Audit & Supervisory Board Member of the Company (to present)
March 1997	President of Nihonbashi Branch of Nippon Life Insurance Company		
March 2001	Manager of Fourth Department of Metropolitan Area Agency of Nippon Life Insurance Company		
June 2002	Standing Audit & Supervisory Board Member of SOHGO SECURITY SERVICES CO., LTD.		
April 2009	Executive Officer of SOHGO SECURITY SERVICES CO., LTD.		
June 2013	Appointed Outside Audit & Supervisory Board Member of the Company (to present)		

Reason for Nomination as a Candidate for Outside Audit & Supervisory Board Member of the Company

The Company has nominated him to continue as an Outside Audit & Supervisory Board Member of the Company because it expects him to enhance corporate governance, utilizing his career in the financial industry and experience, and it deems him an appropriate person who can be expected to conduct fair audit as an Audit & Supervisory Board Member with a wealth of knowledge and high insight.

Candidate
No.

2

Reappointed



Kazuhiko Yamada (April 13, 1944)

Number of Shares of
the Company Owned **11,104**
shares

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

July 1996	District Director of Wadayama Tax Office	June 2009	Audit & Supervisory Board Member of Create Corporation
July 1999	Director of Corporation Taxation Division of Taxation Second Department of Osaka Regional Taxation Bureau	June 2016	Director of Create Corporation (Member of Audit and Supervisory Committee) (to present)
July 2001	District Director of Higashi Tax Office		
September 2002	Head of Kazuhiko Yamada Tax Accountant Offices (to present)		
May 2006	Tentative Audit & Supervisory Board Member of the Company		
June 2006	Appointed Outside Audit & Supervisory Board Member of the Company (to present)		

[Significant Concurrent Positions]

Head of Kazuhiko Yamada Tax Accountant Offices
Outside Director of Create Corporation (Member of Audit and Supervisory Committee)

Reason for Nomination as Candidate for Outside Audit & Supervisory Board Member of the Company

Although he has not been involved in corporate management except as an Outside Audit & Supervisory Board Member of the Company, the Company has nominated him to continue as an Outside Audit & Supervisory Board Member of the Company because it deems him an appropriate person who can be expected to conduct fair audit as an Audit & Supervisory Board Member, from the taxation and financial perspective based on his extensive experience and expertise as a qualified tax accountant.

(FOR REFERENCE PURPOSE)

Candidate
No.

3

Kenjiro Miyatake

Number of Shares of 10,145
(February 16, 1938) the Company Owned share

Reappointed



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

August 1981	Member of Board of Directors of Dainippon Pharmaceutical Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)	February 2011	External Director of The Japan Wool Textile Co., Ltd.
June 1994	Advisor of TAMURA PHARMACEUTICAL CO., LTD. (to present)	June 2011	Advisory Position (Sodanyku) of Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)
June 1999	Representative Director, President and CEO of Dainippon Pharmaceutical Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)	June 2013	Appointed Outside Audit & Supervisory Board Member of the Company (to present)
October 2005	Representative Director, President and CEO of Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)	April 2015	Board Chairman of Kobe Pharmaceutical University
June 2008	Representative Director and Chairman of Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)		

[Significant Concurrent Positions]

Advisor of TAMURA PHARMACEUTICAL CO., LTD.

Advisor of Kwansei Gakuin University

Member of the Board of Councilors of Foundation for Kobe International Medical Alliance

Member of the Board of Councilor of Mirai Research Institute University of TOHO HOLDINGS CO., LTD.

Reason for Nomination as Candidate for Outside Audit & Supervisory Board Member of the Company

The Company has nominated him to continue as an Outside Audit & Supervisory Board Member of the Company because it deems him an appropriate person who can be expected to conduct fair audit as an Audit & Supervisory Board Member, with a wealth of knowledge and high insight on the establishment and enhancement of corporate governance, utilizing his long experience as a business manager in the pharmaceutical industry.

- (Notes) 1. There are no particular vested interests between Mr. Kazumasa Oizumi, Mr. Kazuhiko Yamada, Mr. Kenjiro Miyatake, and the Company.
2. Mr. Kazumasa Oizumi, Mr. Kazuhiko Yamada and Mr. Kenjiro Miyatake will have served as an Outside Audit & Supervisory Board Member for ten (10), seventeen (17), and ten (10) years, respectively, at the conclusion of this Shareholders' Meeting. Due to the reasons for nomination stated above, the Company has judged that Mr. Kazumasa Oizumi, Mr. Kazuhiko Yamada and Mr. Kenjiro Miyatake will continue to carry out fair audits as Audit & Supervisory Board Members.
3. When this proposal is approved as proposed, Mr. Kazumasa Oizumi and Mr. Kazuhiko Yamada and Mr. Kenjiro Miyatake will be registered at Tokyo Stock Exchange as Independent Director without particular vested interests with the shareholders in general.
4. In accordance with Article 36, Paragraph 2 of the Company's Articles of Incorporation, the Company has concluded a contract with Mr. Kazumasa Oizumi, Mr. Kazuhiko Yamada and Mr. Kenjiro Miyatake with respect to limiting their liabilities for damages under Paragraph 1 of Article 423 of the Companies Act to the Minimum Liability Amount stipulated in Paragraph 1 of Article 425 of the Companies Act so far as they are performing their duties in good faith and without gross negligence. If the proposal is approved as originally proposed and they are re-elected, the above contract will be continued.
5. The Company has concluded an officer liability insurance contract with the insurance company, and each candidate for director shall be the insured under such insurance contract. Please refer to "4 Officers, 3 Summary of the details of directors and officers liability insurance contract" in the Report on business results for an outline of the contents of this agreement. In addition, in the event each candidate assumes the post of director, the applicable insurance contract shall be renewed during the term of office.

(FOR REFERENCE PURPOSE)

Criteria for independence of Outside Directors

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

(FOR REFERENCE PURPOSE)

(Reference)

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

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

(FOR REFERENCE PURPOSE)

	Name	Position	Skills														
			General Management	Industry Knowledge	Global Experience	R&D	Production	Sales	ICT	Administrative Experience	Law	Tax & Financial Accounting	Sustainability	Risk Management	Other		
	Kazuhiko Yamada	Audit & Supervisory Board Member (Outside/Independent/)										○		○			
	Kenjiro Miyatake	Audit & Supervisory Board Member (Independent/Outside)	○	○						○		○					
	Takeshi Komura	Audit & Supervisory Board Member (Independent/Outside)	○									○	○	○	○	○	
	Shuichi Tani	Audit & Supervisory Board Member (Independent/Outside)	○	○								○					

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

Proposal 4

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

The Company wishes to issue new share acquisition rights as stock-linked compensation stock options allotted to Directors of the Company (excluding Outside Directors; hereinafter referred to as “eligible Directors”) and Corporate Officers or employees who do not concurrently serve as Directors of the Company (hereinafter referred to as “Corporate Officers” and collectively with eligible Directors referred to as “eligible Directors, etc.”) with the aim of further increasing their motivation for contribution or the morale toward continued enhancement of the business performance and corporate value in the medium- and long-term.

Although the maximum yearly amounts of remuneration for the Directors were approved at no more than 500 million yen (including 100 million yen or less for Outside Directors) at the 42nd Ordinary Shareholders Meeting held on June 28, 2017 and remains unchanged to date, with respect to stock-linked compensation stock options for the fiscal year ending March 31, 2024, we propose the issuance of new share acquisition rights as stock-linked compensation stock options up to an annual amount of 200 million yen or less and up to 865 units of new share acquisition rights (One (1) new share acquisition right shall be 100 shares.) to eligible Directors, separately from the above-mentioned applicable amount of remuneration.

Stock-linked compensation stock options for the fiscal year ending March 31, 2024 shall also be issued to Corporate Officers of the Company, and the maximum annual amount for Corporate Officers shall be 50 million yen or less and 260 units of new share acquisition rights (One (1) share acquisition right shall be 100 shares.).

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

Currently, the number of Directors is eleven (11) (including six (6) Outside Directors), and if the Proposal 2 “Appointment of twelve (12) Directors” is approved as originally proposed, the number of Directors shall be twelve (12) (including seven (7) Outside Directors).

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

(1) Recipients of the share acquisition rights

Five (5) Directors (excluding Outside Directors) and six (6) Corporate Officers of the Company

(2) Total number of the share acquisition rights

Limited to a maximum of 1,080 units

(FOR REFERENCE PURPOSE)

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

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

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

Not exceed 108,000 common shares of the Company.

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

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

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

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

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

The paid-in amount shall be the fair value calculated by Black-Scholes Option Pricing Model on the date of allotment of the share acquisition rights. The Company shall regard the monetary compensation equivalent to the paid-in amount to be paid to those directors and corporate officers of the Company subject to an allotment of the share acquisition rights, and they shall obtain the share acquisition rights by offsetting said payment liabilities with their claims for monetary compensation from the Company. The lack of requirement for payment of money does not constitute favorable issue.

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

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

(6) Period for exercising the share acquisition rights

Up to 30 years after the allotment date.

(FOR REFERENCE PURPOSE)

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

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

[2] With regard to share acquisition rights, the entire amount of share acquisition rights held by eligible Directors, etc. shall be exercised collectively for each eligible Director, etc. only once and may not be divided and exercised in parts.

[3] In the event the share acquisition right holder loses the position of a director of the Company or a subsidiary company or a corporate officer, etc. of the Company reaches retirement prior to the day of the Ordinary General Meeting of Shareholders scheduled to be held in June 2024, he/she will not be able to exercise the rights.

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

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

(8) Reasons for Acquisition of the share acquisition rights

[1] The Company may acquire share acquisition rights without consideration if a merger agreement in which the Company becomes an extinguished company is approved, and if a proposal to approve a share exchange agreement and a share transfer proposal in which the Company becomes a wholly owned subsidiary are approved at a General Meeting of Shareholders.

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

(9) Inheritance of the share acquisition rights

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

(FOR REFERENCE PURPOSE)

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

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

(11) Other matters

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

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

The above-mentioned details of the stock options as stock-linked compensation for the fiscal year ending March 31, 2024, as well as the amount of compensation and the maximum number of new share acquisition rights for the eligible directors, are considered as appropriate based on the following factors: the purpose of stock options as stock-linked compensation, the economic situation and social standards, the increase in the roles and responsibilities of directors due to changes in the business environment surrounding the Company, the Company's business performance, and the Company's policy regarding the determination of the details of individual remuneration, etc., for Directors (for details of the policy, see "4 Officers, 4 Compensation, etc. of Directors and Audit & Supervisory Board Members" in the Report on business results).





[Attachment] Report on business results (From April 1, 2022 to March 31, 2023)

1 Current Situation of the Corporate Group

1. Progress of business and its results

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

The overview of this consolidated fiscal year is as follows.

Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
34,343	4,975	5,418	3,772
million yen	million yen	million yen	million yen
 Against Previous Fiscal Year	 Against Previous Fiscal Year	 Against Previous Fiscal Year	 Against Previous Fiscal Year
32.8%	75.0%	73.6%	74.0%
decrease	decrease	decrease	decrease

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

1. Net Sales

Net sales amounted to 34,343 million yen (down 32.8% year on year). The main reason for the decrease against the previous year was because we ended the commissioned manufacturing of the bulk substance of the COVID-19 vaccine (AZD1222) from AstraZeneca Co., Ltd. as initially scheduled.

2. Operating Income and Ordinary Income








Operating income of 4,975 million yen (down 75.0%), ordinary income of 5,418 million yen (down 73.6%), and profit attributable to owners of parent of 3,772 million yen (down 74.0%), each of the amounts were down from the previous fiscal year.

It was mainly because gross profit decreased 37.3% as a result of lower net sales. R&D expenses increased 22.7% to 8,802 million yen.

(FOR REFERENCE PURPOSE)

3. Main components of sales

The main components of sales are as follows.

	Net sales for FY2022		Year-on-year change
Recombinant human growth hormone product GROWJECT®	12,261 million yen	 △5.3%	683 million yen decrease
Mucopolysaccharidoses Type II treatment IZCARGO®	4,428 million yen	 47.4%	1,424 million yen increase
Regenerative medical products TEMCELL® HS Inj.	3,404 million yen	 △2.7%	92 million yen decrease
Renal anemia treatments Epoetin Alfa BS Inj. [JCR] Darbepoetin Alfa BS Inj. [JCR]	4,696 million yen 2,710 million yen 1,986 million yen	 △20.1%	1,178 million yen decrease 166 million yen decrease 1,011 million yen decrease
Fabry disease treatment Agalsidase Beta BS I.V. Infusion [JCR]	964 million yen	 + 35.6%	253 million yen increase
AZD1222	1,931 million yen	 △86.6%	12,443 million yen decrease
Revenue from licensing	6,546 million yen	 △38.1%	4,025 million yen decrease

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

- GROWJECT® grew in terms of sales volume, but was affected by NHI price revisions.
- We are commissioned to manufacture the bulk substance of the COVID-19 vaccine (AZD1222) from AstraZeneca Co., Ltd.
- Revenue from licensing originates from conclusion of contracts, etc., for commercialization and sales collaboration.

(2) The status of R&D

[Treatments for lysosomal storage diseases]

- In treatments for lysosomal storage diseases for which there are more than 17 types of treatment, we are currently prioritizing research and development on new drugs that employ our unique blood-brain barrier (BBB) technology, J-Brain Cargo®.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of Hunter Syndrome, Pabinafusp Alfa (development code: JR-141), the designation of Rare Pediatric Disease (*) was received from the U.S. Food and Drug Administration (FDA) in December 2022. In February 2022, the drug began to be administered to the first subjects in a global Phase III clinical trial, and currently, subjects are being registered. Although an application for marketing approval was filed with the Brazilian Health Surveillance Agency (ANVISA) in December 2020, it was not approved in August 2022. An application will be filed again, using the result of the global Phase III clinical trial currently under way.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of mucopolysaccharidose type I (development code: JR-171), Phase I/II clinical trials are currently underway in Japan, Brazil, and the U.S., and registration of all cases planned until March 2022 is completed. Preparations are under way for the early commencement of a global Phase III clinical trial.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of mucopolysaccharidose type III A (development code: JR-441), currently work is proceeding toward the commencement of global clinical trials in early 2023.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of mucopolysaccharidose type III A (development code: JR-446), currently work is proceeding toward the commencement of global clinical trials during 2024.
- We have also been successively conducting R&D into other treatments for lysosomal storage diseases that employ J-Brain Cargo®, including a treatment for Pompe disease (development code: JR-162) and a treatment for Sly syndrome (development code: JR-443). We will also develop each of these treatments globally. Moreover, a decision was made in March 2022 to newly begin development on the treatment for GM2 gangliosidosis (development code: JR-479). Regarding a treatment for fucosidosis (development code: JR-471), based on the license agreement concluded in October 2022, an exclusive license with a relicense right for commercialization such as research, development, manufacture and sale all over the world except Japan was granted to Medipal Holdings Corporation. We will participate in the position of the licensor as the company that has created the treatment and contribute to early commercialization of the treatment.

[Creation of platform technology]

- In addition to the research to expand the applicability of “J-Brain Cargo®” technology, JCR’s own BBB-penetrating technology, to various modalities, we are focusing on the creation of a new platform technology following J-Brain Cargo® technology.

(FOR REFERENCE PURPOSE)

- In March 2023, we achieved non-clinical PoC, based on the joint R&D agreement with Takeda Pharmaceutical Company Limited regarding gene therapies that employ J-Brain Cargo® technology for lysosomal storage diseases.
- In March 2023, we concluded joint research, option and licensing agreements with Alexion AstraZeneca Rare Disease on undisclosed candidate materials of treatments for which J-Brain Cargo® technology is employed, targeting neurodegenerative diseases.

[Regenerative medicine products]

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

[Human growth hormone product]

- An application for marketing approval was filed for an additional indication for GROWJECT® with short stature homeobox-containing gene (SHOX) deficiency (development code: JR-401X).
- We are conducting a Phase II clinical trial of a recombinant long-acting growth hormone (rdNA origin) (development code: JR-142), have completed the scheduled statistical analysis and are preparing for the commencement of a Phase III clinical trial.

* Rare Pediatric Disease designation

A system aimed at promoting the development of new drugs and biologics for the prevention and treatment of rare pediatric diseases. There is a possibility of obtaining a priority review voucher for the future approval of marketing in the U.S.

[Reference] Research and Development Status of New Products

Code Nonproprietary name (Product name)	Indication	Status	Mechanism	Remarks
JR-141 Pabinafusp Alpa (development code: JR-141, IZCARGO®)	LSD MPS type II (Hunter)	Brazil: Filed Global: Phase III	BBB-penetrating iduronate-2- sulfatase (rDNA origin)	• ERT • J-Brain Cargo®
JR-171	LSD MPS type I (Hurler etc.)	Global: Phase I/II	BBB-penetrating α - L-iduronidase (rDNA origin)	• ERT • J-Brain Cargo® • J-MIG System®
JR-162	LSD Pompe disease	Preclinical	J-Brain Cargo® - applied acid α - glucosidase (rDNA origin)	• ERT • J-Brain Cargo®
JR-441	LSD MPS type III A (Sanfilippo A)	Preclinical	BBB-penetrating heparan N-sulfatase (rDNA origin)	• ERT • J-Brain Cargo®
JR-443	LSD MPS type VII (Sly)	Preclinical	BBB-penetrating β - glucuronidase (rDNA origin)	• ERT • J-Brain Cargo®
JR-446	LSD MPS type III B (Sanfilippo B)	Preclinical	BBB-penetrating α - N- acetylglucosamini- dase (rDNA origin)	• ERT • J-Brain Cargo®
JR-479	LSD GM2-gangliosidosis (Tay-Sachs, Sandhoff)	Preclinical	BBB-penetrating β - hexosaminidase-A (rDNA origin)	• ERT • J-Brain Cargo®
JR-471	LSD fucosidosis	Investigation of manufactur- ing methods	BBB-penetrating α - L-fucosidase (rDNA origin)	• ERT • J-Brain Cargo®
JR-401X Somatropin (GROWJECT®)	SHOX deficiency	Filed manufactur- ing and sales application	Human growth hormone (rDNA origin)	• Expanded Indication for GROWJECT®
JR-142	Pediatric growth hormone deficiency	Phase II	Long-acting human growth hormone (rDNA origin)	• J-MIG System®

(FOR REFERENCE PURPOSE)

JR-031HIE Human (allogeneic) bone marrow derived mesenchymal stem cells (TEMCELL® HS Inj.)	Neonatal Hypoxic Ischemic Encephalopathy	Phase I/II	Human somatic stem cell processed product	• Expanded Indication for TEMCELL® HS Inj.
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(Note) LSD: Lysosomal storage disorder

2. State of financing

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

3. State of capital expenditure

Capital expenditures in the fiscal year under review totaled 8,023 million yen, including capital investments of 3,789 million yen in pharmaceutical manufacturing facilities and of 1,647 million yen in R&D facilities.

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

4. Challenges need to be addressed

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

(1) Corporate philosophy

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

Under this corporate philosophy, our important missions are to continue research and manufacturing centered on genes, proteins, and cells, to create groundbreaking new drugs and basic technologies, and to benefit patients with rare diseases and their families. Realization of this mission requires that each and every employee put patients and their families first, and continue to take on challenges in accordance with the following core values.

Core Values

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

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

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

Basic Business Policies

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

(FOR REFERENCE PURPOSE)

1. Management with Focus on Customer Satisfaction

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

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

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

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

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

4. Management with Consideration for Work Environment

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

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

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

6. Management to Enhance Management Efficiency and Maximize Advantages of JCR

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

(2) Environmental awareness in the pharmaceutical industry and challenges need to be addressed

The environment enveloping the domestic pharmaceutical industry continues to change dramatically.

Shrinking social security costs, which are increasing due to the declining birthrate and aging population, is an urgent issue, and policies to control drug costs and the use of generic drugs are being promoted. On the other hand, for the purpose of addressing unmet medical needs and extending healthy life expectancies and improving quality of life, there are active discussions calling for expansion of systems for evaluating innovation for the development of innovative pharmaceuticals that are safer and more effective than ever, in line with personalized medicine, with some actually implemented in the drug pricing system. In addition, for many diseases, especially lifestyle-related diseases, the level of satisfaction with treatment has increased due to the contribution of drugs, and as a result, new drug development has become more difficult. For this reason, even the world’s leading pharmaceutical companies are promoting modality changes to antibody drugs and regenerative medicine products, and efforts are underway toward the development of drugs for rare diseases with high unmet medical needs.

The Company believes it is our obligation to create pharmaceuticals through unique R&D and continue to create revolutionary platform technology to contribute to patients with various diseases such as the field of rare diseases and their families.

(FOR REFERENCE PURPOSE)

(3) Corporate strategy, etc.

Looking Back on the Midterm Business Plan -Henkaku- (FY2020-FY2023)

As a company that strives to be an R&D company with a global presence, in May 2020, we announced the three-year Midterm Business Plan “Henkaku,” and made progress in addressing the following six key business challenges. In May 2021, we launched Izcargo® in Japan, which employed our unique blood-brain barrier (BBB) technology, “J-Brain Cargo®,” and were able to deliver it to patients and their families. We are also working on the development of more than 17 types of treatments for lysosomal storage disease that employ J-Brain Cargo® technology, and have made strategic capital investments with a view to global clinical trials and future commercial product manufacturing. In order to realize full-fledged global activities, we also established JCR DO BRASIL in the Federative Republic of Brazil in 2020, JCR Europe in the Kingdom of the Netherlands and JCR Luxembourg in the Grand Duchy of Luxembourg in 2022. Based on these achievements, we will continue to make strategic investments to create new value and achieve full-scale globalization beginning in the latter half of the 2020s.

Six important business challenges in the previous Midterm Business Plan “Henkaku”

- 1) Qualitative and quantitative reorganization of the quality assurance system in light of the increasing importance of JCR in the field of rare diseases
- 2) Initiatives for sustainable growth of sales of existing products to strengthen the earnings base over the next several years
- 3) Expansion of basic and applied research for the future of lysosomal storage diseases
- 4) Evaluation and implementation of further capital investment for manufacturing and research in anticipation of full-scale globalization
- 5) Product strategy planning including evidence generation to maximize the business value of treatments for lysosomal storage diseases in the future
- 6) Transformation of operations and organizations along with human resource development in anticipation of business expansion after full-scale globalization

Both net sales and operating income doubled, research and development expenses expanded about three-fold, and the number of employees has grown steadily to about 1.6 times compared to fiscal 2015, the first year of the midterm business plan before last “Hiyaku,” but operating income fell short of the guidance figures for fiscal 2022 as a result of various challenges.

	Net Sales	Operating Income	R&D expenses to sales ratio
FY 2022 (Target)	32.0-36.0 billion yen	7.0-10.0 billion yen	20.0% Target
FY 2022 (Actual)	34.3 billion yen	4.9 billion yen	25.6%

The primary reason for not achieving operating income was that the revenue from licensing fell short of the plan due to factors such as the failure to conclude a license agreement in fiscal 2022 for treatments for lysosomal storage disease JR-171, JR-441, JR-446 and other fields, which also led to ratio of R&D costs to sales exceeding guidance.

(FOR REFERENCE PURPOSE)

Furthermore, the target dividend payout ratio was 30%, but the actual result was 65.9% due to the shortfall in operating income.

In May 2023, the Company announced a five-year Midterm Business Plan, “Reach Beyond, Together.” Over the next five years, this plan will further enhance the strengths found in the past midterm business plans, “Hiyaku” and “Henkaku” while building on unique “R&D capabilities” and “manufacturing capabilities” that we have cultivated since our founding as we continue to position our processes to realize our Company’s vision of accomplishing “what only JCR can do” for patients and their families, even for diseases with extremely few patients. These are the five initiatives we are proposing for the next five years:

“Creation of revolutionary platform technologies”

The Company formulated J-Brain Cargo®, a proprietary technology that delivers drugs to the brain through the blood brain barrier. In 2021, we launched in Japan drug Izcargo®, the world’s first enzyme replacement therapy that has demonstrated that it can cross the blood-brain barrier. This J-Brain Cargo® has abundant variations, which enables selection of the optimal molecule according to drug characteristics, with application of protein engineering enabling creation of biopharmaceuticals with optimized receptor binding affinity. With the usefulness of the basic technology of J-Brain Cargo® as a background, we will work to create new basic technologies that enable delivery of various modalities (proteins, nucleic acids, gene/cell therapy drugs, antibodies, etc.) to organs other than the brain, including eyes, skeletal muscle and cartilage. As a result, it may be possible to create drugs that target not only lysosomal storage diseases, which we are currently working on, but also neurodegenerative diseases, eye diseases, bone system diseases, muscle diseases, and others. We will also take advantage of opportunities for alliances with other companies, in parallel with our own research and development activities, to embrace the challenge of creating innovative pharmaceuticals.

“Demonstration of global standard production capacity” and “Qualitative and quantitative expansion of the global quality assurance systems”

Since our founding, the Company has been involved in the manufacture of biopharmaceuticals, and we consider manufacturing as one of our strengths together with research and development. We have more than 15 years of manufacturing experience using single-use technology utilizing an integrated quality control system from the research stage to the finished product. All 400 employees currently involved in manufacturing have inherited the spirit of “manufacturing” since the company’s founding, and they also possess considerable skills. In addition, our five production bases and two research bases are all located close to each other, and our strength lies in close collaboration that transcends divisions.

On the other hand, we are also focusing on global supply and expanding our supply capacity by investing 40.0 billion yen in our own capital investment and investment in overseas CMOs. We have eight 2,000 liter bioreactors for bulk drug manufacturing. We are also proceeding with preparations for construction of a new formulation plant, with operations projected to start in fiscal 2027. In terms of logistics, we also established a European base for global distribution management in the Grand Duchy of Luxembourg in 2022.

(FOR REFERENCE PURPOSE)

“Early launch of pipeline for rare diseases”

The Company currently has a pipeline of 17 drugs for the treatment of lysosomal storage diseases from basic stage to Phase 3 clinical trials. The Company will advance these as quickly as possible with the belief that it is our responsibility to succeed in development by bringing together the “R&D capabilities” and “manufacturing capabilities” that we have cultivated since our founding to develop therapeutic drugs, even for ultra-rare diseases for which only a few hundred cases have been reported worldwide.

“Human resource development to support growth”

Since 2020, the number of employees has increased by about 150 due to progress in research and development and rapid response to the vaccine business. In order to foster the next generation leaders responsible for further business expansion expected in the latter half of the 2020s, we will strive to implement a human resource strategy centered on “human resource management,” “contribution evaluation,” “wage allocation according to contribution,” and “human resource development.”

(FOR REFERENCE PURPOSE)

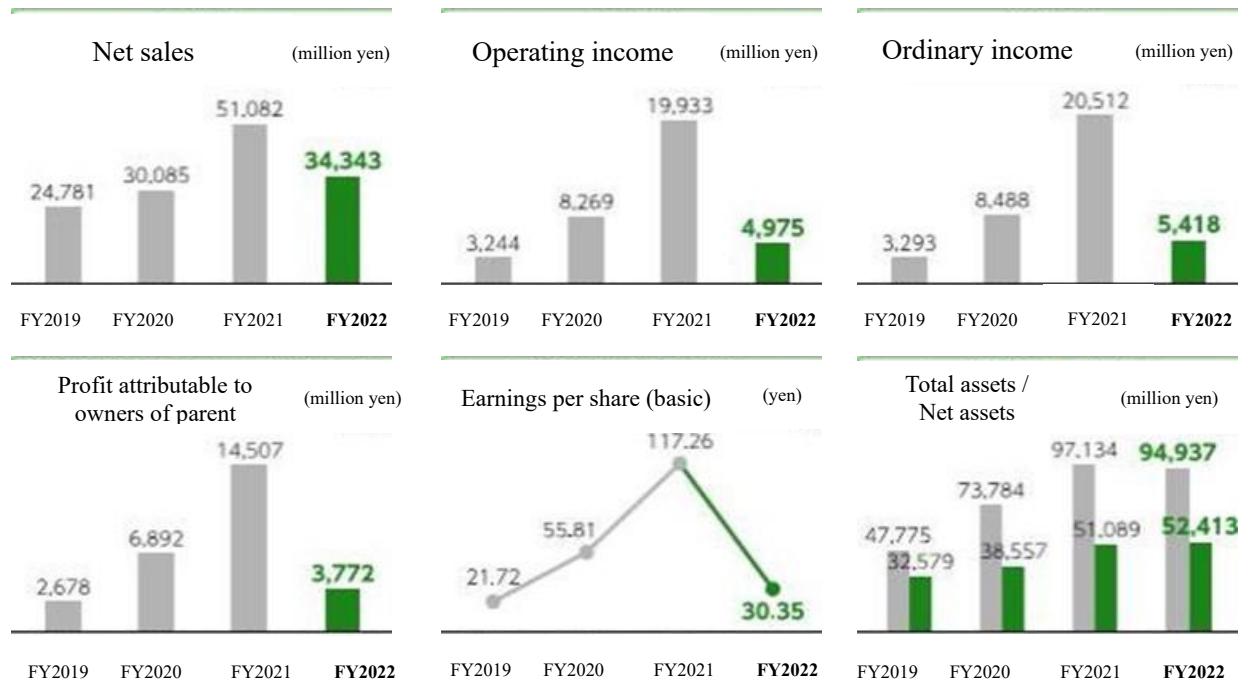
5. Trends in assets and profit and loss

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

Category		45th term Fiscal year 2019	46th term Fiscal year 2020	47th term Fiscal year 2021	48th term (term under review) Fiscal year 2022
Net sales	(million yen)	24,781	30,085	51,082	34,343
Operating income	(million yen)	3,244	8,269	19,933	4,975
Ordinary income	(million yen)	3,293	8,488	20,512	5,418
Profit attributable to owners of parent	(million yen)	2,678	6,892	14,507	3,772
Earnings per share (basic)	(yen)	21.72	55.81	117.26	30.35
Total assets	(million yen)	47,775	73,784	97,134	94,937
Net assets	(million yen)	32,579	38,557	51,089	52,413

(Notes) 1. The Company conducted a four-for-one stock split of common shares effective on October 1, 2020. As a result, earnings per share has been calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year 2019.

2. All amounts are rounded down to the nearest million yen.



(FOR REFERENCE PURPOSE)

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

Category		45th term Fiscal year 2019	46th term Fiscal year 2020	47th term Fiscal year 2021	48th term (term under review) Fiscal year 2022
Net sales	(million yen)	24,725	30,085	51,081	34,343
Operating income	(million yen)	3,287	8,641	20,137	5,095
Ordinary income	(million yen)	3,342	8,594	20,425	5,284
Profit attributable to owners of parent	(million yen)	2,741	7,081	14,446	3,687
Earnings per share	(yen)	22.23	57.33	116.77	29.67
Total assets	(million yen)	47,440	73,727	97,033	94,551
Net assets	(million yen)	32,278	38,546	50,939	52,006

(Notes) 1. The Company conducted a four-for-one stock split of common shares effective on October 1, 2020. As a result, earnings per share has been calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year 2019.

2. All amounts are rounded down to the nearest million yen.

6. Important subsidiaries, etc.

Subsidiaries

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

(FOR REFERENCE PURPOSE)

JCR Luxembourg S.A.	5	million Euro	100.0	%	Manufacture, packaging, storage and distribution of pharmaceuticals and raw materials
JCR Europe B.V.	0.5	million Euro	100.0	%	Clinical operations, regulatory affairs and development in Europe

- (Notes) 1. The Company established JCR Luxembourg S.A. on August 4, 2022, making it a consolidated subsidiary.
2. The Company established JCR Europe B.V. on September 15, 2022, making it a consolidated subsidiary

7. Scope of main business

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

8. Main places of business and manufacturing sites

(1) JCR Pharmaceuticals Co., Ltd.

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

Kobe Science Park Center was completed in November 2022 and will start operations in the first quarter of the fiscal year ending March 2024.

(FOR REFERENCE PURPOSE)

(2) Subsidiaries

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

(Notes) 1. The Company established JCR Luxembourg S.A. on August 4, 2022, making it a consolidated subsidiary.
2. The Company established JCR Europe B.V. on September 15, 2022, making it a consolidated subsidiary.

9. Employees

Business Division	Number of Employees
Pharmaceuticals	758
Medical devices and laboratory equipment	6
Company-wide (shared)	115
Total	879

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

10. Principal Lenders

Lender	Loan Value
MUFG Bank, Ltd.	7,850 million yen
Sumitomo Mitsui Banking Corporation	5,350 million yen
Mizuho Bank, Ltd.	4,950 million yen

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

2 Matters Related to the Shares of the Company

1. State of shares

(1) Total number of authorized shares	320,000,000 shares	
(2) Total number of outstanding shares	129,686,308 shares	(including 4,585,873 shares held as treasury shares)
(3) Number of shareholders at the end of the term under review	17,524 shareholders	

2. Principal shareholders (Top 10)

Name of Shareholder	Number of Shares Held	Ratio of Shareholding
Medipal Holdings Corporation	29,131,000 shares	23.28%
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,414,000 shares	12.32%
Future Brain Co., Ltd.	8,711,000 shares	6.96%
Custody Bank of Japan, Ltd. (Trust Account)	7,677,000 shares	6.13%
The Nomura Trust and Banking Co., Ltd. (Trust A Account)	6,508,000 shares	5.20%
Kissei Pharmaceutical Co., Ltd.	6,418,000 shares	5.13%
Sumitomo Pharma Co., Ltd.	3,400,000 shares	2.71%
Mochida Pharmaceutical Co., Ltd.	2,200,000 shares	1.75%
GOVERNMENT OF NORWAY	1,593,000 shares	1.27%
Employee Shareholding Association of JCR Pharmaceuticals Co., Ltd.	1,139,000 shares	0.91%

- (Notes)
1. For Number of Shares Held, values of less than 1,000 shares are rounded down, and for Ratio of Shareholding, all amounts are rounded down to the second decimal place.
 2. The Company holds 4,585,873 shares of the Company; however it is not included in the table above.
 3. 324,900 shares of the Company held with Custody Bank of Japan, Ltd. (Trust E Account) following the adoption of Benefit Trust Scheme (J-ESOP), are not included in treasury shares of the Company (4,585,873 shares).
 4. Ratios of shareholding have been calculated after deducting treasury shares from the total number of outstanding shares.

3. Other important matters related to the Shares

Based on the resolutions of the 47th Ordinary General Meeting of Shareholders held on June 22, 2022 and the Board of Directors meetings held on May 12, 2022 and August 25, 2022, the Company disposed of its 1,000,000 treasury shares by allocation to a third party for the purpose of donations to the National University Corporation Kyoto University on September 15, 2022.

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

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

Date of Resolution on Issue	Period of Exercise		Exercise Price	Recipients	Number of Rights (Note)
June 25, 2009	From To	July 1, 2009 June 30, 2039	1 yen	1 Director	6
June 25, 2010	From To	August 23, 2010 August 22, 2040	1 yen	1 Director	8
June 28, 2011	From To	July 15, 2011 July 14, 2041	1 yen	1 Director	60
June 27, 2012	From To	July 17, 2012 July 16, 2042	1 yen	1 Director	80
June 19, 2013	From To	July 10, 2013 July 9, 2043	1 yen	1 Director	20
July 25, 2014	From To	August 15, 2014 August 14, 2044	1 yen	1 Director 1 Audit & Supervisory Board Member	40 10
June 24, 2015	From To	July 15, 2015 July 14, 2045	1 yen	2 Directors	60
June 22, 2016	From To	July 13, 2016 July 12, 2046	1 yen	2 Directors	60
June 28, 2017	From To	July 14, 2017 July 13, 2047	1 yen	2 Directors	60
October 25, 2018	From To	November 9, 2018 November 8, 2048	1 yen	3 Directors	65
June 27, 2019	From To	July 12, 2019 July 11, 2049	1 yen	3 Directors	65
June 24, 2020	From To	July 14, 2020 July 13, 2050	1 yen	4 Directors	80
June 23, 2021	From To	July 13, 2021 July 12, 2051	1 yen	5 Directors	430
June 22, 2022	From To	July 12, 2022 July 11, 2052	1 yen	5 Directors	600

(FOR REFERENCE PURPOSE)

- (Notes) 1. The number of shares to be acquired by exercise of new share acquisition rights resolved on June 25, 2009 and June 25, 2010 corresponds to 4,000 shares per new share acquisition right. The number of shares to be acquired by exercise of new share acquisition rights resolved on June 28, 2011, June 27, 2012, June 19, 2013, July 25, 2014, June 24, 2015, June 22, 2016, June 28, 2017, October 25, 2018, June 27, 2019 and June 24, 2020 corresponds to 400 shares per new share acquisition right. The number of shares to be acquired by exercise of new share acquisition rights resolved on June 23, 2021 and June 22, 2022 corresponds to 100 shares per new share acquisition right. The number of shares subject to acquisition rights to shares has been adjusted to reflect the four-for-one stock split conducted on October 1, 2020 for the purpose of resolutions from June 25, 2009 to June 24, 2020.
2. The above Directors do not include Outside Directors.

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

Date of Resolution on Issue	Period of Exercise	Exercise Price	Recipients	Number of Rights (Note)	
June 22, 2022	From To	July 12, 2022 July 11, 2052	1 yen	4 Corporate Officers	185

(Note) The number of shares to be acquired by exercise of new share acquisition rights resolved on June 22, 2022 corresponds to 100 shares per new share acquisition right.

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

No relevant items

4 Officers (As of March 31, 2023)

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

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

(FOR REFERENCE PURPOSE)

Position	Name	Responsibilities, Principal Duties, and Significant Concurrent Positions
Member, Board of Directors	Yuko Hayashi	Professor of Graduate School of Innovation and Technology Management of Yamaguchi University Executive Director of 3.11 Earthquake Orphans Cultural and Sports Support Facilitation Corporation of Public Interest Incorporated Association
Member, Board of Directors	Yutaka Atomi	President Emeritus of Kyorin University Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. President of International Medical Research Foundation Executive Director of Japan Medical Education Foundation Director of The Japan China Medical Association
Member, Board of Directors	Philippe Fauchet	External Director of Noile-Immune Biotech Inc. External Director of Rezolute, Inc.(RZLT) Outside Director of LUCA Science Inc.
Full-Time Audit & Supervisory Board Member	Kazumasa Oizumi	
Audit & Supervisory Board Member	Kazuhiko Yamada	Head of Kazuhiko Yamada Tax Accountant Offices Outside Director of Create Corporation (Member of Audit and Supervisory Committee)
Audit & Supervisory Board Member	Kenjiro Miyatake	Advisor of TAMURA PHARMACEUTICAL CO., LTD. Advisor of Kwansei Gakuin University Member of the Board of Councilors of Foundation for Kobe International Medical Alliance Member of the Board of Councilor of Mirai Research Institute University of TOHO HOLDINGS CO., LTD.
Audit & Supervisory Board Member	Takeshi Komura	Board Chairman of Capital Market Promotion Foundation of Public Interest Incorporated Foundation Board Chairman of The Iwatani Naoji Foundation
Audit & Supervisory Board Member	Shuichi Tani	Honorary President of International University of Health and Welfare

- (Notes) 1. The Company designated six (6) Outside Directors; Mr. Toshihiro Ishikiriyama, Mr. Takashi Suetsuna, Mr. Toshihide Yoda, Dr. Yuko Hayashi, Mr. Yutaka Atomi, and Mr. Philippe Fauchet among which the five (5) Outside Directors; Mr. Toshihiro Ishikiriyama, Mr. Takashi Suetsuna, Dr. Yuko Hayashi, Mr. Yutaka Atomi and Mr. Philippe Fauchet are Independent Directors who are not likely to conflict of interest with the general shareholders as defined by the Tokyo Stock Exchange, Inc.
2. The Company designated five (5) Outside Audit & Supervisory Board Members; Mr. Kazumasa Oizumi, Mr. Kazuhiko Yamada, Mr. Kenjiro Miyatake, Mr. Takeshi Komura and Mr. Shuichi Tani are Independent Audit & Supervisory Board Members who are not likely to conflict of interest with the general shareholders as defined by the Tokyo Stock Exchange, Inc.
3. Audit & Supervisory Board Member Mr. Kazumasa Oizumi has many years of experience at financial institutions; Audit & Supervisory Board Member Mr. Kazuhiko Yamada is a qualified tax accountant and has appreciable extent of knowledge with regard to finance and accounting; Audit & Supervisory Board Member Mr. Kenjiro Miyatake has experience as business manager in the pharmaceutical industry; Audit & Supervisory Board

(FOR REFERENCE PURPOSE)

Member Mr. Takeshi Komura has extensive experience and high insight in administrative and financial institutions; Audit & Supervisory Board Member Mr. Shuichi Tani has extensive experience and high insight on health care and medical welfare.

4. The Company has introduced a Corporate Officer system in order to streamline the management organization and strengthen the functions of the Board of Directors.

The Corporate Officers are as follows.

Senior Corporate Officer	Yutaka Honda	Executive Director of Administration Division and Director of General Affairs Dept.
Senior Corporate Officer	Yoh Ito	
Corporate Officer	Takayo Egawa	Manager of International Affairs Office
Corporate Officer	Kazunori Tanizawa	Executive Director of Development Division
Corporate Officer	Junichi Ando	Executive Director of Quality Assurance Division

Mr. Yoh Ito was appointed as Senior Corporate Officer; Executive Director of Corporate Strategy Division on April 1, 2023.

2. Summary of the details of liability limitation contract

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

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

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

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

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

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

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

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

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

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

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

The details of the policies for determining individual compensation, etc., for Directors are as follows.

Basic policy concerning compensation, etc.

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

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

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

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

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

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

Basic compensation for Directors is paid as monthly fixed compensation in accordance with each Director's duties. JCR determines the amount in line with the size of the individual's role while also referencing business

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conditions and social standards within a range determined through a resolution by the General Meeting of Shareholders.

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

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

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

2. Policy concerning performance-linked compensation

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

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

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

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

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

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

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

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permitted ratio.

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

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

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

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

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

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

Category	Total compensation, etc. (million yen)	Total compensation, etc. by type (million yen)			Eligible executives
		Basic compensation	Performance- linked compensation, etc.	Non-monetary compensation, etc.	
Director (Outside Directors)	517 (64)	334 (64)	–	132 (–)	10 (5)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Members)	60 (60)	60 (60)	–	–	5 (5)
Total (of which are outside executives)	577 (124)	445 (124)	–	132 (–)	15 (10)

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

2. Total compensation, etc. for Directors does not include the salaries of Directors who concurrently serve as employees.
3. The content of non-monetary compensation is our stock-linked compensation stock option, and the conditions at the time of allotment and the status of deliveries in the current fiscal year are described on “3 Matters Related to the New Shares Acquisition Rights of the Company” and “4 Officers, 4 Compensation, etc. of Directors and Audit & Supervisory Board Members” in the Report on business results.

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4. At the 42nd Ordinary General Meeting of Shareholders held on June 28, 2017, it was resolved that the amount of compensation for Directors shall not exceed 500 million yen per year (of which no more than 100 million yen for Outside Directors) and that for Audit & Supervisory Board Members shall not exceed 80 million yen per year. At the conclusion of this Ordinary General Meeting of Shareholders, the number of Directors was ten (10) (including five (5) Outside Directors) and the number of Audit & Supervisory Board Members was five (5). Moreover, in a separate amount from fixed compensation, the 47th Ordinary General Meeting of Shareholders, held on June 22, 2022, approved an annual amount of 200 million yen or less and up to 86,500 units of new share subscription rights as the amount of remuneration related to share acquisition rights to be issued as stock-linked compensation stock options (Outside Directors not being eligible to receive a grant). The number of Directors (excluding Outside Directors) at the conclusion of this Ordinary General Meeting of Shareholders is five (5).
5. The Board of Directors delegates determination of the amount of fixed compensation for each Director to Representative Director, President and CEO Shin Ashida. The reason for this delegation is that the Company has decided that the president and CEO is suitable to evaluate the Directors in the division of which they are in charge, while giving consideration to the performance of the Company overall. The Board of Directors has decided non-monetary compensation (stock-linked compensation stock options). At the time of this determination, JCR consulted the Advisory Committee for Nomination, Compensation etc. beforehand and verified its validity etc.

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

- (1) The Relationships between the Company and the Companies or Organizations Where the Outside Directors and Outside Audit & Supervisory Board Members Concurrently Hold Significant Positions
1. The Company and Medipal Holdings Corporation, which holds 23.28% of the Company's share, have entered into the agreement of investment in development pipeline, etc. of the Company.
 2. Mediceo Corporation is a subsidiary of Medipal Holdings Corporation which is the largest shareholder of the Company and has a trading relationship with the Company. The annual transaction amount is 11.6% of the total sales of the Company.
 3. JCR USA, Inc. is a subsidiary of the Company.
 4. There is no significant trading relationship between the Company and entities where its Outside Directors and Outside Audit & Supervisory Board Members hold concurrent positions, other than those indicated above.

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

Category	Name	Principal Activities
Outside Director	Toshihiro Ishikiriyama	Among the thirteen (13) meetings held by the Board of Directors during the fiscal year under review, he attended all meetings, and he made statements at those meetings, primarily based on his standpoint as a business manager. In addition, as a member of the Nomination and Compensation Advisory Committee, he is actively involved from an objective and neutral standpoint in the selection of candidates for our executive positions and in the determination of compensation. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Director	Takashi Suetsuna	Among the thirteen (13) meetings held by the Board of Directors during the fiscal year under review, he attended all meetings, and he made statements at those meetings, primarily based on his career and knowledge in public administrations over many years and global insights. In addition, as a member of the Nomination and Compensation Advisory Committee, he is actively involved from an objective and neutral standpoint in the selection of candidates for our executive positions and in the determination of compensation. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Director	Toshihide Yoda	Among the thirteen (13) meetings held by the Board of Directors during the fiscal year under review, he attended all meetings, and he made statements at those meetings, primarily based on his extensive knowledge as an analyst of pharmaceutical sector and experience engaging in much new company business. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.

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Category	Name	Principal Activities
Outside Director	Yuko Hayashi, Ph.D.	Among the thirteen (13) meetings held by the Board of Directors during the fiscal year under review, she attended all meetings, and she made statements at those meetings, primarily based on her expertise on a wide range of extensive experience such as research activities on advanced medical care and promotion of women's participation and advancement in the workplace. In addition, as a member of the Nomination and Compensation Advisory Committee, she is actively involved from an objective and neutral standpoint in the selection of candidates for our executive positions and in the determination of compensation. In this way, she properly fulfills her roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Director	Yutaka Atomi, M.D., Ph.D.	Since his appointment on June 22, 2022, among the eleven (11) meetings held by the Board of Directors during the fiscal year under review, he attended ten (10) meetings. He has extensive experience and professional knowledge as a medical scholar, and he made statements at those meetings, primarily based on his standpoint as a medical scholar. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Director	Philippe Fauchet OBE	Since his appointment on June 22, 2022, among the eleven (11) meetings held by the Board of Directors during the fiscal year under review, he attended all meetings. He has abundant experience and knowledge as the head of a global pharmaceutical company, and he made statements at those meetings. In this way, he properly fulfills his roles and responsibilities as an outside director in ensuring the speed and appropriateness of decision-making with respect to our overall management.
Outside Audit & Supervisory Board Member	Kazumasa Oizumi	He attended all thirteen (13) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his career in the financial industry and experience as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Kazuhiko Yamada	He attended all thirteen (13) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his career in the financial industry and experience as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Kenjiro Miyatake	He attended all thirteen (13) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his career in the financial industry and experience as Outside Audit & Supervisory Board Member.

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Category	Name	Principal Activities
Outside Audit & Supervisory Board Member	Takeshi Komura	He attended twelve (12) meetings out of thirteen (13) meetings held by the Board of Directors and twelve (12) meetings out of thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his extensive experience and insights in administrative agencies and a wide range of finance as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Shuichi Tani	He attended all thirteen (13) meetings held by the Board of Directors and all thirteen (13) meetings held by the Audit & Supervisory Board during the fiscal year under review, and he made statements at those meetings, primarily based on his extensive experience and insights on health care, deep insight into medical welfare and educational institutions as Outside Audit & Supervisory Board Member.

5 Accounting Auditor

1. Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

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

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

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

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

3. Details of non-auditing work

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

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

- (1) The Audit & Supervisory Board may dismiss an Accounting Auditor with the unanimous consent of all Audit & Supervisory Board Members if they are of the opinion that the Accounting Auditor falls under one of the categories stipulated in the items of Article 340, Paragraph 1 of the Companies Act and would cause a material adverse effect against the auditing work of the Company. In that case, Audit & Supervisory Board Members nominated by the Audit & Supervisory Board shall present a report at the earliest General Meeting of Shareholders convened after the dismissal to the effect that the Accounting Auditor has been dismissed, together with the reason for the dismissal.

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

5. Summary of the details of liability limitation contracts

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

6 Company Systems and Policies

1. Systems to ensure the appropriateness of work

(1) Systems to ensure the appropriateness of work

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subsidiary companies’ Directors review the status of the execution of work and the status of financial affairs and then report regularly to the Company’s Board of Directors. Also regarding the management of the risk

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of loss and the conformity to laws, regulations and the Articles of Incorporation, the Company regularly checks the operational status through making efforts for sorting out and handling risks and disseminating the compliance by applying the Company's related regulations

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

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

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

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

2. Policy on the declaration of dividends of surplus

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

The basic policy of the Company in regard to the declaration of dividends of surplus, etc., is to provide continuous and stable dividends by taking into account of factors such as business performance and cash flow while securing sufficient internal reserves for the development of new drug products and the strengthening of financial status that will be the source of future profits. Although profit in the fiscal year under review decreased compared to the previous fiscal year, the Board of Directors meeting held on May 11, 2023 resolved to pay a dividend of 10 yen per share in the year-end dividend under the abovementioned basic policy as sales of flagship products and progress on R&D were steady.

Accordingly, the full-year dividend for the fiscal year under review after adding the interim dividend is 20 yen per share (interim dividend of 10 yen; year-end dividend of 10 yen), a decrease of 2 yen over the previous fiscal year.

The Company intends to retain undistributed surplus as a resource for funding the enhancement of business structure and contribution to continuous profit return.

Furthermore, for the next fiscal year (fiscal year ending March 31, 2024), the Company plans to pay dividends of 20 yen per share (interim dividend of 10 yen; year-end dividend of 10 yen).

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Consolidated Balance Sheet (as of March 31, 2023)

(unit: million yen)

Accounting Item	Amount	Accounting Item	Amount
Assets		Liabilities	
[Current assets]	[47,802]	[Current liabilities]	[35,762]
Cash and deposits	13,278	Notes and accounts payable - trade	1,563
Notes and accounts receivable - trade, and contract assets	11,137	Short-term loans payable	16,800
Merchandise and finished goods	1,098	Accounts payable - other	500
Work in process	5,717	Income taxes payable	2,803
Raw materials and supplies	11,699	Special suspense account for tax purpose reduction entry	33
Other	4,870	Provision for bonuses	11,996
		Provision for directors' bonuses	974
		Other	114
[Non-current assets]	[47,135]	[Non-current liabilities]	[6,761]
Property, plant and equipment	(32,681)	Long-term loans payable	5,500
Buildings and structures	7,128	Provision for employee shares benefit	95
Machinery, equipment and vehicles	1,003	Net defined benefit liability	924
Land	10,379	Other	241
Construction in progress	13,008	Total liabilities	42,523
Other	1,161		
Intangible assets	(3,652)	Net Assets	
Patents	2,434	[Shareholders' equity]	[50,740]
Other	1,217	Capital stock	9,061
Investments and other assets	(10,800)	Capital surplus	10,384
Investment securities	8,867	Retained earnings	34,273
Net defined benefit asset	214	Treasury shares	-2,978
Deferred tax assets	1,357	[Accumulated other comprehensive income]	[681]
Other	366	Valuation difference on available-for-sale securities	555
Allowance for doubtful accounts	-4	Foreign currency translation adjustment	146
		Remeasurements of defined benefit plans	-20
		[Share acquisition rights]	[740]
		[Non-controlling interests]	[251]
Total assets	94,937	Total net assets	52,413
		Total liabilities and net assets	94,937

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

(FOR REFERENCE PURPOSE)

Consolidated Statement of Income (From April 1, 2022 to March 31, 2023)

(unit: million yen)

Accounting Item	Amount	
Net sales		34,343
Cost of sales		8,886
Gross profit		25,456
Selling, general and administrative expenses		20,480
Operating income		4,975
Non-operating income		
Interest income	33	
Dividend income	28	
Foreign exchange gains	387	
Other	91	541
Non-operating expenses		
Interest expenses	44	
Commission fee	15	
Loss on abandonment of inventories	20	
Other	18	99
Ordinary income		5,418
Extraordinary income		
Gain on sale of investment securities	10	10
Extraordinary losses		
Loss on disposal of non-current assets	16	16
Profit before income taxes		5,412
Income taxes-current	525	
Income taxes-deferred	1,099	1,625
Profit		3,787
Profit attributable to non-controlling interests		14
Profit attributable to owners of parent		3,772

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

(FOR REFERENCE PURPOSE)

Consolidated Statements of Changes in Equity (From April 1, 2022 to March 31, 2023)

(unit: million yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at beginning of current period	9,061	10,994	33,241	-3,600	49,697
Changes of items during period					
Dividends of surplus			-2,740		-2,740
Profit attributable to owners of parent			3,772		3,772
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-610		621	10
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-610	1,031	621	1,042
Balance at end of current period	9,061	10,384	34,273	-2,978	50,740

	Accumulated other comprehensive income					Subscription Rights to Shares	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred gains or losses on hedges	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income			
Balance at beginning of current period	619	0	30	-32	618	567	205	51,089
Changes of items during period								
Dividends of surplus								-2,740
Profit attributable to owners of parent								3,772
Purchase of treasury shares								-0
Disposal of treasury shares								10
Net changes of items other than shareholders' equity	-63	-0	115	11	62	173	45	282
Total changes of items during period	-63	-0	115	11	62	173	45	1,324
Balance at beginning of current period	555	-	146	-20	681	740	251	52,413

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

(FOR REFERENCE PURPOSE)

Balance Sheet (as of March 31, 2023)

(unit: million yen)

Accounting Item	Amount	Accounting Item	Amount
Assets		Liabilities	
[Current assets]	[46,173]	[Current liabilities]	[35,813]
Cash and deposits	11,643	Accounts payable - trade	1,538
Accounts receivable - trade and contract assets	11,120	Short-term loans payable	15,100
Merchandise and finished goods	1,108	Current portion of long-term loans payable	1,700
Work in process	5,717	Current portion of bonds payable	500
Raw materials and supplies	11,699	Lease obligations	29
Prepaid expenses	616	Accounts payable - other	2,952
Other	4,267	Accrued expenses	346
		Advances received	339
		Deposits received	204
		Special suspense account for tax purpose reduction entry	11,996
		Provision for bonuses	974
[Non-current assets]	[48,377]	Provision for directors' bonuses	114
Property, plant and equipment	(32,313)	Other	16
Buildings	6,654		
Structures	149	[Non-current liabilities]	[6,730]
Machinery and equipment	987	Long-term loans payable	5,500
Vehicles	2	Lease obligations	61
Tools, furniture and fixtures	1,043	Provision for retirement benefits	906
Land	10,379	Provision for employee shares benefit	95
Leased assets	88	Asset retirement obligations	68
Construction in progress	13,008	Other	98
Intangible assets	(1,181)	Total liabilities	42,544
Software	356	Net Assets	
Telephone subscription right	5	[Shareholders' equity]	[50,709]
Other	819	Capital stock	9,061
Investments and other assets	(14,882)	Capital surplus	10,384
Investment securities	2,156	Legal capital surplus	7,827
Shares of subsidiaries and associates	10,727	Other capital surplus	2,556
Investments in capital	2	Retained earnings	34,242
Long-term prepaid expenses	30	Legal retained earnings	279
Prepaid pension cost	226	Other retained earnings	33,963
Deferred tax assets	1,347	General reserve	951
Other	397	Retained earnings brought forward	33,012
Allowance for doubtful accounts	-4	Treasury shares	-2,978
		[Valuation and translation adjustments]	[555]
		Valuation difference on available-for-sale securities	555
		[Share acquisition rights]	[740]
Total assets	94,551	Total net assets	52,006
		Total liabilities and net assets	94,551

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

(FOR REFERENCE PURPOSE)

Statement of Income (From April 1, 2022 to March 31, 2023)

(unit: million yen)

Accounting Item	Amount	
Net sales		34,343
Cost of sales		8,889
Gross profit		25,453
Selling, general and administrative expenses		20,358
Operating income		5,095
Non-operating income		
Interest income	28	
Interest on securities	4	
Dividend income	28	
Foreign exchange gains	401	
Other	94	557
Non-operating expenses		
Interest expenses	43	
Commission expenses	15	
Loss on valuation of stocks of subsidiaries and affiliates	276	
Other	33	368
Ordinary income		5,284
Extraordinary income		
Gain on sale of investment securities	10	10
Extraordinary losses		
Loss on disposal of non-current assets	16	16
Profit before income taxes		5,278
Income taxes - current	490	
Income taxes - deferred	1,099	1,590
Profit		3,687

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

(FOR REFERENCE PURPOSE)

Statements of Changes in Equity (From April 1, 2022 to March 31, 2023)

(unit: million yen)

	Shareholders' equity			
	Capital Stock	Legal Capital Surplus	Capital Surplus Other Capital Surplus	Total Capital Surpluses
Balance at beginning of current period	9,061	7,827	3,167	10,994
Changes of items during period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Disposal of treasury shares			-610	-610
Net changes of items other than shareholders' equity				
Total changes of items during period	-	-	-610	-610
Balance at end of current period	9,061	7,827	2,556	10,384

	Shareholders' Equity					Total Shareholders' Equity
	Retained earnings				Treasury Shares	
	Legal Retained Earnings	Other retained earnings		Total Other Retained Earnings		
General Reserve		Retained Earnings Brought Forward				
Balance at beginning of current period	279	951	32,064	33,294	-3,600	49,751
Changes of items during period						
Dividends of surplus			-2,740	-2,740		-2,740
Profit			3,687	3,687		3,687
Purchase of treasury shares					-0	-0
Disposal of treasury shares					621	10
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	947	947	621	958
Balance at end of current period	279	951	33,012	34,242	-2,978	50,709

	Valuation and Translation Adjustments			Share acquisition rights	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Deferred gains or losses on hedges	Total Valuation and Translation Adjustments		
Balance at beginning of current period	619	0	620	567	50,939
Changes of items during period					
Dividends of surplus					-2,740
Profit					3,687
Purchase of treasury shares					-0
Disposal of treasury shares					10
Net changes of items other than shareholders' equity	-63	-0	-64	173	109
Total changes of items during period	-63	-0	-64	173	1,067
Balance at end of current period	555	-	555	740	52,006

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