



May 10, 2024  
JCR Pharmaceuticals Co., Ltd.

Translation

## **Notice Regarding Introduction of a Restricted Stock Compensation Plan and Revision to the Amount of Compensation for Directors**

May 10, 2024 -- JCR Pharmaceuticals Co., Ltd. (TSE 4552: Chairman and President Shin Ashida, "JCR") announced that the Board of Directors meeting held today reviewed the executive compensation system and resolved to introduce a restricted stock compensation plan (hereinafter referred to as "Plan"). A proposal regarding the Plan will be submitted to the 49th Ordinary General Meeting of Shareholders scheduled for June 26, 2024 (hereinafter referred to as "General Meeting of Shareholders") as follows.

### 1. Purpose of Introducing the Plan

The purpose of the Plan is to provide JCR's directors (hereinafter referred to as "Eligible Directors") with incentives to sustainably enhance JCR's corporate value and promote the further sharing of value with shareholders.

Since monetary claims will be paid to Eligible Directors as compensation for the grant of restricted stock, the introduction of the Plan is subject to gaining approval for the payment of such compensation from shareholders at the General Meeting of Shareholders.

At the 42nd Ordinary General Meeting of Shareholders held on June 28, 2017, the amount of compensation for directors of JCR was set at no more than 500 million yen per year (of which no more than 100 million yen shall be paid to outside directors; however, this does not include the salary paid to directors concurrently serving as employees). In addition, at the 48th Ordinary General Meeting of Shareholders held on June 21, 2023, JCR received approval regarding stock-linked compensation stock options for FY2023 to issue share acquisition rights as stock-linked compensation stock options for directors (excluding outside directors) of no more than 200 million yen per year and up to 865 units of new share acquisition rights (one (1) new share acquisition right shall be 100 shares) separate from the above compensation.

At the General Meeting of Shareholders, JCR will request shareholders' approval to introduce the Plan as a replacement for the compensation plan regarding the aforementioned share acquisition rights as stock-linked compensation stock options for directors and establish the Plan's compensation limit separately from the aforementioned compensation limit for Eligible Directors of JCR. The maximum amount of monetary remuneration and non-monetary remuneration for directors (including outside directors) remains unchanged.

### 2. Overview of the Plan

The total amount of monetary claims to be paid to Eligible Directors under the Plan shall be no more than 200 million yen per year (of which no more than 20 million yen shall be paid to outside directors; however, this does not include the portion of an employee's salary for directors who also serve as employees). The total number of shares of common stock to be newly issued or disposed of by JCR shall be no more than 250,000 shares per year (of which no more than 25,000

shares shall be issued to outside directors; however, in the event of a share split (including a gratis allotment of JCR's common stock) or consolidation of shares of common stock of JCR that is effective on or after the date the Plan is approved at the General Meeting of Shareholders, the total number of shares shall be adjusted as necessary within a reasonable range, in accordance with the split ratio or consolidation ratio, etc., from the effective date onward).

In the 50th fiscal year (April 1, 2024 to March 31, 2025), as a transitional measure from the current compensation plan regarding share acquisition rights as stock-linked compensation stock options for directors, monetary claims shall be paid for the grant of restricted stock related to this transitional measure separately from the aforementioned compensation plan, and the total amount of monetary claims shall not exceed 600 million yen and the total number of shares of common stock to be newly issued or disposed of by JCR shall be separately set at no more than 440,000 shares. However, in the event of a share split (including a gratis allotment of JCR's common stock) or consolidation of shares of common stock of JCR that is effective on or after the date the Plan is approved at the General Meeting of Shareholders, the total number of shares shall be adjusted as necessary within a reasonable range, in accordance with the split ratio or consolidation ratio, etc., from the effective date onward.

Eligible Directors will make an in-kind contribution of all monetary claims to be provided by JCR according to the Plan, and will, in return, receive JCR's common shares that will be issued or disposed of by JCR. Furthermore, the paid-in amount per share shall be decided by the Board of Directors within a range that is not specially favorable to the Eligible Directors who will receive the common stock, based on the closing price of JCR's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (if such date is a non-trading day, the closing price on the most recent trading day prior to that date). The Board of Directors will determine the specific timing of payment and distribution to each Eligible Director after thorough deliberation by the Advisory Committee for Nomination, Compensation, etc.

In the event that JCR issues or disposes of shares of common stock (hereinafter referred to as "Shares"), the issuance or disposal of the Shares shall be subject to the execution of a restricted transfer share allotment agreement between JCR and the Eligible Director, which includes (i) a prohibition on the transfer, creation of security interest, or any other disposition of the Shares to a third party for a certain period (hereinafter referred to as "Restricted Transfer Period") and (ii) the acquisition of the Shares without consideration by JCR upon certain events. The Shares will be managed in an exclusive account opened by the Eligible Director at Nomura Securities Co., Ltd. during the Restricted Transfer Period so that the Eligible Director will not be able to transfer, create a security interest in, or otherwise dispose of the Shares during the Restricted Transfer Period.

In addition, subject to the approval of the proposal for the Plan at the General Meeting of Shareholders, the same restricted stock compensation plan as above will be introduced for executive officers and employees who do not concurrently serve as directors of JCR.

#### **About JCR Pharmaceuticals Co., Ltd.**

JCR Pharmaceuticals Co., Ltd. (TSE 4552) is a global specialty pharmaceuticals company that is redefining expectations and expanding possibilities for people with rare and genetic diseases worldwide. We continue to build upon our 49-year legacy in Japan while expanding our global footprint into the US, Europe, and Latin America. We improve patients' lives by applying our scientific expertise and unique technologies to research, develop, and deliver next-generation therapies. Our approved products in Japan include therapies for the treatment of growth disorder, Fabry disease, acute graft-versus host disease, and renal anemia. Our investigational products in development worldwide are aimed at treating rare diseases including MPS I (Hurler, Hurler-Scheie and Scheie syndrome), MPS II (Hunter syndrome), MPS III A and B (Sanfilippo syndrome type A and B), and more. JCR strives to expand the possibilities for patients while accelerating medical advancement at a global level. Our core values – reliability, confidence, and persistence – benefit all our stakeholders, including employees, partners, and patients. Together we soar. For more information, please visit <https://www.jcrpharm.co.jp/en/site/en/>.

**Cautionary Statement Regarding Forward-Looking Statements**

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

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

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

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