

(FOR REFERENCE PURPOSE)

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

(Security code: 4552)

June 5, 2024

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 49th Ordinary General Meeting of Shareholders

We would like to express our deepest sympathies to all those who have been affected by the 2024 Noto Peninsula Earthquake, and we sincerely hope for a quick recovery.

We wish to notify you as follows that the Company will hold the 49th 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.

(FOR REFERENCE PURPOSE)

■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 2024” in this order, and confirm.)

■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 25, 2024 (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.”

(FOR REFERENCE PURPOSE)

■ 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,

Details

1. **Date and Time** 10:00 a.m., June 26, 2024 (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 49th Fiscal Year (from April 1, 2023 to March 31, 2024)
  - Matters to be Resolved:**
    - Proposal 1 Appointment of Eleven (11) Directors
    - Proposal 2 Determination of Compensation for Directors to Grant Restricted Shares Thereto

<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/4552/2024/jcrpharm/>

Deadline for receipt of questions: 6:00 p.m., June 14, 2024 (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 26, 2024  
(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 25, 2024  
(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 25, 2024  
(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.

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

Deadline for Exercise

6:00 p.m., June 25, 2024 (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 25, 2024 (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.

(FOR REFERENCE PURPOSE)

Proposals and reference information

Proposal 1

Appointment of Eleven (11) Directors

All of the current twelve (12) Directors will reach the maturity of the term of office at the end of this Ordinary General Meeting of Shareholders. Therefore, in order to enable the Board of Directors to make prompt decisions strategically and flexibly, we would like to request a reduction in the number of Directors by two (2), and to add one (1) new Director, to appoint a total of eleven (11) Directors. The eleven (11) 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 49th Fiscal Year (from April 1, 2023 to March 31, 2024)
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 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 49th Fiscal Year (from April 1, 2023 to March 31, 2024)
4	Reappointed Yoshio Hiyama, Ph.D.	Senior Executive Director Quality Assurance Executive Director of Quality Assurance Division and Director of Regulatory Affairs Department	13/13 (100%)
5	Newly-appointed Andrea Spezzi	—	—
6	Reappointed Takashi Suetsuna	Outside Director Independent Director	13/13 (100%)
7	Reappointed Toshihide Yoda	Outside Director	13/13 (100%)
8	Reappointed Yuko Hayashi, Ph.D.	Outside Director Independent Director	13/13 (100%)
9	Reappointed Yutaka Atomi, M.D., Ph.D.	Outside Director Independent Director	13/13 (100%)
10	Reappointed Philippe Fauchet OBE	Outside Director Independent Director	13/13 (100%)
11	Reappointed Marc Dunoyer	Outside Director <div></div>	9/10 (90%)

(Note) Director Marc Dunoyer was appointed at the 48th Ordinary General Meeting of Shareholders held on June 21, 2023, and therefore the number of meetings of the Board of Directors is different for him 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 262,315  
shares

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

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

**[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

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

Number of Shares of  
the Company Owned 2,342  
shares

Reappointed



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)
June 2018	Appointed Corporate Officer of the Company		and in charge of Research and Corporate Strategy
			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.

(FOR REFERENCE PURPOSE)

Candidate  
No.

4

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

Number of Shares of  
the Company Owned 2,583  
shares

Reappointed



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

April 1986	Joined Daiichi Pharmaceuticals Co., Ltd. (currently Daiichi Sankyo Co., Ltd.)	April 2020	Marketing Supervisor, General Director of Pharmacovigilance Dept., and PMS Office Manager
October 1999	PMD VAC Co., Ltd. (secondment)	September 2020	Director of Corporate Planning Division (In charge of Vaccine Business) and Pharmacovigilance Dept.
April 2005	Manager of Regulatory Affairs Group of PMD VAC Co., Ltd.	June 2021	Appointed to Senior Executive Director of the Company (to present)
October 2011	Daiichi Sankyo Co., Ltd. (returned), Group Manager of R&D Group of Vaccine Planning Dept.		In charge of Production and Quality Assurance/Executive Director of Production Division
July 2012	Japan Vaccines Co. Ltd. (secondment), Marketing Supervisor of General and Quality and Safety Management Director	March 2024	Director of JCR Luxembourg S.A. (to present)
April 2019	Joined the Company Assistant Director of Production Division	April 2024	In charge of Quality Assurance (to present) Executive Director of Quality Assurance Division and Director of Regulatory Affairs Department (to present)

[Significant Concurrent Positions]

Director of JCR Luxembourg S.A.

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.

5

Andrea Spezzi

(October 31, 1965)

Number of Shares of  
the Company Owned

—  
share

Newly-  
appointed



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

June 1994	Consultant Paediatrician/Staff Grade Paediatrician of Princess Alexandra Hospital, Saint Jamue Hospital, Pedro de Elizalde Children's Hospital	September 2015	Founded Andrea Spezzi Executive Consultant (to present)
March 2003	Research Physician, Hammersmith Medicines Research	January 2016	Co-founder and Chief Medical Office of Orchard Therapeutics
November 2004	Global Medical Director, Takeda Global R&D	June 2021	Independent Board Director of Bloomsbury Genetic Therapies (to present)
July 2009	Vice President R&D, Medicines Development Leader Rare Diseases, Rare Diseases Business Unit of GlaxoSmithKline	September 2021	Co-Founder, President and CEO/Board Executive Director of Rejuvitas Inc.
		September 2023	Advisor and acting Partner of Discovery Ventures Healthcare Fund (to present)
		December 2023	Global Strategic Adviser of the Company (to present)

[Significant Concurrent Positions]

Andrea Spezzi Executive Consultant  
Independent Board Director of Bloomsbury Genetic Therapies  
Advisor and acting Partner of Discovery Ventures Healthcare Fund

Reason for Nomination as a Candidate for Director

The Company has nominated her as a new Member of the Board of Directors of the Company because she has abundant experience and knowledge as a pediatrician with clinical experience and as the head of a pharmaceutical company related to rare diseases, and it deems her 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



Takashi Suetsuna (March 8, 1949)

Number of Shares of  
the Company Owned —  
share

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

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

7

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) Managing Director of Barclays Capital Securities Japan Limited (currently, Barclays Securities Japan Limited)	February 2018	Director of JCR USA, Inc. (to present)
		June 2018	Senior Vice President of Medipal Holdings Corporation (to present) Appointed Member of the Board of Directors (Outside Director) of 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.

8

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  
Director of Kawamura Scholarship Foundation  
Director of Urakami Foundation for Food and Food Culture Promotion  
Director of Institute for Drug Discovery Innovation

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.

Candidate  
No.

9

Reappointed

Outside  
DirectorIndependent  
DirectorYutaka 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 2017	Outside Director 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	April 2018	President Emeritus of Kyorin University (to present)
June 1988	Visiting Researcher of Department of Surgery of University of California, San Francisco	June 2018	President of Pancreas Research Foundation of Japan
July 1992	Assistant Professor of First Department of Surgery of Faculty of Medicine of The University of Tokyo	April 2019	President of International Medical Research Foundation (to present)
October 1992	Professor of First Department of Surgery of Faculty of Medicine of Kyorin University	June 2019	Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. (to present)
April 2004	Dean of Faculty of Medicine of Kyorin University	June 2022	Appointed Member of the Board of Directors (Outside Director) of the Company (to present)
April 2010	President of Kyorin University	June 2023	President of Atomi Gakuen (to present)
June 2013	Outside Audit & Supervisory Board Member of Sumitomo Dainippon Pharma Co., Ltd. (currently Sumitomo Pharma Co., Ltd.)	June 2023	Director of The Japan China Medical Association (to present)
		August 2023	Outside Director of Pasona Inc. (to present)

## [Significant Concurrent Positions]

President Emeritus of Kyorin University  
 Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd.  
 Outside Director of Pasona Inc.  
 President of Atomi Gakuen  
 President of International Medical Research Foundation  
 Executive Director of Japan Medical Education Foundation  
 President of The Japan China Medical Association

## 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.

10

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 the Company (to present)

**[Significant Concurrent Positions]**

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

**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.

11

Reappointed

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)
January 2010	Representative Director Chairman of GlaxoSmithKline KK	August 2021	Member of the Board of Directors of Orchard Therapeutics PLC
February 2010	Foundational Global Head of Rare Diseases Unit of GlaxoSmithKline PLC	June 2023	Chief Executive Officer of Alexion, AstraZeneca's Rare Disease Group (to present)
		December 2023	Chief Strategy Officer of AstraZeneca Group (to present)
			Appointed Member of the Board of Directors (Outside Director) of the Company (to present)
			Director of Collectis SA (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  
Director of Collectis SA

**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. Ms. Andrea Spezzi is a new candidate for Director.
  3. 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.
  4. 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.
  5. There are no particular vested interests between other candidates and the Company.
  6. Mr. Takashi Suetsuna will have served as an Outside Director for seven (7) years, Mr. Toshihide Yoda and Dr. Yuko Hayashi will have served as an Outside Director for six (6) years, Mr. Yutaka Atomi and Mr. Philippe Fauchet will have served as an Outside Director for two (2) years, and Mr. Marc Dunoyer will have served as an Outside Director for one (1) year at the conclusion of this General Shareholders Meeting.
  7. When this proposal is approved as originally proposed, 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.
  8. In accordance with Article 28, Paragraph 2 of the Company's Articles of Incorporation, the Company has concluded a contract with Mr. Takashi Suetsuna, Mr. Toshihide Yoda, Dr. Yuko Hayashi, Mr. Yutaka Atomi, Mr. Philippe Fauchet and Mr. Marc Dunoyer 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.
  9. 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.

## (FOR REFERENCE PURPOSE)

(Reference)

Skill Matrix of each Director and Audit &amp; 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	○	○				○					○		
	Hiroyuki Sonoda, Ph.D.	Vice President		○		○								○	
	Yoshio Hiyama, Ph.D.	Director			○		○				○				
	Andrea Spezzi	Director	○	○	○	○									
	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)		○	○	○									

(Note) Up to four of the main areas (including Other) of the expertise and experience possessed by each Director are indicated in the above table.

## (FOR REFERENCE PURPOSE)

	Name	Position	Skills												
			General Manage- ment	Industry Know- ledge	Global Experi- ence	R&D	Produc- tion	Sales	ICT	Admin- istrative Experi- ence	Law	Tax & Financial Account- ing	Sustain- ability	Risk Manage- ment	Other
Audit & Supervisory Board	Kazumasa Oizumi	Audit & Supervisory Board Member (Outside/ Independent/)	○					○							○ Audit Practice
	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) Up to four of the main areas (including Other) of the expertise and experience possessed by each Director are indicated in the above table.

Proposal 2

## Determination of Compensation for Directors to Grant Restricted Shares Thereto

At the 42nd Ordinary General Meeting of Shareholders held on June 28, 2017, the maximum yearly amount of compensation for the Directors were approved to be no more than 500 million yen (including 100 million yen or less for Outside Directors; provided, however, excluding the salaries of Directors who concurrently serve as employees), and at the 48th Ordinary General Meeting of Shareholders held on June 21, 2023, the Company received approval for the issuance of new share acquisition rights for the fiscal year ended March 31, 2024 as stock-linked compensation stock options with an annual amount of 200 million yen or less and up to 865 units of new share acquisition rights (One new share acquisition right shall be 100 shares.) to Directors (excluding Outside Directors), separately from the above-mentioned applicable amount of remuneration.

As part of revisions of the remuneration system, in place of the current system for stock-linked compensation stock options related to share acquisition rights, this time the Company proposes to newly provide remuneration for granting shares with transfer restrictions (“restricted shares”) to Directors of the Company (hereinafter referred to as “eligible Directors”) as follows, separately from the aforementioned remuneration framework, for the purpose of providing incentives to sustainably enhance the Company’s corporate value and to further promote value sharing with shareholders.

The Company has currently twelve (12) Directors (including seven (7) Outside Directors) and will have eleven (11) Directors (including six (6) Outside Directors) if the Proposal 1 “Appointment of Eleven (11) Directors” are approved as originally proposed.

### 1. Number of restricted shares to be granted to eligible Directors

(1) Measures other than the Transitional Measures (defined in (2) below; the same applies hereinafter)

The remuneration to be paid to eligible Directors for the grant of restricted shares pursuant to this proposal shall be a monetary claim, the total amount of which shall not exceed 200 million yen per year (of which 20 million yen shall be paid to Outside Directors, but not including the salaries of Directors who concurrently serve as employees).

The eligible Director shall, in accordance with the resolution of the Company’s Board of Directors, pay all monetary claims to be paid under this proposal as property contributed in kind, and shall receive the issuance or disposal of common shares of the Company, and total number of common shares of the Company to be issued or disposed of by the eligible Director shall be no more than 250,000 shares per year (including no more than 25,000 shares for Outside Directors; provided, however, that if a stock split (including gratis allotment of common shares of the Company) or reverse stock split of common shares of the Company is conducted after the date this proposal is approved, or if any other event requiring adjustment of the total number of common shares of the Company to be issued or disposed of as restricted shares occurs, such total number shall be adjusted within reasonable limits).

(FOR REFERENCE PURPOSE)

The specific timing and allocation to each eligible Director shall be determined by the Board of Directors after due deliberation by the Advisory Committee for Nomination, Compensation, etc.

For the Outside Directors who are newly eligible to receive payment of non-monetary compensation, the total amount of monetary compensation and non-monetary compensation shall be no more than 100 million yen, which is the same amount as in the previous fiscal year.

(2) Transitional Measure

Subject to the approval of this proposal, the Company will abolish the current remuneration system concerning share acquisition rights as stock-linked compensation stock options, and will not issue new share acquisition rights as stock-linked compensation stock options in the future. Furthermore, subject to the approval of this proposal, eligible Directors shall waive all share acquisition rights in the form of stock-linked compensation stock options that have been granted but not been exercised.

For this reason, during the Company's 50th fiscal year (April 1, 2024 to March 31, 2025), as a transitional measure from share acquisition rights as stock-linked compensation stock options (hereinafter referred to as the "Transitional Measure"), remuneration granting the same number of restricted shares as the number of shares (shares) underlying the share acquisition rights to be waived by the eligible Director shall be paid separately from the remuneration for granting restricted shares mentioned in (1) above. The total amount shall not exceed 600 million yen, as deemed appropriate in light of the above purposes.

The Eligible Director shall, in accordance with the resolution of the Company's Board of Directors, pay all monetary claims to be paid as the Transitional Measures under this proposal as property contributed in kind, and shall receive the issuance or disposal of common shares of the Company, and total number of common shares of the Company to be issued or disposed of by the eligible Director shall be no more than 440,000 shares per year (provided, however, that if a stock split (including gratis allotment of common shares of the Company) or reverse stock split of common shares of the Company is conducted after the date this proposal is approved, or if any other event requiring adjustment of the total number of common shares of the Company to be issued or disposed of as restricted shares occurs, such total number shall be adjusted within reasonable limits).

This payment is a transitional measure from the stock-linked compensation stock options already granted to eligible Directors in prior years and does not, in effect, add any new remuneration.

The specific timing and allocation to each eligible Director shall be determined by the Board of Directors after due deliberation by the Advisory Committee for Nomination, Compensation, etc.

With respect to monetary claims related to this transitional measure, payment shall be conditioned on the renunciation of all unexercised share acquisition rights held by the eligible Director.

2. Matters, etc. concerning payment in connection with the issuance or disposal of restricted shares and the Agreement on Allocation of Restricted Shares

The eligible Director shall, in accordance with the resolution of the Company's Board of Directors, pay all monetary claims to be paid under this proposal as property contributed in kind, receive the issuance or disposal of common shares of the Company, and the amount to be paid per common share of the Company to be issued

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or disposed of in this way shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest preceding trading day), to the extent that this is not especially favorable to eligible Directors in receipt of the common shares. The issuance or disposal of the Company's common shares and the payment of monetary claims as property contributed in kind shall be subject to the execution of an agreement on the allotment of restricted shares between the Company and an eligible Director, that includes the content outlined below (the "Allotment Agreement").

In addition, the maximum amount of remuneration, the total number of the Company's common shares to be issued or disposed of, and other terms and conditions of the grant of restricted shares to the eligible Directors under this proposal have been decided with due consideration for the above purpose, the Company's business conditions, and the policies determining the details of individual compensation, etc. for Directors of the Company as well as various other circumstances, and the Company considers it to be appropriate.

If this proposal is approved and adopted, the Company plans to change this policy to the content described in the [Reference] section below to be consistent with the details to be approved.

In addition, if the proposal regarding this plan is approved at this General Meeting of Shareholders as originally proposed, the Company plans to introduce a similar restricted share compensation plan for Corporate Officers who do not concurrently serve as Directors of the Company and employees.

[Summary of details of the Allotment Agreement]

(1) Restriction Period

An eligible Director shall not transfer, create a security interest on, or otherwise dispose of the common shares of the Company allotted under the Allotment Agreement (the "Allotted Shares") for a period (the "Restriction Period") to be determined in advance by the Board of Directors of the Company between three years and 30 years from the date of allotment under the Allotment Agreement (hereinafter referred to as the "Restriction").

(2) Treatment in the event of retirement or resignation

In the event an eligible Director resigns or retires from a position predetermined by the Company's Board of Directors among the positions of officer or employee of the Company or its subsidiary prior to the expiration of the Restriction Period, the Company shall acquire the Allotted Shares by rights without consideration, unless there is a reason for the resignation or retirement, such as the expiration of his/her term of office, death, or other justifiable reason.

(3) Lifting of the Restriction

Notwithstanding the provisions of (1) above, the Company shall lift the Restriction on all of the Allotted Shares upon the expiration of the Restriction Period, on the condition that the eligible Director has remained in the position of an officer or employee of the Company or its subsidiary as predetermined by the Board of Directors of the Company during the Restriction Period. Provided, however, that if the



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Eligible Director resigns or retires from the position specified in (2) above before the expiration of the Restriction Period due to expiration of his/her term of office, death or other justifiable reason, the Company shall make reasonable adjustments to the number of Allotted Shares on which the Restriction is to be lifted, and the timing of the lifting of the Restriction as needed. In addition, immediately following the lifting of the Restriction in accordance with the above provisions, the Company shall acquire the Allotted Shares for which the Restriction has not yet been lifted by rights without consideration.

(4) Treatment during organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Restricted Period, a merger agreement under which the Company becomes a disappearing company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary, or any other matters relating to organizational restructuring, etc. are approved at the Company's General Meeting of Shareholders (however, if such organizational restructuring, etc. does not require approval at the Company's General Meeting of Shareholders, then by resolution of the Board of Directors) then upon resolution of the Company's Board of Directors, the Restriction shall be lifted for a number of Allotted Shares reasonably determined based on the period from the start of the Restriction Period until the date of approval of the organizational restructuring, etc., prior to the effective date of said organizational restructuring. In addition, in the cases set forth above, the Company shall acquire the Allotted Shares for which the Restriction has not yet been lifted by rights without consideration at the time immediately following the lifting of the Restriction.

(5) Other Matters

Other matters concerning the Allotment Agreement shall be determined by the Board of Directors of the Company.

[Reference] Policies for determining the details of individual compensation, etc. for Directors (if Proposal 1 and Proposal 2 are approved)

The Company has established policies for determining the details of individual compensation, etc. for Directors, a summary of which is shown in the Business Report (pages 40 to 42). Should Proposal 1 and Proposal 2 be approved, its content will be changed as follows:

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 compensation. For the time being, the Company has not adopted a performance-linked compensation system. Specifically, internal and outside Directors shall be compensated by fixed compensation and, with the aim of continuously increasing corporate value, stock-based compensation linked to shareholder returns.

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

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

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

Basic compensation for Directors is paid as monthly fixed compensation in accordance with each Director's duties. JCR determines the amount in line with the size of the individual's role while also referencing business conditions, social standards, and past payment history, etc., and pays the compensation at a specified time during the term of office. 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. The Company 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 would work to discourage this type of investment activity.

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)

Restricted share compensation plan provided as non-monetary compensation to internal Directors and Outside 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. The number of shares to be allotted to each Director will be determined in accordance with each Director's position and role by the Board of Directors upon full deliberation by the Advisory Committee for Nomination, Compensation, etc.

4. Policy for determining the ratios of the amounts of monetary compensation and non-monetary compensation in the amount of individual compensation, etc.

With regard to the amounts of monetary and non-monetary compensation for internal Directors and Outside Directors, the ratio of the amount of individual compensation will be determined each fiscal year in order to

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respond flexibly to the contributions to business results by each Director in each fiscal year. In deciding the amounts, the Advisory Committee for Nomination, Compensation, etc. discusses the amounts to ensure they are appropriate for each type of compensation for each Director after taking into account all 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 is delegated by the Board of Directors, determine the details of individual compensation for each Director within the ratios for each type of compensation indicated by the Advisory Committee for Nomination, Compensation, etc., respecting its recommendations.

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 individual compensation, etc. for Directors

Concerning the decision of the amount of individual compensation, the President and CEO shall be delegated to decide on the specific details based on a resolution by the Board of Directors, and given authority to determine the amount of compensation for each Director. The Board of Directors consults the Advisory Committee for Nomination, Compensation, etc. about the original proposal so that the authority is exercised appropriately. Having been delegated, the President and CEO makes a decision based on the content of the recommendation.





[Attachment] Report on business results (From April 1, 2023 to March 31, 2024)

## 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
42,871	7,531	7,264	5,507
million yen	million yen	million yen	million yen
 Against Previous Fiscal Year	 Against Previous Fiscal Year	 Against Previous Fiscal Year	 Against Previous Fiscal Year
24.8%	51.4%	34.1%	46.0%
increase	increase	increase	increase

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

#### 1. Net Sales

Net sales amounted to 42,871 million yen (up 24.8% year on year). The main factors increasing revenues against the previous year were strong performance of mainstay products, increased revenue from licensing, and increased contract manufacturing and sales.

#### 2. Operating Income and Ordinary Income







Operating income of 7,531 million yen (up 51.4%), ordinary income of 7,264 million yen (up 34.1%), and profit attributable to owners of parent of 5,507 million yen (up 46.0%), each of the amounts were up from the previous fiscal year.

It was mainly because gross profit increased 22.8% as a result of higher net sales. R&D expenses increased 27.6% to 11,234 million yen.

(FOR REFERENCE PURPOSE)

### 3. Main components of sales

The main components of sales are as follows.

	Net sales for FY2023		Year-on-year change
Recombinant human growth hormone product GROWJECT®	17,913 million yen	 46.1%	5,652 million yen increase
Mucopolysaccharidoses Type II treatment IZCARGO®	5,171 million yen	 17.2%	757 million yen increase
Regenerative medical products TEMCELL® HS Inj.	3,236 million yen	 △4.9%	168 million yen decrease
Renal anemia treatments Epoetin Alfa BS Inj. [JCR] Darbepoetin Alfa BS Inj. [JCR]	4,652 million yen 1,994 million yen 2,658 million yen	 △0.9%	43 million yen decrease 715 million yen decrease 672 million yen increase
Fabry disease treatment Agalsidase Beta BS I.V. Infusion [JCR]	1,661 million yen	 72.2%	697 million yen increase
Revenue from licensing	7,413 million yen	 13.3%	867 million yen increase

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

- GROWJECT® significantly grew in terms of sales volume, despite NHI price revisions.
- Revenue from licensing originates mainly from conclusion of license agreements for commercialization and contracts for joint promotion.

## (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. The global Phase III clinical trial, which administered the drug to the first subjects in February 2022, is currently working to complete enrolment of the required number of patients for the interim analysis in Cohort A for patients with central nervous symptoms during the first quarter of fiscal 2024.
- Regarding our BBB-penetrating therapeutic enzyme for the treatment of mucopolysaccharidose type I (development code: JR-171), thirteen-week Phase I/II clinical trials have now been completed in Japan, Brazil, and the U.S., with continuation studies ongoing. 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), A clinical trial application (CTA) for Phase I/II clinical trials has been accepted by the Paul-Ehrlich Institute (PEI), the regulatory authority of the Federal Republic of Germany, and the drug began to be administered to the first subjects in October 2023. Subjects are being registered and the registration of cases is expected to complete in the second half of 2024. In December 2023, the drug received orphan drug designation from the FDA in the U.S.
- 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. In September 2023, we entered into a license agreement with Medipal Holdings Corporation for overseas commercialization and a co-development and commercialization agreement in Japan.
- 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. Necessary research and other activities are currently underway ahead of the start of clinical trials.

[Creation of platform technology]

- In addition to the research to expand the applicability of “J-Brain Cargo®,” 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.
- In May 2023, we entered into an exclusive global development and commercialization agreement with Angelini Pharma for a novel biologic treatment applying J-Brain Cargo® technology for the therapies of epilepsy.
- In December 2023, we concluded a joint research, option and license agreement with Alexion, AstraZeneca Rare Disease targeting the discovery of novel oligonucleotide drugs applying J-Brain Cargo® technology. In addition, in March 2024, we achieved a milestone in the research phase of our joint research of drugs targeting neurodegenerative diseases applying J-Brain Cargo® technology, the contract for which was concluded in March 2023.

[Regenerative medical products]

- We completed Phase I/II clinical trials of TEMCELL® HS Inj. for the new expanded indication of neonatal hypoxic ischemic encephalopathy (HIE) (development code: JR-031HIE). Plans for future development are under consideration.

[Human growth hormone product]

- In June 2023, a partial change was approved for an additional indication for GROWJECT® for short stature due to homeobox-containing gene (SHOX) deficiency without epiphyseal closing (development code: JR-401X).
- We have completed a Phase II clinical trial of a recombinant long-acting growth hormone (rDNA origin) (development code: JR-142), and a continuation trial is currently underway in patients who have been administered the drug. Preparations are underway for the commencement of a Phase III clinical trial in fiscal 2024.

\* 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 alfa (IZCARGO® 10mg)	LSD MPS type II (Hunter)	Brazil: Filed Global: Phase III	BBB-penetrating iduronate-2- sulfatase (rDNA origin)	• ERT • J-Brain Cargo®
JR-171 lepunafusp alfa	LSD MPS type I (Hurler etc.)	Global: Phase I/II	BBB-penetrating $\alpha$ - L-iduronidase (rDNA origin)	• ERT • J-Brain Cargo® • J-MIG System®
JR-162	LSD Pompe disease	Preclinical	J-Brain Cargo® - applied acid $\alpha$ - glucosidase (rDNA origin)	• ERT • J-Brain Cargo®
JR-441	LSD MPS type III A (Sanfilippo A)	Phase I/II	BBB-penetrating heparan N-sulfatase (rDNA origin)	• ERT • J-Brain Cargo®
JR-443	LSD MPS type VII (Sly)	Preclinical	BBB-penetrating $\beta$ - glucuronidase (rDNA origin)	• ERT • J-Brain Cargo®
JR-446	LSD MPS type III B (Sanfilippo B)	Preclinical	BBB-penetrating $\alpha$ - N- acetylglucosamini- dase (rDNA origin)	• ERT • J-Brain Cargo®
JR-479	LSD GM2-gangliosidosis (Tay-Sachs, Sandhoff)	Preclinical	BBB-penetrating $\beta$ - hexosaminidase-A (rDNA origin)	• ERT • J-Brain Cargo®
JR-471	LSD fucosidosis	Preclinical	BBB-penetrating $\alpha$ - L-fucosidase (rDNA origin)	• ERT • J-Brain Cargo®
JR-142	Pediatric growth hormone deficiency	Phase II	Long-acting human growth hormone (rDNA origin)	• J-MIG System®
JR-031HIE Human (allogeneic) bone marrow derived mesenchymal stem cells (TEMCELL® HS Inj.)	Neonatal Hypoxic Ischemic Encephalopathy	Phase I/II	Human somatic stem cell processed product	• Expanded indication • Regenerative medical products

(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 40.0 billion yen. Of that amount, 17.0 billion yen was from new commitment line agreements to raise funds related to the construction of a new formulation plant. As for the construction of the new plant, the project has been selected by the Ministry of Economy, Trade and Industry (METI) for its “Developing biopharmaceutical manufacturing sites to strengthen vaccine production” project, and the construction for this project will be carried out using subsidies from METI. The commitment line agreement is intended to provide the necessary funds until receipt of the subsidies.

## 3. State of capital expenditure

Capital expenditures in the fiscal year under review totaled 1,631 million yen, including capital investments of 455 million yen in R&D facilities and of 421 million yen in pharmaceutical marketing 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) Business Policies

#### 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.

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) Corporate strategy, etc.

1. Our credo

A lot of rare diseases with a limited number of patients still have no effective treatment. Building on unique “R&D capabilities” and “manufacturing capabilities” that we have cultivated since our founding, we pursue our vision of accomplishing “what only JCR can do” for patients and their families, even for diseases with extremely few patients.

2. Growth strategy

We will strive to grow globally based on three pillars: domestic product sales, licensing revenue from product portfolio, and licensing revenue from platform technology. The profits will be actively invested in research and development, including human capital and human resources, and expansion of production capacity, in order to pursue further applicability of our unique blood-brain barrier (BBB)

technology, create another innovative platform technology, and improve production technology. With this strategy, we aim to realize sustainable growth and our Company's vision.

3. Business activities

In fiscal 2023, sales of our recombinant human growth hormone product GROWJECT® increased significantly, achieving the top share of the growth hormone market in Japan. Furthermore, in April 2023, we started joint promotion of recombinant mucopolysaccharidoses Type II treatment IZCARGO® with Sumitomo Pharma Co., Ltd. in Japan, and achieved sales growth. As a result, we have established a stable revenue structure that allows us to finance R&D expenses and selling, general and administrative expenses solely by revenues from existing products in Japan. In research and development, we are working on the creation of more than 17 types of treatments for the lysosomal storage disease area, where is our top focus. In October 2023, a global Phase I/II clinical trial was started for BBB-penetrating therapeutic enzyme for the treatment of mucopolysaccharidose type III A (development code: JR-441). We are also expanding investment in JR-141, which is undergoing a global clinical phase III trial, to accelerate the pace of registration of subjects. As a result of aggressive research and development activities, R&D expenses increased by 2.43 billion yen year on year (27.6%) to 11.23 billion yen.

4. Progress of the Midterm Business Plan FY2023-FY2027 "Reach Beyond, Together"

In May 2023, we announced the five-year Midterm Business Plan "Reach Beyond, Together." This plan aims to 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, and maximize business value through "what only JCR can do." In the second founding phase to realize globalization of our business, we set out five initiatives to move to a new stage.

“Creation of revolutionary platform technologies”

The Company established J-Brain Cargo<sup>®</sup>, a proprietary technology that delivers drugs to the brain through the blood brain barrier. In 2021, we launched in Japan recombinant mucopolysaccharidoses Type II treatment IZCARGO<sup>®</sup>, the world’s first therapy that has demonstrated that it can cross the blood-brain barrier. This J-Brain Cargo<sup>®</sup> has abundant variations, which enables designing of optimal molecules according to the characteristics of drugs to be delivered to the brain enabling creation of biopharmaceuticals that act more efficiently in the brain. We are also considering the application of J-Brain Cargo<sup>®</sup>, as a technological base, to various modalities (proteins, nucleic acids, gene/cell therapy drugs, antibodies, etc.). Regarding a gene therapy using J-Brain Cargo<sup>®</sup>-applied adeno-associated virus (AAV), although the research collaboration with Takeda Pharmaceutical Company Limited ended in December 2023, its positive drug efficacy was shown in pathological mouse models confirming its applicability in the field of gene therapy.

We are actively promoting alliances for this proprietary technology. A license agreement with Alexion was signed in March 2023 for the research and development involving the application of J-Brain Cargo<sup>®</sup> to proteins of drug candidates for neurodegenerative diseases, and in December 2023, for the development of oligonucleotide therapeutics for rare diseases. The research has made substantial progress and achieved the first milestone for the treatment of neurodegenerative disease in March 2024. A license agreement with Angelini Pharma S.p.a. for the treatment of epilepsy was also made in May 2023. In addition, we are applying our experience and know-how gained through the development of J-Brain Cargo<sup>®</sup> to develop transport systems to organs other than the brain. In fiscal 2023, we confirmed that a J-Brain Cargo<sup>®</sup>-applied drug for mucopolysaccharidoses Type II passed through the blood retinal barrier, reducing its localization to the retina and disease-causing agents. A study using mouse models showed that this could improve visual impairment. In the treatment for mucopolysaccharidoses Type I, a study using mouse models showed that a drug that employs J-Brain Cargo<sup>®</sup> could inhibit disease-specific bone morphological changes. We will take on challenges of developing unprecedented new drugs by creating innovative platform technologies that combine product development based on already established technologies with next-generation modalities and transportation systems to new targets while realizing alliances with other companies.

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

Our ability to manufacture high-quality and highly efficient biopharmaceuticals, which we have cultivated since our founding, is our strength 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 with each of the employees possessing considerable skills. In recent years, we are conducting overseas clinical trials of JR-141, JR-171 and JR-441 manufacturing investigational drugs that satisfy global standards. As a series of products is expected to undergo global testing in the future, we will strive to expand our production capacity and improve efficiency by leveraging our strengths in high quality and high efficiency production.

In addition, in order to expand our supply capacity to global markets in the future, we have aggressively promoted capital investments to build new plants and investments in overseas CMOs. As a

result, we currently have eight 2,000 liter bioreactors for bulk drug manufacturing and also expect to use similar facilities of Mycenax (Taiwan). Regarding manufacturing processes such as prescription, fill finish and packaging, we utilize overseas CMOs to meet increasing demand, and are proceeding with preparations for construction of a new formulation plant, with operations projected to start in fiscal 2027. In addition, we established a base for global distribution management in the Grand Duchy of Luxembourg in 2022.

“Early launch of development pipeline for rare diseases”

We have long been engaged in research and development in the field of lysosomal storage disease and other rare diseases, working together as a company under the principle of “patient centricity” to deepen collaboration with patients, physicians and regulators. These activities paid off, and in 2021, “IZCARGO®,” a recombinant mucopolysaccharidoses Type II treatment using J-Brain Cargo®, was put into practical use in Japan ahead of the rest of the world. To expand this activity from Japan to the rest of the world, a global Phase III clinical trial of the drug (development code: JR-141) is currently underway. In 2020, we also started global Phase I/II clinical trials of the treatment of mucopolysaccharidose type I (development code: JR-171), and then in 2023, global Phase I/II clinical trials of the treatment of mucopolysaccharidose type III A (development code: JR-441). Preparations for the treatment of mucopolysaccharidose type IIIB (development code: JR-446) are also progressing smoothly, with the aim of entering clinical trials in fiscal 2024.

We aim to start clinical trials of other five therapeutic drugs for lysosomal storage disease in the five years from fiscal 2023 to fiscal 2027, and will continue to make steady progress.

“Human resource development to support growth”

The number of employees has reached 934 (an increase of 55 over the previous year) as of March 31, 2024, as the Company continued to increase the number to strengthen progress in R&D and global expansion and increase production capacity. In order to develop next generation leaders who will lead globalization, the second founding phase, we are in the process of formulating human resource strategies centered on “human resource management,” “contribution assessment,” “treatment according to contribution” and “human resource development.” A project was set up with employees at each site as direct members to consider the foundations of human resource strategies. In addition, we have started JCR Academy, where not only external lecturers but also officers of the Company give lectures. Graduates of the academy who systematically learned the mindsets and skills required for global operations demonstrate their abilities in many ways, such as raising issues of their departments and the Company’s overall organization, and promoting overseas expansion. We are also actively recruiting highly specialized personnel overseas, further strengthening the system to accelerate our global clinical development.

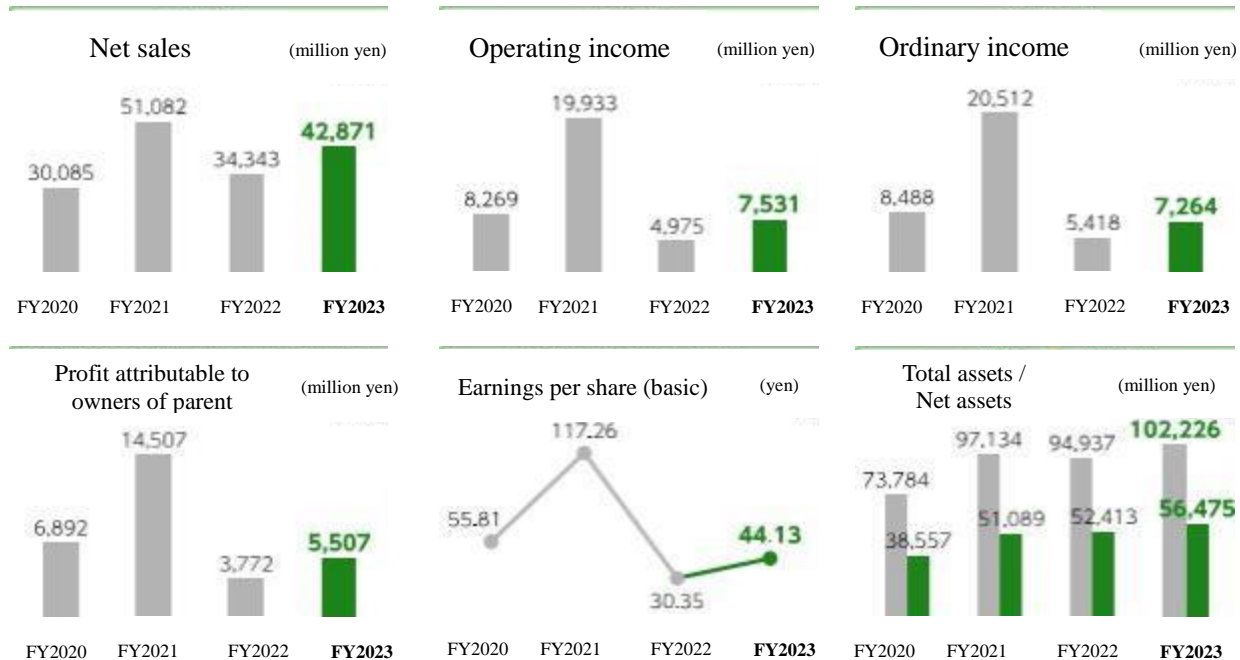
(FOR REFERENCE PURPOSE)

## 5. Trends in assets and profit and loss

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

Category		46th term Fiscal year 2020	47th term Fiscal year 2021	48th term Fiscal year 2022	49th term (term under review) Fiscal year 2023
Net sales	(million yen)	30,085	51,082	34,343	<b>42,871</b>
Operating income	(million yen)	8,269	19,933	4,975	<b>7,531</b>
Ordinary income	(million yen)	8,488	20,512	5,418	<b>7,264</b>
Profit attributable to owners of parent	(million yen)	6,892	14,507	3,772	<b>5,507</b>
Earnings per share (basic)	(yen)	55.81	117.26	30.35	<b>44.13</b>
Total assets	(million yen)	73,784	97,134	94,937	<b>102,226</b>
Net assets	(million yen)	38,557	51,089	52,413	<b>56,475</b>

- (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 2020.
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		46th term Fiscal year 2020	47th term Fiscal year 2021	48th term Fiscal year 2022	49th term (term under review) Fiscal year 2023
Net sales	(million yen)	30,085	51,081	34,343	<b>42,871</b>
Operating income	(million yen)	8,641	20,137	5,095	<b>7,549</b>
Ordinary income	(million yen)	8,594	20,425	5,284	<b>8,048</b>
Profit attributable to owners of parent	(million yen)	7,081	14,446	3,687	<b>6,364</b>
Earnings per share	(yen)	57.33	116.77	29.67	<b>51.00</b>
Total assets	(million yen)	73,727	97,033	94,551	<b>102,102</b>
Net assets	(million yen)	38,546	50,939	52,006	<b>56,141</b>

- (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 2020.
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)

Company Name	Capital	Investment Ratio of the Company	Description of Main Business
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

## 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)



(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)

9. Employees

Business Division	Number of Employees
Pharmaceuticals	804
Medical devices and laboratory equipment	6
Company-wide (shared)	124
Total	934

(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 4,585,914 shares held as treasury shares)
(3) Number of shareholders at the end of the term under review	22,659 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)	13,779,000 shares	11.01%
Custody Bank of Japan, Ltd. (Trust Account)	9,335,000 shares	7.46%
Future Brain Co., Ltd.	8,711,000 shares	6.96%
The Nomura Trust and Banking Co., Ltd. (Trust A Account)	6,498,000 shares	5.19%
Kissei Pharmaceutical Co., Ltd.	4,918,000 shares	3.93%
Sumitomo Pharma Co., Ltd.	3,400,000 shares	2.71%
Mochida Pharmaceutical Co., Ltd.	2,200,000 shares	1.75%
Employee Shareholding Association of JCR Pharmaceuticals Co., Ltd.	1,159,000 shares	0.92%
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,008,000 shares	0.80%

- (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 4,585,914 shares of the Company; however it is not included in the table above.
3. 296,000 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 (4,585,914 shares).
4. Ratios of shareholding have been calculated after deducting treasury shares from the total number of outstanding shares.

### 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
June 21, 2023	From To	July 12, 2023 July 11, 2053	1 yen	5 Directors	450

(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, June 22, 2022 and June 21, 2023 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 21, 2023	From July 12, 2023 To July 11, 2053	1 yen	6 Corporate Officers, etc.	260

(Note) The number of shares to be acquired by exercise of new share acquisition rights resolved on June 21, 2023 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, 2024)

### 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 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 Patient Association Response In charge of Business development and IR fields, excluding Japan President and Chief Executive Officer of ArmaGen, Inc., USA President and Chief Executive Officer of JCR USA, Inc. Director of J JCR Europe B.V.
Member, Board of Directors Vice President	Hiroyuki Sonoda	In charge of Research 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 Director of JCR Luxembourg S.A.
Member, Board of Directors	Toshihiro Ishikiriya	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 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 Director of Kawamura Scholarship Foundation Director of Urakami Foundation for Food and Food Culture Promotion Director of Institute for Drug Discovery Innovation
Member, Board of Directors	Yutaka Atomi	President Emeritus of Kyorin University Outside Audit & Supervisory Board Member of Sanki Engineering Co., Ltd. Outside Director of Pasona Inc. President of Atomi Gakuen President of International Medical Research Foundation Executive Director of Japan Medical Education Foundation President 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. Director of Medical Excellence JAPAN
Member, Board of Directors	Marc Dunoyer	Chief Strategy Officer of AstraZeneca Group Chief Executive Officer of Alexion, AstraZeneca's Rare Disease Group Chairman of AstraZeneca KK Director of Cellectis SA
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. Advisor of MP Gokyo Food & Chemical Co., Ltd.
Audit & Supervisory Board Member	Takeshi Komura	Board Chairman of The Iwatani Naoji Foundation President of Nihon Club
Audit & Supervisory Board Member	Shuichi Tani	Honorary President of International University of Health and Welfare

(FOR REFERENCE PURPOSE)

- (Notes) 1. The Company designated seven (7) Outside Directors; Mr. Toshihiro Ishikiriya, Mr. Takashi Suetsuna, Mr. Toshihide Yoda, Dr. Yuko Hayashi, Mr. Yutaka Atomi, Mr. Philippe Fauchet and Mr. Marc Dunoyer among which the five (5) Outside Directors; Mr. Toshihiro Ishikiriya, 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 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	Yoh Ito	Executive Director of Corporate Strategy Division
Senior Corporate Officer	Yutaka Honda	In charge of Administration Executive Director of Administration Division and Director of Human Resources Planning Department
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 and Director of Regulatory Affairs Department

## 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, Mr. Marc Dunoyer 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



(FOR REFERENCE PURPOSE)

Independent Outside Audit & Supervisory Board Members.

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

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

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

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

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

2. Policy concerning performance-linked compensation

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

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

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

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

With regard to the amounts of monetary and non-monetary compensation for internal Directors, the ratio of

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individual compensation will be determined each fiscal year in order to respond flexibly to the contributions to business results by each internal Director in each fiscal year.

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

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

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

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

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

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

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)	495 (88)	450 (88)	—	45 (—)	11 (6)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Members)	63 (63)	63 (63)	—	—	5 (5)
Total (of which are outside executives)	559 (151)	513 (151)	—	45 (—)	16 (11)

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- (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, (1) Policies for determining details of executive compensation, etc.” in the Report on business results.
  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 48th Ordinary General Meeting of Shareholders, held on June 21, 2023, 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 compensation 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 33.4% of the total sales of the Company.
  3. JCR USA, Inc. is a subsidiary of the Company.
  4. We concluded joint research, option and licensing agreements with Alexion AstraZeneca Rare Disease on candidate materials of treatments for which the Company's J-Brain Cargo® technology is employed, targeting neurodegenerative diseases.
  5. 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.

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Category	Name	Principal Activities
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.
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.	Among the thirteen (13) meetings held by the Board of Directors during the fiscal year under review, he attended all 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	Among the thirteen (13) 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 Director	Marc Dunoyer	Since his appointment on June 21, 2023, among the ten (10) meetings held by the Board of Directors during the fiscal year under review, he attended nine (9) meetings. He made statements at those meetings based on his abundant experience as the head of a global pharmaceutical company, where he actively participated on the front lines over many years. 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 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.
Outside Audit & Supervisory Board Member	Takeshi Komura	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 in administrative agencies and a wide range of finance as Outside Audit & Supervisory Board Member.
Outside Audit & Supervisory Board Member	Shuichi Tani	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 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

56 million yen

(2) Amount of compensation for the non-auditing work as the Accounting Auditor of the Company

- million yen

(3) Total value of money that the Company and the Company's subsidiaries should pay and other economic benefits

56 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

No relevant items

### 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.

(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

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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 whistle-blowing 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. The Board of Directors meeting held on May 10, 2024 resolved to pay a dividend of 10 yen per share in the year-end dividend under the abovementioned basic policy.

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), the same amount as 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, 2025), 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, 2024)

(unit: million yen)

Accounting Item	Amount	Accounting Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>[Current assets]</b>	<b>[57,581]</b>	<b>[Current liabilities]</b>	<b>[30,135]</b>
Cash and deposits	18,756	Notes and accounts payable - trade	890
Notes and accounts receivable - trade, and contract assets	14,934	Short-term loans payable	8,950
Merchandise and finished goods	2,111	Accounts payable - other	2,745
Work in process	6,220	Income taxes payable	1,657
Raw materials and supplies	12,602	Special suspense account for tax purpose reduction entry	11,996
Other	2,955	Provision for bonuses	1,016
		Provision for directors' bonuses	114
		Other	2,765
<b>[Non-current assets]</b>	<b>[44,644]</b>	<b>[Non-current liabilities]</b>	<b>[15,615]</b>
<b>Property, plant and equipment</b>	<b>(30,040)</b>	Long-term loans payable	14,350
Buildings and structures	14,140	Provision for employee shares benefit	81
Machinery, equipment and vehicles	3,293	Net defined benefit liability	903
Land	10,587	Other	280
Construction in progress	171	<b>Total liabilities</b>	<b>45,750</b>
Other	1,847		
<b>Intangible assets</b>	<b>(3,496)</b>	<b>Net Assets</b>	
Patents	2,158	<b>[Shareholders' equity]</b>	<b>[53,761]</b>
Other	1,338	Capital stock	9,061
<b>Investments and other assets</b>	<b>(11,107)</b>	Capital surplus	10,384
Investment securities	9,120	Retained earnings	37,278
Net defined benefit asset	333	Treasury shares	-2,963
Deferred tax assets	1,288	<b>[Accumulated other comprehensive income]</b>	<b>[1,604]</b>
Other	369	Valuation difference on available-for-sale securities	741
Allowance for doubtful accounts	-4	Deferred gains or losses on hedges	-0
		Foreign currency translation adjustment	731
		Remeasurements of defined benefit plans	132
		<b>[Share acquisition rights]</b>	<b>[812]</b>
		<b>[Non-controlling interests]</b>	<b>[297]</b>
<b>Total assets</b>	<b>102,226</b>	<b>Total net assets</b>	<b>56,475</b>
		<b>Total liabilities and net assets</b>	<b>102,226</b>

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

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## Consolidated Statement of Income (From April 1, 2023 to March 31, 2024)

(unit: million yen)

Accounting Item	Amount	
<b>Net sales</b>		<b>42,871</b>
<b>Cost of sales</b>		<b>11,620</b>
<b>Gross profit</b>		<b>31,251</b>
<b>Selling, general and administrative expenses</b>		<b>23,719</b>
<b>Operating income</b>		<b>7,531</b>
<b>Non-operating income</b>		
Interest income	111	
Dividend income	26	
Foreign exchange gains	767	
Other	151	1,056
<b>Non-operating expenses</b>		
Share of loss of entities accounted for using equity method	1,090	
Interest expenses	86	
Commission fee	111	
Other	35	1,324
<b>Ordinary income</b>		<b>7,264</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	0	0
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	20	20
<b>Profit before income taxes</b>		<b>7,244</b>
Income taxes-current	1,788	
Income taxes-deferred	-80	1,707
<b>Profit</b>		<b>5,536</b>
Profit attributable to non-controlling interests		28
<b>Profit attributable to owners of parent</b>		<b>5,507</b>

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

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## Consolidated Statements of Changes in Equity (From April 1, 2023 to March 31, 2024)

(unit: million yen)

	Shareholders' Equity				
	Capital	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance at beginning of current period	9,061	10,384	34,273	-2,978	50,740
Changes of items during period					
Dividends of surplus			-2,502		-2,502
Profit attributable to owners of parent			5,507		5,507
Purchase of treasury shares				-0	-0
Disposal of treasury shares				15	15
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	3,005	15	3,020
Balance at end of current period	9,061	10,384	37,278	-2,963	53,761

	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	555	-	146	-20	681	740	251	52,413
Changes of items during period								
Dividends of surplus								-2,502
Profit attributable to owners of parent								5,507
Purchase of treasury shares								-0
Disposal of treasury shares								15
Net changes of items other than shareholders' equity	185	-0	585	153	923	71	45	1,040
Total changes of items during period	185	-0	585	153	923	71	45	4,061
Balance at end of current period	741	-0	731	132	1,604	812	297	56,475

(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, 2024)

(unit: million yen)

Accounting Item	Amount	Accounting Item	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>[Current assets]</b>	<b>[55,706]</b>	<b>[Current liabilities]</b>	<b>[30,274]</b>
Cash and deposits	16,776	Accounts payable - trade	885
Accounts receivable - trade and contract assets	14,931	Short-term loans payable	8,200
Merchandise and finished goods	2,120	Current portion of long-term loans payable	750
Work in process	6,220	Lease obligations	33
Raw materials and supplies	12,620	Accounts payable - other	2,959
Prepaid expenses	848	Accrued expenses	288
Other	2,187	Income taxes payable	1,621
		Advances received	160
		Deposits received	260
		Special suspense account for tax purpose reduction entry	11,996
		Provision for bonuses	1,016
		Provision for directors' bonuses	114
		Other	1,988
<b>[Non-current assets]</b>	<b>[46,396]</b>	<b>[Non-current liabilities]</b>	<b>[15,687]</b>
<b>Property, plant and equipment</b>	<b>(29,611)</b>	Long-term loans payable	14,350
Buildings	13,282	Lease obligations	81
Structures	511	Provision for retirement benefits	976
Machinery and equipment	3,271	Provision for employee shares benefit	111
Vehicles	12	Asset retirement obligations	70
Tools, furniture and fixtures	1,714	Other	97
Land	10,587	<b>Total liabilities</b>	<b>45,961</b>
Leased assets	112	<b>Net Assets</b>	
Construction in progress	118	<b>[Shareholders' equity]</b>	<b>[54,587]</b>
<b>Intangible assets</b>	<b>(1,297)</b>	Capital stock	9,061
Software	1,084	Capital surplus	10,384
Telephone subscription right	5	Legal capital surplus	7,827
Other	207	Other capital surplus	2,556
<b>Investments and other assets</b>	<b>(15,487)</b>	Retained earnings	38,105
Investment securities	2,447	Legal retained earnings	279
Shares of subsidiaries and associates	11,050	Other retained earnings	37,826
Investments in capital	2	General reserve	951
Long-term prepaid expenses	55	Retained earnings brought forward	36,875
Prepaid pension cost	214	Treasury shares	-2,963
Deferred tax assets	1,345	<b>[Valuation and translation adjustments]</b>	<b>[740]</b>
Other	375	Deferred gains or losses on hedges	-0
Allowance for doubtful accounts	-4	Valuation difference on available-for-sale securities	741
		<b>[Share acquisition rights]</b>	<b>[812]</b>
<b>Total assets</b>	<b>102,102</b>	<b>Total net assets</b>	<b>56,141</b>
		<b>Total liabilities and net assets</b>	<b>102,102</b>

(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, 2023 to March 31, 2024)

(unit: million yen)

Accounting Item	Amount	
<b>Net sales</b>		<b>42,871</b>
<b>Cost of sales</b>		<b>11,620</b>
<b>Gross profit</b>		<b>31,250</b>
<b>Selling, general and administrative expenses</b>		<b>23,701</b>
<b>Operating income</b>		<b>7,549</b>
<b>Non-operating income</b>		
Interest income	98	
Interest on securities	0	
Dividend income	26	
Foreign exchange gains	730	
Other	152	1,008
<b>Non-operating expenses</b>		
Interest expenses	84	
Commission expenses	111	
Loss on valuation of stocks of subsidiaries and affiliates	276	
Other	35	508
<b>Ordinary income</b>		<b>8,048</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	0	0
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	20	20
<b>Profit before income taxes</b>		<b>8,028</b>
Income taxes - current	1,743	
Income taxes - deferred	-80	1,663
<b>Profit</b>		<b>6,364</b>

(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, 2023 to March 31, 2024)

(unit: million yen)

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

	Shareholders' Equity					
	Retained earnings				Treasury Shares	Total Shareholders' Equity
	Legal Retained Earnings	Other retained earnings		Total Other Retained Earnings		
		General Reserve	Retained Earnings Brought Forward			
Balance at beginning of current period	279	951	33,012	34,242	-2,978	50,709
Changes of items during period						
Dividends of surplus			-2,502	-2,502		-2,502
Profit			6,364	6,364		6,364
Purchase of treasury shares					-0	-0
Disposal of treasury shares					15	15
Net changes of items other than shareholders' equity						
Total changes of items during period	—	—	3,862	3,862	15	3,878
Balance at end of current period	279	951	36,875	38,105	-2,963	54,587

	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	555	—	555	740	52,006
Changes of items during period					
Dividends of surplus					-2,502
Profit					6,364
Purchase of treasury shares					-0
Disposal of treasury shares					15
Net changes of items other than shareholders' equity	185	-0	184	71	256
Total changes of items during period	185	-0	184	71	4,134
Balance at end of current period	741	-0	740	812	56,141

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