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

(Tokyo Stock Exchange: 4597)
March 12, 2021

To Our Shareholders:

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

Notice of the 13th Annual General Meeting of Shareholders

You are cordially invited to attend the 13th Annual General Meeting of Shareholders of Solasia Pharma K.K. (the "Company"), which will be held as described below.

In the interest of preventing the spread of COVID-19, please consider carefully whether to attend in person, taking into account the state of your health and the situation on meeting day.

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

[Voting by mail]
Please indicate your approval or disapproval of the proposals in the enclosed voting form and return it so that your vote is received by 5:30 p.m. on Friday, March 26, 2021 (JST).

[Voting via the Internet]
Please access the website for the exercise of voting rights specified by the Company (https://evote.tr.mufg.jp/), enter the "login ID" and the "temporary password" printed in the enclosed voting form and follow the guidance on the screen to enter your votes of approval or disapproval by 5:30 p.m. on Friday, March 26, 2021 (JST).

Please refer to the "Guide to Exercising Voting Rights via the Internet" on page 3 for further details.

1. **Date and Time:** Monday, March 29, 2021, at 10:00 a.m. (Reception starts at 9:30 a.m.) (JST)
2. **Venue:** NEW PIER HALL
1F, New Pier Takeshiba North Tower, 1-11-1, Kaigan, Minato-ku, Tokyo

3. **Purpose of the Meeting:**

Matters to be reported

The business report, consolidated financial statements and non-consolidated financial statements for the 13th fiscal year (from January 1, 2020 to December 31, 2020) and the results of audits concerning consolidated financial statements made by independent auditors and the Audit & Supervisory Board

Matters to be resolved

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

Proposal No. 2: Partial Amendments to the Articles of Incorporation

- When you attend the meeting, you are kindly requested to submit the enclosed voting form at reception. Please note that anyone who is not entitled to exercise voting rights, such as non-shareholding proxy, person accompanying the shareholder) will not be allowed to enter the venue.
  Please also bring this notice for your reference.
- If the reference documents for the General Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements are to be revised, the Company shall post the revised content on the Company's website (https://www.solasia.co.jp).

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

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

- Shareholders who are considering attending the meeting in person are requested to monitor their health up to the day of the meeting and take the utmost care to ensure their wellbeing.
- Shareholders who attending in person are requested to wear masks, have their temperature taken upon entrance, and utilize the hand sanitizer provided.
- Shareholders who are found to have a fever upon or after entry to the venue, those with a cough, or those who fail to bring and consistently wear masks while at the venue, may be refused admission or asked to leave the meeting venue.
- Attendees will be seated in a manner ensuring proper distance for other attendees. Administrative staff will assist in this process.
- Administrative staff will thoroughly observe mask-wearing while attending to their duties.
- Other measures to prevent the spread of infection (such as periodically opening or closing doors for ventilation). We sincerely appreciate your understanding and cooperation in these efforts.

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

Guide to Exercising Voting Rights via the Internet

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

1. Voting rights website and exercising your voting rights

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

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

(3) You can exercise your voting rights on the voting site until 5:30 p.m. on Friday, March 26, 2021 (JST). However, we respectfully request that you exercise your voting rights at your earliest convenience.

2. Exercising your voting rights on the Voting Site

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

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

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

3. Multiple exercise of voting rights

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

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

4. Fees incurred when accessing the voting rights website

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

[Attachment 1]

Business Report

(From January 1, 2020 to December 31, 2020)

1. Current status of the Group

(1) Business progress and results

(i) Overview of business

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

The United States is home to numerous successful biopharma venture companies, the majority of which post losses on a single-year basis. According to research by the Company, of the companies that make up the NASDAQ Biotechnology Index, 169 companies have market capitalization of more than ¥100 billion. Of those, 135 are posting operating losses as of January 31, 2021. We believe that this situation exists because the market places more importance on making proactive upfront investments in promising drug development than on assessing these companies on the basis of their single-year gains and losses. At present, the Company is operating in accordance with this sort of business strategy.

During the fiscal year ended December 31, 2020, the Company primarily undertook business activities related to the following pipeline products.

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

・The Company has rights to SP-01 in China, etc. and rights to SP-03 in Japan, China, and South Korea. In China, the Company pursues direct sales and sales through its partner Lee's Pharmaceutical (HK) Limited ("Lee's").

The COVID-19 pandemic significantly restrained marketing activities of the Group's and sales partners' medical representatives (MRs), including their access to medical sites. This in turn had an impact on the prescription and delivery volumes of Sancuso® (SP-01) and episil® (SP-03), which were launched in China in 2019. In regions where the Company conducts sales on its own (Beijing, Shanghai, and Guangzhou), hospital visits and contacts with healthcare providers by the MRs began to recover in the fiscal year under review. However, as of the submission date of this document, the situation remains largely unpredictable in these regions due to signs of resurgence in COVID-19 cases; for instance, the local government ordered the closure of outpatient clinics at cancer hospitals in response to the resurgence.

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

・The Company has worldwide rights.

・The Company out-licensed marketing and other rights in Japan to Meiji Seika Pharma Co., Ltd. ("Meiji") and rights in Latin America to HB Human BioScience SAS.

In June 2020, the Company achieved the primary endpoint (antitumor effect) in the Global Phase II clinical trial (pivotal study) of our pipeline product SP-02. As of the submission date of this document, we are preparing to file for approval to the regulatory authorities. Activities aimed at out-licensing SP-02 in the US, Europe, China, and other regions were hampered by the COVID-19 pandemic, as the pandemic restrained negotiations and discussions with prospective licensees. As a result, the Company has yet to conclude an out-licensing agreement for SP-02.

SP-04 (Chemotherapy-induced peripheral neuropathy)

・The Company has rights in Japan, China (including Hong Kong and Macau), South Korea and Taiwan.

・The Company out-licensed marketing and other rights of SP-04 in Japan to Maruho Co., Ltd.

In December 2020, the Company confirmed that the primary endpoint of the Global Phase III clinical trial, a pivotal study before filing for approval, had not been met. As of the submission date of this document, the Company is conducting an analysis of the secondary endpoints of the trial. Between January and April 2020, the US Food and Drug Administration (FDA) and the French National Agency for the Safety of Medicines and Health Products (ANSM) ordered that the trial be temporarily halted, and the independent Data Safety Monitoring Board recommended that further patient enrollment and trial drug administration be also suspended. In response, the Company revised the trial protocol and reduced the number of patients enrolled in the study from the initially planned 700 to 592. The trial was closed ahead of schedule in the fiscal year ended December 31, 2020.

SP-05 (Increase in antitumor efficacy of fluorouracil）

・ The Company holds development and commercialization rights in Japan.

For SP-05, our new pipeline product, the Company acquired exclusive rights to develop and market the product in Japan in August 2020. A Global Phase III clinical trial (pivotal study) of the pipeline product is currently underway, designed to be conducted in 440–660 patients. The number of patients enrolled in the study reached 440 in December 2020. As of the submission date of this document, the Company is conducting data collection and data cleaning for an interim analysis of the study data obtained from 330 patients.

New Drug Candidates:

Drug discovery business utilizes RNA editing technology

・ In December 2019, the Company concluded a joint research and development agreement with EditForce, Inc., a biotech company originating from Kyushu University. For the Company, the initiative is a means of acquiring candidate products for long-term development. Specifically, it furthers the Company's plans to develop new gene therapy drugs in the field of oncology based on RNA editing technology.

Nucleic acid drug candidate for peritoneal metastases

・ In July 2020, the Company entered an agreement with GeneCare Research Institute Co., Ltd ("GC"). for exclusive negotiating rights (option rights) to in-license their nucleic acid drug candidate RECQL1-siRNA and related technologies. GC discovered RECQL1-siRNA and related technologies based on technologies in-licensed from US company Alnylam Pharmaceuticals, Inc. (Nasdaq: ALNY), a world leader in RNA interference (RNAi) technologies.

・ Based on development progress of the drug candidate from the non-clinical study stage onward, the Company will decide whether to exercise the option rights to in-license the drug candidate.

Financing to expand the development pipeline

In August 2020, the Company's Board of Directors passed a resolution to raise funds through the issue of unsecured straight bonds (2,500 million yen, no interest, payments completed on August 31, 2020) and warrants (total expected proceeds: 5,500 million yen). The intended uses of the funds raised are as follows: in-licensing and development of SP-05; potential further development of SP-04; development of SP-02 to expand its target indications beyond peripheral T-cell lymphoma; and development of new pipeline products. The Company will use the proceeds from the exercise of warrants to redeem the unsecured straight bonds, and any proceeds from the exercise of warrants after the bonds have been redeemed will be considered additional funds (besides the 2,500 million yen raised through the issuance of the bonds). As of the end of December 2020, the Company had already redeemed 1,500 million yen of the bonds (2,062 million yen, as of the end of February 2021), leaving the outstanding bond balance at 1,000 million yen (437 million yen, as of the end of February 2021).

Impact of the COVID-19 pandemic on the Company's business activities and efforts to prevent the spread of infection

Japanese business

・The Company adopted a telework system for all employees of the Tokyo office as of today.

Chinese business

・The COVID-19 pandemic significantly restrained marketing activities of the Group's and sales partners' medical representatives (MRs), including their access to medical sites. This in turn had an impact on the prescription and delivery volumes of the products. Hospital visits and contacts with healthcare providers by the MRs began to recover in 2H FY2020. However, as of today, the situation remains largely unpredictable in these regions due to signs of resurgence in COVID-19 cases; for instance, the local government ordered the closure of outpatient clinics at cancer hospitals in response to the resurgence.

Product supply

・The Company's products are manufactured in Europe and the United States. At present, provision almost continues uninterrupted.

Clinical development

・The spreading pandemic is having a limited impact on clinical development activities. To ensure the safety of subjects and lessen the burden on the medical systems, visits to medical institutions by subjects and employees handling clinical studies have been curtailed to some extent, and we are utilizing online methods of communication instead.

Business alliances

・Restrictions on overseas travel are impeding discussions with potential alliance partners necessary for negotiations on in- and out-licensing. The Company is instead using online alternatives and working through local distributors.

We achieved a certain amount of progress with respect to the aforementioned development pipeline. On the financial front, however, we continue making up-front investments, as product sales have just entered the initial stages. Given these circumstances, our financial performance during the fiscal year ended December 31, 2020, was as follows:

In the fiscal year ended December 31, 2020, revenue totaled 454 million yen, mainly owed to sales of pipeline products Sancuso® (SP-01) and episil® (SP-03). In the preceding fiscal year (ended December 31, 2019), the Company received a lump-sum payment as a result of singing an out-licensing agreement for SP-04. However, in the fiscal year under review, there was no such payment as the Company was not able to conclude an out-licensing agreement for SP-02 due to the impact of the pandemic (see above); it expects to out-license SP-02 in 2021 or later. As a result, revenue declined by 856 million yen versus the preceding fiscal year. In addition, gross profit amounted to 244 million yen, down 999 million yen from the preceding fiscal year. The decrease was attributable to the aforementioned decline in revenue.

R&D expenses amounted to 1,928 million yen. This amount is mainly attributable to expenses incurred for a phase II clinical study (pivotal study) of SP-02 and a phase III clinical study (pivotal study) of SP-04 and SP-05. SG&A expenses amounted to 2,432 million yen, up 564 million yen year on year, as a result of impairment losses of 800 million yen on intangible assets for SP-04.
The Company incurred an operating loss of 4,116 million yen.
The Company incurred an overall loss of 4,127 million yen, mainly as a consequence of having posted the aforementioned operating loss.
The Group posted a 110 million yen increase in intangible assets attributable to development costs and in-licensing expenses recognized as assets among pipeline investment outlays. In the fiscal year ended December 31, 2020, pipeline investment amounted to 2,038 million yen. This figure includes the 110 million yen in intangible assets derived from capitalization of such outlays and 1,928 million yen in R&D expenses.
Amortization expenses of intangible assets related to the pipeline product Sancuso® (SP-01) and episil® (SP-03) were 438 million yen. Further, based on the results of the Global Phase III clinical trial of SP-04, the Group reported impairment losses for intangible assets amounting to 800 million yen related to the pipeline product. As a result, the balance of intangible assets was 2,356 million yen as of December 31, 2020

(ii) Future outlook

On the premise of the following business progress, we forecast that for the fiscal year ending December 31, 2021, revenue would range between 1.6 billion to 2.6 billion yen, and operating loss, loss before tax, and final loss between 1.8 billion and 2.8 billion yen, respectively.

1) Key assumptions behind the revenue forecast (1.6 billion yen to 2.6 billion yen)
We expect to generate revenue from product sales of episil®(SP-03 (Japan)), which launched in the fiscal year ended December 31, 2018, and product sales of Sancuso®(SP-01 (China)) and episil®(SP-03 (China, Korea)), which launched from the fiscal year ended December 31, 2019. However, as sales of these products are still in the initial phase, we believe their market penetration will be limited relative to the potential size of the market. We have also factored in to a certain degree the impact of the COVID-19 pandemic. We also anticipate some revenues from the out-licensing of pipeline products, derived from the partial out-licensing of SP-02 and SP-05, etc.

2) Key assumptions behind the operating expense forecast (4.4 billion yen)
We will incur cost of sales due to product sales of Sancuso®(SP-01) and episil®(SP-03). For Sancuso®(SP-01) and episil®(SP-03), we will operate an in-house sales structure in China and invest in marketing activities, including post-marketing surveillance. We will incur amortization expenses on intangible assets of Sancuso®(SP-01) and episil®(SP-03). We expect to incur operating expenses related to NDA filing preparations for SP-02, Phase III clinical trial of SP-05, and development investment into new drug candidates.

Because the overall Group expects to continue making upfront investments as described above, we forecast an operating loss, loss before tax, and final loss of between 1.8 billion and 2.8 billion yen, respectively.

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

(iv) Status of financing

In August 2020, the Company's Board of Directors passed a resolution to raise funds through the issue of unsecured straight bonds (2,500 million yen, no interest, payments completed on August 31, 2020) and warrants (total expected proceeds: 5,500 million yen). The Company will use the proceeds from the exercise of warrants to redeem the unsecured straight bonds, and any proceeds from the exercise of warrants after the bonds have been redeemed will be considered additional funds (besides the 2,500 million yen raised through the issuance of the bonds). As of the end of

December 2020, the Company had already redeemed 1,500 million yen of the bonds (2,062 million yen, as of the end of February 2021), leaving the outstanding bond balance at 1,000 million yen (437 million yen, as of the end of February 2021).

As of December 31, 2020, the overdraft and convertible credit line with domestic banks are total 3.5 billion yen. The entire amount is unused.

(2) Changes in assets and profit (loss)

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

(Millions of yen)

Classification	10th fiscal year ended December 31, 2017	11th fiscal year ended December 31, 2018	12th fiscal year ended December 31, 2019	13th fiscal year ended December 31, 2020 (Fiscal year under review)
Revenue	410	318	1,310	454
Loss attributable to owners of parent	(1,007)	(2,422)	(1,867)	(4,127)
Basic loss per share (Yen)	(12.24)	(25.98)	(17.75)	(35.16)
Total assets	6,655	7,728	7,946	5,775
Total equity	6,208	7,087	6,917	3,652

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

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

(Millions of yen)

Classification	10th fiscal year ended December 31, 2017	11th fiscal year ended December 31, 2018	12th fiscal year ended December 31, 2019	13th fiscal year ended December 31, 2020 (Fiscal year under review)
Net sales	410	318	1,310	454
Loss	(1,565)	(2,532)	(2,204)	(3,091)
Loss per share (Yen)	(19.03)	(27.16)	(20.96)	(26.34)
Total assets	3,588	4,589	4,365	3,286
Net assets	3,213	3,970	3,465	1,267

(3) Status of parent company and significant subsidiaries

(i) Status of the parent company
Not applicable.

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

(4) Issues to be addressed

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

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

(ii) Management of marketing activities and marketing organization in China
The Group partly out-licenses product marketing and partly conducts marketing in-house, as a means of gaining profits in China. Proper management of marketing activities and related organizational structures is of key importance in terms of our marketing business model, and involves establishing brand images of the Group's products through our marketing teams, and working in conjunction with our regulatory affairs section, particularly when corresponding with regulatory authorities on matters regarding our products. With the Company's Chinese subsidiary having established a marketing organization in the major cities of Beijing, Shanghai and Guangzhou, we are poised to consistently generate sales volume through marketing activities that adhere to China's regulations and business practices. Furthermore, we are planning a marketing strategy throughout China based on close communication with our licensors and accordingly aim to promote sales by sharing the same strategy with our partners.

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

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

(v) Strengthening the organization
The Group endeavors to hire and place staff members in each section who have knowledge and experience in their fields. Meanwhile, it is important that we properly increase the workforce and form an efficient organization in order to address an increasing volume of development activity brought about by pipeline expansion, as well as an increasing volume of marketing and sales activity in China. The Group strives to act as an entity that continually satisfies the expectations of its shareholders. Accordingly, we recognize that this entails maintaining a well-balanced workforce, in which job assignments are decided regardless of age or gender and accumulated knowledge and experience are passed to following generations. The Group will set its sights on building up its organization using a small staff of experts, rather than pursing efforts geared toward increasing the size of the organization. In doing so, we will take active steps that entail securing the requisite workforce, training employees and strengthening the organization from a medium- to long-term perspective. In addition, alliances that involve collaboration between the Group's staff members, outside specialists and external mandated organizations are an essential aspect of implementing the Group's business model. Going forward, we will assemble optimal teams primarily comprising talent from the Group, focusing our efforts on building partnerships, particularly with specialists and organizations with superior levels of expertise.

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

expectations of its stakeholders, we will remain steadfastly committed to implementing internal controls, particularly those involving risk management and compliance practices.

(vii) Financing

As noted earlier, we must strengthen our pipeline in order to increase our corporate value. With this in mind, we need a certain funds for finance advance investment, particularly to cover development expenses and in-licensing expenses.

The Group has been procuring funds by sub-licensing products to pharmaceutical companies and issuing new shares. Going forward, we will continue to consider fundraising options geared toward strengthening our operating infrastructure, while also taking steps to ensure that our business activities continue unimpeded.

(5) Principal business (as of December 31, 2020)

The Group engages in drug development and sales, specializing in the field of oncology.

(6) Principal offices (as of December 31, 2020)

(i) The Company

Headquarters: Minato-ku, Tokyo

(ii) Subsidiary

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

(7) Status of employees (as of December 31, 2020)

Status of employees of the Group

Number of employees	Changes from the end of previous fiscal year	Average age	Average service years
77 (1)	Increase by 25	39.1	2.06

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

(8) Status of borrowings (as of December 31, 2020)

No items to report.

(9) Other significant matter regarding current status of the Group

No items to report.

2. Status of shares (as of December 31, 2020)

(1) Total number of authorized shares 165,000,000 shares
(2) Total number of issued shares 123,081,210 shares
(3) Number of shareholders 28,932
(4) Major Shareholders

Name of shareholders	Number of shares held	Shareholding ratio (%)
	Ordinary shares	
ITOCHU Corporation	22,850,943	18.56
Maruho Co., Ltd	11,324,000	9.20
Lee's Pharmaceutical Holdings Limited	2,891,983	2.34
SBI SECURITIES Co., Ltd	2,214,245	1.79
Hitoshi Imamura	1,084,200	0.88
CREDIT SUISSE AG, SINGAPORE BRANCH - FIRM EQUIY (POETS)	1,005,048	0.81
Kyoto Corporation	951,807	0.77
Kiyoshi Yamana	860,000	0.69
SMBC Nikko Securities Inc.	829,700	0.67
Daiwa Securities Co. Ltd.	826,100	0.67

Notes: 1. The Company does not hold treasury shares. Trust & Custody Services Bank, Ltd. (Trust Account) currently retains 440,000 Company shares that are not included in treasury stock as trust assets under a Japanese employee stock ownership plan (J-ESOP) system.
2. Lee's Pharmaceutical Holdings Limited is listed in the shareholder registry under a different name. However, the Company understands that Lee's Pharmaceutical Holdings Limited purchases shares in the Company through the entity listed in the shareholder registry. Therefore, the Company includes its name in the above list.

(5) Other significant matters regarding shares

The total number of issued shares of the Company increased by 6,245,415 shares through exercise of share acquisition rights.

3. Status of share acquisition rights

(1) Status of share acquisition rights granted to and held by officers of the Company as considerations for performance of duties (as of December 31, 2020)

		No. 4 Share acquisition rights	No. 5 Share acquisition rights
Date of resolution on issuance		September 10, 2012	July 31, 2013
Total number of share acquisition rights granted		237,000 units	1,225,600 units
Class and number of shares to be issued upon exercise of share acquisition rights		Ordinary shares: 237,000 shares (1 share per unit of share acquisition rights)	Ordinary shares: 1,225,600 shares (1 share per unit of share acquisition rights)
Paid-in amount of share acquisition rights		No cash payment is required in exchange for share acquisition rights.	No cash payment is required in exchange for share acquisition rights.
Amounts to be paid upon exercise of share acquisition rights		20.75467641 yen per share	20.75467641 yen per share
Exercise period for share acquisition rights		From October 1, 2014 to September 30, 2022	From August 1, 2015 to July 31, 2023
Major conditions for exercise of share acquisition rights		(Note 1)	(Note 2)
Share acquisition rights held by officers of the Company	Board Directors (excluding outside Board Directors)	26,000 units (1 person)	271,600 units (1 person)

		No. 6 Share acquisition rights	No. 7 Share acquisition rights
Date of resolution on issuance		September 17, 2013	October 3, 2014
Total number of share acquisition rights granted		1,045,000 units	950,000 units
Class and number of shares to be issued upon exercise of share acquisition rights		Ordinary shares: 1,045,000 shares (1 share per unit of share acquisition rights)	Ordinary shares: 950,000 shares (1 share per unit of share acquisition rights)
Paid-in amount of share acquisition rights		No cash payment is required in exchange for share acquisition rights.	No cash payment is required in exchange for share acquisition rights.
Amounts to be paid upon exercise of share acquisition rights		20.75467641 yen per share	20.75467641 yen per share
Exercise period for share acquisition rights		From March 20, 2016 to March 19, 2024	From October 11, 2016 to October 10, 2024
Major conditions for exercise of share acquisition rights		(Note 2)	(Note 3)
Share acquisition rights held by officers of the Company	Board Directors (excluding outside Board Directors)	440,000 units (1 person)	55,000 units (1 person)

		No. 8 Share acquisition rights	No. 9 Share acquisition rights
Date of resolution on issuance		February 4, 2016	April 30, 2016
Total number of share acquisition rights granted		3,415,000 units	100,000 units
Class and number of shares to be issued upon exercise of share acquisition rights		Ordinary shares: 3,415,000 shares (1 share per unit of share acquisition rights)	Ordinary shares: 100,000 shares (1 share per unit of share acquisition rights)
Paid-in amount of share acquisition rights		No cash payment is required in exchange for share acquisition rights.	No cash payment is required in exchange for share acquisition rights.
Amounts to be paid upon exercise of share acquisition rights		29 yen per share	29 yen per share
Exercise period for share acquisition rights		From February 5, 2018 to February 4, 2026	From May 3, 2018 to May 2, 2026
Major conditions for exercise of share acquisition rights		(Note 4)	(Note 3)
Share acquisition rights held by officers of the Company	Board Directors (excluding outside Board Directors)	1,090,000 units (2 persons)	–
	Outside Board Directors	100,000 units (1 persons)	100,000 units (1 person)
	Audit & Supervisory Board Members	70,000 units (1 persons)	–

Notes: 1. When any holder of share acquisition rights dies or becomes unable to work for the Company due to a permanent mental or physical health disorder, the holder's heir or proxy may exercise the share acquisition rights of the holder

within one year from the date on which the holder dies or develops the permanent mental or physical health disorder referenced above.

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

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

Not applicable.

4. Status of officers of the Company

(1) Status of Board Directors and Audit & Supervisory Board Members (as of December 31, 2020)

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

Notes:
1. Board Directors Stanley Lau, Norikazu Eiki and Jiro Mizukawa are outside Board Directors.
2. Audit & Supervisory Board Members Susumu Araki, Makoto Matsuo and Yoshiyuki Yamakawa are outside Audit & Supervisory Board Members
3. There are no special interests between the Company and any of the corporate bodies etc., at which the outside Board Directors listed above concurrently serve as officers, etc.
4. There are no special interests between the Company and any of the corporate bodies etc., at which the outside Audit & Supervisory Board Members listed above concurrently serve as an officer, etc.
5. The Company has designated Board Directors Stanley Lau, Norikazu Eiki and Jiro Mizukawa and Audit & Supervisory Board Members Susumu Araki, Makoto Matsuo and Yoshiyuki Yamakawa as independent officers and has notified the Tokyo Stock Exchange regarding this designation.
6. As of the conclusion of the 12th Annual General Meeting of Shareholders, outside Board Directors Masahiro Michisuji and Tajio Enoki retired due to expiry of their terms of office.
7. As of the conclusion of the 12th Annual General Meeting of Shareholders, outside Audit & Supervisory Board Members Koichi Sagiya and Jiro Fujiyama retired due to expiry of their terms of office.

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

Classification	Number	Amount of remuneration, etc.
Board Directors (of which outside Board Directors)	7 (5)	87 million yen (13 million yen)
Audit & Supervisory Board Members (of which outside Audit & Supervisory Board Members)	5 (5)	14 million yen (14 million yen)
Total (of which outside officers)	12 (10)	101 million yen (27 million yen)

Note: The above numbers include two outside Board Directors and two outside Audit & Supervisory Board Members who resigned at the conclusion of the 12th Annual General Meeting of Shareholders held on March 30, 2020.

(3) **Outside officers**

(i) Status of major activities of outside officers

Position	Name	Major activities
Board Director	Stanley Lau	Attended 12 of 14 meetings of the Board of Directors held during the fiscal year under review; made necessary remarks as appropriate from the standpoint of his abundant experience in the pharmaceutical industry and his familiarity with the business environment in China.
Board Director	Norikazu Eiki	Attended 13 of 14 meetings of the Board of Directors held during the fiscal year under review; made necessary remarks as appropriate from the standpoint of his abundant experience in the pharmaceutical industry.
Board Director	Jiro Mizukawa	Attended 10 of 10 meetings of the Board of Directors held since his appointment on March 30, 2020 during the fiscal year under review ; made necessary remarks as appropriate from the standpoint of the management of the Company with his extensive expertise and experience in the pharmaceutical industry.
Audit & Supervisory Board Member	Susumu Araki	Attended 14 of 14 meetings of the Board of Directors and 14 of 14 meetings of the Audit & Supervisory Board held during the fiscal year under review ; made necessary remarks as appropriate based on his professional expertise in business management and financial accounting garnered through his experience serving as board director at listed companies in the pharmaceutical industry.
Audit & Supervisory Board Member	Makoto Matsuo	Attended 12 of 14 meetings of the Board of Directors and 14 of 14 meetings of the Audit & Supervisory Board held during the fiscal year under review; made necessary remarks as appropriate from his professional standpoint as an attorney at law.
Audit & Supervisory Board Member	Yoshiyuki Yamakawa	Attended 10 of 10 meetings of the Board of Directors and 10 of 10 meetings of the Audit & Supervisory Board held since his appointment on March 30, 2020; made necessary remarks as appropriate from the standpoint of a member of corporate management in a biotech company and management consulting company.

Note: 1. Board of Directors Jiro Mizukawa was appointed to his current position at the 12th Annual General Meeting of Shareholders held on March 30, 2020. Hence, the numbers of meetings of the Board of Directors after his appointment differ from those held after the appointment of other outside Board Directors and outside Audit & Supervisory Board Members. Since his appointment, the Board of Directors held 10 meetings.
Audit & Supervisory Board Member Yoshiyuki Yamakawa was appointed to his current position at the 12th Annual General Meeting of Shareholders held on March 30, 2020. Hence, the numbers of meetings of the Board of Directors and the Audit & Supervisory Board held after his appointment differ from those held after the appointment of other outside Board Directors and outside Audit & Supervisory Board Members. Since his appointment, the Board of Directors held 10 meetings, and the Audit & Supervisory Board held 10 meetings.

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

(ii) Overview of the limited liability agreement

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has

entered into agreements with each outside Board Director and each outside Audit & Supervisory Board Member to limit the liability for damages under Article 423, Paragraph 1 of the same act. The maximum amount of liability for damages under the said agreements shall be the amount provided for by laws and regulations.

5. Status of Independent Auditor

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

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

Amount of remuneration, etc. for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	14.25 million yen
Total amount of cash and other property benefits to be paid to Independent Auditor by the Company and its subsidiary	14.25 million yen

Notes:
1. Under the audit agreement between the Company and its Independent Auditor, audit remuneration, etc. for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not separate, and cannot be effectively separated. Consequently, the above amounts reflect total audit remuneration, etc.
2. The Audit & Supervisory Board conducted necessary verifications to determine the appropriateness of details of the audit plan made by the Independent Auditor, circumstances regarding the performance of accounting audits and the basis for the calculation of remuneration estimates. Based on the results of these verifications, the Board approved the amount of remuneration, etc. paid to the Independent Auditor.

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

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

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

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

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

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

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

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

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

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

(iv) System for Ensuring Efficient Functioning of Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Performance of Duties by Board Directors

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

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

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

(iii) Implementation of internal audits

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

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

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

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

Consolidated statement of financial position

(As of December 31, 2020)

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	4,116	2,964
Trade and other receivables	10	173
Inventories	3	4
Other current assets	172	126
Total current assets	4,302	3,269
Non-current assets		
Property, plant and equipment	46	43
Light-of-use asset	66	59
Intangible assets	3,485	2,356
Other non-current assets	45	46
Total non-current assets	3,644	2,506
Total assets	7,946	5,775
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	800	987
Bonds payable	―	1,000
Lease liabilities	41	39
Other current liabilities	84	52
Total current liabilities	925	2,079
Non-current liabilities		
Deferred tax liabilities	65	11
Lease liabilities	27	21
Other non-current liabilities	10	10
Total non-current liabilities	103	43
Total liabilities	1,029	2,123
Equity		
Share capital	960	1,402
Capital surplus	4,630	5,043
Retained earnings	1,400	(2,726)
Treasury stock	(70)	(70)
Other components of equity	(4)	2
Total equity	6,917	3,652
Total liabilities and equity	7,946	5,775

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

Consolidated statement of profit or loss

(From January 1, 2020 to December 31, 2020)

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Revenue	1,310	454
Cost of sales	65	209
Gross profit	1,244	244
Research and development expenses	1,138	1,928
Selling, general and administrative expenses	1,868	2,432
Operating profit (loss)	(1,762)	(4,116)
Finance income	0	0
Finance costs	35	43
Other income	0	―
Other costs	―	0
Profit (loss) before tax	(1,797)	(4,159)
Income taxes	70	(32)
Profit (loss)	(1,867)	(4,127)
Profit (loss) attributable to:		
Owners of parent	(1,867)	(4,127)

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

Consolidated statement of changes in equity

(From January 1, 2020 to December 31, 2020)

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			Total equity
					Exchange differences on translation of foreign operations	Share acquisition rights	Total Other components of equity	
Balance at January 1, 2019	7,632	7,483	(7,975)	(48)	(3)	–	(3)	7,087
Comprehensive income								
Profit (loss)	–	–	(1,867)	–	–	–	–	(1,867)
Other comprehensive income	–	–	–	–	(0)	–	(0)	(0)
Total comprehensive income	–	–	(1,867)	–	(0)	–	(0)	(1,868)
Transactions with owners								
Issuance of new shares	854	838	–	–	–	–	–	1,693
Exercise of share acquisition rights	5	5	–	–	–	–	–	11
Capital reduction	(7,532)	(3,712)	11,244	–	–	–	–	–
Acquisition of treasury shares	–	–	–	(22)				(22)
Share-based payments	–	15	–	–				15
Total transactions with owners	(6,671)	(2,852)	11,244	(22)	–	–	–	1,698
Balance at December 31,2019	960	4,630	1,400	(70)	(4)	–	(4)	6,917
Balance at January 1, 2020	960	4,630	1,400	(70)	(4)		(4)	6,917
Comprehensive income								
Profit (loss)	–	–	(4,127)	–	–	–	–	(4,127)
Other comprehensive income	–	–	–	–	(2)	–	(2)	(2)
Total comprehensive income	–	–	(4,127)	–	(2)	–	(2)	(4,129)
Transactions with owners								
Exercise of share acquisition rights	442	423	–	–	–	(3)	(3)	861
Issuance of share acquisition rights	–	–	–	–	–	13	13	13
Share-based payments	–	(10)	–	–	–	–	–	(10)
Total transactions with owners	442	413	–	–	–	9	9	865
Balance at December 31, 2020	1,402	5,043	(2,726)	(70)	(6)	9	2	3,652

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

Balance sheet

(As of December 31, 2020)

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets	**4,257**	**3,180**
Cash and deposits	4,077	2,909
Current trade receivables	4	76
Merchandise	3	4
Other	173	189
Non-current assets	**107**	**105**
Property, plant and equipment	**37**	**35**
Buildings	25	24
Tools, furniture and fixtures	11	10
Leased assets	0	1
Investments and other assets	**69**	**70**
Investments in capital of subsidiaries and associates	30	30
Lease and guarantee deposits	39	40
Total assets	**4,365**	**3,286**
Liabilities		
Current liabilities	**831**	**1,960**
Accounts payable	4	23
other Trade and other payables	777	910
Income taxes payable—Other current liabilities	1	16
Bonds payable	—	1,000
Other	48	9
Non-current liabilities	**67**	**58**
Allowance for employee stock benefit	57	47
Other non-current liabilities	10	11
Total liabilities	**899**	**2,018**
Shareholders' equity	**3,465**	**1,257**
Capital stock	**960**	**1,402**
Capital surplus	**4,780**	**5,222**
Legal capital surplus	4,780	5,222
Retained earnings	**(2,204)**	**(5,296)**
Other retained earnings	(2,204)	(5,296)
Retained earnings brought forward	(2,204)	(5,296)
Treasury stock	**(70)**	**(70)**
Share acquisition rights	—	**9**
Total net assets	**3,465**	**1,267**
Total liabilities and net assets	**4,365**	**3,286**

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

Statement of income

(From January 1, 2020 to December 31, 2020)

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	1,310	454
Cost of sales	65	209
Gross profit	1,244	244
Selling, general and administrative expenses	3,395	3,280
Operating profit (loss)	(2,150)	(3,035)
Non-operating income	0	0
Interest income	0	0
Other	0	－
Non-operating expenses	54	56
Interest expenses	0	0
Commission fee	25	21
Share issuance cost	16	18
Foreign exchange losses	11	15
Other costs	－	0
Ordinary loss	(2,203)	(3,090)
Loss before income taxes	(2,203)	(3,090)
Income taxes—current	1	1
Profit (loss)	(2,204)	(3,091)

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

Statement of changes in equity

(From January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity					share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
		Legal capital surplus	Other retained earnings				
			Retained earnings brought forward				
Balance at January 1, 2020	960	4,780	(2,204)	(70)	3,465	—	3,465
Changes of items during period							
Issuance of share acquisition rights	—	—	—	—	—	13	13
Exercise of share acquisition rights	442	442	—	—	884	(3)	880
Loss	—	—	(3,091)	–	(3,091)	—	(3,091)
Total changes of items during period	442	442	(3,091)	–	(2,207)	9	2,198
Balance at December 31, 2020	1,402	5,222	(5,296)	(70)	1,257	9	1,267

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

(From January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other retained earnings			
			Retained earnings brought forward			
Balance at January 1, 2019	7,632	7,931	(11,244)	(48)	3,970	3,970
Changes of items during period						
Issuance of new shares	854	854	—	—	1,709	1,709
Exercise of share acquisition rights	5	5	—	—	11	11
Capital reduction	(7,532)	(3,712)	11,244	–	–	–
Acquisition of treasury shares	—	—	—	(22)	(22)	(22)
Loss	–	–	(2,204)	—	(2,204)	(2,204)
Total changes of items during period	(6,671)	(2,851)	9,039	(22)	(505)	(505)
Balance at December 31, 2019	960	4,780	(2,204)	(70)	3,465	3,465

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

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

Independent Auditor's Report
(translation)

February 22, 2021

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

BDO Sanyu & Co.
Tokyo office

Designated Partner Engagement Partner	Certified Public Accountant	Hiroshi Saito	(Seal)
Designated Partner Engagement Partner	Certified Public Accountant	Hidetoshi Kawai	(Seal)

Opinion

We have audited, pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, Solasia Pharma K.K.'s consolidated financial statements for the fiscal year spanning from January 1, 2020 to December 31, 2020, which consist of the consolidated statement of financial position, the consolidated statement of profit or loss and the consolidated statement of changes in equity, as well as the notes attached to the consolidated financial statements.

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

Basis for Opinion

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

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

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

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

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

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

judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

Conflict of interest

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

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

Independent Auditor's Report (translation)

February 22, 2021

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

BDO Sanyu & Co.
Tokyo office

Designated Partner Engagement Partner	Certified Public Accountant	Hiroshi Saito	(Seal)
Designated Partner Engagement Partner	Certified Public Accountant	Hidetoshi Kawai	(Seal)

Opinion

We have audited, pursuant to the first item, second Paragraph of Article 436of the Companies Act, Solasia Pharma K.K.'s non-consolidated financial statements for the 13th fiscal year spanning from January 1, 2020 to December 31 2020, which consist of the balance sheet, the statement of income and the statement of changes in equity, as well as the notes attached to the non-consolidated financial statements and supplementary schedules.

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Audit Report of the Audit & Supervisory Board (Copy)

Audit Report

We, the Audit & Supervisory Board, have prepared, upon consultation, this Audit Report based on reports compiled by each Audit & Supervisory Board Member concerning the performance of duties conducted by Board Directors during the 13th fiscal year spanning from January 1, 2020 to December 31, 2020 and hereby report as follows:

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

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

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

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

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

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

Based on the methods mentioned above, we have reviewed the Business Report, its supplementary schedules, non-consolidated financial statements (balance sheet, statement of income, statement of changes in equity and notes attached to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) for the 12th fiscal year.

2. Results of audits

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

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

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

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

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

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

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

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

February 22, 2021

Solasia Pharma K.K. Audit & Supervisory Board

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

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

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

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

The candidates for Board Director are as follows:

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

No.	Name (Date of birth)	Career summary, position and responsibility in the Company and significant concurrent positions outside the Company	Number of shares in the Company owned
1	Yoshihiro Arai (July 27, 1960) Number of Attended Board of Director Meetings: 14/14	Apr. 1985 Searle Yakuhin K.K. (currently Pfizer Japan Inc.) Feb. 1994 Director, Clinical Development, Amgen K.K Apr. 2007 Director, Head of Product Planning, Development, Amgen K.K. Sept. 2007 Executive Vice President, Head of Development, JapanBridge Inc. (currently Solasia Pharma K.K.) Feb. 2013 President and Chief Executive Officer, Board Director, Solasia Pharma K.K. (present)	538,302
2	Toshio Miyashita (Nov. 25, 1967) Number of Attended Board of Director Meetings: 14/14	Sept. 1997 Innotech Corporation Jan. 1999 Administration Director, Admon Science Inc. (Transferred) May 2003 Administration Director, Sosei Co. Ltd. (currently Sosei Group Corporation) Nov. 2005 VP Corporate Planning, Director, Arakis Limited (Transferred) Mar. 2007 Partner & Board Director, HIBIKI Partners Co., Ltd. May 2007 Auditor, ATANI LIMITED Apr. 2008 Auditor, Value Pharma Co., Ltd. Aug. 2009 CFO, J-Pharma Co., Ltd. Nov. 2011 Acting CFO, Solasia pharma K.K. Apr. 2012 Board Director, CFO, J-Pharma Co., Ltd Jan. 2014 CFO, Solasia Pharma K.K. Dec. 2015 Board Director, CFO, Solasia Pharma K.K. (present)	425,000
3	Stanley Lau (Aug. 30, 1954) Number of Attended Board of Director Meetings: 12/14	June 1981 Pfizer Corp. Hong Kong Apr. 1987 Managing Director, Merck & Co. Oct. 1994 General Manager, Schering Plough China Ltd. Oct. 1998 Vice President, Pharmacia / Searle Asia Area July 2002 General Manager, Baxter Healthcare International China Apr. 2009 Managing Director, Haopy Pharmaceuticals Co., Ltd. Nov. 2010 President, China Biologic Products, Inc. Mar. 2012 COO, Eddingpharm Ltd. Mar. 2013 CEO, Amsino Medical Group Dec. 2014 Board Director, Solasia Pharma K.K. (present) Mar. 2015 Executive Partner, BizPro International LLC (present) May 2015 Senior Advisor, Wuxi SiFong Information Technology Co., Ltd (present) June 2017 Board Director, Xian Libang Pharmaceutical (present) <Significant concurrent positions> Executive Partner, BizPro International LLC Senior Advisor, Wuxi SiFong Information Technology Co., Ltd Board Director, Xian Libang Pharmaceutical	–

No.	Name (Date of birth)	Career summary, position and responsibility in the Company and significant concurrent positions outside the Company	Number of shares in the Company owned
4	Norikazu Eiki (Apr. 17, 1948) Number of Attended Board of Director Meetings: 13/14	Apr. 1969 Shell Oil Co., Ltd. (currently Showa Shell Sekiyu K.K.) June 1973 Matsushita Electric Works Ltd. (currently Panasonic Corporation) Aug. 1979 General Manager, Corporate Planning, Ciba-Geigy Japan Ltd. (currently Novartis Pharma K.K.) Jan. 1994 General Manager, Technical Operation Division, Bayer Yakuhin Ltd. Mar. 1997 Board Director, Head of Shiga Factory, Bayer Yakuhin Ltd. July 2002 President and CEO, Bayer Yakuhin Ltd. Jan. 2007 Chairman and Representative Director, Bayer Yakuhin Ltd. Apr. 2010 Chairman, Director, Bayer Yakuhin Ltd. May 2014 Board Director, AnGes MG, Inc. (currently AnGes, Inc.) (present) June 2014 Advisor, CM Plus Corporation (present) Jan. 2015 President, EIKI CONSULTING, LLC (present) Mar. 2015 Board Chairman, FunPep Co., Ltd. June 2015 Board Director, TOWA PHARMACEUTICAL CO., LTD. (present) Apr. 2016 Board Director, Solasia Pharma K.K. (present) Jan. 2017 Board Director, FunPep Co., Ltd. (present) June 2018 Board Director, Gene Techno Science Co., Ltd. (present) <Significant concurrent positions> Board Director, AnGes, Inc. Advisor, CM Plus Corporation President, EIKI CONSULTING, LLC Board Director, TOWA PHARMACEUTICAL CO., LTD. Board Director, FunPep Co., Ltd. Board Director, Gene Techno Science Co., Ltd.	–
5	Jiro Mizukawa (Sep. 14, 1952) Number of Attended Board of Director Meetings: 10/10	Apr. 1976 Marupi-Searle Co.(currently Pfizer Japan Inc.) Nov. 1989 Osaka Branch Manager and Product Manager of the Marketing Division, Searle Yakuhin K.K. (currently Pfizer Japan Inc.) Aug. 1992 Deputy Head of Sales, Monsanto Japan Ltd. (currently Pfizer Japan Inc.) July 1995 Head of Sales of the CNS & General Care Division, Pharmacia & Upjohn Corp. (currently Pfizer Japan Inc.) July 1999 Head of Distribution Policy and Sales of the CNS & General Care Division, Pharmacia Corp. (currently Pfizer Inc.) Feb. 2003 Head of Sales of the CNS Division, Nippon Boehringer Ingelheim Co., Ltd. Dec. 2003 Corporate Officer of the Oncology and Specialty Care Division, Sanofi-Aventis K.K. (currently Sanofi K.K.) Nov. 2009 Managing Director and Head of the Pharmaceuticals Division, Abbott Japan LLC (currently AbbVie GK) Mar. 2017 Representative Director, LTL Pharma Co., Ltd. (present) Mar.2020 Board Director, Solasia Pharma K.K. (present) <Significant concurrent positions> Representative Director, LTL Pharma Co., Ltd	–

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

2. Among the candidates for Board Director, Stanley Lau, Norikazu Eiki and Jiro Mizukawa are candidates for outside Board Director.
3. The Company has reported Stanley Lau, Norikazu Eiki and Jiro Mizukawa as independent officers according to provisions set forth by the Tokyo Stock Exchange.
4. The Company has nominated Stanley Lau as a candidate for outside Board Director because it expects him to contribute to the management of the Company with the extensive experience and abundant knowledge he

accumulated as a member of corporate management in China. At the conclusion of this Annual General Meeting of Shareholders, his tenure as an outside Board Director will have been six years and three months.

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

Proposal No. 2: Partial amendment to the Articles of Incorporation

1. Purpose for amendment to the Articles of Incorporation

The Company proposes amending the current Article 6 of its Articles of Incorporation to raise the number of authorized shares to 480,000,000 from 165,000,000. The Solasia Pharma Group is a specialty pharma company, specializing in the development and commercialization of products in the oncology field, and at management considers expansion of its portfolio of products to be a crucial objective. A greater number of authorized shares would give the Company the flexibility to issue new shares to finance the upfront investment required for that objective as well as enable the use of capital stock to conduct M&A and other capital strategy for the sake of in-licensing pipeline products. This proposal, if approved, is not intended to conduct an immediate issue of new shares in response to the increase in the total number of issuable shares.

2. Details of the amendment

The details of the amendment are as follows.

(Portions to be amended are underlined)

Current Article	Proposed Amended Article
Article 6 (Authorized Shares) The Company is authorized to issue 165,000,000 shares.	Article 6 (Authorized Shares) The Company is authorized to issue 480,000,000 shares.

3. Effective date of the amendment

March 29, 2021