TRANSLATION FOR REFERENCE PURPOSE ONLY
This English translation has been prepared for reference purpose only. The Company does not make any warranty as to accuracy or completeness of translation and assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

TSE Securities Code: 4565
June 3, 2016

Sosei Group Corporation (the "Company")
2-4 Kojimachi, Chiyoda-ku, Tokyo

To Shareholders:

Notice of the 26th Ordinary General Meeting of Shareholders

We would first like to extend our deepest sympathies to all those impacted by the recent earthquakes in Kumamoto and offer our prayers for a quick recovery and reconstruction in the region.

The Company would like to inform you that the 26th Ordinary General Meeting of Shareholders of the Company (the "Meeting") will be held as follows, and would be grateful if you would attend the meeting.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing or via the Internet. You are kindly requested to review the appended "Reference Documents for the Ordinary General Meeting of Shareholders" and exercise your voting rights by indicating your votes for or against each of the proposals no later than 6:00 p.m. on Thursday, June 23, 2016.

Yours Sincerely,

Shinichi Tamura
Board Director, Representative Executive Officer and President

1. **Date and Time** Friday, June 24, 2016 at 10:00 a.m.
2. **Venue** Fuji-No-Ma Hall, 4th Floor, Grand Arc Hanzomon Hotel
   1-1, Hayabusa-cho, Chiyoda-ku, Tokyo, Japan
3. **Agenda**

Matters to be reported:

1. Report on Business Report, Consolidated Financial Statements, and Reports of Independent Auditors and the Audit Committee on Consolidated Financial Statements for the 26th fiscal year (from April 1, 2015 to March 31, 2016)
2. Report on the Non-Consolidated Financial Statements for the 26th fiscal year (from April 1, 2015 to March 31, 2016)

Matters to be Resolved:

Proposal No. 1 Partial amendments to the Articles of Incorporation
Proposal No. 2 Election of Five (5) Directors

- Please submit the enclosed voting rights exercise form at the reception desk when you attend the Meeting.
- Notes to the Consolidated Financial Statements and Notes to the Non-Consolidated Financial Statements are provided to shareholders through disclosure on the Company's

Internet website (http://www.sosei.com/) in accordance with the law and Article 14 of the Articles of Incorporation.

- Should any revisions be made to the Reference Documents for the Ordinary General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements or Consolidated Financial Statements prior to the date of the Meeting, the Company will provide notice through disclosure on its website (http://www.sosei.com/).

Business Report

From April 1, 2015
To March 31, 2016

1. Current State of the Corporate Group

(1) Progress and Results of Operations

1) Group Outlook

The Company and its subsidiaries (the "Group") aim to become a global biotechnology company anchored in Japan with a focus on global research and development and licensing activities. In the fiscal year 2015, the Group's UK subsidiary Heptares Therapeutics Ltd. ("Heptares") was very successful, signing collaborative pipeline deals with big pharma companies AstraZeneca UK Limited ("AstraZeneca") and Teva Pharmaceutical Industries Ltd. ("Teva"), as well as a strategic collaboration with Pfizer Inc. ("Pfizer") to develop new drugs.
Moreover, as sales of COPD therapies Seebri® (NVA237) and Ultibro® (QVA149) progressed well this fiscal year, royalty income exceeded that of the previous year and the Group recorded milestone revenue of 22.5 million dollars in connection with the regulatory approval of both therapies in the US, the world's largest pharmaceutical marketplace.

* Ultibro® Breezhaler® (EU) / Ultibro® Inhalation Capsules (Japan) and Seebri® Breezhaler® 50mcg (EU) /Seebri® Inhalation Capsules 50 mcg (Japan) are the registered trademarks of Novartis.

Consolidated operating results for the fiscal year under review are shown in the below chart.

(JPY Millions)

	Fiscal Year 2014	Fiscal Year 2015	Change
Revenue	3,671	8,151	4,480
Gross profit	3,602	8,147	4,544
Operating income	1,043	1,075	32
Net income (loss)	510	(1,547)	(2,057)

(Note) The consolidated financial statements for fiscal year 2014 have been retroactively adjusted due to change to provisional treatment of accounting for business combination in February 2015.

Revenue and gross profit

Revenue for the fiscal year 2015 totaled 8,151 million yen, an increase of 4,480 million yen (122.0%) compared to the previous fiscal year. This was mainly due to milestones and increased royalty revenue from Seebri® (NVA237) and Ultibro® (QVA149), and receipt of upfront payments for out-licensing of Heptares pipelines.

Operating income

Operating income in the fiscal year 2015 totaled 1,075 million yen, an increase of 32 million yen (3.1%) compared to the previous year. This is due to increase in revenue and gross profit as described above, and increased R&D expenses and SG&A expenses corresponding to the revenue increase.

Net income or loss

Net loss totaled 1,547 million yen, a decrease of 2,057 million yen from net income in the previous year. This is due mainly to a loss recognized as a result of changed fair value of the contingent consideration of the business combination and interest expense accrued on debt while operating income increased and income tax expense was negative.

Consolidated research and development expenses and selling, general and administrative expenses for the fiscal year under review are shown in the below chart.

Breakdown of research and development; selling, general and administrative expenses

(JPY Millions)

	Fiscal Year 2014	Fiscal Year 2015	Change
Research and development expenses	557	3,916	3,359
Selling, general and administrative expenses	2,011	3,293	1,281
Personnel expenses	425	1,222	796
Outsourcing expenses	1,051	697	-353
Other	534	1,373	838

(Note) The consolidated financial statements for fiscal year 2014 have been retroactively adjusted due to change to provisional treatment of accounting for business combination in February 2015.

Research and development expenses; selling, general and administrative expenses

R&D expenses during the fiscal year 2015 increased 3,359 million yen from the previous fiscal year, and totaled 3,916 million yen. Also, SG&A expenses increased 1,281 million yen from the previous fiscal year, and totaled 3,293 million yen. This was mainly due to increased expenditure for expanding Heptares' pipeline.

Financial expenses

The fiscal year 2015 recorded 4,377 million yen of financial expenses. This is mainly due to a write-down of 3,816 million yen as a result of changed fair value of the contingent consideration of the business combination, and 438 million yen of interest expense on debt.

Matters related to corporate income tax expense

Income tax expense of the fiscal year 2015 was negative 1,750 million yen due to recording Heptares' deferred tax assets.

2) The results by business segments

The Group is composed of domestic and overseas pharmaceutical business segments, both of which are comprised of subsidiaries. Information by business segment is as follows.

Domestic pharmaceutical business

Revenue in the domestic pharmaceutical business segment amounted to 197 million yen. This is mainly due to increased royalties from NorLevo compared to the previous financial year. Operating income fell by 192 million yen, and the operating loss totaled 537 million yen.

Progress with the main products under development for the domestic pharmaceutical business is as follows.

In-licensing

■ SO-1105 *Oropharyngeal Candidiasis: Phase III ongoing*

SO-1105 is an antifungal agent, administered as a muco-adhesive buccal tablet for the treatment of oropharyngeal candidiasis in immunocompromised patients. Oropharyngeal candidiasis is an inflammatory mucous membrane disease afflicting the oral cavity and pharynx. It is caused by infection due mainly to a fungus known as *Candida albicans,* and it is commonly found in patients suffering from chronic diseases such as diabetes and immunocompromised patients such as those suffering from HIV infection. This drug was originally developed by Onxeo (ex-BioAlliance Pharma of France), and it has been approved for marketing in 24 European countries, the U.S., and Korea since first obtaining approval in October 2006 in France. The Group believes that this product can also contribute to patient compliance in Japan and thus obtained the exclusive development and marketing rights for SO-1105 in Japan from Onxeo in May 2011.

Presently, Phase III clinical trials for efficacy and safety of this product are in progress.The Group has already signed an exclusive domestic commercialization agreement with FUJIFILM Pharma Co., Ltd.

Research and development based on platform technologies

■ APNT (Activus Pure Nanoparticle Technology): *Nanoparticle technology*

APNT is technology differentiable from existing technology in that it enables pulverizing poorly soluble compounds to nano-sized crystal particles ranging from the 50-nm level to the 200-nm level while minimizing contamination. Making use of this feature, APNT demonstrates advantages in applications related to injections, ophthalmic solutions, and inhalations with poorly soluble compounds, which have been very difficult or impossible to achieve to date.

Pre-clinical trials are underway for two development candidates with APNT applications: APP13002 (infectious eye diseases) and APP13007 (inflammatory eye diseases).

■ Molecular Hiving™: A new method of liquid-phase peptide synthesis

Molecular Hiving™ is a new liquid-phase peptide synthesis technology. Conventional peptide synthesis technologies include SPPS (solid-phase peptide synthesis) and liquid-phase peptide synthesis (LPPS) but in general, SPPS is expensive and produces a low volume; meanwhile LPPS is widely used for mass production but is unable of synthesizing long-chain peptides. Molecular Hiving™ is

an innovative technology with advantages of both SPPS and LPPS, and can enable high-volume, low-cost synthesis. Unlike SPPS, Molecular Hiving™ enables monitoring of the peptide synthesis process, which leads to production of peptides of higher quality compared to those produced by conventional methods.

Pre-clinical trials are underway for two generic development candidates with Molecular Hiving™ applications: JIT-2001 (cardiovascular diseases) and JIT-1007 (orphan diseases).

■ Peptune™: novel peptide modification technology

Peptune™ is a peptide modification new element technology; it improves effectiveness and safety by modifying the steric of the peptide, and is useful for improving the stability of drugs. Moreover, using this technology enables peptides and small molecule drugs to be synthesized, so it is expected that peptides with new features will be produced.

In addition, Peptune is expected to enable enhancement of the effectiveness and safety of lead peptides furnished by Heptares' technology.

Overseas pharmaceutical business

The revenue of the overseas pharmaceutical business segment totaled 7,954 million yen, an increase of 4,465 million yen compared to the previous year. The difference from the previous financial year was attributable to the milestones and increased royalties from Seebri® (NVA237) and Ultibro® (QVA149), and upfront payments from out-licensing Heptares' pipeline. In addition, operating income totaled 1,665 million yen, down 699 million yen compared to the previous year.

Progress made in the overseas pharmaceutical business is set out below.

Pipeline and Products

■ QVA149 COPD: Launched in the EU, Japan, etc.

QVA149 (indacaterol maleate/glycopyrronium bromide); brand names: Ultibro® Breezhaler® (EU), Ultibro® Inhalation Capsules (Japan); "Ultibro") is a once-daily inhaled, fixed-dose combination of the LAMA (glycopyrronium bromide) and the LABA (indacaterol maleate), indicated as a maintenance bronchodilator treatment to relieve symptoms in patients with chronic obstructive pulmonary disease (COPD). Ultibro is a once-daily LABA/LAMA approved as first-in-class in over 80 countries including EU, Japan, Canada, Mexico and Australia and launched in over 40 countries including Germany, Japan and Canada.

In the US, QVA149 was approved in October 2015 as a twice-daily inhaled, fixed-dose combination of indacaterol 27.5 mcg and glycopyrrolate 15.6 mcg, for the long-term maintenance treatment of airflow obstruction in patients with COPD, including chronic bronchitis and/or emphysema, and under the brand name Utibron™ Neohaler®.

■ NVA237 COPD: Launched in the EU, Japan, etc

NVA237 (glycopyrronium bromide; brand names: Seebri® Breezhaler® (EU), Seebri® Inhalation Capsules 50mcg (Japan); "Seebri"), is a LAMA indicated as a maintenance bronchodilator treatment to relieve symptoms in patients with COPD that was exclusively licensed to Novartis in April 2005 by Sosei and its co-development partner Vectura. Seebri has been approved in over 90 countries across Europe, Japan, Canada, Latin America, Asia, Australia and the Middle East.

In the US, NVA237 was approved in October 2015 as a twice-daily inhaled monotherapy for the long-term maintenance treatment of airflow obstruction in patients with COPD, including chronic bronchitis and/or emphysema, under the brand

name Seebri™ Neohaler® (glycopyrrolate 15.6 mcg).

Under the terms of agreement with Novartis, the approval of QVA149 and NVA237 in the US had triggered a milestone payment to Sosei of USD 22.5 million. In addition, Sosei is entitled to receive royalties on global net sales of both products. Royalties are recognized following the quarter in which the products are sold. On 27 January 2016, Novartis announced that sales of Ultibro and Seebri for 2015 (January – December 2015) were USD 260 million and USD 150 million respectively.

■ QVM149 Asthma: Currently undergoing Phase III trial

In December 2015 Novartis announced the first Phase III trial of QVM149, a new inhaled triple therapy for asthma.QVM149 is a fixed dose, once daily combination of the LAMA glycopyrronium bromide, the LABA indacaterol, and the inhaled corticosteroid (ICS) mometasone fuorate. Enrolment of the first patients into the trial programme has triggered the receipt of a milestone payment to Sosei of USD 3.75 million under the terms of the Licence Agreement. First regulatory filings of QVM149 are planned for 2018.

Drug discovery through platform technology

■ StaR® (Stabilised Receptor) technology: Drug discovery platform technology

Heptares StaR® technology is the first in the world that is able to produce GPCRs with improved thermostability (StaR® proteins).

GPCRs (G protein-coupled receptors) are proteins found embedded in the cell membrane. They act as a bridge between the interior and exterior environment of the cell. As such, they can transfer information in the form of biochemical signals, and play a role in many physiological and biological processes, including taste, vision, smell, autonomic nervous system function, behaviour, immunity etc. GPCRs are, therefore, the most important target molecules in medicine. However, when removed from the cell membrane, the molecular structure grows unstable and unclear, thus it has been difficult to perform structure-based discovery research. StaR® technology advances structural analysis of GPCRs and enables powerful and highly selective drug discovery based on molecular structure design that, to date, has been very difficult or impossible to do with confidence.

Heptares has a broad and well-stocked pipeline targeting neurological, immuno-oncology, metabolic and rare disease areas. In research and development, Heptares is advancing multiple pipeline products. The company is also actively engaged in partnerships harnessing its platform technology, and licensing of its in-house pipeline.

Main drugs under development by using platform technology are as follows.

・ Conclusion of an alliance agreement with Regeneron Pharmaceuticals Inc. (hereinafter, Regeneron, Inc.)

In July 2015, Heptares concluded an alliance agreement with Regeneron Inc. for the development of novel anti-GPCR antibody drugs. Under this agreement, Heptares will produce StaR® proteins (stabilized receptors) against multiple GPCRs. Regeneron Inc. will examine and utilize them as antigens to develop therapeutic antibodies. The agreement allows Regeneron Inc. to develop, manufacture, and distribute antibodies produced using the StaR® proteins.

・ Initiation of therapeutic antibody program with MorphoSys

In July last year, Heptares exercised an option to initiate a therapeutic antibody program arising from the alliance it entered with German company MorphoSys AG in February 2013. This means that the Heptares pipeline, hitherto focused on low-

molecular-weight compounds, is expected to expand to include antibodies. Moreover, through these alliances, Heptares will continue to explore the possibility of wide-ranging applications of StaR® technology to antibody therapeutics, not just low-molecular-weight compounds.

・ Adenosine A2A receptor antagonist with AstraZeneca

In terms of licensing its own pipeline, in August, 2015, Heptares entered into a licensing agreement with the global pharmaceutical company AstraZeneca to develop immuno-oncology treatments for cancer. AstraZeneca acquired exclusive global rights to develop, manufacture and commercialize the adenosine A2A receptor antagonist, HTL-1071, a small molecule immuno-oncology candidate, and potential additional A2A receptor-blocking compounds. AstraZeneca is exploring HTL-1071 and additional compounds across a range of cancers, including in combination with its existing portfolio of immunotherapies. The companies will also collaborate to discover further A2A receptor-blocking compounds for development in cancer immunotherapy.

・ Grant to develop Orexin-1 receptor antagonists

In September last year, Heptares was awarded a research and development grant of 5.5 million dollars from the National Institute on Drug Abuse (NIDA), one of the US National Institutes of Health, for its Orexin-1 receptor antagonist research project. The company is planning to use the grant over the next three years for part of the operating costs of the project to adapt selective antagonists of the Orexin-1 receptor to treat cocaine abuse and addiction.

• Agreement to Discover and Develop Novel Small Molecule CGRP Antagonists for Treatment of Migraine with Teva

In November 2015, Heptares and Teva Pharmaceutical Industries Ltd entered into a licensing and drug-discovery agreement under which Teva received exclusive global rights to develop, manufacture and commercialize novel, small molecule calcitonin gene-related peptide (CGRP) antagonists discovered by Heptares for the treatment of migraine.

・ Strategic Drug Discovery Collaboration with Pfizer

In November 2015, Heptares entered into a strategic drug discovery collaboration with Pfizer Inc. to research and develop potential new medicines directed at up to 10 GPCR targets across multiple therapeutic areas. Heptares will use its proprietary GPCR structure-guided platform to help deliver StaR® proteins, high-resolution crystal structures and other technologies to support the discovery of potential novel agents directed to the GPCR targets selected by Pfizer. Pfizer will be responsible for developing and commercializing any potential therapeutic agents (small molecules or biologics derived from StaR antigens) for each target and will have exclusive global rights to any potential resulting agents.

Relating to this collaboration, Sosei and Pfizer Seiyaku KK (“Pfizer KK”) have entered into an equity agreement under which Sosei made a third-party allocation of new shares to Pfizer KK to strengthen collaboration between Sosei and Pfizer KK as stated in 5) “Financing.”

Significant subsequent events

・ Agreement with Allergan Pharmaceuticals International Ltd. (“Allergan”) to develop and commercialize novel therapeutic drugs for Alzheimer’s and other neurological diseases

In April 2016, Heptares and Allergan entered an agreement to develop and

commercialize novel subtype-selective muscarinic receptor agonists for the treatment of major neurological diseases including Alzheimer's disease. Allergan will receive exclusive rights to develop and commercialize Heptares' broad clinical and preclinical portfolio of M1, M4 and dual M1/M4 agonists, including HTL9936 and HTL18318, selective M1 agonists currently in Phase 1 clinical development.

3) Capital Expenditures

There were no significant capital expenditures during fiscal year 2015.

4) Significant Business Combinations, Etc.

There were no applicable events in fiscal year 2015.

5) Financing

Financing activities in fiscal year 2015 were as follows.

Period	Details	Amount Procured	Use of Proceeds
September 2015	Issue of new shares by way of public offering (2,282,500 shares), and issue of new shares by way of third-party allotment in connection with secondary offering for over-allotment (247,500 shares)	¥8,755 million	Repayment of borrowings associated with acquisition of Heptares
September 2015	Syndicate loan agreement with six financial institutions, with Mizuho Bank, Ltd. as arranger and agent	¥10,000 million	Refinancing
December 2015	Issue of new shares by way of third-party allotment to Pfizer Seiyaku K.K., a subsidiary of Pfizer Inc. (471, 284 shares)	¥4,023 million	Research and development on new pharmaceuticals using Heptares technologies

(2) Assets and Profit/Loss in the previous three fiscal years

Item		23rd Fiscal Year (ended March 2013)	24th Fiscal Year (ended March 2014)	25th Fiscal Year (ended March 2015)	26th Fiscal Year (current) (ended March 2016)
Sales revenue	(JPY millions)	1,958	2,069	3,671	8,151
Operating profit	(JPY millions)	853	756	1,043	1,075
Net income	(JPY millions)	948	1,526	510	-1,547
Net income per share - basic	(JPY)	79.97	126.65	37.51	-93.60
Total asset	(JPY millions)	8,615	14,582	47,833	47,354
Total shareholders' equity	(JPY millions)	7,947	14,354	14,842	23,269

Note

1) The Company has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) from the 25th fiscal year. The figures for the 23rd and 24th fiscal years shown above are also based on IFRS.
2) The Company conducted a 100-for-1 stock split on April 1, 2013. Therefore, net income per share – basic is calculated assuming that the stock split was conducted at the beginning of the 23rd fiscal year.
3) The consolidated financial statements for the fiscal year ended March 2015 have been retroactively adjusted due to change to provisional treatment of accounting for business combination in February 2015.

(3) Issues to be addressed

1) Realization of growth through early development of innovative drugs

In order to maintain growth and stable revenue in the future, we believe it is important to continue making upfront investment in promoting late-stage development of innovative, large-scale products like COPD therapies, the pillar of the Group's revenue, that fill unmet medical needs. By acquisition of Jitsubo and Heptares last fiscal year the Company reinforced pipelines that contain possible first-in-class or best-in-class products with innovative mechanisms of action. We will continue working to facilitate the research and development activities by capitalizing on unique technologies of each company and to achieve early realization of licensing opportunities.

2) Diversification and stabilization of funding

Corporate value can be enhanced by seeking out and introducing products that are promising candidates for development and then expediting their development to later stages, but this increases R&D costs. We will continue to consider diversifying and stabilizing the methods of fund-raising in response to needs in order to strengthen the foundations of our business, including through investment in research and development.

3) Creation of shareholder value

We believes that investing proactively in promising R&D candidates, and making strategic investment in corporate acquisitions to strengthen the foundation of management, will increase corporate value and lead to creation of shareholder value. In the future, the Group intends to proceed with investigating investments, timing, and methods while taking the financial situation into account. Furthermore, the Group currently considers it important to prioritize internal reserves for upfront investments, and will endeavor to deliver a return to shareholders while taking into account the income position.

4) Strengthening corporate governance

The Group is conducting global operations with bases in Japan and the United Kingdom, and we recognize that one of the most important tasks of management is to build an effective system of governance that corresponds to the current system of business operation. Through effective use of outside directors, and by promoting cooperation among the audit committee, independent auditors and internal audit department, ensuring the proper exercise of board functions on planning management strategies and oversight and also fulfilling accountability, we are working to increase integrity and transparency of management and gain deeper trust from stakeholders.

(4) Main Business Activities (as of March 31, 2016)

The Group's main business is research, development and sales of pharmaceutical products. The business is divided into two segments, namely, domestic pharmaceutical business and overseas pharmaceutical business, based mainly on subsidiary location.

Business Segment	Company Name	Business Description
Company-wide (shared)	Sosei Group Corporation	Planning of management strategies of Sosei Group, and the administrative works entrusted by group companies
Domestic Pharmaceuticals	Sosei Co. Ltd.	Research and development, sales of pharmaceutical drugs
	Acivus Pharma Co., Ltd.	Drug development through nanoparticle technology
	Sosei CVC Ltd.	Operation of regenerative medicine funds
	Jitsubo Co. Ltd.	Development of peptide drugs, licensing regarding active ingredient manufacturing technology for peptides, peptide drug discovery research
Overseas Pharmaceuticals	Sosei R&D Ltd.	Licensing and business development outside Japan
	Heptares Therapeutics Ltd.	Structural analysis of GPCRs, generation of initial lead compounds, discovery of drug candidates through the original StaR® technology

(5) Principal Parent Company and Subsidiaries (as of March 31, 2016)

1) Parent company

Not applicable.

2) Subsidiaries

Company Name	Capital	Ratio of Voting	Key Business
Sosei Co. Ltd.	Million yen 250	100.0%	Research and development, sales of pharmaceutical drugs
Sosei R&D Ltd.	Thousand GBP 929	100.0%	Licensing and business development outside Japan
Activus Pharma Co., Ltd.	Million yen 97	100.0%	Drug development through nanoparticle technology
Heptares Therapeutics Ltd.	Thousand GBP 247	100.0%	Structural analysis of GPCRs, generation of initial lead compounds, discovery of drug candidates through the original StaR® technology
Sosei CVC Ltd.	Million yen 10	100.0%	Operation of regenerative medicine funds
Jitsubo Co. Ltd.	Million yen 153	69.9%	Development of peptide drug, licensing regarding active ingredient manufacturing technology for peptides, peptide drug discovery research

Note: There were no specified wholly owned subsidiaries as of the end of fiscal year under review.

.

3) Other significant information

Not applicable.

(6) Main Offices and Factories (as of March 31, 2016)

1) Main Sites of the Company

Office	Location
Head Office	Chiyoda-ku, Tokyo
London Office	London, UK

2) Main Sites of Subsidiaries

Office	Location
Sosei Co. Ltd.	Chiyoda-ku, Tokyo
Activus Pharma Co., Ltd.	Funabashi, Chiba Pref.
Sosei CVC Ltd.	Chiyoda-ku, Tokyo
Jitsubo Co. Ltd.	Koganei, Tokyo
Sosei R&D Ltd.	London, UK
Heptares Therapeutics Ltd.	Hertfordshire, UK

(7) Employee Information (as of March 31, 2016)

1) Group Employees

Business Segment	Number of Employees	Change from the end of the previous Fiscal Year
Domestic Pharmaceuticals	27 (6.3)	+3
Overseas Pharmaceuticals	76 (－)	+6
Company-wide (shared)	13 (1.0)	+2
Total	116 (7.3)	+11

Note: The number of employees is the number of people employed full-time and does not include the number of temporary employees, which is listed in parentheses as the average for the year.

2) Company Employees

Number of Employees	Change from the end of the previous Fiscal Year	Average Age	Average Service Years
13 (1.0)	+2	43.3	4.0

Note: The number of employees is the number of people employed full-time and does not include the number of temporary employees, which is listed in parentheses as the average for the year.

(8) Principal Lenders (as of March 31, 2016)

Lenders	Loan Amount
Mizuho Bank, Ltd. and 5 other financial institutions participating in syndicate loan	¥9,000 million

(9) Other Significant Matters on the Current Status of the Group

Not applicable.

2. Current Status of the Company

(1) State of Shares (as of March 31, 2016)

1) Total number of authorized shares 37,344,000 shares
2) Total number of outstanding shares 16,855,284 shares

Note: Total number of outstanding shares increased as follows during the fiscal year 2015.

- New shares issued via public offering (Sept. 16, 2015): 2,282,500 shares
- New shares issued via third-party allotment in connection with the secondary offering for over-allotment (Sept. 28, 2015): 47,500 shares
- New shares issued via third-party allotment (December 16, 2015): 471,284 shares
- New shares issued by exercise of stock acquisition rights: 80,000 shares

3) Number of shares constituting one unit 100 shares
4) Number of shareholders 18,820
5) Major shareholders (Top 10)

Shareholder's Name	Shareholdings (shares)	Ownership Stake
Central Tanshi Co., Ltd.	710,000	4.21%
Pfizer Seiyaku K.K.	471,284	2.80%
Daisuke Gomi	470,000	2.79%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST. BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	460,000	2.73%
Shinichi Tamura	376,100	2.23%
J.P. MORGAN BANK LUXEMBOURG S.A 380578	299,800	1.78%
Matsui Securities Co., Ltd.	293,700	1.74%
Japan Trustee Services Bank, Ltd. (trust account)	278,100	1.65%
Nomura Securities Co., Ltd.	264,407	1.57%
MSCO CUSTOMER SECURITIES	240,300	1.43%

Note: The Company does not own treasury shares.

(2) Stock Acquisition Rights ("Stock Options"), Etc. (as of March 31, 2016)

1) Stock options owned by the Company's directors and executive officers that were issued as compensation for performance of duties

		14th Stock Options	25th Stock Options
Date of Board resolution		July 17, 2007	September 6, 2010
Number of stock options		330	120
Number and class of shares for stock options		33,000 shares of common stock	12,000 shares of common stock
Amount of payment for stock options		1 yen per stock option	No money payment is made in exchange for stock option
The value of asset to be provided on exercise of stock options		191,600 yen per stock option (1,916 yen per share)	64,800 yen per stock option (648 yen per share)
Exercise period		from July 18, 2010 to July 17, 2017	from September 7, 2012 to September 6, 2020
Terms and Conditions for exercise		On losing the position as a beneficiary, the beneficiary can exercise the number of stock option corresponding to the period of service	If a beneficiary loses its position during the exercise period, the beneficiary is able to exercise the rights only during the period prescribed in "Agreement on Allotment of Stock Option"
Holdings by directors and executive officers	Directors and executive officers (excluding outside directors)	Number of stock option 330 Number of shares for stock option 33,000 Number of holders 1	-
	Outside directors	-	Number of stock option 120 Number of shares for stock option 12,000 Number of holders 1

		27th Stock Options	29th Stock Options
Date of Board resolution		September 6, 2010	November 13, 201
Number of stock option		330	288
Number and class of shares for stock option		33,000 shares of common stock	28,800 shares of common stock
Amount of payment for stock option		1 yen per stock option	261 yen per stock option
The value of asset to be provided on exercise of stock option		64,800 yen per stock option (648 yen per share)	413,000 yen per stock option (4,130 yen per share)
Exercise period		from September 7, 2012 to September 6, 2020	from July 1, 2017 to July 30, 2020
Terms and Conditions for exercise		If a beneficiary loses its position during the exercise period, the beneficiary is able to exercise the rights only during the period prescribed in “Agreement on Allotment of Stock Option”	(Note)
Holdings by the directors and executive officers	Directors and executive officers (excluding outside directors)	-	Number of stock option 228 Number of shares for stock option 22,800 Number of holder 1
	Outside directors	Number of stock option 330 Number of shares for stock option 33,000 Number of holders 2	Number of stock option 60 Number of shares for stock option 6,000 Number of holders 2

		30th Stock Options
Date of Board resolution		November 13, 2015
Number of stock option		1,321
Number and class of shares for stock option		132,100 shares of common stock
Amount of payment for stock option		281 yen per stock option
The value of asset to be provided on exercise of stock option		413,000 yen per stock option (4,130 yen per share)
Exercise period		From July 1 2018 to June 30, 2021
Terms and Conditions for exercise		(Note)
Holdings by the directors and executive officers	Directors and executive officers (excluding outside directors)	Number of stock option 991 Number of shares for stock option 99,100 Number of holders 3
	Outside directors	Number of stock option 330 Number of shares for stock option 33,000 Number of holders 2

Notes:

1. Stock option holders may exercise stock options when the cumulative total of revenue on the Company's audited Consolidated Statement of Comprehensive Income reported in securities reports submitted by the Company for the fiscal years ending March 2016 and March 2017 is ¥23.0 billion or greater.
2. If during the period from the allotment date to the date the stock option exercise period expires, the average closing price for regular trading of the Company's shares of common stock on the Tokyo Stock Exchange for any five consecutive trading days falls below a price that is 50% of the exercise price (amounts less than 1 yen rounded off) even one time, stock options may not be exercised even if the conditions of 1 above are met.
3. Stock option holders must be directors, executive officers or employees of the Company or the Company's affiliates when exercising stock options, provided, however, that this does not apply in cases of retirement due to expiration of a term of office or eaching the mandatory retirement age, or when there are other legitimate reasons.
4. Stock options may not be exercised by heirs of stock option holders.
5. Stock options may not be exercised if by exercising the options the Company's total number of outstanding shares after exercise would exceed the total number of authorized shares at that time.
6. Stock options may not be exercised in fractions of one unit.

2) Stock options issued during the fiscal year to employees, etc. as compensation for performance of duties

		29th Stock Options	30th Stock Options
Date of Board resolution		November 13, 2015	November 13, 2015
Number of stock options		732	4,268
Number and class of shares for stock options		73,200 shares of common stock (100 shares per stock option)	426,800 common shares (100 shares per stock option)
Amount of payment for stock options		261 yen per stock option	281 yen per stock option
The value of asset to be provided on exercise of stock options		413,000 yen per stock option (4,130 yen per share)	413,000 yen per stock option (4,130 yen per share)
Exercise period		From July 1,2017 To June 30, 2020	From July 1,2018 to June 20, 2021
Terms and Conditions for exercise		(Note)	(Note)
Equity warrants issued to employees, etc.	Employees of Company	Number of stock options 207 Number of shares for stock options 20,700 Number of holders 5	Number of stock options 85 Number of shares for stock options 8,500 Number of holders 2
	Directors and employees of subsidiaries	Number of stock options 237 Number of shares for stock options 23,700 Number of holders 12	Number of stock options 2,862 Number of shares for stock options 286,200 Number of holders 81

Notes:

1. Stock option holders may exercise stock options when the cumulative total of revenue on the Company's audited Consolidated Statement of Comprehensive Income reported in securities reports submitted by the Company for the fiscal years ending March 2016 and March 2017 is ¥23.0 billion or greater.
2. If during the period from the allotment date to the date the stock option exercise period expires, the average closing price for regular trading of the Company's shares of common stock on the Tokyo Stock Exchange for any five consecutive trading days falls below a price that is 50% of the exercise price (amounts less than 1 yen rounded off) even one time, stock options may not be exercised even if the conditions of 1 above are met.
3. Stock option holders must be directors, executive officers or employees of the Company or the Company's affiliates when exercising stock options, provided, however, that this does not apply in cases of retirement due to expiration of a term of office or reaching the mandatory retirement age, or when there are other legitimate reasons.
4. Stock options may not be exercised by heirs of stock option holders.
5. Stock options may not be exercised if by exercising the options the Company's total number of outstanding shares after exercise would exceed the total number of authorized shares at that time.
6. Stock options may not be exercised in fractions of one unit.

(3) Directors and executive officers (as of March 31, 2016)

1) Directors

Title	Name	Responsibility	Significant Concurrent Posts
Chairman of the Board	Shinichi Tamura	Member of Nomination Committee & Compensation Committee	Managing Director, Sosei R&D Ltd.
Director	*Takuya Fujii	Member of Nomination Committee & Audit Committee	Chairman, Promontory Financial Group Global Services, Japan, LLC.
Director	*Declan Doogan	Member of Compensation Committee & Nomination Committee	Director & CED, Portage Biotech Inc. Chairman & Director, Biohaven Pharmaceutical Holding Company Limited Visiting Professor, Kitasato University (Tokyo) Director, Heptares Therapeutics Ltd.
Director	*Peter Bains	Member of Audit Committee	Non-Executive Board Director, Syngene International Limited Non-Executive Chairman, Fermenta Biotech Limited Director, Heptares Therapeutics Ltd.
Director	*Tomohiro Tohyama	Member of Audit Committee & Compensation Committee	Partner at TMI Associates, Outside Corporate Auditor, Nippon Shikizai, Inc. Outside Director, Avex Group Holdings Inc.

Notes:

1. The directors listed above with an asterisk (*) are outside directors. The Company designates Director Takuya Fujii as an independent director in accordance with the regulations of Tokyo Stock Exchange, Inc. and has notified the Exchange accordingly.
2. Director Peter Bains resigned from the Compensation Committee as of February 12, 2016, and Director Shinichi Tamura was selected and appointed to the Compensation Committee as of the same date.
3. Director Peter Bains resigned from the Audit Committee as of April 1, 2016, and Director Declan Doogan was selected and appointed to the Audit Committee as of the same date.
4. Director Peter Bains was appointed executive officer and representative executive officer as of April 1, 2016, and he no longer qualifies as an outside director.
5. The Audit Committee has conducted audits in close coordination with the internal audit department and employees who assist in the performance of duties of the Committee, and believes it is not essential that a full-time committee member be selected. Accordingly, a full-time committee member has not been selected.
6. The Company has no special relationships with the companies at which the outside directors concurrently serve the offices as listed above.

2) Executive officers

Title	Name	Responsibility	Significant Concurrent Posts
Representative Executive Officer and President	* Shinichi Tamura	CEO	Managing Director, Sosei R&D Ltd.
Executive Officer and Executive Vice President	Hidetoshi Torami	CFO	Representative Director, Sosei Co. Ltd Representative Director, Sosei CVC Ltd. Director, Sosei R&D Ltd.
Executive Officer and Executive Vice President	Malcolm Weir	Chief R&D Officer	Director & CEO, Heptares Therapeutics Ltd.
Executive Officer and Executive Vice President	Fiona Marshall	CSO	Director & CSO, Heptares Therapeutics Ltd.

Notes:

1. The executive officer listed above with an asterisk (*) serves concurrently as a director.
2. Executive Officer and Executive Vice President Hiromu Ozaki and Executive Officer and Executive Vice President Akinori Mochizuki retired from their posts due to expiration of their terms as of the end of the board meeting held on June 23, 2015.
3. Director Peter Bains was appointed as and assumed office of Representative Executive Officer and COO as of April 1, 2016.

3) Summary of liability limitation agreements

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company and outside directors have entered into agreements that limit liability for damages as provided in Article 423, Paragraph 1 of the Act.

The limit on liability for damages applicable to each outside director under the agreements is the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act.

The above agreement between the Company and Director Peter Bains ceased to be effective as of April 1, 2016 due to his appointment as Executive Officer and Representative Executive Officer.

4) Principles on determining remuneration for individual directors and executive officers by the Compensation Committee.

i. Principles

It is the Company's principles to determine executive remuneration in order to attract and retain talented human resources and to incentivize execution of business strategy for sustainable growth and raising the Company's corporate value. The Compensation Committee, which determines executive remuneration, is made up of two outside directors and one director who serves concurrently as the representative executive officer, and it is chaired by an outside director.

The individual remuneration of directors and executive officers is determined by the Compensation Committee with respect to executive officers based on their individual roles and evaluations made by the representative executive officer on their performance and other contribution to the Company in the previous fiscal year

and with respect to the directors and the representative executive officer based on their individual roles and evaluations on the performance made by the Compensation Committee considering remuneration levels, etc. in relevant industries in the country where the recipients live and work, with reference to data from outside research institutes.

ii. Director remuneration

For director remuneration, base salary (annual pay) is determined based on individual roles, whether they serve concurrently as executive officers, their responsibilities as committee members or chairmen and other such factors. Directors are not paid bonuses or other performance-related remuneration, or retirement allowances. Stock options are granted in recognition of their service for each fiscal year.

Directors serving concurrently as executive offices are not paid remuneration as directors.

iii. Executive officer remuneration

For executive officer remuneration, base salary (annual pay) is determined based on individual roles and the performance in the previous year. In addition, bonuses are paid according to the financial results of the Company and the level of achievement of objectives within their respective areas of responsibilities by using base salary (annual pay) as the base amount, and stock options are granted in recognition of their service for each fiscal year.

5) Total amount of remuneration paid to directors and executive officers

(JPY millions)

	Number of payees	Amounts paid
Directors (Outside directors)	4 (4)	55 (55)
Executive Officers	3	318
Total	7	374

Notes:

1. In the term under review, four directors, five executive officers (as a result of retirement of two of them, only three were in office as of the end of the term) and one director serving concurrently as an executive officer performed their duties for the Company.
2. Payments made to the director serving concurrently as an executive officer is stated in full in the column of executive officers above.
3. The above table does not include the remuneration of ¥150 million paid to three of the six executive officers serving during the term because the amount was paid and borne by subsidiaries.
4. The amounts paid shown above include the following.
   Remuneration through stock options:
   Four directors and two executive officers ¥41 million
5. The above amounts do not include a bonus of ¥78 million paid to one executive officer in April pursuant to a resolution adopted at a meeting of the Compensation Committee held in February 2016. Also, the above amounts include bonuses of ¥81 million paid to two executive officers in May pursuant to a resolution adopted at a meeting of the Compensation Committee held in

March 2016.

6) Attendance of outside directors at board and committee meetings, and the state of activities

Name	Attendance		Remarks/Activities
Takuya Fujii	Board of Directors	23 out of 26 (88%)	Makes necessary statements as appropriate during deliberations on board agenda items from a specialized standpoint related to finance, risk management, etc., presides at the Nomination Committee meetings, and ask questions and gives opinions and other statements as appropriate at the Audit Committee meetings.
	Nomination Committee	2 out of 2 (100%)	
	Audit Committee	4 out of 4 (100%)	
Declan Doogan	Board of Directors	21 out of 26 (81%)	Makes necessary statements as appropriate during deliberations on board agenda items from a specialized standpoint related primarily to the overseas pharmaceutical industry and bio-industry, and asks questions and gives opinions and other statements as appropriate at the Audit Committee and Compensation Committee meetings.
	Compensation Committee	3 out of 3 (100%)	
	Nomination Committee	2 out of 2 (100%)	
Peter Bains	Board of Directors	23 out of 26 (88%)	Makes necessary statements as appropriate during deliberations on board agenda items from a specialized standpoint related primarily to the overseas pharmaceutical industry and bio-industry, and asks questions and gives opinions and other statements as appropriate at the Audit Committee and Compensation Committee meetings.
	Audit Committee	4 out of 4 (100%)	
	Compensation Committee	1 out of 1(100%)	

Name	Attendance		Remarks/Activities
Tomohiro Tohyama	Board of Directors	24 out of 26 (92%)	Makes necessary statements as appropriate during deliberations on board agenda items from a specialized standpoint as an attorney, leads audits as the chairman of the Audit Committee, and asks questions and gives opinions and other statements as appropriate at the Compensation Committee meetings.
	Audit Committee	4 out of 4 (100%)	
	Compensation Committee	3 out of 3 (100%)	

Note: As Director Peter Bains resigned from a member of the Compensation Committee during the term, the number of the Compensation Committee meetings held was different from the other outside directors.

(4) Independent Auditors

1) Name Deloitte Touche Tohmatsu LLC

2) Amounts of remuneration, etc.

	Amounts paid
Amount of remuneration, etc. payable to the independent auditors for the service related to this fiscal year	Million yen 47
Total amount of cash and other property benefits payable to the independent auditors by the Company and its subsidiaries	Million yen 47

Note: 1. In the audit agreement between the Company and the Independent Auditors, there is no clear distinction between the remuneration for audits based on the Companies Act and the remuneration for audits based on the Financial Instruments and Exchange Act, and no distinction can be made in practice, so amounts of remuneration, etc. for the Independent Auditors for this fiscal year are the total of these the remuneration.

2. The Audit Committee has confirmed the audit plan of the independent auditors, the state of execution of duties for accounting audits, and the basis of estimating remuneration estimates, etc. and considered whether or not audit remuneration is adequate for the implementation of appropriate audits and as a result has found that remuneration, etc. is appropriate. Therefore, it has given consent to remuneration, etc. of the independent auditors in accordance with Article 399, Paragraph 1 of the Companies Act.

3 Of the Company's significant subsidiaries, Sosei R&D Ltd. and Heptares Therapeutics Ltd. have been audited by certified public accountants or auditing firms other than the Company's independent auditors

3) Contents of non-audit services

The Company pays compensation to Deloitte Touche Tohmatsu LLC for the services rendered in connection with comfort letter.

4) Policy on determining dismissal or non-reappointment of the independent auditors

In case there exists the circumstances that would interfere with the appropriate execution of duties of the independent auditors or that cause the Audit Committee to deem it appropriate to dismiss or not to reappoint the independent auditors, the Audit Committee determines the proposal for dismissal or non-reappointment of the independent auditors that is submitted to the Ordinary General Meeting of Shareholders. Also, when it deems that any cause stipulated in each item of Article 340, Paragraph 1 of the Companies Act apply to the independent auditors, the Audit Committee dismisses the independent auditors by agreement of all committee members.

5) Summary of liability limitation agreements

The Company has not entered into an agreement with the Independent Auditors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act.

(5) Systems for ensuring the appropriateness of operations and their operating status

The following provides a summary of systems for ensuring that execution of duties by executive officers as resolved by the Company's Board of Directors conforms to laws, regulations and the Articles of Incorporation, and of the operating status of these systems.

1. Systems for ensuring the appropriateness of operations

1) Matters related to directors and employees who assist in Audit Committee duties

Employees who assist in the duties of the Audit Committee conduct their duties in coordination with the Internal Audit Department in accordance with the directions of the chairman of the Committee. Evaluations related to performance of these employees are conducted by the Committee, and transfers of such employees are subject to approval by the Committee.

2) Matters to be reported by executive officers and employees to the Audit Committee and other matters related to reports to the Audit Committee

- Directors, executive officers, corporate auditors and employees of the Company and subsidiaries who learn of facts that may cause material damages to the Company or acts, etc. that are in violation of the law or Articles of Incorporation shall report them to the Audit Committee, and those who made such report shall not be treated to his/her disadvantage for reporting such facts or actions.
- The Internal Audit Department regularly reports to the Audit Committee on the implementation status of internal audits as well as the status and content of whistleblowing.

3) Other systems to ensure that audits are conducted effectively by the Audit Committee

- The Internal Audit Department consults in advance with the Audit Committee regarding internal audit policies and plans, etc. and closely coordinates with the Committee, which includes holding discussions related to audits.
- The Company promptly processes requests by the Audit Committee member for advancement or reimbursement of expenses necessary for performance of Audit Committee duties.

4) System to ensure the performance of duties by executive officers and employees and by directors and employees of subsidiaries to conform to the law and Articles of Incorporation

- Compliance with law and adherence to corporate ethics are stipulated as the Group's principles of corporate conduct, and every effort is made to raise awareness of this among all executives and employees, including at subsidiaries. An independent whistleblower contact is also established and operated appropriately.
- The Internal Audit Department conducts internal audits related to performance of duties at the Company and its subsidiaries.

5) System related to preservation and management of information related to performance of duties by executive officers

Information related to performance of duties by executive officers is appropriately prepared, retained and managed in accordance with internal company rules.

6) Rules and other systems related to management of risk of loss

- Specific policies and measures are determined to deal with risks related to the Group's business operations, and risk management is appropriately conducted at the Company and subsidiaries.
- Important management decisions are made after adequate deliberation by the Board of Directors, etc. and based on the opinions of outside experts as necessary.

7) System to ensure that performance of duties by executive officers and directors, etc. of subsidiaries is conducted efficiently

- Operational responsibilities of executive officers and official authority for respective executives and employees of the Company and subsidiaries are clearly stipulated, and reporting on operational performance and deliberations on important matters are conducted with flexibility in accordance with rules.
- System construction is promoted to improve operational efficiency.

8) System to ensure the appropriateness of operations at the corporate group consisting of the Company and its subsidiaries

- Reports on operational execution at subsidiaries are received in accordance with internal company rules, and instructions and support related to the establishment of systems to ensure operational appropriateness are provided to subsidiaries.
- The Internal Audit Department provides instructions and recommendations for improvements to subsidiaries based on the findings of internal audits of subsidiaries.
- Efforts are made to ensure the appropriateness of the Group's financial reporting, while evaluation, continuance and improvement, etc. of the reporting should be assured.

2. Operational status of systems for ensuring the appropriateness of operations

1) Compliance system

The Group has established a code of corporate conduct that applies to the entire Group and works to communicate the code to the Group's executives and employees. In addition, whistle-blowing incidents are handled appropriately through a whistle-blower hotline established externally, and internal audits are conducted of the Group's companies in accordance with the internal auditing plan of the International Audit Department.

2) Information retention and management system

The Company has appropriately created, stored and managed minutes of meetings of the Board of Directors and committees, etc. and other documents related to the execution of operations in accordance with the rules of document management and other rules.

3) Risk management system

The Company has conducted sufficient deliberations and made business decisions at meetings of the Board of Directors, by taking into account the opinions of outside experts, etc., regarding the Group's significant investment projects and technical alliances, etc. In addition, the International Audit Department has provided guidance on the risk management system of the Company and subsidiaries based on the results of internal audits.

4) System for efficient and appropriate execution of duties

The Group clearly stipulates official authority for executives and employees in accordance with rules of each company, and in order to ensure that the Group's operations are carried out efficiently and appropriately, has stipulated the rule of management of affiliated companies that require reports by subsidiaries to the parent company and proper supervision and guidance of affiliated companies by the parent company and the rule has been appropriately implemented. In addition, the Company has received reports on the performance of business from subsidiaries at monthly meetings of the Board of Directors. The International Audit Department has been giving instructions on necessary improvements based on the findings of internal audits.

5) System for execution of duties by the Audit Committee

The Audit Committee and the employees who assist in the performance of duties of the Audit Committee have been coordinating as appropriate with the International Audit Department in the execution of their duties. Audit Committee members attended meetings of the Board of Directors and important meetings, including the business strategy meeting and as necessary requested reports from the directors, executive officers, corporate auditors and employees of the Company and its subsidiaries. In addition, they received reports on the handling of report made through whistle-blower system.

(6) Policy on determination of dividends, etc.

For development of pharmaceutical products by the Group, a great amount of upfront investment and a long investment period are the prerequisites. Furthermore, it is important for us to make strategic investments to expand the pipelines (products under development) proactively, aiming at securing of stable earnings and business growth.

The Group is to determine how to return profits to shareholders by comprehensively taking into account the business performance and the financial position and balancing the situation of strategic investments for business growth and the desired return of profits to shareholders.

(7) Basic Policy on Company Control

Not applicable.

Consolidated Statement of Financial Position

(as of March 31, 2016)

(JPY Millions)

Item	Value	Item	
Non-current assets		**liabilities**	
		Deferred revenue	21
Tangible fixed assets	270	Deferred tax liabilities	3,688
Goodwill	15,426	Conditional prices for business combinations	9,994
		Interest-bearing liabilities	6,847
Intangible assets	19,313	Other non-current liabilities	74
		Total of non-current liabilities	20,626
Deferred tax assets	1,658	**Current liabilities**	
Other non-current assets	49	Operating and other payables	1,335
		Deferred revenue	20
		Corporate income tax payable	70
Total of noncurrent assets	36,718	Interest-bearing liabilities	1,990
		Other current liabilities	42
		Total of current liabilities	3,458
Current assets		**Total of liabilities**	24,084
		Shareholders' equity	
		Capital	25,955
Operating and other receivables	97	**Capital surplus**	14,263
		Retained earnings	−14,184
Other current assets	469	**Other elements of shareholders' equity**	−2,891
Cash and cash equivalents	10,068	**Equity attributable to owners of the parent company**	23,142
Total of current assets	10,635	**Non-controlling interest**	126
		Total of shareholders' equity	23,269
Total of assets	47,354	**Total of liabilities and shareholders' equity**	47,354

Note: Amounts less than 1 million yen are rounded off.

Consolidated Statement of Comprehensive Income

(From April 1, 2015 To March 31, 2016)

(JPY Millions)

Item	Value	
Sales revenue		8,151
Sales cost		4
Gross operating income or loss		8,147
Other income and expenses		
Research and development cost	3,916	
Selling, general and administrative expenses	3,293	
Other revenues	149	
Other expenses	11	7,071
Operating income or loss		1,075
Finance income		4
Finance cost		4,377
Net Income or loss before taxes		-3,297
Income tax expense		-1,750
Net Income or loss		-1,547
Other comprehensive income		
Items which may be reclassified into net profit or loss		
Exchange differences of foreign operations	-2,853	
Total of items which may be reclassified into net profit or loss	-2,853	
Other comprehensive income	-2,853	-2,853
Comprehensive income		-4,400
Attribution of net income :		
Owners of the parent company	-1,432	
Non-controlling interest	-114	-1,547
Attribution of comprehensive income :		
Owners of the parent company	-4,285	
Non-controlling interest	-114	-4,400

Note: Amounts less than 1 million yen are rounded off.

Consolidated Statements of Changes in Equity

(From April 1, 2015 To March 31, 2016)

(JPY Millions)

	Capital	Capital surplus	Retained earnings	Other elements of shareholders' equity	Total of Equity attributable to owners of the parent company
				Exchange differences of foreign operations	
Outstanding balance as of April1,2015	19,478	7,774	-12,562	-37	14,653
Vale of retroactive adjustment after confirmation of consideration of corporate acquisition	-	-	-52	-0	-52
Initial balance after retroactive adjustment	19,478	7,774	-12,614	-38	14,600
Net income or loss	-	-	-1,432	-	-1,432
Exchange differences	-	-	-	-2,853	-2,853
Total of comprehensive income	-	-	-1,432	-2,853	-4,285
Dividends	-	-	-137	-	-137
Issuance of new shares	6,477	6,350	-	-	12,828
Cost of stock compensation	—	137	-	-	137
Total amount of transactions with owners	6,477	6,488	-137	-	12,828
Outstanding balance as of March 31, 2016	25,955	14,263	-14,184	-2,891	23,142

	Non-controlling interest	Total of shareholders' equity
Outstanding balance as of April 1, 2015	241	14,894
Vale of retroactive adjustment after confirmation of consideration of corporate acquisition	-	-52
Initial balance after retroactive adjustment	241	14,842
Net income or loss	-114	-1,547
Exchange differences	-	-2,853
Total of comprehensive income	-114	-4,400
Dividends	-	-137
Issuance of new shares	-	12,828
Cost of stock compensation	-	137
Total amount of transactions with owners	-	12,828
Outstanding balance as of March 31, 2016	126	23,269

Note: Amounts less than 1 million yen are rounded off.

Balance Sheet

(as of March 31, 2016)

(JPY Millions)

Item	Value	Item	Value
Assets		**Liabilities**	
Current assets	7,447	**Current liabilities**	2,407
Cash and deposit	6,945	arrearages	319
Prepaid expenses	103	Current portion of long-term borrowings	2,000
Others	399	Accrued expenses	74
Fixed assets	41,242	Income taxes payable	1
Tangible fixed **assets**	5	Deposits	8
Buildings	0	Bonus payment reserve	1
Tools, furniture and fixtures	5	Others	2
Intangible fixed assets	0	Fixed liabilities	7,000
Software	0	Long-term borrowing	7,000
Others	0	**Total liabilities**	9,407
Investments and other assets	41,235	**Net Assets**	
Investments in affiliated companies	40,421	**Shareholders' equity**	38,975
Long-term loans receivable from affiliated companies	1,185	**Capital**	25,955
Long-term accounts receivable from affiliated companies	550	**Capital surplus**	14,072
Others	34	Legal capital reserve	14,072
Loan loss reserves	-955	**Retained earnings**	-1,052
		Other retained earnings	-1,052
		Equity warrants	307
		Total net assets	39,283
Total assets	48,690	**Total liabilities and net assets**	48,690

Note: Amounts less than 1 million yen are rounded off.

Profit and Loss Statement

(From April 1,2015 To March 31, 2016)

(JPY Millions)

Item	Value	
Operating income		999
Operating expense		1,726
Operating profit or loss		-726
Non-operating income		
Interest income	21	
Miscellaneous income	0	21
Non-operating expense		
Cost of issuance of new shares	73	
Interest payment	278	
Foreign exchange gains	91	443
Ordinary profit or loss		-1,148
Extraordinary profit		
Extraordinary profits-gain on reversal of subscription rights to shares	0	0
Extraordinary loss		
Others	0	0
Net income or loss before tax		-1,148
Corporate tax, residential tax and enterprise tax	-1	-1
Net profit or loss		-1,147

Note: Amounts less than 1 million yen are rounded off.

Consolidated Statements of Changes in Shareholders' Equity

(From April 1, 2015 To March 31, 2016)

(JPY Millions)

	Shareholders' equity			
	Capital	Capital surplus	Retained earnings	Total of shareholders' equity
		Capital reserve	Other retained earnings	
			Retained earnings carried forward	
Outstanding balance as of April 1,2015	19,478	7,594	233	27,306
Changes in value during the fiscal year				
Dividends	-	-	-137	-137
Issuance of new shares	6,477	6,477	-	12,955
Net income or loss	-	-	-1,147	-1,147
Changes in value in items other than shareholders' equity (net)	-	-	-	-
Total of change in value during the fiscal year	6,477	6,477	-1,285	11,669
Outstanding balance as of March 31, 2016	25,955	14,072	-1,052	38,975

	Equity warrants	Total net assets
Outstanding balance as of April 1,2015	175	27,481
Changes in value during the fiscal year		
Dividends	-	-137
Issuance of new share	-	12,955
Net income or loss	-	-1,147
Changes in value in items other than shareholders' equity (net)	132	132
Total of change in value during the fiscal year	132	11,801
Outstanding balance as of March 31, 2016	307	39,283

Note: Amounts less than 1 million yen are rounded off.

Accounting Audit Report on the Consolidated Financial Statements

Audit Report of the Independent Auditors

May 13, 2016

Sosei Group Corporation
To the Board of Directors
Deloitte Touche Tohmatsu LLC

Designated limited liability employee Managing partner	Certified public accountant	Yasuhiko Endo	•
Designated limited liability employee Managing partner	Certified public accountant	Isao Abe	•

In accordance with the Article 444 (1) of Companies Act, the Auditors have audited the consolidated financial statements, which are the consolidated statements of financial position, consolidated statements of comprehensive income, consolidated statements of change in equity, and notes on the consolidated financial statements, of Sosei Group Corporation for the consolidated fiscal year from April 1, 2015 to March 31, 2016.

Responsibility of the management for the consolidated financial statements

The responsibility of the management is the preparation and appropriate presentation of the consolidated financial statements in accordance with the stipulations of the latter part of Paragraph 1, Article 120 of the Corporate Accounting Rules, which allows the statements to be prepared excluding some of the disclosure items required under the International Financial Reporting Standards. This responsibility includes design and operation of internal controls judged to be necessary by the management for the preparation and appropriate presentation of consolidated financial statements that are free of material misstatements due to fraud or error.

Responsibility of the Auditors

The responsibility of the Auditors is to express an opinion on the consolidated financial statements from an independent perspective based on the audit that they performed. The Auditors performed the audit in conformance with generally accepted auditing standards in Japan. Audit standards require that the Auditors formulate an audit plan and perform the audit on the basis of the plan to acquire reasonable assurance on whether the consolidated financial statements are free of material misstatement.
The audit involves conducting procedures to obtain audit evidence on the amounts and disclosures in the consolidated financial statements. The procedures are selected and applied at the judgement of the Auditors based on an assessment of the risk of material misstatement in consolidated financial statements due to fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of internal controls, but the Auditors in assessing this risk do consider internal controls related to preparation and appropriate presentation of the consolidated financial statements in order to devise audit procedures that are appropriate for the conditions. In addition, the audit includes consideration of the overall presentation of the consolidated financial statements, including an evaluation of the accounting policies and application methods adopted by the management and the estimates made by the management.

The Auditors believe that audit evidence has been obtained that is sufficient and appropriate as the basis for expressing an opinion.

Audit Opinion

The Auditors find that the aforementioned financial statements, which have been prepared excluding some disclosure items required by International Financial Reporting Standards in accordance with the stipulations of the latter part of Paragraph 1, Article 120 of the Corporate Accounting Rules, appropriately present on all major points the status of assets and income of the corporate group comprised of Sosei Group Corporation and the consolidated subsidiaries for the period of the consolidated financial statements.

Interest Relationships

There are no interest relationships that must be disclosed under the provisions of the Certified Public Accountants Act between the Company and the Auditors or the managing partners.

Accounting Audit Report on the Financial Statements

Audit Report of the Independent Auditors

May 13, 2016

Sosei Group Corporation
To the Board of Directors

Deloitte Touche Tohmatsu LLC

Designated limited liability employee Managing partner	Certified public accountant	Yasuhiko Endo	•
Designated limited liability employee Managing partner	Certified public accountant	Isao Abe	•

In accordance with the Article 436 (2) (i) of Companies Act, the Auditors have audited the financial statements, which consist of the balance sheet, income statement, statement of changes in shareholders' equity and notes on the non-consolidated financial statements, and the supplementary schedules of Sosei Group Corporation for the 25th fiscal year from April 1, 2015 to March 31, 2016.

Responsibility of the management for the financial statements, etc.

The responsibility of the management is the preparation and appropriate presentation of the financial statements and supplementary statements in accordance with auditing standards generally accepted in Japan. This responsibility includes design and operation of internal controls judged to be necessary by the management for the preparation and appropriate presentation of financial statements and supplementary schedules that are free of material misstatements due to fraud or error.

Responsibility of the Auditors

The responsibility of the Auditors is to express an opinion on the financial statements and supplementary schedules from an independent perspective based on the audit performed by the Auditors. The Auditors performed the audit in conformance with generally accepted auditing standards in Japan. Audit standards require that the Auditors formulate an audit plan and perform the audit on the basis of the plan to acquire reasonable assurance on whether the financial statements and supplementary schedules are free of material misstatement.

The audit involves conducting procedures to obtain audit evidence on the amounts and disclosures in the financial statements and supplementary schedules. The procedures are selected and applied at the judgement of the Auditors based on an assessment of the risk of material misstatement in the financial statements and supplementary schedules due to fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of internal controls, but the Auditors in assessing this risk do consider internal controls related to preparation and appropriate presentation of the financial statements and supplementary schedules in order to devise audit procedures that are appropriate for the conditions. In addition, the audit includes consideration of the overall presentation of the financial statements and supplementary schedules, including evaluations of the accounting policies and application methods adopted by the management and the estimates made by the management.

The Auditors believe that audit evidence has been obtained that is sufficient and appropriate as the basis for expressing an opinion.

Audit Opinion

The Auditors find that the aforementioned financial statements and supplementary schedules appropriately present on all major points the status of assets and income for the period of the financial statements and supplementary schedules in conformance with corporate accounting standards generally accepted in Japan.

Interest Relationships

There are no interest relationships that must be disclosed under the provisions of the Certified Public Accountants Act between the Company and the Auditors or the managing partners.

Audit Report of the Audit Committee

Audit Report

The Audit Committee of Sosei Group Corporation (the “Company”) have audited the performance of duties by directors and executive officers for the 26th fiscal year from April 1, 2015 to March 31, 2016. The methods and findings are reported as follows.

1. Methods and content of the audit by the Audit Committee

The Audit Committee received reports from directors, executive officers and employees, etc. on a regular basis of the content of resolutions of the Board of Directors related to items provided in Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act and of the structures and operation of the systems established in accordance with the resolutions (internal control systems), requested and expressed opinions explanations as necessary, and conducted audit as follows.

1) In accordance with the audit policy and the division of responsibilities, etc. determined by the Audit Committee, each member of the Committee attended meetings of the Board of Directors and other important meetings, regularly received reports from directors, executive officers and others on the performance of their duties, etc., and requested additional explanations as necessary, and reviewed the documents relating to the important decisions, and investigated the state of the business and assets of the Company in cooperation with the Internal Audit Department.

Regarding subsidiaries, the Audit Committee sought to achieve a mutual understanding with and exchanged information with the directors and corporate auditors, etc. of subsidiaries and received reports on the business from subsidiaries as necessary.

2) The Audit Committee monitored and verified whether the Independent Auditors maintained an independence and conducted appropriate audits, received reports from the Independent Auditors on the performance of their duties, etc., and requested explanations as necessary. Also, the Audit Committee received notification from the Independent Auditors that they had established the “Structure for Ensuring Appropriate Operation” (matters provided in each item of Article 131 of the Ordinance for Company Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005).

Based on the aforementioned methods, the Audit Committee examined the business report and supplementary schedules thereof, non-consolidated financial statements (balance sheet, profit and loss statement, statement of change in shareholders’ equity and notes thereto) and supplementary schedules thereof, and consolidated financial statements (consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of change in equity, and notes thereto) for the fiscal year under review.

2. Results of Audit

(1) Results of audit of business report, etc.

1) The Committee found that the business report and supplementary schedules accurately present the status of the Company in accordance with the laws, regulations and the Articles of Incorporation.

2) The Committee did not find any inappropriate conduct related to the execution of duties by directors or executive officers or any material facts indicating violation of law or the Articles of Incorporation.

3) The Committee found that the contents of resolutions of the Board of Directors related to the internal control systems is appropriate. In addition, the Committee did not find any matter requiring us to comment on the contents of the business report or execution of duties by directors or executive officers regarding the internal control systems.

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

The Committee found that the methods and results of the audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC were appropriate.

(3) Results of audit of consolidated financial statements

The Committee found that the methods and results of the audit performed by the Independent Auditors, Deloitte Touche Tohmatsu LLC were appropriate.

May 13, 2016 Sosei Group Corporation Audit Committee

Audit Committee Chair	Tomohiro Tohyama	(seal)
Audit Committee Member	Takuya Fuji	(seal)
Audit Committee Member	Declan Doogan	(seal)

Note: All members of the Audit Committee are outside directors stipulated in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

Reference Documents for Ordinary General Meeting of Shareholders

Proposal No. 1 Partial amendments to the Articles of Incorporation

1. Reasons for proposal

It is proposed that the current provisions of Article 15 of the Articles of Incorporation related to the person who shall convene and act as chairman of the Ordinary General Meeting of Shareholders be changed in connection with change in the management team by having two representative executive officers as of April 1, 2016 for the purpose of strengthening management system. Also, it is proposed that errors in Article 8 of the Articles of Incorporation related to the rights of shareholders owning fractional shares constituting less than one unit be corrected.

2. Content of change

The proposed changes are as follows.

(The underlined portions show the changes.)

Current Provisions	Proposed Changes
(Rights of fractional shareholders) Article 8 The Company's shareholders may not exercise rights except the rights enumerated as follows. (1) Rights stated in each item of Article 189, Paragraph 2 of the Companies Act (2) Right to receive allotment of shares or stock acquisition rights for subscription (3) Right to request sale of fractional shares stipulated in the previous article	((Rights of fractional shareholders) Article 8 The Company's shareholders may not exercise the rights except the rights enumerated as follows with respect to the fractional shares less than one unit. (1) (Same as current version) (2) (Same as current version) (3) (Same as current version)
(Convocation and chair) Article 15 The Ordinary General Meeting of Shareholders shall be convened by the Representative Executive Officer and President in accordance with a resolution by the Board of Directors, unless otherwise stipulated by law. If the office of the Representative Executive Officer and President is vacant or he/she is unable to act, the meeting shall be convened by another executive officer in the order to be determined in advance by the Board of Directors. 2. The Representative Executive Officer and President shall preside at an Ordinary General Meeting of Shareholders. If the Representative	(Convocation and chair) Article 15 The Ordinary General Meeting of Shareholders shall be convened and chaired by the Representative Executive Officer designated by a resolution by the Board of Directors, unless otherwise stipulated by law. 2. If there are more than one representative executive officers, the representative executive officer determined in advance by the Board of Directors shall convene and preside at the meeting as provided in the preceding paragraph. 3. If the person who shall preside at a meeting pursuant to the preceding two paragraphs is unable to act, another executive officer shall in accordance

Executive Officer and President is unable to act, the meeting is chaired by another executive officer in the order to be determined in advance by the Board of Directors.	with the order to be determined in advance by the Board of Directors convene and preside at the Ordinary General Meeting of Shareholders.

Proposal No. 2 Election of Five Directors

The terms of office of all five directors will expire upon conclusion of the Meeting. Accordingly, in accordance with the decision of the Nomination Committee, the election of the five candidates of directors is proposed.

The candidates are as shown below.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent posts	No. of shares owned
1	Shinichi Tamura (9/17/1949)	Apr. 1978 Joined Fujisawa Pharmaceutical Co., Ltd (current Astellas Pharma Inc.) Feb. 1987 Moved to Genentech Limited Jul. 1989 Representative Director & President, Genentech Limited Jun. 1990 Representative Director & CEO of the Company Jun. 2005 Board Director, Representative Executive Officer and President, CEO of the Company (to the present) Mar. 2012 Managing Director, Sosei R&D Ltd. (to the present) <Committee membership> Member of Nomination Committee and Compensation Committee	376,100
2	Peter Bains (7/26/1957)	Mar. 1996 General Manager of Smithkline Beecham plc. (current Glaxo Smithkline) Jan. 2001 Senior Vice President of International Commercial Development, GlaxoSmithkline plc. Jan. 2010 Non-Executive Director, Syngene International Limited Apr. 2010 Non-Executive Chairman, Fermenta Biotech Limited (to the present) Jun. 2010 Board Director of the Company (to the present) Feb. 2015 Director of Heptares Therapeutics Ltd. (to the present) Apr. 2015 Executive Director & CEO of Syngene International Limited Mar. 2016 Non-Executive Director of Syngene International Limited (to the present) <Committee membership> None	-

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent posts	No. of shares owned
3	Takuya Fujii (7/5/1945)	Apr. 1968 Joined Bank of Japan Jun. 1974 Obtained MBA at The University of Pennsylvania Wharton School Dec. 1998 President and CEO, The Nippon Credit Bank, Limited Mar. 2001 Chairman & President, March & McLennan Companies Jan. 2005 Representative of Business Brain Jun. 2005 Outside Director of the Company (to the present) Oct. 2005 CEO & President, Promontory Financial Group Global Services Japan, LLC Jan. 2016: Chairman, Promontory Financial Group Global Services Japan, LLC. (to the present) <Committee membership> Member of Nomination Committee and Audit Committee	3,600
4	Declan Doogan (3/22/1952)	Feb. 1978 Joined Duphar BV. Feb. 1982 Moved to Pfizer Inc. Feb. 2005 Head of Worldwide Development of Pfizer Inc. Oct. 2005: Visiting professor of Kitasato University in Tokyo (to the present) Jun..2007 Outside Director of the Company (to the present) Nov. 2009 Interim CEO of Amarin Corporation plc Sep. 2010 Chief Medical Officer of Amarin Corporation plc Jun. 2013 Director & CEO, Portage Pharma Inc. (to the present) Jun. 2013 Chairman & Director, Biohaven Pharmaceutical Holding Company Ltd.(to the present) Feb. 2015 Director, Heptares Therapeutics Ltd. (to the present) < Committee membership> Chairman of Compensation Committee, Member of Nomination Committee	-

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent posts	No. of shares owned
5	Tomohiro Tohyama (2/21/1950)	Apr. 1978 Entered Legal Training and Research Institute, Supreme Court of Japan Apr. 1980 Registered with Dai-ichi Tokyo Bar Association Joined Nishimura & Sanada Law Office May 1984 Mason & Sloane LLP. USA Feb. 1985 Pollock, Bloom & Dekom, USA Jun. 1985 Pryor, Cashman, Sherman & Flynn, USA Aug. 1985 Returned to Nishimura & Sanada Law Office as a partner Oct. 1990 Partner at TMI Associates (to the present) Nov. 1999 Outside Corporate Auditor of Nippon Shikizai, Inc. (to the present) Jun. 2010 Outside Director of Avex Group Holdings (to the present) Jun. 2011 Outside Director of the Company (to the present) <Committee membership> Member of Audit Committee and Compensation Committee	-

Notes:

1. There are no special conflict of interests between the director candidates and the Company.
2. Mr. Takuya Fujii, Dr. Declan Doogan, and Mr. Tomohiro Tohyama are candidates for outside directors.
3. Reasons for selection of the candidates as outside directors
   (1) Mr. Takuya Fujii has extensive business experience and expertise in risk management. The Company believes that by leveraging his expertise and experience and receiving advices from an objective viewpoint on the management it will be able to further reinforce the management structure, and so proposes his appointment as outside director. The term of office of Mr. Fujii as an outside director will be eleven years as of the conclusion of the Meeting. The Company has designated him an independent director under the rules of the Tokyo Stock Exchange and notified the Exchange accordingly.
   (2) Dr. Declan Doogan has experience of serving as the head of the research and development division of the world's largest pharmaceuticals company. The Company believes that leveraging his expertise and experience related to pharmaceutical research and development will serve to further reinforce the Company's management structure and so proposes his appointment as outside director. The term of office of Dr. Doogan as outside director will be nine years as of the conclusion of the Meeting.
   (3) Mr. Tomohiro Tohyama has no experience in corporate management other than as an outside director or corporate auditor, but he does have extensive experience and expertise in international legal affairs as a partner at a major law firm in Japan. The Company believes that by leveraging his expertise and experience and receiving views and opinions on the Company's overall management from this specialized perspective, the Company will be able to further strengthen the management and governance structures and so proposes his appointment as an outside director. The term of office of Mr. Tohyama as outside director will be five years as of the conclusion of the Meeting.
4. Summary of liability limitation agreements with the candidates

(1) In accordance with Article 427, Paragraph 1 of the Companies Act, the Company entered into with each of Mr. Takuya Fujii, Dr. Declan Doogan, and Mr. Tomohiro Tohyama an agreement that limits liability for damages under Article 423, Paragraph 1 of the said Act. The limit on the liability for damages under the agreements is the minimum amount of liability stipulated in Article 425, Paragraph 1 of the Companies Act.

The above agreement that the Company entered into with Mr. Peter Bains ceased to be effective on his assumption of office as executive officer and representative executive officer on April 1, 2016.

(2) If this proposal is approved at the Meeting, the Company intends to continue the aforementioned liability limitation agreements with Mr. Takuya Fujii, Dr. Declan Doogan and Mr. Tomohiro Tohyama.

How to Exercise Voting Rights via the Internet

If you exercise your voting rights via the Internet, please do so in accordance with the following instructions.

1. Voting rights may be exercised via the Internet by using the following site for exercising voting rights ("voting site") that has been specified by the Company. The site may also be used by mobile phones.

   Voting Site URL http://www.web54.net

   The voting site can be accessed using a mobile phone with a barcode reader function by scanning the QR Code® at right. For operating details, refer to your mobile phone's user's manual. (QR Code is the registered trademark of Denso Wave Inc.)

2. In exercising voting rights via the Internet, please use the voting code and password listed on the enclosed Voting Form and register your votes for or against the proposals by following the instructions on the screen.

3. Voting rights may be exercised via the Internet until 6:00 p.m. on Thursday, June 23, 2016. We ask your kind cooperation in as early vote as possible.

4. The following system environment is needed to use the voting site to exercise your voting rights via the Internet
   For use of the voting site, connection fees charged by the Internet service provider and applicable communications fees (such as phone rates) charged by the telecom carrier shall be paid by you.
   1) If you exercise voting rights using a computer, you need to have Microsoft® Internet Explorer 6.0 or a later version as your browser software. For hardware requirements, the computer needs to be able to run the above browser software. (Microsoft® is a registered trademark in the United States and other countries of Microsoft Corporation of the U.S.)
   2) If you exercise voting rights using a mobile phone, the model of phone you use needs to be capable of 128-bit SSL communication (encrypted communication). (For security reasons, the site can only be used with models capable of 128-bit SSL communication (encrypted communication) and so cannot be used with some models. It may also be possible to exercise voting rights using the full browser function found on mobile phones, including smartphones, but this may not be possible depending on the model of phone. Your understanding on this point is appreciated.

5. If you exercise voting rights redundantly in writing and via the Internet, the votes cast via the Internet will be regarded as the effective votes.

6. If you exercise voting rights multiple times via the Internet, the final time vote casted will be regarded as the effective vote.

[Inquiries related to exercise of voting rights via the Internet]

If you have questions regarding exercising voting rights via the Internet, please inquire with the following contact.

Transfer Agent: Sumitomo Mitsui Trust Bank, Limited

[Helpline] 0120-652-031 (9:00 a.m. – 9:00 p.m.)

Inquiries other than on exercising voting rights 0120-782-031 (weekdays, 9:00 a.m. – 5:00 p.m.)

[About the Digital Voting Platform]

The digital voting platform managed by Investor Communications Japan, which is partially owned by the Tokyo Stock Exchange, may be available for exercising voting rights at the Meeting by nominal shareholders (including standing proxies) if an application has been made in advance.

Notes

Access to the Shareholder Meeting Venue

Grand Arc Hanzomon　4F　Fuji-No-Ma
1-1 Hayabusacho, Chiyoda-ku, Tokyo
03-3288-0111

Subway access　2-min. walk from Hanzomon Station (Exit 1) on Hanzomon Line

8-min. walk from Kojimachi (Exit 1) on Yurakucho Line