News Release

Translation

June 27, 2018
JCR Pharmaceuticals Co., Ltd.

Notice of Allotment of Stock Options as Stock-linked Compensation (Share Subscription Rights)

JCR Pharmaceuticals Co., Ltd. (TSE 4552: Chairman and President Shin Ashida, “the Company”) announced that at a meeting of the Board of Directors held on June 27, 2018, it resolved to issue share subscription rights as stock-linked compensation options to directors and corporate officers of the Company, and president of its overseas subsidiary company, under the stock option scheme based on the provisions of Articles 236, 238, and 240 of the Companies Act, and the resolutions made by the Ordinary General Shareholders' Meeting held on June 27, 2018. Details are as follows:

1. Reasons for issuing the share subscription rights as stock options

The granting of stock-linked compensation stock options to directors and corporate officers of the Company, and president of its overseas subsidiary company, under the stock option scheme is aimed to further promote their motivation to contribution and morale toward continuous enhancement of mid- to long-term business performance and corporate value by sharing not only the merits from stock price rises but also risks from stock price falls.

2. Recipients of the share subscription rights and the number of share subscription rights allotted

165 rights shall be allotted to five (5) directors (excluding outside directors), 15 rights to one (1) president of an overseas subsidiary company, and 90 rights to six (6) corporate officers of the Company.

3. Details of the new share subscription rights

(1) Name of the new share subscription rights

JCR Pharmaceuticals Co., Ltd. 1st Share Subscription Rights of 2018

(2) Total number of share subscription rights

Limited to a maximum of 270.

One (1) share subscription right shall be 100 shares. However, if adjustments are made to the number of shares, subject to the share subscription rights described in (3)-[1], similar adjustments shall be made.

(3) Features of the share subscription rights

[1] Type and number of shares to be acquired upon exercise of the share subscription rights

Common shares of the Company, limited to a maximum of 27,000 shares

In cases where, after the date of allotment of the share subscription rights by the Company (hereinafter referred to as “Allotment Date”), a share split or consolidation of shares is exercised, the number of shares subject to the share subscription rights shall be adjusted using the following formula. However, such adjustments shall only be made for, of the share subscription rights, the number of shares subject to share subscription rights not yet

exercised as of the Allotment Date, and fractions of less than one (1) share arising as a result of the adjustments shall be discarded.

Number of shares after adjustments = Number of shares before adjustments × ratio of split/consolidation

In the cases where the Company exercises an absorption-type merger or an incorporation-type merger with another company and the share subscription rights are succeeded, or where the Company exercises an incorporation-type split or absorption-type split, the Company may adjust the number of shares as deemed necessary, within a reasonable scope.

[2] Value of property to be invested upon the exercise of the share subscription rights

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

[3] Exercise period

From July 17, 2018 to July 16, 2048

Please note that the exercise of share subscription rights during the exercise period may be restricted, based on the conditions for the exercise of the share subscription rights or the Share Subscription Rights Allotment Agreement concluded between the Company and the recipients of the share subscription rights (hereinafter referred to as “Share Subscription Rights Allotment Agreement”).

[4] Matters regarding the capital and capital reserves that are to be increased in the case of issuance of shares upon the exercise of share subscription rights

i) The amount of the increase of capital in the case of the issuance of shares upon the exercise of share subscription rights shall be one-half of the maximum amount of the capital increase, calculated in accordance with Article 17, paragraph 1 of Rules for Company Calculations, and fractions of less than one (1) yen as a result of such calculations shall be rounded up.

ii) The amount of the increase of the capital reserve in the case of the issuance of shares upon the exercise of share subscription rights shall be the amount calculated by deducting the amount of capital increase from the maximum amount of capital increase, as described in i) above.

[5] Conditions for the exercise of the share subscription rights

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

ii) The share subscription rights shall be exercised collectively only once, and may not be divided and exercised in parts.

iii) In the event that a share subscription right holder loses the position of a director of the Company or a subsidiary company, or a corporate officer of the Company reaches retirement prior to the day of the Ordinary General Meeting of Shareholders scheduled to

be held in June 2019, he/she will not be able to exercise his/her rights.

iv) The Company prohibits the pledging or other disposal of the share subscription rights in any manner whatsoever.

v) Other conditions for the exercise of rights shall accord with the provisions of the Share Subscription Rights Allotment Agreement concluded between the Company and the recipients of the share subscription rights.

[6] Reason for the acquisition of share subscription rights

i) In cases where a merger agreement in which the Company becomes a non-surviving company is approved, where a proposal for approval of a share exchange agreement in which the Company becomes a wholly-owned subsidiary, and where a proposal for share transfer are approved at a General Meeting of Shareholders, the share subscription rights may be acquired free of charge.

ii) In cases where a share subscription right holder is unable to exercise his/her own share subscription rights because the conditions for the exercise of the share subscription rights, described in [5] above, are no longer filled before exercising the rights, the share subscription rights may be acquired free of charge.

[7] Inheritance of the share subscription rights

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

[8] Restriction on the transfer of the share subscription rights

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

[9] Granting of share subscription rights in the case of merger, absorption-type split, incorporation-type split, share exchange, or share transfer

In cases where the Company exercises a merger (limited to mergers in which the Company becomes a non-surviving company), absorption-type split, incorporation-type split, share exchange, or share transfer (hereinafter referred to collectively as “Reorganization Act”), the Company may grant share subscription rights of the companies listed in Article 236, paragraph 1, viii, (a) to (e) of the Companies Act (hereinafter referred to as “Reorganization Subject Companies”) to each of the share subscription right holders existing as of the point in time immediately before the Reorganization Act is effected, subject to the following conditions. In this case, the existing share subscription shall be extinguished, and the Reorganization Subject Companies shall allocate new share subscription rights. However, the same shall be limited to cases where the agreement of absorption-type merger, incorporation-type merger, absorption-type split, incorporation-type split, share exchange, or share transfer describes that share subscription rights of the Reorganization Subject Companies are granted in accordance with the following conditions.

i) Number of share subscription rights of Reorganization Subject Companies to be granted

The number shall be the same as the number of existing share subscription rights held by share subscription rights holders at the point in time immediately before the effectuation of the Reorganization Act.

ii) Type of shares to be acquired upon exercise of the share subscription rights
Ordinary shares of the Reorganization Subject Companies

iii) Number of shares to be acquired upon exercise of the share subscription rights
The decision shall be made in consideration of the conditions of the Reorganization Act and in accordance with [1] above.

iv) Value of the property to be invested upon the exercise of the share subscription rights
The value of the property to be invested upon the exercise of the share subscription rights shall be calculated by multiplying the exercise price after reorganization, adjusted in consideration of the conditions of the Reorganization Act, by the number of shares of the Reorganization Subject Companies underlying said share subscription rights, decided in accordance with [1] above.

v) Exercise period
The period for exercising share subscription rights granted shall be until the last date of the term described in [3] above.

vi) Matters regarding the capital and capital reserves that are to be increased in the case of issuance of shares upon the exercise of share subscription rights
The decision shall be made in accordance with [4] above.

vii) Conditions for the exercise of the share subscription rights, and reason for acquisition
The conditions for the exercise of the share subscription rights, and reason for acquisition, shall be decided pursuant to the provisions of [5] and [6] above.

viii) Restrictions on the transfer of share subscription rights
The transfer of share subscription rights shall be subject to approval from the Board of Directors of each Reorganization Subject Company.

4. Paid-in amount for the share subscription rights

The paid-in amount shall be the fair value, calculated by Black-Scholes Option Pricing Model, on the date of allotment of the share subscription rights. The Company shall regard the monetary compensation equivalent to the paid-in amount, to be paid to the recipients subject to an allotment of share subscription rights, and recipients shall obtain the share subscription rights by offsetting said payment liabilities with their claims for compensation from the Company.

5. Date of allotment

July 17, 2018

[About JCR Pharmaceuticals]

JCR is a specialty pharma engaged in the research, development, manufacture and marketing of biopharmaceuticals and regenerative medicine with a focus on rare diseases. Its philosophy, “Contributing towards people’s healthcare through pharmaceutical products” drives JCR to create innovative pharmaceutical products as value-added treatment options for the under-served patient community.

[Cautionary Statement Regarding Forward-Looking Statements]

This document contains forward-looking statements that are subject to known and unknown risks and uncertainties, many of which are outside our control. Forward-looking statements often contain words such as “believe,” “estimate,” “anticipate,” “intend,” “plan,” “will,” “would,” “target” and similar references to future periods. All forward-looking statements regarding our plans, outlook, strategy and future business, financial performance and financial condition are

based on judgments derived from the information available to us at this time. Factors or events that could cause our actual results to be materially different from those expressed in our forward-looking statements include, but not limited to, a deterioration of economic conditions, a change in the legal or governmental system, a delay in launching a new product, impact on competitors' pricing and product strategies, a decline in marketing capabilities relating to our products, manufacturing difficulties or delays, an infringement of our intellectual property rights , an adverse court decision in a significant lawsuit and regulatory actions.
This document involves information on pharmaceutical products (including those under development). However, it is not intended for advertising or providing medical advice. Furthermore, it is intended to provide information on our company and businesses and not to solicit investment in securities we issue.
Except as required by law, we assume no obligation to update these forward-looking statements publicly or to update the factors that could cause actual results to differ materially, even if new information becomes available in the future.

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