News Release

July 23, 2024
JCR Pharmaceuticals Co., Ltd.

Translation

Notice Regarding the Disposition of Treasury Stock as Restricted Stock Compensation

July 23, 2024 – JCR Pharmaceuticals Co., Ltd. (TSE 4552: Chairman and President Shin Ashida, "JCR") announced that the Board of Directors meeting held today resolved to carry out a Disposition of Treasury Stock (hereinafter referred to as the "Disposition of Treasury Stock" or the "Disposition") as follows.

1. Overview of the Disposition

(1)	Disposition Date	August 22, 2024
(2)	Type and Number of Shares to Be Disposed of	663,500 shares of JCR's common stock
(3)	Disposition Price	625 yen per share
(4)	Total Disposition Amount	414,687,500 yen
(5)	Recipients of Disposition, Number of Recipients and the Number of Shares to Be Disposed of	Directors of JCR 10 individuals, 472,000 shares Executive officers who do not concurrently serve as directors of JCR 5 individuals, 118,500 shares Employees of JCR 3 individuals, 24,000 shares Directors of JCR's subsidiaries (concurrent) 2 individuals, 49,000 shares
(6)	Other	JCR has submitted an extraordinary report regarding the Disposition of Treasury Stock in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and Reasons for the Disposition

At the Board of Directors meeting held on May 10, 2024, JCR resolved to introduce a restricted stock compensation plan (hereinafter referred to as the "Plan") as a new remuneration plan for JCR's directors (hereinafter referred to as the "Eligible Directors") and executive officers and employees who do not concurrently serve as JCR's directors (together with the Eligible Directors, hereinafter collectively referred to as the "Eligible Directors, etc."), for the purpose of providing the Eligible Directors, etc. with incentives to sustainably enhance JCR's corporate value and promote further sharing of value with shareholders. Furthermore, at the 49th Ordinary General Meeting of Shareholders held on June 26, 2024, JCR received approval to pay to the Eligible Directors a total amount of monetary claims of no more than 200 million yen per year (of which

no more than 20 million yen shall be paid to outside directors) as compensation for property to be contributed in-kind for the acquisition of restricted stock in accordance with the Plan (hereinafter referred to as the “Restricted Stock Compensation”); to newly issue or dispose of a total number of shares of JCR’s common stock of no more than 250,000 shares per year (of which no more than 25,000 shares shall be issued to outside directors); and to set the Restriction Period for the restricted stock as a period to be determined by JCR’s Board of Directors between 3 years and 30 years, among other matters. In JCR’s 50th fiscal year (April 1, 2024 to March 31, 2025), the Eligible Directors will be required to waive all share acquisition rights in the form of stock-linked compensation stock options that have been granted but not yet exercised. Accordingly, separately from the aforementioned compensation for granting restricted shares, JCR will pay monetary claims of no more than 600 million yen for up to 440,000 shares, the same number as the number of shares underlying the share acquisition rights to be waived by the Eligible Directors.
The following is an overview of the Plan and related matters.

【Overview of the Plan and Related Matters】
The Eligible Directors, etc. will pay all monetary claims provided by JCR according to the Plan as property to be contributed in-kind, and will, in return, receive an issuance of disposition of JCR’s common shares. Furthermore, the paid-in amount per share shall be decided by the Board of Directors within a range that is not specially favorable to the Eligible Directors, etc. who will receive the common stock, based on the closing price of JCR’s common stock on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors (if such date is a non-trading day, the closing price on the most recent trading day prior to that date). The issuance or disposition of JCR’s common stock based on the Plan shall be accompanied by the execution of an agreement on the allotment of restricted shares between JCR and the Eligible Directors, etc. The agreement shall include the following content: (i) the Eligible Directors, etc. shall be prohibited from the transfer, creation of security interest, or any other disposal of the shares of JCR’s common stock allotted based on the agreement on the allotment of restricted shares to a third party for a certain period and (ii) JCR can acquire these shares of its common stock without consideration upon certain events.

Following extensive deliberations by the Advisory Committee for Nomination, Compensation, etc., JCR has considered the purpose of the Plan, its business conditions, the scope of responsibilities of the Eligible Directors, etc., and various other circumstances. In light of these considerations, and in order to further enhance the motivation of the Eligible Directors, etc., JCR has decided to provide total monetary claims of 414,687,500 yen (hereinafter referred to as the “Monetary Claims”) and 663,500 shares of common stock as restricted stock compensation for the 50th fiscal year (April 1, 2024 to March 31, 2025) and as restricted stock compensation to replace 549,500 underlying shares of the share acquisition rights in the form of stock-linked compensation stock options for prior years that will be waived by the Eligible Directors, etc. (including 397,000 shares for the Eligible Directors) in accordance with the Plan.
Regarding the Disposition of Treasury Stock, the 20 Eligible Directors, etc., who are the planned allotees, will pay all of the Monetary Claims against JCR as property to be contributed in-kind, and will, in return, receive the disposition of JCR’s common stock (hereinafter referred to as “Allotted Shares”). An overview of the agreement on the allotment of restricted shares (hereinafter referred to as the “Allotment Agreement”) to be executed between JCR and the Eligible Directors, etc. as part of the Disposition of Treasury Stock is presented in 3. below.

3. Overview of the Allotment Agreement
(1) Restriction Period
From August 22, 2024 to August 21, 2027
(2) Conditions for Lifting the Restriction

JCR shall lift the restriction on all of the Allotted Shares upon the expiration of the Restriction Period, provided that the Eligible Directors, etc. continue to hold the position of Director, Executive Officer, Consultant, Advisor, or Employee who does not concurrently serve as Director, or a position equivalent thereto at JCR or its subsidiaries during the Restriction Period.

(3) Treatment in the event of the retirement or resignation of an Eligible Director, etc. during the Restriction Period due to the expiration of their term of office, reaching a fixed retirement age, or any other legitimate reason

(i) Schedule for Lifting the Restriction

In the event that an Eligible Director, etc. retires or resigns from the position of Director, Executive Officer, Consultant, Advisor, or Employee who does not concurrently serve as Director, or a position equivalent thereto at JCR or its subsidiaries due to the expiration of their term of office, reaching a fixed retirement age or other legitimate reason (including retirement or resignation due to death), JCR shall lift the restriction immediately after the retirement or resignation of the Eligible Director, etc.

(ii) Number of Shares Subject to the Lifting of the Restriction

The number of shares shall be the number of the Allotted Shares and held at the time of retirement or resignation prescribed by (i), multiplied by the number of months from the month containing the Disposition Date (however, in cases where the Eligible Director, etc. is an executive officer or an employee who does not concurrently serve as a director, this shall be reinterpreted as the start of the fiscal year in which the Disposition Date falls under) to the month containing the date of retirement or resignation of the Eligible Director, etc., divided by 12 (when the number is greater than 1, the number shall be 1) (however, any fractions less than 1 share arising from the calculation shall be rounded down).

(4) Treatment During Organizational Restructuring, etc.

(i) Schedule for Lifting the Restriction

If, during the Restriction Period, a merger agreement under which JCR becomes a dissolved company, a share exchange agreement or share transfer plan under which JCR becomes a wholly owned subsidiary, or any other matters relating to organizational restructuring, etc. are approved at JCR's General Meeting of Shareholders (however, if such organizational restructuring, etc. does not require approval at the JCR's General Meeting of Shareholders, then by resolution of the Board of Directors) then the restriction shall be lifted immediately prior to the business day preceding the effective date of the organization restructuring, etc.

(ii) Number of Shares Subject to the Lifting of the Restriction

The number of shares shall be the number of the Allotted Shares allotted as part of restricted stock compensation and held at the time of the approval prescribed in (i) by the Eligible Directors, etc., multiplied by the number of months from the month containing the Disposition Date (however, in cases where the Eligible Director, etc. is an executive officer or an employee who does not concurrently serve as a director, this shall be reinterpreted as the start of the fiscal year in which the Disposition Date falls under) to the month containing the date of said approval, divided by 12 (when the number is greater than 1, the number shall be 1) (however, any fractions less than 1 share arising from the calculation shall be rounded down).

(5) Acquisition Without Consideration by JCR

The Allotted Shares for which the restriction is not lifted upon the expiration of the Restriction Period or upon the lifting of the restriction prescribed by (3) or (4) above shall be acquired by JCR by rights without consideration.

(6) Administration of Shares

The Allotted Shares will be administered through special accounts opened by the Eligible

Directors, etc. at Nomura Securities Co., Ltd. during the Restriction Period to ensure that no Eligible Director, etc. can transfer, create a security interest in, or otherwise dispose of the Allotted Shares during that time. JCR has executed an agreement with Nomura Securities Co., Ltd. regarding the administration of the Allotted Share accounts held by each Eligible Director, etc. to ensure the effectiveness of the restriction and other conditions related to the Allotted Shares. Furthermore, the Eligible Directors, etc. shall consent to the specifics of the administration of these accounts.

4. Basis for Calculating the Paid-in Amount and Specific Details

The Disposition of Treasury Stock to the planned allotees will be carried out through the contribution of property in kind in the form of monetary claims paid as restricted stock compensation for JCR's 50th fiscal year in accordance with the plan. The Disposition Price has been set as 625 yen, which is the closing price of JCR's common stock on the Tokyo Stock Exchange Prime Market on July 22, 2024 (the business day preceding the date of the resolution of the Board of Directors), in order to remove any arbitrariness from the pricing. JCR believes that this price is reasonable and does not constitute a specially favorable price because it is the market price immediately preceding the date of the resolution of the Board of Directors.

About JCR Pharmaceuticals Co., Ltd.

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

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