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Securities Code 4579
Date of sending by postal mail: March 7, 2025
Start date of measures for electronic provision: February 28, 2025

Masaki Sudo
Representative Director
RaQualia Pharma Inc.
1-21-19 Meieki Minami,
Nakamura-ku, Nagoya,
Aichi Prefecture, Japan

CONVOCATION NOTICE OF THE 17TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We are pleased to announce the 17th Ordinary General Meeting of Shareholders (the "Meeting") of RaQualia Pharma Inc. (the "Company") to be held as indicated below.

In holding the Meeting, the Company provides information that constitutes the content of Reference Materials for the Ordinary General Meeting of Shareholders, etc. ("Electronically Provided Items") in an electronic format. As the information is posted in each of the websites on the internet below, please access any of the websites and confirm the information.

[The Company's website]

https://www.raqualia.com/ja/index.html (in Japanese)

(Please access the website above, and choose "IR Information," "Stock Information," and then "General Meeting of Shareholders," to confirm the information.)

[The Tokyo Stock Exchange's website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)

(Please access the TSE's website above, search for the Company by putting "RaQualia Pharma" in the "name of stock (name of company)" or the securities code "4579" in "code," select "basic information" and "documents for public inspection/PR information," and confirm the information in the list of "notices of general shareholders meeting/informational materials for a general shareholders meeting" in the "documents for public inspection.")

In the event that you are unable to attend the meeting, you may exercise your voting rights in advance either in writing (by mail) or via the Internet. Please review the Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights no later than 5:30 p.m., Monday, March 24, 2025 (Japan Standard Time).

1. **Date and Time:** March 25, 2025 (Tuesday) at 10:30 a.m. (Reception desk is scheduled to open at 9:30 a.m.)

2. **Place:** Sakae Gas Hall, Sakae Gas Building 5F,
3-15-33 Sakae, Naka-ku, Nagoya, Aichi Prefecture, Japan

3. **Meeting Agenda:**

Report matters:

1. The Business Report and the Consolidated Financial Statements for the 17th Fiscal Year (January 1, 2024 to December 31, 2024), and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-consolidated Financial Statements for the 17th Fiscal Year (January 1, 2024 to December 31, 2024)

Resolution matters:

Proposal 1: Election of Three (3) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

Proposal 2: Election of Three (3) Directors Serving on the Audit and Supervisory Committee

Proposal 3: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

4. **Guidance for Exercising Voting Rights** Please refer to the "Guidance for Exercising Voting Rights."

- If you plan to attend the Meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the Meeting.
- If any amendments are made to the Electronically Provided Items, the Company will post the items before and after the amendments on each of the internet websites above.
- To the shareholders who requested the delivery of paper-based documents, the Company has sent the documents that contain the Electronically Provided Items. However, in accordance with laws and ordinances and Article 18, Paragraph 2 of the Articles of Incorporation, the following documents are not posted in those documents: System for Ensuring the Appropriateness of Business Operations and Summary of Status of Implementation of System (Internal Control System) for Ensuring the Appropriateness of Business Operations in the Business Report; the Consolidated Statement of Changes in Equity, the Basis of Preparing Consolidated Financial Statements and Other Notes in the Consolidated Financial Statements; and Non-consolidated Statement of Changes in Equity and Significant Accounting Policies and Other Notes in the Non-consolidated Financial Statements. Therefore, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements attached thereto constitute a part of the documents audited by the Accounting Auditor to prepare the Accounting Audit Report and those audited by the Audit and Supervisory Committee to prepare the Audit Report.

Business Briefing for Shareholders

After this Ordinary General Meeting of Shareholders, we will continue to hold a Business Briefing for Shareholders to explain our medium-term strategies and other matters to our shareholders. The Business Briefing for Shareholders will be broadcast live on the Internet following this Ordinary General Meeting of Shareholders.

1. **Date and Time:** March 25, 2025 (Tuesday), after the Ordinary General Meeting of Shareholders (scheduled for about 30 minutes)
2. **Place:** The same venue as this Ordinary General Meeting of Shareholders

Please note that the above Business Briefing for Shareholders is intended for shareholders who will attend this Ordinary General Meeting of Shareholders or view it via live webcast.

For details on how to watch the live webcast, please refer to [Information on Live Webcast and Pre-Q&A Reception].

Guidance for Exercising Voting Rights

Exercise of voting rights at the Meeting is shareholders' important right.
Please review the attached Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights.
You may exercise your voting rights by the following three methods.

Voting via the Internet

Please enter your vote "for" or "against" for each of the proposals by following the guidance on the next page.

Deadline: **All data entry to be completed no later than 5:30 p.m., Monday, March 24, 2025 (Japan Standard Time)**

Voting in Writing (by Mail)

Please indicate "for" or "against" for each of the proposals in the Voting Right Exercise Form.

Deadline: **To be received no later than 5:30 p.m., Monday, March 24, 2025 (Japan Standard Time)**

Attending the Meeting

Please submit the Voting Right Exercise Form to the receptionist at the Meeting.

Date and Time: **March 25, 2025 (Tuesday) at 10:30 a.m.**
(Reception desk is scheduled to open at 9:30 a.m.)

How to Fill out the Voting Right Exercise Form

Proposals 1, 2
- If you approve of all of the candidates:
  Put a circle in the box marked 賛 [For]
- If you disapprove of all of the candidates:
  Put a circle in the box marked 否 [Against].
- If you disapprove of some of the candidates:
  Put a circle in the box marked 賛 [For] and indicate the number of the candidate that you disapprove.

Proposal 3:
- If you approve:

Put a circle in the box marked 賛 [For].
- If you disapprove:

Put a circle in the box marked 否 [Against].

If there is no indication of approval or disapproval of the Proposals on the Voting Right Exercise Form, it shall be deemed that it indicates approval.
If you exercise voting rights in duplicate, both in writing (by mail) and via the internet, the voting rights exercised via the internet shall be deemed effective. Also, if you exercise voting rights several times via the internet, only your final vote shall be deemed effective.

Guidance for Exercising Voting Rights via the Internet

By scanning the QR Code ("smart voting")

You can login to the website for exercising voting rights without entering the voting right exercise code and password.

1. Please scan the QR Code printed on the Voting Right Exercise Form at the bottom right.

   * QR Code is a registered trademark of DENSO WAVE INCORPORATED.

2. Then please follow the on-screen instructions to enter your vote "for" or "against" for each of the proposals.

The exercise of voting right by "smart voting" is available only once. In case if you want to change your vote after exercising your voting right, please access the website for a personal computer and login by entering the "voting right exercise code" and "password" supplied on the Voting Right Exercise Form, to exercise your voting right again. * You will be transferred to the website for a personal computer by scanning the QR Code again.

By entering the voting right exercise code and password

Website for exercising voting rights: https://www.web54.net (in Japanese)

1. Please access the website for exercising voting rights.

   - Click "Proceed to the next"

2. Please enter the "voting right exercise code" supplied on the Voting Right Exercise Form.

   - Enter the "voting right exercise code"
   - Click "Login"

3. Please enter the "password" supplied on the Voting Right Exercise Form.

   - Enter the "initial password"
   - Enter the new password that you will actually use
   - Click "Register"

4. Then please follow the on-screen instructions to enter your vote "for" or "against" for each of the proposals.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the internet, please contact:	Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support (dedicated line) Telephone: 0120-652-031 (toll free, available only in Japan) (Support in Japanese only) [9:00 a.m. to 9:00 p.m. (Japan Standard Time)]

Reference Materials for the Ordinary General Meeting of Shareholders

Proposal 1: Election of Three (3) Directors (excluding Directors Serving on the Audit and Supervisory Committee)

The terms of office of all four (4) Directors (excluding Directors serving on the Audit and Supervisory Committee; the same shall apply hereinafter in this proposal) will expire upon conclusion of this Meeting. Therefore, it is proposed that three (3) Directors be elected, reducing the number of Directors by one (1) to implement reform of management structure and facilitate strategic and flexible decision-making by the Board of Directors.

The candidates for Directors are as follows.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
1	Masaki Sudo (Jul. 29, 1971)	Apr. 1996 Joined Teijin Limited Sep. 1999 Joined Pfizer Seiyaku K.K. (currently Pfizer Japan Inc.) Apr. 2004 Principal Scientist, Discovery Chemistry, Pfizer Global Research and Development Nagoya Laboratories Apr. 2006 Senior Principal Scientist, Discovery Chemistry, Pfizer Global Research and Development Nagoya Laboratories Jul. 2008 Joined the Company Principal Scientist, Research Division Oct. 2012 General Manager, Chemistry Research Department, Discovery Research Division Apr. 2016 Designated Associate Professor, Institute of Transformative Bio-Molecules, Nagoya University Jul. 2018 Visiting Professor, Nagoya University Jul. 2018 Manager, Business Planning Office, Stem Cell & Device Laboratory, Inc. Jan. 2020 Chief Manager, Business Development Department Jun. 2021 Joined the Company General Manager, Business Strategy Department Oct. 2021 Vice President (in charge of Administration and Corporate Planning & Strategy) Mar. 2022 Director Apr. 2023 Vice President (in charge of Business Management) Mar. 2024 Director, TMRC Co., Ltd. (to present) Jan. 2025 Representative Director, the Company (to present) <Important concurrent position> Director, TMRC Co., Ltd.	21,247 shares
	[Reason for the nomination as candidate for Director] Mr. Masaki Sudo has extensive practical experience and knowledge related to drug discovery research, and, as Director and Vice President (in charge of Business Management), has been involved in overseeing the Administration Division, including human resources and general affairs, formulation of medium-term management plans, and investor relations, as well as in the formulation and implementation of strategies for the entire Company. He has also served as the Company's Representative Director since January 2025, and has demonstrated his ability as the chief executive officer for management. Expecting that he will continue to plan and implement the Company's growth strategy based on the perspectives of growth, efficiency, and shareholder returns, he has once again been nominated as a candidate for Director.		

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
2	Katsuhiro Uto (Mar. 31, 1974)	May 2005 Joined Nippon Boehringer Ingelheim Co., Ltd. Jan. 2013 Joined Asahi Kasei Pharma Corporation Senior Researcher Jul. 2013 A unit leader, Pharmacology Research Department May 2017 Joined Maruho Co., Ltd. Oct. 2018 Project Manager, Project Management Unit Jun. 2020 Project Manager, Research Planning and Strategy Office, Drug Discovery Research Department Jan. 2021 Joined the Company General Manager, Research Planning, Discovery Research Mar. 2021 Vice President (in charge of Research Planning) Mar. 2022 Vice President (in charge of Discovery Research) Director (to present) Apr. 2023 Vice President (in charge of Research and Development) (to present) Mar. 2024 Outside Director, FIMECS, Inc. (to present) Director, TMRC Co., Ltd. (to present) <Important concurrent positions> Outside Director, FIMECS, Inc. Director, TMRC Co., Ltd.	12,854 shares
	[Reason for the nomination as candidate for Director] As Director and Vice President (in charge of Research and Development), Mr. Katsuhiro Uto has demonstrated his prowess in research and development that is central to drug development and research, the Company's core business. Furthermore, Mr. Uto has assumed the office as Representative Director of FIMECS, Inc. in March 2025, and with the expectation that he, going forward, will continue to oversee the Group's overall research and development and achieve results as Director of the Company (in charge of Research and Development) and Representative Director of FIMECS, Inc., he has once again been nominated as a candidate for Director.		

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
3	Michihiro Tsuchiya (Jul. 12, 1947)	Apr. 1976 Joined Tanabe Seiyaku Co., Ltd. (currently Mitsubishi Tanabe Pharma Corporation) Jun. 2001 Director, General Manager of Corporate Strategic Planning Department Jun. 2003 Managing Director, Research Headquarters Jun. 2006 Representative Director, Senior Executive Corporate Officer, Research Headquarters Oct. 2007 Board Director, Executive Vice President, Mitsubishi Tanabe Pharma Corporation Jun. 2008 Director, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation) Jun. 2009 President & Representative Director, Mitsubishi Tanabe Pharma Corporation Jun. 2014 Chairman of the Board & Representative Director Jun. 2016 Chairman of the Board & Director Jun. 2017 Senior Executive Adviser Jun. 2018 Outside Director, Sumitomo Electric Industries, Ltd. (to present) Jun. 2018 Outside Director, Kyoto University Innovation Capital Co., Ltd. Mar. 2020 Outside Director, the Company (to present) <Important concurrent position> Outside Director, Sumitomo Electric Industries, Ltd.	– shares
	[Reason for selection as candidate for Outside Director and outline of expected role] Mr. Michihiro Tsuchiya has abundant experience as a senior manager and broad insight into global operations. Expecting to utilize Mr. Tsuchiya's knowledge in the senior management of the Company, so that he may promote further revitalization of the Board of Directors, improve transparency of senior management and strengthen corporate governance, he has once again been nominated as a candidate for Outside Director.		

(Notes)
1. No conflict of special interests exists between the Company and each candidate.
2. Mr. Michihiro Tsuchiya is a candidate for Outside Director.
3. Mr. Michihiro Tsuchiya's tenure as Outside Director of the Company will be five (5) years at the conclusion of this Ordinary General Meeting.
4. The Company has designated Mr. Michihiro Tsuchiya as an independent officer based on the regulations stipulated by the Tokyo Stock Exchange and has notified the Tokyo Stock Exchange accordingly. If the reelection of Mr. Tsuchiya is approved, the Company will designate him again as an independent officer.
5. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Mr. Michihiro Tsuchiya to limit his liability for damages specified in Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances. If the reelection of Mr. Tsuchiya is approved, the Company plans to continue this agreement with him.
6. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages from claims, etc. borne by the insured persons pertaining to the pursuit of liability arising in the course of execution of duties. The candidates for the reappointment will continue to be included as the insured persons in this insurance policy. Furthermore, the Company plans to renew this insurance policy with the same details at the time of the next renewal.

Proposal 2: Election of Three (3) Directors Serving on the Audit and Supervisory Committee

The terms of office of all three (3) Directors serving on the Audit and Supervisory Committee will expire upon conclusion of this Meeting. Therefore, it is proposed that three (3) Directors serving on the Audit and Supervisory Committee be elected. The Audit and Supervisory Committee has already given its consent to this proposal.

The candidates for Directors serving on the Audit and Supervisory Committee are as follows.

No.	Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
1	Kosuke Ishii (Aug. 31, 1982)	Jan. 2005 Joined Arcadia Group Co., Ltd. Nov. 2005 Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Jun. 2008 Registered as certified public accountant Sep. 2013 General Manager, Administrative Department, Megakaryon Corporation (seconded) Mar. 2015 Joined Megakaryon Corporation Mar. 2018 Executive Officer, General Manager of Corporate Administrative Department Jul. 2019 Representative, Kosuke Ishii Accounting Office (to present) May 2020 Outside Auditor, Metagen Therapeutics, Inc. (to present) Sep. 2020 Representative Director, BioAid Corporation (to present) Mar. 2021 Outside Auditor, miRaX Therapeutics K.K. (to present) Mar. 2021 Outside Director (Audit and Supervisory Committee Member), the Company (to present) Jun. 2021 Auditor, Chordia Therapeutics Inc. Nov. 2022 Outside Director (Audit and Supervisory Committee Member), Chordia Therapeutics Inc. (to present) Mar. 2024 Outside Corporate Auditor, FIMECS, Inc. (to present) Sep. 2024 Outside Corporate Auditor, Ciconia Bioventures Inc. (to present) <Important concurrent positions> Representative, Kosuke Ishii Accounting Office Outside Auditor, Metagen Therapeutics, Inc. Representative Director, BioAid Corporation Outside Auditor, miRaX Therapeutics K.K. Outside Director (Audit and Supervisory Committee Member), Chordia Therapeutics Inc. Outside Corporate Auditor, FIMECS, Inc. Outside Corporate Auditor, Ciconia Bioventures Inc.	- shares
	[Reason for selection as candidate for Outside Director and outline of expected role] Mr. Kosuke Ishii has experience in accounting audits at an audit firm, has considerable knowledge of finance and accounting as a certified public accountant, and can reflect his specialist viewpoint on accounting in the Company's auditing. In addition, he has achievements in establishing internal controls, etc. in bioventure. Accordingly, he has once again been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee. Mr. Ishii's tenure as Outside Director (Audit and Supervisory Committee Member) will be four (4) years at the conclusion of this Meeting.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities in the Company
(Important concurrent positions)</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">2</td><td>Yuichi Kakinuma
(Nov. 16, 1977)</td><td>Apr. 2005
Jan. 2007
Jan. 2007
Oct. 2010
Jun. 2014
Jun. 2015
Jun. 2017
Mar. 2021
<Important concurrent positions>
Partner, Takashino Kakinuma Law Office
Outside Director (Audit and Supervisory Committee Member), TSUTSUMI JEWELRY Co., Ltd.</td><td>Joined the Legal Training and Research Institute, Supreme Court of Japan
Registered as a member of Saitama Bar Association
Joined Takashino Law Office (currently Takashino Kakinuma Law Office)
Partner (to present)
Substitute Auditor, TSUTSUMI JEWELRY Co., Ltd.
Outside Director
Outside Director (Audit and Supervisory Committee Member) (to present)
Outside Director (Audit and Supervisory Committee Member), the Company (to present)</td><td>2,384,700 shares</td></tr>
<tr><td colspan="4">[Reason for selection as candidate for Outside Director and outline of expected role]
Mr. Yuichi Kakinuma has actively practiced as an attorney at law in a broad range of areas, and although Mr. Kakinuma has never been directly involved in the management of a company other than as an outside officer, he is able to provide multifaceted advice on corporate legal affairs and compliance that he can offer from his specialist viewpoint. In addition, he is the largest shareholder of the Company and has many years of investment experience as an individual investor in bioventure. It is believed that he is a suitable person to achieve shareholder corporate governance, and accordingly he has again been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee. Mr. Kakinuma’s tenure as Outside Director (Audit and Supervisory Committee Member) will be four (4) years at the conclusion of this Meeting.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, position and responsibilities in the Company
(Important concurrent positions)</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="2">3</td><td>*
Takayuki Nakano
(Jul. 9, 1971)</td><td>Apr. 2000
Apr. 2007
Apr. 2009
Apr. 2011
May 2014
Jan. 2021
Apr. 2021
Jun. 2021
Apr. 2022

Apr. 2023

Jun. 2023
Aug. 2023
<Important concurrent positions>
Mission Executive, General Manager of Regenerative Medicine & Implantable Medical Device Division, Teijin Limited
Director, Japan Tissue Engineering Co., Ltd.
Director, Teijin Regenet Co., Ltd.
Director, Teijin Nakashima Medical Co., Ltd.
Director, Teijin Medical Technologies Co., Ltd.
Director, Forum for Innovative Regenerative Medicine</td><td>Joined Takeda Pharmaceutical Co., Ltd.
Seconded to Takeda Global R&D Center (stationed in the U.S.)
Associate Director, Strategic Development Department, Pharmaceutical Development Division, Takeda Pharmaceutical Co., Ltd.
Director, Seconded to Takeda Pharmaceutical International Inc. (stationed in the U.S.)
Head of Global Business Planning and Japan Business Coordinator, Seconded to Takeda Vaccines, Inc (stationed in the U.S.)
Joined Teijin Limited, Deputy Chief Officer (Corporate Strategy)
Deputy Chief Officer (Corporate Strategy), General Manager of Regenerative Medicine New Business Department
Director, Japan Tissue Engineering Co., Ltd. (to present)
Corporate Officer of Teijin Group, Deputy General Manager of Corporate Business Incubation Division, General Manager of Regenerative Medicine New Business Department
Director, Teijin Nakashima Medical Co., Ltd. (to present)
Mission Executive, General Manager of Regenerative Medicine & Implantable Medical Device Division, Teijin Limited (to present)
Director, Teijin Medical Technologies Co., Ltd. (to present)
Director, Forum for Innovative Regenerative Medicine (to present)
Director, Teijin Regenet Co., Ltd. (to present)</td><td>- shares</td></tr>
<tr><td colspan="4">[Reason for selection as candidate for Outside Director and outline of expected role]
In addition to many years of experience in global pharmaceutical research and development and vaccine business operations at the Japanese and overseas sites of Takeda Pharmaceutical Co., Ltd., Dr. Takayuki Nakano has experience in launching the regenerative medicine business and operating implantable medical device business at Teijin Limited since January 2021. Moreover, Dr. Nakano started to serve as Director of Teijin Regenet Co., Ltd., a newly established company, in August 2023, and has been committed to developing the CDMO (Contract Development and Manufacturing Organization) business for regenerative medicine products. He is expected to appropriately perform his duties such as monitoring of corporate management and giving advice from an objective perspective with independence and fairness based on his abundant experience and broad insight. Accordingly, he has been nominated as a candidate for Outside Director serving on the Audit and Supervisory Committee.</td></tr>
</table>

(Notes) 1. The candidate with "*" symbol is a new candidate.
2. No conflict of special interests exists between the Company and each candidate.
3. Mr. Kosuke Ishii, Mr. Yuichi Kakinuma, and Dr. Takayuki Nakano are candidates for Outside Directors.
4. The Company has designated Mr. Kosuke Ishii as an independent officer based on the regulations stipulated by the Tokyo Stock Exchange and has notified the Tokyo Stock

Exchange accordingly. If the reelection of Mr. Ishii is approved, the Company will designate him again as an independent officer.

5. Dr. Takayuki Nakano meets the requirements for an independent officer based on the regulations stipulated by the Tokyo Stock Exchange. If the election of Dr. Nakano is approved, the Company will designate him as an independent officer.
6. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company has entered into an agreement with Mr. Kosuke Ishii and Mr. Yuichi Kakinuma to limit their liability for damages specified in Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances. If the reelection of Mr. Ishii and Mr. Kakinuma is approved, the Company plans to continue this agreement with them.
7. If the election of Dr. Nakano is approved, the Company plans to enter into an agreement with him under the provision of Article 427, Paragraph 1, of the Companies Act to limit his liability for damages specified in Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances.
8. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, Paragraph 1 of the Companies Act. This insurance policy covers damages from claims, etc. borne by the insured persons pertaining to the pursuit of liability arising in the course of execution of duties. In the event that each of the candidates is elected and assumes office, they will be included as insured persons in this insurance policy. Furthermore, the Company plans to renew this insurance policy with the same details at the time of the next renewal.

[For Reference] Skills Matrix for Candidates for Directors

What is a skills matrix?

A skills matrix is a list of the combination of "skills" and "diversity" of each Director in terms of knowledge, background, and experience to enable the Board of Directors to fulfill its supervisory function. The purpose of the matrix is to contrast the knowledge and experience of current and prospective Directors with those required by the Company in light of its management strategy, and to disclose the balanced composition of the Board of Directors as a whole and the appropriateness of the appointment of Directors in accordance with the management strategy.

The Company nominates candidates for Directors in consideration of the balance and diversity of their knowledge, experience, capabilities, etc. If the Proposal of this Meeting is approved as proposed, the skills matrix of each Director will be as follows:

Name		Areas in which the skills are expected to be particularly effective					
		Corporate Management	R&D	Business Strategy Marketing	Finance Accounting	Legal Intellectual Property	Corporate Governance
Masaki Sudo		●	●	●		●	
Katsuhiro Uto			●				
Michihiro Tsuchiya	Outside Director	●	●	●			●
Kosuke Ishii	Outside Director Audit and Supervisory Committee Member				●		
Yuichi Kakinuma	Outside Director Audit and Supervisory Committee Member					●	●
Takayuki Nakano	Outside Director Audit and Supervisory Committee Member		●	●			

* In the skills matrix, the item for corporate management is limited to two (2) persons who have experience as a representative director of a listed company and the item for corporate governance is limited to Outside Directors who have experience as a representative director of a listed company or who are an attorney at law. This change was implemented as a measure to further clarify the skills of the candidates for Directors.

Proposal 3: Election of One (1) Substitute Director Serving on the Audit and Supervisory Committee

At the start of this Meeting, the term of effect of the elected status of substitute Director serving on the Audit and Supervisory Committee, Mr. Akira Takagi, will expire. He was elected at the 15th Ordinary General Meeting of Shareholders held on March 24, 2023. Accordingly, once again, as preparation for a situation where the number of incumbent Directors serving on the Audit and Supervisory Committee does not satisfy the number prescribed by laws and ordinances, it is proposed that one (1) substitute Director serving on the Audit and Supervisory Committee be elected as a substitute in advance for all of the Directors serving on the Audit and Supervisory Committee. The Audit and Supervisory Committee has already given its consent to this proposal.

The candidate for substitute Director serving on the Audit and Supervisory Committee is as follows.

Name (Date of birth)	Career summary, position and responsibilities in the Company (Important concurrent positions)	Number of shares of the Company held
Hisashi Fujii (Dec. 18, 1980)	Apr. 2003 Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Apr. 2006 Registered as certified public accountant Dec. 2011 Registered as an attorney at law Dec. 2011 Joined Shibadaimon Law Office Oct. 2015 Reemployment Surveillance Inspector (part-time), Ministry of Defense (to present) Aug. 2017 Joined Link Partners Law Firm (to present) Jul. 2019 Outside Corporate Auditor, YOSHIDUMI HOLDINGS (to present) Apr. 2022 Outside Corporate Auditor, Think-Lands Co., Ltd. (to present) Oct. 2023 Corporate Auditor, CareRitz Technologies Inc. (to present) Dec. 2023 Outside Director, Linc'well inc. (to present) Jun. 2024 Director, Sasaki Taiju Scholarship Foundation (to present) Aug. 2024 Outside Director, M.D.B. Corporation (to present) <Important concurrent position> Link Partners Law Firm Reemployment Surveillance Inspector (part-time), Ministry of Defense Outside Corporate Auditor, YOSHIDUMI HOLDINGS Outside Corporate Auditor, Think-Lands Co., Ltd. Corporate Auditor, CareRitz Technologies Inc. Outside Director, Linc'well inc. Director, Sasaki Taiju Scholarship Foundation Outside Director, M.D.B. Corporation	- shares
[Reason for selection as candidate for a substitute Outside Director and outline of expected role] Mr. Hisashi Fujii has experience in accounting audits at an audit firm, and has considerable knowledge of finance and accounting as a certified public accountant. He also has considerable experience of corporate law as an attorney at law. It is judged that he will be able to audit the execution of duties of the Company's Directors from an objective standpoint based on his knowledge and experience. Accordingly, he has been nominated as a substitute Outside Director serving on the Audit and Supervisory Committee.		

(Notes)
1. No conflict of special interests exists between the Company and the candidate.
2. Mr. Hisashi Fujii is a candidate for substitute Outside Director serving on the Audit and Supervisory Committee.
3. Under the provision of Article 427, Paragraph 1, of the Companies Act, the Company will enter into an agreement with Mr. Hisashi Fujii to limit his liability for damages specified in Article 423, Paragraph 1, of the said Act, if he is elected as Outside Director serving on the Audit and Supervisory Committee and actually assumes the office. The maximum amount of liability for damages under the agreement shall be the amount provided for by laws and ordinances.
4. The Company has entered into a contract of Directors and Officers Liability Insurance (D&O Insurance) with an insurance agency, as provided for in Article 430-3, Paragraph 1 of the

Companies Act. This insurance policy covers damages from claims, etc. borne by the insured persons pertaining to the pursuit of liability arising in the course of execution of duties. Mr. Hisashi Fujii will be included in the insured persons covered by the contract of D&O Insurance if he is elected as Outside Director serving on the Audit and Supervisory Committee and actually assumes the office. Furthermore, the Company plans to renew this insurance policy with the same details at the time of the next renewal.

5. If Mr. Hisashi Fujii assumes the office as Outside Director serving on the Audit and Supervisory Committee, the Company plans to submit notification to the Tokyo Stock Exchange concerning his designation as an independent officer under the regulations stipulated by the aforementioned exchange.

Consolidated Financial Statements

Consolidated Balance Sheet

(Thousands of yen)

Account title	17th Fiscal Year (As of December 31, 2024)	Account title	17th Fiscal Year (As of December 31, 2024)
Assets		**Liabilities**	
Current assets	**4,538,963**	**Current liabilities**	**1,187,495**
Cash and deposits	3,340,057	Accounts payable - trade	59,317
Accounts receivable - trade, and contract assets	689,162	Current portion of long-term borrowings	512,620
Securities	1,871	Lease liabilities	69,657
Work in process	1,520	Accounts payable - other	193,789
Supplies	166,202	Accrued expenses	69,136
Advance payments to suppliers	26,953	Income taxes payable	28,044
Prepaid expenses	193,590	Contract liabilities	185,829
Other	119,605	Deposits received	19,381
Non-current assets	**5,116,519**	Other	49,718
Property, plant and equipment	**529,084**	**Non-current liabilities**	**2,897,476**
Buildings	158,758	Long-term borrowings	2,651,430
Tools, furniture and fixtures	1,370,866	Lease liabilities	218,627
Leased assets	434,174	Asset retirement obligations	14,614
Accumulated depreciation	(1,434,716)	Provision for share awards	6,902
Intangible assets	**3,902,276**	Provision for share awards for directors (and other officers)	5,902
Goodwill	3,865,297	**Total liabilities**	**4,084,972**
Trademark right	3,982	**Net assets**	
Software	32,924	**Shareholders' equity**	**5,585,087**
Other	72	**Share capital**	**2,720,540**
Investments and other assets	**685,158**	**Capital surplus**	**2,910,323**
Investment securities	547,053	**Retained earnings**	**(45,673)**
Deferred tax assets	78,460	**Treasury shares**	**(102)**
Other	59,644	**Accumulated other comprehensive income**	**(41,920)**
		Valuation difference on available-for-sale securities	(41,920)
		Share acquisition rights	**27,342**
		Total net assets	**5,570,509**
Total assets	**9,655,482**	**Total liabilities and net assets**	**9,655,482**

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Consolidated Statement of Income

(Thousands of yen)

Account title	17th Fiscal Year (January 1, 2024 to December 31, 2024)
Business revenue	**3,107,575**
Business expenses	**3,320,958**
Cost of business revenue	625,759
Research and development expenses	1,703,962
Other selling, general and administrative expenses	991,236
Operating loss	**(213,383)**
Non-operating income	**67,673**
Interest income	5,306
Interest on securities	2,967
Foreign exchange gains	38,994
Subsidy income	2,600
Other	17,805
Non-operating expenses	**215,802**
Interest expenses	42,615
Commitment fees	6,768
Syndicated loan commission	141,499
Share issuance costs	1,403
Loss on valuation of compound financial instruments	1,590
Loss on valuation of derivatives	21,921
Other	3
Ordinary loss	**(361,511)**
Extraordinary income	**9,379**
Gain on sale of investment securities	9,379
Extraordinary loss	**5,600**
Loss on sale of investment securities	5,600
Loss before income taxes	**(357,732)**
Income taxes - current	119,758
Income taxes - deferred	17,540
Loss	**(495,031)**
Loss attributable to owners of parent	**(495,031)**

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.

Consolidated Statement of Changes in Equity

(17th Fiscal Year from January 1, 2024 to December 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,667,649	2,857,432	449,358	(22)	5,974,418
Changes during period					
Issuance of new shares	52,890	52,890			105,780
Loss attributable to owners of parent			(495,031)		(495,031)
Purchase of treasury shares				(80)	(80)
Net changes in items other than shareholders' equity					–
Total changes during period	52,890	52,890	(495,031)	(80)	(389,330)
Balance at end of period	2,720,540	2,910,323	(45,673)	(102)	5,585,087

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	120,415	120,415	25,610	6,120,443
Changes during period				
Issuance of new shares		–		105,780
Loss attributable to owners of parent		–		(495,031)
Purchase of treasury shares		–		(80)
Net changes in items other than shareholders' equity	(162,335)	(162,335)	1,732	(160,602)
Total changes during period	(162,335)	(162,335)	1,732	(549,933)
Balance at end of period	(41,920)	(41,920)	27,342	5,570,509

(Note) Figures less than one thousand yen are rounded down to the nearest thousand.