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To Whom It May Concern

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Notice Regarding the Introduction of a Restricted Stock Compensation Plan

J-Pharma Co., Ltd. (the “Company”) hereby announces that, at a meeting of its Board of Directors held yesterday, the Company reviewed its officers’ compensation system and resolved to introduce a restricted stock compensation plan (the “Plan”). The Company also resolved to submit a proposal related to the Plan to the 21st Annual General Meeting of Shareholders scheduled to be held on June 26, 2026 (the “Shareholders’ Meeting”), as described below.

1. Purpose of and Conditions for Introducing the Plan

(1) Purpose of the Introduction

The purpose of the Plan is to provide the Company’s Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members; hereinafter referred to as the “Eligible Directors”), including Directors who may be elected in the future, with incentives to achieve the sustainable enhancement of the Company’s corporate value and further promote the sharing of value with shareholders.

The Company believes that, in order to steadily implement its growth strategy for fiscal 2026 and beyond and achieve medium- to long-term enhancement of corporate value under the new management structure described in the “Notice Regarding the Nomination of Director Candidates and the New Management Structure” dated today, it is important for the Eligible Directors to continuously fulfill their responsibilities in research and development, business development and licensing strategy, financial strategy, and other key areas, and to further strengthen their commitment to enhancing corporate value while sharing value with shareholders.

The Company has previously obtained approval for the issuance of stock options as necessary and has provided incentives through the use of stock compensation. By establishing a system that enables the Company to grant restricted stock compensation, which is a type of stock compensation, to Eligible Directors within the scope of the compensation framework for Directors that has already been approved, the Company believes that it will be possible to provide incentives for medium- to long-term enhancement of corporate value in a more flexible and continuous manner.

The Plan has been designed with due consideration for the impact on shareholder value, including by setting upper limits on the total number and total value of shares of common stock of the Company to be issued or disposed of for the purpose of granting restricted stock. The Company has also determined that utilizing a compensation system that does not excessively depend on cash compensation is effective from the perspective of striking a balance with the allocation of funds to research and development, business development, and other growth investments, and pursuing the maximization of corporate value.

(2) Conditions for Introduction of the Plan

Under the Plan, the Eligible Directors will, pursuant to resolutions of the Company’s Board of Directors, either (i) receive shares of common stock of the Company (restricted stock) issued or disposed of by the Company, without being required to make any monetary payment or otherwise contribute any property in exchange for the shares subscribed for, as compensation for the performance of their duties as Directors (the “No-Contribution Method”) or (ii) receive shares of common stock of the Company (restricted stock) issued or disposed of by the Company by contributing all of the monetary compensation claims granted by the Company as property contributed in kind (the

“In-Kind Contribution Method”). Accordingly, the introduction of the Plan is subject to shareholder approval at the Shareholders’ Meeting for the granting of such compensation.

The maximum amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved at no more than JPY 300 million per year at the Extraordinary General Meeting of Shareholders held on September 11, 2023. At the Shareholders’ Meeting, the Company plans to request shareholders’ approval to introduce the Plan and establish a compensation framework under the Plan for Eligible Directors within the scope of the existing monetary compensation framework.

2. Overview of the Plan

Under the Plan, Eligible Directors will receive shares of common stock of the Company issued or disposed of by the Company by either the No-Contribution Method or the In-Kind Contribution Method described above.

The total number of shares of common stock of the Company to be issued or disposed of to Eligible Directors under the Plan by either the No-Contribution Method or the In-Kind Contribution Method shall not exceed 56,819 shares per year. If unavoidable circumstances arise that require an adjustment to the number of shares, such as a stock split or consolidation of the Company’s common stock, the number of shares to be issued or disposed of may be adjusted accordingly.

In addition, the total value of shares of common stock of the Company to be issued or disposed of for the purpose of granting restricted stock shall not exceed JPY 50 million per year, under a framework that is within the scope of the existing monetary compensation framework for Eligible Directors and on a combined basis for the No-Contribution Method and the In-Kind Contribution Method. In the case of (i) the No-Contribution Method, although no monetary payment is required upon the grant of restricted stock, the amount of compensation for Eligible Directors shall be calculated on a per-share basis based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution concerning the grant of restricted stock (or, if there is no trading on that day, the closing price on the immediately preceding trading day). In the case of (ii) the In-Kind Contribution Method, the paid-in amount per share shall be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors who will subscribe for such shares, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution concerning the grant of restricted stock (or, if there is no trading on that day, the closing price on the immediately preceding trading day).

To promote medium- to long-term alignment of interests with shareholders, which is one of the purposes of the Plan, the transfer restriction period will commence on the delivery date of the restricted stock and continue until the Eligible Director ceases to hold the position of Director of the Company or any other position designated by the Board of Directors.

As described above, the total number of shares of common stock of the Company to be issued or disposed of by either the No-Contribution Method or the In-Kind Contribution Method shall not exceed 56,819 shares per year, and the total amount of compensation, etc. for shares of common stock of the Company to be issued or disposed of for the purpose of granting restricted stock shall not exceed JPY 50 million per year. The above limits on the number of shares and the total amount of compensation, etc. have been set at levels that generally correspond to each other, based on the public offering price at the time of the Company’s IPO of JPY 880 per share of the Company’s common stock. Accordingly, if the stock price at the time of grant is lower than JPY 880, the annual limit of 56,819 shares on the number of shares to be issued or disposed of will effectively serve as the applicable limit, whereas if such stock price exceeds JPY 880, the annual limit of JPY 50 million on the total amount of compensation, etc. will effectively serve as the applicable limit. In this way, the Company will establish appropriate limits on both the number of shares to be issued or disposed of and the total amount of compensation, etc., regardless of fluctuations in the stock price. The actual number of shares to be granted to each Eligible Director and other specific details shall be determined by the Board of Directors, within the limits on the number of shares and the total amount of compensation, etc. for which the Company will seek approval at the Shareholders’ Meeting, after comprehensively taking into account each Eligible Director’s responsibilities, contribution and other relevant circumstances.

Upon issuing or disposing of shares of the Company’s common stock under the Plan, the Company and each Eligible Director shall enter into a restricted stock allotment agreement (the “Allotment Agreement”), which shall include the following matters:

- (i) The Eligible Director shall not transfer, create any security interest in, or otherwise dispose of shares of the Company’s common stock allotted under the Allotment Agreement during the period from the delivery date of the restricted stock until the date on which the Eligible Director loses his or her position as a Director of the Company or any other position determined by the Company’s Board of Directors.
- (ii) If certain events occur, the Company shall acquire such shares of common stock for no consideration.

3. Application to Counselors of the Company

Subject to approval of the Plan at the Shareholders' Meeting, the Company also plans to grant restricted stock to Counselors of the Company under terms similar to those of the Plan.