

To Our Shareholders

1-28 Toranomom 4-chome, Minato-ku, Tokyo

**SymBio Pharmaceuticals Limited**

Representative Director, Fuminori Yoshida  
President and CEO

## **Notice of Convocation of the 19th Ordinary General Meeting of Shareholders**

Notice is hereby given that the 19th Ordinary General Meeting of Shareholders will be held as set forth below.

In convening the General Meeting of Shareholders, we have taken measures to provide information in electronic format. Details of these measures are available on our website. Please navigate in the following order to view them: select “To shareholders and investors,” then “IR information,” and finally “General Meeting of Shareholders information.”

Company website: <https://www.symbiopharma.com/en/>

In addition to the Company website, we have also made available information regarding the General Meeting of Shareholders on the website of the Tokyo Stock Exchange (“TSE”). If you are unable to view the information provided on the Company website, please access the TSE website (Listed Company Search), search for the Company using our name (SymBio Pharmaceuticals) or securities code (4582), and view information on the General Meeting of Shareholders under the Documents for public inspection/PR information tab in Basic information.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?jsessionid=00B3819797A8C27B35A1821C503A34B91>

If you are not attending the meeting, you may exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the Ordinary General Meeting of Shareholders accompanying this letter or provided in electronic format, and exercise your voting rights by no later than 5:30 p.m. on Thursday, March 21, 2024 (JST), following the instructions below.

[Exercise of voting rights by mail]

Please review the instructions under the “Procedures for the exercise of voting rights” and indicate your approval or disapproval of the proposals in the enclosed voting form. Please return the voting form to us so that it arrives prior to the deadline indicated above.

[Exercise of voting rights via the Internet]

Please review the instructions under the “Procedures for the exercise of voting rights” to exercise your voting rights prior to the deadline indicated above.

In the event that a voting right is exercised both by returning a voting form by mail and via the Internet, only voting via the Internet will be valid and will supersede the form submitted by mail.

In the event that a voting right is exercised via the Internet more than once, only the most recent exercise will be valid.

[Regarding electronic voting platform]

Nominee shareholders (including standing proxies) of managing trust banks, etc. may exercise their voting rights through the electronic voting platform operated by ICJ, Inc., if they have applied in advance to do so.

1. Date/Time: Friday, March 22, 2024 at 10:00 a.m. (Doors open at 9:30 a.m.)
2. Place: Sapia Tower 6th Floor, 7-12 Marunouchi 1-chome, Chiyoda-ku, Tokyo  
Station Conference Tokyo, Room 602  
(Please see the attached map)
3. Objectives:  
Reports
  1. Business report, consolidated financial statements, and report on the results of audit on consolidated financial statements by accounting auditor and Audit & Supervisory Committee for the 19th Term (January 1, 2023 to December 31, 2023)
  2. Financial report for the 19th Term (January 1, 2023 to December 31, 2023)

Items for resolution:

- Proposal 1: Partial amendments to the Articles of Incorporation  
Proposal 2: Election of six (6) Directors (excluding Directors serving as Audit & Supervisory Committee Members)  
Proposal 3: Election of three (3) Directors serving as Audit & Supervisory Committee Members  
Proposal 4: Election of one (1) Director serving as Substitute Audit & Supervisory Committee Member  
Proposal 5: Determination of the amount of compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members)  
Proposal 6: Overview and conditions for stock options as compensation for Directors

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1. If attending the Ordinary General Meeting of Shareholders in person, in order to exercise your voting rights, please submit the enclosed voting form at the reception desk upon arrival at the venue on the day of the meeting.
  2. Please also bring this Notice of Convocation to the meeting with you to save on resources.
  3. If you are unable to attend the Ordinary General Meeting of Shareholders, you can exercise your voting rights by sending another shareholder with voting rights to the meeting as your proxy. Please note, however, that it is necessary to submit a document evidencing the authority of the proxy.
  4. Please be advised that should any modification to the information provided in electronic format be necessary, the modified information will be posted on each website the information is provided.
  5. The mailing of this document serves as the provision of information provided in electronic format in paper form per the request for such form.
  6. Please note that when convening future general meetings of shareholders, we may cease to provide information in paper form, except for information on events and others stipulated by laws and regulations.

## Proposals and reference matters

### Proposal 1: Partial amendments to the Articles of Incorporation

1. Reason for the proposal

As of December 31, 2023, a total of 42,278,081 shares of the Company had been issued out of a total of 65,000,000 authorized shares.

To enable flexible fundraising in preparation for future business expansion, we propose to increase the total number of authorized shares.

2. Detail of the change

The detail of the change is as follows.

(The change is underlined.)

Current Articles of Incorporation	Proposed Change
Article 6 (Total number of authorized shares) Total number of authorized shares of the Company shall be <u>65,000,000</u> .	Article 6 (Total number of authorized shares) Total number of authorized shares of the Company shall be <u>115,000,000</u> .

**Proposal 2: Election of six (6) Directors (excluding Directors serving as Audit & Supervisory Committee Members)**

Four (4) Directors (excluding Directors serving as Audit & Supervisory Committee Members; same applies hereafter in this proposal) will have their terms of office expire at the conclusion of the Ordinary General Meeting of Shareholders. In order to strengthen the management structure and promote product development, we propose the election of six (6) Directors as below.

Profiles of the candidates for Directors are as follows:

#	Name (Date of birth)	Career summary, status/responsibility at the Company and significant concurrent positions	Number of Company shares owned
1	Fuminori Yoshida (January 19, 1949)	January 1980 Representative Director and President, Nippon Bio-Rad Laboratories Co., Ltd. July 1991 Representative Director and President, Nippon Syntex K.K. May 1993 Representative Director and President, Amgen K.K. Corporate Vice-President, Amgen Inc. (U.S.) March 2005 Established the Company and became Representative Director, President and CEO (current)	1,179,700
2	Shigetoshi Matsumoto (August 12, 1949) Outside Director term of office: six years	April 1972 Joined Chugai Pharmaceutical Co., Ltd. April 2002 General Manager of the Audit Office, Chugai Pharmaceutical Co., Ltd. March 2007 Full-time Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. April 2011 Senior Advisor, Chugai Pharmaceutical Co., Ltd. October 2011 Advisor, APO PLUS STATION Co., Ltd. June 2015 Senior Advisor, Protiviti LLC October 2015 Audit Practice Counselor, Japan Audit & Supervisory Board Members Association (current) March 2017 Outside Audit & Supervisory Board Member, the Company March 2018 Outside Director, the Company (current)	22,500
3	Bruce David Cheson (April 6, 1946) Outside Director term of office: five years	July 1971 Internship of Internal Medicine, University of Virginia Hospital July 1973 Senior Assistant Resident of Internal Medicine, University of Virginia Hospital July 1974 Clinical and Research Fellow of Hematology, New England Medical Center Hospital July 1977 Assistant Professor of Medicine, Hematology/Oncology of University of Utah School, University of Utah Hospital October 1984 Senior Investigator and Head of Medicine Section, National Cancer Institute, Cancer Therapy Evaluation Program June 2001 Scientific Advisor, Lymphoma Research Foundation July 2002 Deputy Chief, Hematology-Oncology, Head of Hematology, Georgetown University Hospital, Lombardi Comprehensive Cancer Center March 2013 Hematology-Oncology Fellowship Program Director GUH August 2016 Outside Director, Morphosys December 2018 Frank M. Ewing Foundation Chair in Hematology-Oncology March 2019 Outside Director of the Company (current) May 2021 Doctor, The Center for Cancer and Blood Disorders (current)	None
4	Eiji Ebinuma (July 3, 1957) Outside Director term of office: three years	April 1980 Joined the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) April 2002 Deputy Head of HR Planning Team, Mizuho Bank, Ltd. April 2003 Head of President Office and Planning Department, Olympic Group Corporation December 2008 Registered as an Attorney-At-Law, Toranomon Sougoh Law Firm January 2013 Attorney-At-Law, Partner, Tanabe & Partners Law Firm (current) June 2014 Outside Director, MIRAIT Holdings Corporation June 2016 Outside Director, Rakuten Bank, Ltd. (current) March 2019 Outside Audit & Supervisory Board Member, the Company (current) June 2019 Audit & Supervisory Board Member, Toko Electrical Construction Co., Ltd. March 2021 Outside Director, the Company (current)	None

#	Name (Date of birth)	Career summary, status/responsibility at the Company and significant concurrent positions	Number of Company shares owned
5*	Toshio Imabeppu (July 13, 1956)	<p>April 1981      Joined the Ministry of Health and Welfare (currently the Ministry of Health, Labour and Welfare [MHLW])</p> <p>October 1988    Office of Advanced Pharmaceutical Technology, the Ministry of Health and Welfare</p> <p>August 2002    Cabinet Counselor, Cabinet Secretariat</p> <p>July 2004       Director, Health Insurance Bureau, MHLW</p> <p>July 2008       Director, Accounting Division, MHLW</p> <p>July 2013       Director, Pharmaceutical and Food Safety Bureau, MHLW</p> <p>July 2014       Director-General for Policy Planning and Evaluation, MHLW</p> <p>October 2015    Retired from the MHLW</p> <p>June 2019       Outside Director, Ship Healthcare Holdings, Inc. (current)</p> <p>June 2022       President, Japan Association for Regenerative Medicine (current)</p> <p>June 2022       Representative Director, Foundation for Training and Licensure Examination in Judo Therapy (current)</p>	None
6*	George Morstyn (December 28, 1950)	<p>March 1991     Senior Vice President of Global Development and Chief Medical Officer, Amgen Inc.</p> <p>April 2006      CEO, G&amp;R Morstyn Pty Limited (current)</p> <p>March 2009     Outside Director, the Company</p> <p>July 2010       Deputy Chairman, Victorian Comprehensive Center Centre, Australia</p> <p>December 2017 Outside Director, Actinogen Medical, Australia (current)</p> <p>March 2019     Resigned from the post of Outside Director of the Company</p> <p>May 2021       Board Chair, Pio Therapeutics, Australia (current)</p>	None

(Notes) 1. \* indicates new candidates for Directors.

2. There are no special interests between any of the above candidates and the Company.
3. Shigetoshi Matsumoto, Bruce David Cheson, Eiji Ebinuma, Toshio Imabeppu, and George Morstyn are proposed as candidates for the position of Outside Director.
4. The Company has designated candidates Shigetoshi Matsumoto and Eiji Ebinuma as independent officers pursuant to the provisions of the Tokyo Stock Exchange (TSE) and registered them as such with the TSE. If they are reelected, the Company will continue registering both candidates as independent officers.
5. The reasons for election of the candidates for Outside Director and a summary of their expected roles are as follows:
  - (1) The Company proposes to elect Shigetoshi Matsumoto as Outside Director to seek his advice and opinion on the Company's management, having an objective perspective independent from the Company's management engaged in business operations, leveraging his extensive knowledge and years of experience in business practice and audit at companies in the same industry.
  - (2) The Company proposes to elect Bruce David Cheson as Outside Director to seek his advice and opinion on the Company's management, having an objective perspective independent from the Company's management engaged in business operations, leveraging his knowledge and experience as a physician. We note that, although Dr. Cheson has never been involved in the management of corporation other than in the capacity of an outside director or auditor, we nevertheless conclude that, for the aforementioned reasons, he is capable of appropriately executing the duties of Outside Director of the Company.
  - (3) The Company proposes to elect Eiji Ebinuma as Outside Director to seek his advice and opinion on the Company's management, having an objective perspective independent from the Company's management engaged in business operations, leveraging his abundant knowledge and experience as an attorney. We note that, although Mr. Ebinuma has never been involved in the management of corporation other than in the capacity of an outside director or auditor, we nevertheless conclude that, for the aforementioned reasons, he is capable of appropriately executing the duties of Outside Director of the Company.
  - (4) The Company proposes to elect Toshio Imabeppu as Outside Director to seek his advice and opinion on the Company's management from an objective perspective independent from the Company's management engaged in business execution, based on his professional knowledge and extensive experience, particularly in health and pharmaceutical affairs, garnered during his years at the Ministry of Health and Welfare (currently the Ministry of Health, Labour and Welfare), serving as Director of the Pharmaceutical and Food Safety Bureau and Director-General for Policy Planning and Evaluation. Although Mr. Imabeppu has never been involved in the management of corporation other than in the capacity of an outside director or outside auditor, we have concluded that, for the aforementioned reasons, he is capable of appropriately executing the duties of Outside Director of the Company.
  - (5) The Company proposes to elect George Morstyn as Outside Director. Dr. Morstyn served as Outside Director of the Company from March 2009 to March 2019. If elected, we believe he will provide advice and opinion on the Company's management from an objective perspective independent from the Company's management engaged in business execution, drawing on his expertise and abundant knowledge as a physician, to bolster global development operations.
6. The Articles of Incorporation of the Company stipulate that the Company may enter into an agreement with Directors (excluding those engaged in business execution) to limit their liability for damages resulting from negligence of their duties, and the Company has concluded such agreement with Mr. Shigetoshi Matsumoto, Mr. Bruce David Cheson, and Mr. Eiji Ebinuma. If the above candidates are appointed as Outside Directors, the Company will enter into or renew the liability limitation agreement with each of them.

A summary of the contents of the liability limitation agreement is as follows.

  - In the event that a Director is deemed to be liable for damages stipulated in Article 423, Paragraph 1 of the Companies Act, liability will be limited to the higher of 1,000,000 yen or the maximum liability amount set forth in laws and regulations, provided that the Director has performed his/her duties in good faith and without gross negligence.
7. The Company has concluded an indemnification contract with each of the current Directors. In addition to expenses related to shareholder lawsuits that arise due to misconduct, the indemnification contract covers a wide range of expenses that individual officers and the Company may incur, including the costs of dealing with criminal proceedings and public investigations. If the election of candidates for Directors is approved, the Company will enter into or renew the indemnification contract with each of them.
8. The Company has obtained Directors and Officers Liability Insurance Policies covering all current Directors. If the above candidates for Directors are elected, the contract will renew automatically with the same contents with each candidate as the insured. The said contract covers the loss incurred by the insured due to damages arising from improper acts based on the position of Director. Costs of premiums paid on the aforementioned insurance are borne entirely by the Company.

### Proposal 3: Election of three (3) Directors serving as Audit & Supervisory Committee Members

Three (3) directors serving as Audit & Supervisory Committee Members will have their terms of office expire at the conclusion of the Ordinary General Meeting of Shareholders. Accordingly, we propose the election of three (3) Directors serving as Audit & Supervisory Committee Members as below. The Company has obtained the consent of the Audit & Supervisory Committee for this proposal.

Profiles of the candidates for Directors serving as Audit & Supervisory Committee Members are as follows.

#	Name (Date of birth)	Career summary, status/responsibility at the Company and significant concurrent positions	Number of Company shares owned
1	Kiyoshi Watanabe (May 16, 1951) Outside Director term of office: 2 years	<p>April 1974      Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>June 1998      Chief, The Americas Corporate Credit Office, Credit Department, The Industrial Bank of Japan, Ltd. (stationed in New York)</p> <p>June 2003      General Manager, Corporate Planning Office, Kyowa Hakko Kogyo Co., Ltd.</p> <p>April 2005      General Manager, Medicine Planning Department, Kyowa Hakko Kogyo Co., Ltd.</p> <p>October 2008    General Manager, Planning &amp; Administration Department, Kyowa Hakko Bio Co., Ltd.</p> <p>February 2011   Full-time Audit &amp; Supervisory Board Member, Kawaguchi Chemical Industry Co., Ltd.</p> <p>June 2015      Audit &amp; Supervisory Board Member, Toho Acetylene Co., Ltd.</p> <p>March 2017      Full-time Outside Audit &amp; Supervisory Board Member, the Company</p> <p>March 2022      Outside Director (full-time Audit &amp; Supervisory Committee Member), the Company (current)</p>	None
2	Kesao Endo (November 28, 1951) Outside Director term of office: 2 years	<p>September 1983   Registered as a Certified Public Accountant</p> <p>March 1984      Joined Price Waterhouse Consultants, Inc.</p> <p>March 1986      Joined Deloitte &amp; Touche Accountants, Log Angeles and New York</p> <p>February 1991   Registered as a Certified Public Account in the US</p> <p>April 2000      Representative Partner, Kasumigaseki Audit Corp. (current Grant Thornton Taiyo LLC)</p> <p>June 2006      Outside Auditor, Akebono Brake Industry Co., Ltd.</p> <p>July 2012      Representative Partner, BDO Sanyu &amp; Co.</p> <p>October 2015   Representative, Endo C.P.A. Firm (current)</p> <p>May 2016      Outside Director, Careerlink Co., Ltd.</p> <p>May 2016      Representative Partner, ABS Audit Corp. (current)</p> <p>March 2018      Outside Audit &amp; Supervisory Board Member, the Company</p> <p>March 2022      Outside Director (Audit &amp; Supervisory Committee Member), the Company (current)</p>	None
3	Yasuhiro Tamo (December 15, 1975) Outside Director term of office: 2 years	<p>April 2000      Joned The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>April 2002      Transferred to Mizuho Corporate Bank, Ltd. (Mizuho Bank, Ltd.)</p> <p>November 2006   Joined The Legal Training and Research Institute of Japan</p> <p>December 2007   Joined Yanagida &amp; Nomura Law Firm</p> <p>August 2009      Joined Nomura &amp; Partners Law Firm</p> <p>January 2019      Partner, Nomura &amp; Partners Law Firm (current)</p> <p>March 2021      Outside Audit &amp; Supervisory Board Member, the Company</p> <p>March 2022      Outside Director (Audit &amp; Supervisory Committee Member), the Company (current)</p>	None

- (Notes) 1. There are no special interests between any of the candidates above and the Company.
2. Each candidate is a candidate for Outside Director serving as Audit & Supervisory Committee Member.
3. The Company plans to continue designating candidates Kiyoshi Watanabe and Kesao Endo as independent officers pursuant to the provisions of the Tokyo Stock Exchange (TSE) and register them as such with the TSE.
4. The reasons for nomination and a summary of the expected roles of the candidates for Outside Directors serving as Audit & Supervisory Committee Members are as follows.
- (1) We request the election of Kiyoshi Watanabe as Outside Director because we expect him to provide effective oversight of management from an independent and objective standpoint and contribute advice and opinion for the realization of highly effective audits, drawing on his extensive experience and knowledge as a corporate auditor of listed companies.
  - (2) We request the election of Kesao Endo as Outside Director because Mr. Endo, as a certified public accountant, has considerable knowledge in finance and accounting matters, and because we expect him to provide advice and opinion based on his experience serving as an outside director of listed companies.
  - (3) We request the election of Yasuhiro Tamo as Outside Director because we believe Mr. Tamo will provide advice and opinion based on his vast experience and professional insights as an attorney-at-law. Although Mr. Tamo has never been involved in corporate management in any way other than serving as an outside director or outside auditor, for the reason stated above, we have determined that he is capable of appropriately performing the duties of Outside Director.
5. The Articles of Incorporation of the Company stipulate that the Company may enter into an agreement with Directors (excluding those engaged in business execution) to limit their liability for damages resulting from negligence of their duties, and the Company has concluded such agreement with Mr. Kiyoshi Watanabe, Mr. Kesao Endo, and Mr. Yasuhiro Tamo. If the above candidates are appointed as Directors serving as Audit & Supervisory Committee Members, the Company will maintain the liability limitation agreement with each of them. A summary of the contents of the liability limitation agreement is as follows.
- In the event that a Director is deemed to be liable for damages stipulated in Article 423, Paragraph 1 of the Companies Act, liability will be limited to the higher of 1,000,000 yen or the maximum liability amount set forth in laws and regulations, provided that the Director has performed his/her duties in good faith and without gross negligence.
6. The Company has concluded an indemnification contract with each of the current Directors. In addition to expenses related to shareholder lawsuits that arise due to misconduct, the indemnification contract covers a wide range of expenses that individual officers and the Company

may incur, including the costs of dealing with criminal proceedings and public investigations. If the election of candidates for Directors serving as Audit & Supervisory Committee Members is approved, the Company will maintain the indemnification contract with each of them.

7. The Company has obtained Directors and Officers Liability Insurance Policies covering all current Directors serving as Audit & Supervisory Committee Members. If the above candidates for Directors serving as Audit & Supervisory Committee Members are elected, the contract will renew automatically with the same contents with each candidate as the insured.

The said contract covers the loss incurred by the insured due to damages arising from improper acts based on the position of Director serving as Audit & Supervisory Committee Member.

Costs of premiums paid on the aforementioned insurance are borne entirely by the Company.

#### Proposal 4: Election of one (1) Director serving as Substitute Audit & Supervisory Committee Member

The Company requests the election of one (1) Director serving as Substitute Audit & Supervisory Committee Member in case of a potential shortage of the number of Directors serving as Audit & Supervisory Committee Members stipulated by laws and regulations. The appointment of the Director serving as Substitute Audit & Supervisory Committee Member may be revoked by a resolution of the Board of Directors with the consent of the Audit & Supervisory Committee, but only prior to taking office. The Company has obtained the consent of the Audit & Supervisory Committee to submit this proposal.

The profile of the candidate for Director serving as Substitute Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, status/responsibility at the Company and significant concurrent positions	Number of Company shares owned
Takashi Watanabe (March 2, 1947)	April 1970	None
	May 1996	
	March 2008	
	June 2010	
	March 2011	
	June 2014	

(Notes) 1. There is no special interest between the above candidate and the Company.

2. Takashi Watanabe is a candidate for Outside Director serving as Substitute Audit & Supervisory Committee Member.

3. The reasons for nomination and a summary of the expected roles of the candidate for Outside Director servicing as Substitute Audit & Supervisory Committee Member are as follows:

We request the election of Takashi Watanabe as an Outside Director serving as Substitute Audit & Supervisory Board Member to receive advice and opinions concerning the audit of the Company's Directors in the execution of their official duties from an objective and fair perspective, leveraging his extensive experience and knowledge he gained as an Audit & Supervisory Board Member at listed companies. If he is appointed, the Company intends to register him as an independent officer in accordance with the provision of the Tokyo Stock Exchange.

4. The Articles of Incorporation of the Company stipulate that the Company may enter into an agreement with Directors (excluding those engaged in business execution) to limit their liability for damages resulting from negligence of their duties. If the above candidate is appointed as Director serving as Substitute Audit & Supervisory Committee Member, the Company will continue the liability limitation agreement with him.

A summary of the contents of the liability limitation agreement is as follows.

- In the event that a Director is deemed to be liable for damages stipulated in Article 423, Paragraph 1 of the Companies Act, liability will be limited to the higher of 1,000,000 yen or the maximum liability amount set forth in laws and regulations, provided that the Director has performed his/her duties in good faith and without gross negligence.

5. The Company has concluded an indemnification contract with each of the current Directors. In addition to expenses related to shareholder lawsuits that arise due to misconduct, the indemnification contract covers a wide range of expenses that individual officers and the Company may incur, including the costs of dealing with criminal proceedings and public investigations. If the election of candidate for Director serving as Substitute Audit & Supervisory Committee Member is approved, the Company will continue the indemnification contract with him.

6. The Company has obtained Directors and Officers Liability Insurance Policies covering all current Directors. If the above candidate for Directors serving as Substitute Audit & Supervisory Committee Member is elected, the contract will renew automatically with the same contents with the candidate as the insured.

The said contract covers the loss incurred by the insured due to damages arising from improper acts based on the position of Director serving as Audit & Supervisory Committee Member.

Costs of premiums paid on the aforementioned insurance are borne entirely by the Company.

**Proposal 5: Determination of the amount of compensation for Directors (excluding Directors serving as Audit & Supervisory Committee Members)**

At the 17th Ordinary General Meeting of Shareholders held on March 29, 2022, it was resolved that the maximum annual amount of monetary compensation for Directors (excluding those serving as Audit & Supervisory Committee Members; same below for this proposal) of the Company shall be 130 million yen, including maximum 40 million yen for Outside Directors.

If “Proposal 2: Election of six (6) Directors (excluding Directors serving as Audit & Supervisory Committee Members)” is approved as proposed, the number of Directors will be six (6), of which five will be Outside Directors. In accordance with the increase in the number of Directors, this proposal asks for shareholders’ approval to increase the maximum annual amount of monetary compensation for Outside Directors to 60 million yen while maintaining the maximum annual amount for Directors at 130 million yen, and to determine the specific amount of compensation for individual Directors and the timing of payment by the resolution of the Board of Directors. The Company has set forth a policy for determining matters related to compensation for individual Directors as outlined in “4. The Company’s Officers, (5) Compensation of members of the Board of Directors, (i) Matters related to the policy for determining the details of individual compensation for Directors” of the Business report. The amount of compensation proposed here is based on the said policy, and the details of the proposal are deemed appropriate.

The amount of monetary compensation for Directors does not include the amount of employee salaries for Directors concurrently serving as employees.

## Proposal 6: Overview and conditions for stock options as compensation to Directors

At the 17th Ordinary General Meeting of Shareholders held on March 29, 2022, it was resolved that the maximum annual amount of stock options as compensation for Directors (excluding those serving as Audit & Supervisory Committee members; same below for this proposal) shall be 90 million yen (including maximum 30 million yen for Outside Directors), and that the maximum number of stock acquisition rights to be issued within a year from the date of the Ordinary General meeting of Shareholders of each fiscal year shall be 3,200 units.

If “Proposal 2: Election of six (6) Directors (excluding Directors serving as Audit & Supervisory Committee Members)” is approved as proposed, the number of Directors will be six (6) (of which, five [5] will be Outside Directors). In accordance with the increase in the number of Directors, this proposal asks for shareholders’ approval to maintain the maximum annual amount of stock acquisition rights issued to Directors as stock options at 90 million yen while increasing the maximum annual amount for Outside Directors, included in the maximum annual amount for all Directors, to 45 million yen; to increase the maximum number of stock acquisition rights issued within a year from the date of the Ordinary General Meeting of Shareholders of each year to 9,000 units; and to maintain other conditions as before. The Company’s basic policy is to link compensation to shareholders’ profit to ensure that the compensation sufficiently functions as an incentive for achieving sustainable growth in corporate value, and to determine the compensation for individual Directors at an appropriate level based on their responsibilities. The Company has determined that the amount of compensation set forth in this proposal is in line with this policy and is appropriate.

The amount of compensation as stock options to Directors does not include the amount of employee salaries for Directors concurrently serving as employees.

### < Overview of stock acquisition rights to be granted as stock options >

- (1) Class and number of shares to be issued upon exercise of stock acquisition rights  
The class of shares to be issued upon exercise of each stock acquisition right shall be common stock of the Company, and the number of shares to be issued upon exercise of each stock acquisition right shall be 25 shares.  
However, in the case that the total number of shares of common stock of the Company is adjusted as below, the number of shares to be issued will be revised accordingly.  
In the event that the Company conducts a stock split or a reverse stock split, the number of shares to be issued upon exercise of unexercised stock acquisition rights shall be adjusted in accordance with the formula set forth below, with any fraction less than one share resulting from the adjustment rounded down  
$$(\text{Number of shares after adjustment}) = (\text{Number of shares before adjustment}) \times (\text{Ratio of stock split or reverse stock split})$$
  
In addition to the abovementioned reasons, if it becomes necessary to adjust the number of shares to be issued upon exercise of unexercised stock acquisition rights, the Company shall make such adjustment to a reasonable extent.
- (2) Total number of stock acquisition rights  
The maximum amount of stock acquisition rights to be issued within a year from the date of the Ordinary General Meeting of Shareholders of each fiscal year shall be 90 million yen as stated above, of which a maximum of 45 million yen is to be issued to Outside Directors. The maximum number of stock acquisition rights to be issued within the said year is 9,000.
- (3) Amount to be paid in for stock acquisition rights  
The amount to be paid in shall be the fair value of the stock acquisition rights calculated using the Black-Scholes Model on the allotment date of stock acquisition rights. In lieu of payment in cash, the person receiving the allotment shall offset the payment for stock acquisition rights with compensation claims held against the Company.
- (4) Amount of assets to be contributed upon exercise of stock acquisition rights, or its calculation method  
The amount of assets to be contributed upon exercise of stock acquisition rights shall be the amount obtained by multiplying the price per share to be issued upon exercise of the stock acquisition rights, which shall be one yen, by the number of shares to be allotted.
- (5) Exercise period of stock acquisition rights  
The exercise period shall be determined by the Board of Directors and shall be within a ten (10) year period from the day following the date of allotment of stock acquisition rights.
- (6) Conditions for exercise of stock acquisition rights
  - (i) The holders of stock acquisition rights must be Directors of the Company at the time of exercising the rights. However, this will not apply if there are justifiable reasons, such as retirement due to expiration of term of office.
  - (ii) Any fraction less than one (1) unit of stock acquisition rights shall not be exercisable.
  - (iii) In the event that an absorption-type merger or incorporation-type merger in which the Company becomes the dissolved company, an absorption-type split or incorporation-type split in which the Company becomes the splitting company, or a share exchange or share transfer in which the Company becomes a wholly owned subsidiary (hereafter collectively referred to as “Corporate Restructuring”) is approved by a resolution of the General Meeting of Shareholders of the Company (including cases where a resolution by the General Meeting of Shareholders is deemed to have been adopted pursuant to Article 319 of the Companies Act; same applies below) or a resolution of the Board of Directors of the Company (including cases where approval by a resolution of the General Meeting of Shareholders is deemed unnecessary) before the commencement of the exercise period of the stock acquisition rights, the holders of the stock acquisition rights, regardless of the provisions of (5) above, may exercise the stock acquisition rights from the date of approval until the day preceding the effective date of Corporate Restructuring.
  - (iv) In the event of the death of a stock acquisition rights holder, heirs of the rights holder may inherit the stock acquisition rights and exercise them in accordance with the provisions of the stock acquisition rights allocation agreement concluded between the Company and the rights holder.
  - (v) Other conditions for the exercise of stock acquisition rights shall be determined by the Board of Directors of the Company.
- (7) Restrictions on acquisition of stock acquisition rights by transfer  
Any acquisition of the stock acquisition rights by transfer shall require the approval of the Board of Directors of the Company.
- (8) Acquisition clause of stock acquisition rights

In the event that the following proposals (i), (ii), (iii), (iv), or (v) is approved by the General Meeting of Shareholders of the Company (or by a resolution of the Board of Directors of the Company if a resolution of the General Meeting of Shareholders is not required), the Company may acquire the stock acquisition rights without consideration on a date separately determined by the Board of Directors of the Company.

- (i) A proposal for approval of a merger agreement under which the Company becomes the dissolving company
  - (ii) A proposal for approval of a company split agreement or a company split plan in which the Company becomes the splitting company
  - (iii) A proposal for approval of a share exchange agreement or a share transfer plan under which the Company becomes a wholly owned subsidiary
  - (iv) A proposal for approval of an amendment to the Articles of Incorporation to provide that the acquisition of all shares of the Company by way of transfer will require the approval of the Company
  - (v) A proposal for approval of an amendment to the Articles of Incorporation to provide that the acquisition of the class of shares that are the subject of the stock acquisition rights by transfer will require the approval of the Company, or that the Company shall acquire all of such class of shares by a resolution of the General Meeting of Shareholders.
- (9) Other matters concerning stock acquisition rights  
The detailed conditions outlined in (1) through (8) above and other matters related to stock acquisition rights shall be determined by the Board of Directors of the Company, which will also determine the terms and conditions for the offer of stock acquisition rights.

# 1. Current Status of the Corporate Group

## (1) Business conditions and operating results

Progress of the Group's business in the fiscal year ended December 31, 2023 (FY 2023) is as follows.

### (i) Business results

In December 2020, the Group began selling TREAKISYM® (generic name: bendamustine hydrochloride or bendamustine hydrochloride hydrate) through its own sales organization. This was a critical step of the Group to attain profitability in FY 2021, which was a top priority for the fiscal year.

To achieve nationwide distribution, we have entered into distribution agreements with Suzuken Co., Ltd. and Toho Pharmaceutical Co., Ltd. with both companies as exclusive distributors. We are also working with S.D. Collabo Co., Ltd. and have established two logistics centers, one in Eastern Japan and the other in Western Japan. Further, by deploying medical representatives nationwide, we have established a system through which we can better provide science-backed information.

In FY 2022, the Group obtained approval for a partial change to the marketing authorization of the ready-to-dilute (RTD) liquid formulation of TREAKISYM® to add rapid infusion (RI) administration. Compared to the freeze-dried (FD) formulation, the RTD formulation of TREAKISYM® reduces the time required for the complicated dissolution process. RI administration significantly reduces the infusion time from 60 minutes it took previously to 10 minutes, benefitting both patients and healthcare providers. The reduction in infusion volume to 50mL, from 250mL required previously, also lowers the volume of saline solution and, accordingly, the amount of salt (sodium chloride) used.

Conversion to the RI administration is ongoing, with over 90% of medical institutions having switched to RI administration as of the end of December 2023.

During the fiscal year under review, due to the spread of COVID-19 and other viral infections, medical professionals continued to refrain from prescribing bendamustine out of concerns for the increased risk of infection in patients with hematologic malignancies, especially malignant lymphomas, and the possibility of prolonged or severe infection during or after treatment with bendamustine. However, with the approval of the additional indication of r/r DLBCL for the bendamustine-rituximab (BR) therapy and the polatuzumab vedotin (genetically modified) plus bendamustine-rituximab (genetically modified) (Pola-BR) therapy, sales of TREAKISYM®, largely owing to sales for the treatment of r/r DLBCL, amounted to 5,589,708 thousand yen (-44.1% year on year).

In terms of SG&A expenses, the Group recorded R&D expenses of 2,638,234 thousand yen (+3.3% YoY), and this combined with other SG&A expenses amounted to 5,222,681 thousand yen (-7.3% YoY).

As a result, in FY 2023, operating loss was 811,668 thousand yen (versus operating profit of 1,963,625 thousand yen in FY 2022) and ordinary loss was 736,130 thousand yen (versus ordinary profit of 1,999,878 thousand yen in FY 2022). Loss attributable to owners of parent amounted to 1,962,817 thousand yen (versus profit attributable to owners of parent of 1,179,238 thousand yen in FY 2022), due to the recording of 560,590 thousand yen in impairment losses resulting from the review of recoverability in accordance with the Accounting Standard for Impairment of Fixed Assets and the recording of 744,728 thousand yen in deferred income taxes due to the reversal of deferred tax assets.

In February 2022, four companies obtained marketing approval for the generic versions of TREAKISYM®, and two of the companies began selling their generic versions of the drug. Then, the two companies obtained approval for the generic versions of the rapid infusion (RI) formulation of TREAKISYM® and began selling them. Given the potential infringement of Eagle's patents related to TREAKISYM® in Japan, which are exclusively licensed to the Company, the Company, jointly with Eagle, filed a lawsuit in December 2022, seeking an injunction against the manufacture and sale of Pfizer's and Towa's generic version of TREAKISYM® and compensation for damages arising from the infringement. The lawsuit against the two companies is ongoing, and the Company is doing its best to protect and preserve its rights.

Segment information has been omitted since the Group operates within a single segment, which includes the research and development, manufacturing, and marketing of pharmaceutical drugs and other related activities.

### (ii) Research and development activities

During the fiscal year under review, we conducted the following research and development activities in each of our development pipelines.

#### (a) Anticancer agents: SyB L-0501 (FD formulation), SyB L-1701 (RTD formulation), and SyB L-1702 (RI administration) (generic name: bendamustine hydrochloride or bendamustine hydrochloride hydrate, trade name: TREAKISYM®)

For the RI administration, the Group completed clinical studies on safety and a partial change application was approved in February 2022, enabling the use of RI injection for all approved indications of the RTD formulation in-licensed from Eagle.

The Group will actively conduct joint research on TREAKISYM® with the University of Tokyo and Saitama Medical University, to explore new development possibilities.

#### (b) Anticancer agents: SyB L-1101 (intravenous formulation) and SyB C-1101 (oral formulation) (generic name: rigosertib sodium)

For rigosertib in-licensed from Onconova Therapeutics, Inc. (head office: Pennsylvania, U.S.; hereinafter "Onconova") and TREAKISYM®, the Group is searching for new indications as well as new applications for the drugs used in combination with each other or with other existing drugs, through joint research and the offering of academia-industry collaborative courses with the University of Tokyo.

#### (c) Antiviral drug: SyB V-1901 (generic name: brincidofovir [BCV])

In the development of the intravenous and oral formulations of antiviral drug brincidofovir (SyB V-1901; hereinafter "IV BCV" and "Oral BCV"), in-licensed from Chimerix Inc. (head office: North Carolina, U.S.; hereinafter "Chimerix") with a view to global rollout, the Group has been carrying out joint research with top research institutions of each specialized field in Japan and overseas in light of the drugs' broad effectiveness against double-stranded DNA (dsDNA) viruses.

The Group has decided to prioritize the global development of IV BCV primarily in Japan, the U.S., and Europe, targeting AdV infection or infectious diseases associated with hematopoietic stem cell transplantation or organ transplantation in immunocompromised patients. In March 2021, the Group filed an Investigational New Drug (IND) application with the US Food and Drug Administration (FDA) to conduct a Phase IIa clinical trial primarily in pediatric patients (also including adults) suffering from AdV infection or infectious diseases. This development program was granted Fast Track designation by the FDA in April 2021. In May 2023, the Phase IIa study confirmed that IV BCV demonstrated anti-AdV activity, establishing proof of concept (PoC) in humans. In December 2023, oral presentation was given on the positive data obtained from the study indicating the effectiveness of IV BCV at the 65th American Society of Hematology (ASH) Annual Meeting and Exposition. Further, a use patent for BCV for the treatment of AdV infection and infectious diseases filed based on the results of the study was granted and registered in Japan in January 2024.

BK virus (BKV) infection after kidney transplantation is a disease with serious consequences for the recipient, the donor, the medical practitioner, and the society, due to the risk of impaired renal function and loss of the transplanted kidney (graft loss). The Group submitted a clinical trial notification for a Phase II study in patients infected with BKV after kidney transplantation to the Pharmaceuticals and Medical Devices Agency (PMDA) of Japan in May 2022 and filed another notification with the Therapeutic Goods Administration (TGA) of Australia in August 2022, and the investigational drug was administered to the first patient (first patient dosing [FPD]). The study was scheduled to conclude in 2025, but due to delays in patient enrollment against the plan, the Group, together with researchers involved in the study, is considering making revisions to the study protocol.

The Group is also looking to develop BCV to treat multiple sclerosis, an intractable disease that has recently been proven to be associated with Epstein-Barr virus (EBV). In August 2022, the Group entered into a collaboration agreement with the National Institute of Neurological Disorders and Stroke (NINDS), part of the National Institutes of Health (NIH) in the U.S., for the transfer of materials for evaluation of BCV's potential antiviral effect on EBV. In March 2023, with the goals of verifying the efficacy of BCV against EB virus infections in the treatment of multiple sclerosis and acquiring information necessary to conduct future clinical studies, the Group concluded a Cooperative Research and Development Agreement (CRADA), and in October 2023, Dr. Maria Chiara Monaco presented the research results at the 9th Joint ECTRIMS-ACRIMS Meeting held in Milan, Italy. Further, in April 2023, the Group entered into a CRADA with the National Institute of Allergy and Infectious Diseases (NIAID) of the US National Institute of Health, to evaluate the effectiveness of BCV in treating EBV-associated lymphoproliferative diseases.

Among dsDNA viruses, polyomaviruses, especially JC viruses (JSV), are known to cause serious brain diseases through their infection. As existing antiviral drugs show little efficacy, the development of an effective treatment is eagerly awaited. In November 2022, the Group entered into Material Transfer Agreement with Penn State College of Medicine whereby the Group will provide BCV for use in a non-clinical study to evaluate the efficacy of BCV in mouse models of mouse polyomavirus infection.

Some dsDNA viruses, such as HSV1 and VZV, are directed against cranial nerve tissues, and recent studies have suggested that the reactivation of latent strains of these viruses may play a role in causing serious neurological disorders, including Alzheimer's disease. In December 2022, the Group entered into a Sponsored Research Agreement with Tufts University to conduct joint research on BCV. This joint research is a nonclinical study that will evaluate the efficacy of BCV in a herpes simplex virus (HSV) infection model using a 3D (three-dimensional) brain model established by Tufts University.

In addition to having its strong antiviral effect, BCV also is expected to have an antitumor effect, and the Group is exploring new indications such as EBV-positive lymphoma, refractory brain tumors, and other cancers via research collaborations with the National Cancer Centre Singapore (NCCS) and University of California San Francisco (UCSF) Brain Tumor Center. In December 2022, the results of collaborative research with NCCS on the therapeutic efficacy of BCV in the treatment of NK/T-cell lymphoma for which no effective treatment is currently available were presented at the 64th American Society of Hematology (ASH) Annual Meeting in New Orleans. In June 2023, the results of research on biomarkers that predict the antitumor efficacy of BCV were presented at the 17th International Conference on Malignant Lymphoma (ICML) held in Lugano, Switzerland.

In September 2022, Chimerix announced that it has completed the closing of the sale of BCV to Emergent BioSolutions Inc. (head office: Maryland, U.S.). The Group's exclusive worldwide development, manufacturing, and marketing rights to BCV for all indications except orthopox virus infections (including smallpox and monkeypox) will not be affected.

### (iii) Business outside Japan

In August 2023, Dr. Stephane Berthier was appointed CEO and president of SymBio Pharma USA, Inc., and in September 2023, Dr. Nkechi Azie joined the management team as global chief medical officer (CMO). The Group will further expand its global development structure and position SymBio Pharma USA as the driving force behind the international clinical trials, spearheading and accelerating the global development plan for BCV.

### (iv) Licensing of new drug candidates

The Group is moving ahead with global development of brincidofovir, an antiviral drug in-licensed in 2019. At the same time, the Group continues to evaluate new drug candidates for potential in-licensing. Through these efforts, the Group aims to create medium- to long-term business value as a profitable biopharmaceutical company with growth potential.

### (v) Capital investment

The total amount of capital expenditures during the fiscal year under review was 204 thousand yen, mainly consisting of office investments and the purchase of appliances, network devices, and business software.

## (2) Fundraising status

In the consolidated fiscal year under review, the Group raised 692,400 thousand yen through the issue of new shares with EVO FUND as the allottee.

### (3) Status of assets and profit and loss

(Unit: thousands of yen)

Fiscal year	FY 2020 The 16th Term	FY 2021 The 17th Term	FY 2022 The 18th Term	FY 2023 The 19th Term (Consolidated fiscal year)
Classification				
Net sales	-	-	10,008,338	5,589,708
Operating profit (loss)	-	-	1,963,625	(811,668)
Ordinary profit (loss)	-	-	1,999,878	(736,130)
Profit (loss) attributable to owners of parent	-	-	1,179,238	(1,962,817)
Profit (Loss) per share (yen)	-	-	30.20	(49.19)
Total assets	-	-	10,433,347	8,170,243
Net assets	-	-	8,506,092	7,209,909
Net assets per share (yen)	-	-	204.83	164.32

(Note) Figures for the 17th and prior terms have been omitted as the Company began preparing consolidated financial statements from the 18th term.

### (4) Issues to be addressed by the Group

The Group is committed to focusing on the following key management objectives.

#### (i) Further expansion of the pipeline

In order to enhance the enterprise value as a specialty pharmaceutical company, we need to expand the pipeline through ongoing in-licensing of new drug candidates for development.

The Group is conducting or planning development of the following anticancer agents: SyB L-0501, SyB L-1101, SyB C-1101, SyB L-1701, SyB L-1702, and antiviral drug SyB V-1901. Currently we are in discussion with counterparties regarding the in-licensing of several new drug candidates, and will continue with active efforts to in-license new drug candidates for development in order to further expand our pipeline.

#### (ii) Life cycle management of products in the existing pipeline

In order to enhance the enterprise value, not only in-licensing new drug candidates but also promoting product life cycle management is important. Therefore, it is critical to maximize returns from each drug under development through indication expansion after the in-licensed drugs' initial approval.

TREAKISYM<sup>®</sup> is approved for manufacturing and marketing in Japan for the indications of recurrent/refractory low-grade non-Hodgkin's lymphoma and mantle cell lymphoma, chronic lymphocytic leukemia, and first-line treatment of low-grade non-Hodgkin's lymphoma and mantle cell lymphoma. TREAKISYM<sup>®</sup> was also granted approval for recurrent/refractory diffuse large B-cell lymphoma (r/r DLBCL) in March 2021. In addition, the Company in-licensed the RTD formulation and RI injection of TREAKISYM<sup>®</sup> from Eagle Pharmaceuticals in efforts to maximize the business value of TREAKISYM<sup>®</sup> by promoting the product life cycle management of the product. For the RTD formulation, the Company obtained manufacturing and marketing approval in September 2020, and launched the product in January 2021. For the RI injection, the Company filed a partial change application in May 2021, and obtained approval in February 2022.

With respect to rigosertib, U.S. licensor Onconova had been conducting a global Phase III study (INSPIRE study) of the drug in patients with myelodysplastic syndromes (MDS), but in August 2020, it announced that the primary endpoint of the study—improved overall survival compared to physician's choice of treatment—had not been met. The Company is in charge of clinical development in Japan and is reviewing ways to utilize findings from the additional analysis of the INSPIRE study in future development of rigosertib.

With the aim of maximizing the business value of rigosertib and TREAKISYM<sup>®</sup>, the Company intends to conduct joint research with the University of Tokyo, to investigate the efficacy of the drugs used in combination as well as used in combination with other existing drugs and look for new indications.

The Company is pressing forward with the global development of antiviral drug brincidofovir targeting adenovirus infections occurring after hematopoietic stem cell transplantation and BK virus infections occurring after kidney transplantation, areas with a high unmet medical need, ahead of any other indications. In the Phase IIa clinical trial targeting adenovirus infections associated with hematopoietic stem cell transplantation, in May 2023, proof of concept (PoC) was established in humans for the intravenous formulation of brincidofovir. For the Phase II clinical trial of brincidofovir targeting BK virus infections associated with kidney transplantation, due to delays in patient enrollment against the study plan, the Company will again consider revising the study protocol with researchers. It has also begun to explore the potential of the drug in treating virus-induced cancers. We aim to maximize earnings through managing the lifecycle of our products as we transform into a specialty pharmaceutical company with the capacity to expand into global markets. Further, in March and April 2023, we entered into a Cooperative Research and Development Agreement (CRADA) with two research institutions belonging to the US National Institutes of Health. Moreover, by accumulating data from joint research with Tufts University in the US, we will investigate the effectiveness of brincidofovir in treating various dsDNA virus infections in humans and expand its indication to multiple viral infections. In doing so, we aim to maximize the market and business value of brincidofovir.

#### (iii) Countermeasures to generic drugs

In February 2022, four pharmaceutical companies obtained approval to manufacture and market generic versions of the RTD formulation of TREAKISYM<sup>®</sup>, and two of the four companies began sales of the generic versions. The two companies then obtained approval for the rapid infusion (RI) formulation of TREAKISYM<sup>®</sup> and began selling it. Given the potential infringement of the licensor Eagle Pharmaceuticals, Inc.'s patent and the exclusive patent license granted to SymBio, the Company, after discussing with Eagle, jointly filed a lawsuit with Eagle against Pfizer Japan Inc. and Towa Pharmaceutical Co., Ltd. in December 2022, seeking an injunction against the manufacture and sale of the generic versions of TREAKISYM<sup>®</sup> and claiming damages based on

patent infringement. The lawsuit against the two companies is still ongoing, and the Company is working tirelessly to protect and preserve its rights.

(iv) Global expansion for further growth

In addition to Japan, the Group identifies China, South Korea, Taiwan, and Singapore as strategic regions and has moved forward with business development in Asia. However, with expanding medical expenditures due to the aging population in Japan, and the advent of the “era of generic drugs comprising 80% of all drugs dispensed” as a governmental policy of Japan, the business environment for innovative drug developers is expected to remain extremely challenging. Such a policy may also be implemented by other Asian countries.

Under these circumstances, the Group will promote global expansion aiming for further growth. Utilizing its experience fostered through its business in Asia, the Company will search, evaluate, and negotiate concerning new drug candidates that can follow antiviral drug brincidofovir in order to acquire their rights on a global scale.

(v) Securing personnel

The Group places the highest priority on personnel as the Company’s principal management resource. Without talent, we cannot make superior achievements in terms of exploring, developing, and providing information concerning new drugs; nor can we roll out these new drugs on a global scale. We have been continually recruiting talented people; especially after being listed, we have recruited the best and brightest people in order to strengthen the management organization. Going forward, we plan to continue to further strengthen our human resources by providing on-the-job training and employee development programs.

(vi) Financial issue

It is necessary for the Group to raise funds required for business activities such as R&D expenditures as pipeline development and global business expansion progress and as drug candidates increase in number.

Therefore, we make every effort to further strengthen the financial base by continually diversifying the method of fund raising and curtailing costs through tight budget control.

**(5) Major business activities (as of December 31, 2023)**

The Group regards underserved therapeutic areas that lack the development of new drugs, despite significant unmet medical needs, as business opportunities. We develop new drugs with a primary focus on the treatment of rare diseases, mainly in the areas of oncology, hematology, and multiple viral infections, and conduct integrated business activities that encompass search for new drug candidates, development, manufacturing, and sales.

**(6) Main office and employees**

(i) Main office (as of December 31, 2023)

Name	Location
Main office	Minato-ku, Tokyo

(ii) Employees (as of December 31, 2023)

Classification	Number of employees	Increase or decrease from previous fiscal year-end	Average age (years)	Average number of years of service
Male	74	-18	55.2	4.8
Female	35	+5	51.9	4.7
Total or average	109	-13	54.2	4.8

(Notes) 1. Number of employees refers to full time employees.

2. The above number of employees does not include 20 temporary staff (none at consolidated subsidiary).

**(7) Status of significant subsidiaries**

Company name	Capital	Voting rights ratio	Main business
SymBio Pharma USA, Inc.	USD1.00	100.0%	Pharmaceutical R&D

**(8) Main lenders and amount of borrowings (as of December 31, 2023)**

Not applicable.

## 2. Matters Related to Stock (as of December 31, 2023)

### (1) Total number of authorized shares

Common stock: 65,000,000 shares

### (2) Total number of shares outstanding

Common stock: 42,190,361 shares (excluding 87,720 shares of treasury stock)

### (3) Number of shareholders

37,176

### (4) Major shareholders (10 largest)

Name of shareholder	Number of shares held	Shareholding ratio
Fuminori Yoshida	1,179,700	2.8%
BofAS Inc. Segregation Account	1,009,775	2.4%
Norihiro Kuroda	610,000	1.4%
Sukenori Ito	430,000	1.0%
Matsui Securities Co., Ltd.	271,000	0.6%
Nomura Securities Co., Ltd.	270,030	0.6%
State Street Bank and Trust Company 510643	258,000	0.6%
SBI Securities Co Ltd.	255,980	0.6%
BNP Paribas London Branch for Prime Brokerage Clearance Acc for Third Party	249,700	0.6%
Morgan Stanley MUFG Securities Co., Ltd.	224,819	0.5%

(Notes) Shareholding ratio (%) indicates the percentage of shares outstanding held. Shares outstanding is equal to the number of shares issued minus treasury shares.).

### 3. Matters Related to Share Acquisition Rights

#### (1) Share acquisition rights held by the Company's Officers that were issued as compensation for services (as of December 31, 2023)

	The 48th warrant by resolution of the Board of Directors meeting on March 28, 2019	The 52nd warrant by resolution of the Board of Directors meeting on March 26, 2020	The 54th warrant by resolution of the Board of Directors meeting on March 24, 2021
Number of share acquisition rights	3,150 units	4,600 units	1,630 units
Number of shares to be issued upon the exercise of share acquisition rights <sup>(Note 3)</sup>	78,750 shares	115,000 shares	40,750 shares
Amount paid for share acquisition rights	19,400 yen per unit	8,100 yen per unit	29,225 yen per unit
Value of property to be contributed upon the exercise of each share acquisition right	1 yen per share	1 yen per share	1 yen per share
Period in which exercise of share acquisition rights is possible	From: March 30, 2022 To: March 29, 2029	From: March 27, 2023 To: March 26, 2030	From: March 25, 2024 To: March 24, 2031
Status of possession by Directors (excluding Audit & Supervisory Committee members and Outside Directors) <sup>(Note 3)</sup>	—	—	1,000 units (1 holder) 25,000 shares
Status of possession by Outside Directors (excluding Audit & Supervisory Committee Members)	250 units (1 holder) 6,250 shares	400 units (1 holder) 10,000 shares	450 units (3 holders) 11,250 shares

	The 56th warrant by resolution of the Board of Directors meeting on March 29, 2022	The 59th warrant by resolution of the Board of Directors meeting on March 23, 2023
Number of share acquisition rights	3,200 units	3,160 units
Number of shares to be issued upon the exercise of share acquisition rights <sup>(Note 3)</sup>	80,000 shares	79,000 shares
Amount paid for share acquisition rights <sup>(Note 1) (Note 3)</sup>	17,200 yen per unit	11,000 yen per unit
Value of property to be contributed upon the exercise of each share acquisition right	1 yen per share	1 yen per share
Period in which exercise of share acquisition rights is possible	From: March 30, 2025 To: March 29, 2032	From: March 24, 2026 To: March 23, 2033
Status of possession by Directors (excluding Audit & Supervisory Committee Members and Outside Directors) <sup>(Note 3)</sup>	2,000 units (1 holder) 50,000 shares	2,560 units (1 holder) 64,000 shares
Status of possession by Outside Directors (excluding Audit & Supervisory Committee Members) <sup>(Note 3)</sup>	450 units (3 holders) 11,250 shares	600 units (3 holders) 15,000 shares

(Notes) 1. The person who receives the allotment of share acquisition rights shall offset the amount to be paid for the relevant share acquisition rights against cash compensation equivalent to the amount.

2. There are no share acquisition rights held by Directors serving as Audit & Supervisory Committee Members.

3. The Company conducted a 1-for-4 consolidation of common shares on July 1, 2019. Number of shares to be issued upon the exercise of share acquisition rights and exercise price have been adjusted accordingly.

**(2) Share acquisition rights distributed to the Company's employees as compensation for services during the fiscal year under review (as of December 31, 2023)**

	The 60th warrant by resolution of the Board of Directors meeting on March 23, 2023
Number of share acquisition rights	10,801 units
Number of shares to be issued upon the exercise of share acquisition rights	270,025 shares
Amount paid for share acquisition rights <sup>(Note 2)</sup>	11,000 yen per unit
Value of property to be contributed upon the exercise of each share acquisition right	1 yen per share
Period in which exercise of share acquisition rights is possible	From: March 24, 2026 To: March 23, 2033
Status of allotment to the Company's employees <sup>(Note 1)</sup>	7,986 units (85 holders) 199,650 shares

(Notes) 1. Of the share acquisition rights mentioned above, 2,815 units (70,375 shares) have been forfeited due to the retirement or resignation of employees.

2. The person who receives the allotment of share acquisition rights shall offset the amount to be paid for the relevant share acquisition rights against cash compensation equivalent to the amount.

**(3) Other important matters concerning share acquisition rights (as of December 31, 2023)**

The details of the issue of share acquisition rights via third-party allotment were determined as below by resolution of the Board of Directors at a meeting held on May 16, 2022.

	The 58th warrant by resolution of the Board of Directors meeting on May 16, 2022
Allotee	CVI INVESTMENT, Inc.
Number of share acquisition rights	20,000 units
Number of shares to be issued upon the exercise of share acquisition rights	2,000,000 shares
Amount paid for share acquisition rights	688 yen per unit
Value of property to be contributed upon the exercise of each share acquisition right	261 yen per share
Period in which exercise of share acquisition rights is possible	From: June 2, 2022 To: June 1, 2027

## 4. The Company's Officers (as of December 31, 2023)

### (1) Names of Directors and Audit & Supervisory Board Members

Company position	Name	Responsibility and significant concurrent position
Representative Director	Fuminori Yoshida	Representative Director, President and CEO
Director	Shigetoshi Matsumoto	Audit Practice Counselor, Japan Audit & Supervisory Board Members Association
Director	Bruce David Cheson	Doctor, Cancer and Blood Disorders Center
Director	Eiji Ebinuma	Partner, Tanabe & Partners Outside Director, Rakuten Bank, Ltd.
Director (full-time Audit & Supervisory Committee Member)	Kiyoshi Watanabe	
Director (Audit & Supervisory Committee Member)	Kesao Endo	Representative, Endo C.P.A. Firm Outside Director, Careerlink Co., Ltd. Representative Partner, ABS Audit Corp.
Director (Audit & Supervisory Committee Member)	Yasuhiro Tamo	Partner, Nomura & Partners

- (Notes) 1. Shigetoshi Matsumoto, Bruce David Cheson, Eiji Ebinuma, Kiyoshi Watanabe, Kesao Endo, and Yasuhiro Tamo are Outside Directors.
2. The Company has designated Outside Directors Shigetoshi Matsumoto, Eiji Ebinuma, Kiyoshi Watanabe, and Kesao Endo as independent officers pursuant to the provisions of the Tokyo Stock Exchange (TSE) and registered them as such with the TSE.
3. Director (Audit & Supervisory Committee Member) Kesao Endo possesses deep insight in finance and accounting, which he gained through his profession as a certified public accountant.
4. The Company has appointed Outside Director Kiyoshi Watanabe as full-time Audit & Supervisory Committee Member to enable gathering of information from Directors (excluding Audit & Supervisory Committee Members) and information sharing at important meetings, as well as sufficient cooperation between the Internal Audit Division and Audit & Supervisory Committee, with the aim of strengthening the Committee's audit and supervisory functions.
5. The Company has adopted the Corporate Officer System. The Corporate Officers who do not hold concurrent positions as Directors are as follows:
- |                                      |                   |
|--------------------------------------|-------------------|
| Vice President and Corporate Officer | Takaaki Fukushima |
| Corporate Officer                    | Koji Fukushima    |
| Corporate Officer                    | Kozo Yoshida      |
| Corporate Officer                    | Hiroyuki Hotta    |
| Corporate Officer                    | Stephane Berthier |

### (2) Summary of the contents of the liability limitation agreement

The Company has entered into a liability limitation agreement with all Directors excluding those engaged in business execution based on the provisions of Article 427, Paragraph 1 of the Companies Act. Under the terms of the agreement, in the event that a Director has caused loss to the Company due to negligence of his or her duties, and if the Director performed his or her duties in good faith and without gross negligence, the Director's liability will be limited to the higher of 1,000,000 yen or the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act.

### (3) Summary of the contents of the indemnification contract

The Company has entered into an indemnification contract with Fuminori Yoshida, Shigetoshi Matsumoto, Bruce David Cheson, Kiyoshi Watanabe, Kesao Endo, and Yasuhiro Tamo as stipulated in Article 430-2, Paragraph 1 of the Companies Act. In addition to expenses related to shareholder lawsuits that may arise due to misconduct, the indemnification contract covers a wide range of expenses that individual directors and the Company may incur, including the costs of dealing with criminal proceedings and public investigations outside Japan.

### (4) Directors and Officers Liability Insurance Policies

The Company has obtained Directors and Officers Liability Insurance Policies covering the Directors and Corporate Officers of the Company and its subsidiaries.

The aforementioned insurance is payable as indemnification for losses suffered by the insureds as a result of a legal action brought for alleged wrongful acts in their capacity as Directors and Corporate Officers. However, the insurance policies exclude coverage for claims arising out of fraudulent or dishonest acts conducted knowing that they were in violation of the laws and regulations. By establishing such exclusions, we have taken steps to ensure the appropriateness of the execution of duties by officers is not compromised.

Costs of premiums paid on the aforementioned insurance are borne entirely by the Company.

### (5) Compensation of members of the Board of Directors

- (i) Matters related to the policy for determining the details of individual compensation for Directors

The Company's basic policy is to set the compensation for Directors at an appropriate level in consideration of their responsibilities. The amount of compensation for Directors does not include the share of salary as an employee for Directors who are concurrently serving as employees.

The Audit & Supervisory Committee has the authority to make decisions on the policy concerning the determination of the amount

of compensation, or the calculation method thereof, for Directors serving as Audit & Supervisory Committee Members. The contents of such authority and the scope of discretion shall be determined by the Audit & Supervisory Committee with the consent of all of its members, within the limit of the total amount determined at the General Meeting of Shareholders.

1. Basic policy

The compensation system for Directors (excluding those serving as Audit & Supervisory Committee Members) shall be linked to shareholders' profit to function sufficiently as an incentive for the sustainable enhancement of corporate value. Furthermore, the compensation of individual Directors (excluding those serving as Audit & Supervisory Committee Members) shall be determined at an appropriate level based on the responsibilities of each position, and compensation shall consist of basic compensation as fixed compensation, performance-linked compensation, and stock-based compensation.

2. Policy on determination of the amount of basic compensation (monetary compensation) of individual Directors (excluding those serving as Audit & Supervisory Board Members; including policies on determining the timing or conditions for granting compensation)

The basic compensation for Directors (excluding those serving as Audit & Supervisory Committee Members) of the Company shall be a monthly fixed compensation, and shall be determined based on a comprehensive consideration of the role, responsibilities, years of service taking into account the level of compensation at other companies, the Company's business performance, and the level of employee salaries. In making the decision, the Company confirms that the decision is in line with the above policy, based on the report of the Nomination and Compensation Committee, which is composed of a majority of Outside Directors, with an Outside Director serving as the chairperson. The decision is then delegated to the Representative Director by a resolution of the Board of Directors. In addition, the Company ensures reasonableness by delegating the decision to the Representative Director within the scope of the report that has been appropriately reviewed by the Nomination and Compensation Committee.

3. Policy on determining the ratio of performance-linked compensation and other compensation of Directors (excluding those serving as Audit & Supervisory Committee Members)

Performance-linked compensation may be linked to the Medium-Term Management Plan, etc. to raise awareness of the need to improve business performance, and compensation may be paid in a way that links business performance to compensation, or stock options may be granted. The ratio of performance-linked compensation to other compensation shall be considered by the Nomination and Compensation Committee. The Board of Directors shall delegate the President and Representative Director to respect the content of the report of the Nomination and Compensation Committee and to determine the content of compensation for each individual Director (excluding those serving as Audit & Supervisory Committee Members). The ratio of compensation for Directors who engage in business execution is considered based on the level of compensation benchmarked to companies of a similar scale as the Company or companies in related industries and business categories.

4. Matters concerning the determination of the content of individual compensation of Directors (excluding those serving as Audit & Supervisory Committee Members)

The amount of compensation and stock options for each individual shall be reviewed by the Nomination and Compensation Committee. The Board of Directors shall delegate the Representative Director, President and CEO to make decisions while respecting the content of the report of the Nomination and Compensation Committee. Based on the delegation by the resolution of the Board of Directors, Representative Director, President and CEO Fuminori Yoshida decides the amount, timing, and method of payment of compensation to each Director for the current fiscal year. The above authority was delegated to Fuminori Yoshida, as the Company deems it appropriate for the Representative Director, President and CEO to make decisions on the contents of compensation in order to make decisions that take into account the evaluation of each Director's business performance while taking a comprehensive view of the Company's performance.

(ii) Reasons for the Board of Directors' determination that the contents of the compensation of Directors (excluding those serving as Audit & Supervisory Committee Members) for the fiscal year under review is in line with the said policy

In determining the compensation for each individual Director (excluding those serving as Audit & Supervisory Committee Members), the Board of Directors has determined that the contents of the decision are in line with the above policy, given that the Representative Director makes the decision in line with the said policy.

(iii) Matters concerning the resolution of the General Meeting of Shareholders regarding compensation

At the 17th Ordinary General Meeting of Shareholders held on March 29, 2022, it was resolved that the maximum annual amount of compensation for Directors (excluding those serving as Audit & Supervisory Committee Members) shall be 130 million yen (40 million yen for Outside Directors; does not include employee salaries for Directors concurrently serving as employees). The number of Directors (excluding those serving as Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was five (5), including three (3) Outside Directors.

Separate from the monetary compensation, it was resolved at the said General Meeting of Shareholders that the maximum annual amount of stock options granted to Directors (excluding those serving as Audit & Supervisory Committee Members) shall be 90 million yen (30 million yen for Outside Directors), and that the maximum number of stock acquisition rights granted within a year from the date of the General Meeting of Shareholders of each fiscal year shall be 3,200 units (does not include employee salaries for Directors concurrently serving as employees). The number of Directors (excluding those serving as Audit & Supervisory Committee Members) at the conclusion of the said General Meeting of Shareholders was five (5), including three (3) Outside Directors.

At the 17th Ordinary General Meeting of Shareholders held on March 29, 2022, it was resolved that the maximum annual amount of monetary compensation for Directors serving as Audit & Supervisory Committee Members shall be 30 million yen, and that the specific amount and timing of payments shall be determined by discussions among Directors serving as Audit & Supervisory Committee Members. The number of Directors serving as Audit & Supervisory Committee Members at the conclusion of the said General Meeting of Shareholders was three (3).

(iv) Total amount of compensation for Directors and Audit & Supervisory Board Members

Classification	Total amount of compensation (thousand yen)	Total amount of compensation by type (thousand yen)			Number of eligible officers
		Base compensation	Performance-linked compensation	Non-monetary compensation	
Directors, excluding Audit & Supervisory Committee Members (Outside Directors)	104,132 (33,050)	64,501 (23,791)	— (—)	39,631 (9,259)	4 (3)
Directors serving as Audit & Supervisory Committee Members (Outside Directors)	26,283 (26,283)	26,283 (26,283)	— (—)	— (—)	3 (3)

(Notes) 1. The amount of compensation for Directors does not include the share of salary as an employee for Directors who are concurrently serving as employees.

2. The contents of non-monetary compensation are the amount of expenses recorded during the fiscal year under review related to stock acquisition rights granted as stock options.

## (6) Matters Concerning Outside Directors and outside members of the Audit & Supervisory Board

### (i) Status of main activities during the fiscal year under review

Position	Name	Status of attendance at the Board of Directors meetings	Status of attendance at the Audit & Supervisory Committee meetings	Opinions at the Board of Directors meetings, the Audit & Supervisory Board meetings, and the Audit & Supervisory Committee meetings
Director	Shigetoshi Matsumoto	21 out of 21 (100%)	—	Mr. Matsumoto expressed opinions from an objective perspective independent from the Company's management engaged in business operations, leveraging his extensive knowledge and experience with the business practices of companies in the same industry and with auditing work.
Director	Bruce David Cheson	21 out of 21 (100%)	—	Dr. Cheson expressed opinions from an objective perspective independent from the Company's management engaged in business operations, leveraging his extensive knowledge and experience as a physician.
Director	Eiji Ebinuma	21 out of 21 (100%)	—	Mr. Ebinuma expressed opinions from an objective perspective independent from the Company's management engaged in business operations, using his knowledge and experience at financial institutions and as an attorney at law, mainly in the area of labor law, and his extensive knowledge as an Outside Director.
Director (full-time Audit & Supervisory Committee Member)	Kiyoshi Watanabe	21 out of 21 (100%)	18 out of 18 (100%)	Mr. Watanabe actively expressed opinions from an objective and fair perspective based on his extensive experience and knowledge as an audit & supervisory board member at listed companies in order to achieve highly effective managerial supervision.
Director (Audit & Supervisory Committee Member)	Kesao Endo	21 out of 21 (100%)	18 out of 18 (100%)	Mr. Endo actively expressed opinions from a neutral perspective based on the specialized knowledge and extensive experience he accumulated as a certified public accountant in order to achieve highly effective managerial supervision.
Director (Audit & Supervisory Committee Member)	Yasuhiro Tamo	21 out of 21 (100%)	18 out of 18 (100%)	Mr. Tamo expressed opinions from an objective perspective independent from the Company's management engaged in business operations, based on his knowledge and experience as an attorney at law, mainly in the area of corporate law.

### (ii) Summary of duties performed in roles expected to be fulfilled by Outside Directors

1. Shigetoshi Matsumoto and Eiji Ebinuma have been involved as members of the Nomination and Compensation Committee from an objective and neutral standpoint in the selection of candidates for the Company's Board of Directors and the determination of compensation for Directors.
2. Bruce David Cheson has contributed to the enhancement of the Company's group-wide governance and supervisory functions from a global perspective, and to the monitoring and supervision of the management of the Company from an independent standpoint.
3. Kiyoshi Watanabe has contributed to the enhancement and reinforcement of the Company's corporate governance and to the monitoring and supervision of the Company's management from an independent standpoint, leveraging his track record at financial institutions and his broad experience and deep insight in management.
4. Kesao Endo has monitored and supervised the Company's management and contributed to strengthening its supervisory function over business execution from an independent standpoint, drawing on his expertise and abundant experience as a certified public accountant.
5. Yasuhiro Tamo has monitored and supervised the Company's management and contributed to strengthening the supervisory function of business execution from an independent standpoint, based on his knowledge and extensive experience as an attorney at law, mainly in the area of corporate law.

## 5. Status of Accounting Auditor

### (1) Name of accounting auditor

Ernst & Young ShinNihon LLC

### (2) Summary of the contents of the liability limitation agreement

Not applicable.

### (3) Summary of the contents of the compensation agreement

Not applicable.

### (4) Amount of compensation

	Amount paid
Amount of compensation paid to the accounting auditor concerning the fiscal year under review	33,300 thousand yen
Total amount of monetary and other property benefits to be paid by the Company and its subsidiary	33,300 thousand yen

- (Notes) 1. Reasons for the Audit & Supervisory Committee's approval of the amount of compensation to be paid to the accounting auditor  
The Audit & Supervisory Committee verified the contents of the audit planning by the accounting auditor, performance of its duties in previous years, and status of planning and actual performance, and as a result of a careful review on the adequacy of the amount of compensation for the fiscal year under review, has approved the amount of compensation to be paid to the accounting auditor, pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act.
2. The amounts of compensation for audits paid in accordance with the Companies Act, and the audits conducted in accordance with the Financial Instruments and Exchange Act, are not distinguished in the contract agreement between the Company and the accounting auditor. It is not possible to distinguish between compensation paid for these two types of audits; therefore the total amount thereof is stated.

### (5) Policies for dismissal or non-reappointment of the accounting auditor

When it is deemed necessary to dismiss (or not reappoint) the accounting auditor for reasons relating to the accounting auditor's execution of duties, the Audit & Supervisory Committee shall determine the contents of a proposal to be presented to a General Meeting of Shareholders in respect of the dismissal (or non-reappointment). In addition, when the accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee shall dismiss the accounting auditor with the consent of all members of the Audit & Supervisory Committee. If this is the case, an Audit & Supervisory Committee Member selected by the Audit & Supervisory Committee shall report the dismissal of the accounting auditor and the reasons for such dismissal at the first General Meeting of Shareholders convened after the dismissal.

## **6. System to Ensure the Appropriateness of Operations**

### **(1) The corporate system to ensure that Directors and employees comply with laws and ordinances, as well as the Articles of Incorporation, in the process of performing their duties**

#### **(i) Dissemination and thorough implementation of management philosophy**

In order to implement its management philosophy, the Company has established for the Group a Corporate Action Charter and standards of conduct to which all Company members are expected to adhere. The Company informs all executives and staff regarding these policies and asks for each member's understanding regarding the spirit of these regulations and for thorough compliance with the same. All business activities of the Company are based on the premise of compliance with laws and ordinances and the maintenance of corporate ethical standards (below, "compliance").

#### **(ii) Establishment of internal control committee**

The Company develops internal control systems and employs other measures to support thorough compliance, risk management, and financial reporting. In addition, an internal control committee has been established at the Company to ensure the Group's complete observance of laws and ordinances, the Articles of Incorporation, and other internal regulations through exhaustive supervision.

#### **(iii) Establishment of internal audit office, etc.**

The Company has established an internal audit office as an independent unit under the direct supervision of the President and appoints internal auditors to its subsidiary as necessary. Through regular audits and related activities, objective assessments are made as to the effectiveness and efficiency of business, the reliability of various financial reports, safeguarding of assets, compliance status of operations, and the appropriateness and effectiveness of corporate risk management policies. When necessary, the Company ensures the efficacy of internal controls by accepting advice and proposals concerning recommended improvements to the maintenance and operation of systems.

#### **(iv) Establishment of compliance reporting and consultation hot-lines**

The Company has established compliance reporting and consultation hot-lines both internal to and outside the Company, and has designated compliance liaisons to respond to reports and requests for consultation from employees of the Group, and to identify and resolve any compliance issues at the earliest stage possible.

#### **(v) Systems for securing reliable financial reporting**

The Company establishes internal control systems and oversees their appropriate operation in order to ensure reliable financial reporting for the Group.

### **(2) Corporate system for maintenance and control of information regarding the performance of duties by Directors**

The Group appoints an individual to be responsible for the general management of corporate documents and to appropriately maintain and otherwise control all important documents containing information as to the performance by Directors of their duties in addition to legally required records of proceedings of Shareholders meetings and Board of Directors meetings, as provided in laws and ordinances as well as in the Company's own "Rules for the Management of Documents."

### **(3) Corporate system for control of risk of loss, including in-house rules for such control**

The Group practices risk control under its basic risk control policy and related rules. The Internal Control Committee is responsible for the supervision and promotion of risk management. Additionally, the Company will swiftly respond to emergency situation by establishing an emergency response headquarters managed by the Representative Director and President.

### **(4) Corporate system to ensure the efficient performance of duties by Directors**

(i) Directors and employees perform their duties in appropriate and efficient accordance with the "Rules for the Board of Directors" and "Rules for the Internal Approvals," as well as other related regulations.

(ii) The Company regularly holds Executive Management Committee meetings pursuant to the "Rules for the Executive Management Committee" and reviews key proposals for the purpose of supporting careful and timely decision-making from the Representative Director and President.

(iii) The Company develops mid- to long-term business plans and operates and expands its business in accordance with these plans. In addition, the Company establishes numerical targets within its business plans for each fiscal year and, through monthly closings, manages progress toward these targets while making relevant reports to Directors.

### **(5) Basic policy against anti-social forces and their associates**

The Group resolutely opposes anti-social forces and their associates that pose a threat to the order or safety of society and forbids their participation in any and all business activities.

### **(6) Assistant to Audit & Supervisory Committee Members**

Audit & Supervisory Committee Members may request that the Representative Director and President appoint an employee to act as an assistant to Audit & Supervisory Committee Members. Upon receiving such a request, the Representative Director and President shall make an appropriate appointment.

**(7) Ensuring the independence of assistants to Audit & Supervisory Committee Members from Directors (excluding those serving as Audit & Supervisory Committee Members) and the effectiveness of the Audit & Supervisory Committee Members' instructions to employees**

- (i) Assistants to Audit & Supervisory Committee Members shall not receive instructions concerning their supporting duties from anyone other than Audit & Supervisory Committee Members.
- (ii) Matters such as personnel evaluation and transfer and disciplinary actions concerning employees that assist Audit & Supervisory Committee Members shall be subject to the prior consent of the Audit & Supervisory Committee.

**(8) Corporate system for Directors and employees to report to the Audit & Supervisory Committee; corporate system for other reports to the Audit & Supervisory Committee; and corporate system to ensure the efficient performance of audits by the Audit & Supervisory Committee**

- (i) Any Director or employee shall promptly inform the Audit & Supervisory Committee if and when he/she becomes aware of any circumstance that threatens to cause any significant damage to, or could adversely affect, the Company.
- (ii) Audit & Supervisory Committee Members may participate in all matters that they consider important in terms of gaining a better understanding of decision-making processes, conditions, and statuses of the Company's businesses. Accordingly, they may attend Board of Directors meetings, Executive Management Committee meetings, and other important meetings. In addition, they are permitted to view key decision-making documents related to these meetings.
- (iii) Audit & Supervisory Committee Members may individually interview Directors and employees in key positions of responsibility to obtain information regarding the management conditions of the Company's businesses.
- (iv) Audit & Supervisory Committee Members will regularly exchange opinions with the Representative Director and President and the accounting auditor.
- (v) The Company will not apply any sort of unfavorable treatment or unjust punishment to individuals who make reports to the Audit & Supervisory Committee.

**(9) Matters related to the treatment of expenses or obligations associated with the execution of duties of Audit & Supervisory Committee Members (limited to the execution of duties of Audit & Supervisory Committee), including the procedures for prepayment or reimbursement of such expenses**

- (i) The Company will respond without delay to claims for the prepayment of expenses made by Audit & Supervisory Committee Members under Article 399-2 of the Companies Act, accepting responsibility for associated expenses and processing related obligations, except in cases in which these have been determined unnecessary for the execution of the duties of Audit & Supervisory Committee Members.
- (ii) The Company authorizes and shoulders expenses incurred when Audit & Supervisory Committee Members seek opinions or advice from external experts, including attorneys and certified public accountants, if it is found necessary for the execution of their duties.

**(10) System to ensure appropriate operations of the corporate organization consisting of the Company and its subsidiary**

The Company will take the following measures to properly manage and operate the Group.

- (i) We will apply SymBio Charter of Corporate Conduct to our subsidiary, and strive to ensure thorough awareness of the Charter, along with the Codes of Conduct of subsidiary created based on the Charter.
- (ii) The Company will build and operate an appropriate internal control system related to the following, to enable appropriate management and business execution of the Group.
  - 1) System for reporting matters related to the execution of duties of subsidiary Directors to the Company
  - 2) Regulations and other systems for risk management and loss control of the subsidiary
  - 3) System to ensure that Directors of subsidiary are executing their duties efficiently
  - 4) System to ensure that Directors and employees of subsidiary are executing their duties in compliance with laws and regulations and the Articles of Incorporation

## **7. Summary of the Status of System to Ensure the Appropriateness of Operations**

- (i) The Company is striving to foster a culture of compliance across the organization and ensure appropriate operation of internal control systems through its communications with Directors and employees, and through publication of information such as the basic policies regarding internal control systems, corporate compliance conduct principles, basic risk control policies, and the whistleblowing system manual on the Company's intranet bulletin board, etc.
- (ii) At the Board of Directors meetings of the Company, Outside Directors (including Directors serving as Audit & Supervisory Committee Members) participate in resolutions from an independent standpoint and monitor and supervise the management. Each Audit & Supervisory Committee Member carries out management audits as well.
- (iii) Full-time Audit & Supervisory Committee Members attend important meetings such as the Board of Directors meetings as well as Executive Management Committee meetings, and exchange views with representative directors monthly.

## Consolidated Balance Sheet

(As of December 31, 2023)

(Unit: thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	8,082,526	Current liabilities	956,625
Cash and deposits	6,517,007	Accounts payable	853,825
Accounts receivable–trade	913,094	Provision for office relocation expenses	16,784
Merchandise and finished goods	231,650	Income taxes payable	18,474
Supplies	380	Other	67,540
Advance payments	271,516	Non-current liabilities	3,709
Prepaid expenses	119,271	Provision for retirement benefits	3,709
Other	29,607	<b>Total liabilities</b>	<b>960,334</b>
Non-current assets	87,716	(Net assets)	
Property, plant and equipment	–	Shareholders' equity	6,938,849
Buildings	237,233	Capital stock	17,952,692
Tools, furniture and fixtures	105,107	Capital surplus	17,927,584
Accumulated depreciation	(342,341)	Retained earnings	(28,852,303)
Investments and other assets	87,716	Treasury shares	(89,122)
Leasehold and guarantee deposits	87,716	Accumulated other comprehensive income	(5,985)
		Foreign currency translation adjustment	(5,985)
		Share acquisition rights	277,044
		<b>Total net assets</b>	<b>7,209,909</b>
<b>Total assets</b>	<b>8,170,243</b>	<b>Total liabilities and net assets</b>	<b>8,170,243</b>

(Note) Amounts of less than one thousand yen are rounded down.

## Consolidated Statement of Income

( From January 1, 2023  
to December 31, 2023 )

(Unit: thousands of yen)

Item	Amount	
I. Net sales		5,589,708
II. Cost of goods sold		1,178,694
Gross profit		4,411,013
III. Selling, general and administrative expenses		5,222,681
Operating loss		(811,668)
IV. Non-operating income		
Interest income	11,972	
Foreign exchange gains	117,106	
Other	3,711	132,789
V. Non-operating expenses		
Commission fee	12,728	
Share issuance cost	11,478	
Provision for office relocation expenses	25,176	
Loss on retirement of fixed assets	7,868	57,252
Ordinary loss		(736,130)
VI. Extraordinary income		
Gain on reversal of share acquisition rights	101,333	101,333
VII. Extraordinary loss		
Impairment loss	560,590	560,590
Loss before income taxes		(1,195,387)
Income taxes—current	22,700	
Income taxes—deferred	744,728	767,429
Loss		(1,962,817)
Loss attributable to non-controlling interests		—
Loss attributable to owners of parent		(1,962,817)

(Note) Amounts of less than one thousand yen are rounded down.

## Consolidated Statement of Changes in Equity

( From January 1, 2023  
to December 31, 2023 )

(Unit: thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance as of January 1, 2023	17,548,459	17,523,357	(26,889,486)	(88,154)	8,094,176
Changes during period					
Issuance of new shares	346,200	346,200			692,400
Issuance of new shares (exercise of share acquisition rights)	58,032	58,032			116,065
Loss attributable to owners of parent			(1,962,817)		(1,962,817)
Purchase of treasury shares				(996)	(996)
Disposal of treasury shares		(6)		28	21
Net changes of items other than shareholders' equity					
Total changes during period	404,232	404,226	(1,962,817)	(968)	(1,155,326)
Balance as of December 31, 2023	17,952,692	17,927,584	(28,852,303)	(89,122)	6,938,849

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of January 1, 2023	243	243	411,672	8,506,092
Changes during period				
Issuance of new shares				692,400
Issuance of new shares (exercise of share acquisition rights)				116,065
Loss attributable to owners of parent				(1,962,817)
Purchase of treasury shares				(996)
Disposal of treasury shares				21
Net changes of items other than shareholders' equity	(6,228)	(6,228)	(134,627)	(140,856)
Total changes during period	(6,228)	(6,228)	(134,627)	(1,296,183)
Balance as of December 31, 2023	(5,985)	(5,985)	277,044	7,209,909

(Note) Amounts of less than one thousand yen are rounded down.

## Notes to Consolidated Financial Statements

(Basis of consolidated financial statements)

(Scope of consolidation)

Number of consolidated subsidiaries and the name of key consolidated subsidiary	
Number of consolidated subsidiaries	One
Name of consolidated subsidiary	SymBio Pharma USA, Inc.

(Application of equity method accounting)

None to be reported.

(Significant accounting policies)

(1) Valuation basis and method of marketable and investment securities

Marketable and investment securities

Shares of subsidiaries and affiliates	Shares of subsidiaries are stated at cost determined by the moving-average method.
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Other marketable and investment securities

Available-for-sale securities with determinable market value	Available-for-sale securities with a determinable market value are stated at fair value based on marketable value on the closing date and other premises. Any valuation differences are included directly in shareholders' equity. Cost of securities sold is calculated by the moving-average method.
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Available-for-sale securities without determinable market value	Available-for-sale securities without determinable market value are stated at cost determined by the moving-average method.
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Derivative transactions	Derivative financial instruments are stated at fair value.
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Inventories	Merchandise and finished goods are stated at cost determined by the first-in, first-out method, and semi-finished goods are stated at cost determined by the weighted average cost method. The amount on the balance sheet is calculated by reducing book value when the contribution of inventories to profitability declines. Inventory items are classified into separate categories for the purpose of detailed monitoring of inventory movements and appropriate valuation.
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(2) Depreciation and amortization of non-current assets

Property, plant and equipment (excluding lease assets)	Depreciation of property, plant and equipment is computed by the straight-line method.
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The useful lives of major property, plant and equipment are summarized as follows:

Buildings	15 years
Tools, furniture and fixtures	6 to 10 years

Intangible assets (excluding lease assets)	Amortization of intangible assets is computed by the straight-line method.
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Capitalized software costs are being amortized over the period of the internal use of five years.

Lease assets	Depreciation of lease assets is computed by the straight-line method over the lease term with no residual value.
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(3) Basis for reserves and provisions

Provision for office relocation expenses	Due to the relocation of the head office, an amount equivalent to the rent during restoration work was recorded for FY2023.
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(4) Recognition of significant revenues and expenses

The Group recognizes revenue from the sale of merchandise and finished goods at the time of delivery to the customer, as this is when the control of the merchandise and finished goods is transferred to the customer and performance obligations are satisfied. Revenue from the sale of merchandise and finished goods is estimated within the range in which it is highly probable that there will not be a significant reversal of the consideration promised in the contract with the customer less sales rebates in accordance with the terms of the sales contract. The amount of consideration expected to be refunded to the customer is recorded as a refund liability. The refund liability is estimated based on the terms of the contract and past records.

(5) Other significant matters for preparation of consolidated financial statements

- (i) Fiscal year of the consolidated subsidiary  
The closing date of the consolidated subsidiary is the same as the consolidated closing date.
- (ii) Accounting method for deferred assets  
Share issuance costs and bond issuance costs are recorded in full as expenses when incurred.
- (iii) Accounting method for retirement benefits  
A simplified method is applied in calculating the retirement benefit liabilities and retirement benefit expenses, using the amount of benefits that would be payable if all employees voluntarily retired at the end of the fiscal year as retirement benefit liabilities.
- (iv) Standard for translation of foreign-currency denominated assets or liabilities into Japanese yen  
Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing on the closing date, and the difference arising from such translation is recorded as profit or loss.

(Notes on changes in accounting policy)

(Application of the "Guidance on Accounting Standard for Measurement of Fair Value")

The Company applied for the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021, from the beginning of the fiscal year under review.

In applying the "Guidance on Accounting Standard for Measurement of Fair Value", the Company has followed the transitional treatment prescribed in the provision of Paragraph 27-2 of the "Guidance on Accounting Standard for Measurement of Fair Value" and will apply the new accounting standard prescribed by the "Guidance on Accounting Standard for Measurement of Fair Value", prospectively.

The adoption of this accounting standard has no effect on the financial statements.

(Note to Accounting Estimates)

- (1) Amount recorded in the consolidated financial statements for the fiscal year under review  
Impairment loss recorded in the fiscal year under review: 560,590 thousand yen

- (2) Information regarding accounting estimates on the identified item

- (i) Calculation method

The Company generally groups its assets by the smallest unit that generates independent cash flows, assesses each grouping for indications of impairment, and determines the recognition of impairment losses for those assets or asset groups for which there are indications of impairment. The Company operates a single business and groups its business assets as a whole company.

When there is an indication of impairment, the Company determines whether an impairment loss should be recognized, and if so, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized. The recoverable amount is the higher of the net realizable value or the value in use of the asset or asset group, and the recoverable amount for the current fiscal year was measured by the value in use. Value in use is calculated as the discounted present value of future cash flows, and future cash flows are based on the budget approved by the Board of Directors.

- (ii) Major assumptions

Future cash flows are estimated on a budgetary basis. Future cash flows are developed based on certain assumptions that take into account important uncertainties, such as the sales situation affected by the sales volume of existing drugs, the timing and likelihood of the launch of drugs in the development stage, and the impact of the progress of the development plan.

- (iii) Impact on the consolidated financial statements for subsequent fiscal years

The above major assumptions may be affected by future changes in economic trends and other factors, and if it becomes necessary to revise the assumptions, new impairment losses may be incurred in the next fiscal year.

(Additional information)

(Overdraft and commitment line contracts)

The Group has overdraft and commitment line contracts with three banks in a business relationship to efficiently procure working capital. The status of the bank overdraft and loan commitments based on these contracts at the end of the fiscal year under review is as follows:

	(Unit: thousands of yen)
Total amounts of bank overdraft limit and loan commitment line	3,150,000
<u>Balance of borrowing outstanding</u>	<u>—</u>
Unused balance	3,150,000

(Consolidated Balance sheet)

Accumulated depreciation included accumulated impairment losses.

(Consolidated statement of income)

R&D costs included in general and administrative expenses: 2,638,234 thousand yen

## (Statement of changes in equity)

### (1) Type and number of shares issued and treasury shares

(Unit: number of shares)

		At beginning of current period	Increase	Decrease	At end of current period
Common stock	Shares issued	39,603,606	2,674,475	–	42,278,081

(Notes) Increase of 2,400,000 shares in the total number of outstanding common shares is due to a capital increase and increase of 274,475 shares issued in common stock is due to the exercise of share acquisition rights.

### (2) Number of shares to be issued upon exercise of share acquisition rights issued at the end of the fiscal year under review

Common stock 2,183,925 shares

(Note) Excludes share acquisition rights for which the commencement date of the exercise period has not yet arrived.

### (3) Matters related to dividends from surplus paid during the current fiscal year.

None to be reported

## (Financial instruments)

### (1) Financial instruments

#### (i) Policies for financial instruments

The Group procures the funds necessary in light of the pipeline development plan (primarily by third-party allotment and offering by new share issuance). A temporary surplus fund is invested in financial instruments which are highly safe and liquid.

As a principle, the Group does not enter into derivative transactions for speculative trading purposes but uses them within the scope prescribed in the Group's internal rules.

#### (ii) Types of financial instruments and related risks

Operating receivables such as accounts receivable–trade are exposed to the credit risk of customers and joint development partners. Operating receivables denominated in foreign currencies are exposed to foreign exchange fluctuation risk.

Operating payables such as accounts payable–trade and accounts payable–other are mostly due within 60 days. Operating payables denominated in foreign currencies are exposed to foreign exchange fluctuation risk.

The Group uses derivative transactions to avoid foreign exchange fluctuation risks and enters into forward exchange contracts within the scope prescribed in the internal rules based on balances of receivables and payables denominated in foreign currencies as well as the actual volume of export and import transactions denominated in foreign currencies.

Leasehold and guarantee deposits are mostly security deposits related to leased office premises and their refunds are subject to the credit risk of the lessor.

#### (iii) Risk management for financial instruments

##### 1. Monitoring of credit risks (the risk that customers or counterparties may default on obligations)

In accordance with the Group's internal credit policies for managing credit risk arising from operating receivables, the department in charge periodically monitors the creditworthiness of major customers and monitors due dates and outstanding balances by individual customers. In addition, the Company is making efforts to promptly identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Group enters into derivative transactions only with financial institutions which have a sound credit profile in order to mitigate the counterparty risk.

##### 2. Monitoring of market risk (the risk arising from fluctuations in foreign exchange rates, interest rates, and others)

The Group deposits cash primarily with financial institutions with high credit ratings.

The Group enters into forward exchange contracts in order to avoid foreign exchange fluctuation risks in connection with receivables and payables denominated in foreign currencies.

Followed by appropriate authorization procedures prescribed in the Group's internal rules, the Finance & Accounting department executes and monitors derivative transactions. Transaction performances are reported to the Executive Management Committee on a regular basis.

##### 3. Monitoring of liquidity risks (the risk that the Company may not be able to meet its obligations on the scheduled due date)

Based on the report from each department, the responsible department of the Group prepares and updates its cash flow plans on a timely basis and ensures to maintain the liquidity on hand to manage liquidity risk.

#### (iv) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

#### (v) Concentration of credit risk

As of the end of fiscal year under review, 100% operating receivables are from one particular major customer.

(2) Fair value of financial instruments

The carrying value on the consolidated balance sheet, fair values, and their differences as of December 31, 2023 are as follows.

(Unit: thousands of yen)

	Carrying value on the balance sheet	Fair value	Difference
Leasehold and guarantee deposits	87,716	79,894	(7,822)
Assets, total	87,716	79,894	(7,822)
Derivative transactions <sup>(*)</sup>	(9,827)	(9,827)	—

(Note) 1. Receivables and liabilities arising from derivative transactions are presented on a net basis and net liabilities are shown in parentheses.

(Note) 2. Cash and deposits, Accounts receivable–trade, Accounts payable–trade, Accounts payable–other, Income taxes payable and Consumption taxes payable are omitted because they are cash or are settled within a short time and the fair value is almost equal to the book value.

(Note) 3. The redemption schedule for monetary assets and securities with maturities after the closing date

(Unit: thousands of yen)

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	6,517,007	—	—	—
Accounts receivable–trade	913,094	—	—	—
Total	7,430,101	—	—	—

(Notes) Lease and guarantee deposits are not included because it is not possible to clearly determine the return date necessary to estimate the amortized amount of lease and guarantee deposits.

(4) Fair Value of Financial Instruments by levels

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from observable inputs that are not included in Level 1 inputs.

Level 3: Fair value derived from unobservable inputs.

When multiple inputs that have a significant impact on the fair value calculation are used, the fair value is classified at lower level category.

( i ) Financial instruments measured at fair value

(Unit: thousands of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Derivative transactions	—	(9,827)	—	(9,827)
Currency-related transactions	—	(9,827)	—	(9,827)
Liabilities, total	—	(9,827)	—	(9,827)

(Notes) Net receivables and payables, which were derived from derivative transactions, are presented in net amounts, and any item for which the total becomes a net liability is indicated in parentheses.

( ii ) Financial instruments other than those measured at fair value

(Unit: thousands of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	—	79,894	—	79,894
Assets, total	—	79,894	—	79,894

(Notes) Derivative transactions

Fair value calculations are based on quoted prices provided by counterparty financial institutions and are classified as Level 2 fair value.

Leasehold and guarantee deposits

Based on a reasonably estimated expected return period, the fair value is calculated based on the present value of the future cash flows discounted by the Japanese government bond yields corresponding to the period until redemption, and is classified as Level 2 fair value.

(Revenue recognition)

(1) Information about breakdown of revenue from contracts with customers

(Unit: thousands of yen)

	Current Consolidated Fiscal Year (From January 1, 2023 to December 31, 2023)
Sales of Merchandise and finished goods	5,589,708
Revenue from contracts with customers	5,589,708
Sales to external customers	5,589,708

(2) Underlying information in understanding revenue

Underlying information in understanding revenue is as stated in (Basis of consolidated financial statements), (Significant accounting policies), (4) Recognition of significant revenues and expenses.

(3) Information for understanding the revenue amount for the fiscal year under review and subsequent fiscal years

(i) Balance of contract assets and contract liabilities

The Group has no balance of contract assets and contract liabilities. In addition, no revenue was recognized in the fiscal year under review from performance obligations satisfied in previous fiscal years.

(ii) Transaction price allocated to remaining performance obligations

The Group does not have any material transactions with an initial expected term of contract exceeding one year. Further, there is no material amount of consideration arising from contracts with customers that is not included in the transaction price.

(Per-share information)

(1) Net assets per share	164.32 yen
(2) Net loss per share	(49.19) yen
Average number of shares outstanding during the year	39,902,249 shares

### (Significant subsequent events)

(Execution of agreement establishing share issuance program and issuance of new shares by way of third-party allotment)

On October 6, 2023 (the “Initial Press Release”), the Company announced that the Company’s Board of Directors, at a meeting held on the same date, had resolved to enter into an agreement with EVO FUND (the “Allottee”) to set up an equity issue program (the “Agreement to Set up an Equity Issue Program”), and based on the equity issue program established under the Agreement to Set up an Equity Issue Program (the “Program”), to issue new shares in five tranches (shares issued to the Allottee, whether individually or collectively, under the Program are referred to as the “Shares”).

The Company is authorized to issue up to a total of 6,000,000 ordinary shares by way of third-party allotment to the allottees in the period from 25 October 2023 to 3 April 2024, with ordinary shares to be issued by way of a total of five allotments, from the first to the fifth allotment.

As at the date of submission, the new shares to be issued by way of third-party allotment are as follows.

(3rd allotment)

The payment was completed on February 7, 2024.

1	Class and Numbers Shares Offered	1,200,000 common shares
2	Issue Price	230 yen per share
3	Capital inclusion amount	115 yen per share
4	Total Issue Price	276,000,000 Yen
5	Increases in Capital Stock and Legal Capital Surplus	138,000,000 Yen
6	Allotment resolution date	January 22, 2024
7	Deadline for Application	February 7, 2024
8	Due Date of Payment	February 7, 2024
9	Allottee	EVO FUND
10	Specific uses	(1) Development funds for antiviral drug brincidofovir (direct expenses) (2) Development funds for antiviral drug brincidofovir (indirect expenses) (3) Investment in new in-licensing and M&A for the purpose of securing long-term growth opportunities.

## (4th allotment) \*Note 1

1	Class and Numbers Shares Offered	1,200,000 common shares
2	Issue Price	To be determined *Note 2
3	Capital inclusion amount	The amount to be contributed to capital stock shall be half the upper limit of an increase in capital stock under Article 14, Paragraph 1, of the Rules of Corporate Accounting (with any fractional amounts less than one yen resulting from such calculation rounded up). The increase in the legal surplus shall be the upper limit of an increase in capital stock less the amount of the increase in capital stock.
4	Total Issue Price	To be determined.
5	Increases in Capital Stock and Legal Capital Surplus	To be determined.
6	Allotment resolution date	February 29, 2024 *Note 3
7	Deadline for Application	March 18, 2024
8	Due Date of Payment	March 18, 2024 *Note 3
9	Allottee	EVO FUND
10	Specific uses	<ul style="list-style-type: none"> <li>(1) Development funds for antiviral drug brincidofovir (direct expenses)</li> <li>(2) Development funds for antiviral drug brincidofovir (indirect expenses)</li> <li>(3) Investment in new in-licensing and M&amp;A for the purpose of securing long-term growth opportunities.</li> </ul>

## (5th allotment) \*Note 1

1	Class and Numbers Shares Offered	1,200,000 common shares
2	Issue Price	To be determined
3	Capital inclusion amount	The amount to be contributed to capital stock shall be half the upper limit of an increase in capital stock under Article 14, Paragraph 1, of the Rules of Corporate Accounting (with any fractional amounts less than one yen resulting from such calculation rounded up). The increase in the legal surplus shall be the upper limit of an increase in capital stock less the amount of the increase in capital stock.
4	Total Issue Price	To be determined.
5	Increases in Capital Stock and Legal Capital Surplus	To be determined.
6	Allotment resolution date	April 3, 2024 *Note 3
7	Deadline for Application	April 19, 2024
8	Due Date of Payment	April 19, 2024 *Note 3
9	Allottee	EVO FUND
10	Specific uses	(1) Development funds for antiviral drug brincidofovir (direct expenses) (2) Development funds for antiviral drug brincidofovir (indirect expenses) (3) Investment in new in-licensing and M&A for the purpose of securing long-term growth opportunities.

\*Note 1. The number of shares for each of the 4<sup>th</sup> through 5<sup>th</sup> allotments will range from 1,200,000 shares to 2,500,000 shares, and the total will not exceed the 6,000,000 shares stipulated for issuance under the Program. The actual number will be determined by the Allottee notifying the Company prior to the date of the resolution by the Board of Directors for each allotment (the “Allotment Resolution Date”).

\*Note 2. The issue price for each allotment will be the amount equal to the simple average of the closing price of common shares of the Company announced by the Tokyo Stock Exchange, Inc. (the “TSE”) during the 10 trading days up to and including the day immediately preceding the Allotment Resolution Date (rounded off to the first decimal place). (However, if there is no closing price for any of the 10 trading days, the Allottee may decide whether to include such a day in the calculation of the issue price.)

\*Note 3. The Allotment Resolution Date and the due date of payment may be changed, if agreed upon by the Company and the Allottee. If such changes occur, the Company will withdraw the securities registration statement allotment and submit a new securities registration statement.

## Balance Sheet

(As of December 31, 2023)

(Unit: thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	8,089,294	Current liabilities	976,136
Cash and deposits	6,276,521	Accounts payable	873,337
Accounts receivable–trade	913,094	Provision for office relocation expenses	16,784
Merchandise and finished goods	231,650	Income taxes payable	18,474
Supplies	380	Consumption taxes payable	32,509
Advance payments	271,516	Deferred income	9,827
Prepaid expenses	366,524	Other	25,203
Other	29,607	Non-current liabilities	3,709
Non-current assets	87,716	Provision for retirement benefits	3,709
Property, plant and equipment	-	Total liabilities	979,845
Buildings	237,233	(Net assets)	
Tools, furniture and fixtures	105,107	Shareholders' equity	6,920,120
Accumulated depreciation	(342,341)	Capital stock	17,952,692
Investments and other assets	87,716	Capital surplus	17,927,584
Shares of subsidiaries and associates	0	Legal capital surplus	17,922,692
Leasehold and guarantee deposits	87,716	Other capital surplus	4,891
		Retained earnings	(28,871,032)
		Other retained earnings	(28,871,032)
		Retained earnings brought forward	(28,871,032)
		Treasury shares	(89,122)
		Share acquisition rights	277,044
		Total net assets	7,197,165
Total assets	8,177,010	Total liabilities and net assets	8,177,010

(Note) Amounts of less than one thousand yen are rounded down.

## Statement of Income

( From January 1, 2023  
to December 31, 2023 )

(Unit: thousands of yen)

Item	Amount	
I. Net sales		5,589,708
II. Cost of goods sold		1,178,694
Gross profit		4,411,013
III. Selling, general and administrative expenses		5,263,120
Operating loss		(852,107)
IV. Non-operating income		
Interest income	11,972	
Foreign exchange gains	119,854	
Other	3,711	135,537
V. Non-operating expenses		
Commission fee	12,728	
Stock issuance expenses	11,478	
Provision for office relocation expenses	25,176	
Loss on retirement of fixed assets	7,868	57,252
Ordinary loss		(773,822)
VI. Extraordinary income		
Gain on reversal of share acquisition rights	101,333	101,333
VII. Extraordinary Loss		
Impairment loss	560,590	560,590
Loss before income taxes		(1,233,079)
Income taxes—current	8,915	
Income taxes—deferred	744,728	753,643
Net loss		(1,986,723)

(Note) Amounts of less than one thousand yen are rounded down.

## Statement of Changes in Equity

( From January 1, 2023  
to December 31, 2023 )

(Unit: thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward
Balance as of January 1, 2023	17,548,459	17,518,459	4,898	17,523,357	(26,884,309)
Changes during period					
Issuance of new shares	346,200	346,200		346,200	
Issuance of new shares (exercise of share acquisition rights)	58,032	58,032		58,032	
Loss					(1,986,723)
Purchase of treasury shares					
Disposal of treasury shares			(6)	(6)	
Net changes of items other than shareholders' equity					
Total changes during period	404,232	404,232	(6)	404,226	(1,986,723)
Balance as of December 31, 2023	17,952,692	17,922,692	4,891	17,927,584	(28,871,032)

	Shareholders' equity		Share Acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity		
Balance as of January 1, 2023	(88,154)	8,099,352	411,672	8,511,025
Changes during period				
Issuance of new shares		692,400		692,400
Issuance of new shares (exercise of share acquisition rights)		116,065		116,065
Loss		(1,986,723)		(1,986,723)
Purchase of treasury shares	(996)	(996)		(996)
Disposal of treasury shares	28	21		21
Net changes of items other than shareholders' equity			(134,627)	(134,627)
Total changes during period	(968)	(1,179,232)	(134,627)	(1,313,859)
Balance as of December 31, 2023	(89,122)	6,920,120	277,044	7,197,165

(Note) Amounts of less than one thousand yen are rounded down.

## Notes to Non-Consolidated Financial Statements

### (Significant accounting policies)

#### (1) Valuation basis and method of marketable and investment securities

##### Marketable and investment securities

Shares of subsidiaries and affiliates                      Shares of subsidiaries are stated at cost determined by the moving-average method.

##### Other marketable and investment securities

Available-for-sale securities with determinable market value                      Available-for-sale securities with a determinable market value are stated at fair value based on marketable value on the closing date and other premises. Any valuation differences are included directly in shareholders' equity. Cost of securities sold is calculated by the moving-average method.

Available-for-sale securities without determinable market value                      Available-for-sale securities without determinable market value are stated at cost determined by the moving-average method.

Derivative transactions                      Derivative financial instruments are stated at fair value.

Inventories                      Merchandise and finished goods are stated at cost determined by the first-in, first-out method, and semi-finished goods are stated at cost determined by the weighted average cost method. The amount on the balance sheet is calculated by reducing book value when the contribution of inventories to profitability declines. Inventory items are classified into separate categories for the purpose of detailed monitoring of inventory movements and appropriate valuation.

#### (2) Depreciation and amortization of non-current assets

Property, plant and equipment (excluding lease assets)                      Depreciation of property, plant and equipment is computed by the straight-line method.

The useful lives of major property, plant and equipment are summarized as follows:

Buildings	15 years
Tools, furniture and fixtures	6 to 10 years

Intangible assets (excluding lease assets)                      Amortization of intangible assets is computed by the straight-line method.

Capitalized software costs are being amortized over the period of the internal use of five years.

Lease assets                      Depreciation of lease assets is computed by the straight-line method over the lease term with no residual value.

#### (3) Deferred assets

Share issuance costs and bond issuance costs                      Share issuance costs and bond issuance costs are recorded as expenses in full at the time of expenditure.

#### (4) Basis for translating assets and liabilities denominated in foreign currencies into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing on the closing date, and resulting gains or losses are credited or charged to income.

#### (5) Basis for reserves and provisions

Provision for retirement benefits                      The provision for retirement benefits is provided based on an estimated amount for retirement benefit obligations at the end of fiscal year under review.  
The Company applies the simplified method to calculate amounts of provision for retirement benefits and retirement benefit expenses. That is, the amount of retirement benefit obligations are the payments required for voluntary retirement as of each fiscal year end.

Provision for office relocation expenses                      Due to the relocation of the head office, an amount equivalent to the rent during restoration work was recorded for FY2023.

#### (6) Recognition of revenues and expenses

The Company recognizes revenue from the sale of merchandise and finished goods at the time of delivery to the customer, as this is when the control of the merchandise and finished goods is transferred to the customer and performance obligations are satisfied. Revenue from the sale of merchandise and finished goods is estimated within the range in which it is highly probable that there will not be a significant reversal of the consideration promised in the contract with the customer less sales rebates in accordance with the terms of the sales contract. The amount of consideration expected to be refunded to the customer is recorded as a refund liability. The refund liability is estimated based on the terms of the contract and past performance.

#### (Notes on changes in accounting policy)

##### (Application of the “Guidance on Accounting Standard for Measurement of Fair Value”)

The Company applied for the “Guidance on Accounting Standard for Measurement of Fair Value” (ASBJ Guidance No. 31, June 17, 2021, from the beginning of the fiscal year under review.

In applying the “Guidance on Accounting Standard for Measurement of Fair Value”, the Company has followed the transitional treatment prescribed in the provision of Paragraph 27-2 of the “Guidance on Accounting Standard for Measurement of Fair Value” and will apply the new accounting standard prescribed by the “Guidance on Accounting Standard for Measurement of Fair Value”, prospectively.

The adoption of this accounting standard has no effect on the financial statements.

#### (Note to Accounting Estimates)

##### (1) Amount recorded in the consolidated financial statements for the fiscal year under review

Impairment loss recorded in the fiscal year under review: 560,590 thousand yen

##### (2) Information regarding accounting estimates on the identified item

###### (i) Calculation method

The Company generally groups its assets by the smallest unit that generates independent cash flows, assesses each grouping for indications of impairment, and determines the recognition of impairment losses for those assets or asset groups for which there are indications of impairment. The Company operates a single business and groups its business assets as a whole company.

When there is an indication of impairment, the Company determines whether an impairment loss should be recognized, and if so, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized. The recoverable amount is the higher of the net realizable value or the value in use of the asset or asset group, and the recoverable amount for the current fiscal year was measured by the value in use. Value in use is calculated as the discounted present value of future cash flows, and future cash flows are based on the budget approved by the Board of Directors.

###### (ii) Major assumptions

Future cash flows are estimated on a budgetary basis. Future cash flows are developed based on certain assumptions that take into account important uncertainties, such as the sales situation affected by the sales volume of existing drugs, the timing and likelihood of the launch of drugs in the development stage, and the impact of the progress of the development plan.

###### (iii) Impact on the consolidated financial statements for subsequent fiscal years

The above major assumptions may be affected by future changes in economic trends and other factors, and if it becomes necessary to revise the assumptions, new impairment losses may be incurred in the next fiscal year.

#### (Additional information)

##### (Overdraft and commitment line contracts)

The Company has overdraft and commitment line contracts with three banks in a business relationship to efficiently procure working capital. The status of the bank overdraft and loan commitments based on these contracts at the end of the fiscal year under review is as follows:

	(Unit: thousands of yen)
Total amounts of bank overdraft limit and loan commitment line	3,150,000
Balance of borrowing outstanding	—
Unused balance	3,150,000

#### (Balance sheet)

##### (1) Monetary assets receivable from subsidiaries are as follows.

Short-term monetary assets receivable: 247,253 thousand yen

##### (2) Accumulated depreciation included accumulated impairment losses.

#### (Statement of income)

##### (1) R&D costs included in general and administrative expenses: 2,678,673 thousand yen

##### (2) Transaction volume with subsidiaries and affiliates is as follows.

Transaction volume of operating transactions: 569,556 thousand yen

### (Statement of changes in equity)

Type and number of shares issued and treasury shares

(Unit: number of shares)

		At beginning of current period	Increase	Decrease	At end of current period
Common stock	Treasury shares	85,268	2,502	50	87,720

(Notes) 1. Increase of 2,750 treasury shares in common stock is due to the purchase of shares less than one unit.

2. Decrease of 100 treasury shares in common stock is due to the sale of shares less than one unit to shareholders.

### (Tax effect accounting)

Significant components of deferred tax assets and liabilities

Deferred tax assets:	(Unit: thousands of yen)
Excess depreciation for lump-sum depreciable assets	1,319
Excess amortization for deferred assets	96,046
Research and development expenses disallowed	2,273,704
Accounts payable—other disallowed	4,173
Provision for retirement benefits disallowed	1,135
Enterprise taxes payable disallowed	59,215
Asset retirement obligations disallowed	43,137
Share-based compensation expenses disallowed	25,260
Loss on valuation of inventories disallowed	43,278
Impairment loss disallowed	129,303
Provision for office relocation expenses disallowed	7,709
Loss carried forward	4,497,522
Subtotal of deferred tax assets	7,181,801
Valuation allowances for loss carried forward	(4,497,522)
Valuation allowances for deductible temporary differences	(2,684,279)
Subtotal of valuation allowances	(7,181,801)
Total deferred tax assets	—

### (Transactions with affiliated parties)

Category	Name of company or person	Location	Capital or investment (thousands of yen)	Business details or profession	Ratio of voting rights and other forms of ownership (%)	Relationships with affiliated parties	Transaction details	Transaction amount (thousands of yen)	Account title	Year-end balance (thousands of yen)
Executive	Fuminori Yoshida	—	—	Representative Director, President and Chief Executive Officer of the Company	(Ownership) Direct: 2.82	—	Exercise of share acquisition rights	22,750 (70,000 shares)	—	—
Executive	Shigetoshi Matsumoto	—	—	Executive Officer of the Company	(Ownership) Direct: 0.05	—	Exercise of share acquisition rights	13,062 (22,500 shares)	—	—

(Note) This information describes the exercise during the fiscal year under review of share acquisition rights granted based on resolutions of the Board of Directors meetings held on March 29, 2018, March 28, 2019 and March 26, 2020.

### (Notes on revenue recognition)

Underlying information for understanding revenue arising from contracts with customers

Underlying information for understanding revenue arising from contracts with customers is as stated in (Significant accounting policies), (6) Recognition of revenues and expenses.

### (Per-share information)

(1) Net assets per share	164.02 yen
(2) Net loss per share	(49.79) yen
Average number of shares outstanding during the year	39,902,249 shares

### (Significant subsequent events)

(Execution of agreement establishing share issuance program and issuance of new shares by way of third-party allotment)

On October 6, 2023 (the “Initial Press Release”), the Company announced that the Company’s Board of Directors, at a meeting held on the same date, had resolved to enter into an agreement with EVO FUND (the “Allottee”) to set up an equity issue program (the “Agreement to Set up an Equity Issue Program”), and based on the equity issue program established under the Agreement to Set up an Equity Issue Program (the “Program”), to issue new shares in five tranches (shares issued to the Allottee, whether individually or collectively, under the Program are referred to as the “Shares”).

The Company is authorized to issue up to a total of 6,000,000 ordinary shares by way of third-party allotment to the allottees in the period from 25 October 2023 to 3 April 2024, with ordinary shares to be issued by way of a total of five allotments, from the first to the fifth allotment.

As at the date of submission, the new shares to be issued by way of third-party allotment are as follows.

(3<sup>rd</sup> allotment)

The payment was completed on February 7, 2024.

1	Class and Numbers Shares Offered	1,200,000 common shares
2	Issue Price	230 yen per share
3	Capital inclusion amount	115 yen per share
4	Total Issue Price	276,000,000 Yen
5	Increases in Capital Stock and Legal Capital Surplus	138,000,000 Yen
6	Allotment resolution date	January 22, 2024
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10	Specific uses	(1) Development funds for antiviral drug brincidofovir (direct expenses) (2) Development funds for antiviral drug brincidofovir (indirect expenses) (3) Investment in new in-licensing and M&A for the purpose of securing long-term growth opportunities.

## (4th allotment) \*Note 1

1	Class and Numbers Shares Offered	1,200,000 common shares
2	Issue Price	To be determined *Note 2
3	Capital inclusion amount	The amount to be contributed to capital stock shall be half the upper limit of an increase in capital stock under Article 14, Paragraph 1, of the Rules of Corporate Accounting (with any fractional amounts less than one yen resulting from such calculation rounded up). The increase in the legal surplus shall be the upper limit of an increase in capital stock less the amount of the increase in capital stock.
4	Total Issue Price	To be determined.
5	Increases in Capital Stock and Legal Capital Surplus	To be determined.
6	Allotment resolution date	February 29, 2024 *Note 3
7	Deadline for Application	March 18, 2024
8	Due Date of Payment	March 18, 2024 *Note 3
9	Allottee	EVO FUND
10	Specific uses	(1) Development funds for antiviral drug brincidofovir (direct expenses) (2) Development funds for antiviral drug brincidofovir (indirect expenses) (3) Investment in new in-licensing and M&A for the purpose of securing long-term growth opportunities.

## (5th allotment) \*Note 1

1	Class and Numbers Shares Offered	1,200,000 common shares
2	Issue Price	To be determined
3	Capital inclusion amount	The amount to be contributed to capital stock shall be half the upper limit of an increase in capital stock under Article 14, Paragraph 1, of the Rules of Corporate Accounting (with any fractional amounts less than one yen resulting from such calculation rounded up). The increase in the legal surplus shall be the upper limit of an increase in capital stock less the amount of the increase in capital stock.
4	Total Issue Price	To be determined.
5	Increases in Capital Stock and Legal Capital Surplus	To be determined.
6	Allotment resolution date	April 3, 2024 *Note 3
7	Deadline for Application	April 19, 2024
8	Due Date of Payment	April 19, 2024 *Note 3
9	Allottee	EVO FUND
10	Specific uses	(1) Development funds for antiviral drug brincidofovir (direct expenses) (2) Development funds for antiviral drug brincidofovir (indirect expenses) (3) Investment in new in-licensing and M&A for the purpose of securing long-term growth opportunities.

\*Note 1. The number of shares for each of the 4th through 5th allotments will range from 1,200,000 shares to 2,500,000 shares, and the total will not exceed the 6,000,000 shares stipulated for issuance under the Program. The actual number will be determined by the Allottee notifying the Company prior to the date of the resolution by the Board of Directors for each allotment (the “Allotment Resolution Date”).

\*Note 2. The issue price for each allotment will be the amount equal to the simple average of the closing price of common shares of the Company announced by the Tokyo Stock Exchange, Inc. (the “TSE”) during the 10 trading days up to and including the day immediately preceding the Allotment Resolution Date (rounded off to the first decimal place). (However, if there is no closing price for any of the 10 trading days, the Allottee may decide whether to include such a day in the calculation of the issue price.)

\*Note 3. The Allotment Resolution Date and the due date of payment may be changed, if agreed upon by the Company and the Allottee. If such changes occur, the Company will withdraw the securities registration statement allotment and submit a new securities registration statement.

## Independent Auditor's Report

February 26, 2024

The Board of Directors  
Symbio Pharmaceuticals Limited

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Tetsuya Tomita  
Designated Engagement Partner  
Certified Public Accountant

Kinuyo Matsuo  
Designated Engagement Partner  
Certified Public Accountant

### Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and notes to the consolidated financial statements of Symbio Pharmaceuticals Limited and its consolidated subsidiaries (the Group) applicable to the 19th fiscal year from January 1, 2023 to December 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended December 31, 2023, in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Independent Auditor's Report

February 26, 2024

The Board of Directors  
SymBio Pharmaceuticals Limited

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Tetsuya Tomita  
Designated Engagement Partner  
Certified Public Accountant

Kinuyo Matsuo  
Designated Engagement Partner  
Certified Public Accountant

### Opinion

Pursuant to Article 436, Section 2, paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, the notes to non-consolidated financial statements and the related supplementary schedules of SymBio Pharmaceuticals Limited (the "Company") applicable to the 19th fiscal year from January 1, 2023 to December 31, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended December 31, 2023, in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of Management, the Audit and Supervisory Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Report of the Audit & Supervisory Committee

We, Audit & Supervisory Committee Members, prepare this report of audit with regard to the execution of Directors' duties during the 19th Term of the Company from January 1, 2023 to December 31, 2023. The methods and results of the audit are as follows.

### 1. Methods and Contents of the Audit

The Audit & Supervisory Committee regularly received reports from Directors and employees regarding the contents of resolution by the Board of Directors related to matters stipulated in Article 399-13, Paragraph 13, Item 1, B and C of the Companies Act and the status of establishment and operation of the internal control system set up based on the said resolution, and requested additional explanation as necessary. The Committee has expressed its opinion and conducted an audit using the methods outlined below.

- (i) We conducted the audit in compliance with the standards for audits by Audit & Supervisory Board Committee set forth by the said Committee, and abided by the audit policy and division of duties. In cooperation with the Company's Internal Control Division, we attended important meetings and received reports from Directors and employees regarding their execution of duties, requesting additional explanation if necessary. We also reviewed documents for important settlements, and investigated the status of operations and assets of the headquarters and key business offices. Regarding the Company's subsidiary, we communicated and exchanged information with Directors, etc. of the subsidiary, and received reports on the subsidiary's business operations as necessary.
- (ii) In addition, we monitored and inspected the independent position of the accounting auditor and the execution of appropriate audits by the accounting auditor, and also received the reporting from the accounting auditor with regard to the state of execution of its duties, requesting additional explanation as deemed necessary. Furthermore, we received the notification from the accounting auditor that "the system to ensure that its duties are executed as appropriate (the items listed by the respective paragraphs of Article 131 of the Ordinance on the Accounting of Companies)" is maintained in accordance with "the standards for quality control of audits (Business Accounting Council, October 28, 2005)," requesting additional explanation as deemed necessary.

Based on the methods described above, we reviewed the business reports and related supplementary schedules, financial reports (including balance sheet, statement of income, statement of changes in equity, and notes to non-consolidated financial statements) and related supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the Term reported.

### 2. Results of Audit

- (1) Results of the audit of the business report
  - a. The business report and supplementary schedules fairly present the Company's situation in accordance with laws and ordinances and the Company's Articles of Incorporation.
  - b. No misconduct in the execution of Directors' duties or any material facts in violation of laws or ordinances or the Company's Articles of Incorporation was observed.
  - c. The contents of resolution by the Board of Directors with regard to the Internal Control System are appropriate. Also, there is no matter to be noted as for the descriptions in the business report regarding such Internal Control System and the execution of Directors' duties.
- (2) Results of the audit of the financial statements and related supplementary schedules

Both the methods used for and the results of the audit conducted by the accounting auditor, Ernst & Young ShinNihon LLC, are appropriate.
- (3) Results of the audit of the consolidated financial statements

Both the methods used for and the results of the audit conducted by the accounting auditor, Ernst & Young ShinNihon LLC, are appropriate.

February 19, 2024

Audit & Supervisory Committee,  
SymBio Pharmaceuticals Limited

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Kiyoshi Watanabe  
Full-time Audit & Supervisory Committee Member

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Kesao Endo  
Audit & Supervisory Committee Member

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Yasuhiro Tamo  
Audit & Supervisory Committee Member

(Note) Audit & Supervisory Committee Members Kiyoshi Watanabe, Kesao Endo, and Yasuhiro Tamo are Outside Directors of the Company as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.