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Securities code: 4541

June 15, 2022

To our shareholders:

Yuichi Tamura
President & CEO
Nichi-Iko Pharmaceutical Co., Ltd.
1-6-21 Sogawa, Toyama-shi, Toyama, JAPAN

NOTICE OF THE 58TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to announce that the 58th Ordinary General Meeting of Shareholders of Nichi-Iko Pharmaceutical Co., Ltd. (the “Company”) will be held as described below.

In place of attending the meeting in person, you may exercise your voting rights by either of the following methods. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:40 p.m., Wednesday, June 29, 2022 (Japan Standard Time).

- 1. Date and Time:** Thursday, June 30, 2022 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Tamura Building 1F
1-5-24 Sogawa, Toyama-shi, Toyama, JAPAN

3. Purposes:

Items to be reported:

1. Business Report, Consolidated Financial Statements, and the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee, for the 58th Term (from April 1, 2021 to March 31, 2022)
2. Non-Consolidated Financial Statements for the 58th Term (from April 1, 2021 to March 31, 2022)

Items to be resolved:

- Proposal 1:** Partial Amendments to the Articles of Incorporation
- Proposal 2:** Election of Seven (7) Board Members (Excluding Board Members Who Are Audit and Supervisory Committee Members)
- Proposal 3:** Election of Three (3) Board Members Who Are Audit and Supervisory Committee Members

4. Instructions for Exercising Voting Rights

- (1) Exercising voting rights in writing (by postal mail)
Please return the enclosed voting form indicating your vote for or against each proposal to us to arrive by 5:40 p.m., Wednesday, June 29, 2022 (Japan Standard Time).
- (2) Exercising voting rights via the Internet, etc.
If you exercise your voting rights via the Internet, etc., you are kindly requested to examine the “Instructions for Exercising Voting Rights via the Internet, etc.” and enter your vote for or against each proposal by 5:40 p.m., Wednesday, June 29, 2022 (Japan Standard Time).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendments to the Articles of Incorporation

1. Reason for the amendments

- (1) The Nichi-Iko Group has formulated its Quality Policy, “Out Pledge of Trust and Confidence” under which each and every employee promises to deliver safe and reliable pharmaceuticals to patients and their families around the world. Based on this commitment, our philosophy is to be established in the Articles of Incorporation in order to unify our way forward as a company and clarify our reason for existence.
- (2) In accordance with the fact that the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation due to the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.
 - 1) Since it is obligatory to stipulate in the Articles of Incorporation that electronic provision measures will be taken for information that constitutes the content of reference documents for the general meeting of shareholders, etc., Paragraph 1 of Article 17 (Measures, etc. for Providing Information in Electronic Format) will be newly established.
 - 2) In order to ensure that the Company is able to exclude all or some of the items for which measures are taken to provide electronically information that constitutes the content of reference documents for the general meeting of shareholders, etc. from the statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents to the extent stipulated by the Ministry of Justice Ordinance, Paragraph 2 of Article 17 (Measures, etc. for Providing Information in Electronic Format) will be newly established.
 - 3) When an electronic provision system for reference documents for the General Meeting of Shareholders is introduced, the provisions in Article 16 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) will no longer be required and will therefore be deleted.
 - 4) Supplementary provisions regarding the effective date, etc. of the aforementioned establishment and deletion of provisions will be established. In addition, these supplementary provisions will be deleted after their expiration date has elapsed.

2. Details of the amendments

The details of the amendments are as follows.

(The underlined portions indicate the amendments.)

| Current Articles of Incorporation | Amendment proposal |
|---|--|
| Article 1 (text omitted) (Newly established) | Article 1 (as present) <u>Philosophy</u> <u>Article 2</u> The Philosophy of the Company is “We, the Nichi-Iko Group, will contribute to the stability and growth of the Japanese pharmaceutical market with safe and reliable generic drugs.” |

| Current Articles of Incorporation | Amendment proposal |
|---|---|
| <p>Article <u>2</u> to Article <u>15</u> (text omitted)</p> <p><u>Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.</u></p> <p><u>Article 16</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p> | <p>Article <u>3</u> to Article <u>16</u> (as present)</p> <p>(Deleted)</p> <p><u>Measures, etc. for Providing Information in Electronic Format</u></p> <p><u>Article 17</u></p> <ol style="list-style-type: none"> <u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> <u>2. Among items for which the measures for providing information in electronic format will be taken, the Company is not required to include all or some of those items designated by the Ministry of Justice Order in the statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u> |
| <p>Article <u>17</u> to Article <u>35</u> (text omitted)</p> <p>Supplementary Provisions</p> <p>Article 1 (text omitted)</p> <p>(Newly established)</p> | <p>Article <u>18</u> to Article <u>36</u> (as present)</p> <p>Supplementary Provisions</p> <p>Article 1 (as present)</p> <p><u>Transitional Measures Concerning Electronic Provision</u></p> <p><u>Measures, etc.</u></p> <p><u>Article 2</u></p> <ol style="list-style-type: none"> <u>1. The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) of the pre-amended Articles of Incorporation and the new establishment of Article 17 (Measures, etc. for Providing Information in Electronic Format) of the amended Articles of Incorporation shall take effect from September 1, 2022.</u> |

| Current Articles of Incorporation | Amendment proposal |
|-----------------------------------|---|
| | <p data-bbox="823 197 1439 353"><u>2. Notwithstanding the provision of the preceding paragraph, Article 16 of the pre-change Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) shall remain effective until the end of February 2023.</u></p> <p data-bbox="823 353 1439 506"><u>3. The provisions of this Article shall be deleted on the date when six months have elapsed since September 1, 2022, or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p> |

Proposal 2: Election of Seven (7) Board Members (Excluding Board Members Who Are Audit and Supervisory Committee Members)

The terms of office of all eight (8) Board Members (excluding Board Members who are Audit and Supervisory Committee Members; applicable to the rest of this proposal) will expire at the conclusion of this meeting. Accordingly, in order to speed up decision-making and ensure the efficiency of business execution, we request the appointment of seven (7) Board Members, reducing the number of Board Members by one (1).

This proposal is based on the decision of the Audit and Supervisory Committee that all candidates for Board Member are suited to the position.

The candidates for Board Member are as follows:

| No. | Name | | Position, etc., in the Company | Attendance rate at meetings of the Board of Directors |
|-----|-----------------|--------------|--------------------------------|---|
| 1 | Yuichi Tamura | Reelection | President & CEO | 100% |
| 2 | Osamu Mihara | New election | Executive Vice President | - |
| 3 | Hirotohi Naruse | New election | Executive Vice President | - |
| 4 | Shuji Ishida | New election | Executive Vice President | - |
| 5 | Susumu Kanda | New election | Executive Vice President | - |
| 6 | Hajime Imamura | Reelection | Board Member | Outside Independent 100% |
| 7 | Kyoko Tanebe | Reelection | Board Member | Outside Independent 84.6% |

| No. | Name (Date of birth) | Career summary, position and responsibilities (significant concurrent positions) | Number of the Company's shares owned | |
|-----|--|--|---|-----------|
| 1 | Yuichi Tamura (July 2, 1962) Reelection | Apr. 1989 Feb. 1990 Feb. 1992 Feb. 1994 Feb. 2000 July 2020 | Joined the Company Board Member, Director, Corporate Strategy and Planning Office Board Member, Responsible for Sales and Marketing Division and Director, Corporate Strategy and Planning Office and Tokyo Management Department Representative Board of Executive Director, Responsible for Sales and Marketing Division and Corporate Strategy and Planning Office President & CEO President & CEO, Responsible for Compliance (current position) | 1,809,256 |
| | | <p>(Reasons, etc. for nomination as candidate for Board Member)</p> <p>Dr. Yuichi Tamura has led the management of the entire Group as the Company's President & CEO since 2000. He has led the Group with a vision for the medium- to long-term, with strong leadership. The Company has nominated Dr. Tamura as a candidate for Board Member so that his wide-ranging knowledge, extensive experience, broad discernment, strong leadership, and other qualities related to the generic drug industry will be utilized in future management for business recovery of the Company.</p> | | |
| 2 | Osamu Mihara (July 29, 1971) New election | Mar. 1994 Apr. 2013 Apr. 2018 Jan. 2020 Apr. 2022 May 2022 | Joined the Company Branch Manager, Sendai Branch Operating Officer, Vice Head of the Sales and Marketing Division Senior Vice President, Head of the Sales and Marketing Division Executive Vice President, Head of the Sales and Marketing Division Executive Vice President, Head of the Corporate Reconstruction Division (current position) | 8,092 |
| | | <p>(Reasons, etc. for nomination as candidate for Board Member)</p> <p>Osamu Mihara has been involved with the Sales and Marketing for many years, and has wide-ranging knowledge and extensive experience in the pharmaceutical industry, as well as excellent insight into the pharmaceutical business. He has been judged to be an appropriate person to pursue improvement of corporate value of the Group; therefore the Company has nominated him as a candidate for Board Member.</p> | | |
| 3 | Hirotohi Naruse (February 12, 1960) New election | Apr. 1985 Apr. 2017 Apr. 2020 Apr. 2020 Apr. 2021 Apr. 2022 | Joined Asahi Chemical Industry Co., Ltd. General Manager, Regulatory Affairs and Reliability Assurance Center, Asahi Kasei Pharma Corporation and Director, Asahi Kasei Sinmed Corporation Joined the Company Director, GMP Audit Office Senior Vice President, Head of the Quality Operations Division Executive Vice President, Head of the Quality Operations Division (current position) | 993 |
| | | <p>(Reasons, etc. for nomination as candidate for Board Member)</p> <p>In his previous job, Hirotohi Naruse was involved in management, manufacturing, sales, and regulatory affairs and reliability assurance in the pharmaceutical business, and he has extensive experience and specialist knowledge, as well as a high level of insight into corporate management. Since joining the Company in 2020, Mr. Naruse has been involved with the Quality Operations Division, and has been judged to be an appropriate person to pursue improvement of corporate value of the Group; therefore the Company has nominated him as a candidate for Board Member.</p> | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (significant concurrent positions) | Number of the Company's shares owned | |
|---|---|---|--|-------|
| 4 | Shuji Ishida (September 4, 1958) New election | Apr. 1981 June 2012 Oct. 2013 Oct. 2013 Apr. 2015 May 2019 Apr. 2022 | Joined The Hokuriku Bank, Ltd. General Manager, Horikawa Branch of The Hokuriku Bank, Ltd. Joined the Company Director, Finance Department Operating Officer, Vice Head of the Administrative Division Senior Vice President, Head of the Administrative Division Executive Vice President, Head of the Administrative Division (current position) | 2,620 |
| | | (Reasons, etc. for nomination as candidate for Board Member) Mr. Shuji Ishida has extensive experience and specialist knowledge, as well as a high level of insight into corporate management and financial accounting, gained through his many years working at financial institutions. Since joining the Company in 2013, Mr. Ishida has been involved with the Administrative Division, and has been judged to be an appropriate person to pursue improvement of corporate value of the Group; therefore the Company has nominated him as a candidate for Board Member. | | |
| 5 | Susumu Kanda (October 26, 1962) New election | Apr. 1985 Mar. 2012 Oct. 2020 Oct. 2020 Apr. 2022 | Joined The Sumitomo Bank, Ltd. Executive Officer, Head of Corporate Business, SMBC Nikko Securities Inc. Joined the Company Senior Vice President, Director, President Office Executive Vice President, Director, President Office (current position) | - |
| | | (Reasons, etc. for nomination as candidate for Board Member) In his previous job, Susumu Kanda was involved in the investment banking business, and he has extensive experience and specialist knowledge, as well as a high level of insight into corporate management. Since joining the Company in 2020, Mr. Kanda has been involved with the President Office, and has been judged to be an appropriate person to pursue improvement of corporate value of the Group; therefore the Company has nominated him as a candidate for Board Member. | | |
| 6 | Hajime Imamura (November 19, 1955) Reelection Outside Independent | Apr. 1984 Feb. 1994 Jan. 1998 June 2017 | Registered Toyama-ken Bar Association Outside Auditor of the Company (currently Outside Audit & Supervisory Board Member) Representative of Imamura Law Office (present position) Outside Board Member of the Company (present position) | - |
| | | [Significant concurrent positions] Representative of Imamura Law Office Attorney at law Outside Director, TANAKA SEIMITSU KOGYO CO., LTD. | | |
| (Reasons for nomination as candidate for Outside Board Member and expected role) During the term as an Outside Audit & Supervisory Board Member of the Company, Mr. Hajime Imamura has expressed opinions from an independent perspective as an attorney based on this extensive knowledge and experience regarding legal matters and has adequately fulfilled his duties. Mr. Imamura has also become very familiar with details of the Company's operations by conducting audits, and the Company has nominated him as a candidate for Outside Board Member expecting that he will provide guidance and supervision for management of the Company based on his abundant knowledge and experience. He has never been directly involved in the management of a company except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an Outside Board Member based on the above reasons. | | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (significant concurrent positions) | Number of the Company's shares owned |
|--|--|--|--|
| 7 | <p style="text-align: center;">Kyoko Tanebe (October 14, 1964)</p> <p style="text-align: center;">Reelection Outside Independent</p> | <p>June 1990 Clinical Fellow, Toyama Medical and Pharmaceutical University Hospital</p> <p>Feb. 1991 Medical Doctor, Department of Obstetrics and Gynecology of Aiiku Hospital, Imperial Gift Foundation Boshi-Aiiku-Kai</p> <p>Feb. 1992 Medical Doctor, Department of Obstetrics and Gynecology of Itoigawa sogo Hospital</p> <p>Apr. 1992 Medical Doctor, Department of Obstetrics and Gynecology of Kurobe City Hospital</p> <p>Apr. 1998 Research Associate, Department of Obstetrics and Gynecology of Toyama Medical and Pharmaceutical University</p> <p>Apr. 2001 Chief Physician in Outpatient Department of Obstetrics and Gynecology Outpatient Clinic, Toyama Medical and Pharmaceutical University Hospital</p> <p>Apr. 2003 Chief Physician, Department of Obstetrics and Gynecology of Saiseikai Toyama Hospital</p> <p>July 2006 President, Ladies' Clinic We! Toyama, Touseikai Medical Corporation</p> <p>June 2018 Outside Board Member of the Company (present position)</p> <p>Jan. 2019 Representative of Ladies' Clinic We! Toyama, Touseikai Medical Corporation (present position)</p> <p>Apr. 2019 Toyama Prefectural Assembly Member (present position)</p> <p>[Significant concurrent positions] Member of the Specialist Committee on Violence against Women, Council of Gender Equality Bureau of the Cabinet Office Executive Director of Public Interest Incorporated Association Toyama Medical Association Board of Director of Public Interest Incorporated Association Japan Association of Obstetricians and Gynecologists Representative of Ladies' Clinic We! Toyama, Touseikai Medical Corporation Toyama Prefectural Assembly Member</p> | - |
| <p>(Reasons for nomination as candidate for Outside Board Member and expected role)</p> <p>The Company has nominated Dr. Kyoko Tanebe as a candidate for Outside Board Member because she is expected to provide guidance and supervision for management of the Company based on the extensive specialist knowledge and discernment related to the medical industry accumulated as a doctor. She has never been directly involved in the management of a company except as an outside director. However, the Company judges she will appropriately fulfill her duties as an Outside Board Member based on the above reasons.</p> | | | |

- (Notes)
1. There is no special interest between any of the candidates and the Company.
 2. Mr. Hajime Imamura and Dr. Kyoko Tanebe are candidates for Outside Board Member.
 3. Mr. Hajime Imamura and Dr. Kyoko Tanebe are current Outside Board Members of the Company, and their terms of office as Outside Board Members are five (5) years for Mr. Imamura (his term of office as an Outside Audit & Supervisory Board Member was twenty-three (23) years and four (4) months to June, 2017), and four (4) years for Dr. Tanebe as of the conclusion of this Meeting. The Company has executed an agreement to limit liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, and the cap on liability for damages under the relevant agreement is the amount stipulated under the laws and regulations. If their reelection is approved, the Company plans to renew the aforementioned agreements with them.
 4. As provided for in Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a liability insurance policy with an insurance company for officers, etc., including Board Members of the Company, which covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties, or receipt of claims pertaining to the pursuit of such liability.

Both candidates who are elected and assume the office as Board Member will be insured under the insurance policy. In addition, the insurance policy is scheduled to be renewed with the same contents at the next renewal.

5. The number of shares of the Company in the possession of the candidates for Board Member includes their own shares in the shareholding association of the Company.
6. During the terms of office of Mr. Hajime Imamura and Dr. Kyoko Tanebe as Outside Board Members, there was an incident in which Elmed Co., Ltd., a consolidated subsidiary of the Company, filed an application for approval of manufacturing and sales using inappropriate approval application materials, and in May 2021, the Company received a business improvement order from the Ministry of Health, Labour and Welfare based on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices.
Both Outside Board Members were not aware of the situation beforehand, but they provided advice from the standpoint of legal compliance based on their extensive experience and advanced knowledge during board meetings, etc. and, upon becoming aware of the situation, provided advice on thorough investigation of the cause, enhancing internal control to prevent recurrence, and strengthening compliance efforts. In so doing they fulfilled their duties in relation to this matter.
7. The Company has submitted notification to the Tokyo Stock Exchange that Mr. Hajime Imamura and Dr. Kyoko Tanebe have been designated as independent officers as provided for by the aforementioned exchange.

Proposal 3: Election of Three (3) Board Members Who Are Audit and Supervisory Committee Members

The terms of office of all three (3) Board Members who are Audit and Supervisory Committee Members will expire at the conclusion of this meeting. Therefore, the Company proposes to elect three (3) Board Members who are Audit and Supervisory Committee Members.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for the role of a Board Member who is an Audit and Supervisory Committee Member are as follows.

| No. | Name (Date of birth) | Career summary, position and responsibilities (significant concurrent positions) | Number of the Company's shares owned |
|--|---|---|--|
| 1 | Noboru Inasaka (December 18, 1955) New election | Mar. 1978 Joined the Company Dec. 2001 Director, Operation Department May 2009 Senior Operating Officer, Director, Purchasing Department Dec. 2011 Senior Operating Officer, Head of the Administrative Division June 2014 Board of Senior Director, Head of the Administrative Division Apr. 2018 Board Member, Executive Vice President, Head of the Administrative Division Apr. 2022 Board Member, Responsible for Strategy (current position) | 30,333 |
| (Reasons, etc. for nomination as candidate for Board Member who is an Audit and Supervisory Committee Member) The Company has nominated Mr. Noboru Inasaka as a candidate for Board Member who is an Audit and Supervisory Committee Member since he has been involved with the Administrative Division, Sales and Marketing Division, and Production Division, and has wide-ranging knowledge and extensive experience in the generic drug industry, and has been judged to be able to appropriately perform audit duties and supervisory function at the Company. | | | |
| 2 | Hitoshi Hori (July 27, 1953) Reelection Outside Independent | Aug. 1982 Registered as Certified Public Accountant Sept. 1985 Registered as Tax Accountant Aug. 2002 Representative of Hori Tax Accountant Corporation (present position) Feb. 2005 Outside Auditor of the Company (currently Outside Audit & Supervisory Board Member) June 2020 Outside Board Member of the Company [Audit and Supervisory Committee Member] (present position) June 2021 Senior Partner of Ginga Audit Corporation and Head of Toyama Office (present position) [Significant concurrent positions] Representative of Hori Tax Accountant Corporation Senior Partner of Ginga Audit Corporation and Head of Toyama Office Certified Public Accountant, Tax Accountant Outside Director (Audit and Supervisory Committee Member), Daito Pharmaceutical Co., Ltd. | 4,500 |
| (Reasons for nomination as candidate for Outside Board Member who is an Audit and Supervisory Committee Member and expected role) The Company has nominated Mr. Hitoshi Hori as a candidate for Outside Board Member who is an Audit and Supervisory Committee Member because he is expected to provide guidance and supervision for management of the Company based on his extensive experience and advanced knowledge gained through practices as a certified public accountant and tax accountant. Mr. Hori has no previous experience of being directly involved in company management except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an Outside Board Member who is an Audit and Supervisory Committee Member based on the above reasons. | | | |

| No. | Name (Date of birth) | Career summary, position and responsibilities (significant concurrent positions) | Number of the Company's shares owned |
|---|---|--|--|
| 3 | <p style="text-align: center;">Kou Sato (January 4, 1950)</p> <p style="text-align: center;">Reelection Outside Independent</p> | <p>Oct. 1975 Joined Fuso Audit Corporation Mar. 1979 Registered as Certified Public Accountant Aug. 1997 Representative Partner of Chuo Audit Corporation Aug. 2007 Representative Partner of KPMG AZSA LLC June 2012 Resigned from KPMG AZSA LLC July 2012 General Manager of Certified Public Accountant Sato Kou Office (present position) Sept. 2012 Registered as Tax Accountant June 2014 Outside Auditor of the Company (currently Outside Audit & Supervisory Board Member) June 2020 Outside Board Member of the Company [Audit and Supervisory Committee Member] (present position)</p> <p>[Significant concurrent positions] General Manager of Certified Public Accountant Sato Kou Office Certified Public Accountant, Tax Accountant Outside Auditor, THE GIFU SHINKIN BANK</p> | - |
| <p>(Reasons for nomination as candidate for Outside Board Member who is an Audit and Supervisory Committee Member and expected role)</p> <p>The Company has nominated Mr. Kou Sato as a candidate for Outside Board Member who is an Audit and Supervisory Committee Member because he is expected to provide guidance and supervision for management of the Company based on his extensive experience and advanced knowledge gained through practices as a certified public accountant and tax accountant. Mr. Sato has no previous experience of being directly involved in company management except as an outside officer. However, the Company judges he will appropriately fulfill his duties as an Outside Board Member who is an Audit and Supervisory Committee Member based on the above reasons.</p> | | | |

- (Notes)
1. There is no special interest between any of the candidates and the Company.
 2. Messrs. Hitoshi Hori and Kou Sato are candidates for Outside Board Member.
 3. Messrs. Hitoshi Hori and Kou Sato are currently Outside Board Members who are Audit and Supervisory Committee Members of the Company with a term of office of two (2) years as of the conclusion of this Meeting. In the past, both of them have been officers (Audit & Supervisory Board Members) who are not business executives of the Company.
 4. The Company has executed an agreement with Messrs. Hitoshi Hori and Kou Sato to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, and the cap on liability for damages under the relevant agreement is the amount stipulated under the laws and regulations. If their reelection is approved, the Company plans to renew the aforementioned agreements with them.
 5. As provided for in Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into a liability insurance policy with an insurance company for officers, etc., including Board Members who are Audit and Supervisory Committee Members of the Company, which covers losses that may arise from the insured's assumption of liability incurred in the course of the performance of duties, or receipt of claims pertaining to the pursuit of such liability.
Both candidates who are elected and assume the office as Board Member who is an Audit and Supervisory Committee Member will be insured under the insurance policy. In addition, the insurance policy is scheduled to be renewed with the same contents at the next renewal.
 6. During the terms of office of Messrs. Hitoshi Hori and Kou Sato as Outside Board Members, there was an incident of non-conforming testing methods and manufacturing methods in products of the Company's Toyama Plant 1, and in March 2021, the Company received an administrative disposition from Toyama Prefecture based on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices.
Both Outside Board Members were not aware of the situation beforehand, but they provided advice from the standpoint of legal compliance based on their extensive experience and advanced knowledge during meetings of the Board of Directors, etc. and, upon becoming aware of the situation, provided advice on thorough investigation of the cause, enhancing internal control to prevent recurrence, and strengthening compliance efforts. In so doing they fulfilled their duties in relation to this matter.
 7. During the terms of office of Messrs. Hitoshi Hori and Kou Sato as Outside Board Members, there was an incident in which Elmed Co., Ltd., a consolidated subsidiary of the Company, filed an application for approval of manufacturing and sales using inappropriate approval application materials, and in May 2021, the Company received a business improvement order from the Ministry of Health, Labour and Welfare based on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices.

Both Outside Board Members were not aware of the situation beforehand, but they provided advice from the standpoint of legal compliance based on their extensive experience and advanced knowledge during meetings of the Board of Directors, etc. and, upon becoming aware of the situation, provided advice on thorough investigation of the cause, enhancing internal control to prevent recurrence, and strengthening compliance efforts. In so doing they fulfilled their duties in relation to this matter.

8. The Company has submitted notification to the Tokyo Stock Exchange that Messrs. Hitoshi Hori and Kou Sato have been designated as independent officers as provided for by the aforementioned exchange.