

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Stock Exchange Code 4530

May 1, 2025

(Start date of measures for electronic provision: April 25, 2025)

**To Shareholders with Voting Rights:**

Kazuhide Nakatomi  
President & CEO  
Hisamitsu Pharmaceutical Co., Inc.  
408 Tashiro Daikan-machi, Tosu, Saga

**NOTICE OF CONVOCAION OF  
THE 123RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

This is to notify you that the 123rd Annual General Meeting of Shareholders of Hisamitsu Pharmaceutical Co., Inc. (the “Company”) will be held for the purposes as described below.

In convening the General Meeting of Shareholders, the Company has taken measures for electronic provision and has posted the matters subject to electronic provision on the Company’s website. Please access the Company’s website below to see the information.

The Company’s website    <https://global.hisamitsu/ir/shareholders.html>

In addition to the Company’s website, the matters subject to electronic provision are also posted on the website of the Tokyo Stock Exchange (TSE). When you access the TSE website, search for the Company by entering “Hisamitsu Pharmaceutical” in the “Issue name (company name)” bar or the Company’s stock exchange code “4530” in the “Code” bar, continue selecting “Basic information” and “Documents for public inspection/PR information” and choose “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection” to see the matters.

TSE website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

In lieu of attending the meeting, you may exercise your voting rights via electromagnetic means, including the Internet, or in writing. In this case, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights.

1. Date and Time:                      Thursday, May 22, 2025 at 10:00 a.m. Japan time
2. Place:                                Head office of the Company located at  
408 Tashiro Daikan-machi, Tosu, Saga, Japan

3. Meeting Agenda:

- Matters to be reported:
1. The Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the Company's 123rd Fiscal Year (March 1, 2024 - February 28, 2025)
  2. Results of audits by the Independent Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements for the Company's 123rd Fiscal Year

Proposals to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of 10 Directors

(The details of the meeting agenda and other matters are stated in the following pages.)

4. Matters decided for convocation

- Items not stated in a document delivered to shareholders

The document delivered to shareholders also serves as a document that states the matters subject to electronic provision, which is delivered to shareholders who have requested a paper copy of it. In accordance with applicable laws and regulations and Article 14 of the Articles of Incorporation of the Company, the following items are not included in it. Please note that the Corporate Auditors and the Independent Auditor have audited documents, including the following items.

- (1) Matters Regarding Share Acquisition Rights, etc. of the Company, Status of Independent Auditor, and Structure and Policy of the Company in the Business Report
- (2) Consolidated Statements of Changes in Shareholders' Equity and Notes to Consolidated Financial Statements in the Consolidated Financial Statements
- (3) Non-consolidated Statement of Changes in Shareholders' Equity and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements

# Reference Documents for the General Meeting of Shareholders

## Proposal 1: Appropriation of Surplus

The Company regards the appropriate return of profits to shareholders as one of the most important management issues.

With respect to dividends of surplus at the end of the fiscal year under review, upon comprehensively examining factors such as the performance for the fiscal year, dividend payout ratios and various management measures for the future in addition to taking into account the stable distribution of dividends to shareholders, the Company proposes to pay a dividend of ¥45 per share as follows. Accordingly, the annual dividend including an interim dividend of ¥45 will be ¥90 per share (with a commemorative dividend of ¥4 per share for the 90th anniversary of the launch of Salonpas®), an increase from the annual dividend of ¥85 per share for the previous fiscal year.

In addition, the Company recognizes the need to strengthen its financial structure to provide for the stable return of profits to its shareholders and future business development, and therefore intends to allocate ¥8.0 billion to general reserve as follows.

### 1. Matters concerning dividends of surplus

#### (1) Allotment of dividend properties to shareholders and the total amount thereof

¥45 per share of the Company's common stock	Total payment of dividends: ¥3,301,756,650
---	--

#### (2) Effective date of dividends of surplus

Friday, May 23, 2025

### 2. Matters concerning appropriation of surplus

#### (1) Surplus item to be increased and the amount thereof

General reserve	¥8,000,000,000
-----------------	----------------

#### (2) Surplus item to be decreased and the amount thereof

Retained earnings brought forward	¥8,000,000,000
-----------------------------------	----------------

Proposal 2: Election of 10 Directors

The terms of office of all 9 Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the election of 10 Directors is proposed.

The candidates for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Special interests in the Company
1	Kazuhide Nakatomi (June 30, 1972)  [Reappointment]	<p>April 1999      Joined the Company</p> <p>February 2007      Head of Corporate Strategy Planning</p> <p>May 2007      Director &amp; Executive Officer</p> <p>May 2009      Managing Director &amp; Executive Officer</p> <p>May 2011      Senior Managing Director &amp; Executive Officer</p> <p>May 2014      Vice President &amp; Executive Officer</p> <p>May 2015      President &amp; COO</p> <p>May 2019      President &amp; CEO (to present)</p>	248,342	None
<p>[Reason for nomination as candidate]</p> <p>Mr. Kazuhide Nakatomi has extensive operational experience in the corporate strategy planning division, and took office as Director of the Company in 2007. He also has built track records as a corporate manager since he became Representative Director in 2015. We believe he is suitable for continuing to serve as a Director of the Company, and nominate him as a candidate for Director.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held	Special interests in the Company
2	Kyu Saito (June 10, 1963)  [Reappointment]	April 1987	Joined the Company	7,500	None
		April 2009	Executive Officer		
		May 2013	Director & Executive Officer		
		May 2023	Managing Director & Executive Officer		
			[Head of Global Business Strategy, Chairman of Hisamitsu America, Inc., President of Hisamitsu Pharmaceutical Technology Consulting (Beijing) Co., Ltd., President of Hisamitsu Pharmaceutical (China) Co., Ltd., President of Hisamitsu U.S., Inc., and Director of P.T. Hisamitsu Pharma Indonesia] (to present)		
	[Reason for nomination as candidate] Mr. Kyu Saito has extensive operational experience in the sales and corporate strategy planning divisions, and has been managing and supervising the overseas sales division since he took office as Director of the Company in 2013. We believe he is suitable for continuing to serve as a Director of the Company, and nominate him as a candidate for Director.				
3	Nobuo Tsutsumi (March 11, 1964)  [Reappointment]	April 1988	Joined the Company	5,900	None
		March 2010	Executive Officer		
		May 2014	Director & Executive Officer		
			[Management of Legal Affairs, Production, Quality Assurance & Pharmacovigilance, Compliance, Director of Hisamitsu Wellness Co., Ltd. (part-time), and Director of Yutoku Pharmaceutical Ind. Co., Ltd. (part-time)] (to present)		
	[Reason for nomination as candidate] Mr. Nobuo Tsutsumi has extensive operational experience in the legal division, and has been managing and supervising legal affairs and compliance based on his high expertise since he took office as Director of the Company in 2014. We believe he is suitable for continuing to serve as a Director of the Company, and nominate him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held	Special interests in the Company
4	Shinichi Murayama (October 16, 1967)  [Reappointment]	March 1991 March 2012 May 2014	Joined the Company Executive Officer Director & Executive Officer [Management of Internal Audit, Japan Subsidiaries, Director of Yutoku Pharmaceutical Ind. Co., Ltd. (part- time), and Outside Corporate Auditor of SANOFI- HISAMITSU K.K. (part-time)] (to present)	6,000	None
	[Reason for nomination as candidate] Mr. Shinichi Murayama has extensive operational experience in the sales and corporate strategy planning divisions, and has been managing and supervising management in general, including as Executive Secretary of Chairman’s Office, since he took office as Director of the Company in 2014. We believe he is suitable for continuing to serve as a Director of the Company, and nominate him as a candidate for Director.				
5	Koji Takiyama (October 31, 1971)  [Reappointment]	April 1994 May 2017 May 2021 May 2022	Joined the Company Executive Officer Senior Executive Officer Director & Executive Officer [Executive Secretary of President’s Office and Management of Digital Transformation (DX)] (to present)	3,535	None
	[Reason for nomination as candidate] Mr. Koji Takiyama has extensive operational experience in the sales division and in the management of Hisamitsu Pharmaceutical Group companies, and has been managing and supervising management in general, including as Executive Secretary of President’s Office, since he took office as Director of the Company in 2022. We believe he is suitable for continuing to serve as a Director of the Company, and nominate him as a candidate for Director.				
6	Yuichi Isobe (August 11, 1971)  [New Appointment]	April 1994 May 2023	Joined the Company Executive Officer [Head of Corporate Strategy Planning and Director of Hisamitsu Wellness Co., Ltd. (part-time)] (to present)	0	None
	[Reason for nomination as candidate] Mr. Yuichi Isobe has extensive operational experience in the corporate strategy planning division, and has been involved in the management of Hisamitsu Pharmaceutical overseas Group companies. We believe he is suitable for serving as a Director of the Company, and nominate him as a candidate for Director.				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Special interests in the Company
7	Yuichiro Anzai (August 29, 1946)  [Reappointment] [Outside Director] [Independent Officer]	<p>April 1988 Professor of Faculty of Science and Technology, Keio University, Professor of Graduate School of Science and Technology, Keio University</p> <p>October 1993 Dean of Faculty of Science and Technology, Keio University, Dean of Graduate School of Science and Technology, Keio University</p> <p>May 2001 President of Keio University (Chair of the Board of Trustees of Keio University and the university president of Keio University)</p> <p>May 2009 Advisor for Academic Affairs to Keio University (to present)</p> <p>April 2010 Director of the Nakatomi Foundation (to present)</p> <p>June 2011 Chairman of Japanese Association of University Physical Education and Sports</p> <p>October 2011 President of Japan Society for the Promotion of Science (JSPS)</p> <p>April 2012 Professor Emeritus of Keio University (to present)</p> <p>February 2018 President of Kojunsha Club (to present)</p> <p>April 2018 Senior Advisor to JSPS (to present)</p> <p>May 2020 Outside Director of the Company (to present)</p>	600	None
<p>[Reason for nomination as candidate and summary of expected roles]</p> <p>Mr. Yuichiro Anzai, who has long served as a manager of a university, has a wide range of knowledge and experience, and we expect him to provide precise advice on the Company's management. Furthermore, there is no problem with his independence in relationship with the Company. We believe he is suitable for continuing to serve as an Outside Director of the Company, and nominate him as a candidate for Outside Director.</p>				

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions		Number of shares of the Company held	Special interests in the Company
8	Tetsugo Matsuo (January 1, 1972)  [Reappointment] [Outside Director] [Independent Officer]	April 2001	Joined Matsuo Construction Co., Ltd.	2,500	None
		June 2005	Managing Director of Matsuo Construction Co., Ltd.		
		June 2006	President of Matsuo Construction Co., Ltd. (to present)		
		June 2012	Outside Director of FM Saga Co., Ltd. (to present)		
		June 2013	Outside Director of Saga Ube Concrete Kogyo Co., Ltd. (to present)		
		May 2016	Chairman of Saga General Construction Association (to present)		
		May 2020	Outside Director of the Company (to present)		
		June 2023	Outside Director of New Otani Kyushu Co., Ltd. (to present)		
[Reason for nomination as candidate and summary of expected roles] Mr. Tetsugo Matsuo has extensive experience and insight into overall management acquired as a representative director of a construction company, and we expect him to provide precise advice on the Company’s management. Furthermore, there is no problem with his independence in relationship with the Company. We believe he is suitable for continuing to serve as an Outside Director of the Company, and nominate him as a candidate for Outside Director.					
9	Tamako Watanabe (January 26, 1982)  [Reappointment] [Outside Director] [Independent Officer]	April 2004	Joined KPMG AZSA LLC	100	None
		May 2006	Registered as a certified public accountant		
		April 2008	Joined ASG Tax Corporation		
		August 2010	Registered as a certified tax accountant		
		July 2011	Joined Odaki Accounting, Tax and Consulting General Manager of Tateyama Office		
		September 2011	Registered as a licensed social insurance consultant		
		July 2019	Established Itsuki Accounting Firm Representative (to present)		
		May 2023	Outside Director of the Company (to present)		
December 2023	Outside Auditor of SHOEI CO., LTD. (to present)				
[Reason for nomination as candidate and summary of expected roles] Ms. Tamako Watanabe has a wide range of knowledge and experience acquired as a certified public accountant, a certified tax accountant and a licensed social insurance consultant, and we expect her to provide precise advice on the Company’s management. Furthermore, there is no problem with her independence in relationship with the Company. We believe she is suitable for continuing to serve as an Outside Director of the Company, and nominate her as a candidate for Outside Director.					



No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held	Special interests in the Company
10	Midori Noguchi (June 8, 1960)  [New Appointment] [Outside Director] [Independent Officer]	April 1983      Joined Kokusai Denshin Denwa Co., Ltd. (currently KDDI CORPORATION) July 2000      Joined Hiroshi Noguchi Tax Accounting Office February 2008      Joined Tigre Partners Tax Accountant Corporation April 2008      Joined Office Noguchi Co., Ltd. June 2008      Registered as a certified tax accountant March 2011      Representative Director and President of Office Noguchi Co., Ltd. (to present) July 2011      Representative Partner of Tigre Partners Tax Accountant Corporation (to present)	0	None
[Reason for nomination as candidate and summary of expected roles] Ms. Midori Noguchi has a wide range of knowledge and experience in accounting, taxation, and compliance acquired as a representative partner of a tax accountant corporation, and we expect her to provide precise advice on the Company's management. Furthermore, there is no problem with her independence in relationship with the Company. We believe she is suitable for serving as an Outside Director of the Company, and nominate her as a candidate for Outside Director.				

(Notes)

1. Messrs. Yuichiro Anzai and Tetsugo Matsuo and Ms. Tamako Watanabe and Midori Noguchi are candidates for Outside Directors.
2. Messrs. Yuichiro Anzai and Tetsugo Matsuo and Ms. Tamako Watanabe, candidates for Outside Directors, satisfy the requirements of independent officers stipulated by Tokyo Stock Exchange, Inc., Nagoya Stock Exchange, Inc. and Fukuoka Stock Exchange, respectively, and the Company has notified these stock exchanges of them as independent officers. It has also notified the stock exchanges that if this proposal to appoint Ms. Midori Noguchi as an Outside Director is approved, she will be an independent officer.
3. At the conclusion of this General Meeting of Shareholders, Messrs. Yuichiro Anzai and Tetsugo Matsuo will have served for five years, and Ms. Tamako Watanabe will have served for two years as Outside Directors of the Company.
4. The Company has entered into agreements with Messrs. Yuichiro Anzai and Tetsugo Matsuo and Ms. Tamako Watanabe in accordance with Article 427, Paragraph 1 of the Companies Act, to limit the liability for damages set forth in Article 423, Paragraph 1 of the same act to the amount stipulated by laws and regulations. If this proposal is approved, the Company plans to continue the said agreements with them. In addition, if this proposal to appoint Ms. Midori Noguchi as an Outside Director is approved, the Company will enter into the same liability limitation agreement with her.
5. The Company has concluded a directors and officers liability insurance contract with an insurance company, and all candidates for this election proposal will be insured under the contract. The insurance contract covers damages that may arise from the insured directors and officers assuming liability for the execution of their duties or receiving claims related to the pursuit of such liability.

**(Reference)****(1) Skill matrix of Directors and Corporate Auditors (planned) after this Annual General Meeting of Shareholders**

The Company elects multiple Outside Directors within the limits of the number specified in the Companies Act and the Company's Articles of Incorporation, so that its Board of Directors is both diverse and effective, with a good balance of members who possess the knowledge, experience, and skills needed to effectively perform their roles and responsibilities. If Proposal 2 is approved as originally proposed, the composition of the Company's Directors and Corporate Auditors, and experience and expertise of each Director and Corporate Auditor are as follows:

	Name	Corporate management	Sales / Marketing	Global / Business	Production / R&D	IT / Digital transformation (DX)	HR management / development	Sustainability / ESG	Legal affairs / Compliance / Risk management	Finance / Accounting
Directors	Kazuhide Nakatomi	●	●	●	●					
	Kyu Saito	●	●	●						
	Nobuo Tsutsumi				●			●	●	
	Shinichi Murayama	●		●					●	
	Koji Takiyama	●				●		●	●	
	Yuichi Isobe	●		●				●		
	Yuichiro Anzai	●			●	●	●			
	Tetsugo Matsuo	●	●							
	Tamako Watanabe	●					●			●
	Midori Noguchi	●					●		●	●
Corporate Auditors	Nobuyuki Nakatomi	●								
	Munehiko Hirano				●					
	Kentaro Watanabe	●							●	
	Ryusuke Itakura	●							●	●

## **(2) Criteria for selecting independent officers**

Hisamitsu Pharmaceutical Co., Inc. (the “Company”) shall establish criteria for independence of outside officers (Outside Directors and Outside Corporate Auditors) of the Company as follows.

### **I. If an outside officer does not fall under any of the attributes listed in the following items, the Company determines that the outside officer is fully independent from the Company.**

#### **1. Relationship with group companies**

- (1) An executive\*<sup>1</sup> or a Director who is not an executive of the parent company of the Company in the past ten years
- (2) A Corporate Auditor of the parent company of the Company in the past ten years (This is limited to the case where an Outside Corporate Auditor is designated as an independent officer.)
- (3) An executive of a fellow subsidiary of the Company in the past ten years

#### **2. Remuneration from the Company**

- (1) An attorney at law, certified public accountant, certified public tax accountant, consultant, etc. who has received ¥10 million or more of money or other financial benefits per year from the Group (This refers to the Company and its parent company, fellow subsidiaries, and subsidiaries. The same applies hereinafter.) in any of the past three business years, other than the officer’s remuneration
- (2) A person who belongs to a corporation such as a law office, audit corporation, tax accountancy corporation, or consulting firm or an organization such as a partnership that has received a certain amount\*<sup>2</sup> or more of money or other financial benefits from the Group in any of the past three business years or a person who has recently fallen under this category

#### **3. Business relationship**

A person who has a significant business relationship\*<sup>3</sup> with the Group or, if the person is a corporation or other organization, an executive thereof or a person who has recently fallen under this category

#### **4. Major shareholder**

A person who is a major shareholder\*<sup>4</sup> of the Company, or an executive of a company of which the Company is a major shareholder in any of the past three business years

#### **5. Donation recipient**

A person who has received a donation exceeding ¥10 million from the Company in any of the past three business years (If the person is a corporation or other organization, a person who has received a donation exceeding ¥10 million and accounting for more than 2% of the total revenue of the corporation or other organization) or, if the person is a corporation or other organization, an executive of the person

#### **6. Others**

- (1) A spouse or a relative within the second degree of a person who falls under any of the items 1 to 5 (This is limited to a person who is in a significant position\*<sup>5</sup> for an executive of a corporation or other organization or a person described in 2 (2).)
- (2) A spouse or a relative within the second degree of a person who falls under any of the following (This is limited to a person who is in a significant position.)
  - 1) An accounting advisor of the Company (If the accounting advisor is a corporation, it includes an employee who is to perform the duties thereof. The same shall apply hereinafter.) (This is limited to the case where an Outside Corporate Auditor is designated as an independent officer.)
  - 2) An executive of a subsidiary of the Company
  - 3) A Director who is not an executive or accounting advisor of a subsidiary of the Company (This is limited to the case where an Outside Corporate Auditor is designated as an independent officer.)
  - 4) An executive or a Director who is not an executive of the parent company of the Company
  - 5) A Corporate Auditor of the parent company of the Company (This is limited to the case where an Outside Corporate Auditor is designated as an independent officer.)
  - 6) An executive of a fellow subsidiary of the Company
  - 7) A person who has recently fallen under items 1) to 3) or an executive of the Company (This includes a Director who is not an executive in the case where an Outside Corporate Auditor is designated as an independent officer.)

**II. Even if an outside officer falls under any of the attributes listed in any of the items stipulated in I., the Company may determine that there is no problem with the requirements for an independent officer when the Board of Directors or the Board of Corporate Auditors of the Company conducts a comprehensive review and determines that independence is ensured.**

(Notes) \*1 An executive refers to an executive stipulated in Article 2, paragraph (3), item (vi) of the Regulations for Enforcement of the Companies Act, which includes an executive Director, corporate officer, executive officer, and other employee.

\*2 A certain amount refers to 2% of the gross sales of the corporation or an organization such as a partnership.

\*3 A person who has a significant business relationship refers to a person who falls under either (1) or (2) described below.

(1) A person for which the Group is a significant business partner

A person who has received a payment of the amount exceeding 2% of the consolidated net sales from the Group in any of the past three business years

(2) A person who is a significant business partner of the Group

A person who has paid an amount exceeding 2% of the Group's consolidated net sales to the Group, or a person who has provided a loan exceeding 2% of the Company's consolidated total assets as of the end of the previous business year to the Group in any of the past three business years

\*4 A major shareholder refers to a shareholder who holds 10% or more of the total voting rights of the Company.

\*5 A person in a significant position refers to a Director (excluding Outside Directors), executive officer, corporate officer, or a person with authority equivalent thereto. (In addition to the person, it includes an attorney at law, certified public accountant, or certified public tax accountant belonging to a law office, audit corporation, or tax accountancy corporation for the person described in I. 2 (2).)

### (3) Capital management policy

#### <Policy for cross-shareholdings>

- At a meeting of the Board of Directors held in May of each year, the Company verifies the reasonableness of its shareholdings by comprehensively considering the results of qualitative verification based on the status of transactions for each issue and quantitative verification based on economic rationality through benefits and dividends associated with transactions.
- Based on the results of the verification, the Company will dialogue with investee companies and consider reducing the issues that are determined to be unreasonable to hold.

#### <Cross-shareholdings to consolidated net assets ratio>



#### (4) Basic policy on cash allocation

The Company has formulated a Basic Policy on Cash Allocation ahead of its 8th Medium-Term Management Policy, which will commence in the fiscal year ending February 2027.

Specifically, over the five-year period from the fiscal year ending February 2027 to the fiscal year ending February 2031, the Company will allocate ¥200 billion for growth investments (capital investments, strategic investments, and R&D investments) and over ¥50 billion for shareholder returns (including dividends and purchasing treasury shares).

Cash inflow <sup>*1</sup>		Cash outflow	
<div>Operating CF + Financial assets</div> <div>Approx. 250 billion yen<sup>*2</sup></div>		<b>Prioritize growth investments to accelerate business growth and significantly enhance shareholder returns.</b>	
		Growth investment	<b>Capital investment</b> Over 50 billion yen  <b>Salonpas.:</b> Accelerating global growth, adapting to new TDDS technology • Establishing a stable global supply and production system • Mass production of microneedle formulations, etc.
			<b>R&amp;D investment</b> Over 80 billion yen  <b>Expanding the pipeline</b> • Advancing the development of HP-3150US and HP-6050 • Active investment in the early development pipeline
			<b>Strategic investment</b> Over 70 billion yen  <b>Achieving sustainable growth</b> • Introduction of the late-stage development pipeline and acquisition of OTC brands • Expansion of new businesses through M&A
			<b>Shareholder returns</b> Over 50 billion yen  <b>Significantly enhancing the steadily increasing shareholder returns</b> • Dividends of approx. 45 billion yen (over 5 years) • Flexibility in purchasing treasury shares

<sup>\*1</sup> We will also consider utilizing interest-bearing debt as appropriate while ensuring financial soundness.

<sup>\*2</sup> Before deducting R&D expenses.