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For Immediate Release

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## **Notice concerning Determination of Details of Performance-based Stock Compensation Plan for Directors, etc. of the Company and its Subsidiaries and Disposal of the Company's Treasury Shares by Third-party Allotment**

SANKYO CO., LTD. (the Company) announced that, in introducing the new performance-based stock compensation plan announced on May 11, 2023 (hereinafter referred to as the "Plan;" the trust agreement to be concluded with Resona Bank, Limited for the Plan is hereinafter referred to as the "Trust Agreement;" and a trust to be established in accordance with the Trust Agreement is hereinafter referred to as the "Trust") for Directors (excluding Outside Directors and non-residents of Japan) and Operating Officers (excluding non-residents of Japan) of the Company, and for Directors (excluding Outside Directors and non-residents of Japan) of the Company's subsidiaries (hereinafter referred to as "Subsidiaries") (hereinafter collectively referred to as "Directors, etc. of the Company and Subsidiaries"), it determined the details of the Plan at the meeting of the Board of Directors held today. This decision includes disposal of the Company's treasury shares (hereinafter referred to as "Disposal of Treasury Shares") by third-party allotment as the method of acquisition of the Company's shares by the Trust under the Plan. The details are described below.

### 1. Details of the performance-based stock compensation plan

#### (1) Overview of the Trust

- 1) Name: Share Benefit Trust for Directors
- 2) Trustor: The Company
- 3) Trustee: Resona Bank, Limited  
Resona Bank, Limited shall conclude a specific comprehensive trust agreement with the Custody Bank of Japan, Ltd., which will

This material is an English translation of Japanese announcement made on August 7, 2023. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.

- be the re-trustee.
- 4) Beneficiaries: Directors, etc. of the Company and Subsidiaries who satisfy the requirements for beneficiaries stipulated in the Share Benefit Regulations
- 5) Trust administrator: A third party that has no interest in the Company
- 6) Type of trust: Trust of money other than money trust (third-party benefit trust)
- 7) Date of execution of the Trust Agreement: August 23, 2023 (scheduled)
- 8) Date of entrusting money: August 23, 2023 (scheduled)
- 9) Trust period: From August 23, 2023 (scheduled) until the termination of the Trust (No specific termination date will be set, and the Trust shall continue as long as the Plan continues.)

(2) Details of acquisition of the Company's shares upon establishment of the Trust

- 1) Class of shares to be acquired: Shares of the Company's common stock
- 2) Amount of trust money to be contributed to the Trust as funds for acquiring shares: ¥1,550,070,000
- 3) Total number of shares to be acquired: 270,000 shares
- 4) Method of acquisition of shares: Acquisition by underwriting the disposal of the Company's treasury shares
- 5) Date of acquisition of shares: August 23, 2023 (scheduled)

2. Disposal of treasury shares by third-party allotment

(1) Disposal procedures

1) Date of disposal	August 23, 2023
2) Class of shares and number of shares to be disposed of	270,000 shares of the Company's common stock
3) Disposal price	¥5,741 per share
4) Total value of disposal	¥1,550,070,000
5) Allottee of shares	Custody Bank of Japan, Ltd. (trust account)
6) Other	The Disposal of Treasury Shares is conditional on the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act.

(2) Purpose of and reasons for the disposal

The Company resolved to introduce the Plan at the meeting of the Board of Directors held May 11, 2023 and a proposal for introduction of the Plan was approved at the 58<sup>th</sup> Ordinary General Meeting of Shareholders held on June 29, 2023. (For the overview of the Plan, please refer to

“Notice concerning Introduction of Performance-based Stock Compensation Plan for Directors, etc. of the Company and Subsidiaries” issued on May 11, 2023.)

The Disposal of Treasury Shares is for the purpose of introducing the Plan by third-party allotment to Custody Bank of Japan, Ltd. (trust account), the re-trustee of Resona Bank, Limited, which is the trustee of the Trust.

The number of shares to be disposed of is equivalent to the total number of shares expected to be granted in the three fiscal years in accordance with the Share Benefit Regulations established by the Company and its Subsidiaries upon introduction of the Plan and will account for 0.41% of the total number of shares issued and outstanding, which is 66,339,100 shares as of March 31, 2023 (0.47% of the total number of voting rights (579,600) as of March 31, 2023; rounded to two decimal places in both cases). The Company deems that the number of shares to be disposed of and the scale of dilution by the Disposal of Treasury Shares are reasonable and the impact on the stock market is negligible.

### (3) Basis of calculation of the disposal price and specific details thereof

In order to eliminate any arbitrary pricing, the disposal price for the Disposal of Treasury Shares is set at ¥5,741, which is the closing price of the Company’s shares on Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) on the business day (August 4, 2023) immediately before the date of the resolution by the Board of Directors concerning the Disposal of Treasury Shares (hereinafter referred to as the “Date of the Resolution by the Board of Directors”).

The Company has adopted the closing price of the Company’s shares on the business day immediately before the Date of the Resolution by the Board of Directors because it indicates fair corporate value of the Company on the stock market and is deemed reasonable.

The said price is the closing price on the business day immediately before the Date of the Resolution by the Board of Directors. Moreover, deviation from the average closing price of ¥5,780 (rounded down to the nearest yen) for the one-month period immediately before the Date of the Resolution by the Board of Directors (from July 5, 2023 to August 4, 2023) is -0.67% (rounded to two decimal places), deviation from the average closing price of ¥5,827 (rounded down to the nearest yen) for the three-month period immediately before the Date of the Resolution by the Board of Directors (from May 5, 2023 to August 4, 2023) is -1.48% (rounded to two decimal places), and deviation from the average closing price of ¥5,698 (rounded down to the nearest yen) for the six-month period immediately before the Date of the Resolution by the Board of Directors (from February 5, 2023 to August 4, 2023) is 0.75% (rounded to two decimal places). Therefore, the Company believes that the price for the Disposal of Treasury Shares is not particularly advantageous to the allottee.

Moreover, all the four Statutory Auditors (two of whom are Outside Auditors) who attended the meeting of the Board of Directors expressed the opinion that the process by which the Company

reached a decision that the disposal price is not particularly advantageous to the allottee is reasonable and that such decision is appropriate.

(4) Matters concerning the procedure required by the corporate code of conduct

The said third-party allotment does not require the receipt of an opinion from an independent third party or procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because 1) the dilution ratio is less than 25% and 2) the said third-party allotment does not involve a change in controlling shareholder.