

January 18, 2024

For Immediate Release

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Notice concerning Transition to Company with Audit and Supervisory Committee and Establishment of Nomination and Remuneration Committee and Sustainability Committee

SANKYO CO., LTD. (the Company) announced that it resolved at the Board of Directors meeting held today to transition to a company with an audit and supervisory committee, subject to approval at the 59th Ordinary General Meeting of Shareholders to be held in June 2024. The Company also resolved to establish a Nomination and Remuneration Committee and a Sustainability Committee, which are voluntary committees.

1. Transition to a Company with an Audit and Supervisory Committee

(1) Purpose of the transition

By making Audit and Supervisory Committee Members, who are responsible for auditing Directors' execution of duties, members of the Board of Directors, the Company intends to strengthen the supervisory functions of the Board of Directors so as to further enhance the corporate governance system. The Company also intends to accelerate decision-making and business execution through delegation of authority so as to achieve continuous enhancement of corporate value.

(2) Transition schedule

The Company plans to request approval for the necessary amendments to the Articles of Incorporation at the 59th Ordinary General Meeting of Shareholders to be held in June 2024 and transition to a company with an audit and supervisory committee.

(3) Other

Details of the amendments to the Articles of Incorporation and changes of the members of the Board of Directors associated with this matter will be announced as soon as they are determined.

2. Establishment of Nomination and Remuneration Committee

(1) Purpose of establishing the committee

The Company will establish a voluntary Nomination and Remuneration Committee for the purpose of ensuring objectivity, transparency, and fairness in evaluation and decision-making procedures concerning nomination and remuneration of Directors etc. through appropriate involvement of independent Outside Directors so as to further enhance the corporate governance system.

This material is an English translation of Japanese announcement made on January 18, 2024. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.

(2) Roles of the committee

Upon consultation or delegation by the Board of Directors, the Nomination and Remuneration Committee will deliberate on matters related to the appointment and dismissal of Directors, the appointment and dismissal of the Representative Director, etc., and the remuneration of Directors, etc., and submit reports or make decisions on matters delegated by the Board of Directors.

(3) Composition of the committee

The Nomination and Remuneration Committee will consist of members selected by the Board of Directors, a majority of whom will be independent Outside Directors.

(4) Date of establishment of the committee

January 18, 2024

3. Establishment of Sustainability Committee

(1) Purpose of establishing the committee

The basic philosophy of the SANKYO Group is to fulfill its mission, namely, to contribute to the sound development of pachinko and pachislot, which are popular leisure activities in Japan, and to the quality of life in society as a leading company in the pachinko and pachislot industry. Through consideration for and cooperation with all stakeholders, including customers, suppliers, shareholders, employees, and local communities, the Group aims to realize both a sustainable society and continuous corporate growth so as to enhance corporate value.

In order to further concretize this basic philosophy, the Company has decided to establish a Sustainability Committee and promote sustainability initiatives.

(2) Role of the committee

The Sustainability Committee will deliberate on basic policies concerning initiatives with respect to sustainability issues, environmental activities, social contribution and community contribution activities, human capital strategy, etc. and report to the Board of Directors and the Management Committee.

(3) Composition of the committee

The Sustainability Committee will be chaired by the Representative Director, President & CEO and consist of division heads, general managers of administrative divisions, etc.

(4) Date of establishment of the committee

April 1, 2024

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