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Notice Regarding Partial Revision of the Medium-Term Performance-Based Share Compensation for Company's Directors and Corporate Officers

Tokyo, Japan - (May 18, 2026) - DAIICHI SANKYO COMPANY, LIMITED (headquartered in Chuo-ku, Tokyo; hereinafter the "Company") today announced that at a Board of Directors meeting held today, it was resolved to submit a proposal regarding partial revisions to the conditions of the the medium-term performance-based share compensation (hereinafter "the Plan") already in place to the 21st Ordinary General Shareholders Meeting scheduled to be held on June 22, 2026 (hereinafter "the OGSM"). Details are as follows.

1. Details of Partial Revision of the Plan

(1) As the five fiscal years which were the target period for the 5-Year Business Plan (FY2021-FY2025) have now concluded, the Plan will be continued for the next five fiscal years for the 5-Year Business Plan (FY2026-FY2030) (hereinafter referred to as the "Target Period"), with the following revisions:

- 1) Addition of Eligible Recipients: Directors and executive officers who are foreign nationals or reside overseas will be added to the list of eligible recipients under this system for the delivery or payment (hereinafter "the Company's Shares, etc.") of the Company's shares and cash equivalent to the proceeds from the liquidation of the Company's shares (hereinafter "the Company's shares, etc."). Following the revision, eligible recipients will be the Company's directors excluding outside directors and executive officers (hereinafter "Target Directors & Officers"), regardless of nationality or place of residence.
- 2) Addition of Methods for Acquiring Company Shares: While previous shares were to be acquired from the stock market, it will now be possible to acquire Company Shares through the disposal of treasury shares.

- 3) Changes the Performance Targets: Previously, the Company's performance indicators set as revenue, core operating profit ratio before research and development expenses, ROE, research and development progress, ESG indicators, and relative TSR ; however, starting in fiscal year 2026, the Company will set revenue, operating profit, ROE, relative TSR, research and development progress, and sustainability indicators as performance indicators under the 5-Year Business Plan (FY2026-FY2030).

(2) This partial revision of the Plan is subject to approval at the OGSM.

2. Details of the Plan

(1) Overview of the Plan

This is a share-based compensation plan under which the Company's Shares, etc., as executive compensation during the Target Period, based on the position of the Target Directors & Officers, and the degree of achievement of the performance targets set forth in 5-Year Business Plan [the Target Period following the continuation of the Plan shall be the five fiscal years of 5-Year Business Plan (FY2026-FY2030)]. If the continuation of this trust is carried out in accordance with (4) 2) below, the Target Period shall correspond to the 5-Year Business Plan.

In principle, the timing for the Target Directors & Officers, to receive the grant of the Company's shares, etc., shall be after their retirement.

(2) Resolution of the OGSM Regarding Partial Revision of the Plan

At the OGSM, resolutions will be passed regarding the maximum amount of trust funds to be contributed to the Trust, the maximum total number of shares, etc., to be delivered to the Target Directors & Officers, and other necessary matters.

(3) Target Directors & Officers Under the Plan (Beneficiary Requirements)

The Target Directors & Officers may, in principle after their retirement, receive from the Trust shares, etc. of the Company's Shares, etc. to the number of share delivery points specified in (5) below, provided they meet the following beneficiary requirements and have completed the prescribed procedures for determining beneficiary rights.

- 1) Being the Target Directors & Officers during the applicable period (including those who became the Target Directors & Officers on or after the Plan start date)
- 2) The number of share delivery points specified in (5) below has been determined
- 3) The Target Directors & Officers must have resigned (*)
- 4) The individual must not have resigned voluntarily, nor must they have resigned or been dismissed due to certain misconduct during their tenure or a serious violation of their duties or internal regulations
- 5) Any other requirements deemed necessary to achieve the objectives of the share-based compensation plan

(*) If the trust period described in (4) 2) below is extended, and the eligible person under this system remains in office as an eligible director, etc. at the end of the extended trust period (assuming the trust period is not extended again), the trust shall terminate at that time, and the delivery of the Company's shares, etc., to such the Target Directors & Officers shall be made during their tenure.

(4) Trust Term

1) Trust Period

Approximately five years, from August 3, 2026 (scheduled) to the end of August 2031 (scheduled).

2) Continuation of the Trust

This Trust may be continued beyond the period described in (4) 1) above through amendments to the trust agreement and the establishment of additional trusts. In such cases, the term of this Trust will be further extended to align with the Target Period, and the Company will make additional contributions within the maximum trust fund amount approved by resolution at the OGSM for each extended period, and will continue to grant points to the Target Directors & Officers for the extended Target Period. However, when making such additional contributions, if there are Company shares (excluding those corresponding to points granted to the Target Directors & Officers, for which delivery, etc., has not yet been completed) and cash (hereinafter "Remaining Shares, etc.") remaining in the trust property as of the last day of the trust term prior to the extension, the total amount of the Remaining Shares, etc. eligible for delivery, etc., to the Target Directors & Officers, and the additional trust funds contributed shall be within the maximum amount of trust funds approved by resolution at the OGSM. This extension of the trust term is not limited to a single instance; the trust term may be extended again in the same manner thereafter.

(5) Company Shares, etc. to be Delivered, etc. to the Target Directors, etc.

The number of Company Shares, etc. to be delivered, etc. to the Target Directors & Officers shall be determined based on share delivery points calculated by multiplying the cumulative value of points granted at a fixed time each year based on position by a performance-linked coefficient. The performance-linked coefficient is determined within a range of 0% to 200% based on the degree of achievement against the target values of the Company's performance indicators for the final fiscal year of the Target period (for the applicable period beginning in FY2026, the Company plans to adopt sales revenue, operating profit, ROE, relative TSR, research and development progress, and sustainability indicators), and one share of the Company's share will be delivered for each point.

Furthermore, if a share split (including a gratis allotment of the Company's common share) or a reverse share split of the Company's common share occurs during the trust period, or if any other circumstances arise that require an adjustment to the number of points, the number of points will be adjusted as necessary within a reasonable range in accordance with the split ratio or reverse split ratio, etc.

(6) Method and Timing of Delivery of the Company's Shares, etc., to the Target Directors & Officers

The Target Directors & Officers who satisfy the beneficiary requirements shall, upon their retirement,

receive the delivery of the Company's shares, etc., equivalent to the number of share delivery points calculated in accordance with (5) above. In this case, such Target Directors & Officers shall, in principle, receive a number of the Company's shares equivalent to 50% of the said share delivery points, and shall receive a cash payment equivalent to the proceeds from the liquidation of the remaining shares within the Trust.

Furthermore, in the event that the Target Directors & Officers dies during the term of the trust, all of the Company's shares equivalent to the number of share grant points granted at that time shall be liquidated within the Trust, and the heirs of such eligible director, etc. shall receive a cash payment equivalent to the proceeds from such liquidation.

(7) Maximum Amount of Trust Funds Contributed to the Trust and Maximum Number of Company Shares, etc. to be Delivered from the Trust

1) Maximum amount of trust funds contributed to the Trust: JPY4.0 billion

(Total amount of funds for share acquisition under this Trust, as well as trust fees and expenses, for the Target Period)

Furthermore, if the Trust is continued as described in (4) 2) above, the amount contributed during the Target Period shall be capped at JPY800 million per fiscal year multiplied by the number of fiscal years corresponding to the Target Period.

2) Maximum number of the Company's shares, etc., to be delivered, etc., from the Trust: 2.5 million shares

(Set based on the above maximum amount of trust funds, taking into account the most recent share price, etc.)

Furthermore, if the Trust described in (4) 2) is continued, the maximum number of shares to be acquired during the Target Period shall be 500,000 shares per fiscal year multiplied by the number of fiscal years in the Target Period.

(8) Method of Acquiring the Company's Shares Through This Trust

The acquisition of the Company's shares by this Trust during the Target Period following the continuation is planned to be made through purchases on the stock market or the disposal of treasury shares, within the limits of the maximum trust fund amount specified in (7) 1) above and the maximum number of the Company's shares, etc., to be delivered, etc., specified in (7) 2).

(9) Malus Provision

In the event that the Target Directors & Officers violates laws and regulations or commits a material violation of internal regulations, or in the event of a breach of the duty of care or duty of loyalty as a participant in the Plan, the Company shall not deliver or pay to such participant any or all of the Company shares scheduled to be delivered under the Share Delivery Plan, or any portion of the proceeds from the sale thereof.

(10) Clawback Provision

If a material accounting error or fraud is found in the financial indicators used as the basis for calculation for the Target Directors & Officers, or if the Company records a significant impairment loss or similar event, the Company may seek partial or full compensation from such applicable directors, etc., in an amount calculated by multiplying the number of shares already issued under this plan (including shares sold to fund tax payments) by the closing price of the Company's shares on the Tokyo Stock Exchange on the date the Company notifies them of the repayment.

(11) Exercise of Voting Rights for the Company's Shares Held in the Trust

With regard to the Company's shares held in this trust, voting rights shall not be exercised during the trust term in order to ensure neutrality in management.

(12) Treatment of Residual Shares and Unpaid Dividends at the Expiration of the Trust Term

If, due to failure to achieve the target during the Target Period or other reasons, residual shares remain at the expiration of the trust term, the Trust may continue to be used as this system or a similar equity compensation system by amending the trust agreement and making additional transfers to the Trust. If this trust is terminated upon the expiration of the trust term, as a measure to return value to shareholders, the trust will transfer the remaining shares to the Company free of charge, and the Company plans to cancel them by resolution of the Board of Directors.

In addition, any remaining dividends on the Company's shares held in the Trust arising upon the expiration of the trust term will be used as funds for the acquisition of shares if the Trust continues to be utilized; however, if this trust terminates upon the expiration of the trust term, the portion of the trust expense reserve designated for review shall be donated to an organization that has no conflict of interest with the Company or the Target Directors & Officers.

[Details of the Trust Agreement]

- 1) Type of Trust: Money trusts other than specific single-client money trusts (trusts for the benefit of third parties)
- 2) Purpose of the Trust: Granting incentives to the target directors, etc.
- 3) Grantor: The Company
- 4) Trustee: Mitsubishi UFJ Trust and Banking Corporation(Co-trustee: The Master Trust Bank of Japan, Ltd.)
- 5) Beneficiary: Those among the plan participants who meet the beneficiary requirements
- 6) Trust Administrator: A third party (certified public accountant) with no conflict of interest with the Company
- 7) Date of Trust Agreement: March 7, 2025
- 8) Term of the Trust: March 7, 2025 to August 31, 2031 (Scheduled to be extended until August 31, 2031, pursuant to an amendment to the trust agreement dated August 3, 2026)
- 9) Program Start Date: March 7, 2025
- 10) Exercise of Voting Rights: Voting rights shall not be exercised.
- 11) Class of Shares to be Acquired: Common share of the Company
- 12) Amount of Additional Trust Funds: JPY1.6 billion (including trust fees and expenses)
- 13) Rights Holder: The Company
- 14) Residual assets: The residual assets that our company may receive as the beneficiary shall be limited to the amount of the trust expense reserve, after deducting from the trust property the funds used to acquire shares.

(Note) The schedule above is subject to change to a date deemed appropriate in accordance with applicable laws and regulations.