



[Translation]

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To whom it may concern

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## **Notice Regarding Introduction of a Restricted Transfer Stock Remuneration Plan**

Sankyu Inc. (the “Company”) hereby announces that the Board of Directors, at its meeting held today, based on a review of its executive remuneration plan, resolved to introduce a restricted transfer stock remuneration plan (the “Plan”) for the Company’s Directors (including External Directors; the “Eligible Directors”), and to submit a proposal for approval of the payment of restricted transfer stock allocated under the Plan or monetary remuneration claims equivalent to the amount paid for the restricted transfer stock to the Eligible Directors for approval at the 116th Annual General Meeting of Shareholders (the “General Meeting of Shareholders”) to be held on June 26, 2025.

### **1. Reasons for introducing the Plan**

The purpose of the Plan is to provide the Eligible Directors with incentives to continuously enhance the corporate value of the Company Group, and to promote increase of value sharing between the Eligible Directors and shareholders.

### **2. Outline of the Plan**

#### **(1) Remuneration to be paid to Eligible Directors**

The remuneration to be paid to the Eligible Directors under the Plan shall be either (i) shares of common stock of the Company or (ii) monetary remuneration claims as assets contributed in kind to acquire common stock of the Company and, based on a resolution of the Board of Directors of the Company, shares of common stock of the Company shall be issued or disposed of to the Eligible Directors and be held by them. With the approval at the 115th General Meeting of Shareholders held on June 26, 2024, the maximum amount of remuneration, etc. for Directors of the Company was set at 1,200 million yen per year (of which, 200 million yen per year is for External Directors; does not include employee salary portion for a Director who concurrently serves as an employee.) The Plan provides remuneration for the allotment of newly restricted transfer stocks, which is separate from the aforementioned remuneration framework. The total amount of the Company's common stock or monetary remuneration claims to be paid under the Plan shall not exceed 200 million yen per year (of which, 20 million yen per year is for External Directors). The specific timing and allocation of payments to Eligible Directors is to be determined by the Board of Directors following deliberation by the Remuneration Committee.

#### **(2) Type and total number of restricted transfer stocks to be issued or disposed of to the Eligible Directors**

The restricted transfer stocks to be issued or disposed of to Eligible Directors under the Plan shall be

common stocks of the Company, and the total number of common stocks issued or disposed of within one year from the date of the General Meeting of Shareholders for each fiscal year shall not exceed 80,000 shares (including 8,000 shares per year for External Directors). However, if the Company conducts a stock split (including gratis allotment of common stocks) or a reverse stock split of common stock with an effective date on or after the date of the General Meeting of Shareholders, the Company reserves the right to adjust the share exchange ratio within a reasonable range as needed from the effective date of the stock split or reverse stock split.

(3) Amount to be paid for restricted transfer stocks

Under the Plan, when remuneration is paid to Eligible Directors, (i) If the Company's common stock is to be paid to the Eligible Directors as remuneration under the Plan without payment of monetary compensation claims, such common stock shall be issued or disposed of as remuneration for the Directors and payment is not required in exchange for such common stocks. However, the amount of the above remuneration to be paid to the Eligible Directors shall be calculated as the amount per share of common stock of the Company to be issued or disposed of based on the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors regarding the issuance or disposal of such common stocks (or, if no trading is conducted on such date, the closing price on the immediately preceding business day). On the other hand, in the case where (ii) monetary remuneration claims as assets contributed in kind to acquire common stocks of the Company are paid to the Eligible Director as remuneration to be paid under the Plan, the entire amount of the monetary remuneration claims to be paid under the Plan shall be paid as assets contributed in kind to acquire common stocks, and the Eligible Directors shall receive the issuance or disposal of such common stocks. In such cases, the amount to be paid per share of common stock shall be determined by the Board of Directors based on the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors regarding the issuance or disposal of such common stocks (or, if no trading is conducted on such date, the closing price on the immediately preceding business day), within a range that does not result in an amount particularly favorable to Directors receiving issuance of such common stocks.

(4) Execution of restricted stock allotment agreement

Upon the issuance or disposal of common stock under the Plan, the Company and the Eligible Director shall enter into a restricted stock allotment agreement that includes the following:

1. Eligible Directors shall not transfer, create a security interest in, or donate during their lifetime or otherwise dispose of the shares of common stock of which issued or disposed of under the Plan for a specified period of time;
2. In the event certain circumstances arise, the Company shall acquire all or part of such common stock without compensation ;
3. Details, etc. of the conditions for removal of transfer restrictions established in advance by the Board of Directors of the Company.

3. Conditions for introduction of the Plan

In order to provide the Eligible Directors with restricted transfer stocks or monetary remuneration claims equivalent to the amount to be paid for the common stocks issued or disposed of as restricted transfer stocks under the Plan, a proposal required for the provision of such restricted transfer stocks

or monetary remuneration claims shall be submitted to the General Meeting of Shareholders, and the issuance or disposal of such common stocks shall be subject to shareholder approval at the General Meeting of Shareholders.

(Reference)

Subject to the approval of the introduction of the Plan at the General Meeting of Shareholders, the Company plans to allot the same restricted transfer stocks as the above-mentioned restricted transfer stocks to the Corporate Officers of the Company.