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For Immediate Release

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Notice concerning Disposal of the Company's Treasury Shares by Third-party Allotment in Association with Additional Contributions to Performance-based Stock Compensation Plan for Directors, etc. of the Company and its Subsidiaries

SANKYO CO., LTD. (the "Company") hereby announces that, at the Board of Directors' meeting held today, it has resolved disposal of the Company's treasury shares (hereinafter referred to as "Disposal of Treasury Shares") by third-party allotment. The details are described below.

1. Outline of the disposal

1) Date of disposal	August 21, 2026
2) Class of shares and number of shares to be disposed of	1,090,000 shares of the Company's common stock
3) Disposal price	¥1,821.5 per share
4) Total value of disposal	¥1,985,435,000
5) Allottee of shares	Custody Bank of Japan, Ltd. (trust account)
6) Other	The Company has submitted an extraordinary report pursuant to the Financial Instruments and Exchange Act regarding the Disposal of Treasury Shares.

2. Purpose of and reasons for the disposal

The Company introduced the performance-based stock compensation plan, effective from the fiscal year 2023, (hereinafter referred to as the “Plan;” the trust agreement concluded with Resona Bank, Limited for the Plan is hereinafter referred to as the “Trust Agreement;” and a trust 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”). (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.)

At a meeting of the Board of Directors held today, the Company decided to make an additional contribution of money to the Trust (hereinafter referred to as "Additional Trust") in order for the Trust to acquire stocks of the Company that are expected to be necessary for future benefits in order to continue the Plan, and Disposal of Treasury Shares to the Custody Bank of Japan, Ltd. (trust account), which is a re-trustee of Resona Bank, Ltd., which is a trustee of the Trust, in connection with the contribution.

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 0.47% of the total number of shares issued and outstanding, which is 230,000,000 shares as of March 31, 2026 (0.55% of the total number of voting rights (1,986,074) as of March 31, 2026; 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.

【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 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
8) Date of amendment agreement: August 6, 2026
9) Trust period: From August 23, 2023 until the termination of the Trust (No specific termination date will be set, and the Trust shall continue as long as the Plan continues.)

【Overview of the Additional Trust and Acquisition of the Company's Stocks by the Trust】
1) Class of shares to be acquired: Shares of the Company's common stock
2) Amount of Additional Trust: ¥1,647,000,000
3) Total number of shares to be acquired: 1,090,000 shares
4) Date of Additional Trust: August 21, 2026
5) Date of acquisition of shares: August 21, 2026
6) Method of acquisition of shares: Acquisition by underwriting the disposal of the Company's treasury shares

(Note) The Trust will acquire additional shares of the Company using the total amount of ¥1,647,000,000 related to the Additional Trust and ¥338,435,000 belonging to the trust property.

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 ¥1,821.5, 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 5, 2026) 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.

Moreover, the Company's Audit & Supervisory Committee (consisting of five members, four of whom are Outside 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 disposal of treasury shares 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.