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Notice of Introduction of a Share-Based Remuneration System for Officers

Sankyo Tateyama, Inc. (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held today, to introduce a share-based remuneration system (the "System"), using a trust, for the Company's Directors (excluding (i) Directors who are Audit & Supervisory Committee Members and (ii) External Directors). The proposal for the introduction of the System will be submitted to the 81st Annual General Meeting of Shareholders (the "General Meeting") scheduled to be held on August 27, 2026. The details are described below.

1. Introduction of the System

The remuneration of the Directors of the Company has consisted of "fixed remuneration", "bonuses". Going forward, the Company will newly introduce the System for the Directors of the Company.

The System aims to enhance awareness of contributions to improved medium- and long-term business performance and increased corporate value, by more clearly linking the Directors' remuneration with the Company's share value, while having the Directors share the benefits and risks of share price fluctuations with shareholders. In addition, this system is designed to provide directors with an incentive to continuously enhance corporate value even after the shares are issued, by imposing transfer restrictions on the shares issued to them until their retirement.
These restrictions apply with respect to shares to be delivered to each Director under the System and remain in effect until the date that the Director retires from office.
With the introduction of the System, the remuneration of the Directors of the Company will consist of "fixed remuneration", "bonuses" and, under the System, "share-based remuneration".

If the General Meeting approves the introduction of the System, the Company also plans to introduce a share-based remuneration system for Executive Officers, similar to that for the Directors. In this case, Executive Officers will also become beneficiaries of the trust (the Trust described in 2(1) below) to be established by the Company for the operation of the System, similar to the Directors. Also, the Company will entrust to the trustee of the trust the funds for acquisition of shares to be delivered to Executive Officers.

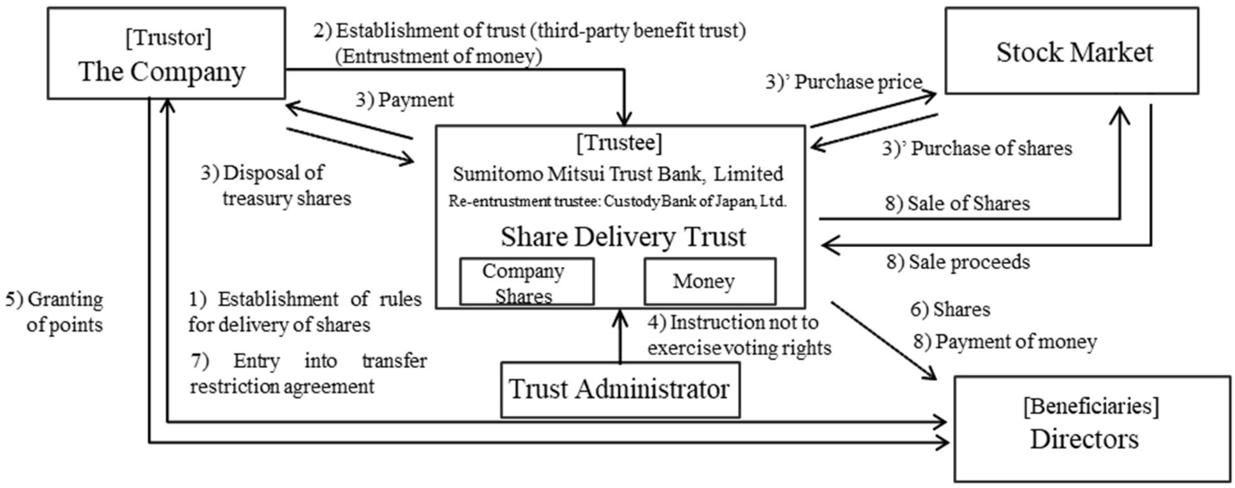
2. Overview of the System

(1) Structure of the System

The System is a share-based remuneration system in which a trust (the “Trust”), established with money contributed by the Company, will acquire common shares of the Company (“Company Shares”) and, through the Trust, and Company Shares corresponding to the number of Company Shares corresponding to a predetermined proportion of the points granted by the Company to each Director (“Points for Share Delivery”) will be delivered to the respective Directors (however, as described in 3. below, transfer restrictions will be imposed on such shares by the entry into transfer restriction agreement between the Company and each Director). Note that with regard to the number of points remaining after deducting the "Points for Share Delivery" from the points granted by the Company to each Director ("Points for Cash delivery"), Company Shares equivalent to such number of points shall be sold through the Trust, and the cash equivalent to the proceeds of such sale shall be delivered to each Director.

Company Shares will be delivered under the System to the Directors in office during the 4 years period from the day following the conclusion of the General Meeting until the conclusion of this the General Meeting in August 2030. (the “Eligible Period”; however, as described in (4) below, the Eligible Period may be extended.) In principle, the Directors will receive delivery of the Company Shares at a certain time during each fiscal year of the trust period.
Furthermore, the timing for the delivery of cash to Directors shall, in principle, be at the time of their retirement.

< Overview of the Structure of the System >



1) The Company establishes share delivery rules for the Directors.
2) The Company establishes a share delivery trust (third-party-benefit trust) with the Directors who acquire beneficial rights, as described in 6) below, as the beneficiaries (the Trust). At that time, the Company entrusts the amount of money to the trustee, equivalent to the funds for the acquisition of shares (however, the amount of funds for acquisition of the shares to be delivered to the Company's Directors] shall be within the scope of the amount approved by the General Meeting of the Company).
3) The trustee acquires, in a single tranche, the number of Company Shares sufficient for the expected delivery of shares in the future (the acquisition shall be through receiving disposal of treasury shares or acquisition from the stock market (including off-auction trading)).
4) A trust administrator (who must be independent from the Company and its officers) is appointed to protect the interests of the beneficiaries who are covered by the share delivery rules and supervise the trustee, throughout the trust period. Note, with respect to the Company Shares held in the Trust, the trust administrator instructs the trustee not to exercise any voting rights and, based on this instruction, the trustee shall not exercise voting rights throughout the trust period.
5) The Company grants points to the Directors based on the share delivery rules.
6) The Directors who satisfy the requirements stipulated in the share delivery rules and the trust agreement pertaining to the Trust, acquire beneficial rights in the Trust and, as beneficiaries of the Trust, receive delivery of the Company Shares from the trustee corresponding to the number of share delivery points out of the points granted to them.
7) The Company and the Directors will enter into transfer restriction agreements regarding the Company Shares delivered, which will establish a transfer restriction period from the delivery date until the Retirement Date.
8) Upon the retirement of each Directors, the trustee shall sell on the trading market a number of the Company's shares corresponding to the cash payment points held by such the Directors. Such the Directors shall then reacquire beneficial interests in this trust and, as a beneficiary of this trust, receive from the trustee a cash payment equivalent to the proceeds of such sale.

It is planned that the Company Shares that are residual assets of the Trust at the time of the Trust's termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors.
Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust's termination will be donated to a special public-interest promotion corporation, with which the Directors have no relationship of interest, as provided for in advance in the share delivery rules and the trust agreement.
Sumitomo Mitsui Trust Bank, Limited which will be the trustee under the System, will delegate (re-entrust) management of the trust assets to Custody Bank of Japan, Ltd.

(2) Establishment of the Trust

Subject to approval of the introduction of the System at the General Meeting, the Company will establish the Trust by contributing the funds necessary for the Trust to acquire, in advance, the Company Shares in a number reasonably expected to be required for delivery over a certain period in accordance with (6) below. As described in (5) below, the Trust will acquire the Company Shares using the funds contributed by the Company as its funding source.

Sumitomo Mitsui Trust Bank, Limited, which will be the trustee under the System, will delegate (re-entrust) management of the trust assets to Custody Bank of Japan, Ltd.

(3) Trust period

The trust period will be approximately 4 years, from October 2026 (scheduled) to October 2030 (scheduled). However, the trust period may be extended as described in (4) below.

(4) Upper limit on trust money that may be contributed to the Trust as funds for the acquisition of shares
During the Eligible Period, the Company will contribute money, as remuneration for the Directors in office during the Eligible Period, up to an upper limit of 300 million yen in total to fund the acquisition of the Company Shares as necessary for delivery to the Directors under the System, and establish the Trust with the Directors who acquire beneficial rights in accordance with (6)(ii) and (6)(iii) as beneficiaries. Using the money entrusted by the Company as its source of funds, the Trust will acquire the Company Shares by means of receiving disposal of treasury shares from the Company or by means of acquisition from the stock market (including off-auction trading).
Note: In addition to the funds for acquiring the Company's shares detailed above, amounts for necessary expenses such as trust fees, trust administrator fees, etc., will also be entrusted.

In addition, the Company may, by decision of the Board of Directors, extend the Eligible Period for periods of up to 5 years, as determined each time and, with this, extend the trust period (this includes effectively extending the trust period by transferring the trust assets of the Trust to a trust that the Company establishes with the same purpose as the Trust; the same applies below), and thereby have the System continue. In such cases, during the extended Eligible Period, the Company will make additional contribution of money to the Trust up to the amount obtained by multiplying the number of years of the extended Eligible Period by 75 million yen, to fund acquisition of additional Company Shares to be delivered to the Directors under the System, and will continue to grant points and deliver the Company Shares as described in (6) below (the same applies hereinafter).

(5) Method of acquisition of Company Shares by the Trust

It is planned that the initial acquisition of Company Shares by the Trust will be through disposal of treasury shares from the Company or acquisition from the stock market, within the scope of the upper limit on funds for acquisition of shares described in (4) above. Details about the method of acquisition will be decided on after the resolution of the General Meeting and disclosed.

Note, if, during the trust period, the number of Company Shares held in the Trust may become insufficient for the number of shares corresponding to the points granted to the Directors, due to an increase in the number of the Directors or other reason, additional money may be entrusted to the Trust, within the scope of the upper limit on trust funds as described in (4) above, and additional Company Shares may be acquired.

(6) Method of calculation and upper limit on the number of Company Shares to be delivered to Directors
(i) Method of granting points to the Directors

The Company will grant points to each Director on the points-granting dates (in principle, each fiscal year) during the trust period as specified in the share delivery rules, in accordance with their position, etc. , based on the share delivery rules established by the Board of Directors.
However, the total number of points to be granted to the Directors by the Company will have an upper limit of 75,000 points per fiscal year.

(ii) Delivery of Company Shares to the Directors

As a general rule, each director shall, subject to entering into the transfer restriction agreement described in Section 3 below with the Company and completing other prescribed procedures during each fiscal year of the trust term, acquire beneficial interests in this trust each time points are granted as described in (1) above, and, as a beneficiary of this trust, receive a number of shares of the Company's stock equivalent to the points granted under (1) above that correspond to the points allocated for stock delivery. One point shall be equivalent to one share of the Company's stock (provided, however, that if any event occurs with respect to the Company's stock—such as a stock split or reverse stock split—that makes it reasonable to adjust the number of shares of the Company's stock per point, the number of shares of the Company's stock per point shall be adjusted in accordance with the applicable split ratio or reverse split ratio, etc.).
However, if the Company's shares held in the Trust are converted into cash—such as when they are tendered in a tender offer and settled—cash (the amount of such conversion) may be delivered in lieu of the Company's shares.

(iii) Payment of Money to Directors

As a general rule, upon their retirement, each director will, following the prescribed procedures, reacquire beneficial interests in this trust and, as a beneficiary of this trust, receive a cash payment equivalent to the cash-payable portion of the points granted under (1) above. However, such payment of cash is made for the purpose of enabling the Company to withhold income tax at source and other taxes; the amount actually received by the director is limited to any remaining balance, if any, after deducting income tax at source and other taxes from the proceeds of the sale of the Company's shares held in the Trust. Furthermore, such cash payment is made by selling and converting into cash the number of the Company's shares equivalent to the points subject to cash payment (calculated in the same manner as in (2) above) within the Trust, and distributing the proceeds from such sale.

(7) Exercise of voting rights

Based on the instructions of the trust administrator, who will be independent of the Company and its officers, none of the voting rights of the Company Shares held in the Trust may be exercised. The purpose of this is to ensure the neutrality of the Trust from the Company's management regarding the exercise of voting rights in the Company Shares held in the Trust.

(8) Handling of dividends

Dividends on the Company Shares held in the Trust will be received by the Trust, and will be applied to the acquisition price of Company Shares, as well as trust fees payable to the trustee in connection with the Trust, etc.

(9) Handling of Company Shares and money at the time of termination of the Trust

It is planned that Company Shares that are residual assets of the Trust at the time of the Trust's termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors.
Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust's termination will be donated to a special public-interest promotion corporation, with which the Directors have no relationship of interest, as provided for in advance in the share delivery rules and the trust agreement.

3. Transfer Restriction Agreement regarding Company Shares to be Delivered to Directors

In connection with the delivery of Company Shares described in 2(6)(ii) above, a transfer restriction agreement will be entered into between the Company and the Director establishing the following matters.

(i) The Director shall not transfer, create a security interest in, or otherwise dispose of Company Shares delivery of which is received under the System during the period from the date of receipt until the Retirement Date.

(ii) The Company may acquire Company Shares without compensation if certain events occur.

(iii) The conditions for lifting the transfer restrictions, and other matters, as determined in advance by the Company's Board of Directors.

However, if any shares of the Company are issued after the date of resignation, such shares shall not be subject to transfer restrictions.

4. Other

(1) Treatment of Director Compensation

If this system is approved at this General Meeting of Shareholders, we plan to reduce the fixed compensation for the Company's directors and executive officers by an amount equivalent to the stock-based compensation, so that the total compensation will be equivalent to that under the current system.

Going forward, we will continue to comprehensively consider changes in the business environment surrounding the Company, trends in business performance, and medium- to long-term management strategies, and we will appropriately review the level and composition of executive compensation to contribute to the sustainable enhancement of corporate value.

(2) Restrictions on the Sale of Shares After Retirement

With regard to shares in the Company for which transfer restrictions are lifted upon retirement, as well as shares in the Company to be issued after retirement, such shares shall not be sold for a certain period after retirement, in accordance with the Company's internal regulations regarding the sale of shares.

(Reference) Overview of the Trust Agreement for the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrustment trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors of the Company who satisfy the beneficiary requirements
Trust administrator	A third party to be selected that is independent of the Company and its officers
Exercise of voting rights	The voting rights of the shares held in the Trust will not be exercised at any time during the trust period.
Type of trust	Trust of money other than "money trust" (third-party-benefit trust)
Date of trust agreement	October 2026 (scheduled)
Trust period	From October 2026 to October 2030 (scheduled)
Trust purpose	To deliver the Company Shares to the beneficiaries based on the share delivery rules

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