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Notice regarding Partial Revision of Performance-Linked Stock Compensation Plan

As announced in the “Notice concerning Introduction of Performance-Linked Stock Compensation Plan” dated May 12, 2016 and the “Notice concerning Introduction of Performance-Linked Stock Compensation Plan (Decision on Details)” dated July 29, 2016, the Company has introduced a performance-linked stock compensation plan utilizing the structure of a Board Benefit Trust for its Directors (hereinafter referred to as the “Plan”). The Company hereby announces that, at the Board of Directors meeting held today, it resolved to revise the Plan for the purpose of newly adding the Company’s Corporate Officers under delegation agreements as eligible persons, among other matters (hereinafter referred to as the “Revision”), as described below.

1. Partial Revision of the Plan

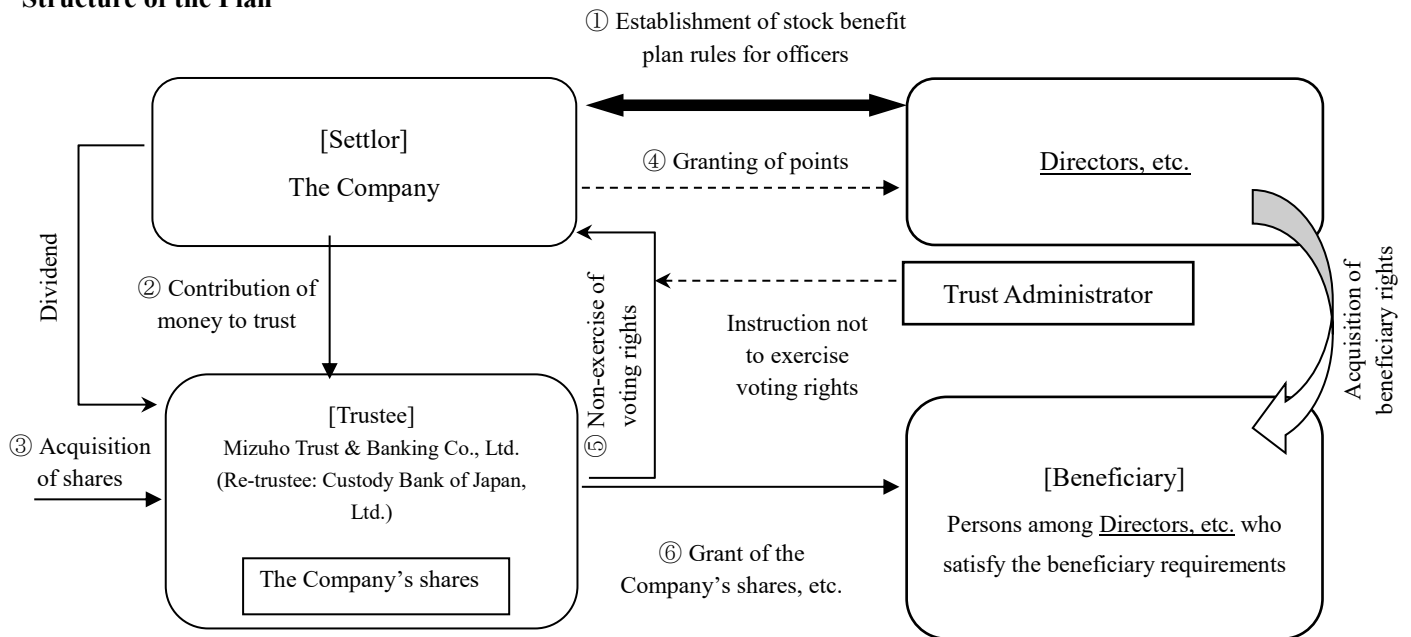
The Company will partially revise the details of the existing Plan. The main revisions are underlined. For the details of the existing Plan, please refer to Proposal No. 3, “Revision of Performance-Linked Stock Compensation Plan for Directors,” of the 65th Annual General Shareholders Meeting held on June 23, 2023.

2. Overview of the Plan

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan under which the Company’s shares are acquired through a trust funded by money contributed by the Company (the trust established under the Plan is hereinafter referred to as the “Trust”), and the Company’s shares, etc. are granted through the Trust to Directors and Corporate Officers under delegation agreements (hereinafter referred to as “Directors, etc.”) in accordance with the stock benefit plan rules for officers established by the Company. In principle, Directors, etc. will receive the Company’s shares, etc. on a specified date during the trust period set forth in the stock benefit plan rules for officers. However, if a Director, etc. retires before such date arrives, the timing will be upon the retirement of such Director, etc.

Structure of the Plan



- ① The Company has obtained a resolution on officer compensation for the Plan at the General Shareholders Meeting and has established the “stock benefit plan rules for officers” within the framework approved at this General Shareholders Meeting.
- ② The Company has contributed money to the trust within the scope approved at the General Shareholders Meeting referred to in ①.
- ③ The Trust will acquire the Company’s shares through the stock market, using the money contributed to the trust in ② as the source of funds.
- ④ The Company will grant points to Directors, etc. based on the “stock benefit plan rules for officers.”
- ⑤ The Trust will not exercise voting rights relating to the Company’s shares in the trust account, in accordance with the instructions of the trust administrator, who is independent from the Company.
- ⑥ The Trust will grant the Company’s shares to persons among Directors, etc. who satisfy the beneficiary requirements set forth in the “stock benefit plan rules for officers” (hereinafter referred to as the “Beneficiaries”), in accordance with the number of points granted to such Beneficiaries. However, if Directors, etc. satisfy certain requirements set forth in the “stock benefit plan rules for officers,” the Trust will grant, for a certain percentage of the points granted to such Directors, etc., money equivalent to the amount obtained by converting the Company’s shares at market value, in lieu of the Company’s shares.

(2) Persons eligible for the Plan

Directors and Corporate Officers under delegation agreements of the Company, excluding Outside Directors. Corporate Auditors are not eligible for the Plan.

(3) Method for calculating the number of the Company’s shares to be granted to Directors, etc. and the maximum number thereof

Directors, etc. will be granted points for each fiscal year in a number determined according to their position, degree of achievement of performance targets, and other factors, based on the stock benefit plan rules for officers. The

maximum number of points to be granted to Directors, etc. per fiscal year shall be 43,000 points, including 25,000 points for Directors.

This has been determined by comprehensively taking into account factors including the current level of officer compensation, trends in the number of Directors, etc., and future outlook, and the Company has determined that it is reasonable. Points granted to Directors, etc. will be converted into one share of the Company's common stock per point upon the grant of the Company's shares, etc. described in (6) below. However, if, after an approval resolution by shareholders at the General Shareholders Meeting, a stock split, gratis allotment of shares, share consolidation, or similar event is conducted with respect to the Company's shares, the maximum number of points, the number of points already granted, or the conversion ratio will be reasonably adjusted according to the relevant ratio, etc.

The number of points serving as the basis for the grant of the Company's shares, etc. described in (6) below shall be fixed as the total number of points granted to Directors, etc. before they acquire beneficiary rights (hereinafter referred to as the "fixed number of points").

(4) Method for acquiring the Company's shares

The acquisition of the Company's shares by the Trust will be conducted through the stock market or by subscribing for a disposal of the Company's treasury shares, using funds contributed pursuant to (5) below as the source of funds. Details of the acquisition of the Company's shares by the Trust will be disclosed in a timely and appropriate manner.

(5) Amount of money to be contributed to the Trust

The Company has contributed the funds necessary for the Trust to acquire in advance, for a certain period, the number of shares reasonably expected to be necessary to grant the Company's shares, etc. in accordance with (3) above and (6) below, and has established the Trust. As described in (4) above, the Trust has acquired the Company's shares using the funds contributed by the Company as the source of funds. Specifically, within the scope approved at the 58th Annual General Shareholders Meeting, the Company contributed ¥250 million in money as the necessary funds corresponding to the four fiscal years from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2020, and established the Trust.

In addition, at the 65th Annual General Shareholders Meeting, the Company designated the applicable period as the three fiscal years from the fiscal year ended March 31, 2024 to the fiscal year ended March 31, 2026. The period of these three fiscal years and each period of, in principle, three fiscal years beginning after the expiration of such three fiscal years shall each be referred to as the "Post-Revision Applicable Period." Until the Plan ends, in principle, with respect to each Post-Revision Applicable Period, the Company will reasonably estimate the number of shares necessary to grant benefits to Directors, etc. under the Plan and make additional contributions to the Trust of funds it deems necessary for the Trust to acquire such shares in advance. The Post-Revision Applicable Period will be linked to the period of the Company's medium-term business plan, and if the period of the medium-term business plan is changed in the future, the Post-Revision Applicable Period will also be changed according to such period. However, if, when making such additional contributions, there are any Company shares remaining in the trust assets on the day immediately preceding the start of the Post-Revision Applicable Period for which such additional contributions are to be made, excluding Company shares corresponding to the number of points granted to Directors, etc. for which the grant of shares to Directors, etc. has not yet been completed, as well as money (hereinafter referred to as the "Remaining Shares, etc."), the Remaining Shares, etc. will be allocated as the source of funds for grants under the Plan during the Post-Revision Applicable Period. If the Company decides to make additional contributions, it will

disclose this in a timely and appropriate manner.

(6) Timing of grant of the Company's shares, etc.

If Directors, etc. satisfy the beneficiary requirements set forth in the stock benefit plan rules for officers, they may receive from the Trust a grant of the number of the Company's shares corresponding to the fixed number of points by carrying out the prescribed procedures for confirming beneficiaries. However, if they satisfy requirements separately set forth in the stock benefit plan rules for officers in addition to the beneficiary requirements, they will receive, for a certain percentage of the points granted to such Directors, etc., money equivalent to the amount obtained by converting the Company's shares at market value, in lieu of the grant of the Company's shares. The Company's shares may be sold by the Trust in order to provide such monetary benefits. If a Director, etc. passes away during the trust period, in principle, the heir of such Director, etc. will receive monetary benefits equivalent to the market value of the Company's shares corresponding to the points granted to such Director, etc. at that time. Even if Directors, etc. have been granted points, they will not acquire the right to receive benefits if the Company determines that they committed certain misconduct during their term of office or engaged in improper conduct or similar acts during their term of office that caused damage to the Company.

(7) Voting rights relating to the Company's shares in the Trust

Voting rights relating to the Company's shares in the trust account shall not be exercised uniformly, based on the instructions of the trust administrator. Through this method, the Company intends to ensure neutrality toward the Company's management with respect to the exercise of voting rights relating to the Company's shares in the trust account.

(8) Treatment of dividends

Dividends relating to the Company's shares in the trust account will be received by the Trust and allocated to the acquisition price of the Company's shares, trust fees payable to the trustee in relation to the Trust, and other expenses. If the Trust is terminated, any dividends, etc. remaining in the Trust will be granted to Directors, etc. in office at that time in proportion to the number of points each holds, in accordance with the provisions of the stock benefit plan rules for officers.

[Overview of the Trust]

- ① Name: Board Benefit Trust (BBT)
- ② Settlor: The Company
- ③ Trustee: Mizuho Trust & Banking Co., Ltd.
(Re-trustee: Custody Bank of Japan, Ltd.)
- ④ Beneficiaries: Persons among Directors, etc. who satisfy the beneficiary requirements set forth in the stock benefit plan rules for officers
- ⑤ Trust administrator: A third party with no interest relationship with the Company has been selected.
- ⑥ Type of trust: Trust of money other than a money trust (third-party-benefit trust)
- ⑦ Date of execution of the trust agreement: August 8, 2016
- ⑧ Date of contribution of money to the trust: August 8, 2016
- ⑨ Trust period: From August 8, 2016 until the termination of the trust. No specific termination date has been set, and the Trust will continue as long as the Plan continues.

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.