

Jul. 13, 2023

**Notice regarding Issuance of Stock Compensation-Type Share Options
(Stock Acquisition Rights)**

The Company is pleased to announce that its Board of Directors held today has resolved the matters regarding subscription requirements for stock acquisition rights to be issued as stock compensation-type stock options to the Company's directors (excluding outside directors) and soliciting subscribers for the said stock acquisition rights, etc. as follows.

[1] Reason for issuing the stock acquisition rights

The purpose of this is to allow the Company's directors to share the benefits and risks of stock price fluctuations with shareholders, and to increase their motivation to contribute to raising the stock price and improving corporate value more than before.

[2] Guidelines for issuing the stock acquisition rights

1. Name of stock acquisition rights Ninth stock acquisition rights of Hisamitsu Pharmaceutical Co., Inc.
2. Persons eligible for the allocation of stock acquisition rights, the number of such persons, and the number of stock acquisition rights to be allocated

Persons eligible for the allocation	Number of persons	Number of stock acquisition rights to be allocated
Directors of the Company (excluding outside directors)	6 persons	228rights

3. Total number of stock acquisition rights: 228rights

Please note that the above total number is the planned number of stock acquisition rights to be allocated, and if the total number of stock acquisition rights to be allocated decreases, such as in the event that no subscriptions are made, the total number of stock acquisition rights to be allocated shall be the total number of stock acquisition rights to be issued.

4. Type and number of shares for the purpose of stock acquisition rights

The type of shares for the purpose of stock acquisition rights shall be common shares of the Company, and the number of shares for the purpose of each stock acquisition right (hereinafter referred to as the "number of shares granted") shall be 100 shares. However, if the Company conducts a share split (including a gratis allocation of the common shares of the Company; hereinafter the same shall apply to the description of the share split) or a consolidation of shares of common share of the Company after the date of allocation of stock acquisition rights (hereinafter referred to as the "date of allocation"), the Company shall adjust the number of shares granted using the following formula, and any fraction less than one share resulting from this adjustment shall be rounded down.

$$\text{Number of shares granted after adjustment} = \text{Number of shares granted before adjustment} \times \text{Ratio of share split or share consolidation}$$

The number of shares granted after adjustment shall apply on or after the day following the record date of the relevant stock split in the case of a stock split (or the effective date if no record date is specified) or, on or after the effective date of the stock consolidation in the case of a consolidation of shares. Provided, however, that in the case where a share split is conducted on the condition that a proposal to increase capital or capital reserve by reducing the amount of surplus is approved at a general meeting of shareholders of the Company, and the record date for the share split is any day prior to the closing date of said general meeting of shareholders, the number of shares granted after adjustment shall apply retroactively from the day following the closing date of such general meeting of shareholders to the day following such record date.

In addition, in the case where the Company conducts a merger or a corporate split after the date of allocation, or in other cases where adjustment of the number of shares granted is required in accordance with these cases, the Company may appropriately adjust the number of shares granted to a reasonable extent.

When adjusting the number of shares granted, the Company shall give notice or make a public announcement of the necessary matters to persons holding each stock acquisition right listed in the register of stock acquisition rights (hereinafter referred to as "holders of stock acquisition rights") no later than the day prior to the date when the adjusted number of shares granted will apply. Provided, however, that if the Company cannot give notice or make a public announcement no later than the day prior to the date of the said application date, the Company shall subsequently promptly give notice or make a public announcement.

5. Amount of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon exercise of each stock acquisition right shall be the amount to be paid in per share to be delivered upon the exercise of each stock acquisition right (hereinafter referred to as the "exercise price"), which shall be one yen, and multiplied by the number of shares granted.

6. Period when stock acquisition rights may be exercised

From August 1, 2023 to July 31, 2073

7. Matters regarding capital and capital reserve to be increased when issuing shares upon the exercise of stock acquisition rights

(1) The amount of capital to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights shall be the half of the maximum limit of capital increase, etc., as calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules, and any fraction less than one yen resulting from the calculation shall be rounded up.

(2) The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of capital to be increased as stipulated in (1) above from the maximum limit of capital increase, etc. as stipulated in (1) above.

8. Restriction on acquisition of stock acquisition rights by transfer

Acquisition of the stock acquisition rights by transfer shall require the approval by a resolution of the board of directors of the Company.

9. Acquisition clause of stock acquisition rights

Acquisition clause of stock acquisition rights do not stipulate.

10. Policy for determining the details of the delivery of stock acquisition rights of the company subject to reorganization in organizational restructuring

In the case where the Company conducts a merger (only in the cases where the Company is dissolved by merger), an absorption-type company split or an incorporation-type company split (only

in the cases where the Company is the splitting company), or a share exchange or share transfer (only in the cases where the Company becomes a wholly owned subsidiary, respectively) (hereinafter the above cases are collectively called “organizational restructuring”), the stock acquisition rights of the stock companies listed in Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act (hereinafter referred to as the “company subject to reorganization”) shall be delivered in each case to the holders of the remaining stock acquisition rights (hereinafter referred to as “remaining stock acquisition rights”) immediately before the effective date of the organizational restructuring (This refers to the date when an absorption-type merger takes effect in the case of an absorption-type merger, the date when the newly incorporated company is established in the case of a new merger, the date when an absorption-type company split takes effect in the case of an absorption-type company split, the date when a splitting company is established in the case of an incorporation-type company split, the date when a share exchange takes effect in the case of a share exchange, and the date when a wholly owning parent company is established in the case of a share transfer. The same shall apply hereinafter). Provided, however, that it shall be on the condition that delivery of stock acquisition rights of the company subject to reorganization in accordance with the following items is stipulated in an absorption-type merger agreement, an incorporation-type agreement, an absorption-type split agreement, an incorporation-type split plan, a share exchange agreement, or a share transfer plan.

- (1) Number of stock acquisition rights of the company subject to reorganization to be delivered
The same number of stock acquisition rights as the number of remaining stock acquisition rights held by the holders of stock acquisition rights shall be delivered respectively.
- (2) Type of shares of the company subject to reorganization for the purpose of stock acquisition rights
It shall be common shares of the company subject to reorganization.
- (3) Number of shares of the company subject to reorganization for the purpose of stock acquisition rights
It shall be determined in accordance with 4. above, taking into consideration of the conditions for the organizational restructuring, etc.
- (4) Amount of assets to be contributed upon exercise of stock acquisition rights
The amount of assets to be contributed upon the exercise of each stock acquisition right to be delivered shall be the amount obtained by multiplying the exercise price after the organizational restructuring stipulated below by the number of shares of the company subject to reorganization for the purpose of the relevant stock acquisition rights as determined in accordance with (3) above. The exercise price after the organizational restructuring shall be one yen per share of the company subject to reorganization to be granted upon exercise of each stock acquisition right to be delivered.
- (5) Period when stock acquisition rights may be exercised
The period shall be from the commencement date of the period during which stock acquisition rights may be exercised as stipulated in 6. above or the effective date of the organizational restructuring, whichever comes later, to the expiration date of the period during which stock acquisition rights may be exercised as specified in 6. above.
- (6) Matters regarding capital and capital reserve to be increased when issuing shares upon the exercise of stock acquisition rights
It shall be determined in accordance with 7. above.
- (7) Restriction on acquisition of stock acquisition rights by transfer
Acquisition of the stock acquisition rights by transfer shall require the approval by a resolution of the board of directors of the company subject to reorganization (or the general meeting of shareholders, if the company subject to reorganization is not a company with a board of directors).

- (8) Acquisition clause of stock acquisition rights
It shall be determined in accordance with 9. above
- (9) Other conditions for the exercise of stock acquisition rights shall be determined in accordance with 12. below.

11. Arrangement for fractions of less than one share arising from the exercise of stock acquisition rights

Fractions of less than one share in the number of shares to be delivered to the holders of stock acquisition rights who have exercised their stock acquisition rights shall be rounded down.

12. Other conditions for the exercise of stock acquisition rights

- (1) The holders of stock acquisition rights may exercise their stock acquisition rights allocated to them based on the position they have lost from the day following the day they lose their position as directors of the Company.
- (2) In the event that a holder of stock acquisition rights dies, only if all of the stock acquisition rights held by said holder are inherited by one of his / her heirs, such as his / her spouse, children, parents or brothers and sisters (hereinafter referred to as the "successor"), the successor may exercise the stock acquisition rights.
- (3) In the event that a holder of stock acquisition rights waives his or her stock acquisition rights, he or she may not exercise the stock acquisition rights.
- (4) A holder of stock acquisition rights shall exercise all of the stock acquisition rights that have been allocated to him / her (or, if he / she has waived part of the stock acquisition rights, the remaining stock acquisition rights after the waiver) in a lump sum.

13. Calculation method for the amount to be paid in for stock acquisition rights

The amount to be paid for each stock acquisition right shall be the amount obtained by multiplying the number of shares granted by the option price per share calculated based on the basic figures in the following (2) through (7) using the Black-Scholes model in the following formula (fractions less than one yen shall be rounded off).

- (1) Option price per share (C)
- (2) Share price (S): the closing price of the common share of the company in regular trading on the Tokyo Stock Exchange on July 31, 2023 (If there is no closing price, the standard price on the following trading day)
- (3) Exercise price (X): 1 yen
- (4) Expected remaining period (T): 10 years
- (5) Share price volatility (σ): Share price volatility calculated based on the closing price the common share of the Company in regular trading on each trading day during the 10-year period (from July 31, 2013 to July 31, 2023)
- (6) Risk-free interest rate (r): Interest rate of governmental bonds whose remaining period corresponds to the expected remaining period
- (7) Dividend yield (q): Dividend per share (actual dividend for the fiscal year ended February 28, 2022) divided by share price as specified in (2) above
- (8) Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

* The amount calculated as above is a fair value of the stock acquisition rights and does not constitute a favorable issuance. In addition, a compensation claim in an amount equivalent to the total amount to be paid for the stock acquisition rights held by the person who receives an allocation against the Company shall be offset against the payment obligation of the amount to be paid for the stock acquisition rights.

14. Date of allocation of stock acquisition rights July 31, 2023

15. Due date of payment in exchange for the stock acquisition rights July 31, 2023