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To whom it may concern

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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

SUNDRUG CO., LTD. (the “Company”) hereby announces that it has resolved to dispose of treasury shares (hereinafter the “Disposal of Treasury Shares” or “Disposal”) at the Board of Directors’ meeting held today.

The details are as follows.

1. Outline of the Disposal

(1) Disposal date	July 19, 2024
(2) Class and number of shares to be disposed	15,800 common shares of the Company
(3) Disposal price	3,947 yen per share
(4) Total value of shares to be disposed	62,362,600 yen
(5) Persons eligible for allotment of shares and number thereof, and number of shares for allotment	Directors of the Company (excluding External Directors), Executive Officers who do not concurrently serve as Directors of the Company: 9 persons, 15,800 shares
(6) Other	The Disposal of Treasury Shares is subject to the effectiveness of a securities registration statement in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reasons for the Disposal

At the Board of Directors’ meeting held on May 15, 2023, the Company resolved to introduce the restricted stock compensation plan (hereinafter the “Plan”) as a new compensation plan for the Company’s Directors (excluding External Directors, hereinafter the “Eligible Directors”), Executive Officers who do not concurrently serve as the Company’s Directors, and the Company’s employees (hereinafter the “Eligible Directors, etc.” collectively with the “Eligible Directors”), for the purpose of providing an incentive to sustainably increase the Company’s corporate value and further promoting shared value with shareholders. Furthermore, at the 60th Annual General Meeting of Shareholders held on June 23, 2023, based on the Plan, it was approved that the Company shall pay the Eligible Directors monetary claims not exceeding 100 million yen per annum as contributed assets to acquire

the restricted stock (hereinafter the “Restricted Stock Compensation”) and thereby shall issue or dispose of the Company’s common shares not exceeding 25,000 shares per annum; and the transfer restriction period of the restricted stock shall be from the date of allotment of the Company’s common shares, as specified in the restricted stock allotment agreement to be entered into between the Company and the Eligible Directors, to the date immediately after the retirement or resignation from the positions predetermined by the Board of Directors of the Company among the positions of the officers in the Company or its subsidiaries.

The outline, etc. of the Plan is as follows.

[Outline, etc. of the Plan]

The Eligible Directors, etc. shall make in-kind contribution of all monetary claims to be provided by the Company according to the Plan, and shall, in turn, receive the Company’s common shares to be issued or disposed of. The paid-in amount per share shall be determined by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (or the closing price on the trading day immediately prior thereto if there is no trading on the relevant business day) to the extent that such amount shall not be particularly advantageous for the Eligible Directors, etc. receiving the common shares.

With respect the issuance or disposal of the Company’s common shares under the Plan, the Company and the Eligible Directors, etc. shall conclude an agreement on the allotment of restricted stock that includes the following conditions: 1) The Eligible Directors, etc. shall not, for a certain period of time, transfer to a third party, pledge, or dispose of the Company’s common shares allotted under the restricted stock allotment agreement; and 2) Under certain cases, the Company shall acquire the common shares without consideration.

As the Restricted Stock Compensation for the 62nd fiscal year of the Company under the Plan, the Company shall provide the total sum of the monetary claims of 62, 362, 600 yen (hereinafter the “Monetary Claims”), and 15,800 common shares.

For the Disposal of Treasury Shares under the Plan, nine (9) of the Eligible Directors, etc., the allottees, shall make in-kind contribution of all Monetary Claims, and shall receive the Company’s common shares (hereinafter the “Allotted Shares”). The outline of the restricted stock allotment agreement (hereinafter the “Allotment Agreement”) to be entered into between the Company and the Eligible Directors, etc. for the Disposal of Treasury Shares is described in 3. below.

3. Outline of the Allotment Agreement

(1) Transfer restriction period

A period from July 19, 2024 (hereinafter the “Disposal Date”) to the time immediately after the retirement or resignation from any of the positions as directors, operating officers, executive officers who do not concurrently serve as directors, corporate auditors, advisers, consultants, employees, and other equivalent positions of the Company or its subsidiaries

(2) Conditions for releasing transfer restriction

Subject to the condition that the Eligible Directors, etc. maintain any of the positions as directors, operating officers, executive officers who do not concurrently serve as directors, corporate auditors, advisers, consultants,

employees, and other equivalent positions of the Company or its subsidiaries during the period from the commencement date of the execution of duties (the date of the 61st Annual General Meeting of Shareholders held on June 21, 2024) to the time immediately preceding the conclusion of the first general meeting of shareholders which comes after that (hereinafter the “Service Period”), the transfer restriction on all of the Allotted Shares shall be released upon the expiration of the transfer restriction period.

(3) Treatment in cases, during the Service Period, the Eligible Directors, etc. retire or resign from their positions due to any justifiable reasons, such as expiration of their terms of office and reaching the retirement age

1) Time of release of transfer restriction

In cases, during the Service Period, the Eligible Directors, etc. retire or resign from any of the positions as directors, operating officers, executive officers who do not concurrently serve as directors, corporate auditors, advisers, consultants, employees, and other equivalent positions due to any justifiable reasons (including their death), such as expiration of their terms of office and reaching the retirement age, the transfer restriction shall be released at the time immediately after the retirement or resignation.

2) Number of shares subject to release of transfer restriction

The number of shares subject to release of the transfer restriction shall be equal to the number of the Allotted Shares held at the time of the retirement or resignation specified in 1) above, multiplied by the number of months from the month that includes the Disposal Date to the month that includes the date of the retirement or resignation of the Eligible Directors, etc., divided by the number of months of the Service Period (12) (if the number is larger than one, it is taken as one), rounding down any fraction of less than one share resulting from the calculation.

(4) Acquisition without consideration by the Company

In the event the Eligible Directors, etc. violate laws and regulations during the transfer restriction period or fall under certain other events stipulated in the Allotment Agreement, all of the Allotted Shares held at that time shall be automatically acquired by the Company without consideration. In addition, the Company shall, without consideration, automatically acquire the Allotted Shares for which the transfer restriction has not been released at the time when the transfer restriction period expires or at the time of release of transfer restriction stipulated in (3) above.

(5) Treatment of organizational restructuring and others

If, during the transfer period, a merger agreement in which the Company is the dissolved company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring are approved at a general meeting of shareholders of the Company (however, if the aforementioned organizational restructuring and other events do not require approval at a general meeting of shareholders of the Company, at the Board of Directors’ meeting instead), the Board of Directors shall resolve to release the transfer restriction as of the time immediately prior to the business day preceding the effective date of the organizational restructuring and other events for the following number of shares: the number of shares equal to the number of the Allotted Shares held at the time of approval, multiplied by the number of months from the month that includes the Disposal Date to the month that includes the date of

approval, divided by the number of months of the Service Period (12) (if the number is larger than one, it is taken as one), rounding down any fraction of less than one share resulting from the calculation. In addition, the Company shall, without consideration, automatically acquire all of the Allotted Shares for which the transfer restriction has not been released at the time immediately after the release of the transfer restriction.

(6) Management of shares

To ensure that the Allotted Shares shall not be transferred, pledged, or disposed of during the transfer restriction period, the Allotted shares shall be administered in dedicated accounts at Nomura Securities Co., Ltd. (Nomura Securities”), to be opened by the Eligible Directors, etc., during the transfer restriction period. The Company has concluded agreements with Nomura Securities related to the management of the accounts for the Allotted Shares held by respective Eligible Directors, etc. to ensure the effectiveness of the transfer restriction and other conditions upon the Allotted Shares. The Eligible Directors, etc. shall consent to the management of such accounts.

4. Basis of calculation and details of paid-in amount

The disposal of the treasury shares for the Eligible Directors, etc. shall be conducted with monetary claims, which were paid to the Eligible Directors, etc. as the Restricted Stock Compensation for the 62nd fiscal year of the Company under the Plan, to be treated as in-kind contribution. To eliminate any arbitrariness in the disposal price, the closing price of the Company’s common shares on the Tokyo Stock Exchange Prime Market as of June 20, 2024 (the business day immediately preceding the date of the resolution of the Board of Directors) of 3,947 yen is used as the disposal price. This is the market price of the shares immediately prior to the date of the resolution of the Board of Directors and is considered to be rational and not particularly advantageous to the Eligible Directors, etc.