



MEMBERSHIP

June 25, 2024

To Whom It May Concern

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Director
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Notice Regarding the Allotment of Stock Compensation-Type Stock Options

Sawai Group Holdings Co., Ltd. (hereinafter referred to as the “Company”) hereby announces that at the Board of Directors meeting held on June 25, 2024, the Company decided on the offering terms and conditions of stock acquisition rights issued as stock options to its directors, officers, and officers of its subsidiaries and resolved to offer them for subscription, as detailed below.

I. Reason for the need to solicit subscribers to stock acquisition rights

The purpose of soliciting subscribers is to further enhance the commitment of the Company’s directors, officers, and the officers of the Company’s subsidiaries to achieving improved operating results and increased corporate value over the medium- to long-term, by sharing the benefits and risks of stock price fluctuations with shareholders.

II. Issuance terms and conditions of stock acquisition rights

1. The name of the stock acquisition rights:

Sawai Group Holdings Co., Ltd. Stock Acquisition Rights Issued July 2024 (Stock Compensation-type Stock Option)

2. Total number of stock acquisition rights: 96

The total number of stock acquisition rights stated above is only an expected allotment number. In the case where the total number of stock acquisition rights to be allotted is decreased due, for example, to a less than expected number of subscriptions to the offering, the total number of stock acquisition rights to be issued shall equal the total number of stock acquisition rights that will be allotted.

3. Type and number of shares under the stock acquisition rights

The type of the shares under the stock acquisition rights shall be the Company’s shares of

common stock. The number of shares under each stock acquisition right (hereinafter referred to as the “Number of Granted Shares”) shall be 200. In case the Company splits its stock (including the allotment of its shares of common stock without contribution; hereinafter the same shall apply to the description of a stock split) or consolidates its shares of common stock after the day on which the stock acquisition rights are allotted as set forth in 13. below (hereinafter referred to as the “Allotment Date”), the Number of Granted Shares shall be adjusted using the following formula, and any fraction less than one share arising from the adjustment shall be truncated.

Number of Granted Shares after adjustment = Number of Granted Shares before adjustment
x Ratio of stock split or consolidation

The Number of Granted Shares after adjustment shall become effective, in the case of a stock split, on and after the day following the record date of the relevant stock split (or its effective date if no record date is specified) or, in the case of a consolidation of shares, on and after its effective date; provided, however, that, in the event that a stock split is conducted on the condition that a proposal to increase share capital or legal capital surplus by reducing the amount of surpluses is approved at the General Meeting of Shareholders and that the record date for such stock split is prior to the date of closing of said General Meeting of Shareholders, the Number of Granted Shares after adjustment shall be applied retrospectively to the day following said record date, on and after the day following the date of closing of said General Meeting of Shareholders.

In addition, after the Allotment Date, if the Company merges with another corporation, demerges, or is deemed necessary in similar circumstances to adjust the Number of Granted Shares, the Company may adjust the Number of Granted Shares to a reasonable extent.

When the Number of Granted Shares is adjusted, the Company shall give notice of necessary matters to each holder of the stock acquisition rights (hereinafter the “Stock Acquisition Right Holders”) recorded in the register of stock acquisition rights or give public notice thereof, no later than the day preceding the date on which the Number of Granted Shares after adjustment becomes effective; provided, however, that, if the Company is unable to give such notice or public notice no later than the date preceding such effective date, the Company shall thereafter promptly give such notice or public notice.

4. Value of assets to be contributed upon exercise of the stock acquisition rights

The amount of assets to be contributed upon exercise of each stock acquisition right shall be the amount that is equal to the product of one yen as the exercise price per share for the shares that may be issued upon exercise of the stock acquisition rights and the Number of Granted Shares.

5. The period during which the stock acquisition rights may be exercised

From July 11, 2024 to July 10, 2054

6. Matters concerning the amount of increase in share capital and legal capital surplus arising from the issuance of new shares upon exercise of the stock acquisition rights
 - (1) The amount of increase in share capital arising from the issuance of new shares upon exercise of the stock acquisition rights shall be 50% of the maximum amount of capital increase calculated in accordance with Article 17-1 of the Corporate Accounting Rules, with the resulting amounts of less than one yen rounded up to the nearest yen.
 - (2) The amount of increase in legal capital surplus arising from the issuance of new shares upon exercise of the stock acquisition rights shall be calculated by subtracting the amount of increase in share capital determined under (1) above from the maximum amount of capital increase referred to in (1) above.

7. Restrictions on the acquisition of the stock acquisition rights by assignment

Approval of the Board of Directors shall be required for the acquisition of the stock acquisition rights by assignment.

8. Conditions for the acquisition of the share subscription rights

If any of the proposals listed in (1), (2), (3), (4) or (5) below is approved at the General Meeting of Shareholders of the Company (or, if a resolution of the General Meeting of Shareholders is not required, is resolved at the Board of Directors meeting), the Company can acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors of the Company:

 - (1) Proposal for approval of a merger agreement under which the Company will become a dissolving company;
 - (2) Proposal for approval of a split agreement or split plan under which the Company will be split;
 - (3) Proposal for approval of a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary;
 - (4) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of assignment of any of the shares to be issued by the Company shall require the approval of the Company; and
 - (5) Proposal for approval of an amendment to the Articles of Incorporation in order to establish the provision that an acquisition by way of assignment of a type of shares to be delivered upon exercise of the stock acquisition rights shall require the approval of the Company or that the Company may acquire all of such type of shares upon a resolution of the General Meeting of Shareholders.

9. Policy on the determination of the terms and conditions of the delivery of stock acquisition rights of the Reorganized Company in reorganization

If the Company conducts a merger (limited to the case where the Company ceases to exist due to the merger), an absorption-type or incorporation-type company split (both, limited to the case where the Company is split), or a share exchange or transfer (both, limited to the case where the Company becomes a wholly-owned subsidiary) (hereinafter collectively referred to

as the “Acts of Reorganization”), the Company shall, in each of the above cases, deliver the stock acquisition rights of any of the relevant companies listed in Article 236, Paragraph 1-8 of the Companies Act (hereinafter the “Reorganized Company”) to the Acquisition Rights Holders holding the stock acquisition rights remaining at the time immediately preceding the effective date of the relevant Act of Reorganization (hereinafter the “Remaining Stock Acquisition Rights”) (the effective date of the relevant Act of Reorganization shall mean, in the case of an absorption-type merger, the date on which the absorption-type merger becomes effective; in the case of an incorporation-type merger, the date of establishment of a newly-incorporated company through such incorporation-type merger; in the case of an absorption-type company split, the date on which such absorption-type company split becomes effective; in the case of an incorporation-type company split, the date of establishment of a newly-incorporated company through such incorporation-type company split; in the case of a share exchange, the date on which the share exchange becomes effective; and in the case of a share transfer, the date of establishment of a wholly-owning parent company through the share transfer; the same shall apply hereinafter). However, the foregoing shall be on the condition that delivery of such stock acquisition rights by the Reorganized Company in accordance with each of the following items is stipulated in an absorption-type merger agreement, an incorporation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan:

(1) Number of stock acquisition rights of the Reorganized Company to be delivered

A number equal to the number of the Remaining Stock Acquisition Rights held by a Stock Acquisition Right Holder shall be delivered to the same Stock Acquisition Right Holder.

(2) Type of shares of the Reorganized Company under the stock acquisition rights

Shares of common stock of the Reorganized Company

(3) Number of shares of the Reorganized Company under the stock acquisition rights

This is to be determined in accordance with 3. above, taking into consideration the conditions, etc. of the Act of Reorganization.

(4) Value of assets to be contributed upon exercise of the stock acquisition rights

The value of the assets to be contributed upon exercise of each stock acquisition right shall be the amount that is equal to the product of the exercise price after reorganization prescribed below and the number of shares of the Reorganized Company under the stock acquisition rights as determined in accordance with (3) above. The exercise price after reorganization shall be one yen per share of the Reorganized Company delivered upon exercise of each stock acquisition right to be delivered.

(5) The period during which the stock acquisition rights may be exercised

This period shall be from and including whichever is the later of (x) the start date of the period during which the stock acquisition rights may be exercised as prescribed in 5. above or (y) the effective date of the Act of Reorganization, to and including the expiration date of the period during which the stock acquisition rights may be exercised as prescribed in 5. above.

(6) Matters concerning the amount of increase in share capital and legal capital surplus arising from the issuance of shares upon exercise of the stock acquisition rights

To be determined in accordance with 6. above.

- (7) Restrictions on the acquisition of the stock acquisition rights by assignment

Approval of the Board of Directors of the Reorganized Company shall be required for the acquisition of the stock acquisition rights by assignment.

- (8) Conditions for the acquisition of the share acquisition rights

To be determined in accordance with 8. above.

- (9) Other conditions for the exercise of the stock acquisition rights

To be determined in accordance with 11. below.

10. Handling of fractions less than one share resulting from the exercise of the stock acquisition rights

Any fraction less than one share included in the number of shares to be delivered to a Stock Acquisition Right Holder who exercised stock acquisition rights shall be discarded.

11. Other conditions for the exercise of the stock acquisition rights

- (1) Stock Acquisition Right Holders shall be able to exercise their stock acquisition rights only within the period prescribed in 5. above and that starts from the day following the date he/she loses all of the positions as director or officer of the Company or its subsidiaries (hereinafter, the "Date of Loss of Position") and ends on the day when 10 days have lapsed.

- (2) Notwithstanding the provisions of (1) above, in the case where the Date of Loss of Position does not come before July 10, 2053 for a Stock Acquisition Rights Holder, such Stock Acquisition Rights Holder may exercise his/her stock acquisition rights only within the period from July 11, 2053 to July 10, 2054.

- (3) The conditions set forth in (1) and (2) above shall not apply to those who have acquired the stock acquisition rights by way of inheritance.

- (4) If a Stock Acquisition Right Holder has renounced his/ her stock acquisition rights, he/she can no longer exercise them.

12. Method for calculating paid-in value for the stock acquisition rights

The amount to be paid in for each stock acquisition right shall be equal to the product of the option price per share calculated using the following Black-Scholes model based on the basic numerical values presented in (ii) to (vii) below (any resulting amount of less than one yen shall be rounded to the nearest yen) and the Number of Granted Shares.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

where:

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (i) Option price per share (C)
- (ii) Share price (S): closing price for shares of common stock of the Company in regular trading on the Tokyo Stock Exchange on July 10, 2024 (if there is no such closing price, the standard price on the immediately following trading day)
- (iii) Exercise price (X): one yen
- (iv) Estimated time to maturity (T): 15 years
- (v) Volatility (σ): the volatility rate of share price calculated using the closing prices of the regular trading of shares of common stock of Sawai Pharmaceutical Co., Ltd. and the Company on each trading day during the period of 15 years (from July 10, 2009 to July 10, 2024)
- (vi) Risk-free interest rate (r): the interest rate of Japanese government bonds whose remaining years to maturity corresponds to the estimated time to maturity
- (vii) Dividend yield (q): dividend per share (the amount of actual dividends for the fiscal year ended March 31, 2024) \div share price prescribed in (ii) above
- (viii) Cumulative distribution function for the standard normal distribution ($N(-)$)

*1. The amount calculated using the formula above constitutes the fair price of the stock acquisition rights and does not fall under an issuance at a discount from market price.

*2. Those who will be allotted the stock acquisition rights shall, in lieu of paying the amount to be paid in, offset the obligation to pay the amount to be paid in for the stock acquisition rights against the monetary remuneration claims they hold against the Company or its subsidiaries (such monetary remuneration claims against subsidiaries shall be concurrently assumed by the Company).

13. Day on which the stock acquisition rights are allotted
July 10, 2024

14. Due date of the payment of money in exchange for the allotment of the stock acquisition rights
July 10, 2024

15. Persons to be allotted the stock acquisition rights, the number of such persons, and the number of stock acquisition rights to be allotted
21 units to two directors of the Company, 51 units to nine officers of the Company, 8 units to one director of a subsidiary, and 16 units to four officers of the subsidiary.