

January 29, 2026

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Revision of the Stock Compensation System

TOKYO, January 29, 2026 – [Chugai Pharmaceutical Co., Ltd.](#) announced that, at the meeting of the Board of Directors held today, it resolved to abolish the restricted stock compensation system for the Company's directors (excluding non-Executive Directors, hereinafter "Company Directors"), executive officers, and employees (hereinafter "Company Employees"), and to introduce a trust-based stock compensation system.

In addition, with respect to the directors (hereinafter referred to as the "Subsidiary Directors") and employees (hereinafter referred to as the "Subsidiary Employees") of the Company's subsidiaries, the Company will, in the same manner as for the Company Directors and the Company Employees, abolish the restricted stock compensation system and submit proposals for the introduction of a trust-based stock compensation system to the boards of directors of the respective eligible subsidiaries scheduled to be held in the future (hereinafter, the Company Directors, the Company Employees, the Subsidiary Directors, and the Subsidiary Employees are collectively referred to as the "Eligible Participants," and the Trust-based stock compensation system for the Eligible Participants is referred to as "the System").

Accordingly, the Company will submit an agenda item concerning the revision of the stock compensation system for the Company Directors to the 115th Ordinary General Meeting of Shareholders scheduled to be held on March 26, 2026. Likewise, each eligible subsidiary will submit an agenda item concerning the revision of the stock compensation system for the respective Subsidiary Directors to the ordinary general meeting of shareholders of each eligible subsidiary to be held in late March 2026 (hereinafter, the general meetings of shareholders of the Company and those of the eligible subsidiaries are collectively referred to as "the General Meetings of Shareholders"). Subject to the approval and adoption at the General Meetings of Shareholders of the agenda item concerning the amount and details of remuneration, etc. in connection with the introduction of the System, the current Restricted Stock Compensation System will be abolished, and no new restricted stock will be allocated thereafter. However, the restricted stock already granted will remain in effect.

Details regarding the acquisition of the Company's shares, etc. under the System will be announced once they are determined.

[Purpose of the System and Outline of the Revision]

- (1) In order to further enhance the awareness of the Company Directors toward contributing to the medium- to long-term improvement of the Company's performance and the enhancement of corporate value, and to achieve more stable and efficient operation of the compensation system than the currently implemented restricted stock compensation, the Company has examined the revision of its stock compensation system at the Compensation Committee* and has decided to introduce the System in place of the current system.

The Company Employees, the Subsidiary Directors, and the Subsidiary Employees have also been subject to a system similar to the current restricted stock compensation for the Company Directors; however, with the aim of further enhancing their awareness of contributing to the medium- to long-term enhancement of corporate value, the Company will revise it to the System.

- (2) The introduction of the System for the Company Directors and the Subsidiary Directors shall be subject to approval at the General Meetings of Shareholders.

- (3) Under the System for the Company Directors and the Subsidiary Directors (hereinafter collectively referred to as the "Directors, etc."), a scheme referred to as the Board Incentive Plan Trust ("the BIP Trust") will be adopted. The BIP Trust is an incentive system for directors modeled on the performance-linked stock compensation system (Performance Share) and the restricted stock compensation plan (Restricted Stock) in the United States. Under this scheme, the Company's shares acquired through the BIP Trust and cash in an amount equivalent to the proceeds of realization of the Company's shares (hereinafter collectively referred to as "the Company Shares, etc.") will be delivered or paid to the Directors, etc. who satisfy certain requirements, in accordance with the Share Delivery Regulations established in advance.

The System for the Company Employees and the Subsidiary Employees (hereinafter collectively referred to as the "Employees, etc.") will adopt a scheme referred to as the Employee Stock Ownership Plan Trust ("the ESOP Trust"). The ESOP Trust is an incentive plan modeled on the ESOP in the United States. Under this scheme, the Company Shares, etc. acquired through the ESOP Trust will be delivered or paid to the Employees, etc. who satisfy certain requirements, in accordance with the Share Delivery Regulations established in advance.

- (4) If the trust period of the BIP Trust and the ESOP Trust (hereinafter collectively referred to as "Trusts") established for the implementation of the System expires, the Company intends to continue the System on an ongoing basis by establishing new Trusts or by amending the existing Trusts whose trust period has expired and making additional trust contributions.

Note: In order to ensure transparency and objectivity in the process of determining remuneration for the Company Directors, the Company has established a Compensation Committee whose members are non-executive directors including independent outside directors.