

June 27, 2023

To whom it may concern:

Company Name: SECOM CO., LTD.
Name of Representative: Ichiro Ozeki,
President and Representative Director
Securities Code: 9735 TSE Prime Market
Contact for Inquiries: Toru Yokei,
General Manager, IR Department
TEL: +81-3-5775-8225

Notice Regarding the Disposal of Treasury Stock as Restricted Stock to Employees of the Company and its Subsidiaries

SECOM CO., LTD. (the “Company”) hereby announces that its Board of Directors resolved at a meeting held today to dispose of treasury stock (“Disposal of Treasury Stock”) as set forth below.

1. Summary of disposal

(1) Date of disposal	March 27, 2024 (“Disposal Date”)
(2) Class and number of shares to be disposed of	Shares of common stock of the Company: 565,575 shares
(3) Disposal price	JPY 9,712 per share
(4) Total amount of shares to be disposed of	JPY 5,492,864,400
(5) Recipients, number of recipients and number of shares to be disposed of	Executive Officers and other employees of the Company 18,266 recipients 457,125 shares Executive Officers and other employees of the subject subsidiaries (defined below) 4,338 recipients 108,450 shares
(6) Other	The Disposal of Treasury Stock is subject to the effectiveness of the securities registration statement in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

Based on our philosophy that “SECOM will always contribute to society through its businesses,” we are striving to maximize corporate and shareholder value over the medium to long term. In May of this year, we formulated the SECOM Group Road Map 2027, which states that we will continue to invest in securing and fostering human resources in order to continue to provide safety and peace of mind.

In light of this, the Company’s Board of Directors resolved, at the meeting held today, to introduce a benefit plan (the “Plan”) that grants the Company’s common stock shares as restricted stock to the Executive Officers and other employees (“Subject Employees”) of the Company and some of its subsidiaries (“Subject Subsidiaries”) with the aim of enhancing Subject Employees’ job satisfaction and engagement and fostering a sense of participation in the management. The Disposal of Treasury Stock will be conducted in conjunction with the aforementioned resolution of the Company’s Board of Directors and pursuant to such resolution passed, in order to implement the Plan.

[Overview of the Plan, etc.]

The Subject Employees will receive the Company's common stock shares through issuance or disposition of shares by paying to the Company all of the monetary claims paid by the Company or the Subject Subsidiaries to which the Subject Employees belong or to which the Subject Employees are seconded, as property contributed in kind, pursuant to the Plan. The amount per share to be paid shall be determined by the Board of Directors, based on the closing price of the common stock shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding each resolution at the Board of Directors pertaining to such issuance or disposal (if such date was a non-trading day, the closing price of the immediately preceding trading day), which should be within the range of an amount not particularly advantageous to the Subject Employees who are to subscribe to the common stock shares of the Company.

In addition, when issuing or disposing of common stock shares of the Company under the Plan, the Company shall enter into a restricted stock allotment agreement ("Allotment Agreement") with each Subject Employee who is to receive an allotment of such common stock shares with regard to common stock shares of the Company to be allotted to such Subject Employee ("Allotted Shares") (see 3 below for an overview of the Allotment Agreement).

In the Disposal of Treasury Stock, each of the 22,604 Subject Employees, who are the planned allottees under the Plan, will receive disposal of 25 common stock shares of the Company per Subject Employee (50 shares if the Subject Employee is an Executive Officer of the Company; total of 565,575 shares for all Subject Employees) as restricted stock by paying to the Company all of the monetary claims paid by the Company or the Subject Subsidiaries to which the Subject Employees belong or to which the Subject Employees are seconded, as property contributed in kind, pursuant to the Plan.

3. Overview of Allotment Agreement

The details in the Allotment Agreement are outlined as set forth below.

(1) Non-transferable period

The Subject Employees may not transfer, establish collateral or otherwise dispose of Allotted Shares (such restrictions shall hereinafter be referred to as "Transfer Restrictions") during the period from the Disposal Date until the earlier of (i) the point in time at which they resign or retire (including resignation or retirement due to death) from their position as either an Executive Officer or other employee ("Employees, etc.") or (ii) the point in time at which appointed as Director or Audit & Supervisory Board Member, of the Company or the Subject Subsidiaries to which they belong as of the Disposal Date (if a Subject Employee is on secondment at that time, the Company or the Subject Subsidiaries from which the Subject Employee is seconded) ("Non-transferable Period").

(2) Acquisition by the Company free of charge

- (a) If, upon the expiration of the Non-transferable Period, (i) the Subject Employees have worked as Employees, etc. for less than 10 years, or (ii) the Subject Employees have not reached the age of 50, the Company shall automatically acquire all of the Allotted Shares held by the Subject Employees free of charge. However, the Company may, at its discretion, not acquire all or some of such Allotted Shares free of charge.
- (b) If, during the Non-transferable Period, the Company or a subsidiary of the Company to which Subject Employees belong reasonably determines that Subject Employees have engaged in business that competes with the business of the Company or a subsidiary of the Company, violated laws and regulations or the Allotment Agreement in a material aspect, or otherwise meets certain conditions, or if the Company or a subsidiary of the Company to which Subject Employees belong

reasonably determines that, in light of the purpose of the Plan, it is reasonable for the Company to acquire all of the Allotted Shares held by the Subject Employees free of charge, the Company shall acquire all of the Allotted Shares held by the Subject Employees free of charge by giving notice to the Subject Employees.

(3) Management of shares

During the Non-transferable Period, the Allotted Shares shall be managed in a dedicated account opened by the Subject Employees at Nomura Securities Co., Ltd. in accordance with the agreement the Company has entered into with Nomura Securities Co., Ltd. to secure the performance of the Transfer Restrictions, and the Subject Employees agree to submit to such management without objection.

(4) Measures to be taken upon organizational restructuring, etc.

If matters related to a merger agreement in which the Company will become an absorbed company, a stock exchange agreement or a stock transfer plan in which the Company will become a wholly-owned subsidiary, or any other matter related to organizational restructuring, etc., are approved by the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company, if such organizational restructuring, etc. does not require approval of the General Meeting of Shareholders) during the Non-transferable Period, the Company will cancel the Transfer Restrictions for all of the Allotted Shares held by the Subject Employees on the date of approval, at the time immediately prior to the business day immediately preceding the effective date of such reorganization, etc. However, such cancellation shall not apply if the Non-transferable Period expires before the time immediately prior to the business day immediately preceding the effective date of such reorganization, etc.

4. Basis for calculation of the amount paid in and specific details thereof

The Disposal of Treasury Stock to the planned allottees will be conducted by paying to the Company the monetary claims paid to the Subject Employees, as property contributed in kind, pursuant to the Plan.

In order to adopt a price that excludes arbitrariness, the disposal price will be JPY 9,712, which is the closing price of common stock shares of the Company on the Prime Market of the Tokyo Stock Exchange on June 26, 2023 (the business day immediately preceding the date of the Board of Directors' resolution pertaining to the Disposal of Treasury Stock). This is the market share price immediately preceding the date of the Board of Directors' resolution pertaining to the Disposal of Treasury Stock, and the Company believes that this is a reasonable price, and does not fall within a price that is particularly advantageous.

[End of Document]