

*Note: This document is an English translation of Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation to Directors. SECOM CO., LTD. provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.*

June 25, 2024

To whom it may concern:

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**Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation to Directors**

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

1. Summary of disposal

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| (1) Date of disposal  | July 24, 2024 (the “Disposal Date”)  |
| (2) Class and number of shares to be disposed of                            | Shares of common stock of the Company: 6,935 shares  |
| (3) Disposal price  | JPY 9,389 per share  |
| (4) Total disposal price  | JPY 65,112,715   |
| (5) Recipients, number of recipients and number of shares to be disposed of | Directors (other than outside directors) of the Company, 6 recipients, 6,935 shares  |
| (6) Other   | With regard to the Disposal of Treasury Stock, the Company submitted the written notice of securities in accordance with the Financial Instruments and Exchange Act. |

2. Purpose and reason for disposal

The Company’s Board of Directors resolved, at the meeting held on May 11, 2017, to introduce a restricted stock compensation plan (the “Plan”) for the purposes of (i) giving an incentive to the directors of the Company other than the outside directors (the “Subject Directors”) to continuously enhance the corporate value of the Company and (ii) further promoting sharing of common values between the shareholders and the Subject Directors.

Approvals were given based on the Plan at the 56th Ordinary General Meeting of Shareholders held on June 27, 2017 for the provision of monetary remuneration claims which are 100 million yen or less per annum for granting restricted stock to the Subject Directors, the decision that the non-transferable period applicable to restricted stock shall be determined in advance by the Board of Directors of the Company within the range of a three (3) year to five (5) year period following the day on which the Subject Directors receive the Company's common stock shares through issuance or disposition of shares and other matters that constitute the outline of the Plan.

In addition, with regard to the outline of the Plan approved at the 56th Ordinary General Meeting of Shareholders, approvals were given at the 60th Ordinary General Meeting of Shareholders held on June 25, 2021 for the change in the non-transferable period applicable to restricted stock to the period until the day on which the Subject Director resigns or retires from office and ceases to be any of the positions of Director, Executive Officer, Audit & Supervisory Board Member and employee of the Company (including the resignation and retirement due to death) and to make any other changes necessary in relation to the change of the non-transferable period, for the purpose of (i) giving an incentive to the Subject Directors to continuously enhance the corporate value of the Company over a longer period of time and (ii) even further promoting sharing of common values between the shareholders and the Subject Directors.

The summary of the Plan and other related matters are as set forth below:

[Summary of the Plan and other related matters]

The Subject Directors will receive the Company's common stock shares as restricted stock through issuance or disposition of shares by paying, as contribution in kind, all of the monetary remuneration claims provided by the Company pursuant to the Plan.

The total number of the Company's common stock shares to be issued or disposed of by the Company to the Subject Directors as restricted stock under the Plan shall not exceed 20,000 shares per year and 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 the day on which the resolution is made by 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) and within the range of an amount not particularly advantageous to the Subject Directors 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 (the "Allotment Agreement") with each Subject Director who is to receive an allotment of such common stock shares (see 3 below for the summary of the Allotment Agreement).

The Company decided to pay 65,112,715 yen as the monetary remuneration claims and grant 6,935 shares of the Company's common stock as restricted stock to the six (6) Subject Directors, taking into comprehensive consideration the duties and the number of years of office of each Subject Director, the financial performance of the Company and other related matters.

In the Disposal of Treasury Stock, each of the six (6) Subject Directors, who are the planned allottees, will receive disposal of the common stock shares of the Company (the "Allotted Shares") pursuant to the Plan by paying to the Company, as contribution in kind, all of the monetary remuneration claims provided by the Company.

The monetary remuneration claims are to be provided as part of the compensation for continued service by the six (6) Subject Directors over the next year.

### 3. Summary of Allotment Agreement

The summary of the Allotment Agreement is as set forth below:

#### (1) Non-transferable period

Any Subject Director may not transfer, establish collateral or otherwise dispose of the Allotted Shares (such restrictions shall hereinafter be referred to as the "Transfer Restrictions") during the period from the Disposal Date until the day on which the Subject Director resigns or retires from office and ceases to be any of the positions of Director, Executive Officer, Audit & Supervisory Board Member and employee of the Company ("Director, etc.") (including the resignation and retirement due to death; hereinafter the "Retirement, etc.") (the "Non-transferable Period").

#### (2) Acquisition by the Company free of charge

- (a) If, upon the expiration of the Non-transferable Period, the reason for the Subject Director's Retirement, etc. as Director, etc. is not an expiration of the term of office or mandatory retirement, death or any other event deemed justifiable by the Board of Directors of the Company, the Company shall automatically acquire all of the Allotted Shares held by the Subject Director free of charge.
- (b) Even if, upon the expiration of the Non-transferable Period, the reason for the Subject Director's Retirement, etc. as Director, etc. is an expiration of the term of office or mandatory retirement, death or any other event deemed justifiable by the Board of Directors of the Company, if the Retirement, etc. is prior to the conclusion of the first Ordinary General Meeting of Shareholders of the Company that falls after the Disposal Date, the Company shall automatically acquire all of the Allotted Shares held by the Subject Director free of charge except for the number of shares (if such number includes a fraction less than one (1), that fraction is to be rounded off) obtained by multiplying the number described in (i) below by the number described in (ii) below.

- (i) the number of the Allotted Shares held by the Subject Director.
  - (ii) the number obtained by dividing the number of months from the first day of the month including the Disposal Date until the last day of the month including the date of the Retirement, etc. of the Subject Director, by 12.
- (c) If, during the Non-transferable Period, the Company's Board of Directors determines that any Subject Director has engaged in business that competes with the business of the Company or a subsidiary of the Company, violated laws or regulations or the Allotment Agreement in a material aspect, or otherwise meets certain conditions, or if the Company's Board of Directors determines that it is appropriate for the Company to acquire all of the Allotted Shares held by the Subject Director free of charge, the Company shall acquire all of the Allotted Shares held by the Subject Director free of charge by giving notice to the Subject Director.

### (3) Management of shares

During the Non-transferable Period, the Allotted Shares shall be managed in a dedicated account opened by the Subject Directors 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 Directors agree to submit to such management without objection.

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

If a merger agreement in which the Company will become an absorbed company, a statutory stock exchange agreement or a statutory stock transfer plan in which the Company will become a wholly-owned subsidiary, or any other matters related to organizational restructuring, etc., are approved at a 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 at a General Meeting of Shareholders) during the Non-transferable Period, the Company will cancel the Transfer Restrictions for a certain number of shares determined in accordance with the reasonable standard set out in advance by the Company's Board of Directors in line with the case of (2)(b) above, out of the Allotted Shares held by the Subject Directors on the date of approval, at the time immediately prior to the business day immediately preceding the effective date of such reorganization, etc. and the Company shall acquire all of the remaining Allotted Shares held by the Subject Directors free of charge. However, such cancelation 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 pursuant to the Plan, in which the monetary remuneration claims provided by the Company to grant to the Subject Directors

restricted stock compensation for the Company's 64th fiscal year are to be contributed.

In order to adopt a price that excludes arbitrariness, the disposal price will be JPY 9,389, which is the closing price of common stock shares of the Company on the Prime Market of the Tokyo Stock Exchange on June 24, 2024 (the business day immediately preceding the date on which the resolution was made by the Board of Directors pertaining to the Disposal of Treasury Stock). This is the market share price immediately preceding the date on which the resolution was made by the Board of Directors 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.

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