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November 8, 2024

To whom it may concern:

Company Name: SECOM CO., LTD.
Name of Representative: Yasuyuki Yoshida,
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 Officers and 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 (the “Disposal of Treasury Stock”) as set forth below.

1. Summary of disposal

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| (1) Date of disposal | March 27, 2025 (“Disposal Date”) |
| (2) Class and number of shares to be disposed of | Shares of common stock of the Company: 1,065,500 shares |
| (3) Disposal price | JPY 5,403 per share |
| (4) Total amount of shares to be disposed of | JPY 5,756,896,500 |
| (5) Recipients, number of recipients and number of shares to be disposed of | Executive Officers and other employees of the Company 17,209 recipients 864,900 shares Directors (excluding Outside Directors), Executive Officers and other employees of the subject subsidiaries (defined below) 3,987 recipients 200,600 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 2023, we formulated the SECOM Group Road Map 2027, which states that we will continue to invest in securing and fostering human resources of the Company and its subsidiaries (each of which shall hereinafter be referred to as a “Group Company”) 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 conduct a benefit plan (the “Plan”) that grants the Company’s common stock shares as restricted stock and to conduct a Disposal of Treasury Stock in order to implement the Plan. The common stock shares shall be granted to the Executive Officers and other employees of the Company and the Directors (excluding Outside Directors), Executive Officers and other employees of some of its subsidiaries (“Subject Subsidiaries”) (as a whole, “Subject Officers and Employees”) with the aim of enhancing Subject Officers and Employees’ job satisfaction and engagement and fostering a sense of participation in management.

[Overview of the Plan, etc.]

The Subject Officers and 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 Officers and Employees belong or to which the Subject Officers and 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 Officers and 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 Officer and 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 Officer and Employee ("Allotted Shares") (see 3 below for an overview of the Allotment Agreement).

In the Disposal of Treasury Stock, each of the 21,196 Subject Officers and Employees, who are the planned allottees under the Plan, will receive disposal of 50 common stock shares of the Company per Subject Officer and Employee (100 shares if the Subject Officer and Employee is an Executive Officer of the Company; total of 1,065,500 shares for all Subject Officers and 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 Officers and Employees belong or to which the Subject Officers and Employees are seconded, as property contributed in kind, pursuant to the Plan.

* In the case of persons who were not granted restricted stock under a similar plan implemented in fiscal 2023 due to being seconded to a subsidiary of the Company that had not introduced said plan or for other similar reasons, the number of common stock shares of the Company equivalent to the number that would have been granted under said plan in the absence of such reasons (appropriately adjusted for the stock split that took effect on October 1, 2024) will also be disposed of in the Disposal of Treasury Stock.

3. Overview of Allotment Agreement

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

(1) Non-transferable period

The Subject Officers and 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 point in time at which any of the events in (i) to (iii) below occur ("Non-transferable Period") at the Principal Company (referring to the Company or the Subject Subsidiaries to which the Subject Officers and Employees belong as of the Allotment Agreement date (if the Subject Officers and Employees are on secondment at that time, the Company or the Subject Subsidiaries from which the Subject Officers and Employees are seconded); the same shall apply hereinafter).

- (i) The Subject Officers and Employees resign or retire ("Retirement, etc.") from their positions of the Principal Company ("Principal Officers and Employees") due to reaching retirement age, and have served as Principal Officers and Employees for 10 years or more at the time of Retirement, etc.
- (ii) In addition to the case referred to in (i) above, the Principal Officers and Employees retire (including Retirement, etc. due to death) from their positions, except in the following cases:

- 1) The Subject Officers and Employees are expected to be reemployed as Principal Officers and Employees immediately after Retirement, etc.
 - 2) The Subject Officers and Employees' Retirement, etc. is not due to personal reasons, but due to becoming Subject Officers and Employees of another Group Company as a result of being transferred, etc.
- (iii) The Subject Officers and Employees are appointed as a Director or Audit & Supervisory Board Member of the Principal Company.

(2) Acquisition by the Company free of charge

- (a) If, upon the expiration of the Non-transferable Period, (i) the Subject Officers and Employees have worked as Principle Officers and Employees for less than 10 years, or (ii) the Subject Officers and Employees have not reached the age of 50, the Company shall automatically acquire all of the Allotted Shares held by the Subject Officers and 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 reasonably determines that Subject Officers and Employees have engaged in business that competes with the business of the Company or a Group company, violated laws and regulations or the Allotment Agreement in a material aspect, or otherwise meets certain conditions, or if the Company 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 Officers and Employees free of charge, the Company shall acquire all of the Allotted Shares held by the Subject Officers and Employees free of charge by giving notice to the Subject Officers and Employees.

(3) Management of shares

During the Non-transferable Period, the Allotted Shares shall be managed in a dedicated account opened by the Subject Officers and 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 Officers and 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 Officers and 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 Officers and 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 5,403, which is the closing price of common stock shares of the Company on the Prime Market of the Tokyo Stock Exchange on November 7, 2024 (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.

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