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Notice Regarding the Disposal of Treasury Stock as Restricted Stock Compensation

At the Board of Directors meeting held today, Elecom Co., Ltd. (the “Company”) resolved to dispose of treasury stock as restricted stock compensation (the “Disposal of Treasury Stock”), as outlined below.

1. Overview of disposal

(1) Payment date	August 16, 2024
(2) Class and number of shares to be disposed of	8,900 shares of the Company’s common stock
(3) Disposal price	¥ 1,689 per share
(4) Total disposal amount	¥ 15,032,100
(5) Allottees	Directors of the Company: 2 persons*, 7,000 shares Executive officers of the Company: 2 persons, 400 shares Directors of subsidiaries: 4 persons, 1,500 shares *Excludes external directors

2. Purpose and reason for disposal

At the Board of Directors meeting held on May 20, 2019, the Company resolved to introduce a restricted stock compensation plan (the “Plan”) as a new compensation scheme for directors of the Company (excludes external directors; hereafter, the “Eligible Directors”) and its subsidiaries, to incentivize them to achieve sustainable growth in the corporate and shareholder value of the Company over the medium to long term and to further promote value sharing with shareholders. Further, the following terms and conditions of the Plan were approved at the 34th Annual General Meeting of Shareholders:

1) Under the Plan, the Company shall provide monetary compensation claims of up to ¥99 million annually, outside the framework of the existing monetary compensation, to the Eligible Directors as assets to be contributed in kind for the allocation of restricted stock;

2) The transfer restriction period shall be either (i) a period of three years or more as determined by the Board of Directors, or (ii) the period from the date the restricted stock is granted until the date the allottee resigns or retires as director of the Company or from another position determined by the Board of Directors; and

3) The transfer restriction shall be lifted, if (i) the allottee has continuously held the position of director or another position determined by the Board of Directors during the term of service stipulated by the Board of Directors, or (ii) the allottee has a reason deemed valid by the Board of Directors for resigning or retiring from the position of director or from another position determined by the Board of Directors before the expiry of the term of service.

At the said General Meeting of Shareholders, it was approved that the total number of common shares to be issued or disposed of for the Eligible Directors under the Plan shall be no more than 33,000 shares annually. However, because the Company conducted a 2-for-1 split of its common stock effective April 1,

2021, the maximum number of shares to be issued or disposed of for the Eligible Directors under the Plan was adjusted in accordance with the stock split ratio (doubled) to 66,000 shares annually.

With the introduction of the executive officer system on April 1, 2023, the Company decided to introduce a compensation plan identical to the Plan for its executive officers as well, in order to incentivize them to achieve sustainable growth in the corporate and shareholder value of the Company over the medium to long term and to further promote value sharing with shareholders.

For eight directors and executive officers of the Company and directors of its subsidiaries (the "Eligible Officers"), the Company and its subsidiaries, at their respective Board of Directors meetings, resolved to dispose of a total of 8,900 shares (including 7,000 shares for the Eligible Directors) of the Company's common stock in exchange for an in-kind contribution of monetary compensation claims amounting to ¥ 15,032,100 (including ¥ 11,823,000 for the Eligible Directors).

<Overview of restricted stock allotment agreement>

In connection with the Disposal of Treasury Stock, the Company will enter into a restricted stock allotment agreement with each Eligible Officer. The details of the agreement are as below.

(1) Transfer restriction period

The Eligible Officers shall not transfer, pledge, or otherwise dispose of the shares of the Company's common stock allotted under the agreement (the "Allotted Shares") during the period from August 16, 2024 (the payment date) until the later of the date they resign from their position as director or executive officer of the Company or its subsidiaries, or the time immediately after three months have passed following the end of the fiscal year in which the shares were granted.

(2) Conditions for lifting transfer restriction

The Company shall lift the transfer restriction on all Allotted Shares at the end of the transfer restriction period, provided that directors and executive officers of the Company or its subsidiaries have continuously held their position during their respective terms of service, as below:

1) For directors of the Company, from the date of the General Meeting of Shareholders immediately prior to the payment date until the date of the General Meeting of Shareholders in the following year;

2) For executive officers of the Company, from April 1 immediately prior to the payment date until March 31 of the following year; and

3) For directors of subsidiaries, from the date of the subsidiaries' respective General Meetings of Shareholders immediately preceding the payment date until the date of respective General Meetings of Shareholders in the following year.

However, if an Eligible Officer resigns from the position as director or executive officer of the Company or its subsidiaries before the expiry of the term of service due to death or any other reason deemed legitimate by the Company's Board of Directors, the transfer restriction shall be lifted for a number of Allotted Shares, the number determined by multiplying the total number of Allotted Shares (allotted to the Eligible Officer) by a quotient of the number of months from the starting month of the term of service to the month in which the date of resignation falls and 12 (if the resulting quotient exceeds one [1], the quotient used in final calculation shall be one [1]), on the day following the resignation date. Any fractional shares resulting from the calculation shall be rounded down to the nearest whole number.

(3) Acquisition by the Company without compensation

The Company will acquire, without compensation, any Allotted Shares for which the transfer restriction has not been lifted either at the end of the transfer restriction period or on the day following the resignation date of an allottee.

(4) Management of shares

The Allotted Shares shall be managed in a dedicated account for the restricted stock opened by

the Eligible Officers at Daiwa Securities Co., Ltd., to ensure that the shares are not transferred, pledged, or otherwise disposed of during the transfer restriction period.

(5) Handling in case of organizational restructuring, etc.

If, during the transfer restriction period, the General Meeting of Shareholders of the Company (or the Board of Directors of the Company, if approval by the General Meeting of Shareholders is not required) approves matters related to organizational restructuring, etc., such as a merger agreement under which the Company is to be dissolved or a share exchange agreement or share transfer plan where the Company is to become a wholly owned subsidiary, the Board of Directors of the Company shall, via its resolution, lift the transfer restriction on a number of Allotted Shares, the number determined by multiplying the number of Allotted Shares held at the time of the Board resolution by a quotient of the number of months from the starting month of the term of service to the month including the date of approval of organizational restructuring, etc. and 12 (if the quotient exceeds one [1], the quotient used in final calculation shall be one [1]). Any fractional shares resulting from the calculation shall be rounded down to the nearest whole number. The transfer restriction will be lifted immediately before the business day preceding the effective date of the organizational restructuring.

3. Basis for calculating the payment amount and specific details

The Disposal of Treasury Stock shall be funded by the monetary compensation claims provided to allottees, paid in as contribution in kind for the allotment of restricted stock. To eliminate arbitrariness, the Company has set the payment amount as the closing price of its common stock on the Tokyo Stock Exchange on July 18, 2024 (the business day immediately preceding the resolution of the Board of Directors) of ¥ 1,689 . This value represents the market price of the Company's stock immediately before the resolution of the Board of Directors, and in the absence of special circumstances indicating that the recent stock price cannot be relied upon, is considered reasonable and to appropriately reflect the Company's corporate value. Therefore, the Company believes the price is not particularly advantageous to the Eligible Officers.