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## **Notice Regarding the Terms and Conditions for the Issue of Stock Acquisition Rights as Stock Options**

At the Board of Directors meeting held today, Elecom Co., Ltd. (the “Company”), based on the resolution “Compensation for Directors and Issuance of Stock Acquisition Rights as Stock Options” adopted by the 39th Annual General Meeting of Shareholders held on June 26, 2024, has determined the terms and conditions for the issue of the stock acquisition rights and resolved to solicit subscribers to the said rights.

1. Reasons behind the issue of stock acquisition rights under particularly favorable terms and conditions

The Company intends to issue stock acquisition rights, free of charge and without requiring any monetary payment, to its directors (excluding external directors) and employees, as well as those of its subsidiaries, with the aim of enhancing motivation and morale associated with contributing to the Company’s performance improvement and further promoting shareholder-oriented management.

The Company views the issue of stock acquisition rights to directors (excluding external directors) as compensation commensurate with the roles and responsibilities of these individuals and consistent with the purpose of stock options in general.

Director compensation shall be calculated by multiplying the fair value per stock acquisition right as calculated on the allocation date by the total number of stock acquisition rights allocated to directors who are in office on the allocation date. Fair value per stock acquisition right shall be calculated using the stock option pricing model described in the “Accounting Standard for Stock Options, etc.” issued by the Accounting Standards Board of Japan and based on various conditions prevailing as of the allotment date.

2. Name of stock acquisition rights

The 8th Stock Acquisition Rights of Elecom Co, Ltd.

3. Payment amount for stock acquisition rights

No monetary payment shall be required.

4. Allocation date of stock acquisition rights

August 21, 2024

5. Allottees of stock acquisition rights, the number of allottees, and the number of stock acquisition

rights to be allotted

|                           |            |             |                           |           |           |
|---------------------------|------------|-------------|---------------------------|-----------|-----------|
| Directors of the Company  | 3 persons  | 550 units   | Employees of the Company  | 7 persons | 650 units |
| Directors of subsidiaries | 10 persons | 1,060 units | Employees of subsidiaries | 1 person  | 20 units  |

6. Exercise request submission and payment handling place for the stock acquisition rights

- (1) Exercise request submission place  
HR and General Affairs Department  
(or the department responsible for these operations at the time of exercise request submission)
- (2) Payment handling place  
MUFJ Bank, Ltd., Osaka-Chuo Branch, 3-5-6 Fushimimachi, Chuo-ku, Osaka  
(or the successor bank or branch at the time of making payments)

7. Details regarding stock acquisition rights

- (1) Type and quantity of shares underlying stock acquisition rights

Each stock acquisition right represents 100 shares of the Company's common stock. The number of common shares to be issued in connection with the stock acquisition rights shall be 228,000 common shares in the Company.

If the Company conducts a stock split or consolidation on or after the allocation date of the stock acquisition rights (the "allocation date"), the number of shares underlying each stock acquisition right (the "shares to be allocated per right") shall be adjusted according to the following formula (fractions of less than one share shall be discarded). The total number of shares issuable through the exercise of remaining unexercised stock acquisition rights shall be recalculated based on this adjusted number. This recalculated total shall be set as the new number of shares underlying the stock acquisition rights.

$$\text{Adjusted shares to be allocated per right} = \text{shares to be allocated per right pre-adjustment} \times \text{split/consolidation ratio}$$

If, on or after the allocation date, the Company encounters unavoidable circumstances requiring adjustment of shares to be allocated per right (e.g., a merger, company split, or gratis allotment of shares), shares to be allocated per right shall be adjusted within a reasonable range, taking into account the specific effects of the unavoidable circumstances requiring the adjustment. The total number of shares issuable through the exercise of remaining unexercised stock acquisition rights shall be recalculated based on the adjusted number of shares to be allocated per right. This recalculated total shall be set as the new number of shares underlying the stock acquisition rights.

- (2) Total number of stock acquisition rights

The total number of stock acquisition rights shall be 2,280. Each stock acquisition right shall correspond to 100 shares of the Company's common stock. If, however, shares to be allocated per right are adjusted as described in item one (1) above, the number of shares corresponding to one stock acquisition right shall be adjusted accordingly.

- (3) Value of assets to be contributed upon exercise of stock acquisition rights

The contribution to be made when exercising stock acquisition rights shall be monetary, and the total value of this contribution shall be calculated by multiplying the amount to be paid per share (the "exercise price") when exercising stock acquisition rights by shares to be allocated per right.

The exercise price shall be determined by multiplying the average closing price of common shares of the Company on the Tokyo Stock Exchange for all trading days in the month preceding the month during which the allocation date falls (excluding all days during which no trades for the Company's shares are executed) by 1.05. Fractions of less than one yen shall be rounded up.

However, if this exercise price turns out to be lower than the closing price of the Company's shares on the allocation date (or the closing price on the immediately preceding date if no trades for

the Company's shares are executed on the allocation date), the closing price of the Company's shares on the allocation date shall serve as the official exercise price.

If, on or after the allocation date, the Company conducts a stock split or consolidation, the exercise price shall be adjusted according to the following formula. Any fraction less than one yen thereby obtained shall be rounded up.

$$\text{Adjusted exercise price} = \text{exercise price pre-adjustment} \times \frac{1}{\text{ratio of split / consolidation}}$$

If the Company issues new shares or disposes of its own shares at a price below the current market value (excluding cases under which the Company issues new shares or disposes of its own shares in connection with stock options or market-priced public offerings), the exercise price will be adjusted according to the following formula. Any fraction less than one yen thereby obtained shall be rounded up.

$$\text{Adjusted exercise price} = \text{Exercise price pre-adjustment} \times \frac{\text{Outstanding shares} + \frac{\text{Number of new shares to be issued} \times \text{Payment amount per share}}{\text{Market price per share prior to issuance of new shares}}}{\text{Outstanding shares} + \text{number of new shares to be issued}}$$

In the formula above, "outstanding shares" refers to the number of shares obtained by subtracting the number of treasury shares held by the Company from the total number of shares issued by the Company. In case of disposal of treasury shares, the "number of new shares to be issued" shall be replaced by the "number of treasury shares to be disposed of" and "market price per share prior to issuance of new shares" by "market price per share prior to disposal of treasury shares."

If, on or after the allocation date, the Company encounters unavoidable circumstances requiring an adjustment of the exercise price (e.g., a merger, company split, or gratis allotment of shares), the exercise price shall be adjusted within a reasonable range, taking into account the specific effects of the unavoidable circumstances requiring the adjustment.

(4) Exercise period for stock acquisition rights

The exercise period shall be from August 22, 2026 to August 21, 2029. However, if the final day of the exercise period should fall on a holiday for the Company, the official final day of the exercise period shall be the business day immediately preceding this holiday.

(5) Capital stock and capital reserve increases resulting from the issue of new shares upon exercise of stock acquisition rights

- ① When new shares are issued upon exercise of the stock acquisition rights, the increase in capital stock shall be equivalent to half the maximum amount of increase in stated capital as calculated in accordance with Article 17, Paragraph 1 of Japan's Regulation on Corporate Accounting. Any fraction of less than one yen resulting from the calculation of this capital stock increase shall be rounded up.
- ② When new shares are issued upon exercise of the stock acquisition rights, increase in capital reserve shall be equivalent to the amount obtained when subtracting the increase in capital stock (as stipulated in item one [1] above) from the maximum amount of increase in stated capital (also defined in item one [1] above).

(6) Terms for the exercise of stock acquisition rights

- ① An individual to whom stock acquisition rights are allocated (the "acquisition rights holder"), as the person to whom said rights were granted during the Board of Directors meeting concerning the issuance of said rights, is the only individual who may exercise said rights.
- ② Heirs of the acquisition rights holder may not exercise said stock acquisition rights.
- ③ The acquisition rights holder may exercise all or some of his or her acquisition rights at a time (i.e., through a single transaction). However, the exercise of stock acquisition rights for less than one unit of shares in the Company shall not be permitted.

- ④ Other conditions for the exercise of stock acquisition rights shall be determined by the “Stock Acquisition Rights Allocation Agreement” to be concluded between the Company and the acquisition rights holders in accordance with corresponding resolutions adopted by the 39th Annual General Meeting of Shareholders and the Board of Directors.
- (7) Terms for the acquisition of stock acquisition rights
- ① The Company may reclaim stock acquisition rights without compensation should the acquisition rights holders no longer meet the conditions for exercising his or her stock acquisition rights in accordance with item six (6) above.
  - ② If shareholders of the Company approve a merger agreement under which the Company is absorbed, or if shareholders of the Company approve a share exchange agreement or share transfer under which the Company becomes a wholly owned subsidiary, at a General Meeting of Shareholders, the Company may reclaim stock acquisition rights without compensation.
- (8) Restrictions on the transfer of stock acquisition rights
- The transfer of stock acquisition rights shall require approval through resolution of the Board of Directors.
- (9) Handling of stock acquisition rights when the Company carries out an organizational restructuring
- If, during an organizational restructuring, the associated contract or plan stipulates that stock acquisition rights of the following corporate entities shall be issued, these stock acquisition rights shall be issued based on a ratio determined by the circumstances of said organizational restructuring.
- ① Merger (limited to cases in which the Company ceases to exist)  
The corporate entity surviving the merger or the corporate entity established by the merger
  - ② Absorption-type split  
The corporate entity that inherits all or a portion of the rights and obligations related to the operations of the corporate entity carrying out the absorption-type split
  - ③ Incorporation-type split  
The corporate entity established by the incorporation-type split
  - ④ Share exchange  
The corporate entity that acquires all outstanding shares of the corporate entity carrying out the share exchange
  - ⑤ Share transfer  
The corporate entity established by the share transfer
- (10) Rounding down of fractions resulting from the exercise of stock acquisition rights
- In the event that the number of shares to be allocated to the acquisition rights holders includes fractions of less than one share, these fractions shall be rounded down.