



August 27, 2024

To Our Valued Customers,

Company name: Teikoku Tsushin Kogyo Co.,Ltd.
Representative: Masuo Hanyu, President
(Code: 6763, Prime Market of the Tokyo Stock Exchange)
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Notice Regarding the Disposal of Treasury Stock through a Third-Party Allotment in Association with an Additional Board Benefit Trust (BBT)

Teikoku Tsushin Kogyo Co.,Ltd. (the “Company”) hereby announces that its Board of Directors, at a meeting held today, resolved to dispose of its treasury stock through third-party allotment (hereinafter referred to as the “disposition of treasury stock”), as follows.

1. Outline of the disposition

(1) Date of disposal	September 12, 2024
(2) Type and number of shares subject to disposition	81,000 shares of common stock
(3) Price of disposition	2,393 yen per share
(4) Total amount of disposition	193,833,000 yen
(5) Intended recipient	Custody Bank of Japan, Ltd. (Trust Account E)
(6) Other	This disposal of treasury stock is subject to the securities registration statement, filed in accordance with the Financial Instruments and Exchange Act, coming into effect.

2. Purpose of and reason for the disposition

Based on the resolution of the Ordinary General Meeting of Shareholders held on June 29, 2021, the Company has introduced the Stock Benefit Trust (BBT) (hereinafter referred to as the "Plan" and the trust established based on the trust agreement concluded with Mizuho Trust & Banking Co., Ltd. regarding the Plan is referred to as the "Trust"). (For an overview of the Plan, please refer to the "Notice Concerning the Introduction of a Performance-Linked Stock Compensation Plan" dated May 25, 2021 and the "Notice Concerning the Introduction of the Stock Benefit Trust (BBT) (Details Decided)" dated August 5, 2021.)

Recently, in order to continue the Plan, the Company has decided to make an additional monetary contribution to the Trust (the "Additional Trust") in order for the Trust to acquire shares expected to be necessary for future payments, and to dispose of treasury stock by third-party allotment to Trust Account E, which has been established with Custody Bank of Japan, Ltd. (the sub-trustee of Mizuho Trust & Banking Co., Ltd., the trustee of the Plan), in order to hold and dispose of the Company's shares in the operation of the Plan (the disposition of treasury stock).

The total number of shares to be disposed of is equivalent to the number of shares that is expected to be granted to the Company's directors (excluding outside directors) and corporate officers during the trust period in accordance with the Rules on Executive Stock Benefits (for the three financial periods from the fiscal year ended March 31, 2025 to the fiscal year ending March 31, 2027). The ratio to the total number of outstanding shares of 9,856,107 as of March 31, 2024 is 0.82%, while the ratio to the total number of voting rights of 95,295 as of March 31, 2024 will be 0.85% (both rounded off to three decimal places).

Outline of the additional trust

Date of additional trust: September 12, 2024

Amount of additional trust: 193,833,000 yen

Type of shares to be acquired: Common stock of the Company

Number of shares to be acquired: 81,000 shares

Date of share acquisition: September 12, 2024

Method of share acquisition: Acquisition by subscription of the Company's treasury stock to be disposed
(the disposition of treasury stock)

3. Basis for calculation of the price of disposition and specific details thereof

The price of disposition has been fixed at 2,393 yen per share, which represents the closing price of the Company's common stock on the Tokyo Stock Exchange, Inc. on the business day immediately prior to the date of the Board of Directors' resolution on the disposition of treasury stock.

The Company deemed the closing price on the business day immediately prior to the date of the Board of Directors' resolution to be reasonable, as the price represents the Company's appropriate corporate value in the stock market.

The price of disposition of 2,393 yen represents the amount obtained by multiplying the average closing price of 2,168 yen (rounded down to the nearest whole yen) of the Company's shares for the one-month period immediately prior to the date of the Board of Directors' resolution by 110.38%, and the amount obtained by multiplying the average closing price of 2,096 yen (rounded down to the nearest whole yen) of the Company's shares for the three-month period immediately prior to the date of the Board of Directors' resolution by 114.17%. In addition, the amount obtained by multiplying the average closing price of 1,985 yen (rounded down to the nearest whole yen) of the Company's shares for the six-month period immediately prior to the date of the Board of Directors' resolution by 120.55%. Taking the preceding into consideration, the Company believes that the price of disposition in the disposition of treasury stock is not especially favorable, but is reasonable.

In addition, three Audit & Supervisory Board members (two of which are outside members of the Audit & Supervisory Board), who attended the meeting of the Board of Directors, expressed that the foregoing price of disposition is not especially favorable.

4. Matters concerning procedures under the Code of Corporate Conduct

The disposition of treasury stock does not require the acquisition of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., because (i) the dilution ratio is less than 25% and (ii) the disposition does not involve a change in controlling shareholders.