



June 29, 2023

To whom it may concern

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Notice of Disposal of Treasury Stock as Restricted Stock Compensation

Stanley Electric Co., Ltd. (hereinafter the “Company”) hereby announces that at a meeting of the Board of Directors of the Company held today, the Company resolved to dispose of treasury stock as restricted stock compensation (hereinafter the “Disposal of Treasury Stock”) as follows.

1. Overview of disposal

(1)	Date of disposal	July 14, 2023
(2)	Type and number of shares to be disposed of	18,400 shares of common stock of the Company
(3)	Disposal price	2,910 yen per share
(4)	Total value of shares to be disposed of	53,544,000 yen
(5)	Allottees of shares	6 Directors* of the Company: 18,400 shares *Excluding Outside Directors
(6)	Other	For the Disposal of Treasury Stock, the Company has submitted a Written Notice of Securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and reasons for the disposal

At a meeting of the Board of Directors of the Company held on May 21, 2018, in order to strengthen the motivation of the Directors of the Company (excluding Outside Directors; hereinafter the “Eligible Directors”) to contribute to boosting the stock price of the Company and to enhance the shareholder value and the corporate value of the Company, the Company resolved to introduce a stock compensation plan whereby shares with transfer restrictions are to be granted to the Eligible Directors of the Company (hereinafter the “Plan”). Moreover, at the 113th Ordinary General Meeting of Shareholders held on June 26, 2018, it was approved that the amount of monetary compensation claims to be provided to the Eligible Directors for granting shares with transfer restrictions under the Plan be set at up to 100 million yen per year and the upper limit of the number of shares with transfer restrictions to be allotted to the Eligible Directors in each fiscal year be a total of 70,000 shares.

Today, by the resolution of the Board of Directors of the Company, the Company resolved to provide monetary compensation claims amounting to 53,544,000 yen to six Directors of the Company who are allottees (excluding Outside Directors; hereinafter the “Allottees”) as restricted stock compensation for the period from the 118th Ordinary General Meeting of Shareholders of the Company to the 119th Ordinary General Meeting of Shareholders of the Company to be held in June 2024 and the Allottees will receive 18,400 shares of common stock of the Company as specified shares with transfer restrictions

(hereinafter “Restricted Stock”), delivering all of the monetary compensation claims through contribution in kind. The amount of monetary compensation claims to be provided to each Allottee was determined, taking into consideration the degree of contribution of each Allottee to the Company and other matters in a comprehensive manner. Moreover, the Company will provide the monetary compensation claims to the Allottees on the condition that an agreement for allotment of Restricted Stock containing the contents summarized below is concluded between the Company and each Allottee (hereinafter the “Allotment Agreement”).

3. Overview of the Allotment Agreement

(1) Transfer restriction period

From July 14, 2023 to July 13, 2073

During the transfer restriction period specified above (hereinafter the “Transfer Restriction Period”), the Allottees may not assign, create a pledge over, create a security interest over, make a gift inter vivos of, bequest, or otherwise dispose of in any way to a third party any of such Restricted Stock.

(2) Gratis acquisition of Restricted Stock

If an Allottee leaves the position of Director of the Company on or before the date immediately prior to the date of the first ordinary general meeting of shareholders of the Company to be held on or after the commencement date of the Transfer Restriction Period, the Company shall automatically acquire at no cost the Restricted Stock allotted to such Allottee (the “Allotted Shares”) at the point in time of such leaving of the position, except in the case where there are reasons that the Board of Directors of the Company deems justifiable (expiration of the term of office, etc.).

If at the point in time of expiration of the Transfer Restriction Period (hereinafter the “Expiration of the Transfer Restriction Period”) there are any Allotted Shares whose transfer restrictions have not been removed pursuant to the provisions regarding removal of transfer restrictions in (3) below, the Company shall automatically acquire such shares at no cost immediately after the Expiration of the Transfer Restriction Period.

(3) Removal of transfer restrictions

On the condition that an Allottee has continued to remain in the position of Director of the Company until the date of the first ordinary general meeting of shareholders of the Company to be held on or after the date of commencement of the Transfer Restriction Period, the transfer restrictions on all Allotted Shares held by the Allottee as of the Expiration of the Transfer Restriction Period will be removed as of the Expiration of the Transfer Restriction Period. However, if an Allottee leaves the position of Director of the Company before the Transfer Restriction Period expires for a reason that the Board of Directors of the Company deems justifiable (expiration of the term of office, etc.), the transfer restrictions on the number of Allotted Shares, which is calculated by the formula below, will be removed at the point in time immediately after such leaving of the position.

The number of months from July 2023 to the month that contains the date on which an Allottee leaves the position of Director of the Company divided by 12 (if the quotient exceeds 1, 1 shall be applied) multiplied by the number of the Allotted Shares held by the Allottee on the date of such approval (any fractions less than 1 share as a result of calculation shall be discarded)

(4) Rules concerning administration of shares

The Allottees shall complete the opening of accounts for entry or record of the Allotted Shares with Nomura Securities Co., Ltd. by the method specified by the Company and keep the Allotted Shares in such accounts for custody until removal of transfer restrictions.

(5) Handling in case of corporate reorganization, etc.

If during the Transfer Restriction Period a proposal regarding an agreement for merger in which the Company will be the disappearing company, an agreement for share exchange (*kabushiki kokan*) or

plan for share transfer (*kabushiki iten*) in which the Company will become the wholly owned subsidiary of another entity, or regarding any other corporate reorganization, etc. is approved at a general meeting of shareholders of the Company (or at a meeting of the Board of Directors in the case where approval by the general meeting of shareholders of the Company regarding such corporate reorganization, etc. is not required), the transfer restrictions on the number of Allotted Shares, which is calculated by the formula below, will be removed by resolution of the Board of Directors of the Company at the point in time immediately before the business day before the date on which such corporate reorganization, etc. becomes effective.

The number of months from July 2023 to the month that contains the date of such approval divided by 12 (if the quotient exceeds 1, 1 shall be applied) multiplied by the number of the Allotted Shares held by the Allottee on the date of such approval (any fractions less than 1 share as a result of calculation shall be discarded)

In this case, pursuant to the above provisions, on the business day before the date on which such corporate reorganization, etc. becomes effective, the Company shall automatically acquire all the Allotted Shares whose transfer restrictions have not yet been removed as of the said day.

4. Basis of calculation of the amount to be paid in and specific details thereof

In order to eliminate any arbitrary pricing, the disposal price is set at 2,910 yen, which is the closing price of a share of common stock of the Company on the Tokyo Stock Exchange on the business day immediately before the date of resolution by the Board of Directors of the Company (June 28, 2023). This is the market price of the share immediately before the date of the resolution by the Board of Directors of the Company, and the Company believes that it is reasonable and not a particularly advantageous price.