



July 28, 2023

To whom it may concern

Company name: Stanley Electric Co., Ltd.  
Representative: Yasuaki Kaizumi, President and Representative Director  
Securities code: 6923 (TSE Prime Market)  
Contact: Ikuo Kuwata, Executive Officer, Executive General Manager,  
Accounting & Finance Control Division  
Phone: +81-3-6866-2222

### **Notice of Issuance of Stock Options (Subscription Rights to Shares)**

Stanley Electric Co., Ltd. (hereinafter the “Company”) hereby announces that at a meeting of the Board of Directors held on July 28, 2023, the Company resolved to issue subscription rights to shares as stock options to Directors (excluding Outside Directors), Executive Officers, Operating Executives, some employees (managers) of the Company, and full-time Directors of the Company’s affiliates in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act as follows.

#### 1. Reasons for the issuance of subscription rights to shares

Subscription rights to shares as stock options are issued to Directors (excluding Outside Directors), Executive Officers, Operating Executives, some employees (managers) of the Company, and full-time Directors of the Company’s affiliates, with the purpose of bringing their awareness to shareholder-oriented management, and increasing their motivation and morale to improve the Company’s performance more than ever before to enhance the corporate value of the Stanley Group.

#### 2. Overview of the issuance of subscription rights to shares

##### (1) Name of the subscription rights to shares

Stanley Electric Co., Ltd. series 13 subscription rights to shares

##### (2) Total number of the subscription rights to shares

2,286 rights will be issued.

The above total number represents the planned number to be allotted. In case of a decrease in the total number of subscription rights to shares to be allotted, such as when the subscriptions are not made, the total number of subscription rights to shares to be allotted shall be the total number of subscription rights to shares to be issued.

##### (3) Eligible positions, the number of persons, and the number of subscription rights to shares to be allotted

Directors of the Company	6 persons	325 rights
Executive Officers of the Company	11 persons	165 rights
Operating Executives of the Company	11 persons	110 rights
Employees (managers) of the Company	571 persons	1,342 rights
Directors of the Company’s affiliates	78 persons	344 rights

(4) Class and number of shares to be issued upon exercise of subscription rights to shares

The class of shares to be issued upon exercise of subscription rights to shares shall be common stock of the Company, and the number of shares to be issued upon exercise of a subscription right to shares (hereinafter referred to as the “number of shares to be granted”) shall be 100.

Additionally, in the cases that the Company implements a share split (including gratis allotment of shares of common stock of the Company, and hereinafter the same applies to descriptions of share splits.) or reverse share split of its common stock after the date stated in (15) below for the allotment of subscription rights to shares (hereinafter referred to as the “allotment date”), the Company shall adjust the number of shares to be granted by the following calculating formula. However, such adjustment shall be made for the number of shares to be issued within unexercised rights as of the said time among subscription rights to shares. Any fraction less than one share arising from the adjustment shall be rounded down.

Adjusted number of shares to be granted = Unadjusted number of shares to be granted x ratio of share split or reverse share split

The adjusted number of shares to be granted will be applied, in the case of a share split, on or after the following day of the record date (unless a record date is set, an effective date will be applied) for the share split, and in the case of a reverse share split, on or after the effective date for the reverse share split. However, when the Company implements a share split subject to the approval of a proposal to reduce surplus and increase capital stock or reserves at the Company’s ordinary general meeting of shareholders, setting a day prior to the closing date of the ordinary general meeting of shareholders or the said closing date as a record date for the share split, the adjusted number of shares to be granted shall be applied on or after the following day of the closing date of such ordinary general meeting of shareholders.

Besides the above, the Company may adjust the number of shares to be granted with the approval of the Board of Directors of the Company for the necessity, when the Company implements a merger, a company split, or a share exchange after the allotment date, and in other equivalent circumstances where adjustment is required for the number of shares to be granted.

(5) Value of assets to be contributed upon exercise of subscription rights to shares

The value of assets to be contributed upon exercise of subscription rights to shares shall be the amount calculated by multiplying the paid-in amount per share to be granted upon exercise of subscription rights to shares (hereinafter referred to as the “exercise price”) by the number of shares to be granted related to the subscription rights to shares.

The exercise price shall be the amount calculated by multiplying the closing price of common stock of the Company in regular transactions at the Tokyo Stock Exchange on the allotment date of the subscription rights to shares (when no transactions are executed, the previous closing price of the latest date shall be applied) by 1.025 (fractions less than one yen shall be rounded up).

Additionally, the Company may adjust the exercise price in a reasonable range, when the Company implements a share split or reverse share split of its common stock, and in other circumstances where adjustment is appropriate to be required for the exercise price.

(6) Adjustment of the exercise price

(1) After the allotment date, when the Company takes actions of 1) or 2) for its common stock, the exercise price shall be adjusted according to each calculating formula described below (hereinafter referred to as the “formula for adjusting the exercise price”), and fractions less than one yen arising from such adjustment shall be rounded up.

1) In the case of making share splits or reverse share splits

$$\text{Adjusted exercise price} = \text{Unadjusted exercise price} \times \frac{1}{\text{Ratio of share split or reverse share split}}$$

2) In the case of issuing new shares or disposing of treasury stock at a price below the market value (excluding the sale of treasury stock in accordance with the provisions of Article 194 of the Companies Act (a demand for the sale of shares less than one unit made by holders of shares less than one unit), the transfer of treasury stock in accordance with the provisions of Article 5, Paragraph 2 of the Supplementary Provisions of “the Act to Revise Part of the Commercial Code, etc.” (Act No. 79 of 2001), the exercise of share warrants in accordance with the provisions of Article 280-19 of the Commercial Code before enforcement of “the Act to Revise Part of the Commercial Code, etc.” (Act No. 128 of 2001), the converting of certificates to be converted or convertible to common stock of the Company, and the exercise of subscription rights to shares (including the rights attached to bonds with subscription rights to shares) to demand delivery of common stock of the Company.)

$$\text{Adjusted exercise price} = \text{Unadjusted exercise price} \times \frac{\text{Number of shares issued and outstanding} + \frac{\text{Number of new shares to be issued}}{\text{Market value}} \times \text{Paid-in amount per share}}{\text{Number of shares issued and outstanding} + \text{Number of new shares to be issued}}$$

- i. The “market value” used for the formula for adjusting the exercise price shall be the average value (excluding days that do not have a closing price) of the closing prices of common stock of the Company in regular transactions at the Tokyo Stock Exchange (bid-ask prices are included, and hereinafter the same applies) for 30 trading days starting from the 45th trading day prior to the “date of application of the adjusted exercise price” (hereinafter referred to as the “date of application”) stated in (2) below. Additionally, the “average value” shall be calculated to two decimal places of less than one yen, and rounded off to one decimal place.
- ii. The “number of shares issued and outstanding” used for the formula for adjusting the exercise price shall be the total number of shares issued and outstanding of common stock of the Company as of a record date if it is set, or as of the day one month prior to the date of application for other cases, after deduction of treasury stock included in the common stock which belongs to the Company as of such date.
- iii. When the Company disposes of its treasury stock, the “number of new shares to be issued” shall be regarded as the “number of shares of treasury stock to be disposed of.”

(2) The date of application of the adjusted exercise price is stated as follows.

1) When adjustments are made according to (1) 1) described above, the adjusted exercise price will be applied, in the case of a share split, on or after the following day of the record date (unless a record date is set, an effective date will be applied) for the share split, and in the case of a reverse share split, on or after the effective date for the reverse share split. However, when the Company implements a share split subject to the approval of a proposal to reduce surplus and increase capital stock or reserves at the Company’s ordinary general meeting of shareholders, setting a day prior to the closing date of the ordinary general meeting of shareholders or the said closing date as the record date for the share split, the adjusted exercise price shall be applied retroactively to the following day of such record date, on or after the following day of the closing date of the ordinary general meeting of shareholders.

Additionally, in the case stated in the above condition, the shares of common stock of the Company shall be delivered to holders of subscription rights to shares who exercised the rights from the following day of the record date for a share split to the closing date of such ordinary general meeting of shareholders (the number of shares to be delivered upon exercise of such subscription rights to shares is hereinafter referred to as the “number of shares exercised prior to share split”) according to the following calculating formula. Any fraction less than one share arising from the adjustment shall be rounded down.

$$\text{Number of shares} = \frac{(\text{Unadjusted exercise price} - \text{Adjusted exercise price}) \times \text{Number of shares exercised prior to share split}}{\text{Adjusted exercise price}}$$

- 2) When adjustments are made according to (1) 2) described above, the adjusted exercise price will be applied on or after the following day of the payment date (the last day of the payment period, if it is set) for such issuance or disposal (on or after the following day of the record date, if it is set).
- (3) Besides the cases stated in (1) 1) and 2) above, the Company may adjust the exercise price with the approval of the Board of Directors of the Company for the necessity, when the Company implements a merger, company split, or share exchange after the allotment date, and in other equivalent circumstances where adjustment is required for the exercise price.
- (7) Calculating method for the paid-in amount for subscription rights to shares  
No monetary payment in exchange for subscription rights to shares will be required. Additionally, these are the subscription rights to shares granted as compensation for the execution of duties through fair issue, and not applicable to issue under favorable conditions.
- (8) Exercise period of subscription rights to shares  
From April 1, 2026 to March 31, 2029
- (9) Conditions for the exercise of subscription rights to shares
- 1) Persons who are allotted subscription rights to shares must hold the position of Director, Audit & Supervisory Board Member, Executive Officer, Operating Executive, Trustee, Advisor, Business Advisor, employee, rehired employee, part-time employee, or other similar position at the Company or its affiliates at the time of exercising the subscription rights to shares.
  - 2) Exercise of subscription rights to shares by the successors of those who have been allotted subscription rights to shares shall not be permitted.
- (10) Matters concerning the increase in capital stock and capital reserves when shares are issued upon exercise of subscription rights to shares
- 1) When shares are issued upon the exercise of subscription rights to shares, the amount of increase in capital stock shall be half of the maximum amount of increase in capital stock calculated under Article 17, Paragraph 1 of the Regulations on Corporate Accounting. Any fraction less than one yen arising from the calculation shall be rounded up.
  - 2) When shares are issued upon exercise of subscription rights to shares, the amount of increase in capital reserves shall be the amount obtained by subtracting the amount of increase in capital stock prescribed in 1) above from the maximum amount of increase in capital stock mentioned in 1) above.
- (11) Terms of acquisition of subscription rights to shares  
The Company may acquire subscription rights to shares without contribution at the date separately determined by the Board of Directors of the Company, subject to the approval of proposals 1), 2), 3), 4), or 5) below at the ordinary general meeting of shareholders of the Company (if resolutions from the ordinary general meeting of shareholders are not required, subject to resolutions by the Board of Directors of the Company, or decisions made by Executive Officers delegated pursuant to the provisions of Article 416, Paragraph 4 of the Companies Act).
- 1) Proposal for approval of merger agreements with the Company as the dissolved company
  - 2) Proposal for approval of company split agreements or company split plans with the Company as the splitting company
  - 3) Proposal for approval of share exchange agreements or share transfer plans with the Company as the wholly owned subsidiary
  - 4) Proposal for approval of an amendment to the Articles of Incorporation to create a provision to the

effect that, as the features of all shares issued by the Company, the approval of the Company is required for the acquisition of such shares by transfer

- 5) Proposal for approval of an amendment to the Articles of Incorporation to create a provision to the effect that, as features of a class of shares to be issued upon exercise of subscription rights to shares, the approval of the Company is required for the acquisition of such class of shares by transfer, or the Company acquires all of such class of shares according to resolutions from the ordinary general meeting of shareholders

- (12) Restrictions on the acquisition of subscription rights to shares by transfer

Acquisition of subscription rights to shares by transfer is subject to the approval of the Board of Directors.

- (13) Matters concerning the delivery of subscription rights to shares involved in organizational restructuring

When the Company carries out a merger (only in the case that the Company is dissolved in the merger), absorption-type company split or incorporation-type company split (only in the case that the Company becomes a split company in each split), or a share exchange or share transfer (only in the case that the Company becomes a wholly owned subsidiary in each action) (hereinafter collectively referred to as “organizational restructuring” for the above actions), the Company shall deliver subscription rights to shares of the stock companies set forth in Article 236, Paragraph 1, Item 8 (a) - (e) of the Companies Act (hereinafter referred to as “reorganized company”) in each case, to holders of subscription rights to shares remaining (hereinafter referred to as “remaining subscription rights to shares”) immediately before the effective dates of organizational restructuring (the date when the merger becomes effective regarding absorption-type merger, the date of establishment for a stock company incorporated in the merger regarding consolidation-type merger, the date when the split becomes effective regarding absorption-type company split, the date of establishment for a stock company incorporated in the split regarding incorporation-type company split, the date when the exchange becomes effective regarding share exchange, and the date of establishment for a wholly owning parent company incorporated in the transfer regarding share transfer. The same applies hereinafter.) However, subscription rights to shares of reorganized companies are delivered in accordance with the following items described below, under the condition that it is prescribed in an absorption-type merger agreement, consolidation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement, or share transfer plan.

- 1) Number of subscription rights to shares of reorganized companies to be delivered

The same number as the remaining subscription rights to shares that belong to holders shall be delivered to the holders.

- 2) Class of shares of reorganized companies to be issued upon exercise of subscription rights to shares

Common stock of reorganized companies.

- 3) Number of shares of reorganized companies to be issued upon exercise of subscription rights to shares

The number will be determined in consideration of conditions for organizational restructuring, and pursuant to (4).

- 4) Value of assets to be contributed upon exercise of subscription rights to shares

The value of assets to be contributed upon exercise of each subscription right to shares to be delivered shall be the amount obtained by multiplying the exercise price after reorganization obtained by adjusting the exercise price described in (5) in consideration of conditions for organizational restructuring, by the number of shares of reorganized companies to be issued upon exercise of each of such subscription rights to shares determined pursuant to 3) above.

- 5) Exercise period of subscription rights to shares

From the later date of either the commencement date of the exercise period of subscription rights to shares stated in (8) or the effective date of organizational restructuring, to the expiration date of

- the exercise period of subscription rights to shares stated in (8).
- 6) Matters concerning an increase in capital stock and capital reserves when shares are issued upon exercise of subscription rights to shares  
To be determined pursuant to (10).
- 7) Restrictions on the acquisition of subscription rights to shares by transfer  
Acquisition of subscription rights to shares by transfer shall be subject to the approval by resolutions of the Board of Directors of reorganized companies.
- 8) Conditions for the exercise of subscription rights to shares  
To be determined pursuant to (9).
- 9) Terms of acquisition of subscription rights to shares  
To be determined pursuant to (11).
- (14) Treatment of fractional shares arising from the exercise of subscription rights to shares  
Any fraction less than one share shall be rounded down if included in the number of shares to be delivered to the holders who exercised subscription rights to shares.
- (15) Allotment date of subscription rights to shares  
August 29, 2023
- (16) Place of application for the exercise of subscription rights to shares  
Accounting & Finance Control Division of the Company (or other departments in charge depending on time)
- (17) Place of handling of the payment of money contributed upon exercise of subscription rights to share  
Main Branch, Mitsubishi UFJ Trust and Banking Corporation (or successors of the bank or the branch depending on time)
- (18) Treatment of subscription warrants if issued  
Subscription warrants shall not be issued.