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For immediate release

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(Securities code: 8173, Tokyo Stock
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Notice Concerning Disposal of Treasury Stock through Third-Party Allotment in Accordance with the Continuation of the Stock Compensation System

Joshin Denki Co., Ltd. (hereinafter, the “Company”) hereby announces that at the meeting of the Board of Directors held today, the Company resolved to dispose of the Company’s treasury stock as stock compensation (hereinafter, the “Disposal of Treasury Stock”). Details are as follows.

1. Overview of the disposal

(1) Disposal date	November 28, 2023
(2) Type and number of shares subject to disposal	200,000 shares of common stock of the Company (Breakdown) Directors of the Company (excluding outside directors): 120,000 shares Executive officers with delegated relationship with the Company: 80,000 shares
(3) Disposal price	¥2,353 per share
(4) Total amount of disposal	¥470,600,000 (Breakdown) Directors of the Company (excluding outside directors): ¥282,360,000 Executive officers with delegated relationship with the Company: ¥188,240,000
(5) Planned recipient of disposal	Sumitomo Mitsui Trust Bank, Limited (trust account) (Re-trustee: Custody Bank of Japan, Ltd. (trust account))
(6) Other	The Company will conduct the Disposal of Treasury Stock only if the notification comes into effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reasons for the disposal

At the meeting of the Board of Directors held on May 11, 2017, the Company resolved to introduce a stock compensation system (hereinafter, the “System”) which will contribute to raising the awareness towards the improvement of medium- and long-term business performance and enhancement of the corporate value by further clarifying the linkage between the compensation of the Company’s directors (excluding outside directors; the same applies hereinafter) and the value of the Company’s stocks and by enabling directors to share the benefits and risks associated with stock price fluctuations with shareholders. The introduction of this System for the Company’s directors was approved and resolved at the 69th Annual General Meeting of Shareholders held on June 27, 2017, and the extension of this System was resolved at the Company’s Board of Directors meetings held on June 23, 2020 and April 18, 2023, and this System has been continued to the present. (No additional trust was added in accordance with the extension resolved at the Board of Directors’ meeting held on June 23, 2020.) Please note that at the meeting of the Board of Directors held on April 18, 2023, the Company resolved to add the executive officers with delegated relationship with the Company (hereinafter collectively with the Company’s directors, “Directors, etc.”) to those eligible for the System.

Please refer to “Notice on the Introduction of Stock Compensation System (Performance-Linked) to the Company’s Directors,” dated May 11, 2017 for the overview of the System.

The Sumitomo Mitsui Trust Bank, Limited (trust account) (re-entrusted to Custody Bank of Japan, Ltd. (trust account)), which is the trustee of the trust (hereinafter, the “Trust”) established for the introduction of the System, will be the recipient of the Disposal of Treasury Stock.

The number of shares to be disposed of (200,000 shares or 2,000 units of voting rights) corresponds to the number of shares expected to be delivered to the Directors, etc. based on a consideration of factors such as trends in the positions and composition of the Directors, etc. during the extended trust period, in accordance with the Stock Delivery Regulations established by the Company upon the introduction of the System. This will have a dilutive effect equivalent to 0.71% of 28,000,000 shares, the total number of issued shares as of September 30, 2023 (or 0.76% of 262,820 units, the total number of units of voting rights as of September 30, 2023; both percentages are rounded to the second decimal place).

The Company believes that the System clarifies the linkage between the compensation of Directors, etc. and the value of the Company’s stocks, contributing to the improvement of the corporate value over the medium- to long-term, and considers that the number of stocks to be disposed of and the scale of the resulting dilution due to the Disposal of Treasury Stock are both reasonable and the effect on secondary markets will be insignificant.

(Reference) Overview of the trust agreement related to the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors, etc. who satisfy the requirements for beneficiaries
Trust administrator	A third party independent of the Company and its officers
Exercise of voting rights	Voting rights pertaining to the Company's stocks held in the Trust shall not be exercised throughout the trust period
Type of trust	Trust of money other than money trust (third-party benefit trust)
Trust agreement date	September 1, 2017
Trust period	September 1, 2017 to September 30, 2026 (scheduled)
Purpose of the trust	To deliver the Company's stocks to beneficiaries based on the Stock Delivery Regulations

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

To avoid arbitrary pricing in light of recent share price trends, the disposal price for the Disposal of Treasury Stock has been set at ¥2,353, which is the closing price of the Company's common stock in the Tokyo Stock Exchange on November 6, 2023, (the business day immediately before the Board of Directors' resolution date). This is the market value immediately prior to the date of the resolution of the Board of Directors, and the Company considers this calculation method to be highly objective and reasonable.

This price represents a deviation of 0.34% from ¥2,345, the average closing price (rounded down to the nearest yen) during the month leading up to the business day immediately before the date of the resolution by the Company's Board of Directors (October 10, 2023 – November 6, 2023), a deviation of 3.02% from ¥2,284, the average closing price (rounded down to the nearest yen) during the most recent three months (August 7, 2023 – November 6, 2023), and a deviation of 10.99% from ¥2,120, the average closing price (rounded down to the nearest yen) during the most recent six months (May 8, 2023 – November 6, 2023; the deviation rates are each rounded to the second decimal place).

Upon consideration of these factors, the Company believes the disposal price for the Disposal of Treasury Stock is not especially advantageous to the planned recipient of the disposal and that it is reasonable.

Moreover, all auditors (four auditors, including three outside auditors) who attended the meeting of the Board of Directors expressed the opinion that the basis used to calculate this disposal price is reasonable, is not especially advantageous to the planned recipient of the disposal, and is legitimate.

4. Matters related to procedures under the Code of Corporate Conduct

The Disposal of Treasury Stock (i) results in a dilution ratio of less than 25% and (ii) does not entail a change in the controlling shareholder. Therefore, the Company is not required to obtain the opinion of an independent third party or undertake the procedures to confirm the intent of shareholders set forth in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.