

April 8, 2025

To whom it may concern

(This is an English translation of the Japanese original)

Corporate Name: SOHGO SECURITY SERVICES CO., LTD.

Representative: Ikuji Kayaki, Representative Director, Group COO

(Securities Code: 2331, TSE Prime Market)

Contact: Mototsugu Koga, General Manager of IR Office

(Phone: +81-3-3423-2331)

Notice Regarding the Disposal of Treasury Stock under the Restricted Stock Incentive Plan for the Employees Shareholding Association

SOHGO SECURITY SERVICES CO., LTD. hereby announces that at the meeting of the Board of Directors held on April 8, 2025, it resolved to dispose of treasury stock as restricted stock (hereinafter the "Disposal of Treasury Stock" or the "Disposal"), with the SOHGO SECURITY SERVICES Employees Shareholding Association (hereinafter the "Shareholding Association") as the scheduled allottee based on the Restricted Stock Incentive Plan (hereinafter the "Incentive Plan") for the Employees Shareholding Association as outlined below, in order to commemorate the 60th anniversary of the Company's founding.

1 Overview of the Disposal

| | |
|--|---|
| (1) Disposal date | July 16, 2025 |
| (2) Class and number of shares subject to disposal | 1,298,100 shares of ordinary shares of the Company (Note 1) |
| (3) Disposal price | ¥1,066.5 per share |
| (4) Total value of disposal | ¥1,384,423,650 (Note 1) |
| (5) Method of disposal (scheduled allottee) | Third party allotment (Employees Shareholding Association: 1,298,100 shares) Note that the Company will not accept any application from employees of the Company and its subsidiaries who are members of the Shareholding Association and who agree to the Incentive Plan, for subscribing for only a part of the shares to be granted. |

(Note 1) The "Class and number of shares subject to disposal" and "Total value of disposal" are the maximum numbers calculated based on the assumption that 100 shares will be granted to each of 12,981 employees of the Company and its subsidiaries, which is the maximum number of persons that the Incentive Plan applies to. The number of shares subject to disposal and the

total value of disposal under this Disposal of Treasury Stock are expected to be determined based on the number of employees of the Company and its subsidiaries who are members of the Shareholding Association and who agree to the Incentive Plan (hereinafter the "Eligible Employees") after completing promotion to those who are not members of the Shareholding Association and confirming that they agree with the Incentive Plan.

2 Purpose and Reasons for the Disposal

This Incentive Plan was introduced to commemorate the 60th anniversary of the Company's founding in July 2025, with the aim of expressing appreciation for the daily contributions of the employees of the Company and its subsidiaries, creating opportunities for acquiring the restricted stock (the Company's ordinary shares) to be issued or disposed of by the Company through the Shareholding Association as a measure for promoting the health and welfare benefits of Eligible Employees so as to support property accumulation of Eligible Employees, and providing them with incentives for seeking the sustainable enhancement of the Company's corporate value as well as promoting further value sharing between Eligible Employees and the Company's shareholders.

An overview of the Incentive Plan is as follows.

[Overview of the Incentive Plan]

In the Incentive Plan, the Company and its subsidiaries will pay 100 shares per person as monetary claims as an incentive bonus for granting restricted stock (hereinafter the "Incentive Bonus") to Eligible Employees, and Eligible Employees will contribute their Incentive Bonus to the Shareholding Association. Subsequently, the Shareholding Association issues or disposes of the Company's ordinary shares as restricted stock by making investment in kind to the Company, with the Incentive Bonus contributed by Eligible Employees.

The amount per share to be paid for the Company's ordinary shares in cases where such ordinary shares are to be newly issued or disposed of based on the Incentive Plan shall be determined by the Board of Directors to the extent that it is not particularly favorable for the Shareholding Association (and by extension for Eligible Employees) based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution in each of the Board of Directors meetings related to the issuance and disposal (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

In issuing or disposing of the Company's ordinary shares based on the Incentive Plan, the Company and the Shareholding Association will execute a restricted stock allotment agreement (hereinafter the "Allotment Agreement"), the outline of which includes (1) the Shareholding Association is prohibited from transferring, creating any security interest on, or otherwise disposing of the allotted share to a third party during a certain restriction period (hereinafter the "Restriction"), and (2) the Company shall make acquisition of the allotted share without payment of any contribution if certain events occur. Furthermore, the Incentive Bonus will be paid to the Eligible Employees on the condition that the Allotment Agreement is concluded between the Company and the Shareholding Association.

Moreover, with regard to one's member equity interest pertaining to the restricted stock acquired by the Shareholding Association (hereinafter the "Restricted Stock Equity Interest" or "RS Equity Interest") through issuance or disposal, an Eligible Employee will be restricted from withdrawing the restricted stock corresponding to the Restricted Stock Equity Interest until the Restriction of the

restricted stock is lifted based on the Shareholding Association Rules (Note 2).

(Note 2) At the Shareholding Association board meeting to be held immediately after the date of the resolution of the Board of Directors, the Shareholding Association is scheduled to approve a resolution to amend the Shareholding Association Rules in response to the Incentive Plan before receiving the disposal of treasury stock. This amendment is scheduled to take effect two weeks after the date of the board meeting, when objections from members are one-third or less of the number of Shareholding Association members.

In the Disposal of Treasury Stock, the Company's ordinary shares (hereinafter the "Allotted Shares") will be disposed of to the Shareholding Association as a result of the Shareholding Association as the scheduled allottee contributing all of the Incentive Bonus contributed from Eligible Employees as investment in kind to the Company based on the Incentive Plan. In the Disposal of Treasury Stock, the overview of the Allotment Agreement to be executed between the Company and the Shareholding Association is as described in "3. Overview of Allotment Agreement" below. While the number of shares to be disposed of in the Disposal of Treasury Stock is expected to become fixed in due course as indicated in (Note 1) of Section 1 above, 1,298,100 shares are scheduled to be disposed of to the Shareholding Association as the maximum amount. Note that the scale of dilution based on the Disposal of Treasury Stock is, when based on the foregoing maximum amount, 0.25% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) against 510,200,210 shares as the total number of issued shares as of September 30, 2024, and is 0.27% against 4,849,704 voting rights as the total number of voting rights as of September 30, 2024.

Note that the Disposal of Treasury Stock will be implemented based on the condition that the Shareholding Association rules become effective by the day before the date of disposal, and the Allotment Agreement is concluded between the Company and the Shareholding Association during the application period.

3 Overview of the Allotment Agreement

(1) Transfer Restriction period

From July 16, 2025 (payment date) to June 1, 2028

(2) Conditions for lifting of Restriction

On the condition that an Eligible Employee had been a member of the Shareholding Association on a continuing basis during the Restriction period, the Restriction will be lifted at the time that the Restriction period expires for the total number of Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee who satisfied the foregoing condition. In this case, the Company shall notify the Shareholding Association of the lifting of the Restriction and the number of Allotted Shares for which the Restriction will be lifted, and the Shareholding Association shall, pursuant to the provisions of the Shareholding Association rules, transfer the interest in Allotted Shares for which the Restriction was lifted out of the Restricted Stock Equity Interest held by Eligible Employees who satisfied the Conditions to the member equity interest (hereinafter the "Ordinary Equity Interest") other than Restricted Stock Equity Interest held by Eligible Employees who fulfill this condition.

(3) Treatment upon Terminating Membership in the Shareholding Association

In cases where an Eligible Employee terminates membership (refers to the loss of membership qualifications or submission of a notice of the termination of membership, and includes

termination due to death) in the Shareholding Association during the transfer restriction period upon reaching retirement age or any other justifiable grounds (does not include personal reasons), the Company shall lift the Restriction, as of the 10th day of the month immediately preceding the month in which settlement due to termination of membership in the Shareholding Association by that Eligible Employee (if such date is not a business day, the business day immediately preceding that date; hereinafter the "Settlement Release Date") for the number of Allotted Shares obtained by multiplying the number of Allotted Shares corresponding to the Restricted Stock Equity Interest held by that Eligible Employee on the Settlement Release Date by the figure obtained by dividing the number of months from the month following the month containing the Payment Date to the month preceding the month containing the Settlement Release Date by the number of months 35 pertaining to the Restricted Period. Furthermore, if an Eligible Employee is transferred overseas for business reasons during the transfer restriction period, the Company shall lift the Restriction, as of The 10th day of the month following the month in which the Company or its subsidiaries issue the assignment to the Eligible Employee (if such date is not a business day, the business day immediately preceding that date) for all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee as of that date. Note that in the event that an Eligible Employee leaves the Shareholding Association during the Transfer Restriction Period due to being transferred for business reasons to an organization other than the Company and its subsidiaries, the Transfer Restriction shall be lifted as of the Settlement Release Date for all of the Allotted Shares corresponding to the number of restricted stock interests held by the Eligible Employee on the Settlement Release Date.

(4) Acquisition without consideration by the Company

The Company will acquire without consideration the Allotted Shares for which the transfer restriction is not lifted upon the expiration of the transfer restriction period or immediately after the time when the transfer restriction period is lifted as described in (3) above. In this case, the Company shall notify the Shareholding Association of the Acquisition of Allotted Shares without payment and the number of Allotted Shares to be acquired without consideration, and the Shareholding Association shall, pursuant to the Shareholding Association rules, deduct the portion of the Restricted Stock Equity Interest held by the Eligible Employee at the time that corresponds to the Allotted Shares to be acquired without consideration.

(5) Management of shares

During the Restriction period, the Allotted Shares shall be managed in a dedicated account opened by the Shareholding Association at Daiwa Securities Co. Ltd. in order to ensure that the Shareholding Association can neither transfer, create any security interest on, nor otherwise dispose of the Allotted Shares during that period. Furthermore, the Shareholding Association shall register and manage, pursuant to the provisions of the Shareholding Association Rules, the Restricted Stock Equity Interest separately from the Ordinary Equity Interest.

(6) Treatment upon Reorganization, etc.

In cases where, during the Restriction period, a general meeting of shareholders of the Company (however, in cases where the reorganization, etc., in question does not require approval from a general meeting of shareholders of the Company, the Board of Directors of the Company) approves a merger agreement wherein the Company becomes the dissolving company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly-owned subsidiary, or other matters regarding reorganization, etc., based on the resolution of the Board of Directors, the Restriction will be lifted for the total number of the Allotted Shares according to the

Restricted Stock Equity Interest held by Eligible Employees among the Allotted Shares held by the Shareholding Association on the date of the approval in question immediately before the business day preceding the effective date of the reorganization, etc.

4 Basis of Calculation and Specific Details of Disposed Value

The Disposal of Treasury Stock to the Shareholding Association as the scheduled allottee is executed through the method of an investment in kind with the Incentive Bonus as an asset for investment, which is provided to Eligible Employees for the granting of restricted stock and contributed to the Shareholding Association by Eligible Employees. To eliminate any arbitrariness in the disposal amount, the closing price for the Company's ordinary shares on April 7, 2025 (the business day prior to the day of resolution of the Board of Directors) on the Prime Market of the Tokyo Stock Exchange of ¥1066.5 is used as the disposition value. As this is the market share price immediately prior to the day of resolution of the Board of Directors, the Company believes it is rational and not particularly favorable amount.

Note that the deviation rate (rounded off to two decimal places) of this price from the average closing price of the Company's ordinary share in the Prime Market of the Tokyo Stock Exchange is as follows.

| Period | Average closing price (any amount less than ¥1 shall be rounded off) | Deviation rate |
|---|--|----------------|
| 1 month (March 10, 2025 to April 7, 2025) | ¥1,121 | (4.86%) |
| 3 months (January 8, 2025 to April 7, 2025) | ¥1,081 | (1.34%) |
| 6 months (October 8, 2024 to April 7, 2025) | ¥1,084 | (1.61%) |

All four of the Audit & Supervisory Board Members (among which three are outside auditors) that attended the meeting of the Company's Board of Directors held on April 8, 2025 have expressed their opinion that the Company's process of determining that the foregoing disposal amount will not be particularly favorable to the Shareholding Association as the allottee is reasonable, and that such determination is appropriate, in light of the fact that the Treasury Share Disposal is implemented for the purpose of introducing the Incentive Plan, and that the disposal amount is the closing price on the business day immediately preceding the date of the resolution by the Board of Directors.

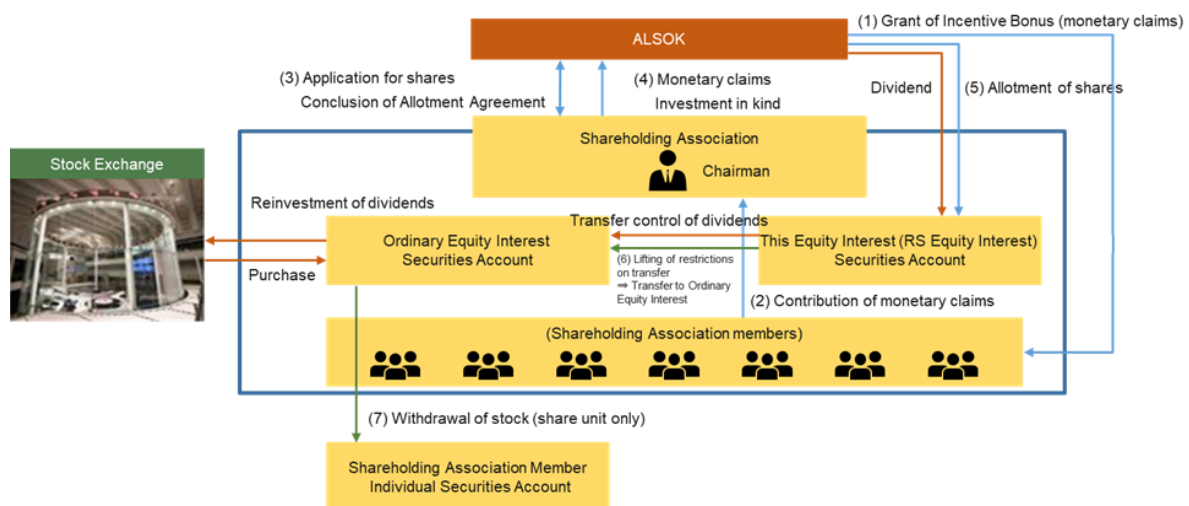
5 Matters Related to Procedures under the Company's Code of Conduct

With regard to the Disposal of Treasury Stock, since (1) the dilution ratio is less than 25% and (2) it does not involve the change of the controlling shareholder, there is no need to take procedures for acquiring the opinion of an independent third party and confirming the intention of shareholders as set forth in Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

(Reference)

[Scheme of the Incentive Plan]

- (1) The Company or its subsidiaries will grant monetary claims as the Incentive Bonus to Eligible Employees.
- (2) Eligible Employees will contribute the monetary claims paid by the Company or its subsidiaries to the Shareholding Association.
- (3) The Shareholding Association will submit an application to the Company for shares and will conclude an Allotment Agreement with the Company.
- (4) The Shareholding Association will make a lump-sum investment in kind to the Company for the monetary claims contributed by each Eligible Employee.
- (5) The Company will allot the Allotted Shares to the Shareholding Association.
- (6) After the expiration of the Restriction period, the Shareholding Association will, in accordance with the Rules, transfer the portion of the Equity Interest held by Eligible Employees corresponding to the Allotted Shares for which the Restriction has been lifted, to the Ordinary Equity Interest.
- (7) After the transfer outlined in (6) above, Eligible Employees may withdraw Allotted Shares to their own securities account in accordance with the provisions of the Shareholding Association Rules.



End