

1. This document is an English translation of the official Japanese text of “Notice Regarding Disposition of Treasury Stock through Third Party Allocation ”.
2. This translation is provided only as a reference to assist shareholders in their voting and does not constitute an official document.
3. In the event of any discrepancies between this translation and the Japanese original, the original shall prevail.

August 24, 2018

Junya Suzuki

Chairman of the Board, President and CEO

Nissha Co., Ltd.

Exchanges Listed: Tokyo Stock Exchanges, First Section 7915

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## **Notice Regarding Disposition of Treasury Stock through Third Party Allocation**

The Board of Directors of Nissha Co., Ltd. (hereinafter, the “Company”) approved a resolution at a meeting held today to engage in disposition of treasury stock through third party allocation (hereinafter, the “Disposition of Treasury Stock”).

### 1. Overview of Disposition

(1) Timing of Disposition	September 10, 2018 (Monday)
(2) Type and Number of Shares to be Disposed	63,000 shares of common stock
(3) Disposition Price	JPY 2,219 per share
(4) Amount of Funding	JPY 139,797,000
(5) Subscriber	Trust & Custody Services Bank, Ltd. (Trust E Account)
(6) Miscellaneous	The Disposition of Treasury Stock is conditional to the notification coming into effect as per the Financial Instruments and Exchange Act.

### 2. Purpose and Reason for Disposition

On May 12, 2016 the Company publicly announced the introduction of a stock compensation plan called the “Board Benefit Trust (BBT)” (hereinafter, the “Compensation Plan”; and the trust established pursuant to the Trust Agreement executed with Mizuho Trust & Banking Co., Ltd. in connection with the Compensation Plan is referred to as the “Trust”), and subsequently a shareholder resolution approving the Compensation Plan as

executive remuneration was adopted on June 17, 2016 at the Company's 97<sup>th</sup> Ordinary General Meeting of Shareholders. (For an overview of the Compensation Plan please see the Notice Regarding the Introduction of Board Benefit Trust (BBT) dated May 12, 2016, and the Notice Regarding the Introduction of Board Benefit Trust (BBT) (Detailed Decision) dated August 19, 2016).

The Disposition of Treasury Stock will be conducted by way of third party allocation to the Trust E Account of Trust & Custody Services Bank, Ltd. in order to hold and dispose of shares in the Company for the continuation of the Compensation Plan (Trust & Custody Services Bank, Ltd. is the sub-trustee that has been delegated by Mizuho Trust & Banking Co., Ltd., the trustee of the Trust).

The number of shares to be disposed of is equal to the number of shares which will be granted to the Directors of Board and Corporate officers of the Company, and part of the directors of the Company's subsidiaries (hereinafter, the "Directors") during the trust period under the Policy on Directors' Stock Compensation (three fiscal years from the fiscal year ending December 31, 2018 to the fiscal year ending December 31, 2020), and constitutes 0.12% of the 50,855,638 total issued and outstanding shares as of June 30, 2018 (rounded to the nearest second decimal place, and 0.12% of the 504,096 total voting rights as of June 30, 2018).

(Outline of the Trust Agreement)

Type of trust: A trust of cash other than a money trust (i.e. third-party benefit trust)

Purpose of trust: To grant shares in the Company and cash equivalents of such shares at their market value, which are the trust assets, to beneficiaries under the Policy on Directors' Stock Compensation

Settlor: The Company

Trustee: Mizuho Trust & Banking Co., Ltd.

Mizuho Trust & Banking Co., Ltd. executed a comprehensive trust agreement with Trust & Custody Services Bank, Ltd., and Trust & Custody Services Bank, Ltd. is the sub-trustee.

Beneficiaries: Directors who meet the beneficiary requirements set forth in the Policy on Directors' Stock Compensation

Trust Administrator: Third party with no interest-based relationship with the Company

Date of trust agreement: September 6, 2016

Date of trust establishment: September 6, 2016

Duration of trust: From September 6, 2016 until the ending of the trust

### 3. Calculation Basis and Specific Details of Disposition Price

The disposition price will be JPY 2,219, which is the closing price for the Company common stock on the Tokyo Stock Exchange on the business day (August 23, 2018) immediately preceding the date on which the Disposition of Treasury Stock is approved by the Board of Directors. This is the market price immediately preceding the date of the Board of Directors' resolution, and it has been judged to be reasonable.

Furthermore, the disposition price of JPY 2,219 is the amount that multiplies JPY 2,265 (rounding off fractions of less than one yen), the average closing price in the most recent one (1) month period from the business day immediately preceding the date of the Board of Directors' resolution, by 97.97%, the amount that multiplies JPY 2,258 (rounding off fractions of less than one yen), the average closing price in the most recent three (3) month period from the business day immediately preceding the date of the Board of Directors' resolution, by 98.27%, or the amount that multiplies JPY 2,486 (rounding off fractions of less than one yen), the average closing price in the most recent six (6) month period from the business day immediately preceding the date of the Board of Directors' resolution, by 89.26%. As the result of the foregoing considerations, we have judged that the disposition price associated with the Disposition of Treasury Stock is not particularly favorable and is reasonable.

Furthermore, the four Audit and Supervisory Board Members (two of which are Independent Audit and Supervisory Board Members) attending the meeting of the Board of Directors issued an opinion that the foregoing disposition price is not a particularly favorable disposition price.

### 4. Matters to be related with Procedures as per Code of Corporate Conduct

Since the Disposition of Treasury Stock has a dilutive effect of less than 25% on shares and does not involve a change in a controlling shareholder, procedures for the receipt of the opinion of an entity who has a specific degree of dependence from management and for the confirmation of the intent of shareholders, as provided by Rule 432 of the Tokyo Stock Exchange's Securities Listing Regulations are not necessary.