

1. This document is an English translation of the official Japanese text of “Notice Regarding Disposition of Treasury Stock by Third Party Allotment”.
2. In the event of any discrepancies between this translation and the Japanese original, the original shall prevail.

November 8, 2019

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Chairman of the Board, President and CEO

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Notice Regarding Disposition of Treasury Stock by Third Party Allotment

Nissha Co., Ltd. (hereinafter, the “Company”) hereby announces that at a meeting held today, its Board of Directors approved a resolution, as follows, for the disposition of treasury stock by a third party allotment (hereinafter, the “Disposition of Treasury Stock”).

1. Overview of Disposition

(1) Date of disposition	November 27, 2019 (Wednesday)
(2) Class and number of shares subject to disposition	352,000 shares of common stock
(3) Price of disposition	JPY 1,243 per share
(4) Total price of disposition	JPY 437,536,000
(5) Scheduled subscriber	Trust & Custody Services Bank, Ltd. (Trust E Account)
(6) Miscellaneous	The Disposition of Treasury Stock is subject to the effectuation of the security registration statement submitted under the Financial Instruments and Exchange Act.

2. Purpose and Reason for Distribution

On August 6, 2019, the Company publicly announced the introduction of a Stock Benefit Trust (J-ESOP) and a Stock Benefit Trust (Employee Shareholding Association Purchase-type) (hereinafter, collectively, the “Plan”) as an incentive plan for its employees, and the details of the Plan were decided at a meeting of the Board of Directors held today (please refer to the “Notice Regarding Introduction (Determination of Details) of Stock Benefit Trust (J-ESOP) and Stock Benefit Trust (Employee Shareholding Association Purchase-type)” dated this same date regarding an overview of the Plan).

With the introduction of the Stock Benefit Trust (J-ESOP) (hereinafter, the “Plan I”) and the Stock Benefit Trust (Employee Shareholding Association Purchase-type) (hereinafter, “Plan II”), the Company, as the settlor, will enter into a Stock Benefit Trust (J-ESOP) Agreement and a Stock Benefit Trust (Employee Shareholding Association Purchase-type) Agreement (hereinafter, respectively referred to as “Trust Agreement I” and “Trust Agreement II”); and the trusts established under Trust Agreement I and Trust Agreement II are respectively referred to as “Trust I” and “Trust II”) with Mizuho Trust & Banking Co., Ltd. as the trustee. In addition, Mizuho Trust & Banking Co., Ltd. will enter into a re-trust agreement with Trust & Custody Services Bank, Ltd. regarding the management of securities and other trust assets by Trust & Custody Services Bank, Ltd. as the sub-trustee.

The Disposition of Treasury Stock shall be conducted by third party allotment to the Trust E Account established at Trust & Custody Services Bank, Ltd. for the holding and disposition of the Company’s shares in the administration of the Plan.

A total quantity of the disposition shall be 120,700 shares to Trust I and 231,300 shares to Trust II. The number of shares disposed to Trust I is the quantity of shares expected to be awarded to the employees of the Company and a portion of its subsidiary companies (hereinafter, “Eligible Employees”) in the first five (5) years of the trust term under the Policy on the Stock Compensation, and the number of shares disposed to Trust II is the quantity of shares scheduled to be acquired from the Trust E Account by the NISSHA Employee Shareholding Association (hereinafter, the “Shareholding Association”) over the next three (3) years of the trust term based on the Shareholding Association’s annual purchase results. The disposition quantity of 352,000 shares accounts for 0.69% (rounded to the second decimal place) of the 50,855,638 total issued and outstanding shares as of June 30, 2019 (and accounting for 0.70% of the 499,465 total voting rights as of June 30, 2019).

* Content of Trust Agreements

	Trust Agreement I	Trust Agreement II
(1) Name	Stock Benefit Trust (J-ESOP)	Stock Benefit Trust (Employee Shareholding Association Purchase-type)
(2) Settlor	Company	
(3) Trustee	Mizuho Trust & Banking Co., Ltd. (Sub-trustee: Trust & Custody Services Bank, Ltd.)	
(4) Beneficiary	Eligible employees who satisfy the vesting requirements	Members of the Shareholding Association who satisfy the beneficiary eligibility requirements
(5) Trust administrator	Company's employees	
(6) Type of trust	Trust for money other than money trust (third party benefit trust)	Designated money trust (third party benefit trust)
(7) Date of trust agreement	November 27, 2019 (scheduled)	
(8) Date of trust funding	November 27, 2019 (scheduled)	
(9) Term of trust	From November 27, 2019 (scheduled) through the end of the trust (a specific ending date is not established, and the trust will survive as long as Plan I is in place)	From November 27, 2019 (scheduled) through January 10, 2023 (scheduled)

3. Calculation Basis for Price of Disposition and Specific Details Thereof

The price of the disposition shall be JPY 1,243, the closing price for the Company's common stock on the Tokyo Stock Exchange, Inc. on November 7, 2019, the business day immediately preceding the date of the meeting of the Board of Directors approving the Disposition of Treasury Stock.

The Company regards it reasonable to determine that the closing pricing on the business day immediately preceding the date of the meeting of the Board of Directors appropriately represents the Company's corporate value in the stock market.

Furthermore, the disposition price of JPY 1,243 is 107.81% of the average closing price of JPY 1,153 (rounded down to the nearest whole yen) in the immediately preceding one (1) month period retroactive from the business day immediately preceding the date of the meeting of the Board of Directors, 117.15% of the average closing price of JPY 1,061 (rounded down to the nearest whole yen) in the immediately preceding three (3) month period retroactive from the business day immediately preceding the date of the meeting of the Board of Directors, and 113.93% of the average closing price of JPY 1,091 (rounded down to the nearest whole yen) in the immediately preceding six (6) month period retroactive from the business day immediately preceding the date of the meeting of the Board of Directors. As the result of the foregoing considerations, it has been reasonably determined that the disposition price for the Disposition of Treasury Stock is not especially favorable.

The four Audit and Supervisory Board Members attending the meeting of the Board of Directors (two of which are Independent Audit and Supervisory Board Members) have expressed the opinion that the foregoing disposition price does not constitute an especially favorable disposition price.

4. Matters Related to Procedures under the Code of Corporate Conduct

The Disposition of Treasury Stock does not require the acquisition of an opinion from an independent third party and the procedures for confirming the intent of the shareholders set forth under Rule 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange, Inc. since (i) the dilution ratio is less than 25%, and (ii) the disposition does not involve a change in the controlling shareholders.

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