

## Announcement Regarding Disposal of Treasury Shares by Third-Party Allotment in Accordance with the Introduction of Performance-Linked Stock-Based Compensation Plan

Taikisha Ltd. (the “Company”), at its Board of Directors meeting held today, resolved to dispose of treasury shares by third-party allotment (hereinafter referred to as the “Disposal of Treasury Shares”), as detailed below, in accordance with the introduction of the Board Benefit Trust (BBT)(hereinafter referred to as the “Plan”), which is a performance-linked stock-based compensation plan for Executive Directors, as announced on May 15, 2019.

### 1. Overview of Disposal

(1)	Date of disposal	August 26, 2019 (Monday)
(2)	Type and number of shares to be disposed	136,400 shares of common stock of the Company
(3)	Disposal price	3,299 yen per share
(4)	Total value of share disposal	449,983,600 yen
(5)	Planned allottee	Trust & Custody Services Bank, Ltd. (Trust E account)
(6)	Other	The Disposal of Treasury Shares shall be conditioned upon the entry into force of the notification pursuant to the stipulations of the Financial Instruments and Exchange Act.

### 2. Purpose and Reasons for Disposal

The Company announced the introduction of the Plan on May 15, 2019, and subsequently resolved to introduce the Plan as compensation for directors at the 74th Annual Shareholders’ Meeting held on June 27, 2019. (For an outline of the Plan, please refer to “Announcement Regarding Introduction of Performance-linked Stock-based Compensation Plan” dated May 15, 2019.)

The Disposal of Treasury Shares shall be conducted by third-party allotment to Trust E account established with Trust & Custody Services Bank, Ltd. (the sub-trustee entrusted by Mizuho Trust & Banking Co., Ltd., the trustee of the trust (hereinafter referred to as the “Trust”) established based on the trust agreement regarding the Plan concluded between the Company and Mizuho Trust & Banking Co., Ltd.) with the aim to hold and dispose of the Company’s shares for the administration of the Plan.

The number of treasury shares to be disposed shall be equivalent to the number of shares expected to be granted to Executive Directors of the Company during the trust period (covering the three fiscal years from the fiscal year ending on March 31, 2020 to the fiscal year ending on March 31, 2022) in accordance with the director stock benefit rules established by the Company, and account for 0.39% of the total number of issued shares as of March 31, 2019 (35,082,009 shares)(the percentage is rounded down to two decimal places; the ratio to the total voting rights of 340,383 units as of March 31, 2019 is 0.40%).

\*Outline of the Trust

- (i) Name : Board Benefit Trust (BBT)
- (ii) Trustor : The Company
- (iii) Trustee : Mizuho Trust & Banking Co., Ltd.  
(Sub-trustee: Trust & Custody Services Bank, Ltd.)
- (iv) Beneficiaries : Executive Directors who have retired and meet the beneficiary requirements provided in the director stock benefit rules
- (v) Trust administrator : A third party who has no conflict of interest with the Company
- (vi) Type of trust : Monetary trust other than cash in trust (third-party beneficiary trust)
- (vii) Trust agreement : August 26, 2019 (scheduled)  
date
- (viii) Cash entrustment : August 26, 2019 (scheduled)  
date
- (ix) Period of trust : August 26, 2019 (scheduled) until the termination of trust  
(The trust shall continue without determining a specific expiry date as long as the Plan remains in effect.)

3. The Basis for Calculation of Disposal Price and Specific Details

The disposal price shall be 3,299 yen (rounded down to the nearest yen), which, in order to eliminate arbitrariness in the disposal price, is the average closing price of the Company's common stock at the Tokyo Stock Exchange, Inc. (hereinafter referred to as the "Tokyo Stock Exchange") for the six-month period immediately prior to the business day preceding the date on which the Board of Directors resolved the Disposal of Treasury Shares (from February 12 to August 8, 2019).

The average closing price for the six-month period immediately prior to the business day preceding the date of the Board of Directors' resolution is based on the disposal price because rather than basing it on the price at a specific point in time, it is deemed to be a highly objective and rational basis of calculation to adopt a smoothed price for the disposal price so the impact of temporary share price fluctuations and other special factors can be eliminated.

The disposal price of 3,299 yen is the amount obtained by multiplying the closing price of the Company's common stock (3,030 yen) on the business day preceding the date of resolution of the Board of Directors by 108.88%; or the amount obtained by multiplying the average closing price of the Company's common stock over the one-month period immediately prior to the business day preceding the date of resolution of the Board of Directors by 101.20% (3,260 yen)(rounded down to the nearest yen); or the amount obtained by multiplying the average closing price of the Company's common stock over the three-month period immediately prior to the business day preceding the date of resolution of the Board of Directors by 100.79%(3,273 yen)(rounded down to the nearest yen). Taking the above into account, the Company has determined that the disposal price for the Disposal of Treasury Shares is not particularly favorable to the allottee and is rational.

Regarding the above-mentioned disposal price, 4 of the Audit & Supervisory Board Members (including 2 outside Audit & Supervisory Board Members) who attended the Board of Directors meeting expressed their opinion that the disposal price was not particularly favorable to the allottee.

#### 4. Matters on Procedures Regarding the Corporate Code of Conduct

As the Disposal of Treasury Shares will 1) have a dilutive effect of less than 25% on treasury shares and 2) does not involve a change in the controlling shareholder, it is not required to obtain an opinion from an independent third party or to take any procedures to confirm the intent of shareholders, as set forth under Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange.