

April 26, 2019

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Notice Regarding Disposal of Treasury Shares through Third-Party Allotment

POLA ORBIS HOLDINGS INC. (the “Company”) announced today that it has resolved to dispose of treasury shares through the third-party allotment (the “disposal of treasury shares”) at the Board of Directors held on April, 26, 2019.

Note

1. Outline of disposal

(1) Date of disposal	May 14, 2019
(2) Class and number of shares to be disposed	148,600 common shares of the Company
(3) Disposal price	3,480 yen per share
(4) Total amount of disposal price	517,128,000 yen
(5) Allottee	The Master Trust Bank of Japan, Ltd. (Officer compensation BIP trust account)
(6) Other	The disposal of treasury shares is subject to notification becoming effective under the Financial Instruments and Exchange Law.

2. Purpose and reason for disposal

The Company has resolved to introduce a new share-based compensation plan called the officer compensation Board Incentive Plan (BIP) trust (the “BIP trust”) for directors and corporate officers of the Company (excluding non-resident persons, for Japanese tax purposes; collectively, the “directors, etc. of the Company”), as well as directors of its subsidiaries (excluding outside directors and non-resident persons for Japanese tax purposes, the “directors of subsidiaries”; together with the directors, etc. of the Company, collectively the “applicable directors, etc.”) for the purpose of enhancing motivation for boosting of its corporate value over medium to long term, and further promoting the common interest shared with shareholders.

With the introduction of the BIP trust, the Company has decided to dispose of its treasury shares through third-party allotment to the Master Trust Bank of Japan, Ltd. (Officer compensation BIP trust account), a joint trustee of the trust established pursuant to the officer compensation BIP trust agreement (the “Trust Agreement” and the trust established based on the Trust Agreement is called the “Trust”), a contract concluded between the Company

and Mitsubishi UFJ Trust and Banking Corporation.

The number of shares to be disposed is the number of shares expected to be provided to the applicable directors, etc. during the trust period based on share delivery rules, and the scale of dilution will be 0.06% of 229,136,156 shares, or the total outstanding shares as of December 31, 2018 (rounded off to the second decimal place, 0.07%, a ratio to 2,211,457 total voting rights as of December 31, 2018).

The Company shares allotted by the disposal of treasury shares shall be provided to the applicable directors, etc. in accordance with share delivery rules, and it is not expected that the shares resulting from the disposal of treasury shares will flow temporarily into the stock market. Therefore, the Company judges that the impact on the stock market will be insignificant and the number of shares to be disposed and the scale of dilution will be reasonable.

For the outline of the BIP trust, please refer to the “Notice on the Introduction of a New Share-based Compensation Plan for Directors, etc. of POLA ORBIS HOLDINGS INC. and its Subsidiaries” announced on February 28, 2019.

Outline of the trust agreement

Type of trust	Money held in a trust other than an individually operated specific money trust (third party benefit trust)
Objective of the trust	Offering incentives to the applicable directors, etc.
Trustor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	The applicable directors, etc. that meet the beneficiary requirements
Trust administrator	A third party specialist that is not an interested party of the Company
Date of trust agreement	May 13, 2019 (plan)
Trust period	From May 13, 2019 to May 31, 2021 (plan)
Plan inception date	May 13, 2019 (plan)
Voting rights	Not to be exercised

3. The basis for calculation of disposal price and details

In view of recent stock price performance, the disposal price shall be 3,480 yen, the closing price for the Company’s shares on the Tokyo Stock Exchange (“TSE”) on April 25, 2019, which is the business day immediately prior to the date of the resolution by the Board of Directors on the disposal of treasury shares, in order to eliminate arbitrariness. The reason for adopting the closing price of the Company’s shares on the TSE on the business day immediately prior to the date of the resolution by the Board of Directors is that the price was the market price immediately prior to the date of the resolution, and the Company considered that the price was very objective and reasonable as the basis for calculation.

In addition to, the disposal price is equivalent of the one-month average closing share price of 3,447 yen (rounded down to the nearest yen) between March 26, 2019 and April 25, 2019 multiplied by 100.96% (premium rate 0.96%), the three-month average closing share price of 3,342 yen (rounded down to the nearest yen) between January 28, 2019 and April 25, 2019 multiplied by 104.13% (premium rate 4.13%), and the six-month average closing price of 3,192 yen (rounded down to the nearest yen) between October 26, 2018 and April 25, 2019 multiplied by 109.02% (premium rate 9.02%), on the TSE immediately prior to the date of the resolution

by the Board of Directors. Therefore, the Company judges that the price is not considered to be a particularly advantageous disposal price.

With respect to above-mentioned disposal price, three Audit & Supervisory Board Members who attended the Board of Director's Meeting (two members of which are Outside Audit & Supervisory members) expressed their opinions that the disposal prices was reasonable as the basis for calculation and was not considered to be a particularly advantageous, and the disposal price was legitimate.

4. Procedure under the Corporate Code of Conduct

The dilution resulting from the disposal of treasury shares is below 25% and this disposal does not involve any changes in controlling shareholders. Consequently, the Company is not required to execute the procedures of obtaining an independent third-party opinion and confirming the intent of shareholders as prescribed in Article 432 of the Securities Listing Regulations of TSE.