

May 9, 2024

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Notice Regarding Disposal of Treasury Shares through Third-Party Allotment with the Introduction of the Continuation of the Share-Based Compensation Plan

POLA ORBIS HOLDINGS INC. (the “Company”) announced today that it has resolved to dispose of treasury shares through a third-party allotment (the “Disposal of Treasury Shares”) with the introduction of the continuation of the share-based compensation plan (the “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.”) at the Board of Directors held on May 9, 2024.

1. Outline of disposal

(1) Date of disposal	June 6, 2024
(2) Class and number of shares to be disposed	133,200 shares of the Company’s common stock*
(3) Disposal price	1,467 yen per share
(4) Total amount of disposal price	195,404,400 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.

*The Company decided the number of shares to be disposed based on standard amount of the share-based compensation of Applicable Directors, etc. and the trust period of the Plan, following the disposal price and the number of residual shares in the BIP Trust.

2. Purpose and reason for disposal

At the Board of Director's meeting on May 9, 2024, the Company has resolved to continue the Plan and dispose of treasury shares for the purpose of enhancing motivation to increase the Company's corporate value over the medium and long terms, and further promoting the common interests shared with shareholders. Board of Director's meeting has resolved to continue the Plan and to dispose of treasury shares based on the decisions made at the 13th Annual Shareholders' Meeting.

With the additional money entrusted to the Plan, the Company has decided to dispose of its treasury shares through a third-party allotment to the Master Trust Bank of Japan, Ltd. (Officer compensation BIP Trust account), a joint trustee of the BIP Trust agreement, 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, the total outstanding shares as of December 31, 2023 (rounded off to the second decimal place, 0.06%, a ratio to 2,213,834 total voting rights as of December 31, 2023).

The Company shares allotted for 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 quickly into the stock market. Therefore, the Company believes 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

(1) Type of trust	Money held in a trust other than an individually operated specific money trust (third-party benefit trust)
(2) Objective of the trust	Offering incentives to the Applicable Directors, etc.
(3) Trustor	The Company
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(5) Beneficiaries	The Applicable Directors, etc. that meet the beneficiary requirements
(6) Trust administrator	A third-party specialist that is not an interested party of the Company
(7) Date of trust agreement	May 13, 2019 (amendment agreement to be signed in May 2024)
(8) Trust period	From May 13, 2019 to the end of May, 2027 (to be extended to the end of May, 2027 through the amendment agreement in May 2024)
(9) Voting rights	Not to be exercised

3. The basis for the calculation of disposal price and details

In view of recent stock price performance, the disposal price shall be 1,467 yen, the closing price for the Company's shares on the Tokyo Stock Exchange ("TSE") on May 8, 2024, 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, the disposal price is equivalent to the one-month average closing share price of 1,426 yen (rounded down to the nearest yen) between April 9, 2024 and May 8, 2024 multiplied by 102.88% (premium rate 2.88%), the three-month average closing share price of 1,453 yen (rounded down to the nearest yen) between February 9, 2024 and May 8, 2024 multiplied by 100.96% (premium rate 0.96%), and the six-month average closing price of 1,507 yen (rounded down to the nearest yen) between November 9, 2023 and May 8, 2024 multiplied by 97.35% (discount rate 2.65%), 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 the 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 price legitimate and reasonable as the basis for calculation and was not considered to be particularly advantageous.

4. Procedures in accordance with 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 procedures to obtain an independent third-party opinion and confirm the intent of shareholders as prescribed in Article 432 of the Securities Listing Regulations of TSE.