



February 14, 2020

For Immediate Release

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Notice on Disposal of Treasury Shares by Third-Party Allocation

Okabe Co., Ltd. (the Company) hereby announces that at the Board of Directors meeting held today it has resolved to dispose of treasury shares by third-party allotment (Disposal of Treasury Shares).

1. Disposal outline

(1) Date of disposal	March 4, 2020
(2) Type and number of shares for disposal	105,700 common shares
(3) Disposal price	884 yen per share
(4) Total amount of disposal price	93,438,800 yen
(5) Allottee	The Master Trust Bank of Japan, Ltd. (share issuing ESOP Trustee)
(6) Other	The Disposal of Treasury Shares is subject to the securities registration statement as per the Financial Instruments and Exchange Act.

2. Purpose of and reason for disposal

At the Board of Directors' meeting held today, the Company resolved to continue the share-issuing ESOP trust (ESOP Trust), an employee incentive plan designed for the medium to long-term enhancement of corporate value by raising awareness of contribution to the medium to long-term operating performance improvement and the Company's share price appreciation with a strong sense of identification among employees of the Company and its Group companies (Employees) as well as their participation in the management of the Company, while seeking to reciprocate the Employees with an enhanced benefits system.

For details of the ESOP Trust, refer to the Notice on Introduction of ESOP Trust for Granting Stock announced on February 14, 2017.

This Disposal of Treasury Shares by third-party allocation along with the continuation of the ESOP Trust is made to the Master Trust Bank of Japan, Ltd. (share-issuing ESOP Trustee), which is the joint trustee of the share-issuing ESOP trust agreement that the Company entered into with Mitsubishi UFJ Trust and Banking Corporation.

The number of shares to be disposed of represents the number of shares expected to be provided to the Employees during the trust period after an extension based on the Share Issuance Regulations, and the scale of dilution will be 0.20% of 53,790,632 shares, the total number of shares outstanding as of December 31, 2019 (rounded to the second decimal place, 0.21%, the ratio to the total voting rights of 499,112 as of December 31,

2019).

The Company's shares allocated through the Disposal of Treasury Shares will be granted to the Employees in accordance with the Share Issuance Regulations, and it is not expected that the shares resulting from the Disposal of Treasury Shares will flow into the stock market at once. Therefore, the Company believes that the impact on the secondary market will be insignificant and the number of shares to be disposed of and the scale of dilution will be reasonable.

Outline of the trust agreement

Type of trust	Money held in trust outside the money trust of a specific single investment (third-party benefit trust)
Purpose of trust	To enhance employee benefit plans and provide incentives to employees
Trustor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trusteeship: The Master Trust Bank of Japan, Ltd.)
Beneficiary	Those employees meeting the beneficiary requirements
Trust administrator	Professional practitioners and third parties with no conflicts of interest with the Company
Date of trust agreement	March 1, 2017 (subject to change due to an extension in the trust period)
Trust period	March 1, 2017 to March 31, 2020 (to be extended to March 31, 2023, due to a change in the trust agreement)
Commencement date of the plan	April 1, 2017
Exercise of voting rights	The trustee will exercise the voting rights reflective of the representative of eligible employees, directed by the trust administrator

3. Basis for calculation of disposal price and specific details thereof

Given the recent stock market developments, the disposal value shall be 884 yen (decimal placed truncated), the average closing price for the Company's shares on Tokyo Stock Exchange, Inc. (TSE) over the last six months (August 14, 2019 to February 13, 2020) prior to the date of the resolution by the Board of Directors' meeting on the Disposal of Treasury Shares in order to eliminate arbitrariness. The Company has adopted the average closing price for the Company's shares on the TSE over the last six months prior to the date of the resolution by the Board of Directors, because the Company considers that the average closing price for a certain preceding period is the most realistic indicator of the prevailing market price and is highly objective and reasonable as the basis for calculation.

The disposal share price is obtained by multiplying 863 yen (decimal places truncated), the closing price for the Company's shares on the TSE for the business day (February 13, 2020) prior to the Board of Directors meeting resolution, by 102.43% (premium rate of 2.43%); or by multiplying 879 yen (decimal places truncated), the average closing price for the Company's shares over the last month (January 14, 2020 to February 13, 2020), by 100.57% (premium rate of 0.57%); or by multiplying 914 yen (decimal places truncated), the average closing prices for the Company's shares over the last three months (November 14, 2019 to February 13, 2020) prior to the Board of Directors meeting resolution, by 96.72% (discount rate of 3.28%). All of the above conform to the Japan Securities Dealers Association's Rules Concerning Handling of Allotment of New Shares to a Third-Party, Etc.; and thus the Company believes that the said amount does not constitute any favorable disposal price. The Company therefore believes that none of the value amounts

mentioned above represents any favorable disposal price.

With respect to the above-mentioned disposal price, the Company's Audit & Supervisory Committee has expressed their opinions that the price was not particularly advantageous for the Company and is lawful based on the reasoning that the calculation basis of the above disposal price is reasonable.

4. Procedures within the Code of Corporate Conduct

As this matter will have a dilutive effect of less than 25% on shares and does not involve a change in the controlling shareholder, procedures for the receipt of the opinion of an entity who has a specific degree of dependence from management and confirmation of the intent of shareholders regarding third-party allotment, as provided by Rule 432 of the TSE's Securities Listing Regulations, are unnecessary.