



July 8, 2020

**To Whom It May Concern**

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Reprepresentative: Chairman and Representative  
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**Notice Concerning the Disposal of Treasury Stock through a Third-Party Allotment of Shares  
in Accordance with Additional Contributions to the Shares Grant Trust for Officers**

YONDOSHI HOLDINGS INC. (“YONDOSHI HOLDINGS” or “the Company”) announces that the Company has adopted a resolution to dispose of treasury stock through a third-party allotment of shares (“Disposal of Treasury Stock”) following a meeting of its Board of Directors held today.

**1. Outline of the disposal of treasury stock**

(1) Date of disposal	July 27, 2020
(2) Number of shares to be disposed	30,000 common shares
(3) Disposal price	¥1,681 per share
(4) Total amount of disposal	¥50,430,000_
(5) Planned recipient (subscriber)	Japan Trustee Services Bank, Ltd. (Trust Account)*
(6) Other	A securities notice pertaining to the disposal of treasury stock has been submitted pursuant to the Financial Instruments and Exchange Act

\* Plans are in place for Japan Trustee Services Bank, Ltd. to change its name to Custody Bank of Japan, Ltd. following its merge with JTC Holdings, Ltd. and Trust & Custody Services Bank, Ltd. on July 27, 2020.

**2. Purpose and reasons for disposal**

YONDOSHI HOLDINGS introduced and has continued to the present day a share grant trust for officers (“Share Grant Trust;” in accordance with a trust (“Trust”) established pursuant to a trust agreement (“Trust Agreement”) concluded with Resona Bank, Limited) pertaining to directors (excluding directors who are audit and supervisory committee members) and the directors who are audit and supervisory committee members (excluding outside directors) of the Company and the directors and corporate auditors (excluding outside corporate auditors) of the major group companies of the Company (“Eligible Subsidiaries;” the Company and Eligible Subsidiaries collectively referred to as “Eligible Companies”) as the eligible persons following the Company’s 68th General Meeting of Shareholders held on May 17, 2018 and the Eligible Subsidiaries’ respective General Meetings of Shareholders held by the end of May 2018. (For details of the Share Grant Trust, please refer to the press release “Notice Concerning Aboliton of the Officer Retirement Benefits Plan and Introduction of a Stock Compensation Plan” issued on April 9, 2018.)

In accordance with the ongoing Share Trust Grant, YONDOSHI HOLDINGS will dispose of treasury stock through a third-party allotment to the Trust Account of Japan Trustee Services Bank, Ltd., as the re-trust trustee of Resona Bank, Ltd., is the trustee of the Trust.

The number of treasury stock to be disposed of shall be determined in accordance with the officer share grant rules established by each of the Eligible Companies, and equivalent to the certain number of shares that are expected to be granted during the two fiscal year period from the fiscal year ending February 28, 2021 to the fiscal year ending February 28, 2022, which is 0.12% of the 24,331,356 total number of shares issued and outstanding as of February 29, 2020 (0.14% of the 217,103 total number of voting rights as of February 29, 2020) each rounded to the second decimal place.

YONDOSHI HOLDINGS believes that THE Share Grant Trust will lead to an increase in the Company's corporate value over the medium to long term and that the number of treasury stock to be disposed of and the scale of dilution caused by the Disposal of Treasury Stock are reasonable, with the impact on the secondary market expected to be minimal.

#### Outline of the Trust Agreement

Name:	Share Grant Trust for Officers
Entrustor:	YONDOSHI HOLDINGS INC.
Trustee:	Resona Bank, Limited (Retrust trustee: Japan Trustee Services Bank, Ltd (Trust Account))
Beneficiaries:	Eligible persons who fulfill certain beneficiary requirements
Trust Administrator:	A third party having no vested interest in YONDOSHI HOLDINGS INC.
Date of Trust Agreement Conclusion:	November 28, 2018
Trust period:	From November 28, 2018 to the termination of the trust (No specific termination date has been set and the Trust will continue for as long as the Share Grant Trust continues)

#### Outline of the Trust Agreement additional trust

Date of additional trust:	July 27, 2020
Additional trust funds:	¥42,000,000*
Class of shares to be acquired:	Common shares of YONDOSHI HOLDINGS INC.
Number of shares to be acquired:	30,000 shares
Date of acquisition:	July 27, 2020
Method of share acquisition:	Acquisition by way of a third-party allotment of the Company's treasury stock

\* The Trust will acquire additional shares of the Company by using the total ¥42,000,000 relating to the additional trust and ¥9,000,000 in trust assets.

### **3. Calculation basis for the disposal amount and specific details**

The objective of the Disposal of Treasury Stock is to continue the Share Grant Trust. The disposal price is set at ¥1,681 the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately prior to the date ("July 7, 2020") of disposal resolution by the Board of Director ("Date of Board Resolution") to eliminate arbitrariness.

The closing price of YONDOSHI HOLDINGS' shares on the Tokyo Stock Exchange on the business day immediately prior to the Date of Board Resolution is being used because it is considered reasonable while properly representing the Company's corporate value in the stock market.

In addition to adopting the closing price on the business day immediately prior to the Date of Board Resolution, there is a variance of down 8.29 % in the disposal price from the average closing price of ¥1,833 (rounded down to nearest whole yen) in the one month prior to the Date of Board Resolution (from June 7, 2020 to July 6, 2020), a variance of down 7.48 % in the disposal price from the average closing price of ¥1,817 (rounded down to nearest whole yen) in the three months prior to the Date of Board Resolution (from April 7, 2020 to July 6, 2020), and a variance of down 16.16 % in the disposal price from the average closing price of ¥2,005 (rounded down to nearest whole yen) in the six months prior to the Date of Board Resolution (from January 7, 2020 to July 6, 2020) with all variances rounded to the second decimal place, which we believe conforms to the Japan Securities Dealers Association's Guidelines for the Handling of the Allocation of New Shares to a Third-Party. Taking the aforementioned into consideration, we have determined that the disposal price of the Disposal of Treasury Stock does not particularly favor the planned recipient (subscriber).

Meanwhile, the Audit and Supervisory Committee has expressed its opinion that the above disposal price also does not particularly favor the the planned recipient (subscriber).

### **4. Matters relating to procedures under the Code of Corporate Behavior**

The disposition of treasury stock does not require the acquisition of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange because (i) the dilution ratio is less than 25% and (ii) the disposition does not involve a change in controlling shareholders.