



October 4, 2019

To Whom It May Concern,

Corporate Name: TechnoPro Holdings, Inc.

(Code: 6028, TSE First Section)

Representative: Yasuji Nishio, President, Representative Director & CEO

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Announcement Concerning Disposal of Treasury Stock as Restricted Stock Compensation

On October 4, 2019, pursuant to a written resolution substituting for a board of director meeting resolution based on Article 370 of the Companies Act, TechnoPro Holdings, Inc. resolved to conduct the disposal of treasury stock as restricted stock compensation (“Disposal of Treasury Stock” or “Disposal”).

1. Overview of disposal

(1) Date of disposal	October 29, 2019
(2) Type and number of shares to be disposal of	Common stock 15,975 shares
(3) Disposal value	¥ 6,440 per share
(4) Total disposal value	¥ 102,879,000
(5) Allottees and number thereof and number of shares to be allotted (tentative)	TechnoPro Holdings Directors Five persons 5,278 shares TechnoPro Holdings Executive Officers Six persons 2,635 shares TechnoPro Holdings Subsidiary Directors Fourteen persons 6,202 shares TechnoPro Holdings Subsidiary Executive Officers Six persons 1,860 shares
(6) Other	The Disposal of Treasury Stock is contingent upon the effect of the relevant securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

2. Objectives and Reasons for disposal

At a meeting held August 23, 2017, the TechnoPro Holdings, Inc. board of directors resolved to adopt a new stock compensation plan (“the Plan”) allocating restricted shares of company stock to TechnoPro Holdings directors (excluding outside directors; “Eligible Directors”), executive officers, and directors and executive officers of TechnoPro Holdings subsidiaries (“Eligible Subsidiaries”). The objective of the Plan is to serve as an incentive for Eligible Directors, executive officers, and directors and executive officers of Eligible Subsidiaries to work for the sustainable improvement of corporate and shareholder value of the medium and long term, strengthening the sense of shared value between these individuals and TechnoPro Holdings shareholders.

Also, at the 12th Annual General Meeting of Shareholders held September 28, 2017, it was approved that, based on the Plan, the amount of the monetary remuneration receivables for the Eligible Directors shall not exceed ¥ 100 million per year as the monetary remuneration receivables to serve as invested assets to acquire shares, that the total number of shares of common stock of the TechnoPro Holdings to be issued or disposed of shall not exceed 50,000 per year, and that the Transfer Restriction Period on restricted stock shall be decided by the board of directors within the range of three to five years.

3. Overview of the Plan

Under the Plan, all monetary remuneration receivables paid by TechnoPro Holdings or Eligible Subsidiaries to Eligible Directors, executive officers, and directors and executive officers of Eligible Subsidiaries will be paid as property contributed in kind, with the aforementioned individuals receiving an issuance or disposition of TechnoPro Holdings common shares.

Issuance or disposal of TechnoPro Holdings common stock under the Plan shall be subject to a restricted stock allocation agreement (“the Agreement”) as described in 5. *Overview of Restricted Stock Allocation Agreement*, below, signed between TechnoPro Holdings and TechnoPro Holdings Eligible Directors, executive officers, and directors and executive officers of Eligible Subsidiaries. The details of the Agreement shall include that (1) TechnoPro Holdings Eligible Directors, executive officers, and directors and executive officers of Eligible Subsidiaries may not transfer, use as collateral, or otherwise dispose of any common stock granted under the Agreement (“Allocated Shares”) for a predetermined period of time, and (2) TechnoPro Holdings may acquire the common stock in question without providing compensation in the case of certain events.

4. Details of Disposal of Treasury Stock in Conjunction with This Announcement

The Disposal of Treasury Stock will be applied to five Eligible Directors and six executive officers of TechnoPro Holdings, as well as fourteen directors and six executive officers of Eligible Subsidiaries (“Eligible Participants”). The purpose of this is to retain talented individuals as officers, as well as to further increase motivation of Eligible Participants, in consideration of deliberations of the Nomination and Compensation Committee, the majority of which is composed of outside independent directors and/or audit & supervisory board members, the objectives of the Plan, TechnoPro Holdings earnings, and the scope and circumstances of the responsibilities of each Eligible Participant. TechnoPro Holdings and Eligible Subsidiaries have determined to provide the total sum of the monetary remuneration receivables of ¥ 102,879,000, and 15,975 shares of TechnoPro Holdings common stock to Eligible Participants. Also, according to the Plan, the Transfer Restriction Period has been set as three years. The following table provides details of monetary remuneration receivables to be paid to Eligible Participants by TechnoPro Holdings or Eligible Subsidiaries based on the Plan:

	Recipients	No. of Allocated Shares	Payment Value
TechnoPro Holdings Directors	5	5,278 shares	¥ 33,990,320
TechnoPro Holdings Executive Officers	6	2,635 shares	¥ 16,969,400
Directors of Eligible Subsidiaries	14	6,202 shares	¥ 39,940,880
Executive Officers of Eligible Subsidiaries	6	1,860 shares	¥ 11,978,400

5. Overview of Restricted Stock Allocation Agreement

(1) Transfer Restriction Period

The transfer restriction period shall be three years from October 29, 2019 until October 28, 2022.

During the Transfer Restriction Period provided above (“Transfer Restriction Period”) no Allocated Shares may be transferred to any third party, pledged as collateral, or otherwise disposed of by Eligible Participants.

(2) Conditions Subsequent

TechnoPro Holdings shall release restrictions on all Allocated Shares held by Eligible Participants as of the completion of the Transfer Restriction Period upon condition that Eligible Participants continue to serve in the status as directors, executive officers, or employees of TechnoPro Holdings or TechnoPro Holdings subsidiaries (“TechnoPro Holdings Group”) throughout the Transfer Restriction Period.

However, prior to the day before the completion of the Transfer Restriction Period, restrictions shall be released immediately upon (i) Eligible Participants retiring from their position as TechnoPro Holdings Group director, executive officer, or employee for reasons deemed justifiable by the TechnoPro Holdings board of directors, or (ii) retirement of Eligible Participants due to death.

Further, the number of shares subject to a release of restriction due to the preceding reasons shall be calculated as the number of months from the month including the payment date to the month including the relevant day of retirement divided by 12 (or one, if such number is greater than one), multiplied by the number

of Allocated Shares held by the Eligible Participants (or heir of the Eligible Participant in the case of a deceased Eligible Participant) at the time of said retirement (with the number of shares truncated, if the calculation results in a fraction less than one share).

(3) Uncompensated Acquisition by TechnoPro Holdings

TechnoPro Holdings may, upon conclusion of the Transfer Restriction Period, or upon the retirement of an Eligible Participant due to reasons determined under (2)(i) or (ii) above, automatically acquire all Allocated Shares for which restrictions have not released without providing compensation, as of the point in time immediately subsequent to said timing.

(4) Stock Administration

Allocated Shares shall be separately administered from other shares held under the name of Eligible Participants during the Transfer Restriction Period in a special restricted stock account established at Nomura Securities Co., Ltd. under the name of the Eligible Participants to prevent the transfer, pledging as collateral, or other disposition of Allocated Shares during the Transfer Restriction Period.

(5) Reorganizations

In the event that TechnoPro Holdings enters into a merger agreement in which the company becomes the absorbed entity, or in the event that TechnoPro Holdings enters into a share exchange agreement making the company a wholly owned subsidiary, share transfer plan, or other matters of reorganization, etc. approved by the general meeting of shareholders (limited to cases in which the effective date of the relevant reorganization, etc. occurs prior to the completion of the Transfer Restriction Period) of TechnoPro Holdings (or by TechnoPro Holdings board of directors when general meeting of shareholders approval is not required for said reorganization, etc.), the TechnoPro Holdings board of directors shall resolve to release restrictions of Allocated Shares as of the moment immediately prior to the business day prior to the effective date of said reorganization, etc. for the number of Allocated Shares equivalent to the number of months from the month including the payment date to the month including the relevant approval date ("Reorganization Approval Date") divided by 12 (or one, if such number is greater than one), multiplied by the number of Allocated Shares held by the Eligible Participants at the time of Reorganization Approval Date (with the number of shares truncated, if the calculation results in a fraction less than one share).

In this event, TechnoPro Holdings shall automatically acquire all Allocated Shares for which restrictions have not released without providing compensation as of the day representing the business day prior to the effective date of the said reorganization, etc.

6. Calculation Basis and Details

The Disposal of Treasury Stock to the Eligible Participants shall be funded by monetary remuneration receivables which Techno Pro Holdings and Eligible Subsidiaries provided as the restricted shares remuneration for the fiscal year 2020 in accordance with the Plan.

In order to exclude arbitrariness, the closing price for the common share of TechnoPro Holdings on the Tokyo Stock Exchange on October 3, 2019 (the business day prior to the TechnoPro Holdings board of director resolution on October 4, 2019) of ¥ 6,440 is used as the disposal value of the Disposal of Treasury Stock. This is the market share price immediately preceding the date of the resolution by the board of directors, and we believe that it is reasonable and does not represent a particularly favorable price.

Note on translation

This is a translation of the original Japanese document and provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.