

January 14, 2021

Company name: Meiko Network Japan Co., Ltd.

Representative: Kazuhito Yamashita,  
President & Representative Director

Stock code: 4668 (TSE First Section)

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### **Notice of the Disposal of Treasury Stock with a Third-party Allocation due to the Introduction of a Stock Compensation Plan**

Meiko Network Japan Co., Ltd. (the "Company") hereby announces that, at the meeting of its Board of Directors held on January 14, 2021, the Company resolved as follows to dispose of treasury stock (the "Treasury Stock Disposal") as stock compensation.

#### 1. Overview of the Disposal

(1) Disposal date	February 1, 2021 (planned)
(2) Type and number of shares to be disposed	262,000 common shares in the Company
(3) Disposal price	536 yen per share
(4) Total amount of disposal	140,432,000 yen (of this, 141,000 shares will be for the Stock Compensation Plan for Directors and 121,000 shares will be for the Stock Compensation Plan for Employees)
(5) Planned party for the disposal	Sumitomo Mitsui Trust Bank, Limited (trust account) (Re-entrusted trustee: Custody Bank of Japan, Ltd. (trust account))
(6) Other	The Treasury Stock Disposal is subject to the effectiveness of the notification under the Financial Instruments and Exchange Act

#### 2. Purpose and Reason for the Disposal

The Company resolved, at the meetings of its Board of Directors held on August 24 and October 30, 2020, to introduce a performance-linked stock compensation plan (the "Stock Compensation Plan for Directors" with the trust established for the introduction of the Stock Compensation Plan for Directors referred to as the "Stock Granting Trust for Officers"). The purpose of the performance-linked stock compensation plan is as follows: The plan will further clarify the link between the compensation of the Directors (excluding Outside Directors; hereinafter the same) of the Company and the main group subsidiaries of the Company and the stock value of the Company. The Directors will share the benefits and risks of stock price fluctuations with shareholders. This will raise the awareness of the Directors to contribute to improving business performance and to increasing corporate value in the

mid- to long-term. The introduction of the plan for the Directors of the Company was approved at the 36th Annual Meeting of Shareholders held on November 20, 2020.

Please refer to the “Notice of the Introduction of a Performance-linked Stock Compensation Plan for Directors” dated October 30, 2020 for an overview of the Stock Compensation Plan for Directors.

In addition, the Company resolved, at the meeting of its Board of Directors held on August 24, 2020, to introduce a stock compensation plan for the employees of the Company and the employees of the main group subsidiaries of the Company (the “Stock Compensation Plan for Employees” (referred to as the “Plan” together with the Stock Compensation Plan for Directors) with the trust introduced for the introduction of the Stock Compensation Plan for Employees referred to as the “Stock Granting Trust for Employees” (referred to as the “Trust” together with the Stock Granting Trust for Officers)).

The Treasury Stock Disposal will be performed for Sumitomo Mitsui Trust Bank, Limited (trust account) (re-entrusted trustee: Custody Bank of Japan, Ltd. (trust account)) – the trustee of the trust established for the introduction of the Plan (the “Trust”).

The quantity of the disposal will be equivalent to the number of shares expected to be granted to the Directors and employees based on the stock granting rules established by the Company when introducing the Plan. This will be done upon consideration of the Directors’ positions, composition and level of achievement of performance targets during the trust period for the Stock Compensation Plan for Directors and upon consideration of the employees’ positions during the trust period for the Stock Compensation Plan for Employees. The size of that dilution will be 0.94% with respect to the 27,803,600 outstanding shares current as of August 31, 2020. (The ratio will be 1.05% with respect to the total 250,667 voting rights current as of August 31, 2020. This is rounded to two decimal places in both cases.) The Company believes that the Plan will clarify the link between the compensation of the Directors and employees of the Company and the main group subsidiaries of the Company and the stock value of the Company with this then leading to an improvement in the corporate value of the Company in the mid- to long-term. The Company has determined that the quantity of the disposal and the size of the dilution accompanying the Treasury Stock Disposal to be reasonable. Furthermore, the Company has determined that the impact on the secondary market will be minimal.

Reference: Overview of the Trust Agreement Pertaining to the Stock Granting Trust for Officers

Consignor: The Company

Trustees: Sumitomo Mitsui Trust Bank, Limited  
(Re-entrusted trustee: Custody Bank of Japan, Ltd.)

Beneficiaries: Those who have satisfied the beneficiary requirements among the Directors of the Company and the main group subsidiaries of the Company

Trust administrator: The Company plans to elect a third party independent from the Company and the officers of the Company

Exercising of voting rights: The voting rights pertaining to the shares in the Company in the Trust will not be exercised during the trust period

Type of trust: Trust of money other than a money trust (third-party benefit trust)

Trust contract date: February 1, 2021 (planned)

Trust period: February 1, 2021 to the end of January 2025 (planned)

Purpose of the trust: To grant shares in the Company to the beneficiaries based on the stock granting rules

Reference: Overview of the Trust Agreement Pertaining to the Stock Granting Trust for Employees

Consignor: The Company

Trustees: Sumitomo Mitsui Trust Bank, Limited  
(Re-entrusted trustee: Custody Bank of Japan, Ltd.)

Beneficiaries: Those who have satisfied the beneficiary requirements among the employees of the Company and the main group subsidiaries of the Company

Trust administrator: The Company plans to elect a third party independent from the Company and the officers of the Company

Exercising of voting rights: The trust administrator will give instructions on the exercising of voting rights for the shares in the Stock Granting Trust for Employees

Type of trust: Trust of money other than a money trust (third-party benefit trust)

Trust contract date: February 1, 2021 (planned)

Trust period: February 1, 2021 to the end of April 2023 (planned)

Purpose of the trust: To grant shares in the Company to the beneficiaries based on the stock granting rules

### 3. Basis for the Disposal Price Calculation and the Specific Details of That

The Company has decided that the disposal price will be 536 yen. This is the closing price on the Tokyo Stock Exchange on January 13, 2021 (the business day immediately preceding the date on which the resolution was made by the Board of Directors). The was done to exclude arbitrariness in light of recent stock price movements.

This price has a deviation ratio of -3.07% from the average closing price of 553 yen (rounded down to the nearest yen) over the month prior to the business day directly preceding the date on which the resolution was made by the Board of Directors (December 14, 2020 to January 13, 2021), a deviation ratio of -9.00% from the average closing price of 589 yen (rounded down to the nearest yen) over the three months prior to that date (October 14, 2020 to January 13, 2021) and a deviation ratio of -19.76% from the average closing price of 668 yen (rounded down to the nearest yen) over the six months prior to that date (July 14, 2020 to January 13, 2021). (All the deviation rates have been rounded to two decimal places.)

As a result of taking the above into consideration, the Company believes that the disposal price for the

Treasury Stock Disposal is reasonable without being particularly advantageous to the planned allottees.

Moreover, both the Corporate Auditors (two Outside Corporate Auditors) in attendance at the meeting of the Board of Directors expressed the opinion that the above disposal price is not particularly advantageous to the planned allottees.

#### 4. Matters Concerning the Procedures under the Corporate Code of Conduct

The Treasury Stock Disposal will not lead to (1) a dilution rate of less than 25% or (2) a change in the controlling shareholder. Therefore, there is no need to obtain an opinion from an independent third party or to undertake procedures to confirm the wishes of shareholders as stipulated in Article 432 of the Securities Listing Rules established by the Tokyo Stock Exchange.