

October 14, 2021

Company name: Meiko Network Japan Co., Ltd.
Representative: Kazuhito Yamashita,
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Notice of Changes to Capital and Dividend Measures

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on October 14, 2021, the Company resolved as follows to make changes to the capital and dividend measures it announced on October 9, 2015.

1. Reason for the Changes

The Company has implemented business structural reforms with an emphasis placed on cash flow and has worked to improve the soundness of its financial position. The Company has now decided in the Mid-term Management Plan: Fan and Fun Innovation it announced today to implement more stable and continuous dividend measures than before. This will mean the Company will not be affected by short-term operating income fluctuations due to rapid changes in the environment under a basic policy of capital and dividend measures seeking equilibrium with its mid- to long-term performance targets upon placing an even greater emphasis on capital efficiency in the future.

2. Basic Policy of Capital and Dividend Measures

Before the Change

The Company considers ensuring the continued business management and growth potential of its existing businesses, strengthening its business foundations toward reinforcing profitability, enhancing its self-funding through internal reserves of the funds necessary for new growth strategies, and the return of profit to its shareholders as its most important measures. Under this belief, the Company will endeavor to meet the expectations of its shareholders in the future.

After the Change

The basic policy of the Company will be to enhance its corporate value on a mid- to long-term basis by strengthening its business foundations, enhancing its self-funding necessary for growth investment, and stably and continuously returning profit to shareholders.

3. Dividend Measures

Before the Change

The basic policy of the Company will be to continuously increase the monetary amount of its dividends. Under this basic policy, the Company will steadily raise its annual dividend payout ratio from about 35% to about 80%.

After the Change

The Company will determine its dividends upon taking into account an optimal balance linked to performance based on an annual dividend payout ratio of 35% or more under the basic policy.

● The Company's Dividend and Consolidated Dividend Payout Ratio over the Last Three Years

Fiscal Year	Fiscal Year Ended August 31, 2019	Fiscal Year Ended August 31, 2020	Fiscal Year Ended August 31, 2021
Annual dividend per share	30 yen	30 yen	20 yen
Consolidated dividend payout ratio	83.1%	-	44.0%

4. Capital Efficiency Target

Before the Change

With return on equity (ROE) as its target value, the Company will strive to maintain ROE at its current high level.

After the Change

With return on equity (ROE) as its target value, the Company will strive to secure a ROE of at 8% or more.

● ROE over the Last Three Years

Fiscal Year	Fiscal Year Ended August 31, 2019	Fiscal Year Ended August 31, 2020	Fiscal Year Ended August 31, 2021
ROE	6.7%	(18.7%)	11.7%

5. Treasury Stock Purchase Policy

Before the Change

The basic policy of the Company will be to flexibly and nimbly determine whether to purchase treasury stock comprehensively taking into account the business environment, investment opportunities, the impact on the liquidity of its shares and the market price, and its financial position.

After the Change

The basic policy of the Company will be to flexibly and nimbly determine whether to purchase treasury stock by comprehensively taking into account the business environment, the impact on the market price and its financial position.

6. M&As and Alliances

Before the Change

The Company considers M&As and alliances as an important means of management and will proactively pursue them from the points of view of effective utilization of external resources and business expansion and growth.

After the Change

The Company considers M&As and alliances as an important means of management and will proactively pursue them including leveraging from the points of view of effective utilization of external resources and business expansion and growth.

7. Timing of Implementation

The Company will apply these changes from the fiscal year ending August 31, 2022.