

October 26, 2023

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Notice Concerning Introduction of Restricted Stock Compensation Plan

Meiko Network Japan Co., Ltd. (the “Company”) hereby announces that, at the meeting of its Board of Directors held on October 26, 2023, the Company reviewed the remuneration for directors and other officers and decided to establish the Restricted Stock Compensation Plan (hereinafter “the Plan”). As specified below, the Company is submitting a proposal related to the Plan to the 39th Annual Meeting of Shareholders (hereinafter “the Shareholders’ Meeting”) scheduled to be held on November 17, 2023.

1. Purpose and conditions of the introduction of the Plan

(1) Purpose of introduction

The Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members, hereinafter referred to as the “Eligible Directors”), including Directors elected in the future, shall be eligible for the Plan. This is a system to be introduced for the purpose of providing further incentives to continuously improve the corporate value of the Company and promoting further value sharing with shareholders.

(2) Conditions for introduction

Under the Plan, monetary compensation claims for the grant of restricted shares will be paid to Eligible Directors as compensation. Therefore, the introduction of the Plan is subject to the approval of shareholders at the Shareholders’ Meeting for the payment of such compensation.

At the 38th Annual Meeting of Shareholders held on November 18, 2022, it was approved that the maximum amount of monetary remuneration for Directors of the Company shall be 300 million yen per year (including bonuses for officers but excluding employee salaries), that the maximum amount of money to be contributed as remuneration to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) during the trust period (initially four years) for performance-linked remuneration (stock remuneration) shall be 70 million yen per fiscal year, separately from the maximum amount of monetary remuneration, and that the maximum total number of points to be granted to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) shall be 40,000 points per fiscal year (one point is equivalent to one share of the Company's stock). However, at the Shareholders’ Meeting, the Company plans to seek the approval of shareholders to newly introduce the Plan and set a remuneration limit related to the Plan for Eligible Directors within the current monetary remuneration limit for Directors.

2. Overview of the Plan

The Eligible Directors shall pay all of the monetary compensation claims paid by the Company under the Plan as property contributed in kind, and shall be issued or disposed of the Company's common shares.

The total amount of remuneration to be paid to Eligible Directors for the grant of restricted shares under the Plan shall be 50 million yen or less per year within the scope of the current Directors' remuneration, and the total number of the Company's common shares to be issued or disposed of under the Plan shall be 70,000 shares or less per year (In the event of unavoidable circumstances that require adjustment of the number of shares, such as a stock split or stock consolidation of the Company's common shares, the number of shares to be issued or disposed of may be reasonably adjusted).

In order to realize the sharing of shareholders' value over the medium to long term, which is one of the purposes of introducing the Plan, the transfer restriction period shall be from the date of delivery of the restricted shares to the date on which the Eligible Directors lose their positions as the Company's Director and other positions as determined by the Board of Directors of the Company (however, in the case where the Eligible Directors lose their positions before three (3) months have elapsed from the end of the fiscal year encompassing the date of delivery of the allotted shares, if there is a date separately determined by the Board of Directors of the Company within six (6) months after the end of the fiscal year, then that is the date). The specific timing of payment and allocation to each Eligible Director will be determined by the Board of Directors.

The amount to be paid per share of the Company's common shares to be issued or disposed of under the Plan shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (or the closing price on the immediately preceding trading day if there is no trading on that day) to the extent that it is not particularly advantageous to the Eligible Directors.

When issuing or disposing of the Company's common shares under the Plan, the Company and the Eligible Directors shall enter into a Restricted Stock Allotment Agreement (hereinafter "the Allotment Agreement"). The content of the agreement shall include the following matters:

- (i) Eligible Directors may not transfer, grant a security interest on, or dispose of in any other way the Company's common shares allotted under the Allotment Agreement for a predetermined period of time.
- (ii) The Company may acquire such common shares without consideration under certain circumstances.

3. Application to Executive Officers of the Company

On the condition that the introduction of the Plan is approved at the Shareholders' Meeting, the Company plans to grant restricted shares to the Executive Officers of the Company that are generally the same as those under the Plan.