

TRANSLATION - FOR REFERENCE ONLY

Company METAWATER Co., Ltd.  
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 (Securities code: 9551 First Section of Tokyo Stock Exchange)

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**Regarding Disposal of Treasury Stock Through Third-Party Allotment and Cancellation of Treasury Stock**

METAWATER Co., Ltd. hereby announces that at a Board of Directors' meeting held on November 25, 2020, it resolved to dispose of treasury stock through third-party allotment and cancel treasury stock, as outlined below.

1. Outline of disposal of treasury stock

(1) Date of disposal	January 15, 2021
(2) Class and number of shares to be disposed	Common shares in METAWATER 175,400 shares (Note)
(3) Disposal price	2,484 yen per share
(4) Total disposal value	435,693,600 yen (Note)
(5) Disposal method	Through third-party allotment
(6) Intended recipient of disposed shares	Metawater Employee Shareholding Association
(7) Other	This disposal of treasury stock is conditional on the notification coming into effect as per the Financial Instruments and Exchange Act.

(Note) Following a resolution at a shareholding association council meeting scheduled for today, the shareholding association will recruit new applicants to join the shareholding association by establishing a sufficient publicity period and carrying out an enrollment promotion for METAWATER employees. Therefore, the number of shares to be disposed of (number of shares for subscription) and the total disposal value (total amount paid) will be determined after the completion of the promotion. The Company plans to announce the number of shares to be disposed of (number of shares for subscription) and the total disposal value (total amount paid) as soon as possible once the number of eligible recipients has been determined.

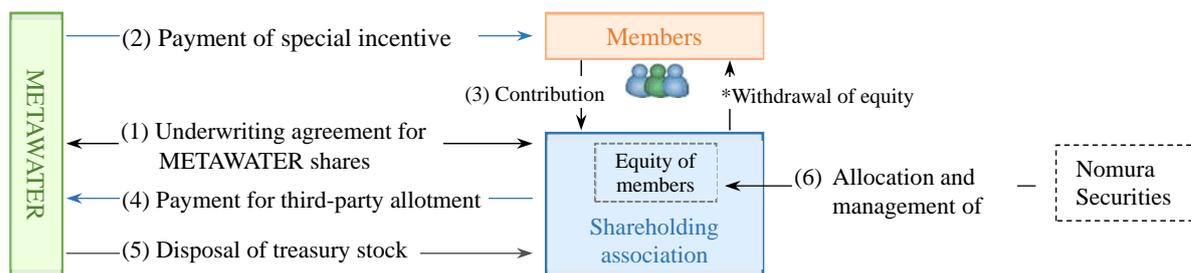
2. Purpose and reasons for disposal

On November 25, 2020, METAWATER decided to award shares of common stock issued by the Company (hereafter "METAWATER shares") to members of the Metawater Employees Shareholding Association (hereafter "the shareholding association" and "members") as a special incentive (hereafter "the scheme") in order to (1) recognize company employees for their services and express gratitude for their execution of duties amid continued impact from the coronavirus pandemic and (2) encourage company employees to take greater interest in the Company's management from a shareholder's perspective, with the aim of lifting METAWATER's medium/long-term corporate value.

Under the scheme, a special incentive will be offered to members, and through contributions of this special incentive, treasury stock will be disposed of to the shareholding association (hereafter "the disposal of treasury stock") through third-party allotment. As stated in the Note to "1. Outline of disposal of treasury stock," the number of shares to be disposed of will be determined at a later date, but the company plans to dispose of a maximum of 175,400 shares to the shareholding association.

The dilution rate will be 0.34% based on the total number of outstanding shares as of October 1, 2020 (51,847,000 shares) and 0.40% based on the total number of voting rights as of October 1, 2020 (434,318) (both percentages rounded to two decimal places).

### 3. Mechanism of the scheme



- (1) METAWATER and the shareholding association will enter into a stock underwriting agreement for the disposal and underwriting of treasury stock.
- (2) The Company will provide a special incentive to members.
- (3) Members will contribute the special incentive to the holding association.
- (4) The shareholding association will collect special incentives contributed by members and make payments for the disposal of treasury stock through third-party allotment.
- (5) The Company will dispose of treasury stock to the shareholding association.
- (6) Through Nomura securities to which the shareholding association entrusts its shareholding operations, allotted METAWATER shares will be distributed and managed as equity belonging to members of the shareholding association.

\* Members may voluntarily withdraw their shares into personal securities accounts.

### 4. Calculation basis and specific details on disposal price

The purpose of this disposal of treasury stock is to introduce the scheme. The disposal price was set at 2,484 yen, the closing price for METAWATER shares on the Tokyo Stock Exchange on November 24, 2020 (the business day immediately preceding the Board of Directors' resolution). This represents the market price immediately prior to the date of the Board of Directors' resolution, and we consider it to be reasonable.

The rate of deviation for this price from the average closing price of METAWATER shares on the Tokyo Stock Exchange (rounded to two decimal places) is as follows.

Period	Average closing price (rounded down to nearest yen)	Deviation rate
1 month (October 26, 2020 - November 24, 2020)	2,434 yen	2.05%
3 months (August 25, 2020 - November 24, 2020)	2,328 yen	6.70%
6 months (May 25, 2020 - November 24, 2020)	2,338 yen	6.24%

(Note) The Company effectuated a 2-for-1 ordinary share stock split on October 1, 2020 by a resolution of the Board of Directors held on August 27, 2020. The above average closing price is calculated on the assumption that the stock split took place the day before each of the above periods.

All three auditors present at the Board of Directors' meeting (including two external auditors) expressed the opinion that the process by which METAWATER determined the above-noted disposal price not to be overly advantageous for the allottee was reasonable, and that the Company's subsequent decisions were appropriate considering that (1) the purpose of this disposal of treasury stock is to introduce the scheme and (2) the disposal price represents the closing price on the business day prior to the date of the Board of Directors' resolution.

### 5. Procedures under Corporate Code of Conduct

Because this disposal of treasury stock will (1) result in a dilution rate of less than 25% and (2) not be accompanied by a change in the controlling shareholders, it does not call for the fulfillment of the procedure provided in Article 432 of the Securities Listing Regulations prescribed by Tokyo Stock Exchange to obtain an opinion from independent third parties or to confirm shareholders' intent.

6. Outline of cancellation of treasury stock

Pursuant to the provisions of Article 178 of the Companies Act, shares equivalent to the number of METAWATER shares to be disposed of through this disposal of treasury stock will be determined on the date for the disposal of treasury stock and cancelled on the scheduled date of cancellation.

(Reference)

- (1) Class of shares to be cancelled: Common shares in METAWATER
- (2) Number of shares to be cancelled: 175,400 shares
- (3) Scheduled date of cancellation: January 29, 2021