

TRANSLATION - FOR REFERENCE ONLY

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Disposal of Treasury Shares as Share Remuneration with Restriction on Transfer

METAWATER Co., Ltd. (the “Company”) hereby announces that at a meeting of the Board of Directors held on June 22, 2021, it resolved to dispose of treasury stock as share remuneration with restriction on transfer (hereinafter, the “disposal of treasury stock” or “disposal”), as follows.

1. Outline of disposal of treasury stock

(1) Date of disposal	July 21, 2021
(2) Class and number of shares to be disposed	27,400 shares of the Company’s common stock
(3) Disposal price	2,080 yen per share
(4) Total disposal value	56,992,000 yen
(5) Parties to acquire the shares, number of persons, and number of shares to be disposed of	Directors (excluding Outside Directors) of the Company 4 persons 9,600 shares Executive Officers not concurrently serving as Directors of the Company 13 persons 17,800 shares
(6) Other	The Company has submitted a Written Notice of Securities pursuant to the Financial Instruments and Exchange Act in regard to the disposal of treasury stock.

2. Purpose and reasons for disposal

At a meeting of the Board of Directors held on May 20, 2021, the Company resolved to introduce a share remuneration plan with restriction on transfer (hereinafter, the “Plan”), in order to provide incentives for the Company’s Directors excluding Outside Directors (hereinafter, the “Eligible Directors”) to continuously improve the Company’s corporate value and to promote further value sharing with shareholders. At the 48th Ordinary General Meeting of Shareholders held on June 22, 2021, the Company received approval for matters including the payment of monetary claims of up to 150 million yen per year to the Eligible Directors as monetary remuneration to be contributed as assets in kind for the acquisition of shares with restriction on transfer; the issuance or disposal of up to 150,000 shares of the Company’s common stock per year; and the setting of the transfer restriction period for the shares with restriction on transfer as the period until immediately after an Eligible Director resigns or retires from a position as officer or employee of the Company or a subsidiary of the Company, as determined by the Board of Directors of the Company, pursuant to the Plan.

Furthermore, at the meeting of the Board of Directors held on June 22, 2021, it was resolved to introduce the Plan for Executive Officers, Executive Advisors, and other officers of the Company who do not concurrently serve as Directors (hereinafter, the “Eligible Executive Officers, etc.”).

At this meeting of the Board of Directors, taking into consideration the objectives of the Plan, the status of the Company’s businesses, the “Policies Concerning Decisions on the Content of Remuneration, etc. for Individual Directors” of the Company, the scope of responsibilities and various other circumstances related to the Eligible Directors and Eligible Executive Officers, etc. (hereinafter, collectively referred to as “Eligible Directors, etc.”), it was decided to grant monetary claims totaling 56,992,000 yen (hereinafter, the “monetary claims”) and 27,400 shares of common stock, in order to further enhance the motivation of the Eligible Directors, etc.

In the disposal of treasury stock, Eligible Directors, etc. that are the intended allottees will pay all of the monetary claims against the Company as contributed assets in kind, and receive the disposal of the common shares of the Company (hereinafter, the “allotted shares”) pursuant to the Plan. An outline of the agreement for the allotment of shares with restriction on transfer (hereinafter, the “allotment agreement”) to be entered into between the Company and the Eligible Directors, etc. in relation to the disposal of treasury shares is as follows in item 3.

3. Outline of the allotment agreement

(1) Transfer restriction period

The transfer restriction period shall be the period from the disposal date until the time immediately after the resignation or retirement of an Eligible Director, etc. from any of the following positions: Director of the Company or a subsidiary of the Company, Executive Officer not concurrently serving as a Director, Audit and Supervisory Board Member, Executive Advisor, employee, advisor, counselor, or any other position equivalent thereto (hereinafter, “position in the Group”).

(2) Lifting of restriction on transfer

The restriction on transfer shall be lifted upon the expiration of the transfer restriction period with respect to all of the allotted shares, provided the Eligible Director, etc. has served continuously in any position in the Group during the period from the disposal date until immediately prior to the conclusion of Ordinary General Meeting of Shareholders thereafter (hereinafter, the “service provision period”) (provided, however, that this shall be read as replaced with the period from the disposal date until immediately prior to the conclusion of the first meeting of the Board of Directors convened after the conclusion of the first Ordinary General Meeting of Shareholders for Eligible Executive Officers, etc.; hereinafter, the same applies).

In the event that an Eligible Director, etc. resigns or retires from any position in the Group during the service provision period owing to the expiration of his or her term of office, mandatory retirement age, death, or other justifiable reason, the restriction on transfer shall be lifted immediately after such resignation or retirement. In this case, the number of shares subject to the lifting of the restriction on transfer shall be the number obtained by multiplying the number of allotted shares held at the time of such resignation or retirement by the number obtained by dividing the number of months from the month containing the disposal date to the month containing the day of such resignation or retirement by 12, in principle (if the number is greater than 1, it shall be 1) (provided, however, that if a fraction of less than 1 share is generated as a result of the calculation, such fraction shall be rounded down).

(3) Acquisition without consideration by the Company

The Company shall, as a matter of course, acquire the allotted shares for which the restriction on transfer is not lifted at the time when the transfer restriction period expires or immediately after as set forth in the above item (2) the restriction on transfer is lifted, without consideration.

(4) Treatment in the event of organizational restructuring, etc.

If, during the transfer restriction period, a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will become a wholly-owned subsidiary, or any other matter concerning organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company (however, in cases where approval at the General Meeting of Shareholders of the Company is not required for the organizational restructuring, etc., this shall be the Board of Directors of the Company), the restriction on transfer shall be lifted, by resolution of the Board of Directors, with respect to the number of the allotted shares held at that time multiplied by the number obtained by dividing the number of months from the month containing the disposal date to the month containing the day of such approval by 12, in principle (if the number is greater than 1, it shall be 1) (provided, however, that if a fraction of less than 1 share is generated as a result of the calculation, such fraction shall be rounded down), immediately prior to the business day preceding the effective date of the organizational restructuring, etc.

In addition, immediately after the lifting of the restriction on transfer, the Company shall, as a matter of course, acquire all of the allotted Shares for which the restriction on transfer has not been lifted, without consideration.

(5) Share management

The allotted shares will be managed in a dedicated account opened by the Eligible Directors, etc. in Nomura Securities Co., Ltd. during the transfer restriction period so that the allotted shares cannot be transferred, secured,

or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of the restriction on transfer of the allotted shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts for the allotted shares held by the Eligible Directors, etc. In addition, the Eligible Directors, etc. shall consent to the management of such account.

4. Calculation basis and specific details of the amount to be paid

The disposal price of the treasury stock in the disposal to the allottees shall be the closing price of the common stock of the Company on the Tokyo Stock Exchange on June 21, 2021 (the business day immediately preceding the date of resolution by the Board of Directors), in order to preclude any arbitrariness in this price. This price will therefore be the market price immediately before the date of resolution by the Board of Directors, and thus the Company believes that it will be reasonable and not particularly advantageous.