

June 26, 2019

To all parties concerned

Company Name: Asahi Net, Inc.
Representative: Jiro Hijikata, President
(Code Number: 3834,
Tokyo Stock Exchange, First Section)
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Announcement Regarding Disposal of Treasury Stock as Restricted Stock Compensation

Asahi Net, Inc. (hereinafter referred to as “the Company”) hereby announces that at the meeting of the Board of Directors held on June 26, 2019, the Company has passed a resolution on the disposal of treasury stock (hereinafter referred to as “the Disposal of Treasury Stock” or “the Disposal”) as restricted stock compensation. The details are as follows.

1. Outline of the Disposal

(1) Date of disposal	July 26, 2019
(2) Class and number of shares to be disposed	56,000 shares of common stock of the Company
(3) Disposal price	706 yen per share
(4) Total value of shares to be disposed	39,536,000 yen
(5) Allottees and number of thereof, and the number of shares to be allotted	Executive Directors (excluding external directors): 2 persons, 28,000 shares Corporate Officers: 7 persons, 28,000 shares
(6) Others	Concerning the Disposal of Treasury Stock, securities registration statement has been filed in accordance with the Financial Instruments and Exchange Act

2. Purpose and Reasons of the Disposal

The Company has passed a resolution at the meeting of the Board of Directors held on May 8, 2018, to newly implement restricted stock compensation plan (hereinafter referred to as “the Plan”.) for the purpose to provide incentives to Executive Directors of the Company (excluding external directors. Hereinafter referred to as “the Eligible Directors”) and Corporate Officers of the Company (hereinafter collectively referred to as “the Eligible

Directors, etc.”) for continuous improvement of corporate value and further development of shared values between the Eligible Directors, etc. and the shareholders.

At the 28th Shareholders General Meeting held on June 27, 2018, it was approved that, in accordance with the Plan, monetary compensation receivables of 50 million yen or less per year will be granted to the Eligible Directors in order to allocate restricted stock to the Eligible Directors, the total number of common stock to be issued or disposed by the Company under the Plan to the Eligible Directors shall be 100,000 shares or less per year and the amount to be paid per share shall be the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding the date of resolution of the Board of Directors (if there is no trade on that day, the closing price of the trading date immediately preceding that day.)

The outline of the Plan is as follows.

The Eligible Directors, etc., shall make an in-kind contribution of all of the monetary compensation receivables granted from the Company in accordance with the Plan, and shall receive the Company’s common stock through either issuance or disposal.

With regard to issuance or disposal of the Company’s common stock based on the Plan, restricted stock allocation agreement shall be concluded between the Company and the Eligible Directors, etc., and the contents of such agreement shall include the following; (i) The Eligible Directors, etc. shall not, for a set period of time, transfer, create any security interests on, or otherwise dispose of the Company’s common stock allocated under the relevant restricted stock allocation agreement, and (ii) when certain grounds arise, the Company shall acquire the relevant common stock without consideration.

Considering the purpose of the Plan, business performance of the Company, the scope of duty and responsibility of the Eligible Directors, etc. and other various factors, the Company has decided to grant a total of 39,536,000 yen of monetary compensation receivables (hereinafter referred to as “the Monetary Compensation Receivables”), and a total of 56,000 shares of the Company’s common stock (hereinafter referred to as “the Stock”.) Furthermore, to actualize the purpose of implementing the Plan on a long-term basis, which is sharing of values with the shareholders and continuous improvement of the corporate value, transfer restriction period shall be 30 years.

Concerning the Disposal of Treasury Stock, in accordance with the Plan, 9 Eligible Directors, etc., to whom the restricted stock shall be allocated, shall make an in-kind contribution of all of the Monetary Compensation Receivables to the Company and receive the Stock through the Disposal.

3. Outline of the Restricted Stock Allocation Agreement

The Company and each of the Eligible Directors, etc. shall enter into restricted stock allocation agreement (hereinafter referred to as “the Allocation Agreement”.) The outline of the Allocation Agreement is as follows.

(1) Transfer restriction period: From July 26, 2019 to July 25, 2049

(2) Conditions to Lift Transfer Restrictions

The Company, in principle, shall lift transfer restrictions on all of the Company’s common stock allocated under the Allocation Agreement at the expiration of transfer restriction period, on the condition that the Eligible Directors, etc. has been taking the position as an

executive director, auditor, corporate officer or employee of the Company or the subsidiary of the Company continuously during the transfer restriction period.

However, in the event the Eligible Director, etc. has resigned or retired from the position as an executive director, auditor, corporate officer or employee of the Company or the subsidiary of the Company for just causes, such as death, termination of a term or reaching the retirement age and other reasons, transfer restriction shall be lifted as of the time immediately following the relevant resignation or retirement, for the number of shares calculated by dividing the number of months counting from the month including the due date of in-kind contribution until the month including the date of resignation or retirement by 12 (however, if the calculated amount exceeds 1, then the amount shall be 1) then multiplied by the number of shares of the Stock the person held (however, as a result of the calculation, if there is any fractions of less than one stock, then it shall be rounded down.)

(3) Acquisition of Stock without Consideration by the Company

Concerning the Stock of which transfer restriction is not lifted, the Company shall automatically acquire the Stock in question without consideration at such time immediately following the time when determination is made that transfer restriction shall not be lifted.

(4) Management of Stock

In order to prevent transfer, create any security interests on, or otherwise dispose of the Stock during the transfer restriction period, the Stock, during the transfer restriction period, shall be managed in a dedicated account opened in Nomura Securities Co., Ltd. by the Eligible Directors, etc. Additionally, in order to secure effectiveness of the transfer restriction related to the Stock, the Company and the Eligible Directors, etc. have entered into an agreement between the Nomura Securities Co., Ltd in relation to the management of the account of the Stock owned by the Eligible Directors, etc.

(5) Treatment in Case of Reorganization

Notwithstanding the stipulations set forth in (1), in the event merger agreement by which the Company becomes a dissolving company, or share exchange agreement or stock transfer plan and other matters related to reorganization by which the Company becomes a wholly owned subsidiary of another company is approved at the shareholders meeting of the Company (however, if approval at the shareholders meeting is not required with regards to the relevant reorganization, then the approval at the meeting of the Board of Directors of the Company,) based on the resolution of the Board of Directors, transfer restriction shall be lifted at the time immediately preceding the business day preceding the effective date of such reorganization for the number of shares of the Stock calculated by dividing the number of months counting from the month including the due date of in-kind contribution until the month including the relevant approval date by 12 (however, if the calculated amount exceeds 1, then the amount shall be 1) then multiplied by the number of shares of the Stock which the relevant directors own as of the approval date of such reorganization (however, as a result of the calculation, if there is any fractions of less than one stock, then it shall be rounded down.) In the event specified as above, the Company, as of the time immediately following the time when transfer restriction is lifted, shall automatically acquire the Stock for which transfer restriction is not lifted.

4. Basis of Calculation and Specific Details for the Payment Amount

The Disposal of Treasury Stock to the planned allottees shall be carried out by means of in-kind contribution of the monetary compensation receivables granted in accordance to the Plan during the Company's 30th fiscal year. In order to eliminate arbitrariness of the price, the disposal price shall be 706 yen, which is the closing price of the Company's common stock at the Tokyo Stock Exchange First Section on June 25, 2019 (the business day preceding the date of resolution of the Board of Directors.) The said price is the market price at the time immediately preceding the date of resolution of the Board of Directors and the Company believes the price to be reasonable and not particularly favorable.

* This is a translation of the original announcement in Japanese. If there is any conflict between the original and the translation, the original shall prevail.