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Press Release

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Notice of Disposal of Treasury Stock as Restricted Stock Compensation

Broadmedia Corporation (the "Company") announces that at a meeting held today, the Board of Directors resolved to dispose of treasury stock ("the Disposal of Treasury Stock") for providing restricted stock compensation to regular employees and contract employees of the Company who meet the prescribed requirements ("Eligible Employees"). Details are as follows.

1. Overview of the disposal

(1) Date of the disposal	March 19, 2021
(2) Class and number of shares to be disposed of	Common stock of the Company 484,400 shares
(3) Disposition amount	88 yen per share
(4) Total disposition amount	42,627,200 yen
(5) Planned recipients of compensation and number of shares to be disposed of	Regular employees and contract employees of the Company 352 people 484,400 shares
(6) Other	A notice of securities on the Disposal of Treasury Stock has been submitted under the Financial Instruments and Exchange Act.

2. Purpose and reasons for the disposal

The Company absorbed and merged with its six wholly owned subsidiaries effective as of April 1, 2020. With their absorption-type merger, the Company resolved to introduce a restricted stock compensation plan at the Board of Directors meeting held on October 30, 2020 to develop a sense of unity among the Eligible Employees through the ownership of its shares, to share more value with shareholders and to enhance motivation for improving corporate value.

At the meeting held today, the Board of Directors also resolved to provide monetary claims, a total of 42,627,200 yen, to 352 Eligible Employees and to grant 484,400 shares of the Company's common stock ("the Allotted Shares") through the Disposal of Treasury Stock. To encourage the Eligible Employees to continue to work for the Company for the medium to long term, the Company restricts transfer of the Allotted Shares and has set the period of restrictions to about two years and two months.

The Eligible Employees shall pay all the monetary claims provided as value contributed in kind and subscribe for the common shares to be allotted through the Disposal of Treasury Stock. The Company will conclude a restricted stock allotment agreement related to the Disposal of Treasury Stock with the Eligible Employees. An outline of the agreement is described below.

The Allotted Shares will be allotted only to the Eligible Employees who want to subscribe. The salaries of the Eligible Employees will not be reduced in the stock compensation plan.

An outline of the restricted stock allocation agreement

(1) Period of transfer restrictions

The Eligible Employees shall not transfer the Allotted Shares, establish security interests on them, or make other dispositions from March 19, 2021 (date of the disposal) to June 1, 2023.

(2) Conditions for removing transfer restrictions

If the Eligible Employee continues to be an employee of the Company or a director, an auditor or an employee of a subsidiary of the Company during the period of transfer restrictions, the transfer restrictions related to all Allotted Shares shall be lifted on the date of expiration of the period of transfer restrictions. If the employment period of the Eligible Employee expires during the period of transfer restrictions (or if the reemployment period of the Eligible Employee who is reemployed after mandatory retirement expires, or in the case of the contract employee, only if the employment period or reemployment period expires on or after March 20, 2022), or if the Eligible Employee is no longer an employee of the Company or a director, an auditor or an employee of a subsidiary of the Company due to death or other reasons that the Board of Directors of the Company considers justifiable, the transfer restrictions related to all Allotted Shares shall be lifted on the the date of expiration of the period of transfer restrictions.

(3) Acquisition by the Company for no consideration

The Company shall naturally acquire the Allotted Shares whose transfer restrictions are not lifted at the expiration of the period of transfer restrictions or immediately after the Eligible Employee is no longer an employee of the Company or a director, an auditor or an employee of a subsidiary of the Company for reasons other than those mentioned in (2) that the Board of Directors of the Company considers justifiable during the period of transfer restrictions.

(4) Management of shares

The Allotted Shares shall be managed in the accounts exclusively for restricted stock shares that are opened by the Eligible Employees at Daiwa Securities during the period of transfer restrictions to prevent the transfer of shares, the establishment of security interests on shares, or other dispositions.

(5) Measures to be taken in relation to organizational restructuring, etc.

If a joint venture agreement in which the Company is a dissolving company, a stock exchange agreement in which the Company is a wholly owned subsidiary, a share transfer plan, or other matters related to organizational restructuring is approved at a General Meeting of Shareholders (or the Board of Directors, if there is no need to obtain approval at a General Meeting of Shareholders for organizational restructuring, etc.) during the period of transfer restrictions, the Company may lift the transfer restrictions related to all the Allotted Shares by resolution of the Board of Directors before the business day immediately preceding the day when the organizational restructuring, etc. takes effect.

3. Basis of calculation of the amount to be paid

For the the Disposal of Treasury Stock, monetary claims are provided as value contributed to the recipients of compensation. To eliminate arbitrariness, the amount to be paid is set at 88 yen, the closing price of the common stock of the Company on the Tokyo Stock Exchange on November 26, 2020 (the business day immediately preceding the date of resolution of the Board of Directors). The amount is the market price immediately before the date of resolution of the Board of Directors and a reasonable amount reflecting the Company's corporate value properly unless there are any special circumstances that indicate the latest stock price is unreliable. We believe the amount is not particularly advantageous for the Eligible Employees.

End

For inquiries regarding this press release:

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