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Press Release

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## Notice of Introduction of Restricted Stock-Based Compensation Plan

Broadmedia Corporation (hereinafter referred to as "the Company") announces that a meeting of its Board of Directors held today reviewed the executive compensation plan, resolved to introduce a restricted stock-based compensation plan (hereinafter referred to as "the Plan"), and decided to submit a proposal regarding the Plan to the 26th Ordinary General Meeting of Shareholders scheduled to be convened on June 24, 2022 (hereinafter referred to as "the General Meeting of Shareholders") as the "Proposal for Determination of Remuneration for Granting Restricted Stock to Directors (Excluding Outside Directors)". Details are as follow.

### 1. Purpose and conditions of introducing the Plan

#### (1) Purposes of introduction

The Plan will be introduced for the purpose of providing Directors (excluding Outside Directors; hereinafter referred to as "Eligible Directors") an incentive to promote sustained improvement of the Company's corporate value and to facilitate their sense of sharing value with shareholders.

#### (2) Conditions of introduction

As monetary compensation claims will be granted to Eligible Directors for the allotment of restricted stock under the Plan, the introduction of the Plan will be subject to shareholders' approval at the General Meeting of Shareholders for the granting of said compensation.

The 4th Ordinary General Meeting of Shareholders held on June 20, 2000 gave its approval for an annual amount of compensation, etc. for the Directors of the Company of 200 million yen or less (however, not including the employee salary of the Directors who also serve as employees). However, at the General Meeting of Shareholders, the Company plans to ask for shareholders' approval for the establishment of a remuneration limit related to the Plan for the Eligible Directors within the limit.

### 2. Overview of the Plan

The grant of restricted stock under the Plan shall be made by the method in which the Company grants monetary compensation claims to the Eligible Directors and causes them to contribute monetary compensation claims in kind to issue or dispose of common shares of the Company.

The aggregate number of common shares of the Company to be issued or disposed of under the Plan shall not exceed 40,000 shares a year, and the aggregate amount of restricted stock-based compensation shall not exceed 40 million yen a year, within the existing monetary compensation amount. (However, if the total number of shares issued by the Company increases or decreases due to a reverse stock split or stock split (including gratis allotment of shares), the maximum number of shares shall be adjusted in accordance with the ratio of the stock split or reverse stock split.)

Moreover, the amount to be paid in per share shall be determined by the Board of Directors within a

range that is not especially advantageous to Eligible Directors, based on the closing price of the Company's common stock on Tokyo Stock Exchange on the business day immediately preceding the day of resolution of the Board of Directors regarding the issuance or disposal of said shares (if no trading is reported on the preceding day, the closing price on the day before such day).

To achieve shareholder value sharing over medium- to long-term, which is one of the purposes of adopting the Plan, the transfer restriction period shall be from the day of allotment of restricted stock until the day on which a relevant Eligible Director resigns from the position of the Company's Director or other positions determined by the Board of Directors or retires from the Company. The specific timing of payment and allotment to each Eligible Director shall be determined at the Board of Directors meetings.

Regarding the granting of restricted stock under the Plan, the Company shall enter into a restricted stock allotment agreement (hereinafter referred to as "the Allotment Agreement") with Eligible Directors, the provisions of which shall contain the following items.

- ① The Eligible Directors may not transfer, attach a security interest on or otherwise dispose of the Company's common shares allotted pursuant to the Allotment Agreement (hereinafter referred to as "the Allotted Shares") from the day of allotment of the Allotted Shares until the day on which a relevant Eligible Director resigns from the position of the Company's Director or other positions determined by the Board of Directors or retires from the Company.
- ② When there is a violation of laws or regulations, internal rules or the Allotment Agreement or when other grounds specified by the Board of Directors as reasonable grounds for acquiring the Allotted Shares without consideration apply, the Company will automatically acquire the Allotted Shares without consideration.

End

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