

The following information was originally prepared and published by the Company in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. If there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.



April 17, 2024

Broadleaf Co., Ltd.
Representative: Kenji Oyama,
Representative Director and President
(Code No.: 3673 Prime Market of the Tokyo Stock Exchange)

Notice of Disposal of Treasury Shares as Restricted Stock Compensation

Broadleaf Co., Ltd. (hereinafter the “Company”) hereby announces that, at the meeting of the Board of Directors held on April 17, 2024, the Board of Directors resolved to dispose of its treasury shares as restricted stock compensation (hereinafter the “Disposal of Treasury Shares”), which was resolved as follows.

1. Overview of the disposal

(1)	Date of disposal	May 10, 2024
(2)	Type and number of shares to be disposed	98,239 shares of common stock
(3)	Disposal price	570 yen per share
(4)	Total disposal amount	55,996,230 yen
(5)	Planned allottees	Directors* 2 61,748 shares Corporate officers 9 36,491 shares *Excluding external directors

2. Purpose and reason for the disposal

At the meeting of the Board of Directors held on February 21, 2019, the Board of Directors resolved to introduce stock compensation system (hereinafter the “System”) for delivering restricted stock to directors and executive officers (excluding external directors, hereinafter the “Directors, etc.”) in order to share the benefits and risks of stock price fluctuations with the shareholders and to increase their willingness to contribute to a rise in stock price and an increase in corporate value. At the 10th Annual General Meeting of Shareholders held on March 28, 2019, based on the System, the Company received approval for setting the total amount of monetary compensation receivables provided to the Directors, etc. as restricted stock compensation to be 56 million yen or less per year, the total number of restricted stock allocated to the Directors, etc. in each fiscal year to be limited to 150,000 shares, and the transfer restriction period for restricted stock to be from the date of issuance to the date that the Directors, etc. retire from the position of director or executive officer.

Today, at the meeting of the Board of Directors, the Board of Directors resolved to provide a total of 55,996,230 yen in monetary compensation receivables to two (2) directors (excluding external directors) and nine (9) executive officers who are planned allottees (hereinafter the “Allottees”), as restricted stock compensation for the period from the 15th Annual General Meeting of Shareholders held on March 26, 2024 to the 16th Annual General Meeting of Shareholders planned to be held in March 2025, and allocate 98,239 shares of common stock as specified restricted stock by providing

all of the monetary compensation receivables using in-kind contribution method. The amount of the monetary compensation receivables provided to each allottee is determined after comprehensively taking various matters into account, including the degree of contribution of each allottee to the Company. In addition, the monetary compensation receivables shall be paid on the condition that each allottee enters restricted stock allocation contract (hereinafter the "Allocation Contract") with the Company which includes the following:

3. Overview of the Allocation Contract

(1) Transfer restriction period

Period from the date of issuance of restricted stock to the date when the Allottees retire from the position of director or executive officer. (However, if the date of retirement is before March 31, 2025, it will be April 1, 2025.)

During the transfer restriction period stipulated above (hereinafter the "Transfer Restriction Period"), the Allottees may not transfer, pledge, mortgage, give before or after death, or otherwise dispose of any restricted stock allocated to them (hereinafter the "Allotted Shares") to any third party (hereinafter the "Transfer Restriction").

(2) Free acquisition of the restricted stock

In the event the Allottees resign from director or executive officer before the date of the first Annual General Meeting of Shareholders after the commencement date of the Transfer Restriction Period, the Company shall acquire the Allotted Shares for free at the time of resignation, unless the Board of Directors deems that there is a justifiable reason (e.g. expiration of term of office).

In addition, in the event any of the Allotted Shares for which the Transfer Restriction has not been lifted due to the reason for termination of the Transfer Restriction mentioned below in (3) at the time of expiration of the Transfer Restriction Period (hereinafter "Expiration Date"), the Company shall acquire them for free at the time immediately after the Expiration Date.

(3) Lift of the Transfer Restriction

The Company will lift the Transfer Restriction of all Allotted Shares held by the Allottees at the time of the Transfer Restriction Period Expiration Date, provided that the Allottees have continuously been in the position of director or executive officer from the commencement date of the Transfer Restriction Period until the date of the first Annual General Meeting of Shareholders after it. However, if the Allottees resign from director or executive officers before the Transfer Restriction Period is expired for reasons that the Board of Directors deems to be legitimate (e.g. expiration of term of office), the Transfer Restrictions on the Allotted Shares shall be lifted as of the time immediately after the resignation. The Allotted Shares are calculated as follows: the number of months from April 2024 to the month including the day on which the Allottees resign from the position of director or executive officer, divided by 12 (provided that the number will be counted as 1 if the calculation result exceeds 1), multiplied by the number of the Allotted Shares held by the Allottees at that time (provided that a fraction of less than 1 share will be rounded down).

(4) Provisions on the shares management

The Allottees shall complete the opening of an account that describes or records the Allotted Shares at SMBC Nikko Securities Inc. in a manner specified by the Company and shall keep and maintain the Allotted Shares in the account until the Transfer Restriction is lifted.

(5) Treatment in the cases of organizational restructuring, etc.

If, during the Transfer Restriction Period, a merger agreement in which the Company becomes a non-surviving company, a shares exchange agreement or a shares transfer plan in which the Company becomes a wholly-owned subsidiary, or any other proposal related to organizational restructuring, etc. are approved at a shareholders' meeting (provided that, in the case approval at a shareholders' meeting is not required for the organizational restructuring, etc., it will be approved at the meeting of the Board of Directors) (limited to the case where the effective date of the organizational restructuring, etc. come prior to the Expiration Date, hereinafter the "Time of Approval of Organizational Restructuring, etc."), and the Allottees are to retire from the position of director or executive officer due to the organizational restructuring, etc., the Transfer Restriction on the Allotted Shares shall be lifted at the time immediately before the business day immediately prior to the effective date of the organizational restructuring, etc. by the resolution of the Board of Directors. The Allotted Shares are calculated as follows: the number of months from April 2024 to the month including the date of the approval, divided by 12 (provided that the number will be counted as 1 if the calculation result exceeds 1), multiplied by the number of the Allotted Shares held by the Allottees on the date of the approval (provided that a fraction of less than 1 share will be rounded down).

Also, at the Time of Approval of Organizational Restructuring, etc., the Company shall acquire all of the Allotted Shares for which the Transfer Restriction has not been lifted on the business day immediately prior to the effective date of the organizational restructuring, etc.

4. Basis for calculating the amount to be paid and other specific details

In order to eliminate arbitrariness, the disposal price for the Disposal of Treasury Shares is set at 570 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately prior to the resolution of the Board of Directors (April 16, 2024). This is the market stock price immediately prior to the date of resolution of the Board of Directors, and the Company believes that it is reasonable and is not advantageous.