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To Whom it May Concern:

Company Name: Kanamic Network Co., Ltd.
Representative: President & Representative
Director, Takuma Yamamoto
(Securities Code: 3939, TSE First Section)
Contact Point: General Manager, Administration
Department, Kenya Wakabayashi
(TEL. 03-5798-3955)

Notice Regarding the Introduction of Restricted Stock Compensation System

The Company, at the meeting of its Board of Directors today, conducted a review of its “Directors’ Remuneration System” and resolved to introduce a “Restricted Stock Compensation System” (hereinafter, “the System”). And the proposal regarding the application of “the System” to the Company’s Directors (other than the Outside Directors) will be placed on the agenda for the 21st Ordinary General Meeting of Shareholders scheduled for December 22, 2021 (hereinafter the “the Shareholders Meeting”). Details are provided below.

1. Purpose of and Other Details regarding “the System”

“The System” is geared to the Company’s directors (excluding Outside Directors; hereinafter, “Eligible Directors”) and the Company’s employees. Hereinafter, employees and “Eligible Directors” are collectively referred to as “Eligible Persons”. “The System” aims to provide “Eligible Persons” with incentive to strive to affect sustainable improvement in the Company’s enterprise value, while also further promoting shared interests with the Company’s shareholders.

In introducing “the System”, “claims to remuneration” (worth a specified monetary amount and to be exchanged for restricted shares of the Company) will be paid to “Eligible Directors” as remuneration, and, therefore, “the System” is subject to approval of shareholders at “the Shareholders Meeting”. The Company notes that at the 15th Ordinary General Meeting of Shareholders, which was held on December 24th, 2015, approval was obtained to compensate directors of the Company in an amount which is “no more than 500 million yen annually” (however, this amount does not include the portion of compensation which accounts for employee salary for Directors who concurrently serve as employees). And at the upcoming “Shareholders Meeting”, the Company intends to seek approval to set the amount of compensation paid to “Eligible Directors” in relation to “the System” to an amount that does not exceed this limit.

2. Overview of “the System”

Furthermore, the total monetary amount of compensation claims paid to “Eligible Directors” under “the System” shall not exceed 90 million yen annually (however, this amount does not include the portion of compensation which accounts for employee salary for Directors who concurrently serve as employees) and the total number of common shares issued or disposed in connection with “the System” shall not exceed 150,000 shares annually. However, the upper limit of the total number of said common shares shall be adjusted, in a reasonable manner, according to the ratio of any stock split (including the allotment of the Company’s common shares without any contribution) or reverse stock split that should occur (become effective) on or after the date of the resolution at “the Shareholders Meeting”.

Based on “the System”, “Eligible Persons” to whom the Company pays “claims to remuneration” (worth a specified monetary amount), will use the entirety of these “claims to remuneration” as “investment assets in kind” to purchase common shares of the Company allotted through issuance of new stock or through the disposition of treasury stock. Furthermore, the purchase amount per share will be decided by the Board of Directors based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (or the closing price on the most recent trading date if no transactions took place on that date), within an extent that such amount would not be especially beneficial to the “Eligible Persons” allotted such common stock. That said, specifics regarding the timing of payments of “claims to remuneration” and allocation of shares to each “Eligible Person” will be decided by the Board of Directors upon giving consideration to opinions made in the course of review by the “Compensation Advisory Committee” (a committee which the Company maintains voluntarily).

In addition, upon issuance or disposal of common shares of the Company (hereinafter “the shares”) under “the System”, it will be required that the Company enter into a restricted stock allocation agreement with “Eligible Persons” stipulating the following: (1) a certain period (hereinafter the “Transfer Restriction Period”) during which transfer of the shares to a third party, posting of the shares as collateral, or any other form of disposal of the shares is prohibited and (2) an allowance for the acquisition of the shares by the Company (without consideration) in the event certain circumstances arise. In order to prevent the shares from being transferred, posted as collateral, or otherwise disposed of during the “Transfer Restriction Period”, the shares will be managed in a dedicated account at Nomura Securities Co., Ltd. (opened by each “Eligible Person”) during this period.

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