



May 12, 2022

For immediate release

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Notice Concerning Partial Amendments to the Articles of Incorporation

kaonavi, inc. (the “Company”) announces that its Board of Directors today resolved to propose the following amendments to the Articles of Incorporations at the 14th Annual General Meeting of Shareholders scheduled to be held on June 22, 2022.

1. Reason for the amendments

- (1) As separately disclosed in the “Notice of Transition to a Company with an Audit & Supervisory Committee” dated May 12, 2022, the Company has resolved to shift from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee to build a corporate governance structure that contributes to the enhancement of corporate value over the medium to long term. The Audit & Supervisory Committee, consisting of outside directors, is responsible for auditing and supervising the legality and appropriateness of business execution, thereby realizing highly transparent management. In accordance with this change, the Company will make necessary changes, including the establishment of new provisions regarding the Audit & Supervisory Committee and Directors who serve as Audit & Supervisory Committee Members, and the deletion of provisions regarding the Audit & Supervisory Board and Audit & Supervisory Board Members. The Company will also make other necessary changes, such as lexical corrections.
- (2) To prepare for the introduction of the electronic provision system of materials for General Meetings of Shareholders as stipulated in the amended provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Amendment of the Companies Act (Act No. 70 of 2019), which is scheduled to come into effect on September 1, 2022, the Company will establish a provision regarding the provision of reference documents for the General Meeting of Shareholders in an electronic format and a provision limiting the scope of the information to be provided in documents delivered to shareholders who have requested the delivery of said documents. The Company will meanwhile delete a provision regarding online disclosure and deemed provision of reference documents, etc. for the General Meeting of Shareholders. Moreover, the Company will establish supplementary provisions regarding effective dates and other related matters.
- (3) Article numeration will change in accordance with the establishment and deletion of the abovementioned articles. Other changes include minor changes to wording and other necessary changes.

2. Contents of the amendments

The details of the changes are described in the appendix below.

Changes to the Articles of Incorporation will become effective at the conclusion of the 14th General Meeting of Shareholders. (However, the effective date of the establishment or deletion of the provisions related to 1. (2) above shall be in accordance with the provisions of the proposed changes [see Supplementary Provisions, Article 40]).

3. Schedule

Date of Annual General Meeting of Shareholders to resolve the amendments to the Articles of Incorporation:

June 22, 2022 (scheduled)

Effective date of the amendments to the Articles of Incorporation:

June 22, 2022 (scheduled)

| Current Articles of Incorporation | Proposed amendments |
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| Chapter 1 General Provisions | Chapter 1 General Provisions |
| Articles 1–3 (Text omitted) | Articles 1–3 (Same as current) |
| Article 4 (Corporate bodies) The Company shall have the following corporate bodies in addition to the General Meeting of Shareholders and Directors. (1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Accounting Auditor | Article 4 (Corporate bodies) The Company shall have the following corporate bodies in addition to the General Meeting of Shareholders and Directors. (1) Board of Directors (2) <u>Audit & Supervisory Committee</u> (Deleted) (3) Accounting Auditor |
| Article 5 (Text omitted) | Article 5 (Same as current) |
| Chapter 2 Shares | Chapter 2 Shares |
| Articles 6–12 (Text omitted) | Articles 6–12 (Same as current) |
| Chapter 3 General Meeting of Shareholders | Chapter 3 General Meeting of Shareholders |
| Articles 13–14 (Text omitted) | Articles 13–14 (Same as current) |
| Article 15 (Method of resolution) 1. Unless otherwise provided for in laws and regulations or the Articles of Incorporation, ordinary resolutions of the General Meeting of Shareholders shall be adopted by a simple majority of the votes of the shareholders with voting rights present at the meeting. 2. Special resolutions of the General Meeting of Shareholders shall be adopted by a two-thirds (2/3) or greater majority of the votes of the shareholders present at the meeting where shareholders holding one-third (1/3) or more of <u>total</u> voting rights are present. | Article 15 (Method of resolution) 1. Unless otherwise provided for in laws and regulations or the Articles of Incorporation, ordinary resolutions of the General Meeting of Shareholders shall be adopted by a simple majority of the votes of the shareholders with voting rights present at the meeting. 2. Special resolutions of the General Meeting of Shareholders shall be adopted by a two-thirds (2/3) or greater majority of the votes of the shareholders present at the meeting where shareholders holding one-third (1/3) or more of <u>exercisable</u> voting rights are present. |
| Article 16 (Text omitted) | Article 16 (Same as current) |
| <u>Article 17 (Online disclosure and deemed provision of reference documents, etc. for General Meeting of Shareholders)</u> <u>The Company deems that information related to matters to be stated or indicated in reference documents for the General Meeting of Shareholders, business reports, financial statements, and consolidated financial statements, which are provided when convening the General Meeting of Shareholders, to have been provided to shareholders by disclosing the information online in accordance with the Ordinance of the Ministry of Justice.</u> | (Deleted) |
| (Newly established) | <u>Article 17 (Measures to provide information in electronic format, etc.)</u> 1. <u>The Company shall take measures to provide information contained in reference documents, etc. for the General Meeting of Shareholders in electronic format when convening the General Meeting of Shareholders.</u> 2. <u>The Company may choose not to include all or part of the information to be provided in electronic format</u> |

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| <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>Article 18 (Number of Directors) The Company shall have <u>three (3) or more Directors.</u> (Newly established)</p> <p>Article 19 (Representative Director and Executive Directors)</p> <ol style="list-style-type: none"> 1. The Board of Directors shall, by its resolution, select the Representative Director. <u>2. The Representative Director shall also serve as President.</u> <u>3. In addition to the Representative Director and President,</u> the Board of Directors may, by its resolution, appoint a <u>Director and Executive Vice President, Senior Managing Directors, and Managing Directors.</u> <p>Article 20 (Election of Directors)</p> <ol style="list-style-type: none"> 1. <u>Directors shall be elected by a majority vote of the shareholders present at the General Meeting of Shareholders where shareholders holding shares representing one-third (1/3) or more of total voting rights are present.</u> (Newly established) <u>2. The election of Directors shall not be by cumulative voting.</u> <p>Article 21 (Term of office of Directors)</p> <ol style="list-style-type: none"> 1. The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders in the final fiscal year ending within one (1) year after their election. (Newly established) <u>2. The term of office of Directors elected to increase the number of Directors or fill vacancies shall expire when the term of office of the incumbent Directors expires.</u> (Newly established) <u>(Newly established)</u> | <p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>Article 18 (Number of Directors) 1. The Company shall have <u>no more than ten (10) Directors.</u> <u>2. The Company shall have no more than five (5) Directors serving as Audit & Supervisory Committee Members.</u></p> <p>Article 19 (Representative Director and Executive Directors)</p> <ol style="list-style-type: none"> 1. The Board of Directors shall, by its resolution, select the Representative Director <u>from Directors (excluding those serving as Audit & Supervisory Committee Members).</u> (Deleted) <u>2. The Board of Directors may, by its resolution, appoint a Director and President and a Director and Executive Vice President from Directors (excluding those serving as Audit & Supervisory Committee Members).</u> <p>Article 20 (Election of Directors)</p> <ol style="list-style-type: none"> 1. <u>Directors shall be elected at the General Meeting of Shareholders, distinguishing between Directors serving as Audit & Supervisory Committee Members and other Directors.</u> <u>2. The resolution for the election set forth in the preceding paragraph shall be adopted by a majority vote of the shareholders present at the General Meeting of Shareholders where shareholders holding one-third (1/3) or more of exercisable voting rights are present.</u> <u>3. The election of Directors shall not be by cumulative voting.</u> <p>Article 21 (Term of office of Directors)</p> <ol style="list-style-type: none"> 1. The term of office of Directors <u>(excluding those serving as Audit & Supervisory Committee Members)</u> shall expire at the conclusion of the Ordinary General Meeting of Shareholders in the final fiscal year ending within one (1) year after their election. <u>2. The term of office of Directors serving as Audit & Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders in the final fiscal year ending within (2) years after their election.</u> <u>3. The term of office of Directors elected to increase the number of Directors or fill vacancies (excluding those serving as Audit & Supervisory Committee Members) shall expire when the term of office of other incumbent Directors (excluding those serving as Audit & Supervisory Committee Members) expires.</u> <u>4. The term of office of a Director elected to fill a vacancy of a Director serving as an Audit & Supervisory Committee Member who has retired before the expiration of his/her term of office shall expire when the term of office of the retired Director as a member of the Audit & Supervisory Committee expires.</u> <u>5. The qualifying period for a substitute Director as a member of the Audit & Supervisory Committee shall</u> |
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| <p>Article 22 (Convener and chairperson of Board of Directors meetings)</p> <ol style="list-style-type: none"> 1. Unless otherwise provided for in laws and regulations, the <u>Representative Director and President</u> shall convene the meetings of the Board of Directors and serve as the chairperson. 2. In the absence or in case of an accident of the <u>Representative Director and President</u>, another Director shall convene the meetings of the Board of Directors and serve as the chairperson, in accordance with the order of succession previously determined by the Board of Directors. <p>Article 23 (Notice of convocation of a meeting of the Board of Directors)</p> <ol style="list-style-type: none"> 1. Notice of convocation of a meeting of the Board of Directors shall be issued to each Director <u>and Audit & Supervisory Board Member</u> at least three (3) days prior to the date of the meeting. However, the period may be shortened if there is an urgent need. 2. A meeting of the Board of Directors may be held without following the procedures for convening a meeting if the consent of all Directors <u>and Audit & Supervisory Board Members</u> is received. <p>Articles 24–25 (Text omitted)</p> <p>Article 26 (Compensation)</p> <p>Salaries, bonuses, and other property benefits Directors receive from the Company as consideration for the execution of duties (hereinafter referred to as “Compensation”) shall be determined by a resolution of the General Meeting of Shareholders.</p> <p>Articles 27–28 (Text omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> | <p><u>expire at the commencement of the Ordinary General Meeting of Shareholders in the final fiscal year ending within two (2) years of the General Meeting of Shareholders at which the election of the substitute Director was approved.</u></p> <p>Article 22 (Convener and chairperson of Board of Directors meetings)</p> <ol style="list-style-type: none"> 1. Unless otherwise provided for in laws and regulations, the <u>Director previously determined by the Board of Directors</u> shall convene the meetings of the Board of Directors and serve as the chairperson. 2. In the absence or in case of an accident of the <u>Director of the previous paragraph</u>, another Director shall convene the meetings of the Board of Directors and serve as the chairperson, in accordance with the order of succession previously determined by the Board of Directors. <p>Article 23 (Notice of convocation of a meeting of the Board of Directors)</p> <ol style="list-style-type: none"> 1. Notice of convocation of a meeting of the Board of Directors shall be issued to each Director at least three (3) days prior to the date of the meeting. However, the period may be shortened if there is an urgent need. 2. A meeting of the Board of Directors may be held without following the procedures for convening a meeting if the consent of all Directors is received. <p>Articles 24–25 (Same as current)</p> <p>Article 26 (Compensation)</p> <p>Salaries, bonuses, and other property benefits Directors receive from the Company as consideration for the execution of duties (hereinafter referred to as “Compensation”) shall be determined by a resolution of the General Meeting of Shareholders, <u>distinguishing between Directors serving as Audit & Supervisory Board Members and other Directors.</u></p> <p>Articles 27–28 (Same as current)</p> <p><u>Chapter 5 Audit & Supervisory Committee</u></p> <p><u>Article 29 (Notice of convocation of a meeting of the Audit & Supervisory Committee)</u></p> <ol style="list-style-type: none"> 1. <u>Notice of convocation of a meeting of the Audit & Supervisory Committee shall be issued to each member of the Audit & Supervisory Committee at least three (3) days prior to the date of the meeting. However, the period may be shortened if there is an urgent need.</u> 2. <u>A meeting of the Audit & Supervisory Committee may be held without following the procedures for convening a meeting if the consent of all Audit & Supervisory Committee Members is received.</u> <p><u>Article 30 (Regulations of the Audit & Supervisory</u></p> |
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| | <u>Committee)</u> |
| | <u>Matters relating to the Audit & Supervisory Committee shall be governed by the Regulations of the Audit & Supervisory Committee established by the Audit & Supervisory Committee, in addition to laws and regulations and these Articles of Incorporation.</u> |
| <u>Chapter 5 Audit & Supervisory Board Members and Audit & Supervisory Board</u> | (Deleted) |
| <u>Article 29 (Number of Audit & Supervisory Board Members)</u> <u>The Company shall have three (3) or more Audit & Supervisory Board Members.</u> | (Deleted) |
| <u>Article 30 (Election of Audit & Supervisory Board Members)</u> <u>Audit & Supervisory Board Members shall be elected by a majority vote of the shareholders present at the General Meeting of Shareholders where shareholders holding shares representing one-third (1/3) or more of total voting rights are present.</u> | (Deleted) |
| <u>Article 31 (Term of office of Audit & Supervisory Board Members)</u> <u>1. The term of office of Audit & Supervisory Board Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders in the final fiscal year ending within four (4) years after their election.</u> <u>2. The term of office of an Audit & Supervisory Board Member appointed as a substitute for an Audit & Supervisory Board Member who has retired before the expiration of his or her term of office shall expire at the time of expiration of the term of office of the retired Audit & Supervisory Board Member.</u> | (Deleted) |
| <u>Article 32 (Effectiveness of the resolution for the election of a substitute Audit & Supervisory Board Member)</u> <u>The resolution for the election of a substitute Audit & Supervisory Board Member shall be effective until the beginning of the Ordinary General Meeting of Shareholders in the final fiscal year ending within four (4) years after his/her election.</u> | (Deleted) |
| <u>Article 33 (Full-time Audit & Supervisory Board Member)</u> <u>The Audit & Supervisory Board shall, by its resolution, select a full-time Audit & Supervisory Board Member.</u> | (Deleted) |
| <u>Article 34 (Notice of convocation of a meeting of the Audit & Supervisory Board)</u> <u>1. Notice of convocation of a meeting of the Audit & Supervisory Board shall be issued to each member of the Audit & Supervisory Board at least three (3) days prior to the date of the meeting. However, the period may be shortened if there is an urgent need.</u> <u>2. A meeting of the Audit & Supervisory Board may be held without following the procedures for convening a meeting if the consent of all Audit & Supervisory Board Members is received.</u> | (Deleted) |
| <u>Article 35 (Regulations of the Audit & Supervisory Board)</u> <u>Matters relating to the Audit & Supervisory Board shall be governed by the Regulations of the Audit & Supervisory Board established by the Audit & Supervisory Board, in</u> | (Deleted) |

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| <p><u>addition to laws and regulations and these Articles of Incorporation.</u></p> <p><u>Article 36 (Compensation)</u> <u>The compensation of Audit & Supervisory Board Members shall be determined by a resolution of the General Meeting of Shareholders.</u></p> <p><u>Article 37 (Exemption from liability of Audit & Supervisory Board Members)</u> <u>1. The Company may, by a resolution of the Board of Directors, exempt any Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from liability due to negligence of duties under Article 426, Paragraph 1 of the Companies Act to the extent of the limit set forth in laws and regulations.</u> <u>2. The Company may enter into an agreement with an Audit & Supervisory Board Member to limit liability due to negligence of duties of the Audit & Supervisory Board Member under Article 427, Paragraph 1 of the Companies Act. However, the maximum amount of liability based on such contract shall be the minimum liability limit stipulated by laws and regulations.</u></p> <p style="text-align: center;">Chapter 6 Accounting Auditor</p> | <p style="text-align: right;">(Deleted)</p> <p style="text-align: right;">(Deleted)</p> <p style="text-align: center;">Chapter 6 Accounting Auditor</p> |
| <p>Article <u>38</u> (Election method) The Accounting Auditor of the Company shall be elected by a resolution adopted by a majority vote of the shareholders present at the General Meeting of Shareholders where shareholders <u>holding shares</u> representing one-third (1/3) or more of <u>total</u> voting rights are present.</p> | <p>Article <u>31</u> (Election method) The Accounting Auditor of the Company shall be elected by a resolution adopted by a majority vote of the shareholders present at the General Meeting of Shareholders where shareholders representing one-third (1/3) or more of <u>exercisable voting rights</u> are present.</p> |
| <p>Article <u>39</u> (Text omitted)</p> | <p>Article <u>32</u> (Same as current)</p> |
| <p>Article <u>40</u> (Compensation) The compensation of the Accounting Auditor shall be determined by the Representative Director with the consent of the <u>Audit & Supervisory Board</u>.</p> | <p>Article <u>33</u> (Compensation) The compensation of the Accounting Auditor shall be determined by the Representative Director with the consent of the <u>Audit & Supervisory Committee</u>.</p> |
| <p>Article <u>41</u> (Exemption from liability of Accounting Auditor)<u>The</u> <u>Company</u> may, by a resolution of the Board of Directors, exempt Accounting Auditor (including former Accounting Auditor) from liability due to negligence of duties under Article 426, Paragraph 1 of the Companies Act to the extent of the limit set forth in laws and regulations.</p> <p style="text-align: center;">Chapter 7 Calculation</p> | <p>Article <u>34</u> (Exemption from liability of Accounting Auditor) <u>The Company</u> may, by a resolution of the Board of Directors, exempt Accounting Auditor (including former Accounting Auditor) from liability due to negligence of duties under Article 426, Paragraph 1 of the Companies Act to the extent of the limit set forth in laws and regulations.</p> <p style="text-align: center;">Chapter 7 Calculation</p> |
| <p>Articles <u>42–45</u> (Text omitted)</p> | <p>Articles <u>35–38</u> (Same as current)</p> |
| <p style="text-align: center;">Chapter 8 Supplementary Provisions</p> | <p style="text-align: center;">Chapter 8 Supplementary Provisions</p> |
| <p>Article <u>46</u> (Text omitted)</p> <p style="text-align: center;">(Newly established)</p> | <p>Article <u>39</u> (Same as current)</p> <p><u>Article 40 (Transitional measures concerning the provision of General Meeting of Shareholder materials in electronic format)</u> <u>1. The deletion of Article 17 (Online disclosure and</u></p> |

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| <p>(Newly established)</p> | <p><u>deemed provision of reference documents, etc. for General Meeting of Shareholders) of the current Articles of Incorporation and the establishment of Article 17 (Measures to provide information in electronic format, etc.) of the proposed changes to the Articles of Incorporation shall come into effect on September 1, 2022, as of the date of enforcement of the amended provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act for Partial Amendment of the Companies Act (Act No. 70 of 2019) (hereinafter “the effective date”).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 17 of the current Articles of Incorporation shall remain in force with respect to General Meetings of Shareholders to be held on a date within six months from the effective date.</u></p> <p><u>3. The provisions of this Article shall be deleted after six (6) months have elapsed from the effective date or three (3) months have elapses from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p> <p><u>Article 41 (Transitional measures concerning exemption from liability of Audit & Supervisory Board Members)</u> <u>The Company may, by a resolution of the Board of Directors, exempt former Audit & Supervisory Board Members from liability due to negligence of duties under Article 426, Paragraph 1 of the Companies Act to the extent of the limit set forth in laws and regulations.</u></p> |
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