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(Stock Exchange Code 4435)  
June 6, 2022

To Our Shareholders

Hiroki Yanagihashi  
Representative Director, President &  
CEO  
kaonavi, inc.  
1-3-1 Toranomon, Minato-ku, Tokyo

### Notice of the 14th Annual General Meeting of Shareholders

We would like to take this opportunity to express our sincere gratitude for your continued support.

You are cordially invited to attend the 14th Annual General Meeting of Shareholders of kaonavi, inc. (hereafter the “Company”) as set forth below.

If you are unable to attend the meeting, you may exercise your voting rights in writing (by mail). Please review the enclosed Reference Documents for the General Meeting of Shareholders and return the voting form in accordance with the “Information on the Exercise of Voting Rights” (only available in Japanese) so that it reaches us by 5:00 p.m. on Tuesday, June 21, 2022.

- 1. Date and Time:** Wednesday, June 22, 2022 at 10:00 a.m. Japan time (Doors open at 9:30 a.m.)
- 2. Place:** 1-8-1 Akasaka, Minato-ku, Tokyo  
Akasaka Intercity AIR 4F (entrance on the third floor)  
Akasaka Intercity Conference 401

**3. Meeting Agenda:**

**Matters to be reported:** Business report and financial statements for the 14th term (April 1, 2021 to March 31, 2022)

**Proposals to be resolved:**

- Proposal:**
1. Partial amendments to the Articles of Incorporation
  2. Election of four (4) Directors (excluding those serving as Audit & Supervisory Committee Members)
  3. Election of three (3) Directors serving as Audit & Supervisory Committee Members
  4. Determination of the amount of compensation for Directors (excluding those serving as Audit & Supervisory Committee Members)
  5. Determination of restricted stock compensation for Directors (excluding those serving as Audit & Supervisory Committee Members)
  6. Determination of the amount of compensation for Directors serving as Audit & Supervisory Committee Members
  7. Election of Accounting Auditor

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Notes:

1. If attending the Annual General Meeting of Shareholders in person, in order to exercise your voting rights, please submit the enclosed voting form at the reception desk upon arrival at the venue on the day of the meeting.
2. Please be advised that should any modification to the Reference Documents for the General Meeting of Shareholders, the business report, or the financial statements be required, the modified documents will be posted on our website ([https://corp.kaonavi.jp/ir/library/convocation\\_notice/](https://corp.kaonavi.jp/ir/library/convocation_notice/)).

# Reference Documents for the General Meeting of Shareholders

## Proposal 1: Partial amendments to the Articles of Incorporation

### 1. Reasons for the proposal

#### (1) Changes due to the Transition to a Company with an Audit & Supervisory Committee

The Company recognizes the importance of establishing corporate governance for the continuous enhancement of our corporate value. Until now, we have endeavored to audit and supervise management as a Company with an Audit & Supervisory Board. However, we have decided to transition to a Company with an Audit & Supervisory Committee, which consists mainly of Outside Directors, to further strengthen the supervisory function of the Board of Directors and realize a more appropriate governance structure by having the Audit & Supervisory Committee Members audit the execution of duties by the Directors and exercise voting rights at meetings of the Board of Directors. Therefore, the Company proposes changes necessary for the transition to a Company with an Audit & Supervisory Committee structure. These include the establishment of provisions regarding the Audit & Supervisory Committee and Directors who are members of the Audit & Supervisory Committee, and the deletion of provisions regarding Audit & Supervisory Board and the Audit & Supervisory Board Members.

#### (2) Changes due to the introduction of the system of electronic provision of materials for General Meetings of Shareholders

The Company proposes the following changes to prepare for the introduction of the system of electronic provision of materials for the general meeting of shareholders in accordance with 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 will come into force on September 1, 2022. We propose the establishment of Article 17 (Measures to provide information in electronic format, etc.) of the proposed changes to the Articles of Incorporation and the deletion of the obsolete Article 17 (Online disclosure and deemed provision of reference documents, etc. for General Meeting of Shareholders) of the current Articles of Incorporation. Moreover, in conjunction with the establishment and deletion of these provisions, we propose adding Supplementary Provisions regarding the effective date.

#### (3) Other changes

We propose changes in article numeration, minor wording, and other necessary changes as a result of the establishment and deletion of the above articles.

### 2. Details of the changes

The details of the changes are as follows.

Changes to the Articles of Incorporation in relation to these proposals shall come into effect at the conclusion of the current Annual 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]).

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Articles 1–3 (Text omitted)</p> <p>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 &amp; Supervisory Board Members</u> (3) <u>Audit &amp; Supervisory Board</u> (4) Accounting Auditor</p> <p>Article 5 (Text omitted)</p> <p style="text-align: center;">Chapter 2 Shares</p> <p>Articles 6–12 (Text omitted)</p> <p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>Articles 13–14 (Text omitted)</p> <p>Article 15 (Method of resolution)</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol> <p>Article 16 (Text omitted)</p> <p><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></p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Articles 1–3 (Same as current)</p> <p>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 &amp; Supervisory Committee</u> (Deleted) (3) Accounting Auditor</p> <p>Article 5 (Same as current)</p> <p style="text-align: center;">Chapter 2 Shares</p> <p>Articles 6–12 (Same as current)</p> <p style="text-align: center;">Chapter 3 General Meeting of Shareholders</p> <p>Articles 13–14 (Same as current)</p> <p>Article 15 (Method of resolution)</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol> <p>Article 16 (Same as current)</p> <p style="text-align: center;">(Deleted)</p> <p><u>Article 17 (Measures to provide information in electronic format, etc.)</u> <u>1. 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> <u>2. The Company may choose not to include all or part of the information to be provided in electronic format specified in the Ordinance of the Ministry of Justice in the documents to be delivered to shareholders who have requested the delivery of documents by the record date for voting rights.</u></p>

<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></p> <p style="text-align: center;">(Newly established)</p> <p>Article 19 (Representative Director and Directors also serving as officers)</p> <p>1. The Board of Directors shall, by its resolution, select the Representative Director.</p> <p><u>2. The Representative Director shall also serve as President.</u></p> <p><u>3. In addition to the Representative Director and President, the Board of Directors may, by its resolution, appoint a Director and Executive Vice President, Senior Managing Directors, and Managing Directors.</u></p> <p>Article 20 (Election of Directors)</p> <p>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></p> <p style="text-align: center;">(Newly established)</p> <p><u>2. The election of Directors shall not be by cumulative voting.</u></p> <p>Article 21 (Term of office of Directors)</p> <p>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.</p> <p style="text-align: center;">(Newly established)</p> <p><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></p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Chapter 4 Directors and Board of Directors</p> <p>Article 18 (Number of Directors)</p> <p>1. The Company shall have <u>no more than ten (10) Directors.</u></p> <p><u>2. The Company shall have no more than five (5) Directors serving as Audit &amp; Supervisory Committee Members.</u></p> <p>Article 19 (Representative Director and Directors also serving as officers)</p> <p>1. The Board of Directors shall, by its resolution, select the Representative Director <u>from Directors (excluding those serving as Audit &amp; Supervisory Committee Members)</u></p> <p style="text-align: center;">(Deleted)</p> <p><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 &amp; Supervisory Committee Members).</u></p> <p>Article 20 (Election of Directors)</p> <p>1. <u>Directors shall be elected at the General Meeting of Shareholders, distinguishing between Directors serving as Audit &amp; Supervisory Committee Members and other Directors.</u></p> <p><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></p> <p><u>3. The election of Directors shall not be by cumulative voting.</u></p> <p>Article 21 (Term of office of Directors)</p> <p>1. The term of office of Directors (<u>excluding those serving as Audit &amp; 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.</p> <p><u>2. The term of office of Directors serving as Audit &amp; 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></p> <p><u>3. The term of office of Directors elected to increase the number of Directors or fill vacancies (excluding those serving as Audit &amp; Supervisory Committee Members) shall expire when the term of office of other incumbent Directors (excluding those serving as Audit &amp; Supervisory Committee Members) expires.</u></p> <p><u>4. The term of office of a Director elected to fill a vacancy of a Director serving as an Audit &amp; 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 &amp; Supervisory Committee expires.</u></p> <p><u>5. The qualifying period for a substitute Director as a member of the Audit &amp; Supervisory Committee shall 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</u></p>
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<p>Article 22 (Convener and chairperson of Board of Directors meetings)</p> <ol style="list-style-type: none"> <li>1. Unless otherwise provided for in laws and regulations, the <u>Director and President</u> shall convene the meetings of the Board of Directors and serve as the chairperson.</li> <li>2. In the absence or in case of an accident of the <u>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.</li> </ol> <p>Article 23 (Notice of convocation of a meeting of the Board of Directors)</p> <ol style="list-style-type: none"> <li>1. Notice of convocation of a meeting of the Board of Directors shall be issued to each Director <u>and Audit &amp; 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.</li> <li>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 &amp; Supervisory Board Members</u> is received.</li> </ol> <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>Chapter 5 Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</u></p>	<p><u>substitute Director was approved.</u></p> <p>Article 22 (Convener and chairperson of Board of Directors meetings)</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol> <p>Article 23 (Notice of convocation of a meeting of the Board of Directors)</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> </ol> <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 &amp; Supervisory Board Members and other Directors.</u></p> <p>Articles 27–28 (Same as current)</p> <p><u>Chapter 5 Audit &amp; Supervisory Committee</u></p> <p><u>Article 29 (Notice of convocation of a meeting of the Audit &amp; Supervisory Committee)</u></p> <ol style="list-style-type: none"> <li>1. <u>Notice of convocation of a meeting of the Audit &amp; Supervisory Committee shall be issued to each member of the Audit &amp; 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></li> <li>2. <u>A meeting of the Audit &amp; Supervisory Committee may be held without following the procedures for convening a meeting if the consent of all Audit &amp; Supervisory Committee Members is received.</u></li> </ol> <p><u>Article 30 (Regulations of the Audit &amp; Supervisory Committee)</u></p> <p><u>Matters relating to the Audit &amp; Supervisory Committee shall be governed by the Regulations of the Audit &amp; Supervisory Committee established by the Audit &amp; Supervisory Committee, in addition to laws and regulations and these Articles of Incorporation.</u></p> <p>(Deleted)</p>
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<p><u>Article 29 (Number of Audit &amp; Supervisory Board Members)</u>  <u>The Company shall have three (3) or more Audit &amp; Supervisory Board Members.</u></p>	(Deleted)
<p><u>Article 30 (Election of Audit &amp; Supervisory Board Members)</u>  <u>Audit &amp; 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></p>	(Deleted)
<p><u>Article 31 (Term of office of Audit &amp; Supervisory Board Members)</u>  <u>1. The term of office of Audit &amp; 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 &amp; Supervisory Board Member appointed as a substitute for an Audit &amp; 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 &amp; Supervisory Board Member.</u></p>	(Deleted)
<p><u>Article 32 (Effectiveness of the resolution for the election of a substitute Audit &amp; Supervisory Board Member)</u>  <u>The resolution for the election of a substitute Audit &amp; 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></p>	(Deleted)
<p><u>Article 33 (Full-time Audit &amp; Supervisory Board Member)</u>  <u>The Audit &amp; Supervisory Board shall, by its resolution, select a full-time Audit &amp; Supervisory Board Member.</u></p>	(Deleted)
<p><u>Article 34 (Notice of convocation of a meeting of the Audit &amp; Supervisory Board)</u>  <u>1. Notice of convocation of a meeting of the Audit &amp; Supervisory Board shall be issued to each member of the Audit &amp; 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 &amp; Supervisory Board may be held without following the procedures for convening a meeting if the consent of all Audit &amp; Supervisory Board Members is received.</u></p>	(Deleted)
<p><u>Article 35 (Regulations of the Audit &amp; Supervisory Board)</u>  <u>Matters relating to the Audit &amp; Supervisory Board shall be governed by the Regulations of the Audit &amp; Supervisory Board established by the Audit &amp; Supervisory Board, in addition to laws and regulations and these Articles of Incorporation.</u></p>	(Deleted)
<p><u>Article 36 (Compensation)</u>  <u>The compensation of Audit &amp; Supervisory Board Members shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>Article 37 (Exemption from liability of Audit &amp; Supervisory Board Members)</u>  <u>1. The Company may, by a resolution of the Board of Directors, exempt any Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) from liability due to negligence of duties under Article 426, Paragraph 1 of the</u></p>	(Deleted)

Companies Act to the extent of the limit set forth in laws and regulations.

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.

#### Chapter 6 Accounting Auditor

##### Article 38 (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 holding shares representing one-third (1/3) or more of total voting rights are present.

##### Article 39 (Text omitted)

##### Article 40 (Compensation)

The compensation of the Accounting Auditor shall be determined by the Representative Director with the consent of the Audit & Supervisory Board.

##### Article 41 (Exemption from liability of Accounting Auditor.)The

Company 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.

#### Chapter 7 Calculation

Articles 42–45 (Text omitted)

#### Chapter 8 Supplementary Provisions

Article 46 (Text omitted)

(Newly established)

#### Chapter 6 Accounting Auditor

##### Article 31 (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 exercisable voting rights are present.

##### Article 32 (Same as current)

##### Article 33 (Compensation)

The compensation of the Accounting Auditor shall be determined by the Representative Director with the consent of the Audit & Supervisory Committee.

##### Article 34 (Exemption from liability of Accounting Auditor)

The Company 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.

#### Chapter 7 Calculation

Articles 35–38 (Same as current)

#### Chapter 8 Supplementary Provisions

Article 39 (Same as current)

##### Article 40 (Transitional measures concerning the provision of General Meeting of Shareholder materials in electronic format)

1. The deletion of Article 17 (Online disclosure and 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”).
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.
3. The provisions of this Article shall be deleted after six (6) months have elapsed from the effective date or three (3) months have elapsed from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.



(Newly established)	<u>Article 41 (Transitional measures concerning exemption from liability of Audit &amp; Supervisory Board Members)</u> <u>The Company may, by a resolution of the Board of Directors, exempt former Audit &amp; 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>
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**Proposal 2:** Election of four (4) Directors (excluding those serving as Audit & Supervisory Committee Members)

Subject to the approval of Proposal 1, “Partial amendments to the Articles of Incorporation,” the Company will transition to a Company with an Audit & Supervisory Committee. Therefore, pursuant to Article 332, Paragraph 7, Item 1 of the Companies Act, the terms of office of all five (5) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Thus, we propose the election of four (4) Directors (excluding those serving as Audit & Supervisory Committee Members; same applies below).

The resolution on this proposal will become effective on the condition that Proposal 1, “Partial amendments to the Articles of Incorporation,” is approved and passed as proposed, and that the amendments to the Articles of Incorporation regarding the transition to a Company with an Audit & Supervisory Committee adopted by the resolution on Proposal 1 come into effect.

The candidates for Director are as follows.

No.	Name (Date of birth)	Past experience, positions and responsibility in the Company, and significant concurrent positions	Number of Company shares held
1	<p><b>Hiroyuki Sato</b> (May 18, 1979)</p> <p>Board of Directors meeting attendance (Attendance rate) 16/16 times (100%)</p>	<p>April 2003      Joined Link and Motivation Inc. November 2008      Joined Simplex Inc. September 2011      Director of the Company June 2017      Director, Executive Vice President of the Company April 2019      Director, Executive Vice President, &amp; COO of the Company (current)</p>	357,000
<p>Reasons for nomination as a candidate for Director: As a co-founder of kaonavi, Mr. Sato has led the development of our business by demonstrating excellent strategy execution capabilities and leadership skills. We request that you continue to elect him as Director, as we believe that he has abundant experience and expertise in corporate management, including in the areas of sales and marketing, and that he will continue to contribute to the further enhancement of our corporate value and sustainable growth moving forward.</p>			
2	<p><b>Hiroki Yanagihashi</b> (July 6, 1975)</p> <p>Board of Directors meeting attendance (Attendance rate) 16/16 times (100%)</p>	<p>June 2000      Joined Accenture Japan Ltd. July 2002      Joined istyle Inc. May 2008      Established the Company, Representative Director April 2019      Representative Director, President, and CEO of the Company (current)</p>	3,403,440
<p>Reasons for nomination as a candidate for Director As kaonavi’s founder, Mr. Yanagihashi has demonstrated strong leadership and driven the development of our business based on his unwavering management vision. We request that you continue to elect him as Director, as we believe that he has abundant management experience and expertise accumulated in his position as Representative Director over many years, including in the field of technology, and that he will continue to contribute to the further enhancement of our corporate value and sustainable growth moving forward.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibility in the Company, and significant concurrent positions	Number of Company shares held
3	<b>Kimitaka Hashimoto</b> (January 23, 1980)  Board of Directors meeting attendance (Attendance rate) 16/16 times (100%)	November 2004 Joined Sanyo Electric Co., Ltd. April 2006 Joined Mitsubishi UFJ Securities Co., Ltd. (now Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) August 2018 Joined the Company, Executive Officer and General Manager of IPO Preparation Office February 2019 Executive Officer and General Manager of Corporate Strategy Office of the Company April 2019 Executive Officer and CFO of the Company June 2019 Director and CFO of the Company (current)	9,300
<p>Reasons for nomination as a candidate for Director:            In addition to his practical experience in and extensive knowledge of the financial sector, Mr. Hashimoto has played an important role in the Company's business and financial strategies. We request that you continue to elect him as Director, as we believe that he will continue to contribute to the further enhancement of our corporate value and sustainable growth moving forward.</p>			
4	<b>Suguru Kobayashi</b> (December 13, 1977)  Board of Directors meeting attendance (Attendance rate) 16/16 times (100%)	April 2000 Joined JAPAN TRAVEL BUREAU Inc.(now JTB Corp) February 2003 Joined Link and Motivation Inc. July 2011 Joined Field Management Inc, Managing Director (current) January 2015 Established Field Management Human Resource Inc, Representative Director (current) June 2018 Outside Director of the Company (current)	—
<p>Reasons for nomination as a candidate for Outside Director and summary of expected roles:            Mr. Kobayashi has extensive experience and broad insight as a corporate manager in the field of human resources consulting. We request that you continue to elect him as Outside Director, as we expect him to provide advice on the Company's overall management, make decisions on important management matters, and supervise the execution of business operations. We also expect Mr. Kobayashi to leverage his abovementioned knowledge and experience to contribute to the improvement of management supervision and checking functions as an Outside Director with a manager's perspective.</p>			

Notes:

1. There are no special-interest relationships between the Company and the candidates or the entities where the candidates hold important concurrent positions.
2. Mr. Suguru Kobayashi is a candidate for Outside Director as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. Mr. Suguru Kobayashi is currently an Outside Director of the Company. His term of office will be four (4) years at the conclusion of this General Meeting of Shareholders.
4. The Company made an agreement with Mr. Suguru Kobayashi to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with a stipulation of Article 427, Paragraph 1 of said Act. The maximum amount of liability for damages under such agreement is set to the minimum liability amount stipulated in Article 425, Paragraph 1 of said Act. If his reappointment is approved, the Company plans to continue such contract.
5. The Company has registered Mr. Suguru Kobayashi as an Independent Director as stipulated by the Tokyo Stock Exchange and based on the Company's "Criteria for Judging the Independence of Outside Directors." If he is reappointed, the Company will continue to designate him as an Independent Director.
6. The Company has concluded a Directors' and Officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes all Directors of the Company as insured parties. An outline of the contents of the insurance contract is described in "3. (3) Outline of Directors' and Officers' Liability Insurance Contract" (only available in Japanese) of the Business Report. If this proposal is approved as proposed and each candidate assumes office as Director, each will be insured under the insurance policy. The Company intends to renew the insurance policy with the same details during the term of office.
7. Mr. Hiroyuki Sato, Mr. Hiroki Yanagihashi, and Mr. Kimitaka Hashimoto are currently Directors of the Company, and their responsibilities at the Company are as described in "3. (1) Directors and Audit & Supervisory Board Members" (only available in Japanese) of the Business Report.
8. The number of shares of the Company held by Mr. Hiroki Yanagihashi is the number of shares actually held, including 300,000 shares held by his asset management company, Yanagihashi Office.

**Proposal 3:** Election of three (3) Directors serving as Audit & Supervisory Committee Members

Subject to the approval of Proposal 1, “Partial amendments to the Articles of Incorporation,” the Company will transition to a Company with an Audit & Supervisory Committee. Accordingly, the Company proposes the election of three (3) Directors who are Audit & Supervisory Committee Members (“Audit & Supervisory Committee Members” hereafter in this proposal).

The resolution on this proposal will become effective on the condition that Proposal 1, “Partial amendments to the Articles of Incorporation,” is approved and passed as proposed, and that the amendments to the Articles of Incorporation regarding the transition to a Company with an Audit & Supervisory Committee adopted by the resolution on Proposal 1 come into effect.

If Proposal 2, “Election of four (4) Directors (excluding those serving as Audit & Supervisory Committee Members),” and Proposal 3 are approved and passed, the Company will have seven (7) Directors, four (4) of whom will be Outside Directors, and therefore a majority of the Company’s Directors will be Outside and Independent Directors.

The candidates for Audit & Supervisory Board Members are as follows.

No.	Name (Date of birth)	Past experience, positions and responsibility in the Company, and significant concurrent positions	Number of Company shares held
1	<p><b>Hiroyuki Yamada</b> (October 20, 1964)</p> <p>Board of Directors meeting attendance (Attendance rate) 16/16 times (100%)</p>	<p>November 2000 Founded AZX Corporation (now AZX Group), Representative Director</p> <p>July 2013 Outside Audit &amp; Supervisory Board Member of Fringe81 Co., Ltd. (now Unipos Inc.) (current)</p> <p>July 2015 Outside Audit &amp; Supervisory Board Member of the Company (current)</p> <p>January 2016 Outside Audit &amp; Supervisory Board Member of Chatwork Co., Ltd. (current)</p> <p>April 2019 Outside Director (Audit &amp; Supervisory Committee Member) of QD Laser, Inc. (current)</p> <p>January 2020 Founder and Representative of Axella Accounting Office (current)</p>	9,000
<p>Reasons for nomination as a candidate for Outside Director serving as Audit &amp; Supervisory Committee Member and summary of expected roles: With extensive experience and professional insight as a certified tax accountant and corporate manager, Mr. Yamada has fulfilled his duties as an Outside Audit &amp; Supervisory Board Member of the Company, including appropriate audit and supervision of the execution of business operations. We have determined that he is suitable to provide highly effective supervision and audit of the Company’s management from an independent and objective standpoint, and therefore propose his election as Outside Director serving as Audit &amp; Supervisory Committee Member. Further, we expect him to contribute to the appropriate supervision and ensuring of the soundness of the Company’s management for sustainable growth and medium- to long-term enhancement of corporate value from the perspective of a finance and accounting professional by utilizing his knowledge and experience as described above.</p>			
2	<p><b>Masumi Sai</b> (Name in family register: Masumi Ishihara) (January 17, 1983)</p> <p>Board of Directors meeting attendance (Attendance rate) 12/12 times (100%)</p>	<p>April 2008 Joined Daiwa Securities SMBC Co. Ltd. (now Daiwa Securities Co. Ltd.)</p> <p>March 2016 Representative Director of Good News and Companies Inc.(current)</p> <p>April 2016 Outside Director of Avon Products Co., Ltd. (now FMG &amp; MISSION CO.,LTD)</p> <p>June 2019 Outside Director of C’ BON COSMETICS Co.,Ltd</p> <p>June 2021 Outside Director of the Company (current)</p>	—
<p>Reasons for nomination as a candidate for Outside Director serving as Audit &amp; Supervisory Committee Member and summary of expected roles: With professional insight on corporate governance and corporate finance, Ms. Sai fulfills her duties as an Outside Director of the Company, including making decisions on important management matters and supervising the execution of business operations. We have nominated Ms. Sai as a candidate for Outside Director and Audit &amp; Supervisory Committee Member because we believe she is qualified to effectively supervise and audit the Company’s management from an independent and objective standpoint. Moreover, we expect her to contribute to the appropriate supervision and ensuring of the soundness of the Company’s management for sustainable growth and medium- to long-term enhancement of corporate value by utilizing her experience cultivated through research activities in economic and capital market analysis and financial literacy.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibility in the Company, and significant concurrent positions	Number of Company shares held
3	<p><b>Miyako Ikuta</b> (Name in family register: Miyako Ohashi) (August 4, 1966)</p> <p>Board of Directors meeting attendance (Attendance rate) —</p>	<p>November 1994 Admitted to the Bar of Paris, France</p> <p>November 1994 Ngo, Miguérès &amp; Associés (Paris Office and Hanoi Office)</p> <p>January 2001 Admitted to the New York State Bar</p> <p>January 2001 Hughes Hubbard &amp; Reed LLP (New York Office)</p> <p>December 2010 Admitted to Daini Tokyo Bar Association</p> <p>May 2012 Joined Kitahama Partners</p> <p>October 2014 Auditor (part-time) at Environmental Restoration and Conservation Agency of Japan (current)</p> <p>January 2015 Partner of Kitahama Partners (current)</p> <p>June 2016 Outside Corporate Auditor at RENAISSANCE INC. (current)</p> <p>June 2019 Outside Corporate Auditor at PCA Corporation (current)</p>	—
<p>Reasons for nomination as a candidate for Outside Director serving as Audit &amp; Supervisory Committee Member and summary of expected roles:</p> <p>With extensive experience and professional insight as an attorney licensed in Japan, the State of New York and France, we believe she is qualified to provide highly effective supervision and audit of the Company's management from an independent and objective standpoint, and therefore propose her election as Outside Director serving as Audit &amp; Supervisory Committee Member. Further, we expect she will contribute to the appropriate supervision and ensuring of the soundness of the Company's management for sustainable growth and medium- to long-term enhancement of corporate value by utilizing her expertise in the field of personal data protection laws in Japan and abroad.</p> <p>Although she has no experience of being involved in the management of a company in any way other than being an Outside Director, we believe she is able to properly perform her duties as an Outside Director for the reasons stated above.</p>			

Notes:

- There are no special-interest relationships between the Company and the candidates or the entities where the candidates hold important concurrent positions.
- Mr. Hiroyuki Yamada is currently an Outside Audit & Supervisory Board Member of the Company. His term of office will be six (6) years and eleven (11) months at the conclusion of this General Meeting of Shareholders.
- Ms. Masumi Sai is currently an Outside Director of the Company. Her term of office will be one (1) year at the conclusion of this General Meeting of Shareholders.
- Ms. Miyako Ikuta is a new candidate for Outside Director.
- The attendance of Ms. Masumi Sai at the Board of Directors meetings (attendance rate) shows the status after she was newly elected and appointed as an Outside Director at the 13th Annual General Meeting of Shareholders held on June 24, 2021.  
Each candidate is a candidate for Outside Director as provided for in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- The Company made an agreement with Mr. Hiroyuki Yamada and Ms. Masumi Sai to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with a stipulation of Article 427, Paragraph 1 of said Act. The maximum amount of liability for damages under such agreement shall be set to the minimum liability amount stipulated in Article 425, Paragraph 1 of said Act. If their reappointment were approved. The Company plans to continue such contract. If appointment of Ms. Miyako Ikuta was approved, the Company will enter into an agreement with her to limit her liability for damages under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of said Act. The maximum amount of liability for damages under the agreement shall be the minimum liability amount stipulated in Article 425, Paragraph 1 of said Act.
- The Company has registered Mr. Hiroyuki Yamada and Ms. Masumi Sai as Independent Directors as stipulated by the Tokyo Stock Exchange and based on the Company's "Criteria for Judging the Independence of Outside Directors." If both are elected, the Company will continue to designate them as Independent Directors and register them with the Exchange. Further, Ms. Miyako Ikuta satisfies the criteria for Independent Director as stipulated by the Exchange and the Company's "Criteria for Judging the Independence of Outside Directors" and if she is elected, the Company will designate her as an Independent Director and register her as such with the Exchange.
- The Company has concluded a Directors' and Officers' liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes all Directors of the Company as insured parties. An outline of the contents of the insurance contract is described in "3. (3) Outline of Directors' and Officers' Liability Insurance Contract" (only available in Japanese) of the Business Report. If this proposal is approved as proposed and each candidate assumes office as Director, each will be insured under the insurance policy. The Company intends to renew the insurance policy with the same details during the term of office.

[Reference]

Criteria for Judging the Independence of Outside Directors  
(Company with an Audit & Supervisory Committee)

For the Company to judge an Outside Director (including those who are members of the Audit & Supervisory Committee) as independent, the Outside Director must not be any of the following.

1. A person engaged in business execution for the Company (Note 1) or a person who has engaged in business execution for the Company within the past 10 years
2. A major shareholder of the Company (a person who directly or indirectly holds 10% or more of the total voting rights) or, if the major shareholder is a corporation, a person who engages in business execution for said corporation, or a person who has fallen under these categories in the past five (5) years.
3. A person to whom the Company is a major business partner (client) (Note 2) or a person engaged in business execution for such a partner
4. A person who is a major business partner (client) of the Company (Note 3) or a person engaged in business execution for such a partner
5. A person who has received donations or grants exceeding a certain amount (Note 4) from the Company (if the donee or grantee is a corporation, partnership, or other organization, a person engaged in business execution for said organization)
6. A person who is currently or has been for the past three (3) years a member, partner, or employee of an audit firm that has been the Company's Accounting Auditor (including a person who is currently retired or has left the firm).
7. A consultant, accounting professional, or legal professional who does not fall under 6 above and who has received from the Company monetary or other financial benefits exceeding a certain amount (Note 4) in addition to Director compensation (if the person receiving such financial benefits is an organization such as a corporation, partnership, or other organization, a person who belongs to such organization).
8. A spouse or relative up to the second degree of kinship of a person falling under 1 to 7 above, if such person is a significant person (Note 5).

Notes:

1. "A person engaged in business execution" refers to Executive Directors, Statutory Executive Officers, and other officers who execute the business of the Company, employees who execute the business of the Company, persons who are to perform the duties stipulated in Article 598, Paragraph 1 of the Companies Act and other equivalent persons, and employees.
2. "A person to whom the Company is a major business partner (client)" means a person (or company) that has received payment from the Company equivalent to 2% or more of the person's (or company's) annual consolidated net sales in the past three fiscal years.
3. "A person who is a major business partner (client) of the Company" means a person (or company) that has paid the Company an amount equivalent to 2% or more of the Company's annual sales in the past three(3) fiscal years, or a person (or company) that has provided the Company with a loan equivalent to 2% or more of the Company's total assets at the end of the most recent fiscal year.
4. "Certain amount" means an average annual amount of ¥10 million in the past three (3) fiscal years (if the recipient of the property interest is a corporation, partnership, or other organization, the amount of money or other property interest that exceeds 2% of the total income of the organization in the most recent fiscal year).
5. "Significant person" means those in senior management positions such as Directors (excluding Outside Directors), Statutory Executive Officers, Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members), and those ranked Executive Officers or General Managers and above.

**Proposal 4:** Determination of the amount of compensation for Directors (excluding those serving as Audit & Supervisory Committee Members)

At the 12th Annual General Meeting of Shareholders held on June 25, 2020, it was resolved that the annual amount of compensation for Directors shall be no more than ¥300 million (including ¥30 million for Outside Directors), and this amount has remained unchanged. However, the Company will transition to a Company with an Audit & Supervisory Committee subject to the approval of Proposal 1, “Partial amendments to the Articles of Incorporation.” Therefore, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, the current limit of compensation for Directors as stated above will be abolished. Further, the Company proposes that the amount of annual compensation for Directors (excluding those who are Audit & Supervisory Committee Members) be set at no more than ¥300 million (including ¥30 million for Outside Directors), taking into consideration economic conditions and various other circumstances. In addition, we propose that the specific amount, timing, and method of payment to each Director (excluding those who are Audit & Supervisory Committee Members) be determined by a resolution of the Board of Directors.

After transitioning to a Company with an Audit & Supervisory Committee, we plan to determine, in accordance with the provisions of Article 361, Paragraph 7 of the Companies Act, a policy regarding the determination of the content of individual compensation for each Director (excluding those who are Audit & Supervisory Committee Members) by a resolution of the Board of Directors, as described later in this document. The Company believes that the contents of this proposal are in line with the abovementioned policy to be determined and are appropriate.

There are currently five (5) Directors (including two [2] Outside Directors), but if Proposal 1, “Partial amendments to the Articles of Incorporation,” and Proposal 2, “Election of four (4) Directors (excluding those serving as Audit & Supervisory Committee Members)” are approved and passed as originally proposed, the number of Directors (excluding those serving as Audit & Supervisory Committee Members) will be changed to four (4), including one (1) Outside Director.

This proposal will come into effect contingent upon the approval of Proposal 1, “Partial amendments to the Articles of Incorporation” as originally proposed, and the coming into effect of the amendments to the Articles of Incorporation regarding the transition to a Company with an Audit & Supervisory Committee.



**Proposal 5:** Determination of restricted stock compensation for Directors (excluding those serving as Audit & Supervisory Committee Members)

At the 12th Annual General Meeting of Shareholders held on June 25, 2020, the Company passed a resolution (hereafter, the “Original Resolution”) to grant the Company’s Directors (excluding Outside Directors) restricted stock compensation. The Company will transition to a Company with an Audit & Supervisory Committee, subject to the approval of Proposal 1, “Partial amendments to the Articles of Incorporation.” Therefore, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, we propose abolishing the above compensation scheme for current Directors and establishing a new framework for granting Directors (excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors; hereafter, the “Eligible Directors”) restricted stock compensation. As the Act for Partial Amendment of the Companies Act (Act No. 70 of 2019) came into effect on March 1, 2021, it has become possible to grant restricted stock compensation to Directors without requiring monetary payments or delivery of assets contributed in kind. We therefore further propose approval of the method of granting restricted stock compensation to the Eligible Directors as above, in addition to the previous method whereby monetary compensation claims are paid to the Eligible Directors, who then pay in all the monetary compensation claims as in-kind contributions to the Company and receive the issuance or disposal of the common stock of the Company.

This proposal aims to provide the Eligible Directors with incentives to continuously improve the corporate value of the Company and to further promote value-sharing with shareholders. The annual maximum number and total amount of restricted stock to be granted to the Eligible Directors pursuant to this proposal are essentially the same as those provided in the Original Resolution, and are in line with the Policy on Determination of Individual Compensation of Directors (excluding those serving as Audit & Supervisory Committee Members; see below) which is scheduled to be determined by a resolution of the Board of Directors pursuant to Article 361, Paragraph 7 of the Companies Act following the transition to a Company with an Audit & Supervisory Committee.

If Proposal 1, “Partial amendments to the Articles of Incorporation,” and Proposal 2, “Election of four (4) Directors (excluding those serving as Audit & Supervisory Committee Members),” are approved and adopted as originally proposed, three (3) Directors will be eligible to receive restricted stock compensation under this proposal.

The resolution on this proposal will become effective on the condition that Proposal 1 of “Partial amendments to the Articles of Incorporation,” is approved and passed as proposed, and that the amendments to the Articles of Incorporation regarding the transition to a Company with an Audit & Supervisory Committee adopted by the resolution on Proposal 1 come into effect.

1. Method of issuance or disposal of restricted stock

The issuance or disposal of restricted stock to the Eligible Directors under this Proposal shall be made by either of the following methods based on the resolution of the Board of Directors concerning such issuance or disposal.

- (1) Method of issuing or disposing of shares of common stock of the Company without requiring cash payment or delivery of assets contributed in kind as compensation to the Eligible Directors (hereafter, “gratis delivery”)
- (2) Method in which monetary compensation claims are paid to the Eligible Directors as compensation, and the Eligible Directors deliver all such monetary compensation claims as in-kind contributions to the Company to receive the issuance or disposal of shares of common stock of the Company (hereafter, “in-kind delivery”)

2. Maximum number and amount of restricted stock to be granted to the Eligible Directors

The total number and amount of shares of common stock of the Company to be issued or disposed of as restricted shares to each Eligible Director shall remain at 20,000 shares or fewer per year (however, in the event of a stock split [including gratis allotment of shares of common stock of the Company] or reverse stock split of shares of common stock of the Company or any other event requiring adjustment of the total number of shares of common stock of the Company to be issued or disposed of as shares with restrictions on transfer, the total number shall be adjusted within a reasonable range), and the annual amount shall be ¥50 million or less. The Board of Directors will determine the specific allocation to each Eligible Director.

Within the above upper limits of compensation, in the case of (1) gratis delivery, no monetary payment will be required, but each share of common stock will be allotted at the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price on the immediately preceding trading day if no trading occurred on that date) or at any other fair valuation method. In the case of (2) in-kind delivery, the Company shall grant monetary compensation claims to the Eligible Directors to be paid to the Company as in-kind contributions for the issuance or disposal of shares. In the case of (2) in-kind delivery, the amount to be paid per share for such issuance or disposal shall be calculated based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price on the immediately preceding trading day if no trading occurred on that date), or as decided by the Board of Directors in a manner that does not give special advantage to the Eligible Directors.

3. Overview of the restricted stock compensation to be granted to Eligible Directors

In granting the restricted stock compensation under this Proposal, the Company and the Eligible Director shall enter into a Restricted Stock Allotment Agreement (hereafter, the "Allotment Agreement") that includes the following details.

- (1) The Eligible Director shall hold the shares of common stock of the Company allotted under the Allotment Agreement (hereafter, the "Allotted Shares") for a period of two (2) years or longer as determined by the Board of Directors of the Company, or until the date of retirement or resignation of the Eligible Director from his/her position as a Director or other position determined by the Board of Directors (however, in the case where the Director retires or resigns before three (3) months have elapsed from the end of the fiscal year of the date of delivery of the Allotted Shares, if there is a date separately determined by the Board of Directors of the Company within six (6) months from the end of said fiscal year, such date) (hereafter, the "Restricted Period"). The Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the Allotted Shares during the Restricted Period.
- (2) If an Eligible Director is to serve for a period determined by the Board of Directors of the Company (hereafter, the "Service Period") but resigns or retires from the position stipulated in (1) above before the expiration of the Service Period, unless there is a reason that the Board of Directors of the Company deems justifiable, the Company shall naturally acquire the Allotted Shares without consideration.
- (3) On the condition that the Eligible Director has continuously held the position stipulated in (1) above during the Service Period, the Company shall remove the restriction on transfer of the Allotted Shares at the time of expiration of the Restricted Period. However, if the Eligible Director resigns or retires from the position stipulated in (1) above before the expiration of the Service Period for reasons deemed justifiable by the Board of Directors of the Company as stipulated in (2) above, the number of the Allotted Shares for which the transfer restriction is removed shall be reasonably adjusted as necessary.
- (4) The Company shall naturally acquire without consideration any of the Allotted Shares for which the transfer restriction has not been removed pursuant to the provision of (3) above at the time of expiration of the Restricted Period.
- (5) Notwithstanding the provisions of (1) above, if, during the Restricted Period, a merger agreement under which the Company shall be absorbed, a share exchange agreement or share transfer plan under which the Company shall become a wholly owned subsidiary, or other matters relating to organizational restructuring are approved at a General Meeting of Shareholders of the Company (however, if such organizational restructuring does not require approval at a General Meeting of Shareholders, then the Company's Board of Directors), the Company's Board of Directors shall, by its resolution, remove the restriction on transfer of a reasonably determined number of the Allotted Shares prior to the effective date of such organizational restructuring.
- (6) In the case stipulated in (5) above, the Company shall naturally acquire without consideration the Allotted Shares for which the transfer restriction has not been removed as of the time immediately after the removal of the transfer restriction pursuant to (5) above.
- (7) The method of expression and notification of intention in the Allotment Agreement, the method of revision of the Allotment Agreement, and other matters to be determined by the Board of Directors shall be included in the Allotment Agreement.

[Reference]

Policy on Determination of Individual Compensation of Directors (excluding those serving as Audit & Supervisory Committee Members) (Draft)

1. Basic policy

The Company's basic policy stipulates that the compensation of Directors shall be linked to shareholder value so that it fully functions as an incentive to sustainably increase corporate value, and that the compensation of individual Directors shall be set at an appropriate level based on their position and other relevant factors. Specifically, the compensation for Executive Directors shall consist of fixed compensation and restricted stock compensation as a medium- to long-term incentive, while the compensation for Outside Directors, who are responsible for supervisory functions, shall consist of fixed compensation only, in consideration of their duties.

In the event that the Company's Directors receive defined contribution pension plan premiums (employer's portion), these shall be in accordance with the treatment of fixed compensation as described below.

2. Policy on determination of the amount of fixed compensation (monetary compensation) for each individual

The specific amount of fixed compensation for the Company's Directors shall be determined in accordance with their position, duties, level of contribution, and years of service, and also by comprehensively taking into consideration the level of compensation at other companies, the Company's business performance, and the level of employee salaries.

3. Policy on non-monetary compensation and determining the method of calculating the amount of non-monetary compensation for each individual

Non-monetary compensation for Executive Directors of the Company shall be compensation in the form of restricted stock, and shall be determined by comprehensively taking into consideration the position, duties, level of contribution, and years of service of each Executive Director, as well as the amount of fixed compensation, the number of shares held in the Company, and other factors.

4. Policy on determination of the ratio of the amount of fixed compensation (monetary compensation) and non-monetary compensation to the amount of total compensation for each individual

The ratio of the amount of fixed compensation (monetary compensation) and non-monetary compensation to the amount of total compensation for an Executive Director shall be determined by comprehensively taking into consideration his/her position, duties, level of contribution, and years of service, as well as the Company's business performance, non-monetary compensation granted in the past, and the number of shares held in the Company.

5. Policy on determination of the timing and conditions of granting compensation to Directors

Fixed compensation shall be paid monthly, and restricted stock compensation shall be granted without delay after the resolution of the General Meeting of Shareholders, unless there are special circumstances.

6. Matters concerning the delegation of authority for determination of individual compensation for Directors

The determination of the amount of individual compensation shall be delegated to President and Representative Director Hiroyuki Sato based on a resolution of the Board of Directors. The specific details of such delegated authority shall include the determination of the amount of fixed compensation and the amount and number of shares of restricted stock compensation for each Director. The Board of Directors shall deliberate on the amount of fixed compensation and the amount and number of shares of restricted stock compensation for each Director so that such authority may be properly exercised by the President and Representative Director, and the President and Representative Director shall respect the content of such deliberation.

**Proposal 6:** Determination of the amount of compensation for Directors serving as Audit & Supervisory Committee Members

Subject to approval of Proposal 1, “Partial amendments to the Articles of Incorporation,” the Company will transition to a Company with an Audit & Supervisory Committee. Therefore, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, the Company proposes that the amount of annual compensation for Directors who serve as Audit & Supervisory Committee Members be set at no more than ¥25 million, taking into consideration economic conditions and various other circumstances. The contents of this proposal were determined by comprehensively considering the scale of the Company’s business, the compensation system for Directors and the level of payment, the current number of Directors, and the responsibilities of Directors serving as Audit & Supervisory Committee Members, and we believe that the proposed amount is appropriate.

Further, we propose that the specific amount, timing, and method of payment to each Director serving as an Audit & Supervisory Committee Member be determined through consultation among the Directors serving as Audit & Supervisory Committee Members.

If Proposal 1, “Partial amendments to the Articles of Incorporation,” and Proposal 3, “Election of three (3) Directors as Audit & Supervisory Committee Members,” are approved and adopted as proposed, the Company will have three (3) Directors serving as Audit & Supervisory Committee Members.

This proposal will come into effect contingent upon the approval of Proposal 1, “Partial amendments to the Articles of Incorporation,” as originally proposed, and the coming into effect of the amendments to the Articles of Incorporation regarding the transition to a Company with an Audit & Supervisory Committee.

**Proposal 7: Election of Accounting Auditor**

The term of office of KPMG AZSA LLC, the Company's Accounting Auditor, will expire at the conclusion of this General Meeting of Shareholders. The Company thus proposes the appointment of a new Accounting Auditor.

This proposal is based on the decision of the Audit & Supervisory Board.

The Audit & Supervisory Board has selected Grant Thornton Taiyo LLC as a candidate for the position of Accounting Auditor because, after comprehensive consideration of its quality control, independence, expertise, auditing system, and the level of audit fees, the Board has determined that Grant Thornton Taiyo LLC has a system to ensure that the Company's accounting audits are conducted appropriately and properly, and believes that the firm is thus qualified to serve as Accounting Auditor.

An overview of the candidate for Accounting Auditor is as follows.

Name	Grant Thornton Taiyo LLC	
Office	Main office	22F Akasaka K Tower, 1-2-7, Moto-Akasaka, Minato-ku, Tokyo
	Other offices	Osaka Office and 10 other offices
History	September 1971	Established as Taiyo Audit Corporation
	October 1994	Joined Grant Thornton International Ltd.
	January 2006	Merged with ASG Audit Corporation and changed name to Grant Thornton Taiyo ASG Audit Corporation
	July 2008	Transitioned to a limited liability audit corporation and changed name to Grant Thornton Taiyo ASG Audit LLC
	July 2012	Merged with Eisho Audit Corporation
	October 2013	Merged with Kasumigaseki Audit Corporation
	October 2014	Changed name to Grant Thornton Taiyo LLC
	July 2018	Merged with YUSEI Audit & Co.
Overview	Capital	¥527,500,000 (As of March 31, 2022)
	Members (As of March 31, 2022)	
	Representative partners/Partners	88 persons
	Specified partners	4 persons
	Certified public accountants	304 persons
	Passers of certified public accountant exams, etc.	246 persons
	Other professionals	181 persons
	Administrative staff	89 persons
	Contract workers	224 persons
	Total	1,136 persons