

August 17, 2022  
AVANT Corporation

## **Notice of Transition to A Company with Audit Committee and Partial Amendments to Articles of Incorporation**

The Company hereby announces that our Board of Directors has resolved at a meeting on August 17, 2022 to adopt the "Company with Audit Committee" subject to approval at the 26th Ordinary General Meeting of Shareholders to be held on September 27, 2022, and to submit a proposal for "Partial Amendment to the Articles of Incorporation" to the same Ordinary General Meeting of Shareholders.

### Note

Transition to a Company with an Audit Committee

#### (1) Purpose of transition

Our group's vision is to "create a world-class software company," aiming to become an ideal organization that serves society by promoting management information systems useful for the sound development of companies, and we have established materiality to achieve this goal. After discussions by the Group's strategy executive team and discussions by the Board of Directors regarding specific measures to realize this materiality, it was concluded that it would be effective to reorganize the Group into a separate organization to accelerate the growth of existing businesses and create new growth businesses, and on June 22, 2022, the Company On June 22, 2022, the Group reorganized as a holding company, Avant Group Corporation (the "Company." The trade name is scheduled to be changed on October 1, 2022.), the Group will be reorganized into a structure consisting of four operating companies that support the resolution of social issues.

Taking this reorganization as an opportunity, we have come to the conclusion that it is appropriate to transition to a company with an Audit Committee System in order to realize prompt and decisive management decision-making and execution under the appropriate supervision of the Board of Directors by enabling the Board of Directors to broadly delegate its authority to make business execution decisions to the directors.

## (2) Transition period

At the 26th Ordinary General Meeting of Shareholders scheduled to be held on September 27, 2022, the necessary changes to the Articles of Incorporation will be approved, and the Company will transition to a company with an Audit Committee.

## (3) Others

The personnel changes of directors and corporate auditors in connection with this matter were separately disclosed in the "Notice of Personnel Changes of Directors and Corporate Auditors after Transition to a Company with Audit Committee" dated August 17, 2022.

## Partial Amendment to the Articles of Incorporation of the Company

### (1) Reason for amendment to the Articles of Incorporation

- (i) To reorganize the operations in charge among group companies through an absorption-type company split agreement between consolidated subsidiaries of the Company and to change the trade names of each company, the current Article 1 (Trade Name) of the Articles of Incorporation shall be amended to change the trade name of the Company, which is in charge of management and administration of group companies.
- (ii) As described in "1. Transition to a Company with Audit Committee" above, necessary changes will be made in accordance with the transition to a Company with Audit Committee, including the establishment of new provisions concerning the Audit Committee and Audit Committee members and the deletion of provisions concerning the Audit and Supervisory Board and Corporate Auditors.
- (iii) The revised provisions stipulated in the proviso of Article 1 of the Supplementary Provisions of the "Companies Act" (Act No. 70 of 2019) will come into effect on September 1 of this year. The law is entitled "Partial Amendment to the Companies Act. And the provisions to take measures to provide information electronically and to limit the scope of matters to be included in the documents to be delivered to shareholders who have made a request for delivery of documents shall be limited. Such information is the contents of the reference documents for the general meeting of shareholders, etc. A provision for this purpose shall be newly established. The provision of provision shall be deleted. Such deletion shall be deemed as Internet disclosure of the Reference Documents for the General Meeting of Shareholders, etc. In addition, a supplemental provision regarding transitional measures is to be established.
- (iv) In accordance with the changes in (i) through (iii) above, necessary changes, such as the maintenance of the number of articles, etc., are made.

(2) Details of the amendment to the Articles of Incorporation

The details of the changes are shown in the Appendix.

(3) Schedule

Annual General Meeting of Shareholders September 27, 2022 (tentative)

Effective date of the partial amendment to the Articles of Incorporation: September 27, 2022  
(scheduled)

However, the change in Article 1 (trade name) will become effective on October 1, 2022.

Ends

(Attachment) Details of Amendments to the Articles of Incorporation

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed change
<b>Chapter 1 General Provisions</b>	<b>Chapter 1 General Provisions</b>
<p>(Trade name)            Article 1 The name of the Company shall be known as 株式会社アバント and in English as AVANT CORPORATION.</p> <p>Articles 2 to 4 (Articles omitted)</p>	<p>(Trade name)            Article 1 The name of the Company shall be known as 株式会社アバント<u>グループ</u> and in English as AVANT <u>GROUP</u> CORPORATION.</p> <p>Article 2 - Article 4 (unchanged)</p>
<b>Chapter 3 General Meeting of Shareholders</b>	<b>Chapter 3 General Meeting of Shareholders</b>
<p>Article 11 - Article 12 (Articles omitted)            (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</p> <p>Article 13 The Company may, in connection with the convocation of a general meeting of shareholders, be deemed to have provided to its shareholders information concerning matters to be stated or indicated in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements, by disclosing such information by means of the Internet in accordance with the applicable Ordinance of the Ministry of Justice.</p> <p>(Newly established)</p>	<p>Article 11 - Article 12 (unchanged)</p> <p>(Deleted)</p> <p><u>(Electronic provisioning measures, etc.)</u>  <u>Article 13 The Company shall, at the time of convening a general meeting of shareholders, take measures to provide electronically the information that is the contents of the reference documents for the general meeting of</u></p>

<p>(Newly established)</p> <p>Article 14 - Article 15 (Articles omitted)</p>	<p><u>shareholders, etc.</u></p> <p><u>2 The Company may not include all or part of the matters for which electronic provision measures are taken, which are provided for in the applicable Ordinance of the Ministry of Justice, in the document to be delivered to shareholders who have made a request for delivery of documents by the Record Date for Voting Rights.</u></p> <p>Article 14 - Article 15 (unchanged)</p>
<p><b>Chapter 4 Directors and Board of Directors</b></p>	<p><b>Chapter 4 Directors and Board of Directors</b></p>
<p>Article 16 (Articles omitted) (Number of directors)</p> <p>Article 17 The Company shall have no more than nine directors.</p> <p>(Newly established)</p> <p>(Method of Election of Directors)</p> <p>Article 18 Directors of the Company shall be elected by a resolution of a majority of the voting rights of the shareholders present at a general meeting of shareholders where the shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present.</p> <p>No cumulative voting shall be used for the election of directors.</p>	<p>Article 16 (unchanged) (Number of directors)</p> <p>Article 17 The Company shall have no more than nine directors.</p> <p><u>2 Of the directors set forth in the preceding paragraph, the number of such directors who are members of the Audit and Supervisory Committee shall not exceed five.</u></p> <p>(Method of Election of Directors)</p> <p>Article 18 Directors of the Company, <u>distinguishing between those who are members of the Audit Committee and those who are not</u>, shall be elected by a majority of the votes of shareholders present at a general meeting of shareholders where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present.</p> <p>No cumulative voting shall be used</p>

<p>(Term of office of directors)</p> <p>Article 19 The term of office of Directors shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last one year after their election.</p>	<p>for the election of directors.</p> <p>(Term of office of directors)</p> <p>Article 19 The term of office of Directors shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last <u>fiscal year ending within</u> one year after their election.</p>
<p>(Newly established)</p>	<p><u>2 The term of office of Directors who are members of the Audit Committee shall expire at the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within two years after their election.</u></p>
<p>(Newly established)</p>	<p><u>3 The term of office of a director who is a member of the Audit and Supervisory Committee elected to fill a vacancy of a director who retires before the expiration of his/her term of office shall expire when the term of office of the retiring director expires.</u></p>
<p>(Executive Director)</p> <p>Article 20 The Board of Directors shall elect the President from among the Directors by resolution of the Board of Directors, and if necessary, appoint a few Vice Presidents, Senior Managing Directors and Managing Directors respectively.</p>	<p>(Executive Director)</p> <p>Article 20 The Board of Directors shall elect the President from among the Directors <u>who are not members of the Audit Committee</u> by resolution of the Board of Directors and if necessary, appoint a few Vice Presidents, Senior Managing Directors and Managing Directors respectively.</p>
<p>Article 21 - Article 22 (Articles omitted)</p> <p>(Notice of Board of Directors Meeting)</p>	<p>Article 21 - Article 22 (unchanged)</p> <p>(Notice of Board of Directors Meeting)</p>
<p>Article 23 Notice of a meeting of the Board of Directors shall be given to each Director and <u>each Corporate Auditor</u></p>	<p>Article 23 Notice of a meeting of the Board of Directors shall be given to each Director at least three days prior to</p>

at least three days prior to the date of the meeting. However, in case of emergency, this period may be shortened.

Article 24 (Omission of Article)  
(Omission of resolution by the Board of Directors)

Article 25 The Company shall deem that a resolution of the Board of Directors to approve the matters to be resolved at a meeting of the Board of Directors shall be deemed to have been passed if all directors agree in writing or by electromagnetic record to such matters. However, this provision shall not apply if a corporate auditor objects.

Article 26 (Omission of Article)

(Newly established)

the date of the meeting. However, in case of emergency, this period may be shortened.

Article 24 (unchanged)  
(Omission of resolution by the Board of Directors)

Article 25 The Company shall deem that a resolution of the Board of Directors to approve the matters to be resolved at a meeting of the Board of Directors shall be deemed to have been passed if all directors agree in writing or by electromagnetic record to such matters.

Article 26 (unchanged)  
(Delegation of Important Business Execution Decisions)

Article 27 The Company may, pursuant to Article 399-13, Paragraph 6 of the Companies Act, delegate all or part of the decision-making authority for the execution of important business affairs (excluding the matters listed in each item of Paragraph 5 of the same Article) to the Directors by resolution of the Board of Directors. Article 27 The Company may delegate all or part of the decisions on the execution of important business affairs (excluding the matters listed in each item of Paragraph 5 of Article 399-13, Paragraph 6 of the Companies Act) to the Directors by resolution of the Board of Directors.

<p>(Remuneration, etc. of Directors)</p> <p>Article <u>27</u> Remuneration, etc. of Directors shall be determined respectively by a resolution of the General Meeting of Shareholders.</p>	<p>(Remuneration, etc. of Directors)</p> <p>Article <u>28</u> Remuneration, etc. of Directors shall be determined by a resolution of the General Meeting of Shareholders <u>separately for Directors who are members of the Audit Committee and for all other Directors.</u></p>
<p>Article <u>28</u> (Articles omitted)</p>	<p>Article <u>29</u> (unchanged)</p>
<p><b>Chapter 5 <u>Corporate Auditors and the Audit and Supervisory Board</u></b></p>	<p><b>Chapter 5 <u>Audit Committee</u></b></p>
<p>(Establishment of <u>Corporate Auditors and Audit and Supervisory Board</u>)</p> <p>Article <u>29</u> The Company shall have Corporate Auditors and an Audit and Supervisory Board.</p>	<p>(Establishment of <u>Audit Committee</u>)</p> <p>Article <u>30</u> The Company shall have <u>an Audit Committee.</u></p>
<p>(Number of auditors)</p> <p>Article <u>30</u> The Company shall have no more <u>than three corporate auditors.</u></p>	<p>(Deleted)</p>
<p>(Method of Appointment of Corporate Auditors)</p> <p>Article <u>31</u> Corporate auditors of the Company shall be elected by a resolution of a <u>majority of the voting rights of the shareholders present at a general meeting of shareholders where the shareholders holding one-third or more of the voting rights of the shareholders entitled to exercise their voting rights are present.</u></p>	<p>(Deleted)</p>
<p>(Term of Office of Corporate Auditors)</p> <p>Article <u>32</u> The term of office of corporate <u>auditors shall expire at the close of the ordinary general meeting of shareholders relating to the last fiscal</u></p>	<p>(Deleted)</p>
	<p>(Deleted)</p>



year ending within four years after their election.

2 The term of office of a corporate auditor elected to fill a vacancy left by a corporate auditor who retires before the expiration of his/her term of office shall be the same as the remaining term of office of the retiring corporate auditor.

(Full-time Corporate Auditor)

Article 33 The Audit and Supervisory Board shall select a full-time Corporate Auditor from among the Corporate Auditors.

(Notice of Convocation of a Meeting of the Audit and Supervisory Board)

Article 34 Notice of a meeting of the Audit and Supervisory Board shall be given to each Corporate Auditor at least three days prior to the date of the meeting. However, in case of emergency, this period may be shortened.

(Newly established)

(Method of resolution of the Audit and Supervisory Board)

Article 35 Except as otherwise provided by law, resolutions of the Audit and Supervisory Board shall be adopted by a majority of the Corporate Auditors.

(Deleted)

(Notice of Convocation of Audit Committee Meeting)

Article 31 Notice of a meeting of the Audit Committee shall be given to each Director who is a member of the Audit Committee at least three days prior to the date of the meeting. However, in case of emergency, this period may be shortened.

2 The meeting of the Audit Committee may be held without following the procedures for convening a meeting if all directors who are members of the Audit Committee consent thereto.

(Method of Resolution of the Audit Committee)

Article 32 Resolutions of the Audit Committee shall be adopted by a majority of the votes of the Directors present at a meeting where a majority of the Directors who are members of the Audit Committee and may participate

(Rules of the Audit and Supervisory Board)

Article 36 Matters concerning the Audit and Supervisory Board shall be governed by the Regulations of the Audit and Supervisory Board established by the Audit and Supervisory Board in addition to those provided by law or the Articles of Incorporation.

(Remuneration, etc. of Corporate Auditors)

Article 37 Remuneration, etc. of corporate auditors shall be determined by resolution of a general meeting of shareholders.

(Exemption of Corporate Auditors from Liability)

Article 38 The Company may, by resolution of the Board of Directors, exempt any Corporate Auditor (including former Corporate Auditors) from liability for damages under Article 423, Paragraph 1 of the Companies Act up to the amount obtained by deducting the minimum liability limit stipulated by laws and regulations from the amount of liability.

2 The Company may enter into an agreement with Corporate Auditors to limit their liability for compensation under Article 423, Paragraph 1 of the Companies Act, if the requirements stipulated by law are met. However, the maximum amount of liability based on such contract shall be the minimum liability amount.

in the voting shall be present.

(Rules of the Audit Committee)

Article 33 Matters concerning the Audit Committee shall be governed by the Regulations of the Audit Committee established by the Audit Committee, in addition to those provided by law or the Articles of Incorporation.

(Deleted)

(Deleted)

(Deleted)

<b>Chapter 6 Accounting Auditors</b>	<b>Chapter 6 Accounting Auditors</b>
Articles <u>39 - 41</u> (Articles omitted) (Remuneration, etc. of Accounting Auditor) Article <u>42</u> The remuneration, etc. of the Accounting Auditor shall be determined by the Representative Director with the consent of the <u>Audit and Supervisory Board</u> .	Articles <u>34-36</u> (unchanged) (Remuneration, etc. of Accounting Auditor) Article <u>37</u> The remuneration, etc. of the Accounting Auditor shall be determined by the Representative Director with the consent of the <u>Audit Committee</u> .
<b>Chapter 7 Calculation</b>	<b>Chapter 7 Calculation</b>
Articles <u>43-45</u> (Articles omitted)  (Newly established)	Articles <u>38 to 40</u> (unchanged) <u>Supplementary provisions</u> ( <u>Transitional measures regarding exemption of corporate auditors from liability</u> ) <u>Article 1</u> The Company may, pursuant to <u>Article 426, Paragraph 1 of the Companies Act, exempt corporate auditors (including former corporate auditors) from liability for damages for negligence of their duties before the partial amendment to the Articles of Incorporation approved at the 26th Ordinary General Meeting of Shareholders takes effect. The Company may, to the extent permitted by law, exempt any Corporate Auditor (including former Corporate Auditors) from liability for damages due to negligence of duties before the partial amendment to the Articles of Incorporation takes effect by a resolution of the Board of Directors.</u> <u>2</u> With respect to the agreement to limit <u>liability for damages due to negligence of duties with respect to the acts of Corporate Auditors</u>
(Newly established)	

	<p><u>(including former Corporate Auditors) before the partial amendment to the Articles of Incorporation resolved at the 26th Ordinary General Meeting of Shareholders takes effect, the provisions of Article 38, paragraph 2 of the said Articles of Incorporation shall still apply.</u></p>
(Newly established)	<p><u>(Transitional measures regarding change of trade name)</u>  <u>Article 2 The change in Article 1 (Trade Name) shall take effect on October 1, 2022. This Article shall be deleted upon the expiration of October 1, 2022. However, if the Board of Directors of the Company, at a meeting to be held by September 30, 2022, decides to set a different date as the effective date, the new date shall become effective as of the newly determined date.</u></p>
(Newly established)	<p><u>(Transitional measures concerning electronic provisioning measures, etc.)</u>  <u>Article 3 Notwithstanding the provisions of Article 13 (Measures to be Provided Electronically, etc.) of the Articles of Incorporation after amendment by resolution of the 26th Ordinary General Meeting of Shareholders, the Company will, on September 1, 2022 (hereinafter referred to as "Enforcement Date"), the date of enforcement of the amended provisions prescribed in the proviso of Article 1 of the Supplementary Provisions of the Act to Amend the Companies Act (Act No. 70 of 2049),</u></p>

	<p><u>amend the Companies Act. Article 13 (Internet Disclosure and Deemed Provision of Reference Documents for General Meeting of Shareholders, etc.) of the Articles of Incorporation prior to the amendment by resolution of the said Ordinary General Meeting of Shareholders shall remain in force with respect to the General Meeting of Shareholders whose date is within six months from the date of the said meeting.</u></p> <p><u>2 This Article shall be deleted after six months from the effective date or three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>
--	---

The Avant Group's mission, headed by the holding company AVANT Corporation (Head Office: Minato-ku, Tokyo; President and Group CEO: Tetsuji Morikawa; Securities Code: 3836), is to spread accountability. The Group is developing its consolidated accounting, business intelligence, and CFO outsourcing businesses with the CFOs and CIOs as its main focus. Through these efforts, the Group is helping to create value for customers by transforming management information into a map for the future, which is useful in decision-making.

Established as DIVA Corporation in May 1997, after going public in February 2007, changed its name to AVANT Corporation when it transitioned to a holding company in October 2013. The company was listed on the First Section of the Tokyo Stock Exchange in March 2018. Major Group operating subsidiaries (100% owned by both companies) are as follows:

DIVA Corporation

ZEAL Corporation

Internet Disclosure Co., Ltd.

FIERTE Corporation