

May 22, 2020

For immediate release

Company name: kaonavi, inc.
Representative: Hiroki Yanagihashi
Representative Director, President & CEO
Code: 4435 (TSE Mothers)
Inquiries: Kimitaka Hashimoto
Director & CFO
Tel: 03-5775-3823

**Notice Concerning Revision of Amount of Remuneration for Directors
and Adoption of Restricted Stock (RS) Award Plan**

kaonavi, inc.(the “Company”) at the Board of Directors meeting held on May 22, reconsidered the remuneration plan for directors and resolved to revise the amount of remuneration for directors, to adopt the Restricted Stock Award Plan (the “Plan”) and to submit proposals concerning revision of amount of remuneration for directors and the Plan at the 12th Annual General Meeting of Shareholders scheduled to be held on June 25, 2020 (the “General Meeting of Shareholders”).

1. Revision of amount of remuneration for directors

The Company has approved at the Extraordinary General Meeting of Shareholders held on May 30, 2008 that the amount of remuneration for directors of the Company shall be no more than 100 million yen per year. The roles and responsibilities of directors are increasing in order to respond to the expansion of the Company’s business and the rapidly changing business environment thereafter. It is necessary to keep the remuneration level competitive in order to secure excellent human resources (including outside directors) who can contribute to future enhancement of corporate value of the Company. Therefore, the Company will submit a proposal at the General Meeting of Shareholders that the amount of remuneration for directors of the Company shall be no more than 300 million yen per year (including 30 million yen per year for outside directors. However, the amount does not include employee’s salaries for directors who serve concurrently as employees).

2. Adoption of the restricted stock remuneration plan

(1) Purpose for adoption of the Plan

The Plan is intended to provide directors of the Company (excluding outside directors, the “Eligible Directors”) with incentives to sustainably enhance the corporate value of the Company and to further promote sharing of value with shareholders.

(2) Conditions for adoption of the Plan

As the Plan consists of monetary remuneration claims to be provided for granting restricted stocks to the Eligible Directors, its adoption will be conditional on the approval of shareholders at the General Meeting of Shareholders for the provision of remuneration.

At the General Meeting of Shareholders, the Company will submit a proposal to adopt the Plan and to set a remuneration limit for the Eligible Directors under the Plan, separate from the remuneration limit as described in “1. Revision of amount of remuneration for directors” above.

(3) Overview of the Plan

The Eligible Directors shall receive common stocks of the Company by means of issuance of new stocks or disposition of treasury stocks in return for contribution in kind of all monetary remuneration claims paid by the

Company under the Plan.

The total amount of remuneration paid to the Eligible Directors shall be no more than 50 million yen per year, separate from remuneration limit as described in “1. Revision of amount of remuneration for directors” above, and the total number of common stocks issued or disposed of under the Plan shall be no more than 20,000 stocks per year (in the event of unavoidable reasons that require adjustment of the number of stocks, such as the stock split or stock consolidation of common stocks of the Company, the number of stocks issued or disposed of shall be reasonably adjusted).

In order to realize sharing of value with shareholders during the medium to long term, which is one of the purposes for adoption of the Plan, the transfer restriction period shall be (i) a period from the date of delivery of restricted stocks to the date on which the Eligible Director resigns or retires from director or other position specified by the Board of Directors, or (ii) a period of two years or more that the Board of Directors sets. The Board of Directors will specify the timing of provision and allocation of the remuneration to each Eligible Director.

In addition, the subscription price per common stock of issuance or disposition under the Plan will be determined at the Board of Directors, based on the closing price of the common stocks at Tokyo Stock Exchange on the preceding business day to the day of the resolution at the Board of Directors (if no closing price is quoted, the closing price of the immediately preceding trading date to such business day). The subscription price shall not be particularly favorable to the Eligible Directors.

In issuing or disposing of common stock under the Plan, the Company will conclude with each Eligible Director a restricted stock allocation agreement (“the Allocation Agreement”) which includes the following matters;

- (i) Each Eligible Director shall not transfer, create security interest on, or otherwise dispose of the common stocks allocated under the Allocation Agreement for the period prescribed in advance; and
- (ii) If a certain event occurs, the Company shall acquire the allocated stocks without any consideration.

(4) Others

In order to provide appropriate incentives for the sustainable enhancement of corporate value of the Company, the Company will continue to consider the scope of the participants or other terms of the stock remuneration plan.