

For immediate release

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Notice Concerning Issuance of New Stocks as Restricted Stock (RS) Award Plan

kaonavi, inc. (the “Company”) at the Board of Directors meeting held on July 10, 2020, resolved to issue new stocks (the “New issuance”) as the Restricted Stock Award Plan as described below.

1. Overview of New issuance

(1) Payment date	August 7, 2020
(2) Class and number of stocks to be issued	Common stocks of the Company : 8,600 stocks
(3) Issue price	4,735 yen per stock
(4) Total amount of issue price	40,721,000 yen
(5) Scheduled allottees	3 directors (*) 8,600 stocks * Excluding outside directors.
(6) Others	In connection with the New issuance, a written notice of securities has been filed in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for New issuance

The Company at the Board of Directors meeting held on May 22, 2020, resolved to adopt a Restricted Stock Award Plan (the “Plan”) as a new compensation plan for directors of the Company (excluding outside directors; the same applies hereinafter) in order to provide them with incentives to sustainably enhance the corporate value of the Company and to further promote sharing of value with shareholders. In addition, at the 12th Annual General Meeting of Shareholders held on June 25, 2020, it was approved to pay to the directors monetary remuneration claims to be used as the property contributed in kind for granting restricted stocks based on the Plan, within 50 million yen per year, separate from the current remuneration limit.

The overview of the Plan is as follows.

<Overview of the Plan>

The 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 number of common stocks issued or disposed of under the Plan shall be no more than 20,000 stocks per year, and the transfer restriction period shall be (i) a period from the date of delivery of restricted stocks to the date on which the 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.

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 directors.

In issuing or disposing of common stocks under the Plan, the Company will conclude with each director a restricted stock allocation agreement which includes the following matters:

- (i) Each 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.

The Company at the Board of Directors meeting held on July 10, 2020, has resolved to pay monetary remuneration claims in total amount of 40,721,000 yen, and consequently to issue 8,600 stocks (the “Allotted Stocks”) of common stock of the Company, to 3 directors of the Company (the “Eligible Directors”), taking into consideration, among others, the purpose of the Plan, the performance of the Company and the scope of duties of each Eligible Director.

<Overview of Restricted Stock Allocation Agreements>

On the New issuance, the Company and Eligible Directors will individually conclude a restricted stock allocation agreement (the “Allocation Agreement”). The overview of the Allocation Agreement is as follows.

(1) Transfer restriction period

An Eligible Director shall not transfer, create security interest on, or otherwise dispose of the Allotted Stocks during a period from August 7, 2020 (payment date) to August 6, 2023.

(2) Conditions for lifting restrictions on transfer

The transfer restriction shall be lifted on all of the Allotted Stocks on the expiration date of the transfer restriction period on the condition that the Eligible Director has continued to be in the position of a director and/or employee of the Company and/or its subsidiary during the transfer restriction period; provided however that, if the Eligible Director loses any position of a director and/or employee of the Company and/or its subsidiary due to the expiration of his/her term of office, death, or any other reason deemed legitimate by the Board of Directors of the Company during the transfer restriction period, the Company will lift, at the time immediately after the loss, the transfer restriction on the Allotted Stocks in a quantity obtained by multiplying the number, which is obtained by dividing the number of months from the month following the month including the payment date to the month including the day of the loss by 36, by the number of the Allotted Stocks (if a fraction of less than one share arises as a result of the calculation, such fraction shall be rounded down).

(3) Acquisition by the Company without any consideration

The Company shall automatically acquire the Allotted Stocks, on which the transfer restriction is not lifted at the time (i) of expiration of the transfer restriction period or (ii) immediately after the Eligible Director loses any position of a director and/or employee of the Company and/or its subsidiary during the transfer restriction period.

(4) Management of stocks

The Allotted Stocks shall be managed in a dedicated account of restricted stock established by the Eligible Director at Daiwa Securities Co., Ltd. during the transfer restriction period so that the Eligible Director will not transfer, create security interest on, or otherwise dispose of the Allotted Stocks during the transfer restriction period.

(5) Treatment in the event of reorganization, etc.

During the transfer restriction period, if a merger agreement in which the Company becomes the disappearing

company, a share exchange agreement or share transfer plan through which the Company becomes a wholly-owned company, or other matters related to reorganization, etc. is approved at a general meeting of shareholders of the Company (if approval at a general meeting of shareholders of the Company is not required with respect to such reorganization, etc., the Board of Directors meeting), the Company will, subject to the resolution of the Board of Directors meeting, at the time immediately before the business day preceding the effective date of such reorganization, etc., lift the transfer restriction on the Allotted Stocks in a quantity obtained by multiplying the number, which is obtained by dividing the number of months from the month following the month including the payment date to the month including the approval date of such reorganization, etc. by 36, by the number of the Allotted Stocks held at such time (if a fraction of less than one share arises as a result of the calculation, such fraction shall be rounded down).

3. Basis for calculation of the subscription price and specific details thereof

The New issuance will be carried out in return for contribution in kind of the monetary remuneration claims, which are paid to the scheduled allottees based on the Plan and the subscription price thereof is 4,735 yen, which is the closing price of common stocks of the Company at Tokyo Stock Exchange on July 9, 2020 (the preceding business day to the day of the resolution at the Board of Directors), in order to eliminate any arbitrariness. This price is the market value immediately preceding the date of the resolution at the Board of Directors, and is a reasonable price that properly reflects the Company's corporate value in a state where there are no special circumstances under which the most recent stock price is not relied upon, and does not fall within a price that is particularly favorable to the Eligible Directors.