



April 28, 2022

To whom it may concern:

Net One Systems Co., Ltd.
(Stock Code: 7518, TSE Prime)

Notice regarding partial amendments to Net One Systems' Articles of Incorporation

Net One Systems Co., Ltd. ("Net One Systems") hereby announces that at a meeting held on April 28, 2022, its Board of Directors reached the decision to propose partial amendments to its Articles of Incorporation during the 35th Annual Shareholders Meeting scheduled for June 22, 2022. Further details have been included below.

1. Purpose of amendments to Articles of Incorporation

(1) Change of business purpose

Net One Systems proposes to add a business purpose to Article 2 (Purpose) of the current Articles of Incorporation in order to clarify the nature of the Company's business and to respond to the diversification of the Company's business in the future.

(2) Changes due to the transition to a company with an Audit & Supervisory Committee

Net One Systems proposes to shift from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee in order to enhance the independence and objectivity of the Board of Directors and further strengthen supervision of business execution by establishing a Board structure in which Outside Executive Directors (including Executive Directors who are Audit & Supervisory Committee Members) constitute a majority.

Accordingly, Net One Systems proposes to make necessary changes for the transition to a company with an Audit & Supervisory Committee, including the establishment of new provisions concerning Audit & Supervisory Committee Members and Audit & Supervisory Committee and the deletion of provisions concerning Audit & Supervisory Board Members and Audit & Supervisory Board.

In addition, in order to enhance management efficiency and enable flexible decision-making, the Company proposes to newly establish provisions regarding the transfer of authority to Executive Directors.

(3) Change in provisions concerning the chairperson of the Board of Directors

As it transitions into a company with an audit and supervisory committee, Net One Systems will aim to facilitate flexible operation of its Board of Directors and improve the objectivity and transparency of its decision-making by beginning to appoint as individuals authorized to convoke meetings of the Board of Directors and chairpersons of these meetings (as established in Article 21 [Board of Directors] of the current Articles of Incorporation) executive directors who have been previously specified by the board. This change will allow independent outside executive directors who are not involved in business execution to convoke and chair meetings of the Board of Directors.

Net One Systems plans to select Ms. Maya Ito, an independent outside executive director candidate, as the individual who will convoke and chair meetings of the Board of Directors to be held following the 35th Annual Shareholders Meeting on the condition that proposals regarding amendments to Net One Systems' Articles of Incorporation and the appointment of executive directors (excluding those who are members of the Audit & Supervisory Committee) are approved as originally submitted at the 35th Annual Shareholders Meeting.

(4) Changes due to the introduction of the system for electronic provision of materials for general meetings of shareholders

The revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) will be enforced on September 1, 2022, and the Company proposes the following amendments to the Company's Articles of Incorporation in preparation for the implementation of the system for electronic provision of materials for general meetings of shareholders. 1) Article 16 (Measures for Electronic Provision, etc.), Paragraph 1 of the proposed amendments stipulates that information that is the content of reference documents for the general meeting of shareholders, etc., shall be provided electronically. 2) Article 16 (Measures for Electronic Provision, etc.), Paragraph 2 of the proposed amendments establishes provisions to limit the scope of matters to be recorded in physical documents that are provided to shareholders who request the provision of physical documents. 3) As provisions concerning internet disclosure and deemed provision of reference documents for general meetings of shareholders (Article 16 of the current Articles of Incorporation) will no longer be necessary, these shall be deleted. 4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

2. Amendments to Articles of Incorporation

Details of amendments to the Articles of Incorporation can be found in the attached Appendix.

3. Schedule

Tentative date of the Annual General Meeting of Shareholders during which the Articles of Incorporation are to be amended: Wednesday, June 22, 2022

These amendments to the Articles of Incorporation shall become effective at the conclusion of the 35th Annual Shareholders Meeting. However, the removal of Article 16 of the current Articles of Incorporation and the new implementation of Article 16 of the amendment proposal shall become effective on the date stipulated in Article 2 of the supplementary provisions included in the proposed amendments to the Articles of Incorporation.

Appendix: Amendments to the Articles of Incorporation

(Underlined portions indicate changes.)

Current Articles of Incorporation	Proposed amendments
<p>CHAPTER I GENERAL PROVISIONS</p>	<p>CHAPTER I GENERAL PROVISIONS</p>
<p>Article 1 (Omitted)</p>	<p>Article 1 (Unchanged)</p>
<p>Article 2 (Purpose) The purpose of the Company shall be to engage in the following businesses: (1) to (9) (Omitted) (Newly established) (10) (Omitted)</p>	<p>Article 2 (Purpose) (Unchanged) (1) to (9) (Unchanged) <u>(10) Warehousing business</u> (11) (Unchanged)</p>
<p>Article 3 (Omitted)</p>	<p>Article 3 (Unchanged)</p>
<p>Article 4 (Organs) The Company shall have, in addition to the General Meeting of Shareholders and Executive Directors, the following organs: (1) Board of Directors (2) <u>Audit & Supervisory Board Members</u> (3) <u>Audit & Supervisory Board</u> (4) Accounting Auditor</p>	<p>Article 4 (Organs) The Company shall have, in addition to the General Meeting of Shareholders and Executive Directors, the following organs: (1) Board of Directors (2) <u>Audit & Supervisory Committee</u> (Deleted) (3) Accounting Auditor</p>
<p>Article 5 (Omitted)</p>	<p>Article 5 (Unchanged)</p>
<p>CHAPTER II SHARES</p>	<p>CHAPTER II SHARES</p>
<p>Articles 6 to 8 (Omitted)</p>	<p>Articles 6 to 8 (Unchanged)</p>
<p>Article 9 (Share Handling Regulations) The handling of shares of the Company shall be governed by the Share Handling Regulations established by the Board of Directors, in addition to those provided by laws and regulations or the Articles of Incorporation.</p>	<p>Article 9 (Share Handling Regulations) The handling of shares of the Company shall be governed by the Share Handling Regulations established by the Board of Directors <u>or an Executive Director delegated by resolution of the Board of Directors</u>, in addition to those provided by laws and regulations or the Articles of Incorporation.</p>

Current Articles of Incorporation	Proposed amendments
<p>Article 10 (Shareholder Register Administrator)</p> <ol style="list-style-type: none"> 1. The Company shall have a shareholder register administrator. 2. The shareholder register administrator and the place of business thereof shall be designated <u>by resolution of the Board of Directors</u>, and public notice thereof shall be given. 3. The administration of the Company's shareholder register and register of stock acquisition rights shall be entrusted to the shareholder register administrator and shall not be handled by the Company. 	<p>Article 10 (Shareholder Register Administrator)</p> <ol style="list-style-type: none"> 1. (Unchanged) 2. The shareholder register administrator and the place of business thereof shall be designated <u>by the Board of Directors or an Executive Director delegated by resolution of the Board of Directors</u>, and public notice thereof shall be given. 3. (Unchanged)
<p>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p>	<p>CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p>
<p>Articles 11 to 15 (Omitted)</p>	<p>Articles 11 to 15 (Unchanged)</p>
<p><u>Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders)</u> <u>In the convocation of general meetings of shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the reference documents for general meetings of shareholders, business report, non-consolidated financial statements, and consolidated financial statements via the internet disclosure in conformity with definitions provided in the Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>Article 16 (Measures for Electronic Provision, etc.)</u></p> <ol style="list-style-type: none"> 1. <u>In the convocation of general meetings of shareholders, the Company shall provide electronically information that is the content of reference documents for the general meeting of shareholders, etc.</u> 2. <u>Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for the provision of physical documents by the record date for voting rights.</u>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">CHAPTER IV EXECUTIVE DIRECTORS AND BOARD OF DIRECTORS</p>	<p style="text-align: center;">CHAPTER IV EXECUTIVE DIRECTORS AND BOARD OF DIRECTORS</p>
<p>Article 17 (Number of Executive Directors) The Company shall have three or more Executive Directors.</p> <p style="text-align: center;">(Newly established)</p>	<p>Article 17 (Number of Executive Directors)</p> <ol style="list-style-type: none"> 1. The Company shall have three or more Executive Directors <u>(excluding Executive Directors who are Audit & Supervisory Committee Members)</u>. 2. <u>The Company shall have three or more Executive Directors who are Audit & Supervisory Committee Members.</u>
<p>Article 18 (Election of Executive Directors)</p> <ol style="list-style-type: none"> 1. Executive Directors shall be elected at a general meeting of shareholders. 2. A resolution to elect Executive Directors shall be adopted by a majority of the voting rights of the shareholders present at a meeting where the shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. 3. No cumulative voting shall be used for the election of Executive Directors. (Newly established) 	<p>Article 18 (Election of Executive Directors)</p> <ol style="list-style-type: none"> 1. Executive Directors <u>distinguished as Executive Directors who are Audit & Supervisory Committee Members and Executive Directors who are not Audit & Supervisory Committee Members</u> shall be elected at a general meeting of shareholders. 2. (Unchanged) 3. (Unchanged) 4. <u>The period during which the resolution regarding the election of a substitute Executive Director who is an Audit & Supervisory Committee Member shall remain in effect shall be until the beginning of the annual shareholders meeting relating to the last fiscal year ending within two years after the said resolution.</u>

Current Articles of Incorporation	Proposed amendments
<p data-bbox="169 215 778 241">Article 19 (Term of Office of Executive Directors)</p> <p data-bbox="226 246 778 403">The term of office of Executive Directors shall expire at the conclusion of the annual shareholders meeting for the last fiscal year out of the fiscal years terminating within one year after their election.</p> <p data-bbox="414 533 660 560">(Newly established)</p> <p data-bbox="414 788 660 815">(Newly established)</p>	<p data-bbox="810 215 1426 241">Article 19 (Term of Office of Executive Directors)</p> <ol data-bbox="887 246 1426 1164" style="list-style-type: none"> <li data-bbox="887 246 1426 524">1. <u>The term of office of Executive Directors (excluding Executive Directors who are Audit & Supervisory Committee Members)</u> shall expire at the conclusion of the annual shareholders meeting for the last fiscal year out of the fiscal years terminating within one year after their election. <li data-bbox="887 528 1426 784">2. <u>The term of office of Executive Directors who are Audit & Supervisory Committee Members shall expire at the conclusion of the annual shareholders meeting for the last fiscal year out of the fiscal years terminating within two years after their election.</u> <li data-bbox="887 788 1426 1164">3. <u>The term of office of an Executive Director who is an Audit & Supervisory Committee Member elected as a substitute to an Executive Director who is an Audit & Supervisory Committee Member retired from office before the expiration of the term of office shall continue until the time the term of office of the retired Executive Director who is an Audit & Supervisory Committee Member expires.</u>
<p data-bbox="169 1200 676 1258">Article 20 (Representative Directors and Directors with Special Titles)</p> <ol data-bbox="245 1263 778 1675" style="list-style-type: none"> <li data-bbox="245 1263 778 1384">1. The Board of Directors shall appoint Representative Director(s) from among Executive Directors by its resolution. <li data-bbox="245 1456 778 1675">2. The Board of Directors may appoint, by its resolution, one Chairman, one President, one or a small number of Vice Presidents, one or a small number of Senior Managing Executive Directors, and one or a small number of Managing Executive Directors. 	<p data-bbox="810 1200 1318 1258">Article 20 (Representative Directors and Directors with Special Titles)</p> <ol data-bbox="887 1263 1426 1769" style="list-style-type: none"> <li data-bbox="887 1263 1426 1447">1. The Board of Directors shall appoint Representative Director(s) from among Executive Directors (<u>excluding Executive Directors who are Audit & Supervisory Committee Members</u>) by its resolution. <li data-bbox="887 1451 1426 1769">2. The Board of Directors may appoint, by its resolution, one Chairman, one President, one or a small number of Vice Presidents, one or a small number of Senior Managing Executive Directors, and one or a small number of Managing Executive Directors <u>from among Executive Directors (excluding Executive Directors who are Audit & Supervisory Committee Members).</u>

Current Articles of Incorporation	Proposed amendments
<p>Article 21 (Board of Directors)</p> <ol style="list-style-type: none"> 1. Unless otherwise provided by laws and regulations, a meeting of the Board of Directors shall be convened and chaired by <u>a Representative Director (or, if there is more than one Representative Director, by a person determined beforehand by the Board of Directors)</u>. However, in the absence or disability of <u>such Representative Director</u>, another Executive Director shall take his or her place in the order determined beforehand by the Board of Directors. 2. Convocation notice of a meeting of the Board of Directors shall be given to each Executive Director <u>and each Audit & Supervisory Board Member</u> at least three days prior to the date of the meeting. However, in case of an emergency, this period may be shortened. 3. The operation of the Board of Directors and other matters relating thereto shall be governed by the Regulations of the Board of Directors established by the Board of Directors, in addition to those provided by the laws and regulations or the Articles of Incorporation. 	<p>Article 21 (Board of Directors)</p> <ol style="list-style-type: none"> 1. Unless otherwise provided by laws and regulations, a meeting of the Board of Directors shall be convened and chaired by <u>an Executive Director determined beforehand by the Board of Directors</u>. However, in the absence or disability of <u>said Executive Director</u>, another Executive Director shall take his or her place in the order determined beforehand by the Board of Directors. 2. Convocation notice of a meeting of the Board of Directors shall be given to each Executive Director at least three days prior to the date of the meeting. However, in case of an emergency, this period may be shortened. 3. (Unchanged)
<p>Article 22 (Omission of Resolutions of Board of Directors Meetings)</p> <p>In cases where an Executive Director makes a proposal on a matter to be resolved at a meeting of the Board of Directors, the Company shall deem that proposal has been approved by a resolution of the Board of Directors if all Executive Directors (limited to those who are entitled to vote on the said matter) have expressed their consent to such proposal in writing or by electromagnetic record <u>(except when an Audit & Supervisory Board Member has stated an objection to said proposal)</u>.</p>	<p>Article 22 (Omission of Resolutions of Board of Directors Meetings)</p> <p>In cases where an Executive Director makes a proposal on a matter to be resolved at a meeting of the Board of Directors, the Company shall deem that proposal has been approved by a resolution of the Board of Directors if all Executive Directors (limited to those who are entitled to vote on the said matter) have expressed their consent to such proposal in writing or by electromagnetic record.</p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	
	<p><u>Article 23 (Delegation of Decisions on Important Business Execution)</u> <u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate decisions on important business execution (except matters provided for under each item of Paragraph 5 of the same Article) in part or in whole to Executive Directors by resolutions of the Board of Directors.</u></p>
<p>Article <u>23</u> (Remuneration, etc. of Executive Directors) Remuneration, etc. of Executive Directors shall be determined by a resolution of the General Meeting of Shareholders.</p>	<p>Article <u>24</u> (Remuneration, etc. of Executive Directors) Remuneration, etc. of Executive Directors <u>distinguished as Executive Directors who are Audit & Supervisory Committee Members and Executive Directors who are not Audit & Supervisory Committee Members</u> shall be determined by a resolution of the General Meeting of Shareholders.</p>
<p>Article <u>24</u> (Omitted)</p>	<p>Article <u>25</u> (Unchanged)</p>
<p><u>CHAPTER V</u> <u>AUDIT & SUPERVISORY BOARD MEMBERS</u> <u>AND AUDIT & SUPERVISORY BOARD</u></p>	<p>(Deleted)</p>
<p>Article <u>25</u> (Number of Audit & Supervisory Board Members) <u>The Company shall have three or more Audit & Supervisory Board Members.</u></p>	<p>(Deleted)</p>
<p>Article <u>26</u> (Election of Audit & Supervisory Board Members) 1. <u>Audit & Supervisory Board Members shall be elected at a general meeting of shareholders.</u> 2. <u>Resolutions of the election of Audit & Supervisory Board Members shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their votes at such meetings are present.</u></p>	<p>(Deleted)</p>

Current Articles of Incorporation	Proposed amendments
<p><u>Article 27 (Term of Office of Audit & Supervisory Board Members)</u></p> <ol style="list-style-type: none"> 1. <u>The term of office of an Audit & Supervisory Board Member shall expire at the conclusion of the annual shareholders meeting for the last fiscal year out of the fiscal years terminating within four years after the election of the Audit & Supervisory Board Member.</u> 2. <u>The term of office of an Audit & Supervisory Board Member who is elected as a substitute Audit & Supervisory Board Member retired from office before the expiration of the term of office shall continue until the time the term of office of the retired Audit & Supervisory Board Member expires.</u> 	(Deleted)
<p><u>Article 28 (Election of Substitute Audit & Supervisory Board Members)</u></p> <p><u>The effective date of a resolution for the election of a substitute Audit & Supervisory Board Member shall expire at the beginning of the annual shareholders meeting for the last fiscal year out of the fiscal years terminating within four years after the said resolution.</u></p>	(Deleted)
<p><u>Article 29 (Full-time Audit & Supervisory Board Members)</u></p> <ol style="list-style-type: none"> 1. <u>The Audit & Supervisory Board shall, by its resolution, select a few Full-time Audit & Supervisory Board Members from among Audit & Supervisory Board Members.</u> 2. <u>The Audit & Supervisory Board may, by its resolution, appoint a Standing Audit & Supervisory Board Member from among the Full-time Audit & Supervisory Board Members.</u> 	(Deleted)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 30 (Audit & Supervisory Board)</u></p> <ol style="list-style-type: none"> 1. <u>Convocation notice of a meeting of the Audit & Supervisory Board shall be given to each Audit & Supervisory Board Member at least three days prior to the date of the meeting. However, in case of an emergency, this period may be shortened.</u> 2. <u>The operation of the Audit & Supervisory Board and other matters relating thereto shall be governed by the Regulations of the Audit & Supervisory Board established by the Audit & Supervisory Board, in addition to those provided by the laws and regulations or the Articles of Incorporation.</u> 	(Deleted)
<p><u>Article 31 (Remuneration, etc.)</u> <u>Remuneration, etc. of Audit & Supervisory Board Members shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p><u>Article 32 (Exemption of Audit & Supervisory Board Members from Liability)</u></p> <ol style="list-style-type: none"> 1. <u>The Company may, by a resolution of the Board of Directors (a resolution pursuant to Article 426, Paragraph 1 of the Companies Act), exempt Audit & Supervisory Board Members from liability to the extent provided by laws and regulations.</u> 2. <u>The Company may enter into an agreement with Audit & Supervisory Board Members (an agreement pursuant to Article 427, Paragraph 1 of the Companies Act) to limit their liability for damages due to negligence of duties. However, the maximum amount of liability based on such agreement shall be the amount stipulated by laws and regulations.</u> 	(Deleted)

Current Articles of Incorporation	Proposed amendments
<p data-bbox="416 203 660 232">(Newly established)</p> <p data-bbox="416 297 660 327">(Newly established)</p> <p data-bbox="389 902 560 960">CHAPTER VI ACCOUNTS</p> <p data-bbox="172 996 539 1025">Articles <u>33</u> to <u>35</u> (Omitted)</p>	<p data-bbox="975 168 1257 197">Proposed amendments</p> <p data-bbox="858 203 1374 262"><u>CHAPTER V</u> <u>AUDIT & SUPERVISORY COMMITTEE</u></p> <p data-bbox="810 297 1362 327"><u>Article 26 (Audit & Supervisory Committee)</u></p> <ol data-bbox="887 331 1422 864" style="list-style-type: none"> <li data-bbox="887 331 1422 546">1. <u>Convocation notice of a meeting of the Audit & Supervisory Committee shall be given to each Audit & Supervisory Committee Member at least three days prior to the date of the meeting. However, in case of an emergency, this period may be shortened.</u> <li data-bbox="887 551 1422 864">2. <u>The operation of the Audit & Supervisory Committee and other matters relating thereto shall be governed by the Regulations of the Audit & Supervisory Committee established by the Audit & Supervisory Committee, in addition to those provided by the laws and regulations or the Articles of Incorporation.</u> <p data-bbox="1027 902 1198 960">CHAPTER VI ACCOUNTS</p> <p data-bbox="810 996 1214 1025">Articles <u>27</u> to <u>29</u> (Unchanged)</p>

Current Articles of Incorporation	Proposed amendments
(Newly established)	<p data-bbox="833 212 1182 241"><u>(Supplementary Provisions)</u></p> <p data-bbox="815 241 1426 638"><u>Article 1 Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may, to the extent permitted by laws and regulations, exempt any Audit & Supervisory Board Member (including former Audit & Supervisory Board Members) from liability for damage due to negligence of duties before the partial amendments to the Articles of Incorporation resolved at the 35th Annual Shareholders Meeting take effect by a resolution of the Board of Directors.</u></p>
(Newly established)	<p data-bbox="815 647 927 676"><u>Article 2</u></p> <ol data-bbox="890 685 1426 1556" style="list-style-type: none"> <li data-bbox="890 685 1426 987">1. <u>The amendment of Article 16 of the Articles of Incorporation shall take effect from September 1, 2022, which is the date of enforcement of the revised provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”).</u> <li data-bbox="890 996 1426 1299">2. <u>Notwithstanding the provisions of the previous paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for General Meetings of Shareholders) of the Articles of Incorporation shall remain valid for general meetings of shareholders held on a day that is within six months of the Enforcement Date.</u> <li data-bbox="890 1308 1426 1556">3. <u>Provisions of this Article shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the general meeting of shareholders in the previous paragraph, whichever is later.</u>