October 24, 2019

To Whom It May Concern

Company Name: SOU Inc.
Representative: Shinsuke Sakimoto, Representative Director
(Securities Code: 9270 TSE Mothers)
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Announcement Concerning Transition to Company with Audit & Supervisory Committee, Partial Amendments to Articles of Incorporation, and Changes of Directors

SOU Inc. (the "Company") announces that at a Board of Directors meeting held today, a resolution was made to transition to a Company with Audit & Supervisory Committee, subject to approval at the Eighth Ordinary General Meeting of Shareholders to be held on November 22, 2019. In addition, regarding this transition, the Company decided on partial amendments to the Articles of Incorporation and candidates for Directors to be proposed at the same Ordinary General Meeting of Shareholders as follows.

1. Transition to Company with Audit & Supervisory Committee

(1) Purpose of transition

The Company plans to transition to a holding company structure on March 1, 2020, as described in "Announcement Concerning Preparation for Transition to Holding Company Structure via Company Split and Establishment of Subsidiary (Preparatory Split Company)," issued today.

Ahead of this transition, we decided to transition to a Company with Audit & Supervisory Committee from a Company with Audit & Supervisory Board to speed up decision-making of the Board of Directors and improve flexibility as well as enhance corporate governance and its effectiveness by further strengthening our monitoring structure and supervision functions.

(2) Timing of transition

We will transition to a Company with Audit & Supervisory Committee at the conclusion of the Eighth Ordinary General Meeting of Shareholders to be held on November 22, 2019, after obtaining approval for the necessary amendments to the Articles of Incorporation and other matters at the same Ordinary General Meeting of Shareholders.

2. Partial Amendments to the Articles of Incorporation

(1) Overview of amendments

1) To transition to a Company with Audit & Supervisory Committee, provisions regarding the Audit & Supervisory Board Members and Audit & Supervisory Board will be abolished and provisions regarding the Audit & Supervisory Committee Members and Audit & Supervisory Committee will be newly established. Also, related articles will be amended as needed.
2) With a transition to a Company with Audit & Supervisory Committee, a provision will be newly established such that by a resolution of the Board of Directors, the Company may delegate to Directors all or part of decisions on execution of important operations.
3) The Company intends to introduce a new provision for the purchase of fractional shares to improve stock trading convenience. Further, the Company will amend Article 8 of the Articles of Incorporation (*Rights Related to Fractional Share Holdings*).

4) Regarding the above, the numbering of articles will be amended and other necessary changes will be made in accordance with the establishment, amendment or abolishment of articles.

(2) Details of amendments

Details of the amendments are as per the attachment.

(3) Schedule

1) General Meeting of Shareholders for amendments to the Articles of Incorporation (tentative)
Friday, November 22, 2019

2) Effective date of amendments of the Articles of Incorporation (tentative) Friday, November 22, 2019

3. Candidates for Director (to be proposed at the Eighth Ordinary General Meeting of Shareholders)

(1) Candidates for Director (excluding Directors who are Audit & Supervisory Committee Members)

Name	New position	Current position
Shinsuke Sakimoto	Representative Director	Same as to the left
Toshihide Ohzono	Director	Same as to the left
Hirokazu Kojima	Director	Same as to the left

(2) Candidates for Directors who are Audit & Supervisory Committee Members

Name	New position	Current position
Masahide Kamachi	Director Audit & Supervisory Committee Member (outside)	Director (outside)
Kiyohito Hamada	Director Audit & Supervisory Committee Member (outside)	Audit & Supervisory Board Member (outside)
Takashi Goto	Director Audit & Supervisory Committee Member (outside)	Audit & Supervisory Board Member (outside)

(3) Directors and Audit & Supervisory Board Members to leave office

Name	Current position
Kei Fujita	Executive director
Tadashi Ishikawa	Full-time Audit & Supervisory Board Member

(Attachment)

* Changes are underlined.

Current Articles of Incorporation	**Proposed amendment**
Chapter 1. General Provisions	Chapter 1. General Provisions
Article 1. through Article 3. (Omitted)	Article 1. through Article 3. (Unchanged)
(Organization) Article 4. The Company shall have the following organizations in addition to a General Meeting of Shareholders and Directors: (1) Board of Directors (2) Audit & Supervisory Board Members (3) Audit & Supervisory Board (4) Accounting auditor	(Organization) Article 4. The Company shall have the following organizations in addition to a General Meeting of Shareholders and Directors: (1) Board of Directors (2) Audit & Supervisory Committee (Deleted) (3) Accounting auditor
Article 5. (Omitted)	Article 5. (Unchanged)
Chapter 2. Shares	Chapter 2. Shares
Article 6. through Article 7. (Omitted)	Article 6. through Article 7. (Unchanged)
(Rights Related to Fractional Share Holdings) Article 8. A shareholder of the Company may not exercise any rights with respect to fractional shares held by said shareholder other than the following rights. (1) (Omitted) (2) (Omitted) (3) (Omitted) (Newly established)	(Rights Related to Fractional Share Holdings) Article 8. (Unchanged) (1) (Unchanged) (2) (Unchanged) (3) (Unchanged) (4) Rights to exercise a demand as provided for in the subsequent article
(Newly established)	(Additional Purchase of Fractional Shares) Article 9. A shareholder of the Company may, in accordance with the Share Handling Rules, demand the Company sell said number of shares which, together with the number of fractional shares held by said shareholder, would constitute one unit.

Current Articles of Incorporation	**Proposed amendment**
Article 9. through Article 10. (Omitted)	Article 10. through Article 11. (Unchanged)
Chapter 3. General Meeting of Shareholders	Chapter 3. General Meeting of Shareholders
Article 11. through Article 16. (Omitted)	Article 12. through Article 17. (Unchanged)
Chapter 4. Directors and Board of Directors	Chapter 4. Directors and Board of Directors
(Number of Directors) Article 17. The Company shall have not more than 10 (ten) Directors.	(Number of Directors) Article 18. The Company shall have not more than 10 (ten) Directors (excluding Directors who are Audit & Supervisory Committee Members).
(Newly established)	2. The Company shall have not more than five (5) Directors who are Audit & Supervisory Committee Members.
(Appointment of Directors) Article 18. Directors shall be appointed at a General Meeting of Shareholders.	(Appointment of Directors) Article 19. Directors shall be appointed at a General Meeting of Shareholders with distinction being made between Directors who are Audit & Supervisory Committee Members and other Directors.
2. (Omitted)	2. (Unchanged)
3. (Omitted)	3. (Unchanged)
(Term of Directors) Article 19. The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within one (1) year from their appointment to office.	(Term of Directors) Article 20. The term of office of Directors (excluding Directors who are Audit & Supervisory Committee Members) shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within one (1) year from their appointment to office.
(Newly established)	2. The term of office of Directors who are Audit & Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within two (2) years from their

Current Articles of Incorporation	**Proposed amendment**
	appointment to office.
(Newly established)	3. The term of office of a Director who is an Audit & Supervisory Committee Member appointed as a substitute of a Director who is an Audit & Supervisory Committee Member who has retired prior to the expiry of the term of office shall expire at the end of the term of office of the retired Director who is an Audit & Supervisory Committee Member.
(Newly established)	4. The effective term of a pre-elected Substitute Director who is an Audit & Supervisory Committee Member shall expire at the beginning of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within two (2) years from appointment to office.
Article 20. through Article 21. (Omitted)	Article 21. through Article 22. (Unchanged)
(Notice of Convocation of the Board of Directors)	(Notice of Convocation of the Board of Directors)
Article 22. A notice of convocation of the Board of Directors meeting shall be dispatched to each Director and Audit & Supervisory Board Member at least three (3) days prior to the meeting; provided, however, that in the event of emergency, such period may be shortened.	Article 23. A notice of convocation of the Board of Directors meeting shall be dispatched to each Director at least three (3) days prior to the meeting; provided, however, that in the event of emergency, such period may be shortened.
2. If the consent of all Directors and Audit & Supervisory Board Members is obtained, the Board of Directors meeting may be held without the procedures for convocation.	2. If the consent of all Directors is obtained, a Board of Directors meeting may be held without the procedures for convocation.
(Newly established)	(Delegation of Decisions on Execution of Important Operations)
	Article 24. The Board of Directors may, pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, delegate to Directors all or part of decisions on execution of important operations (excluding matters set forth in items of Paragraph 5 of the same Article) by its

Current Articles of Incorporation	**Proposed amendment**
	resolution.
Article 23. through Article 24. (Omitted)	Article 25. through Article 26. (Unchanged)
(Compensation, etc., for Directors) Article 25. Compensation, bonuses, and other financial benefits given to Directors by the Company as consideration for execution of their duties (hereinafter, "Compensation, etc.") shall be determined by resolution of a General Meeting of Shareholders.	(Compensation, etc., for Directors) Article 27. Compensation, bonuses, and other financial benefits given to Directors by the Company as consideration for execution of their duties shall be determined by resolution of a General Meeting of Shareholders with distinction being made between Directors who are Audit & Supervisory Committee Members and Other directors.
Article 26. (Omitted)	Article 28. (Unchanged)
Chapter 5. Audit & Supervisory Board Members and Audit & Supervisory Board	(Deleted)
(Number of Audit & Supervisory Board Members) Article 27. The Company shall have not more than five (5) Audit & Supervisory Board Members.	(Deleted)
(Appointment of Audit & Supervisory Board Members) Article 28. Audit & Supervisory Board Members shall be appointed at a General Meeting of Shareholders. 2. Resolutions for the appointment of Audit & Supervisory Board Members shall be adopted by a majority of voting rights of the attending shareholders who hold one-third (1/3) or more of the total number of voting rights of shareholders entitled to exercise voting rights.	(Deleted)
(Term of Audit & Supervisory Board Members) Article 29. The term of office of Audit & Supervisory Board Members shall expire at the conclusion	(Deleted)

Current Articles of Incorporation	**Proposed amendment**
of the Ordinary General Meeting of Shareholders held with respect to the last fiscal year ending within four (4) years from their appointment to office. 2. The term of office of an Audit & Supervisory Board Member appointed as a substitute for an Audit & Supervisory Board Member who has retired prior to the expiry of the term of office shall expire at the end of the term of office of the retired Audit & Supervisory Board Member.	
(Effective Term of Pre-election of Substitute Audit & Supervisory Board Members) Article 30. The effective term of a pre-elected Substitute Audit & Supervisory Board Member shall expire at the beginning of the Ordinary General Meeting of Shareholders to be held four (4) years after the General Meeting of Shareholders where he or she was elected.	(Deleted)
(Full-time Audit & Supervisory Board Members) Article 31. The Audit & Supervisory Board shall appoint full-time Audit & Supervisory Board Members by its resolution.	(Deleted)
(Notice of Convocation of the Audit & Supervisory Board) Article 32. A notice of convocation of the Audit & Supervisory Board meeting shall be dispatched to each Audit & Supervisory Board Member at least three (3) days prior to the meeting; provided, however, that in the event of emergency, such period may be shortened. 2. If the consent of all Audit & Supervisory Board Members is obtained, an Audit & Supervisory Board meeting may be held without the procedures for convocation.	(Deleted)

Current Articles of Incorporation	**Proposed amendment**
(Audit & Supervisory Board Regulations) Article 33. Matters regarding the Audit & Supervisory Board shall be governed by the Audit & Supervisory Board Regulations established by the Audit & Supervisory Board, in addition to laws and regulations or these Articles of Incorporation.	(Deleted)
(Compensation, etc. for Audit & Supervisory Board Members) Article 34. Compensation, etc., for Audit & Supervisory Board Members shall be determined by resolution of a General Meeting of Shareholders.	(Deleted)
(Exemption of Audit & Supervisory Board Members from Liabilities) Article 35. The Company may, pursuant to the provisions of Article 426, Paragraph 1 of the Companies Act and by resolution of the Board of Directors, exempt Audit & Supervisory Board Members (including those who were Audit & Supervisory Board Members) from liabilities for damages caused by negligence of duties within the limits as stipulated by laws and regulations. 2. The Company may, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, conclude agreements with Audit & Supervisory Board Members that limit liabilities for damages caused by negligence of duties; provided, however, that the maximum amount of liabilities based on said agreement shall be the amount stipulated by laws and regulations	(Deleted)
(Newly established)	Chapter 5. Audit & Supervisory Committee
(Newly established)	(Full-time Audit & Supervisory Committee Members) Article 29. The Audit & Supervisory Committee shall

Current Articles of Incorporation	**Proposed amendment**
	appoint full-time Audit & Supervisory Committee Members by its resolution.
(Newly established)	(Notice of Convocation of the Audit & Supervisory Committee) Article 30. A notice of convocation of the Audit & Supervisory Committee meeting shall be dispatched to each Audit & Supervisory Committee Member at least three (3) days prior to the meeting; provided, however, that in the event of emergency, such period may be shortened. 2. If the consent of all Audit & Supervisory Committee Members is obtained, an Audit & Supervisory Committee meeting may be held without the procedures for convocation.
(Newly established)	(Audit & Supervisory Committee Regulations) Article 31. Matters regarding the Audit & Supervisory Committee shall be governed by the Audit & Supervisory Committee Regulations established by the Audit & Supervisory Committee, in addition to laws and regulations or these Articles of Incorporation.
Chapter 6. Accounting	Chapter 6. Accounting
Article 36. through Article 39. (Omitted)	Article 32. through Article 35. (Unchanged)
(Newly established)	Supplementary Provisions
(Newly established)	(Transitional Measures regarding Exemption from Liabilities of Audit & Supervisory Board Members) Article 1. By resolution of the Board of Directors, the Company may exempt Audit & Supervisory Board Members (including those who were Audit & Supervisory Board Members) from

Current Articles of Incorporation	**Proposed amendment**
	liabilities for damages relating to actions taken prior to the conclusion of the Eighth Ordinary General Meeting of Shareholders pursuant to the provisions of Article 423, Paragraph 1 of the Companies Act within the limits as stipulated by laws and regulations.