

February 22, 2023

Company name: DRAFT Inc.
(Code number: 5070, Growth market
of the Tokyo Stock Exchange)
Representative: Taiju Yamashita, Representative
Director
Contact: Hisataka Kumagawa, Senior
Corporate Officer
(Telephone: +81-3-5412-1001)

Notice regarding Partial Amendments to the Articles of Incorporation

At a meeting of the Board of Directors held today, DRAFT Inc. (the Company) resolved to submit a proposal for “Partial amendments to the Articles of Incorporation” to the 15th Annual General Meeting of Shareholders scheduled to be held on March 30, 2023.

1. Purpose of amending the Articles of Incorporation

- (1) As separately disclosed in the “Notice of Transition to a Company with an Audit and Supervisory Committee and Executive Personnel Changes” dated today, DRAFT Inc. has resolved to transition from a company with an audit and supervisory board to a company with an audit and supervisory committee in order to strengthen the supervisory function of the Board of Directors and further enhance corporate governance through a stronger supervisory system by making Audit and Supervisory Committee members, who are responsible for auditing the directors’ performance of their duties, members of the Board of Directors, subject to approval at the 15th Annual General Meeting of Shareholders scheduled for March 30, 2023. Accordingly, the Company will make changes necessary for the transition to a company with an audit and supervisory committee, including the establishment of new provisions regarding directors who are members of the Audit and Supervisory Committee and the Audit and Supervisory Committee, and the deletion of provisions regarding Audit and Supervisory Board members and the Audit and Supervisory Board.
- (2) In addition, the Company will make other necessary changes, such as revisions to the wording, in accordance with the above changes.

2. Details of the changes to the Articles of Incorporation

The details of the changes are as shown in the attached sheet.

3. Schedule

Scheduled date of the General Meeting of Shareholders to amend the Articles of Incorporation: Thursday, March 30, 2023
Scheduled effective date of changes to the Articles of Incorporation: Thursday, March 30, 2023

Attachment: Details of the amendments to the Articles of Incorporation

(Changes are underlined)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 (Text omitted)</p> <p>(Objectives)</p> <p>Article 2 The purpose of the Company shall be to operate the following businesses. <u>1</u> to <u>19</u> (Text omitted)</p> <p>Article 3 (Text omitted)</p> <p>(Organizations)</p> <p>Article 4 In addition to the General Meeting of Shareholders and directors, the Company shall have the following organizations. <u>1</u>. Board of Directors <u>2</u>. <u>Audit and Supervisory Board members</u> <u>3</u>. <u>Audit and Supervisory Board</u> <u>4</u>. Accounting auditor</p> <p>Article 5 (Text omitted)</p>	<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 (Unchanged)</p> <p>(Objectives)</p> <p>Article 2 The purpose of the Company shall be to operate the following businesses. <u>(1)</u> to <u>(19)</u> (Unchanged)</p> <p>Article 3 (Unchanged)</p> <p>(Organizations)</p> <p>Article 4 In addition to the General Meeting of Shareholders and directors, the Company shall have the following organizations. <u>(1)</u> Board of Directors <u>(2)</u> <u>Audit and Supervisory Committee</u> (Removed) <u>(3)</u> Accounting auditor</p> <p>Article 5 (Unchanged)</p>
<p style="text-align: center;">Chapter 2 Shares</p> <p>Articles 6 to 8 (Text omitted)</p> <p>(Rights relating to fractional shares)</p> <p>Article 9 Shareholders who hold fractional shares of the Company shall not be entitled to exercise any rights other than those listed below with respect to the fractional shares held. <u>1</u> to <u>3</u> (Text omitted)</p> <p>Articles 10 to 11 (Text omitted)</p>	<p style="text-align: center;">Chapter 2 Shares</p> <p>Articles 6 to 8 (Unchanged)</p> <p>(Rights relating to fractional shares)</p> <p>Article 9 Shareholders who hold fractional shares of the Company shall not be entitled to exercise any rights other than those listed below with respect to the fractional shares held. <u>(1)</u> to <u>(3)</u> (Unchanged)</p> <p>Articles 10 to 11 (Unchanged)</p>
Chapter 3	Chapter 3

General Meeting of Shareholders	General Meeting of Shareholders
Articles 12 to 18 (Text omitted)	Article 12 to Article 18 (Unchanged)
<p style="text-align: center;">Chapter 4 Directors and Board of Directors</p>	<p style="text-align: center;">Chapter 4 Directors and Board of Directors</p>
<p>(Number of members) Article 19 The Company shall have no more than <u>6 (six)</u> directors. (Newly established)</p>	<p>(Number of members) Article 19 The Company shall have no more than <u>10 (ten)</u> directors. <u>2. Of the directors set forth in the preceding paragraph, there shall be no more than four (4) directors who are members of the Audit and Supervisory Committee.</u></p>
<p>(Method of appointment) Article 20 Directors shall be appointed at the General Meeting of Shareholders.</p>	<p>(Method of appointment) Article 20 Directors shall be appointed at the General Meeting of Shareholders, <u>distinguishing between those who are members of the Audit and Supervisory Committee and those who are not.</u></p>
2 to 3 (Text omitted)	2 to 3 (Unchanged)
<p>(Term of office) Article 21 The term of office of directors shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year ending within <u>two (2) years</u> after their appointment. (Newly established)</p>	<p>(Term of office) Article 21 The term of office of directors (<u>excluding directors who are members of the Audit and Supervisory Committee</u>) shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year ending within <u>one (1) year</u> after their appointment.</p>
<p><u>2. The term of office of a director appointed to fill a vacancy left by a director who resigns before the expiration of his or her term of office or as a result of an increase in the number of directors</u></p>	<p><u>2. The term of office of directors who are members of the Audit and Supervisory Committee shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year ending within two (2) years after their appointment.</u> (Removed)</p>

shall be the same as the remaining term of office of his or her predecessor or any other director in office.

(Newly established)

(Newly established)

(Representative director)

Article 22

The Board of Directors shall appoint a representative director through a resolution.

Article 23 (Text omitted)

(Notice of convocation of the Board of Directors meeting)

Article 24

Notice of a meeting of the Board of Directors shall be issued to each director and each Audit and Supervisory Board member at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of an emergency.

2. With the unanimous consent of all directors and Audit and Supervisory Board members, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.

3. The term of office of a director who is a member of the Audit and Supervisory Committee appointed to fill a vacancy left by a director who resigns before the expiration of his or her term of office shall expire when the term of office of the outgoing director who is a member of the Audit and Supervisory Committee expires.

4. The effective term of the resolution for the appointment of a substitute director who is a member of the Audit and Supervisory Committee appointed pursuant to Article 329, Paragraph 3 of the Companies Act shall expire at the beginning of the Annual General Meeting of Shareholders held for the last fiscal year ending within two (2) years after his or her appointment.

(Representative director)

Article 22

The Board of Directors shall appoint a representative director from among the directors (excluding directors who are members of the Audit and Supervisory Committee) through a resolution.

Article 23 (Unchanged)

(Notice of convocation of the Board of Directors meeting)

Article 24

Notice of a meeting of the Board of Directors shall be issued to each director at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of an emergency.

2. With the unanimous consent of all directors, a meeting of the Board of Directors may be held without following the procedures for convening a meeting.

<p>(Newly established)</p> <p>Article <u>25</u> (Text omitted)</p> <p>(Board of Directors meeting minutes) Article <u>26</u> The proceedings and results of the Board of Directors meetings and other matters stipulated by laws and regulations shall be entered or recorded in the minutes, and the directors <u>and Audit and Supervisory Board members</u> present at the meetings shall affix their names and seals thereto or electronically sign the minutes.</p> <p>Article <u>27</u> (Text omitted)</p> <p>(Compensation, etc.) Article <u>28</u> Compensation, bonuses, and other forms of financial benefits that directors receive from the Company in exchange for the performance of their duties (hereinafter referred to as "Compensation, etc.") shall be determined by a resolution of the General Meeting of Shareholders.</p> <p>(Exemption from liability) Article <u>29</u> (Text omitted)</p> <p style="text-align: center;"><u>Chapter 5</u> <u>Audit and Supervisory Board Members and Audit</u></p>	<p><u>(Delegation of important business execution decisions)</u> Article <u>25</u> <u>The Company may, pursuant to Article 399-13, Paragraph 6 of the Companies Act, by resolution of the Board of Directors, delegate all or part of important business execution decisions (excluding the matters listed in each item of Paragraph 5 of the same Article) to directors.</u></p> <p>Article <u>26</u> (Unchanged)</p> <p>(Board of Directors meeting minutes) Article <u>27</u> The proceedings and results of the Board of Directors meetings and other matters stipulated by laws and regulations shall be entered or recorded in the minutes, and the directors present at the meetings shall affix their names and seals thereto or electronically sign the minutes.</p> <p>Article <u>28</u> (Unchanged)</p> <p>(Compensation, etc.) Article <u>29</u> Compensation, bonuses, and other forms of financial benefits that directors receive from the Company in exchange for the performance of their duties (hereinafter referred to as "Compensation, etc.") shall be determined by a resolution of the General Meeting of Shareholders, <u>making a distinction between directors who are members of the Audit and Supervisory Committee and those who are not such members.</u></p> <p>(Exemption from liability) Article <u>30</u> (Unchanged)</p> <p style="text-align: center;">(Removed)</p>
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<p style="text-align: center;"><u>and Supervisory Board</u></p> <p><u>(Number of members)</u> <u>Article 30</u> <u>The Company shall have no more than four (4) Audit and Supervisory Board members.</u></p> <p><u>(Method of appointment)</u> <u>Article 31</u> <u>Audit and Supervisory Board members shall be appointed at the General Meeting of Shareholders.</u> <u>2. The resolution for the appointment of Audit and Supervisory Board members shall be passed with a majority of the voting rights of the shareholders present at the meeting at which shareholders holding at least one-third (1/3) of the total number of voting rights of shareholders who are entitled to exercise their voting rights are present.</u></p> <p><u>(Term of office)</u> <u>Article 32</u> <u>The term of office of Audit and Supervisory Board members shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year ending within four (4) years after their appointment.</u> <u>2. The term of office of an Audit and Supervisory Board member appointed to fill a vacancy left by an Audit and Supervisory Board member who resigns before the expiration of his or her term of office shall expire when the term of office of the outgoing Audit and Supervisory Board member expires.</u></p> <p><u>(Full-time Audit and Supervisory Board members)</u> <u>Article 33</u> <u>The Audit and Supervisory Board shall appoint full-time Audit and Supervisory Board members through a resolution.</u></p> <p><u>(Notice of convocation of the Audit and Supervisory Board meeting)</u> <u>Article 34</u></p>	<p style="text-align: center;">(Removed)</p> <p style="text-align: center;">(Removed)</p> <p style="text-align: center;">(Removed)</p> <p style="text-align: center;">(Removed)</p> <p style="text-align: center;">(Removed)</p>
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<p><u>Notice of a meeting of the Audit and Supervisory Board shall be issued to each Audit and Supervisory Board member at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of an emergency.</u></p> <p><u>2. With the unanimous consent of all Audit and Supervisory Board members, a meeting of the Audit and Supervisory Board may be held without following the procedures for convening a meeting.</u></p>	
<p><u>(Method of resolution by the Audit and Supervisory Board)</u></p> <p><u>Article 35</u></p> <p><u>Resolutions of the Audit and Supervisory Board shall be adopted by a majority of the Audit and Supervisory Board members, unless otherwise stipulated by law.</u></p>	(Removed)
<p><u>(Audit and Supervisory Board meeting minutes)</u></p> <p><u>Article 36</u></p> <p><u>The proceedings and results of the Audit and Supervisory Board meetings and other matters stipulated by laws and regulations shall be entered or recorded in the minutes, and the Audit and Supervisory Board members present at the meetings shall affix their names and seals thereto or electronically sign the minutes.</u></p>	(Removed)
<p><u>(Audit and Supervisory Board Regulations)</u></p> <p><u>Article 37</u></p> <p><u>Matters concerning the Audit and Supervisory Board shall be governed by the Audit and Supervisory Board Regulations established by the Audit and Supervisory Board in addition to laws and regulations or these Articles of Incorporation.</u></p>	(Removed)
<p><u>(Compensation, etc.)</u></p> <p><u>Article 38</u></p> <p><u>Compensation, etc. for Audit and Supervisory Board members shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	(Removed)

(Exemption from liability)

Article 39

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may exempt Audit and Supervisory Board members (including former Audit and Supervisory Board members) from their liability for damages due to negligence of their duties by a resolution of the Board of Directors to the extent permitted by law.

2. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company may enter into an agreement with Audit and Supervisory Board members to limit their liability for damages prescribed in Article 423, Paragraph 1 of the same Act. However, the maximum amount of liability based on the contract shall be the amount stipulated by law.

(Newly established)

(Newly established)

(Newly established)

(Removed)

Chapter 5

Audit and Supervisory Committee

(Full-time Audit and Supervisory Committee members)

Article 31

The Audit and Supervisory Committee may appoint full-time Audit and Supervisory Committee members through a resolution.

(Notice of convocation of the Audit and Supervisory Committee meeting)

Article 32

Notice of a meeting of the Audit and Supervisory Committee shall be issued to each Audit and Supervisory Committee member at least three (3) days prior to the date of the meeting. However, this period may be shortened in case of an emergency.

2. With the unanimous consent of all Audit and Supervisory Committee members, a meeting of the Audit and Supervisory Committee may be held without following the procedures for convening a meeting.

<p>(Newly established)</p>	<p><u>(Method of resolution by the Audit and Supervisory Committee)</u> <u>Article 33</u> <u>Resolutions of the Audit and Supervisory Committee shall be adopted by a majority of the Audit and Supervisory Committee members present at a meeting at which a majority of the Audit and Supervisory Committee members who are entitled to participate in the voting are in attendance.</u></p>
<p>(Newly established)</p>	<p><u>(Audit and Supervisory Committee meeting minutes)</u> <u>Article 34</u> <u>The proceedings and results of the Audit and Supervisory Committee meetings and other matters stipulated by laws and regulations shall be entered or recorded in the minutes, and the Audit and Supervisory Committee members present at the meetings shall affix their names and seals thereto or electronically sign the minutes.</u></p>
<p>(Newly established)</p>	<p><u>(Audit and Supervisory Committee Regulations)</u> <u>Article 35</u> <u>Matters concerning the Audit and Supervisory Committee shall be governed by the Audit and Supervisory Committee Regulations established by the Audit and Supervisory Committee in addition to laws and regulations or these Articles of Incorporation.</u></p>
<p>Chapter 6 Accounting Auditors</p>	<p>Chapter 6 Accounting Auditors</p>
<p>Articles <u>40</u> to <u>41</u> (Text omitted)</p>	<p>Articles <u>36</u> to <u>37</u> (Unchanged)</p>
<p>(Compensation, etc.) Article <u>42</u> Compensation, etc. of accounting auditors shall be determined by the representative director with the consent of the <u>Audit and Supervisory Board</u>.</p>	<p>(Compensation, etc.) Article <u>38</u> Compensation, etc. of accounting auditors shall be determined by the representative director with the consent of the <u>Audit and Supervisory Committee</u>.</p>
<p>Chapter 7</p>	<p>Chapter 7</p>

<p style="text-align: center;">Accounts</p> <p>Articles <u>43</u> to <u>46</u> (Text omitted)</p> <p style="text-align: center;">(Newly established)</p> <p style="text-align: center;">(Newly established)</p>	<p style="text-align: center;">Accounts</p> <p>Articles <u>39</u> to <u>42</u> (Unchanged)</p> <p><u>Supplementary Provisions</u></p> <p><u>(Transitional measures relating to exemption of Audit and Supervisory Board members from liability)</u></p> <p><u>Article 1</u></p> <p><u>Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company may exempt Audit and Supervisory Board members (including former Audit and Supervisory Board members) from their liability for damages for acts committed prior to the conclusion of the 15th Annual General Meeting of Shareholders by a resolution of the Board of Directors to the extent permitted by law.</u></p>
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