

# CONVOCATION NOTICE OF THE 24TH ANNUAL SHAREHOLDERS' MEETING

## ■ Date and Time:

**Monday, June 24, 2019**  
**1:00 p.m.**

## ■ Venue:

**Keidanren Kaikan**  
**Conference Rooms #401-402**  
1-3-2 Otemachi, Chiyoda-ku, Tokyo

### Shareholders unable to attend

Please review the reference documents  
and exercise your voting rights  
either by mailing the enclosed ballot,  
or via the internet.

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This unofficial document has been translated from a part of the Japanese original for reference purposes only.  
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.  
The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

**Digital Arts Inc.**  
(Securities Code: 2326)

Dear Shareholders:

**Toshio Dogu**  
Representative Director, President and Chief Executive Officer

**Digital Arts Inc.**  
1-5-1 Otemachi Chiyoda-ku, Tokyo

## CONVOCATION NOTICE OF THE 24TH ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the 24th Annual Shareholders' Meeting of Digital Arts Inc. (the "Company"). If you are unable to attend the Meeting, please review the Reference Documents for the Annual Shareholders' Meeting (described hereinafter) and exercise your voting rights either in writing by submitting the enclosed ballot, or via the internet. In either way, the deadline is no later than 7 p.m. on Friday, June 21, 2019 (JST).

<b>RESULTS BRIEFING</b>	After the close of the Annual Shareholders' Meeting, a Results Briefing Session will be held in the same venue as an opportunity for our shareholders to better understand the Company.
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<b>1. Date and Time</b>	Monday, June 24, 2019 at 1:00 p.m. (JST)
<b>2. Venue</b>	Keidanren Kaikan Conference Rooms #401-402 Located at 1-3-2 Otemachi, Chiyoda-ku, Tokyo
<b>3. Agenda</b>	<p><b>Matters to be Reported</b></p> <ol style="list-style-type: none"> <li>1. Business review and consolidated financial statements for FY2018 (April 1, 2018 – March 31, 2019) and report by the Accounting Auditor and the Audit &amp; Supervisory Committee on the audit results of the consolidated financial statements</li> <li>2. Nonconsolidated financial statements for FY2018 (April 1, 2018 – March 31, 2019)</li> </ol> <p><b>Matters to be Resolved</b></p> <p>Proposed Resolution 1: Appropriation of Surplus</p> <p>Proposed Resolution 2: Election of Three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members)</p> <p>Proposed Resolution 3: Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member</p> <p>Proposed Resolution 4: Determination of Remuneration for Assignment of Restricted Stock to Directors (excluding Directors who are Audit and Supervisory Committee Member)</p>

- © Shareholders are requested to present the enclosed ballot at the reception desk upon arrival at the meeting.
- © In accordance with applicable laws and regulations and Article 16 of the Articles of Incorporation, the following information in Japanese is posted on the Company's website (<http://www.daj.jp/ir/stock/meeting>) and are not presented in this Notice:
  - ① Notes to consolidated financial statements of the consolidated financial statements
  - ② Notes to non-consolidated financial statements of the non-consolidated financial statements
- © Any updates to the reference materials for the Annual Shareholders' Meeting, business reports, consolidated financial statements, and non-consolidated financial statements will be posted in the Investor's Relation section of the Company's website (Japanese only).

## Reference Documents for the Annual Shareholders' Meeting

### Proposed Resolution 1

### Appropriation of Surplus

The Company recognizes the return of profits to shareholders as one of its most important management tasks. While the Company maintains internal reserves to enhance financial standings, expand existing businesses and develop new businesses, the Company adopts a basic policy to deliver adequate and stable returns to shareholders, taking into consideration its operating performance.

Based on this policy, the year-end dividend per share for the fiscal year ended March 31, 2019 would be as follows:

Type of dividend property	Cash
Mattes relevant to dividend property and its total cash amount	30 yen per common stock of the Company Total cash amount is 417,020,400 yen
Effective date of distribution of surplus	June 25, 2019

## Election of Three (3) Directors (Excluding Directors who are Audit and Supervisory Committee Members)

The term of office for all three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this Meeting. Therefore, the Company asked for three (3) Directors to be appointed.

The Audit and Supervisory Committee concludes that all candidates are qualified as Director of the Company.

The candidates are as follows:

No.	Name		Current Position and Responsibilities at the Company	Board Meeting Attendance
1	<b>Toshio Dogu</b>	Re-election	Representative Director, President and Chief Executive Officer General Manager, Sales General Manager, Marketing	100% (13/13)
2	<b>Hidenobu Akazawa</b>	Re-election	General Manager, Administration General Manager, Corporate Planning	100% (13/13)
3	<b>Takuya Matsumoto</b>	Re-election	General Manager, Development	100% (13/13)

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of the Company shares owned
1	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Re-election</div> <p style="text-align: center;"><b>Toshio Dogu</b> (Feb 17, 1968)</p>	<p>Oct 1997 Representative Director, President &amp; CEO, Digital Arts Inc.  Oct 2003 General Manager- Corporate Planning  Mar 2005 Director, IQS. Co. Limited  Nov 2005 Representative Director, President &amp; CEO, IQS. Co. Limited  Dec 2006 Representative Director, President &amp; CEO, DAM Corporation (incumbent)  Apr 2011 Director, President &amp; CEO, Digital Arts America, Inc. (incumbent)  June 2012 Director, Digital Arts Investment, Inc. (incumbent)  May 2013 Representative Director, President &amp; CEO, Polkast Japan LLC  Oct 2013 Representative Director, President &amp; CEO, DA Corporation (incumbent)  Oct 2013 Representative Director, President &amp; CEO, DM Corporation (incumbent)  Apr 2014 Director, President &amp; CEO, FinalCode, Inc.  Nov 2014 Representative Director, President &amp; CEO, General Manager- Sales  Apr 2015 Representative Director, President &amp; CEO, General Manager- Sales,  General Manager- FinalCode Business  Nov 2015 Director, Digital Arts Asia Pacific Pte. Limited (incumbent)  Apr 2016 Representative Director, President &amp; CEO, General Manager- Sales  Apr 2016 Representative Director, Chairman, Digital Arts Consulting Inc. (incumbent)  Sep 2016 Director, Digital Arts Europe Limited (incumbent)  Apr 2017 Representative Director, President &amp; CEO, General Manager- Sales,  General Manager- Marketing, General Manager- Corporate Planning  Apr 2018 Representative Director, President &amp; CEO, General Manager- Sales,  General Manager- Marketing (incumbent)</p>	<p style="text-align: center;">2,496,316 Shares</p>
<p>Reasons for selection as a candidate:  Toshio Dogu is the founder and CEO of the company and group companies for many years, and based on his extensive experience and high knowledge, he has established a group strategy for business growth and improvement of corporate performance, and conducts the management of the entire group. He has made sufficient result with the above content. In consideration of high management knowledge, track record and ability, etc., the candidate was considered.</p>			

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of the Company shares owned
2	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-election</div> <b>Hidenobu Akazawa</b> (Sep 12, 1975)	Apr 1999 Joined Nippon Life Insurance Company Dec 2004 Joined Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Jul 2014 Joined Digital Arts Inc., General Manager- Administration Jun 2015 Director, General Manager- Administration Nov 2015 Director, Digital Arts Asia Pacific Pte. Limited (incumbent) Apr 2016 Director, Digital Arts Consulting Inc. (incumbent) Sep 2016 Director, Digital Arts Europe Limited (incumbent) Jan 2017 Director, General Manager- Administration, General Manager- Corporate Planning Apr 2017 Director, General Manager- Administration Apr 2017 Director and CFO, FinalCode, Inc. Apr 2018 Director, General Manager- Administration, General Manager- Corporate Planning General Manager- Human Resources Nov 2018 Director, General Manager- Administration, General Manager- Corporate Planning (incumbent)	77 Shares

Reasons for selection as a candidate:  
 Based on his extensive experience as a certified public accountant and a high level of knowledge, Hidenobu Akazawa has been contributing to the improvement of corporate value by promoting the strengthening of the group's overall management base and management system centering on the management division. As a candidate of the board of Directors, the company considers the high level of expertise and management knowledge related to his achievements and finances.

No.	Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of the Company shares owned
3	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Re-election</div> <b>Takuya Matsumoto</b> (Nov 4, 1976)	Apr 1999 Joined COMAS Co., Limited Apr 2003 Joined Digital Arts Inc., Development Apr 2014 Associate General Manager- Development Oct 2016 General Manager- Development June 2017 Director, General Manager- Development Dec 2017 Director, General Manager- Development, General Manager- New Development Apr 2018 Director, General Manager- Development (incumbent)	2,969 Shares

Reasons for selection as a candidate:  
 As a developer, Takuya Matsumoto is highly insightful and has been involved in the production of many of our products over the years, leading to new product development, and accelerating the company's expansion and innovation. The company contributes the improvement of corporate value of the entire group through our abundant experience and achievements. As a candidate of the board of Directors, the company considers the high level of expertise and advanced expertise related to his achievements.

- (Note)
1. None of the above candidates have any special interest in the Company.
  2. The number of the Company shares owned represents figures as of March 31, 2019.
  3. The number of the Company shares owned include equity share owned by the shareholders' association made up of Directors.

## Election of One (1) Substitute Director Who is an Audit and Supervisory Committee Member

The effect of appointment for Komei Sasaki, appointed as Substitute Director at the Annual Shareholders' Meeting held on June 22, 2018, will terminate prior to the commencement of this Meeting. In the event that the Company lacks the number of Audit and Supervisory Committee Members required by laws and regulations, the Company hereby request that one (1) Substitute Audit and Supervisory Committee Member be elected.

This resolution may be cancelled before the proposed Substitute Director who is an Audit and Supervisory Committee Member assumes office by a resolution of the Board of Directors, subject to the approval of the Audit and Supervisory Committee.

The submission of this proposal at this Meeting was approved by the Audit and Supervisory Committee.

The candidate is as follows:

Name (Date of Birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of the Company shares owned
<b>Komei Sasaki</b> (Mar 15, 1966)	Aug 1999 Partner Attorney, Tokyo Ginza Law Office May 2003 Partner Attorney, AMUREC Law Firm (currently Kasumigaseki Law & Accounting Offices) Jun 2004 Outside Auditor, TAKE AND GIVE. NEEDS Co., Limited Apr 2005 Director, Junior College Accreditation Association (currently Japan Association for College Accreditation) (incumbent) Mar 2015 Senior Partner, Sakurada Dori Partners (incumbent) Jun 2016 Outside Director, TAKE AND GIVE. NEEDS Co., Limited (incumbent)	—

- (Note)
1. This candidate has no special interest in the Company.
  2. Komei Sasaki is a candidate for a substitute outside director.
  3. The Company seeks Komei Sasaki's professional expertise as a legal advisor to be reflected in the Company's audit structure. He has not been involved in corporate management, other than being appointed as outside director, however for the above reason, the Company concluded that he can adequately perform his duties as outside director.
  4. Komei Sasaki's independence from the management of the Company as outside director:
    - 1) Komei Sasaki has not been in a Director or taken a position to execute operations of the Company and its affiliates in the past five years.
    - 2) Komei Sasaki has no plans to receive large amounts of monetary payments or other financial assets (separate from the compensation paid for services as director or Audit & Supervisory Committee member) from the Company, its subsidiaries, or its affiliates, and has not received such payments for the past two years.
    - 3) Komei Sasaki is not a spouse or a relative (within the third-degree) of an individual involved in operation of the Company and its affiliates.
  5. In accordance with the provisions of the Articles of Incorporation and Article 427, Paragraph 1 of the Corporation Law, the Company will enter into agreement with Komei Sasaki to limit his liability, as stipulated in Article 423, Paragraph 1 of the Corporation Law. The amount of limit of liability for damage compensation under such contract is limited to the minimum liability amount specified by Article 425, Paragraph 1 of the Corporation Law.



**Determination of remuneration for assignment of  
Restricted Stock to Directors  
(Excluding Directors who are Audit and Supervisory Committee Member)**

It was approved at the Company's 21st Annual Shareholders' Meeting held on June 24, 2016 that the amount of remuneration for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) be within 300 million yen per year (excluding employee salaries paid to Directors who concurrently serve as employees).

The Company plans to allot the Company's common stock in accordance with a certain Transfer Restriction Period and Reason for Acquisition Without Compensation (hereinafter "**Restricted Stock**") to the Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members; hereinafter "**Eligible Directors**") to share benefits and risks of stock price movement with shareholders and further enhance their desire to contribute to rises in stock prices and improvement of enterprise value as follows.

In addition to the current upper limit of remuneration, the Company plans to propose to set the maximum total amount of the monetary remuneration claims for Restricted Stocks at 50 million yen per year. The allocation of Restricted Stock is determined by taking into consideration the matters of various reasons of the contribution of Directors (excluding Directors who are Audit and supervisory Committee Member) in the company comprehensively, and considers that the contents are valid.

Moreover, regarding this proposal, the Audit and Supervisory Committee Member judges that the contents are reasonable.

Furthermore, the Company is having three (3) Eligible Directors and if Proposed Resolution 2 is approved, the same applies to three (3) Eligible Directors.

The upper limit of the specific content and number of Restricted Stock for Eligible Directors

1. Allotment and payment of Restricted Stock

The Company will deliver monetary remuneration claims within the above annual limit as remuneration related to Restricted Stock to Eligible Directors based on a resolution of the Company's Board of Directors. Each Eligible Director will receive Restricted Stock by making an in-kind contribution of all the monetary remuneration claims.

The payment amount for Restricted Stock will be determined by the Company's Board of Directors, based on the

closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the day when the Company's Board of Directors makes a resolution related to the issuance or disposal of Restricted Stock (in case no trade is concluded on that day, the closing price on the most recent trading day before that), within a range such that the amount is not particularly advantageous to Eligible Directors who receive Restricted Stock.

The above monetary remuneration claims will be delivered to Eligible Directors on the condition that they agree to the above in-kind contribution and that they have concluded with the Company an agreement on allotting Restricted Stock containing the terms stipulated in (3) below.

## 2. Total number of Restricted Stock

The maximum number of Restricted Stock to be allotted to Eligible Directors will be 5,000 shares per business year.

However, if a share split of the Company's common stock (including allotment of the Company's common stock without contribution), a share consolidation of the Company's common stock, or any other event occurs that requires an adjustment of the total number of Restricted Stock to be allotted to Eligible Directors after the day of the resolution of this proposal, the Company may reasonably adjust the total number of Restricted Stock.

## 3. Details of the agreement on allotting Restricted Stock

The agreement on allotting Restricted Stock to be concluded between the Company and Eligible Directors who receive an allotment of Restricted Stock based on a resolution of the Company's Board of Directors will contain the following terms.

### (1) Details of the restriction on the transfer of shares

Eligible Directors to whom Restricted Stock is allotted may not transfer to a third-party, create a pledge or mortgage by transfer on, make an advancement, make a bequest, or otherwise dispose of Restricted Stock allotted to them (hereinafter "**Allotted Stock**") for terms of twenty years to thirty years which has decided by the Company's Board of Directors (hereinafter the "**Transfer Restriction Period**").

### (2) Acquisition of Restricted Stock without compensation

If an Eligible Director who receives an allotment of Restricted Stock retires or resigns from the position of Director of the Company and Director as well as employees of the Group Company before the day of the first

annual shareholders' meeting of the Company after the start of the Transfer Restriction Period, all of his or her Allotted Stock will automatically be acquired by the Company without consideration except in the case that the Company's Board of Directors deems that the reason for the resignation is valid.

The Company will automatically acquire all Allotted Stock without consideration if the transfer restriction on the Allotted Stock has not been lifted at the expiration of the Transfer Restriction Period of (1) above based on the terms provided in (3) "Lifting of transfer restriction" below.

#### (3) Lifting of transfer restriction

On the condition that an Eligible Director to whom the Restricted Stocks were allotted has continuously held the position of Director of the Company and Director as well as employees of the Group Company for the period commencing from the first date of the Transfer Restriction Period and ending on the date of the Annual Shareholders' Meeting to be held immediately following such first date, the transfer restriction on all of his or her Allotted Stock will be lifted by the Company when the Transfer Restriction Period expires.

However, if the Eligible Director retires or resigns from the position of Director of the Company and Director as well as employees of the Group Company before the expiration of the Transfer Restriction Period for reasons deemed valid by the Company's Board of Directors, the number of Allotted Stock for which the transfer restriction will be lifted and the timing of the lifting of the transfer restriction will be reasonably adjusted as necessary.

#### (4) Treatment in the event of reorganization

If, during the Transfer Restriction Period, proposals relating to a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other reorganization are approved at the Company's shareholders' meeting (or if the approval at the Company's shareholders' meeting is not required in relation to the reorganization in question, a meeting of the Company's Board of Directors), based on a resolution of the Company's Board of Directors, the Company will lift the transfer restriction on the number of Allotted Stock that is reasonably calculated considering the period from the beginning of the Transfer Restriction Period to the date of approval of the reorganization prior to the date on which the reorganization becomes effective.

In this case, the Company will automatically acquire without compensation Allotted Stock on which the transfer restriction is not lifted, as of the time immediately after the transfer restriction is lifted under the above provision.

In addition, Eligible Directors and the Company's employee will issue or dispose of the Company's Common Stock as Restricted Stock by the Company's Board of Directors in this plan.