

CONVOCATION NOTICE OF THE 23RD ANNUAL SHAREHOLDERS' MEETING

■ Date and Time:

Friday, June 22, 2018
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
by mailing the enclosed ballot.

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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 23RD ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the 23rd 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 in writing by submitting the enclosed ballot to arrive no later than 7 p.m. on Thursday, June 21, 2018 (JST).

RESULTS BRIEFING	Following 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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1. Date and Time	Friday, June 22, 2018 at 1:00 p.m. (JST)
2. Venue	Keidanren Kaikan Conference Rooms #401-402 Located at 1-3-2 Otemachi, Chiyoda-ku, Tokyo
3. Meeting Agenda	<p>Matters to be Reported</p> <p>1. Business review and consolidated financial statements for FY2017 (April 1, 2017 – March 31, 2018) and report by the Accounting Auditor and the Audit and Supervisory Committee on the audit results of the consolidated financial statements</p> <p>2. Nonconsolidated financial statements for FY2017 (April 1, 2017 – March 31, 2018)</p> <p>Matters to be Resolved</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 Three (3) Directors who are Audit and Supervisory Committee Members</p> <p>Proposed Resolution 4: Election of One (1) Substitute Director who is an 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, 2018 would be as follows:

Type of dividend property	Cash
Mattes relevant to dividend property and its total cash amount	Fourteen (14) yen per common stock of the Company Total cash amount is 194,389,748 yen
Effective date of distribution of surplus	June 25, 2018

Proposed Resolution 2**Election of Three (3) Directors
(Excluding Directors who are Audit and Supervisory Committee Members)**

Mr. Noriyuki Takahashi, one of the four (4) Directors elected on June 23, 2017, resigned on December 15, 2017, and the term of office for three (3) Directors, Messrs. Toshio Dogu, Hidenobu Akazawa, and Takuya Matsumoto will expire at the conclusion of this Meeting. As a result, the Company requests that three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members) be elected.

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

The candidates are as follows:

No.	Name		Current Position and Responsibilities at the Company	Board Meeting Attendance
1	Toshio Dogu	Reelected	Representative Director, President and Chief Executive Officer General Manager, Sales General Manager, Marketing	100% (13/13)
2	Hidenobu Akazawa	Reelected	General Manager, Administration General Manager, Corporate Planning General Manager, Human Resources	100% (13/13)
3	Takuya Matsumoto	Reelected	General Manager, Development	100% (10/10)

(Note) Regarding the attendance rate of Mr. Takuya Matsumoto at the Board Meetings, its count has started after the 22nd Annual Shareholders' Meeting held on June 23, 2017.

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; display: inline-block;">Reelected</div> Toshio Dogu (Feb 17, 1968)	Oct 1997 Representative Director, President & CEO, Digital Arts Inc. Oct 2003 General Manager- Corporate Planning Mar 2005 Director, IQS.Co.Ltd. Nov 2005 Representative Director, President & CEO, IQS.Co.Ltd. Dec 2006 Representative Director, President & CEO, DAM Corporation (incumbent) Apr 2011 Director, President & CEO, Digital Arts America, Inc. (incumbent) June 2012 Director, Digital Arts Investment, Inc. (incumbent) May 2013 Representative Director, President & CEO, Polkast Japan LLC Oct 2013 Representative Director, President & CEO, DA Corporation (incumbent) Oct 2013 Representative Director, President & CEO, DM Corporation (incumbent) Apr 2014 Director, President & CEO, FinalCode, Inc. (incumbent) Nov 2014 Representative Director, President & CEO, General Manager- Sales Apr 2015 Representative Director, President & CEO, General Manager- Sales, General Manager- FinalCode Business Nov 2015 Director, Digital Arts Asia Pacific Pte. Ltd. (currently FinalCode Asia Pacific Pte. Ltd.) (incumbent) Apr 2016 Representative Director, President & CEO, General Manager- Sales Apr 2016 Representative Director, Chairman, Digital Arts Consulting Inc. (incumbent) Sep 2016 Director, FinalCode Europe Limited (incumbent) Apr 2017 Representative Director, President & CEO, General Manager- Sales, General Manager- Marketing, General Manager- Corporate Planning Apr 2018 Representative Director, President & CEO, General Manager- Sales, General Manager- Marketing (incumbent)	2,486,344 Shares

Reasons for selection as a candidate:

Mr. Toshio Dogu is the founder of the Company, and based on considerable experience and insight as the corporate manager of its domestic and international Group companies over the years, he has demonstrated adequate track record by executing the Group's strategy for business growth, taking command of the Group's business, driving globalization, and executing plans for mid to long-term development. He was selected as a candidate based on his extensive insight on corporate management, achievements, and competence.

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;">Reelected</div> Hidenobu Akazawa (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. Ltd. (currently FinalCode Asia Pacific Pte. Ltd.) (incumbent) Apr 2016 Director, Digital Arts Consulting Inc. (incumbent) Sep 2016 Director, FinalCode 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. (incumbent) Apr 2018 Director, General Manager- Administration, General Manager - Corporate Planning, General Manager - Human Resources (incumbent)	316 Shares

Reasons for selection as a candidate:

Mr. Hidenobu Akazawa, with considerable insight as a Certified Public Accountant, has driven globalization of the Group as the head of the Administration Division and has contributed to enhance the corporate value of the Group as a whole. He was selected as a candidate who can persistently enhance the value of the Company based on his management insight and professional expertise and achievements in the area of finance.

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; margin-bottom: 5px;">Reelected</div> Takuya Matsumoto (Nov 4, 1976)	Apr 1999 Joined COMAS Co., Ltd. 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)	2,930 Shares
Reasons for selection as a candidate: Mr. Takuya Matsumoto has been involved in the development of the Company products and has contributed to the growth and development of the Company by leading the development of new solutions. With extensive experience and achievement, he has contributed to enhance the corporate value of the Group as a whole. He was selected as a candidate based on achievements, experience, and professional expertise.			

- (Notes)
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, 2018.
 3. The number of the Company shares owned includes equity share owned by the shareholders' association made up of Directors.

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

The term of office for three (3) Directors who are Audit and Supervisory Committee Members, Messrs. Syuji Wakai, Hidekazu Kubokawa, and Masataka Uesugi, will expire at the conclusion of this Meeting. As a result, the Company requests that three (3) Directors who are Audit and Supervisory Committee Members be elected.

The Company has obtained the consent of the Audit and Supervisory Committee for this proposal.

The candidates are as follows:

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; display: inline-block;">Reelected</div> Syuji Wakai (Apr 8, 1936)	Apr 1959 Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation) Dec 1987 Director, TDK Core Co., Ltd (currently Creative Core Co., Ltd.) June 1997 Auditor, TDK Corporation June 2000 Auditor, Digital Arts Inc. Mar 2005 Auditor, IQS.Co.Ltd. Apr 2016 Auditor, Digital Arts Consulting Inc. (incumbent) June 2016 Director (Audit and Supervisory Committee Member), Digital Arts Inc. (incumbent)	2,087 Shares
Reasons for selection as a candidate: Mr. Syuji Wakai has been responsible for managerial audit as a full-time Auditor or a Director who is an Audit and Supervisory Committee Member since the early stage of the Company. He has wide-ranging knowledge about business management and he is conversant with the entire business of the Company and its Group companies. The Company believes that he can play an important role of strengthening the corporate governance and auditing and supervising the Company's overall management, based on his extensive experiences and achievements.			

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;">Reelected</div> Hidekazu Kubokawa (Fe. 20, 1953)	Nov 1976 Joined Chuo Accounting Corporation (currently PricewaterhouseCoopers Arata LLC) July 1986 Founded Kubokawa CPA Office (currently Yotsuya Partners Accounting Firm), Representative Partner (incumbent) Feb 1989 Outside Audit and Supervisory Board Member, SoftBank Corp. (currently SoftBank Group Corp.) (incumbent) Mar 2000 Outside Auditor, Digital Arts Inc. June 2005 Outside Corporate Auditor, KYORITSU PRINTING CO., LTD. (incumbent) June 2006 Outside Auditor, Pado Corporation (incumbent) June 2016 Outside Director (Audit and Supervisory Committee Member), Digital Arts Inc. (incumbent)	3,151 Shares
Reasons for selection as a candidate: Mr. Hidekazu Kubokawa has extensive knowledge and broad experiences as a certified public accountant and corporate auditors of multiple listed companies. In light thereof, the Company expects for his functions of appropriate auditing and corporate governance. Although he doesn't have direct corporate management experience other than in the capacity as external executive, the Company believes that he can appropriately fulfill his duties as an outside director.			

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; margin-bottom: 5px;">Reelected</div> <p>Masataka Uesugi (July 31, 1965)</p>	<p>Apr 1995 Joined Emori Kawamori Atsumi Law Office Apr 1999 Founded Uesugi Law Office Sep 2000 Partner of Amlec Law and Accounting Firm June 2003 Outside Auditor, Digital Arts Inc. Dec 2013 Outside Audit and Supervisory Board Member, CERES INC. (incumbent) Dec 2014 Outside Audit and Supervisory Board Member, Aiming Inc. (incumbent) Mar 2015 Senior Partner, Sakurada Dori Partners (incumbent) Mar 2016 Outside Director (Audit and Supervisory Committee Member), Fullcast Holdings Co., Ltd. (incumbent) June 2016 Outside Director (Audit and Supervisory Committee Member), Digital Arts Inc. (incumbent)</p>	3,151 Shares
<p>Reasons for selection as a candidate: Mr. Masataka Uesugi has extensive knowledge and broad experiences as a lawyer and corporate auditors of multiple listed companies. In light thereof, the Company expects for his functions of appropriate auditing and corporate governance. Although he doesn't have direct corporate management experience other than in the capacity as external executive, the Company believes that he can appropriately fulfill his duties as an outside director.</p>			

- (Notes)
1. None of the above candidates have any special interest in the Company.
 2. Messrs. Hidekazu Kubokawa and Masataka Uesugi are candidates for outside directors.
 3. In accordance with the provisions of the Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreement with each of Messrs. Syuji Wakai, Hidekazu Kubokawa and Masataka Uesugi to limit their liabilities, as stipulated in Article 423, Paragraph 1 of the Companies Act. 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 Companies Act. If they are appointed at this Meeting, the Company will enter into an agreement to the same effect with each of them.
 4. Messrs. Hidekazu Kubokawa and Masataka Uesugi are currently directors who are Audit and Supervisory Committee Members of Digital Arts Inc., and will have remained in office for 2 years at the conclusion of this Meeting.
 5. Mr. Hidekazu Kubokawa had been an outside Audit and Supervisory Board Members of Digital Arts Inc. from March 2000 until June 2016.
 6. Mr. Masataka Uesugi had been an outside Audit and Supervisory Board Member of Digital Arts Inc. from June 2003 until June 2016.
 7. The Company has registered Messrs. Hidekazu Kubokawa and Masataka Uesugi as independent directors with the Tokyo Stock Exchange, and if they are appointed at this Meeting, the Company will newly register both of them as independent directors.
 8. The number of the Company shares owned represents figures as of March 31, 2018.
 9. The number of the Company shares owned includes equity share owned by the shareholders' association made up of Directors.

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

The effect of appointment for Mr. Komei Sasaki, appointed as Substitute Director at the Annual Shareholders' Meeting held on June 23, 2017, 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
Komei Sasaki (Mar 15, 1966)	Aug 1999 Partner Attorney, Tokyo Ginza Law Office May 2003 Partner Attorney, Amlec Law and Accounting Firm (currently Kasumigaseki Law & Accounting Offices) Jun 2004 Outside Auditor, TAKE AND GIVE NEEDS Co., Ltd. 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., Ltd. (incumbent)	—

- (Notes)
1. This candidate has no special interest in the Company.
 2. Mr. 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. Mr. Komei Sasaki's independence from the management of the Company as outside director:
 - 1) Mr. 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) Mr. 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 and Supervisory Committee Member) from the Company, its subsidiaries, or its affiliates, and has not received such payments for the past two years.
 - 3) Mr. 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 Companies Act, the Company will enter into agreement with Mr. Komei Sasaki to limit his liability, as stipulated in Article 423, Paragraph 1 of the Companies Act. 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 Companies Act.