

This document is an unofficial translation and summary of the Notice of the 25th Annual Shareholders Meeting and is provided for your convenience only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original version of the document is the sole official version.

TSE Code: 4344  
 June 1, 2021  
 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo  
**SOURCENEXT Corporation**  
 President and CEO Tomoaki Kojima

To our shareholders:

### NOTICE OF THE 25TH ANNUAL SHAREHOLDERS MEETING

We are pleased to announce the 25th Annual Shareholders Meeting of SOURCENEXT Corporation (“the Company”), which will be held as stated below.

We request that instead of attending the meeting, please refer to the “Guide to the Exercise of Voting Rights” on page 3. After reviewing the attached Reference Documents for the Shareholders Meeting, please exercise your voting rights no later than 5:30 p.m. on Wednesday, June 16, 2021.

<b>1. Date and Time</b>	Thursday, June 17, 2021, at 1 p.m.
<b>2. Place</b>	2-7-1 Nihombashi, Chuo-ku, Tokyo Tokyo Nihombashi Tower, Bell Salle Tokyo Nihombashi Bldg. B2F <b>(Please note that the start time of the 25th Annual Shareholders Meeting and reception time have been changed from last year.)</b>
<b>3. Agenda</b>	<p><b>Matters to be reported</b></p> <ol style="list-style-type: none"> <li>1. Business Report and Consolidated Financial Statements for the 25th fiscal year from April 1, 2020 to March 31, 2021 and Reports of Audit on the Consolidated Financial Statements by Accounting Auditor and the Board of Auditors</li> <li>2. Non-consolidated Financial Statements for the 25th fiscal year from April 1, 2020 to March 31, 2021</li> </ol> <p><b>Matters to be resolved</b></p> <p>Proposal 1: Appropriation of Surplus          Proposal 2: Election of Seven (7) Directors          Proposal 3: Election of One (1) Auditor          Proposal 4: Election of One (1) Substitute Auditor          Proposal 5: Revision of Details of Remuneration, Etc. for Directors          Proposal 6: Introduction of Incentive Plan Using Issuance of Share Acquisition Rights as Stock Options for Directors and Employees of Wholly-Owned U.S. Subsidiary</p>
<b>4. Exercise of Voting Rights</b>	Please refer to the “Guide to the Exercise of Voting Rights” on page 3.

<b>5. Disclosures through the Internet</b>	Of the documents provided by the Notice of the Annual Shareholders Meeting, “Consolidated Statements of Changes in Equity,” “Notes to Consolidated Financial Statements in the Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements” that are posted on the Company’s website ( <a href="https://www.sourcenext.co.jp/">https://www.sourcenext.co.jp/</a> ) under laws and regulations and provision of Article 15 of the Company’s Articles of Incorporation, and are therefore not available in this Notice. The attached Consolidated Financial Statements and the Non-consolidated Financial Statements are part of the Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by Auditors and Accounting Auditor in preparing the Reports of Audit.
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- **This year, from the standpoint of preventing the spread of the novel coronavirus disease (COVID-19), we request shareholders to take all efforts to refrain from attending the annual shareholders meeting and instead exercise your voting rights in advance in writing or via the Internet.**
- **The distribution of souvenirs to shareholders attending the meeting has been cancelled. Thank you for your understanding.**

## Guide to the Exercise of Voting Rights

For those attending the meeting in person

**Please submit the Voting Form enclosed herewith to the reception.**

**Please also bring with you the Notice of the Annual Shareholders Meeting as a reference.**

**(Reception starts at 12:30 p.m.)**

If you exercise your voting rights by proxy, you must appoint as a proxy one of the shareholders holding voting rights at the meeting.

Please have your proxy submit a written document (a proxy statement) certifying the authority of proxy to the reception.

For those exercising voting rights in writing

**Please indicate your approval or disapproval for the proposals on the Voting Form enclosed herewith and return the Voting Form.**

**[Voting Form must be received no later than 5:30 p.m. on Wednesday, June 16, 2021]**

For those exercising voting rights via the Internet

**Please access the website for exercising voting rights and exercise the voting rights.**

**(Please refer to the following Guide to Exercising Voting Rights via the Internet)**

**[Voting rights must be exercised no later than 5:30 p.m. on Wednesday, June 16, 2021]**

1. If you exercise your voting rights twice, in writing and via the Internet, we will only accept the exercise of your voting rights via the Internet as effective.
2. If you exercise your voting rights more than once via the Internet, we will only accept the last exercise of your voting rights as effective.

## Matters Disclosed on the Internet

The Company's website	<a href="https://www.sourcenext.co.jp/">https://www.sourcenext.co.jp/</a>
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1. The following documents that should be provided by the Notice of the Annual Shareholders Meeting are posted on the Company's website under laws and regulations and provision of Article 15 of the Company's Articles of Incorporation, and are therefore not available in this Notice.
  - a. Consolidated Statements of Changes in Equity
  - b. Notes to Consolidated Financial Statements
  - c. Non-consolidated Statements of Changes in Equity
  - d. Notes to Non-consolidated Financial StatementsThe Consolidated Financial Statements and the Non-consolidated Financial Statements that were audited by Accounting Auditors and Auditors include the Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements that are posted on the Company's website.
2. Any corrections made to the Reference Documents for the Shareholders Meeting, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements shall be notified by being posted on the Company's website.

## Guide to Exercising Voting Rights via the Internet

Website for exercising voting rights	<a href="https://www.web54.net">https://www.web54.net</a>
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On the voting website, please enter the “Login ID” and “Temporary Password” which are stated on the right-hand side of your Voting Form, and follow instructions on screen to enter your approval or disapproval.

When you exercise your voting rights from a mobile phone or a smartphone, you may access the website for exercising voting rights by scanning the “QR Code” with the bar-code scanning function of your smartphone or mobile phone.

- In order to prevent unauthorized access by third parties other than shareholders (so-called “spoofing”) and to prevent tampering with the content of the voting, please note that shareholders who use this function will be asked to change the “Temporary Password” on the voting website.
- A new “Login ID” and “Temporary Password” will be issued to you for each Annual Shareholders Meeting.
- The cost of Internet access (access fees to providers, telecommunications fees, etc.) shall be borne by the shareholders.

For inquiries with respect to the exercise of voting rights, please contact the following numbers.

**Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support**

**[Dedicated Line] 0120-652-031 (9:00 a.m. to 9:00 p.m.)**

**(Toll-free number. Available only in Japan)**

<In case of other inquiries>

0120-782-031 (9:00 a.m. to 5:00 p.m. on weekdays) (Toll-free number. Available only in Japan)

## Information on Live Streaming of Shareholders Meeting

The Shareholders Meeting will be streamed live via the Internet so that shareholders can watch the proceedings from their home, etc.

1. Live streaming date and time  
Thursday, June 17, 2021 from 1:00 p.m. (JPT) to the end of the Shareholders Meeting
  - \* The live streaming is available from around 30 minutes before the start time of the Shareholders Meeting (12:30 pm) (JPT).
  - \* Please note that you will not be able to view it after the Shareholders Meeting.
2. How to view the live streaming on the day  
Please have your shareholder ID (= shareholder number) and password (= zip code), which are required on the shareholder authentication screen (login screen), ready in advance and access the following live streaming website.

Live streaming website: <https://4344.ksoukai.jp>

Shareholder ID: “Shareholder number” (9 digits) written on the documents for exercising voting rights, etc.  
Password: “Zip code” (7 digits, no hyphen) of registered address on the shareholder list (as of March 31, 2021)

\* When exercising voting rights in writing, be sure to make a note of the “Shareholder number” before returning the Voting Form.

3. Notes:
  - Viewing the live streaming of the Shareholders Meeting does not constitute attendance under the Companies Act. Therefore, shareholders who view the live streaming cannot exercise their voting rights or make any statements, including asking questions, at the Shareholders Meeting. To exercise your voting rights, exercise your voting rights in advance according to the instructions in the guide to exercising voting rights on page 3 of this Notice.
  - Please be aware that you may experience audio or video problems due to system failures, the communication environment, etc., and other problems, such as interruption of the live streaming, could occur.
  - Viewing the live streaming is limited to only the shareholders themselves.
  - Please refrain from photographing, recording video or audio of, or saving the live streaming broadcast, or posting the broadcast using social networking services, etc.
  - Please be aware that although the Company will make every effort to stream the Shareholders Meeting live via the Internet, shareholders may not be able to participate due to unforeseen circumstances, such as communication problems or system failures, and the live streaming may even be cancelled depending on the situation.
  - Any costs, including costs for communication devices, Internet connection fees, communication charges, etc., that might be incurred to view the live streaming shall be borne by the shareholder.
  - In the unlikely event that the live streaming cannot be performed for some reason on the day of the Shareholders Meeting, we will notify you on our website (<https://www.sourcenext.co.jp/>).

For inquiries regarding the live streaming
V-cube, Inc. Tel: +81-3-4556-9262
[Period for accepting inquiries] 9:00 a.m. to the conclusion of the Shareholders Meeting on June 17, 2021 (date of the Shareholders Meeting)

## Reference Documents for the Shareholders Meeting

### Proposal 1: Appropriation of Surplus

Details pertaining to the appropriation of surplus are as follows.

#### Matters relating to year-end dividends

The Company believes that improving performance into the future will increase corporate value and result in meeting the expectations of shareholders. The basic dividend policy is to implement the distribution of profits with comprehensive consideration of performance, the dividend payout ratio and the amount of investment required for medium- and long-term corporate growth. Based on this policy, the Company hopes to implement the following, taking into consideration performance trends in the fiscal year under review, future business development, and other factors.

Type of dividends	Cash
Dividend amount to be allocated	Per share of common stock: ¥0.21 Total dividends: ¥28,613,923
Effective date of dividends from surplus	June 18, 2021

**Proposal 2: Election of Seven (7) Directors**

The term of office of all seven (7) Directors will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the election of seven (7) Directors is proposed. The candidates for Directors are as follows.

Candidate No.	Name	Current Position and Responsibilities in the Company	Attributes of candidate
1	Noriyuki Matsuda	Founder & CEO	Reappointment
2	Tomoaki Kojima	President & COO	Reappointment
3	Kousuke Fujimoto	Senior Managing Director In charge of New Business Development	Reappointment
4	Fumihiko Aoyama	Managing Director & CFO In charge of Administration	Reappointment
5	Hideaki Kubori	Outside Director	Reappointment Outside
6	Kunitake Ando	Outside Director	Reappointment Outside Independent
7	Nobuhide Nakaido	Outside Director	Reappointment Outside Independent

Reappointment Candidate for reappointment as Director      Outside Candidate for Outside Director

Independent Candidate for independent director

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
1 Reappointment	Noriyuki Matsuda (May 28, 1965)	Apr. 1989    Joined IBM Japan Sep. 1993    Established AAA, Ltd., Representative Director and President, AAA, Ltd. Aug. 1996    Established the Company, President and CEO, the Company Sep. 2012    President & CEO, SOURCENEXT Inc. (current position) Jun. 2017    President and CEO, Rosetta Stone Japan, Inc. (current position) Feb. 2021    Founder & CEO, the Company (current position)	35,663,200 shares	No

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
2 Reappointment	Tomoaki Kojima (Jun. 3, 1977)	Sep. 2001    Joined the Company Jun. 2006    Executive Officer, the Company Jun. 2008    Managing Director, the Company Jan. 2009    Executive Director, the Company Jun. 2012    Managing Director, the Company May 2017    Managing Director, FUEMAME Co., Ltd. (currently EUS Co., Ltd.) Jan. 2019    Managing Director, Sourcnext B.V. Sep. 2019    Director, UMEOX Innovations Co., Ltd. (current position) Apr. 2020    CEO, Sourcnext B.V. (current position) Feb. 2021    President & COO, the Company (current position)	97,100 shares	No

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
3 Reappointment	Kousuke Fujimoto (Sep. 9, 1964)	Oct. 1988    Joined Recruit Co., Ltd. Nov. 1999    Joined the Company Dec. 1999    Managing Director, the Company Oct. 2009    Executive Officer, the Company Jul. 2013    Managing Executive Officer, the Company Apr. 2015    Senior Executive Officer, the Company Jun. 2018    Senior Managing Director, the Company (current position)	136,800 shares	No



Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
4 Reappointment	Fumihiko Aoyama (Aug. 3, 1967)	<p>Oct. 1991    Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)</p> <p>Jul. 1999    Joined Deloitte Tohmatsu Consulting</p> <p>Apr. 2000    Joined the Company</p> <p>Apr. 2002    Executive Officer, the Company</p> <p>Jun. 2004    Managing Director, the Company</p> <p>Jan. 2009    Executive Director, the Company</p> <p>Jun. 2012    Managing Director, the Company</p> <p>May 2017    Managing Director, FUEMAME Co., Ltd. (currently EUS Co., Ltd.)</p> <p>Feb. 2021    Managing Director &amp; CFO, the Company (current position)</p>	237,700 shares	No

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
5 Reappointment	Hideaki Kubori (Aug. 29, 1944)	<p>Apr. 1971    Registered as Attorney-at-Law</p> <p>              Joined Mori Sogo</p> <p>Apr. 1998    Representative, HIBIYA PARK LAW OFFICES (current position)</p> <p>Apr. 2001    President, Daini Tokyo Bar Association, and Vice President, Japan Federation of Bar Associations</p> <p>Oct. 2001    Outside Director, Nomura Holdings, Inc.</p> <p>Feb. 2003    Outside Auditor, the Company</p> <p>Jun. 2008    Member of the Supervisory Committee, The Norinchukin Bank</p> <p>Jun. 2011    Outside Director, Tokyo Stock Exchange Group, Inc. (currently Japan Exchange Group, Inc.) (current position)</p> <p>              Outside Governor, Tokyo Stock Exchange Regulation (currently Japan Exchange Regulation)</p> <p>Jun. 2014    Outside Director, the Company (current position)</p> <p>Apr. 2015    Professor, Toin Law School (current position)</p> <p>Apr. 2018    Outside Director, Coincheck, Inc. (current position)</p>	36,800 shares	Yes See 2) in Note 3.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
6 Reappointment	Kunitake Ando (Jan. 1, 1942)	<p>Apr. 1969    Joined Sony Corporation (currently Sony Group Corporation)</p> <p>Aug. 1979    Representative Director, Sony Prudential Life Insurance Co., Ltd.</p> <p>Apr. 1990    President, Sony Corporation of America President, Sony Engineering and Manufacturing of America</p> <p>Apr. 2000    Representative Director and President, Sony Corporation (currently Sony Group Corporation)</p> <p>Jun. 2005    Chairman, Representative Director, Sony Financial Holdings Inc.</p> <p>Jun. 2007    Chairman, Director, Sony Life Insurance Co., Ltd.</p> <p>Jul. 2013    Director, Japan Innovation Network (current position)</p> <p>Jun. 2017    Outside Director, the Company (current position)</p> <p>Apr. 2018    Chairman, The University of Nagano (current position)</p>	16,400 shares	No

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
7 Reappointment	Nobuhide Nakaido (Nov. 1, 1946)	<p>Apr. 1971    Joined Sumitomo Corporation</p> <p>Apr. 1998    Corporate Officer, Sumitomo Corporation</p> <p>Jun. 1998    Director, Sumitomo Corporation</p> <p>Apr. 2002    Representative Director, Managing Director, Sumitomo Corporation</p> <p>Apr. 2004    Representative Director, Senior Managing Executive Officer, Sumitomo Corporation</p> <p>Apr. 2005    Representative Director, Executive Vice President, Sumitomo Corporation</p> <p>Jun. 2009    Chairman and President, Sumisho Information System Co., Ltd. (currently SCSK Corporation)</p> <p>Oct. 2011    President and Representative Director, SCSK Corporation</p> <p>Jun. 2013    Chairman and Representative Director, SCSK Corporation</p> <p>Apr. 2016    Director and Corporate Adviser, SCSK Corporation</p> <p>Jun. 2016    Corporate Adviser, SCSK Corporation</p> <p>May 2017    Independent Outside Director, Ichigo Inc. (current position)</p> <p>Oct. 2018    Chairman, Japan Association for Chief Human Resource Officers (current position)</p> <p>Mar. 2019    Outside Director, eSOL Co., Ltd. (current position)</p> <p>Jun. 2020    Outside Director, the Company (current position)</p>	4,500 shares	No

- (Notes)
1. The first to seventh candidates for Director are current Directors of the Company. Their positions and responsibilities at the Company and important concurrent positions are as listed in the Business Report in the section of Names and Positions of Directors and Auditors.
  2. The reasons for nomination of the above candidates as Internal Director are as follows.
    - 1) Noriyuki Matsuda is the founder of the Company. Since its establishment, he has long supervised business of the entire group of the Company and has wealth of experience, track record, and knowledge concerning the industry trends and corporate management. The Company has therefore resolved to nominate him as a candidate for Director.
    - 2) Tomoaki Kojima is well versed in sales and planning operations centering on marketing, and has considerable experience, track record, and knowledge concerning corporate strategy in general. The Company has therefore resolved to nominate him as a candidate for Director.

- 3) Kousuke Fujimoto has wealth of experience and track record from having engaged in sales departments and new business development departments for many years, and he has considerable knowledge concerning sales strategy. The Company has therefore resolved to nominate him as a candidate for Director.
  - 4) Fumihiko Aoyama has abundant professional insights in finance and accounting as well as considerable experience, track record, and knowledge concerning corporate strategy in general. The Company has therefore resolved to nominate him as a candidate for Director.
3. Matters concerning candidates for Outside Director are as follows.
- 1) Hideaki Kubori, Kunitake Ando and Nobuhide Nakaido are candidates for Outside Director.
  - 2) Reasons for Hideaki Kubori's candidacy for re-election as Outside Director include his many years of experience as an attorney and the expectation that his specialized knowledge and extensive skill concerning corporate law will be applied to the Company's management and will help further strengthen the Company's corporate governance. The candidate does not have experience contributing to company management outside the roles of Outside Director and Outside Auditor; however, he is deemed able to suitably execute his role as Outside Director due to the qualifications noted above.  
 He will be involved in the determination of executive remuneration, etc. from an objective and neutral perspective as a Remuneration Advisory Committee Member if he is elected. Japan Exchange Group, Inc. (hereinafter referred to as "JPX"), of which he serves as an Outside Director, received a business improvement order in November 2020 regarding the failure occurred in October 2020 on the stock trading system "arrowhead" of its subsidiary Tokyo Stock Exchange, Inc. ("TSE") and the consequent suspension of all transactions on the TSE for the whole day. It was acknowledged that there was a defect in the setting of the automatic switching function of the device that failed and that the TSE rules for trading resumptons were not sufficient. Prior to the occurrence of the event, he had made appropriate recommendations at the JPX Board of Directors regarding stable and reliable market management. After the system failure, in response to the opinions and fact-finding of JPX and TSE with respect to the course of events and the cause of the occurrence, he, as the chairman of "Investigation Committee of Independent Outside Directors in Relation to the System Failure" established by JPX, evaluated and made recommendations pertaining to the matters including true cause of the system failure, reasonableness of JPX's and TSE's handling of the situation before and after, and measures taken to prevent recurrence.  
 The candidate is a Representative of HIBIYA PARK LAW OFFICES. The Company has some contractual relations including work involving legal counsel, etc., with attorneys from this law office other than the candidate. The candidate is not engaged in legal counsel work, etc. for the Company. At the conclusion of this Annual Shareholders Meeting, Hideaki Kubori will have served seven years as Outside Director of the Company.  
 Kunitake Ando has held various posts including serving as Representative Director and President of Sony Corporation, and we expect that he will contribute to further strengthening the Company's corporate governance by reflecting his wealth of experience and broad knowledge as a business manager. The Company therefore proposes his re-election as Outside Director.  
 He will be involved in the determination of executive remuneration, etc. from an objective and neutral perspective as a Remuneration Advisory Committee Member if he is elected. At the conclusion of this Annual Shareholders Meeting, Kunitake Ando will have served four years as Outside Director of the Company.  
 Nobuhide Nakaido has held key positions such as Representative Director and Executive Vice President of Sumitomo Corporation, President and Representative Director of SCSK Corporation and Chairman of the same company. Since it can be expected to further strengthen our company's corporate governance by reflecting his wealth of experience and broad insight as a business manager, the Company request that he be elected as an Outside Director.  
 He will be involved in the determination of executive remuneration, etc. from an objective and neutral perspective as a Remuneration Advisory Committee Member if he is elected. At the conclusion of this Annual Shareholders Meeting, Nobuhide Nakaido will have served one year as Outside Director of the Company.
- 3) A summary of the contract for limitation of liability with Outside Directors is as follows.  
 Under the provisions of Article 29, paragraph 2 of the Articles of Incorporation and Article 427, paragraph 1 of the Companies Act, the Company has concluded contracts for limitation of liability with Hideaki Kubori, Kunitake Ando and Nobuhide Nakaido as provided for in Article 423, paragraph 1 of the Companies Act. The maximum amount of the liability for damages based on the said contracts shall be the minimum amount prescribed in applicable laws and regulations. However, recognition of this limitation of liability is restricted to cases in which the work causing the liability was carried out in good faith and without gross negligence.  
 These contracts for limitation of liability between the Company and Hideaki Kubori, Kunitake Ando and Nobuhide Nakaido are set to continue if the re-election of the candidates is approved.
- 4) Matters concerning notification of Outside Directors as independent directors and/or auditors are as follows.  
 The Company plans to designate Kunitake Ando and Nobuhide Nakaido as independent directors if their re-election is approved.

4. The summary of the directors and officers liability insurance policy is as follows.  
The Company has entered into a directors and officers liability insurance policy with an insurance company. The policy covers damages arising from liability borne by the insured officers in the course of execution of their duties or claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion of liability for damages such as resulting from an illegal act with full knowledge of its illegality. If the re- election of all the candidates for Director is approved, they will be included in the insureds of this insurance policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

### Proposal 3: Election of One (1) Auditor

The term of office of Auditor Masaaki Hirose will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, the election of one (1) Auditor is proposed.

The candidate for Auditor is as follows.

The Company has nominated Masaaki Hirose as a candidate for Auditor because he has considerable experience, track records, and knowledge concerning finance and accounting, and the Company has judged that he can audit the Directors' execution of duties from an objective and fair perspective.

The Board of Auditors consented to the proposal of this resolution.

Name (Date of Birth)	Career Summary, Position in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company
Masaaki Hirose (Aug. 26, 1948)	Apr. 1971      Joined Suruga Bank Ltd. Apr. 2005      Managing Executive Officer, Suruga Bank Ltd. Jun. 2008      Audit & Supervisory Board Member (Full-time), Suruga Bank Ltd. <b>Reappointment</b> Jun. 2016      Senior Executive Advisor, Suruga Bank Ltd. Jun. 2017      Standing Auditor, the Company (current position) Mar. 2018      Auditor, Solve Co., Ltd. (current position)	46,400 shares	No

- (Notes)
1. Under the provisions of Article 39, paragraph 2 of the Articles of Incorporation and Article 427, paragraph 1 of the Companies Act, the Company has concluded a contract with Masaaki Hirose for limitation of liability as provided for in Article 423, paragraph 1 of the Companies Act. The maximum amount of the liability for damages based on the said contract shall be the minimum amount prescribed in applicable laws and regulations. However, recognition of this limitation of liability is restricted to cases in which the work causing the liability was carried out in good faith and without gross negligence.  
This contract for limitation of liability between the Company and Masaaki Hirose is set to continue if his re-election is approved.
  2. The Company has entered into a directors and officers liability insurance policy with an insurance company. The policy covers damages arising from liability borne by the insured officers in the course of execution of their duties or claims pertaining to the pursuit of such liability. However, there are certain reasons for coverage exclusion of liability for damages such as resulting from an illegal act with full knowledge of its illegality. He will be included in the insureds of this insurance policy if his re-election is approved. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

#### Proposal 4: Election of One (1) Substitute Auditor

The validity of the Substitute Auditor election will expire at the commencement of this Annual Shareholders Meeting. Accordingly, the election of one (1) Substitute Auditor is proposed in preparation for the case in which the number of Auditors would slip below the statutory minimum.

The Board of Auditors consented to the proposal of this resolution.

The candidate for Substitute Auditor is as follows.

Name (Date of Birth)	Career Summary, Position in the Company and Important Concurrent Positions	Company Shares Held	Special Interest in the Company	
Ryo Tsuchida (Registered name: Ryo Teranishi) (Jul. 4, 1968)	Apr. 1998	0 shares	No	
	Assistant, Faculty of Law, Sophia University			
	Apr. 2000			Full-time instructor, Faculty of Law, University of East Asia
	Apr. 2002			Assistant Professor, Faculty of Law, University of East Asia
	Apr. 2003			Assistant Professor, Faculty of Law, Meijo University
				Part-time instructor, Division of Laws, Total Academic Graduate Course, Correspondence Graduate School, University of East Asia (current position)
	Apr. 2008			Associate Professor, Judicial Affairs Course, Omiya Law School
				Part-time instructor, Faculty of Law, Meijo University
	Jan. 2010			Registered as Attorney-at-Law (Daini Tokyo Bar Association)
				Joined Frontier-Law
	Apr. 2011			Professor, Judicial Affairs Course, Omiya Law School
	Apr. 2012			Part-time instructor, Meiji Gakuin University Graduate Law School
	Apr. 2014			Professor, Department of Law, School of Law, Senshu University
				Part-time instructor, Judicial Affairs Course, Omiya Law School
	Apr. 2015			Part-time lecturer, Faculty of Law, Komazawa University
	Jun. 2015			Outside Auditor, Resona Bank, Limited
	Nov. 2017			Outside Director, UPR Corporation (current position)
Apr. 2018	Part-time instructor, College of Economics, Rikkyo University			
Dec. 2018	Outside Corporate Auditor, Noevir Holdings Co., Ltd. (current position)			
Jun. 2019	Outside Director, Audit and Supervisory Committee Member of Resona Bank, Limited. (current position)			
Jan. 2020	Outside Director, Audit and Supervisory Committee Member of Resona Asset Management Co., Ltd. (current position)			
Apr. 2020	Professor of Sophia Law School (current position)			

- (Notes)
- Ryo Tsuchida is a candidate for Substitute Outside Auditor.
  - Reasons for Ryo Tsuchida's candidacy for Substitute Outside Auditor include his valuable point of view as an attorney and university professor, and his specialized knowledge and experience concerning corporate law, which the Company would like to utilize in its audits, if he assumes the office of Auditor, although the candidate does not have experience contributing to company management outside the roles of Outside Director and Outside Auditor.
  - In view of his experience and performance as an attorney and university professor, as well as his ample knowledge of company audit tasks, Ryo Tsuchida has been deemed able to suitably execute the role of Outside Auditor, if he assumes the office of Auditor.
  - If Ryo Tsuchida engages in work as Outside Auditor, the Company intends to conclude a contract with him for limitation of liability provided for in Article 423, paragraph 1 of the Companies Act, under the provisions of Article 39, paragraph 2 of the Articles of Incorporation and Article 427, paragraph 1 of the Companies Act. The maximum amount of the liability for damages based on the said contract shall be the minimum liability amount prescribed in applicable laws and regulations. However, recognition of this limitation of liability is restricted to cases in which the work causing the liability was carried out in good faith and without gross negligence.

## **Proposal 5: Revision of Details of Remuneration, Etc. for Directors**

At the Extraordinary General Meeting of shareholders held on January 9, 2002, the amount of remuneration for Directors of the Company was approved to be within 400 million yen per year (however, the amount equivalent to the salary of the Director who also serves as an employee is not included). In addition, at the Annual Shareholders Meeting held on June 25, 2015, an approval was obtained on the issuance of share acquisition rights as stock options for Directors of the Company (excluding Outside Directors, same as below) as remuneration with maximum amount of not over 100 million yen per year, which is in the range of such remuneration limit. Now, in line with the review of the executive remuneration system and in the scope of within 400 million yen per year for the amount of remuneration for Directors of the Company stated above, we request an approval to the change of the maximum amount of remuneration of share acquisition rights as stock options to be within 150 million yen per year and the contents of the share acquisition rights as stock options to be delivered to Directors as follows.

The reasons for granting share acquisition rights as remuneration and the details of the share acquisition rights are provided below. If Proposal No. 2 is approved, the number of Directors subject to this proposal will be four. The amount of remuneration as stock option is derived by multiplying the fair value of one share acquisition right calculated on the date of allocating the share acquisition rights by the number of share acquisition rights to be allocated.

### **1. Reason for granting share acquisition rights as remuneration for Directors of the Company**

Granting the share acquisition rights as stock options to Directors aims to increase the link between Directors' remuneration and medium- to long-term performance providing appropriate motivation for the sustainable improvement of corporate value.

### **2. Contents of the share acquisition rights to be issued as general stock options**

#### **(1) Total number of share acquisition rights to be issued**

The maximum number of the share acquisition rights shall be 2,352 units in each fiscal year.

#### **(2) Class and number of shares underlying the share acquisition rights**

The class of shares underlying the share acquisition rights shall be common stock of the Company. The maximum number of the shares underlying the share acquisition rights shall be 235,200 shares in each fiscal year. The number of shares underlying one share acquisition right shall be 100 shares. If cases where the Company merges with a company, issues shares for subscription, implements a company split, stock split or reverse stock split require relevant adjustments of the number of shares, the Company shall make adjustments deemed necessary.

#### **(3) Amount to be paid in for share acquisition rights**

Payment of money is not required in exchange for the share acquisition rights.

#### **(4) Value of property to be contributed upon exercise of share acquisition rights**

The amount shall be obtained by multiplying the amount paid in per one share to be delivered upon the exercise of the share acquisition rights (hereinafter, the "Exercise Price") by the number of shares underlying the share acquisition rights.

The Exercise Price shall be the amount calculated by multiplying the average of daily closing sales prices for common stock of the Company on the Tokyo Stock Exchange during the month (except days when no trades are done) prior to the month that includes the day when the share acquisition rights are allotted by 1.05, and a fraction less than one yen shall be rounded up. However, if the amount is lower than the closing sales price on the allotment date of the share acquisition rights (if no transaction is made on that day, the closing sales price on the day immediately preceding), the closing sales price on the allotment date of the share acquisition rights shall become the Exercise Price.

If cases where the Company merges with a company, issues shares for subscription, implements a company split, stock split or reverse stock split require relevant adjustments of the number of shares, the Company shall make adjustments deemed necessary.

(5) Fair value of share acquisition rights

Fair value of share acquisition rights shall be based on a fair valuation price calculated using an option valuation model such as the Black-Scholes model with Exercise Price and other various conditions as a basis.

(6) Period to exercise share acquisition rights

Within eight years from the day following the day exactly two years after the date of the resolution of granting the share acquisition rights.

(7) Conditions for exercise of the share acquisition rights

- 1) The person to whom the share acquisition rights have been allotted must be a Director of the Company or a subsidiary of the Company or in a position equivalent thereto even when exercising the share acquisition rights. However, this shall not apply if the Board of Directors finds justifiable reasons such as retirement due to expiration of the term of office.
- 2) Other conditions for exercise of the share acquisition rights shall be determined by a resolution by the Board of Directors.

(8) Restriction on acquisition of the share acquisition rights through transfer

Any acquisition of the share acquisition rights through transfer shall require the approval at the Board of Directors of the Company.

(9) Matters regarding acquisition of the share acquisition rights

- 1) The Company shall be able to acquire all the share acquisition rights without compensation on the day separately specified by the Board of Directors of the Company under the following conditions. When approval at the Shareholders Meeting (if an approval at the Shareholders Meeting is not required, a resolution by the Board of Directors) is obtained on a merger agreement which dissolves the Company, a company split agreement or a company split plan that splits the Company, a stock exchange agreement or stock transfer plan which makes the Company a wholly owned subsidiary.
- 2) In case a holder of the share acquisition rights is unable to exercise the share acquisition rights due to the provisions specified in (7) above, prior to the exercise by the holder, the Company may acquire the share acquisition rights without compensation.

(10) Other

Other details of the share acquisition rights shall be determined by a resolution by the Board of Directors.

3. Contents of the share acquisition rights to be issued as stock options as share-based remuneration

(1) Total number of share acquisition rights to be issued

The maximum number of the share acquisition rights shall be 2,648 units in each fiscal year.



(2) Class and number of shares underlying the share acquisition rights

The class of shares underlying the share acquisition rights shall be common stock of the Company.

The maximum number of the shares underlying the share acquisition rights shall be 264,800 shares in each fiscal year. The number of shares underlying one share acquisition right shall be 100 shares.

If cases where the Company merges with a company, issues shares for subscription, implements a company split, stock split or reverse stock split requires relevant adjustments of the number of shares, the Company shall make adjustments deemed necessary.

(3) Amount to be paid in for share acquisition rights

Payment of money is not required in exchange for the share acquisition rights.

(4) Value of property to be contributed upon exercise of share acquisition rights

The amount shall be obtained by multiplying the Exercise Price by the number of shares underlying the share acquisition rights.

The Exercise Price shall be 1 yen.

(5) Fair value of share acquisition rights

Fair value of share acquisition rights shall be based on a fair valuation price calculated using an option valuation model such as the Black-Scholes model with Exercise Price and other various conditions as a basis.

(6) Period to exercise share acquisition rights

Within seven years from the day following the day exactly three years after the date of the resolution of granting the share acquisition rights.

(7) Conditions for exercise of the share acquisition rights

- 1) The person to whom the share acquisition rights have been allotted must be a Director of the Company or a subsidiary of the Company or in a position equivalent thereto even when exercising the share acquisition rights. However, this shall not apply if the Board of Directors finds justifiable reasons such as retirement due to expiration of the term of office.
- 2) Other conditions for exercise of the share acquisition rights shall be determined by a resolution by the Board of Directors.

(8) Restriction on acquisition of the share acquisition rights through transfer

Any acquisition of the share acquisition rights through transfer shall require the approval at the Board of Directors of the Company.

(9) Matters regarding acquisition of the share acquisition rights

- 1) The Company shall be able to acquire all the share acquisition rights without compensation on the day separately specified by the Board of Directors of the Company under the following conditions. When approval at the Shareholders Meeting (if an approval at the Shareholders Meeting is not required, a resolution by the Board of Directors) is obtained on a merger agreement which dissolves the Company, a company split agreement or a company split plan that splits the Company, a stock exchange agreement or stock transfer plan which makes the Company a wholly owned subsidiary.

- 2) In case a holder of the share acquisition rights is unable to exercise the share acquisition rights due to the provisions specified in (7) above, prior to the exercise by the holder, the Company may acquire the share acquisition rights without compensation.

(10) Other

Other details of the share acquisition rights shall be determined by a resolution by the Board of Directors.

**Proposal 6:** Introduction of Incentive Plan Using Issuance of Share Acquisition Rights as Stock Options for Directors and Employees of Wholly-Owned U.S. Subsidiary

The Company proposes the introduction of the Global Incentive Plan 2021 (hereinafter the “Incentive Plan”) under which share acquisition rights as stock options are issued (hereinafter the “Share Acquisition Rights”) for the directors and employees of a wholly-owned U.S. subsidiary of the Company (SOURCENEXT Inc.).

**Purpose of introduction of the Incentive Plan**

For the purpose of further improving the motivation and morale of directors and employees, further enhancing the SOURCENEXT Group’s solidarity, and recruiting excellent talent in order to increase corporate value of the Company over the medium to long term, the Company intends to introduce the Incentive Plan for the directors and employees of the Company’s wholly-owned U.S. subsidiary wherein Share Acquisition Rights will be issued free of charge to the directors and employees of the Company’s wholly-owned U.S. subsidiary.

In Silicon Valley, where the Company’s wholly-owned U.S. subsidiary is located, we believe the recruiting of excellent talent is always a critical management issue. The Company has determined that, introduction of the Incentive Plan is essential in order to secure global and excellent talent working actively in Silicon Valley. The wholly owned U.S. subsidiary plans to use the Share Acquisition Rights to secure talent able to collect and discover state-of-the-art technologies, services, and information in the area and utilize them to develop the Company’s products and contribute to the development of the U.S. market for the Company’s products.

The Company believes that the Incentive Plan will facilitate increasing the investment value of its wholly owned U.S. subsidiary for the Company and thereby contribute to an increase in the Company’s corporate value. In addition, in view of these objectives and purposes, it is necessary to design such plan that meets the requirements for US tax qualification and the Company therefore requests approval of the issuance of the Share Acquisition Rights in accordance with the “Details of the Incentive Plan” below.

**Details of the Incentive Plan**

No. 1 Terms of the Share Acquisition Rights

Terms of the Share Acquisition Rights are as follows:

Terms of the US-JP Tax-Qualified Share Acquisition Rights

1. Maximum number of the Share Acquisition Rights

4,000 units

The maximum aggregate number of shares to be delivered upon the exercise of Share Acquisition Rights will be 400,000 common shares of the Company and the number obtained by multiplying the adjusted number of shares to be granted upon the exercise of Share Acquisition Rights by the number of Share Acquisition Rights in cases where the number of shares to be granted upon the exercise of Share Acquisition Rights is adjusted in accordance with 3. (1) below.

2. Payment of money required in exchange for the Share Acquisition Rights

Payment of money is not required in exchange for the Share Acquisition Rights. As the Share Acquisition Rights are share acquisition rights granted as incentive remuneration, the lack of requirement for payment of money in exchange for the Share Acquisition Rights does not constitute “favorable issue.”

3. Details of the Share Acquisition Rights

(1) Class and number of shares underlying the Share Acquisition Rights

The number of shares underlying one Share Acquisition Right (the “Number of Shares to Be Granted”) shall be 100 shares of Company common stock.

However, in the event of a stock split (including allotment of shares of Company common stock without contribution; the same applies hereinafter) or reverse stock split of shares of Company common stock, the Number of Shares to Be Granted shall be adjusted based on the following formula. However, such adjustment shall apply only to the number of shares underlying the Share Acquisition Rights that remain unexercised at the time of such stock split or reverse stock split. Any fraction less than one share arising from the adjustment shall be discarded.

$$\text{Adjusted Number of Shares to Be Granted} = \frac{\text{Number of Shares to Be Granted before adjustment}}{\text{Ratio of stock split (or reverse split)}}$$

If the Company implements a merger or company split, decreases capital or likewise requires relevant adjustments of the Number of Shares to Be Granted after the date of allocating the Share Acquisition Rights, the Number of Shares to Be Granted shall be appropriately adjusted to a reasonable extent based on the resolution of the Board of Directors.

(2) Value and calculation method of property to be contributed upon exercise of the Share Acquisition Rights

The value of the property to be contributed upon the exercise of each of the Share Acquisition Rights shall be obtained by multiplying the amount paid in per one share to be delivered upon the exercise of the Share Acquisition Rights determined using the method below (hereinafter, the “Exercise Price”) by the Number of Shares to Be Granted.

The Exercise Price shall be the amount calculated by multiplying the average of daily closing sales price for common stock of the Company on the Tokyo Stock Exchange during the month (except days when no trades are done) prior to the month that includes the day when the Share Acquisition Rights are allotted by 1.05, and a fraction less than one yen shall be rounded up. However, if the amount is lower than the closing sales price on the allotment date of the Share Acquisition Rights (if no transaction is made on that day, the closing sales price on the day immediately preceding), the closing sales price on the allotment date of the Share Acquisition Rights shall become the Exercise Price.

If the Company implements a stock split or reverse stock split after the date of allocating the Share Acquisition Rights, the Exercise Price shall be adjusted based on the following formula. Any fraction less than one yen arising from the adjustment shall be rounded up.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before adjustment}}{\text{Ratio of stock split (or reverse split)}}$$

If the Company issues new common shares or disposes of treasury shares at the price below the market price after the date of allocating the Share Acquisition Rights (excluding the issuance of new shares and disposal of treasury shares upon the exercise of share acquisition rights, or a transfer of treasury shares due to a stock exchange), the Exercise Price shall be adjusted based on the following formula. Any fraction less than one yen arising from the adjustment shall be rounded up.

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before adjustment} \times \left( \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{Amount to be paid in per share}}{\text{Market value per share before new issuance}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}} \right)}{1}$$

The “Number of shares already issued” provided in the above formula is derived by deducting the number of treasury shares of Company common stock from the total number of issued shares of Company common stock. In the event the Company disposes of its treasury shares of common stock, the “Number of shares newly issued” shall be replaced by the “Number of treasury shares to be disposed of.” The “market value” to be used in the above formula shall be the average of closing sales price (including indicative prices; all subsequent references to closing sales prices should be taken to include indicative prices) of Company common stock in regular trading on the Tokyo Stock Exchange during 30 trading days (excluding those days on which there is no closing sales price) commencing on the day 45 trading days prior to a day after the applicable date (the payment date or the last day of the payment period concerning the relevant issue or disposal of shares) or after the base date in cases where there is a base date. Average yen values shall be first calculated to second decimal place, and the second decimal place value of 4 or less rounded down and the value of 5 or greater rounded up.

Additionally, in cases where the Company merges with a company, implements a company split or likewise requires relevant adjustments of the Exercise Price after the date of allocating the Share Acquisition Rights, the Company may appropriately adjust the Exercise Price to a reasonable extent.

(3) Exercise period of the Share Acquisition Rights

The period during which the Share Acquisition Rights can be exercised (hereinafter, the “Exercise Period”) shall be from the day following the day exactly two years after the date of the resolution of granting them until the day exactly ten years after the date of the resolution of granting them.

(4) Matters regarding increases in capital stock and legal capital surplus

- i) The amount of capital stock to be increased due to the issuance of shares upon the exercise of the Share Acquisition Rights shall be one half (1/2) of the maximum amount of increases in capital stock, etc. to be calculated according to Article 17, paragraph 1 of the Regulation of Corporate Accounting, with any amount less than one yen arising from such calculation to be rounded up.
- ii) The amount of legal capital surplus to be increased due to the issuance of shares upon the exercise of the Share Acquisition Rights shall be the amount obtained by deducting the amount of capital stock to be increased set forth in i) above, from the maximum amount of increases in capital stock, etc. set forth in i) above.

(5) Restriction on acquisition of the Share Acquisition Rights through transfer

Any acquisition of the Share Acquisition Rights through transfer shall require the approval by resolution of the Board of Directors of the Company.

(6) Conditions for exercise of the Share Acquisition Rights

- i) A holder of the Share Acquisition Rights may not exercise the Share Acquisition Rights yet to be exercised if the holder falls under any of items (a) to (f).
  - (a) In case the holder is sentenced to imprisonment without work or heavier punishment.
  - (b) In case the holder, while holding a position as a Director, Auditor, or employee of the Company or any of its subsidiaries and associates, commits a violation of the Company’s rules of employment or other Company rules, or commits an act of betrayal to society or the Company and in connection with this receives a punitive dismissal, or retires or resigns from the Company or his/her post.
  - (c) In case the holder, while holding a position as a Director, Auditor, or employee of the Company or any of its subsidiaries and associates, without receiving an administrative order or written permission from the Company to do so, becomes a director or other officer, executive officer (*shikkoyaku*), advisor, or employee of a company other than the Company and its subsidiaries and associates or an organization.
  - (d) In case the holder causes damage to or causes concern that he/she will cause damage to the Company or any of its subsidiaries and associates.

- (e) In case the holder has offered to abandon all or part of the Share Acquisition Rights in a document in a written form specified by the Company.
- (f) In case the holder commits a wrongful act or is delinquent or neglectful of his/her work duties.
- ii) In case a holder of the Share Acquisition Rights dies, heirs of the holder may exercise the Share Acquisition Rights only for a period of six months following the death of such holder, after which they may not exercise said rights.
- iii) If the total number of issued shares of the Company exceeds the number of authorized shares upon the exercise of the Share Acquisition Rights, such Share Acquisition Rights cannot be exercised.
- iv) The minimum unit of the Share Acquisition Rights for exercise shall be one unit.

#### 4. Matters regarding acquisition of the Share Acquisition Rights

- (1) The Company shall be able to acquire all Share Acquisition Rights without compensation on the day separately specified by the Board of Directors of the Company under the following conditions. When approval at shareholders' meeting (if an approval at shareholders' meeting is not required, a resolution by the Board of Directors) is obtained on a merger agreement which dissolves the Company, a company split agreement or a company split plan that splits the Company, a stock exchange agreement or stock transfer plan which makes the Company a wholly owned subsidiary.
- (2) In case a holder of the Share Acquisition Rights is unable to exercise the Share Acquisition Rights due to the provisions specified in 3. (6) above, prior to the exercise by the holder, the Company may acquire the Share Acquisition Rights without compensation.

#### 5. Treatment of the Share Acquisition Rights upon reorganization

In cases where the Company conducts a merger (limited to the case where the Company is to be a disappearing company as a result of the merger), an absorption-type company split, an incorporation-type company split, a stock exchange or a stock transfer (hereinafter collectively referred to as "the reorganization"), share acquisition rights of the companies listed in Article 236, paragraph 1, item 8 (a) to (e) of the Companies Act (the "Reorganized Companies") shall be delivered, in each of the above cases, to holders of the Share Acquisition Rights on the effective date of the reorganization according to the conditions described below. However, this shall be limited to the case where the issuance of share acquisition rights of the Reorganized Company is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a stock transfer plan in accordance with following conditions.

- (1) Number of share acquisition rights of the Reorganized Company to be delivered  
The same number of such share acquisition rights as the number of Share Acquisition Rights held by a holder of the Share Acquisition Rights shall be delivered respectively.
- (2) Class of shares of the Reorganized Company underlying its share acquisition rights  
Common shares of the Reorganized Company
- (3) Number of shares of the Reorganized Company underlying its share acquisition rights  
This shall be determined in accordance with 3. (1) above, taking the reorganization conditions into consideration.
- (4) Value of property to be contributed upon exercise of share acquisition rights  
The value of the property to be contributed upon exercise of each of share acquisition rights to be delivered shall be obtained by multiplying the Exercise Price after the restructuring, obtained by adjusting the Exercise Price as prescribed in 3. (2) above, by the number of shares of the Reorganized Company underlying the share acquisition rights, determined pursuant to 5. (3) above, taking the reorganization conditions into consideration.

(5) Period to exercise share acquisition rights

From the first day of the Exercise Period prescribed in 3. (3) above or the effective date of the reorganization, whichever is later, until the last day of the Exercise Period prescribed in 3. (3) above.

(6) Matters regarding increases in capital stock and legal capital surplus in case of share issuance upon the exercise of share acquisition rights

This shall be determined in accordance with 3. (4) above.

(7) Restriction on acquisition of share acquisition rights through transfer

Any acquisition of share acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions regarding exercise of share acquisition rights

This shall be determined in accordance with 3. (6) above.

(9) Reasons and conditions related to acquisition of share acquisition rights

This shall be determined in accordance with 4. above.

(10) Other conditions shall be determined in accordance with conditions of the Reorganized Company.

6. Matters concerning certificates of the Share Acquisition Rights

The Company shall not issue share acquisition right certificates representing the Share Acquisition Rights.

## No. 2 Supplementary items related to the Share Acquisition Rights (Sub-Plan)

The Share Acquisition Rights issued in accordance with the Incentive Plan shall be in compliance with the supplementary items below (the Sub-Plan) as well as the provisions set forth in No. 1 above.

### **SOURCENEXT CORPORATION (the “Company”) U.S. SUB-PLAN TO THE TERMS OF THE US-JP TAX-QUALIFIED SHARE OPTION**

The terms of this U.S. Sub-Plan to the Terms of the US-JP Tax-Qualified Share Option (the “**Sub-Plan**”) apply to stock options granted under the Terms of the US-JP Tax-Qualified Share Option (the “**Plan**”) to individuals who are U.S. residents or subject to U.S. federal income tax (such options, “**Options**”). This Sub-Plan is a part of the Plan. If there is a conflict, whether explicit or implied, between the provisions of the Plan and the Sub-Plan, the Sub-Plan shall prevail.

#### 1. Stock Subject to the Sub-Plan.

- (a) Maximum Number of Shares from the Plan Subject to Sub-Plan. Subject to Section 6, not more than 400,000 shares of Company common stock (“**Shares**”) that are reserved under the Plan may be subject to Options and sold under the Sub-Plan.
  - (b) Subject to adjustment as provided in Section 6, the maximum number of Shares issuable upon the exercise of incentive stock options within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), and the regulations promulgated thereunder (such options, “**ISOs**”) will equal the aggregate Share number stated in Section 1(a), plus, to the extent allowable under Code Section 422 and the regulations promulgated thereunder, any Shares that become available under the Sub-Plan pursuant to Section 1(b).
2. Administration of the Sub-Plan. The Sub-Plan will be administered by (A) the Company’s Board of Directors (the “**Board**”), (B) a committee duly appointed by the Board (a “**Committee**”), which will be constituted to satisfy applicable laws, or (C) the Board of Directors of a Subsidiary (as defined below) of the Company (in each case, the “**Administrator**”). Different Committees with respect to different groups of Service Providers (as defined below) may administer the Sub-Plan. Subject to the provisions of the Sub-Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion, to make all determinations deemed necessary or advisable for administering the Sub-Plan. The Administrator’s decisions, determinations and interpretations will be final and binding on all holders of outstanding Options (“**Participants**”).
3. Eligibility. ISOs may be granted only to any person employed by the Company or any “parent corporation” as defined in Code Section 424(e) (a “**Parent**”) or “subsidiary corporation” as defined in Code Section 424(f) (a “**Subsidiary**”) of the Company (an “**Employee**”). Options that are not ISOs (“**NSOs**”) may be granted to any natural person engaged by the Company or a Parent or Subsidiary to render to such entity bona fide services that (i) are not in connection with the offer or sale of securities in a capital-raising transaction and (ii) do not directly promote or maintain a market for the Company’s securities, Employees, or Board members (“**Service Providers**”). Each Option will be designated as either an ISO or an NSO in the agreement setting forth the terms of the Option (the “**Option Agreement**”).

#### 4. Stock Options.

- (a) Term of Option. The term of each Option will be 10 years from the grant date unless a shorter term is stated in the Option Agreement, provided that any ISO granted to a Participant who, at the time of grant, owns stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary will have a term of 5 years from the grant date unless a shorter term is provided in the Option Agreement.
- (b) Exercise Price. The per Share exercise price of an Option will be determined by the Administrator but will be no less than the Fair Market Value (as defined below) per Share on the date of grant. In addition, in the case of an ISO granted to an Employee who owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than 110% of the Fair Market Value per Share on the grant date.



Notwithstanding the foregoing provisions of this Section 4(b), Options may be granted with a per Share exercise price of less than the Fair Market Value per Share on the grant date pursuant to a transaction described in, and in a manner consistent with, Code Section 424(a).

- (c) Exercise of Option following Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, the Participant's Option may be exercised within 6 months following a termination due to the Participant's death or disability (which, in the case of ISOs, will mean total and permanent disability as defined in Code Section 22(e)(3)), within 30 days following a termination for any other reason, or within such longer period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) to the extent that the Option is vested on the date of termination.
- (d) **"Fair Market Value"** means, as of any date, the value of Shares determined as follows:
  - (i) If the Shares are listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or, if no closing sales price was reported on that date, as applicable, on the last trading date such closing sales price was reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;
  - (ii) If the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Shares on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or
  - (iii) In the absence of an established market for Shares, the Fair Market Value will be determined in good faith by the Administrator.

#### 5. Limited Transferability of Options.

- (a) Unless the Option Agreement provides otherwise, an Option may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the Participant's lifetime, only by the Participant.
- (b) Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or after the Administrator determines that it is, will, or may no longer be relying upon the exemption from registration under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act, an Option, or prior to exercise, the Shares subject to the Option, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), unless otherwise provided in the Option Agreement.

6. Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Sub-Plan, will adjust the number and class of shares of stock that may be delivered under the Sub-Plan and/or the number, class, and price of shares of stock covered by each outstanding Option; provided, however, that the Administrator will make such adjustments to an Option required by Section 25102(o) of the California Corporations Code to the extent the Company is relying upon the exemption afforded thereby with respect to the Option.

7. Term of Sub-Plan. Subject to Section 8, the Sub-Plan will become effective upon its adoption by the Board. Unless sooner terminated under Section 9, it will continue in effect for a term of 10 years from the Sub-Plan's effective date.

8. Stockholder Approval of Adoption of Sub-Plan. The Sub-Plan must be approved by Company stockholders, in the manner and to the degree required under applicable laws, within 12 months after Board approval of the Sub-Plan.
9. Amendment and Termination of the Sub-Plan. The Board may at any time amend, alter, suspend or terminate the Sub-Plan. The Company will obtain stockholder approval of any Sub-Plan amendment to the extent necessary and desirable to comply with applicable laws. No amendment, alteration, suspension or termination of the Sub-Plan will materially impair the rights of any Participant, unless the Participant and the Administrator otherwise agree in writing. Termination of the Sub-Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to outstanding Options.