

June 17, 2025

Arata Corporation

Seiichi Kochiya

Representative Director and President

Supplementary Explanation of Proposal No. 2 and No. 3 at Our 23rd Annual General Meeting of Shareholders

Dear Shareholders

With regard to Proposal No. 2, Election of Three (3) Directors Who Are Audit and Supervisory Committee Members, to be resolved at the 23rd Annual General Meeting of Shareholders to be held on June 24, 2025, ISS (Institutional Shareholder Services), a proxy voting advisory firm, has recommended shareholders vote "AGAINST" the candidate, Mr. Masatoshi Muto, as he is not considered to be independent according to ISS standards. We have examined the "AGAINST" recommendation made by ISS and would like to provide a supplemental explanation once again, through the following points below, regarding our judgment that Mr. Masatoshi Muto is independent. With regard to Proposal No. 3, Election of One (1) Director Who Is a Substitute Audit and Supervisory Committee Member, we would also like to provide the following supplementary explanation regarding the independence of Mr. Takeo Suzuki, a candidate for the position.

Our Company sets the cooling-off period under its independence standards at three years. However, both the Tokyo Stock Exchange and the Nagoya Stock Exchange, on which our Company is listed, stipulate a one-year cooling-off period in cases where a party, or its executive officers, for whom the listed company (the Company) is a major client, is appointed as an independent director. Meanwhile, the New York Stock Exchange adopts a three-year cooling-off period in similar circumstances. Even considering these points, our Company considers its three-year cooling-off period to be reasonable.

In addition, Glass, Lewis & Co., which is also a proxy voting advisory firm, has recommended voting “FOR” the election of Mr. Masatoshi Muto and Mr. Takeo Suzuki.

1. Supplementary Explanation of Our Reasons for Determining that Mr. Masatoshi Muto, a Candidate for Director Who is an Audit and Supervisory Board Member, is Independent

a. Passage of Time (Three-Year Cooling-Off Period under Independence Standards)

It has already been more than 14 years (cooling-off period) since Mr. Muto left Mizuho Corporate Bank, Ltd. (Now, Mizuho Bank, Ltd.) in March 2011. We do not believe that he is subject to any influence from, or able to exert any influence on, Mizuho Bank, Ltd., and we believe that his independence is secured given the amount of time that has passed since he left Mizuho Corporate Bank, Ltd.

b. Transactions with Open Financial Institutions (Open Banking)

Mizuho Bank, Ltd. is one of 13 financial institutions with which we maintain a borrowing relationship. The selection of financial institutions is determined by the Administration Department, which is the executive division, taking into consideration the current transaction status and interest rates offered by many financial institutions. We have extensive business relationships with other financial institutions, with which we maintain well-balanced business partnerships.

c. Separation of Execution and Oversight in Transactions with Financial Institutions

Regarding investments etc., we make decisions at the Board of Directors level based on thresholds defined in the Rules Regarding Delegation of Authority. However, the Board's deliberations focus solely on the amount involved, not on the selection of financial institutions. The determination of which financial institutions to borrow from is the sole responsibility of the Administration Department, which is the executive division.

d. Dissolution of Strategic Shareholdings

The Company evaluates the economic rationale for each strategic

shareholding individually, and once a year, the Finance Division takes the lead in formulating a policy. In accordance with this policy, all 5,300 shares of Mizuho Financial Group, Inc. that we had at the end of the fiscal year in March 2023 were sold in May 2023, and the strategic shareholdings were dissolved, ensuring independence from the financial institution. (Mizuho Financial Group, Inc. did not hold any shares of the Company as of March 31, 2025.)

(Summary)

With respect to the independence of Mr. Masatoshi Muto, we have determined that there is no possibility of conflicts of interest and that he is able to perform his duties as a director from a fair and neutral standpoint for the following reasons.

1. 14 years have passed since the candidate left Mizuho Bank, Ltd.
2. The bank is one of many financial institutions with which we conduct transactions. Decisions on which financial institutions to maintain borrowing relationships with are made by the Administration Department, which is the executive division.
3. All 5,300 shares of Mizuho Financial Group, Inc. held by our Company in the fiscal year ended March 31, 2023, were sold in May 2023.

2. Supplementary Explanation of Reasons for Determining that Mr. Takeo Suzuki, a Candidate for Director Who Is a Substitute Audit and Supervisory Committee Member, is Independent

[Mitsubishi UFJ Trust and Banking Corporation]

- a. Passage of Time (Three-Year Cooling-Off Period under Independence Standards)

It has already been more than 25 years (cooling-off period) since Mr. Suzuki left Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation) in September 1999. We do not believe that he has any influence from, or on, Mitsubishi UFJ Trust and Banking Corporation. We believe that his independence is secured, considering how much time has passed since he left Mitsubishi UFJ Trust and

Banking Corporation.

b. Transactions with Open Financial Institutions (Open Banking)

Although Mitsubishi UFJ Trust and Banking Corporation serves as the shareholder registry administrator for our Company, transactions with the institution, including fees for administrative services, are determined by the Corporate Governance Division, which is the executive division, based on prevailing market rates.

The transaction amount represented less than 0.1% of the trust bank's revenue for the fiscal year ended in March 2025.

c. In addition, Mitsubishi UFJ Financial Group, Inc. is one of 13 financial institutions with which the Company maintains a borrowing relationship. The selection of financial institutions is determined by the Administration Department, which is the executive division, taking into consideration the current transaction status and interest rates offered by many financial institutions. Our Company has extensive business relationships with other financial institutions, with which we maintain well-balanced business partnerships.

d. Separation of Execution and Oversight in Transactions with Financial Institutions

Regarding investments etc., we make decisions at the Board of Directors level based on thresholds defined in the Rules Regarding Delegation of Authority. However, the Board's deliberations focus solely on the amount involved, not on the selection of financial institutions. The determination of which financial institutions to borrow from is the sole responsibility of the Administration Department, which is the executive division.

e. Dissolution of Strategic Shareholdings

We evaluate the economic rationale for each strategic shareholding individually, and once a year, the Finance Division takes the lead in formulating a policy. In accordance with this policy, all 65,000 shares of Mitsubishi UFJ Financial Group, Inc. that our Company held at the end of the fiscal year in March 2018 were sold in September 2018, and the strategic shareholdings were dissolved, ensuring independence from the

financial institution. (Mitsubishi UFJ Financial Group, Inc. did not hold any shares of the Company as of March 31, 2025.)

[Deloitte Touche Tohmatsu LLC]

a. Passage of Time (Three-Year Cooling-Off Period under Independence Standards)

It has already been more than 3 years (cooling-off period) since Mr. Suzuki left Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC) in December 2020. During the candidate's tenure at the audit firm and throughout the cooling-off period, the candidate was not involved whatsoever with the Company. Accordingly, it is considered that the candidate is neither subject to influence from, nor in a position to exert influence over, the audit firm. Based on this, we consider that the candidate's independence is sufficiently ensured.

b. Appropriate Compensation and Audit Evaluation

The Audit and Supervisory Committee holds legal responsibility for the determination of audit firm compensation and the appropriateness of audit services. They also conduct their deliberations and evaluations through a transparent process. This process serves to eliminate any factors that may compromise the independence of outside directors and ensures an appropriate assessment.

The transaction amount represented less than 0.1% of the firm's revenue for the fiscal year ended in March 2025.

c. Periodic and Comprehensive Evaluation

The Audit and Supervisory Committee holds regular meetings with the audit firm, Deloitte Touche Tohmatsu LLC, as well as with the Administration Department and the Corporate Governance Division, to confirm evaluations made by the executive divisions. Through this approach, the Committee gathers key information regarding audit methods and implementation status, thereby enhancing the comprehensiveness of its oversight and decision-making.

d. Audit Fee Determination Process

Audit fees are determined by executive divisions based on prevailing market rates. The Audit and Supervisory Committee confirms the

appropriateness of such determinations. The Committee also verifies that fees are set in accordance with the scope and results of the audit services provided by the audit firm.

(Summary)

With respect to the independence of Mr. Takeo Suzuki, we have determined that there is no possibility of conflicts of interest for the following reasons.

1. Already 25 years have passed since the candidate has left Mitsubishi UFJ Trust and Banking Corporation.
2. The current transactions are conducted with Mitsubishi UFJ Trust and Banking Corporation under its capacity as a shareholder registry administrator, with revenues from these transactions representing less than 0.1% in the fiscal year ended March 2025.
3. The bank is one of many financial institutions with which the Company conducts transactions. Decisions on which financial institutions we have borrowing relationships with are made by the Administration Department, which is the executive division.
4. All 65,000 shares of Mitsubishi UFJ Trust and Banking Corporation held by the Company in the fiscal year ended March 31, 2018, were sold in September 2018.
5. Already 3 years have passed since the candidate left Deloitte Touche Tohmatsu LLC.
6. The appropriateness of the audit and the determination of audit fees are subject to transparent deliberation by the Audit and Supervisory Committee.
7. Audit fees and audit appropriateness are evaluated on a regular and comprehensive basis.
8. Audit-related fees accounted for less than 0.1% of Deloitte Touche Tohmatsu LLC's revenue for the fiscal year ended March 2025.

Accordingly, the candidate's independence is ensured and has been duly assessed through a highly transparent process conducted by the Audit and Supervisory Committee.

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