

April 1, 2024

Company name	Datasection Inc.
Representative	Shinichi Iwata, President, CEO and CFO (Code No. 3905, TSE Growth)
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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation for Directors

Datasection Inc. (hereinafter referred to as the "Company") hereby announces that, at the Board of Directors meeting held today, it has resolved to dispose of treasury shares as restricted stock compensation to the Company's directors (hereinafter referred to as the "Disposal of Treasury Shares") as outlined below.

1. Overview of the Disposal of Treasury Shares

(1) Payment Date	April 16, 2024
(2) Type and Number of Shares to be Disposed	13,717 shares of the Company's common stock
(3) Disposal Price	729 yen per share
(4) Total Disposal Price	9,999,693 yen
(5) Allottee	13,717 shares to one director of the Company

2. Purpose and Reason for Disposal

The Company resolved at the Board of Directors meeting held on May 24, 2019, to introduce a restricted stock compensation plan (hereinafter referred to as the "Plan") as a new compensation system for its directors (excluding outside directors, hereinafter the same), aiming to provide incentives for the continuous enhancement of the Company's corporate value and to further promote value sharing with shareholders. At the 19th Annual General Meeting of Shareholders held on June 27, 2019, the Company obtained approval for the payment of monetary compensation claims to the Company's directors, up to an annual limit of 80 million yen, as a separate allocation from the existing monetary compensation framework, as non-cash contributions for the allotment of restricted stock under the Plan (with a total annual limit of 120,000 shares of the Company's common stock).

Under the Plan, the Company's directors are required to contribute all of the monetary compensation claims granted by the Company as non-cash assets in exchange for the issuance or disposal of the Company's common stock. The payment amount per share is determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution (or the closing price on the most recent trading day if there was no trading on that day), ensuring that the amount does not favor the directors unduly.

On February 14, 2024, Shinichi Iwata was newly appointed as President and CEO, CFO of the Company. To promote management from a shareholder's perspective by having Shinichi Iwata, the President and CEO, hold the Company's stock early on, thereby enhancing the Company's corporate value on a continuous basis and further promoting value sharing with shareholders, the Board of Directors resolved today to grant monetary compensation claims totaling 9,999,693 yen to Shinichi Iwata (hereinafter referred to as the "Allottee") and to dispose of 13,717 shares of the Company's common stock (hereinafter referred to as the "Allocated Shares") as non-cash contributions.

«Overview of the Restricted Stock Allocation Agreement»

In connection with the Disposal of Treasury Shares, the Company will enter into a Restricted Stock Allocation Agreement (hereinafter referred to as the "Allocation Agreement") with the Allottee. The

overview of the Allocation Agreement is as follows:

(1) Restriction Period:

The Allottee shall not transfer, create security interests on, or otherwise dispose of the Allocated Shares during the period from the payment date until the day the Allottee resigns as a director of the Company (provided, however, that if the resignation date is on or before June 30, 2025, the restriction period shall be until June 30, 2025).

(2) Condition for Lifting of Restrictions:

The restrictions on the Allocated Shares shall be lifted upon the expiration of the restriction period, provided that the Allottee has continuously held the position of director of the Company during the period from the payment date until the conclusion of the Company's Annual General Meeting of Shareholders for the fiscal year ending March 2025 (hereinafter referred to as the "Service Period"). However, if the Allottee resigns as a director of the Company during the Service Period (or until June 30, 2025, if the restriction period is until that date) due to death or other reasons deemed legitimate by the Board of Directors, the restrictions shall be lifted at the time of such resignation.

(3) Acquisition by the Company Without Compensation:

The Company shall automatically acquire without compensation any Allocated Shares for which the restrictions have not been lifted at the time the restriction period expires (or at the time of resignation if the resignation occurs before the expiration of the restriction period on June 30, 2025).

(4) Management of Shares:

The Allocated Shares shall be managed in a dedicated account for restricted stock opened by the Allottee at Daiwa Securities Co., Ltd. during the restriction period to ensure that the shares cannot be transferred, used as collateral, or otherwise disposed of during the restriction period.

(5) Handling in Case of Organizational Restructuring, etc.:

If, during the restriction period, the Company's shareholders approve a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other organizational restructuring, etc., (provided, however, that if approval by the Company's shareholders is not required for such organizational restructuring, etc., approval by the Company's Board of Directors shall suffice), the restrictions on the Allocated Shares shall be lifted immediately before the business day preceding the effective date of such organizational restructuring, etc., by a resolution of the Board of Directors.

3. Basis and Details for Calculation of Payment Amount

The Disposal of Treasury Shares is being conducted based on the Plan, in which the monetary compensation claims granted to the Allottee will be used as non-cash contributions. The payment amount per share has been set at 729 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on March 29, 2024, the business day immediately preceding the date of the Board of Directors' resolution. This price was selected to eliminate arbitrariness and is considered reasonable as it reflects the Company's corporate value appropriately. It is not deemed to be a particularly advantageous price for the Allottee.

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