February 18, 2025

Company name:	Datasection Inc.
Representative:	Norihiko Ishihara, Representative Director, President and CEO (Securities code: 3905, TSE Growth)
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Notice Concerning Issuance of the 20th Series of Stock Acquisition Rights (with a clause to revise the exercise price) through Third-Party Allotment

We hereby announce that Datasection Inc. ("the Company") has resolved, at a meeting of the Board of Directors held on February 18, 2025, to issue the 20th series of stock acquisition rights with a clause to revise the exercise price (hereinafter, the "Stock Acquisition Rights," or abbreviated as "SARs") through a third-party allotment, and to enter into a third-party allotment agreement, including the following details, with Hayate Management Co., Ltd. (hereinafter, "Hayate Management" or the "Scheduled Allottee") on condition that the notification under the Financial Instruments and Exchange Act becomes effective.

１． Outline of the Offer

The 20th series of stock acquisition rights (with a clause to revise the exercise price)

I.	Allotment date	March 6, 2025
II.	Number of stock acquisition rights to be issued	44,000
III.	Issue price	Total amount 15,488,000 yen (352 yen per Stock Acquisition Right)
IV.	Number of potential shares resulting from the issuance	4,400,000 shares (100 shares per Stock Acquisition Right) The exercise price may be revised as described in "(vi) Exercise price and conditions for revising exercise price" below, but there is no ceiling for exercise price. The minimum exercise price is 344 yen, but even at the minimum exercise price, the number of potential shares related to the 20th series of Stock Acquisition Rights is 4,400,000 shares.
V.	Amount of funds to be raised	3,024,688,000 yen (Note)
VI.	Exercise price and conditions for revising exercise price	Initial exercise price 688 yen The exercise price of the Stock Acquisition Rights will be adjusted, based on the closing price of the Company's common stock in ordinary transactions on the Tokyo Stock Exchange, Inc. (the "Tokyo Stock Exchange") on the trading day immediately preceding the effective date of each exercise request (the "Revision

	Date"). (If there is no closing price on the same day, the closing price of the immediately preceding day), as follows: multiply the above-mentioned closing price by 0.9 (or 90%), and then round it up to the nearest yen. However, if the amount after the revision falls below the minimum exercise price, the minimum exercise price shall be the exercise price after the revision.
VII. Method of offering or allocation (Scheduled Allottee)	44,000 rights will be allocated to Hayate Management by way of a third-party allotment.
VIII. Exercise period	The period shall be from March 7, 2025 to March 6, 2026.
IX. Other	The Company will enter into a third-party allotment agreement pertaining to the Stock Acquisition Rights (the "Allotment Agreement") with the Scheduled Allottee, on condition that the notification under the Financial Instruments and Exchange Act becomes effective. The Allotment Agreement will provide for the following. Details are described in "2. Purpose and Reason for the Offer (3) Reason for selection of financing method (Features of the Scheme)" below. ・Request for acquisition of the Stock Acquisition Rights by the Scheduled Allottee In addition, if the Scheduled Allottee transfers the Stock Acquisition Rights with the prior consent of the Board of Directors of the Company, it will be stipulated that the transferee from the Scheduled Allottee will succeed to all rights and obligations of the Scheduled Allottee under the Allotment Agreement.

(Notes) 1. The amount of funds to be raised is the sum of the total amount to be paid in for the SARs plus the amount of assets to be contributed upon exercise of the SARs, less an estimated amount of expenses related to the issuance of the SARs. The total amount of assets to be contributed upon exercise of the SARs is the estimated amount assuming that all the SARs are exercised at the initial exercise price. Therefore, if the exercise price is revised or adjusted, the total amount to be paid in for the SARs plus the total value of the assets to be contributed upon exercise of the SARs may increase or decrease. In the event that the SARs are not exercised within the exercise period or the Company cancels the SARs acquired, the sum of the total amount to be paid in for the SARs plus the total value of the assets to be contributed upon exercise of the SARs may decrease.

2. The subscription and payment for the SARs shall be made as follows: upon executing an agreement for subscribing the total number of SARs after the notification under the Financial Instruments and Exchange Act becomes effective and by the payment date, the total issue price shall be paid by offsetting the loan claims of the Scheduled Allottee to the Company and the payment obligations for the SARs on the payment date.

2. Purpose and Reason for the Offer

(1) Purpose of the Offer

With the vision of "Keep on upgrading lifestyle of people all over the world," since its establishment, our Group has been providing client companies in various industries with our own products and services in our core business domains such as social media analysis and AI system development, taking advantage of our strengths in such elemental technologies as big data analysis technology and AI-based image analysis technology. Furthermore we have been actively promoting alliances, by acquiring a Fintech business in Japan in 2017, and FollowUP, a retail marketing business using IoT devices, in Japan and South America in 2018, aiming at realizing the Group's growth, increasing corporate value, and contributing to a sustainable society through the "fusion of technology and the real world" on a global basis.

Subsequently, recognizing that our first priority is business growth through selection and concentration on business areas where we can best utilize our technological strengths, we established a unique business model and transformed our business portfolio by acquiring retail marketing businesses in South America; and especially in South America, we have achieved steady growth by supporting digital transformation of stores in the retail industry and large shopping malls, and thereby built a new business foundation and a base for stable earnings in the future.

On the other hand, when looking at further growth in the future, Japan Segment has not made progress in restructuring its business portfolio and making it profitable. From the perspective of further growth of the Overseas Segment, which is on a growth trajectory, it is essential to improve Japan Segment and generate cash flow. From this perspective, in the fiscal year ending March 31, 2024, while setting a stage change, namely a shift from the 'selection and concentration' phase to the 'expansion and investment' phase, we have set basic policies to pursue both growth and foundation building, such as "business portfolio review including restructuring of domestic business," "strengthening of global structure" and "enhancement of value provided to customers; and reorganized our business segments into two, Japan and Overseas segments, in order to better visualize challenges facing Japan segment and the growth potential of Overseas Segment. In addition, with the aim of revising the multilayered domains and returning to "data analysis and AI" which are the Group's strengths, we redefined our business domains into three: "data science (data science business centered on consulting)," "marketing solutions (SaaS business using IoT devices and SNS-related business)," and "system integration (centered on contracted development)" (Previously, the accounting segment was divided into the retail marketing business and the data analysis solutions business, and within the data analysis solutions business, individual business areas were divided into the AI and system development business, the social media analysis business, the medical business, and the new business area, but these were redefined into these three categories to directly link to the business domain itself). In September 2023, as an M&A based on this basic policy, the Company acquired businesses from The ROOM4D Co., Ltd. (Location: Minato-ku, Tokyo; Representative: Takaharu Sakamaki) and The ROOM Door Co., Ltd. (Location: Minato-ku, Tokyo; Representative: Akihiko Sunada) of the Room4D Group, which has an established reputation in the data science domain, and positioned these businesses as the core of the Group's data science domain. In July 2024, the Company acquired, through share purchase and share exchange, 100% ownership of MSS Corporation (Location: Minato-ku, Tokyo; Representative: Takahiro Matsuda; hereinafter "MSS"), which is mainly engaged in marketing research and sales promotion business, because significant synergies are expected from the complementary relationship with the Group's marketing solutions business, which provides digital marketing support and SNS business. In this way, the Company has made strategic investments, making progress in achieving balanced investment and growth both in Japan and overseas. On the other hand, with regard to the overseas business, the

Company recorded an impairment loss of 461 million yen as amortization of goodwill in the consolidated financial statements for the fiscal year ending March 31, 2023 for Jach Technology SpA (Location: Santiago, Chile; Representative: Christian Pablo Cafatti Cuevas), a subsidiary that temporarily lost excess profitability due to deviation from the business plan at the time of acquisition caused by a significant change in business environment since acquisition, including COVID-19 pandemic. In addition, as disclosed on May 15, 2024, the preferred dividend rights of preferred shares issued by the said subsidiary were offset by long-term loans receivable to existing shareholders, and a bad debt loss of 505 million yen based on the same loans receivable was recorded; in this way, the Company has been resolving financial issues that have emerged on a consolidated basis, aside from the solid business performance. As a result, for the consolidated fiscal year ending March 31, 2024, the Company reported net sales of 2,229 million yen (up 15.9% from the previous year), operating loss of 216 million yen (operating loss of 55 million yen in the previous year), adjusted EBITDA of 47 million yen (down 93.1% from the previous year), ordinary loss of 235 million yen (ordinary income of 46 million yen in the previous year), net loss attributable to owners of parent company of 1,261 million yen (net loss attributable to owners of parent company of 530 million yen in the previous year). For the consolidated cumulative third quarter of the fiscal year ending March 31, 2025, the Company reported net sales of 2,060 million yen (up 33.0% from the previous year), operating loss of 281 million yen (operating loss of 182 million yen in the previous year), negative adjusted EBITDA of 49 million yen (negative 23 million yen in the previous year), ordinary loss of 381 million yen (ordinary loss of 217 million in the previous year), and net loss attributable to owners of parent company of 403 million yen (net loss attributable to owners of parent company of 852 million yen in the previous year).

In terms of financials, for the consolidated fiscal year ended March 31, 2024, net cash provided by operating activities was 333 million yen, net cash used in investing activities was 569 million yen, net cash provided by financing activities was 382 million yen, cash and cash equivalents at the end of the period was 1,659 million yen, and the shareholders' equity ratio was 50.6%. At the end of the consolidated cumulative third quarter of the fiscal year ending March 31, 2025, the shareholders' equity ratio was 56.9%, cash and deposits were 544 million yen, and loans payable were 1,179 million yen. In its financial activities, for the purpose of using for M&A and capital/business alliance-related funds and expenses to promote its growth strategy, the Company issued 2,230,000 new shares and 14,880 (1,488,000 shares) of the 19th series of stock acquisition rights (fixed exercise price type, hereinafter, the "19th series of stock acquisition rights") through a third-party allotment on February 29, 2024 (hereinafter, the "Previous Financing"). All of the 19th series of stock acquisition rights have not been exercised, but the Company has raised 669 million yen (excluding issuance costs) through the Previous Financing to date. The Company has used the proceeds of 317 million yen for funds and expenses related to M&A and capital/business alliances, including the acquisition of MSS as a wholly owned subsidiary.

Under these circumstances, in addition to the ongoing restructuring of the business portfolio in its existing businesses, the Group has launched a new AI data center business on a global basis as a strategic core business. In order to develop and expand this new business, the Group is promoting the revamping of its management structure, securing high-level human resources, seeking and acquiring optimal business partners, and developing and building the "DS Cloud Stack."* The Group is also collaborating and discussing with its business partners and potential business partners to establish AI data centers in Europe and Japan.

*1 Our proprietary operational optimization algorithm essential for the operation of large GPU clusters for AI

Specifically, in order to secure the GPU servers that are indispensable for the construction of AI data centers, we have reached a basic agreement, throughout the months of November and December 2024, with major server equipment suppliers in Taiwan, namely, INVENTEC CORPORATION (Head office: Taipei City, Taiwan; Representative: Tsai, Chih-An, President), Wistron Corporation (Head office: New Taipei City, Taiwan; Representative: Simon Lin, Chairman), GIGA Computing Technology CO., LTD. (Head Office: New Taipei City, Taiwan; Representative: Daniel Hou, CEO), Quanta Computer INC. (Head office: Taoyuan, Taiwan; Representative: Barry Lam, Chairman) to hold negotiations towards business alliances, and are currently in discussions with these companies to establish business alliance relationships based on an optimal framework that will contribute to the Group's AI data center business.

Furthermore, in order to secure excellent engineering resources, which is an essential and critical element to accelerate the AI data center business, and to develop and build the DS Cloud Stack as quickly as possible, in August 2024, the Company entered into a joint development agreement with NowNaw Japan K.K. (located in Chuo-ku, Tokyo; Representative: Reika Omi; hereinafter, “NNJ”), which has engineers with experience in developing AI stacks and AI models, to jointly develop the DS Cloud Stack. Based on this joint development agreement, the development and building of the DS Cloud Stack has progressed and test verification by potential customers has been completed.

In addition to this, in February 2025, the Company entered into a business alliance agreement with CUDO Ventures Ltd.（Head Office: London, UK; Representative: Matt Hawkins, CEO; Service brand name: CUDO Compute; hereinafter "CUDO"), which has operational experience and technical capabilities in AI cloud stacks and data center infrastructure as an AI partner certified by NIVIDIA Corporation (Head Office: California, USA; Representative: CEO, Jensen Huang, CEO; hereinafter “NVIDIA”) or NVIDIA Cloud Partner (hereinafter, “NCP”). This business alliance is intended to integrate the AI data center business of both companies, and to secure the most advanced GPUs manufactured by NVIDIA through Taiwanese manufacturers and provide DS cloud stacks to potential AI data center projects, as well as to collaborate with CUDO, which has experience in AI infrastructure operation as NCP, in operation and customer development. We are already working in collaboration for the joint project. The two companies are also discussing a capital alliance between them.

Furthermore, the Group is also in discussions with business partners and potential partners to jointly establish and operate AI data centers. In parallel with the above efforts, we also plan to set up “DS AI Infrastructure Global Investment Fund” (tentative name, hereinafter “DSAI Fund”), the purpose of which is to invest in AI data centers on a global basis (the fund will hold shares of companies operating AI data centers). The details are as follows:.

(Overview of DSAI Funds)

(i)	Name	DS AI Infrastructure Global Investment Fund
(ii)	Location	Cayman Islands
(iii)	Purpose of structuring	Investments in AI data centers on a global basis (the fund will own shares in companies that operate AI data centers)
(iv)	Date of structuring	Expected to be completed by March 2025 (Note 1)

(v)	Fund investment amount	Target: US$2 billion	
(vi)	General Partner (GP) Overview	Name	DS AI Investment Ltd.
		GP	In addition to the Company, European banks are considering participating in the operation as joint GPs
		Investment team	Pablo Casado Blanco (Chairman of the Board of Directors of the Company) (Note 2) Norihiko Ishihara (Representative Director, President and CEO of the Company) Matias Jurado Alvarez, and other members
		Advisory board	HE Anders Fogh Rasmussen (former Secretary General of NATO, former Prime Minister of Denmark), and other members
		GP investment amount	1.0% of the total fund value (capital call method (Note 3))
		GP fee	2.0% of the total fund value (per annum) 20% of Carried Interest (8% hurdle rate)
(vii)	Limited Partners	Mainly European banks and alliance partners in the AI data centers (projected)	
(viii)	Schedule	August 2024 Establishment of GP entity (DS AI Investment Ltd.) By March 2025 Establishment of DSAI Fund	

(Notes) 1. While it was initially scheduled within 2024, the date has been changed to March 2025 to reflect the progress of the project for the AI data center business.

2. He is a former leader of the Spanish Nationalist Party and runs Hyperion Fund FCR, established in January 2024, which focuses on security and AI. He assumed the position of Chairman of the Board of Directors of the Company in order to develop the AI data center business in Europe.

3. GPs will provide funding in stages according to the progress of the fund's investment, within the amount of the investment commitment.

In the Group’s core domains, namely, "data science," "marketing solutions," and "system integration," in addition to the distribution of large volumes of data due to the progress of digitalization, and accelerating analysis and utilization of this data, both in Japan and overseas, as well as steady DX-related demand as seen in corporate software investment, etc., we see, in the AI market, the expansion of applications of generative AI, which is one of the Company’s strengths, and its implementation in the society: as such, the market environment is developing at an accelerated pace. Furthermore, the market environment for AI data centers, another area expected to progress going forward, is such that there is a need to build AI data centers that can handle the rapidly growing AI processing on a global basis. Given the current global economic and security environment where geopolitical issues and security risks persist, AI is becoming an even more important factor in solving various issues. Therefore, there is a strong need to expand the capacity of AI data centers and cross-border collaboration. Moreover, with the current industry-wide doubling of computing power required to train AI models approximately every 6 months (from the May 2024

EPOCH AI research report, "Training Compute of Frontier AI Models Grows by 4-5x per Year"), we assume that in the future, the creation of new and larger models is expected to further increase demand for AI data centers and AI cloud services.

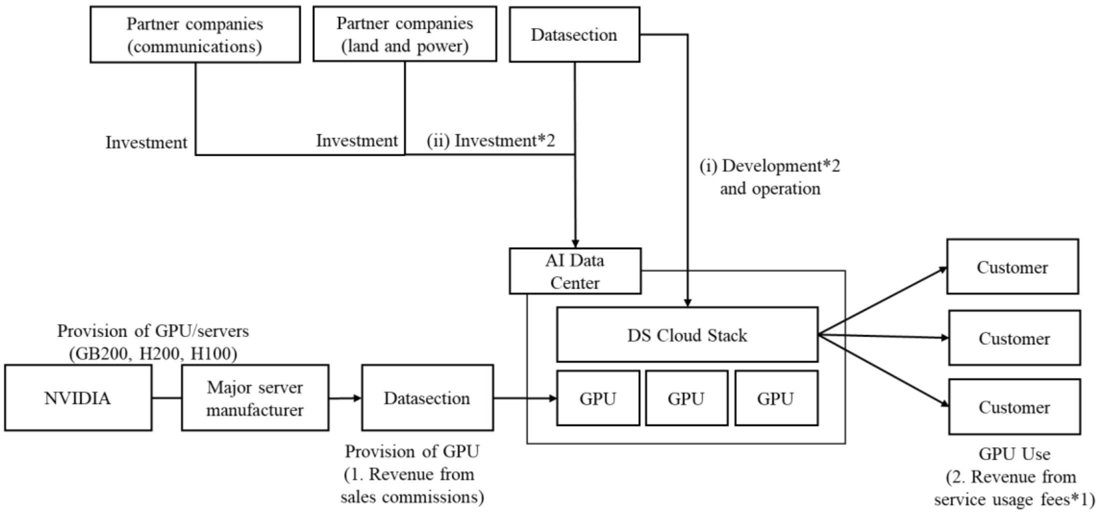
In this high-growth market environment, the Group believes that its cash on hand is insufficient to fund the above-mentioned initiatives. Therefore, while taking into consideration the risk buffer and financial soundness, the Group intends to secure a certain amount of its own fund through this financing, and to use the proceeds to fund the development and building of DS Cloud Stack, investments in joint ventures and DSAI funds related to AI data center operations, working capital such as recruitment expenses, personnel expenses, and cash on hand, and repayment of borrowings, as described in "3. Amount of funds to be raised, use of funds, and scheduled outlay period (2) Specific use of funds to be raised" below. The Company has determined that the enhancement of its financial soundness by facilitating development of AI data center business is in line with its management policy that aims for stable and significant growth over the medium to long term, and will contribute to the long-term increase in its corporate value and to the sustainable society.

The following chart outlines the AI data center business that the Group is newly developing and the use of funds from this financing. There are two types of investments for AI data center operators, (A) direct investment type and (B) fund investment type, and the funds raised this time will be used for both or either of them according to the progress of each project.

(Overview of AI Data Center Business and Use of Funds from this Financing)

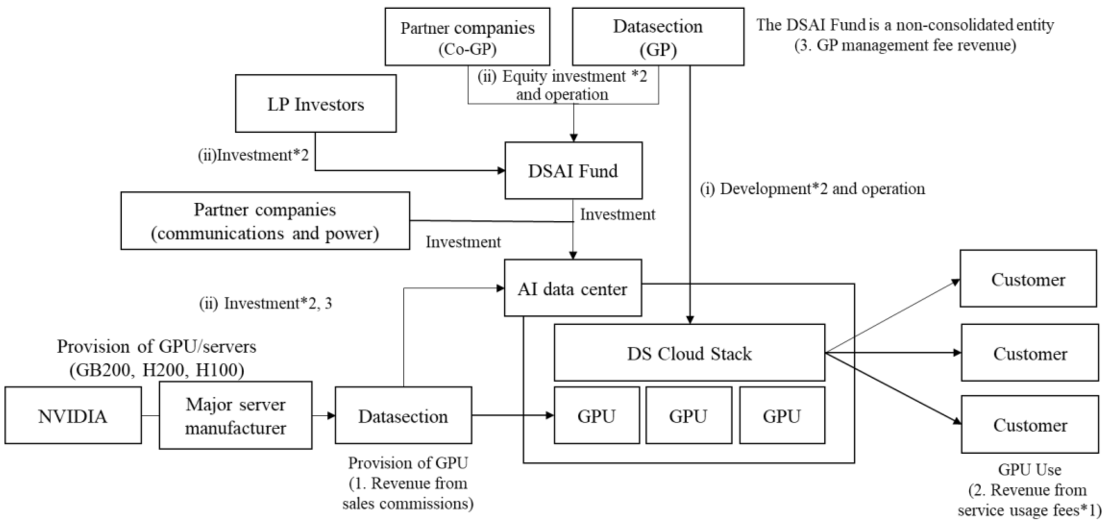
A: Direct Investment Type

- For direct investment in AI data centers, there are two revenue models
- Returns from AI data center investments



B: Fund Investment Type

- For AI data centers supported through funds, there are three revenue models
- Returns from DSAI Fund investment



GP = General Partner LP = Limited Partner

*1 Revenue from customers' GPU usage fees is shared between Datasection and AI data centers
*2 A portion of the funds raised in this financing round will be allocated to the following purposes:
(i) Development and construction of DS Cloud Stack: 1,000 million yen
(ii) Investments in joint ventures related to AI data center operations, DSAI fund investments: 709 million yen
Datasection may also participate as an LP investor
3 AI data centers directly invested in by Datasection may also be included in the DSAI Fund's portfolio

Hayate Management, the Scheduled Allottee of the Stock Acquisition Rights, proposed a financing method that meets the Company's needs, and also responded flexibly to the Company's development and working capital needs in debt financing: the Company received a 400 million yen loan from Hayate Management (drawdown date: February 6, 2025, term: 1 year, interest rate: 5%). Hayate Management also has a proven track record in the same type of financing, making it a prospective allottee that can be expected to smoothly procure funds in line with the Company's needs, while taking into consideration the impact on the stock price and the interests of existing shareholders.

Although this fundraising will result in a dilution of shareholder equity per share, we believe that it will lead to an increase in the corporate value of the Group and benefit existing shareholders through future business growth of the Group and maintenance of financial soundness through strategic investments, etc., utilizing the funds to be raised.

The specific use of the funds to be raised and the scheduled outlay period are described in "3. Amount of funds to be raised, use of funds, and scheduled outlay period (2) Specific use of funds to be raised" below. In addition, the amount of unused funds raised in the Previous Financing, which was for funds and expenses related to M&A and capital/business alliances, is 352 million yen, and the amount not yet raised through the exercise of the 19th series of stock acquisition rights is 809 million yen. However, since M&A and capital/business alliances remain essential for the expansion of the Group's businesses, there will be no change in the use of these funds.

(2) Overview of financing method

This financing scheme (hereinafter, the "Scheme"), under which the Company will issue Stock Acquisition Rights (with a clause to revise the exercise price) for 4,400,000 shares and with the exercise period set at one year, is a structure whereby the Company will issue Stock Acquisition Rights through third-party allotment and raise funds upon the exercise of the Stock Acquisition Rights by the Scheduled Allottee.

A summary of the Stock Acquisition Rights (SARs) is as follows

The initial exercise price of the SARs shall be 688 yen, the closing price on the trading day prior to the date of the resolution for this issuance; and from March 7, 2025 until the expiration date of the period set forth above in "1. Outline of the Offer, The 20th series of stock acquisition rights (with a clause to revise the exercise price) ⑥ Exercise price and conditions for revision of exercise price," the exercise price shall be revised to the amount equivalent to 90% of the closing price on the trading day immediately preceding each revision date (if there is no closing price on that date, the closing price on the trading day immediately preceding that date . The same shall apply hereinafter). The minimum exercise price is 344 yen, which is equivalent to 50% of the closing price of 688 yen on the trading day prior to the date of resolution of this issuance. If the exercise price after the revision by the above calculation would be lower than the minimum exercise price, the exercise price shall be the minimum exercise price.

The total number of shares to be delivered upon exercise of all the SARs is 4,400,000 shares (44,000 voting rights), which is expected to be 24.85% of the total number of outstanding shares of the Company as of September 30, 2024 of 17,703,051 shares (24.96% of the total number of voting rights of 176,279; each rounded to two decimal places).

(3) Reasons for selection of financing method

In this financing, we have been considering ways to procure funds through direct financing, with a focus on expanding our equity capital while minimizing the impact on the interests of existing shareholders, taking into account the lending attitude and financial condition of indirect lenders, future business development, and the external environment. Specifically, as a result of comparing each of the items listed in "(Comparison with other financing methods)" below and other methods, as well as comprehensively considering "(Features of the Scheme)", "(Advantages of the Scheme)" and "(Disadvantages of the Scheme)" below, the Company has determined that the issuance of the SARs is the best option at this point in time to meet the Company's needs, and has resolved to issue the SARs.

The SARs issued under the Scheme are subject to the clause to revise the exercise price, which means that the exercise price will be revised depending on the share price. Accordingly, if the share price increases, the amount of funds raised will also increase, as the exercise price will be revised upward as well. On the other hand, even if the share price declines, as long as the share price remains above the minimum exercise price, the exercise price will be revised downward as well, and accordingly we can continue to expect the exercise of these SARs by the SAR holders, so the probability of fundraising can be increased.

With respect to the SARs, because the number of shares to be delivered is fixed (however, it may be adjusted in accordance with the provisions of Paragraph 6 of the Terms and Conditions of Issuance of the Stock Acquisition Rights), the exercise price at the time of exercising the SARs is designed to be revised to an amount equivalent to 90% of the closing price on the trading day immediately preceding the date of an exercise request, rounded up to the nearest yen, and the minimum exercise price is set at an amount equivalent to 50% or more of the closing price on the trading day prior to the date of resolution of this issuance, impact on a share price and diluted earnings per share is well taken into consideration.

Taking these points into consideration, we have determined that the method of financing through the Scheme, as described above, best meets our financing needs.

(Features of the Scheme)

(i) Revision of the exercise price of the Stock Acquisition Rights

<Clause to revise the exercise price>

The initial exercise price of the SARs is 688 yen, but after each revision date set forth in "1. Summary of the Stock Acquisition Rights (2) Stock Acquisition Rights (with a clause to revise the exercise price) (xi) Exercise price and conditions for revision of the exercise price" above, if the amount obtained by rounding up any fraction of a yen that is equivalent to 90% of the closing price on the trading day immediately preceding such revision date exceeds or falls short of the exercise price which is effective immediately prior to the revision date by at least one yen, the exercise price will be revised to such amount. The reason why the exercise price is designed to be revised based on the market price is that the exercise price will be revised upward in the same manner during a phase of rising stock prices, and thus an increase in funds raised can be expected. Even if the share price subsequently declines, as long as the Company's share price remains exceeding the minimum exercise price by a certain amount, the SARs can be expected to be exercised by the SARs holders.

<The level of the minimum exercise price>

The minimum exercise price of the SARs is 344 yen, and if the calculated exercise price after the revision falls below the minimum exercise price, the exercise price will be the minimum exercise price. In other words, the minimum exercise price is set at an amount equivalent to 50% of the closing price on the trading day prior to the date of resolution of this issuance, with the aim of ensuring the possibility of exercising the SARs, while refraining from raising funds at a level significantly lower than the most recent share price level, in consideration of existing shareholders.

(ii) Request for acquisition of the Stock Acquisition Rights

In the event that the Company's general meeting of shareholders (or the Board of Directors if a resolution of the general meeting of shareholders is not required) resolves to approve an absorption-type company split or incorporation-type company split (only if the Company is the splitting company), the Scheduled Allottee may, in accordance with the Allotment Agreement, request the Company for acquisition of the SARs at the amount to be paid in per stock acquisition right by notifying the Company within 15 trading days from the date of such a resolution (or the last day of the exercise period, if the 15th trading day from such request is no earlier than the last day of the exercise period) (including that day).

If the above request is made, the Company shall acquire all of the remaining SARs at the amount to be paid in per stock acquisition right on the 15th trading day after the date of such request (however, if the 15th trading day after the date of such request is no earlier than the last day of the exercisable period, then the last day of the exercisable period).

Besides, the Scheduled Allottee may request the acquisition of the SARs by notifying the Company from one month prior to the expiration of the exercise period to the last day of the exercise period; and if such request is made, the Company may acquire the SARs, in principle, on the fifth trading day (or the last day of the exercise period, if the fifth trading day after the date of such request is no earlier than the last day of the exercise period) by paying an amount of money equal to the amount paid in for the remaining SARs as of the date of such request.

If the Company receives a notification of the aforementioned request for acquisition of the SARs from the Scheduled Allottee, the Company will disclose that fact in a press release.

(iii) Transfer of the Stock Acquisition Rights

Under the Allotment Agreement, any transfer of the Stock Acquisition Rights requires the approval of the Company's Board of Directors.

(Advantages of the Scheme)

(i) Ability to control excessive dilution.

The number of the Company's shares underlying the SARs is fixed at 4,400,000 shares, so the maximum number of shares to be delivered is limited (however, this number may be adjusted in conjunction with an adjustment of the exercise price associated with stock dilution due to stock split, etc.). Therefore, even if the exercise price of the SARs is revised, there is no risk of dilution beyond the initial projection due to future stock price trends. In addition, by setting the minimum exercise price of the SARs at 344 yen (however, the minimum exercise price of the SARs shall be adjusted by applying the provisions of Paragraph 11 of the Terms and Conditions of Issuance of the Stock Acquisition Rights mutatis mutandis), the Scheme is designed in a way not causing economic dilution beyond a certain limit.

(ii) Reducing the impact on the share price.

The exercise price of the SARs is revised based on the closing price on the trading day immediately prior to each revision date, and upward revision is also planned; and as described in "6. Reasons for Selection of the

Scheduled Allottee, (3) The Scheduled Allottee’s holding policy and restrictions on the exercise" below, the exercise quantity restriction is set in the Allotment Agreement to be concluded with the Scheduled Allottee, and since multiple exercises and dispersion of exercise prices are expected, the Scheme is designed to avoid a temporary excess in the supply of Company stock, thereby reducing the impact on the stock price.

(iii) Ability to reduce dilution In the event of future share price appreciation

Since there is no maximum exercise price set for the SARs, the design of the SARs is such that if the share price rises, the exercise price after the revision date will also rise correspondingly, thereby limiting dilution for existing shareholders.

(4) Other

Hayate Management, the Scheduled Allottee of the Stock Acquisition Rights, does not intend to hold the Company’s common stock to be acquired by exercising the Stock Acquisition Rights for a long period of time and does not intend to be involved in the management of the Company. Hayate Management does not intend to enter into any agreements regarding share certificate lending in connection with the Company's common stock be acquired upon exercise of the Stock Acquisition Rights.

(Disadvantages of the Scheme)

(i) For the SARs, the minimum exercise price is set at 344 yen (provided, however, that the minimum exercise price of the SARs shall be adjusted by applying Paragraph 11 of the Terms and Conditions of the issuance of the Stock Acquisition Rights mutatis mutandis) in the Allotment Agreement. Therefore, depending on the stock price level after the issuance, there is a possibility that the amount to be raised through the SARs may be less than the planned amount as a result of partial or total non-exercise by the Scheduled Allottee.

(ii) Since the exercise price of the SARs may be also revised downward, the amount raised by the SARs may be less than the planned amount depending on the stock price level after the issuance.

(iii) If the liquidity of the Company's shares decreases, it may take time to complete the financing.

(iv) If the amount to be raised is less than the planned amount as in (i) and (ii) above, or if it takes time to complete the fundraising as in (iii) above, we may not be able to use the funds in a timely manner for the purposes described in "3. Amount of funds to be raised, use of funds, and scheduled outlay period (2) Specific use of funds to be raised" below or our business strategy may be affected.

(v) As long as the SARs remain outstanding, the Company is subject to restrictions on financing methods, as it is prohibited to issue shares, stock acquisition rights, or securities with the right to convert into or acquire these without the prior written consent of the Scheduled Allottee. However, such restrictions shall not apply to certain cases, including (i) when the Company issues stock acquisition rights or shares under a restricted stock compensation plan to directors and employees of the Company and its affiliates, and when the Company's shares are delivered upon exercise of such stock acquisition rights, and (ii) when the Company issues such securities to another operating company as part of or in connection with a business alliance (including new or potential alliances, not limited to existing alliances).

(Comparison with other financing methods)

(i) The issuance of new shares through a public offering enables the Company to raise funds at one time, but at the same time, it also causes a dilution of earnings per share at one time, and thus has a significant direct impact on the share price.

(ii) In case of third-party allotment type convertible bonds with stock acquisition rights ("CBs"), although various product designs are possible, the Company has no control over CBs because the amount raised is a liability and an allottee generally has the right to convert the CBs. In addition, for CBs whose conversion price is revised in conjunction with the share price (so-called "MSCBs"), the number of shares to be delivered upon conversion is determined in accordance with the conversion price, which, due to its structure, has no fixed dilution and thus has a significant direct impact on the share price.

(iii) Issuance of new shares through third-party allotment will enable the Company to raise funds at one time, but at the same time will cause dilution of earnings per share at one time, which will have a significant direct impact on the share price. Besides, at this time, there is no suitable allottee for new shares.

(iv) Raising funds through bonds and borrowing generally has a negative impact on financial soundness because the amount raised is a liability. In addition, the Company has determined that this method of financing is not appropriate due to the difficulties involved in terms of revenue stability, collateral strength, etc.

(v) With respect to so-called rights offerings, there are two types: commitment-type rights offerings in which the Company enters into an underwriting agreement with a financial instruments business operator, and non-commitment-type rights offerings in which the Company does not enter into such an agreement and the exercise of subscription rights is left to the shareholders' decision. Commitment-type rights offerings have a limited track record in Japan and are still in the process of maturing as a financing method, while underwriting fees and other costs are expected to increase and may not be an appropriate financing method. In addition, non-commitment type rights offering is considered to be more uncertain as a financing method than financing by stock acquisition rights because of the uncertainty that remains regarding the exercise of rights by shareholders. Rights offerings do not meet the business performance requirements stipulated in Rule 304, Paragraph 1, Item 3 of the Securities Listing Regulations established by the Tokyo Stock Exchange, and is not currently an option for this financing method.

3. Amount of funds to be raised, use of funds, and scheduled outlay period

(1) Amount of funds to be raised

Total amount to be paid in (yen)	Estimated amount of issuance costs (yen)	Estimated net proceeds (yen)
3,027,200,000	18,000,000	3,009,200,000

(Notes) 1. The total amount to be paid in is the total value of the assets to be contributed when exercising the SARs (3,027,200,000 yen). The total issue price of the SARs (15,488,000 yen) is not included in the total amount to be paid in, as it will be offset by the Scheduled Allottee's loan receivable from the Company.

2.The value of assets to be contributed in exercising the SARs is the amount assuming that all the SARs are exercised at the exercise price, and if the exercise price is revised or adjusted, the amount of assets to be contributed in exercising the SARs may change, and as a result, the funds raised and estimated net proceeds from the SARs may increase or decrease. If the SARs are not exercised during the exercise period or if the SARs acquired by the Company are cancelled, the funds raised and estimated net proceeds from the SARs may decrease in the same manner.

3. The estimated amount of issuance costs is the total of registration and license tax , attorney's fees, valuation

calculation fees, trust bank fees, etc.

4. The estimated amount of issuance costs does not include consumption tax, etc.

(2) Specific use of funds to be raised

The specific use of the above estimated net proceeds of 3,009,200,000 yen and the scheduled outlay period are as follows.

Specific use	Amount (in millions of yen)	Scheduled outlay period
(i) Development and building of DS Cloud Stack	1,000	March 2025 - June 2025
(ii) Investments in joint ventures related to AI data center operations, investments in DSAI funds	709	April 2025 - March 2026
(iii) Working capital such as recruitment costs, personnel expenses, and cash on hand	700	April 2025 - March 2027
(iv) Repayment of borrowings	600	March 2025 - February 2026

(Note) The Company plans to manage funds stably by bank deposits until the funds raised by the payment for the Stock Acquisition Rights are used for the above-mentioned purposes.

Details regarding the use of the funds listed in the table above are as follows:

(i) Development and building of DS Cloud Stack

1,000 million yen will be allocated from March 2025 to June 2025 for the purpose of developing and building the DS Cloud Stack (algorithms to maximize the efficiency of the GPU's AI functions). The development is being conducted jointly with NNJ, an outsourcing company, and the funds will be used to cover the outsourcing costs. Recruitment costs and personnel expenses for engineers in charge of development within the Group will be allocated from (iii) Working capital such as recruitment costs, personnel expenses, and cash on hand, as described below.

(ii) Investments in joint ventures related to AI data center operations, investments in DSAI funds

709 million yen will be allocated from April 2025 to March 2026 as investments in joint venture(s) related to AI data center operation, or as investments in DSAI fund, in which the Company will be the operator or co-operator and which will invest in AI infrastructure such as AI data centers on a global basis. It is planned that the target amount to be invested in the fund is US$2 billion, and major investors include European banks and other institutional investors, as well as strategic partners in the AI data center business.

The breakdown amounts for these uses of funds have not yet been determined.

(iii) Working capital such as recruitment costs, personnel expenses, and cash on hand

700 million yen is planned to be allocated from April 2025 to March 2027 as working capital for recruitment of engineers and corporate department personnel who will be responsible for the Group's AI data center and AI cloud business on a global basis, as well as for personnel expenses and cash on hand.

(iv) Repayment of borrowings

The balance of the Company's borrowings as of the date of the resolution of this issuance is 1,520 million yen. In order to improve its financial soundness, the Company plans to use 600 million yen from March 2025 to February 2026 to repay the borrowings. The subject of such appropriation will be a 384 million yen loan from Hayate Management for the development and building of DS Cloud Stack and a loan as working capital from various financial institutions that will become due for repayment by February 2026.

The amount and timing of funds that can be raised at this point in time are not fixed, and the amount and scheduled outlay period may differ from those which we assume at this point in time, since the existence of payment by the exercise of the SARs and the timing of the exercise of these rights depend on the judgment of the holders of the SARs, and the rights may not be exercised in situations where the share price is below the exercise price for a long time, and the exercise price of the SARs may be revised or adjusted. In the event that the expenses described in the use of net proceeds from the SARs as above precede the exercise of the SARs, such expenses will be temporarily covered by cash on hand or borrowings, and after the necessary SARs are exercised and payment for the exercise is made, the proceeds from such exercise will be used to gradually replenish such cash on hand or repay borrowings in due course. In the event that the actual amount of funds raised does not reach the initially planned amount at the time of issuance, the Company plans to supplement the shortfall by raising funds through other means, such as cash on hand or financing from financial institutions. In the event that the anticipated funds cannot be raised, the funds raised through the exercise of the SARs will be used in the following order: (i) fund for the development and building of the DS Cloud Stack, (iv) repayment of borrowings, (iii) working capital such as recruitment costs, personnel expenses, and cash on hand, and (iv) investments in joint ventures related to AI data center operations, and investments in DSAI funds.

4. Views on Reasonableness of Use of Funds

If this financing is realized as planned, we believe that we will be able to obtain the funds necessary for each of the initiatives described in "2. Purpose and Reason for the Offer (1) Purpose of the Offer" and "3. Amount of funds to be raised, use of funds, and scheduled outlay period (2) Specific use of funds to be raised" above. We believe that the use of these funds is reasonable because the effective use of these funds to implement the Group's growth strategy and increase corporate value will also benefit existing shareholders.

5. Reasonableness of terms and conditions of issuance, etc.

(1) Basis and specifics of the calculation of the amount to be paid in

The Company requested a third-party calculation agent (Akasaka International Accounting Co., Ltd.; Representative: Kenzo Yamamoto; Address: 1-8, Moto-Akasaka 1-chome, Minato-ku, Tokyo) to evaluate the Stock Acquisition Rights in consideration of the Terms and Conditions of the Stock Acquisition Rights and the Allotment Agreement to be executed with the Scheduled Allottee and the various terms and conditions set forth in the Allotment Agreement. There is no material conflict of interest between the third-party calculation agent and the Company.

In determining the price calculation model to be used for the price calculation, the calculation agent compared and examined other price calculation models, such as the Black-Scholes model and the binomial pricing model, and conducted the evaluation of the SARs by using Monte Carlo simulation, one of the most common price calculation models, as a price calculation model that can relatively appropriately reflect in the calculation results based on the fact that the Stock Acquisition Rights will be exercised in stages within the constraints of a certain number of shares and a certain period of time, t the possibility that the exercise price may be revised, and other various conditions stipulated in the Terms and Conditions of Issuance of the Stock Acquisition Rights and the Allotment Agreement to be entered into with the Scheduled Allottee. Furthermore, the calculation agent considered the market environment as of the evaluation reference date, and made certain assumptions regarding the Company's financing needs as well as the execution of rights by the Company and the Scheduled Allottee, on certain premises of the Company's share price (688 yen), volatility (77.0%), the Company's scheduled dividend amount (0 yen/share), the risk-free interest rate (0.9%), the liquidity of the Company's shares, and other factors.

The Company has determined the initial exercise price of the SARs to be 688 yen (the closing price on the trading day prior to the date of resolution of this issuance). The discount rate for the revision of the exercise price of the SARs was set at 10%, taking into account the share price trend of our common stock and other factors, and after discussions with the Scheduled Allottee, with particular emphasis on the smooth exercise of the SARs.

Then, with reference to the valuation amount (352 yen) calculated based on the above assumptions by the calculation agent, we determined the amount to be paid in for one of the Stock Acquisition Rights to be the same amount (352 yen) as the said valuation amount, upon consultation with the Scheduled Allottee.

In determining the amount to be paid in and the exercise price of the SARs, the calculation agent considered events that may affect the fair value of the SARs as assumptions and calculated the fair value using Monte Carlo simulation, which is a method commonly used to calculate the valuation of stock acquisition rights, and therefore, the calculation results of the calculation agent are considered to be a reasonable fair price, and since the amount to be paid in is the same as the valuation amount that is the result of the calculation, the Company has determined that the issue price of the SARs does not constitute a favorable issuance and is an appropriate and reasonable price.

In addition, we have obtained an opinion from the Company's Audit Committee (two outside directors) that the amount to be paid in for the SARs is not particularly favorable to the Scheduled Allottee and is lawful in light of the basis for the above calculation. Mr. Norihiko Ishihara, Representative Director, did not participate in the deliberation and resolution of the proposal for the resolution of this issuance, as he may fall under the category of a specially interested party.

(2) Basis for determining that the number of shares to be issued and the scale of share dilution are reasonable

The number of shares to be delivered in case all the SARs are exercised will be 4,400,000 shares (44,000 voting rights), which accounts for 24.85% of 17,703,051 shares, which is the total number of the Company’s outstanding shares as of February 13, 2025, (the total voting rights of 176,279 as of September 30, 2024 (the date closest to the date of this issuance resolution when the total voting rights can be confirmed by the Company) (The dilution rate based on voting rights is 24.96%. These percentage figures are rounded down to two decimal places.)

However, since we plan to use the funds raised through the issuance of the SARs and the exercise of the SARs by the Scheduled Allottee for the aforementioned purposes, aiming at medium- to long-term development of our businesses, the scale of dilution is reasonable in comparison with the profitability that is expected to increase in the future.

In addition, the average daily trading volume of the Company's common stock over the past six months has been 367,356 shares, compared to 5,888,000 shares of the Company's common stock underlying the Stock Acquisition

Rights and the unexercised 19th series of stock acquisition rights, and given that the Company has a certain level of liquidity, we believe that the above number of shares to be issued and the level of dilution to be reasonable.

6. Reasons for Selection of the Scheduled Allottee

(1) Overview of the Scheduled Allottee

The overview of Scheduled Allottee is as of today unless otherwise specified.

Hayate Management

(i)	Name		Hayate Management Co., Ltd.
(ii)	Address		2-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo
(iii)	Title and name of representative		Yukihiro Sugihara, Representative Director
(iv)	Business		Commerce, investment, consulting and advisory services
(v)	Capital		10 million yen
(vi)	Date of Establishment		October 8, 2019
(vii)	Major Shareholders and Shareholding ratio		Yukihiro Sugihara 100%
(viii)	Relationship between the parties		
		Capital ties	Mr. Sugihara, Representative Director of Hayate Management, holds 224,300 shares of the Company's common stock (1.27% of the total number of outstanding shares, rounded to two decimal places).
		Personal relations	Not applicable.
		Business relations	The Company and Hayate Management have entered into a loan agreement (drawdown date: February 6, 2025 , term: 1 year, interest rate: 5%, personal guarantee by Representative Director), and the Company has borrowed 400 million yen from the said company. A loan agreement exists between Norihiko Ishihara, Representative Director of the Company, and Hayate Management, and Mr. Ishihara has borrowed 387.5 million yen from the said company.
		Applicability to related party	Not applicable.

*Due to the policy of the Scheduled Allottee, operating results and financial position will not be disclosed.

(Note) The Company has received written confirmation from Hayate Management that Hayate Management and its officers and principal investors (hereinafter, "Hayate Management related parties") have no relationship with antisocial forces. In addition, we asked Security & Research Inc. (Address: 2-16-6 Akasaka, Minato-ku, Tokyo; Representative: Toshitsugu Haneda), a third-party research organization, to investigate whether or not Hayate Management related parties are anti-social forces such as organized crime groups and whether or not they have any relationship with anti-social forces. We received a research report (dated February 7, 2025) to the effect that no information indicating involvement in anti-social forces or illegal activities has been found. Accordingly, the Company has determined that Hayate Management-related parties have no relationship with antisocial forces, and has submitted a written confirmation to that effect to the Tokyo Stock Exchange.

(2) Reason for selecting the Scheduled Allottee

In raising funds, the Company has consulted with several potential allottees, including securities companies, in addition to Hayate Management, since early December 2024, and has received explanations and proposals on financing methods, and considered various financing methods, including fundraising method, including the proposal received from Hayate Management in early December 2024 as well as the public offering, MSCB, borrowing from financial institutions, as described above in "2. Purpose and Reason for the Offer, (3) Reason for Selection of Financing Method." As a result, we determined that the financing method proposed by Hayate Management best meets our needs in terms of allowing us to raise the necessary funds for growth while giving full consideration to our share price and the interests of our existing shareholders, and allowing us to gradually raise funds as our share price increases due to progress in our business and business environment.

We expect that Hayate Management will continue to provide flexible and prompt support in terms of financing, as it has demonstrated its understanding of the AI data center business that we are promoting as a new strategic core business of the Group and provided loans for 400 million yen on February 6, 2025 to meet our current financing needs. In addition, we can expect their exercise of stock acquisition rights that best meets our needs, and as they have a track record in similar financing, smooth financing can be expected while taking into consideration the impact on our share price and the interests of our existing shareholders. Therefore, we selected Hayate Management as the Scheduled Allottee.

(3) The Scheduled Allottee's holding policy and restrictions on the exercise

The Allotment Agreement to be concluded with Hayate Management stipulates that the approval of the Company's Board of Directors is required for the transfer of the SARs. We have also received a verbal report from the Scheduled Allottee that it does not intend to hold the Company's shares to be acquired through the exercise of the SARs for a long period of time and that it plans to sell the acquired Company shares as soon as possible.

In accordance with Rule 434, Paragraph 1 of the Securities Listing Regulations established by the Tokyo Stock Exchange and Article 436, Paragraphs 1 through 5 of its Enforcement Rules, the Company plans to incorporate the following measure in the Allotment Agreement to be concluded with the Hayate Management: if the number of shares to be acquired through the exercise of the MSCBs, etc. (which has the meaning prescribed in the said regulations. Hereinafter the same shall apply) by the purchaser of MSCBs, etc. in a single calendar month exceeds 10% of the number of listed shares as of the payment date of the MSCBs, etc., the restriction is imposed on the conversion or exercise of the portion exceeding such 10% (including stipulating that even if the Scheduled Allottee sells the SARs to a third party and the SARs are subsequently resold, the Company will restrict such a purchaser's conversion or exercise of the portion exceeding such 10%).

(4) Details of confirmation of the existence of assets required for payment by the Scheduled Allottee

The total amount of the issue price of the SARs will be paid by offsetting the loan claims of the Scheduled Allottee against the Company. In addition, with respect to the amount to be paid for exercising the SARs, Mr. Yukihiro Sugihara ("Mr. Sugihara"), Representative Director of Hayate Managemen, has made a verbal representation that there will be no particular obstacles in arranging the funds necessary for the actual exercise of the SARs. Besides, the Company has received a copy of the Scheduled Allottee's bank balance certificate as of February 3, 2025 and has confirmed that there are no particular obstacles to the payment by them for the exercise of the SARs. The Company has also confirmed that the above funds include funds borrowed from Mr. Sugihara, based on a copy of the Line of Credit Loan Agreement between the said company and Mr. Sugihara (line of credit: 2 billion yen; loan period: through October 7, 2069) submitted by the said company. Mr. Sugihara has verbally confirmed that the source of the funds for Mr. Sugihara is the funds he has earned to date from executive compensation and other sources. Although Hayate Management has not yet secured the full amount of funds necessary to exercise the SARs at this time, it is assumed that the SARs will be exercised multiple times and the proceeds from the sale of shares acquired through the exercise will be used to fund the next exercise.

(5) Agreements on stock lending

No agreement has been or will be entered into between the Scheduled Allottee and the Company or the Company's officers regarding stock lending in relation to the Company’s shares to be acquired upon exercise of the SARs.

7. Major shareholders and shareholding ratios

Before allotment		After allotment	
First Plus Financial Holdings Pte. Ltd.	12.60%	First Plus Financial Holdings Pte. Ltd.	10.09%
KDDI Corporation	11.86%	KDDI Corporation	9.50%
CITIC SECURITIES BROKERAGE (HK) LIMITED AC CLIENT	5.61%	CITIC SECURITIES BROKERAGE (HK) LIMITED AC CLIENT	4.49%
INTERACTIVE BROKER　LLC	4.73%	INTERACTIVE BROKER　LLC	3.79%
Nippon Life Insurance Company	3.81%	Nippon Life Insurance Company	3.05%
PHILLIP SECURITIES (HONG KONG) LIMITED	3.64%	PHILLIP SECURITIES (HONG KONG) LIMITED	2.92%
BNP PARIBAS PARIS/2S/JASDEC/STONEX FINANCIAL INC CLIENTS/BACKTOBACK	3.21%	BNP PARIBAS PARIS/2S/JASDEC/STONEX FINANCIAL INC CLIENTS/BACKTOBACK	2.57%
BNP PARIBAS SINGAPORE/2S/JASDEC/UOB KAY HIAN PRIVATE LIMITED	3.11%	BNP PARIBAS SINGAPORE/2S/JASDEC/UOB KAY HIAN PRIVATE LIMITED	2.49%
Allm Inc.	3.06%	Allm Inc.	2.45%
VLC HOLDINGS CO., LTD.	2.91%	VLC HOLDINGS CO., LTD.	2.33%

(Notes) 1. The shareholding ratio before allotment is based on the shareholders' register as of September 30, 2024, and based on the large shareholding report confirmed by the Company by February 17, 2025.

2. Shareholding ratio is calculated as a percentage of the total number of outstanding shares, rounded to two decimal places.

3. Major shareholders and shareholding ratios after the allotment are based on the number of outstanding shares after all of the SARs (4,400,000 potential shares) are exercised.

4. The status of Hayate Management, the Scheduled Allottee of the SARs, after the allotment is not stated because the said company does not intend to hold the Company's shares acquired through the exercise of the SARs for a long period of time.

8. Future outlook

Although this financing is expected to contribute to the expansion of the Company's equity capital and cash on hand, the impact on the Company's financial results for the current fiscal year is under scrutiny at this time. If any matters arise that should be disclosed in the future, we will promptly disclose them. In the "Notice of Revisions (Upward Revision) to Full-Year Consolidated Earnings Forecasts" released on August 14, 2024, the Company has announced net sales of 3,312 million yen, operating income of 342 million yen, adjusted EBITDA of 725 million yen, ordinary profit of 317 million yen, and profit attributable to owners of parent company of 217 million yen. In contrast, for the consolidated cumulative third quarter of the current fiscal year, the Company recorded net sales of 2,060 million yen (62.2% of the forecast), operating loss of 281 million yen (down 623 million yen from the forecast), adjusted EBITDA of -49 million yen (down 774 million yen from the forecast), ordinary loss of 381 million yen (down 698 million yen from the forecast), and loss attributable to owners of parent company of 403 million yen (down 620 million yen from the forecast), resulting in a deviation from the full-year consolidated earnings forecast. The main reason for this deviation is due to upfront investments for the AI data center business, which has been launched as a strategic core business. Expenditures for such upfront investments are adjusted according to the progress of the business and the expected revenues from prospective projects. In addition, the development and building of the DS Cloud Stack, which will serve as the foundation for this business, and the business partner strategy, as well as preparations for the establishment of the DSAI Fund are in progress, and during the fourth quarter of the fiscal year, the Company expects to record revenues from large prospective projects related to AI data center service provision and fund management fees. Therefore, there is no change to the consolidated earnings forecast for the full fiscal year.

9. Matters relating to procedures under the Code of Business Conduct

Because (1) the dilution ratio is less than 25% and (2) this financing does not involve a change in controlling shareholders (even if all of the SARs are exercised, a change in controlling shareholders is not expected), this financing does not require procedures for obtaining an opinion from an independent third party or for confirming the intent of shareholders set forth in Rule 432 “Matters to be Observed for Third-Party Allotment” of the Securities Listing Regulations of the Tokyo Stock Exchange.

10. Financial results and equity financing for the past three years

(1) Business results for the past three years (consolidated)

Accounting period	FY03/2022	FY03/2023	FY03/2024
Net sales	1,692 million yen	1,924 million yen	2,229 million yen
Operating profit (loss)	(77 million yen)	55 million yen	55 million yen
Ordinary profit	165 million yen	46 million yen	(235 million yen)
Profit (loss) attributable to owners of parent	2 million yen	(530 million yen)	(1,261 million

company			yen)
Net income (loss) per share	0.17 yen	(36.45 yen)	(84.07 yen)
Dividend per share	-	-	-
Net assets per share	195.22 yen	167.39 yen	111.78 yen

(2) Number of outstanding shares and potential shares at present (as of February 17, 2025)

	Number of shares	Percentage of outstanding shares
Number of outstanding shares	17,703,051 shares	100.00%
Number of potential shares at current exercise price	2,085,000 shares	12.13%

(Note) The above number of potential shares is due to stock options and the 19th series of stock acquisition rights.

(3) Recent stock prices

(i) Status during the past three years

	FY03/2022	FY03/2023	FY03/2024
Opening price	461 yen	313 yen	260 yen
Highest price	492 yen	326 yen	1,419 yen
Lowest price	277 yen	237 yen	251 yen
Closing price	313 yen	262 yen	729 yen

(ii) Status during the last 6 months

	September 2024	October 2024	November 2024	December 2024	January 2025	February 2025
Opening price	1,328 yen	1,312 yen	1,136 yen	824 yen	686 yen	702 yen
Highest price	1,500 yen	1,443 yen	1,152 yen	864 yen	799 yen	852 yen
Lowest price	1,153 yen	1,034 yen	836 yen	619 yen	620 yen	692 yen
Closing price	1,313 yen	1,173 yen	839 yen	686 yen	710 yen	688 yen

(Note) The status in February 2025 is shown as of February 17, 2025.

(iii) Share price on the trading day prior to the date of resolution for issuance

	As of February 17, 2025
Opening price	671 yen
Highest price	732 yen
Lowest price	668 yen
Closing price	688 yen

(4) Equity financing in the past three years

・Issuance of new shares through third-party allotment

Payment date	February 29, 2024
Amount of funds raised	663 million yen (estimated net proceeds)
Issue price	305.82 yen per share
Allottee	First Plus Financial Holdings Pte. Ltd.
Total number of outstanding shares at the time of offering	14,958,051 shares
Number of shares to be issued in the offering	Common stock 2,230,000 shares
Initial use of funds at the time of issuance	Funds and expenses related to M&A and capital/business alliances
Scheduled outlay period at the time of issuance	From February 2024 to February 2026
Current appropriation status	Allocation of 317 million yen from January 2024 to February 2025 for funds and expenses related to M&A and capital/business alliances

・Issuance of the 19th series of stock acquisition rights through third-party allotment

Allotment date	February 29, 2024
Number of stock acquisition rights to be issued	14,880
Issue price	Total 6,249,600 yen
Amount of funds to be raised at the time of issuance	816 million yen (estimated net proceeds)
Allottee	First Plus Financial Holdings Pte. Ltd.
Total number of outstanding shares at the time of offering	14,958,051 shares
Number of potential shares as a result of this offering	Common stock 1,488,000 shares
Exercise price	544 yen
Exercise status at present	- shares
Amount of funds raised at present	6,249,600 yen
Initial use of funds at the time of issuance	Funds and expenses related to M&A and capital/business alliances
Scheduled outlay period at the time of issuance	From February 2024 to February 2029
Current appropriation status	N/A

11.Terms and Conditions of Issuance

As described in the Appendix.

Appendix

Datasection Inc. Terms and Conditions of Issuance of the 20th Series of Stock Acquisition Rights (with a clause to revise the exercise price)

1. Name of the Stock Acquisition Rights

Datasection Inc.'s 20th series of stock acquisition rights (with a clause to revise the exercise price) (hereinafter, the "Stock Acquisition Right")

2. Subscription period

March 6, 2025

3. Allotment date

March 6, 2025

4. Payment date

March 6, 2025

5. Method of offering

All of the Stock Acquisition Rights shall be allocated to Hayate Management Co., Ltd. through third-party allotment.

6. Class and number of shares to be issued upon exercise of the Stock Acquisition Rights

(1) The class and total number of shares to be issued upon exercise of the SARs shall be 4,400,000 shares of the Company's common stock (the number of shares to be issued upon exercise of each SAR ("Number of Allotted Shares") shall be 100 shares). However, if the Number of Allotted Shares is adjusted in accordance with items (2) through (4) of this Paragraph, the total number of shares to be issued in exercising the SARs shall be adjusted in accordance with the Number of Allotted Shares after adjustment.

(2) If the Company adjusts the exercise price (defined below.) in accordance with the provisions of Paragraph 11, the Number of Allotted Shares shall be adjusted by the following formula. However, any fraction of less than one share resulting from the adjustment shall be rounded down. The exercise price before adjustment and the exercise price after adjustment in such formula shall be the exercise price before adjustment and the exercise price after adjustment set forth in Paragraph 11.

$$\text{Number of Allotted Shares after adjustment} = \frac{\text{Number of Allotted Shares before adjustment} \times \text{Exercise price before adjustment}}{\text{Adjusted exercise price}}$$

(3) The date of application of the Number of Allotted Shares after adjustment shall be the same as the date of application of the exercise price after adjustment specified in each item with respect to the adjustment of the exercise price pursuant to Items (2), (5) and (6) of Paragraph 11 for the relevant adjustment event.

(4) When adjusting the Number of Allotted Shares, the Company shall notify in writing the holder of the Stock Acquisition Rights (hereinafter, the "SARs Holder") of such adjustment, reasons thereof, the Number of Allotted Shares before adjustment, the Number of Allotted Shares after adjustment, the start date of application thereof, and other necessary matters by the day before the start date of application of the Number of Allotted Shares after adjustment. However, if the above notice cannot be given by the day before the start date of application, such as in the case specified in (2)(v) of Paragraph 11, the notice shall be given promptly after the

start date of application.

7. Total number of the Stock Acquisition Rights

44,000

8. Amount to be paid in for each Stock Acquisition Right

352 yen (3.52 yen per share which is the object of the Stock Acquisition Rights)

9. Amount of assets to be contributed in exercising the Stock Acquisition Rights

(1) The assets to be contributed in exercising each SAR shall be in cash, and the amount shall be the exercise price multiplied by the Number of Allotted Shares.

(2) The amount of money per share of the Company's common stock to be contributed in exercising the SARs (hereinafter, the "Exercise Price") shall initially be 688 yen.

10. Revision of the Exercise Price

The Exercise Price of the SARs will be adjusted, based on the closing price of the Company's common stock in ordinary transactions on the Tokyo Stock Exchange (hereinafter, the "closing price") on the trading day immediately preceding the effective date of each request for the exercise of the SARs set forth in Article 16, Item (3) (hereinafter, the "Revision Date") (If there is no closing price on that day, the closing price of the immediately preceding trading day)(hereinafter, the "Revision Date Price"): If the Revision Date Price exceeds or falls short of the Exercise Price which is effective immediately prior to the Revision Date by at least one yen, the Exercise Price will be revised to the Revision Date Price. However, if the Exercise Price after such revision on the Revision Date falls below 344 yen (hereinafter, the "Minimum Exercise Price" and adjusted in accordance with the provisions of Paragraph 11), the Exercise Price shall be the Minimum Exercise Price. A "trading day" is a day on which a trading auction is held at the Tokyo Stock Exchange. The same applies hereinafter.

11. Adjustment of the Exercise Price

(1) If, after the issuance of the SARs, the number of shares of the Company's common stock changes or is likely to change due to any of the reasons listed in Item (2) of this paragraph, the Company shall adjust the Exercise Price using the following formula (hereinafter, the "Exercise Price Adjustment Formula").

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued/disposed shares x paid-in amount per share}}{\text{Market Value}}}{\text{Number of shares already issued} + \text{Number of shares newly issued or disposed of}}$$

(2) The cases of adjustment of the Exercise Price by using the Exercise Price Adjustment Formula and the timing of application of the Exercise Price after adjustment shall be as set forth below:

(i) In the case of newly issuing shares of the Company's common stock or disposing of shares of the Company's common stock held by the Company for a paid-in amount that falls below the market price set forth in Item (4) (ii) of this paragraph (including the case of gratis allotment) (however, excluding the cases when shares of the Company's common stock are delivered upon exercise of stock option with restriction on transfer by directors, other officers, and employees of the Company or affiliates (meaning affiliates stipulated in Article 8, Paragraph 8 of the Regulations Concerning Terms, Forms and Preparation Method of Financial Statements, etc.) may not issue shares of the Company's common stock for a payment amount below the market price set forth in (4) (ii) of this paragraph. The same shall apply hereinafter. The same shall apply hereinafter), when shares of the Company's common stock are delivered by the exercise of stock acquisition rights (including those attached to corporate bonds with stock acquisition rights), acquisition of shares with put option or shares subject to call, or the exercise of other rights to request delivery of shares of the Company's common stock, and when shares of the Company's common stock are delivered upon company split, share exchange, share delivery or merger).

The Exercise Price after adjustment shall be applied on and after the payment date (or, if a payment period has been set for the offering, the last day of the payment period; in the case of a gratis allotment, the effective date of the allotment) or, if there is a record date to entitle shareholders to receive allotment for such issue or disposal, the day following such date.

(ii) When common stock is issued as a result of share split

The Exercise Price after adjustment shall be applied on and after the day following the record date for the share split.

(iii) In case the Company issues or grants shares with a put option that provides for delivery of shares of the Company's common stock at a paid-in amount that falls below the market price set forth in Item (4)(ii) hereof or stock acquisition rights (including those attached to corporate bonds with stock acquisition rights) that allow a holder to request delivery of shares of the Company's common stock at a paid-in amount that falls below the market price set forth in Item (4)(ii) hereof. (excluding, however, the case of allotment of stock acquisition rights to directors, other officers or employees of the Company or its affiliates and the issuance of the 20th series of stock acquisition rights scheduled on the payment date),

the Exercise Price after adjustment shall be calculated by applying the Exercise Price Adjustment Formula by deeming that all of the put option attached to the said shares or all of the stock acquisition rights are exercised under the initial conditions, and shall be applied on and after the Payment Date (which shall be the Allotment Date for stock acquisition rights and the effective date for gratis allotment). However, if there is a record date for giving shareholders the right to receive allotment, it shall be applied on or after the day following such date.

(iv) In case the Company delivers shares of its common stock at a price lower than the market price set forth in Item (4) (ii) of this Paragraph in exchange for the acquisition of shares subject to call or stock acquisition rights subject to call (including those attached to corporate bonds with stock acquisition rights) issued by the Company.

The Exercise Price after adjustment shall be applied on and after the day following the acquisition date.

(v) In case of (i) through (iii) above, if a record date is set and the effective date is conditional upon the approval of the general meeting of shareholders, the board of directors or any other organization of the Company after such record date, the Exercise Price after adjustment shall be applied on and after the day following the date of such approval, notwithstanding (i) through (iii) above. In this case, shares of the Company's common stock shall be delivered to the SARs Holder who has requested to exercise the SARs from the day following such record date to the day on which such approval is granted, in accordance with the following calculation method.

$$\text{Number of shares} = \frac{\text{(Exercise Price before adjustment - Exercise Price after adjustment)} \times \text{Number of shares delivered during the relevant period at the Exercise Price before adjustment}}{\text{Exercise Price after adjustment}}$$

In this case, any fractional shares shall be rounded down to the nearest one share.

(3) If the difference between the Exercise Price after adjustment calculated by using the Exercise Price Adjustment Formula and the Exercise Price before adjustment is less than one yen, the Exercise Price will not be adjusted. However, if an event requiring adjustment of the Exercise Price subsequently occurs and the Exercise Price is adjusted, the amount obtained by subtracting this difference from the Exercise Price before adjustment shall be used instead of the Exercise Price before adjustment in the Exercise Price Adjustment Formula.

(4) (i)The calculation of the Exercise Price Adjustment Formula shall be made to the first decimal place and rounded off to the first decimal place.

(ii) The market price to be used in the Exercise Price Adjustment Formula shall be the average of the closing prices for 30 trading days beginning on the 45th trading day preceding the day on which the Exercise Price after adjustment is first applied (excluding days without closing prices). In such cases, the average shall be calculated to the first decimal place and rounded off to the first decimal place.

(iii) “The number of shares already issued” used in the Exercise Price Adjustment Formula shall be calculated by deducting the number of shares of the Company’s common stock held by the Company as of the record date for granting shareholders the right to receive allotment, or as of one month before the date on which the Exercise Price after adjustment is first applied if there is no such record date, from the number of outstanding shares of the Company’s common stock on the same day. In the case of Item (2)(ii) of this paragraph, the number of newly issued or disposed shares used in the Exercise Price Adjustment Formula shall not include the number of shares of the Company’s common stock to be allotted to the shares of the Company’s common stock held by the Company on the record date.

(5) In addition to the cases where the Exercise Price needs to be adjusted as set forth in Item (2) of this paragraph, in the following cases, the Company shall make a necessary adjustment to the Exercise Price after consulting with the holder of the SARs and obtaining their approval.

(i) When adjustment of the Exercise Price is required due to a reverse share split, capital reduction, company split, share exchange, share issuance or merger.

(ii) When the Exercise Price needs to be adjusted due to the occurrence of other events, etc. that cause or may cause a change in the number of the Company's outstanding common shares.

(iii) When multiple events necessitating adjustment of the Exercise Price occur in close proximity to each other and it is necessary to consider the impact of one event on the market price to be used in calculating the Exercise Price after adjustment based on one of the events.

(6) Notwithstanding the provisions of Item (2) of this Paragraph, if the date on which the Exercise Price after adjustment under Item (2) of this Paragraph is applied for the first time coincides with the Exercise Price Revision Date under Paragraph 10, the Company shall make the necessary adjustments to the Exercise Price and the minimum Exercise Price.

(7) When adjusting the Exercise Price, the Company shall notify the holders of the SARs in writing of such adjustment, the reason thereof, the Exercise Price before adjustment, the Exercise Price after adjustment, the

start date of its application and other necessary matters by the day before the start date of application of the Exercise Price after adjustment. However, in the event that the above notice cannot be given by the day before the start date of application, such notice shall be given promptly after the start date of application, except in the case specified in Item (2) (v) of this paragraph.

12. Period during which the Stock Acquisition Rights may be exercised

The period shall be from March 7, 2025 to March 6, 2026.

13. Other conditions for exercising the Stock Acquisition Rights

Each Stock Acquisition Right may not be exercised in part.

14. Acquisition of Stock Acquisition Rights

(1) If the Company's Board of Directors resolves that it is necessary to acquire the SARs, the Company shall, after giving notice in accordance with the provisions of Articles 273 and 274 of the Companies Act on or after the day following the payment date of the SARs, the Company may acquire all or part of the SARs from the SARs holder (excluding the Company) at a price equal to the amount paid in per SAR on an acquisition date determined by the Company's Board of Directors. In case of partial acquisition, it shall be made by lottery or other reasonable method.

(2) On March 6, 2026, the Company will acquire all of the SARs held by the SARs holders (excluding the Company) at a price equal to the amount paid in per SAR.

(3) In the event that the Company's general meeting of shareholders (or the Board of Directors if a resolution of the general meeting of shareholders is not required)resolves to approve a merger in which the Company will disappear, or a share exchange or share transfer in which the Company will become a wholly owned subsidiary (hereinafter, the "Reorganization"), the Company shall, upon giving notice in accordance with Article 273 of the Companies Act, acquire all the SARs held by SARs holder(s) (excluding the Company) at a price equal to the amount paid in per SAR before the effective date of such Reorganization.

(4) In the event that the shares issued by the Company are designated as Securities Under Supervision, Securities on Special Attention or Securities to Be Delisted by the Tokyo Stock Exchange, or are delisted, the Company shall, on the date two weeks after the date of such designation or delisting (if such date is a bank holiday, it shall be the next business day), acquire all of the SARs held by SARs holders (excluding the Company) at a price equal to the amount to be paid in per SAR.

15.Capital and capital reserve to be increased when shares are issued due to the exercise of the Stock Acquisition Rights

The amount of increase in capital stock when shares are issued as a result of the exercise of the SARs shall be the maximum amount of increase in capital stock, etc. calculated in accordance with Article 17 of the Corporate Accounting Rules multiplied by 0.5, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of capital to be increased from the maximum amount of increase in capital, etc.

16.Method of requesting the exercise of the Stock Acquisition Rights

(1) When exercising the SARs, the Company shall give notice of the matters necessary for requesting the exercise of the SARs to the place where exercise requests are accepted as set forth in Paragraph 19 during the period that the SARs may be exercised as set forth in Paragraph 12.

(2) When exercising the SARs, in addition to the notice of request for exercise set forth in the preceding item, the full amount of the value of the assets to be contributed in exercising the SARs shall be transferred in cash to the account designated by the Company at the payment handling location set forth in Section 20.

(3) The request for the exercise of the SARs shall become effective on the date when all matters necessary for the exercise request have been notified to the place where exercise requests are accepted as set forth in Paragraph 19 and the full amount of the value of the assets to be contributed in exercising such SARs has been credited to the account set forth in the preceding item.

17. Non-issuance of stock acquisition right certificates

The Company shall not issue any certificates of stock acquisition rights with respect to the SARs.

18. Reason for calculation of the amount to be paid in for the Stock Acquisition Rights and the value of assets to be contributed in exercising the Stock Acquisition Rights

Taking into consideration the terms and conditions set forth in the Terms and Conditions of Issuance and the third-party allotment agreement to be concluded with the allottee, and based on a Monte Carlo simulation, which is a general price calculation model, and making certain assumptions regarding our stock price, liquidity of our stock, the allottee's exercise behavior, and trends in stock ownership by the allottee, etc., the amount to be paid in for one (1) Stock Acquisition Right was set at 352 yen. Furthermore, the value of the assets to be contributed in exercising the SARs will be as described in Paragraph 9, with the Exercise Price initially set at an amount equal to the closing price on February 17, 2025.

19. Place to receive requests to exercise stock acquisition rights

Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Department

20. Place for payment of stock acquisition rights

Sumitomo Mitsui Banking Corporation, Shibuya Ekimae Branch

21. Application of the Act on Book-Entry of Corporate Bonds and Shares

The SARs shall be book-entry transfer stock option as defined in the Act on Book-Entry of Corporate Bonds and Shares, and all of them shall be subject to the provisions of the said Act. In addition, the handling of the SARs shall be in accordance with the Business Regulations Concerning Book-Entry Transfer of Shares, etc., the enforcement rules thereof, and other rules and regulations established by Japan Securities Depository Center, Inc.

22. Name and address of the book-entry transfer institution

Japan Securities Depository Center, Inc.

(2-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

23. Other

(1) Each of the above items shall be on condition that the notification filed under the Financial Instruments and Exchange Act becomes effective.

(2) The terms and conditions of the SARs shall be the best that the Company can currently obtain based on market conditions, the Company's financial condition, the amount paid in for the SARs, and other factors.

(3) Any other necessary matters concerning the issuance of theSARs shall be left entirely up to the President and Representative Director of the Company.