

March 26, 2025

Company name: Datasession Inc.
Representative: Norihiko Ishihara, Representative Director,
President and CEO
(Securities code: 3905, TSE Growth)
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Notice Concerning Issuance of Paid-in Stock Acquisition Rights (Performance-Linked Paid-in Stock Options)

We hereby announce that our Board of Directors, at a meeting held on March 25, 2025, resolved to issue the following stock acquisition rights (hereinafter, "SARs") to our representative director as described below, pursuant to Articles 236, 238 and 240 of the Companies Act of Japan. Since the stock acquisition rights will be issued to the recipient at a fair price and not on particularly favorable conditions, the issuance will be conducted without obtaining approval at a general meeting of shareholders. The SARs are not intended as compensation to the recipient, but are to be purchased based on the individual investment decision of such a person.

I. Purpose and Reason for Offering Stock Acquisition Rights

In addition to restructuring its business portfolio, the Company has launched a new AI data center business on a global basis as its strategic core business, and in order to develop and expand this business, the Company has reformed its management structure during the current year and is promoting business expansion under the new management structure. In order to further increase motivation and morale and encourage a strong commitment to achieving our performance targets as we aim to expand our business performance and increase our corporate value over the medium to long term, we have decided to issue performance commitment-type stock acquisition rights for value to our representative director.

The exercise condition of the SARs is that consolidated net sales must exceed 5,000 million yen in any fiscal year from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2027, which is considerably higher than the business results for the fiscal year ending March 31, 2024 (consolidated net sales of 2,229 million yen) and the forecast for the fiscal year ending March 31, 2025 (consolidated net sales of 3,312 million yen) that was announced on August 14, 2024.

The total number of shares of the Company's common stock that would increase if all of the SARs were exercised would account for approximately 2.0% of the total number of outstanding shares. However, as stated above, the achievement of high performance targets is a condition for exercise, and we recognize that the achievement of such targets will contribute to increasing our corporate value as well as shareholder value. Accordingly, the Company believes that the issuance of the SARs will contribute to the interests of the Company's existing shareholders and an impact on share dilution will be reasonable.

II. Terms and Conditions of Issuance of Stock Acquisition Rights

Terms and Conditions of the 21st Issue of Stock Acquisition Rights

1. Number of stock acquisition rights

3,558

The total number of shares that can be delivered by exercising the SARs shall be 355,800 shares of common stock of the Company, and if the number of shares granted per SAR is adjusted in accordance with 3.(1) below, the total number shall be calculated by multiplying the number of shares granted per SAR after adjustment by the number of SARs.

2. Cash to be paid in exchange for stock acquisition rights

The issue price per SAR shall be 591 yen. This amount was determined to be equal to the amount obtained by the third-party valuation firm Akasaka International Accounting using a Monte Carlo simulation, which is a common option pricing model, taking into account the Company's stock price information and other factors.

3. Details of stock acquisition rights

(1) Type and number of shares to be granted upon exercise of stock acquisition rights

The number of shares to be granted upon exercise of one (1) SAR (hereinafter, the "Number of Shares Granted") shall be 100 shares of common stock of the Company.

If the Company conducts a stock split (including gratis allotment of the Company's common shares; the same shall apply hereinafter) or a stock consolidation after the allotment date of the SARs, the Number of Shares Granted shall be adjusted in accordance with the following formula. However, such adjustment shall be made only with respect to the number of shares underlying the SARs that have not been exercised as of such time, and any fraction of less than one share resulting from the adjustment shall be rounded down.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Ratio of split (or consolidation)

In case where the Company conducts a merger, corporate split, share exchange or share delivery after the allotment date of the SARs, or other equivalent cases requiring the adjustment of the Number of Shares Granted, the Number of Shares Granted shall be adjusted appropriately to a reasonable extent.

(2) Value or calculation method of assets to be contributed upon exercise of stock acquisition rights

The value of the assets to be contributed upon exercise of the SARs shall be the amount obtained by multiplying the amount to be paid per share (hereinafter, the "Exercise Price") by the Number of Shares Granted. The Exercise Price shall be 1,026 yen, which is the same amount as the closing price of the Company's common stock in regular trading on the day before the day of resolution for issuance of the SARs.

If the Company conducts a stock split or a stock consolidation after the allotment date of the SARs, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split (or consolidation)}}$$

In the event that the Company issues new shares or disposes of treasury shares at a price below the market value of the Company's common stock after the allotment date of the SARs (excluding cases where the Company issues new shares or disposes of treasury shares based on the exercise of stock acquisition rights, or issues new shares or delivers treasury shares due to merger, company split, share exchange or share delivery), the Exercise Price shall be adjusted in accordance with the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest whole yen.

Exercise Price after adjustment =

$$\text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{paid-in amount per share}}{\text{Market value per share before new issue}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares already issued" shall be the number obtained by deducting the number of treasury shares of the Company's common stock from the total number of outstanding shares of the Company's common stock, and in the case of the disposal of treasury shares of the Company's common stock, "number of newly issued shares" shall be deemed to be replaced with "number of treasury shares to be disposed of".

Furthermore, in addition to the above, in case where the Company conducts a merger, corporate split, share exchange or share delivery after the allotment date of the SARs, or other equivalent cases requiring adjustment of the Exercise Price, the Company may appropriately adjust the Exercise Price to a reasonable extent.

(3) Period during which stock acquisition rights may be exercised

The period during which the SARs may be exercised (hereinafter, the "Exercise Period") shall be from April 1, 2027 to March 31, 2035 (however, if the last day is not a bank business day, the preceding bank business day).

(4) Matters concerning capital and capital reserve to be increased

(i) The amount of capital to be increased in the event of the issuance of shares upon the exercise of the SARs shall be half of the maximum amount of increase in stated capital as calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest whole yen.

(ii) The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of the SARs shall be the amount obtained by subtracting the amount of capital to be increased set forth in (i) above from the maximum amount of increase in stated capital set forth in (i) above.

(5) Restriction on acquisition of stock acquisition rights by transfer

Acquisition of the SARs by transfer shall require approval by a resolution of the Board of Directors of the Company.

(6) Conditions for exercise of stock acquisition rights

(i) Only if the Company's net sales shown in the consolidated statement of income (or the statement of income if the Company does not prepare a consolidated statement of income; hereinafter the same shall apply) in its Annual Securities Report for either the fiscal year ending March 31, 2026 or March 2027 exceed 5,000 million yen, person(s) who has/have received an allotment of SARs (hereinafter, "SARs holder(s)") may exercise the SARs thereafter, but within the Exercise Period set forth in (3) above.

(ii) A SARs Holder must be a director, corporate auditor or employee of the Company or its affiliates at the time of exercising the SARs. However, this shall not apply in the event of retirement due to expiration of term of office, mandatory retirement age, or any other justifiable reason recognized by the Board of Directors of the Company.

(iii) Exercise of the SARs by the heir(s) of the SARs Holder(s) shall not be permitted.

(iv) If the exercise of the SARs would cause the total number of outstanding shares of the Company to exceed the total number of shares authorized to be issued at the time of such exercise, such SARs may not be exercised.

(v) Any fraction less than one SAR may not be exercised.

4. Date of allotment of stock acquisition rights

April 10, 2025

5. Matters concerning acquisition of stock acquisition rights

(1) In the event that a general meeting of shareholders approves (or if approval by a general meeting of shareholders is not required, the Board of Directors resolves) a merger agreement whereby the Company becomes an extinguished company, a company split agreement or plan whereby the Company becomes a splitting company, or a share exchange agreement, share delivery plan or share transfer plan whereby the Company becomes a wholly owned subsidiary, the Company may acquire all of the SARs without contribution on a date to be separately determined by its Board of Directors.

(2) If a SARs holder is unable to exercise the SARs pursuant to the provisions set forth in 3.(6) above before exercising the rights, the Company may acquire the stock acquisition rights without contribution.

6. Handling of stock acquisition rights in the event of reorganization

In the event that the Company undergoes a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (hereinafter collectively referred to as “Reorganization”), the Company shall grant stock acquisition rights of a stock corporation listed in Article 236, Paragraph 1, Item 8, Subitems (a) to (e) of the Companies Act (hereinafter, “Reorganized Company”) to SARs holders on the effective date of the Reorganization, in each case, based on the following conditions. However, this shall be limited to cases where it is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that stock acquisition rights of the Reorganized Company shall be granted in accordance with the following conditions.

(1) Number of stock acquisition rights of the Reorganized Company to be granted

The same number of stock acquisition rights as the number of stock acquisition rights held by a SARs Holder shall be delivered respectively.

(2) Class of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights

The shares shall be common stock of the Reorganized Company.

(3) Number of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights

To be determined in accordance with 3. (1) above, taking into consideration the conditions of the Reorganization.

(4) Amount of assets to be contributed in exercising stock acquisition rights

The value of assets to be contributed upon the exercise of each stock acquisition right to be granted shall be the amount obtained by multiplying the post-Reorganization Exercise Price after adjusting the Exercise Price determined in 3. (2) above upon considering the conditions of the Reorganization among others by the number of shares of the Reorganized Company to be issued upon exercise of such stock acquisition rights determined in accordance with 6. (3) above.

(5) Period during which stock acquisition rights may be exercised

From the later of the first day of the Exercise Period specified in 3. (3) above or the effective date of the Reorganization, to the last day of the Exercise Period specified in 3. (3) above.

(6) Matters concerning capital stock and capital reserve to be increased in the event of the issuance of shares upon the

exercise of stock acquisition rights

To be determined in accordance with 3. (4) above.

(7) Restriction on acquisition of stock acquisition rights by transfer

Restrictions on acquisition by transfer shall require approval by a resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions for exercise of stock acquisition rights

To be determined in accordance with 3. (6) above.

(9) Reasons and conditions for acquisition of stock acquisition rights

To be determined in accordance with 5 above.

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

7. Matters related to certificates for stock acquisition rights

The Company shall not issue any certificates for the SARs.

8. Date of payment of cash in exchange for stock acquisition rights

April 10, 2025

9. Application due date

April 9, 2025

10. Persons to whom stock acquisition rights are allotted and the number of stock acquisition rights

One director of the Company 3,558