

Note : This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



December 10, 2024

To all related parties:

Company name: Digital Arts Inc.
Representative: Toshio Dogu, Representative Director,
President and CEO
Securities code: 2326
Tokyo Stock Exchange Prime Market
Inquiries: Fumihiko Tanizaki, General Manager,
Investor Relations Office
TEL: +81-(0)3-5220-1670

Regarding the Issuance of Stock-Compensation-Type Stock Options (Stock Acquisition Rights)

Digital Arts Inc, (“the Company”) announces that it has resolved to solicit the following stock acquisition rights as stock options (stock acquisition rights) to the Company's directors (excluding outside directors) and executive officers pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act at the Board of Directors meeting held on December 10, 2024.

1. The reason for issuing the Stock Acquisition Rights as Stock Options

The purpose of issuing stock compensation-type stock options (stock acquisition rights) to employees is to share the benefits and risks of stock price fluctuations with shareholders and to provide greater motivation than before for improving long-term business performance and increasing corporate value.

2. Details of Issuance of Stock Acquisition Right

(1) Name of the stock acquisition rights

Digital Arts Inc. Stock Acquisition Rights (13th series)

(2) Persons to whom stock acquisition rights are to be allocated, their number, and the number of stock acquisition rights to be allocated

Persons	Number of persons	Number of stock acquisition rights
The company's employees	4	32

(3) Class and number of shares associated with the stock acquisition rights

Common shares of the Company are the class of shares associated with the stock acquisition rights. The number of shares associated with the stock acquisition rights (hereinafter, the “Number of Shares Granted”) shall be 100 shares per stock acquisition right.

Provided that the Company conducts a stock split (including the gratis allocation of common shares of the Company; this meaning applies to mentions of stock split below) or stock consolidation of common shares of the Company after the date on which the stock acquisition rights are allocated (hereinafter, the "Day of Allotment"), with respect to stock acquisition rights not yet exercised at the time of such stock split or stock consolidation, the Number of Shares Granted shall be adjusted according to the following formula. Number of shares after adjustment = Number of shares before adjustment x split or consolidation ratio. If the need to adjust the Number of Shares Granted becomes unavoidable for some reason other than those indicated above, the Company may adjust the Number of Shares Granted if deemed necessary by the Board of Directors of the Company. Fractional amounts of less than one share resulting from an adjustment as described above shall be rounded down.

(4) Total number of stock acquisition rights

The total number of stock acquisition rights is 32.

The above total number is the planned number of allocations. If the total number of stock acquisition rights to be allocated decreases due to reasons such as no subscription applications being made, the total number of stock acquisition rights to be allocated shall be the total number of stock acquisition rights to be issued.

(5) Amount to be paid for stock acquisition rights

The amount to be paid for stock acquisition rights shall be the amount calculated by multiplying the fair evaluation unit price of stock options per share by the number of shares granted, calculated using the Black-Scholes model on the date of allotment of stock acquisition rights. This is the fair value of stock acquisition rights and does not apply to advantageous issuance.

In addition, those who have been allotted stock acquisition rights (hereinafter referred to as "stock acquisition rights holders") shall offset the payment amount with a remuneration claim owed to the Company in lieu of payment of the payment amount, and are not required to pay any money.

(6) Value of property to be contributed upon exercise of the stock acquisition rights

The value of the property invested upon exercise of stock acquisition rights shall be the amount obtained by multiplying the amount per share that can be delivered upon exercise of stock acquisition rights of 1 yen by the number of shares granted.

(7) Exercise period for stock acquisition rights

From December 25, 2025 to December 24, 2030

(8) Conditions for exercise of the stock acquisition rights

- ① Holders of stock acquisition rights must be directors, auditors, or employees of the Company or its subsidiaries during the period specified in (7) above.
- ② In the event of the death of a person holding stock acquisition rights, the rights may not be exercised by the heir.
- ③ Other conditions shall be as stipulated in the stock acquisition rights allotment agreement concluded between the Company and stock acquisition rights holders.

(9) Amount of share capital and capital surplus that will increase when shares are issued upon exercise of stock acquisition rights

- ① The amount of increase in share capital when shares are issued through the exercise of stock acquisition rights shall be half of the maximum increase in share capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Regulations, and any fraction less than one yen resulting from the calculation shall be rounded up to the nearest yen.
- ② The amount of increase in capital surplus when shares are issued through the exercise of stock acquisition rights shall be the amount obtained by subtracting the amount of increase in share capital set forth in ① above from the maximum amount of increase in capital, etc. set forth in ① above.

(10) Conditions of acquisition of the stock acquisition rights

- ① In the event that the Rights Holder is unable to exercise his/her stock acquisition rights due to the provisions of (8) above or the provisions of the Stock Acquisition Rights Allocation Agreement before exercising his/her rights, the Company may acquire the stock acquisition rights free of charge on a date separately determined by the Board of Directors of the Company.
- ② In the event that any of the proposals set forth below a, b, c, d or e is approved at the General Meeting of Shareholders of the Company (or if a resolution of the General Meeting of Shareholders is not required, if approved by the Board of Directors of the Company), the Company may acquire the stock acquisition rights free of charge on a date separately determined by the Board of Directors of the Company.
 - a. a proposal to approve a merger agreement in which the Company becomes the dissolved company
 - b. a proposal to approve either a company split agreement or a company split plan in which the Company becomes the splitting company
 - c. a proposal to approve a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary
 - d. a proposal to change and approve provisions in the Articles of Incorporation requiring the approval of the Company for the acquisition of any of the shares issued by the Company through a share transfer
 - e. a proposal to change and approve provisions in the Articles of Incorporation requiring the approval of the Company for the acquisition of the type of shares to be granted upon the exercise of stock acquisition rights through a share transfer, or admitting the acquisition of all of said type of shares by the Company by resolution of the General Meeting of Shareholders

(11) Restrictions on transfer of stock acquisition rights

The acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors of the Company.

(12) Treatment of stock acquisition rights in the event of organizational restructuring

In the event that the Company undergoes a merger (only in cases where the Company is dissolved as a result of the merger), an absorption-type or incorporation-type split (in each case only in cases where the Company is the splitting company), or a share exchange or share transfer (in each case only in cases where the Company is a wholly owned subsidiary) (collectively hereinafter, the "Organizational Restructuring"), the Rights Holders who hold remaining stock acquisition rights (hereinafter, the "Remaining Stock Acquisition Rights") shall be issued stock acquisition rights of the companies set forth in Article 236, Paragraph 1, Items 8 (a) to (e) of the Companies Act (hereinafter, the "Reorganized Company") in each case immediately prior to the effective date of the Organizational Restructuring (which means, in the case of an absorption-type merger, the date on which the absorption-type merger becomes effective, in the case of a consolidation-type merger, the date on which the company incorporated through the consolidation-type merger is established, in the case of an absorption-type split, the date on which the absorption-type split becomes effective, in the case of an incorporation-type split, the date on which the company incorporated through the incorporation-type split is established, in the case of a share exchange, the date on which the share exchange becomes effective, and in the case of a share transfer, the date on which the wholly owning parent company incorporated through the share transfer is established; the same applies hereinafter). Provided that this applies only if the issuance of stock acquisition rights of the Reorganized Company in accordance with the following items is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement or share transfer plan.

- ① Number of stock acquisition rights of the Reorganized Company to be issued
The number of stock acquisition rights to be issued shall be equal to the number of Remaining Stock Acquisition Rights held by each Right Holder.
- ② Class of shares associated with the stock acquisition rights of the Reorganized Company
The shares shall be common stock of the Reorganized Company.
- ③ Number of shares associated with the stock acquisition rights of the Reorganized Company

The number of shares shall be determined in accordance with (3) above, taking into account the terms of the reorganization.

④ Value of property to be contributed upon exercise of the stock acquisition rights

The value of the assets invested upon the exercise of each stock acquisition right to be delivered shall be calculated by multiplying the post-restructuring exercise price specified below by the number of shares of the reorganized company that is the object of the stock acquisition right determined in accordance with ③ above. The amount obtained shall be the amount obtained. The post-restructuring exercise price shall be 1 yen per share of the reorganized company that can be issued by exercising each stock acquisition right to be issued.

⑤ Exercise period for stock acquisition rights

The exercise period shall be from the later of either the first day of the period during which the stock acquisition rights can be exercised as specified in (7) above or the effective date of the organizational restructuring actions, until the expiration date of the period during which the stock acquisition rights can be exercised as specified in (7) above.

⑥ Amount of share capital and capital surplus that will increase when shares are issued upon exercise of stock acquisition rights

To be determined in accordance with (9) above.

⑦ Restrictions on transfer of stock acquisition rights

The acquisition of stock acquisition rights through transfer shall require approval by a resolution of the board of directors of the Reorganized Company.

⑧ Conditions for exercise of the stock acquisition rights

To be determined in accordance with (8) above.

⑨ Conditions of acquisition of the stock acquisition rights

To be determined in accordance with (10) above.

(13) Arrangements for fractional shares arising from the exercise of stock acquisition rights

If the number of shares to be delivered to the Rights Holder who exercises the stock acquisition rights contains a fractional share, this fractional share will be rounded down.

(14) Day of allotment of stock acquisition rights

December 25, 2024

(15) Issuance of stock acquisition rights certificates

No stock acquisition rights certificates shall be issued for the stock acquisition rights.