

February 14, 2024

Company name	Datasection Inc.	
Representative	President and Representative Director and CEO	Kento Hayashi
		(Code No. 3905, TSE Growth)
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Announcement of Basic Agreement on Comprehensive Business Alliance with VLC Holdings Co., Ltd.

We are pleased to announce that our Board of Directors, at a meeting held today, agreed in principle to enter into a comprehensive business alliance (hereinafter referred to as "the Alliance") with VLC Holdings Co., Ltd. (Location: Minato-ku, Tokyo; President and CEO: Norihiko Ishihara; hereinafter referred to as "VHD").

1. Background and purpose of the Alliance

In the VHD Group, led by VHD, a holding company, its operating subsidiaries are engaged in the following core businesses: the security business, which provides comprehensive cybersecurity solutions, including the operation and provision of hands-on cybersecurity training facilities and vulnerability assessment services, and information security consulting services, focusing on the acquisition, updating and operational support of information security standards; and the marketing business, which provides various marketing solutions such as market research and sales promotion.

In addition to big data analysis, our Group has developed a system integration business that promotes the improvement of customers' operations by developing various elementary technologies such as image analysis using AI from the basic research stage, and a marketing solutions business that promotes customers' digital marketing and DX. In recent years, our Group has restructured its business portfolio through an aggressive M&A strategy, developed proprietary products using AI-based image analysis in more than 20 countries around the world, and acquired companies in the data science and AI fields in September 2023. Through these efforts, the Company is striving to realize "the integration of technology and society" and create new corporate value.

Since around August 2023, the Company and VHD, with which the Company's officers had existing contacts, have held a series of discussions on a business alliance, including comprehensive mutual customer referrals and solution cooperation, mainly in the marketing field.

The two companies have concluded that there are several areas in each company's existing business where business synergies can be achieved by leveraging their strengths and resources, and that the two companies can expect to expand their business by working together in the business directions that each company intends to pursue in the future. As a result, it was decided to form a comprehensive business alliance with the aim of strengthening the business foundations of both Groups and further enhancing their corporate value.

2. Details of the Alliance

The main content of the Alliance is to establish a business framework between our Group companies, including the Company, and VHD Group companies including VHD, such as a business alliance, cooperation in individual and new businesses, etc., and to expand the business of both Groups through cooperation.

Specifically, in addition to mutual customer traffic and personnel exchanges in existing businesses such as marketing, AI-related, system integration, security, and other businesses, we will strengthen the strategic alliance through technology cooperation and joint investment in new businesses.

As the Alliance is a comprehensive business partnership between the two companies, individual contracts and agreements between the participating companies will be entered into as needed as specific business matters are finalized, and the progress of the partnership will be disclosed in a timely manner.

3. Overview of Alliance Partner

Overview of Finance Partner

(1) Company name	VLC Holdings Co., Ltd. (Nagoya Stock Exchange, Next Market (Code No.: 2467))		
(2) Address	Edomizaka Mori Building, 4-1-40 Toranomon, Minato-ku, Tokyo		
(3) Name and title of the representative	Norihiko Ishihara, President and Representative Director and CEO		
(4) Business activities	Management and operation of the corporate group by holding shares, etc.		
(5) Share capital	78,510,000 yen		
(6) Date of incorporation	September 27, 1994		
(7) Relationship between the listed company and the company	Capital relationship	Not applicable.	
	Human relationship	Mr. Ishihara, President and Representative Director and CEO, is expected to be appointed as a Director of the Company upon approval at the Extraordinary General Meeting of Shareholders of the Company to be held on April 17.	
	Business relationship	Not applicable.	
	Applicability to related parties	Not applicable.	
(8) Consolidated business results and financial position of the company for the last three fiscal years			
Fiscal year end	FY2021	FY2022	FY2023
Net assets (Unit: millions of yen)	130	364	546
Total assets (Unit: millions of yen)	646	1,020	1,093
Net assets per share (Unit: yen)	11.72	30.34	43.62
Net sales (Unit: millions of yen)	1,468	1,931	2,468
Ordinary profit (Figures in parentheses are loss; unit: millions of yen)	(325)	50	79
Profit attributable to owners of parent (Figures in parentheses are loss; unit: millions of yen)	(434)	38	67
Comprehensive income (Figures in parentheses are loss; unit: millions of yen)	(437)	49	51
Earnings per share (Figures in parentheses are loss; unit: yen)	(40.94)	3.33	5.57

*Major VHD Group companies
 Security business: VLC Co., Ltd.
 Marketing business: MSS Inc.
 Security business: CEL.LTD
 Security business: CYBERGYM Japan Co., Ltd.

4. Schedule

(1) Date of the resolution of the Board of Director on the Alliance	February 14, 2024
(2) Date of execution of the Basic Agreement	February 14, 2024 (scheduled)

5. Future Outlook

The impact of this matter on the consolidated business results for the FY2024/3 will be closely reviewed from time to time as the Alliance progresses. The two companies will also consider a capital

alliance to further establish a cooperative structure and create synergies between the two companies.

If any matters requiring disclosure arise in the future, we will promptly disclose them and make an announcement.