

Semiannual Securities Report

(For the first half of the 25th business term)

From April 1, 2024
to September 30, 2024

Datasection Inc.

1-3-8 Nishigotanda, Shinagawa-ku, Tokyo

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[Document title]	Semiannual Securities Report
[Clause of stipulation]	Item 1 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Finance Bureau
[Filing date]	November 14, 2024
[Interim accounting period]	First Half of the 25th Business Term (April 1, 2024 to September 30, 2024)
[Company name]	Datasection Inc.
[Company name in English]	Datasection Inc.
[Name and title of representative]	Norihiko Ishihara, Representative Director, President and CEO
[Address of registered head office]	1-3-8 Nishigotanda, Shinagawa-ku, Tokyo
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[Contact person]	Shinichi Iwata, Representative Director, Vice President CFO and COO
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[Phone number]	050-3649-4858
[Contact person]	Shinichi Iwata, Representative Director, Vice President CFO and COO
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

Part I [Corporate information]

1 [Company overview]

1 [Key financial data]

Term	24th term Interim period	25th term Interim period	24th term
Accounting period	From April 1, 2023 to September 30, 2023	From April 1, 2024 to September 30, 2024	From April 1, 2023 to March 31, 2024
Net sales (thousand yen)	978,387	1,359,041	2,229,281
Ordinary loss (thousand yen)	(123,272)	(225,551)	(235,040)
Loss attributable to owners of parent (thousand yen)	(99,045)	(246,898)	(1,261,695)
Interim comprehensive income or comprehensive income (thousand yen)	(38,155)	(178,032)	(1,260,754)
Net assets (thousand yen)	2,478,162	2,759,902	1,982,624
Total assets (thousand yen)	4,287,448	4,694,861	3,786,248
Loss per share (yen)	(6.72)	(14.20)	(84.07)
Diluted earnings per share (yen)	-	-	-
Equity-to-asset ratio (%)	56.5	57.1	50.6
Cash flows from operating activities (thousand yen)	(159,535)	(395,446)	333,604
Cash flows from investing activities (thousand yen)	(92,059)	(319,476)	(569,264)
Cash flows from financing activities (thousand yen)	(217,397)	29,157	382,956
Cash and cash equivalents at end of period (thousand yen)	969,713	991,495	1,659,429

(Note) 1. Since the Company prepares interim consolidated financial statements, it does not state key financial data.

2. Diluted earnings per share for the 24th interim period, the 24th period, and the 25th interim period are not presented, even though there were potential shares, because we posted a loss per share.

2 [Description of business]

There were no significant changes in the nature of business operated by the Group (the Company and its associates) during the current interim period.

Changes in major subsidiaries and associates are as follows.

(Japan Segment)

During the current interim period, MSS Inc. became a newly consolidated subsidiary after we acquired all common shares in the company.

(Overseas Segment)

There were no changes in major subsidiaries and associates.

As a result, the Group now consists of the Company, nine consolidated subsidiaries, and one affiliate.

2 [Overview of business]

1 [Business risks]

(1) Significant events regarding the premise of a going concern

The Group recorded a loss attributable to owners of parent of 246 million yen for the current interim period, continuing to post a large amount of interim loss attributable to owners of parent since the previous fiscal year. In addition, a significant operating loss of 167 million yen was recorded, resulting in a recurring decrease in funds. Due to these circumstances, the Company recognizes that events or circumstances exist that may cast significant doubt on the Company's ability to continue as a going concern during the current interim period.

Thus, the Group, in addition to its ongoing corporate efforts, resolved at its Board of Directors meetings held on January 26, 2024 and February 13, 2024, to issue new shares by way of third-party allotment (the "Shares") and the 19th series of stock acquisition rights with a fixed exercise price (the "Stock Acquisition Rights") by way of a third-party allotment. (The reason for the multiple resolution dates is that, after the resolution by our Board of Directors on January 26, 2024, the allottee took a longer number of days than originally expected to open a securities account to be used for the acquisition of the Shares and the Stock Acquisition Rights and to complete the prior notification procedures for foreign investors making inward direct investments under the Foreign Exchange and Foreign Trade Act. Accordingly, the Company's Board of Directors resolved at its February 13, 2024 meeting to change the payment date for the Shares and the Stock Acquisition Rights.)

The maximum amount to be procured through the third-party allotment was 1,497 million yen at the time of the resolution, of which 688 million yen was procured in February 2024. First Plus Financial Holdings PTE. Ltd., the allottee of the 19th series of stock acquisition rights (fixed exercise price type), has given a final written statement of intent regarding the exercisability of all the stock acquisition rights (exercise price: 809 million yen).

We also share information on business conditions with the Group's main financial institutions. We have established a system that allows us to discuss responses on a case-by-case basis as needed, and we maintain good relationships with our financial institutions to maintain and sustain our borrowings.

After evaluating the cash management plan and the underlying business plan, the Company believes that it will have sufficient funds until September 30, 2025, one year from the day after the balance sheet date, and that there is no material uncertainty regarding the premise of a going concern.

2 [Management analysis of financial position, operating results and cash flows]

Forward-looking statements in the text are based on judgments made as of the end of the current interim period.

(1) Financial position and operating results

1) Analysis of operating results

During the current interim period, the Japanese economy showed a moderate recovery trend amid an improving employment and income environment. However, the outlook remained uncertain due to the prolonged situation in Ukraine and the Middle East, rising prices, and the impact of continued high interest rate levels in the U.S. and Europe.

In the domestic market for AI business, investment in the use of systems that specialize in the advancement of application functions and specific tasks is expected to increase from FY2023 onward. As applications and systems become more complex to meet user requirements, it is expected that more cases will be insourced rather than outsourced due to factors such as cost and development speed, and with this, especially items such as middleware and server/storage/IaaS related to in-house production will grow significantly. Thus, in FY2027, the artificial intelligence business is expected to grow 1.7 times compared with FY2021 to 1.9787 trillion yen (Fuji Chimera Research Institute, Inc., *2022 jinkochino bijinesu sochosa* [2022 Comprehensive study on the artificial intelligence business]).

The South American smart retail device market is expected to grow from US\$1.8322 billion in 2019 to US\$2.6692 billion by 2027. It is estimated to grow at a CAGR of 5.3% from 2020 to 2027. The South American smart retail device market is segmented into Brazil, Argentina, and the rest of South America. The region includes several countries with complex macroeconomic and political environments and a variety of growth scenarios. Developing countries such as Brazil, Argentina, Chile, and Peru are investing heavily in infrastructure and retail sector development. In addition, many retailers in these regions have initiated digital transformations to increase their competitiveness and adapt to the benefits of change. Colombia and Brazil are rapidly evolving in digital innovation, and Chile is considered an "outstanding" country, ranking among the best in digitization and innovation. This digital transformation offers new opportunities for the smart retail device market throughout the region. Increasing urbanization has led to the growth of various shopping complexes and recreational centers, which is expected to increase the demand for smart retail devices in the region (Business Market Insights, "South America Smart Retail Devices Market research report").

In the domestic retail tech sector (payment terminals, self-operated terminals, next-generation facilities, next-generation operations), in order to maintain business operations amid the pandemic, investment has been made in fully automated checkout and remote customer service systems, etc., to enable non-contact services and operations to be carried out with a small number of staff. As a result, there has been an increase in the number of items related to the visualization of consumer attributes and in-store behavior that had not been digitized, as well as items related to the utilization of data. In the future, next-generation solutions such as cashier-less payment systems and smart entrances, as well as items related to the optimization of the entire supply chain, such as RFID solutions and demand forecasting systems, are also expected to grow. Thus, the market is expected to be 2.2 times larger in 2030 than in 2021, at 555.3 billion yen (Fuji Keizai, *2022 nen ban jisedai sutoa & riteru tekku shijo no genjo to shorai tenbo* [2022 edition: Current status and future outlook for the next-generation store and retail tech market]).

In the distribution/retail industry related to digital transformation, there is a growing trend toward the introduction of full-self checkout systems that make up for staff shortages in physical stores and improve and enhance the shopping experience for customers, as well as the introduction of shopping carts with tablet terminals in supermarkets and general merchandise stores. Growth in unmanned store solutions is also expected in the future. Retailers, SIs, and advertisers are developing the use of AR/VR technology to expand the shopping experience. In digital operations, automatic ordering systems are being widely adopted mainly by food manufacturers and general merchandise stores, and are also expected to be introduced for SCM by wholesalers, while demand forecasting systems are being introduced by major nationwide retailers due to waste loss reduction and SDGs needs. Thus, the forecast for FY2030 is 185.2 billion yen, 3.6 times the FY2021 level (Fuji Chimera Research Institute, *2023 Dejitaru toransufomeishon shijo no shorai tenbo shijohen* [2023 Future Outlook for the Digital Transformation Market: Market Edition and Vendor Strategy Edition]).

Business results for the current interim period are as follows.

In the current interim period, we acquired MSS Inc. and made it a newly consolidated subsidiary.

(Net sales)

Net sales totaled 1,359 million yen (up 38.9% year on year). This is mainly due to the growth of each business in the Company, especially the data science business, and the fact that MSS Inc., acquired on July 1, 2024, became a consolidated subsidiary from the current interim period.

(Cost of sales)

Cost of sales was 774 million yen (up 16.0% year on year). Cost of sales includes 388 million yen in personnel expenses, 235 million yen in outsourcing expenses, 80 million yen in depreciation and amortization, and 25 million yen in server usage fees.

(Selling, general and administrative expenses)

Selling, general and administrative expenses were 751 million yen (up 59.2% year on year). Selling, general and administrative expenses consisted mainly of personnel expenses of 449 million yen, outsourcing expenses of 61 million yen, compensation fees paid of 40 million yen, amortization of goodwill and customer-related assets of 39 million yen, land rent of 29 million yen, commissions paid of 21 million yen, taxes and dues of 20 million yen, audit fees of 16 million yen, and travel and transportation expenses of 13 million yen.

(Non-operating income)

The Company recorded 1 million yen as interest income and 4 million yen as other non-operating income.

(Non-operating expenses)

Foreign exchange losses of 40 million yen, interest expenses of 17 million yen, share of loss of entities accounted for using equity method of 3 million yen, and other non-operating expenses of 2 million yen were recorded.

(Extraordinary gains/losses)

Under extraordinary income, 6 million yen was posted as a gain on adjustment of accounts payable and 5 million yen as a gain on sale of investment securities, and under extraordinary loss, 4 million yen was posted as a loss on retirement of non-current assets.

(Total income taxes)

Total income taxes amounted to 27 million yen, including 21 million yen for Income taxes - current and 5 million yen for Income taxes - deferred as a result of estimating future taxable income at the present time and examining the recoverability of deferred tax assets.

As a result, net sales were 1,359 million yen (up 38.9% year on year). We continued to face a certain cost burden as the parent Company simultaneously restructured existing businesses and launched new businesses. Thus, we posted an operating loss of 167 million yen (operating loss of 162 million yen a year earlier). Adjusted EBITDA was a loss of 16 million yen (loss of 53 million yen a year earlier). In addition, the posting of foreign exchange losses of 40 million yen as non-operating expenses resulted in an ordinary loss of 225 million yen (ordinary loss of 123 million yen a year earlier), and the recording of 6 million yen as a gain on adjustment of accounts payable and total income taxes of 27 million yen resulted in a loss attributable to owners of parent of 246 million yen (loss of 99 million yen a year earlier).

*Adjusted EBITDA = Operating profit + Depreciation and amortization + Amortization of intangible assets + Stock-based compensation expenses + M&A-related expenses

Operating results by segment for the current interim period are as follows.

i. Japan Segment

In the Japan Segment, we are engaged in the Data Science domain, System Integration domain, and Marketing Solutions domain.

In the Data Science domain, we support companies' data-driven management and DX promotion through consulting, IT education, and other solutions for data utilization, etc., mainly for major blue-chip companies, based on our strength in data utilization and AI development.

In the System Integration domain, we develop user-specific solutions utilizing our technological capabilities and know-how cultivated through big data analysis and AI technology (text/images/voice), while consolidated subsidiary d-ss.inc. ("DSS"), provides payment services (Biz Prepaid Card prepaid card service for corporate customers [<https://bizpreca.jp/>]), SES services (for credit card companies, payment companies, securities companies, etc.), financial system development mainly for credit card companies, MSP services (cloud system construction, operation and maintenance services centered on AWS), and security services (PCIDSS consulting services, security diagnosis services, etc.).

In the Marketing Solutions domain, we offer FollowUP, a recurring-revenue service in Japan that helps improve store performance by analyzing image and video data acquired by AI cameras installed in retail stores and combining it with POS

data, as well as social media analysis tools Insight Intelligence and Insight Intelligence Q, and other recurring-revenue services. In addition, consolidated subsidiary solid intelligence Inc. ("SI") provides consulting services for multilingual social media analysis. MSS Inc. ("MSS"), which became a consolidated subsidiary during the current interim period, provides support solving issues related to clients' marketing and business strategies through research consulting in the field of marketing research (tailor-made research planning, design, analysis, and survey). MSS also offers services that propose effective advertising and sales promotion plans that meet the needs of both client companies and consumers, making use of our latest sales promotion tools and our long track record of planning, production and editing.

The Data Science domain for the current interim period consists of the business acquired in September 2023, which will make a full contribution from the current fiscal year. Net sales increased significantly as a result.

During the current interim period, the System Integration domain saw a year-on-year sales increase due to orders for large-scale development projects at the Company and steady orders at consolidated subsidiary DSS.

During the current interim period, the Marketing Solutions domain saw a year-on-year sales increase due to the consolidation of MSS, which was acquired on July 1, 2024, from the current interim period.

As a result, net sales from external customers in the Japan Segment for the current interim period amounted to 818 million yen (up 50.6% year on year), mainly due to the growth of each business centering on the Data Science domain in the Company and the consolidation of MSS, which was acquired on July 1, 2024, in the current interim period. Segment loss amounted to 47 million yen (segment loss of 69 million yen in the same period a year earlier) due to an increase in personnel expenses and subcontracting expenses (outsourcing expenses) to strengthen the organization.

ii. Overseas Segment

In the Overseas Segment, we operate FollowUP overseas.

During the current interim period, sales increased year on year in the Overseas Segment due to steady orders in Chile and Colombia, our main bases, as well as the effects of an increase in consolidated subsidiaries (Panama and Spain) during the previous consolidated cumulative period.

As a result, sales to outside customers in the Overseas Segment during the current interim period were 540 million yen (up 22.4% from the same period a year earlier, and segment profit was 83 million yen (down 2.6% from the same period a year earlier).

2) Analysis of financial position

(Assets)

Total assets increased by 908 million yen (up 24.0% from the end of the previous fiscal year) to 4,694 million yen at the end of the current interim period.

This was mainly due to a decrease of 667 million yen in cash and deposits, despite an increase of 1,209 million yen in goodwill and 286 million yen in other current assets.

(Liabilities)

Total liabilities at the end of the current interim period increased by 131 million yen (up 7.3% from the end of the previous fiscal year) to 1,934 million yen.

This was mainly because long-term borrowings increased by 107 million yen (including the current portion of long-term borrowings), while short-term borrowings increased by 172 million yen and accounts payable-other increased by 73 million yen.

(Net assets)

Net assets at the end of the current interim period increased by 777 million yen (up 39.2% from the end of the previous fiscal year) to 2,759 million yen.

This is mainly because share capital increased by 479 million yen and capital surplus increased by 467 million yen as a result of the issuance of common shares associated with the acquisition of MMS (through a share swap) and because foreign currency translation adjustment increased by 70 million yen after converting overseas subsidiaries' financial statements into yen.

(2) Cash flows

Cash and cash equivalents ("cash") at the end of the current interim period decreased by 667 million yen from the end of the previous fiscal year to 991 million yen.

The status of each cash flow and their factors during the current interim period are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 395 million yen (159 million yen used in the same period a year earlier). This was mainly due to a 218 million yen decline in income before income taxes, depreciation expenses of 87 million yen, goodwill amortization of 38 million yen, decrease (increase) in trade receivables of 41 million yen, and 341 million yen in other decreases.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 319 million yen (92 million yen used in the same period a year earlier). This was mainly due to expenditure of 248 million yen from the acquisition of shares in subsidiaries accompanying changes in the scope of consolidation, expenditure of 49 million yen from the purchase of intangible assets, and expenditure of 40 million yen from the purchase of property, plant and equipment, while there were proceeds from sale of investment securities of 29 million yen.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 29 million yen (217 million yen used in the same period a year earlier). This was mainly due to proceeds from an increase in short-term borrowings of 170 million yen and expenditure of 141 million yen from repayments of long-term borrowings.

(3) Accounting estimates and assumptions used for such estimates

There were no significant changes in accounting estimates or assumptions used for such estimates during the current interim period.

(4) Management Policy, Management Strategy, etc.

There were no significant changes in the management policies and strategies adopted by the Group during the current interim period.

(5) Priority business and financial issues to be addressed

There have been no significant changes in the business and financial issues that the Group must address on a priority basis during the current interim period.

(6) Research and development activities

The amount of research and development for the entire Group during the current interim period was 10 million yen.

As announced in the "Notice Regarding the Establishment of the Advanced AI Data Innovation Institute (AIDI)" dated April 9, 2024, during the current interim period, we established AIDI to further advance the R&D function in the field of AI and its implementation in the business domain and to further develop AI and data domains, which are our strengths. We are working to strengthen our competitiveness in core business areas with growth potential, including generative AI.3 [Material contracts, etc.] (Acquisition of shares and conversion of MSS Inc. into a wholly owned subsidiary through a share exchange)

At a meeting of the Company's Board of Directors held on June 3, 2024, the Company resolved to acquire a portion of the issued shares of MSS Inc. ("MSS") ("Share Acquisition") and to subsequently conduct a share exchange ("Share Exchange") to make the Company the wholly owning parent and MSS a wholly owned subsidiary. Accordingly, we concluded a share transfer agreement and share exchange agreement on June 3, 2024.

The Share Acquisition and the Share Exchange were executed on July 1, 2024, and MSS became a wholly owned subsidiary of the Company.

For details, please refer to "5 Financial information, 1 Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes (Business Combinations, etc.)"

3 [Information on the reporting company]

1 [Company's shares, etc.]

(1) [Total number of shares, etc.]

1) Total number of shares

Type	Total number of shares authorized to be issued (shares)
Common shares	30,400,000
Total	30,400,000

2) [Shares issued]

Type	Number of shares issued as of the end of the interim accounting period (shares) (September 30, 2024)	Number of shares issued as of the date of filing (November 14, 2024)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common shares	17,703,051	17,703,051	Tokyo Stock Exchange Growth Market	Number of shares per unit 100 shares
Total	17,703,051	17,703,051	-	-

(Note) 1. The "Number of shares issued as of the date of filing" column does not include the number of shares issued upon exercise of stock acquisition rights from November 1, 2024 to the date of filing of this semiannual securities report.

(2) [Share acquisition rights, etc.]

1) [Employee share option plans]

Not applicable

2) [Other share acquisition rights, etc.]

Not applicable

(3) [Exercise status, etc. of bonds with stock acquisition rights with exercise price revision clause]

Not applicable

(4) [Total number of shares issued, share capital, etc.]

Date	Increase/decrease in total number of shares issued (shares)	Outstanding balance of issued shares (shares)	Increase/decrease in share capital (thousand yen)	Balance of share capital (thousand yen)	Increase (decrease) in capital reserve (thousands of yen)	Balance of capital reserve (thousands of yen)
July 1, 2024	515,000	17,703,051	479,207	2,347,686	479,207	2,119,469

(Note) The increase is due to a share exchange in which the Company became the wholly owning parent and MSS Inc. became a wholly owned subsidiary

(5) [Major shareholders]

As of September 30, 2024

Name	Address	Number of shares held (shares)	Percentage of shares against the total number of shares issued (excluding treasury shares) (%)
FIRST PLUS FINANCIAL HOLDINGS PTE. LTD.	8 MARINA VIEW #36-02 ASIA SQUARE TOWER 1 SINGAPORE	2,230,000	12.64
KDDI Corporation	2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo	2,100,000	11.91
CITIC SECURITIES BROKERAGE (HK) LIMITED AC CLIENT	26/F CITIC TWR1 TIM MEI AVENUE, CENTRAL, HONGKONG	992,400	5.63
INTERACTIVE BROKERS LLC	ONE PICKWICK PLAZA GREENWICH, CONNECTICUT 06830 USA	838,000	4.75
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	675,000	3.83
PHILLIP SECURITIES (HONG KONG) LIMITED	UNITED CTR 11/F, QUEENSWAY 95, ADMIRALTY, HONGKONG	645,100	3.66
BNP PARIBAS PARIS/2S/JASDEC/STONEX FINANCIAL INC CLIENTS/BACKTOBACK BNP PARIBAS SINGAPORE/2S/JASDEC/UOB KAY HIAN PRIVATE LIMITED	16, BOULEVARD DES ITALIENS 75009 PARIS FRANCE	569,103	3.23
	NO 8 ANTHONY ROAD #01-01 SINGAPORE 22995	550,000	3.12
Allm Inc.	1-12-1 Dogenzaka, Shibuya-ku, Tokyo	540,925	3.07
VLC HOLDINGS CO., LTD.	Edomizaka Mori Building, 4-1-40 Toranomon, Minato-ku, Tokyo	515,000	2.92
Total	-	9,655,528	54.74

(6) [Voting rights]

1) [Shares issued]

As of September 30, 2024

Classification	Number of shares	Number of voting rights	Description
Non-voting shares	-	-	-
Shares with restricted voting rights (treasury shares, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury shares, etc.)	Common shares 64,200	-	-
Shares with full voting rights (other)	Common shares 17,627,900	176,279	-
Shares less than one unit	Common shares 10,951	-	-
Total number of shares issued	17,703,051	-	-
Voting rights of all shareholders	-	176,279	-

2) [Treasury shares, etc.]

As of September 30, 2024

Name of owner	Owner's address	Number of shares held in their own name (shares)	Number of shares held in the name of others (shares)	Total number of shares held (shares)	Number of shares held as a percentage of total number of shares issued (%)
Datasection Inc.	1-3-8 Nishigotanda, Shinagawa-ku, Tokyo	64,200	-	64,200	0.36
Total	-	64,200	-	64,200	0.36

2 [Directors (and other officers)]

There were no changes in officers during the interim accounting period after the date of filing of the Annual Securities Report for the previous fiscal year.

4 [Financial information]

1. Method of preparation of the interim consolidated financial statements

The Company's interim consolidated financial statements are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Cabinet Office Ordinance No. 64, 2007).

The Company falls under the category of companies listed in the upper column of item 1 of the table in paragraph 1 of Article 24-5 of the Financial Instruments and Exchange Act, and the Company prepares type-1 semi-annual consolidated financial statements in accordance with the provisions of Chapters 1 and 3 of the Regulation on Consolidated Financial Statements.

2. Audit certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the interim consolidated financial statements for the interim period (from April 1, 2024 to September 30, 2024) were reviewed during the period by Amaterasu Limited Liability Audit Company.

The Company's auditing firm has been replaced as follows.

24th term: PwC Japan LLC

25th interim period: Amaterasu Limited Liability Audit Company

1 [Interim consolidated financial statements]

(1) [Interim consolidated balance sheets]

(Unit: thousands of yen)

	Previous fiscal year (March 31, 2024)	Current interim period (September 30, 2024)
Assets		
Current assets		
Cash and deposits	1,690,432	1,022,498
Notes and accounts receivable - trade, and contract assets	646,601	634,560
Merchandise and finished goods	62,462	96,111
Income taxes refund receivable	70,958	82,160
Other	65,912	352,058
Total current assets	2,536,366	2,187,388
Non-current assets		
Property, plant and equipment	383,698	371,364
Intangible assets		
Goodwill	174,048	1,383,720
Software	450,731	507,202
Other	20,095	20,016
Total intangible assets	644,875	1,910,938
Investments and other assets	221,307	225,169
Total non-current assets	1,249,882	2,507,472
Total assets	3,786,248	4,694,861
Liabilities		
Current liabilities		
Short-term borrowings	600,000	772,486
Current portion of long-term borrowings	258,276	217,092
Accounts payable - other	205,421	278,492
Accrued expenses	87,621	65,727
Income taxes payable	94,270	85,982
Accrued consumption taxes	22,688	25,475
Provision for bonuses	19,159	16,000
Other	31,683	26,655
Total current liabilities	1,319,121	1,487,913
Non-current liabilities		
Long-term borrowings	379,830	313,396
Asset retirement obligations	11,807	9,000
Retirement benefit liability	-	23,514
Deferred tax liabilities	2,551	1,177
Other	90,313	99,956
Total non-current liabilities	484,502	447,045
Total liabilities	1,803,624	1,934,958
Net assets		
Shareholders' equity		
Share capital	1,868,479	2,347,686
Capital surplus	1,577,970	2,045,957
Retained earnings	(1,541,545)	(1,788,444)
Treasury shares	(3)	(3)
Total shareholders' equity	1,904,900	2,605,195
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,876	2,763
Foreign currency translation adjustment	3,404	73,706
Total accumulated other comprehensive income	9,281	76,469
Share acquisition rights	39,237	49,560
Non-controlling interest	29,206	28,677
Total net assets	1,982,624	2,759,902
Total liabilities and net assets	3,786,248	4,694,861

(2) [Interim consolidated statements of income and interim consolidated statements of comprehensive income]

[Interim consolidated statements of income]

(Unit: thousands of yen)

	Previous interim period (From April 1, 2023 to September 30, 2023)	Current interim period (From April 1, 2024 to September 30, 2024)
Net sales	978,387	1,359,041
Cost of sales	668,128	774,902
Gross profit	310,258	584,138
Selling, general and administrative expenses	*472,370	*751,859
Operating loss	(162,111)	(167,720)
Non-operating income		
Interest and dividend income	448	1,087
Foreign exchange gains	51,597	-
Other	6,381	4,751
Total non-operating income	58,428	5,838
Non-operating expenses		
Interest expenses	11,122	17,124
Share of loss of entities accounted for using equity method	5,795	3,231
Foreign exchange losses	-	40,896
Other	2,671	2,416
Total non-operating expenses	19,589	63,669
Ordinary loss	(123,272)	(225,551)
Extraordinary income		
Gain on sale of investment securities	-	5,658
Gain on sale of non-current assets	3,323	-
Gain on bargain purchase	6,629	-
Gain on adjustment of accounts payable	-	6,024
Total extraordinary income	9,953	11,682
Extraordinary losses		
Loss on retirement of non-current assets	-	4,654
Total extraordinary losses	-	4,654
Loss before income taxes	(113,319)	(218,523)
Income taxes - current	21,239	21,523
Income taxes-deferred	(33,976)	5,795
Total income taxes	(12,736)	27,319
Loss	(100,582)	(245,843)
Profit (loss) attributable to non-controlling interests	(1,537)	1,055
Loss attributable to owners of parent	(99,045)	(246,898)

[Interim consolidated statements of comprehensive income]

(Unit: thousands of yen)

	Previous interim period (From April 1, 2023 to September 30, 2023)	Current interim period (From April 1, 2024 to September 30, 2024)
Loss	(100,582)	(245,843)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,920	(3,113)
Foreign currency translation adjustment	59,506	70,924
Total other comprehensive income	62,427	67,811
Comprehensive income	(38,155)	(178,032)
(Breakdown)		
Comprehensive income attributable to owners of parent	(37,746)	(179,710)
Comprehensive income attributable to non-controlling interests	(409)	1,678

(3) [Interim consolidated statements of cash flows]

(Unit: thousands of yen)

	Previous interim period (From April 1, 2023 to September 30, 2023)	Current interim period (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Loss before income taxes	(113,319)	(218,523)
Depreciation and amortization	69,813	87,154
Amortization of goodwill	24,336	38,014
Gain on bargain purchase	(6,629)	-
Interest and dividend income	(448)	(1,087)
Interest expenses	11,122	17,124
Share of loss (profit) of entities accounted for using equity method	5,795	3,231
Foreign exchange losses (gains)	(51,597)	40,896
Gain on sale of non-current assets	(3,323)	-
Loss on retirement of non-current assets	-	4,654
Loss (gain) on investments in silent partnerships	(363)	-
Loss (gain) on sale of investment securities	-	(5,658)
Gain on adjustment of accounts payable	-	(6,024)
Decrease (increase) in trade receivables	32,349	41,543
(Increase) decrease in inventories	19,558	(22,127)
Increase (decrease) in accounts payable and accrued expenses	9,725	11,256
Other	(139,682)	(341,142)
Subtotal	(142,666)	(350,687)
Interest and dividends received	448	1,087
Interest paid	(11,122)	(17,124)
Income taxes paid	(6,195)	(28,722)
Cash flows from operating activities	(159,535)	(395,446)
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,422)	(40,225)
Proceeds from sale of property, plant and equipment	16,860	-
Purchase of intangible assets	(81,672)	(49,567)
Proceeds from sale of investment securities	-	29,487
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(248,283)
Purchase of insurance funds	(20,189)	(20,225)
Proceeds from withdrawal of investments in silent partnership	363	-
Other	17,001	9,338
Cash flows from investing activities	(92,059)	(319,476)
Cash flows from financing activities		
Repayments of long-term borrowings	(200,494)	(141,263)
Increase (decrease) in short-term borrowings	20,106	170,420
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(37,010)	-
Cash flows from financing activities	(217,397)	29,157
Effect of exchange rate change on cash and cash equivalents	12,013	17,832
Net increase (decrease) in cash and cash equivalents	(456,979)	(667,934)
Cash and cash equivalents at beginning of year	1,415,253	1,659,429
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	11,438	-
Cash and cash equivalents at end of interim period	*969,713	*991,495

[Notes]

(Change in scope of consolidation or application of equity method)

(Significant changes in the scope of consolidation)

MSS Inc. was included in the scope of consolidation from the current interim period, as it became a new subsidiary.

(Change in accounting policy)

ASBJ Statement No. 27 (revised 2022) Accounting Standard for Current Income Taxes (October 28, 2022), ("2022 Revised Accounting Standard") is applied from the beginning of the current interim period.

The revisions to the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatments prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022) (the "2022 Revised Guidance"). There is no effect of this change in accounting policy on the interim consolidated financial statements.

In addition, the Company has applied the 2022 Revised Guidance from the beginning of the current interim period for revisions related to the treatment of consolidated financial statements when gains or losses on the sale of subsidiary shares among consolidated companies are deferred for tax purposes. The change in accounting policy has been applied retrospectively. For the previous interim period and the previous fiscal year, the interim consolidated financial statements and the consolidated financial statements have been adjusted retrospectively. There is no effect of this change in accounting policy on the consolidated interim financial statements for the previous interim period and the consolidated financial statements for the previous fiscal year.

(Notes to interim consolidated statements of income)

*The major items and amounts of selling, general and administrative expenses are as follows.

	Previous interim period (From April 1, 2023 to September 30, 2023)	Current interim period (From April 1, 2024 to September 30, 2024)
Remuneration for directors (and other officers)	65,302 thousand yen	75,969 thousand yen
Payroll and allowances	168,715	338,534

(Notes to interim consolidated statements of cash flows)

*Reconciliation of cash and cash equivalents at the end of the interim period and the amount of items reported in the interim consolidated balance sheets is as follows.

	Previous interim period (From April 1, 2023 (to September 30, 2023)	Current interim period (From April 1, 2024 to September 30, 2024)
Cash and deposits	1,000,715 thousand yen	1,022,498 thousand yen
Time deposits with maturities longer than three months	(31,002)	(31,002)
Cash and cash equivalents	969,713	991,495

(Shareholders' equity, etc.)

I Previous interim period (from April 1, 2023 to September 30, 2023)

1. Dividends paid

Not applicable

2. Of the dividends for which the record date falls within the current interim period, those for which the effective date falls after the end of the current interim period

Not applicable

II Current interim period (from April 1, 2024 to September 30, 2024)

1. Dividends paid

Not applicable

2. Of the dividends for which the record date falls within the current interim period, those for which the effective date falls after the end of the current interim period

Not applicable

3. Significant changes in the amount of shareholders' equity

Effective July 1, 2024, the Company conducted a share exchange making the Company the wholly owning parent and MSS Inc. a wholly owned subsidiary.

As a result, share capital and capital surplus increased by 479,207 thousand yen and 479,207 thousand yen, respectively.

(Segment information, etc.)

[Segment information]

I Previous interim period (from April 1, 2023 to September 30, 2023)

1. Information on sales and profit or loss by reportable segment and disaggregation of revenue

(Unit: thousands of yen)

	Reportable Segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net sales					
Goods or services transferred at a point in time	260,943	21,949	282,892	-	282,892
Goods or services transferred over a period of time	282,783	419,664	702,447	-	702,447
Revenue from contracts with customers	543,726	441,614	985,340	-	985,340
Other revenue	-	-	-	-	-
Sales to external customers	543,726	441,614	985,340	-	985,340
Intersegment sales and transfers	(6,952)	-	(6,952)	-	(6,952)
Total	536,773	441,614	978,387	-	978,387
Segment profit (loss)	(69,737)	85,934	16,196	(178,307)	(162,111)

(Note) 1. Adjustment of segment profit (loss) of (178,307) thousand yen is a corporate expense not allocated to each reportable segment.

2. Segment profit (loss) is adjusted with operating loss in the interim consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

(Significant gain on bargain purchase)

In the Overseas Segment, a gain on bargain purchase was recognized due to the consolidation of Alianza FollowUP Panamá S.A., which was newly included in the scope of consolidation from this interim period. The amount of gain on bargain purchase resulting from this event was 6,629 thousand yen in the current interim period.

II Current interim period (from April 1, 2024 to September 30, 2024)

1. Information on sales and profit or loss by reportable segment and disaggregation of revenue

(Unit: thousands of yen)

	Reportable Segment			Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net sales					
Goods or services transferred at a point in time	477,933	24,753	502,687	-	502,687
Goods or services transferred over a period of time	340,770	515,583	856,354	-	856,354
Revenue from contracts with customers	818,704	540,337	1,359,041	-	1,359,041
Other revenue	-	-	-	-	-
Sales to external customers	818,704	540,337	1,359,041	-	1,359,041
Intersegment sales and transfers	-	-	-	-	-
Total	818,704	540,337	1,359,041	-	1,359,041
Segment profit (loss)	(47,153)	83,699	36,545	(204,266)	(167,720)

(Note) 1. Adjustment of segment income (loss) of (204,266) thousand yen is a corporate expense not allocated to each reportable segment.

2. Segment profit (loss) is adjusted with operating loss in the interim consolidated statements of income.

2. Information on assets by reportable segment

The amount of assets in the current interim period increased by 908,612 thousand yen from the end of the previous fiscal year. This was mainly due to the acquisition of shares in MSS Inc., which was newly included in the scope of consolidation during the current interim period. MSS Inc. belongs to the Japan Segment.

3. Information on impairment loss on non-current assets and goodwill by reportable segment

(Significant changes in the amount of goodwill)

In the Japan Segment, goodwill was generated due to the new consolidation of MSS Inc. The amount of goodwill recorded due to this event was 1,221,471 thousand yen in the current interim period.

(Business combinations, etc.)

(Acquisition of shares and conversion to wholly owned subsidiary through share exchange)

At a meeting of the Company's Board of Directors held on June 3, 2024, the Company resolved to acquire a portion of the issued shares of MSS Inc. ("MSS") ("Share Acquisition") and to subsequently conduct a share exchange ("Share Exchange") to make the Company the wholly owning parent and MSS a wholly owned subsidiary. Accordingly, we concluded a share transfer agreement and share exchange agreement on June 3, 2024.

The Share Exchange was executed on July 1, 2024 and MSS became a wholly owned subsidiary of the Company.

1. Outline of business combination

(1) Name of acquiree and its business

Name of acquiree: MSS Inc.

Description of business: Marketing research and sales promotion

(2) Main reasons for the business combination

In addition to analyzing big data, we have developed multiple elemental technologies, such as image analysis using AI, from the basic research stage, and have developed a system integration business that promotes customers' business improvement, and a marketing solution business that encourages customers' digital marketing and DX. In recent years, we have restructured our business portfolio through an aggressive M&A strategy, and deployed our own products utilizing AI-based image analysis in more than 20 countries around the world. In September 2023, we acquired businesses in the data science and AI fields. In this way, we are working to create new corporate value by achieving a fusion of technology and the real world.

As disclosed in the "Announcement of Basic Agreement on Comprehensive Business Alliance with VLC Holdings Co., Ltd." released on February 14, 2024, the Company and VLC, the parent company of MSS, have been exploring a specific alliance in areas where business synergies can be achieved in order to leverage the strengths and resources of both groups in their existing business areas. We have decided to make MSS a wholly owned subsidiary because we believe that there are significant synergies in the complementary relationship between MSS, which has its mainstay marketing research and sales promotion business, and our Group's marketing solutions business, which has strengths in data analytics and AI and is engaged in digital marketing support and SNS business, and that this will contribute to further enhancement of the corporate value of our Group.

The Company will continue to strengthen its strategic alliance with VLC in AI- and security-related businesses and other general business areas.

(3) Date of business combination

July 1, 2024 (deemed acquisition date: June 30, 2024)

(4) Legal form of business combination

Share exchange in which the Company becomes the wholly owning parent and the acquired company as the wholly owned subsidiary

(5) Name of company after combination

No change.

(6) Percentage of voting rights acquired

Percentage of voting rights acquired on the date of business combination	100%
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(Breakdown)

Percentage of voting rights acquired through share transfer	37.5%
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Percentage of voting rights acquired through share exchange	62.5%
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(7) Main basis for determining the acquirer

The Company acquired MSS through a share transfer for cash and through a share exchange, making MSS a wholly owned subsidiary. The transaction makes the Company the acquirer.

2. Period of the acquiree's operating results included in the interim consolidated statements of income

From July 1, 2024 to September 30, 2024

3. Acquisition cost of the acquiree and breakdown by type of consideration

Consideration for acquisition of shares in cash	300,000	thousand yen
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Consideration for acquisition through share exchange	958,415	thousand yen
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Acquisition cost	1,258,415	thousand yen
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4. Exchange ratio by type of shares, calculation method, and number of shares delivered

(1) Exchange ratio by type of shares

Type of shares	Common stock (Company and MSS)	
Share exchange ratio	The Company	MSS
	1	4,120

In this transaction, 4,120 shares of common stock of the Company were allocated for each share of common stock of MSS. The shares to be delivered are newly issued common shares.

(2) Calculation method of the share exchange ratio

BDO Sanyu & Co., an independent third-party appraiser, was selected to calculate the share exchange ratio for this share exchange.

With respect to the Company's shares, as the Company is listed on the Growth Market of the Tokyo Stock Exchange and there exists a market share price, the calculation was made with reference to the market share price. Specifically, the business day preceding the date of execution of the Share Exchange Agreement was set as the base date for the calculation. We also considered the fact that the stock price observation period for calculation was susceptible to temporary stock price fluctuation factors in a short period of time. Based on the agreement with MSS on May 30, 2024, the Board of Directors unanimously decided on 970 yen (rounded up to the nearest whole number; the closing price of the Company's stock on May 31, 2024 was 1,578 yen), which is the average closing price of the Company's stock on the Growth Market of the Tokyo Stock Exchange for the most recent six months from the base date of calculation.

On the other hand, since MSS is an unlisted company with no market share price and the source of its share value is its ability to earn future profits, the discounted cash flow method (DCF method) was used to calculate the share value in order to reflect the status of future business activities in the evaluation.

(3) Number of shares delivered: 515,000 shares

5. Details and amounts of major acquisition-related expenses

Fees and commissions for advisory services: 8,998 thousand yen

6. Amount of goodwill incurred, reason for incurrence, amortization method, and amortization period

(1) Amount of goodwill incurred

1,242,173 thousand yen

(2) Cause of occurrence

It is mainly the excess earning power expected from future business development.

(3) Amortization method and period

Equal amortization over 15 years

(Revenue recognition)

Information that breaks down revenue from contracts with customers is presented in the "Note (Segment information, etc.)" section.

(Per share information)

Interim loss per share and the basis of calculation, and diluted interim earnings per share and the basis of calculation are as follows.

	Previous interim period (From April 1, 2023 to September 30, 2023)	Current interim period (From April 1, 2024 to September 30, 2024)
(1) Loss per share	(6.72 yen)	(14.20 yen)
(Basis for calculation)		
Loss attributable to owners of parent (thousand yen)	(99,045)	(246,898)
Amount not attributable to common shareholders (thousand yen)	-	-
Loss attributable to owners of parent related to common stock (thousand yen)	(99,045)	(246,898)
Average number of common shares during the period (shares)	14,732,296	17,393,186
(2) Diluted earnings per share	-	-
(Basis for calculation)		
Adjustment of profit attributable to owners of parent (thousand yen)	-	-
Increase in common stock (shares)	-	-
Overview of potential shares that have materially changed from the previous fiscal year among those that were not included in the calculation of diluted earnings per share because they had no dilutive effects	-	-

(Note) Diluted earnings per share for the previous interim period and the current interim period are not presented, even though there were potential shares, because we posted a loss per share.

2 [Other]

Not applicable

Part II [Information on the reporting company's guarantor, etc.]

Not applicable

Independent Auditor's Interim Review Report on the Interim
Consolidated Financial Statements

November 14, 2024

Datasection Inc.

To the Board of Directors

Amaterasu Limited Liability Audit Company
Shibuya-ku, Tokyo

Designated Limited Liability Partner
Managing Partner

Certified Public Accountant Keishi Mishima

Designated Limited Liability Partner
Managing Partner

Certified Public Accountant Satoshi Fukudome

Auditor's conclusion

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, this Auditor has conducted an interim review of the interim consolidated financial statements for the interim period (from April 1, 2024 to September 30, 2024) of the fiscal year from April 1, 2024 to March 31, 2025 of Datasection Inc. stated in the "Financial information," i.e., the interim consolidated balance sheets, interim consolidated income statements, interim consolidated statements of comprehensive income, interim consolidated cash flow statements, and notes.

Based on our interim review, the interim consolidated financial statements referred to above are in accordance with the standards of corporate accounting generally accepted in Japan. Nothing has come to our attention that causes us to believe that they do not present fairly, in any material respects, the financial position of Datasection Inc. and its consolidated subsidiaries as of September 30, 2024 and the operating results and cash flow for the interim period ending on the same day.

Basis for Auditor's conclusion

The Auditor conducted our interim review in accordance with auditing standards generally accepted in Japan. The Auditor's responsibility under the criteria for an interim review is described in "Auditor's responsibility for interim review of interim consolidated financial statements." The Auditor is independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan. We also fulfill other ethical responsibilities as an auditor. In our opinion, the evidence supporting our conclusion has been obtained.

Responsibility of management, company auditors, and the board of company auditors for the interim consolidated financial statements

Management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes the design and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing interim consolidated financial statements, management is responsible for evaluating whether it is appropriate to prepare interim consolidated financial statements based on the premise of a going concern, and for disclosing matters related to going concern if there is a need to do so based on corporate accounting standards generally accepted in Japan.

The responsibility of company auditors and the board of company auditors is to monitor directors' execution of their duties in the development and operation of the financial reporting process.

Auditor's responsibility for interim review of interim consolidated financial statements

The Auditor's responsibility is to express a conclusion on the interim consolidated financial statements from an independent standpoint in an interim review report based on the Auditor's review of the period.

The Auditor, in accordance with the standards for interim reviews generally accepted in Japan, shall make professional judgments and maintain professional skepticism through the interim review process to carry out the following.

- The Auditor shall mainly conduct interviews with management and those responsible for financial and accounting matters, as well as analytical procedures and other interim review procedures. The interim review procedures are more limited procedures than an audit of the annual financial statements performed in accordance with auditing standards generally accepted in Japan.
- In the event that the Auditor determines that there are material uncertainties regarding events or conditions that could cause significant doubt about the going concern assumption, the Auditor shall, based on the evidence obtained, conclude whether there are any items in the interim consolidated financial statements that make it appear that they are not properly presented in accordance with the standards for corporate accounting generally accepted in Japan. If any material uncertainty regarding the Company's ability to continue as a going concern is identified, the Auditor is required to draw attention, in the interim review report, to the notes in the interim consolidated financial statements. If the notes to the interim consolidated financial statements regarding the material uncertainty are not appropriate, the Auditor is required to express a qualified conclusion or a negative conclusion regarding the interim consolidated financial statements. Although the Auditor's conclusion is based on evidence obtained up to the date of the interim review report, future events or circumstances could cause the Company to cease to exist as a going concern.
- The Auditor shall evaluate whether there are any items in the presentation and notes to the interim consolidated financial statements that would raise suspicion that they may not comply with the generally accepted accounting standards in Japan. The Auditor shall also evaluate whether there are any items that raise suspicion as to whether the presentation, composition and content of the interim consolidated financial statements, including related notes, and the interim consolidated financial statements, may not properly present the underlying transactions and accounting events.
- The Auditor shall obtain evidence about the financial information of the Company and its consolidated subsidiaries in order to express a conclusion on the interim consolidated financial statements. The Auditor is responsible for directing, supervising, and performing an interim consolidated financial statement review. The Auditor is solely responsible for the Auditor's conclusion.

The Auditor shall report to the company auditors and the board of company auditors on the scope and timing of the planned interim review and significant findings in the interim review.

The Auditor shall report to the company auditors and the board of company auditors that the Auditor has complied with the provision related to Japanese professional ethics regarding independence. In case the Auditor implemented any measures to remove matters that are reasonably considered to affect the independence of the Auditor or any impediments, or implemented safeguards to reduce impediments to an acceptable level, the Auditor shall report on the details of such measures.

Conflict of interest

The Auditor or the Managing Partner have no conflict of interest with the Company or its consolidated subsidiaries that must be disclosed pursuant to the provisions of the Certified Public Accountants Act.

END

(Note) 1. The original copy of the interim review report above is kept separately by the Company (the company filing the semiannual securities report).

2. XBRL data is not included in the scope of the interim review.

[Cover]

[Document title]	Confirmation letter
[Clause of stipulation]	Article 24-5-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Finance Bureau
[Filing date]	November 14, 2024
[Company name]	Datasection Inc.
[Company name in English]	Datasection Inc.
[Name and title of representative]	Norihiko Ishihara, Representative Director, President and CEO
[Name and title of the chief financial officer]	Shinichi Iwata, Representative Director, Vice President CFO and COO
[Address of registered head office]	1-3-8 Nishigotanda, Shinagawa-ku, Tokyo
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabuto-cho, Chuo-ku, Tokyo)

1 [Matters concerning the appropriateness of the contents of the semiannual securities report]

Norihiko Ishihara, Representative Director, President and CEO of the Company, and Shinichi Iwata, Representative Director, Vice President CFO and COO of the Company, have confirmed that the information in the semiannual securities report of the Company for the 25th period (from April 1, 2024 to September 30, 2024) is properly presented in accordance with the Financial Instruments and Exchange Act.

2 [Special note]

There are no matters requiring special mention.