



Financial Results Presentation - Fiscal Year Ending March 2025 (FY03/25)

Datasection Inc.

May 15, 2025

Securities Code: 3905



1. FY03/25 Results
2. FY03/25 Differences between Forecast and Results
3. FY03/26 Forecast

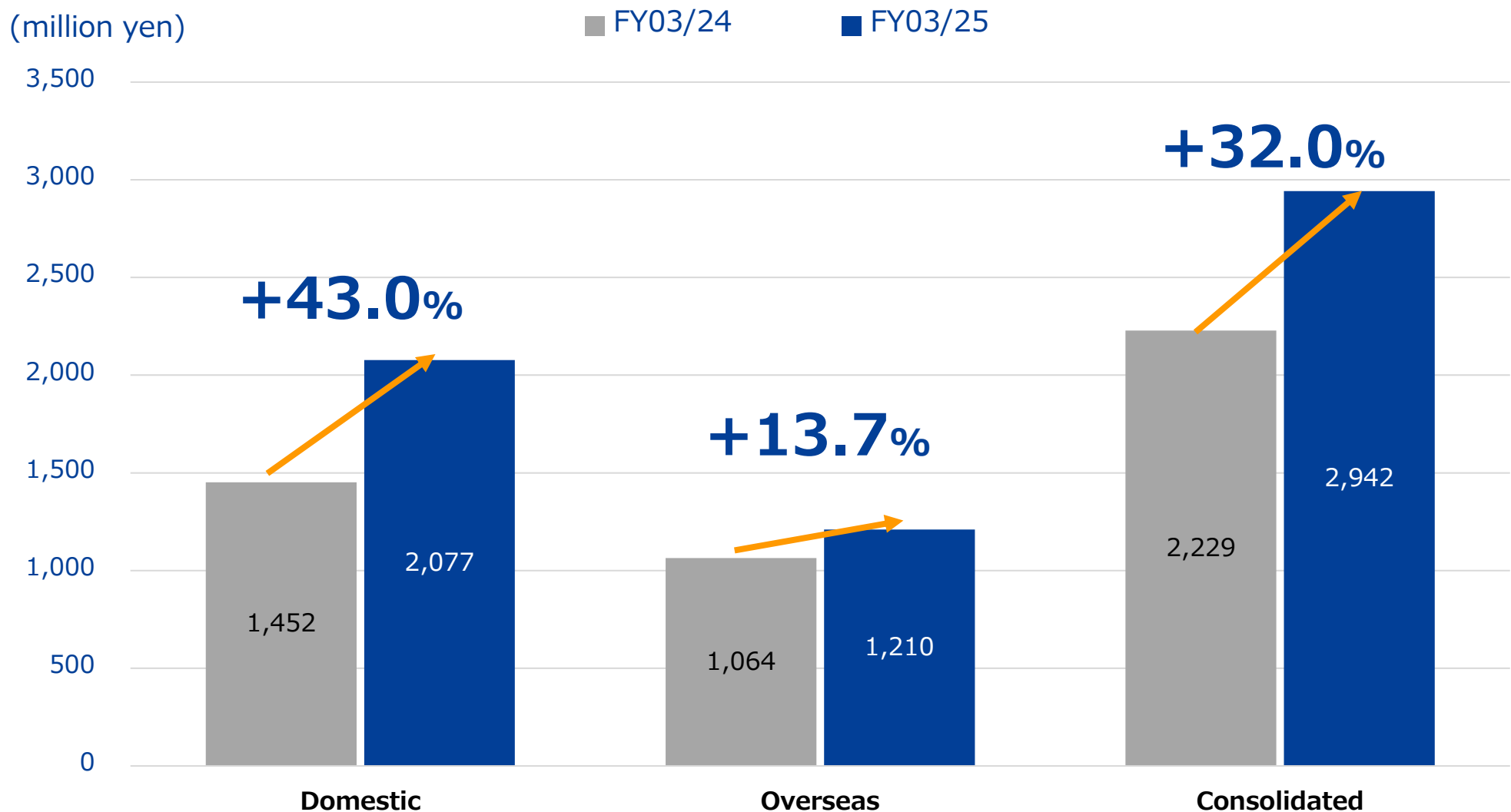
1. FY03/25 Results

- Focused on both improving the structure of existing businesses and establishing a new AI data centre business
- In addition to contributions across all domestic business segments, the inclusion of MSS Inc., which became a wholly owned subsidiary as of July 1, and robust order performance at main overseas subsidiaries resulted in increased net sales (+32.0% YoY).

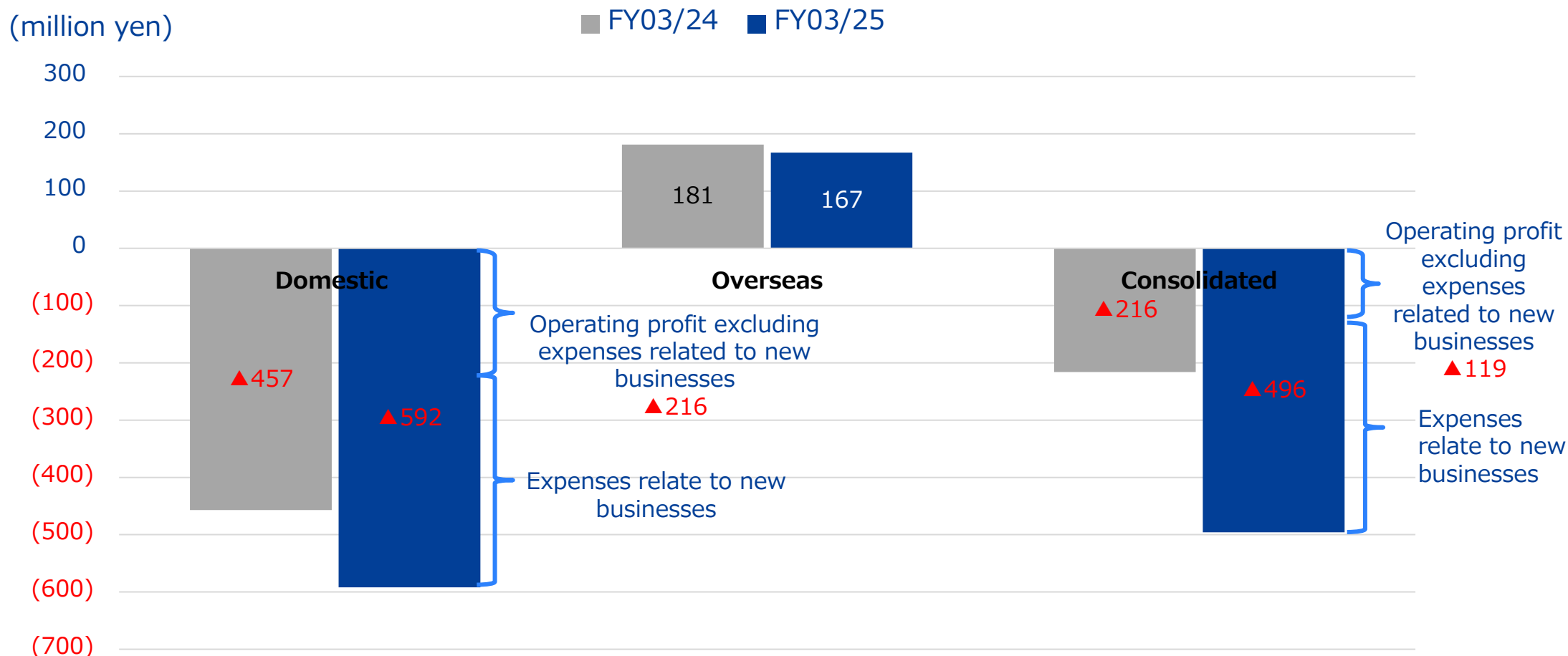
(million yen)	FY03/25 Results	YoY comparison	
		Results	Change
Revenues	2,942	2,229	+713
Operating profit	▲496	▲216	▲279
(Operating profit excluding expenses related to new businesses)	▲119	▲216	+96
Adjusted EBITDA*	▲169	47	▲216
(Adjusted EBITDA excluding expenses related to new businesses)	206	47	+159
Ordinary profit	▲613	▲235	▲378
Profit attributable to owners of parent	▲654	▲1,251	+597

(*) Adjusted EBITDA: operating profit + depreciation + amortization of intangible assets + stock-based compensation expenses + M&A-related expenses

- Net sales continued to grow both in Japan and overseas
- Domestic business is driving growth in line with the plan to transform the portfolio of existing businesses



- In the AI data centre business, we prioritised 'Direct Investment' type projects with higher profitability than the 'Fund Investment' type which was incorporated in our earnings forecast, and did not record any fund manager fees (hereinafter 'GP fees') for the fiscal year ending March 2025.
- Overseas, although profits decreased due to amortisation expenses for software development in previous fiscal years, the decrease was within the scope of our plan.



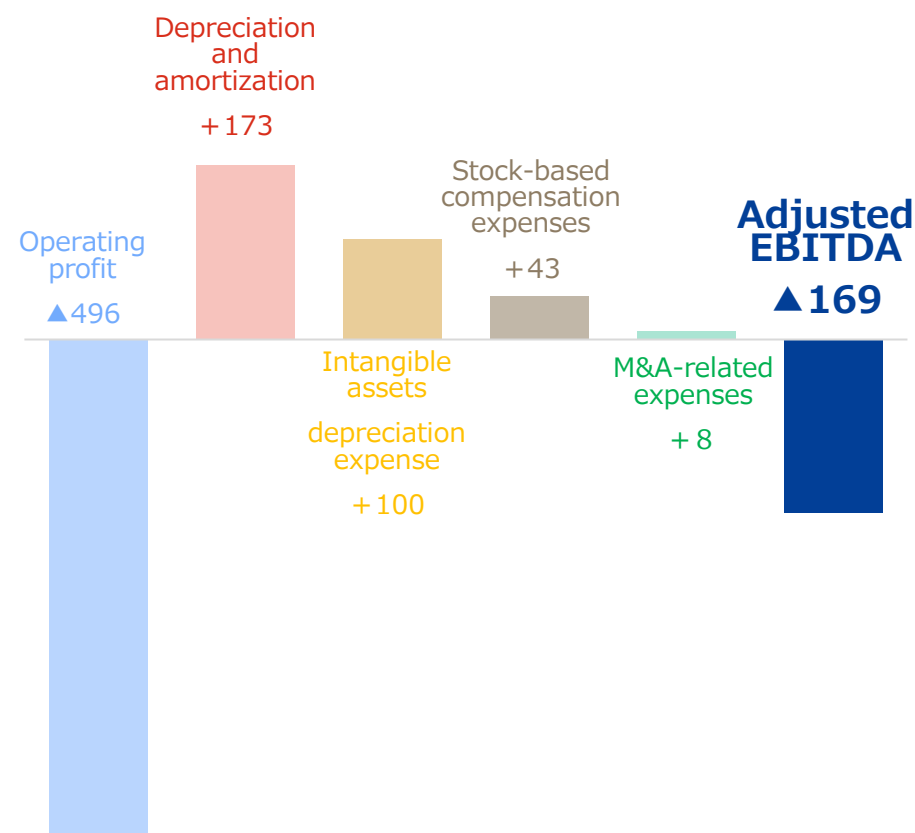
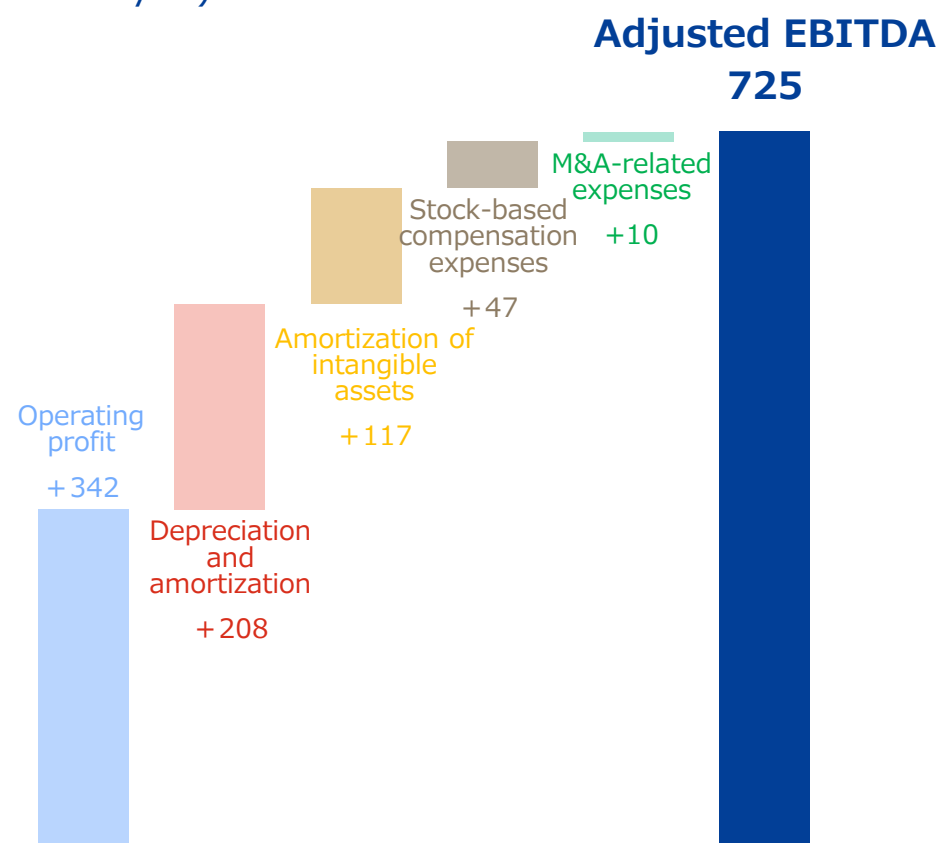
- Adjusted EBITDA, which indicates actual cash flow generation incorporating revenue, was negative on an annual basis.

*Adjusted EBITDA = operating profit + depreciation + amortization of intangible assets + stock-based compensation expenses + M&A-related expenses

< Upwardly revised plan for FY03/25 >

<FY03/25 Results>

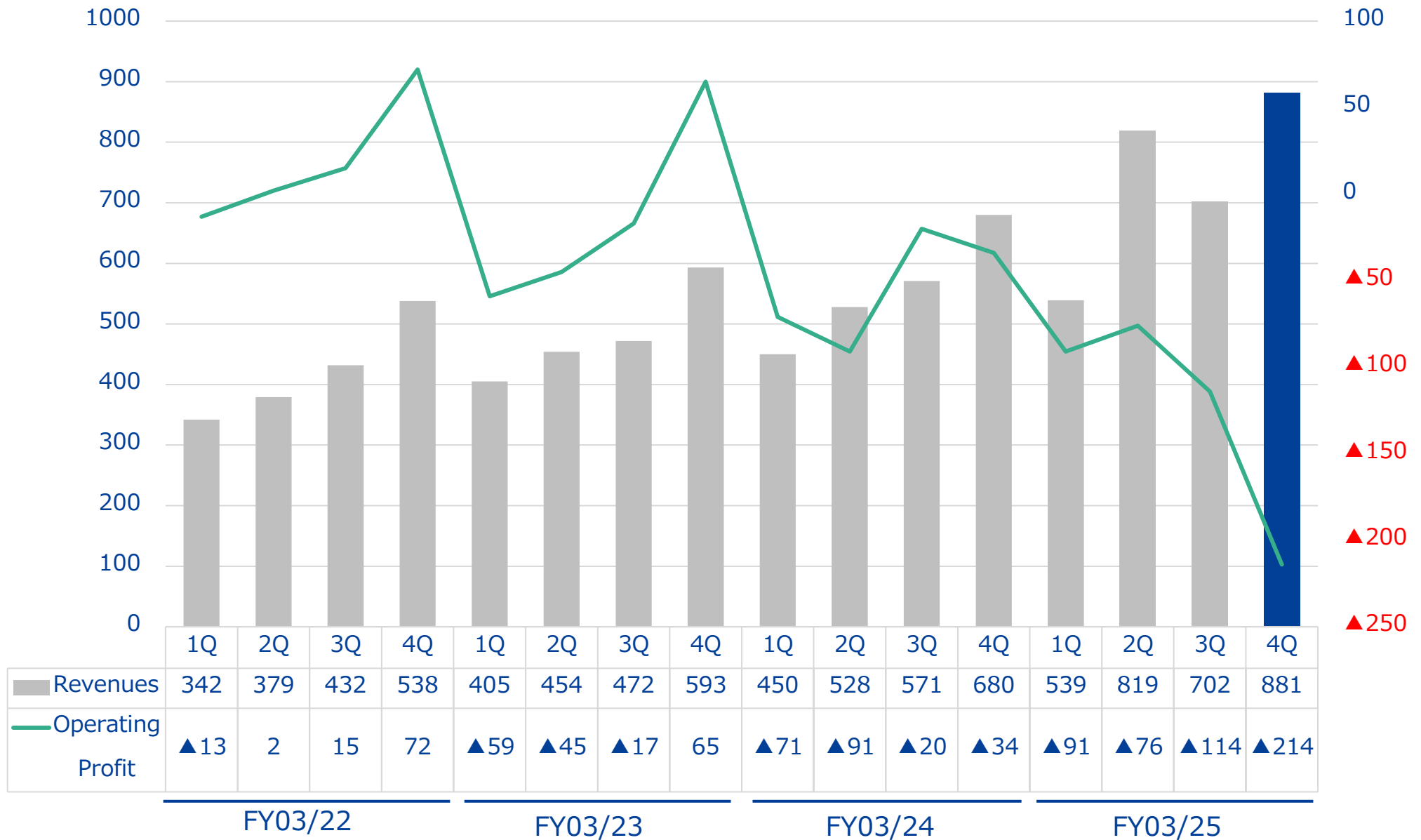
(million yen)



Quarterly Sales and Operating Profit (Consolidated)

1. FY03/25 Results

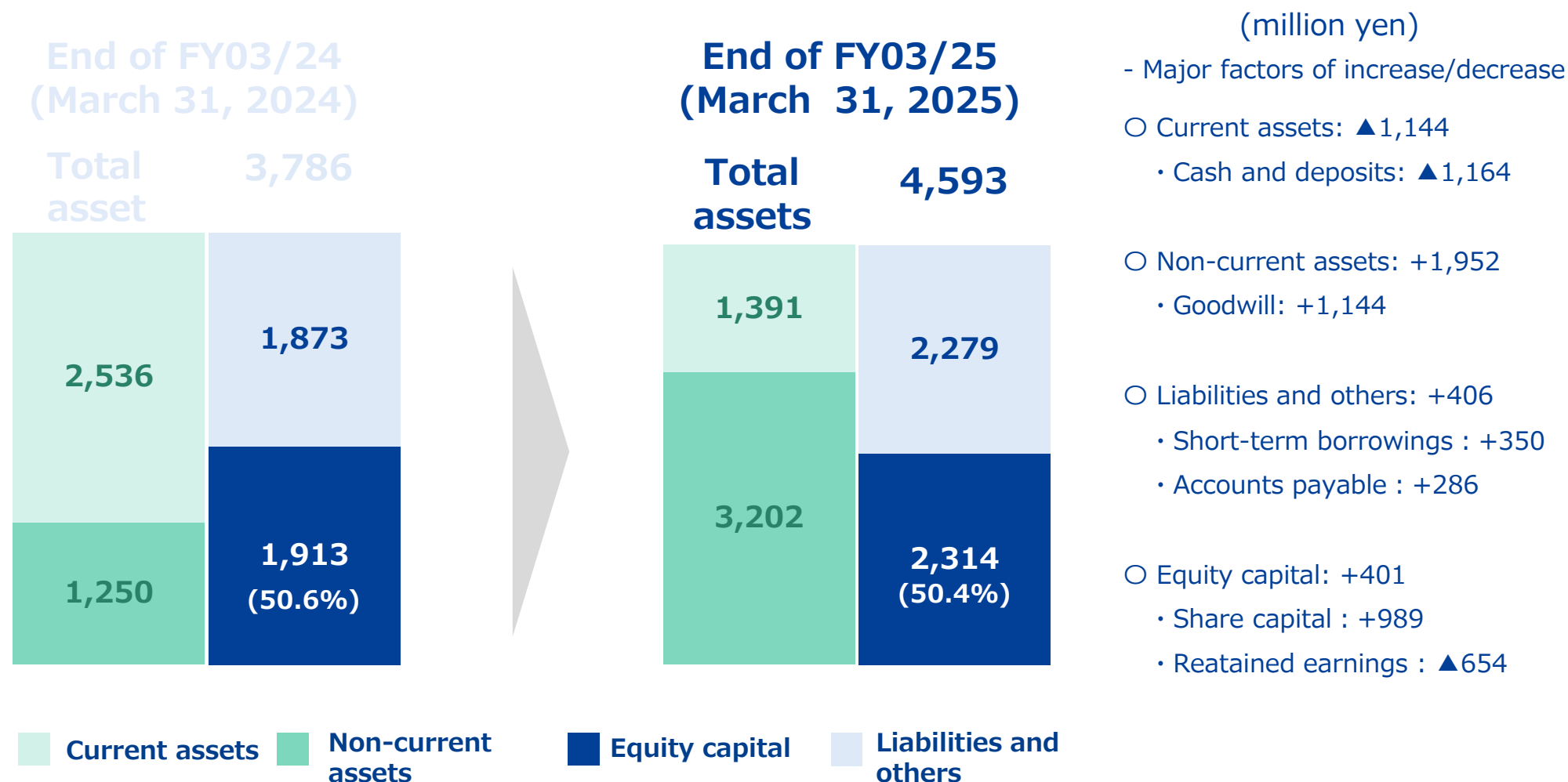
(million yen)



Consolidated Financial Position (Balance Sheet)

1. FY03/25 Results

- Goodwill from the acquisition of MSS Inc., completed as of 1 July (reflected in the consolidated BS at the end of Q1 and in the consolidated PL at the beginning of Q2), resulted in an increase in total assets



February 6, 2025

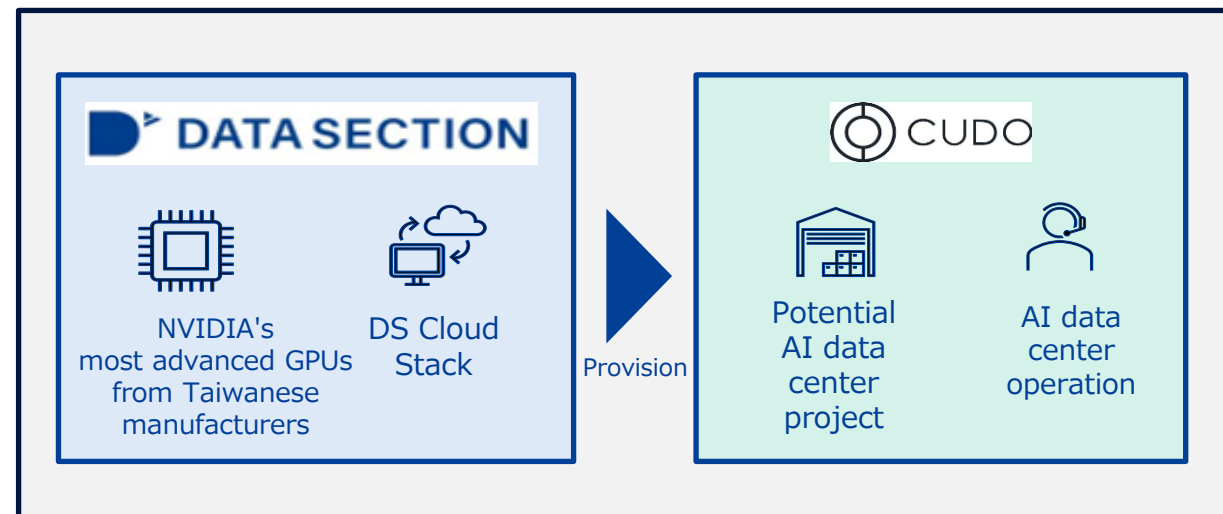
We signed a business alliance agreement with CUDO Ventures (“CUDO”), an NVIDIA- certified AI partner (NVIDIA Cloud Partner, “NCP”), for the AI data center business. We are currently discussing a capital alliance with the company.

The partnership will enable us to secure NVIDIA’s leading-edge GPUs and launch our DS Cloud Stack at an early date

Overview of CUDO

- Located in the United Kingdom
- As an NVIDIA-certified NCP, the company is highly skilled in AI cloud stacks and data center infrastructure
- It manages and operates thousands of NVIDIA GPUs for AI in the U.S., Middle East & Africa, Europe, and Asia, providing GPUaaS, storage, networking, and managed services
- The data center business has been expanding at an accelerated pace since the company received an NCP certification in May 2024

Content of the alliance



- Partnership with CUDO quickly provides all the essential elements for launching AI data centers
- For a potential project to be operated by CUDO, we have secured state-of-the-art GPUs from NVIDIA to provide our DS Cloud Stack at an early date

Source: CUDO

- Promote the development and construction of a cloud stack that enables large-scale cluster AI data centres to be operated in the same way as hyperscalers
- Conduct customer testing in stages, with official launch scheduled for the end of March
- The name of the cloud stack developed independently by DS has been decided as 'TAIZA'

■ Name of DS Cloudstack 'TAIZA'

■ Main Features

- Optimisation algorithm for operating large-scale GPU clusters for AI
- Inference through API integration with various AI models
- Operation on private clouds, etc.

2. FY03/25

Differences between Forecast and Results

- In the AI data centre business, although we initially planned to use a 'Fund Investment' type that would generate revenue through GP fees, we have prioritised more profitable 'Direct Investment' type.
- While we had anticipated recording test revenues exceeding the initially projected GP fees for 'Direct Investment' type projects, negotiations with customers resulted in revenue recognition starting from the project's operational phase, which will put pressure on revenues due to upfront investments for the new business.
- However, this will enable us to anticipate the launch of the more profitable 'Direct Investment' type projects in the fiscal year ending March 2026.

(million yen)	FY03/25 results	FY03/25 forecast		Differences / Changes from Results	
		Initial forecasts	After August 14 revision	Amount	%
Revenues	2,942	2,650	3,312	▲370	▲11.2%
Operating profit	▲496	80	342	▲838	—
Adjusted EBITDA	▲169	425	725	▲894	—
Ordinary profit	▲613	55	317	▲930	—
Profit attributable to owners of parent	▲654	17	217	▲881	—

- The preparation for the establishment of the DS AI Infrastructure Global Investment Fund is progressing, with the business expected to begin during this fiscal year and GP fees anticipated. Additionally, there are no revisions to the performance outlook disclosed on 14 August, due to the expected impact on performance from the consolidation of MSS Inc. as subsidiary

(million yen)	FY03/24 results	FY03/25 forecast			
		Initial forecasts	After August 14 revision	Change (Amount)	Change (%)
Net sales	2,229	2,650	3,312	+1,083	18.9%
Operating profit	(216)	80	342	+558	—
Adjusted EBITDA	47	425	725	+678	797.0%
Ordinary profit	(235)	55	317	+552	—
Profit attributable to owners of parent	(1,261)	17	217	+1,478	—

Reprint)

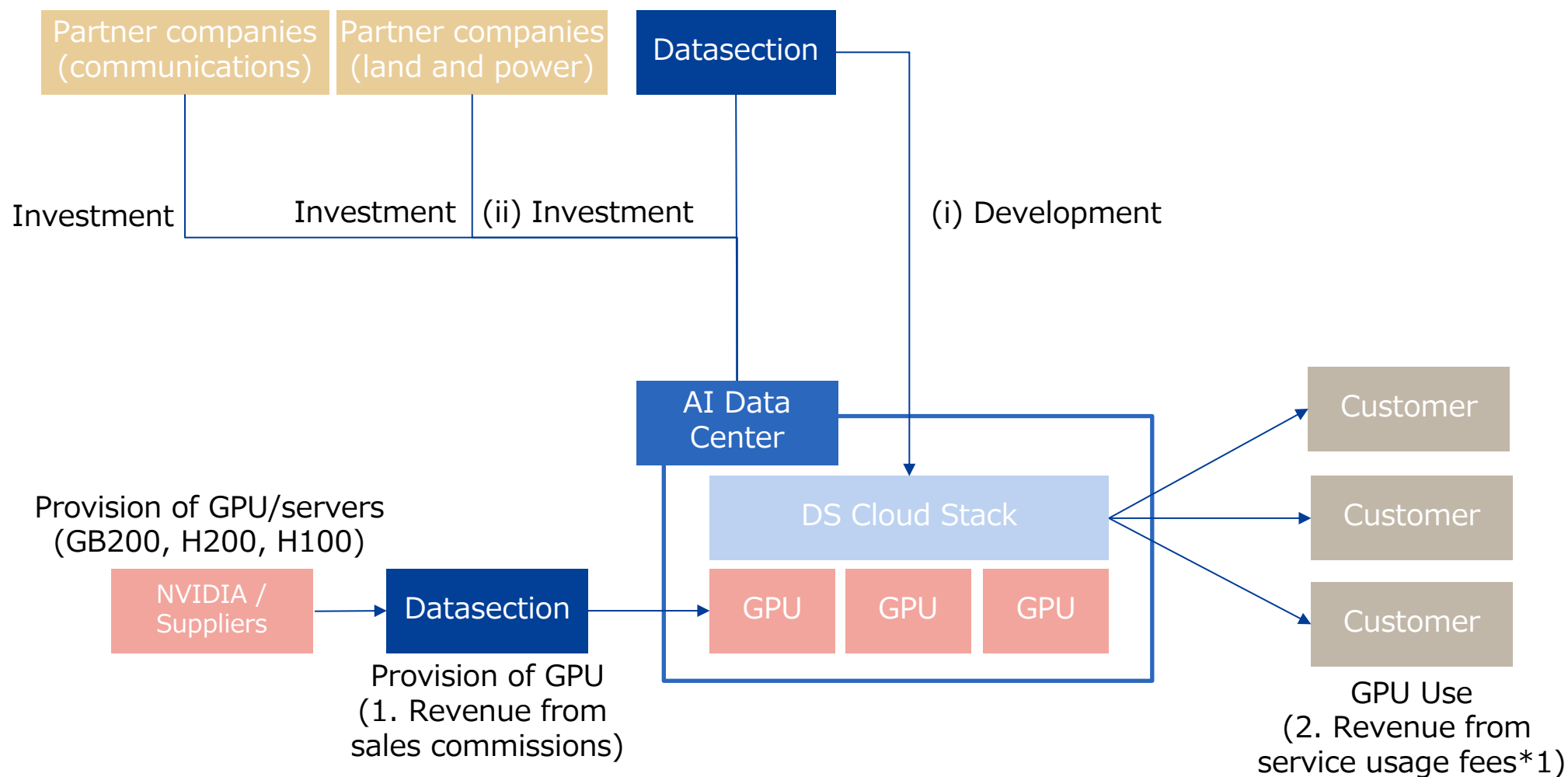
Performance Forecast and Supplemental Explanations

2. FY03/25 Differences between
Forecast and Results

(million yen)	Initial plan	Revised plan	Change	Supplementary explanation
Net sales	2,650	3,312	+662	<ul style="list-style-type: none"> GP fees: Half of the assets will start to be managed from Q4 (@145 yen) 50% of GP fees are assumed to be received by the Group Sales: $\text{USD2B} \times @ \text{¥145} \times 1/\text{Q4} \times 2\% \text{ compensation level} \times 50\% \text{ of the Group's receipts} \times 50\% \text{ of asset premiums} = 362.5\text{M}$ Operating profit: Assumes 20% cost of sales $= 362.5\text{M} \times 80\% = 2,290\text{M}$ Contribution by MSS Inc.: Reflects projected increase Current forecast Sales: 750M (+300M from initial plan) Operating profit: 10M (+10M from initial plan) Goodwill: Calculated with 12-year amortization period (+38M from initial plan) *increase in burdens
Operating profit	80	342	+262	
Adjusted EBITDA	425	725	+300	
Ordinary profit	55	317	+262	Non-operating income/expenses are unchanged due to decreases in borrowings and foreign exchange fluctuations (due to offsetting of shareholder loans).
Profit attributable to owners of parent	17	217	+200	Total effective tax rate is adjusted to 30% in line with the profit increase.

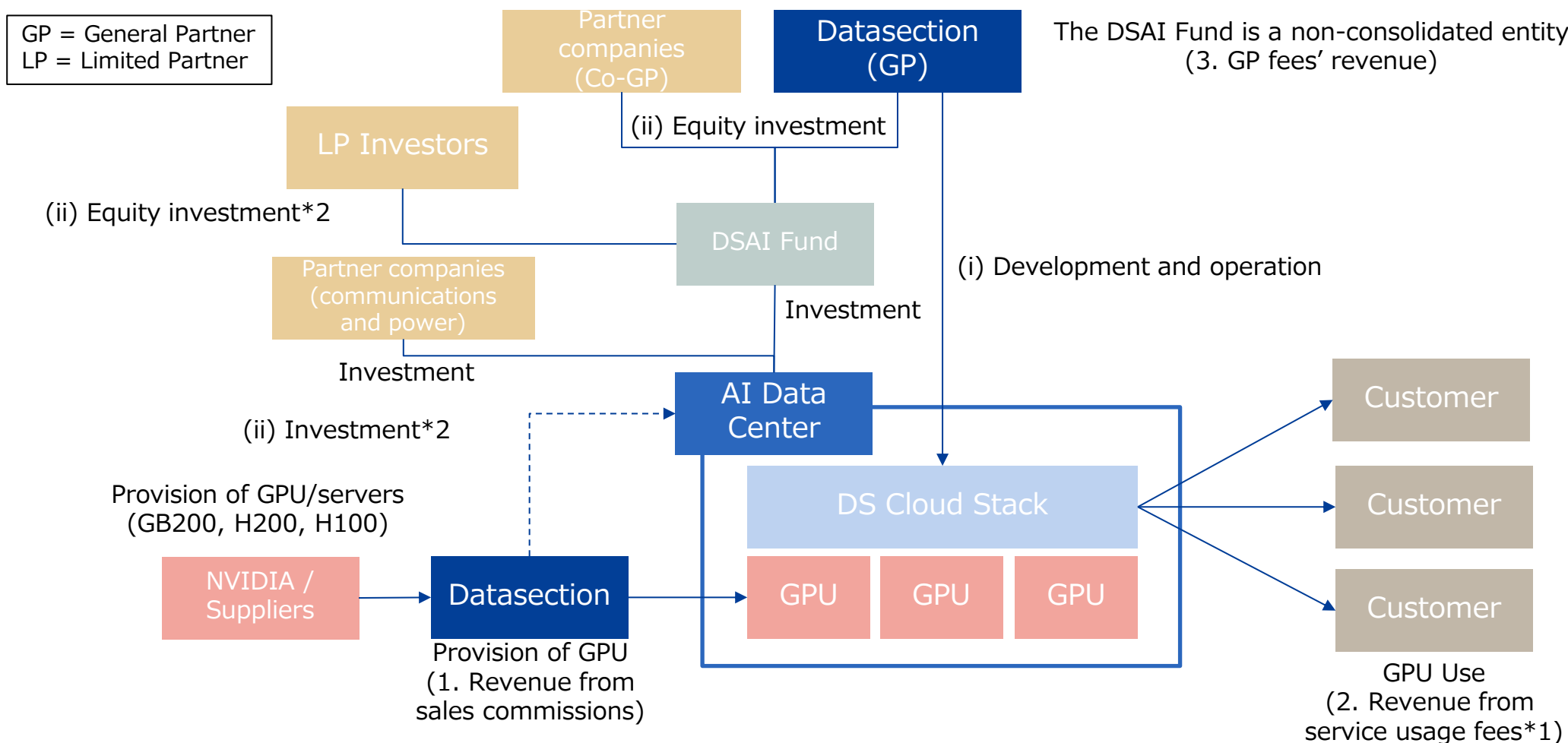
- Progress in preparations for the establishment of DS AI Infrastructure Global Investment Fund is expected to result in sales of 362 million yen for this fiscal year
- Sales are expected to increase by 300 million yen due to the consolidation of MSS Inc. as a subsidiary
- Consolidated net sales are expected to be 3,312 million yen, an increase of 662 million yen from the previous forecast

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



*1 Revenue from customers' GPU usage fees is shared between Datasection and AI data centers

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



*1 Revenue from customers' GPU usage fees is shared between Datasection and AI data centers

*2 AI data centers directly invested in by Datasection may also be included in the DSAI Fund's portfolio

3. FY03/26 Forecast

- The AI data centre business is finally taking off, entering a new phase of growth.
- Due to the large revenue scale of each AI data centre project and its impact on performance, we are not disclosing our performance forecast at this time.
- One project is currently under contract negotiation (5,000 NVIDIA B200 units (625 servers) in Japan), and several other projects are scheduled to be launched within the current fiscal year. However, we will disclose and revise our performance forecast as soon as the details are finalised and appropriate and reasonable figures can be calculated.
- Additionally, there is one more project of the same scale currently under contract negotiations. There are also multiple ongoing projects both domestically and internationally, including larger-scale projects (see the next page for details).

(million yen)	FY03/25 results	FY03/26 forecast		
		Amount	Difference (Amount)	Difference (Increase/Decrease ratio)
Revenues	2,942	Undisclosed		
Operating Profit	▲496			
Adjusted EBITDA	▲169			
Ordinary Profit	▲613			
Profit attributable to owners of parent	▲654			

(*) Adjusted EBITDA: operating profit + depreciation + amortization of intangible assets + stock-based compensation expenses + M&A-related expenses

- **In response to strong global demand, we will simultaneously advance multiple projects both domestically and internationally within the fiscal year to establish overwhelming competitive advantage in the industry during the current fiscal year. Going forward, we will also promote the large-scale introduction of GB200 and aim to build an AI supercluster.**

- Project A : B200 5,000 units (under contract negotiation)
- Project B : B200 5,000 units (under contract negotiation)
- Project C : B200 20,000~40,000 units
- Project D : GB200 1,000 racks' scale (70,000 units)
- Project E : GB200 1,500 racks' scale (100,000 units)
- Project F : . . .

and other projects are currently underway

(Reference)

Sakura Internet Inc. : High-performance PHY (service that provides a single physical server equipped with NVIDIA GPUs)

NVIDIA H100 Tensor Core GPU × 8, 3-year commitment usage fee: 2,436,896 yen/month

* H100: 304,612 yen/month per unit

B200 achieves three times the training performance and 15 times the inference performance compared to H100, which is also gaining traction in Japan **

* Source : Sakura Internet Inc. official website, 'Sakura's high-performance GPU cloud' introduction page

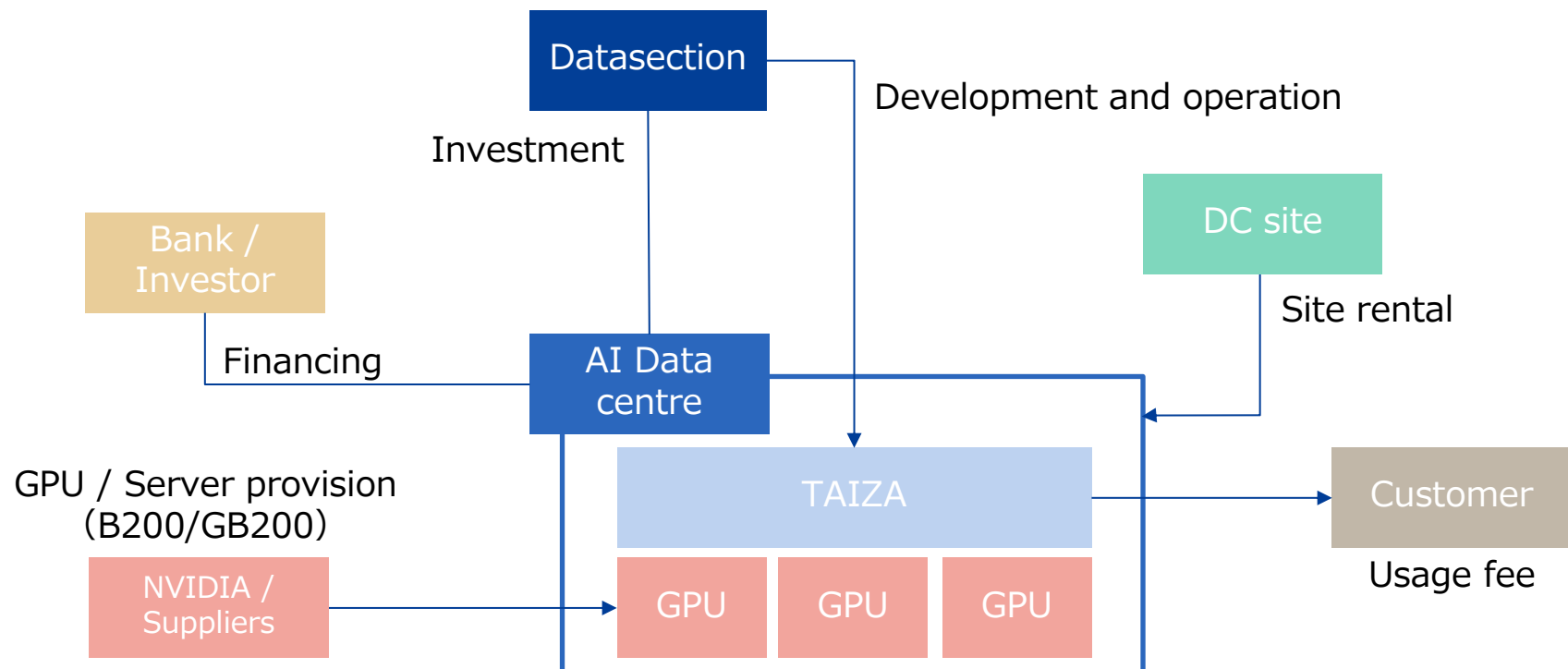
** Source : NVIDIA official website, 'NVIDIA DGX B200' introduction page

【Examples of the 1st AI Data Centre project】

AI business structure / A : Direct Investment type

3. FY03/26 Forecast

- The 1st AI data centre project included in the forecast for the current fiscal year (ending March 2026) are assumed to be 'Direct Investment' type.
- The revenue recognised will be '**TAIZA usage fees**'.
- On the other hand, by securing AI data centre construction costs through upfront payments from customers or securing loans for projects, **we will maximise revenues**. This approach allows us to maximise our revenues compared to 'Fund Investment' type, which relies on external funding. Therefore, the two projects are classified as 'Direct Investment' type and adopt the following structure
- Going forward, we will flexibly consider AI business structures based on customer needs, project characteristics, project scale, partners, and other factors.



- In an environment where demand for GPUs is growing worldwide, competition to acquire GPUs is intensifying. Meanwhile, Japanese companies are lagging behind in the competition to acquire GPUs, and the development of domestic AI infrastructure has yet to show the expected results.
- Amid this situation, our first AI data centre will deploy 5,000 units of the B200, which adopts NVIDIA's next-generation GPU architecture 'Blackwell,' enabling us to plan the construction of an AI data centre with the largest performance in Japan and Asia at this stage.
- B200 achieves three times the training performance and 15 times the inference performance compared to H100, which is also gaining traction in Japan. *
- While we will actively pursue the adoption of B200 and GB200 this fiscal year, due to various factors involved in the project, we are the only Japanese company capable of achieving large-scale cluster development (our procurement capability to secure 5,000 B200 units through supplier partnerships is overwhelming among domestic companies).
- 'TAIZA,' which enables the operation of large-scale clusters, will further drive industry leadership. 'TAIZA' has undergone testing by global customers and received high evaluations.

In a unique geopolitical situation, building a global AI infrastructure in Japan will improve the digital deficit and boost economic growth in all sectors.

* Source : NVIDIA official website, 'NVIDIA DGX B200' introduction page



Datasection Inc.

ir@datasection.co.jp
03-6427-2565

〒141-0031

8F Gotanda PLACE Bldg., 1-3-8 Nishigotanda,
Shinagawa-ku, Tokyo

<https://www.datasection.co.jp>

- This document has been prepared by the Company for the purpose of providing investors with an understanding of the current status of the Company for their reference.
- The contents contained herein are prepared based on generally recognized economic, social and other conditions as well as certain assumptions that we have judged to be reasonable, but may be subject to change without notice due to changes in the business environment or other reasons.
- The materials and information provided in this document include so-called "forward-looking statements." They are based on current estimates, forecasts, and assumptions that involve risks and entail uncertainties that could cause results to differ materially from those in the statements.
- These risks and uncertainties include general industry and market conditions, and general domestic and global economic conditions such as interest rate and currency exchange fluctuations.
- The above earnings forecasts are based on management's assumptions in light of the information currently available to it and involve risks and uncertainties, and are not intended as a guarantee that they will be achieved. Therefore, investors are advised not to make investment decisions by solely relying on these forecasts.