DATA SECTION

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

Datasection Inc.

May 27, 2025

Securities Code: 3905

目次

DATA SECTION

1. FY03/25 Results

Consolidated Financial Highlights

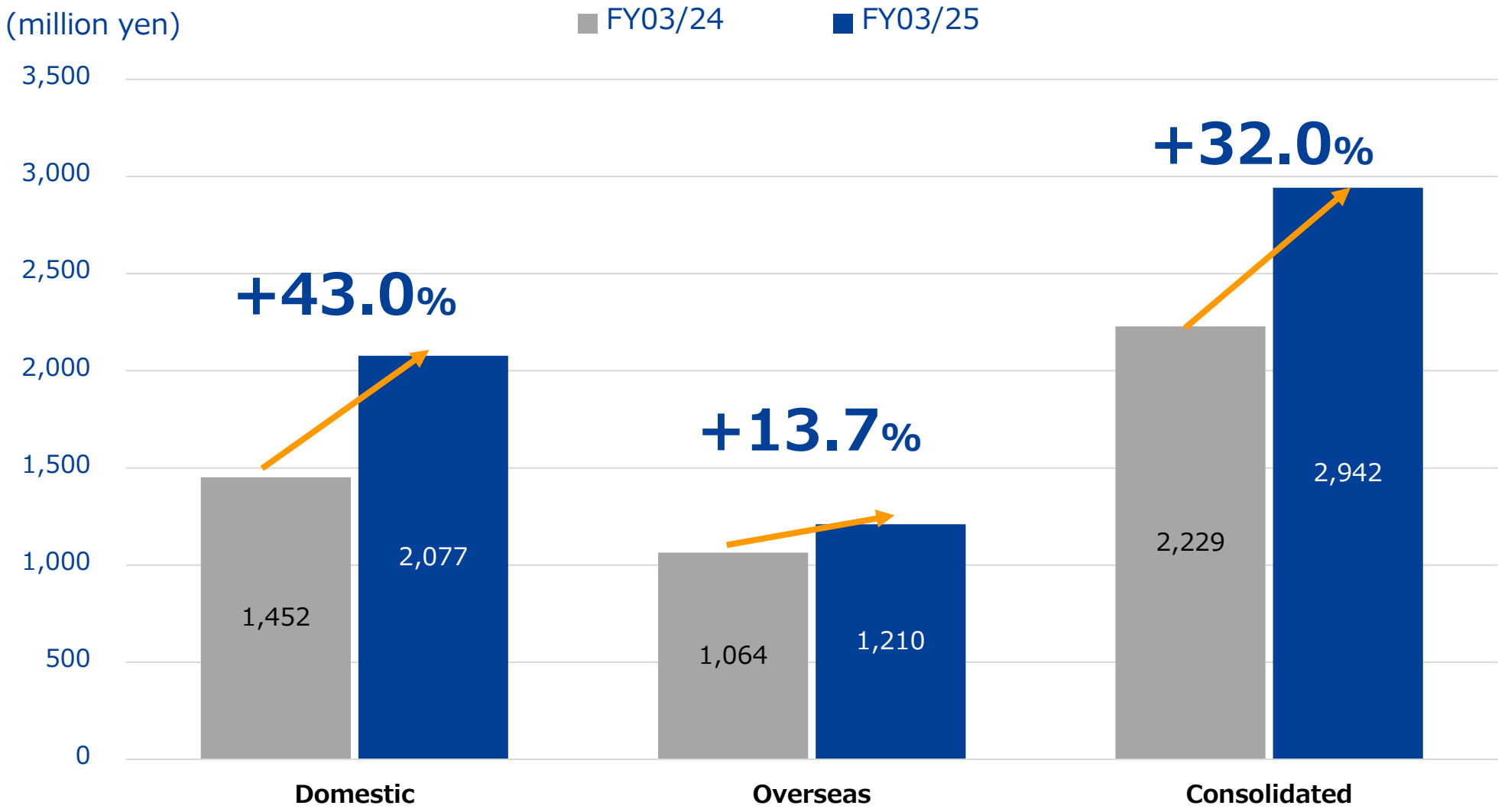
- **Focused on both improving the structure of existing businesses and establishing a new AI data centre business**
- **In addition to contributions across all domestic business segments, the inclusion of MSS Inc., which became a wholly owned subsidiary as of July 1, and robust order performance at main 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

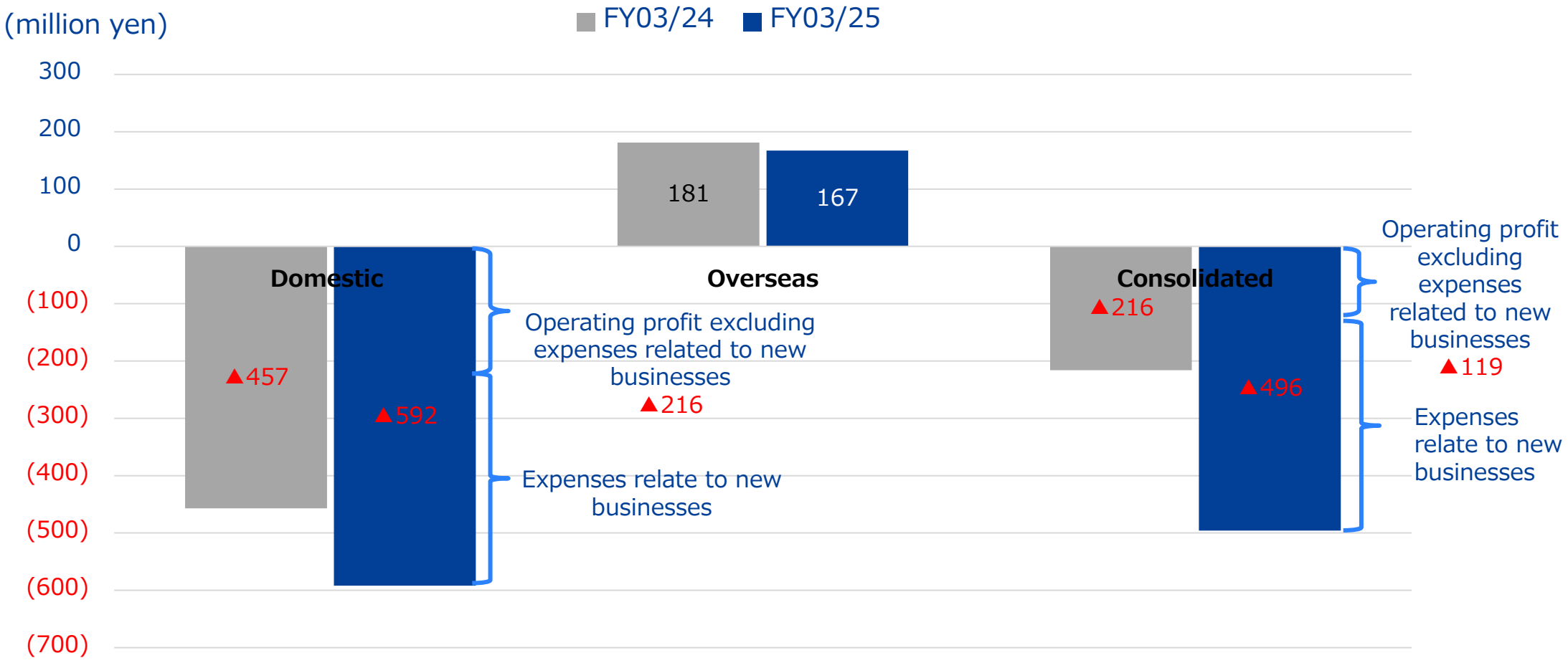
YoY Net Sales Comparison (simple sum of each company's results)

- **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**



YoY Operating Profit Comparison (simple sum of each company's results)

- **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.**



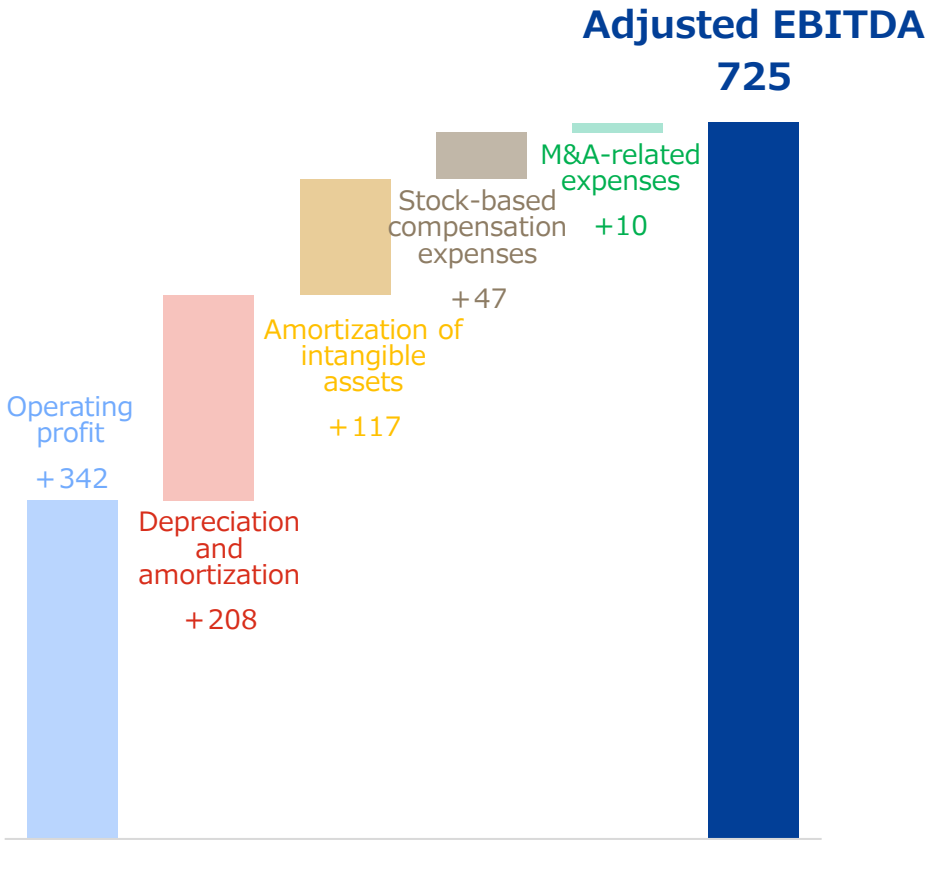
Adjusted EBITDA

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

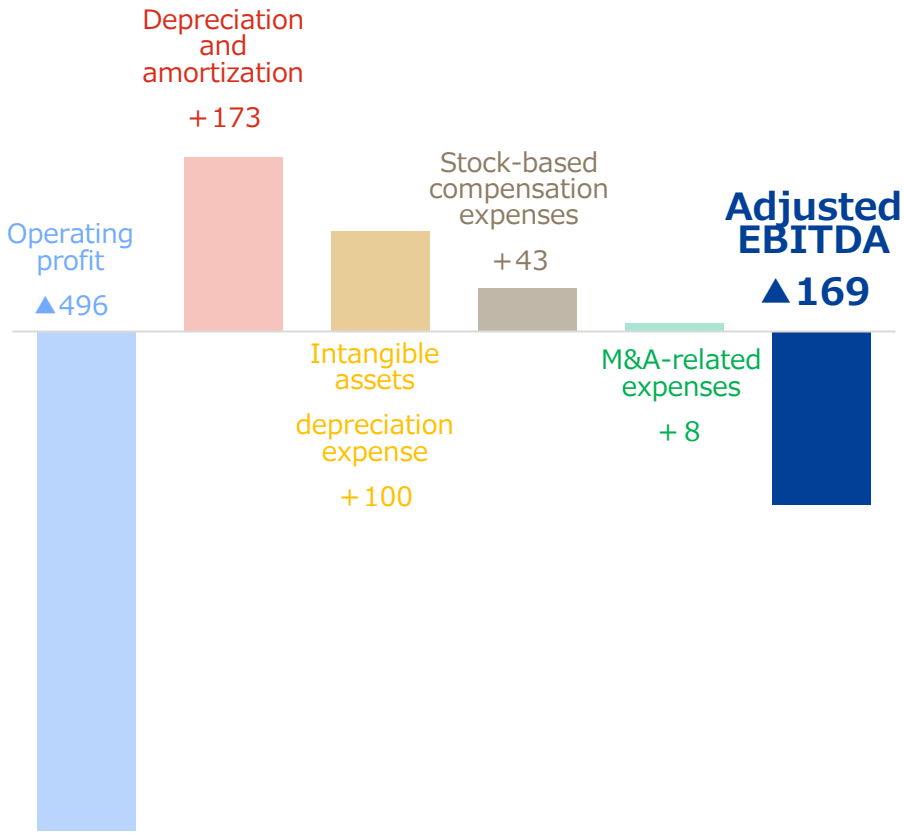
***Adjusted EBITDA = operating profit + depreciation + amortization of intangible assets + stock-based compensation expenses + M&A-related expenses**

< Upwardly revised plan for FY03/25 >

(million yen)

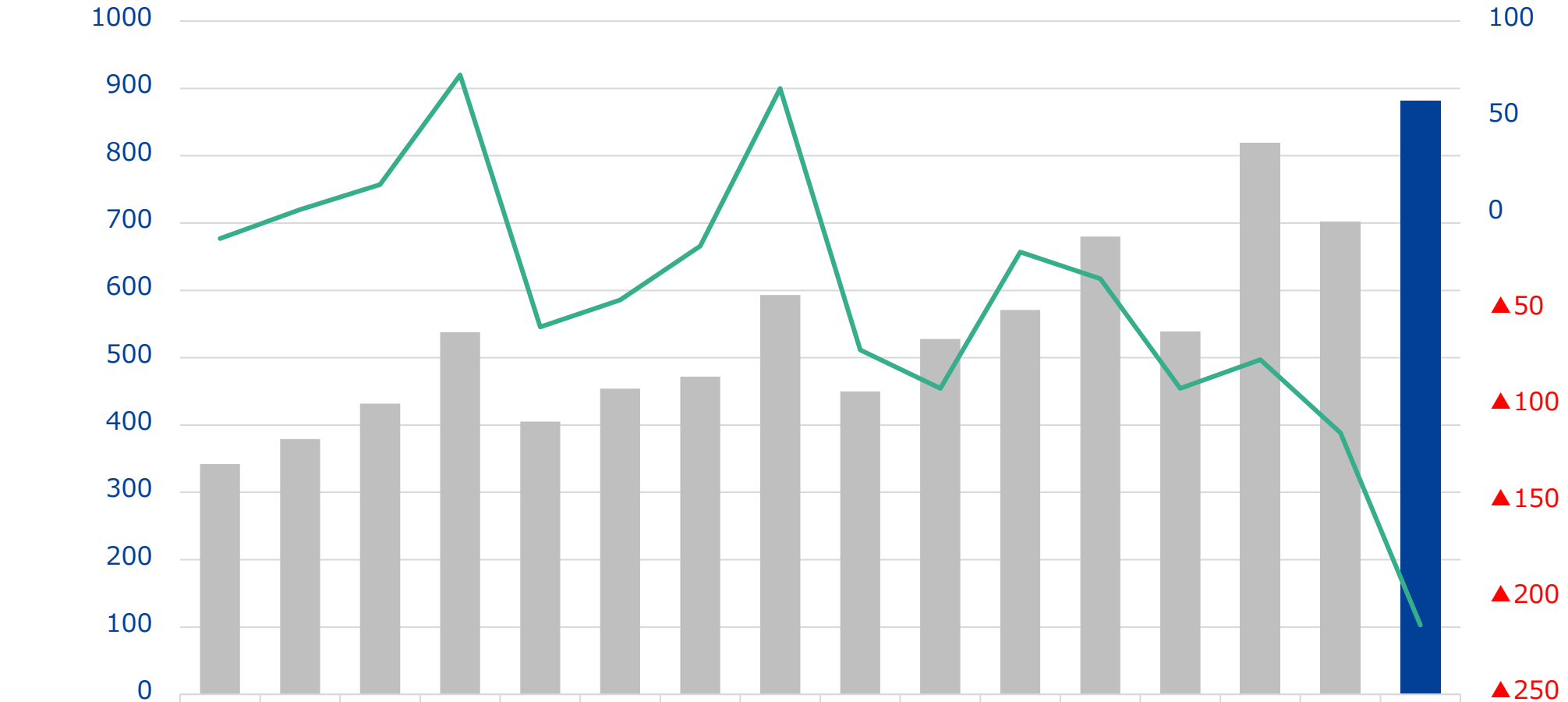


<FY03/25 Results>



Quarterly Sales and Operating Profit (Consolidated)

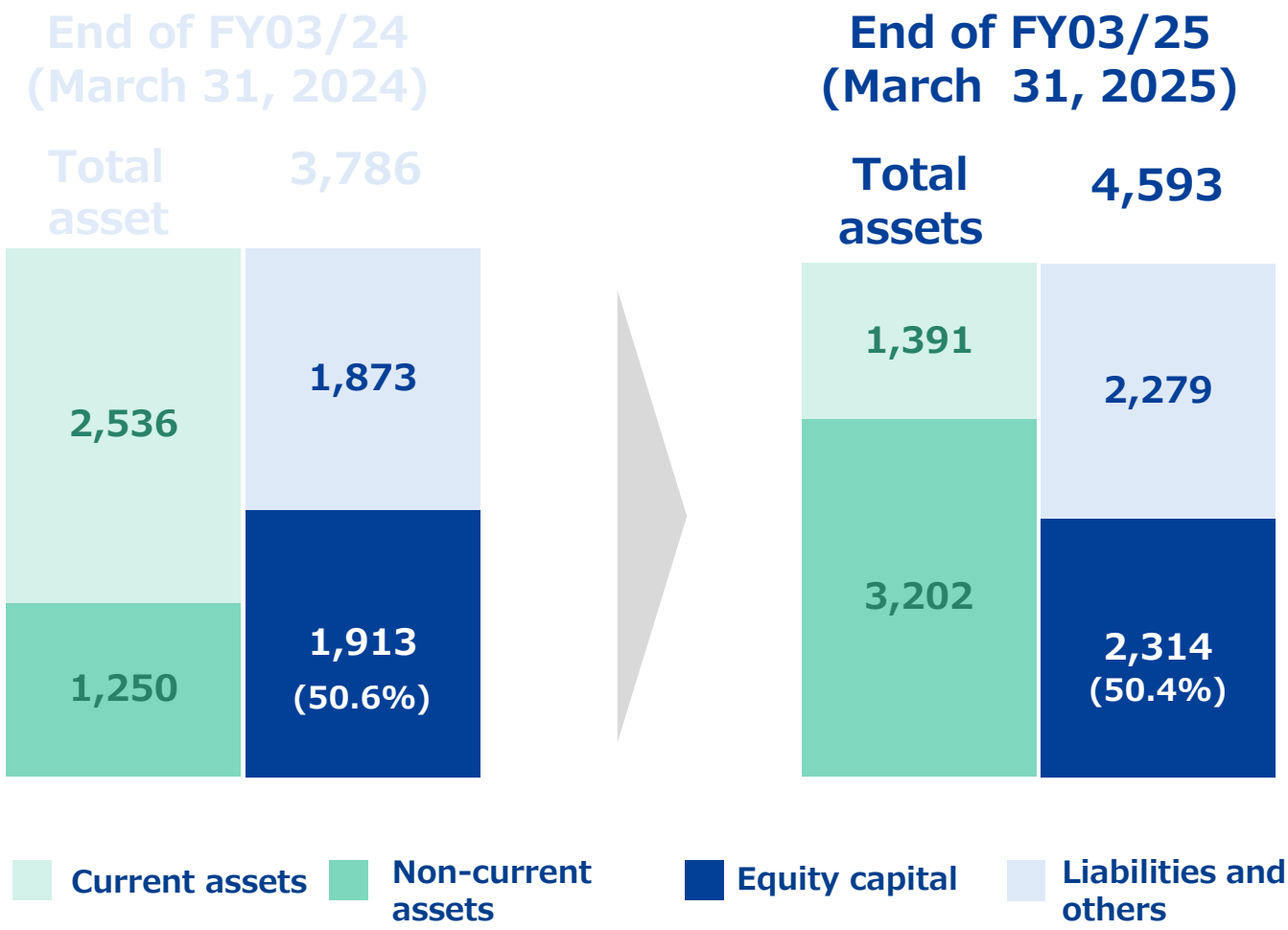
(million yen)



	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenues	342	379	432	538	405	454	472	593	450	528	571	680	539	819	702	881
Operating Profit	▲13	2	15	72	▲59	▲45	▲17	65	▲71	▲91	▲20	▲34	▲91	▲76	▲114	▲214
	FY03/22				FY03/23				FY03/24				FY03/25			

Consolidated Financial Position (Balance Sheet)

- **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**



(million yen)

- Major factors of increase/decrease

○ Current assets: ▲1,144
- Cash and deposits: ▲1,164

○ Non-current assets: +1,952
- Goodwill: +1,144

○ Liabilities and others: +406
- Short-term borrowings : +350
- Accounts payable : +286

○ Equity capital: +401
- Share capital : +989
- Reatained earnings : ▲654

Topics (1) Alliance with CUDO in AI Data Center Business (February 6)

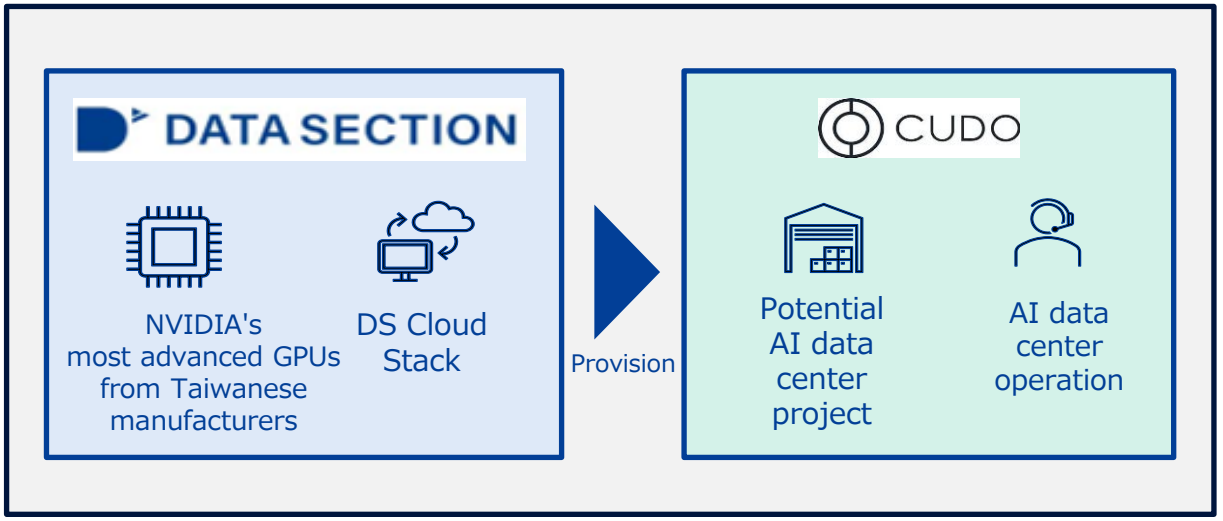
February 6, 2025

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 Coud 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

Topics (2) Official launch of ‘TAIZA’, our AI cloudstack (March 31)

- **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

Earnings' Forecasts 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	—

Reprint) Earnings' Forecasts

- **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	—

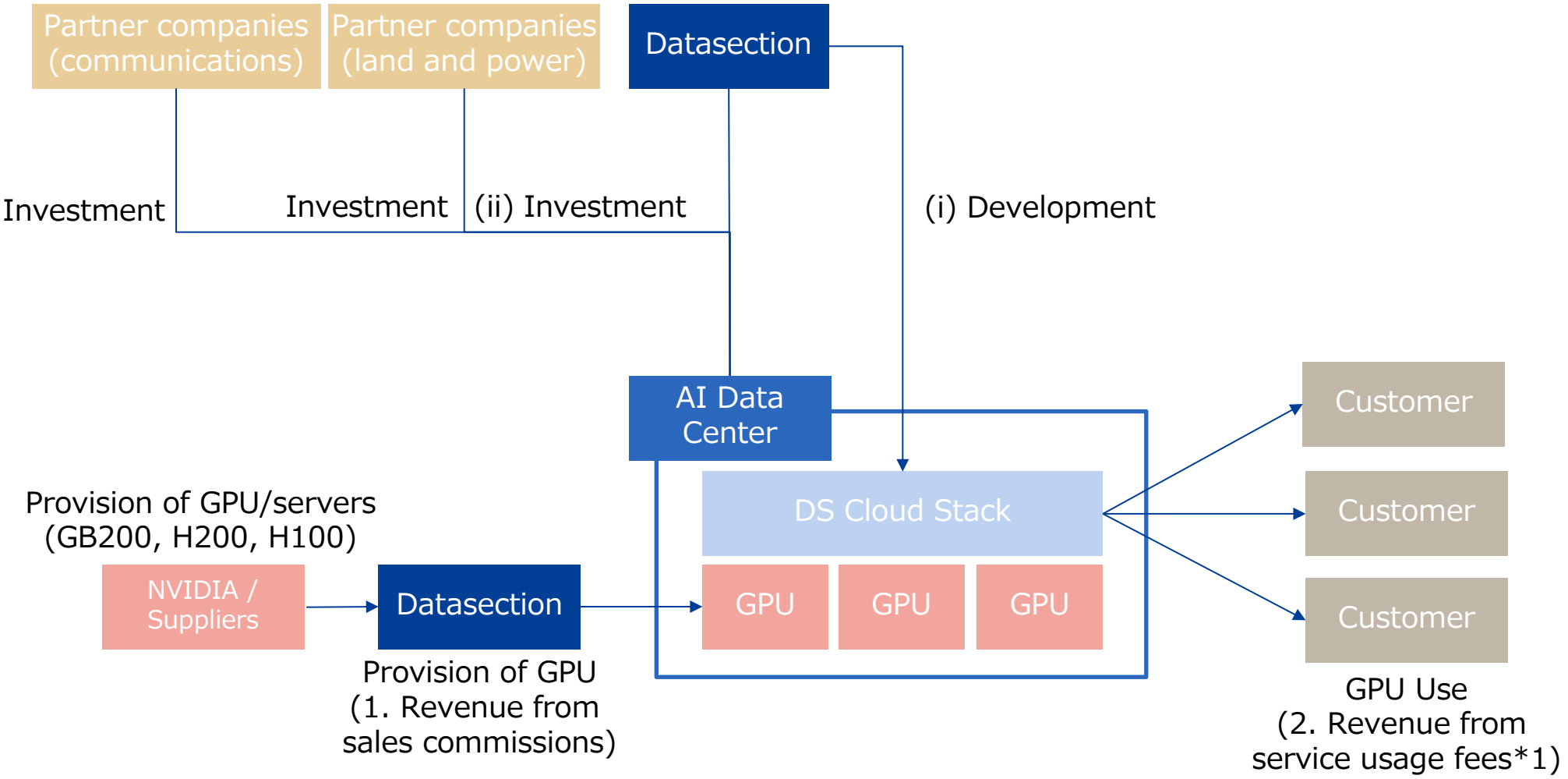
Reprint) Performance Forecast and Supplemental Explanations

(million yen)	Initial plan	Revised plan	Change	Supplementary explanation
Net sales	2,650	**3,312**	**+662**	・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: USD2B x @ ¥145 x 1/Q4 x 2% compensation level x 50% of the Group's receipts x 50% of asset premiums =362.5M Operating profit: Assumes 20% cost of sales = 362.5M × 80% = 2,290M 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

Ref) AI Business Structure/A: Direct Investment

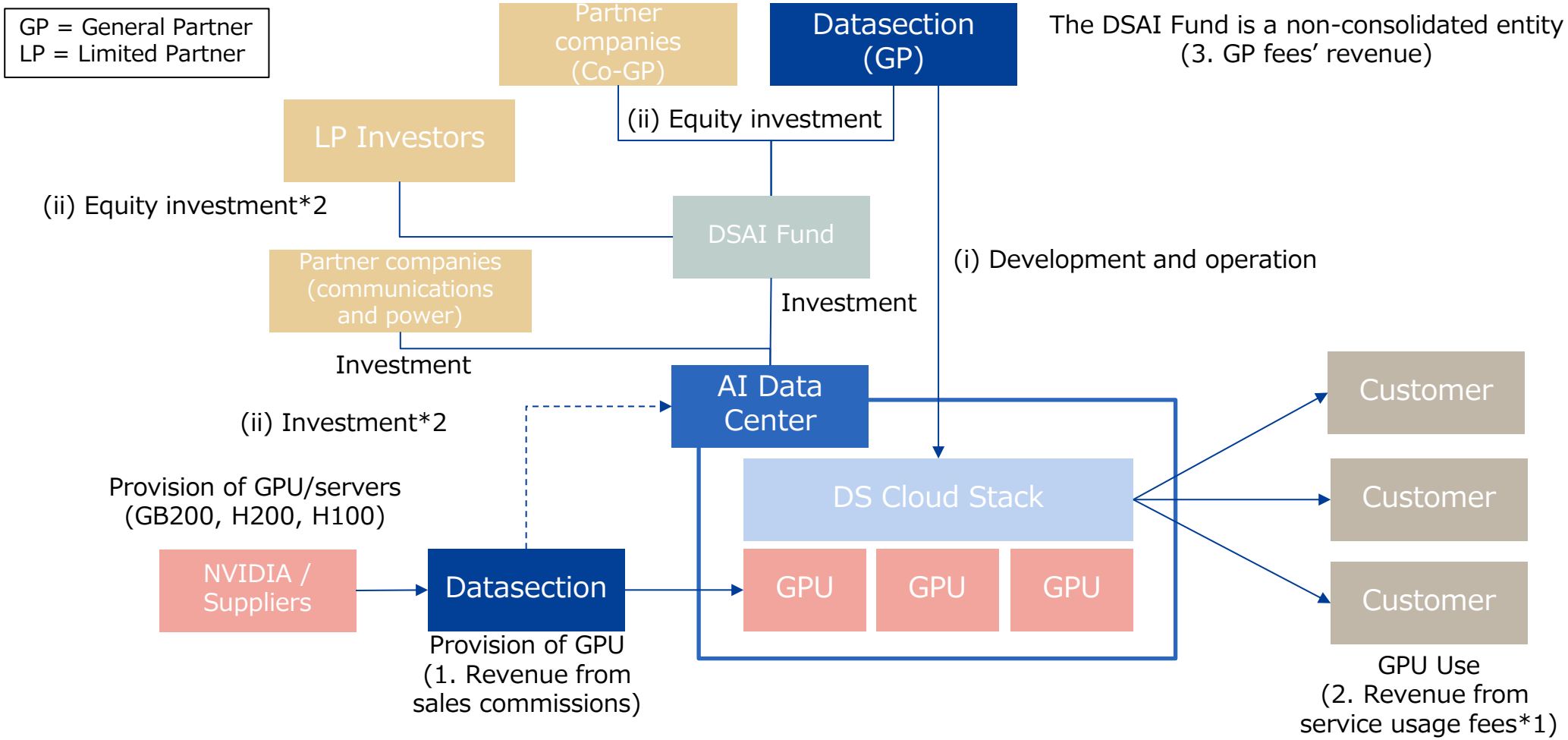
- For direct investment in AI data centers, there are two revenue models
- Returns from AI data center investments



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

Ref) AI Business Structure/B: Fund Investment

- 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

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

Forecast

- **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

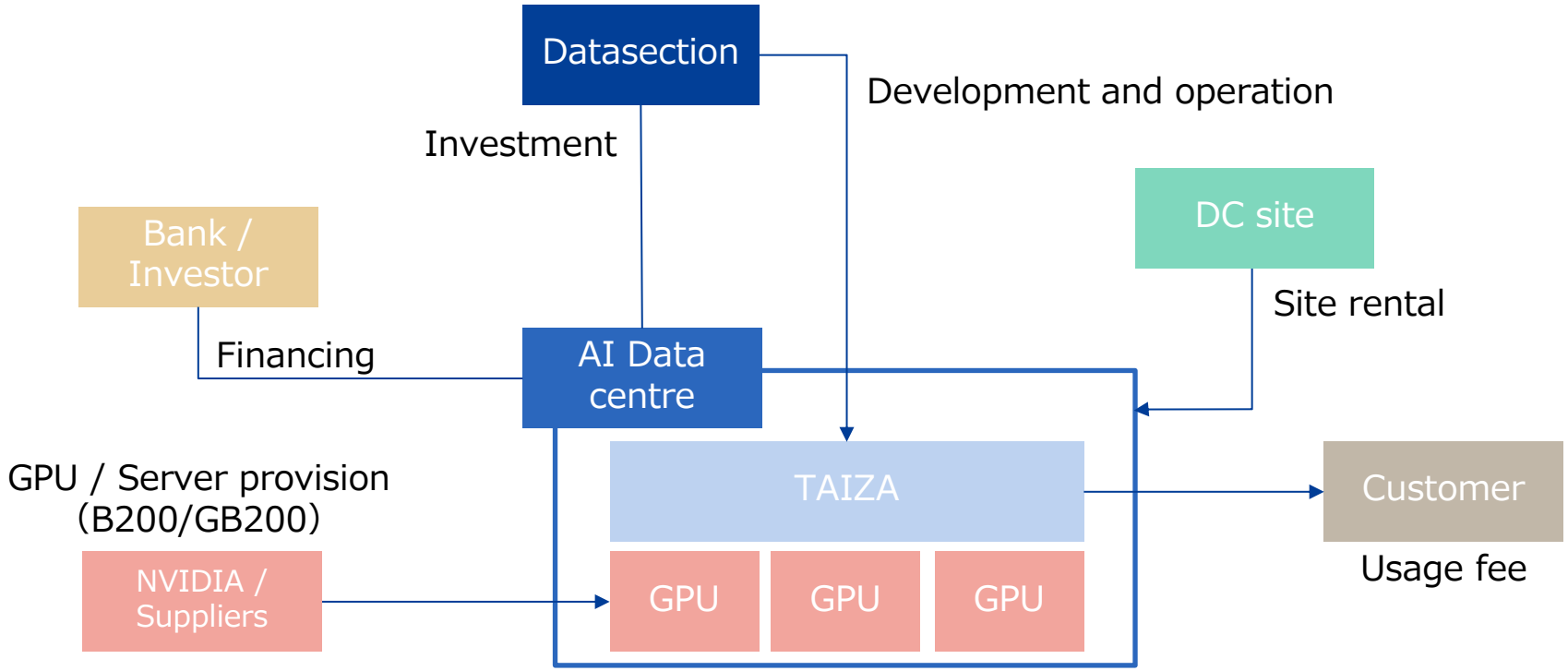
(Reference)
Sakura Internet Inc. : High-performance PHY (service that provides a single physical server equipped with NVIDIA GPUs)
NVIDIA H100 Tensor Core GPU × 8, 3-year commitment usage fee: 2,436,896 yen/month
* H100: 304,612 yen/month per unit

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

- 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.



AI infrastructure strategy of Datasection

- **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.

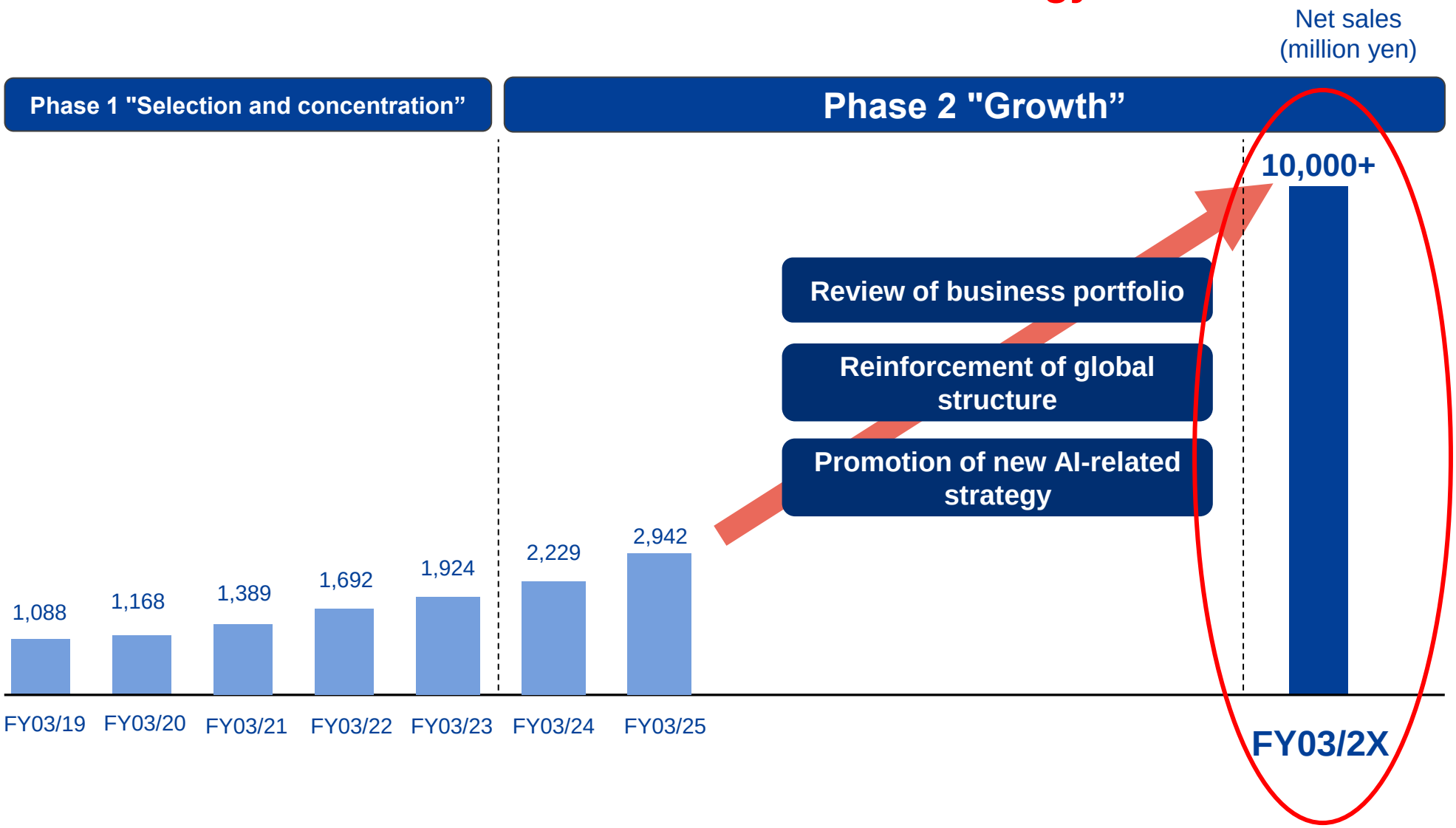
* Source : NVIDIA official website, ‘NVIDIA DGX B200’ introduction page

4. AI-Related New Business

Acceleration of "Growth" Phase Through New Strategy

From "selection and concentration" to "growth" phase

Promotion of new AI-related strategy

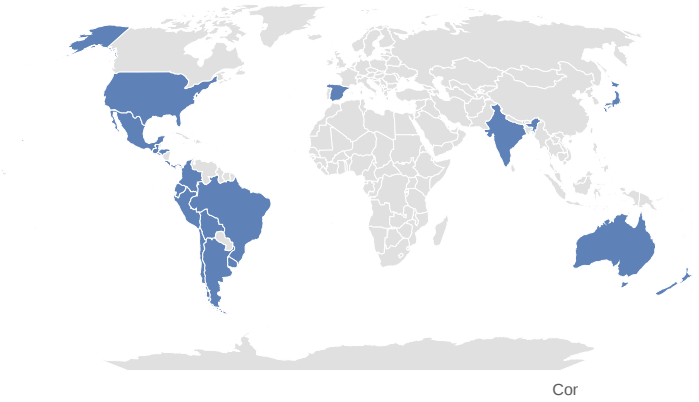


Our mission: Continue to Improve People's Lives around the World with AI

Based on a strong global presence and a unique business plan, we aim to become a leading company in the AI market

- Accelerating the acquisition of essential technologies to accelerate new business development
  - Securing top-tier engineering resources
  - Developing platforms for AI cloud services
- We have a **strong partnership and network** in the AI industry
- On 3 June, 2024, we reached an agreement to develop the largest AI data center in Asia
- We will **continue to pursue the construction and operation of AI data centers globally**

Our Global Expansion



Our company has a business foundation for expanding its own products to over 20 countries

Japan
India
Australia
New Zealand
Chile
Colombia
Peru
Argentina
Ecuador
Bolivia
Brazil
Uruguay
Panama
Guatemala
Honduras
El Salvador
Costa Rica
Spain
Mexico
United States...

Market Environment

The environment surrounding the AI data center business

	Key features required for AI data centers	Challenges faced by the industry
During Development	GPU	NVIDIA products are facing supply constraints in the market
	Servers and other peripheral devices	The production capacity of NVIDIA's partner manufacturers is facing constraints
	Land, Equipment	It would take more than three years to develop from scratch
	EPC	Due to the construction boom, it is difficult to secure contractors
After Commencement of operations	AI Cloud operation	Developing a hyperscaler-level platform with the highest efficiency and operability is challenging
	Data Center operation	There are only a limited number of companies with the expertise to operate the latest equipment
	Power	The power capacity is under strain across Japan
	Customer development	If we don't test the functionality ahead of our competitors, it will be difficult to secure largescale customers

By overcoming the challenges faced by the AI data center business, we aim to gain a competitive advantage even against hyperscalers

Datasection's Strategy

Challenges in the Data center business

Only companies that can solve the following challenges will succeed in the Data center business

- Can the company secure GPUs and servers while avoiding political risks?
- Does the company have the technology to develop infrastructure software for AI data centers?
- Can the company complete development and construction at a fast pace?
- Can the company secure a large amount of power capacity?

Datasection's Strategy

By forming strategic partnerships centered around technology, the company is addressing industry bottlenecks and aiming to commercialize its business at the fastest possible pace

1. Established a partnership with leading Taiwanese manufacturers to secure GPUs on a priority basis
2. Since its IPO in 2014, the company has strengthened its AI cloud capabilities with experienced engineers
3. Collaborating with construction contractors with industry experience to develop capacity plans at an early stage
4. Established a method for repurposing idle factories with existing power capacity for use in operations

Realized Business Model

Through our strategy, we have already achieved the following results

- Agreed to collaborate with four Taiwanese manufacturing partners of NVIDIA in the procurement of GPUs
- Developed the AI Cloud Stack "TAIZA," which maximizes the efficiency of AI model inference and GPUs
- Alliance with CUDO and SSI, which have a proven track record in Europe and Asia
- Reached an agreement to build AI data centers by repurposing existing factories in Sakai City and Spain

1 Through a business alliance with Taiwanese suppliers, Strategy (AI-Related New Business) we have successfully secured GPU servers, even in a constrained market.

November 15 / November 21 / December 2 / December 23, 2024

Reached basic agreement on business alliance with four Taiwanese manufacturers (NVIDIA partner suppliers)
Continuing discussions on the manufacturing capacity for GPU server racks, including those for Sakai City in Osaka and for Spain

NVIDIA has partner server manufacturers


NVIDIA

プラットフォーム ▸ 開発者 ▸ コミュニティ ▸ Shop ドライバー ▸ お問い合わせ NVIDIA について ▸

Share 印刷用

NVIDIA と世界有数のサーバー メーカーがパートナーを組み、AI クラウド コンピューティングを推進

Foxconn、Inventec、Quanta、Wistron が NVIDIA HGX リファレンス アーキテクチャを利用し、ハイパースケール データ センター向け AI システムを構築

台湾、台北 Computex -- (2017 年 5 月 30 日) - NVIDIA (NASDAQ: NVDA) は、より迅速に AI クラウド コンピューティングの需要に応えるため、世界有数の ODM である Foxconn、Inventec、Quanta、Wistron とのパートナープログラムを開始しました。

NVIDIA HGX パートナー プログラムを通じ、NVIDIA は、各 ODM に NVIDIA HGX リファレンス アーキテクチャ、NVIDIA GPU コンピューティング テクノロジ、デザイン ガイドラインの早期アクセスを提供します。HGX は、Microsoft の Project Olympus の取り組み、Facebook の Big Basin システム、NVIDIA DGX-1™ AI スーパーコンピューターにおいて利用されているのと同じデータ センター向けに設計されています。

HGX をスターター向けの「レシピ」として利用する ODM パートナーは、NVIDIA と協力し、ハイパースケール データ センター向けの条件を満たす、さまざまな GPU アクセラレーテッド システムをより迅速に設計し、市場化することができます。NVIDIA のエンジニアは、このプログラムを通じて ODM とより緊密に協力し、技術の採用から実動環境への展開までの時間が最短になるよう支援します。

NVIDIA HGX リファレンス アーキテクチャ

Source: Nihon Keizai Shimbun, *Hon Hai Ai sa ba de kasegu juyokkani 4-6 ki kessan* [Foxconn profits from AI servers, Q4-Q6 earnings on 14th] August 13, 2024)

Diversification of server procurement and securing volume (Negotiations with each server supplier)

SUPERMICRO

Agreement reached

2024/4/12

Inventec

(Sales: 2,364.2 billion yen in 2023)

Agreement reached

2024/11/15

wistron

(Sales: 3,982.4 billion yen in 2023)

Agreement reached

2024/11/21

GIGA COMPUTING

Agreement reached

2024/12/2

Quanta Computer

(Sales 4,986 billion yen, 2023)

Agreement reached

2024/12/23

2 Our DS Cloud Stack "TAIZA" maintains the same or better performance as a hyperscaler and is officially launched.

March 31, 2025

The first cloud-based infrastructure software that enables efficient, flexible, and easy inference using open-source AI models (promoting validation and refinement of output results among AI models) Phased testing by customers is also conducted.

Unparalleled operability and efficiency

Dedicated to AI model development and output refinement

Configuration

Distributed training execution has been tested with NVIDIA GPUs

Multiple open-source AI models can be embedded in parallel for inference

Proprietary Acceleration

Implemented specialized technologies to enhance the performance of AI model development

Automatic balancing of required accuracy and effort, along with automatic memory redundancy elimination, etc.

Minimizing the load on customers and resources

Automatic Sharding

Automatically identifies idle resources such as GPUs and assigns pipelines

Enables concurrent migration between AI frameworks based on parameters like the number of parameters

Flexible API Interface

Select the required resources and AI frameworks in 2-3 steps and start development immediately

Default specifications are prepared to match the customer's development needs

Technical skills of engineers capable of developing cloud stacks dedicated to AI data center operations

3 Basic Agreement on Business Alliance for AI Data Centers with Shin-Etsu Science Industry

October 7, 2024

We entered into a basic agreement with SSI, which has experience and expertise in data center design and construction, to establish a business alliance regarding engineering procurement and construction (EPC) for the design, procurement, construction, and operation of AI data centers

Management comment

“ A basic agreement has been signed with SSI, which has a proven track record and expertise in data center design and construction, to

establish ourselves as a leading company in the design, construction, and operation of AI data centers. We aim to provide innovative

solutions, establish the standard for next-generation AI data centers, and deliver more sustainable and efficient services

“ Under this agreement, SSI will serve as our EPC contractor, jointly undertaking the design, procurement, construction, and operation of AI data centers both domestically and internationally. SSI will also be responsible for post-construction operation and maintenance of AI data centers, as well as the establishment, financing, and promotion of new AI data center projects

(1)	Name	Shinetsu Science Industry	
(2)	Location	R-DEPOT 3F N-West 610-12 , OoazaminamiNaganoNishigo-cho, Nagano-shi, Nagano-ken	
(3)	Representatives	Kotaro Kosaka, Chairman	
		Goro Sasaka, President and CEO	
(4)	Business Activities	Data center design and construction	
(5)	Capital	999 million JPY	
(6)	Date of Establishment	28 December 2015	
(7)	Major Shareholders and Shareholding Ratios	not disclosed due to confidentiality obligations with SSI	
(8)	Relationship with listed companies	Capital Relationships	No applicable items
		Personnel Relationships	No applicable items
		Transaction Relationships	No applicable items
		Status Regarding Related Parties	No applicable items
(9)	Management Performance and Financial Status	Not disclosed due to confidentiality obligations with SSI	

Source: SSI

4 Alliance with CUDO in AI Data Center Business

February 6, 2025

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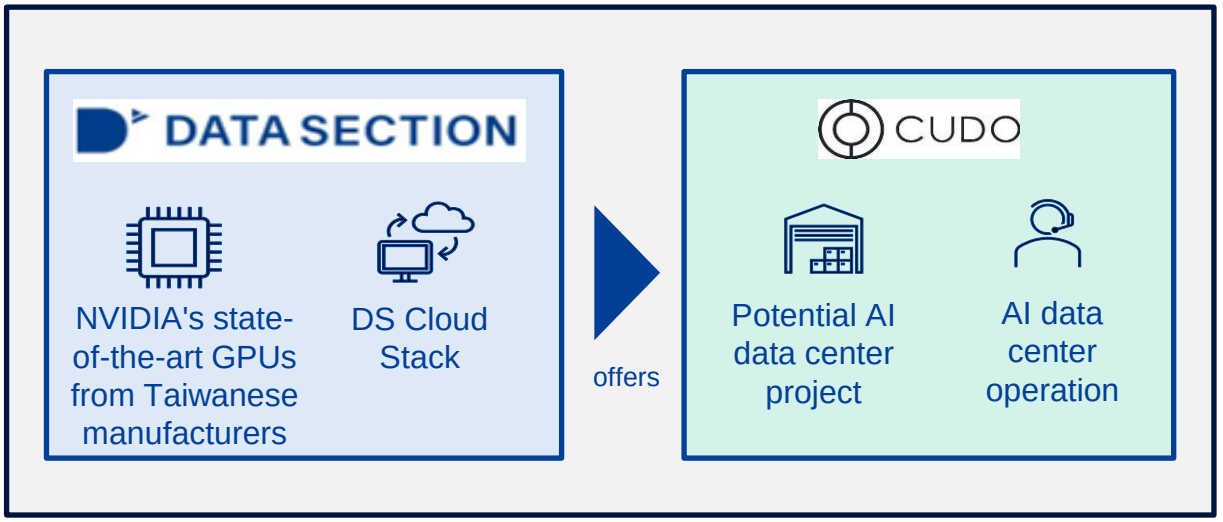
Overview of CUDO

- 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



- Alliance 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

5 Mr. Juan Manuel (Juancho) Irigaray's Appointment as Data Centre & Cloud AI Advisor

March 10, 2025

We have appointed Mr. Juan Manuel (Juancho) Irigaray ("Mr. Juancho") as an advisor, who has played key executive roles in various renowned enterprises, focusing on large-scale infrastructure, cloud, and large-scale AI initiatives with over 20 years of leadership experience in cloud and data center domains.

Mr. Juancho's participation in our group

- His participation in our group will further accelerate our efforts to expand and grow the Group's AI data center business globally, with a particular focus on Europe.
- Mr. Juancho has held strategic roles at companies like Microsoft, Amazon Web Services, and Equinix, where he led multimillion-dollar projects and forged key C-level partnerships.
- Mr. Juancho is also a recognized thought leader, having shared his insights as a speaker and cloud expert at global conferences such as AWS re:Invent, Kubecon, MoneyLIVE Digital Conference among others.

Professional Background of Mr. Juancho

- Microsoft:
  Country Engineering Lead: Azure Expansion & Microsoft Cloud for Sovereignty
- Amazon Web Services, Spain & Denmark:
  Head of Partner Management Solutions Architect Team in Spain and Enterprise segment in Denmark
- Equinix, EMEA:
  Director of Professional Services & Global Solutions Architects
- CloudMas - CTO & Co-Founder:
  Leading the cloud technology and business development teams, spearheaded the AWS market becoming the first AWS Premier Partner in Spain

6 DS AI Infrastructure Global Investment Fund

- **A fund has been established to secure GPUs and raise the necessary capital for project development**
- **Considered depending on project status**

	Item	Details	
1	Name	DS AI Infrastructure Global Investment Fund	
2	Location	Cayman Islands	
3	Purpose of structuring	Investment in AI global data centers (The fund holds shares in companies that operate AI data centers)	
4	Date of structuring	Considered depending on project status	
5	Fund investment	Target: US$2 billion	
6	General Partner (GP)	Name	DS AI Investment (tentative name)
		Investment team	■ Pablo Casado Blanco (Chairman) ■ Norihiko Ishihara (Representative Director, President and CEO) ■ Matias Jurado Alvarez, others
		Advisory board	HE Anders Fogh Rasmussen (former Secretary General of NATO, former Prime Minister of Denmark), others
		Co-GP	European banks are considering participating as Co-GPs.
		GP investment amount	1.0% of the total fund value (capital call method*)
		GP fee	■ 2.0% of the total fund value (per annum) ■ 20.0% carried interest (8.0% hurdle rate)
7	Limited partner (LP)	Mainly European banks and AI data center collaboration partners	

*Capital Call method: Phased funding within the amount of the investment commitment depending on the fund's investment progress.

Future Vision for New Businesses

Achieving stable revenue through the execution of existing projects

FY03/2025

- Conducting technical validation, establishing a service framework, and finalizing customer contracts
- Securing operational funds through the formation of the DSAI Fund and initiating the GP role
- Aiming to commence operations of data center businesses in Japan and overseas, with a focus on generating revenue

Driving growth by globally expanding the current business model

FY03/26

- **<u>Commencing operation and standardization of the first data center project, and further accumulating projects both domestically and internationally.</u>**
- Establishing methods for highly efficient data center operations through advanced algorithms and collaboration in cooling technology development
- Expanding funding through funds, depending on project status

Expanding the target customers for the AI data center business, and optimizing asset allocation

FY03/27

- Participation in national projects essential for security through the evolution of the scale and safety of the current business model (Europe, the United States, Japan)
- Maximizing fundraising through methods such as **<u>borrowing,</u>** equity, and funds to establish a position as a hyperscaler.
- Further business expansion and continuity through asset replacement and the reuse of second-hand servers

* Bolded and underlined sections: updated from the previous version

5. Status of Exercise of Stock Acquisition Rights

(Restated) Overview of fundraising method by issuing the 20th series of stock acquisition rights

- Issuance of the **20th series of stock acquisition rights (with an exercise price revision clause)**
- Designed to allow for more flexible and agile financing in response to capital needs and market conditions so that we can increase our equity while considering the dilutive impact on existing shareholders' equity.

20th series of stock acquisition rights (with an exercise price revision clause)	
Allottee	Hayate Management Co., Ltd. ("Hayate")
Reference stock price	668 yen
Initial exercise price	688 yen *100% of reference stock price
Revision of exercise price	Closing price of the immediately preceding trading day x 90% (rounded up to the nearest yen)
Lower exercise price	344 yen *50% of reference stock price
Issuance price	Total 15,488,000 yen (3.52 yen per unit)
Number of stock acquisition rights to be issued	44,000 (100 shares per unit)
Exercise period	March 7, 2025 - March 6, 2026 (1 year)
Estimated amount to be raised*	3,009,200,000 yen @ initial exercise price = 688 yen 1,495,600,000 yen @ lower exercise price = 344 yen
Dilution rate**	24.85%
Purpose of use of funds	(i) Development and construction of DS Cloud Stack (ii) Investments in joint ventures related to AI data center operations, DSAI fund investments (iii) Working capital such as recruitment, personnel expenses, and cash on hand (iv) Repayment of borrowings

* Initial exercise price x total number of shares issued - approximate cost of issuance. The total issue price is not included in the estimated amount to be raised due to payment through the offset of the allottee's loan claims against Datasection.

** The number of shares to be delivered if all the stock acquisition rights are exercised will be 4,400,000 shares (44,000 voting rights), which is 24.85% of the total number of issued shares (17,703,051 shares) of Datasection as of February 13, 2025 (total voting rights as of September 30, 2024, the date closest to the date of the issuance resolution when the total voting rights can be confirmed by Datasection: 176,279 voting rights). The dilution rate based on voting rights is 24.96%. Both of these percentage figures are rounded down to two decimal places.

Status of exercise of the 20th series of stock acquisition rights (with an exercise price revision clause)

- Summary of announced status of exercise of **the 20th series of stock acquisition rights (with an exercise price revision clause)**

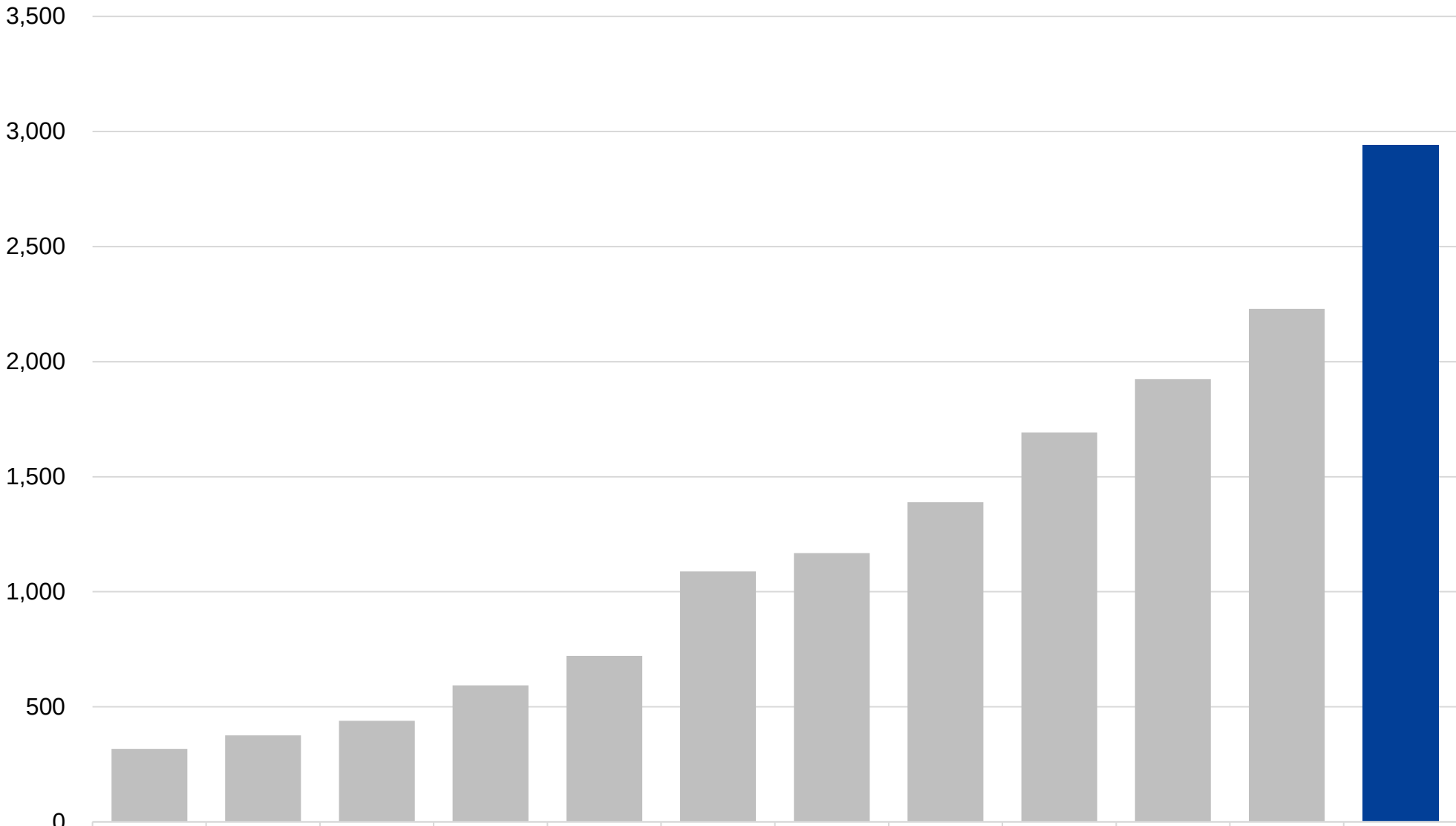
- After March 7, 2025:
  A total of 395,100 shares (8.98% of the total shares issued), paid-in amount of 295,204,052 yen

  March 7-31, 2025: 92,900 shares (2.11% of the total shares issued), 87,267,608 yen
  April 1-31, 2025: 302,200 shares (6.87% of the total shares issued), 207,936,444 yen

6. Appendix

Consolidated Net Sales

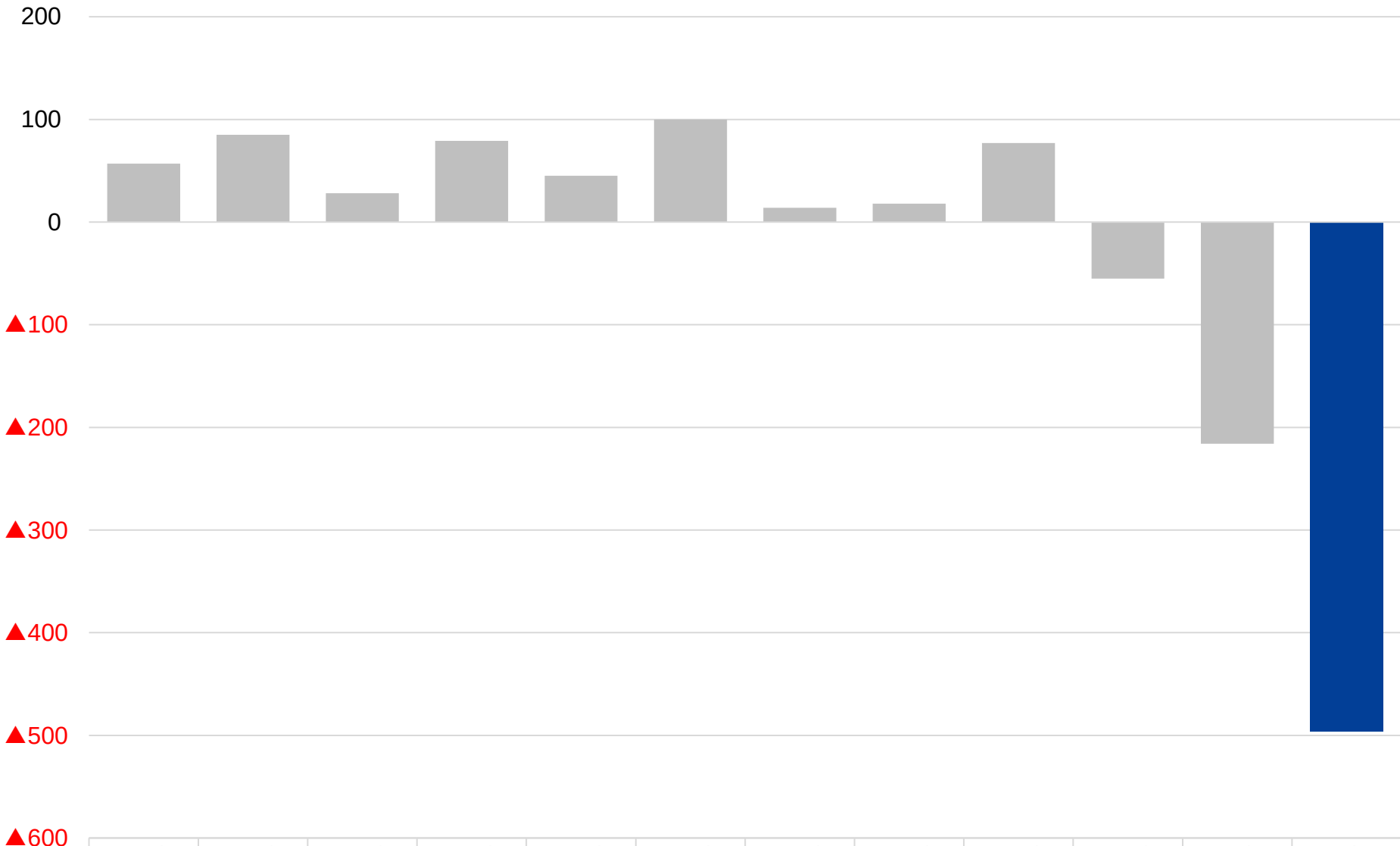
(million yen)



	FY03/14	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	24/3	25/3
Net sales	317	376	439	593	721	1,088	1,168	1,389	1,692	1,924	2,229	2,942

Consolidated Operating Profit

(million yen)



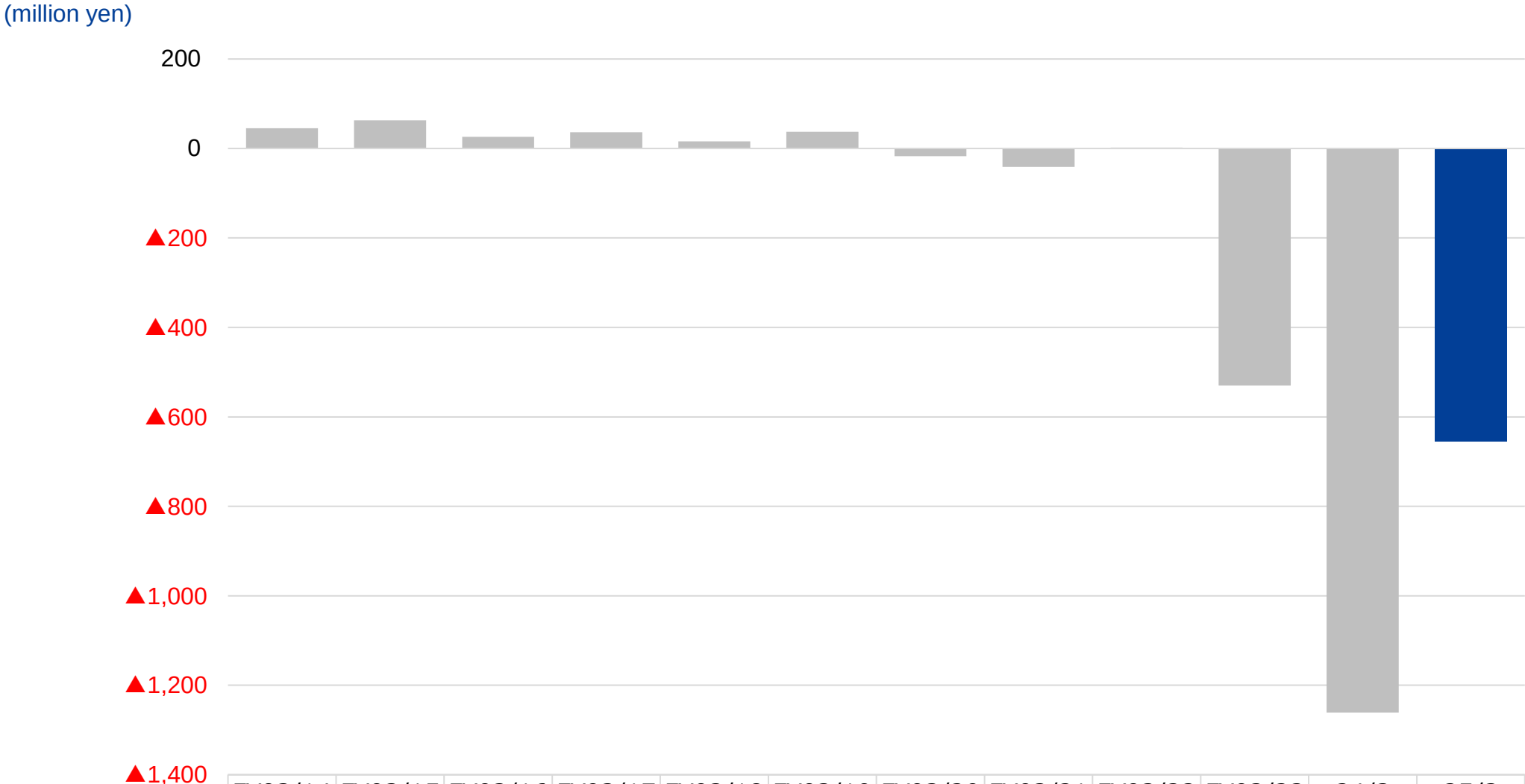
	FY03/14	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	24/3	25/3
Operating profit	57	85	28	79	45	100	14	18	77	▲55	▲216	▲496

Consolidated Ordinary Profit

(million yen)

	FY03/14	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	24/3	25/3
Ordinary profit	60	85	36	71	45	95	5	31	165	46	▲235	▲613

Consolidated Profit Attributable to Owners of Parent



	FY03/14	FY03/15	FY03/16	FY03/17	FY03/18	FY03/19	FY03/20	FY03/21	FY03/22	FY03/23	24/3	25/3
Profit attributable to owners of parent	45	63	26	36	16	37	▲17	▲41	2	▲530	▲1,261	▲654

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Cautions

- 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.