

2 June 2025

Company name:	Datasection Inc.
Representative:	Representative Director, Norihiko Ishihara President and CEO (Code: 3905 TSE Growth)
Contact:	Executive Vice President Daisuke Katano TEL: 050-3649-4858

Notice Regarding Basic Agreement on Capital Alliance (Subsidiary Acquisition) with UK-based CUDO and the Establishment of a Joint Venture (Subsidiary)

As stated in the "Notice regarding the conclusion of Business Alliance Agreement with CUDO Ventures Ltd. for AI Data Centre Business" published on 6 February 2025, the Company has entered into a business alliance agreement with CUDO Ventures Ltd (Head Office: London, the United Kingdom, Representative: CEO, Mathew Hawkins, Service Brand: CUDO Compute, hereafter referred to as "CUDO") and has been in discussions with CUDO towards a capital alliance.

These discussions have progressed and the Company has now reached an agreement with CUDO based on the resolution of the Board of Directors' meeting held today to make CUDO a subsidiary of the Company (the "Capital Alliance") in connection with a capital alliance with CUDO. The Company also announces that it has reached a basic agreement with Mr. Mathew Hawkins, the largest shareholder and representative of CUDO, regarding the establishment of a subsidiary of the Company as a joint venture with CUDO (the "Capital Alliance"), in accordance with the resolution of the Board of Directors held today.

I. The Capital Alliance

1. Reasons for the Capital Alliance

CUDO is a certified AI partner of NVIDIA Corporation (Head Office: California, USA, Representative: CEO, Jensen Huang, hereafter referred to as "NVIDIA"), recognized as an NVIDIA Cloud Partner (hereafter referred to as "NCP"). CUDO possesses advanced technical capabilities in AI cloud stack and data center infrastructure. Leveraging its cutting-edge infrastructure and a broad global network of providers capable of deploying CUDO's advanced technology stack, CUDO offers high-performance computing (HPC) capabilities for AI applications on a global scale. CUDO manages and operates thousands of NVIDIA GPUs for AI workload across the United States, the Middle East and Africa, Europe, and the Asia-Pacific region. The company provides GPU as a Service (GPUaaS), storage, networking and managed services capable of handling even the most demanding workloads. These offering are designed to meet the rapidly growing demand for scalable and cost-efficient cloud solutions.

Furthermore, since receiving NCP certification in May 2024, CUDO has accelerated the expansion of its operations in AI data centers.

The Group is working toward the launch of one of the largest AI data centers in Asia and Europe, featuring a supercluster equipped with NVIDIA's GB200 GPUs. In response to the global shortage of NVIDIA GPUs, the Company has secured supply through strategic partnerships with Taiwanese server equipment suppliers. In parallel, the Company also developed and deployed "TAIZA"(*), an internally developed optimization framework designed to enable the efficient operation of large-scale GPU clusters for AI workloads. The TAIZA project was officially launched in March 2025. Alongside these initiatives, the Company is strengthening the internal talent pool and deepening collaboration and discussions with existing and prospective partners to establish a robust foundation for the AI data center business.

(*) "TAIZA" is a proprietary optimization algorithm developed by the Group for the efficient operation of large-scale GPU clusters dedicated to AI applications.

On 6 February, 2025, the Company entered into a strategic partnership agreement with CUDO to reinforce and accelerate our shared vision of delivering cutting-edge global AI infrastructure solutions by leveraging the technologies, products, resources, and networks of both companies to strengthen our competitive edge in the AI market. Under this partnership, for potential AI data center projects, the Company will secure the latest NVIDIA GPUs through Taiwanese manufacturers and provide TAIZA, the proprietary AI cluster optimization platform. In parallel, the Company will collaborate with CUDO, NCP-certified partner with a strong track record in AI infrastructure operations, by jointly operating AI data centers and engaging in co-development of customer relationships, utilizing CUDO's advanced technical expertise and global network.

Based on this strategic partnership agreement, both companies have been engaging in discussions regarding concrete collaboration on joint projects as well as a potential capital alliance. As part of this process, it was determined that for CUDO to procure NVIDIA GPUs, secured by the Company through the Company's affiliated Taiwanese server equipment suppliers, for its service offering, CUDO must be a subsidiary of the Company. Furthermore, both parties have recognized that their respective business foundations are highly complementary.

To maximize the synergies of the collaboration and integrate the Company's AI data center operations, the Company has entered into a basic agreement on a capital alliance with Mr. Mathew Hawkins, CEO and the largest shareholder of CUDO.

Following this capital alliance, the number of directors on CUDO's board will be set at five, and the Company will nominate directors in proportion to our final ownership state. There are no plans for CUDO or its shareholders to nominate any directors to the Company's board.

2. Overview of CUDO (as of 30 April 2025)

(1) Name	CUDO Ventures Ltd.
(2) Location of Head Office	128 City Road, London, United Kingdom, EC1V 2NX
(3) Title and Name of Representative	CEO, Mathew Hawkins

(4) Business Activities		Provision and management of AI clusters, data centre infrastructure and marketplaces. Certified as an NCP (NVIDIA Certified Partner) in May 2024.		
(5) Capital		USD2,032 (equivalent to JPY304,292, based on the closing exchange rate of 149.75 JPY/USD on 29 November, 2024)		
(6) Date of Establishment.		15 November 2017		
(7) Major Shareholders		Mathew Hawkins 55.98% (A portion of CUDO's share is held in divided ownership by several members of the management team, including Mr. Hawkins. However, he remains the de facto largest shareholder.)		
(8) Recent Business Performance and Financial Position of the Company for the Past Three Fiscal Years (note)	Fiscal Year End	FY2022 (Nov)	FY2023 (Nov)	FY2024 (Nov)
	Net Assets	JPY 236,916 thousand	JPY △747,637 thousand	JPY △736,752 thousand
	per Share Net Assets	JPY 16.08	JPY △50.75	JPY △46.10
	Total Assets	JPY 706,171 thousand	JPY 362,518 thousand	JPY 646,934 thousand
	Revenues	JPY 1,041,752 thousand	JPY 276,481 thousand	JPY 1,226,300 thousand
	Operating Profit	JPY △1,288,222 thousand	JPY △1,349,005 thousand	JPY △770,812 thousand
	Ordinary Profit	JPY △1,288,093 thousand	JPY △1,350,045 thousand	JPY △768,999 thousand
	Net Profit	JPY △1,288,093 thousand	JPY △1,165,868 thousand	JPY △768,999 thousand
	per Share Net Profit	JPY △ 87.44	JPY △79.15	JPY △48.12
	per Share Dividend	-	-	-
(9) Relationship between the Listed Company and the Company	Capital Relationship	No applicatle matters to report.		
	Personal Relations	No applicatle matters to report.		
	Business Relations	While our company and CUDO have entered into a stratetic partnership, there have been no specific		

		transactions between the two parties as of this time.
	Related Parties	CUDO does not fall under the category of related parties.

(Note)

- The financial figures for CUDO's recent three fiscal years have been converted at the following exchange rates:
 - FY 2022: JPY 138.03 per USD (closing rate as of November 30, 2022)
 - FY 2023: JPY 148.19 per USD (closing rate as of November 30, 2023)
 - FY 2024: JPY 149.75 per USD (closing rate as of November 29, 2024)
- The losses recorded at each profit level through the fiscal year ended November 2024 were primarily due to CUDO's blockchain mining business. Leveraging the technical expertise, know-how, and engineering resources developed through that business, CUDO launched a new AI data center business and shifted its core operations to this new area during the fiscal year ended November 2024.

3. Overview of the Share Acquisition Counterparty

(1) Name	Mathew Hawkins	
(2) Location	London, United Kingdom	
(3) Relationship between the Listed Company and the Counterparty	Capital Relationship	Not applicable
	Personal Relations	Not applicable
	Business Relations	Not applicable
	Status as a Related Party	Not applicable

4. Number of Shares to be Acquired, Acquisition Price, and Shareholding Status before and after the Acquisition

The number of shares to be acquired, the acquisition price, and the form of consideration (either the Company's shares or cash) have not been determined at this time. These details will be promptly disclosed once determined through discussions with the counterparty. The acquisition price and its appropriateness will be assessed through proper due diligence conducted during the course of negotiations between the two parties.

5. Schedule

(1) Date of Board Resolution	2 June 2025
(2) Date of the Basic Agreement on the Capital Alliance	2 June 2025
(3) Target Date for Execution of Fianl Capital Alliance Agreement	By 2 December 2025

6. Future Outlook

The impact of this matter on the business performance of the Group is currently undetermined. Should any matters arise that require public disclosure following the formal execution of the final capital alliance agreement, the Company will promptly make an announcement.

Additionally, pursuant to Article 601, Paragraph 1, Item 5 of the Listing Rules, this capital alliance is subject to a substantive examination of continuity. As of now, this examination has not yet been completed. If it is determined through the examination that the Company is not deemed the surviving company in substance, the Company will enter a grace period during which the Company must undergo a review equivalent to that of a new listing. In the event the Company enters such a grace period, the Company will promptly disclose that fact.

II. Establishment of a Joint Venture (subsidiary)

1. Purpose of Establishing the Joint Venture

The Company's joint project with CUDO concerning an AI data center in the UK is progressing, and it has become necessary to establish an operating entity for the project. Accordingly, prior to the planned capital alliance, the Company will establish a subsidiary in the UK as a joint venture between the Company and CUDO.

2. Overview of the Joint Venture

(1) Name	To be determined
(2) Location	To be determined
(3) Board Composition	CEO: Norihiko Ishihara COO: Mathew Hawkins
(4) Date of Establishment	To be determined
(5) Business Activities	Provision and management of AI clusters, data centre infrastructure and marketplaces
(6) Capital	To be determined
(7) Equity Ownership	Our company: 80% CUDO: 20%

(Note) Items marked "To be determined" will be disclosed promptly once finalized.

3. Future Outlook

The impact of this matter on the business performance of the Group is currently undetermined. Should any matters arise that require public disclosure in the future, the Company will make an announcement promptly.