Summary of Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2026 [Japanese GAAP]

August 14, 2025

Company name: Datasection Inc. Stock exchange listing: Tokyo Stock Exchange
Securities Code: 3905 URL: https://www.datasection.co.jp/en
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Scheduled date of dividend payment commencement: -
Preparation of supplementary materials on financial results: None
Holding of financial results briefing: Yes

(Millions of yen, rounded down to the nearest million)

1. Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2026 (From April 1, 2025, to June 30, 2025)

(1) Consolidated Operating Results (Cumulative) (Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Adjusted EBITDA		Ordinary profit		Profit (loss) attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2025	668	23.9	(342)	-	(195)	-	(317)	-	(333)	-
Three months ended June 30, 2024	539	19.7	(91)	-	(22)	-	(84)	-	(93)	-

(Note)
1. Comprehensive income: Three months ended June 30, 2025: (346) million yen (-%), Three months ended June 30, 2024: (99) million yen (-%)
2. Adjusted EBITDA is disclosed as an indicator of the Company's ability to generate cash flow in its business activities. Adjusted EBITDA = Operating profit + Depreciation and amortization + Amortization of intangible assets + Stock-based compensation expenses + M&A-related expenses

	Basic earnings per share	Diluted earnings per share
	yen	yen
Three months ended June 30, 2025	(17.77)	-
Three months ended June 30, 2024	(5.45)	-

(Note) Diluted earnings per share for the three months of the fiscal year ended March 31, 2025, and for the three months of the fiscal year ending March 31, 2026, are not presented, even though there were potential shares, because we posted a loss per share.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-asset ratio
	millions of yen	millions of yen	%
Three months ended June 30, 2025	6,416	4,766	72.6
Fiscal year ended March 31, 2025	4,593	2,400	50.4

(Reference)
Equity Capital Three months ended June 30, 2025, 4,655 million yen Fiscal year ended March 31, 2025, 2,314 million yen

2. Dividend Status

	Annual dividend				
	Q1 End	Q2 End	Q3 End	Year-End	Total Annual Dividend
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (forecast)		0.00	-	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Adjusted EBITDA		Ordinary profit		Profit attributable to owners of parent		Earnings per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Full Year	16,419	458.0	3,173	-	8,554	-	2,511	-	2,048	-	92.70

(Note) Revisions to the most recently announced earnings forecast: None

Notes

(1) Significant changes in scope of consolidation during the period: Yes

New: 1 company (Fupbimx, S.A.P.I. de C.V.), Excluded: None

(2) Application of special accounting treatments in preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i)	Changes in accounting policies due to revisions to accounting standards:	None
(ii)	Changes in accounting policies other than (i)	None
(iii)	Changes in accounting estimates	None
(iv)	Restatement	None

(4) Number of shares issued (common stock):

(i) Number of shares issued at the end of the period (including treasury stock)	Three months ended June 30, 2025	21,040,351 shares	Fiscal year ended March 31, 2025	17,188,051 shares
(ii) Number of treasury shares at the end of the period:	Three months ended June 30, 2025	90,912 shares	Fiscal year ended March 31, 2025	90,912 shares
(iii) Average number of shares during the period (quarterly cumulative)	Three months ended June 30, 2025	18,758,387 shares	Three months ended June 30, 2024	17,136,584 shares

* Review of the accompanying quarterly consolidated financial statements by a certified public accountant or an auditing firm: Yes (voluntary)

* Explanation of the Appropriate Use of Performance Forecasts and Other Special Notes

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the company and on certain assumptions deemed to be reasonable. Actual results may differ significantly due to various factors. For conditions underlying the earnings forecasts and notes on their use, please refer to 1. Qualitative information on quarterly financial results (3) Explanation of forward-looking statements, including consolidated earnings forecasts, on page 5 of the attached documents.

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

Forward-looking statements in the text are based on judgments made as of the end of the first quarter of the fiscal year ending March 31, 2026.

During the first three months of the fiscal year ending March 31, 2026, the Japanese economy showed a moderate recovery trend amid an improving employment and income environment. However, the outlook remains uncertain due to the U.S. tariff policy, 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 AI business market, investments are expected to increase from FY2023 onward in enhancing application functionalities and developing systems specialized for specific tasks. As applications and systems become more complex to meet user demands, in-house development is anticipated to become more prevalent over outsourcing due to factors such as cost and development speed. Consequently, the market for items related to in-house development, particularly middleware, servers, storage, and IaaS, is expected to see significant growth, with forecasts predicting a market size of 1.9787 trillion yen by FY2027, a 1.7 times increase compared to FY2021 (Fuji Chimera Research Institute, Inc., "2022 Comprehensive Survey of Artificial Intelligence Business").

The global AI market is also expected to grow at an accelerated pace as applications of generative AI, a specialty of the Group, expand and social implementation progresses. Furthermore, the market environment for AI data centers, another area expected to gain traction going forward, is such that there is a need to build AI data centers that can handle the rapidly growing AI processing on a global basis. Given the current global economic and security environment where geopolitical issues and security risks persist, AI is becoming an even more important factor in solving various issues. Therefore, there is a strong need to expand the capacity of AI data centers and cross-border collaboration. In addition, with the industry-wide doubling of computing power required to train AI models approximately every six months.
(from the May 2024 EPOCH AI research report, "Training Compute of Frontier AI Models Grows by 4-5x per Year"), in the future, we expect demand for AI data centers and AI cloud stacks to increase further as new and larger models emerge.

The South American smart retail device market is projected to grow from USD 1.8322 billion in 2019 to USD 2.6692 billion by 2027, with an estimated CAGR of 5.3% from 2020 to 2027. This market is segmented into Brazil, Argentina, and other regions of South America. Some of these regions face complex macroeconomic and political environments, leading to various growth scenarios. Developing countries such as Brazil, Argentina, Chile, and Peru are making significant investments in infrastructure and the retail sector. Moreover, many retailers in these regions are beginning digital transformations to enhance competitiveness and adapt to changing conditions. Colombia and Brazil are rapidly advancing in digital innovation, while Chile is ranked as the most outstanding country in terms of digitalization and innovation. This digital transformation is expected to create new opportunities in the smart retail device market across the region. The demand for smart retail devices is also anticipated to increase due to urbanization and the growth of various shopping complexes and recreation centers 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, fully self-service checkouts are being introduced to address labor shortages in physical stores and enhance customer shopping experiences. Additionally, supermarkets and hypermarkets are increasingly adopting shopping carts equipped with tablet devices, and growth in unmanned store solutions is also anticipated. To enhance shopping experiences, retailers, systems integrators, and advertising companies are advancing the use of AR/VR technologies. In digital operations, the adoption of automatic ordering systems is expanding, particularly in food and general supermarkets, with expected adoption in supply chain management (SCM) by wholesale businesses. Demand forecasting systems are also being increasingly implemented by major national retailers, driven by needs such as reducing food waste and complying with SDGs. The market for these systems is projected to reach 185.2 billion yen by FY2030, a 3.6 times increase compared to FY2021 (Fuji Chimera Research Institute, Inc., *2023 dejitaru toransufomeshon shijo no shorai tenbo shijo hen, benda senryaku hen* [2023 Future Outlook of the Digital Transformation Market: Market Edition and Vendor Strategy Edition]).

In the previous fiscal year, the Group launched a new global AI data center business as a strategic core business. To develop and expand this business, we implemented a reorganization of our management structure and actively pursued the recruitment of highly skilled personnel. From an operational standpoint, we adopted and executed a strategy to secure NVIDIA GPUs, which are in tight supply worldwide, through business alliances with leading Taiwanese server equipment suppliers. In parallel, we advanced the development and construction of “TAIZA,” our proprietary algorithm system designed to optimize the operation of large-scale GPU clusters, while deepening collaboration and discussions with our business partners and prospective partners. At the same time, we promoted sales activities leveraging our global network, resulting in a number of large prospective projects in the pipeline aimed at providing AI data center services in Japan, the broader Asia region, and Europe. We made progress with these initiatives during the first three months of the fiscal year ending March 31, 2026. As a result, we are in a better position to win orders for each of these large projects in the pipeline.

As a specific initiative, we have successfully procured 625 servers equipped with NVIDIA B200 GPUs (5,000 units). Based on a request from a potential customer, one of the world’s largest cloud service providers, we will construct Japan’s first and Asia’s largest state-of-the-art AI supercluster in Osaka Prefecture. It will deliver computing performance (FP4) exceeding 100 ExaFLOPS. We are also negotiating multiple projects in Japan and overseas. These include a contract that is even larger in scale.

In addition, in June 2025, the Company reached a basic agreement with Matt Hawkins, the largest shareholder and CEO of CUDO Ventures Ltd. （Head Office: London, UK; Representative: Matt Hawkins, CEO; Service brand name: CUDO Compute; "CUDO") to make CUDO a subsidiary along with a capital alliance ("capital alliance"). We also agreed to establish a joint venture with CUDO and make the venture a subsidiary.

CUDO has operational experience and technical capabilities in AI cloud stacks and data center infrastructure as an AI partner certified by NIVIDIA Corporation (Head Office: California, USA; Representative: CEO, Jensen Huang, CEO; "NVIDIA") or NVIDIA Cloud Partner ("NCP”). The capital alliance is aimed at maximizing synergies through collaboration by integrating the AI data center businesses of both companies. 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.

Under these circumstances, the Group's operating results for the first three months of the fiscal year ending March 31, 2026, are as follows. In the first three months of the fiscal year ending March 31, 2026, Fupbimx de C.V., a subsidiary in Mexico that had not been consolidated,
became a consolidated subsidiary due to its increased importance.

(Net Sales)

Consolidated net sales for the first three months of the fiscal year ending March 31, 2026, amounted to 668 million yen (up 23.9% year on year). This was mainly due to an increase in the number of consolidated subsidiaries and firm orders in the data science business.

(Cost of Sales)

Cost of sales for the first three months of the fiscal year ending March 31, 2026, totaled 483 million yen (up 54.8% year on year). Cost of sales includes 249 million yen in personnel expenses, 110 million yen in outsourcing expenses, 91 million yen in depreciation and amortization, and 12 million yen in server usage fees.

(Selling, General and Administrative Expenses)

Selling, general and administrative expenses for the first three months of the fiscal year ending March 31, 2026, were 526 million yen (up 65.4% year on year). Selling, general and administrative expenses consisted mainly of 210 million yen in personnel expenses, 105 million yen in outsourcing expenses, 55 million yen in fee expenses, 30 million yen in amortization of goodwill and customer-related intangible assets, 19 million yen in travel, transportation and communication expenses, 18 million yen in rent expenses on land and buildings and 18 million yen in commission expenses.

(Non-operating income [expenses])

Foreign exchange gains of 34 million yen and interest expenses of 11 million yen were recorded. Interest expenses increased by 8 million yen year on year, mainly due to an increase in the average balance of borrowings during the period.

(Extraordinary Losses)

A loss on sale of investment securities of 2 million yen was recorded.

(Total income taxes)

Total income taxes amounted to 11 million yen, mainly due to the recording of 10 million yen in income taxes – current.

As a result of the above, net sales were 668 million yen (up 23.9% year on year), while operating loss was 342 million yen (91 million yen operating loss in the same period of the previous year) and adjusted EBITDA was a loss of 195 million yen (a loss of 22 million yen in the same period of the previous year) due to upfront investment expenses for the new AI data center business, etc. In addition, foreign exchange gains of 34 million yen were recorded as non-operating income, resulting in an ordinary loss of 317 million yen (ordinary loss of 84 million yen in the same period of the previous year), and a loss on sale of investment securities of 2 million yen and income taxes totaling 11 million yen were recorded, resulting in a loss attributable to owners of the parent of 333 million yen (loss attributable to owners of the parent of 93 million yen in the same period of the previous year).

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

Operating results by segment are as follows;

i. Japan Segment

The Japan Segment consists of the AI data center business, as well as the data science, system integration, and marketing solution businesses.

In the new AI data center business, we will develop and provide AI cloud stack "TAIZA," provide an AI data center platform, operate AI data centers, invest in AI data centers, and sell GPUs for AI.

In the data science business, 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 business, we develop customized solutions for each user by leveraging our technical capabilities and expertise cultivated through big data analysis and AI technology (text, image, and voice).

In addition, consolidated subsidiary d-ss. inc. (“DSS”) provides payment services (corporate prepaid card service Biz Preca [https://bizpreca.jp/]) , SES business (for credit card companies, payment companies, securities companies, etc.), financial-related outsourcing development centered on credit card companies, MSP services (cloud system construction, operation, and maintenance services centered on AWS), and security services (PCI DSS consulting services and security diagnostic services, etc.).

In the marketing solutions business, 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 the Insight Intelligence and Insight Intelligence Q social media analysis tools. Meanwhile, solid intelligence Inc., a consolidated subsidiary, provides consulting services in multilingual social media analysis specialized for overseas, and MSS Inc. ("MSS"), a consolidated subsidiary, provides research consulting services related to marketing research and support for sales promotion activities, mainly for food-related retailers, manufacturers, and logistics companies.

In the first three months of the fiscal year ending March 31, 2026, the data science business and the system integration business posted a year-on-year sales increase due to solid orders at consolidated subsidiary DSS.

In the first three months of the fiscal year ending March 31, 2026, the marketing solution business posted a year-on-year sales increase due to an increase in the number of consolidated subsidiaries (the inclusion of MSS), as well as steady orders for the Company's FollowUP service.

In the first three months of the fiscal year ending March 31, 2026, the AI data center business has been making upfront investments to build a business foundation.

As a result, sales to outside customers in the first three months of the fiscal year ending March 31, 2026 totaled 439 million yen (up 43.7% year on year), with a segment loss of 81 million yen (segment loss of 34 million yen in the same period of the previous year).

ii. Overseas Segment

In the Overseas Segment, the Company provides FollowUP, a marketing solutions service, overseas.

In the first three months of the fiscal year ending March 31, 2026, orders in Chile and Colombia, our main bases, remained steady. However, the Overseas Segment as a whole saw a slight sales decline year on year.

As a result, in the first three months of the fiscal year ending March 31, 2026, sales to outside customers totaled 228 million yen (down 2.1% year on year). Segment profit was 6 million yen (down 86.0% year on year).

(2) Explanation of financial position

(Assets)

Total assets were 6,416 million yen at the end of the first three months of the fiscal year ending March 31, 2026, an increase of 1,822 million yen (39.7%) from the end of the previous fiscal year.

This was mainly due to a 1,471 million yen increase in cash and deposits and a 412 million yen increase in software.

(Liabilities)

Total liabilities were 1,650 million yen at the end of the first three months of the fiscal year ending March 31, 2026, down 543 million yen (24.8%) from the end of the previous fiscal year.

This was mainly due to a 320 million yen decrease in short-term borrowings and a 235 million yen decrease in accounts payable-other.

(Net Assets)

Net assets at the end of the first three months of the fiscal year ending March 31, 2026, were 4,766 million yen, an increase of 2,365 million yen (98.6%) from the end of the previous fiscal year.

This was mainly due to an increase of 1,351 million yen in both capital stock and capital surplus as a result of the exercise of the 20th series of stock acquisition rights as disclosed in the "Notice Concerning Issuance of the 20th Series of Stock Acquisition Rights (with an exercise price revision clause) through Third-Party Allotment" dated February 18, 2025, despite a decrease in retained earnings of 347 million yen.

(3) Explanation of forward-looking statements, including consolidated earnings forecasts

There is no change to the consolidated earnings forecast for the fiscal year ending March 31, 2026, which was announced in the "Notice Regarding the Disclosure of Earnings Forecast" on July 16, 2025.

(4) Significant events regarding the assumption of a going concern

In the previous fiscal year, while all existing businesses performed well, the Group posted an operating loss of 496 million yen (operating loss of 216 million yen for a year earlier), an ordinary loss of 613 million yen (ordinary loss of 235 million yen a year earlier), and a loss attributable to owners of the parent of 654 million yen (loss attributable to owners of the parent of 1,261 million yen for a year earlier). We posted large losses for two consecutive years across all profit lines except for adjusted EBITDA because we made significant upfront investments in a new AI data center business to achieve strong growth over the medium to long term.

In the first three months of the fiscal year ending March 31, 2026, while all existing businesses performed well, the Company posted an operating loss of 342 million yen (operating loss of 91 million yen for the same period of the previous fiscal year), an ordinary loss of 317 million yen (ordinary loss of 84 million yen for the same period of the previous year), and a loss attributable to owners of the parent of 333 million yen (loss attributable to owners of the parent of 93 million yen for the same period of the previous year) due to the impact of large upfront investments for the new AI data center business aimed at achieving strong growth over the medium to long term.

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 as of the end of the first three months of the fiscal year ending March 31, 2026.

In light of these circumstances, in addition to making continuous corporate efforts at each company in the Group, our Board of Directors, at its meetings held on January 26, 2024 and February 13, 2024, resolved to issue new shares (“New Shares” by third-party allotment, and the 19th series of stock acquisition rights with fixed exercise price (exercise price: 544 yen, number of dilutive shares: 1,488,000 shares, term: five years). The Company raised 688 million yen in February 2024 through the issuance of New Shares and the 19th series of stock acquisition rights.
In addition, as additional fundraising, the Company's Board of Directors resolved on February 18, 2025 to issue the 20th series of stock acquisition rights with a clause to revise exercise price (initial exercise price: 688 yen, number of dilutive shares: 4,400,000 shares, term: 1 year) by third-party allotment, and the 20th series of stock acquisition rights were issued and all shares were exercised between March and July 2025, raising 4,673 million yen. First Plus Financial Holdings PTE. Ltd., the allottee of the 19th series of stock acquisition rights, has given a final written statement of intent regarding the exercisability of all the stock acquisition rights.

Moreover, the Company has established a system with financial institutions with which it can discuss responses on a case-by-case basis as necessary, and by maintaining a good relationship with them, the Company seeks to maintain and sustain its borrowings.

Taking the above situation into account, after evaluating the cash management plan and the underlying business plan, we believe that we will have sufficient funds until June 30, 2026, one year from the day after the quarterly balance sheet date, and that there is no material uncertainty regarding the assumption of a going concern.

2. Quarterly consolidated financial statements and primary notes

(1) Quarterly consolidated balance sheets

(Unit: thousands of yen)

	Previous consolidated fiscal year (March 31, 2025)	Three months ended June 30, 2025 (June 30, 2025)
Assets		
Current assets		
Cash and deposits	526,039	1,997,229
Notes and accounts receivable - trade, and contract assets	651,195	586,650
Merchandise and finished goods	60,131	61,012
Work in process	2,912	5,101
Income taxes refund receivable	67,285	78,992
other	85,119	83,315
Allowance for doubtful accounts	(880)	(880)
Total current assets	1,391,803	2,811,420
Non-current assets		
Property, plant and equipment	406,954	392,955
Intangible assets		
goodwill	1,318,157	1,288,990
software	1,290,739	1,703,496
other	16,809	16,021
Total intangible assets	2,625,706	3,008,509
Investments and other assets	169,506	203,695
Total non-current assets	3,202,167	3,605,160
Total assets	4,593,971	6,416,580
Liabilities		
Current liabilities		
Short-term debt	950,832	629,861
Long-term debt due within one year	192,540	172,873
Accrued Liabilities	492,218	256,382
Accrued expenses	67,975	73,912
Corporate taxes payables	88,199	84,624
Consumption tax payables	38,767	21,408
Allowance for bonuses	22,663	11,250
other	24,245	31,074
Total current liabilities	1,877,443	1,281,387
Non-Current liabilities		
Long-term debt	226,745	224,552
Retirement benefit liability	19,787	20,149
Asset retirement obligations	9,000	9,000
Deferred tax liabilities	1,698	1,698
other	59,141	113,710
Total non-current liabilities	316,373	369,110
Total liabilities	2,193,817	1,650,498
Net assets		
Shareholders' equity		
Capital	1,912,113	3,264,084
Capital surplus	2,567,471	3,916,095
Retained earnings	(2,196,537)	(2,543,955)
Treasury shares	(50)	(50)
Total shareholders' equity	2,282,996	4,636,174
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,690	2,685
Currency translation adjustment account	27,984	16,461
Total other comprehensive income	31,674	19,146
Stock acquisition rights	69,556	82,330
Non-controlling interests	15,926	28,431
Total net assets	2,400,153	4,766,082
Total liabilities and net assets	4,593,971	6,416,580

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
(Quarterly consolidated statements of income)

(Unit: thousands of yen)

	Three months ended June 30, 2024 (April 1, 2024, to June 30, 2024)	Three months ended June 30, 2025 (April 1, 2025, to June 30, 2025)
Net sales	539,125	668,083
Cost of sales	312,479	483,830
Gross profit	226,646	184,252
Selling, general and administrative expenses	318,347	526,494
Operating loss	(91,701)	(342,241)
Non-operating revenue		
Interest received	508	415
Foreign exchange gains	7,296	34,531
other	1,489	1,142
Total non-operating revenue	9,294	36,090
Non-operating expenses		
Interest expenses	2,457	11,047
other	18	536
Total non-operating expenses	2,476	11,584
Ordinary loss	(84,882)	(317,736)
Extraordinary income		
Gain on adjustment of accounts payable	6,024	-
Total extraordinary income	6,024	-
Extraordinary losses		
Loss on sale of investment securities	-	2,152
Total extraordinary losses	-	2,152
Loss before income taxes	(78,858)	(319,888)
Income taxes, inhabitant taxes, and business taxes	7,281	10,248
Adjustments for income taxes	7,534	881
Total income taxes	14,815	11,130
Loss	(93,674)	(331,018)
Profit (loss) attributable to non-controlling interests	(277)	2,379
Loss attributable to owners of parent	(93,396)	(333,397)

(Quarterly consolidated statements of comprehensive income)

(Unit: thousands of yen)

	Three months ended June 30, 2024 (April 1, 2024, to June 30, 2024)	Three months ended June 30, 2025 (April 1, 2025, to June 30, 2025)
Loss	(93,674)	(331,018)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,142	(1,004)
Currency translation adjustment account	(7,213)	(14,406)
Total other comprehensive income	(6,071)	(15,411)
Comprehensive income	(99,745)	(346,429)
(Breakdown)		
Comprehensive income attributable to owners of parent	(100,659)	(345,925)
Comprehensive income attributable to non-controlling interests	914	(504)

(3) Notes to quarterly consolidated financial statements

(Notes on assumption of a going concern): Not applicable

(Notes in the event of significant changes in shareholders' equity)

Capital stock and capital surplus increased by 1,351,971 thousand yen each in the first three months of the fiscal year ending March 31, 2026 due to the issuance of new shares upon exercise of the 20th series of stock acquisition rights (with an exercise price revision clause) through the third-party allotment that took place on March 6, 2025.

Mainly due to this effect, capital stock and capital surplus amounted to 3,264,084 thousand yen and 3,916,095 thousand yen, respectively, at the end of the first three months of the fiscal year ending March 31, 2026.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows have not been prepared for the first three months of the fiscal year ending March 31, 2026. Depreciation and amortization (including amortization related to intangible assets) and amortization of goodwill for the first three months of the fiscal year ending March 31, 2026, are as follows.

	Three months ended June 30, 2025 (From April 1, 2024, to June 30, 2024)	Three months ended June 30, 2025 (From April 1, 2025, to June 30, 2025)
Depreciation	43,027 thousand yen	94,645 thousand yen
Amortization of goodwill	8,596 thousand yen	29,329 thousand yen

(Notes to Segment Information, etc.)

[Segment information]

Ⅰ Three months ended June 30, 2024 (April 1, 2024, to June 30, 2024)

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

(Unit: thousands of yen)

	Reporting Segment			Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net sales					
Goods to be transferred at one point in time	140,872	15,096	155,968	-	155,968
Goods transferred over a period of time	165,204	217,952	383,157	-	383,157
Revenue from Contracts with Customers	306,076	233,049	539,125	-	539,125
Other Revenue	-	-	-	-	-
Sales to External Customers	306,076	233,049	539,125	-	539,125
Inter-Segment Internal Sales or Transfers	-	-	-	-	-
Total	306,076	233,049	539,125	-	539,125
Segment profit (loss)	(34,151)	45,880	11,729	(103,430)	(91,701)

(Notes) 1. Adjustment of segment profit (loss) of (103,430) thousand yen is a corporate expense not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.

2. Information on assets by reportable segment

The amount of assets for the first three months of the fiscal year ending March 31, 2026, increased by 1,004,461 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. 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 recognized because MSS was newly included in the scope of consolidation from the first three months of the fiscal year ending March 31, 2026. The amount of goodwill recorded as a result of this event was 1,242,173 thousand yen in the first three months of the fiscal year ending March 31, 2026.

II Three months ended June 30, 2025 (April 1, 2025, to June 30, 2025)

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

(Unit: thousands of yen)

	Reporting Segment			Adjustments (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net sales					
Goods to be transferred at one point in time	333,452	7,058	340,511	-	340,511
Goods transferred over a period of time	106,495	221,076	327,572	-	327,572
Revenue from Contracts with Customers	439,947	228,135	668,083	-	668,083
Other Revenue	-	-	-	-	-
Sales to External Customers	439,947	228,135	668,083	-	668,083
Inter-Segment Internal Sales or Transfers	12,588	(42,048)	(29,460)	29,460	-
Total	452,536	186,087	638,623	29,460	668,083
Segment profit (loss)	(81,654)	6,432	(75,222)	(267,019)	(342,241)

(Notes) 1. Adjustment of segment profit (loss) of (267,019) thousand yen is a corporate expense not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.

2. Information on assets by reportable segment

The amount of assets in the first three months of the fiscal year ending March 31, 2026, increased by 1,822,609 thousand yen from the end of the previous fiscal year. This was mainly due to an increase of 1,471,137 thousand yen in ordinary deposits resulting from the exercise of the 20th series of stock acquisition rights and an increase of 412,757 thousand yen in software resulting from additional development of software TAIZA. Ordinary deposits are classified as corporate assets, and software under the Japan Segment.

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

Not applicable

(Significant subsequent events)

(Paid-in stock acquisition rights [performance-linked paid-in stock options])

At a meeting of the Company's Board of Directors held on June 23, 2025, pursuant to Articles 236, 238 and 240 of the Companies Act, the Company resolved to issue stock acquisition rights to its directors and executive officers as follows. The payment was completed on July 10, 2025, and the stock acquisition rights were issued. Since the stock acquisition rights will be issued to the recipient at a fair price and not on particularly favorable conditions, the issuance will be conducted without obtaining approval at a general meeting of shareholders. The stock acquisition rights are not intended as compensation to the recipient but are to be purchased based on the individual investment decision of such a person.

I. Purpose and reason for offering stock acquisition rights

In addition to restructuring its business portfolio, the Company has launched a new AI data center business on a global basis as its strategic core business, and in order to develop and expand this business, the Company reformed its management structure during the previous year and is promoting business expansion under the new management structure. In order to further increase motivation and morale, strengthen the Company’s cohesiveness, encourage a strong commitment to achieving our performance targets, and realize sustainable growth as we aim to expand our business performance and increase our corporate value over the medium to long term, we have decided to issue performance commitment-type stock acquisition rights for value to our directors and executive officers.

The exercise condition of these stock acquisition rights is that consolidated net sales exceed 5,000 million yen in either the fiscal year ending March 31, 2026 or the fiscal year ending March 31, 2027, which is a considerably higher target than the performance for the fiscal year ended March 31, 2025 (consolidated net sales of 2,942 million yen).

The total number of shares of the Company's common stock that would increase if all of the stock acquisition rights were exercised would account for approximately 3.0% of the total number of outstanding shares. However, as stated above, the achievement of high performance targets are a condition for exercise, and we recognize that the achievement of such targets will contribute to increasing our corporate value as well as shareholder value. Accordingly, the Company believes that the issuance of the stock acquisition rights will contribute to the interests of the Company's existing shareholders and an impact on share dilution will be reasonable.

II. Terms and conditions of the issuance of stock acquisition rights

1. Number of stock acquisition rights 6,312

The total number of shares that can be delivered by exercising the stock acquisition rights shall be 631,200 shares of common stock of the Company, and if the number of shares granted per SAR is adjusted in accordance with 3.(1) below, the total number shall be calculated by multiplying the number of shares granted per SAR after adjustment by the number of stock acquisition rights.

2. Cash to be paid exchange for stock acquisition rights

The issue price per stock acquisition rights shall be 1,344 yen. This amount was determined to be equal to the amount obtained by the third-party valuation firm Akasaka International Accounting using a Monte Carlo simulation, which is a common option pricing model, taking into account the Company's stock price information and other factors.

3. Details of stock acquisition rights

(1) Type and number of shares to be granted upon exercise of stock acquisition rights

The number of shares to be granted upon exercise of one (1) stock acquisition right (the "number of shares granted") shall be 100 shares of common stock of the Company.

The number of shares to be granted shall be adjusted in accordance with the following formula if, after the date of allocation of the stock acquisition rights, the Company conducts a stock split (including a gratis allotment of common shares; the same shall apply hereinafter) or a reverse stock split. However, such adjustment shall be made only with respect to the number of shares underlying the stock acquisition rights that have not been exercised as of such time, and any fraction of less than one share resulting from the adjustment shall be rounded down.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Ratio of split (or reverse stock split)

In case where the Company conducts a merger, corporate split, share exchange or share delivery after the allotment date of the stock acquisition rights, or other equivalent cases requiring the adjustment of the Number of Shares Granted, the Number of Shares Granted shall be adjusted appropriately to a reasonable extent.

(2) Value or calculation method of assets to be contributed upon exercise of stock acquisition rights

The value of the assets to be contributed upon exercise of the stock acquisition rights shall be the amount obtained by multiplying the amount to be paid per share (the "Exercise Price") by the Number of Shares Granted. The Exercise Price shall be 2,315 yen, which is the same amount as the closing price of the Company's common stock in regular trading on the day before the day of resolution for issuance of the stock acquisition rights.

If the Company conducts a stock split or a stock consolidation after the allotment date of the stock acquisition rights, the Exercise Price shall be adjusted in accordance with the following formula, and any fraction less than one yen resulting from the adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split (or consolidation)}}$$

In the event that the Company issues new shares or disposes of treasury shares at a price below the market value of the Company’s common stock after the allotment date of the stock acquisition rights (excluding cases where the Company issues new shares or disposes of treasury shares based on the exercise of stock acquisition rights, or issues new shares or delivers treasury shares due to merger, company split, share exchange or share delivery), the Exercise Price shall be adjusted in accordance with the following formula, and any fraction of less than one yen resulting from the adjustment shall be rounded up to the nearest whole yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \dfrac{\text{Number of newly issued shares} \times \text{paid-in amount per share}}{\text{Market value per share before new issue}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

In the above formula, the "number of shares already issued" shall be the number obtained by deducting the number of treasury shares of the Company's common stock from the total number of outstanding shares of the Company's common stock, and in the case of the disposal of treasury shares of the Company's common stock, "number of newly issued shares" shall be deemed to be replaced with "number of treasury shares to be disposed of".

Furthermore, in addition to the above, in case where the Company conducts a merger, corporate split, share exchange or share delivery after the allotment date of the stock acquisition rights, or other equivalent cases requiring adjustment of the Exercise Price, the Company may appropriately adjust the Exercise Price to a reasonable extent.

(3) Period during which stock acquisition rights may be exercised

The period during which the stock acquisition rights may be exercised (the "Exercise Period") shall be from April 1, 2027, to March 31, 2035 (however, if the last day is not a bank business day, the preceding bank business day).

(4) Matters concerning capital and capital reserve to be increased

(i) The amount of capital to be increased in the event of the issuance of shares upon the exercise of the stock acquisition rights shall be half of the maximum amount of increase in stated capital as calculated in accordance with Article 17, Paragraph 1 of the Corporate Calculation Regulations. Any fraction less than one yen resulting from the calculation shall be rounded up to the nearest whole yen.

(ii) The amount of capital reserve to be increased in the event of the issuance of shares upon the exercise of the stock acquisition rights shall be the amount obtained by subtracting the amount of capital to be increased set forth in (i) above from the maximum amount of increase in stated capital set forth in (i) above.

(5) Restriction on acquisition of stock acquisition rights by transfer

Acquisition of the stock acquisition rights by transfer shall require approval by a resolution of the Board of Directors of the Company.

(6) Conditions for exercise of stock acquisition rights

(i) Only if the Company's net sales shown in the consolidated statement of income (or the statement of income if the Company does not prepare a consolidated statement of income; hereinafter the same shall apply) in its Annual Securities Report for either the fiscal year ending March 31, 2026 or March 2027 exceed 5,000 million yen, person(s) who has/have received an allotment of stock acquisition rights ("stock acquisition rights holder[s]") may exercise the stock acquisition rights thereafter, but within the Exercise Period set forth in (3) above.

(ii) A stock acquisition rights holder must be a director, corporate auditor or employee of the Company or its affiliates at the time of exercising the stock acquisition rights However, this shall not apply in the event of retirement due to expiration of term of office, mandatory retirement age, or any other justifiable reason recognized by the Board of Directors of the Company.

(iii) Exercise of the stock acquisition rights by the heir(s) of the stock acquisition rights holder(s) shall not be permitted.

(iv) If the exercise of the stock acquisition rights would cause the total number of outstanding shares of the Company to exceed the total number of shares authorized to be issued at the time of such exercise, such stock acquisition rights may not be exercised.

(v) Any fraction less than one stock acquisition right may not be exercised.

4. Allotment date of stock acquisition rights:

July 10, 2025

5. Matters concerning acquisition of stock acquisition rights

(1) In the event that a general meeting of shareholders approves (or if approval by a general meeting of shareholders is not required, the Board of Directors resolves) a merger agreement whereby the Company becomes an extinguished company, a company split agreement or plan whereby the Company becomes a splitting company, or a share exchange agreement, share delivery plan or share transfer plan whereby the Company becomes a wholly owned subsidiary, the Company may acquire all of the stock acquisition rights without contribution on a date to be separately determined by its Board of Directors.

(2) If a stock acquisition rights holder is unable to exercise the stock acquisition rights pursuant to the provisions set forth in 3. (6) above before exercising the rights, the Company may acquire the stock acquisition rights without contribution.

6. Handling of stock acquisition rights in the event of reorganization

In the event that the Company undergoes a merger (limited to the case where the Company ceases to exist as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively referred to as “Reorganization”), the Company shall grant stock acquisition rights of a stock corporation listed in Article 236, Paragraph 1, Item 8, Subitems (a) to (e) of the Companies Act (“Reorganized Company”) to stock acquisition rights holders on the effective date of the Reorganization, in each case, based on the following conditions. However, this shall be limited to cases where it is stipulated in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type company split agreement, incorporation-type company split plan, share exchange agreement or share transfer plan that stock acquisition rights of the Reorganized Company shall be granted in accordance with the following conditions.

(1) Number of stock acquisition rights of the Reorganized Company to be granted:

The same number of stock acquisition rights as the number of stock acquisition rights held by a stock acquisition rights Holder shall be delivered respectively.

(2) Class of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights:

Common stock of the Reorganized Company.

(3) Number of shares of the Reorganized Company to be issued upon exercise of stock acquisition rights:

To be determined in accordance with 3. (1) above, taking into consideration the conditions of the Reorganization.

(4) Amount of assets to be contributed in exercising stock acquisition rights:

The value of assets to be contributed upon the exercise of each stock acquisition right to be granted shall be the amount obtained by multiplying the post-Reorganization Exercise Price after adjusting the Exercise Price determined in 3.(2) above upon considering the conditions of the Reorganization among others by the number of shares of the Reorganized Company to be issued upon exercise of such stock acquisition rights determined in accordance with (3) above.

(5) Period during which stock acquisition rights may be exercised:

From the later of the first day of the Exercise Period specified in 3. (3) above or the effective date of the Reorganization, to the last day of the Exercise Period specified in 3. (3) above.

(6) Matters concerning capital and capital reserve to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights: To be determined in accordance with 3. (4) above.

(7) Restriction on acquisition of stock acquisition rights by transfer:

Restrictions on acquisition by transfer shall require approval by a resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions for the exercise of stock acquisition rights:

To be determined in accordance with 3. (6) above.

(9) Reasons and conditions for the acquisition of stock acquisition rights:

To be determined in accordance with 5 above.

(10) Other conditions shall be determined in accordance with the conditions of the Reorganized Company.

7. Matters related to certificates for stock acquisition rights:
The Company shall not issue any certificates for the stock acquisition rights.

8. Date of payment of cash in exchange for stock acquisition rights:
July 10, 2025

9. Application due date:
July 9, 2025

10. Persons to whom stock acquisition rights are allotted, the number of stock acquisition rights:
Three Directors of the Company: 5,260
Two executive officers of the Company: 1,052

(Capital increase through the exercise of stock acquisition rights with an exercise price revision clause)

With regard to the 20th series of stock acquisition rights (with an exercise price revision clause) issued through a third-party allotment on March 6, 2025, all the issued stock acquisition rights were exercised as of July 11, 2025. The exercise status from July 1, 2025, to July 11, 2025, is as follows.

(1) Class and number of shares issued	Common shares	1,062,700	shares
(2) Number of stock acquisition rights exercised		10,627	rights
(3) Total exercise price		1,878,531	thousand yen
(4) Increase in capital		941,136	thousand yen
(5) Increase in legal capital surplus		941,136	thousand yen

As a result of the above, as of August 14, 2025, the total number of issued shares was 22,103,051, capital stock was 4,205,220 thousand yen, and capital surplus was 4,857,283 thousand yen.

(Acquisition of non-current assets)

At the Board of Directors meeting held on July 4, 2025, we resolved to enter into a purchase arrangement (the “Purchase Agreement”) with GIGA COMPUTING Co., Ltd. (Head Office: New Taipei City, Taiwan, CEO: Daniel Hou, “GIGA COMPUTING”), our strategic business partner, for the acquisition of 625 GPU servers equipped with 5,000 NVIDIA B200 unites to be installed in our planned AI data center in Osaka prefecture. We officially executed the Purchase Agreement as resolved.

1. Reason for the acquisition

The Group is currently advancing multiple projects aimed at establishing AI data centers across Asia and Europe, utilizing superclusters equipped with NVIDIA GPUs. In response to the global shortage of NVIDIA GPUs, we have secured a stable supply through strategic partnerships with server equipment suppliers in Taiwan. At the same time, we have been developing and building “TAIZA,”* a proprietary platform designed to enable efficient operation of AI data centers, which we successfully launched in March 2025.

In parallel with these initiatives, we are also working to strengthen our organizational foundation for the AI data center business. This includes expanding internal talent and deepening discussions and collaborations with existing and prospective partners in this field.

In response to a request from a potential client, one of the world’s largest cloud service providers, we have decided to acquire a total of 625 servers equipped with 5,000 NVIDIA B 200 GPUs from GIGA COMPUTING for installation in our planned AI data center in Japan.

*”TAIZA” is our proprietary optimization algorithm designed for large-scale GPU cluster operations tailored to AI workloads.

2. Details of the Acquired Assets

(1) Asset Name	A complete set of GPU servers
(2) Acquisition Cost	US$272 million (Note) (estimated)

(Note) The amount converted into yen at the closing price of 144.01 yen per U.S. dollar on the last day of June 2025 is 39,210 million yen.

3. Overview of the Counterparty

<table>
<tr><td colspan="2">(1) Name</td><td>GIGA COMPUTING CO., LTD.</td></tr>
<tr><td colspan="2">(2) Address</td><td>No.6, Baoqiang Rd., Xindian Dist., New Taipei City231, Taiwan</td></tr>
<tr><td colspan="2">(3) Title and Name of Representative</td><td>CEO, Daniel Hou</td></tr>
<tr><td colspan="2">(4) Business Description</td><td>Manufacturing and sales of servers and peripheral devices</td></tr>
<tr><td colspan="2">(5) Capital</td><td>834.6 million Taiwan dollars (Note)</td></tr>
<tr><td colspan="2">(6) Date of Incorporation</td><td>January 3, 2023</td></tr>
<tr><td colspan="2">(7) Net Assets</td><td>Not disclosed due to confidentiality obligations under the agreement with the company</td></tr>
<tr><td colspan="2">(8) Total Assets</td><td>Not disclosed due to confidentiality obligations under the agreement with the company</td></tr>
<tr><td colspan="2">(9) Major Shareholder</td><td>GIGA-BYTE TECHNOLOGY CO., LTD. 83.93％</td></tr>
<tr><td rowspan="4">(10) Relationship with the Listed Company</td><td>Capital Relationship</td><td>None</td></tr>
<tr><td>Personal Relationship</td><td>None</td></tr>
<tr><td>Business Relationship</td><td>A basic agreement on strategic collaboration has been executed between the Company and GIGA Computing,
including the subject transaction.</td></tr>
<tr><td>Related Party Status</td><td>Not applicable</td></tr>
</table>

(Note) The amount converted into yen at the closing price of 4.92 yen per Taiwan dollar on June 30, 2025, is 4,106 million yen.

4. Schedule
(1) Date of Board Resolution: July 4, 2025
(2) Date of Purchase Agreement Execution: July 4, 2025
(3) Delivery date: Around July 2025 to August 2025 (scheduled)

(Borrowing large amounts of money)

At the Board of Directors meeting held on August 4, 2025, we resolved to enter into a master revolving credit agreement (the “Facility Agreement”) with our largest shareholder, First Plus Financial Holdings Pte. Ltd., and to borrow funds under the terms of the said agreement. Based on the Facility Agreement, we borrowed funds on August 4, 2025, and August 8, 2025 (the "Borrowing").

1. Purpose of the Facility Agreement and the Borrowing

The purpose of entering into the Facility Agreement and executing the Borrowing is to allocate the funds raised to project-related or working capital needs for the AI data center business.

2. Overview of the Facility Agreement and the Borrowing

(1) Overview of the Facility Agreement

Lender	First Plus Financial Holdings Pte. Ltd.
Maximum facility amount	USD 35 million (Note 1)
Term of the agreement	August 4, 2025, to August 3, 2027
Interest rate	Fixed rate 4%
Use of funds	Project-related or working capital for the AI data center business
Collateral	Unsecured

(Note 1) The amount converted into yen at the closing price of 150.74 yen per U.S. dollar on the last day of July 2025 is 5,275 million yen.

(2) Overview of the Fund Borrowing

Borrowed amount	USD 5 million (Note 2)	200 million yen
Drawdown date	August 4, 2025	August 8, 2025
Repayment date	February 3, 2026	February 7, 2026

(Note 2) The amount converted into yen at the closing price of 150.74 yen per U.S. dollar on the last day of July 2025 is 753 million yen.

(3) Overview of Lenders

(i) Name		First Plus Financial Holdings Pte. Ltd.
(ii) Address		8 Marina View #36-02 Asia Square Tower 1 Singapore 018960
(iii) Title and name of representative		CEO, LI ZHIBO
(iv) Business		Investment business
(v) Capital		SDG 70 million
(vi) Date of Incorporation		July 11, 2019
(vii) Major Shareholder		LIVIA & HARRIET Pte.Ltd. (100%)
(viii) Relationship Between the listed company and the lender	Capital Relationship	The lender is the largest and major shareholder of the Company, holding 2,230,000 common shares (representing 10.13%of voting rights *Note) and 14,880 units of the 19th Series Stock Acquisition Rights (equivalent to 1,488,000 shares).
	Personal Relationship	The company has the right to nominate two directors to the Company. However, as of today, there are no directors currently serving who were nominated by the lender.
	Business Relationship	The Company has entered into the Facility Agreement with the lender, and the Borrowing has been executed under said agreement.
	Related Party Status	The lender qualifies as a related party of the Company, as it is a major shareholder.
(ix) Financial Position and Operating Results		Due to confidentiality obligations, this information will not be disclosed.

(Note) The percentage of voting rights is calculated by dividing the number of voting rights (220,011 units), derived by deducting 101,951 non-voting shares (as of March 31, 2025) from the total number of issued shares as of August 4, 2025 (22,103,051 shares), and truncating to the third decimal place.

(Shelf Registration for stock acquisition rights)

At a meeting of the Board of Directors held on August 12, 2025, the Company resolved to file a shelf registration for the issuance of stock acquisition rights (the "Shelf Registration").

I. Background to the Shelf Registration

Background to the Shelf Registration from an operational standpoint, we adopted and executed a strategy to secure NVIDIA GPUs, which are in tight supply worldwide, through business alliances with leading Taiwanese server equipment suppliers. In parallel, we advanced the development and construction of “TAIZA,”, our proprietary algorithm system designed to optimize the operation of large-scale GPU clusters, while deepening collaboration and discussions with our business partners and prospective partners. At the same time, we promoted sales activities leveraging our global network, resulting in the expansion of a substantial pipeline of prospective projects aimed at providing AI data center services in Japan, the broader Asia region, and Europe.

As disclosed in the “Notice Regarding Receipt of Large-Scale Order” dated July 10, 2025, the Company, through its strategic partner NowNaw Japan Co., Ltd. (Head Office: Chuo-ku, Tokyo; Representative: Reika Omi), indirectly entered into a large-scale service agreement with one of the world’s largest cloud service providers. The agreement relates to the AI data center to be established in Osaka as the Company’s first AI data center project (“First Project”). The contract term is three years, with an option to extend for an additional two years at the Company’s discretion and provides for annual contract value of USD 135,342 thousand (20,401 million yen), totaling USD 406,026 thousand (61,203 million yen) over three years and USD 676,710 thousand (102,005 million yen) over five years.* The First Project is now progressing in line with plan. In addition, as announced in the “Notice Regarding the Acquisition of Fixed Assets (GPU Servers Equipped with NVIDIA B200)” dated July 4, 2025 (the “Fixed Asset Acquisition Disclosure”), the Company entered into, on the same date, a sales and purchase agreement (the “Sales and Purchase Agreement”) with its strategic partner GIGA Computing Co., Ltd. (Head Office: New Taipei City, Taiwan; Representative: CEO, Daniel Hou) for the acquisition of a complete set of 625 GPU servers equipped with 5,000 NVIDIA B200 units. These GPU servers are to be deployed in the AI data center for the First Project.

The acquisition cost for the fixed assets under the Sales and Purchase Agreement amounts to USD 272 million (41,001 million yen*). However, in addition to these assets, the provision of AI data center services requires substantial additional funding for related equipment acquisitions, site usage for the data center, and other purposes. As disclosed in the “Notice Regarding Acquisition of Fixed Assets” and the “Notice Regarding Changes in Use of Proceeds from Third-Party Allotment of New Shares and the 19th and 20th Stock Acquisition Rights” dated July 16, 2025, the Company had planned to fund the future capital requirements for the fixed asset acquisition related to the First Project through a combination of advance payments from AI data center customers, borrowings, and proceeds from the issuance of the aforementioned new shares and the 19th and 20th series of stock acquisition rights. From the perspective of optimizing financing costs, proceeds from the stock acquisition rights under this shelf registration may also be allocated to these purposes, depending on the timing of fundraising and payments. In parallel with the progress of the First Project, the probability of securing multiple large-scale prospective projects, each requiring substantial capital, has been increasing. In view of these circumstances, the Company has determined that it is necessary to secure a significant amount of its own funds in a timely manner, in order to capture these business opportunities without delay while ensuring a certain level of project profitability and strengthening its financial base. Accordingly, the funds to be raised from the stock acquisition rights under this shelf registration are planned to be allocated to capital investment and working capital for the AI data center business, including projects other than the First Project.

Prior to the fundraising through the stock acquisition rights under this shelf registration, First Plus Financial Holdings Pte. Ltd. (“First Plus”), the Company’s largest and a major shareholder and the anticipated allottee, has indicated its intention to support the Company financially. Such support is expected to include the exercise of all or part of the Company’s 19th series of stock acquisition rights, the provision of additional loans to the Company, and the acquisition and exercise of the stock acquisition rights under this shelf registration. The Company has also been informed that First Plus may consider selling a portion of its shares in the Company to secure the funds necessary for such loans to the Company or for the acquisition or exercise of the stock acquisition rights under this shelf registration.

The specific timing, issuance terms, total issuance amount, and detailed use of proceeds for the stock acquisition rights under this shelf registration have not yet been determined. It should be noted that the issuance of the stock acquisition rights under this shelf registration is intended solely for fundraising purposes and is not aimed at granting management control to First Plus. Accordingly, the scheme will be structured so that First Plus’s voting rights ratio will not exceed a certain threshold.

*The yen amounts have been converted from U.S. dollars at the exchange rate of JPY 150.74 to USD 1.00, which was the closing rate as of the end of July 2025.

II. Shelf Registration for stock acquisition rights

The Company on August 12, 2025, submitted the Shelf Registration Statement to the Kanto Local Finance Bureau as follows:

1.	Type of securities to be offered:	stock acquisition right certificates
2.	Planned issuance period:	From the effective date of the shelf registration until the date one year thereafter (From August 20, 2025, to August 19, 2026)
3.	Offering method:	Third-party allotment All stock acquisition rights to be offered under this shelf registration are expected to be allotted to First Plus Financial Holdings Pte. Ltd. This will be subject to the approval of the Board of Directors and an extraordinary general meeting of shareholders to be held in or after August 2025.
4.	Planned issuance amount:	Up to 78,000 million yen (The total of the planned aggregate issue price of the stock acquisition rights certificates and the estimated total amount to be paid upon the exercise of such rights)
5.	Use of proceeds:	To be allocated to capital investment and working capital for the AI data center business, specific details are yet to be determined at this time.

III. Overview of the Planned Allottee (as of August 8, 2025)

1. Name		First Plus Financial Holdings Pte. Ltd.
2. Address		8 Marina View #36-02 Asia Square Tower 1 Singapore 018960
3. Title and name of representative		CEO, LI ZHIBO
4. Business		Investment business
5. Capital		SDG 70 million
6. Date of Incorporation		July 11, 2019
7. Major Shareholder		LIVIA & HARRIET Pte. Ltd. (100%)
8. Relationship between the listed company and the lender	Capital Relationship	The lender is the largest and major shareholder of the Company, holding 2,230,000 common shares (representing 10.13%of voting rights *Note) and 14,880 units of the 19th Series Stock Acquisition Rights (equivalent to 1,488,000 shares).
	Personal Relationship	The company has the right to nominate two directors to the Company. However, as of today, there are no directors currently serving who were nominated by the lender.
	Business Relationship	The Company has entered into a revolving credit facility agreement (credit limit: USD 35,000,000 *2) with the allottee and has borrowings outstanding under this agreement.
	Related Party Status	The lender qualifies as a related party of the Company, as it is a major shareholder.
9. Financial Position and Operating Results		Due to confidentiality obligations, this information will not be disclosed.

(Note 1) The voting rights ratio is calculated by dividing the number of voting rights held by the total number of voting rights as of today, which is derived by deducting the 101,951 shares without voting rights as of March 31, 2025, from the total number of issued shares as of today (22,103,051 shares), resulting in 220,011 voting rights. The figure is truncated to the third decimal place.

(Note 2) The amount converted into yen at the closing price of 150.74 yen per U.S. dollar on the last day of July 2025 is 5,275 million yen.

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

August 14, 2025

To: Datasection Inc. Board of Directors,

Amaterasu Limited Liability Audit Company
Shibuya-ku, Tokyo

Designated Limited Liability Partner	Certified Public Accountant	Yukinori Takayama
Designated Limited Liability Partner	Certified Public Accountant	Satoshi Fukudome

Auditors’ conclusion

We have conducted an interim review of the quarterly consolidated financial statements of Datasection Inc. for the first quarter of the consolidated fiscal year from April 1, 2025, to March 31, 2026, as presented in the “Attached materials” to the Quarterly Financial Results. These quarterly consolidated financial statements comprise thee consolidated balance sheet, the consolidated statement of income, the consolidated statement of comprehensive income,, and the notes thereto, for the first quarter consolidated accounting period (from April 1, 2025 to June 30, 2025) and the cumulative consolidated period of the first quarter (from April 1, 2025 to June 30, 2025). Based on the interim review we conducted, nothing has come to our attention that causes us to believe that the aforementioned quarterly consolidated financial statements do not conform, in all material respects, with Article 4, Paragraph 1 of the “Standards for Preparation of Quarterly Financial Statements, etc.” of the Tokyo Stock Exchange, Inc. and with accounting principles generally accepted in Japan for quarterly financial statements (provided, however, that the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied).

Basis for Auditors’ conclusion

We conducted our interim review in accordance with auditing standards for interim reviews generally accepted in Japan. Our responsibilities under those standards are described in the section “Auditor’s Responsibilities for the Interim Review of Quarterly Consolidated Financial Statements.” We are independent of the Company and its consolidated subsidiaries in accordance with the provision so professional ethics in Japan (including those applicable to audits of financial statements of entities with high social impact), and we have fulfilled out other ethical responsibilities as auditors. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management and the audit and supervisory committee for the quarterly consolidated financial statement

Management is responsible for the preparation of the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the “Standards for Preparation of Quarterly Financial Statements, etc.” of Tokyo Stock Exchange, Inc., and accounting standards generally accepted in Japan for quarterly financial statements (provided, however, that the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied). This responsibility includes the design and operation of such internal control as management determines necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the appropriateness of the use of the going concern basis of accounting, and for disclosing, as necessary, matters related to going concern in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc., and accounting standards generally accepted in Japan for quarterly financial statements (provided, however, that the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. have been applied).

The responsibility of the Audit and Supervisory Committee is to oversee the execution of duties by Directors with respect to the design and operation of the financial reporting process.

Auditors’ responsibilities for the interim review of quarterly consolidated financial statements

Our responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint, based on the interim review we have performed, and to issue our interim review report.

We conducted our interim review in accordance with standards for interim reviews generally accepted in Japan. In performing an interim review, we exercise professional judgment and maintain professional skepticism throughout the review, and we perform the following:

- We perform inquiries, primarily of persons responsible for financial and accounting matters, and apply analytical and other review procedures. The procedures performed in an interim review are substantially less in scope than those performed in an audit conducted in accordance with auditing standards generally accepted in Japan for annual financial statements.
- In the event that it is determined that there are material uncertainties regarding events or circumstances that may cast significant doubt on the Company's ability to continue as a going concern, the Auditor needs to conclude, based on evidence obtained, whether there are any matters that lead it to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting standards generally accepted in Japan for quarterly financial statements (provided, however, that the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. are applied.) 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 quarterly consolidated financial statements. If the notes to the quarterly 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 quarterly 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 evaluates whether there are any matters that lead it to believe that the presentation of quarterly consolidated financial statements and notes thereto are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of Tokyo Stock Exchange, Inc. and the accounting standards generally accepted in Japan for quarterly financial statements (provided, however, that the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. are applied.)
- The Auditor shall obtain evidence about the financial information of the Company and its consolidated subsidiaries that serves as the basis to express a conclusion on the quarterly consolidated financial statements. The Auditor is responsible for directing, supervising, and performing an interim quarterly consolidated financial statement review. The Auditor is solely responsible for the Auditor's conclusion.

The Auditor shall report to the audit and supervisory committee on the scope and timing of the planned interim review and significant findings in the interim review.

The Auditor shall report to the audit and supervisory committee 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

(Notes)

1. The original copy of the interim review report is separately retained by the Company (the entity disclosing the quarterly financial results).
2. The XBRL data and HTML data are not included within the scope of the interim review.