Summary of Consolidated Financial Results for the Six Months Ended September 30, 2025 (Japanese GAAP)

November 14, 2025

Company name	Datasection Inc.			Stock exchange listings: Tokyo Growth
Securities code	3905	URL https://www.datasection.co.jp		
Representative	(Title)	President & CEO, Representative Director	(Name)Norihiko Ishihara	
Inquiries	(Title)	General Manager, Legal Department	(Name)Yuichi Nozawa	Tel 050-3649-4858
Semi-annual statement filing date (as planned)		November 14, 2025	Dividend payable date (as planned)	-

Supplemental material of results : None

Convening briefing of results : Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Adjusted EBITDA		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	1,746	28.4	(1,370)	-	△784	-	(1,430)	-	(1,465)	-
September 30, 2024	1,359	38.9	(167)	-	△16	-	(225)	-	(246)	-

Note:1. Comprehensive income: For the six months ended September 30, 2025 (1,435)Millions of yen (-%) For the six months ended September 30, 2024 (178)Millions of yen (-%)

Note: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
Six months ended	Yen	Yen
September 30, 2025	(71.97)	-
September 30, 2024	(14.20)	-

Note: Although there are dilutive potential shares for six-month period ended March 31, 2024 and the six-month period ended September 30, 2024, diluted net income (loss) per share is not presented, as both periods resulted in a net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
September 30, 2025	13,802	5,859	39.5
March 31, 2025	4,593	2,400	50.4

Reference: Owner's equity: As of September 30, 2025 5,445 Millions of yen As of March 31, 2025 2,314 Millions of yen

2. Cash dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2026	-	0.00			

	Annual dividend				
	First quarter	Second quarter	Third quarter	Year end	Annual
Fiscal year ending March 31, 2026 (Forecast)			-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced：None

3. Consolidated financial forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Adjusted EBITDA		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2026	16,419	458.0	3,173	-	8,554	-	2,511	-	2,048	-	92.70

Note: Revisions to the earnings forecasts most recently announced：None

Notes:

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

Newly included: 1 company (Fupbimx, S.A.P.I. de C.V.)、Excluded: - companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements：None

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations ：None

(ii) Changes in accounting policies due to other reasons ：None

(iii) Changes in accounting estimates ：None

(iv) Restatement ：None

(4) Number of issued shares (common shares)

① Number of issued and outstanding shares at the period end (including treasury stock)	As of September 30, 2025	22,103,051shares	As of March 31, 2025	17,188,051shares
② Number of treasury stock at the period end	As of September 30, 2025	90,952shares	As of March 31, 2025	90,912shares
③ Average number of shares	Six months ended September 30, 2025	21,720,434shares	Six months ended September 30, 2024	17,393,186shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including the earnings forecasts presented in this document, are based on information currently available to the Company and on certain assumptions that the Company believes to be reasonable. Actual results may differ materially from these forecasts due to various factors. For the assumptions underlying the earnings forecasts and matters to be noted when using such forecasts, please refer to the attached document, p.5, “1. Qualitative Information on the Interim Financial Results (4) Explanation of Future Forecasts, Including Consolidated Earnings Forecasts.”

○Table of Contents of Attached Documents

1． Qualitative Information on the Interim Financial Results

（1） Explanation of Operating Results

The forward-looking statements contained in the following discussion are based on judgments made as of the end of the interim consolidated accounting period.

During the interim consolidated accounting period, the Japanese economy continued to recover moderately, supported by improvements in employment and income conditions. However, uncertainty regarding the outlook persisted due to various factors, including U.S. tariff policies, the prolonged situations in Ukraine and the Middle East, rising prices, and the continued high-interest rate environment in Western countries.

In the domestic AI business market, investment is expected to continue increasing in areas such as the enhancement of application functionality and the adoption of systems specialized for specific business operations. As applications and systems become more complex to meet user requirements, it is anticipated that companies will increasingly develop such systems in-house rather than outsourcing them, due to cost and development speed considerations. Consequently, demand for items related to in-house development—particularly middleware and server/storage/IaaS— is expected to grow significantly. According to Fuji Chimera Research Institute's *2022 AI Business Survey*, the market size is forecast to reach 1,978.7 billion yen in fiscal 2027, representing approximately 1.7 times the market scale of fiscal 2021.

In the global AI market, accelerated growth is also anticipated, driven by the expanding use cases of generative AI—a core strength of our Group—and the rapid progress of its social implementation. In the AI data center domain, which the Group intends to further develop, the market environment is characterized by a growing need for facilities capable of supporting the sharp increase in AI processing worldwide. In addition, given the current global economic and security environment, marked by geopolitical challenges and rising security risks, AI is becoming an increasingly indispensable element in addressing various societal issues. As a result, there is a strong demand for expanding AI data center capacity as well as enhancing cross-border collaboration.

Furthermore, according to the May 2024 report by EPOCH AI, *"Training Compute of Frontier AI Models Grows by 4–5x per Year,"* the computational power required to train AI models is doubling approximately every six months across the industry. In light of this trend, it is expected that the emergence of new and increasingly large-scale AI models will further amplify demand for AI data centers and AI cloud stacks.

The South American smart retail devices 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. The market in South America is segmented into Brazil, Argentina, and the rest of South America. The region includes several countries with complex macroeconomic and political environments, resulting in diverse growth scenarios. Developing countries such as Brazil, Argentina, Chile, and Peru are making significant investments in infrastructure and retail sector development.

In addition, many retailers in the region have begun digital transformation initiatives to enhance competitiveness and leverage the benefits of technological change. Colombia and Brazil are rapidly advancing in digital innovation, while Chile ranks as the most advanced country in the region in terms of digitalization and innovation, and is regarded as "outstanding." This digital transformation presents new opportunities for the smart retail devices market throughout the region. Furthermore, increasing urbanization has led to the growth of shopping complexes and recreational centers, which is expected to drive demand for smart retail devices in the region.

(*Business Market Insights, "South America Smart Retail Devices Market Research Report"*)

In the domestic retail tech market—covering payment terminals, self-service terminals, next-generation facilities, and next-generation operations—investment has expanded into non-contact and low-staff operations during the COVID-19 pandemic, including full self-checkout systems and remote customer-service solutions. As a result, demand has grown for solutions that visualize and utilize data on consumer attributes and in-store behavior, which had previously been difficult to capture. Going forward, next-generation solutions such as cashier-less payment systems and smart entrance systems are expected to expand, while items related to supply-chain optimization—such as RFID solutions and demand-forecasting systems—are also projected to grow. According to Fuji Keizai's report, *"2022 Next-Generation Store & Retail Tech Market: Current Status and Future Outlook,"* the market size is forecast to reach 555.3 billion yen in 2030, or approximately 2.2 times the fiscal 2021 level.

In the distribution and retail sectors undergoing digital transformation, full self-checkout systems are increasingly being introduced to compensate for labor shortages in physical stores and to enhance the shopping experience. In addition, supermarkets and general merchandise stores are advancing the adoption of shopping carts equipped with tablet devices, and the market outlook includes expected growth in unmanned-store solutions. To further enhance the shopping experience, retailers, system integrators, and advertising companies are expanding the use of AR/VR technologies. In digital operations, automated ordering systems are being adopted particularly by supermarkets and general merchandise stores, with further potential for deployment among wholesalers for SCM applications. Demand-forecasting systems are also increasingly adopted by major nationwide retailers due to the need to reduce food waste and address sustainability (SDGs) requirements. According to Fuji Chimera Research Institute's *"2023 Future Outlook of the Digital Transformation Market — Market Edition, Vendor Strategies Edition,"* the market size is projected to reach 185.2 billion yen in fiscal 2030, equivalent to 3.6 times the fiscal 2021 level.

During the previous fiscal year, the Group launched a new global AI data center business as a strategic core business, and in order to develop and expand this business, we renewed our management structure and advanced the recruitment of highly skilled talent. On the operational front, we adopted and executed a strategy to secure NVIDIA GPUs—whose global supply continues to be extremely tight—through business alliances with multiple Taiwanese server equipment suppliers. We also promoted the development and construction of *TAIZA*, our proprietary algorithmic system designed to optimize the operation of large-scale GPU clusters, while deepening collaboration and discussions with our business partners and prospective partners.

In parallel with these efforts, we also accelerated sales and business development activities leveraging our global network. As a result, we have expanded a significant pipeline of prospective large-scale AI data center service opportunities in Japan as well as across Asia–Oceania and Europe.

During the interim consolidated accounting period, the Company, as its first AI data center project (the "First Project"), entered—indirectly through NowNaw Japan Co., Ltd. (Headquarters: Chuo-ku, Tokyo; Representative: Reika Omi), a business alliance partner—into a large-scale service agreement for AI data center services with a customer that is one of the world's largest cloud service providers, effective July 10, 2025. This marked material progress in the First Project.

Prior to this, on July 4, 2025, the Company executed a purchase agreement with GIGA COMPUTING CO., LTD. (Headquarters: New Taipei City, Taiwan; Representative: CEO Daniel Hou), also a business alliance partner, for the acquisition of a full set of GPU servers (625 units) equipped with 5,000 NVIDIA B200 GPUs to be installed in the AI data center for the First Project. These GPU servers will be recorded as fixed assets.

In addition, in June 2025, the Company reached a basic agreement with Mr. Mathew Hawkins—CEO and lead shareholder of CUDO Ventures Ltd. (Headquarters: London, U.K.; Service brand: CUDO Compute; Representative: CEO Matt Hawkins; hereinafter "CUDO")—regarding the Company's acquisition of CUDO as a subsidiary through an equity partnership (the "Equity Partnership"). CUDO is an NVIDIA-certified AI partner (NVIDIA Cloud Partner, or "NCP") with a proven operational track record and technical capabilities in AI cloud stacks and data center infrastructure. The parties also agreed to establish a new subsidiary of the Company as a joint venture with CUDO.

This Equity Partnership is based on the premise that the NVIDIA GPUs secured by the Company through its Taiwanese server equipment supplier partners must be procured by CUDO for the provision of CUDO's services only if CUDO becomes a subsidiary of the Company. Moreover, the Company determined that the business foundations of both companies are in an optimally complementary relationship. Accordingly, this partnership aims to integrate the AI data center businesses of the two companies to maximize synergies through strengthened collaboration.

The operating results for the interim consolidated accounting period are as follows.

In addition, during this interim consolidated accounting period, Fupbimx, S.A.P.I. de C.V., a previously non-consolidated subsidiary in Mexico, has been included within the scope of consolidation due to its increased materiality.

(Revenue)

Revenue amounted to 1,746 million yen, an increase of 28.5% year on year. This was primarily attributable to steady performance in existing businesses, as well as the commencement of service provision for the AI data center business beginning in September 2025.

(Cost of Sales)

Cost of sales amounted to 1,276 million yen, an increase of 64.7% year on year. The major components of cost of sales were personnel expenses of 484 million yen, server usage fees of 338 million yen, subcontracting expenses of 219 million yen, and depreciation of 200 million yen.

(Selling, General and Administrative Expenses)

Selling, general and administrative expenses totaled 1,840 million yen, an increase of 144.8% year on year. The major components of selling, general and administrative expenses were personnel expenses of 437 million yen, commission fees of 388 million yen, subcontracting expenses of 338 million yen, share-based compensation expenses of 307 million yen, professional fees of 108 million yen, amortization of goodwill and customer-related assets of 60 million yen, travel and transportation expenses of 36 million yen, and rent expenses of 31 million yen.

(Non-Operating Income and Expenses)
The Company recorded foreign exchange losses of 52 million yen and interest expenses of 6 million yen.

(Extraordinary Income and Losses)
The Company recorded a loss on sale of investment securities of 2 million yen and a valuation loss on investment securities of 1 million yen.

(Total Income Taxes)
Income taxes—comprising corporate income tax, inhabitant tax, and enterprise tax—amounted to 34 million yen, and deferred income taxes resulted in a credit of 8 million yen. Accordingly, total income taxes amounted to 26 million yen.

Revenue amounted to 1,746 million yen, an increase of 28.5% year on year, primarily due to the commencement of service provision for the newly launched AI data center business in September 2025. Meanwhile, as a result of substantial upfront investment related to the AI data center business, operating loss totaled 1,370 million yen (compared with an operating loss of 167 million yen in the same period of the previous fiscal year), and adjusted EBITDA was negative 784 million yen (compared with negative 16 million yen in the same period of the previous fiscal year).
In addition, the Company recorded non-operating losses including foreign exchange losses of 52 million yen, resulting in an ordinary loss of 1,430 million yen (compared with an ordinary loss of 225 million yen in the same period of the previous fiscal year). After recording a loss on sale of investment securities of 2 million yen, a valuation loss on investment securities of 1 million yen, and total income taxes of 26 million yen, loss attributable to owners of parent amounted to 1,465 million yen (compared with a loss attributable to owners of parent of 246 million yen in the same period of the previous fiscal year).
Note: Adjusted EBITDA = Operating income + Depreciation + Amortization of intangible assets + Share-based compensation expenses + M&A-related expenses.

The operating results by segment for the interim consolidated accounting period are as follows.

(i) Domestic Business
The Domestic Business segment consists of the AI Data Center Business, the Data Science Business, the System Integration Business, and the Marketing Solutions Business.
In the newly launched AI Data Center Business, the Group provides the AI cloud stack “TAIZA,” offers AI data center platforms, operates AI data centers, engages in investment activities for AI data centers, and sells GPUs for AI-related applications.
In the Data Science Business, the Group leverages its strengths in data utilization and AI development to support data-driven management and digital transformation (DX) for major blue-chip companies. This is achieved through consulting services related to data utilization and various IT education and solution offerings.
In the System Integration Business, the Group develops customized solutions for clients using technological expertise and know-how cultivated through big data analytics, combined with AI technologies (text, image, and voice). In addition, the consolidated subsidiary DSS, Inc. (“DSS”) provides payment services (including the corporate prepaid card service “Biz Preca” (https://bizpreca.jp/)), SES services (for credit card companies, payment companies, securities firms, etc.), financial system development primarily for credit card companies, MSP services (cloud system construction, operation, and maintenance centered on AWS), and security services (including PCI DSS consulting and security assessment services).
In the Marketing Solutions Business, the Group provides “FollowUP,” a stock-type service that combines image and video data captured by AI cameras installed in retail stores with POS data to support store performance improvement in Japan. The Group also provides stock-type social media analysis tools such as “Insight Intelligence” and “Insight Intelligence Q.” Furthermore, the consolidated subsidiary Solid Intelligence, Inc. offers consulting services specializing in multilingual social media analysis for overseas markets, while the consolidated subsidiary MSS, Inc. (“MSS”) provides research consulting related to marketing research and supports sales promotion activities for clients in the food retail, manufacturing, and logistics sectors.
During the interim consolidated accounting period, revenue in both the Data Science Business and the System Integration Business remained steady, supported by strong orders received by the consolidated subsidiary DSS, Inc.
In the Marketing Solutions Business, revenue increased compared with the same period of the previous fiscal year due to the consolidation of MSS, Inc., which was acquired on July 1, 2024 and newly included within the scope of consolidation from the current interim consolidated accounting period.
In the AI Data Center Business, the Company began recording revenue from September 2025 following the commencement of service provision, while also conducting significant upfront investments aimed at building and expanding the business foundation.

As a result, revenue from external customers in the Domestic Business segment amounted to 1,198 million yen (an increase of 46.4% year on year), and segment loss totaled 164,790 million yen (compared with a segment loss of 47 million yen in the same period of the previous fiscal year).

(ii) Overseas Business

In the Overseas Business segment, the Group develops the overseas expansion of "FollowUP," a service within the Marketing Solutions Business.

During the interim consolidated accounting period, orders remained steady in major markets such as Chile and Colombia. As a result, revenue from external customers in the Overseas Business segment amounted to 547 million yen (an increase of 1.4% year on year), and segment profit totaled 90 million yen (an increase of 7.9% year on year).

(2) Explanation of Financial Position

(Assets)

Total assets as of the end of the interim consolidated accounting period amounted to 13,802 million yen, an increase of 9,208 million yen (up 200.4% from the end of the previous fiscal year).

This was mainly due to increases in prepaid expenses of 5,111 million yen, property, plant and equipment of 3,543 million yen, and intangible assets of 305 million yen.

(Liabilities)

Total liabilities as of the end of the interim consolidated accounting period amounted to 7,942 million yen, an increase of 5,749 million yen (up 262.1% from the end of the previous fiscal year).

This was primarily attributable to increases in advances received of 5,301 million yen and accounts payable of 137 million yen, partially offset by decreases in short-term borrowings of 467 million yen and long-term borrowings (including the current portion of long-term borrowings) of 81 million yen.

(Net Assets)

Net assets as of the end of the interim consolidated accounting period amounted to 5,859 million yen, an increase of 3,459 million yen (up 144.1% from the end of the previous fiscal year).

This increase was mainly due to rises in share capital and capital surplus of 2,293 million yen each, resulting from the exercise of the 20th series stock acquisition rights with an exercise price adjustment clause issued on March 6, 2025. In addition, 307 million yen of stock acquisition rights were recorded in relation to the 21st series stock acquisition rights (performance-linked stock options) issued on April 10, 2025 and the 22nd series stock acquisition rights (performance-linked stock options) issued on July 10, 2025. These factors were partially offset by a decrease of 1,479 million yen in retained earnings.

Furthermore, to secure funding for a large-scale project in the AI data center business, the Board of Directors resolved on September 10, 2025 to issue the 23rd series of stock acquisition rights by way of third-party allotment (number of shares to be issued upon exercise: 44,000,000 shares; exercise price: 1,250 yen; exercise period: one year).

(3) Explanation of Cash Flows

Cash and cash equivalents ("funds") as of the end of the interim consolidated accounting period decreased by 97 million yen from the end of the previous fiscal year, amounting to 407 million yen.

The cash flow movements during the interim consolidated accounting period and their primary factors are as follows.

(Cash Flows from Operating Activities)

Net cash used in operating activities amounted to 68 million yen (compared with 395 million yen used in the same period of the previous fiscal year).

This was mainly attributable to a loss before income taxes of 1,434 million yen, depreciation of 210 million yen, amortization of goodwill of 58 million yen, an increase/decrease in trade receivables of 101 million yen, an increase/decrease in accounts payable and accrued expenses of 137 million yen, and other factors totaling 789 million yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to 4,053 million yen (compared with 319 million yen used in the same period of the previous fiscal year).

This was primarily due to payments of 3,613 million yen for the acquisition of property, plant and equipment and 404 million yen for the acquisition of intangible assets.

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to 4,033 million yen (compared with 29 million yen provided in the same period of the previous fiscal year).

This was mainly due to proceeds of 4,586 million yen from the issuance of shares upon exercise of stock acquisition rights, a net decrease in short-term borrowings of 466 million yen, and repayments of long-term borrowings of 81 million yen.

(4) Explanation of Future Forecasts, Including Consolidated Earnings Forecasts

There are no changes to the consolidated earnings forecasts for the fiscal year ending March 31, 2026, as announced in the "Notice Regarding Disclosure of Earnings Forecasts" dated July 16, 2025.

(5) Significant Events and Conditions Regarding the Assumption of a Going Concern

During the previous fiscal year, while all existing businesses continued to perform steadily, the Group recorded substantial losses at each profit level excluding adjusted EBITDA due to significant upfront investments made for the newly launched AI data center business in order to achieve medium- to long-term high growth. Specifically, the Group recorded an operating loss of 496 million yen (compared with an operating loss of 216 million yen in the fiscal year before last), an ordinary loss of 613 million yen (compared with an ordinary loss of 235 million yen in the fiscal year before last), and a loss attributable to owners of parent of 654 million yen (compared with a loss attributable to owners of parent of 1,261 million yen in the fiscal year before last).

During the current interim consolidated accounting period as well, although all existing businesses continued to perform steadily, the Group incurred a substantial operating loss of 1,370 million yen (compared with an operating loss of 167 million yen in the same period of the previous fiscal year), an ordinary loss of 1,430 million yen (compared with an ordinary loss of 225 million yen in the same period of the previous fiscal year), and a loss attributable to owners of parent of 1,465 million yen (compared with a loss attributable to owners of parent of 246 million yen in the same period of the previous fiscal year), primarily due to significant upfront investments in the AI data center business aimed at achieving medium- to long-term high growth.

As a result of these circumstances, the Company recognizes that events and conditions exist as of the end of the interim consolidated accounting period that may give rise to significant doubt regarding the Group's ability to continue as a going concern.

In light of this situation, the Group has undertaken continuous efforts to improve its financial position. In addition, at the meetings of the Board of Directors held on January 26, 2024 and February 13, 2024, the Company resolved to issue new shares (the "Shares") and the 19th series of stock acquisition rights with a fixed exercise price (exercise price: 544 yen; potential shares: 1,488,000; exercise period: five years) through third-party allotments. As a result, the Company raised 688 million yen in February 2024, and upon full exercise of the 19th series stock acquisition rights in October 2025, raised an additional 809 million yen.

Furthermore, as an additional financing measure, at the Board of Directors meeting held on February 18, 2025, the Company resolved to issue the 20th series of stock acquisition rights with a variable exercise price (initial exercise price: 688 yen; potential shares: 4,400,000; exercise period: one year) through a third-party allotment. The issuance and full exercise of these rights from March to July 2025 resulted in proceeds of 4,673 million yen.

In addition, at the meetings of the Board of Directors held on September 10, 2025 and the Extraordinary General Meeting of Shareholders held on October 17, 2025, the Company resolved to issue the 23rd series of stock acquisition rights with a fixed exercise price through a third-party allotment (exercise price: 1,250 yen; potential shares: 44,000,000; exercise period: one year). As a result, the Company raised 809 million yen in October 2025 upon issuance of the rights, and subsequently raised an additional 3,850 million yen through partial exercise on November 6, 2025.

The Company has also maintained favorable relationships with its financial institutions, establishing a framework that enables ongoing discussions and responses as necessary, thereby ensuring the continuation of borrowing arrangements.

Based on the above circumstances, and after evaluating the Group's cash flow plan and the underlying business plan, the Company has determined that it will have sufficient liquidity through September 30, 2026, which is one year from the day after the interim balance sheet date. Accordingly, the Company has concluded that no material uncertainty exists regarding the assumption of a going concern.

２． Interim Consolidated Financial Statements and Major Notes

（１） Interim Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	526,039	428,750
Notes and accounts receivable - trade, and contract assets	651,195	579,306
Merchandise and finished goods	60,131	41,812
Work in process	2,912	20,429
Advance payments	2,117	5,113,737
Income taxes refund receivable	67,285	58,222
Other	83,002	482,766
Allowance for doubtful accounts	(880)	(880)
Total current assets	1,391,803	6,724,144
Non-current assets		
Property, plant and equipment	406,954	3,950,261
Intangible assets		
Goodwill	1,318,157	1,258,283
Software	1,290,739	1,658,357
Other	16,809	14,900
Total intangible assets	2,625,706	2,931,541
Investments and other assets	169,506	196,615
Total non-current assets	3,202,167	7,078,418
Total assets	4,593,971	13,802,562
Liabilities		
Current liabilities		
Short-term borrowings	950,832	483,756
Current portion of long-term borrowings	192,540	149,946
Advances received	3,613	5,305,486
Accounts payable - other	492,218	629,702
Accrued expenses	67,975	79,652
Income taxes payable	88,199	107,242
Accrued consumption taxes	38,767	24,129
Provision for bonuses	22,663	22,500
Other	20,632	855,024
Total current liabilities	1,877,443	7,657,440
Non-current liabilities		
Long-term borrowings	226,745	187,796
Retirement benefit liability	19,787	22,170
Asset retirement obligations	9,000	9,000
Deferred tax liabilities	1,698	967
Other	59,141	65,503
Total non-current liabilities	316,373	285,438
Total liabilities	2,193,817	7,942,878

(Thousands of yen)

	As of March 31, 2025	As of September 30, 2025
Net assets		
Shareholders' equity		
Share capital	1,912,113	4,205,220
Capital surplus	2,567,471	4,857,356
Retained earnings	(2,196,537)	(3,676,050)
Treasury shares	(50)	(187)
Total shareholders' equity	2,282,996	5,386,339

Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,690	3,596
Foreign currency translation adjustment	27,984	55,741
Total accumulated other comprehensive income	31,674	59,337
Share acquisition rights	69,556	382,154
Non-controlling interests	15,926	31,853
Total net assets	2,400,153	5,859,684
Total liabilities and net assets	4,593,971	13,802,562

（2） Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income

（Interim Consolidated Statement of Income）

(Thousands of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Net sales	1,359,041	1,746,258
Cost of sales	774,902	1,276,263
Gross profit	584,138	469,994
Selling, general and administrative expenses	751,859	1,840,643
Operating loss	(167,720)	(1,370,648)
Non-operating income		
Interest and dividend income	1,087	1,699
Subsidy income	-	1,000
Other	4,751	831
Total non-operating income	5,838	3,530
Non-operating expenses		
Interest expenses	17,124	6,876
Share of loss of entities accounted for using equity method	3,231	-
Foreign exchange losses	40,896	52,416
Loss on cancellation of insurance policies	-	2,251
Other	2,416	1,437
Total non-operating expenses	63,669	62,981
Ordinary loss	(225,551)	(1,430,099)
Extraordinary income		
Gain on sale of investment securities	5,658	-
Gain on adjustment of account payable	6,024	-
Total extraordinary income	11,682	-
Extraordinary losses		
Loss on retirement of non-current assets	4,654	-
Loss on sale of investment securities	-	2,152
Loss on valuation of investment securities	-	1,981
Total extraordinary losses	4,654	4,133
Loss before income taxes	(218,523)	(1,434,233)
Income taxes - current	21,523	34,604
Income taxes - deferred	5,795	(8,461)
Total income taxes	27,319	26,143
Loss	(245,843)	(1,460,376)
Profit attributable to non-controlling interests	1,055	5,116
Loss attributable to owners of parent	(246,898)	(1,465,492)

(Interim Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Loss	(245,843)	(1,460,376)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,113)	(93)
Foreign currency translation adjustment	70,924	24,839
Total other comprehensive income	67,811	24,746
Comprehensive income	(178,032)	(1,435,630)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(179,710)	(1,437,829)
Comprehensive income attributable to non-controlling interests	1,678	2,198

(３) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Loss before income taxes	(218,523)	(1,434,233)
Depreciation	87,154	210,692
Amortization of goodwill	38,014	58,614
Interest and dividend income	(1,087)	(1,699)
Interest expenses	17,124	6,876
Share of loss (profit) of entities accounted for using equity method	3,231	-
Foreign exchange losses (gains)	40,896	52,416
Loss on retirement of non-current assets	4,654	-
Loss (gain) on sale of investment securities	(5,658)	2,152
Loss (gain) on valuation of investment securities	-	1,981
Gain on adjustment of account payable	(6,024)	-
Decrease (increase) in trade receivables	41,543	101,184
Decrease (increase) in inventories	(22,127)	8,689
Increase (decrease) in accounts payable - other, and accrued expenses	11,256	137,388
Other, net	(341,142)	789,451
Subtotal	(350,687)	(66,485)
Interest and dividends received	1,087	1,699
Interest paid	(17,124)	(7,431)
Income taxes paid	(28,722)	3,513
Net cash provided by (used in) operating activities	(395,446)	(68,704)
Cash flows from investing activities		
Purchase of property, plant and equipment	(40,225)	(3,613,074)
Purchase of intangible assets	(49,567)	(404,427)
Proceeds from sale of investment securities	29,487	7
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(248,283)	-
Purchase of shares of subsidiaries and associates	-	(2,999)
Loan advances	-	(2,523)
Proceeds from cancellation of insurance funds	-	11,157
Purchase of insurance funds	(20,225)	(842)
Other, net	9,338	(40,330)
Net cash provided by (used in) investing activities	(319,476)	(4,053,033)
Cash flows from financing activities		
Repayments of long-term borrowings	(141,263)	(81,042)
Increase (decrease) in short-term borrowings	170,420	(466,607)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	-	4,586,215
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(4,973)
Purchase of treasury shares	-	(137)
Net cash provided by (used in) financing activities	29,157	4,033,454
Effect of exchange rate change on cash and cash equivalents	17,832	(36,393)
Net increase (decrease) in cash and cash equivalents	(667,934)	(124,676)
Cash and cash equivalents at beginning of period	1,659,429	505,038
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	27,383
Cash and cash equivalents at end of period	991,495	407,744

（4） Notes to the Interim Consolidated Financial Statements

(Notes Regarding the Assumption of a Going Concern)

There are no applicable matters.

(Notes in the Event of Significant Changes in Shareholders’ Equity)

During the interim consolidated accounting period, share capital and capital surplus each increased by 2,293,107 thousand yen as a result of the issuance of new shares upon exercise of the 20th series stock acquisition rights with an exercise price adjustment clause, which were issued through a third-party allotment on March 6, 2025.

As a result, as of the end of the interim consolidated accounting period, share capital amounted to 4,205,220 thousand yen and capital surplus amounted to 4,857,356 thousand yen.

(Notes on Segment Information, etc.)

[Segment Information]

I. Previous Interim Consolidated Accounting Period

(From April 1, 2024 to September 30, 2024)

1. Information on Net Sales and Profit or Loss by Reportable Segment, and Disaggregation of Revenue

(Thousands of yen)

	Reportable Segments			Adjustments (Note 1)	Amounts Recorded in Consolidated Financial Statements (Note 2)
	Domestic Business	Overseas Business	Total		
Net Sales					
Goods or services transferred at a point in time	477,933	24,753	502,687	—	502,687
Goods or services transferred over a period of time	340,770	515,583	856,354	—	856,354
Revenue arising from contracts with customers	818,704	540,337	1,359,041	—	1,359,041
Other revenue	—	—	—	—	—
Net sales to external customers	818,704	540,337	1,359,041	—	1,359,041
Intersegment sales or transfers	—	—	—	—	—
Total	818,704	540,337	1,359,041	—	1,359,041
Segment profit (loss) (△ indicates loss)	△47,153	83,699	36,545	△204,266	△167,720

(Notes)

1. The adjustment of **(204,266) thousand yen** to segment profit (loss) represents corporate expenses that are not allocated to any reportable segment.
2. Segment profit (loss) is reconciled with operating loss presented in the Interim Consolidated Statement of Income.

2. Information on Assets by Reportable Segment

The total amount of assets for the interim consolidated accounting period increased by 908,612 thousand yen compared with the end of the previous fiscal year. This was mainly due to the acquisition of shares of MSS, Inc. during the interim consolidated accounting period and its inclusion within the scope of consolidation. MSS, Inc. is classified under the Domestic Business segment.

3. Information on Impairment Losses of Fixed Assets, Goodwill, etc. by Reportable Segment

In the Domestic Business segment, goodwill was recognized as a result of MSS, Inc. being newly included within the scope of consolidation from the interim consolidated accounting period. The amount of goodwill recorded for this event during the interim consolidated accounting period was 1,221,471 thousand yen.

II. Current Interim Consolidated Accounting Period

(From April 1, 2025 to September 30, 2025)

1. Information on Net Sales and Profit or Loss by Reportable Segment, and Disaggregation of Revenue

(Thousands of yen)

	Reportable Segments			Adjustments (Note 1)	Amounts Recorded in Consolidated Financial Statements (Note 2)
	Domestic Business	Overseas Business	Total		
Net Sales					
Goods or services transferred at a point in time	381,396	12,189	393,585	—	393,585
Goods or services transferred over a period of time	816,867	535,804	1,352,672	—	1,352,672
Revenue arising from contracts with customers	1,198,264	547,994	1,746,258	—	1,746,258
Other revenue	—	—	—	—	—
Net sales to external customers	1,198,264	547,994	1,746,258	—	1,746,258
Intersegment sales or transfers	3,578	△42,048	△38,470	38,470	—
Total	1,201,842	505,945	1,707,788	38,470	1,746,258
Segment profit (loss) (△ indicates loss)	△164,790	90,342	△74,448	△1,296,200	△1,370,648

(Notes)

1. The adjustment of (1,296,200) thousand yen to segment profit (loss) represents corporate expenses that are not allocated to any reportable segment.
2. Segment profit (loss) is reconciled with operating loss presented in the Interim Consolidated Statement of Income.

2. Information on Assets by Reportable Segment

The total amount of assets for the interim consolidated accounting period increased by 9,208,591 thousand yen compared with the end of the previous fiscal year. This was mainly due to an increase of 5,111,619 thousand yen in prepaid expenses related to the AI data center business and an increase of 3,579,461 thousand yen in property, plant and equipment resulting from the purchase of GPU servers for the AI data center business within the Domestic Business segment.

3. Information on Impairment Losses of Fixed Assets, Goodwill, etc. by Reportable Segment

(Significant Changes in the Amount of Goodwill)

There are no applicable matters.