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Notice Regarding Revision to Earnings Forecast

Datasection Inc. (hereinafter, the “Company”) hereby announces that, at the meeting of the Board of Directors held today, we resolved to revise the consolidated earnings forecast for the fiscal year ending 31 March 2026 (from 1 April 2025 to 31 March 2026), which was previously announced on 16 July 2025, as set forth below.

1. Consolidated Earnings Forecast for the Fiscal Year Ending 31 March 2026 (From 1 April 2025 to 31 March 2026)

	Revenue	Operating Profit	Adjusted EBITDA	Ordinary Profit	Profit Attributable to Owners of Parent	Earnings per Shares
Previous Forecast (A)	Million yen 16,419	Million yen 3,173	Million yen 8,554	Million yen 2,511	Million yen 2,048	yen 92.70
Revised Forecast (B)	34,810	509	3,672	178	47	1.60
Change (B-A)	18,390	△2,663	△4,881	△2,333	△2,001	-
Percentage Change (%)	112.0	△83.9	△57.1	△92.9	△97.7	-
(Reference) Results for the Fiscal Year Ended March 31, 2025	2,942	△496	△169	△613	△654	△37.40

2. Reasons for the Revision

As announced in the release titled “Notice Regarding Receipt of Large-Scale Order” dated 10 July 2025, we have secured a project order in our AI data centre business. Accordingly, at the Board of Directors meeting held on 16 July 2025, the Company decided to disclose the consolidated earnings forecast for the current fiscal year reflecting the revenue attributable to this single project (hereinafter referred to as the “Project No.1”), and such forecast was published on the same day.

Subsequently, in the course of advancing the establishment of the AI data centre for Project No.1 (hereinafter referred to as the “Project No.1 Data Centre”), the major customer expected to utilise our AI GPU server services under Project No.1 (hereinafter referred to as the “Customer”) expressed a request to expand the available capacity for AI-dedicated GPU servers.

We have determined that accommodating this request would further enhance the value we provide to the Customer and contribute to strengthening our medium- to long-term collaborative relationship. Accordingly, we have decided to meet the Customer's request.

As a result of the subsequent review of the establishment plan for the Project No.1 Data Centre, the expected completion date has been revised from the initial target of September 2025 to December 2025. At the same time, the Customer has requested flexible arrangements regarding the service commencement timing as well as the earlier provision of additional GPU server capacity.

Building on this development, prior to the full-scale operation of the Project No.1 Data Centre, the Group has established a framework, through close partnerships with leading domestic and overseas AI infrastructure providers, to deliver diverse and flexible AI infrastructure to the Customer via "TAIZA"*. Under this framework, the provision of services commenced in September 2025.

Through these initiatives, we are continuously expanding the supply of AI-dedicated GPU server resources tailored to the Customer's needs, while enhancing and diversifying our future AI infrastructure supply capabilities. By providing AI computing resources to the Customer through "TAIZA" in collaboration with our partners, we expect to generate approximately JPY 4.0 billion in monthly revenue from October 2025 onward.

In this collaborative cloud computing resource model for "TAIZA", profit sharing with partners is required. As a result, the initial profit margin at the early stage of business launch will be lower compared with cases where we utilise our own infrastructure. However, we aim to improve profitability over time by continuously accumulating and developing demand for the "TAIZA" cloud services among our customers.

As a result, although the timing for recognising revenue from GPU server usage services under the Project No.1 Data Centre is now expected to commence in December 2025, the expansion of GPU server capacity and the early establishment of the service delivery framework have led to additional orders from the Customer. Accordingly, the revenue expected to be recognised from October 2025 onward is now anticipated to significantly exceed the initial plan.

On the other hand, due to the postponement of the commencement of operations at the Project No.1 Data Centre to December 2025 and the lower profit margin resulting from the collaborative business model, gross profit from the AI data centre business is expected to decrease by approximately JPY 1.6 billion from the previously announced earnings forecast. Furthermore, to support the expansion of subsequent projects and pipeline opportunities following Project No.1, we have made upfront investments, such as securing data centres both in Japan and overseas, strengthening our engineering workforce, and incurring professional fees including legal costs associated with project execution, which are expected to increase by approximately JPY 1.0 billion compared to the previous forecast. As a result, profit margins are now projected to fall below the initial expectations.

*Our proprietary algorithmic system that optimises the operation of large-scale GPU clusters.

Taking into account the above circumstances and the recent performance trends, we have revised the consolidated earnings forecast for the current fiscal year to reflect revenue of JPY 34,810

million, which represents an increase of JPY 18,390 million from the previously announced forecast (an increase of JPY 31,867 million year-on-year), operating profit of JPY 509 million, which represents a decrease of JPY 2,663 million from the previously announced forecast (compared with an operating loss of JPY 496 million in the previous fiscal year), adjusted EBITDA of JPY 3,672 million, which represents a decrease of JPY 4,881 million from the previously announced forecast (compared with JPY –169 million in the previous fiscal year), ordinary profit of JPY 178 million, which represents a decrease of JPY 2,333 million from the previously announced forecast (compared with an ordinary loss of JPY 613 million in the previous fiscal year), and profit attributable to owners of the parent of JPY 47 million, which represents a decrease of JPY 2,001 million from the previously announced forecast (compared with a loss of JPY 654 million in the previous fiscal year).

It should be noted that the direct profit and loss impact from Project No.2, which relates to the AI data centre planned to be established in Australia and was announced in the release titled “Notice Regarding Large-Scale Order” dated 3 October 2025, is not reflected in the consolidated earnings forecast for the current fiscal year. As Project No.2 is currently in the process of selecting the supplier for the GPU servers, which will have a significant impact on profit and loss, and the procurement amount has not yet been determined, we will revise the consolidated earnings forecast for the current fiscal year once these matters are finalised and the details have been thoroughly examined. Furthermore, we are in contractual discussions regarding additional large-scale prospective projects following Project No.1 and Project No.2, and should the order(s) be confirmed, we will promptly revise the consolidated earnings forecast for the current fiscal year as necessary.

In addition, the capital alliance (subsidiarisation) with CUDO Ltd. in the United Kingdom, which was announced in the release titled “Notice Regarding Basic Agreement on Capital Alliance (Subsidiary Acquisition) with UK-based CUDO and the Establishment of a Joint Venture (Subsidiary)” dated 2 June 2025, is not reflected in the consolidated earnings forecast for the current fiscal year. Once the final agreement concerning this matter is executed and it becomes possible to reasonably estimate the relevant figures, we will promptly revise the consolidated earnings forecast for the current fiscal year.