Consolidated Financial Results for the First Quarter of the Fiscal Year Ending 31 March 2027 [Japanese GAAP]

14 August 2026

Company name	Datasection Inc			Stock Exchange: Tokyo Stock Exchange, Growth Market
Securities code	3905	URL https://www.datasection.co.jp/en		
Representative	(Title)	President and Representative Director, Executive Officer and CEO	(Name) Norihiko Ishihara	
Inquiries	(Title)	Head of Legal Department	(Name) Yuichi Nozawa	Tel 050-3649-4858
			Scheduled date of commencement of dividend payments:	–

Supplementary materials for financial results: None
Financial Results Briefing : Yes

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

1. Consolidated Financial Results for the Three Months Ended 30 June 2026 (1 April 2026 to 30 June 2026)
(1) Consolidated Operating Results (Cumulative)
(Percentages indicate year-on-year changes.)

	Net sales JPY mn	YoY%	Operating profit JPY mn	YoY%	Adjusted EBITDA JPY mn	YoY%	Ordinary profit JPY mn	YoY%	Profit attributable to owners of parent JPY mn	YoY%
Three months ended 30 June 2026	6,327	847.1	4,843	-	5,029	-	5,011	-	3,913	-
Three months ended 30 June 2025	668	23.9	(342)	-	(195)	-	(317)	-	(333)	-

Notes: 1. Comprehensive income: Three months ended 30 June 2026: JPY 3,866 million (-%); Three months ended 30 June 2025: JPY (346) million (-%).
2. The Company discloses Adjusted EBITDA as an indicator of its cash flow generation capacity from business activities.
Adjusted EBITDA = Operating profit + Depreciation + Amortisation of intangible assets + Share-based payment expenses + M&A-related expenses

	Basic earnings per share JPY	Diluted earnings per share JPY
Three months ended 30 June 2026	124.72	72.88
Three months ended 30 June 2025	(17.77)	-

Note: Diluted earnings per share for the three months ended 30 June 2025 is not presented because the Company recorded a basic loss per share, although potential shares existed.

(2) Consolidated Financial Position

	Total assets JPY mn	Net assets JPY mn	Equity ratio %
As of 30 June 2026	32,994	26,015	76.2
As of 31 March 2026	28,577	19,403	64.8

Reference: Equity: As of 30 June 2026: JPY 25,156 million; As of 31 March 2026: JPY 18,531 million

2. Dividends

	Q1-end JPY	Q2-end JPY	Q3-end JPY	Year-end JPY	Total JPY
Fiscal year ended 31 March 2026	-	0.00	-	0.00	0.00
Fiscal year ending 31 March 2027	-				
Fiscal year ending 31 March 2027 (Forecast)		0.00	-	0.00	0.00

Note: Revision to the most recently announced dividend forecast: No

3. Consolidated Earnings Forecast for the Fiscal Year Ending 31 March 2027 (1 April 2026 to 31 March 2027)
(Percentages indicate year-on-year changes.)

	Net sales JPY mn	YoY %	Operating profit JPY mn	YoY %	Adjusted EBITDA JPY mn	YoY %	Ordinary profit JPY mn	YoY %	Profit attributable to owners of parent JPY mn	YoY %	Earnings per share JPY
Full year	162,193	382.6	24,815	600.1	58,191	-	12,542	245.8	8,704	210.7	179.31 - 231.45

Note: Revision to the most recently announced earnings forecast: No
Note: In light of the number of outstanding 23rd Series Stock Acquisition Rights, earnings per share is presented as a range, based on an assumed weighted-average number of shares outstanding ranging from 37,609,518 to 48,544,477 shares. The number of shares outstanding as of 30 June 2026 (excluding treasury shares) was 31,879,406 shares.

Notes
(1) Significant changes in the scope of consolidation during the period: None
(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: Yes
For details, please refer to page 9 of the attached materials, '2. Quarterly Consolidated Financial Statements and Main Notes, (3) Notes to Quarterly Consolidated Financial Statements (Application of Accounting Treatments Specific to the Preparation of Quarterly Consolidated Financial Statements)'.
(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement
1. Changes in accounting policies due to revisions to accounting standards and other regulations: None
2. Changes in accounting policies other than the above: Yes
3. Changes in accounting estimates: None
4. Retrospective restatement: None
For details, please refer to page 9 of the attached materials, '2. Quarterly Consolidated Financial Statements and Main Notes, (3) Notes to Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policies)'.
(4) Number of Shares Outstanding (Common Shares)

	Period	Shares	Period	Shares
1. Number of shares outstanding at period-end (including treasury shares)	Q1 FY2027	32,017,051	FY2026	29,769,051
2. Number of treasury shares at period-end	Q1 FY2027	137,645	FY2026	137,615
3. Average number of shares during the period (cumulative)	Q1 FY2027	31,375,646	Q1 FY2026	18,758,387

Review of the attached quarterly consolidated financial statements by a certified public accountant or audit firm: Yes (voluntary)
Explanation regarding appropriate use of earnings forecasts and other special notes
Forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ significantly due to various factors. For the assumptions underlying the earnings forecast and precautions regarding the use of the forecast, please refer to page 4 of the attached materials, '1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Forward-Looking Information, Including Consolidated Earnings Forecasts'.

Table of Contents of Attached Materials

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

The forward-looking statements contained herein are based on the Company’s judgements as of the end of the first-quarter consolidated accounting period.

During the first-quarter consolidated cumulative period, the Japanese economy remained on a moderate recovery trend amid improvements in employment and income conditions. However, uncertainty over the outlook continued due to factors including persistent geopolitical tensions, rising prices and the ongoing impact of high interest-rate levels in Europe and the United States.

The business environment surrounding the AI infrastructure business, which the Group positions as its strategic core business, continued to see expanding demand as the real-world implementation of generative AI gained momentum. Industry-wide computing capacity required for training AI models is increasing at a pace of four to five times per year (EPOCH AI, “Training Compute of Frontier AI Models Grows by 4-5x per Year”). In addition, growing inference demand accompanying the practical deployment of AI agents is further increasing demand for computing resources. Against this backdrop, global data-centre capital expenditure is expected to exceed USD 1 trillion in 2026 (Dell'Oro Group, “Data Center IT Capex Quarterly Report”, June 2026), and investment in AI infrastructure continues on an unprecedented scale.

On the supply side, constraints have not been resolved despite the growth in demand. Procurement competition for high-performance AI servers, including GPUs, continues amid concentrated global demand, and securing procurement capabilities through relationships with suppliers remains an important factor in advancing the business. Electricity, which is indispensable for data-centre locations, is also becoming increasingly constrained. Global data-centre electricity consumption is expected to almost double from 485 TWh in 2025 to 950 TWh in 2030, reaching approximately 3% of global electricity demand, while electricity consumption by AI data centres is projected to triple over the same period (International Energy Agency (IEA), “Key Questions on Energy and AI”). In Japan as well, consumption is expected to increase by approximately 15 TWh, or more than 80%, between 2024 and 2030 (IEA, “Energy and AI”), further increasing the scarcity of sites with secured power capacity.

Policy developments relating to AI technologies in various countries are also affecting the business environment. In the United States, the Bureau of Industry and Security (BIS) of the Department of Commerce revised its export licence review policy for advanced semiconductors destined for China and Macau in January 2026. In May 2026, it was also clarified that advanced-computing-related licence requirements apply, regardless of location, to entities that are headquartered in, or whose ultimate parent companies are located in, certain countries or regions, and the regulatory framework continues to be reviewed. In addition, the suspension of the rule extending restrictions to affiliates of listed entities (the “Affiliates Rule”) is scheduled to be lifted on 10 November 2026, after which the rule is expected to apply again. Accordingly, companies engaged in AI infrastructure-related businesses are operating in an environment that requires continuous review and response across all aspects of their operations, including suppliers, customers and capital structures. The Group will continue to monitor developments in relevant laws and regulations in each country and respond appropriately.

In the Group's other business areas, corporate investment in digital transformation continues across system integration, marketing and data science. In system integration, Japan's domestic IT services market is forecast to expand from JPY 7.0205 trillion in 2024 to JPY 9.6625 trillion in 2029, representing a compound annual growth rate (CAGR) of 6.6% from 2024 to 2029, with growing demand related to cloud migration and modernisation of existing systems and the construction of new systems (IDC Japan, “Japan IT Services Market Industry Forecast, 2025-2029”). In marketing, total advertising expenditure in Japan reached a record JPY 8.0623 trillion in 2025, up 5.1% year on year and marking a fourth consecutive record high. Internet advertising expenditure exceeded JPY 4 trillion for the first time at JPY 4.0459 trillion, up 10.8% year on year, accounting for 50.2% of total advertising expenditure and exceeding half for the first time. Promotional media advertising expenditure also increased for the third consecutive year to JPY 1.7184 trillion, up 2.0% year on year (Dentsu, “Advertising Expenditures in Japan, 2025”, March 2026). In particular, social advertising deployed on social media continued double-digit growth, increasing 18.7% year on year to JPY 1.3067 trillion (Dentsu et al., “Detailed Analysis of Internet Advertising Media Expenditures in Japan, 2025”), and demand for social media analysis and marketing research remained firm. In data science, the Group recognises that corporate use of AI is shifting from proof-of-concept testing to practical implementation and that consulting demand relating to data utilisation is expanding.

In 2024, the Group launched its global AI infrastructure business (renamed from the AI data centre business) as its strategic core business. To develop and expand this business, the Group restructured its management framework and promoted the recruitment of highly skilled personnel. From an operational perspective, the Group has pursued a strategy of procuring NVIDIA GPUs, for which global supply remains tight, through business alliances with Taiwanese server equipment suppliers and other partners, while securing NVIDIA GPU servers and sites for AI data centres. In addition, the Group has been developing and building “TAIZA”, which comprises a proprietary algorithm system that optimises the operation of large-scale GPU clusters, an enterprise platform that centrally manages the development, operation and governance of AI solutions, and workspace functionality enabling AI to perform actual business tasks. The Group has also strengthened collaboration with business partners in cooperation with its subsidiaries. In parallel with these initiatives, the Group has promoted sales activities leveraging its global network, resulting in an increase in the number of large prospective pipeline opportunities for the provision of GPUaaS and TOKENaaS.

During the previous consolidated fiscal year, for GPUaaS projects, the Company indirectly entered into two large-scale GPUaaS agreements with a customer that is one of the world's largest cloud service providers through its business alliance partner NowNow Japan Co., Ltd. (head office: Chuo-ku, Tokyo; representative: Yuki Azuma), in connection with AI data centres scheduled to be opened by the Group in Inzai City, Chiba Prefecture, and in Australia, and has been advancing the respective AI data-centre development projects. In Thailand, the Group is also proceeding with an AI data-centre development project for service provision to a prospective large-scale customer. In addition, the Company received an additional large-scale order using third-party GPU resources (the “Additional Order”) and commenced providing services in September 2025. However, as announced in the “Notice Regarding Progress of Previously Disclosed Matter: Large-Scale Order” dated today, in light of various circumstances, the contract relating to the Additional Order was terminated retroactively effective 1 April 2026, and the project structuring and referral fee income relating to this matter was recognised as revenue.

As described below in “2. Quarterly Consolidated Financial Statements and Main Notes, (3) Notes to Quarterly Consolidated

Financial Statements (Significant Subsequent Events)", at a meeting held on 29 June 2026, the Board of Directors resolved to transfer all shares held by the Company in its consolidated subsidiary Jach Technology SpA ("Jach") to an acquisition vehicle funded by officers and other persons of Jach, judging that the transfer would contribute both to the optimal allocation of the Group's management resources and to enhancement of Jach's corporate value. A share transfer agreement was executed on 3 July 2026. As a result of the share transfer, Jach and its six subsidiaries are expected to be excluded from the scope of consolidation from the beginning of the second-quarter consolidated accounting period.

The operating results for the first-quarter consolidated cumulative period were as follows.

Net Sales
Net sales for the first-quarter consolidated cumulative period were JPY 6,327 million, an increase of 847.1% year on year. This was mainly attributable to the recognition of JPY 5,578 million (USD 35 million converted at JPY 159.39 to USD 1) as project structuring and referral fee income relating to the Additional Order in the AI infrastructure business, together with generally solid performance in other businesses.

Cost of Sales
Cost of sales for the first-quarter consolidated cumulative period was JPY 575 million, an increase of 18.9% year on year. The main components were personnel expenses of JPY 243 million, outsourcing expenses of JPY 150 million and depreciation expenses of JPY 126 million.

Selling, General and Administrative Expenses
Selling, general and administrative expenses for the first-quarter consolidated cumulative period were JPY 909 million, an increase of 72.7% year on year. The main components were personnel expenses of JPY 272 million, outsourcing expenses of JPY 187 million and taxes and dues of JPY 118 million.

Non-operating Income and Expenses
The Company recorded foreign exchange gains of JPY 171 million, among other items.

Income Taxes
The Company recorded income taxes of JPY 1,093 million.

As a result, net sales for the first-quarter consolidated cumulative period were JPY 6,327 million, an increase of 847.1% year on year; operating profit was JPY 4,843 million (compared with an operating loss of JPY 342 million in the same period of the previous year); and Adjusted EBITDA was JPY 5,029 million (compared with negative Adjusted EBITDA of JPY 195 million in the same period of the previous year). In addition, after recording foreign exchange gains of JPY 171 million and other items in non-operating income and expenses, ordinary profit was JPY 5,011 million (compared with an ordinary loss of JPY 317 million in the same period of the previous year). As a result of recording income taxes of JPY 1,093 million, profit attributable to owners of parent was JPY 3,913 million (compared with a loss attributable to owners of parent of JPY 333 million in the same period of the previous year).
Adjusted EBITDA = Operating profit + Depreciation + Amortisation of intangible assets + Share-based payment expenses + M&A-related expenses

Operating results by segment were as follows.
a. Domestic Business
In the AI infrastructure business, the Group continued to make large-scale upfront investments to build the business foundation and expand operations. However, the recognition of project structuring and referral fee income relating to the Additional Order resulted in significant increases in both revenue and profit.
In the data science and system integration businesses, both revenue and profit performed strongly, driven by DSS Co., Ltd.
In the marketing solutions business, both revenue and profit were generally in line with the same period of the previous year.
As a result, net sales to external customers for the first-quarter consolidated cumulative period were JPY 5,990 million, an increase of JPY 5,550 million year on year, and segment profit was JPY 5,339 million (compared with a segment loss of JPY 81 million in the same period of the previous year).
b. Overseas Business
The overseas business primarily develops "FollowUP", part of the marketing solutions business, outside Japan.
The overseas business continued to perform steadily to strongly during the first-quarter consolidated cumulative period.
As a result, net sales to external customers for the first-quarter consolidated cumulative period were JPY 337 million, up 47.8% year on year, and segment profit was JPY 51 million, up 702.9% year on year.

(2) Explanation of Financial Position
Assets
Total assets at the end of the first-quarter consolidated accounting period increased by JPY 4,417 million, or 15.5%, from the end of the previous consolidated fiscal year to JPY 32,994 million. This was mainly attributable to increases of JPY 2,179 million in property, plant and equipment and JPY 2,082 million in investments and other assets.

Liabilities
Total liabilities at the end of the first-quarter consolidated accounting period decreased by JPY 2,194 million, or 23.9%, from the end of the previous consolidated fiscal year to JPY 6,978 million. This was mainly attributable to a decrease of JPY 3,040 million in deposits received.

Net Assets

Net assets at the end of the first-quarter consolidated accounting period increased by JPY 6,612 million, or 34.1%, from the end of the previous consolidated fiscal year to JPY 26,015 million. This was mainly attributable to increases of JPY 1,380 million each in share capital and capital surplus due to the partial exercise of the 23rd Series Stock Acquisition Rights (fixed exercise price) and the 15th Series Stock Acquisition Rights (paid stock options), as well as an increase of JPY 3,913 million in retained earnings due to the recognition of profit attributable to owners of parent.

(3) Explanation of Forward-Looking Information, Including Consolidated Earnings Forecasts

The Company had incorporated revenue of JPY 79,864 million relating to the Additional Order into its consolidated earnings forecast for the fiscal year ending 31 March 2027. Following the termination, however, revenue relating to the Additional Order for the first-quarter consolidated cumulative period consists solely of the project structuring and referral fee of JPY 5,578 million (USD 35 million converted at JPY 159.39 to USD 1). In addition, with respect to the three AI data-centre projects in Japan, Australia and Thailand, which had been expected to commence operations in stages from July 2026, the expected timing for the commencement of full-scale operations has been delayed. On the other hand, the Company is planning to secure multiple orders from other large-scale prospective projects in its pipeline and, at present, believes that these will be sufficient to offset the impact described above. Accordingly, there is no change to the consolidated earnings forecast for the fiscal year ending 31 March 2027 announced on 15 May 2026. Should it become necessary to revise the earnings forecast as a result of future progress in the above AI data-centre projects or other large-scale prospective projects in the pipeline, the Company will promptly disclose such revision.

2. Quarterly Consolidated Financial Statements and Main Notes
(1) Quarterly Consolidated Balance Sheet

(JPY thousand)

	Previous fiscal year 31 March 2026	Q1 consolidated period 30 June 2026
Assets		
Current assets		
Cash and deposits	417,807	762,746
Notes and accounts receivable - trade, and contract assets	11,183,453	8,789,643
Merchandise and finished goods	89,499	146,364
Work in process	2,779	4,222
Advance payments	381,428	380,474
Advances paid	2,378,710	4,240,210
Income taxes receivable	20,125	97,500
Other	770,745	1,055,423
Allowance for doubtful accounts	(880)	(880)
Total current assets	15,243,671	15,475,705
Non-current assets		
Property, plant and equipment		
Construction in progress	4,497,482	6,710,330
Other	513,264	480,054
Total property, plant and equipment	5,010,746	7,190,385
Intangible assets		
Goodwill	1,207,489	1,176,850
Software	1,640,263	1,595,095
Other	14,905	13,788
Total intangible assets	2,862,657	2,785,734
Investments and other assets		
Guarantee deposits	3,212,069	3,875,101
Long-term prepaid expenses	1,974,143	2,925,053
Other	274,291	742,835
Total investments and other assets	5,460,504	7,542,990
Total non-current assets	13,333,909	17,519,109
Total assets	28,577,580	32,994,815
Liabilities		
Current liabilities		
Short-term borrowings	284,969	252,927
Current portion of long-term borrowings	98,412	88,332
Accounts payable - other	2,070,634	2,377,567
Accrued expenses	77,038	84,328
Income taxes payable	1,076,968	1,703,639
Consumption taxes payable	45,230	15,880
Provision for bonuses	46,881	10,620
Deposits received	5,229,196	2,189,166

Other	5,230	22,676
Total current liabilities	8,934,561	6,745,139
Non-current liabilities		
Long-term borrowings	162,000	164,483
Asset retirement obligations	9,000	9,000
Retirement benefit liability	23,100	24,884
Deferred tax liabilities	1,547	1,610
Other	43,390	33,713
Total non-current liabilities	239,038	233,692
Total liabilities	9,173,600	6,978,831
Net assets		
Shareholders' equity		
Share capital	8,486,036	9,866,585
Capital surplus	9,138,583	10,519,132
Retained earnings	591,117	4,504,237
Treasury shares	(187)	(339)
Total shareholders' equity	18,215,550	24,889,616
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,203	5,669
Foreign currency translation adjustment	310,698	261,502
Total accumulated other comprehensive income	315,901	267,171
Stock acquisition rights	836,243	818,676
Non-controlling interests	36,284	40,519
Total net assets	19,403,979	26,015,983
Total liabilities and net assets	28,577,580	32,994,815

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

(JPY thousand)

	Three months ended 30 June 2025	Three months ended 30 June 2026
Net sales	668,083	6,327,633
Cost of sales	483,830	575,250
Gross profit	184,252	5,752,383
Selling, general and administrative expenses	526,494	909,000
Operating profit (loss)	(342,241)	4,843,382
Non-operating income		
Interest income	415	-
Foreign exchange gains	34,531	171,008
Other	1,142	441
Total non-operating income	36,090	171,449
Non-operating expenses		
Interest expenses	11,047	3,373
Other	536	373
Total non-operating expenses	11,584	3,747
Ordinary profit (loss)	(317,736)	5,011,084
Extraordinary income		
Gain on sale of non-current assets	-	46
Total extraordinary income	-	46
Extraordinary losses		
Loss on sale of investment securities	2,152	-
Total extraordinary losses	2,152	-
Profit (loss) before income taxes	(319,888)	5,011,131
Income taxes	11,130	1,093,517
Profit (loss)	(331,018)	3,917,614
Profit attributable to non-controlling interests	2,379	4,494
Profit (loss) attributable to owners of parent	(333,397)	3,913,119

Quarterly Consolidated Statement of Comprehensive Income

(JPY thousand)

	Three months ended 30 June 2025	Three months ended 30 June 2026
Profit (loss)	(331,018)	3,917,614
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,004)	465
Foreign currency translation adjustment	(14,406)	(51,630)
Total other comprehensive income	(15,411)	(51,164)
Comprehensive income	(346,429)	3,866,449
Breakdown		
Comprehensive income attributable to owners of parent	(345,925)	3,864,389
Comprehensive income attributable to non-controlling interests	(504)	2,060

(3) Notes to Quarterly Consolidated Financial Statements

Notes on Going Concern Assumption

Not applicable.

Notes on Changes in Accounting Policies

(Change in the method of calculating tax expenses)

Previously, the Company and certain consolidated subsidiaries calculated tax expenses using the same method as for the annual financial statements. To further improve the efficiency of the quarterly closing process, the Company changed, beginning with the first-quarter consolidated accounting period, to the method described under “Application of Accounting Treatments Specific to the Preparation of Quarterly Consolidated Financial Statements”.

As the impact of this change on the quarterly consolidated financial statements is immaterial, the change has not been applied retrospectively.

Application of Accounting Treatments Specific to the Preparation of Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

For the Company and certain consolidated subsidiaries, tax expenses are calculated by reasonably estimating the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year including the first-quarter consolidated accounting period, and multiplying profit before income taxes for the quarter by the estimated effective tax rate.

Current income taxes and deferred income taxes are presented on an aggregate basis under “Income taxes”.

Notes on Significant Changes in the Amount of Shareholders' Equity

As a result of the issuance of new shares upon exercise of the 23rd Series Stock Acquisition Rights (fixed exercise price) and the 15th Series Stock Acquisition Rights (paid stock options), share capital and capital surplus each increased by JPY 1,380,548 thousand during the first-quarter consolidated cumulative period.

As a result, at the end of the first-quarter consolidated accounting period, share capital was JPY 9,866,585 thousand and capital surplus was JPY 10,519,132 thousand.

Notes to Quarterly Consolidated Statement of Cash Flows

The Company did not prepare a quarterly consolidated statement of cash flows for the first-quarter consolidated cumulative period. Depreciation (including amortisation of intangible assets) and amortisation of goodwill for the first-quarter consolidated cumulative period were as follows.

	Three months ended 30 June 2025 JPY thousand	Three months ended 30 June 2026 JPY thousand
Depreciation	94,645	134,426
Amortisation of goodwill	29,329	29,662

Notes on Segment Information, etc.
[Segment Information]
I. Previous first-quarter consolidated cumulative period (1 April 2025 to 30 June 2025)
1. Information on net sales and profit or loss by reportable segment, and disaggregated revenue information

(JPY thousand)

	Domestic Business	Overseas Business	Total	Adjustments (Note 1)	Amount reported in consolidated financial statements (Note 2)
Net sales					
Goods transferred at a 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	-	-	-	-	-
Net sales to external customers	439,947	228,135	668,083	-	668,083
Intersegment 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. The adjustment of JPY (267,019) thousand to segment profit (loss) represents corporate expenses not allocated to the reportable segments.
2. Segment profit (loss) is reconciled to operating loss in the quarterly consolidated statement of income.

2. Information on assets by reportable segment
Assets at the end of the first-quarter consolidated accounting period increased by JPY 1,822,609 thousand from the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY 1,471,137 thousand in ordinary deposits as a result of the exercise of the 20th Series Stock Acquisition Rights and an increase of JPY 412,757 thousand in software due to additional development of TAIZA software. Ordinary deposits are classified as corporate assets, while software is classified within the Domestic Business segment.

3. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment
Not applicable.

II. Current first-quarter consolidated cumulative period (1 April 2026 to 30 June 2026)

1. Information on net sales and profit or loss by reportable segment, and disaggregated revenue information

(JPY thousand)

	Domestic Business	Overseas Business	Total	Adjustments (Note 1)	Amount reported in consolidated financial statements (Note 2)
Net sales					
Goods transferred at a point in time	235,508	6,051	241,560	-	241,560
Goods transferred over time	5,754,907	331,166	6,086,073	-	6,086,073
Revenue from contracts with customers	5,990,415	337,218	6,327,633	-	6,327,633
Other revenue	-	-	-	-	-
Net sales to external customers	5,990,415	337,218	6,327,633	-	6,327,633
Intersegment sales or transfers	-	-	-	-	-
Total	5,990,415	337,218	6,327,633	-	6,327,633
Segment profit	5,339,011	51,648	5,390,659	(547,277)	4,843,382

Notes:
1. The adjustment of JPY (547,277) thousand to segment profit represents corporate expenses not allocated to the reportable segments.
2. Segment profit is reconciled to operating profit in the quarterly consolidated statement of income.

2. Information on assets by reportable segment

Assets at the end of the first-quarter consolidated accounting period increased by JPY 4,417,234 thousand from the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY 2,393,810 thousand in accounts receivable - trade, an increase of JPY 2,212,848 thousand in construction in progress, and an increase of JPY 1,861,499 thousand in advances paid. Accounts receivable - trade and construction in progress are classified within the Domestic Business segment, while advances paid are classified as corporate assets.

3. Information on impairment losses on non-current assets and goodwill, etc. by reportable segment

Not applicable.

Significant Subsequent Events

Transfer of Shares in Subsidiaries

At a meeting held on 29 June 2026, the Board of Directors resolved to transfer all shares held by the Company in its consolidated subsidiary Jach Technology SpA (“Jach”) to an acquisition-purpose company funded by officers and other persons of Jach, and the Company entered into a share transfer agreement dated 3 July 2026. As a result of the share transfer, Jach and its six subsidiaries (collectively, the “Target Companies”) are expected to be excluded from the Company's consolidated subsidiaries.

1. Reasons for the share transfer

The Group positions the AI infrastructure business as its strategic core business and is prioritising the allocation of management resources to this business and to businesses expected to generate strong synergies with it, while promoting optimisation of its business portfolio.

Jach develops the retail support tool “FollowUP”, which uses in-store camera devices, and provides the FollowUP solution mainly in South America. Christian Pablo Cafatti Cuevas (“Mr Cafatti Cuevas”), CEO of Jach and concurrently an Executive Officer of the Company, proposed that, in order for Jach to achieve further business growth, rapid management decision-making and agile business operations would be important and that the optimal structure would be one in which Jach's management team takes the lead in managing the company.

After careful consideration of this proposal, the Company concluded that the share transfer would contribute both to enhancement of Jach's corporate value and to optimal allocation of the Group's management resources. Accordingly, the Company decided to transfer the shares to an acquisition-purpose company funded by Jach officers and other persons led by Mr Cafatti Cuevas. Mr Cafatti Cuevas resigned as an Executive Officer of the Company in July 2026 in connection with the share transfer.

2. Overview of subsidiaries to be transferred

No.	Name	Business activities
(1)	Jach Technology SpA	Development and sale of FollowUP
(2)	Alianza FollowUP S.A.S.	Sale of FollowUP
(3)	Inteligenxia S.A.	Sale of FollowUP
(4)	FollowUP Peru S.A.C.	Sale of FollowUP
(5)	Alianza FollowUP Panamá S.A.	Sale of FollowUP
(6)	FollowUP Customer Experience S.L.	Sale of FollowUP
(7)	Fupbimx, S.A.P.I. de C.V.	Sale of FollowUP

3. Overview of the transferee

Name	Business activities
Practicando SpA	Special-purpose company established for the MBO

4. Number of shares transferred, transfer price and ownership before and after the transfer

No.	Item	Details
(1)	Shares held before the transfer	8,914,106,430 shares (voting rights ownership ratio: 100%)
(2)	Number of shares transferred	8,914,106,430 shares
(3)	Transfer price	USD 6,737,111 (Note)
(4)	Shares held after the transfer	0 shares (voting rights ownership ratio: 0%)

Note: Converted at the TTM rate of JPY 160.72 to USD 1 as of the end of July 2026, the amount is JPY 1,082 million.

5. Schedule

No.	Item	Date
(1)	Date of Board of Directors resolution	29 June 2026
(2)	Date of execution of share transfer agreement	3 July 2026
(3)	Date of share transfer (scheduled)	During August 2026

6. Outlook

As a result of the share transfer, the Target Companies will be excluded from the Company's consolidated subsidiaries from the second-quarter consolidated accounting period of the fiscal year ending 31 March 2027. The impact of the share transfer on the Company's financial results is currently under examination. The Company currently expects to record a gain on sale of shares of subsidiaries and associates (extraordinary income) of JPY 100 million to JPY 300 million in the consolidated financial statements and approximately JPY 1.0 billion in the non-consolidated financial statements.

Exercise of the 23rd Series Stock Acquisition Rights

The 23rd Series Stock Acquisition Rights were exercised during the period from 23 July 2026 to 12 August 2026. Details of the shares issued upon exercise of these stock acquisition rights are as follows.

No.	Item	Details
1.	Number of stock acquisition rights exercised	55,829
2.	Class and number of shares issued	Common shares: 5,582,900 shares
3.	Increase in share capital	JPY 3,540,675 thousand
4.	Increase in capital surplus	JPY 3,540,675 thousand

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

14 August 2026

To the Board of Directors of Datasection Inc.

Amaterasu (Limited Liability Audit Corporation)
Shinjuku-ku, Tokyo
Designated Limited Liability Partner / Engagement Partner
Certified Public Accountant: Yukinori Takayama
Designated Limited Liability Partner / Engagement Partner
Certified Public Accountant: Satoshi Fukudome

Conclusion

We have conducted an interim review of the quarterly consolidated financial statements of Datasection Inc. included in the “Attached Materials” to the quarterly financial results, comprising the quarterly consolidated balance sheet, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income and notes for the first-quarter consolidated accounting period (1 April 2026 to 30 June 2026) and the first-quarter consolidated cumulative period (1 April 2026 to 30 June 2026) of the consolidated fiscal year from 1 April 2026 to 31 March 2027.

Based on our interim review, nothing has come to our attention that causes us to believe that the above quarterly consolidated financial statements have not been prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements, etc. and accounting principles generally accepted in Japan applicable to interim consolidated financial statements (with the omission of disclosures permitted under Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc.).

Basis for Conclusion

We conducted our interim review in accordance with interim review standards generally accepted in Japan. Our responsibilities under those standards are described in the section “Auditor's Responsibilities for the Interim Review of the Quarterly Consolidated Financial Statements”. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements in Japan, including those applicable to audits of financial statements of public-interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate evidence to provide a basis for our conclusion.

Responsibilities of Management and the Audit and Supervisory Committee for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation of the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange's Standards for Preparation of Quarterly Financial Statements, etc. and accounting principles generally accepted in Japan applicable to interim consolidated financial statements (with the omission of disclosures permitted under Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc.). This includes designing and operating such internal control as management determines is 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 whether it is appropriate to prepare the quarterly consolidated financial statements on a going-concern basis and, where required, for disclosing matters relating to going concern in accordance with the applicable preparation standards and accounting principles described above.

The Audit and Supervisory Committee is responsible for overseeing the directors' performance of duties in the development and operation of the financial reporting process.

Auditor's Responsibilities for the Interim Review of the Quarterly Consolidated Financial Statements

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

In conducting the interim review in accordance with interim review standards generally accepted in Japan, we exercise professional judgement and maintain professional scepticism throughout the review and perform the following procedures:

Primarily make inquiries of management and persons responsible for financial and accounting matters, and perform analytical procedures and other interim review procedures. Interim review procedures are substantially less in scope than an audit of annual financial statements conducted in accordance with auditing standards generally accepted in Japan.

When we determine that a material uncertainty exists relating to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, conclude, based on the evidence obtained, whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements have not been prepared in accordance with the applicable preparation standards and accounting principles described above. If a material uncertainty related to going concern exists, we are required to draw attention in our interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to express a qualified or adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our interim review report; however, future events or conditions may cause the entity to cease to continue as a going concern.

Evaluate whether anything has come to our attention that causes us to believe that the presentation and disclosures in the quarterly consolidated financial statements have not been prepared in accordance with the applicable preparation standards and accounting principles described above.

Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the interim review of the quarterly consolidated financial statements and remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the interim review and significant findings identified during the interim review.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements in

Japan regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interests

There are no interests between the Company and its consolidated subsidiaries and our audit corporation or engagement partners that are required to be disclosed under the Certified Public Accountants Act.

End

Notes:

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