



Financial Results Presentation - Q2 of the Fiscal Year Ended 31 March, 2025 (FY03/25) -

Datasection Inc.

28 November 2024

Stock Code: 3905



- 1 . FY03/25 Q2 Results
- 2 . FY03/25 Forecast
- 3 . New Strategy (AI-Related New Business)
- 4 . Appendix
- 5 . Reference (Company Overview)

1 . FY03/25 Q2 Performance Results

- In addition to contributions across all domestic business segments, the inclusion of MSS Inc., which became a wholly owned subsidiary as of 1 July, and robust order performance at main overseas subsidiaries resulted in increased revenue (up 38.9% year-on-year for the same quarter).

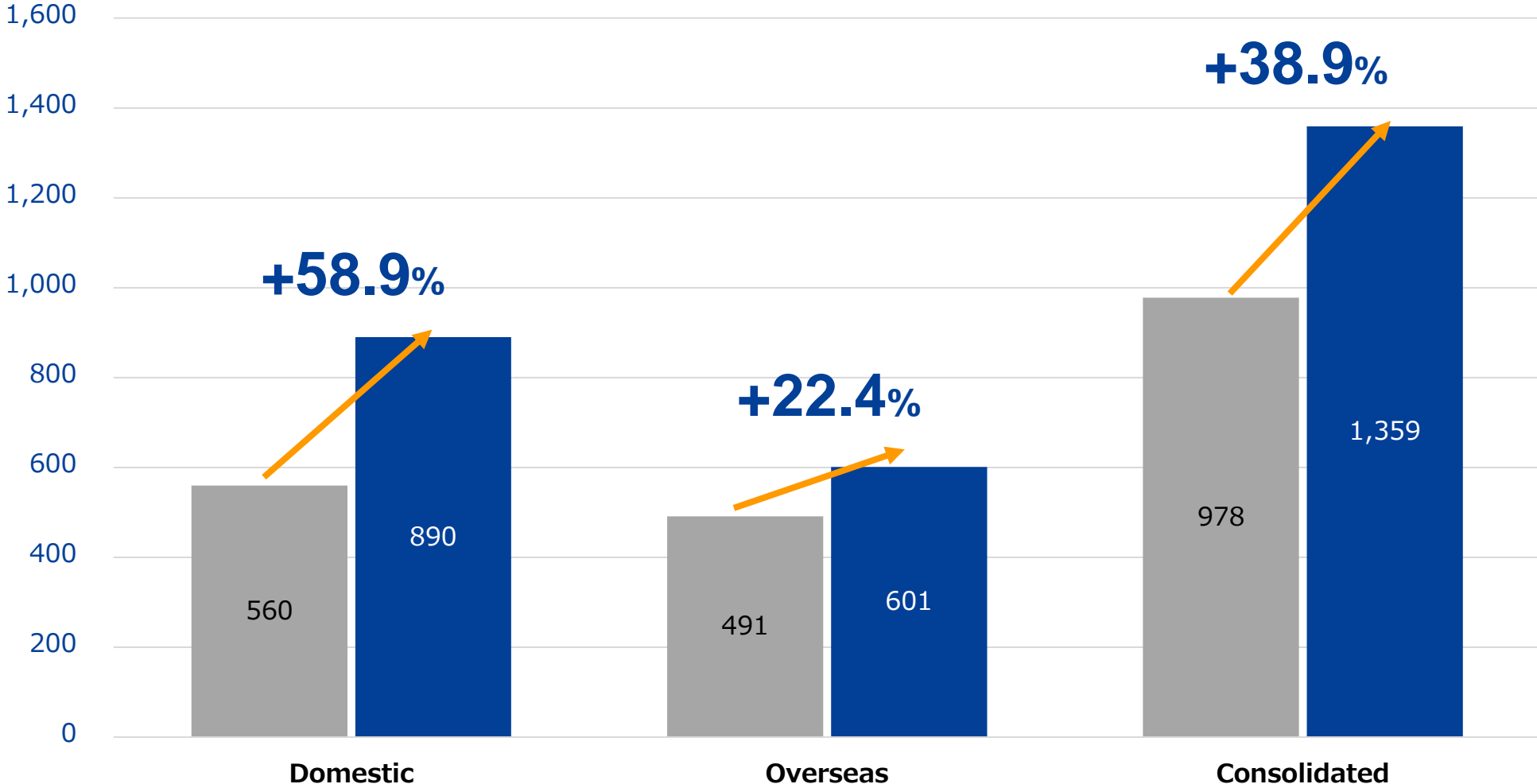
(In Millions JPY)	FY03/25 Q2 Results	YoY Comparison	
		Actual	Difference
Revenues	1,359	978	+ 380
Operating Profit	▲ 167	▲ 162	▲ 5
Adjusted EBITDA	▲ 16	▲ 53	+37
Ordinary Profit	▲ 225	▲ 123	▲ 102
Parent Company Net Profit	▲ 246	▲ 99	▲ 147

YoY Revenues Comparison (Simple Aggregate Basis for All Companies) ^{1. FY03/25 Q2 Results}

- Growth continues both domestically and internationally.
- Domestic business drives growth as planned through the portfolio transformation of existing businesses.

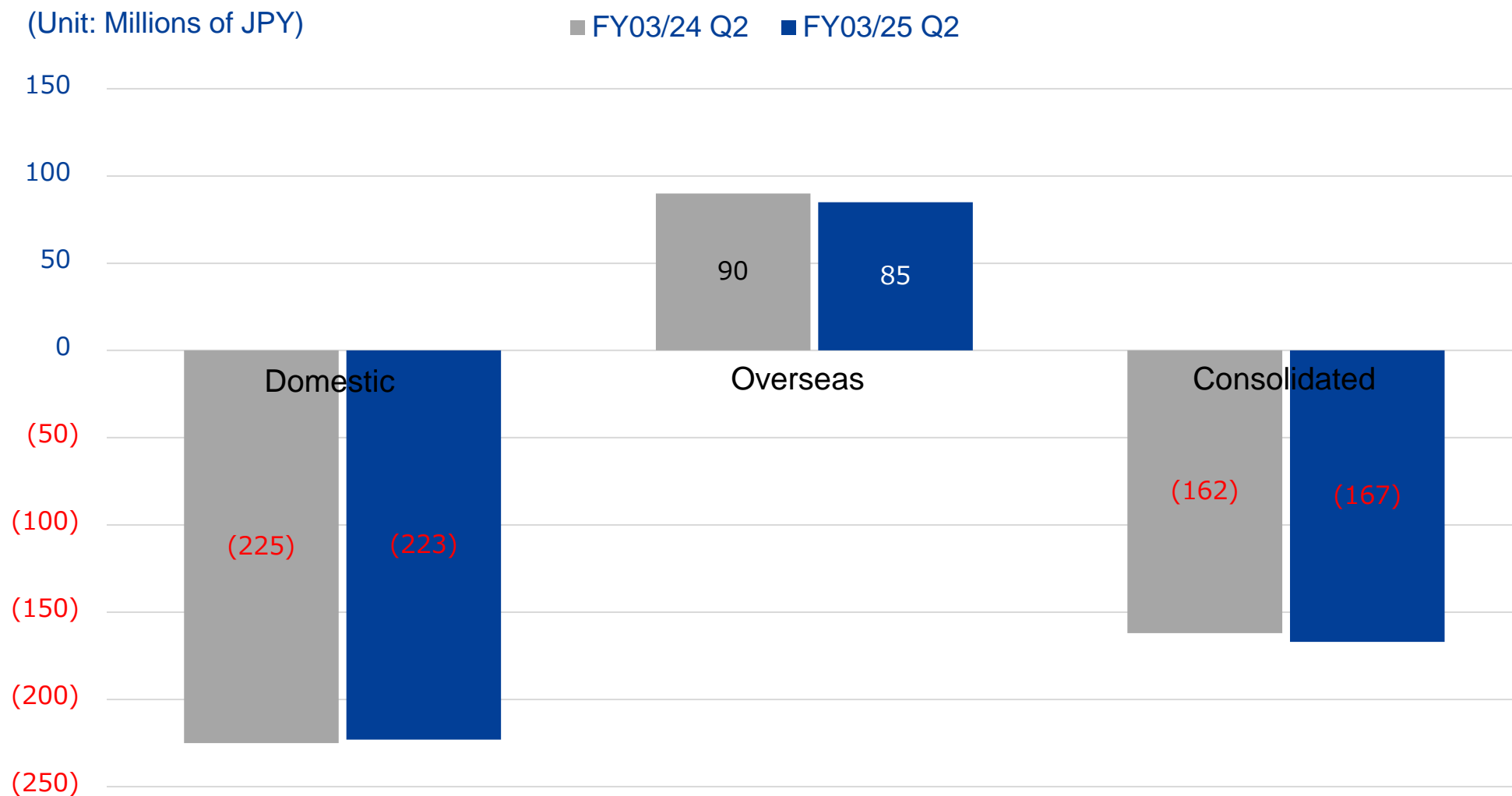
(Unit: Millions of JPY)

■ FY03/24 Q2 ■ FY03/25 Q2



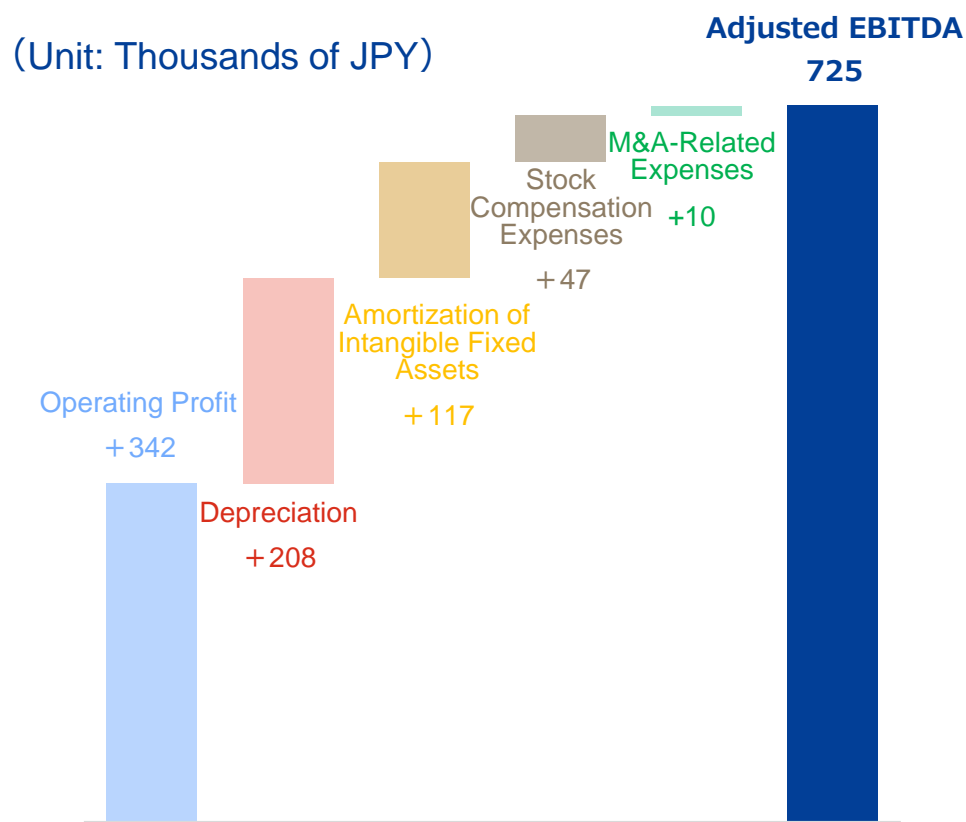
YoY Operating Profit Comparison (Simple Aggregate Basis for All Companies)

- An operating loss was recorded due to restructuring costs at parent-only.
- Overseas operations experienced a profit decline due to amortization burdens from past software development, but the results remained within the planned range.

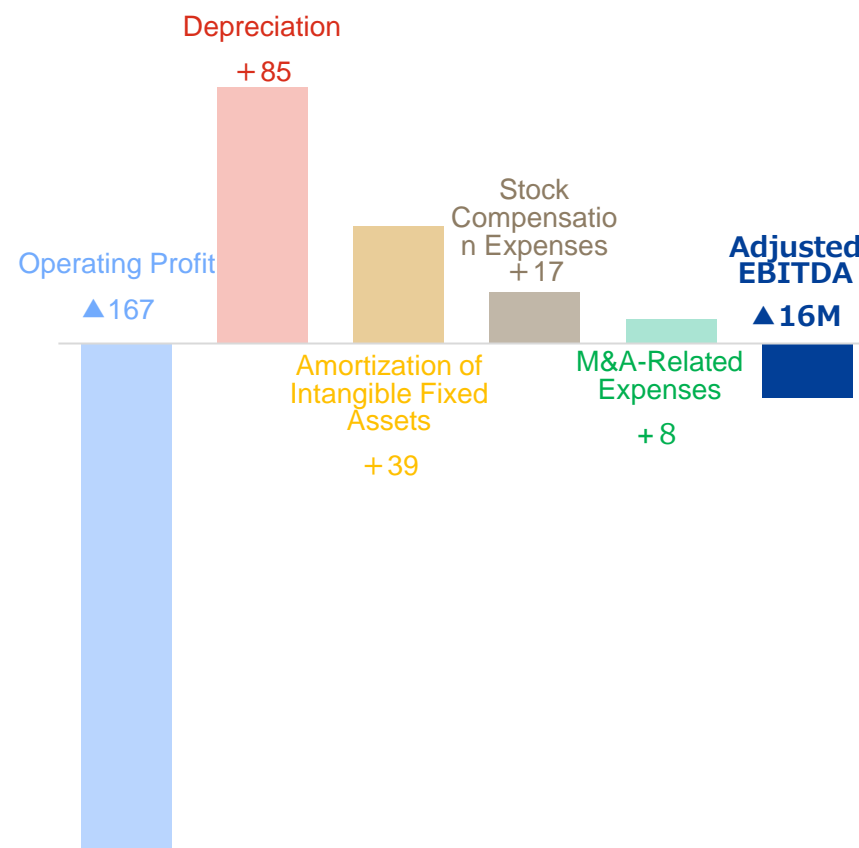


- Adjusted EBITDA, which represents the company's substantial cash flow generating capability, is expected to turn positive on an annual basis.
- ※Adjusted EBITDA = Operating Profit + Depreciation + Amortization of Intangible Fixed Assets + Share-based Compensation Expenses + M&A Related Expenses.

< Revised Forecast for FY03/25 >



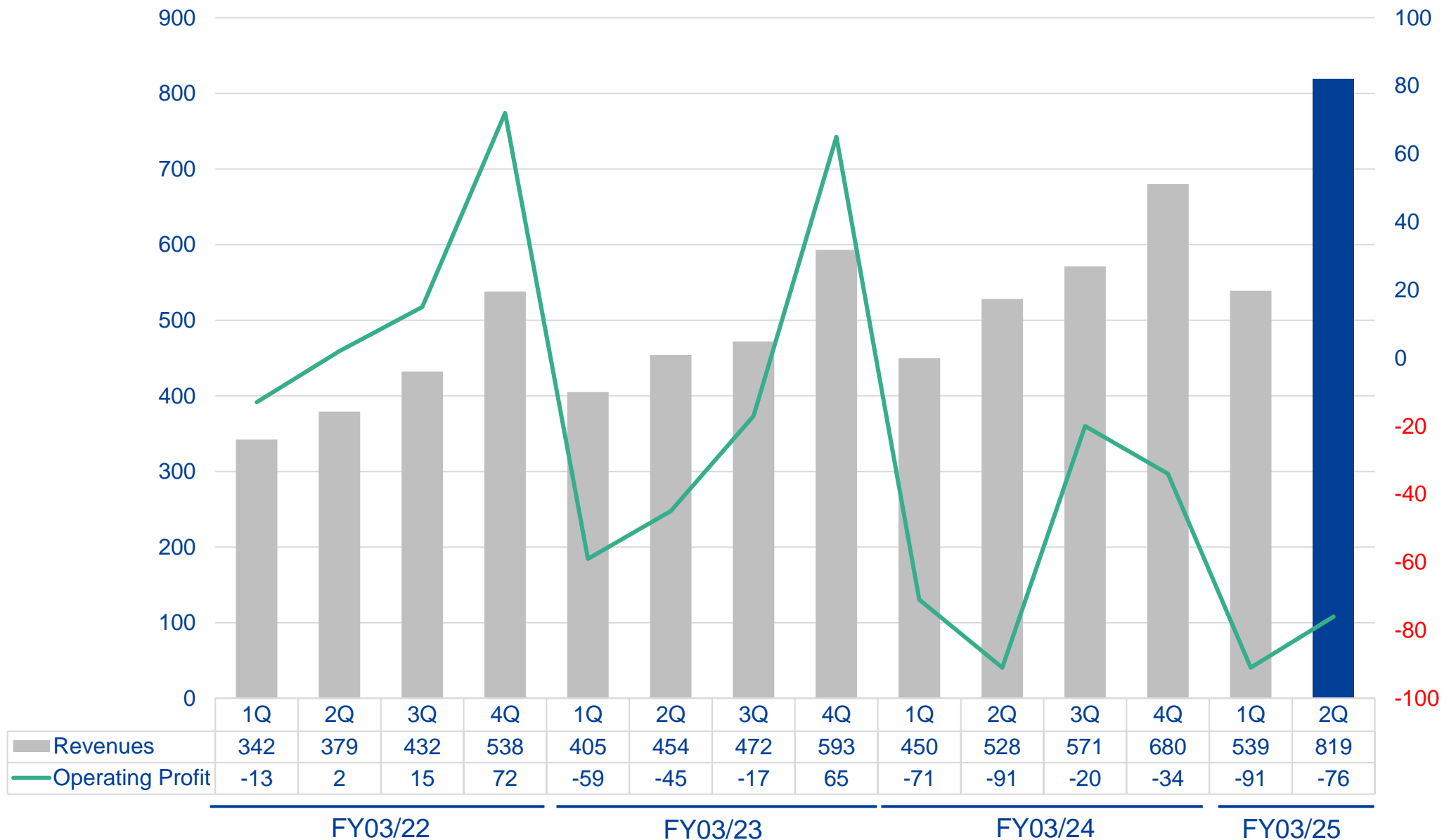
< FY03/25 Q2 Actual Results >



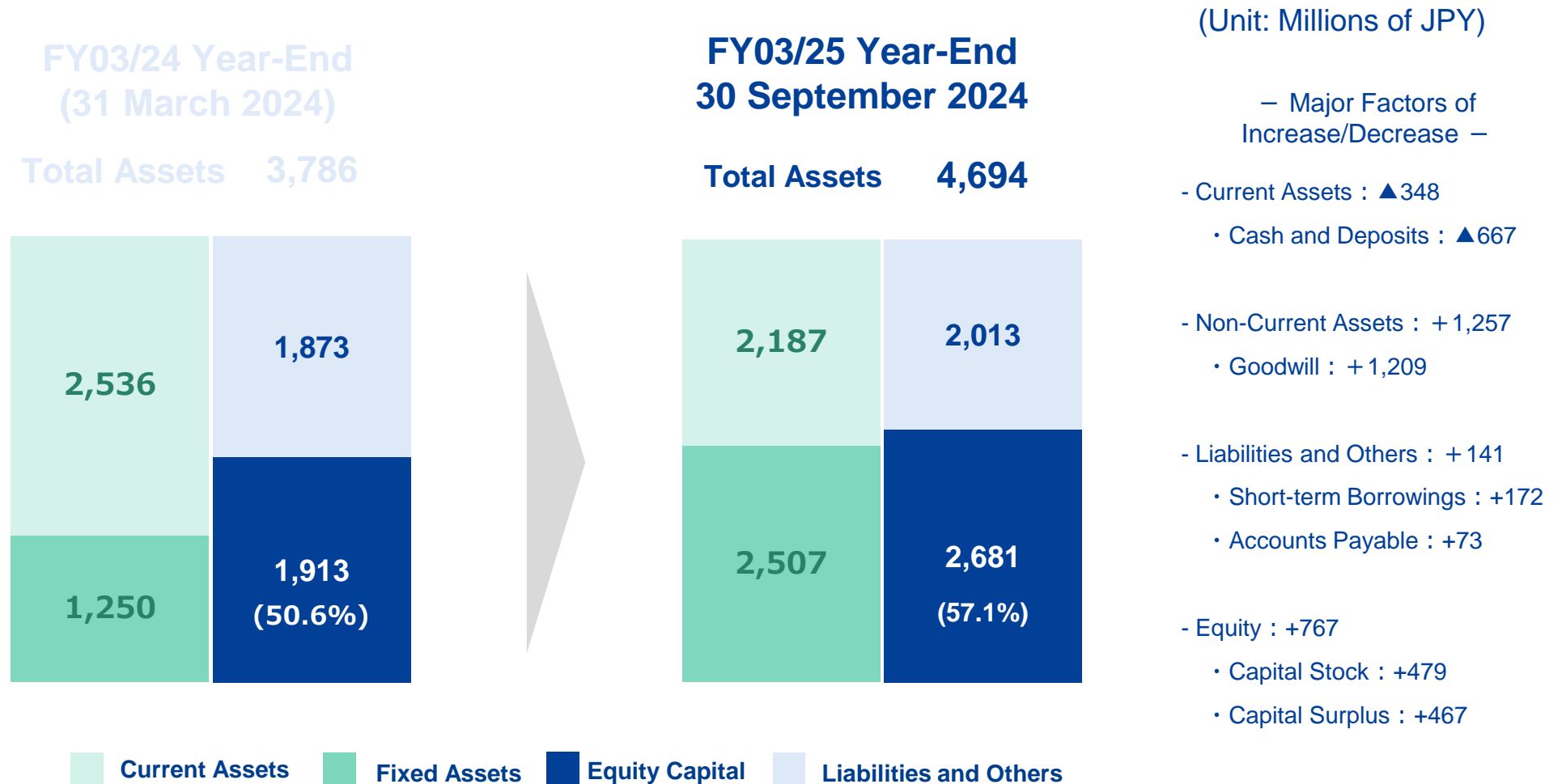
Quarterly Revenues and Operating Profit Trends (Consolidated)

1. FY03/25 Q2 Results

(Unit: Millions of JPY)



- **Goodwill from the acquisition of MSS Inc., completed as of 1 July (reflected in the consolidated BS at the end of Q1 and in the consolidated PL at the beginning of Q2), resulted in an increase in total assets.**



- From the perspective of strengthening domestic business and cash flow, MSS inc. was made a consolidated subsidiary.

	Fiscal Years Consolidated	Ownership Voting Ratio	Key Business Activities
Datasection Inc. 	2000	—	Data Science Business, System Integration Business, Marketing Solutions Business
Solid Intelligence Ltd. 	2013	86.9%	Multilingual social media analysis and consulting business.
DSS Ltd. 	2018	100.0%	Financial system operations and maintenance, and application development.
Jach Technology SpA 	2019	100.0%	Retail marketing business in Chile
Alianza FollowUP S.A.S. 	2019	100.0%	Retail marketing business in Colombia
Inteligencia S.A. 	2021	100.0%	Retail marketing business in Chile
Follow UP Peru S.A.C. 	2022	55.0%	Retail marketing business in Peru
FollowUP Customer Experience S.L. 	2023	95.0%	Retail marketing business in Spain
Alianza FollowUP Panamá S.A 	2023	100.0%	Retail marketing business in Panama
MSS Inc. 	2024	100.0%	Marketing research business Sales promotion business

- **To strengthen the management structure and business revenue, Mr. Pablo Casado Blanco, former leader of the Spanish National Party, was appointed as the Chairman of the company.**



Mr. Pablo Casado Blanco

<Objective>

- As part of our new strategy, we are considering the operation of AI data centers and AI cloud services not only in Japan but also globally, with a focus on expanding into Europe.
- In response to recent geopolitical risks and tensions, European countries are actively promoting the adoption of AI.
- With the involvement of Mr. Casado, former leader of the Spanish National Party and founder of the Hyperion Fund FCR, which was established in January 2024 and focuses on security and AI, we expect his participation to greatly contribute to coordinating and promoting projects across various countries, thus supporting the execution of our new strategy.

Topics (3): Decision to Establish DS AI Infrastructure Global Investment Fund (As of 4 July)

1. FY03/25 Q2 Results

- A fund has been established with the aim of investing in AI data centers globally, accelerating the execution of the new strategy.

	Item	Details	
1	Name	DS AI Infrastructure Global Investment Fund	
2	Location	Cayman Islands	
3	Compositional Purpose	Investment in AI data centers globally (The fund holds shares of AI data centers' operation companies)	
4	Date of Composition	By the end of 2024	
5	Fund Investment	Target 2 billion USD	
6	General Partner (GP)	Name	DS AI Investment (provisional name)
		Investment Team	<ul style="list-style-type: none"> ■ Pablo Casado Blanco (Chairman) ■ Norihiko Ishihara (President and CEO) ■ Matias Jurado Alvarez, and others
		Advisory Board	HE Anders Fogh Rasmussen (former Secretary General of NATO, Former Prime Minister of Denmark and others)
		Co-GP	European bank are considering participation as a CO-GPs
		GP Investment Amount	1.0% of the total fund value (Capital Call method*)
		GP Fee	<ul style="list-style-type: none"> ■ 2.0% of the total fund value (per annum) ■ 20.0% of carried interest (8.0% hurdle rate)
7	Limited Partner (LP)	Mainly European banks and AI data center collaboration partners	

* Capital call method: Phased funding within the amount of the investment commitment, depending on the fund's investment progress.

- A collaboration and joint working agreement was signed with Solaria S.A. of Spain for the construction of an AI data center. The AI data center will be built on the site of a former Solaria factory, with the goal of starting operations as soon as possible.



<Overview of the Agreement>

- Solaria S. A. (*) founded in 2002 and listed on the Madrid Stock Exchange in 2007, is the largest green energy generation company in Europe.
- The company is currently driving projects exceeding 18 gigawatts across six countries, Spain, Portugal, Germany, Italy, Greece, and Uruguay.
- Solaria owns 864km of high and medium-voltage lines, a total of 55 solar power plants, and 97 substations. They are advancing a project to convert their existing factories into AI data centers.
- The company's facility in Puertollano will be gradually converted, with an area of approximately 100,000m² planned to be used for this project. Additionally, over 200 megawatts of power will be provided for this project.
- For the construction of the AI data center, we will leverage our global partnership network to secure the necessary resources.



The signing ceremony in Puertollano, Spain

(*) Solaria Energía y Medio Ambiente S.A. (Headquarters: Spain, Madrid, CEO: Arturo Díaz-Tejeiro)

- **In relation to new businesses such as Data center and AI cloud services, a joint development agreement was signed with NowNaw Japan for the joint development and construction of a new AI cloud system.**

<Overview>

- In advancing the new strategy, securing excellent engineering resources and developing a new AI cloud service system^(*) are essential and crucial points for accelerating the business.
- NowNaw Japan^(**), with its extensive track record of engineers worldwide, will collaborate with us on the joint development of an AI cloud service system using NVIDIA's GB200 NVL72/NVL36 and DGX H100/H200, aiming for completion by the end of FY03/25.
- We have agreed to jointly develop the system with sole ownership of all intellectual property rights by our company. Additionally, with support from NowNaw Japan, we aim to achieve quality certification through the validation test process by NVIDIA for the AI cloud service system.

(*) to be detailed on page 25.

(**) NowNaw Japan Co., Ltd. (Headquarters: Tokyo, Chuo-ku, CEO: Reika Oumi)

2 . FY03/25 Forecast

- The preparation for the establishment of the DS AI Infrastructure Global Investment Fund is progressing, with the business expected to begin during this fiscal year and GP fees anticipated. Additionally, there are no revisions to the performance outlook disclosed on 14 August, due to the expected impact on performance from the consolidation of MSS Inc. as subsidiary.

(Millions of JPY)	FY03/24 Actual	FY03/25 Performance Forecast			
		Forecast	Revision 14 August	Difference (Amount)	Difference (%)
Revenues	2,229	2,650	3,312	+ 1,083	18.9%
Operating Profit	▲ 216	80	342	+ 558	—
Adjusted EBITDA	47	425	725	+ 678	797.0%
Ordinary Profit	▲ 235	55	317	+ 552	—
Parent Company Net Profit	▲ 1,261	17	217	+ 1,478	—

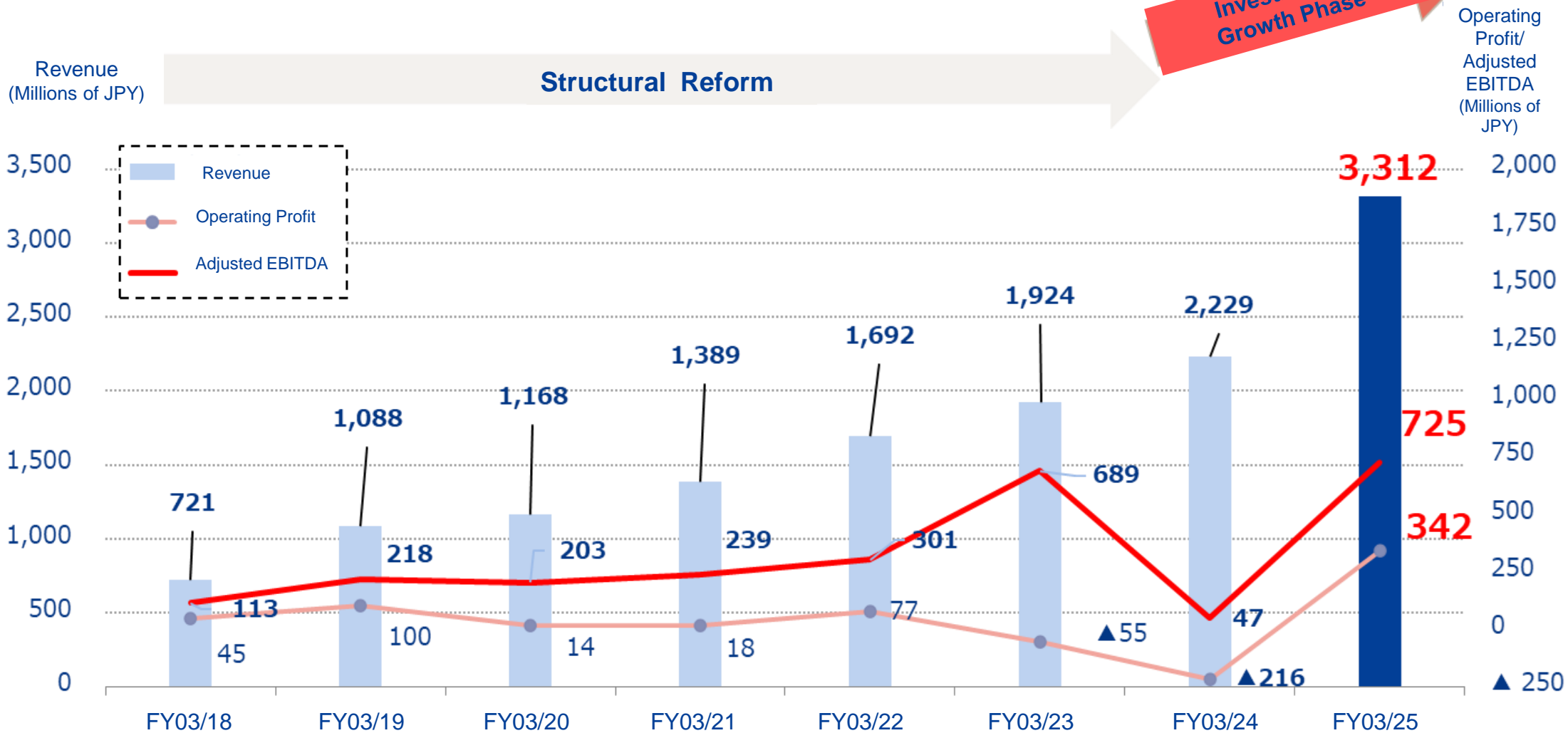
Reprint) Performance Forecast and Supplemental Explanations

2. FY03/25 Forecast

(Million of JPY)	Initial Plan	Revised Plan	Increase/ Decrease	Additional Explanations
Revenues	2,650	3,312	+ 662	<ul style="list-style-type: none"> GP Fee: Operations for 50% of assets will begin in 4Q (at ¥145 per USD). It is assumed that 50% of the GP fees will be received by our group. Revenue Calculation: USD 2B x ¥145 x 1/4Q x 2% (fee rate) x 50% (revenue share for our group) x 50% (asset multiple) = 362.5 million JPY Operating Profit: It is assumed that 20% of the revenue will be the cost = 362.5 million JPY x 80% = 2,290 million JPY
Operating Profit	80	342	+ 262	
Adjusted EBITDA	425	725	+ 300	
Ordinary Profit	55	317	+ 262	<ul style="list-style-type: none"> MSS Contribution: Reflecting expected increase Current Estimate: Revenue: 750 million JPY (an increase of 300 million JPY from the initial estimate) Operating Profit: 10 million yen (an increase of 10 million JPY from the initial estimate) Goodwill: Amortized over 12 years, resulting in an additional 38 million JPY (* increased burden from the initial estimate) Due to the decrease in borrowings and the reduction in exchange rate fluctuations (to offset shareholder loans), there are no changes to the non-operating income/expenses.
Net Income Attributable to Parent Company	17	217	+ 200	<ul style="list-style-type: none"> In line with the increased profit, the effective tax rate will be adjusted to 30% in total.

- Due to the progress in the preparation for the establishment of the DS AI Infrastructure Global Investment Fund, revenue of 362 million yen is expected to be recorded in the current period.
- With the consolidation of MSS as a subsidiary, revenue is expected to exceed the previous forecast by 300 million yen.
- Consolidated revenue is expected to be 3,312 million yen, which is 662 million yen higher than the previously announced forecast.

- In light of the upward revision of performance, a significant increase in both revenue and profit is planned for the fiscal year.

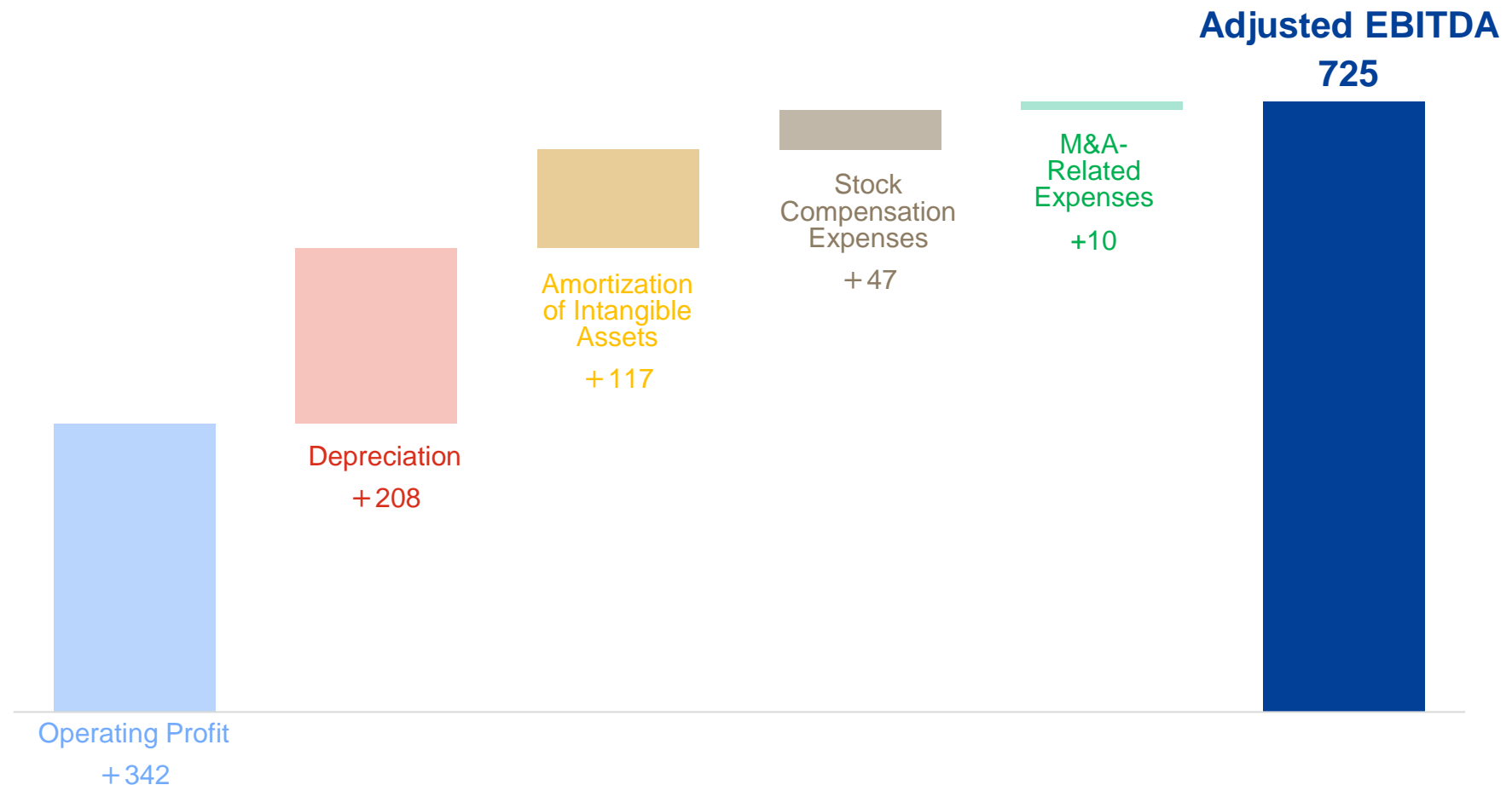


- Adjusted EBITDA is expected to increase significantly, primarily due to the profit factors from the revised earnings forecast.

※Adjusted EBITDA = Operating Profit + Depreciation + Amortization of Intangible Assets + Share-based Compensation Expenses + M&A Related Expenses

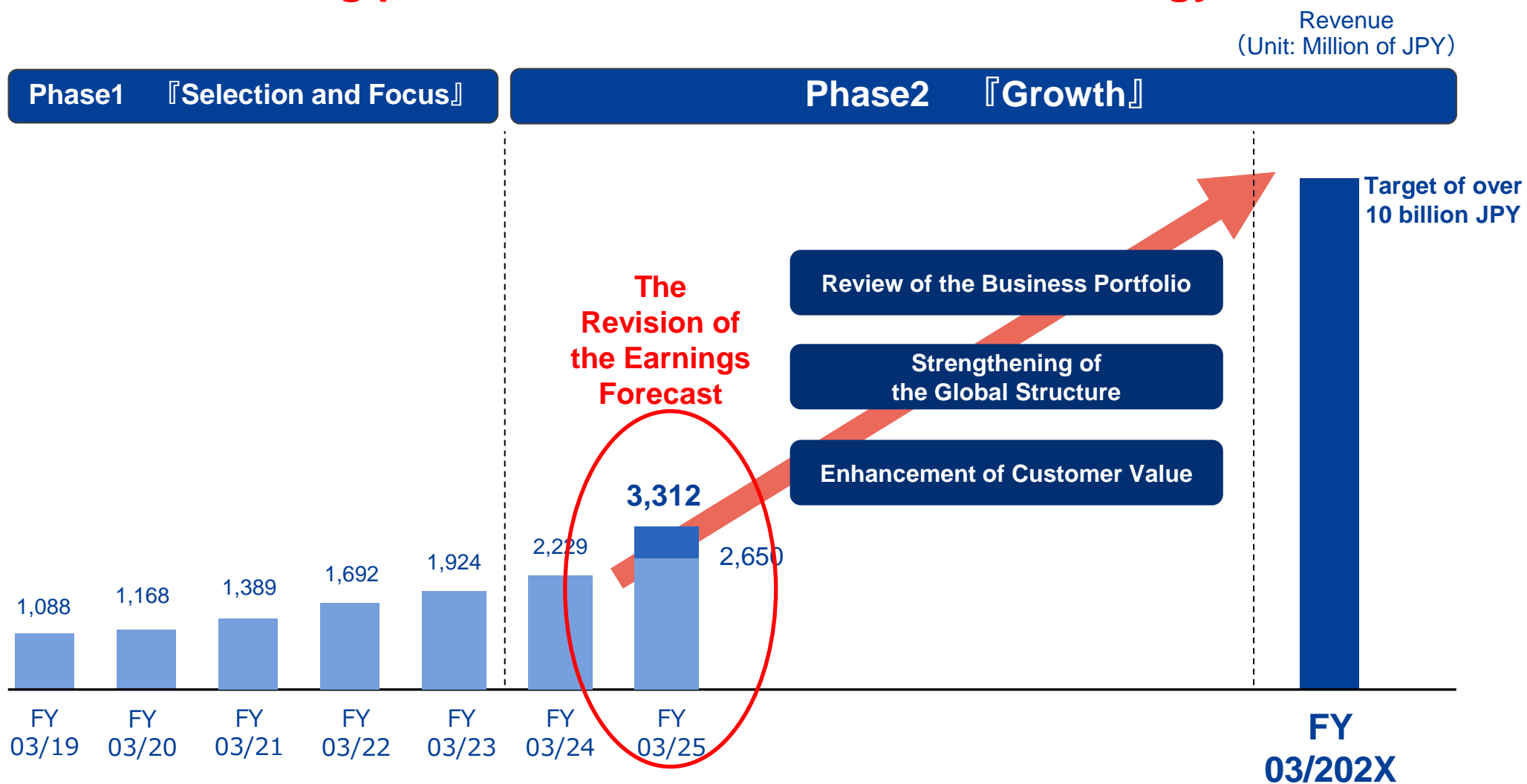
<FY03/25 Revised Forecast>

(Unit: Millions of JPY)



3 . New Strategy (AI-Related New Business)

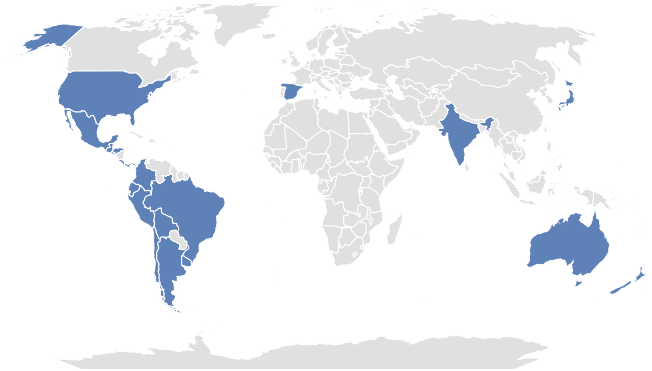
From 『Selection and Focus』 to the 『Growth』 Phase Strong promotion of the AI-related new strategy



Based on a strong global presence and a unique business plan, we aim to become a leading company in the AI market.

- Accelerating the acquisition of essential technologies to accelerate new business development.
 - Securing top-tier engineering resources
 - Developing platforms for AI cloud services
- We have a **strong partnership and network** in the AI industry.
- On 3 June, 2024, we reached an agreement to develop the largest AI data center in Asia.
- We will **continue to pursue the construction and operation of AI data centers globally.**

Our Global Expansion











Cor

Our company has a business foundation for expanding its own products to over 20 countries.

Japan
India
Australia
New Zealand
Chile
Colombia
Peru
Argentina
Ecuador
Bolivia
Brazil
Uruguay

Panama
Guatemala
Honduras
El Salvador
Costa Rica
Spain
Mexico
United States...

The environment surrounding the AI data center business

	Key Functions required for AI Data Centers	Challenges faced by the industry
During Development	 GPU	NVIDIA products are facing supply constraints in the market
	 Servers and other peripheral devices	The production capacity of NVIDIA's partner manufacturers is facing constraints.
	 Land, Equipment	It would take more than three years to develop from scratch.
	 EPC	Due to the construction boom, it is difficult to secure contractors.
After Commencement of Operations	 AI Cloud Operations	Developing a hyperscaler-level platform with the highest efficiency and operability is challenging.
	 Data Center Operations	There are only a limited number of companies with the expertise to operate the latest equipment.
	 Power	The power capacity is under strain across Japan.
	 Customer Acquisition	If we don't test the functionality ahead of our competitors, it will be difficult to secure large-scale customers.



By overcoming the challenges faced by the AI data center business, we aim to gain a competitive advantage even against hyperscalers.

Challenges in the Data center business



Datasection's Strategy

Realized Business Model

Only companies that can solve the following challenges will succeed in the Data center business.

- Can the company secure GPUs and servers while avoiding political risks?
- Does the company have the technological capabilities for management solutions?
- Can the company complete development and construction at a fast pace?
- Can the company secure a large amount of power capacity?

By forming strategic partnerships centered around technology, the company is addressing industry bottlenecks and aiming to commercialize its business at the fastest possible pace.

- 1 Established a partnership with leading Taiwanese manufacturers to secure GPUs on a priority basis.
- 2 Since its IPO in 2014, the company has strengthened its AI cloud capabilities with experienced engineers.
- 3 Collaborating with construction contractors with industry experience to develop capacity plans at an early stage.
- 4 Established a method for repurposing idle factories with existing power capacity for use in operations.

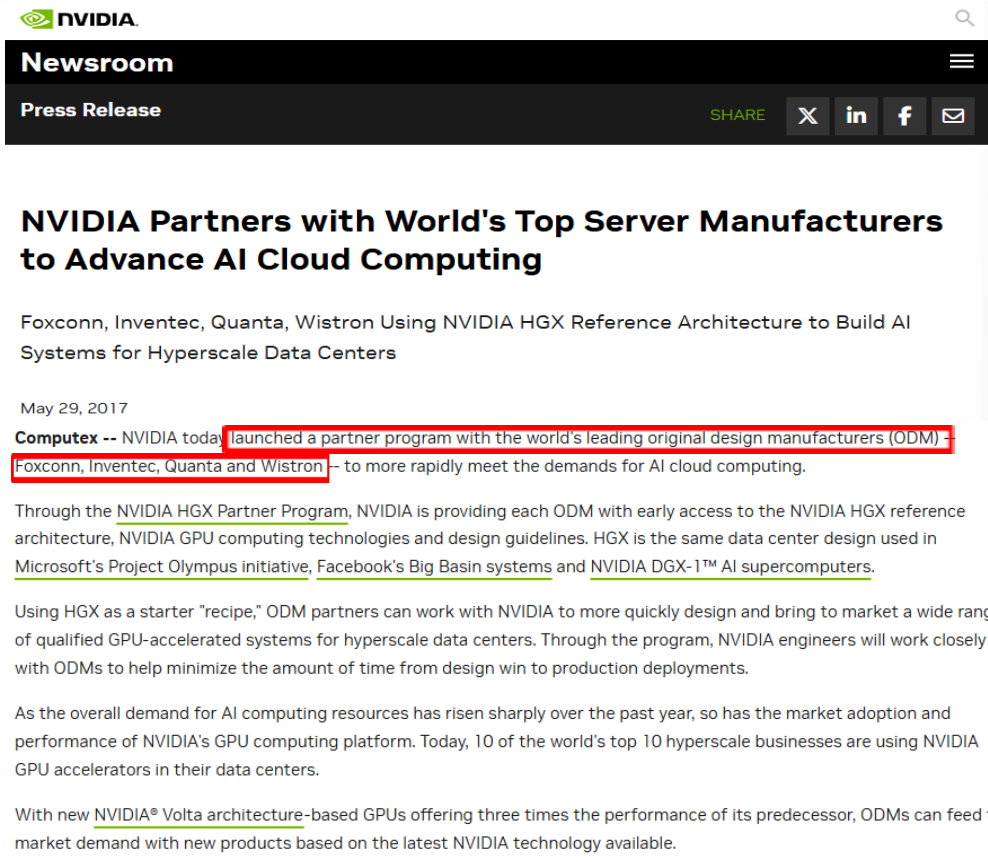
Through our strategy, we have already achieved the following results.

- Agreed to collaborate with NVIDIA's manufacturing partners, Wistron and Inventec, to secure GPUs.
- Developed an AI cloud that operates GPUs at maximum efficiency in AI data centers.
- Formed a business partnership with Shin-Etsu Chemical Industries, which has a proven track record in Europe.
- Reached an agreement to build AI data centers by repurposing existing factories in Sakai City and Spain.

15 November / 21 November 2024

Business partnership with NVIDIA partner supplier, Inventec and Wistron. We have initiated discussions on manufacturing capacity for GPU server racks with Inventec and Wistron, NVIDIA's partner suppliers, focusing on projects in Sakai City, Osaka, and Spain.

NVIDIA has partner server manufacturers.



Diversification of server procurement and securing volume.

Server suppliers
(in the order of partnership
announcements)

Negotiation
Status



(Sales: 2,364 billion JPY, 2023)



(Sales: 3,982 billion, 2023)

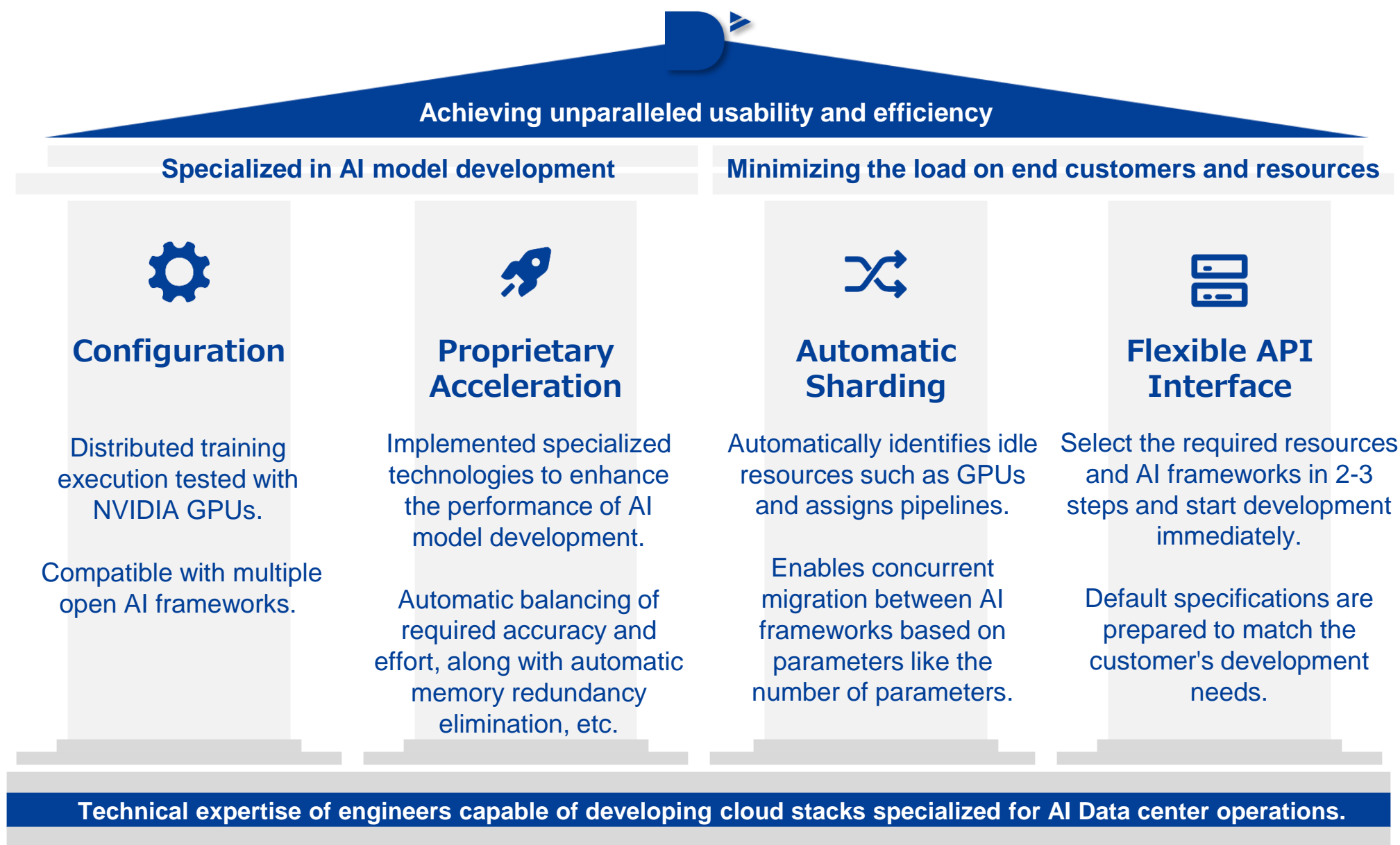


We are currently in discussion with several other major companies.

Source: NVIDIA Newsroom Press Release <https://nvidianews.nvidia.com/news/nvidia-partners-with-world-s-top-server-manufacturers-to-advance-ai-cloud-computing>

2 The cloud stack we are developing maintains performance equal to or exceeding that of hyperscalers'

3. New Strategy (AI-Related New Business)



*A press release with the official details is scheduled within the FY03/25.

3 Business partnership with Shin-Etsu Chemical Industries in the AI data center sector

7 October 2024

A basic agreement has been signed with Shin-Etsu Chemical Industries (“SSI”), based in Nagano, Japan, which has a proven track record and expertise in data center design and construction, regarding a business partnership for the EPC (Engineering, Procurement, and Construction) of AI data centers, covering design, procurement, construction, and operation.

“ A basic agreement has been signed with SSI, which has a proven track record and expertise in data center design and construction, to establish ourselves as a leading company in the design, construction, and operation of AI data centers. We aim to provide innovative solutions, establish the standard for next-generation AI data centers, and deliver more sustainable and efficient services.

“ Under this agreement, SSI will serve as our EPC contractor, jointly undertaking the design, procurement, construction, and operation of AI data centers both domestically and internationally. Additionally, SSI will be responsible for the operation and maintenance of the AI data centers after construction, and will also engage in the formation, financing, and promotion of new AI data center projects

(1) Name	Shinetsu Science Industry	
(2) Location	R-DEPOT 3F N-West 610-12 , OoazaminamiNaganoNishigo-cho, Nagano-shi, Nagano-ken	
(3) Representatives	Kotaro Kosaka, Chairman Goro Sasaka, President and CEO	
(4) Business Activities	Data center design and construction	
(5) Capital	999 million JPY	
(6) Date of Establishment	28 December 2015	
(7) Major Shareholders and Shareholding Ratios	Major Shareholders and Shareholding Ratios	
(8) Relationship with listed companies	Capital Relationships	No applicable items
	Personnel Relationships	No applicable items
	Transaction Relationships	No applicable items
	Status Regarding Related Parties	No applicable items
(9) Management Performance and Financial Status	Not disclosed due to confidentiality obligations with SSI	

Reprint for your reference)

DS AI Infrastructure Global Investment Fund

3. New Strategy (AI-Related New Business)

- A fund has been established to secure GPUs and raise the necessary capital for project development

	Item	Details	
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		Advisory Board	HE Anders Fogh Rasmussen (former Secretary General of NATO, Former Prime Minister of Denmark and others)
		Co-GP	European bank are considering participation as a CO-GPs
		GP Investment Amount	1.0% of the total fund value (Capital Call method*)
		GP Fee	<ul style="list-style-type: none"> ■ 2.0% of the total fund value (per annum) ■ 20.0% of carried interest (8.0% hurdle rate)
7	Limited Partner (LP)	Mainly European banks and AI data center collaboration partners	

* Capital Call method: Phased funding within the amount of the investment commitment depending on the fund' investment progress.



Achieving stable revenue through the execution of existing projects

FY03/25

- Conducting technical validation, establishing a service framework, and finalizing customer contracts.
- Securing operational funds through the formation of the AI Fund and initiating the GP role.
- Aiming to commence operations of data center businesses in Sakai and Spain, with a focus on generating revenue."

Driving growth by globally expanding the current business model

FY03/26

- Standardization of the Sakai and Spain projects, and accumulation of additional projects.
- Establishing methods for highly efficient data center operations through advancements in algorithms and collaboration in cooling technology development.
- Expanding fundraising efforts through the fund.

Expanding the target customers for the AI data center business, and optimizing asset allocation

FY03/27

- Participation in national projects essential for security through the evolution of the scale and safety of the current business model (Europe, the United States, Japan).
- Maximizing fundraising through methods such as equity and funds to establish a position as a hyperscaler.
- Further business expansion and continuity through asset replacement and the reuse of second-hand servers.

The new management team in the event of approval at the extraordinary shareholders' meeting scheduled on 19 December

3. New Strategy (AI-Related New Business)



Pablo Casado Blanco
Chairman
Board Member



Norihiko Ishihara
Representative Director
President and CEO
Executive Officer



John Ellis Bush Jr.
Board Member



Shigeyuki Tsuchida
Board Member
Audit and Supervisory
Committee member



German Alcayde
External Board Member
Audit and Supervisory
Committee member

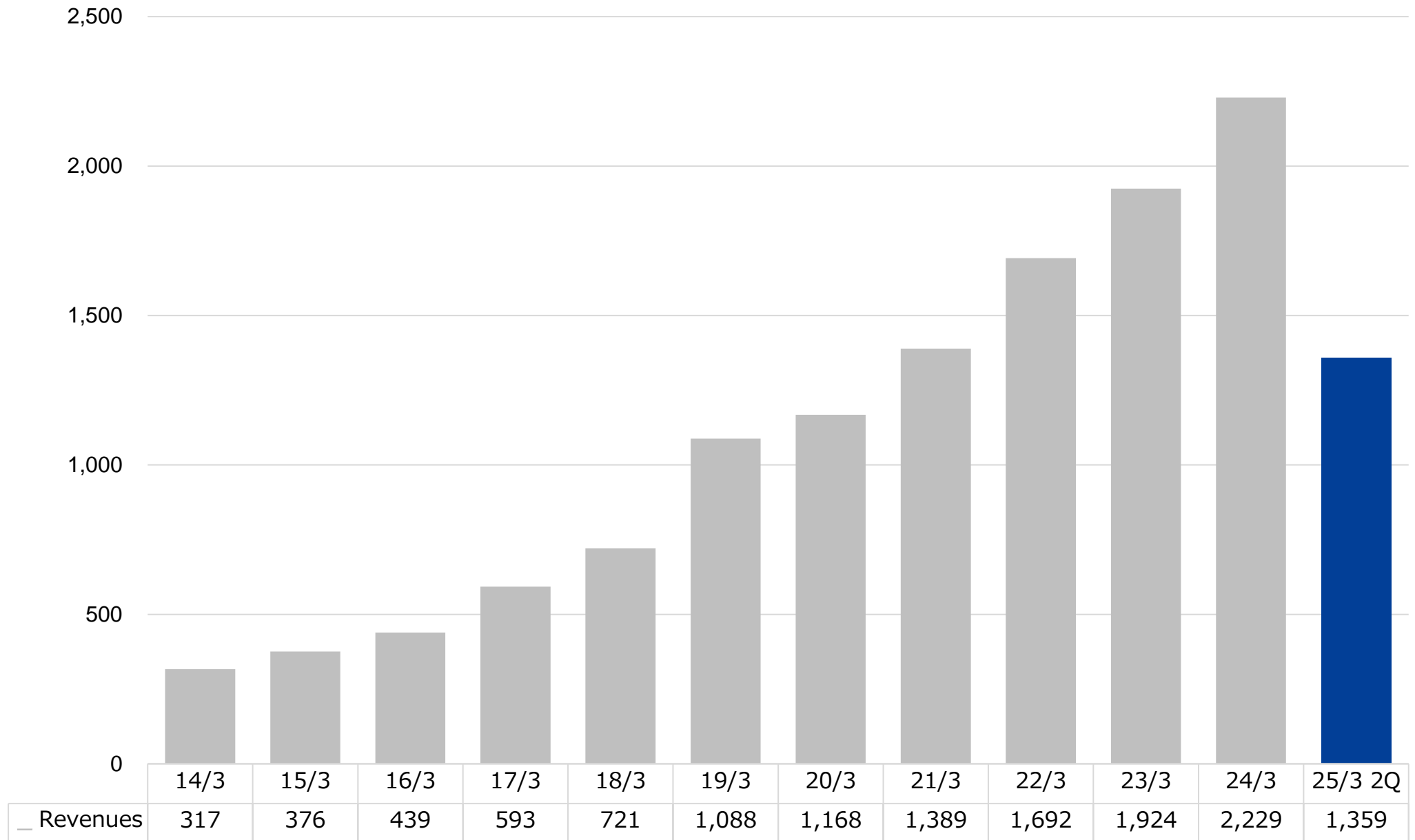


Tsuyoshi Hirayama
External Board Member
Audit and Supervisory
Committee member

4 . Appendix

Consolidated Revenue Trends

(Unit: Million of JPY)



Consolidated Operating Profit Trends

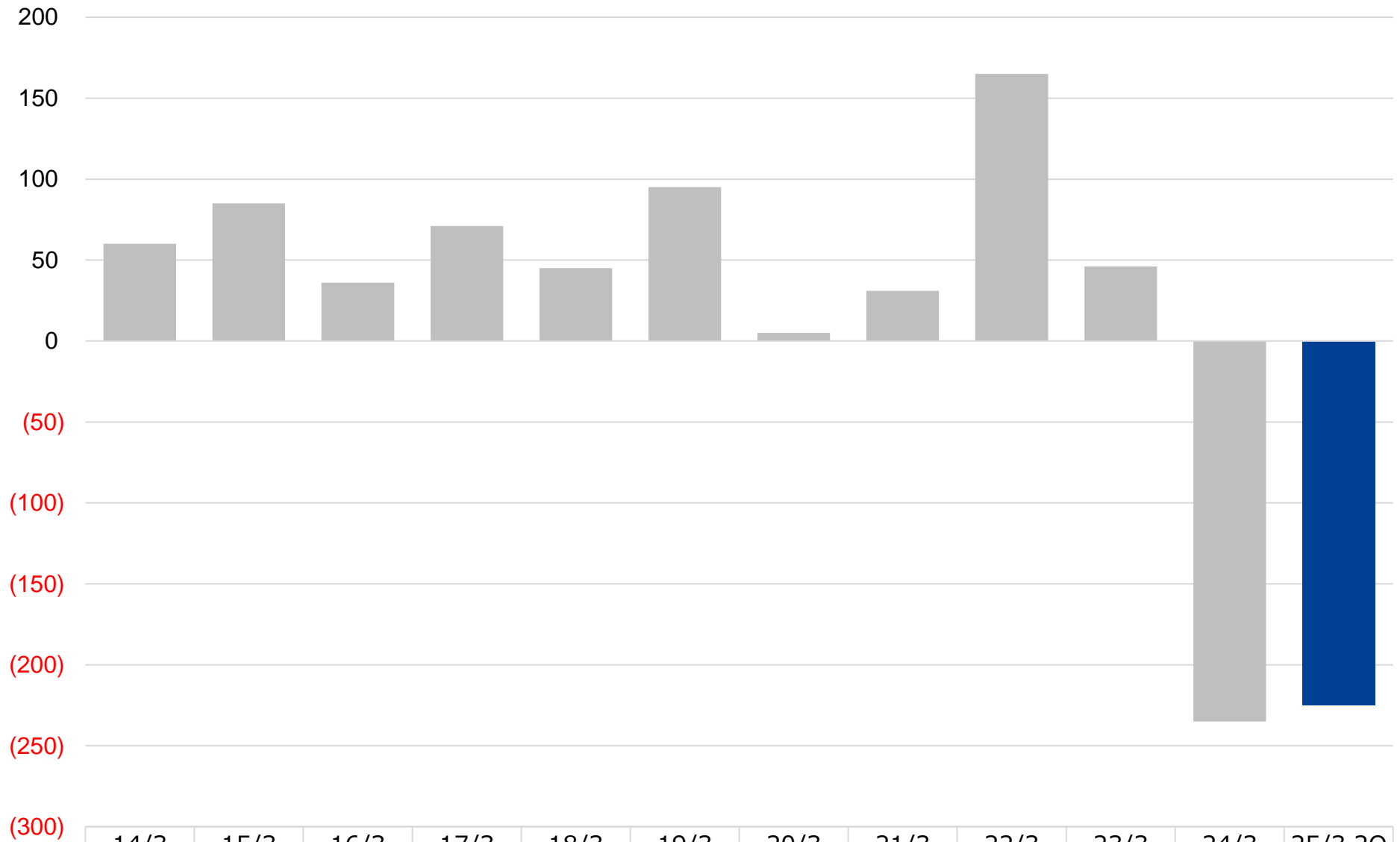
(Unit: Million of JPY)



	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3 2Q
Operating Profit	57	85	28	79	45	100	14	18	77	(55)	(216)	(167)

Consolidated Ordinary Profit Trends

(Unit: Million of JPY)



	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3 2Q
Ordinary Profit	60	85	36	71	45	95	5	31	165	46	(235)	(225)

Consolidated Net Income Attributable to Owners of the Parent Company Trends

(Unit: Million of JPY)



	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3 2Q
Net Income Attributable to Owners of the Parent Company	45	63	26	36	16	37	(17)	(41)	2	(530)	(1,261)	(246)

5 . Reference (Company Overview)

We ARE ...

What we will be ...

What we should do ...

Change the Frame

**As a 'section' of the World Data Department.
Continuing to upgrade people's lives around the world,
Bringing change to the real world through technology,
Creating a new way of life.**

Company Profile

Datasection Inc.

Location 8F Gotanda PLACE, 1-3-8 Nishi-Gotanda, Shinagawa-ku, Tokyo

Establishment 11 July 2000.

Capital JPY 2,347,686 thousand (as of 30 September 2024)

Board of Directors

Representative Director, President and CEO:
Norihiro Ishihara

Representative Director, Vice President CFO and COO:
Shinichi Iwata

Director :
Christian Cafatti, Daisuke Katano

Director (external):
Yuki Sakata, Yuki Uchiyama

Full-time auditor (external): Akira Tashiro

Auditor (external): Daisuke Yokoyama

Auditor (external): Izumi Nishio

Daiya Hashimoto

Business activities

Data science
Marketing solutions
System integration

Securities Code 3905



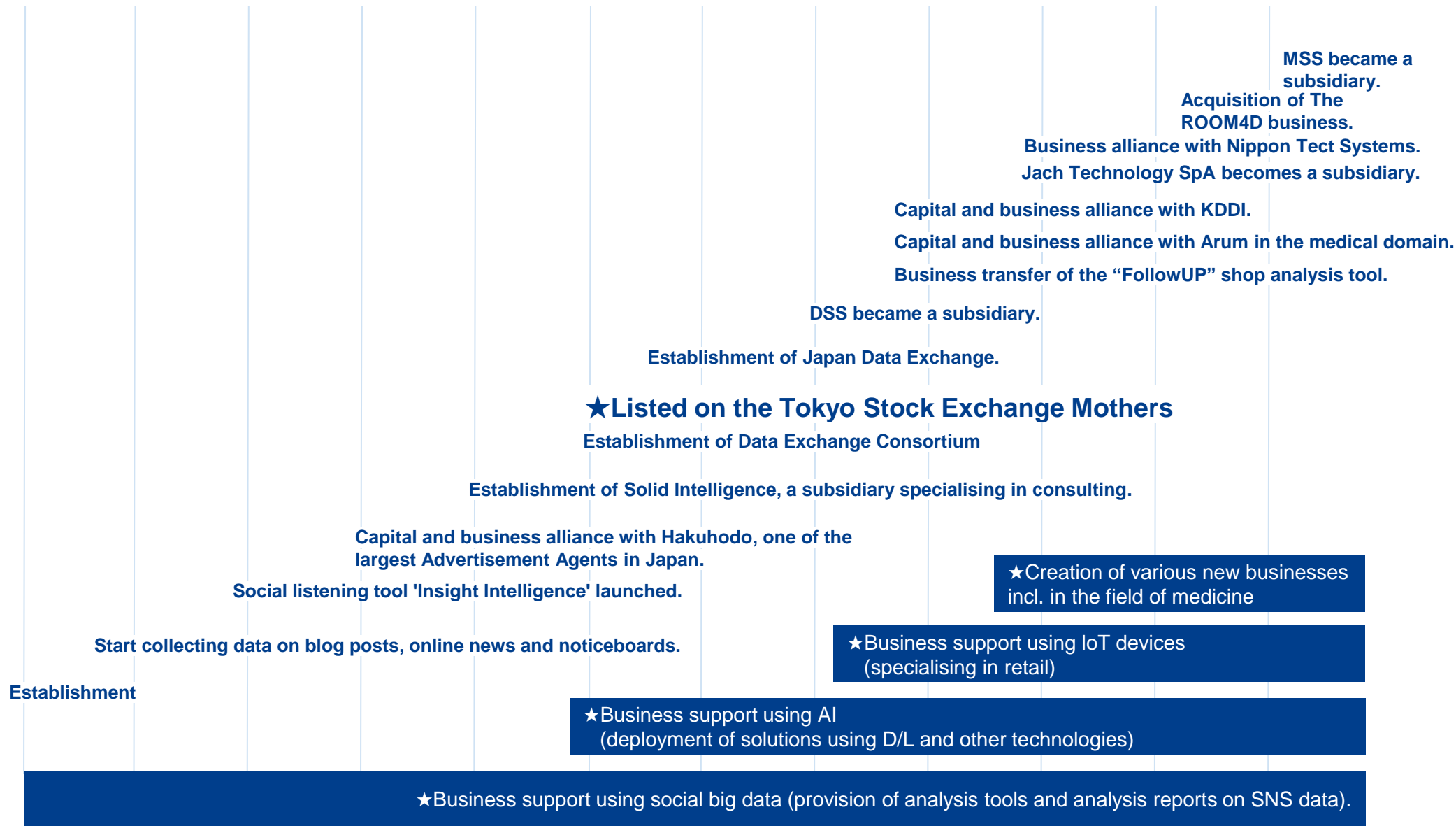
Major shareholders

First Plus Financial Holdings PTE. Ltd.
KDDI Corporation
Nippon Life Insurance Company
Hakuhodo Inc.
Other.

Founder

Company History

2000 2003 2009 2012 2013 2014 2016 2017 2018 2019 2023 2024



Management Team



Norihiko Ishihara

Representative Director
President and CEO



Shinichi Iwata

Representative Director
Vice President CFO and COO



Christian Cafatti

Director



Akira Tashiro

Full-time Auditor
(External)



Daisuke Yokoyama

External Auditor



Daisuke Katano

Director



Yuki Uchiyama

External Director



Sakata, Koki

External Director



Izumi Nishio

External Auditor

Group Introduction

The Data Section will grow alongside our partners around the world. The adventure of shaping the future with data and AI begins now.

With strengths in large-scale data analysis and high-performance image processing using AI, we support the digital transformation (DX) and business streamlining of a wide range of industries, including retail, on a global scale. We offer a broad range of services, including custom development projects, fintech solutions, and social media analytics, tailored to customer needs.



	Continuous Fiscal Years	Ownership Voting Ratio	Key Business Activities
Datasection Inc. 	2000	—	Data Science Business, System Integration Business, Marketing Solutions Business
Solid Intelligence Ltd. 	2013	86.9%	Multilingual social media analysis and consulting business
DSS Ltd. 	2018	100.0%	Financial system operations and maintenance, and application development
Jach Technology SpA 	2019	100.0%	Retail marketing business in Chile
Alianza FollowUP S.A.S. 	2019	100.0%	Retail marketing business in Colombia
Intelligenxia S.A. 	2021	100.0%	Retail marketing business in Chile
Follow UP Peru S.A.C. 	2022	55.0%	Retail marketing business in Peru
FollowUP Customer Experience S.I 	2023	95.0%	Retail marketing business in Spain
Alianza FollowUP Panamá S.A 	2023	100.0%	Retail marketing business in Panama
MSS Inc. 	2024	100.0%	Marketing research business Sales promotion business

Datasection Inc.

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141-0031

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<https://www.datasection.co.jp>

Important Notice

- This document has been created by our company with the purpose of helping investors understand the current situation of the company.
- The content of this document is based on generally recognized economic, social, and other conditions, as well as certain assumptions deemed reasonable by our company, but it may be subject to change without notice due to changes in the business environment and other reasons.
- The materials and information provided in this presentation include what is referred to as "forward-looking information". These are based on current expectations, forecasts, and assumptions involving risks, and include uncertainties that may lead to results materially different from those described.
- Such risks and uncertainties include general industry and market conditions, interest rates, currency exchange fluctuations, and other general domestic and international economic conditions.
- The performance forecasts above are based on information available at this time and are the outlook judged by our management, which includes risks and uncertainties, and should not be interpreted as a guarantee of achievement. Therefore, we request that you refrain from making investment decisions solely based on these performance forecasts.