Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

Datasection Inc.

November 21, 2023

Ticker Symbol: 3905

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DATA SECTION

1. Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

- Driven by overseas subsidiaries, **consolidated revenues increased (overseas net sales up 41% year on year)**

- Due to structural reform factors in Japan, particularly on a non-consolidated basis, the Company recorded a consolidated loss, but this has already been factored into the wrap plan

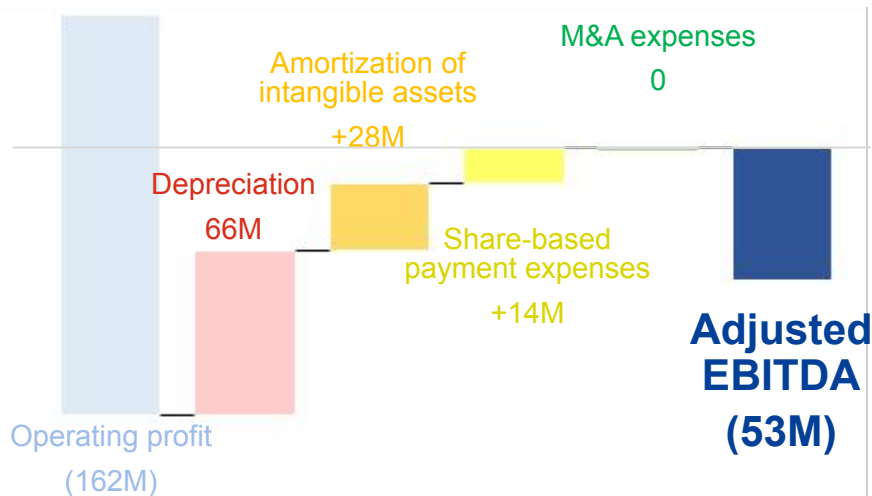| (Millions of yen)	FY2023 Q2 Results	FY2024 Q2		
		Results	YoY (Amount)	YoY (Growth rate)
Net sales	**859**	**978**	**+118**	**13.8%**
Operating profit	(104)	(162)	(58)	-
Adjusted EBITDA	38	(53)	(91)	-
Ordinary profit	(8)	(123)	(115)	-
Profit attributable to owners of parent	75	(99)	(174)	-

- Topics -

○ Net sales: +118
- Growth mainly in overseas subsidiaries
- Two new consolidated companies

○ Operating expenses: +176
- Expenses for strengthening the non-consolidated structure (broadly defined personnel expenses)
- Increase in outsourcing due to increase in orders received by subsidiaries

○ Non-operating expenses (income): (57)
- Decrease in foreign exchange gains

○ Extraordinary loss (income): (59)
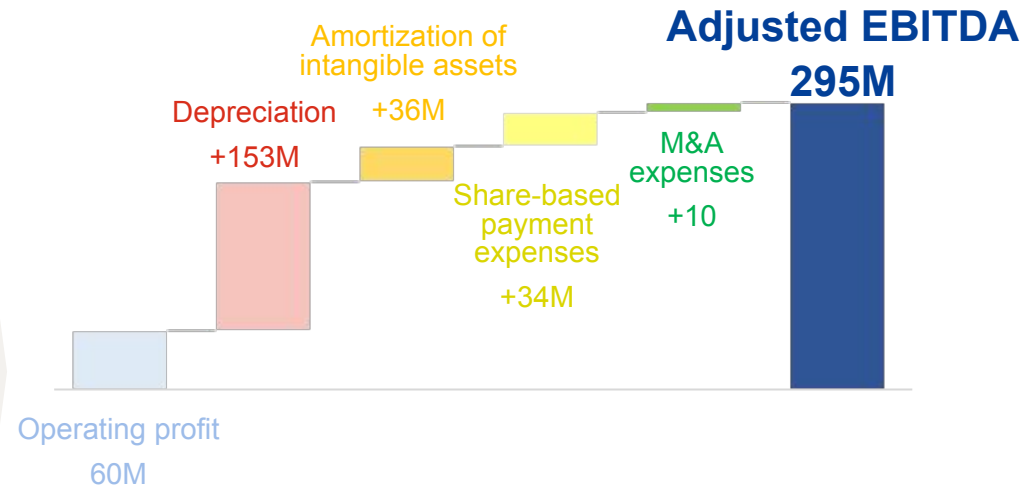- No gain on sale of shares in previous year

- Various depreciation and amortization, which are the source of the actual CF generation, are **planned to be 295M yen per year in the current fiscal year after the impairment in the fiscal year ended March 31, 2023.**
- Due to the operating profit wrap, the amount for the 2nd quarter of the current fiscal year will be negative.

  * Adjusted EBITDA = Operating profit + Depreciation + Amortization of intangible assets + Share-based payment expenses + M&A expenses

< Results for the FY2024 Q2 >

< Full Year Plan for FY2024 >

Results for the FY2024 Q2:
Operating profit (162M)
Depreciation 66M
Amortization of intangible assets +28M
Share-based payment expenses +14M
M&A expenses 0
Adjusted EBITDA (53M)

Full Year Plan for FY2024:
Operating profit 60M
Depreciation +153M
Amortization of intangible assets +36M
Share-based payment expenses +34M
M&A expenses +10
Adjusted EBITDA 295M

Consolidated Net Sales and Operating Profit Trends (Quarterly)

Net sales (millions of yen)

Operating profit (millions of yen)

- Net sales (left axis)
- Operating profit (right axis)

Fiscal term																										
	2018/3				2019/3				2020/3				2021/3				2022/3				2023/3				2024/3	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Net sales (millions of yen)	137	127	139	316	230	214	273	369	253	295	257	362	375	290	337	385	342	379	432	538	405	454	472	593	450	978
Operating profit (millions of yen)	6	(10)	(4)	53	23	(5)	25	57	(32)	(2)	(17)	66	33	(26)	1	9	(13)	2	15	72	(59)	(45)	(17)	65	(71)	(162)
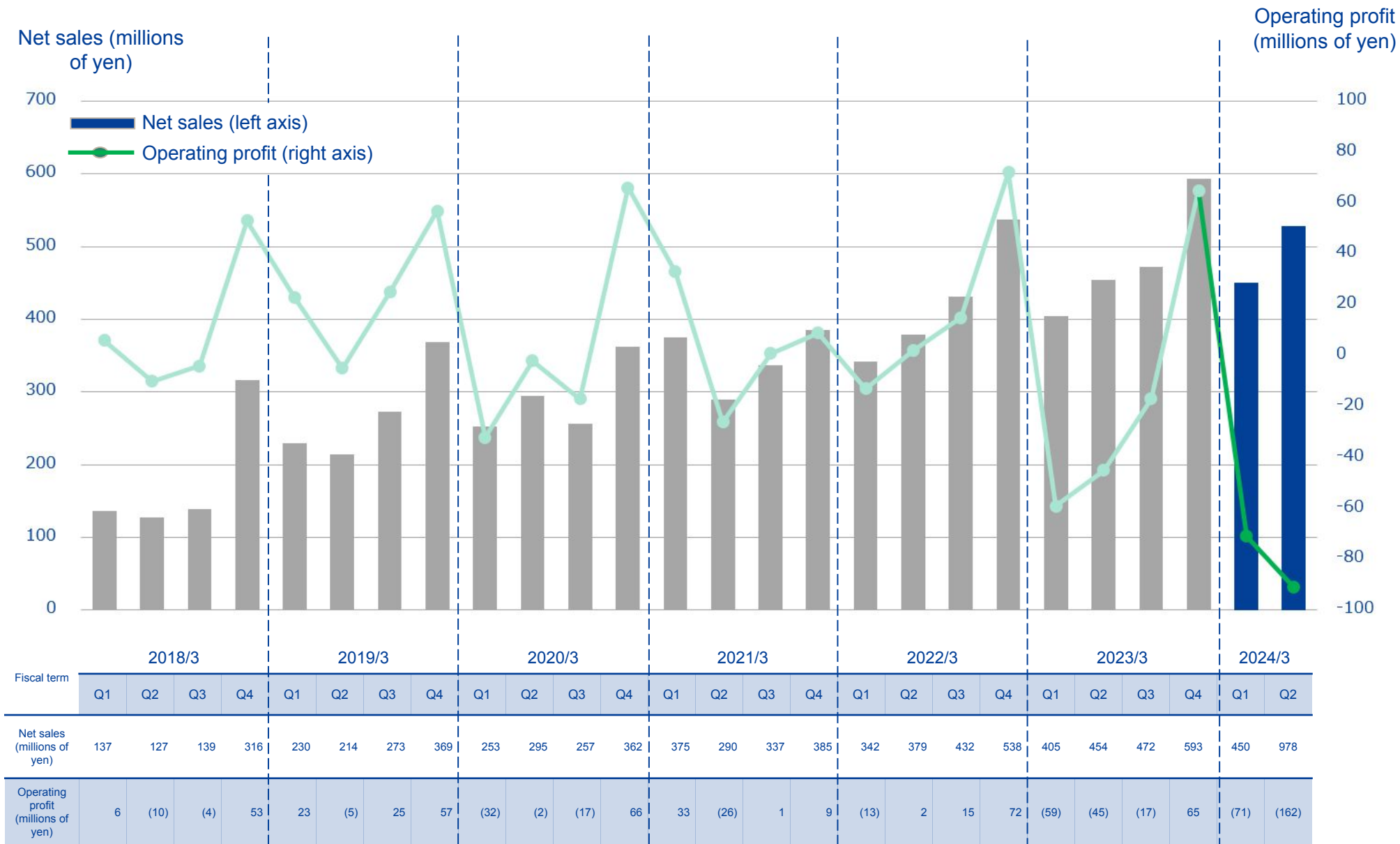
Consolidated Financial Position (Balance Sheet)

- Total assets decreased slightly due to profit factors (**capital adequacy ratio remained at 57%**)
- Since expenditures from cash reserves were advanced in the first half, asset utilization and financing will be considered in the second half
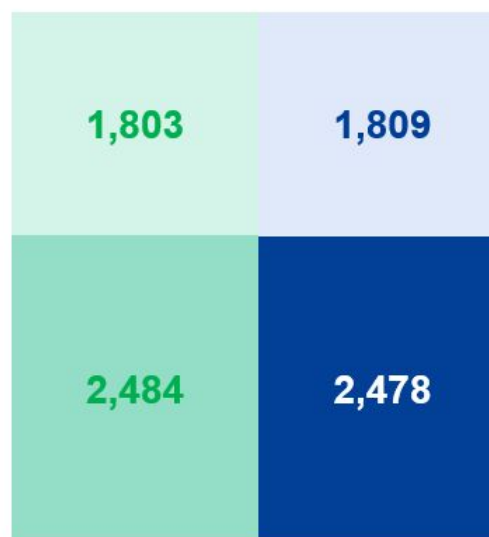
FY2023 End
(March 31, 2023)

Total assets 4,386
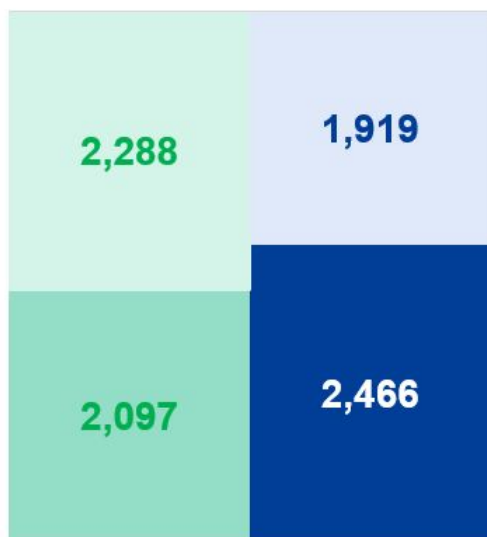
**FY2024 Q2 End
(September 30, 2023)**

Total assets 4,287

- Key drivers of change -

○ Current assets: (484)

・Cash and deposits: (445)

・Advance payments to suppliers: (51)

・Other: +12

○ Non-current assets: +386

・Property, plant and equipment: +190

・Intangible assets: +159

・Investments and other assets: +37

○ Liabilities and other: (110)

・Short-term borrowings: (14)

・Long-term borrowings: (151)

○ Equity capital: +12

・Retained earnings: (105)
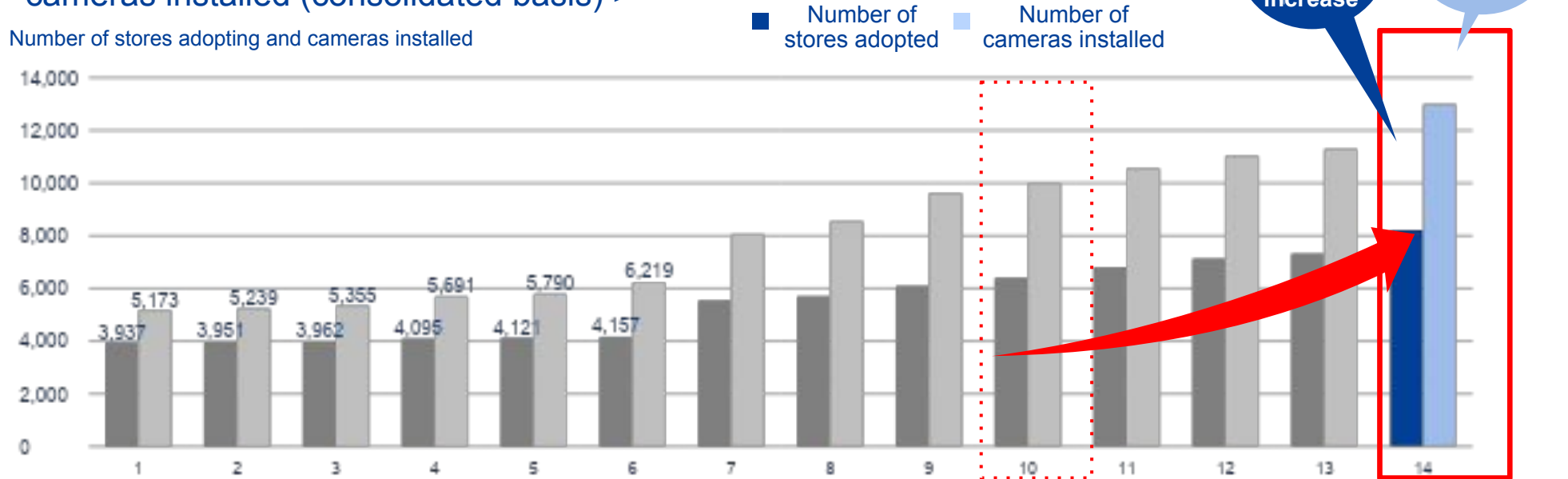
・Foreign currency translation adjustment: +58

2,288	1,919
2,097	2,466

1,803	1,809
2,484	2,478

Legend:
- Current assets
- Non-current assets
- Equity capital
- Liabilities and other

Net sales leading indicators increased steadily year-on-year

- The number of stores and cameras installed, a medium-term KPI for net sales, increased organically by 30% year-on-year, mainly in Chile, where all stores in large shopping malls adopted cameras

- Almost fully consolidated with new consolidations in Panama and Spain

  - Number of stores adopting (total of unconsolidated subsidiaries): 8,355; Number of cameras installed (total of unconsolidated subsidiaries): 13,206
    * As of September 30, 2023, for Japan (as of June 30, 2023, for overseas)

< Total number of stores that adopted cameras and cameras installed (consolidated basis) >

Number of stores adopting and cameras installed

■ Number of stores adopted   ■ Number of cameras installed

Number of stores adopted Year on Year 28.5% increase

Number of cameras installed Year on Year 30.0% increase

Bar chart values for stores adopted: 3,937; 3,951; 3,962; 4,095; 4,121; 4,157; 5,790; 5,355; 5,691; 5,239; 5,173; 6,219

Reporting segments are reorganized into two, "Japan" and "Overseas"

- Review and upgrade business and performance management systems from a management approach perspective

- Facilitate understanding by investors and other stakeholders

- Align with the future business strategy, which aims for balanced investment and growth in both domestic and overseas markets

< Comparison of Segment Composition >

Entity	DS	DSS	SI	Jach	INX	Alianza	Peru	Spain	Panama
Before change	Retail	Data analysis solution		Retail marketing					
After change	Japan			Overseas					

New consolidation of two (2) companies, Alianza FollowUP Panamá S.A. (Panama) and FollowUP Customer Experience S.I (Spain).

	Consolidated FY	% of votes held	Primary Business Activity
Datasection Inc. 🇯🇵	2000	–	Driving real-world change (improving business operations and consumers' lives) through the technological power of data analytics
solid intelligence Inc. 🇯🇵	2013	86.9%	Multilingual social media analytics and consulting business
DSS Inc. 🇯🇵	2018	100.0%	Financial systems operation 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 Columbia
INTELIGENXIA 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

- **Acquisitions in high-growth domains such as generative AI**
- **In the area of data analysis and AI solutions, a core business in which our Group has strengths, we intend to further enhance our competitiveness by strengthening our engineering staff, including SES**

The ROOM 4D

DATA SECTION
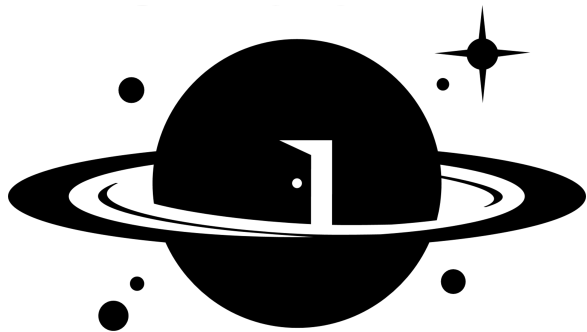
2023 年 7 月 28 日

各　位

会 社 名 データ セ ク シ ョ ン 株 式 会 社
代 表 者 名　代表取締役社長 CEO 林　　健 人
（コード番号：3905　東証グロース）
問い合わせ先　代表取締役副社長 CFO　岩 田　真 一
TEL. 050-3649-4858

事業譲受に関するお知らせ

当社及び当社の連結子会社である株式会社ディーエスエス（以下「DSS」といいます。）
は、本日開催の取締役会において、The ROOM4D株式会社（以下「4D」といいます。）の
事業を当社が、4Dの子会社であるThe ROOM Door株式会社（以下「Door」）の事業をDSS
が譲り受けることを決議いたしましたので、お知らせいたします。

◆ For more information, please visit our company website at:
https://ssl4.eir-parts.net/doc/3905/tdnet/2316827/00.pdf

- Launch of **FollowUP Shelf Analytics, a product shelf analysis solution for supermarkets** (Wednesday, June 28, 2023)
- **AI-based real-time detection of missing items, misplaced items, wrong number of faces, and wrong prices on product shelves to reduce lost opportunities on the customer side**

  ◆For more information, please visit our company website at:
  https://www.datasection.co.jp/news/pressrelease-20230628
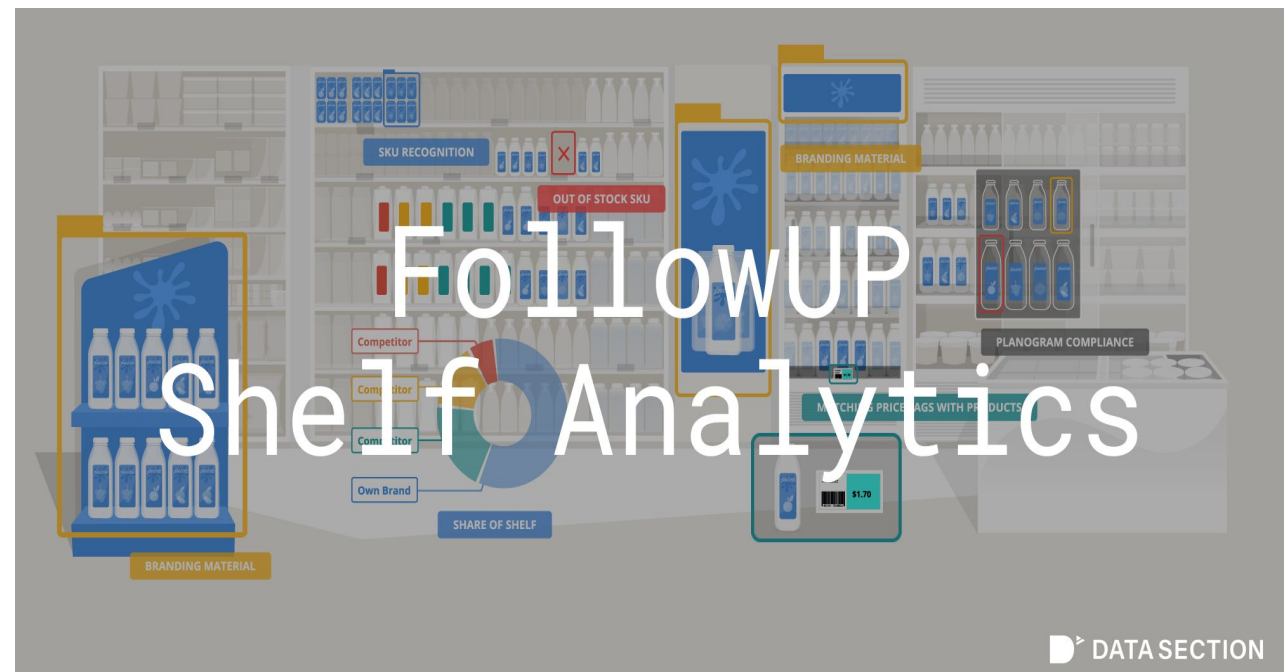
Start of analyst coverage (first session on Monday, October 30, 2023)

We will strive to further improve information disclosure, including this business.

(From our company website)

We are pleased to inform you that a corporate research report by FISCO Ltd. was distributed on October 30.

The report provides a detailed explanation of the company profile, business overview, performance trends, and future outlook.

For more information, please visit the following page at:

https://www.fisco.co.jp/wordpress/wp-content/uploads/FISCO/datasection20231030.pdf

FISCO
Corporate
Research Report

Sustainability Policy

Contributing to the world and people's lives 100 years from now.

DATA SECTION

Message from the CEO

We are striving for sustainable growth and business breakthroughs with a strong will to continue improving people's lives around the world.

Since its establishment in 2000, Datasection Inc. has been committed to the value of "merging technology and the real world". We believe that it is possible to create a better future by leveraging new technologies, such as big data analytics, AI and deep learning, and applying them to society.

We recognize our responsibility as a company to address global challenges - declining birthrates, aging populations, shrinking workforces, food issues, security - as well as the social fabric itself. To realize this vision, all employees of Group companies will work together and continue their efforts to increase corporate value.

Furthermore, the Datasection Group Sustainability Policy has been formulated as a policy to promote these initiatives in a concrete and sustainable manner.

Sustainability Vision

Contributing to the world and people's lives 100 years from now.

The mission "Change the Frame" strongly reflects our core vision - our will to "continue to improve the lives of people around the world". As the Datasection Group, we operate in a global business, and our goal is to shape a future in which people and the planet coexist and thrive 100 years from now. To achieve this goal, we are committed to fulfilling our role as a technology pioneer and contributing to the creation of a sustainable society.

Creating innovation through global partnerships

By supporting stable management, especially in our South American subsidiaries, we help developing countries create development technologies and expand new businesses. In addition, through ongoing, regular global partnerships, we are working with the Ministry of Interior and Communications to implement its services to improve the operations of public institutions in Chile, creating innovation across borders.

Promoting diversity and inclusion on a global basis

We partnered with companies in Southeast Asia to promote diversity while protecting the work environment based on national systems. From 2022, we have introduced a childcare leave system for men, the number of women employees is increasing, and we have changed to a flexible organizational structure that shows understanding of gender and family environment. We are already actively recruiting multinational engineers and have an environment where people can work regardless of social status, race, or culture.

Developing and producing a diverse workforce that will lead the world in the future

In the near future, when data science will be at the heart of business, we will provide training programs to develop people who can communicate the use of data and the results of analysis to people in different positions in an easy-to-understand way. We will contribute to the understanding of data science and the production of data scientists who can work in all industries.

Committed to ensuring compliance and strengthening corporate governance

We aim to be a transparent and open company through measures such as regular one-on-one meetings between senior management and all employees and a system that allows those who wish to observe management meetings to do so. We interact with external personnel for various purposes, such as business, seeking to scale with expert business advice, and supporting the mental and physical health of employees by working with industrial doctors.
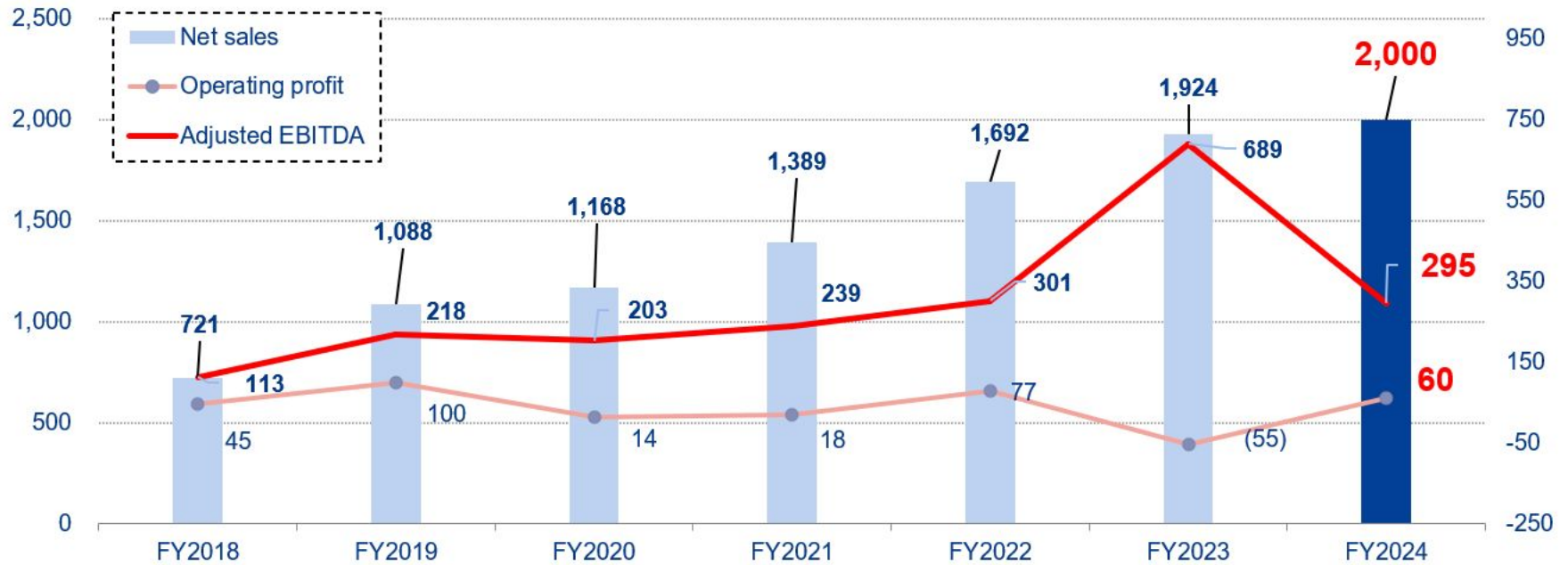
2. Plan for the Fiscal Year Ending March 31, 2024

Earnings Forecast

- **Unify earnings forecast** in order to strengthen our commitment to the market

- Based on the characteristics of each market in Japan and South America, we plan to achieve steady revenue growth in each of these markets and to **increase profits and return to profitability**, except for Adjusted EBITDA, which had a one-time factor

Item	FY2023 Results	FY2024 Earnings Forecast		
		Earnings Forecast	Difference (Amount)	Difference (Change rate)
Net sales	1,925	**2,000**	+75	3.9%
Operating profit	(56)	**60**	+116	—
Adjusted EBITDA	688	**295**	(393)	(57.2%)
Ordinary profit	41	**42**	+1	1.5%
Profit of parent company	(534)	**5**	+539	—

- Plan to **increase revenues in both Japan and overseas markets while making investments necessary for business growth**

- While managing profitability and costs, **we aim to achieve a steady return to profitability in operating profit** and **a reasonable level of Adjusted EBITDA** on a normal fiscal year basis

Net sales (millions of yen)

Structural Reform

Investment phase

Operating profit
Adjusted EBITDA (millions of yen)

Legend:
- Net sales
- Operating profit
- Adjusted EBITDA

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	721	1,088	1,168	1,389	1,692	1,924	2,000
Adjusted EBITDA	113	218	203	239	301	689	295
Operating profit	45	100	14	18	77	(55)	60

Adjusted EBITDA (Plan)

- **Adjusted EBITDA is planned to increase compared to the previous fiscal year on a merit basis**, taking into account amortization and depreciation expenses related to product development and other factors

< Plan >

< Previous year's results >

Adjusted EBITDA 295M

Adjusted EBITDA 228M

(Based on merit)

Share-based payment expenses +34M

M&A expenses +10

Amortization of intangible assets +36M

Depreciation +153M

Operating profit 60M

Themes and Key Policies for the Period
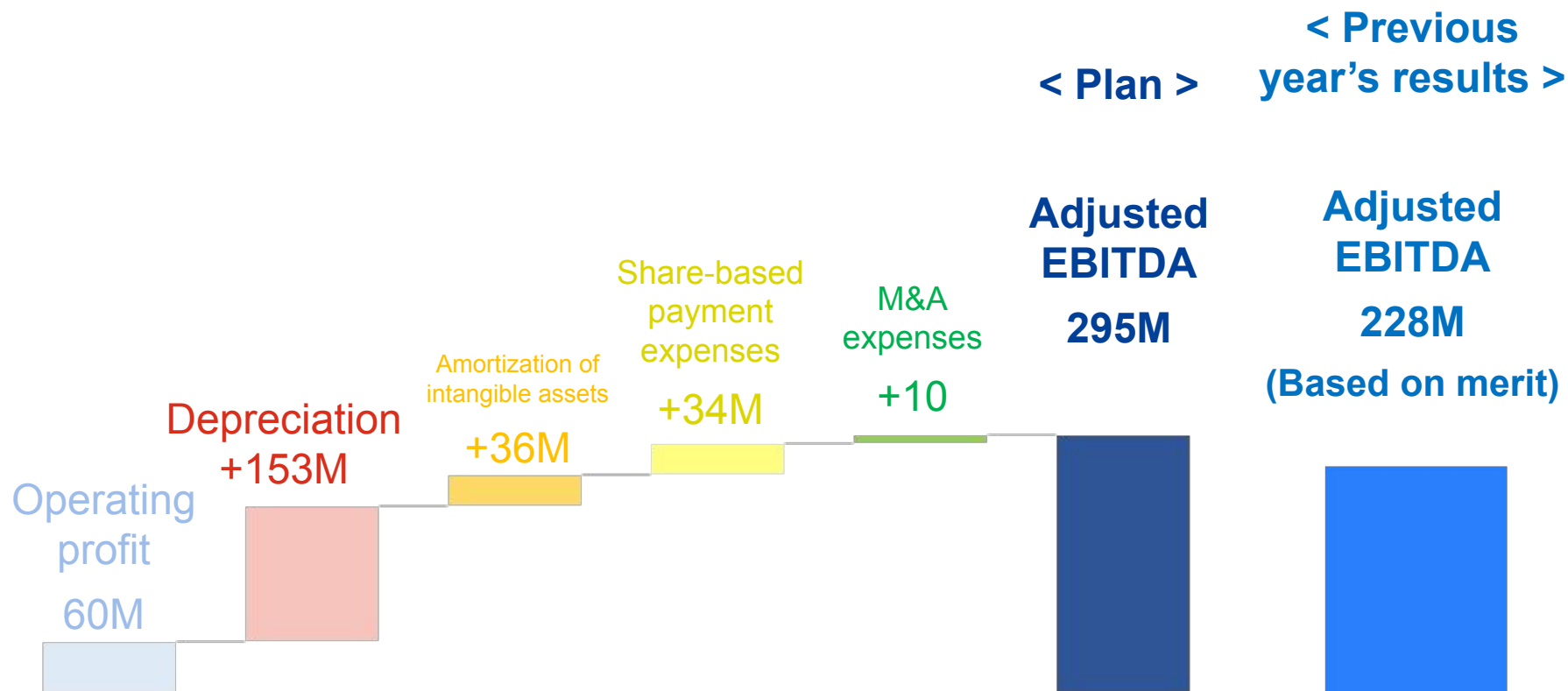
1. Business Portfolio

- Continue overseas growth while balancing the investment of resources in terms of new consolidations, M&A, etc.
- Restructure the business in Japan by leveraging our strengths in elemental technologies
- Take strategic steps toward ChatGPT and other future businesses

2. Strengthen Global Structure

- Review business segments on a global basis
- Shaping the organization from a management perspective and strengthening the executive level
- Strengthen Group collaboration based on the value chain and establish cross-divisional functions

3. Improve Customer Value

- Launch new products that have been internally developed
- Cross-selling or account management
- Promote high-value-added SaaS-type linear business by demonstrating consulting function

[1] Invest in human resources and strengthen HR functions

Retain talented managers and engineers, strengthen global retention, and promote MVV

[2] Corporate branding

Improve recognition by strengthening and expanding IR/PR, and enhance non-financial value such as ESG and SDGs

[3] Corporate governance

Build a solid foundation as a global listed company and further enhance compliance awareness

3. Appendix

DATA SECTION

Consolidated Net Sales Trends
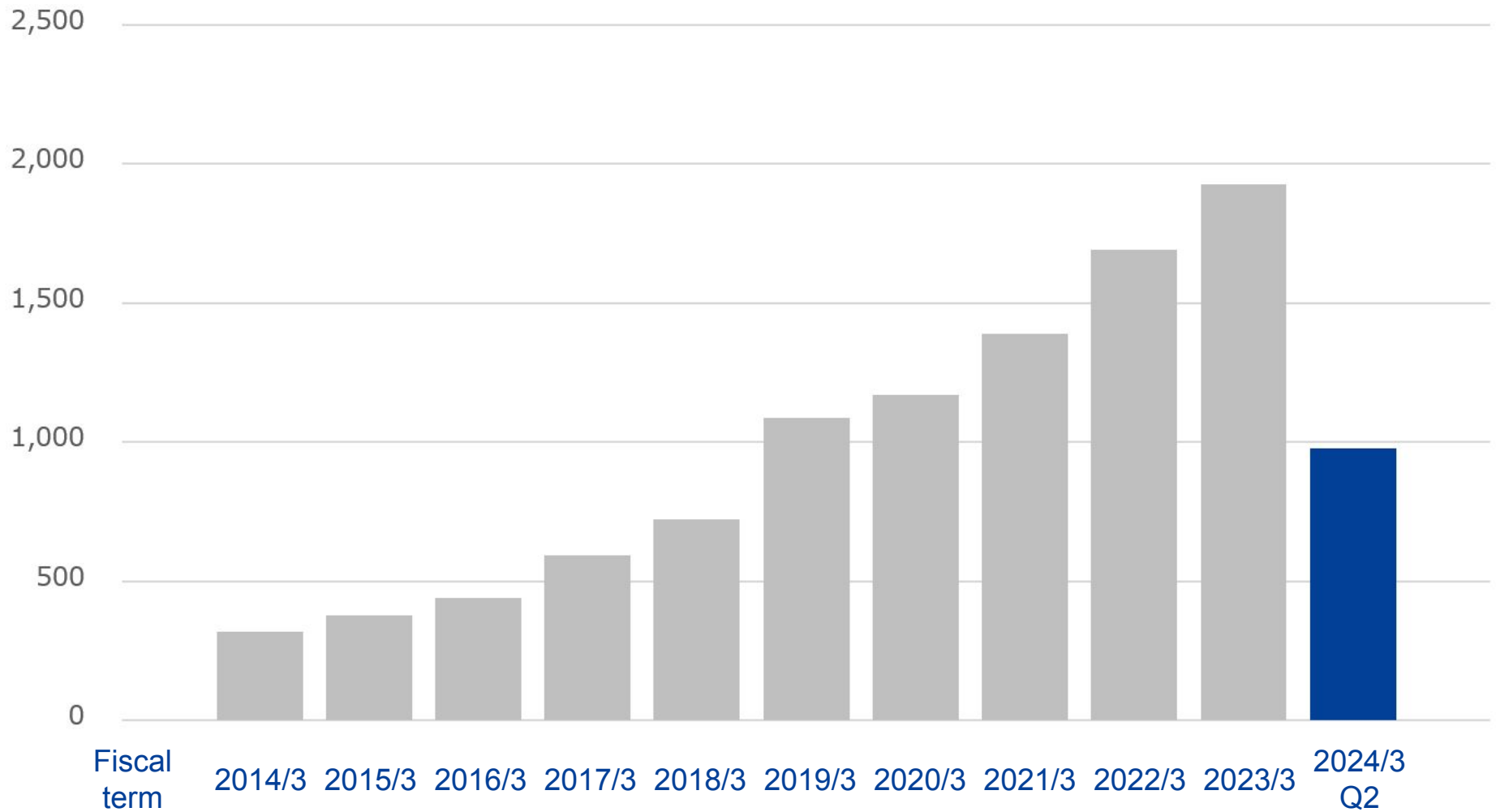
Fiscal term	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3 Q2
Net sales (Millions of yen)	317	376	439	593	721	1,088	1,168	1,389	1,692	1,925	978

Consolidated Operating Profit Trends

Fiscal term	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3 Q2
Operating profit (Millions of yen)	57	85	28	79	45	100	14	18	77	(56)	(162)

Consolidated Ordinary Profit Trends
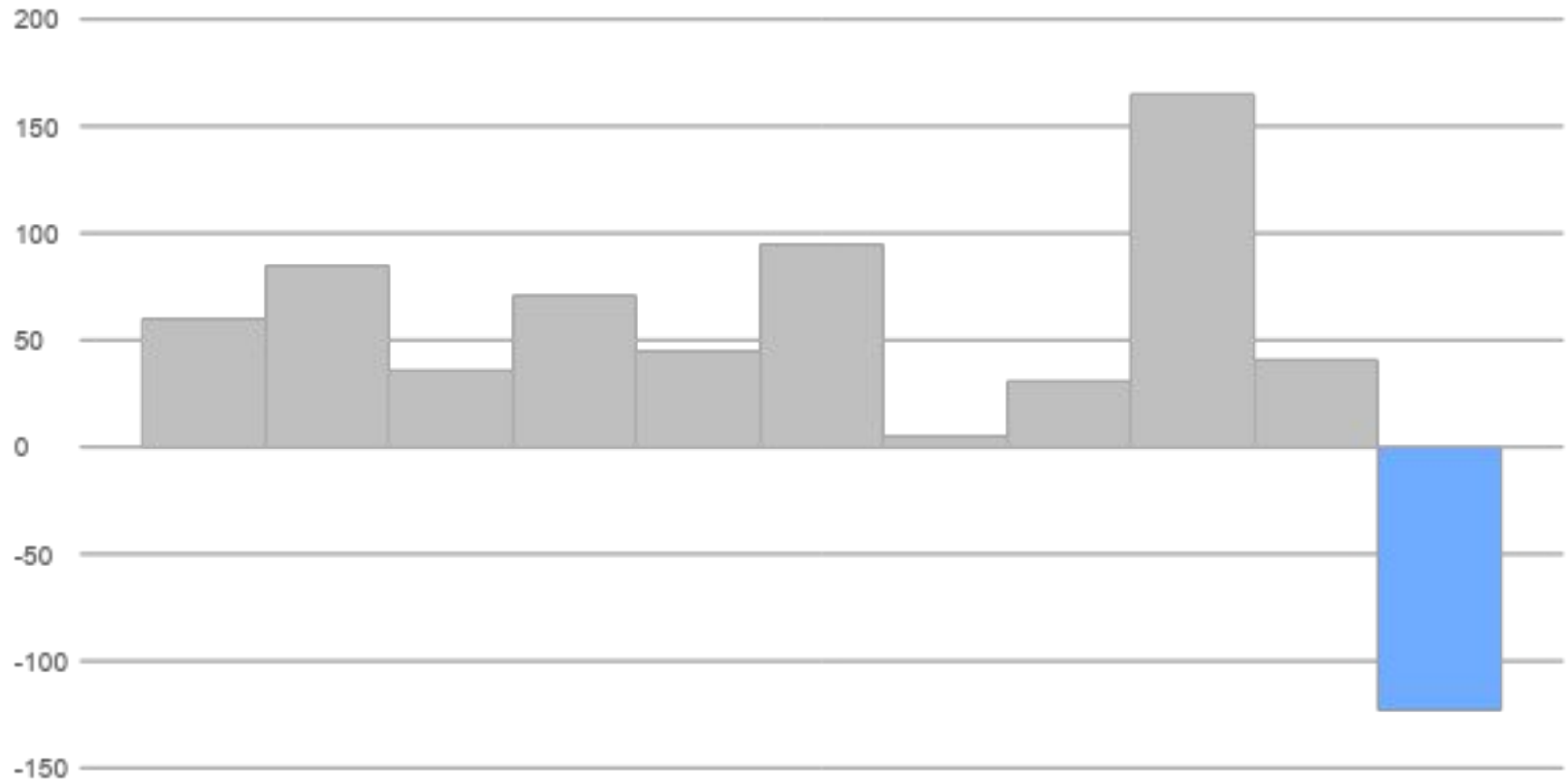
Fiscal term	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3 Q2
Ordinary profit (Millions of yen)	60	85	36	71	45	95	5	31	165	41	(123)

Trends in Consolidated Profit Attributable to Owners of Parent
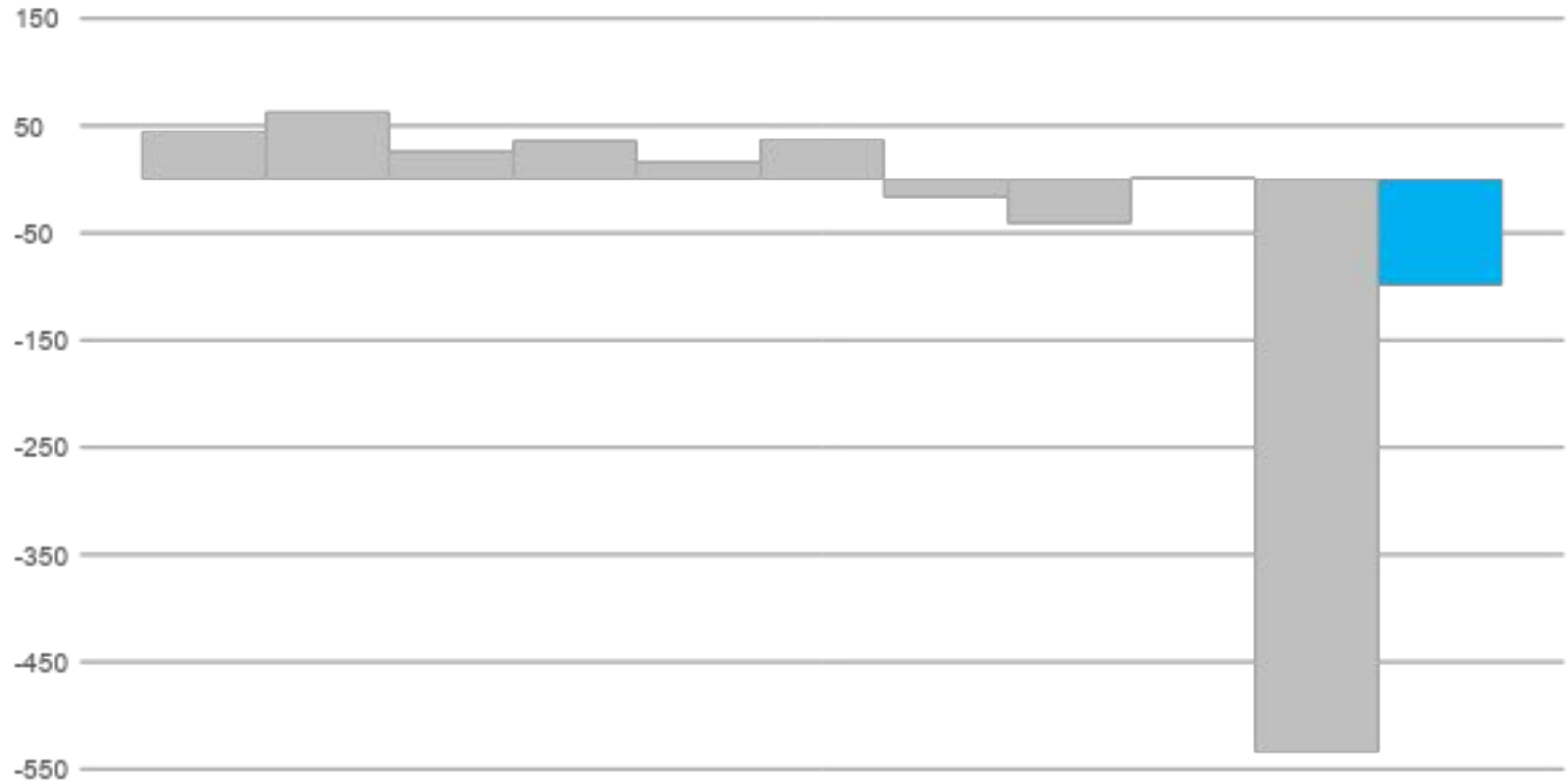
Fiscal term	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3 Q2
Profit attributable to owners of parent (Millions of yen)	45	63	26	36	16	37	(17)	(41)	2	(534)	(99)

4. Reference Materials

Company Profile

We ARE...

What we will be...
What we should do…
Change the Frame

As a "section" of the World Data Division, we continue to improve the lives of people around the world, revolutionizing the real world with technology and creating new ways of living

Company Profile

Datasection Inc.

Head Office	8F Gotanda PLACE Bldg., 1-3-8, Nishigotanda, Shinagawa-ku, Tokyo, 141-0031, Japan	
Foundation Date	July 11, 2000	
Capital	1,516,478,000 yen (as of March 31, 2023)	
Board Members	President and Representative Director and CEO	Kento Hayashi
	Vice President and Representative Director and CFO	Shinichi Iwata
	Director	Christian Cafatti
	Director (External)	Jun Nakajima
	Director (External)	Kohki Sakata
	Director (External)	Yuki Uchiyama
	Full-time Audit & Supervisory Board Member	Akira Tashiro
	Audit & Supervisory Board Member (External)	Shun Ishizaki
	Audit & Supervisory Board Member (External)	Daisuke Yokoyama
	Chief Adviser	Hirofumi Sawa
	Advisor	Daiya Hashimoto

Business Domain	Business in Japan
	Data Science Domain
	Marketing Solution Domain
	System Integration Domain
	Overseas business
Ticker Symbol	**3905**
Major Shareholders	KDDI CORPORATION
	Nippon Life Insurance Company
	Hakuhodo Incorporated and others

DATA SECTION

Company History

2000	2003	2009	2012	2013	2014	2016	2017	2018	2019	2023

Acquisition of The ROOM4D

Alliance with Nippontect Systems

Jach Technology SpA becomes a subsidiary

Capital and business alliance with KDDI

Capital and business alliance with Arum in the medical field

Acquisition of FollowUP's store analytics tool business

DSS becomes a subsidiary

Japan Data Exchange is established

★Listed on TSE Mothers

Established Data Exchange Consortium

Established solid intelligence, a subsidiary specializing in consulting

Capital and business alliance with Hakuhodo

Launched "Insight Intelligence" social listening tool

Started collecting data from blog articles, online news, and bulletin boards

Founded

★Established various new businesses in the medical field, etc.

★Supporting businesses using IoT devices (specializing in retail)

★Supporting businesses using AI (solution development using D/L and other technologies)

★Supporting businesses using social big data (providing social media data analysis tools and analysis reports)

DATA SECTION

Leading expert on data science workforce development

Founder of Datasection Inc. (currently an advisor to our company) / Professor at Digital Hollywood University
Director of Media Library, Visiting Professor, Tama University Graduate School
Director, Wit Institute, Inc. / Book reviewer and translator

Since the early 2000s, he has been one of Japan's leading influencers as an alpha blogger, writing the Information Kogaku Passion for the Future blog, which has been popular for many years.
It has become a popular book review blog with about 300,000 UUs per month. He currently writes a book review blog in both English and Japanese, and has published the "213 Books: Compass for the Web Age of Information Kogaku" (Shufu to Seikatusha Co., Ltd.) and a translation of "Analogia: The Next Step After AI"). While researching startups in Silicon Valley around 2000 and developing consulting services for large companies, he founded Datasection, a big data and artificial intelligence company, in 2000.

In 2014, the company was listed on the TSE Mothers (now TSE Growth) market, and he is currently an advisor to the company. Since then, he has been active as an educator and entrepreneur at universities and other educational institutions.
As a professor at Digital Hollywood University, he is in charge of Advanced Technology Theory (formerly Data Science Fundamentals). As a visiting professor at Tama University Graduate School, he is in charge of "Advanced IT Marketing Innovation".
He is currently conducting research and giving lectures in the area of generative AI technology, including ChatGPT, and is preparing to develop a start-up business together with renowned researchers.

Founder **Daiya Hashimoto**

Currently Advisor

Born on October 14, 1970

2000

- Founded Datasection, a big data and AI company
- Authored "Passion for the Future" as an alpha blogger
- Researched Silicon Valley startups and ventures and launched consulting services for large enterprises

2014

- Listed the Company on the TSE Mothers (now TSE Growth) market
- Appointed as an advisor to the Company
- Since then, he has been active as an educator and entrepreneur at universities and other educational institutions

2023 Present

- Research and lecture on generative AI technology including ChatGPT
- Start-up business development with renowned researchers
- Writing a book review blog in both Japanese and English
- Professor, Digital Hollywood University and Graduate School of Tama University

Our Leadership

Kento Hayashi

President and Representative Director and CEO

Joined a major foreign consulting firm in 2002 after attending the management course at Waseda University's Faculty of Commerce. Worked as a consultant for CRM solutions. Reformed business processes in various areas, including CRM strategy, for major automobile manufacturers, convenience stores, and department stores. Joined a large corporate investment company in 2007. From financing and business development to the preparation of corporate business plans, he launched new services and conducted M&A activities for group companies, as well as new business development in the CGM field. In 2009, became a director and COO of Datasection Inc. after developing businesses and services using CGM in cooperation with Datasection while at a large corporate investment company. Appointed President and Representative Director and CEO in April 2018.

Shinichi Iwata

Vice President and Representative Director and CFO

Joined a major financial institution in 1998 after graduating from the Department of Business Administration, Faculty of Economics, Osaka University. He spent most of his career in investment banking and planning, working on both debt and equity financing, investor relations, business strategy and M&A projects and many other businesses of listed companies. He also conducted business strategy planning. After 2018, moved to an accounting boutique where he started up and was responsible for M&A (FA division), and then served as head of finance and CFO of several operating companies. In April 2022 he joined Datasection and in June of the same year he was appointed Director and CFO of the Company. In June 2023, appointed Vice President and Representative Director and CFO.

Christian Cafatti

Director

A graduate of the Catholic University of Chile. He is an Industrial Engineer specializing in Information Technology and has a distinguished career in technology development. At the same time, he has served as CEO, co-founder and investor in various startups and VC initiatives in South America. He also served as co-founder and CEO of Jach Technology SpA, expanding FollowUP globally. In June 2020, he was appointed as a director of the Company.

Our Leadership

Jun Nakajima

Director (External)

Joined DENTSU INC. in 1989. After working in various corporate communications planning positions, he has been involved in marketing and business strategy planning and service/brand building for more than 100 companies as an Internet business specialist since 1994. In 2000, he joined Inspire Corporation immediately after its founding. Responsible for new business consulting for operating companies and incubation for venture companies. Appointed Vice President and Director in 2005. In May 2006, founded Archetype Corporation and appointed Representative Director. Concurrently serves as Representative Director of Archetype Ventures. Currently also serves as an Outside Director of Koozyt, Inc., Datasection Inc., INCLUSIVE Inc., Sonix Co., Ltd., Fileforce Inc., Archetype Communications, Inc., and as an ICT Mentor Platform Mentor at the National Institute of Information and Communications Technology.

Kohki Sakata

Director (External)

After graduating from Waseda University's School of Political Science and Economics in 2002, he worked at a foreign consulting firm and consumer goods manufacturer before joining Revamp Corporation. After joining Industrial Growth Platform, Inc. (IGPI) in 2011, he provided consulting services to global companies and government agencies. In 2017, he became partner of IGPI and was appointed Director and CEO of IGPI Singapore. In June 2022, appointed as an External Director of the Company.

Yuki Uchiyama

Director (External)

In 2004, after graduating from the Department of Chinese and Chinese Literature, First Faculty of Letters, Waseda University, he founded WEIC Corporation which later became SALES ROBOTICS Inc., and developed a SaaS business for language education in Japan and China. Later, he started a sales support business combining CRM and call center. In 2014, formed a capital and business alliance with salesforce.com. Developed and provided "SALES BASE," a total solution for inside sales management system and BPO services, and implemented more than 2,000 products from 1,000 companies. In 2019, became a group member of HITO-Communications Inc. listed in the first section of the TSE. In June 2022, appointed as an External Director of the Company.

Introduction of the Audit & Supervisory Board Members

Akira Tashiro

Full-time Audit & Supervisory Board Member (External)

After graduating from the Faculty of Engineering at Kyushu University in 1978, he joined Fujitsu Limited. He was mainly involved in the planning and development of InfoWeb, an Internet service and a network in the distribution and financial industries, and then served as the head of the R&D division and the general manager of the domestic online services division of the U.S. subsidiary. In 2003, he joined NIFTY Corporation, and promoted various online businesses, including online advertising, e-commerce, and content distribution. After retiring from Nifty in 2015, he provided consulting services to IT companies and information divisions of national universities. In June 2018, he was appointed as a full-time member of the Audit & Supervisory Board of the Company.

Shun Ishizaki

Audit & Supervisory Board Member (External)

After graduating from the Faculty of Engineering at the University of Tokyo in 1970 and working as an assistant in the same department, he joined Electrotechnical Laboratory (now the National Institute of Advanced Industrial Science and Technology) of Agency of Industrial Science and Technology of the Ministry of International Trade and Industry in 1972. After receiving a Ph.D. in voice processing from the University of Tokyo, he was a visiting fellow at Yale University in the U.S. from 1981 to 1982. After serving as Director of Inference Systems Laboratory and Director of the Natural Language Processing Laboratory of the Electrotechnical Laboratory, he became a professor at the Environment and Information Studies at Keio University in 1992. Since 2013, he has been a professor emeritus, a board member of the Keio University SFC Forum, and Chairman of the ISO/TC37 Language Resources Standardization Committee. Served as Chairman of the Association for Natural Language Processing and President of the Japanese Cognitive Science Society. Published the Natural Language Processing (author) and the Natural Language Processing Encyclopedia (editor-in-chief). In June 2014, appointed as an external Audit & Supervisory Board Member of the Company.

Daisuke Yokoyama

Audit & Supervisory Board Member (External)

Certified Public Accountant and Certified Public Tax Accountant. Joined Asahi Audit Firm (currently KPMG AZSA LLC) in 2002 after graduating from Waseda University Faculty of Commerce. Involved in audits of major Japanese manufacturers and trading companies as well as foreign companies. In 2009, he was seconded to KPMG Amsterdam, where he was involved in auditing Japanese and local companies in the Netherlands. Upon his return, he was involved in auditing major manufacturers and advising on overseas expansion support. Joined Yokoyama Accounting Office in 2016. In June 2018, he was appointed as an external Audit & Supervisory Board Member.

DATASECTION GROUP

Introducing the Datasection Group

Datasection is growing together with our colleagues around the world. The adventure of building the future with data and AI begins now.

The Datasection Group supports DX and business rationalization for a wide range of companies in retail and other industries on a global basis with its strengths in large-scale data analysis, high-performance image analysis using AI, and other areas. In addition, the Group is developing a wide range of other businesses, including contract development business, fintech, and social media analysis businesses in response to customer needs.

D▸ DATA SECTION

solidintelligence	**▶◀ DSS**
Researching, leveraging, and consulting on social big data around the world	Building secure system environments in on-premise/cloud infrastructures with a focus on financial systems Deliver secure applications
J d e x	**Jach Technology SpA** **Alianza FollowUP S.A.S.** **INTELIGENXIA S.A.**
Provide optimal data trading markets with fairness, security, and reliability	Develop and deploy retail analytics tools globally

Businesses of Datasection Group

DATA SECTION

Business in Japan

Data and AI. Datasection's core technology that drives businesses forward.

01
Data Science

DATA & AI

02
Marketing Solution

03
System Integration
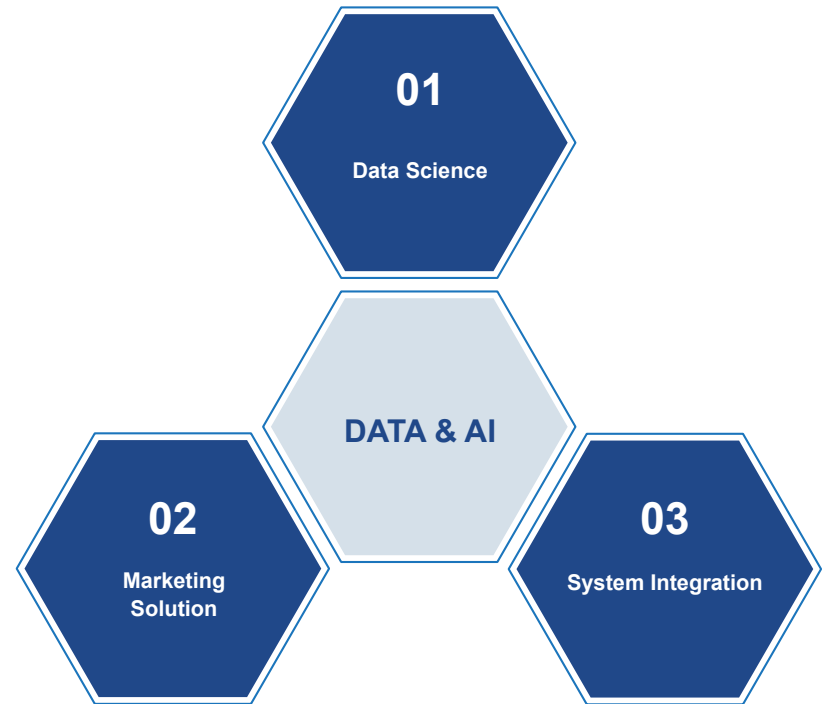
Business in Japan

Data Science

We provide specialized support and consulting for all phases of designing, building, and operating data integration infrastructures. We also conduct educational programs to foster data-savvy organizations.

As a business data concierge, we respond with our extensive experience and deep technical expertise.

Consulting & Data Analytics / AI Development

We offer consulting services that provide comprehensive support for the business use of data, from data analysis to insight extraction, AI and machine learning integration, automation technology development, and business strategy planning.

Data Integration Infrastructure & Dashboard Building
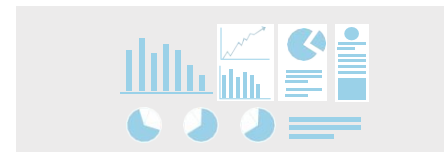
We provide comprehensive data foundation building services such as dashboard development using BI tools and dashboard building in various clouds such as GCP, AWS, and Azure.

Education and Training
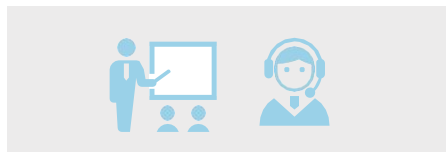
From classroom training such as AI and DX personnel development using data and data scientist training, hands-on training can be conducted such as introductory basics of programming such as Python, machine learning, and statistics. We offer a broad curriculum for business users and engineers.

Data staffing business
(DSS Inc.)

Instead of hiring expensive data scientists, we deploy data personnel to perform simple tasks such as data extraction, data mart creation, and BI development.

Data Science

Consulting & Data Analytics / AI Development

At Datasection, our experienced consultants and the best data scientist for the given project will
help with a variety of issues.

Consulting & Data Analytics

- Data consulting support
- Statistical data analysis and presentation of insights
- BI development
- Internal proposal development support
- Other support tailored to customer needs

Duration: 3 months or more	Contract: Quasi-assignment contract	Content: 1 to 2 hours once a week

AI Development

- AI model development
- Automation system development

DATA SECTION

Building Data Infrastructure

We provide one-stop services from analysis to visualization. Multiple clouds can be supported, including AWS, Azure, and GCP.

aws AWS Cloud

High volume data
(response time of 1 minute or more)

Amazon Athena

Drive cost reduction

Automatically archive infrequently used data to Glacier

Amazon Glacier

Amazon RDS

Ad hoc aggregate queries

Client Analyst

Low volume data
(Response time from about 1 second)

Aggregation

SVG

Excel

Images and video

Application DB

Text

Log files

Unstructured data

Amazon S3

Consolidate data from different departments into S3

Python

Amazon EC2 **AWS Glue** **AWS Lambda**

Data processing environment

Tableau

Amazon EC2

B1 tools environment

Validate charts and aggregated data

Client Sales Rep/Marketer

Tagging

External service API

External company staff

Data Science

Education and Training

Experienced consultants and data scientists are available as trainers.

For Business Users

How to use data analytics
for DX initiatives

Basic concepts and understanding of KPIs

For Engineers

Statistical data analysis

What is machine learning?

Data visualization

Data analysis Python hands-on training

Data analysis helpline

Establishment of a data analysis consultation service

Renewal for a minimum of 3 months

Data Science

Key Case Studies

Data Integration Infrastructure & Dashboard Building

Building and visualizing a DMP integrating multiple data sources

Quantitative data usage analysis and image analysis

Demand forecasting, inventory and production optimization

Create an advertising effectiveness simulator

Automated parameter decision in manufacturing plants

User growth factor analysis using game action logs

Analysis of aerial photographs

Image recognition in automated driving systems

Behavioral path mining using in-store sensor logs

Analysis of organism growth factors using water quality sensor logs

Predict product import volumes using crawler data

Detect anomalies in communication devices using communication log data

Product defect detection using product image data

Customer segment analysis using customer behavior data

Face recognition in the COVID-19 pandemic

Optimize direct mail using purchase data

Optimize coupon and DM distribution using response data

Analyze purchase data to improve e-commerce site sales

Automated quality control using vibration sensor data

Real-time failure prediction using device log data

Optimize warehouse locations

Optimize delivery routes

Optimize selling prices to maximize revenue

Data Science

Project Case 01

Building and visualizing a DMP integrating multiple data sources

- Build a data integration infrastructure solution to integrate, centrally manage, and operate internal data (1st party data), data acquired from partner organizations (2nd party data), and data acquired from external sources (3rd party data)
- Acquire data efficiently by building DMPs right up front
- Use data not only in AI, but also in various BI tools, Excel, and other tools

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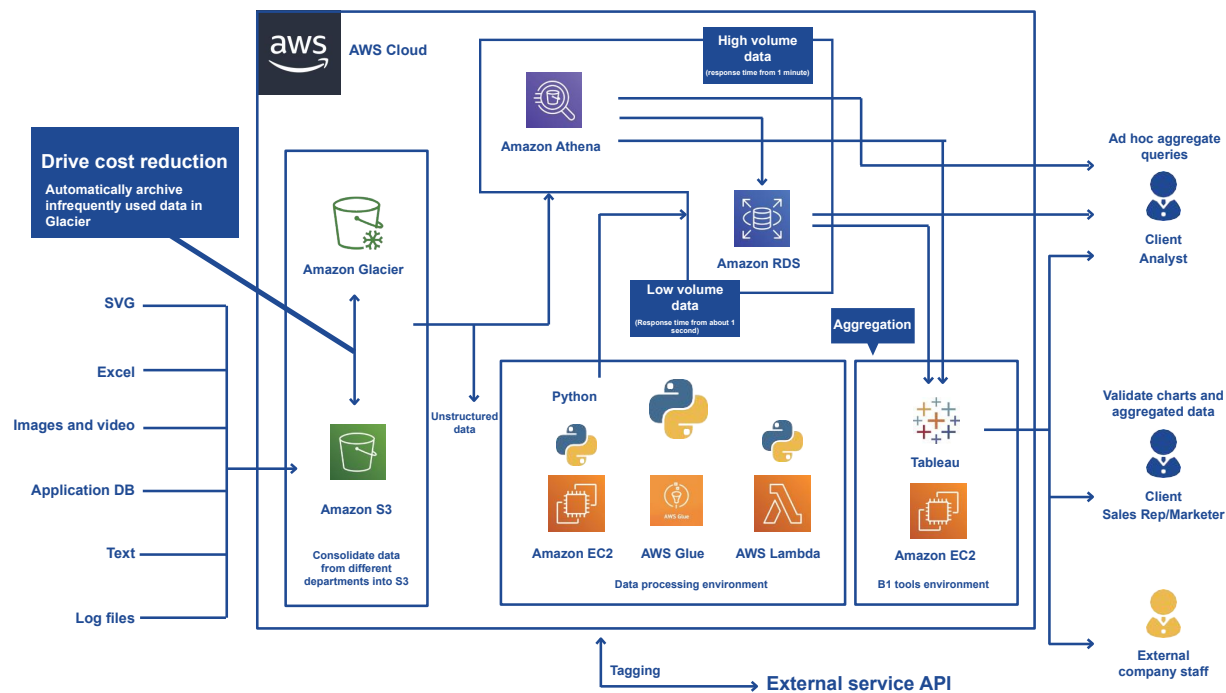
Data Science

Project Case 02

Demand forecasting, inventory and production optimization

- Detailed visualization of existing data and analysis of trends and drivers

- Feed characteristics into the algorithm to determine overall prediction accuracy

- Improve accuracy by analyzing high error factors

- Further knowledge is added to realize a stable model with high accuracy in retail stores and factories
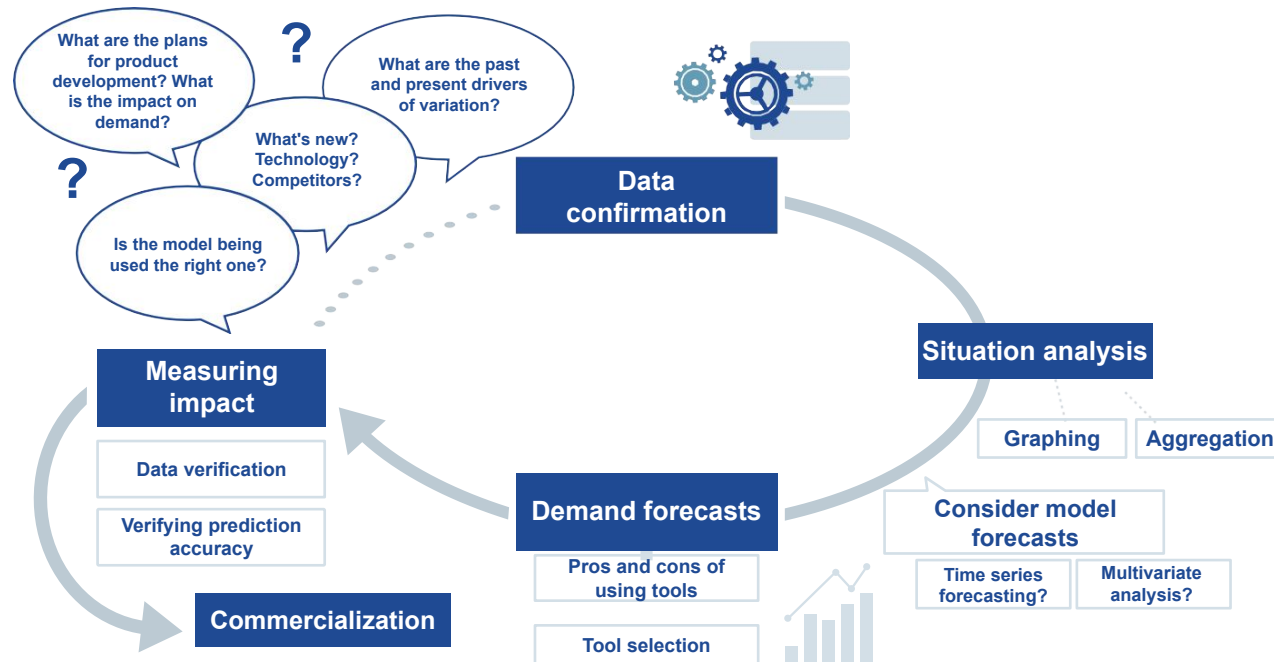
Data Science

Project Case 03

Predict product import volumes using crawler data

Challenges: Based on the information available on the web, staff predicted the volume of product imports based on intuition and experience

- Develop crawlers to obtain indicators on the web and build prediction models for product imports
- Build a highly accurate prediction model based on a model that has learned the crawling information and product import volume information
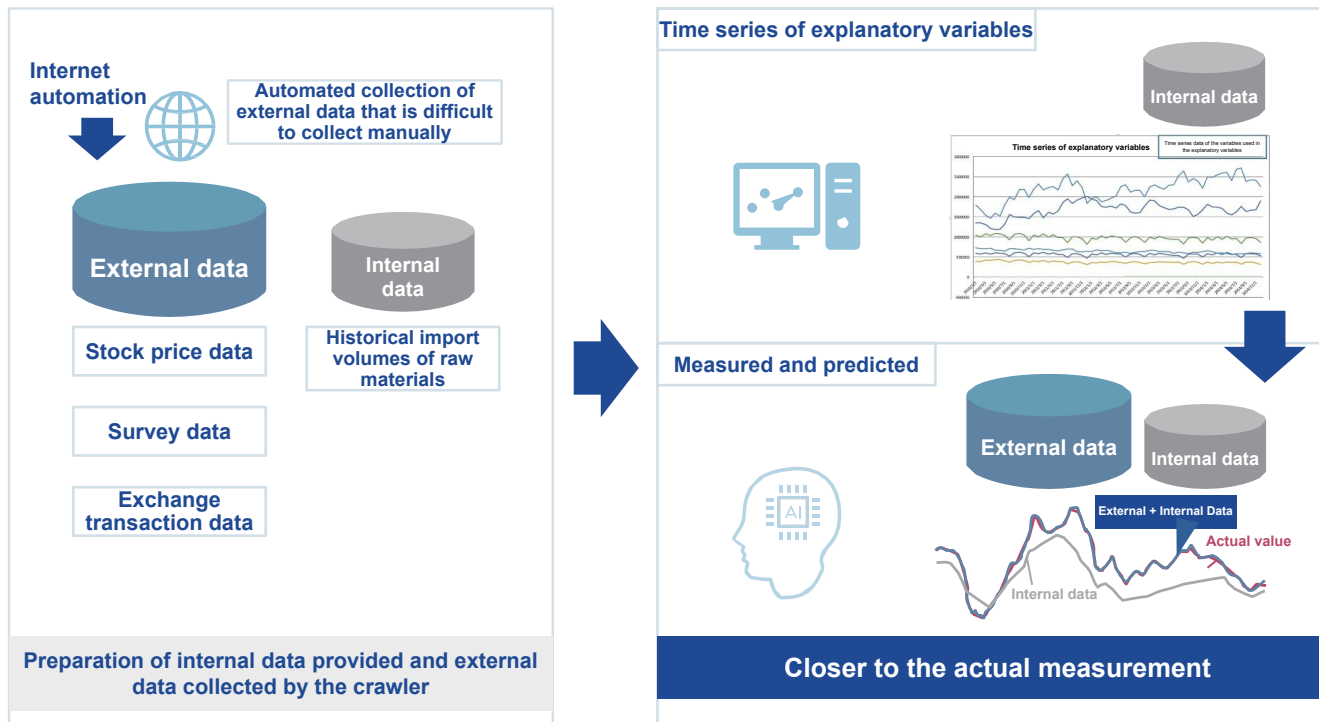
Business in Japan

Marketing Solution

Customer journeys that extend infinitely beyond the boundaries of online and offline.
Datasection unravels customer behavior and helps discover insights.

Digitization of data at offline stores using IoT devices and support for utilizing the data. Also provides marketing solutions such as social big data analytics and engines.

In-Store Analytics	
• Collect and analyze sensor data using IoT devices (AI cameras, sensors, etc.) • Providing data collection and analysis services (FollowUP) for front-of-store traffic and store visitor count data • Analyze store visitor attributes (gender and age) • Provide in-store analytics based on customer behavior	

Social Listening	
• Providing the X (formerly Twitter) Data Analytics Service (InsightIntelligenceQ) • Social media analysis of foreign visitors to Japan (Group company Solid Intelligence)	

In-Store Analytics

Install IoT devices in stores to transform customer interests (≒customer behavior) into data and analyze it

- Perform data analysis on customer shopping behavior that was previously based on visual observation, store associate experience, and intuition
- Capture changes in customer behavior and support decision making, such as store improvements tailored to their behavior

Structure data with IoT devices

Quantify customer interest by installing IoT devices in stores.

Dashboard behavior analysis

Confirm the collected data on the dashboard. Analyze data from different aspects.

Support for data utilization

Joint analysis of collected data between our company CS team and your company. Providing assistance in the use of data.

In-Store Analytics Services

Store analytics tool **FollowUP**	Flow line analytics tool **ATIKO**
FollowUP is a store analytics tool that derives actionable insights to both enhance and improve sales performance based on customer behavior in the store. It contributes to the improvement of sales through its analytical functions that provide a constant overview of the current state of the store and a complete support system that leads to improvements in store operations.	Assigns a unique ID to each customer who visits the store and tracks their behavior. Analyze in-store behavior based on area, dwell time, and other factors. It can be used as a basis for examining product placement, staffing, etc., by analyzing high and low traffic areas and dwell time.

Marketing Solution

Business Partners (excerpt)

Apparel

Miscellaneous goods

Fishing gear

Jewelry

Stationery

Reuse

Cosmetics

Include past results

DATA SECTION

Social Listening

Extract consumer insights and risk postings
from the vast amount of social big data that exists

Social media is a treasure trove of the "real voices" of consumers. This is important data for business marketing.
We discover the hidden true feelings of consumers from the vast amount of social media data and accelerate your marketing efforts.

Consumer marketing	Measurement of advertising effectiveness	Risk detection	Poll
• Product word-of-mouth survey • Discovery of scenarios • Lifestyle analysis	• Survey of changes in perception • Survey of changes in brand image	• Reputation risk detection • Disaster information detection	• Quickly capture real opinions on social issues and politics

DATA SECTION

Social Listening **Services**

Accurate and immediate analysis of the voices on the web

Analytics that "pinpoint" the needs of marketers

Analytics that reflect the expertise of marketers who analyze social data every day

UI that supports quick search

Results can be obtained with simple operations such as Google searches, and deep searches are also easy to perform.

Hypotheses can be generated through trial and error by going back in time.

Trial and error analysis of data from the past 13 months allows for the research and hypothesis generation, which is essential for marketing.

X (formerly Twitter) **Data Analytics Service**

Insight Intelligence Q

A social listening tool born from the voices of marketers

DATA SECTION

Social Listening

Social Listening Case Studies

Product word-of-mouth survey

Capture real-world word-of-mouth from existing customers that can be used for product improvement and promotion.

Measure the initial reaction to new products.

Marketing   Product development

Competitive comparison research for each funnel

Compare the level of consumer penetration of the products and services with those of competitors and use it to inform future promotions.

Marketing   Advertising & Promotion

Campaign impact study

Understand what kind of campaigns and PRs were talked about and use it to plan PR efforts that will be talked about on social media.

SALE

Advertising & Promotion

Measurement of advertising effectiveness

Compare word-of-mouth about products and services before and after each promotion and measure effectiveness based on changes in conversation topics.

Advertising & Promotion

Risk Monitoring Periodic Report

Regular monitoring of negative postings about products and companies enables early detection and response to risks.

General and labor affairs

Political and social polling

Quickly identify more realistic opinions on political and social issues.

Other

Discover usage scenarios and latent needs

Uncover unexpected new usage scenarios and latent needs in word-of-mouth about products and services. This can inform new product development.

Marketing   Product development

In-depth lifestyle and persona research

Leverage past postings by users of products and services to gain a deeper understanding of daily lives, hobbies, and preferences that can be used to expand the target audiences.

Marketing

DATA SECTION

Business in Japan

System Integration

Data, AI, and cutting-edge digital technologies enable smarter, faster, and more efficient business processes. We promise to be a powerful partner to help organizations achieve their next digital transformation.

We can provide a one-stop support from upstream processes to downstream maintenance and operation based on the customers' individual requirements for AI and system contract development

AI Contract Development	
• Custom development using AI and machine learning technologies • Research and development of natural language processing and generative systems AI • Research and development in the field of speech analysis • Own numerous case studies in various industries, including medical and automotive • Constantly keeping up with the latest papers and using them in implementation	

System Contract Development	
• We can provide one-stop services from upstream processes to downstream maintenance and operations • Search engine development • Large-scale data processing technology (AND search technology) • Web application development • AWS/On-premise • Smartphone application development	

System Integration

Key Case Studies

AI Contract Development

Analysis of biometric information (EEG and ECG waveforms)	Visitor counting from security camera footage
Development of speech analysis engine	Abnormality detection from driving recorder footage
Development of inappropriate image filtering engine	Automatic generation of newspaper articles
Development of solar panel anomaly detection system	Data extraction from image PDF
	Spam comment evaluation engine

Quantitative data usage analysis and image analysis

Development of audit data analysis dashboard

Development of social media & advertisement posting data analysis dashboard

Development of search engine for manufacturing industry

Development of large-scale data crawling system operation and maintenance infrastructure

Development of competitor website crawling and search dashboard
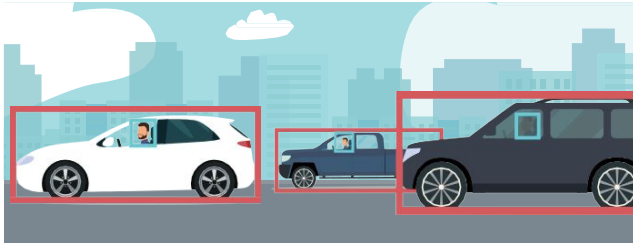
System Integration

Project Case 01

Image recognition in automated driving systems

Challenges: In the automotive field, the main challenge is to develop a system that can instantly determine the current situation of the car based on real-time video data and generate input information for automatic operation.

• Developing algorithms to achieve both accurate and fast processing based on state-of-the-art work

Image recognition for automated driving

Object recognition and identification (pedestrian detection, etc.)
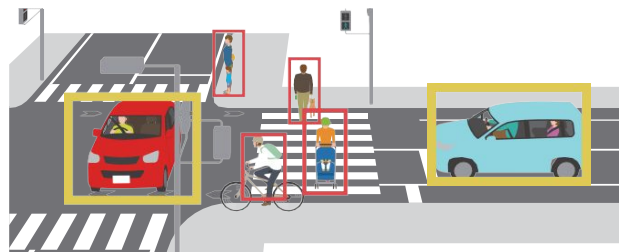
System Integration

Project Case 02

Inappropriate image filtering engine

Challenges: A large company blocks websites with harmful content. Previously, blocking sites with harmful content was done manually.

- Deep learning and other image analysis technologies were used to automatically filter and block harmful sites.
- 10-level rating of inappropriateness

Deep neutral network

Inappropriate

Appropriate
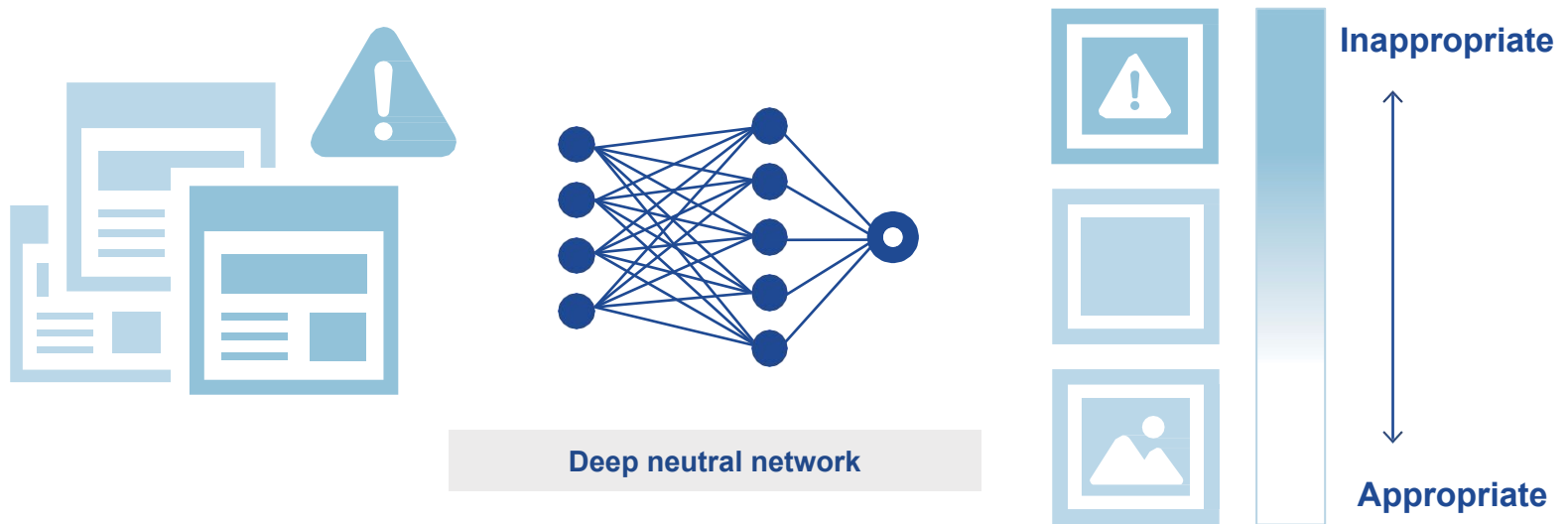
System Integration

Project Case 03

AI Reporter

- For THE MID-JAPAN ECONOMIST 70th anniversary project, we implemented an AI-generated document project. Machine learning of word relationships in existing documents
- One million past online articles -> Learned basic word relationships in Japanese
- 7,000 past articles of THE MID-JAPAN ECONOMIST -> Learn the standard article style (wording/content, etc.) of THE MID-JAPAN ECONOMIST articles (keywords are specified by a human. Automatically generates sentences by probabilistically deriving words that are naturally related to the keywords
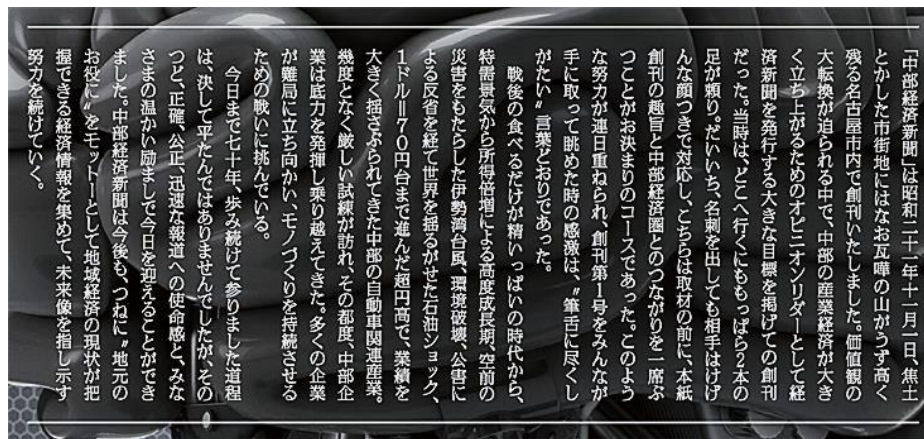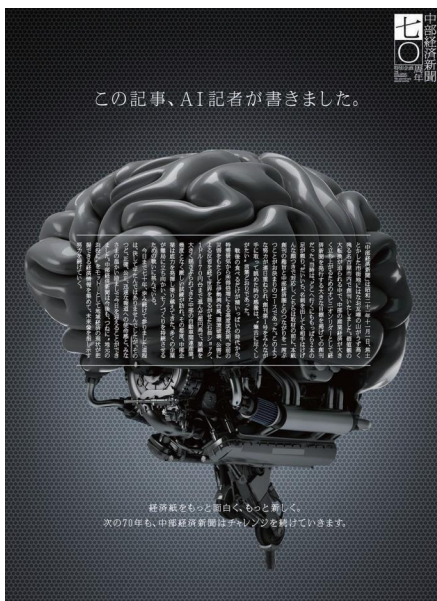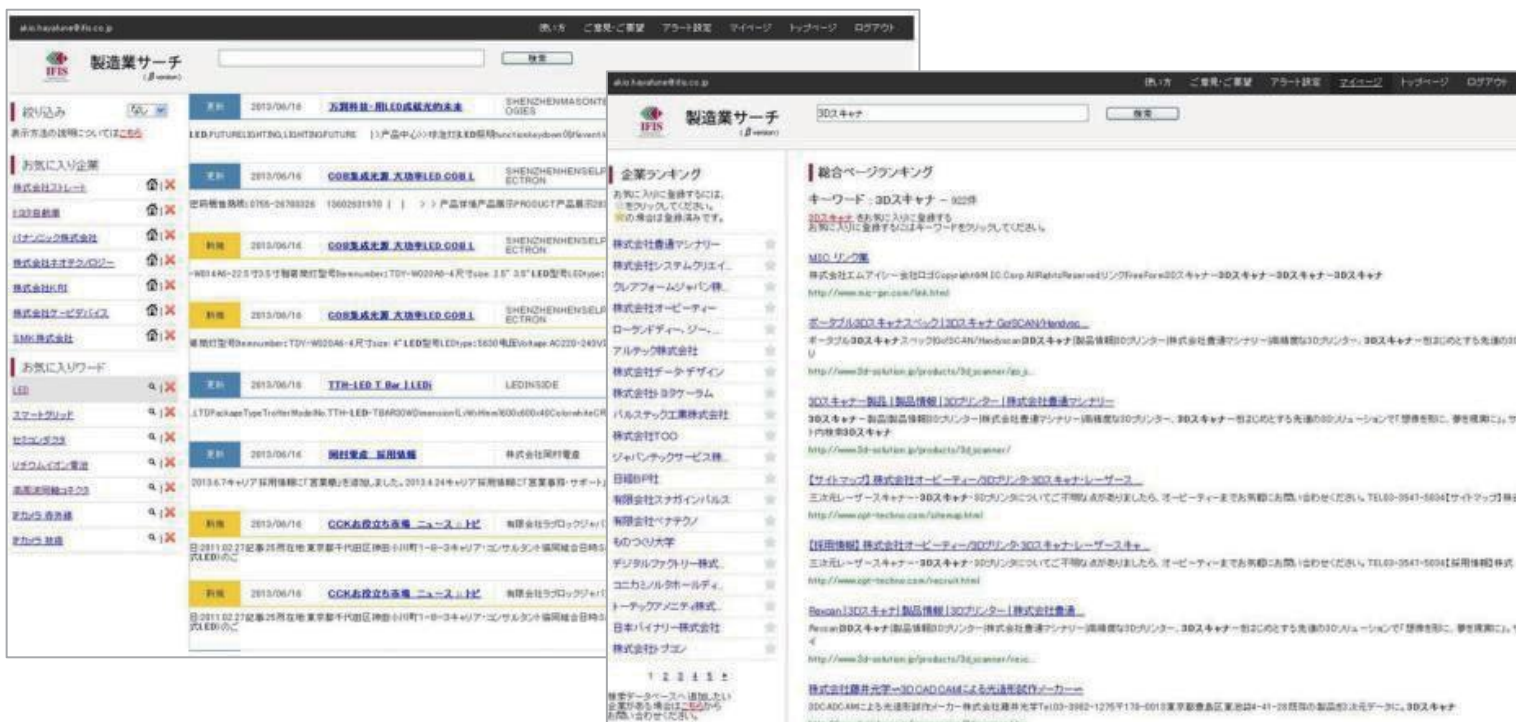
System Integration

Project Case 04

Manufacturing search engine development

- Development of a Web service that crawls and searches the websites of approximately 40,000 companies across Japan
- Provide a dashboard that allows users to tag and freely search websites by business type and the products they offer

Overseas business

A data bridge connecting the world.
Datasection's services are being developed
**globally, with a focus on South America.**

FollowUP

"FollowUP"

Improve sales performance by analyzing in-store customer behavior.

FollowUP is a store analytics tool that derives actionable insights to both enhance and improve sales performance based on customer behavior in the store. It contributes to improving sales through its analytical functions that provide a constant overview of the current state of the store and a complete support system that leads to improvements in the stores.
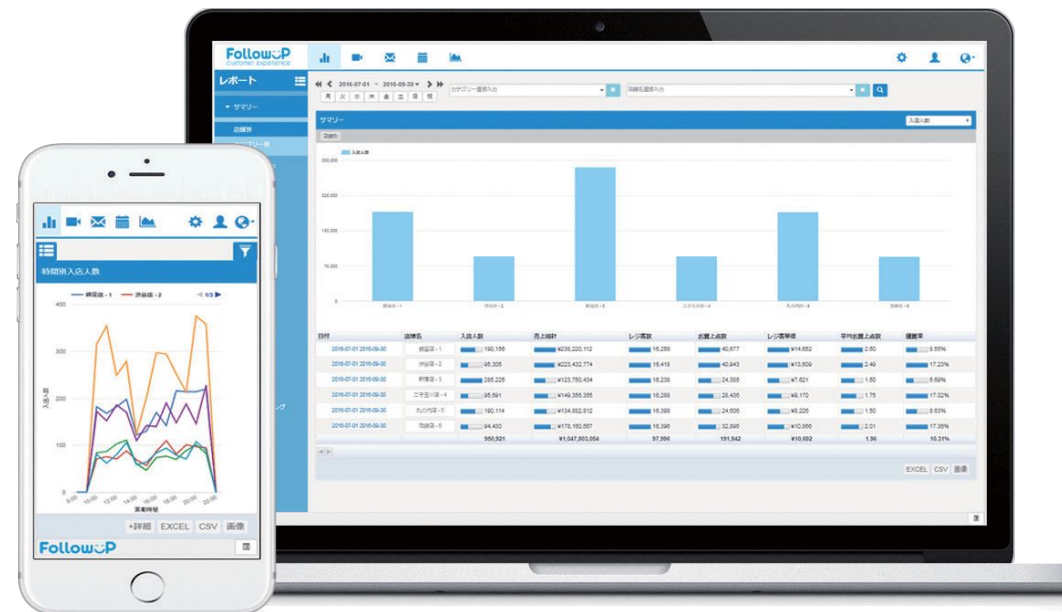
FollowUP

Working with global retailers.

FollowUP is installed in 47 department stores of Falabella S.A., a major South American retail group, as well as in 58 high street stores of 12 brands licensed by Falabella in Chile, including Clarks, Aldo, and Mango.

Datasection is committed to being a trusted partner to retailers around the world.

As of June 2023

Countries launched

20 countries

Adopted companies

100 companies

Adopted stores

Approx. **7,000** stores

Installed AI cameras

Approx. **11,000** units

*Japan, India, Australia, New Zealand, Chile, Colombia, Peru, Argentina, Ecuador, Bolivia, Brazil, Uruguay, Panama, Guatemala, Honduras, El Salvador, Costa Rica, Spain, Mexico, United States

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