

June 3, 2024

Company name	Datasection Inc.
Representative	Shinichi Iwata, President, CEO and CFO (Code No. 3905, TSE Growth)
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Notice Regarding the Commencement of Collaboration with VLC Holdings Co., Ltd. in the Field of AI and Cybersecurity

We hereby announce that we have commenced collaboration (hereinafter referred to as the "Collaboration") in the field of AI and cybersecurity with VLC Holdings Co., Ltd. (Headquarters: Toranomon, Minato-ku, Tokyo; President & CEO: Norihiko Ishihara; hereinafter referred to as "VHD"), with which we have a comprehensive business alliance, as detailed below.

1. Background and Details of the Collaboration

As disclosed in the announcement dated February 14, 2024, titled "Announcement of Basic Agreement on Comprehensive Business Alliance with VLC Holdings Co., Ltd.," we entered into a basic agreement with VHD to form a comprehensive business alliance. Since then, we have been exploring specific areas in which business synergies could be achieved by leveraging the strengths and resources of both companies and their respective group companies in their business domains.

In this context, as disclosed in today's "Notice Regarding the Full Acquisition of MSS Inc. through Stock Purchase and Stock Exchange," we have decided to make MSS Inc. (Headquarters: Minato-ku, Tokyo; President: Takahiro Matsuda; hereinafter referred to as "MSS"), a company primarily engaged in marketing research and sales promotion, a wholly owned subsidiary of our company. We believe there is a significant synergy between our group's marketing solution business, which focuses on data analysis, AI, digital marketing support, and SNS-related operations, and MSS's business. This synergy will further enhance the corporate value of both groups. Additionally, by implementing this transaction through a combination of stock purchase and stock exchange, VHD will hold a portion of our shares to strengthen the relationship between the two groups.

Furthermore, as disclosed in today's "Notice of Basic Agreement Among Four Companies for the Construction of an AI Data Center," we have agreed, as of June 2, 2024, to commence discussions on the construction of an AI data center with Super Micro Computer Inc. (Headquarters: California, USA; President & CEO: Charles Liang), Sharp Corporation (Headquarters: Sakai City, Osaka; President & CEO: Robert Wu), and KDDI CORPORATION (Headquarters: Shinjuku-ku, Tokyo; President: Makoto Takahashi). In line with this, we have decided to start the Collaboration with VHD in the field of AI and cybersecurity.

Given the critical importance of cybersecurity in the construction and operation of our planned AI data center and AI cloud services, we will seek support from the VHD group through the provision of cybersecurity solutions for the AI data center and AI cloud services. In addition, we will jointly develop AI-powered cybersecurity services with VHD by utilizing our AI technology.

2. Overview of the Other Party to the Collaboration

(1) Company Name	VLC Holdings Co., Ltd. (Nagoya Stock Exchange, Next Market (Securities Code: 2467))		
(2) Head Office	4-1-40 Toranomon, Minato-ku, Tokyo		
(3) Representative	Norihiko Ishihara, President & CEO		
(4) Business Description	Management and operation of a corporate group through the holding of shares, etc.		
(5) Capital	15.53 million yen		
(6) Establishment Date	September 27, 1994		
(7) Major Shareholders and Shareholding Ratios (as of September 30, 2023)	Sumio Muramatsu: 7.18% Sun Investment LLC: 5.48% Norihiko Ishihara: 4.37% Nishizawa Kanzai Co., Ltd.: 2.35% Matsui Securities Co., Ltd.: 1.97% Takahiro Matsuda: 1.82% Suneight V Investment Limited Partnership: 1.76% Takenori Takigawa: 1.53% SBI SECURITIES Co., Ltd.: 1.42% Art Ryokka Co., Ltd.: 1.42%		
(8) Relationship between the Listed Company and the Counterparty	Capital Relationship	None.	
	Personnel Relationship	Norihiko Ishihara, President and CEO of VLC Holdings Co., Ltd., concurrently serves as a director of the Company.	
	Business Relationship	None.	
	Status as a Related Party	None.	
(9) Consolidated Business Results and Financial Condition for the Last Three Fiscal Periods (Unit: million yen)			
Fiscal Period	FY March 2022	FY March 2023	FY March 2024
Net Assets	364	546	350
Total Assets	1,020	1,093	1,131
Net Assets per Share (Unit: yen)	30.34	43.62	26.80
Operating Profit	70	82	(257)
Ordinary Profit	50	79	(259)
Net Profit Attributable to Parent Company Shareholders	38	67	(309)
Comprehensive Income	49	51	(308)
Net Profit per Share (Unit: yen)	3.33	5.57	(24.53)

3. Future Outlook

The impact of the commencement of this Collaboration on the consolidated financial results for the fiscal year ending March 2025 will be carefully examined based on the progress of the Collaboration. Should any matters requiring disclosure arise, we will disclose them promptly.

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