

August 14, 2024

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**(Correction and Numerical Data Revision) Partial Revision of the Financial Report for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated)**

We have identified certain parts of the "Financial Report for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated)" submitted on May 15, 2024, that require correction. Additionally, numerical data have also been revised, and the corrected numerical data are included. The details of the correction are as follows:

**1. Reason for the Correction**

Following the submission of the "Financial Report for the Fiscal Year Ended March 31, 2024 [Japanese GAAP] (Consolidated)," we received instructions from our accounting auditor to revise certain figures. Therefore, we are issuing this correction. Furthermore, we have identified errors in the content, and these errors have been corrected accordingly.

**2. Content of the Correction**

Please refer to the attached document for the specific corrections. The corrected sections are underlined for reference.

**Details of the Corrections (The corrected sections are underlined below.)**

**<Summary Information>**

**(Reference) Summary of Non-Consolidated Financial Results**

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

[Before Correction]

(1) Non-Consolidated Operating Results

(Percentage figures indicate the rate of change from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	463	2.8	<u>(544)</u>	-	(1,388)	-	(1,953)	-
FY2023	450	0.1	(149)	-	7	(93.4)	(864)	-

[After Correction]

(1) Non-Consolidated Operating Results

(Percentage figures indicate the rate of change from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024	463	2.8	<u>(546)</u>	-	(1,388)	-	(1,953)	-
FY2023	450	0.1	(149)	-	7	(93.4)	(864)	-

## <Appendix>

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### 1. Overview of Operating Results

#### (1) Overview of Operating Results for the Fiscal Year

##### i. Japan Segment

[Before Correction]

(omission)

As a result of expanding orders across domestic companies, net sales to external customers in the Japan segment increased to ¥1,383 million (up 1.1% year-on-year). However, due to increased costs, including upfront expenses related to the restructuring of our business portfolio, the enhancement of engineering personnel as part of our business acquisitions, and increased outsourcing costs to support business expansion, as well as personnel and subcontracting costs associated with strengthening our governance and infrastructure as a global company, the segment recorded a loss of ¥18 million (compared to a segment profit of ¥76 million in the same period last year).

[After Correction]

(omission)

As a result of expanding orders across domestic companies, net sales to external customers in the Japan segment increased to ¥1,363 million (up 11.2% year-on-year). However, due to increased costs, including upfront expenses related to the restructuring of our business portfolio, the enhancement of engineering personnel as part of our business acquisitions, and increased outsourcing costs to support business expansion, as well as personnel and subcontracting costs associated with strengthening our governance and infrastructure as a global company, the segment recorded a loss of ¥18 million (compared to a segment profit of ¥76 million in the same period last year).

##### ii. Overseas Segment

[Before Correction]

(omission)

As a result, net sales to external customers in the Overseas segment increased to ¥865 million (up 1.1% year-on-year), and the segment recorded a profit of ¥176 million (compared to a segment loss of ¥118 million in the same period last year).

[After Correction]

(omission)

As a result, net sales to external customers in the Overseas segment increased to ¥865 million (up 1.1% year-on-year), and the segment recorded a profit of ¥169 million (compared to a segment loss of ¥118 million in the same period last year).

### (3) Overview of Cash Flows for the Fiscal Year (Cash Flows from Financing Activities)

[Before Correction]

Funds generated from financing activities during the current consolidated fiscal year amounted to ¥382 million (compared to ¥242 million generated in the previous consolidated fiscal year). This was mainly due to proceeds of ¥704 million from the issuance of shares, ¥135 million from long-term loans, ¥86 million from an increase in short-term borrowings, and expenditures of ¥504 million for the repayment of long-term loans.

[After Correction]

Funds generated from financing activities during the current consolidated fiscal year amounted to ¥382 million (compared to ¥242 million generated in the previous consolidated fiscal year). This was mainly due to proceeds of ¥704 million from the issuance of shares, ¥135 million from long-term borrowings, ¥86 million from an increase in short-term borrowings, and expenditures of ¥504 million for the repayment of long-term loans.

## 3. Consolidated Financial Statements and Primary Notes (1) Consolidated Balance Sheet

[Before Correction]

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
(Unit: 1,000 yen)		
<b>Assets</b>		
Current assets		
Cash and deposits	1,446,255	1,690,432
Notes receivable and accounts receivable	560,515	646,601
Products	81,449	62,462
other	199,797	136,871
Total current assets	2,288,018	2,536,366
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,999	26,639
Accumulated depreciation	(57,750)	(20,289)
Buildings and structures (net)	45,249	6,350
Tools and fixtures	397,977	464,422
Accumulated depreciation	(220,009)	(87,073)
Tools and fixtures (net)	177,968	377,348
land	21,150	-
Total tangible fixed assets	244,368	383,698
Intangible assets		
goodwill	169,546	174,048
software	560,124	450,731
other	40,173	20,095
Total intangible assets	769,844	644,875
Investments and other assets		
Investment securities	120,471	67,704
Long-term loans	515,058	16,359
Deferred tax assets	112,728	14,120
Insurance reserves	218,033	65,067
other	117,490	58,055
Total investments and other assets	1,083,780	221,307
Total non-current assets	2,097,993	1,249,882
Total assets	4,386,012	3,786,248



## DATA SECTION

[After Correction]

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2023)	Current consolidated fiscal year (March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	1,446,255	1,690,432
Notes receivable and accounts receivable	560,515	646,601
Products	81,449	62,462
<u>Accrued Income Taxes Receivable</u>	<u>54,914</u>	<u>70,958</u>
<u>other</u>	<u>144,882</u>	<u>65,912</u>
Total current assets	2,288,018	2,536,366
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,999	26,639
Accumulated depreciation	(57,750)	(20,289)
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Total investments and other assets	1,083,780	221,307
Total non-current assets	2,097,993	1,249,882
Total assets	4,386,012	3,786,248

**(3) Statement of Changes in Consolidated Shareholders' Equity**  
**Previous fiscal year (from April 1, 2022 to March 31, 2023)**

[Before Correction]

(Unit: 1,000 yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Retained earnings	Total shareholders' equity
Balance at the beginning of the current fiscal year	1,457,102	1,166,594	238,690	(3)	2,862,383
Changes in the current fiscal year					
Issuance of new shares	59,376	59,376			118,752
<u>Net income attributable to owners of parent or net loss attributable to owners of parent</u>			(530,291)		(530,291)
Changes in retained earnings due to new consolidation			3,648		3,648
Changes in items other than shareholders' equity (net) for the current fiscal year					
Total changes in the current fiscal year	59,376	59,376	(526,643)	-	(407,891)
Balance at the end of the current fiscal year	1,516,478	1,225,970	(287,953)	(3)	2,454,492

(Unit: 1,000 yen)

	Accumulated Other Comprehensive Income			Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance at Beginning of Period	-	(65,636)	(65,636)	3,966	17,396	2,818,110
Changes during Period						
Issuance of New Shares						118,752
<u>Net income attributable to owners of parent or net loss attributable to owners of parent</u>						(530,291)
Changes in Retained Earnings Due to New Consolidation						3,648
Changes during Period (Net) in Items Other Than Shareholders' Equity	3,038	74,629	77,667	12,875	8,118	98,661
Total Changes during Period	3,038	74,629	77,667	12,875	8,118	(309,229)
Balance at End of Period	3,038	8,992	12,030	16,841	25,515	2,508,880



DATA SECTION

[After Correction]

(Unit: 1,000 yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Retained earnings	Total shareholders' equity
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Balance at the end of the current fiscal year	1,516,478	1,225,970	(287,953)	(3)	2,454,492



(Unit: 1,000 yen)

	Accumulated Other Comprehensive Income			Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance at Beginning of Period	-	(65,636)	(65,636)	3,966	17,396	2,818,110
Changes during Period						
Issuance of New Shares						118,752
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Balance at End of Period	3,038	8,992	12,030	16,841	25,515	2,508,880

**Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)**

[Before Correction]

(Unit: 1,000 yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at Beginning of Period	1,516,478	1,225,970	(287,953)	(3)	2,454,492
Changes during Period					
Issuance of New Shares	352,000	352,000			704,000
<u>Net income attributable to owners of parent or net loss attributable to owners of parent</u>			(1,261,695)		(1,261,695)
Increase or decrease in retained earnings due to changes in the scope of consolidation			8,103		8,103
Changes during Period (Net) in Items Other Than Shareholders' Equity					
Total Changes during Period	352,000	352,000	(1,253,592)	-	(549,591)
Balance at End of Period	1,868,479	1,577,970	(1,541,545)	(3)	1,904,900

(Unit: 1,000 yen)

	Accumulated Other Comprehensive Income			Stock Acquisition Rights	Non-controlling Interests	Total Net Assets
	Valuation Difference on Available-for-sale Securities	Foreign Currency Translation Adjustment	Total Accumulated Other Comprehensive Income			
Balance at Beginning of Period	3,038	8,992	12,030	16,841	25,515	2,508,880
Changes during Period						
Issuance of New Shares						704,000
<u>Net income attributable to owners of parent or net loss attributable to owners of parent</u>						(1,261,695)
Changes in Retained Earnings Due to New Consolidation						8,103
Changes during Period (Net) in Items Other Than Shareholders' Equity	2,838	(5,587)	(2,749)	22,395	3,690	23,336
Total Changes during Period	2,838	(5,587)	(2,749)	22,395	3,690	(526,255)
Balance at End of Period	5,876	3,404	9,281	39,237	29,206	1,982,624



DATA SECTION

[After Correction]

(Unit: 1,000 yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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Changes during Period					
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Total Changes during Period	2,838	(5,587)	(2,749)	22,395	3,690	(526,255)
Balance at End of Period	5,876	3,404	9,281	39,237	29,206	1,982,624

## (5) Notes to Consolidated Financial Statements

(Segment Information, etc.)

[Segment Information]

### i. Overview of Reporting Segments

[Before Correction]

The reporting segments of our group are units for which separate financial information is available, and are subject to regular review by the Board of Directors for the purpose of making decisions on resource allocation and evaluating performance.

As of the second quarter of the current consolidated fiscal period, we have changed the reporting segments from the previous two segments, "Retail Marketing" and "Data Analytics Solutions," to two segments, "Japan Business" and "Overseas Business." The segment information for the previous consolidated fiscal year has been disclosed based on the new segment classifications.

Previously, we operated under two segments, "Retail Marketing" and "Data Analytics Solutions." However, from the perspective of a management approach, we have reviewed and enhanced our management and performance monitoring systems. In addition, considering future business development, such as making balanced investments in both domestic and overseas markets to drive growth, we have determined that a more reasonable segmentation is to divide the business into "Japan Business," which primarily focuses on the domestic market, and "Overseas Business," which focuses on international markets.

[After Correction]

The reporting segments of our group are units for which separate financial information is available, and are subject to regular review by the Board of Directors for the purpose of making decisions on resource allocation and evaluating performance.

As of the current consolidated fiscal year, we have changed the reporting segments from the previous two segments, "Retail Marketing" and "Data Analytics Solutions," to two segments, "Japan Business" and "Overseas Business." The segment information for the previous consolidated fiscal year has been disclosed based on the new segment classifications.

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**iii. Information on Sales, Profit or Loss, Assets, Liabilities, and Other Items by Reporting Segment, and Breakdown of Revenue**

Previous Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

[Before Correction]

(Unit: 1,000 yen)

	Reporting Segment			Adjustments (Note 1)	Amounts Recorded in Consolidated Financial Statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net Sales					
Goods or Services Transferred at a Point in Time	569,994	36,706	606,700	-	606,700
Goods or Services Transferred Over Time	656,532	661,025	1,317,558	-	1,317,558
Revenue from Contracts with Customers	1,226,526	697,732	1,924,259	-	1,924,259
Other Revenue	-	-	-	-	-
Sales to External Customers	1,226,526	697,732	1,924,259	-	1,924,259
Inter-Segment Internal Sales or Transfers	33,613	70,746	104,359	(104,359)	-
Total	1,260,139	768,478	2,028,618	(104,359)	1,924,259
Segment Profit or Loss	76,195	(118,088)	(41,892)	(13,604)	(55,497)
Segment Assets	989,139	1,362,098	2,351,237	2,034,774	4,386,012
Other Items					
Depreciation	42,019	97,877	139,897	4,066	143,963
Amortization of Goodwill	30,345	535,865	566,211	-	<u>105,124</u>

(Note 1) The adjustments are as follows:

- The adjustment of 13,604 thousand yen for segment profit represents corporate expenses that are not allocated to each reporting segment.
- The adjustment of 2,034,774 thousand yen for segment assets represents corporate assets, etc., that are not allocated to each reporting segment.

(Note 2) Segment profit is reconciled with operating loss in the consolidated financial statements.

[After Correction]

(Unit: 1,000 yen)

	Reporting Segment			Adjustments (Note 1)	Amounts Recorded in Consolidated Financial Statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net Sales					
Goods or Services Transferred at a Point in Time	569,994	36,706	606,700	-	606,700
Goods or Services Transferred Over Time	656,532	661,025	1,317,558	-	1,317,558
Revenue from Contracts with Customers	1,226,526	697,732	1,924,259	-	1,924,259
Other Revenue	-	-	-	-	-
Sales to External Customers	1,226,526	697,732	1,924,259	-	1,924,259
Inter-Segment Internal Sales or Transfers	33,613	70,746	104,359	(104,359)	-
Total	1,260,139	768,478	2,028,618	(104,359)	1,924,259
Segment Profit or Loss	76,195	(118,088)	(41,892)	(13,604)	(55,497)
Segment Assets	989,139	1,362,098	2,351,237	2,034,774	4,386,012
Other Items					
Depreciation	42,019	97,877	139,897	4,066	143,963
Amortization of Goodwill	30,345	535,865	566,211	-	<u>566,211</u>

(Note 1) The adjustments are as follows:

- The adjustment of 13,604 thousand yen for segment profit or loss represents corporate expenses that are not allocated to each reporting segment.
- The adjustment of 2,034,774 thousand yen for segment assets represents corporate assets, etc., that are not allocated to each reporting segment.

(Note 2) Segment profit or loss is reconciled with operating loss in the consolidated financial statements.



Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)

[Before Correction]

(Unit: 1,000 yen)

	Reporting Segment			Adjustments (Note 1)	Amounts Recorded in Consolidated Financial Statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net Sales					
Goods or Services Transferred at a Point in Time	743,814	56,547	800,361	-	800,361
Goods or Services Transferred Over Time	620,009	808,910	1,428,919	-	1,428,919
Revenue from Contracts with Customers	1,363,824	865,457	2,229,281	-	2,229,281
Other Revenue	-	-	-	-	-
Sales to External Customers	1,363,824	865,457	2,229,281	-	2,229,281
Inter-Segment Internal Sales or Transfers	19,849	-	19,849	(19,849)	-
Total	1,383,674	865,457	2,249,131	(19,849)	2,229,281
Segment Profit or Loss	<u>(18,279)</u>	<u>176,898</u>	<u>158,619</u>	<u>(374,716)</u>	<u>(216,097)</u>
Segment Assets	<u>2,162,864</u>	<u>1,460,715</u>	<u>3,623,580</u>	<u>162,668</u>	3,786,248
Other Items					
Depreciation	38,926	124,107	163,033	4,240	167,274
Amortization of Goodwill	25,049	22,086	47,136	0	47,136

(Note 1) The adjustments are as follows:

- The adjustment of 374,716 thousand yen for segment profit or loss represents corporate expenses that are not allocated to each reporting segment.
- The adjustment of 162,668 thousand yen for segment assets represents corporate assets and the elimination of inter-segment transactions that are not allocated to each reporting segment.

(Note 2) Segment profit or loss is reconciled with operating loss in the consolidated financial statements.

[After Correction]

(Unit: 1,000 yen)

	Reporting Segment			Adjustments (Note 1)	Amounts Recorded in Consolidated Financial Statements (Note 2)
	Japan Segment	Overseas Segment	Total		
Net Sales					
Goods or Services Transferred at a Point in Time	743,814	56,547	800,361	-	800,361
Goods or Services Transferred Over Time	620,009	808,910	1,428,919	-	1,428,919
Revenue from Contracts with Customers	1,363,824	865,457	2,229,281	-	2,229,281
Other Revenue	-	-	-	-	-
Sales to External Customers	1,363,824	865,457	2,229,281	-	2,229,281
Inter-Segment Internal Sales or Transfers	19,849	-	19,849	(19,849)	-
Total	1,383,674	865,457	2,249,131	(19,849)	2,229,281
Segment Profit or Loss	<u>(18,261)</u>	<u>169,683</u>	<u>151,422</u>	<u>(367,519)</u>	(216,097)
Segment Assets	<u>2,166,985</u>	<u>1,452,816</u>	<u>3,619,802</u>	<u>166,446</u>	3,786,248
Other Items					
Depreciation	38,926	124,107	163,033	4,240	167,274
Amortization of Goodwill	25,049	22,086	47,136	0	47,136

(Note 1) The adjustments are as follows:

- The adjustment of 367,519 thousand yen for segment profit or loss represents corporate expenses that are not allocated to each reporting segment.
- The adjustment of 166,446 thousand yen for segment assets represents corporate assets and the elimination of inter-segment transactions that are not allocated to each reporting segment.

(Note 2) Segment profit or loss is reconciled with operating loss in the consolidated financial statements.

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**[Related Information]**  
**Current Consolidated Fiscal Year (From April 1, 2023 to March 31, 2024)**

2. Information by Region

(1) Net Sales

[Before Correction]

(Unit: 1,000 yen)

Japan	Chile	Other	Total
1,363,824	<u>525,382</u>	<u>340,074</u>	2,229,281

[After Correction]

(Unit: 1,000 yen)

Japan	Chile	Other	Total
1,363,824	<u>505,652</u>	<u>359,804</u>	2,229,281

**[Information on Gain on Negative Goodwill by Reporting Segment]**

[Before Correction]

In the "Overseas Segment," negative goodwill was generated due to the new consolidation of Alianza FollowUP Panamá S.A. starting from the cumulative period of the second quarter. The recorded gain on negative goodwill from this event amounts to 6,629 thousand yen.

[After Correction]

In the "Overseas Segment," negative goodwill was generated due to the new consolidation of Alianza FollowUP Panamá S.A. starting from the consolidated cumulative period of the second quarter. The recorded gain on negative goodwill from this event amounts to 6,629 thousand yen.

**(Significant Subsequent Events)**

[Before Correction]

There are no applicable matters.

[After Correction]

**(Execution of Share Transfer Agreement and Share Exchange Agreement)**

At a meeting of the Board of Directors held on June 3, 2024, our company resolved to acquire a portion of the issued shares of MSS Inc. (hereinafter referred to as "MSS") (hereinafter referred to as "this Share Acquisition") and subsequently execute a share exchange (hereinafter referred to as "this Share Exchange") in which our company will become the wholly owning parent company and MSS will become the wholly owned subsidiary through a share exchange. On June 3, 2024, we executed the Share Transfer Agreement and Share Exchange Agreement.

This Share Acquisition and Share Exchange are subject to approval of the Share Exchange Agreement at the respective annual general meetings of shareholders of our company and MSS, as well as the approval of the transaction related to the Share Acquisition at the annual general meeting of shareholders of VLC Holdings Co., Ltd. (hereinafter referred to as "VHD"), the parent company of MSS.

**(1) Purpose of Making MSS a Wholly Owned Subsidiary through This Share Acquisition and Share Exchange**

Our company has been developing a system integration business that promotes customer business improvements by advancing various elemental technologies, such as AI-based image analysis, from the basic research stage in addition to big data analysis. We have also been expanding our marketing solutions domain, which supports customers' digital marketing and DX (digital transformation). In recent years, we have actively restructured our business portfolio through an M&A strategy, deploying our AI-based image analysis products in over 20 countries globally. In September 2023, we acquired a business in the data science and AI field, aiming to realize "The integration of technology and society" and create new corporate value.

As disclosed in the "Announcement of Basic Agreement on Comprehensive Business Alliance with VLC Holdings Co., Ltd." on February 14, 2024, our company has been exploring specific partnerships with VHD, the parent company of MSS, to leverage the strengths and resources of both groups in areas where business synergies can be realized. We have now determined that significant synergies exist between MSS's core businesses of marketing research and sales promotion and our group's marketing solutions domain, which specializes in data analysis, AI, and digital marketing support, including SNS business. We believe that making MSS a wholly owned subsidiary will further enhance our group's corporate value.

Furthermore, we will continue to strengthen our strategic partnership with VHD in a broad range of business domains, including AI and security-related businesses.

**(2) Method of This Share Acquisition and Share Exchange**

Our company plans to acquire 75 shares out of the 200 issued shares of MSS through this Share Acquisition and to acquire the remaining 125 shares through this Share Exchange, thereby making MSS a wholly owned subsidiary.

**(3) Overview of This Share Acquisition**

i. Overview of This Share Acquisition

<u>Board of Directors Resolution Date for This Share Acquisition</u>	<u>June 3, 2024</u>
<u>Share Transfer Agreement Signing Date</u>	<u>June 3, 2024</u>
<u>Annual General Meeting of Shareholders (VHD)</u>	<u>June 28, 2024</u>
<u>Completion Date of This Share Acquisition</u>	<u>July 1, 2024 (planned)</u>

Additionally, Director Ishihara, who also serves as President and CEO of VHD, did not participate in the discussions or resolutions of our Board of Directors regarding this Share Acquisition.

Furthermore, the completion of this Share Acquisition is contingent upon the approval of the Share Exchange Agreement at the respective annual general meetings of shareholders of our company and MSS, and the approval of the transaction related to this Share Acquisition at the annual general meeting of shareholders of VHD.

ii. Overview of the Share Acquisition Counterparty (as of June 3, 2024)

<u>(1) Company Name</u>	<u>VLC Holdings Co., Ltd.</u> <u>(Nagoya Stock Exchange Next Market (Securities Code: 2467))</u>																								
<u>(2) Location</u>	<u>Edomisaka Mori Building, 4-1-40 Toranomom, Minato-ku, Tokyo, Japan</u>																								
<u>(3) Representative's Title and Name</u>	<u>President and CEO, Norihiko Ishihara</u>																								
<u>(4) Business Description</u>	<u>Management and operation of corporate groups through the holding of shares, etc.</u>																								
<u>(5) Capital</u>	<u>15.53 million yen</u>																								
<u>(6) Establishment Date</u>	<u>September 27, 1994</u>																								
<u>(7) Major Shareholders and Shareholding Ratios</u>	<table> <tr> <td><u>Sumio Muramatsu</u></td> <td><u>7.18%</u></td> </tr> <tr> <td><u>Sun Investment LLC</u></td> <td><u>5.48%</u></td> </tr> <tr> <td><u>Norihiko Ishihara</u></td> <td><u>4.37%</u></td> </tr> <tr> <td><u>Nishizawa Kanzai Co., Ltd.</u></td> <td><u>2.35%</u></td> </tr> <tr> <td><u>Matsui Securities Co., Ltd.</u></td> <td><u>1.97%</u></td> </tr> <tr> <td><u>Takahiro Matsuda</u></td> <td><u>1.82%</u></td> </tr> <tr> <td><u>Suneight V Investment Limited Partnership</u></td> <td><u>1.76%</u></td> </tr> <tr> <td><u>Takenori Takigawa</u></td> <td><u>1.53%</u></td> </tr> <tr> <td><u>SBI SECURITIES Co., Ltd.</u></td> <td><u>1.42%</u></td> </tr> <tr> <td><u>Art Ryokka Co., Ltd.</u></td> <td><u>1.42%</u></td> </tr> <tr> <td colspan="2"><u>(As of September 30, 2023)</u></td> </tr> </table>			<u>Sumio Muramatsu</u>	<u>7.18%</u>	<u>Sun Investment LLC</u>	<u>5.48%</u>	<u>Norihiko Ishihara</u>	<u>4.37%</u>	<u>Nishizawa Kanzai Co., Ltd.</u>	<u>2.35%</u>	<u>Matsui Securities Co., Ltd.</u>	<u>1.97%</u>	<u>Takahiro Matsuda</u>	<u>1.82%</u>	<u>Suneight V Investment Limited Partnership</u>	<u>1.76%</u>	<u>Takenori Takigawa</u>	<u>1.53%</u>	<u>SBI SECURITIES Co., Ltd.</u>	<u>1.42%</u>	<u>Art Ryokka Co., Ltd.</u>	<u>1.42%</u>	<u>(As of September 30, 2023)</u>	
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<u>(As of September 30, 2023)</u>																									
<u>(8) Relationship between the Listed Company and the Subject Company</u>	<u>Capital Relationship</u>	<u>None.</u>																							
	<u>Personal Relationship</u>	<u>Norihiko Ishihara, the President and CEO of VHD, also serves as a Director of the Company.</u>																							
	<u>Business Relationship</u>	<u>None.</u>																							
	<u>Status as a Related Party</u>	<u>None.</u>																							
<u>(9) Consolidated Financial Performance and Financial Condition of the Subject Company for the Past Three Periods</u>																									
<u>Fiscal Period</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>																						
<u>Net Assets (Unit: million yen)</u>	<u>364</u>	<u>546</u>	<u>350</u>																						

<u>Total Assets (Unit: million yen)</u>	<u>1,020</u>	<u>1,093</u>	<u>1,131</u>
<u>Net Assets per Share (Unit: yen)</u>	<u>30.34</u>	<u>43.62</u>	<u>26.80</u>
<u>Revenue (Unit: million yen)</u>	<u>1,931</u>	<u>2,468</u>	<u>2,212</u>
<u>Operating Income (Unit: million yen)</u>	<u>70</u>	<u>82</u>	<u>(257)</u>
<u>Ordinary Income (Unit: million yen)</u>	<u>50</u>	<u>79</u>	<u>(259)</u>
<u>Net Income Attributable to Owners of Parent (Unit: million yen)</u>	<u>38</u>	<u>67</u>	<u>(309)</u>
<u>Comprehensive Income (Unit: million yen)</u>	<u>49</u>	<u>51</u>	<u>(308)</u>
<u>Net Income per Share (Unit: yen)</u>	<u>3.33</u>	<u>5.57</u>	<u>(24.53)</u>

**iii. Number of Shares Acquired, Acquisition Price, and Shareholding Status Before and After the Acquisition**

<u>Number of Shares Held Before the Change</u>	<u>0 shares (Voting rights ownership ratio: 0.0%)</u>
<u>Number of Shares Acquired</u>	<u>75 shares</u>
<u>Acquisition Price</u>	<u>Common shares of MSS: 300 million yen</u> <u>Advisory fees, etc. (estimated amount): 9 million yen</u> <u>Total (estimated amount): 309 million yen</u>
<u>Number of Shares Held After the Change</u>	<u>75 shares (voting rights ownership ratio: 37.5%)</u>

**iv. Basis for Calculation of the Acquisition Price**

In determining the acquisition price mentioned above, we requested BDO Sanyu & Co., an independent third-party valuation firm, to conduct a valuation. Based on the valuation results and discussions between the two parties, we reached an agreement on the acquisition price.

Additionally, the basis for BDO Sanyu & Co.'s valuation is detailed in "(5) Basis for the Allotment of Shares in the Share Exchange" under "ii. Matters Related to the Valuation" in section "2) Summary of the Valuation.

**(4) Overview of the Share Exchange**

**i. Schedule for the Share Exchange**

<u>Record date for the Annual General Meeting of Shareholders (the Company)</u>	<u>March 31, 2024</u>
<u>Date of resolution by the Board of Directors regarding the Share Exchange (the Company)</u>	<u>June 3, 2024</u>
<u>Date of resolution by the Board of Directors regarding the Share Exchange (MSS)</u>	<u>June 3, 2024</u>
<u>Date of execution of the Share Exchange Agreement</u>	<u>June 3, 2024</u>
<u>Annual General Meeting of Shareholders (the Company)</u>	<u>June 27, 2024 (scheduled)</u>
<u>Annual General Meeting of Shareholders (MSS)</u>	<u>June 27, 2024 (scheduled)</u>
<u>Effective date of the Share Exchange</u>	<u>July 1, 2024 (scheduled)</u>

Additionally, Director Ishihara, who also serves as the President and CEO of VHD, did not participate in the deliberations or resolutions of our company's Board of Directors regarding the Share Exchange.

Furthermore, the Share Exchange will be conducted on the condition that it is approved by resolutions at the Annual General Meetings of Shareholders of both the Company and MSS, as well as the approval of the stock acquisition and the transaction through the Share Exchange at VHD's Annual General Meeting of Shareholders.

ii. Method of the Share Exchange

This Share Exchange will be conducted with our company as the wholly owning parent company and MSS as the wholly owned subsidiary. The Share Exchange is expected to take effect on July 1, 2024, following approval of the Share Exchange Agreement by resolutions at the General Meetings of Shareholders of both our company and MSS.

iii. Details of the Share Allocation in the Share Exchange

<u>Company Name</u>	<u>Our Company</u>	<u>MSS</u>
<u>Allocation Ratio for the Share Exchange (hereinafter referred to as the "Share Exchange Ratio")</u>	<u>1</u>	<u>4,120</u>
<u>Number of Shares to be Delivered through the Share Exchange</u>	<u>Our company's common stock: 515,000 shares</u>	

(Note 1) Share Exchange Ratio

For each MSS share, 4,120 shares of our company's common stock will be allocated and delivered.

(Note 2) Number of New Shares Issued by Our Company through the Share Exchange

Our company will allocate and deliver 515,000 shares of our company's common stock through the Share Exchange. These 515,000 shares will be newly issued.

iv. Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights of the Wholly Owned Subsidiary in Connection with the Share Exchange

MSS has not issued any stock acquisition rights or bonds with stock acquisition rights, so there are no relevant matters.

**(5) Basis for the Allotment of Shares in the Share Exchange**

i. Basis and Reasons for the Allotment

To ensure the fairness and appropriateness of the Share Exchange Ratio, we selected BDO Sanyu & Co. as an independent third-party valuation firm, separate from both our company and MSS, and requested them to conduct a valuation of MSS's stock value.

Based on the stock valuation results provided by BDO Sanyu & Co., as well as the results of the due diligence conducted on MSS, we comprehensively considered MSS's financial situation, future prospects, and other factors. After repeated negotiations and discussions between the parties, we concluded that the Share Exchange Ratio is reasonable.

ii. Matters Related to the Valuation

1) Name of the Valuation Institution and Its Relationship with Our Company and MSS

BDO Sanyu & Co. is an independent valuation institution separate from both our company and MSS. It is not a related party to either our company or MSS, and there are no significant conflicts of interest to be noted concerning the valuation of MSS's stock.

2) Summary of the Valuation

As our company's shares are listed on the Tokyo Stock Exchange Growth Market and have a market price, the valuation was based on the market price. Specifically, the business day prior to the execution date of the Share Exchange Agreement was used as the valuation reference date. Considering that short-term stock price movements can be affected by temporary factors, the stock price was determined based on the average closing price of our company's stock on the Tokyo Stock Exchange Growth Market over the six months prior to the valuation reference date, in accordance with the agreement reached with MSS on May 30, 2024. The average stock price of 970 yen (rounded up to the nearest first decimal place) as of May 31, 2024, was adopted by unanimous consent of the directors present at the board meeting, although the closing price of our company's stock on May 31, 2024, was 1,578 yen.

On the other hand, since MSS is an unlisted company with no market price and its stock value is based on its future earnings potential, the Discounted Cash Flow (DCF) method was used to reflect future business activities in the valuation. BDO Sanyu & Co., in valuing MSS's stock, principally relied on the information provided, information gathered through interviews, and publicly available information, without independent verification of their accuracy or completeness.

Additionally, BDO Sanyu & Co. assumed that all the materials and information provided were accurate and complete, that there was no undisclosed information that could materially affect the valuation of MSS's stock, and that MSS's future profit plans and financial forecasts were reasonably prepared based on the best current forecasts and judgments. BDO Sanyu & Co. did not independently verify the accuracy or completeness of this information. Notably, MSS's future profit plans and financial forecasts do not anticipate any significant increase or decrease in earnings.

As a result, the valuation range per share of MSS's stock, as calculated by BDO Sanyu & Co. based on the DCF method, is as follows.

<u>Valuation Method</u>	<u>Valuation Result (per share)</u>
<u>DCF Method</u>	<u>4,653,000 yen to 4,908,000 yen</u>

When the per-share stock value of our company's common stock is set as 1, the evaluation range of the Share Exchange Ratio based on the above valuation method is as follows:

<u>Adopted Valuation Method</u>		<u>Valuation Result of the Share Exchange Ratio</u>
<u>Our Company</u>	<u>MSS</u>	
<u>Market Price Method</u>	<u>DCF Method</u>	<u>4,796.90~5,059.79</u>

### 3) Prospects for Delisting and Reasons

As a result of this Share Exchange, our company will become the wholly owning parent company, and MSS, the wholly owned subsidiary, is not a listed company. Therefore, this matter is not applicable.

### **(Exercise of the 19th Series Stock Acquisition Rights (Fixed Exercise Price))**

On May 31, 2024, our company received a final written statement from First Plus Financial Holdings PTE. Ltd., the allottee of the 19th Series Stock Acquisition Rights (Fixed Exercise Price), regarding the exercise possibility of all stock acquisition rights (with an exercise price of 809 million yen).

End of document