

December 9, 2024

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### **(Notice of Disclosure Termination)**

#### **Notice of Termination of Discussions Based on the Basic Agreement Among the Four Companies for AI Data Center Construction**

As announced on June 3, 2024, in the disclosure titled "*Notice of Basic Agreement Among Four Companies for AI Data Center Construction*," our company had reached a basic agreement (hereinafter referred to as "the Agreement") with Super Micro Computer Inc. (Headquarters: California, USA; President and CEO: Charles Liang, hereinafter referred to as "Supermicro"), Sharp Corporation (Headquarters: Sakai City, Osaka; Representative Director, President, and CEO: Masahiro Okitsu, hereinafter referred to as "Sharp"), and KDDI Corporation (Headquarters: Chiyoda-ku, Tokyo; Representative Director, President, and CEO: Makoto Takahashi, hereinafter referred to as "KDDI") to discuss the construction of an AI data center (hereinafter referred to as the "Sakai AI Data Center") at the former Sharp Sakai factory site. Following the Agreement, discussions among the parties have been ongoing.

After a comprehensive review of the initially envisioned framework, we have decided to terminate the related discussions as of December 9, 2024.

#### **1. Content of the Matter**

Based on the Agreement, discussions had been proceeding among our company, Sharp, and KDDI to establish a joint venture as the operating entity, procure AI servers from Supermicro via our company, and other related matters for the Sakai AI Data Center. However, due to the necessity of revisiting the initially envisioned framework, discussions based on the Agreement have been terminated. To ensure the rapid and optimal expansion of our AI data center business both domestically and internationally, our company will reevaluate the collaboration structure with each prospective partner, including the construction of the Sakai AI Data Center.

In the meantime, through business partnerships currently under discussion with major server equipment suppliers<sup>(\*)</sup>, our company is preparing to secure the procurement of GPU servers required for AI data center construction both domestically and internationally. Furthermore, regarding the development of our proprietary AI cloud service system necessary for the operation of large-scale GPU clusters, the initial stage of system construction has been completed, and we will proceed with testing and verification with potential customers.

- (\*) - *April 12, 2024*: Announcement of Basic Agreement on Business Partnership with Supermicro  
- *November 15, 2024*: Announcement of Basic Agreement on Business Partnership with Inventec  
- *November 21, 2024*: Announcement of Basic Agreement on Business Partnership with Wistron

- *December 2, 2024*: Announcement of Basic Agreement on Business Partnership with GIGA Computing

## **2. Future Prospects**

The impact of this matter on our consolidated performance for the fiscal year ending March 2025 is currently unclear. If any material matters requiring disclosure arise, we will promptly make such disclosures.