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Financial Report for the Fiscal Year Ended March 31, 2020 [Japanese Standard] (Consolidated)

May 22, 2020

Company name	Datasection Inc.		Stock exchange listing:
			Tokyo
Code number	3905	URL https://www.datasection.co.jp	
Representative		President and CEO Kento Hayashi	
Contact Person		Director and CFO Toshio Mochizuki	Tel: 03-6427-2565
Date to be held at the Annual General Meeting of Shareholders		Expected date of dividend payment start	—
Date of filing of annual securities report	June 25, 2020		

(Rounded down to less than one million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(% is the percentage of changes from the previous fiscal year)

(1) Consolidated operating results

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 2020	1,168	7.4	14	-86.0	5	-93.8	-17	-
March 2019	1,088	50.9	100	124.2	95	108.7	37	136.6

Note:

Comprehensive income	March 2020	-15	(-%)	March 2019	37	(96.2%)
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	Per share Net income	After adjustment of potential stock Net income per share	Equity Net income ratio	Total assets Ordinary profit margin	Sales Operating margin
	Yen	Yen	%	%	%
March 2020	-1.40	-	-0.8	0.2	1.2
March 2019	3.22	3.01	2.1	4.0	9.3

Reference:

Equity method investment income (loss)	March 2020	-3	March 2019	-0
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Note: Net income per share adjusted for the fiscal year ending March 31, 2020 is not stated because there are potential shares but net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 2020	4,072	2,800	68.0	203.55
March 2019	2,729	1,876	68.4	156.87

Reference:

Equity	March 2020	2,769	March 2019	1,867
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(3) Consolidated cash flow

	Depends on sales activities Cash flow	By investment activities Cash flow	By financial activities Cash flow	Cash and cash equivalents Ending balance
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 2020	44	-87	228	1,688
March 2019	188	-545	612	1,502

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2. Status of dividends

	Annual dividend					Total dividends (Total)	Payout ratio (Consolidated)	Net asset dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Final	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 2019	-	0.00	-	0.00	0.00	-	-	-
March 2020	-	0.00	-	0.00	0.00	-	-	-
March 2021 (forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated earnings forecast for the fiscal year ending March 31, 2021 (From April 1, 2020 to March 31, 2021)

As the impact of the COVID-19 on economic and consumption trends in Japan and overseas is unknown and it is difficult to predict the timing of convergence, it is very difficult to make a reasonable prediction of the impact on the Company's financial results for the fiscal year ending March 31, 2021. Therefore, we have not decided on our earnings forecast for the fiscal year ending March 31, 2021 at this time, and we will announce it when it becomes reasonably predictable.

※ Notes

(1) Significant change of subsidiaries during the fiscal year (changes in the scope of consolidation)
New : -, Excluded : -

(2) Change of accounting policy, change of accounting estimate, and retrospective restatement

(1) Changes in accounting policies due to changes in accounting standards, etc. : No

(2) Changes in accounting policies other than (1) : No

(3) Change of accounting estimate: No

(4) Retrospective restatement: No

(3) Number of shares issued (common shares)

(1) Number of shares outstanding at the end of the fiscal year (including treasury stock)

March 2020	13,607,791 Share	March 2019	11,904,800 Share
March 2020	3 Share	March 2019	- Share
March 2020	12,437,884 Share	March 2019	11,775,624 Share

(2) Number of treasury shares at the end of the fiscal year

(3) Average number of shares during the fiscal year

* Financial statements are not subject to audits by certified public accountants or audit firms.

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3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2019)	Consolidated fiscal year (March 31, 2020)
Assets		
Current assets		
Cash and deposits	1,503,921	1,699,094
Notes receivable and accounts receivable	253,153	353,149
Others	76,330	72,187
Allowance for bad debts	-	-233
Total current assets	1,833,405	2,124,198
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,233	33,233
Accumulated depreciation	-3,433	-7,888
Buildings and structures (net)	29,800	25,345
Tools, fixtures and fixtures	45,478	195,633
Accumulated depreciation	-30,225	-88,989
Tools, fixtures and fixtures, net	15,253	106,643
Land	21,150	21,150
Total property, plant and equipment	66,204	153,139
Intangible assets		
Goodwill	269,361	926,425
Software	125,533	275,655
Software in progress	-	30,003
Others	102,983	91,850
Total intangible assets	497,878	1,323,934
Investments and other assets		
Investment securities	117,339	147,361
Deferred tax assets	62,248	60,509
Insurance reserve	111,363	137,745
Deposit	34,298	34,298
Others	6,531	91,123
Total investments and other assets	331,781	471,038
Total non-current assets	895,864	1,948,112
Total assets	2,729,270	4,072,311

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(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2019)	Consolidated fiscal year (March 31, 2020)
Liabilities		
Current liabilities		
Short-term borrowings	260,000	327,704
Long-term debt due within one year	112,716	223,294
Payables	87,607	129,622
Accrued expenses	26,828	32,194
Income taxes payable	34,336	36,769
Consumption tax payable, etc.	10,884	48,414
Allowance for bonuses	7,000	9,100
Others	24,469	12,760
Total current liabilities	563,842	819,860
Non-current liabilities		
Long-term debt	274,086	397,806
Deferred tax liabilities	132	4,007
Asset retirement obligations	10,510	10,510
Others	3,912	39,946
Total Non-current liabilities	288,640	452,271
Total liabilities	852,483	1,272,131
Net Assets		
Shareholders' equity		
Capital	897,184	1,353,020
Capital surplus	674,810	1,138,782
Retained earnings	295,472	278,023
Treasury stock	-	-1
Total shareholders' equity	1,867,467	2,769,824
Accumulated other comprehensive income		
Currency translation adjustment account	40	-
Total accumulated other comprehensive income	40	-
Stock acquisition rights	6	6
Non-controlling interests	9,271	30,347
Total net assets	1,876,786	2,800,179
Total liabilities net assets	2,729,270	4,072,311

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(2) Consolidated Statements of Income

(Unit: 1,000 yen)

	Previous consolidated fiscal year (April 1, 2018) to March 31, 2019)	Consolidated fiscal year (April 1, 2019) to March 31, 2020)
Sales	1,088,031	1,168,871
Cost of sales	659,697	757,103
Gross profit	428,333	411,768
Selling, general and administrative expenses	327,422	397,620
Operating income	100,911	14,147
Non-operating revenue		
Interest received	172	848
Gain on securities investments	143	-
Grant income	300	-
Foreign exchange gains	233	-
Others	682	630
Total non-operating revenue	1,531	1,479
Non-operating expenses		
Interest expense	2,510	3,814
Loss on equity method investments	551	3,309
Loss on investment in anonymous partnerships	1,117	1,741
Foreign exchange losses	-	567
Loss on cancellation of insurance	1,751	-
Others	1,104	247
Total non-operating expenses	7,035	9,680
Ordinary income	95,407	5,945
Extraordinary income		
Gain on sale of investment securities	-	9,881
Gain on sale of shares of affiliated companies	10,487	-
Equity change profit	-	18,318
Total extraordinary income	10,487	28,200
Extraordinary loss		
Impairment loss	-	15,315
Loss on valuation of investment securities	22,500	-
Loss on sale of investment securities	764	-
Total extraordinary losses	23,264	15,315
Net income before income taxes	82,630	18,830
Income tax, inhabitant tax and business tax	47,534	33,087
Adjustment for income taxes	-2,076	1,072
Total income taxes	45,457	34,160
Net income or net loss (-)	37,172	-15,329
Net income attributable to non-controlling interests or net loss attributable to non-controlling interests (-)	-797	2,118
Net income attributable to owners of parent or net loss attributable to owners of parent (-)	37,970	-17,448