

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

## Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2021 [Japanese Standard] (Consolidated)

August 14, 2020

Company name	Datasection Inc.	Stock Exchange listing: Tokyo
Code number	3905	URL <a href="https://www.datasection.co.jp">https://www.datasection.co.jp</a>
Representative	President and CEO	Kento Hayashi
Contact Person	Director and CFO	Toshio Mochizuki
Expected date of quarterly report submission	August 14, 2020	Tel: 03-6427-2565
		Expected date of dividend payment start
		-

(Rounded down to less than one million yen)

1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2021 (From April 1, 2020 to June 30, 2020)

(1) Consolidated operating results (cumulative) (% is the percentage of change from the same quarter of the previous year)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent for the quarter	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1 of the FY ending March 31, 2021	375	48.4	33	-	24	-	2	-
Q1 of the FY ending March 31, 2020	253	9.9	-32	-	-36	-	-26	-

Note:	Comprehensive income	Q1 of the FY ending March 31, 2021	-26	(-5.0%)	Q1 of the FY ending March 31, 2020	-27	(-%)
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	Per share Net income for the quarter	After adjustment of potential stock Per share Net income for the quarter
	Yen	Yen
Q1 of the FY ending March 31, 2021	0.21	0.20
Q1 of the FY ending March 31, 2020	-2.26	-

Note: The company does not state its net income per share adjusted for the first quarter of the fiscal year ending March 31, 2020, because there are potential shares but net loss per share.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q1 of the FY ending March 31, 2021	3,945	2,778	69.6
March 2020	4,072	2,800	68.0

Reference: Q1 of the FY ending March 31, 2021

Equity	2,746	Millions of yen	March 2020	2,769	Millions of yen
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## 2. Status of dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	Final	Total
March 2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
March 2021	-				
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 changes in subsidiaries during the cumulative period for the current fiscal year (changes in the scope of consolidation)

New : -, Excluded : -

(2) Application of accounting processes specific to the preparation of quarterly consolidated financial statements: No

(3) 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

(4) Number of shares issued (common shares)

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

Q1 FY ended March 31, 2021	13,647,791 Share	March 2020	13,607,791 Share	
(2) Number of treasury shares at the end of the fiscal year	Q1 of the FY ended March 31, 2021	6 Share	March 2020	3 Share
(3) Average number of shares during the fiscal year (cumulative quarter)	Q1 of the FY ended March 31, 2021	13,620,974 Share	Q1 FY ending March 31, 2020	11,904,800 Share

\* Quarterly financial statements are not subject to quarterly reviews of certified public accountants or audit firms.

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## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2020)	Q1 Consolidated Fiscal Period (June 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	1,699,094	1,362,756
Notes receivable and accounts receivable	353,149	259,435
Others	72,187	112,324
Allowance for bad debts	-233	-233
Total current assets	2,124,198	1,734,283
Non-current assets		
Property, plant and equipment	153,139	135,732
Intangible assets		
Goodwill	926,425	901,653
Software	275,655	242,167
Software in progress	30,003	44,440
Others	91,850	89,067
Total intangible assets	1,323,934	1,277,328
Investments and other assets	471,038	798,448
Total fixed assets	1,948,112	2,211,509
Total assets	4,072,311	3,945,792
<b>Debts</b>		
Current liabilities		
Short-term borrowings	327,704	319,241
Long-term debt due within one year	223,294	214,243
Payables	129,622	101,890
Accrued expenses	32,194	34,454
Income taxes payable	36,769	40,162
Consumption tax payable, etc.	48,414	19,482
Allowance for bonuses	9,100	5,337
Others	12,760	25,596
Total current liabilities	819,860	760,410
Non-current liabilities		
Long-term debt	397,806	341,139
Deferred tax liabilities	4,007	3,490
Asset retirement obligations	10,510	10,510
Others	39,946	52,123
Total fixed liabilities	452,271	407,264
Total liabilities	1,272,131	1,167,674
<b>Net Assets</b>		
Shareholders' equity		
Capital	1,353,020	1,355,220
Capital surplus	1,138,782	1,140,982
Retained earnings	278,023	280,833
Treasury stock	-1	-3
Total shareholders' equity	2,769,824	2,777,033
Accumulated other comprehensive income		
Currency translation adjustment account	-	-30,614
Total accumulated other comprehensive income	-	-30,614
Stock acquisition rights	6	-
Non-controlling interests	30,347	31,699
Total net assets	2,800,179	2,778,117
Total liabilities net assets	4,072,311	3,945,792

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Comprehensive Income Statements  
(Quarterly Consolidated Statements of Income)  
(First Quarter Consolidated Cumulative Period)

(Unit: 1,000 yen)

	Consolidated cumulative period of the previous Q1 (April 1, 2019) to June 30, 2019)	Consolidated cumulative period for the Q1 (April 1, 2020) to June 30, 2020)
Sales	253,198	375,638
Cost of sales	179,249	211,510
Gross profit	73,948	164,128
Selling, general and administrative expenses	106,287	130,475
Operating income or operating loss (-)	-32,339	33,652
Non-operating revenue		
Interest received	100	17
Grant income	-	2,000
Others	177	687
Total non-operating revenue	278	2,704
Non-operating expenses		
Interest expense	910	4,100
Loss on equity method investments	3,266	2,015
Foreign exchange losses	217	5,388
Others	45	281
Total non-operating expenses	4,439	11,785
Ordinary income or ordinary loss (-)	-36,499	24,571
Extraordinary loss		
Loss on equity change	162	-
Total extraordinary losses	162	-
Net income before income taxes or net loss before income taxes (-)	-36,662	24,571
Income tax, inhabitant tax and business tax	-966	21,685
Adjustment for income taxes	-7,901	-5,055
Total income taxes	-8,867	16,630
Net income or net loss (-)	-27,794	7,940
Net income attributable to non-controlling interests or net loss attributable to non- controlling interests (-)	-834	5,130
Net income attributable to owners of parent or net loss attributable to owners of the parent (-)	-26,959	2,810