

## Financial Statements for the Fiscal Year Ending March 31, 2021 [Japanese Standard] (Consolidated)

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 Michizuki TEL 03-6427-2565
Date of ordinary general meeting of shareholders	June 28, 2021	Scheduled date of start of dividend payment —
Date of filing of annual report	June 29, 2021	

(Rounded down to less than one million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results

(% is the percentage of increase and decrease rate compared to the previous fiscal year)

	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	%
Year ended March 31, 2021	1,389	18.9	18	27.6	31	432.5	-41	-
Year ended March 31, 2020	1,168	7.4	14	-86.0	5	-93.8	-17	-

Note: Comprehensive income	Year ended March 31, 2021	-29	(-%)	Year ended March 31, 2020	-15	(-%)
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	Per share Net income	Net income per share adjusted for potential shares	Equity capital Net income margin	Total assets Ordinary profit margin	Sales Operating profit margin
	Yen	Yen	%	%	%
Year ended March 31, 2021	-3.02	-	-1.7	0.9	1.3
Year ended March 31, 2020	-1.40	-	-0.8	0.2	1.2

Reference: Profit and loss on interest method investments	Year ended March 31, 2021	-4	Year ended March 31, 2020	-3
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Note: Net income per share adjusted for potential shares is not stated because of net loss per share.

(2) Consolidated Financial Condition

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2021	4,268	2,868	66.2	201.85
Year ended March 31, 2020	4,081	2,800	67.9	203.55

Reference: Equity capital	Year ended March 31, 2021	2,825	Year ended March 31, 2020	2,769
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Note: In the current consolidated fiscal year, provisional accounting for business combination has been finalized, and each figure for the fiscal year ending March 31, 2020 reflects the finalization of the provisional accounting treatment.

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents Year-end balance
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	169	-508	232	1,580
Year ended March 31, 2020	44	-87	228	1,688

2. Dividend Status

	Annual dividends					Total dividends ( Total )	Payout (Consolidated)	Net asset dividend ratio (consolidated)
	End of Q1	End of Q2	End of Q3	end of the year	sum			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Year ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fy ended March 31, 2022 ( forecast )	—	0.00	—	0.00	0.00		—	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(% is the percentage of increase and decrease rate compared to the previous fiscal year)

	Sales		Operating income		Ordinary income		Net income Attributable to owners of parent		Per share Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Full Year	1,500	8.0	-50	-	-60	-	-116	-	-8.29
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	1,900	36.7	100	454.0	90	184.3	6	-	0.43

Note: The average number of shares issued as of March 31, 2021 (excluding the number of treasury shares) is used as the basis for calculating net income per share.

※ Notes

(1) Changes in important subsidiaries during the fiscal year ending March 31, 2019 (changes to specific subsidiaries due to changes in the scope of consolidation):

New : - Excluded : -

(2) Changes in accounting policies, changes in accounting estimates, and restees amendments

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

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

(3) Changes in accounting estimates: No

(4) Correction rede display: No

(3) Number of issued shares (common stock)

(1) Number of shares issued at the end of the fiscal year (including treasury stock)	Year ended March 31, 2021	13,996,553share	Year ended March 31, 2020	13,607,791share
(2) Number of treasury shares at the end of the fiscal year	Year ended March 31, 2021	6 share	Year ended March 31, 2020	3 share
(3) Average number of shares during the period	Year ended March 31, 2021	13,817,520share	Year ended March 31, 2020	12,437,884share

Reference: Overview of non-consolidated performance

Non-consolidated financial results for the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Non-consolidated business results (% is the percentage of increase and decrease rate compared to the previous fiscal year)

	Sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	420	-26.9	-80	-	-29	-	-47	-
Year ended March 31, 2020	575	3.4	1	-79.9	21	-19.8	14	46.7

	Per share Net income	Adjusted for potential shares Net income per share
	Yen	Yen
Year ended March 31, 2021	-3.44	-
Year ended March 31, 2020	1.16	1.11

Note: Net income per share adjusted for the fiscal year ended March 31, 2021 is not stated because of net loss per share.

(2) Non-consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2021	3,745	2,758	73.5	196.81
Year ended March 31, 2020	3,642	2,707	74.3	198.98

Reference: Equity capital

Year ended March 31, 2021	2,754	Year ended March 31, 2020	2,707
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- \* These financial statements are not subject to audit by certified public accountants or audit firms.
  
- \* Explanations and other special notes on the appropriate use of earnings forecasts  
Forward-looking statements, such as earnings outlooks, described in this document are based on information currently obtained by the company and certain assumptions that it deems reasonable, and actual results, etc. may differ materially due to various factors.

Consolidated financial statements

(1) Consolidated Balance Sheet

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	1,699,094	1,611,634
Notes receivable and accounts receivable	353,149	306,395
Products	33,647	44,124
other	38,539	69,622
Allowance for bad debts	-233	-
Total current assets	2,124,198	2,031,777
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,233	33,233
Accumulated depreciation	-7,888	-11,648
Buildings and structures (net)	25,345	21,585
Tools and fixtures	195,633	253,289
Accumulated depreciation	-88,989	-119,304
Tools and fixtures (net)	106,643	133,985
land	21,150	21,150
Total tangible fixed assets	153,139	176,721
Intangible assets		
goodwill	905,445	808,457
software	275,655	259,166
Software in progress	30,003	80,691
other	122,089	107,931
Total intangible assets	1,333,193	1,256,248
Investments and other assets		
Investment securities	147,361	177,461
Long-term loans	50,589	335,382
Deferred tax assets	60,509	60,926
Insurance reserves	137,745	164,177
deposit	34,298	34,298
other	40,534	31,323
Total investments and other assets	471,038	803,569
Total non-current assets	1,957,371	2,236,539
Total assets	4,081,570	4,268,316

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Short-term debt	327,704	487,983
Long-term debt due within one year	223,294	216,208
Payables	129,622	87,282
Accrued expenses	32,194	24,884
Corporate taxes payables	36,769	65,605
Consumption tax payables	48,414	20,078
Allowance for bonuses	9,100	14,437
other	12,760	9,839
Total current liabilities	819,860	926,320
Non-Current liabilities		
Long-term debt	397,806	406,389
Deferred tax liabilities	13,266	2,342
Asset retirement obligations	10,510	10,510
Others	39,946	53,969
Total non-current liabilities	452,271	473,212
Total liabilities	1,281,131	1,399,533
<b>Net Assets</b>		
Shareholders' equity		
Capital	1,353,020	1,400,335
Capital surplus	1,138,782	1,186,097
Retained earnings	278,023	236,252
Treasury stock	-1	-3
Total shareholders' equity	2,769,824	2,822,681
Accumulated other comprehensive income		
Currency translation adjustment account	-	2,475
Total other comprehensive income	-	2,475
Stock acquisition rights	6	3,966
Non-controlling interest	30,347	39,659
Total net assets	2,800,179	2,868,783
Total liabilities and net assets	4,081,570	4,268,316

## (2) Consolidated Statements of Income

(Unit: 1,000 yen)

	Previous consolidated fiscal year (April 1, 2019) to March 31, 2020)	Current consolidated fiscal year (April 1, 2020) to March 31, 2021)
Sales	1,168,871	1,389,465
Cost of sales	757,103	851,594
Gross profit	411,768	537,870
Selling, general and administrative expenses	397,620	519,820
Operating income	14,147	18,049
Non-operating revenue		
Interest received	848	415
Grant income	-	2,000
Foreign exchange gains	-	20,556
other	630	647
Total non-operating revenue	1,479	23,619
Non-operating expenses		
Interest expense	3,814	1,631
Loss on equity method investments	3,309	4,141
Loss on investments in anonymous partnerships	1,741	3,592
Foreign exchange losses	567	-
other	247	642
Total non-operating expenses	9,680	10,007
Ordinary income	5,945	31,661
Extraordinary income		
Gain on sale of investment securities	9,881	4,880
Gain on sales of shares of affiliated companies	18,318	-
Total extraordinary income	28,200	4,880
Extraordinary loss		
Impairment loss	15,315	14,291
Total extraordinary loss	15,315	14,291
Net income before income taxes	18,830	22,250
Income tax, inhabitant tax and business tax	33,087	64,186
Adjustments for income taxes	1,072	-10,634
Total income taxes	34,160	53,551
Net loss (-)	-15,329	-31,300
Net income attributable to non-controlling shareholders	2,118	10,470
Net loss attributable to owners of parent (-)	-17,448	-41,771

## (Consolidated Statements of Comprehensive Income)

(Unit: 1,000 yen)

	Previous consolidated fiscal year (April 1, 2019) to March 31, 2020)	Current consolidated fiscal year (April 1, 2020) to March 31, 2021)
Net income or net loss (Loss in negative)	-15,329	-31,300
Other comprehensive income		
Currency translation adjustment account	-	1,316
Equivalent to the interest in the company to which the equity method applies	-40	-
Total other comprehensive income	-40	1,316
Comprehensive income	-15,370	-29,984
(Breakdown)		
Comprehensive income related to owners of parent	-17,489	-39,296
Comprehensive income for non-controlling shareholders	2,118	9,312

(3) Statement of Changes in Consolidated Shareholders' Equity  
 Previous fiscal year (April 1, 2019 to March 31, 2020)

(Unit: 1,000 yen)

	Shareholders' equity					Other Comprehensive income Cumulative amount		Stock acquisition rights	Non-controlling shareholder interest	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Currency translation adjustment account	Total other comprehensive income			
Balance at the beginning of the current fiscal year	897,184	674,810	295,472	-	1,867,467	40	40	6	9,271	1,876,786
Changes in the current fiscal year										
Issuance of new shares	455,836	455,836			911,672					911,672
Net loss (-) Belongs to owners of parent			-17,448		-17,448					-17,448
Acquisition of treasury stock				-1	-1					-1
Increase or decrease in interest through capital increase of consolidated subsidiaries		8,134			8,134					8,134
Items other than shareholders' equity						△40	△40	-	21,075	21,035
Total changes for the current period	455,836	463,971	-17,448	-1	902,357	△40	△40	-	21,075	923,392
Balance at the end of the current fiscal year	1,353,020	1,138,782	278,023	-1	2,769,824	-	-	6	30,347	2,800,179

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Unit: 1,000 yen)

	Shareholders' equity					Other Comprehensive income Cumulative amount		Stock acquisition rights	Non-controlling shareholder interest	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Currency translation adjustment account	Total other comprehensive income			
Balance at the beginning of the current fiscal year	1,353,020	1,138,782	278,023	-1	2,769,824	-	-	6	30,347	2,800,179
Changes in the current fiscal year										
Issuance of new shares	47,315	47,315			94,630					94,630
Net loss (-) Belongs to owners of parent			-41,771		-41,771					-41,771
Acquisition of treasury stock				-2	-2					-2
Items other than shareholders' equity						2,475	2,475	3,959	9,312	15,747
Total changes for the current period	47,315	47,315	-41,771	-2	52,856	2,475	2,475	3,959	9,312	68,603
Balance at the end of the current fiscal year	1,400,335	1,186,097	236,252	-3	2,822,681	2,475	2,475	3,966	39,659	2,868,783

## (4) Consolidated Statement of Cash Flows

(Unit: 1,000 yen)

	Previous consolidated fiscal year (April 1, 2019) to March 31, 2020)	Current consolidated fiscal year (April 1, 2020) to March 31, 2021)
Cash flow from operating activities		
Net income before taxes	18,830	22,250
Depreciation	92,136	119,507
Impairment loss	15,315	14,291
Goodwill amortization	30,345	96,988
Increase or decrease in reserve for bad loans (decrease in negative)	233	-233
Interest received and dividends received	-848	-415
Interest expense	3,814	1,631
Gain or loss on investments under the equity method (profit in negative)	3,309	4,141
Gain on change in interest (profit in negative)	-18,318	-
Grant income	-	-2,000
Foreign exchange gains (profit in negative)	-10	-13,912
Gain or loss in anonymous partnerships investment (profit in negative)	1,741	3,592
Gain on sale of investment securities (profit in negative)	-9,881	-4,880
Increase or decrease in receivables for sales (increase in negative)	-33,295	49,526
increase in inventories (increase in negative)	3,862	-9,403
Increase or decrease in payables and accrued expenses (decrease in negative)	-38,393	-43,017
Increase or decrease in other assets (increase in negative)	8,662	-8,663
Increase or decrease in other liabilities (decrease in negative)	22,231	-31,513
other	3,446	1,480
subtotal	103,181	199,368
Receipts of interest and dividends	848	415
Interest payment	-3,814	-1,631
Amount paid for corporate taxes	-60,814	-38,812
Amount of corporate tax refunds	4,631	8,386
Amount of grant received	-	2,000
Cash flow from operating activities	44,033	169,726
Cash flow from investment activities		
Expenditure by depositing time deposits	-10,000	-20,000
Expenditures from acquisition of property, plant and equipment	-10,495	-54,782
Expenditures from acquisition of intangible assets	-50,095	-119,060
Expenditures from acquisition of investment securities	-	-10,000
Proceeds from sale of investment securities	9,523	6,072
Proceeds from acquisition of subsidiary shares with changes in scope of consolidation	67,107	-
Expenditures from acquisition of shares of affiliated companies	-9,800	-
Expenditures on loans	-62,511	-287,637
Proceeds from collection of loans	2,750	3,000
Expenditure by accumulating insurance reserves	-26,381	-26,432
other	2,098	-
Cash flow from investment activities	-87,806	-508,841
Cash flow from financial activities		
Income from long-term borrowings	300,000	237,112

Repayment of long-term debt	-134,374	-268,334
Increase or decrease in short-term debt (decrease in negative)	40,000	172,378
Proceeds from issuance of shares	11,110	87,549
Proceeds from issuance of stock acquisition rights	-	4,223
Proceeds from payment from non-controlling shareholders	12,105	-
Expenditures from acquisition of treasury stock	-1	-2
Cash flow from financial activities	228,839	232,928
Conversion difference between cash and cash equivalents	105	-1,275
Increase or decrease in cash and cash equivalents (decrease in negative)	185,172	-107,461
Cash and cash equivalents at the beginning of the period	1,502,921	1,688,094
Cash and cash equivalents at the end of the period	1,688,094	1,580,633