

Financial Statements for the Fiscal Year Ending March 31, 2022

[Japanese Standard] (Consolidated)

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
Date of ordinary general meeting of shareholders	June 28, 2022	TEL 050-3649-4858
Date of filing of annual report	June 29, 2022	
Scheduled date of start of dividend payment	-	

(Rounded down to less than one million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous term)

	Sales		Operating profit		Adjusted EBITDA		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	1,692	21.8	77	328.3	301	25.9	165	422.9	2	-
Year ended March 31, 2021	1,389	18.9	18	27.6	239	17.7	31	432.5	-41	-

Note1: Comprehensive income FY2021 $\Delta 58$ (-%) FY2020 $\Delta 29$ (-%)

Note2: Adjusted EBITDA = Operating profit + Depreciation + Amortization + stock compensation + acquisition expense

	Earnings per share	Earnings per share (Diluted)	Equity capital Profit margin	Total assets Ordinary profit margin	Sales Operating profit margin
	Yen	Yen	%	%	%
Year ended March 31, 2022	0.17	0.16	0.1	4.3	4.6
Year ended March 31, 2021	$\Delta 3.02$	-	$\Delta 1.7$	0.9	1.3

Reference: Share of profit of accounted for using equity method FY2021 $\Delta 0$ FY2020 $\Delta 4$

Note: Earnings per share (Diluted) for Year ended March 31, 2021 is not stated because of loss per share.

(2) Consolidated Financial Condition

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2021	4,400	2,818	63.5	195.22
Year ended March 31, 2022	4,268	2,868	66.2	201.85

Reference: Shareholders' Equity As of March 31, 2022 2,796 As of March 31, 2021 2,825

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financial activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	113	$\Delta 304$	28	1,420
Year ended March 31, 2021	169	$\Delta 508$	232	1,580

2. Dividend Status

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Equity dividends ratio (consolidated)
	End of Q1	End of Q2	End of Q3	end of the year	total	Millions of yen	%	%
Year ended March 31, 2021	-	0.00	-	0.00	0.00	-	-	-
Year ended March 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Year ended March 31, 2023 (forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2022 (from April 1, 2022 to March 31, 2023)

(% indicates changes from the previous term)

	Sales		Operating profit		Adjusted EBITDA		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	2,000	18.2	△200	-	148	△50.9	△215	-	△275	-	△19.36
	~	~	~	~	~	~	~	~	~	~	~
	2,200	30.0	10	△87.1	358	18.7	△5	-	△72	-	△5.04

Note: The average number of shares issued as of March 31, 2022 (excluding the number of treasury shares) is used as the basis for calculating net income per share.

※ Notes

(1) Changes in scope of consolidated important subsidiaries

New added: Yes

Excluded: None

In the year ended March 31, 2022, Inteligenxia S.A was included in the consolidation because it was acquired by Jach Technology SpA, subsidiary entity.

(2) Changes of accounting policies, procedure and presentation

(a) Changes in accounting policies due to revisions to accounting standards and other regulation: Yes

(b) Changes in accounting policies other than above (1): None

(c) Changes in accounting estimates: None

(d) Restatement: None

(3) Number of issued shares (common stock)

(a) Number of shares outstanding at term-end (including treasury stock)

As of March 31, 2022	14,326,753 shares	As of March 31, 2021	13,996,553 shares
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(b) Number of treasury shares at term-end

As of March 31, 2022	960 Shares	As of March 31, 2021	6 shares
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(c) Average number of shares outstanding at term-end

Year ended March 31, 2022	14,182,364 shares	Year ended March 31, 2021	13,817,520 shares
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Reference: Overview of non-consolidated performance

Non-consolidated financial results for the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(1) Non-consolidated business results

(% indicates changes from the previous term)

	Sales		Operating profit		Ordinary profit		Profit (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2021	450	7.1	△25	-	120	-	25	-
Year ended March 31, 2021	420	△26.9	△80	-	△29	-	△47	-

	Earnings per share	Earnings per share (Diluted)
	Yen	Yen
Year ended March 31, 2021	1.79	1.76
Year ended March 31, 2021	-3.44	-

Note: Earnings per share (Diluted) for the year ended March 31, 2021 is not stated because of 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	3,979	2,897	72.7	201.99
Year ended March 31, 2021	3,745	2,758	73.5	196.81

Reference: Shareholders' Equity As of March 31, 2022 2,893 As of March 31, 2021 2,754

* 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, 2021)	Current consolidated Fiscal year (March 31, 2022)
Assets		
Current assets		
Cash and deposits	1,611,634	1,451,431
Bills received and accounts receivable	306,395	497,935
Merchandise and finished goods	44,124	57,986
Other	69,622	66,008
Total current assets	2,031,777	2,073,361
Non-current assets		
Property, plant and equipment		
Buildings and structures	33,233	89,801
Accumulated depreciation	△11,648	△40,212
Buildings and structures (net)	21,585	49,589
Tools and fixtures	253,289	293,004
Accumulated depreciation	△119,304	△158,337
Tools and fixtures (net)	133,985	134,667
Land	21,150	21,150
Total tangible fixed assets	176,721	205,407
Intangible assets		
Goodwill	808,457	731,606
Software	339,858	447,381
Other	107,931	92,212
Total intangible assets	1,256,248	1,271,200
Investments and other assets		
Investment securities	153,453	121,453
Long-term loans	359,390	414,591
Deferred tax assets	60,926	61,737
Insurance reserves	164,177	190,610
Other	65,621	62,539
Total investments and other assets	803,569	850,932
Total non-current assets	2,236,539	2,327,540
Total assets	4,268,316	4,400,902

(Unit: 1,000 yen)

	Previous consolidated Fiscal year (March 31, 2021)	Current consolidated Fiscal year (March 31, 2022)
Liabilities		
Current liabilities		
Short-term debt	487,983	405,970
Current portion of long-term borrowings	216,208	299,517
Accounts payable	87,282	154,291
Accrued expenses	24,884	69,887
Income taxes payable	65,605	70,139
Accrued consumption taxes	20,078	24,771
Allowance for bonuses	14,437	19,928
Other	9,839	14,618
Total current liabilities	926,320	1,059,125
Non-Current liabilities		
Long-term borrowings	406,389	506,872
Deferred tax liabilities	2,342	-
Asset retirement obligations	10,510	10,510
Other	53,969	6,284
Total non-current liabilities	473,212	523,666
Total liabilities	1,399,533	1,582,792
Net Assets		
Shareholders' equity		
Capital	1,400,335	1,457,102
Capital surplus	1,186,097	1,166,594
Retained earnings	236,252	238,690
Treasury shares	△3	△3
Total shareholders' equity	2,822,681	2,862,383
Accumulated other comprehensive income		
Currency translation adjustment account	2,475	△65,636
Total other comprehensive income	2,475	△65,636
Share acquisition rights	3,966	3,966
Non-controlling interest	39,659	17,396
Total net assets	2,868,783	2,818,110
Total liabilities and net assets	4,268,316	4,400,902

(2) Consolidated Statement of Income

(Unit:1,000yen)

	Previous consolidated Fiscal year (April 1, 2020) to March 31, 2021)	Current consolidated Fiscal year (April 1, 2021) to March 31, 2022)
Sales	1,389,465	1,692,513
Cost of sales	851,594	1,007,766
Gross profit	537,870	684,747
Selling, general and administrative expenses	519,820	607,436
Operating profit	18,049	77,311
Non-operating revenue		
Interest income	415	441
Gain on investments in silent partnerships	-	43,895
Subsidy income	2,000	-
Foreign exchange gains	20,556	44,212
Other	647	17,278
Total non-operating revenue	23,619	105,828
Non-operating expenses		
Interest expenses	1,631	15,687
Share of loss of entities accounted for using equity method	4,141	69
Loss on investments in silent partnerships	3,592	-
Other	642	1,825
Total non-operating expenses	10,007	17,581
Ordinary profit	31,661	165,558
Extraordinary income		
Gain on sale of investment securities	4,880	-
Total extraordinary income	4,880	-
Extraordinary loss		
Loss on valuation of securities	-	69,919
Loss on retirement of non-current assets	-	3,545
Impairment loss	14,291	-
Total extraordinary loss	14,291	73,465
Profit (loss) before income taxes	22,250	92,093
Income taxes-current	64,186	66,671
Income taxes-deferred	△10,634	16,743
Total income taxes	53,551	83,415
Profit (loss)	△31,300	8,677
Profit attributable to non-controlling interests	10,470	6,239
Profit (loss) attributable to owners of parent	△41,771	2,438

Consolidated Statements of Comprehensive Income

(Unit: 1,000 yen)

	Previous consolidated Fiscal year (April 1, 2020) to March 31, 2021)	Current consolidated Fiscal year (April 1, 2021) to March 31, 2022)
Profit (Loss)	△31,300	8,677
Other comprehensive income		
Foreign currency translation adjustment	1,316	△66,953
Total other comprehensive income	1,316	△66,953
Comprehensive income	△29,984	△58,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△39,296	△65,673
Comprehensive income attributable to non- controlling interests	9,312	7,398

(3) Consolidated statements of changes in equity

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

(Unit: 1,000 yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Non-controlling interest	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury Shares	Total	Currency translation adjustment account	Total			
Balance at the beginning of period	1,353,020	1,138,782	278,023	△1	2,769,824	-	-	6	30,347	2,800,179
Changes during period										
Issuance of new shares	47,315	47,315			94,630					94,630
loss attributable to owners of parent			△41,771		△41,771					△41,771
Purchase of treasury shares				△2	△2					△2
Net changes in items other than shareholders' equity						2,475	2,475	3,959	9,312	15,747
Total changes during 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 period	1,400,335	1,186,097	236,252	△3	2,822,681	2,475	2,475	3,966	39,659	2,868,783

Fiscal year ended March 31, 2021 (From April 1, 2021 to March 31, 2022)

(Unit: 1,000 yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Non-controlling interest	Total net assets
	Capital	Capital surplus	Retained earnings	Treasury Shares	Total	Currency translation adjustment account	Total			
Balance at the beginning of period	1,400,335	1,186,097	236,252	△3	2,822,681	2,475	2,475	3,966	39,659	2,868,783
Changes during period										
Issuance of new shares	56,766	56,766			113,533					113,533
Profit attributable to owners of parent			2,438		2,438					2,438
Purchase of treasury shares					-					-
Change in ownership interest of parent due to transactions with non-controlling interests		△76,270			△76,270					△76,270
Net changes in items other than shareholders' equity						△68,111	△68,111	-	△22,263	△76,270
Total changes during period	56,766	△19,503	2,438	-	39,701	△68,111	△68,111	-	△22,263	△50,673
Balance at the end of period	1,457,102	1,166,594	238,690	△3	2,862,383	△65,636	△65,636	3,966	17,396	2,818,110

(4) Consolidated Statement of Cash Flows

(Unit:1,000yen)

	Previous consolidated Fiscal year (April 1, 2020) to March 31, 2021)	Current consolidated Fiscal year (April 1, 2021) to March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	22,250	92,093
Depreciation	119,507	118,048
Impairment losses	14,291	-
Amortization of goodwill	96,988	96,612
Increase (decrease) in allowance for doubtful accounts	△233	-
Interest and dividend income	△415	△441
Interest expenses	1,631	15,687
Share of loss (profit) of entities accounted for using equity method	4,141	69
Subsidy income	△2,000	-
Foreign exchange losses (gains)	△13,912	△2,462
Loss (gain) on investments in silent partnerships	3,592	△43,895
Loss (gain) on sale and valuation of investment securities	△4,880	69,919
Decrease (increase) in trade receivables	49,526	△174,126
Decrease (increase) in inventories	△9,403	△12,356
Increase (decrease) in accounts payable - other, and accrued expenses	△43,017	63,829
Other, net	△38,696	△28,581
Subtotal	199,368	194,395
Interest and dividends received	415	441
Interest paid	△1,631	△15,687
Income taxes paid	△38,812	△66,063
Income taxes refund	8,386	-
Subsidies received	2,000	-
Net cash provided by operating activities	169,726	113,086
Cash flows from investing activities		
Payments into time deposits	△20,000	-
Purchase of property, plant and equipment and intangible assets	△54,782	△49,866
Purchase of intangible assets	△119,060	△140,121
Purchase of investment securities	△10,000	△12,684
Proceeds from sale of investment securities	6,072	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	△7,833
Purchase of shares of subsidiaries and associates	-	△30,125
Loan advances	△287,637	△86,940
Proceeds from collection of loans receivable	3,000	2,614
Purchase of insurance funds	△26,432	△26,432
Proceeds from withdrawal of investments in silent partnerships	-	47,320
Net cash provided by investing activities	△508,841	△304,067

(Unit:1,000yen)

	Previous consolidated Fiscal year (April 1, 2020) to March 31, 2021)	Current consolidated Fiscal year (April 1, 2021) to March 31, 2022)
Cash flows from financing activities		
Proceeds from short-term borrowings	237,112	454,359
Repayments of long-term borrowings	△268,334	△262,949
Increase (decrease) in short-term borrowings	172,378	△164,230
Proceeds from issuance of shares	87,549	9,210
Proceeds from issuance of share acquisition rights	4,223	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	△8,074
Decrease (increase) in treasury shares	△2	-
Net cash provided by financing activities	232,928	28,314
Effect of exchange rate change on cash and cash equivalents	△1,275	2,462
Net increase (decrease) in cash and cash equivalents	△107,461	△160,203
Cash and cash equivalents at beginning of period	1,688,094	1,580,633
Cash and cash equivalents at end of period	1,580,633	1,420,430

(Information by business segment)

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

(Unit: 1,000 yen)

	Reporting segment			Adjustment (Note 1)	Amounts on Consolidated Financial Statements (Note 2)
	Retail marketing	Data analysis solution	Total		
Sales					
Sales to external customers	379,722	1,009,742	1,389,465	-	1,389,465
Internal sales between segments	-	62,492	62,492	△62,492	-
Total	379,722	1,072,234	1,451,957	△62,492	1,389,465
Segment income	△5,036	178,489	173,453	△155,403	18,049
Segment asset	1,486,577	717,168	2,203,745	2,064,571	4,268,316
Other item					
Depreciation	69,702	46,165	115,567	3,939	119,507
Goodwill amortization	74,325	22,662	96,968	-	96,968

Note 1. Adjustments to segment profit of △155,403 thousand yen are company-wide expenses not allocated to each business segment.

2. “Adjustments” to segment asset of 2,064,571 thousand yen are Corporate assets not allocated to each business segment.

3. Segment profit(loss) is adjusted with the operating profit figure from the Consolidated Statements of Income.

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Unit: 1,000 yen)

	Reporting segment			Adjustment (Note 1)	Amounts on Consolidated Financial Statements (Note 2)
	Retail marketing	Data analysis Solution	Total		
Sales					
Goods or services that are transferred at a point in time	78,708	500,062	578,770	-	578,770
Goods or services that are transferred over time	477,415	636,327	1,113,743	-	1,113,743
Sales from contracts with customers	556,123	1,136,390	1,692,513	-	1,692,513
Other revenue	-	-	-	-	-
Sales to external customers	556,123	1,136,390	1,692,513	-	1,692,513
Internal sales between segments	-	50,115	50,115	△50,115	-
Total	556,123	1,186,505	1,742,628	△50,115	1,692,513
Segment profit(loss)	△18,323	275,369	257,045	△179,733	77,311
Segment asset	1,650,883	822,575	2,473,458	1,927,443	4,400,902
Other item					
Depreciation	42,850	32,847	75,698	4,080	79,778
Goodwill amortization	73,949	22,662	96,612	-	96,612

Note 1. “Adjustments” to segment profit(loss) of △179,833 thousand yen are company-wide expenses not allocated to each business segment.

2. “Adjustments” to segment asset of 1,927,443 thousand yen are Corporate assets not allocated to each business segment.

3. Segment profit(loss) is adjusted with the operating profit figure from the Consolidated Statements of Income.