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

November 13, 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
Expected date of quarterly report submission	November 13, 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 second quarter of the fiscal year ending March 31, 2021 (From April 1, 2020 to September 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	%
Q2 of the FY ending March 31, 2021	666	21.5	6	-	-10	-	-18	-
Q1 of the FY ending March 31, 2021	548	23.4	-35	-	-42	-	-34	-

Note:	Q2 of the FY ending March 31, 2021	-37	(-%)	Q2 of the FY ending March 31, 2020	-35	(-%)
Comprehensive income						

	Per share Net income for the quarter	After adjustment of potential stock Per share Net income for the quarter
	Yen	Yen
Q2 of the FY ending March 31, 2021	-1.36	-
Q2 of the FY ending March 31, 2020	-2.89	-

Note: The company does not state its net income per share adjusted for the second quarter of the fiscal year ending March 31, 2020 and the second quarter of the fiscal year ending March 31, 2021, 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	%
Q2 of the FY ending March 31, 2021	4,085	2,781	67.3
March 2020	4,072	2,800	68.0

Reference:	Q2 of the FY ending March 31, 2021	2,769	Millions of yen	March 2020	2,769	Millions of yen
Equity						

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2. Status of dividends

	Annual dividends				
	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	-	0.00			
March 2021 (forecast)			-	0.00	0.00

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

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

	Sales		Operating income		Ordinary income		Attributable to owners of parent Net income		Per share Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	1,300 ~1,500	11.2 ~28.3	-50 ~80	- ~465.5	-60 ~70	- -	-83 ~3	- -	-6.09 ~0.23

※ 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)

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

(3) Average number of shares during the fiscal year (cumulative quarter)

Q2 FY ended March 31, 2021	13,837,953 Share	March 2020	13,607,791 Share
Q2 FY ended March 31, 2021	6 Share	March 2020	3 Share
Q2 FY ended March 31, 2021	13,675,802 Share	Q2 FY ending March 31, 2020	11,907,929 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)	Q2 Consolidated Fiscal Period (September 30, 2020)
Assets		
Current assets		
Cash and deposits	1,699,094	1,474,057
Notes receivable and accounts receivable	353,149	273,136
Others	72,187	97,507
Allowance for bad debts	-233	-345
Total current assets	2,124,198	1,844,355
Non-current assets		
Property, plant and equipment	153,139	153,049
Intangible assets		
Goodwill	926,425	876,882
Software	275,655	248,772
Software in progress	30,003	60,263
Others	91,850	86,283
Total intangible assets	1,323,934	1,272,202
Investments and other assets	471,038	815,875
Total fixed assets	1,948,112	2,241,128
Total assets	4,072,311	4,085,484
Debts		
Current liabilities		
Short-term borrowings	327,704	318,604
Long-term debt due within one year	223,294	235,700
Payables	129,622	54,435
Accrued expenses	32,194	34,296
Income taxes payable	36,769	41,045
Consumption tax payable, etc.	48,414	24,934
Allowance for bonuses	9,100	10,437
Others	12,760	26,257
Total current liabilities	819,860	745,713
Non-current liabilities		
Long-term debt	397,806	480,123
Deferred tax liabilities	4,007	-
Asset retirement obligations	10,510	10,510
Others	39,946	67,517
Total fixed liabilities	452,271	558,152
Total liabilities	1,272,131	1,303,865
Net Assets		
Shareholders' equity		
Capital	1,353,020	1,362,271
Capital surplus	1,138,782	1,148,032
Retained earnings	278,023	259,468
Treasury stock	-1	-3
Total shareholders' equity	2,769,824	2,769,768
Accumulated other comprehensive income		
Currency translation adjustment account	-	-20,871
Total accumulated other comprehensive income	-	-20,871
Stock acquisition rights	6	-
Non-controlling interests	30,347	32,721
Total net assets	2,800,179	2,781,618
Total liabilities net assets	4,072,311	4,085,484

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(2) Quarterly Consolidated Statements of Income
 (Quarterly Consolidated Statements of Income)
 (Second quarter consolidated cumulative period)

(Unit: 1,000 yen)

	Consolidated cumulative period of the previous Q2 (April 1, 2019) to September 30, 2019)	Consolidated cumulative period for the Q2 (April 1, 2020) to September 30, 2020)
Sales	548,656	666,630
Cost of sales	365,792	411,517
Gross profit	182,863	255,112
Selling, general and administrative expenses	217,887	248,327
Operating income or operating loss (-)	-35,023	6,785
Non-operating revenue		
Interest received	147	200
Grant income	-	2,000
Others	268	377
Total non-operating revenue	415	2,578
Non-operating expenses		
Interest expense	1,917	3,996
Loss on equity method investments	4,599	3,184
Loss on investments others	1,007	877
Foreign exchange losses	208	11,916
Others	87	332
Total non-operating expenses	7,819	20,306
Ordinary loss (-)	-42,427	-10,942
Extraordinary income		
Profit on change in equity	115	-
Total extraordinary income	115	-
Net loss before income taxes (-)	-42,312	-10,942
Income tax, inhabitant tax and business tax	8,414	22,376
Adjustment for income taxes	-14,960	-19,463
Total income taxes	-6,545	2,912
Net loss (-)	-35,766	-13,854
Net income attributable to non-controlling interests or net loss attributable to non-controlling interests (-)	-1,372	4,700
Net loss attributable to owners of the parent (-)	-34,394	-18,554