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Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2022 [Japanese Standard] (Consolidated)

August 13, 2021

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	August 13, 2021	Tel: 03-6427-2565 Expected date of dividend payment start -

(Rounded down to less than one million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

(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, 2022	342	△8.8	△13	-	24	1.3	0	△69.9
Q1 of the FY ended March 31, 2021	375	48.4	33	-	24	-	2	-

Note: Comprehensive income

	Q1 of the FY ending March 31, 2022	17	(-%)	Q1 of the FY ended March 31, 2021	-26	(-5.0%)
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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, 2022	0.06	0.06
Q1 of the FY ended March 31, 2021	0.21	0.20

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q1 of the FY ending March 31, 2022	4,124	2,878	69.3
FY ended March 31, 2021	4,268	2,868	66.2

Reference: Equity	Q1 of the FY ending March 31, 2022	2,860	Millions of yen	FY ended March 31, 2021	2,825	Millions of yen
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2. Status of dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Final	Total
FY ended March 31, 2021	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
FY ending March 31, 2022	-	0.00	-		
FY ending March 31, 2022 (forecast)				0.00	0.00

3. Consolidated earnings forecast for the fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(% 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	1,500 ~1,900	8.0 ~36.7	-50 ~100	- ~454.0	-60 ~90	- 184.3	-116 ~6	- -	-8.29 ~0.43

※ 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 of the FY ending March 31, 2022	14,180,463Share	For the year ended March 31, 2021	13,996,553Share
(2) Number of treasury shares at the end of the fiscal year	Q1 of the FY ending March 31, 2022	6Share	For the year ended March 31, 2021	6Share
(3) Average number of shares during the fiscal year (cumulative quarter)	Q1 of the FY ending March 31, 2022	14,028,871Share	Q1 of the FY ended March 31, 2021	13,620,974Share

* 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 Sheet

(Unit: 1,000 yen)

	Previous consolidated fiscal year (March 31, 2021)	Q1 Consolidated Fiscal Period (June 30, 2021)
Assets		
Current assets		
Cash and deposits	1,611,634	1,318,827
Notes and accounts receivable - trade, and contract assets	306,395	318,719
Merchandise and finished goods	44,124	43,807
Other	69,622	79,751
Total current assets	2,031,777	1,761,105
Non-current assets		
Property, plant and equipment	176,721	188,661
Intangible assets		
Goodwill	808,457	784,210
Software	259,166	281,381
Software in progress	80,691	91,912
Other	107,931	104,392
Total intangible assets	1,256,248	1,261,897
Investments and other assets	803,569	913,171
Total non-current assets	2,236,539	2,363,730
Total assets	4,268,316	4,124,836
Liabilities		
Current liabilities		
Short-term borrowings	487,983	365,219
Current portion of long-term borrowings	216,208	208,705
Accounts payable - other	87,282	87,636
Accrued expenses	24,884	52,286
Income taxes payable	65,605	58,145
Accrued consumption taxes	20,078	11,849
Provision for bonuses	14,437	8,127
Other	9,839	21,812
Total current liabilities	926,320	813,782
Non-current liabilities		
Long-term borrowings	406,389	359,490
Deferred tax liabilities	2,342	389
Asset retirement obligations	10,510	10,510
Other	53,969	62,352
Total non-current liabilities	473,212	432,742
Total liabilities	1,399,533	1,246,524
Net assets		
Shareholders' equity		
Share capital	1,400,335	1,449,319
Capital surplus	1,186,097	1,158,810
Retained earnings	236,252	237,097
Treasury shares	△3	△3
Total shareholders' equity	2,822,681	2,845,223
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,475	15,047
Total accumulated other comprehensive income	2,475	15,047
Share acquisition rights	3,966	3,966
Non-controlling interests	39,659	14,073
Total net assets	2,868,783	2,878,311
Total liabilities and net assets	4,268,316	4,124,836

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

(Unit: 1,000 yen)

	Consolidated cumulative period of the previous Q1 (April 1, 2020) to June 30, 2020)	Consolidated cumulative period for the Q1 (April 1, 2021) to June 30, 2021)
Net sales	375,638	342,469
Cost of sales	211,510	220,451
Gross profit	164,128	122,018
Selling, general and administrative expenses	130,475	135,847
Operating profit (loss)	33,652	△13,829
Non-operating income		
Interest income	17	3,292
Gain on investments in silent partnerships	-	45,103
Subsidy income	2,000	-
Other	687	43
Total non-operating income	2,704	48,439
Non-operating expenses		
Interest expenses	4,100	2,983
Share of loss of entities accounted for using equity method	2,015	2,635
Foreign exchange losses	5,388	3,687
Other	281	403
Total non-operating expenses	11,785	9,709
Ordinary profit	24,571	24,900
Profit before income taxes	24,571	24,900
Income taxes - current	21,685	17,853
Income taxes - deferred	△5,055	3,285
Total income taxes	16,630	21,138
Profit	7,940	3,762
Profit attributable to non-controlling interests	5,130	2,916
Profit attributable to owners of parent	2,810	845