

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2024 (Based on Japanese GAAP)

May 13, 2024

Company name: Densan System Holdings Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4072 URL <https://www.ds-hd.co.jp/>
 Representative: President, Representative Director Kobayashi Ryoji
 Inquiries: Corporate Officer & Unit Leader Yanagihara Kazumoto TEL 058-279-3456
 Scheduled date to file Quarterly Securities Report: May 14, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2024	14,653	0.4	1,119	(5.6)	1,145	(3.4)	786	1.6
Three months ended March 31, 2023	14,596	23.5	1,186	94.1	1,186	45.0	773	37.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2024	74.01	–
Three months ended March 31, 2023	71.73	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	57,569	21,498	37.0
As of December 31, 2023	57,051	20,774	36.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2023	–	18.00	–	19.00	37.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (Forecast)		20.00	–	20.00	40.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	65,700	10.3	4,100	3.4	4,120	2.5	2,790	39.2	262.22

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	10,792,973 shares	As of December 31, 2023	10,792,973 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	162,621 shares	As of December 31, 2023	171,298 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2024	10,626,811 shares	Three months ended March 31, 2023	10,789,263 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	15,912	17,115
Money held in trust	15,250	15,350
Notes and accounts receivable - trade, and contract assets	10,235	9,477
Merchandise and finished goods	588	722
Work in process	315	368
Prepaid expenses	5,254	4,980
Other	695	561
Allowance for doubtful accounts	(24)	(28)
Total current assets	48,228	48,546
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,364	1,341
Land	791	791
Other, net	688	733
Total property, plant and equipment	2,843	2,866
Intangible assets		
Goodwill	604	575
Customer-related assets	645	630
Technical assets	159	153
Software	763	746
Software in progress	205	261
Other	0	0
Total intangible assets	2,378	2,367
Investments and other assets		
Investment securities	2,685	2,797
Deferred tax assets	452	533
Guarantee deposits	401	396
Other	118	128
Allowance for doubtful accounts	(58)	(66)
Total investments and other assets	3,600	3,789
Total non-current assets	8,822	9,022
Total assets	57,051	57,569

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	4,464	4,170
Short-term borrowings	–	100
Current portion of bonds payable	7	7
Current portion of long-term borrowings	338	304
Income taxes payable	800	487
Contract liabilities	7,585	7,305
Deposits received of storage agency	18,231	18,816
Provision for bonuses	87	443
Provision for bonuses for directors (and other officers)	31	7
Provision for loss on orders received	224	182
Provision for shareholder benefit program	39	39
Other	2,143	2,170
Total current liabilities	33,953	34,036
Non-current liabilities		
Bonds payable	22	18
Long-term borrowings	1,159	1,095
Deferred tax liabilities	278	273
Provision for retirement benefits for directors (and other officers)	430	220
Retirement benefit liability	113	116
Asset retirement obligations	25	26
Other	294	283
Total non-current liabilities	2,323	2,034
Total liabilities	36,277	36,070
Net assets		
Shareholders' equity		
Share capital	2,489	2,489
Capital surplus	2,628	2,628
Retained earnings	15,893	16,474
Treasury shares	(540)	(512)
Total shareholders' equity	20,471	21,080
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106	193
Deferred gains or losses on hedges	(1)	0
Total accumulated other comprehensive income	105	194
Non-controlling interests	197	224
Total net assets	20,774	21,498
Total liabilities and net assets	57,051	57,569

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	14,596	14,653
Cost of sales	11,825	11,909
Gross profit	2,771	2,744
Selling, general and administrative expenses	1,584	1,625
Operating profit	1,186	1,119
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	0	–
Commission income	1	10
Gain on sale of non-current assets	–	0
Gain on valuation of derivatives	1	22
Debt prescripton profit	2	2
Other	4	1
Total non-operating income	9	37
Non-operating expenses		
Interest expenses	2	2
Commission expenses	0	0
Loss on sale of non-current assets	–	2
Share of loss of entities accounted for using equity method	–	4
Loss on investments in investment partnerships	1	1
Foreign exchange losses	3	0
Other	1	0
Total non-operating expenses	9	11
Ordinary profit	1,186	1,145
Profit before income taxes	1,186	1,145
Income taxes - current	551	449
Income taxes - deferred	(154)	(118)
Total income taxes	397	331
Profit	789	814
Profit attributable to non-controlling interests	15	27
Profit attributable to owners of parent	773	786

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	789	814
Other comprehensive income		
Valuation difference on available-for-sale securities	28	86
Deferred gains or losses on hedges	0	1
Total other comprehensive income	29	88
Comprehensive income	819	903
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	803	875
Comprehensive income attributable to non-controlling interests	15	27