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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 13, 2024

Company name: Double Standard Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3925
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 Scheduled date of Annual General Meeting of Shareholders: June 27, 2024
 Scheduled date of commencing dividend payments: June 28, 2024
 Scheduled date of filing annual securities report: June 28, 2024
 Availability of supplementary explanatory materials on annual financial results: Yes (available in Japanese only)
 Schedule of annual financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2024	7,147	3.4	2,309	8.9	2,296	8.8	1,654	1.8
March 31, 2023	6,911	(2.4)	2,121	20.7	2,111	20.6	1,625	50.2

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥1,675 million [4.2%]
 Fiscal year ended March 31, 2023: ¥1,608 million [42.6%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	122.03	-	33.0	37.7	32.3
March 31, 2023	119.74	-	40.1	41.9	30.7

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2024: ¥- million
 Fiscal year ended March 31, 2023: ¥(31) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	6,584	5,568	82.8	403.58
As of March 31, 2023	5,613	4,664	81.4	336.71

(Reference) Equity: As of March 31, 2024: ¥5,455 million
 As of March 31, 2023: ¥4,572 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	1,435	(363)	(771)	4,461
March 31, 2023	1,440	126	(542)	4,160

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended March 31, 2023	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
	-	0.00	-	50.00	50.00	678	41.8	16.8
Fiscal year ended March 31, 2024	-	0.00	-	55.00	55.00	743	45.1	14.9
Fiscal year ending March 31, 2025 (Forecast)	-	0.00	-	60.00			46.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	7,600	6.3	2,550	10.4	2,500	8.9	1,750	5.8	129.07

*** Notes:**

- (1) Changes in significant subsidiaries during the period: None
 (Changes in specified subsidiaries resulting in changes in the scope of consolidation):
 Newly included: - (), Excluded: - ()
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 2) Changes in accounting policies other than 1) above: None
 3) Changes in accounting estimates: None
 4) Retrospective restatement: None
- (3) Number of issued shares (common shares)
 1) Total number of issued shares at the end of the period (including treasury shares):
 March 31, 2024: 13,580,000 shares
 March 31, 2023: 13,580,000 shares
- 2) Number of treasury shares at the end of the period:
 March 31, 2024: 64,154 shares
 March 31, 2023: 954 shares
- 3) Average number of shares outstanding during the period:
 Fiscal year ended March 31, 2024: 13,559,054 shares
 Fiscal year ended March 31, 2023: 13,579,062 shares

[Reference] Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2024	6,710	4.4	2,118	15.1	2,097	13.9	1,550	19.5
March 31, 2023	6,428	(2.1)	1,840	18.4	1,840	19.4	1,296	37.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2024	114.32	-
March 31, 2023	95.46	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	4,817	3,862	80.2	285.71
As of March 31, 2023	3,983	3,083	77.4	227.09

(Reference) Equity: As of March 31, 2024: ¥3,862 million
 As of March 31, 2023: ¥3,083 million

* These consolidated financial results are outside the scope of the audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements presented in this document are based on information that is currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to represent the Company's commitment to achieve the projected financial results. In addition, actual financial results, etc. may differ significantly from the forecast and statements due to various factors.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2024, the Japanese economy was generally on a recovery track, although there were some unstable situations, including fluctuations of raw material and fuel prices and exchange rates, rising inflation, and turmoil in financial markets in Europe and the U.S.

The information service industry, in which the Group operates, saw continued strategic investment designed to “grow” and “transform” the business, including the utilization of big data, the strengthening of information security, and the development of IT infrastructure, as well as the continuation of strong investment in DX aimed at improving operational efficiency and productivity through automation and labor savings.

In this business environment, the Group focused its efforts not only on existing customers but on the acquisition of new customers, mainly through the provision of different types of services that can help improve the efficiency of business operations. As a result, the Group succeeded in increasing its number of new customers. The Group also continued to develop new services that have a potential to become its focus products in the next fiscal years, and proactively pursued sales activities aimed at receiving orders in the next fiscal years. Furthermore, as a result of on-going efforts from the previous fiscal year to overhaul our business structure, the profit margin improved, resulting in increased income and profit over the previous fiscal year.

As a result, for the fiscal year ended March 31, 2024, the Company recorded net sales of ¥7,147 million (up 3.4% year on year), operating profit of ¥2,309 million (up 8.9% year on year), ordinary profit of ¥2,296 million (up 8.8% year on year), and profit attributable to owners of parent of ¥1,654 million (up 1.8% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

(Current Assets)

Current assets at the end of the fiscal year under review amounted to ¥5,531 million, an increase of ¥531 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥300 million in cash and deposits and ¥231 million in accounts receivable – trade, despite a decrease of ¥14 million in work in process.

(Non-current Assets)

Non-current assets at the end of the fiscal year under review amounted to ¥1,052 million, an increase of ¥438 million from the end of the previous fiscal year. This was mainly attributable to an increase of ¥250 million in land and an increase of ¥99 million in investment securities, despite a decrease of ¥33 million in goodwill.

(Current Liabilities)

Current liabilities at the end of the fiscal year under review amounted to ¥975 million, an increase of ¥68 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥58 million in income taxes payable and ¥22 million in accrued consumption taxes, despite a decrease of ¥56 million in accounts payable – other.

(Non-current Liabilities)

Non-current liabilities at the end of the fiscal year under review amounted to ¥39 million, a decrease of ¥1 million from the end of the previous fiscal year. This was due to a decrease of ¥3 million in provision for retirement benefits for directors (and other officers), despite an increase of ¥2 million in retirement benefit liability.

(Net assets)

Net assets at the end of the fiscal year under review amounted to ¥5,568 million, an increase of ¥903 million from the end of the previous fiscal year. This was mainly attributable to the recording of ¥1,654 million in profit attributable to owners of parent, despite ¥678 million in dividends from surplus.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter, “funds”) at the end of the fiscal year under review amounted to ¥4,461 million, an increase of ¥300 million from the end of the previous fiscal year.

The status of cash flows and their factors thereof for the fiscal year under review are as follows.

(Cash Flows from Operating Activities)

Funds provided by operating activities amounted to ¥1,435 million. This was mainly due to ¥2,429 million in profit before income taxes, despite ¥702 million in profit before income taxes.

(Cash Flows from Investing Activities)

Funds used in investing activities amounted to ¥363 million. This was mainly due to ¥350 million in purchase of property, plant and equipment, despite ¥133 million in proceeds from sale of investment securities.

(Cash Flows from Financing Activities)

Funds used in financing activities amounted to ¥771 million. This was mainly due to ¥678 million in dividends paid by parent company.

(4) Future Outlook

We will continue on with the overhaul of our business structure that we began in the fiscal year ended March 31, 2023 and continue to focus on improving profit margins. In doing this, we expect to expand sales of different types of existing services that leverage data cleansing technology, which is our main service, and to begin sales of new services.

For the fiscal year ending March 31, 2025, the Company expects net sales of ¥7,600 million, operating profit of ¥2,550 million, ordinary profit of ¥2,500 million, and profit attributable to owners of parent of ¥1,750 million. Although we expect that the contract with the DAIWA Living Group, who is our main business partner, will come to an end on March 31, 2025, this will not have an impact on our earnings forecast for the fiscal year ending March 31, 2025. In order to minimize the impact of the end of the contract, we will focus our efforts on upselling and cross-selling to existing customers and on developing new business with new customers.

The earnings forecasts described in this document are based on information available at the time of writing and on certain assumptions considered reasonable. However, actual earnings may differ from these forecasts depending on various factors. If any revisions to the earnings forecasts become necessary, these will be promptly announced.

2. Basic Policy on Selection of Accounting Standards

Since the Group does not currently operate internationally, the consolidated financial statements are prepared based on Japanese accounting standards.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	4,160,733	4,461,238
Accounts receivable - trade	777,930	1,009,432
Work in process	44,997	30,407
Prepaid expenses	15,394	23,419
Other	527	7,016
Total current assets	4,999,583	5,531,515
Non-current assets		
Property, plant and equipment		
Buildings, net	61,148	56,621
Tools, furniture and fixtures, net	16,266	12,973
Land	-	250,714
Construction in progress	-	98,230
Total property, plant and equipment	77,415	418,539
Intangible assets		
Software	62,199	92,525
Trademark right	508	420
Goodwill	327,200	293,641
Total intangible assets	389,909	386,587
Investments and other assets		
Investment securities	0	100,000
Deferred tax assets	49,889	52,072
Leasehold and guarantee deposits	96,899	95,499
Other	49	15
Total investments and other assets	146,837	247,587
Total non-current assets	614,162	1,052,714
Total assets	5,613,746	6,584,230

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	311,507	323,712
Accounts payable - other	106,049	50,036
Accrued expenses	11,774	27,240
Income taxes payable	393,940	452,493
Accrued consumption taxes	72,954	95,297
Advances received	2,376	6,603
Other	8,856	20,243
Total current liabilities	907,459	975,625
Non-current liabilities		
Retirement benefit liability	6,669	8,740
Provision for retirement benefits for directors (and other officers)	34,829	31,170
Total non-current liabilities	41,499	39,910
Total liabilities	948,958	1,015,536
Net assets		
Shareholders' equity		
Share capital	263,778	263,778
Capital surplus	253,298	253,298
Retained earnings	4,057,232	5,032,832
Treasury shares	(2,096)	(95,199)
Total shareholders' equity	4,572,212	5,454,709
Non-controlling interests	92,575	113,984
Total net assets	4,664,787	5,568,693
Total liabilities and net assets	5,613,746	6,584,230

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	6,911,071	7,147,568
Cost of sales	3,949,773	3,828,120
Gross profit	2,961,298	3,319,447
Selling, general and administrative expenses	840,227	1,010,062
Operating profit	2,121,071	2,309,385
Non-operating income		
Surrender value of insurance policies	22,518	8,003
Other	27	1,277
Total non-operating income	22,545	9,281
Non-operating expenses		
Share of loss of entities accounted for using equity method	31,830	-
Performance hosting fee	-	17,499
Donations	50	4,440
Other	1	46
Total non-operating expenses	31,882	21,985
Ordinary profit	2,111,734	2,296,681
Extraordinary income		
Gain on sale of investment securities	36,141	133,134
Gain on step acquisitions	171,660	-
Total extraordinary income	207,802	133,134
Extraordinary losses		
Loss on retirement of non-current assets	3,684	-
Total extraordinary losses	3,684	-
Profit before income taxes	2,315,852	2,429,816
Income taxes - current	649,627	756,036
Income taxes - deferred	13,627	(2,183)
Total income taxes	663,255	753,853
Profit	1,652,596	1,675,962
Profit attributable to non-controlling interests	26,688	21,409
Profit attributable to owners of parent	1,625,908	1,654,553

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	1,652,596	1,675,962
Other comprehensive income		
Valuation difference on available-for-sale securities	(43,832)	-
Total other comprehensive income	(43,832)	-
Comprehensive income	1,608,764	1,675,962
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,582,076	1,654,553
Comprehensive income attributable to non-controlling interests	26,688	21,409

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	263,778	253,298	2,974,487	(1,997)	3,489,566
Changes during period					
Profit attributable to owners of parent	-	-	1,625,908	-	1,625,908
Dividends of surplus	-	-	(543,163)	-	(543,163)
Purchase of treasury shares	-	-	-	(99)	(99)
Change in scope of consolidation	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	1,082,744	(99)	1,082,645
Balance at end of period	263,778	253,298	4,057,232	(2,096)	4,572,212

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	43,832	43,832	-	3,533,398
Changes during period				
Profit attributable to owners of parent	-	-	-	1,625,908
Dividends of surplus	-	-	-	(543,163)
Purchase of treasury shares	-	-	-	(99)
Change in scope of consolidation	-	-	92,575	92,575
Net changes in items other than shareholders' equity	(43,832)	(43,832)	-	(43,832)
Total changes during period	(43,832)	(43,832)	92,575	1,131,388
Balance at end of period	-	-	92,575	4,664,787

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	263,778	253,298	4,057,232	(2,096)	4,572,212
Changes during period					
Profit attributable to owners of parent	-	-	1,654,553	-	1,654,553
Dividends of surplus	-	-	(678,952)	-	(678,952)
Purchase of treasury shares	-	-	-	(93,103)	(93,103)
Change in scope of consolidation	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	975,600	(93,103)	882,497
Balance at end of period	263,778	253,298	5,032,832	(95,199)	5,454,709

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	-	-	92,575	4,664,787
Changes during period				
Profit attributable to owners of parent	-	-	-	1,654,553
Dividends of surplus	-	-	-	(678,952)
Purchase of treasury shares	-	-	-	(93,103)
Change in scope of consolidation	-	-	-	-
Net changes in items other than shareholders' equity	-	-	21,409	21,409
Total changes during period	-	-	21,409	903,906
Balance at end of period	-	-	113,984	5,568,693

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,315,852	2,429,816
Depreciation	32,920	34,688
Amortization of goodwill	8,389	33,559
Interest income	(22)	(26)
Loss (gain) on sale of investment securities	(36,141)	(133,134)
Loss on retirement of non-current assets	3,684	-
Share of loss (profit) of entities accounted for using equity method	31,830	-
Loss (gain) on step acquisitions	(171,660)	-
Surrender value of insurance policies	(22,518)	(8,003)
Decrease (increase) in trade receivables	(178,737)	(231,502)
(Decrease) increase in work in process	110,675	14,589
Decrease (increase) in prepaid expenses	(6,983)	(8,025)
Increase (decrease) in trade payables	(12,942)	12,204
Increase (decrease) in accounts payable - other	22,672	(56,013)
Increase (decrease) in accrued expenses	198	15,466
Increase (decrease) in advances received	-	4,227
Increase (decrease) in accrued consumption taxes	(11,029)	22,342
Other, net	(7,867)	8,202
Subtotal	2,078,321	2,138,389
Interest and dividends received	22	26
Income taxes paid	(638,280)	(702,852)
Net cash provided by (used in) operating activities	1,440,063	1,435,563
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,304)	(350,863)
Purchase of intangible assets	(35,073)	(53,785)
Purchase of investment securities	-	(100,000)
Proceeds from sale of investment securities	111,124	133,134
Payments of leasehold and guarantee deposits	(330)	-
Proceeds from refund of leasehold and guarantee deposits	51,647	-
Proceeds from cancellation of insurance funds	45,705	8,003
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(30,160)	-
Net cash provided by (used in) investing activities	126,608	(363,511)
Cash flows from financing activities		
Purchase of treasury shares	(99)	(93,103)
Dividends paid	(542,636)	(678,442)
Net cash provided by (used in) financing activities	(542,735)	(771,546)
Net increase (decrease) in cash and cash equivalents	1,023,936	300,505
Cash and cash equivalents at beginning of period	3,136,796	4,160,733
Cash and cash equivalents at end of period	4,160,733	4,461,238

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment information]

As the Group operates a single segment, the “WEB Marketing Business,” this information is omitted.

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	¥336.71	¥403.58
Basic earnings per share	¥119.74	¥122.03

(Notes) 1. Diluted earnings per share are not stated as there are no dilutive shares.

2. The basis for calculating basic earnings per share is as follows.

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	1,625,908	1,654,553
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousands of yen)	1,625,908	1,654,553
Average number of common shares outstanding during the period (Shares)	13,579,062	13,559,054

(Significant subsequent events)

Not applicable.