

Consolidated Financial Results For the Fiscal Year Ended December 31, 2019 <under Japanese GAAP>

Company name: Densan System Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section)
 Code number: 3630
 URL: <https://www.densan-s.co.jp/>
 Representative: Yasunori Tanaka, President, Representative Director & COO
 For inquiry: Takashi Usami, Operating Officer & Chief Administrator
 TEL: (058) 279-3456

Scheduled date of ordinary general meeting of shareholders: March 25, 2020
 Scheduled date to commence dividend payments: March 26, 2020
 Scheduled date to file Securities Report: March 26, 2020
 Supplemental information for quarterly financial results: None
 Investor meeting presentation: Yes (For Institutional Investors)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1, 2019 through December 31, 2019)

(1) Results of Operations (%: Changes from the previous fiscal year)

Fiscal year ended	Net Sales		Operating Income		Ordinary Income		Net Income attributable to parent shareholders	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2019	40,202	9.9	2,268	36.0	2,338	35.9	1,559	52.8
December 31, 2018	36,576	9.0	1,668	28.6	1,720	28.7	1,020	24.2

Note: Comprehensive Income:

December 31, 2019: 1,590 million yen (88.2%)

December 31, 2018: 845 million yen, (-1.2%)

Fiscal year ended	Net Income per Share	Diluted Net Income per Share	Net Income on Own Capital	Ordinary Income to Total Assets	Operating Income to Net Sales
	yen	yen	%	%	%
December 31, 2019	159.35	—	15.5	6.2	5.6
December 31, 2018	104.27	—	11.0	4.9	4.6

Reference: Equity-method investment gains or losses:

Year ended December 31, 2019: 1 million yen

Year ended December 31, 2018: 1 million yen

(2) Financial Conditions

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
December 31, 2019	37,024	10,873	29.0	1,097.66
December 31, 2018	38,704	9,537	24.4	963.54

Reference: Equity:

As of December 31, 2019: 10,740 million yen

As of December 31, 2018: 9,428 million yen

(3) Cash Flows

As of	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
	million yen	million yen	million yen	million yen
December 31, 2019	2,485	(701)	(556)	4,809
December 31, 2018	1,671	(1,071)	(136)	3,582

2. Cash Dividends on Common Stock

	Cash Dividends per Share					Total Cash Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Net Assets Ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal quarter-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
FY 2018	—	13.00	—	13.00	26.00	254	24.9	2.7
FY 2019	—	13.00	—	14.00	27.00	264	16.9	2.6
FY 2019 (Forecast)	—	14.00	—	14.00	28.00		16.9	

3. Earnings Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020 through December 31, 2020)

(%: Changes from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to parent shareholders		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half year	21,273	7.0	1,124	(8.7)	1,153	(9.7)	748	(12.7)	76.39
FY 2020	44,000	9.4	2,385	5.1	2,430	3.9	1,622	4.0	165.76

*Notes

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, estimates, and amendments:
 - (a) Changes due to revisions of accounting standards, etc: None
 - (b) Changes due to other reasons: None
 - (c) Changes in accounting estimates: None
 - (d) Amendments: None
- (3) Number of shares issued (common stock)
 - (a) Number of shares issued at the end of the period (including treasury stock)

December 31, 2019:	10,040,000 shares
December 31, 2018:	10,040,000 shares
 - (b) Number of treasury stock at the end of the period

December 31, 2019:	254,901 shares
December 31, 2018:	254,901 shares
 - (c) Average number of shares during the period

Fiscal year ended December 31, 2019:	9,785,099 shares
Fiscal year ended December 31, 2018:	9,785,137 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year ended December 31, 2019 (January 1, 2019 through December 31, 2019)

(1) Results of Operations (%: Changes from the previous fiscal year)

Fiscal year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2019	37,604	10.0	2,045	35.4	2,150	37.7	1,478	56.9
December 31, 2018	34,192	10.6	1,510	40.8	1,561	42.6	942	31.0

Fiscal year ended	Net Income per Share	Diluted Net Income per Share
	yen	yen
December 31, 2019	151.10	—
December 31, 2018	96.28	—

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	million yen	million yen	%	yen
December 31, 2019	36,000	10,551	29.3	1,078.28
December 31, 2018	37,895	9,319	24.6	952.41

Reference: Equity:

As of December 31, 2019: 10,551 million yen

As of December 31, 2018: 9,319 million yen

* This financial report is outside the scope of audit procedures.

* Proper use of forecasts of financial results, and other special matters

The above forward-looking statements regarding earnings forecasts are based on information available as of the date of announcement of this material and certain information judged to be rational so that actual performance may differ materially from those forecasts due to various factors.