

Consolidated Financial Results
For the Fiscal Year Ended December 31, 2020
<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, 2021
 Scheduled date to commence dividend payments: March 26, 2021
 Scheduled date to file Securities Report: March 26, 2021
 Supplemental information for quarterly financial results: Yes
 Investor meeting presentation: Yes (For Institutional Investors and Analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2020
(January 1, 2020 through December 31, 2020)

(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, 2020	45,752	13.8	2,836	25.0	2,916	24.7	1,915	22.9
December 31, 2019	40,202	9.9	2,268	36.0	2,338	35.9	1,559	52.8

Note: Comprehensive Income:

December 31, 2020: 1,860 million yen (16.9%)

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

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, 2020	190.17	190.09	14.5	6.9	6.2
December 31, 2019	159.35	—	15.5	6.2	5.6

Reference: Equity-method investment gains or losses:

Year ended December 31, 2020: 3 million yen

Year ended December 31, 2019: 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, 2020	47,984	15,838	32.6	1,450.88
December 31, 2019	37,024	10,873	29.0	1,097.66

Reference: Equity:

As of December 31, 2020: 15,647 million yen

As of December 31, 2019: 10,740 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, 2020	2,730	(1,931)	2,735	8,344
December 31, 2019	2,485	(701)	(556)	4,809

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 2019	—	13.00	—	14.00	27.00	264	16.9	2.6
FY 2020	—	14.00	—	14.00	28.00	287	14.7	2.2
FY 2021 (Forecast)	—	14.00	—	15.00	29.00		16.1	

Note: Subject to the condition that the approval of the general meeting of shareholders and the permission, etc., of the relevant authorities can be obtained, dated July 1, 2021, the Company plans to establish through a stock transfer a holding company. Dividend projections have been calculated predicated on the current organization. Concerning dividend projections after the holding company transition, a further announcement will be made.

3. Earnings Forecast for the Fiscal Year Ending December 31, 2021 (January 1, 2021 through December 31, 2021)

(%: 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
FY 2021	52,000	13.7	2,850	0.5	2,920	0.1	1,945	1.5	180.34

Note: Subject to the condition that the approval of the general meeting of shareholders and the permission, etc., of the relevant authorities can be obtained, dated July 1, 2021, the Company plans to establish through a stock transfer a holding company. Business results projections have been calculated predicated on the current organization. Concerning dividend projections after the holding company transition, a further announcement will be made.

*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, 2020: 10,786,000 shares
 - December 31, 2019: 10,040,000 shares
 - (b) Number of treasury stock at the end of the period
 - December 31, 2020: 1,023 shares
 - December 31, 2019: 254,901 shares
 - (c) Average number of shares during the period
 - Fiscal year ended December 31, 2020: 10,073,526 shares
 - Fiscal year ended December 31, 2019: 9,785,099 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

(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, 2020	41,870	11.3	2,701	32.1	2,825	31.4	1,946	31.6
December 31, 2019	37,604	10.0	2,045	35.4	2,150	37.7	1,478	56.9

	Net Income per Share	Diluted Net Income per Share
Fiscal year ended	yen	yen
December 31, 2020	193.21	193.13
December 31, 2019	151.10	—

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	million yen	million yen	%	yen
December 31, 2020	45,893	15,488	33.7	1,436.16
December 31, 2019	36,000	10,551	29.3	1,078.28

Reference: Equity:

As of December 31, 2020: 15,488 million yen

As of December 31, 2019: 10,551 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.