

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2021 (Based on Japanese GAAP)

May 7, 2021

Company name: Densan System Co., Ltd.  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 3630 URL <https://www.densan-s.co.jp/>  
 Representative: President, Representative Director & COO Yasunori Tanaka  
 Corporate Officer Chief of Administration  
 Inquiries: Takashi Usami TEL 058-279-3456  
 Headquarters  
 Scheduled date to file Quarterly Securities Report: May 14, 2021  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 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, 2021 (from January 1, 2021 to March 31, 2021)

(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, 2021	12,752	14.6	920	(17.3)	992	(14.7)	576	(23.4)
Three months ended March 31, 2020	11,127	10.4	1,113	42.3	1,162	48.4	752	43.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2021	53.47		–	
Three months ended March 31, 2020	76.93		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2021	46,686	16,421	34.8
As of December 31, 2020	47,984	15,838	32.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2020	–	14.00	–	14.00	28.00
Year ending December 31, 2021	–				
Year ending December 31, 2021 (Forecast)		14.00	–	15.00	29.00

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

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	52,000	13.7	2,850	0.5	2,920	0.1	1,945	1.5	180.34

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2021  
(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, 2021	10,786,000 shares	As of December 31, 2020	10,786,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2021	1,068 shares	As of December 31, 2020	1,023 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, 2021	10,784,970 shares	Three months ended March 31, 2020	9,785,099 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	13,144,597	11,841,581
Money held in trust	16,370,675	17,454,272
Notes and accounts receivable - trade	7,236,747	6,875,055
Merchandise	62,024	66,337
Work in process	1,503,798	1,086,296
Prepaid expenses	2,060,072	1,678,294
Other	84,697	95,858
Allowance for doubtful accounts	(647)	(1,021)
Total current assets	40,461,966	39,096,675
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,665,494	1,637,963
Land	791,098	791,098
Other, net	608,909	708,589
Total property, plant and equipment	3,065,502	3,137,651
Intangible assets		
Goodwill	888,054	860,293
Customer-related assets	709,633	697,398
Software	328,371	269,100
Software in progress	112,757	154,560
Other	36	36
Total intangible assets	2,038,853	1,981,389
Investments and other assets		
Investment securities	1,868,648	1,994,230
Deferred tax assets	138,230	88,179
Guarantee deposits	366,089	371,420
Other	45,655	17,997
Allowance for doubtful accounts	(140)	(563)
Total investments and other assets	2,418,483	2,471,264
Total non-current assets	7,522,839	7,590,304
Total assets	47,984,805	46,686,980

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	3,685,347	3,227,460
Short-term borrowings	–	100,000
Current portion of bonds payable	20,000	20,000
Current portion of long-term borrowings	359,348	349,349
Income taxes payable	780,253	310,855
Advances received	2,188,799	1,953,842
Deposits received of storage agency	21,067,365	20,630,976
Provision for bonuses	15,258	327,942
Provision for bonuses for directors (and other officers)	1,000	–
Provision for loss on order received	–	2,573
Provision for shareholder benefit program	34,889	34,061
Other	2,158,062	1,568,388
<b>Total current liabilities</b>	<b>30,310,324</b>	<b>28,525,449</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	–
Long-term borrowings	818,713	738,047
Deferred tax liabilities	213,102	234,628
Provision for retirement benefits for directors (and other officers)	444,824	421,139
Retirement benefit liability	65,356	61,308
Asset retirement obligations	23,979	24,007
Other	259,949	261,301
<b>Total non-current liabilities</b>	<b>1,835,924</b>	<b>1,740,434</b>
<b>Total liabilities</b>	<b>32,146,249</b>	<b>30,265,883</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,469,146	2,469,146
Capital surplus	2,656,888	2,656,888
Retained earnings	10,607,156	11,032,791
Treasury shares	(248)	(396)
<b>Total shareholders' equity</b>	<b>15,732,943</b>	<b>16,158,429</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(85,230)	68,236
Deferred gains or losses on hedges	–	2,970
<b>Total accumulated other comprehensive income</b>	<b>(85,230)</b>	<b>71,207</b>
<b>Non-controlling interests</b>	<b>190,843</b>	<b>191,460</b>
<b>Total net assets</b>	<b>15,838,556</b>	<b>16,421,096</b>
<b>Total liabilities and net assets</b>	<b>47,984,805</b>	<b>46,686,980</b>

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	11,127,169	12,752,402
Cost of sales	8,871,713	10,466,095
Gross profit	2,255,456	2,286,307
Selling, general and administrative expenses	1,141,804	1,365,409
Operating profit	1,113,651	920,898
Non-operating income		
Interest income	178	240
Dividend income	25,451	–
Gain on sales of non-current assets	23,701	–
Subsidy income	–	5,556
Gain on investments in investment partnerships	–	19,310
Foreign exchange gains	1,153	–
Gain on valuation of derivatives	–	33,530
Other	1,678	19,811
Total non-operating income	52,163	78,448
Non-operating expenses		
Interest expenses	1,174	1,281
Commission expenses	–	2,023
Share of loss of entities accounted for using equity method	777	1,044
Loss on investments in investment partnerships	1,044	–
Foreign exchange losses	–	2,599
Other	–	369
Total non-operating expenses	2,996	7,318
Ordinary profit	1,162,818	992,028
Extraordinary losses		
Impairment loss	–	30,383
Loss on sales of investment securities	18,608	–
Loss on valuation of investment securities	15,006	55,685
Total extraordinary losses	33,614	86,068
Profit before income taxes	1,129,204	905,960
Income taxes - current	374,881	285,396
Income taxes - deferred	(18,439)	42,423
Total income taxes	356,441	327,819
Profit	772,762	578,140
Profit attributable to non-controlling interests	20,005	1,516
Profit attributable to owners of parent	752,757	576,624

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	772,762	578,140
Other comprehensive income		
Valuation difference on available-for-sale securities	(89,956)	153,467
Deferred gains or losses on hedges	2,092	2,970
Total other comprehensive income	(87,863)	156,437
Comprehensive income	684,898	734,577
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	664,893	733,061
Comprehensive income attributable to non-controlling interests	20,005	1,516