

**Translation**

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## Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 2, 2021

Company name: Densan System Holdings Co., Ltd.  
(Densan System Co., Ltd.)

Stock exchange listing: Tokyo, Nagoya

Stock code: 4072 URL <https://ds-hd.co.jp/>

Representative: President, Representative Director Yasunori Tanaka

Inquiries: Corporate Officer Chief of Administration Takashi Usami TEL 058-279-3456  
Headquarters

Scheduled date to file Quarterly Securities Report: –

Scheduled date to commence dividend payments: September 1, 2021

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 six months ended June 30, 2021 (from January 1, 2021 to June 30, 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                         | %      |
| Six months ended June 30, 2021 | 24,389          | 11.5 | 1,461            | (13.1) | 1,543           | (12.5) | 928                                     | (12.8) |
| Six months ended June 30, 2020 | 21,871          | 10.0 | 1,683            | 36.7   | 1,765           | 38.2   | 1,064                                   | 24.4   |

|                                | Earnings per share |  | Diluted earnings per share |  |
|--------------------------------|--------------------|--|----------------------------|--|
|                                | Yen                |  | Yen                        |  |
| Six months ended June 30, 2021 | 86.06              |  | –                          |  |
| Six months ended June 30, 2020 | 108.82             |  | –                          |  |

#### (2) Consolidated financial position

|                         | Total assets    | Net assets      | Equity ratio |
|-------------------------|-----------------|-----------------|--------------|
|                         | Millions of yen | Millions of yen | %            |
| As of June 30, 2021     | 54,228          | 16,787          | 30.6         |
| 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                        | Yen             | Yen             | Yen             | Yen   |
| Year ended December 31, 2020             | –                          | 14.00           | –               | 14.00           | 28.00 |
| Year ending December 31, 2021            | –                          | 14.00           | –               | –               | –     |
| Year ending December 31, 2021 (Forecast) | –                          | –               | –               | –               | –     |

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 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 June 30, 2021 | 10,784,932 shares | As of December 31, 2020 | 10,786,000 shares |
|---------------------|-------------------|-------------------------|-------------------|

Number of treasury shares at the end of the period

|                     |          |                         |              |
|---------------------|----------|-------------------------|--------------|
| As of June 30, 2021 | – shares | As of December 31, 2020 | 1,023 shares |
|---------------------|----------|-------------------------|--------------|

Average number of shares during the period (cumulative from the beginning of the fiscal year)

|                                |                   |                                |                  |
|--------------------------------|-------------------|--------------------------------|------------------|
| Six months ended June 30, 2021 | 10,784,951 shares | Six months ended June 30, 2020 | 9,785,070 shares |
|--------------------------------|-------------------|--------------------------------|------------------|

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

|                                       | As of December 31, 2020 | As of June 30, 2021 |
|---------------------------------------|-------------------------|---------------------|
| Assets                                |                         |                     |
| Current assets                        |                         |                     |
| Cash and deposits                     | 13,144,597              | 12,755,597          |
| Money held in trust                   | 16,370,675              | 23,980,459          |
| Notes and accounts receivable - trade | 7,236,747               | 6,413,331           |
| Merchandise                           | 62,024                  | 87,960              |
| Work in process                       | 1,503,798               | 1,095,479           |
| Prepaid expenses                      | 2,060,072               | 2,014,008           |
| Other                                 | 84,697                  | 269,884             |
| Allowance for doubtful accounts       | (647)                   | (2,706)             |
| Total current assets                  | 40,461,966              | 46,614,013          |
| Non-current assets                    |                         |                     |
| Property, plant and equipment         |                         |                     |
| Buildings and structures, net         | 1,665,494               | 1,615,547           |
| Land                                  | 791,098                 | 791,098             |
| Other, net                            | 608,909                 | 659,937             |
| Total property, plant and equipment   | 3,065,502               | 3,066,582           |
| Intangible assets                     |                         |                     |
| Goodwill                              | 888,054                 | 832,533             |
| Customer-related assets               | 709,633                 | 685,163             |
| Software                              | 328,371                 | 310,244             |
| Software in progress                  | 112,757                 | 152,527             |
| Other                                 | 36                      | 36                  |
| Total intangible assets               | 2,038,853               | 1,980,505           |
| Investments and other assets          |                         |                     |
| Investment securities                 | 1,868,648               | 1,999,324           |
| Deferred tax assets                   | 138,230                 | 183,221             |
| Guarantee deposits                    | 366,089                 | 367,106             |
| Other                                 | 45,655                  | 17,938              |
| Allowance for doubtful accounts       | (140)                   | (563)               |
| Total investments and other assets    | 2,418,483               | 2,567,028           |
| Total non-current assets              | 7,522,839               | 7,614,115           |
| Total assets                          | 47,984,805              | 54,228,129          |

(Thousands of yen)

|  | As of December 31, 2020 | As of June 30, 2021 |
|--|-------------------------|---------------------|
| <b>Liabilities</b>   |                         |                     |
| <b>Current liabilities</b>   |                         |                     |
| Accounts payable - trade   | 3,685,347               | 3,037,295           |
| Short-term borrowings  | —                       | 100,000             |
| Current portion of bonds payable                                     | 20,000                  | 20,000              |
| Current portion of long-term borrowings                              | 359,348                 | 339,350             |
| Income taxes payable   | 780,253                 | 633,049             |
| Advances received  | 2,188,799               | 2,353,006           |
| Deposits received of storage agency                                  | 21,067,365              | 27,237,097          |
| Provision for bonuses  | 15,258                  | 151,699             |
| Provision for bonuses for directors (and other officers)             | 1,000                   | 7,489               |
| Provision for shareholder benefit program                            | 34,889                  | 3,327               |
| Other  | 2,158,062               | 1,888,517           |
| <b>Total current liabilities</b>                                     | <b>30,310,324</b>       | <b>35,770,832</b>   |
| <b>Non-current liabilities</b>                                       |                         |                     |
| Bonds payable  | 10,000                  | —                   |
| Long-term borrowings   | 818,713                 | 658,214             |
| Deferred tax liabilities   | 213,102                 | 227,009             |
| Provision for retirement benefits for directors (and other officers) | 444,824                 | 433,807             |
| Retirement benefit liability   | 65,356                  | 64,093              |
| Asset retirement obligations   | 23,979                  | 24,036              |
| Other  | 259,949                 | 262,704             |
| <b>Total non-current liabilities</b>                                 | <b>1,835,924</b>        | <b>1,669,865</b>    |
| <b>Total liabilities</b>   | <b>32,146,249</b>       | <b>37,440,698</b>   |
| <b>Net assets</b>  |                         |                     |
| <b>Shareholders' equity</b>  |                         |                     |
| Share capital  | 2,469,146               | 2,469,146           |
| Capital surplus  | 2,656,888               | 2,656,492           |
| Retained earnings  | 10,607,156              | 11,384,363          |
| Treasury shares  | (248)                   | —                   |
| <b>Total shareholders' equity</b>                                    | <b>15,732,943</b>       | <b>16,510,001</b>   |
| <b>Accumulated other comprehensive income</b>                        |                         |                     |
| Valuation difference on available-for-sale securities                | (85,230)                | 85,817              |
| Deferred gains or losses on hedges                                   | —                       | 439                 |
| <b>Total accumulated other comprehensive income</b>                  | <b>(85,230)</b>         | <b>86,256</b>       |
| <b>Non-controlling interests</b>                                     | <b>190,843</b>          | <b>191,173</b>      |
| <b>Total net assets</b>  | <b>15,838,556</b>       | <b>16,787,431</b>   |
| <b>Total liabilities and net assets</b>                              | <b>47,984,805</b>       | <b>54,228,129</b>   |

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

### Consolidated statements of income (cumulative)

|   | (Thousands of yen)                |                                   |
|---|-----------------------------------|-----------------------------------|
|   | Six months ended<br>June 30, 2020 | Six months ended<br>June 30, 2021 |
| Net sales   | 21,871,224                        | 24,389,276                        |
| Cost of sales   | 17,883,439                        | 20,120,606                        |
| Gross profit  | 3,987,784                         | 4,268,670                         |
| Selling, general and administrative expenses                  | 2,304,610                         | 2,806,757                         |
| Operating profit  | 1,683,173                         | 1,461,912                         |
| Non-operating income  |                                   |                                   |
| Interest income   | 205                               | 436                               |
| Dividend income   | 53,520                            | 11,494                            |
| Share of profit of entities accounted for using equity method | 508                               | —                                 |
| Gain on sales of non-current assets                           | 23,701                            | —                                 |
| Subsidy income  | —                                 | 5,556                             |
| Gain on investments in investment partnerships                | —                                 | 19,310                            |
| Foreign exchange gains  | 3,179                             | 43                                |
| Gain on valuation of derivatives                              | —                                 | 33,258                            |
| Other   | 4,470                             | 18,198                            |
| Total non-operating income                                    | 85,585                            | 88,298                            |
| Non-operating expenses  |                                   |                                   |
| Interest expenses   | 2,499                             | 2,383                             |
| Commission expenses   | —                                 | 2,023                             |
| Share of loss of entities accounted for using equity method   | —                                 | 1,647                             |
| Loss on investments in investment partnerships                | 1,044                             | —                                 |
| Other   | —                                 | 369                               |
| Total non-operating expenses                                  | 3,544                             | 6,423                             |
| Ordinary profit   | 1,765,215                         | 1,543,787                         |
| Extraordinary income  |                                   |                                   |
| Gain on sales of shares of subsidiaries                       | 23,073                            | —                                 |
| Total extraordinary income                                    | 23,073                            | —                                 |
| Extraordinary losses  |                                   |                                   |
| Impairment loss   | —                                 | 30,383                            |
| Loss on sales of investment securities                        | 18,608                            | —                                 |
| Loss on valuation of investment securities                    | 118,921                           | 65,074                            |
| Total extraordinary losses                                    | 137,529                           | 95,457                            |
| Profit before income taxes                                    | 1,650,760                         | 1,448,330                         |
| Income taxes - current  | 687,735                           | 581,746                           |
| Income taxes - deferred                                       | (110,931)                         | (62,841)                          |
| Total income taxes  | 576,803                           | 518,905                           |
| Profit  | 1,073,956                         | 929,425                           |
| Profit attributable to non-controlling interests              | 9,110                             | 1,229                             |
| Profit attributable to owners of parent                       | 1,064,845                         | 928,195                           |

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

(Thousands of yen)

|  | Six months ended<br>June 30, 2020 | Six months ended<br>June 30, 2021 |
|--|-----------------------------------|-----------------------------------|
| Profit   | 1,073,956                         | 929,425                           |
| Other comprehensive income                                     |                                   |                                   |
| Valuation difference on available-for-sale securities          | 24,604                            | 171,047                           |
| Deferred gains or losses on hedges                             | 18                                | 439                               |
| Total other comprehensive income                               | 24,623                            | 171,487                           |
| Comprehensive income   | 1,098,579                         | 1,100,912                         |
| Comprehensive income attributable to                           |                                   |                                   |
| Comprehensive income attributable to owners of parent          | 1,089,468                         | 1,099,683                         |
| Comprehensive income attributable to non-controlling interests | 9,110                             | 1,229                             |