

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Based on Japanese GAAP)

November 10, 2022

Company name: Densan System Holdings Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4072 URL <https://www.ds-hd.co.jp/>
 Representative: President, Representative Director Yasunori Tanaka
 Corporate Officer Chief of Administration
 Inquiries: Takashi Usami TEL 058-279-3456
 Headquarters
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: –
 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 nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)

(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	%
Nine months ended September 30, 2022	37,995	–	1,848	–	2,109	–	1,385	–
Nine months ended September 30, 2021	36,147	–	2,031	–	2,097	–	1,278	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2022	128.44	–
Nine months ended September 30, 2021	118.55	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	77,938	18,672	23.7
As of December 31, 2021	51,389	17,605	33.9

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, 2021	–	–	–	20.00	20.00
Year ending December 31, 2022	–	17.00	–		
Year ending December 31, 2022 (Forecast)				18.00	35.00

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

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	55,500	10.2	3,270	4.2	3,290	2.3	2,247	13.6	208.35

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2022
(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: Yes
- 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 September 30, 2022	10,790,199 shares	As of December 31, 2021	10,784,932 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	855 shares	As of December 31, 2021	82 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2022	10,787,913 shares	Nine months ended September 30, 2021	10,784,939 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	13,673	11,643
Money held in trust	17,392	42,375
Notes and accounts receivable - trade	8,498	–
Notes and accounts receivable - trade, and contract assets	–	8,557
Merchandise and finished goods	394	963
Work in process	509	687
Prepaid expenses	2,277	3,472
Other	461	731
Allowance for doubtful accounts	(18)	(12)
Total current assets	43,188	68,417
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,554	1,495
Land	791	791
Other, net	633	656
Total property, plant and equipment	2,979	2,943
Intangible assets		
Goodwill	1,339	1,243
Customer-related assets	762	718
Technical assets	201	185
Software	369	419
Software in progress	166	236
Other	0	0
Total intangible assets	2,840	2,805
Investments and other assets		
Investment securities	1,840	3,091
Deferred tax assets	95	226
Guarantee deposits	389	393
Other	57	92
Allowance for doubtful accounts	(2)	(32)
Total investments and other assets	2,381	3,772
Total non-current assets	8,200	9,520
Total assets	51,389	77,938

(Millions of yen)

	As of December 31, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	3,722	4,829
Short-term borrowings	47	100
Current portion of bonds payable	17	7
Current portion of long-term borrowings	370	503
Income taxes payable	499	289
Advances received	3,088	—
Contract liabilities	—	4,575
Deposits received of storage agency	22,035	45,030
Provision for bonuses	17	448
Provision for bonuses for directors (and other officers)	48	43
Provision for loss on order received	19	82
Provision for shareholder benefit program	34	—
Other	1,997	1,041
Total current liabilities	31,899	56,952
Non-current liabilities		
Bonds payable	36	29
Long-term borrowings	619	1,069
Deferred tax liabilities	326	312
Provision for retirement benefits for directors (and other officers)	489	515
Retirement benefit liability	86	102
Asset retirement obligations	24	24
Other	303	261
Total non-current liabilities	1,884	2,314
Total liabilities	33,784	59,266
Net assets		
Shareholders' equity		
Share capital	2,469	2,482
Capital surplus	2,656	2,656
Retained earnings	12,283	13,314
Treasury shares	(0)	(0)
Total shareholders' equity	17,409	18,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	18
Deferred gains or losses on hedges	—	1
Total accumulated other comprehensive income	1	20
Non-controlling interests	194	198
Total net assets	17,605	18,672
Total liabilities and net assets	51,389	77,938

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	36,147	37,995
Cost of sales	29,693	31,230
Gross profit	6,453	6,764
Selling, general and administrative expenses	4,422	4,916
Operating profit	2,031	1,848
Non-operating income		
Interest income	1	5
Dividend income	11	17
Share of profit of entities accounted for using equity method	—	128
Gain on sale of non-current assets	—	38
Gain on investments in investment partnerships	19	14
Gain on valuation of derivatives	34	65
Debt prescripton profit	14	6
Other	13	13
Total non-operating income	95	288
Non-operating expenses		
Interest expenses	4	7
Commission expenses	23	1
Share of loss of entities accounted for using equity method	2	—
Loss on investments in silent partnerships	—	2
Foreign exchange losses	0	16
Other	0	0
Total non-operating expenses	30	27
Ordinary profit	2,097	2,109
Extraordinary losses		
Impairment losses	30	—
Loss on valuation of investment securities	67	42
Total extraordinary losses	98	42
Profit before income taxes	1,998	2,067
Income taxes - current	737	845
Income taxes - deferred	(16)	(167)
Total income taxes	720	677
Profit	1,278	1,390
Profit (loss) attributable to non-controlling interests	(0)	4
Profit attributable to owners of parent	1,278	1,385

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit	1,278	1,390
Other comprehensive income		
Valuation difference on available-for-sale securities	188	17
Deferred gains or losses on hedges	—	1
Total other comprehensive income	188	19
Comprehensive income	1,466	1,409
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,466	1,404
Comprehensive income attributable to non-controlling interests	(0)	4