

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 11, 2023

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 Kobayashi Ryoji
 Inquiries: Corporate Officer & Unit Leader Yanagihara Kazumoto TEL 058-279-3456
 Scheduled date to file Quarterly Securities Report: May 12, 2023
 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 three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

(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, 2023	14,596	23.5	1,186	94.1	1,186	45.0	773	37.6
Three months ended March 31, 2022	11,822	–	611	–	818	–	562	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	71.73	–
Three months ended March 31, 2022	52.14	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	74,175	20,289	27.1
As of December 31, 2022	72,170	19,665	27.0

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, 2022	–	17.00	–	18.00	35.00
Year ending December 31, 2023	–				
Year ending December 31, 2023 (Forecast)		18.00	–	19.00	37.00

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

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	62,500	16.9	3,900	14.2	3,912	9.1	2,643	12.5	245.00

4. Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2023
(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, 2023	10,790,199 shares	As of December 31, 2022	10,790,199 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	936 shares	As of December 31, 2022	936 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, 2023	10,789,263 shares	Three months ended March 31, 2022	10,784,850 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	12,530	13,628
Money held in trust	33,417	35,076
Notes and accounts receivable - trade, and contract assets	10,529	9,732
Merchandise and finished goods	924	960
Work in process	429	467
Prepaid expenses	4,034	3,884
Other	889	667
Allowance for doubtful accounts	(14)	(12)
Total current assets	62,740	64,404
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,462	1,434
Land	791	791
Other, net	636	651
Total property, plant and equipment	2,890	2,877
Intangible assets		
Goodwill	1,200	1,157
Customer-related assets	704	689
Technical assets	180	174
Software	503	474
Software in progress	153	422
Other	0	0
Total intangible assets	2,741	2,917
Investments and other assets		
Investment securities	3,037	3,098
Deferred tax assets	303	437
Guarantee deposits	394	374
Other	96	102
Allowance for doubtful accounts	(34)	(38)
Total investments and other assets	3,798	3,975
Total non-current assets	9,430	9,770
Total assets	72,170	74,175

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,538	4,012
Short-term borrowings	—	100
Current portion of bonds payable	7	7
Current portion of long-term borrowings	494	462
Income taxes payable	615	536
Contract liabilities	5,604	5,706
Deposits received of storage agency	36,727	38,537
Provision for bonuses	16	370
Provision for bonuses for directors (and other officers)	26	7
Provision for loss on orders received	81	204
Provision for shareholder benefit program	39	37
Other	2,190	1,834
Total current liabilities	50,339	51,817
Non-current liabilities		
Bonds payable	29	25
Long-term borrowings	955	855
Deferred tax liabilities	306	299
Provision for retirement benefits for directors (and other officers)	445	418
Retirement benefit liability	105	110
Asset retirement obligations	24	24
Other	301	335
Total non-current liabilities	2,165	2,068
Total liabilities	52,505	53,886
Net assets		
Shareholders' equity		
Share capital	2,482	2,482
Capital surplus	2,656	2,656
Retained earnings	14,277	14,857
Treasury shares	(0)	(0)
Total shareholders' equity	19,416	19,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40	69
Deferred gains or losses on hedges	(1)	(0)
Total accumulated other comprehensive income	39	68
Non-controlling interests	209	224
Total net assets	19,665	20,289
Total liabilities and net assets	72,170	74,175

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	11,822	14,596
Cost of sales	9,606	11,825
Gross profit	2,216	2,771
Selling, general and administrative expenses	1,605	1,584
Operating profit	611	1,186
Non-operating income		
Interest income	2	0
Share of profit of entities accounted for using equity method	137	0
Gain on sale of non-current assets	38	—
Gain on investments in investment partnerships	17	—
Foreign exchange gains	0	—
Gain on valuation of derivatives	8	1
Debt prescripton profit	2	2
Other	2	5
Total non-operating income	209	9
Non-operating expenses		
Interest expenses	2	2
Commission expenses	0	0
Loss on investments in investment partnerships	—	1
Foreign exchange losses	—	3
Other	0	1
Total non-operating expenses	3	9
Ordinary profit	818	1,186
Profit before income taxes	818	1,186
Income taxes - current	311	551
Income taxes - deferred	(71)	(154)
Total income taxes	240	397
Profit	577	789
Profit attributable to non-controlling interests	15	15
Profit attributable to owners of parent	562	773

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit	577	789
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	28
Deferred gains or losses on hedges	—	0
Total other comprehensive income	(10)	29
Comprehensive income	567	819
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	552	803
Comprehensive income attributable to non-controlling interests	15	15