

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 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: November 14, 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 nine months ended September 30, 2023 (from January 1, 2023 to September 30, 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	%
Nine months ended September 30, 2023	44,159	16.2	3,056	65.3	3,119	47.9	2,075	49.8
Nine months ended September 30, 2022	37,995	–	1,848	–	2,109	–	1,385	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2023	193.97	–
Nine months ended September 30, 2022	128.44	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	54,850	20,874	37.7
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	–	18.00	–		
Year ending December 31, 2023 (Forecast)				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 nine months ended September 30, 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 September 30, 2023	10,792,973 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 September 30, 2023	180,398 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)

Nine months ended September 30, 2023	10,698,710 shares	Nine months ended September 30, 2022	10,787,913 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	12,530	14,177
Money held in trust	33,417	13,112
Notes and accounts receivable - trade, and contract assets	10,529	10,728
Merchandise and finished goods	924	698
Work in process	429	753
Prepaid expenses	4,034	4,949
Other	889	672
Allowance for doubtful accounts	(14)	(23)
Total current assets	62,740	45,069
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,462	1,378
Land	791	791
Other, net	636	688
Total property, plant and equipment	2,890	2,857
Intangible assets		
Goodwill	1,200	1,070
Customer-related assets	704	660
Technical assets	180	164
Software	503	715
Software in progress	153	207
Other	0	0
Total intangible assets	2,741	2,817
Investments and other assets		
Investment securities	3,037	3,199
Deferred tax assets	303	430
Guarantee deposits	394	407
Other	96	113
Allowance for doubtful accounts	(34)	(45)
Total investments and other assets	3,798	4,105
Total non-current assets	9,430	9,780
Total assets	72,170	54,850

(Millions of yen)

	As of December 31, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	4,538	3,951
Short-term borrowings	—	100
Current portion of bonds payable	7	7
Current portion of long-term borrowings	494	385
Income taxes payable	615	653
Contract liabilities	5,604	7,015
Deposits received of storage agency	36,727	16,221
Provision for bonuses	16	369
Provision for bonuses for directors (and other officers)	26	42
Provision for loss on orders received	81	273
Provision for shareholder benefit program	39	—
Other	2,190	2,515
Total current liabilities	50,339	31,534
Non-current liabilities		
Bonds payable	29	22
Long-term borrowings	955	1,279
Deferred tax liabilities	306	285
Provision for retirement benefits for directors (and other officers)	445	423
Retirement benefit liability	105	109
Asset retirement obligations	24	24
Other	301	296
Total non-current liabilities	2,165	2,441
Total liabilities	52,505	33,975
Net assets		
Shareholders' equity		
Share capital	2,482	2,489
Capital surplus	2,656	2,628
Retained earnings	14,277	15,964
Treasury shares	(0)	(569)
Total shareholders' equity	19,416	20,513
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40	160
Deferred gains or losses on hedges	(1)	0
Total accumulated other comprehensive income	39	161
Non-controlling interests	209	199
Total net assets	19,665	20,874
Total liabilities and net assets	72,170	54,850

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, 2022	Nine months ended September 30, 2023
Net sales	37,995	44,159
Cost of sales	31,230	35,974
Gross profit	6,764	8,185
Selling, general and administrative expenses	4,916	5,129
Operating profit	1,848	3,056
Non-operating income		
Interest income	5	0
Dividend income	17	20
Share of profit of entities accounted for using equity method	128	—
Commission income	—	23
Gain on sale of non-current assets	38	4
Gain on investments in investment partnerships	14	—
Gain on valuation of derivatives	65	52
Debt prescripton profit	6	6
Other	13	3
Total non-operating income	288	111
Non-operating expenses		
Interest expenses	7	7
Commission expenses	1	0
Share of loss of entities accounted for using equity method	—	6
Loss on investments in investment partnerships	—	3
Loss on investments in silent partnerships	2	1
Foreign exchange losses	16	24
Other	0	4
Total non-operating expenses	27	48
Ordinary profit	2,109	3,119
Extraordinary losses		
Loss on valuation of investment securities	42	—
Total extraordinary losses	42	—
Profit before income taxes	2,067	3,119
Income taxes - current	845	1,217
Income taxes - deferred	(167)	(186)
Total income taxes	677	1,031
Profit	1,390	2,087
Profit attributable to non-controlling interests	4	12
Profit attributable to owners of parent	1,385	2,075

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2023
Profit	1,390	2,087
Other comprehensive income		
Valuation difference on available-for-sale securities	17	120
Deferred gains or losses on hedges	1	2
Total other comprehensive income	19	122
Comprehensive income	1,409	2,210
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,404	2,197
Comprehensive income attributable to non-controlling interests	4	12