

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 9, 2024

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 Semi-annual Securities Report: August 13, 2024
 Scheduled date to commence dividend payments: September 10, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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, 2024	30,243	1.2	1,548	(23.0)	1,600	(22.8)	1,086	(22.1)
Six months ended June 30, 2023	29,878	18.7	2,010	72.1	2,073	46.6	1,395	53.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2024	102.17	–
Six months ended June 30, 2023	129.86	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	60,315	21,846	35.9
As of December 31, 2023	57,051	20,774	36.1

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, 2023	–	18.00	–	19.00	37.00
Year ending December 31, 2024	–	20.00			
Year ending December 31, 2024 (Forecast)			–	40.00	60.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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	65,700	10.3	4,100	3.4	4,120	2.5	2,790	39.2	262.22

4. Notes

- (1) Significant changes in the scope of consolidation during the six months ended June 30, 2024: No
- (2) Application of special accounting methods for preparing interim 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, 2024	10,795,550 shares	As of December 31, 2023	10,792,973 shares
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Number of treasury shares at the end of the period

As of June 30, 2024	153,021 shares	As of December 31, 2023	171,298 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2024	10,632,150 shares	Six months ended June 30, 2023	10,744,547 shares
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Interim consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	15,912	16,996
Money held in trust	15,250	18,281
Notes and accounts receivable - trade, and contract assets	10,235	9,896
Merchandise and finished goods	588	605
Work in process	315	310
Prepaid expenses	5,254	4,818
Other	695	619
Allowance for doubtful accounts	(24)	(21)
Total current assets	48,228	51,507
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,364	1,330
Land	791	791
Other, net	688	693
Total property, plant and equipment	2,843	2,814
Intangible assets		
Goodwill	604	546
Customer-related assets	645	616
Technical assets	159	148
Software	763	865
Software in progress	205	112
Other	0	0
Total intangible assets	2,378	2,288
Investments and other assets		
Investment securities	2,685	2,815
Deferred tax assets	452	454
Guarantee deposits	401	393
Other	118	115
Allowance for doubtful accounts	(58)	(72)
Total investments and other assets	3,600	3,706
Total non-current assets	8,822	8,808
Total assets	57,051	60,315

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	4,464	4,232
Short-term borrowings	–	100
Current portion of bonds payable	7	7
Current portion of long-term borrowings	338	273
Income taxes payable	800	598
Contract liabilities	7,585	7,196
Deposits received of storage agency	18,231	21,319
Provision for bonuses	87	58
Provision for bonuses for directors (and other officers)	31	23
Provision for loss on orders received	224	312
Provision for shareholder benefit program	39	–
Other	2,143	2,418
Total current liabilities	33,953	36,539
Non-current liabilities		
Bonds payable	22	18
Long-term borrowings	1,159	985
Deferred tax liabilities	278	274
Provision for retirement benefits for directors (and other officers)	430	224
Retirement benefit liability	113	115
Asset retirement obligations	25	26
Other	294	285
Total non-current liabilities	2,323	1,929
Total liabilities	36,277	38,469
Net assets		
Shareholders' equity		
Share capital	2,489	2,496
Capital surplus	2,628	2,628
Retained earnings	15,893	16,774
Treasury shares	(540)	(482)
Total shareholders' equity	20,471	21,417
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106	208
Deferred gains or losses on hedges	(1)	0
Total accumulated other comprehensive income	105	209
Non-controlling interests	197	220
Total net assets	20,774	21,846
Total liabilities and net assets	57,051	60,315

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	29,878	30,243
Cost of sales	24,568	25,250
Gross profit	5,309	4,993
Selling, general and administrative expenses	3,299	3,444
Operating profit	2,010	1,548
Non-operating income		
Interest income	0	2
Dividend income	19	19
Commission income	4	16
Gain on sale of non-current assets	4	0
Foreign exchange gains	–	3
Gain on valuation of derivatives	43	18
Debt prescripton profit	3	4
Other	15	8
Total non-operating income	91	74
Non-operating expenses		
Interest expenses	4	6
Share of loss of entities accounted for using equity method	3	10
Commission expenses	0	0
Loss on investments in investment partnerships	1	1
Loss on investments in silent partnerships	1	0
Foreign exchange losses	16	–
Other	1	3
Total non-operating expenses	29	23
Ordinary profit	2,073	1,600
Profit before income taxes	2,073	1,600
Income taxes - current	771	534
Income taxes - deferred	(108)	(44)
Total income taxes	662	490
Profit	1,410	1,109
Profit attributable to non-controlling interests	15	23
Profit attributable to owners of parent	1,395	1,086

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	1,410	1,109
Other comprehensive income		
Valuation difference on available-for-sale securities	92	100
Deferred gains or losses on hedges	1	1
Share of other comprehensive income of entities accounted for using equity method	–	2
Total other comprehensive income	93	103
Comprehensive income	1,504	1,213
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,489	1,190
Comprehensive income attributable to non-controlling interests	15	23

Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,073	1,600
Depreciation	308	378
Amortization of goodwill	86	58
Increase (decrease) in allowance for doubtful accounts	8	10
Increase (decrease) in provision for bonuses	56	(28)
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	(8)
Increase (decrease) in provision for loss on orders received	221	88
Increase (decrease) in provision for shareholder benefit program	(38)	(39)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(19)	(205)
Increase (decrease) in retirement benefit liability	7	2
Interest and dividend income	(20)	(22)
Interest expenses	4	6
Loss (gain) on valuation of derivatives	(43)	(18)
Share of loss (profit) of entities accounted for using equity method	3	10
Foreign exchange losses (gains)	(0)	(5)
Loss (gain) on investments in investment partnerships	1	1
Loss (gain) on sale of investment securities	–	(5)
Loss (gain) on sale of non-current assets	(4)	(0)
Decrease (increase) in trade receivables and contract assets	559	325
Decrease (increase) in inventories	85	(11)
Decrease (increase) in prepaid expenses	(77)	435
Increase (decrease) in trade payables	(607)	(232)
Increase (decrease) in accounts payable - other	(191)	(31)
Increase (decrease) in contract liabilities	310	(388)
Decrease (increase) in other current assets	117	96
Increase (decrease) in other current liabilities	552	355
Other, net	26	13
Subtotal	3,419	2,384
Interest and dividends received	20	23
Interest paid	(4)	(6)
Income taxes paid	(606)	(729)
Net cash provided by (used in) operating activities	2,829	1,671
Cash flows from investing activities		
Payments into time deposits	(0)	(113)
Proceeds from withdrawal of time deposits	–	112
Purchase of property, plant and equipment	(206)	(214)
Proceeds from sale of property, plant and equipment	5	7
Purchase of intangible assets	(323)	(176)
Purchase of investment securities	(22)	(50)
Proceeds from sale of investment securities	–	52
Proceeds from distributions from investment partnerships	1	–
Proceeds from maturity of insurance funds	–	22
Payments of leasehold and guarantee deposits	(0)	(0)
Proceeds from refund of leasehold and guarantee deposits	3	5
Other, net	(3)	(2)
Net cash provided by (used in) investing activities	(547)	(356)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	100	100
Redemption of bonds	(3)	(3)
Proceeds from long-term borrowings	600	–
Repayments of long-term borrowings	(262)	(239)
Purchase of treasury shares	(599)	(0)
Proceeds from sale of treasury shares	5	53
Dividends paid	(194)	(204)
Dividends paid to non-controlling interests	(0)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(49)	–
Net cash provided by (used in) financing activities	(405)	(294)
Effect of exchange rate change on cash and cash equivalents	0	5
Net increase (decrease) in cash and cash equivalents	1,876	1,026
Cash and cash equivalents at beginning of period	9,104	12,816
Cash and cash equivalents at end of period	10,980	13,842