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Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 12, 2023

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of Annual General Meeting of Shareholders: June 29, 2023
 Scheduled date of commencing dividend payments: June 30, 2023
 Scheduled date of filing annual securities report: June 30, 2023
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled (for analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	6,911	(2.4)	2,121	20.7	2,111	20.6	1,625	50.2
March 31, 2022	7,077	60.4	1,757	58.5	1,751	57.3	1,082	44.9

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥1,608 million [42.6%]
 Fiscal year ended March 31, 2022: ¥1,128 million [50.9%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	119.74	-	40.1	41.9	30.7
March 31, 2022	79.74	-	34.3	44.2	24.8

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2023: ¥(31) million

Fiscal year ended March 31, 2022: ¥5 million

(Note) The Company implemented a two-for-one stock split of its common stock on October 1, 2021. Basic earnings per share are calculated based on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	5,613	4,664	81.4	336.71
As of March 31, 2022	4,455	3,533	79.3	260.21

(Reference) Equity: As of March 31, 2023: ¥4,572 million

As of March 31, 2022: ¥3,533 million

(Note) The Company implemented a two-for-one stock split of its common stock on October 1, 2021. Net assets per share are calculated based on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2023	1,440	126	(542)	4,160
March 31, 2022	1,146	(265)	(374)	3,136

2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	-	0.00	-	40.00	40.00	543	50.2	17.2
Fiscal year ended March 31, 2023	-	0.00	-	50.00	50.00	678	41.8	16.8
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	55.00	55.00		43.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 - March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	7,700	11.4	2,350	10.8	2,330	10.3	1,731	6.5	127.48

* These consolidated financial results are outside the scope of the audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecast and other forward-looking statements presented in this document are based on information that is currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to represent the Company's commitment to achieve the projected financial results. In addition, actual financial results, etc. may differ significantly from the forecast and statements due to various factors.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year ended March 31, 2023, the global economy saw progress in the removal of restrictions on activities and immigration controls due to advances in vaccinations and other measures to deal with COVID-19. Despite signs of recovery in economic activities, the economic outlook remains unclear because geopolitical risks caused by Russia's invasion of Ukraine and China's zero-COVID policy resulted in supply chain disruptions and growing inflation due to soaring prices of energy resources and raw materials.

The domestic economy experienced both the spread of COVID-19 infections and their intermittent abatement, as well as the easing of restrictions on activities due to the complete removal of priority measures, including those to prevent the spread of infections. Although the economy began to recover, the business environment remained severe due to the resurgence of new variants, soaring prices of energy resources and raw materials as a result of geopolitical risks, and the weakening of the yen due to global interest rate hikes to curb inflation.

The information service industry, to which the Group belongs, saw strategic investment designed to "grow" and "transform" the business, including the utilization of big data, the strengthening of information security, and the development of IT infrastructure, as well as the continuation of strong investment in DX aimed at improving operational efficiency and productivity through automation and labor savings.

In this business environment, the Group saw strength in its stock compensation-based big data-related business, a stable earnings base, and a steady increase in orders for the service planning and development business centered on new services. However, net sales decreased year on year due to the temporary elimination of low-gross-margin projects, which are not the Company's main service, due to an overhaul of our business structure.

In terms of profit, the profit margin improved due to the recording of a gain on step acquisitions (extraordinary income) associated with the conversion of an equity-method affiliate to a consolidated subsidiary, and steady progress in the overhaul of our business structure. Each profit type displayed an uptrend and increased year on year.

As a result, for the fiscal year ended March 31, 2023, the Company recorded net sales of ¥6,911 million (down 2.4% year on year), operating profit of ¥2,121 million (up 20.7% year on year), ordinary profit of ¥2,111 million (up 20.6% year on year), and profit attributable to owners of parent of ¥1,625 million (up 50.2% year on year).

(2) Overview of Financial Position for the Fiscal Year under Review

(Current Assets)

Current assets at the end of the fiscal year under review amounted to ¥4,999 million, an increase of ¥1,047 million from the end of the previous fiscal year. This was mainly attributable to increases of ¥1,023 million in cash and deposits and ¥178 million in accounts receivable – trade, despite a decrease of ¥110 million in work in process.

(Non-current Assets)

Non-current assets at the end of the fiscal year under review amounted to ¥614 million, an increase of ¥109 million from the end of the previous fiscal year. This was mainly attributable to an increase of ¥327 million in goodwill, despite a decrease of ¥249 million in investment securities.

(Current Liabilities)

Current liabilities at the end of the fiscal year under review amounted to ¥907 million, a decrease of ¥15 million from the end of the previous fiscal year. This was mainly attributable to a decrease of ¥46 million in accounts payable – trade, despite an increase of ¥28 million in accounts payable – other.

(Non-current Liabilities)

Non-current liabilities at the end of the fiscal year under review amounted to ¥41 million, an increase of ¥41 million from the end of the previous fiscal year. This was due to increases of ¥34 million in provision for retirement benefits for directors (and other officers) and ¥6 million in provision for retirement benefits, as a result of the conversion of Aster's Co., Ltd., an equity-method affiliate, to a consolidated subsidiary.

(Net assets)

Net assets at the end of the fiscal year under review amounted to ¥4,664 million, an increase of ¥1,131 million from the end of the previous fiscal year. This was mainly attributable to the recording of ¥1,625 million in profit attributable to owners of parent, despite ¥543 million in dividends from surplus.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter, "funds") at the end of the fiscal year under review amounted to ¥4,160 million, an increase of ¥1,023 million from the end of the previous fiscal year.

The status of cash flows and their factors thereof for the fiscal year under review are as follows.

(Cash Flows from Operating Activities)

Funds provided by operating activities amounted to ¥1,440 million. This was mainly due to ¥2,315 million in profit before income taxes, despite ¥638 million in income taxes paid.

(Cash Flows from Investing Activities)

Funds provided by investing activities amounted to ¥126 million. This was mainly due to ¥111 million in proceeds from sale of investment securities, despite ¥35 million in purchase of intangible assets.

(Cash Flows from Financing Activities)

Funds used in financing activities amounted to ¥524 million. This was mainly due to ¥542 million in dividends paid by parent company.

(4) Future Outlook

Although there is a possibility that sales other than from our main services may temporarily decline due to the partial continuation of the overhaul of our business structure that we embarked on in the fiscal year ended March 31, 2023, further growth is expected due to robust sales of existing services, centered on data cleansing, which is our main service, and orders for big data processing services utilizing the Company's data cleansing platform and related projects.

For the fiscal year ending March 31, 2024, the Company expects net sales of ¥7,700 million, operating profit of ¥2,350 million, ordinary profit of ¥2,330 million, and profit attributable to owners of parent of ¥1,731 million.

The earnings forecasts described in this document are based on information available at the time of writing and on certain assumptions considered reasonable, and may change significantly depending on various factors such as COVID-19 infections or its containment. If any revisions to the earnings forecasts become necessary, these will be promptly announced.

2. Basic Policy on Selection of Accounting Standards

Since the Group does not currently operate internationally, the consolidated financial statements are prepared based on Japanese accounting standards.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,136,796	4,160,733
Accounts receivable - trade	599,154	777,930
Work in process	155,673	44,997
Prepaid expenses	8,410	15,394
Other	51,671	527
Total current assets	3,951,707	4,999,583
Non-current assets		
Property, plant and equipment		
Buildings, net	59,309	61,148
Tools, furniture and fixtures, net	24,378	16,266
Total property, plant and equipment	83,687	77,415
Intangible assets		
Software	47,333	62,199
Trademark right	210	508
Goodwill	-	327,200
Total intangible assets	47,544	389,909
Investments and other assets		
Investment securities	249,593	0
Deferred tax assets	28,719	49,889
Leasehold and guarantee deposits	94,669	96,899
Other	-	49
Total investments and other assets	372,982	146,837
Total non-current assets	504,214	614,162
Total assets	4,455,921	5,613,746

(Thousand yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	357,946	311,507
Accounts payable - other	77,129	106,049
Accrued expenses	6,779	11,774
Income taxes payable	389,229	393,940
Accrued consumption taxes	83,984	72,954
Advances received	2,376	2,376
Other	5,078	8,856
Total current liabilities	922,522	907,459
Non-current liabilities		
Provision for retirement benefits	-	6,669
Provision for retirement benefits for directors (and other officers)	-	34,829
Total non-current liabilities	-	41,499
Total liabilities	922,522	948,958
Net assets		
Shareholders' equity		
Share capital	263,778	263,778
Capital surplus	253,298	253,298
Retained earnings	2,974,487	4,057,232
Treasury shares	(1,997)	(2,096)
Total shareholders' equity	3,489,566	4,572,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,832	-
Total accumulated other comprehensive income	43,832	-
Non-controlling interests	-	92,575
Total net assets	3,533,398	4,664,787
Total liabilities and net assets	4,455,921	5,613,746

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	7,077,843	6,911,071
Cost of sales	4,528,808	3,949,773
Gross profit	2,549,034	2,961,298
Selling, general and administrative expenses	791,140	840,227
Operating profit	1,757,894	2,121,071
Non-operating income		
Share of profit of entities accounted for using equity method	5,806	-
Surrender value of insurance policies	-	22,518
Other	554	27
Total non-operating income	6,360	22,545
Non-operating expenses		
Share of loss of entities accounted for using equity method	-	31,830
Donations	13,080	50
Other	-	1
Total non-operating expenses	13,080	31,882
Ordinary profit	1,751,174	2,111,734
Extraordinary income		
Gain on sale of investment securities	-	36,141
Gain on step acquisitions	-	171,660
Total extraordinary income	-	207,802
Extraordinary losses		
Office relocation expenses	30,350	-
Loss on valuation of investment securities	112,827	-
Loss on retirement of non-current assets	25,005	3,684
Other	722	-
Total extraordinary losses	168,906	3,684
Profit before income taxes	1,582,268	2,315,852
Income taxes - current	536,595	649,627
Income taxes - deferred	(37,148)	13,627
Total income taxes	499,446	663,255
Profit	1,082,821	1,652,596
Profit attributable to non-controlling interests	-	26,688
Profit attributable to owners of parent	1,082,821	1,625,908

Consolidated Statements of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	1,082,821	1,652,596
Other comprehensive income		
Valuation difference on available-for-sale securities	45,350	(43,832)
Total other comprehensive income	45,350	(43,832)
Comprehensive income	1,128,172	1,608,764
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,128,172	1,596,321
Comprehensive income attributable to non-controlling interests	-	12,442

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	263,778	253,298	2,265,100	(920)	2,781,255
Changes during period					
Profit attributable to owners of parent	-	-	1,082,821	-	1,082,821
Dividends of surplus	-	-	(373,434)	-	(373,434)
Purchase of treasury shares	-	-	-	(1,076)	(1,076)
Change in scope of consolidation	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	709,386	(1,076)	708,310
Balance at end of period	263,778	253,298	2,974,487	(1,997)	3,489,566

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(1,518)	(1,518)	-	2,779,737
Changes during period				
Profit attributable to owners of parent	-	-	-	1,082,821
Dividends of surplus	-	-	-	(373,434)
Purchase of treasury shares	-	-	-	(1,076)
Change in scope of consolidation	-	-	-	-
Net changes in items other than shareholders' equity	45,350	45,350	-	45,350
Total changes during period	45,350	45,350	-	753,661
Balance at end of period	43,832	43,832	-	3,533,398

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	263,778	253,298	2,974,487	(1,997)	3,489,566
Changes during period					
Profit attributable to owners of parent	-	-	1,625,908	-	1,625,908
Dividends of surplus	-	-	(543,163)	-	(543,163)
Purchase of treasury shares	-	-	-	(99)	(99)
Change in scope of consolidation	-	-	-	-	-
Net changes in items other than shareholders' equity	-	-	-	-	-
Total changes during period	-	-	1,082,744	(99)	1,082,645
Balance at end of period	263,778	253,298	4,057,232	(2,096)	4,572,212

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	43,832	43,832	-	3,533,398
Changes during period				
Profit attributable to owners of parent	-	-	-	1,625,908
Dividends of surplus	-	-	-	(543,163)
Purchase of treasury shares	-	-	-	(99)
Change in scope of consolidation	-	-	92,575	92,575
Net changes in items other than shareholders' equity	(43,832)	(43,832)	-	(43,832)
Total changes during period	(43,832)	(43,832)	92,575	1,131,388
Balance at end of period	-	-	92,575	4,664,787

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,582,268	2,315,852
Depreciation	26,381	32,920
Amortization of goodwill	-	8,389
Interest income	(14)	(22)
Loss (gain) on sale of investment securities	-	(36,141)
Loss on retirement of non-current assets	25,005	3,684
Loss (gain) on valuation of investment securities	112,827	-
Share of loss (profit) of entities accounted for using equity method	(5,806)	31,830
Loss (gain) on step acquisitions	-	(171,660)
Surrender value of insurance policies	-	(22,518)
Decrease (increase) in trade receivables	(210,084)	(178,737)
(Decrease) increase in work in process	(122,485)	110,675
Decrease (increase) in prepaid expenses	(805)	(6,983)
Increase (decrease) in trade payables	35,104	(12,942)
Increase (decrease) in accounts payable - other	(1,647)	22,672
Increase (decrease) in accrued expenses	(1,210)	198
Increase (decrease) in advances received	(306)	-
Increase (decrease) in accrued consumption taxes	34,044	(11,029)
Other, net	5,575	(7,867)
Subtotal	1,478,846	2,078,321
Interest and dividends received	14	22
Income taxes paid	(331,879)	(638,280)
Net cash provided by (used in) operating activities	1,146,981	1,440,063
Cash flows from investing activities		
Purchase of property, plant and equipment	(65,801)	(16,304)
Purchase of intangible assets	(29,345)	(35,073)
Purchase of investment securities	(74,983)	-
Proceeds from sale of investment securities	-	111,124
Payments of leasehold and guarantee deposits	(95,019)	(330)
Proceeds from refund of leasehold and guarantee deposits	-	51,647
Proceeds from cancellation of insurance funds	-	45,705
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(30,160)
Net cash provided by (used in) investing activities	(265,149)	126,608
Cash flows from financing activities		
Purchase of treasury shares	(1,076)	(99)
Dividends paid	(373,918)	(542,636)
Net cash provided by (used in) financing activities	(374,994)	(542,735)
Net increase (decrease) in cash and cash equivalents	506,837	1,023,936
Cash and cash equivalents at beginning of period	2,629,959	3,136,796
Cash and cash equivalents at end of period	3,136,796	4,160,733

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

[Segment information]

As the Group operates a single segment, the “WEB Marketing Business,” this information is omitted.

(Per share information)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net assets per share	¥260.21	¥336.71
Basic earnings per share	¥79.74	¥119.74

- (Notes)
1. The Company implemented a two-for-one stock split of its common stock on October 1, 2021. Net assets per share and basic earnings per share are calculated based on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.
 2. Diluted earnings per share are not stated as there are no dilutive shares.
 3. The basis for calculating basic earnings per share is as follows.

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	1,082,821	1,625,908
Amount not attributable to common shareholders (Thousands of yen)	—	—
Profit attributable to owners of parent relating to common shares (Thousands of yen)	1,082,821	1,625,908
Average number of common shares outstanding during the period (Shares)	13,579,197	13,579,062

(Note): The Company implemented a two-for-one stock split of its common stock on October 1, 2021. The average number of common shares outstanding during the period is calculated based on the assumption that the stock split was implemented at the beginning of the previous consolidated fiscal year.

(Significant subsequent events)

Not applicable.