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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 13, 2023

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3925
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 Scheduled date of filing quarterly securities report: November 13, 2023
 Scheduled date of commencing dividend payments: -
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled (for analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six Months ended September 30, 2023	3,201	(7.7)	825	(24.4)	830	(22.4)	646	(13.6)
September 30, 2022	3,469	(14.9)	1,091	10.2	1,069	9.6	747	12.0

(Note) Comprehensive income: Six Months ended September 30, 2023: ¥654 million [(7.0)%]
 Six Months ended September 30, 2022: ¥703 million [5.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six Months ended September 30, 2023	47.58	-
September 30, 2022	55.06	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	5,447	4,640	83.3
As of March 31, 2023	5,613	4,664	81.4

(Reference) Equity: As of September 30, 2023: ¥4,539 million
 As of March 31, 2023: ¥4,572 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	50.00	50.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (Forecast)			-	55.00	55.00

(Note) Revision to the dividends forecast announced most recently: None

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

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

- (1) Changes in significant subsidiaries during the period: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: - (), Excluded: - ()
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
- (4) Number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):
- | | |
|---------------------|-------------------|
| September 30, 2023: | 13,580,000 shares |
| March 31, 2023: | 13,580,000 shares |
- 2) Number of treasury shares at the end of the period:
- | | |
|---------------------|------------|
| September 30, 2023: | 954 shares |
| March 31, 2023: | 954 shares |
- 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):
- | | |
|--------------------------------------|-------------------|
| Six Months ended September 30, 2023: | 13,579,046 shares |
| Six Months ended September 30, 2022: | 13,579,077 shares |

* These quarterly consolidated financial results are outside the scope of quarterly review 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. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	4,160,733	3,755,072
Accounts receivable - trade	777,930	690,898
Work in process	44,997	27,818
Prepaid expenses	15,394	21,087
Other	527	93
Total current assets	4,999,583	4,494,970
Non-current assets		
Property, plant and equipment		
Buildings, net	61,148	58,884
Tools, furniture and fixtures, net	16,266	14,447
Land	-	250,714
Total property, plant and equipment	77,415	324,046
Intangible assets		
Software	62,199	77,550
Trademark right	508	464
Goodwill	327,200	310,421
Total intangible assets	389,909	388,436
Investments and other assets		
Investment securities	-	100,000
Deferred tax assets	49,889	43,351
Leasehold and guarantee deposits	96,899	96,199
Other	49	15
Total investments and other assets	146,837	239,567
Total non-current assets	614,162	952,050
Total assets	5,613,746	5,447,021

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	311,507	313,122
Accounts payable - other	106,049	62,205
Accrued expenses	11,774	17,899
Income taxes payable	393,940	317,569
Accrued consumption taxes	72,954	37,026
Advances received	2,376	1,188
Other	8,856	21,495
Total current liabilities	907,459	770,506
Non-current liabilities		
Retirement benefit liability	6,669	8,369
Provision for retirement benefits for directors (and other officers)	34,829	27,946
Total non-current liabilities	41,499	36,315
Total liabilities	948,958	806,822
Net assets		
Shareholders' equity		
Share capital	263,778	263,778
Capital surplus	253,298	253,298
Retained earnings	4,057,232	4,024,361
Treasury shares	(2,096)	(2,096)
Total shareholders' equity	4,572,212	4,539,341
Non-controlling interests	92,575	100,856
Total net assets	4,664,787	4,640,198
Total liabilities and net assets	5,613,746	5,447,021

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Six Months Ended September 30

(Thousand yen)

	For the Six Months ended September 30, 2022	For the Six Months ended September 30, 2023
Net sales	3,469,640	3,201,494
Cost of sales	1,979,562	1,879,303
Gross profit	1,490,077	1,322,191
Selling, general and administrative expenses	398,904	496,854
Operating profit	1,091,172	825,336
Non-operating income		
Surrender value of insurance policies	-	8,003
Other	14	86
Total non-operating income	14	8,090
Non-operating expenses		
Share of loss of entities accounted for using equity method	21,170	-
Donations	50	2,690
Other	-	46
Total non-operating expenses	21,220	2,736
Ordinary profit	1,069,966	830,690
Extraordinary income		
Gain on sale of investment securities	36,141	133,134
Total extraordinary income	36,141	133,134
Profit before income taxes	1,106,108	963,825
Income taxes - current	341,105	302,924
Income taxes - deferred	17,300	6,537
Total income taxes	358,406	309,461
Profit	747,702	654,363
Profit attributable to non-controlling interests	-	8,281
Profit attributable to owners of parent	747,702	646,081

Quarterly Consolidated Statement of Comprehensive Income

Six Months Ended September 30

(Thousand yen)

	For the Six Months ended September 30, 2022	For the Six Months ended September 30, 2023
Profit	747,702	654,363
Other comprehensive income		
Valuation difference on available-for-sale securities	(43,832)	-
Total other comprehensive income	(43,832)	-
Comprehensive income	703,870	654,363
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	703,870	646,081
Comprehensive income attributable to non-controlling interests	-	8,281

(3) Quarterly Consolidated Statement of Cash Flows

(Thousand yen)

	For the Six Months ended September 30, 2022	For the Six Months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,106,108	963,825
Depreciation	15,659	15,734
Amortization of goodwill	-	16,779
Interest and dividend income	(10)	(13)
Loss (gain) on sale of investment securities	(36,141)	(133,134)
Share of loss (profit) of entities accounted for using equity method	21,170	-
Surrender value of insurance policies	-	(8,003)
Decrease (increase) in trade receivables	(111,194)	87,031
(Decrease) increase in work in process	150,514	17,179
Decrease (increase) in prepaid expenses	(8,914)	(5,693)
Increase (decrease) in trade payables	(15,241)	1,614
Increase (decrease) in accounts payable - other	4,225	(43,843)
Increase (decrease) in accrued expenses	(91)	6,125
Increase (decrease) in advances received	(1,188)	(1,188)
Increase (decrease) in accrued consumption taxes	(23,223)	(35,928)
Other, net	(2,241)	6,649
Subtotal	1,099,429	887,134
Interest and dividends received	10	13
Income taxes paid	(372,804)	(378,751)
Net cash provided by (used in) operating activities	726,635	508,396
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,893)	(251,401)
Purchase of intangible assets	(3,749)	(25,570)
Purchase of investment securities	-	(100,000)
Proceeds from sale of investment securities	111,124	133,134
Payments of leasehold and guarantee deposits	(330)	-
Proceeds from refund of leasehold and guarantee deposits	51,647	-
Proceeds from cancellation of insurance funds	-	8,003
Net cash provided by (used in) investing activities	143,798	(235,833)
Cash flows from financing activities		
Purchase of treasury shares	(99)	-
Dividends paid	(542,475)	(678,223)
Net cash provided by (used in) financing activities	(542,575)	(678,223)
Net increase (decrease) in cash and cash equivalents	327,859	(405,660)
Cash and cash equivalents at beginning of period	3,136,796	4,160,733
Cash and cash equivalents at end of period	3,464,655	3,755,072

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.