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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

August 13, 2024

Company name: Double Standard Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 3925
URL: https://double-std.com
Representative: Yasuhiro Shimizu, Representative Director
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Scheduled date of commencing dividend payments: -
Availability of supplementary explanatory materials on quarterly financial results: Yes (available in Japanese only)
Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 - June 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three Months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2024	1,762	16.9	513	41.5	512	39.2	354	4.8
June 30, 2023	1,508	(15.1)	363	(42.2)	368	(40.3)	338	(22.7)

(Note) Comprehensive income: Three Months ended June 30, 2024: ¥357 million [3.9%]
Three Months ended June 30, 2023: ¥343 million [(12.8)%]

	Basic earnings per share	Diluted earnings per share
Three Months ended	Yen	Yen
June 30, 2024	26.24	-
June 30, 2023	24.92	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	5,872	5,182	86.3
As of March 31, 2024	6,584	5,568	82.8

(Reference) Equity: As of June 30, 2024: ¥5,066 million
As of March 31, 2024: ¥5,454 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, 2024	-	0.00	-	55.00	55.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		0.00	-	60.00	60.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	7,600	6.3	2,550	10.4	2,500	8.9	1,750	5.8	129.07

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

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: - companies (-)
Excluded: - companies (-)

(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: Yes
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):

June 30, 2024:	13,580,000 shares
March 31, 2024:	13,580,000 shares

2) Number of treasury shares at the end of the period:

June 30, 2024:	64,154 shares
March 31, 2024:	64,154 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Three Months ended June 30, 2024:	13,515,846 shares
Three Months ended June 30, 2023:	13,579,046 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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. Qualitative Information on the Quarterly Financial Results

(1) Explanation concerning Operating Results

During the three months ended June 30, 2024, the Japanese economy was weak where stock prices lacked buoyancy against the backdrop of the cautious outlook for performance of domestic companies, long-term interest rate hikes and the progress of yen depreciation in exchange markets while major stock markets outside Japan rallied through the old highs.

The information service business of the Group saw continued 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 focused its efforts not only on existing customers but on the acquisition of new customers, mainly through the provision of different types of services that can help improve the efficiency of business operations. As a result, the Group succeeded in increasing its number of new customers. The Group also continued to develop new services that have a potential to become its focus products in the future, and proactively pursued sales activities aimed at receiving orders. Furthermore, as a result of on-going efforts from the previous fiscal year to overhaul its business structure, the Group was able to maintain the improved profit margin, resulting in increased income and profit year on year.

As a result, for the three months ended June 30, 2024, the Group recorded net sales of ¥1,762 million (up 16.9% year on year), operating profit of ¥513 million (up 41.5% year on year), ordinary profit of ¥512 million (up 39.2% year on year), and profit attributable to owners of parent of ¥354 million (up 4.8% year on year).

(2) Explanation concerning Financial Position

(Assets)

Current assets at the end of the three months ended June 30 (the first quarter) amounted to ¥4,825 million, a decrease of ¥706 million from the end of the previous fiscal year. This was mainly attributable to a decrease of ¥324 million in accounts receivable – trade.

Non-current assets at the end of the first quarter amounted to ¥1,047 million, a decrease of ¥5 million from the end of the previous fiscal year. This was mainly attributable to a decrease of ¥100 million in investment securities.

As a result, the total assets arrived at ¥5,872 million, a decrease of ¥711 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter amounted to ¥648 million, a decrease of ¥327 million from the end of the previous fiscal year. This was mainly attributable to a decrease of ¥295 million in income taxes payable.

Non-current liabilities at the end of the first quarter amounted to ¥41 million, an increase of ¥2 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1 million in retirement benefit liability.

As a result, total liabilities arrived at ¥690 million, a decrease of ¥325 million from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the first quarter amounted to ¥5,182 million, a decrease of ¥386 million from the end of the previous fiscal year. This was mainly attributable to a decrease of ¥388 million in retained earnings due to dividends of surplus.

(3) Explanation concerning Predictive Information such as Consolidated Financial Forecasts

No revisions have been made to the consolidated financial forecast for the full year of the fiscal year ending March 31, 2025 that was released on May 13, 2024 in “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP].

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	4,461,238	4,090,157
Accounts receivable - trade	1,009,432	684,598
Work in process	30,407	25,292
Prepaid expenses	23,419	25,293
Other	7,016	81
Total current assets	5,531,515	4,825,424
Non-current assets		
Property, plant and equipment		
Buildings, net	56,621	55,489
Tools, furniture and fixtures, net	12,973	12,018
Land	250,714	250,714
Construction in progress	98,230	223,630
Total property, plant and equipment	418,539	541,852
Intangible assets		
Software	92,525	88,989
Trademark right	420	398
Goodwill	293,641	285,251
Total intangible assets	386,587	374,639
Investments and other assets		
Investment securities	100,000	0
Deferred tax assets	52,072	35,670
Leasehold and guarantee deposits	95,499	95,149
Other	15	-
Total investments and other assets	247,587	130,819
Total non-current assets	1,052,714	1,047,312
Total assets	6,584,230	5,872,736

(Thousand yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	323,712	282,150
Accounts payable - other	50,036	21,331
Accrued expenses	27,240	28,101
Income taxes payable	452,493	156,597
Accrued consumption taxes	95,297	79,565
Advances received	6,603	2,838
Other	20,243	77,520
Total current liabilities	975,625	648,104
Non-current liabilities		
Retirement benefit liability	8,740	10,126
Provision for retirement benefits for directors (and other officers)	31,170	31,862
Total non-current liabilities	39,910	41,988
Total liabilities	1,015,536	690,093
Net assets		
Shareholders' equity		
Share capital	263,778	263,778
Capital surplus	253,298	253,298
Retained earnings	5,032,832	4,644,155
Treasury shares	(95,199)	(95,199)
Total shareholders' equity	5,454,709	5,066,031
Non-controlling interests	113,984	116,611
Total net assets	5,568,693	5,182,643
Total liabilities and net assets	6,584,230	5,872,736

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three Months Ended June 30

(Thousand yen)

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2024
Net sales	1,508,166	1,762,994
Cost of sales	891,363	966,054
Gross profit	616,802	796,939
Selling, general and administrative expenses	253,729	283,338
Operating profit	363,073	513,600
Non-operating income		
Surrender value of insurance policies	8,003	-
Other	13	107
Total non-operating income	8,017	107
Non-operating expenses		
Donations	2,690	1,050
Other	0	0
Total non-operating expenses	2,690	1,050
Ordinary profit	368,401	512,658
Extraordinary income		
Gain on sale of investment securities	133,134	10,000
Total extraordinary income	133,134	10,000
Profit before income taxes	501,535	522,658
Income taxes - current	141,471	148,936
Income taxes - deferred	16,230	16,401
Total income taxes	157,701	165,337
Profit	343,833	357,320
Profit attributable to non-controlling interests	5,481	2,627
Profit attributable to owners of parent	338,352	354,693

Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended June 30

(Thousand yen)

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2024
Profit	343,833	357,320
Comprehensive income	343,833	357,320
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	338,352	354,693
Comprehensive income attributable to non-controlling interests	5,481	2,627

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. has been applied since the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies had no impact on the consolidated financial statements for the first quarter.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Group has applied the Revised Guidance 2022 from the beginning of the first quarter of the current fiscal year. The change in accounting policies was applied retrospectively to the quarterly consolidated financial statements for the first quarter of the previous fiscal year and the consolidated financial statements for the entire previous fiscal year. The change in accounting policies had no impact on the quarterly consolidated financial statements for the first quarter of the previous fiscal year or the consolidated financial statements for the entire previous fiscal year.

(Segment information, etc.)

[Segment information]

For the three months of the previous fiscal year (from April, 1 2023 to June 30, 2023)

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

For the three months of the current fiscal year (from April 1, 2024 to June 30, 2024)

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

(Statements of cash flows)

A quarterly consolidated statement of cash flows for the first quarter of the current fiscal year has not been prepared. Depreciation (including amortization related to intangible assets excluding goodwill) for the first quarter is as follows.

	For the first quarter of the previous fiscal year (from April 1, 2023 to June 30, 2023)	For the first quarter of the current fiscal year (from April 1, 2024 to June 30, 2024)
Depreciation	7,112 thousand yen	9,138 thousand yen

Amortization of goodwill	8,389 thousand yen	8,389 thousand yen