November 13, 2024

# Fiscal Year Ending March 2025 2Q Financial Results

2024.04.01 - 2024.09.30

Double Standard

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# Summary of Consolidated Financial Results for the 2nd Quarter of the FY2025

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# Highlights of Financial Results

Double Standard

● **Increase in net sales and profit**

└ **Net sales** | +14.0% YoY Succeeded in up-selling & cross-selling to existing clients.
We also succeeded in acquiring new clients.

└ **Profit** | Maintained a high profit rate by expanding our main service and keeping effective improvement on profit rate.

Operating profit +42.9% YoY, Ordinary profit +41.9% YoY, Quarterly profit attributable to owners of parent +25.8% YoY

## Net sales

Year on Year UP 14.0%

3,649,314
JPY thousands

## Ordinary profit

Year on Year UP 41.9%

1,178,957
JPY thousands

## Operating profit

Year on Year UP 42.9%

1,179,593
JPY thousands

## Quarterly profit attributable to owners of parent

Year on Year UP 25.8%

813,072
JPY thousands

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# Overview of Financial Results

・The progress rate against target value is in the high 40s at the end of the second quarter. It is generally in line with the original plan.

・We'll continue in investing on new services. In addition to that, we're aiming to make our projects under processing into actual sales opportunities in the second half of this fiscal year.

(Unit : JPY thousands)

| Item | FY2025 2Q | FY2024 2Q | Year on Year | | FY2025 Forecast | |
|---|---|---|---|---|---|---|
| | Actual | Actual | | | Full-year | Progress rate |
| **Net sales** | **3,649,314** | **3,201,494** | +447,819 | +14.0% | 7,600,000 | 48.0% |
| **Cost of sales** | **1,906,601** | **1,879,303** | +27,298 | +1.5% | — | — |
| **Gross profit** | **1,742,712** | **1,322,191** | +420,520 | +31.8% | — | — |
| **Selling, general and administrative expenses** | **563,118** | **496,854** | +66,263 | +13.3% | — | — |
| **Operating profit** | **1,179,593** | **825,336** | +354,257 | +42.9% | 2,550,000 | 46.3% |
| **Ordinary profit** | **1,178,957** | **830,690** | +348,266 | +41.9% | 2,500,000 | 47.2% |
| **Profit attributable to owners of parent** | **813,072** | **646,081** | +166,990 | +25.8% | 1,750,000 | 46.5% |

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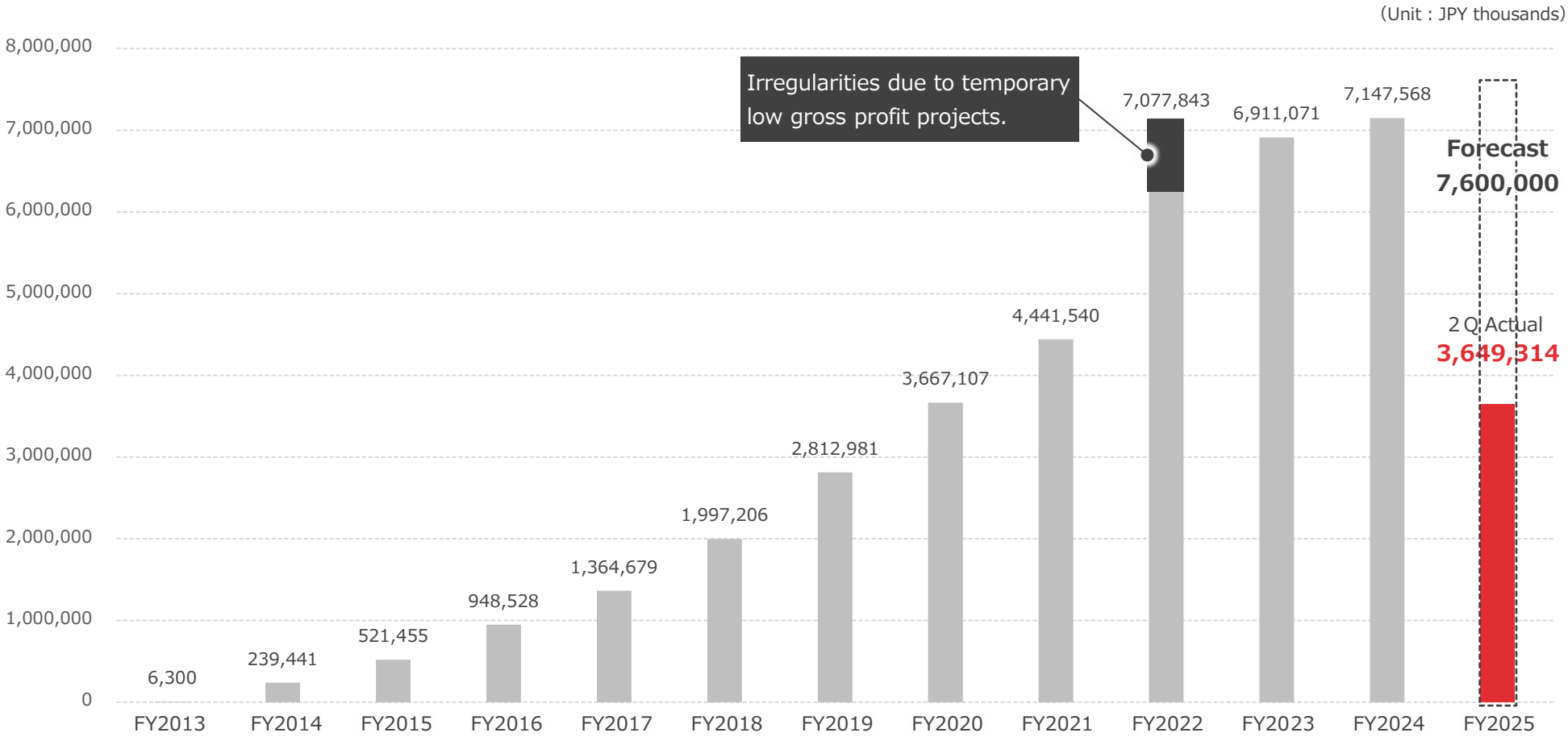
# Sales Trend

・48.0% progress against planned figures, almost the same as we planned at the beginning of period.

・Currently, we're actively devoted in developing new clients to contribute not only to the sales in the latter half of this fiscal year, but to the sales of fiscal years to come.

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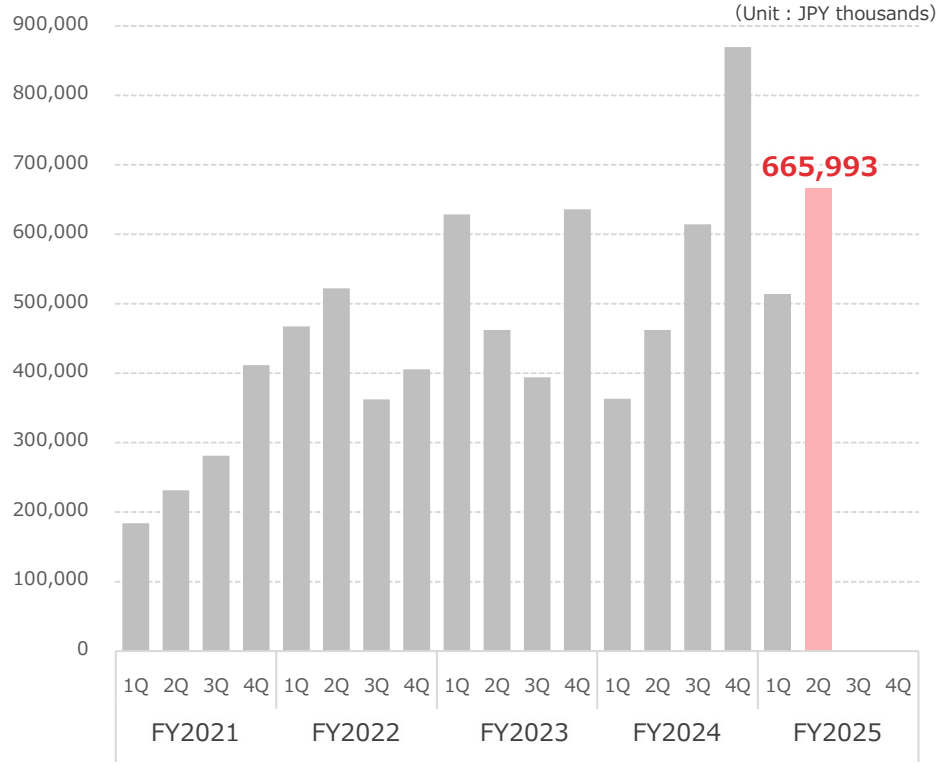
# Operating Profit & Ordinary Profit Trends

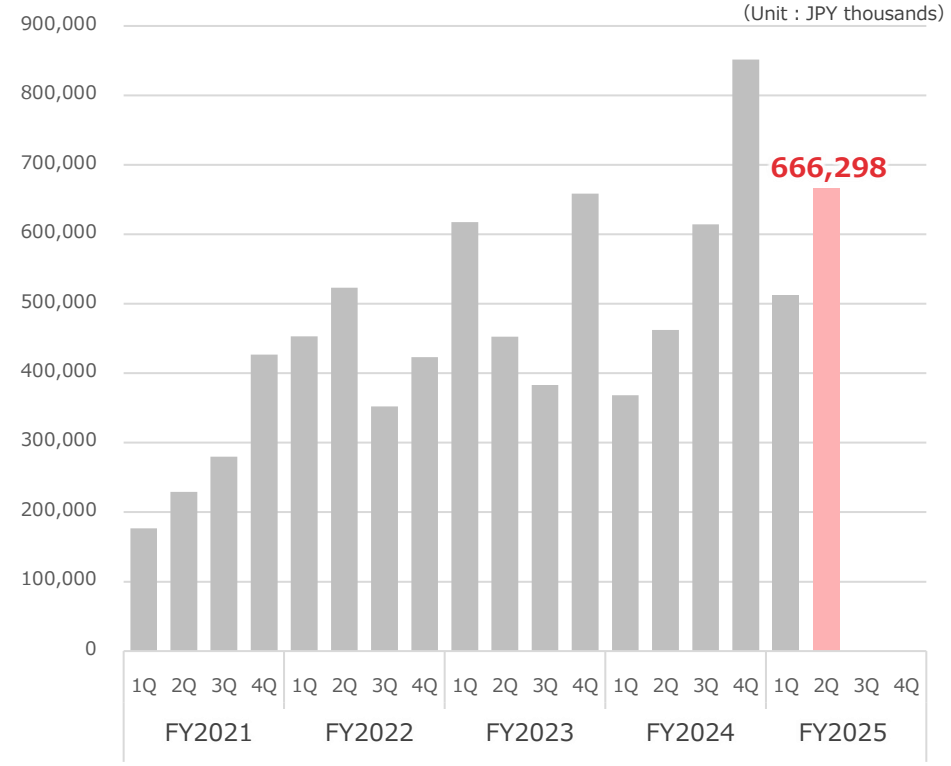
・We expect the profits for this fiscal year will not be biased on the second half as the previous year. In general, sales and profit are the same as we planned at the beginning of this period.

・We kept high profit rate by focusing on selling our profitable main service while conducting investment on the development of new service.

## Operating profit




## Ordinary profit

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# Balance Sheet

Main reasons of increase/decrease.
【Asset】 Although there was an increase in construction in progress(CIP), overall asset decreased because of the decrease in accounts receivable.
【Debt】 Decreased because of accrued tax payable, accounts payable.
【Net Asset】 Although we recorded dividend of surplus, net asset increased because of quarterly net profit attributable to owner of parent.

(Unit : JPY thousands)

| Item | FY2025 2Q | FY2024 | Year on Year comparison | |
|---|---|---|---|---|
| | Actual | Actual | Increase/decrease | Increase/decrease ratio |
| **Current assets** | **5,452,162** | **5,531,515** | △79,352 | △1.4% |
| Cash and deposits | **4,625,186** | **4,461,238** | +163,947 | +3.7% |
| **Non-current assets** | **1,046,740** | **1,052,714** | △5,974 | △0.6% |
| **Total assets** | **6,498,903** | **6,584,230** | △85,327 | △1.3% |
| **Liabilities** | **858,815** | **1,015,536** | △156,721 | △15.4% |
| **Net assets** | **5,640,087** | **5,568,693** | +71,393 | +1.3% |
| **Equity ratio (%)** | **85.0%** | **82.8%** | – | – |

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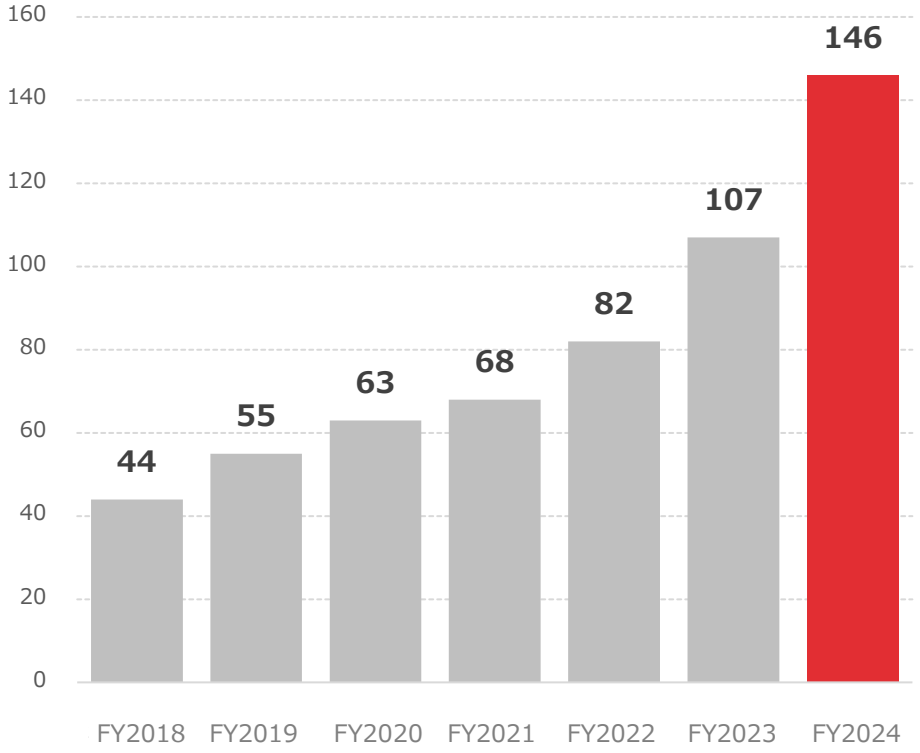
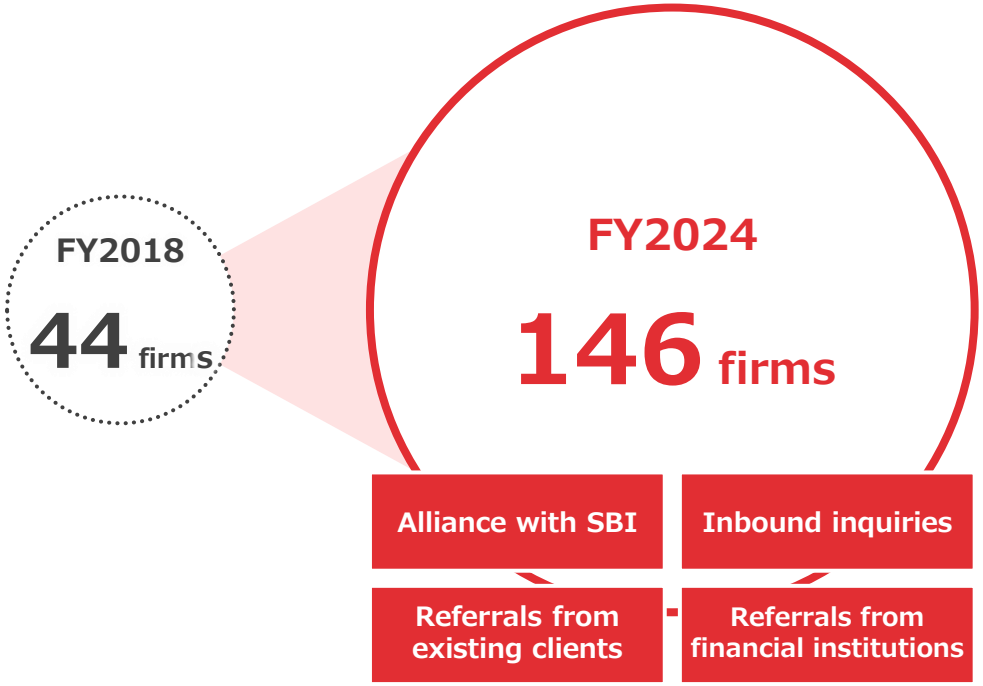
# Number of Clients

- Successfully kept increasing number of clients mainly by obtaining new inbound projects.
- We got more and more inquiries about our business from new clients and referrals by financial institutions that are our existing clients. Additionally, we strengthened the cooperation with SBI group, our capital alliance partner.
- We're steadily acquiring new clients in this fiscal year as we did previously.

## Change in the number of clients

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# Overview of the Business

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# Overview of the Technical Infrastructure

## Data Processing & Mapping Service




### HTML information utilization service

By applying cleaning, mapping, and classification processes to the vast amount of data collected through crawling, this service enables to generate records suitable for analysis.

### Non-HTML information utilization service

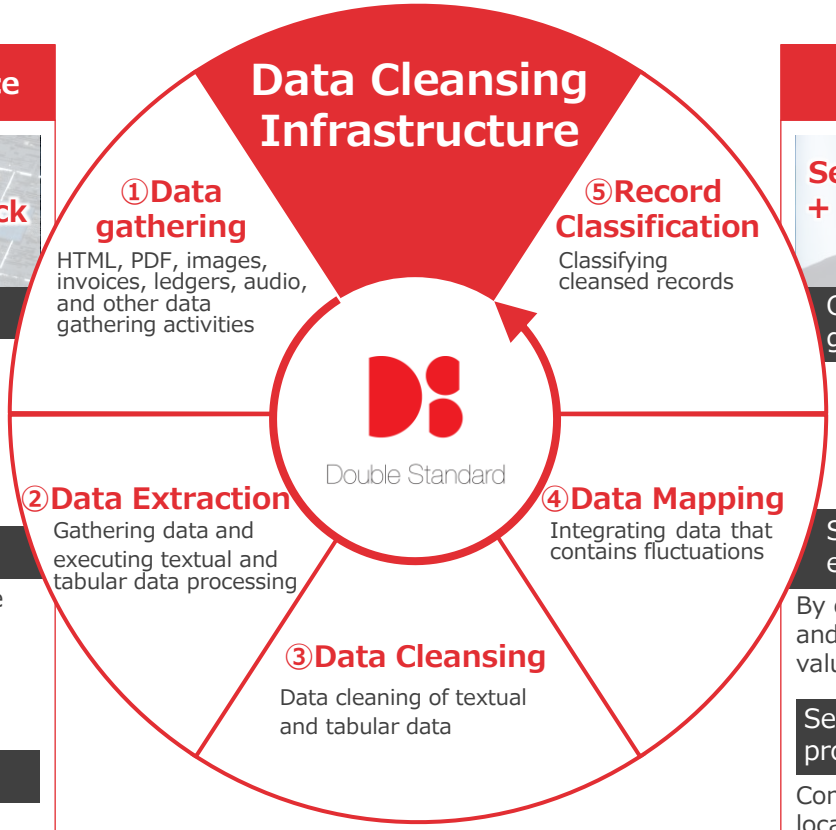
Using our proprietary cleansing technology, we process OCR-extracted data to create tailored datasets for specific fields.

### Speech-to-text conversion service

We provide cleansed data converted into desirable formats by transcribing audio recordings from call centers and others.

### Log data utilization service

Our system helps clients detect and prevent malicious bot activity and money laundering attempts on their websites or systems. Most importantly, our clients can take the control of it.




## Examples of services applied or diverted the above technologies

### PoC establishment

AI-based Vehicle Image Recognition

### Development support for client original service

Maintenance management of real estates by developing drones

## Data Processing Service




### Change detection system employing data gathering & extracting technology

We offer an automated system that monitors targeted websites for updates, ensuring clients never miss the latest data and improving overall operational efficiency.

### Service that leverages data gathering, extraction, and mapping

By crawling data on product prices, rental rates, and more, we utilize our technology to generate valuable insights for our clients.

### Service that leverages data extraction, processing, and mapping

Compile non-HTML data such as audio and location information into a suitable digital record and store it in a database. This supports our clients by assisting in promotional activities and reducing workload.

### Other services for corporations

Our company delivers numerous tailored business services, powered by our cutting-edge technologies.

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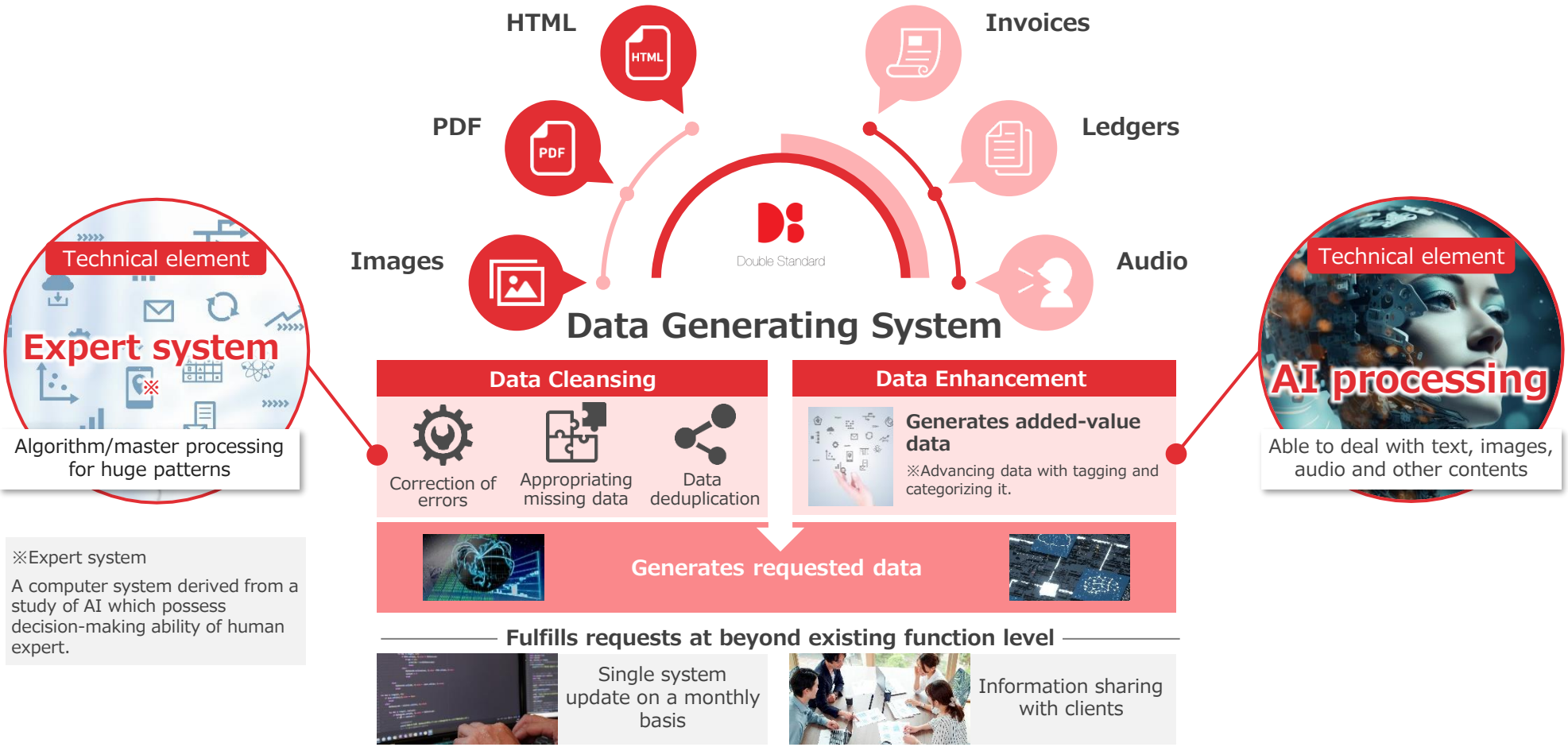
**Standalone services powered by one technology platform only**

# Data generating system

**We generate data by applying two technical elements, “data cleansing” and “data enhancement”**




※Expert system

A computer system derived from a study of AI which possess decision-making ability of human expert.

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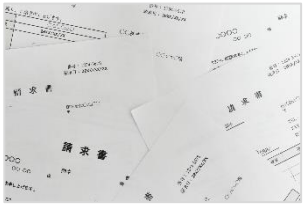
# D-Fit&D-Just －Manual data entry reduction services－

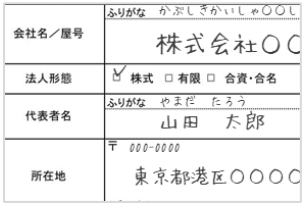
## Solving the biggest pain point in routine tasks: Reducing manual data entry!

### Target document

**Analog format**



Paper document




Hand writing

**Digital format**

PDF format　Excel format　Word format

Convert to PDF by uploading (under development)

### Comparison with ordinary “AI OCR”, ”RPA” models

| Comparison item | 「D-Fit」&「D-Just」 | Other “AI OCR”, ”RPA” models |
|---|---|---|
| Supported formats | ●Multiple formats are supported<br>PDF, JPG, PNG, X, W<br>OK | ●Restricted document formats<br>PDF<br>Applicable only individually |
| Applicability to small quantity task | ●Applicable to small quantity task<br>Labor costs　System usage fee<br>Low cost | ●Comparatively expensive to apply small quantity task<br>Workload setting　Charge per item<br>Labor costs　System usage fee<br>High cost |
| Influence on existing procedures | ●Able to preserve existing workflow<br>Schedule A → Schedule B → system → Schedule C<br>No change on workflow | ●Need to review and adjust existing workflow<br>Schedule A → Schedule B → system → Schedule C<br>Need to change workflow |

**Two patterns provided**

**We’ve prepared two patterns to provide「D-Series」service. Most suitable pattern depending on “type of documents” and “situation of user” can be used.**

**D-Fit（general system）**

**All-in-one package service** which has all basic functions(provides simple functions from inputting ledgers to outputting the results of OCR processing)

**D-Just（strengthening individual function system）**

**Customizable service tailored to needs,** including support for complex layout patterns and collaboration with other systems (provides solution completely meets clients’ needs)

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# D-Confia　－Identity verification service－

## Almost all types of OCR “Identity verification documents”, ”My number confirmation document” supported

### Supported documents list

#### Identity verification documents with face photo




Driver license (front & back)



Driver record certificate (front & back)



Residence card (front & back)



Special Permanent Resident Certificate (front & back)



My number card (front & back)




Passport

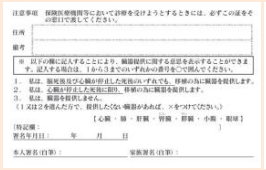
#### Other identity verification




Notification card



Certificate of residence



Health insurance card




Basic resident register card



Handles up to 5,000 health insurance cards

We can flexibly read documents that have various formats depending on the issuer

**Point**



Using our proprietary data processing technology, we can extract information from various types of identification documents.

**【Supplemental information】**

- New issuance of the Basic Resident Register Card was halted on December 22, 2015.
- From new "passports" issued after February 2020, there will be no address field. (This may render them unsuitable for identification purposes.)

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# Nationwide real estate transaction-price data service, ”D-Estate”

## Provide database which contains land price information of more than 30 million places all over the country such as roadside land prices

### Needs

Needs for information related to “ route”, ” standard residential land” from various financial institutes and real estate companies.

Financial institutes / Real estate companies → **Request for data** → **Route/ Standard residential land**

- Real estate price assessment
- Calculation of inherited property
- Data analysis based on aging

### Current response

Acquire data from ”Nationwide land price MAP”

Real estate tax
Roadside land price

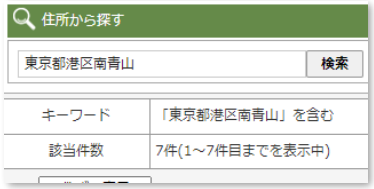
Land price
Posted value



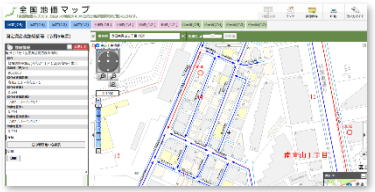

Inheritance tax
Roadside land price

Municipal investigated land price

### Data gathering flow




Search land price information on Nationwide land price MAP



Choose and click the options from the map, then get detailed information

### Problems on acquiring land price data

You need to enter an address to get the land price for that specific location
⇒ Consequently, the data cannot be structured into a database, necessitating a manual visual inspection of the map on each occasion.

**Contents**



Complicated map data which cannot be extracted just by using AI OCR only

**Data collection**

More than 30 million addresses

Massive amount of data needs high level technology to be input into a system

**Land price data**




Not made into a database

### Collection of land prices with our technology

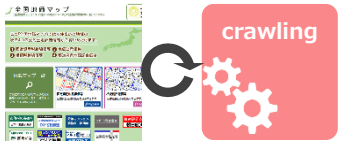
Realizing collecting and making a database of entire land price information including roadside land prices using our unique technology

**Contents**




Visual inspection of map data can be done by our original robots in the same way humans do

**Data gathering**




We have developed a crawler that can perform over 30 million address searches without causing any damage to the website

**Land price data**



Structuring the gathered data into a database

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**Synergistic services powered by multiple technology platforms**

# User-centric data gathering service, “D-Likes”

## Provides the latest news of “company”, “industry” in the most appropriate way for each employee every day

### ①Daily data collection from numerous web media

Collect data from WEB media, company HP

Include wide range of web media from eminent website to local newspaper and professional journal.




### ②Daily distribution of digest information

Implementation of daily mail function distributable on member/department/team basis

Useful function in a situation where information collection is needed by member/department/team in common.



Client | Keyword

Registered information

Industry | Business category

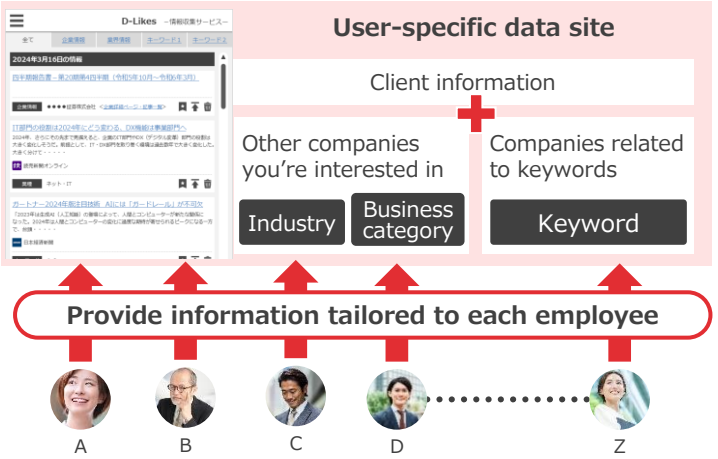
**Distributes digest information**




### ③Providing a website with detailed results of digest information

Shows only information that is optimized for each employee

Provide a website which features the information each employee needs.




## Merits of introducing

### Acquire the latest information every day

Using our unique crawling system, every day, automatically collect the latest information posted on various websites.

### Provide the information you need only

Just specify the company, industry, or keyword you want to research, and we will provide you with what you need from the wide variety of information.

### Deepen understanding of certain industry

It is also possible to increase your understanding of the industry you are interested in, such as trending companies and technologies and initiatives that are attracting attention.

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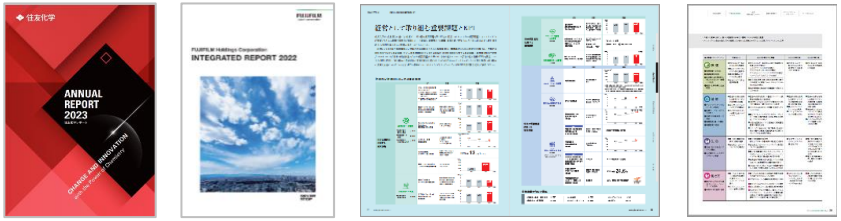
Synergistic services powered by multiple technology platforms

# SDGs information provision service, “D-SDGs”

## Automate the collection, data conversion, and summary of each company’s SDGs report

We process hundreds of pages of SDGs published information such as “sustainability reports, integrated reports, and ESG reports” posted on websites by using our data processing platform **“Automatic detection system+ AI OCR+ summarization(using generative AI)”** and provide information you need.

**SDGs information on each company website**




**Our data processing platform D-Series + generative AI**

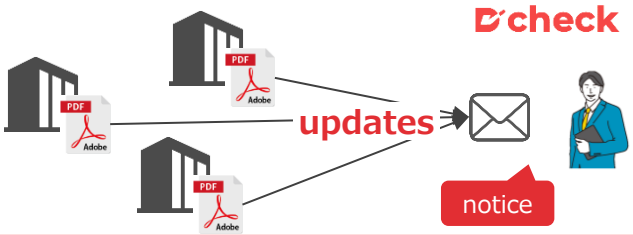
D’check
Automatically detects updates to each company’s website Obtains the latest PDF and other data

D-Just
Extract PDF information using AI OCR

ChatGPT
Input to ChatGPT and summarize

**D-Series + generative AI**

**D-Check（change detection system）**




**Text extraction using AI OCR**




Store extracted data in database

**Summarization using generative AI**




Summarize the text

| Merits | | | |
|---|---|---|---|
| | **Significant reduction** in conformation work | **Zero** missed updates | **Reduce** labor costs |

| Point | |
|---|---|
| | Support your sales activities using SDGs information(increasing the speed of information gathering and improving operational efficiency) |

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# Fiscal Year Ending March 2025 Forecast

※There are no changes to the forecast.

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# Maintain top-line growth prioritizing profit rate

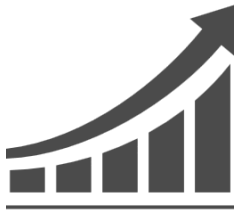
- We established a structure which focuses on our profitable core services by our previous restructuring.
- By maintaining it, we will keep high profit rate and top-line growing.

## Priority items

### 1 Acquiring new clients

We will continue focusing on inbound business (inquiries and introductions) with an emphasis on sales efficiency and strengthen our response to acquiring projects.

**Number of inquiries**



Increasing

**Our capital alliance partner, SBI group**




**Referrals from our financial institute clients**




### 2 Expand business with existing clients

Based on examples of our services, we sell various services that have not yet been introduced to clients.

**Strengthen sales of existing services**

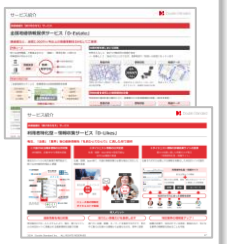
- Data generate system
- D-Fit＆D-Just
- D-Confia



etc…

**Strengthen sales of new services**

- D-Estate
- D-Likes
- D-SDGs



etc…

**※ Regarding termination of contract with Daiwa Living, a major business partner**

By implementing ①&② above, we have taken steps to compensate for the decrease in sales and profits from Daiwa Living, whose transaction will end in March 2025. the entire company will work together to expand sales centered on our main services (stock type) and compensate for the decline in sales and profits.

【Reference】 Sales from Daiwa Living group… FY2023｜2,934 million yen　FY2024｜Expected almost the same as that of FY2023

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# Summary of Earnings Forecast

・We aim to increase sales and profits while maintaining profit margins by expanding sales of our highly profitable core services primarily in the financial industry, which is our main customer base.
・In addition to that, we also looking to expand our business to new customers (new fields).

**Forecasted net sales**

7,600 million yen

**Forecasted operating profit**

2,550 million yen

(Unit : JPY thousands)

| Item | FY2021 Actual | FY2022 Actual | FY2023 Actual | FY2024 Actual | FY2025 Forecast |
|---|---|---|---|---|---|
| **Net sales** | 4,411,540 | 7,077,843 | 6,911,071 | 7,147,568 | 7,600,000 |
| **Operating profit** | 1,108,849 | 1,757,894 | 2,121,071 | 2,309,385 | 2,550,000 |
| (Profit margin) | 25.1% | 24.8% | 30.7% | 32.3% | 33.6% |
| **Ordinary profit** | 1,113,238 | 1,751,174 | 2,111,734 | 2,296,681 | 2,500,000 |
| (Profit margin) | 25.2% | 24.7% | 30.6% | 32.1% | 32.9% |
| **Profit attributable to owners of parent** | 747,205 | 1,082,821 | 1,625,908 | 1,654,553 | 1,750,000 |
| (Profit margin) | 16.9% | 15.3% | 23.5% | 23.2% | 23.0% |

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# Dividend Policy

## Dividend policy

・Our group recognizes that returning profits to our shareholders is an important management issue, therefore, our policy is to continue returning profits at high rate.

・Regarding dividends, our policy is to pay profit dividends while taking into consideration our consolidated performance and financial position. On the other hand, we will also work to strengthen our financial structure through investment in our technology infrastructure and internal reserves.

## Dividend payout ratio

・The group's consolidated dividend payout ratio goal is set at **25%** which is determined by reflecting performance trends and past year's dividend payout ratio.

・For the FY2025, the dividend will be 60 yen per share (dividend payout ratio of 46.5%).

**Dividend per share table**

| Dividend per share (JPY) | | | | Dividend payout ratio (%) |
|---|---|---|---|---|
| **Item** | **Interim dividend** | **Year-end dividend** | **Total** | |
| FY2023 | – | 50 yen | 50 yen | 41.8% |
| FY2024 | – | 55 yen | 55 yen | 45.1% |
| **FY2025** | **–** | **60 yen** | **60 yen** | **46.5%** |

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# Reference Data

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Double Standard

## VISION

Become a BEST OF THE BEST partner that brings innovative solutions to customers' challenges.

## MISSION

Ahead of market and technological shifts, we create new, beneficial paradigms by challenging conventional wisdom.

## VALUE

**Client first**: Through innovative solutions and dedication to quality, we consistently exceed our customers' expectations.

**Trust**: We are committed to earning and maintaining the trust of our customers and society through honest and fair actions.

**Responsibility**: We empower our members to take full ownership of their work, always think independently, and be accountable for their actions.

**Challenge**: With a broad perspective, we continuously push the boundaries of technology and innovation.

**Teamwork**: By respecting each other's individuality and engaging in sincere discussions, we strive to deliver exceptional service that exceeds our customers' expectations.

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# Company Profile

| | |
|---|---|
| **Company name** | Double Standard Inc.<br>Stock Exchange Code 3925 \| Tokyo Stock Exchange's Prime market |
| **Capital** | 263 million yen (as of March 31, 2024) |
| **Our business** | Building a data business using our unique data cleansing technology.<br>Planning and developing business systems with a focus on DX. |
| **Location** | 2-2-3 Minamiaoyama, Minato-ku, Tokyo,<br>Hulic Aoyama Gaien Higashi-dori Bldg.4F,<br>107-0062 Japan |
| **Consolidated subsidiary** | LITTLE DISCOVERY Inc.<br>Aster's Co., Ltd. |
| **Other group entities** | SBI Holdings, Inc. (Capital and business alliance agreement) |

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# Directors

| | |
|---|---|
| **Representative Director / CEO** | SHIMIZU, Yasuhiro |
| **Director / CTO / Founder** | NAKAJIMA, Shozo |
| **Director / CIO** | IIJIMA, Manabu |
| **Independent Directors** | TOKUNAGA, Hirohisa (Lawyer) |
| **Independent Directors** | AKAURA, Toru (Special Adviser of the Japan Venture Capital Association) |
| **Independent Directors / Auditors** | OOSHIMA, Yasunori |
| **Independent Directors / Auditors** | MATSUI, Keiichi (Former Managing Director of ART CORPORATION) |
| **Independent Directors / Auditors** | TSUKADA, Kazuya (Certified Public Accountant) |

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# History of Company

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|



**Jun.** To drive transformative changes in society through the effective use of big data, we founded Double Standard Inc.

**Jan.** Launched our inaugural big data offering: "Competitive customer acquisition data generation."

**Mar.** Launched our first service planning and development offering: "Information change detection system."

**Apr.** We merged Smash Marketing Co., Ltd. and Double Standard Inc. to leverage our combined expertise in big data analytics and service design, creating innovative solutions that drive business growth.

**Feb.** To accommodate our growing business and team, we have moved our headquarters to Moto-Akasaka, Minato-ku, Tokyo.

**May.** LITTLE DISCOVERY Inc. has become a wholly-owned subsidiary of our company.



**Dec.** Got listed on the Tokyo Stock Exchange Mothers Market.

**Jan.** To accommodate our growing business and team, we have moved our headquarters to Akasaka, Minato-ku, Tokyo.

**Nov.** Transitioned from the Mothers Market to the First Section of the Tokyo Stock Exchange



**Mar.** To accommodate our growing business and team, we have moved our headquarters to Minami Aoyama, Minato-ku, Tokyo.

**Apr.** Transitioned to the Prime Market following the Tokyo Stock Exchange market restructuring

**May.** Awarded certification as a DX company by the Ministry of Economy, Trade and Industry.

**Dec.** Acquired additional shares of ASTER'S Inc. an equity-method affiliate, making it a consolidated subsidiary.

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# Disclaimer

・The business strategies, plans, and forecasts presented in this document are based on certain assumptions regarding currently available information and uncertain factors that may affect future performance. As such, the Company does not guarantee the achievement of these projections. Actual results may differ materially from those presented due to a variety of factors, including industry conditions, economic conditions, and fluctuations in the financial markets.

・This document is provided for informational purposes only and is intended to provide an overview of the Company and its affiliates. It does not constitute an offer or solicitation to purchase any securities. Investors should make their own investment decisions and not rely solely on the information contained in this document.

・This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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