Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 13, 2024

Company name: Double Standard Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 3925
URL: https://double-std.com
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Scheduled date of filing semi-annual securities report: November 13, 2024
Scheduled date of commencing dividend payments: -
Availability of supplementary explanatory materials on financial results: Yes
Schedule of financial results briefing session: Yes (for analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 - September 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	
Six Months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	3,649	14.0	1,179	42.9	1,178	41.9	813	25.8
September 30, 2023	3,201	(7.7)	825	(24.4)	830	(22.4)	646	(13.6)

(Note) Comprehensive income: Six Months ended September 30, 2024: ¥814 million [24.5%]
Six Months ended September 30, 2023: ¥654 million [(7.0)%]

	Basic earnings per share	Diluted earnings per share
Six Months ended	Yen	Yen
September 30, 2024	60.16	-
September 30, 2023	47.58	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	6,498	5,640	85.0
As of March 31, 2024	6,584	5,568	82.8

(Reference) Equity: As of September 30, 2024: ¥5,524 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	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	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 semi-annual 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):

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

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

September 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):

Six Months ended September 30, 2024:	13,515,846 shares
Six Months ended September 30, 2023:	13,579,046 shares

* Semi-annual financial results are outside the scope of 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.

Table of Contents - Attachments

1. Overview of Operating Results, etc. for the Six Months of the Current Fiscal Year

(1) Explanation concerning Operating Results

During the six months ended September 30, 2024, the Japanese economy saw a gradual pick-up in economic activities, owing partly to increases in consumer spending and inbound demand. However, the outlook remained unclear due partly to the prolonged situation between Russia and Ukraine and those around the Middle East; soaring prices of energy, natural resources and raw materials stemming from the yen-depreciation, price hikes of goods, and other factors; and globally volatile financial markets.

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 six months ended September 30, 2024, the Group recorded net sales of ¥3,649 million (up 14.0% year on year), operating profit of ¥1,179 million (up 42.9% year on year), ordinary profit of ¥1,178 million (up 41.9% year on year), and profit attributable to owners of parent of ¥813 million (up 25.8% year on year).

(2) Explanation concerning Financial Position

1) Assets, liabilities and net assets

(Assets)

Current assets at the end of the six months ended September 30 (the second quarter) amounted to ¥5,452 million, a decrease of ¥79 million from the end of the previous fiscal year. This was mainly attributable to decreases of ¥232 million in accounts receivable – trade and ¥8 million in work in process.

Non-current assets at the end of the second quarter amounted to ¥1,046 million, a decrease of ¥5 million from the end of the previous fiscal year. This was mainly attributable to an increase of ¥126 million in construction in progress and a decrease of ¥100 million in investment securities.

As a result, the total assets arrived at ¥6,498 million, a decrease of ¥85 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the second quarter amounted to ¥815 million, a decrease of ¥160 million from the end of the previous fiscal year. This was mainly attributable to decreases of ¥65 million in income taxes payable and ¥42 million in accounts payable - other.

Non-current liabilities at the end of the second quarter amounted to ¥43 million, an increase of ¥3 million from the end of the previous fiscal year. This was mainly due to an increase of ¥2 million in provision for retirement benefits for directors (and other officers) of subsidiaries of the Group.

As a result, total liabilities arrived at ¥858 million, a decrease of ¥156 million from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the second quarter amounted to ¥5,640 million, an increase of ¥71 million from the end of the previous fiscal year. This was mainly attributable to recording ¥813 million of profit attributable to owners of parent while dividends of surplus was ¥743 million.

2) Cash flows

Cash and cash equivalents (hereinafter, “funds”) at the end of the second quarter was ¥4,625 million, an increase of ¥163 million from the end of the previous fiscal year.

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

(Cash flows from operating activities)

Funds provided by operating activities stood at ¥930 million (¥508 million in funds provided for the same period of the previous year). This was mainly due to ¥1,188 million in profit before income taxes while there were ¥428 million of income taxes paid and a decrease of ¥232 million in accounts receivable – trade.

(Cas flows from investing activities)

Funds used in investing activities was ¥23 million (¥235 million in funds used for the same period of the previous fiscal year). This was mainly due to outflows of ¥128 million in purchase of property, plant and equipment and ¥4 million in purchase of intangible assets, despite ¥110 million in proceeds from sale of investment securities.

(Cash flows from financing activities)

Funds used in financing activities was ¥742 million (¥678 million in funds used for the same period of the previous fiscal year). This was mainly due to ¥742 million in dividends paid by parent company.

(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. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	4,461,238	4,625,186
Accounts receivable - trade	1,009,432	777,082
Work in process	30,407	21,458
Prepaid expenses	23,419	27,869
Other	7,016	566
Total current assets	5,531,515	5,452,162
Non-current assets		
Property, plant and equipment		
Buildings, net	56,621	54,357
Tools, furniture and fixtures, net	12,973	12,937
Land	250,714	250,714
Construction in progress	98,230	225,093
Total property, plant and equipment	418,539	543,102
Intangible assets		
Software	92,525	82,220
Goodwill	293,641	276,862
Other	420	2,204
Total intangible assets	386,587	361,286
Investments and other assets		
Investment securities	100,000	0
Deferred tax assets	52,072	46,756
Leasehold and guarantee deposits	95,499	94,799
Other	15	794
Total investments and other assets	247,587	142,350
Total non-current assets	1,052,714	1,046,740
Total assets	6,584,230	6,498,903

(Thousand yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	323,712	283,233
Accounts payable - other	50,036	7,257
Accrued expenses	27,240	22,012
Income taxes payable	452,493	387,036
Accrued consumption taxes	95,297	95,699
Advances received	6,603	1,188
Other	20,243	18,717
Total current liabilities	975,625	815,144
Non-current liabilities		
Retirement benefit liability	8,740	10,181
Provision for retirement benefits for directors (and other officers)	31,170	33,489
Total non-current liabilities	39,910	43,670
Total liabilities	1,015,536	858,815
Net assets		
Shareholders’ equity		
Share capital	263,778	263,778
Capital surplus	253,298	253,298
Retained earnings	5,032,832	5,102,533
Treasury shares	(95,199)	(95,199)
Total shareholders’ equity	5,454,709	5,524,409
Non-controlling interests	113,984	115,677
Total net assets	5,568,693	5,640,087
Total liabilities and net assets	6,584,230	6,498,903

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousand yen)

	For the Six Months ended September 30, 2023	For the Six Months ended September 30, 2024
Net sales	3,201,494	3,649,314
Cost of sales	1,879,303	1,906,601
Gross profit	1,322,191	1,742,712
Selling, general and administrative expenses	* 496,854	* 563,118
Operating profit	825,336	1,179,593
Non-operating income		
Surrender value of insurance policies	8,003	-
Interest income	13	289
Other	72	123
Total non-operating income	8,090	413
Non-operating expenses		
Donations	2,690	1,050
Other	46	0
Total non-operating expenses	2,736	1,050
Ordinary profit	830,690	1,178,957
Extraordinary income		
Gain on sale of investment securities	133,134	10,000
Total extraordinary income	133,134	10,000
Profit before income taxes	963,825	1,188,957
Income taxes - current	302,924	368,875
Income taxes - deferred	6,537	5,315
Total income taxes	309,461	374,191
Profit	654,363	814,765
Profit attributable to non-controlling interests	8,281	1,693
Profit attributable to owners of parent	646,081	813,072

Semi-annual Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the Six Months ended September 30, 2023	For the Six Months ended September 30, 2024
Profit	654,363	814,765
Comprehensive income	654,363	814,765
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	646,081	813,072
Comprehensive income attributable to non-controlling interests	8,281	1,693

(3) Semi-annual Consolidated Statements of Cash Flows

(Thousand yen)

	For the Six Months ended September 30, 2023	For the Six Months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	963,825	1,188,957
Depreciation	15,734	18,563
Amortization of goodwill	16,779	16,779
Interest and dividend income	(13)	(289)
Loss (gain) on sale of investment securities	(133,134)	(10,000)
Surrender value of insurance policies	(8,003)	-
Decrease (increase) in trade receivables	87,031	232,350
(Decrease) increase in work in process	17,179	8,949
Decrease (increase) in prepaid expenses	(5,693)	(4,450)
Increase (decrease) in trade payables	1,614	(40,479)
Increase (decrease) in accounts payable - other	(43,843)	(42,779)
Increase (decrease) in accrued expenses	6,125	(5,227)
Increase (decrease) in advances received	(1,188)	(5,415)
Increase (decrease) in accrued consumption taxes	(35,928)	402
Other, net	6,649	1,090
Subtotal	887,134	1,358,452
Interest and dividends received	13	289
Income taxes paid	(378,751)	(428,081)
Net cash provided by (used in) operating activities	508,396	930,660
Cash flows from investing activities		
Purchase of property, plant and equipment	(251,401)	(128,905)
Purchase of intangible assets	(25,570)	(4,999)
Purchase of investment securities	(100,000)	-
Proceeds from sale of investment securities	133,134	110,000
Proceeds from cancellation of insurance funds	8,003	-
Net cash provided by (used in) investing activities	(235,833)	(23,905)
Cash flows from financing activities		
Dividends paid	(678,223)	(742,808)
Net cash provided by (used in) financing activities	(678,223)	(742,808)
Net increase (decrease) in cash and cash equivalents	(405,660)	163,947
Cash and cash equivalents at beginning of period	4,160,733	4,461,238
Cash and cash equivalents at end of period	* 3,755,072	* 4,625,186

(4) Notes to Semi-annual 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 second 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 semi-annual consolidated financial statements.

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 second quarter of the current fiscal year. The change in accounting policies was applied retrospectively to the semi-annual consolidated financial statements for 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 semi-annual consolidated financial statements for the previous fiscal year or the consolidated financial statements for the entire previous fiscal year.

(Segment information, etc.)

[Segment information]

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

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

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

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