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Notice of Revision to Consolidated Financial Forecast for the Fiscal Year Ending December 31, 2024

DENTSU SOKEN INC., in consideration of recent earnings performance, has revised its consolidated financial forecast for the first half and full year ending December 31, 2024 as follows from those announced on February 14, 2024.

Revisions to Consolidated Financial Forecast

(1) Revisions to Consolidated Financial Forecast for the First Half of the Fiscal Year Ending December 31, 2024 (January 1, 2024–June 30, 2024)

	Net sales	Operating profit	Ordinary profit	Net profit*	Net profit per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecast (A)	74,000	11,000	11,000	7,700	118.33
Revised Forecast (B)	74,235	10,360	10,262	7,248	111.38
Variance (B – A)	235	(640)	(738)	(452)	/
Percentage Change (%)	0.3%	(5.8) %	(6.7) %	(5.9) %	/
(Ref.) FY2023 1H Results	69,849	10,652	10,785	7,446	114.44

(2) Revision to Consolidated Financial Forecast for the Full Year of the Fiscal Year Ending December 31, 2024 (January 1, 2024– December 31, 2024)

	Net sales	Operating profit	Ordinary profit	Net profit*	Net profit per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous Forecast (A)	153,000	22,500	22,500	15,700	241.28
Revised Forecast (B)	155,000	22,500	22,500	15,700	241.28
Variance (B – A)	2,000	-	-	-	/
Percentage Change (%)	1.3%	-	-	-	/
(Ref.) FY2023 Results	142,608	21,028	21,244	14,663	225.35

* Profit attributable to owners of parent

(3) Reasons for the Revision

Net sales increased for the first half of the fiscal year ending December 31, 2024 are expected to exceed the previous forecast, mainly in the Manufacturing Solutions segments.

On the other hand, gross profit was approximately 200 million yen lower than planned due to two unprofitable projects in the second quarter. In addition, SG&A expenses increased approximately 500 million yen from the plan due to an increase in man-hours spent on proposal activities by engineers to win new deals and an increase in unpaid man-hours spent by engineers due to a decrease in sales of add-on development services for in-house software products compared to the plan. As a result, all kinds of profits are expected to be lower than the previous forecast.

For the full year, the forecast for net sales remains unchanged from the initial forecast, but the forecast has been revised as shown in the table, taking into account the effect of making Mitsue-Links Co., Ltd. a subsidiary on April 26, 2024. As for profits, the forecast for all kinds of profits remains unchanged because orders received increased 16.3% in the second quarter, mainly in consulting services and third-party software products, and are expected to improve in the second half of the fiscal year. The impact of the company becoming a subsidiary on profits is expected to be minimal due to the amortization of goodwill.

END

Forward-Looking Statements

The forecast figures for sales and earnings presented in this document were determined in accordance with industry trends, client situations, and other judgments and assumptions made with information available at the time of preparation. Accordingly, actual sales and earnings may differ from forecasts as a result of uncertainties inherent in the forecasts, as well as internal and external fluctuations in business operations.