

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended March 31, 2023 (Based on Japanese GAAP)

May 12, 2023

Company name: D.I.System Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4421 URL <http://www.di-system.co.jp/>  
 Representative: Representative Director and Chairman Mitsuhiro Nagata  
 Director, General Manager of Corporate Planning Headquarters Yutaka Otsuka  
 Inquiries: TEL 03(6821)6122  
 Scheduled date to file Quarterly Securities Report: May 12, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2023	2,997	17.7	258	37.7	257	37.7	172	35.3
Six months ended March 31, 2022	2,547	–	187	–	186	–	127	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended March 31, 2023	59.19		59.07	
Six months ended March 31, 2022	42.76		42.65	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2023	2,562	1,184	46.2
As of September 30, 2022	2,458	1,055	42.9

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2022	–	0.00	–	15.00	15.00
Year ending September 30, 2023	–	0.00			
Year ending September 30, 2023 (Forecast)			–	20.00	20.00

### 3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	6,407	16.5	338	18.1	337	18.1	226	16.4	78.06

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2023  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	3,058,000 shares	As of September 30, 2022	3,056,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	150,297 shares	As of September 30, 2022	150,224 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2023	2,907,000 shares	Six months ended March 31, 2022	2,975,104 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of September 30, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	900,920	891,212
Accounts receivable - trade, and contract assets	714,611	828,589
Merchandise	3,515	20,066
Work in process	3,245	4,597
Other	78,910	82,986
Total current assets	1,701,203	1,827,452
Non-current assets		
Property, plant and equipment	144,813	140,756
Intangible assets		
Goodwill	227,244	215,310
Other	34,517	31,332
Total intangible assets	261,761	246,643
Investments and other assets		
Deferred tax assets	175,592	177,503
Other	175,287	170,349
Total investments and other assets	350,879	347,853
Total non-current assets	757,454	735,252
Total assets	2,458,657	2,562,705
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	167,485	207,523
Current portion of long-term borrowings	66,620	66,620
Accrued expenses	166,305	161,089
Income taxes payable	74,759	101,848
Contract liabilities	183,422	176,591
Provision for bonuses	230,219	209,636
Other	177,092	132,922
Total current liabilities	1,065,904	1,056,231
Non-current liabilities		
Long-term borrowings	125,050	91,740
Retirement benefit liability	211,915	230,251
Total non-current liabilities	336,965	321,991
Total liabilities	1,402,869	1,378,222
<b>Net assets</b>		
Shareholders' equity		
Share capital	291,090	291,390
Capital surplus	215,090	215,390
Retained earnings	678,866	807,374
Treasury shares	(134,796)	(134,863)
Total shareholders' equity	1,050,249	1,179,290
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	5,538	5,191
Total accumulated other comprehensive income	5,538	5,191
Total net assets	1,055,788	1,184,482
Total liabilities and net assets	2,458,657	2,562,705

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Net sales	2,547,018	2,997,166
Cost of sales	1,967,479	2,265,453
Gross profit	579,538	731,712
Selling, general and administrative expenses	392,148	473,631
Operating profit	187,390	258,081
Non-operating income		
Interest income	4	4
Total non-operating income	4	4
Non-operating expenses		
Interest expenses	642	884
Total non-operating expenses	642	884
Ordinary profit	186,751	257,201
Profit before income taxes	186,751	257,201
Income taxes - current	68,691	86,872
Income taxes - deferred	(9,169)	(1,757)
Total income taxes	59,521	85,114
Profit	127,229	172,087
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	127,229	172,087

## Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Profit	127,229	172,087
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	451	(347)
Total other comprehensive income	451	(347)
Comprehensive income	127,681	171,740
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	127,681	171,740
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended March 31, 2022	Six months ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	186,751	257,201
Depreciation	16,145	15,037
Amortization of deposit	1,676	1,676
Amortization of goodwill	3,636	11,933
Increase (decrease) in provision for bonuses	(11,445)	(20,583)
Increase (decrease) in retirement benefit liability	6,226	17,843
Interest income	(4)	(4)
Interest expenses	642	884
Decrease (increase) in trade receivables, and contract assets	(123,940)	(113,977)
Decrease (increase) in inventories	(20,901)	(17,902)
Increase (decrease) in trade payables	35,992	40,037
Decrease (increase) in other assets	504	(493)
Increase (decrease) in other liabilities	(53,313)	(53,506)
Subtotal	41,971	138,146
Interest received	4	4
Interest paid	(642)	(870)
Income taxes refund (paid)	(61,153)	(61,765)
Net cash provided by (used in) operating activities	(19,820)	75,514
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,345)	(6,154)
Purchase of intangible assets	(3,712)	(2,420)
Payments of guarantee deposits	(644)	(336)
Other, net	79	–
Net cash provided by (used in) investing activities	(5,623)	(8,910)
Cash flows from financing activities		
Repayments of long-term borrowings	–	(33,310)
Proceeds from issuance of shares	–	600
Purchase of treasury shares	(134,622)	(66)
Dividends paid	(38,042)	(43,534)
Payments from changes in ownership interests in subsidiaries and affiliates that do not result in change in scope of consolidation	(110,000)	–
Net cash provided by (used in) financing activities	(282,665)	(76,311)
Net increase (decrease) in cash and cash equivalents	(308,109)	(9,707)
Cash and cash equivalents at beginning of period	888,423	900,920
Cash and cash equivalents at end of period	580,314	891,212