

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 1, 2023

Company name: CUBE SYSTEM INC.  
 Stock exchange listing: Tokyo  
 Stock code: 2335 URL <https://www.cubesystem.co.jp/en/>  
 Representative: Representative Director and President Masahiro Nakanishi  
 Seniority Corporate Officer, Hirofumi Kitagaki  
 Inquiries: President's Office TEL 03-5487-6030  
 Scheduled date to file Quarterly Securities Report: November 8, 2023  
 Scheduled date to commence dividend payments: December 4, 2023  
 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 September 30, 2023 (from April 1, 2023 to September 30, 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 September 30, 2023	9,015	14.2	794	32.7	788	32.6	501	29.1
Six months ended September 30, 2022	7,892	(2.1)	598	(19.9)	594	(21.0)	388	(22.6)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	33.07		-	
Six months ended September 30, 2022	28.73		-	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	13,035	9,684	74.3	638.77
As of March 31, 2023	12,547	9,616	76.6	634.29

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	-	23.00	-	27.00	50.00
Year ending March 31, 2024	-	15.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	15.00	30.00

Notes: Revisions to the forecast of cash dividends most recently announced: None

Breakdown of interim dividend for the six months ended September 30, 2022:

Ordinary dividend of ¥11.00, and 50th anniversary commemorative dividend of ¥12.00

Breakdown of year-end dividend for the fiscal year ended March 31, 2023:

Ordinary dividend of ¥15.00, and 50th anniversary commemorative dividend of ¥12.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	18,000	10.3	1,620	11.5	1,635	10.4	1,080	9.1	71.23

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

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 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: No
- 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 September 30, 2023	15,750,000 shares	As of March 31, 2023	15,750,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	588,832 shares	As of March 31, 2023	588,832 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	15,161,168 shares	Six months ended September 30, 2022	13,518,041 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,748,203	6,894,229
Accounts receivable-trade and contract assets	2,702,189	2,875,518
Securities	100,000	–
Work in process	10,764	7,870
Other	141,995	155,952
Total current assets	9,703,153	9,933,570
Non-current assets		
Property, plant and equipment	124,378	138,819
Intangible assets	3,330	3,330
Investments and other assets		
Investment securities	1,634,179	1,818,556
Retirement benefit asset	490,358	493,915
Other	592,122	646,925
Total investments and other assets	2,716,660	2,959,397
Total non-current assets	2,844,369	3,101,547
Total assets	12,547,523	13,035,118
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	796,239	886,823
Short-term borrowings	240,000	230,000
Income taxes payable	313,954	329,697
Provision for bonuses	351,565	484,768
Provision for bonuses for directors (and other officers)	8,500	4,998
Provision for loss on orders received	2,291	3,494
Other	476,293	648,341
Total current liabilities	2,188,844	2,588,124
Non-current liabilities		
Provision for share-based compensation	332,222	359,134
Asset retirement obligations	139,065	146,335
Other	270,841	257,057
Total non-current liabilities	742,130	762,528
Total liabilities	2,930,974	3,350,652
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,400,228	1,400,228
Capital surplus	1,491,474	1,491,474
Retained earnings	6,459,029	6,535,241
Treasury shares	(503,601)	(503,601)
Total shareholders' equity	8,847,130	8,923,342
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	509,026	550,473
Foreign currency translation adjustment	30,209	42,155
Remeasurements of defined benefit plans	230,182	168,493
Total accumulated other comprehensive income	769,418	761,123
Total net assets	9,616,548	9,684,466
Total liabilities and net assets	12,547,523	13,035,118

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

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	7,892,164	9,015,239
Cost of sales	6,241,203	7,055,373
Gross profit	1,650,961	1,959,866
Selling, general and administrative expenses		
Provision for bonuses for directors (and other officers)	5,092	4,998
Salaries and allowances	289,518	293,338
Provision for bonuses	66,633	79,329
Retirement benefit expenses	13,584	3,773
Provision for share-based payments	35,205	26,912
Other	642,467	757,491
Total selling, general and administrative expenses	1,052,501	1,165,842
Operating profit	598,459	794,023
Non-operating income		
Interest income	1,586	2,599
Dividend income	4,850	4,678
Other	4,099	2,262
Total non-operating income	10,535	9,540
Non-operating expenses		
Interest expenses	716	651
Foreign exchange losses	9,282	7,423
Loss on investments in investment partnerships	2,766	5,527
Other	1,554	1,554
Total non-operating expenses	14,319	15,156
Ordinary profit	594,675	788,408
Profit before income taxes	594,675	788,408
Income taxes	206,304	287,019
Profit	388,371	501,388
Profit attributable to owners of parent	388,371	501,388

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

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	388,371	501,388
Other comprehensive income		
Valuation difference on available-for-sale securities	155,192	41,447
Foreign currency translation adjustment	19,908	11,946
Remeasurements of defined benefit plans, net of tax	(15,190)	(61,688)
Total other comprehensive income	159,910	(8,294)
Comprehensive income	548,281	493,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	548,281	493,094

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	594,675	788,408
Depreciation	25,444	20,542
Increase (decrease) in provisions	85,193	156,669
Increase (decrease) in assets and liabilities related to retirement benefits	(23,794)	(92,755)
Interest and dividend income	(6,436)	(7,277)
Interest expenses	716	651
Loss (gain) on investments in investment partnerships	2,766	5,527
Decrease (increase) in trade receivables	129,322	(172,180)
Decrease (increase) in inventories	(5,939)	3,216
Increase (decrease) in trade payables	(25,803)	90,297
Increase (decrease) in accrued consumption taxes	(74,548)	46,792
Increase (decrease) in accounts payable - other	(89,818)	47,125
Increase (decrease) in accrued expenses	(14,183)	60,810
Increase (decrease) in deposits received	(48,400)	(5,149)
Other, net	(27,218)	6,868
Subtotal	521,975	949,546
Interest and dividends received	8,155	7,005
Interest paid	(714)	(647)
Income taxes paid	(201,161)	(276,484)
Income taxes refund	1,086	–
Net cash provided by (used in) operating activities	329,341	679,420
Cash flows from investing activities		
Proceeds from redemption of securities	–	100,000
Purchase of property, plant and equipment	(7,776)	(16,558)
Purchase of investment securities	(139,041)	(132,594)
Proceeds from sale of investment securities	6,396	2,300
Payments of leasehold and guarantee deposits	–	(54,190)
Other, net	4,295	12,349
Net cash provided by (used in) investing activities	(136,126)	(88,694)
Cash flows from financing activities		
Repayments of short-term borrowings	–	(10,000)
Dividends paid	(211,170)	(424,908)
Dividends paid to non-controlling interests	(700)	–
Repayments of lease liabilities	(419)	(279)
Net cash provided by (used in) financing activities	(212,290)	(435,187)
Effect of exchange rate change on cash and cash equivalents	4,200	2,216
Net increase (decrease) in cash and cash equivalents	(14,874)	157,754
Cash and cash equivalents at beginning of period	5,015,727	6,703,356
Cash and cash equivalents at end of period	5,000,853	6,861,110