

Translation

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

November 14, 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 TEL 03(6821)6122  
 Scheduled date of ordinary general meeting of shareholders: December 20, 2023  
 Scheduled date to file Securities Report: December 21, 2023  
 Scheduled date to commence dividend payments: December 21, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(1) Consolidated operating results

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	%
Year ended September 30, 2023	6,241	13.5	340	18.9	339	18.8	240	23.6
Year ended September 30, 2022	5,498	—	286	—	285	—	194	—

Note: Comprehensive income Year ended September 30, 2023 ¥248 million [22.0%]  
 Year ended September 30, 2022 ¥203 million [-%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2023	82.88	82.70	20.8	13.0	5.5
Year ended September 30, 2022	66.30	66.14	18.7	12.6	5.2

Reference: Share of profit (loss) of entities accounted for using equity method

Year ended September 30, 2023 ¥— million

Year ended September 30, 2022 ¥— million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the previous fiscal year and each figure for the year ended September 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations. Therefore, the percentage of year-on-year change is not shown.

(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	2,773	1,260	45.5	433.61
As of September 30, 2022	2,458	1,055	42.9	363.34

Reference: Equity As of September 30, 2023 ¥1,260 million

As of September 30, 2022 ¥1,055 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2023	323	(10)	(109)	1,104
Year ended September 30, 2022	190	(69)	(107)	900

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2022	–	0.00	–	15.00	15.00	43	22.6	4.3
Year ended September 30, 2023	–	0.00	–	22.00	22.00	63	26.5	5.5
Year ending September 30, 2024 (Forecast)	–	0.00	–	23.00	23.00		29.2	

## 3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 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
Six months ending March 31, 2024	3,255	8.6	169	(34.4)	168	(34.5)	113	(34.1)	38.97
Full year	6,900	10.6	342	0.4	340	0.4	229	(4.9)	78.81

## 4. Notes

### (1) Changes in significant subsidiaries during the year ended September 30, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

### (2) 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

### (3) 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	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 September 30, 2023	150,297 shares	As of September 30, 2022	150,224 shares
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Average number of shares during the period

Year ended September 30, 2023	2,907,352 shares	Year ended September 30, 2022	2,939,854 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2023	5,682	12.9	282	36.9	301	37.8	222	38.0
Year ended September 30, 2022	5,033	—	206	—	218	—	161	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended September 30, 2023	76.49		76.33	
Year ended September 30, 2022	54.82		54.68	

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the previous fiscal year and each figure for the year ended September 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(2) Non-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	2,560		1,169		45.7		402.15	
As of September 30, 2022	2,232		989		44.3		340.70	

Reference: Equity As of September 30, 2023 ¥1,169 million  
As of September 30, 2022 ¥989 million

2. Forecast of non-consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending March 31, 2024 (cumulative)	3,037	10.6	208	(14.9)	217	(14.6)	146	(15.9)	50.31
Full year	6,306	11.0	266	(5.7)	283	(5.9)	190	(14.2)	65.60

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of forecasts of financial results, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual performance and other results may differ materially due to various factors.

(How to access the contents of the financial results meeting)

A financial results meeting will be held on Monday, December 4, 2023 for institutional investors and analysts.

The videos of the meeting will be posted on the Company’s website promptly after the meeting.

**Consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	900,920	1,104,251
Accounts receivable - trade, and contract assets	714,611	829,866
Merchandise	3,515	59
Work in process	3,245	9,949
Other	78,910	112,721
Total current assets	1,701,203	2,056,848
Non-current assets		
Property, plant and equipment		
Buildings	190,559	190,559
Accumulated depreciation	(74,583)	(83,614)
Buildings, net	115,975	106,945
Tools, furniture and fixtures	83,859	97,219
Accumulated depreciation	(62,843)	(72,836)
Tools, furniture and fixtures, net	21,015	24,383
Construction in progress	7,822	–
Total property, plant and equipment	144,813	131,328
Intangible assets		
Goodwill	227,244	203,377
Other	34,517	25,219
Total intangible assets	261,761	228,596
Investments and other assets		
deposit	149,215	146,198
Deferred tax assets	175,592	185,920
Other	26,071	24,455
Total investments and other assets	350,879	356,575
Total non-current assets	757,454	716,500
Total assets	2,458,657	2,773,349

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	167,485	200,184
Current portion of long-term borrowings	66,620	66,620
Accounts payable - other	60,611	104,716
Accrued expenses	166,305	186,325
Income taxes payable	74,759	83,296
Accrued consumption taxes	97,058	99,962
Contract liabilities	183,422	193,384
Provision for bonuses	230,219	254,610
Other	19,422	27,754
<b>Total current liabilities</b>	<b>1,065,904</b>	<b>1,216,855</b>
<b>Non-current liabilities</b>		
Long-term borrowings	125,050	58,430
Retirement benefit liability	211,915	237,235
<b>Total non-current liabilities</b>	<b>336,965</b>	<b>295,665</b>
<b>Total liabilities</b>	<b>1,402,869</b>	<b>1,512,521</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	291,090	291,390
Capital surplus	215,090	215,390
Retained earnings	678,866	876,261
Treasury shares	(134,796)	(134,863)
<b>Total shareholders' equity</b>	<b>1,050,249</b>	<b>1,248,178</b>
<b>Accumulated other comprehensive income</b>		
Remeasurements of defined benefit plans	5,538	12,650
<b>Total accumulated other comprehensive income</b>	<b>5,538</b>	<b>12,650</b>
<b>Total net assets</b>	<b>1,055,788</b>	<b>1,260,828</b>
<b>Total liabilities and net assets</b>	<b>2,458,657</b>	<b>2,773,349</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	5,498,240	6,241,020
Cost of sales	4,317,433	4,914,600
Gross profit	1,180,807	1,326,419
Selling, general and administrative expenses	894,110	985,531
Operating profit	286,696	340,887
Non-operating income		
Interest income	8	10
Dividend income	4	–
Total non-operating income	12	10
Non-operating expenses		
Interest expenses	1,107	1,644
Total non-operating expenses	1,107	1,644
Ordinary profit	285,602	339,254
Profit before income taxes	285,602	339,254
Income taxes - current	104,410	111,739
Income taxes - deferred	(13,742)	(13,467)
Total income taxes	90,667	98,272
Profit	194,934	240,981
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	194,934	240,981

## Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Profit	194,934	240,981
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	8,432	7,111
Total other comprehensive income	8,432	7,111
Comprehensive income	203,367	248,093
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	203,367	248,093
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of changes in equity

Fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	290,940	214,940	522,116	(174)	1,027,822
Changes during period					
Issuance of new shares	150	150			300
Dividends of surplus			(38,184)		(38,184)
Profit attributable to owners of parent			194,934		194,934
Purchase of treasury shares				(134,622)	(134,622)
Net changes in items other than shareholders' equity					
Total changes during period	150	150	156,749	(134,622)	22,427
Balance at end of period	291,090	215,090	678,866	(134,796)	1,050,249

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(2,894)	(2,894)	37,272	1,062,200
Changes during period				
Issuance of new shares				300
Dividends of surplus				(38,184)
Profit attributable to owners of parent				194,934
Purchase of treasury shares				(134,622)
Net changes in items other than shareholders' equity	8,432	8,432	(37,272)	(28,839)
Total changes during period	8,432	8,432	(37,272)	(6,411)
Balance at end of period	5,538	5,538	–	1,055,788

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	291,090	215,090	678,866	(134,796)	1,050,249
Changes during period					
Issuance of new shares	300	300			600
Dividends of surplus			(43,586)		(43,586)
Profit attributable to owners of parent			240,981		240,981
Purchase of treasury shares				(66)	(66)
Net changes in items other than shareholders' equity					–
Total changes during period	300	300	197,395	(66)	197,928
Balance at end of period	291,390	215,390	876,261	(134,863)	1,248,178

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,538	5,538	–	1,055,788
Changes during period				
Issuance of new shares				600
Dividends of surplus				(43,586)
Profit attributable to owners of parent				240,981
Purchase of treasury shares				(66)
Net changes in items other than shareholders' equity	7,111	7,111		7,111
Total changes during period	7,111	7,111	–	205,040
Balance at end of period	12,650	12,650	–	1,260,828

## Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	285,602	339,254
Depreciation	32,932	32,006
Amortization of deposit	3,353	3,353
Amortization of goodwill	11,421	23,866
Increase (decrease) in provision for bonuses	45,314	24,391
Increase (decrease) in retirement benefit liability	22,000	35,571
Interest income	(8)	(10)
Interest expenses	1,107	1,644
Decrease (increase) in trade receivables, and contract assets	(122,068)	(115,255)
Decrease (increase) in inventories	7,803	(3,248)
Increase (decrease) in trade payables	11,425	32,698
Decrease (increase) in other assets	(7,261)	(31,240)
Increase (decrease) in other liabilities	(1,563)	84,478
Increase (decrease) in accrued consumption taxes	4,510	3,279
Subtotal	294,568	430,788
Interest received	8	10
Interest paid	(1,186)	(1,625)
Income taxes paid	(103,006)	(105,309)
Net cash provided by (used in) operating activities	190,383	323,864
Cash flows from investing activities		
Purchase of property, plant and equipment	(925)	(7,022)
Purchase of intangible assets	(3,668)	(2,575)
Payments of guarantee deposits	(752)	(336)
Payments from changes in ownership interests in subsidiaries and affiliates result in change in scope of consolidation	(64,932)	–
Other, net	287	(972)
Net cash provided by (used in) investing activities	(69,991)	(10,906)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(17,200)	–
Proceeds from long-term borrowings	200,000	–
Repayments of long-term borrowings	(8,330)	(66,620)
Proceeds from issuance of shares	300	600
Purchase of treasury shares	(134,622)	(66)
Dividends paid	(38,042)	(43,539)
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	(107,895)	(109,626)
Net increase (decrease) in cash and cash equivalents	12,497	203,331
Cash and cash equivalents at beginning of period	888,423	900,920
Cash and cash equivalents at end of period	900,920	1,104,251