Translation

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Summary of Consolidated Financial Results for the Six Months Ended March 31, 2024 (Based on Japanese GAAP)

May 14, 2024

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
Inquiries: Director, General Manager of Corporate Planning Headquarters Yutaka Otsuka TEL 03(6821)6122
Scheduled date to file Quarterly Securities Report: May 14, 2024
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, 2024 (from October 1, 2023 to March 31, 2024)

(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, 2024	3,300	10.1	227	(11.9)	226	(11.8)	151	(11.7)
Six months ended March 31, 2023	2,997	17.7	258	37.7	257	37.7	172	35.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2024	52.25	52.15
Six months ended March 31, 2023	59.19	59.07

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	2,844	1,347	47.4
As of September 30, 2023	2,773	1,260	45.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2023	–	0.00	–	22.00	22.00
Year ending September 30, 2024	–	0.00			
Year ending September 30, 2024 (Forecast)			–	24.00	24.00

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
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 six months ended March 31, 2024 (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 March 31, 2024	3,058,000 shares	As of September 30, 2023	3,058,000 shares

Number of treasury shares at the end of the period

As of March 31, 2024	150,297 shares	As of September 30, 2023	150,297 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	2,907,703 shares	Six months ended March 31, 2023	2,907,000 shares

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	1,104,251	1,048,778
Accounts receivable - trade, and contrct assets	829,866	888,487
Merchandise	59	12,725
Work in process	9,949	37,630
Other	112,721	92,023
Total current assets	2,056,848	2,079,644
Non-current assets		
Property, plant and equipment	131,328	152,781
Intangible assets		
Goodwill	203,377	191,444
Other	25,219	31,276
Total intangible assets	228,596	222,720
Investments and other assets		
Deferred tax assets	185,920	197,864
Other	170,654	191,515
Total investments and other assets	356,575	389,379
Total non-current assets	716,500	764,881
Total assets	2,773,349	2,844,526
Liabilities		
Current liabilities		
Accounts payable - trade	200,184	244,053
Current portion of long-term borrowings	66,620	66,620
Accrued expenses	186,325	179,452
Income taxes payable	83,296	102,418
Contract liabilities	193,384	177,929
Provision for bonuses	254,610	240,997
Other	232,433	204,967
Total current liabilities	1,216,855	1,216,437
Non-current liabilities		
Long-term borrowings	58,430	25,120
Retirement benefit liability	237,235	252,600
Other	–	2,536
Total non-current liabilities	295,665	280,256
Total liabilities	1,512,521	1,496,694
Net assets		
Shareholders' equity		
Share capital	291,390	291,390
Capital surplus	215,390	215,390
Retained earnings	876,261	964,245
Treasury shares	(134,863)	(134,863)
Total shareholders' equity	1,248,178	1,336,162
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	12,650	11,669
Total accumulated other comprehensive income	12,650	11,669
Total net assets	1,260,828	1,347,832
Total liabilities and net assets	2,773,349	2,844,526

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, 2023	Six months ended March 31, 2024
Net sales	2,997,166	3,300,351
Cost of sales	2,265,453	2,585,085
Gross profit	731,712	715,266
Selling, general and administrative expenses	473,631	487,799
Operating profit	258,081	227,466
Non-operating income		
Interest income	4	10
Total non-operating income	4	10
Non-operating expenses		
Interest expenses	884	717
Total non-operating expenses	884	717
Ordinary profit	257,201	226,759
Profit before income taxes	257,201	226,759
Income taxes - current	86,872	86,315
Income taxes - deferred	(1,757)	(11,510)
Total income taxes	85,114	74,805
Profit	172,087	151,953
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	172,087	151,953

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit	172,087	151,953
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(347)	(980)
Total other comprehensive income	(347)	(980)
Comprehensive income	171,740	150,973
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	171,740	150,973
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	257,201	226,759
Depreciation	15,037	16,129
Amortization of deposit	1,676	1,793
Amortization of goodwill	11,933	11,933
Increase (decrease) in provision for bonuses	(20,583)	(13,613)
Increase (decrease) in retirement benefit liability	17,843	13,951
Interest income	(4)	(10)
Interest expenses	884	717
Decrease (increase) in trade receivables, and contrct assets	(113,977)	(58,620)
Decrease (increase) in inventories	(17,902)	(40,346)
Increase (decrease) in trade payables	40,037	43,869
Decrease (increase) in other assets	(493)	14,826
Increase (decrease) in other liabilities	(53,506)	(48,674)
Subtotal	138,146	168,714
Interest received	4	10
Interest paid	(870)	(711)
Income taxes refund (paid)	(61,765)	(68,195)
Net cash provided by (used in) operating activities	75,514	99,817
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,154)	(31,180)
Purchase of intangible assets	(2,420)	(10,128)
Payments of guarantee deposits	(336)	(17,598)
Other, net	–	808
Net cash provided by (used in) investing activities	(8,910)	(58,097)
Cash flows from financing activities		
Repayments of long-term borrowings	(33,310)	(33,310)
Proceeds from issuance of shares	600	–
Purchase of treasury shares	(66)	–
Dividends paid	(43,534)	(63,883)
Net cash provided by (used in) financing activities	(76,311)	(97,193)
Net increase (decrease) in cash and cash equivalents	(9,707)	(55,473)
Cash and cash equivalents at beginning of period	900,920	1,104,251
Cash and cash equivalents at end of period	891,212	1,048,778