

## Highlights of Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

### ■ Net sales, operating profit, and ordinary profit all increased. ■ Record high half-yearly results.

		(% indicates change from the previous corresponding period)
◇ Net sales	39,791 million yen	16.8 %
◇ Operating profit	6,702 million yen	10.3 %
◇ Ordinary profit	6,735 million yen	9.9 %
◇ Profit attributable to owners of parent	4,552 million yen	8.7 %

Status of Income						
(Million yen)	FY Mar 2023 2Q	FY Mar 2022 2Q	Year-on-year change	Percentage change (%)	FY Mar 2023 full-year forecast	Progress (%)
Net sales	39,791	34,064	5,727	16.8	77,000	51.7
Gross profit	11,522	10,626	895	8.4	-	-
Selling, general and administrative expenses	(4,820)	(4,552)	(268)	5.9	-	-
Operating profit	6,702	6,074	627	10.3	13,400	50.0
Non-operating income	36	55	(19)	(34.4)	-	-
Non-operating expenses	(3)	(1)	(1)	96.9	-	-
Ordinary profit	6,735	6,128	606	9.9	13,500	49.9
Extraordinary income	1	5	(4)	(77.1)	-	-
Extraordinary loss	(0)	(4)	3	(80.1)	-	-
Profit before income taxes	6,735	6,129	606	9.9	-	-
Income taxes	(2,184)	(1,946)	(237)	12.2	-	-
Profit	4,551	4,183	368	8.8	-	-
Profit attributable to owners of parent	4,552	4,187	365	8.7	9,100	50.0

■ Net sales  
Net sales increased by ¥5,727 million year on year to ¥39,791 million (up 16.8% year on year) in an effort that the Group worked on workstyle reform and COVID-19 countermeasures through the construction of robust environments for virtual desktop infrastructure (VDI) and security solutions in line with the era of zero trust networks. At the same time, the Group further expanded sales of its service-oriented businesses centered on the 3Ks\*.

■ Profit  
Operating profit increased by ¥627 million year on year to ¥6,702 million (up 10.3% year on year). Ordinary profit increased by ¥606 million year on year to ¥6,735 million (up 9.9% year on year). Profit attributable to owners of parent increased by ¥365 million year on year to ¥4,552 million (up 8.7% year on year).

\* 3Ks: The service business cluster comprising KEL Briefing Center (KBC); KEL Custom Cloud (KCC); and KEL Managed Service (KMS).

Basic earnings per share (yen)	159.10	146.36	12.74	8.7
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Segment Information						
(Million yen)	Net sales			Segment profit		
	FY Mar 2023 2Q	FY Mar 2022 2Q	Year-on-year change	FY Mar 2023 2Q	FY Mar 2022 2Q	Year-on-year change
IT Systems Business	29,708	24,231	5,477	4,640	3,922	717
Services and Support Business	10,293	10,070	222	1,983	2,089	(105)
Total	40,002	34,302	5,700	6,623	6,011	611
Other (including adjustments)	(210)	(238)	27	78	62	15
Total	39,791	34,064	5,727	6,702	6,074	627

■ IT Systems Business  
Net sales increased ¥5,477 million year on year (up 22.6% year on year), mainly due to strong performance in the server-related business for the manufacturing industry.

■ Services and Support Business  
Net sales increased ¥222 million year on year (up 2.2% year on year), mainly due to an increase in sales related to cloud services for the manufacturing industry.

Status of assets, liabilities and net assets				
(Million yen)	As of September 30, 2022	As of March 31, 2022	Change from end of FY Mar 2022	Percentage change (%)
Total Assets	89,458	82,446	7,011	8.5
Current assets	81,389	75,031	6,357	8.5
Non-current assets	8,068	7,415	653	8.8
Liabilities	25,152	20,518	4,634	22.6
Current liabilities	22,564	17,966	4,598	25.6
Non-current liabilities	2,587	2,551	36	1.4
Net assets	64,305	61,928	2,376	3.8
Equity (Note 1)	64,262	61,885	2,376	3.8
Equity ratio (Note 2)	71.8%	75.1%	Down 3.3pt	-

■ Assets  
Current assets increased ¥6,357 million (8.5%) from the end of the previous fiscal year, mainly due to increases of ¥4,510 million in notes and accounts receivable-trade and ¥1,909 million in inventories.

Non-current assets increased ¥653 million (8.8%) from the end of the previous fiscal year, mainly due to an increase of ¥519 million in investment securities.

■ Liabilities  
Current liabilities increased ¥4,598 million (25.6%) from the end of the previous fiscal year, mainly due to an increase of ¥5,394 million in notes and accounts payable-trade.

Non-current liabilities increased ¥36 million (1.4%) from the end of the previous fiscal year, mainly due to an increase of ¥17 million in asset retirement obligations.

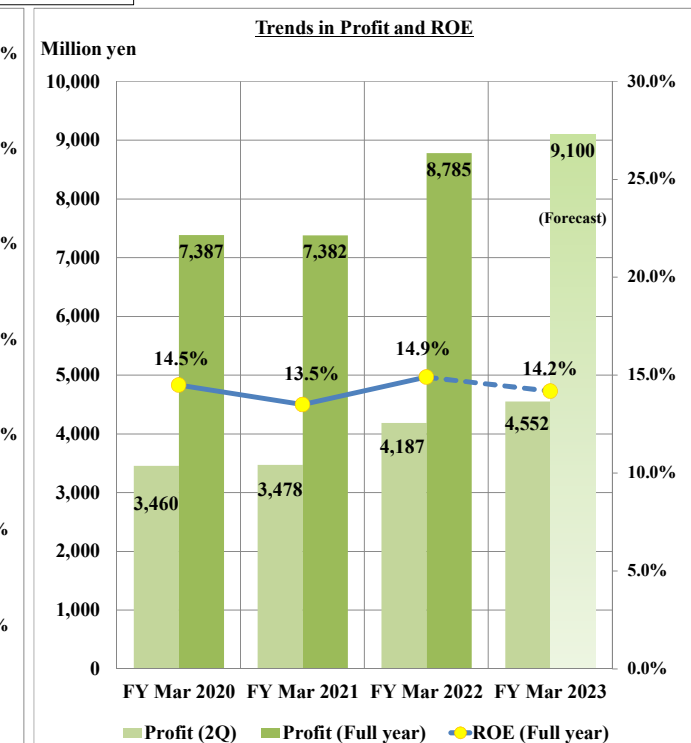
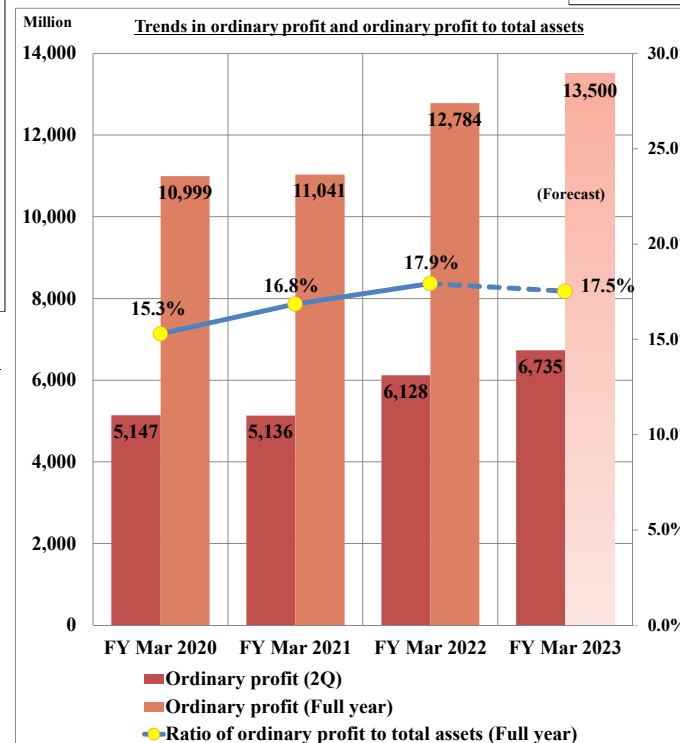
■ Net assets  
Net assets increased ¥2,376 million (3.8%) from the end of the previous fiscal year, mainly due to an increase from recording ¥4,552 million in profit attributable to owners of parent and a decrease from the payment of ¥2,289 million in dividends.

As a result, the equity ratio stood at 71.8%, down 3.3pt from the end of the previous fiscal year.

(Note 1) Equity = "Total shareholders' equity" + "Total accumulated other comprehensive income" of net assets  
(Note 2) Equity ratio = Equity capital / Total assets

Cash flows		
(Million yen)	FY Mar 2023 2Q	FY Mar 2022 2Q
CF from operating activities	2,965	3,386
CF from investing activities	(759)	(785)
Free cash flows	2,205	2,601
CF from financing activities	(2,289)	(2,003)
Net increase (decrease) in cash and cash equivalents	(68)	601
Cash and cash equivalents at end of period	49,599	47,479

Dividends		
	FY March 2023	FY March 2022
Interim dividend (Yen)	80.00	75.00
Year-end dividend (Yen)	80.00 (Forecast)	80.00
Annual dividend (Yen)	160.00 (Forecast)	155.00
Equity (Million yen)	-	61,885
Payout ratio (%)	50.3 (Forecast)	50.5



\*The financial results outlook and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed reasonable, and do not represent a promise by the Company to achieve them. Actual results may differ significantly from these forecasts due to a wide range of factors.