

Summary of Consolidated Financial Results for the Year Ended September 30, 2022 (Japanese GAAP)

November 11, 2022

Company name: SYSTEM INFORMATION CO., LTD.
 Stock listing: Tokyo Stock Exchange
 Code number: 3677
 URL: <https://www.sysj.co.jp>
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 Scheduled date of the ordinary general meeting of shareholders: December 22, 2022
 Scheduled date of dividend payment: December 23, 2022
 Scheduled date of filing securities report: December 22, 2022
 Preparation of supplementary materials on financial results: None
 Holding of financial results meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Year Ended September 30, 2022

(From October 1, 2021 to September 30, 2022)

(1) Consolidated operating results (% of change from the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	14,655	12.7	1,815	12.2	1,829	12.1	1,242	13.4
September 30, 2021	13,004	1.8	1,618	8.7	1,631	8.1	1,095	7.9

(Note) For the year ended September 30, 2022 1,305 million yen [13.3%]
 Comprehensive income For the year ended September 30, 2021 1,152 million yen [4.0%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Operating income margin
Year ended	Yen	Yen	%	%	%
September 30, 2022	53.36	—	24.3	24.6	12.4
September 30, 2021	46.88	—	24.7	25.1	12.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2022	7,795	5,400	69.3	234.40
September 30, 2021	7,047	4,820	68.4	206.25

(Reference) As of September 30, 2022 5,400 million yen
 Equity As of September 30, 2021 4,820 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2022	956	(171)	(819)	3,637
September 30, 2021	1,163	(139)	(176)	3,671

2. Dividends

	Annual dividends per share					Total dividends (Total)	Dividend payout ratio (Consolidated)	Dividend payout ratio on net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2021	—	0.00	—	17.00	17.00	398	36.3	9.0
September 30, 2022	—	0.00	—	19.00	19.00	438	35.6	8.6
Year ending September 30, 2023 (forecast)	—	0.00	—	19.00	19.00		37.5	

3. Consolidated Financial Forecasts for the Year Ending September 30, 2023

(Full year and quarterly percentages represent changes from the previous year and the same quarter of the previous year, respectively)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter (cumulative)	7,640	5.2	885	(18.5)	890	(18.0)	600	(18.6)	26.04
Full year	15,500	5.8	1,720	(5.3)	1,740	(4.9)	1,170	(5.9)	50.78

※ Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation) : None

Newly included - (companies) -, Excluded - (companies) -

(2) Changes in accounting policies, changes in accounting estimates, and restatements

① Changes in accounting policies due to revisions

to accounting standards and other regulations : Yes

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatements : None

(3) Number of shares issued (common shares)

(shares)

① Number of shares issued (including treasury stock)

As of September 30, 2022	23,672,000	As of September 30, 2021	23,672,000
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② Number of treasury stock

As of September 30, 2022	630,022	As of September 30, 2021	300,022
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③ Average number of shares

Year ended September 30, 2022	23,287,896	Year ended September 30, 2021	23,371,978
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※ This consolidated financial results report is not subject to audit by certified public accountants or audit firms.

※ Proper use of earnings forecasts, and other special matters

This report contains forward-looking statements that reflect the Company's plans and expectations based on information available to the Company at the time of preparation and on certain other information the Company believes to be reasonable.

These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

※ This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Consolidated Financial Statements
Consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,646,960	3,637,693
Accounts receivable-trade	1,753,926	2,338,335
Contract assets	-	45,998
Work in process	38,112	8,011
Other	129,949	109,169
Total current assets	5,568,949	6,139,208
Non-current assets		
Property, plant and equipment		
Buildings	123,879	143,853
Accumulated depreciation	(49,557)	(57,824)
Buildings, net	74,321	86,029
Tools, furniture and fixtures	116,184	141,403
Accumulated depreciation	(82,022)	(99,203)
Tools, furniture and fixtures, net	34,162	42,200
Land	2,904	2,904
Leased assets	66,915	74,678
Accumulated depreciation	(40,355)	(51,826)
Leased assets, net	26,560	22,851
Total property, plant and equipment	137,949	153,985
Intangible assets		
Goodwill	79,872	50,326
Other	88,290	32,874
Total intangible assets	168,163	83,201
Investments and other assets		
Investment securities	668,476	861,016
Insurance funds	312,931	350,453
Other	194,504	211,439
Allowance for doubtful accounts	(3,790)	(3,500)
Total investments and other assets	1,172,122	1,419,409
Total non-current assets	1,478,234	1,656,596
Total assets	7,047,184	7,795,804

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	526,111	581,519
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	35,100	129,166
Lease obligations	12,613	10,737
Income taxes payable	317,989	359,429
Provision for bonuses	139,909	164,542
Other	652,783	753,449
Total current liabilities	1,784,506	2,098,844
Non-current liabilities		
Long-term borrowings	276,616	107,500
Long-term accounts payable-other	19,824	14,868
Lease obligations	16,611	14,418
Deferred tax liabilities	103,666	118,429
Provision for share-based remuneration	11,554	23,401
Retirement benefit liabilities	7,561	9,197
Asset retirement obligations	6,380	8,180
Total non-current liabilities	442,214	295,994
Total liabilities	2,226,720	2,394,839
Net assets		
Shareholders' equity		
Common stock	502,636	502,636
Capital surplus	189,336	189,336
Retained earnings	4,147,601	4,997,123
Treasury stock	(346,764)	(678,744)
Total shareholders' equity	4,492,810	5,010,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	327,652	390,613
Total accumulated other comprehensive income	327,652	390,613
Total net assets	4,820,463	5,400,965
Total liabilities and net assets	7,047,184	7,795,804

Consolidated Statement of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	For the year ended September 30, 2021	For the year ended September 30, 2022
Net sales	13,004,600	14,655,072
Cost of sales	10,222,814	11,528,986
Gross profit	2,781,786	3,126,086
Selling, general and administrative expenses	1,163,469	1,310,690
Operating profit	1,618,316	1,815,396
Non-operating income		
Interest income	90	88
Dividend income	10,606	14,127
Commission income	7,824	6,877
Insurance income	853	-
Subsidy income	8,253	1,059
Other	5,962	2,031
Total non-operating income	33,590	24,185
Non-operating expenses		
Interest expenses	3,126	3,233
Loss on sale of receivables	2,396	542
Loss on cancellation of insurance	1,416	2,606
Loss on termination of retirement benefit plan	12,702	-
Other	935	3,988
Total non-operating expenses	20,578	10,370
Ordinary profit	1,631,328	1,829,211
Extraordinary income		
Gain on sales of investment securities	-	38,544
Total extraordinary income	-	38,544
Extraordinary losses		
Loss on sales of non-current assets	3,049	-
Loss on retirement of non-current assets	1,122	48,727
Impairment loss	18,289	-
Total extraordinary losses	22,461	48,727
Profit before income taxes	1,608,867	1,819,029
Income taxes-current	531,579	594,183
Income taxes-deferred	(18,463)	(17,852)
Total income taxes	513,116	576,330
Profit	1,095,751	1,242,698
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,095,751	1,242,698

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the year ended September 30, 2021	For the year ended September 30, 2022
Profit	1,095,751	1,242,698
Other comprehensive income		
Valuation difference on available-for-sale securities	56,954	62,960
Total other comprehensive income	56,954	62,960
Comprehensive income	1,152,705	1,305,658
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,152,705	1,305,658
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Statement of Changes in Equity

For the year ended September 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	502,636	189,336	3,426,762	(346,764)	3,771,970
Changes during the year					
Dividends of surplus			(374,911)		(374,911)
Profit attributable to owners of parent			1,095,751		1,095,751
Net changes of items other than shareholders' equity					
Total changes during the year	-	-	720,839	-	720,839
Balance at the end of the year	502,636	189,336	4,147,601	(346,764)	4,492,810

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of the year	270,698	270,698	4,042,669
Changes during the year			
Dividends of surplus			(374,911)
Profit attributable to owners of parent			1,095,751
Net changes of items other than shareholders' equity	56,954	56,954	56,954
Total changes during the year	56,954	56,954	777,793
Balance at the end of the year	327,652	327,652	4,820,463

For the year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the year	502,636	189,336	4,147,601	(346,764)	4,492,810
Cumulative effects of changes in accounting policies			5,167		5,167
Balance at the beginning of the year reflecting changes in accounting policies	502,636	189,336	4,152,768	(346,764)	4,497,977
Changes during the year					
Dividends of surplus			(398,343)		(398,343)
Profit attributable to owners of parent			1,242,698		1,242,698
Purchase of treasury stock				(331,980)	(331,980)
Net changes of items other than shareholders' equity					
Total changes during the year	-	-	844,354	(331,980)	512,374
Balance at the end of the year	502,636	189,336	4,997,123	(678,744)	5,010,351

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at the beginning of the year	327,652	327,652	4,820,463
Cumulative effects of changes in accounting policies			5,167
Balance at the beginning of the year reflecting changes in accounting policies	327,652	327,652	4,825,630
Changes during the year			
Dividends of surplus			(398,343)
Profit attributable to owners of parent			1,242,698
Purchase of treasury stock			(331,980)
Net changes of items other than shareholders' equity	62,960	62,960	62,960
Total changes during the year	62,960	62,960	575,335
Balance at the end of the year	390,613	390,613	5,400,965

Consolidated Statement of Cash Flows

(Thousands of yen)

	For the year ended September 30, 2021	For the year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,608,867	1,819,029
Depreciation	50,128	54,039
Amortization of goodwill	29,545	29,545
Increase(decrease)in allowance for doubtful accounts	(300)	(275)
Increase(decrease)in provision for bonuses	27,747	24,632
Increase(decrease)in retirement benefit liabilities	(13,048)	1,635
Increase(decrease)in provision for share-based remuneration	6,699	11,846
Interest and dividend income	(10,697)	(14,216)
Interest expenses	3,126	3,233
Loss on cancellation of insurance	1,416	2,606
Gain on sales of investment securities	-	(38,544)
Loss on sales of non-current assets	3,049	-
Loss on retirement of non-current assets	1,122	49,053
Impairment loss	18,289	-
Decrease(Increase)in trade receivables	(88,428)	(613,350)
Decrease(Increase)in inventories	(505)	18,210
Decrease(Increase)in prepaid expenses	(15,790)	(3,466)
Increase(decrease)in accounts payable-trade	71,706	55,408
Increase(decrease)in accounts payable-other	18,919	70,207
Increase(decrease)in deposits received	31,204	10,245
Increase(decrease)in accrued consumption taxes	(81,103)	11,918
Other	27,698	(8,495)
Subtotal	1,689,649	1,483,263
Interest and dividends received	10,697	14,216
Interest paid	(3,126)	(3,233)
Income taxes paid	(533,363)	(537,662)
Net cash provided by operating activities	1,163,855	956,583
Cash flows from investing activities		
Payments for property, plant and equipment	(19,454)	(44,268)
Proceeds from sales of property, plant and equipment	1,050	-
Purchases of investment securities	(41,532)	(108,838)
Proceeds from sales of investment securities	-	45,590
Purchases of intangible assets	(59,637)	(8,741)
Proceeds from collection of long-term loans receivable	660	275
Purchases of membership	(7,575)	(10,574)
Purchases of insurance funds	(49,285)	(50,711)
Proceeds from cancellation of insurance funds	17,283	10,583
Payments for guarantee deposits	(3,840)	(6,081)
Proceeds from refund of guarantee deposits	23,295	1,293
Net cash used in investing activities	(139,036)	(171,473)
Cash flows from financing activities		
Net increase(decrease)in short-term borrowings	(10,000)	-
Proceeds from long-term borrowings	340,000	-
Repayments of long-term borrowings	(119,278)	(75,050)
Repayments of lease obligations	(12,571)	(14,200)
Purchase of treasury stock	-	(331,980)
Cash dividends paid	(374,300)	(397,875)
Net cash used in financing activities	(176,150)	(819,105)
Net increase(decrease)in cash and cash equivalents	848,668	(33,994)
Cash and cash equivalents at the beginning of the year	2,823,018	3,671,687
Cash and cash equivalents at the end of the year	3,671,687	3,637,693