



Summary of Consolidated Financial Results for the Six Months ended March 31, 2023 (Japanese GAAP)

May 12, 2023

Company name SYSTEM INFORMATION CO., LTD. Stock exchange listing: Tokyo Stock Exchange
 Code number 3677 URL <https://www.sysj.co.jp>
 Representative (Title) President and Representative Director (Name) Takashi Suzuki
 Contact (Title) General Manager, Corporate Planning & Management Department (Name) Koichi Mizumoto Tel. 03-5547-5705
 Scheduled date of filing May 12, 2023 Scheduled date of commencing dividend payments —
 Availability of supplementary briefing materials for quarterly financial results: No
 Availability of a quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (YTD) (% indicates changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended March 31, 2023	7,511	3.5	873	-19.5	878	-19.1	588	-20.2
Six months ended March 31, 2022	7,259	14.8	1,085	29.5	1,085	28.1	737	36.0

(Note) Six months ended March 31, 2023 633 million yen (-21.0%) Six months ended March 31, 2022 801 million yen (56.7%)
 Comprehensive income

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2023	25.54	-
Six months ended March 31, 2022	31.55	-

(Notes) 1. To calculate earnings per share, shares of the Company that are held by Custody Bank of Japan, Ltd. (trust account) as trust property under "Employee Stock Ownership Plan," are included in treasury shares that are deducted when calculating the average number of shares during the period.

2. Diluted earnings per share is not shown as there are no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	7,922	5,595	70.6	242.84
As of September 30, 2022	7,795	5,400	69.3	234.40

(Reference) Equity As of March 31, 2023 5,595 million yen As of September 30, 2022 5,400 million yen

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2022	-	0.00	-	19.00	19.00
Fiscal year ending September 30, 2023	-	0.00			
Fiscal year ending September 30, 2023 (Forecast)			-	19.00	19.00

(Note) Revisions to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

(% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full Year	15,500	5.8	1,720	-5.3	1,740	-4.9	1,170	-5.9	50.78

(Note) Revisions to the financial results forecast announced most recently: No

*Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly included: - (Company name) -, Excluded: - (Company name) -
- (2) Accounting policies adopted especially for the preparation of quarterly consolidated financial statements: Yes
For details, see “2. Quarterly Consolidated Financial Statements and Main Notes (4) Notes to Quarterly Consolidated Financial Statements (Accounting Policies Adopted Especially for the Preparation of Quarterly Consolidated Financial Statements)” on page 8 of the attached document.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1): No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
 For details, see “2. Quarterly Consolidated Financial Statements and Main Notes (4) Notes to Quarterly Consolidated Financial Statements (Notes on Changes in Accounting Policy)” on page 8 of the attached document.

(4) Number of issued shares (common stock)

1) Number of issued shares at the end of the period (including treasury shares)	March 31, 2023	23,672,000 shares	September 30, 2022	23,672,000 shares
2) Number of treasury shares at the end of the period	March 31, 2023	630,022 shares	September 30, 2022	630,022 shares
3) Average number of shares during the period (cumulative from the start of the period)	Six months ended March 31, 2023	23,041,978 shares	Six months ended March 31, 2022	23,371,978 shares

(Note) The number of treasury shares at the end of the period includes the Company shares held by Custody Bank of Japan, Ltd. (trust account) (60,000 shares as of March 31, 2023 and 60,000 shares as of September 30, 2022). Shares of the Company that are held by Custody Bank of Japan, Ltd. (trust account) are included in treasury shares that are deducted when calculating the average number of shares during the period (60,000 shares as of March 31, 2023 and 60,000 shares as of September 30, 2022).

* The summary of quarterly consolidated financial results is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation on the appropriate use of earnings forecasts and other special notes
(Notes on forward-looking statements)

Earnings forecasts and other forward-looking statements contained in this document are based on the information the Company has obtained to date and on certain assumptions it considers reasonable. Note that actual results and other future events may differ materially from these forecasts and statements due to a variety of factors. For the assumptions on which earnings forecasts are based and notes on the use of earnings forecasts, see “1. Qualitative Information on Financial Results under Review (1) Explanation of Operating Results” on page 2 of the attached document.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheet

(Thousand yen)

	Previous fiscal year (September 30, 2022)	Q2 of current fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and deposits	3,637,693	3,543,006
Accounts receivable - trade, and contract assets	2,384,334	2,401,889
Work in process	8,011	25,357
Other	109,169	124,441
Total current assets	6,139,208	6,094,695
Non-current assets		
Property, plant and equipment	153,985	191,305
Intangible assets		
Goodwill	50,326	35,554
Other	32,874	27,552
Total intangible assets	83,201	63,106
Investments and other assets		
Investment securities	861,016	925,829
Other	561,893	651,359
Allowance for doubtful accounts	-3,500	-3,500
Total investments and other assets	1,419,409	1,573,688
Total non-current assets	1,656,596	1,828,100
Total assets	7,795,804	7,922,795
Liabilities		
Current liabilities		
Accounts payable - trade	581,519	560,712
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	129,166	30,118
Income taxes payable	359,429	316,785
Provision for bonuses	164,542	321,433
Other	764,187	608,223
Total current liabilities	2,098,844	1,937,273
Non-current liabilities		
Long-term borrowings	107,500	191,548
Provision for share awards	23,401	23,401
Retirement benefit liability	9,197	-
Other	155,896	175,127
Total non-current liabilities	295,994	390,076
Total liabilities	2,394,839	2,327,350
Net assets		
Shareholders' equity		
Share capital	502,636	502,636
Capital surplus	189,336	189,336
Retained earnings	4,997,123	5,146,636
Treasury shares	-678,744	-678,744
Total shareholders' equity	5,010,351	5,159,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	390,613	435,580
Total accumulated other comprehensive income	390,613	435,580
Total net assets	5,400,965	5,595,445
Total liabilities and net assets	7,795,804	7,922,795

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(First six months of the fiscal year)

(Thousand yen)

	First six months of previous fiscal year (From October 1, 2021 to March 31, 2022)	First six months of current fiscal year (From October 1, 2022 to March 31, 2023)
Net sales	7,259,952	7,511,740
Cost of sales	5,598,830	5,950,408
Gross profit	1,661,121	1,561,332
Selling, general and administrative expenses	575,684	688,043
Operating profit	1,085,436	873,289
Non-operating income		
Interest income	46	51
Dividend income	380	4,482
Commission income	1,413	1,408
Subsidy income	494	1,740
Other	876	1,042
Total non-operating income	3,211	8,725
Non-operating expenses		
Interest expenses	1,672	1,542
Loss on sale of receivables	542	-
Loss on cancellation of insurance policies	-	1,635
Other	860	415
Total non-operating expenses	3,076	3,594
Ordinary profit	1,085,572	878,420
Extraordinary income		
Gain on sale of investment securities	4,721	-
Total extraordinary income	4,721	-
Extraordinary losses		
Loss on retirement of non-current assets	127	-
Total extraordinary losses	127	-
Profit before income taxes	1,090,166	878,420
Income taxes	352,744	289,969
Profit	737,422	588,450
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	737,422	588,450

(Quarterly Consolidated Statement of Comprehensive Income)
(First six months of the fiscal year)

(Thousand yen)

	First six months of previous fiscal year (From October 1, 2021 to March 31, 2022)	First six months of current fiscal year (From October 1, 2022 to March 31, 2023)
Profit	737,422	588,450
Other comprehensive income		
Valuation difference on available-for-sale securities	64,421	44,967
Total other comprehensive income	64,421	44,967
Comprehensive income	801,844	633,417
Profit attributable to		
Comprehensive income attributable to owners of parent	801,844	633,417
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousand yen)

	First six months of previous fiscal year (From October 1, 2021 to March 31, 2022)	First six months of current fiscal year (From October 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	1,090,166	878,420
Depreciation	24,493	29,528
Amortization of goodwill	14,772	14,772
Increase (decrease) in allowance for doubtful accounts	-150	-175
Increase (decrease) in provision for bonuses	141,751	156,891
Increase (decrease) in retirement benefit liability	766	-9,197
Interest and dividend income	-426	-4,533
Interest expenses	1,672	1,542
Loss (gain) on cancellation of insurance policies	-	1,681
Loss (gain) on sale of investment securities	-4,721	-
Loss on retirement of non-current assets	127	-
Decrease (increase) in trade receivables	-497,928	-17,554
Decrease (increase) in inventories	21,807	-17,345
Increase (decrease) in trade payables	36,836	-20,807
Increase (decrease) in income taxes payable (pro forma standard tax)	-26,140	-27,112
Other	-135,514	-195,739
Subtotal	667,511	790,372
Interest and dividends received	426	4,533
Interest paid	-1,672	-2,793
Income tax paid	-266,892	-306,189
Cash flows from operating activities	399,373	485,923
Cash flows from investing activities		
Purchase of property, plant and equipment	-6,250	-28,284
Purchase of intangible assets	-2,940	-1,420
Purchase of investment securities	-8,640	-
Proceeds from sale of investment securities	6,347	-
Purchase of insurance funds	-25,995	-24,372
Proceeds from cancellation of insurance funds	-	7,929
Purchase of membership	-5,174	-
Payments of guarantee deposits	-2,701	-36,564
Proceeds from refund of guarantee deposits	837	583
Proceeds from collection of long-term loans receivable	150	175
Purchase of long-term prepaid expenses	-	-39,380
Cash flows from investing activities	-44,368	-121,333
Cash flows from financing activities		
Repayments of long-term borrowings	-17,550	-15,000
Repayments of lease liabilities	-7,466	-6,069
Dividends paid	-397,664	-438,205
Cash flows from financing activities	-422,680	-459,275
Net increase (decrease) in cash and cash equivalents	-67,675	-94,686
Cash and cash equivalents at beginning of period	3,671,687	3,637,693
Cash and cash equivalents at end of period	3,604,011	3,543,006