



Summary of Consolidated Financial Results for the Fiscal Year ended September 30, 2023 (Japanese GAAP)

November 13, 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, Business Administration Department (Name) Koichi Mizumoto TEL 03-5547-5705
 Scheduled date of the Ordinary General Meeting of Shareholders December 22, 2023 Scheduled date of commencing dividend payments -
 Scheduled date of annual securities report December 22, 2023
 Availability of supplementary briefing materials for financial results: No
 Holding of a financial results briefing session: No

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

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2023

(from October 1, 2022 to September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended September 30, 2023	15,327	4.6	1,692	(6.8)	1,716	(6.1)	1,163	(6.4)
Fiscal Year ended September 30, 2022	14,655	12.7	1,815	12.2	1,829	12.1	1,242	13.4

(Note) Comprehensive income Fiscal year ended September 30, 2023 1,210 million yen (-7.3%)
 Fiscal Year ended September 30, 2022 1,305 million yen (13.3%)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Return on sales
	Yen	Yen	%	%	%
Fiscal year ended September 30, 2023	50.47	-	20.1	21.0	11.0
Fiscal Year ended September 30, 2022	53.36	-	24.3	24.6	12.4

(Reference) Equity in losses (earnings) of affiliates Fiscal year ended September 30, 2023 - million yen
 Fiscal Year ended September 30, 2022 - million yen

(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 the "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
Fiscal year ended September 30, 2023	8,589	6,172	71.9	267.88
Fiscal Year ended September 30, 2022	7,795	5,400	69.3	234.40

(Reference) Equity Fiscal year ended September 30, 2023 6,172 million yen
 Fiscal Year ended September 30, 2022 5,400 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 end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended September 30, 2023	1,171	(190)	(477)	4,141
Fiscal Year ended September 30, 2022	956	(171)	(819)	3,637

2. Dividends

	Annual dividends					Total dividends (Total)	Dividend payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal Year ended September 30, 2022	-	0.00	-	19.00	19.00	438	35.6	8.6
Fiscal year ended September 30, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending September 30, 2024 (Forecast)	-	-	-	-	-	-	-	-

(Note) As stated in "Notice Concerning Revision of Forecast of Final Dividend for Fiscal Period Ending September 30, 2023 (No Dividend) and Abolition of Shareholder Benefit Program" announced on September 27, 2023, the Company will not pay a year-end dividend for the fiscal year ending September 30, 2023 based on the Tender Offer for our company's common shares by K.K. BCJ-76. In addition, the dividend forecast for the fiscal year ending September 30, 2024 is not presented because the Tender Offer for our company's common shares by K.K. BCJ-76, has been completed and is scheduled to be delisted following the prescribed procedures.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Percentages indicate changes from the previous year for the full year and from the same quarter of the previous year for the quarter.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter (cumulative)	-	-	-	-	-	-	-	-	-
Full Year	-	-	-	-	-	-	-	-	-

(Note) The consolidated earnings forecast for the fiscal year ending September 30, 2024 is not presented because the Tender Offer for our company's common shares by K.K. BCJ-76, has been completed and is scheduled to be delisted following the prescribed procedures.

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly included: - (Company name) -, Excluded: - (Company name) -

(2) 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

(3) Number of issued shares (common stock)

1) Number of issued shares at the end of the period (including treasury shares)

Fiscal year ended September 30, 2023	23,672,000 shares
Fiscal Year ended September 30, 2022	23,672,000 shares

2) Number of treasury shares at the end of the period

Fiscal year ended September 30, 2023	630,022 shares
Fiscal Year ended September 30, 2022	630,022 shares

3) Average number of shares during the period

Fiscal year ended September 30, 2023	23,041,978 shares
Fiscal Year ended September 30, 2022	23,287,896 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 September 30, 2022, and 60,000 shares as of September 30, 2023). 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 September 30, 2022, and 60,000 shares as of September 30, 2023).

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

* Explanation on the appropriate use of earnings forecasts and other special notes

The consolidated earnings forecast for the fiscal year ending September 30, 2024 is not presented because the Tender Offer for our company's common shares by K.K. BCJ-76, has been completed and is scheduled to be delisted following the prescribed procedures.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: Thousand yen)

	Previous fiscal year (September 30, 2022)	Fiscal year under review (September 30, 2023)
Assets		
Current assets		
Cash and deposits	3,637,693	4,141,310
Accounts receivable - trade	2,338,335	2,407,225
Contract assets	45,998	7,818
Work in process	8,011	72,136
Other	109,169	129,993
Total current assets	6,139,208	6,758,485
Non-current assets		
Property, plant and equipment		
Buildings	143,853	173,752
Accumulated depreciation	(57,824)	(69,051)
Buildings, net	86,029	104,701
Tools, furniture and fixtures	141,403	175,323
Accumulated depreciation	(99,203)	(123,999)
Tools, furniture and fixtures, net	42,200	51,324
Land	2,904	1,820
Leased assets	74,678	83,678
Accumulated depreciation	(51,826)	(62,739)
Leased assets, net	22,851	20,939
Total property, plant and equipment	153,985	178,785
Intangible assets		
Goodwill	50,326	20,781
Other	32,874	20,673
Total intangible assets	83,201	41,454
Investments and other assets		
Investment securities	861,016	929,494
Insurance funds	350,453	382,582
Other	211,439	302,290
Allowance for doubtful accounts	(3,500)	(3,500)
Total investments and other assets	1,419,409	1,610,867
Total non-current assets	1,656,596	1,831,106
Total assets	7,795,804	8,589,592

(Unit: Thousand yen)

	Previous fiscal year (September 30, 2022)	Fiscal year under review (September 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	581,519	557,520
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	129,166	70,834
Lease obligations	10,737	6,109
Income taxes payable	359,429	288,138
Provision for bonuses	164,542	218,713
Other	753,449	842,621
Total current liabilities	2,098,844	2,083,937
Non-current liabilities		
Long-term borrowings	107,500	136,666
Long-term accounts payable - other	14,868	14,510
Lease obligations	14,418	17,712
Deferred tax liabilities	118,429	132,621
Provision for share awards	23,401	23,401
Retirement benefit liability	9,197	-
Asset retirement obligations	8,180	8,180
Total non-current liabilities	295,994	333,091
Total liabilities	2,394,839	2,417,028
Net assets		
Shareholders' equity		
Share capital	502,636	502,636
Capital surplus	189,336	189,336
Retained earnings	4,997,123	5,721,211
Treasury shares	(678,744)	(678,744)
Total shareholders' equity	5,010,351	5,734,440
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	390,613	438,123
Total accumulated other comprehensive income	390,613	438,123
Total net assets	5,400,965	6,172,563
Total liabilities and net assets	7,795,804	8,589,592

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Unit:Thousand yen)

	Previous fiscal year (from October 1, 2021 to September 30, 2022)	Fiscal year under review (from October 1, 2022 to September 30, 2023)
Net sales	14,655,072	15,327,359
Cost of sales	11,528,986	12,174,787
Gross profit	3,126,086	3,152,571
Selling, general and administrative expenses	1,310,690	1,460,323
Operating profit	1,815,396	1,692,248
Non-operating income		
Interest income	88	97
Dividend income	14,127	23,024
Commission income	6,877	6,459
Subsidy income	1,059	2,070
Other	2,031	2,177
Total non-operating income	24,185	33,829
Non-operating expenses		
Interest expenses	3,233	3,305
Loss on sale of receivables	542	-
Loss on cancellation of insurance policies	2,606	3,019
Deferred consumption tax amount	677	2,002
Other	3,310	815
Total non-operating expenses	10,370	9,142
Ordinary profit	1,829,211	1,716,935
Extraordinary income		
Gain on sale of investment securities	38,544	-
Total extraordinary income	38,544	-
Extraordinary losses		
Loss on sale of non-current assets	-	4,935
Loss on retirement of non-current assets	48,727	-
Tender offer-related expenses	-	8,762
Total extraordinary losses	48,727	13,697
Profit before income taxes	1,819,029	1,703,237
Income taxes - current	594,183	558,121
Income taxes - deferred	(17,852)	(17,909)
Total income taxes	576,330	540,211
Profit	1,242,698	1,163,025
Profit attributable to non-controlling interests	-	-
Profit attributable to owners of parent	1,242,698	1,163,025

(Consolidated Statement of Comprehensive Income)

(Unit: Thousand yen)

	Previous fiscal year (from October 1, 2021 to September 30, 2022)	Fiscal year under review (from October 1, 2022 to September 30, 2023)
Profit	1,242,698	1,163,025
Other comprehensive income		
Valuation difference on available-for-sale securities	62,960	47,509
Total other comprehensive income	62,960	47,509
Comprehensive income	1,305,658	1,210,535
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,305,658	1,210,535
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Cash Flows

(Unit: Thousand yen)

	Previous fiscal year (from October 1, 2021 to September 30, 2022)	Fiscal year under review (from October 1, 2022 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	1,819,029	1,703,237
Depreciation	54,039	63,842
Amortization of goodwill	29,545	29,545
Increase (decrease) in allowance for doubtful accounts	(275)	(315)
Increase (decrease) in provision for bonuses	24,632	54,171
Increase (decrease) in retirement benefit liability	1,635	(9,197)
Increase (decrease) in provision for share awards	11,846	-
Interest and dividend income	(14,216)	(23,121)
Interest expenses	3,233	3,305
Loss (gain) on cancellation of insurance policies	2,606	3,019
Loss (gain) on sale of investment securities	(38,544)	-
Loss (gain) on sale of non-current assets	-	4,935
Loss on retirement of non-current assets	49,053	-
Tender offer-related expenses	-	8,762
Decrease (increase) in trade receivables	(613,350)	(30,709)
Decrease (increase) in inventories	18,210	(64,125)
Increase (decrease) in trade payables	55,408	(23,998)
Other	80,409	44,089
Subtotal	1,483,263	1,763,441
Interest and dividends received	14,216	23,121
Interest paid	(3,233)	(4,025)
Income tax paid	(537,662)	(610,634)
Cash flows from operating activities	956,583	1,171,903
Cash flows from investing activities		
Purchase of property, plant and equipment	(44,268)	(71,918)
Proceeds from sale of property, plant and equipment	-	9,110
Purchase of investment securities	(108,838)	-
Proceeds from sale of investment securities	45,590	-
Purchase of intangible assets	(8,741)	(1,420)
Proceeds from collection of long-term loans receivable	275	315
Purchase of long-term prepaid expenses	-	(52,140)
Purchase of membership	(10,574)	(9,655)
Proceeds from sale of membership	-	4,670
Purchase of insurance funds	(50,711)	(49,625)
Proceeds from cancellation of insurance funds	10,583	14,431
Payments of guarantee deposits	(6,081)	(36,564)
Proceeds from refund of guarantee deposits	1,293	2,450
Cash flows from investing activities	(171,473)	(190,345)
Cash flows from financing activities		
Repayments of long-term borrowings	(75,050)	(29,166)
Repayments of lease liabilities	(14,200)	(10,334)
Purchase of treasury shares	(331,980)	-
Dividends paid	(397,875)	(438,438)
Cash flows from financing activities	(819,105)	(477,939)
Net increase (decrease) in cash and cash equivalents	(33,994)	503,617
Cash and cash equivalents at beginning of period	3,671,687	3,637,693
Cash and cash equivalents at end of period	3,637,693	4,141,310