



# 44th Term Company Presentation

Value Engagement Partner



SYSTEM INFORMATION  
Co.,Ltd.

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# **I. Highlights for the Fiscal Year Ending September 30, 2023**

# I-1. Summary of Financial Results (Consolidated)

## Consolidated statement of income

Millions of yen

Items	Fiscal Year Ended September 30, 2022		Fiscal Year Ended September 30, 2023		YoY
	Amount	% of Net sales	Amount	% of Net sales	
Net sales	14,655	100.0%	<b>15,327</b>	<b>100.0%</b>	<b>4.6%</b>
Gross profit	3,126	21.3%	<b>3,152</b>	<b>20.6%</b>	<b>-0.8%</b>
Selling, general and administrative expenses	1,310	8.9%	<b>1,460</b>	<b>9.5%</b>	<b>11.4%</b>
Operating profit	1,815	12.4%	<b>1,692</b>	<b>11.0%</b>	<b>-6.8%</b>
Ordinary profit	1,829	12.5%	<b>1,716</b>	<b>11.2%</b>	<b>-6.1%</b>
Profit	1,242	8.5%	<b>1,163</b>	<b>7.6%</b>	<b>-6.4%</b>
Earnings per share (yen)	53.36	-	<b>50.47</b>	-	<b>-5.4%</b>

## I-2. Key Points of Financial Results

- ◆ Amid changes in business and consumption trends,

Digitalization accelerated and DX-related demand increased further

- ◆ Development projects were steady for the insurance and financial sectors, and the distribution, retail and service industries


Net sales reached record highs for both the full year and the quarter

- ◆ As a result of strengthened recruitment, focus on education and research, expanded office floors, improved employment terms, systems renewal, etc.,

Increase in expenses exceeded that in net sales

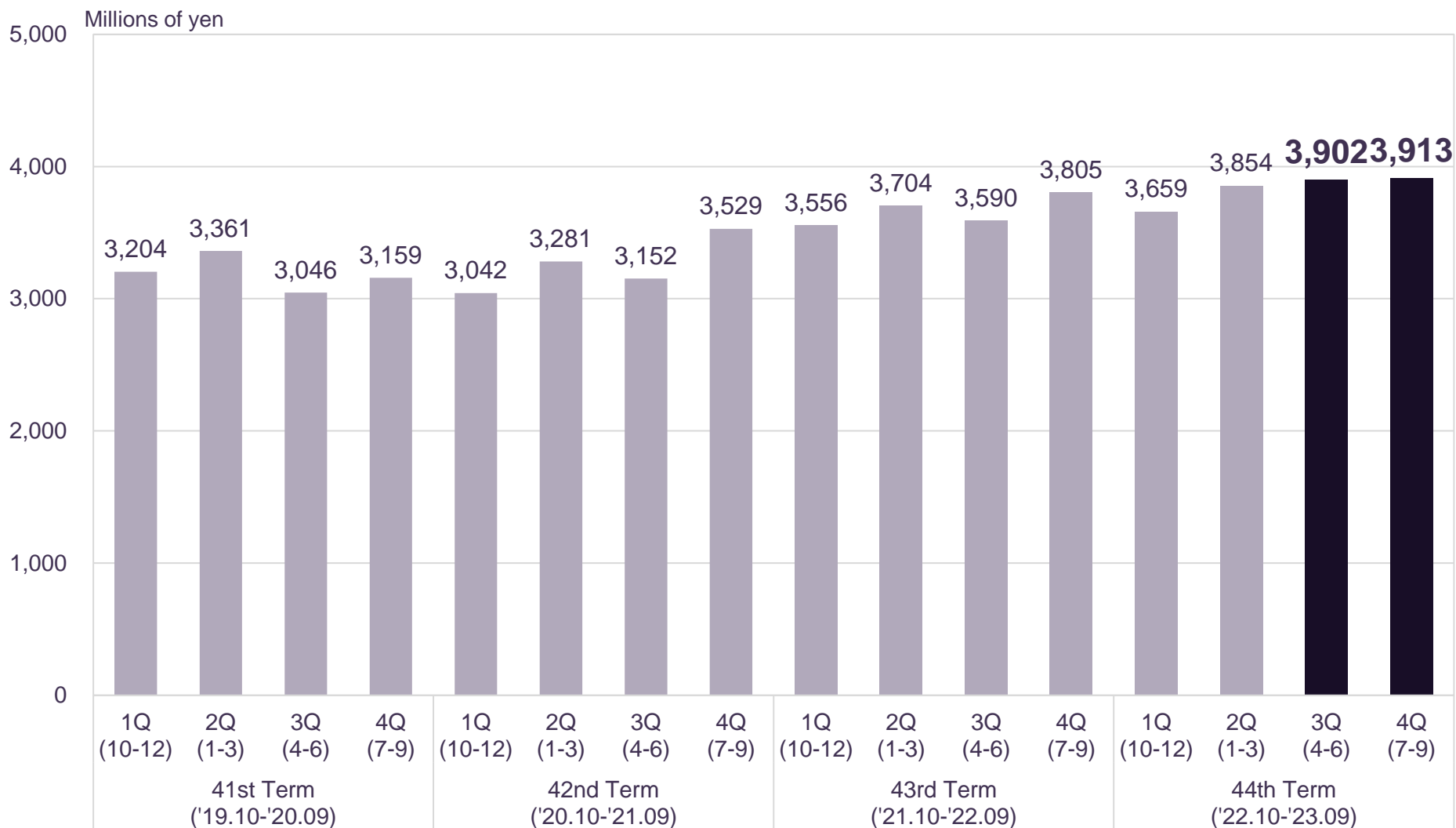
- ◆ Although strengthening of recruitment and human resources development weighed on single-year profits,

Secured competent human resources for the future

- 
- Thanks to the development of high-value-added human resources, **ratio of DX projects exceeded 30%**
  - Quarterly net sales reached **record highs** (Q3: 3,902 million yen; Q4: 3,913 million yen)
  - Due to an increase in expenses associated with upfront investment, etc., operating profit was **1,692 million yen, down 123 million yen YoY**

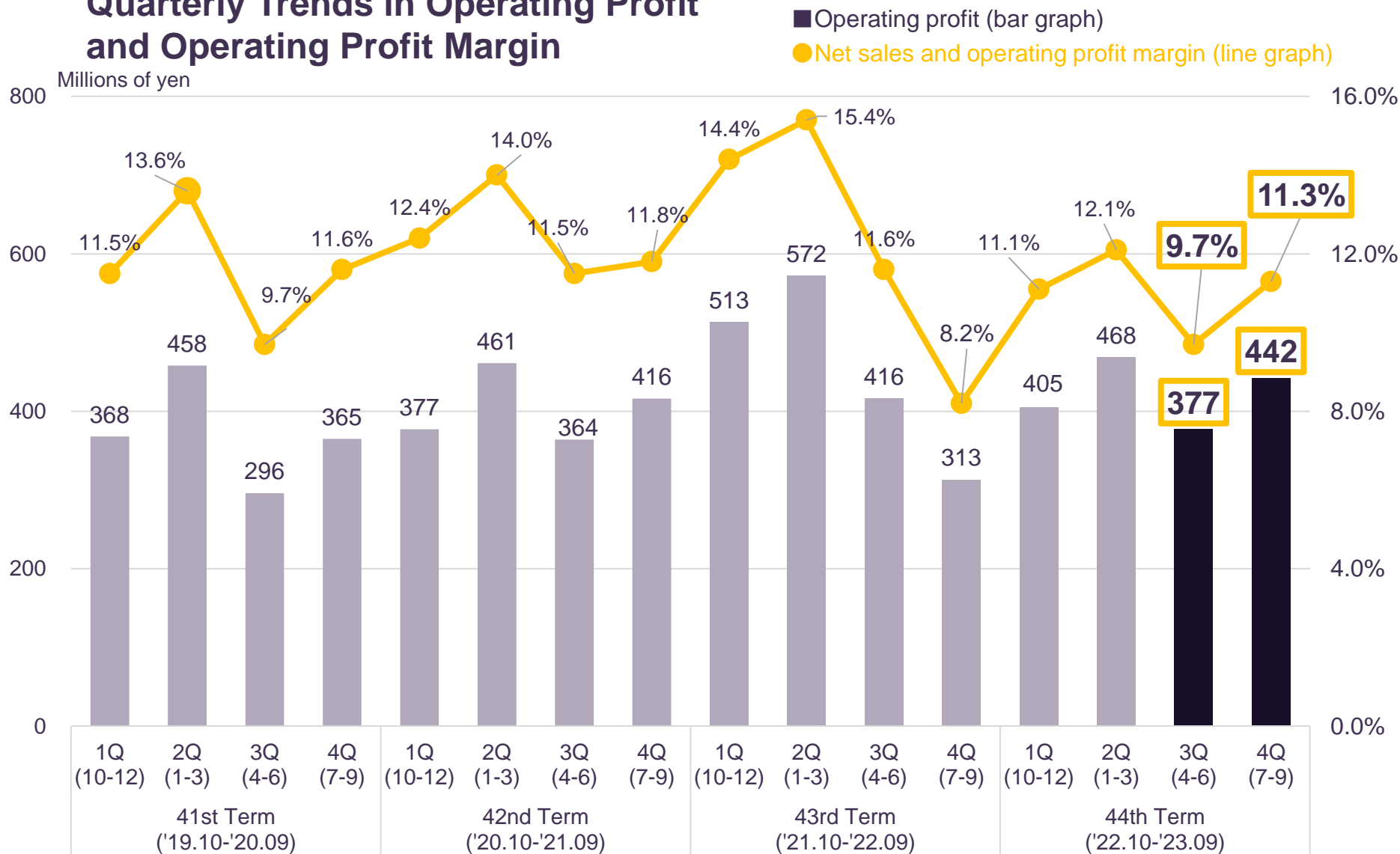
# I-3. Quarterly Trends (1) Net Sales

## Quarterly Trends in Net Sales



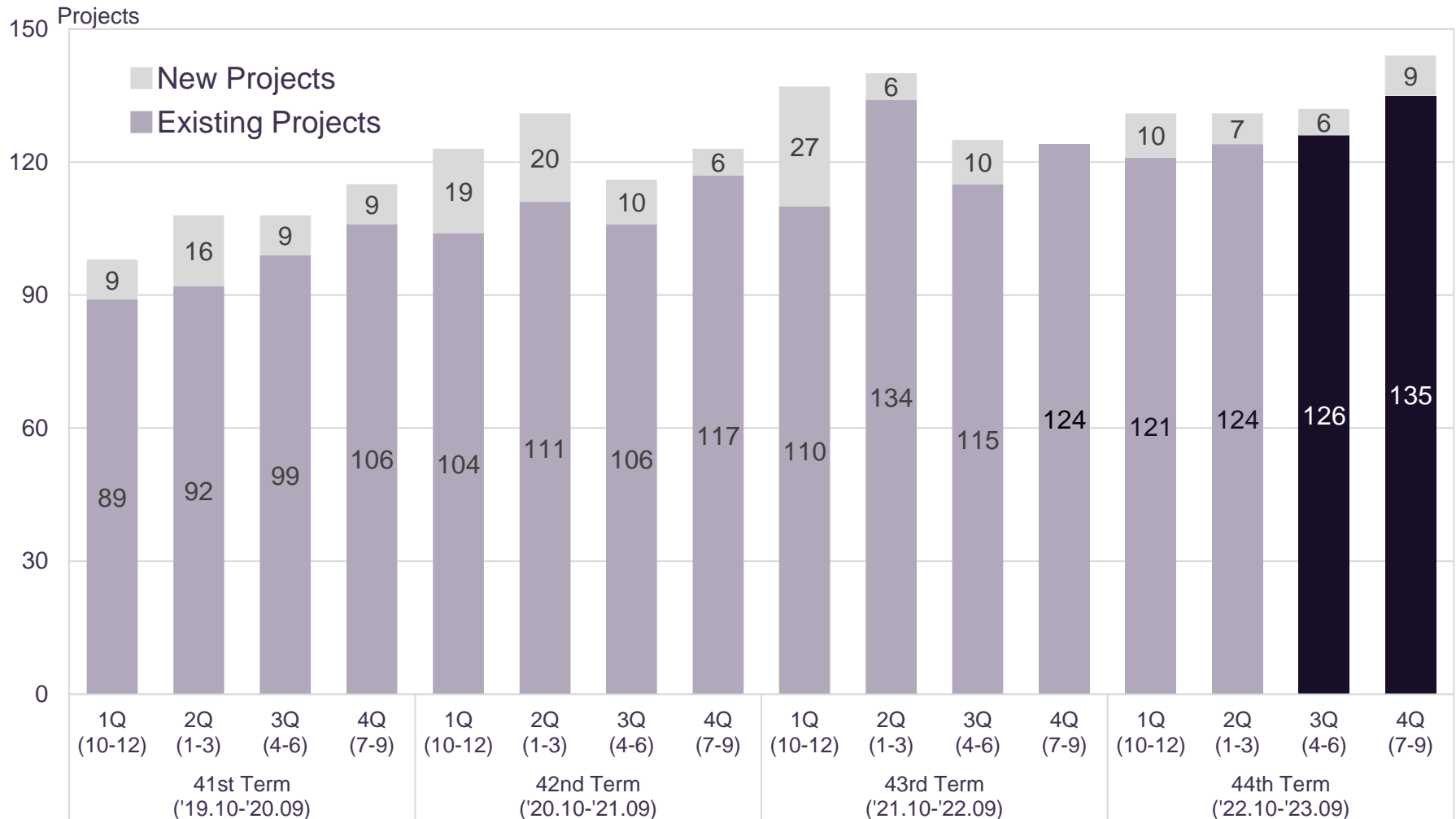
# I-3. Quarterly Trends (2) Operating Profit and Operating Profit Margin

## Quarterly Trends in Operating Profit and Operating Profit Margin



# I-3. Quarterly Trends(3)

## Trends in the Number of Projects

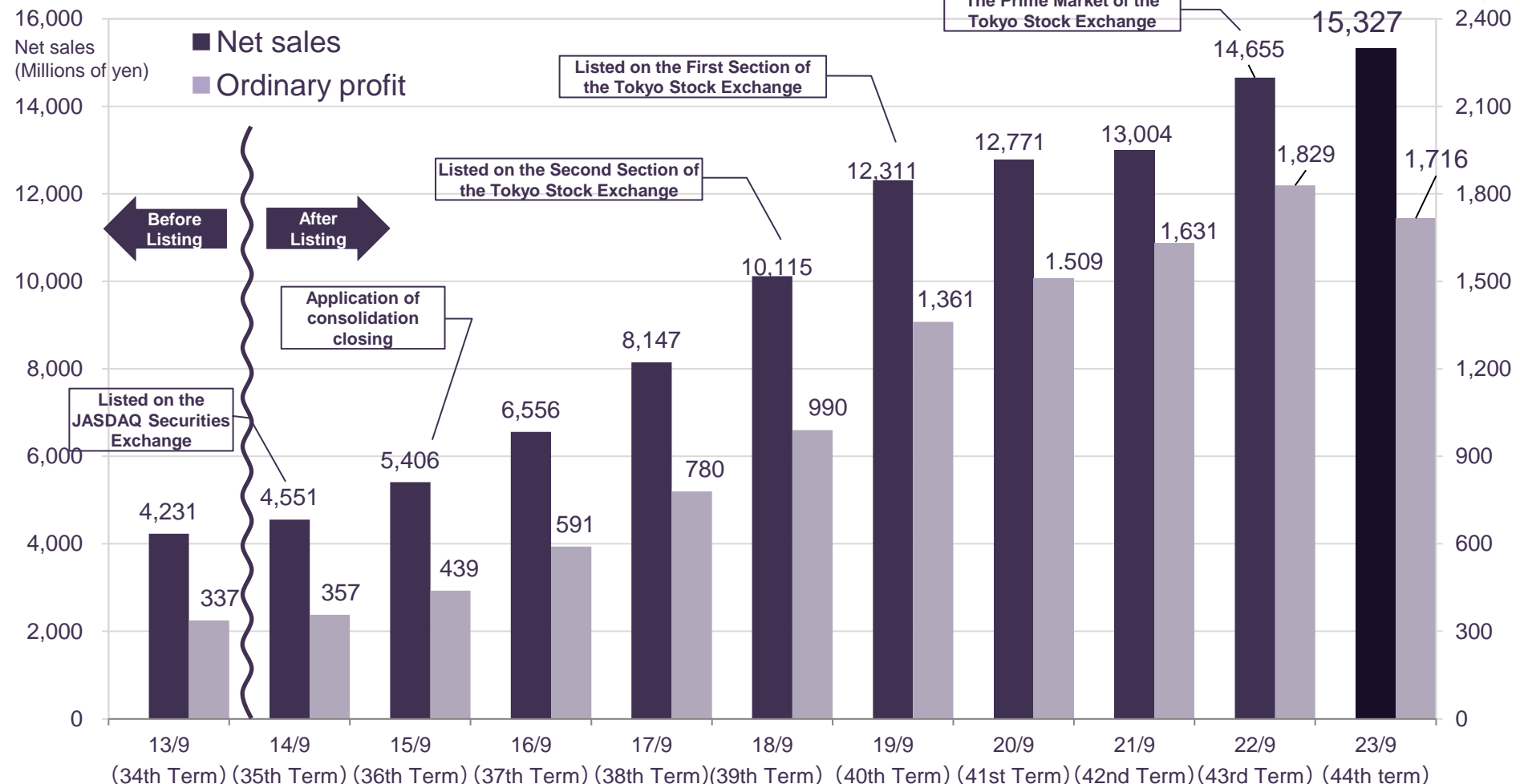




## I-4. Fiscal year (1) Net sales and ordinary income

Net sales are expected to increase for 10 consecutive years since listing.  
Net sales are expected to record a record high.

Net sales **3.4** times  
Ordinary profit **4.8** times since listing



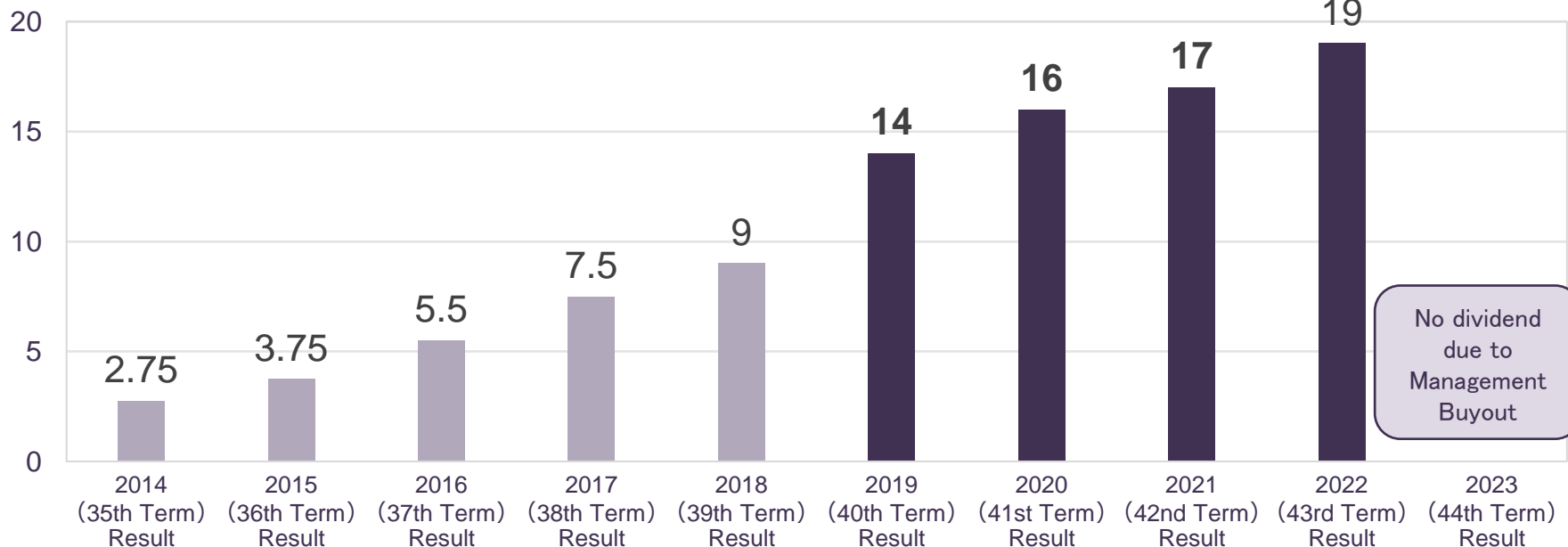
## I-4. Fiscal year (2) Shareholder return

Payout ratio  
targets

30%

35%

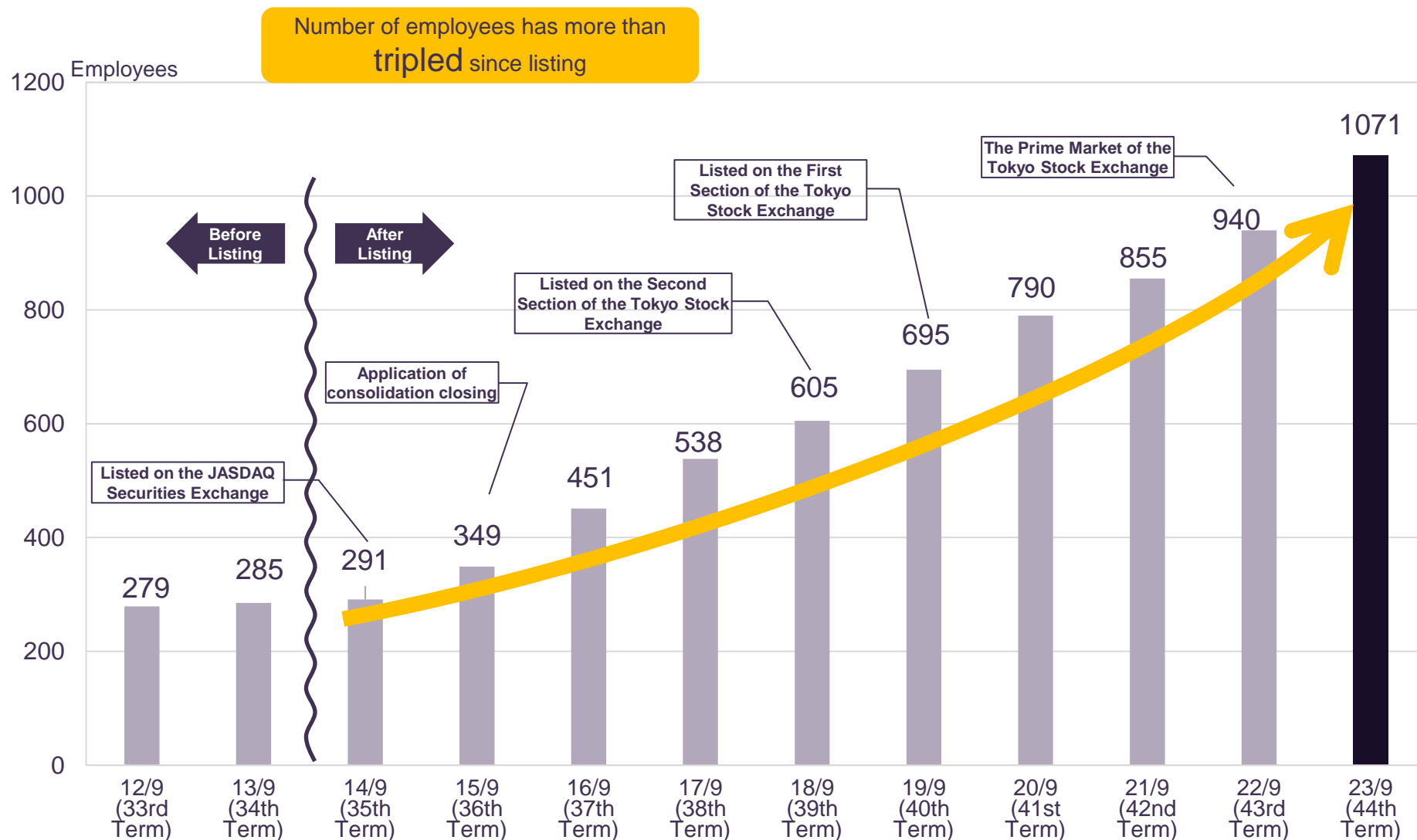
Yen



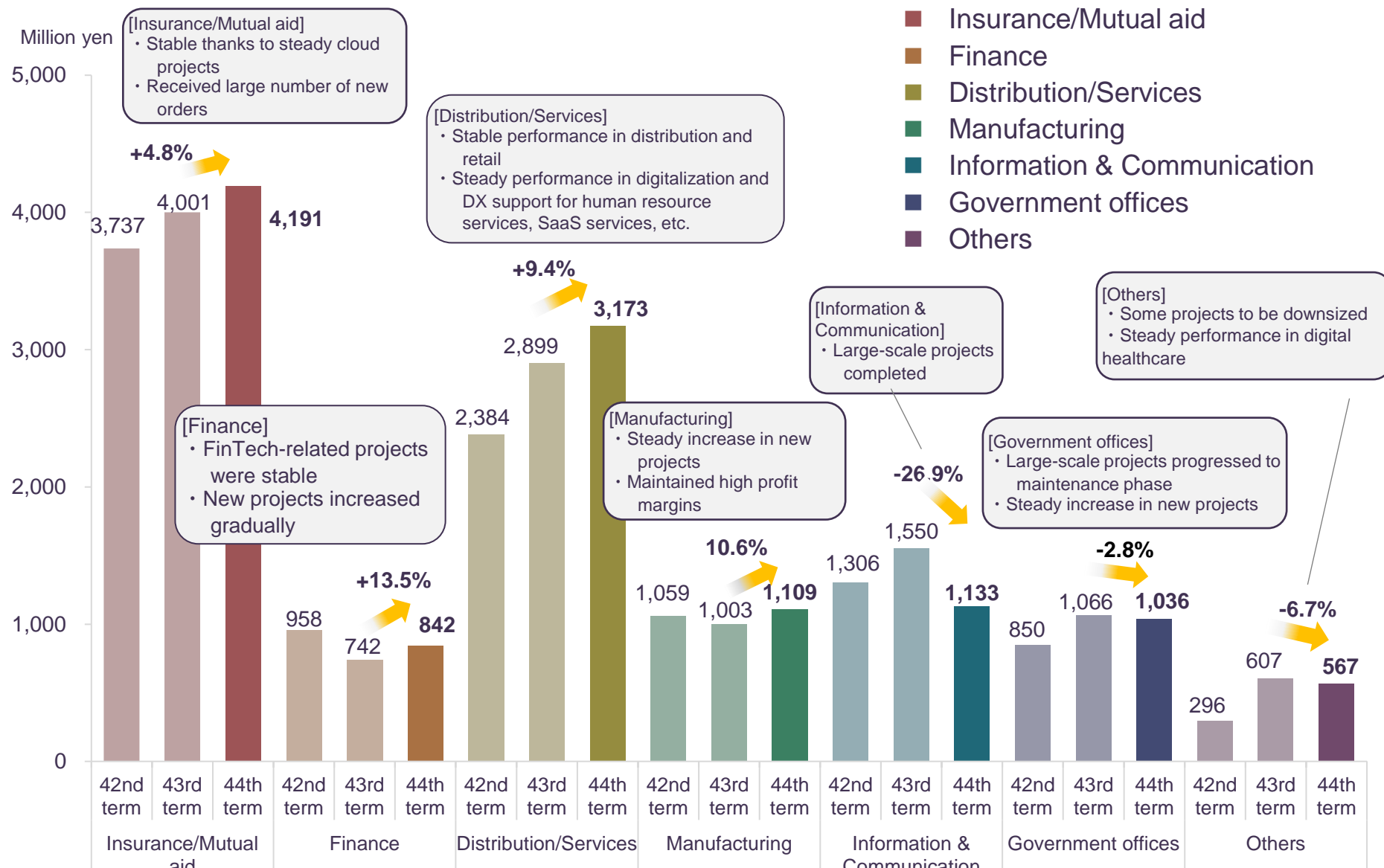
Dividend	22	15	22	15	18	14	16	17	19	
Payout ratio	30.6%	31.4%	31.0%	32.2%	30.3%	36.1%	36.8%	36.3%	35.6%	
		▲		▲		▲				
		Stock split (1:2)		Stock split (1:2)		Stock split (1:2)				

Note) We conducted a stock split on July 1, 2015, at a ratio of 2 stocks for every one common stock; on June 1, 2017, at a ratio of 2 stocks for every one common stock; and on May 1, 2019, at a ratio of 2 stocks for every one common stock. Dividend refers to the amount after stock split.

## I-4. Fiscal year (3) The Number of Employees

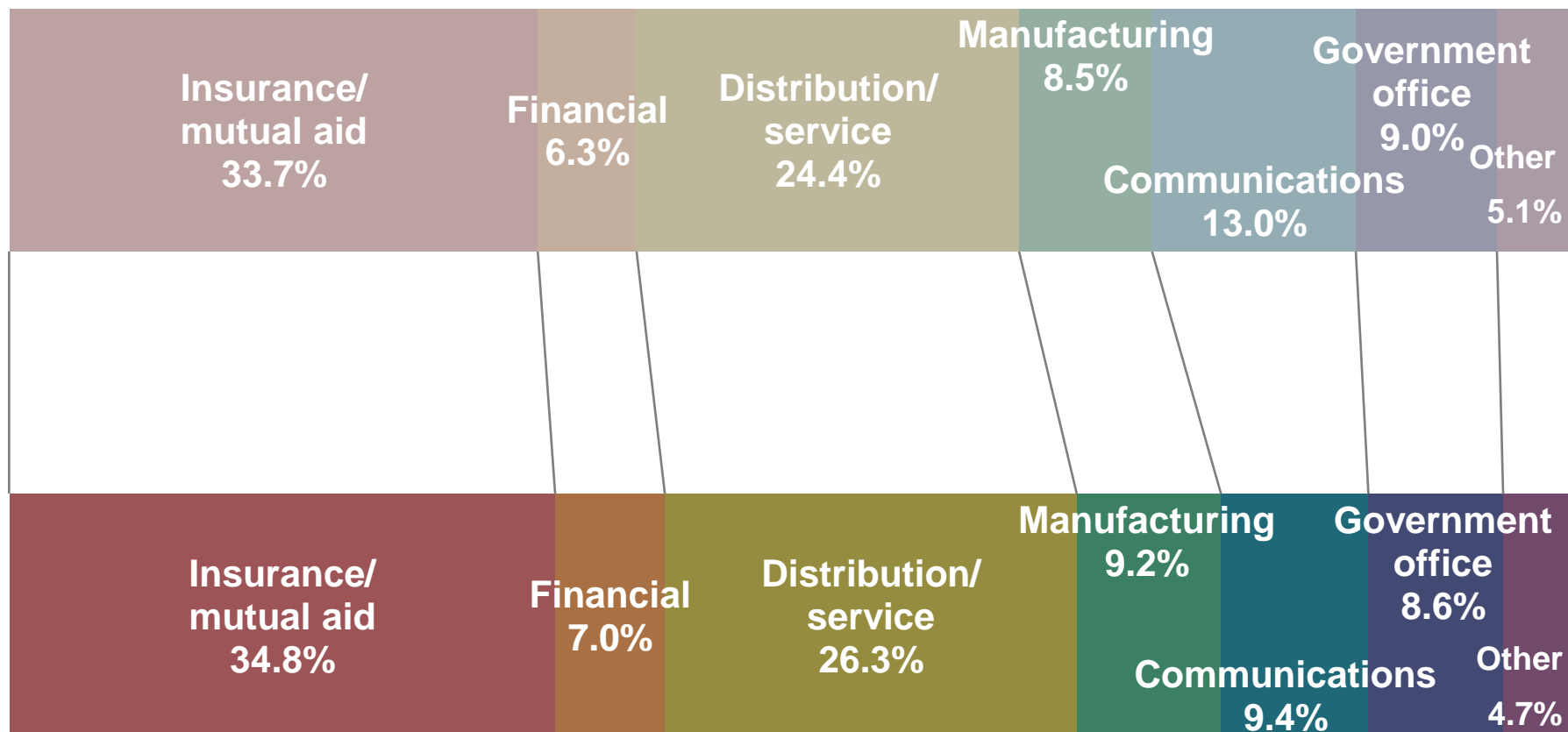


## I-5. Net Sales by Industry (Non-consolidated) (1) Trends



## I-5-(2). Net Sales Ratio by Industry (Non-consolidated)

Total net sales for the 43rd Term: 11,858 million yen



Total net sales for the 44th Term: 12,054 million yen

## I-6. Financial Position (Consolidated)

### Consolidated balance sheet

Millions of yen

		Fiscal year ended September 2022	Fiscal year ended September 2023	Change	Reasons for Changes
	Current assets	6,139	<b>6,758</b>	619	(-) Cash and deposits
	Non-current assets	1,656	<b>1,831</b>	174	(+) Investments and other assets
	Total assets	7,795	<b>8,589</b>	793	
	Current liabilities	2,098	<b>2,083</b>	-14	
	Non-current liabilities	295	<b>333</b>	37	
	Total liabilities	2,394	<b>2,417</b>	22	
	Total net assets	5,400	<b>6,172</b>	771	(+) Retained earnings (-) Annual dividends
	Total liabilities and net assets	7,795	<b>8,589</b>	793	

Equity ratio **71.9%**

## **II. Recent Topics**

## II. Topics (1)

### Google Open Source Peer Bonus Award received

Yutaka Yamada, DX Technology Division of the Company received the award

The Google Open Source Peer Bonus Program awards engineers around the world who have made outstanding contributions to open source.

This award was received in recognition of the technological contributions through our activities to promote business application of open source “Blockly(Note)” provided by Google.

(Note) Blockly: A library of visual programming languages developed by Google. It is widely used around the world in fields such as education and enables systems development using visual objects.

**Contributes to enhancing  
the Group's brand value**



#### Google Open Source Peer Bonus

April 19, 2023

Dear Yutaka Yamada,

On behalf of Google Open Source, I would like to thank you for your contribution to Blockly.

We are honored to present you with a Google Open Source Peer Bonus. Inside the company, Googlers can give a similar bonus to each other for going above and beyond, so this is just a small way of saying thank you for your hard work and contributions to open source.

We hope you enjoy this gift from all of us at Google and Christopher Allen who nominated you.

Thank you again for supporting open source! We look forward to your continued contributions.

Best regards,

Chris DiBona  
Director of Google Open Source



## II. Topics (2)

### Winner of Best Paper Award at Software Engineering Symposium 2023

Paper compiled by Outside Director Hironori Washizaki, Fellow Hiroshi Kobayashi and others received the award.

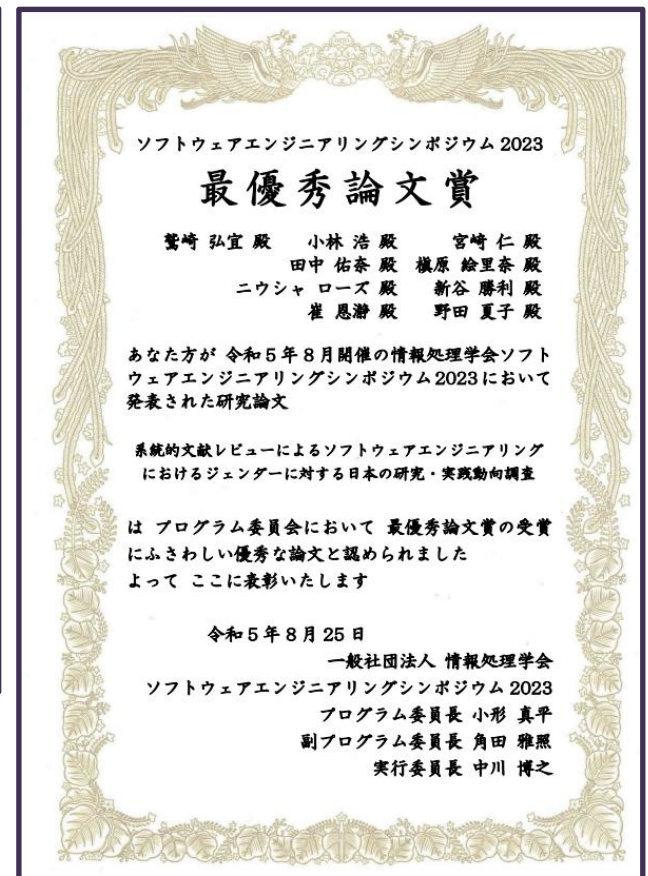
Hironori Washizaki, Outside Director, and Hiroshi Kobayashi, Fellow, won the Best Paper Award at the Software Engineering Symposium 2023 sponsored by the IPSJ Special Interest Group on Software Engineering (IPSJ/SIGSE).

The award-winning research paper, “Japanese Research and Practice Trends Survey on Gender in Software Engineering by Systematic Literature Review” was compiled with Mr. Washizaki as the leading writer, and Mr. Kobayashi participated as one of the co-authors.

This paper is the outcome of a diversity workshop held in January 2023 at the “Winter Workshop 2023 in Toyama” sponsored by IPSJ/SIGSE. On this occasion, we were able to establish networks that transcended positions and organizations through this workshop.

The Company will continue to contribute toward solving issues related to gender and diversity and social issues through the use of diversity.

**Contributes to enhancing  
the Group's brand value**



## II. Topics (3)

### ASL introduced on Nikkei CNBC's “*Jidai no NEW WAVE* (New Wave of the Era)”



The President, a general manager, and several employees of subsidiary ASL Co., Ltd. appeared on “*Jidai no NEW WAVE* (New Wave of the Era)” (Nikkei CNBC) in May 2023.

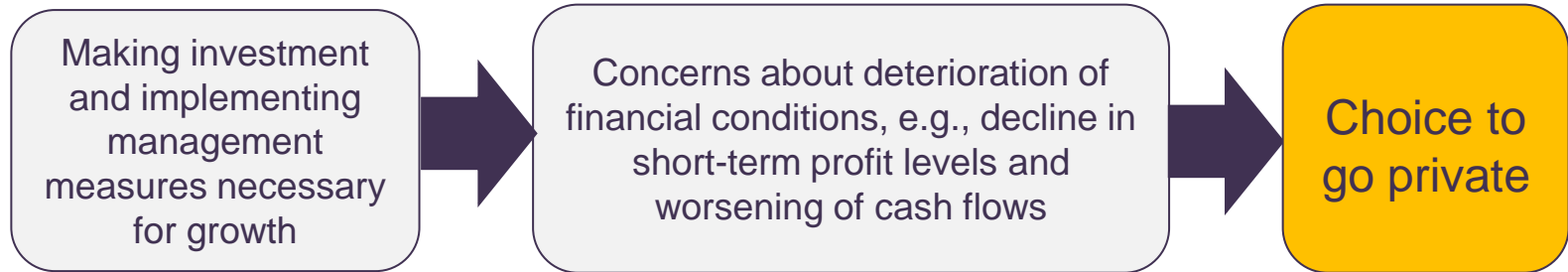


**Contributes to enhancing the Group's brand value**

### **III. Management Buyout**

### III. Growth Strategy through MBO and Going Private

[Background] Urgent need to resolve issues



[Growth strategy through going private]

Designing and implementation of growth strategies and business structure reforms and human resources support by Bain Capital's consulting approach

- (1) Acquire new solutions and new customer base through collaboration with Bain Capital's investees
- (2) Strengthen human resources and organizational structure for medium-to long-term growth
- (3) Expand business through M&A

### III. MBO Schedule

**September 27, 2023: Start of MBO<sup>(\*1)</sup> and TOB<sup>(\*2)</sup> announced**

\*1 Management buyout (MBO): Management's cooperation with outside investors and financial institutions to purchase the majority of a company's shares from current shareholders.

\*2 TOB: The party making the tender offer publicizes the "purchase period," "purchase price," "number of shares to be purchased" etc. and carries out the purchase off-market from an unspecified number of shareholders.

**TOB period: September 28, 2023 – November 10, 2023**

**November 10, 2023: MBO completed**

**November 30, 2023: Record date of Extraordinary General Meeting of Shareholders**

**December 22, 2023: Annual General Meeting of Shareholders scheduled  
(for shareholders as of September 30, 2023)**

**January 2024: Extraordinary General Meeting of Shareholders  
scheduled (proposal on consolidation of shares put on the agenda)**

**February 2024: Shares to be delisted**

## <Reference>



- (1) COMPANY INFORMATION**
- (2) CONTINUOUS INITIATIVES FOR  
SUSTAINABLE GROWTH**
- (3) ESG, SDGs, SOCIAL  
CONTRIBUTION ACTIVITIES**

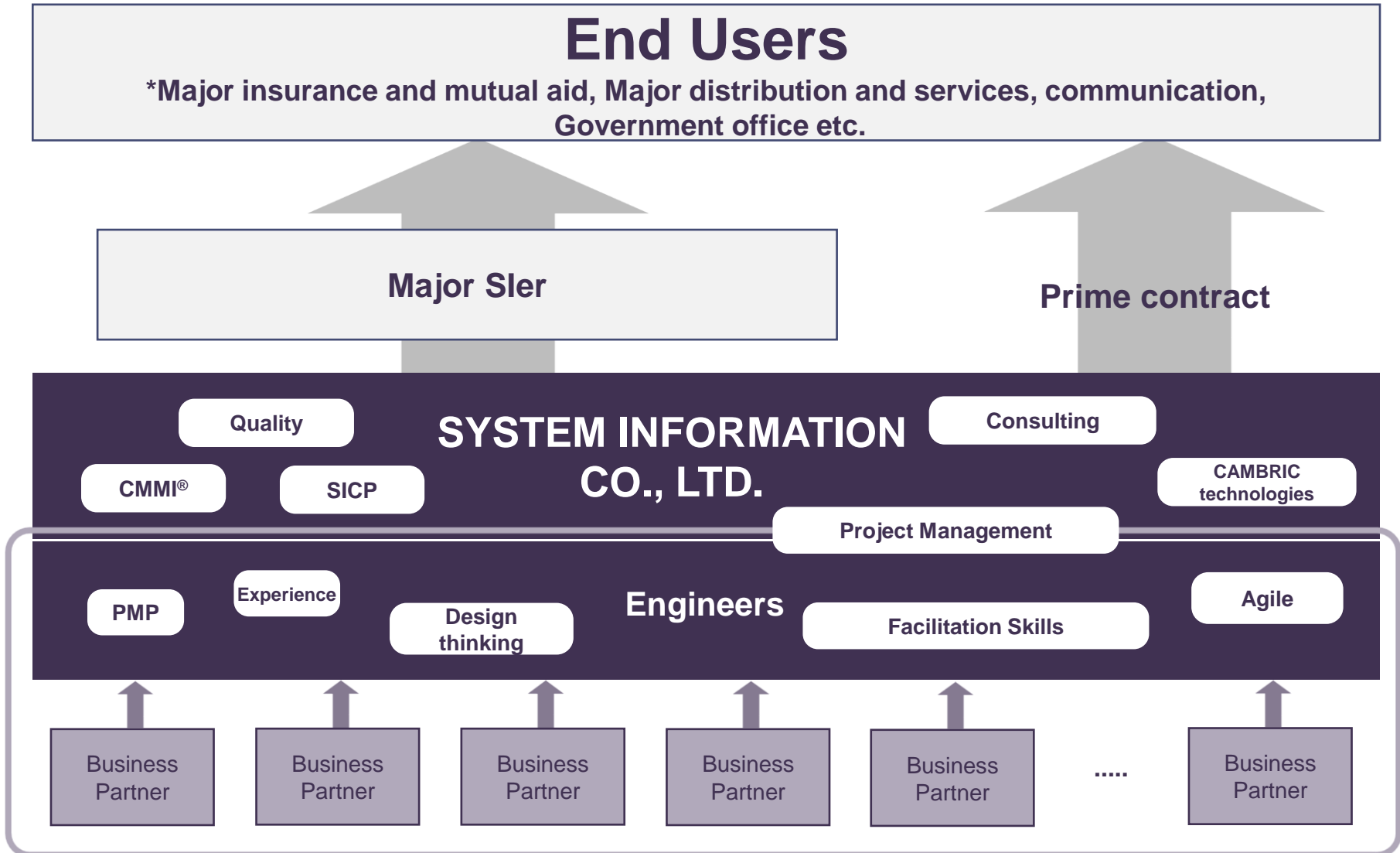


# (1)-1. Company Information

As of September 30, 2023

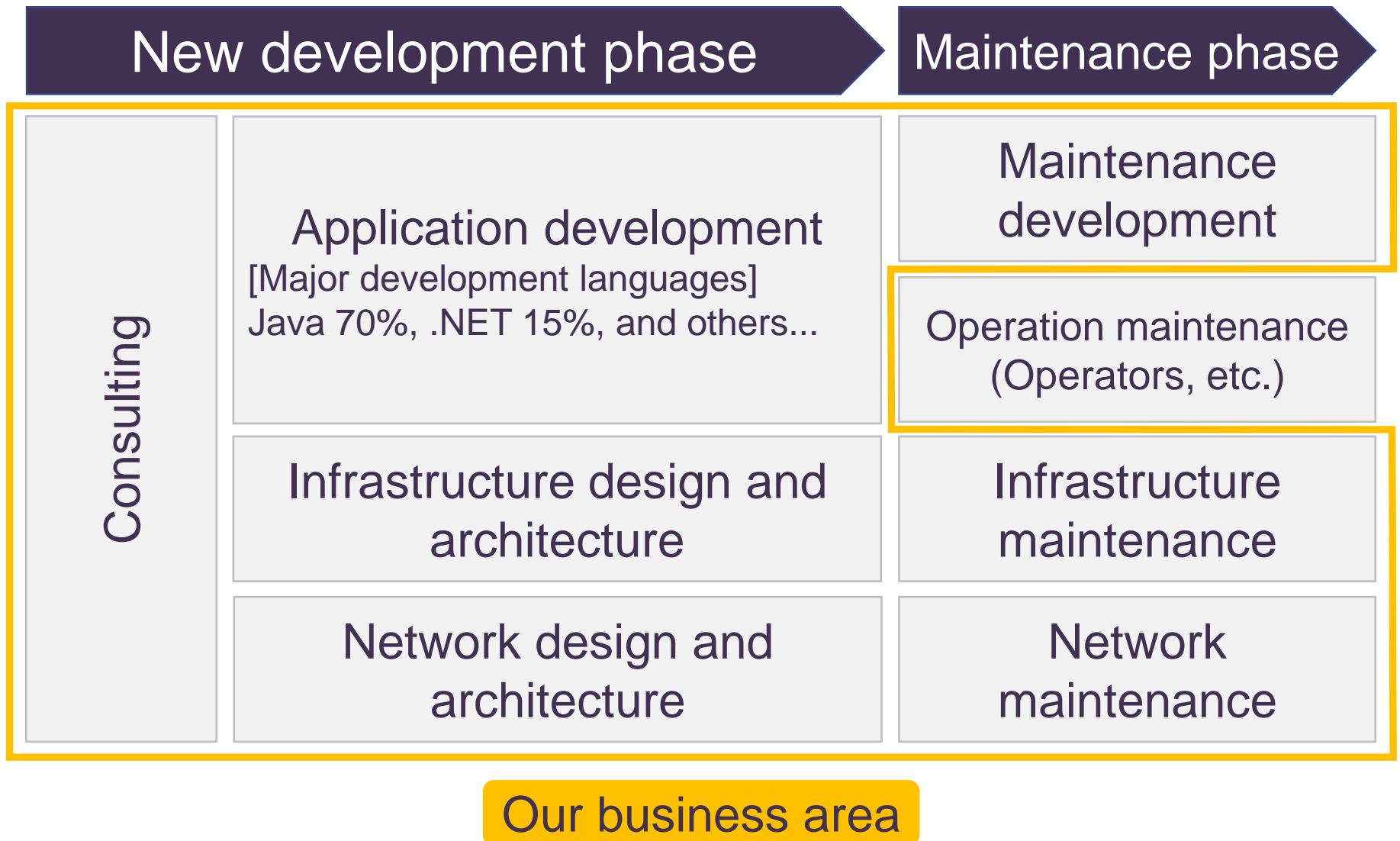
Company name	<b>SYSTEM INFORMATION CO., LTD.</b>
Established	January 1980
Description of business	Commissioned software development / integrated IT services mainly for enterprises
Address	7th Floor, Kachidoki Sun Square Bldg., 1-7-3 Kachidoki, Chuo-ku, Tokyo
Share capital	502,636 thousand yen
Representative	Takashi Suzuki, President
Major business partners	NTT DATA Group, The Dai-ichi Life Information System Co., Ltd., NS Solutions Corporation, TOSHIBA DIGITAL SOLUTIONS CORPORATION, IBM Japan, MITSUBISHI ELECTRIC INFORMATION SYSTEMS CORPORATION, Ltd., Ricoh IT Solutions Co., Ltd., DXC Technology Japan, LLC, DOCOMO Datacom, Inc., Emerada Co., Ltd.
Certification	<b>CMMI® level 5</b> (achieved 2012, <b>continued</b> 2015, 2018, <b>September 2021</b> ) ISO/IEC 27001 (information security management systems: ISMS) (December 2010) ISO 14001 (environmental management systems) (January 2007) Privacy Mark (December 2005) Kurumin (January 2021), Health & Productivity Management Outstanding Organization (March 2023) Scaled Agile Framework® (SAFe®) (February 2021)

## (1)-2. SI Business Structure





## (1)-3. Business Area of SI Business



# (1)-4-1. Driving Force of Differentiation(Evolution of development quality)

## History of CMMI accomplishments

Level 3  
September 2006  
achieved

Level 4  
September 2010  
achieved

**Highest Level: Level 5**  
November 2012 achieved  
November 2015 achieved  
October 2018 achieved  
**September 2021 achieved**



**CMMIDEV / 5<sup>SM</sup>**

CMMI is the process improvement maturity model developed by Software Engineering Institute in the United States and a systematic process improvement model to measure an organization's process ability in five levels. It drives continuous improvement.

Maturity Level **5** **Optimizing**

**“Stable and flexible.” Organization is focused on continuous improvement and is built to pivot and respond to opportunity and change.** The organization's stability provides a platform for agility and innovation.

Maturity Level **4** **Quantitatively Managed**

**“Measured and controlled.” Organization is data-driven with quantitative performance improvement objectives that are predictable and align to meet the needs of internal and external stakeholders.**

Maturity Level **3** **Defined**

**“Proactive, rather than reactive.” Organization-wide standards provide guidance across projects, programs, and portfolios.**

Maturity Level **2** **Managed**

**“Managed at the project level.” Projects are planned, performed, measured, and controlled.**

Maturity Level **1** **Initial**

**“Unpredictable and passive reactive.” Work gets completed but is often delayed and over budget.**

Maturity Level **0** **Incomplete**

**“Ad hoc and unknown.” Work may or may not get completed.**

# (1)-4-2. Driving Force of Differentiation(Utilizing CMMI® for SI business)

Only Six domestic companies\* achieved the new CMMI® V2.0 Maturity Level 5

\*As of October 31, 2023

Differences between CMMI® V2.0 and CMMI® V1.3

In CMMI® V2.0 two new practice areas, Governance and Implementation Infrastructure have been created. CMMI makes sure whether we have infrastructure necessary for continuing the success of projects and governance is working well.



To make use of speed and flexibility which is good for Agile development and acquire the necessary quality, we made the process of quality assurance for Agile in our development standard “SICP”



**Foothold for expanding large-scale Agile projects**



## (1)-4-3. Drivers of Differentiation (Further use of expertise in CMMI®)

### CMMI® consulting services with good track record

CMMI® lead appraisers and experienced consultants provide CMMI®-based consulting services for improving organizational capacity as well as CMMI® appraisal services.

In addition, under a partnership agreement with AgileCxO.org, Inc., a U.S.-based research and development institution on agile leadership, we provide consulting services (coaching assessment training) using the “Agile Performance Hierarchy (APH)” model developed by the institution to comprehensively support the success and retention of agile development.

#### 1. Our view of the value of CMMI®

- ◆ 1-1. CMMI® is a summary of actions taken by excellent organizations
- ◆ 1-2. CMMI® is a model for behavioral reforms and capacity enhancement
- ◆ 1-3. Comparing one’s approach with CMMI® activates an improvement cycle

#### 2. Improvement approach using CMMI® (our ideology)

- ◆ 2-1. Pitfalls: Slash and Burn approach
- ◆ 2-2. Approach of compensating for weaknesses while nurturing your organization’s resources (recommended by the Company)
- ◆ 2-3. Caution in using CMMI®: Do not misunderstand reference information as “required matters”

#### CMMI® & Agile Consulting Blog

It offers a basic understanding of CMMI®, explanations on practice areas to which it can be applied in the field, examples of CMMI® usage, introduction to the “Takumi Method” for designing businesses and careers, and more.



## (1)-5. Our Strengths



## (1)-6. Group Structure

### Our Group Structure



Total  
1,086  
employees

\*As of November, 2023

**ASL Co., Ltd.**  
**Employees: 400**  
(at October 2015 acquisition: 46)

**SIC Digital Co., Ltd.**  
**Employees: 45**  
(at October 2015 acquisition: 35)

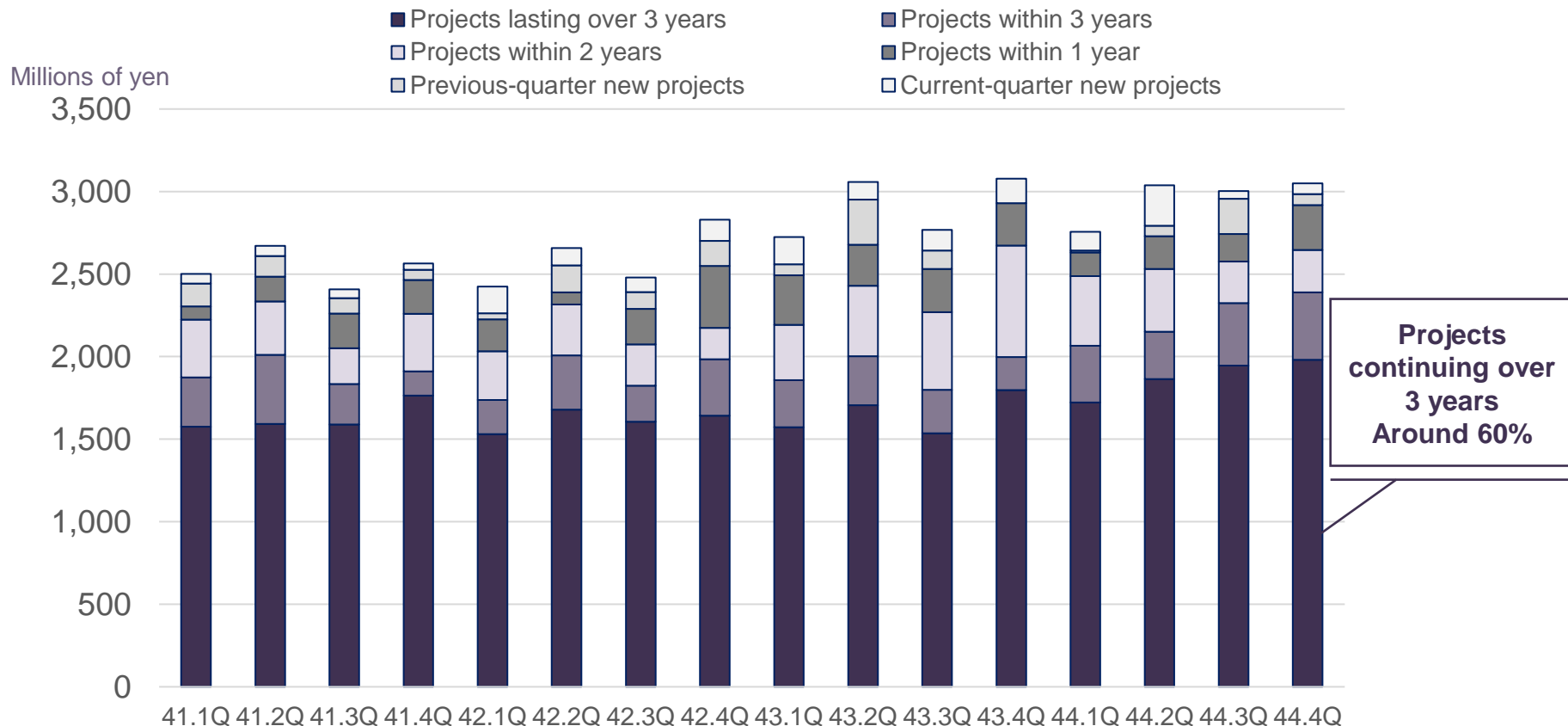
Due to the strong performance of the subsidiaries, the ratio of the two subsidiaries to consolidated net sales exceeded 20%.

## (2)-1. Continuous Initiatives for Sustainable Growth

**Focus on expanding stock business\***

\*Long-term continuing projects

### Continuing projects and new projects in SI business



## (2)-2. Continuous Initiatives for Sustainable Growth

### Measures to enhance profitability

Growth and Establishment of SICP (\*1)  
(Agile quality, UX (Design thinking))

(\*1) SICP (SI&C system Integration Control Process)

The development standard made by SI&C's development know-how spanning 40 years, based on PMBOK® and CMMI® which are a global certificate/standard.

We apply SICP to all project developments and get high appraisals from customers.

Thorough quality control in projects

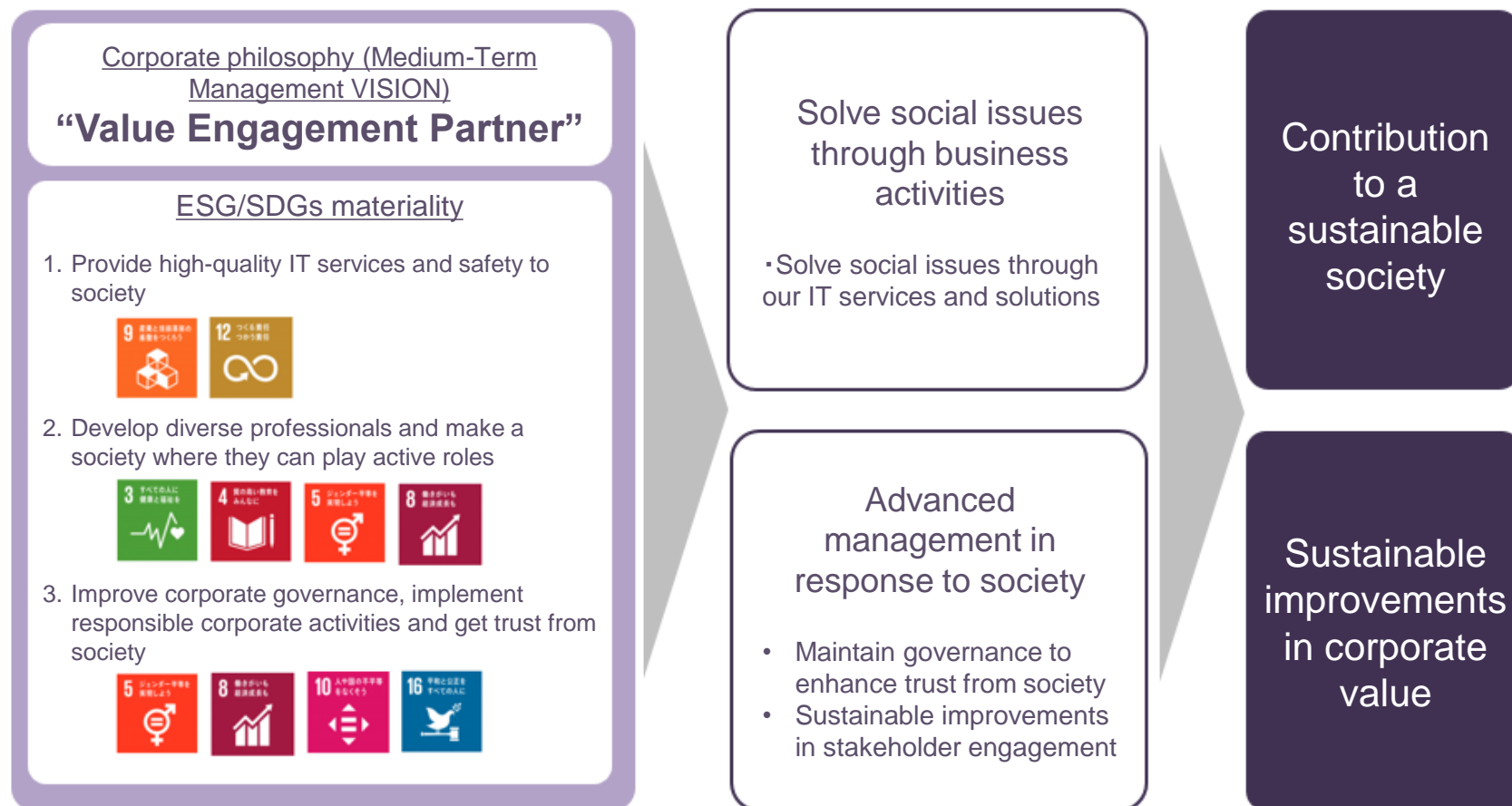
**Continuous  
initiatives**

**Ensuring high profitability by preventing  
unprofitable projects**



## (3)-1. Policy for ESG/SDGs Initiatives

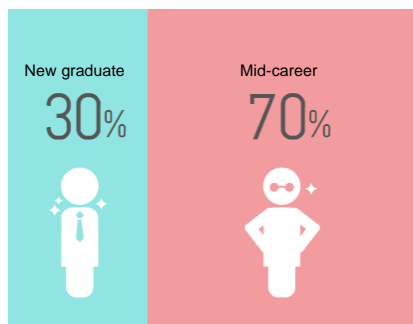
One of our basic policies is to create social and economic value through management based on our Medium-Term Management VISION “Value Engagement Partner” and contribute not only to the sustainable enhancement of corporate value but also to the realization of a sustainable society.



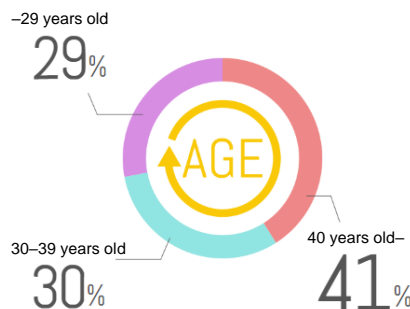
## (3)-2. ESG Initiatives

### Diversity of human resources

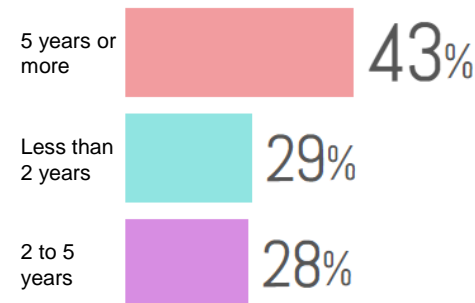
#### Ratio of new graduates and mid-career workers



#### Age



#### Years of service



### Working environment

#### Average overtime hours

13.26



#### Maternity and childcare leave for female employees

Acquisition and reinstatement rates



**8 employees on childcare leave of which 4 are male employees**

\*As of November, 2023

\*Each figure is based on unconsolidated data

## (3)-2. Social Contribution Activities

### Promotion of Employment of Persons with Disabilities: Wakaba Farm



### Community Contribution Activities Support for Children's Dining "Ohisama Kitchen"



### School meal support activities in developing countries Support for TABLE FOR TWO International



Sponsorship of "Onigiri Action Program 2022" held by TABLE FOR TWO  
(September 1, 2022, PR information)

### Initiatives for IT education: Community ICT club activities



Since 2018, when Sayama City Industrial Development Division, local companies, and Waseda University Global Software Engineering Laboratory started cooperating, Washizaki, Director of the Company, and Kobayashi, Fellow, have been participating in ICT club activities conducted by Sayama City Community Center and the Institute. We support courses for elementary and junior high school students to learn programming and ICT through manufacturing experience.

Details <https://www.sysj.co.jp/company/company-approach-sustainability/sustainability-social-contributions>

This document contains forward-looking statements that reflect our plans and expectations based on information available to us at the time of preparation and on certain other information we believe 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.

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