

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 10, 2022

Company name: ALPHA SYSTEMS INC.
 Stock exchange listing: Tokyo
 Stock code: 4719 URL <https://www.alpha.co.jp/>
 Representative: President Kiyoshi Saito
 Inquiries: Senior Executive Managing Director Satoshi Takada TEL 044-733-4111
 Scheduled date of ordinary general meeting of shareholders: June 29, 2022
 Scheduled date to file Securities Report: June 30, 2022
 Scheduled date to commence dividend payments: June 9, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|---------------------------|-----------------|-----|------------------|------|-----------------|------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Year ended March 31, 2022 | 33,874 | 8.2 | 4,033 | 19.7 | 4,086 | 19.2 | 2,788 | 22.2 |
| Year ended March 31, 2021 | 31,318 | 1.6 | 3,370 | 1.0 | 3,428 | 0.5 | 2,281 | (0.5) |

| | Earnings per share | Diluted earnings per share | Profit/equity | Ordinary profit/total assets | Operating profit/net sales |
|---------------------------|--------------------|----------------------------|---------------|------------------------------|----------------------------|
| | Yen | Yen | % | % | % |
| Year ended March 31, 2022 | 198.64 | – | 7.5 | 9.0 | 11.9 |
| Year ended March 31, 2021 | 162.54 | – | 6.4 | 7.9 | 10.8 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2022 | 46,824 | 38,122 | 81.4 | 2,715.43 |
| As of March 31, 2021 | 44,307 | 36,191 | 81.7 | 2,577.79 |

(3) Non-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 |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Year ended March 31, 2022 | 2,929 | (57) | (703) | 22,200 |
| Year ended March 31, 2021 | 2,238 | 342 | (983) | 20,032 |

2. Cash dividends

| | Annual dividends per share | | | | | Total cash dividends (Total) | Dividend payout ratio (Non-consolidated) | Ratio of dividends to net assets (Non-consolidated) |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|------------------------------|------------------------------------------|-----------------------------------------------------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Year ended March 31, 2021 | – | 25.00 | – | 25.00 | 50.00 | 701 | 30.8 | 2.0 |
| Year ended March 31, 2022 | – | 25.00 | – | 55.00 | 80.00 | 1,123 | 40.3 | 3.0 |
| Year ending March 31, 2023 (Forecast) | – | 35.00 | – | 35.00 | 70.00 | | 33.9 | |

3. Forecast of non-consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit | | Earnings per share |
|-----------------------------------------|-----------------|-----|------------------|-----|-----------------|-----|-----------------|-----|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Six months ending September 30, 2022 | 17,000 | 4.9 | 2,000 | 3.0 | 2,020 | 2.6 | 1,400 | 4.2 | 99.72 |
| Full year | 35,000 | 3.3 | 4,200 | 4.1 | 4,240 | 3.8 | 2,900 | 4.0 | 206.56 |

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of March 31, 2022 | 14,052,400 shares | As of March 31, 2021 | 14,052,400 shares |
|----------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|---------------|----------------------|---------------|
| As of March 31, 2022 | 13,007 shares | As of March 31, 2021 | 12,739 shares |
|----------------------|---------------|----------------------|---------------|

Average number of shares during the period

| | | | |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2022 | 14,039,521 shares | Year ended March 31, 2021 | 14,039,746 shares |
|---------------------------|-------------------|---------------------------|-------------------|

Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|--------------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 20,532,135 | 22,700,793 |
| Accounts receivable - trade | 8,033,610 | 7,684,171 |
| Contract assets | – | 871,830 |
| Securities | 999,952 | 1,499,953 |
| Work in process | 786 | 8,583 |
| Raw materials and supplies | 81 | – |
| Prepaid expenses | 31,499 | 43,208 |
| Other | 213,046 | 195,596 |
| Total current assets | 29,811,112 | 33,004,137 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 4,377,809 | 4,244,378 |
| Structures, net | 49,754 | 45,802 |
| Tools, furniture and fixtures, net | 65,674 | 58,821 |
| Land | 5,179,820 | 5,173,538 |
| Other | 10,450 | 19,005 |
| Total property, plant and equipment | 9,683,509 | 9,541,546 |
| Intangible assets | | |
| Software | 9,100 | 20,227 |
| Other | 4,353 | 4,201 |
| Total intangible assets | 13,454 | 24,429 |
| Investments and other assets | | |
| Investment securities | 1,386,622 | 792,694 |
| Long-term prepaid expenses | 1,178 | 1,962 |
| Deferred tax assets | 1,205,389 | 1,241,936 |
| Long-term time deposits | 2,000,000 | 2,000,000 |
| Other | 206,843 | 218,981 |
| Allowance for doubtful accounts | (1,000) | (1,000) |
| Total investments and other assets | 4,799,033 | 4,254,575 |
| Total non-current assets | 14,495,997 | 13,820,551 |
| Total assets | 44,307,110 | 46,824,688 |

(Thousands of yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|-------------------------------------------------------|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 1,327,723 | 1,380,293 |
| Accounts payable - other | 304,599 | 256,547 |
| Accounts payable - facilities | 50,239 | 18,307 |
| Accrued expenses | 1,675,061 | 1,793,796 |
| Income taxes payable | 688,170 | 860,989 |
| Contract liabilities | – | 492,655 |
| Advances received | 3,405 | 3,405 |
| Deposits received | 488,993 | 560,603 |
| Unearned revenue | 286,945 | – |
| Provision for bonuses | 1,148,102 | 1,219,722 |
| Provision for loss on orders received | 9,000 | – |
| Other | 637,301 | 592,355 |
| Total current liabilities | 6,619,542 | 7,178,677 |
| Non-current liabilities | | |
| Provision for retirement benefits | 1,257,140 | 1,283,906 |
| Other | 239,147 | 239,147 |
| Total non-current liabilities | 1,496,288 | 1,523,054 |
| Total liabilities | 8,115,831 | 8,701,731 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,500,550 | 8,500,550 |
| Capital surplus | | |
| Legal capital surplus | 8,647,050 | 8,647,050 |
| Total capital surplus | 8,647,050 | 8,647,050 |
| Retained earnings | | |
| Legal retained earnings | 179,000 | 179,000 |
| Other retained earnings | | |
| General reserve | 5,525,000 | 5,525,000 |
| Retained earnings brought forward | 13,332,172 | 15,256,509 |
| Total retained earnings | 19,036,172 | 20,960,509 |
| Treasury shares | (37,328) | (38,352) |
| Total shareholders' equity | 36,146,444 | 38,069,757 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 44,835 | 53,199 |
| Total valuation and translation adjustments | 44,835 | 53,199 |
| Total net assets | 36,191,279 | 38,122,956 |
| Total liabilities and net assets | 44,307,110 | 46,824,688 |

Non-consolidated statements of income

(Thousands of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|----------------------------------------------------|-------------------------------------|-------------------------------------|
| Net sales | 31,318,573 | 33,874,714 |
| Cost of sales | 23,906,087 | 25,696,790 |
| Gross profit | 7,412,486 | 8,177,924 |
| Selling, general and administrative expenses | | |
| Remuneration for directors (and other officers) | 591,200 | 548,900 |
| Salaries and allowances | 1,647,213 | 1,655,173 |
| Bonuses | 393,877 | 466,027 |
| Provision for bonuses | 135,353 | 118,071 |
| Commutation allowance | 42,710 | 38,961 |
| Legal welfare expenses | 357,149 | 361,134 |
| Retirement benefit expenses | 80,885 | 42,809 |
| Depreciation | 31,960 | 30,819 |
| Other | 761,793 | 882,586 |
| Total selling, general and administrative expenses | 4,042,143 | 4,144,484 |
| Operating profit | 3,370,342 | 4,033,440 |
| Non-operating income | | |
| Interest income | 10,529 | 10,685 |
| Interest on securities | 7,324 | 7,358 |
| Dividend income | 3,946 | 2,370 |
| Rental income | 36,074 | 36,320 |
| Subsidy income | 7,600 | – |
| Other | 9,722 | 12,154 |
| Total non-operating income | 75,198 | 68,890 |
| Non-operating expenses | | |
| Rental costs | 16,639 | 16,082 |
| Other | – | 134 |
| Total non-operating expenses | 16,639 | 16,217 |
| Ordinary profit | 3,428,902 | 4,086,113 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 1,349 | 1,886 |
| Gain on sale of investment securities | 5,850 | 10 |
| Total extraordinary income | 7,199 | 1,896 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 59,654 | 3,670 |
| Total extraordinary losses | 59,654 | 3,670 |
| Profit before income taxes | 3,376,447 | 4,084,339 |
| Income taxes - current | 1,110,842 | 1,264,160 |
| Income taxes - deferred | (16,364) | 31,399 |
| Total income taxes | 1,094,478 | 1,295,560 |
| Profit | 2,281,968 | 2,788,779 |

Non-consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

| | Shareholders' equity | | | | | | | | |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | | Retained earnings | | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | Total retained earnings | | |
| | | | | | General reserve | Retained earnings brought forward | | | |
| Balance at beginning of period | 8,500,550 | 8,647,050 | 8,647,050 | 179,000 | 5,525,000 | 12,032,990 | 17,736,990 | (36,400) | 34,848,190 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | | | | | (982,787) | (982,787) | | (982,787) |
| Profit | | | | | | 2,281,968 | 2,281,968 | | 2,281,968 |
| Purchase of treasury shares | | | | | | | | (927) | (927) |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | – | – | – | – | – | 1,299,181 | 1,299,181 | (927) | 1,298,254 |
| Balance at end of period | 8,500,550 | 8,647,050 | 8,647,050 | 179,000 | 5,525,000 | 13,332,172 | 19,036,172 | (37,328) | 36,146,444 |

| | Valuation and translation adjustments | | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | 26,156 | 26,156 | 34,874,346 |
| Changes during period | | | |
| Dividends of surplus | | | (982,787) |
| Profit | | | 2,281,968 |
| Purchase of treasury shares | | | (927) |
| Net changes in items other than shareholders' equity | 18,679 | 18,679 | 18,679 |
| Total changes during period | 18,679 | 18,679 | 1,316,933 |
| Balance at end of period | 44,835 | 44,835 | 36,191,279 |

Fiscal year ended March 31, 2022

(Thousands of yen)

| | Shareholders' equity | | | | | | | | |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | | Retained earnings | | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | Total retained earnings | | |
| | | | | | General reserve | Retained earnings brought forward | | | |
| Balance at beginning of period | 8,500,550 | 8,647,050 | 8,647,050 | 179,000 | 5,525,000 | 13,332,172 | 19,036,172 | (37,328) | 36,146,444 |
| Cumulative effects of changes in accounting policies | | | | | | (162,462) | (162,462) | | (162,462) |
| Restated balance | 8,500,550 | 8,647,050 | 8,647,050 | 179,000 | 5,525,000 | 13,169,709 | 18,873,709 | (37,328) | 35,983,981 |
| Changes during period | | | | | | | | | |
| Dividends of surplus | | | | | | (701,979) | (701,979) | | (701,979) |
| Profit | | | | | | 2,788,779 | 2,788,779 | | 2,788,779 |
| Purchase of treasury shares | | | | | | | | (1,023) | (1,023) |
| Net changes in items other than shareholders' equity | | | | | | | | | |
| Total changes during period | - | - | - | - | - | 2,086,800 | 2,086,800 | (1,023) | 2,085,776 |
| Balance at end of period | 8,500,550 | 8,647,050 | 8,647,050 | 179,000 | 5,525,000 | 15,256,509 | 20,960,509 | (38,352) | 38,069,757 |

| | Valuation and translation adjustments | | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at beginning of period | 44,835 | 44,835 | 36,191,279 |
| Cumulative effects of changes in accounting policies | | | (162,462) |
| Restated balance | 44,835 | 44,835 | 36,028,816 |
| Changes during period | | | |
| Dividends of surplus | | | (701,979) |
| Profit | | | 2,788,779 |
| Purchase of treasury shares | | | (1,023) |
| Net changes in items other than shareholders' equity | 8,364 | 8,364 | 8,364 |
| Total changes during period | 8,364 | 8,364 | 2,094,140 |
| Balance at end of period | 53,199 | 53,199 | 38,122,956 |

Non-consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|-------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,376,447 | 4,084,339 |
| Depreciation | 250,082 | 249,161 |
| Increase (decrease) in provision for bonuses | 26,134 | 71,620 |
| Increase (decrease) in provision for loss on orders received | 9,000 | (9,000) |
| Increase (decrease) in provision for retirement benefits | 336,475 | 26,766 |
| Interest and dividend income | (21,800) | (20,414) |
| Subsidy income | (7,600) | – |
| Loss on retirement of property, plant and equipment | 59,654 | 3,670 |
| Loss (gain) on sale of property, plant and equipment | (1,349) | (1,886) |
| Loss (gain) on sale of investment securities | (5,850) | (10) |
| Decrease (increase) in trade receivables | (426,273) | 349,438 |
| Decrease (increase) in Contract assets | – | (871,830) |
| Decrease (increase) in inventories | 14,440 | (7,715) |
| Increase (decrease) in trade payables | (287,156) | 52,570 |
| Increase (decrease) in accounts payable - other | 28,508 | (47,635) |
| Other, net | 45,142 | 145,492 |
| Subtotal | 3,395,854 | 4,024,565 |
| Interest and dividends received | 26,327 | 20,174 |
| Subsidies received | 7,600 | – |
| Income taxes paid | (1,191,173) | (1,114,824) |
| Net cash provided by (used in) operating activities | 2,238,609 | 2,929,914 |
| Cash flows from investing activities | | |
| Payments into time deposits | (1,500,000) | (500,000) |
| Proceeds from withdrawal of time deposits | 2,000,000 | 500,000 |
| Purchase of property, plant and equipment | (105,694) | (141,050) |
| Proceeds from sale of property, plant and equipment | – | 8,700 |
| Purchase of intangible assets | (4,668) | (17,076) |
| Purchase of short-term and long-term investment securities | (1,999,800) | (1,999,800) |
| Proceeds from sale and redemption of short-term and long-term investment securities | 2,009,750 | 2,105,990 |
| Other, net | (57,481) | (14,600) |
| Net cash provided by (used in) investing activities | 342,106 | (57,838) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (927) | (1,023) |
| Dividends paid | (982,590) | (702,394) |
| Net cash provided by (used in) financing activities | (983,517) | (703,418) |
| Effect of exchange rate change on cash and cash equivalents | – | – |
| Net increase (decrease) in cash and cash equivalents | 1,597,197 | 2,168,657 |
| Cash and cash equivalents at beginning of period | 18,434,937 | 20,032,135 |
| Cash and cash equivalents at end of period | 20,032,135 | 22,200,793 |