

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 8, 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 to file Quarterly Securities Report: November 10, 2022
 Scheduled date to commence dividend payments: December 6, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Non-consolidated operating results (cumulative)

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	%
Six months ended September 30, 2022	17,387	7.3	2,059	6.1	2,091	6.2	1,432	6.7
Six months ended September 30, 2021	16,211	11.9	1,942	34.2	1,969	33.7	1,342	35.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	102.03		-	
Six months ended September 30, 2021	95.65		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	47,091	38,773	82.3
As of March 31, 2022	46,824	38,122	81.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	-	25.00	-	55.00	80.00
Year ending March 31, 2023	-	35.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	35.00	70.00

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
Full year	35,000	3.3	4,200	4.1	4,240	3.8	2,900	4.0	206.56

4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of September 30, 2022	14,052,400 shares	As of March 31, 2022	14,052,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	13,159 shares	As of March 31, 2022	13,007 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	14,039,318 shares	Six months ended September 30, 2021	14,039,590 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	22,700,793	22,662,956
Accounts receivable and contract assets	8,556,001	7,490,305
Securities	1,499,953	1,499,953
Work in process	8,583	11,298
Other	238,804	356,005
Total current assets	33,004,137	32,020,519
Non-current assets		
Property, plant and equipment		
Buildings, net	4,244,378	4,150,255
Land	5,173,538	5,173,538
Other, net	123,629	107,343
Total property, plant and equipment	9,541,546	9,431,137
Intangible assets	24,429	21,693
Investments and other assets		
Investment securities	792,694	1,079,530
Other	3,462,880	4,540,040
Allowance for doubtful accounts	(1,000)	(1,000)
Total investments and other assets	4,254,575	5,618,570
Total non-current assets	13,820,551	15,071,401
Total assets	46,824,688	47,091,920
Liabilities		
Current liabilities		
Accounts payable - trade	1,380,293	1,206,959
Income taxes payable	860,989	879,035
Provision for bonuses	1,219,722	1,634,239
Provision for bonuses for directors (and other officers)	–	86,000
Other	3,717,672	3,037,969
Total current liabilities	7,178,677	6,844,203
Non-current liabilities		
Provision for retirement benefits	1,283,906	1,235,110
Other	239,147	239,147
Total non-current liabilities	1,523,054	1,474,257
Total liabilities	8,701,731	8,318,461
Net assets		
Shareholders' equity		
Share capital	8,500,550	8,500,550
Capital surplus	8,647,050	8,647,050
Retained earnings	20,960,509	21,620,811
Treasury shares	(38,352)	(39,015)
Total shareholders' equity	38,069,757	38,729,396
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	53,199	44,063
Total valuation and translation adjustments	53,199	44,063
Total net assets	38,122,956	38,773,459
Total liabilities and net assets	46,824,688	47,091,920

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	16,211,642	17,387,107
Cost of sales	12,163,838	13,188,241
Gross profit	4,047,803	4,198,866
Selling, general and administrative expenses	2,105,785	2,139,037
Operating profit	1,942,017	2,059,829
Non-operating income		
Interest income	9,031	12,581
Dividend income	1,820	550
Rental income	18,160	18,160
Other	6,349	8,389
Total non-operating income	35,361	39,681
Non-operating expenses		
Rental costs	8,188	8,435
Other	84	0
Total non-operating expenses	8,272	8,435
Ordinary profit	1,969,106	2,091,075
Extraordinary income		
Gain on sale of non-current assets	1,227	761
Gain on sale of investment securities	10	–
Total extraordinary income	1,237	761
Extraordinary losses		
Loss on retirement of non-current assets	3,280	–
Total extraordinary losses	3,280	–
Profit before income taxes	1,967,063	2,091,837
Income taxes - current	712,844	731,660
Income taxes - deferred	(88,710)	(72,292)
Total income taxes	624,133	659,368
Profit	1,342,930	1,432,468

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,967,063	2,091,837
Depreciation	123,186	110,499
Increase (decrease) in provision for bonuses	426,137	414,517
Increase (decrease) in provision for loss on orders received	(9,000)	–
Increase (decrease) in provision for retirement benefits	13,383	(48,796)
Interest and dividend income	(10,851)	(13,131)
Loss (gain) on sale of investment securities	(10)	–
Decrease (increase) in trade receivables and contract assets	780,407	1,065,696
Decrease (increase) in inventories	(54,084)	(2,715)
Increase (decrease) in trade payables	(373,452)	(173,334)
Other, net	(636,160)	(695,150)
Subtotal	2,226,617	2,749,422
Interest and dividends received	10,848	9,660
Income taxes paid	(560,172)	(708,384)
Net cash provided by (used in) operating activities	1,677,293	2,050,698
Cash flows from investing activities		
Payments into time deposits	(500,000)	(1,500,000)
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of property, plant and equipment	(48,715)	(16,343)
Proceeds from sale of property, plant and equipment	8,700	–
Purchase of intangible assets	(2,776)	–
Purchase of short-term and long-term investment securities	(999,900)	(1,399,900)
Proceeds from sale and redemption of short-term and long-term investment securities	1,105,990	1,100,000
Other, net	(14,188)	(113)
Net cash provided by (used in) investing activities	49,109	(1,316,357)
Cash flows from financing activities		
Purchase of treasury shares	(574)	(663)
Dividends paid	(351,124)	(771,513)
Net cash provided by (used in) financing activities	(351,698)	(772,177)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	1,374,704	(37,837)
Cash and cash equivalents at beginning of period	20,032,135	22,200,793
Cash and cash equivalents at end of period	21,406,840	22,162,956