

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 7, 2023

Company name: ALPHA SYSTEMS INC.
 Stock exchange listing: Tokyo
 Stock code: 4719 URL <https://www.alpha.co.jp/>
 Representative: President Kiyoshi Saito
 Inquiries: Senior Managing Director Kazuhiro Kubota TEL 044-733-4111
 Scheduled date to file Quarterly Securities Report: November 9, 2023
 Scheduled date to commence dividend payments: December 6, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	17,653	1.5	2,003	(2.8)	2,039	(2.5)	1,384	(3.4)
Six months ended September 30, 2022	17,387	7.3	2,059	6.1	2,091	6.2	1,432	6.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	98.58		-	
Six months ended September 30, 2022	102.03		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	49,084	40,666	82.8
As of March 31, 2023	48,166	39,775	82.6

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, 2023	-	35.00	-	35.00	70.00
Year ending March 31, 2024	-	35.00	-	-	-
Year ending March 31, 2024 (Forecast)	-	-	-	35.00	70.00

3. Forecast of non-consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	36,000	1.3	4,300	2.0	4,360	1.9	2,940	0.7	209.41

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, 2023	14,052,400 shares	As of March 31, 2023	14,052,400 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	13,384 shares	As of March 31, 2023	13,235 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, 2023	14,039,105 shares	Six months ended September 30, 2022	14,039,318 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	23,042,284	24,917,596
Accounts receivable and contract assets	8,529,639	7,573,301
Securities	999,953	999,954
Work in process	3,812	837
Other	257,259	325,004
Total current assets	32,832,948	33,816,694
Non-current assets		
Property, plant and equipment		
Buildings, net	4,063,210	3,986,193
Land	5,173,538	5,173,538
Other, net	105,022	102,554
Total property, plant and equipment	9,341,770	9,262,285
Intangible assets	21,897	21,687
Investments and other assets		
Investment securities	1,589,754	1,588,523
Other	4,381,437	4,400,774
Allowance for doubtful accounts	(1,000)	(5,369)
Total investments and other assets	5,970,191	5,983,929
Total non-current assets	15,333,860	15,267,902
Total assets	48,166,808	49,084,596
Liabilities		
Current liabilities		
Accounts payable - trade	1,293,083	1,226,450
Income taxes payable	797,188	809,457
Provision for bonuses	1,261,292	1,533,912
Provision for bonuses for directors (and other officers)	–	74,000
Other	3,614,549	3,422,179
Total current liabilities	6,966,113	7,066,000
Non-current liabilities		
Provision for retirement benefits	1,186,313	1,124,038
Other	239,147	228,010
Total non-current liabilities	1,425,460	1,352,048
Total liabilities	8,391,574	8,418,048
Net assets		
Shareholders' equity		
Share capital	8,500,550	8,500,550
Capital surplus	8,647,050	8,647,050
Retained earnings	22,615,809	23,508,469
Treasury shares	(39,334)	(39,826)
Total shareholders' equity	39,724,074	40,616,242
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	51,159	50,304
Total valuation and translation adjustments	51,159	50,304
Total net assets	39,775,233	40,666,547
Total liabilities and net assets	48,166,808	49,084,596

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	17,387,107	17,653,007
Cost of sales	13,188,241	13,545,772
Gross profit	4,198,866	4,107,234
Selling, general and administrative expenses	2,139,037	2,104,097
Operating profit	2,059,829	2,003,137
Non-operating income		
Interest income	12,581	16,486
Dividend income	550	600
Rental income	18,160	18,160
Other	8,389	8,350
Total non-operating income	39,681	43,597
Non-operating expenses		
Rental costs	8,435	7,575
Other	0	–
Total non-operating expenses	8,435	7,575
Ordinary profit	2,091,075	2,039,159
Extraordinary income		
Gain on sale of non-current assets	761	423
Total extraordinary income	761	423
Extraordinary losses		
Loss on retirement of non-current assets	–	1,819
Total extraordinary losses	–	1,819
Profit before income taxes	2,091,837	2,037,763
Income taxes - current	731,660	667,743
Income taxes - deferred	(72,292)	(14,010)
Total income taxes	659,368	653,732
Profit	1,432,468	1,384,030

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,091,837	2,037,763
Depreciation	110,499	113,141
Increase (decrease) in allowance for doubtful accounts	–	4,369
Increase (decrease) in provision for bonuses	414,517	272,620
Increase (decrease) in provision for retirement benefits	(48,796)	(62,274)
Interest and dividend income	(13,131)	(17,086)
Decrease (increase) in trade receivables and contract assets	1,065,696	951,946
Decrease (increase) in inventories	(2,715)	3,834
Increase (decrease) in trade payables	(173,334)	(66,633)
Other, net	(695,150)	(201,900)
Subtotal	2,749,422	3,035,779
Interest and dividends received	9,660	16,974
Income taxes paid	(708,384)	(651,249)
Net cash provided by (used in) operating activities	2,050,698	2,401,504
Cash flows from investing activities		
Payments into time deposits	(1,500,000)	(500,000)
Proceeds from withdrawal of time deposits	500,000	500,000
Purchase of property, plant and equipment	(16,343)	(29,122)
Purchase of intangible assets	–	(2,886)
Purchase of short-term and long-term investment securities	(1,399,900)	(999,900)
Proceeds from sale and redemption of short-term and long-term investment securities	1,100,000	1,000,000
Other, net	(113)	(2,244)
Net cash provided by (used in) investing activities	(1,316,357)	(34,153)
Cash flows from financing activities		
Purchase of treasury shares	(663)	(491)
Dividends paid	(771,513)	(491,546)
Net cash provided by (used in) financing activities	(772,177)	(492,038)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	(37,837)	1,875,312
Cash and cash equivalents at beginning of period	22,200,793	22,542,284
Cash and cash equivalents at end of period	22,162,956	24,417,596