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February 6, 2024

Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: Systema Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 2317
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Scheduled date to file quarterly securities report: February 9, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2023	57,140	5.2	7,025	0.2	7,095	(1.2)	4,844	(1.3)
December 31, 2022	54,334	15.5	7,013	10.1	7,185	16.3	4,908	17.9

Note: Comprehensive income For the nine months ended December 31, 2023: ¥4,979 million [2.1%]
 For the nine months ended December 31, 2022: ¥4,877 million [15.7%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended				
December 31, 2023	12.50		–	
December 31, 2022	12.67		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2023	48,752	36,128	73.1	91.98
March 31, 2023	48,879	34,650	69.9	88.19

Reference: Equity
 As of December 31, 2023: ¥35,638 million
 As of March 31, 2023: ¥34,168 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	4.00	–	4.00	8.00
Fiscal year ending March 31, 2024	–	5.00	–		
Fiscal year ending March 31, 2024 (Forecast)				5.00	10.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal 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 attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	80,386	7.9	10,610	7.8	10,644	6.9	7,233	(1.1)	18.67

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2023	450,880,000 shares
As of March 31, 2023	450,880,000 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2023	63,439,188 shares
As of March 31, 2023	63,439,188 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	387,440,812 shares
Nine months ended December 31, 2022	387,415,970 shares

Note: The Company has introduced a stock compensation plan, and in calculating the number of treasury shares of common shares at the end of the period and the average number of shares outstanding during the period, the number of treasury shares includes shares of the Company held by Japan Custody Bank, Ltd. (the Trust Account) as trust assets for the “Trust for Granting Shares to Directors” and the “Trust for Granting Shares to Executive Officers.” The number of treasury shares held by the Trust Account included in the number of treasury shares at the ends of the periods ended December 31, 2023 and March 31, 2023 were 1,567,700 shares, and the numbers of treasury shares held by the Trust Account excluded from the calculation of the average number of shares outstanding during the nine months ended December 31, 2023 and nine months ended December 31, 2022 were as follows: the average numbers of treasury shares of common shares held by the Trust Account for the nine months ended December 31, 2023 and nine months ended December 31, 2022 were 1,567,700 shares and 1,592,542 shares, respectively.

* Quarterly financial results reports are exempt from quarterly review by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ significantly due to various factors.

Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	25,033	25,850
Notes and accounts receivable - trade, and contract assets	14,999	14,525
Merchandise	1,501	1,118
Work in process	–	8
Other	743	825
Allowance for doubtful accounts	(2)	(1)
Total current assets	42,275	42,327
Non-current assets		
Property, plant and equipment		
Buildings, net	743	698
Tools, furniture and fixtures, net	745	607
Land	97	97
Other, net	35	25
Total property, plant and equipment	1,622	1,429
Intangible assets		
Software	310	251
Software in progress	4	16
Other	3	3
Total intangible assets	317	271
Investments and other assets		
Investment securities	2,136	2,410
Long-term loans receivable from subsidiaries and associates	538	549
Leasehold and guarantee deposits	1,588	1,608
Deferred tax assets	905	572
Other	33	133
Allowance for doubtful accounts	(538)	(550)
Total investments and other assets	4,663	4,724
Total non-current assets	6,603	6,425
Total assets	48,879	48,752

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	6,096	5,332
Short-term borrowings	1,550	1,550
Accounts payable - other, and accrued expenses	2,459	2,634
Income taxes payable	1,524	711
Provision for bonuses	1,460	822
Provision for warranties for completed construction	–	3
Other	997	1,410
Total current liabilities	14,088	12,465
Non-current liabilities		
Provision for share-based payments	114	135
Other	26	23
Total non-current liabilities	140	158
Total liabilities	14,228	12,623
Net assets		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,023	6,023
Retained earnings	31,709	33,052
Treasury shares	(5,022)	(5,022)
Total shareholders' equity	34,223	35,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(91)	(6)
Foreign currency translation adjustment	36	77
Total accumulated other comprehensive income	(54)	71
Non-controlling interests	481	490
Total net assets	34,650	36,128
Total liabilities and net assets	48,879	48,752

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	54,334	57,140
Cost of sales	40,941	43,827
Gross profit	13,392	13,313
Selling, general and administrative expenses	6,379	6,287
Operating profit	7,013	7,025
Non-operating income		
Interest income	16	21
Dividend income	5	10
Gain on sale of investment securities	94	–
Share of profit of entities accounted for using equity method	23	32
Subsidy income	22	34
Other	41	33
Total non-operating income	202	132
Non-operating expenses		
Interest expenses	5	5
Loss on sale of investment securities	–	48
Loss on investments in investment partnerships	15	–
Other	9	8
Total non-operating expenses	30	62
Ordinary profit	7,185	7,095
Profit before income taxes	7,185	7,095
Income taxes - current	2,007	1,946
Income taxes - deferred	253	295
Total income taxes	2,260	2,242
Profit	4,924	4,853
Profit attributable to non-controlling interests	16	8
Profit attributable to owners of parent	4,908	4,844

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	4,924	4,853
Other comprehensive income		
Valuation difference on available-for-sale securities	(97)	85
Foreign currency translation adjustment	66	53
Share of other comprehensive income of entities accounted for using equity method	(15)	(12)
Total other comprehensive income	(46)	126
Comprehensive income	4,877	4,979
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,861	4,971
Comprehensive income attributable to non-controlling interests	16	8