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October 26, 2023

## Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Systema Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 2317  
 URL: <https://www.systema.co.jp/>  
 Representative: Kenji Miura, Representative Director and President  
 Inquiries: Hiroshi Kotani, Director  
 Telephone: +81-3-6367-3840  
 Scheduled date to file quarterly securities report: November 7, 2023  
 Scheduled date to commence dividend payments: December 5, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 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	%
Six months ended September 30, 2023	37,521	4.8	4,368	(1.5)	4,334	(3.6)	2,976	(3.5)
September 30, 2022	35,805	16.0	4,435	14.9	4,497	20.3	3,084	22.5

Note: Comprehensive income For the six months ended September 30, 2023: ¥3,144 million [(1.9)%]  
 For the six months ended September 30, 2022: ¥3,204 million [27.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	7.68	-
September 30, 2022	7.96	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2023	50,360	36,239	71.0	92.30
March 31, 2023	48,879	34,650	69.9	88.19

Reference: Equity  
 As of September 30, 2023: ¥35,759 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 September 30, 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 September 30, 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)

Six months ended September 30, 2023	387,440,812 shares
Six months ended September 30, 2022	387,404,850 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 end of the period ended September 30, 2023 and March 31, 2023 were 1,567,700 shares, and the number of treasury shares held by the Trust Account excluded from the calculation of the average number of shares outstanding during the six months ended September 30, 2023 and six months ended September 30, 2022 is as follows: the average number of treasury shares of common shares held by the Trust Account for the six months ended September 30, 2023 and six months ended September 30, 2022 were 1,567,700 shares and 1,603,662 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 September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	25,033	27,325
Notes and accounts receivable - trade, and contract assets	14,999	13,962
Merchandise	1,501	1,685
Work in process	–	7
Other	743	879
Allowance for doubtful accounts	(2)	(1)
Total current assets	42,275	43,857
Non-current assets		
Property, plant and equipment		
Buildings, net	743	708
Tools, furniture and fixtures, net	745	663
Land	97	97
Other, net	35	29
Total property, plant and equipment	1,622	1,499
Intangible assets		
Software	310	266
Software in progress	4	14
Other	3	3
Total intangible assets	317	284
Investments and other assets		
Investment securities	2,136	2,167
Long-term loans receivable from subsidiaries and associates	538	549
Leasehold and guarantee deposits	1,588	1,576
Deferred tax assets	905	833
Other	33	140
Allowance for doubtful accounts	(538)	(550)
Total investments and other assets	4,663	4,718
Total non-current assets	6,603	6,502
<b>Total assets</b>	<b>48,879</b>	<b>50,360</b>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	6,096	5,781
Short-term borrowings	1,550	1,550
Accounts payable - other, and accrued expenses	2,459	2,656
Income taxes payable	1,524	1,501
Provision for bonuses	1,460	1,457
Other	997	1,019
<b>Total current liabilities</b>	<b>14,088</b>	<b>13,966</b>
Non-current liabilities		
Provision for share-based payments	114	129
Other	26	25
<b>Total non-current liabilities</b>	<b>140</b>	<b>154</b>
<b>Total liabilities</b>	<b>14,228</b>	<b>14,121</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,023	6,023
Retained earnings	31,709	33,129
Treasury shares	(5,022)	(5,022)
<b>Total shareholders' equity</b>	<b>34,223</b>	<b>35,644</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(91)	(1)
Foreign currency translation adjustment	36	117
<b>Total accumulated other comprehensive income</b>	<b>(54)</b>	<b>115</b>
Non-controlling interests	481	479
<b>Total net assets</b>	<b>34,650</b>	<b>36,239</b>
<b>Total liabilities and net assets</b>	<b>48,879</b>	<b>50,360</b>

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

**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	35,805	37,521
Cost of sales	27,013	28,776
Gross profit	8,792	8,745
Selling, general and administrative expenses	4,357	4,377
Operating profit	4,435	4,368
Non-operating income		
Interest income	10	15
Dividend income	2	2
Gain on sale of investment securities	15	-
Share of profit of entities accounted for using equity method	13	15
Subsidy income	13	21
Other	28	14
Total non-operating income	84	69
Non-operating expenses		
Interest expenses	3	3
Loss on sale of investment securities	-	82
Loss on investments in investment partnerships	15	14
Other	2	3
Total non-operating expenses	21	103
Ordinary profit	4,497	4,334
Profit before income taxes	4,497	4,334
Income taxes - current	1,394	1,327
Income taxes - deferred	14	32
Total income taxes	1,408	1,359
Profit	3,088	2,974
Profit (loss) attributable to non-controlling interests	4	(1)
Profit attributable to owners of parent	3,084	2,976

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	3,088	2,974
Other comprehensive income		
Valuation difference on available-for-sale securities	4	90
Foreign currency translation adjustment	145	103
Share of other comprehensive income of entities accounted for using equity method	(33)	(23)
Total other comprehensive income	116	170
Comprehensive income	3,204	3,144
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,200	3,146
Comprehensive income attributable to non-controlling interests	4	(1)

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,497	4,334
Depreciation	204	262
Share of loss (profit) of entities accounted for using equity method	(13)	(15)
Increase (decrease) in allowance for doubtful accounts	(9)	(0)
Increase (decrease) in provision for bonuses	(42)	(3)
Increase (decrease) in provision for share-based payments	6	14
Interest and dividend income	(12)	(17)
Interest expenses	3	3
Loss (gain) on sale of investment securities	(15)	82
Loss (gain) on investments in investment partnerships	15	14
Decrease (increase) in trade receivables	1,252	1,041
Decrease (increase) in inventories	10	(191)
Decrease (increase) in accounts receivable - other	(13)	5
Increase (decrease) in trade payables	(764)	(314)
Increase (decrease) in accounts payable - other, and accrued expenses	291	295
Increase (decrease) in accrued consumption taxes	(172)	(134)
Increase (decrease) in advances received	8	(5)
Other, net	(81)	(59)
Subtotal	5,164	5,313
Interest and dividends received	12	17
Interest paid	(3)	(3)
Income taxes paid	(1,362)	(1,350)
Net cash provided by (used in) operating activities	3,811	3,976
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(348)	(0)
Proceeds from withdrawal of time deposits	-	23
Purchase of property, plant and equipment and intangible assets	(803)	(232)
Proceeds from sale of property, plant and equipment and intangible assets	25	2
Purchase of investment securities	(11,178)	(8,705)
Proceeds from sale of investment securities	11,221	8,584
Proceeds from distributions from investment partnerships	9	27
Payments of leasehold and guarantee deposits	(20)	(11)
Proceeds from refund of leasehold and guarantee deposits	3	23
Other payments	(0)	(0)
Other proceeds	-	1
Net cash provided by (used in) investing activities	(1,092)	(286)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from share issuance to non-controlling shareholders	40	–
Purchase of treasury shares of subsidiaries	(5)	–
Proceeds from sale of treasury shares	15	–
Dividends paid	(1,360)	(1,562)
Net cash provided by (used in) financing activities	(1,311)	(1,562)
Effect of exchange rate change on cash and cash equivalents	60	18
Net increase (decrease) in cash and cash equivalents	1,467	2,145
Cash and cash equivalents at beginning of period	21,964	24,792
Cash and cash equivalents at end of period	23,432	26,938