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October 31, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Systema Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 2317
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 Scheduled date to file semi-annual securities report: November 12, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	40,092	6.9	5,573	27.6	5,410	24.8	3,726	25.2
September 30, 2023	37,521	4.8	4,368	(1.5)	4,334	(3.6)	2,976	(3.5)

Note: Comprehensive income For the six months ended September 30, 2024: ¥3,658 million [16.3%]
 For the six months ended September 30, 2023: ¥3,144 million [(1.9)%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
September 30, 2024	9.95		-	
September 30, 2023	7.68		-	

(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				
September 30, 2024	45,324	30,720	66.7	84.41
March 31, 2024	54,038	38,601	70.5	98.34

Reference: Equity
 As of September 30, 2024: ¥30,237 million
 As of March 31, 2024: ¥38,099 million

(3) 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
Six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2024	3,457	(305)	(11,541)	21,681
September 30, 2023	3,976	(286)	(1,562)	26,938

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, 2024	–	5.00	–	5.00	10.00
Fiscal year ending March 31, 2025	–	6.00			
Fiscal year ending March 31, 2025 (Forecast)			–	6.00	12.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	85,000	10.5	11,000	13.3	11,000	10.6	7,700	6.5	21.04
	to 90,000	to 17.0	to 12,000	to 23.6	to 12,000	to 20.7	to 8,400	to 16.2	to 22.95

Notes: Revisions to the earnings forecasts most recently announced: Yes

1. The Group has a policy of conducting short-term aggressive investment, which presents numerous elements of uncertainty that make it difficult to calculate forecast figures to any reasonable extent. Accordingly, for the consolidated earnings forecasts for the fiscal year ending March 31, 2025, the forecast figures are presented as ranges.
2. For the consolidated earnings forecasts for the fiscal year ending March 31, 2025, please refer to the “Notice Concerning Revisions to Earnings Forecasts” announced today (October 31, 2024).

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual 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: Yes
 - (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, 2024	425,880,000 shares
As of March 31, 2024	450,880,000 shares

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

As of September 30, 2024	67,651,955 shares
As of March 31, 2024	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, 2024	374,578,247 shares
Six months ended September 30, 2023	387,440,812 shares

- Notes: 1 The total number of issued shares decreased by 25,000,000 due to the cancellation of treasury shares on September 20, 2024, based on the resolution of the Board of Directors meeting held on August 21, 2024.
- 2 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 numbers of treasury shares held by the Trust Account included in the number of treasury shares at the ends of the periods ended September 30, 2024 and March 31, 2024 were 1,552,600 shares and 1,567,700 shares, respectively, and the numbers 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, 2024 and six months ended September 30, 2023 were as follows: the average numbers of treasury shares of common shares held by the Trust Account for the six months ended September 30, 2024 and six months ended September 30, 2023 were 1,563,375 shares and 1,567,700 shares, respectively.

* Semi-annual financial results reports are exempt from 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.

Semi-annual consolidated financial statements

(1) Semi-annual consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	30,168	20,993
Notes and accounts receivable - trade, and contract assets	14,917	15,108
Securities	727	704
Merchandise	1,216	947
Work in process	4	–
Other	1,054	1,934
Total current assets	48,088	39,687
Non-current assets		
Property, plant and equipment		
Buildings, net	702	709
Tools, furniture and fixtures, net	572	538
Land	97	97
Other, net	23	22
Total property, plant and equipment	1,395	1,368
Intangible assets		
Software	251	195
Software in progress	–	7
Other	3	3
Total intangible assets	254	206
Investments and other assets		
Investment securities	1,546	1,475
Long-term loans receivable from subsidiaries and associates	498	436
Leasehold and guarantee deposits	1,649	1,618
Deferred tax assets	974	853
Other	129	114
Allowance for doubtful accounts	(498)	(436)
Total investments and other assets	4,299	4,061
Total non-current assets	5,950	5,636
Total assets	54,038	45,324

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	6,438	5,989
Short-term borrowings	1,550	1,550
Accounts payable - other, and accrued expenses	2,463	2,464
Income taxes payable	1,656	1,737
Provision for bonuses	1,872	1,735
Other	1,293	949
Total current liabilities	15,273	14,425
Non-current liabilities		
Provision for share-based payments	141	156
Other	22	22
Total non-current liabilities	164	178
Total liabilities	15,437	14,604
Net assets		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,023	2,217
Retained earnings	35,440	37,222
Treasury shares	(5,022)	(10,811)
Total shareholders' equity	37,955	30,142
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	12
Foreign currency translation adjustment	125	82
Total accumulated other comprehensive income	143	94
Non-controlling interests	501	482
Total net assets	38,601	30,720
Total liabilities and net assets	54,038	45,324

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income

Semi-annual consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	37,521	40,092
Cost of sales	28,776	30,140
Gross profit	8,745	9,952
Selling, general and administrative expenses	4,377	4,378
Operating profit	4,368	5,573
Non-operating income		
Interest income	15	26
Dividend income	2	5
Gain on sale of securities	–	16
Share of profit of entities accounted for using equity method	15	12
Subsidy income	21	8
Other	14	11
Total non-operating income	69	81
Non-operating expenses		
Interest expenses	3	4
Loss on valuation of securities	–	206
Loss on sale of investment securities	82	2
Loss on investments in investment partnerships	14	12
Other	3	19
Total non-operating expenses	103	245
Ordinary profit	4,334	5,410
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	9
Total extraordinary losses	–	9
Profit before income taxes	4,334	5,400
Income taxes - current	1,327	1,570
Income taxes - deferred	32	123
Total income taxes	1,359	1,693
Profit	2,974	3,707
Loss attributable to non-controlling interests	(1)	(19)
Profit attributable to owners of parent	2,976	3,726

Semi-annual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,974	3,707
Other comprehensive income		
Valuation difference on available-for-sale securities	90	(5)
Foreign currency translation adjustment	103	(54)
Share of other comprehensive income of entities accounted for using equity method	(23)	11
Total other comprehensive income	170	(48)
Comprehensive income	3,144	3,658
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,146	3,677
Comprehensive income attributable to non-controlling interests	(1)	(19)

(3) Consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	4,334	5,400
Depreciation	262	217
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(3)	(136)
Increase (decrease) in provision for share-based payments	14	15
Interest and dividend income	(17)	(32)
Interest expenses	3	4
Loss (gain) on sale of securities	–	(16)
Loss (gain) on valuation of securities	–	206
Loss (gain) on sale of investment securities	82	2
Loss (gain) on investments in investment partnerships	14	12
Share of loss (profit) of entities accounted for using equity method	(15)	(12)
Loss (gain) on liquidation of subsidiaries and associates	–	9
Decrease (increase) in trade receivables	1,041	(195)
Decrease (increase) in inventories	(191)	272
Decrease (increase) in accounts receivable - other	5	18
Increase (decrease) in trade payables	(314)	(448)
Increase (decrease) in accounts payable - other, and accrued expenses	295	85
Increase (decrease) in accrued consumption taxes	(134)	(161)
Increase (decrease) in advances received	(5)	(17)
Other, net	(59)	(404)
Subtotal	5,313	4,819
Interest and dividends received	17	32
Interest paid	(3)	(4)
Income taxes paid	(1,350)	(1,388)
Net cash provided by (used in) operating activities	3,976	3,457
Cash flows from investing activities		
Net decrease (increase) in time deposits	(0)	(100)
Proceeds from withdrawal of time deposits	23	98
Purchase of property, plant and equipment and intangible assets	(232)	(203)
Proceeds from sale of property, plant and equipment and intangible assets	2	–
Purchase of securities	–	(3,403)
Proceeds from sale of securities	–	3,220
Purchase of investment securities	(8,705)	–
Proceeds from sale of investment securities	8,584	33
Proceeds from distributions from investment partnerships	27	18
Payments of leasehold and guarantee deposits	(11)	(5)
Proceeds from refund of leasehold and guarantee deposits	23	35
Other payments	(0)	(0)
Other proceeds	1	0
Net cash provided by (used in) investing activities	(286)	(305)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Purchase of treasury shares	–	(9,606)
Proceeds from sale of treasury shares	–	6
Dividends paid	(1,562)	(1,941)
Net cash provided by (used in) financing activities	(1,562)	(11,541)
Effect of exchange rate change on cash and cash equivalents	18	(21)
Net increase (decrease) in cash and cash equivalents	2,145	(8,410)
Cash and cash equivalents at beginning of period	24,792	30,092
Cash and cash equivalents at end of period	26,938	21,681