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February 6, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: Systema Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 2317
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from April 1, 2024 to December 31, 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	%
Nine months ended								
December 31, 2024	60,564	6.0	8,714	24.0	8,600	21.2	5,917	22.1
December 31, 2023	57,140	5.2	7,025	0.2	7,095	(1.2)	4,844	(1.3)

Note: Comprehensive income For the nine months ended December 31, 2024: ¥5,930 million [19.1%]
 For the nine months ended December 31, 2023: ¥4,979 million [2.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	16.04	—
December 31, 2023	12.50	—

(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
December 31, 2024	45,141	30,544	66.6	84.10
March 31, 2024	54,038	38,601	70.5	98.34

Reference: Equity
 As of December 31, 2024: ¥30,062 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
Nine months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2024	4,843	287	(13,975)	21,253
December 31, 2023	4,704	(465)	(3,486)	25,557

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	81,500	5.9	11,500	18.4	11,425	14.9	8,000	10.6	21.85

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

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 (February 6, 2025).

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: 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: 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 December 31, 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 December 31, 2024	68,424,163 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)

Nine months ended December 31, 2024	368,869,063 shares
Nine months ended December 31, 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 December 31, 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 nine months ended December 31, 2024 and nine months ended December 31, 2023 were as follows: the average numbers of treasury shares of common shares held by the Trust Account for the nine months ended December 31, 2024 and nine months ended December 31, 2023 were 1,559,770 shares and 1,567,700 shares, respectively.

- * Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

- * 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, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	30,168	20,814
Notes and accounts receivable - trade, and contract assets	14,917	15,713
Securities	727	226
Merchandise	1,216	1,060
Work in process	4	-
Other	1,054	2,003
Total current assets	48,088	39,818
Non-current assets		
Property, plant and equipment		
Buildings, net	702	695
Tools, furniture and fixtures, net	572	507
Land	97	97
Other, net	23	27
Total property, plant and equipment	1,395	1,328
Intangible assets		
Software	251	165
Software in progress	-	21
Other	3	3
Total intangible assets	254	190
Investments and other assets		
Investment securities	1,546	1,486
Long-term loans receivable from subsidiaries and associates	498	458
Leasehold and guarantee deposits	1,649	1,675
Deferred tax assets	974	540
Other	129	100
Allowance for doubtful accounts	(498)	(458)
Total investments and other assets	4,299	3,803
Total non-current assets	5,950	5,322
Total assets	54,038	45,141

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	6,438	6,126
Short-term borrowings	1,550	1,550
Accounts payable - other, and accrued expenses	2,463	3,270
Income taxes payable	1,656	1,032
Provision for bonuses	1,872	905
Other	1,293	1,532
Total current liabilities	15,273	14,416
Non-current liabilities		
Provision for share-based payments	141	157
Other	22	22
Total non-current liabilities	164	179
Total liabilities	15,437	14,596
Net assets		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,023	2,217
Retained earnings	35,440	37,254
Treasury shares	(5,022)	(11,099)
Total shareholders' equity	37,955	29,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	12
Foreign currency translation adjustment	125	164
Total accumulated other comprehensive income	143	176
Non-controlling interests	501	482
Total net assets	38,601	30,544
Total liabilities and net assets	54,038	45,141

(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, 2023	Nine months ended December 31, 2024
Net sales	57,140	60,564
Cost of sales	43,827	45,296
Gross profit	13,313	15,268
Selling, general and administrative expenses	6,287	6,553
Operating profit	7,025	8,714
Non-operating income		
Interest income	21	33
Dividend income	10	10
Gain on valuation of securities	–	14
Share of profit of entities accounted for using equity method	32	20
Subsidy income	34	13
Other	33	34
Total non-operating income	132	126
Non-operating expenses		
Interest expenses	5	7
Loss on sale of securities	–	220
Loss on sale of investment securities	48	2
Other	8	10
Total non-operating expenses	62	241
Ordinary profit	7,095	8,600
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	9
Total extraordinary losses	–	9
Profit before income taxes	7,095	8,591
Income taxes - current	1,946	2,256
Income taxes - deferred	295	436
Total income taxes	2,242	2,693
Profit	4,853	5,898
Profit (loss) attributable to non-controlling interests	8	(18)
Profit attributable to owners of parent	4,844	5,917

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	4,853	5,898
Other comprehensive income		
Valuation difference on available-for-sale securities	85	(5)
Foreign currency translation adjustment	53	47
Share of other comprehensive income of entities accounted for using equity method	(12)	(8)
Total other comprehensive income	126	32
Comprehensive income	4,979	5,930
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,971	5,949
Comprehensive income attributable to non-controlling interests	8	(18)

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	7,095	8,591
Depreciation	399	331
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in provision for bonuses	(637)	(966)
Increase (decrease) in provision for share-based payments	21	16
Interest and dividend income	(31)	(43)
Interest expenses	5	7
Loss (gain) on sale of securities	–	220
Loss (gain) on valuation of securities	–	(14)
Loss (gain) on sale of investment securities	48	2
Share of loss (profit) of entities accounted for using equity method	(32)	(20)
Loss (gain) on liquidation of subsidiaries and associates	–	9
Decrease (increase) in trade receivables	476	(798)
Decrease (increase) in inventories	374	160
Increase (decrease) in trade payables	(763)	(312)
Increase (decrease) in accounts payable - other, and accrued expenses	292	439
Increase (decrease) in accrued consumption taxes	22	(74)
Increase (decrease) in advances received	(30)	(18)
Other, net	100	114
Subtotal	7,339	7,643
Interest and dividends received	40	51
Interest paid	(5)	(7)
Income taxes paid	(2,669)	(2,843)
Net cash provided by (used in) operating activities	4,704	4,843
Cash flows from investing activities		
Payments into time deposits	(0)	(100)
Proceeds from withdrawal of time deposits	56	197
Purchase of property, plant and equipment and intangible assets	(286)	(273)
Proceeds from sale of property, plant and equipment and intangible assets	4	0
Purchase of securities	–	(4,214)
Proceeds from sale of securities	–	4,622
Purchase of investment securities	(10,546)	–
Proceeds from sale of investment securities	10,265	33
Payments of leasehold and guarantee deposits	(45)	(64)
Proceeds from refund of leasehold and guarantee deposits	25	38
Proceeds from distributions from investment partnerships	60	39
Other payments	(0)	(0)
Other proceeds	1	8
Net cash provided by (used in) investing activities	(465)	287

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from financing activities		
Purchase of treasury shares	–	(9,895)
Proceeds from sale of treasury shares	–	6
Dividends paid	(3,486)	(4,086)
Net cash provided by (used in) financing activities	(3,486)	(13,975)
Effect of exchange rate change on cash and cash equivalents	11	4
Net increase (decrease) in cash and cash equivalents	764	(8,839)
Cash and cash equivalents at beginning of period	24,792	30,092
Cash and cash equivalents at end of period	25,557	21,253