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July 28, 2022

## Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: Systema Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 2317  
 URL: <https://www.systema.co.jp/>  
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 Scheduled date to file quarterly securities report: August 9, 2022  
 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

#### (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	%
Three months ended								
June 30, 2022	17,627	15.0	1,821	3.8	1,879	10.4	1,285	12.3
June 30, 2021	15,331	3.2	1,755	(0.6)	1,702	(7.0)	1,144	(8.2)

Note: Comprehensive income For the three months ended June 30, 2022: ¥1,348 million [17.0%]  
 For the three months ended June 30, 2021: ¥1,152 million [(5.6)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2022	3.32	–
June 30, 2021	2.95	–

Note: The Company implemented a four-for-one common stock split effective December 1, 2021. Basic earnings per share has been calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

#### (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				
June 30, 2022	41,781	30,194	71.2	76.81
March 31, 2022	43,477	30,173	68.5	76.83

Reference: Equity  
 As of June 30, 2022: ¥29,755 million  
 As of March 31, 2022: ¥29,762 million

Note: The Company implemented a four-for-one common stock split effective December 1, 2021. Net assets per share has been calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

## 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, 2022	–	10.00	–	3.50	–
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		4.00	–	4.00	8.00

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

The Company implemented a four-for-one common stock split effective December 1, 2021. The stated year-end dividend per share for the fiscal year ended March 31, 2022 takes the said stock split into account. The total annual dividend for the fiscal year ended March 31, 2022 is not shown because a simple total cannot be calculated due to the implementation of the stock split. The annual dividend per share for the fiscal year ended March 31, 2022 that does not take the stock split into account is ¥24 (the interim dividend of ¥10 per share and year-end dividend of ¥14 per share).

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	71,450	9.5	10,280	12.9	10,280	19.8	7,000	16.8	18.07

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: 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 June 30, 2022	450,880,000 shares
As of March 31, 2022	450,880,000 shares

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

As of June 30, 2022	63,483,788 shares
As of March 31, 2022	63,483,788 shares

- (iii) Average number of shares outstanding during the period

Three months ended June 30, 2022	387,396,212 shares
Three months ended June 30, 2021	387,374,644 shares

- Notes: 1. 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 June 30, 2022 and March 31, 2022 was 1,612,300 shares, respectively, and the number of treasury shares held by the Trust Account excluded from the calculation of the average number of shares outstanding during the three months ended June 30, 2022 and three months ended June 30, 2021 is as follows: the average number of common treasury shares held by the Trust Account for the three months ended June 30, 2022 and three months ended June 30, 2021 were 1,622,086 shares and 1,634,000 shares, respectively.
2. The Company implemented a four-for-one common stock split effective December 1, 2021. Number of shares has been calculated assuming the stock split was conducted at the beginning of the previous fiscal year.

\* 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, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	21,657	21,685
Notes and accounts receivable - trade, and contract assets	14,323	12,642
Merchandise	1,151	803
Other	880	1,223
Allowance for doubtful accounts	(11)	(11)
Total current assets	38,002	36,343
Non-current assets		
Property, plant and equipment		
Buildings, net	398	442
Tools, furniture and fixtures, net	489	472
Land	97	97
Construction in progress	–	82
Other, net	72	48
Total property, plant and equipment	1,058	1,144
Intangible assets		
Software	270	248
Software in progress	5	61
Other	2	2
Total intangible assets	278	311
Investments and other assets		
Investment securities	1,775	1,862
Long-term loans receivable from subsidiaries and associates	575	613
Leasehold and guarantee deposits	1,513	1,533
Deferred tax assets	817	554
Other	30	31
Allowance for doubtful accounts	(575)	(613)
Total investments and other assets	4,138	3,981
Total non-current assets	5,475	5,437
Total assets	43,477	41,781

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	5,696	4,702
Short-term borrowings	1,550	1,550
Accounts payable - other, and accrued expenses	2,076	2,584
Income taxes payable	1,525	418
Provision for bonuses	1,348	753
Other	977	1,439
<b>Total current liabilities</b>	<b>13,175</b>	<b>11,448</b>
Non-current liabilities		
Provision for share-based compensation	97	107
Other	30	30
<b>Total non-current liabilities</b>	<b>128</b>	<b>138</b>
<b>Total liabilities</b>	<b>13,303</b>	<b>11,587</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,025	6,023
Retained earnings	27,309	27,232
Treasury shares	(5,042)	(5,042)
<b>Total shareholders' equity</b>	<b>29,806</b>	<b>29,727</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(25)	(24)
Foreign currency translation adjustment	(18)	52
<b>Total accumulated other comprehensive income</b>	<b>(43)</b>	<b>28</b>
Non-controlling interests	411	439
<b>Total net assets</b>	<b>30,173</b>	<b>30,194</b>
<b>Total liabilities and net assets</b>	<b>43,477</b>	<b>41,781</b>

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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	15,331	17,627
Cost of sales	11,624	13,400
Gross profit	3,707	4,226
Selling, general and administrative expenses	1,952	2,405
Operating profit	1,755	1,821
Non-operating income		
Interest income	2	5
Dividend income	7	0
Gain on sale of investment securities	–	14
Gain on investments in investment partnerships	48	–
Share of profit of entities accounted for using equity method	–	13
Subsidy income	6	3
Commission income	0	0
Other	10	22
Total non-operating income	76	61
Non-operating expenses		
Interest expenses	1	1
Loss on sale of investment securities	74	–
Share of loss of entities accounted for using equity method	16	–
Provision of allowance for doubtful accounts	34	–
Foreign exchange losses	0	–
Other	0	1
Total non-operating expenses	128	3
Ordinary profit	1,702	1,879
Profit before income taxes	1,702	1,879
Income taxes - current	295	340
Income taxes - deferred	265	262
Total income taxes	560	603
Profit	1,142	1,276
Loss attributable to non-controlling interests	(1)	(8)
Profit attributable to owners of parent	1,144	1,285

**Quarterly consolidated statement of comprehensive income**

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,142	1,276
Other comprehensive income		
Valuation difference on available-for-sale securities	12	0
Foreign currency translation adjustment	(1)	92
Share of other comprehensive income of entities accounted for using equity method	(0)	(21)
Total other comprehensive income	9	71
Comprehensive income	1,152	1,348
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,154	1,356
Comprehensive income attributable to non-controlling interests	(1)	(8)