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July 31, 2024

Consolidated Financial Results for the Three Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: Systena Corporation
Listing: Tokyo Stock Exchange
Securities code: 2317
URL: https://www.systena.co.jp/
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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 three months ended June 30, 2024 (from April 1, 2024 to June 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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	19,746	5.4	2,643	38.4	2,651	48.9	1,816	48.9
June 30, 2023	18,734	6.3	1,909	4.8	1,781	(5.2)	1,220	(5.0)

Note: Comprehensive income For the three months ended June 30, 2024: ¥1,849 million [36.7%]
For the three months ended June 30, 2023: ¥1,352 million [0.3%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	4.73	–
June 30, 2023	3.15	–

(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
June 30, 2024	49,195	35,328	70.8	92.62
March 31, 2024	54,038	38,601	70.5	98.34

Reference: Equity
As of June 30, 2024: ¥34,850 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
Three months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2024	1,168	(198)	(5,083)	25,997
June 30, 2023	1,345	(395)	(1,536)	24,231

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	–				
Fiscal year ending March 31, 2025 (Forecast)		6.00	–	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 to 100,000	10.5 to 30.0	10,000 to 12,000	3.0 to 23.6	10,000 to 12,000	0.6 to 20.7	7,000 to 8,400	(3.2) to 16.2	18.98 to 22.78

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 Upward Revisions to Earnings Forecasts” announced today (July 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 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, 2024	450,880,000 shares
As of March 31, 2024	450,880,000 shares

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

As of June 30, 2024	74,600,824 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)

Three months ended June 30, 2024	384,083,745 shares
Three months ended June 30, 2023	387,440,812 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 numbers of treasury shares held by the Trust Account included in the number of treasury shares at the ends of the periods ended June 30, 2024 and March 31, 2024 were both 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 three months ended June 30, 2024 and three months ended June 30, 2023 were as follows: the average numbers of treasury shares of common shares held by the Trust Account for the three months ended June 30, 2024 and three months ended June 30, 2023 were both 1,567,700 shares.

* 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 June 30, 2024
Assets		
Current assets		
Cash and deposits	30,168	24,366
Notes and accounts receivable - trade, and contract assets	14,917	14,640
Securities	727	950
Merchandise	1,216	1,018
Work in process	4	17
Other	1,054	2,835
Total current assets	48,088	43,828
Non-current assets		
Property, plant and equipment		
Buildings, net	702	686
Tools, furniture and fixtures, net	572	546
Land	97	97
Construction in progress	–	0
Other, net	23	20
Total property, plant and equipment	1,395	1,352
Intangible assets		
Software	251	219
Software in progress	–	0
Other	3	3
Total intangible assets	254	223
Investments and other assets		
Investment securities	1,546	1,536
Long-term loans receivable from subsidiaries and associates	498	506
Leasehold and guarantee deposits	1,649	1,619
Deferred tax assets	974	512
Other	129	121
Allowance for doubtful accounts	(498)	(506)
Total investments and other assets	4,299	3,791
Total non-current assets	5,950	5,366
Total assets	54,038	49,195

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	6,438	6,147
Short-term borrowings	1,550	1,550
Accounts payable - other, and accrued expenses	2,463	2,891
Income taxes payable	1,656	470
Provision for bonuses	1,872	918
Other	1,293	1,714
Total current liabilities	15,273	13,693
Non-current liabilities		
Provision for share-based payments	141	150
Other	22	22
Total non-current liabilities	164	172
Total liabilities	15,437	13,866
Net assets		
Shareholders' equity		
Share capital	1,513	1,513
Capital surplus	6,023	6,023
Retained earnings	35,440	35,312
Treasury shares	(5,022)	(8,198)
Total shareholders' equity	37,955	34,651
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	19
Foreign currency translation adjustment	125	179
Total accumulated other comprehensive income	143	199
Non-controlling interests	501	478
Total net assets	38,601	35,328
Total liabilities and net assets	54,038	49,195

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

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	18,734	19,746
Cost of sales	14,397	14,828
Gross profit	4,336	4,917
Selling, general and administrative expenses	2,427	2,274
Operating profit	1,909	2,643
Non-operating income		
Interest income	8	18
Dividend income	2	5
Share of profit of entities accounted for using equity method	12	15
Subsidy income	17	5
Other	17	11
Total non-operating income	58	56
Non-operating expenses		
Interest expenses	1	2
Loss on sale of securities	–	5
Loss on valuation of securities	–	33
Loss on sale of investment securities	183	2
Other	1	3
Total non-operating expenses	187	47
Ordinary profit	1,781	2,651
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	9
Total extraordinary losses	–	9
Profit before income taxes	1,781	2,642
Income taxes - current	258	388
Income taxes - deferred	318	460
Total income taxes	577	849
Profit	1,204	1,793
Loss attributable to non-controlling interests	(15)	(23)
Profit attributable to owners of parent	1,220	1,816

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	1,204	1,793
Other comprehensive income		
Valuation difference on available-for-sale securities	90	1
Foreign currency translation adjustment	74	66
Share of other comprehensive income of entities accounted for using equity method	(17)	(13)
Total other comprehensive income	148	55
Comprehensive income	1,352	1,849
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,368	1,872
Comprehensive income attributable to non-controlling interests	(15)	(23)

(3) Consolidated statement of cash flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,781	2,642
Depreciation	129	107
Increase (decrease) in allowance for doubtful accounts	0	–
Increase (decrease) in provision for bonuses	(697)	(953)
Increase (decrease) in provision for share-based payments	8	9
Interest and dividend income	(11)	(23)
Interest expenses	1	2
Loss (gain) on sale of securities	–	5
Loss (gain) on valuation of securities	–	33
Loss (gain) on investments in investment partnerships	(6)	–
Loss (gain) on sale of investment securities	183	2
Share of loss (profit) of entities accounted for using equity method	(12)	(15)
Loss (gain) on liquidation of subsidiaries and associates	–	9
Decrease (increase) in trade receivables	1,543	277
Decrease (increase) in inventories	145	184
Decrease (increase) in advance payments to suppliers	1	14
Increase (decrease) in trade payables	(832)	(290)
Increase (decrease) in accounts payable - other, and accrued expenses	237	538
Increase (decrease) in accrued consumption taxes	107	69
Increase (decrease) in advances received	(5)	24
Other, net	207	(19)
Subtotal	2,782	2,620
Interest and dividends received	11	23
Interest paid	(1)	(2)
Income taxes paid	(1,445)	(1,472)
Net cash provided by (used in) operating activities	1,345	1,168
Cash flows from investing activities		
Payments into time deposits	(3)	(100)
Proceeds from withdrawal of time deposits	–	240
Purchase of property, plant and equipment and intangible assets	(205)	(140)
Proceeds from sale of property, plant and equipment and intangible assets	2	–
Purchase of securities	–	(1,327)
Proceeds from sale of securities	–	1,065
Purchase of investment securities	(3,579)	–
Proceeds from sale of investment securities	3,366	33
Payments of leasehold and guarantee deposits	(11)	(2)
Proceeds from refund of leasehold and guarantee deposits	21	32
Proceeds from distributions from investment partnerships	14	–
Other proceeds	0	0
Net cash provided by (used in) investing activities	(395)	(198)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from financing activities		
Purchase of treasury shares	–	(3,178)
Dividends paid	(1,536)	(1,905)
Net cash provided by (used in) financing activities	(1,536)	(5,083)
Effect of exchange rate change on cash and cash equivalents	25	18
Net increase (decrease) in cash and cash equivalents	(560)	(4,095)
Cash and cash equivalents at beginning of period	24,792	30,092
Cash and cash equivalents at end of period	24,231	25,997