CUBE SYSTEM

1st Quarter of the Fiscal Year Ending March 31, 2025

Supplementary Information Material for Financial Results

Securities code: 2335

Aug. 7, 2024



Executive Summary

- **Business Environment**
  - Continued strong motivation of companies to IT investments because of high demand for system developments related to DX promotion and cloud migration.
- **Net Sales**
  - Increase by 0.8% compared to the previous fiscal year, because of expansion of projects, mainly in the financial and energy industries.
- **Operating Profit**
  - Decrease by 40.3% compared to the previous fiscal year, due to investment for development organization and facilities.
- **Earnings Forecast**
  - No change.

Net sales	Operating profit	Quarterly net profit attributable to owners of parent
44.1 100 million yen	2.2 100 million yen	1.5 100 million yen

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1st Quarter of the Fiscal Year
Ending March 31, 2025

Overview of Financial Results

1 Overview of Consolidated Statements of Income

2 Trends in Transition by Accounting Period

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4 Trends in Net Sales by Business Model

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1 - 1 | Overview of Consolidated Statements of Income

- **Business Environment** – Continued strong motivation of companies to IT investments for system development in migration and improving usability of mission-critical systems, in addition to demand for DX, aiming at high value addition to services and solving shortage of human resources.
- **Net Sales** – Slight increase compared to the previous fiscal year due to reduction of projects scale in the retail industry, despite expansion of projects in the financial and energy industries.
- **Operating Profit** – Decrease due to personnel expenses increase for introduction of a new human resources system in addition to investment for development organization and facilities.
- **Quarterly Net Profit** – Posting extraordinary income from sales of investment securities.

(Millions of yen)	FYE 2024 1Q Actual	FYE 2025 1Q Actual	YoY
Net sales	4,376	4,411	+0.8%
Operating profit	369	220	-40.3%
Margin	8.5%	5.0%	–
Ordinary profit	371	226	-38.9%
Margin	8.5%	5.1%	–
Quarterly net profit attributable to owners of parent	232	157	-32.3%
Margin	5.3%	3.6%	–

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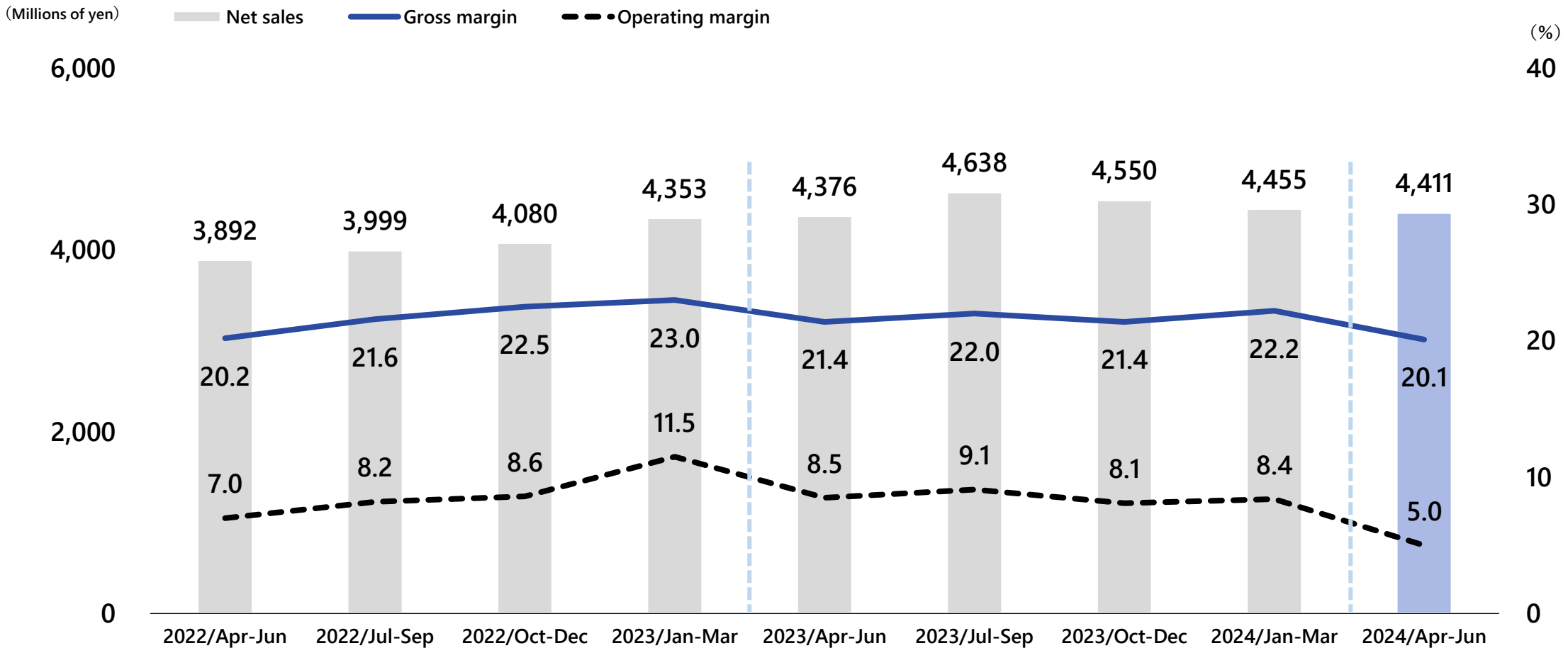
1 - 2 | Trends in Transition by Accounting Period

■ **Net sales decrease by 44-million-yen and operating profit margin decrease by 3.4 points compared to the previous quarter.**



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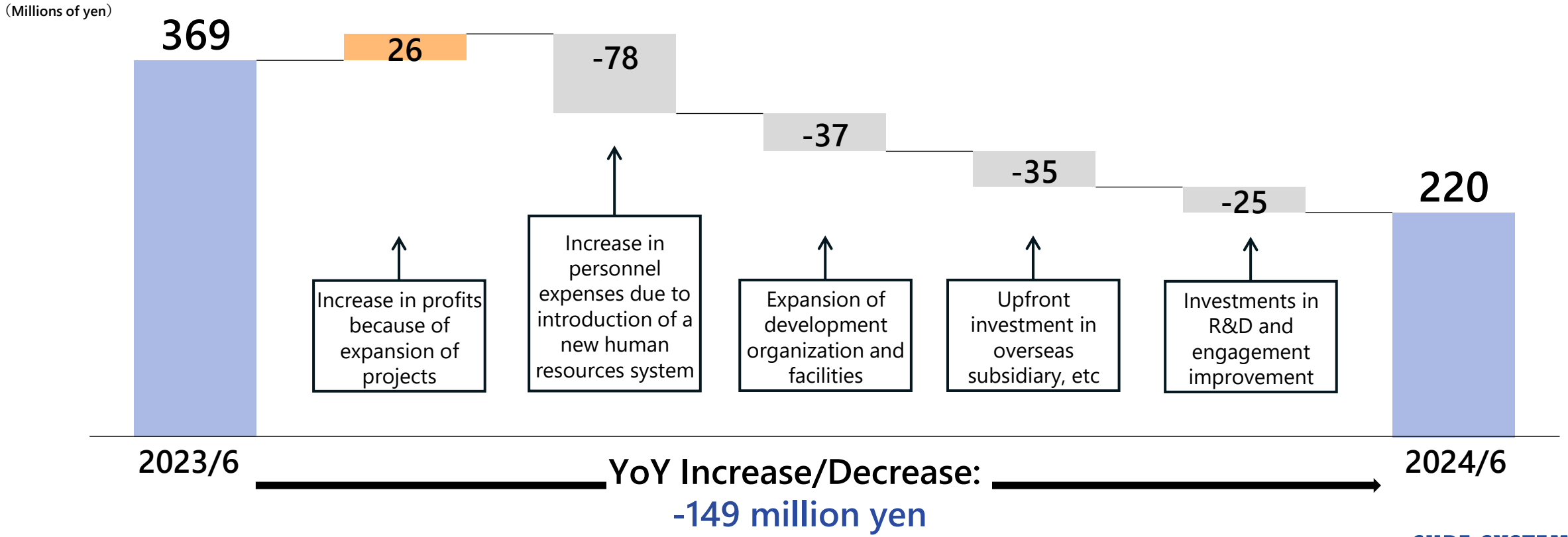
1 - 3 | Factors Leading to Changes in Operating Profit (Compared to the Previous Fiscal Year)

- Increase Factors – Expansion of projects in Digital Business and Enhancement Business.
- Decrease Factors – Increase in personnel expenses for introduction of a new human resources system, Expansion of investment for development organization and facilities(recruitment enhancement, expansion of bases, etc), Upfront investments in overseas subsidiary(Education, recruitment expansion, etc).



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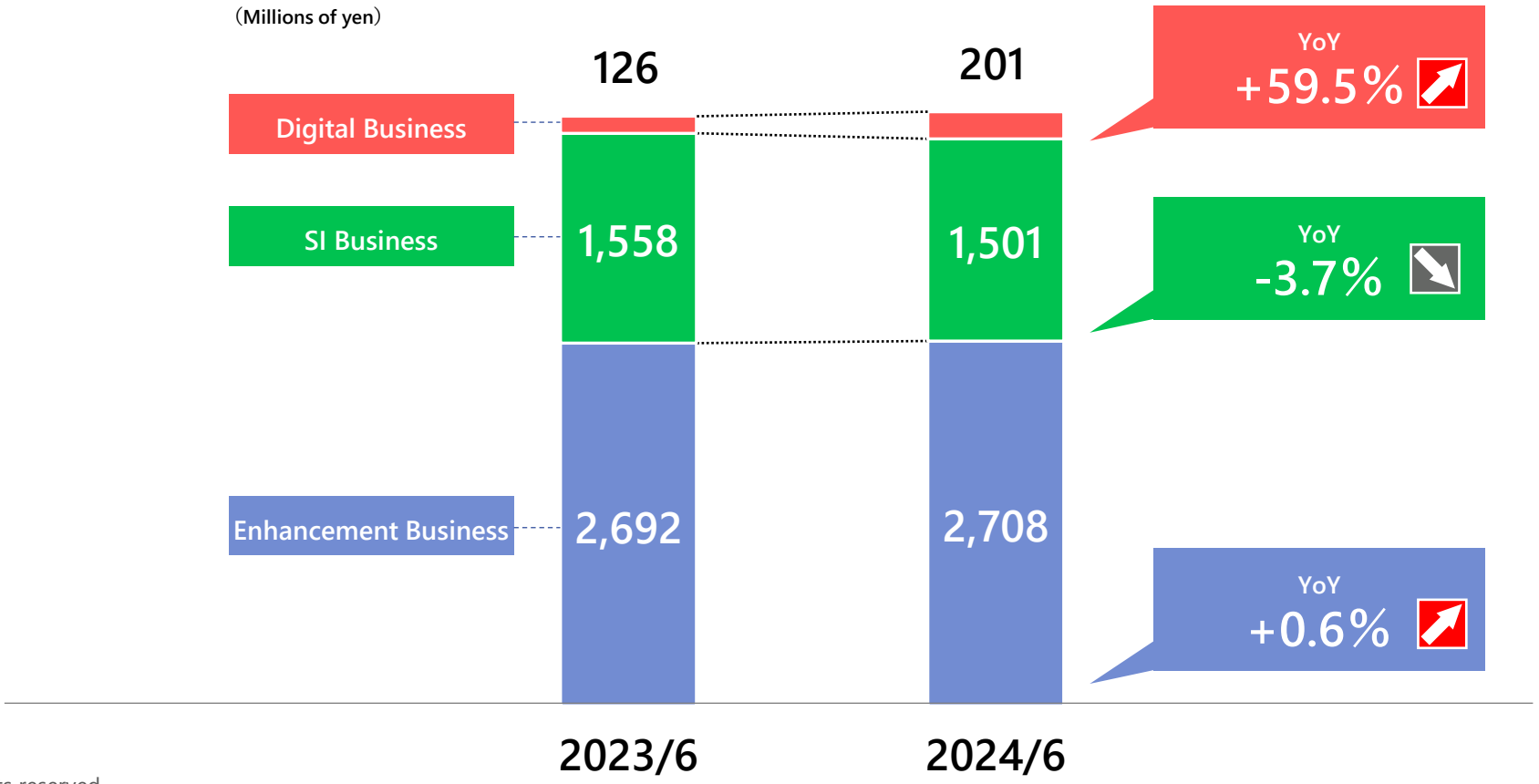
1 - 4 | Trends in Net Sales by Business Model

- **Digital Business** – Increase because of new participation in an IoT infrastructure construction project in the energy industry.
- **SI Business** – Decrease due to the completion of a large cloud solution project, despite an increase in orders received by promoting co-creation with cloud vendors.
- **Enhancement Business** – Maintain the same level as the previous year because of planned progress of orders received.



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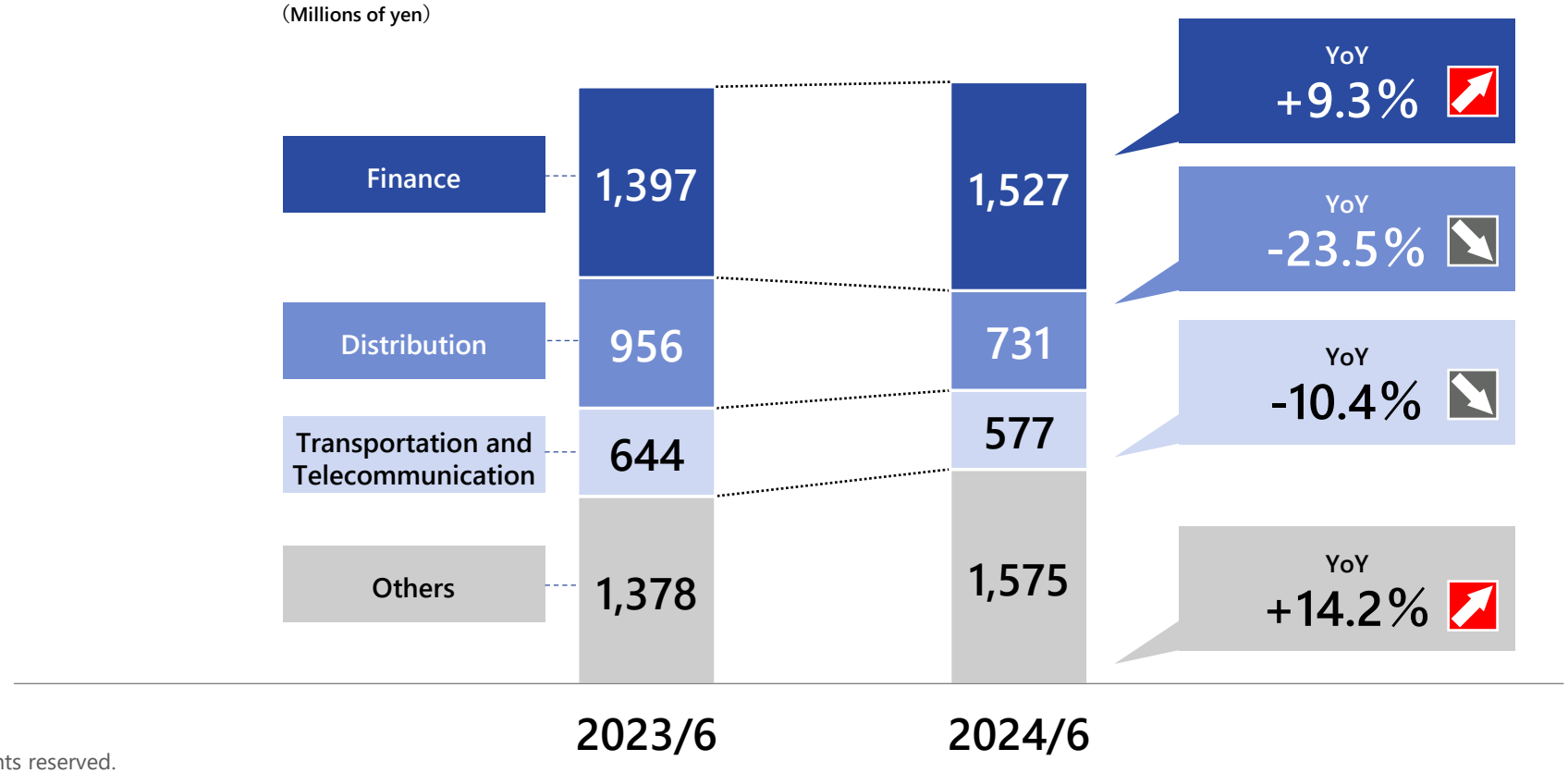
1 - 5 | Trends in Net Sales by Industry

- **Finance** – Increase in projects for regional banks, online banks and a stock exchange.
- **Distribution** – Decrease in projects for a major GMS.
- **Transportation and Telecommunication** – Decrease in projects for a major logistics companies and telecommunications carriers.
- **Others** – Increase in projects for electricity companies and the central government.



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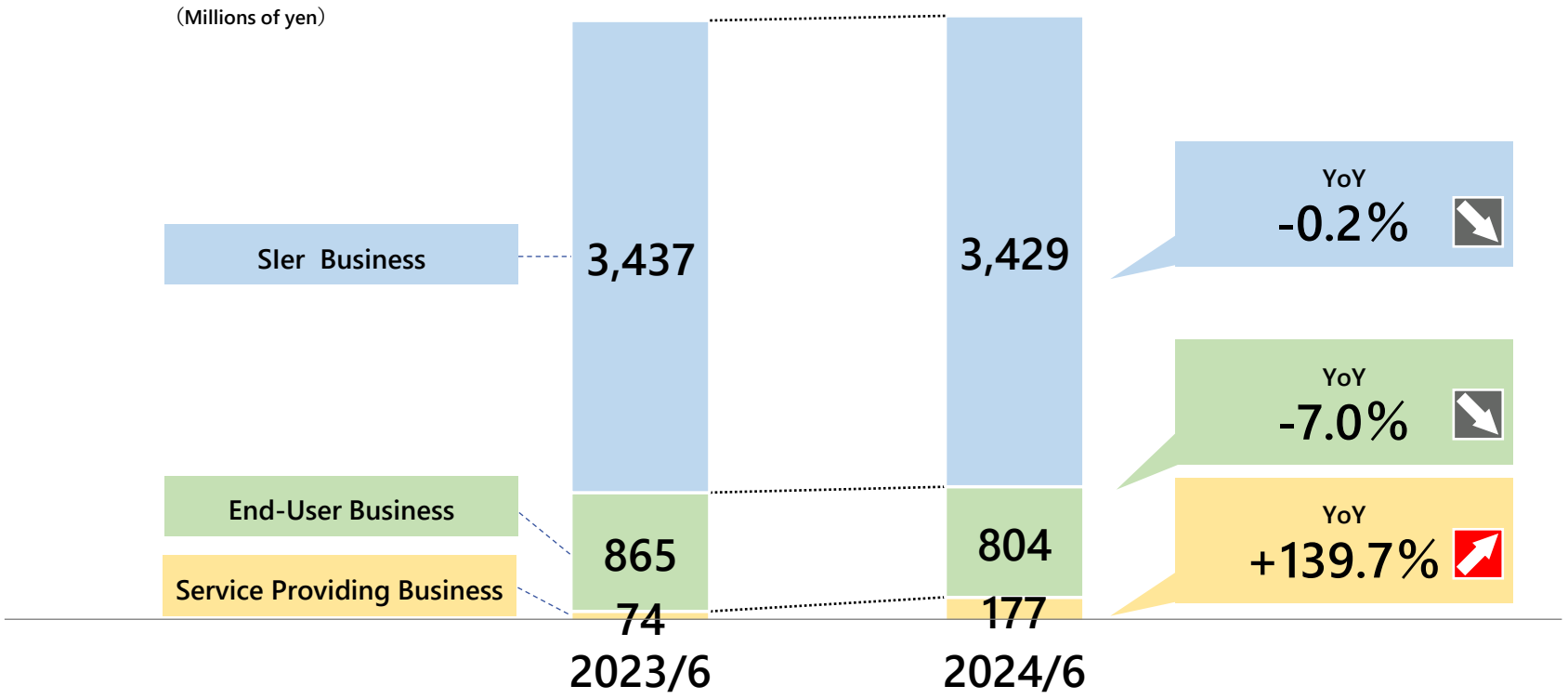
1 - 6 | Trends in Net Sales by Business Style

- **SIer* Business** – Generally steady growth, because of continuation of projects with major system integrators over many years and demand capture of projects from a variety of industries and business categories.
- **End-User Business** – Decrease due to incapable of establishing sufficient development organization and facilities, despite strong IT investment needs of customers.
- **Service Providing Business** – Expansion of consulting services through collaboration with solution vendors.



*System integrator: a company that conducts system integration. Abbreviated as "SIer. "A general term for companies that plan, design, develop, operate, and provide other solutions for the IT operation systems of customers including companies and the government.

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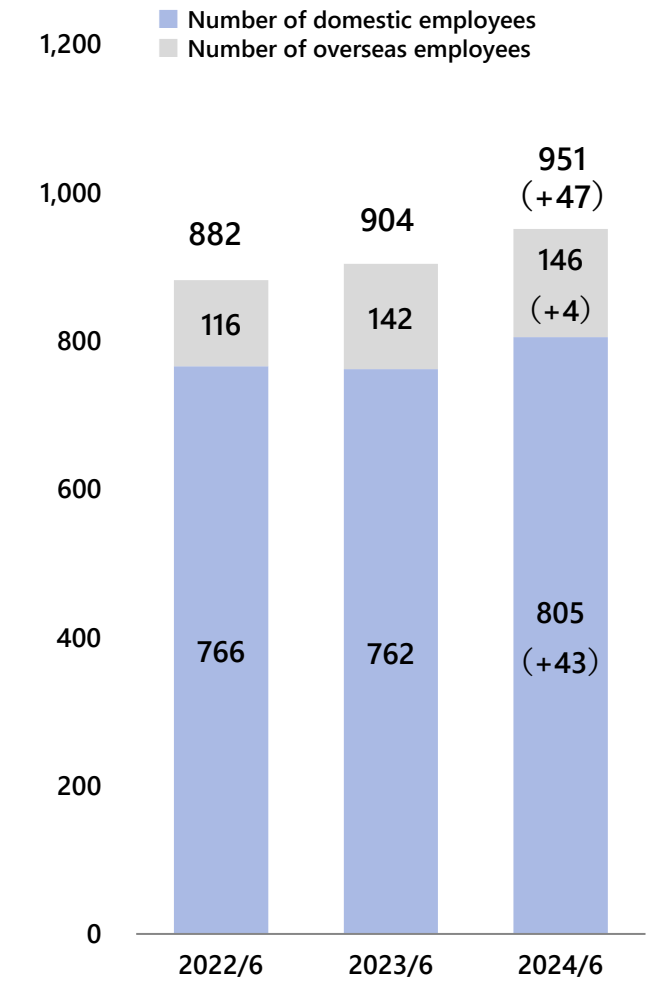
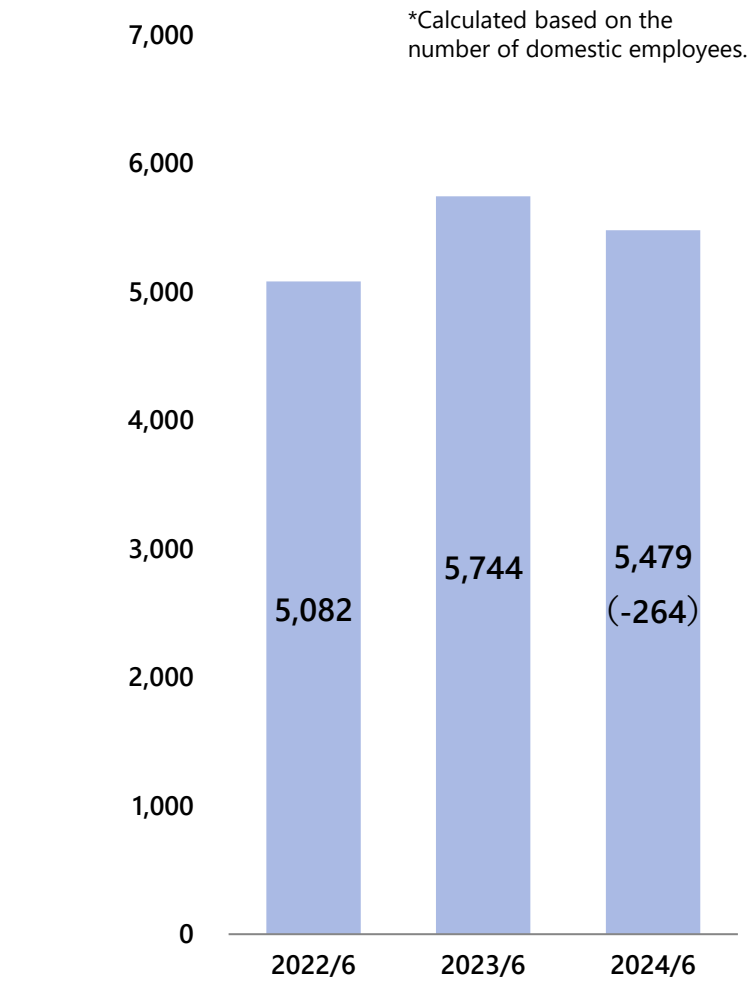
1 - 7 | Index Per Capita

Number of Employees



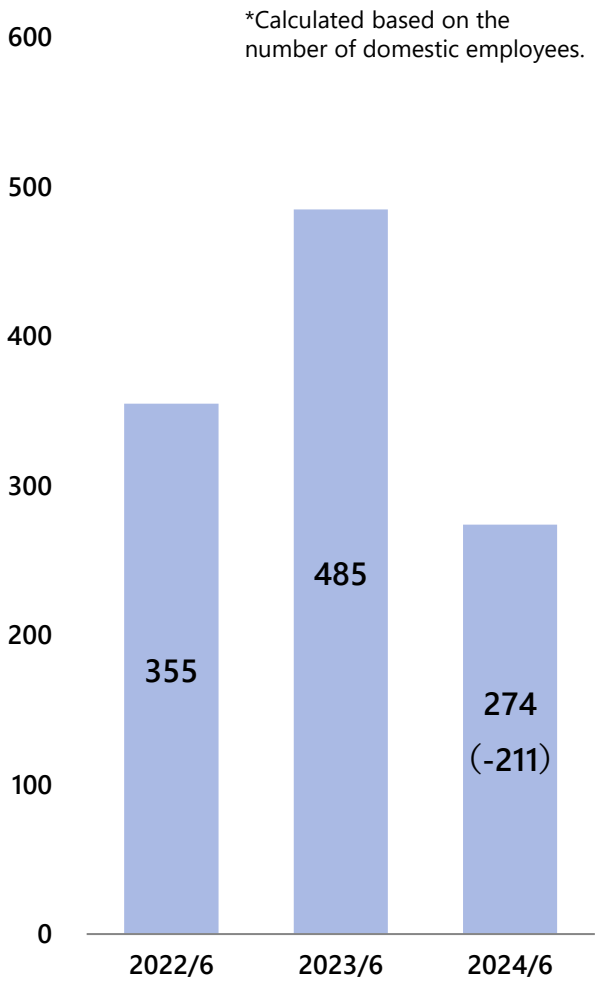
Net Sales Per Capita*

*Calculated based on the number of domestic employees.



Operating Profit Per Capita*

*Calculated based on the number of domestic employees.



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Fiscal Year Ending March 31, 2025

Earnings Forecast

1 Overview of Earnings Forecast

2 Orders Received and Order Backlog

3 Trends in Dividends and Dividend Payout Ratio



2 - 1 | Overview of Earnings Forecast

- **Business Environment** – Prospects for expansion of corporate IT investment because of demand increase for DX and needs for system developments, aiming at migration and usability improvement of mission-critical systems.
- **Earnings Forecast** – No change from the initial forecast, based on the expected orders received and order backlog in addition to investment results from the second quarte onwards.

(Millions of yen)	FYE 2025 Full year forecast*	FYE 2025 1Q Actual	Progress rate for full year forecast	FYE 2025 First half forecast*
Net sales	18,800	4,411	23.5%	8,800
Operating profit	1,600	220	13.8%	600
Margin	8.5%	5.0%	–	6.8%
Ordinary profit	1,650	226	13.8%	650
Margin	8.8%	5.1%	–	7.4%
(Quarterly) net profit attributable to owners of parent	1,100	157	14.3%	440
Margin	5.9%	3.6%	–	5.0%

* The numbers for full year and first half forecast are announced on May 8, 2024

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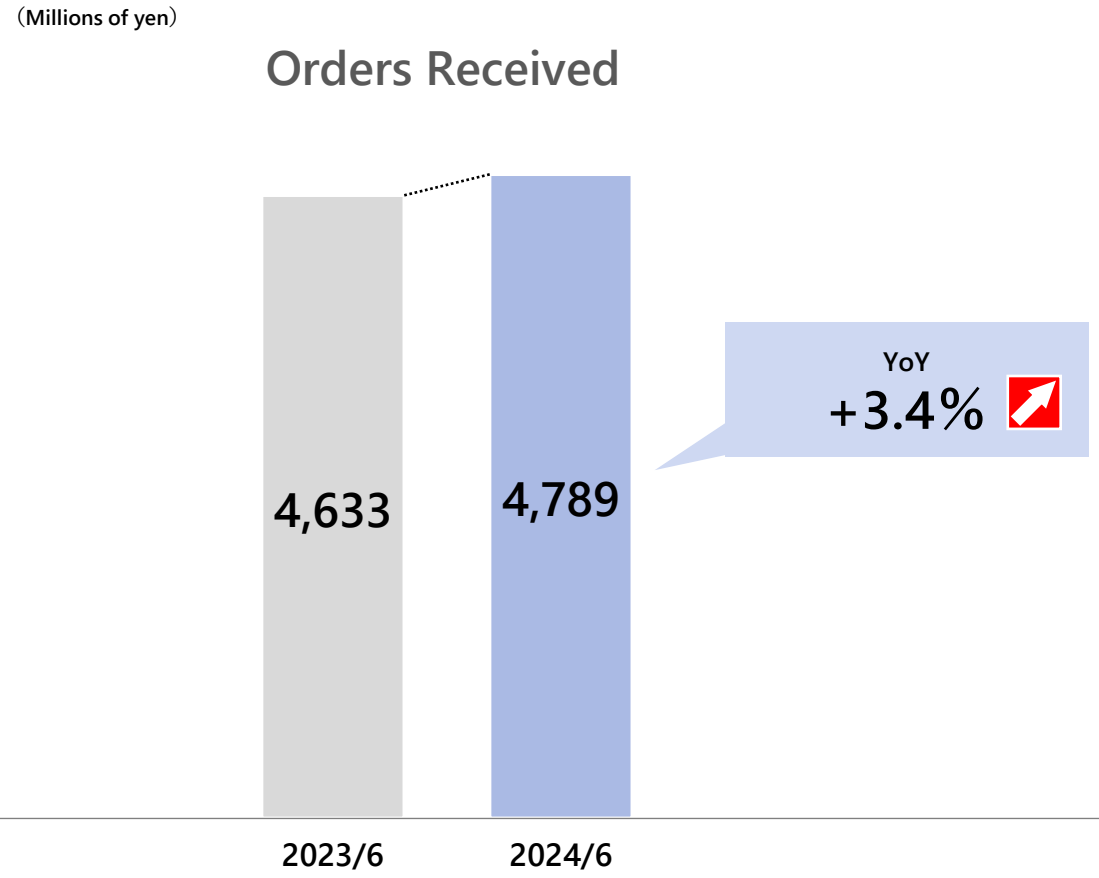
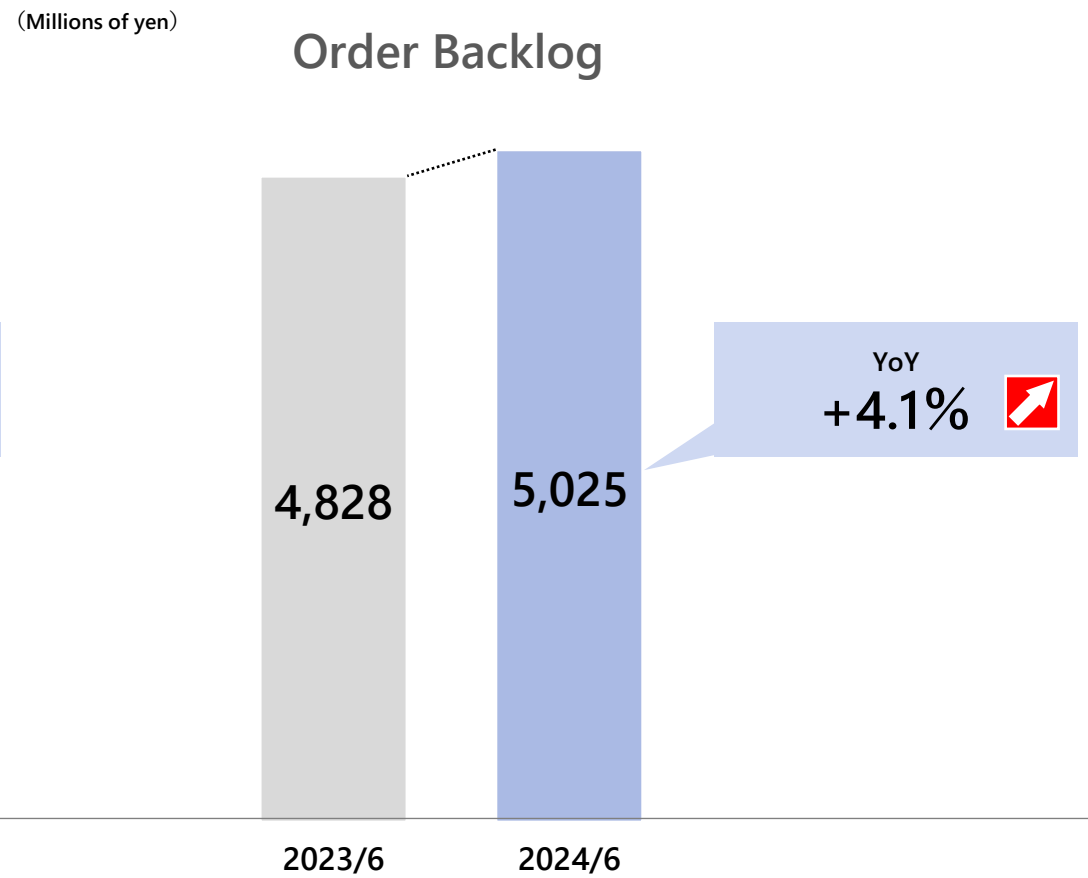
2 - 2 | Orders Received and Order Backlog

- **Orders received increase by 155 million yen and order backlog increase by 196 million yen, both of which are steady growth.**





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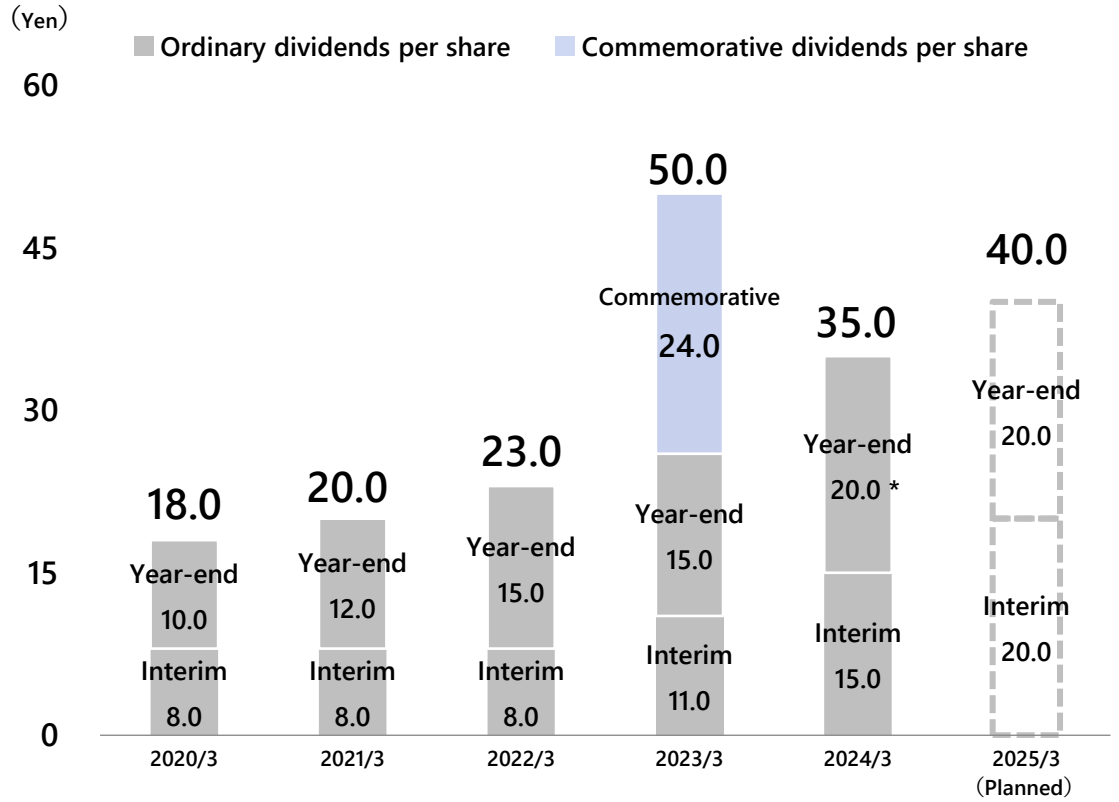
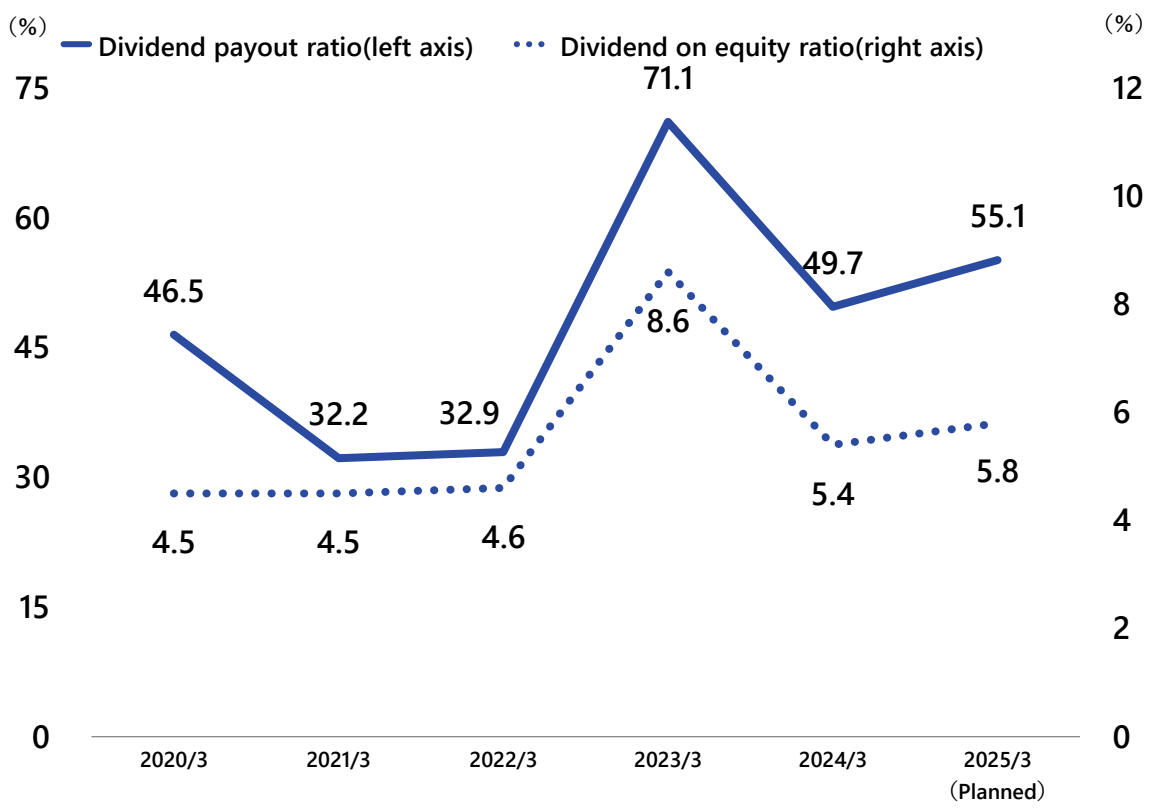
2 - 3 | Trends in Dividends and Dividend Payout Ratio

■ **We will raise consolidated dividend payout ratio from 40% to 50% from FYE2025.**

Trends in Dividends



Trends in Dividend Payout Ratio



* The year-end dividend for the fiscal year ending March 31, 2024, has been increased from 15 yen to 20 yen per share, as announced on April 24, 2024, where we have applied the dividend policy of the second medium-term management plan starting from FY2024 ahead of schedule.
https://ssl4.eir-parts.net/doc/2335/tdnet/2424503/00.pdf

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Appendix

1. Five Year Summary
2. Trends in Transition by Accounting Period
3. Trends in Net Sales and Operating Profit
4. Trends in Orders Received and Order Backlog
5. Other Performance Indicators



3 - 1 | Five Year Summary

	2020/6	2021/6	2022/6	2023/6	2024/6
Net sales (Millions of yen)	3,373	3,987	3,982	4,376	**4,411**
Cost of sales (Millions of yen)	2,730	3,124	3,107	3,438	**3,525**
Gross profit (Millions of yen)	642	862	785	938	**886**
Gross margin (%)	19.1	21.6	20.2	21.4	**20.1**
Selling, general and administrative expenses (Millions of yen)	400	483	513	568	**665**
Operating profit (Millions of yen)	242	378	272	369	**220**
Operating margin (%)	7.2	9.5	7.0	8.5	**5.0**
Ordinary profit (Millions of yen)	248	390	271	371	**226**
Ordinary margin (%)	7.4	9.8	7.0	8.5	**5.1**
Quarterly net profit attributable to owners of parent (Millions of yen)	165	262	173	232	**157**
Quarterly net profit margin attributable to owners of parent (%)	4.9	6.6	4.5	5.3	**3.6**

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3 - 2 | Trends in Transition by Accounting Period

	2022 Apr-Jun	2022 Jul-Sep	2022 Oct-Dec	2023 Jan-Mar	2023 Apr-Jun	2023 Jul-Sep	2023 Oct-Dec	2024 Jan-Mar	2024 Apr-Jun
Net sales (Millions of yen)	3,892	3,999	4,080	4,353	4,376	4,638	4,550	4,455	**4,411**
Cost of sales (Millions of yen)	3,107	3,133	3,163	3,351	3,438	3,616	3,575	3,468	**3,525**
Gross profit (Millions of yen)	785	865	917	1,001	938	1,021	974	987	**886**
Gross margin (%)	20.2	21.6	22.5	23.0	21.4	22.0	21.4	22.2	**20.1**
Selling, general and administrative expenses (Millions of yen)	513	539	564	500	568	597	606	613	**665**
Operating profit (Millions of yen)	272	326	352	501	369	424	367	374	**220**
Operating margin (%)	7.0	8.2	8.6	11.5	8.5	9.1	8.1	8.4	**5.0**
Ordinary profit (Millions of yen)	271	323	359	526	371	416	380	421	**226**
Ordinary margin (%)	7.0	8.1	8.8	12.1	8.5	9.0	8.4	9.5	**5.1**
Quarterly net profit attributable to owners of parent (Millions of yen)	173	214	239	361	232	268	257	308	**157**
Quarterly net profit margin attributable to owners of parent (%)	4.5	5.4	5.9	8.3	5.3	5.8	5.7	6.9	**3.6**

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3 - 3 | Trends in Net Sales and Operating Profit

	2023/6	2024/6			2023/6	2024/6		2023/6	2024/6	
	Net sales (Millions of yen)	Net sales (Millions of yen)	Composition (%)	YoY (%)	Operating profit (Millions of yen)	Operating profit (Millions of yen)	YoY (%)	Operating margin (%)	Operating margin (%)	YoY (pt)
Digital Business	126	**201**	4.6	+59.5	4	**10**	+154.3	3.3	**5.2**	+1.9
SI Business	1,558	**1,501**	34.0	-3.7	155	**105**	-32.0	10.0	**7.0**	-3.0
Enhancement Business	2,692	**2,708**	61.4	+0.6	210	**104**	-50.3	7.8	**3.9**	-3.9
Finance	1,397	**1,527**	34.6	+9.3	126	**87**	-30.3	9.0	**5.8**	-3.2
Distribution	956	**731**	16.6	-23.5	87	**17**	-79.9	9.1	**2.4**	-6.7
Transportation and Telecommunication	644	**577**	13.1	-10.4	40	**45**	+13.4	6.3	**7.9**	+1.6
Manufacturing	401	**419**	9.5	+4.5	37	**23**	-36.5	9.2	**5.6**	-3.6
Central Government	264	**367**	8.3	+39.1	32	**28**	-13.4	12.3	**7.7**	-4.6
Others	713	**788**	17.9	+10.5	46	**17**	-61.8	6.5	**2.2**	-4.3
SIer Business	3,437	**3,429**	77.8	-0.2	294	**167**	-43.1	8.6	**4.9**	-3.7
End-User Business	865	**804**	18.2	-7.0	75	**54**	-27.6	8.8	**6.8**	-2.0
Service Providing Business	74	**177**	4.0	+139.7	0	**-1**	–	0.2	**-0.8**	-1.0
Total	**4,376**	**4,411**	**–**	**+0.8**	**369**	**220**	**-40.3**	**8.5**	**5.0**	**-3.5**

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3 - 4 | Trends in Orders Received and Order Backlog

	2023/6	2024/6			2023/6	2024/6		
	Orders received (Millions of yen)	Orders received (Millions of yen)	Increase/ decrease (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	Order backlog (Millions of yen)	Increase/ decrease (Millions of yen)	YoY (%)
Digital Business	116	222	+105	+91.2	159	245	+85	+53.2
SI Business	1,928	1,990	+61	+3.2	1,739	1,828	+88	+5.1
Enhancement Business	2,588	2,576	-11	-0.5	2,928	2,951	+23	+0.8
Finance	1,559	1,571	+11	+0.8	1,642	1,593	-48	-3.0
Distribution	969	964	-5	-0.5	1,032	1,041	+8	+0.8
Transportation and Telecommunication	699	539	-159	-22.9	624	546	-77	-12.5
Manufacturing	452	418	-34	-7.5	404	405	+0	+0.1
Central Government	326	443	+117	+35.8	290	560	+269	+92.8
Others	625	851	+225	+36.1	833	877	+44	+5.3
SIer Business	3,622	3,697	+75	+2.1	3,483	3,588	+105	+3.0
End-User Business	932	963	+30	+3.3	1,273	1,251	-21	-1.7
Service Providing Business	77	127	+49	+63.9	71	184	+112	+158.5
Total	**4,633**	**4,789**	**+155**	**+3.4**	**4,828**	**5,025**	**+196**	**+4.1**

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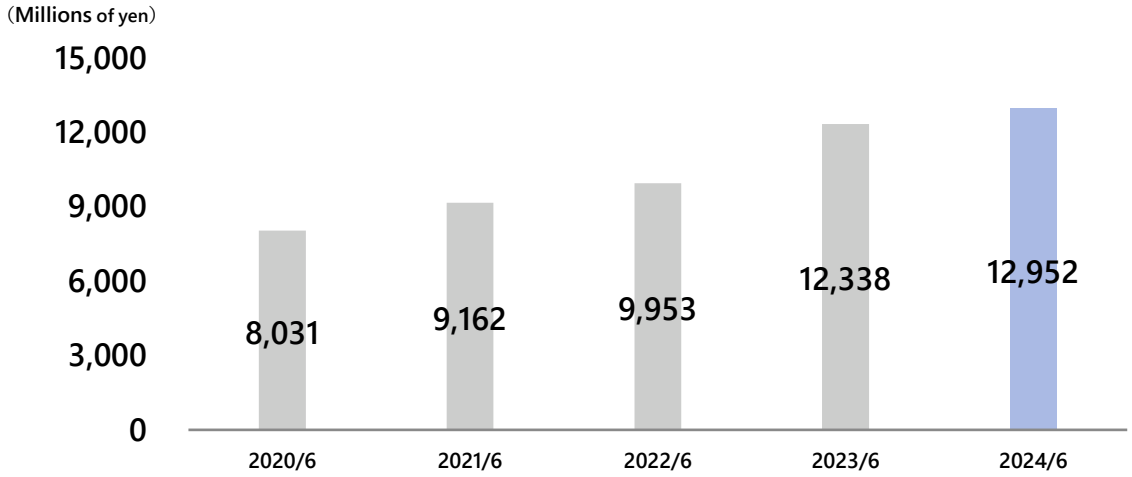
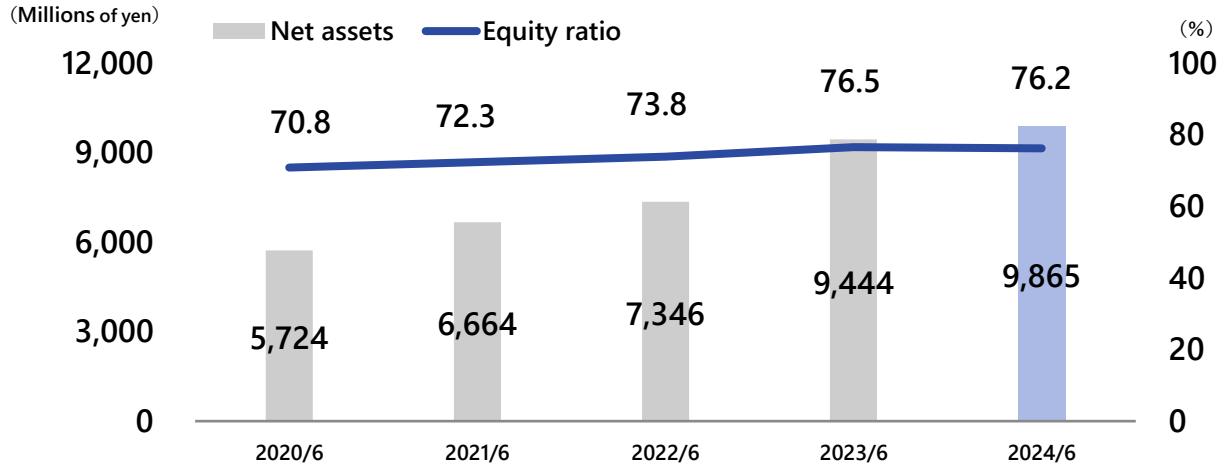
3 - 5 | Other Performance Indicators

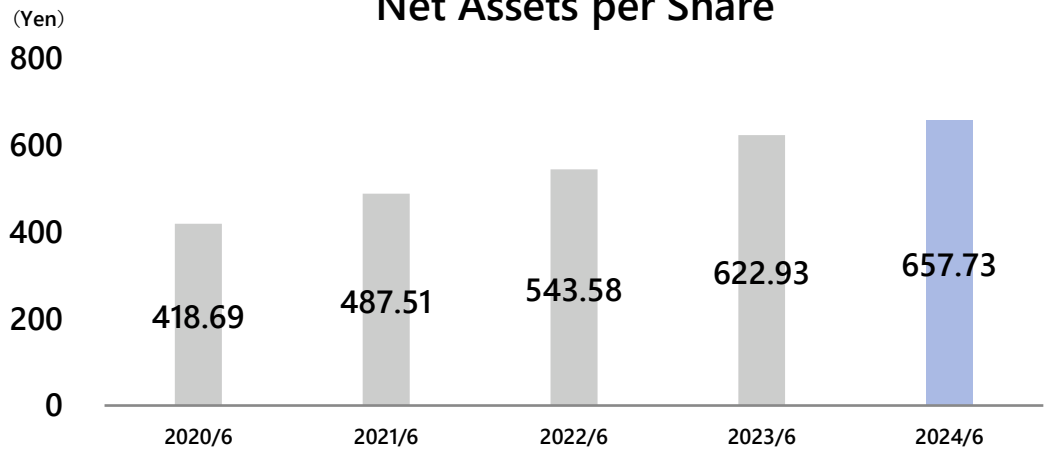
Total Assets



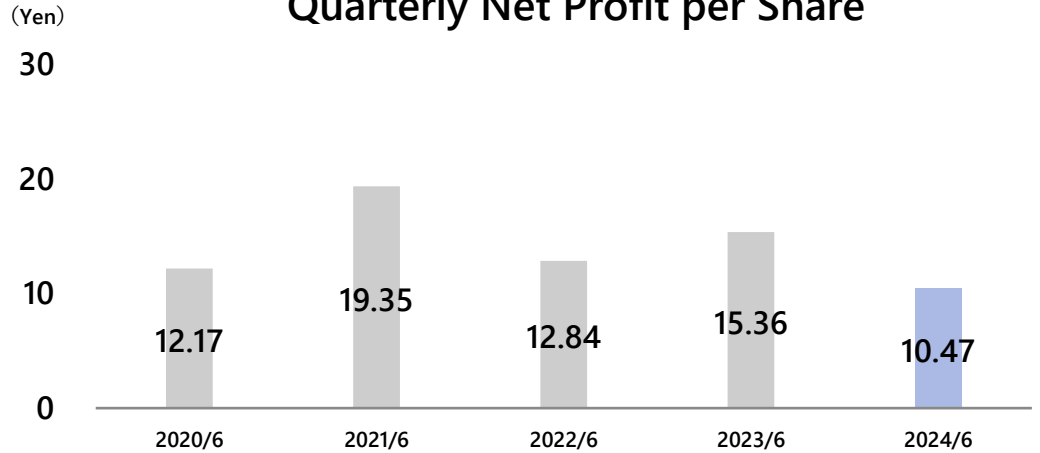
Net Assets/Equity Ratio



Net Assets per Share



Quarterly Net Profit per Share



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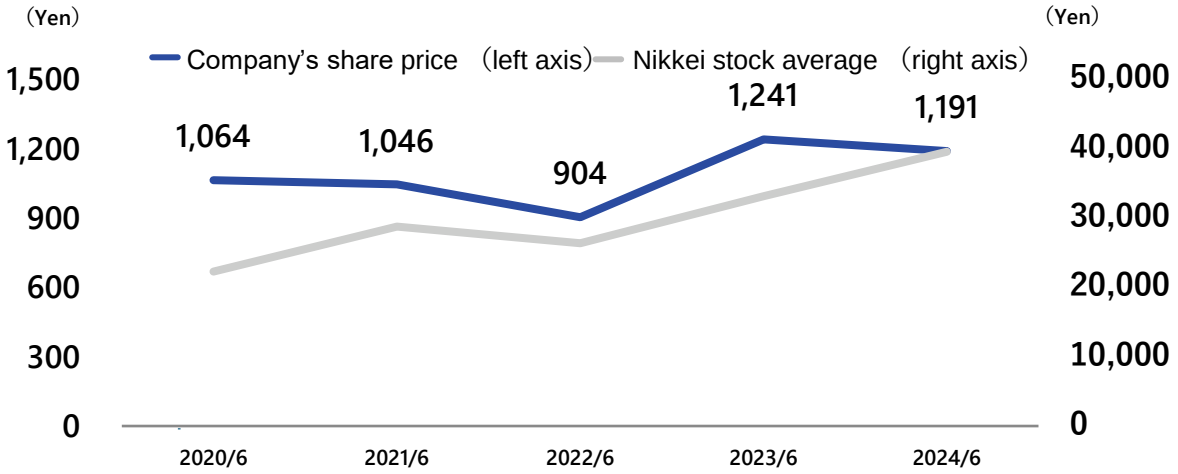
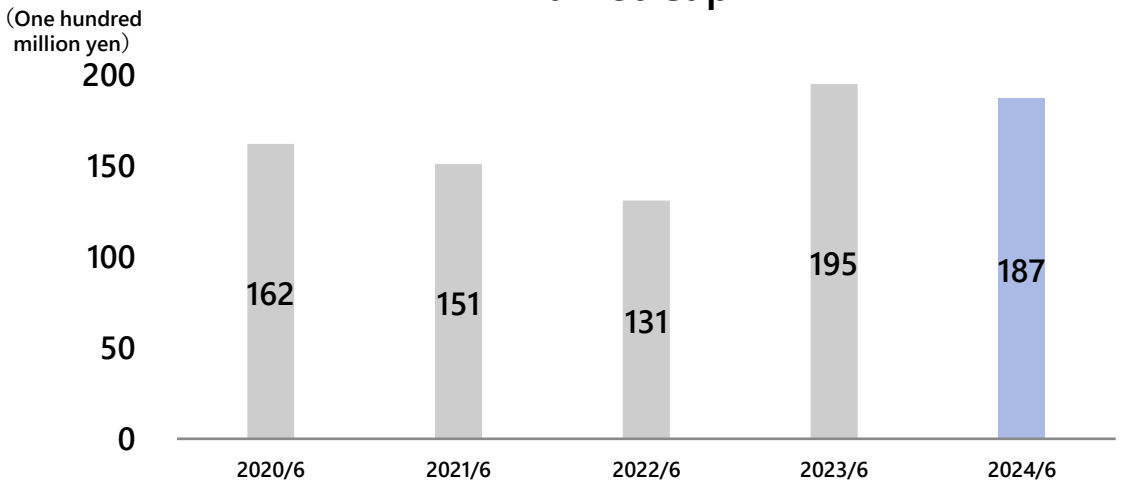
3 - 5 | Other Performance Indicators

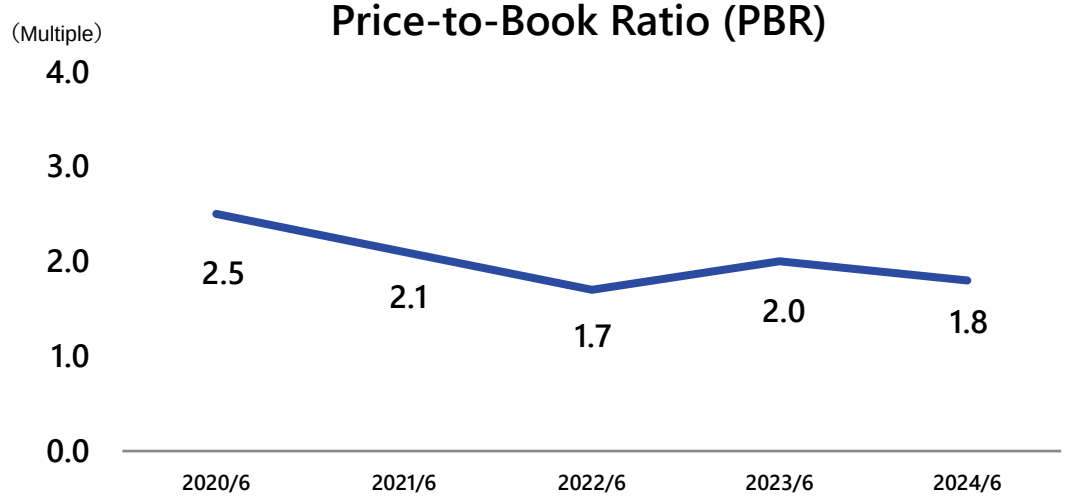
Share Price



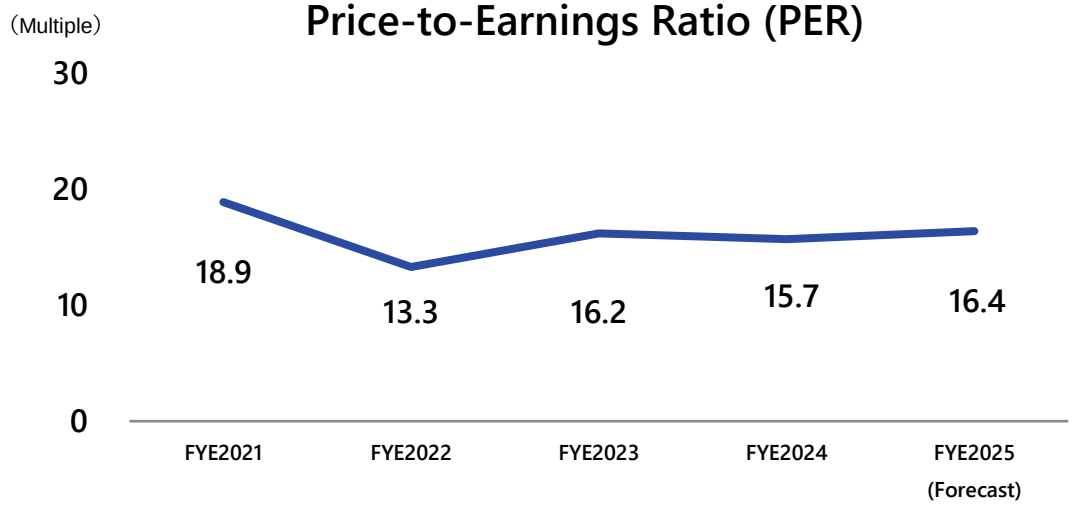
Market Cap



Price-to-Book Ratio (PBR)



Price-to-Earnings Ratio (PER)



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*Fiscal year ending March 31, 2025 (forecast) is calculated using the stock price as of the end of June and net profit per share in the full-year earnings forecast.

CUBE SYSTEM

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Please understand that there is a large possibility that actual results may differ significantly from the outlook presented herein due to the impact of various external factors.

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