CUBE SYSTEM

2Q FY March 2025

Supplementary Information Material for Financial Results

Securities code: 2335

Nov. 6, 2024



Executive Summary

- **Business Environment** -Demand of system developments for DX promotion and cloud migration was high, and IT investment was expanding.
  On the other hand, there were concerns that the profit environment would deteriorate due to lost order opportunities arising from the shortage of IT personnel.
- **Net Sales** -Maintained the same level as the previous fiscal year due to a reduction of projects in the SI Business, despite the expansion of projects in the System Enhancement Business.
- **Operating Profit** -Decreased due to an increase in personnel expenses resulting from reform of a human resources system, as well as investment in development organization and facilities.
- **Earnings Forecast** -No change from Earnings Forecast disclosed on October 9, 2024.

Net sales	Operating profit	Profit attributable to owners of parent
90.2 100 million yen	5.3 100 million yen	6.6 100 million yen

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2Q FY March 2025

Overview of Financial Results

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1 - 1 | Overview of Consolidated Statements of Income

- **Business Environment** -Continued strong motivation of companies to invest in IT by Lift＆Shift to cloud of mission-critical systems, in addition to demand for DX, aiming at high value addition to services and solving shortage of human resources. However, there were concerns that the profit environment would deteriorate due to increased labor cost resulting from competition for IT personnel.
- **Net Sales** -Maintained the same level as the previous fiscal year due to a decrease in projects for the distributing industry in the SI Business, despite the expansion in projects mainly for the energy-related industry in the Digital Business and the financial industry in the System Enhancement Business.
- **Operating Profit** -Decreased due to an increase in personnel expenses resulting from the reform of a human resources system and investment in development organization and facilities (recruitment enhancement, expansion of bases, etc.).
- **Profit** -Increased because of gain on revision of retirement benefit plan* resulting from introduction of DC (Defined Contribution Pension).

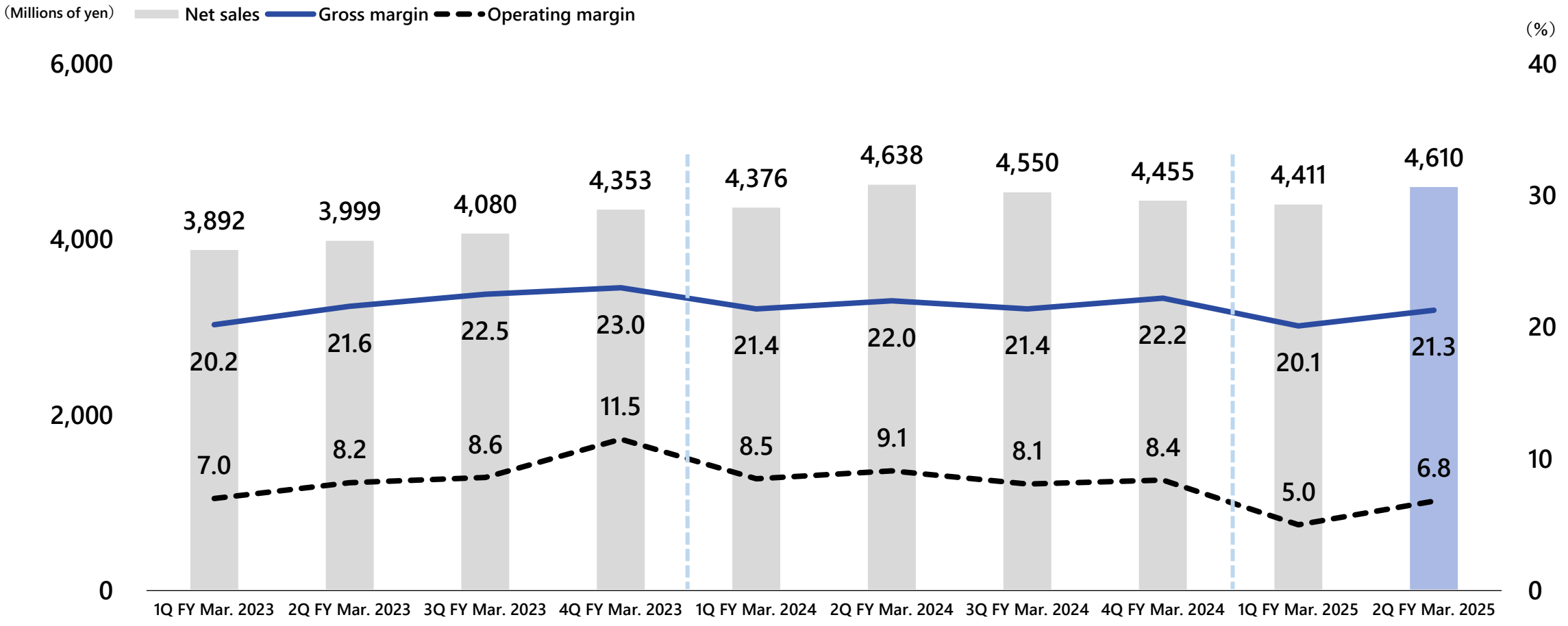
(Millions of yen)	1H FY Mar. 2024 (Actual)	1H FY Mar. 2025 (Actual)	YoY
Net sales	9,015	9,022	+0.1%
Operating profit	794	533	-32.8%
Margin	8.8%	5.9%	–
Ordinary profit	788	528	-33.0%
Margin	8.7%	5.9%	–
Profit attributable to owners of parent	501	662	+32.1%
Margin	5.6%	7.3%	–

* Please refer to the press released on October 9, 2024, titled "Notice of Revision of Consolidated Earnings Forecasts and Recording of Extraordinary Income from Revision of Retirement Benefit Plan". https://ssl4.eir-parts.net/doc/2335/tdnet/2508624/00.pdf

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1 - 2 | Trends in Transition by Accounting Period

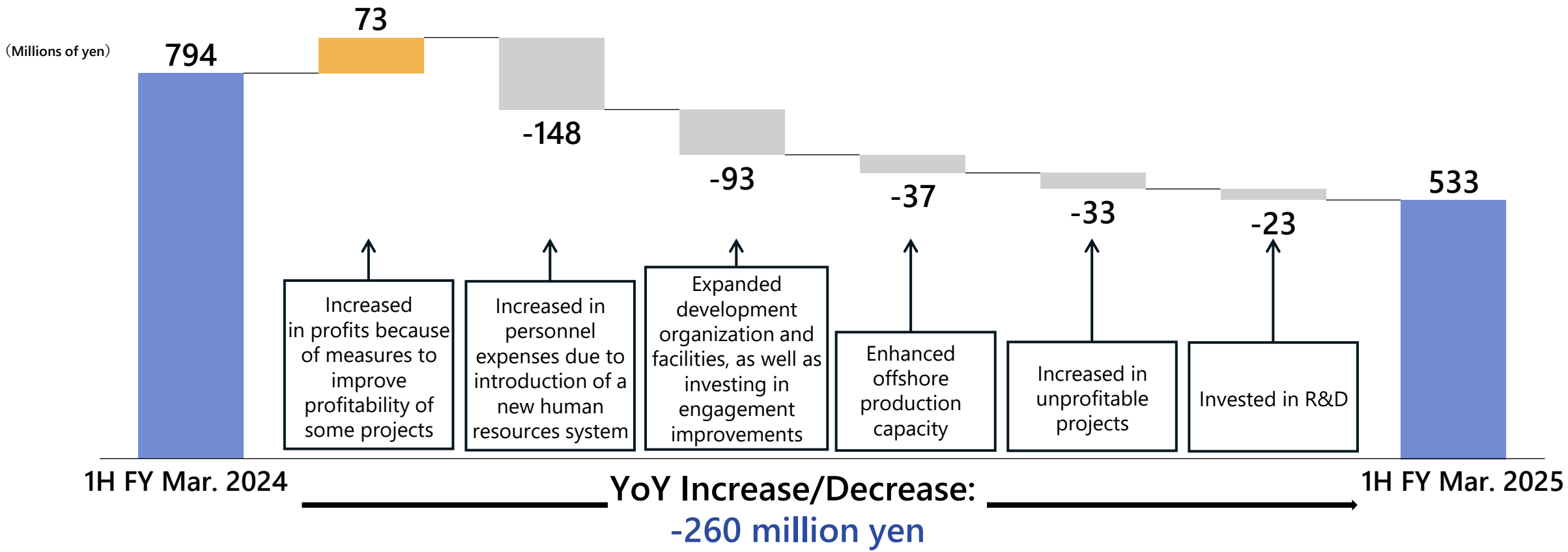
■ **Net sales increased by 199-million-yen and operating profit margin increased by 1.8 points compared to the previous quarter.**



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

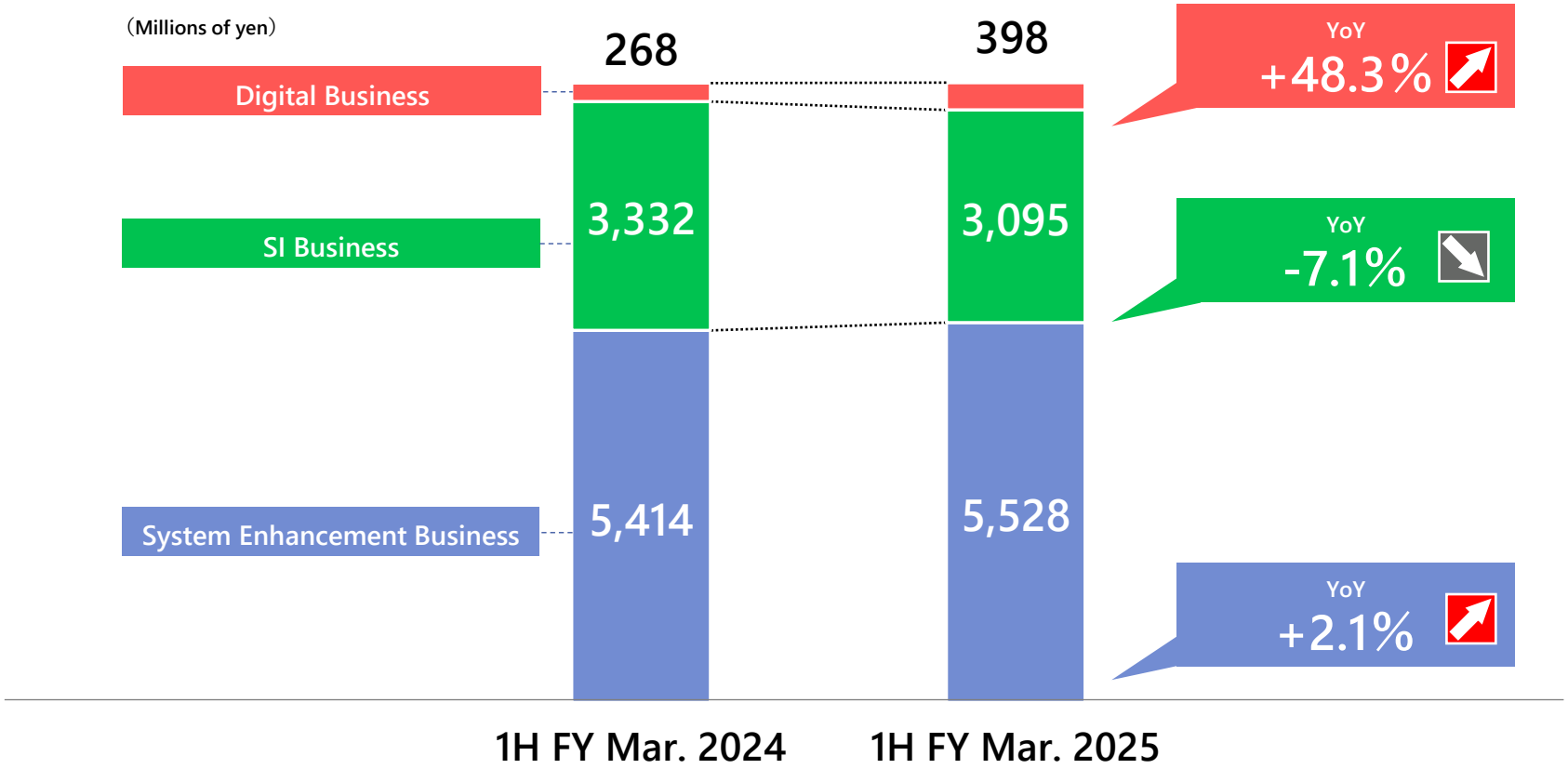
- **Positive Factors** -Increased in profits because of measures to improve profitability of some projects.
- **Negative Factors** -Increased in personnel expenses for introduction of a new human resources system. Increased investment in development organization and facilities (recruitment enhancement, expansion of bases, etc.), as well as measures to improve engagement.



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1 - 4 | Trends in Net Sales by Business Model

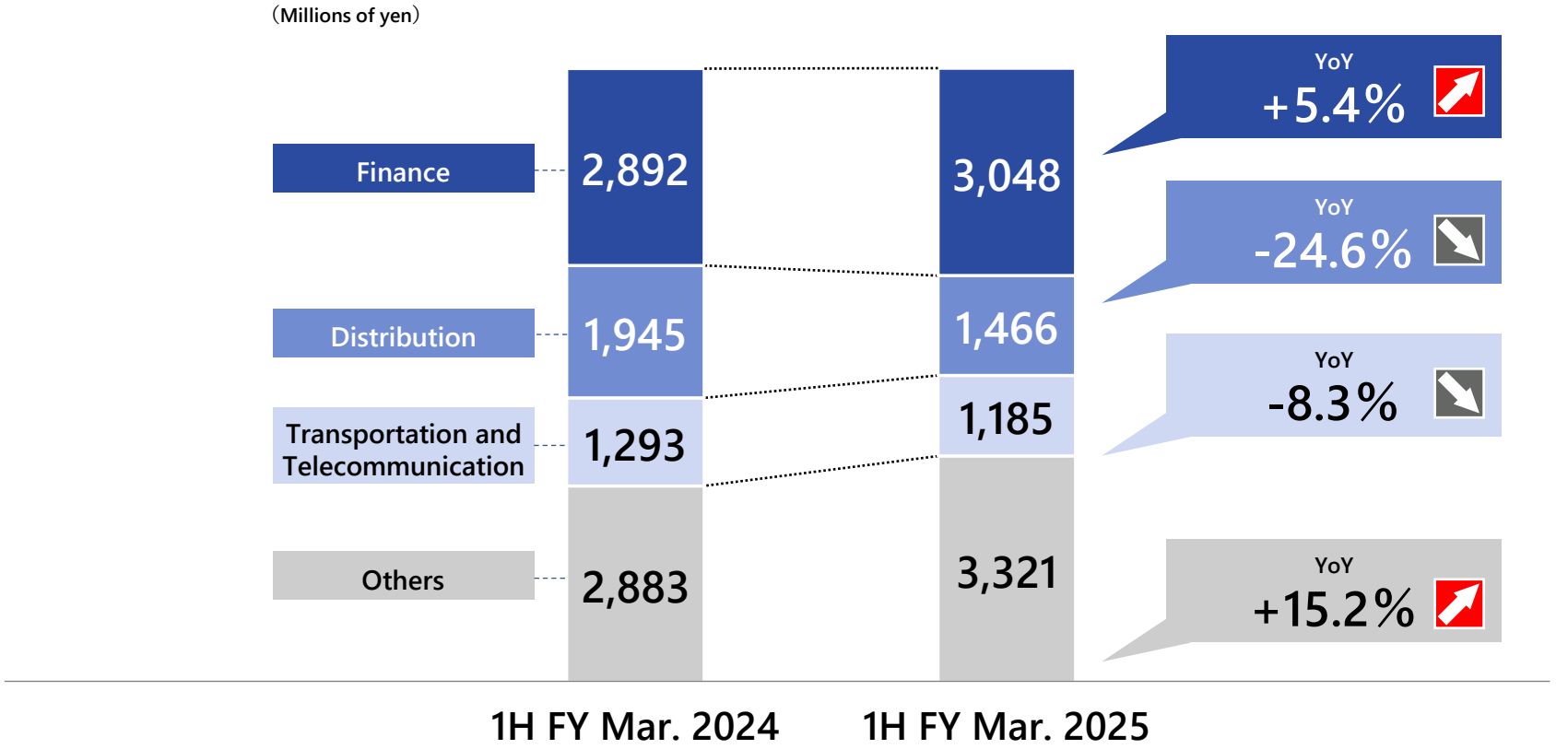
- **Digital Business** -Increased 1.5 times compared to the previous fiscal year because of new participation in an IoT infrastructure construction project in the energy industry.
- **SI Business** -Decreased compared to the previous fiscal year due to reduction of several large cloud solution projects, despite receiving orders for new and ongoing projects for cloud construction projects.
- **System Enhancement Business** -Remained steady because of receiving orders as initially planned.



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1 - 5 | Trends in Net Sales by Industry

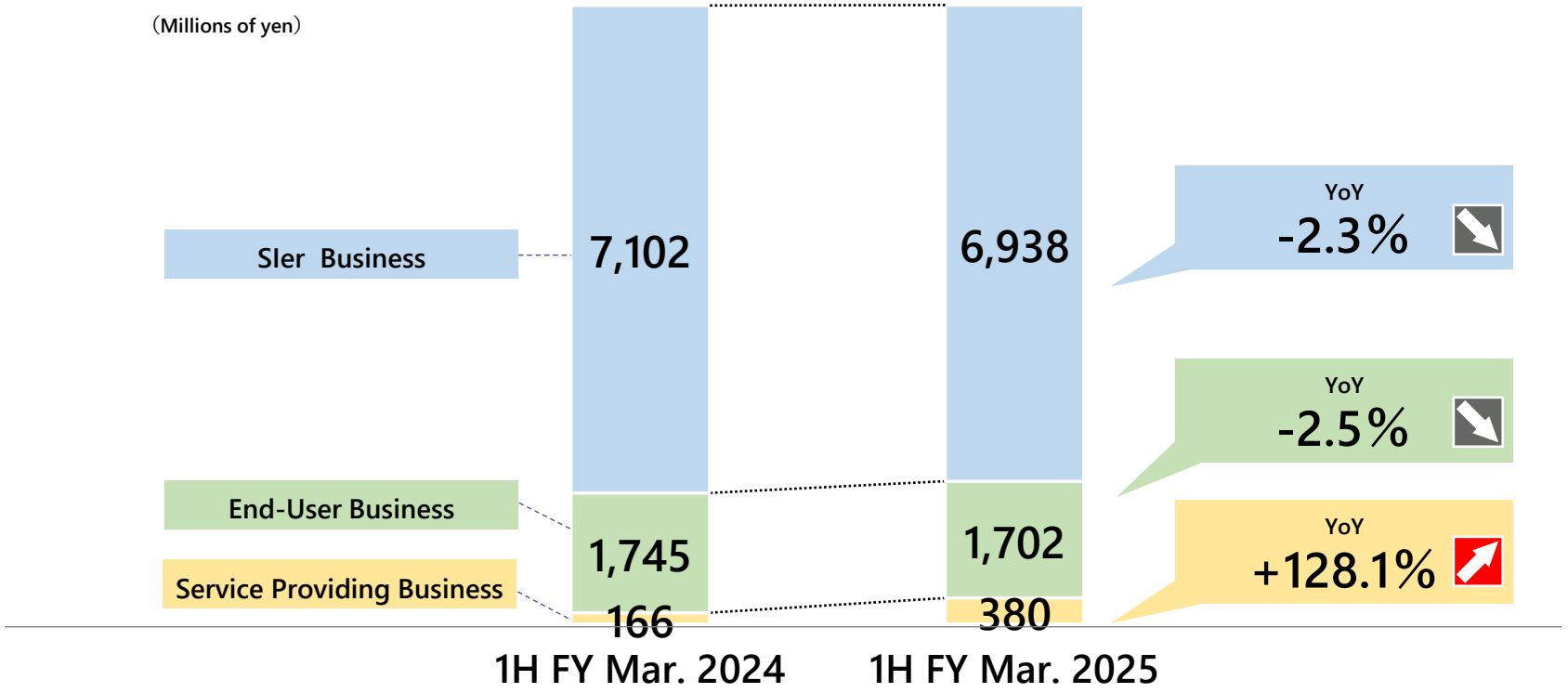
- **Finance** -Increased in projects for a stock exchange, regional banks and online banks.
- **Distribution** -Decreased due to reduction of projects for a major GMS and an apparel company.
- **Transportation and Telecommunication** -Decreased in projects for a logistics company.
- **Others** -Increased in projects for Central Government and energy-related industries.



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1 - 6 | Trends in Net Sales by Business Style

- **SIer* Business** -Decreased due to the trend of individual projects, despite an expansionary trend because of strong demand from major system integrators.
- **End-User Business** -Slightly decreased due to a decrease in orders received for large projects, despite the growth of other projects.
- **Service Providing Business** -Significantly increased in orders received through collaboration with solution vendors.

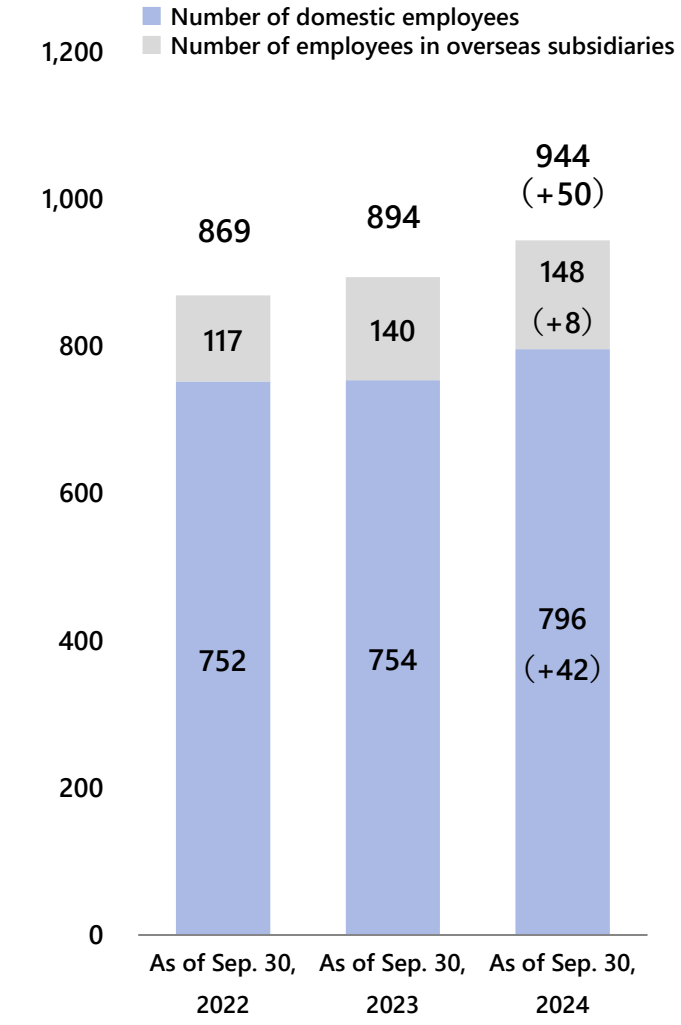


*System integrator: A company that conducts system integration, abbreviated as "SIer". A general term for companies that plan, design, develop, operate, and provide other solutions for the IT operation systems of customers including companies and the government.

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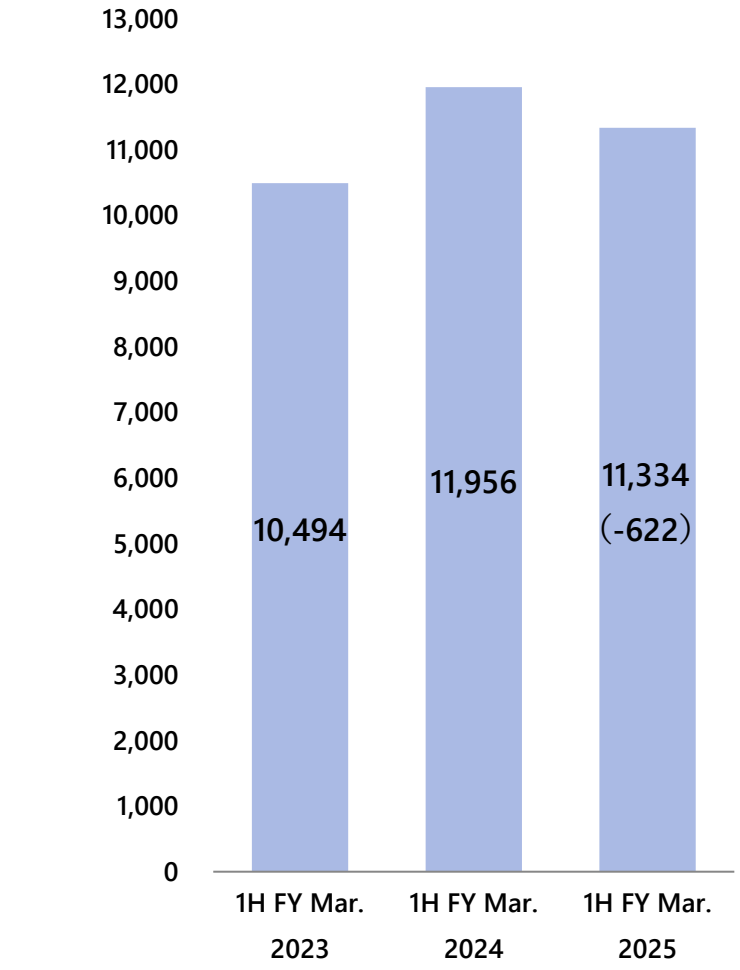
1 - 7 | Index Per Capita

Number of Employees



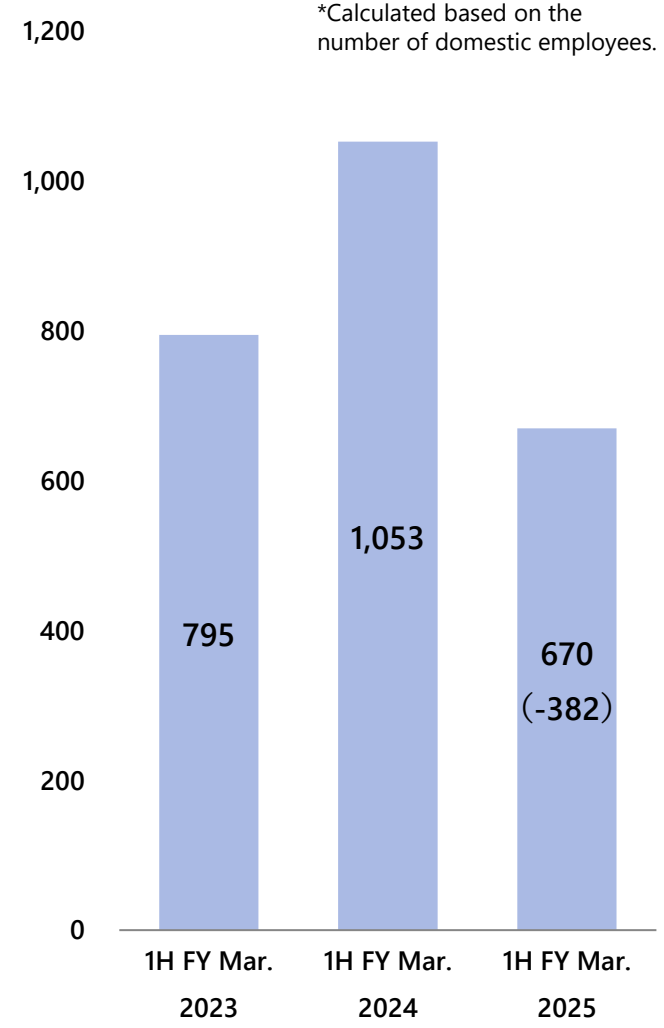
Net Sales Per Capita*

*Calculated based on the number of domestic employees.



Operating Profit Per Capita*

*Calculated based on the number of domestic employees.



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2

FY March 2025

Earnings Forecast

1. Overview of Earnings Forecast
2. Orders Received and Order Backlog
3. Progress status in FY2024
4. Trends in Dividends and Dividend Payout Ratio

2 - 1 | Overview of Earnings Forecast

■ **Business Environment** - IT investments by companies will be expected to increase because of increase in demand for DX and the growing need to build systems to migrate and improve the usability of mission-critical systems.

■ **Earnings Forecast** -Amended profit upwards because of gain on revision of retirement benefit plan* resulting from introduction of DC (Defined Contribution Pension).

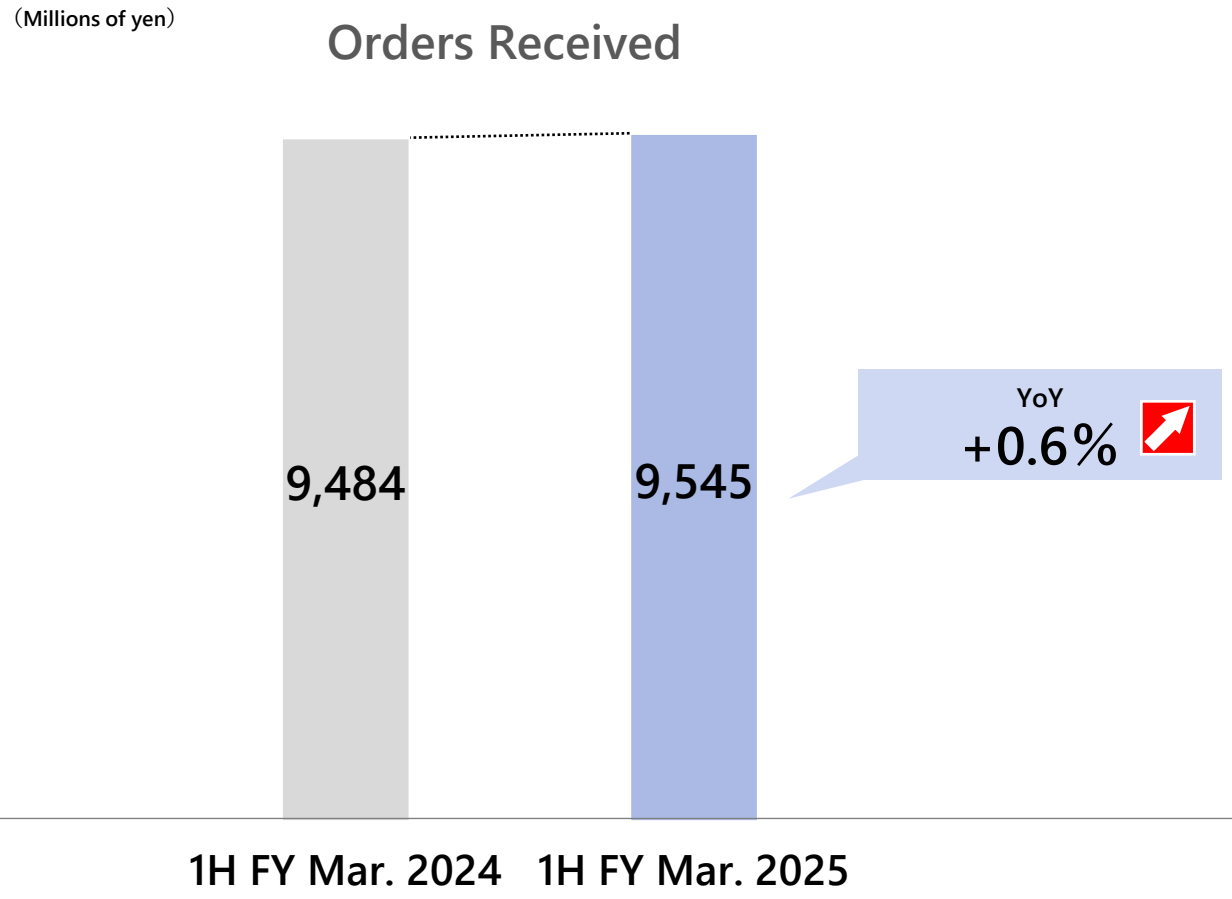
(Millions of yen)	FY Mar. 2025 (Forecasts)*	1H FY Mar. 2025 (Actual)	Progress Rate toward Forecasts	1H FY Mar. 2025 (Forecasts)*
Net sales	18,800	9,022	48.0%	9,000
Operating profit	1,600	533	33.4%	520
Margin	8.5%	5.9%	–	5.8%
Ordinary profit	1,650	528	32.0%	510
Margin	8.8%	5.9%	–	5.7%
Profit attributable to owners of parent	1,260	662	52.5%	600
Margin	6.7%	7.3%	–	6.7%

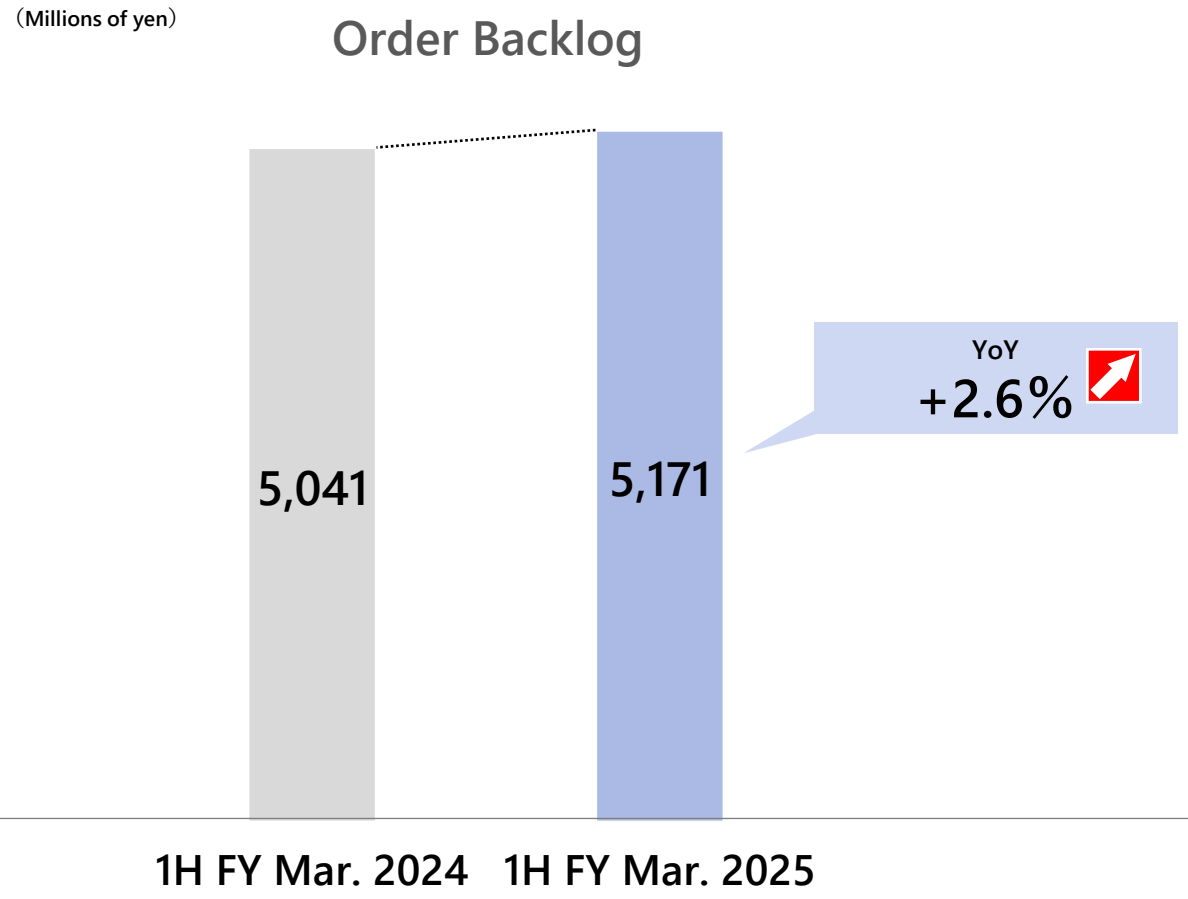
*Please refer to the press released on October 9, 2024, titled "Notice of Revision of Consolidated Earnings Forecasts and Recording of Extraordinary Income from Revision of Retirement Benefit Plan".
https://ssl4.eir-parts.net/doc/2335/tdnet/2508624/00.pdf

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2 - 2 | Orders Received and Order Backlog

- **Orders received increased by 61 million yen and order backlog increased by 129 million yen, both of which showed steady growth.**





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2 - 3 | Progress status in FY2024

■ **FY2024 is a year for strengthening foundation and preparing for dramatic growth forward in the next fiscal year and beyond.**

FY2024

Year for strengthening foundation

★：2H focus points

Promotion of collaboration

- **Expansion of collaboration scope with major system integrators★**
- **Expansion of projects to high-profit areas (markets)★**

Reinforcement of development organization and facilities

- **Recruitment enhancement**
  - -75 new graduate hiring
    14 mid-career hiring
    (Non-consolidated, as of September 30)
  - -Introduction of Referral Recruitment System
- **Utilizing overseas subsidiary (Vietnam)**
  - -Activation of offshore orders and developments of high-skill engineers who intervene communication between offices at Vietnam and Japan
- **Recruitment enhancement of high-skill human resources★**
- **Development of business partners★**

Reinforcement of Quality

- **Extermination of unprofitable projects through thorough implementation of quality control methods★**

Research investment

- **Conception of solution services and start of service provision**
  - -H・CUBiC Service Concept to support human capital management from multiple perspectives
  - -The launch of introduction support service for Oracle Cloud HCM

Enrichment of human capital

- **Introduction of a new human resources system**
  - - Implementation of system design with the aim of enabling each employee to play an active role as a diverse professional human resource and improving their treatment
- **The launch of measures to engagement improvement**
- **Investment in enhancing engineering skills★**
- **Measures to improve employee retention ★**

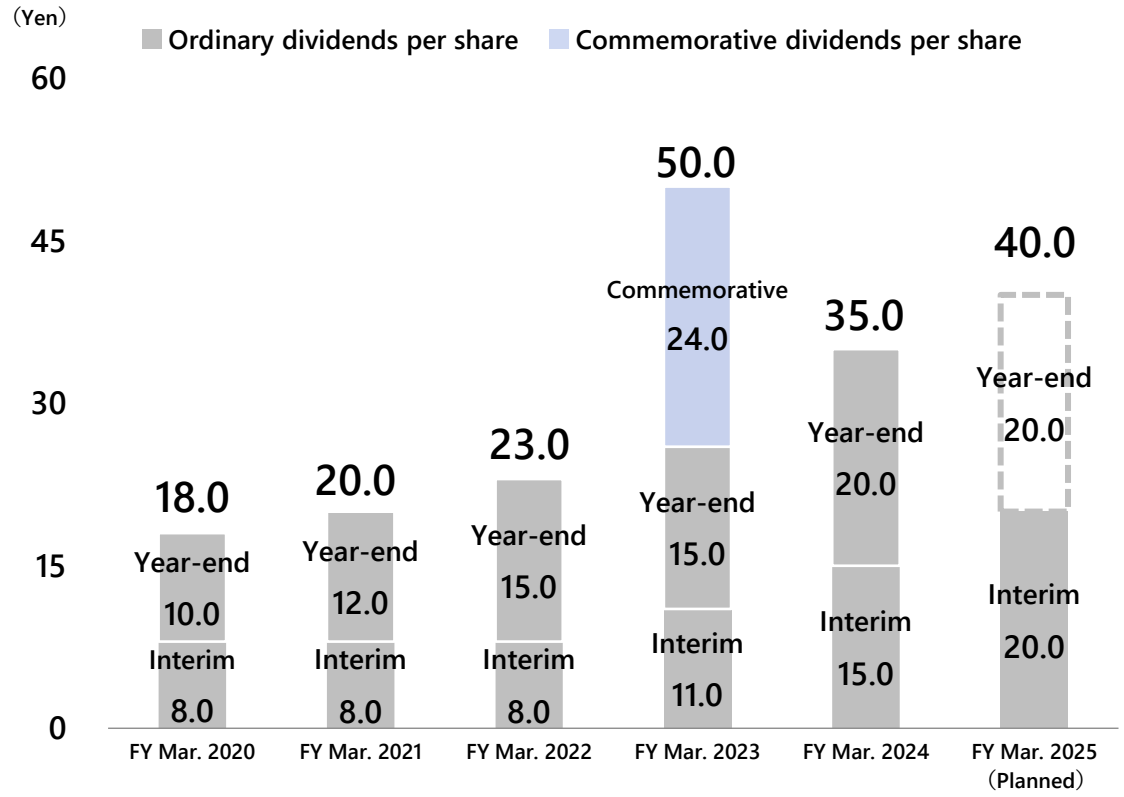
FY2025

Year of dramatic growth

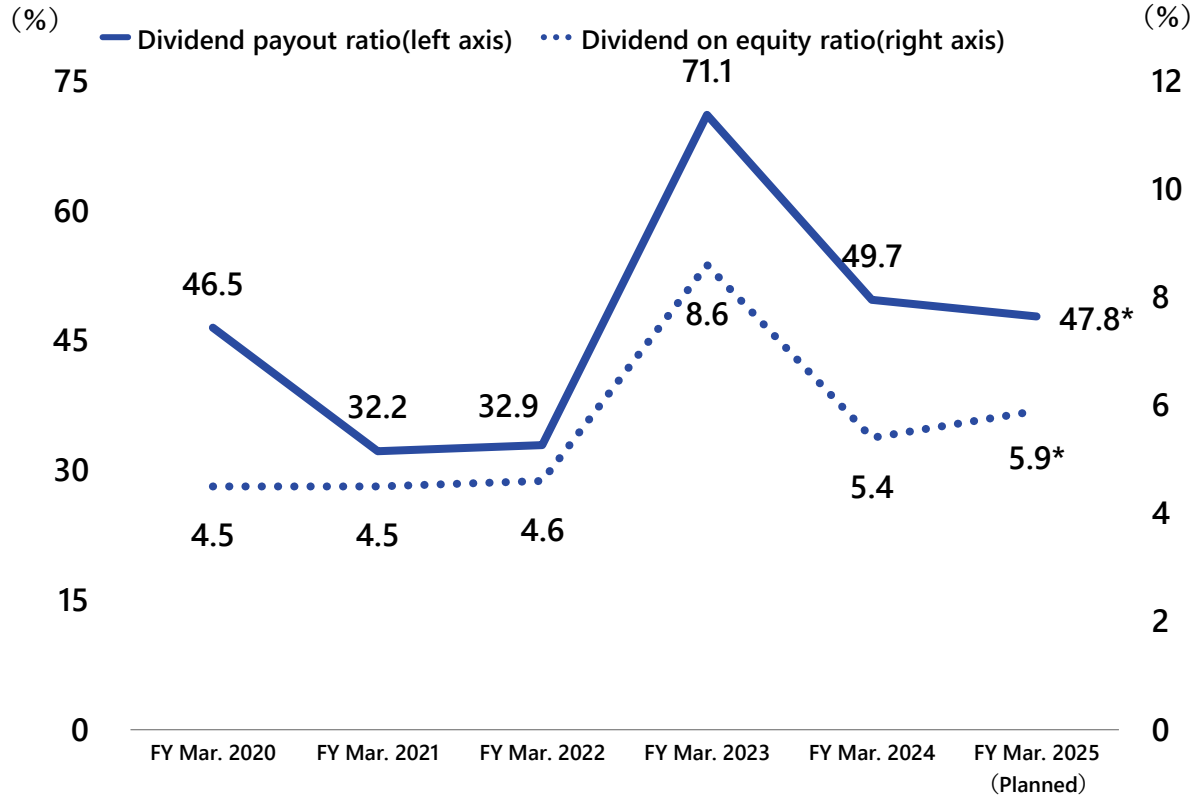
2 - 4 | Trends in Dividends and Dividend Payout Ratio

■ **We will raise consolidated dividend payout ratio from 40% to 50% from FY March 2025.**

Trends in Dividends



Trends in Dividend Payout Ratio



*The figures has been changed in accordance with the press released on October 9, 2024, titled "Notice of Revision of Consolidated Earnings Forecasts and Recording of Extraordinary Income from Revision of Retirement Benefit Plan".

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3
Appendix

1 Five Year Summary

2 Trends in Transition by Accounting Period

3 Summary of Consolidated Balance Sheets and Consolidated Statements of Cash Flows

4 Trends in Net Sales and Operating Profit

5 Trends in Orders Received and Order Backlog

6 Other Performance Indicators



3 - 1 | Five Year Summary

	1H FY Mar. 2021	1H FY Mar. 2022	1H FY Mar. 2023	1H FY Mar. 2024	1H FY Mar. 2025
Net sales (Millions of yen)	7,083	8,060	7,892	9,015	**9,022**
Cost of sales (Millions of yen)	5,757	6,342	6,241	7,055	**7,152**
Gross profit (Millions of yen)	1,325	1,718	1,650	1,959	**1,869**
Gross margin (%)	18.7	21.3	20.9	21.7	**20.7**
Selling, general and administrative expenses (Millions of yen)	773	971	1,052	1,165	**1,336**
Operating profit (Millions of yen)	552	746	598	794	**533**
Operating margin (%)	7.8	9.3	7.6	8.8	**5.9**
Ordinary profit (Millions of yen)	603	752	594	788	**528**
Ordinary margin (%)	8.5	9.3	7.5	8.7	**5.9**
Profit attributable to owners of parent (Millions of yen)	400	501	388	501	**662**
Profit margin attributable to owners of parent (%)	5.7	6.2	4.9	5.6	**7.3**

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3 - 2 | Trends in Transition by Accounting Period

	1Q FY Mar. 2023	2Q FY Mar. 2023	3Q FY Mar. 2023	4Q FY Mar. 2023	1Q FY Mar. 2024	2Q FY Mar. 2024	3Q FY Mar. 2024	4Q FY Mar. 2024	1Q FY Mar. 2025	2Q FY Mar. 2025
Net sales (Millions of yen)	3,892	3,999	4,080	4,353	4,376	4,638	4,550	4,455	4,411	**4,610**
Cost of sales (Millions of yen)	3,107	3,133	3,163	3,351	3,438	3,616	3,575	3,468	3,525	**3,627**
Gross profit (Millions of yen)	785	865	917	1,001	938	1,021	974	987	886	**983**
Gross margin (%)	20.2	21.6	22.5	23.0	21.4	22.0	21.4	22.2	20.1	**21.3**
Selling, general and administrative expenses (Millions of yen)	513	539	564	500	568	597	606	613	665	**670**
Operating profit (Millions of yen)	272	326	352	501	369	424	367	374	220	**312**
Operating margin (%)	7.0	8.2	8.6	11.5	8.5	9.1	8.1	8.4	5.0	**6.8**
Ordinary profit (Millions of yen)	271	323	359	526	371	416	380	421	226	**301**
Ordinary margin (%)	7.0	8.1	8.8	12.1	8.5	9.0	8.4	9.5	5.1	**6.5**
Profit attributable to owners of parent (Millions of yen)	173	214	239	361	232	268	257	308	157	**504**
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	**10.9**

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3 - 3 | Summary of Consolidated Balance Sheets and Consolidated Statements of Cash Flows

(Unit: millions of yen)

Consolidated Balance Sheets	As of Mar. 31, 2024	As of Sep. 30, 2024	Increase/ Decrease	Remarks
Current assets	9,978	9,628	-349	Decrease in cash and deposits, increase in accounts receivable - trade and contract assets
Non-current assets	3,509	4,161	+652	Increase in retirement benefit asset and investment securities
Total assets	13,487	13,790	+302	
Current liabilities	2,459	2,327	-131	Decrease in accounts payable - other and income taxes payable, increase in provision for bonuses
Non-current liabilities	894	956	+61	Increase in deferred tax liabilities, decrease in provision for share-based compensation
Total liabilities	3,353	3,283	-70	
Total shareholder's equity	9,252	9,448	+195	Increase in retained earnings and valuation difference on available-for-sale securities
Total accumulated other comprehensive income	880	1,057	+176	
Non-controlling shareholder share	-	-	-	
Total net assets	10,133	10,506	+372	

(Unit: millions of yen)

Consolidated Statements of Cash Flows	1H FY Mar. 2024	1H FY Mar. 2025	Increase/ Decrease	Remarks
Cash flows from operations	679	-44	-723	Gain on revision of retirement benefit plan
Cash flows from investments	-88	74	+163	Proceeds from sale of investment securities
Cash flows from financing	-435	-465	-30	Increase in treasury shares and dividends paid
Effects of exchange rate change on cash and cash equivalents	2	-11	-14	
Net increase in cash and cash equivalents	157	-447	-605	
Cash and cash equivalents at beginning of period	6,703	6,815	+111	
Cash and cash equivalents at end of period	6,861	6,367	-493	

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3 - 4 | Trends in Net Sales and Operating Profit

	1H FY Mar. 2024	1H FY Mar. 2025			1H FY Mar. 2024	1H FY Mar. 2025		1H FY Mar. 2024	1H FY Mar. 2025	
	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	268	398	4.4	+48.3	8	9	+20.4	3.1	2.5	-0.6
SI Business	3,332	3,095	34.3	-7.1	368	228	-37.9	11.1	7.4	-3.7
System Enhancement Business	5,414	5,528	61.3	+2.1	417	294	-29.3	7.7	5.3	-2.4
Finance	2,892	3,048	33.8	+5.4	260	209	-19.9	9.0	6.9	-2.1
Distribution	1,945	1,466	16.2	-24.6	170	48	-71.8	8.8	3.3	-5.5
Transportation and Telecommunication	1,293	1,185	13.1	-8.3	120	112	-6.5	9.3	9.5	+0.2
Manufacturing	797	848	9.4	+6.4	54	43	-20.1	6.8	5.1	-1.7
Central Government	548	849	9.4	+54.8	62	62	+1.0	11.4	7.4	-4.0
Others	1,537	1,623	18.0	+5.6	124	57	-54.2	8.1	3.5	-4.6
SIer Business	7,102	6,938	76.9	-2.3	645	382	-40.8	9.1	5.5	-3.6
End-User Business	1,745	1,702	18.9	-2.5	136	139	+2.0	7.8	8.2	+0.4
Service Providing Business	166	380	4.2	+128.1	11	11	-0.6	7.0	3.0	-4.0
Total	9,015	9,022	100.0	+0.1	794	533	-32.8	8.8	5.9	-2.9

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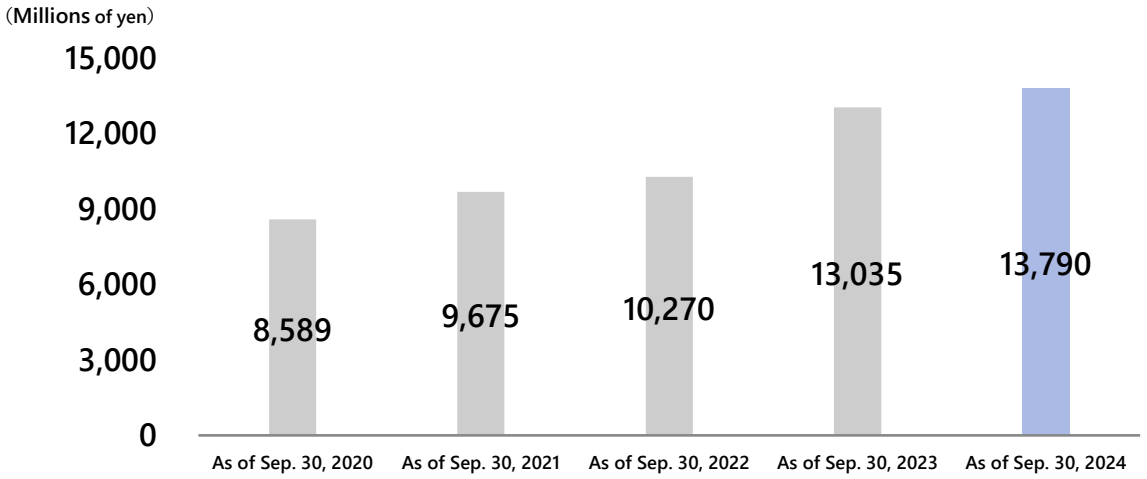
3 - 5 | Trends in Orders Received and Order Backlog

	1H FY Mar. 2024	1H FY Mar. 2025			1H FY Mar. 2024	1H FY Mar. 2025		
	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	240	**480**	+240	+100.3	141	**307**	+165	+116.7
SI Business	3,858	**3,519**	-339	-8.8	1,896	**1,762**	-133	-7.1
System Enhancement Business	5,385	**5,546**	+160	+3.0	3,003	**3,101**	+97	+3.3
Finance	3,259	**3,065**	-194	-6.0	1,847	**1,566**	-280	-15.2
Distribution	1,951	**1,613**	-338	-17.3	1,026	**955**	-70	-6.8
Transportation and Telecommunication	1,328	**1,167**	-161	-12.2	603	**565**	-38	-6.4
Manufacturing	848	**930**	+81	+9.6	404	**487**	+83	+20.7
Central Government	646	**899**	+252	+39.0	326	**533**	+206	+63.4
Others	1,449	**1,870**	+420	+29.0	833	**1,062**	+228	+27.4
SIer Business	7,471	**7,228**	-242	-3.3	3,667	**3,610**	-57	-1.6
End-User Business	1,824	**2,000**	+176	+9.7	1,284	**1,391**	+106	+8.3
Service Providing Business	188	**316**	+127	+67.9	88	**169**	+80	+90.8
Total	**9,484**	**9,545**	**+61**	**+0.6**	**5,041**	**5,171**	**+129**	**+2.6**

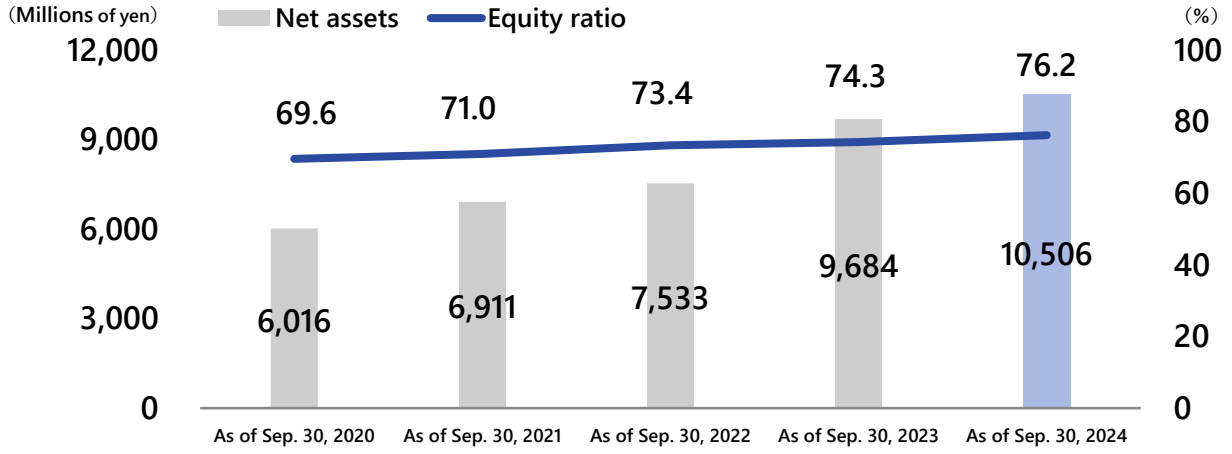
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3 - 6 | Other Performance Indicators

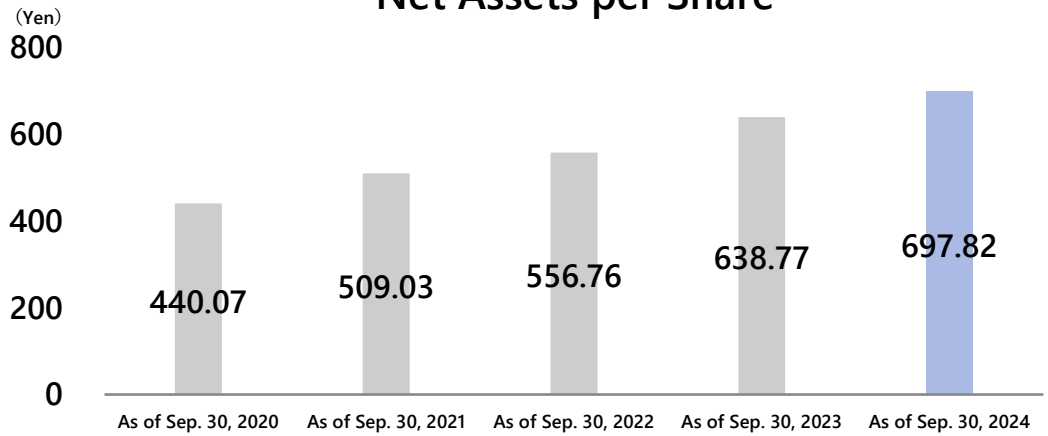
Total Assets



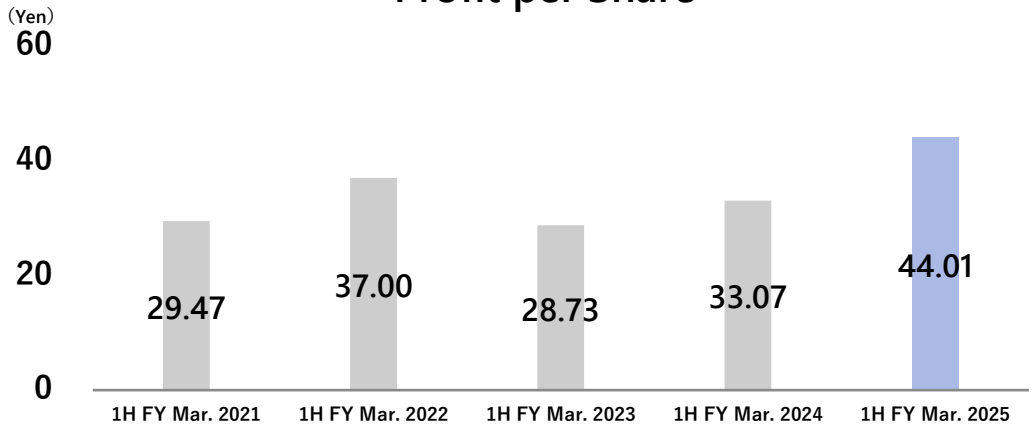
Net Assets/Equity Ratio



Net Assets per Share



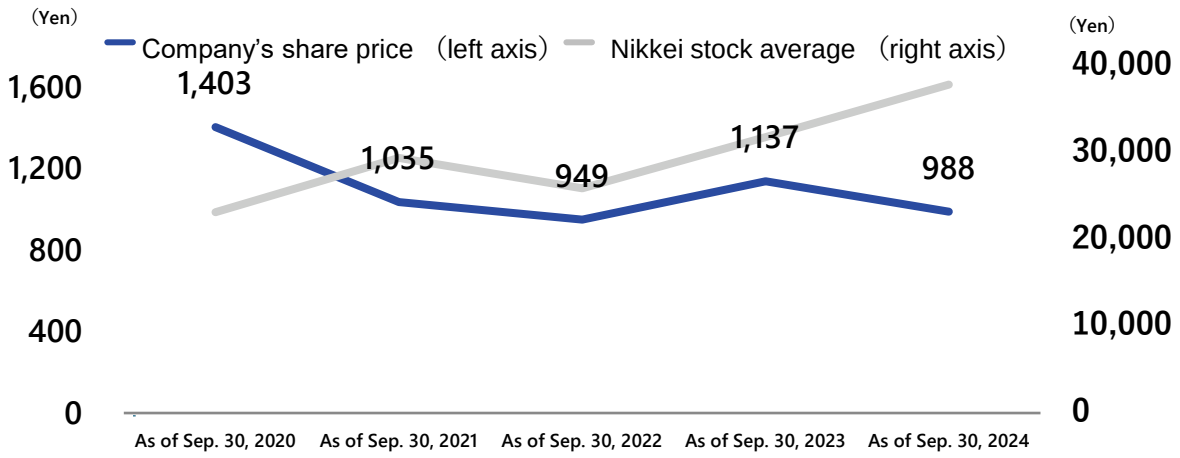
Profit per Share



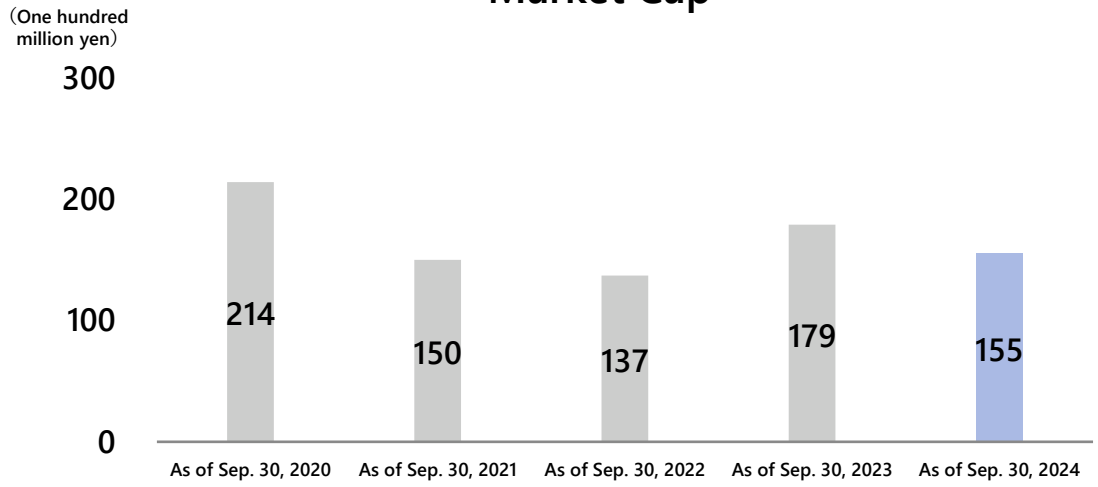
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3 - 6 | Other Performance Indicators

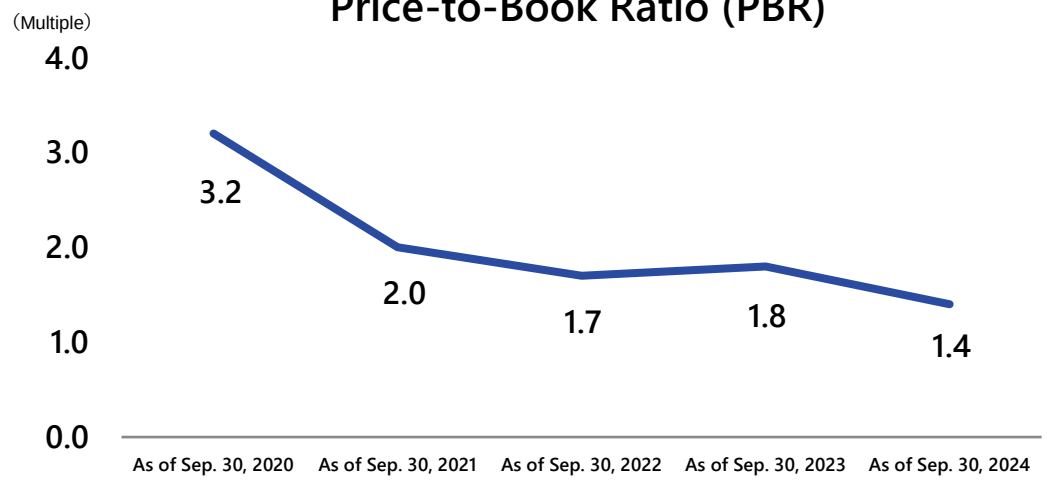
Share Price



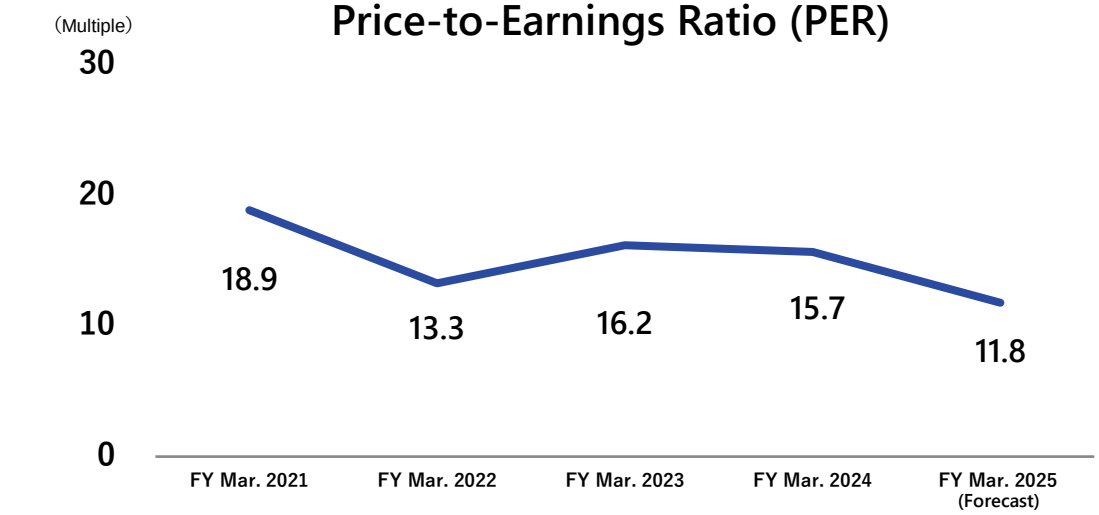
Market Cap



Price-to-Book Ratio (PBR)



Price-to-Earnings Ratio (PER)



*FY March 2025 (forecast) is calculated using the stock price as of the end of September and profit per share in the full-year earnings forecast.

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The earnings outlook and other forward-looking statements provided in this material are based on the information currently available to the Company and are subject to potential risks and uncertainties.
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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