CUBE SYSTEM

3Q FY March 2025

Supplementary Information Material for Financial Results

Securities code: 2335

Feb.5, 2025



Executive Summary(3Q FY March 2025)

- **Business Environment** - Demand for DX promotion and cloud migration is high, and IT investment is on an expanding trend. On the other hand, we expect an increase in orders received is difficult due to the industry trends and the business conditions of individual companies, we are focusing on.
- **Net Sales** - Maintained the same level as the previous fiscal year because of the expansion of projects in the Digital Businesses and the System Enhancement Business, despite a reduction of projects in the SI Business.
- **Operating Profit** - Decreased due to active investing in development organization and facilities as well as the impact of unprofitable projects.

Net sales	Operating profit	Profit attributable to owners of parent
136.5	8.9	9.0
100 million yen	100 million yen	100 million yen

- **Earnings Forecast** - Amended (disclosed on February 5, 2025)

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3Q FY March 2025

Overview of Financial Results

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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** - IT investment by companies is strong by migration to cloud of mission-critical systems, system developments to improve usability, in addition to demand for DX against a backdrop aiming at high value addition to services and shortage of human resources.
  On the other hand, environment of orders received is severe because of the business conditions of individual companies and the industry trends, we are focusing on.
- **Net Sales** - Maintained the same level as the previous fiscal year because of the expansion in projects mainly for the energy-related industry in the Digital Business and the Central Government in the System Enhancement Business, despite a decrease in projects for the distributing industry and educational businesses in the SI Business.
- **Operating Profit** - Decreased due to an increase in personnel expenses, continued investing in expansion of bases, and the impact of unprofitable projects.
- **Profit** - Increased because of gain on revision of retirement benefit plan* resulting from introduction of DC (Defined Contribution Pension).

(Millions of yen)	3Q FY Mar. 2024 (Actual)	3Q FY Mar. 2025 (Actual)	YoY
Net sales	13,565	13,652	+0.6%
Operating profit	1,161	890	-23.4%
Margin	8.6%	6.5%	–
Ordinary profit	1,169	894	-23.5%
Margin	8.6%	6.5%	–
Profit attributable to owners of parent	758	904	+19.3%
Margin	5.6%	6.6%	–

*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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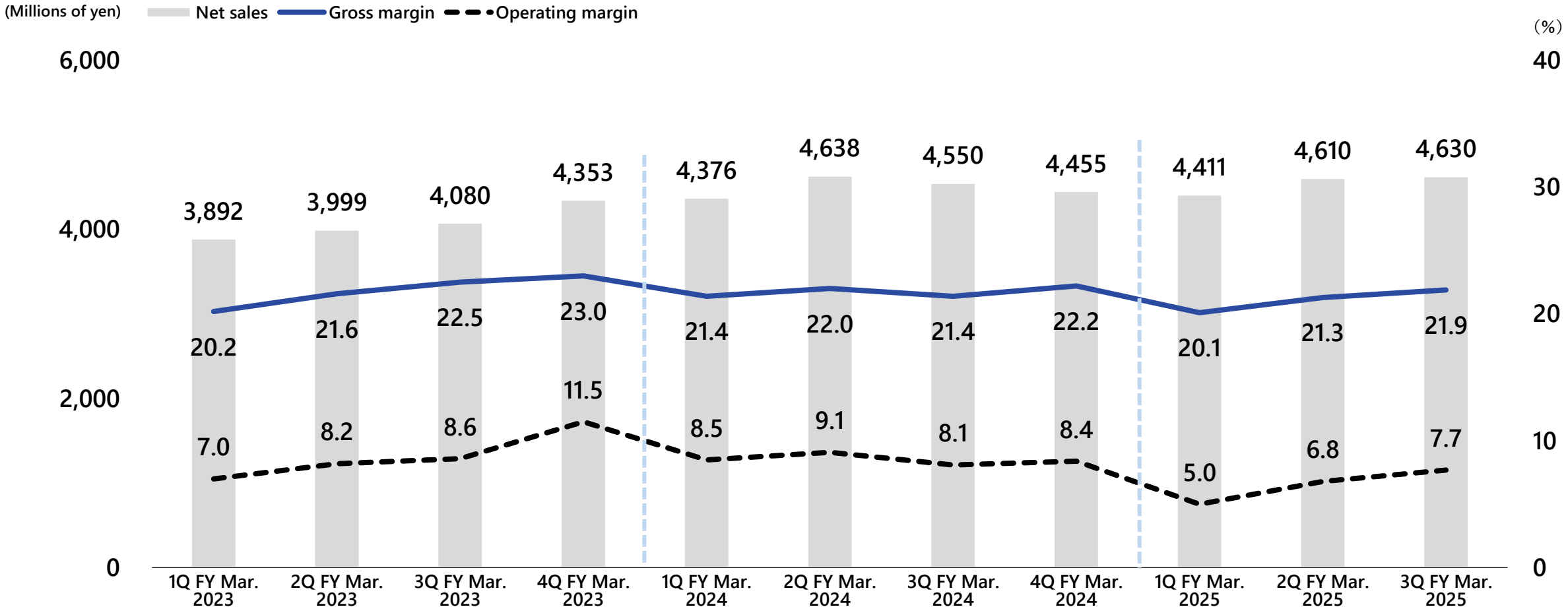
1 - 2 | Trends in Transition by Accounting Period

■ **Net sales increased by 20-million-yen and operating profit margin increased by 0.9 points compared to the previous quarter.**



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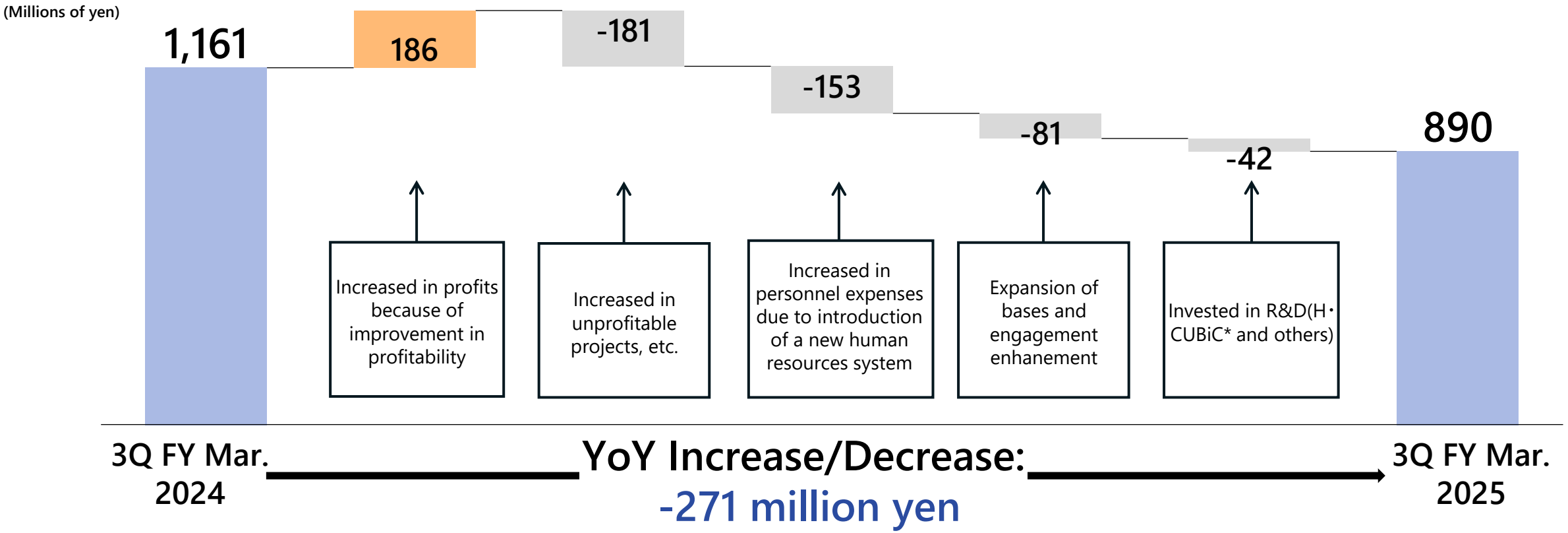
1 - 3 | Factors that Led to Changes in Operating Profit (Compared to the Previous Fiscal Year)

- **Positive Factors** - Increased in profits because of measures to improve profitability.
- **Negative Factors** - Decreased in profits due to an increase in personnel expenses, an expansion in investment in measures to expansion of bases and engagement enhancement, as well as an increase in unprofitable projects, etc.



*Please refer to the press released on October 23, 2024, titled "H・CUBiC Services concept to provide multifaceted support for human capital management". https://ssl4.eir-parts.net/doc/2335/tdnet/2512582/00.pdf

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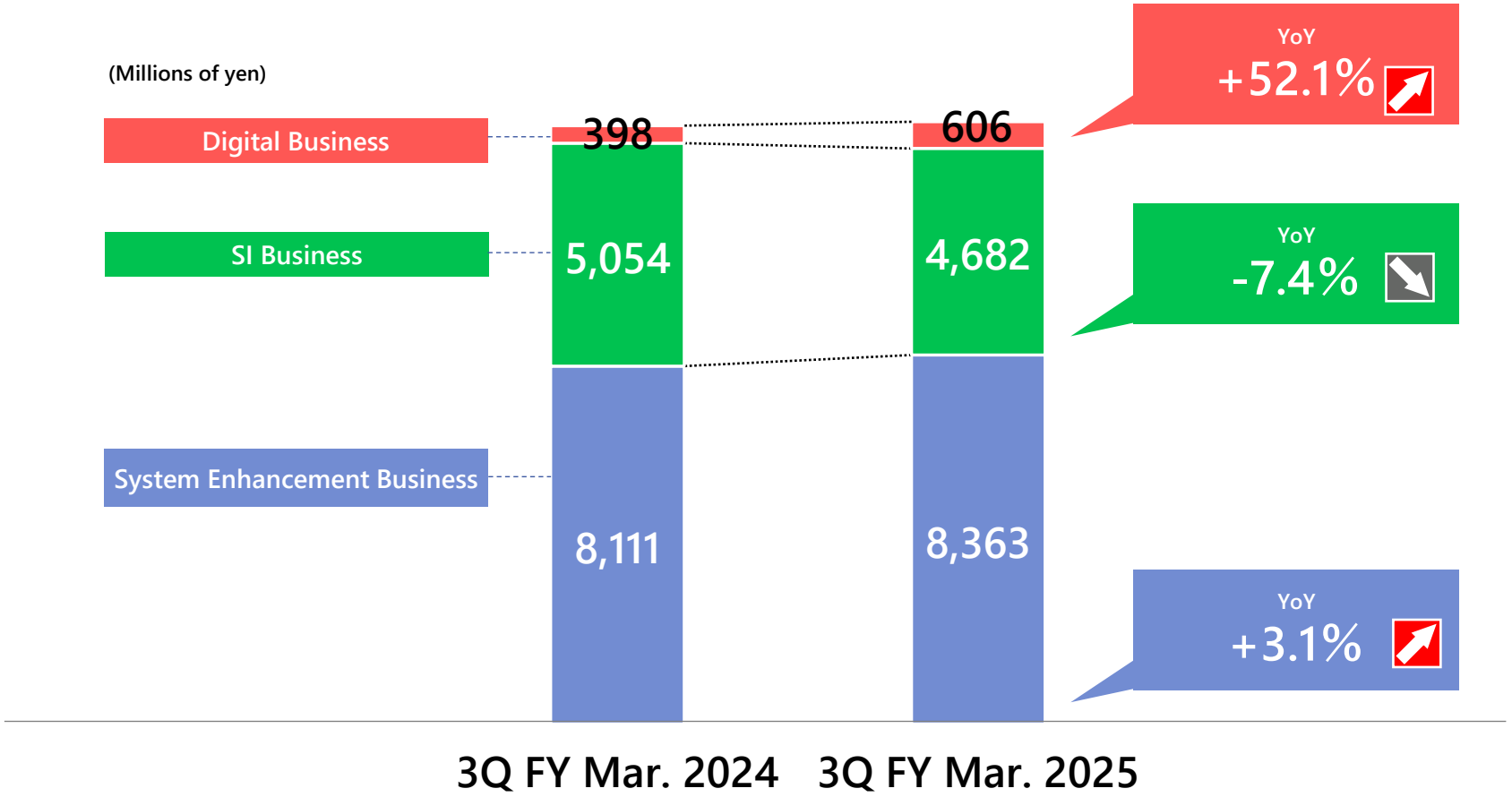
1 - 4 | Trends in Net Sales by Business Model

- **Digital Business** - Increased by 52% compared to the previous fiscal year because of the strategic acquisition of projects.
- **SI Business** - Orders received declined due to significant stagnation in demand in specific areas.
- **System Enhancement Business** - Slight increase because of solid orders received in existing areas.



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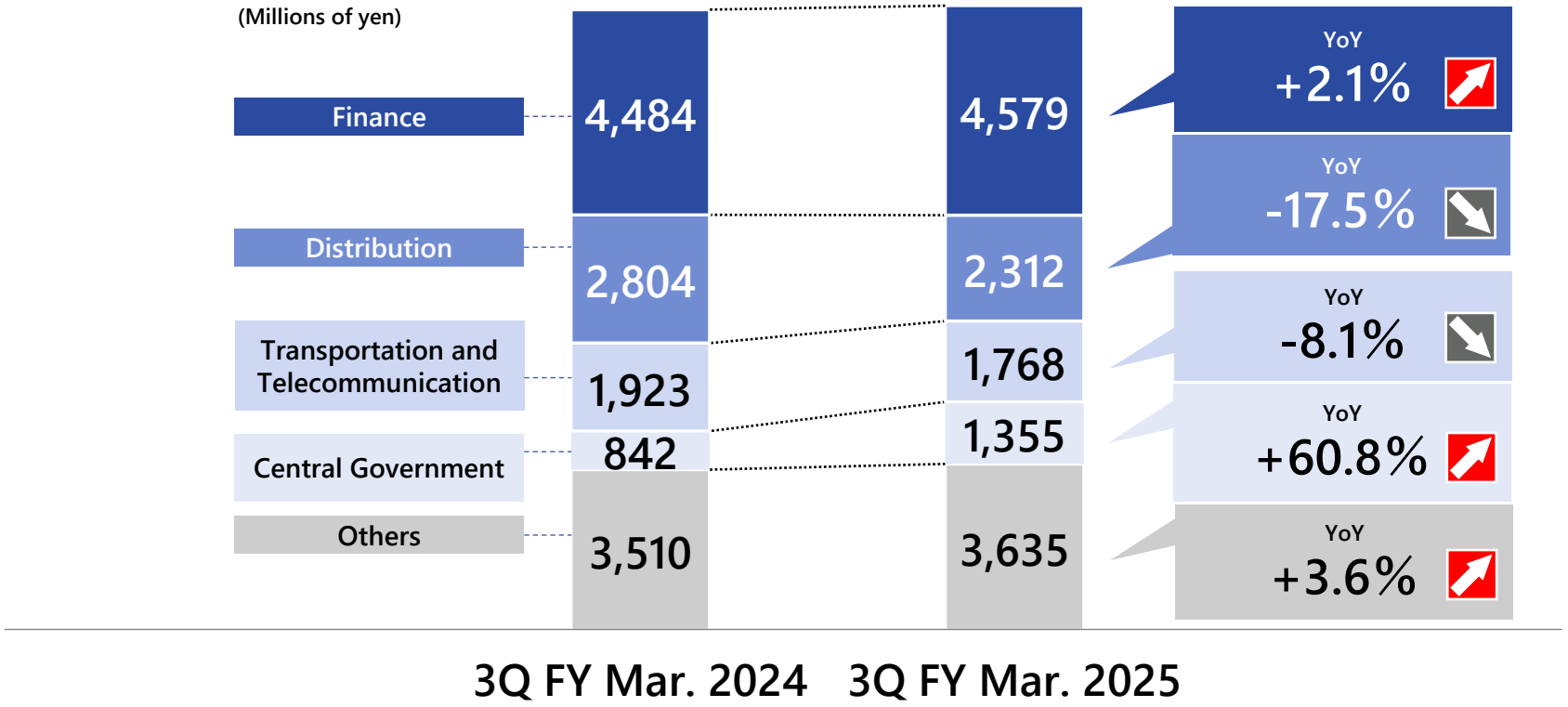
1 - 5 | Trends in Net Sales by Industry

- **Finance** - Increased in projects for a stock exchange and a housing finance.
- **Distribution** - Decreased in projects for a major GMS and an apparel company.
- **Transportation and Telecommunication** - Decreased in projects for logistics companies.
- **Central Government** - Significantly increased in projects for the central government and an administration office.
- **Others** - Increased in projects for energy-related industries.



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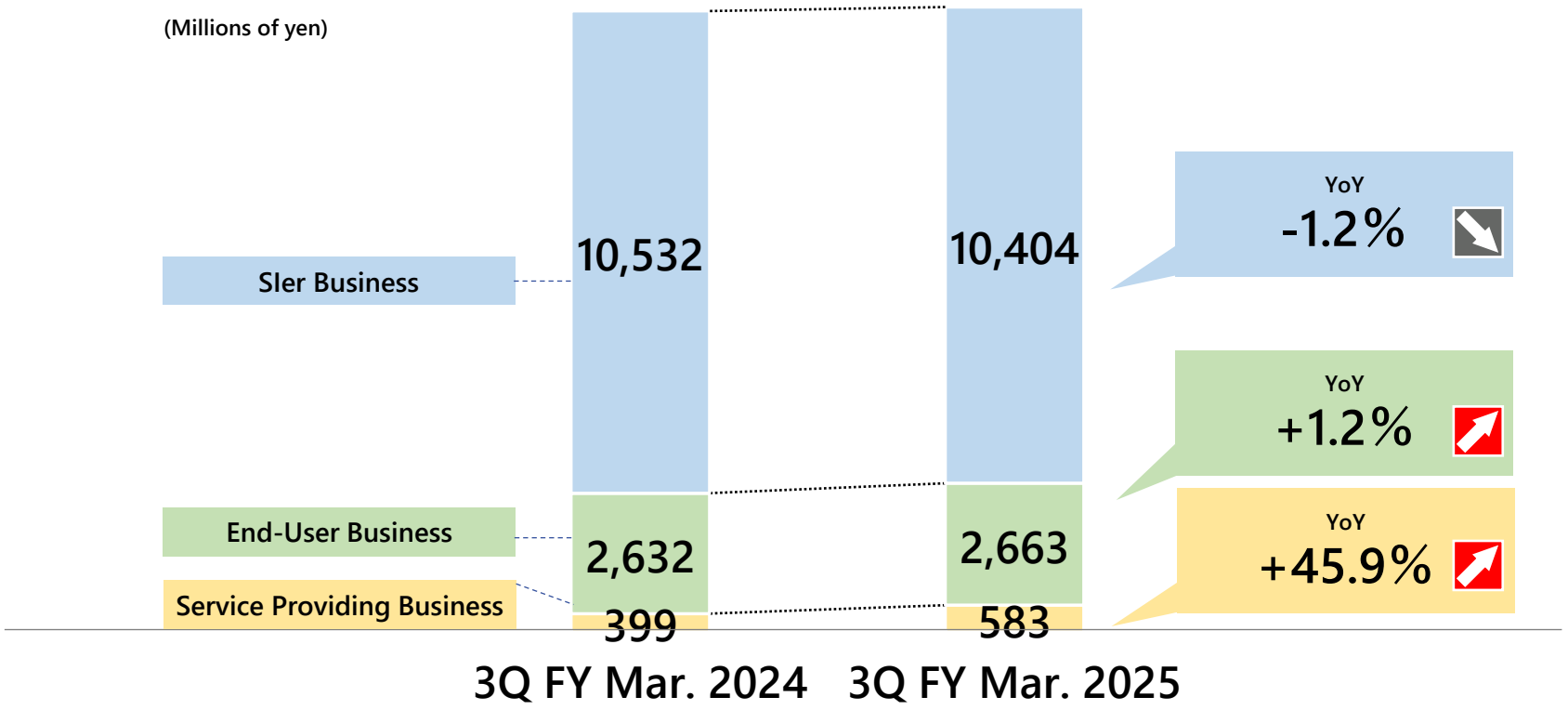
1 - 6 | Trends in Net Sales by Business Style

- **SIer Business** - Decreased due to the reduction of individual projects, despite an expansionary trend because of strong demand from some system integrators.
- **End-User Business** - Slightly increased due to cultivating small and medium-scale projects, despite the reduction in the scale of orders received for large projects at existing customers.
- **Service Providing Business** - Significantly increased in orders received through collaboration with solution vendors.



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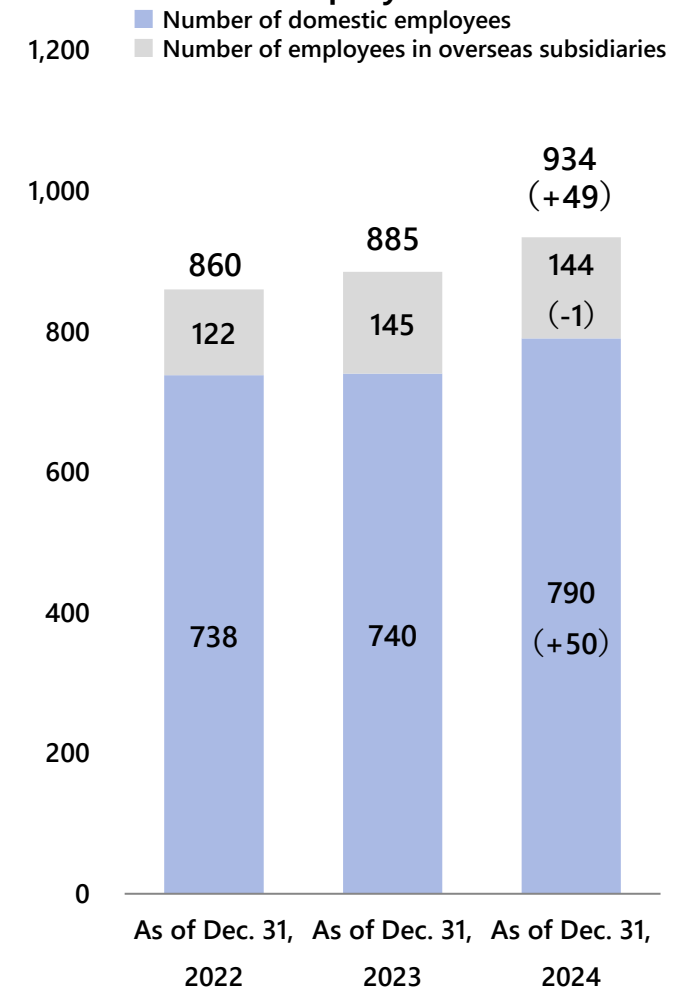
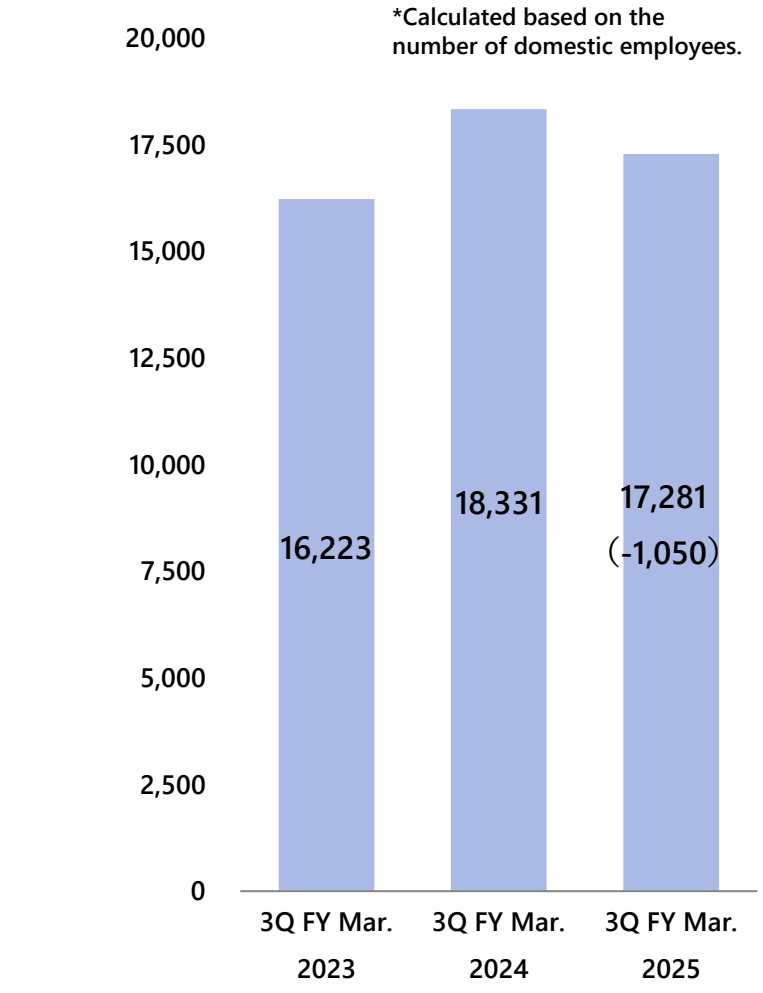
1 - 7 | Index Per Capita

Number of Employees



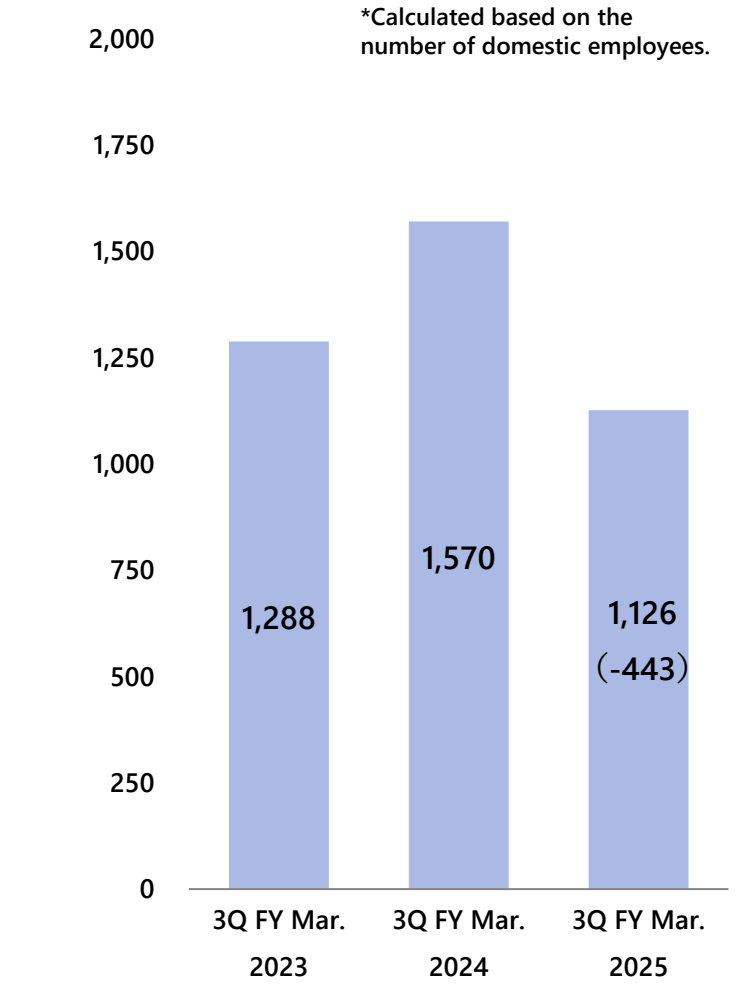
Net Sales Per Capita*

*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 Trends in Dividends and Dividend Payout Ratio



2 - 1 | Overview of Earnings Forecast

- **Business Environment** - We expect IT investment by companies will be strong by migration to cloud of mission-critical systems, system developments to improve usability, in addition to demand for DX against a backdrop aiming at high value addition to services and shortage of human resources.
  On the other hand, orders received is expected to be more severe than expected, compared to the initial plan due to the industry trends and the business conditions of individual companies, we are focusing on.
- **Earnings Forecast** - Amended earnings forecast due to a decrease in high-profit projects, in addition to the occurrence of unprofitable projects.

(Millions of yen)	FY Mar.2025 (Forecasts)*	3Q FY Mar. 2025 (Actual)	Progress Rate toward Forecasts	Reference : disclosed on October 9, 2024 (Forecasts)
Net sales	18,300	13,652	74.6%	18,800
Operating profit	1,300	890	68.5%	1,600
Margin	7.1%	6.5%	–	8.5%
Ordinary profit	1,310	894	68.3%	1,650
Margin	7.2%	6.5%	–	8.8%
Profit attributable to owners of parent	1,210	904	74.8%	1,260
Margin	6.6%	6.6%	–	6.7%

*Please refer to the press released on February 5, 2025, titled "Notice of Revised Earnings Forecasts".
https://ssl4.eir-parts.net/doc/2335/tdnet/2508624/00.pdf

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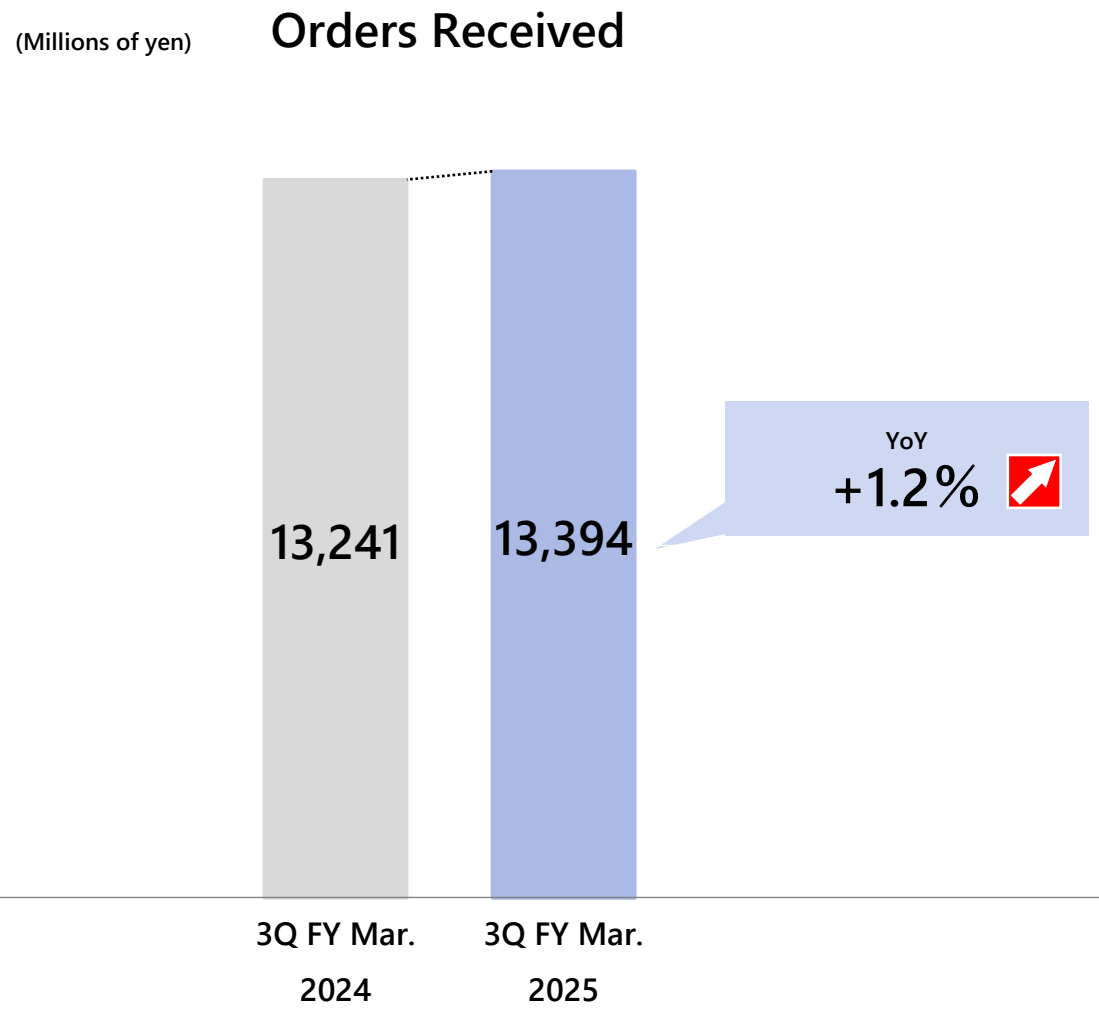
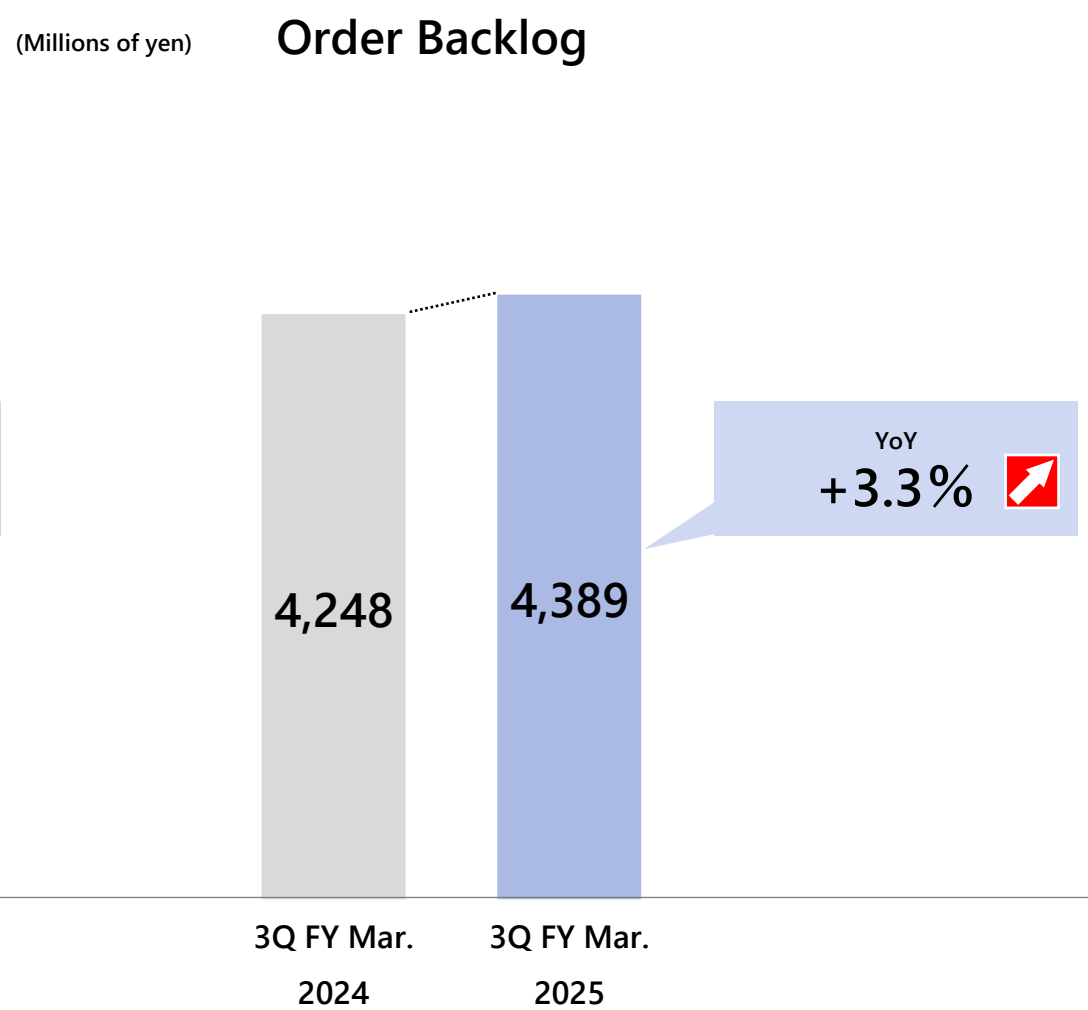
2 - 2 | Orders Received and Order Backlog

■ Orders received increased by 153 million yen and order backlog increased by 141 million yen.





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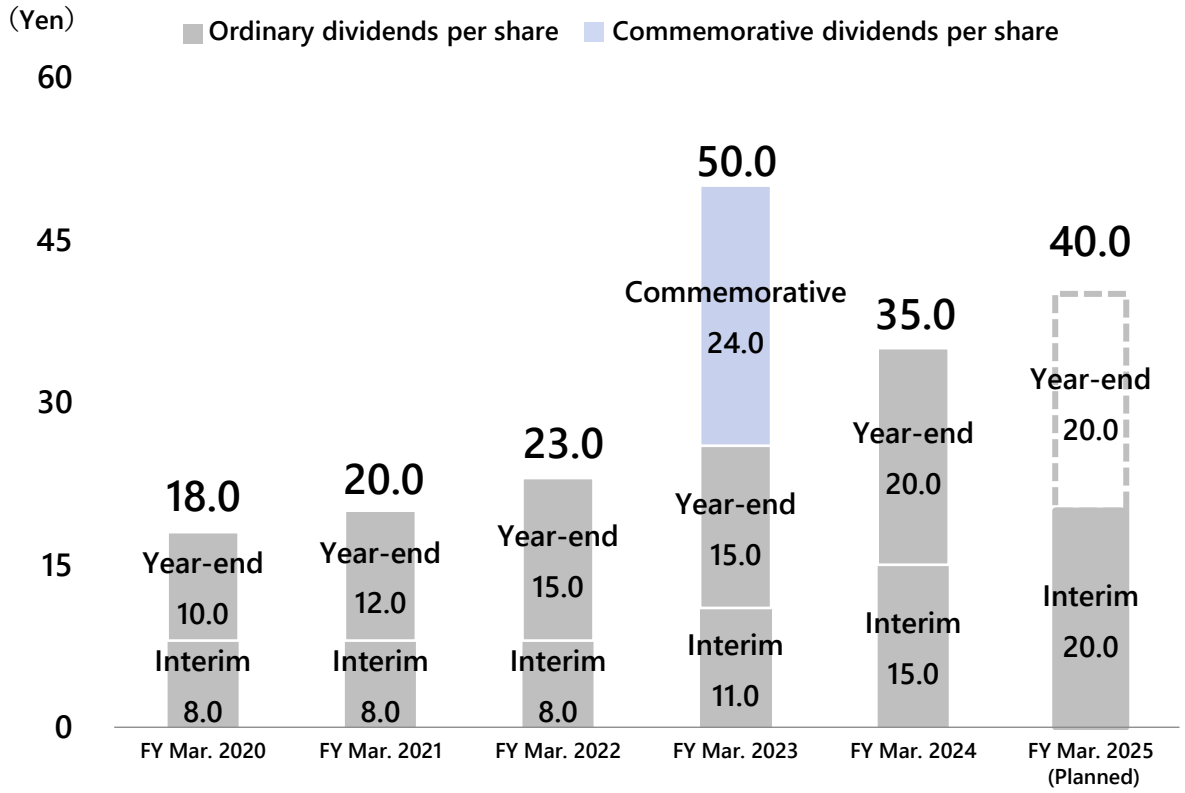
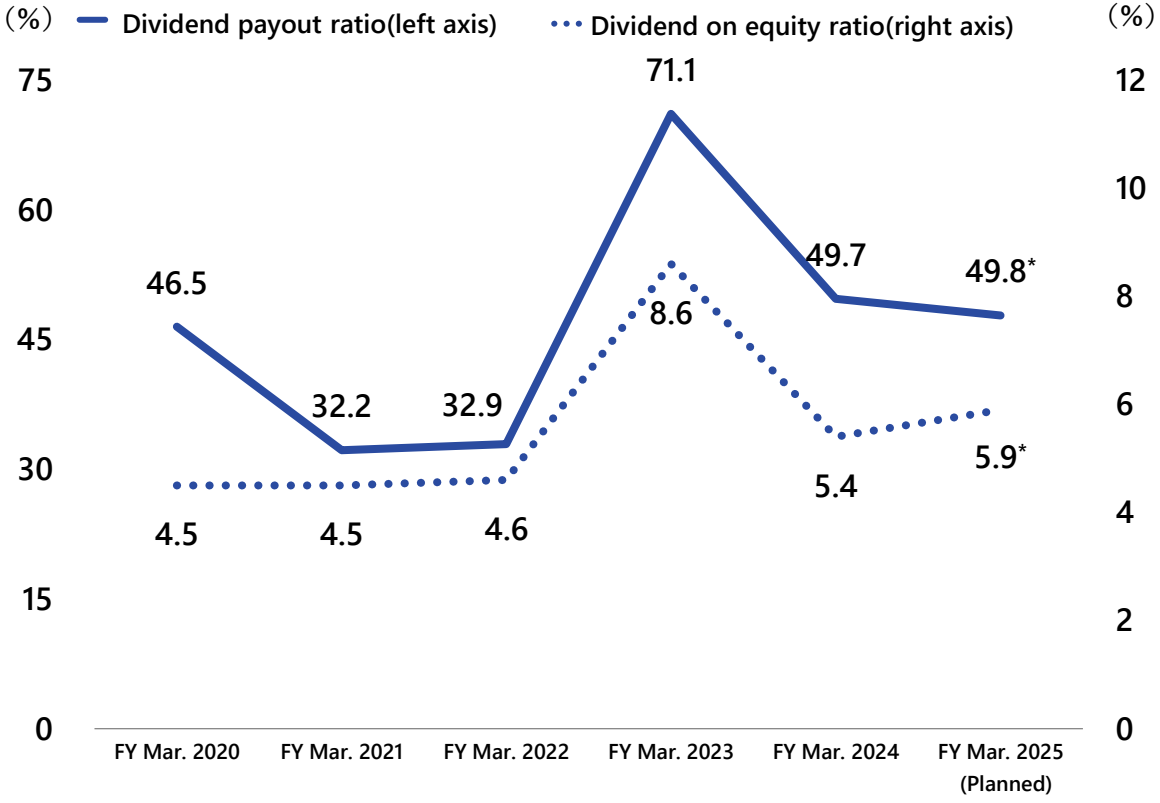
2 - 3 | Trends in Dividends and Dividend Payout Ratio

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

Trends in Dividends



Trends in Dividend Payout Ratio



*The figures has been changed in accordance with the press released on February 5, 2025, titled “Notice of Revised Earnings Forecasts”.

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3 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

	3Q FY Mar. 2021	3Q FY Mar. 2022	3Q FY Mar. 2023	3Q FY Mar. 2024	3Q FY Mar. 2025
Net sales (Millions of yen)	10,591	12,041	11,972	13,565	**13,652**
Cost of sales (Millions of yen)	8,612	9,461	9,404	10,631	**10,768**
Gross profit (Millions of yen)	1,979	2,580	2,568	2,934	**2,884**
Gross margin (%)	18.7	21.4	21.5	21.6	**21.1**
Selling, general and administrative expenses (Millions of yen)	1,187	1,458	1,617	1,772	**1,994**
Operating profit (Millions of yen)	792	1,122	951	1,161	**890**
Operating margin (%)	7.5	9.3	7.9	8.6	**6.5**
Ordinary profit (Millions of yen)	922	1,133	953	1,169	**894**
Ordinary margin (%)	8.7	9.4	8.0	8.6	**6.5**
Profit attributable to owners of parent (Millions of yen)	596	755	628	758	**904**
Profit margin attributable to owners of parent (%)	5.6	6.3	5.2	5.6	**6.6**

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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	3Q 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	**4,630**
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	**3,615**
Gross profit (Millions of yen)	785	865	917	1,001	938	1,021	974	987	886	983	**1,014**
Gross margin (%)	20.2	21.6	22.5	23.0	21.4	22.0	21.4	22.2	20.1	21.3	**21.9**
Selling, general and administrative expenses (Millions of yen)	513	539	564	500	568	597	606	613	665	670	**657**
Operating profit (Millions of yen)	272	326	352	501	369	424	367	374	220	312	**356**
Operating margin (%)	7.0	8.2	8.6	11.5	8.5	9.1	8.1	8.4	5.0	6.8	**7.7**
Ordinary profit (Millions of yen)	271	323	359	526	371	416	380	421	226	301	**365**
Ordinary margin (%)	7.0	8.1	8.8	12.1	8.5	9.0	8.4	9.5	5.1	6.5	**7.9**
Profit attributable to owners of parent (Millions of yen)	173	214	239	361	232	268	257	308	157	504	**242**
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	**5.2**

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3 - 3 | Trends in Net Sales and Operating Profit

	3Q FY Mar. 2024	3Q FY Mar. 2025			3Q FY Mar. 2024	3Q FY Mar. 2025		3Q FY Mar. 2024	3Q 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	398	**606**	4.4	+52.1	8	**19**	+129.2	2.1	**3.1**	+1.0
SI Business	5,054	**4,682**	34.3	-7.4	493	**322**	-34.6	9.8	**6.9**	-2.9
System Enhancement Business	8,111	**8,363**	61.3	+3.1	660	**548**	-16.9	8.1	**6.6**	-1.5
Finance	4,484	**4,579**	33.5	+2.1	391	**342**	-12.6	8.7	**7.5**	-1.2
Distribution	2,804	**2,312**	17.0	-17.5	230	**97**	-57.5	8.2	**4.2**	-4.0
Transportation and Telecommunication	1,923	**1,768**	13.0	-8.1	181	**209**	+15.5	9.4	**11.8**	+2.4
Central Government	842	**1,355**	9.9	+60.8	97	**125**	+29.2	11.6	**9.3**	-2.3
Manufacturing	1,205	**1,308**	9.6	+8.6	78	**85**	+8.4	6.5	**6.5**	-
Others	2,305	**2,327**	17.0	+1.0	182	**29**	-83.7	7.9	**1.3**	-6.6
SIer Business	10,532	**10,404**	76.2	-1.2	878	**681**	-22.4	8.3	**6.5**	-1.8
End-User Business	2,632	**2,663**	19.5	+1.2	247	**172**	-30.3	9.4	**6.5**	-2.9
Service Providing Business	399	**583**	4.3	+45.9	35	**36**	+0.7	9.0	**6.2**	-2.8
Total	**13,565**	**13,652**	**100.0**	**+0.6**	**1,161**	**890**	**-23.4**	**8.6**	**6.5**	**-2.1**

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3 - 4 | Trends in Orders Received and Order Backlog

	3Q FY Mar. 2024	3Q FY Mar. 2025			3Q FY Mar. 2024	3Q 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	386	**593**	+206	+53.6	157	**211**	+53	+34.1
SI Business	5,216	**4,758**	-458	-8.8	1,531	**1,415**	-116	-7.6
System Enhancement Business	7,638	**8,042**	+403	+5.3	2,558	**2,762**	+203	+8.0
Finance	4,493	**4,342**	-150	-3.4	1,489	**1,313**	-176	-11.9
Distribution	2,623	**2,263**	-359	-13.7	838	**759**	-79	-9.5
Transportation and Telecommunication	1,947	**1,714**	-232	-12.0	592	**530**	-62	-10.5
Central Government	870	**1,409**	+539	+62.0	255	**537**	+282	+110.6
Manufacturing	1,238	**1,348**	+109	+8.8	386	**445**	+58	+15.2
Others	2,068	**2,315**	+246	+11.9	685	**803**	+118	+17.2
SIer Business	10,695	**10,427**	-268	-2.5	3,315	**3,342**	+27	+0.8
End-User Business	2,263	**2,477**	+213	+9.4	836	**906**	+69	+8.3
Service Providing Business	282	**489**	+206	+73.2	95	**139**	+44	+46.2
Total	**13,241**	**13,394**	**+152**	**+1.2**	**4,248**	**4,389**	**+140**	**+3.3**

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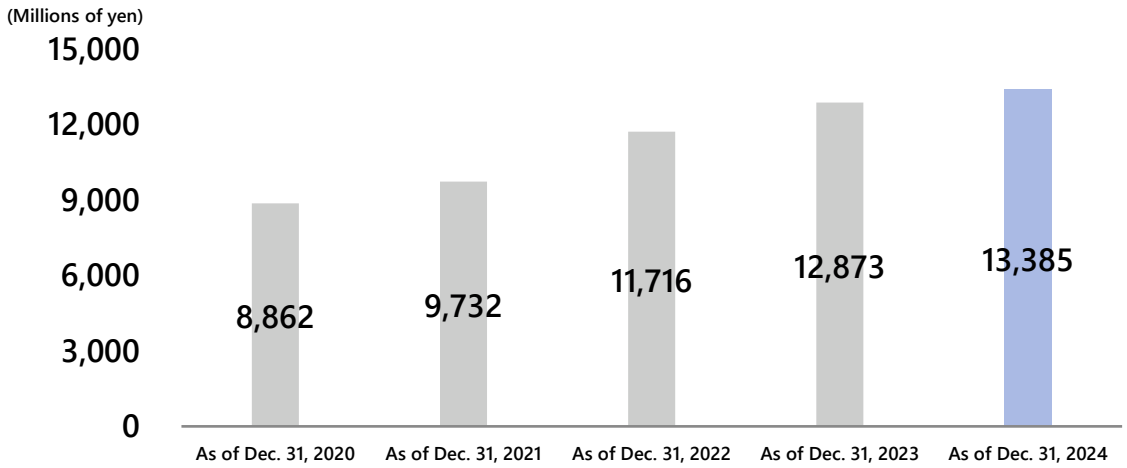
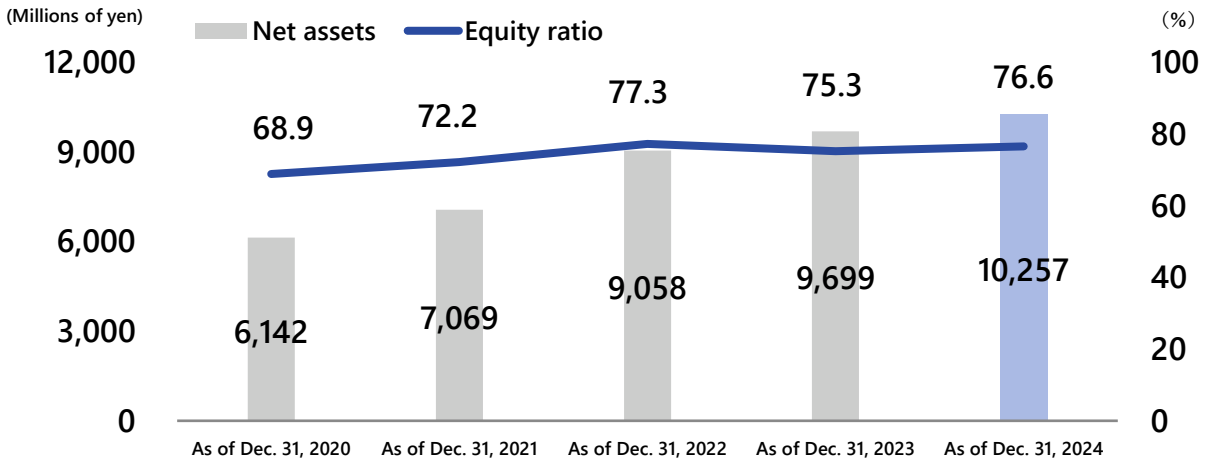
3 - 5 | Other Performance Indicators

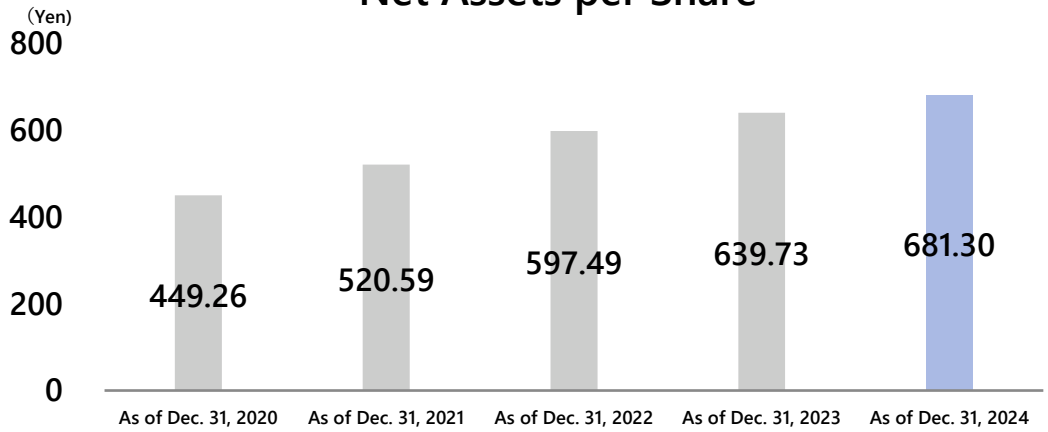
Total Assets



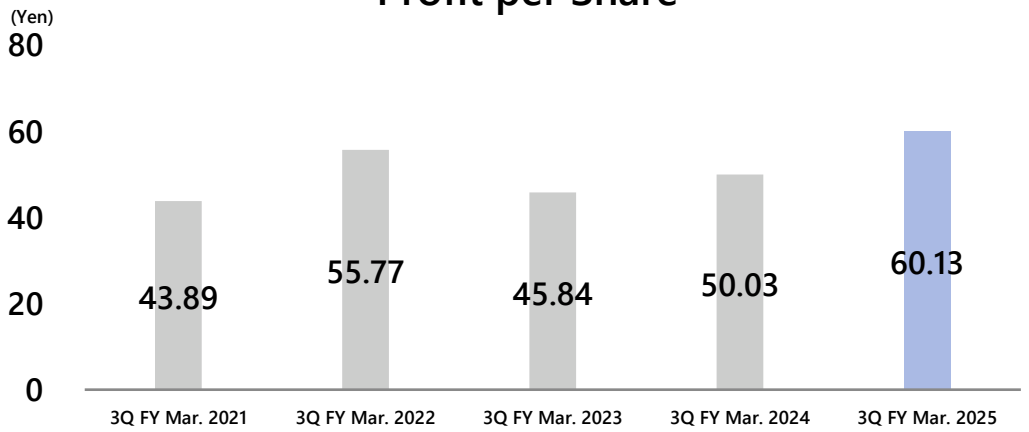
Net Assets/Equity Ratio



Net Assets per Share



Profit per Share



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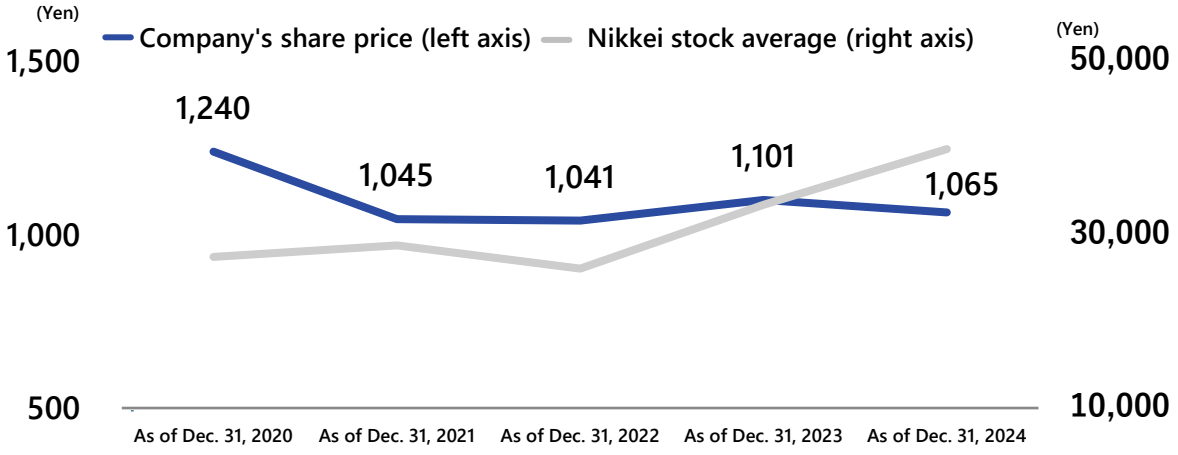
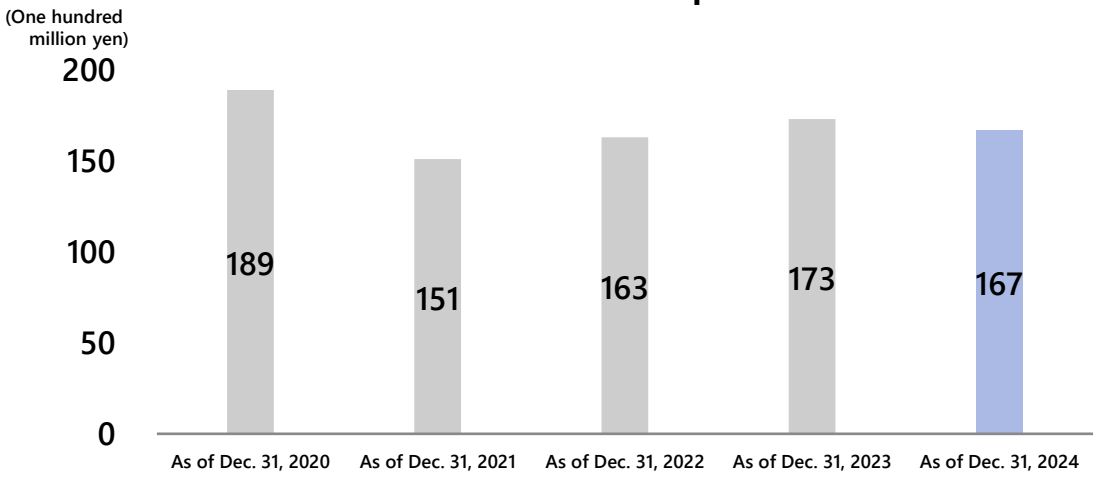
3 - 5 | Other Performance Indicators

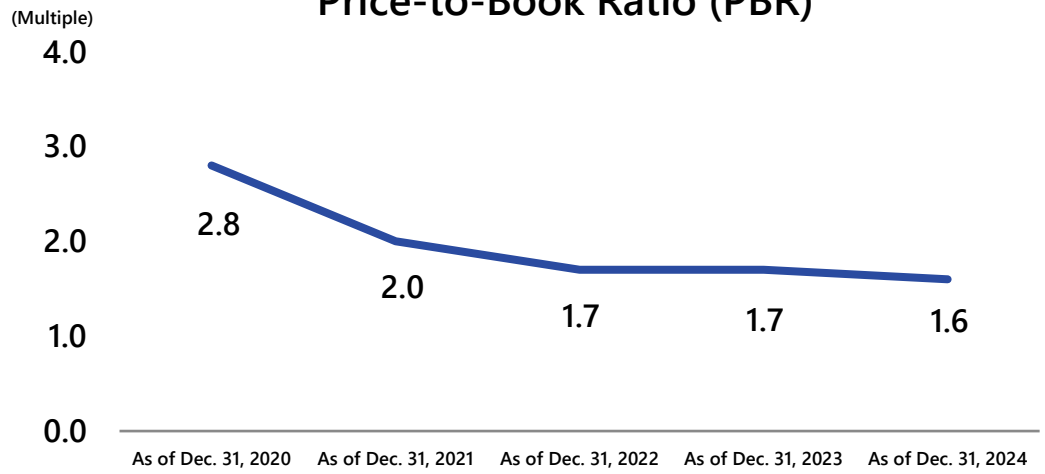
Share Price



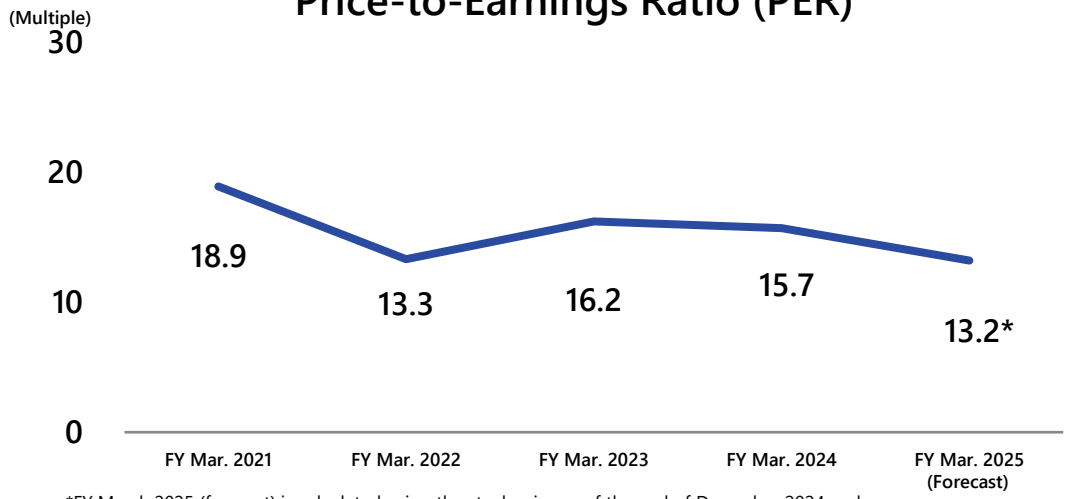
Market Cap



Price-to-Book Ratio (PBR)



Price-to-Earnings Ratio (PER)



*FY March 2025 (forecast) is calculated using the stock price as of the end of December 2024 and profit per share in the full-year earnings forecast in accordance with the press released on February 5, 2025, titled "Notice of Revised Earnings Forecasts".

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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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