

CUBE SYSTEM

May. 8, 2024



Fiscal Year Ended March 31, 2024

Supplementary Information Material for Financial Results

Securities code: **2335**

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1 Fiscal Year Ended March 31, 2024 Overview of Financial Results

1. Overview of Consolidated Statements of Income
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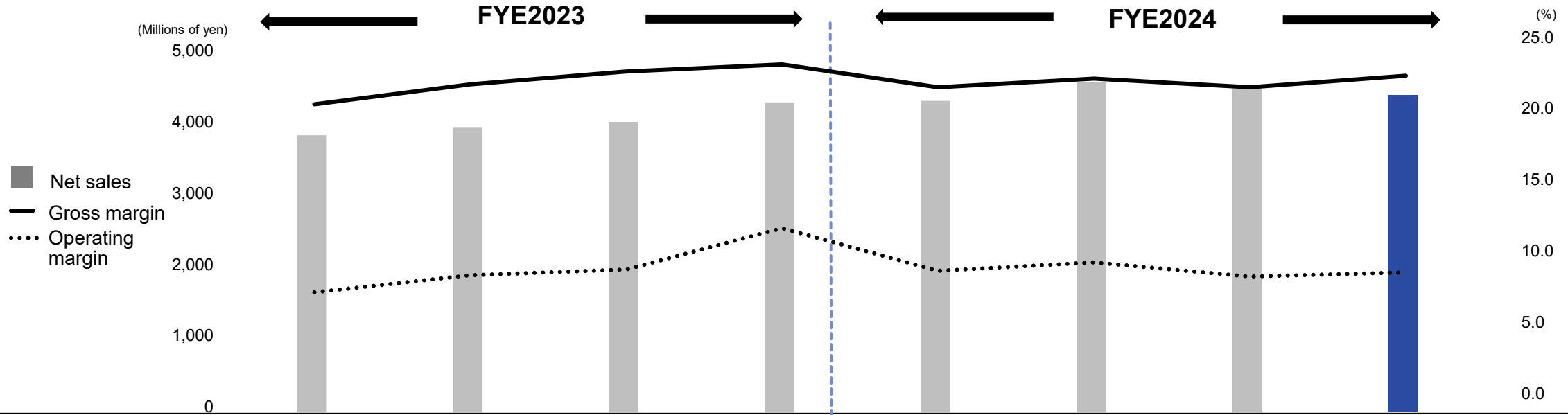
1-1. Overview of Consolidated Statements of Income

Continue to reform the structure of Business model,
invest in expansion of development organization and facilities
Both income and profit increase driven by SI Business

		(Unit: millions of yen)	FYE 2024 Actual (change)	FYE 2023 Actual	FYE 2024 Forecast* (Achievement)
Net sales	Up 10.4% from the previous fiscal year Achievement rate for earnings forecast: 100.1%				
	-As we expected earnings forecast of the initial forecast, Expansion orders in finance, distribution, and other industries in SI Business. Achieving new record high				
		Net sales	18,021 (+10.4%)	16,325	18,000 (100.1%)
		Operating profit	1,536 (+5.8%)	1,452	1,620 (94.8%)
		Margin	8.5%	8.9%	9.0%
Operating profit	Up 5.8% from the previous fiscal year Achievement rate for earnings forecast: 94.8%				
	- Achieving high profitability by integration of resources for SI Business				
	- Invest in expansion of development organization and facilities (recruitment enhancement, people development and expansion of bases)				
		Ordinary profit	1,590 (+7.5%)	1,480	1,635 (97.3%)
	Margin	8.8%	9.1%	9.1%	
		Net profit attributable to owners of parent	1,067 (+7.8%)	989	1,080 (98.8%)
		Margin	5.9%	6.1%	6.0%

* The forecast numbers for FYE 2024 is announced on May 10, 2023

1-2. Trends in Transition by Accounting Period

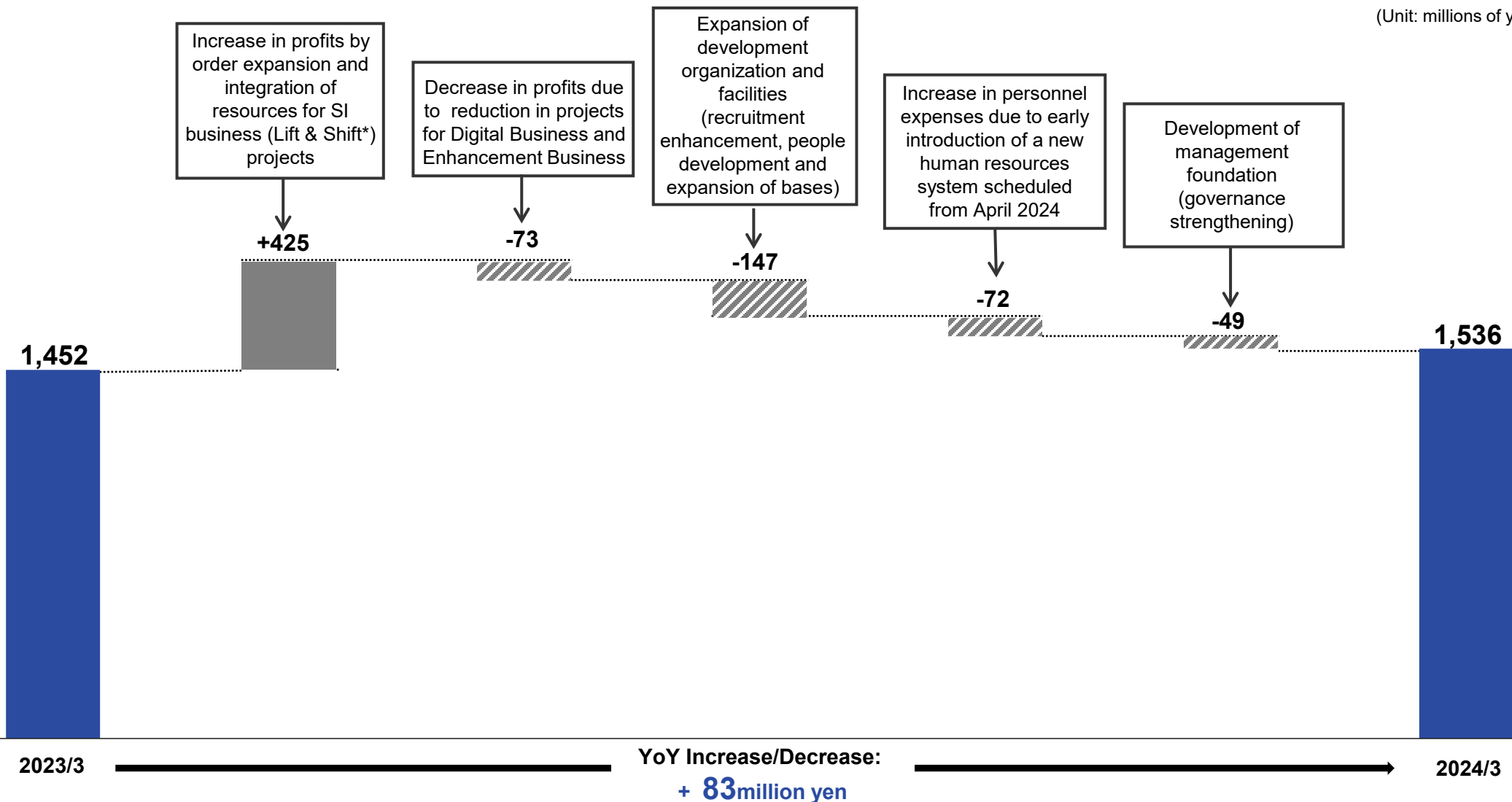


	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	4Q Jan-Mar	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	4Q Jan-Mar
Net sales	3,892	3,999	4,080	4,353	4,376	4,638	4,550	4,455
Cost of sales	3,107	3,133	3,163	3,351	3,438	3,616	3,575	3,468
Gross profit	785	865	917	1,001	938	1,021	974	987
	(20.2%)	(21.6%)	(22.5%)	(23.0%)	(21.4%)	(22.0%)	(21.4%)	(22.2%)
Selling, general and administrative expenses	513	539	564	500	568	597	606	613
Operating profit	272	326	352	501	369	424	367	374
	(7.0%)	(8.2%)	(8.6%)	(11.5%)	(8.5%)	(9.1%)	(8.1%)	(8.4%)
Ordinary profit	271	323	359	526	371	416	380	421
	(7.0%)	(8.1%)	(8.8%)	(12.1%)	(8.5%)	(9.0%)	(8.4%)	(9.5%)
Quarterly net profit attributable to owners of parent	173	214	239	361	232	268	257	308
	(4.5%)	(5.4%)	(5.9%)	(8.3%)	(5.3%)	(5.8%)	(5.7%)	(6.9%)

1-3. Factors Leading to Changes in Operating Profit

(Compared to the Previous Fiscal Year)

(Unit: millions of yen)



*Migrate customer's system from legacy environments to cloud one (Lift), followed by proceeding with system restructuring in stages while optimizing for cloud environments (Shift).

1-4. Summary of Consolidated Balance Sheets and Consolidated Statements of Cash Flows

(Unit: millions of yen)

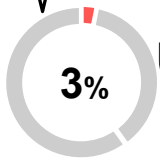
Consolidated Balance Sheets	2023/03	2024/03	Increase/Decrease	Remarks
Current assets	9,703	9,978	+275	Decrease securities, Increase in cash and deposits
Non-current assets	2,844	3,509	+664	Increase in investment securities and lease deposit
Total assets	12,547	13,487	+940	
Current liabilities	2,188	2,459	+270	
Non-current liabilities	742	894	+152	Increase in deferred tax liabilities
Total liabilities	2,930	3,353	+422	
Total shareholder's equity	8,847	9,252	+405	
Total accumulated other comprehensive income	769	880	+111	Increase in valuation difference on available-for-sale securities
Non-controlling interests	-	-	-	
Total net assets	9,616	10,133	+517	

(Unit: millions of yen)

Consolidated Statements of Cash Flows	2023/03	2024/03	Increase/Decrease	Remarks
Cash flows from operations	891	1,044	+152	
Cash flows from investments	-304	-259	+44	
Cash flows from financing	1,102	-672	-1,774	Difference due to capital increase through third-party allotment conducted in the previous fiscal year
Effects of exchange rate change on cash and cash equivalents	-1	-1	+0	
Net increase in cash and cash equivalents	1,687	111	-1,575	
Cash and cash equivalents at beginning of period	5,015	6,703	+1,687	
Cash and cash equivalents at end of period	6,703	6,815	+111	

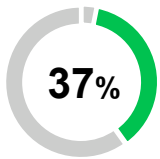
1-5. Trends in Net Sales and Operating Profit by Business Model

Net Sales Composition
[Fiscal Year Ended March 31, 2024]



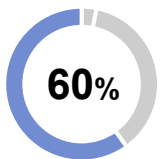
Digital Business

- Decrease of system development projects for a home improvement center



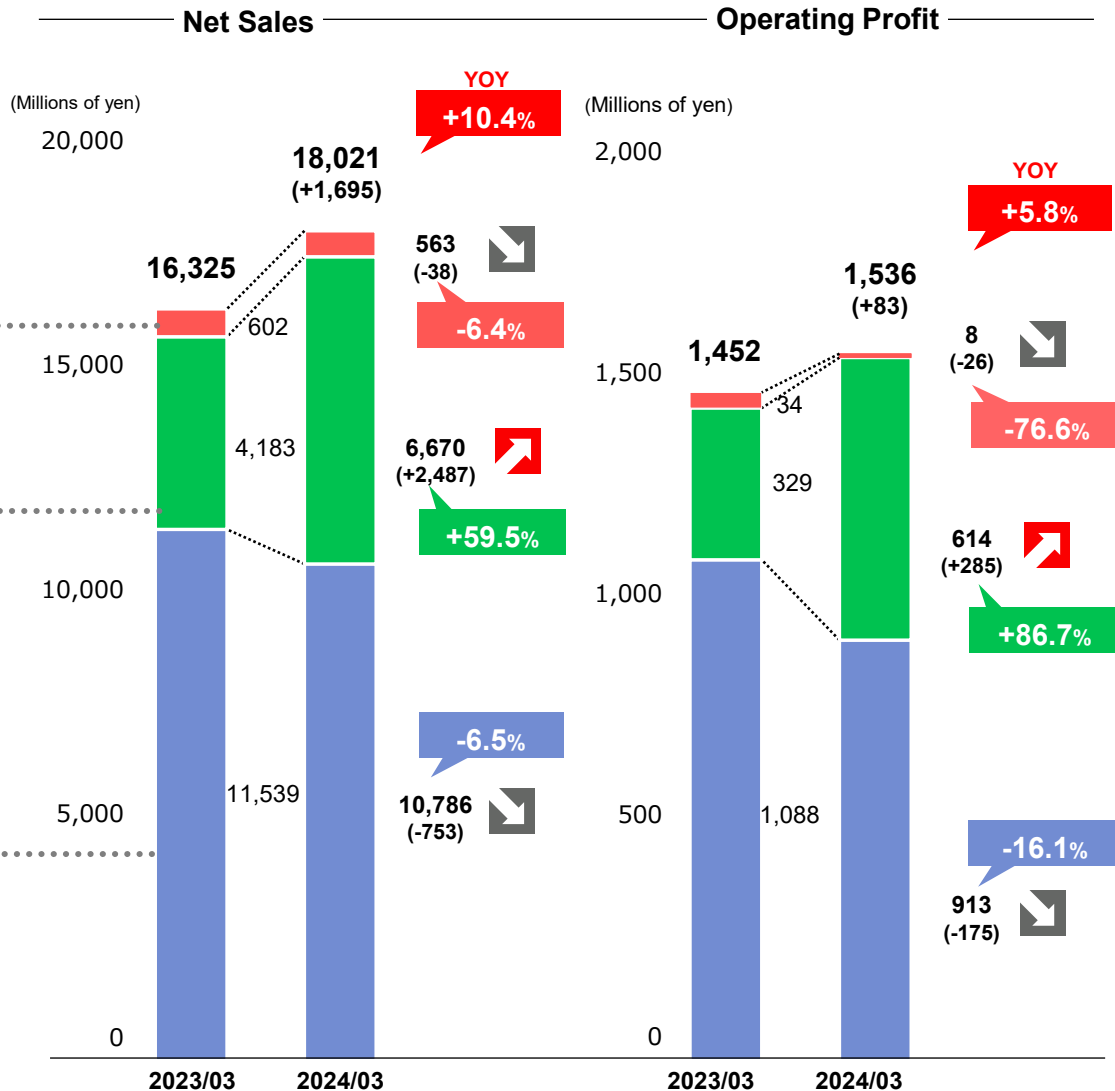
SI Business (Lift & Shift)

- Expansion of system development projects: for regional banks, online banks, the central government, a financial firm, an apparel company and retailers



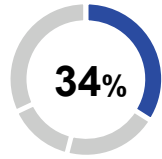
Enhancement Business

- Decrease of system development projects: for telecommunication companies, a cooperative and insurance companies
- Expansion of system development projects for a megabank



1-6. Trends in Net Sales and Operating Profit by Industry

Net Sales Composition
[Fiscal Year Ended March 31, 2024]



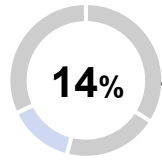
Finance Banking: 11% / Insurance & Securities: 17% / Other Finance: 6%

- Expansion of system development projects: for regional banks, online banks and a megabank



Distribution Retail & Wholesale: 20%

- Expansion of system development projects: for an apparel company and a wholesaler



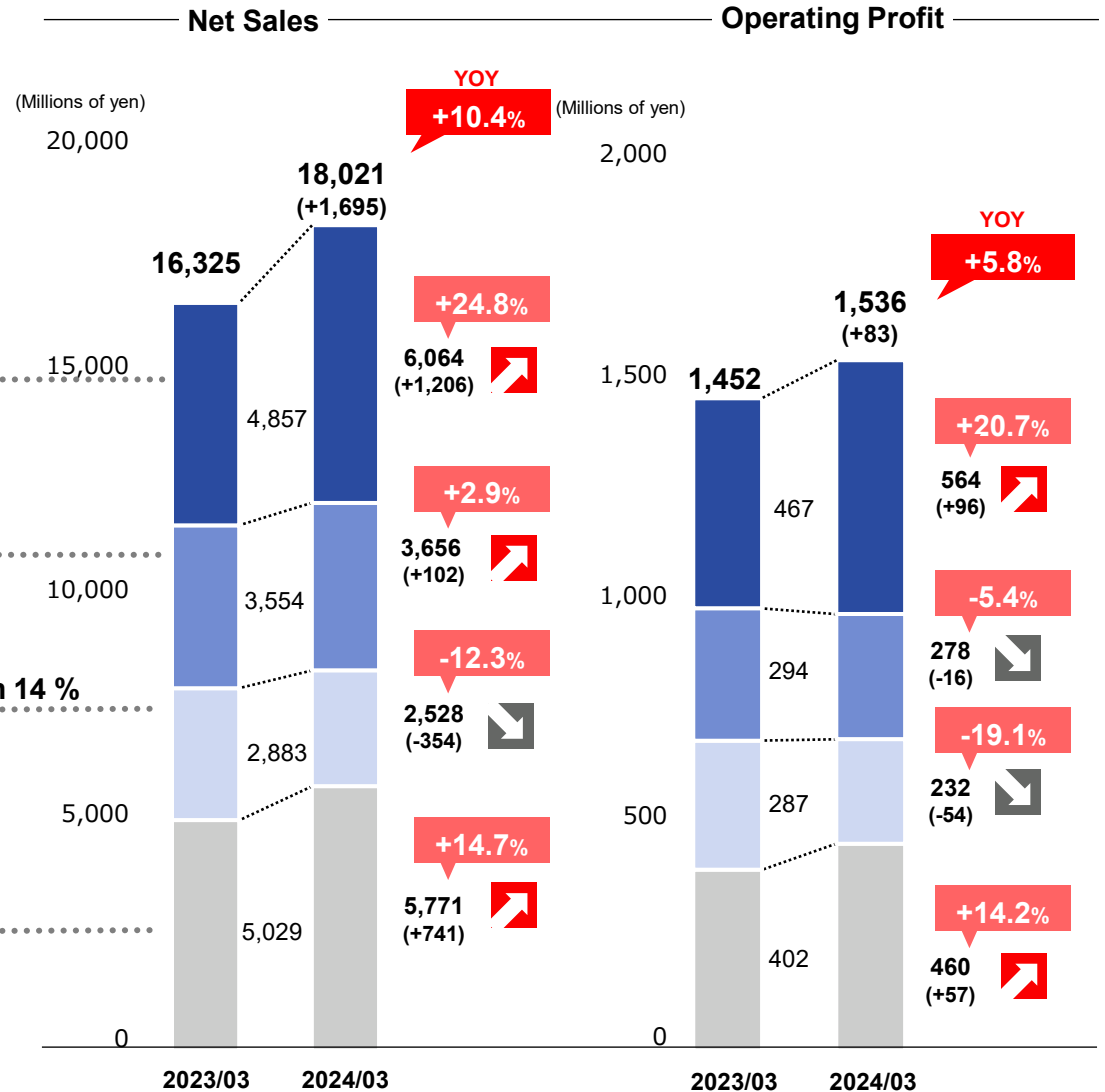
Transportation and Telecommunication Transportation & Telecommunication 14%

- Decrease of system development projects for telecommunication companies



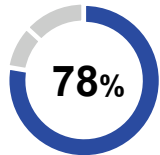
Others Central Government: 6% / Manufacturing: 9% / Others: 17%

- Expansion of system development projects: for the central government, the service industry and manufacturing industry



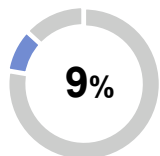
1-7. Trends in Net Sales and Operating Profit by Service Segment

Net Sales Composition
[Fiscal Year Ended March 31, 2024]



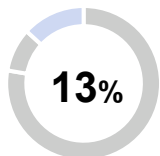
System Integration Services

- Expansion of system development projects: for regional banks, online banks, a megabank, financial firms, the central government and an apparel company



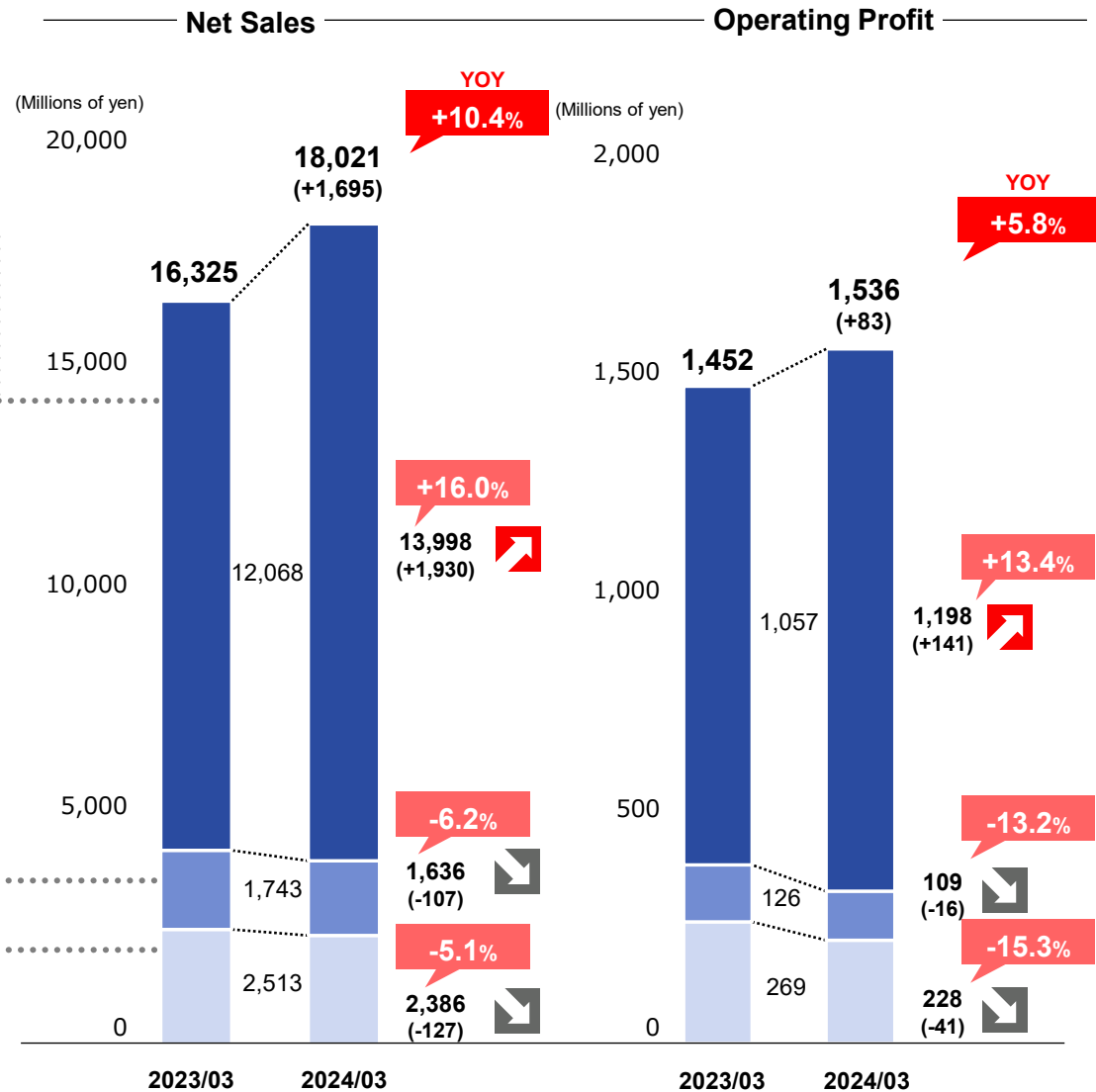
System Outsourcing Services

- Decrease of system development projects for a stock exchange



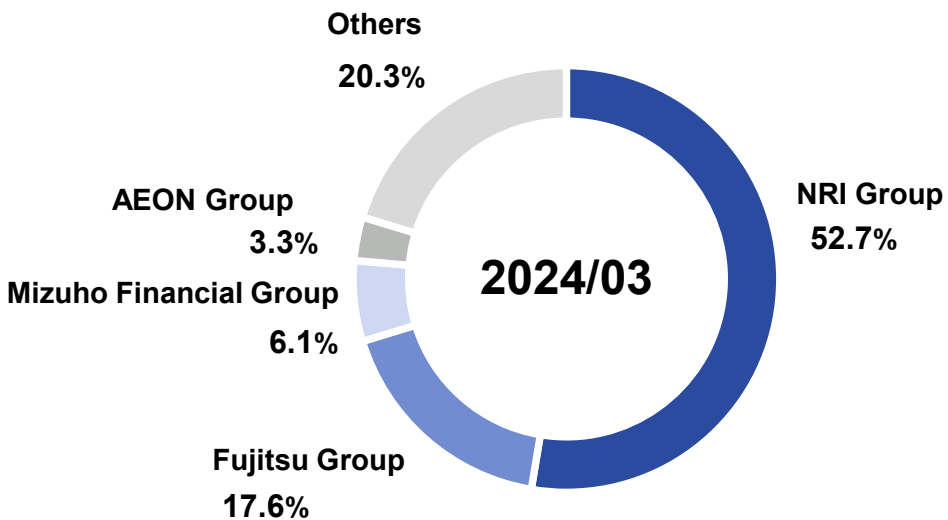
Professional Services

- Decrease of system development projects for telecommunication companies



1-8 Trends in Net Sales to Customer Group Companies

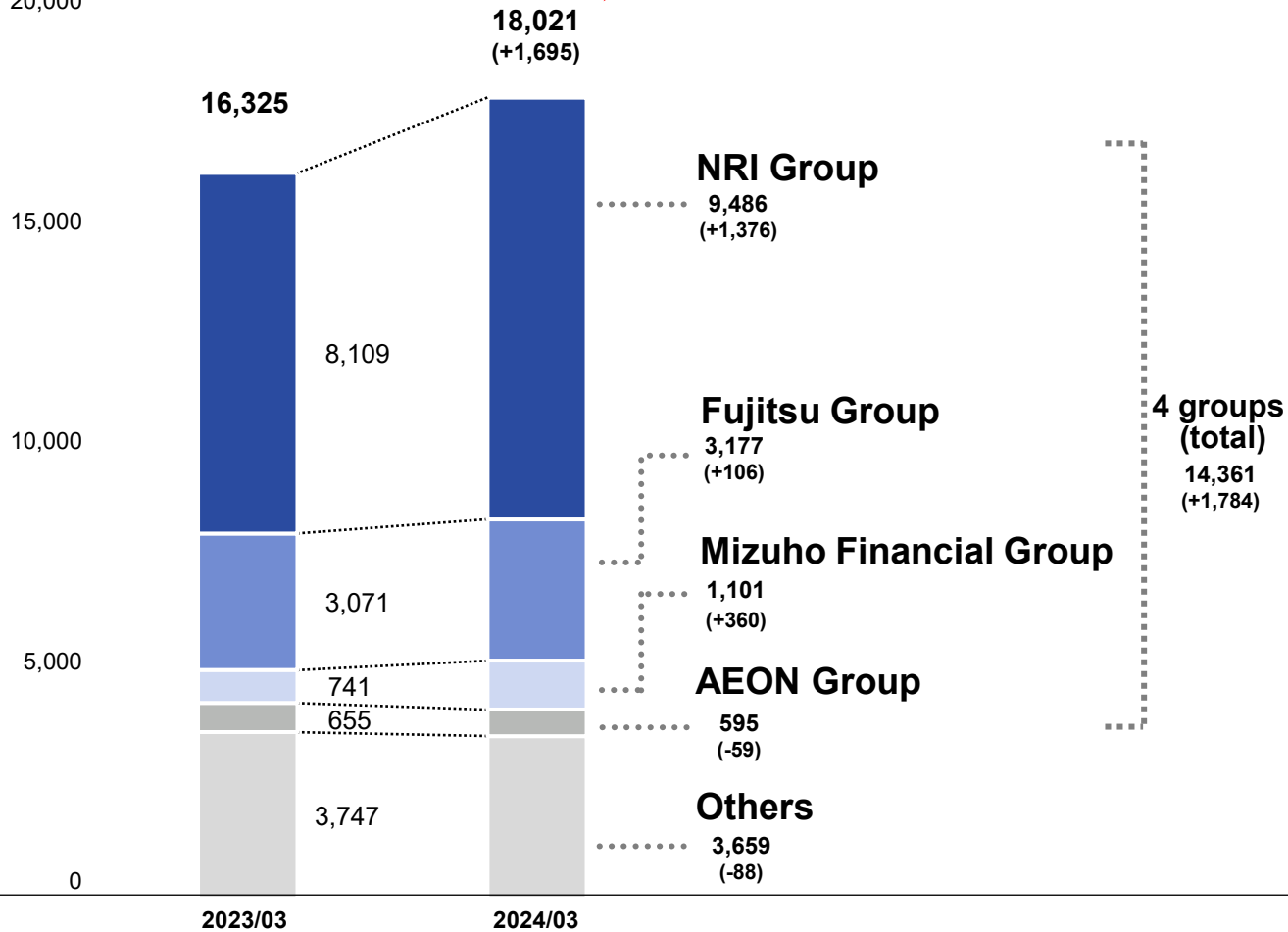
Net Sales Composition
[Fiscal year Ended March 31, 2024]



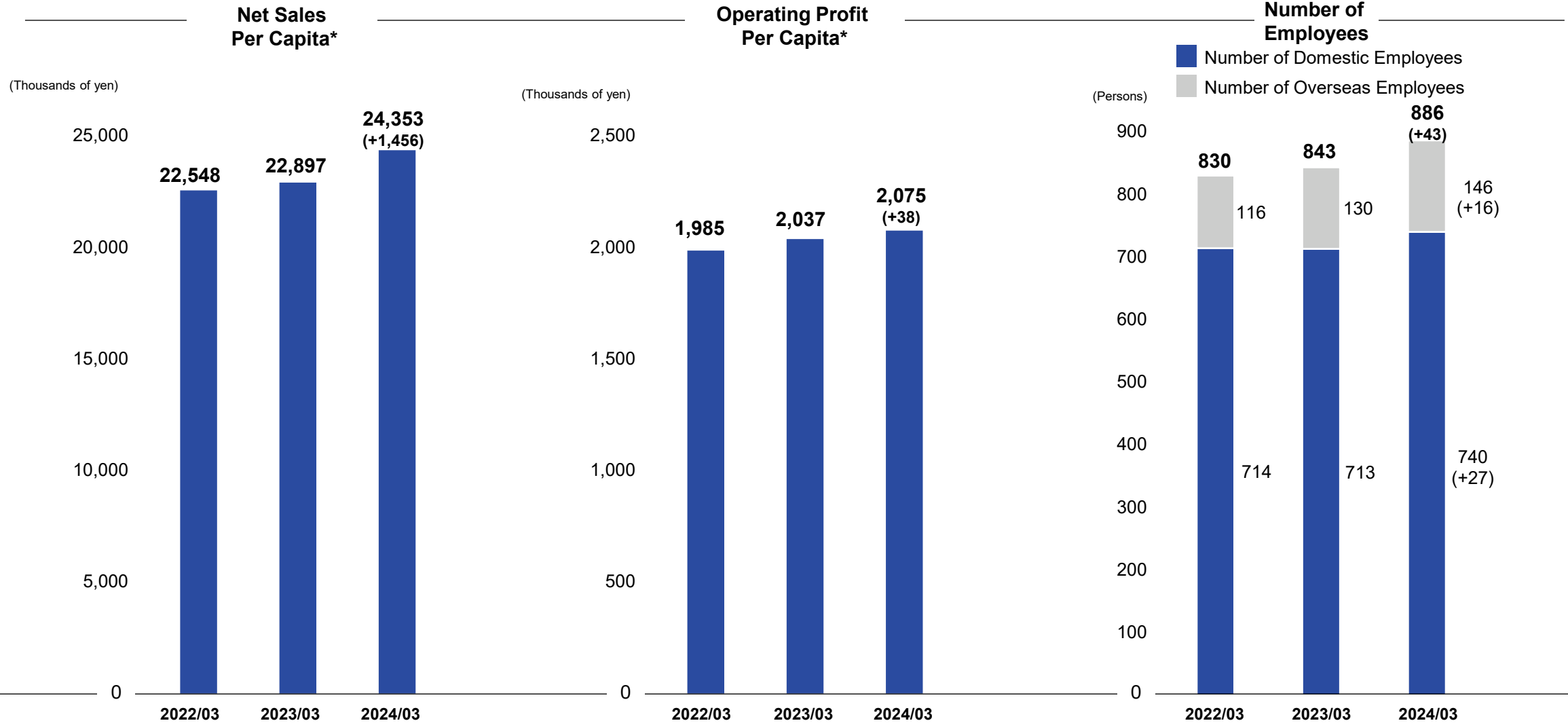
Net Sales

(Millions of yen)

20,000



1-9. Index Per Capita

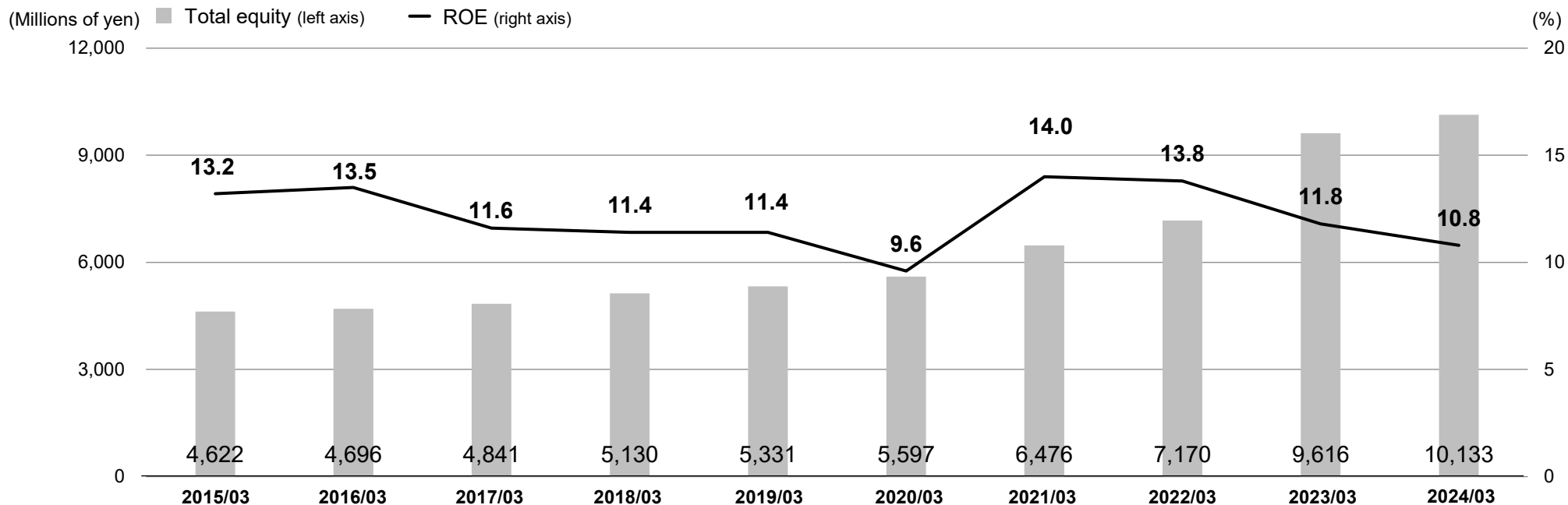


*Calculated based on the number of domestic employees.

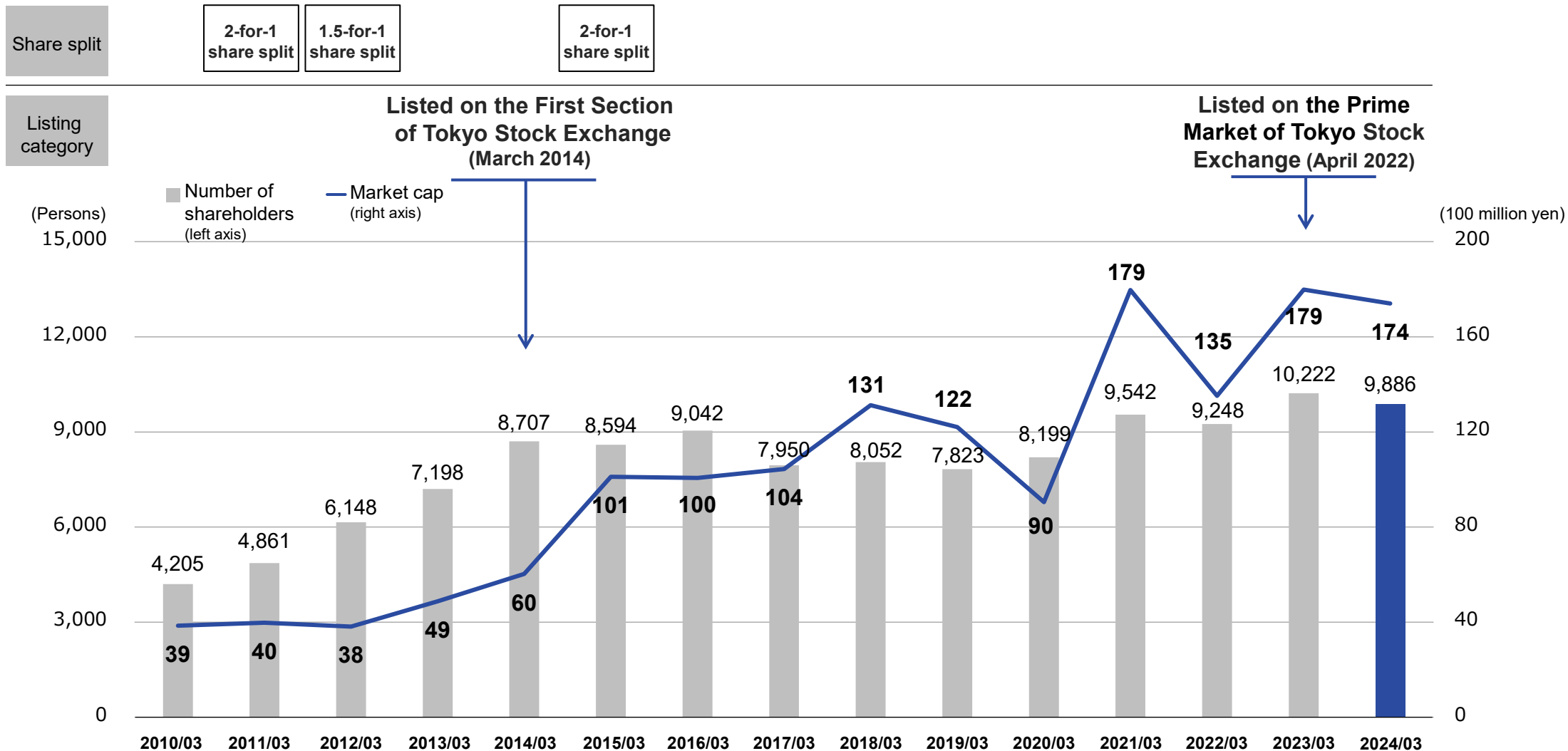
1-10. Trends in Total Equity and ROE

Our continuous target for ROE is 13% or higher
with efforts to enhance capital efficiency and profit margin.

In the final year (FY2026) of the second medium-term management plan, which begins in FY2024, we target **ROE of 14%**.



1-11. Trends in Number of Shareholders and Market Cap



**Fiscal Year Ending
March 31, 2025**

2 Outlook

1. Overview of Earnings Outlook
2. Order Status by Business Model
3. Order Status by Industry
4. Net Sales Outlook by Business Model
5. Net Sales Outlook by Industry
6. Net Sales Outlook by Business Style
7. Trends in Dividends and Dividend Payout Ratio

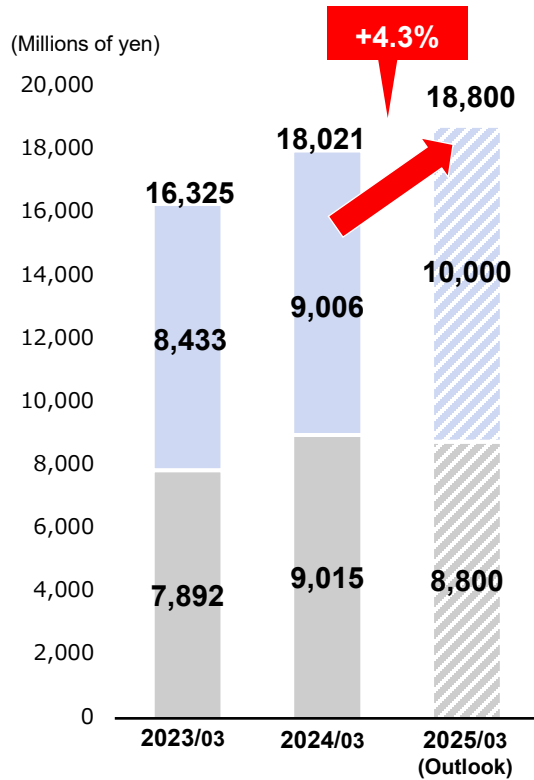
2-1. Overview of Earnings Outlook

	FYE 2025 Earnings forecast <small>(Increase/decrease from the previous fiscal year)</small>	FYE 2024 Actual
(Unit: millions of yen)		
<p>A YoY increase of 4.3% is expected</p>		
<p>Net sales</p> <ul style="list-style-type: none"> - Contract Business: promotes collaboration with system integrators on contract business increases in orders with current customers on direct-contract business/ increases in orders by promoting sales to new customers - Service Providing Business expand business with solution vendors 	<p>Net sales</p> <p>18,800 (+778/+4.3%)</p>	<p>18,021</p>
<p>A YoY increase of 4.2% is expected</p>		
<p>Operating profit</p> <ul style="list-style-type: none"> - Increase in personnel expenses due to reform of a human resources system (Improvement of treatment) - Establish development systems that realize optimization of resources - Operate project by taking advantage of our quality foundation - Implement strategic investments to strengthen development organization and facilities 	<p>Operating profit</p> <p>1,600 (+63/+4.2%)</p> <p>Margin</p> <p>8.5%</p>	<p>1,536</p> <p>8.5%</p>
<p>A YoY increase of 4.2% is expected</p>		
<p>Operating profit</p> <ul style="list-style-type: none"> - Increase in personnel expenses due to reform of a human resources system (Improvement of treatment) - Establish development systems that realize optimization of resources - Operate project by taking advantage of our quality foundation - Implement strategic investments to strengthen development organization and facilities 	<p>Ordinary profit</p> <p>1,650 (+59/+3.7%)</p> <p>Margin</p> <p>8.8%</p>	<p>1,590</p> <p>8.8%</p>
<p>A YoY increase of 3.1% is expected</p>		
<p>Net profit</p> <ul style="list-style-type: none"> - Increase in personnel expenses due to reform of a human resources system (Improvement of treatment) - Establish development systems that realize optimization of resources - Operate project by taking advantage of our quality foundation - Implement strategic investments to strengthen development organization and facilities 	<p>Net profit attributable to owners of parent</p> <p>1,100 (+32/+3.1%)</p> <p>Margin</p> <p>5.9%</p>	<p>1,067</p> <p>5.9%</p>

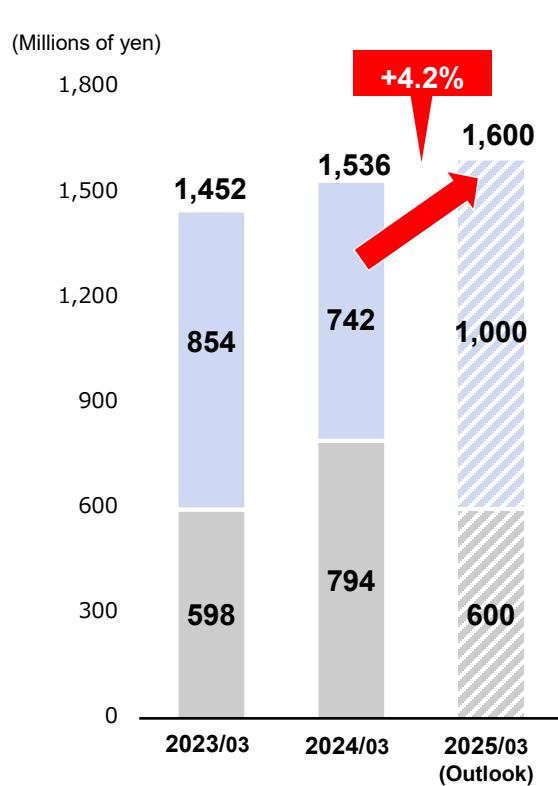
2-1. Overview of Earnings Outlook

■ First half of the year
 ■ Second half of the year

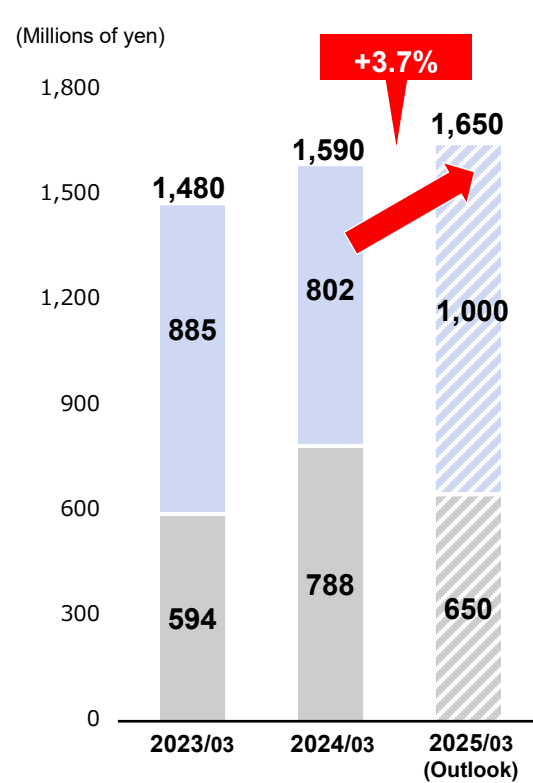
Net Sales



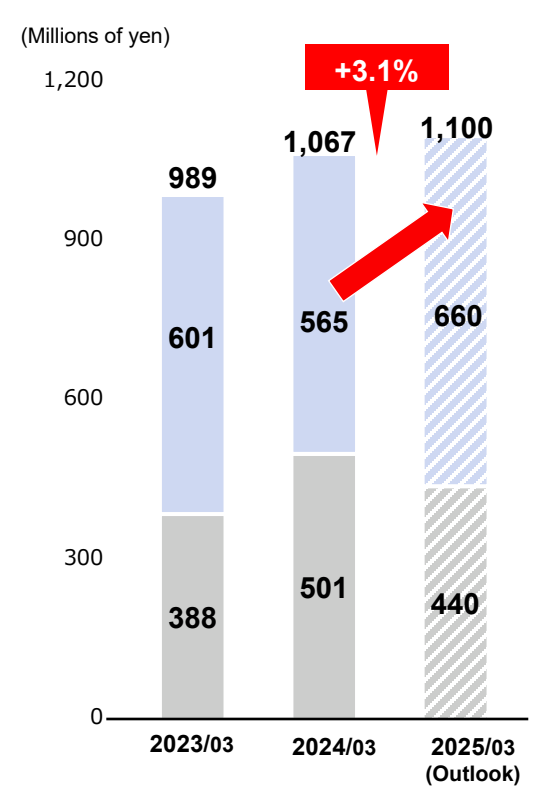
Operating Profit



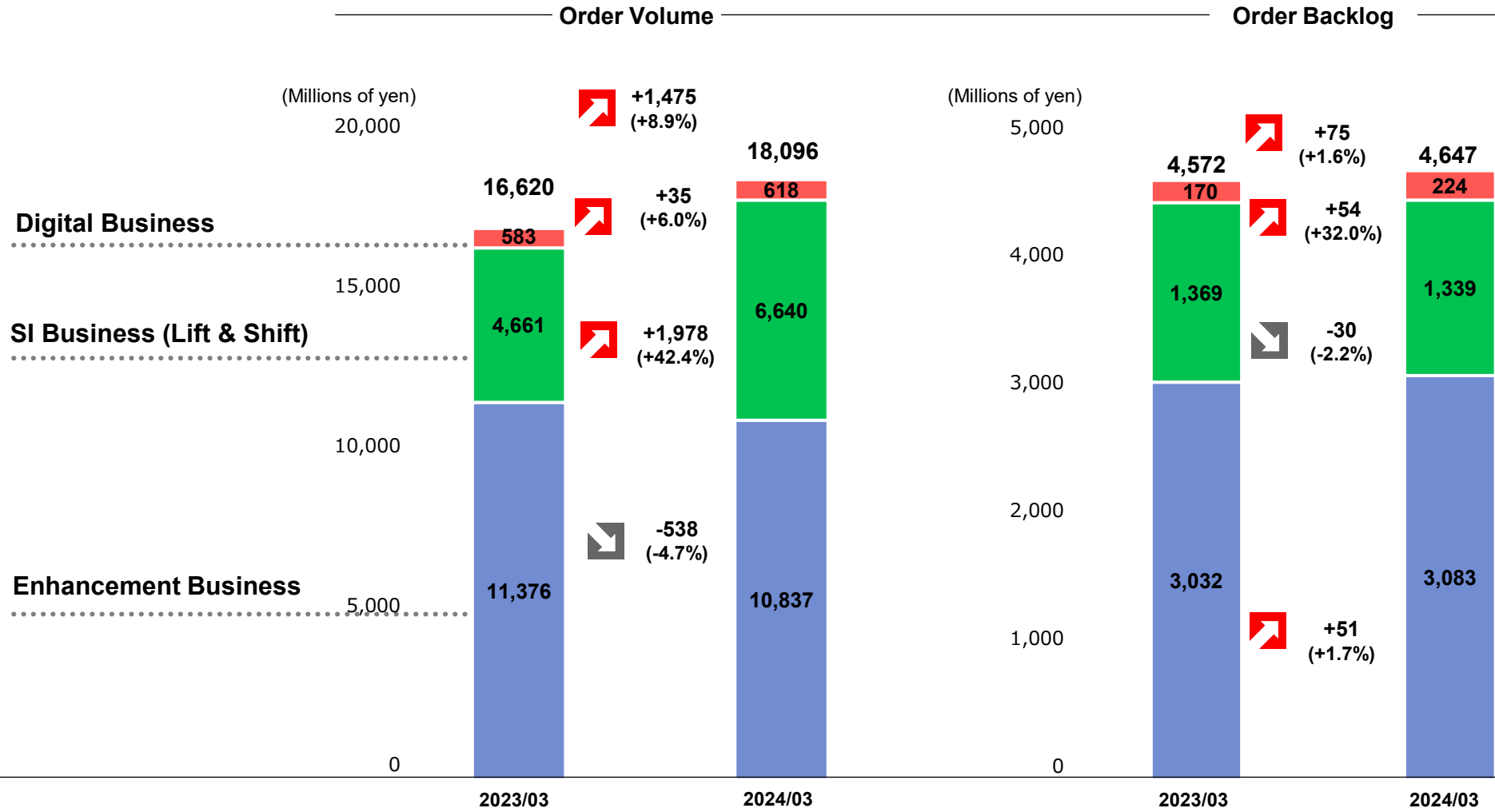
Ordinary Profit



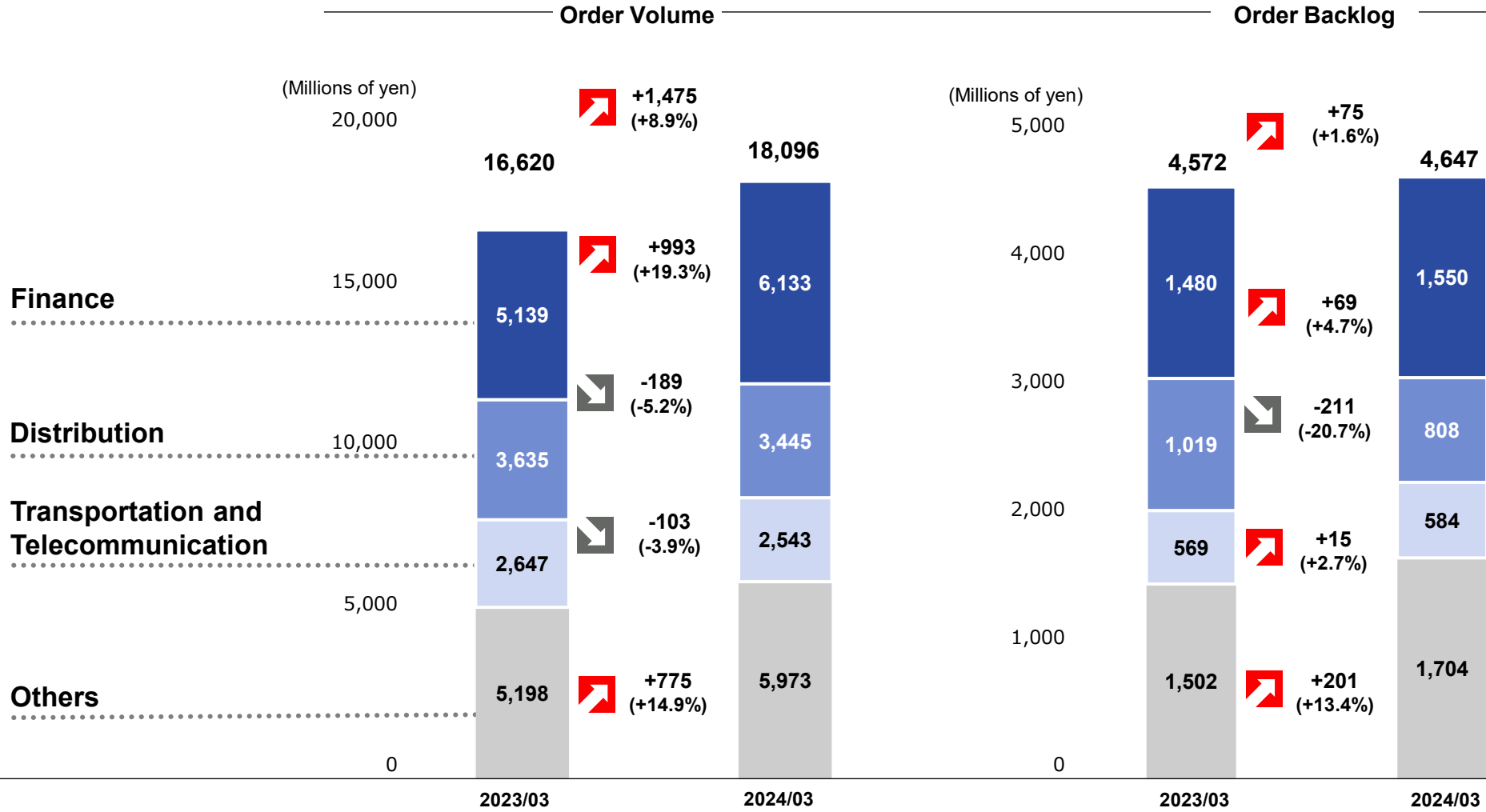
Net Profit Attributable to Owners of Parent



2-2. Order Status by Business Model



2-3. Order Status by Industry



2-4. Net Sales Outlook by Business Model

Digital Business

- Expansion of contracted developments and services, by utilizing AI technologies
- Expansion of DX projects through promotion of collaboration

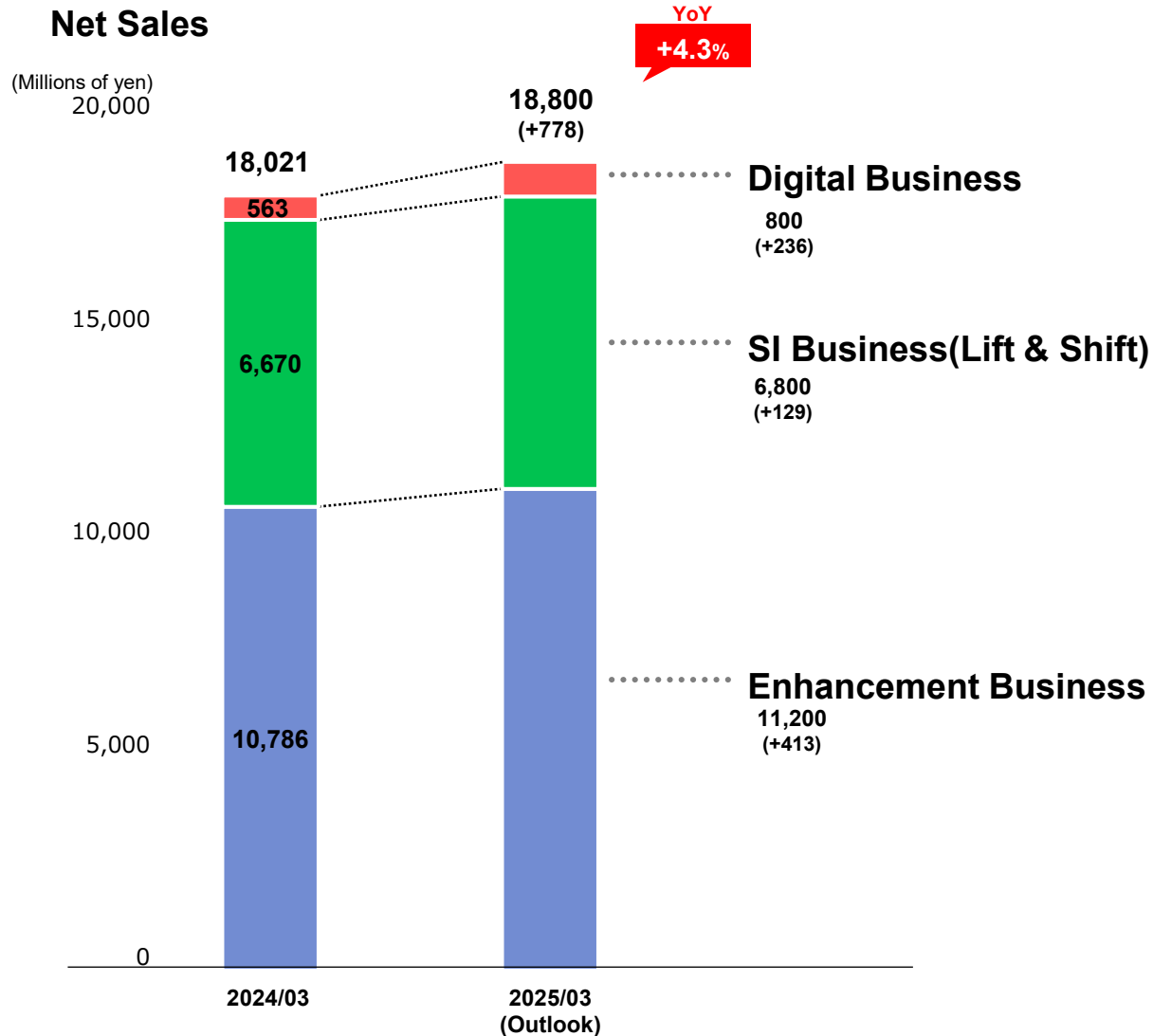
SI Business (Lift & Shift)

- Increase in orders received by promoting co-creation with cloud vendors
- Increase in orders received through active expansion of cloud solution projects
- Increase in demand of Shifted* deal from Lifted* Projects

Enhancement Business

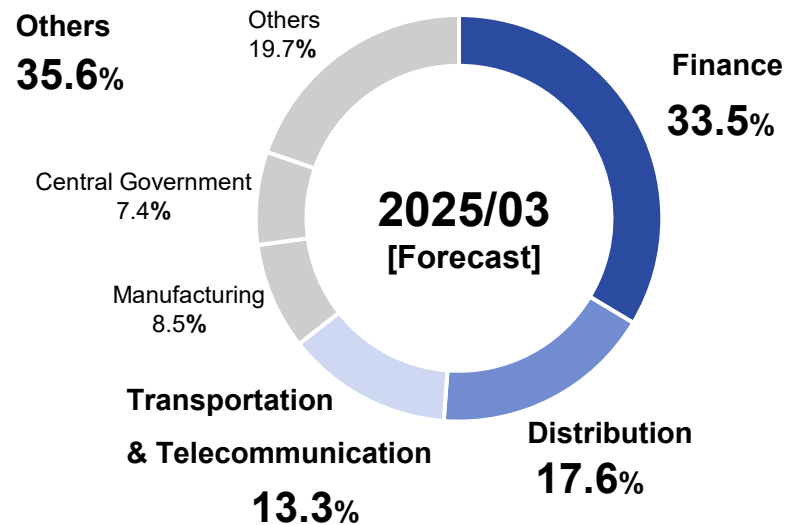
- Optimization of development organization and facilities by use of high-quality and efficient resources
- Maintain the same level as the previous year in business scale

*Please refer to the annotation of page 6, 1-3.

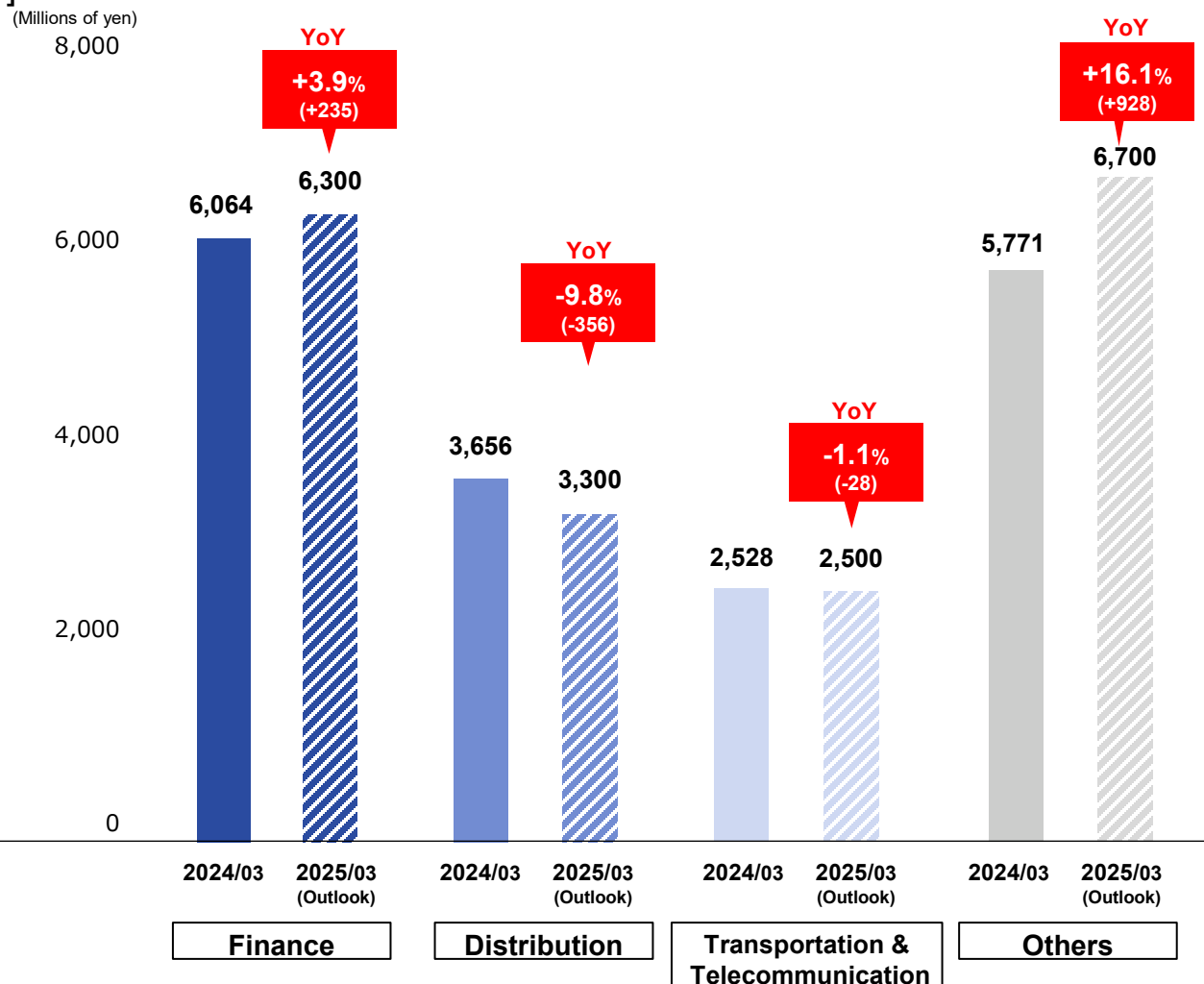


2-5. Net Sales Outlook by Industry

Net Sales Composition Ratio by Industry
 [earnings forecast for fiscal year ending March 31, 2025]

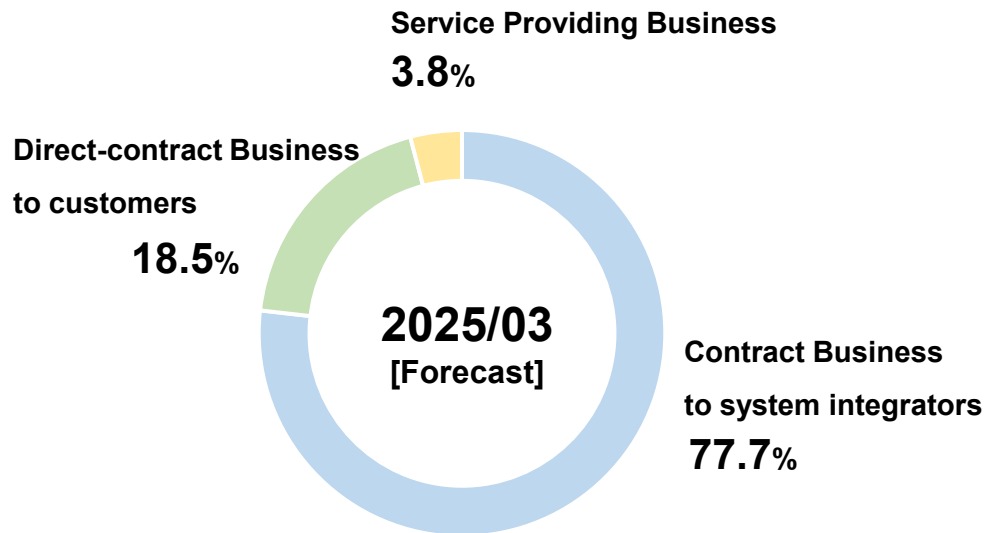


Trends in Consolidated Net Sales by Industry



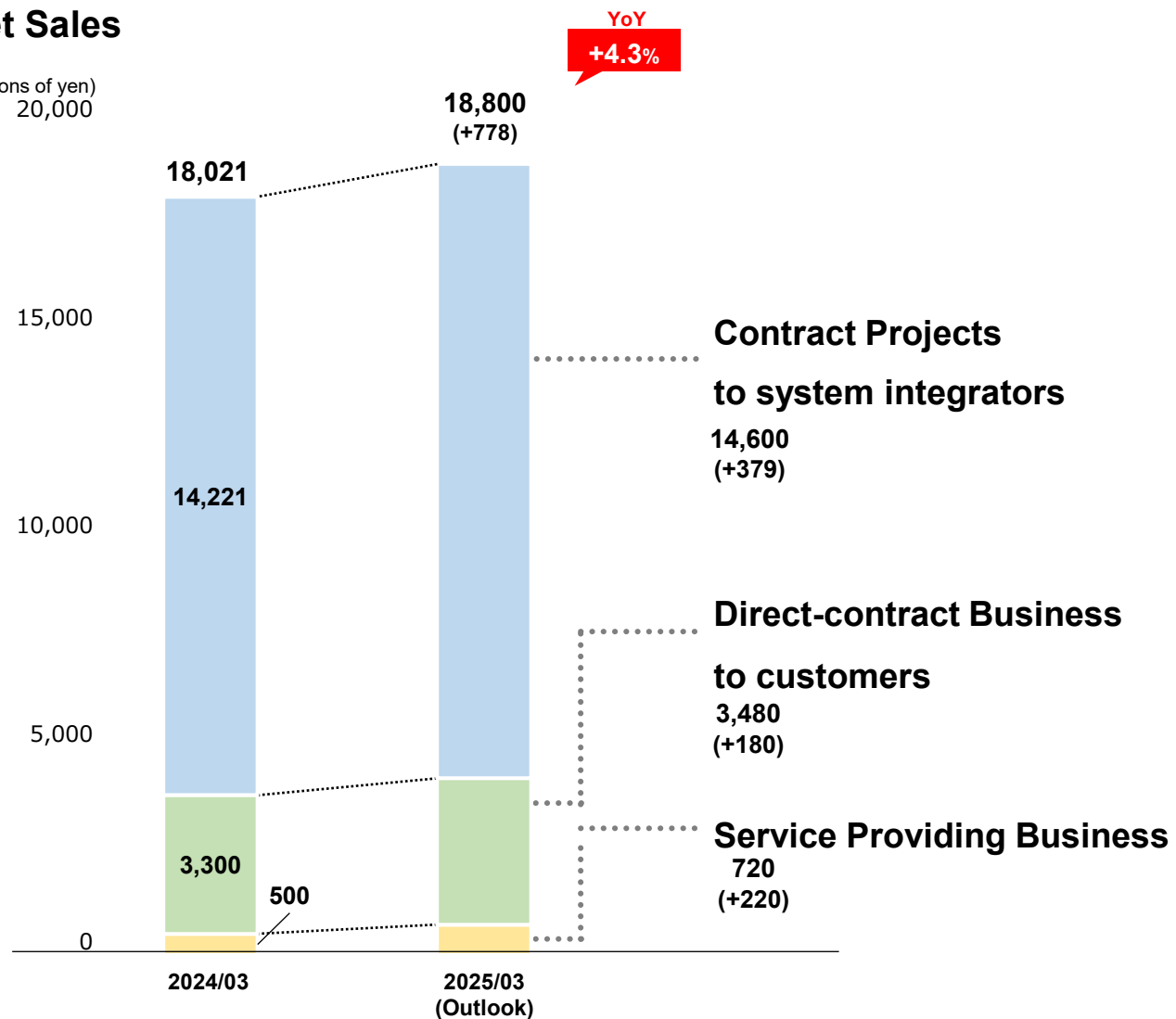
2-6. Net Sales Outlook by Business Style

Net Sales Composition Ratio by Business Style
 [earnings forecast for fiscal year ending March 31, 2025]



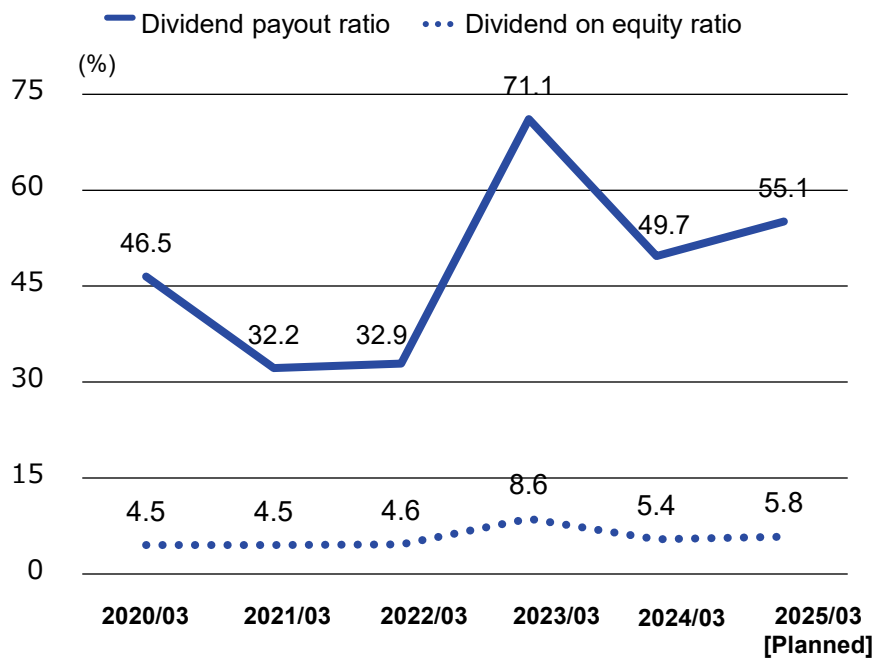
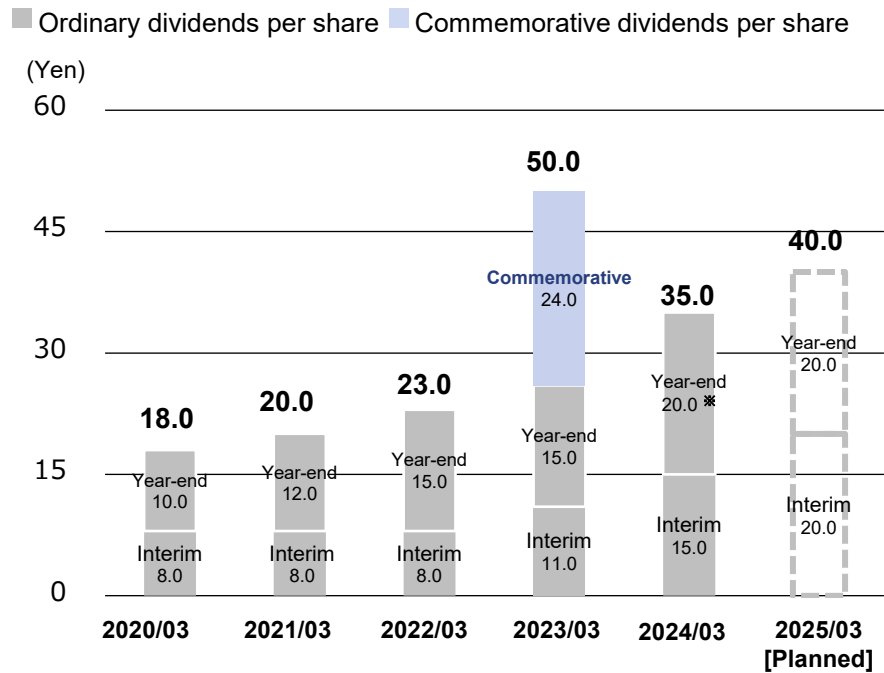
Net Sales

(Millions of yen)
20,000



2-7. Trends in Dividends and Dividend Payout Ratio

To aim for further returns to shareholders, we will change part of our basic policy on profit distribution from FYE2025 and raise consolidated dividend payout ratio from 40% to 50%.



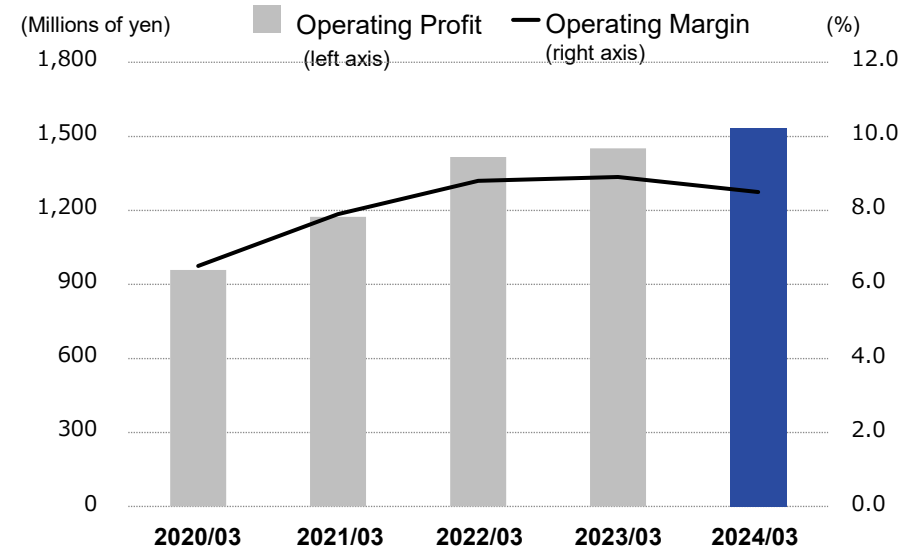
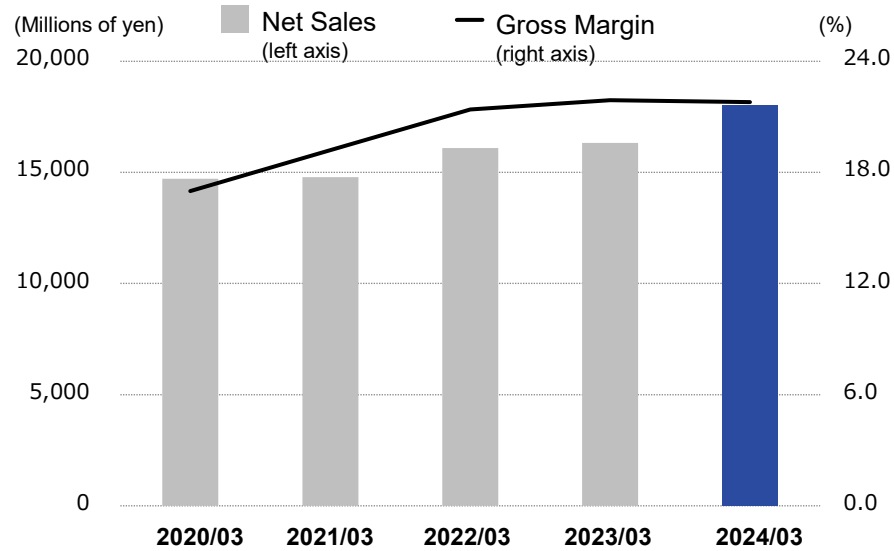
* The year-end dividend for the fiscal year ending March 31, 2024, has been increased from 15 yen to 20 yen per share, as announced on April 24, 2024, where we have applied the dividend policy of the second medium-term management plan starting from FY2024 ahead of schedule.

<https://ssl4.eir-parts.net/doc/2335/tdnet/2424503/00.pdf>

3 Appendix

1. Five Year Summary
2. Consolidated Balance Sheets: Major Items
3. Net Sales and Operating Profit by Industry
4. Net Sales and Operating Profit by Service Segment
5. Assets and Capital-Related Items
6. Share Price and Equity-Related Items

3-1. Five Year Summary



(Unit: millions of yen)

	2020/03	2021/03	2022/03	2023/03	2024/03	YoY
Net sales	14,708	14,788	16,099	16,325	18,021	+10.4%
Cost of sales	12,204	11,948	12,649	12,755	14,099	+10.5%
Gross profit	2,503 (17.0%)	2,840 (19.2%)	3,450 (21.4%)	3,570 (21.9%)	3,922 (21.8%)	+9.9%
Selling, general and administrative expenses	1,544	1,665	2,032	2,117	2,386	+12.7%
Operating profit	959 (6.5%)	1,174 (7.9%)	1,417 (8.8%)	1,452 (8.9%)	1,536 (8.5%)	+5.8%
Ordinary profit	976 (6.6%)	1,295 (8.8%)	1,432 (8.9%)	1,480 (9.1%)	1,590 (8.8%)	+7.5%
Net profit attributable to owners of parent	525 (3.6%)	844 (5.7%)	944 (5.9%)	989 (6.1%)	1,067 (5.9%)	+7.8%

3-2. Consolidated Balance Sheets: Major Items

(Unit: millions of yen)

Assets	2023/03	2024/03	Increase/ Decrease
Current assets	9,703	9,978	+275
Cash and deposits	6,748	6,835	+86
Accounts receivable and contract assets	2,533	2,795	+261
contract assets	168	137	-31
Securities	100	—	-100
Work in process	10	3	-7
Others	141	207	+65
Non-current assets	2,844	3,509	+664
Property, plant and equipment	124	160	+36
Intangible assets	3	3	—
Investments and other assets	2,716	3,345	+628
Total assets	12,547	13,487	+940

Liabilities	2023/03	2024/03	Increase/ Decrease
Current liabilities	2,188	2,459	+270
Accounts payable - trade	796	821	+25
Short-term borrowings	240	230	-10
Others	1,152	1,407	+255
Non-current liabilities	742	894	+152
Total liabilities	2,930	3,353	+422
Net assets	2023/03	2024/03	Increase/ Decrease
Shareholder's equity	8,847	9,252	+405
Accumulated other comprehensive income	769	880	+111
Non-controlling interests	—	—	—
Total net assets	9,616	10,133	+517
Total liabilities and net assets	12,547	13,487	+940

3-3. Net Sales and Operating Profit by Industry

(Unit: millions of yen)

Net Sales and Operating Profit by Industry		2023/03	2024/03	YoY
Finance	Net sales	4,857	6,064	+24.8%
	Operating profit	467	564	+20.7%
	Operating margin	9.6%	9.3%	—
Distribution	Net sales	3,554	3,656	+2.9%
	Operating profit	294	278	-5.4%
	Operating margin	8.3%	7.6%	—
Transportation and Telecommunication	Net sales	2,883	2,528	-12.3%
	Operating profit	287	232	-19.1%
	Operating margin	10.0%	9.2%	—
Manufacturing	Net sales	1,569	1,614	+2.9%
	Operating profit	86	107	+24.6%
	Operating margin	5.5%	6.7%	—
Central Government	Net sales	920	1,126	+22.4%
	Operating profit	72	138	+91.3%
	Operating margin	7.8%	12.3%	—
Others	Net sales	2,540	3,030	+19.3%
	Operating profit	244	214	-12.2%
	Operating margin	9.6%	7.1%	—

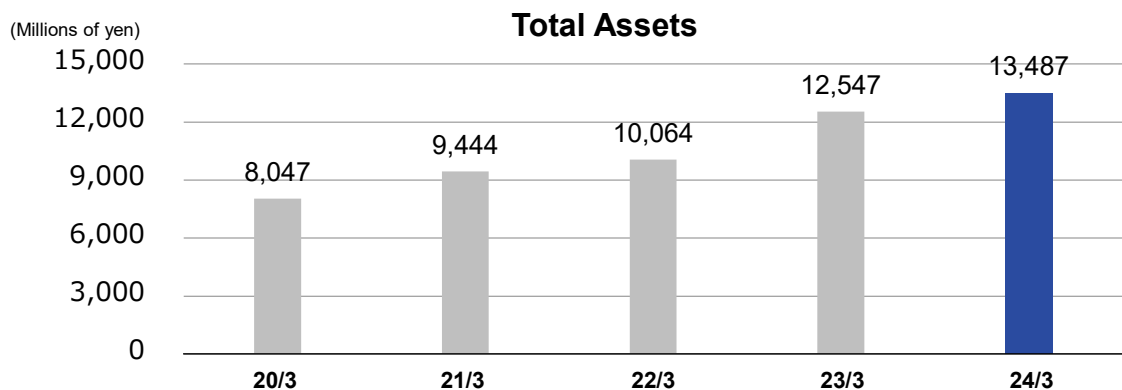
-4. Net Sales and Operating Profit by Service Segment

(Unit: millions of yen)

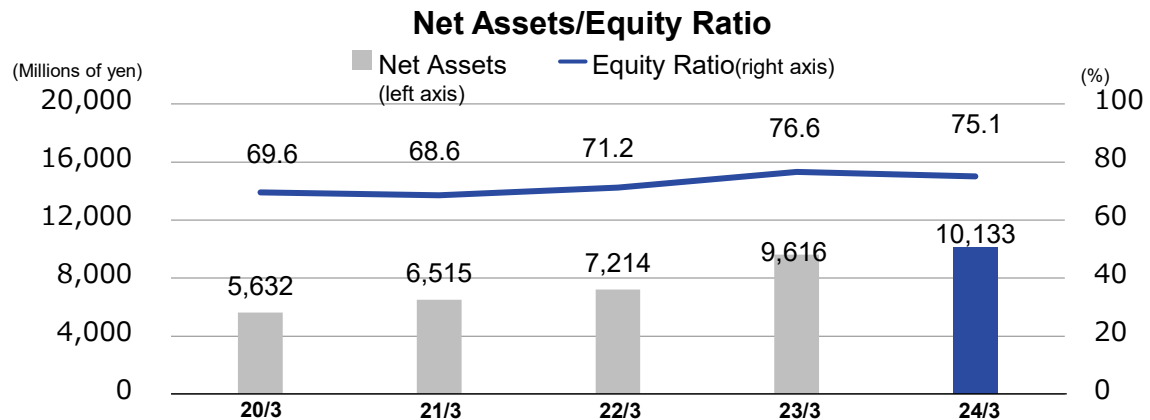
Net Sales and Operating Profit by Service Segment		2023/03	2024/03	YoY
System Integration Services	Net sales	12,068	13,998	+16.0%
	Operating profit	1,057	1,198	+13.4%
	Operating margin	8.8%	8.6%	—
System Outsourcing Services	Net sales	1,743	1,636	-6.2%
	Operating profit	126	109	-13.2%
	Operating margin	7.2%	6.7%	—
Professional Services	Net sales	2,513	2,386	-5.1%
	Operating profit	269	228	-15.3%
	Operating margin	10.7%	9.6%	—
Total	Net sales	16,325	18,021	+10.4%
	Operating profit	1,452	1,536	+5.8%
	Operating margin	8.9%	8.5%	—

3-5. Assets and Capital-Related Items

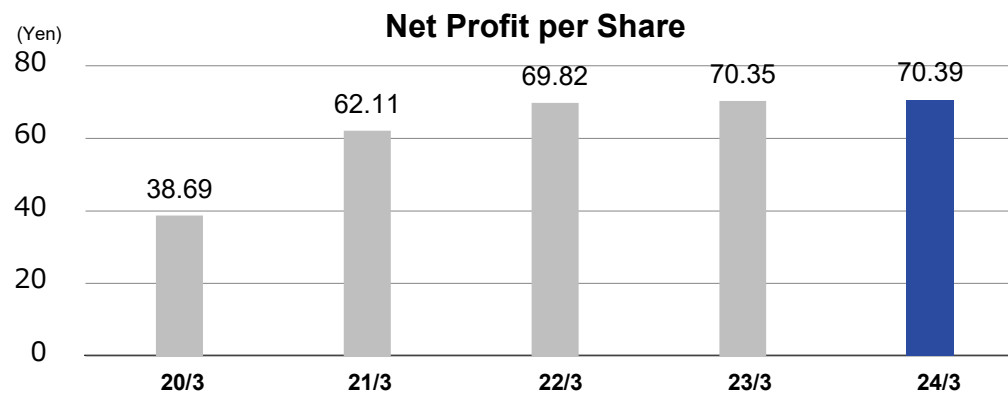
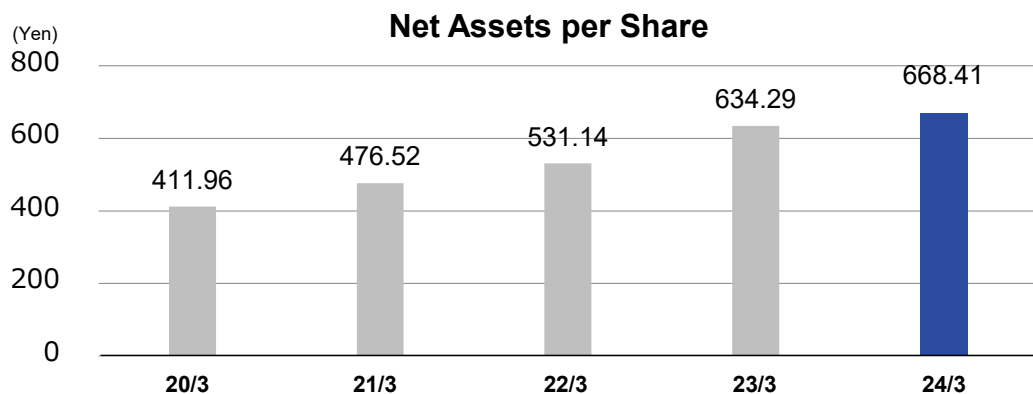
Assets and Capital-Related Items



-6. Share Price and Equity-Related Items



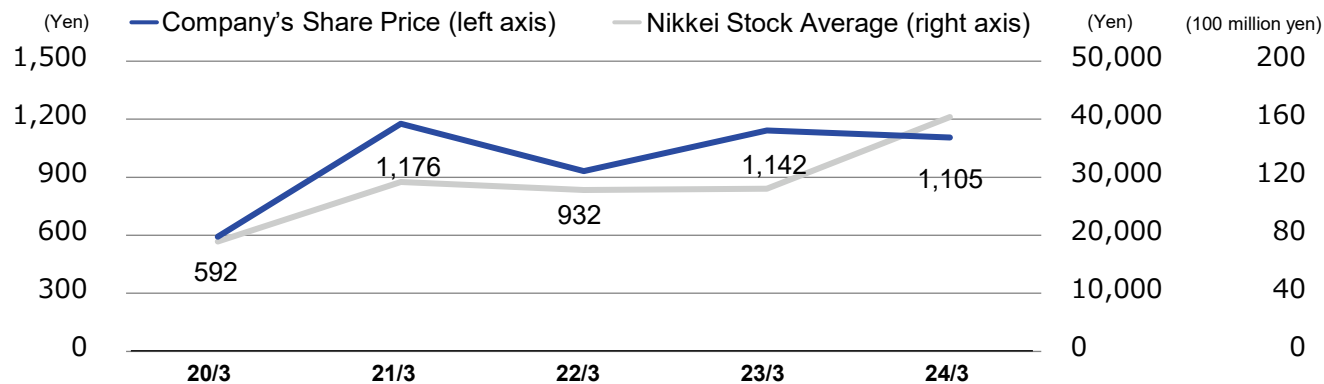
Share Price and Equity-Related Items



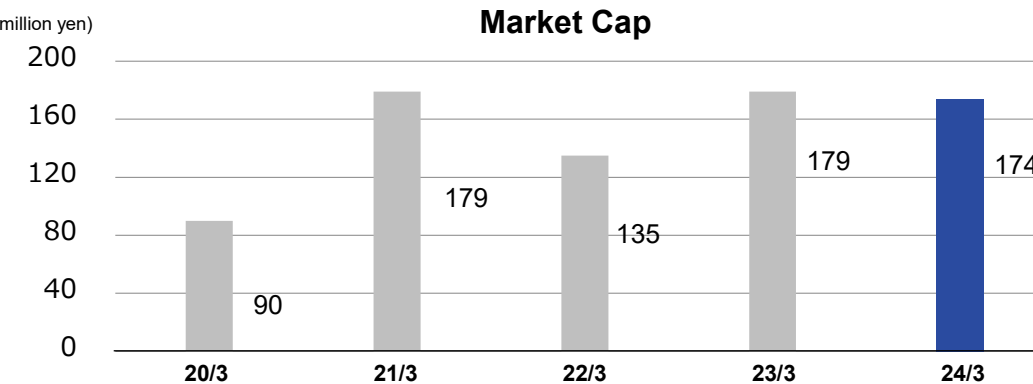
3-6. Share Price and Equity-Related Items

Share Price and Equity-Related Items

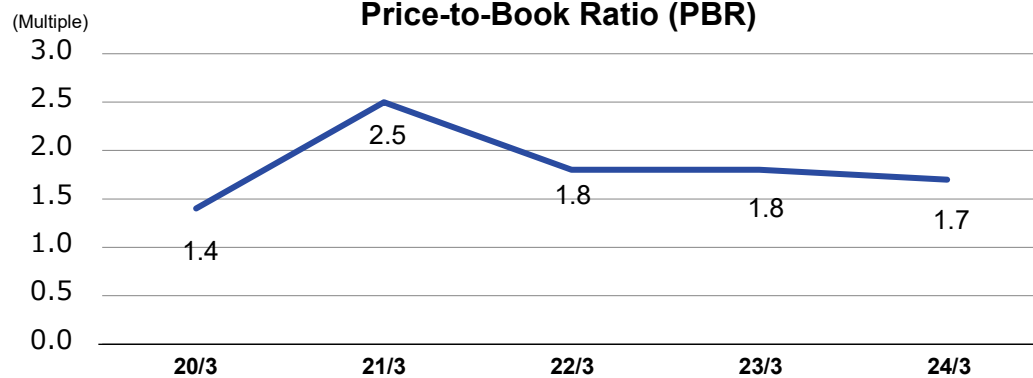
Share Price



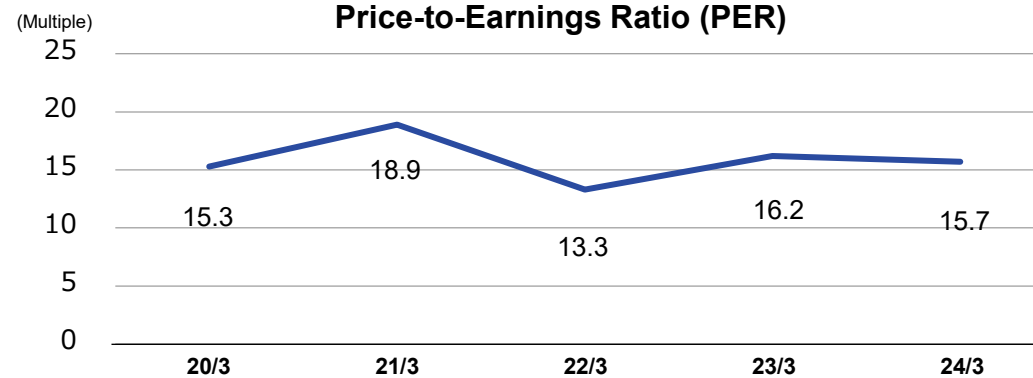
Market Cap



Price-to-Book Ratio (PBR)



Price-to-Earnings Ratio (PER)



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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.