

CUBE SYSTEM

Feb. 7, 2024



3rd Quarter of the Fiscal Year Ending March 31, 2024

Supplementary Information Material for Financial Results

Securities Code: 2335

Contents

- 1** 3Q of the Fiscal Year Ending March 31, 2024
Overview of Financial Results
- 2** Fiscal Year Ending March 31, 2024
Outlook
- 3** **Appendix**

3Q of the Fiscal Year
Ending March 31, 2024

Overview of Financial Results

1. Overview of Consolidated Statements of Income
2. Trends in Transition by Accounting Period
3. Factors Leading to Changes in Operating Profit
(Compared to the Previous Fiscal Year)
4. Trends in Net Sales and Operating Profit by Business Model
5. Trends in Net Sales and Operating Profit by Industry
6. Trends in Net Sales and Operating Profit by Service Segment
7. Index Per Capita

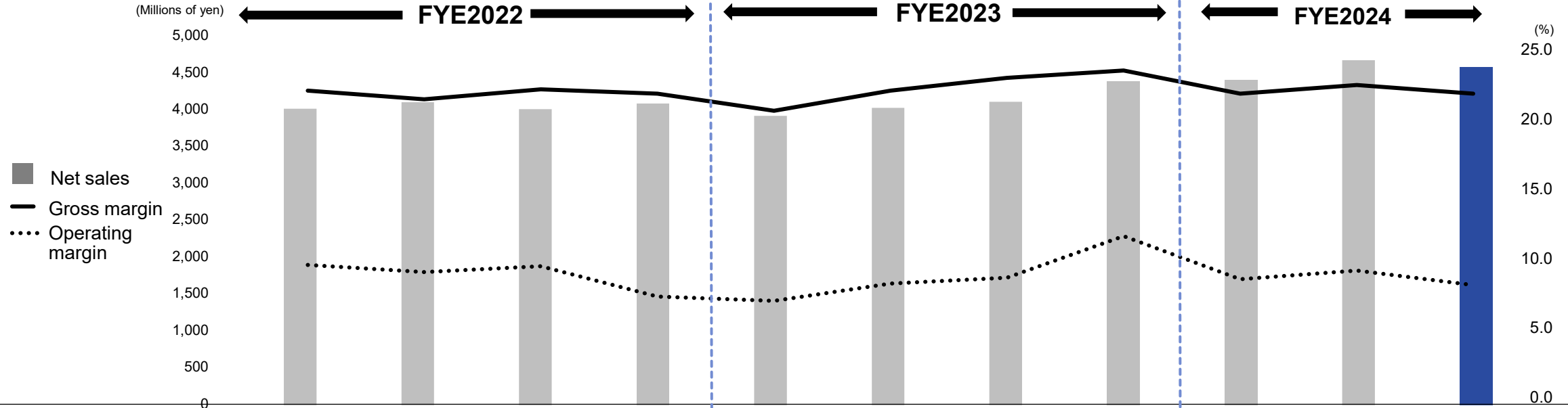
1-1. Overview of Consolidated Statements of Income

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 3Q Total Actual (change)	FYE 2023 3Q Total Actual	FYE 2024 Forecast* (Progress)
	Up 13.3% from the previous fiscal year Achievement rate for earnings forecast: 75.4%				
Net sales	-Order expansion by reforming the structure of Business model -Especially, achieving new record high by increased orders in finance, distribution, and other industries in SI Business		13,565 (+13.3%)	11,972	18,000 (75.4%)
			Operating profit	951	1,620 (71.7%)
			Margin	7.9%	9.0%
	Up 22.1% from the previous fiscal year Achievement rate for earnings forecast: 71.7%				
Operating profit	- Achieving high profitability by integration of resources for SI Business - Expansion of development organization and facilities (recruitment enhancement, people development and expansion of bases) - Development of management foundation (governance strengthening)		1,169 (+22.6%)	953	1,635 (71.5%)
			Margin	8.0%	9.1%
			Net profit attributable to owners of parent	628	1,080 (70.2%)
			Margin	5.2%	6.0%

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

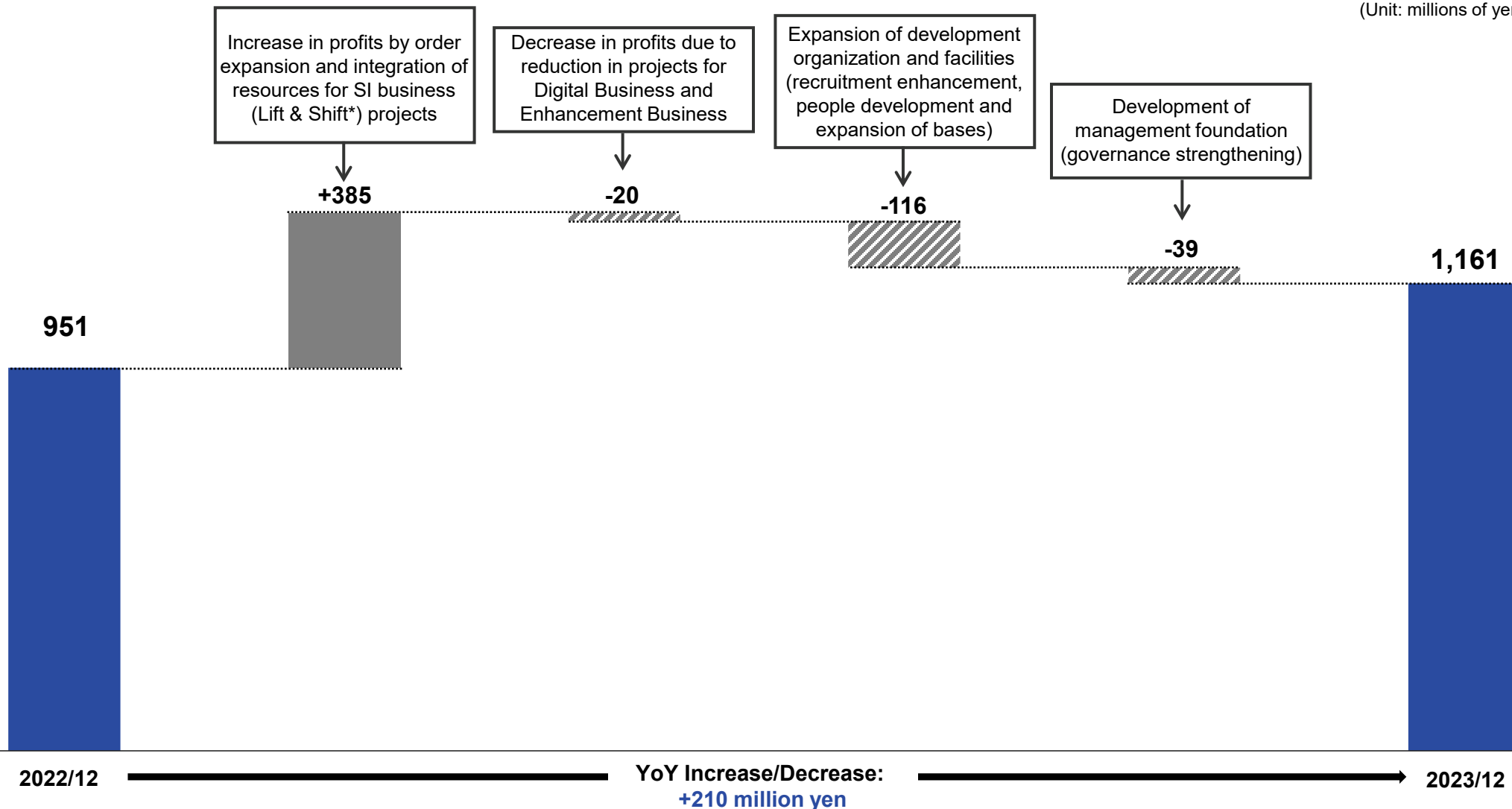
1-2. Trends in Transition by Accounting Period



	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	4Q Jan-Mar	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	4Q Jan-Mar	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec
Net sales	3,987	4,073	3,981	4,058	3,892	3,999	4,080	4,353	4,376	4,638	4,550
Cost of sales	3,124	3,217	3,118	3,188	3,107	3,133	3,163	3,351	3,438	3,616	3,575
Gross profit	862	855	862	869	785	865	917	1,001	938	1,021	974
	(21.6%)	(21.0%)	(21.7%)	(21.4%)	(20.2%)	(21.6%)	(22.5%)	(23.0%)	(21.4%)	(22.0%)	(21.4%)
Selling, general and administrative expenses	483	487	486	574	513	539	564	500	568	597	606
Operating profit	378	368	375	295	272	326	352	501	369	424	367
	(9.5%)	(9.0%)	(9.4%)	(7.3%)	(7.0%)	(8.2%)	(8.6%)	(11.5%)	(8.5%)	(9.1%)	(8.1%)
Ordinary profit	390	362	380	299	271	323	359	526	371	416	380
	(9.8%)	(8.9%)	(9.6%)	(7.4%)	(7.0%)	(8.1%)	(8.8%)	(12.1%)	(8.5%)	(9.0%)	(8.4%)
Quarterly net profit attributable to owners of parent	262	238	253	189	173	214	239	361	232	268	257
	(6.6%)	(5.9%)	(6.4%)	(4.7%)	(4.5%)	(5.4%)	(5.9%)	(8.3%)	(5.3%)	(5.8%)	(5.7%)

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

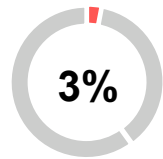
(Unit: millions of yen)



*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).

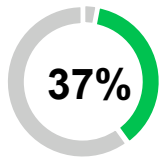
1-4. Trends in Net Sales and Operating Profit by Business Model

Net Sales Composition
[3Q Fiscal Year Ending March 31, 2024]



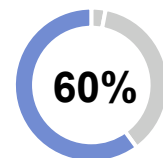
Digital Business

- Decrease of system development projects for a home improvement center
- Expansion of DX projects: for an electricity and a gas retail company



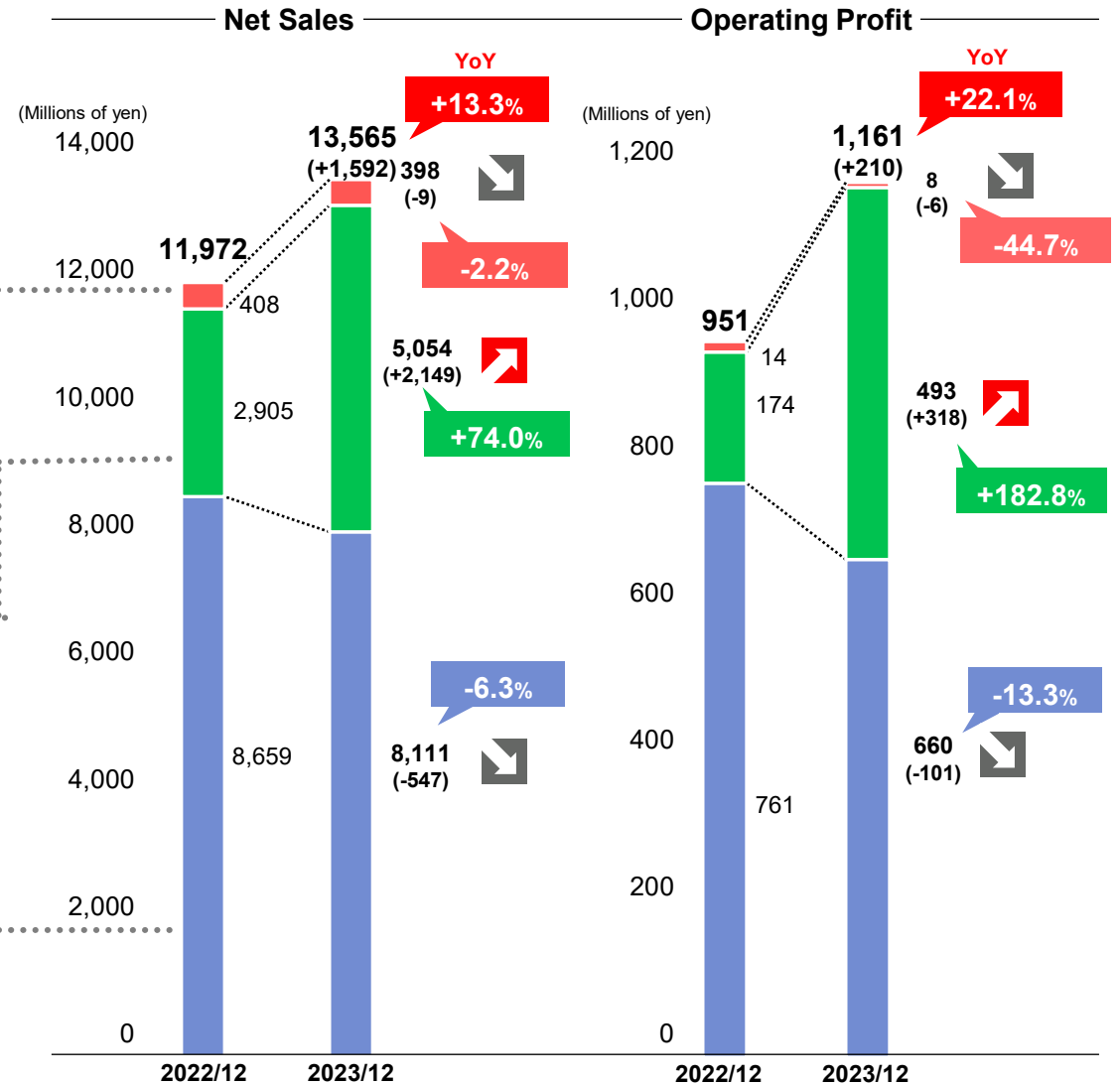
SI Business (Lift & Shift)

- Expansion of system development projects: for regional banks, online banks, the central government, an education company and an apparel company



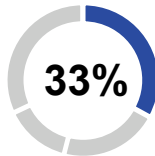
Enhancement Business

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



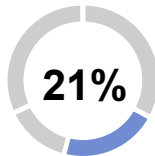
1-5. Trends in Net Sales and Operating Profit by Industry

Net Sales Composition
[3Q Fiscal Year Ending March 31, 2024]



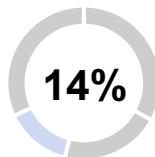
Finance Banking: 12% / Insurance & Securities: 16% / Other Finance: 5%

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



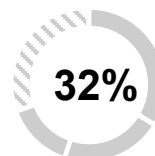
Distribution Retail & Wholesale: 21%

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



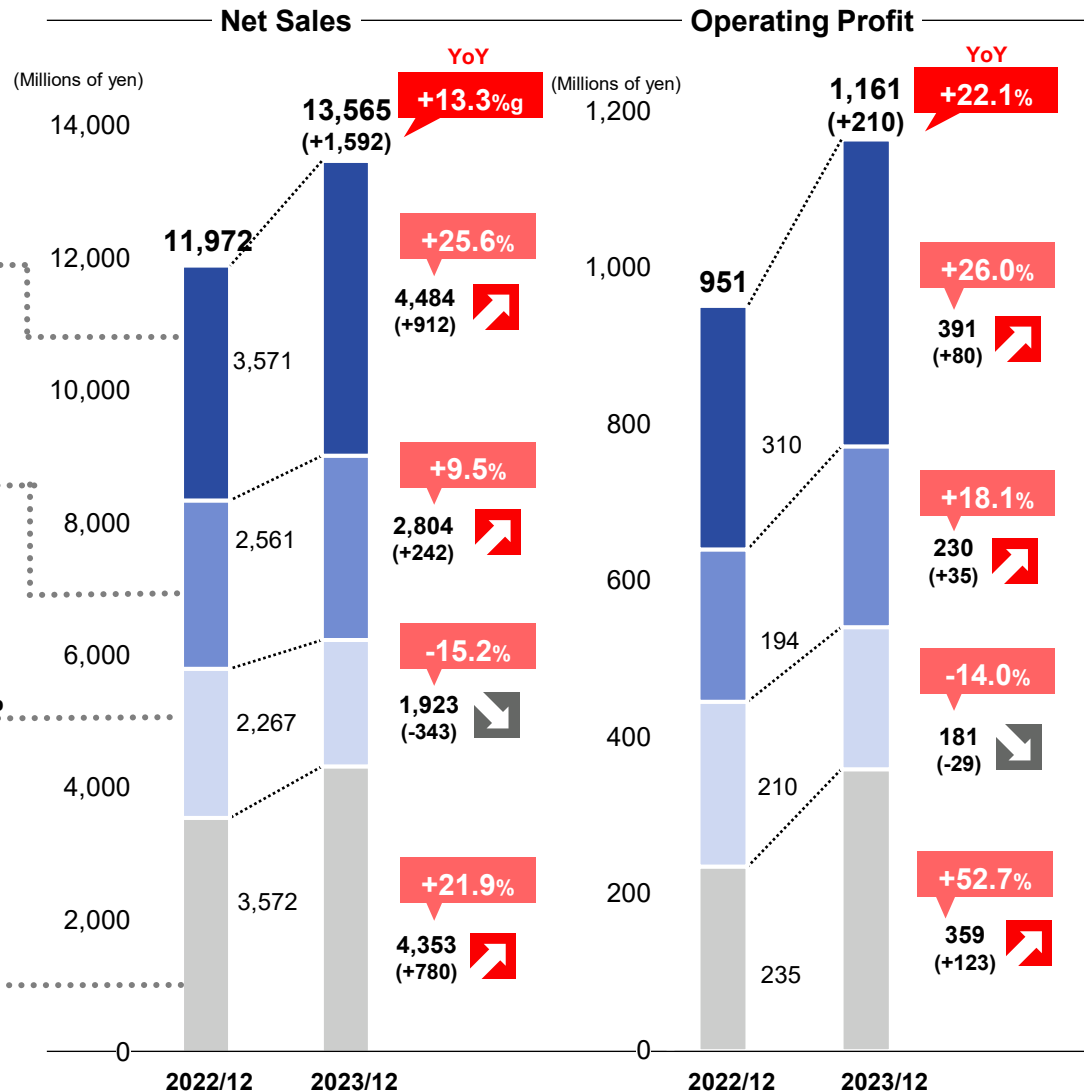
Transportation and Telecommunication Transportation & Telecommunication: 14%

- Decrease of system development projects for telecommunication companies



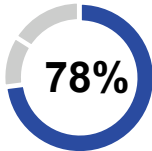
Others Manufacturing: 9% / Central Government: 6% / Others: 17%

- Expansion of system development projects: for the central government, an education company and the service industry



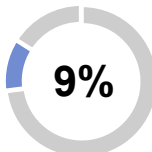
1-6. Trends in Net Sales and Operating Profit by Service Segment

Net Sales Composition
[3Q Fiscal Year Ending March 31, 2024]



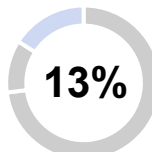
System Integration Services

- Expansion of system development projects: for regional banks, online banks, a megabank, an education company and securities firms



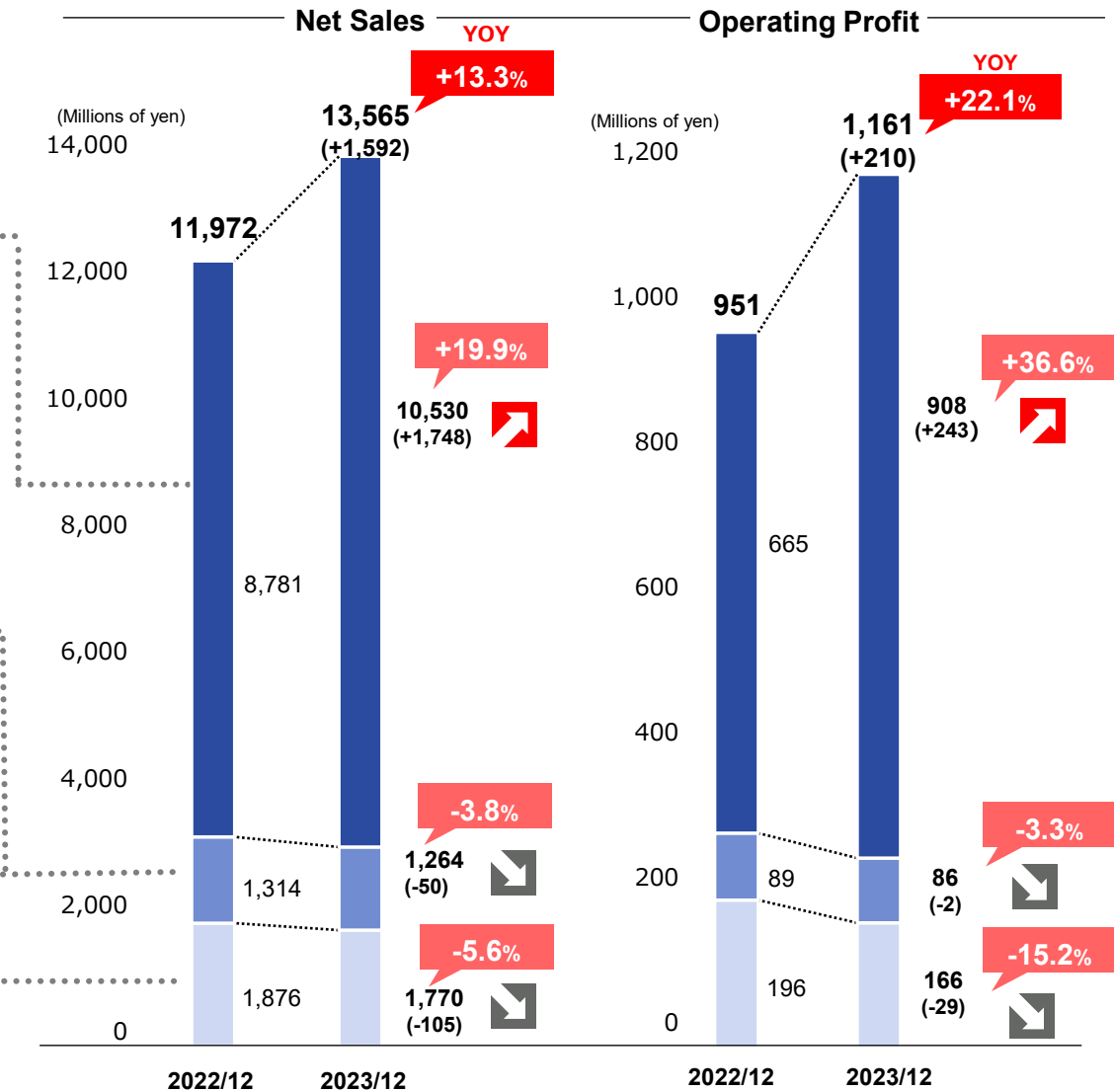
System Outsourcing Services

- Decrease of system development projects for a stock exchange

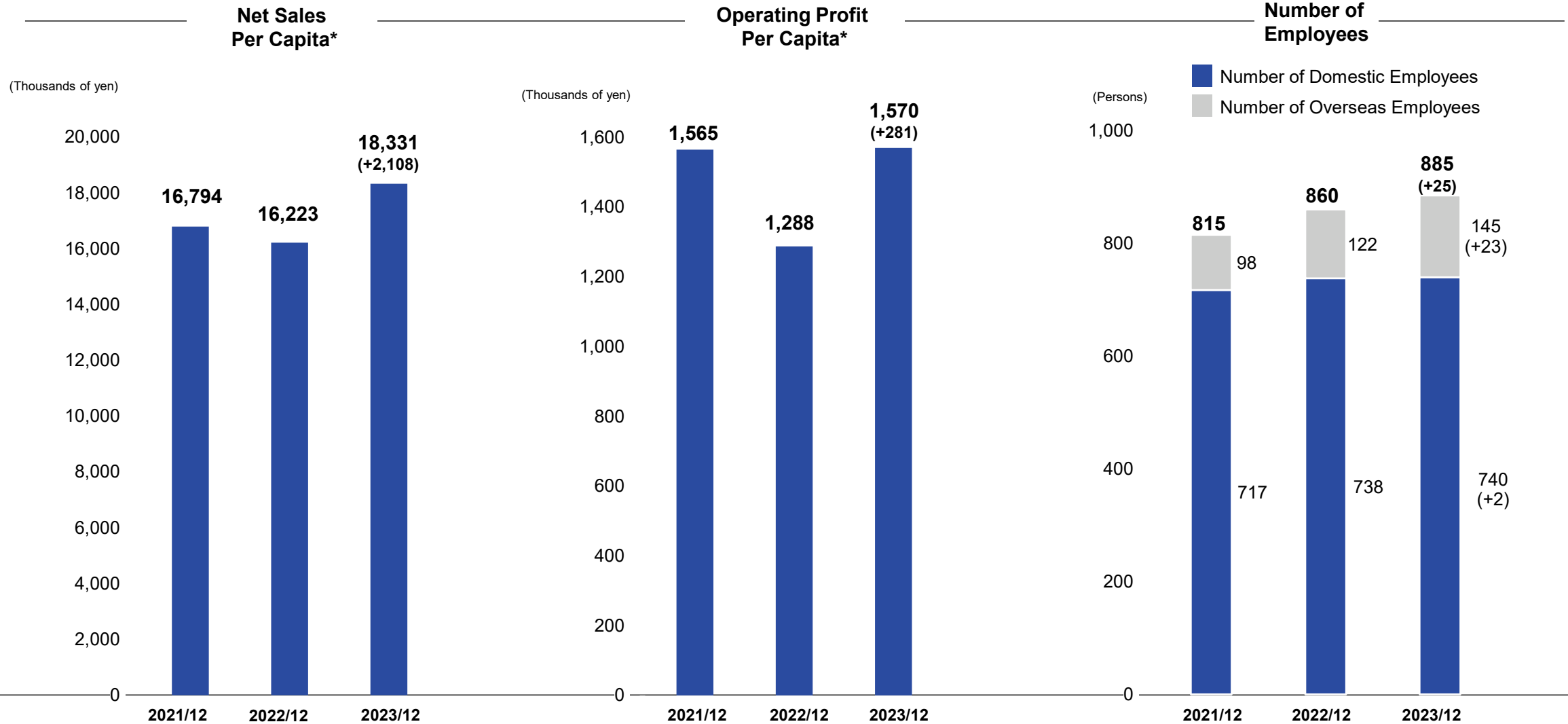


Professional Services

- Decrease of system development projects for telecommunication companies
- Expansion of system development projects for the manufacturing industry



1-7. Index Per Capita



*Calculated based on the number of domestic employees.

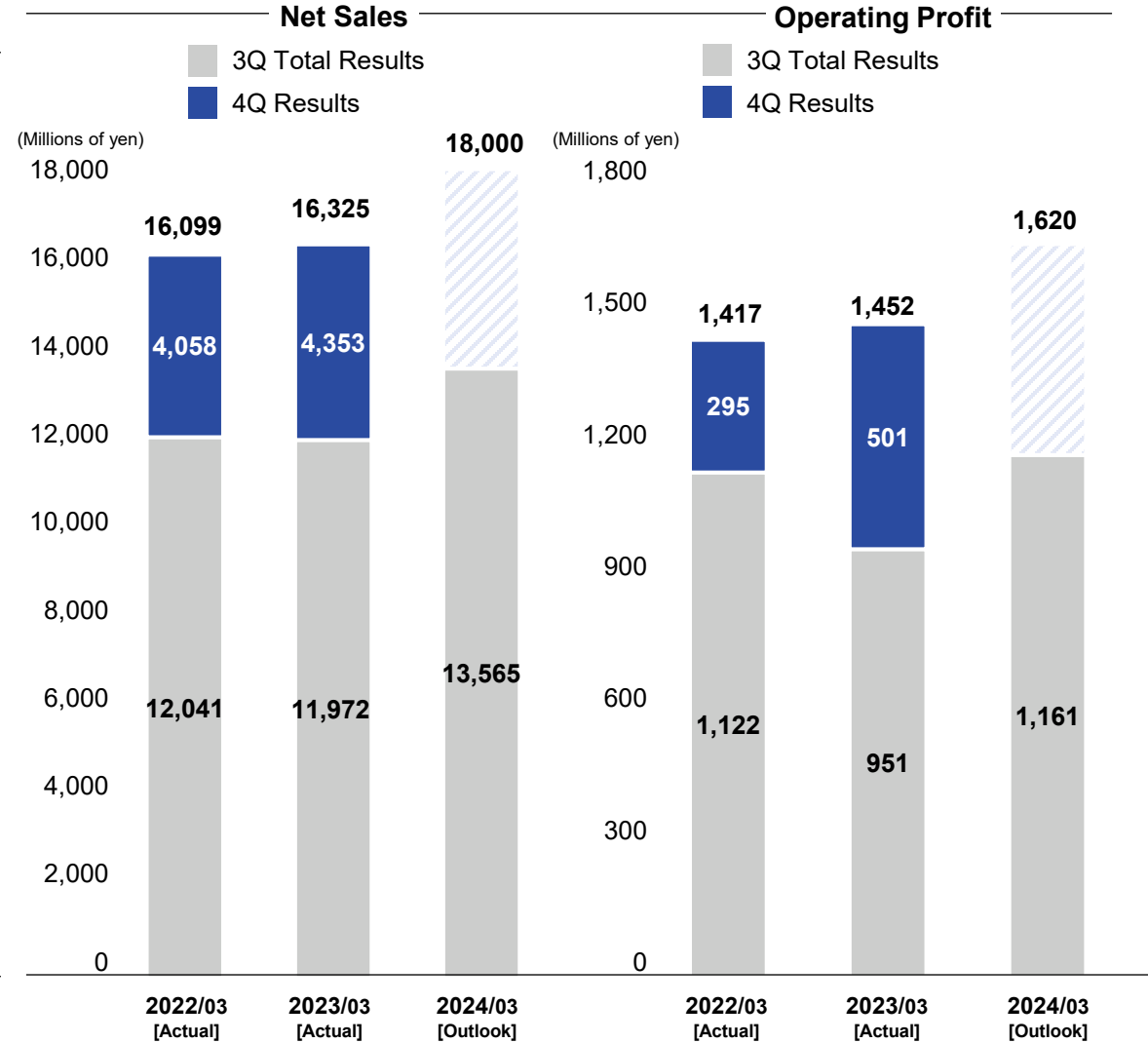
**Fiscal Year Ending
March 31, 2024**

2 Outlook

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

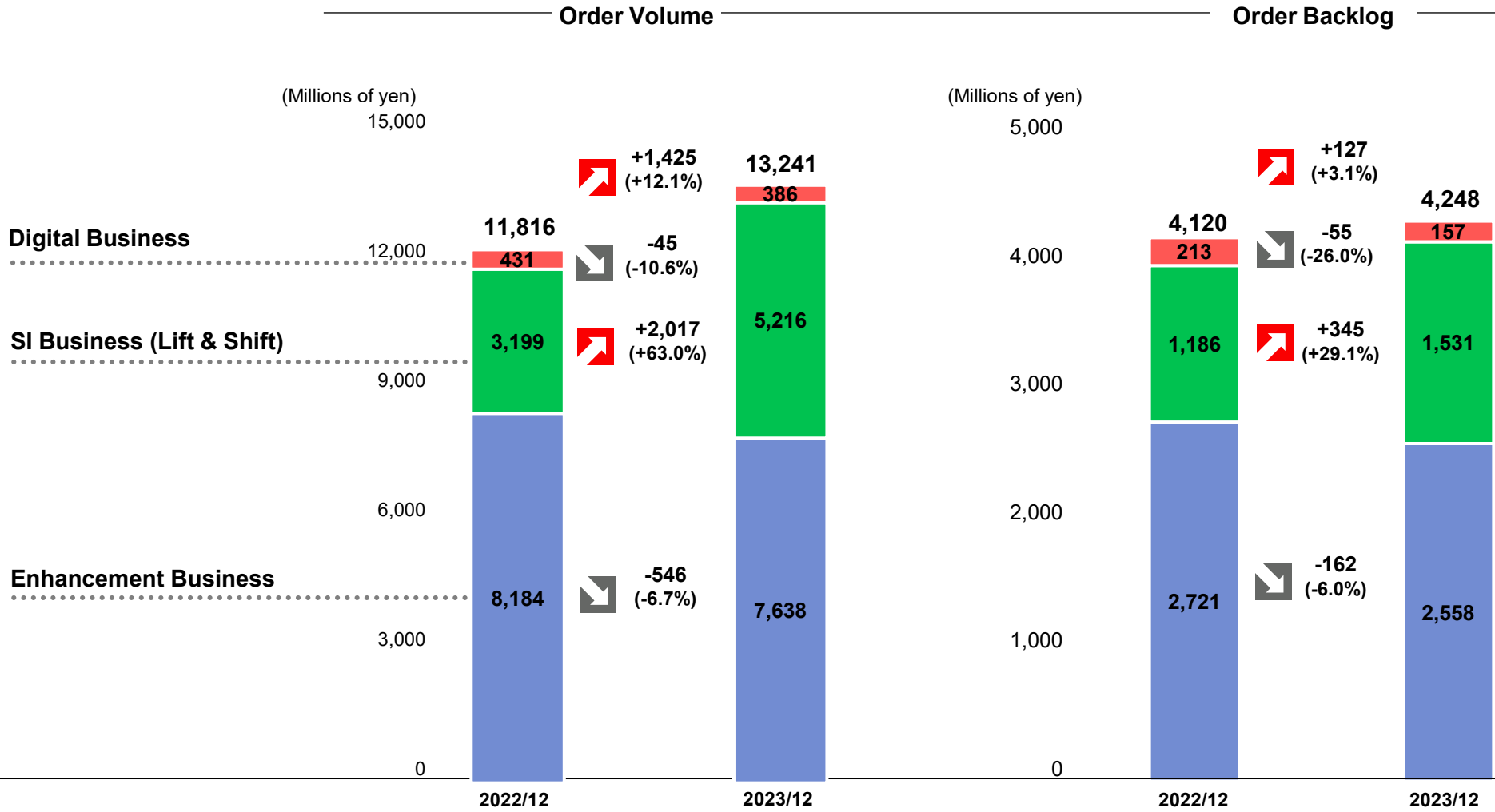
2-1. Overview of Earnings Forecast

(Unit: millions of yen)	FYE 2024 Earnings forecast* (Increase/decrease from the previous fiscal year)	FYE 2023 Actual	FYE 2024 3Q Total Actual (Progress)
Net sales	18,000 (+10.3%)	16,325	13,565 (75.4%)
Operating profit	1,620 (+11.5%)	1,452	1,161 (71.7%)
Margin	9.0%	8.9%	8.6%
Ordinary profit	1,635 (+10.4%)	1,480	1,169 (71.5%)
Margin	9.1%	9.1%	8.6%
Net profit attributable to owners of parent	1,080 (+9.1%)	989	758 (70.2%)
Margin	6.0%	6.1%	5.6%

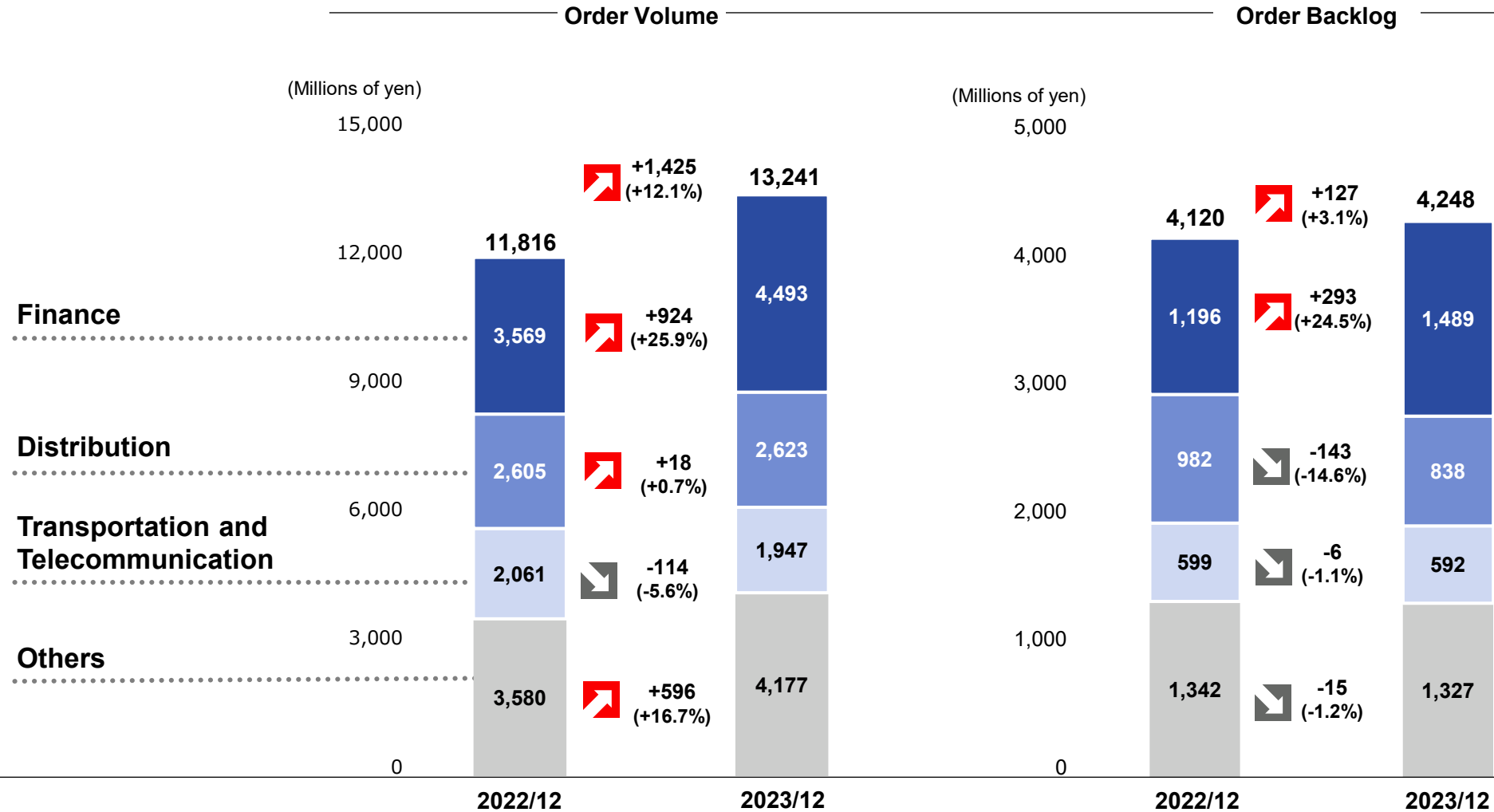


* The forecast numbers for FYE 2024 is announced on May 10, 2023

2-2. Order Status by Bussiness Model

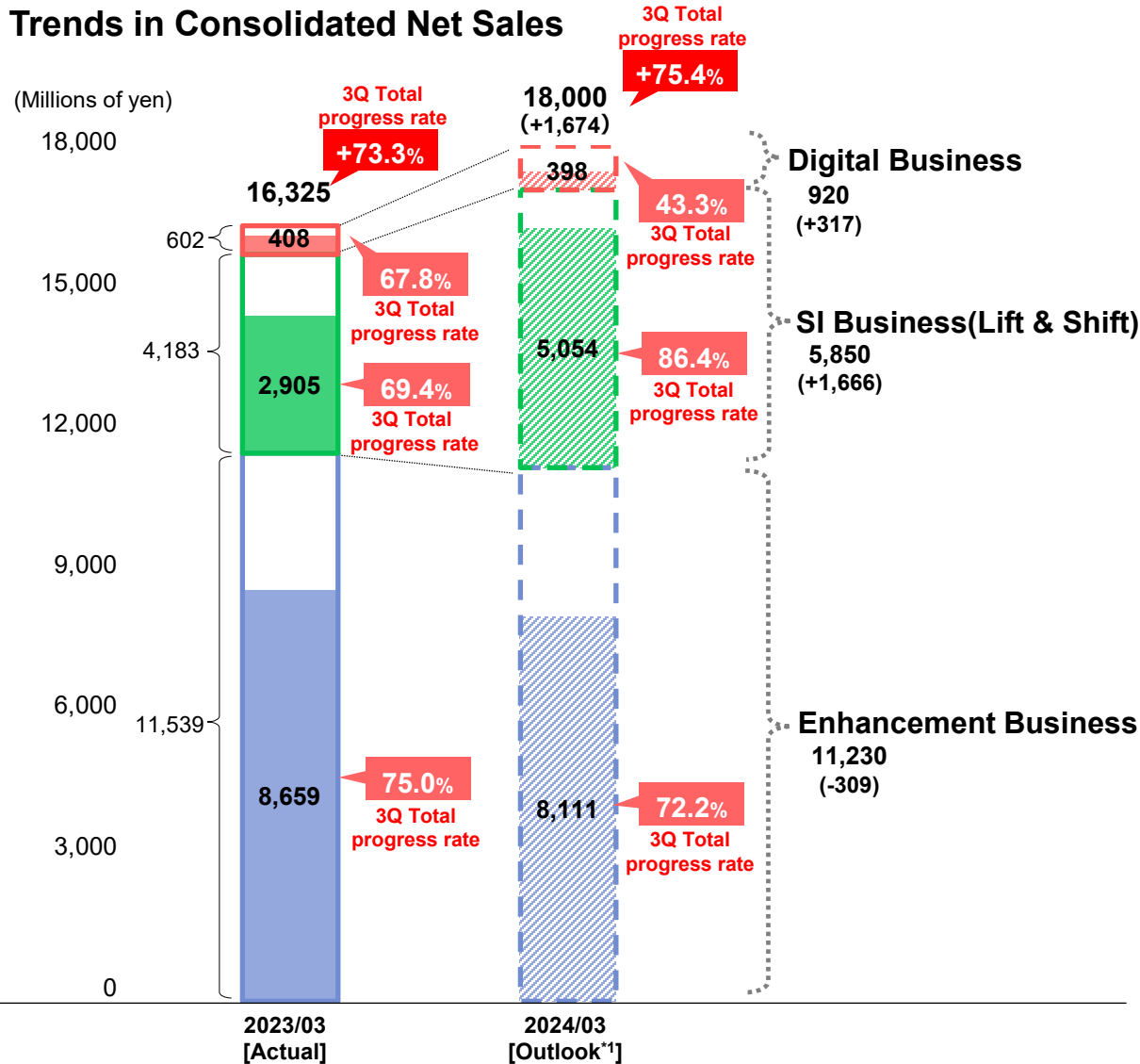


2-3. Order Status by Industry



2-4. Net Sales Progress Rate by Business Model

Trends in Consolidated Net Sales



Digital Business

- Promote collaborative consultation models
- Expand of services by utilizing AI technologies
- Reinforce and promote agile software development for end users (Utilization and promotion of the F@CE DX*2)

SI Business (Lift & Shift)

- Increase orders received by promoting co-creation with cloud vendors (Solution + Operating model transformation)
- Increase orders received through active expansion of cloud solution projects

Enhancement Business

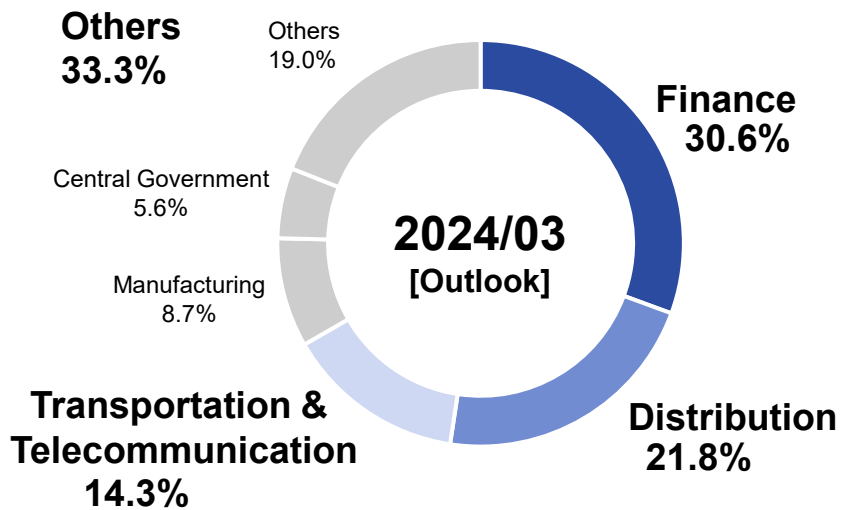
- Build development systems that realize optimization of resources, enable high-quality and efficient use of resources
- Maintain the same level as the previous year in business scale

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

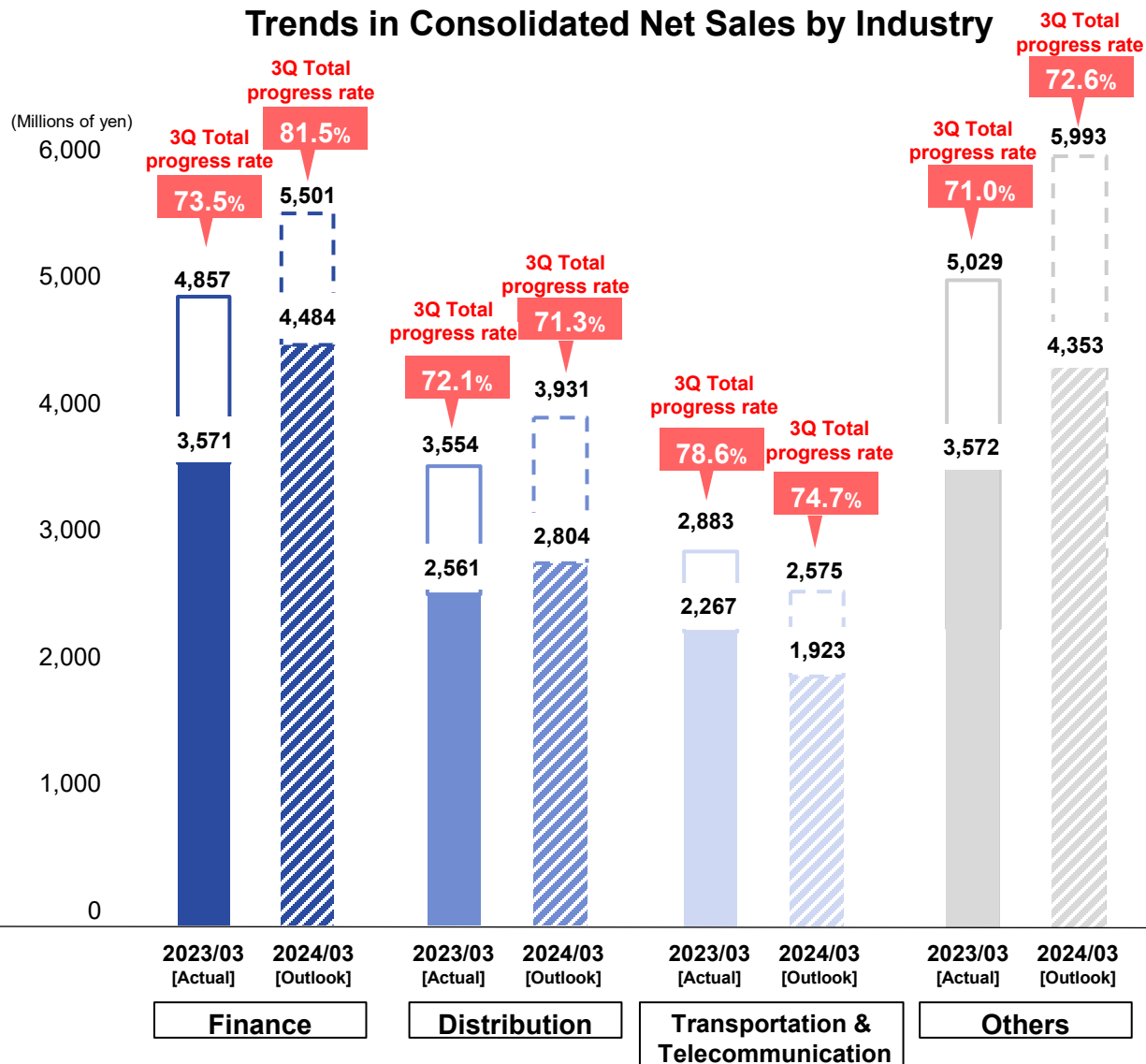
*2 Our original modern software development standard that realizes rapid development of PoC for DX (F@CE : Framework @ Cube's Engineering)

2-5. Net Sales Progress Rate by Industry

Net Sales Composition Ratio by Industry
[Outlook for fiscal year ending March 31, 2024]



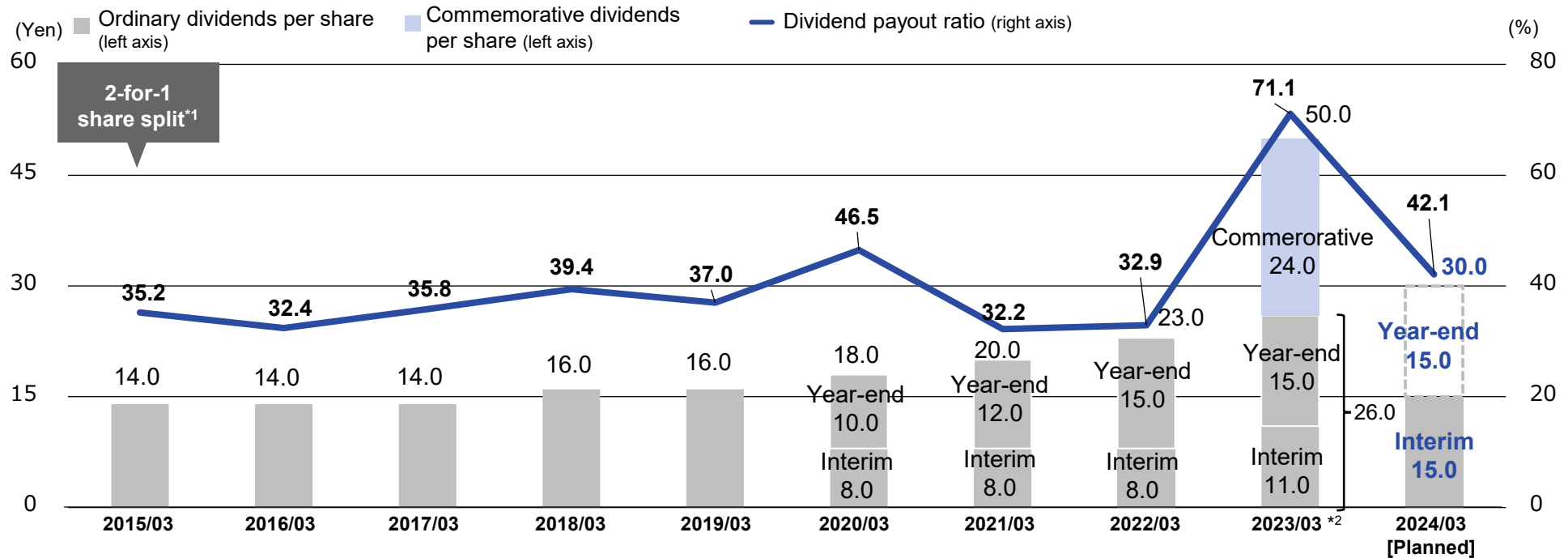
Trends in Consolidated Net Sales by Industry



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

2-6. Trends in Dividends and Dividend Payout Ratio

To aim for further returns to shareholders, we have changed part of our basic policy on profit distribution from FYE2024 and have set the target consolidated dividend payout ratio at 40%.



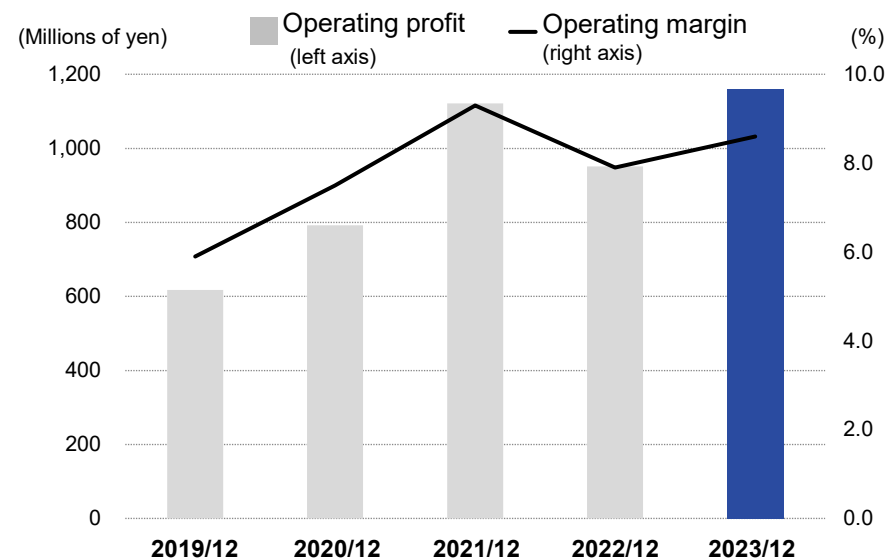
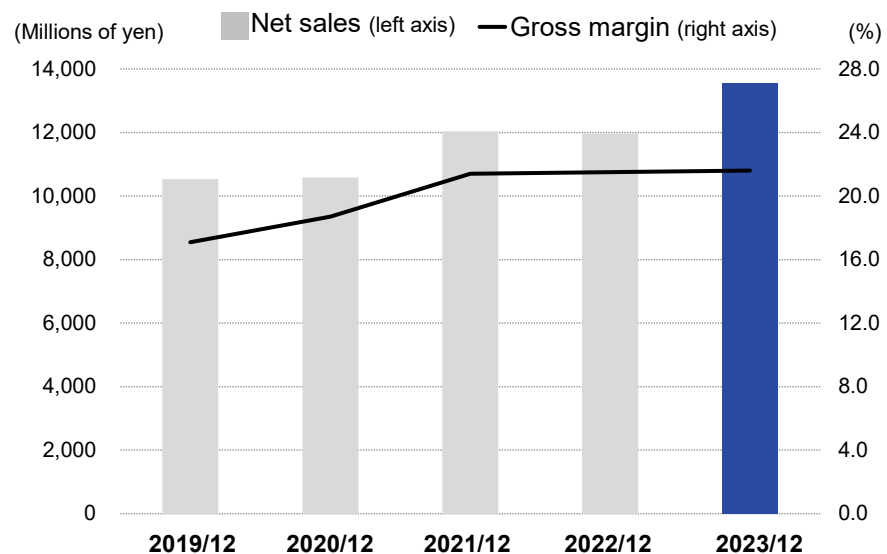
*1 The 2-for-1 share split was implemented on October 1, 2014.

*2 Our 50th anniversary commemorative dividend was approved by the Board of Directors on July 5, 2022. <https://ssl4.eir-parts.net/doc/2335/tdnet/2154361/00.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)

	2019/12	2020/12	2021/12	2022/12	2023/12	YoY
Net sales	10,535	10,591	12,041	11,972	13,565	+13.3%
Cost of sales	8,736	8,612	9,461	9,404	10,631	+13.0%
Gross profit	1,799 (17.1%)	1,979 (18.7%)	2,580 (21.4%)	2,568 (21.5%)	2,934 (21.6%)	+14.2%
Selling, general and administrative expenses	1,181	1,187	1,458	1,617	1,772	+9.6%
Operating profit	618 (5.9%)	792 (7.5%)	1,122 (9.3%)	951 (7.9%)	1,161 (8.6%)	+22.1%
Ordinary profit	628 (6.0%)	922 (8.7%)	1,133 (9.4%)	953 (8.0%)	1,169 (8.6%)	+22.6%
Net profit attributable to owners of parent	392 (3.7%)	596 (5.6%)	755 (6.3%)	628 (5.2%)	758 (5.6%)	+20.7%

3-2. Consolidated Balance Sheets: Major Items

(Unit: millions of yen)

Assets	2023/03	2023/12	Increase/ Decrease
Current assets	9,703	9,583	-119
Cash and deposits	6,748	6,648	-99
Accounts receivable and contract assets	2,702	2,778	+76
Securities	100	—	-100
Work in process	10	16	+5
Others	141	140	-1
Non-current assets	2,844	3,289	+445
Property, plant and equipment	124	159	+35
Intangible assets	3	3	—
Investments and other assets	2,716	3,126	+410
Total assets	12,547	12,873	+325

Liabilities	2023/03	2023/12	Increase/ Decrease
Current liabilities	2,188	2,331	+142
Accounts payable - trade	796	876	+80
Short-term borrowings	240	230	-10
Others	1,152	1,224	+72
Non-current liabilities	742	843	+100
Total liabilities	2,930	3,174	+243
Net assets	2023/03	2023/12	Increase/ Decrease
Shareholder's equity	8,847	8,944	+97
Accumulated other comprehensive income	769	754	-14
Non-controlling interests	—	—	—
Total net assets	9,616	9,699	+82
Total liabilities and net assets	12,547	12,873	+325

3-3. Net Sales and Operating Profit by Industry

(Unit: millions of yen)

Net Sales and Operating Profit by Industry		2022/12	2023/12	YoY
Finance	Net sales	3,571	4,484	+25.6%
	Operating profit	310	391	+26.0%
	Operating margin	8.7%	8.7%	—
Distribution	Net sales	2,561	2,804	+9.5%
	Operating profit	194	230	+18.1%
	Operating margin	7.6%	8.2%	—
Transportation and Telecommunication	Net sales	2,267	1,923	-15.2%
	Operating profit	210	181	-14.0%
	Operating margin	9.3%	9.4%	—
Manufacturing	Net sales	1,116	1,205	+7.9%
	Operating profit	45	78	+71.3%
	Operating margin	4.1%	6.5%	—
Central Government	Net sales	637	842	+32.2%
	Operating profit	34	97	+183.6%
	Operating margin	5.4%	11.6%	—
Others	Net sales	1,817	2,305	+26.8%
	Operating profit	154	182	+18.1%
	Operating margin	8.5%	7.9%	—

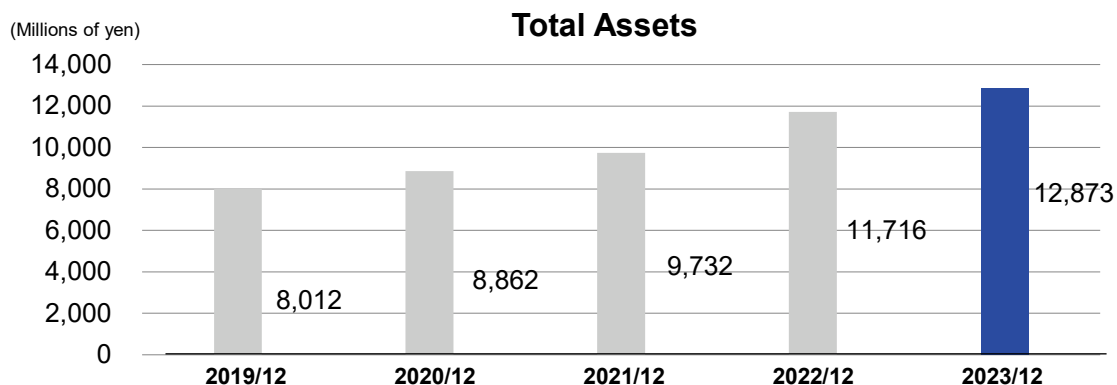
-4. Net Sales and Operating Profit by Service Segment

(Unit: millions of yen)

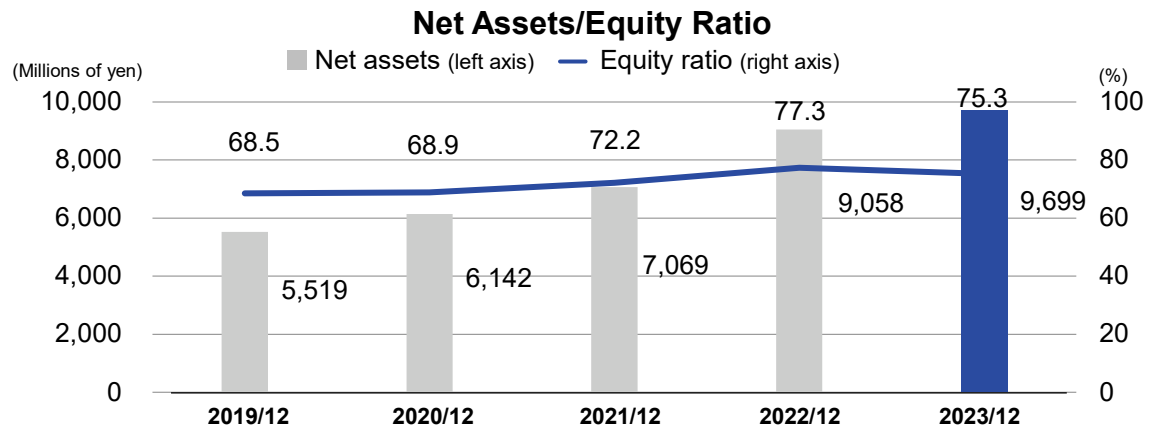
Net Sales and Operating Profit by Service Segment		2022/12	2023/12	YoY
System Integration Services	Net sales	8,781	10,530	+19.9%
	Operating profit	665	908	+36.6%
	Operating margin	7.6%	8.6%	—
System Outsourcing Services	Net sales	1,314	1,264	-3.8%
	Operating profit	89	86	-3.3%
	Operating margin	6.8%	6.9%	—
Professional Services	Net sales	1,876	1,770	-5.6%
	Operating profit	196	166	-15.2%
	Operating margin	10.5%	9.4%	—
Total	Net sales	11,972	13,565	+13.3%
	Operating profit	951	1,161	+22.1%
	Operating margin	7.9%	8.6%	—

3-5. Assets and Capital-Related Items

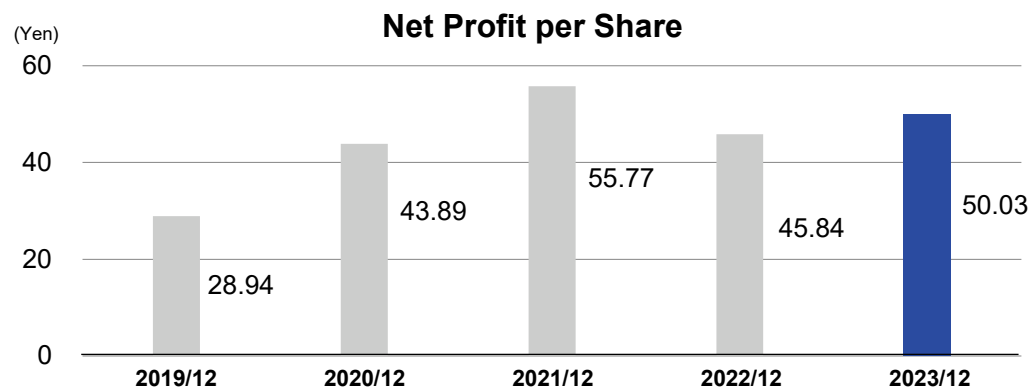
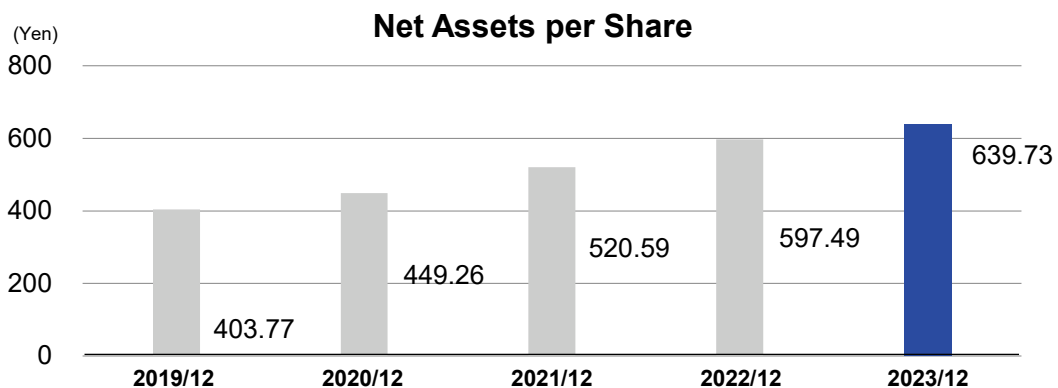
Assets and Capital-Related Items



-6. Share Price and Equity-Related Items



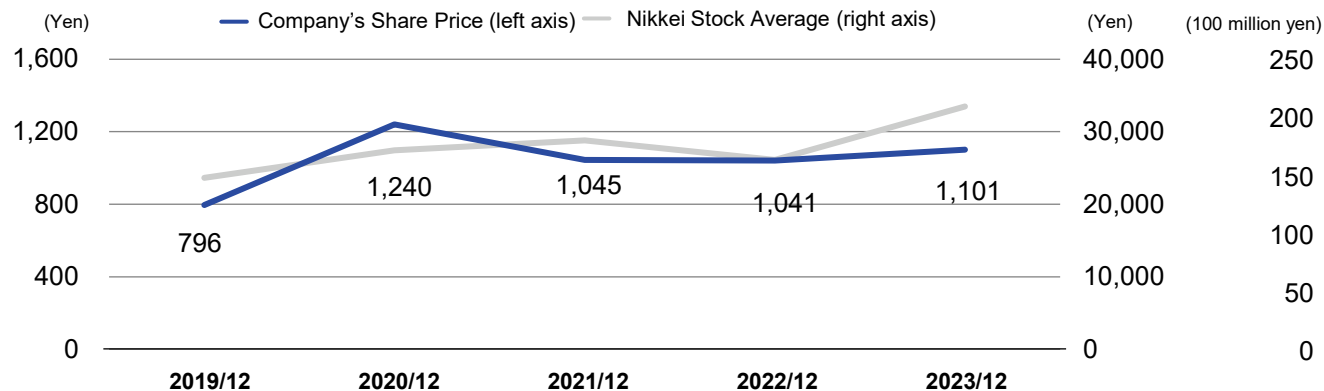
Share Price and Equity-Related Items



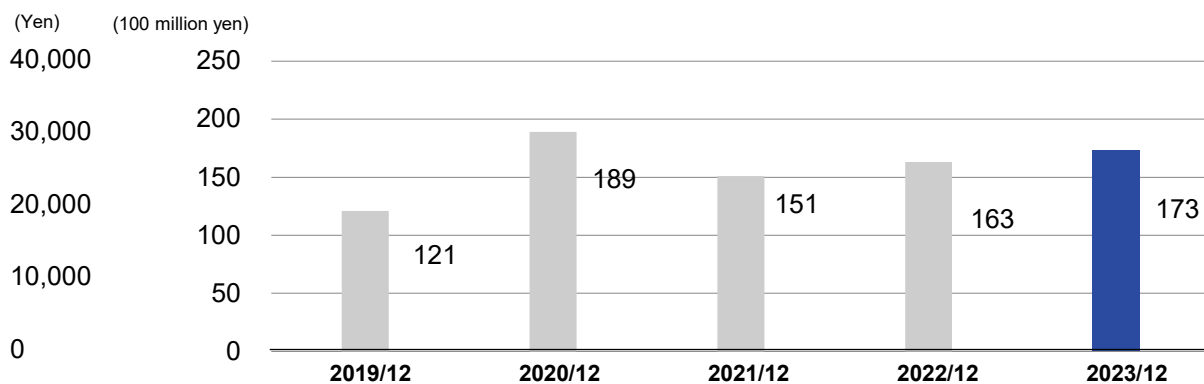
3-6. Share Price and Equity-Related Items

Share Price and Equity-Related Items

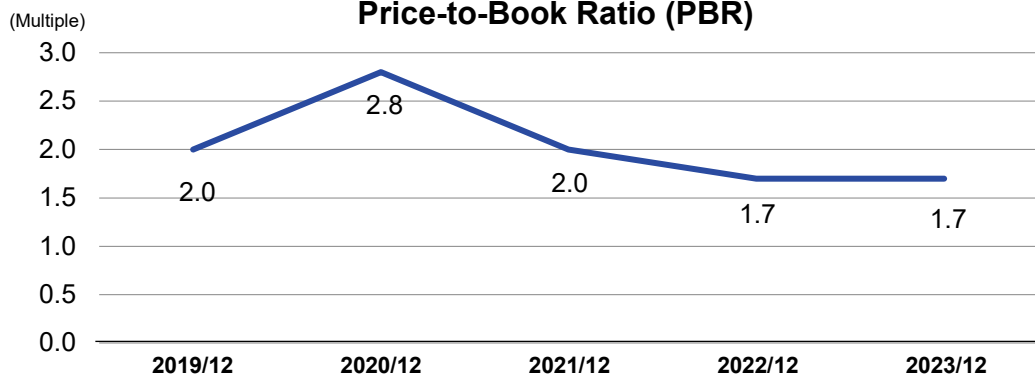
Share Price



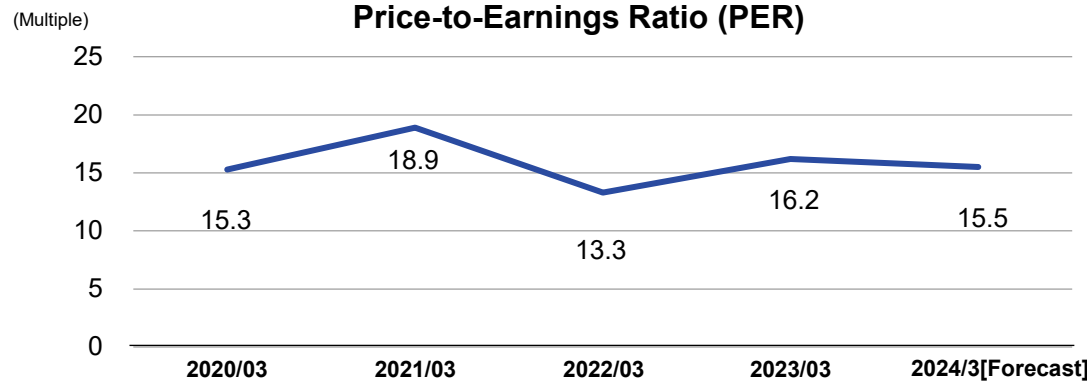
Market Cap



Price-to-Book Ratio (PBR)



Price-to-Earnings Ratio (PER)



*Fiscal year ending March 31, 2024 (forecast) is calculated using the stock price as of the end of December and net profit per share in the full-year earnings forecast.

CUBE SYSTEM

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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.