

# Presentation Materials for the Earnings Briefing

for the Fiscal Year Ended March 31, 2021

May 25, 2021



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# Overview of Consolidated Financial Results for FY3/21

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# Summary of consolidated financial results

## Shalom Business

**Sales:** Firm ASP service (monthly fees) sales, but total sales below plan due to decline in new customers

**Profit:** Expenses decreased because of teleworking, cancelation of events, business travel restrictions and other reasons

## CuBe Business

**Sales:** Contracted development sales below plan because of COVID-19 but GooooN sales were mostly as planned

**Profit:** Expenses decreased because of teleworking, cancelation of events, business travel restrictions and other reasons

(Thousands of yen, %)

	FY3/21 Actual	FY3/21 Plan	Vs. Plan	Vs. Plan (%)
<b>Net sales</b>	2,439,074	2,749,000	(309,926)	(11.3)%
Shalom Business	1,897,343	2,144,000	(246,627)	(11.5)%
CuBe Business	541,700	605,000	(63,300)	(10.5)%
<b>Operating profit</b>	219,543	324,633	(105,090)	(32.4)%
Shalom Business	197,764	304,205	(106,441)	(35.0)%
CuBe Business	21,779	20,428	851	4.2%
<b>Profit attributable to owners of parent</b>	137,919	201,274	(63,355)	(31.5)%
<b>Basic earnings per share (Yen)</b>	25.41	37.08	(11.67)	-

\* The figures of FY3/21 plan above were those announced on May 11, 2020.

# Consolidated balance sheet

- Property, plant and equipment increased because of the relocation of the Tokyo office
- Current liabilities decreased because of tax payments and other reasons

(Thousands of yen, %)

	FY3/21 (Mar. 31, 2021)	FY3/20 (Mar. 31, 2020)	Change	% Change	Notes
<b>Current assets</b>	1,172,924	1,196,267	(23,342)	(2.0)%	Cash and deposits (105) million yen Accounts receivable-trade +47 million yen
<b>Non-current assets</b>	1,069,021	1,038,471	+30,550	+2.9%	Buildings +116 million yen Software (including software in progress) (68) million yen
<b>Current liabilities</b>	586,685	599,588	(12,903)	(2.2)%	Borrowings +56 million yen Accrued consumption taxes (82) million yen Income taxes payable (36) million yen
<b>Non-current liabilities</b>	252,851	330,595	(77,744)	(23.5)%	Long-term borrowings (77) million yen
<b>Total liabilities</b>	839,536	930,183	(90,647)	(9.7)%	-
<b>Shareholders' equity</b>	1,364,852	1,270,251	+94,600	+7.4%	Retained earnings +94 million yen
<b>Total net assets</b>	1,402,410	1,304,555	+97,854	+7.5%	-
<b>Total assets</b>	2,241,946	2,234,739	+7,207	+0.3%	-
<b>Equity ratio</b>	60.9%	56.8%	+4.0pt	-	-

# Operating results of the Shalom Business

(Thousands of yen, %)

	FY3/21	FY3/20	YoY Change	YoY % Change	Notes
<b>Net sales</b>	<b>1,897,373</b>	<b>1,771,842</b>	<b>+125,531</b>	<b>+7.1%</b>	(ASP service)
Cloud service	1,787,781	1,658,019	+129,762	+7.8%	• Basic Plan 438 million yen (+3.8%)
ASP service	1,638,785	1,453,979	+184,806	+12.7%	• House Plan 485 million yen (+12.2%)
System construction service	148,995	204,040	(55,045)	(27.0)%	• Shalom CE (including Shalom CE Lite) 164 million yen (+46.9%)
System product sale	102,991	113,285	(10,294)	(9.1)%	• MYNABOX 245 million yen (+4.6%)
Other services	6,601	537	+6,064	+1,129.2%	• DirectHR 48 million yen (-12.7%)
<b>Gross profit</b>	<b>981,821</b>	<b>1,015,800</b>	<b>(33,979)</b>	<b>(3.3)%</b>	(System construction service)
<i>Gross margin</i>	<i>51.7%</i>	<i>57.3%</i>	<i>(5.6)pt</i>	-	• Shalom CE initial implementation service fee 38 million yen (-57.5%)
<b>Operating profit</b>	<b>197,764</b>	<b>364,165</b>	<b>(166,401)</b>	<b>(45.7)%</b>	Cost of sales: +159 million yen (+21.1%)
<i>Operating margin</i>	<i>10.4%</i>	<i>20.6%</i>	<i>(10.1)pt</i>	-	• Increase in amortization: 49 million yen
					• Increase in labor cost: 69 million yen (Matsuyama Development Center)
					SG&A expenses: +132 million yen (+20.3%)
					• Tokyo office relocation, sponsorship payment to the Shalom National Organization, etc.

# Operating results of the CuBe Business

(Thousands of yen, %)

	FY3/21	FY3/20	YoY Change	YoY % Change	Notes
<b>Net sales</b>	541,700	608,774	(67,073)	(11.0)%	Breakdown of contracted developments: Develop-and-deliver projects 292 million yen (-18.3%) Maintenance, etc. 203 million yen (-1.5%)
Contracted development	495,912	564,149	(68,236)	(12.1)%	
Cloud services	45,787	44,625	+1,162	+2.6%	
<b>Gross profit</b>	218,831	180,502	+38,328	+21.2%	Cost of sales: (105) million yen (-24.6%) • Decrease in labor cost: 45 million yen
<i>Gross margin</i>	40.4%	29.7%	+10.7pt	-	
<b>Operating profit*</b>	21,779	(49,721)	+71,500	-	SG&A expenses: (33) million yen (-14.4%) • Decrease in personnel expenses: 19 million yen
<i>Operating margin</i>	+4.0%	(8.2)%	+12.2pt	-	
<b>Order backlog</b>	270,142	197,234	+72,908	+37.0%	Increase in the number of large-scale projects

\*Operating profit includes amortization of goodwill of 38,861 thousand yen.





# Business Topics for FY3/21

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# Sales promotion activities for labor and social security attorney offices

## Online seminars for labor and social security attorneys (34 times), and Shalom user meetings (Online + On-site) (9 times)

**追加開催します！** **オンラインセミナーです。**  
全国より**無料**でご参加いただけます。

日程 **2020年 全国一斉 5/18(月)・19(火) 100名様限定** 時間 **13:30~15:30**

**今すぐ始める社労士事務所のテレワークセミナー**  
実践している事務所のノウハウや課題を大公開

**講師 出口 裕美様** 社会保険労務士法人 出口事務所 / 代表社員  
出口事務所では事務所のクラウド化を積極的に進め社労士を中心にテレワークを実践されています。  
皆様から問い合わせの多い内容を中心に、導入や運用に向けてのノウハウ、そして先生が課題とされていることを具体的にご紹介いたします。

**当日のアジェンダ**  
13:30~15:30 (10分事前入室可能)

- 1 一般社団法人社労士全国会
- 2 今すぐ始める社労士事務所の特徴
- 3 社労士で始めるテレワーク電子申請

**一般社団法人社労士全国会 設立のご案内**  
社労士事務所の経営基盤の安定を社労士をベースとした人事・労務の分野から支援する社労士ユーザーの団体一般社団法人社労士全国会を設立します。

**WEB申込限定です。(FAX申込はできません。)**  
セミナー申込定員に達したとき、事務局「総務」のPC等からご参加いただけます。ネットワーク環境と音声入力可能なPC等をご用意ください。参加申し込みの社労士様はメールでオンラインセミナーへのアクセスURLをご連絡します。

April and May 2020  
Seminar for labor and social security attorneys

Teleworking seminar for starting a labor and social security attorney office

助成金を活用して働き方改革の実現！ **社労士様向けオンラインセミナー**

**助成金を活用して社労夢ハウスを導入し事務所内の業務効率改善！**

2020年 7月29日(水) 開催 (13:30~15:00) 定員 80名 (参加費無料)

オンラインで全国よりお気軽にご参加いただけます。

**講演者** 社会保険労務士法人 あさひ労務管理センター 安田 健一 先生

「助成金を活用して社労夢ハウス導入のチャンス」  
社労夢ハウスを導入してテレワーク環境の整備・ネットの回線や手続進捗管理機能を利用活用し非対面ビジネスを回り、収益UP

「顧問先への助成金提案による労務改善を推進」  
顧問先への情報提供、労務状況改善へ助成金の活用を提案し、新型コロナウイルスの影響で苦んでいる中小企業をサポート！

**当日のアジェンダ**

- 1 自己紹介 (社労夢導入や登壇の経緯等) 10分
- 2 インターバルコース 20分
- 3 テレワークコース 20分
- 4 申込時に買っていた質問への対応 20分
- 5 質疑応答 20分

July 2020

Seminar for labor and social security attorneys  
Seminar for using subsidies for starting to use Shalom House

電子化で年末調整がここまで変わる！！ **eNEN**

オンラインセミナー 参加無料

**eNENを利用したWEB年末調整と顧問先提案イメージ**

講演 **TOMA社会保険労務士法人 坂本 彩 様**  
2700名の年末調整をシステム化 (実績)

2020年 8月6日(木) より全4回 開催予定 (13:30~15:30)  
オンラインで全国よりお気軽にご参加いただけます。

**講演者** TOMA社会保険労務士法人 坂本 彩 様

昨年は約70社、従業員ベースで2600名~2700名の規模でWEB年末調整申告システム「eNEN」(旧名称「年末調整Cubeクラウド」)を顧問先事務所に提供しました。総務の方々や社労士事務所が大量の紙のやりとりやチェックなどで費やしていた時間が大幅に削減されましたので、とにかく紙がなくなりました。従業員本人が申請を上げて、それが社労士につながり、すぐに手続きが終わるというの大きなニーズがあると思っています。

August and September 2020

Seminar for labor and social security attorneys  
Seminar about web year-end tax adjustments and proposals for clients

参加費無料セミナー

今まで以上に「勤怠システム」が提案しやすくなる！  
社労士事務所の業務を削減しつつ、かつ顧問先との「信頼関係」も高める「勤怠システムの提案ノウハウ」をお伝えします

2020年 9月24日(木) 16:00~17:15

\*定員になり次第、締め切らせていただきます。

場所 **全国オンライン (Zoom)** 定員 **80名** (1事業所2名様までお問い合わせいただけます)

**第一部** 勤怠システムの導入提案が苦手な方に！提案が簡単になる、明日から使えるノウハウをお伝えします

**講演内容** 講演者 **五味田 匡哉 様** ソピア社会保険労務士事務所 創業者 兼 顧問  
顧問先に勤怠システムを提案する際、「話してはいるものの、相手の反応が良くない」「費用負担を懼かれてしまう」といったケースはありませんか？こんな場合、顧問先には「勤怠システムの代理店」として見られておらず、その壁を突破することが、受注に向けた提案の糸口になります！本セミナーでは、社労士事務所の業務を削減しつつ、かつ顧問先との信頼関係も高める、勤怠システムの提案ノウハウをお伝えします。

**第二部** 事務所の業務が圧倒的に効率化する！勤怠情報からWEB明細まで、給与計算を核にしたデータ活用

**講演内容** 各業務の圧倒的な効率化が実現できる、【ネットde顧問】のフル活用法についてご紹介させていただきます！

August and September 2020

Seminar for labor and social security attorneys

Seminar explaining how to create proposals for working time recording systems

ユーザー様向け 新社労夢(V5)バージョンアップに関する重要なご案内です。  
V3.4をご利用のユーザー様は必ずご参加くださいますようお願いいたします。

**参加費無料**

**新社労夢(V5)バージョンアップ説明セミナー**  
新社労夢(V5)ハウズプランのお得なキャンペーンご紹介。  
2021年 1月22日(金) 13:30~15:00

場所 **全国オンライン (Zoom)**  
定員 **お申込多数の場合は、別日程をご案内する場合がございます。**  
冒険、エムケイシステム代表取締役 三宅よりご挨拶をさせていただきます。

**新社労夢(V5)になると何がかわるの？**  
**新社労夢(V5)のバージョンアップはいつ？**

**第1部 新社労夢(V5)概要** (30分)  
新社労夢(V5)の機能紹介  
・電子申請送信案件一括リニューアル  
・手続進捗管理機能から公文書一括ダウンロード  
・印刷品質を向上させる「社労夢Viewer」など。  
新社労夢(V5)バージョンアップスケジュール、進め方

**第2部 新社労夢(V5)連携システムのご紹介** (50分)  
DirectHR 従業員が入力した情報が、社労夢従業員台帳へ連携。  
RPA 電子申請の送信や公文書取得を、ロボットで自動化。  
Cloud Pocket 電子申請で取得した公文書にクラウド上で従業員が簡単にアクセス。

January 2021

Seminar for Shalom users

Explanation of the migration to Shalom V5.0

新規で検討【社会保険労務士事務所向けオンラインセミナー】

**生まれ変わった社労夢(V5.0)とWEB年末調整申告システム「eNEN」2つのセミナーで業務効率アップ！**

参加無料

定員 100名様	A 社労夢(V5.0)セミナー	B eNENセミナー
	▶ 3月12日(金) 13:30~15:00	▶ 3月19日(金) 13:30~15:00
	▶ 4月13日(火) 13:30~15:00	▶ 4月20日(火) 13:30~15:00
	▶ 4月28日(木) 13:30~15:00	▶ 5月14日(金) 13:30~15:00
	▶ 5月28日(金) 13:30~15:00	▶ 6月11日(金) 13:30~15:00
	▶ 6月18日(金) 13:30~15:00	▶ 6月25日(金) 13:30~15:00

**社労夢(V5.0)セミナー**  
社会保険労務士事務所の生産性向上のために  
社会保険・労務保険分野で最先端のノウハウを凝縮した「社労夢」システムが、高度化した新しい社労夢(V5.0)に大規模バージョンアップ。充実した基本機能、新しい社労夢の機能も追加。社労夢(V5.0)連携システムの構築まで、ご紹介いたします。

**第一部 社労夢(V5.0)概要** **第二部 社労夢(V5.0)連携システムのご紹介**

**eNENセミナー** 4/28 6/15  
どこでも、かんたん、かくじつに WEB年末調整申告・管理システム  
主管理部門 管理部門・社労士事務所にとって 連携をリアルタイム管理、作業の効率化  
申告者 (従業員) によって 申告をもっとかんたんに WEB 入力

March 2021

Seminar for labor and social security attorneys

Using Shalom V5.0 and eNEN to improve efficiency

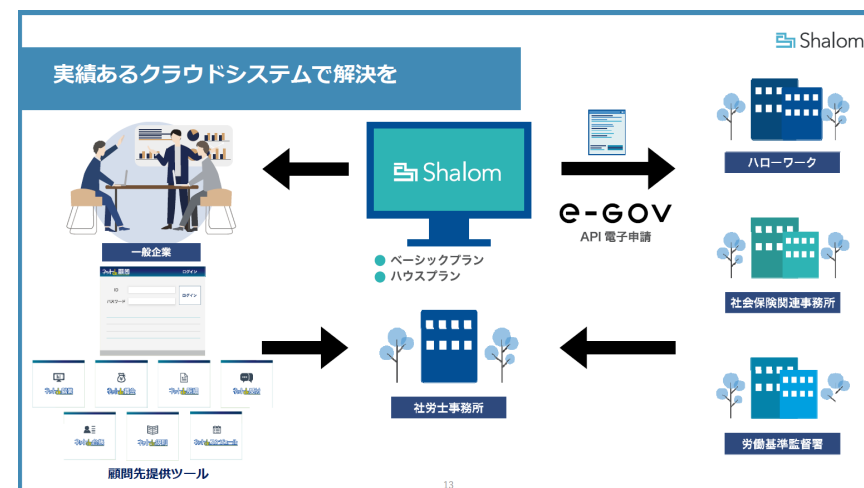
# Online seminars (April 2020 – March 2021)

## More than 3,700 people have attended nationwide online seminars since April

The seminars are very popular as a way for people anywhere in Japan to participate in these events with ease.

Many seminars are planned for labor and social security attorneys and for companies.

Month	Number of applicants	Month	Number of applicants
April	178	2021	
May	92	January	1,874
June	80	February	204
July	230	March	343
August	159	-	-
September	320	-	-
October	63	-	-
November	125	-	-
December	43	<b>Total</b>	<b>3,711</b>



### Online seminar for labor and social security attorneys

- \*Seminar registration is closed when the limit for participants is reached.
- \*Some seminars may allow more than the designated limit for participants and other seminars may not.
- \*The numbers in this table do not reflect registered participants who cancel or fail to attend a seminar.

# Sales promotion activities for general corporations

## Participated in the online event of the Revival Management Forum Secretariat and co-hosted online seminars

Total of 211 professionals from the personnel and general affairs divisions of major companies attended the co-hosted online seminars.



**2020年 10月 21日 (水) 9:30 ~ 17:10**

オンライン LIVE 配信 +CIVI 研修センター 新大阪東 定員 150 名

**従業員エンゲージメント向上**  
～働き方改革のスタートと定着～

### ▲ Seminar by MKSystem at the forum

Personnel Strategies in the Age of Working Style Reforms  
2020 Conference in Osaka

## MKSystem sponsored online seminars

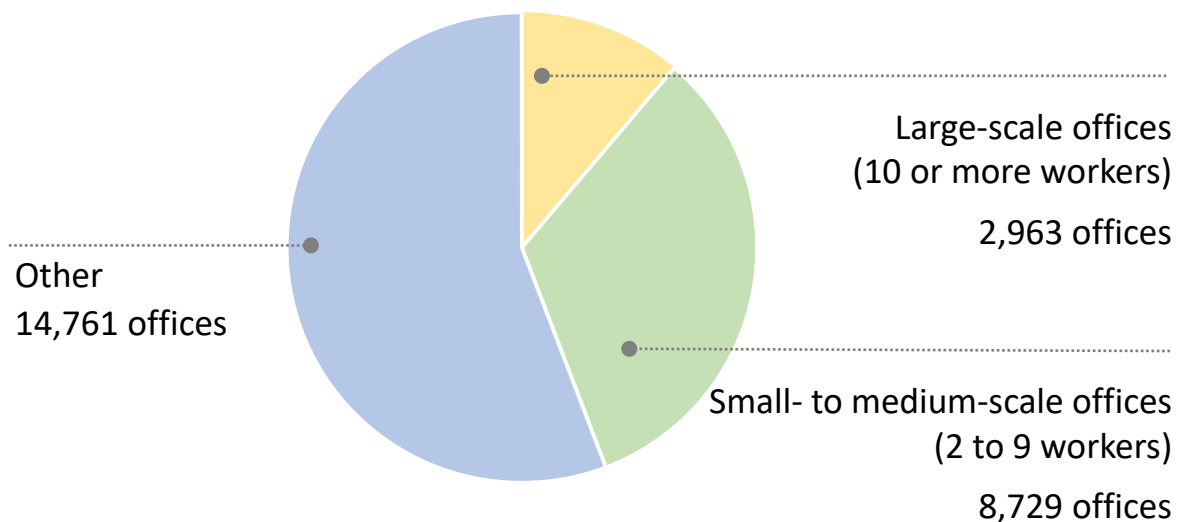
- **April 28, 2020**  
The age of teleworking! Use Shalom for easy e-applications
- **May 15, 2020**  
Big changes due to electronic year-end tax adjustments! Start using the year-end tax adjustment cloud
- **June 24, 2020**  
The first step for altering working styles to transition to the age of the new normal
- **October 28, 2020**  
Information about new products and e-procedures at the Health Insurance Society

## BNC sponsored online seminars

- **Events for personnel evaluation systems (5 times)**

# Target markets and market shares (1)

## Labor and Social Security Attorney Office Market



**Total: 26,453 offices\*1**

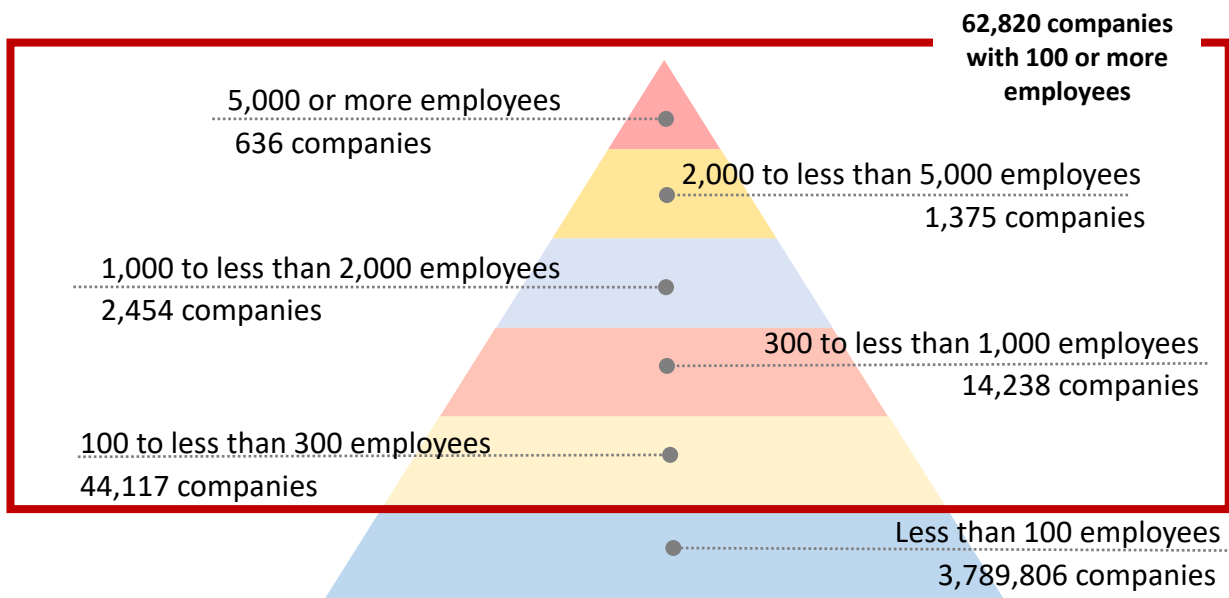
\*1 The number of labor and social security attorney offices was aggregated by MKSystem based on the Business Report for the fiscal year 2019 prepared by Japan Labor and Social Security Attorney's Association.

\*2 The number of offices with our systems introduced reflects the number of those for which we started providing service as of March 31, 2021.  
(o/w 1,426 for Basic Plan, 694 for House Plan, 424 for Lite Plan, and 58 for the Chukidan System)

	End-Mar 2021
Offices with our systems introduced*2	<b>2,602</b> offices
YoY change	<b>Up 108</b> offices
Our market share	<b>9.8%</b>
Number of clients registered in our systems	<b>677,000</b> offices

# Target markets and market shares (2)

## General Corporate Market



**Total: 3,852,626 companies\***

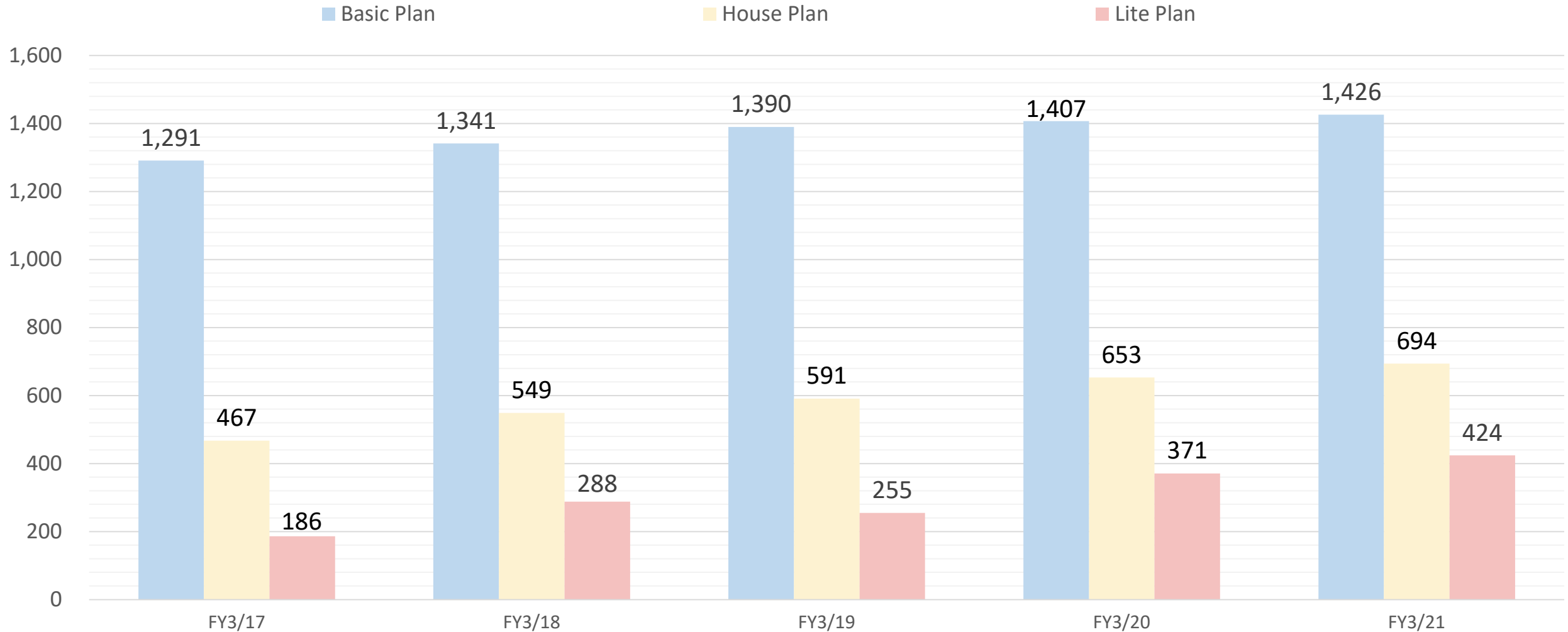
\*Aggregated by MKSystem based on the 2016 Economic Census for Business Activity (Tabulation of Enterprises, etc. and Tabulation across industries) conducted by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry.

End-Mar 2021

Introductions in the Shalom Business	<b>148</b> companies
Introductions in the CuBe Business	<b>66</b> companies

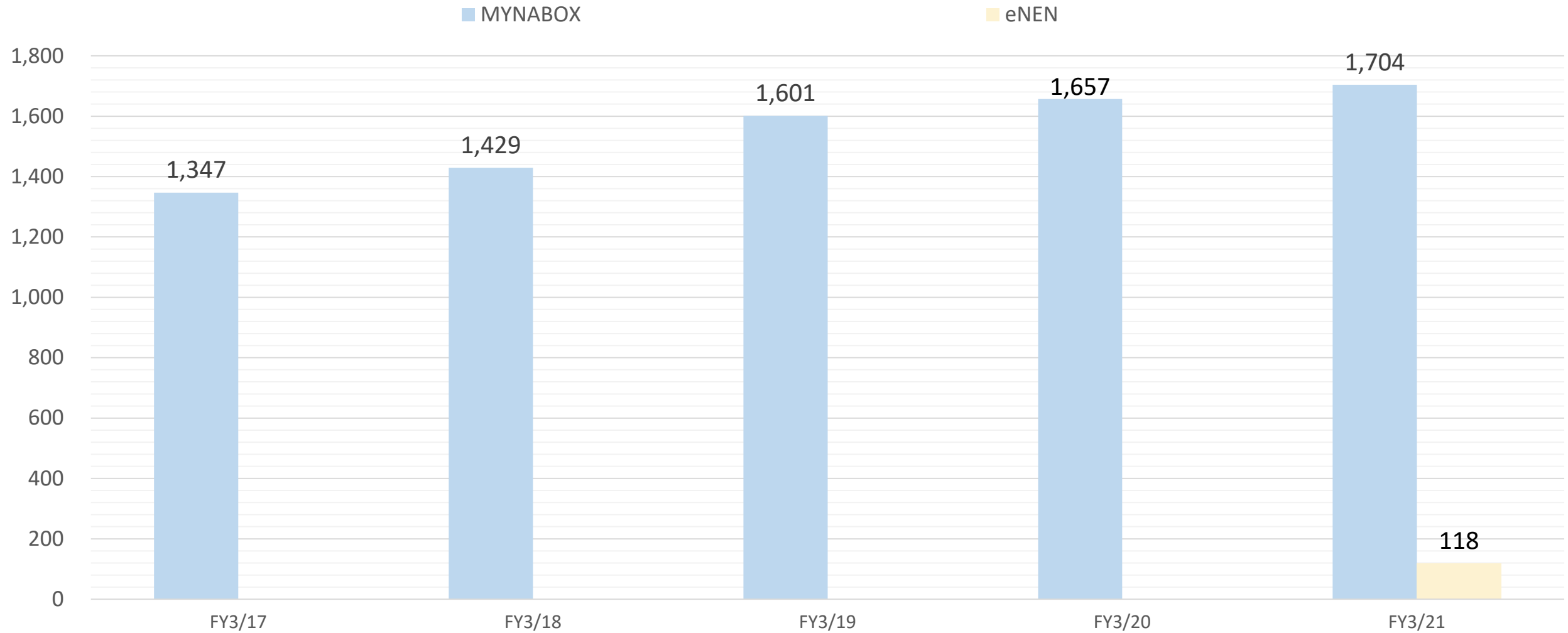
# Trends in services for labor and social security attorneys

Users of the mainstay products are increasing steadily.



# Trends in services for labor and social security attorneys

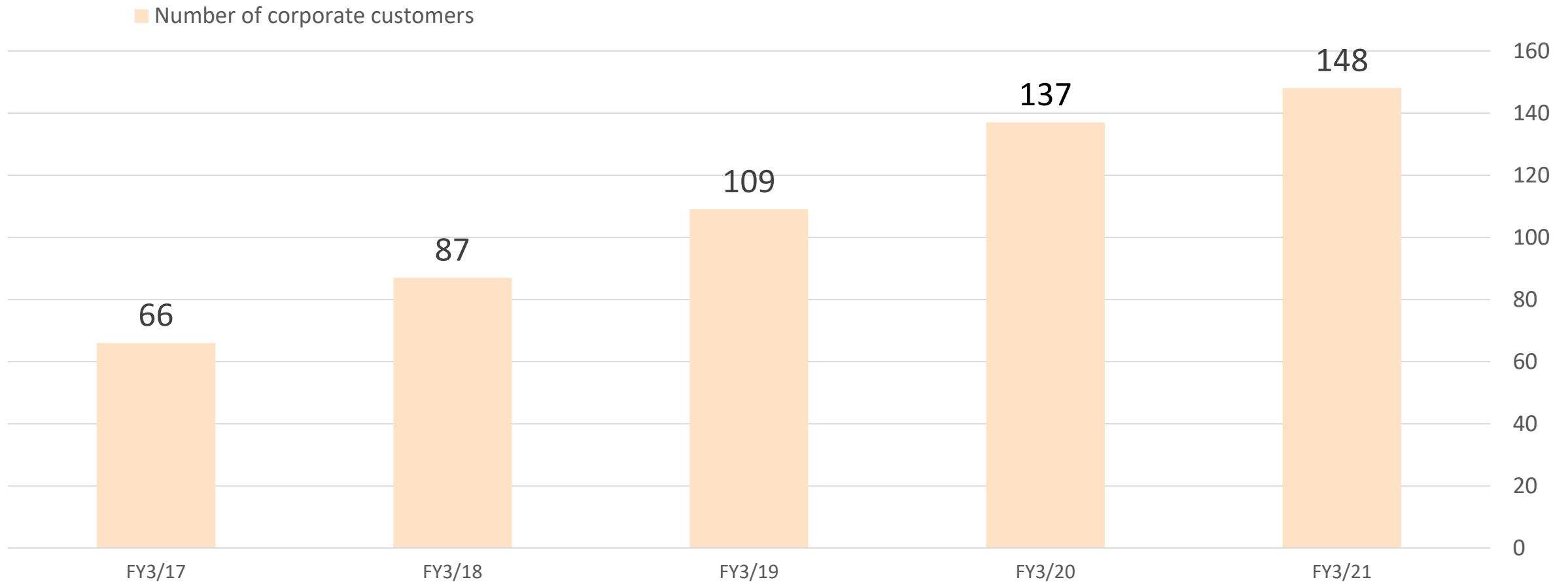
**Users of accessories are increasing steadily.**





# Trends in services for general corporations

As the government is promoting online one-stop social security and tax procedures, the number of systems introduced by general corporations is showing an increasing trend.



# IR news

- May 1, 2020 Redesign of the Shalom Company Edition Logo
- May 8, 2020 Notice of Establishment of the Shalom National Organization and Website
- May 21, 2020 Notice of Change in Format of the FY3/20 Financial Results Meeting
- June 1, 2020 Notice Concerning the “#Remote Work for Business Partners Too” Alliance
- July 31, 2020 Notice of Launch of Cloud Pocket, a New Cloud System
- August 17, 2020 Notice of Completion of the Relocation of the Tokyo Office
- March 25, 2021 Notice of Launch of the “ShaRobo” Robotic Process Automation Service for Shalom



# Growth Strategies:




## Review and Future Development

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# FY3/21 business segment strategy review

## Shalom Business: Market-specific strategies

	Demand remains very strong	<b>Labor and social security attorney market</b>
	Delays in sales meetings about Shalom CE	<b>Large companies market</b>
	Delayed release of DirectHR	<b>Small- and medium-sized companies market</b>

## CuBe Business: Service-specific strategies

	Maintained a stable revenue stream Improved profit margin	<b>Contracted development type semi-customized services</b>
	Activities with other companies to enlarge sales channels	<b>GooooN</b>
	Sold to MK	<b>Nenmatsu-chosei CuBe Cloud (currently eNEN)</b>

# Shalom Business: Market overview

## Overview of the current market

- In terms of the number of labor and social security attorney offices:
- In terms of the number of companies involved by labor and social security attorneys:
- In terms of the number of companies not yet involved by labor and social security attorneys:

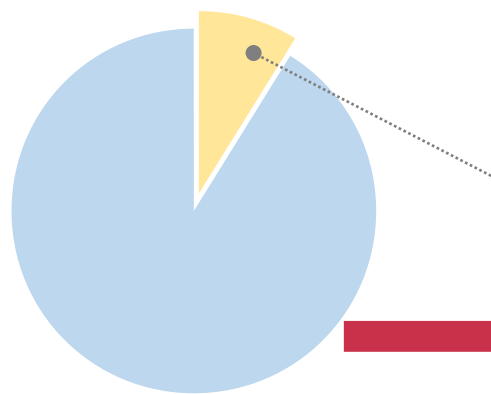
Given that our market share is **9.8%**, there is a large market waiting to be tapped.

The number of clients registered in our systems is **670,000** (**58%** market share).

There is a sufficiently large market still available.

$$\frac{670,000}{3,850,000 \times 30\%}$$

### Labor and social security attorney offices



Number of offices with our systems introduced: **2,602** offices

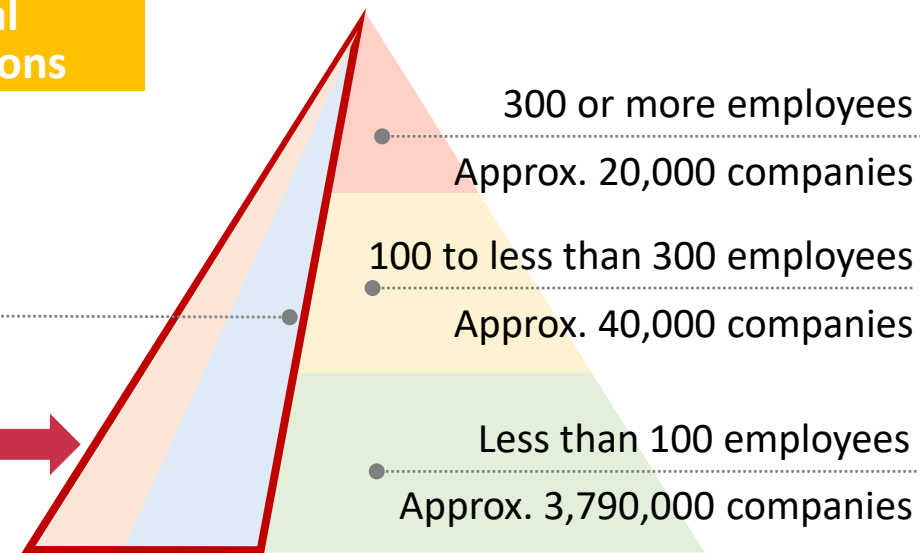
Number of labor and social security attorney offices: **26,453** offices

Market share to all offices: **9.8%**

Number of clients registered in our systems: **670,000**

Percentage of companies involved by labor and social security attorneys: **Approx. 30%**

### General corporations



**Total: Approx. 3,850,000 companies**

# Shalom Business: Market-specific strategies (general corporations)

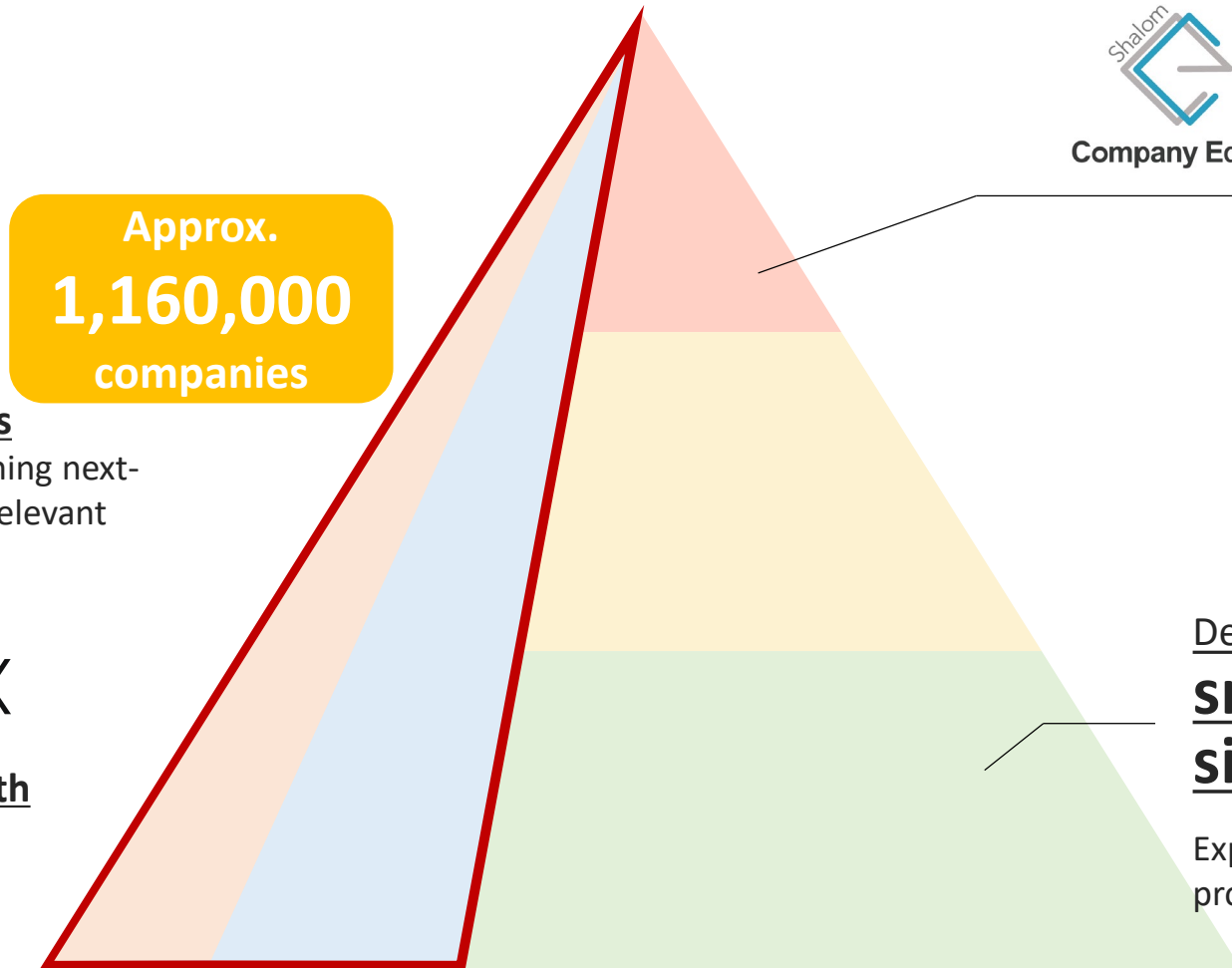
## Promote market-specific strategies (General corporations)



- **Enrich service offerings**  
Strengthen sales by launching next-generation products and relevant campaigns



- **Develop systems in line with amendments to relevant laws and regulations and work style reform**  
Promote online one-stop social security and tax procedures



Percentage of companies involved by labor and social security attorneys:  
Approx. **30%**



Expand the **corporate customer base**

- **Expand the range of service offerings**  
Strengthen the tuning support service  
Strengthen BPO compatibility
- **Win new customers**  
Strengthen marketing activities

Develop **market for small- and medium-sized companies**

Expand sales of new products



**Total: approx. 3,850,000 companies**

# CuBe Business: Service-specific strategies

## Service-specific strategies

### Contracted development type semi-customized services

→ Continue stable operation as a key revenue driver by:

● Steadily improving and maintaining existing systems for existing customers 

● Efficiently developing services with the cost of sales ratio in mind 

### Cloud services

→ Concentrating resources on GooooN

● Using activities with other companies to enlarge sales channels 

● Broad and efficient promotions 





# Consolidated Earnings Forecast for FY3/22 and Other Information

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# Consolidated earnings forecast

## Shalom Business

**Sales:** Demand of systems to support diverse work styles is expected to grow in line with the “digital government initiatives” and “work style reform.”

**Costs:** Profit expected to remain flat due to higher expenses caused by increase in labor cost for strengthening development systems and by expanding sales promotion activities.

## CuBe Business

**Contracted development:** Maintain the same level of sales as in FY3/21 by steadily carrying out improvement and maintenance work.

**Cloud services:** Approach potential customers through various channels with the aim of expanding the market for GooooN.

(Millions of yen, %)

	FY3/22 Forecast	FY3/21 Actual	YoY Change	YoY % Change
<b>Net sales</b>	2,892	2,439	+453	+18.6%
Shalom Business	2,282	1,897	+384	+20.3%
CuBe Business	610	541	+68	+12.6%
<b>Operating profit</b>	220	219	+0	+0.2%
<i>Operating margin</i>	7.6%	9.0%	(1.4)pt	-
<b>Ordinary profit</b>	219	218	+0	+0.2%
<b>Profit attributable to owners of parent</b>	138	137	+0	+0.2%
<b>Basic earnings per share (Yen)</b>	25.47	25.41	+0.06	-

\* The figures of FY3/22 forecast above were those announced on May 10, 2021.

# Earnings forecast by segment: Shalom Business

(Millions of yen, %)

	FY3/22 Forecast	FY3/21 Actual	YoY Change	YoY % Change	
<b>Net sales</b>	2,282	1,897	+384	+20.3%	For sales to labor and social security attorneys, forecast steady growth as in prior years while proceeding with migration to NEW Shalom (Shalom V5.0). For sales to companies, forecast higher sales backed by further strengthening sales and product development activities.
Cloud services	2,167	1,787	+380	+21.3%	
System product sale, others	114	109	+4	+4.2%	
<b>Cost of sales</b>	1,101	915	+185	+20.3%	Forecast an increase in cost of sales because of higher labor cost for strengthening development systems and depreciation expenses associated with upgrading the functions of all Shalom Business products.
<b>Gross profit</b>	1,180	981	+198	+20.2%	
<i>Gross margin</i>	51.7%	51.7%	+0.0pt	-	
<b>SG&amp;A expenses</b>	959	784	+175	+22.4%	Anticipate a decline in operating margin as a result of an increase in sales promotion expenses associated with the strengthening of digital marketing, which is designed to attract new customers.
<b>Operating profit</b>	220	197	+23	+11.9%	
<i>Operating margin</i>	9.7%	10.4%	(0.7)pt	-	

\* The figures of FY3/22 forecast above were those announced on May 10, 2021.

# Earnings forecast by segment: CuBe Business

(Millions of yen, %)

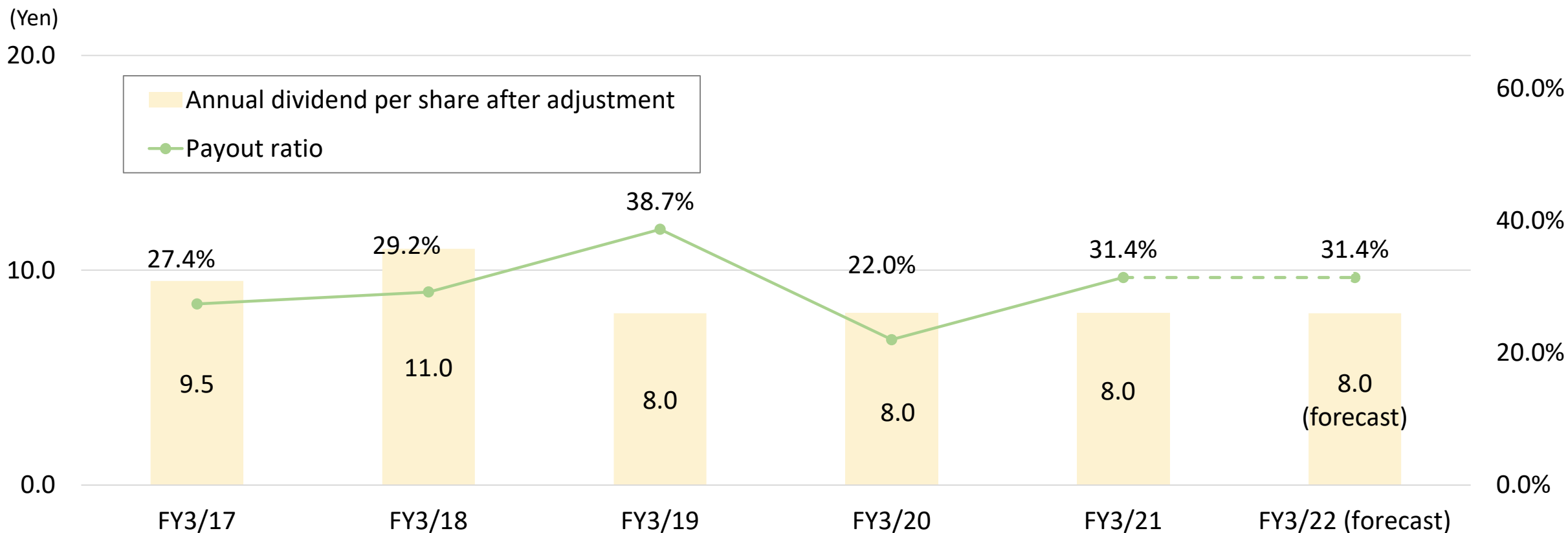
	FY3/22 Forecast	FY3/21 Actual	YoY Change	YoY % Change	
<b>Net sales</b>	610	541	+68	+12.6%	Forecast no change in contracted development sales, with many system improvement and maintenance projects. The cloud services business aims to expand the market for GooooN by approaching potential customers through various channels. However, sales of both businesses tend to be concentrated in the second half of the fiscal year.
Contracted development services	520	495	+24	+4.9%	
Cloud services	90	45	+44	+96.6%	
<b>Cost of sales</b>	395	322	+72	+22.5%	Forecast a lower gross margin due to rises in labor cost and outsourcing expenses.
<b>Gross profit</b>	214	218	(4)	(2.0)%	
<i>Gross margin</i>	35.2%	40.4%	(5.2)pt	-	
<b>SG&amp;A expenses*</b>	215	197	+18	+9.3%	Forecast only a small change in SG&A expenses despite higher personnel expenses to strengthen sales operations and higher expenses caused by the Tokyo office relocation.
<b>Operating profit</b>	(0)	21	(22)	-	
<i>Operating margin</i>	(0.1)%	4.0%	(4.1)pt	-	

\* SG&A expenses include amortization of goodwill (39 million yen).

# Dividend forecast for FY3/22

Our earnings distribution policy is to pay dividends while placing emphasis on the consistent distribution of earnings to shareholders.

The FY3/21 dividend is based on this earnings distribution policy.



\* Consolidated basis

\* The dividends for FY3/17 and FY3/18 have been adjusted for the 2-for-1 split of common stock on April 1, 2018.



# Group Overview and Business Activities

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# Company profile

◆ Company name	MKSystem Corporation
◆ Business	<ul style="list-style-type: none"><li>• The Shalom Business The business of providing software to support business processes associated with social insurance and labor insurance as a cloud service provider.</li><li>• The CuBe Business The business of developing and providing front-end systems that help enhance efficiency of business processes related to personnel and general affairs.</li></ul>
◆ Representative Director and President	Noboru Miyake
◆ Date of incorporation	February 22, 1989
◆ Date of listing	March 17, 2015
◆ Capital stock	219 million yen (Number of issued shares: 5,428,000 shares)
◆ Head office	30F, Umeda Center Bldg., 2-4-12, Nakazaki-nishi, Kita-ku, Osaka, Japan
◆ Sales and R&D bases	Tokyo; Nagoya; Fukuoka; Ninohe, Iwate Prefecture; and Matsuyama
◆ Subsidiary	Business Net Corporation Co., Ltd. (Minato-ku, Tokyo)
◆ Employees	136 (consolidated); 105 (non-consolidated) (both excluding temporary employees)



# Summary of the Group's lines of business

## Shalom Business

### Cloud service

#### ASP service

- Provision of cloud services including software to support business processes associated with social insurance, labor insurance, and payroll
- Provision of cloud services with applications aimed at clients of labor and social security attorney office
- Provision of cloud services with applications aimed at personnel divisions in general corporations

#### System construction service

- Initial set up of cloud services
- Provision of customized services

### System product sale

- Sale of various document forms used in labor and social security attorney's business process
- Sale of terminals, servers and PCs

## CuBe Business

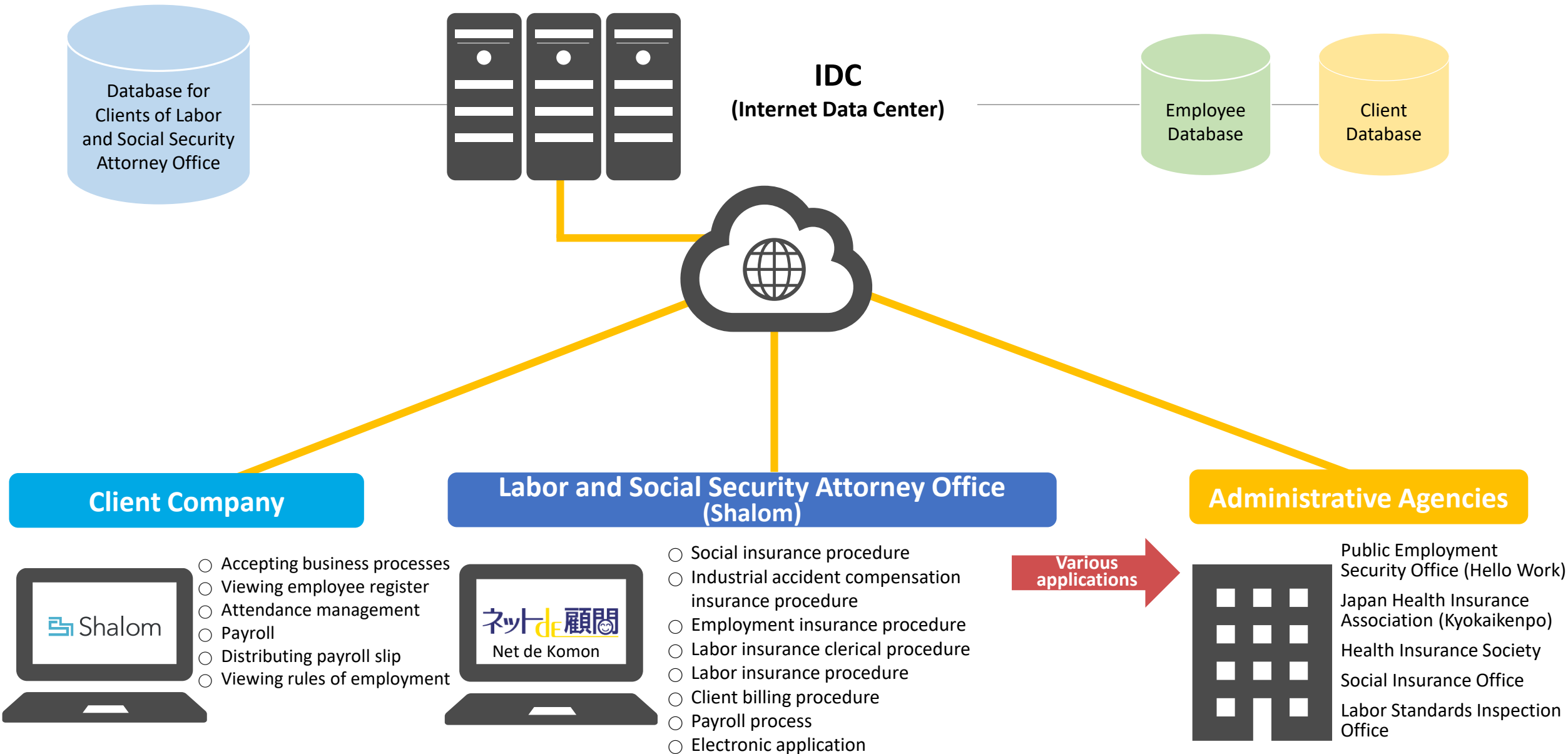
### Contracted development type semi-customized services

- Contracted development of front-end systems connecting corporate functions and employees
- Maintenance of contracted development type systems

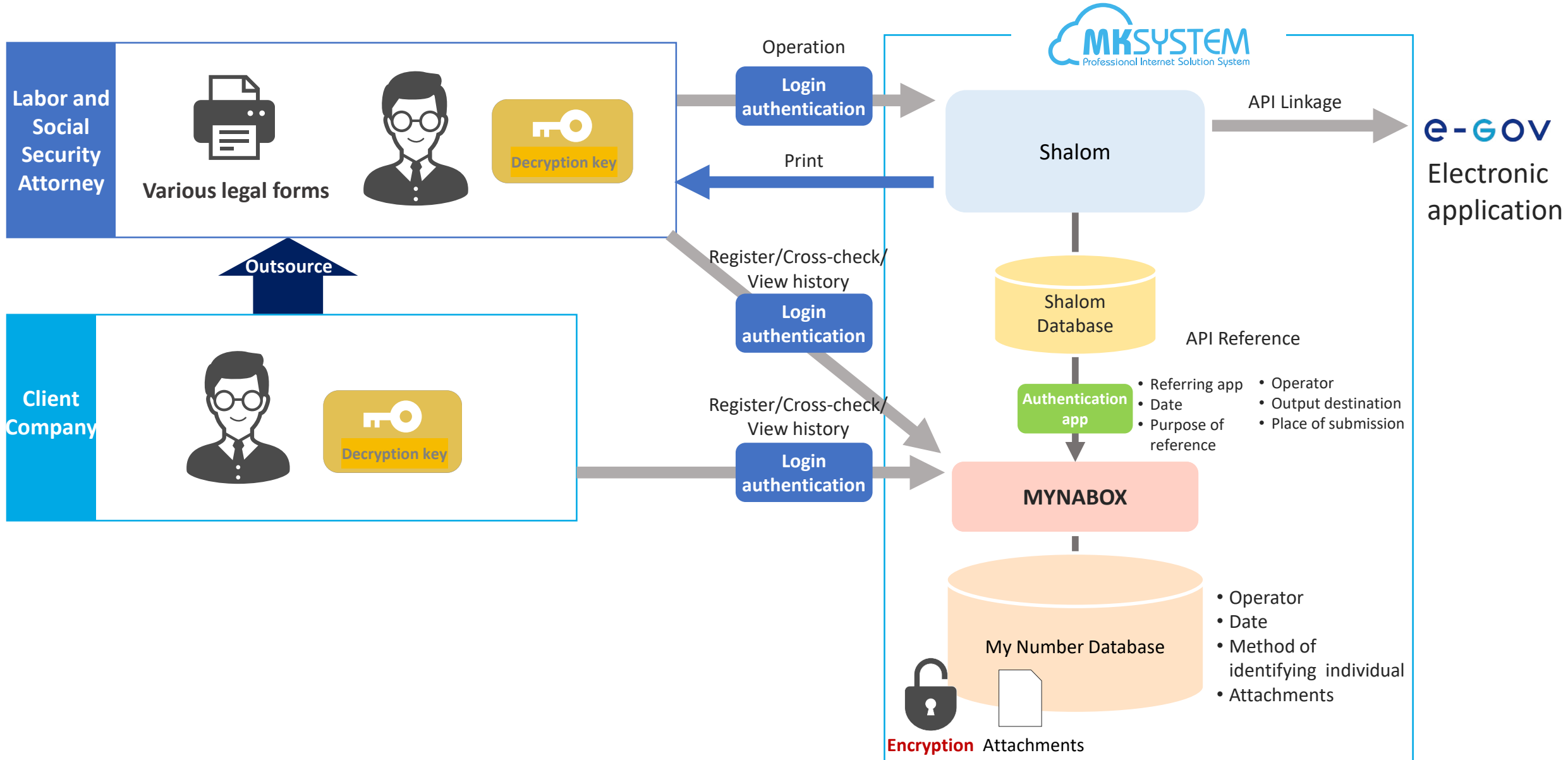
### CuBe Cloud

- Provision of cloud services connecting corporate functions and employees (GooooN)

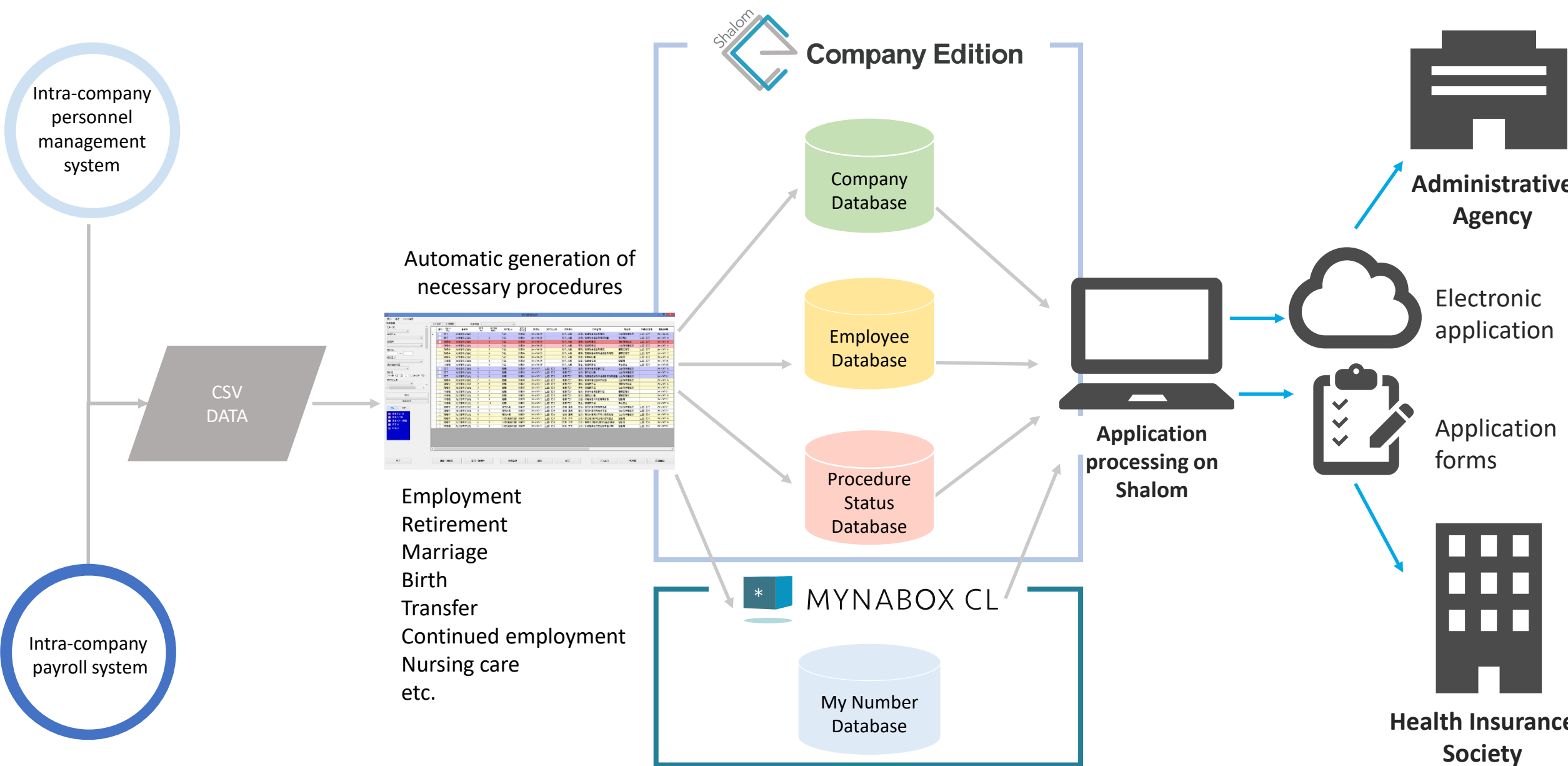
# Our mainstay service (Shalom)



# Our mainstay service (MYNABOX)



# Our mainstay service (Shalom Company Edition)



Intra-company personnel management system

Intra-company payroll system

CSV DATA

Automatic generation of necessary procedures

Employment  
Retirement  
Marriage  
Birth  
Transfer  
Continued employment  
Nursing care  
etc.



Company Edition

Company Database

Employee Database

Procedure Status Database

MYNABOX CL

My Number Database



Application processing on Shalom



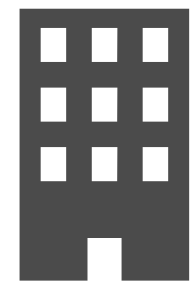
Electronic application



Application forms



Administrative Agency

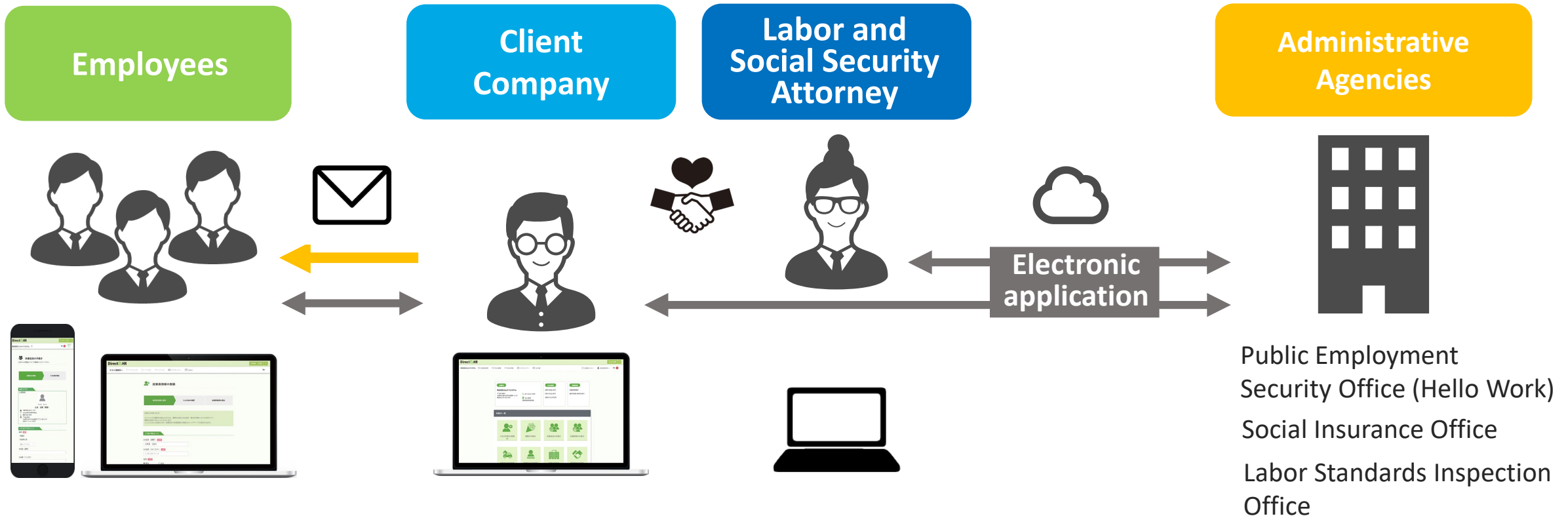


Health Insurance Society

# Our mainstay service (DirectHR)

## DirectHR

Centralized management using the cloud for all applications submitted by employees during their entire time at the company, including for events like childbirth. Smartphones and PCs can be used for applications. Handles everything from data input to e-applications.



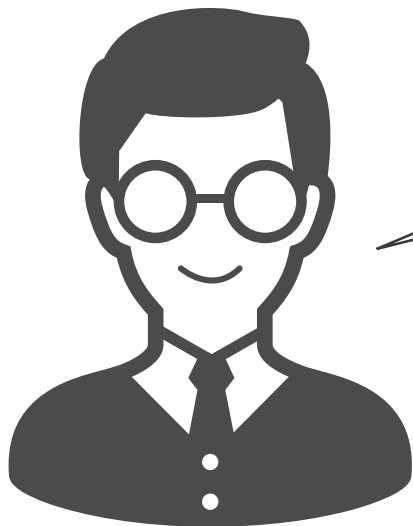
New employment, retirement, addition/deletion of dependents, change of name and address, transfers, employment contracts, senior employment subsidy, start/end of child birth/care leave, nursing care payment, change in monthly salary, basis for calculating monthly salary, insurance benefit payments, change of category, register/change of personal ID number, year-end tax adjustment, payroll slips

# Our mainstay service (eNEN) (1)



Fully supporting year-end tax adjustment operations by reducing tax filing input and implementing progress management function

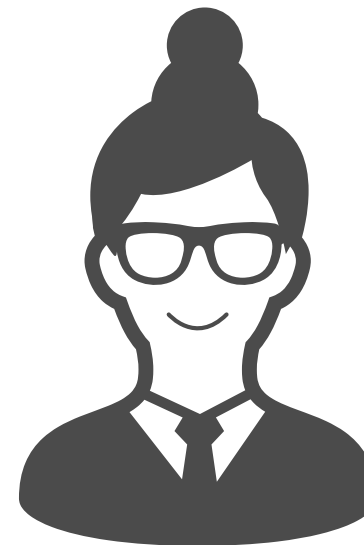
Division in charge  
of operation



Accurate & efficient!

Simple & easy!

Tax filer



- Following up is easy because we can keep track of the progress from filing to completion!
- We can share work among multiple members!
- We have reduced the volume and number of items we have to check manually!

- The system tells me what I should do.
- The entries I have to fill in have become less than before!
- I don't have to think about formula!
- They no longer return to me the forms for correction!

# Our mainstay service (eNEN) (2)



Fully supporting year-end tax adjustment operations by reducing tax filling input and implementing progress management function

## 1. It makes the operation easy to understand!

The screen guides you “what to do,” “when to do,” and “how to do.”



## 2. Registered information is displayed from the start!

- ✓ The screen initially displays a form without redundant inputs.
- ✓ The system automatically calculates the deductible amount.
- ✓ The screen initially displays filling data of the previous year.

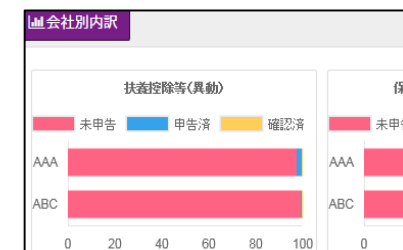
## 3. It reduces your workload at final submission!

- ✓ The system checks for your mistake.
- ✓ The system guides you what to submit.

## Enhanced control with authority settings

Supporting business process of large companies and shared service providers!

Work environment with multiple personnel are classified into three elements (company, department, and person in charge).



## Enhanced efficiency with progress management

It lets you know where the bottleneck is, thereby ensuring on-time delivery!

Progress of each process and the entire business process is managed on the system!





# A new mainstay service (Cloud Pocket)

**NEW!**



Cloud Pocket

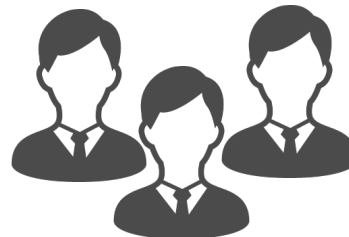
For the safe and easy distribution and receipt of official documents. Greatly simplifies the distribution of job separation forms, benefit receipt qualification confirmation notices, workplace accident forms and other official forms as well as important company forms and other documents.

Client Company



● Official/company forms and documents

Employees



Labor and Social Security Attorney



**Upload** required documents to Cloud Pocket.

Employees can **download** the documents at their convenience.

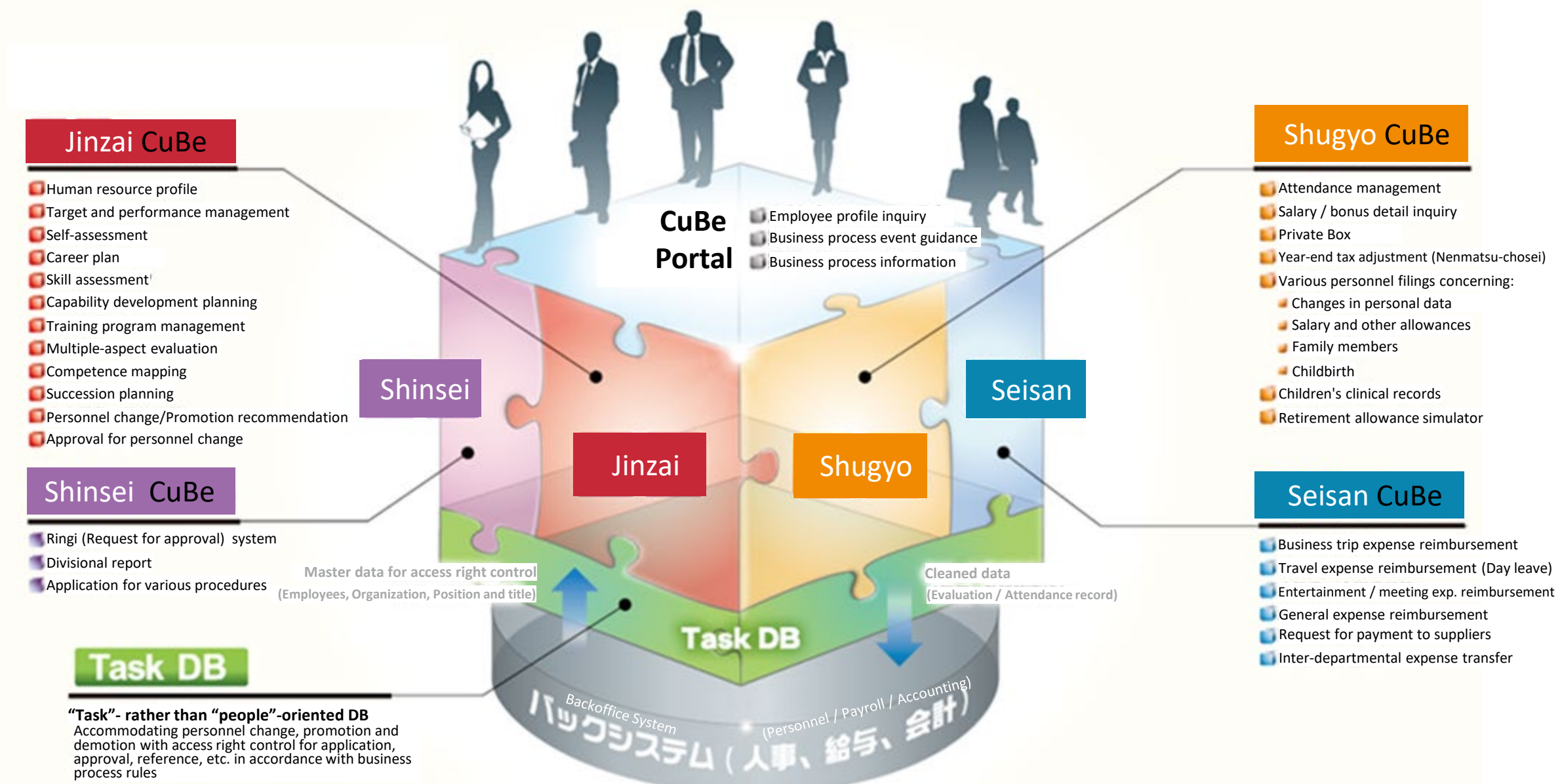
Eliminates the **time** and **expense** needed to send forms and documents by postal mail to individuals at other offices.

✓ Highly secure folders for individuals

✓ Big reduction in the need for postal mail and hand deliveries

✓ Also handles uploads from labor and social security attorney offices

## (Contracted development type semi-customized services)



バックシステム (人事、給与、会計)  
 Backoffice System (Personnel / Payroll / Accounting)

# Our mainstay service (GooooN)

The latest **evaluation and training tool** that you can use **on-site** on a **day-to-day basis**, **crystalizing know-how** that has been used by **large companies** for over 20 years.



GooooN coordinates the above three business operations, deepens communication with employees, and supports **human resource development led by on-site staff.**

- 1 Prompting their growth through processes from execution to evaluation of **actual work.**

## Target & Performance Management

- We wish to let our personnel learn more about the management's intention.
- We wish to set up target & performance management that makes our employees to participate with more enthusiasm.
- We wish to link target management to improvement in corporate performance.

- 2 **Sharing** information from different viewpoints **among people concerned** to encourage daily growth.

## Human Resource Profile Inquiry

- We wish to know personal profile of our staff in a timely manner.
- We wish to manage personnel data in single database and make full use of them.
- We wish to have a system to support employees' career development.
- We wish to have a contact point that directly connects personnel and personnel department.

- 3 Considering about future career, urging the personnel to develop as **he/she wishes.**

## Self-assessment / Career Plan

- We wish to make consideration over my current position and the way I want to be in the future.



“We provide cloud solutions that benefit you”

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The plans, estimates and other forward-looking statements contained in this material are forecast based on information available at the time this material was prepared, and these statements include risk and uncertainty. Actual performance may differ from these statements due to changes in business environment and other factors. In addition, as certain information within this material is quoted from publicly available information, its accuracy is not guaranteed.

