

Financial Results of fiscal 2019 and medium-term management plan

May 12, 2020
Systema Corporation
Security code: 2317
(First Section of the Tokyo Stock Exchange)

Company Outline

[Company name]	Systema Corporation	[Listed Monetary and Commodities Exchange]	TSE 1st Section
[Established]	March 1983	[Capital Stock]	1,513,750,000 Yen
[Fiscal period]	March	[Number of outstanding shares]	112,720,000 shares
[Director]			
Representative Director and Chairman	: Yoshichika Hemmi	Managing Director	: Shinichiro Kawachi
Representative Director and President	: Kenji Miura	Director	: Makoto Taguchi
Managing Director	: Takafumi Kai	Director	: Hiroyuki Fujii
		Director	: Shingo Hemmi
		Outside Director	: Yukio Suzuki
		Outside Director	: Kouichi Ogawa
[Auditor]			
Full-time Corporate Auditor (Outside Corporate Auditor)	: Toru Hishida	Outside Corporate Auditor	: Masao Sato, Yoshihiro Nakamura, Hiroshi Adagawa
[Number of Employees]	Non-Consolidated:2,912/Consolidated:3,915 (As of April 1, 2020)		

Solution Design Business

- ▶ Development of self-driving and in-vehicle systems
- ▶ Development of various social infrastructure systems
- ▶ Development smartphone and web applications
- ▶ Embedded development using robotics, artificial intelligence and IoT
- ▶ Comprehensive support for various systems and services from planning to design, development verification and operation

Framework Design Business

- ▶ Development of mission-critical systems for the financial sector (for the non-life insurance, life insurance, and banking industries), the industrial sector, public sector and other industries
- ▶ Development of infrastructure systems
- ▶ Planning, development and offering of product introduction service

IT Service Business

- ▶ Operation, maintenance, and monitoring of systems and networks
- ▶ Help desk and user support

Solution Sales Business

- ▶ IT-related products for corporate customers, such as servers, computers, peripherals, and software
- ▶ Provision of infrastructure building, virtualization and other IT device/equipment-related services

Cloud Business

- ▶ Offering Systema's own service, 'Canbus.' 'Canbus.IoT', 'Cloudstep', 'Web Shelter'.
- ▶ Offering and supporting introduction of G Suite, Microsoft Office 365, and other cloud services

Overseas Business

- ▶ Mobile communication-related technical support, development and verification support, provision of various solutions
- ▶ Trend research and commercialization of the latest technologies and services

Investment & Incubation Business

- ▶ New business promoted by subsidiary ONE Tech Japan
- ▶ Planning and management of social games for mobile, smartphone, PC by subsidiary GaYa

Domestic Group Companies

● Consolidated subsidiaries

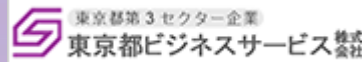


ProVision Co., Ltd.

【Capital】 85,000,000 Yen
【Ratio of capital contribution】
100%

Information terminal software development support, technical support, Mobile device and web-based app quality verification, System operation and maintenance

(Solution Design Business)



Tokyo Business Service Co.,Ltd

【Capital】 100,000,000 Yen
【Ratio of capital contribution】
Systema 51% TOKYO METROPOLITAN GOVERNMENT 49%

Data entry, Large volume output, Mailing service, Secretariat agency, Paperwork agency. Model company for employing heavily disabled persons incorporated jointly with TOKYO METROPOLITAN GOVERNMENT.

(IT Service Business)



IDY Corporation

【Capital】 65,000,000 Yen
【Ratio of capital contribution】
76.7%

Design, manufacture and sales of IoT/M2M router, LTE/3G/WiMAX2+/PHS router, Wi-Fi board, Android terminal, wireless digital signage, antenna etc

(Solution Design Business)



HIS HOLDINGS,INC.

【Capital】 95,000,000 Yen
【Ratio of capital contribution】
25.2%

Development and sale of products (software) for computers and related equipment, Provision of personnel including computer engineers and technicians.

(Solution Design Business)



GaYa Co.Ltd.

【Capital】 75,000,000 Yen
【Ratio of capital contribution】
65%

Planning and management of social games for mobile, smartphone, PC

(Consumer Service Business)



TBSOPERATION CO., LTD

【Capital】 30,000,000 Yen
【Ratio of capital contribution】
Tokyo Business Service Co.,Ltd 100%

Employment transition support and continuous employment support based on the General Support for Persons with Disabilities Act. Employment training for persons with disabilities.

(IT Service Business)



ONE Tech Japan, Inc.

【Capital】 85,000,000 Yen
【Ratio of capital contribution】
87.5%

Provide planning, development, sales and other services in the fields of AI, IoT, robots, Fintech and social media.

(Investment & Incubation Business)

● Equity method affiliated companies

* The company name changed from Internet of Things, Inc. in January 2020.

Overseas group companies

● Consolidated subsidiaries



Systema America Inc.

【Capital】 28,000,000 US dollar
【Ratio of capital contribution】 100%

Mobile communications-related technical support, development and verification support, Provision of various solutions, Trend research and commercialization of the latest technologies and services

(Overseas Business)



Systema Vietnam Co.,Ltd.

【Capital】 200,000 US dollar
(4,200,000,000 Vietnamese DONG)
【Ratio of capital contribution】 100%

Software development, evaluation and verification, operation and maintenance, IT Service in General.
(Solution Design Business)
(Framework Design Business)

● Equity method affiliated companies



StrongKey, Inc.

【Capital】 7,650,000 US dollars
【Ratio of capital contribution】 28.84%

Development and sale of encryption and authentication products

※ StrongAuth, Inc. changed business name to StrongKey, Inc.

(Overseas Business)

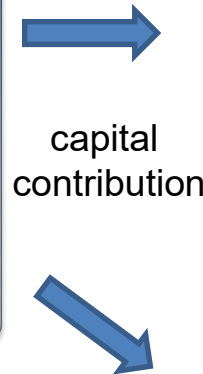


ONE Tech, Inc.

【Capital】 6,000,000 US dollars
【Ratio of capital contribution】 50%

Development and sale of IoT solution packages

(Overseas Business)



Financial Results of fiscal 2019 (Consolidated)

<YoY>

Financial Results (Consolidated)

Software development continued to perform strongly, primarily in the areas of 5G, Internet Services and Digital Transformation. The business scope of IT services have expanded significantly. The Solution Sales Business focused on strong system integration business. For the Cloud Business, we actively expanded the sales promotion of in-house commercial products. As a result of these efforts, we achieved **growth in both revenue and profits**.

(in millions of yens)

	Fiscal 2019		Fiscal 2018		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	64,552	—	59,742	—	4,809	8.1%
Operating profit	8,163	12.6%	6,902	11.6%	1,260	18.3%
Ordinary profit	7,871	12.2%	6,706	11.2%	1,165	17.4%
Profit attributable to owners of parent	5,471	8.5%	4,584	7.7%	886	19.3%

Solution Design Business

Net Sales 22,914 million yen Year-on-year +7.9% **Operating Profit 4,059** million yen Year-on-year +10.7%

- ✓ The impact of unprofitable projects in the Work Process Systems Business has subsided, and sales and profits, which had temporarily declined, have rebounded due to an increase in inquiries and orders for system development in areas such as 5G-related, Internet services, digital transformation (DX), and workstyle reform.
- ✓ Continued to strengthen order-taking activities and project management systems in priority areas.

Framework Design Business

Net Sales 5,771 million yen Year-on-year +9.0% **Operating Profit 1,057** million yen Year-on-year +25.7%

- ✓ The Framework Design Business continued to perform strongly. While large insurance system projects peaked in the existing financial domain, new projects for developing financial, insurance and work process systems progressed well and stayed bullish.
- ✓ In the area of new services, license sales for robot process automation (RPA) solutions, accompanying introduction support and development support showed strong performance.

Point 2

IT Service Business

Net Sales 8,650 million yen Year-on-year +10.5% **Operating Profit 1,264** million yen Year-on-year +18.4%

- ✓ We stepped up sales efforts targeting customers' profit-making divisions while high value-added on-off projects, such as Windows 10 migration and AI and RPA introduction support for internal IT divisions, drove sales and profits.
- ✓ Additionally, we cultivated new customers using AI-related services and IT training as sales hooks.

Solution Sales Business

Net Sales 25,887 million yen Year-on-year +7.7% **Operating Profit 1,622** million yen Year-on-year +40.4%

- ✓ Systems-related projects have increased as a result of the end of support for the Windows7 and WindowsServer2008 operating systems.
- ✓ Leveraging **workstyle reform** as a key concept, we have stimulated demand primarily in the areas of **mobile, security and cloud computing**.
- ✓ We expanded the number of high added-value **one-stop service** projects over what we had envisioned in the **roadmap** in various areas including the introduction of IT equipment, infrastructure building, system development, maintenance and operation.

Cloud Business

Net Sales 1,404 million yen Year-on-year +24.4%

Operating Profit 209 million yen Year-on-year +5.8%

- ✓ The number of orders for the **Canbus increased** as a result of **stimulated demand** based on keywords such as **digital transformation (DX) and data-based** management.
- ✓ System integration related to **Canbus, G Suite, and Cloudstep** was strong, based on keywords such as **workstyle reform** and **telework**.

Overseas Business

Net Sales 147 million yen Year-on-year +22.6%

Operating Profit ▲16 million yen compared to previous period +14million yen

- ✓ **The number of inquiries and orders for unique services using AI and IoT (LoRa)** from various companies in the U.S. and Japan has increased due to consideration of a service and joint sales with **ONE Tech Inc. and ONE Tech Japan Inc.**
- ✓ **We have increased orders for IoT and software development and support services** from **multiple Japanese-owned companies**
- ✓ **We conducted sales activities for StrongKey's security services** in the U.S. as well, following the enforcement of the CCPA.
- ✓ **Operating profit is back to normal from the second half.**

Sales by Segment (Consolidated) <YoY rate>

(in millions of yens)

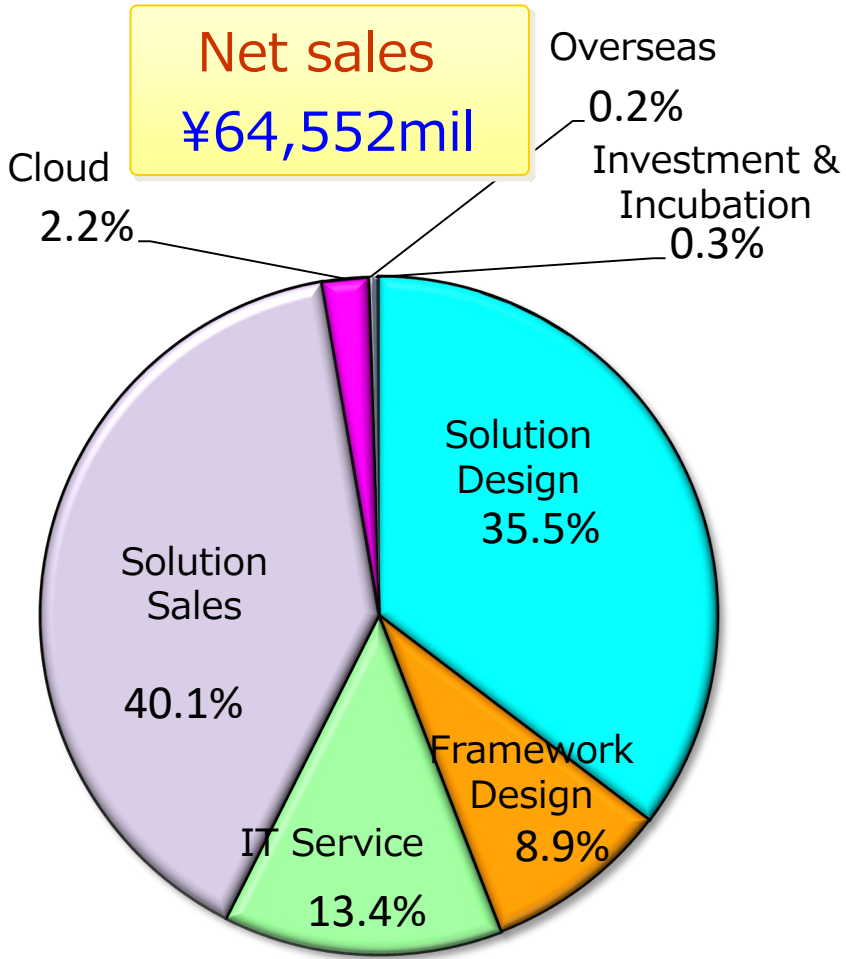
	Fiscal 2019		Fiscal 2018		YoY rate	
	Amount	Sales distribution ratio	Amount	Sales distribution ratio	Amount of change	rate of change
Solution Design	22,914	35.5%	21,234	35.5%	1,679	7.9%
Framework Design	5,771	8.9%	5,294	8.9%	476	9.0%
IT Service	8,650	13.4%	7,827	13.1%	823	10.5%
Solution Sales	25,887	40.1%	24,032	40.2%	1855	7.7%
Cloud	1,404	2.2%	1,129	1.9%	275	24.4%
Overseas	147	0.2%	120	0.2%	27	22.6%
Investment Incubation	213	0.3%	377	0.6%	▲163	▲43.4%
Adjustment	▲437	▲0.6%	▲272	▲0.4%	▲164	—
Total	64,552	100.0%	59,742	100.0%	4,809	8.1%

(in millions of yens)

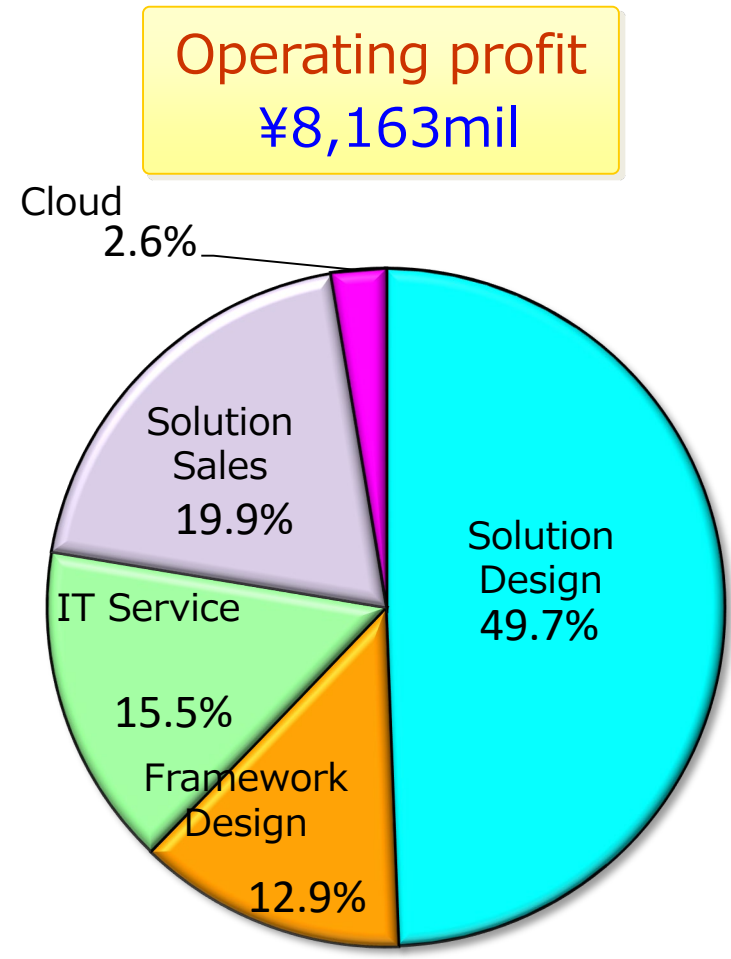
	Fiscal 2019		Fiscal 2018		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Solution Design	4,059	17.7%	3,666	17.3%	392	10.7%
Framework Design	1,057	18.3%	841	15.9%	215	25.7%
IT Service	1,264	14.6%	1,067	13.6%	196	18.4%
Solution Sales	1,622	6.3%	1,155	4.8%	467	40.4%
Cloud	209	14.9%	197	17.5%	11	5.8%
Overseas	▲16	—	▲31	—	14	—
Investment Incubation	▲33	—	4	1.2%	▲38	—
Adjustment	—	—	—	—	—	—
Total	8,163	12.6%	6,902	11.6%	1,260	18.3%

Composition of Net Sales and Operating Profit by Segment

Link People for Happiness



Adjustment ▲0.6%



Overseas ▲0.2%
Investment & Incubation ▲0.4%

Earnings Forecast for Fiscal 2020 (Consolidated, Full Year)

Earnings Forecast for the Full Year (Consolidated)

(in millions of yens)

	Fiscal 2020 Earnings Forecast		Fiscal 2019		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	62,227	—	64,552	—	▲2,325	▲3.6%
Operating profit	7,634	12.3%	8,163	12.6%	▲529	▲6.5%
Ordinary profit	7,370	11.8%	7,871	12.2%	▲501	▲6.4%
Profit attributable to owners of parent	4,967	8.0%	5,471	8.5%	▲504	▲9.2%

Outlook for this Period

Net Sales 24,059 million yen compared with previous period + 5.0%

Operating Profit 4,106 million yen compared with previous period + 1.1%

1. In-vehicle Systems Business ~ Focus on winning orders from high-growth areas! ~

- Orders in the **information field** (infotainment) aimed at improving the comfort of in-vehicle spaces will expand.
- In the **safety field** related to passenger vehicles and fixed route buses, etc., we will expand projects and accumulate expertise based around autonomous driving.
- Strengthen sales of **mobility services** such as **in-vehicle service platforms** that utilize artificial intelligence (AI).

2. Robot & AI Business ~ Focus on the service robots area! ~

- **The development of solutions** that utilize service robots and related **consulting** will expand.
- Training of robotics and AI engineers **in a period of change that will change the workstyle** due to the spread of COVID-19 will lead to increased orders.

3. Internet Services Business ~ Focus on highly profitable areas through selection and concentration! ~

- We will aim to increase the number of orders received in the fields of **service development, for cashless payment**, and to expand and enhance our outsourced development laboratories.
- We will expand into internet service projects based around **5G** and **IoT** and **AI**.
- Expansion from technical support such as development and verification to **operational services and direction to run the service**.

4. Work Process Systems Business ~ Invest energies into alliance-based business! ~

- Expanded service menu utilizing **OSS** (Open Source Software) to increase orders for DX projects.

2. Framework Design Business

Outlook for this Period

Net Sales 5,667 million yen compared to previous period ▲1.8%

Operating Profit 1,010 million yen compared to previous period ▲4.5%

Although market trends are unclear due to the spread of COVID-19, we will continue and horizontally expand existing businesses, expand services in new businesses, and review sales methods.

1. Continue and horizontally expand existing businesses

- Continuation and horizontal expansion of projects centered on insurance/financial systems, business systems and infrastructure building.

2. Work proactively to secure orders for projects based on the keyword of Digital Transformation (DX)

- Accumulate know-how and establish sales channels in order to receive orders for core system renewal and infrastructure building (cloud computing) projects.

3. Engage proactively in new business operations with a focus on collaboration throughout Systema, and collaborative partnerships with manufacturers and vendors

- Expand services such as business automation (RPA), AI, security, cloud, and remote operation, and increase orders for license sales and implementation support services by strengthening cooperation between headquarters, manufacturers, and agents.

4. Response to the declaration of a state of emergency (refraining from going outside)

- Promotion of staggered working hours, shift work, telework, and remote support for business continuity
- From exhibitions, seminars, and face-to-face sales to webinars, web conferences, and web sales

Outlook for this Period

Net Sales 9,282 million yen compared to previous period +7.3%

Operating Profit 1,116 million yen compared to previous period ▲11.7%

1. Focus on service offerings and alliances that are tailored to the business impact of customers

- Promoting telework in the wake of the global spread of COVID-19. We further strengthen our telework and remote work style from a mainly onsite work style. Focusing on alliances with vendors to provide solutions such as telework promotion.

2. Promote the development of new products and services through the use of inside sales

- We will further strengthen our product lineup to meet new markets, customers, and needs, including AI-related services, RPA, security enhancement support, and IT training, and expand the number of customers and sales by promoting the creation, expansion, and development of services through the use of inside sales and other means.

3. Shift management resources to high value-added projects

- We have transformed our services from help desk and system operator, services that mobilize human resources, to high value-added IT support, IT infrastructure, PMO, DX-related support, and cloud installation/support, to develop contracted operations on a per-service basis, providing services directly related to customer business development.

Outlook for this Period

Net Sales 22,000 million yen compared to previous period ▲15.0%

Operating Profit 1,199 million yen compared to previous period ▲26.1%

Facing a difficult start due to a reduction in sales activities because of the spread of COVID-19 and the end of special demand for Windows with the end of support for Windows 7.

Shift the focus to existing business expansion and growth areas based on the expanded customer base

1. Investment in expanding the solutions segment

- **Expand the service menu** and expand sales to the profit division

2. Enhance initiatives aimed at hybrid environments

- **Bolster response for hybrid environments** and alliances with cloud partners

3. Strengthen earnings capacity through expanded sales of services

- Provide **ALL Systema's services on a one-stop basis**

Outlook for this Period

Net Sales 1,327 million yen compared to previous period ▲5.5%

Operating Profit 190 million yen compared to previous period ▲9.2%

During this period, we will aim to increase and expand sales of our own proprietary services, primarily Canbus., and stimulate demand through advance investments aimed at **increasing brand recognition, enhancing product power** and **improving the level of customer satisfaction**.

1. Increase in inquiries by increasing recognition of Canbus.

- Increased orders for the building and replacement of business systems aimed at improving business efficiency and productivity from companies implementing workstyle reforms such as DX and telework.

2. Enhancing services through advance investment

- In order to enable the realization of various services, we will **enhance our product power** and **bolster our human resources** to improve our support capabilities. We will also achieve an **increased level of customer satisfaction**.

Outlook for this Period

Net Sales 158 million yen Year-on-year +7.2%

Operating Profit ▲22 million yen ▲5million yen compared to previous period

- 1. Sales expansion of AI/IoT services in collaboration with ONE Tech Inc. and ONE Tech Japan Inc.**
 - We will expand our sales to the same industries where we have introduced services.
 - We will Exhibit microAI and other IoT solutions at multiple exhibitions in the U.S. to expand sales.
- 2. Technical support for Japanese-owned manufacturing industry in the U.S.**
 - We will work to maintain orders for continuous projects and secure orders for new projects from Japanese-owned companies with which we have existing transactions, and utilize the offshore development in Vietnam.
- 3. Begin full-scale sale of StrongKey products in the U.S. as well**
 - At the same time as selling in Japan, we will also bolster sales of Security products for companies with branches in California, USA, to coincide with the enforcement of the CCPA* in 2020 July.

* The CCPA (California Consumer Privacy Act) is a California state law that gives consumers the right for control of the handling of their own personal information. The act applies not only to companies located within the state of California, but all companies that have net sales of a certain level (\$25 million and above) and have acquired personal information (including business cards and e-mail addresses) from citizens of the state of California.

Sales by Segment

(in millions of yens)

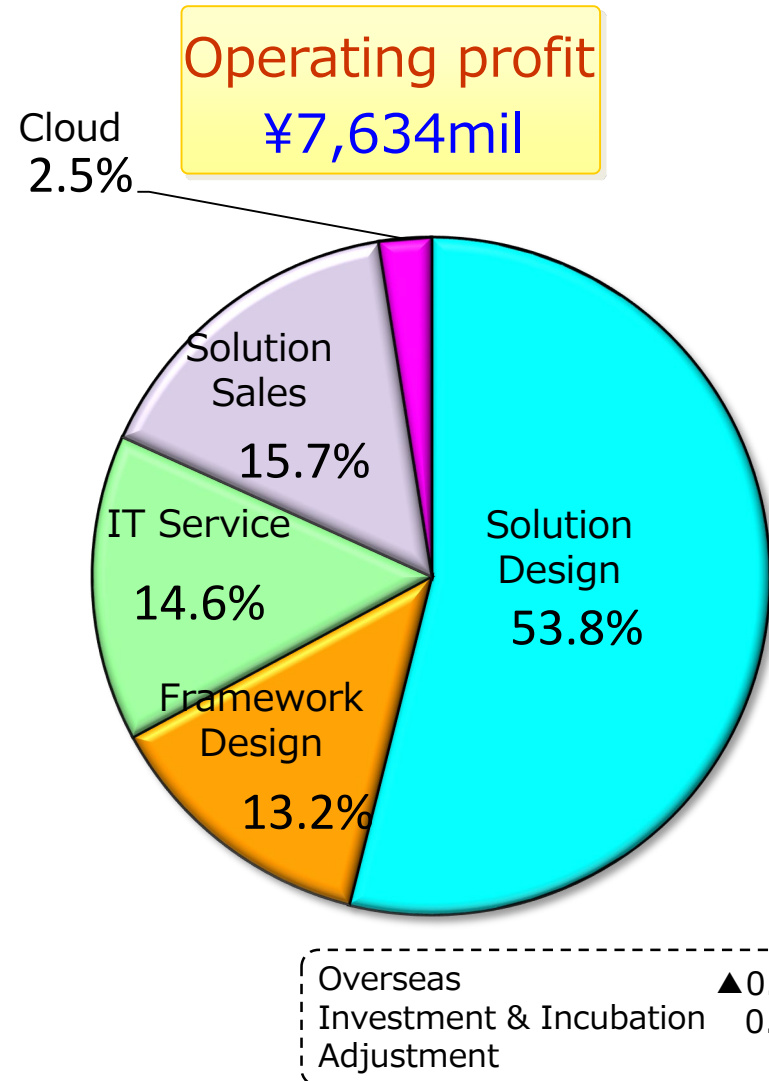
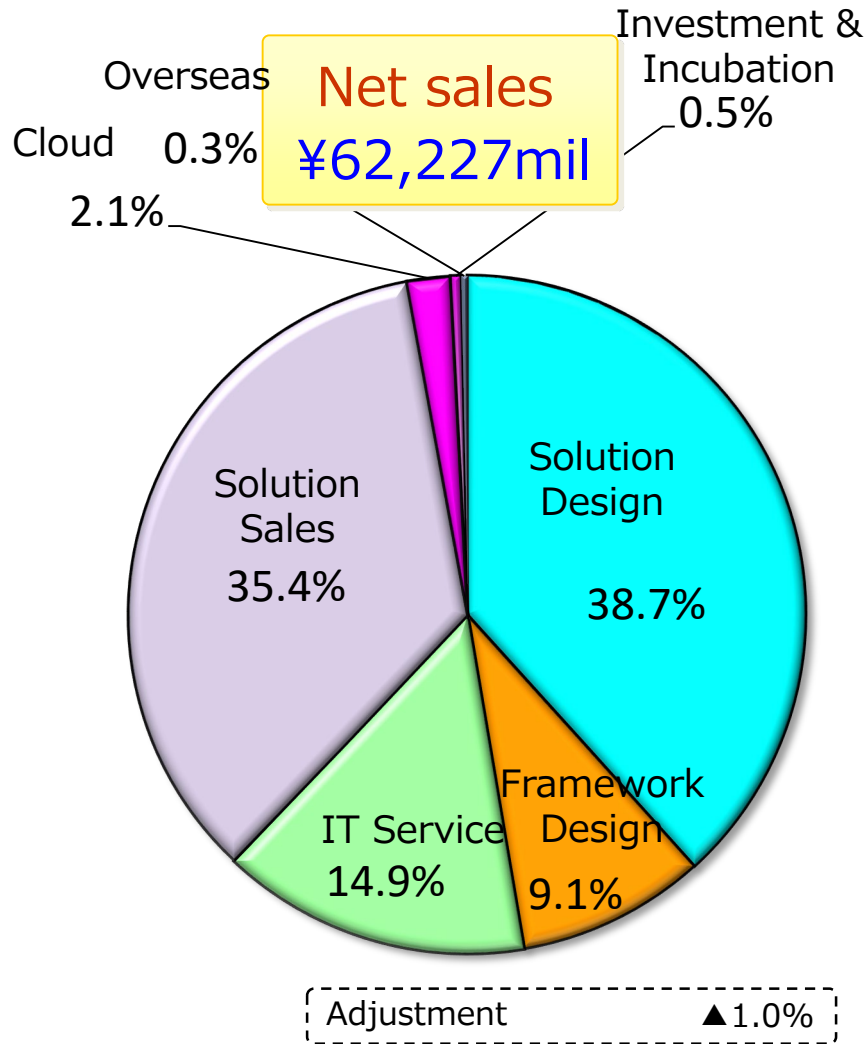
	Fiscal 2020 Earnings Forecast		Fiscal 2019		YoY rate	
	Amount	Sales distribution ratio	Amount	Sales distribution ratio	Amount of change	rate of change
Solution Design	24,059	38.7%	22,914	35.5%	1,144	5.0%
Framework Design	5,667	9.1%	5,771	8.9%	▲104	▲1.8%
IT Service	9,282	14.9%	8,650	13.4%	631	7.3%
Solution Sales	22,000	35.4%	25,887	40.1%	▲3,887	▲15.0%
Cloud	1,327	2.1%	1,404	2.2%	▲77	▲5.5%
Overseas	158	0.3%	147	0.2%	10	7.2%
Investment Incubation	334	0.5%	213	0.3%	120	56.5%
Adjustment	▲600	▲1.0%	▲437	▲0.6	▲162	—
Total	62,227	100.0%	64,552	100.0%	▲2,325	▲3.6%

Operating profit by Segment

(in millions of yens)

	Fiscal 2020 Earnings Forecast		Fiscal 2019		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Solution Design	4,106	17.1%	4,059	17.7%	46	1.1%
Framework Design	1,010	17.8%	1,057	18.3%	▲47	▲4.5%
IT Service	1,116	12.0%	1,264	14.6%	▲148	▲11.7%
Solution Sales	1,199	5.5%	1,622	6.3%	▲423	▲26.1%
Cloud	190	14.3%	209	14.9%	▲19	▲9.2%
Overseas	▲22	▲13.9%	▲16	▲11.2%	▲5	—
Investment Incubation	35	10.5%	▲33	▲15.7%	68	204.6%
Adjustment	—	—	—	—	—	—
Total	7,634	12.3%	8,163	12.6%	▲529	▲6.5%

Composition of Net Sales and Operating Profit by Segment



Systema Group Management Objectives and Basic Policy

The management objective of the Systema Group is **to become one of Japan's leading IT companies and support the Japanese economy from the ground up!**

To achieve this, we embrace the basic policy of balanced management, controlling the conflicting qualities of “destruction and creation,” “stability and growth” and “maintenance and innovation” in the right balance while continually placing the axis of management at the central point of the pendulum.

- Stable and high dividends
- High return on equity
- High ratio of operating profit to sales

To achieve these targets, we will strive to establish a high earnings structure consistent with a basic management policy emphasizing balance between growth and stability.

Systema

New medium-term management plan <five-year> (Fiscal 2019~ Fiscal 2023)

Major Management Policy

Improve Productivity with Data-Driven Management

- We will implement high-precision cost price management and grasp real profits and losses at an early stage by utilizing IT business management systems built using our proprietary Systema-developed platform Canbus.
- Based on visualization of management data and management information enumerated using predictive AI, we will seek to thoroughly improve productivity with the aim of maximizing profits.

Strategies

- (1) **Automotive**
- (2) **“Cashless”/payment settlement**
- (3) **Robotics/IoT/RPA/cloud**
- (4) **Own-brand products and services**

We will **focus management resources** on the fields expected to experience the most growth over the next decade.

Targeted Management Indicators and Outlook for Fiscal 2023

(hundreds of millions of yen)

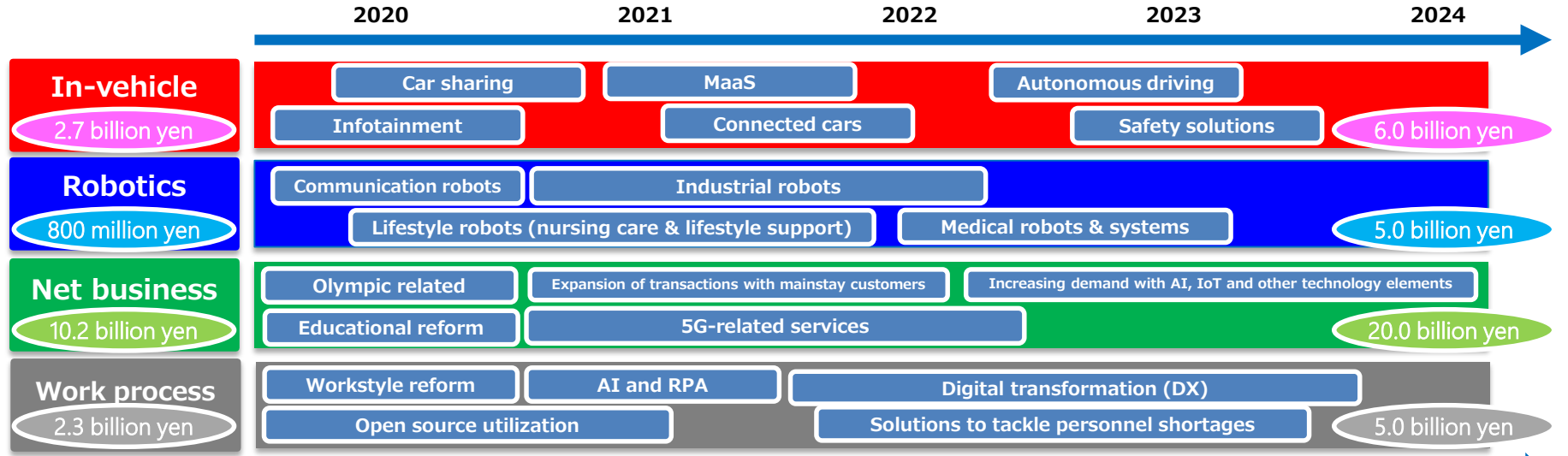
KPI	2019/3	2020/3	2021/3 Earnings Forecast	2024/3
Net Sales	59,742	64,552	62,227	101,000 (1.7x)
Operating Profit	6,902	8,163	7,634	15,200 (2.2x)
Operating profit margin	11.6%	12.6%	12.3%	15.0%
Operating profit per employee	2.16	2.32	1.89	2.60 (20% increase)
ROE	24.6%	25.5%	20.6%	25%

We will aim to achieve:

- ✓ **Net sales** of **101 billion yen**
- ✓ **Operating profit** of **15.2 billion yen**
- ✓ **Operating profit margin** of **15%**
- ✓ **Operating profit per employee** of **2.6 million yen**
- ✓ **ROE** of **25%**

1. Solution Design Business

- ✓ **Aim to expand business operations to a wide range of industries** with technical support utilizing **technological capabilities developed through service experience in the in-vehicle and net business fields**, which have grown into core business areas.
- ✓ **Aim to expand business operations in the robotics industry, where demand is expected to increase** due to personnel shortages and other such factors, based on our **extensive development track record**.
- ✓ **Also aim to expand business operations in the work process field by increasing our track record in developing work process systems**, the need for which stems from factors such as personnel shortages, DX and replacement/renewal of legacy systems.



2. Framework Design Business

- ✓ **Deploy finance and insurance-related expertise** accumulated so far, while at the same time seeking to **accumulate expertise for responding to needs for digitalization** and **deploying this expertise proactively in serving both new and existing customers.**
- ✓ Expand and enhance services with a focus on automation.

Accumulate and deploy expertise for response to needs for digitalization in new fields

Net Sales: 0 → 1.5 billion yen Operating Profit: 0 → 300 million yen

Cloud Agile Open source Package utilization Front system SCM/CRM

Expand business domains, renew and integrate mission-critical systems to respond to digitalization with respect to existing customers

Net Sales: 4.76 → 6.0 billion yen Operating Profit: 750 → 800 million yen

Insurance Banking
Social infrastruc ture IT infra structure Electronic payments

FinTech Digitalization
Cashless payment Point conversion Net banking

Expansion and enhancement of new services with a focus on automation and streamlining

Net Sales: 0.54 → 2.5 billion yen Operating Profit: 100 → 500 million yen

Automated diagnosis Deployment support
License sales AI-related



3. IT Service Business

Create and implement a new business model together with customers, and become a transformational organization that raises corporate value through continually tackling new challenges based on experiences and past results.

- We will engage in **outsourced business operations** on an individual service basis, with services such as **IT support, IT infrastructure, PMO** and **LABO** offering high added value based on expertise developed through various projects.
- As market trends become more short-lived and change drastically, we will shift to providing services to match essential (i.e. indispensable) parts and trends in order to **link in directly with customers business operations**.
- Most recently, we are working to **increase customer number and sales by investing efforts into delivering new products and services** such as AI, chat bots and RPA.

Stable recruitment of engineers

Speed up & bolster human resources development, shorten development time from 5 years to 2 years

Infrastructure work

PMO work

RPA, AI, chat bots



By increasing sales from outsourced businesses such as IT support, IT infrastructure, PMO and LABO from current sales of 4.5 billion yen to **8.0 billion yen** five years from now, we will seek to increase our overall **gross profit margin** from **30%** to **34%**.



4. Solution Sales Business

Provide solution services aimed at solving management issues faced by customers (such as improving productivity, reducing costs, and bolstering security) using Systema's overall sales capabilities in order to create and expand added-value business, and transform into **an ICT partner that supports customers' business operations**; and link this transformation on to a **continuous improvement in sales and profits**.

Business Strategy

- Bolster response to data centers and hybrid environments
- Increase inter-divisional synergies and expand services
- Expand subscription and stock businesses

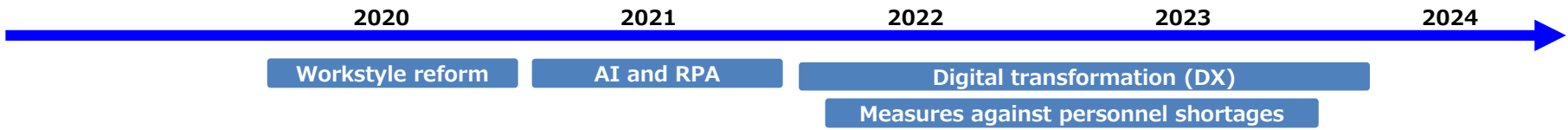
Numerical Targets

Business Type	FY2018	FY2023 Target	Change
Existing business	Baseline	+34% increase	+34%
Service business	Baseline	+176% increase	+176%
Cloud business	Baseline	+341% increase	+341%



5. Cloud Business

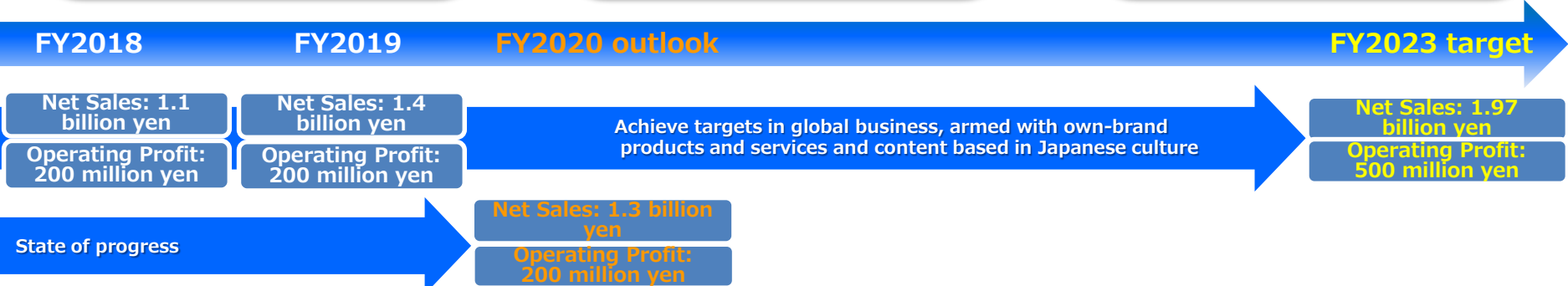
- ✓ **Implement a high added-value subscription model**, primarily for Canbus.
- ✓ **Aim to achieve growth with high added-value business operations in the field of work process SI**, utilizing the advantages of Canbus.
- ✓ **Aim to expand and enhance new services and achieve further growth through research and development of new technology elements such as AI and IoT.**



Canbus.
Canbus. is a business application platform. This service enables anyone to create and operate work process services easily, irrespective of their IT literacy. We will appeal to customers about its capabilities to resolve corporate management issues such as DX and workstyle reform.

Cloudstep
CloudStep groupware can be used as an add-on for G Suite and Office365. We will appeal to customers about its capabilities to improve corporate productivity and workstyle diversity.

New Services
We will create new services from R&D, primarily in areas such as IoT, AI and security.



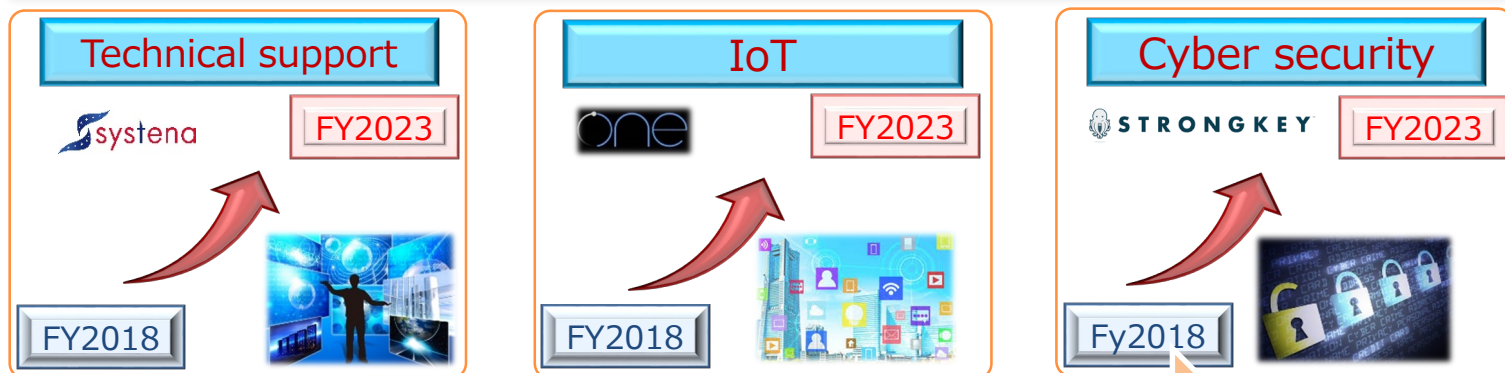
6. Overseas Business (Systema America Inc.)

- ✓ Aim to increase joint orders with OneTech in the continuously expanding field of IoT, based on technical support for Japanese-owned companies in the United States.
- ✓ Provide support for countermeasures against data leaks for public institutions and private sector companies in Japan, by providing the latest technologies including StrongKey cyber security products; and unearth new technologies and markets.

Business Strategy

- Bolster technical support for Japanese-owned companies in the U.S.
- Increase orders received for IoT projects, both in the U.S. and globally
- Bolster support for cyber security measures in Japan

Key fields



Contribution to Systema (Japan): Net Sales: 1.5 billion yen, Operating Profit: 800 million yen

FY2018

FY2019

FY2020 outlook

FY2023 target

Net Sales: 100 million yen

Net Sales: 100 million yen

Operating Profit: -30 million yen

Operating Profit: -10 million yen

Unearth the next new technologies and markets

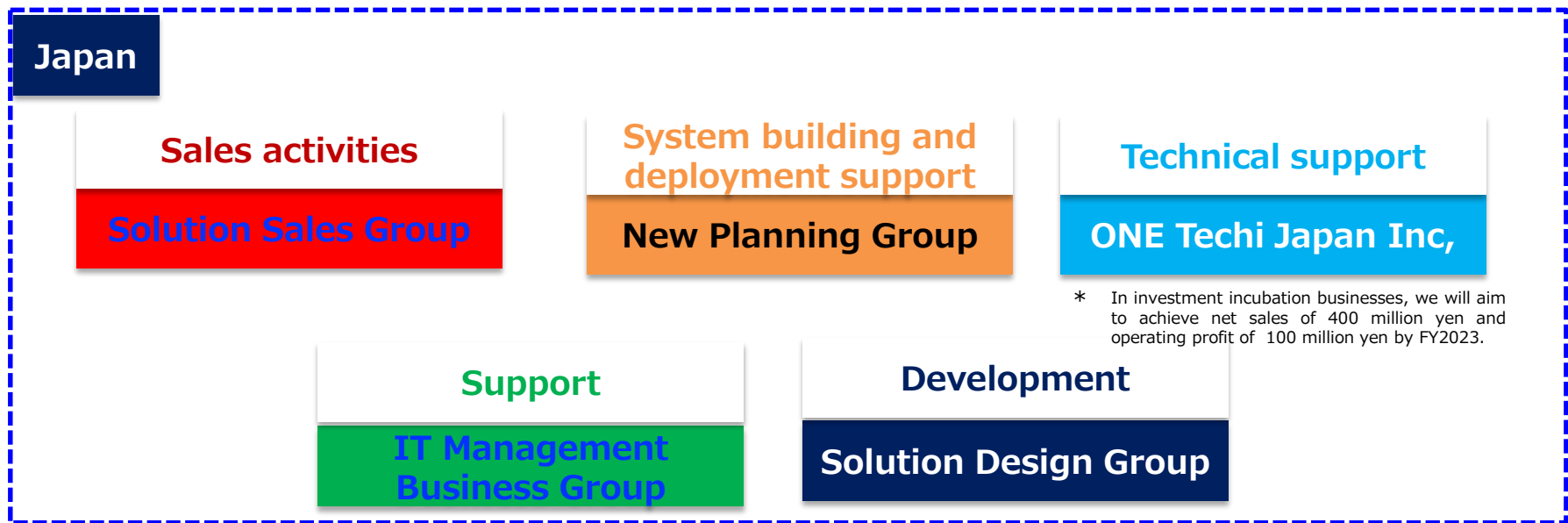
Net Sales: 640 million yen

Operating Profit: 250 million yen

State of progress

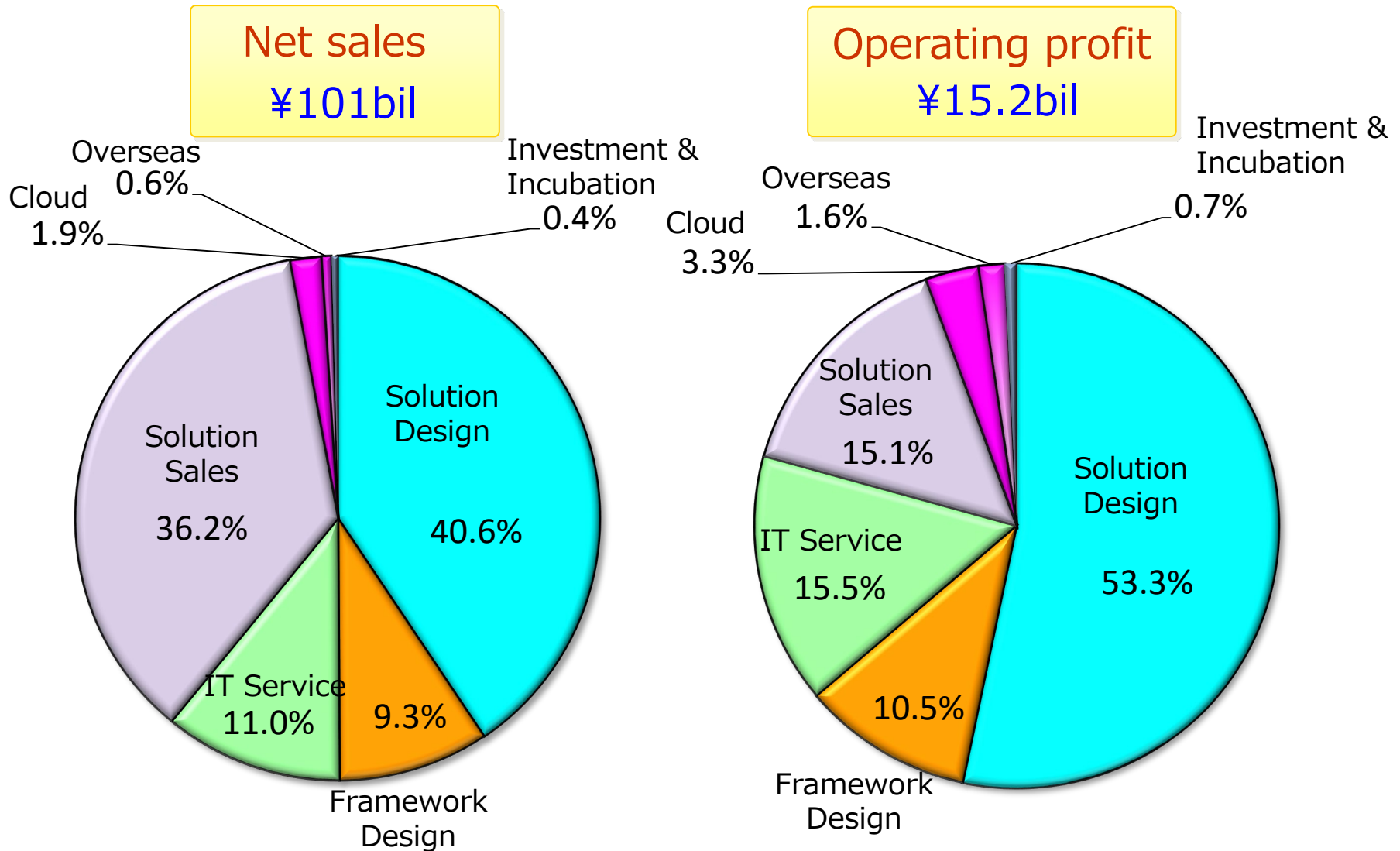
Net Sales: 150 million yen

Operating Profit: -20 million yen



We will aim to consolidate the strengths of each division and deliver these services in Japan with an “All Systema” approach.

Composition of Net Sales and Operating Profit by Segment





ALL Systema

Making digital society a happy society.
Systema IT Services



<https://www.systema.co.jp/>

The earnings forecasts described in this document and mentions of future events are predications based on the information available at the time of publication, and may incorporate uncertain factors. Please note that actual business performance can fluctuate due to various factors including changes in the economic or business environment.