

# Financial Results for the first quarter of fiscal 2023 and medium-term management plan

July 28, 2022  
Systema Corporation  
Security code: 2317  
(Prime Market of the Tokyo Stock Exchange)

# Company Outline

**[Company name]** Systema Corporation

**[Established]** March 1983

**[Fiscal period]** March

**[Director]** Representative Director : Yoshichika Hemmi  
and Chairman  
Representative Director : Kenji Miura  
and President  
Director : Makoto Taguchi

**[Listed Monetary and  
Commodities Exchange]**

**[Capital Stock]**

**[Number of outstanding shares]**

TSE Prime market

1,513,750,000 Yen

450,880,000 shares

Outside Director : Yukio Suzuki

Outside Director : Kouichi Ogawa

Outside Director : Mari Itoh

Director : Hiroyuki Fujii

Director : Shingo Hemmi

Director : Hiroshi Kotani

Full-time Corporate Auditor (Outside Corporate Auditor) : Toru Hishida  
Outside Corporate Auditor : Yoshihiro Nakamura, Hiroshi Adagawa, Nobushige Tokuono

**[Number of Employees]** Non-Consolidated:4,014/Consolidated:5,441 (As of July 1, 2022)

## Solution Design Business

- ▶ Planning, design, development and verification support for automated driving and in-car systems, products and telecommunications services
- ▶ Planning, design, development and verification support for Internet-based business, commercial apps, web services, social infrastructure-related systems, IoT, AI and robot-related services

## 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

## IT Service Business

- ▶ Provision of IT outsourcing services including operation/maintenance/monitoring of systems and networks, help desk/user support, data input, large-volume output, software development support and technical support for information devices, quality verification of mobile devices/Web applications

## Business Solution 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
- ▶ Provision of RPA solutions

## Cloud Business

- ▶ Offering Systema's own service, 'Canbus.' 'Canbus.IoT', 'Cloudstep', 'Web Shelter'.
- ▶ Offering and supporting introduction of Google Workspace, 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

- ▶ Planning and management of social games for mobile, smartphone, PC by subsidiary GaYa

# Domestic Group Companies

## ● Consolidated subsidiaries

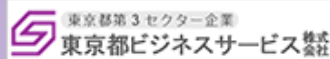


### ProVision Co., Ltd.

【Capital】 85,000,000 Yen  
【Ratio of capital contribution】 99.6%

・Comprehensive internet service business focusing on development support and quality evaluation of mobile terminal apps and internet content

(IT Service Business)



### Tokyo Business Service Co., Ltd

【Capital】 100,000,000 Yen【Ratio of capital contribution】 Systema 51% TOKYO METRO-POLITAN 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)



### TBSOPERATION CO., LTD

【Capital】 40,000,000 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)



### 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

( Business Solution Business)



### GaYa Co.Ltd.

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

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

(Investment & Incubation 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)



### MINGAL, Inc.

【Capital】 100,000,000 Yen  
【Ratio of capital contribution】 60.0%

Development, distribution, maintenance, and operation of cloud services relating to professional practice

(Cloud Business)



### HIS HOLDINGS, INC.

【Capital】 95,000,000 Yen  
【Ratio of capital contribution】 25.0%

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

(Solution Design Business)

## ● Equity method affiliated companies

# 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】 28.8%

Development and sale of encryption and authentication products

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

(Overseas Business)

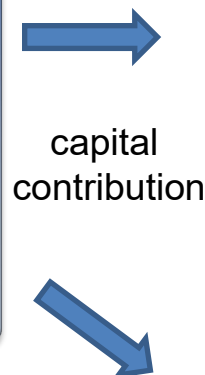


**ONE Tech, Inc.**

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

Development and sale of IoT solution packages

(Overseas Business)



# Financial Results for first quarter of fiscal 2022 (Consolidated)

<YoY rate>

# Financial Results 1Q (Consolidated)

(in millions of yens)

	1Q Fiscal 2022		1Q Fiscal 2021		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	<b>17,627</b>	<b>—</b>	15,331	—	<b>2,295</b>	<b>15.0%</b>
Operating profit	<b>1,821</b>	<b>10.3%</b>	1,755	11.4%	<b>66</b>	<b>3.8%</b>
Ordinary profit	<b>1,879</b>	<b>10.7%</b>	1,702	11.1%	<b>177</b>	<b>10.4%</b>
Profit attributable to owners of parent	<b>1,285</b>	<b>7.3%</b>	1,144	7.5%	<b>140</b>	<b>12.3%</b>

# Point 1

## Solution Design Business

<b>Net Sales</b>	<b>5,325</b>	million yen	Year-on-year +12.0%	<b>Operating Profit</b>	<b>689</b>	million yen	Year-on-year ▲0.9%
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- ✓ The in-car business, social infrastructure business, and net business, mainly "mobility," "5G," and "cashless payment," remained firm.
- ✓ The number of inquiries for digital transformation projects increased. We are actively promoting new business development as a growth field.
- ✓ Orders for IT consulting and IT services increased. Since the number of inquiries is high, we will continue to focus on them.

## Framework Design Business

<b>Net Sales</b>	<b>1,422</b>	million yen	Year-on-year +25.2%	<b>Operating Profit</b>	<b>238</b>	million yen	Year-on-year +55.2%
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- ✓ In the financial sector, the number of inquiries, especially for DX-related projects, increased. We are actively expanding into new areas such as cloud business and the use of AI.
- ✓ In the public sector, with projects related to the Social Security and Tax Number (My Number) as a starting point, we are actively expanding into projects for central government offices. Expansions in both apps and infrastructures are in progress.
- ✓ In the corporate sector, we have bolstered the commissioned development business and acquired new projects through integrated services of maintenance and development using development labs.

# Point 2

## IT Service Business

Net Sales 4,316

million yen

Year-on-year  
+18.4%

Operating Profit 526

million yen

Year-on-year  
+17.3%

- ✓ We focused on expansion of PMO services, in a situation where **IT support that assists** customers in **advancing their business** and the **reconstruction/optimization of conventional IT environments** are advancing. The **sales and profits** increased due to **high value-added** projects that create a new workstyle for customers.
- ✓ We strengthened use of inbound sales and developed new customers, using **IT training** and **security services** as a sales hook.

## Business Solution Business

Net Sales 6,267

million yen

Year-on-year  
+14.0%

Operating Profit 358

million yen

Year-on-year  
▲11.3%

- ✓ Despite uncertainties such as a rise of product prices due to depreciation of yen and difficulties to procure IT devices due to shortage of semiconductor supply, we strengthened our sales activities in response to the lifting of the priority measures to prevent the spread of COVID.
- ✓ In the system integration business, we received orders for building of hybrid environments, migration to a cloud environment for digitalization, system development projects, and maintenance services.
- ✓ Though the net sales increased, the operating profit decreased due to increased fixed costs.
- ✓ We expanded the number of high added-value **one-stop service** projects over what we had envisioned in the **roadmap** in a number of areas, including the introduction of IT equipment, infrastructure building, system development, maintenance and operation.



## Cloud Business

**Net Sales** 392 million yen Year-on-year +4.5% **Operating Profit** 63 million yen Year-on-year ▲6.5%

- ✓ The number of inquiries for "**Canbus.**" increased as companies shifted their operation to **data-driven** ones with an eye on a post-COVID-19 society.
- ✓ The number of orders for **integration for operational reforms increased** from the customers that use "**Canbus.**" to facilitate their digital transformation.
- ✓ New markets for "Canbus." further cultivated because of **strengthening of our alliances.**

## Overseas Business

**Net Sales** 33 million yen Year-on-year ▲17.4% **Operating Profit** ▲10 million yen Year-on-year ▲6 million yen

- ✓ **Orders for projects for development of PoC,** where Japanese companies verify start-ups' technologies **remained strong.** We will lead it to full-scale development, which is subsequent to the PoC development.
- ✓ **The number of inquiries and orders for "Canbus.,"** a DX service for work efficiency improvement that has established a track record in Japan, **increased in the U.S. as well.**
- ✓ **The number of inquiries and orders for Remo-oTe, a remote BPO service, increased** against a background of spreading COVID-19 infection and high labor costs.

## Sales by Segment

(in millions of yens)

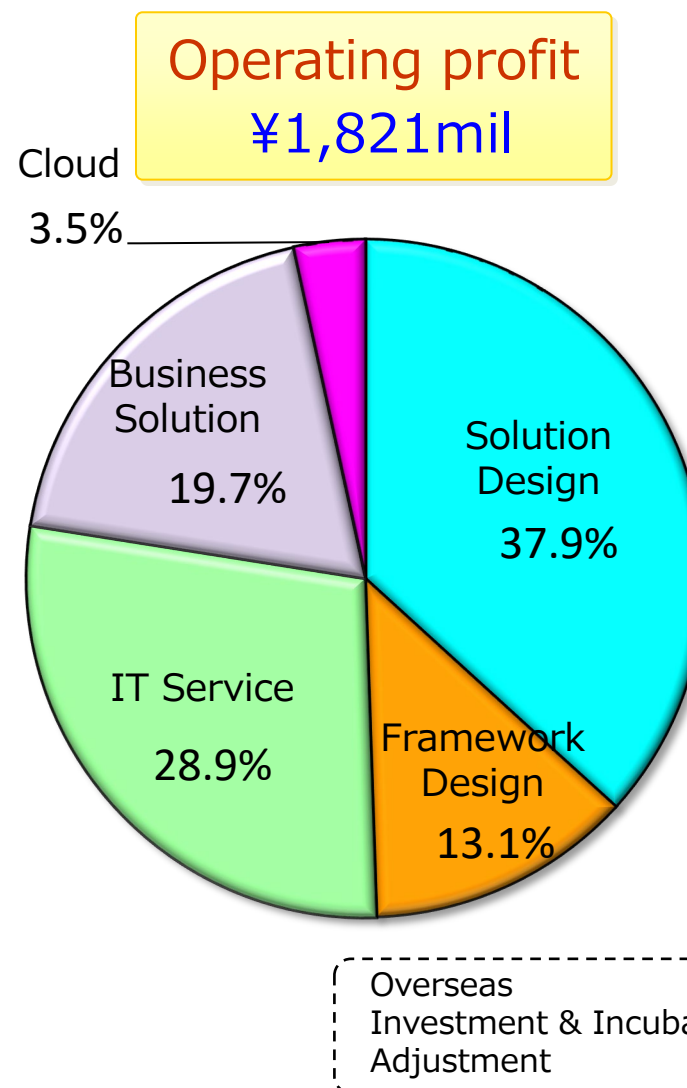
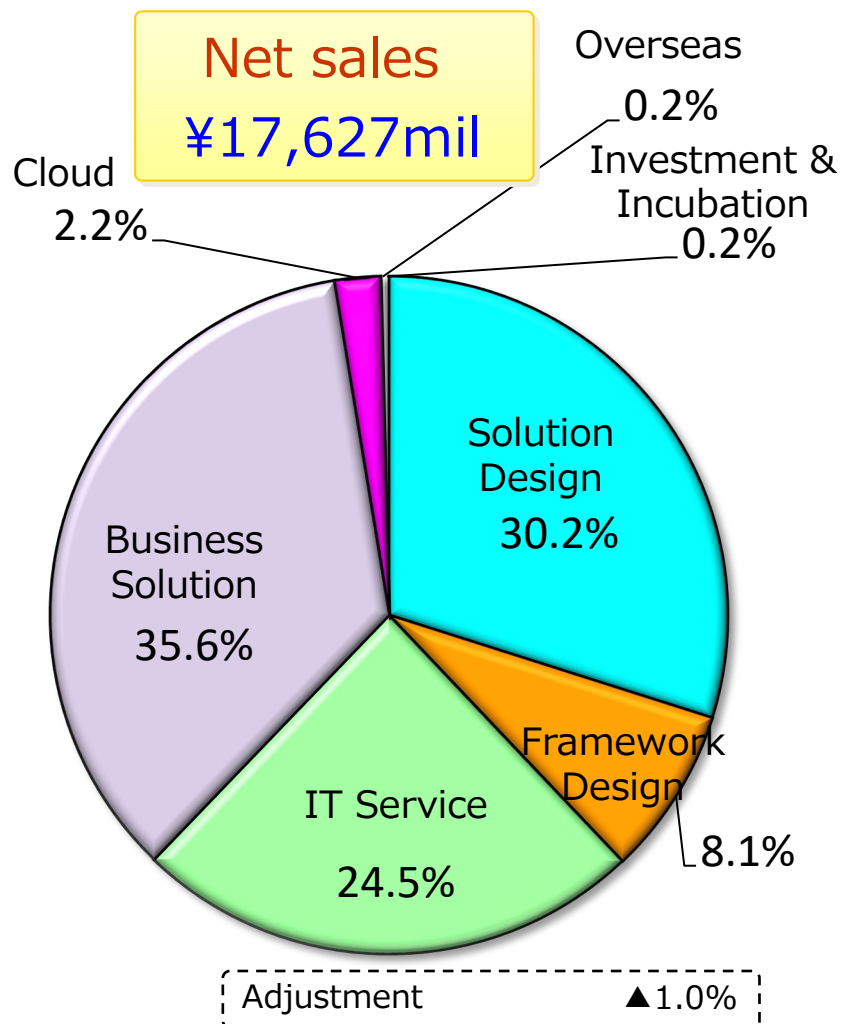
	1Q Fiscal 2022		1Q Fiscal 2021		YoY rate	
	Amount	Sales Distribution ratio	Amount	Sales distribution ratio	Amount of change	rate of change
Solution Design	<b>5,325</b>	<b>30.2%</b>	4,753	31.0%	<b>571</b>	<b>12.0%</b>
Framework Design	<b>1,422</b>	<b>8.1%</b>	1,136	7.4%	<b>285</b>	<b>25.2%</b>
IT Service	<b>4,316</b>	<b>24.5%</b>	3,646	23.8%	<b>669</b>	<b>18.4%</b>
Business Solution	<b>6,267</b>	<b>35.6%</b>	5,495	35.8%	<b>771</b>	<b>14.0%</b>
Cloud	<b>392</b>	<b>2.2%</b>	375	2.4%	<b>16</b>	<b>4.5%</b>
Overseas	<b>33</b>	<b>0.2%</b>	40	0.3%	<b>▲7</b>	<b>▲17.4%</b>
Investment Incubation	<b>33</b>	<b>0.2%</b>	40	0.3%	<b>▲7</b>	<b>▲18.4%</b>
Adjustment	<b>▲163</b>	<b>▲1.0%</b>	▲157	▲1.0%	<b>▲5</b>	—
Total	<b>17,627</b>	<b>100.0%</b>	15,331	100.0%	<b>2,295</b>	<b>15.0%</b>

## Operating profit by Segment

(in millions of yens)

	1Q Fiscal 2022		1Q Fiscal 2021		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Solution Design	<b>689</b>	<b>13.0%</b>	695	14.6%	<b>▲5</b>	<b>▲0.9%</b>
Framework Design	<b>238</b>	<b>16.8%</b>	153	13.5%	<b>84</b>	<b>55.2%</b>
IT Service	<b>526</b>	<b>12.2%</b>	448	12.3%	<b>77</b>	<b>17.3%</b>
Business Solution	<b>358</b>	<b>5.7%</b>	404	7.4%	<b>▲45</b>	<b>▲11.3%</b>
Cloud	<b>63</b>	<b>16.1%</b>	67	18.0%	<b>▲4</b>	<b>▲6.5%</b>
Overseas	<b>▲10</b>	<b>▲29.6%</b>	<b>▲3</b>	<b>▲9.0%</b>	<b>▲6</b>	—
Investment Incubation	<b>▲45</b>	<b>▲136.0%</b>	<b>▲12</b>	<b>▲29.5%</b>	<b>▲33</b>	—
Adjustment	—	—	—	—	—	—
Total	<b>1,821</b>	<b>10.3%</b>	1,755	11.4%	<b>66</b>	<b>3.8%</b>

## Composition of Net Sales and Operating Profit by Segment



# Earnings Forecast for Fiscal 2022 (Consolidated, Full Year)

# Earnings Forecast for the Full Year (Consolidated, YoY rate)

(in millions of yens)

	Fiscal 2022 Earnings Forecasts		Fiscal 2021		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	<b>71,450</b>	—	65,272	—	<b>6,177</b>	<b>9.5%</b>
Operating profit	<b>10,280</b>	<b>14.4%</b>	9,106	14.0%	<b>1,173</b>	<b>12.9%</b>
Ordinary profit	<b>10,280</b>	<b>14.4%</b>	8,578	13.1%	<b>1,701</b>	<b>19.8%</b>
Profit attributable to owners of parent	<b>7,000</b>	<b>9.8%</b>	5,992	9.2%	<b>1,007</b>	<b>16.8%</b>

## Outlook for this Period

**Net Sales 23,606** million yen compared with previous period + 14.2% **Operating Profit 4,759** million yen compared with previous period + 15.2%

Selection and concentration. We aim to create high value-added business areas.

## 1. Actively focusing on businesses development in growth areas

- Actively cultivate new markets in highly prospective areas such as Mobility, 5G, AI, IoT, Cashless payment and Digital Transformation.

## 2. Shifting to the provision of total solutions

- Support all processes of customers' services from IT consulting to operation. By expanding the areas from not only design, development, and assessment, but also to planning, operation, IT consulting, and service operation, we provide added value to customers and aim to be a highly profitable company.

## 3. Actively recruiting human resources and reinforcing the education system

- To respond to the increased number of inquiries, we will focus on active recruiting, promoting collaboration with partners, and reinforcing the education system to develop human resources so that they can make early contributions.

## 2. Framework Design Business

### Outlook for this Period

<b>Net Sales</b> 5,850	compared to previous period million yen +13.7%	<b>Operating Profit</b> 1,145	compared to previous period million yen +12.8%
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**Continue active expansion to growth fields in each of the financial, public, and corporate areas. Aim to maximize the number of orders by utilizing development know-how and advanced technologies.**

### 1. Maximizing existing businesses and expanding into growth areas

- The continuation of projects centered on insurance/financial systems and infrastructure building and the active expansion to the public sector and corporate area.

### 2. Actively securing orders for digital transformation (DX) projects

- Enhance both sales and technological systems for receiving orders for DX projects, such as the renewal of core systems (migration) and the use of cloud services.

### 3. Further expanding high value-added projects

- We will seek to expand and enhance our services, beginning with commissioned development, business process support and DX solutions, and aim to improve profitability by improving added value.



## Outlook for this Period

**Net Sales 18,172** million yen compared to previous period +15.8%

**Operating Profit 2,540** million yen compared to previous period +15.6%

For the purpose of **"Expanding business fields,"** we will expand the **customer, service, market, and role** bases aiming for higher levels.

### 1. Optimizing existing business and expanding to growing fields

- We will deploy management resources to **DX**, a growth field, leveraging our track record in **IT support**. We will expand **PMO and infrastructure** to evolve business operations.

### 2. Expanding software testing (QA) services

- We will actively develop new customers in the enterprise segment (business systems/information systems), utilizing a track record of **software testing services** in the entertainment segment (Web/apps/SNS games).

### 4. Promoting active participation of people with disabilities

- We will understand individual characteristics, promote the building of an environment that enables their active participation, and focus on a wide range of services, mainly in **BPO business**.

## 3-2. IT Service Business (Aggressive Synergies)

(1) Exchange of human resources

(2) Expansion of services



ProVision



Tokyoto Business Service

**Fields for Aggressive expansion**

Expand range Layer up

(3) Expand locations

(4) Enhance sales

Building a structure that can approach customers across departments by harnessing the strengths of the three companies



ProVision

Systema will aim to create new value and expand the field by making use of the strengths of systema/TBS service while expanding **QA/development solutions** to the **enterprise segment** in addition to the **game/entertainment** and net **business segments**.



Tokyoto Business Service

As a new initiative aiming to establish a structure creating jobs for 200 employees with disabilities, **Systema will expand operations by employees with disabilities and support/consulting services for the customers of Systema and ProVision.**



Systema will provide IT services in the high value-added **PMO business**, which adds **assessment** and **consulting**, and will seek to expand it across the country using IT training and security products as hooks.

## Outlook for this Period

**Net Sales 22,491** million yen compared to previous period +0.9%

**Operating Profit 1,449** million yen compared to previous period +0.9%

**Despite limitation of investment due to the prolonged COVID-19 pandemic, we are expanding efforts toward life with COVID-19 and investments in digital transformation (DX). Impacts of shortage of semiconductor supply are forecast to continue.**

## **Shifting our focus from physical business to service business**

### **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 makers**

### **3. Expanding digital transformation (DX) related services**

- Expanding our service menu, including system development, **RPA**, and **data integration tools**

### **4. Strengthen earnings capacity through expanded sales of services**

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

## 4-2. Business Solution Synergies

We aim to resolve customer ICT issues by providing products as a one-stop service, from introduction to system building, development and support.

### ● Product Sales Business

Enterprise sales of IT-related products and services including servers, PCs, peripheral devices, software and Microsoft 365

Lineup:

1,200 companies

2 million items

Strengthening alliances with each firm

### ● Solution Business

- Server virtualization / HCI infrastructure
- VDI solutions
- Authentication infrastructure solutions
- Storage solutions
- Security solutions
- Backup business continuity solutions

Expanding service menu by strengthening alliances with hardware manufacturers and other companies

### ● DX Business

- RPA solutions
- Database migration
- Modernization
- Cloud solutions
- BI solutions
- SoC / managed services

Strengthening alliance with Microsoft and expanding and enhancing solutions menu

### ● Collaboration with IDY

- 5G edge gateway
- M2M solutions
- Network connection services



Selling IDY products and expanding and enhancing solutions menu



Total  
Solutions  
Service

Supporting product / service lifecycles for over 10,000 customers

## Outlook for this Period

**Net Sales 1,916** compared to previous period  
million yen +6.2%

**Operating Profit 450** compared to previous period  
million yen +10.7%

The number of inquiries is on the increase, reflecting an improvement in operations and the establishment of internal infrastructure. We are making proactive advance investments in our own services, primarily Canbus., with the aim of deploying these services in the field of digital transformation (DX).

### 1. Advance investment to enhance the awareness of Canbus and strengthen sales promotions

- We are actively working on **strengthening alliances** for Canbus, **providing OEM services** for Canbus., and developing new **sales partners**.

### 2. Enhancing services through advance investment

- To enable the realization of various services from the perspective of DX platforms, we will **strengthen human resources** to improve our support capabilities and achieve an **increased level of customer satisfaction** while simultaneously **enhancing** product power.

## 6. Overseas Business (Systema America Inc.)

### Outlook for this Period

**Net Sales 151** compared to previous period  
million yen ▲25million yen **Operating Profit 1** compared to previous period  
million yen +10million yen

#### 1. Technical support for the development of PoC between Japanese companies and start-ups.

- Increase orders for projects for the development of PoC between Japanese companies in Silicon Valley and start-ups, and utilize offshore development in Japan and Vietnam, which secures Japan quality.

#### 2. Sales expansion of the DX service "Canbus."

- Increase orders for the Canbus. as a DX support service for local companies in the U.S. to realize digitalization of their operational workflows and paperless operations, etc.

#### 3. Sales expansion of BPO service "Remo-oTe"

- Increase orders for Remo-oTe, a ticket-based business support service that is available remotely and by time, against a background of soaring labor costs in the U.S.

#### 4. Sales expansion of AI/IoT services in collaboration with ONE Tech Inc. and ONE Tech Japan Inc.

- Actively expand sales of the services using AI and IoT (LoRa) with cold chain and Smart Factory services as the core.



## Sales by Segment

(in millions of yens)

	Fiscal 2022 Earnings Forecasts		Fiscal 2021		YoY rate	
	Amount	Sales distribution ratio	Amount	Sales distribution ratio	Amount of change	rate of change
Solution Design	<b>23,606</b>	<b>33.0%</b>	20,663	31.6%	<b>2,942</b>	<b>14.2%</b>
Framework Design	<b>5,850</b>	<b>8.2%</b>	5,143	7.9%	<b>706</b>	<b>13.7%</b>
IT Service	<b>18,172</b>	<b>25.4%</b>	15,690	24.0%	<b>2,481</b>	<b>15.8%</b>
Business Solution	<b>22,491</b>	<b>31.5%</b>	22,290	34.1%	<b>200</b>	<b>0.9%</b>
Cloud	<b>1,916</b>	<b>2.7%</b>	1,804	2.8%	<b>111</b>	<b>6.2%</b>
Overseas	<b>151</b>	<b>0.2%</b>	176	0.3%	<b>▲25</b>	<b>▲14.2%</b>
Investment Incubation	<b>98</b>	<b>0.1%</b>	171	0.3%	<b>▲73</b>	<b>▲43.0%</b>
Adjustment	<b>▲834</b>	<b>▲1.1%</b>	<b>▲668</b>	<b>▲1.0%</b>	<b>▲165</b>	<b>—</b>
Total	<b>71,450</b>	<b>100.0%</b>	65,272	100.0%	<b>6,177</b>	<b>9.5%</b>

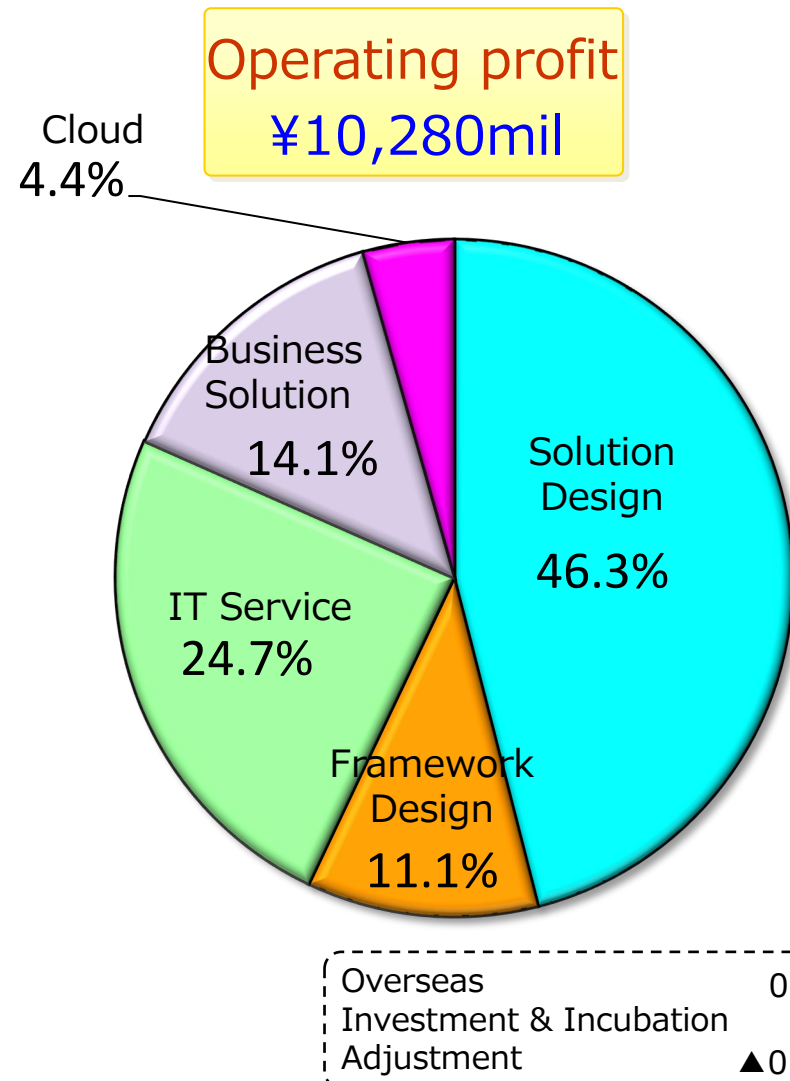
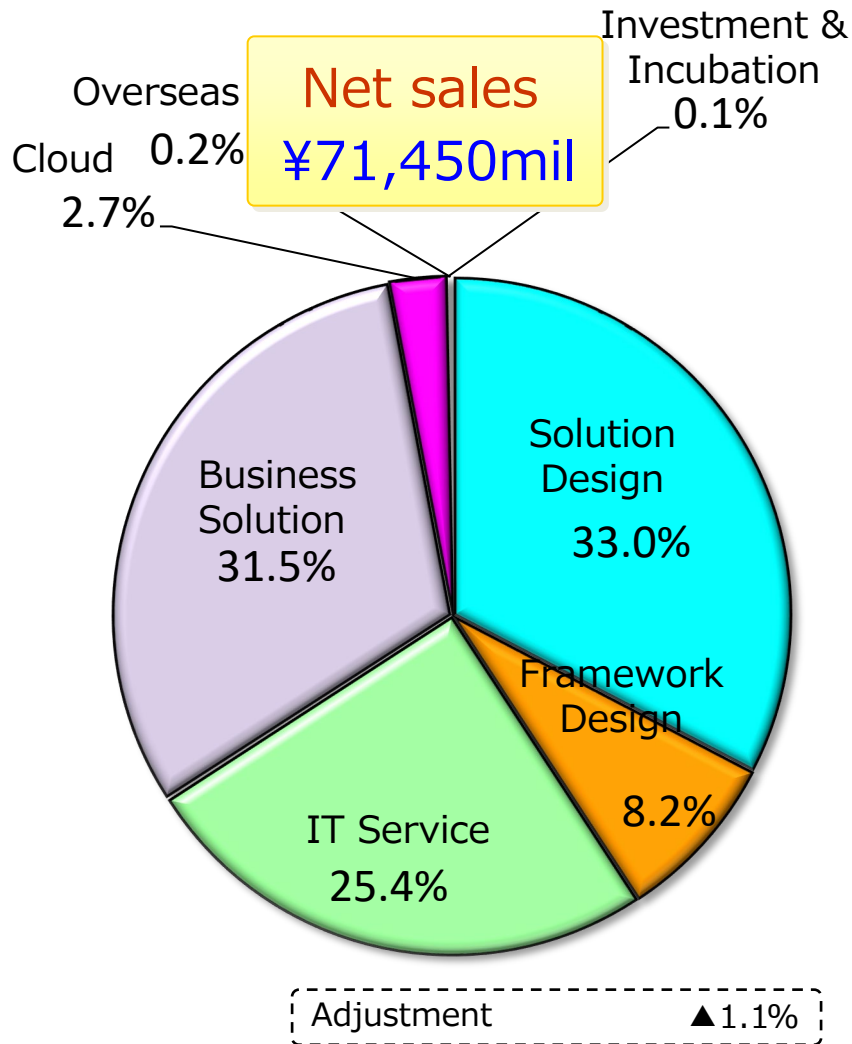
## Operating profit by Segment

(in millions of yens)

	Fiscal 2022 Earnings Forecasts		Fiscal 2021		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Solution Design	<b>4,759</b>	<b>20.2%</b>	4,132	20.0%	<b>626</b>	<b>15.2%</b>
Framework Design	<b>1,145</b>	<b>19.6%</b>	1,014	19.7%	<b>130</b>	<b>12.8%</b>
IT Service	<b>2,540</b>	<b>14.0%</b>	2,197	14.0%	<b>342</b>	<b>15.6%</b>
Business Solution	<b>1,449</b>	<b>6.4%</b>	1,436	6.4%	<b>12</b>	<b>0.9%</b>
Cloud	<b>450</b>	<b>23.5%</b>	406	22.5%	<b>43</b>	<b>10.7%</b>
Overseas	<b>1</b>	<b>0.7%</b>	▲9	▲5.3%	<b>10</b>	—
Investment Incubation	—	—	▲72	▲42.4%	<b>72</b>	—
Adjustment	<b>▲64</b>	—	—	—	<b>▲64</b>	—
Total	<b>10,280</b>	<b>14.4%</b>	9,106	14.0%	<b>1,173</b>	<b>12.9%</b>



## 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 medium-term management plan (Fiscal 2019~ Fiscal 2025)

## 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.

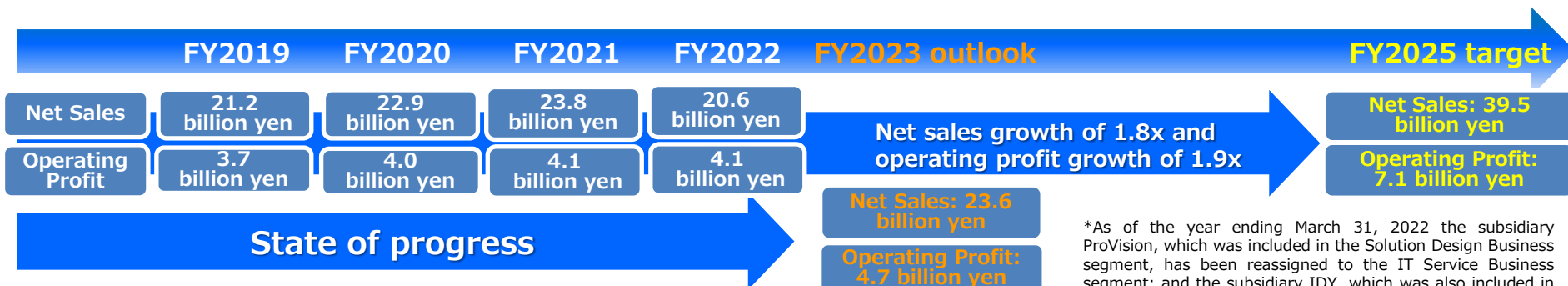
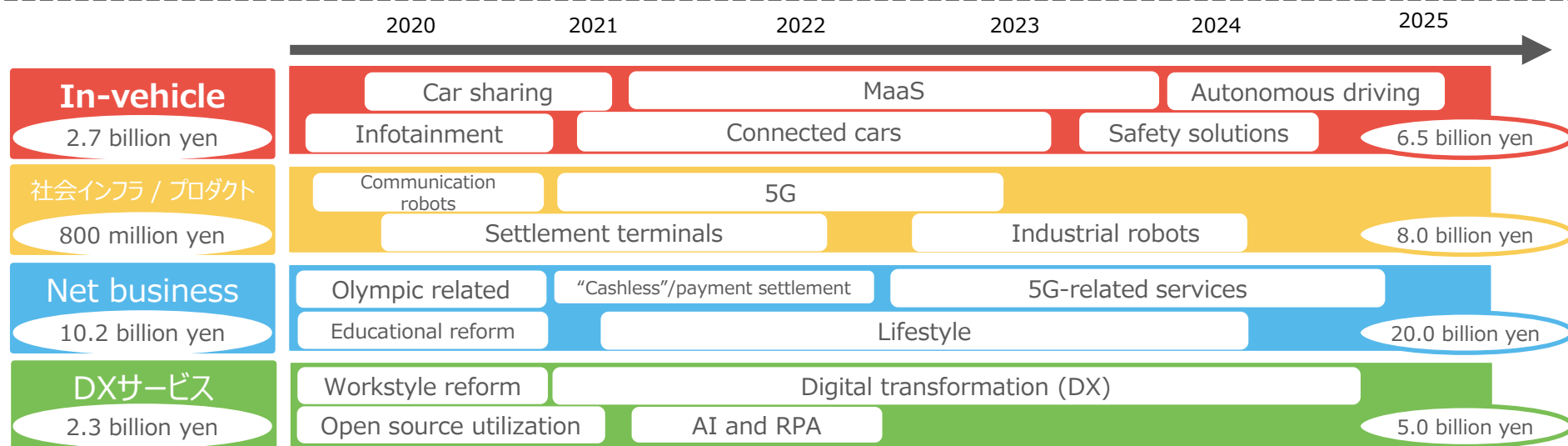
## Targeted Management Indicators and Outlook for Fiscal 2025

(hundreds of millions of yen)

KPI	2019/3	2020/3	2021/3	2022/3	2023/3 Earnings Forecast	2025/3 target
Net Sales	59,742	64,552	60,871	65,272	71,450	<b>101,000</b> (1.7x)
Operating Profit	6,902	8,163	8,006	9,106	10,280	<b>15,200</b> (2.2x)
Operating profit margin	11.6%	12.6%	13.2%	14.0%	14.4%	<b>15.0%</b>
Operating profit per employee	2.16	2.32	1.99	2.12	1.88	<b>2.60</b> (20% increase)
ROE	24.6%	25.5%	20.6%	21.6%	22.0%	<b>25%</b>

# 1. Solution Design Business

- ✓ We will focus on net business, for which there is an increase in social demand due to the impact of COVID-19, with the aim of industry expansion. We will also be selecting and focusing on in-car business, which is currently undergoing an industry-wide transformation, with a view to establishing long-term competitiveness.
- ✓ There is an increasing demand for digital transformation as a result of customers transforming their business models and processes. We will aim to expand business operations not only through system integration but also through the provision of our own proprietary services.



\*As of the year ending March 31, 2022 the subsidiary ProVision, which was included in the Solution Design Business segment, has been reassigned to the IT Service Business segment; and the subsidiary IDY, which was also included in the Solution Design Business segment, has been reassigned to the Business Solution Business segment. Results for each segment for the year ending March 31, 2022 onward have been rearranged according to these changes.



## 2. Framework Design Business

In the Framework Design Business we will

- ✓ **Deploy know-how on financial systems development** while also **aiming to achieve transformations toward responding to DX**  
**Proactively develop both new and existing customers**
- ✓ Offer total support including development, infrastructure and maintenance by **enhancing our frameworks for undertaking commissioned development.**
- ✓ **Create new growth engines** for the DX era and deploy them in SaaS utilization development

Insurance Banking  
Social infrastructure

Expand segments with existing customers, respond to digitalization needs, renew core systems, and acquire integrated response projects

Data utilization

Renewal of core systems

Shifting away from host-based systems

UI improvement

Public sector Distribution services

Expand new segments by deploying finance-related know-how, and aim to maximize with DX-related development

Cloud

Agile

CI/CD

SaaS utilization

**Numerical targets**

Finance business (existing)

19.3 Sales billion → 25.3 Sales billion  
2.5 billion → 3.0 billion  
**+20% increase**

New business domains (public, etc.)

19.3 Sales billion → 25.3 Sales billion  
0.5 billion → 2.0 billion  
**+4 times increase**

DX-related business

19.3 Sales billion → 25.3 Sales billion  
0.0 billion → 1.5 billion  
**New development**

FY2019

FY2020

FY2021

FY2022

FY2023 outlook

FY2025 target

Net Sales

5.3 billion yen

5.8 billion yen

5.1 billion yen

5.1 billion yen

Net sales growth of 1.7x and operating profit growth of 1.8x

Net Sales: 7.5 billion yen

Operating Profit

840 million yen

1.06 billion yen

860 million yen

1.01 billion yen

Operating Profit: 1.25 billion yen

**State of progress**

Net Sales: 5.8 billion yen

Operating Profit: 1.14 billion yen

\*As of the year ending March 31, 2022 the new services area, which was included in the Framework Design Business segment, has been reassigned to the Business Solution Business segment. Results for each segment for the year ending March 31, 2022 onward have been rearranged according to these changes.

# 3. IT Service Business

**Create and implement new business models with customers**, continue to attempt new challenges based on experience and past performance, and become a transformation group that provides services that lead directly to business growth and speedup for companies.

- We will focus on high added-value **contract-type services** such as **IT support, IT infrastructure and PMO**, and **assessment and consulting services**, based on know-how developed through other projects.
- In addition to expanding software quality assurance (QA) services, social games, net business and other BtoBtoC services in the **entertainment segment**, we will also expand the BtoB **enterprise segment**.
- We will also enhance synergies with Systema Group services, locations and human resources.

## Expanding business fields

Alliances / enhancing new services /  
expanding locations

IT support  
services

Infrastructure  
services

PMO  
services

Quality  
verification  
services

- We aim to increase net sales for contract-type services such as IT support, IT infrastructure and PMO from the current level of 4.5 billion yen to **8.0 billion yen**.
- We aim to increase net sales for quality verification services from the current level of 3.3 billion yen to **6.0 billion yen**.

FY2019

FY2020

FY2021

FY2022

FY2023 outlook

FY2025 target

Net Sales

7.8  
billion yen

8.7  
billion yen

9.4  
billion yen

15.6  
billion yen

Increase number of  
customers

Enhancing IT services

Net sales growth of 2.1x and  
operating profit growth of 3.0x

Net Sales:  
18 billion yen

Operating Profit:  
3.55 billion yen

Operating  
Profit

1.1  
billion yen

1.3  
billion yen

1.4  
billion yen

2.1  
billion yen

Net Sales: 18.1  
billion yen

Operating Profit:  
2.54 billion yen

\*As of the year ending March 31, 2022 the subsidiary ProVision, which was included in the Solution Design Business segment, has been reassigned to the IT Service Business segment. Results for each segment for the year ending March 31, 2022 onward have been rearranged according to these changes.

State of progress

# 4. Business Solution 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 hybrid environments
- Expand DX business services
- Expand synergies and services from collaboration between Systema Group companies and divisions

## Numerical Targets

### Existing business

**+40% increase**

FY2025

FY2018

### Service business

**+180% increase**

FY2025

FY2018

### DX business

**+350% increase**

FY2025

FY2018

FY2019

FY2020

FY2021

FY2022

FY2023 outlook

FY2025 target

Net Sales

24.0 billion yen

25.9 billion yen

21.4 billion yen

22.2 billion yen

Operating profit of 6%, net service sales of 11.4 billion yen and percentage sales of 30%

Net Sales: 35.39 billion yen

Operating Profit

1.2 billion yen

1.6 billion yen

1.4 billion yen

1.4 billion yen

Operating Profit: 2.45 billion yen

State of progress

Net Sales: 22.4 billion yen

Operating Profit: 1.4 billion yen

\*As of the year ending March 31, 2022 the new services area, which was included in the Framework Design Business segment, and the subsidiary IDY, which was included in the Solution Design Business segment, have been reassigned to the Business Solution Business segment. Results for each segment for the year ending March 31, 2022 onward have been rearranged according to these changes.

# 5. Cloud Business

- ✓ We will seek to accelerate subscription model business with Canbus., our DX platform for driving digital transformation.
- ✓ We will aim to achieve growth in high added-value businesses with Cloudstep and Canbus., in order to support the transformation of business processes through telework and other forms of workstyle reform.

2020 2021 2022 2023 2024 2025

Workstyle reform

AI and RPA

Digital transformation (DX)

Measures against personnel shortages



## Canbus.

A DX platform that enables anyone to create and operate DX apps easily, regardless of their level of IT literacy. It will solve corporate management issues such as DX and workstyle reform.



## Cloudstep

A piece of groupware that can be used as an addon for Google Workspace and Office365. It facilitates improvements in enterprise productivity and greater workstyle diversity.

## New Services

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

FY2019

FY2020

FY2021

FY2022

FY2023 outlook

FY2025 target

Net Sales

1.1  
billion yen

1.4  
billion yen

1.5  
billion yen

1.8  
billion yen

Operating Profit

200  
million yen

200  
million yen

300  
million yen

400  
million yen

Achieve targets in global business, armed with own-brand products and services and content based in Japanese culture

Net Sales: 1.97  
billion yen

Operating Profit:  
500 million yen

Net Sales: 1.9 billion  
yen

Operating Profit:  
450 million yen

State of progress

# 6. Overseas Business (Systema America Inc. )

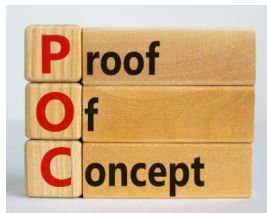
- ✓ We will seek to establish a robust business base in terms of sales and profits, through tech support for Japanese-owned companies, PoC development, expansion of the DX service "Canbus.", and BPO support services in the US.
- ✓ We will also enhance business alliances of AI (ONE Tech, Inc.) and security (StrongKey Inc.) aiming to jointly maximize sales and profits.

## Business Strategy

- Expanding support for the development and commercialization of PoC among start-ups and Japanese companies in the US.
- Enhancing introduction of the DX service "Canbus." and BPO to Japanese companies in the US.
- Expanding to Canbus IoT based on our platform Canbus

## Key fields

PoC development and technical support



Start-ups PoC  
Software  
development/verification

Canbus.

DX

Canbus.IoT



BPO (outsourcing)



-Remote outsourcing services-  
Remo-ote

FY2019

FY2020

FY2021

FY2022

FY2023 outlook

FY2025 target

Net Sales

100  
million yen

100  
million yen

190  
million yen

170  
million yen

Operating Profit

-30  
million yen

-20  
million yen

7  
million yen

-9  
million yen

Unearth the next new  
technologies and markets

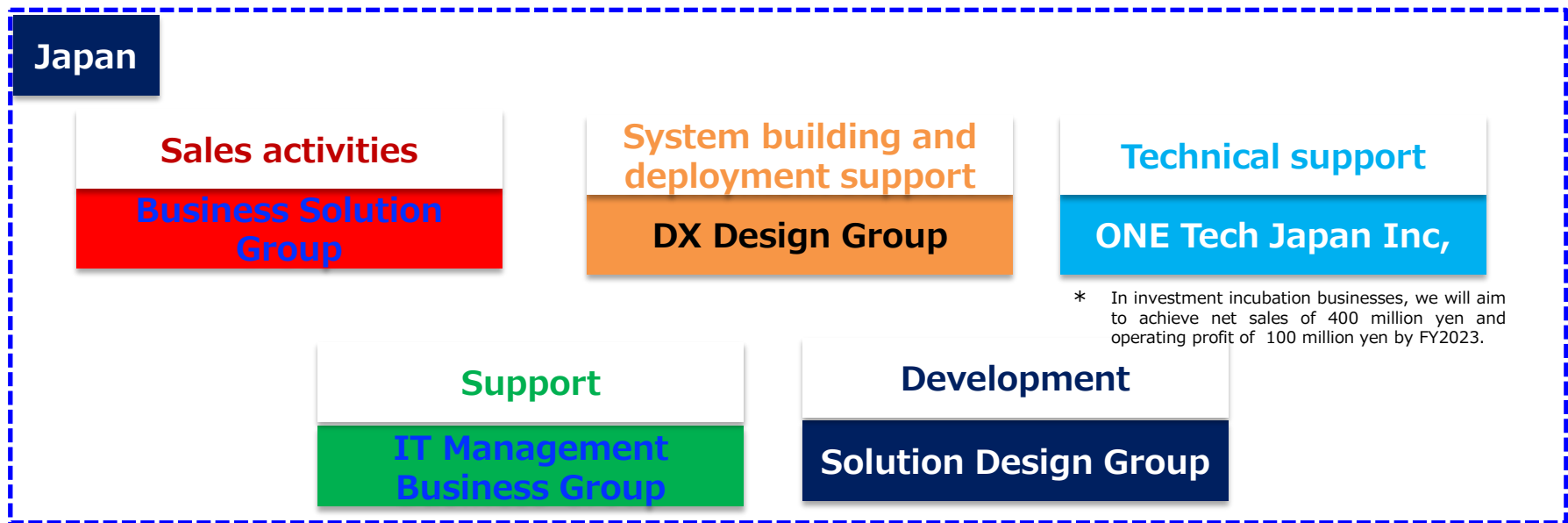
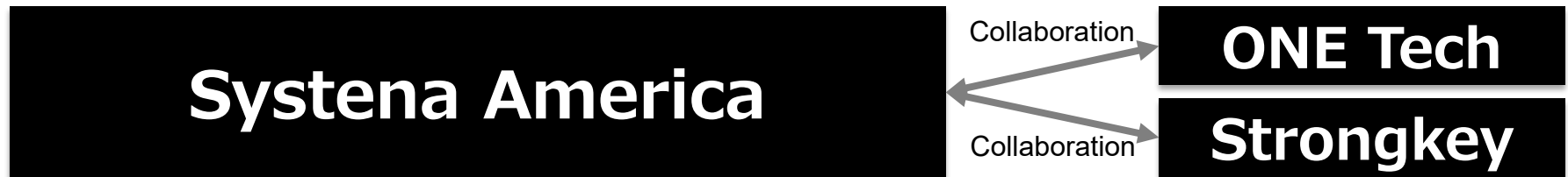
Net Sales: 640  
million yen

Operating Profit:  
250 million yen

Net Sales: 150  
million yen

Operating Profit:  
1 million yen

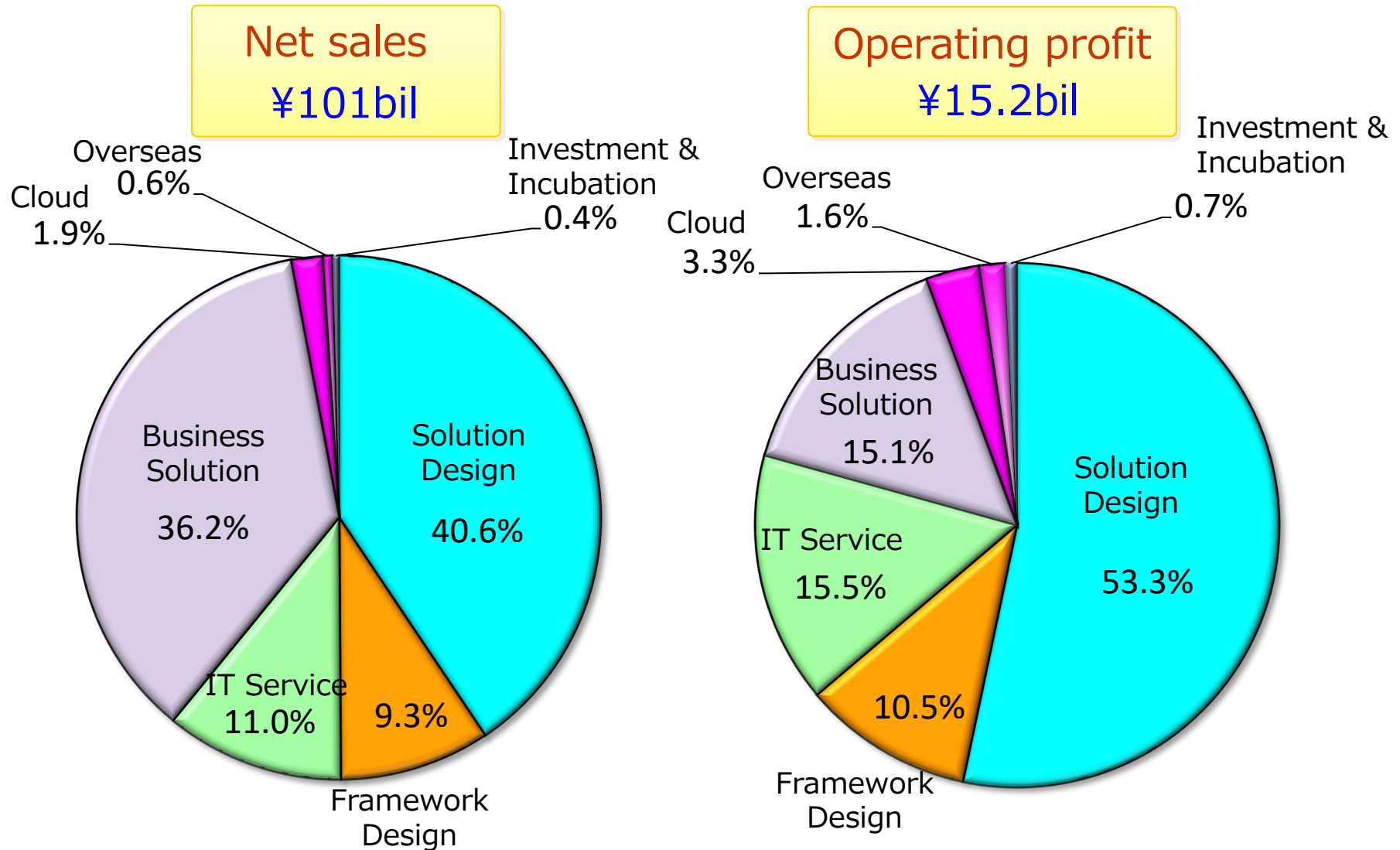
State of progress



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.