

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

Feb 2, 2023
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 and Chairman	: Yoshichika Hemmi	Director	: Hiroyuki Fujii	Outside Director	: Yukio Suzuki
Representative Director and President	: Kenji Miura	Director	: Shingo Hemmi	Outside Director	: Kouichi Ogawa
Director	: Makoto Taguchi	Director	: Hiroshi Kotani	Outside Director	: Mari Itoh

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

[Number of Employees] Non-Consolidated:3,826/Consolidated:5,285 (As of Jan. 1, 2023)

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

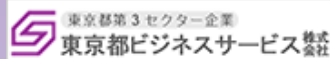


ProVision Co., Ltd.

【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 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)



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)

MINGAL

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)

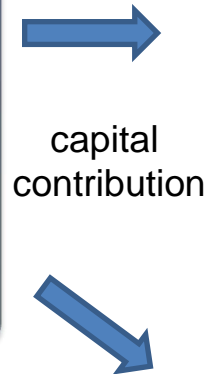


ONE Tech, Inc.

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

Development and sale of IoT solution packages

(Overseas Business)



Financial Results for third quarter of fiscal 2023 (Consolidated)

<YoY rate>

Financial Results 1Q-3Q (Consolidated)

With the impact of the COVID-19 pandemic lessening and economic activities becoming normal, we speedily allocated management resources with a focus on growth fields, particularly in markets where we are able to leverage our strengths and become a winner, while also investing, such as continuing to recruit new graduates proactively and expanding office floor space, to increase the size of the business. As a result, net sales and operating profit increased 15.5% and 10.1% year on year, to 54,334 million yen and 7,013 million yen, respectively.

(in millions of yens)

	1Q-3Q Fiscal 2023		1Q-3Q Fiscal 2022		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	54,334	—	47,039	—	7,295	15.5%
Operating profit	7,013	12.9%	6,371	13.5%	641	10.1%
Ordinary profit	7,185	13.2%	6,179	13.1%	1,005	16.3%
Profit attributable to owners of parent	4,908	9.0%	4,164	8.9%	743	17.9%

Point 1

Solution Design Business

Net Sales 16,588

million yen

Year-on-year
+9.6%

Operating Profit 2,765

million yen

Year-on-year
▲4.6%

- ✓ We successfully received orders for large-scale projects in the in-car business, mainly in **Mobility**.
- ✓ Orders increased in line with a rise in the number of inquiries for Digital Transformation(DX)-related projects. 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

Net Sales 4,485

million yen

Year-on-year
+??.%

Operating Profit 933

million yen

Year-on-year
+29.2%

- ✓ In the financial sector, an increase in the number of inquiries, especially inquiries regarding **DX-related** projects, resulted in higher sales. We are 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 13,225

million yen

Year-on-year
+15.5%

Operating Profit 1,891

million yen

Year-on-year
+23.1%

- ✓ We focused on the expansion of two types of services, **IT business services** to help customers **facilitate DX** and **PMO services** to provide project management support mainly in association with the introduction of various types of tools and the improvement of business processes. These efforts contributed to higher sales and profits.
- ✓ We developed new customers by strengthening **use of inbound sales** such as **IT training** and **security services**.

Business Solution Business

Net Sales 18,826

million yen

Year-on-year
+19.9%

Operating Profit 1,187

million yen

Year-on-year
+18.4%

- ✓ Uncertainty grew due to the eighth wave of COVID-19 infections, the difficulty of procuring IT devices attributable to the shortage of semiconductors, rising material prices, the high cost of living, and other factors. With an eye toward the endemic COVID-19 era, however, we strengthened our sales activities.
- ✓ 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.
- ✓ The number of inquiries increased for projects that require **one-stop services**, high value-added solutions that include the understanding of **roadmaps**, the introduction of IT equipment, the construction of IT infrastructure, the utilization of the cloud and the development of systems, as well as maintenance/operation projects.

Cloud Business

Net Sales 1,347 million yen Year-on-year +10.6% **Operating Profit** 259 million yen Year-on-year +4.7%

- ✓ There has been an increase in the number of inquiries for **Canbus.**, a product that enables low-code development, reflecting growing demand for the replacement of operation systems due to the recent promotion of DX.
- ✓ The number of orders for **integration for operational reforms increased** from the customers that use "**Canbus.**" to facilitate their DX.
- ✓ New markets for "Canbus." further cultivated because of **strengthening of our alliances.**

Overseas Business

Net Sales 103 million yen Year-on-year ▲22.5% **Operating Profit** ▲21 million yen Year-on-year ▲19 million yen

- ✓ **Orders received for system development and verification services** from Japanese manufacturers **have been stable** despite poor performance in the technology industry as a whole in the U.S.
- ✓ Many orders have been received **for projects for the development of PoC**, where Japanese companies verify start-ups' technologies.
- ✓ **The number of inquiries and orders for "Canbus.," increased in the U.S. as well.**
- ✓ **The number of inquiries increased rapidly** because StrongKey Inc., our group company, **successfully adapted its secure network communication (PKI) to the unified standard of Smart Home (Matter), a forerunner in the industry.**

Sales by Segment

(in millions of yens)

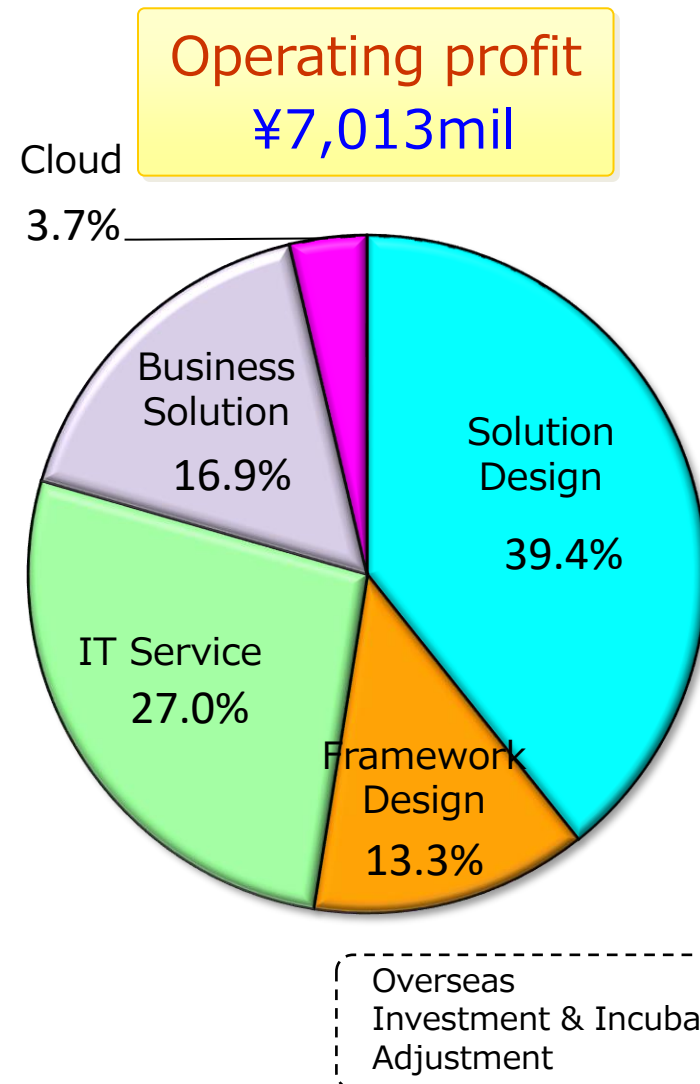
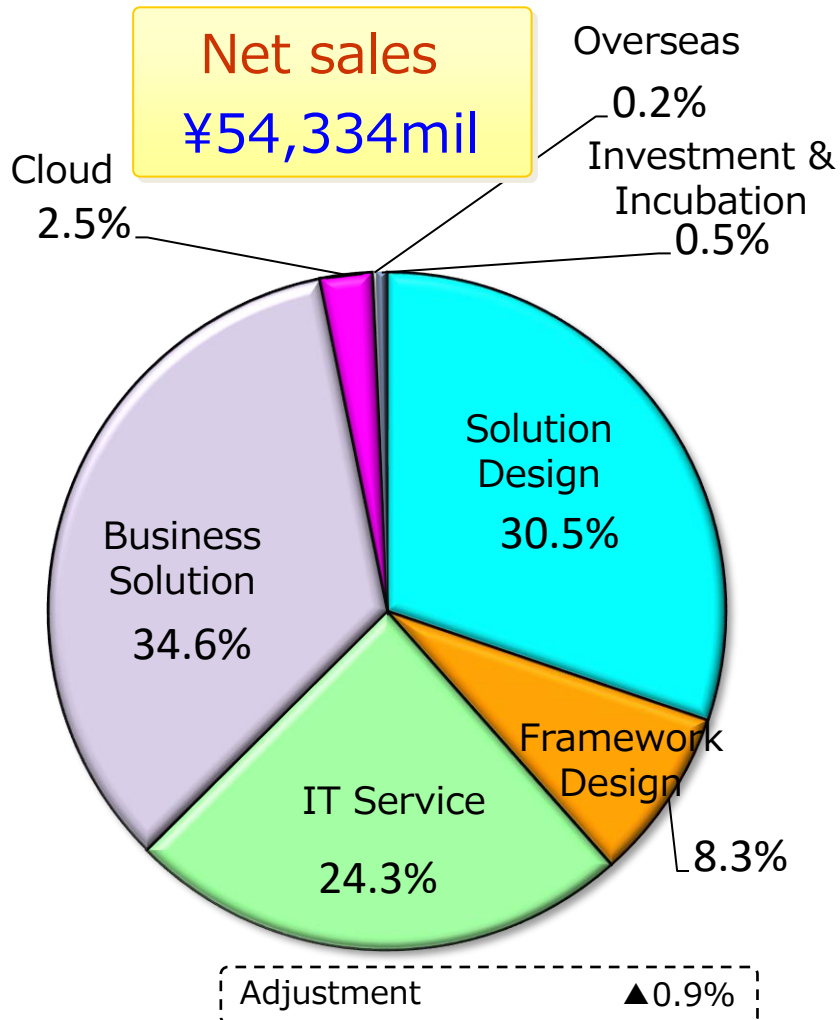
	1Q-3Q Fiscal 2023		1Q-3Q Fiscal 2022		YoY rate	
	Amount	Sales Distribution ratio	Amount	Sales distribution ratio	Amount of change	rate of change
Solution Design	16,588	30.5%	15,142	32.2%	1,446	9.6%
Framework Design	4,485	8.3%	3,720	7.9%	765	20.6%
IT Service	13,225	24.3%	11,452	24.3%	1,772	15.5%
Business Solution	18,826	34.6%	15,699	33.4%	3,126	19.9%
Cloud	1,347	2.5%	1,219	2.6%	128	10.6%
Overseas	103	0.2%	133	0.3%	▲30	▲22.5%
Investment Incubation	258	0.5%	134	0.3%	124	92.4%
Adjustment	▲501	▲0.9%	▲462	▲1.0%	▲38	—
Total	54,334	100.0%	47,039	100.0%	7,295	15.5%

Operating profit by Segment

(in millions of yens)

	1Q-3Q Fiscal 2023		1Q-3Q Fiscal 2022		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Solution Design	2,765	16.7%	2,900	19.2%	▲134	▲4.6%
Framework Design	933	20.8%	722	19.4%	210	29.2%
IT Service	1,891	14.3%	1,536	13.4%	354	23.1%
Business Solution	1,187	6.3%	1,002	6.4%	184	18.4%
Cloud	259	19.2%	247	20.3%	11	4.7%
Overseas	▲21	▲20.8%	▲2	▲1.7%	▲19	—
Investment Incubation	▲2	▲0.9%	▲35	▲26.3%	33	—
Adjustment	—	—	—	—	—	—
Total	7,013	12.9%	6,371	13.5%	641	10.1%

Composition of Net Sales and Operating Profit by Segment



Earnings Forecast for Fiscal 2023 (Consolidated, Full Year)

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

(in millions of yens)

	Fiscal 2023 Earnings Forecasts		Fiscal 2022		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	71,450	—	65,272	—	6,177	9.5%
Operating profit	10,280	14.4%	9,106	14.0%	1,173	12.9%
Ordinary profit	10,280	14.4%	8,578	13.1%	1,701	19.8%
Profit attributable to owners of parent	7,000	9.8%	5,992	9.2%	1,007	16.8%

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 DX.

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

- With an eye toward long-term growth, we will focus on the active recruitment of human resources, the promotion of collaboration with partners and the reinforcement of educational programs in anticipation of employees quickly contributing to the company.

Outlook for this Period

Net Sales 5,850	<small>compared to previous period million yen +13.7%</small>	Operating Profit 1,145	<small>compared to previous period million yen +12.8%</small>
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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 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.

3-1. IT Service Business

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%

Apply business resources to DX and expand the service, market, and customer bases aiming for the continued expansion of business fields.

1. Applying business resources to high-value-added fields

- Focus on the provision of PMO services to support the introduction of various types of tools and the improvement of business processes in association with DX.

2. Expanding services that support quality improvement in agile development

- We will actively develop new customers in the QA field for operations systems leveraging our knowledge of the provision of agile testing services for web applications, mobile applications and social media service games.

3. Developing new customers that will support our continuous growth

- In addition to outbound sales, we will more effectively utilize inbound sales such as services referral websites and webinars, aiming to achieve the continuous development of customers.

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 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 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**

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%

We are making proactive advance investments in our own services, primarily Canbus., with the aim of deploying these services in the field of DX.

1. Increasing the brand recognition of Canbus. and strengthening sales promotion

- We will aggressively **enhance Canbus.-related alliances** while simultaneously striving to improve its brand recognition and cultivate new customers.

2. Investment with a view toward global expansion

- We will develop new customers overseas in collaboration with Systema America Inc.

3. 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. Efforts to increase orders for system development and verification services from Japanese companies and the application of services for other customers**
 - Increase orders by enhancing customer satisfaction with system development and verification services being implemented and facilitate the application of services for other customers
- 2. 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.
- 3. 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.
- 4. 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.
- 5. Collaboration with our group subsidiaries**
 - Enhance collaboration with StrongKey Inc. and ONE Tech Japan Inc. to expand sales of both companies' services to companies in the U.S.

Sales by Segment

(in millions of yens)

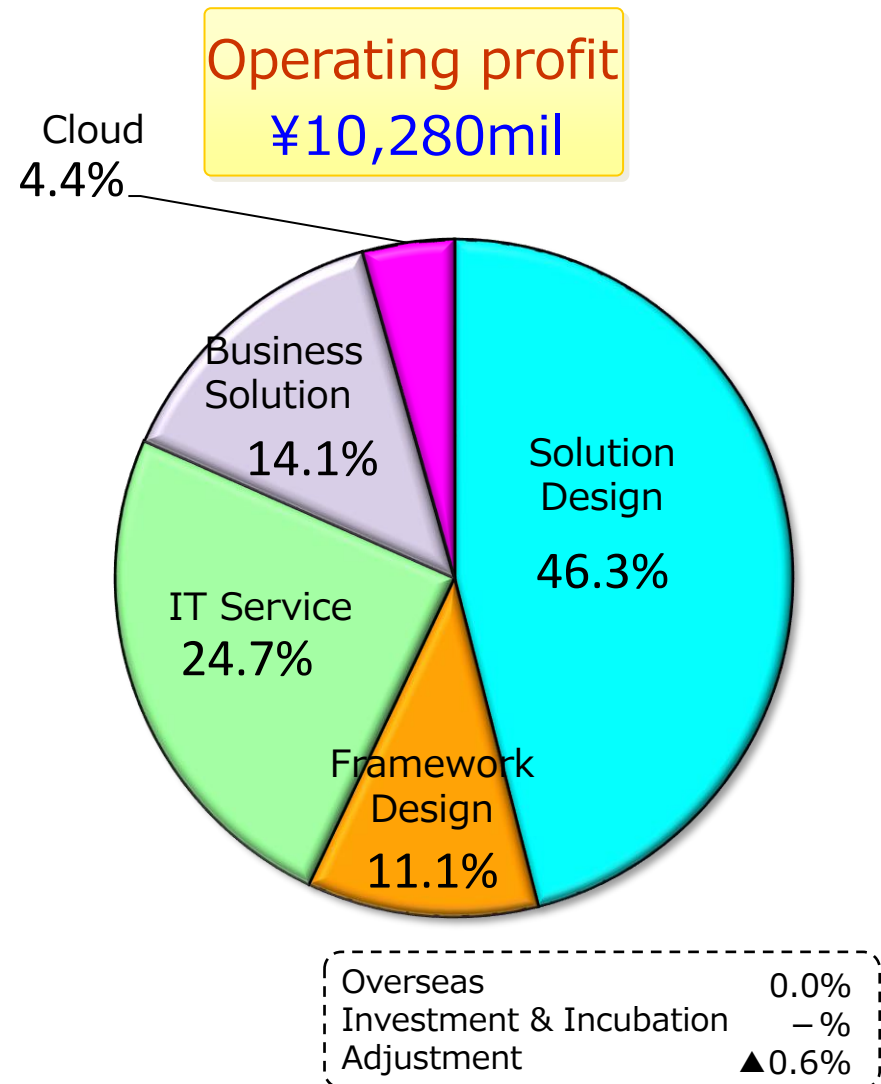
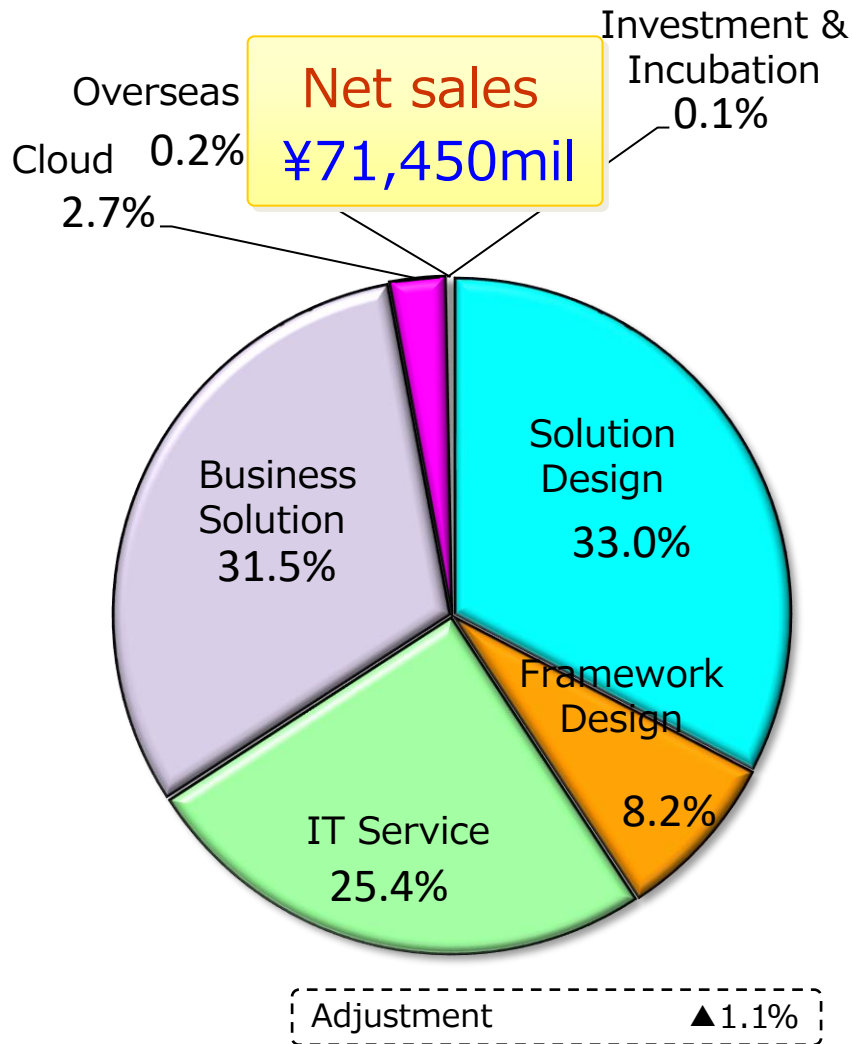
	Fiscal 2023 Earnings Forecasts		Fiscal 2022		YoY rate	
	Amount	Sales distribution ratio	Amount	Sales distribution ratio	Amount of change	rate of change
Solution Design	23,606	33.0%	20,663	31.6%	2,942	14.2%
Framework Design	5,850	8.2%	5,143	7.9%	706	13.7%
IT Service	18,172	25.4%	15,690	24.0%	2,481	15.8%
Business Solution	22,491	31.5%	22,290	34.1%	200	0.9%
Cloud	1,916	2.7%	1,804	2.8%	111	6.2%
Overseas	151	0.2%	176	0.3%	▲25	▲14.2%
Investment Incubation	98	0.1%	171	0.3%	▲73	▲43.0%
Adjustment	▲834	▲1.1%	▲668	▲1.0%	▲165	—
Total	71,450	100.0%	65,272	100.0%	6,177	9.5%

Operating profit by Segment

(in millions of yens)

	Fiscal 2023 Earnings Forecasts		Fiscal 2022		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Solution Design	4,759	20.2%	4,132	20.0%	626	15.2%
Framework Design	1,145	19.6%	1,014	19.7%	130	12.8%
IT Service	2,540	14.0%	2,197	14.0%	342	15.6%
Business Solution	1,449	6.4%	1,436	6.4%	12	0.9%
Cloud	450	23.5%	406	22.5%	43	10.7%
Overseas	1	0.7%	▲9	▲5.3%	10	—
Investment Incubation	—	—	▲72	▲42.4%	72	—
Adjustment	▲64	—	—	—	▲64	—
Total	10,280	14.4%	9,106	14.0%	1,173	12.9%

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.

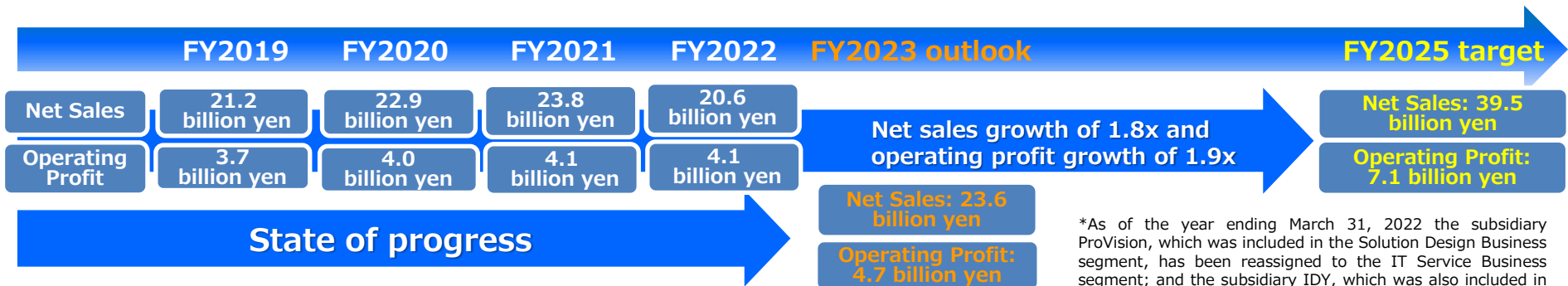
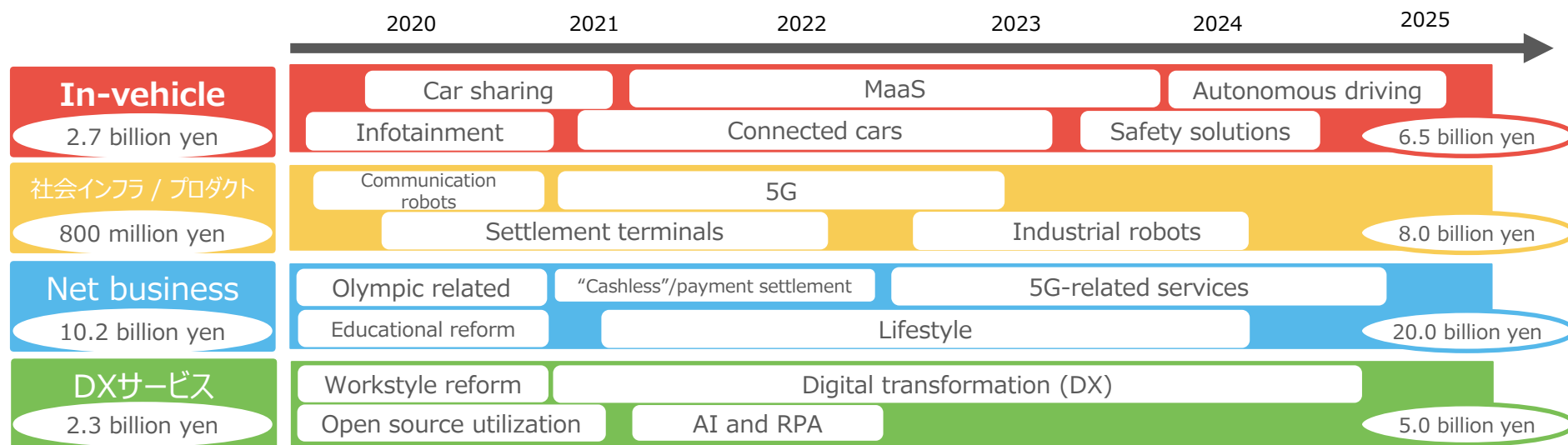
Targeted Management Indicators and Outlook for Fiscal 2025

(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	101,000 (1.7x)
Operating Profit	6,902	8,163	8,006	9,106	10,280	15,200 (2.2x)
Operating profit margin	11.6%	12.6%	13.2%	14.0%	14.4%	15.0%
Operating profit per employee	2.16	2.32	1.99	2.12	1.88	2.60 (20% increase)
ROE	24.6%	25.5%	20.6%	21.6%	22.0%	25%

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

New business domains (public, etc.)

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

DX-related business

19.3 Sales 0.0 billion → 25.3 Sales 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

1.1
billion yen

1.3
billion yen

1.4
billion yen

2.1
billion yen

Operating Profit:
3.55 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.)

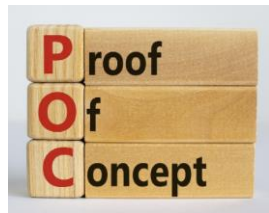
- ✓ We will seek to establish a robust business base in terms of sales and profits, through tech support for Japanese-owned companies, PoC development, expansion of the DX service "Canbus.", and BPO support services in the US.
- ✓ We will also enhance business alliances of AI (ONE Tech, Inc.) and security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



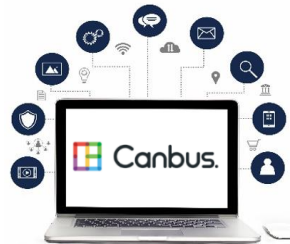
Start-ups PoC
Software
development/verification



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

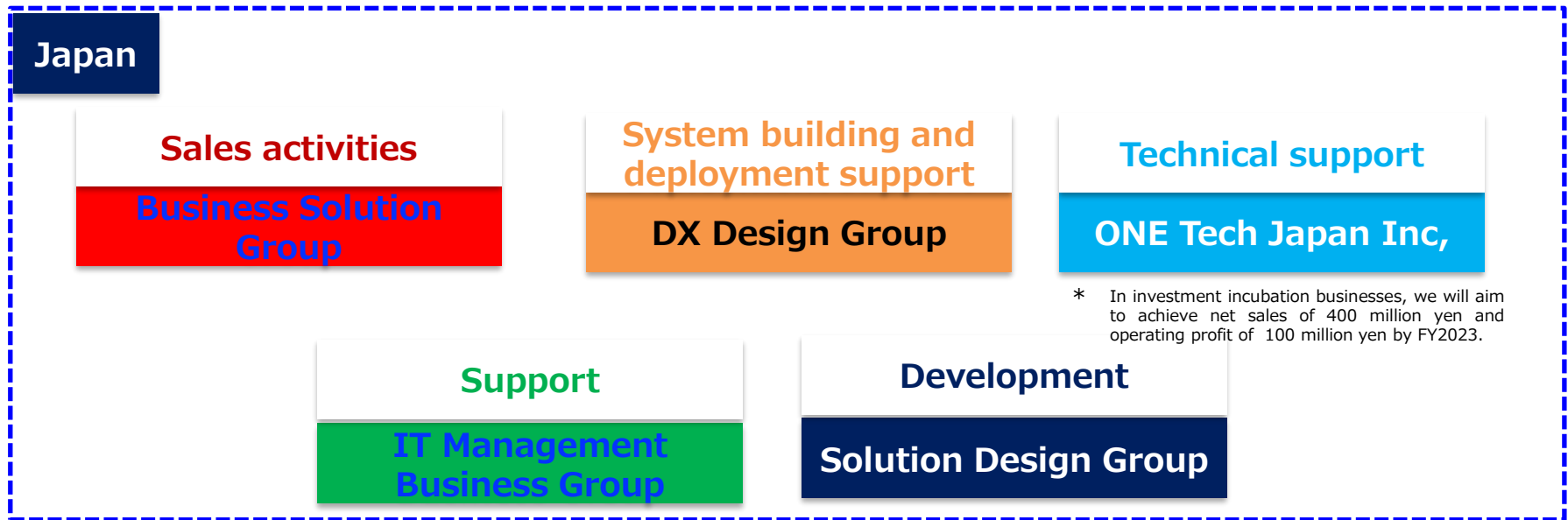
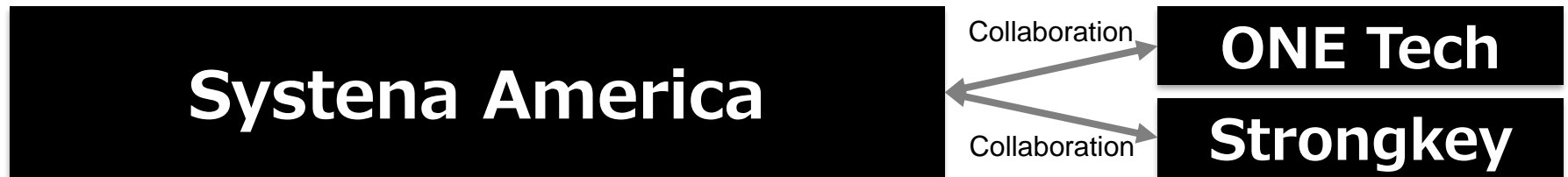
Net Sales: 640
million yen

Operating Profit:
250 million yen

Net Sales: 150
million yen

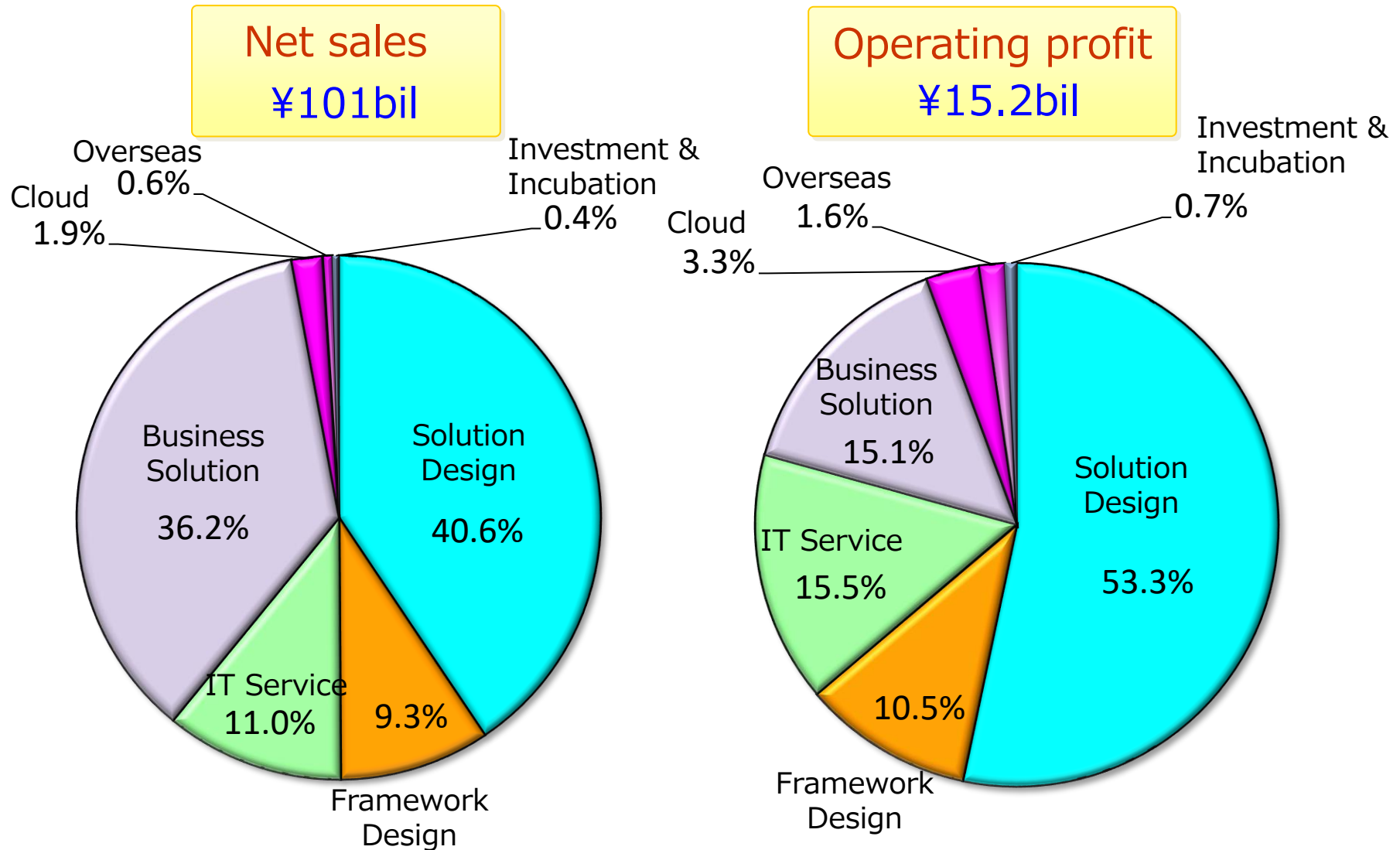
Operating Profit:
1 million yen

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.