

Financial Results Presentation for the Fiscal Year Ended March 31, 2024

May 13, 2024
Systema Corporation
Security code: 2317
(Prime Market of the Tokyo Stock Exchange)

Company Outline

【Company name】	Systema Corporation	【Listed Monetary and Commodities Exchange】	TSE Prime market
【Established】	March 1983	【Capital Stock】	1,513,750,000 Yen
【Fiscal period】	March	【Number of outstanding shares】	450,880,000 shares
【Director】	Representative Director : Yoshichika Hemmi Director : Hiroyuki Fujii Outside Director : Yukio Suzuki Representative Director : Kenji Miura Director : Shingo Hemmi Outside Director : Kouichi Ogawa and President Director : Makoto Taguchi Director : Hiroshi Kotani Outside Director : Mari Itoh		
【Auditor】	Full-time Corporate Auditor (Outside Corporate Auditor) : Tshiji Arita Outside Corporate Auditor : Yoshihiro Nakamura, Hiroshi Adagawa, Nobushige Tokuono		
【Number of Employees】	Non-Consolidated:4,440/Consolidated:5,980 (As of Apr. 1, 2024)		

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

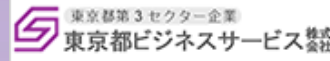


ProVision Co., Ltd.

【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)

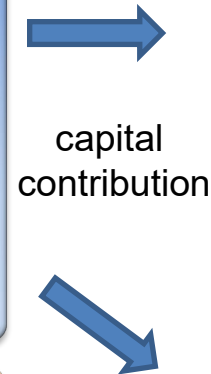


ONE Tech, Inc.

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

Development and sale of IoT solution packages

(Overseas Business)



Financial Results of fiscal 2024 (Consolidated)

<YoY rate>

Financial Results (Consolidated)

With the normalization of economic and social activities since the COVID-19 pandemic and downward risks to the economy posed by a global credit crunch to control inflation and an uncertain international situation, we redoubled our focus on recurring-revenue businesses and sought to expand high value-added businesses in the software development business, among other areas. As a consequence, net sales increased 3.2% year on year to 76,940 million yen. However, operating profit stood at 9,713 million yen, down 1.3% year on year, due to the negative impact of unprofitable projects.

(in millions of yens)

	2024/3		2023/3		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	76,940	—	74,526	—	2,414	3.2%
Operating profit	9,713	12.6%	9,844	13.2%	▲130	▲1.3%
Ordinary profit	9,942	12.9%	9,955	13.4%	▲13	▲0.1%
Profit attributable to owners of parent	7,232	9.4%	7,317	9.8%	▲84	▲1.2%

Solution Design Business

Net Sales 21,267 million yen Year-on-year ▲5.0% Operating Profit 2,717 million yen Year-on-year ▲30.8%

- ✓ Demand for the development of **next-generation mobility** solutions was brisk in the in-car sector. We will continue to focus our efforts on increasing orders.
- ✓ In the DX service sector, orders for the renewal of core systems, **development using low-code/no-code tools** and our own services increased. We will continue to proactively develop our own services.
- ✓ An unprofitable project, which was generated in the first half in the net business sector, was resolved, but there were lost opportunities caused by the impact of the project and lost sales opportunities due to resources being allocated to deal with the situation. **We started to work on strengthening our organizational capabilities in the fourth quarter under review, and earnings trended toward improvement.**

Framework Design Business

Net Sales 6,901 million yen Year-on-year +13.2% Operating Profit 1,642 million yen Year-on-year +28.3%

- ✓ 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 the securities and payment sectors in addition to areas such as **development of new services and cloud business.**
- ✓ In the public sector, the number of inquiries increased, especially inquiries related to **My Number and Government Cloud** projects. We expanded into projects for local governments, in addition to projects for central government offices, which resulted in an increase in orders.
- ✓ We strengthened measures for DX solutions **mainly through low-code development.** We have acquired new projects through integrated maintenance and development services using DX labs.

IT Service Business

Net Sales 18,297 million yen Year-on-year +3.1%

Operating Profit 2,922 million yen Year-on-year +15.9%

- ✓ To address the potential issues of customers, we focused on expanding accompanying guide runner-type **PMO services** that help customers facilitate operational improvements such as **the introduction of various tools** and **the reestablishment of business processes**.
- ✓ We **strengthened client analysis** to learn about customers' IT investment plans and IT events. We strengthened sales activities targeting sectors where we previously did not have deals to receive orders from **the departments of existing customers we have not had deals with before**.
- ✓ We **focused efforts on developing new customers** to acquire loyal clients for the future.

Business Solution Business

Net Sales 28,434 million yen Year-on-year +7.3%

Operating Profit 2,054 million yen Year-on-year +16.7%

- ✓ Despite the uncertain outlook associated with the depreciation of the yen, rising materials prices, the high cost of living and other factors, we are stepping up sales activities to help the economy return to normalcy.
- ✓ In the system integration business, we received orders for migration to a cloud environment **for digitalization**, system development projects, and maintenance services.
- ✓ In the system integration business, we received orders for 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 2,119 million yen Year-on-year +5.6%

Operating Profit 372 million yen Year-on-year ▲3.7%

- ✓ Strong inquiries regarding the generative AI and **Canbus.**-based facilitation of DX.
- ✓ The number of orders for **PMO** and **integration** for operational reforms **increased** from the customers using **Canbus.** to facilitate their DX.
- ✓ The number inquiries from Google and Microsoft increased, reflecting strong demand for projects that support DMARC.

Overseas Business

Net Sales 129 million yen Year-on-year ▲3.4%

Operating Profit ▲27 million yen Year-on-year +1 million yen

- ✓ While system development and verification services for some manufacturing companies decreased, **we stably received orders for projects for system development and verification** from other mobility-related companies.
- ✓ **We received repeat orders even for projects for the development of PoCs** in which Japanese companies verify start-ups' technologies.
- ✓ Group company StrongKey saw an increase in inquiries related to FIDO and those on the unified standard of Smart Home (Matter).

Sales by Segment

(in millions of yens)

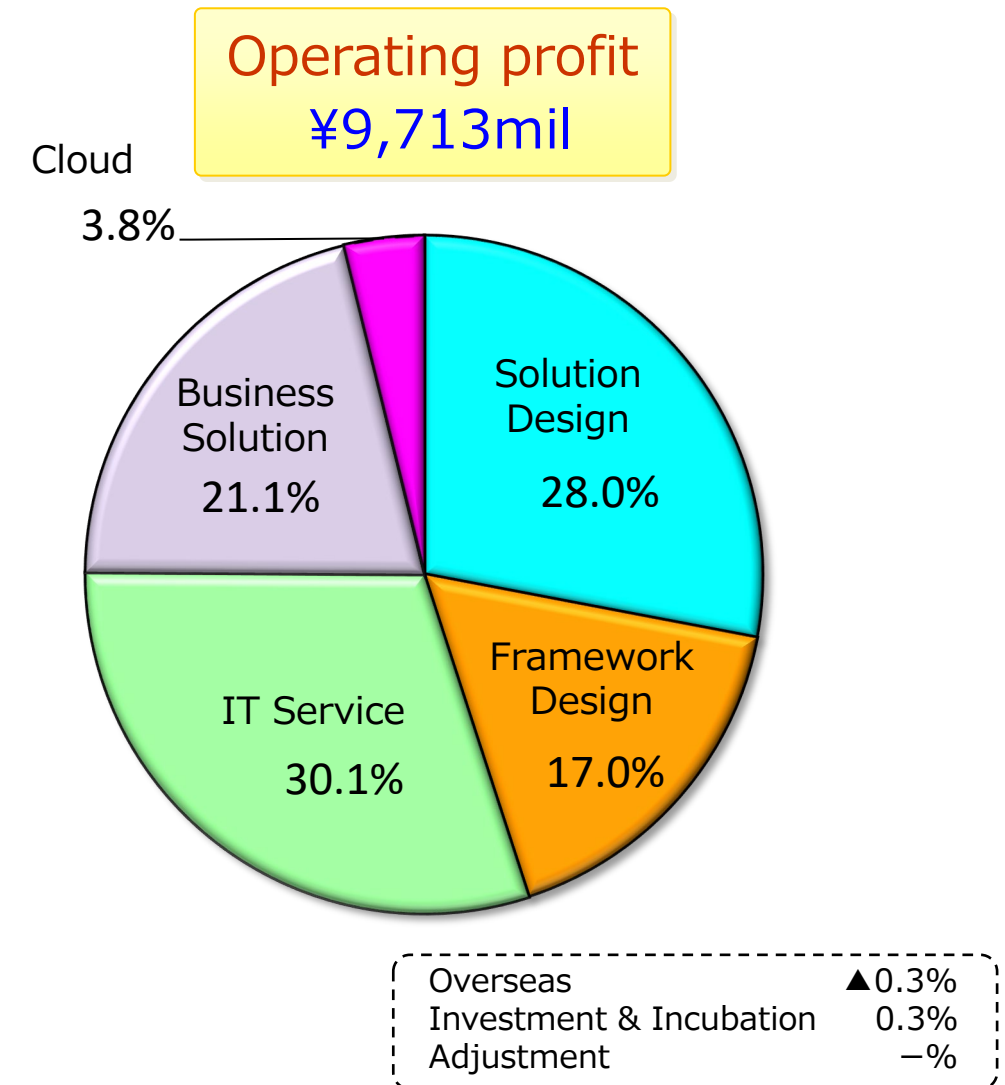
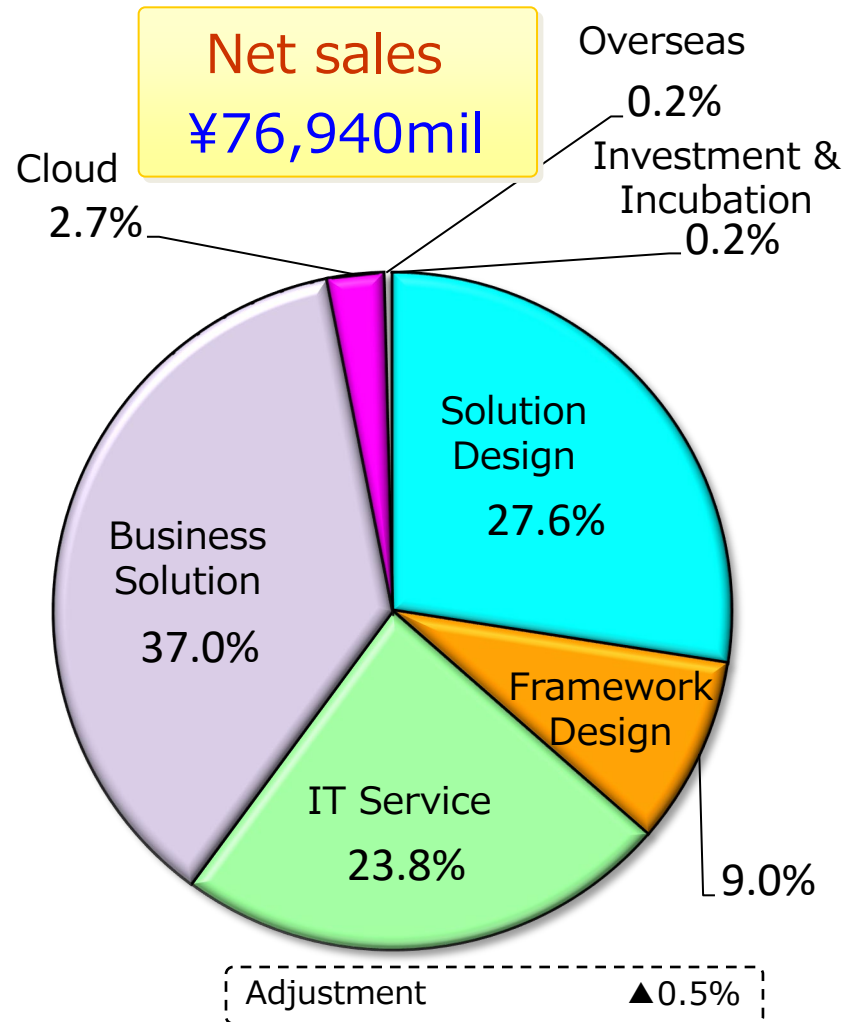
	2024/3		2023/3		YoY rate	
	Amount	Sales Distribution ratio	Amount	Sales distribution ratio	Amount of change	rate of change
Solution Design	21,267	27.6%	22,375	30.0%	▲1,108	▲5.0%
Framework Design	6,901	9.0%	6,095	8.2%	806	13.2%
IT Service	18,297	23.8%	17,753	23.8%	544	3.1%
Business Solution	28,434	37.0%	26,510	35.6%	1,924	7.3%
Cloud	2,119	2.7%	2,007	2.7%	111	5.6%
Overseas	129	0.2%	134	0.2%	▲4	▲3.4%
Investment Incubation	187	0.2%	309	0.4%	▲122	▲39.5%
Adjustment	▲396	▲0.5%	▲660	▲0.9%	263	—
Total	76,940	100.0%	74,526	100.0%	2,414	3.2%

Operating profit by Segment

(in millions of yens)

	2024/3		2023/3		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Solution Design	2,717	12.8%	3,926	17.5%	▲1,208	▲30.8%
Framework Design	1,642	23.8%	1,279	21.0%	362	28.3%
IT Service	2,922	16.0%	2,521	14.2%	401	15.9%
Business Solution	2,054	7.2%	1,760	6.6%	293	16.7%
Cloud	372	17.6%	386	19.3%	▲14	▲3.7%
Overseas	▲27	▲21.6%	▲29	▲21.8%	1	—
Investment Incubation	33	17.7%	▲0	▲0.2%	33	—
Adjustment	—	—	—	—	—	—
Total	9,713	12.6%	9,844	13.2%	▲130	▲1.3%

Composition of Net Sales and Operating Profit by Segment

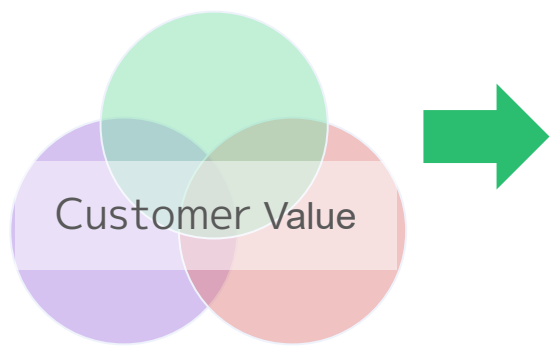


Earnings Forecast for 2025/3 (Consolidated, Full Year)

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

(in millions of yens)

	2025/3 Earnings Forecasts		2024/3		YoY rate	
	Amount	Profit ratio	Amount	Profit ratio	Amount of change	rate of change
Net sales	85,000~ 100,000	—	76,940	—	8,059~ 23,059	10.5%~ 30.0%
Operating profit	8,500~ 10,500	8.5%~ 12.4%	9,713	12.6%	▲1,213~ 786	▲12.5%~ 8.1%
Ordinary profit	8,500~ 10,500	8.5%~ 12.4%	9,942	12.9%	▲1,442~ 557	▲14.5%~ 5.6%
Profit attributable to owners of parent	5,900~ 7,300	5.9%~ 8.6%	7,232	9.4%	▲1,332~ 67	▲18.4%~ 0.9%



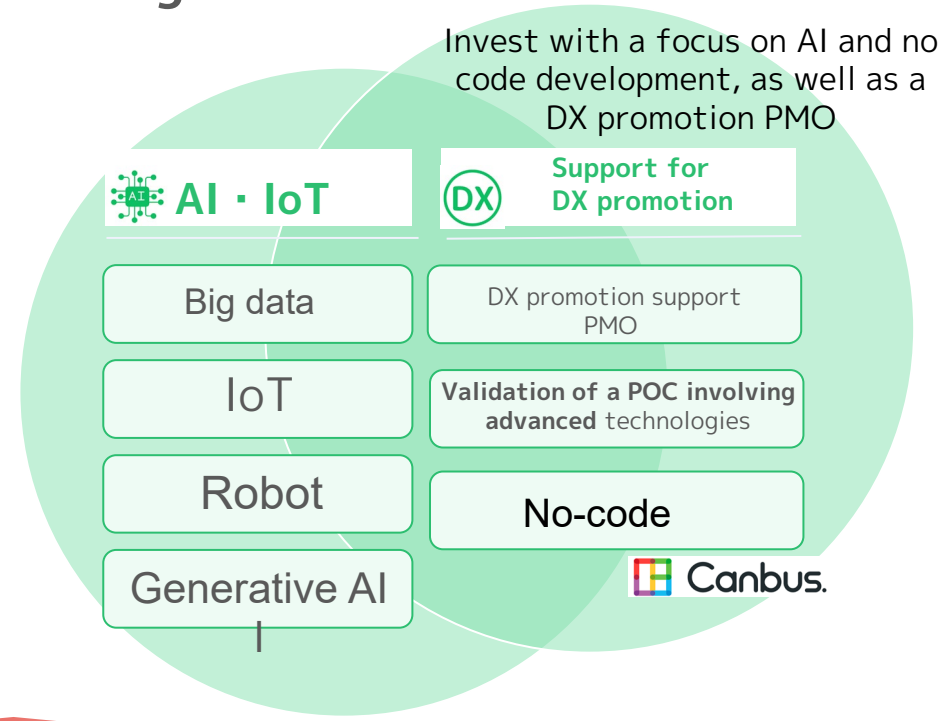
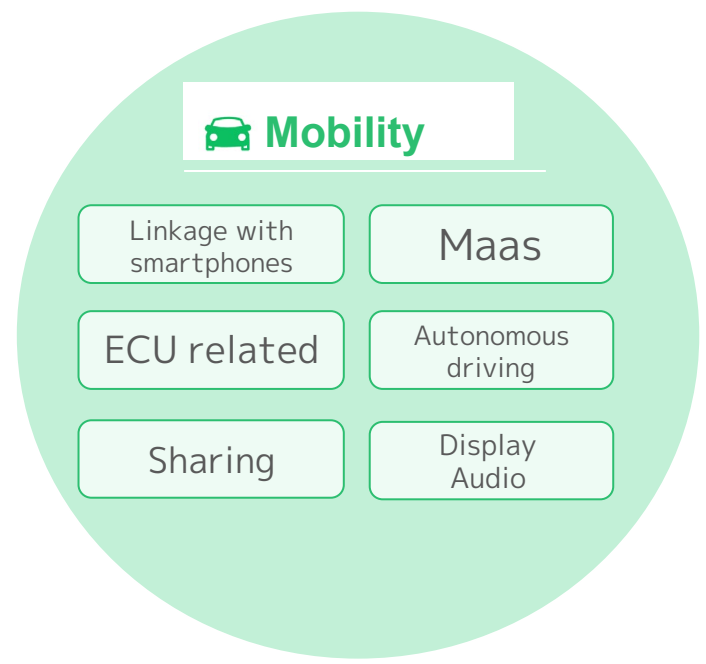
Management
focused on
profitability



Management focused on sales

Aggressive investment in growth areas

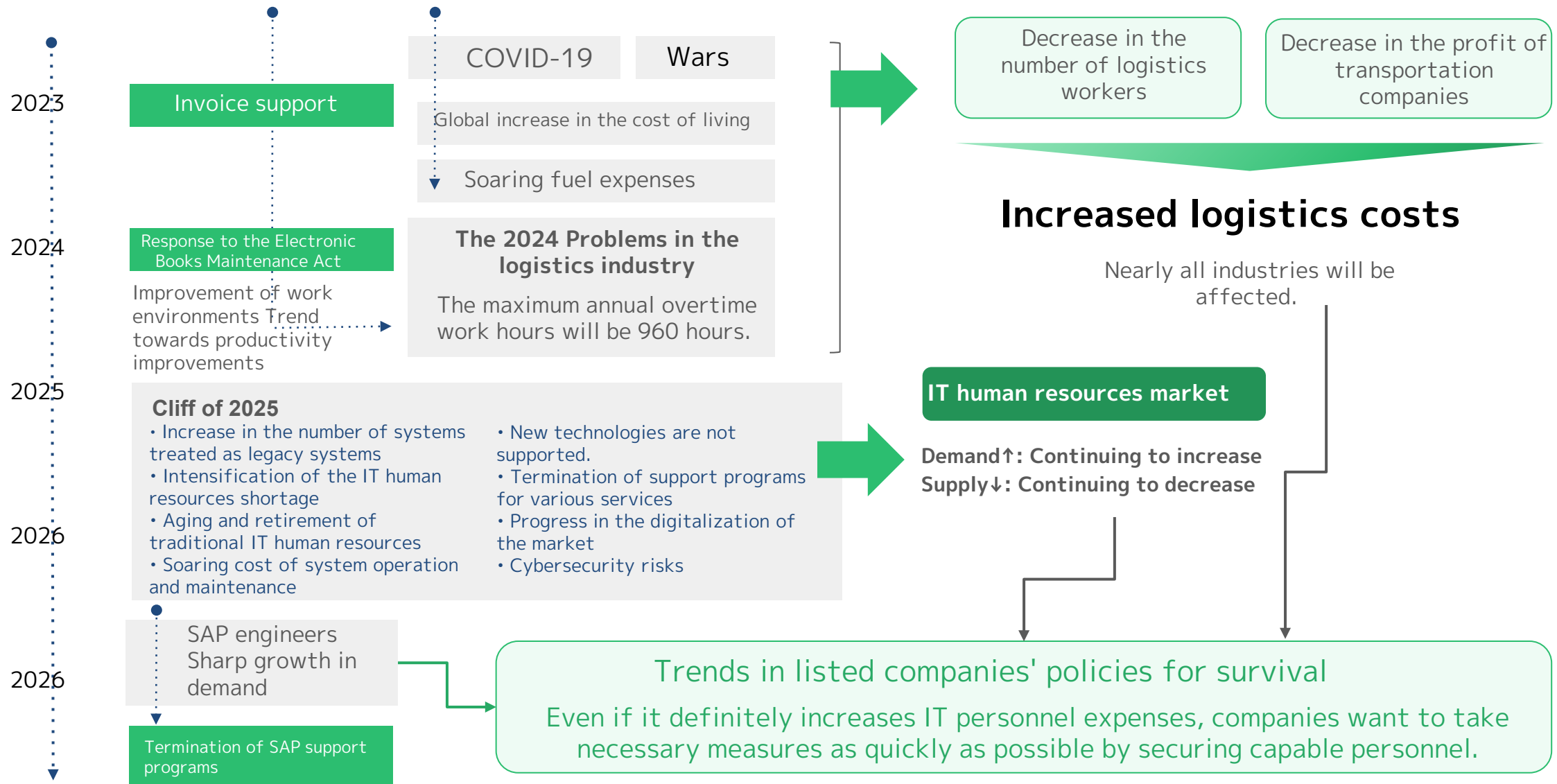
Launch of a next-generation
mobility business



Creating sales opportunities
and securing human resources
are issues.

- Proactive hiring
- Improvement of working conditions
- Attractive working environments
- Attractive growth opportunities

With the rising cost of DX support personnel becoming a serious issue, the mainstream trend is to secure personnel at an early stage and quickly push through with DX.



Appendix — DX Promotion and Its Relevance to Varieties of Themes —

Pioneering projects in each era reflect these themes and changes in major transactions.

Generative AI

ChatGPT POC
Support

DX and teleworking

Wars and the soaring prices of raw materials

The 2025 Digital Cliff problem

Termination of SAP support programs

Shortage of IT human resources

No-code

Digital personnel training

Data linking

Automation and the improvement of work efficiency

Regulation of long working hours

RPA

IoT

IOT for the primary industry

IOT for the secondary industry

IOT for offices

IOT for conference rooms
IOT for lavatories

Cloud

Cloud gateway for mobile applications

The Basic Act on Cybersecurity

Utilization of public and private sector data

Work style reform

Promotion of DX (METI Guidelines)

2014 - 2017

2017 - 2020

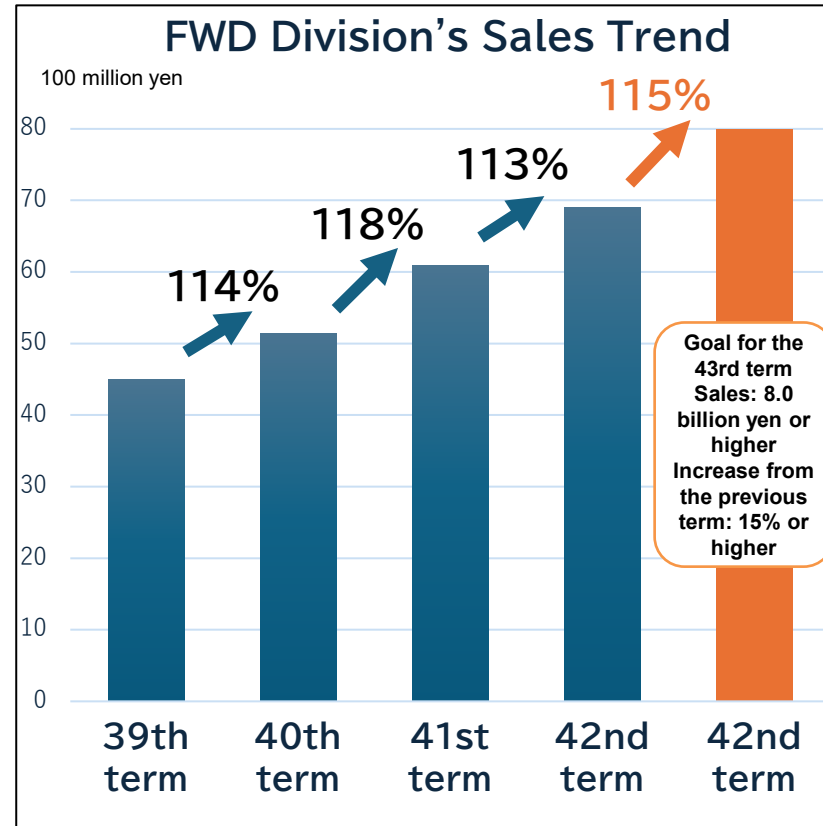
COVID-19

2020 - 2023

Basic Policy

Accelerate the expansion of sales using management strategies that consider inflation. Acquire **new value** through active investment in advanced areas.

Overview of the FWD Division's businesses and its management issues



Currently

The Division eliminated its dependance on the financial sector due to trends in policy measures such as measures related to My Number and Government Cloud, as well as growing demand for personnel against the backdrop of the promotion of DX. Sales continued to grow due to the expansion of the business portfolio in the public and corporate sectors.
⇒ **Double-digit growth was achieved in three consecutive terms**

Issues

The increase in the topline has been **slowing** because the speed of human resources development has been unable to catch up with the growth of market needs. We need to push forward with the enhancement of resources using means other than the training of new graduates.

Market trends

1 Demand for IT personnel remains high

2 Continuing trend centered around cloud technologies

3 Growing demand for advanced technologies

The FWD Division's business strategies are linked to the corporate policies

Actively invest in growth areas to expand the businesses' market shares

Proactive management with a focus on sales and value

Build an appropriate recruitment system to secure IT human resources

Improvement of working conditions and securing of work-ready human resources

Divisions collaborating to maximize proposal-making capabilities

Expansion of the value of services provided as ALL SYSTEMA solutions

Strengthen competitiveness by creating a multi-skilled organization system

Organizational structure that achieves one-stop services

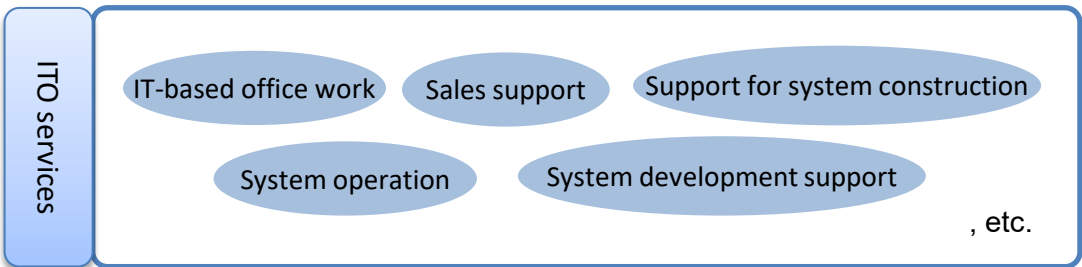
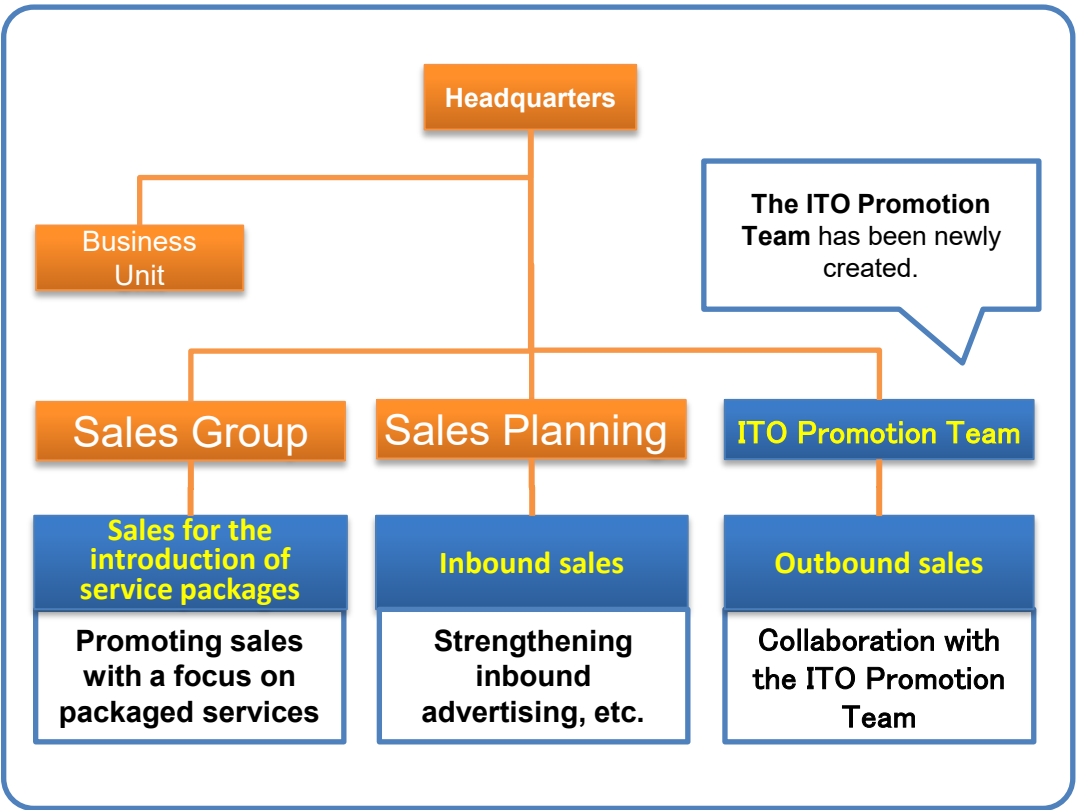
Sustainable growth and maximization of service value

(i) Establishment of new businesses and strengthening the sale of systems

Measures to increase ITM service value

New:

ITO *Information Technology Outsourcing

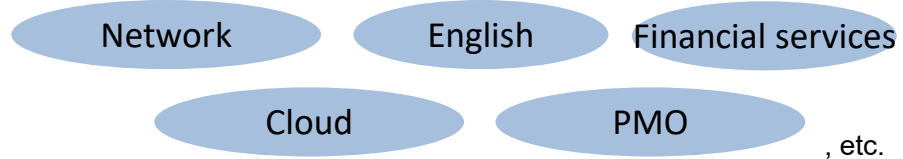


Item	Descriptions
Sales for the introduction of service packages	Strengthening the sales structure to promote the introduction of service packages <ul style="list-style-type: none">Incident management optimization serviceSaaS tool integration and management serviceService to increase the efficiency of personnel affairs, labor affairs and accounting systemsData management service
Inbound sales	Strengthening measures for inbound tourists <ul style="list-style-type: none">Exhibitions, seminars and mail magazinesProject/job referral mediaEnhancement of HP, LP and WPInternet advertising
Outbound sales	Strengthening the sales system for outbound sales

(ii) Enhancement of purchase functions

Measures to increase ITM service value

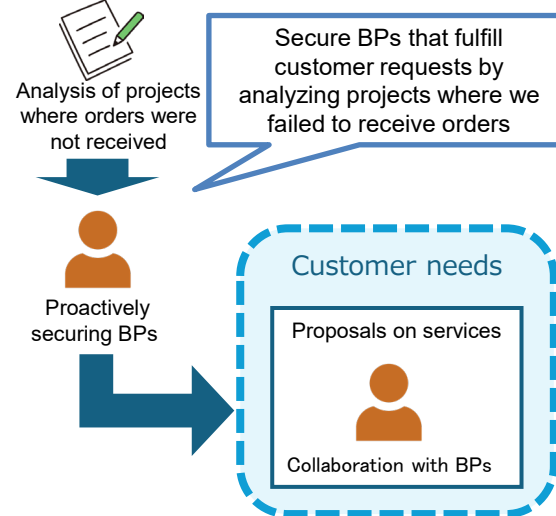
- Collaboration with business partners (BPs) whose strengths lie in specific technologies featured as key words



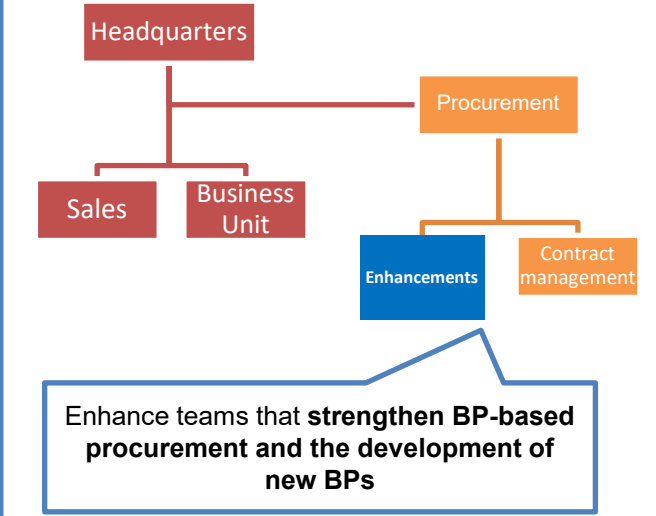
- Collaborations with sub-contracted partners

	Descriptions
Advanced training	Prompts, system construction, data science, etc.
Security	Generative AI governance, security platform, vulnerability countermeasures, etc.

- Seeking to receive orders by proactively securing BPs



- Strengthening the organizational structure



Expand sales, profit and value through the SI business



Shifting our focus from physical business to service business

1. Expansion of DX-related services — Sales expected to grow 30%

- Enhance system development and the application reconfiguration business in a **multi-cloud environment**
- Expand **Government Cloud-related projects**

2. Enhancement of hybrid environment initiatives — Sales expected to grow 27%

- Strengthen measures for the cloud business and **expand the menu of services**
- Strengthen support with an eye on **the end of life of Windows 10**

3. Strengthening earnings capacity by expanding sales of services — Sales expected to grow 135%

- **Expand the menu of services** and expand sales into the profit division
- Provide all services through **ALL SYSTEMA solutions on a one-stop basis**

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.



ALL Systema

Making digital society a happy society. Systemena IT Services



<https://www.systemena.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.