

Financial Results Presentation

for the First Quarter of the Fiscal Year Ending March 31, 2025



July 31, 2024

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1. Financial Results for First Quarter of 2025/3 (Consolidated)

1Q 2025/3 Results

Financial Results for First Quarter of 2025/3 (Consolidated)

(in millions of yen)

Net Sales and Profit at Each Stage	2025/3		YoY Change			
	1Q Results	Profit Ratio	1Q 2024/3 Results	Profit Ratio	Amount	%
Net sales	19,746	-	18,734	-	1,011	5.4%
Operating profit	2,643	13.4%	1,909	10.2%	733	38.4%
Ordinary profit	2,651	13.4%	1,781	9.5%	870	48.9%
Profit attributable to owners of parent	1,816	9.2%	1,220	6.5%	596	48.9%

Financial Results (Consolidated)

- Promoted the expansion of high value-added businesses including consulting services supporting DX promotion in the software development business, etc. and PMO projects.
- Focused on recurring business to secure revenue
- Actively invested in human resources, continually improved compensation to ensure the stable retention of talented personnel

Main Financial Indicators

(in millions of yen)

Indicators	As of June 30, 2024	As of March 31, 2024	Change
Equity capital	34,850	38,099	(3,249)
Interest-bearing debt	1,550	1,550	0
Debt-to-equity ratio	4.45%	4.07%	0.38%pt
Equity ratio	70.8%	70.5%	0.30%pt

By Segment (Net Sales / Operating Profit, YoY)

■ **Solution Design Business: 4,455 million yen (-5.1%) / 711 million yen (+125.2%)**

- In the social infrastructure sector we utilized our embedded and web technology capabilities to roll out solutions, securing system replacement and DX projects in the power, transportation, satellite and defense industries.
- In the net business sector, we developed services in the cashless payment and Fintech domains, fielding an increase in business inquiries amid demand for development utilizing generative AI and Web 3 technologies.
- In the product sector, orders related to key concepts such as AI and IoT expanded, in addition to development related to smartphones, home appliances, robots and payment devices.
- In the DX service sector, there was an increase in orders for the visualization and optimization of business processes and data utilization, AI- and automation-driven business streamlining, and development utilizing low-code or no-code tools.

■ **Next-generation Mobility Business: 986 million yen (+95.5%) / 325 million yen (+310.9%)**

- We secured a growing number of orders leveraging the experience we have cultivated in mobile development, including automotive cockpit and automotive software development solutions including in-vehicle infotainment (IVI) and cockpit domain controllers (CDC).
- There was an increase in business inquiries thanks to proactive investment and activities aimed at in-house services to support software-defined vehicles (SDV).
- There was also a steady stream of inquiries regarding peripheral services through sharing and mobility.

■ **Framework Design Business: 1,885 million yen (+16.4%) / 368 million yen (+4.6%)**

- In the financial sector, we saw steady performance with a focus on maintenance and development for mission-critical systems.
Inquiries concerning DX-related projects including the development of new services to improve customer contact points and cloud utilization are on the rise.
- In the public sector, an increase in development projects stemming from the “My Number” individual number system increased, leading to an expansion of orders.
In relation to infrastructure, projects to migrate systems to government cloud services also expanded, driving sales growth.
- We strengthened measures for DX solutions mainly through low-code development.
Under our lab framework we have tapped into customer needs through integrated maintenance and development services, leading to expanded orders.

By Segment (Net Sales / Operating Profit, YoY)

■ IT & DX Service Business: 4,702 million yen (+6.2%) / 579 million yen (-5.4%)

- There was a steady stream of inquiries regarding our collaborative PMO services supporting business improvements including the introduction of various tools and the rebuilding of business processes.
- We achieved sales growth by strengthening proposals for customer IT investment plans and IT events.
- We also began efforts to expand the domains covered by our IT outsourcing business as a measure to expand sales and value.
- With our DX verification service, we utilized our knowledge of the net business and customers in the gaming industry to gain in-depth insight into customers in the enterprise field and strengthen new customer development.

■ Business Solution Business: 7,049 million yen (+1.7%) / 597 million yen (+16.6%)

- Despite uncertainty over the future due to the weak yen and high prices of resources and goods, we strengthened sales activities aimed at boosting competitiveness through the utilization of DX and AI.
- In the system integration business, we received orders for migration to a cloud environment for digitalization, system development projects, and maintenance services.
- Despite the emergence of replacement projects ahead of the sunsetting of Windows 10 support in October 2025, we have seen a strong tendency to delay implementation and expect to see full-scale progress from the second half of the year and beyond.
- 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.

■ DX & Subscription Business: 516 million yen (+16.1%) / 58 million yen (+111.5%)

- 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.
- We also increased services promoting DX in areas other than **Canbus.** and ran advertising campaigns to broaden our customer base.

(in millions of yen)

Net Sales and Profit at Each Stage	2024/3 Results							2025/3	1Q Comparison
	1Q	2Q	H1	3Q	4Q	H2	Full year	1Q Results	Change
Net sales	18,734	18,787	37,521	19,619	19,800	39,419	76,940	19,746	1,011
Operating profit	1,909	2,458	4,368	2,657	2,688	5,345	9,713	2,643	733
Ordinary profit	1,781	2,553	4,334	2,760	2,846	5,607	9,942	2,651	870
Profit attributable to owners of parent	1,220	1,756	2,976	1,868	2,388	4,256	7,232	1,816	596

YoY Comparison (by Segment)

(in millions of yen)

Business Segment	2024/3	2025/3	1Q	1Q
	1Q Results	1Q Results	Comparison %	Profit Ratio
Solution Design Business	4,695	4,455	(5.1)	16.0%
	315	711	125.2	
Next-generation Mobility Business	504	986	95.5	33.0%
	79	325	310.9	
Framework Design Business	1,619	1,885	16.4	19.5%
	351	368	4.6	
IT & DX Service Business	4,428	4,702	6.2	12.3%
	612	579	(5.4)	
Business Solutions Business	6,929	7,049	1.7	8.5%
	512	597	16.6	
DX & Subscription Business	445	516	16.1	11.4%
	27	58	111.5	
Other Business	208	238	14.6	1.3%
	10	3	(70.8)	

* Top row: net sales, bottom row: operating profit

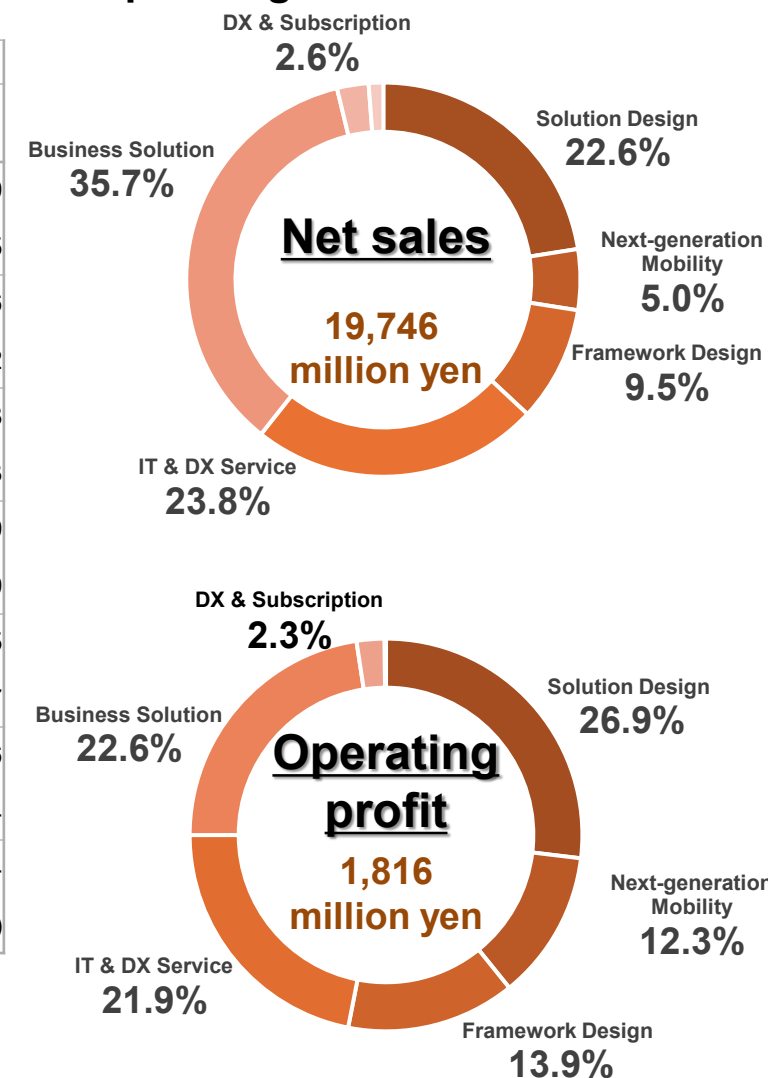
(in millions of yen)

Reference: 2024/3 Results *external sales only

	1Q	2Q	3Q	4Q
1Q	4,688	4,641	4,612	4,679
2Q	315	488	575	835
3Q	504	560	650	796
4Q	79	123	187	252
1Q	1,619	1,695	1,758	1,828
2Q	351	454	452	383
3Q	4,371	4,467	4,611	4,629
4Q	612	755	805	749
1Q	6,924	6,366	7,244	6,915
2Q	512	455	532	417
3Q	442	790	281	676
4Q	27	131	(2)	74
1Q	183	266	458	274
2Q	10	50	107	(26)

* Top row: net sales, bottom row: operating profit

Composition of Net Sales and Operating Profit





2. Consolidated Earnings Forecast for 2025/3 and Our Initiatives

2025/3 Full-year Forecasts

2025/3 Full-year Forecasts

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	(in millions of yen)	(in millions of yen)	(in millions of yen)	(in millions of yen)	(Yen)
Previous forecast (A)	85,000 - 100,000	8,500 - 10,000	8,500 - 10,000	5,900 - 7,300	15.23 - 18.84
Revised forecast (B)	85,000 - 100,000	10,000 - 12,000	10,000 - 12,000	7,000 - 8,400	18.98 - 22.78
Difference (B - A)	0	1,500 - 1,500	1,500 - 1,500	1,100 - 1,100	
Change (%)	0.0	14.3 - 17.7	14.3 - 17.7	15.1 - 18.6	
[Reference] Results for previous fiscal year (2024/3)	76,940	9,713	9,942	7,232	18.67

Full-Year Earnings - Key Points of Change

- In terms of profit, contractual unit prices have increased due to a shift of management resources to growth businesses
- Orders for high value-added projects have increased, leading to higher profit margins in nearly every business

Initiatives by Segment (Outlook)

■ Solution Design Business

Aiming to create high added-value business fields

1. Aggressive expansion into growth areas
 - In the social infrastructure, net business and products sectors, we have actively expanded business operations exhibiting demand for high added value
 - In the DX services sector, we are aggressively rolling out AI and automation-driven business streamlining solutions and development that leverages low-code and no-code tools
2. Strengthening of organizational capabilities
 - We will strengthen alliances with partner companies with the aim of providing services with even greater added value
 - We are actively investing in personnel recruitment and training, strengthening a system capable of supporting customers with total solutions ranging from IT consulting to development, verification, performance evaluation and operation

■ Next-generation Mobility Business

Fulfilling our mission as a Tier 1 software provider due to the development of software defined vehicles (SDV) in the automotive sector

1. Active expansion into the field of SDV
 - Leveraging our experience cultivated in mobile development, we will focus on automotive cockpit systems such as IVI and CDC as well as automotive information systems
2. Investment in in-house services that support SDV
 - Making proactive investments in in-house services that support SDV based on our track record with mobile and mobility
3. Expansion into peripheral services such as sharing
 - In addition to supporting the conversion of completed vehicles to SDVs, active expansion into peripheral services through sharing and mobility

Initiatives by Segment

Framework Design Business

We will continue to aggressively expand into respective growth areas in the finance, public and corporate sectors, utilizing our development expertise and cutting-edge technologies with the aim of maximizing orders

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|--|--|
| <ol style="list-style-type: none">1. Maximizing existing businesses and expanding into growth areas2. Actively accepting orders for DX Projects!3. Further expanding high value-added projects | <ul style="list-style-type: none">• Continue with projects that revolve around insurance/finance system development and infrastructure development, while actively pursuing an expansion into the public and corporate sectors to build a robust sales base.• 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.• Enhance the DX labs and expand the services that address low-code development and DX solutions.• Enhance competitive power along with the improvement of added value with the goal of continuing to improve profitability. |
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IT & DX Service Business

Aim to expand the fields covering by each service while strengthening services that support the development of customer businesses

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|--|---|
| <ol style="list-style-type: none">1. Focusing on the provision of services for customers' digital businesses2. Supporting the introduction of tools for standardization and automation3. Expanding DX verification services in agile development | <ul style="list-style-type: none">• Further expand from conventional IT support to PMO services including the migration and introduction of various systems, and the improvement and rebuilding of business processes• Promote support for the introduction of SaaS tools that address the standardization and automation needs of back office departments• Leverage knowledge of agile testing services in the net business and gaming areas to gain in-depth insight into customers in the enterprise field and strengthen new customer development |
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Initiatives by Segment

Business Solutions Business

Shifting our focus from physical business to service business

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|---|---|
| 1. Investments in expanding the domains covered by our solutions | • Enhance the portfolio of services and expand sales into the profit division |
| 2. Enhancement of hybrid environment initiatives | • Enhance capabilities for dealing with hybrid environments and strengthen alliances with cloud developers
• Enhance the portfolio of services aimed at Windows 10 End of Life (EOL) |
| 3. Expansion of DX-related services | • Enhance system development and the application reconfiguration business in a multi-cloud environment |
| 4. Strengthening earnings capacity by expanding sales of services | • Provide all services through ALL Systemena solutions on a one-stop basis |

DX & Subscription Business

We are making proactive up-front investments in our own services, primarily Canbus., with the aim of deploying these services in the field of digital transformation (DX).

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|---|---|
| 1. Strengthening sales promotion of Canbus. | • Strengthen services that integrate generative AI and direct the promotion of DX, aiming to capture customer demand and develop new customers |
| 2. Increasing the brand recognition of Canbus. | • Conduct a range of advertising activities such as exhibiting at events, taking part in joint events with partners, and engaging in social media-based marketing |
| 3. Up-front investment associated with service improvements | • Increase the lineup of services focused on areas other than the Canbus. no-code platform to broaden our customer base |



Company Outline

Company Outline

- Company name: Systema Corporation
- Established: March 1983
- Fiscal period: March
- Listed monetary and commodities exchange: TSE Prime Market
- Capital stock: 1,513,750,000 yen
- Number of outstanding shares: 450,880,000 shares












- Directors
 - Representative Director and Chairman: Yoshichika Hemmi
 - Director and President: Kenji Miura
 - Senior Managing Director: Shingo Hemmi
 - Executive Managing Director: Hiroshi Kotani
 - Director: Makoto Taguchi
 - Director: Hiroyuki Fujii
 - Outside Director: Kouichi Ogawa
 - Outside Director: Mari Itoh
 - Outside Director: Keirou Hemmi
 - Outside Director: Rikizou Kurosaki

- Audit & Supervisory Board Members
 - Full-time Outside Audit & Supervisory Board Member: Toshiji Arita
 - Outside Audit & Supervisory Board Member: Yoshihiro Nakamura
 - Outside Audit & Supervisory Board Member: Hiroshi Adagawa
 - Outside Audit & Supervisory Board Member: Nobushige Tokuono

- Number of employees Non-consolidated: 4,342 / Consolidated: 5,882
(as of July 1, 2024)

Business	Descriptions
Solution Design Business	<ul style="list-style-type: none"> ▶ Planning, design, development and verification support for various products and telecommunications services ▶ Planning, design, development and verification support for net businesses, business apps, web services, social infrastructure-related systems, IoT, artificial intelligence and robotics-related services
Next-generation Mobility Business	<ul style="list-style-type: none"> ▶ Provision of in-house services including engineering and MaaS to the automotive industry, with a focus on automotive OEMs and suppliers
Framework Design Business	<ul style="list-style-type: none"> ▶ Development of financial (non-life and life insurance, banks), industrial, public sector and other mission-critical systems ▶ Development of infrastructure systems
IT & DX Service Business	<ul style="list-style-type: none"> ▶ Operation, maintenance and monitoring of systems and networks, provision of help desk and user support services, data entry, volume output, software development support and technical support for IT devices, quality verification for mobile devices and web applications, and other IT outsourcing services
Business Solutions Business	<ul style="list-style-type: none"> ▶ Sale of IT-related products including servers, PCs, peripheral equipment and software to corporations ▶ Provision of services related to IT equipment including infrastructure building and virtualization ▶ Provision of RPA solutions
DX & Subscription Business	<ul style="list-style-type: none"> ▶ Provision of proprietary services Canbus., Cloudstep and Web Shelter ▶ Provision of and installation support for cloud-based services including Google Workspace and Microsoft 365
Other	<ul style="list-style-type: none"> ▶ In the overseas domain, technical support related to mobile telecommunications, development and verification support, the provision of various solutions, and trend research / commercialization of the latest technologies and services ▶ In the investment and development field, the planning, development and sale of game content for smartphones and tablets

Group companies

	Group companies		Capital / Investment Ratio	Business Descriptions
Domestic consolidated subsidiaries ▶	 ProVision	ProVision Co., Ltd.	85 million yen 99.6%	- Comprehensive net services business based on development support and quality assessment for mobile device apps and internet content
	 東京都第三セクター企業 東京都ビジネスサービス株式会社	Tokyoto Business Service Co., Ltd.	100 million yen Systema Corporation: 51%, Tokyo Metropolitan Government: 49%	- Data entry, volume output, mailing, proxy dispatch, proxy administrative office services, proxy administrative processing (Model company for the employment of people with severe disabilities as a joint venture with the Tokyo Metropolitan Government)
	 株式会社ティービーエスオペレーション	TBSOPERATION Co., Ltd.	40 million yen Tokyoto Business Service Co., Ltd. 100%	- Employment transition support business and employment continuation support business based on the Act on Comprehensive Support for Persons with Disabilities - Occupational training business for people with disabilities and others
	 IDY	IDY Corporation	65 million yen 76.7%	- Sale of various telecommunication devices and telecommunications software primarily for wireless infrastructure including mobile devices - Various development related to wireless communications
	 GaYa	GaYa Co., Ltd.	75 million yen 100%	- Planning, development and provision of social games for smartphones - Contracted development and development support
	 MINGAL	MINGAL, Inc.	100 million yen 60.0%	- Development, distribution, maintenance and operation of cloud services relating to professional practice
Domestic equity-method affiliates ▶	 HiS Group HOKUYO INFORMATION SYSTEM HISホールディングス株式会社	HIS Holdings, Inc.	95 million yen 25.0%	- System development, packaged software development and sale, and sale of IT equipment - Near-shore development based in Sapporo
Overseas consolidated subsidiaries ▶	 systema	Systema America Inc.	28 million US dollars 100%	- US-based mobility and mobile-related software development and verification support business, corporate DX support service utilizing proprietary Canbus. product, concept business development utilizing start-ups, trend research and commercialization of latest technologies and services in the US
	 systema	Systema Vietnam Co., Ltd.	200,000 US dollars 100%	- Software development and quality evaluation - Operation and maintenance - General IT services
Overseas equity-method affiliates ▶	 STRONGKEY	StrongKey, Inc.	7.65 million US dollars 28.8%	- Development and sale of data encryption and password-less authentication web servers for security measures - Development and sale of FIDO authentication, PKI and tokenization solutions
	 one	ONE Tech, Inc.	6 million US dollars 50.0%	- Development and sale of AI solutions and Micro AI (edge AI) aimed at streamlining manufacturing processes and data monitoring in the manufacturing industry



Basic Management Policy and Target Management Indicators

Basic Management Policy

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.

Target Management Performance Indicators

1. Stable and high dividends
2. High return on equity
3. High ratio of operating profit to sales

To achieve these indicators, we will aim to achieve a high revenue structure consistent with a basic management policy that emphasizes a balance between stability and growth.



ALL Systemena

[Precautions regarding outlook]

This document contains forward-looking statements and predictions that represent projections determined based on the information currently available to the Company and involve considerable uncertainty.

Please note that actual business performance and other results can fluctuate due to various factors including changes in the economic or business environment.

