

Alpha-Win Company Research Report

CUBE SYSTEM INC. (2335 TSE Prime)

Issued: 8/5/2022

Alpha-Win Capital Inc. Research Department
<http://www.awincap.com/>

● Summary

◆ Independent, mid-tier system integrator with long-term, stable growth

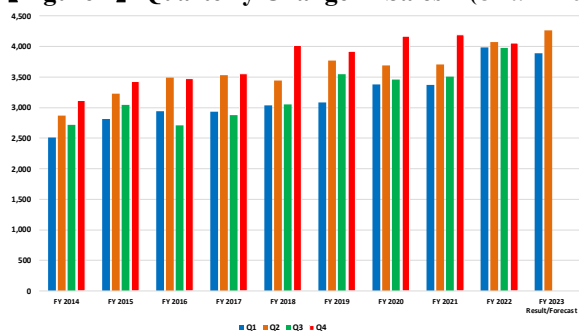
- CUBE SYSTEM INC. (hereinafter, the “Company”) is an independent, mid-tier system integrator listed on the TSE Prime. Its main customers include the Nomura Research Institute and the Fujitsu Group, and it develops systems and provides services mainly for the financial, distribution, transportation, and telecommunication industries. Its strengths are its excellent customer base, extensive experience, high credibility, and the technology and expertise that it has built up over the years. Founded in 1972, it has about 50 years of history.
- With the exception of one fiscal year, the Company has been continuously increasing sales YoY for the past 21 years. During this period, the annual sales growth rate (simple average of the rate of increase in sales) was +6.1% and the annual recurring profit growth rate (simple average) was +7.3%; it has been steadily expanding its business over the long term and has always maintained a profit. Its recurring margin has stably been around 7% and the increase in sales has been contributing directly to increases in profit, dividend, and market capitalization. In FY 2022 (note that the Company’s fiscal year is March-ending, i.e., FY 2022 ended in March 2022), it achieved record-high sales and profits. It also increased dividend for the third year in a row.
- In April 2022, it moved from the TSE First Section to the newly established Prime Market.

◆ Consolidated results for the first quarter of this fiscal year: sales fell slightly by 2.4% YoY and operating profit fell at a double-digit rate of 28.1% YoY due to the delay in receiving orders for projects and the less-than-expected profitability improvement of the Enhancement Business.

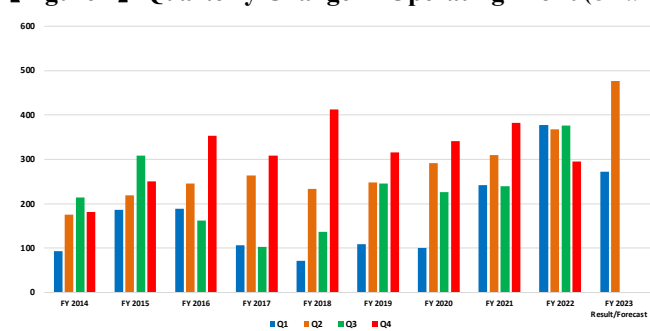
Q1: Overview

- The financial results for the first quarter of FY 2023 (from April to June 2022: hereinafter, “Q1”) were as follows: sales of ¥3,892 million (-2.4% YoY), operating profit of ¥272 million (-28.1% YoY), recurring profit of ¥271 million (-30.5% YoY), and net profit attributable to owners of the parent (hereinafter, “net profit”) of ¥173 million (-34.0% YoY) (see Figures 1-2 and Figures 3-4 on page 2). Since the Company had finished the transition to the new revenue-recognition standard in the previous fiscal year, there is no impact on this fiscal year’s results.
- Despite the decline in sales and profit, the Company recorded the second highest levels of Q1 sales and operating profit following the record-high sales and profit of the Q1 of the previous fiscal year. It does not disclose its Q1 forecast, but its sales have presumably been in line with its plan, while the profits were slightly below expectation.
- In addition to the decrease in sales caused by the delay in receiving orders for some projects due to its customers’ changes in schedule, in terms of profit, the measures to improve the profit margin of the Enhancement Business (reallocation of projects and resources, automatization, multi-tasking, etc.) had been less effective than expected. These caused profit to decline.
- The gross margin fell by 1.4 basis points from 21.6% in the Q1 of the previous fiscal year to 20.2% in the Q1 of this fiscal year (same order applies below). Meanwhile, the SG&A expenses increased by 6.2% from ¥483 million to ¥513 million, and the SG&A expenses ratio rose from 12.1% to 13.2%. As a result, the operating margin fell by 2.5 basis points from 9.5% to 7.0%.

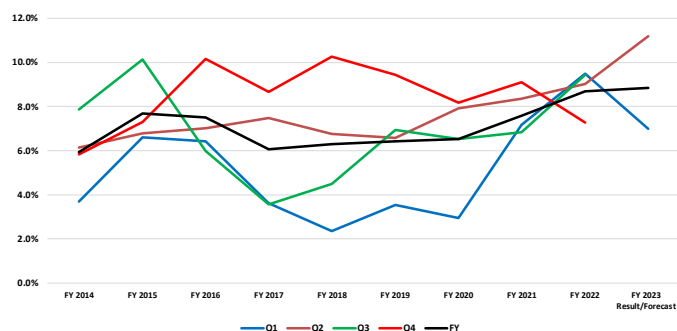
【Figure 1】 Quarterly Change in Sales (Unit: million yen)



【Figure 2】 Quarterly Change in Operating Profit (Unit: million yen)



【Figure 3】 Quarterly Change in Operating Margin (Unit: %)



(Note) In Figures 1-4, actual results are shown for Q1 FY 2023, while the Company's forecasts are shown for Q2 and the full year (FY). Prepared by Alpha-Win Research Dept. based on the financial results summary and the financial results briefing supplemental materials. Throughout this report, due to processing of data during calculations, values for the same item may slightly differ.

【Figure 4】 Summary of Q1 Results

(Note: percent of total amount of change is the proportion of the absolute amount of change)

Consolidated	Q1 Results		Q1 FY 2022	Q1 FY 2023	% Change	Change in Amount / Diff.	% of Total Amount of Change	% of Total	FY 2023 Full-Year Company Plan	% Change
	Unit: million yen, %		Apr-June 2021	Apr-June 2022	YoY: %	YoY: million yen / %	%	%	Apr 2022 - Mar 2023	YoY: %
Category	Consolidated Sales	Service/Category Name	3,987	3,892	-2.4	-94	100.0	100.0	17,300	7.5
By Service Category	Sales	System Integration: SIS	2,985	2,821	-5.8	-163	-173.4	72.5		
		System Outsourcing: SOS	493	440	-10.9	-53	-56.4	11.3		
		Professional: ProS	508	631	24.3	123	130.9	16.2		
	Operating Profit	System Integration: SIS	311	172	-44.6	-138	-130.2	63.7		
		System Outsourcing: SOS	27	34	25.9	7	25.9	12.5		
		Professional: ProS	30	64	111.3	34	32.1	23.5		
Operating Margin (%)	System Integration: SIS	10.4	6.1	-4.3						
	System Outsourcing: SOS	7.5	7.9	0.4						
	Professional: ProS	6.1	10.3	4.2						
By Industry	Sales	Finance	934	1,128	20.7	193	205.3	29.0	4,420	13.1
		Distribution	815	785	-3.6	-29	-30.9	20.2	3,550	6.2
		Telecommunication & Transportation	1,062	826	-22.3	-235	-250.0	21.2	3,910	-8.8
		Manufacturing (other)	318	344	7.9	26	27.7	8.8		
		Government (other)	244	206	-15.7	-38	-40.4	5.3	5,420	18.8
		Other (other)	610	611	-1.8	-9	-9.6	15.4		
	Operating Profit	Finance	75	101	35.0	26	24.5	37.1		
		Distribution	84	49	-42.2	-35	-33.0	18.0		
		Telecommunication & Transportation	148	70	-52.6	-78	-73.6	25.7		
		Manufacturing (other)	20	5	-72.3	-15	-14.2	1.8		
		Government (other)	24	11	-55.8	-13	-12.3	4.0		
		Other (other)	24	34	39.8	10	9.4	12.5		
	Operating Margin (%)	Finance	8.1	9.0	0.9					
		Distribution	10.4	6.3	-4.1					
		Telecommunication & Transportation	14.0	8.5	-5.5					
Manufacturing (other)		6.5	1.7	-4.8						
Government (other)		10.2	5.4	-4.8						
Other (other)		4.0	5.7	1.7						
By Business Model	Sales	Digital Business	64	102	58.3	37	39.4	2.6	780	122.0
		SI Business	1,082	854	-21.3	-228	-242.6	21.9	5,140	10.6
		Enhancement Business	2,840	2,936	3.4	96	102.1	75.4	11,380	2.5
	Operating Profit	Digital Business	0	-4	To loss	-4	-3.8	-1.5		
		SI Business	125	34	-72.6	-91	-85.8	12.5		
		Enhancement Business	253	242	-4.4	-11	-10.4	89.0		
Operating Margin (%)	Digital Business	0.0	-3.9	-3.9						
	SI Business	11.6	4.0	-7.6						
	Enhancement Business	8.9	8.2	-0.7						
Consolidated	Gross Profit		863	785	-9.0	-78				
	Gross Margin (%)		21.6	20.2	-1.4					
	SG&A Expenses		483	513	6.2	30				
	SG&A Expenses Ratio (%)		12.1	13.2	1.0					
	Operating Profit		379	273	-28.0	-107			1,530	7.9
	Operating Margin (%)		9.5	7.0	-2.5				8.8	
	Recurring Profit		390	271	-30.5	-119			1,545	7.8
Recurring Margin (%)		9.8	7.0	-2.8				8.9		
Net Profit		264	173	-34.6	-91			1,000	5.9	
Net Margin (%)		6.6	4.9	-1.7				5.8		

Q1: Results by Segment

- Overall, sales decreased by Y94 million and operating profit decreased by Y106 million YoY (see Figure 4 for the information below).

Results by Service Category (three categories)

- Regarding the System Integration Services (SIS), which is its core business, sales fell by Y163 million (-5.5% YoY) to Y2,821 million. This was because although system building projects for credit card companies in the financial industry were expanded, system building projects for shipping companies of the transportation industry and for the government were scaled down. Operating margin fell from 10.4% in the Q1 of the previous fiscal year to 6.1%, and this fiscal year's Q1 operating profit fell significantly by Y138 million (-44.6% YoY) to Y172 million.
- In the System Outsourcing Services (SOS), too, although projects for retailers of the distribution industry were expanded, it was not enough to compensate for the scaling down of system building projects for general merchandise stores. Its sales decreased by Y53 million (-10.9% YoY) to Y440 million and its operating profit decreased slightly by Y2 million (-5.6% YoY) to Y34 million.

Short Report

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- Regarding the Professional Services (ProS), sales increased by Y123 million (+24.3% YoY) to Y631 million and operating profit increased by Y34 million (+111.3% YoY) to Y64 million due to the expansion of system building projects for telecommunications companies in the telecommunication industry and for the financial industry.

Results by Industry (four industries)

- Sales and profits decreased for all three industries excluding the financial industry. Regarding the financial industry, sales increased by 20.7% YoY to Y1,128 million due to the expansion of system building projects for credit card companies as mentioned earlier and for insurance and securities companies. In addition, of all four industries, this was the single industry whose operating margin had improved, rising from 8.1% in the Q1 of the previous fiscal year to 9.0% in the Q1 of this fiscal year. Its operating profit grew by 35.0% (+Y26 million YoY) to Y101 million.
- Regarding the distribution industry, the transportation & telecommunication industries, and other industries, sales decreased due to the scaling down of system building projects, operating margin fell, and operating profit declined. In particular, operating profit of the transportation & telecommunication industries, which had contributed significantly to profit in the Q1 the previous fiscal year, was halved from Y148 million to Y70 million. Another large factor was the decline in the operating profit of the distribution industry from Y84 million to Y49 million. While the overall amount of sales decline was small, increased cost and worsened profit margin resulted in a profit decline.

Results by Business Model (three models)

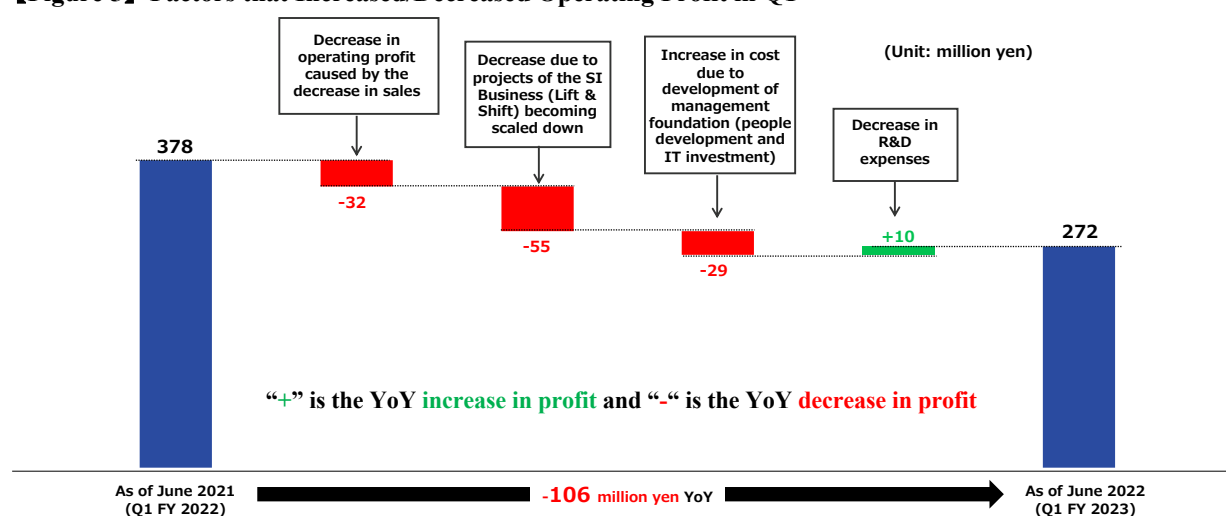
- Regarding the Enhancement Business, which accounted for 75% of sales and 89% of operating profit, sales increased by +3.4% compared to the previous fiscal year's Q1 (+Y96 million YoY) to Y2,936 million due to the expansion of projects for the financial and the telecommunication industries. Operating profit decreased slightly by -4.4% (-Y11 million) YoY to Y252 million. Operating margin fell from 8.9% to 8.2%.
- In the SI Business (Lift & Shift: moving the legacy environment to the cloud environment in "Lift," and stepwise system restructuring while optimizing for the cloud environment in "Shift"), which accounted for 22% of sales and 13% of operating profit, the Company focused on collaborating with cloud vendors. However, due to scaled-down system building projects for shipping companies, sales decreased by -21.1% (-Y228 million) compared to the Q1 of the previous fiscal year to Y854 million and operating profit decreased significantly by -72.6% (-Y91 million) to Y34 million. Operating margin fell sharply from 11.6% to 4.0%.
- The Digital Business is small in scale, accounting for only 2% of total sales. However, by receiving orders for new projects through the collaborative consultation business and orders for new, proposal-based projects targeting end users, its sales grew by +58.3% YoY (+Y37 million) to Y102 million. Operating profit/loss was close to zero in the Q1 of the previous fiscal year, but it resulted in a slight loss of -Y4 million in the Q1 of this fiscal year.

Q1: Factors that Contributed to Increase/Decrease in Profit

- Figure 5 on page 4 shows the factors that increased or decreased operating profit in this fiscal year's Q1. Although there was a decrease in the R&D expenses (caused profit to increase by +Y10 million), sales decreased (caused profit to decline by -Y32 million), the SI Business' projects were scaled down (similarly, -Y55 million), and costs increased due to the strengthening of management foundation for greater people development and IT investments (-Y29 million). As a result, operating profit decreased by Y106 million (-28.1%) YoY.

Q1: Progress

- Progress in Q1 against the Company's full-year forecast was 22.5% for sales (progress during the previous Q1: 24.8%) and 17.8% for operating profit (previous Q1: 27.0%). Since the simple average of the progress during Q1 for the past nine years including the previous fiscal year is 22.8% for sales and 16.2% for operating profit, this Q1's progress was about average for sales and somewhat greater than average for profit.
- One of the characteristics of the Company is that its business performance tends to fluctuate on a quarterly basis, with business performance of the fourth quarter (Q4: Jan-Mar) contributing the most to the full-year results (past nine years' average: 27.7% of full-year sales and 33.7% of full-year operating profit). The next largest is the second quarter (Q2 or Jul-Sep; 26.0% and 27.5%, respectively), followed by the third quarter (Q3 or Oct-Dec; 23.5% and 23.3%, respectively). Q1 has generally tended to be the smallest in contribution.

【Figure 5】 Factors that Increased/Decreased Operating Profit in Q1

(Note) Financial results briefing supplemental materials

Number of Employees and Productivity

• In the Company's business model, sales growth is generally directly correlated with the number of employees. The total number of employees in Japan and overseas has been steadily increased from 707 in June 2017 (end of month) → 745 in June 2018 (+38; +5.4%) → 766 in June 2019 (+21; +2.8%) → 799 in June 2020 (+33; +4.3%) → 829 in June 2021 (+30; +3.8%) → 882 in June 2022 (+53; +6.4%). Its capacity has been increasing both in Japan and overseas. However, since there is still strong potential demand for system development (DX businesses and non-face-to-face businesses such as those related to remote work, EC, and AI), the Company is somewhat short of staff. Consequently, it has been working on strengthening recruitment, such as through web interviews, and improving productivity by increasing quarterly sales per employee in Japan (in the order of Q1 FY 2021 → Q1 FY 2022 → Q1 FY 2023: 4,737 thousand yen / person → 5,402 thousand yen / person → 5,082 thousand yen / person) and operating profit per employee in Japan (in the same order as above: 339 thousand yen / person → 513 thousand yen / person → 355 thousand yen / person), which are its management indicators.

Balance Sheet

• There has been no significant change in the balance sheet as of the end of Q1. The Company has ample liquidity on hand, with cash & deposits of Y4.9 billion (3.4 months' worth of average monthly sales; essentially debtless). With also a current ratio of 419.5% and an equity ratio of 73.8%, its financial standing is firm. Going forward, the key points will be the enhancement of the return of profit to shareholders and the effective utilization of its excess capital for future growth, such as M&As, business alliances, investments, and financing.

◆No change to the first-half or full-year forecast since the beginning of the fiscal year; announced a large dividend hike with the payment of commemorative dividend

H1: Company Forecast

• The Company has not changed its forecast for the first half and the full year. In the first half, it plans to increase sales and profit, albeit slightly, planning to achieve sales of Y8,155 million (+Y95 million or +1.2% YoY), operating profit of Y749 million (+Y3 million or +0.4% YoY), and net profit of Y505 million (+Y4 million or +0.7% YoY). Continuing from the previous fiscal year, it expects to consecutively achieve first-half record highs for sales and each of the profit.

Full Year: Company Forecast

• The Company has not changed its full-year forecast since the beginning of the fiscal year that sales will be Y17,300 million (+7.5% YoY), operating profit will be Y1,530 million (+7.9% YoY), and net profit will be Y1,000 million (+5.9% YoY). Continuing from the previous fiscal year, it expects sales and profits to increase this fiscal year as well and plans to achieve consecutive record highs for sales and profits. It also announced that it will increase the annual dividend to 50 yen per share, which includes the initially planned annual dividend of 26 yen per share (11

yen in the first half and 15 yen at the end of the fiscal year) with an additional commemorative dividend of 12 yen per share in both the first and the second half (total of 24 yen per share) for the celebration of its 50th anniversary since founding on July 5, 2022.

- The Company has been working on increasing sales activities while taking measures against COVID-19 (combination of decentralized/non-face-to-face sales activities using digital technology with in-person sales) and strengthening its prioritized approach toward customers who are actively conducting strategic IT investments (strengthening its sales activities toward its major customers, expanding the existing businesses, and developing new domains/areas of business). Through these efforts, it plans to continue increasing its earning power and enhancing the return of profit to shareholders.

Full Year: Alpha-Win Research Department's Forecast

- Due to the rebound of COVID-19 (the seventh wave) and uncertainties of the global situation, there has been some stagnation in sales activities in general, especially with new negotiations. Some of its corporate customers have also been refraining from IT investments due to worsened financial performance. The amount of orders received by the Company and its order backlog in Q1 had also stayed about the same, having decreased by -1.3% (-Y51 million) or increased by +0.4% (+Y15 million) YoY, respectively. Although there is current no sign of slowdown for the Company in negotiations or in receiving orders, we took these risk factors into account and made a somewhat cautious forecast for the full year compared to the Company (see the previous report issued on June 13, 2022, and Figure A on page 7; no change to our financial forecast).
- However, while the customers' IT investment trends are becoming polarized, the Company has been receiving orders for strategic or derivative projects from industries with solid business performance, while also shifting to high-profit projects and improving resource efficiency.
- Currently, we believe that the downside risks of sales and profits are both limited this fiscal year, judging from how the Company is receiving orders for projects in response to the demand recovery of the previously stagnant industries such as the financial industry, how it is receiving orders for DX investment projects which companies have been continuing to expand, the fact that there seems to be room for control, and the Company's stable business model based on orders received.
- When the Q1 results are subtracted from the Company's first-half forecast, the expected results for Q2 (July to September) come out to be Y4,263 million for sales (+Y190 million or +4.7% YoY), Y477 million for operating profit (+Y109 million or +29.6% YoY), and Y332 million for net profit (+Y93 million or +38.9% YoY). The Company seems to be expecting sales and profit growth YoY.
- In this fiscal year's Q1, the YoY sales growth rate and operating profit growth rate were -2.4% and -28.1%, respectively. However, in Q2, the momentum is expected to return. Considering the quarterly fluctuation of results as mentioned above (see "Q1: Progress" on page 3), Q2 tends to exceed Q1 in terms of sales, profit, and profit margin. Indeed, in this fiscal year's Q2, sales are expected to increase by Y371 million (+9.5%) compared to Q1, operating profit is expected to increase by Y205 million (+75.4%), and operating margin is expected to improve by 4.2 basis points from 7.0% \Rightarrow 11.2%. These are somewhat ambitious and high goals, but the Company seems to be expecting to see positive effects from its profitability improvement measures and to be able to make up for Q1's delay in receiving some of the orders starting in Q2.
- The Company's plan for the second half (= full-year forecast - first-half forecast) is as follows: sales of Y9,145 million (+Y1,106 million or +13.8% YoY), operating profit of Y781 million (+Y110 million or +16.4% YoY), net profit of Y495 million (+Y52 million or +11.7% YoY), and change in operating margin from 8.3% in the second half of the previous fiscal year \Rightarrow 8.5% in the second half of the current fiscal year. Compared to the second half of the previous fiscal year, it is expecting double-digit growths in sales and profits and a slight improvement in the profit margin. Compared to the forecast for the first half of the current fiscal year, sales are expected to increase by Y990 million (+12.1%) in the second half, profit is expected to increase by Y32 million (+4.3%), and operating margin is expected to decline (9.2% \Rightarrow 8.5%) due to the increase in cost. This plan to increase sales and profits in the second half is based on the fact that projects for the financial, other, and the telecommunication & transportation industries are planned to especially increase in the second half and the fact that the start of projects has been delayed.
- The financial forecast already reflects the increase in costs such as those related to HR investment, development and business investment in in-house products (Cubecoin, Smile Cash Register, etc.), and IT investment for COVID-19 measures (strengthening networks, etc.). Therefore, there seems to be some room to accommodate for changes and cost control.

Medium Term: Alpha-Win Research Department's Forecast

- We have not changed our medium-term evaluation of the Company. As for this fiscal year's dividend, we raised it to match the Company's forecast since it plans to pay commemorative dividends this fiscal year. However, we did not change our forecast for the medium term starting next fiscal year (annual dividend increase of +2 yen/share for ordinary dividend).
- IT investments are expected to continuously increase as customers adapt to the changes in the world with and after COVID-19, as they develop new business models, strengthen their competitive edge, work on solving employee shortages, streamline and speed up operations, and work on DX. Therefore, the Company's growth potential is large. We believe that the Company will be able to continue to stably increase sales and profit at a rate of about 6-10% per year, if economic conditions normalize, through the expansion of the Enhancement Business, acquisition of new customers, development of new businesses, overseas expansion, and improvement of productivity through various measures.

◆ Stock price and characteristics: domestic-demand-oriented, stable growth stock that has been significantly outperforming the TOPIX over the long term. The level of valuation is about average.

Performance

- Over the past approximately 13 years, the Company's stock price increased by about 5.2x thanks to its solid financial performance, significantly outperforming the TOPIX (by about +290%). While its stock is small-cap and defensive, it had been outperforming the TOPIX over the past six months too thanks to the announcement of solid financial results and the dividend hike. However, after the announcement of the Q1 results, the stock price turned to a decline, falling to about ¥1,000 and undergoing a correction.

Valuation

- The current average of all companies listed on the TSE Prime is as follows: forecasted P/E of 13.8, P/B of 1.2, and forecasted dividend yield (simple average) of 2.5%. The Company's valuation is about average in terms of P/E and the actual dividend yield. Considering this fiscal year's firm financial performance and the medium-term growth potential, its valuation does not seem expensive.
- Compared to its competitors listed on the TSE Prime Market (HIMACS and Toho System Science; see Figure 6), its valuation is somewhat high regarding the major valuation measures excluding P/S, presumably reflecting the relatively low volatility indicated by its past financial results, the proven stable growth in profit, and positive expectations for the future.

【Figure 6】 Comparison of Valuation with Competitors

(Note) Prepared by Alpha-Win Research Dept. based on each company's financial results summary

Company Name	CUBE SYSTEM (CS: consolidated)	HIMACS (HM: consolidated)	Toho System Science (TS: non-consolidated)
Code	2335	4299	4333
Stock Price (at 8/5 closing)	997	1,340	973
Market Cap (million yen)	14,457	16,633	13,492
P/E (price-to-earnings ratio)	13.49	12.83	12.50
P/B (price-to-book ratio)	1.83	1.63	1.45
Dividend Yield (%)	5.02	3.13	3.60
EV/EBITDA	5.66	5.29	3.59
P/S (price-to-sales ratio)	0.84	0.94	0.90
Daily Average Trading Volume (million yen)	24	22	7
Q1 FY 2023: Sales (million yen)	3,892	4,437	3,653
Operating Profit (million yen)	272	402	333
Q1 FY 2023: YoY Sales Growth Rate (%)	-2.4	17.4	8.2
YoY Operating Profit Growth Rate (%)	-28.1	37.1	6.4
Operating Margin (%)	7.0	9.1	9.1
Q1 FY 2023: Progress with Sales (%)	22.5	25.0	24.4
Q1 FY 2023: Progress with Operating Profit (%)	17.8	22.7	24.3
FY 2023 Full-Year Company Forecast: Sales (million yen)	17,300	17,750	15,000
Operating Profit (million yen)	1,530	1,770	1,370
FY 2023 Full-Year Company Forecast: YoY Sales Growth Rate (%)	7.5	6.4	5.0
YoY Operating Profit Growth Rate (%)	7.9	3.1	3.2
Operating Margin (%)	8.8	10.0	9.1

Market cap = (shares outstanding) x (market share price [at 8/5/2022 closing])

The companies' planned EPS values for FY 2023 were used in all P/E calculations. Actual BPS values of Q1 FY 2023 were used in P/B calculations.

EV/EBITDA = (market cap + interest bearing debt - cash & deposits)/(operating profit + depreciation + intangible fixed asset amortization, etc.)

Interest bearing debt and cash & deposits are actual values of Q1 FY 2023. Operating profit is each company's full-year forecast for FY 2023.

"Depreciation + intangible fixed asset amortization, etc." are actual values of FY 2022.

P/S=market cap / sales [the companies' forecasts for FY 2023] Daily Average Trading Volume: estimated daily average trading volume over the past approx. six months (million yen)

Short Report

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Stock Price Outlook

- Over the short term, its stock price will likely be affected by the situation with orders received, progress in terms of financial performance (first-half and full-year levels of profit), and whether they will be a share buyback. Over the medium term, the following should also be noted as factors that may affect stock price: changes in the sales growth rate, profit growth rate, and profit margin in the next fiscal year and beyond; development of the SI and the Digital Business and their contribution to results; return of profit to shareholders (increase in ordinary dividend, share buyback, and stock split); and the financial performance and IT investment trends of Japanese companies who are its end users.
- We believe that if the Company continues to show stable, nearly double-digit annual profit growth rate as a domestic-demand-oriented, defensive, and stable growth stock, then its stock price may rise further to adjust for the level of P/E and the increase in EPS.

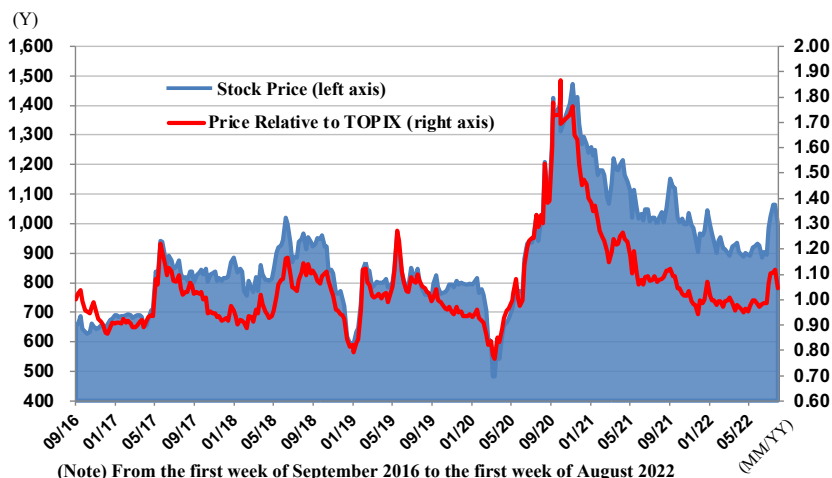
[2335 CUBE SYSTEM Sector: Information & Communication] Figure A												
FY		Sales (million yen)	YoY (%)	O.P. (million yen)	YoY (%)	R.P. (million yen)	YoY (%)	N.P. (million yen)	YoY (%)	EPS (Y)	BPS (Y)	Dividend (Y)
2020		14,708	2.7	959	4.1	976	1.7	525	-11.9	38.69	411.96	18.0
2021		14,788	0.5	1,174	22.5	1,295	32.7	844	60.7	62.11	476.52	20.0
2022		16,099	8.9	1,417	20.7	1,432	10.6	944	11.9	69.82	531.14	23.0
2023	Initial Mid-Term Plan CE	17,200	-	1,340	-							
2023	CE	17,300	7.5	1,530	7.9	1,545	7.8	1,000	5.9	73.91	Not disclosed	50.0
2023	E	17,200	6.8	1,520	7.3	1,535	7.2	1,000	5.9	74.08	555.20	50.0
2024	Initial Mid-Term Plan CE	18,500	7.6	1,480	10.4							
2024	Revised Mid-Term Plan CE	19,000	9.8	1,710	11.8							
2024	E	18,700	8.7	1,700	11.8	1,715	11.7	1,100	10.0	81.48	586.69	28.0
2025	E	19,600	4.8	1,800	5.9	1,820	6.1	1,180	7.3	87.41	646.10	30.0
2018	Q1	3,082	1.4	109	52.4	132	80.5	76	131.3	5.45	393.29	0.0
2019	Q1	3,379	9.6	100	-8.8	107	-19.0	50	-34.2	3.70	379.63	0.0
2020	Q1	3,373	-0.2	242	141.3	248	130.8	165	229.3	12.17	418.69	0.0
2021	Q1	3,987	18.2	378	56.5	390	57.1	262	59.0	19.35	487.51	0.0
2022	Q1	3,892	-2.4	272	-28.1	271	-30.5	173	-34.0	12.84	543.58	0.0
2021	Q2	4,073	9.8	368	18.7	362	2.0	239	1.7	15.95		8.0
2022	Q2 CE	4,263	4.7	477	29.6	483	33.4	332	38.9	24.49		23.0
2021	H1	8,060	13.8	746	35.1	752	24.6	501	25.3	35.30		8.0
2022	H1 CE	8,155	1.2	749	0.4	754	0.3	505	0.7	37.33		23.0
2022	H2	8,039	4.3	671	7.9	680	-1.7	443	-0.2	34.52		15.0
2023	H2 CE	9,145	13.8	781	16.4	791	16.3	495	11.7	36.58		27.0
2022	Q2-Q4	12,112	6.1	1,039	11.5	1,042	-0.5	682	0.4	50.47		23.0
2023	Q2-Q4 CE	13,408	10.7	1,258	21.1	1,274	22.3	827	21.3	61.07		50.0

(Note) CE: the Company's forecast/estimate. E: Alpha-Win Research Dept.'s forecast/estimate. "Initial Mid-Term Plan" is the plan announced on June 11, 2021. "Revised Mid-Term Plan" is the plan announced on May 11, 2022. Q1: Apr-June. Q2: July-Sept. H1 (first half): Apr-Sept. H2 (second half): Oct-Mar. Q2-Q4: July-Mar.

[Stock Price and Valuation Indicators: 2335 CUBE SYSTEM] Figure B						
Item	8/5/2022	Item	P/E	P/B	Dividend Yield	Dividend Payout Ratio
Stock Price (Y)	997	Last FY (actual)	14.3	1.9	2.3%	32.2%
Shares Outstanding (thou.)	14,500	This FY (est.)	13.5	1.7	5.0%	67.5%
Market Capitalization (million yen)	14,457	Next FY (est.)	12.2	1.6	2.8%	34.4%
Dilutive Shares (thou.)	0	Equity Ratio at End of This FY's Q1	71.2%	Last FY's ROE		13.8%

(Note) Estimates were made by Alpha-Win Research Dept.

【 Stock Chart (end-of-week prices): 2335 CUBE SYSTEM 】 Figure C



【Performance】		
Period	Return	vs. TOPIX
1 month	-6.4%	-6.7%
3 months	5.7%	3.9%
6 months	7.9%	4.7%
12 months	-8.8%	-8.1%

(Note)
 • Reflects stock and index prices through the closing price on 8/5/2022.
 • “Vs. TOPIX” is the relative value after subtracting the TOPIX’s performance from the performance of the Company’s stock.
 • Performance for the 1-month period is the comparison between the closing price on the last day of July and the closing price on 8/5 (the same applies to the other periods).

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