

CYBERNET SYSTEMS CO., LTD.

(Delayed)

Results of Operations for the Year Ended December 31, 2020

10 February, 2021

CYBERNET SYSTEMS CO., LTD.



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Business Summary of Financial Results for the Fiscal Year Ended December 31, 2020

[Consolidated] Business Summary

CYBERNET SYSTEMS CO., LTD.

Net sales were +1.5% year on year, to 21,665 million yen.

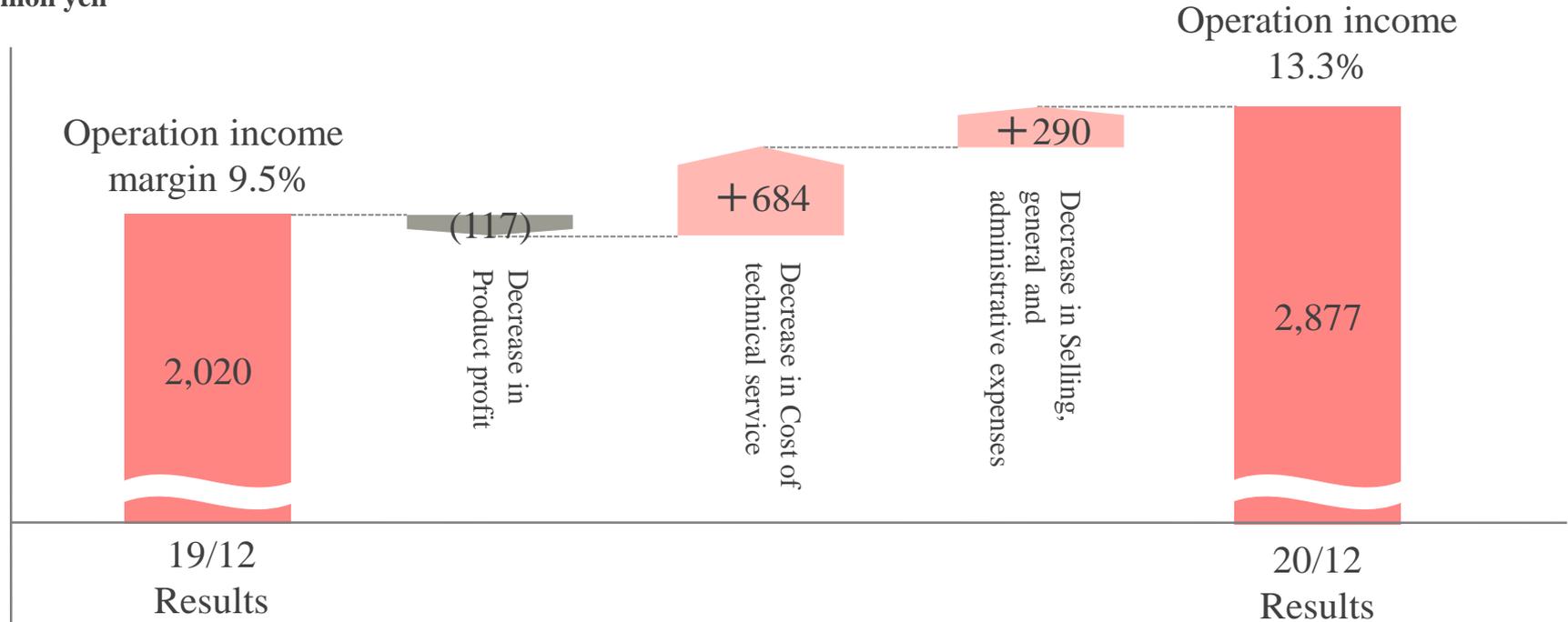
Operating income was 2,877 million yen (+42.4% year on year), Ordinary income was 2,840 million yen (+32.4% year on year), and Profit attributable to owners of parent was 1,561 million yen (+24.1% year on year).

	Million yen						
	19/12 Results	20/12 Results	YoY Change Amount	YoY Change %	20/12 Plan	Change Amount From Plan	Change % From Plan
Net sales	21,350	21,665	+314	+1.5%	22,000	(334)	(1.5%)
Operating income	2,020	2,877	+856	+42.4%	2,060	+817	+39.7%
Operating income margin	9.5%	13.3%	+3.8pt		9.4%	+3.9pt	
Ordinary income	2,145	2,840	+694	+32.4%	2,140	+700	+32.7%
Ordinary income margin	10.0%	13.1%	+3.1pt		9.7%	+3.4pt	
Profit attributable to owners of parent	1,258	1,561	+303	+24.1%	1,300	+261	+20.1%
Profit attributable to owners of parent margin	5.9%	7.2%	+1.3pt		5.9%	+1.3pt	

(Note) The above plan is the plan disclosed on February 6, 2020.

Changes in Operating Income (YoY comparison)

Million yen



Main Causes of Year-on-Year Changes

Item	Causes of Changes
Product profit	Decreased due to increase in Cost of products sold as results of changes in the sales mix.
Cost of technical service	Decreased due to decrease in labor expenses and travel expenses, etc.
Selling, general and administrative expenses	Decreased due to decrease in personnel expenses and travel expenses, etc.

[Consolidated] Balance Sheet

CYBERNET SYSTEMS CO., LTD.

	Million yen		
	19/12	20/12	YoY Change Amount
Current assets	19,022	20,205	+1,183
Cash and deposits	3,019	4,418	+1,399
Notes and accounts receivable-trade	4,382	4,440	+57
Short-term investment securities	7,000	6,000	(1,000) (i)
Short-term loans receivable	3,360	4,469	+1,109 (ii)
Others	1,260	876	(383)
Noncurrent assets	1,799	2,037	+238
Property, plant and equipment	364	387	+22
Intangible assets	280	718	+437
Investments and other assets	1,153	931	(222)
Total Assets	20,821	22,242	+1,421
Current liabilities	5,925	6,488	+562
Accounts payable-trade	1,493	1,482	(10)
Income taxes payable	530	406	(123)
Advances received	2,021	2,006	(14)
Provision for bonuses	769	651	(118)
Others	1,110	1,940	+829 (iii)
Noncurrent liabilities	1,259	1,273	+14
Provision for retirement benefits	1,230	1,240	+9
Others	28	33	+5
Total liabilities	7,185	7,762	+577
Total net assets	13,636	14,480	+844 (iv)
Total liabilities and net assets	20,821	22,242	+1,421

Main Causes of Changes from the End of the Previous Fiscal Year

- (i) Short-term investment securities (down 1,000 million yen from the end of the previous fiscal year)
 - Decrease in held-to-maturity securities for short-term fund management : -1,000 million yen.
- (ii) Short-term loans receivable (up 1,109 million yen from the end of the previous fiscal year)
 - Increase in CMS (Cash Management System) balance to the parent company : +1,109 million yen.
- (iii) Current liabilities Others (up 829 million yen from the end of the previous fiscal year)
 - Increase in provision for repayment of subsidy : +439 million yen
 - Increase in accounts payable related to enterprise system, etc. : +230 million yen
- (iv) Total net assets (up 844 million yen from the end of the previous fiscal year)
 - Profit attributable to owners of parent : +1,561 million yen.
 - Dividend of earnings : -714 million yen

[Consolidated] Cash Flow Statement

CYBERNET SYSTEMS CO., LTD.

	Million yen		
	19/12 Results	20/12 Results	YoY Change Amount
Net cash provided by operating activities	2,590	2,716	+126
Net cash provided by investing activities	(482)	(1,555)	(1,072)
Net cash provided by financing activities	(512)	(742)	(229)
Effect of exchange rate change on cash and cash equivalents	(38)	(17)	+21
Net decrease in cash and cash equivalents	1,556	402	(1,154)
Cash and cash equivalents at beginning of period	8,378	9,935	+1,556
Cash and cash equivalents at end of period	9,935	10,337	+402

Main Causes of Year-on-Year Changes

Item	Causes of Changes
Net cash provided by operating activities	Increase due to increase in Profit before income taxes, etc.
Net cash provided by investing activities	Decreased due to increase in payment of loans receivable, etc.
Net cash provided by financing activities	Decreased due to increase in payment of dividends, etc.

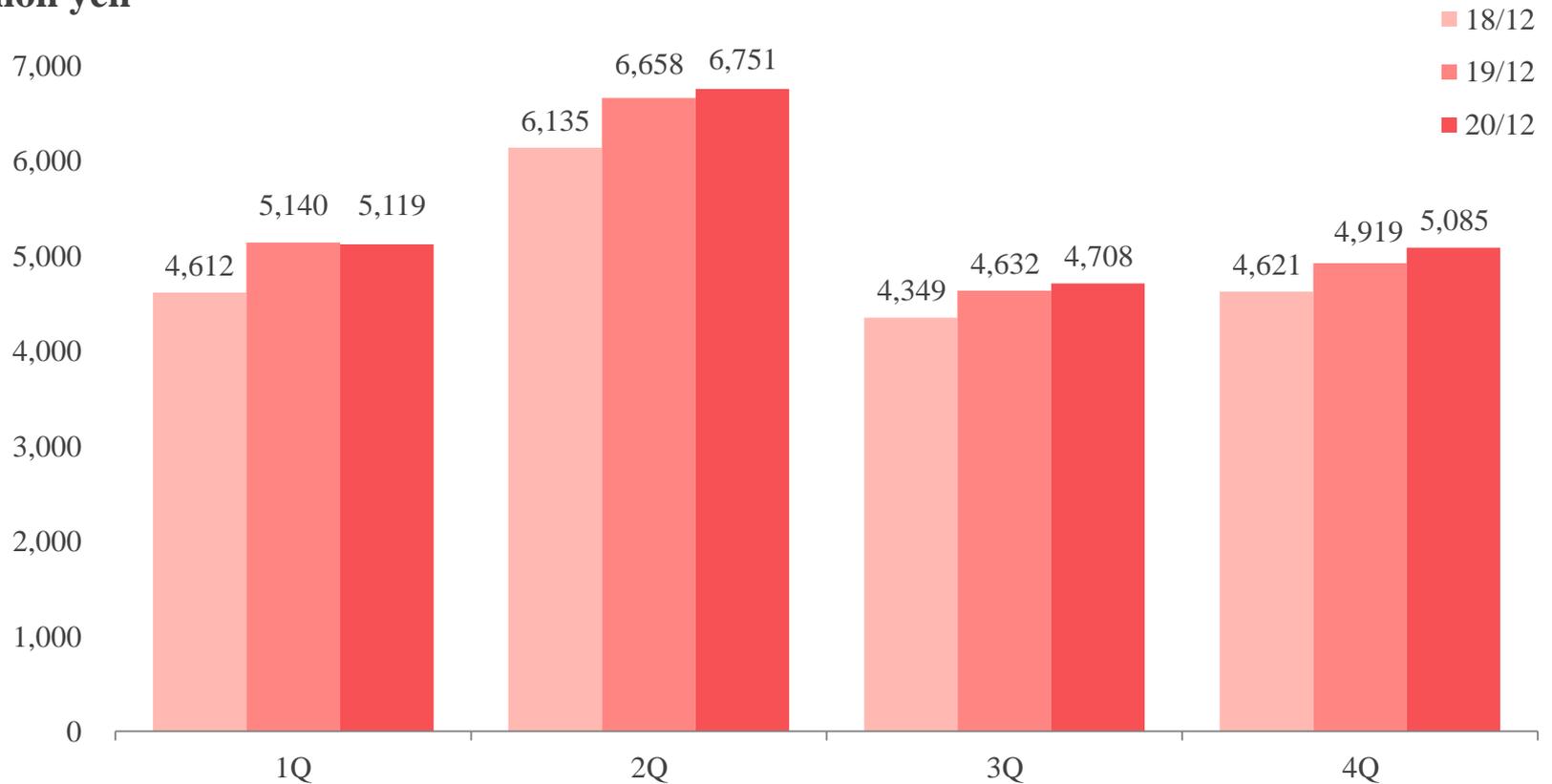
[Consolidated] Quarterly Net sales

CYBERNET SYSTEMS CO., LTD.

YoY comparison

+16.0%	+11.4%	-0.4%	+12.7%	+8.5%	+1.4%	+16.0%	+6.5%	+1.6%	-4.1%	+6.5%	+3.4%
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Million yen



Overview of Results by Segment

Million yen

	19/12		20/12		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Total Net sales	21,350	100.0%	21,665	100.0%	+314	+1.5%
CAE	17,497	82.0%	17,570	81.1%	+73	+0.4%
IT	3,853	18.0%	4,094	18.9%	+241	+6.3%
Elimination	—	—	—	—	—	—
Total Operating income	2,020	—	2,877	—	+856	+42.4%
CAE	3,285	—	4,239	—	+953	+29.0%
IT	296	—	338	—	+42	+14.3%
Elimination	(1,562)	—	(1,700)	—	(138)	—

Points of Results by Segment

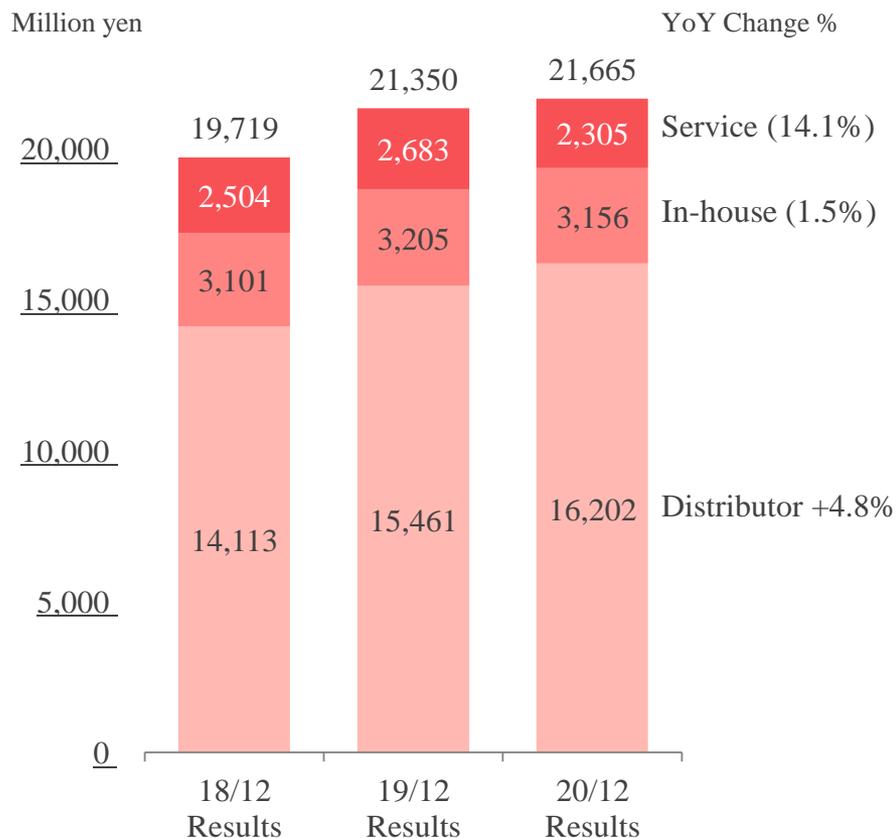
Segment	Point
CAE	Software maintenance sales were steady, and sales of overseas subsidiaries in Asia were strong, etc. Operating income increased due to unused costs, etc.
IT	Total Net sales increased due to steady growth of security-related solutions including cloud products. Operating income increased due to unused costs, etc.

(Note) CAE : CAE Solution Services IT : IT Solution Services

[Consolidated] Composition of Net sales

CYBERNET SYSTEMS CO., LTD.

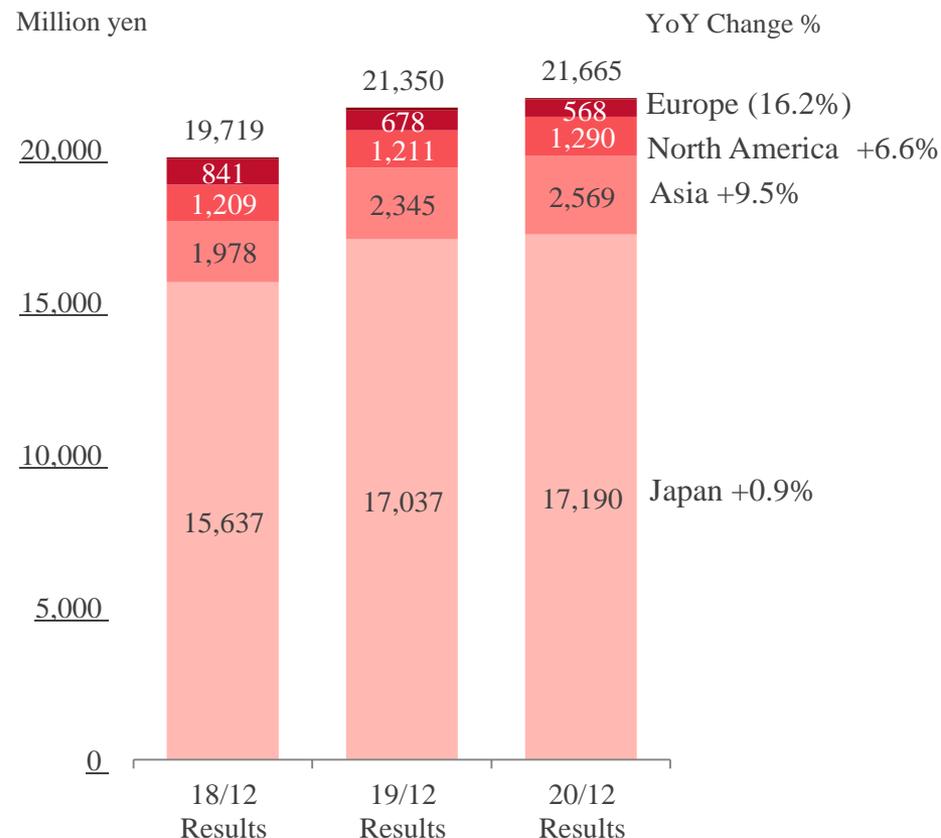
Net sales by sales form



(Note) Classification of Net sales by sales form is as follows:

- Distributor : Distribution business of CAE solution services and IT solution services
- In-house : In-house developed products of CAE solution services and IT solution services
- Service : Services of CAE solution services and IT solution services

Net sales by region



(Note) The region identification has changed from sales region to end user region.

[Consolidated] Net sales by sales form

CYBERNET SYSTEMS CO., LTD.

<Forth quarter of the fiscal year>

Million yen

	19/12 4Q		20/12 4Q		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Distributor	3,303	67.1%	3,430	67.5%	+127	+3.9%
In-house	839	17.1%	885	17.4%	+45	+5.5%
Service	777	15.8%	769	15.1%	(7)	(1.0%)
Total	4,919	100.0%	5,085	100.0%	+165	+3.4%

[Consolidated] Net sales by sales form

CYBERNET SYSTEMS CO., LTD.

<Full year>

Million yen

	19/12		20/12		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Distributor	15,461	72.4%	16,202	74.8%	+741	+4.8%
In-house	3,205	15.0%	3,156	14.6%	(48)	(1.5%)
Service	2,683	12.6%	2,305	10.6%	(378)	(14.1%)
Total	21,350	100.0%	21,665	100.0%	+314	+1.5%

[Consolidated] Net sales by region

CYBERNET SYSTEMS CO., LTD.

<Forth quarter of the fiscal year>

Million yen

	19/12 4Q		20/12 4Q		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Japan	3,788	77.0%	3,828	75.3%	+40	+1.1%
Asia	587	12.0%	714	14.1%	+126	+21.6%
North America	267	5.4%	363	7.2%	+96	+35.9%
Europe	249	5.1%	170	3.4%	(78)	(31.6%)
Others	26	0.5%	7	0.1%	(19)	(71.7%)
Total	4,919	100.0%	5,085	100.0%	+165	+3.4%

(Note) The region identification has changed from sales region to end user region.

[Consolidated] Net sales by region

CYBERNET SYSTEMS CO., LTD.

<Full year>

Million yen

	19/12		20/12		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Japan	17,037	79.8%	17,190	79.3%	+153	+0.9%
Asia	2,345	11.0%	2,569	11.9%	+223	+9.5%
North America	1,211	5.7%	1,290	6.0%	+79	+6.6%
Europe	678	3.2%	568	2.6%	(110)	(16.2%)
Others	78	0.4%	45	0.2%	(32)	(42.1%)
Total	21,350	100.0%	21,665	100.0%	+314	+1.5%

(Note) The region identification has changed from sales region to end user region.

[Non-consolidated]

CYBERNET SYSTEMS CO., LTD.

Net sales by Category of Industry

<Forth quarter of the fiscal year>

Million yen

	19/12 4Q		20/12 4Q		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Electrical equipment	1,109	29.1%	980	25.6%	(129)	(11.7%)
Machinery & Precision Machinery	505	13.2%	596	15.6%	+91	+18.1%
Transportation equipment	502	13.2%	376	9.8%	(125)	(25.0%)
Other manufacturing industry	578	15.2%	727	19.0%	+148	+25.6%
Education institution/ government and municipal offices	333	8.7%	283	7.4%	(50)	(15.0%)
Telecommunication industry	177	4.6%	202	5.3%	+25	+14.3%
Others	610	16.0%	661	17.3%	+50	+8.3%
Total	3,817	100.0%	3,827	100.0%	+10	+0.3%

[Non-consolidated]

CYBERNET SYSTEMS CO., LTD.

Net sales by Category of Industry

<Full year>

Million yen

	19/12		20/12		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Electrical equipment	4,962	29.0%	4,569	26.7%	(392)	(7.9%)
Machinery & Precision Machinery	2,599	15.2%	3,067	17.9%	+468	+18.0%
Transportation equipment	2,462	14.4%	1,927	11.3%	(535)	(21.7%)
Other manufacturing industry	2,338	13.7%	2,671	15.6%	+332	+14.2%
Education institution/ government and municipal offices	1,409	8.2%	1,273	7.4%	(135)	(9.6%)
Telecommunication industry	974	5.7%	921	5.4%	(53)	(5.4%)
Others	2,388	13.9%	2,679	15.7%	+290	+12.2%
Total	17,134	100.0%	17,109	100.0%	(25)	(0.1%)

Net sales by Contract type

<Forth quarter of the fiscal year>

Million yen

	19/12 4Q		20/12 4Q		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Licenses	3,145	100.0%	3,190	100.0%	+45	+1.4%
New licenses	1,351	43.0%	1,196	37.5%	(155)	(11.5%)
Renewals	1,793	57.0%	1,994	62.5%	+200	+11.2%
Others	671		637		(34)	(5.2%)
Total	3,817		3,827		+10	+0.3%

Net sales by Contract type

<Full year>

Million yen

	19/12		20/12		YoY Change Amount	YoY Change %
	Results	Component ratio	Results	Component ratio		
Licenses	14,778	100.0%	15,179	100.0%	+401	+2.7%
New licenses	5,281	35.7%	4,941	32.6%	(339)	(6.4%)
Renewals	9,496	64.3%	10,237	67.4%	+741	+7.8%
Others	2,356		1,929		(426)	(18.1%)
Total	17,134		17,109		(25)	(0.1%)

[Consolidated] Results of Dividends

CYBERNET SYSTEMS CO., LTD.

We decided year-end dividends as 14.62 yen per share changed from last projected dividends of 12.19 yen per share.

Total annual dividends is 25.05 yen per share.

(unit: yen)

	19/12		Projection of current dividend		20/12 Results		
	Total	Interim	Year-end	Total	Interim	Year-end	Total
Dividend per share	20.19	10.43	12.19	22.62	10.43	14.62	25.05
Net income per share	40.38	43.10	—	45.24	43.10	—	50.09
Dividend payout target ratio	50.0%	—	—	50.0%	—	—	50.0%
(Ref.) Dividend on equity ratio	4.8%	—	—	—	—	—	5.6%

Our Initiatives in forth quarter under COVID-19 pandemic

CYBERNET SYSTEMS CO., LTD.

In the forth quarter, we held 90 online events and seminars (total participants was 5,436 (in the third quarter, we held 63 online events and total participants was 3,783)) to increase contact points with customers and increase sales leads.

[Non-consolidated] Our main events and seminars

Segment	Events/Seminars	Event name / Seminar name
CAE	Seminar (organized by Cybernet)	Functional safety management utilizing MBSE
	Seminar (organized by Cybernet)	Latest solution regarding fatigue issues
	Seminar (organized by Cybernet)	LightTools special Webinar 2020
	Seminar (organized by Cybernet)	CODE V special Webinar 2020
	Event	Online exhibition of intermold / metal stamping technology
IT	Seminar (organized by Cybernet)	Introduction of function of Goldfire
	Event	Sky Technology Fair 2020 Virtual
	Event	Digital manufacturing summit 2020 winter

Although the impacts of COVID-19 have been prolonged, we are working on safety and prevention of infection of our customers, stakeholders, employees and their families, and all employees. We recognize "coexistence with viruses = time of "With COVID-19"“, and continue to provide services to support societies.

Our main efforts

- Change of our seminar method from face-to-face to online
- Active participation in online events and enhancement of our online seminars (“CYBERNET Solution Live 2020” was held from September 15th to 19th, with over 1,300 participants.)
- Recommendation of online meeting

- Wearing masks / washing hands / use of alcohol disinfection thoroughly
- Recommendation of staggered working hours of work with flextime system
- Implementation of work by optimal combination of office work and telework
- Change of office layout and seating arrangement to keep social distancing

Projection for FY2021

[Consolidated]

CYBERNET SYSTEMS CO., LTD.

Projection of Next Fiscal Year

We plan net sales +3.4% year on year, to 22,400 million yen. Operating income is 2,700 million yen (-6.2% year on year).

	20/12	21/12E	YoY	YoY
	Results	Projectoin	Change	Change
			Amount	%
Net sales	21,665	22,400	+734	+3.4%
Operating income	2,877	2,700	(177)	(6.2%)
Operating income margin	13.3%	12.1%	(1.2pt)	
Ordinary income	2,840	2,670	(170)	(6.0%)
Ordinary income margin	13.1%	11.9%	(1.2pt)	
Profit attributable to owners of parent	1,561	1,680	+118	+7.6%
Profit attributable to owners of parent margin	7.2%	7.5%	+0.3pt	

[Consolidated]

CYBERNET SYSTEMS CO., LTD.

Dividend Estimate for Next Fiscal Year

The Projection of Next Fiscal Year is 26.94 yen per share.

(unit: yen)

	17/12	18/12	19/12	20/12	21/12E
	Results	Results	Results	Results	Projection
Dividend per share	15.05	16.52	20.19	25.05	26.94
Net income per share	30.09	(21.07)	40.38	50.09	53.88
Dividend payout target ratio	50.0%	—	50.0%	50.0%	50.0%
(Ref.) Dividend on equity ratio	3.4%	3.8%	4.8%	5.6%	5.7%

Basic Policies on Profit Distribution

The Company considers that the policies on shareholder dividends are some of the most important issues, and basically strives to pay steady and continuous dividends, strengthen and expand its earnings base corresponding to the rapid changes and development of industries, and accumulate internal reserves for active business development in the future.

References

Corporate Overview

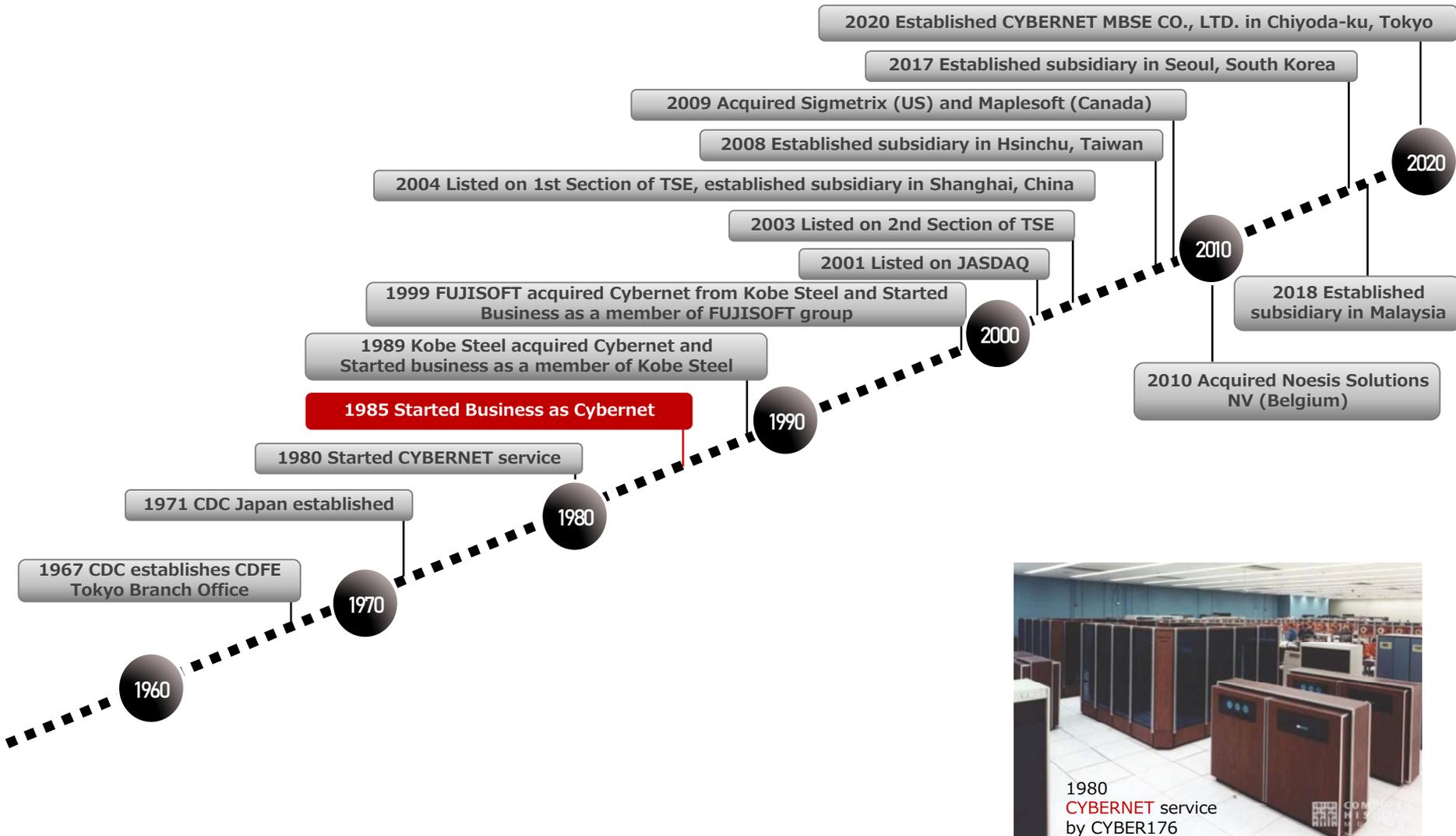
CYBERNET SYSTEMS CO., LTD.

Name	Cybernet Systems Co., Ltd. (1st Section of TSE 4312)
Head Office	FUJISOFT Bldg. 3 Kanda-neribeicho, Chiyoda-ku, Tokyo
Branches	Nishi-Nihon Branch Office (Osaka), Chubu Branch Office (Nagoya)
Established	April 17, 1985
Capital	995 million yen
Representative	Representative Director : Reiko Yasue
Number of Employees	Consolidated / 622, Non-Consolidated / 371 (as of December 31, 2020)
Business	CAE, IT, AR/VR visualization and Big data solutions (Software license sales, engineering service, consulting, software development)
Development partners	More than 30 companies mostly located in the US, including such as ANSYS, Inc., Synopsys, Inc., and Broadcom Inc.
Consolidated subsidiaries	<p>[Domestic subsidiaries]</p> <ul style="list-style-type: none"> • CYBERNET MBSE Co., Ltd. <p>[Development subsidiaries]</p> <ul style="list-style-type: none"> • Sigmetrix, LLC (US) • Maplesoft (Canada) • Noesis Solutions NV (Belgium) <p>[Sales subsidiaries]</p> <ul style="list-style-type: none"> • CYBERNET SYSTEMS (SHANGHAI) CO., LTD. (China) • CYBERNET SYSTEMS TAIWAN CO., LTD. (Taiwan) • CYFEM Inc. (South Korea) • CYBERNET SYSTEMS MALAYSIA SDN.BHD. (Malaysia)



Historical Overview

CYBERNET SYSTEMS CO., LTD.



CAE Solutions

Providing complete support for CAE in a wide variety of fields

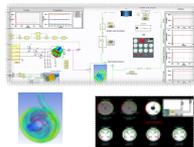


■ Main application fields

- **Mechanical:** Structural stress, heat, vibration, noise, fluids
- **Control:** Development of control devices for automobiles and electronic devices
- **Optical/Measurement:** Development of optical lenses, displays, lighting equipment, etc.
- **Electrical:** Design for printed circuit board circuits and high-speed signal transmission

IoT, Digital Twin & AI Services

Enabling facility maintenance and servitization in the manufacturing industry using IoT



■ Main application fields

- Improve accuracy of failure prediction
- Labor saving and efficiency improvement of equipment maintenance
- Collaboration between experiments and CAE

AR, VR & Visualization Solutions

Connecting “data-to-people” and “people-to-people” with pioneering visualization technologies



■ Main application fields

- **Visualization:** Simulation, R&D, experimental measurement, data visualization, visualization,
- **AR (Augmented Reality)/VR (Virtual Reality):** Artificial Reality, mixed reality, tele-immersion, binocular vision, HMD, simulators
- **Medical:** Medical imaging, CT, MRI, PET, DICOM, ultrasound, radiology, endoscopy

IT Solutions

Improving security in an IT environment that is becoming more complex and cloud based

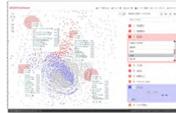


■ Main application fields

- Cloud security
- Endpoint security
- Email/web security
- IT asset management
- IT Infrastructure
- Manufacturing support

Big Data Solutions

Supporting the effective use of big data



■ Main application fields

- MAP (data density, outliers, abnormal values, overall shape), similarity judgment between data sets, abnormality detection/monitoring, etc.

Engineering services

Assisting engineers in problem solving as an expert group



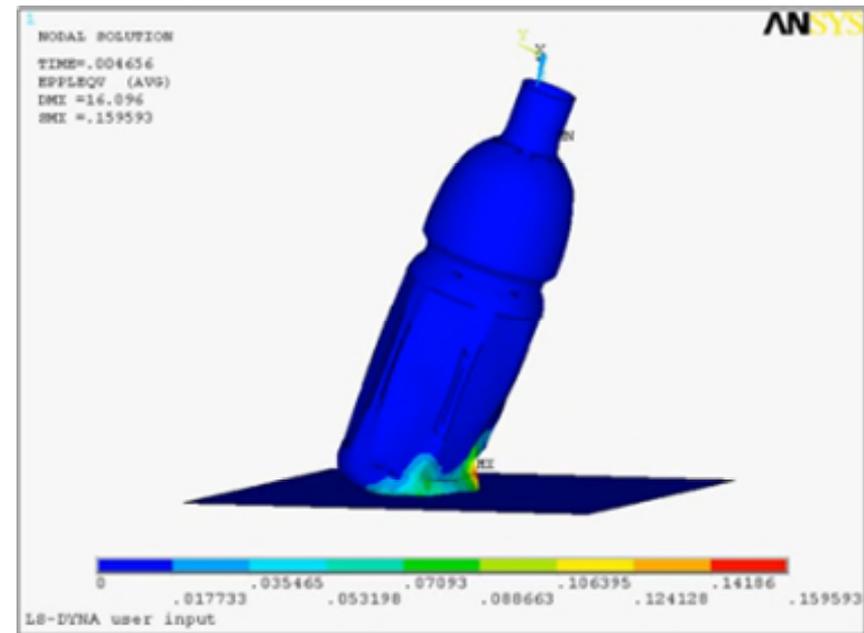
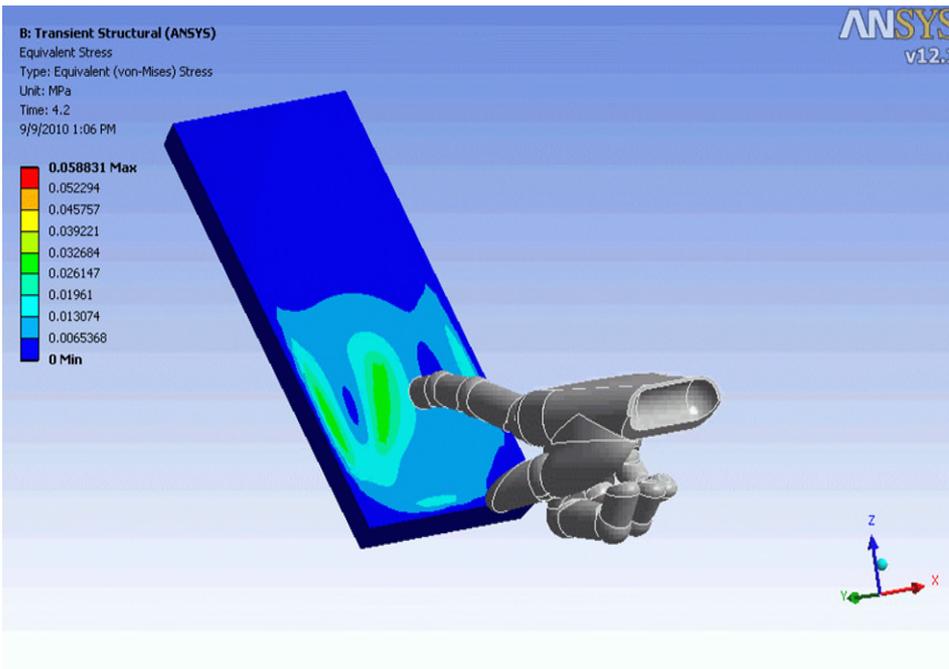
■ Main application fields

- **Consultation**
- **MBSE/MBD professional services:** Optimization of upstream design, modeling, development environment construction, verification environment construction
- **Contract development/analysis:** Structural analysis, fluids, electromagnetic fields, plastic flow, acoustics, coupling of complex domains, optical design, macro program development

What is “CAE” ?

CYBERNET SYSTEMS CO.,LTD.

Abbreviation of 「Computer Aided Engineering」



The tool for predicting functionality and reliability for developing products by virtual experimenting the model designed in computer(CAD*)
*Computer Aided Design

CYBERNET SYSTEMS CO., LTD.

■ IR Department

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