(Delayed)

# Results of Operations
# for the First Quarter of FY2021

6 May, 2021
CYBERNET SYSTEMS CO., LTD.

**CYBERNET**

# Contents

# Business Summary of Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2021
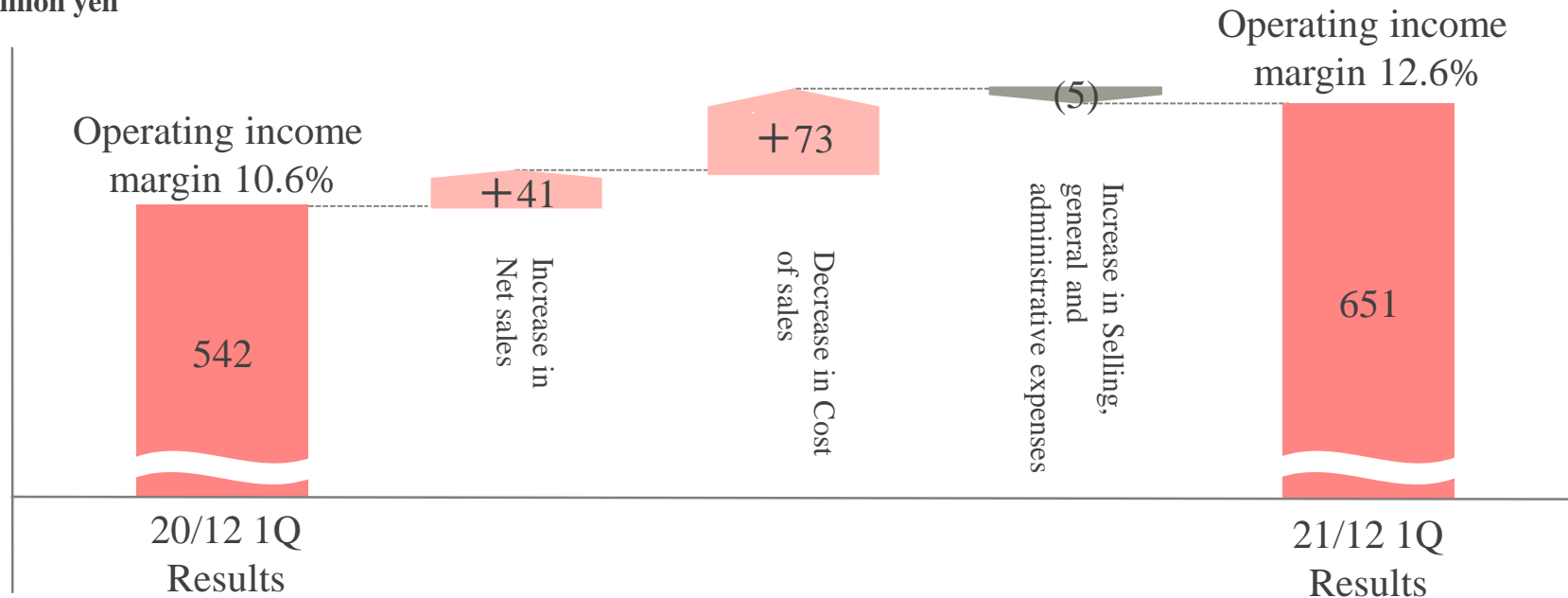
**CYBERNET**

# [Consolidated] Business Summary

**Net sales were +0.8% year on year, to 5,160 million yen.**
**Operating income was 651 million yen (+20.1% year on year), Ordinary income was 638million yen (+10.3% year on year), and Profit attributable to owners of parent was 408 million yen (+2.4% year on year).**

Million yen

| | 20/12 1Q Results | 21/12 1Q Results | YoY Change Amount | YoY Change % | 21/12 1Q Plan | Change Amount From Plan | Change % From Plan |
|---|---|---|---|---|---|---|---|
| Net sales | 5,119 | 5,160 | +41 | +0.8% | 5,150 | +10 | +0.2% |
| Operating income | 542 | 651 | +109 | +20.1% | 620 | +31 | +5.1% |
| Operating income margin | 10.6% | 12.6% | +2.0pt | | 12.0% | +0.6pt | |
| Ordinary income | 578 | 638 | +59 | +10.3% | 615 | +23 | +3.8% |
| Ordinary income margin | 11.3% | 12.4% | +1.1pt | | 11.9% | +0.5pt | |
| Profit attributable to owners of parent | 398 | 408 | +9 | +2.4% | 400 | +8 | +2.1% |
| Profit attributable to owners of parent margin | 7.8% | 7.9% | +0.1pt | | 7.8% | +0.1pt | |

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# [Consolidated] Changes in Operating Income (YoY comparison)

**Million yen**

Operating income margin 10.6%

Operating income margin 12.6%

+41 — Increase in Net sales

+73 — Decrease in Cost of sales

(5) — Increase in Selling, general and administrative expenses

542

651

20/12 1Q Results

21/12 1Q Results

## Main Causes of Year-on-Year Changes

| Item | Causes of Changes |
|------|-------------------|
| Net sales | Increase due to increase in sales of overseas subsidiaries in Asia. |
| Cost of sales | Increase due to decrease in Cost of products sold as results of changes in the sales mix. |
| Selling, general and administrative expenses | Decrease due to increase in marketing expenses, although decrease in business trip expenses, etc. |

# [Consolidated] Balance Sheet

**Million yen**

| | 20/12 | 21/12 1Q | YoY Change Amount | |
|---|---|---|---|---|
| **Current assets** | **20,205** | **19,735** | **(470)** | |
| Cash and deposits | 4,418 | 5,648 | ＋1,229 | |
| Notes and accounts receivable-trade | 4,440 | 4,750 | ＋310 | |
| Short-term investment securities | 6,000 | 5,000 | (1,000) | (i) |
| Short-term loans receivable | 4,469 | 3,494 | (974) | (ii) |
| Others | 876 | 841 | (35) | |
| **Noncurrent assets** | **2,037** | **1,983** | **(54)** | |
| Property, plant and equipment | 387 | 399 | ＋12 | |
| Intangible assets | 718 | 772 | ＋53 | |
| Investments and other assets | 931 | 810 | (120) | |
| **Total Assets** | **22,242** | **21,718** | **(524)** | |
| **Current liabilities** | **6,488** | **5,852** | **(636)** | |
| Accounts payable-trade | 1,482 | 1,977 | ＋494 | |
| Income taxes payable | 406 | 84 | (322) | |
| Advances received | 2,006 | 2,070 | ＋64 | |
| Provision for bonuses | 651 | 176 | (474) | |
| Others | 1,940 | 1,543 | (397) | |
| **Noncurrent liabilities** | **1,273** | **1,269** | **(4)** | |
| Provision for retirement benefits | 1,240 | 1,233 | (6) | |
| Others | 33 | 36 | ＋2 | |
| **Total liabilities** | **7,762** | **7,122** | **(640)** | |
| **Total net assets** | **14,480** | **14,595** | **＋115** | |
| **Total liabilities and net assets** | **22,242** | **21,718** | **(524)** | |

## 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 (down 974 million yen from the end of the previous fiscal year)

- Decrease in CMS (Cash Management System) balance to the parent company : -974 million yen.

# [Consolidated] Cash Flow Statement

Million yen

| | 20/12 1Q<br><br>Results | 21/12 1Q<br><br>Results | YoY<br>Change<br>Amount |
|---|---|---|---|
| Net cash provided by operating activities | (90) | (105) | (14) |
| Net cash provided by investing activities | 42 | 633 | ＋590 |
| Net cash provided by financing activities | (386) | (453) | (66) |
| Effect of exchange rate change on cash and cash equivalents | (68) | 148 | ＋216 |
| Net increase (decrease) in cash and cash equivalents | (502) | 222 | ＋725 |
| Cash and cash equivalents at beginning of period | 9,935 | 10,337 | ＋402 |
| Cash and cash equivalents at end of period | 9,433 | 10,560 | ＋1,127 |

## Main Causes of Year-on-Year Changes

| Item | Causes of Changes |
|---|---|
| Net cash provided by operating activities | Decrease due to decrease in accounts payable, etc. |
| Net cash provided by investing activities | Increased due to increase in collection of loans receivable, etc. |
| Net cash provided by financing activities | Decreased due to increase in payment of dividends. |

# [Consolidated] Quarterly Net sales
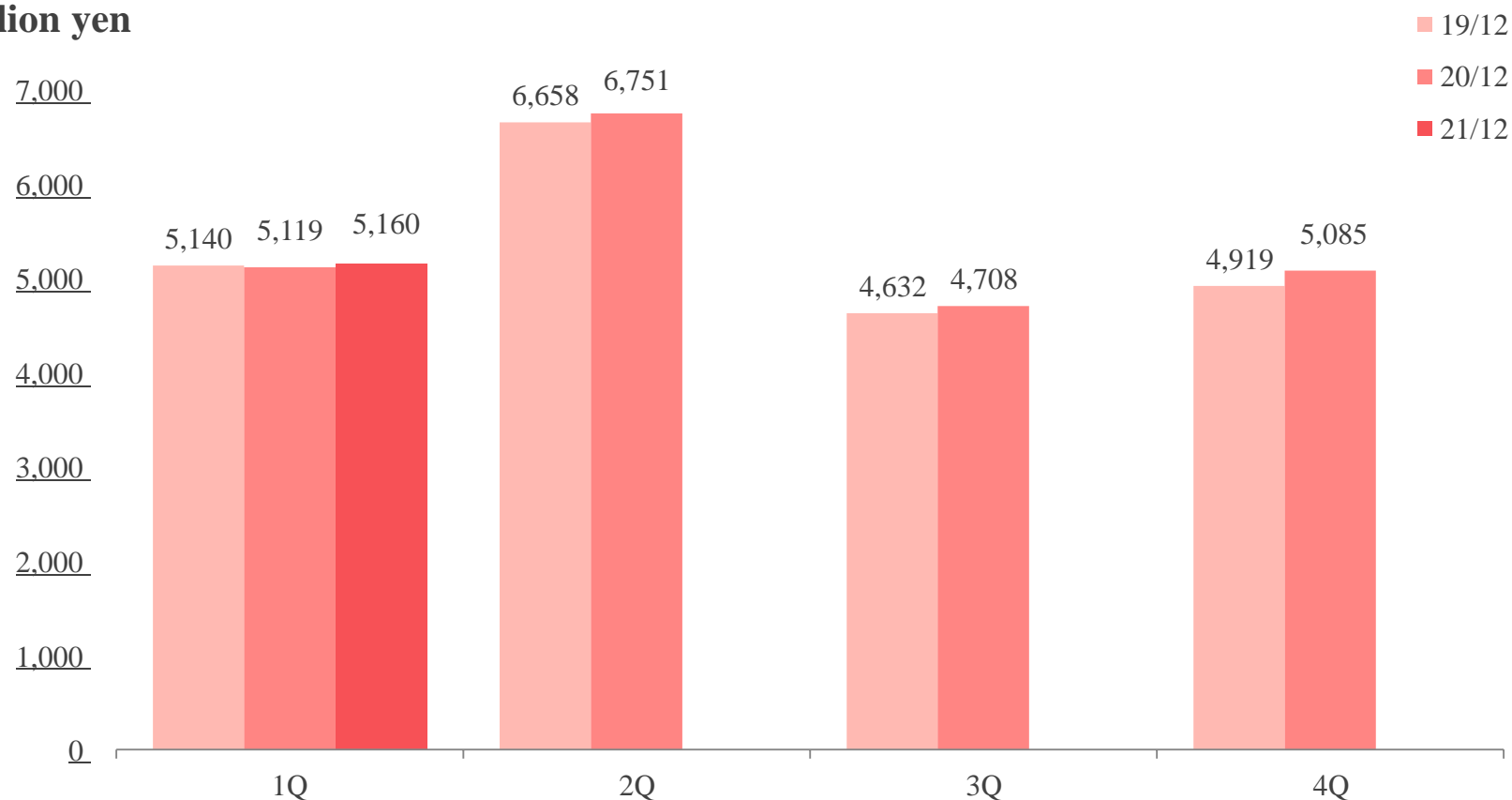
*YoY comparison*

| +11.4% | -0.4% | +0.8% | | +8.5% | +1.4% | | +6.5% | +1.6% | | +6.5% | +3.4% |

**Million yen**

Legend:
- 19/12
- 20/12
- 21/12



| Quarter | 19/12 | 20/12 | 21/12 |
|---------|-------|-------|-------|
| 1Q | 5,140 | 5,119 | 5,160 |
| 2Q | 6,658 | 6,751 | |
| 3Q | 4,632 | 4,708 | |
| 4Q | 4,919 | 5,085 | |

# [Consolidated] Overview of Results by Segment

**Million yen**

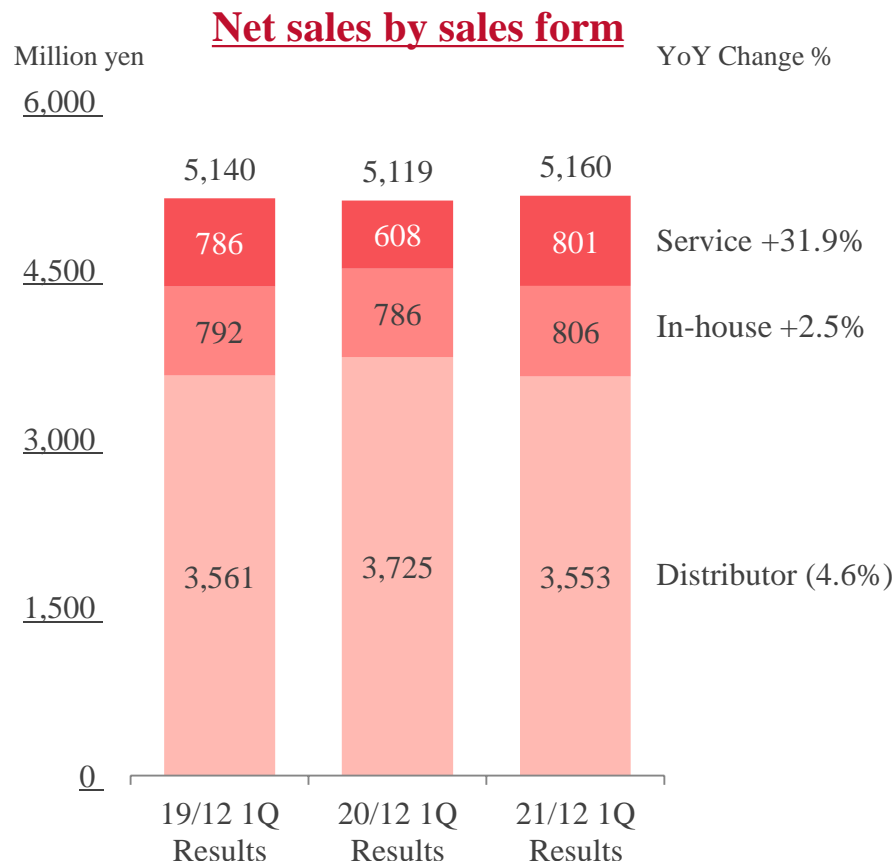| | 20/12 1Q | | 21/12 1Q | | YoY Change Amount | YoY Change % |
|---|---|---|---|---|---|---|
| | Results | Component ratio | Results | Component ratio | | |
| **Total Net sales** | 5,119 | 100.0% | 5,160 | 100.0% | +41 | +0.8% |
| CAE | 3,962 | 77.4% | 4,136 | 80.2% | +174 | +4.4% |
| IT | 1,156 | 22.6% | 1,023 | 19.8% | (133) | (11.5%) |
| Elimination | — | — | — | — | — | — |
| **Total Operating income** | 542 | — | 651 | — | +109 | +20.1% |
| CAE | 785 | — | 848 | — | +63 | +8.1% |
| IT | 96 | — | 158 | — | +62 | +64.8% |
| Elimination | (339) | — | (356) | — | (17) | — |

(Note) The classification of reportable segment changed from this time. The segment information for the same period of the previous year is based on the classification of reportable segment after this change.

## Points of Results by Segment

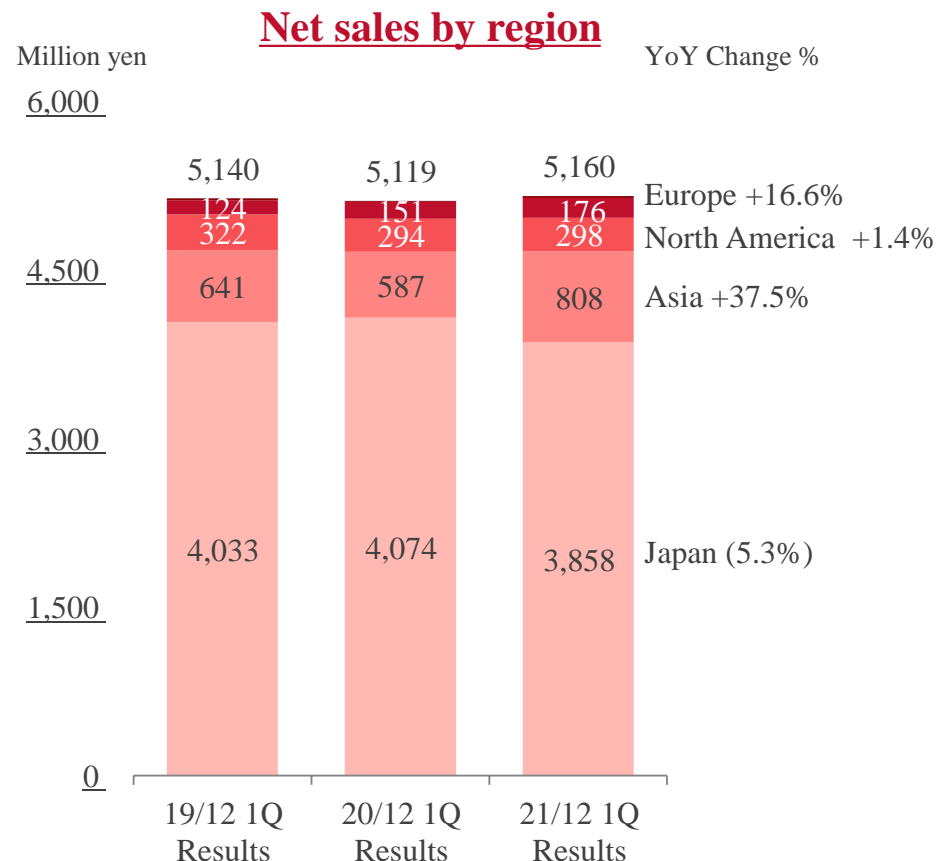| Segment | Point |
|---|---|
| CAE | Net sales increased because sales of overseas subsidiaries in Asia was strong. Operating income increased due to decrease in expenses such as business trip expenses, etc. |
| IT | Net sales decreased due to sluggish of sales of end point security products. etc. Operating income increased due to strong sales in other fields, etc. |

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

# [Consolidated] Composition of Net sales

## Net sales by sales form

Million yen

| | YoY Change % |
|---|---|

**6,000**

| 19/12 1Q | 20/12 1Q | 21/12 1Q |
|---|---|---|
| 5,140 | 5,119 | 5,160 |
| 786 | 608 | 801 |
| 792 | 786 | 806 |
| 3,561 | 3,725 | 3,553 |

- Service +31.9%
- In-house +2.5%
- Distributor (4.6%)

4,500

3,000

1,500

0

| 19/12 1Q Results | 20/12 1Q Results | 21/12 1Q Results |
|---|---|---|

(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

Million yen

YoY Change %

**6,000**

| 19/12 1Q | 20/12 1Q | 21/12 1Q |
|---|---|---|
| 5,140 | 5,119 | 5,160 |
| 124 | 151 | 176 |
| 322 | 294 | 298 |
| 641 | 587 | 808 |
| 4,033 | 4,074 | 3,858 |

- Europe +16.6%
- North America +1.4%
- Asia +37.5%
- Japan (5.3%)

4,500

3,000

1,500

0

| 19/12 1Q Results | 20/12 1Q Results | 21/12 1Q Results |
|---|---|---|

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

# CYBERNET

## [Consolidated] Net sales by sales form

**＜First quarter of the fiscal year＞**

Million yen

|  | 20/12 1Q | | 21/12 1Q | | YoY Change Amount | YoY Change % |
|---|---|---|---|---|---|---|
|  | Results | Component ratio | Results | Component ratio |  |  |
| Distributor | 3,725 | 72.8% | 3,553 | 68.8% | (172) | (4.6%) |
| In-house | 786 | 15.4% | 806 | 15.6% | ＋19 | +2.5% |
| Service | 608 | 11.9% | 801 | 15.5% | ＋193 | +31.9% |
| Total | 5,119 | 100.0% | 5,160 | 100.0% | ＋41 | +0.8% |

# [Consolidated] Net sales by region

**＜First quarter of the fiscal year＞**

**Million yen**

| | 20/12 1Q | | 21/12 1Q | | YoY Change Amount | YoY Change % |
|---|---|---|---|---|---|---|
| | Results | Component ratio | Results | Component ratio | | |
| Japan | 4,074 | 79.6% | 3,858 | 74.8% | (216) | (5.3%) |
| Asia | 587 | 11.5% | 808 | 15.7% | ＋220 | +37.5% |
| North America | 294 | 5.8% | 298 | 5.8% | ＋4 | +1.4% |
| Europe | 151 | 3.0% | 176 | 3.4% | ＋25 | +16.6% |
| Others | 10 | 0.2% | 18 | 0.4% | ＋7 | +75.0% |
| Total | 5,119 | 100.0% | 5,160 | 100.0% | ＋41 | +0.8% |

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

# Our Initiatives in first quarter under COVID-19 pandemic

**In the first quarter, we held 88 online events and seminars (total participants was 5,314 (in Q1 of 2020, we held 3 online events and total participants was 137 )) to increase contact points with customers and increase sales leads.**

**[Non-consolidated] Our main online events and seminars**

| Segment | Events/Seminars | Event name / Seminar name |
|---------|-----------------|----------------------------|
| CAE | **Seminar** (organized by Cybernet) | Ansys 2021R1 Release Update Seminar |
| | **Seminar** (organized by Cybernet) | Automation and efficiency improvement by Ansys that combines AI and RPA to accelerate DX |
| | **Event** | Virtual TECHNO-FRONTIER 2021 Winter |
| | **Event** | 11th CAE Forum 2021 on Automotive Technology online |
| | **Event** | Simulation to visualize the effectiveness of COVID-19 measures |
| IT | **Seminar** (organized by Cybernet) | Introduction of function of Goldfire |
| | **Seminar** (organized by Cybernet) | Overview of effective use of UEM and IT assets management tools |
| | **Seminar** (organized by Cybernet) | Comparison of Top selling "IT asset management tools" |
| | **Seminar** (organized by Cybernet) | What is Zero Trust Security required in the Telework era? |

# Our main efforts against COVID-19

**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. We recognize "coexistence with viruses = time of "With COVID-19"", and continue to provide services to support societies.**

## Our main efforts

| For customers and stakeholders | • Change of our seminar method from face-to-face to online<br>• Active participation in online events and enhancement of our online seminars("Ansys 2021R1 Release Update Seminar" was held from March 2nd to 4th, with more than 1,500 participants.)<br>• Recommendation of online meeting |
|---|---|
| For employees | • Wearing masks / washing hands / use of alcohol disinfection thoroughly<br>• Recommendation of staggered working hours of work with flextime system<br>• Implementation of work by optimal combination of office work and telework<br>• Change of office layout and seating arrangement to keep social distancing |

# Projection for FY2021

# [Consolidated] Projection for FY2021

**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).**

Million yen

| | 20/12<br><br>Results | 21/12E<br><br>Projection | YoY<br>Change<br>Amount | YoY<br>Change<br>% |
|---|---|---|---|---|
| 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] Dividend Estimate for FY2021

**The projection of dividend is 26.94 yen per share.**

(unit: yen)

|  | 17/12 Results | 18/12 Results | 19/12 Results | 20/12 Results | 21/12E 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

# [Non-consolidated] Net sales by Category of Industry

**＜First quarter of the fiscal year＞**

Million yen

| | 20/12 1Q | | 21/12 1Q | | YoY Change Amount | YoY Change % |
|---|---|---|---|---|---|---|
| | Results | Component ratio | Results | Component ratio | | |
| Electrical equipment | 796 | 19.6% | 751 | 19.7% | (44) | (5.6%) |
| Machinery and precision machinery | 716 | 17.7% | 733 | 19.3% | ＋17 | ＋2.4% |
| Transportation equipment | 506 | 12.5% | 557 | 14.6% | ＋51 | ＋10.1% |
| Other manufacturing industries | 753 | 18.6% | 628 | 16.5% | (124) | (16.5%) |
| Education institution/ government and municipal offices | 274 | 6.8% | 260 | 6.8% | (14) | (5.2%) |
| Telecommunications industry | 237 | 5.9% | 276 | 7.3% | ＋38 | ＋16.4% |
| Others | 772 | 19.0% | 601 | 15.8% | (170) | (22.1%) |
| Total | 4,057 | 100.0% | 3,810 | 100.0% | (246) | (6.1%) |

# [Non-consolidated] Net sales by Contract type

## ＜First quarter of the fiscal year＞

Million yen

| | 20/12 1Q | | 21/12 1Q | | YoY Change Amount | YoY Change % |
|---|---|---|---|---|---|---|
| | Results | Component ratio | Results | Component ratio | | |
| **Licenses** | 3,578 | 100.0% | 3,134 | 100.0% | (443) | (12.4%) |
| New licenses | 1,284 | 35.9% | 1,005 | 32.1% | (279) | (21.7%) |
| Renewals | 2,294 | 64.1% | 2,129 | 67.9% | (164) | (7.2%) |
| **Others** | 478 | | 676 | | ＋197 | +41.3% |
| **Total** | 4,057 | | 3,810 | | (246) | (6.1%) |

# CYBERNET

# Corporate Overview

| | |
|---|---|
| **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<br>(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** | [Domestic subsidiaries]<br>• CYBERNET MBSE Co., Ltd.<br>[Development subsidiaries]<br>• Sigmetrix, LLC (US)<br>• Maplesoft (Canada)<br>• Noesis Solutions NV (Belgium)<br>[Sales subsidiaries]<br>• CYBERNET SYSTEMS (SHANGHAI) CO., LTD. (China)<br>• CYBERNET SYSTEMS TAIWAN CO., LTD. (Taiwan)<br>• CYFEM Inc. (South Korea)<br>• CYBERNET SYSTEMS MALAYSIA SDN.BHD. (Malaysia) |

# CYBERNET

## Historical Overview

2020 Established CYBERNET MBSE CO., LTD. in Chiyoda-ku, Tokyo

2017 Established subsidiary in Seoul, South Korea

2009 Acquired Sigmetrix (US) and Maplesoft (Canada)

2008 Established subsidiary in Hsinchu, Taiwan

2004 Listed on 1st Section of TSE, established subsidiary in Shanghai, China

2003 Listed on 2nd Section of TSE

2001 Listed on JASDAQ

1999 FUJISOFT acquired Cybernet from Kobe Steel and Started Business as a member of FUJISOFT group

1989 Kobe Steel acquired Cybernet and Started business as a member of Kobe Steel

1985 Started Business as Cybernet

1980 Started CYBERNET service

1971 CDC Japan established

1967 CDC establishes CDFE Tokyo Branch Office

2018 Established subsidiary in Malaysia

2010 Acquired Noesis Solutions NV (Belgium)

2020

2010

2000

1990

1980

1970

1960

1980
CYBERNET service
by CYBER176

# Cybernet's Solution

## CAE Solutionsz

**Providing complete support for CAE in a wide variety of fields**
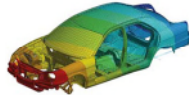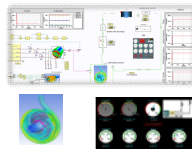


■ **Main application fields**

- **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

## 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

## 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.

## 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

## IT Solutions

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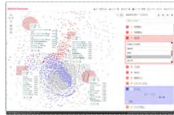


■ **Main application fields**

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

## 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" ?

## Abbreviation of "Computer Aided Engineering"
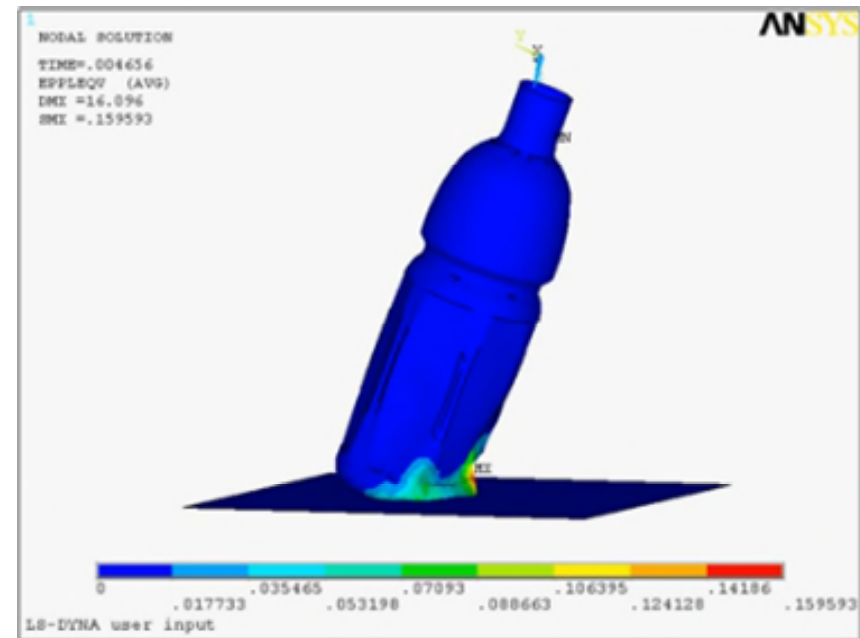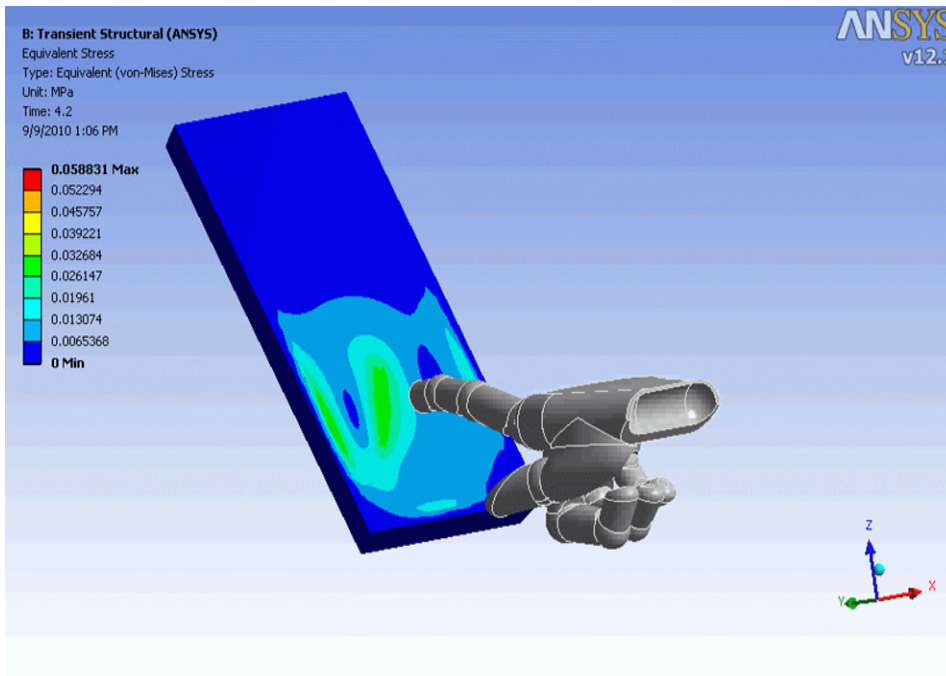


The tool for predicting functionality and reliability for developing products by virtual experimenting the model designed in computer(CAD*)
*Computer Aided Design

■ IR Department

| | |
|---|---|
| Address: | Fuji Soft Bldg., 3, Kanda Neribei-cho, Chiyoda-ku, Tokyo 101-0022, Japan |
| TEL.: | +81-3-5297-3066 |
| FAX.: | +81-3-5297-3609 |
| E-mail: | irquery@cybernet.co.jp |
| URL: | https://www.cybernet.jp/english/ |

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