

(Delayed)

TSE Code : 4312

# **CYBERNET SYSTEMS CO., LTD.**

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**Results of Operations for the First Quarter of the  
Fiscal Year Ending December 31, 2022**

**11 May, 2022**

# **CYBERNET**



**1**

## **Business Summary of Financial Results for the First Quarter of FY2022**

**2**

Projection for FY2022

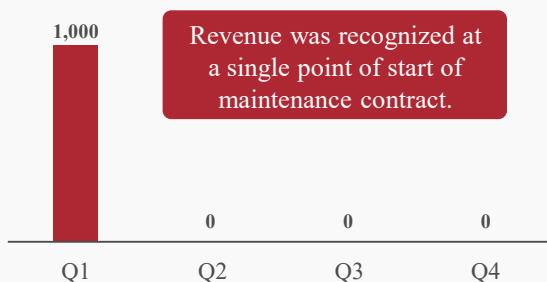
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References

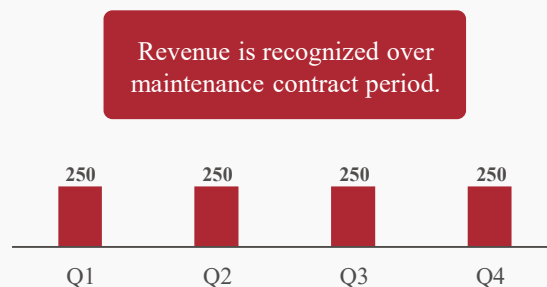
# Application of Accounting Standard for Revenue Recognition

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter the “Revenue Recognition Standard”) has been applied since the beginning of this fiscal year.
- By applying the standard, revenue recognition of software maintenance contract of the distribution business changed. Before applying the standard, the revenue was mainly recognized at the start of the contract and now the revenue is recognized over the contract period.
- Since transitional measures of Revenue Recognition Standard have been applied and retrospective adjustments have not been made in the past years, the year-on-year in financial figures in this material are only for reference (For some non-consolidated net sales, retroactively revised figure is disclosed).

Old (image diagram)



New (image diagram)



# Financial Results for the First Quarter of FY2022

- Although net sales of IT segment increased, total net sales decreased due to the termination of the distribution agreement with Synopsys.
- Operating income decreased due to decrease in net sales.

※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the year-on-year in financial figures in this material are only for reference.

※ Simulation : Simulation Solution Services

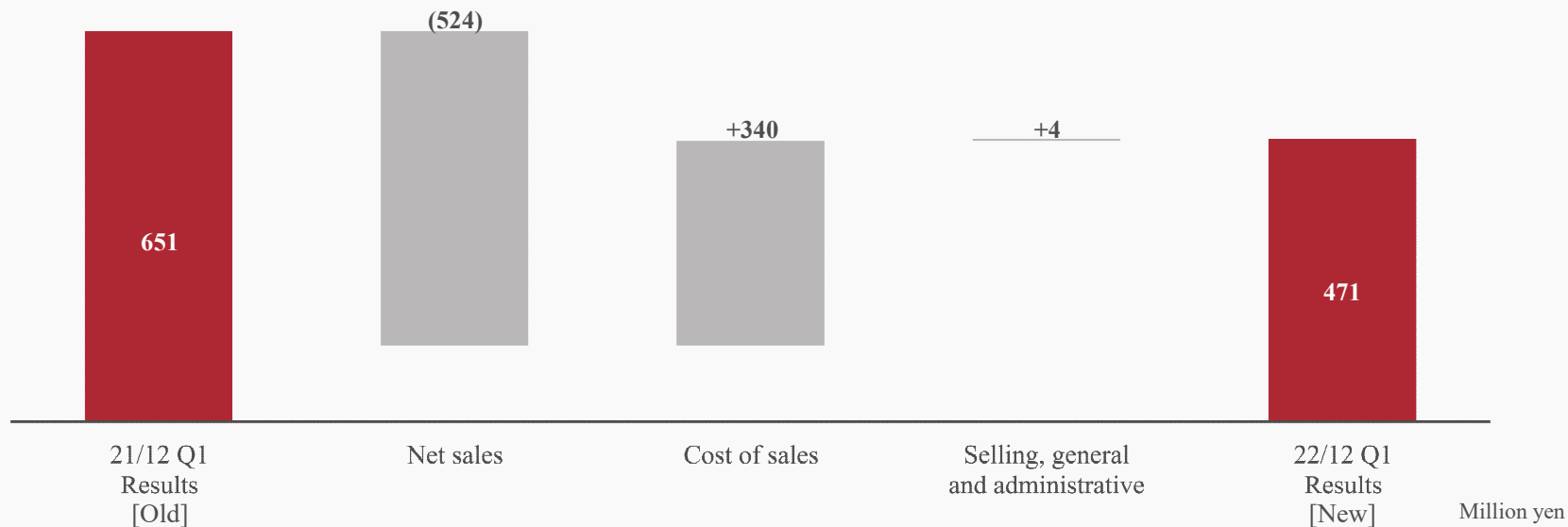
※ IT : Information Technology Solution Services

※ EBITDA: Operating income + Depreciation

	Million yen				
	21/12 Q1 [Old]	22/12 Q1 [New]	YoY Change %	22/12 Q1 Plan [New]	Change % From Plan
Net sales	5,160	4,636	(10.2%)	4,600	+0.8%
Gross profit	2,107	1,923	(8.7%)	-	-
Selling, general and administrative expenses	1,456	1,451	(0.3%)	-	-
Operating income	651	471	(27.6%)	380	+24.2%
(Operating profit margin)	12.6%	10.2%	-	8.3%	-
Ordinary income	638	446	(30.1%)	380	+17.5%
Profit attributable to owners of parent	408	263	(35.4%)	240	+9.9%
EBITDA	713	531	(25.5%)	455	+16.9%
(EBITDA margin)	13.8%	11.5%	-	9.9%	-
EPS (yen)	13.10	8.48	(35.3%)	7.70	+10.1%

# Changes in Operating Income (YoY Comparison)

- Cost of sales decreased due to decrease in net sales. Selling, general and administrative were almost the same as that of the previous fiscal year and operating income decreased.



※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the year-on-year in financial figures in this material are only for reference.

# Financial impact by applying Revenue Recognition Standard

- Financial impact in net sales is an increase by 573 million yen and that in Operating income is an increase by 297 million yen.

	22/12 Q1 [Old]	Financial effect			Million yen
		Simulation	IT	Total	22/12 Q1 [New]
Net sales	4,062	+595	(21)	+573	4,636
Cost of sales	2,435	+306	(30)	+276	2,712
Gross profit	1,626	+288	+8	+297	1,923
Selling general and administrative expenses	1,451	-	-	-	1,451
Operating income	174	+288	+8	+297	471

※ Simulation : Simulation Solution Services

※ IT : Information Technology Solution Services

# Overview of Results by Segment

## Simulation Segment

- Although sales of new licenses for main products and engineering services such as MBSE remained strong, sales and profits decreased due to the termination of the distribution agreement with Synopsys.

## IT Segment

- Net sales and operating income increased due to strong sales of security solutions for cloud environments.

※ Simulation : Simulation Solution Services

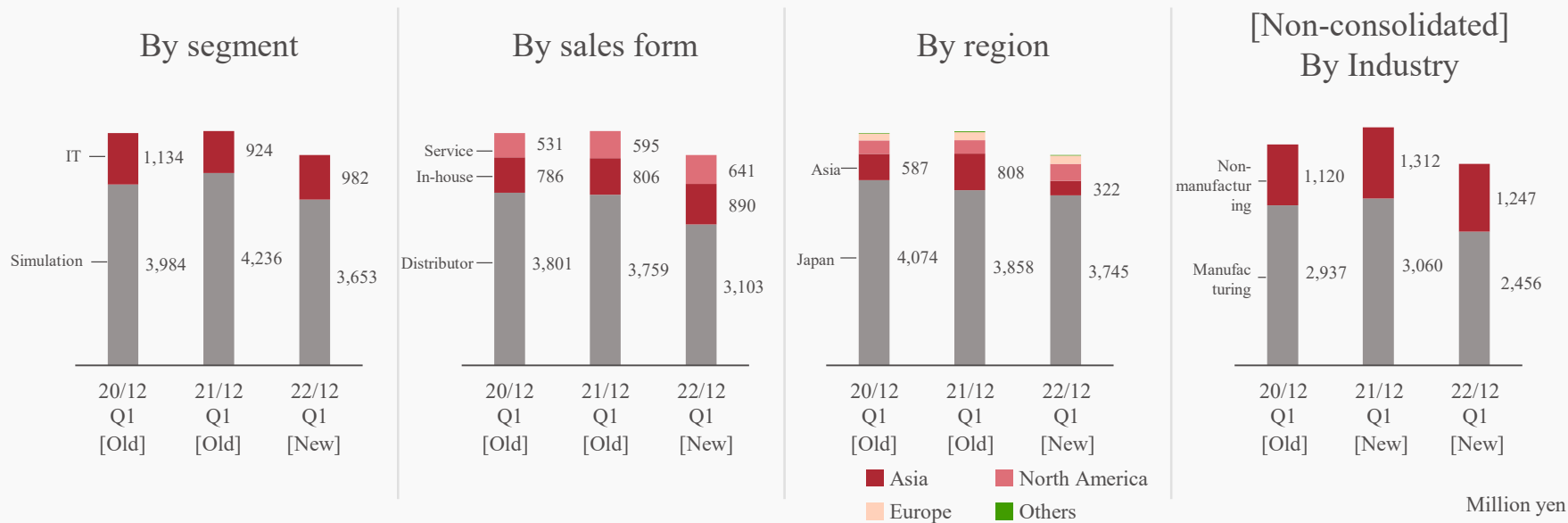
※ IT : Information Technology Solution Services

※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the figures of Q1 FY2021, with some exception, is before applying the standard.

※ From the first quarter of the current fiscal year, the name of the reporting segment was changed from "CAE Solution Services" to "Simulation Solution Services". In addition, the segment classification has been changed, and the results for the same period of the previous year are described by the changed segment classification.

	Million yen		
	21/12 Q1 [Old]	22/12 Q1 [New]	YoY Change %
Total Net sales	5,160	4,636	(10.2%)
Simulation	4,236	3,653	(13.8%)
IT	924	982	+6.3%
Elimination	-	-	-
Total Operating income	651	471	(27.6%)
Simulation	904	655	(27.5%)
IT	103	142	+37.4%
Elimination	(356)	(326)	-

# Composition of Net sales

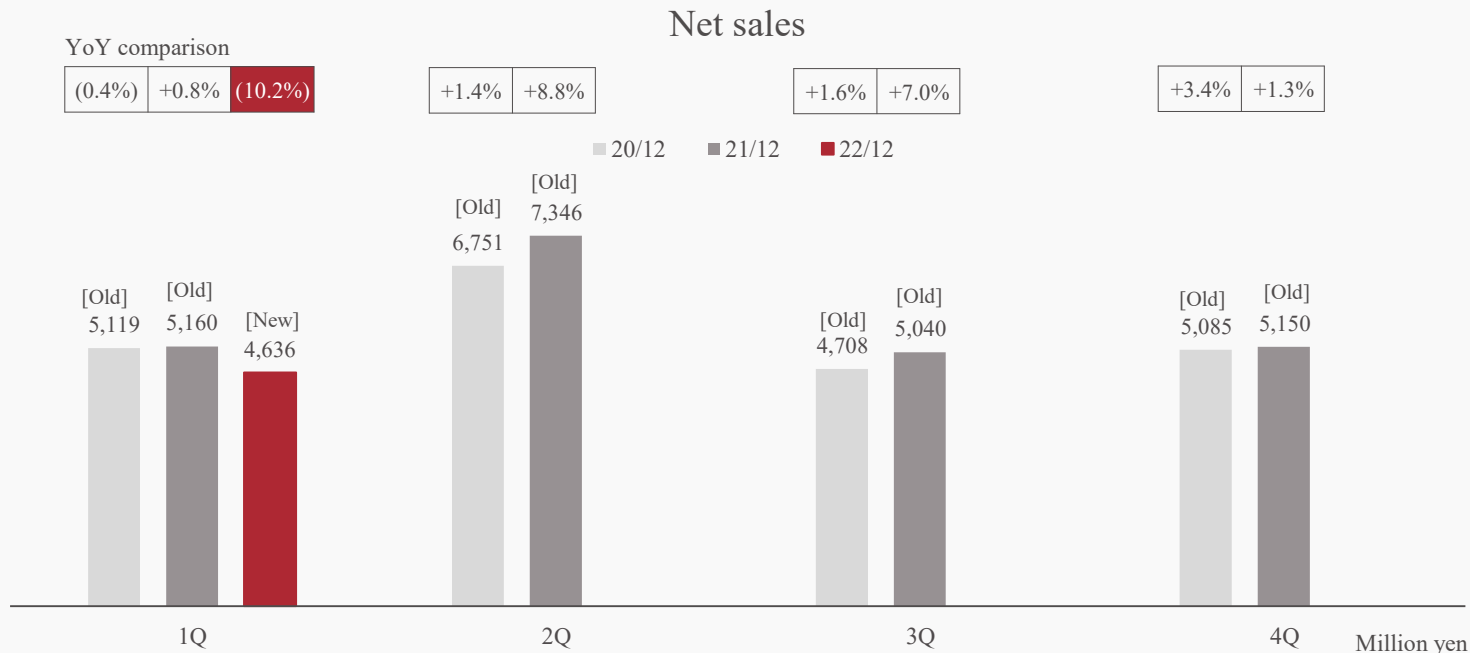


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# Quarterly Net Sales

■ Net sales decreased 10.2% year-on-year due to termination of the distribution agreement with Synopsys.



※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the year-on-year in financial figures in this material are only for reference.

# Balance Sheet

- Financial assets decreased by 1,202 million yen. Total net assets decrease by 1,378 million yen. The equity ratio was 62.8%.
- Short-term loans receivable decreased by 3,579 million yen due to collection of loans to the parent company (Cash Management System of the parent company).
- Shareholder' equity decreased by 1,367 million yen due to the decrease by 911 million yen in legal retained earnings at beginning of this fiscal year as applying Revenue Recognition Standard.

※ Financial assets: total of cash and deposits, short-term investment securities and short-term loans receivable

	21/12 [Old]	22/12 Q1 [New]	Million yen YoY Change Amount
<b>Current assets</b>	<b>21,526</b>	<b>20,593</b>	<b>(932)</b>
<b>Financial assets(※)</b>	<b>16,009</b>	<b>14,806</b>	<b>(1,202)</b>
Cash and deposits	7,429	7,806	+377
Short-term investment securities	5,000	7,000	+2,000
Short-term loans receivable	3,579	-	(3,579)
Non-current assets	1,744	2,025	+280
<b>Total Assets</b>	<b>23,270</b>	<b>22,618</b>	<b>(651)</b>
<b>Total liabilities</b>	<b>7,538</b>	<b>8,264</b>	<b>+726</b>
Current liabilities	6,472	7,223	+751
Non-current liabilities	1,065	1,040	(25)
<b>Total net assets</b>	<b>15,732</b>	<b>14,354</b>	<b>(1,378)</b>
Shareholders' equity	15,287	13,920	(1,367)
<b>Total liabilities and net assets</b>	<b>23,270</b>	<b>22,618</b>	<b>(651)</b>
Equity ratio	66.3%	62.8%	(3.5pt)

# Cash Flow Statement

		Million yen		
Net cash provided by operating activities		21/12 Q1	22/12 Q1	YoY Change Amount
■ Decreased due to decrease in Profit before income taxes, etc.	Net cash provided by operating activities	(105)	(460)	(355)
	Net cash provided by investing activities	633	3,472	+2,839
Net cash provided by investing activities	Net cash provided by financing activities	(453)	(836)	(383)
■ Increased due to increase in proceeds from collection of loans receivable, etc.	Cash and cash equivalents at end of period	10,560	14,708	+4,147
Net cash provided by financing activities				
■ Decreased due to increase of purchase of treasury shares, increase in payment of dividends, etc.				

# Net Sales by Segment and by sales form

Million yen

	21/12 Q1		22/12 Q1		YoY Change %
	Results [Old]	Component ratio	Results [New]	Component ratio	
Total Net sales	5,160	100.0%	4,636	100.0%	(10.2%)
Simulation	4,236	82.1%	3,653	78.8%	(13.8%)
Distributor	2,936	56.9%	2,257	48.7%	(23.1%)
In-house products	726	14.1%	806	17.4%	+11.0%
Service	573	11.1%	589	12.7%	+2.8%
IT	924	17.9%	982	21.2%	+6.3%
Distributor	823	15.9%	846	18.3%	+2.9%
In-house products	79	1.5%	84	1.8%	+5.7%
Service	21	0.4%	51	1.1%	+140.0%

※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the year-on-year in financial figures in this material are only for

※ From the first quarter of the current fiscal year, the name of the reporting segment was changed from "CAE Solution Services" to "Simulation Solution Services". In addition, the segment classification has been changed, and the results for the same period of the previous year are described by the changed segment classification.

# Net Sales by sales form

Million yen

	21/12 Q1		22/12 Q1		YoY Change %
	Results [Old]	Component ratio	Results [New]	Component ratio	
Distributor	3,759	72.8%	3,103	66.9%	(17.4%)
In-house products	806	15.6%	890	19.2%	+10.5%
Service	595	11.5%	641	13.8%	+7.8%
Total	5,160	100.0%	4,636	100.0%	(10.2%)

※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the year-on-year in financial figures in this material are only for reference.

# Net Sales by region

Million yen

	21/12 Q1		22/12 Q1		YoY Change %
	Results [Old]	Component ratio	Results [New]	Component ratio	
Japan	3,858	74.8%	3,745	80.8%	(2.9%)
Asia	808	15.7%	322	7.0%	(60.1%)
North America	298	5.8%	377	8.2%	+26.5%
Europe	176	3.4%	176	3.8%	+0.0%
Others	18	0.4%	13	0.3%	(28.3%)
Total	5,160	100.0%	4,636	100.0%	(10.2%)

※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the year-on-year in financial figures in this material are only for reference.

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

Million yen

	21/12 Q1		22/12 Q1		YoY Change %
	Results [New]	Component ratio	Results [New]	Component ratio	
Electrical equipment	1,040	23.8%	773	20.9%	(25.6%)
Machinery and precision machinery	696	15.9%	490	13.2%	(29.6%)
Transportation equipment	555	12.7%	497	13.4%	(10.4%)
Other manufacturing industries	766	17.5%	694	18.7%	(9.5%)
Education institution/ government and municipal offices	329	7.5%	366	9.9%	+11.3%
Telecommunications industry	260	6.0%	228	6.2%	(12.3%)
Others	722	16.5%	652	17.6%	(9.7%)
Total	4,372	100.0%	3,703	100.0%	(15.3%)

※ The results for the same period of the previous year are reference information for comparing the results calculated by Revenue Recognition Standard.

# [Non-consolidated] Net sales by Contract Type

Million yen

	21/12 Q1		22/12 Q1		YoY Change %
	Results [New]	Component ratio	Results [New]	Component ratio	
Licenses	3,618	100.0%	2,989	100.0%	(17.4%)
New licenses	1,106	30.6%	1,032	34.5%	(6.7%)
Renewals	2,512	69.4%	1,957	65.5%	(22.1%)
Others	754		714		(5.3%)
Total	4,372		3,703		(15.3%)

※ The results for the same period of the previous year are reference information for comparing the results calculated by Revenue Recognition Standard.

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Business Summary of Financial Results for the First Quarter of FY2022

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**Projection for FY2022**

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References

# Projection for FY2022

- Due to the termination of the distribution agreement with Synopsys, the plan of net sales and profits in FY2022 will decrease.
- Sales of products related to distribution business is expected to decrease and sales of in-house products and DX support for manufacturing customers are expected to increase.

	Million yen		
	21/12 Results [Old]	22/12 Projection [New]	YoY Change %
Net sales	22,697	20,000	(11.9%)
Operating income	2,830	1,800	(36.4%)
(Operating income margin)	12.5%	9.0%	-
Ordinary income	2,822	1,800	(36.2%)
Profit attributable to owners of parent	1,786	1,150	(35.6%)
EBITDA	3,072	2,100	(32.7%)
(EBITDA margin)	13.5%	10.5%	-
EPS (yen)	57.29	36.87	(35.6%)
ROE	12.0%	7.4%	-

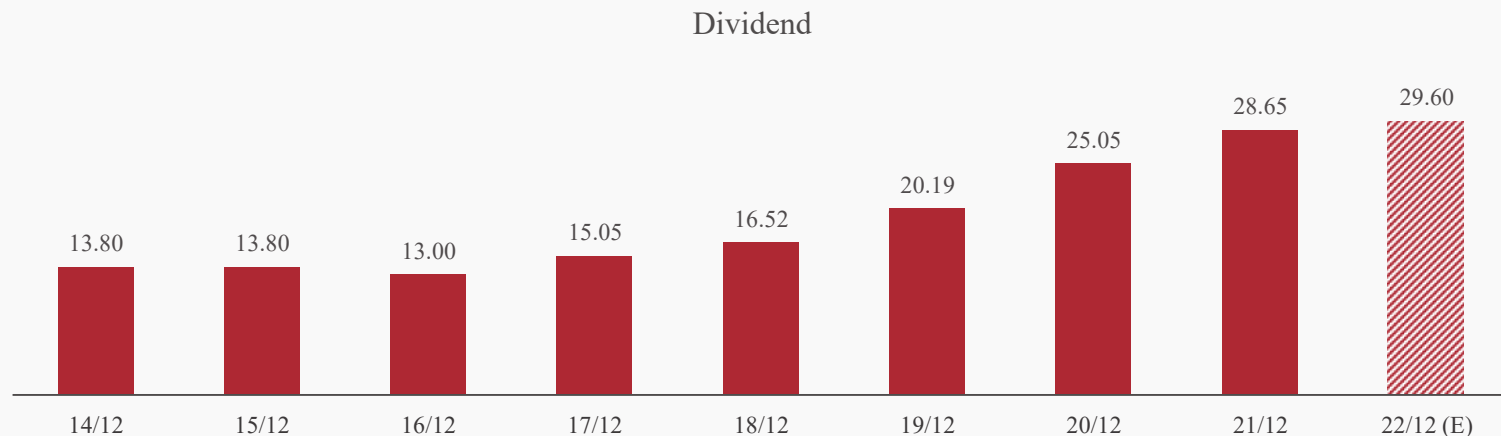
※ EBITDA: Operating income + Depreciation

※ Revenue Recognition Standard has been applied since the beginning of this fiscal year (reference P.3), and the year-on-year in financial figures in this material are only for reference.

# Dividend Estimate for FY2022

■ The projection of dividend is 29.60 yen per share.

Basic Policies on Profit Distribution : We recognize the return of profits to our shareholders as an important management issue, and improve capital efficiency while maintaining financial soundness. For the time being, we will place importance on stable dividends and continuous increases of dividend. Dividend on equity ratio (DOE) of 6.0% is used for the indicator of dividend and the cap is “Profit attributable to owners of parent” of the fiscal year.



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Projection for FY2022

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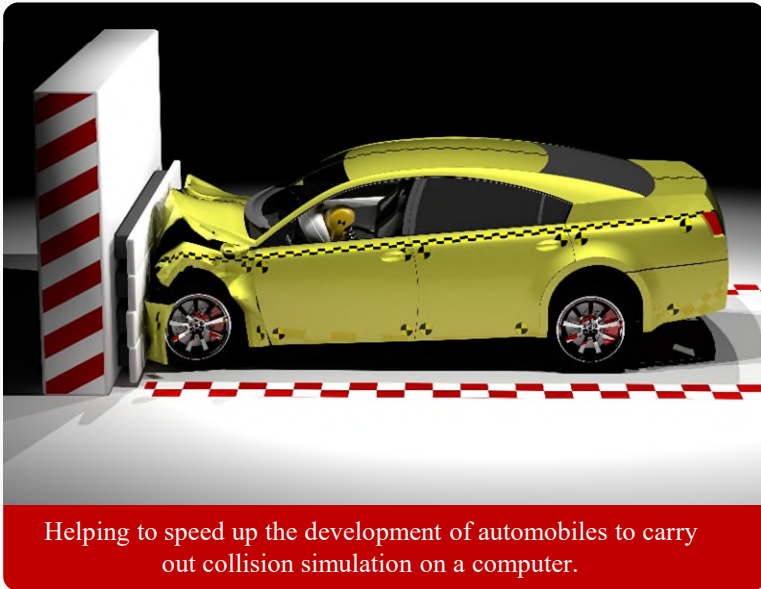
**References**

# Corporate Overview

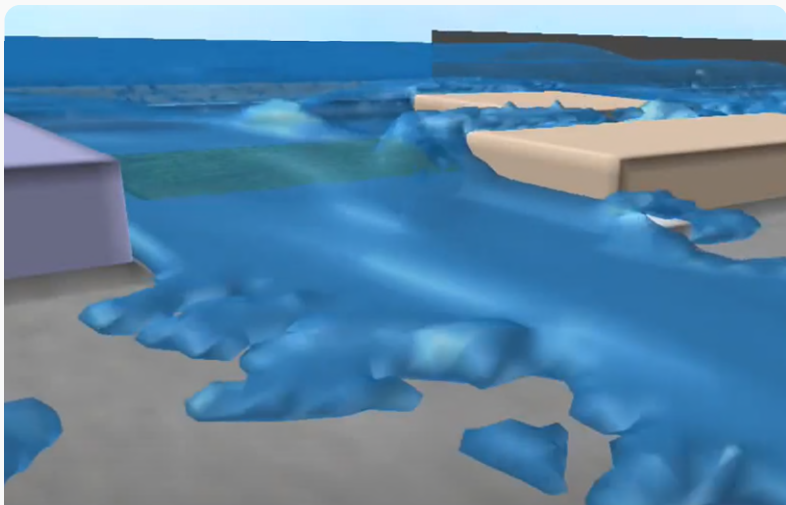
<b>Company name</b>	Cybernet Systems Co., Ltd. (Standard Market of TSE 4312)
<b>Head office</b>	FUJISOFT Bldg. 3 Kanda-neribeicho, Chiyoda-ku, Tokyo
<b>Other office</b>	Nishi-Nihon Branch Office (Osaka), Chubu Branch Office (Nagoya)
<b>Establishment</b>	April 17, 1985
<b>Capital</b>	995 million yen
<b>Representative</b>	Representative Director : Reiko Yasue
<b>Number of employee</b>	Consolidated/ 573, Non-Consolidated / 350(as of December 31, 2021)
<b>Business</b>	CAE, IT, AR/VR visualization and Big data solutions (Software license sales, engineering service, consulting, software development)
<b>Development partners</b>	More than 35 companies mostly located in the US, including such as ANSYS, Inc. and Broadcom Inc.
<b>Consolidated Subsidiaries</b>	<p>[Domestic subsidiaries]</p> <ul style="list-style-type: none"> <li>• CYBERNET MBSE Co., Ltd.</li> </ul> <p>[Development subsidiaries]</p> <ul style="list-style-type: none"> <li>• Sigmetrix, LLC (US)</li> <li>• Maplesoft(Canada)</li> <li>• Noesis Solutions NV (Belgium)</li> </ul> <p>[Sales subsidiaries]</p> <ul style="list-style-type: none"> <li>• CYBERNET SYSTEMS (SHANGHAI) CO., LTD. (China)</li> <li>• CYBERNET SYSTEMS TAIWAN CO., LTD. (Taiwan)</li> <li>• CYBERNET SYSTEMS MALAYSIA SDN.BHD. (Malaysia)</li> </ul>

# We aim to be a leading company in simulation

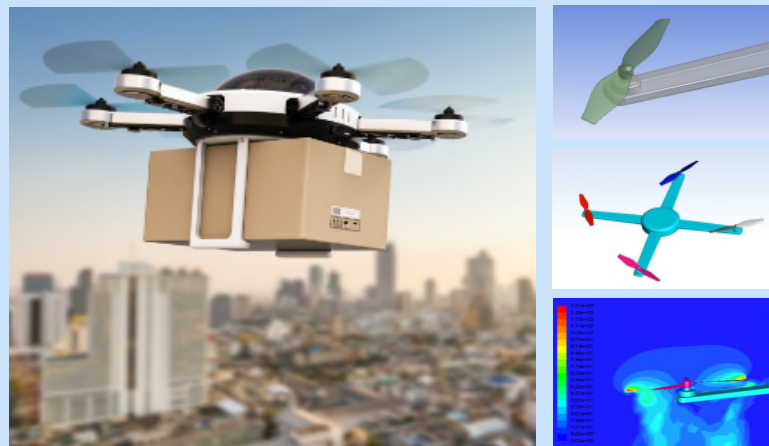
Our simulation technology contributes to **reducing the number of prototypes, shortening the development period, cost reduction, and innovation** by predicting the performance and reliability of products through numerical simulations on computers in the **development and design process of manufacturing**. Simulation technology is **not limited to manufacturing**, but is also useful in solving social issues such as sustainability, and is expanding its field of application.



# Simulation is being used in a variety of areas

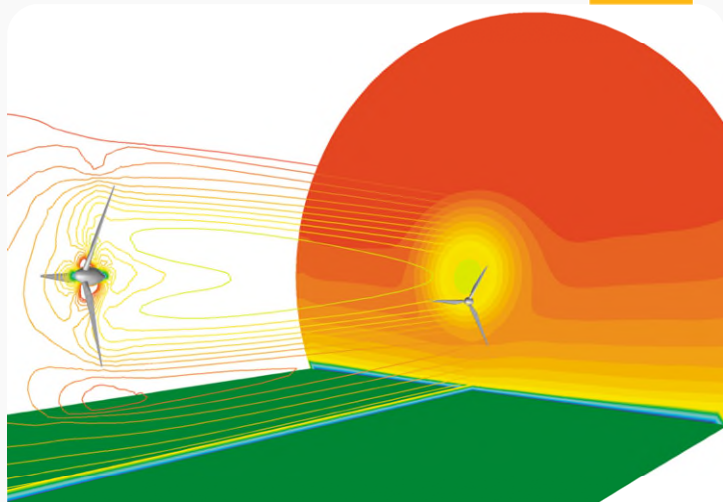


Visualization of tsunami simulation results to reproduce the impact of the disaster

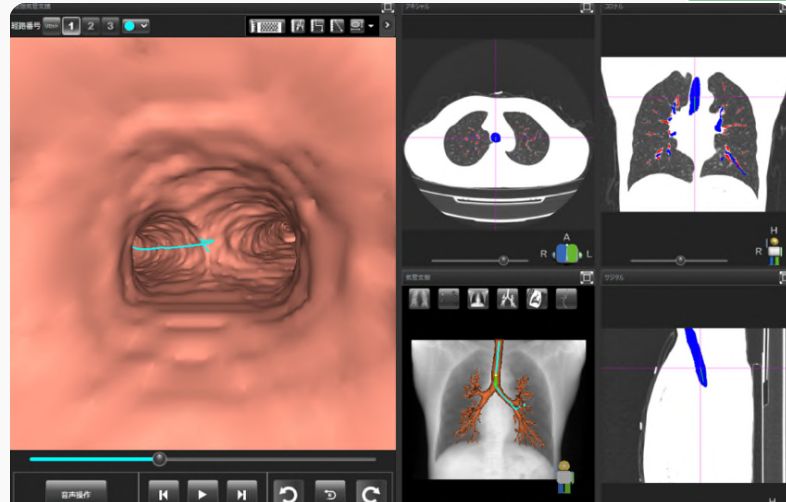


Contributes to the optimum design of drone vibration and blade shape

# Simulation is an essential technology for achieving sustainability

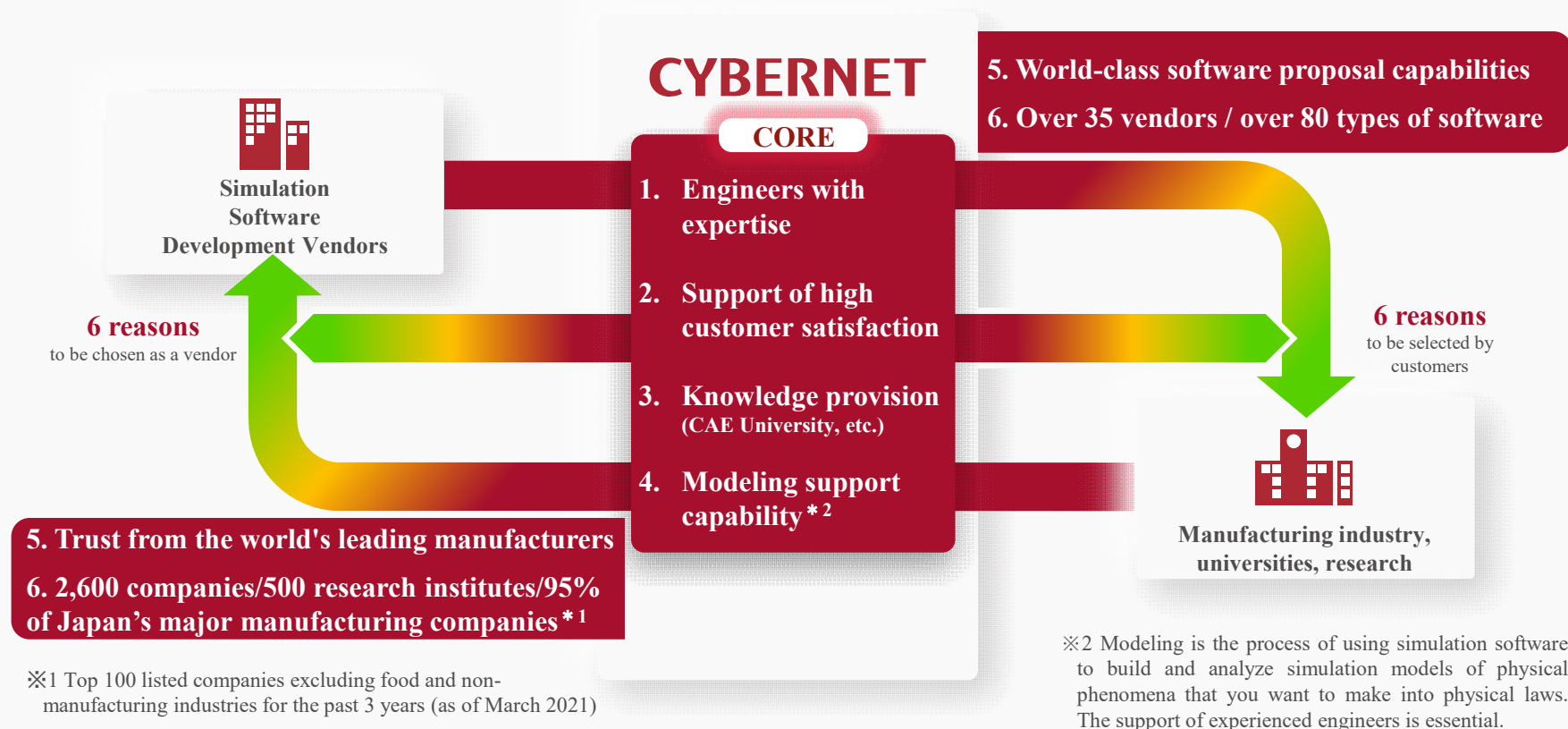


Contributes to improving power generation efficiency and safety of wind power generation equipment

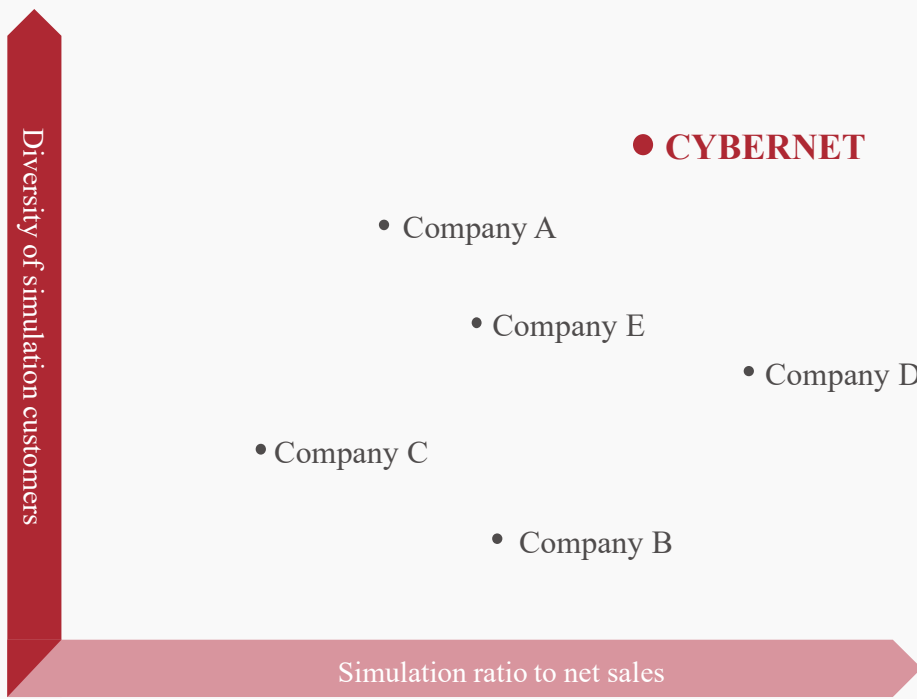


Real-time composite display of endoscopy results assist doctors in diagnosis

**Our competitiveness is based on our technical capabilities, support capabilities, knowledge provision capabilities, and modeling support capabilities**



# Our company is characterized by its high degree of specialization in simulation and its wide range of simulation customers



※ Prepared by the Company based on IR materials.

## Features of Cybernet Systems

- We cover a wide range of simulation areas with highly specialized technologies.
- We maintain good relationship with 2,600 companies & 500 universities and research institutes.
- Until now, we have provided simulations services mainly to manufacturing industry, but we are also focusing on non-manufacturing industries.

# Cybernet by the numbers

## ① Extensive experience and high trust

Experiences in Japan **36** years

Originated as the Tokyo office of a US supercomputer company. Consistently supports development and design simulations for the manufacturing industry.

## ② Simulation leader

Mechanical CAE market **No.1** in Japan

The largest seller of mechanical CAE software in the Japanese market.

## ③ Engineers with strong technical skills

Ratio of engineer **45%**

45% of the group's employees are engineers. Knowledge and experience regarding computer technology and engineering are our strengths.

## ④ Proactive provision of knowledge

CAE University held <sup>1</sup>  
**116** times/year

Our unique approach that no other companies can match. We provide simulation practitioners with an overwhelming learning experience in terms of both quality and quantity.

## ⑤ Good relationship with strongest CAE product development vendors

We deal with ANSYS CAE products **No.1** World

Ansys is a leading company with 35% share of the global CAE product market. We have received the award for the highest level partner of the company for 7 consecutive years.

## ⑥ Strong financial position

Net finance resources<sup>2</sup> **16** billion yen

Strong financial position enables both investment in growth and shareholder returns.

## ⑦ Stable and high shareholder returns

DOE (dividend on equity ratio)

**6%** ← **3%**

Changed the DOE to 6.0%, aiming to increase in dividends over the medium to long term. (Change from FY2022)

※ As of December 31, 2021

<sup>1</sup> A seminar on CAE held by our company. Lectures by a diverse group of instructors.

<sup>2</sup> Cash and deposits + Marketable securities + Short term loans - Interest-bearing debt

# Vision and Mission

## VISION

(Ideal future that CYBERNET SYSTEMS wants to help realize;  
the reason for the company's existence)

Creating a sustainable society and inspiring the  
world through technology and ideas

## MISSION

(The role of CYBERNET SYSTEMS in realizing this vision,  
through its current business)

Guide customers towards breakthrough solutions  
with vigorous creativity

# **IR Department**

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