

(Delayed)

TSE Code: 4312

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

---

**Results of operations for the first quarter of the fiscal  
year ending December 31, 2023**

**10 May, 2023**

# **CYBERNET**



**1**

**Business summary of financial results for the first quarter of FY2023**

**2**

Projection for FY2023

**3**

References

# Analysis of the current external environment and its impact on the results of the first quarter of FY2023

## Analysis of the current environment

- Normalization of economic activities due to a decrease in the number of people infected with COVID and easing of behavioral restrictions.
- Continued high resource prices and inflation due to the prolonged situation in Russia and Ukraine.
- A mild slowdown in the global economy against a backdrop of monetary tightening and the end of stay-at-home consumption.
- Normalization of economic activity due to the lifting of China's zero-COVID policy.
- Concerns about geopolitical risks such as the US-China confrontation.
- Promotion of Digital Transformation (DX) to secure competitive advantage for companies and Green Transformation (GX) to achieve carbon neutrality.

## Impact on results of the first quarter of FY2023

- Against the backdrop of a moderate slowdown in the global economy and heightened geopolitical risks overseas, there is a cautious stance on investments in Europe, the United States, Asia, etc. However, sales increased.
- In Japan, sales of security solutions are strong. Expansion of engineering services that support the promotion of DX at customers.

# Financial results for the first quarter of FY2023

		Millions of yen			
		22/12 Q1	23/12 Q1	YoY change %	23/12 plan Percentage of progress
■ Net sales increased due to strong performance in overseas simulation business and IT.	Net sales	4,636	4,895	+5.6%	22,000 22.3%
■ Operating income decreased due to an increase in personnel expenses and recruiting expenses associated with human capital investments, and an increase in travel expenses associated with an increase in sales activities.	Gross profit	1,923	1,912	(0.6%)	- -
	Selling, general and administrative expenses	1,451	1,612	+11.0%	- -
	Operating income	471	300	(36.3%)	1,850 16.3%
	(Operating profit margin)	10.2%	6.1%	-	8.4% -
	Ordinary income	446	317	(28.9%)	1,850 17.1%
	Profit attributable to owners of parent	263	168	(36.3%)	1,050 16.0%
	EBITDA	531	364	(31.4%)	2,170 16.8%
	(EBITDA margin)	11.5%	7.4%	-	9.9% -
	EPS (yen)	8.48	5.44	-	33.99 -
	Number of employees at the end of the quarter (persons)	563	585	+22	- -

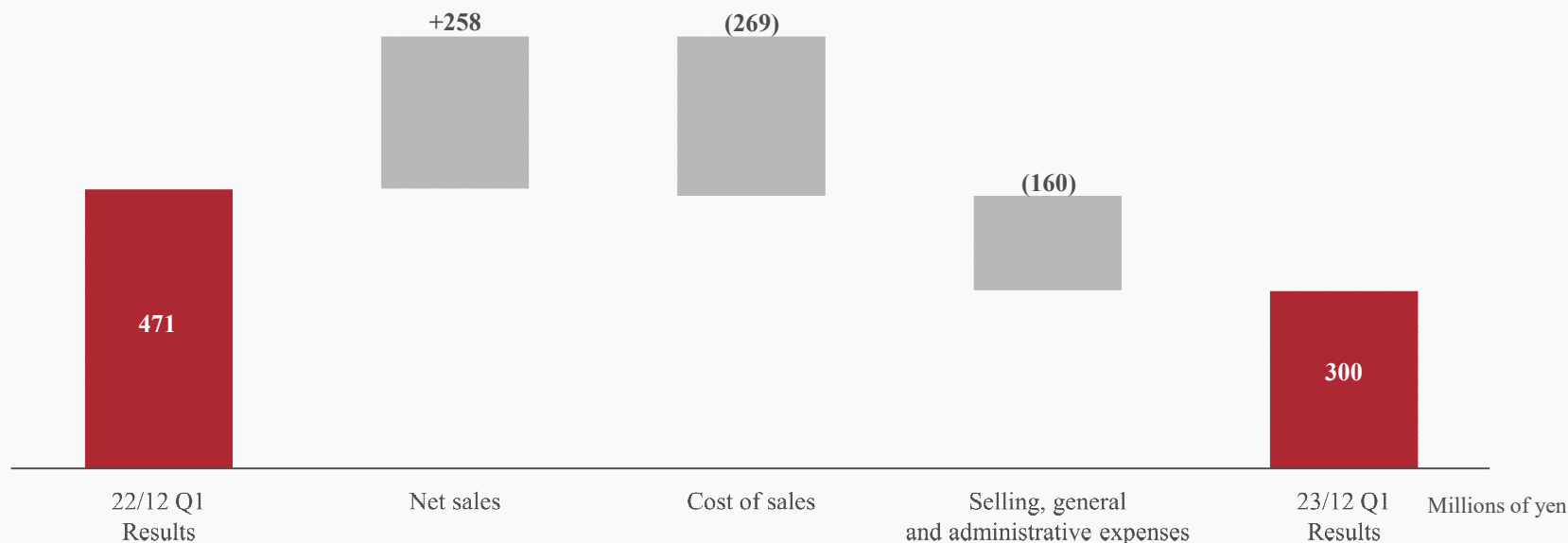
※ Simulation: simulation solution services

※ IT: information technology solution services

※ EBITDA: operating income + depreciation

# Changes in operating income (YoY comparison)

- Although sales increased, profit decreased due to an increase in cost of sales related to an increase in labor costs, and an increase in selling, general and administrative expenses related to increases in personnel costs, recruiting costs, and travel expenses.



# Overview of results by segment

## Simulation Segment

- Sales increased due to strong sales of AI- and AR-related engineering services, etc. Despite weak new license sales in Japan, renewal of maintenance contracts and overseas sales were strong. Profit decreased due to higher personnel expenses.

## IT Segment

- Sales increased due to strong sales of next-generation endpoint security and security solutions for cloud environments. Profit decreased due to higher procurement costs and higher labor costs resulting from yen depreciation and other factors.

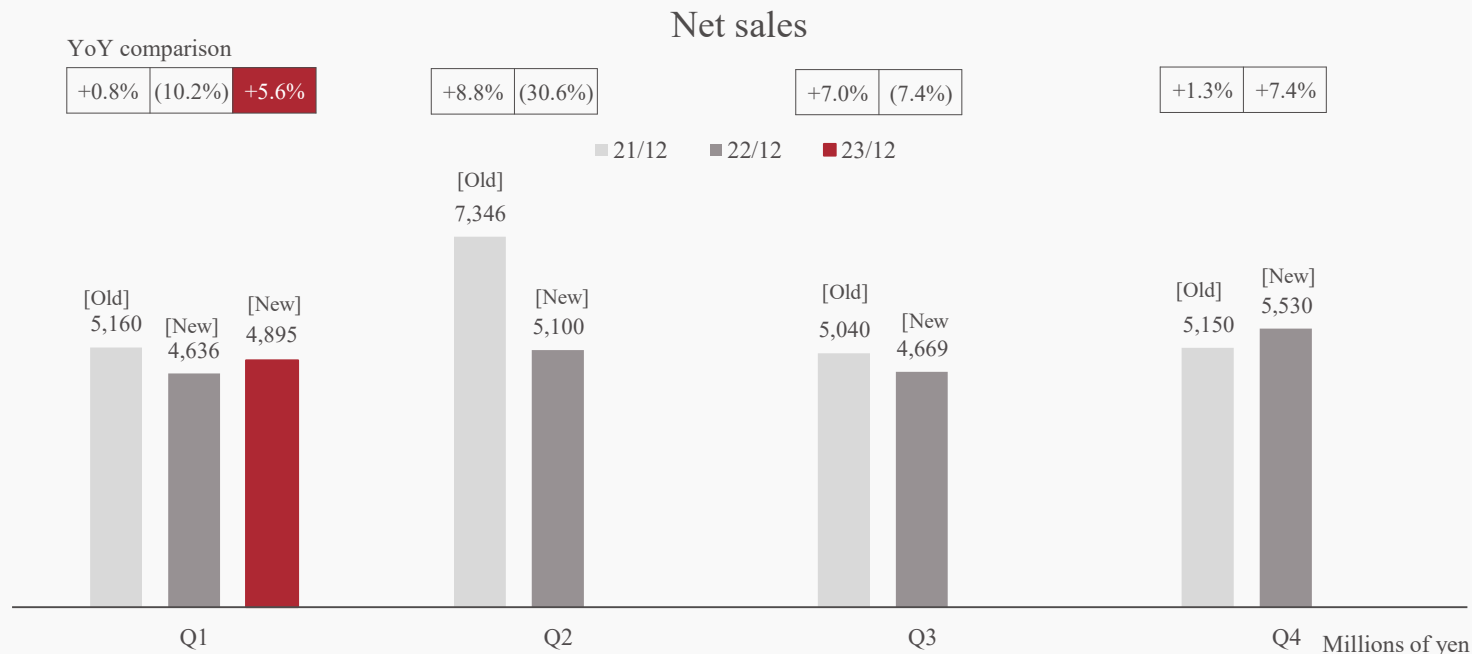
※ Simulation: simulation solution services

※ IT : information technology solution services

	22/12 Q1	23/12 Q1	Millions of yen YoY change %
Total Net sales	4,636	4,895	+5.6%
Simulation	3,653	3,790	+3.8%
IT	982	1,104	+12.4%
Adjustment	-	-	-
Total Operating income	471	300	(36.3%)
Simulation	655	540	(17.6%)
IT	142	115	(18.9%)
Adjustment	(326)	(355)	-

# Quarterly net sales

- In the first quarter, sales increased by 5.6% YoY due to overseas business in the simulation segment and IT segments performed well.



※ A new revenue recognition standard has been applied since the beginning of this fiscal year, and the year-on-year in financial figures in this material are only for reference.

# Balance sheet

- Financial assets increased by 179 million yen. Total net assets decreased by 266 million yen. Equity ratio increased 1.1 point to 61.4%.
- Current assets decreased due to a decrease of 921 million yen in trade receivables.
- Current liabilities decreased due to a decrease of 388 million yen in accounts payable.

	22/12	23/12 Q1	Millions of yen YoY change amount
<b>Current assets</b>	<b>22,231</b>	<b>21,438</b>	<b>(792)</b>
<b>Financial assets(※)</b>	<b>15,348</b>	<b>15,527</b>	<b>+179</b>
Cash and deposits	8,348	9,327	+979
Short-term investment securities	7,000	6,200	(800)
Non-current assets	1,924	1,883	(40)
<b>Total Assets</b>	<b>24,155</b>	<b>23,321</b>	<b>(833)</b>
<b>Total liabilities</b>	<b>9,405</b>	<b>8,838</b>	<b>(567)</b>
Current liabilities	8,359	7,774	(585)
Non-current liabilities	1,046	1,063	+17
<b>Total net assets</b>	<b>14,749</b>	<b>14,483</b>	<b>(266)</b>
Shareholders' equity	14,212	13,942	(270)
<b>Total liabilities and net assets</b>	<b>24,155</b>	<b>23,321</b>	<b>(833)</b>
Equity ratio	60.3%	61.4%	+1.1pt

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



# Cash flow statement

		Millions of yen		
Net cash provided by operating activities		22/12 Q1	23/12 Q1	YoY change amount
■ Increased compared to the end of the previous term due to a decrease in trade receivables and an increase in provision for bonuses.	Net cash provided by operating activities	(460)	713	+1,174
	Net cash provided by investing activities	3,472	(1,312)	(4,784)
	Net cash provided by financing activities	(836)	(437)	+398
Net cash provided by investing activities				
■ Decreased YoY due to the absence of income from collection of loans receivable, which existed in the previous fiscal year.	Cash and cash equivalents at end of period	14,708	11,728	(2,979)
Net cash provided by financing activities				
■ Increased YoY due to the fact that there were no purchases of treasury stock and refunds to non-controlling shareholders in the previous fiscal year.				

# Net sales by segment and by sales form

Millions of yen

	22/12 Q1		23/12 Q1		YoY change %
	Results	Component ratio	Results	Component ratio	
Total net sales	4,636	100.0%	4,895	100.0%	+5.6%
Simulation	3,653	78.8%	3,790	77.4%	+3.8%
Distributor	2,256	48.7%	2,242	45.8%	(0.6%)
In-house products	805	17.4%	888	18.1%	+10.3%
Service	591	12.8%	660	13.5%	+11.7%
IT	982	21.2%	1,104	22.6%	+12.4%
Distributor	846	18.3%	950	19.4%	+12.2%
In-house products	84	1.8%	94	1.9%	+12.1%
Service	51	1.1%	59	1.2%	+15.5%

※ Due to a partial revision of the sales format, the reclassified amounts were applied to the results for the same period of the previous year.

# Net sales by sales form

Millions of yen

	22/12 Q1		23/12 Q1		YoY change %
	Results	Component ratio	Results	Component ratio	
Distributor	3,103	66.9%	3,192	65.2%	+2.9%
In-house products	889	19.2%	982	20.1%	+10.4%
Service	642	13.9%	720	14.7%	+12.0%
Total	4,636	100.0%	4,895	100.0%	+5.6%

※ Due to a partial revision of the sales format, the reclassified amounts were applied to the results for the same period of the previous year.

# Net sales by region

Millions of yen

	22/12 Q1		23/12 Q1		YoY change %
	Results	Component ratio	Results	Component ratio	
Japan	3,745	80.8%	3,770	77.0%	+0.7%
Asia	322	7.0%	408	8.3%	+26.6%
North America	377	8.2%	513	10.5%	+35.9%
Europe	176	3.8%	194	4.0%	+9.8%
Others	13	0.3%	8	0.2%	(39.3%)
Total	4,636	100.0%	4,895	100.0%	+5.6%

# [Non-consolidated] Net sales by industry category

Millions of yen

	22/12 Q1		23/12 Q1		YoY change %
	Results	Component ratio	Results	Component ratio	
Electrical equipment	773	20.9%	788	21.1%	+1.8%
Machinery and precision machinery	490	13.2%	522	14.0%	+6.5%
Transportation equipment	497	13.4%	409	11.0%	(17.7%)
Other manufacturing industries	699	18.9%	715	19.1%	+2.3%
Education institution/ government and municipal offices	364	9.8%	353	9.5%	(3.0%)
Telecommunications industry	222	6.0%	249	6.7%	+11.8%
Others	654	17.7%	702	18.8%	+7.3%
Total	3,703	100.0%	3,741	100.0%	+1.0%

※ Due to a partial revision of the sales format, the reclassified amounts were applied to the results for the same period of the previous year.

# [Non-consolidated] Net sales by contract type

Millions of yen

	22/12 Q1		23/12 Q1		YoY change %
	Results	Component ratio	Results	Component ratio	
Licenses	2,941	100.0%	3,046	100.0%	+3.6%
New licenses	980	33.3%	861	28.3%	(12.2%)
Renewals	1,961	66.7%	2,185	71.7%	+11.4%
Others	762		694		(8.8%)
Total	3,703		3,741		+1.0%

※ Due to a partial revision of the sales format, the reclassified amounts were applied to the results for the same period of the previous year.

1

Business summary of financial results for the first quarter of FY2023

2

**Projection for FY2023**

3

References

# Projection for FY2023

- We aim to increase sales by 10.4% YoY to 22,000 million yen by promoting the "enhancement of self-developed products" and "expansion of Asian business" as stated in the medium-term management plan.

	22/12 results	23/12 projection	Millions of yen YoY change %
Net sales	19,936	22,000	+10.4
Operating income	1,757	1,850	+5.2
(Operating income margin)	8.8%	8.4%	-
Ordinary income	1,693	1,850	+9.2
Profit attributable to owners of parent	999	1,050	+5.0
EBITDA	2,014	2,170	+7.7
(EBITDA margin)	10.1%	9.9%	-
EPS (yen)	32.31	33.99	+5.0
ROE	6.7%	7.2%	-

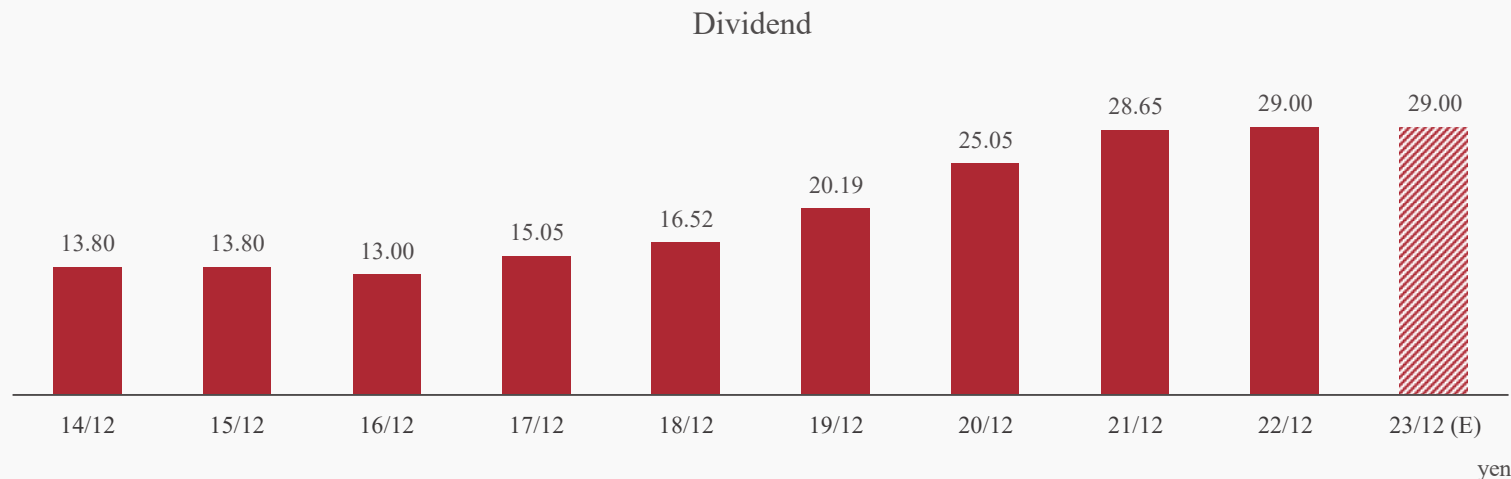
※ EBITDA: Operating income + depreciation



# Dividend estimate for FY2023

■ The projection of dividend is 29.00 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 solidity. For the time being, we will place importance on stable dividends and continuous dividend increases. Dividend on equity ratio (DOE) of 6.0% is used for the indicator of dividend within the range of “Profit attributable to owners of parent” of the fiscal year.



1

Business summary of financial results for the first quarter of FY2023

2

Projection for FY2023

3

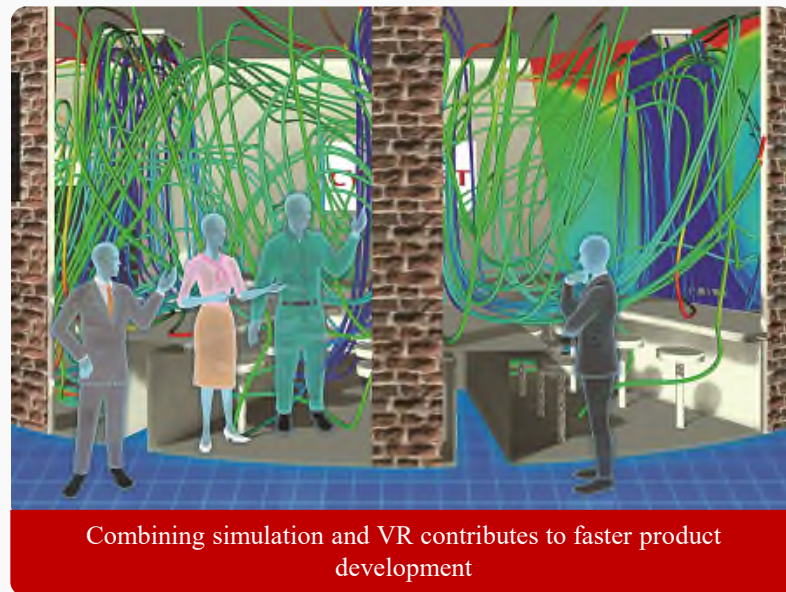
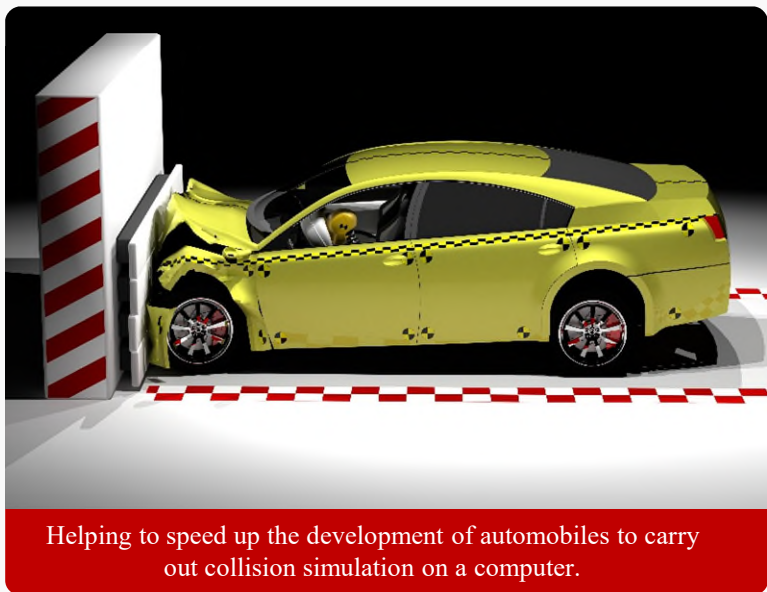
**References**

# Corporate Overview

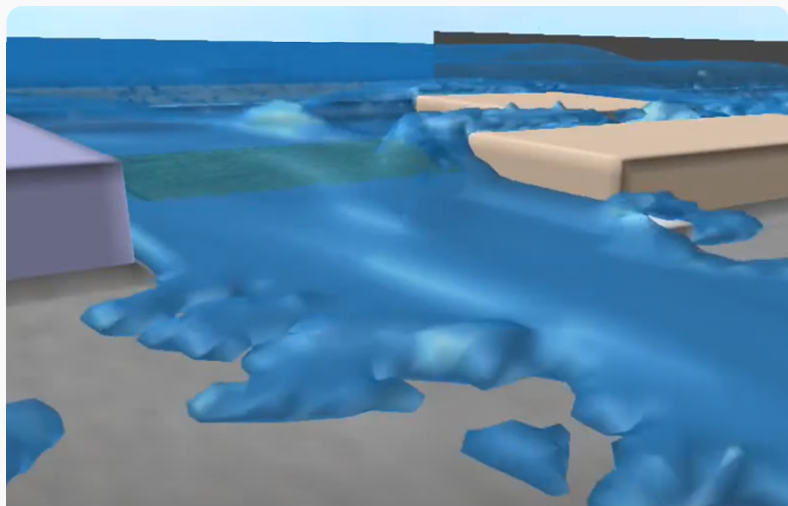
<b>Company name</b>	Cybernet Systems Co., Ltd. (Standard Market of TSE 4312)
<b>Head office</b>	FUJISOFT Bldg. 3 Kanda-neribeicho, Chiyoda-ku, Tokyo
<b>Other office</b>	Nishi-Nihon Branch Office (Osaka), Chubu Branch Office (Nagoya)
<b>Establishment</b>	April 17, 1985
<b>Capital</b>	995 million yen
<b>Representative</b>	Representative Director : Reiko Yasue
<b>Number of employee</b>	Consolidated/ 571, Non-Consolidated / 335 (as of December 31, 2022)
<b>Business</b>	Providing software and services (technical support, consulting, introduction support seminars, CAE comprehensive education, etc.) in the fields of CAE, MBSE / MBD, platforms, IoT / XR, cyber security, etc.
<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 cycles, 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

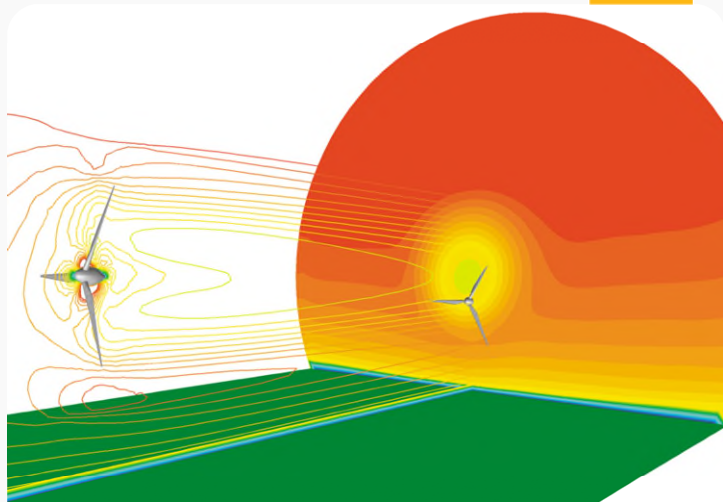


Visualization of tsunami simulation results to reproduce the impact of the disaster

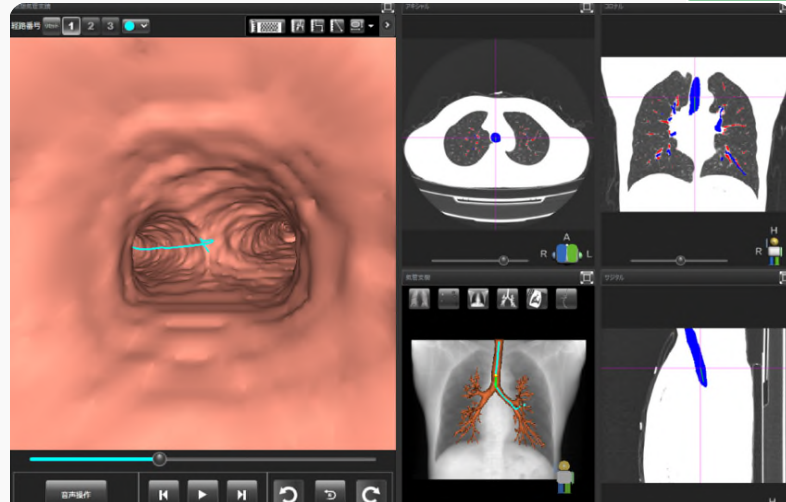


Contributes to the optimum design of drone vibration and blade shape

# Simulation is an essential technology for achieving sustainability

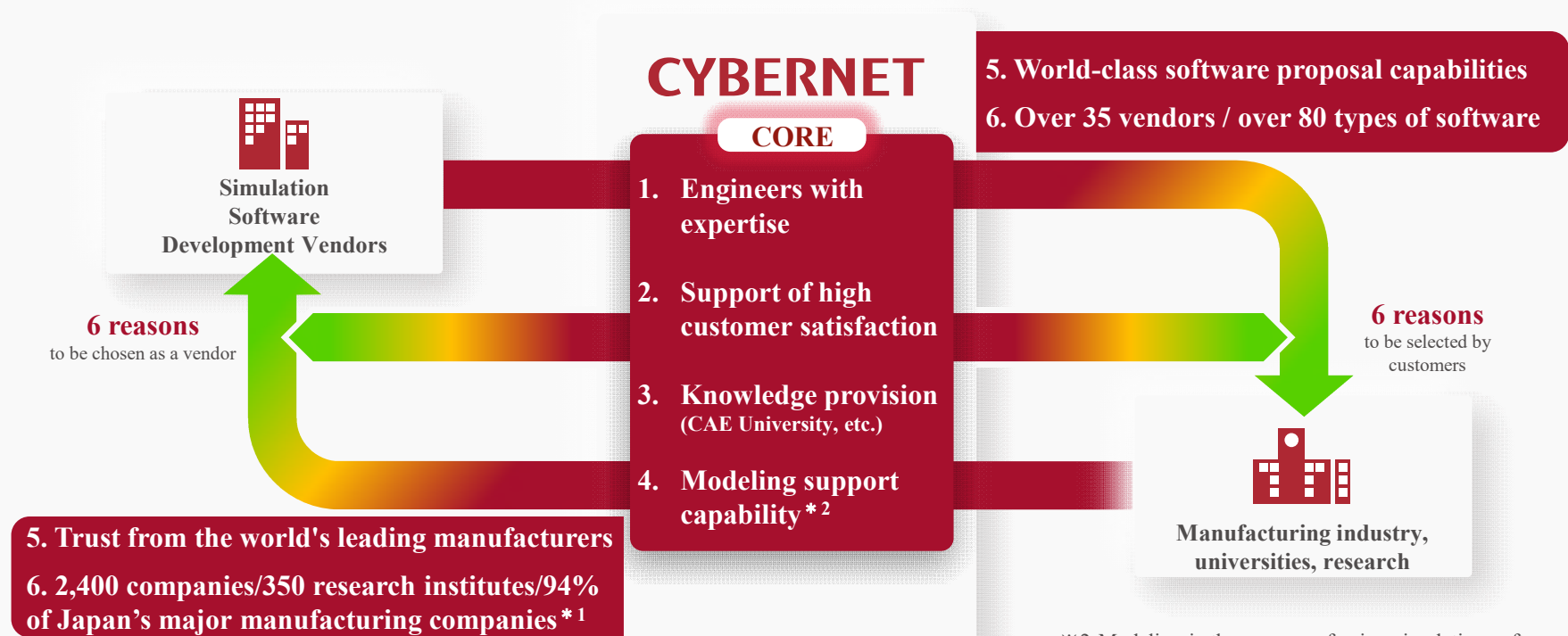


Contributes to improving power generation efficiency and safety of wind power generation equipment



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

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

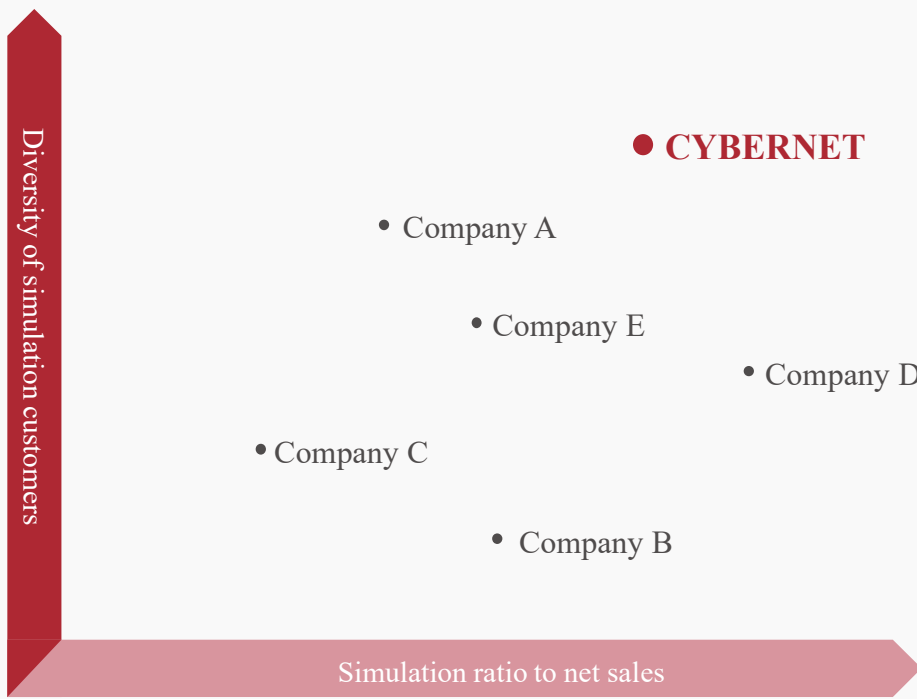


※1 Top 100 listed companies excluding food and non-manufacturing industries for the past 3 years (as of March 2022)

※2 Modeling is the process of using simulation software to build and analyze simulation models of physical phenomena that you want to make into physical laws. The support of experienced engineers is essential.



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



## Features of Cybernet Systems

- We cover a wide range of simulation areas with highly specialized technologies.
- We maintain good relationship with 2,400 companies & 350 universities and research institutes.
- Until now, we have provided simulations services mainly to the manufacturing industry, but we are increasingly focusing on non-manufacturing industries.

※ Prepared by Cybernet Systems Co., Ltd. based on IR materials.



# Cybernet by the numbers

## ① Extensive experience and high trust

Experiences in Japan **37** 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>  
**110** 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 38% share of the global CAE product market. We have received the award for the highest level partner of the company for 8 consecutive years.

## ⑥ Strong financial position

Net finance resources<sup>2</sup> **15** 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%**

Changed the DOE to 6.0%, aiming to increase in dividends over the medium to long term.

※ As of December 31, 2022

<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**

---

**3, Kanda Neribei-cho, Chiyoda-ku, Tokyo 101-0022, Japan**

**E-MAIL**

**[irquery@cybernet.co.jp](mailto:irquery@cybernet.co.jp)**

**Website**

**<https://www.cybernet.co.jp/english/>**

These materials are prepared for the sole purpose of providing information as a reference to investors in making investment decisions, and are not intended as a solicitation for investment.

These materials were created from data obtained through our operations. We make no guarantees, however, with respect to integrity. In addition, the opinions and predictions provided in these materials relate to the Company's outlook at the time the materials were prepared. No guarantees whatsoever extend to any outcomes over the use of such opinions or predictions.

The contents of these materials are subject to change without notice.

Investors are requested to use their own judgment in making any final decisions regarding investments.