

CYBERNET SYSTEMS CO., LTD.

(Delayed)

Results of Operations for the Year Ended December 31, 2019

6 February, 2020
CYBERNET SYSTEMS CO., LTD.



Code for periods

17.12	Fiscal year ended December 31, 2017
18.12/4Q	Fourth quarter of the fiscal year ended December 31, 2018
18.12	Fiscal year ended December 31, 2018
19.12/4Q	Fourth quarter of the fiscal year ended December 31, 2019
19.12	Fiscal year ended December 31, 2019
20.12E	Estimates for the fiscal year ending December 31, 2020

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Business Summary of Financial Results for the Fiscal Year Ended December 31, 2019

[Consolidated] Business Summary

CYBERNET SYSTEMS CO.,LTD.

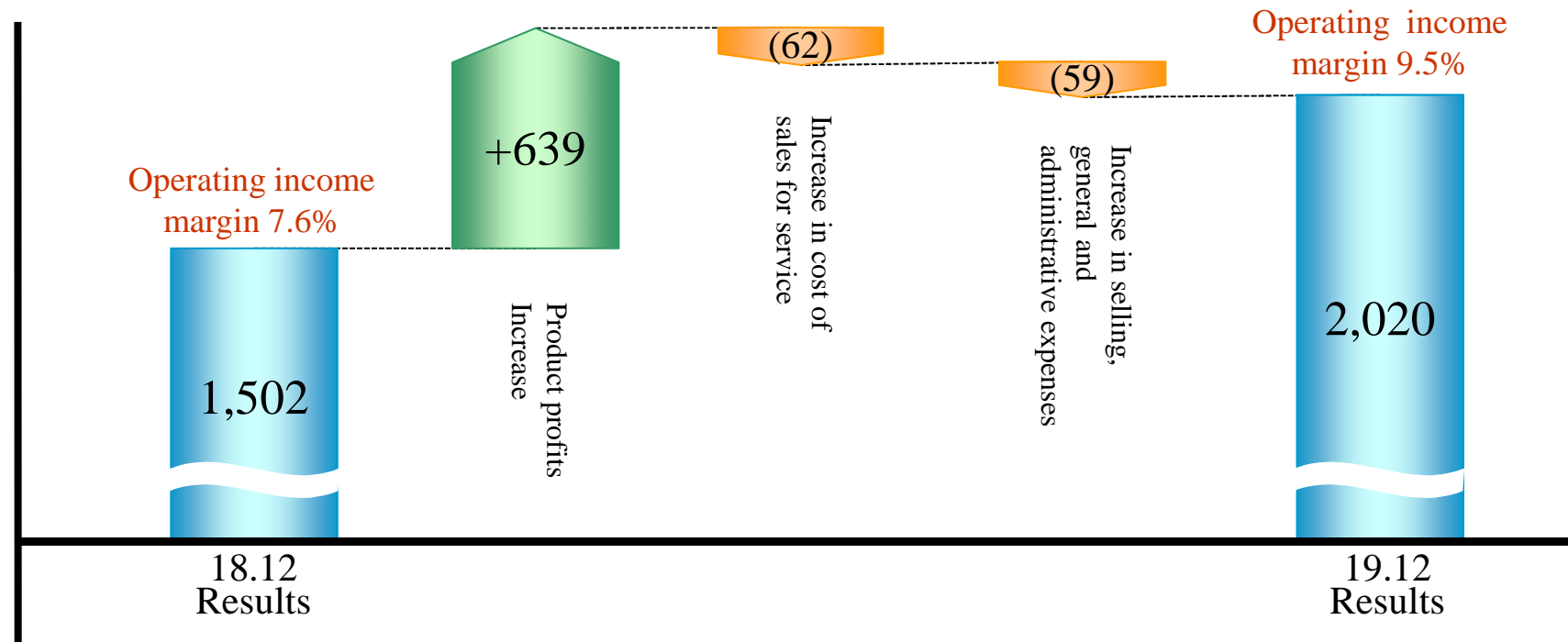
Million yen

	19.12 Results	18.12 Results	YoY Change Amount	YoY Change %	19.12 Plan	Change Amount from Plan	Change % from Plan
Net sales	21,350	19,719	+ 1,631	108.3%	20,000	+ 1,350	106.8%
Operating income	2,020	1,502	+ 517	134.5%	1,520	+ 500	132.9%
Operating income margin	9.5%	7.6%	+ 1.9%		7.6%	1.9%	
Ordinary income	2,145	1,684	+ 461	127.4%	1,608	+ 537	133.4%
Ordinary income margin	10.0%	8.5%	+ 1.5%		8.0%	2.0%	
Profit (loss) attributable to owners of parent	1,258	(656)	+ 1,914	—	958	+ 300	131.3%
Profit attributable to owners of parent margin	5.9%	(3.3%)	9.2%		4.8%	1.1%	

[Consolidated] Changes in Operating Income CYBERNET SYSTEMS CO.,LTD.

[YoY comparison]

Million yen



Main Causes of Year-on-Year Changes

○ Main causes of product profit changes

Profits increased by good performance for both CAE solution services and IT solution services

○ Main causes of cost of sales for service and selling, general and administrative expenses changes

Increased due to increasing in personnel expenses

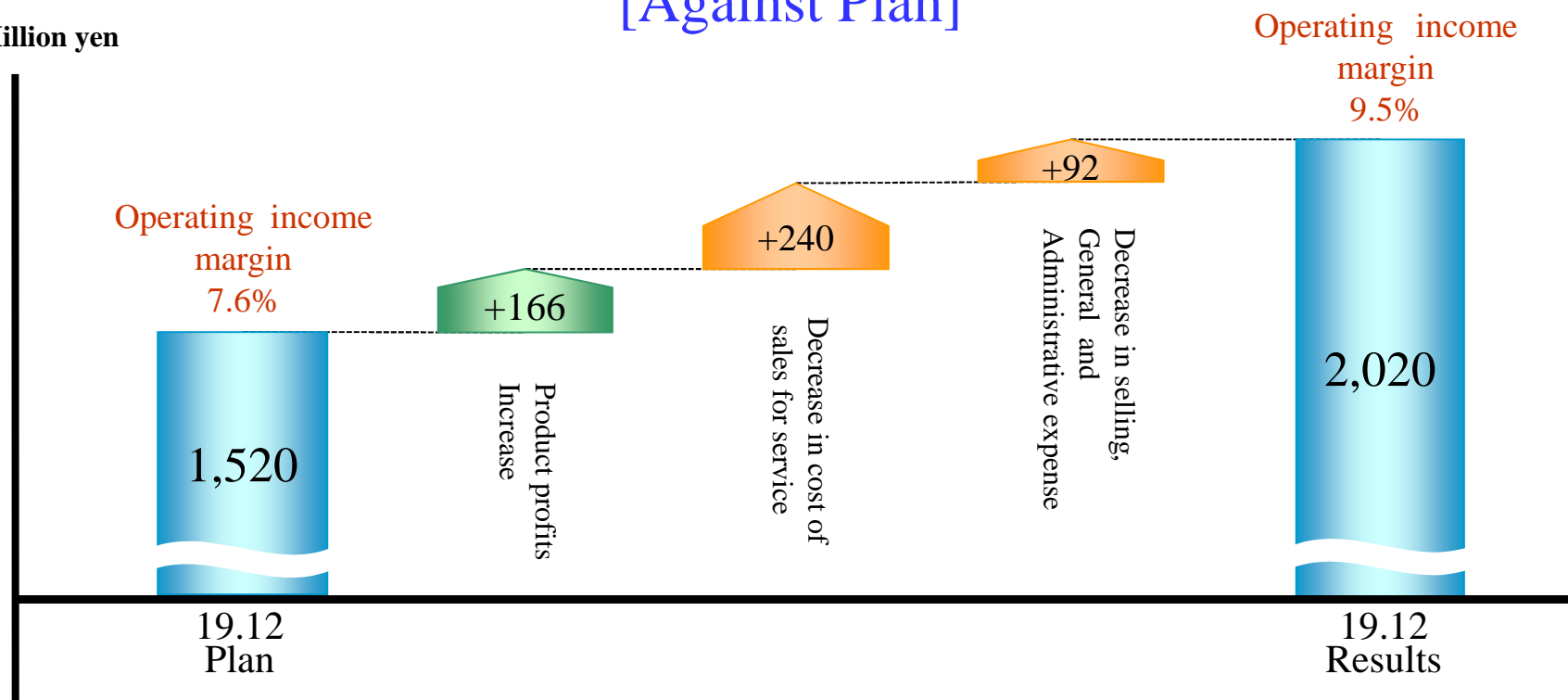
○ Main causes of operating income changes

Increased operating income due to the increase in product profits by increasing in net sales

[Consolidated] Changes in Operating Income CYBERNET SYSTEMS CO.,LTD.

[Against Plan]

Million yen



Main Causes of Changes Against Plan

○ Main causes of product profits changes

Profits increased by good performance for both CAE solution services and IT solution services

○ Main causes of cost of sales for service and selling, general and administrative expenses changes

Decreasing by unused cost and expenses

○ Main causes of operating income changes

Increasing operating income compare to the plan due to increasing in product profits by net sales and unused cost and expenses

[Consolidated] Balance Sheet

CYBERNET SYSTEMS CO., LTD.

	Million yen		
	18.12	19.12	YoY Change Amount
Current assets	17,440	19,022	1,581
Cash and deposits	4,467	3,019	(1,448)
Notes and accounts receivable-trade	4,570	4,382	(188)
Short-term investment securities	4,000	7,000	3,000 (i)
Short-term loans receivable	3,086	3,360	273
Others	1,315	1,260	(55)
Noncurrent assets	1,775	1,799	24
Property, plant and equipment	299	364	65
Intangible assets	322	280	(41)
Investments and other assets	1,153	1,153	0
Total Assets	19,215	20,821	1,605
Current liabilities	4,972	5,925	952
Accounts payable-trade	1,391	1,493	101
Income taxes payable	161	530	369
Advances received	1,995	2,021	25
Provision for bonuses	553	727	174
Others	870	1,152	281
Noncurrent liabilities	1,375	1,259	(115)
Provision for retirement benefits	1,327	1,230	(96)
Others	47	28	(19)
Total liabilities	6,348	7,185	837
Total net assets	12,867	13,636	768 (ii)
Total liabilities and net assets	19,215	20,821	1,605

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

- (i) Short-term investment securities (up 3,000 million yen from the end of the previous fiscal year)
Investments increased + 3,000 million yen
- (ii) Total net assets (up 768 million yen from the end of the previous fiscal year)
Profit attributable to owners of parent + 1,258 million yen/ dividend of earnings - 499 million yen

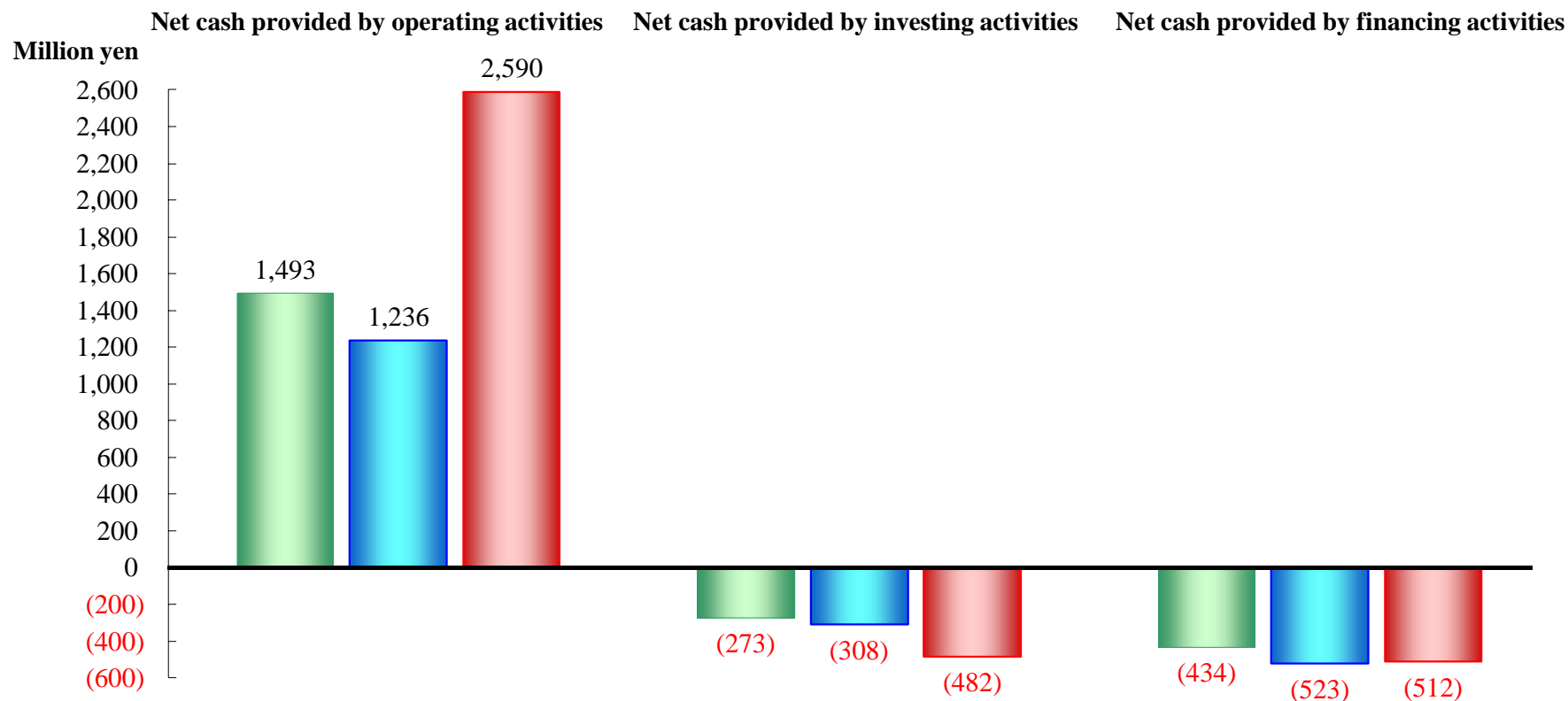
[Consolidated] Cash Flow Statement

CYBERNET SYSTEMS CO.,LTD.

17.12

18.12

19.12

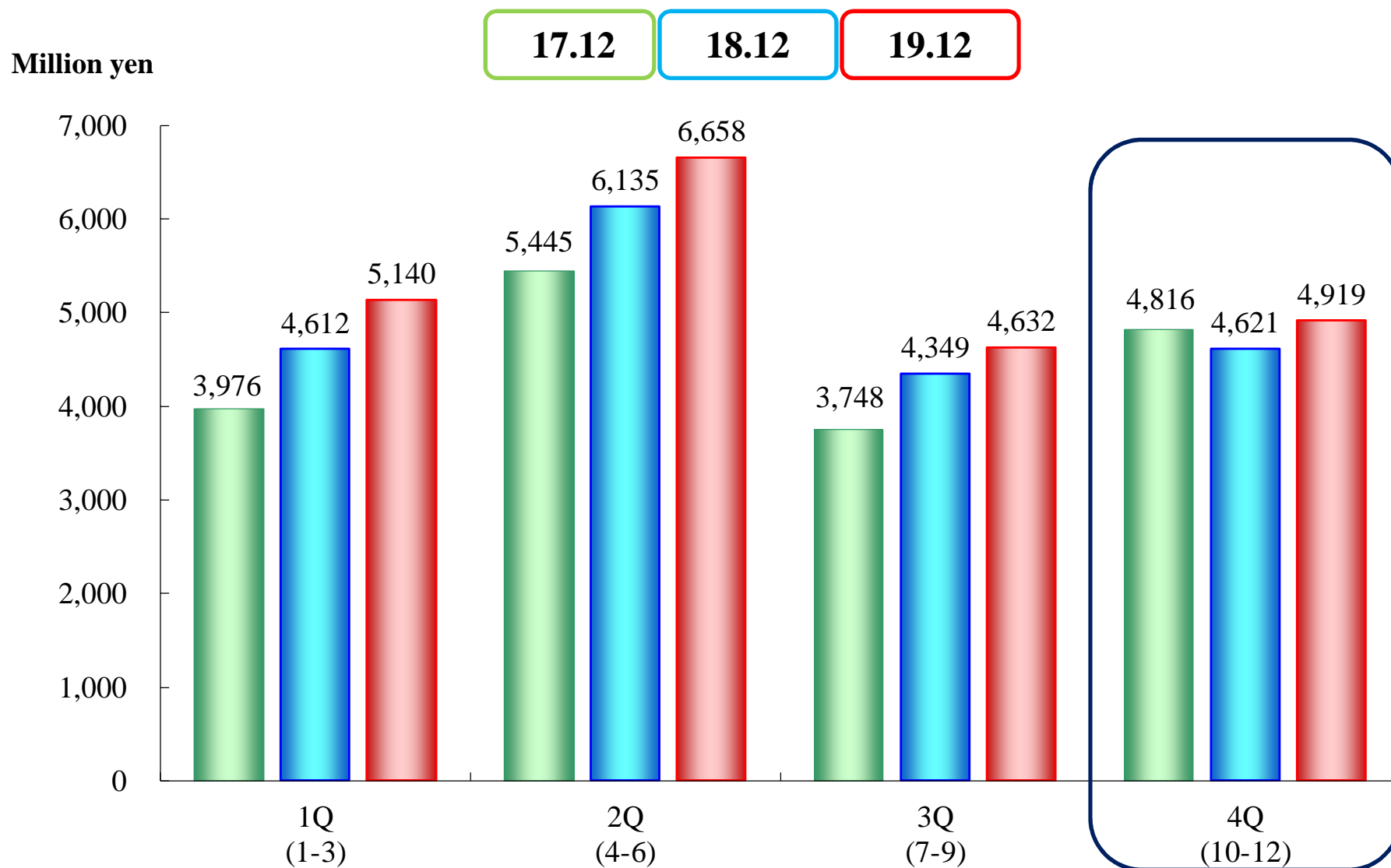


Main Causes of Changes from the Previous Fiscal Year

- Net cash provided by operating activities ⇒ Mainly due to increasing in income before income taxes and others
- Net cash provided by investing activities ⇒ Mainly due to increasing in payments of laons
- Net cash provided by financing activities ⇒ Mainly due to decreasing in dividends paid

[Consolidated] Quarterly Net Sales

CYBERNET SYSTEMS CO.,LTD.



[Consolidated] Overview of Results by Segment

CYBERNET SYSTEMS CO., LTD.

Million yen

	18.12	19.12		
	Results	Results	YoY Change Amount	YoY Change %
Total Net sales	19,719	21,350	+ 1,631	108.3%
CAE Solution Services	16,791	17,497	+ 705	104.2%
IT Solution Services	2,927	3,853	+ 925	131.6%
Elimination	—	—	—	—
Total Operating income	1,502	2,020	+ 517	134.5%
CAE Solution Services	2,535	3,285	+ 750	129.6%
IT Solution Services	105	296	+ 190	280.7%
Elimination	(1,139)	(1,562)	(423)	—

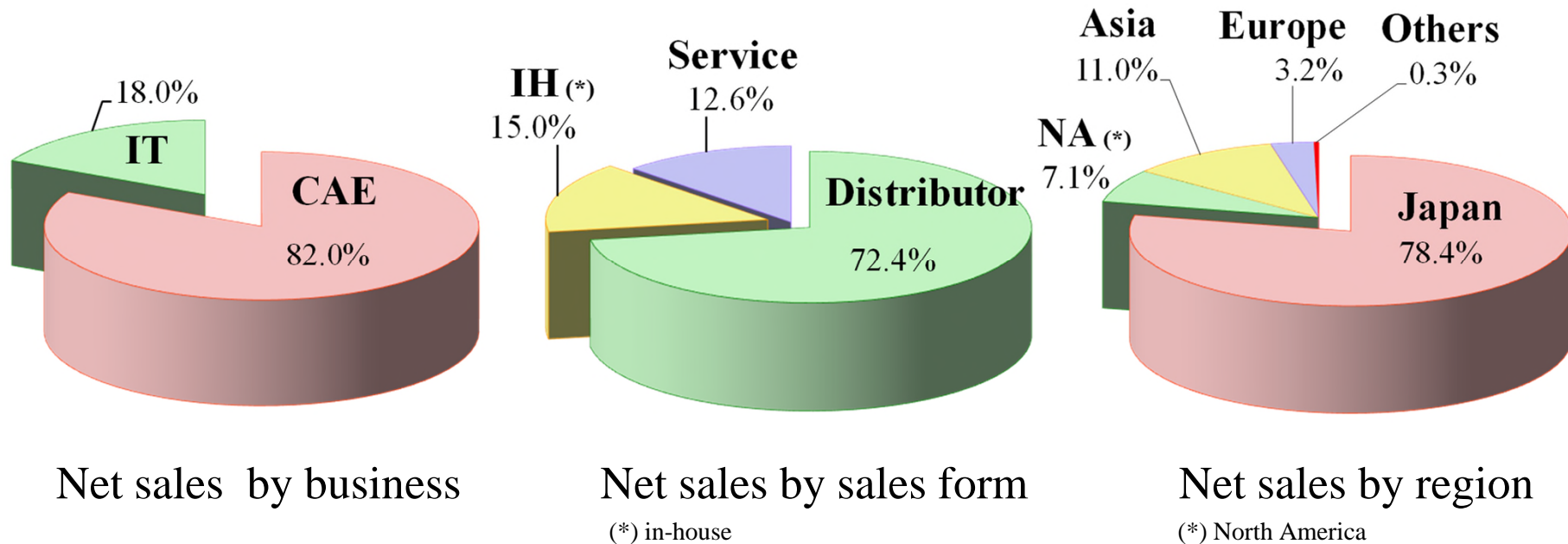
(Note) Adjustment for segment profit (operating income) includes overhead costs that are not allocated to respective reporting segments, primarily consisting of general and administrative expenses that cannot be conveniently attributed to or identified with any particular reporting segment.

(Note) The figures for CAE Solution Services indicate the total of CAE, development subsidiaries and sales subsidiaries.

[Consolidated] Composition ratio of Net Sales

CYBERNET SYSTEMS CO., LTD.

[Full year]



(Note) Classification of net sales by business is as follows:

- CAE means CYBERNET SYSTEMS' and Subsidiaries' CAE solution services.
- IT means CYBERNET SYSTEMS' IT solution services.

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

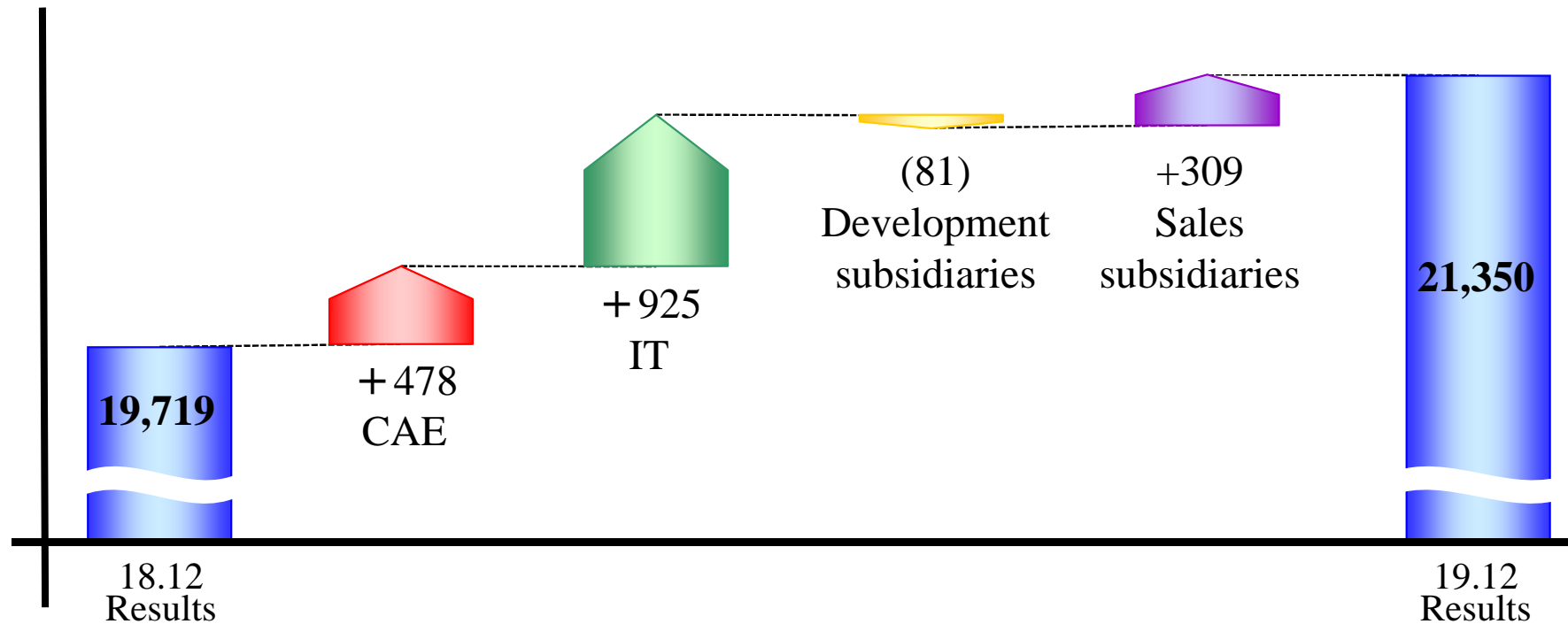
- Distributor means CAE and IT distribution business.
- IH means CAE and IT in-house developed products.
- Service means provision of CAE and IT service.

[Consolidated]
Changes in Net Sales by Business

CYBERNET SYSTEMS CO.,LTD.

[YoY comparison]

Million yen



(Note) The figures above are changes in net sales by business line from the same period of the previous fiscal year.

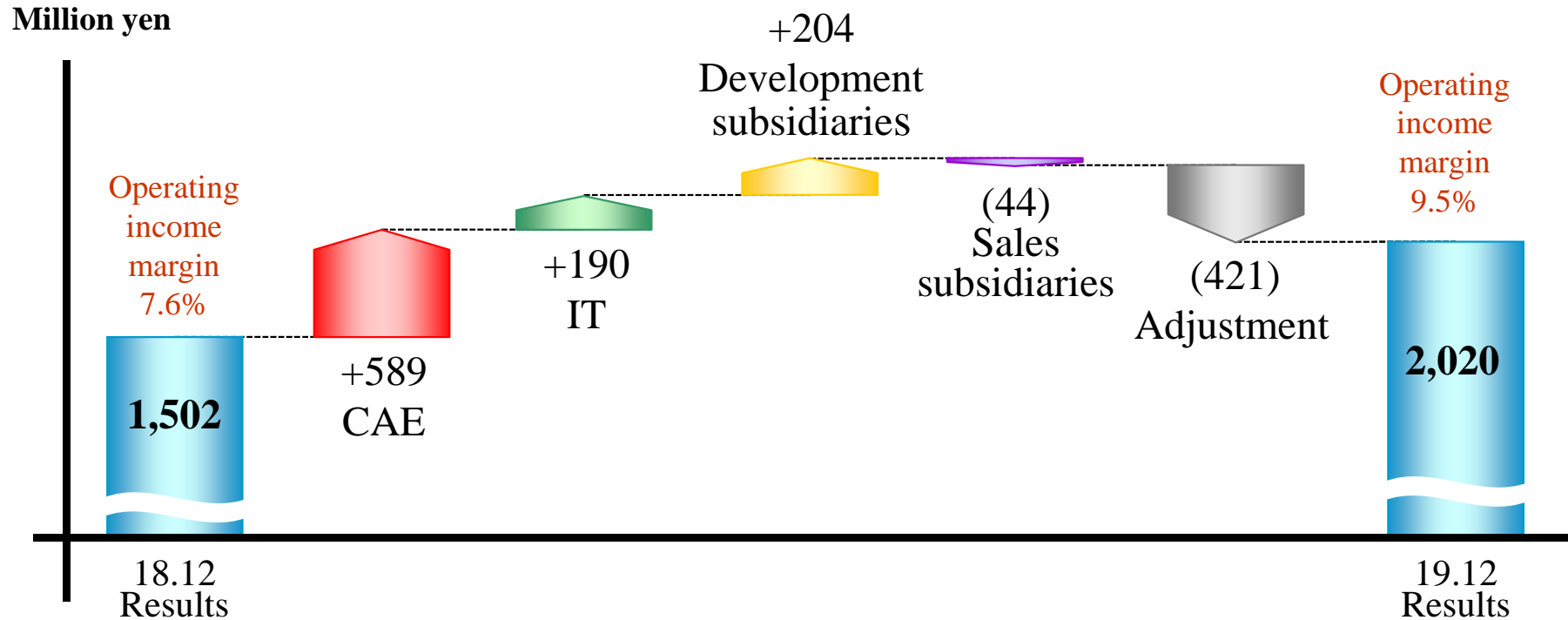
Each business classification is as follows:

- CAE means CYBERNET SYSTEMS' CAE solution services.
- IT means CYBERNET SYSTEMS' IT solution services.
- Development subsidiaries means Europe and NA 3 development subsidiaries subject to consolidation.
- Sales subsidiaries means 4 Asian sales subsidiaries subject to consolidation.

[Consolidated]
Changes in Operating Income by Business

CYBERNET SYSTEMS CO.,LTD.

[YoY comparison]



(Note) The figures above are changes in operating income by business line from the same period of the previous fiscal year.
The business classification are the same as those for the net sales on the previous page.

[Non-consolidated] Net Sales by Category of Industry CYBERNET SYSTEMS CO.,LTD.

[Forth quarter of the fiscal year]

Million yen

	18.12/4Q		19.12/4Q			
	Results	Component ratio	Results	Component ratio	YoY Change Amount	YoY Change %
Electrical equipment	965	26.9%	1,109	29.1%	+ 144	114.9%
Machinery & Precision Machinery	527	14.7%	505	13.2%	(22)	95.7%
Transportation equipment	660	18.4%	502	13.2%	(158)	76.1%
Other manufacturing industry	515	14.4%	578	15.2%	+ 62	112.2%
Education institution/government and municipal offices	249	6.9%	333	8.7%	+ 84	133.9%
Telecommunication industry	185	5.2%	177	4.6%	(8)	95.5%
Others	486	13.6%	610	16.0%	+ 124	125.5%
Total	3,590	100.0%	3,817	100.0%	+ 226	106.3%

[Non-consolidated] Net Sales by Category of Industry CYBERNET SYSTEMS CO.,LTD.

[Full Year]

Million yen

	18.12		19.12			
	Results	Component ratio	Results	Component ratio	YoY Change Amount	YoY Change %
Electrical equipment	4,680	29.8%	4,962	29.0%	+ 281	106.0%
Machinery & Precision Machinery	2,419	15.4%	2,599	15.2%	+ 179	107.4%
Transportation equipment	2,295	14.6%	2,462	14.4%	+ 166	107.3%
Other manufacturing industry	2,014	12.8%	2,338	13.7%	+ 324	116.1%
Education institution/government and municipal offices	1,356	8.6%	1,409	8.2%	+ 52	103.9%
Telecommunication industry	876	5.6%	974	5.7%	+ 97	111.1%
Others	2,086	13.3%	2,388	13.9%	+ 301	114.5%
Total	15,729	100.0%	17,134	100.0%	+ 1,404	108.9%

Projection for FY2020

[Consolidated] Projection for Next Fiscal Year

CYBERNET SYSTEMS CO.,LTD.

Million yen

	Full year			
	20.12E	19.12	YoY Change Amount	YoY Change %
	Plan	Results		
Net sales	22,000	21,350	+ 649	103.0%
Operating income	2,060	2,020	+ 39	102.0%
Operating income margin	9.4%	9.5%	(0.1%)	
Ordinary income	2,140	2,145	(5)	99.7%
Ordinary income margin	9.7%	10.0%	(0.3%)	
Profit attributable to owners of parent	1,300	1,258	+ 41	103.3%
Profit attributable to owners of parent margin	5.9%	5.9%	+ 0.0%	

[Consolidated] Dividend Estimate for Next Fiscal Year

CYBERNET SYSTEMS CO.,LTD.

(unit: yen)

	16.12	17.12	18.12	19.12	20.12E
	Result	Result	Result	Result	Projection
Dividend per share	13.00	15.05	16.52	20.19	20.86
Net income per share	14.83	30.09	(21.07)	40.38	41.72
Dividend payout target ratio	87.7%	50.0%	—	50.0%	50.0%
(Ref.) Dividend on equity ratio	3.0%	3.4%	3.8%	4.8%	4.7%

Dividends Policy

Starting from the fiscal year ended December 31, 2015, we adopt a higher dividend payout target ratio or DOE, whichever produces a higher dividend, and uses it as a benchmark in determining the dividend amount.

We also take into consideration the investment funds that will be required to achieve a higher corporate value over the medium and long term to make a comprehensive judgment regarding its ultimate dividend payment.

- Dividend payout target ratio: 50%
- Dividend on equity ratio: 3.0%

CYBERNET SYSTEMS CO., LTD.

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