

## Cybernet Systems Co., Ltd.

4312

Tokyo Stock Exchange Standard Market

14-Oct.-2022

FISCO Ltd. Analyst

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FISCO Ltd.

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## Summary

### Existing businesses steadily expanding amid robust R&D investment

Cybernet Systems Co., Ltd. <4312> (hereafter, also “the Company”) is a major company for CAE (computer-aided engineering) software solution services that are used for design, R&D, and other aspects, centered on the manufacturing industry, and it also handles cloud security and other products. As a leading CAE company, it is a software product sales vendor for more than 35 companies, centered on products from Ansys<ANSS>, the world’s leading company in CAE products with a 35.0% share of the global market, while as a pioneer for CAE solutions, it has 2,600 companies and 500 universities and research institutes as its customers. In addition, it has three software development companies as its subsidiaries in Europe and the US, and also conducts a CAE solutions business in the Asian market, mainly in China and Taiwan. Just under 60.0% of net sales on a Company stand-alone basis comes from recurring revenue business (license renewals by existing customers), so earnings are also highly stable.

#### 1. 1H FY12/22 results overview

In the 1H FY12/22 (January-June 2022) consolidated results, net sales decreased 22.2% year on year (YoY) to ¥9,736mn, while operating income decreased 53.8% YoY to ¥1,033mn. Sales and profit decreased due to the termination of the distributor agreement with Synopsys (U.S.A., <SNPS>) in October 2021. However, sales rose on an existing business basis, owing to strong momentum for Ansys’s multi-physics analysis tools\*<sup>1</sup>, a mainstay product, and brisk sales for MBSE\*<sup>2</sup> and other engineering services as well as cloud security solutions. By business type, net sales decreased 30.8% YoY in the distributor business, but increased 4.3% for products developed in-house and 27.5% for services. As a result, overall net sales were slightly higher than the Company’s forecast of ¥9,600mn.

\*<sup>1</sup> Tools used in R&D settings to obtain a more accurate understanding of phenomena by analyzing combinations of multiple physical phenomena. In the real world, multiple physical phenomena (structure, magnetic field, electrical current, fluid, heat transfer, etc.) interact simultaneously. When those physical phenomena are analyzed separately, it may not be possible to accurately predict the behavior of the development subject.

\*<sup>2</sup> MBSE (Model-Based Systems Engineering) refers to a method for efficiently conducting analysis, design, and verification of system requirements from various perspectives using models for systems targeted for development. Alongside the high-functionality, and multi-functionality of systems, the process from requirement definitions through to design and verification has become increasingly complex, and MBSE makes possible efficient development through the modelling of these elements. MBSE is mainly used at development sites in the automobile industry.

#### 2. Outlook for FY12/22

For consolidated results in FY12/22, the Company maintained its initial forecasts for both sales and profit to decrease with net sales decreasing 11.9% YoY to ¥20,000mn and operating income down 36.4% YoY to ¥1,800mn. Looking at 2H alone, sales and profit are expected to turn up, despite impact from the termination of the distributor agreement with Synopsys, owing to the expansion of other businesses. Regarding optical-related solutions, the Company previously handled Synopsys products, but has signed a new distributor agreement with Ansys and is working to increase sales of its products. Since their functionality is basically comparable to that of Synopsys products, the Company’s strategy is to leverage the experience and technical support skills it has amassed over 36 years to gradually capture market share. Lately, there have been growing concerns about economic deceleration due to the effects of surging energy prices. However, impact on the Company’s earnings appears to be limited since the products it handles are mainly used in R&D departments. In fact, order conditions currently remain solid. Therefore, the Company’s forecasts for the full fiscal year also look attainable.

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### 3. Summary of the medium-term business plan

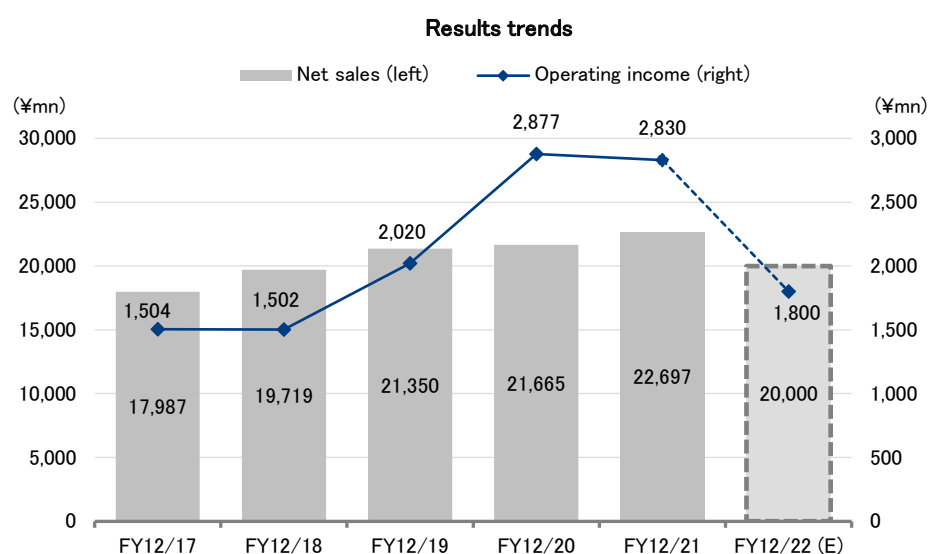
The Company started a medium-term business plan lasting five years from FY12/22 to FY12/26. As a growth strategy, it will strive for topline growth by working on initiatives such as enhancement of in-house product development, expansion of business in Asia, DX promotion of manufacturing, and utilization of simulation technology in fields such as SDGs. At the same time, it will aim for high-level profit margins while balancing enhancement of businesses with high added value and growth investment. For numerical management targets, in FY12/26, the Company will aim for net sales of ¥30,000mn (up 32.2% compared to FY12/21), EBITDA (operating income + depreciation and amortization) of ¥3,800mn (up 23.7%). As increasing sales of services and products developed in-house is expected to become especially important, the Company intends to proactively consider M&A in Japan and abroad in those areas. With ample cash on hand (cash and deposits + short-term investment securities) of ¥15.7bn at end-June 2022, there are no financial concerns.

### 4. Shareholder return policy

Regarding a shareholder return policy, the Company will target a DOE (Dividends on Equity) at 6.0% with the objective of paying stable dividends even during short-term profit declines, based on the principle of being within the scope of profit attributable to owners of parent. In FY12/22, the Company plans to pay a dividend per share of ¥29.60 (DOE 6.0%), an increase of ¥0.95 YoY. It also intends to implement flexible treasury share acquisitions, comprehensively taking into account cash reserves, stock price levels, and other factors.

### Key Points

- Has supported manufacturing in Japan for more than 36 years as a leading CAE company
- In 1H FY12/22, sales and profit declined due to the termination of the distributor agreement with Synopsys, but sales rose on an existing business basis
- While the Company maintained its initial forecasts for FY12/22, there are no changes in order conditions at present and it expects sales and profits to turn up from 2H
- The Company aims for net sales of ¥30,000mn and EBITDA of ¥3,800mn in FY12/26 through enhancement of in-house product development and expansion of business in Asia, etc.



Source: Prepared by FISCO from the Company's financial results

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## Company overview

**Has supported manufacturing in Japan for more than 36 years as a leading CAE company**

### 1. History

Cybernet Systems Co., Ltd. was established independently in April 1985 after Nihon CDC K.K., the Japanese subsidiary of Control Data Corp. (hereafter, CDC), a US-based pioneer in supercomputers, spun off its cybernet services business. Cybernet is a word made up by combining “cybernetics” (cyber) and “telephone network” (net), and refers to the computer service CDC provided globally from the 1970s to 1990 that allowed people to rent remote access to a computer by the hour. At that time, computers were expensive, so companies and research institutes used this service to carry out tasks such as scientific and technological calculations and simulations.

From 1990, the performance of computers improved dramatically and they became inexpensive, so these users have come to own their own computers, in which they have installed dedicated software to conduct design development, R&D and other tasks. Due to this change in use, as demand for cybernet services declined, the Company concluded sales distributor agreements with leading overseas software vendors, and converted to a business model of conducting sales and providing installation support services for these companies, thereby expanding its business.

In 1989, the Company became a subsidiary of Kobe Steel, Ltd. <5406>, and then in 1999, FUJISOFT ABC Incorporated (currently, FUJI SOFT INCORPORATED <9749>) acquired all of its shares and made it a wholly owned subsidiary, and it is currently FUJISOFT’s subsidiary. In October 2001, the Company’s shares were listed on the JASDAQ market (currently listed on the Tokyo Stock Exchange (TSE) Standard Market), and since 2005, it has actively progressed an M&A strategy with the aim of expanding its business area in the CAE field. Domestically, in 2005, it made subsidiaries of KGT Inc. (has advanced visualization technologies and network-related software) and PLAMEDIA CORPORATION (specializes in a plastics CAE business) in succession, and then in 2006, it acquired the business rights of Keihin Artwork, Inc. and EDA Connect Co., Ltd. and expanded its business areas. Also, recently in January 2020, it established CYBERNET MBSE Co., Ltd., which mainly provides engineering services related to MBSE, including outsourced analysis and consulting.

Conversely, alongside the entry into Asia of Japanese companies and the growth of Asian companies, centered on China, the Company has also been establishing sales subsidiaries in various Asian countries. In 2004, it established CCA ENGINEERING SIMULATION SOFTWARE (Shanghai) CO., LTD. in order to prepare an environment to provide technological services in China at the same level as in Japan, and it began providing technological services relating to CAE, including consulting, outsourced analysis, and education. Next, in 2008, it established CYBERNET SYSTEMS TAIWAN Co., Ltd. in Taiwan to provide CAE Solution Services, including those related to optical, control, and formula processing. Then in 2017, it established CYFEM Inc. in South Korea, which provides optical-related CAE solution services, and in 2018, CYBERNET SYSTEMS MALAYSIA SDN. BHD. in Malaysia which provides machinery- and optical-related CAE solution services. In these ways, the Company has been strengthening its business development in the Asia region. Based on the termination of the distributor agreement with Synopsys (dated October 1, 2021), the Company dissolved CYFEM in South Korea on December 31, 2021.

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Also, in June 2009, the Company's sales distributor agreement with The MathWorks, Inc. of the US, which was the main customer providing more than 30.0% of total net sales, ended (due to The MathWorks establishing a Japanese subsidiary). The Company also strengthened its in-house products by dealing directly with the risks inherent to the distributor business, such as significant decreases in earnings. Specifically, in 2009, it made subsidiaries of Sigmetrix, LLC of the US (hereafter, Sigmetrix; development and sales of tolerance\*<sup>1</sup> analysis software and consulting) and Waterloo Maple Inc. of Canada (hereafter, Maplesoft; development, sales, consulting and online services for formula analysis software, etc.). Then in 2010, it made a subsidiary of Noesis Solutions NV of Belgium (hereafter, Noesis; development, sales, and technological support for PIDO\*<sup>2</sup> tools).

\*1 Tolerance: The allowable range of variation of the dimensions set at the time of design.

\*2 PIDO (Process Integration and Design Optimization): A solutions tool for overall optimization that contributes to improving quality, shortening the development period, and reducing development costs through the automation, integration, and optimization of the product development process utilizing CAD/CAE.

## History

Date	Event
April 1985	Control Data Corp. (CDC) of the US separated its cybernet services business and established Cybernet Systems Co., Ltd.
April 1989	Kobe Steel, Ltd. <5406> acquired all of the Company's issued shares.
October 1999	FUJISOFT ABC Incorporated (currently, FUJI SOFT INCORPORATED <9749>) acquired all of the Company's issued shares and made it a wholly owned subsidiary.
October 2001	Listed on the JASDAQ market and increased capital to ¥995mn.
August 2003	Listed on the TSE Second Section.
September 2004	Listed on the TSE First Section.
December 2004	Established subsidiary CCA ENGINEERING SIMULATION SOFTWARE (Shanghai) CO., LTD. in Shanghai, China.
April 2005	KGT Inc. made a subsidiary through acquisition of all shares.
August 2005	PLAMEDIA CORPORATION made a subsidiary through acquisition of 95% of shares.
May 2006	Took over operation of Keihin Artwork Co., Ltd. and EDA Connect Co., Ltd.
August 2006	Established Cybernet CAE Systems (Shanghai) Co., Ltd. (currently, CYBERNET SYSTEMS (SHANGHAI) CO.,LTD.) in Shanghai, China.
July 2008	Established CYBERNET SYSTEMS TAIWAN Co., Ltd. in Hsinchu City, Taiwan.
July 2009	Made Sigmetrix, LLC a wholly owned subsidiary.
August 2009	Merged with PLAMEDIA CORPORATION.
September 2009	Made Waterloo Maple Inc. (Maplesoft) a wholly owned subsidiary.
May 2010	Merged with KGT Inc.
July 2010	Made Noesis Solutions NV a wholly owned subsidiary.
March 2012	Established CYBERNET SYSTEMS KOREA CO., LTD. in Seoul, South Korea (closed in 2015).
September 2017	Established subsidiary CYFEM Inc. in Seoul, Korea.
November 2018	Established subsidiary CYBERNET SYSTEMS MALAYSIA SDN. BHD. in Malaysia.
January 2020	Established CYBERNET MBSE Co., Ltd.
April 2022	Moved to the TSE Standard Market.

Source: Prepared by FISCO from the Company's website

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Company overview

## Developing the Simulation Solution Services business and IT Solution Services business

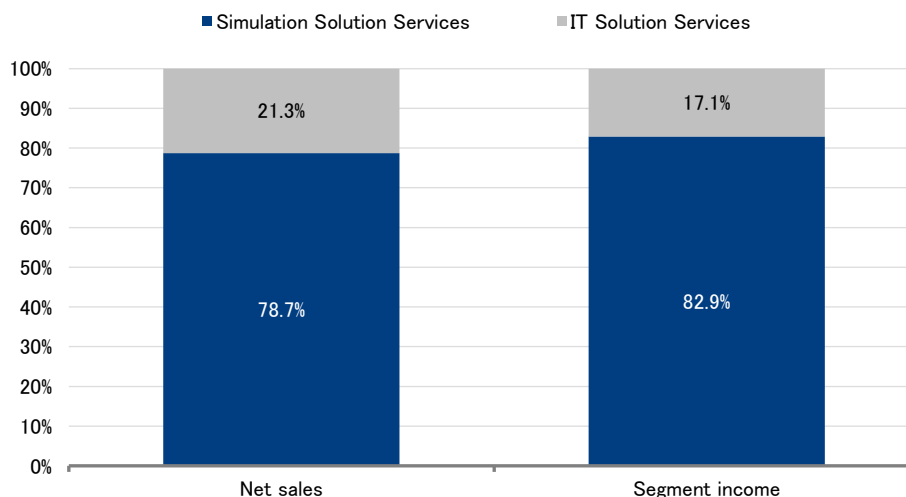
### 2. Business description

The Cybernet Group develops solution services businesses in Japan and overseas through software and technology services (technological support, consulting, etc.). As the fields targeted by these businesses are different, it discloses information on two business segments, the Simulation Solution Services and IT Solution Services. The Simulation Solution Services business is conducted by the Company and CYBERNET MBSE, and overseas by Maplesoft, Sigmetrix, Noesis, and the three sales subsidiaries in Asia (in China, Taiwan, and Malaysia) for the development and sales of products developed in-house. The IT Solution Services business is conducted only by the Company. Looking at the breakdown of results by business segment in the 1H FY12/22, we see that the Simulation Solution Services business is the main business contributing 78.7% of net sales and 82.9% of segment income.

The Company divided its operations into the CAE Solution Services business and the IT Solution Services business through FY12/21. However, it has renamed the CAE Solution Services business the Simulation Solution Services business to disclose more accurately the nature of the business amid expansion of the domains in which simulation technology are utilized. In addition, it transferred medical imaging software, previously included in the IT Solution Services business, to the Simulation Solution Services business. In this report, net sales by segment for FY12/21 are also presented as the figures reclassified into the new segments.

At the end of December 2021, there were 573 employees on a consolidated basis and 350 employees on a Company stand-alone basis, while approximately 45.0% of consolidated employees were engineers.

Breakdown of results by business segment (1H FY12/22)



Source: Prepared by FISCO from the Company's financial results

## Company overview

### (1) Business model

To simply explain the business model, the Group has concluded sales distributor agreements with leading software vendors in Japan and overseas, and it sells software products (including in-house Group products) to customers such as companies, universities, and research institutes. Also, when conducting sales, it provides solution services that meet customer needs, including engineering services\* so that customers can skillfully use the products. In addition, it contributes to improving product capabilities by providing feedback on customer needs to vendors, which are the developers.

\* Consulting services in order for customers to effectively use the software, including software installation support, technological support, and outsourced analysis.

In particular, as a pioneering company in the simulation solutions field in Japan, it has accumulated an abundance of experience and technologies across 36 years, and it has solution capabilities to guide customers to the solutions to their various challenges. Therefore, it has built strong relationships of trust with them, and at the same time, it has acquired an excellent reputation among vendors, which are the developers. For example, Ansys, Inc. of the US, which is currently its main business-partner vendor, certified the Company as an Ansys Elite Channel Partner\* for eight consecutive years from 2015, and the top rated in the Asia region. In addition, the Company is the only agency in the world to receive the Top Renewal Performer in 2021 award, which is given to agencies with a high renewal rate of existing customers.

\* Ansys Elite Channel Partner is a title granted to organizations recognized for making the most significant contribution to sales activities for Ansys software. The Company was certified for the first time among domestic distributors for eight consecutive years from 2015. It has met the stringent conditions for certification, and has been evaluated for achieving the highest level of customer satisfaction.

### (2) Net sales by business type and region

Net sales can be broken down into three business types: distributor sales for products developed by vendors, sales of products developed in-house, and sales of various types of solution services (engineering services, education and training services, etc.). In 1H FY12/22 consolidated results, distributor sales contributed 70.8% of net sales, products developed in-house 18.7%, and services 10.5%. Also, looking at the breakdown of net sales by region, Japan contributed 78.0%, Asia 10.2%, North America 7.9%, and Europe 3.6%, from which we understand that the domestic distributor business is the main business. Going forward, however, the Company's strategy is to aim for further growth by increasing sales of products developed in-house and services, and overseas sales such as in Asia.

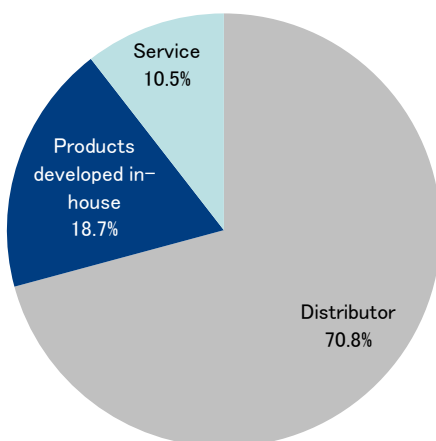


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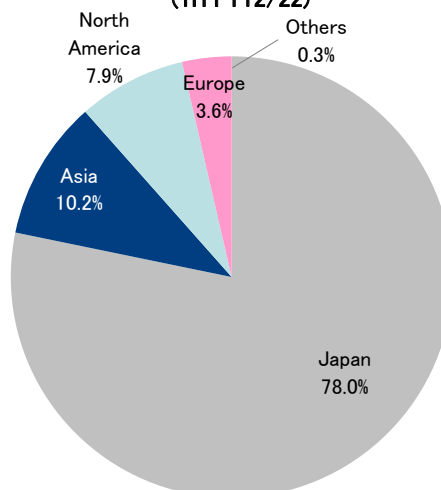
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**Breakdown of net sales by business type  
(1H FY12/22)**



**Breakdown of sales by region  
(1H FY12/22)**



Source: Prepared by FISCO from the Company's supplemental results briefing materials

### (3) Net sales by contract type and industry

Net sales can be broken down by contract type into licenses and others. Furthermore, licenses are divided into new license fees when installing a new software product (initial installation fee and one-year usage fee + maintenance fee) and renewal fees from the second year onwards (one-year usage fee + maintenance fee). It works by adding various optional services in line with customers' needs. Conversely, sales other than from licenses include those from engineering services and education and training services.

Looking at the breakdown of net sales in 1H FY12/22 on a Company stand-alone basis, license renewals contributed 56.0%, new licenses 27.5%, and others 16.5%, with license renewals' share declining from the previous level of 60.0%. This owes to impact from termination of the agreement with Synopsys, with which the Company had been a distributor for a long time. That said, license renewals account for the majority of net sales, and are a stable revenue source for the Company. This is because the majority of the company's customers are major companies, universities, and research institutes, and once one of the mainstay CAE software products is installed, there are hardly any cases of it being replaced with another company's product from the viewpoint of continuity.

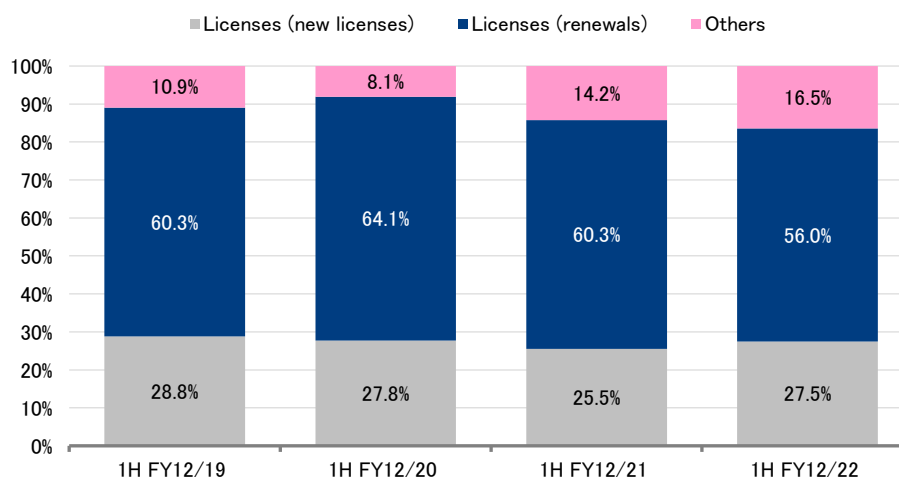
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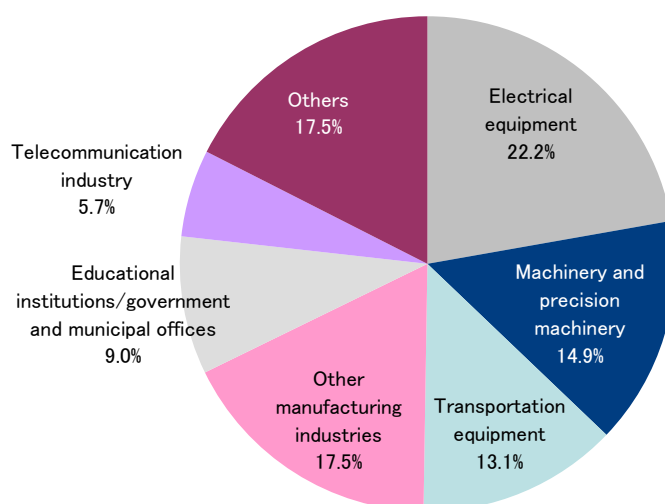
### Breakdown of net sales by contract type (stand-alone)



Source: Prepared by FISCO from the Company's supplemental results briefing materials

Looking at the breakdown of net sales by industry in 1H FY12/22 on a Company stand-alone basis, the highest was electrical equipment at 22.2%, followed by machinery and precision machinery at 14.9%, and transportation equipment at 13.1%. Net sales to the manufacturing industry were more than 67.7% of overall sales. However, in the last few years, net sales to non-manufacturing industries have been growing gradually due to the growth in the simulation utilization domain and growth of IT Solution Services, and their share of net sales on an upward trend

### Breakdown of net sales by industry (stand-alone; 1H FY12/22)



Source: Prepared by FISCO from the Company's supplemental results briefing materials

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## In Simulation Solution Services business, Ansys products, the world leader in the CAE sector, are the mainstay products

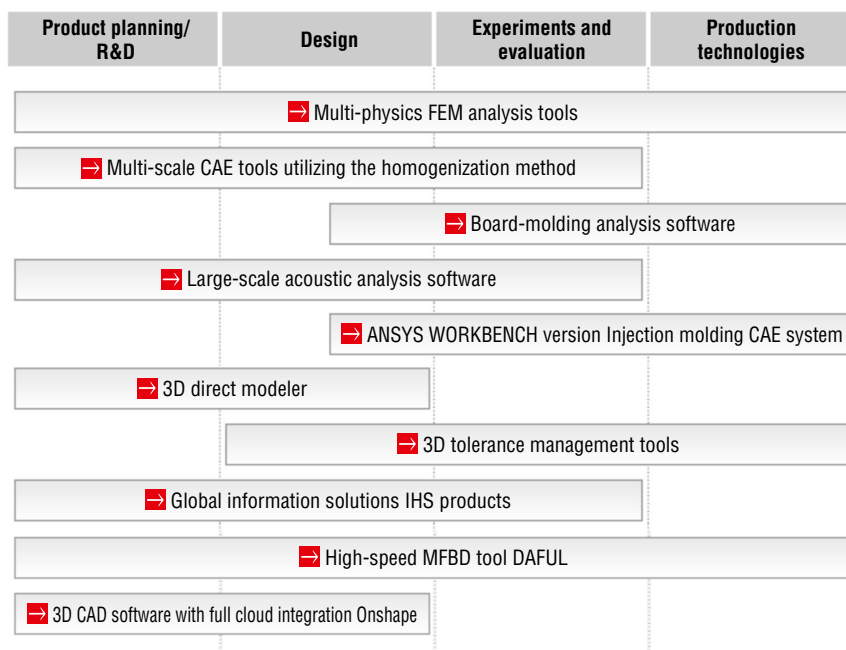
### 3. Business segments

#### (1) Simulation Solution Services

The mainstay Simulation Solution Services business provides various CAE software products according to each field, including those related to machinery, optical, electrical and electronic, and control. CAE is the name for technologies to simulate and analyze in virtual models created on computers aspects such as tests and experiments that have been conventionally carried out using a prototype in the R&D process for manufacturing. Using CAE software dramatically reduces the number of prototype tests and experiments, and makes it possible to conduct simulations under physical conditions that cannot actually be created in the real world. It can be said that this software not only improves development efficiency, but also contributes to realizing manufacturing that is considerate of the environment by leading to reduction of waste and other materials created in prototype testing. The scope of application is wide, ranging from fields like automotive, electronic equipment and devices to machinery and precision machinery, telecommunications, medical and construction fields.

Mainstay products consist of multi-physics analysis tools from Ansys, which is the world's largest company in the machine-related CAE field with a 35.0% share of the global market, and serve as the general-purpose analysis tools that make every type of analysis possible, including structure, heat transfer, electromagnetic field, piezoelectric, acoustic, heat fluid, and dropping analyses. Also, for the optical field, the distributor agreement with Synopsys terminated on October 1, 2021, so the Company concluded new distributor agreement for Ansys's optical-related solution products on October 2, 2021, and the Company started selling the products. Other than these, the Group also handles the products of the leading development vendors in their respective industries and in-house products developed by Group companies. It proposes solutions that are optimized to meet customer needs.

List of machinery-related CAE



Source: The Company's website

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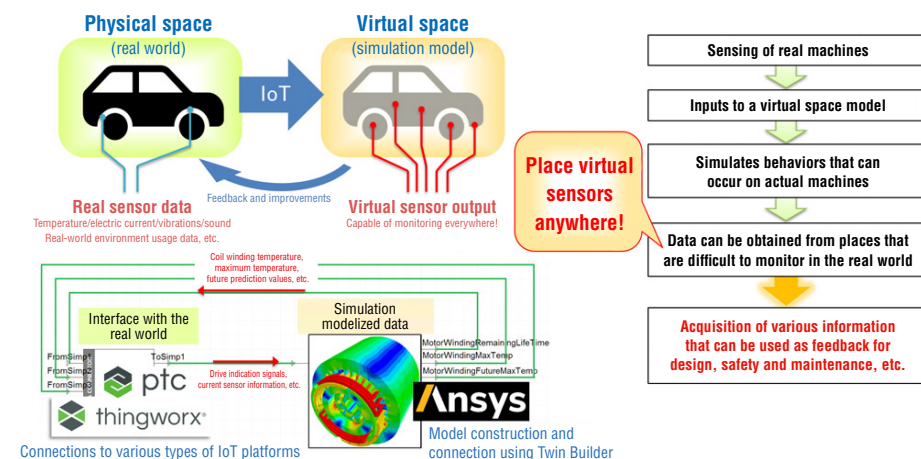
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#### Company overview

Furthermore, the Company is concentrating on DX business utilizing advanced digital technology such as AR/VR solutions, big data visualization software, IoT platform implementation support, digital twin construction support, and AI system construction services. Although the scale of sales is still small, DX business is being spotlighted as a domain where future growth can be expected as advanced solution services that also have a strong affinity with simulation technology.

For example, IoT/digital twin refers to a development method in which a model of physical equipment actually operating at a manufacturing development site is created in a virtual space (on a computer). In this method, evaluations of the physical equipment's current state are made and various simulation tests are conducted by accumulating information about the equipment in real time through IoT sensors and transmitting it to the virtual space. Combining verification data from the real world and simulation data from the virtual space realizes the sophistication and optimization of the manufacturing process. Because of this, it is expected to grow in demand in the automotive and other industries.

#### Example of the utilization of IoT/digital twin



Source: The Company's website

#### (2) IT Solution Services

In IT Solution Services business, sales of various IT security software products, including cloud security and end-point security, make up the majority of net sales, and the main business-partner vendors include Broadcom Inc. (formerly, Symantec Corporation).

## In the CAE field, a strength is solution capabilities based on know-how and technological capabilities accumulated more than 36 years

#### 4. Strengths and business risks

The Company's strengths can be summarized as the following three points.

##### (1) Sophisticated know-how backed up by experience

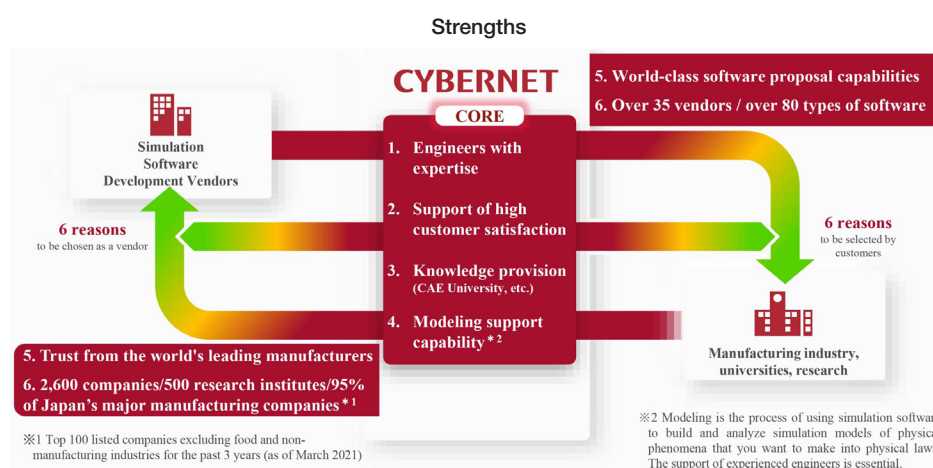
It has accumulated a rich track record from more than 36 years of providing support for manufacturing R&D and design development through CAE simulation technologies. The know-how and extensive and advanced technological capabilities it has accumulated are its assets, and a strength is being able to provide solutions that other companies cannot imitate.

### Company overview

## (2) Extensive specialty and global partner network and customer base

Leading with Ansys, the largest CAE software company, the Company collaborates with more than 35 leading vendors in Japan and overseas, and conducts sales and support for more than 80 types of products. Therefore, a strength is its ability to provide optimized solutions to address customers' various challenges by combining multiple software and know-how. It also communicates feedback from customers to vendors, which are the developers, and they use that feedback for product improvements. So, another strength can be said to be that it is building strong relations with both customers and vendors.

The Company has developed 14 consolidated subsidiaries within Japan and overseas, and provides products and services to approximately 2,600 companies, primarily international ones, and 500 universities and research institutes. The fact that the Company is building a wide customer base could be another one of its strengths.



Source: The Company's supplemental results briefing materials

## (3) Highly stable earnings structure and industry environment

One of the Company's strengths is its earnings stability, as the majority of the Company's sales are provided by license renewal fees from existing customers. Moreover, there are relatively few competitors in the CAE industry, so a feature of the industry environment is that price competition is unlikely to occur. For companies, R&D is a source of their competitiveness, so demand will not cool down significantly even if economic conditions deteriorate somewhat. It is considered that this situation leads to the Company's highly stable earnings.

Competitor companies in the CAE software distributor business include IDAJ Co., LTD. and ITOCHU Techno-Solutions Corporation <4739>, which are Ansys's sales distributors; ARGO GRAPHICS Inc. <7595>, which is a sales distributor of Dassault of France; and Information Services International-Dentsu, Ltd. (ISID) <4812>, which handles products including those of Siemens of Germany.

## (4) Risk factors

A risk factor is that the sales distributor business contributes more than 70.0% of net sales, so results would be negatively affected if those distributor agreements were to be terminated. In actuality, 1H FY12/22 sales and profit declined by double digits due to the termination of the distributor agreement with Synopsys. In principle, sales distributor agreements with development vendors are non-exclusive, short term and subject to renewal. As for cases where agreements end up being terminated, changes in developers' sales strategies due to M&A, changes in management, and so forth are among possible scenarios. The reason for the termination of the distributor agreement with Synopsys was that Synopsys switched its sales style from distributor sales to direct sales on a global basis.

### Company overview

In order to reduce these business risks, the Company plans to develop its in-house developed products as well as its solution services including engineering services. With respect to the distributor business, the Company's strategy is to search for promising development vendors and expand its product lineup. Moreover, Ansys, which is the Company's main business partner, is establishing its own Japanese corporations, and in this situation, it has positioned the Company as an excellent sales partner and has built strong business relations with it. So, at the current time, we at FISCO view the risk of cancelling the agreement as extremely low.

## Results trends

### In 1H FY12/22, sales and profits decreased due to the termination of the distributor agreement with Synopsys, but sales increased on an existing business basis

#### 1. Overview of 1H FY12/22 results

In the 1H FY12/22 consolidated results, sales and profits decreased, with net sales falling 22.2% YoY to ¥9,736mn, operating income declining 53.8% to ¥1,033mn, ordinary income decreasing 56.0% to ¥979mn, and profit attributable to owners of parent falling 59.8% to ¥573mn. The Company has applied the Accounting Standard for Revenue Recognition, since FY12/22, which reduces net sales by ¥619mn, the cost of sales by ¥325mn, and operating income and ordinary income each by ¥294mn for 1H FY12/22 compared with the figures based on the previous accounting standard\*. Calculated based on the previous accounting standard, net sales declined 17.2% YoY, operating income fell 40.7%, and ordinary income decreased 42.8%.

\* Net sales and the cost of sales for software maintenance services in the distributor business (part of the amount from new contracts and the amount for contract renewals) were mainly recognized as a lump sum at the start of the contract under the previous accounting standard, but have changed to recognition over the period of the contract due to the application of the Accounting Standard for Revenue Recognition, etc.

#### 1H FY12/22 consolidated results

	1H FY12/21		Company forecasts (new standard)	Results (new standard)	1H FY12/22				
	Results	% of sales			% of sales	YoY	Compared to forecasts	Results (previous standard)	YoY
Net sales	12,507	-	9,600	9,736	-	-22.2%	1.4%	10,356	-17.2%
Cost of sales	7,253	58.0%	-	5,707	58.6%	-21.3%		6,032	-16.8%
SG&A expenses	3,015	24.1%	-	2,995	30.8%	-0.6%		2,995	-0.6%
Operating income	2,238	17.9%	850	1,033	10.6%	-53.8%	21.6%	1,327	-40.7%
Ordinary income	2,227	17.8%	850	979	10.1%	-56.0%	15.3%	1,273	-42.8%
Profit attributable to owners of parent	1,426	11.4%	550	573	5.9%	-59.8%	4.3%	-	

Source: Prepared by FISCO from the Company's financial results

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### Results trends

Net sales decreased due to impact from the termination of the distributor agreement with Synopsys, which was a major business partner, in October 2021. However, net sales increased when that factor is excluded. Net sales were also 1.4% above the Company's forecast, reflecting strong momentum for multi-physics analysis tools, a mainstay product, as well as solid trends for MBSE implementation support consulting, cloud security solutions, and so on. The external environment remained unstable, with supply chain disruptions due to semiconductor shortages and soaring energy prices triggered by worsening of the situation in Ukraine. But since the Company mainly handles products used by R&D departments, impact on its sales was limited more or less to some orders in the China market being postponed due to impact from lockdowns.

By region, net sales decreased 23.5% YoY to ¥7,591mn in Japan and 36.2% to ¥990mn in Asia, but increased 16.2% to ¥771mn in North America and 4.0% to ¥355mn in Europe. In Japan, sales declined because there were no longer sales of Synopsys products. In Asia, there was impact from order postponements due to lockdowns in Shanghai, China (March 28-June 1, 2022), in addition to a decline in sales of Synopsys products. However, Ansys products continue to do well. In North America, growth in upgrade demand from the release of the latest functionally enhanced version of the 3D tolerance analysis software CETOL 6 $\sigma$  (CETOL Six Sigma) provided by Sigmetrix, and the Japanese yen's depreciation contributed to the rise in net sales. Maplesoft apparently struggled on a local currency basis. It seems that this is because investment was somewhat stalled in the education industry, a mainstay market, and Maplesoft was unable to conduct adequate sales activities to develop the enterprise market due to the impact of the COVID-19 pandemic. European Noesis's sales grew to Asia but were only flat YoY due to impact from the change in accounting standards. However, Noesis has also received a large order, so its sales are expected to grow for the full fiscal year.

### Net sales by region (consolidated)

	1H FY12/19	1H FY12/20	1H FY12/21	1H FY12/22	YoY
Japan	9,711	9,789	9,917	7,591	-23.5%
Asia	1,148	1,184	1,553	990	-36.2%
North America	624	615	663	771	16.2%
Europe	282	260	341	355	4.0%
Others	32	20	31	27	-10.8%
Total	11,798	11,871	12,507	9,736	-22.2%

Prepared by FISCO from the Company's supplemental results briefing materials

The cost of sales ratio increased 0.6 percentage point YoY to 58.6%. This appears to owe to there no longer being sales of Synopsys products. The ratio of SG&A expenses rose 6.7 percentage points YoY to 30.8%, owing to impact from lower sales, but the amount of SG&A expenses decreased 0.6% YoY. Although personnel expenses and travel expenses increased, land rent, advertising costs, and other expenses decreased.

Operating income was ¥183mn above the Company's forecast. In addition, to a rise in gross income due to sales topping plan, this reflects SG&A expenses being below the forecast. That is mainly because recruitment expenses and personnel expenses were lower than planned because the pace of personnel recruitment was behind schedule.

### (1) Results trends by segments

#### a) Simulation Solution Services

In Simulation Solution Services, net sales decreased 26.8% YoY to ¥7,665mn and segment income declined 48.0% to ¥1,410mn. Looking at the breakdown of net sales, distributor sales declined a sharp 37.5% YoY to ¥5,089mn, whereas sales of products developed in-house increased 4.4% to ¥1,652mn and sales of services rose 24.3% to ¥923mn.

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## Results trends

Distributor sales decreased since there were no longer Synopsys-related products, but maintenance contract renewals were strong for multi-physics analysis tools, a mainstay product. Furthermore, products developed in-house did well, mainly overseas subsidiary products. The EndoBRAIN®-EYE\* software to support diagnosis in colorectal endoscopy using artificial intelligence developed by the Company was newly approved by pharmaceutical authorities in South Korea. However, sales are still slight, and getting the product covered by insurance in Japan and overseas will be important for full-fledged expansion. As for service revenue, strong momentum for consulting to support introduction of the latest development method of MBSE as well as engineering services related to analysis support for design work contributed to double-digit growth in net sales. Additionally, AR/VR solutions, IoT solutions, and other DX business are steadily growing, with sales continuing to grow at a double-digit pace, although the scale of sales is still small at several tens of million yen.

\* A software that assists doctors in detecting polyps, etc. by alerting when it detects a lesion, using AI to analyze images taken by a colonoscope. This product was approved in Japan as managed medical equipment (class II) in 2020, and is being sold to medical institutions as a set along with endoscopes manufactured by Olympus.

Application of the Accounting Standard for Revenue Recognition, etc. reduced net sales by ¥488mn and segment income by ¥271mn compared with the figures based on the previous accounting standard. Calculated based on the previous accounting standard, net sales declined 22.1% YoY to ¥8,154mn and segment income decreased 38.0% to ¥1,681mn.

#### b) IT Solution Services

In IT Solution Services, net sales increased 1.5% YoY to ¥2,070mn and segment income decreased 0.6% to ¥290mn—broadly on par with the year-ago level. However, the application of the Accounting Standard for Revenue Recognition, etc. had a substantial negative impact of ¥131mn on net sales and ¥22mn on segment income. Calculated based on the previous accounting standard, net sales increased 8.0% YoY to ¥2,202mn and segment income rose 7.2% to ¥313mn.

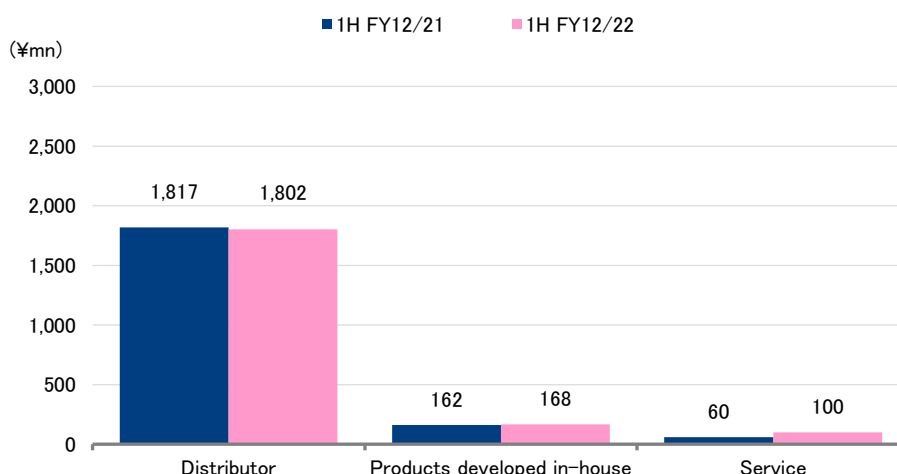
Looking at the breakdown of net sales, distributor sales decreased 0.8% YoY to ¥1,802mn, partly due to impact from the application of the Accounting Standard for Revenue Recognition, etc. However, sales of products developed in-house increased 3.8% YoY to ¥168mn and sales of services rose 66.7% to ¥100mn. As for sales of services, paid consulting services for cloud-based next-generation end-point security based on the concept of zero trust security\* did well alongside the establishment and spread of new work styles such as telecommuting.

\* Zero trust is a new security approach that entails preventing threats to information assets, from malware infections, by encrypting communications between end points and servers, along with verifying their validity, safety, at the time when systems, important information assets, are accessed based on the principle that all users, devices, and connection locations “cannot be trusted.”



## Results trends

## Net sales by business type for IT Solution Services (1H FY12/22)



Source: Prepared by FISCO from the Company's supplemental results briefing materials

## (2) Sales trends by industry and contract type (stand-alone basis)

On a stand-alone basis, net sales were ¥7,499mn, down 16.4% compared to the same period of the previous fiscal year when it is converted to the new accounting standard. Looking at how sales trended by industry, sales increased only for educational institutions/government and municipal offices, rising 7.2%. Sales decreased for all for private-sector industries, with declines of 30.4% for electrical equipment—a key market, 27.9% for machinery and precision machinery, 8.9% for transportation equipment, and 12.6% for telecommunications. The termination of the distributor agreement with Synopsys negatively affected sales for all industries, with larger rates of decline for the electrical equipment and machinery and precision instruments industries for which Synopsys-related transaction amounts had been especially large. But when sales of Synopsys products are excluded, it appears that sales increased for all industries.

Trends in net sales by contract type were similar. Sales from licenses decreased 18.6% YoY, with declines of 9.8% for new licenses and 22.3% for renewals. The rate of sales decline for renewals was larger due to impact from there no longer being Synopsys products. Also, net sales other than those from licenses inched down 3.1% YoY.

## Net sales by industry (stand-alone)

	1H FY12/21	1H FY12/22	YoY
Electrical equipment	2,395	1,667	-30.4%
Machinery and precision machinery	1,550	1,117	-27.9%
Transportation equipment	1,078	982	-8.9%
Other manufacturing industries	1,399	1,312	-6.2%
Educational institutions/government and municipal offices	628	673	7.2%
Telecommunications industry	492	429	-12.6%
Others	1,424	1,315	-7.7%
Total	8,969	7,499	-16.4%

Source: Prepared by FISCO from the Company's supplemental results briefing materials

## Results trends

## Net sales by contract type (stand-alone)

	1H FY12/21	1H FY12/22	YoY
Licenses	7,693	6,263	-18.6%
New licenses	2,286	2,062	-9.8%
Renewals	5,406	4,200	-22.3%
Others	1,275	1,235	-3.1%
Total	8,969	7,499	-16.4%

Source: Prepared by FISCO from the Company's supplemental results briefing materials

## Has ample financial assets exceeding ¥15bn under debt-free management, plans to use for M&A and other growth investments and investor returns

### 2. Financial condition

Looking at the financial condition at the end of 1H FY12/22, total assets were up ¥643mn compared to the end of the previous fiscal year to ¥23,913mn. The main influencing factors in current assets included a decrease of ¥3,579mn in short-term loans receivable due to the recovery of loans receivable (transactions from the cash management system) to the parent company FUJISOFT. Meanwhile, cash and deposits increased by ¥1,785mn, and short-term investment securities increased by ¥1,500mn, such that financial assets were down ¥294mn compared to the end of the previous fiscal year to ¥15,715mn. Also, notes and accounts receivable-trade, and contract assets decreased by ¥1,396mn, while advance payments to suppliers increased by ¥1,874mn in connection with the application of the Accounting Standard for Revenue Recognition, etc. In noncurrent assets, intangible assets increased ¥114mn in conjunction with the deployment of a core operating system, while investments and other assets increased ¥97mn. The Company had planned to bring the new core operating system online in 2022, but now looks to do so in 2023 due to development delays.

Total liabilities were up ¥1,472mn compared to the end of the previous fiscal year to ¥9,010mn. In current liabilities, accounts payable-trade decreased by ¥226mn, income taxes payable decreased ¥436mn, and provision for bonuses decreased ¥353mn, while advances received increased by ¥2,934mn in connection with the application of the Accounting Standard for Revenue Recognition, etc. In noncurrent liabilities, retirement benefit liability decreased ¥47mn. Total net assets were down ¥829mn compared to the end of the previous fiscal year to ¥14,902mn. Although profit attributable to owners of parent of ¥573mn was posted, a downward adjustment of ¥911mn to retained earnings in connection with the application of the Accounting Standard for Revenue Recognition, etc., dividend payments, and share buybacks contributed to the decline in total net assets.

Looking at management indicators, the capital adequacy ratio was 61.6%, down 4.7 percentage points from the end of the previous fiscal year. However, the Company has ample financial assets exceeding ¥15bn under debt-free management, so its finances can be judged to be very sound. The Company plans to use ample cash on hand for M&A and other growth investments and shareholder returns.

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## Results trends

## Consolidated balance sheet

	FY12/19	FY12/20	FY12/21	1H FY12/22	Change
(¥mn)					
Current assets	19,022	20,205	21,526	21,959	433
(Financial assets)	13,379	14,888	16,009	15,715	-294
Noncurrent assets	1,799	2,037	1,744	1,953	209
Total assets	20,821	22,242	23,270	23,913	643
Current liabilities	5,925	6,488	6,472	7,991	1,519
Noncurrent liabilities	1,259	1,273	1,065	1,019	-46
Total liabilities	7,185	7,762	7,538	9,010	1,472
(Interest-bearing debt)	-	-	-	-	-
Total net assets	13,636	14,480	15,732	14,902	-829
(Stability)					
Capital adequacy ratio	64.7%	64.2%	66.3%	61.6%	-4.8%
Interest-bearing debt ratio	-	-	-	-	-

Note: Financial assets = cash and deposits + short-term investment securities + short-term loans receivable  
Source: Prepared by FISCO from the Company's financial results

## While maintained initial forecasts for FY12/22, there are no changes in order conditions at present and expects sales and profits to turn up from 2H

### 3. Outlook for FY12/22

The outlook for the FY12/22 consolidated results is for sales and profit to decrease, with net sales decreasing 11.9% YoY to ¥20,000mn, operating income decreasing 36.4% to ¥1,800mn, ordinary income falling 36.2% to ¥1,800mn, and profit attributable to owners of parent decreasing 35.6% to ¥1,150mn. The Company maintained its initial forecasts. It expects negative impact from the termination of the distributor agreement with Synopsys to run its course by 3Q, and sales and profits to turn up when looking at 2H alone.

## FY12/22 consolidated results outlook

	FY12/21		FY12/22			(¥mn)
	Results	% of sales	Company forecast	% of sales	YoY	2Q progress rate
Net sales	22,697	-	20,000	-	-11.9%	48.7%
Operating income	2,830	12.5%	1,800	9.0%	-36.4%	57.4%
Ordinary income	2,822	12.4%	1,800	9.0%	-36.2%	54.4%
Profit attributable to owners of parent	1,786	7.9%	1,150	5.8%	-35.6%	49.9%
EBITDA	3,072	13.5%	2,100	10.5%	-32.7%	
Net income per share (yen)	57.29		36.87			

Source: Prepared by FISCO from the Company's financial results

#### Results trends

Net sales (in Japan and Asia) of Synopsys products and associated hardware were ¥4,657mn in FY12/20. Therefore, the outlook on an existing business basis is for net sales to grow 1.18x over two years from ¥17,008mn in FY12/20. Along with strong momentum for mainstay multi-physics analysis tools, the Company also forecasts sales growth in 2H for products developed in-house, MBSE and other consulting services, DX support services, and cloud security solutions. Although the economic outlook is becoming increasingly opaque, the Company tends to be resilient to impact from economic fluctuations because corporate R&D investment is a source of its growth. In actuality, the Company's current order situation appears to be strong, and we at Fisco believe its results forecasts are likely to be achieved.

Moreover, the Company signed a distributor agreement with Ansys on October 2, 2021 as an optical solution to replace Synopsys products, and launched sales of three-dimensional optical analytics software Ansys Speos®, VR solution Ansys VRXPERIENCE™, and photonics analytics software Ansys Lumerical. In addition, the Company launched sales of optic design software OpticStudio, a product of Zemax LLC of the US which is a group company of Ansys in February 2022. The performance and functionality of these products is virtually on par with Synopsys products, but generally it is difficult to replace current CAE software from other companies' products unless there are clear differences in terms of performance and functionality. However, using CAE software effectively requires a certain level of knowledge and experience, and technical support is also needed from distributors like the Company, which have a vast amount of know-how and information on the latest technologies. The Company's strategy is to use its ability to provide such support that delivers high customer satisfaction to expand Ansys products' share. Specifically, the Company's strategy is that if a customer signs 10 licenses for Synopsys products, then it will have customers convert one to two licenses to Ansys products on a trial basis, and the Company will increase the number of licenses while strengthening customer support. Although the number of installations is still small, it is gradually increasing. The Company has heard some users of Synopsys products express concern about being unable to receive the Company's support, and this will become an opportunity for the Company to increase their market share of Ansys products going forward.

Regarding products developed in-house, the Company forecasts sales growth for its European and US subsidiaries' software products. In relation to DX, it plans to introduce AV/VR solutions and IoT/AI solutions. In IoT solutions in particular, the big data visualization tool BIGDAT@Analysis launched in January 2022 is promising. The product uses IoT sensors to monitor the status of production lines and equipment at plants, and is a predictive maintenance tool that visualizes equipment failures and other problems. Over the past one to two years, there have been a lot of problems such as production line stoppages and plant fires caused by equipment failures, and companies have become more aware of such issues, so this can be said to provide a good opportunity for expanding orders. The Company is also developing this solution in Asia, where many plants are concentrated, and is expected to grow in the future. In addition, cloud security solution is also expected to continue to do well, amid frequent cyber-attacks on businesses.

The operating income margin is forecast to decline to 9.0% from 12.5% in the previous fiscal year. The main factors behind this are a decline in gross profit caused by a decrease in sales, in addition to an increase in personnel costs and recruiting costs caused by more active investment in human resources, and an increase in depreciation accompanying an overhaul of the core system (Estimated investment amount: approximately ¥700mn). Of this, the start of operation of the core system is projected to be shifted to 2023, which will be a factor in reducing costs.

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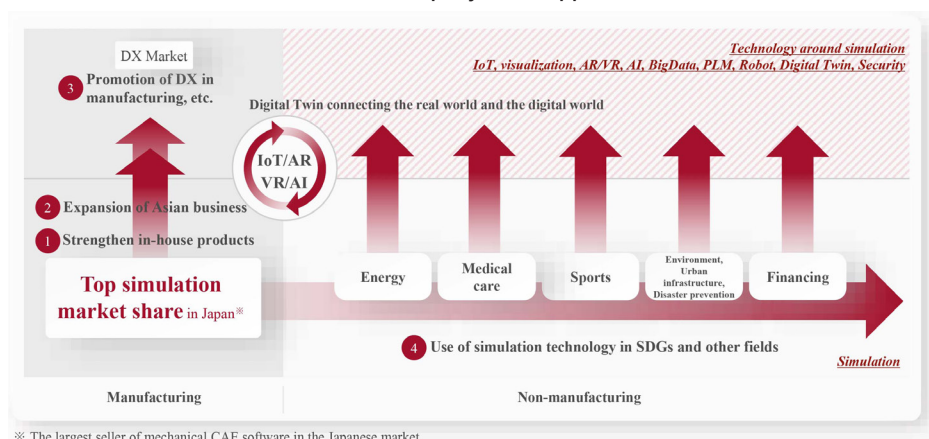
## Medium-term business plan

**Aims for net sales of ¥30,000mn and EBITDA of ¥3,800mn in FY12/26 through enhancement of in-house product development and expansion of business in Asia, etc.**

### 1. Summary of the medium-term business plan

In February 2022, the Company announced a medium-term business plan for the five years from FY12/22 to FY12/26 in order to achieve enhanced corporate value from a long-term perspective. In addition to its core simulation technology, the Company will use peripheral technologies such as IoT, AR, VR and AI to enable DX support for manufacturing. The Company has also announced plans to strengthen its business development in areas outside of manufacturing such as energy, medical care, sports, environment and disaster prevention, and finance, to contribute to solving various social challenges through simulation technology.

#### The Company's DX support



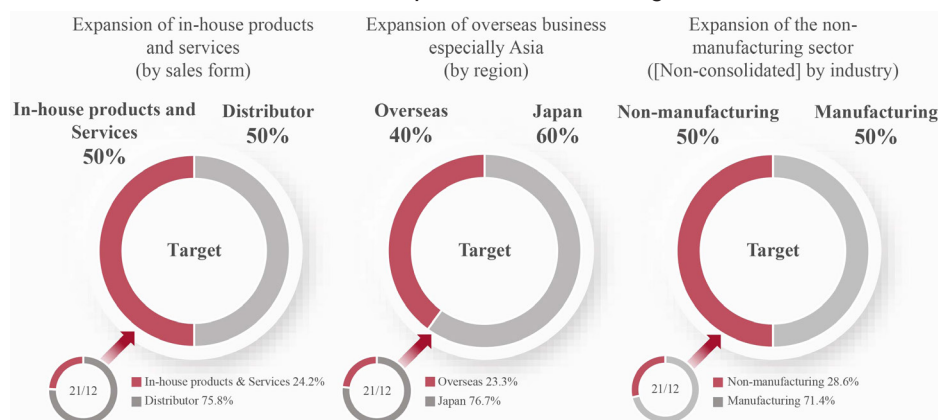
※ The largest seller of mechanical CAE software in the Japanese market.

Source: The Company's supplemental results briefing materials

For numerical management targets for FY12/26, the Company has set goals for net sales of ¥30,000mn (up 32.2% compared to FY12/21), EBITDA of ¥3,800mn (up 23.7%), profit attributable to owners of parent of ¥2,200mn (up 23.1%) and ROE of 12.0%. A numerical target has been set for EBITDA rather than operating income because the Company has leveraging M&A in its sights. As for M&A targets, the Company is mainly considering companies in Japan and overseas that provide technical consulting and engineering services. Moreover, as KPI, the Company will raise the ratio of in-house products and services development from 24.2% in FY12/21 to 40.0% in FY12/26, and the ratio of overseas sales from 23.3% to 25.0% in the same period. In addition, as a long-term goal (for roughly 2030) for the business portfolio, the Company's policy will be to move forward on business development with a ratio of sales of in-house products and services of 50.0%, overseas sales of 40.0% and sales from non-manufacturing (stand-alone) of 50.0% (compared to 28.6% in FY12/21) as its targets.

### Medium-term business plan

#### Business composition: current and target



Source: The Company's supplemental results briefing materials

#### Medium-term business plan numerical targets

	(¥mn)		
	FY12/21 results	FY12/24 targets	FY12/26 targets
Net sales	22,697	24,500	30,000
EBITDA*	3,072	2,800	3,800
EBITDA margin	13.5	11.4	12.7
Profit attributable to owners of parent	1,786	1,600	2,200
ROE	12.0%	9.5%	12.0%
KPI			
Sales composition ratio of in-house product and services	24.2%	35.0%	40.0%
Overseas net sales composition ratio	23.3%	23.0%	25.0%

\* EBITDA = operating income + depreciation and amortization

Source: Prepared by FISCO from the Company's supplemental results briefing materials

## 2. Growth strategy

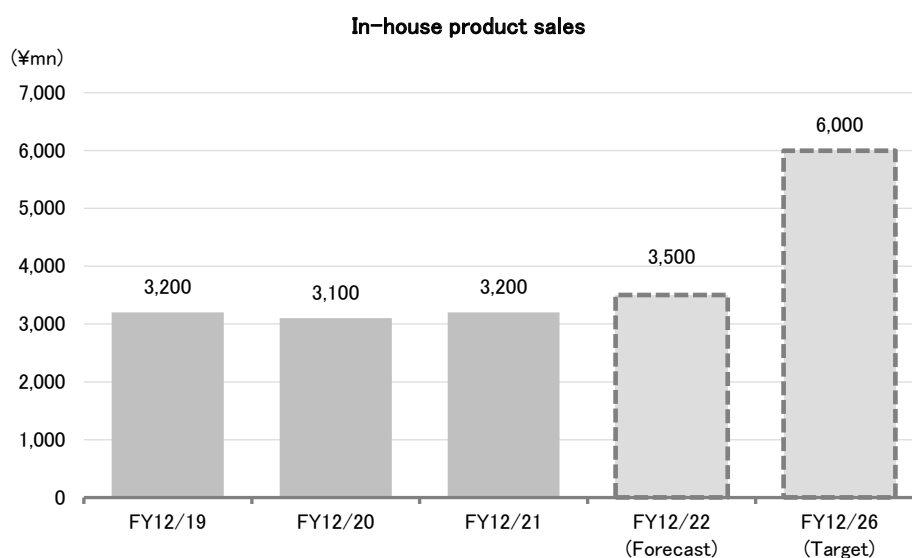
The Company will work on three areas for the long-term enhancement of corporate value: topline growth, high profit margins and proactive shareholder return. The plans to grow net sales by 30.0% over the next five years in such ways as investment in human resources and M&A, and aiming for earnings growth by balancing enhancement of high added-value business with growth investment while maintaining a high EBITDA margin of 12.7% (actual rate of 13.5% in FY12/21). Regarding shareholder return policies, the Company plans to continue the stable increase of dividends with a targeted dividend on equity ratio (DOE) of 6.0%, and proactively engage in treasury share buybacks, depending on the share price level. The Company has defined the following four areas as priority strategies for topline growth.

### (1) Strengthen in-house products

The Company has seen some of the risks of the sales distributor business surface and it aims to increase the proportion of net sales from in-house product and services to counter the risk of losing sales distributor business and to improve profitability. Regarding products developed in-house, the Company aims to strengthen development frameworks in Japan and at overseas software product development subsidiaries, and promote differentiation by enhancing product lineups and bolstering functionality to grow sales. It aims to roughly double sales of in-house products from ¥3.2bn in FY12/21 to ¥6bn in FY12/26, and is making good progress towards its target for FY12/22 of ¥3.5bn as the result for 1H was ¥1,820mn.

#### Medium-term business plan

Among overseas subsidiaries, Maplesoft plans to strengthen sales activities encouraging large domestic and overseas companies to deploy Maple Flow, design calculation support software for engineering, to cultivate demand from companies going forward, not just for educational support software for the education market. Furthermore, Sigmetrix will strengthen the functionalities of 3D tolerance analysis tools, and Noesis will provide the Optimus process integration and design optimization software platform and engineering services to corporate customers in Europe and China, in addition to developing new products, with the aim of sales growth.



Source: Prepared by FISCO from the Company's supplemental results briefing materials

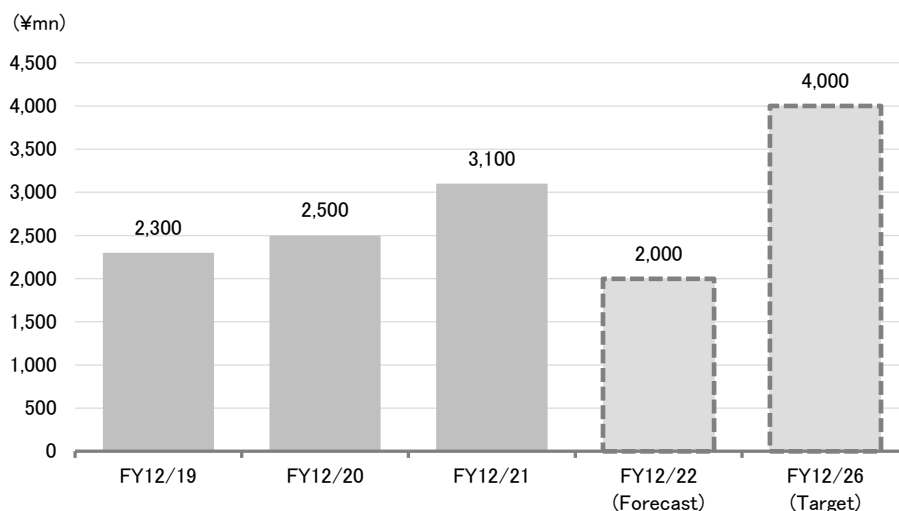
## (2) Expand business in Asia

The Company will move ahead on expanding business in Asia by leveraging its experience in providing simulation technologies to major manufacturers in Japan. As Synopsis products will no longer be included in sales in Asia, there will be a one-off decrease in sales to ¥2bn in FY12/22 (¥990mn in 1H FY12/22 results) from ¥3.1bn in FY12/21, but the Company is targeting a doubling of sales to ¥4bn in FY12/26. In addition to expanding sales of Ansys products, it also plans to roll out the DX business and start the IT security business currently limited to Japan.

In the Asian region, it is expected that the manufacturing industry will continue to develop going forward and demand for simulation solutions related to product design and development will increase. The Company's policy is to leverage its strength of advanced solution services to seek out new customers in local companies, centering on sales bases in China, Taiwan and Malaysia.

## Medium-term business plan

### Net sales in Asia



Source: Prepared by FISCO from the Company's supplemental results briefing materials

### (3) Promote DX in manufacturing

The Company will support promotion of DX in manufacturing through its core technology of simulation and MBSE, the latest development method, and advanced technologies such as IoT, AI, and AR/VR. The Company has technologies including AI, digital twin, big data analysis, and others that have a strong affinity for simulation, and intends to provide high value-added solutions combining these technologies.

Regarding MBSE, the Company launched a special organization in 2018 (and newly established a subsidiary, CYBERNET MBSE in 2020) and has become a leading company in Japan by supporting the implementation at leading manufacturers of its in-house developed MBSE tools MapleMBSE and MapleDOE. R&D related to CASE (Connected, Autonomous, Shared & Services, Electric) in the automobile industry is especially brisk, and sales are expected to continue to grow in the future for MBSE-related tools and implementation support services.

### (4) Utilizing simulation technology in fields such as SDGs

The Company is working to contribute to the SDGs through its business activities. As a health-related initiative, it is developing and promoting sales of the EndoBRAIN® series of software to support diagnosis in colorectal endoscopy using artificial intelligence. As an initiative going forward, its strategy is to expand overseas sales by moving forward on strengthening functionality of products and increasing the number of countries in which it has obtained approval for sales. Currently, it has approval for sale in countries and regions including India, Thailand, Vietnam, Hong Kong, and South Korea, while it plans to obtain approval in more countries going forward.

The Company will develop solutions to support achieving a decarbonized society and resolving environmental challenges, and intends to contribute to solving social challenges for customers and society. Specific examples of installation cases include simulations to solve challenges related to the efficient storage and transport of hydrogen energy, solutions that enable design reviews without the need to create full-scale models through the use of VR (reducing waste), and solutions that help improve the performance of UV sterilization equipment. In addition, the Company intends to use big data analysis and simulation technology to support the efficient operation of urban infrastructure and financial compliance.



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#### Medium-term business plan

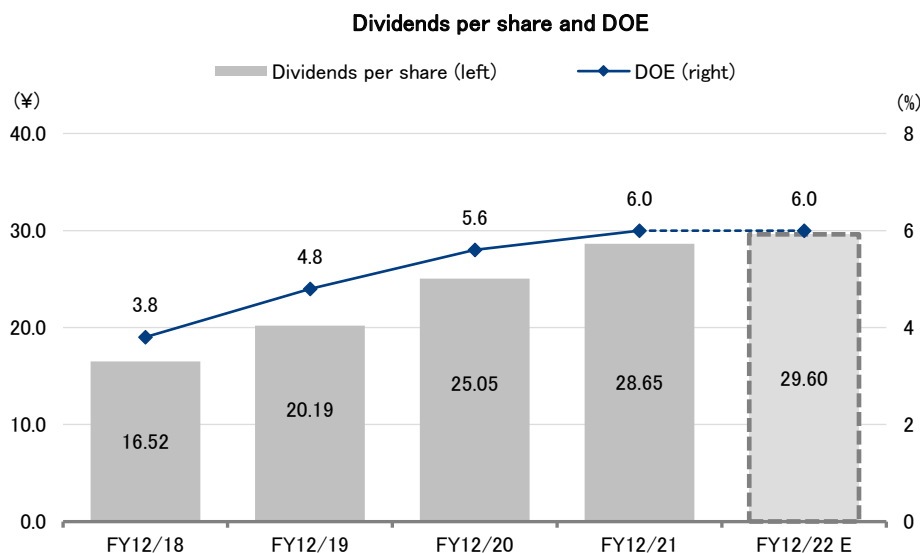
The Company believes that there are vast areas outside of the manufacturing industry where it can leverage its simulation technology, in which it has an advantage, and its strategy going forward is to proactively tap into this demand to achieve growth. In the future, the Company aims to have 50.0% of its net sales (stand-alone) in the non-manufacturing field (28.6% in FY12/21).

## Shareholder return policy

### The Company's policy is to emphasize stable dividends and aim for a DOE of 6.0%

The Company has ample funds to invest for growth, having accumulated financial assets of approx. ¥15.0bn, which gives it financial security and secures a capital adequacy ratio of over 60.0%. But it has changed its dividend policy to a DOE of 6.0% based on the principle of being within the scope of profit attributable to owners of parent so that dividend increases can be maintained even in periods of short-term decreases in profits in consideration of maintaining capital levels to raise capital efficiency, including future ROE. In FY12/22, based on this policy, the Company plans to pay a dividend per share of ¥29.60 (DOE 6.0%), an increase of ¥0.95 YoY, and will continue to increase dividends from FY12/23 onward if results grow steadily.

The Company intends to implement flexible treasury share acquisitions from the viewpoint of capital efficiency, depending on the share price. In fact, the Company acquired 320,000 shares for ¥209 million with a buyback period of February 15 to March 18, 2022.



Source: Prepared by FISCO from the Company's supplemental results briefing materials

## Shareholder return policy

The Company published its first integrated report (Japanese language only) in July 2022, and disclosed it on the investor relations section of its website. The report wraps up a message from the CEO, the Group's management policies, value creation process, growth strategies, sustainability initiatives, and more. It aims to further deepen stakeholders' understanding of initiatives to continuously enhance the Group's corporate value. It identifies materiality (key issues) for realizing a sustainable society, and summarizes ESG initiatives. Going forward, the Company plans to set and announce numerical targets related to these initiatives.

## Overview of Materiality

Materiality	Details
Create solutions that contribute to realizing a sustainable society	The Cybernet Group will contribute to the realization of a carbon neutral and circular society, and respond to climate change based on the simulation technology we have been developing for over 35 years since our establishment. We will also contribute to the creation of a sustainable society by providing "digital engineering solutions" in the medical care, pharmaceutical and healthcare domains in response to the aging population and health-conscious consumers, and develop solutions for the food and agriculture sector to cope with food crises.
Contribute to society by solving customers' challenges	The Cybernet Group will sincerely face customers who are working to address social challenges not only to meet their current needs, but also to discover potential challenges while supporting their enhancement of corporate value and sustainable growth. With our advanced technical capabilities, extensive knowledge, and wealth of ideas, we will provide value to our customers as a long-term partner and contribute to creating a sustainable society together with them.
Foster a corporate culture that continuously creates new value with "diversity" as its strength	The Cybernet Group will create high value-added services by mobilizing and integrating the advanced professional skills, knowledge, and know-how of human resources with diverse backgrounds and expertise, who share aspirations and accept each other's differences. We will aim to continuously create new value to achieve our VISION, leveraging our corporate culture that values vigorous discourse fostered through wide-ranging discussions among our diverse and talented workforce.

Source: Prepared by FISCO from the Company's integrated report

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