

CYBERNET SYSTEMS CO., LTD.

Consolidated Financial Results  
for the First Quarter of the Year Ending March 31, 2013



- Overview of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2013
- Projection of Results for FY2012
- Reference
- New Mid-term business plan (FY2012 to FY2014)

## Consolidated companies

- CYBERNET SYSTEMS CO., LTD  
(From April 1, 2012 to March 31, 2013)
- WATERLOO MAPLE INC.  
(From January 1, 2012 to December 31, 2012)
- Noesis Solutions NV .  
(From January 1, 2012 to December 31, 2012)
- CYBERNET CAE SYSTEMS (Shanghai) CO., LTD.  
(From January 1, 2012 to December 31, 2012)
- Sigmetrix, L.L.C.  
(From January 1, 2012 to December 31, 2012)

# [Consolidated] Performance Summary

CYBERNET SYSTEMS CO., LTD.

Millions of Yen

	FY2011 1Q		FY2012 1Q				
	Amount	Ratio	Amount	Ratio	Y-o-Y	Estimates	Difference from Plan
Net sales	3,863	—	4,141	—	107.2%	3,924	105.6%
Gross profit	1,648	42.7%	1,688	40.8%	102.4%	1,511	111.7%
Operating income	419	10.9%	359	8.7%	85.7%	228	157.7%
Ordinary income	432	11.2%	375	9.1%	86.9%	240	156.6%
Net income	251	6.5%	196	4.7%	78.0%	129	151.6%

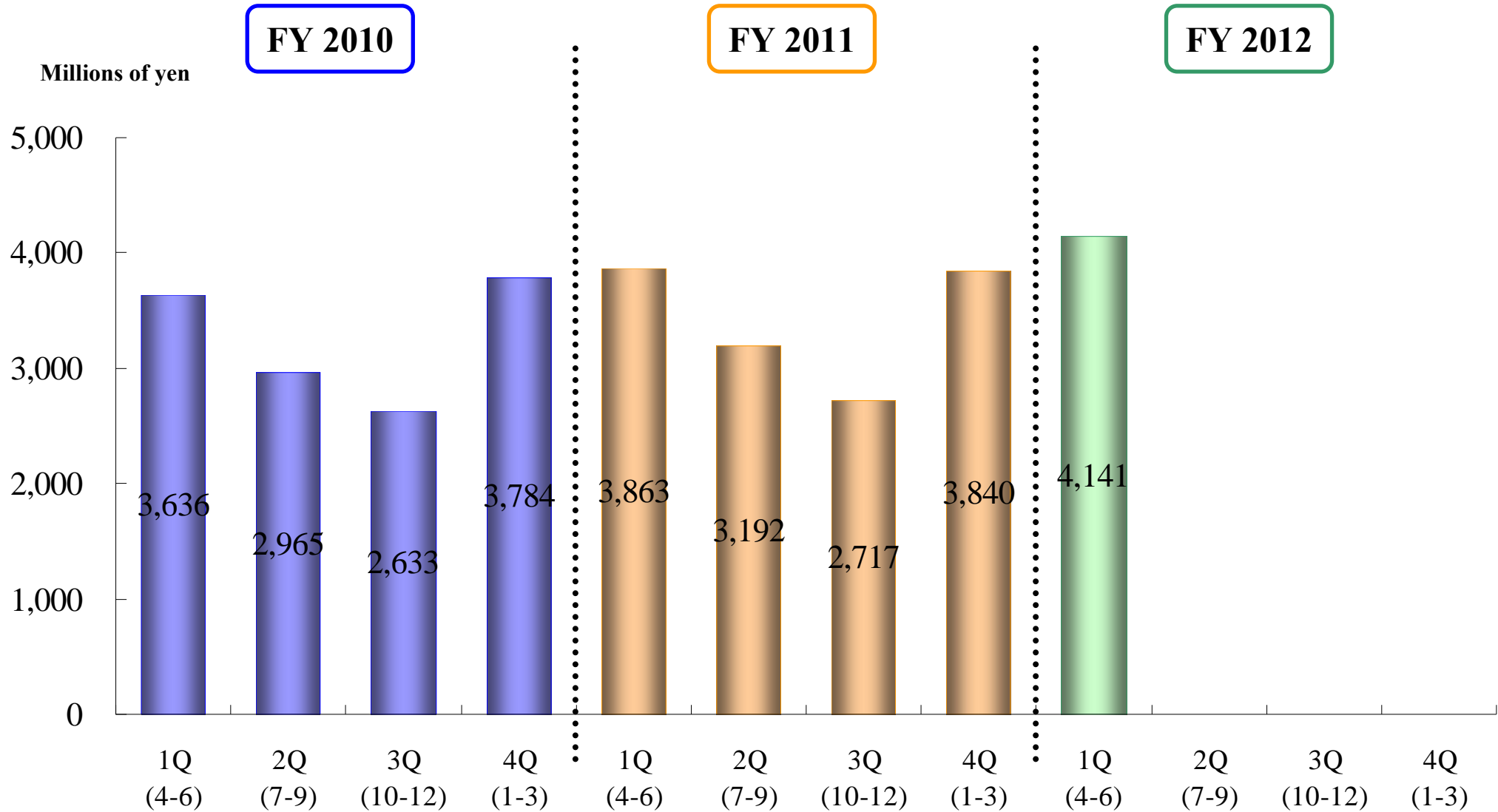
## ◆ Business Summary

- Sales had steadily growth due mainly to keep high renewal sales rate for the mainstream CAE software and to win orders for large-scale project.
- Increasing of “Operating income ” against budget plan was as a result of growth of “Net sales”. (However it includes slippage of budget use of expenses).
- Declining of “Operating income ” year-on-year was due mainly for the following reasons;
  - Under the circumstances, the impact of “The Great East Japan Earthquake” given to our business performance, our budget-use was in a careful manner of FY2011, however resumed it to normal condition in FY2012.
  - Pursuing “the new mid-term business plan for the period between FY2012 and FY2014” (refer to page #7, 8 for more information) has increased expenses in the first quarter of FY2012.

\* Please refer to Page# 15 for summary by application area.

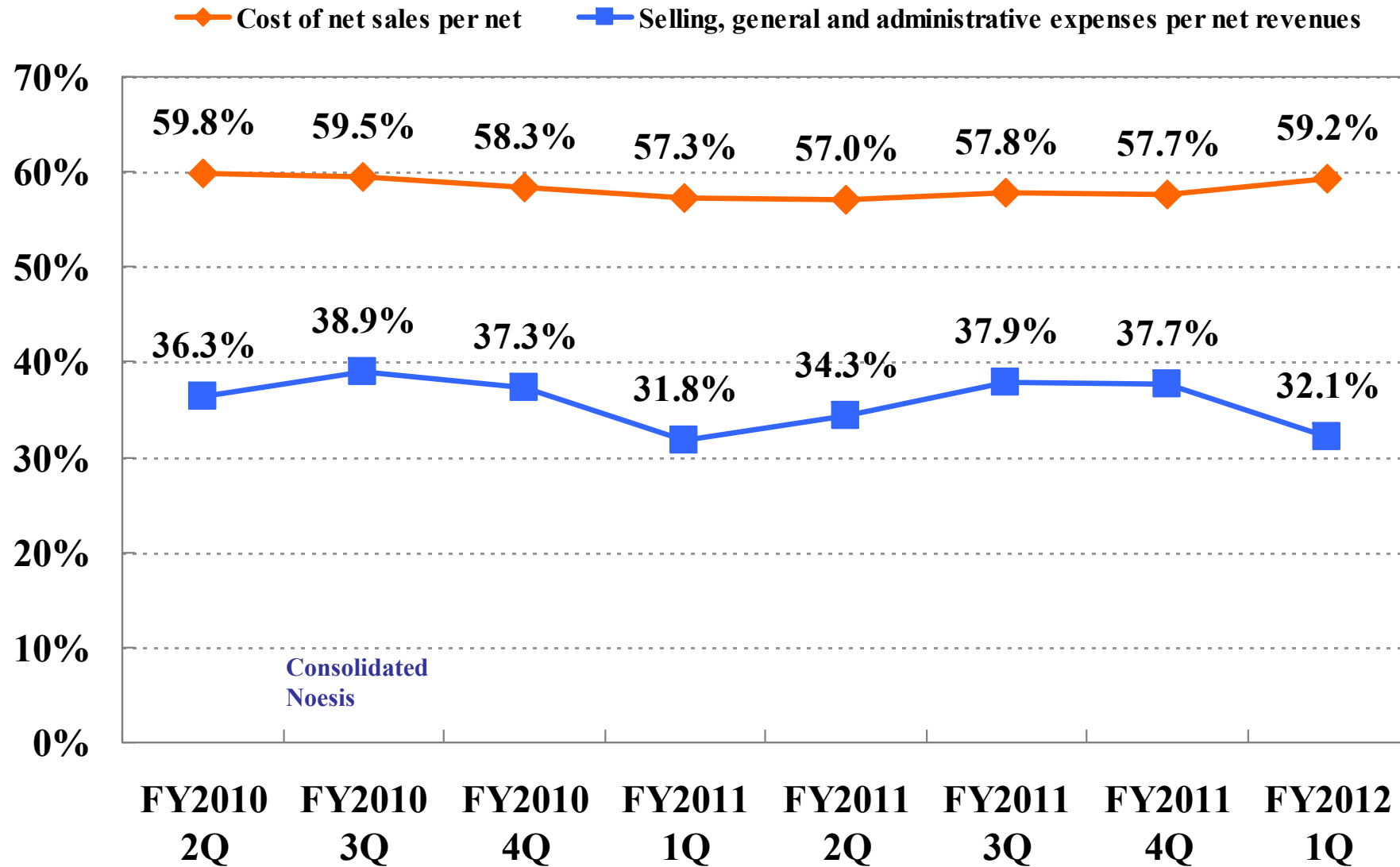
# [Consolidated] Quarterly net sales

CYBERNET SYSTEMS CO., LTD.



[Consolidated] Cost of sales per net sales and Selling, general and administrative expenses per net sales (cumulative)

CYBERNET SYSTEMS CO., LTD.



# [Consolidated] Cost of sales for service

CYBERNET SYSTEMS CO., LTD.

Millions of yen

	FY2011 1Q	FY2012 1Q	Difference	Y-o-Y	Ratio	Details
Materials cost	2	0	(2)	—	—	
Labor cost	433	447	+14	103.4%	10.8%	Cybernet +7 Subsidiaries+8
Outsourcing fees	16	17	+1	108.2%	0.4%	
Communication	3	6	+2	169.7%	0.2%	
Traveling and Transportation	20	22	+1	108.3%	0.5%	
Office Supplies	3	5	+2	182.0%	0.1%	
Rents	55	54	(0)	99.0%	1.3%	
Maintenance	7	41	+34	558.4%	1.0%	Cybernet +36
Depreciation	9	9	+0	104.5%	0.2%	
Outsourcing	11	20	+9	184.2%	0.5%	Cybernet +9
Commission	4	4	(0)	81.7%	0.1%	
Others	10	13	+2	119.5%	0.3%	
<b>Total</b>	<b>578</b>	<b>644</b>	<b>+65</b>	<b>111.3%</b>	<b>15.6%</b>	
Inventory at beginning of period	4	17	+12	369.3%	0.4%	Cybernet +14
Transition from others	84	99	+14	116.8%	2.4%	+10 +5
Inventory at end of period	38	21	(17)	55.0%	0.5%	Cybernet(16)
<b>Cost of sales for service</b>	<b>460</b>	<b>541</b>	<b>+81</b>	<b>117.6%</b>	<b>13.1%</b>	

# [Consolidated] Selling and general administrative expenses

CYBERNET SYSTEMS CO., LTD.

Millions of yen

	FY2011 1Q	FY2012 1Q	Difference	Y-o-Y	Ratio	Details
Personal	633	713	+80	112.6%	17.2%	Cybernet +59 Subsidiaries+18
Communication	38	40	+1	104.9%	1.0%	
Traveling and Transportation	47	51	+4	109.0%	1.2%	Cybernet+4
Office Supplies	8	8	+0	102.6%	0.2%	
Recruiting	0	4	+3	892.5%	0.1%	Cybernet +4
Education and Training	1	2	+1	287.9%	0.1%	
Rents	83	83	(0)	99.5%	2.0%	
Maintenance	18	16	(1)	89.6%	0.4%	
Depreciation	32	27	(5)	83.4%	0.7%	(4)
Amortization of goodwill	78	69	(9)	88.1%	1.7%	(5)
Advertising	67	73	+6	109.6%	1.8%	Cybernet+6
Outsourcing	34	45	+10	130.2%	1.1%	Cybernet+11
Commission	55	45	(9)	82.1%	1.1%	Cybernet(9)
Others	129	146	+17	113.8%	3.5%	+10 Sales support activities +5
<b>Total</b>	<b>1,228</b>	<b>1,328</b>	<b>+100</b>	<b>108.1%</b>	<b>32.1%</b>	



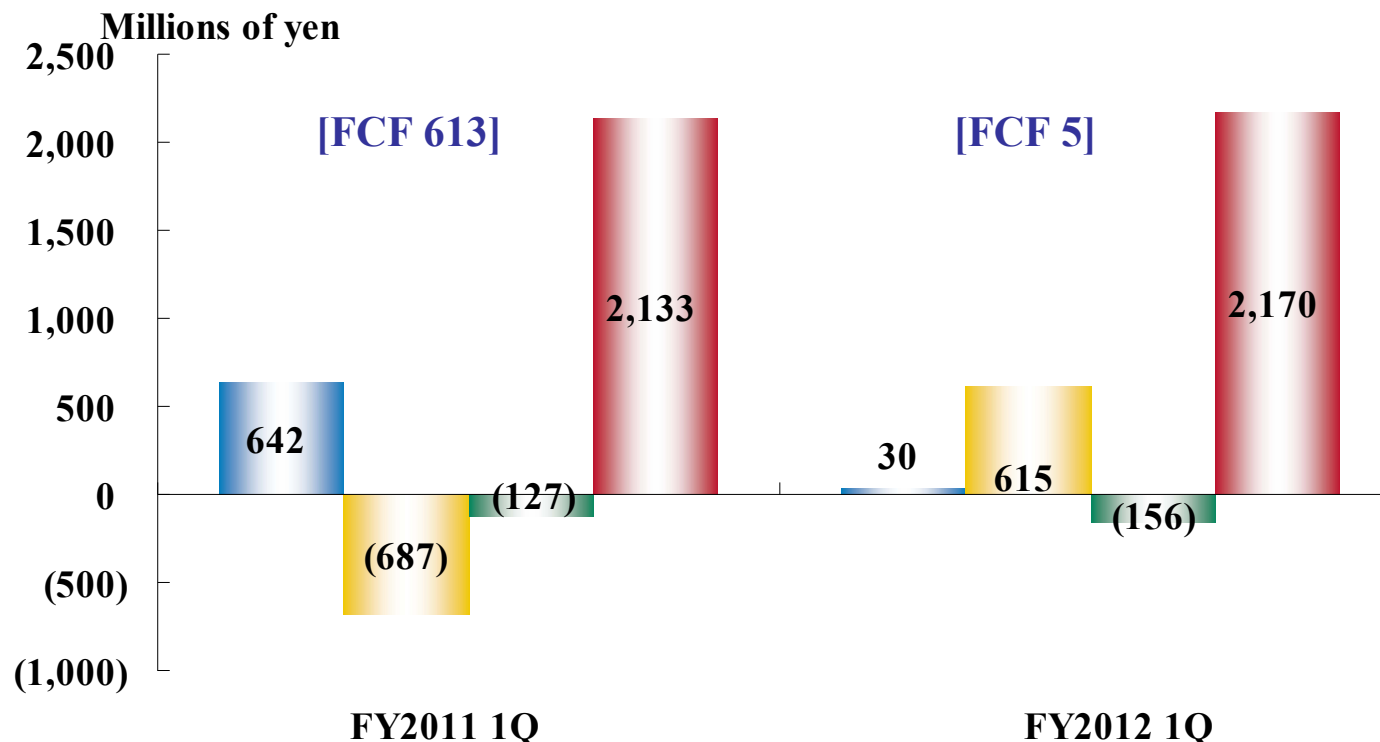
## Foreign Exchange Fluctuations and Increases/Decreases in Operating Margin

- Foreign Exchange Fluctuations
  - Average actual booking rate      JPY81.64/USD
  - Actual buying rate                      JPY80.05/USD
  - Budget rate                                  JPY84.00/USD
  - Difference of Y-Y actual booking rate  
    — JPY 0.39/USD (FY2011 1Q: JPY82.03/USD)
  - Difference between booking rate and budget rate  
    — JPY2.36/USD
  - ✂Effect for gross profit compared to budget    + JPY21M
  - Difference between actual buying rate and budget rate  
    — JPY3.95/USD
  
- Foreign Currency Transaction Gain and Loss (End of term rate JPY79.28/USD)
  - Gain/loss from revaluation of foreign currency-denominated deposit      — JPY3M
  - Gain/loss from revaluation of payables    + JPY19M
  - Gain/loss at book-closing    + JPY2M
  - Gain/loss from revaluation of foreign exchange forward contracts            — JPY17M
  - TOTAL    + JPY0M

# [Consolidated] Statements of Cash Flows

CYBERNET SYSTEMS CO., LTD.

■ Operating activities ■ Investing activities ■ Financing activities ■ Cash and cash equivalent



FY2011 1Q		
<b>Net cash provided by operating activities</b>		
Income before taxes	▶	+376
Depreciation	▶	+48
Amortization of goodwill	▶	+69
Notes and account receivable(decrease)	▶	+80
Account payable(decrease)		(65)
Accrued expenses(decrease)		(8)
Accrued consumption taxes(increase)	▶	+74
Provision for bonuses		(246)
Provision for retirement benefits (increase)	▶	+20
Income taxes paid		(486)

FY2012 1Q		
<b>Net cash provided by investing activities</b>		
Proceeds from withdrawal of time deposits	▶	+100
Proceeds from redemption of investment securities	▶	+39
Collection of loans receivable	▶	+500
<b>Net cash provided by financing activities</b>		
Payment for dividends		(156)

# [Consolidated] Business Segment Information

CYBERNET SYSTEMS CO., LTD.

## FY2011 1Q

Millions of yen

	CAE Solution Services			IT Solution Services			Elimination	Consolidated	
	Amount	Composition ratio	Ratio	Amount	Composition ratio	Ratio		Amount	Ratio
Net sales	3,430	88.8%	—	432	11.2%	—	—	3,863	—
Operating expenses	2,721	—	79.3%	384	—	88.9%	337	3,443	89.1%
Operating income	708	—	20.7%	48	—	11.1%	(337)	419	10.9%

## FY2012 1Q

Millions of yen

	CAE Solution Services			IT Solution Services			Elimination	Consolidated	
	Amount	Composition ratio	Ratio	Amount	Composition ratio	Ratio		Amount	Ratio
Net sales	3,638	87.8%	—	503	12.2%	—	—	4,141	—
Operating expenses	2,903	—	79.8%	454	—	90.3%	423	3,782	91.3%
Operating income	734	—	20.2%	48	—	9.7%	(423)	359	8.7%

1. CAE solution service (Y-o-Y Sales Increase 6.1%)
2. IT Solution service (Y-o-Y Sales Increase 16.3%)

[Non-consolidated]  
Performance Summary

CYBERNET SYSTEMS CO., LTD.

Millions of yen

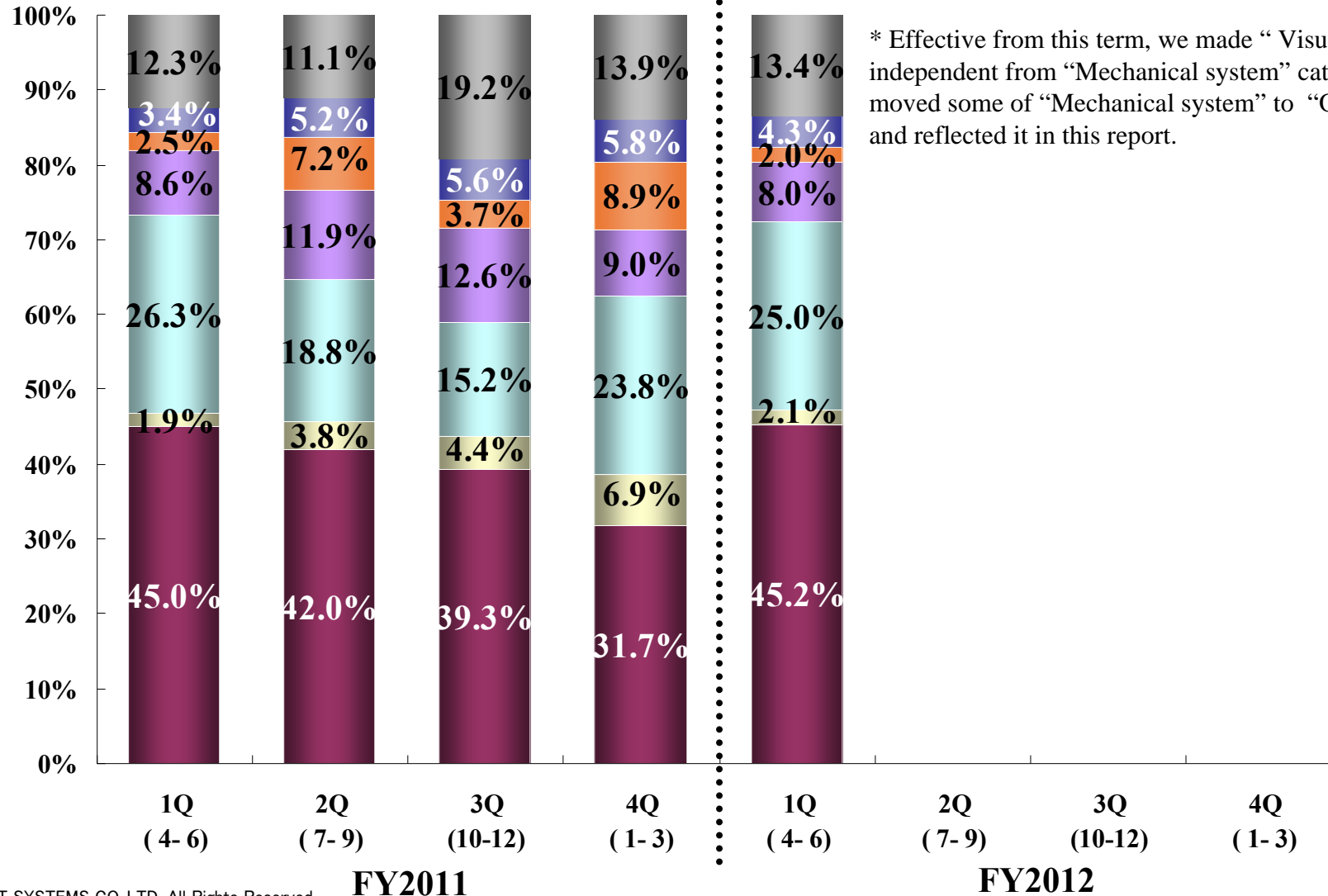
	FY2011 1Q		FY2012 1Q				
	Amount	Ratio	Amount	Ratio	Y-o-Y	Estimates	Difference from Plan
Net sales	3,507	—	3,768	—	107.4%	3,539	106.5%
Gross profit	1,492	42.6%	1,537	40.8%	103.0%	1,337	114.9%
Operating income	565	16.1%	520	13.8%	92.0%	383	135.7%
Ordinary income	564	16.1%	530	14.1%	93.9%	383	138.3%
Net income	367	10.5%	321	8.5%	87.3%	237	135.1%

\*The content of “Business Summary” is the same as the “Summary of consolidated Financial Results ” in the page #4.

# [Non-consolidated] Net Sales by Business Line

CYBERNET SYSTEMS CO., LTD.

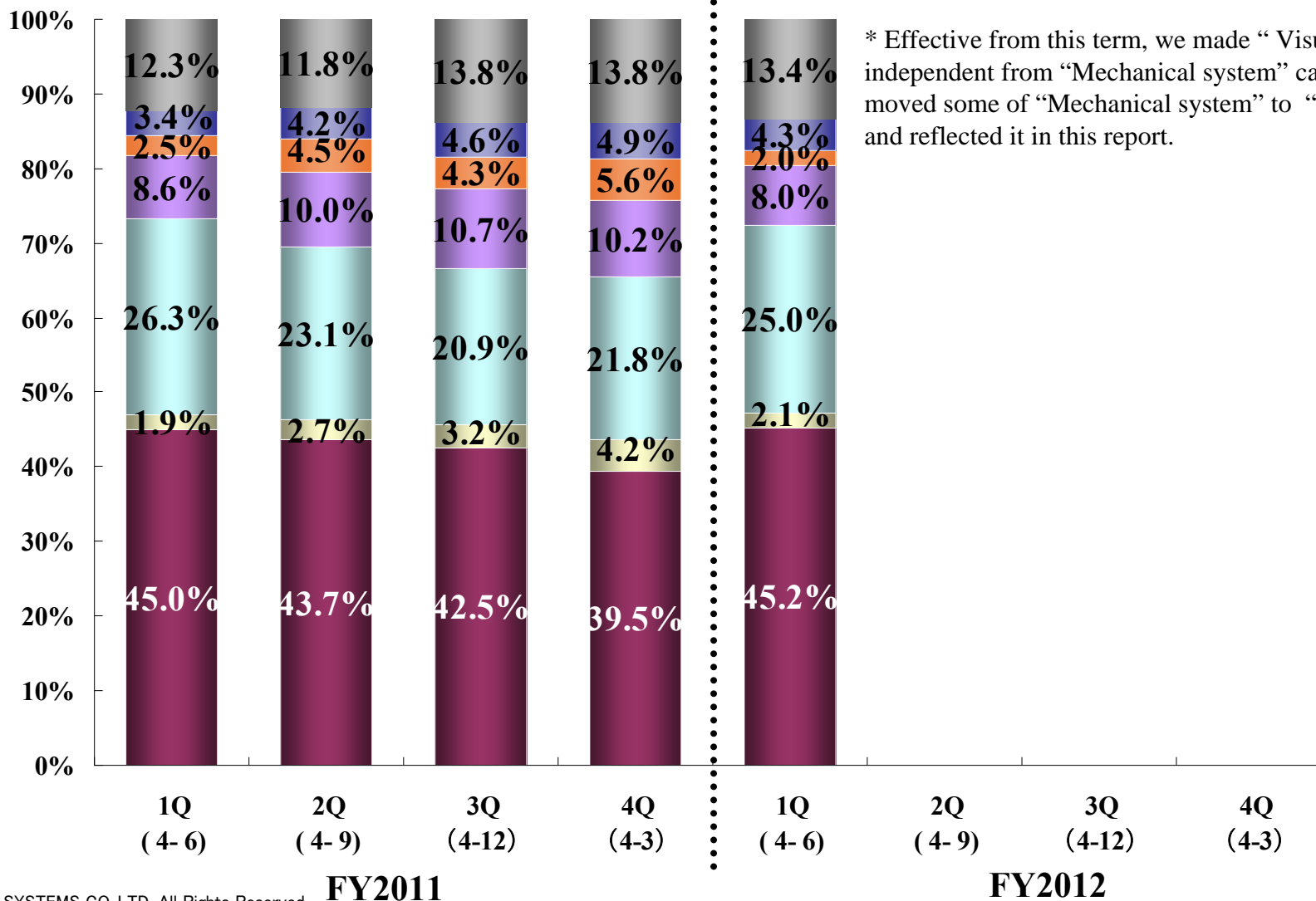
■ Mechanical system 
 ■ Numerical and Control 
 ■ Optical system 
 ■ Circuit design 
 ■ Visualization 
 ■ Others 
 ■ IT solution



# [Non-consolidated] (Cumulative) Net Sales by Business Line

CYBERNET SYSTEMS CO., LTD.

■ Mechanical system ■ Numerical and Control ■ Optical system ■ Circuit design ■ Visualization ■ Others ■ IT solution



\* Effective from this term, we made “ Visualization” independent from “Mechanical system” category and also moved some of “Mechanical system” to “Others” category and reflected it in this report.

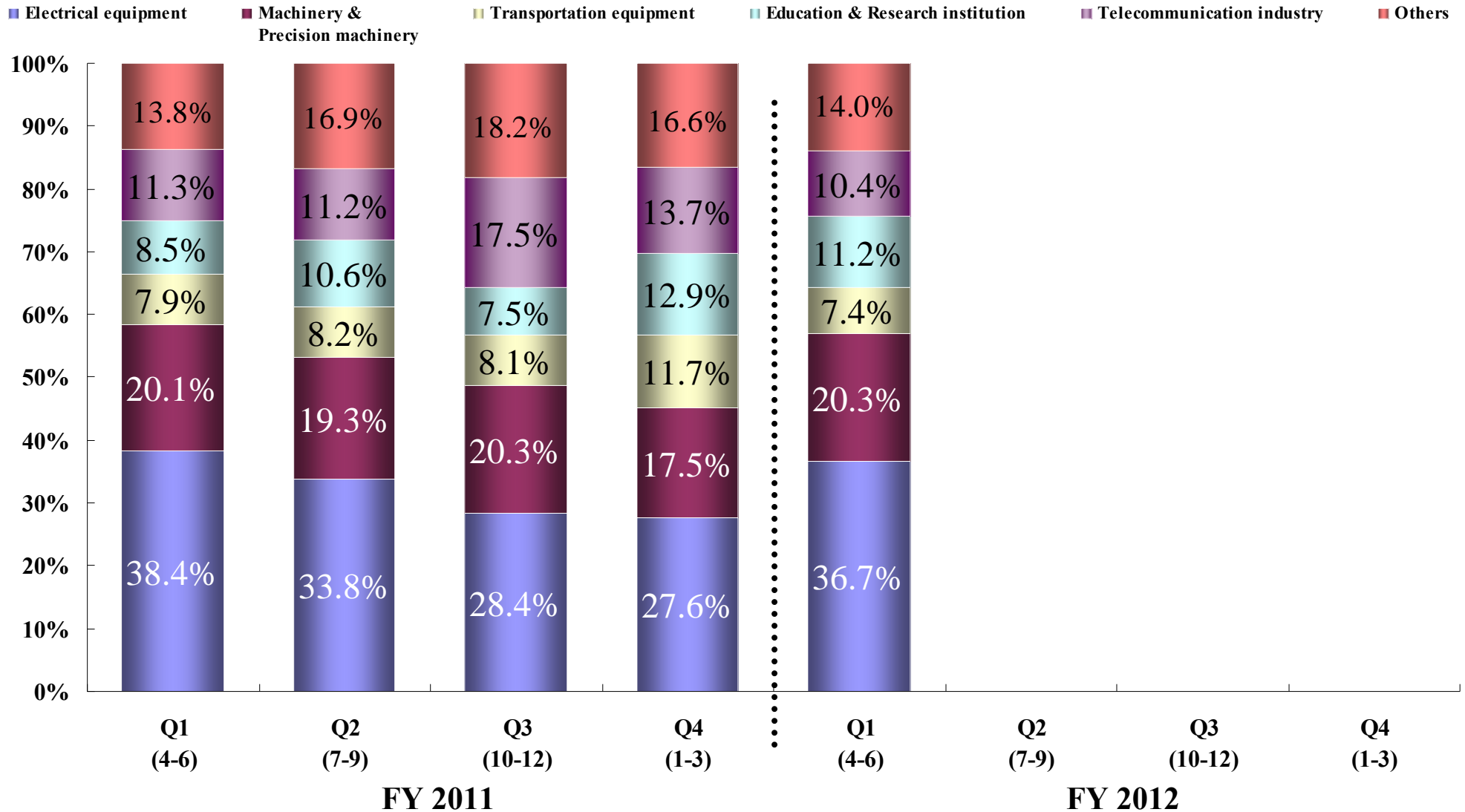
# Summary by application area

CYBERNET SYSTEMS CO., LTD.

CAE Solution Services	
M e c h a n i c a l	<p>The new license fell slightly short of target compared with the same period of last year, but kept high maintenance renewal rate.</p> <p>The orders for large-scale project had contributed to the positive sales amount.</p>
O p t i c a l / I l l u m i n a t i o n	<p>Increased demand at “Optical Analysis” for “Medical Instrument” and ”Design &amp; Analysis” for “Organic EL devices”.</p> <p>Had steadily growth with high maintenance renewal.</p>
E D A	<p>The new license kept strong growth rates.</p> <p>Sales of maintenance renewal was slightly declined due mainly to have review session for contracted license by several customers.</p>
N u m e r i c a l a n d c o n t r o l	<p>Sales of new license fell slightly short of target, however sales of “Engineering service” was significantly increased.</p>
N e w p r o d u c t s a n d o t h e r s	<p>Sales of new licenses of the focused products (and packages) had significantly increased, however for the sales of new license of products produced by Cybernet group companies were fell short than expectation level.</p>
IT Solution Services	
<p>Had significantly sales growth in IT Asset Management solution and Full-disk encryption software.</p> <p>Won a big bid for a large scale account concerning to Security Threat Protection solution.</p>	

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

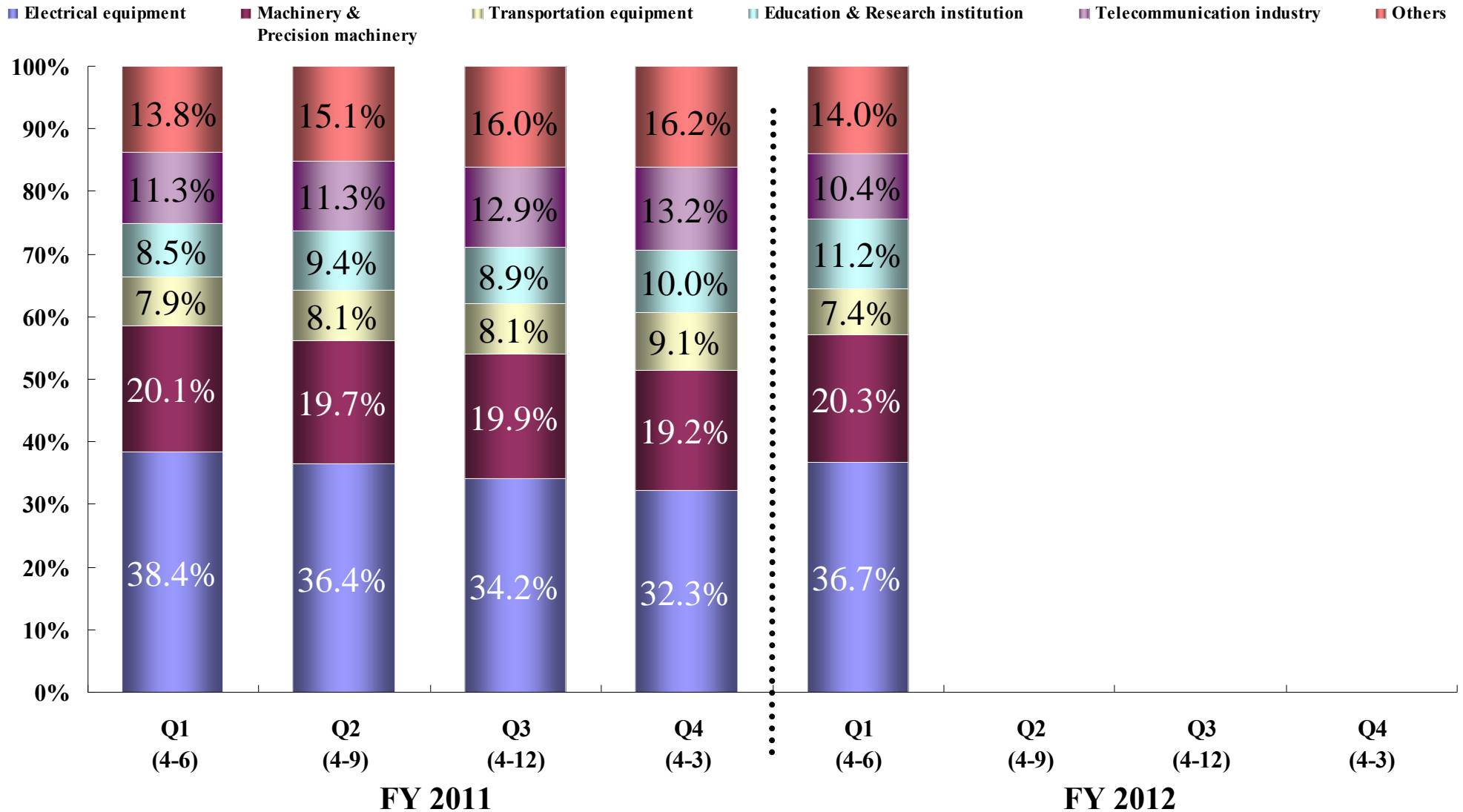
CYBERNET SYSTEMS CO., LTD.





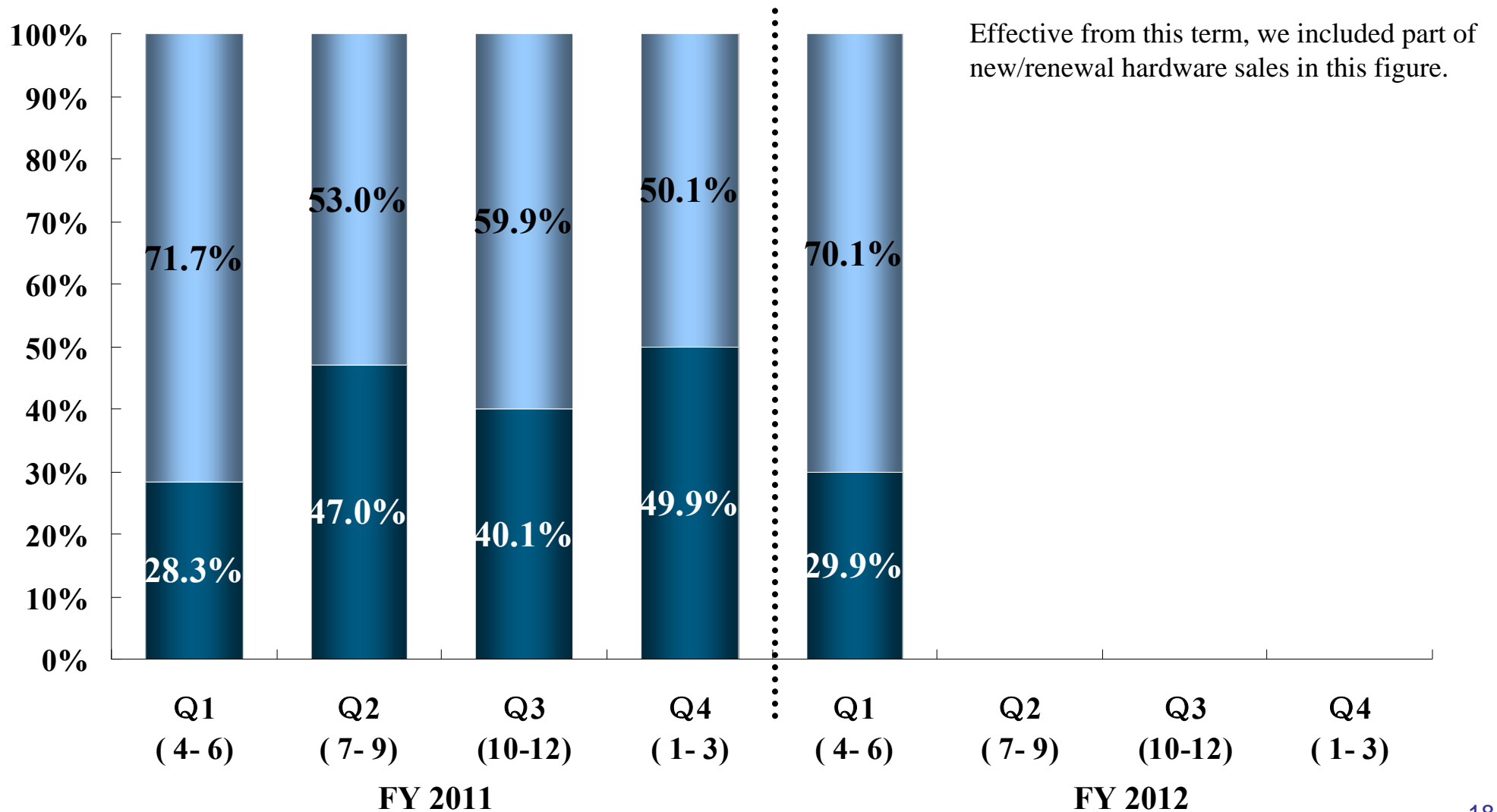
# [Non-consolidated] (Cumulative) Net Sales by Category of Industry

CYBERNET SYSTEMS CO., LTD.



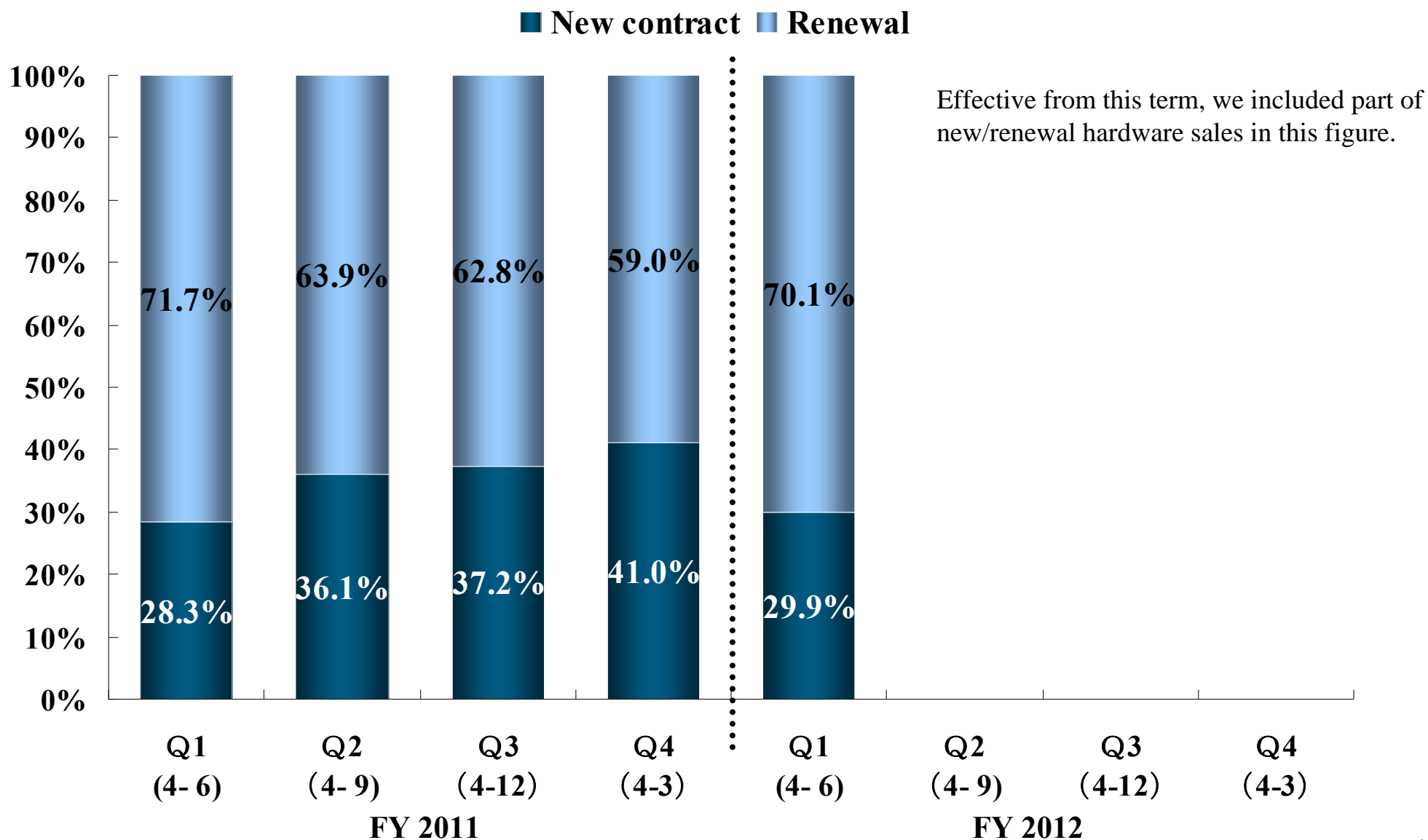
# [Consolidated] Net Sales by Contract CYBERNET SYSTEMS CO., LTD.

■ New contract ■ Renewal



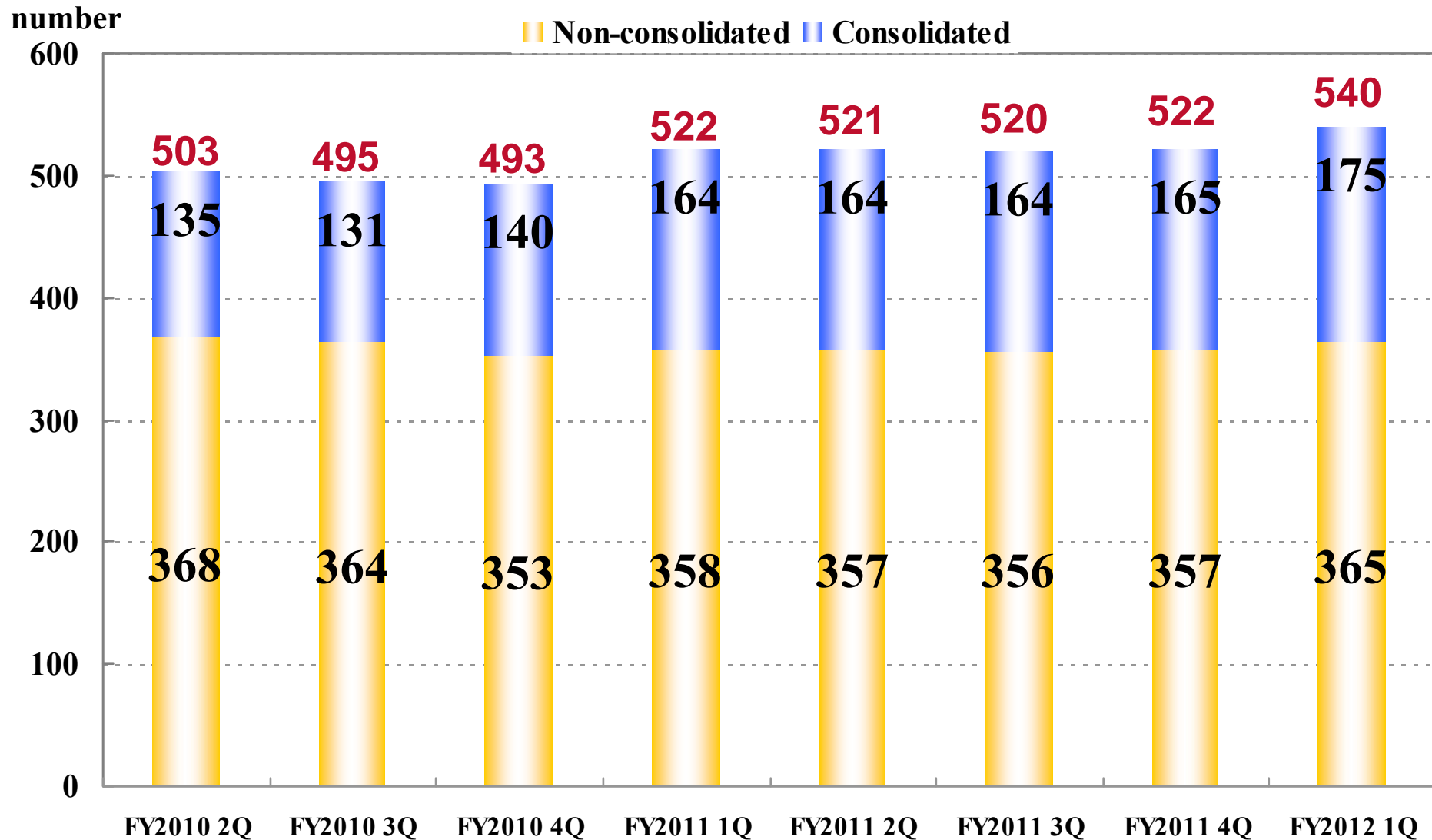
**[Consolidated]**  
**(Cumulative) Net Sales by Contract**

CYBERNET SYSTEMS CO., LTD.



# Transition of the number of employees

CYBERNET SYSTEMS CO., LTD.



# Projection of Results for FY2012

# [Consolidated] FY2012 Forecast

CYBERNET SYSTEMS CO., LTD.

Millions of yen

	First Half-Year			Full Year		
	FY2011	FY2012F	Y-o-Y difference	FY2011	FY2012F	Y-o-Y difference
Net sales	7,056	7,100	100.6%	13,613	14,000	102.8%
Gross profit	3,031	2,743	90.5%	5,762	5,634	97.8%
ratio	43.0%	38.6%	(4.3P)	42.3%	40.2%	(2.1P)
Operating income	614	260	42.3%	631	697	110.3%
ratio	8.7%	3.7%	(5.0P)	4.6%	5.0%	+ 0.3P
Ordinary income	599	285	47.5%	698	750	107.3%
ratio	8.5%	4.0%	(4.5P)	5.1%	5.4%	+ 0.2P
Income before tax	638	282	44.1%	736	714	96.9%
ratio	9.1%	4.0%	(5.1P)	5.4%	5.1%	(0.3P)
Net income	324	152	46.9%	300	385	128.2%
ratio	4.6%	2.1%	(2.5P)	2.2%	2.8%	+ 0.5P

## Result forecast

(1) FY2012 Exchange rate for beginning of term result forecast is JPY84.0 per USD.

(2) FY2012 currency hedge status: 75% of product cost that is in foreign currency are reserved approximately JPY78/USD average.

# Forecasted Dividends for FY2012

CYBERNET SYSTEMS CO., LTD.

Yen

	FY2011	FY2012(Forecast)		
	Annual dividends	Interim dividends	Year-end dividends	Annual dividends
Dividend per share	680	520	520	1,040
Net income per share	963.95	—	—	1,235.63
Dividend payout ratio	70.5%	—	—	84.2%

## [Reference]

Number of shares outstanding at end of period (including treasury stock) : 324,000

Number of treasury stock at end of period : 12,417

# [Non-consolidated] FY2012 Forecast

CYBERNET SYSTEMS CO., LTD.

Millions of yen

	First Half-Year			Full Year		
	FY2011	FY2012F	Y-o-Y difference	FY2011	FY2012F	Y-o-Y difference
Net sales	6,225	6,281	100.9%	11,904	12,200	102.5%
Gross profit	2,648	2,357	89.0%	4,900	4,589	93.6%
ratio	42.5%	37.5%	(5.0P)	41.2%	37.6%	(3.5P)
Operating income	858	541	63.1%	1,044	940	90.0%
ratio	13.8%	8.6%	(5.2P)	8.8%	7.7%	(1.1P)
Ordinary income	823	541	65.7%	1,068	940	88.0%
rato	13.2%	8.6%	(4.6P)	9.0%	7.7%	(1.3P)
Income before tax	863	538	62.4%	1,106	904	81.7%
ratio	13.9%	8.6%	(5.3P)	9.3%	7.4%	(1.9P)
Net income	513	333	65.0%	586	560	95.5%
ratio	8.2%	5.3%	(2.9P)	4.9%	4.6%	(0.3P)

## Result forecast

(1) FY2012 Exchange rate for beginning of term result forecast is JPY84.0 per USD.

(2) FY2012 currency hedge status: 75% of product cost that is in foreign currency are reserved approximately JPY78/USD average.



CYBERNET SYSTEMS CO., LTD.

# Reference



# Corporate Overview

CYBERNET SYSTEMS CO., LTD.

<i>Company Name :</i>	<b>CYBERNET SYSTEMS CO., LTD.</b> (Stock code: 4312, the First Section of Tokyo Stock Exchange)
<i>Head Office :</i>	<b>Fuji Soft Bldg., 3, Kanda Neribeicho, Chiyoda-ku, Tokyo 101-0022</b>
<i>Branch Offices :</i>	<b>Nishi-Nihon Branch Office in Osaka and Chubu Branch Office in Nagoya</b>
<i>Founding date :</i>	<b>April 17, 1985</b>
<i>Capital :</i>	<b>995 million yen (as of June 30, 2012)</b>
<i>Number of Employees :</i>	<b>Consolidated / 540, Non-Consolidated / 365</b>
<i>Subsidiaries &amp; affiliates :</i>	<b>Consolidated /</b> <b>Waterloo Maple Inc.</b> <b>Noesis Solutions NV</b> <b>CYBERNET CAE SYSTEMS (Shanghai) CO., LTD.</b> <b>Sigmatix, L.L.C.</b> <b>CYBERNET HOLDINGS CANADA, INC. (Special Purpose Company)</b> <b>Cybernet Systems Holdings U.S. Inc. (Special Purpose Company)</b> <b>Non-Consolidated /</b> <b>CYBERNET SYSTEMS TAIWAN CO., LTD.</b> <b>Cybernet Systems Korea Co., LTD.</b>
<i>Software Vendors :</i>	<b>20 software companies mostly in the US, including ANSYS, Inc.</b> <b>Synopsys, Inc. and Cadence Design Systems, Inc., and so on.</b>
<i>Business :</i>	<b>Providing CAE and IT solutions, as well as professional services including consulting</b>

**CAE stands for “Computer Aided Engineering”**

# Cybernet Group

CYBERNET SYSTEMS CO., LTD.

## Market

## Cybernet Group

## FUJISOFT Group

ユビキタス&クラウドインテグレーター



Cooperate in control, IT field



**Japan**

つくる情熱を、支える情熱。  
**CYBERNET** CAE solution  
 IT Solution

**Asia**

**CYBERNET** Sales Subsidiaries

<b>CYBERNET China</b>	CAE Solution
<b>CYBERNET Taiwan</b>	CAE Solution
<b>CYBERNET Korea</b>	CAE Solution

CAE Development Subsidiaries

Mathematics • Modeling • Simulation  
 Direct sales locations: NA, German

Direct sales location: NA

Direct sales locations: Belgium, NA, France

**Europe and NA**

Direct sales and sales through WW distributors (partners)

**FY2012~FY2014**

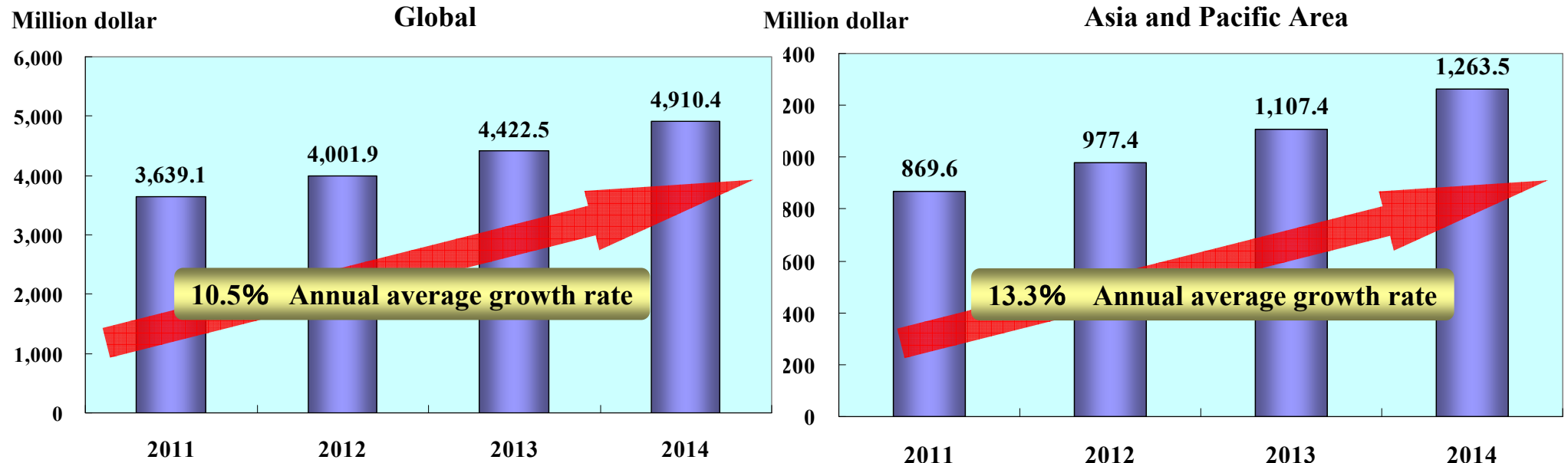
# New Mid-term business plan

# Forecasted 10% growth of CAE Software market

CYBERNET SYSTEMS CO.,LTD.

-Forecasted from market size and growth from 2011 to 2014 (\$1Mil)

**Forecasted to reach \$1,263.5 million in 2014 with annual average growth rate of 13.3% in Asia-pacific region**



Source : Global Computer Aided Engineering (CAE) Software Market 2009-2014

# (FY2012 ~FY2014) New Mid-term business plan

CYBERNET SYSTEMS CO., LTD.

Corporate vision : First Contact Company  
-Be a company which customer and partner will inquire first-

## Management Strategy

1. Developing and providing unique solutions with new value
2. Creating and expanding markets for system-level simulation (1D simulation) (※ 1)
3. Understanding various needs and improving support by creation of deep communication opportunity with the customer
4. Accelerating global development for group products and solutions

※ 1 System-level(1D) • Simulation (Page #32)

※ 2 Multi-domain solution (Page #31)

## Priority measures

- ① Promotion of Multi-domain (complex and integrated solution extends over various domain)solution (※ 2)
- ② Accelerate penetration of MapleSim into global market
- ③ Sales expansion strategy for automotive industry
- ④ Go into Korean market, Enhance NA and Europe sales network

# What is “Multi-Domain Solution” (Priority Measures ①)

CYBERNET SYSTEMS CO., LTD.

## Analysis example : Evaluate influences by heat in lens

Analysis process integration · Total optimization **Optimus<sup>®</sup>**

Optical

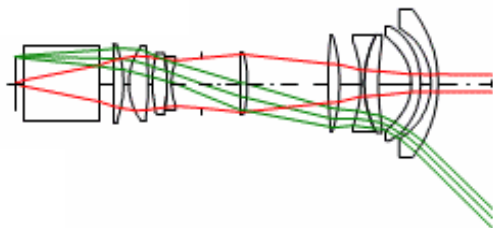
Mechanical

Optical

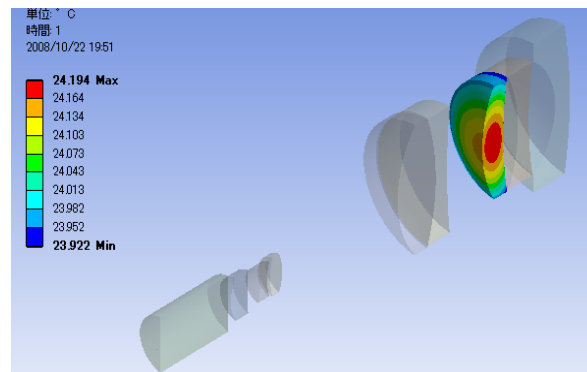
code v<sup>®</sup>

ANSYS<sup>®</sup>

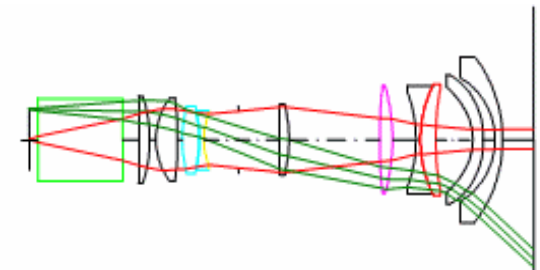
code v<sup>®</sup>



**Primary design**  
Lens configuration,  
setting data



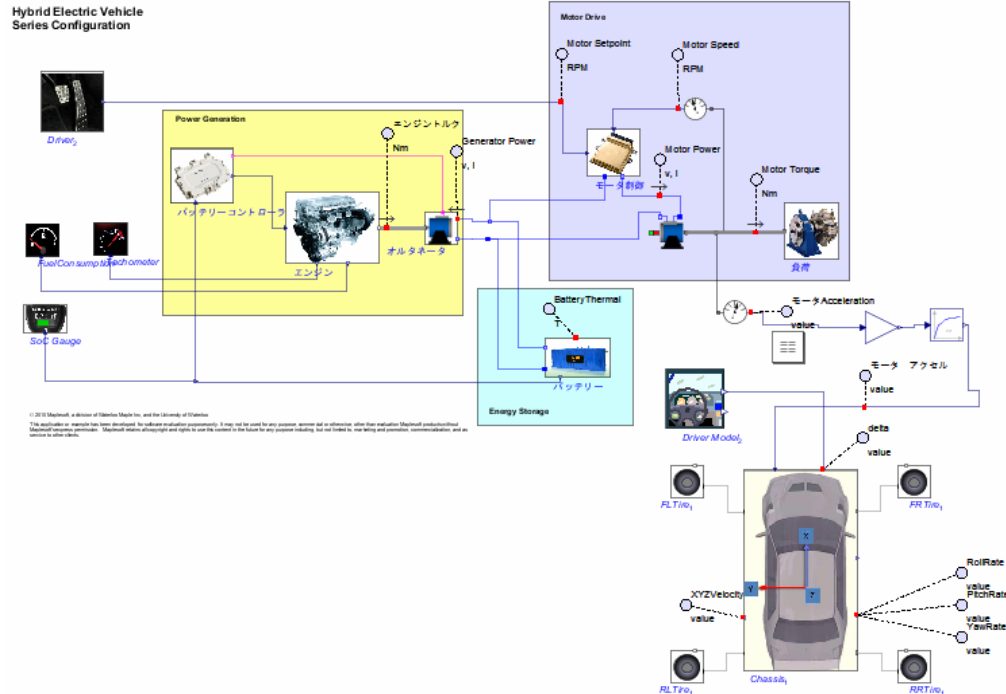
**Heat Transfer Analysis**  
Check influence by heat



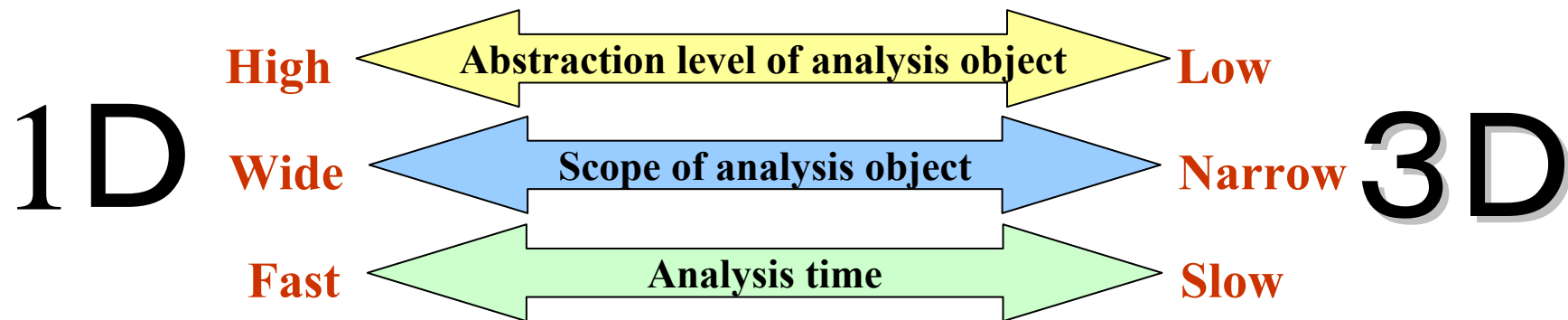
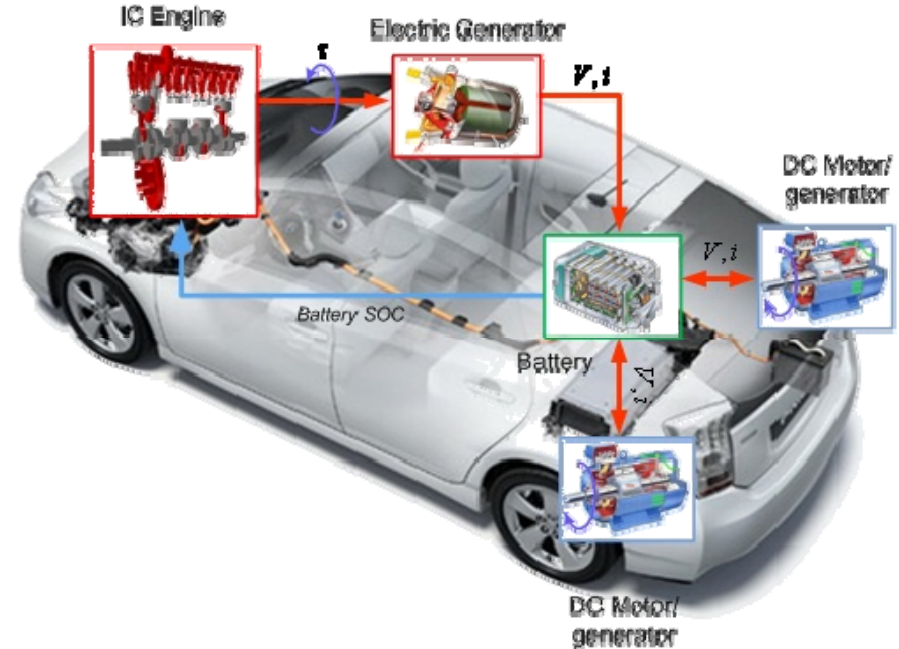
**Secondary design**  
Evaluate efficiency and re-set  
variance

# What is System-level(1D) simulation (Priority Measures ②)

## 1D simulation



## 3D simulation

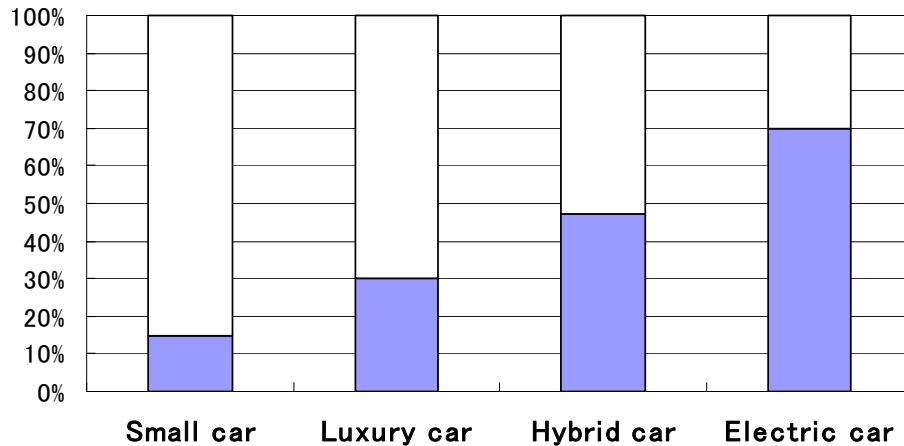




# Automotive industry (Priority Measures ③)

CYBERNET SYSTEMS CO., LTD.

The ratio of electronic parts occupied in the cost structure of the automobile




Necessary and unnecessary assemblies by EV

	Unnecessary assemblies by EV	Necessary assemblies by EV
Engine	Cylinder block, piston, Con rod, Cam, Camshaft, Valve	Motor
Engine peripheral device	Fuel system, Intake system, Exhaust system, Lubrication system, Charge/-Start system, Ignition	Cooling system, Inverter, Batter for drive, DC/DC Converter
Power train	Transmission	Propeller shaft, Differential gears, Drive shaft
Brakes	Oil pressure device, Servo unit, Master cylinder	Parking brakes, Disc/Drum brake, ABS
Steering	Oil pressure power steering, Steering shaft	Electric power steering, Gearbox, Tie rod

Source: 2010.3 Ministry of Economy, Trade and Industry

**Along with electronize of automotive.....**

- Increase demands of mechanical CAE software which is highly acclaimed in electric/electronic manufacturers
- Acceleration of System level(1D) - Simulation
- Increase demands of multi-domain (complex and integrated solution extends over various domain) solution analysis

- Consolidated Financial Performance Targets
    - Ordinary profit ratio: **5.1%** (FY2011)
- 
- Ordinary profit ratio: **More than 8.0%** (FY2014)

# CYBERNET SYSTEMS CO., LTD.

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**URL:** <http://www.cybernet.co.jp>

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