

**LINK Smart**

Toward a shared, connected future

(Financial Summary)

**CYBERLINKS CO., LTD.**  
**Financial Results for FY12/23**  
(January 1, 2023 – December 31, 2023)

March 5, 2024

### Driving Growth in the Distribution Cloud Business



- Strengthen product and competitiveness of @rms ERP and promote development for medium- to large-sized clients

### Create a Healthy, Vibrant, and Fulfilling Workplace

- **WorkSmart**: Create a rich and efficient work environment
- Implement continuous salary increases (base salary and pay raise)

# 1. Executive Summary Consolidated Financial Results for FY12/23

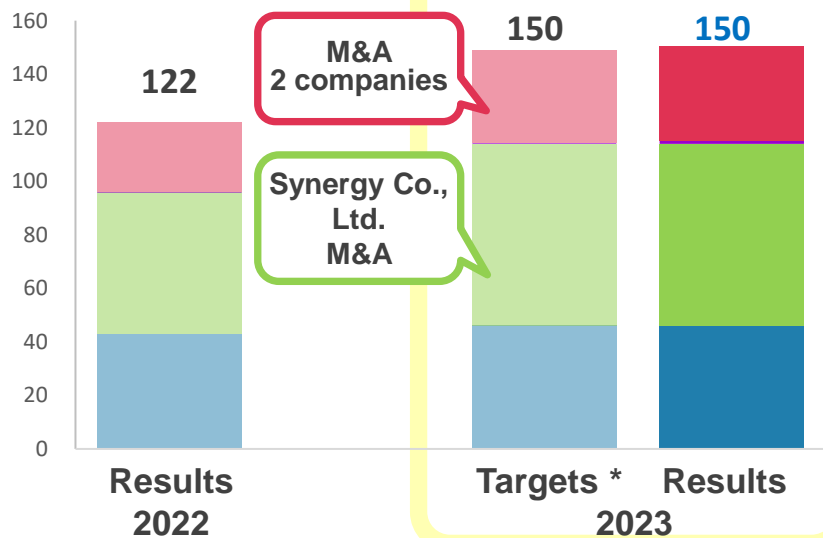
## Net sales

Net sales rose in all segments largely in line with plan; M&A and business growth contributed

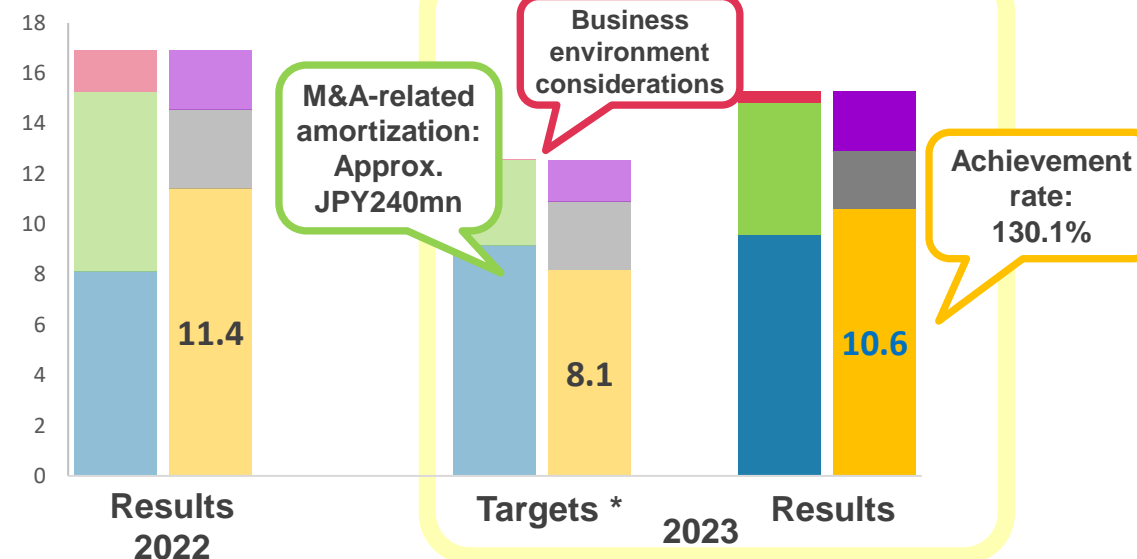
## Ordinary profit

Achieved 130% of plan despite lower profit from goodwill amortization Steady growth in the Distribution Cloud business

(100mn yen)



(100mn yen)



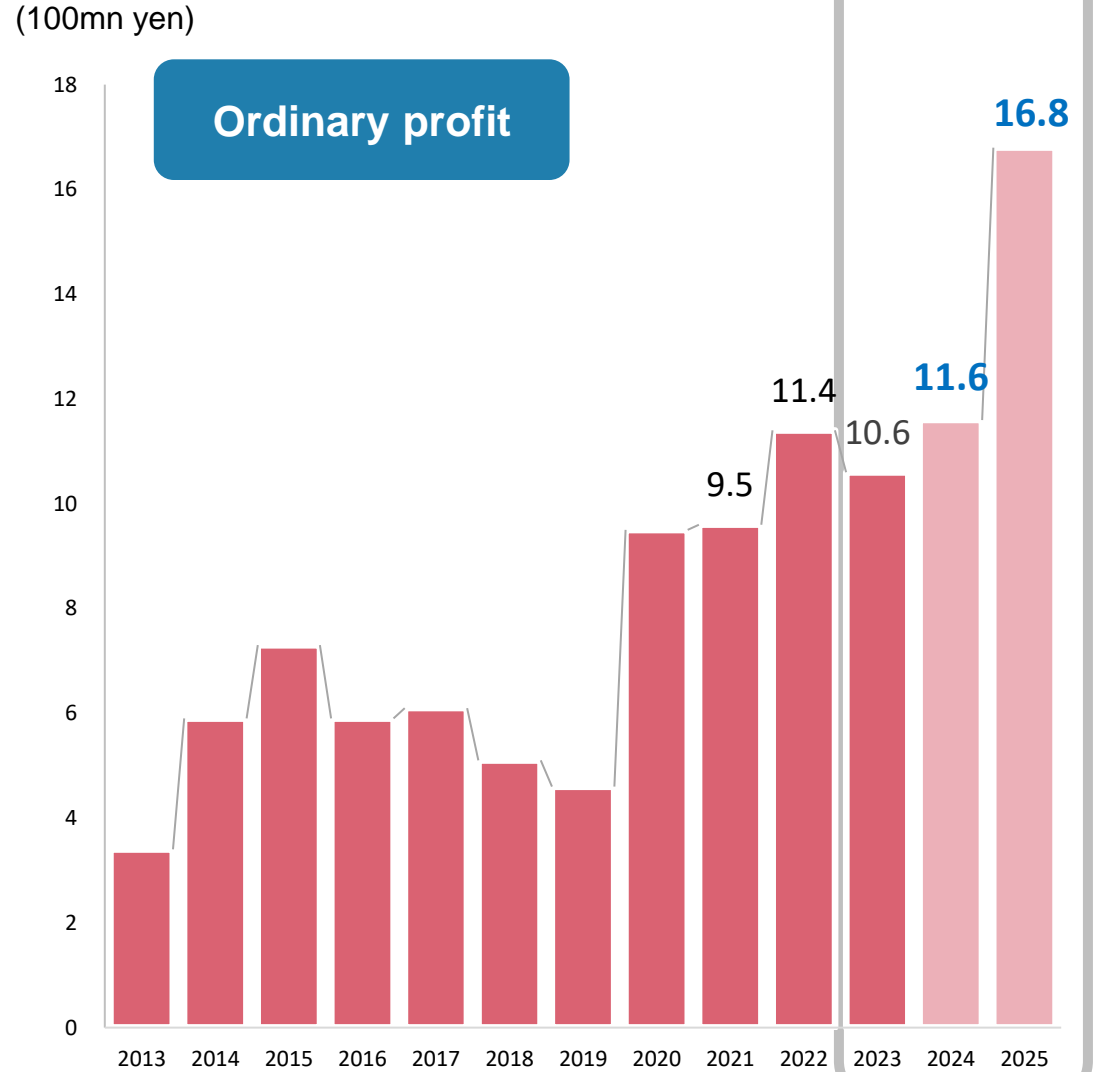
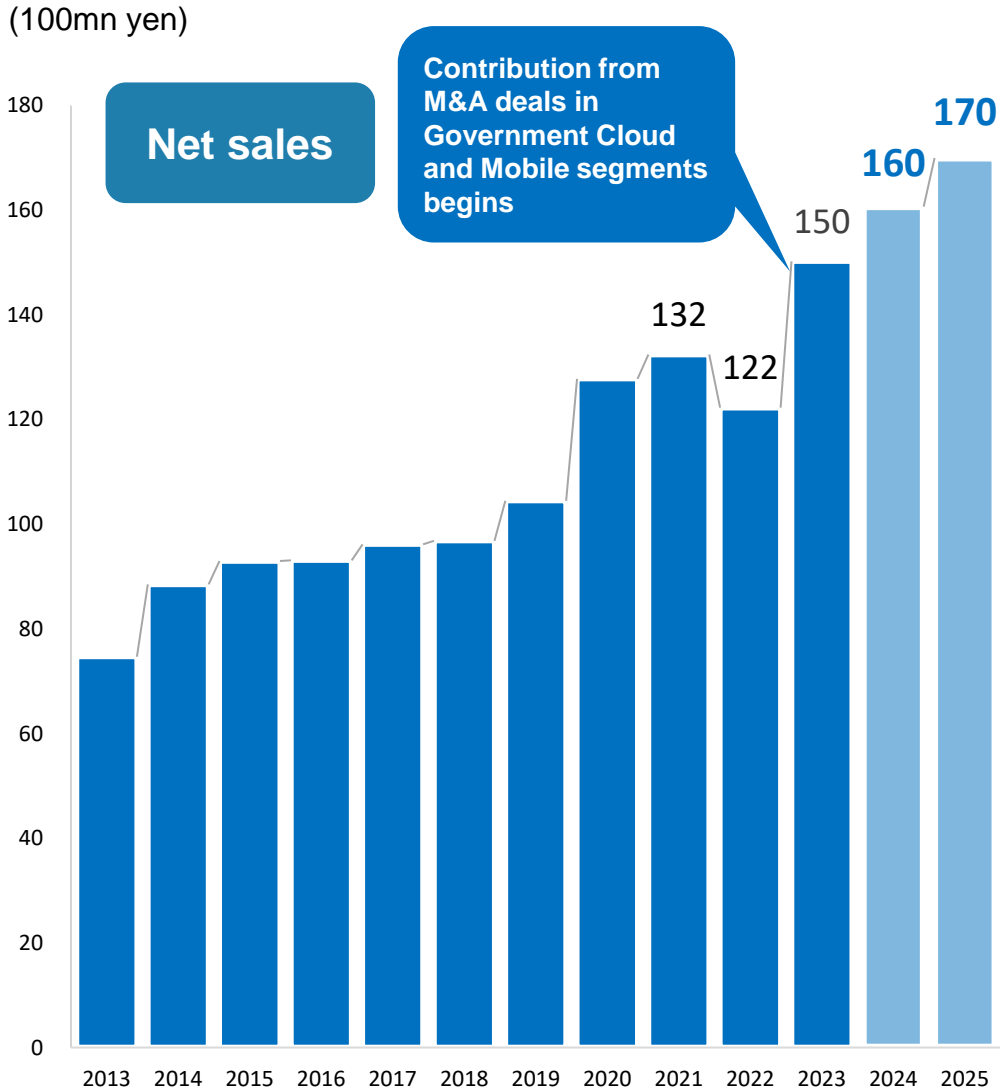
■ Distribution ■ Government ■ Trust ■ Mobile ■ Management ■ Ordinary profit

\*Figures are based on the revised earnings forecast announced on May 15, 2023.

(100mn yen)	FY12/23 results	FY12/23 results	YoY		1H FY12/23 plan*	Progress vs. Plan
			Amount	%		%
Net sales	150	122	+27	22.9	150	99.7
Recurring revenue	76	69	+7	11.2	76	100.7
Ordinary profit	10.6	11.4	(0.7)	(6.9)	8.1	130.1
Ordinary profit margin	7.1%	9.3%	(2.3pt)	—	5.4%	—

# Aiming for record profits in 2024

Offset amortization (240 million yen/year) related to acquisition of Synergy

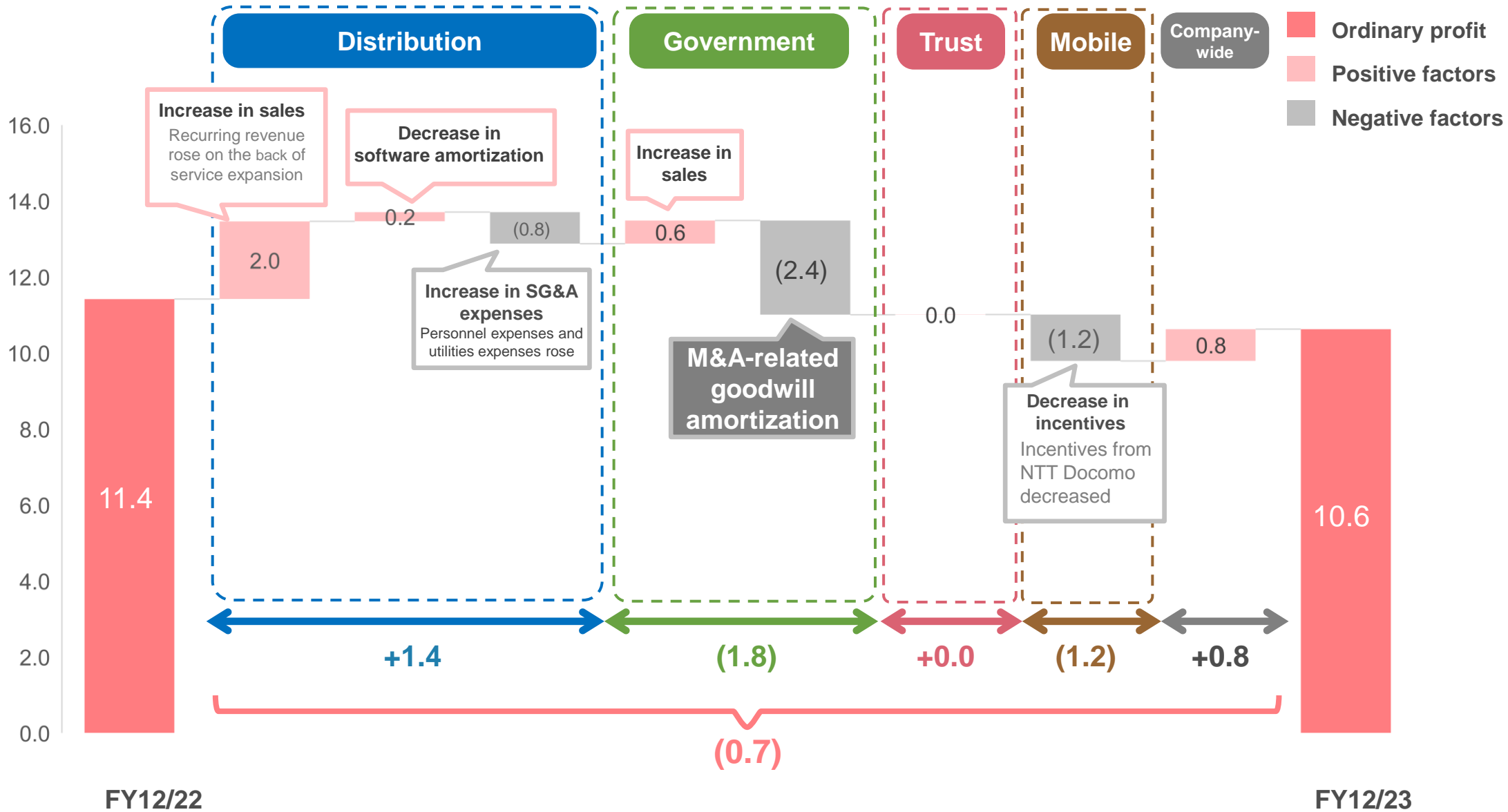


\*2024 figures reflect earnings forecast, 2025 figures reflect medium-term management plan

## **2. Consolidated Financial Results for FY12/23**

## 2. Consolidated Financial Results for FY12/23: Factors Affecting Ordinary Profit

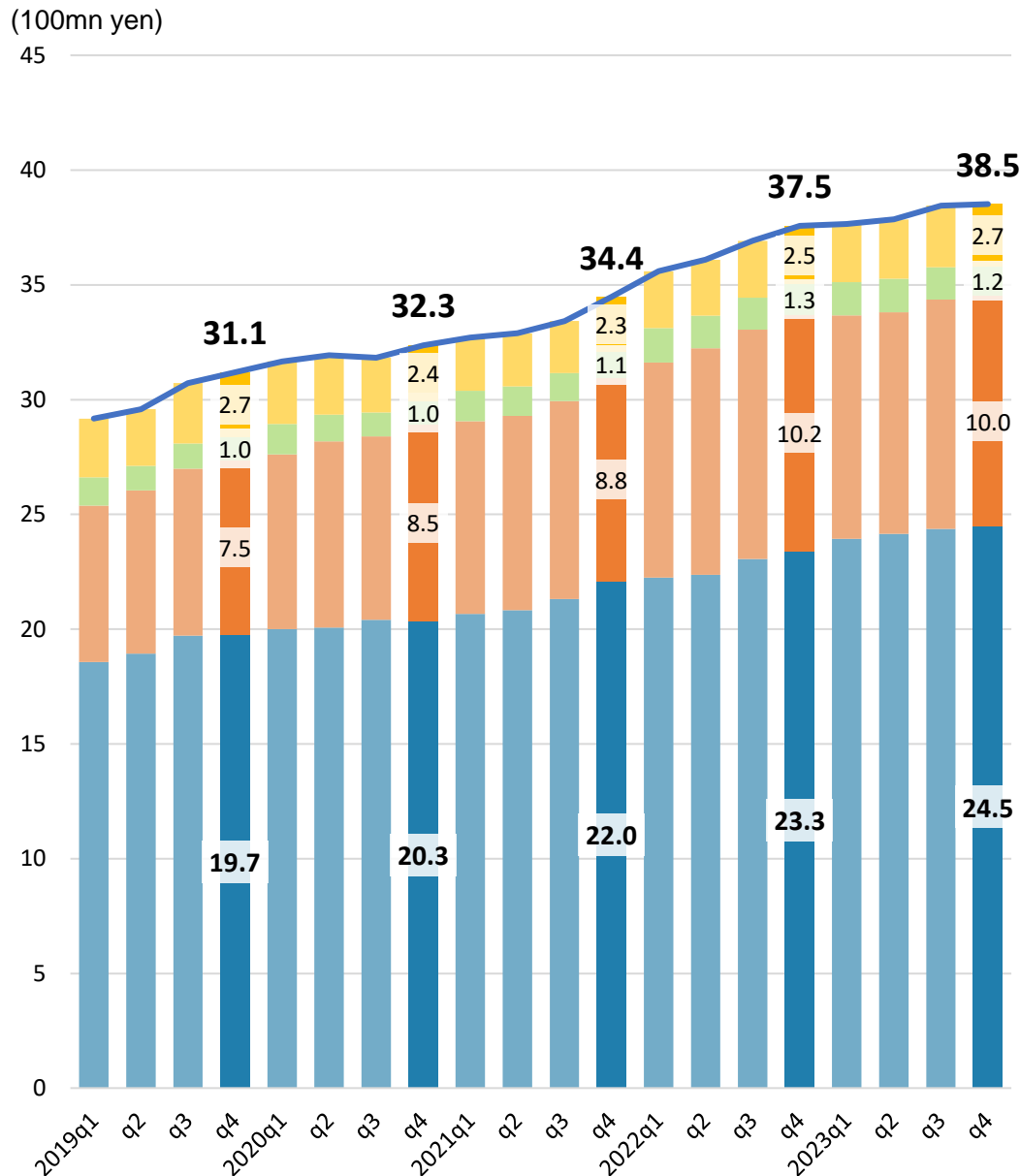
Distribution Cloud business remained strong thanks to higher sales, but profits dropped owing to M&A-related amortization expenses



## 2. Consolidated Financial Results for FY12/23: Distribution Cloud <ARR>

**ARR (Monthly recurring revenue for the final month of a given quarter × 12 months)**

Example: ARR for 4Q FY12/23 = recurring revenue for December 2023 × 12



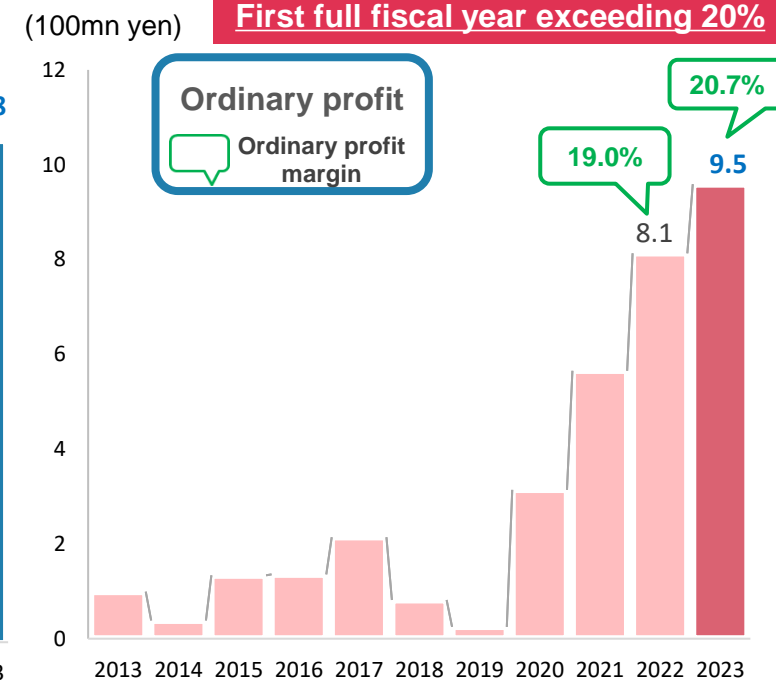
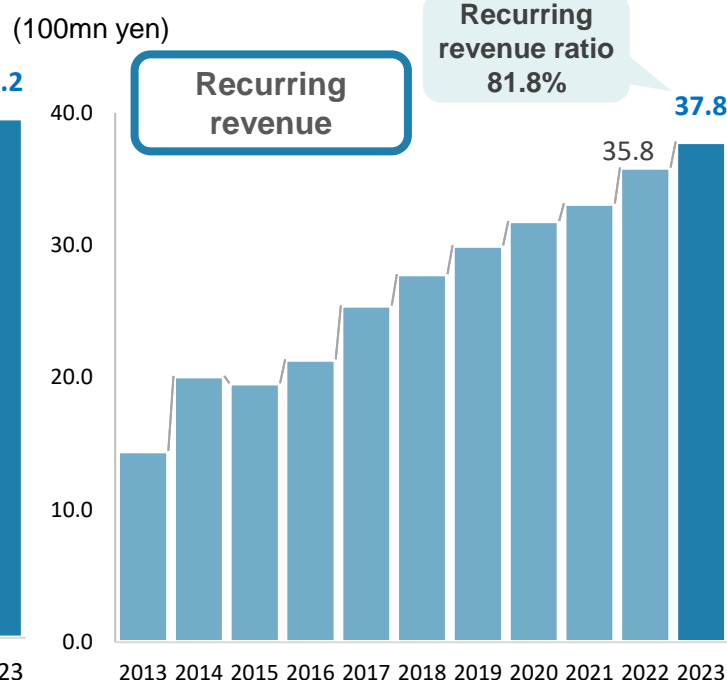
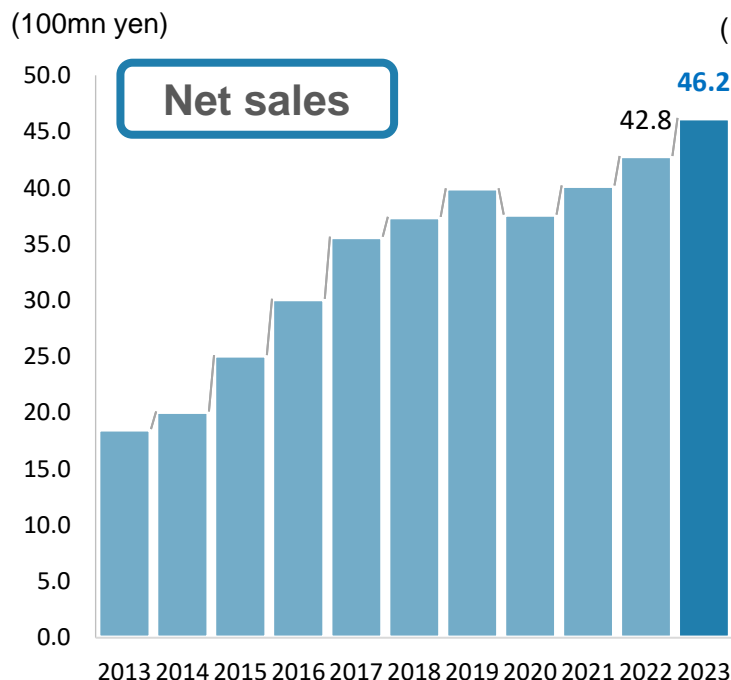
Achieved **solid annual expansion** of about **JPY 200 million** thanks primarily to **growth in services for food retailers**, including **@rms ERP**

<p><b>Services for Food Retailers Wholesalers</b></p>  <p>YoY <b>+1.1</b></p>	<p><b>Services for Processed Food Wholesalers</b></p>  <p>YoY <b>-0.2</b></p>
<p><b>Services for the Overall Food Distribution Industry</b></p>  <p>YoY <b>+0.0</b></p> 	<p><b>Services for Specialty Stores</b></p>  <p>YoY <b>+0.1</b></p> <p>AUTHORIZED Business Partner</p>

Note: ARR for 2Q FY12/20 has been adjusted to reflect recurring revenues generated by special factors.

## 2. Consolidated Financial Results for FY12/23: Distribution Cloud

Distribution



### Full-Year FY12/23 Results

**Higher sales and profits underpinned by steady expansion of service offerings**  
**Booked record high profits, with ordinary profit margin rising to 20.7%**

- ◆ Expanded service offerings such as retail EDI service BXNOAH
- ◆ Focused on expanding @rms ERP service to medium- to large-sized clients
  - Resumed proposal activities and secured orders from two companies (scheduled to start operation in 2025)
  - Worked on improving speed and other enhancements
- ◆ Began operations of B2B collaboration C2Platform at a major food retailer

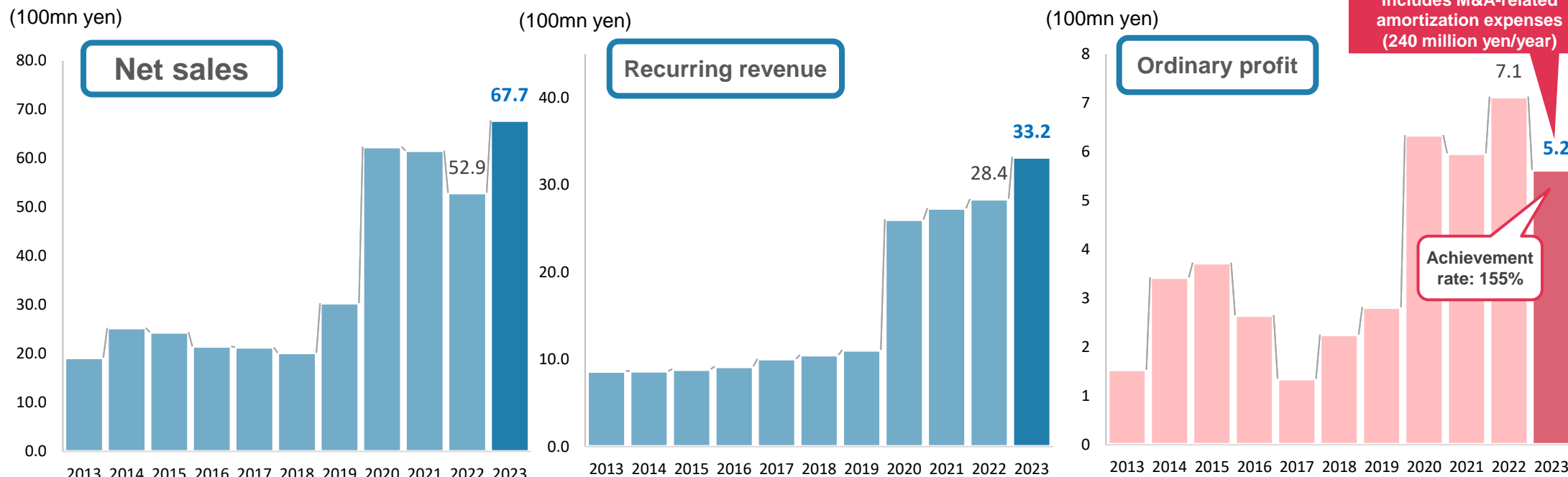
Selected as EDI platform service vendor for the Shared EDI Platform established by the Japan Processed Foods Wholesalers Association, and began providing service in October 2023

(\*Japan Processed Food Wholesalers Association)



## 2. Consolidated Financial Results for FY12/23: Government Cloud

Government



### Full-Year FY12/23 Results

**Sales rose sharply with the consolidation of Synergy, but profits fell owing to amortization related to M&A**

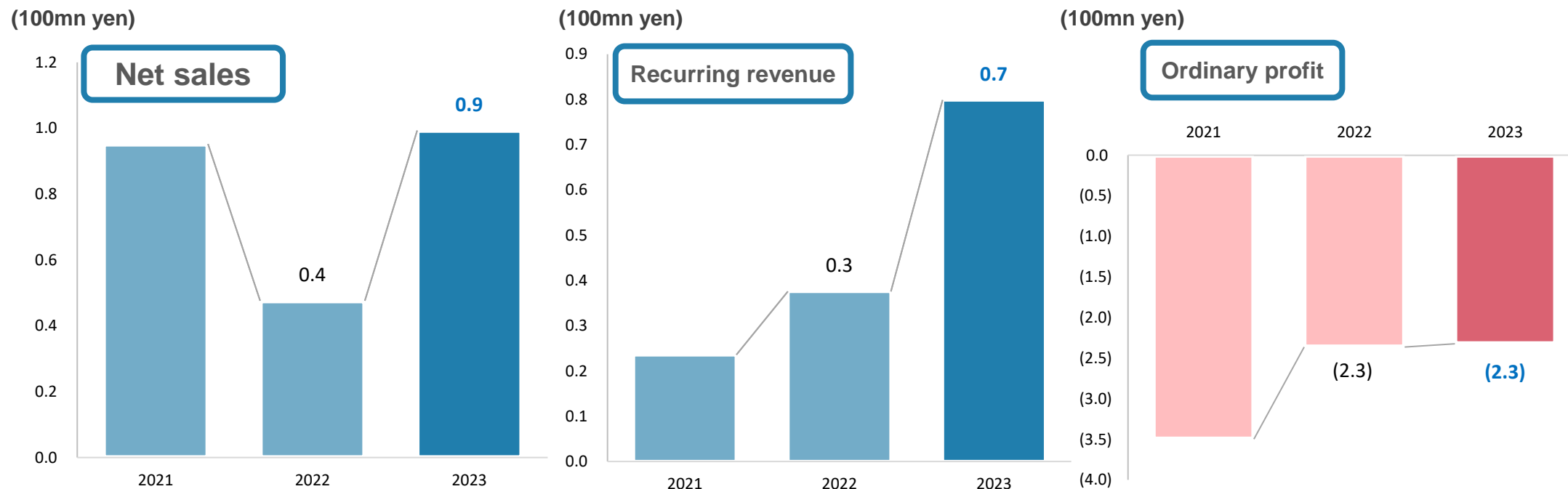
**Earnings came in above plan thanks to efficient progress of projects**

- ◆ Sales grew substantially thanks to the consolidation of Synergy, with network construction projects also contributing to the increase
- ◆ Profit fell owing to M&A-related amortization (240 million yen), but achieved 155% of plan thanks to efficient progress on off-plan projects

Began full-scale launch of the MynaSign electronic authentication service for local governments (in cooperation with LoGo Form), and local government service adoption is on the rise

## 2. Consolidated Financial Results for FY12/23: Trust

Trust



### Full-Year FY12/23 Results

**Higher sales thanks to the launch of a major CloudCerts project**

**Prepared for launching digital contract service targeting the real estate industry**

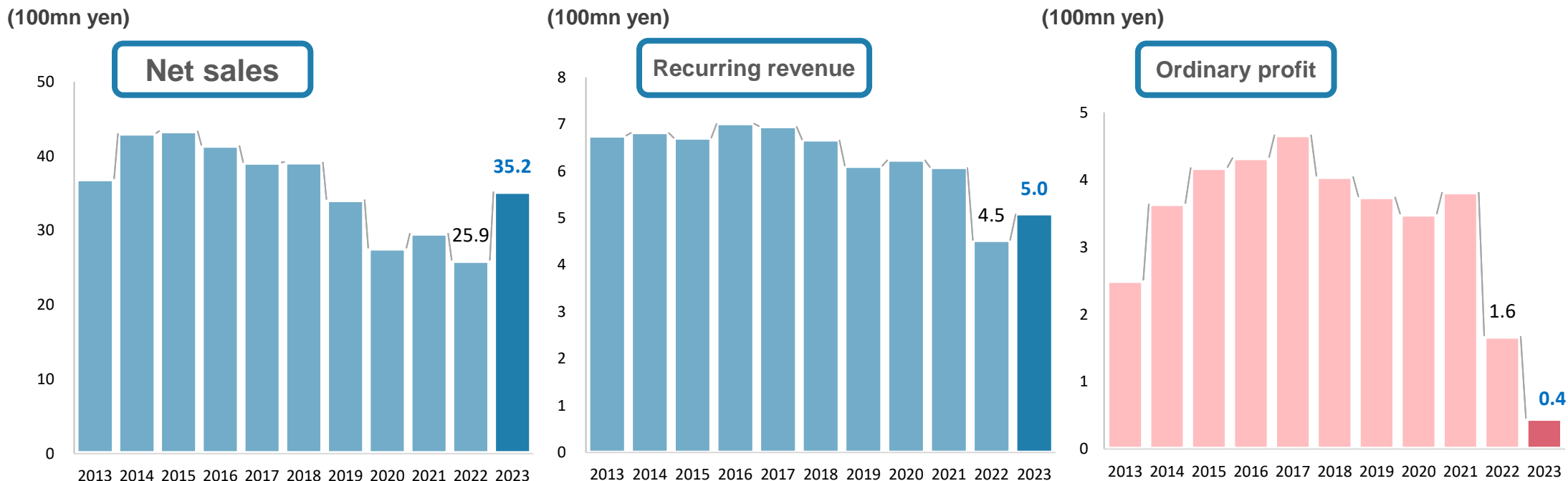
- ◆ Launched the CloudCerts digital certificate issuing service for the TOEIC®Program (from May 2023)
- ◆ Released the Sum Paulo digital signature service for judicial scriveners (Developed through collaboration with SumPaulonia Inc. from August 2023)
- ◆ Incurred capital investment for time stamp services (30 million yen)

**First in Japan to digitize certificates for national certifications!**

### CloudCerts selected for digitized Pharmacist Certificate issued by the Japan Pharmaceutical Association

Illustration of digital Pharmacist Certificate





### Full-Year FY12/23 Results

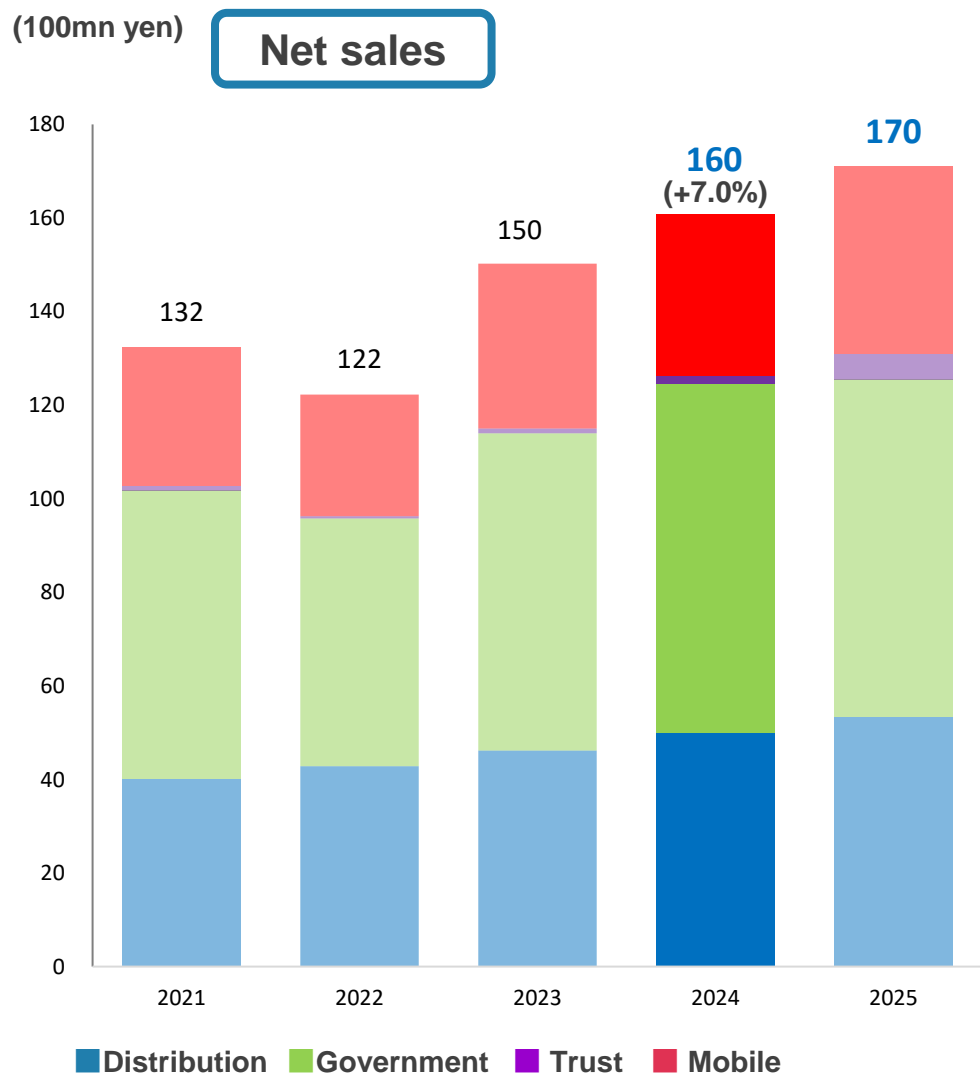
**Higher sales on the back of M&A deals, but profits fell owing to the continued challenging business environment**

- ◆ Sales rose thanks to contributions from M&A deals executed in December 2022, but profits dropped owing to changes in incentive systems
- ◆ Results came in ahead of plan thanks in part to cost reductions
- ◆ Recorded impairment loss as we were unable to relocate stores to enhance profitability and the prospects for a recovery in incentives were uncertain

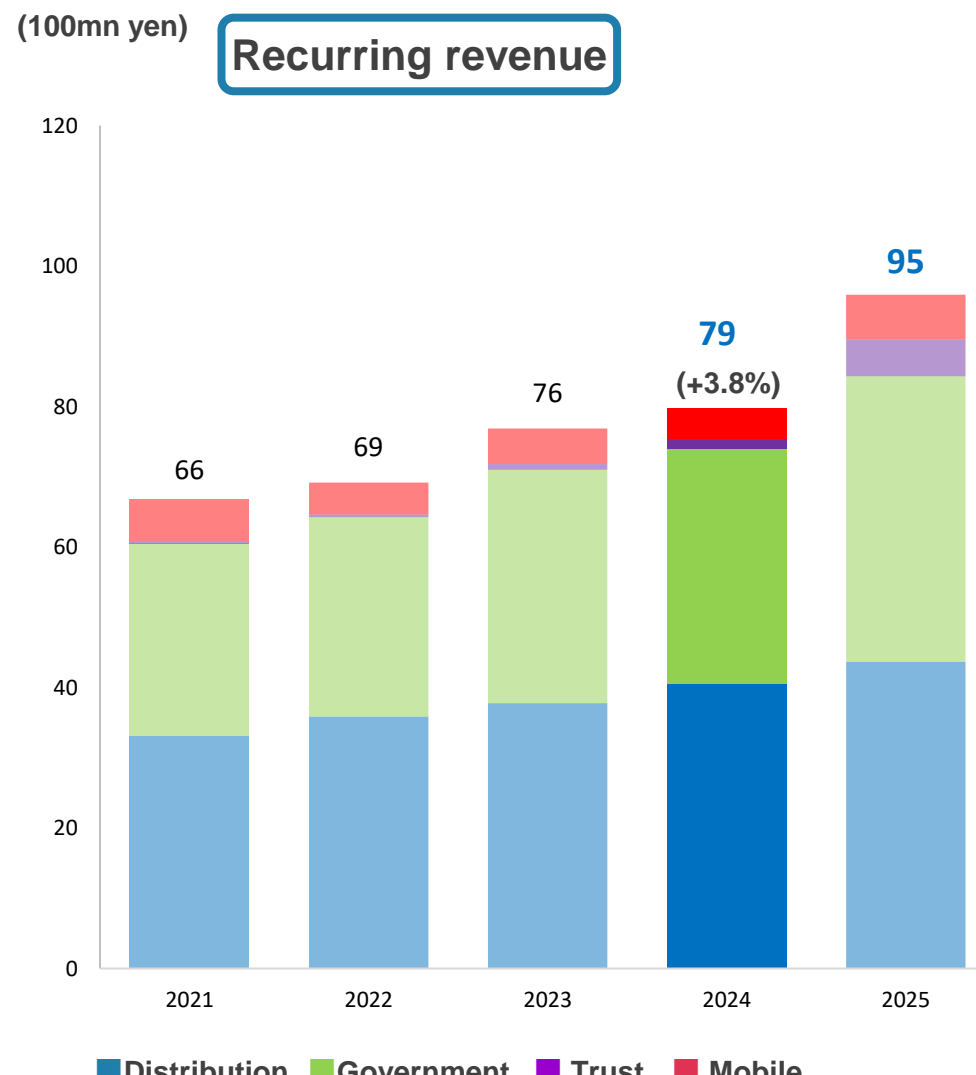
## 3. Outlook

### 3. Outlook Net Sales and Recurring Revenue

## Projecting higher sales centered on growth in Distribution Cloud



\*Figures for 2021-2023 refer to actual results, figures for 2024 refer to the earnings forecast, and figures for 2025 refer to the medium-term management plan

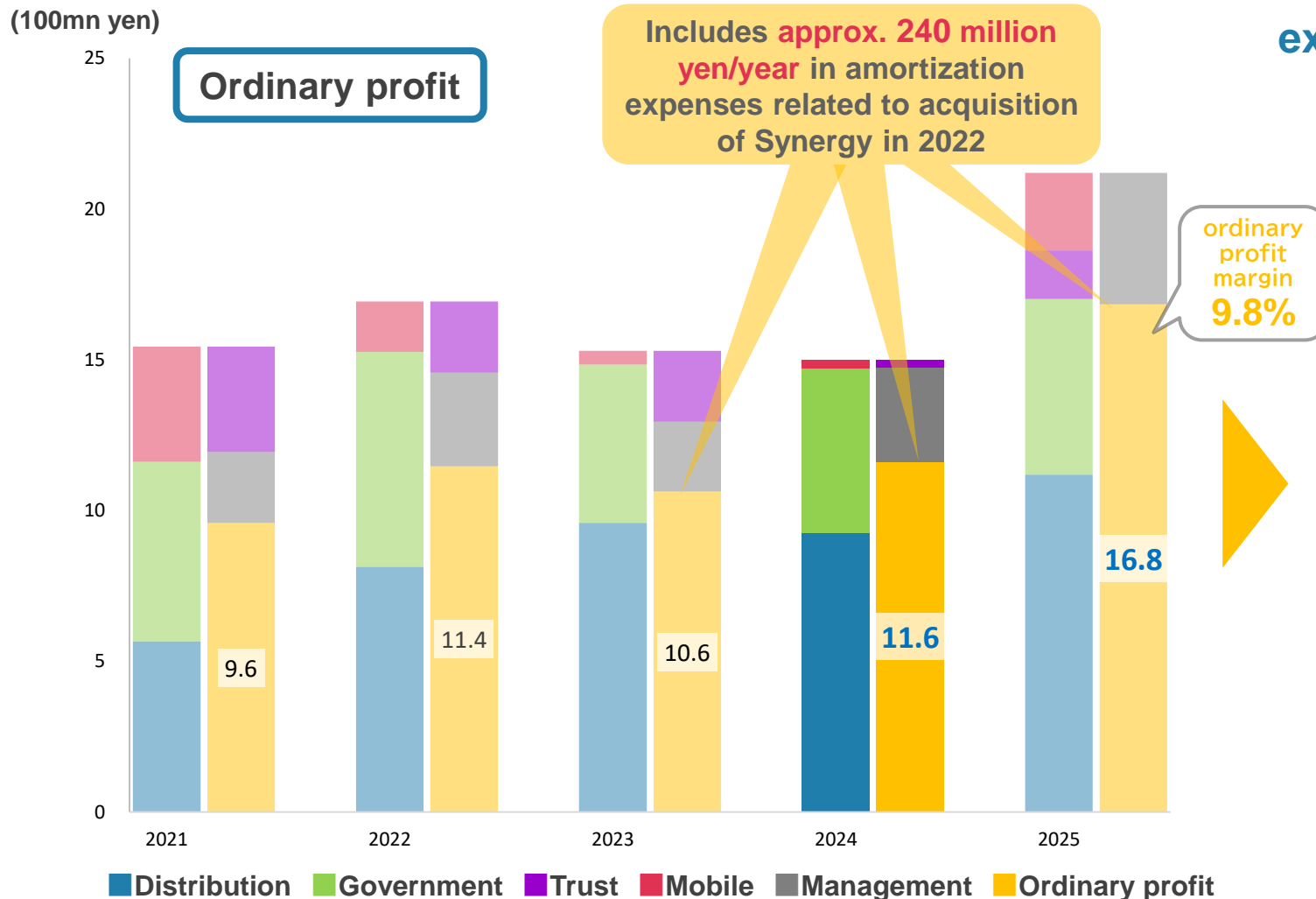


\*Figures for 2021-2023 refer to actual results, figures for 2024 refer to the earnings forecast, and figures for 2025 refer to the medium-term management plan

### 3. Outlook Ordinary profit

**Aiming to achieve record-high profits by absorbing investment and depreciation costs for M&A and development through business growth**

**M&A-related amortization expenses will be fully amortized in stages**



To be completed in 2025

**Software amortization**

**Government**

Approx. 70 million yen/year

To be completed in 2027

**Goodwill amortization**

**Government**

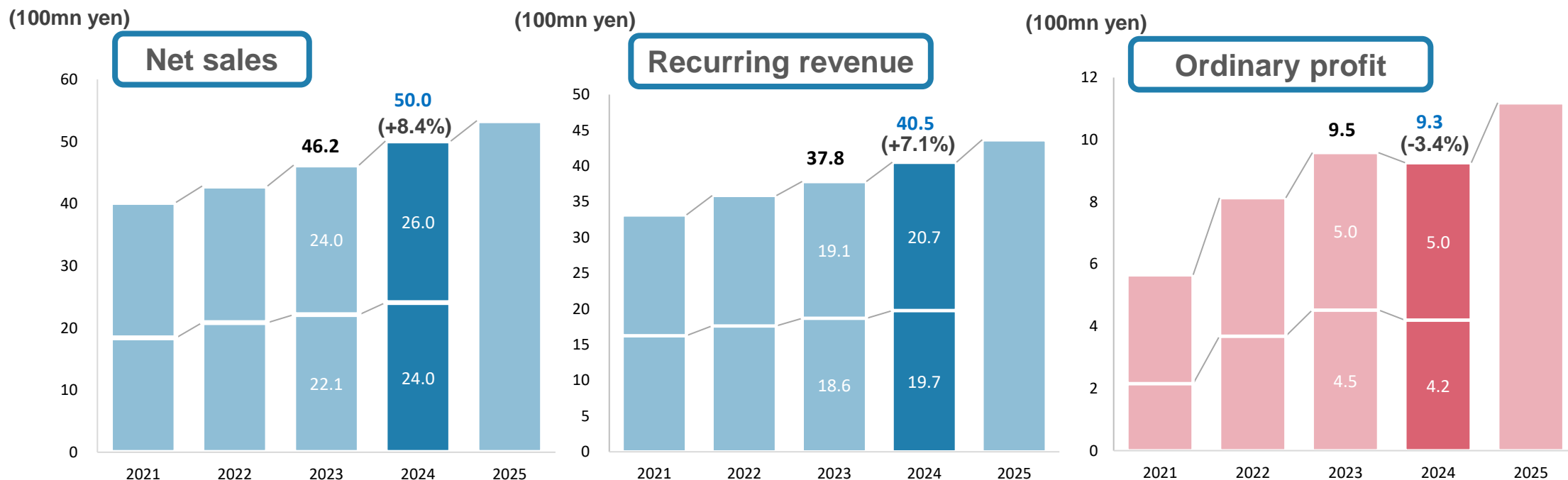
Approx. 160 million yen/year

**Profit growth is slated to accelerate from 2026!**

\*Figures for 2021-2023 refer to actual results, figures for 2024 refer to the earnings forecast, and figures for 2025 refer to the medium-term management plan

### 3. Outlook Distribution Cloud (FY12/24 Outlook)

Distribution



\*Figures for 2021-2023 refer to actual results, figures for 2024 refer to the earnings forecast, and figures for 2025 refer to the medium-term management plan

#### FY12/24 Outlook

**Aiming for 8.4% sales growth by boosting recurring revenue**

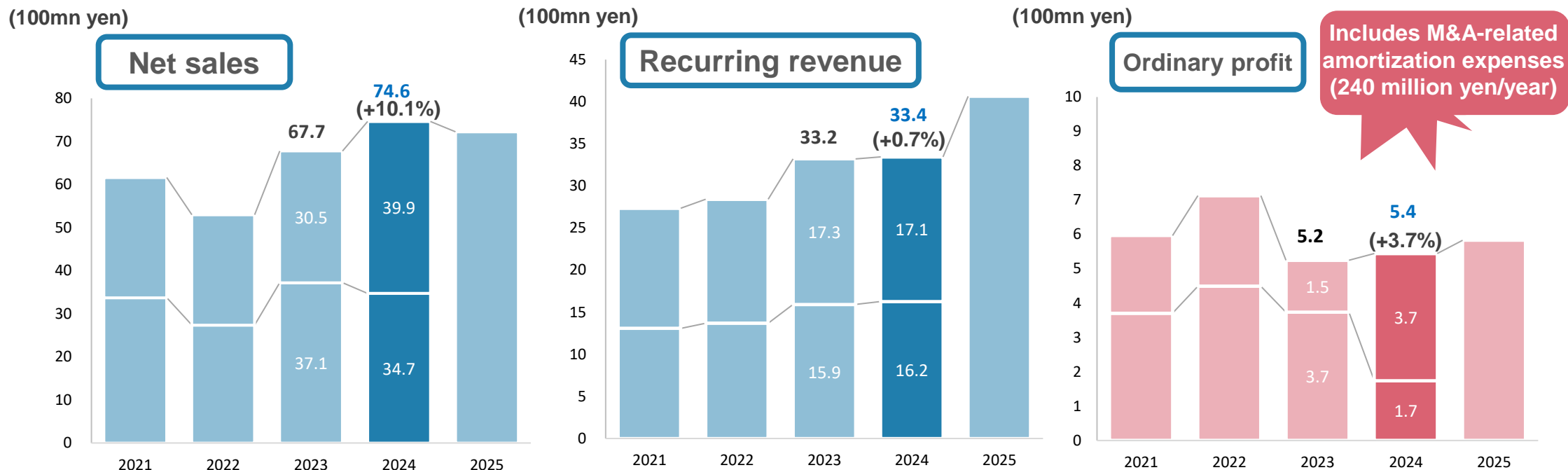
**Projecting lower profits owing to higher software amortization**

- ◆ **Focusing on rolling out @rms ERP service to medium- to large-sized clients**
  - Aiming for steady implementation of orders received in the previous year and securing more orders
  - Promote development to strengthen product and competitiveness
    - Higher software amortization expenses associated with completion of speed improvement and other brush-up developments (approx. 80 million yen)
- ◆ **Planning to pursue major wholesalers for C2Platform**



### 3. Outlook Government Cloud (FY12/24 Outlook)

Government



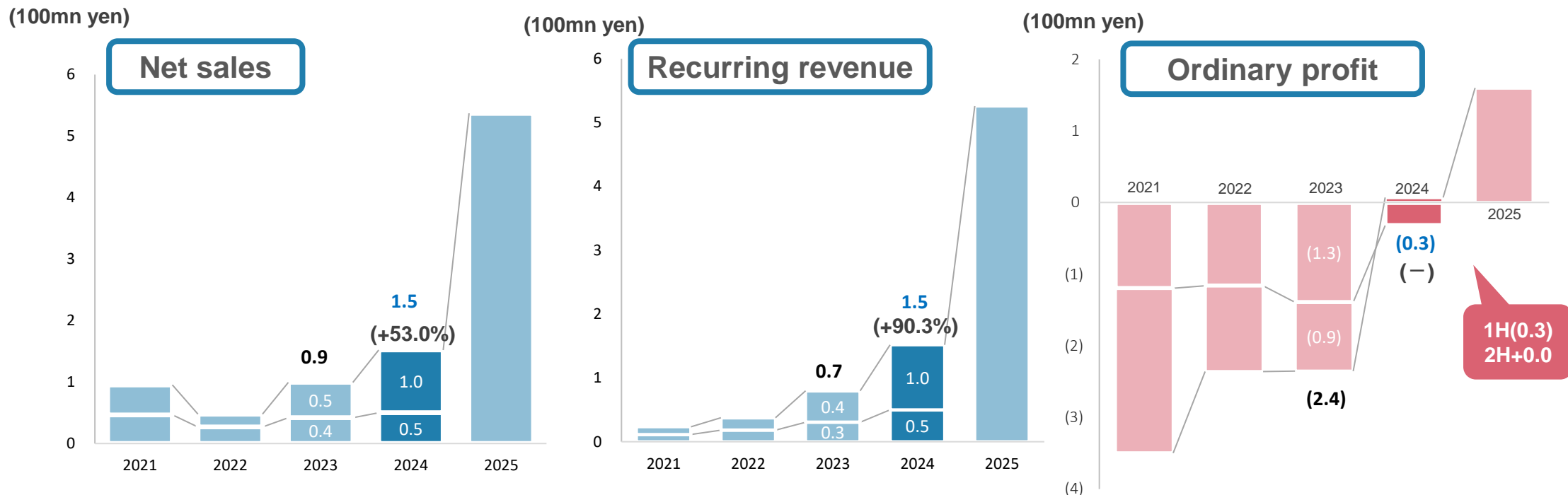
\*Figures for 2021-2023 refer to actual results, figures for 2024 refer to the earnings forecast, and figures for 2025 refer to the medium-term management plan

### FY12/24 Outlook

**Projecting higher sales on the back of local government digital transformation projects to offset M&A-related amortization costs and achieve higher profits**

- ◆ Expecting higher sales and profits on the back of contributions from local government digital transformation projects, such as migration support for the unification and standardization of local government ERP systems as well as document management system ActiveCity
  - Aiming to expand proposals in collaboration with the Trust business
- ◆ M&A-related goodwill amortization expenses (240 million yen/year) will continue

### 3. Outlook Trust (FY12/24 Outlook)



\*Figures for 2021-2023 refer to actual results, figures for 2024 refer to the earnings forecast, and figures for 2025 refer to the medium-term management plan

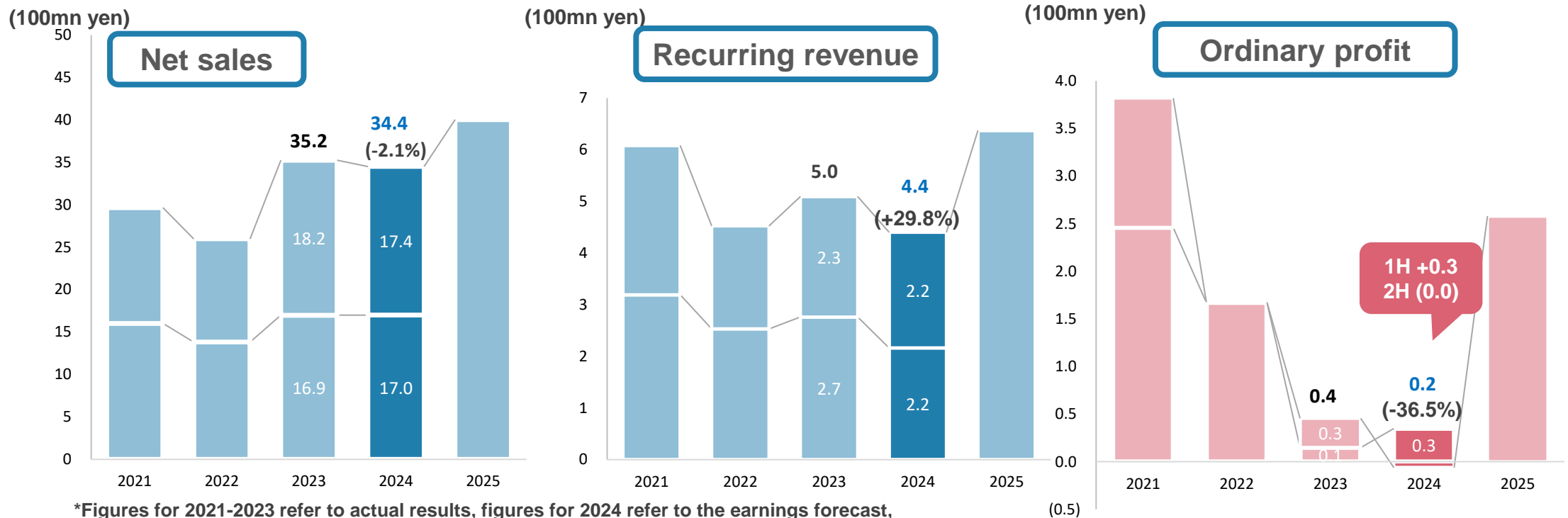
#### FY12/24 Outlook

**Forecasting higher sales centered on deployment of CloudCerts**

**Expecting ordinary loss for the full year, with a return to profitability from 2H onward**

- ◆ Aiming to further promote CloudCerts by leveraging the success of major project implementations from the previous year
- ◆ Moving toward full-scale delivery of digital contract service targeting the real estate industry, which has been undergoing preparations

### 3. Outlook Mobile Network (FY12/24 Outlook)



\*Figures for 2021-2023 refer to actual results, figures for 2024 refer to the earnings forecast, and figures for 2025 refer to the medium-term management plan

#### FY12/24 Outlook

**Expecting challenging business environment to continue**

**Plan to work on boosting area sales market share**

- ◆ Challenging environment will continue owing to falling handset sales at retail stores, as well as carrier store optimization policies and changes in incentive systems
- ◆ Proactive sales activities such as travel sales and efficient operation of stores
- ◆ Evolve into the community's Smart Life Shop

## 4. Sustainability Initiatives

## 4. Sustainability Initiatives

### Promotion of initiatives in response to Japan's Revised Corporate Governance Code

#### Environmental

■ Indicates changes from 2Q FY12/23

- Identify climate change-related risks and opportunities, calculate CO2 emissions/set reduction targets (Scope 2) (to be announced in March 2024)
- Streamlined offices (Synergy's Tokyo Branch Office moved to Cyberlinks' East Japan Branch Office)
- Enabled signing of minutes and commercial registration online with MynaTrust
- Gradually replace gasoline vehicles with PHVs in our fleet

#### Social

- Raise salary levels (increases in base and regular salaries) and starting salaries for new graduates
- Establish joint research program in the Faculty of Systems Engineering, Wakayama University
- Implement initiatives to promote the advancement of women in the workplace (ratio of managers: 8.2%; ratio of senior staff: 23.6%) \*As of December 31, 2023.  
\*By end-FY12/25: 25% target ratio of female senior staff; By end-FY12/30: 10% target ratio of female managers  
**Raise the target ratio of women in senior staff positions from 20.0% to 25.0% by end-FY2025**
- Provided training for managerial candidates (management strategy school, team-building)
- Offer career study opportunities (company visit) for junior high school students

#### Governance

- Enhance and improve both English disclosure materials and English IR website; establish a YouTube channel
- Adopt the exercise of voting rights via the Internet
- Add one independent outside director and increase ratio of independent outside directors to 50.0% (to be proposed at the 60th Ordinary General Meeting of Shareholders)

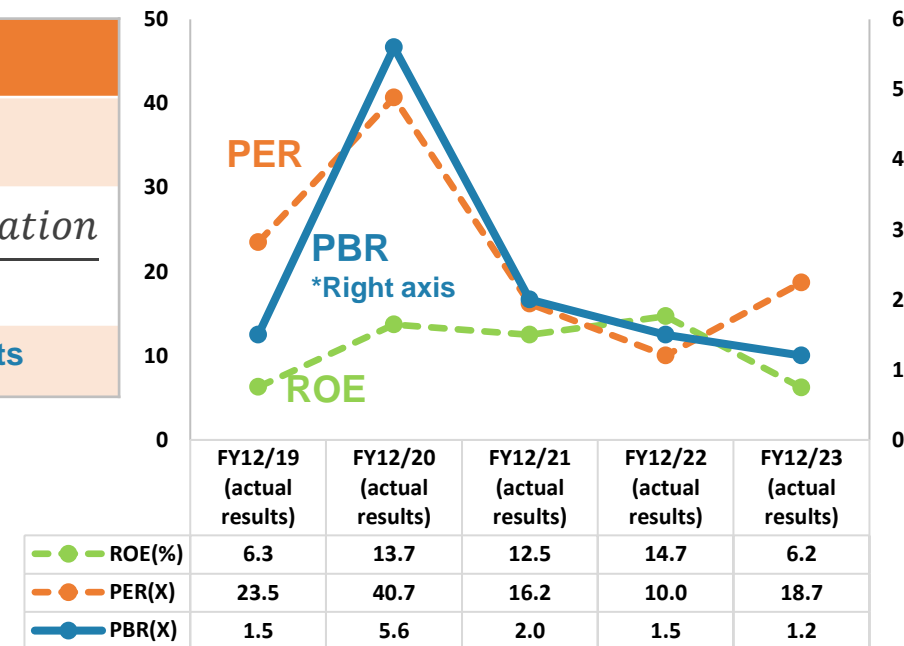
## **5. Management Mindful of Cost of Equity and Stock Prices**

## 5. Management Mindful of Cost of Equity and Stock Prices: Analysis of Current Data

### Analysis of Current Data

PBR	ROE	PER
<b>1.2x</b>	<b>6.2%</b>	<b>18.7x</b>
$\frac{\text{Market capitalization}}{\text{Shareholders' equity}}$	$\frac{\text{Net profit}}{\text{Shareholders' equity}}$	$\frac{\text{Market capitalization}}{\text{Net profit}}$
Corporate value	Efficient earning power	Future prospects

Note: Market capitalization has been calculated based on the December 29, 2023 closing price, and net profit has been calculated based on the company's forecast for FY12/23.



- ◆ PBR: Down to approx. 1.2x
- ◆ ROE: Current period performance came in at 6.2%, which is below cost of shareholders' equity (7-8%)
- ◆ PER: 18.7x for the current period, but was low at 10.0x in the previous period, which does not reflect strong expectations for the future



We have recognized the need to **increase the efficiency of our earning power** and **improve future prospects**, thereby enhancing our corporate value.

## 5. Management Mindful of Cost of Equity and Stock Prices: Initiatives

Aiming to boost corporate value by efficiently improving earning power and fostering future expectations

### Initiatives

#### Growth strategy

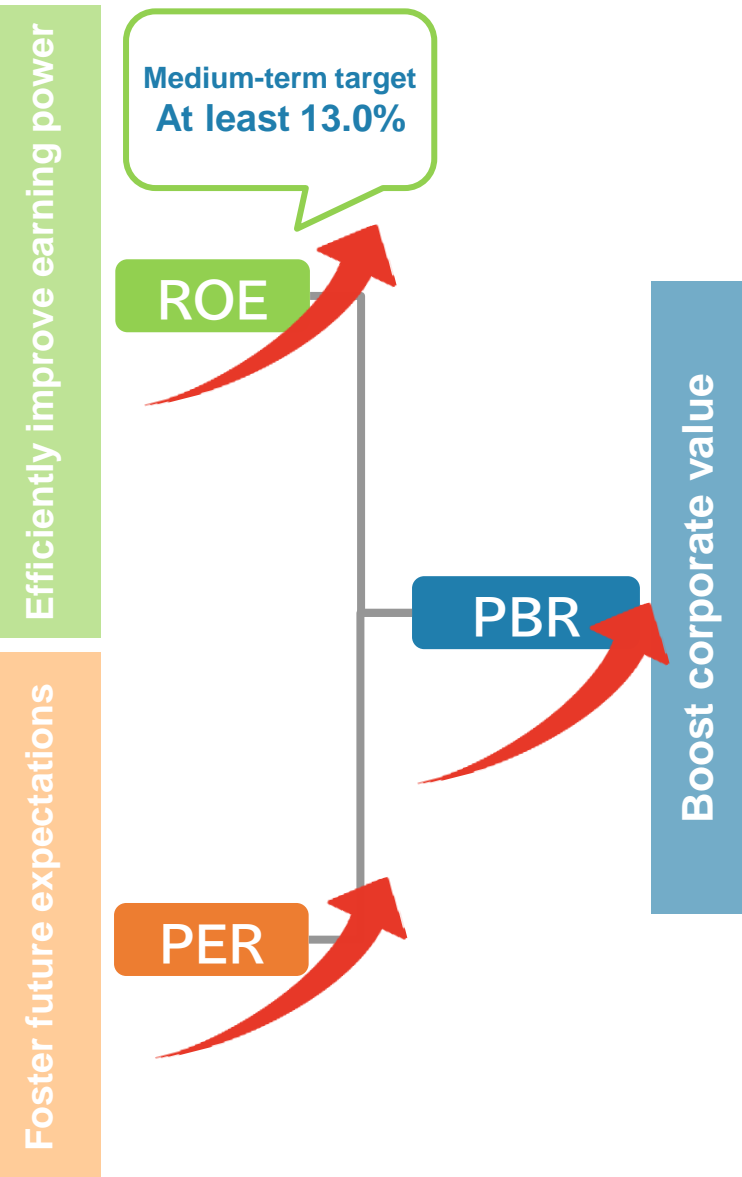
- ◆ Steady business growth and earning power improvement based on medium-term management plan
- ◆ Optimize business portfolio and capital allocation
  - Track and manage the efficiency of invested capital for each business by using ROIC
- ◆ Promote an all-employee management strategy using Cyber Cell Management\*
- ◆ Improve productivity based on the WorkSmart work environment strategy
  - Create a rich and efficient work environment
- ◆ Design a compensation system that helps boost corporate value

#### Financial strategy

- ◆ Maintain adequate level of shareholders' equity and improve capital efficiency
- ◆ Improve capital efficiency by recognizing and eliminating low-profitability assets

#### IR strategy

- ◆ Enhance information disclosure and dialogue opportunities
  - Develop and disclose corporate value improvement scenarios, including value creation stories
  - Investment and utilization of non-financial capital (human and intellectual) and disclosure of related information



\*Cyber Cell Management: An initiative aimed at involving all staff members in management by subdividing the organization into small groups called cyber cells to make it easier for each staff member to track the results of their own activities.



## 6. Shareholder Returns

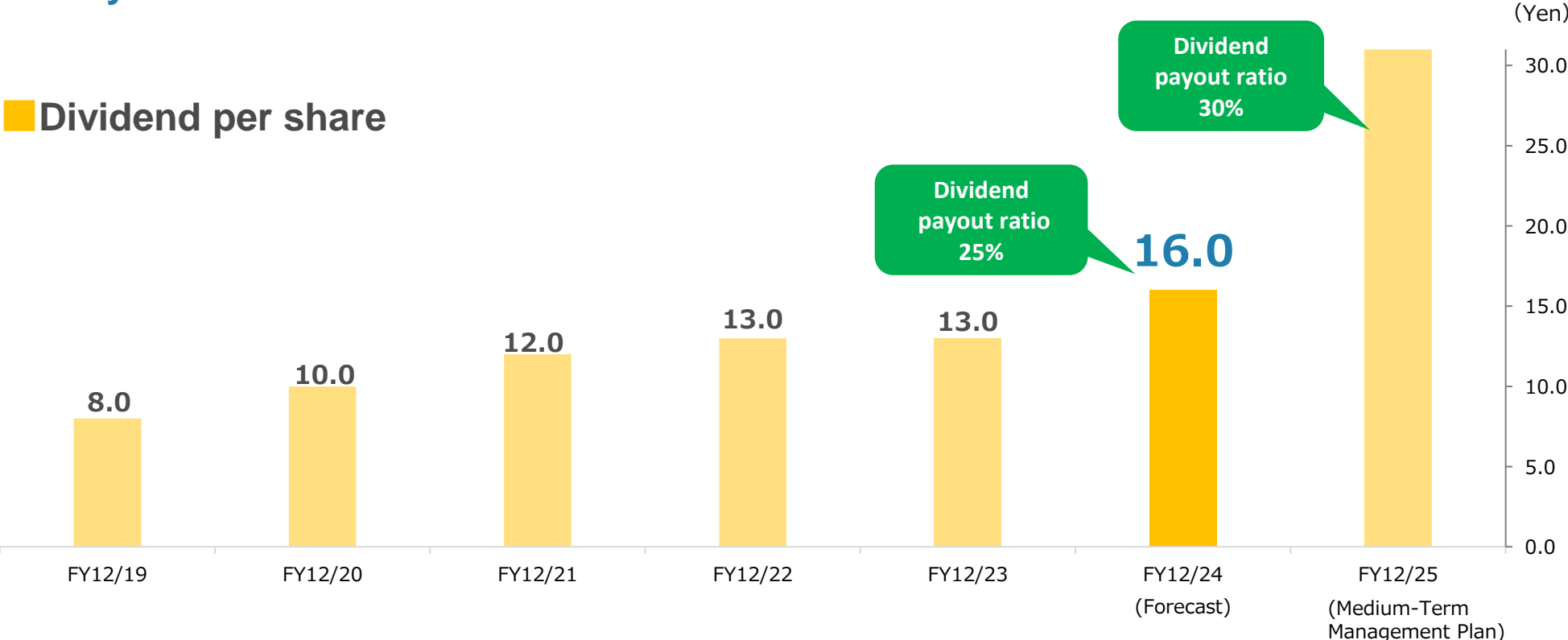
# 6. Shareholder Returns: Shareholder Return Policy and Dividend Forecast

## Shareholder Return Policy

We will raise our dividend payout ratio and dividend per share in line with improved earnings and profitability (improved cash flow) by making progress toward our medium-term targets, while securing the internal reserves necessary to make bold and timely investments for business growth.

## Dividend forecast

We plan to pay dividends of 16.00 yen per share for FY12/24, up 3.00 yen per share from the previous year, in light of our performance trends, financial position, and capital efficiency



CYBERLINKS CO., LTD.  
Corporate Planning Division

<https://www.cyber-l.co.jp/inquiry/>

■ Disclaimer

**This document contains forward-looking statements, including forecasts, future plans, and management targets pertaining to the Company. These forward-looking statements are based on current assumptions about future events and trends, and the accuracy of these assumptions is not guaranteed. Actual results may differ significantly from those described in this document due to a variety of factors. Unless otherwise specified, the financial data in this document is presented in accordance with accounting principles generally accepted in Japan. The Company makes no guarantee that it will revise any of the forward-looking statements it has already made, regardless of the occurrence of future events, except as required by disclosure regulations. Information regarding other companies is based on information that is generally known to the public.**