

LINK Smart

Toward a shared, connected future

(Financial Summary)

CYBERLINKS CO., LTD.

Financial Results for 1H FY12/24(Interim Period)

(January 1, 2024 – June 30, 2024)

September 3, 2024

1. Executive Summary

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Net sales

Net sales increased due to growth in the Distribution Cloud Business and brisk sales of high-end handsets in the Mobile Network Business

Ordinary profit

Ordinary profit decreased slightly, due in part to the reinforcement of the development structure in the Distribution Cloud Business

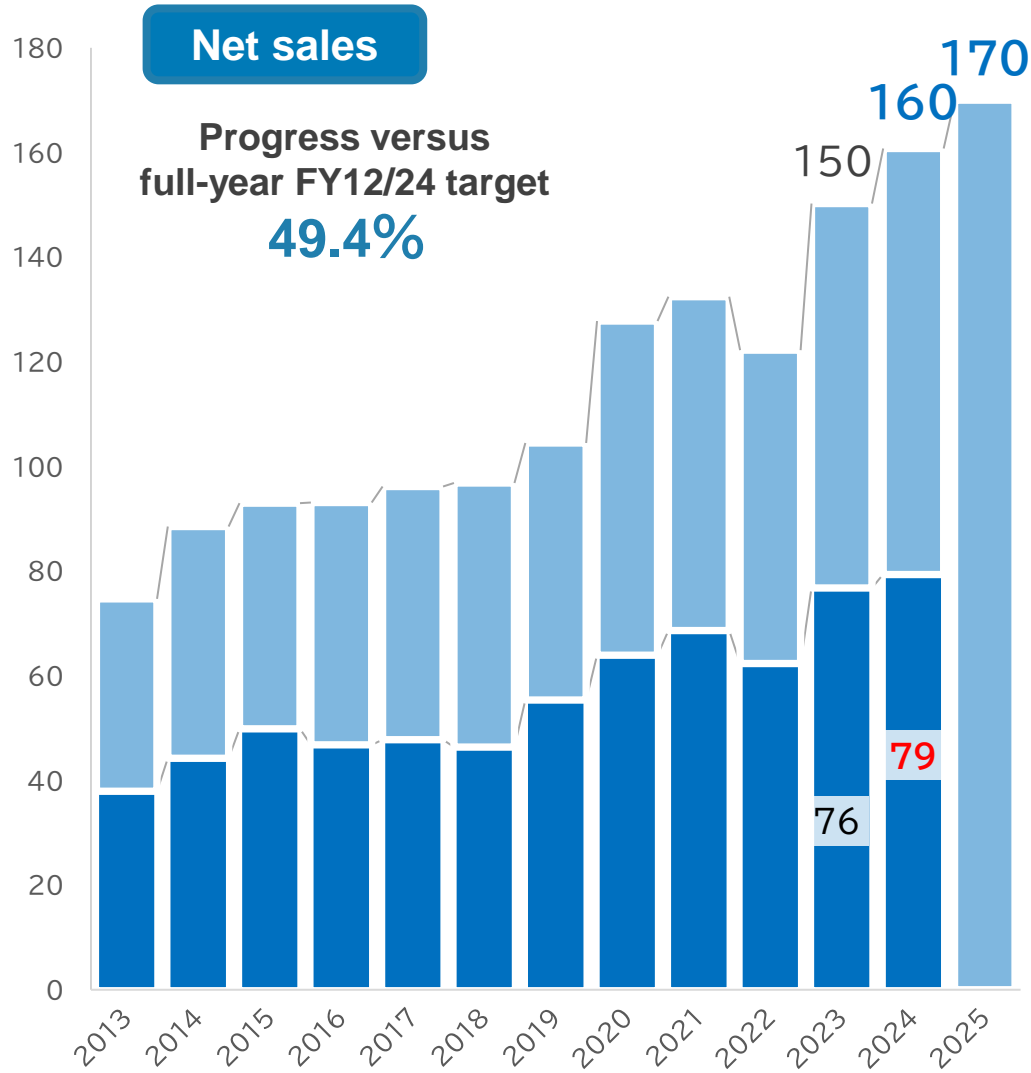
Surpassed the forecast by a significant margin owing to a recovery in the Mobile Network Business

(100mn yen)	1H FY12/24 results	1H FY12/23 results	YoY		1H FY12/24 plan	Progress vs. Plan
			Amount	%		%
Net sales	79	76	+2.6	3.4	76	104.0
Recurring revenue	39	37	+1.8	4.8	38	102.0
Ordinary profit	5.7	5.8	(0.1)	(3.4)	4.0	139.4
Ordinary profit margin	7.2%	7.7%	(0.5pt)	—	5.4%	—

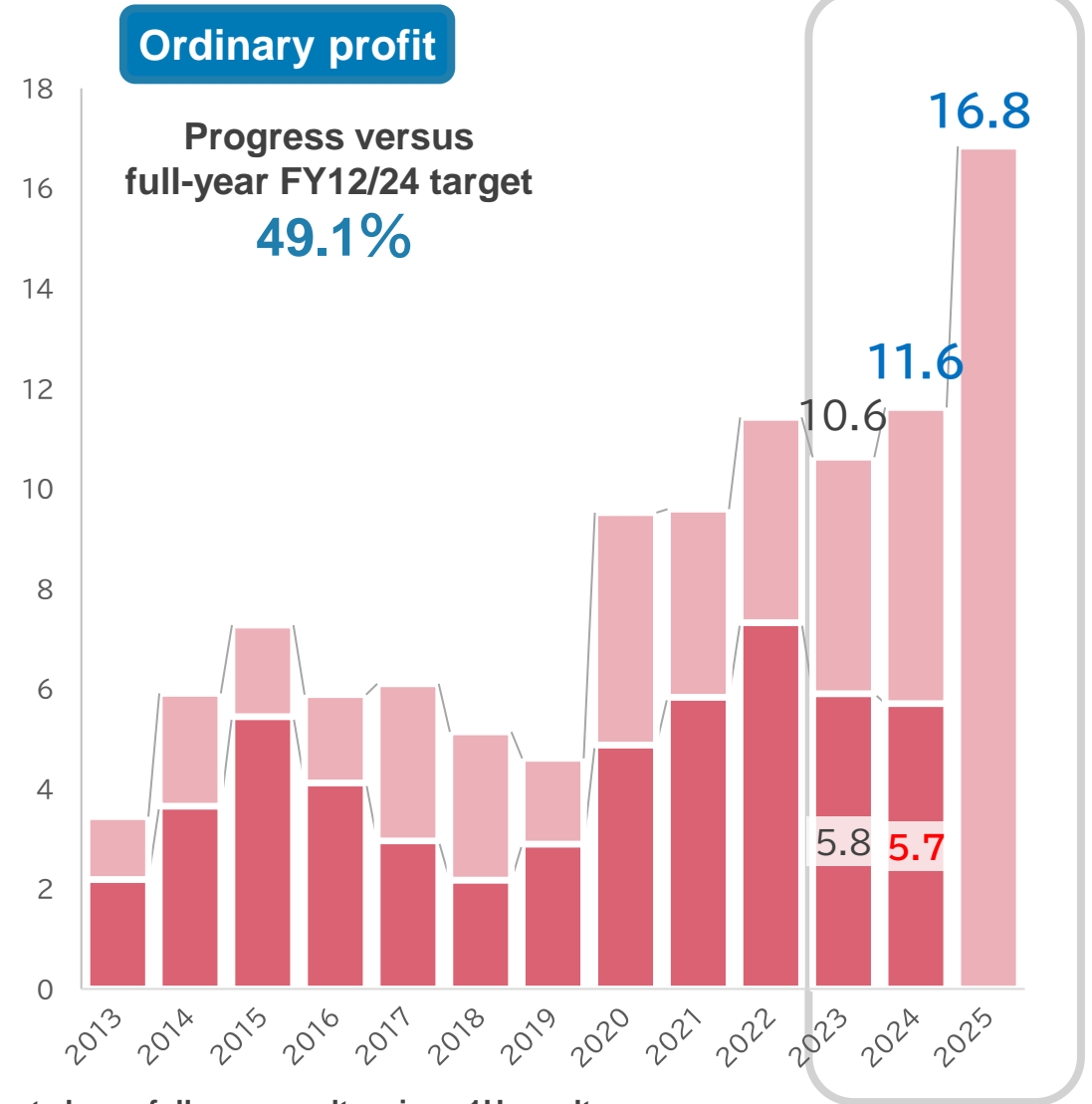
1. Executive Summary Net Sales & Ordinary Profit

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

(100mn yen)



(100mn yen)

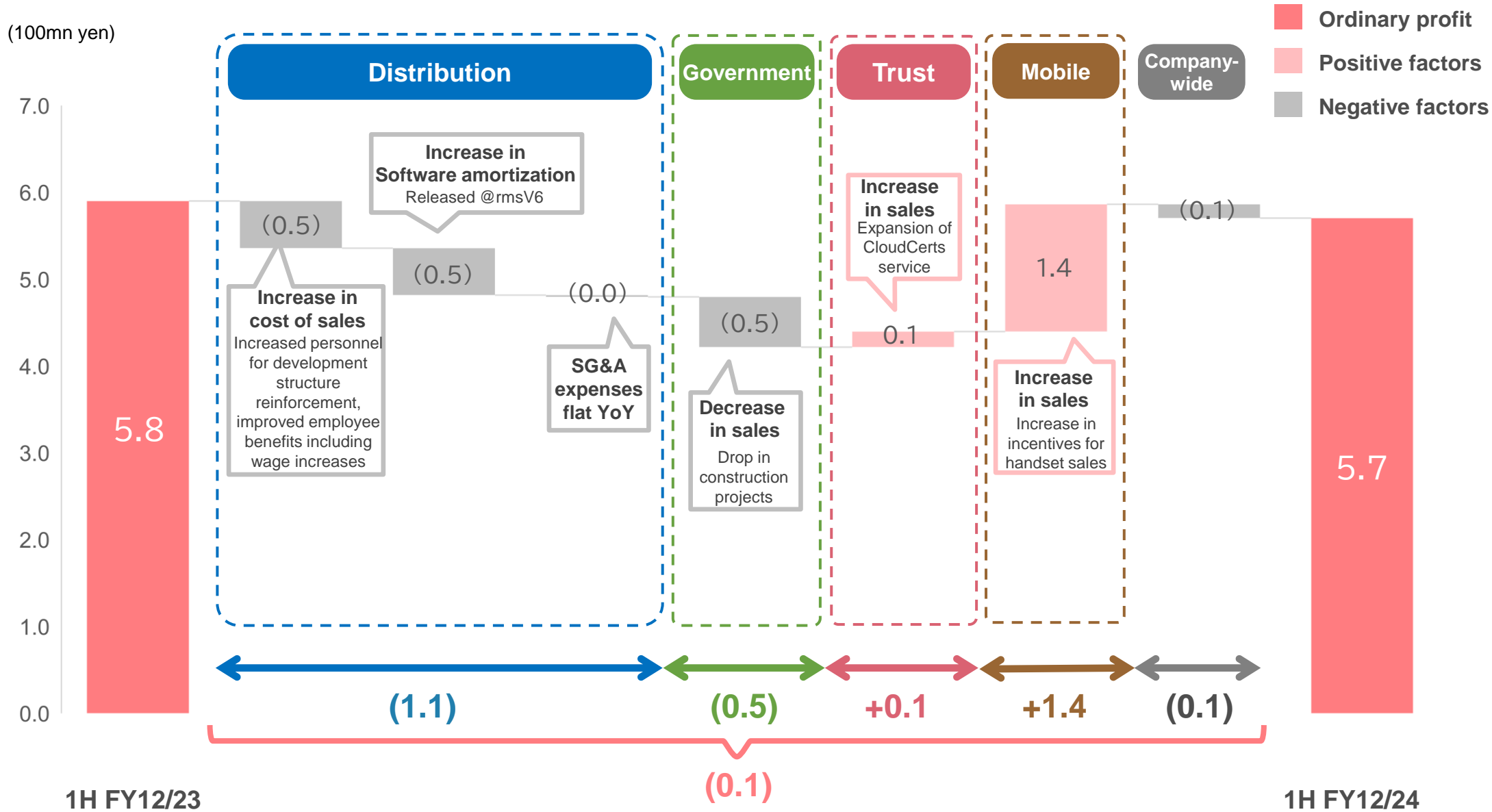


Note: The lower part of the stacked chart shows 1H results, and the upper part shows full-year results minus 1H results.

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

2. Consolidated 1H FY12/24 Results & Full-Year FY12/24 Forecast

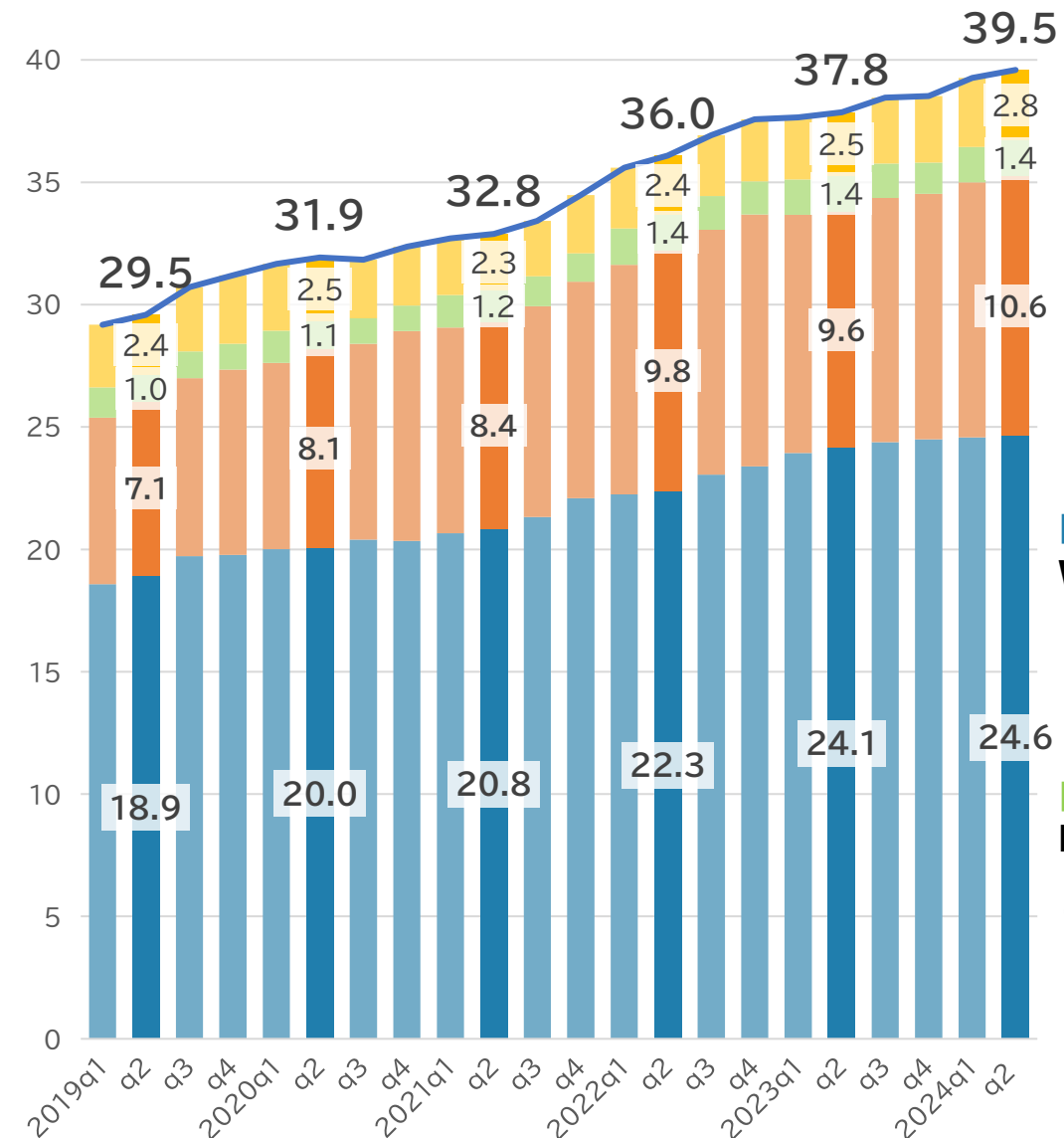
Recovery in the Mobile Network Business offset the reinforcement of the development structure in the Distribution Cloud Business



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

Example: ARR for 1H FY12/24 = recurring revenue for June 2024 × 12

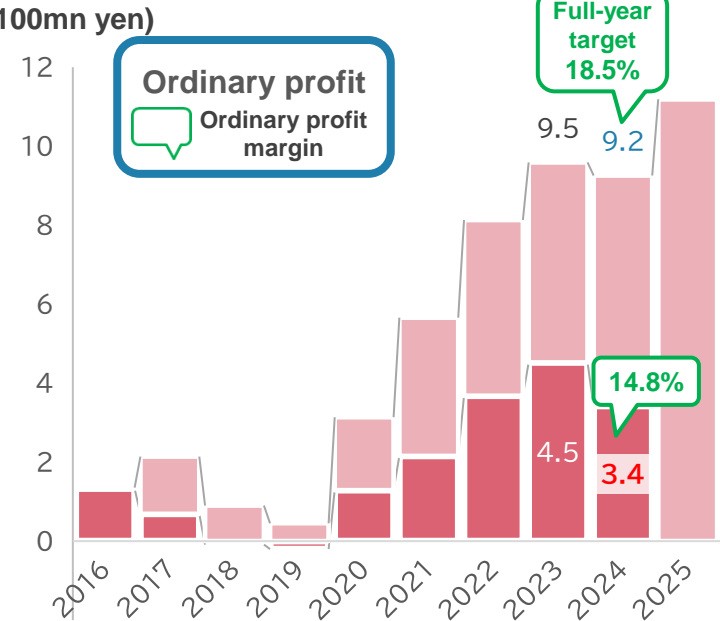
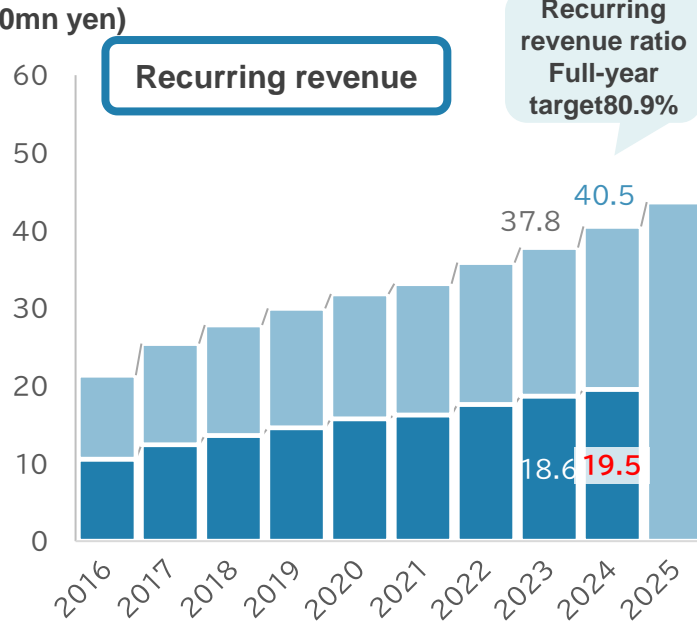
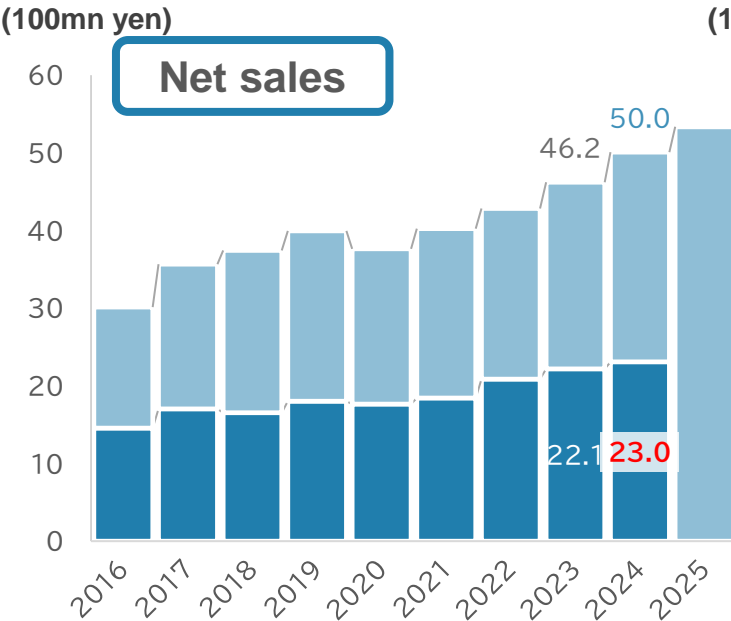
(100mn yen)



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

<p>Services for Food Retailers Wholesalers</p> <p>YoY +0.4</p>	<p>Services for Processed Food Wholesalers</p> <p>YoY +0.9</p>
<p>Services for the Overall Food Distribution Industry</p> <p>YoY +0.0</p>	<p>Services for Specialty Stores</p> <p>YoY +0.2</p>

Note: ARR for 1H FY12/20 has been adjusted to reflect recurring revenues generated by special factors.



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1H FY12/24 Results

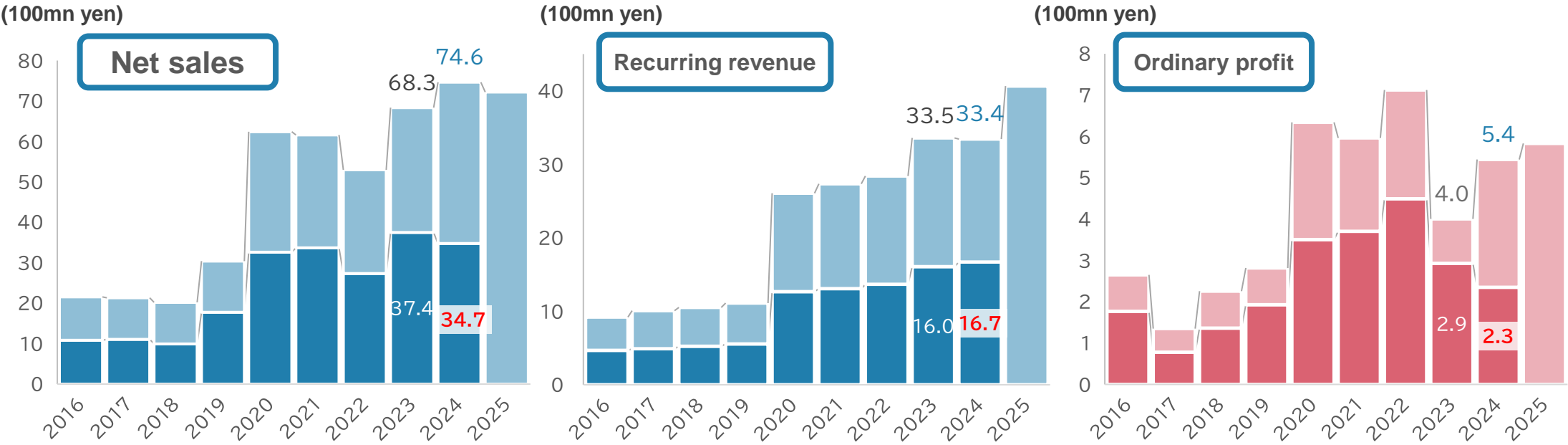
Full-Year FY12/24 Forecast

Net sales increased backed by higher recurring revenue

- ◆ Completed development for processing speed enhancements for @rms ERP
→ Released @rmsV6 (began recording software amortization)
- ◆ Marketed the C2Platform Negotiation Support service for wholesalers
→ Completed demonstration testing jointly conducted with the Japan Processed Foods Wholesalers Association and several major food wholesalers

Accelerate growth

- ◆ Expand the provision of @rmsV6
 - Focus on making proposals targeting medium- to large-sized clients
 - Work on implementing the service at the three companies that have already placed an order
- ◆ Aim for full-scale utilization at major food wholesalers
- ◆ Updated version of Fresh Food EDI
 - Steadily capture orders from medium- to large-sized clients
- ◆ Revise fees for various services (from October 2024 onward)



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1H FY12/24 Results

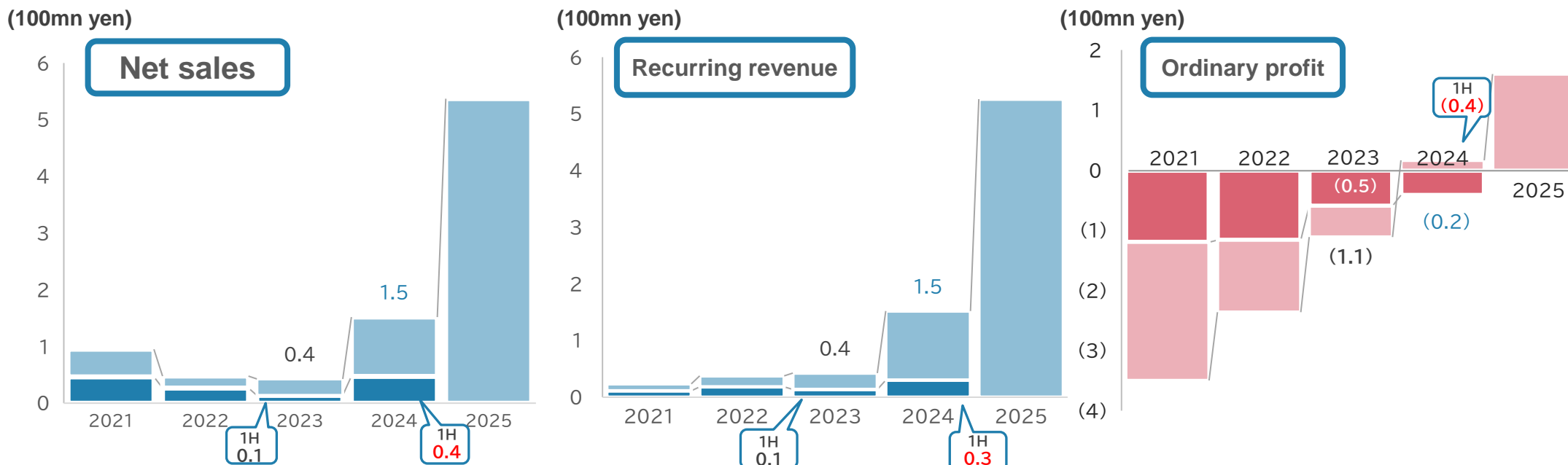
Construction projects decreased, while DX-related services for local governments grew

- ◆ Several local governments, including the city of Sanda, adopted MynaSign electronic authentication service
- ◆ Orders for ActiveCity, a document management system, were strong
- ◆ Participated in a local government DX exhibition (June 2024)

Full-Year FY12/24 Forecast

Promote DX for local governments

- ◆ Aim for sales growth, by responding to demand for centralized and standardized core operational systems for local governments and expanding sales of ActiveCity
- ◆ Rollout MynaSign nationwide
- ◆ M&A-related goodwill amortization expenses (240 million yen/ year) will continue
 - Software amortization: Approx. 70 million yen/year (ending in 2025)
 - Goodwill amortization: Approx. 160 million yen/year (ending in 2027)



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1H FY12/24 Results

Full-Year FY12/24 Forecast

Higher net sales on the back of CloudCerts rollout

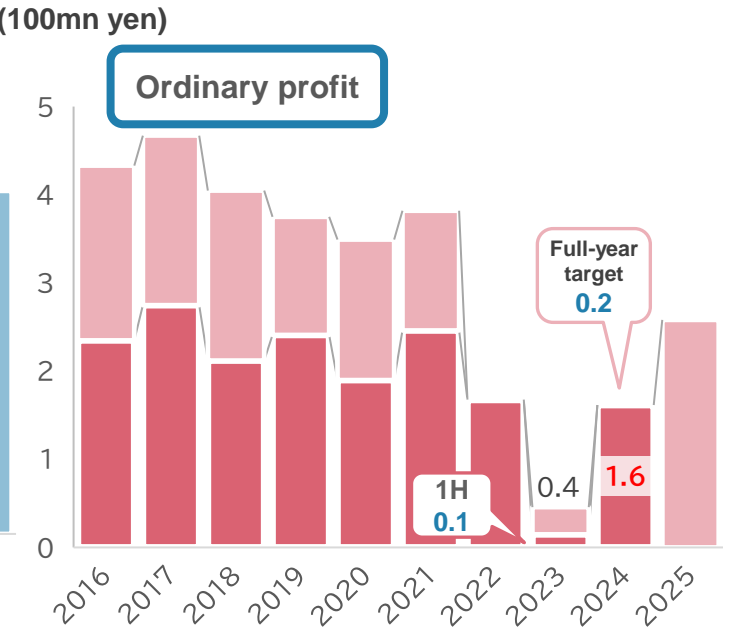
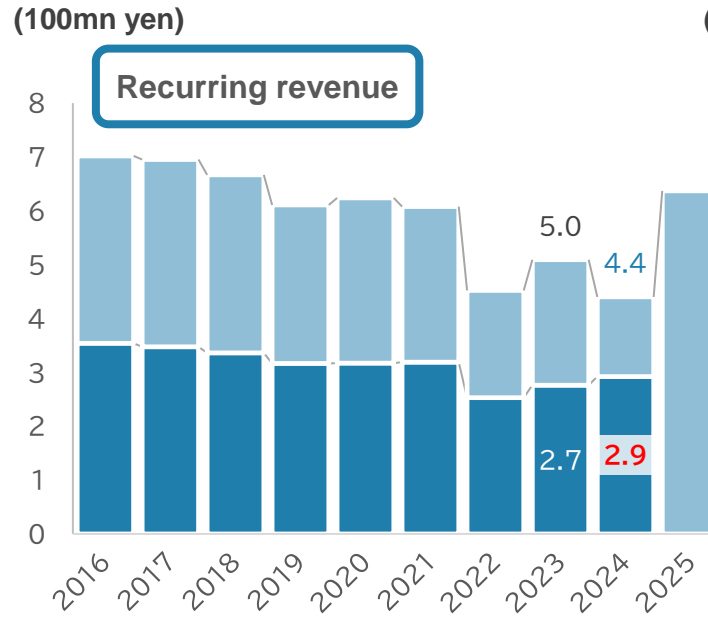
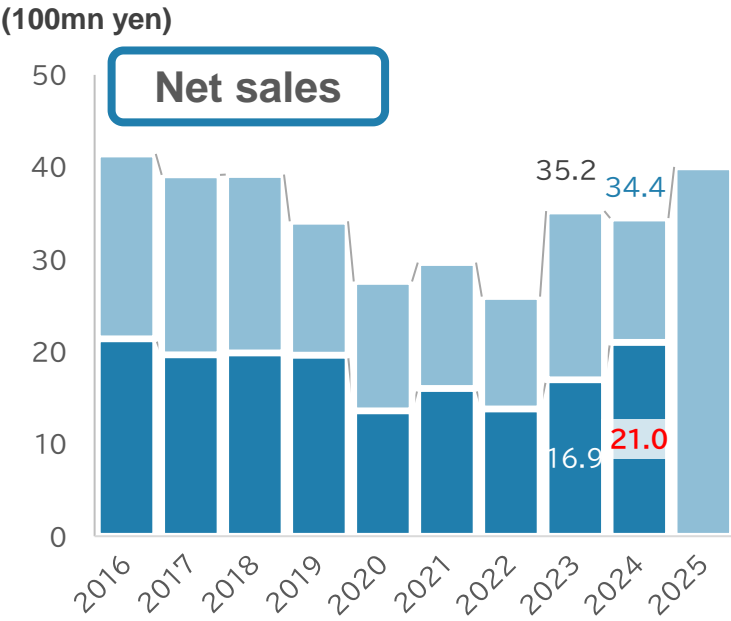
◆ Expanded CloudCerts

- Began issuing digital pharmacist certificates (from May 2024)
First digitization of national certificates in Japan
- Developed a standard version for small-scale users
Reduced installation man hours (see July 2024 press release)

Develop a diverse user base and usage scenes

◆ Focus on marketing CloudCerts services

- Adopted by Kindai University (August 2024), for digitization of the certificates of completion for foreign language extracurricular courses
- Make a proposal to manufacturers to digitize product warranty certificates
- Accelerate adoption by small-scale users with the introduction of a standard version



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1H FY12/24 Results

Net sales and ordinary profit increased, continuing the recovery trend from 1Q

- ◆ High-end handset sales were brisk
- ◆ Incentives for handset sales increased

Full-Year FY12/24 Forecast

Continue working to secure sales and profits

- ◆ Engage in aggressive sales activities, including door-to-door sales
Pursue efficient store operation
- ◆ Strengthen sales activities targeting corporations and continue working on various measures, including providing DX solutions

3. Sustainability Initiatives

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

■ Indicates changes from FY12/23

Environmental

- Disclose CO2 emission calculations (Scope 1–3) and reduction targets (Scope 1, 2)
- Streamlined offices (closed Shizuoka Office, Sendai Office, and Fukuoka Branch)
- Enabled signing of minutes and commercial registration online with MynaTrust
- Gradually replace gasoline vehicles with PHVs in our fleet

Social

- Raise salaries (maximum 8.1% increase, company-wide average of 3.5% increase)
- Plan to increase the contribution ratio for the defined contribution (DC) pension plan premiums and introduce an elective DC pension plan (September)
- 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)
- Create an employee-friendly workplace (renovate office space)

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%

3. Sustainability Initiatives

With the theme of “WorkSmart,” aggressively invest in human capital

- **Raise salaries**

 - maximum 8.1% increase, company-wide average of 3.5% increase

- **Create an employee-friendly workplace**

 - Substantially renovated the head office



4. Management Mindful of Cost of Equity and Stock Prices

4. 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

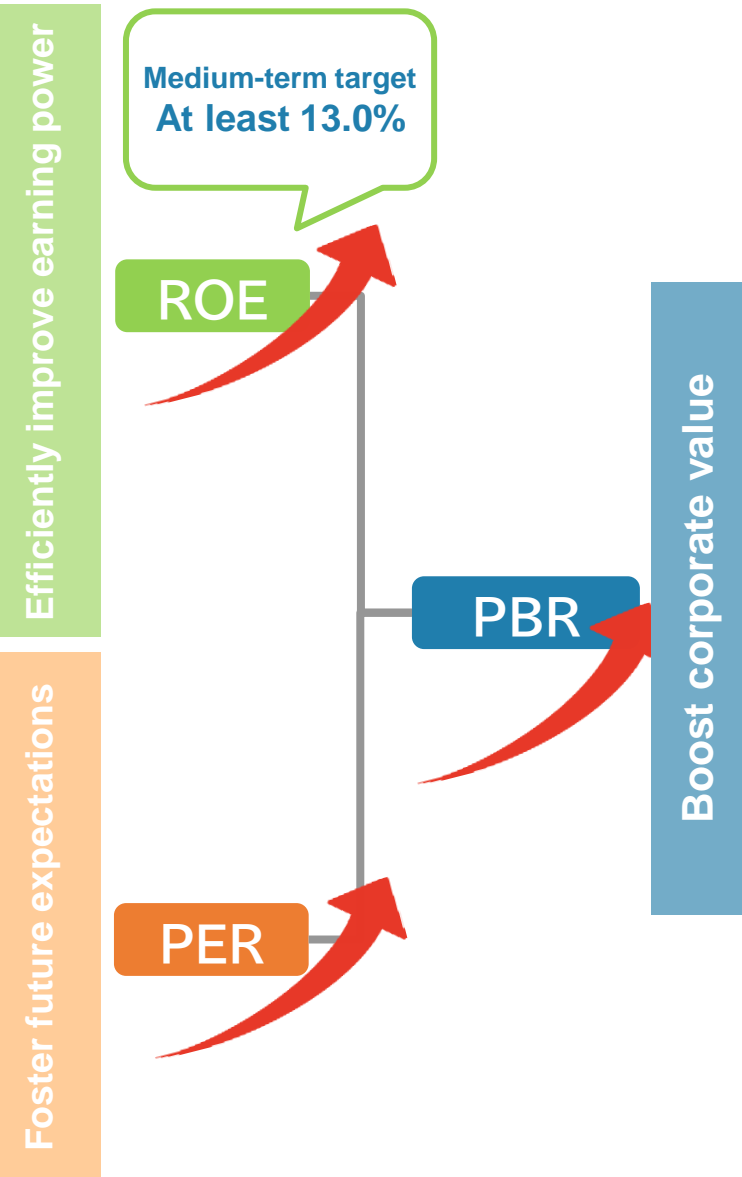
- ◆ Steady business growth and earning power improvement based on medium-term management plan
- ◆ Optimize business portfolio and capital allocation
 - Track and manage the efficiency of invested capital for each business by using ROIC
- ◆ Promote an all-employee management strategy using Cyber Cell 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.

5. Shareholder Returns

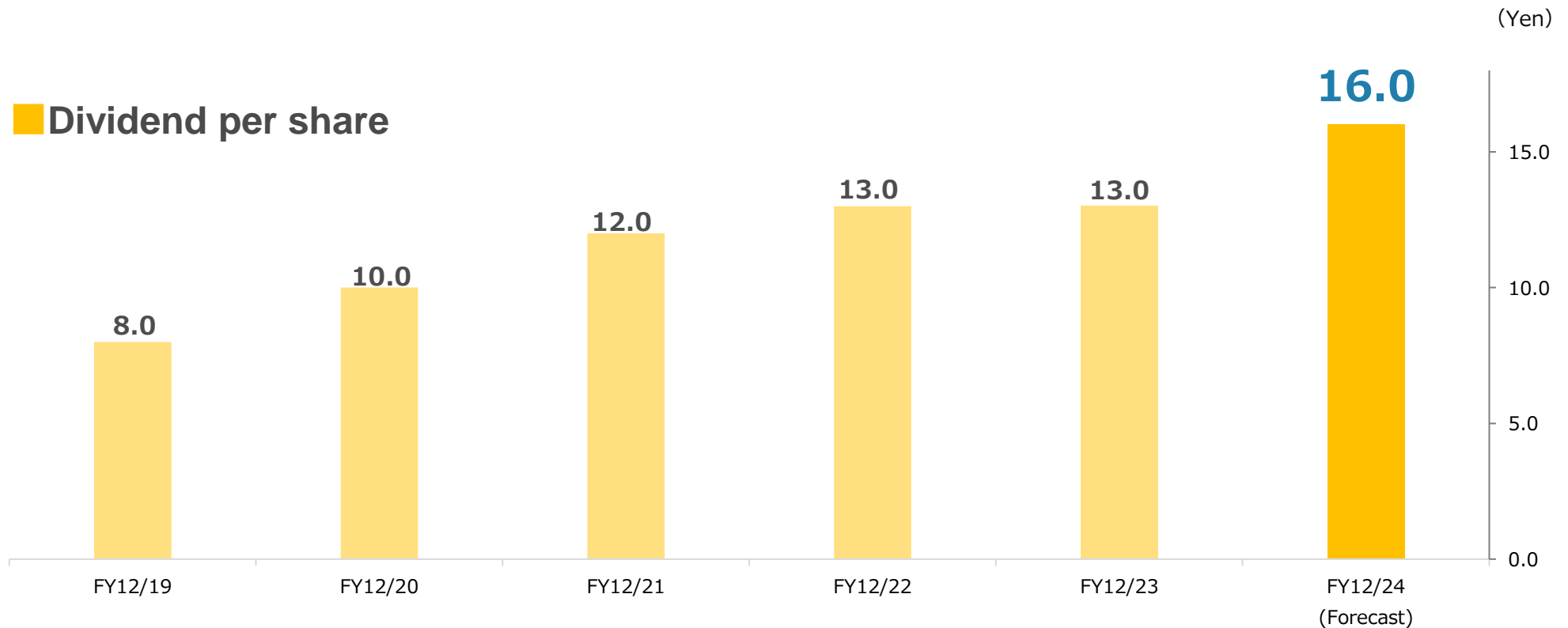
5. Shareholder Returns: Shareholder Return Policy and Dividend Forecast

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

For FY12/24, we expect to pay a dividend per share of JPY16.00, up JPY3.00 year-on-year.



WiLL makes anything すべては思うことから始まる—



CYBERLINKS CO., LTD.
Corporate Planning Division

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

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