

LINK Smart

Toward a shared, connected future

CYBERLINKS CO., LTD.

Financial Results for 1Q FY12/24

(January 1, 2024 – March 31, 2024)

May 14, 2024

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***In 2Q FY12/23, we finalized the provisional accounting treatment for the business consolidation. The figures for 1Q FY12/23 in this document reflect the finalized provisional accounting treatment.**

***We changed our reportable segment classification starting in FY12/24. The segment sales and profit figures for FY12/23 in this document are based on the new segment classification.**

As a result, there are some discrepancies between this document and the financial results for 1Q FY 12/23 and the financial results for FY12/23.

1. Executive Summary

1. Executive Summary

Net sales

Higher sales due to steady growth in the Distribution Cloud Business and strong sales of high-end handsets in the Mobile Network Business

Progress versus 1H plan came in at 56.5%

Ordinary profit

Ordinary profit rose thanks to service expansion in the Trust Business and higher incentives for handset sales in the Mobile Business

Progress versus 1H plan came in at 87.2%

(100mn yen)	1Q FY12/24 results	1Q FY12/23 results	YoY		1H FY12/24 plan	Progress vs. Plan
			Amount	%		%
Net sales	43	42	+0.9	2.3	76	56.5
Recurring revenue	19	18	+0.3	1.9	38	50.0
Ordinary profit	3.5	3.5	+0.0	1.5	4.0	87.2
Ordinary profit margin	8.3%	8.3%	(0.1pt)	—	5.4%	—

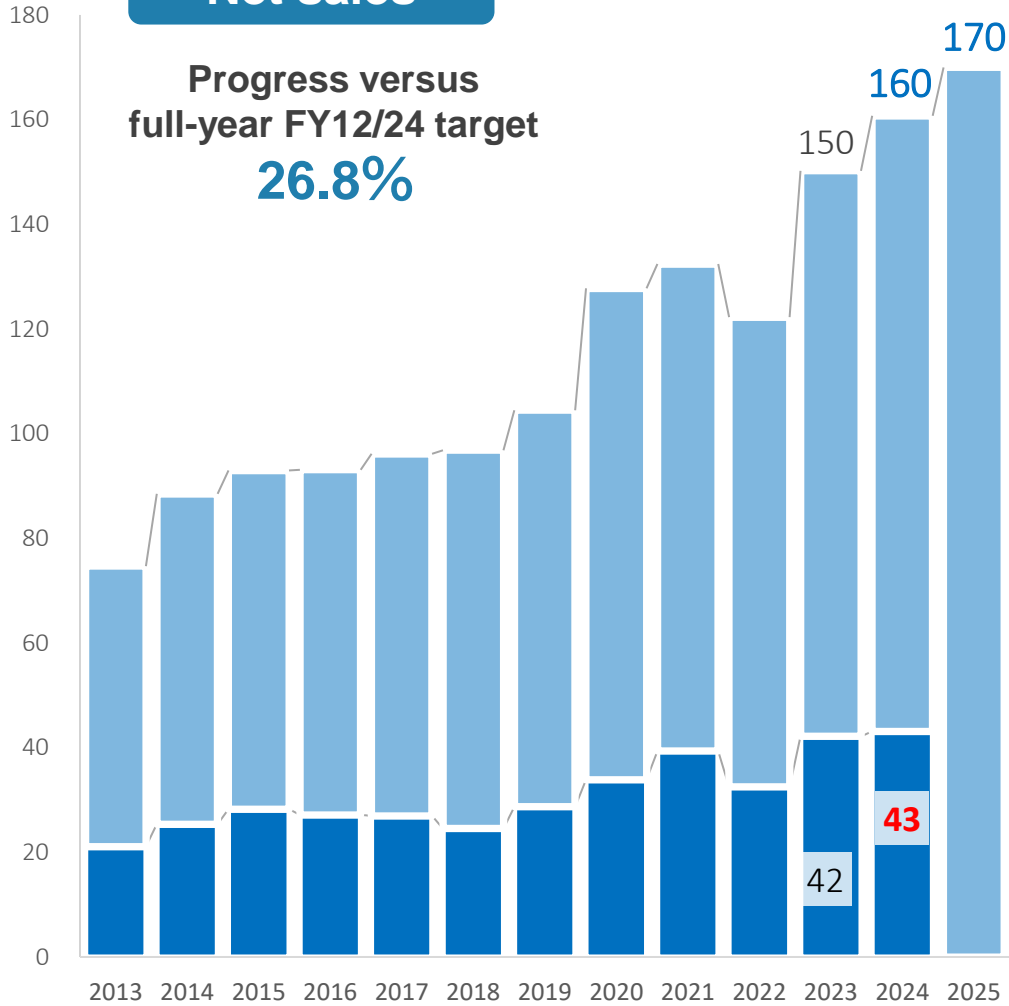
1. Executive Summary Net sales and Ordinary Profit

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

(100mn yen)

Net sales

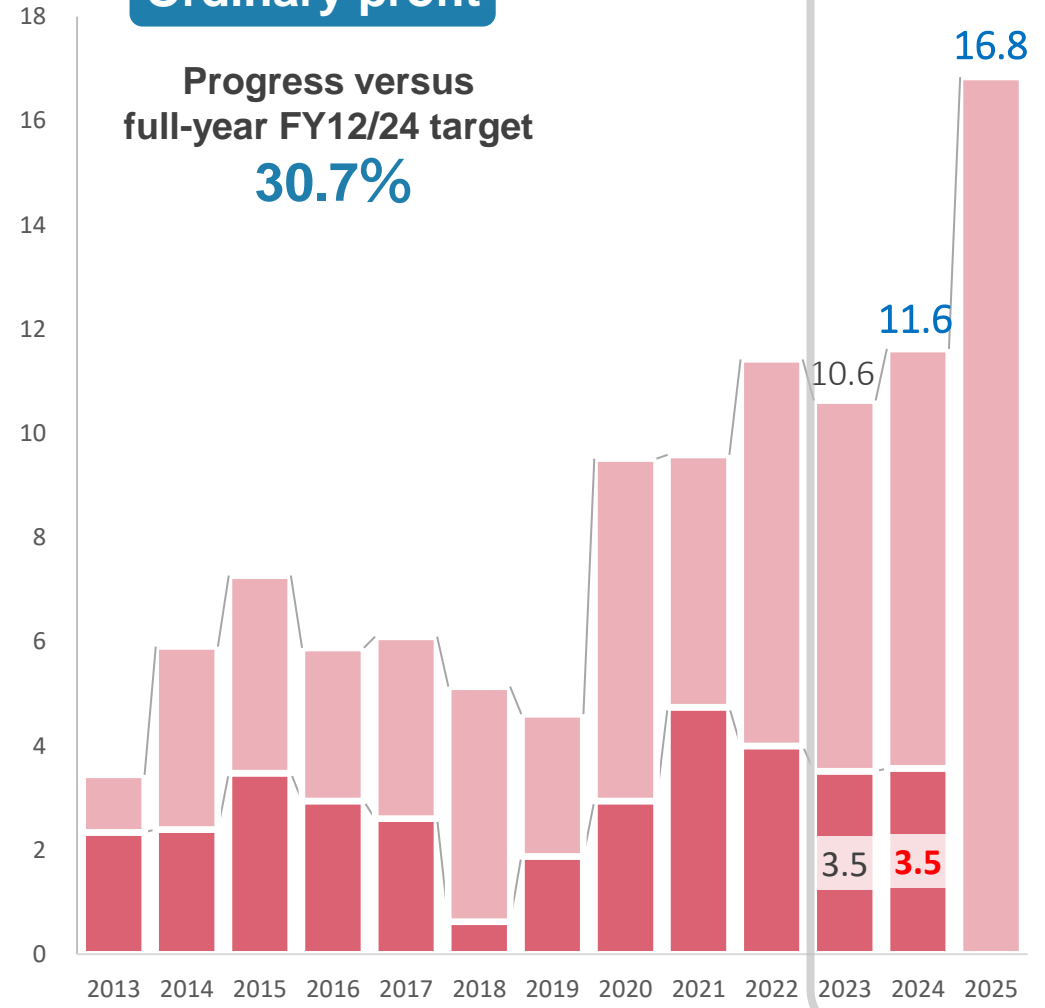
Progress versus full-year FY12/24 target **26.8%**



(100mn yen)

Ordinary profit

Progress versus full-year FY12/24 target **30.7%**

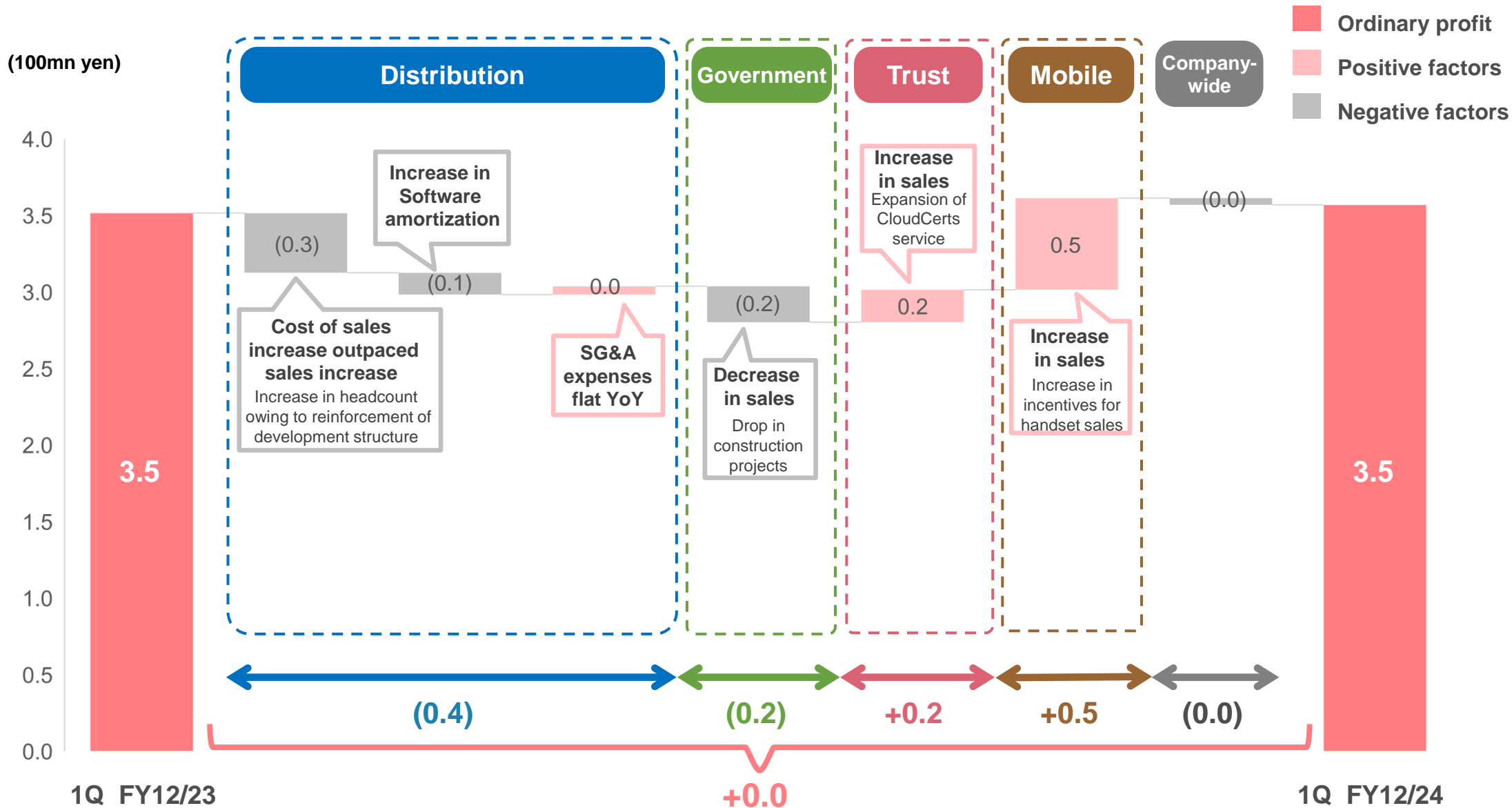


*The lower part of the stacked chart shows 1Q figures, and the upper part shows full-year results minus 1Q figures.

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

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

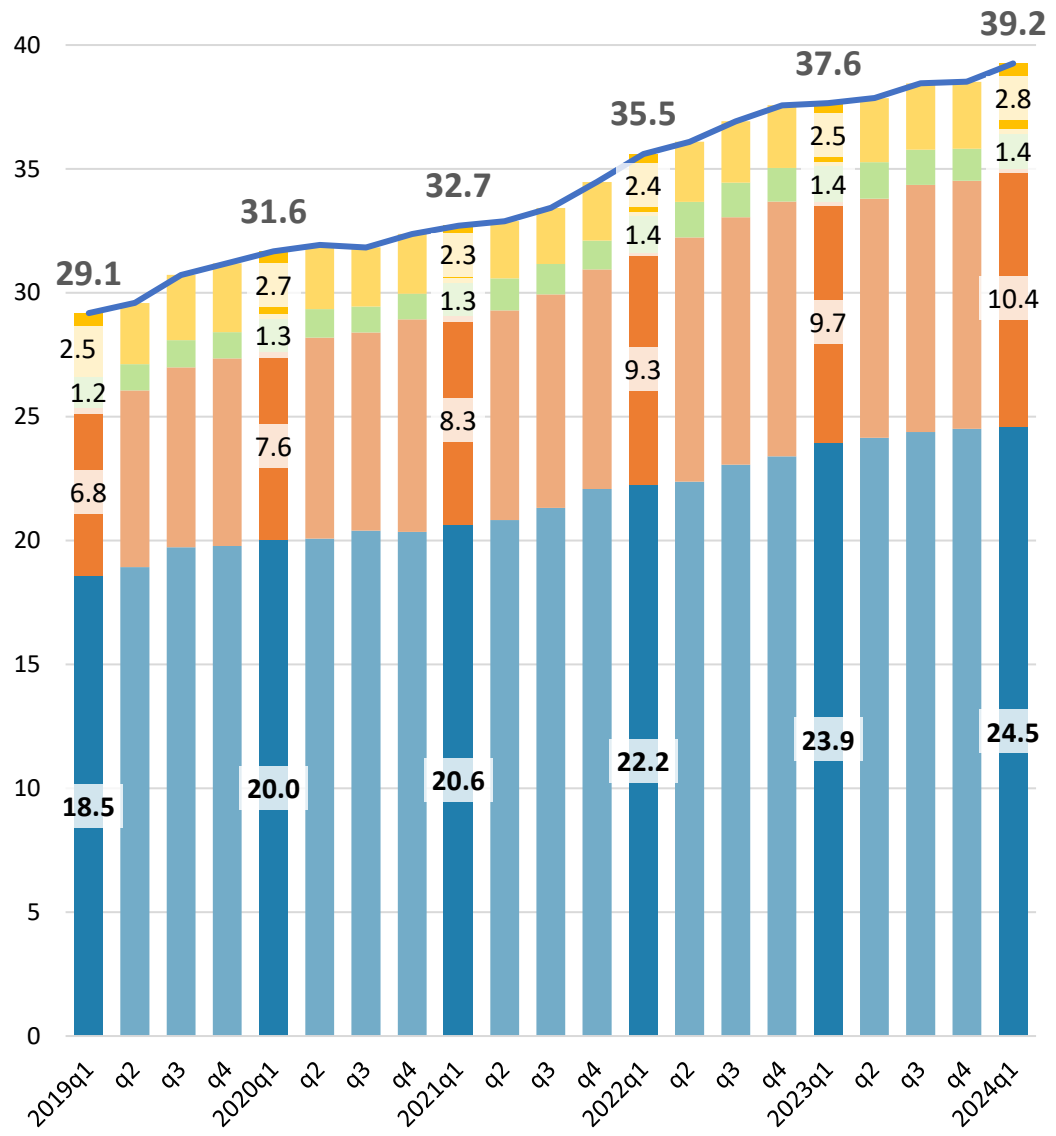
Higher profits in the Trust and Mobile Network businesses offset lower profits in the Distribution Cloud and Government Cloud businesses








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

Example: ARR for 1Q FY12/24 = recurring revenue for March 2024 × 12

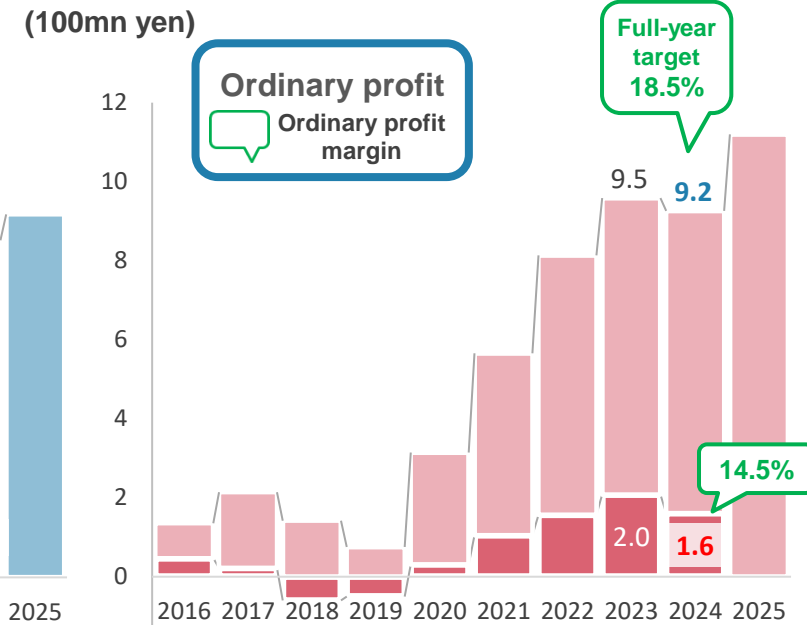
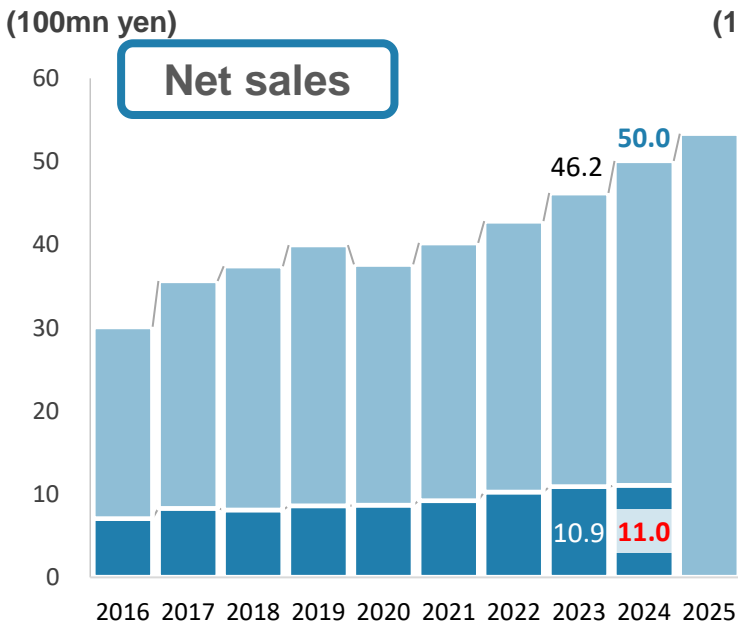
(100mn yen)



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 +0.6</p>	<p>Services for Processed Food Wholesalers</p>  <p>YoY +0.6</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 2Q FY12/20 has been adjusted to reflect recurring revenues generated by special factors.



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

1Q FY12/24 Results

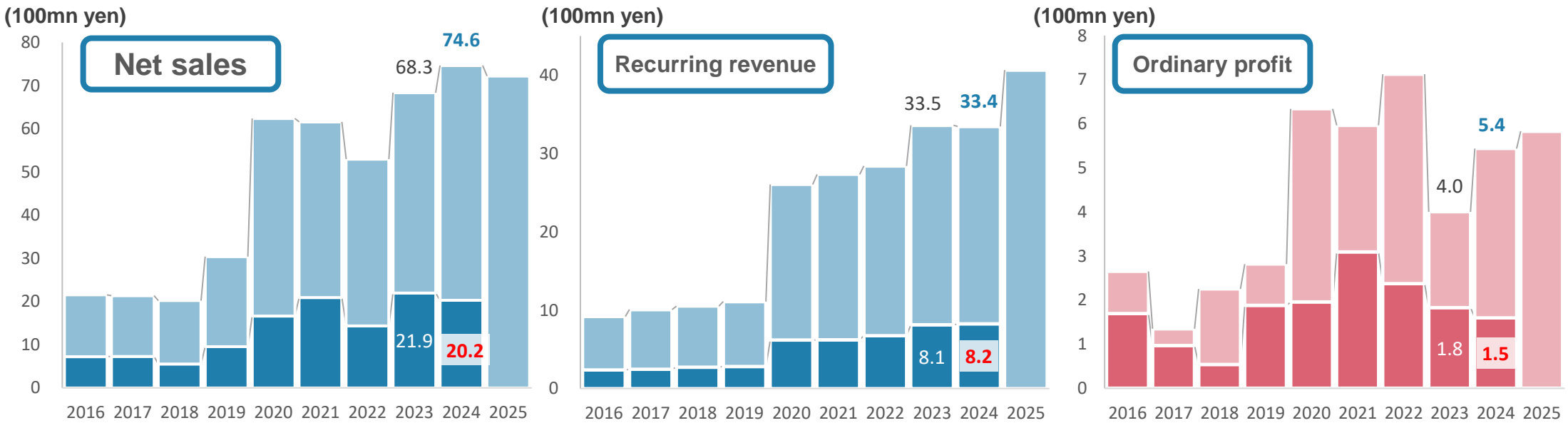
Full-Year FY12/24 Forecast

Higher net sales thanks to steady growth in recurring revenue
Drop in ordinary profit owing to expanded development headcount

- ◆ Increase in recurring revenue thanks to expanded service offerings such as retail EDI service BXNOAH
- ◆ Completed processing speed enhancements and other development work for the mainstay @rms ERP service → Accelerate rollout to medium- to large-sized clients

Promoted initiatives to accelerate growth
Ordinary profit down owing to increase in software amortization

- ◆ Continued working on enhancements for @rms ERP to boost competitiveness → Began recording software amortization related to processing speed enhancements and other development work
- ◆ Demonstration of the C2Platform Negotiation Support service with the Japan Processed Foods Wholesalers Association and several major food wholesalers (from April 2024)



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

1Q FY12/24 Results

Lower net sales and ordinary profit due to drop in construction projects

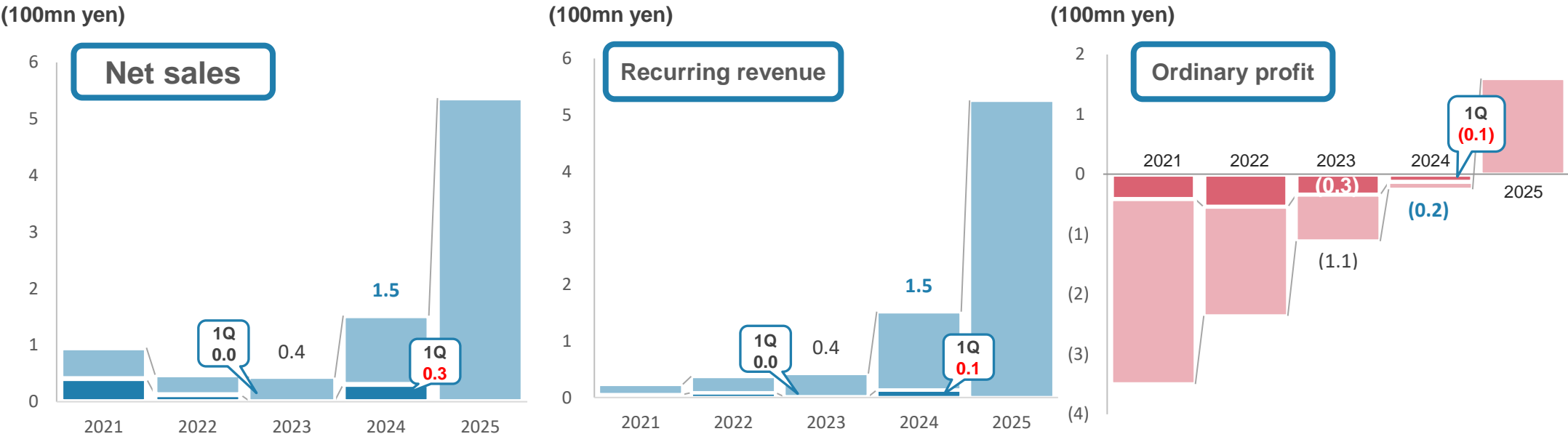
Expansion of MynaSign service

- ◆ Net sales and ordinary profit fell despite securing a major system renewal project in the medical field, owing to a drop in disaster prevention and network construction projects
- ◆ Began providing MynaSign electronic authentication service to several services operated by Sanda City
→Aiming to rollout service nationwide

Full-Year FY12/24 Forecast

Aiming for higher sales driven by local government digital transformation projects

- ◆ Aiming for higher net sales through 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
- ◆ 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)



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

1Q FY12/24 Results

Full-Year FY12/24 Forecast

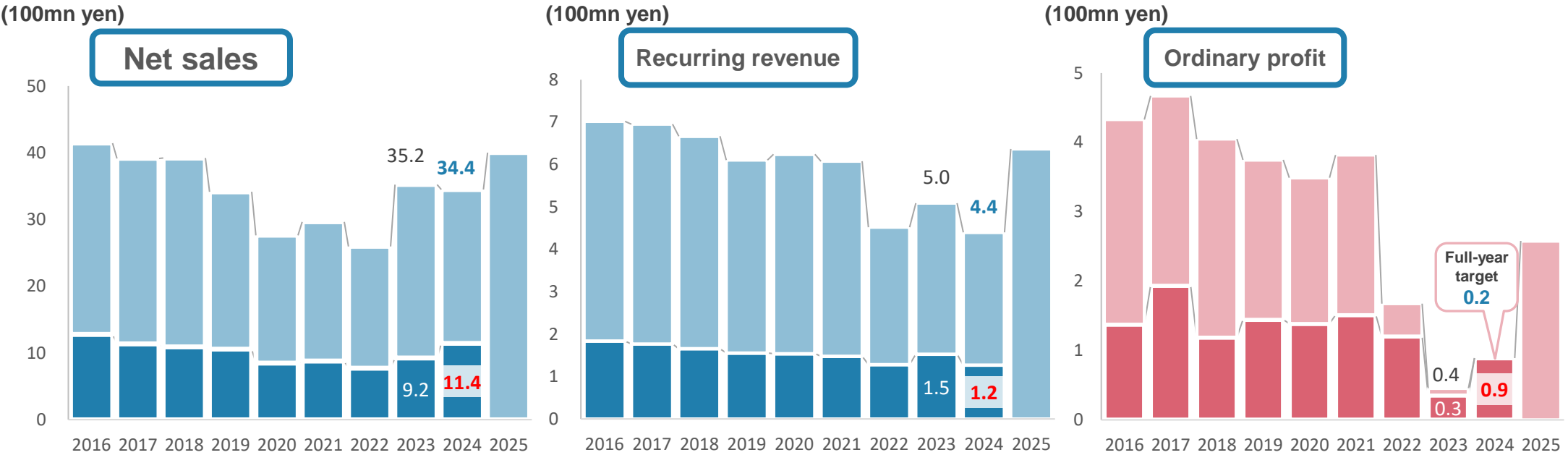
Higher net sales on the back of CloudCerts rollout

- ◆ Net sales grew thanks to expansion of CloudCerts digital certificate issuing service

Began issuing digital pharmacist certificates
First digitization of national certificates in Japan

Projecting ordinary loss for the full-year
Expecting to turn profitable from 2H

- ◆ Focusing on rolling out the CloudCerts service by participating in trade shows and other means (Planning to participate in the Blockchain Expo scheduled in May)



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

1Q FY12/24 Results

Higher net sales thanks to strong sales of high-end handsets

- ◆ Net sales and ordinary profit rose on the back of strong high-end handset sales and increase in incentives on handset sales

Full-Year FY12/24 Forecast

Outlook remains uncertain

- ◆ Aiming to secure net sales and improve ordinary profit through travel sales and efficient store operations
- ◆ Strengthen sales to corporate clients and generate new sales by providing digital transformation (DX) solutions

3. About CYBERLINKS

3. About CYBERLINKS Strengths

Fundamental Strength

Anticipating current trends

- ◆ The era of system investments being the source of competitive edge is over
- ◆ In non-competitive areas, joint use (sharing) will be the norm

Business Model

Shared Cloud

- ◆ Industry-specific systems, both hardware and software, will be used by everyone (joint use)
- Designed to provide industry leading systems at affordable prices
- ◆ Launched services in 2005, when the term "cloud" was not yet coined



reduce IT costs and streamline management

Leading market share

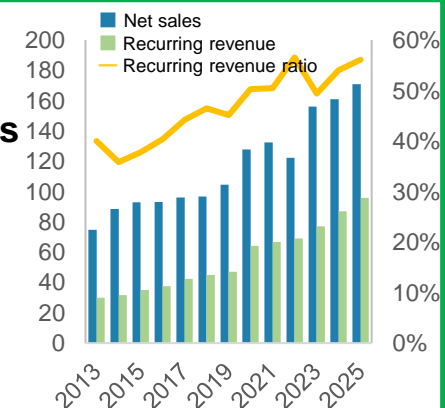


- ◆ Our EDI service for food wholesalers is the de facto **industry standard** service (GTV of JPY 9.7 trillion)
- ◆ **Approx. 30%** of grocery supermarkets nationwide use our system

Stable management

- ◆ Recurring revenues such as usage fees and information processing fees amount to **JPY 7.6 billion*!** (51.2% of total sales)
- Secured stable management based on recurring revenue

* FY12/23 results

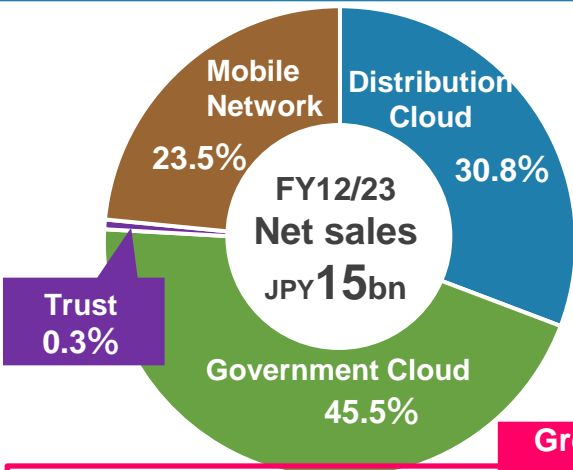


3. About CYBERLINKS Shared Cloud

Our Shared Cloud business model focuses on providing the industry's best functions at affordable prices through “**shared use**” rather than by addressing the functional requirements of individual companies

	On-premise system usage		Private cloud system usage		Cyberlinks's Shared Cloud
Hardware	On-premise		Private cloud		Shared use
Software	Packaged software	Proprietary system	Packaged software	Proprietary system	
Initial investment	Costly hardware investment Requires software purchase	Costly hardware and software investment	Affordable hardware investment Requires software purchase	Affordable hardware investment Costly software investment	Low initial investment for both hardware and software
Operation & Maintenance	Hardware and software maintenance personnel needed		Hardware maintenance can be outsourced, but software maintenance personnel needed		Outsource maintenance for both hardware and software!
System renewal	Requires hardware updates every few years Costly software updates		No hardware updates required, but software updates are costly		No hardware updates required! Software is continuously upgraded!
Helpdesk	Requires in-house support		Requires in-house support		Outsource helpdesk operations to Cyberlinks!

3. About CYBERLINKS Breakdown of Business (Consolidated)



Distribution Cloud

Sales: **JPY4.6bn** Ordinary Profit: **JPY0.95bn**

Growth driver centered on Shared Cloud

Government Cloud

Sales: **JPY6.8bn** Ordinary Profit: **JPY0.4bn**

Trust

Sales: **JPY0.04bn** Ordinary Profit: **JPY-0.11bn**

Mobile Network

Sales: **JPY3.5bn** Ordinary Profit: **JPY0.04bn**

Food Retailers

- ERP system
- Internet EDI for retailers
- Shelf allocation system
- Fresh Food EDI

Processed food wholesalers

- Internet EDI for wholesalers

Overall food distribution industry

- Inter-company Collaboration
- Product Image Database

Specialty stores

- Sales Management System

Local government

- Government information system
- Local disaster prevention system

Elementary and Junior high schools

- School administration cloud service

Medical institutions

- Community medical collaboration

Private companies

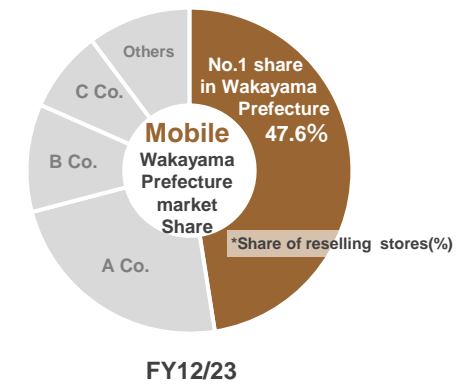
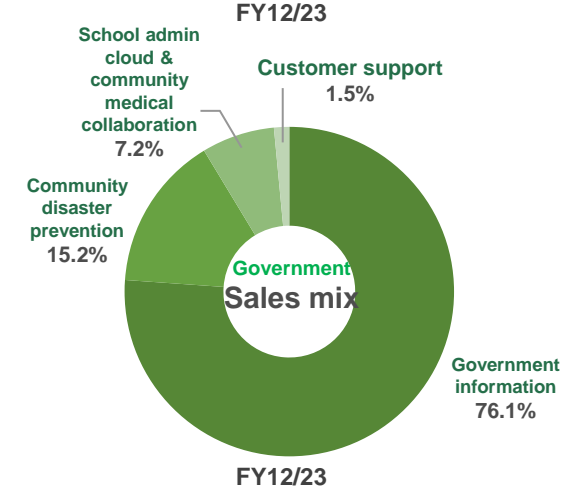
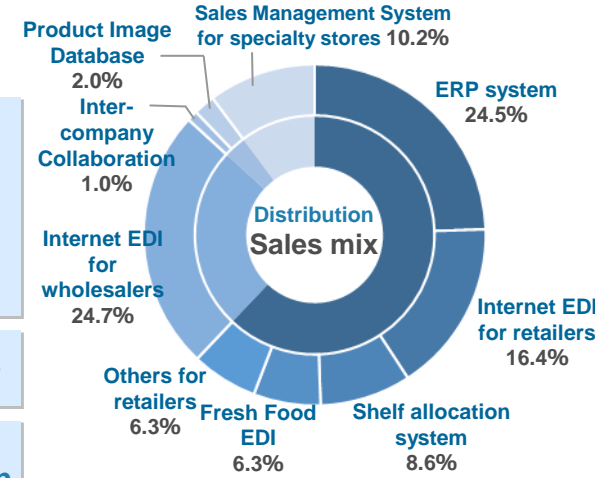
- Customer support services

Government Professionals Companies

- Digital contract service
- Digital certificate issuing service
- Time Stamping





Individuals Corporations

- Mobile phone reselling business








In 2005, we launched @rms ERP, Japan's first cloud retail ERP service, then gradually expanded our lineup of peripheral services

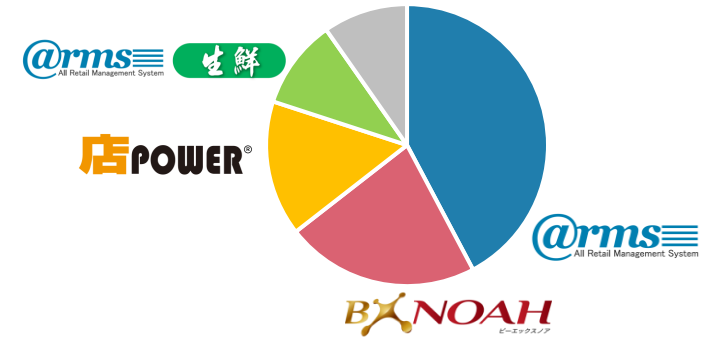
Key services for grocery supermarkets

Service	Description	Industry rank (* Based on our research)
ERP system 	Support overall core business operations such as ordering, purchasing, inventory, sales management, etc.	Cloud retail ERP system installations No.1
Internet EDI for Retailers 	Support electronic data interchange (EDI), including order placement and receipt	Internet EDI for Retailers No.1
Fresh Food Ordering System 	EDI service specializing in fresh food products. Supports business practices specific to fresh food, such as market fluctuations and market purchases.	Fresh Food Ordering System No.1
Shelf allocation system 	Supports merchandising optimization through shelf allocation management, work instructions, and analytics	Shelf allocation system No.1

Monthly fee structure by service (recurring revenue)

	Base fee + Per store charge
	Base fee + Per partner charge
 	Base fee + Per partner charge + Per store charge
	Per user ID charge

Food Retail Recurring Revenue by service (FY12/23)



*Standard billing structure.

Increase in store count = Increase in recurring revenue



Number of stores with @rms ERP installed*1

1,256 stores

out of **21,000** total stores*2

See p19 for medium-term target

*1 Number of stores using @rms ERP (as of the end of 1Q FY12/24)

*2 Total stores in the market based on our estimates

3. About CYBERLINKS Key Services – Distribution Cloud – Food Wholesale

The Cloud EDI-Platform centrally organizes all order data received from retailers via various communication methods on behalf of wholesalers (first in the industry)

Cloud Service for Wholesalers Cloud EDI-Platform

GTV*1
JPY9.7tn
out of **JPY36tn** (overall market)*2
As of the end of 1Q FY12/24



Installed in **8 of the top 10** processed food wholesalers companies by sales

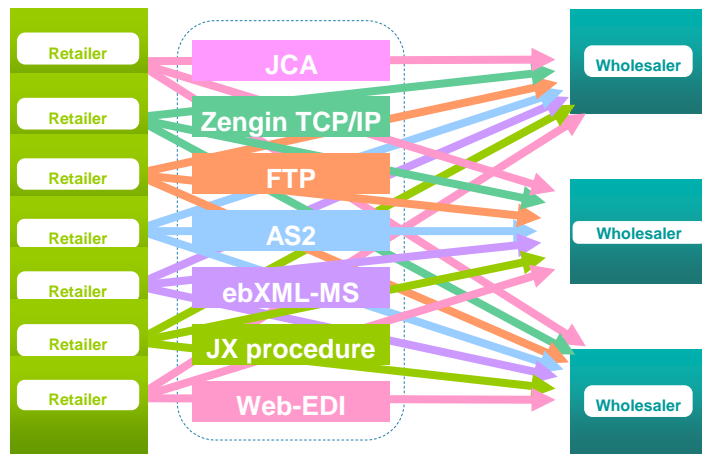
Also installed at **major manufacturers**

*1 The value of orders received and placed by customers using the Cloud EDI-Platform
*2 Overall market GTV figure is an internal estimate



Leading Distribution EDI Cloud service (in terms of wholesaler EDI processing volume)

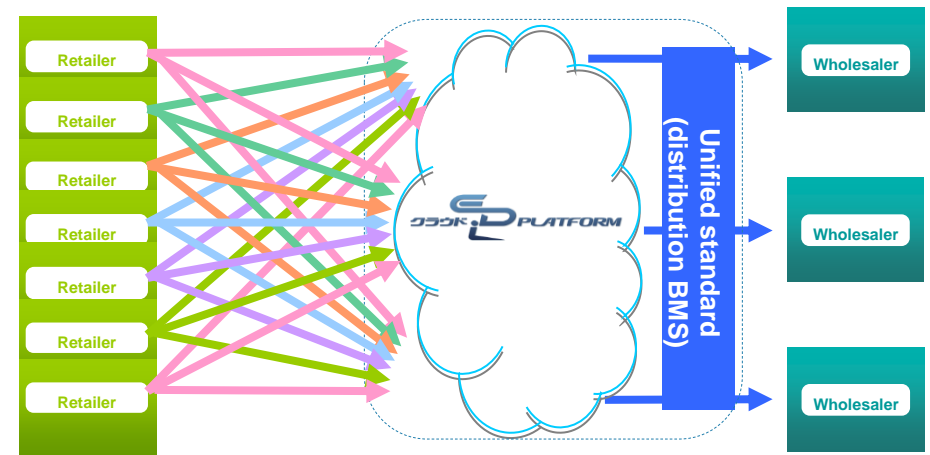
Order data received via a wide variety of communication methods



Consolidate network types and communication methods



Sent to wholesalers via an unified standard (distribution BMS)



3. About CYBERLINKS Key Services – Distribution Cloud (KPI)

Food Retail (@rms)	FY12/20 Results	FY12/23 Results	1Q FY12/24 Results	FY12/25 Targets
KPI: # of stores (Overall Market: 21,000 stores)	1,205	1,304	1,256 (-48※)	1,765

*Number of stores using @rms ERP

*Cancellation by one major client, etc.

Processed Food Wholesale (EDI-Platform)	FY12/20 Results	FY12/23 Results	1Q FY12/24 Results	FY12/25 Targets
KPI: GTV (Overall Market: JPY 36 trillion)	8.7	9.4	9.7 (+0.2)	12.3

*Gross Transaction Value: The value of orders received and placed by customers using our services.

Retailer/Wholesale /Manufacturing (C2Platform)	FY12/20 Results	FY12/23 Results	1Q FY12/24 Results	FY12/25 Targets
KPI: # of IDs (Overall Market: 220,000 ID)	0	160	164 (+4)	5,000

Retail

@rms ERP system

Wholesale

EDI-Platform
(Commercial Platform)

Manufacturing

C2Platform
(Negotiation Platform)

Government Cloud

Support local governments in keeping up with the rapid progress of digitization

Local government

Administrative information system (ERP and information systems)

- Local government information security cloud service
- information system (document management systems, etc.)
- ERP systems

Local disaster prevention system (disaster prevention radio, etc.)

Elementary and junior high school

- School administration cloud service (Clarinet)

Medical institutions

- Medical collaboration platform
- Electronic medical records, medical office system

Mobile Network

Largest NTT Docomo reseller in Wakayama Prefecture, operating approximately half of all Docomo Shops in the area



Iwade Store (largest store in Wakayama Prefecture)



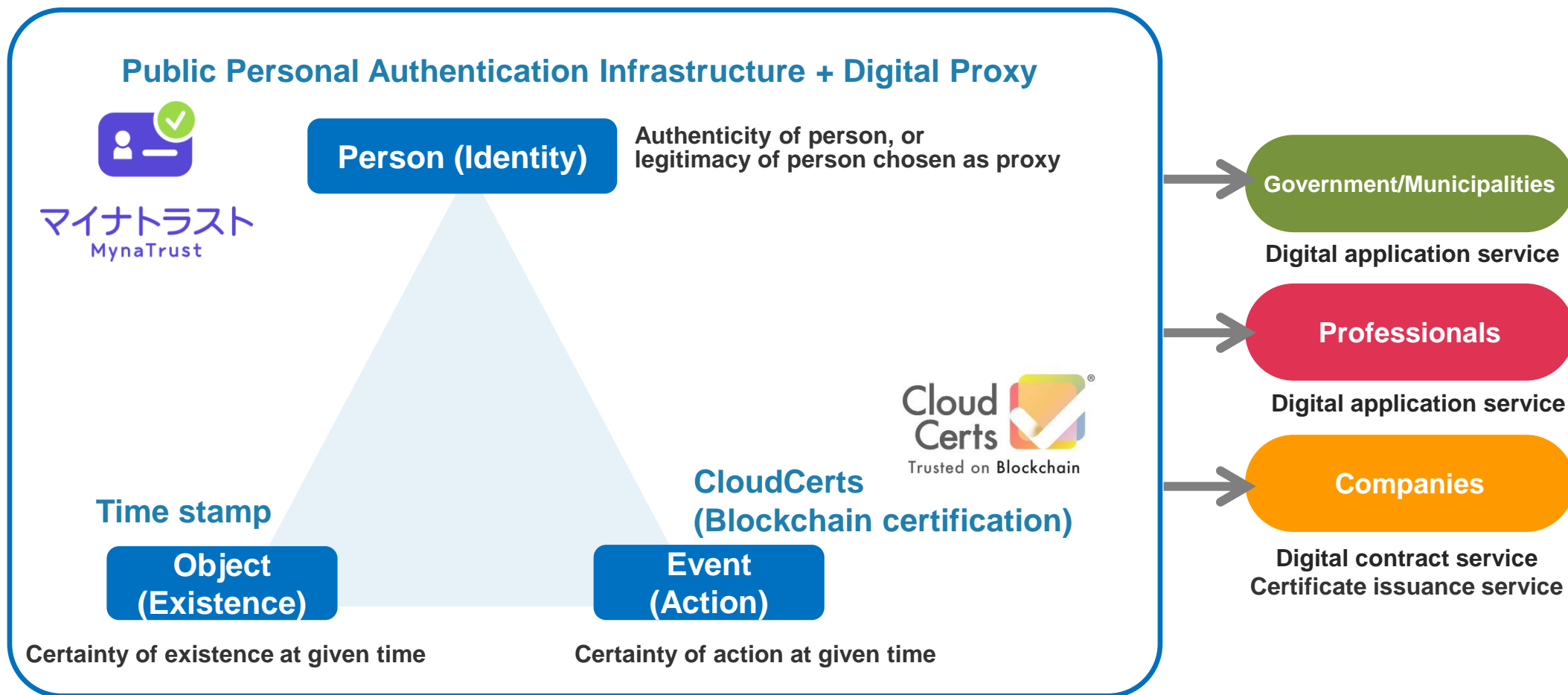
Central City Wakayama Store



Tanabe Store

3. About CYBERLINKS Trust Service

Leveraging our core strength in “Third Trust” service based on the My Number Card, we offer comprehensive trust services for people (identity), objects (existence), and experience (actions).



3. About CYBERLINKS Additional content

Shared Research

Easy-to-understand information on Cyberlinks' strengths, business environment, performance, and recent initiatives.

<https://sharedresearch.jp/en/companies/3683>

IRTV

Video now also available on the IRTV channel operated by IR Robotics, providing information on Cyberlinks' business, product releases, and other matters.

Change in president to transit into a new organization /
Aiming for growth in its Distribution Cloud Business

<https://youtu.be/B9TTcLxDpnl>



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JapanStockChannel

President Murakami made an appearance on JapanStockChannel, a YouTube channel operated by IR Robotics Inc., to explain over the course of three videos the Company's trajectory, growth potential, and vision for the future.

Video 1: Story of the company's start assembling TVs after World War II

<https://youtu.be/WThVNgtZjpM>

Video 2: Entering a phase of rapid growth! 20% ordinary profit margin rule!

<https://youtu.be/eLaCAJj-E>

Video 3: Transformation 2025! Currently exceeding the goals of the Company's medium-term management plan!

<https://youtu.be/Jm7hvLLyqU>

*The video is based on the medium Term Management Plan before revision.

Supplementary Materials

Supplementary Materials Consolidated 1Q FY12/24 Results: Consolidated Income Statement

(millions of yen)

	1Q FY12/23 (Actual)	1Q FY12/24 (Actual)	YoY Change (%)	1H FY12/24 (Plan)	Progress vs. Plan (%)
Net sales	4,215	4,311	2.3%	7,632	56.5%
Distribution Cloud	1,090	1,104	1.4%	2,409	45.9%
Government Cloud	2,198	2,027	(7.8%)	3,473	58.4%
Trust	1	30	1659.2%	50	60.8%
Mobile Network	925	1,149	24.2%	1,700	67.6%
Recurring revenue	1,898	1,935	1.9%	3,870	50.0%
Distribution Cloud	929	970	4.3%	1,977	49.1%
Government Cloud	814	825	1.4%	1,627	50.7%
Trust	1	13	676.2%	50	26.8%
Mobile Network	152	126	(17.5%)	216	58.4%
Operating profit	335	355	6.0%	406	87.7%
Ordinary profit	351	356	1.5%	409	87.2%
Distribution Cloud	207	160	(23.0%)	420	38.1%
Government Cloud	183	159	(12.8%)	174	91.8%
Trust	(34)	(13)	—	(32)	—
Mobile Network	35	95	168.8%	35	272.3%
Adjustments	(40)	(45)	—	(188)	—
Profit attributable to owners of parent	10	228	2001.3%	232	98.6%
EPS	JPY0.97	JPY20.52	—	JPY20.80	—

Supplementary Materials Consolidated 1Q FY12/24 Results: Consolidated Balance Sheet

(millions of yen)

		End-Dec. 2023		End-Mar. 2024			Factors behind changes
		Amount	Composition	Amount	Composition	Change	
Assets	Current Assets	6,256	47.9%	6,801	49.6%	544	Notes and accounts receivable - trade, and contract assets increased
	Non-current Assets	6,796	52.1%	6,922	50.4%	125	Increase in software
	Total Assets	13,053	100.0%	13,724	100.0%	670	
Liabilities & Net Assets	Current Liabilities	3,295	25.2%	3,988	29.1%	692	Short-term borrowings increased due to borrowing
	Non-current Liabilities	2,330	17.9%	2,215	16.1%	(114)	Long-term borrowings decreased due to repayment
	Total Liabilities	5,625	43.1%	6,203	45.2%	578	
	Total Net Assets	7,427	56.9%	7,520	54.8%	92	Increase in retained earnings due to accumulation of profit
	Total Liabilities & Net Assets	13,053	100.0%	13,724	100.0%	670	

Supplementary Materials Full-Year Consolidated FY12/24 Earnings Forecast: Consolidated Income Statement

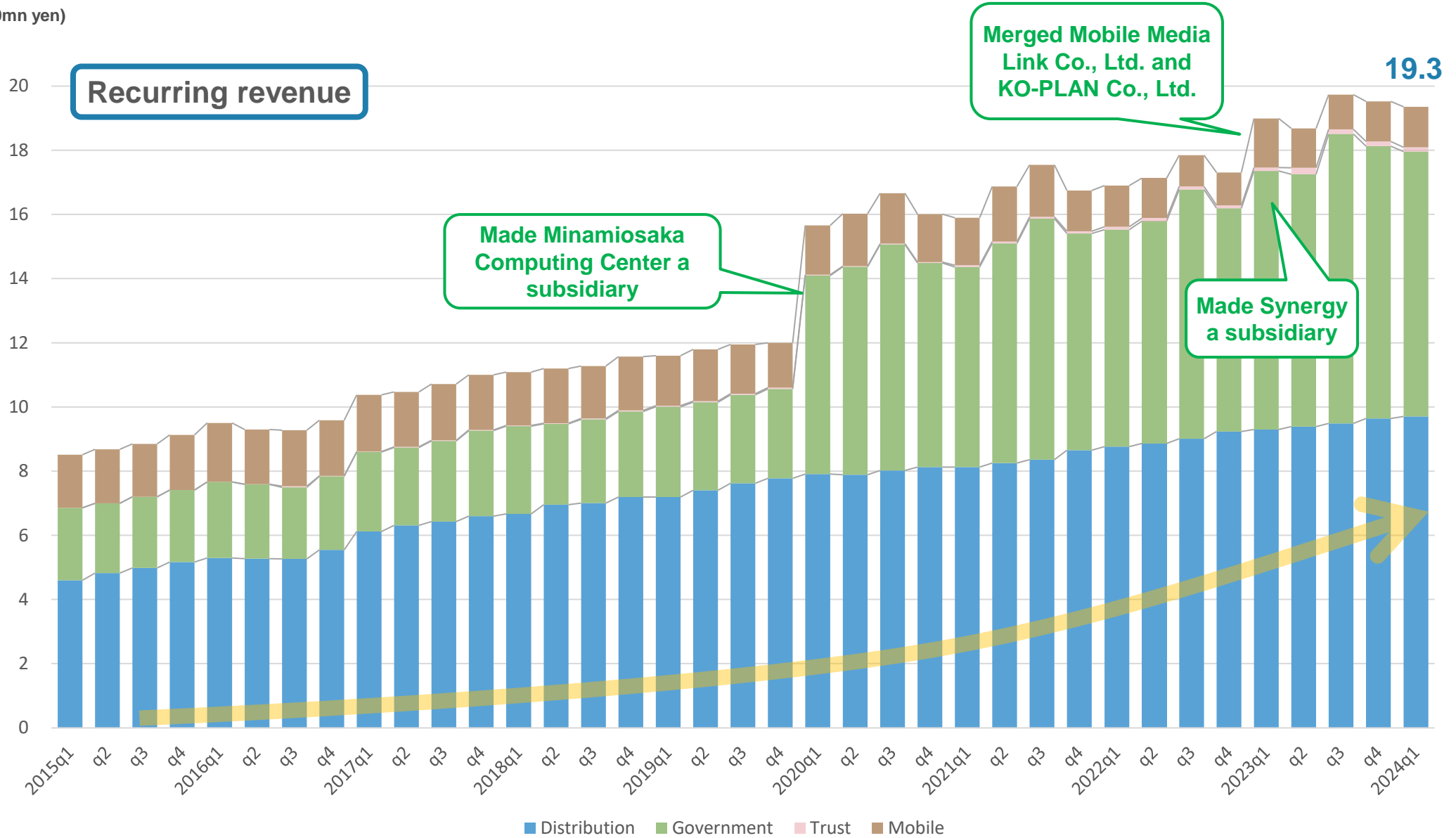
(millions of yen)

	FY12/23 (Actual)	FY12/24 (Forecast) (※)	YoY Change (%)
Net sales	15,023	16,073	7.0%
Distribution Cloud	4,622	5,009	8.4%
Government Cloud	6,835	7,463	8.4%
Trust	42	152	71.9%
Mobile Network	3,523	3,449	(2.1%)
Recurring revenue	7,692	7,988	3.8%
Distribution Cloud	3,781	4,052	7.1%
Government Cloud	3,358	3,344	(0.4%)
Trust	42	152	72.0%
Mobile Network	509	440	(13.6%)
Operating profit	1,040	1,155	11.0%
Ordinary profit	1,062	1,162	9.3%
Distribution Cloud	958	926	(3.4%)
Government Cloud	400	544	26.4%
Trust	(111)	(25)	—
Mobile Network	45	29	(36.5%)
Adjustments	(230)	(312)	—
Profit attributable to owners of parent	445	714	60.4%
EPS	JPY39.95	JPY64.03	—

*No revisions have been made to the forecast announced on February 14, 2024.

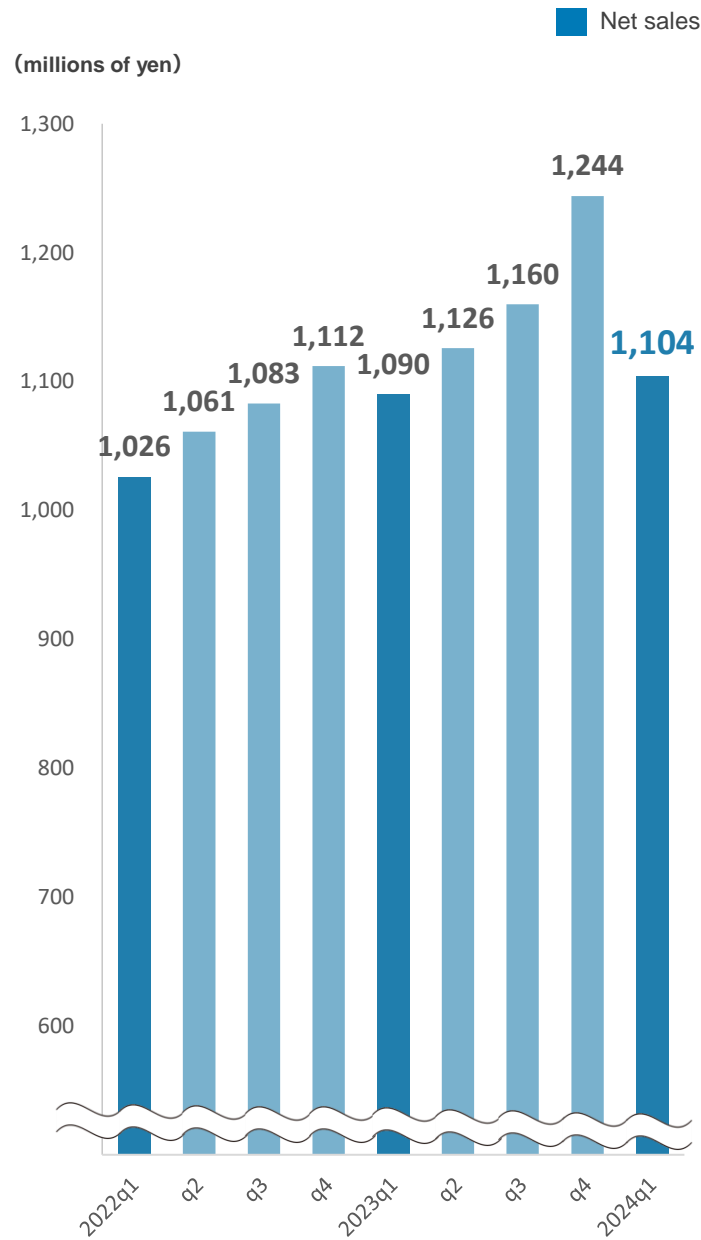
Growth continued to be driven by the Distribution Cloud business

(100mn yen)



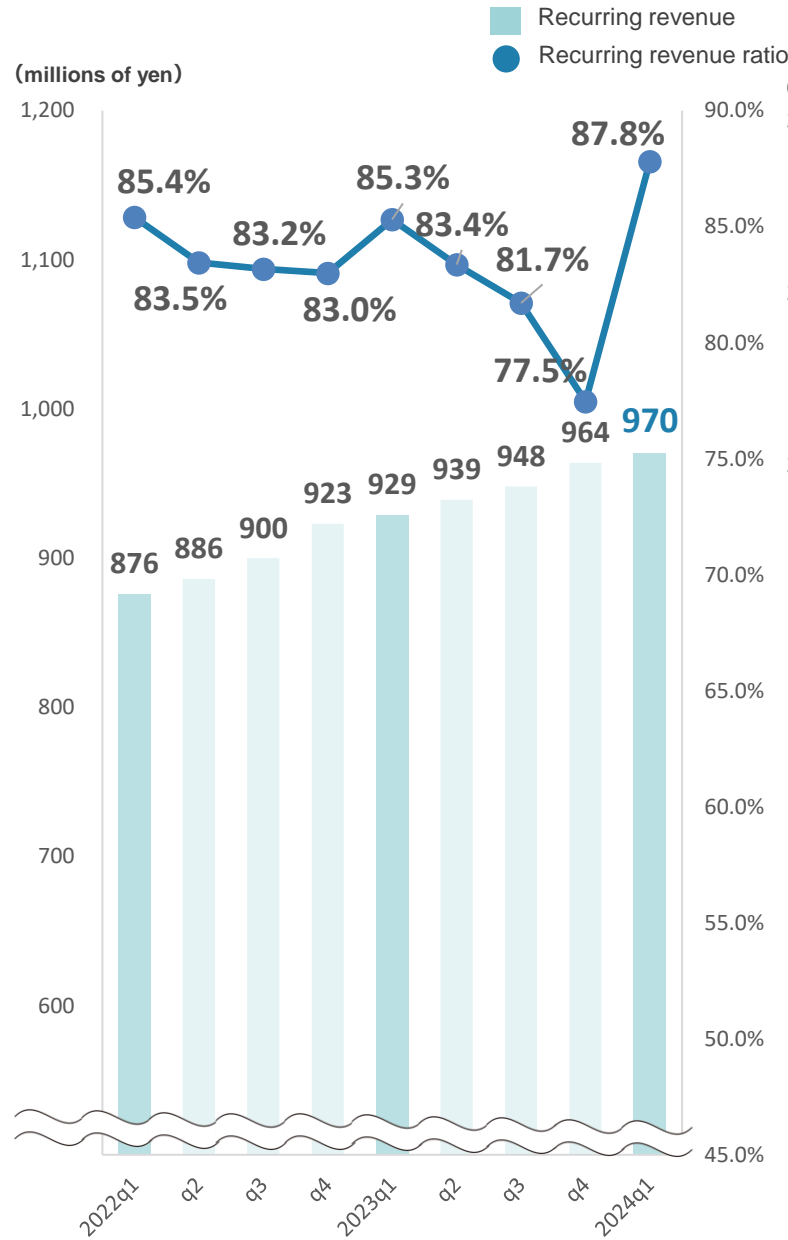
Net sales

(millions of yen)



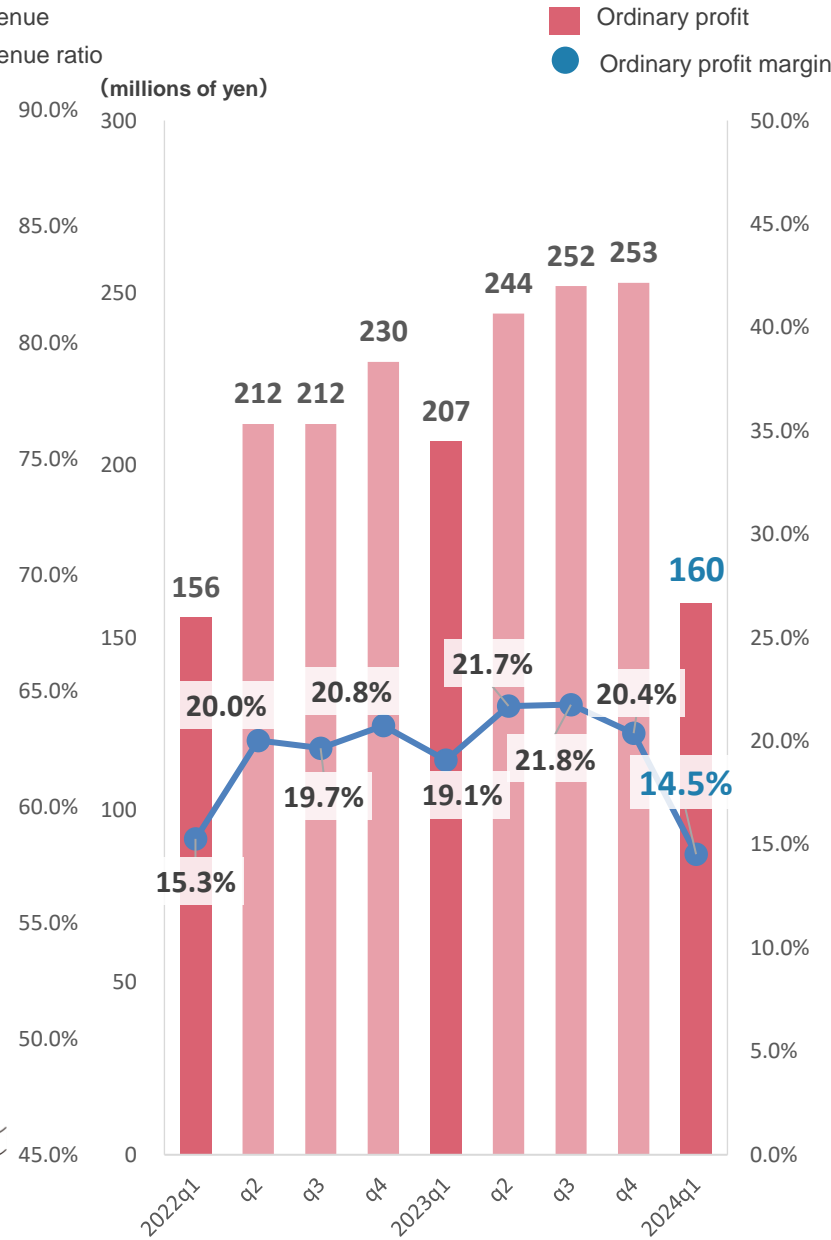
Recurring revenue

(millions of yen)



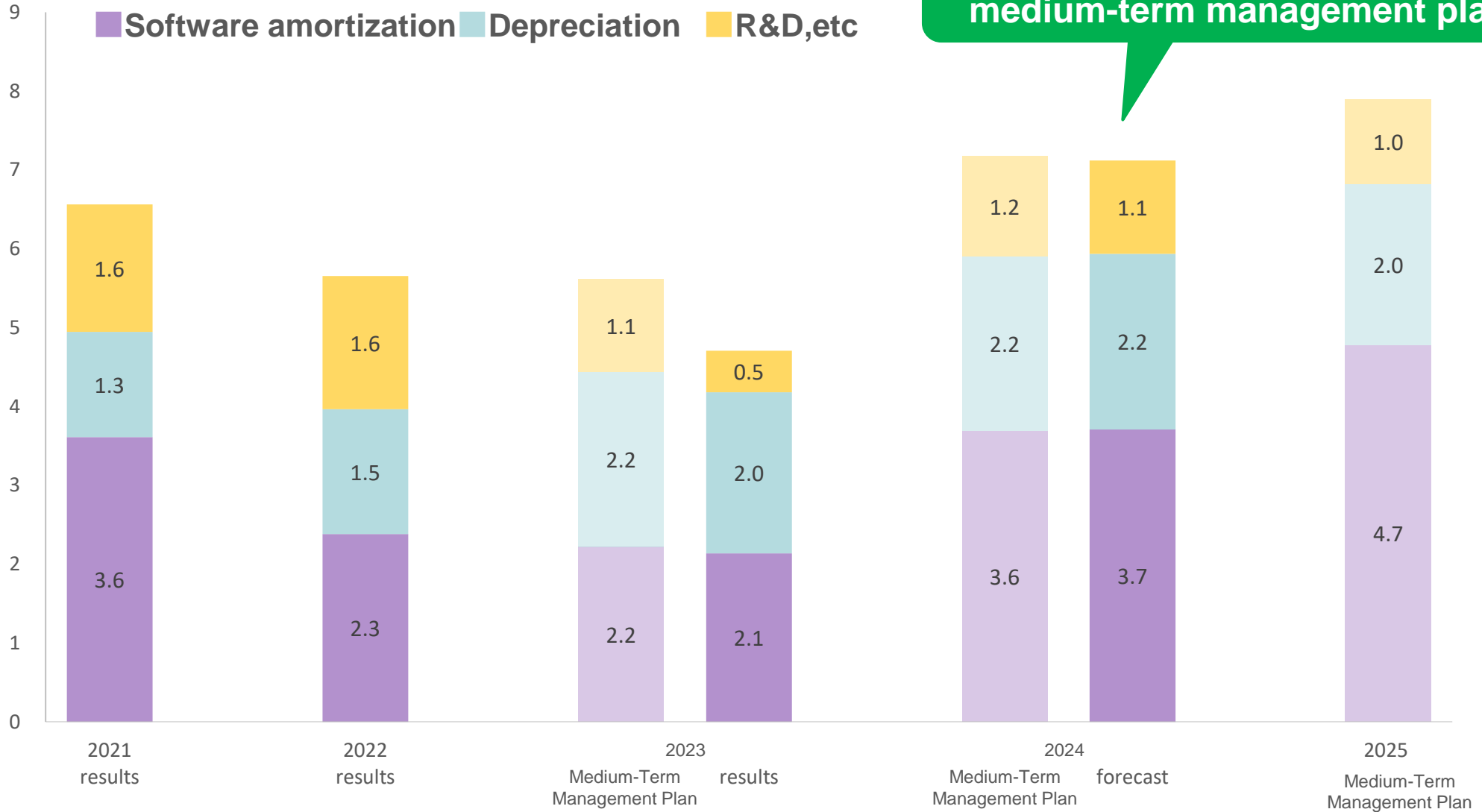
Ordinary profit

(millions of yen)



Software amortization is trending upward owing to stepped-up development of @rms ERP to accelerate rollout to medium- and large-sized clients

(100mn yen)



Projected to be largely in line with medium-term management plan

WiLL makes anything Everything starts with an idea



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.

WiLL makes anything