

CYBERNET SYSTEMS CO., LTD.
(Delayed)

Medium-Term Business Plan

2015 to 2020 (3 years x 2)

First phase : 2015 to 2017
Second phase : 2018 to 2020

28 February, 2018
CYBERNET SYSTEMS CO., LTD.



◆ Medium-Term Business Plan (First phase)	
Corporate Philosophy, Vision, Criteria of Value	• • • • • • • 3
First phase (2015～2017) review	• • • • • • • 4
◆ Medium-Term Business Plan (Second phase)	
Second Phase Basic Policies	• • • • • • • 6
Second Phase Basic Strategies	• • • • • • • 7
Second Phase Strategies by Business Domain	• • • • • • • 8
Second Phase Global Strategies	• • • • • • • 9
Second Phase strategies by Application Area	• • • • • • • 10
Provide Cybernet's Unique Value (What is CAE)	• • • • • • • 11
Provide Cybernet's Unique Value (New Solution)	• • • • • • • 12
Provide Cybernet's Unique Value	• • • • • • • 13
MBSE (Model Based Systems Engineering)	
Cybernet solution for electrize, electronize of automotive	• • • • • • • 14
Strengthen Cooperation with Partners	• • • • • • • 15
New Market	• • • • • • • 16
CAE Technologies to contribute IoT (Internet of Things)	
Enterprise image to aim	• • • • • • • 17
Dividend Policy	• • • • • • • 18
Ref.) Medium-Term Business Plan (3 years x 2)	• • • • • • • 19
Contact	• • • • • • • 20

Corporate Philosophy

- We will contribute to the advancement of our customers and society by providing “solutions” that generate high satisfaction through enhanced value-added and high-quality services.

Message

- "つくる情熱を、支える情熱。" (Japanese)
- "Energy for your Innovation" (English)

Vision

- First Contact Company

Cybernet aims to become the **“First Contact Company”** for customers, that always walks with them and that they trust, by actively providing them with solutions for CAE, IT, visualization and manufacturing.

Criteria of Value

- The most 3Ps

- Partnership The most trusted partnership
- Professional The most trusted experts
- Pride A more passionate pride than anyone

【 Basic Strategies 】

1. Provide value unique to Cybernet
2. Focus on automotive field
3. Strengthen cooperation with partners

1. Proceeds Unique solutions ((*1) Multi-domain solutions)) development and provide unique value
Domestic revenue [2014 ¥12.7billion ⇒ 2017 ¥14.6billion]
2. Greatly extend by acceleration of development investment for electric Vehicle and electronize and electrize of automotive components
Ratio for domestic revenue [2014 12.0% ⇒ 2017 16.4%]
3. Increasing number of sales partners 152% [2014 81 ⇒ 2017 123]
OEM growth rate [2014 ¥4.5billion ⇒ 2017 ¥5.5billion]

End of former term(End 2017)Target Consolidated operating margin: Exceeding 8.0%

End of former term(End 2017)Result Consolidated operating margin: 8.4%

Medium-Term Business Plan

2015 to 2020 (3 years x 2)

Second phase: 2018 to 2020 (Plan)



Second phase Basic Policies

CYBERNET SYSTEMS CO.,LTD.

Target figures for FY2020

Consolidated sales: Exceeding ¥30 billion

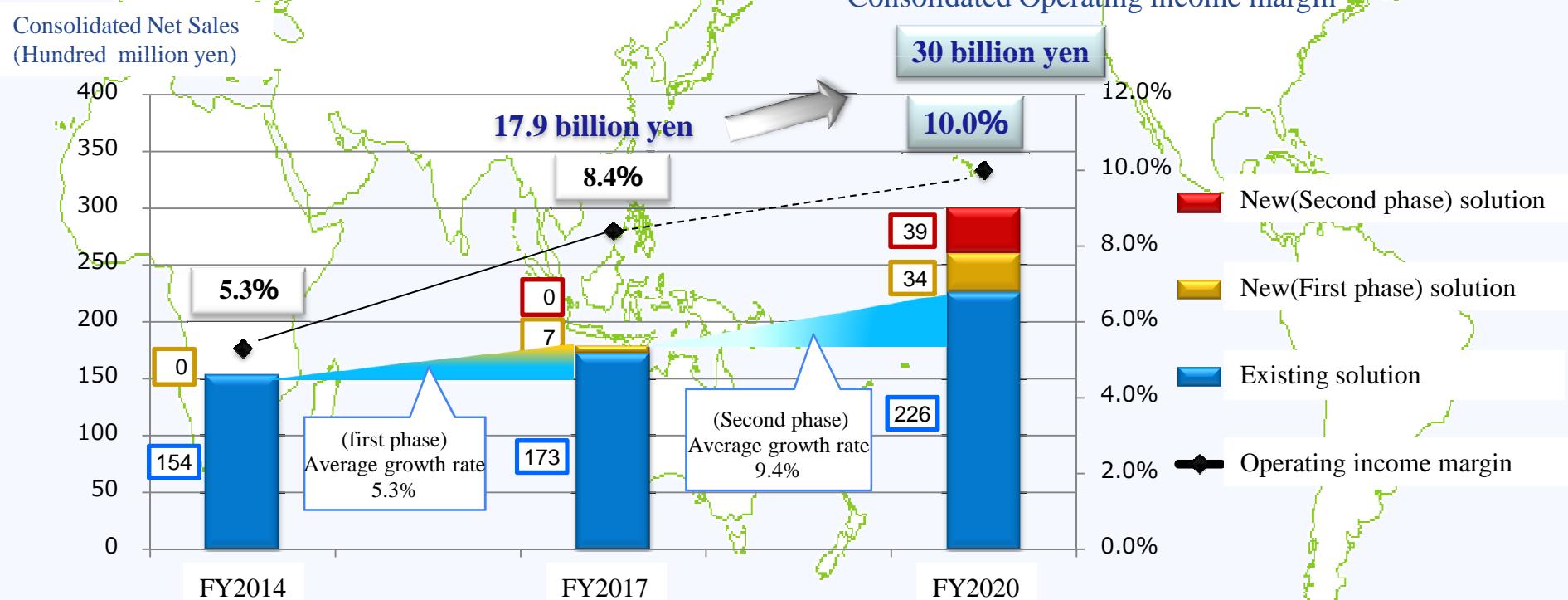
Consolidated Operating income:
Exceeding ¥3 billion

(Consolidated Operating income margin:
Exceeding 10%)

【Business Policy】

Importance of strategy by business domain

- Distributor Business : Double digits growth/10% Operating margin
- Vendor Business : Double digits growth/20% Operating margin
- Consulting Business : Double digits growth/10% Operating margin



Provide value unique to Cybernet

- 1D CAE + 3D CAE Multi-domain Solutions(*1)
- Extended Multi-domain Solutions(*1) by **MBSE**(*2)

Consolidated sales (ratio to consolidated sales)

[2014] ¥12.7 billion (82.7%) ⇒ [2017] ¥14.6 billion (81.4%) ⇒ [2020] ¥24.5 billion (81.7%)

Focus on automotive field

- Domestic sales (ratio to domestic sales)

[2014] ¥1.5 billion (12%) ⇒ [2017] ¥2.4 billion (16.4%) ⇒ [2020] Approx. ¥5 billion (25%)

Strengthen cooperation with partners

- Establish sales/support structure globally and locally
- Promote OEM offering **(Development into IoT field)**

(*1) Multi-domain Solutions : Analyzing method among different domains

(*2) MBSE (Model Based Systems Engineering) :

The development methods that entire processes from requirement analysis to validation are proceeded with model-based, with crossed-domain such as mechanical, electrical, control • software.

Second phase Strategies by Business Domain

CYBERNET SYSTEMS CO.,LTD.

CYBERNET Toward to optimized organization

Distributor Business

Enhance relationship with vendors

【 Strategies 】

- ①Pursue added value
Multi-domain Solutions
Tech support
- ②Expand Sales Territory

Vendor Business

Strengthening Product power/New market

【 Strategies 】

- ①Development of unique solutions
- ②Partnership/OEM

Consulting Business

Provide PS* that won't depends on specific tool

【 Strategies 】

- ①Providing advanced CS with pursuing unique solutions
- ②Partnership

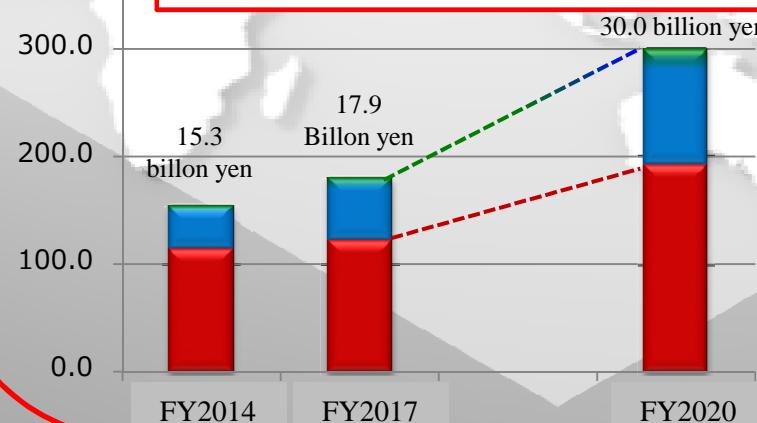
Gather Group know-how

Territory : Extend ASIAN distributor network

Market : Automotive(ADAS, EV, Connected Car), IoT (Digital Twin)

Product : Penetrate to MBSE

Hundred
million yen



Business Domain	<u>FY2017</u> Composition ratio	<u>FY2020</u> Composition ratio
Vendor & consulting	32%	36%
Distributor	68%	64%

Second phase Global Strategies

CYBERNET SYSTEMS CO.,LTD.

CYBERNET Accelerate with optimized organization

North America

- Enhance MBSE dev. (Incl. M&A)
- Expand sales partners
- Expand OEM service

Europe

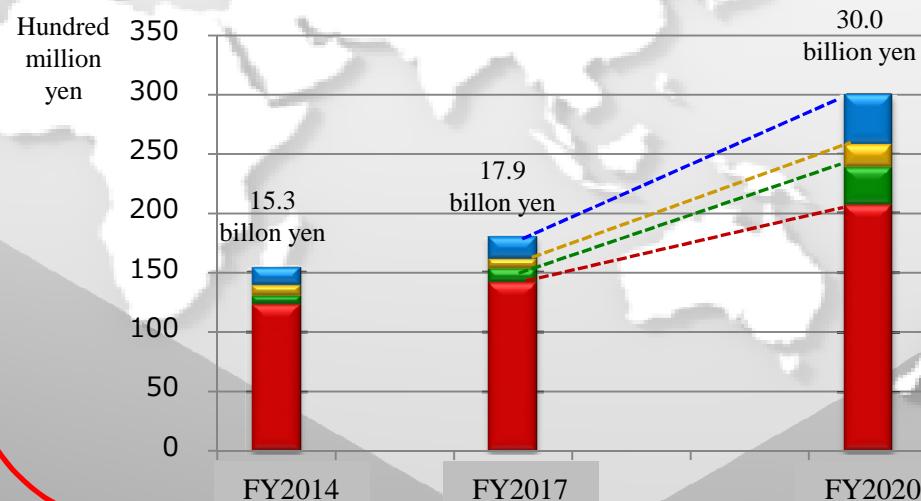
- Focus on Germany market
- Expand sales partners
- Enhance partnership with Consulting companies

Asia

- Accelerate distributor business by enhancing partnership with Japan
- Extend sales territory

Japan

- Deploy OEM service
- Further promote MBSE business for group relationship enhancement
- Relationship enhancing for CAE/IT

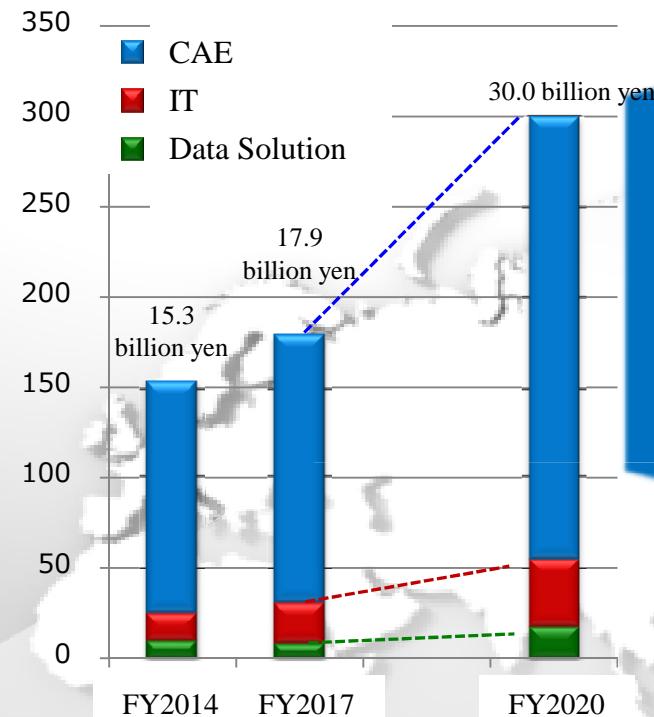


Sales Region	<u>FY2017</u> Composition ratio	<u>FY2020</u> Composition ratio
North America	10%	14%
Europe	4%	6%
Asia	7%	11%
Japan	79%	69%

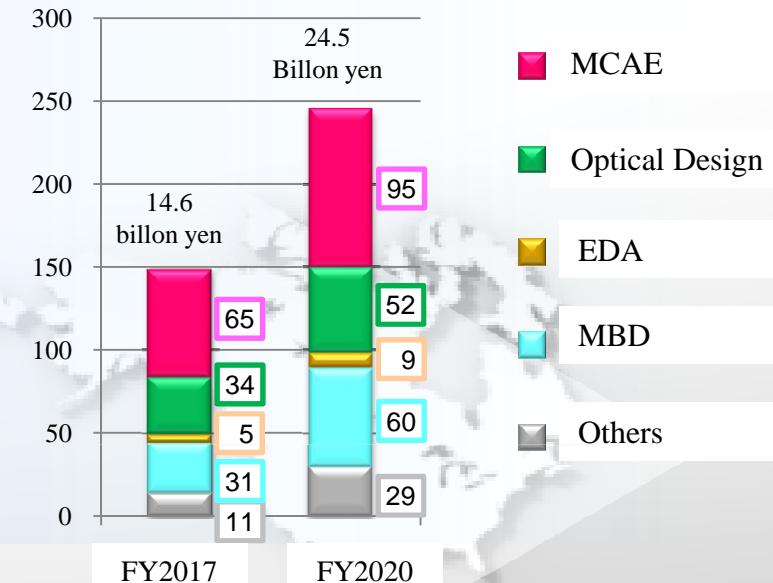
Second phase Strategies by Application Area

CYBERNET SYSTEMS CO.,LTD.

Hundred million yen



Hundred million yen



【Existing】 3 main strategies consists from 「Security, I assets management, and Cloud solution」
【 New 】 Enhance cooperation with CAE with CAE cloud

【Existing】 Enhance cooperation with AR/VR and BigData
【 New 】 Sales expansion with Medical visualizing business investment

【Existing】 Sales Expansion of new products
Enhance partnership with Asian distributor subsidiaries
【 New 】 Expansion of sales territory and start new products distribution

【Existing】 Accelerate deployment to automotive industry
Enhance partnership with Asian distributor subsidiaries
【 New 】 Expansion of sales territory (2017/Oct start operation of Korea)

【Existing】 Sales expansion by replacing of competitors

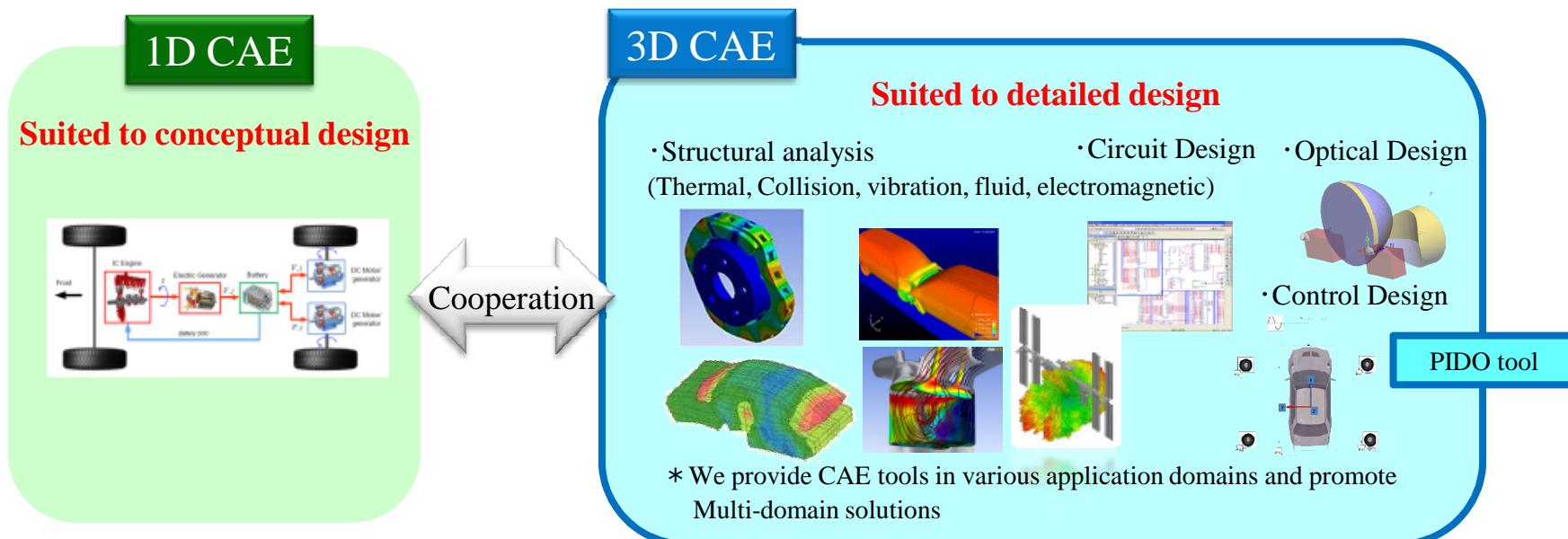
【Existing】 OEM strategy and enhancement of NA/Europe Market
Expansion of Domestic automotive consulting business
【 New 】 Establish MBSE solution

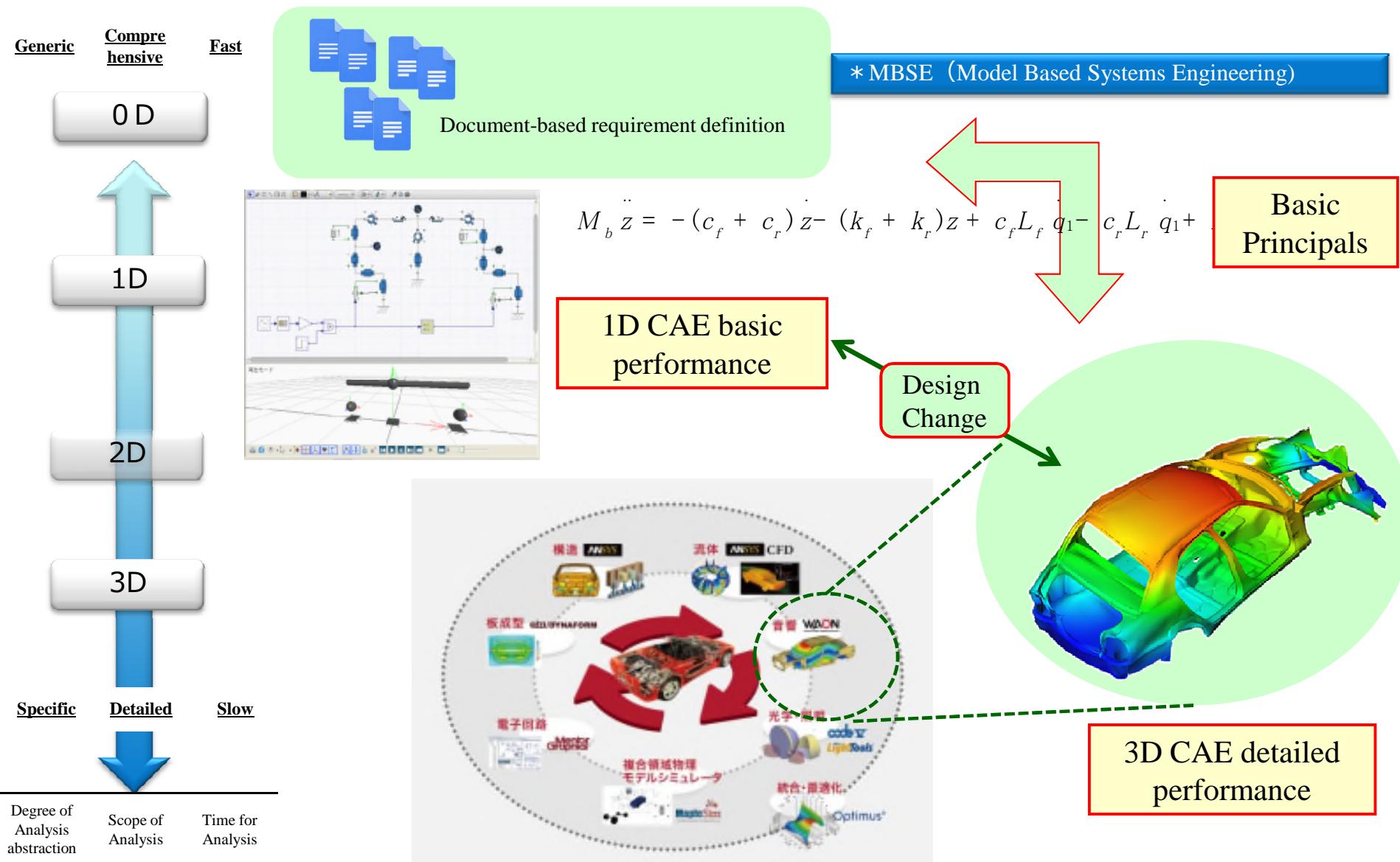
【Existing】 Expand deployment to CAD Users
Expand sales by PIDO new products development investment

What is CAE?

It stands for Computer Aided Engineering.

The software which reproduce and simulate a phenomenon (things, physical events) virtually on computer in order to **assist significant reduction of the time and cost for development**

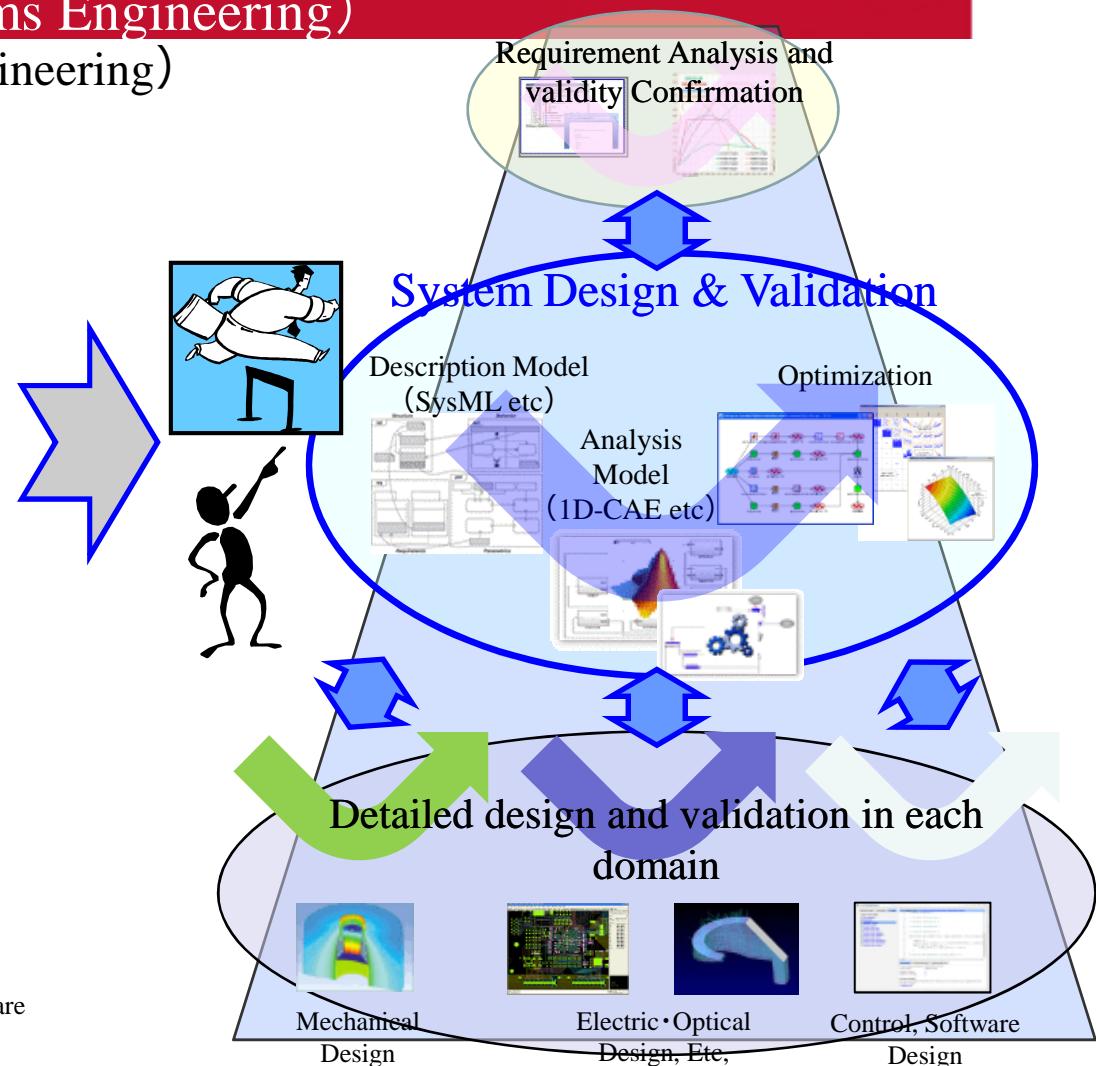
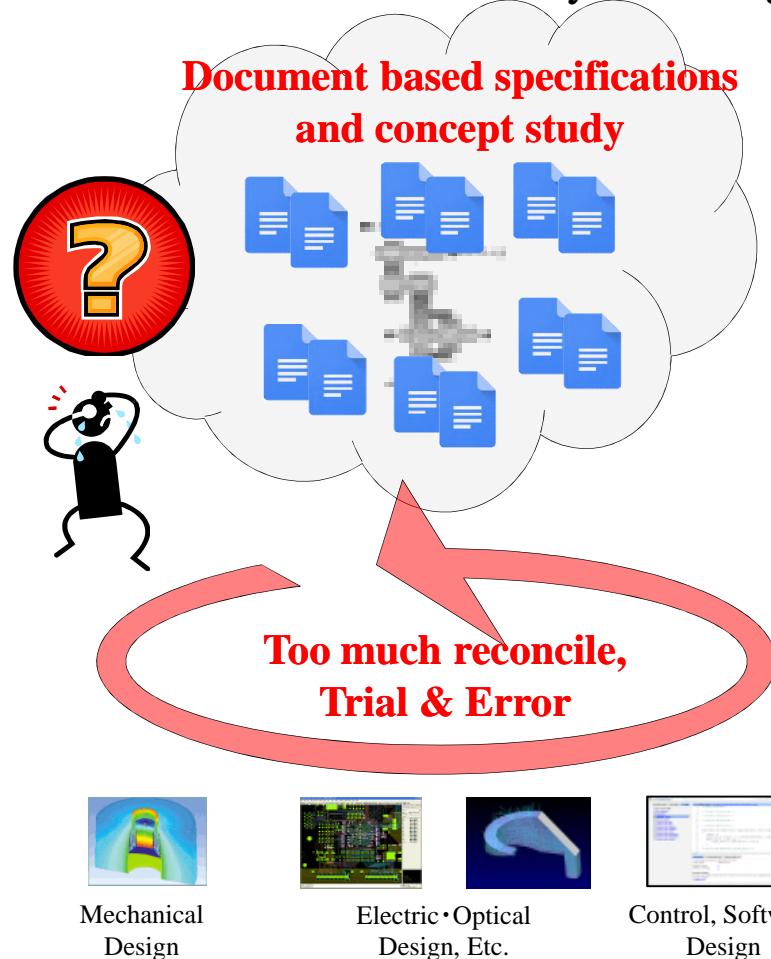




Provide Cybernets' Unique Value MBSE (Model Based Systems Engineering)

CYBERNET SYSTEMS CO.,LTD.

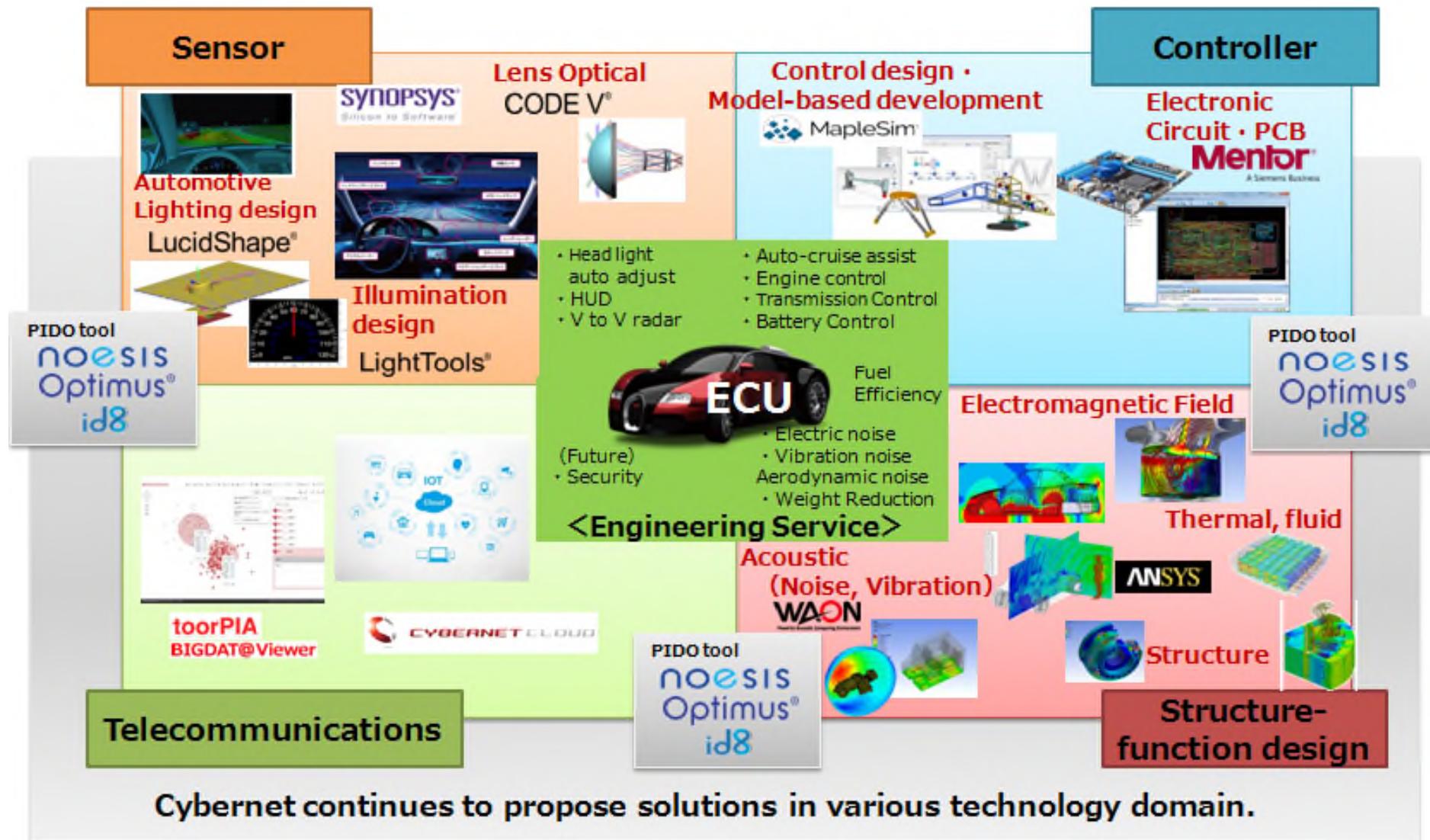
* MBSE (Model Based Systems Engineering)



The development methods that entire processes from requirement analysis to validation are proceeded with model-based, with crossed-domain such as mechanical, electrical, control・software.

Cybernet solution for electrify, electronize of automotive

CYBERNET SYSTEMS CO.,LTD.



Accelerate by enhancement of group cooperation

■ Establish sales/support structure globally and locally

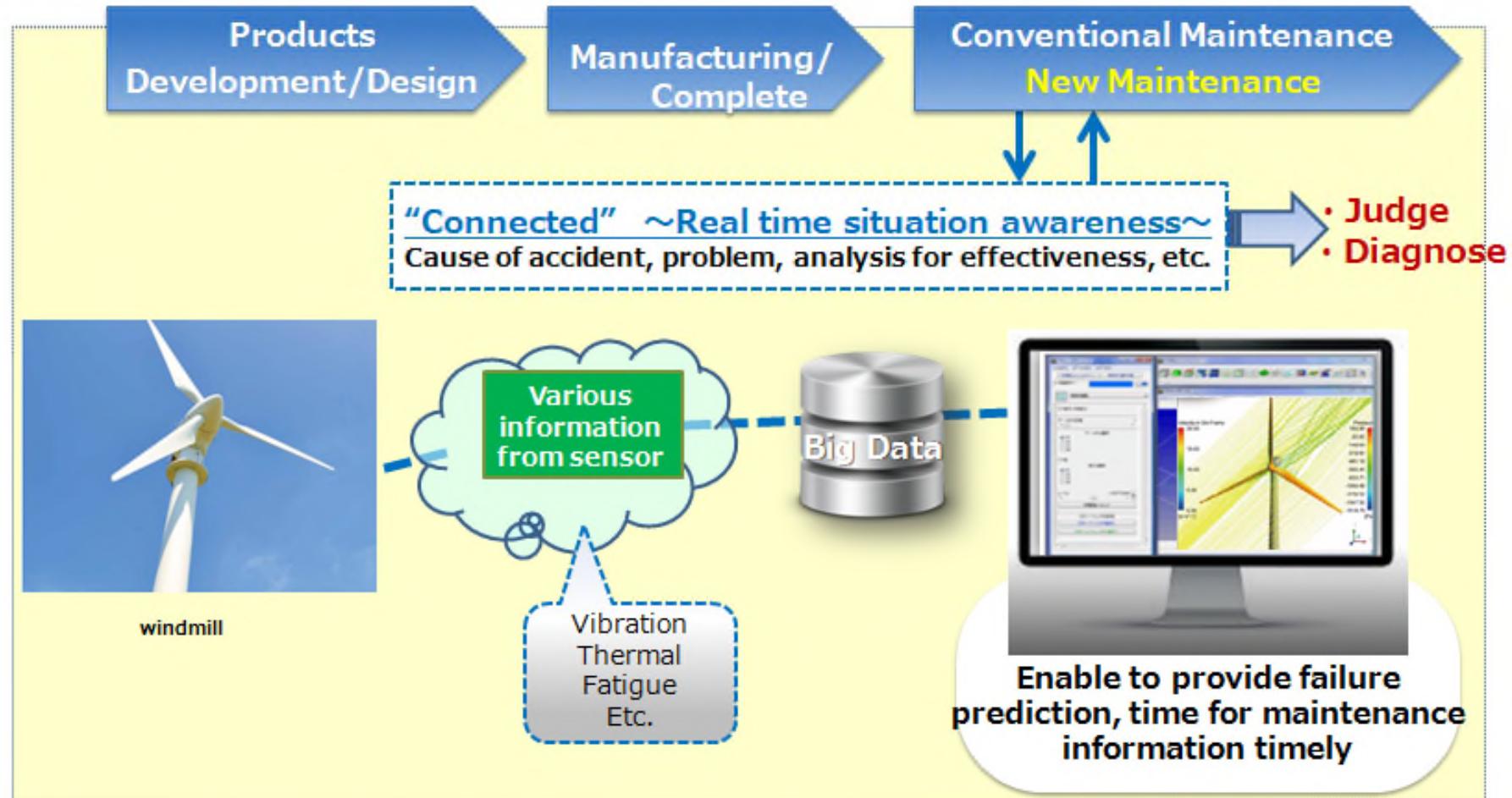
- Building global(NA/Europe/Asia) distributors network
- Building distributors network for expansion of domestic new products
- Enhancing partnership with overseas consulting firm

■ Promote OEM offering

- OEM offering to IoT (Digital Twin) domain
- Customized in-house products to major users

Digital Twin

Reproduce physical event into digital field and **Predict and analyze cause of accident and problem in advance.**



To become a company worthy of being the **First Contact Company**, we aim to become a:

➤ *Solution Integrator*

As an *SI (**Solution Integrator**), we will provide the optimal solutions for our customers in accordance with our basic strategies.

*An SI is an organization capable of grasping customers' concerns and challenges from multiple points of view, and providing solutions comprehensively and in the long term.

Cybernet will place a greater emphasis on sound profit growth and on return of profit to shareholders and strive to improve the ROE.

Index

- **Dividend payout ratio 50%**
- **Dividend on equity ratio 3.0%**

* Either of two indicators, whichever is higher, will be used as a reference at the time of determining the dividend amount.

■ Dividend payout ratio is :

Compare to net profit(profit after tax) in certain term, the ratio how much paying out the dividend
* **Dividend payout ratio exceeds dividend on equity and increase profit, It will be increase dividend.**

■ Dividend on equity ratio is : the ratio of dividend compare to net assets (shareholder's equity)

* **Since Cybernet has 70% of net assets ration, we set to realize stable dividend avoiding the effects to dividend by temporary profit decreasing.**

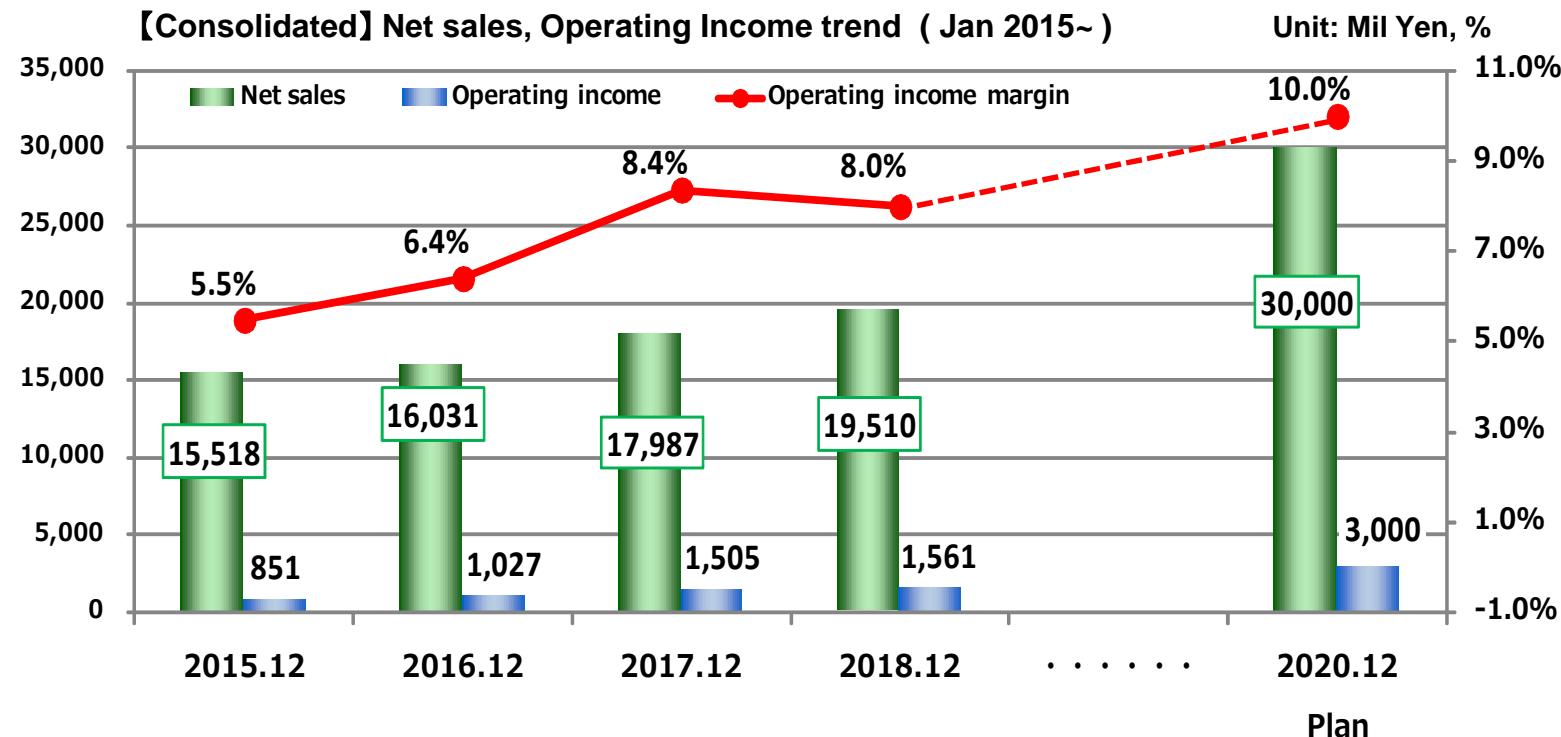
• Actual and forecast of dividend

	2016	2017	2018 (forecast)
Dividend per share	¥13.00	¥15.05	¥16.52
Dividend payout ratio	87.7%	50.0%	50.0%
Dividend on equity ratio	3.0%	3.4%	-

Ref.)

CYBERNET SYSTEMS CO.,LTD.

Medium-Term Business Plan (3 years x 2)



(Ref.)

(Mil Yen, %)

	2015.12	2016.12	2017.12	2018.12	2020.12 Plan
Net sales	15,518	16,031	17,987	19,510		30,000
YoY Change %	0.8%	3.3%	12.2%	8.5%		-
Operating income	851	1,027	1,505	1,561		3,000
Operating income margin	5.5%	6.4%	8.4%	8.0%		10.0%

CYBERNET SYSTEMS CO., LTD.

■ CONTACT: Corporate Planning and IR Department

Address: Fuji Soft Bldg., 3, Kanda Neribei-cho, Chiyoda-ku, Tokyo 101-0022, Japan
TEL.: +81-3-5297-3066
FAX.: +81-3-5297-3609
E-mail: irquery@cybernet.co.jp
URL: <http://www.cybernet.jp>

These materials are prepared for the sole purpose of providing information as a reference to investors in making investment decisions, and are not intended as a solicitation for investment.

These materials were created from data obtained through our operations. We make no guarantees, however, with respect to integrity. In addition, the opinions and predictions provided in these materials relate to the Company's outlook at the time the materials were prepared. No guarantees whatsoever extend to any outcomes over the use of such opinions or predictions.

The contents of these materials are subject to change without notice.

Investors are requested to use their own judgment in making any final decisions regarding investments.

