LINK Smart

Toward a shared, connected future

(Information session : September 3, 2024)

CYBERLINKS CO., LTD.

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

(January 1, 2024 – June 30, 2024)

September 2, 2024

CYBER LINKS

株式会社サイバーリンクス

Securities Code：3683

INDEX

1. Executive Summary

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

3. Sustainability Initiatives

4. Management Mindful of Cost of Equity and Stock Prices

5. Shareholder Returns

6. About CYBERLINKS

*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 1H FY 12/23 and the financial results for FY12/23.

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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%	—

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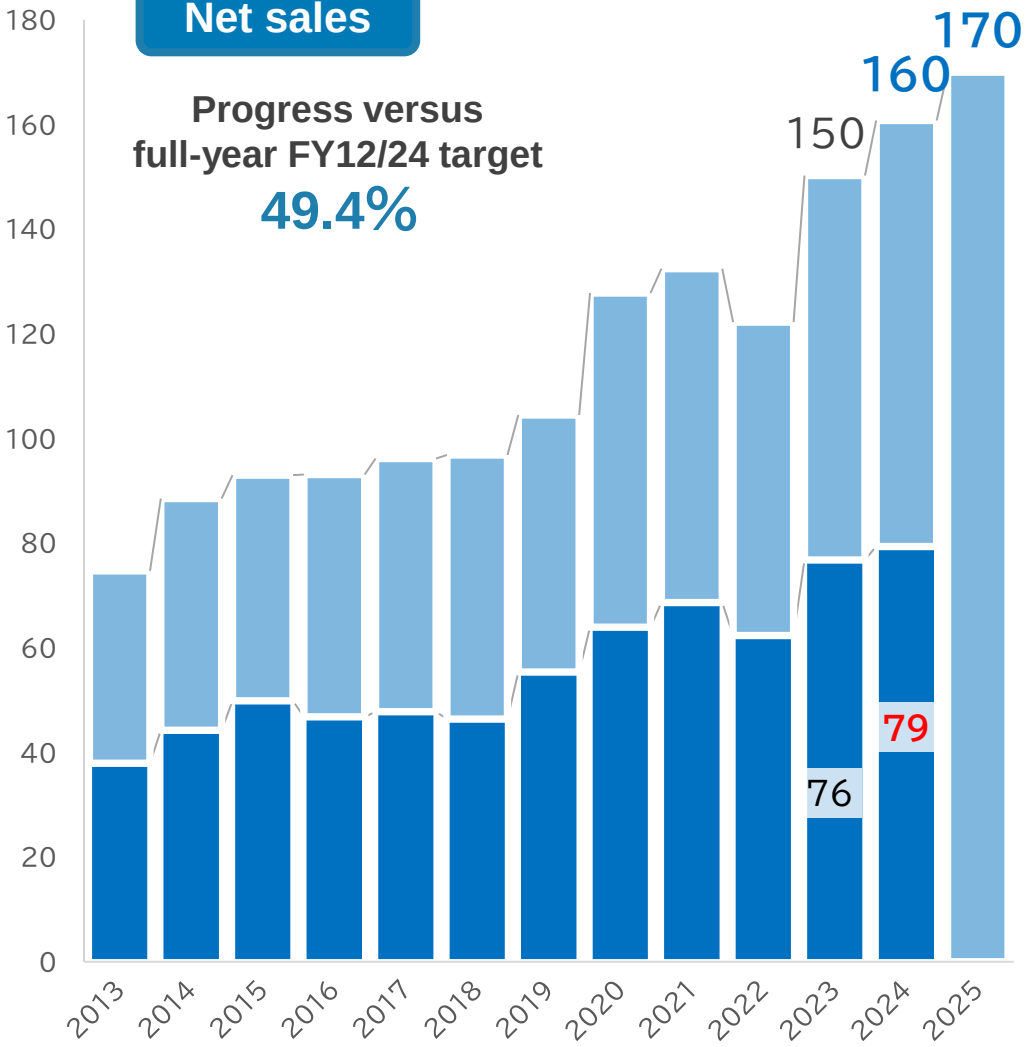
Net Sales & Ordinary Profit

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

(100mn yen)



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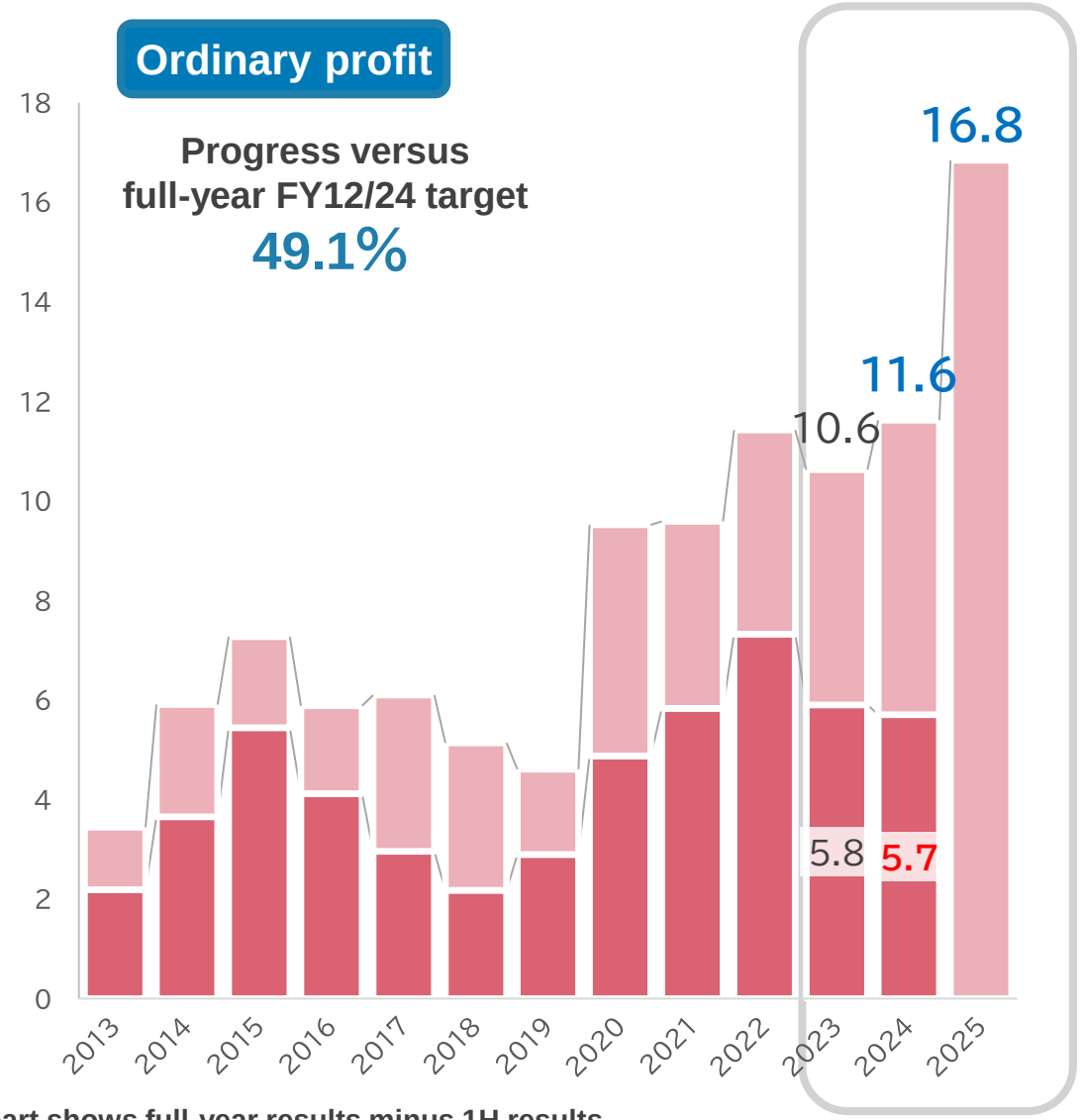

Note: The lower part of the stacked chart shows 1H results, and the upper part shows full-year results minus 1H results.
***2024 figures reflect earnings forecast, 2025 figures reflect medium-term management plan**

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

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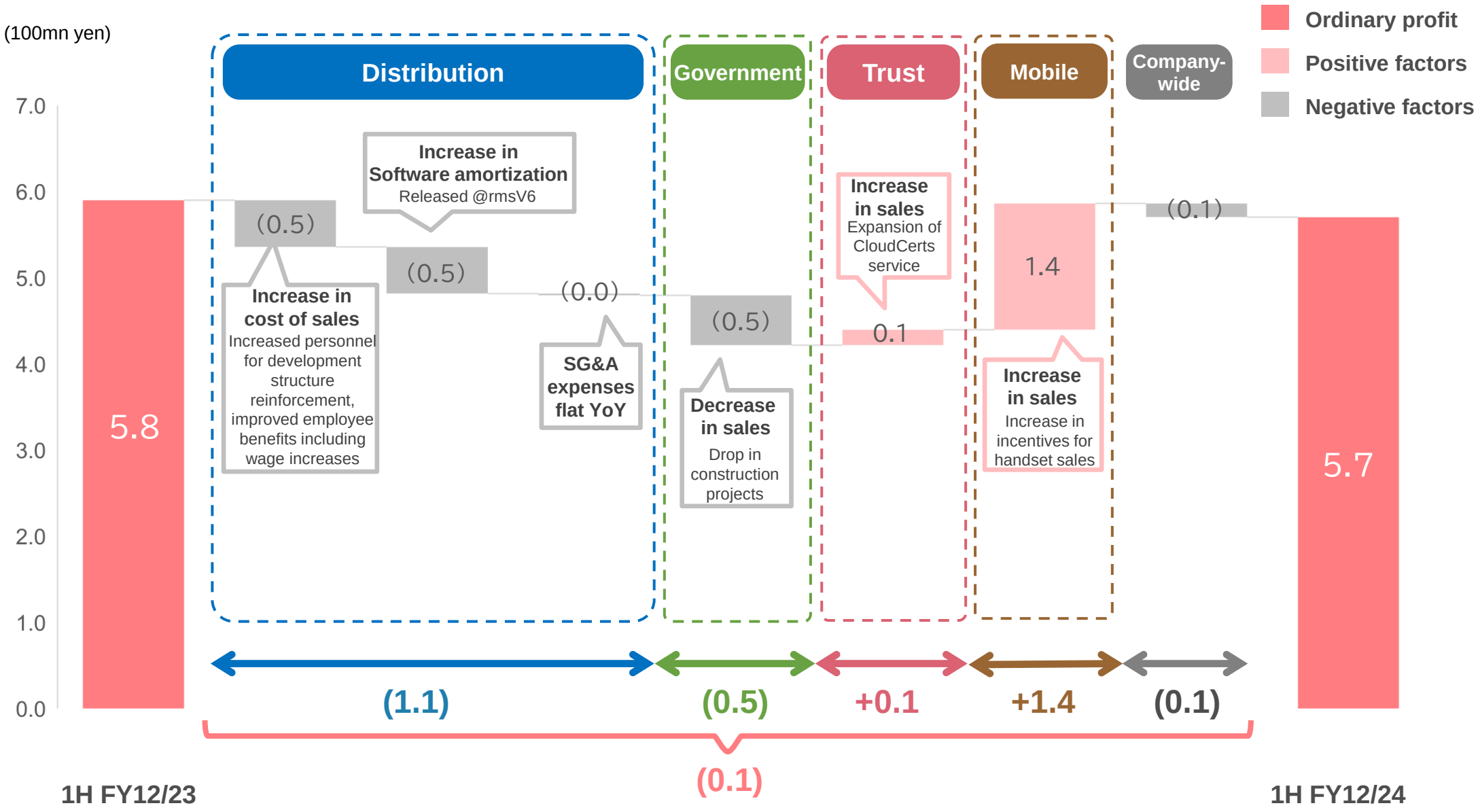
Recovery in the Mobile Network Business offset the reinforcement of the development structure in the Distribution Cloud Business



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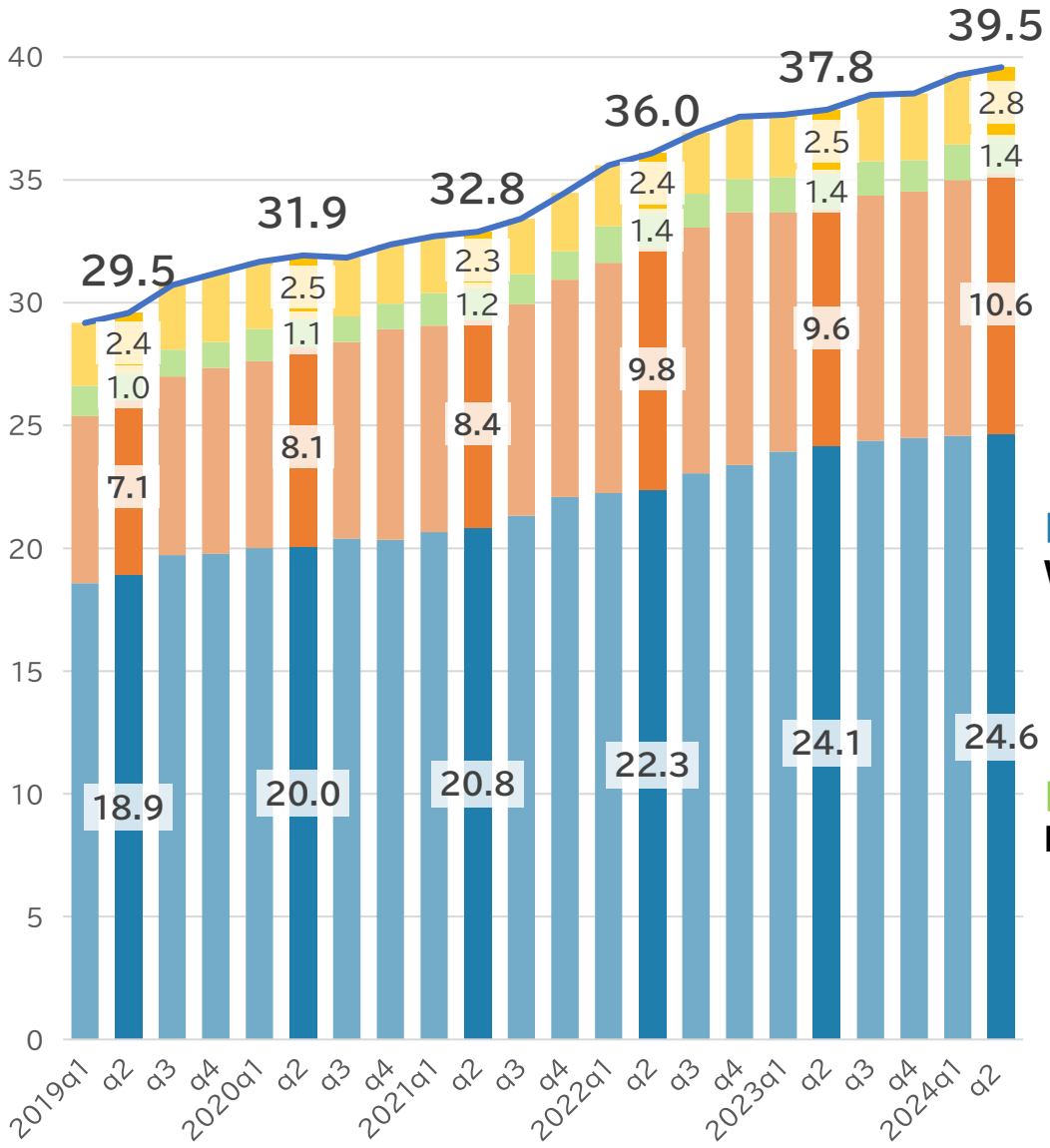
ARR (Monthly recurring revenue for the final month of a given quarter × 12 months)

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

■Services for Food Retailers Wholesalers

@rms All Retail Management System

YoY +0.4

■Services for Processed Food Manufacturers

クラウドPLATFORM

YoY +0.9

■Services for the Overall Food Distribution Industry

C2Platform

Mdb MULTIMEDIA DATABASE CENTER 商品情報・画像データベース

YoY +0.0

■Services for Specialty Stores

retailpro AUTHORIZED Business Partner

YoY +0.2

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

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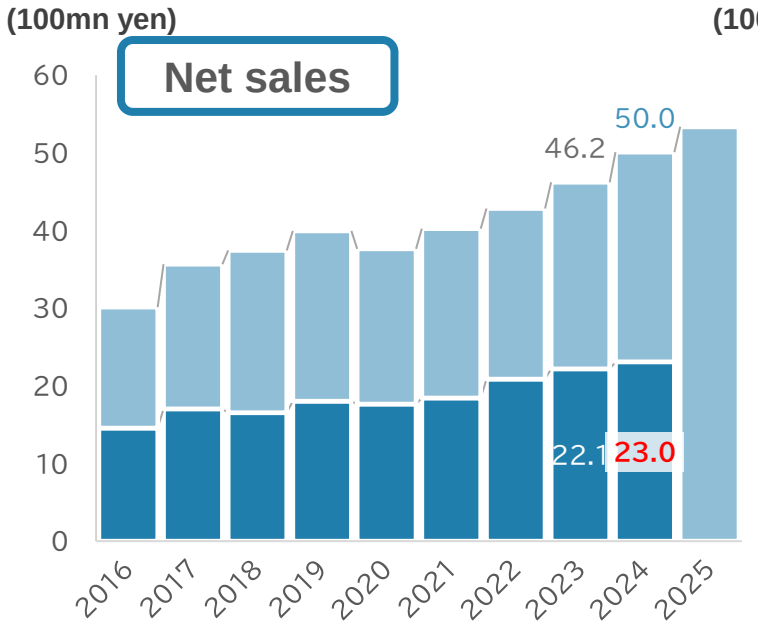
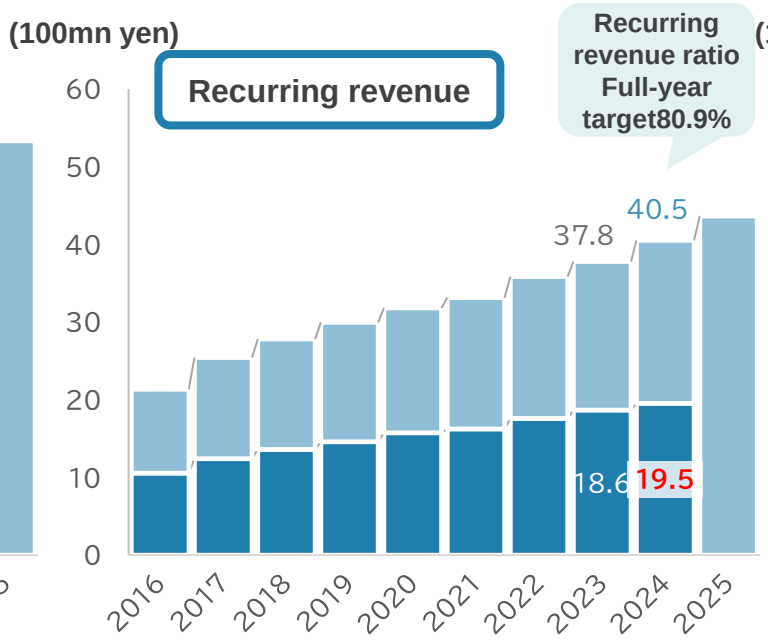
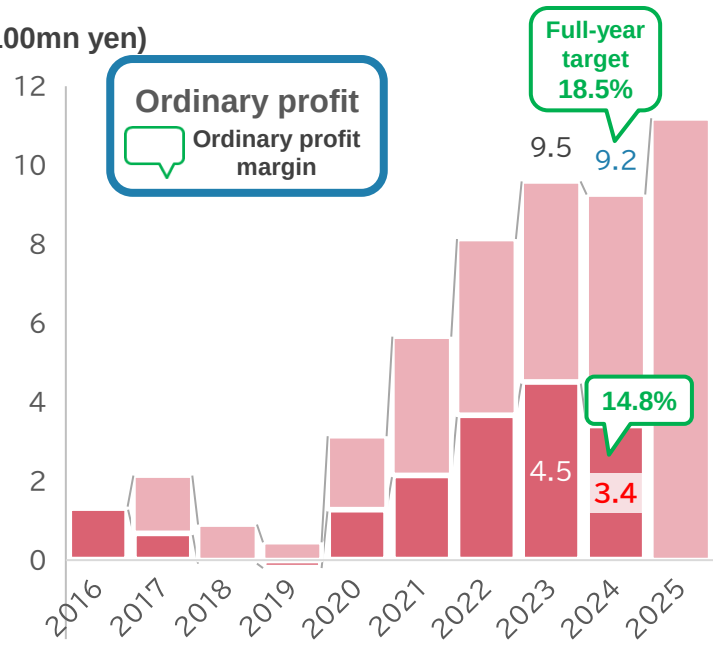
2. Consolidated 1H FY12/24 Results & Full-Year FY12/24 Forecast Distribution Cloud







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

1H FY12/24 Results

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

Full-Year FY12/24 Forecast

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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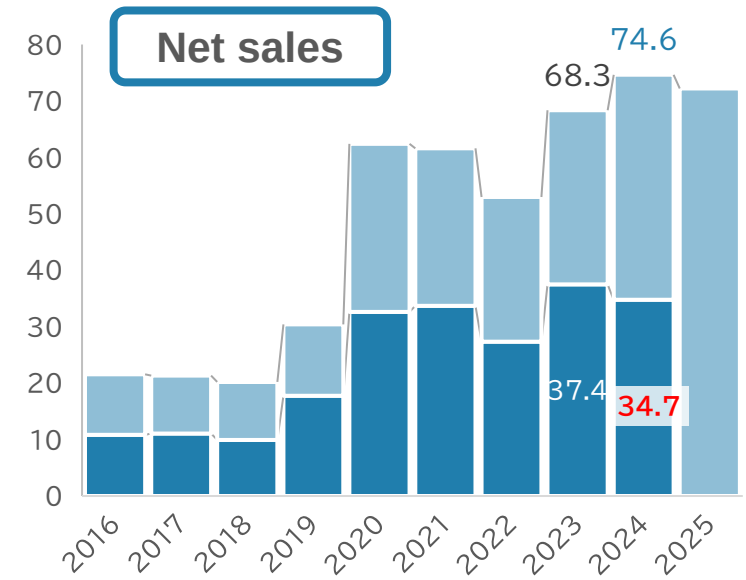
(100mn yen)



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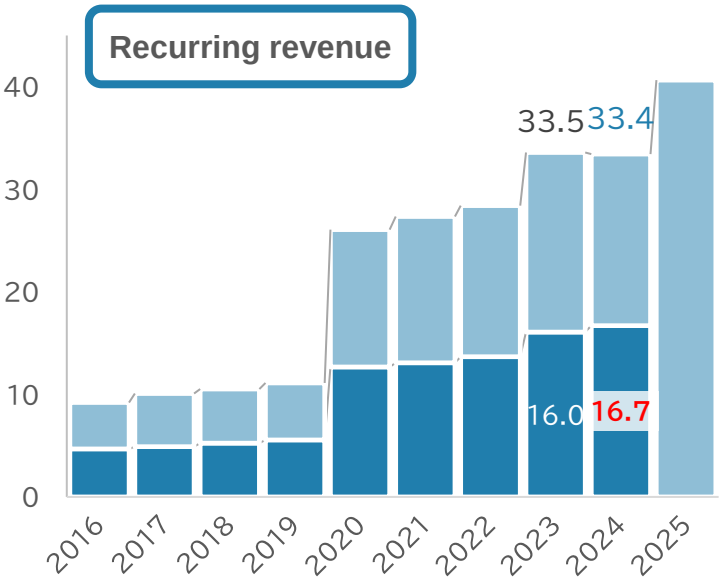

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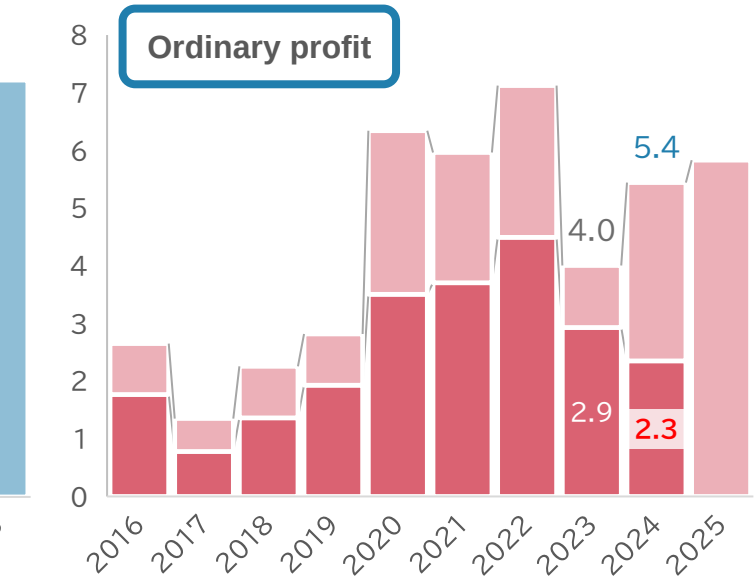

*2024 figures reflect earnings forecast, 2025 figures reflect medium-term management plan

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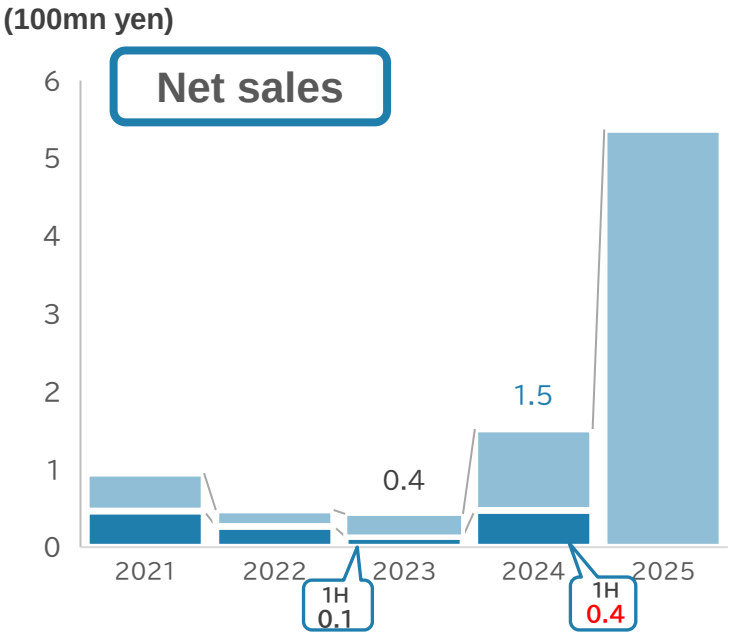
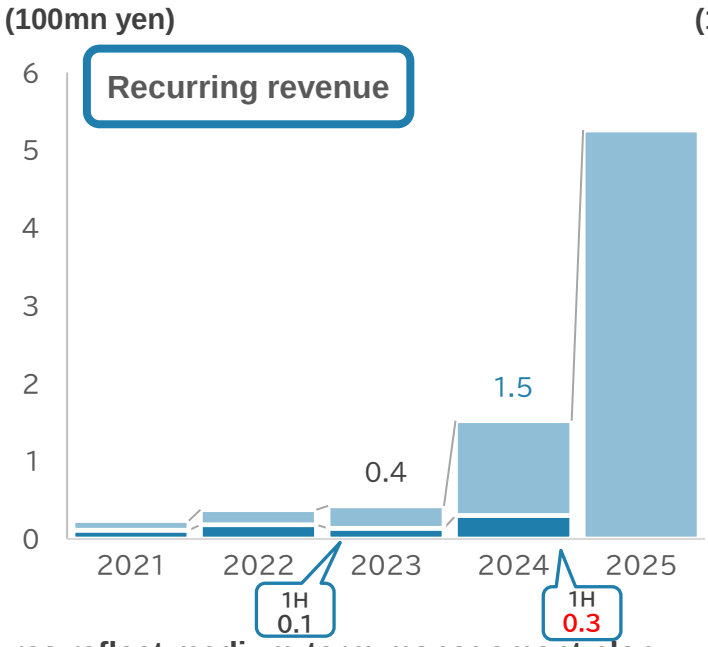
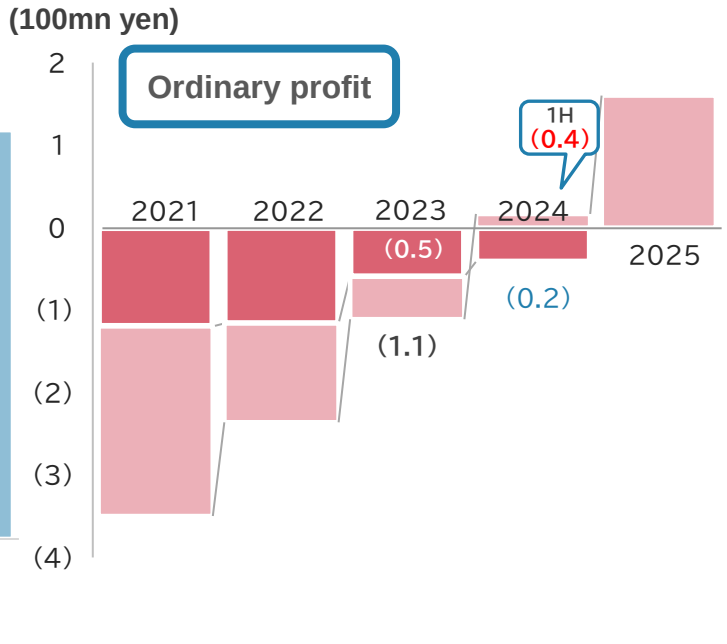
2. Consolidated 1H FY12/24 Results & Full-Year FY12/24 Forecast Trust







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

1H FY12/24 Results

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)

Full-Year FY12/24 Forecast

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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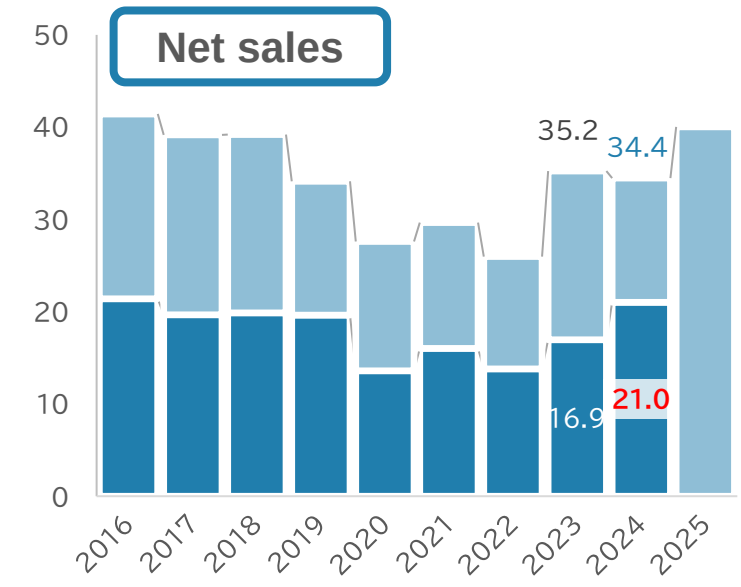
(100mn yen)



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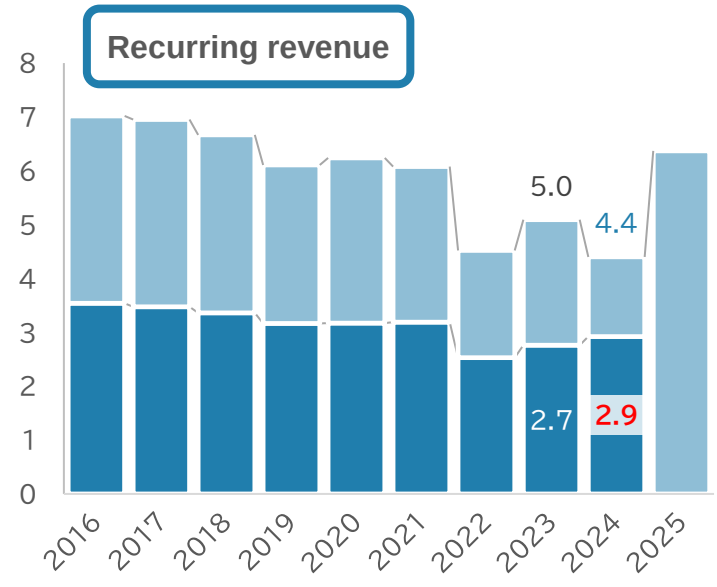

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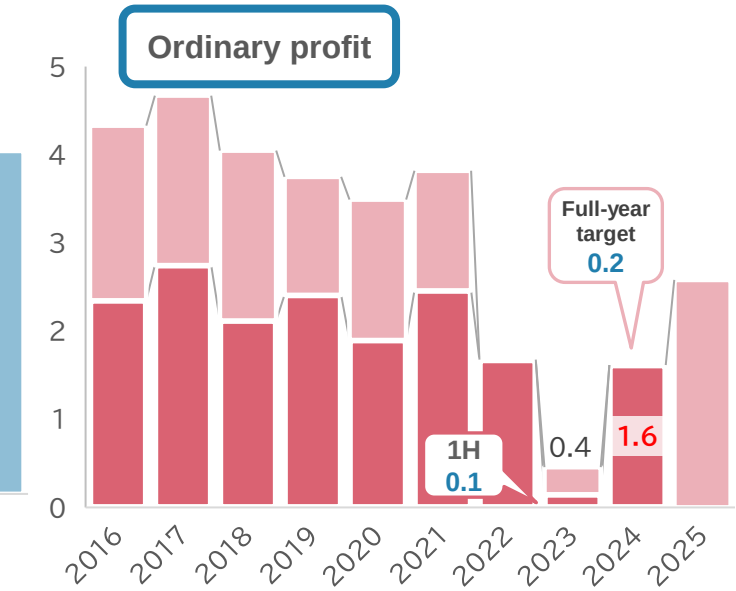

*2024 figures reflect earnings forecast, 2025 figures reflect medium-term management plan

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

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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%

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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





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4. Management Mindful of Cost of Equity and Stock Prices

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

Initiatives

Growth strategy

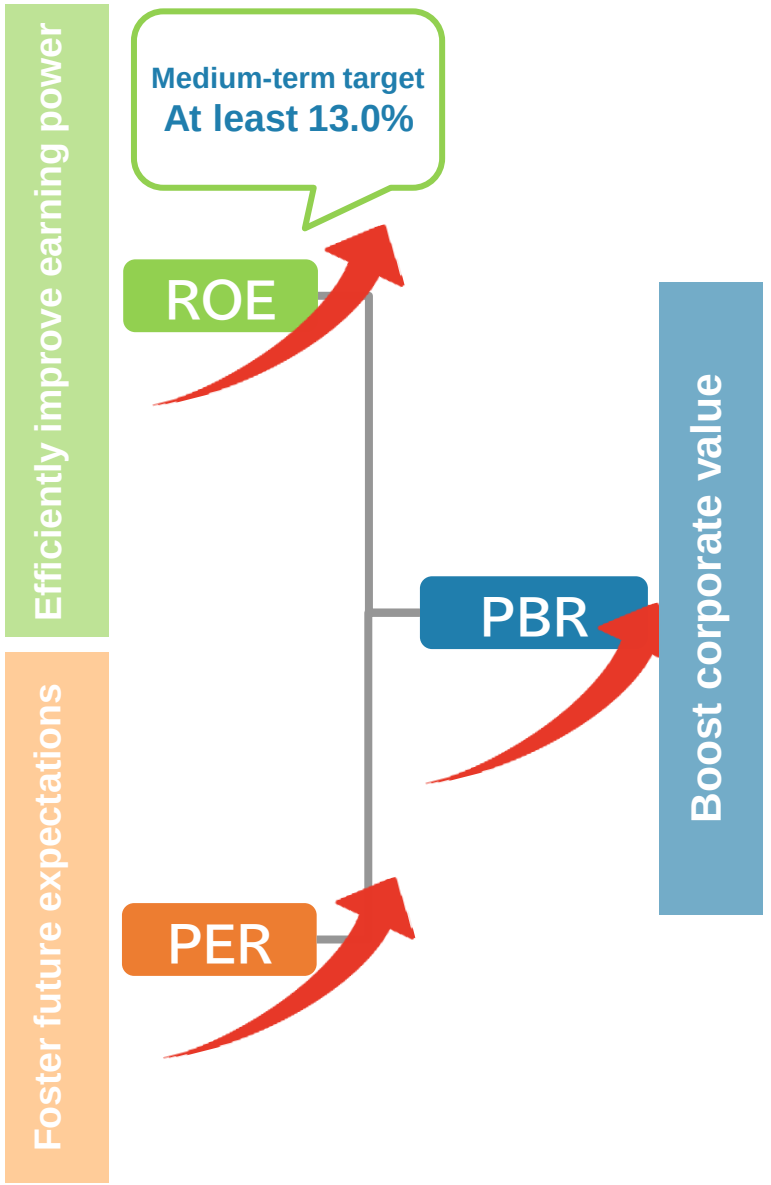
- ◆ Steady business growth and earning power improvement based on medium-term management plan
- ◆ Optimize business portfolio and capital allocation
  - ・Track and manage the efficiency of invested capital for each business by using ROIC
- ◆ Promote an all-employee management strategy using Cyber Cell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

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5. Shareholder Returns

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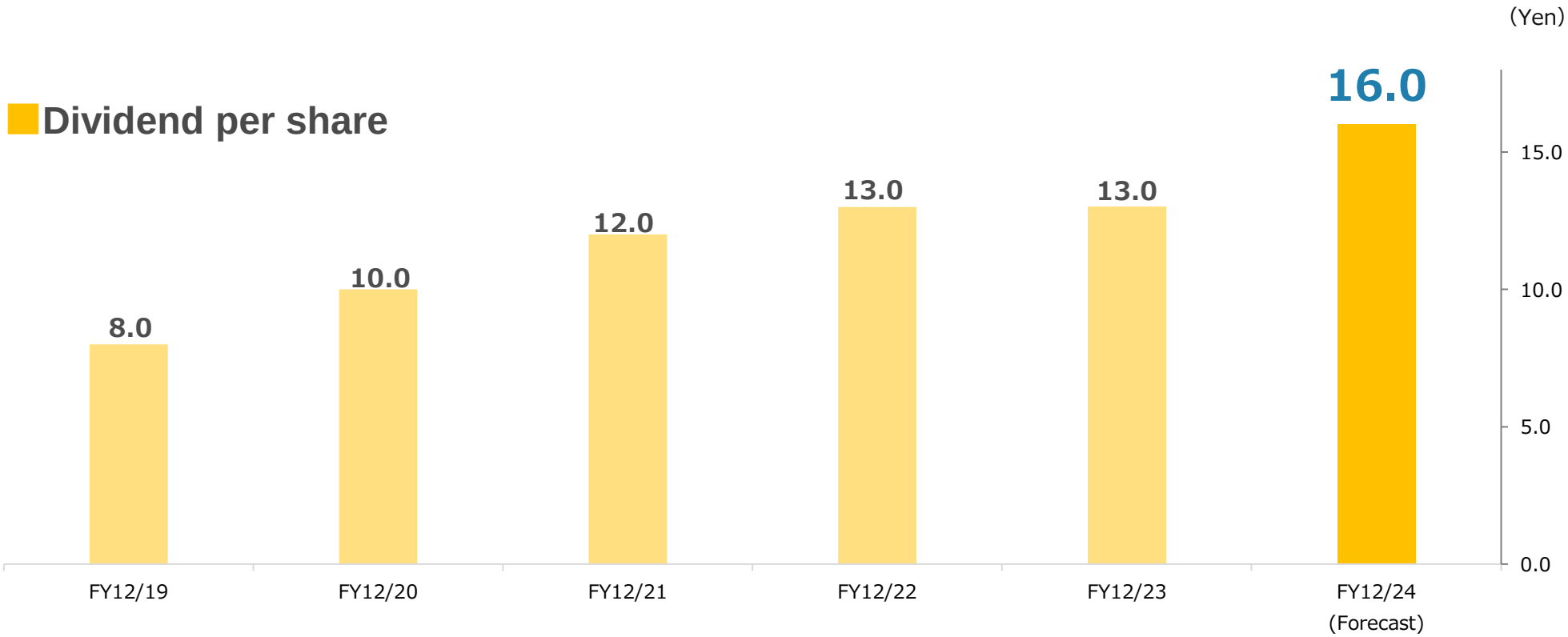
Shareholder Return Policy

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.



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6. About CYBERLINKS

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Business Model

Shared Cloud specializing in the food distribution industry

- By sharing a system specialized for the industry, **provide an optimal system for the industry** at a **low price**
- **Launched services in 2005**

The system improves along with the industry

reduce IT costs and streamline management

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Leading market share

- Our EDI service for food wholesalers is the de facto industry standard service
- Approx. 30% of grocery supermarkets nationwide use our system



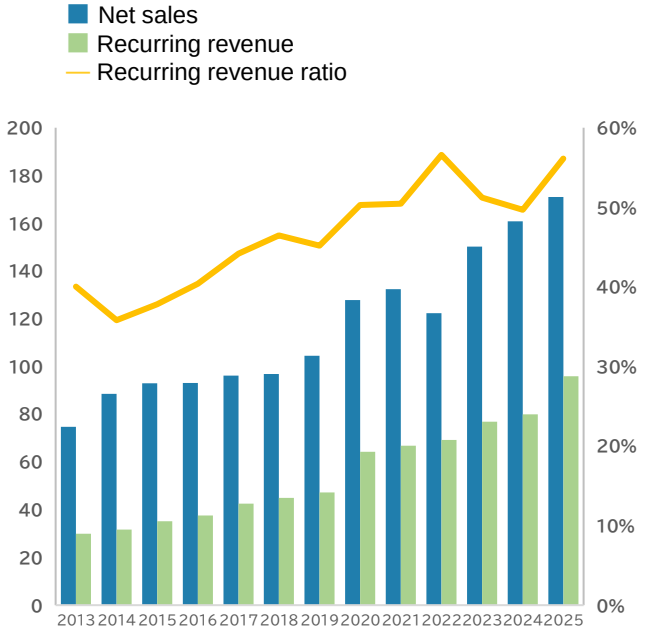
→ A vital service for the food distribution industry

Stable management

- Recurring revenue of JPY7.6bn (51.2% of total sales)

* FY12/23 results

→ Sustainable growth backed by stable revenue



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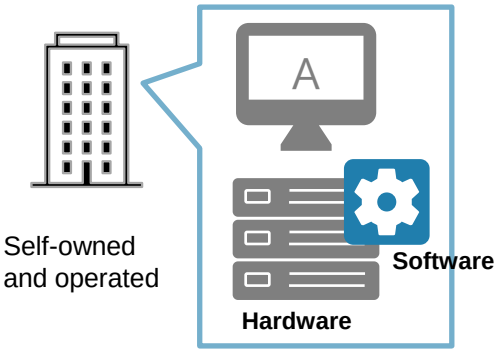
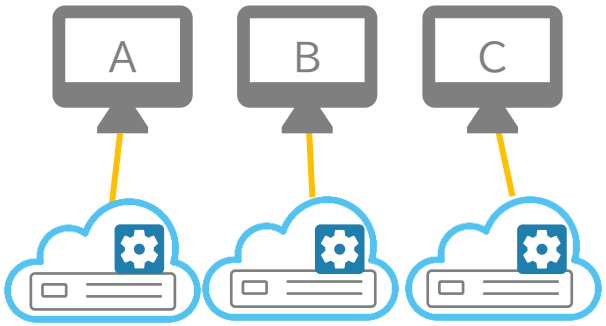
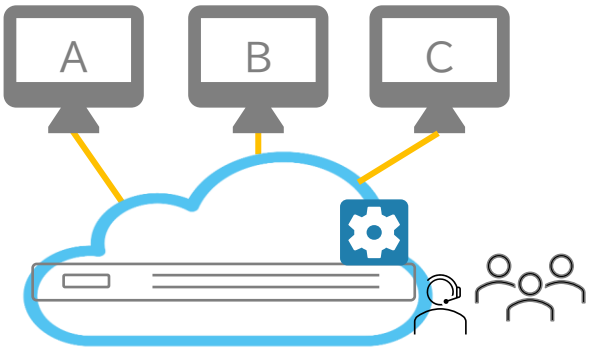
Our Shared Cloud business model focuses on providing the industry's best functions at affordable prices through "shared use" rather than by addressing the functional requirements of individual companies

	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!

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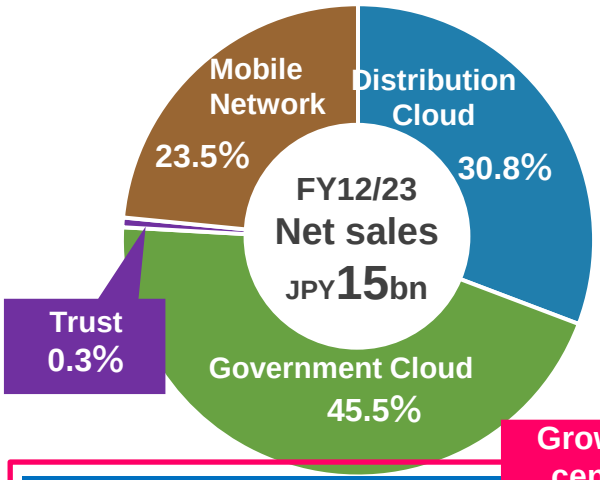
Breakdown of Business (Consolidated)



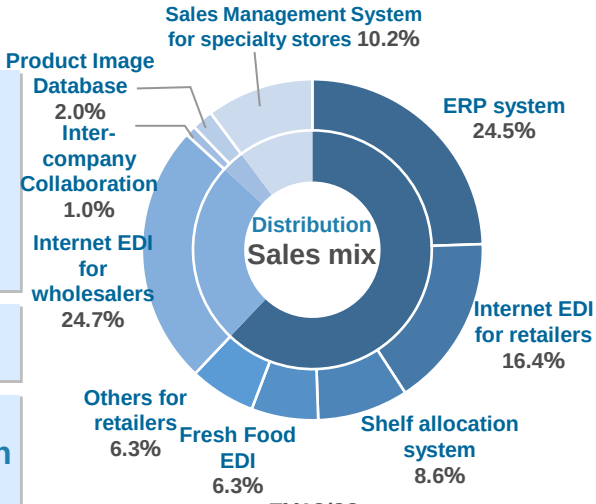
Growth driver centered on Shared Cloud

Distribution Cloud

Sales JPY4.6bn

Ordinary Profit JPY0.95bn

Food Retailers	ERP system Internet EDI for retailers Shelf allocation system Fresh Food EDI
Processsed food wholesalers	Internet EDI for wholesalers
Overall food distribution industry	Inter-company Collaboration Product Image Database
Specialty stores	Sales Management System

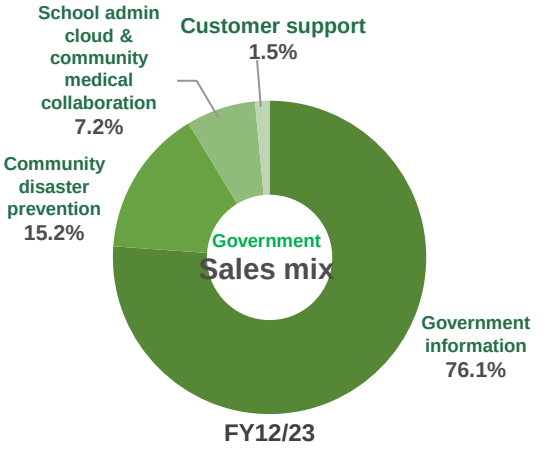


Government Cloud

Sales JPY6.8bn

Ordinary Profit JPY0.4bn

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



Trust

Sales JPY0.04bn

Ordinary Profit JPY-0.11bn

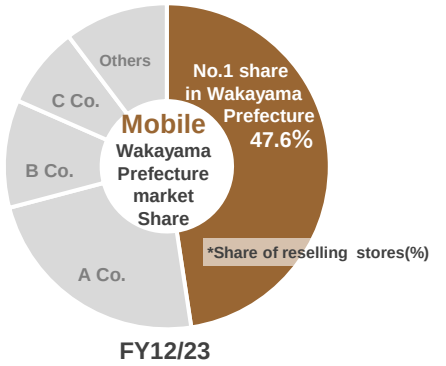
Government Professionals Companies	Digital contract service Digital certificate issuing service Time Stamping

Mobile Network

Sales JPY3.5bn

Ordinary Profit JPY0.04bn

Individuals Corporations	Mobile phone reselling business



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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 @rms All Retail Management 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 BXNOAH ビーエックスノア	Support electronic data interchange (EDI), including order placement and receipt	Internet EDI for Retailers No.1
Fresh Food Ordering System @rms All Retail Management System 生鮮	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 店POWER®	Supports merchandising optimization through shelf allocation management, work instructions, and analytics	Shelf allocation system No.1

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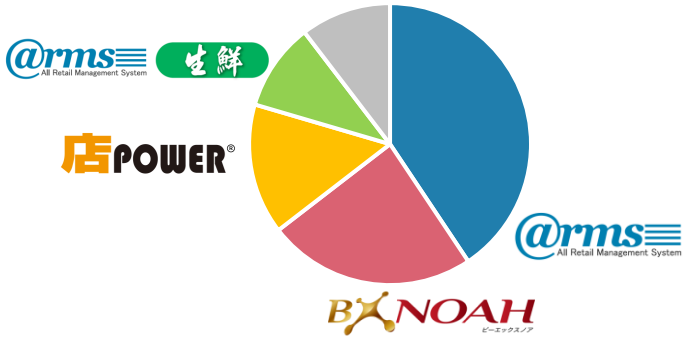
Monthly fee structure by service (recurring revenue)	
@rms All Retail Management System	Base fee ＋ Per store charge
BNOAH	Base fee + Per partner charge
@rms All Retail Management System 生鮮	Base fee + Per partner charge + Per store charge
店POWER®	Per user ID charge

*Standard billing structure.

Food Retail Recurring Revenue by service (FY12/23)



Increase in store count ＝ Increase in recurring revenue



Number of stores with @rms ERP installed*1

1,254 stores out of 21,000 total stores*2

See p27 for medium-term target

*1 Number of stores using @rms ERP (as of the end of 1H FY12/24)
*2 Total stores in the market based on our estimates

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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

JPY9.8tn

out of **JPY36tn** (overall market)*2

As of the end of 1H FY12/24

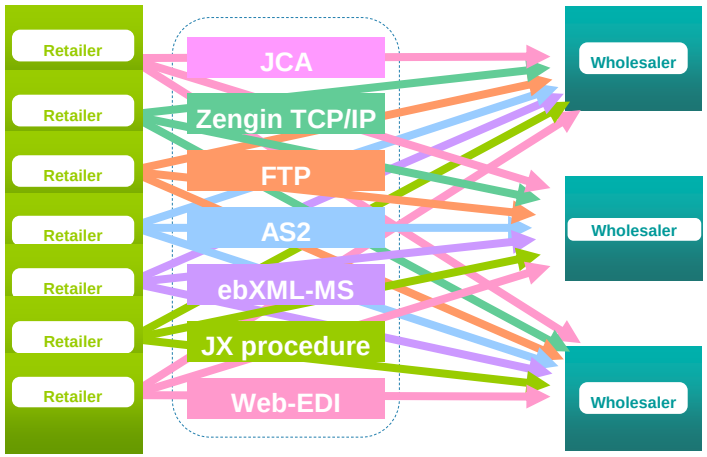
Installed in **8 of the top 10** processed food wholesalers companies by sales

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

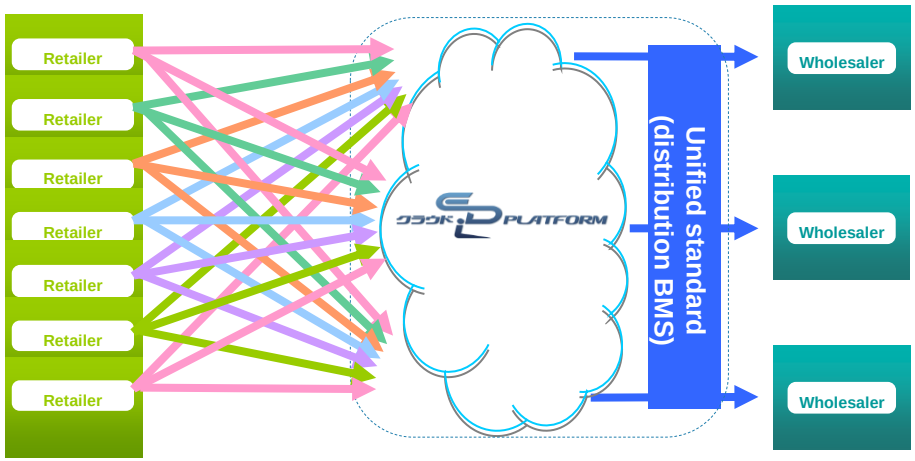
Leading Distribution EDI Cloud service **(in terms of wholesaler EDI processing volume)**

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)



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Key Services – Distribution Cloud (KPI)

(store)

Food Retail (@rms)	FY12/20 Results	1Q FY12/24 Results	1H FY12/24 Results	FY12/25 Targets
KPI：# of stores (Overall Market：21,000 stores)	1,205	1,256	1,254 (-2)	1,765

*Number of stores using @rms ERP

*Cancellation by one major client, etc.

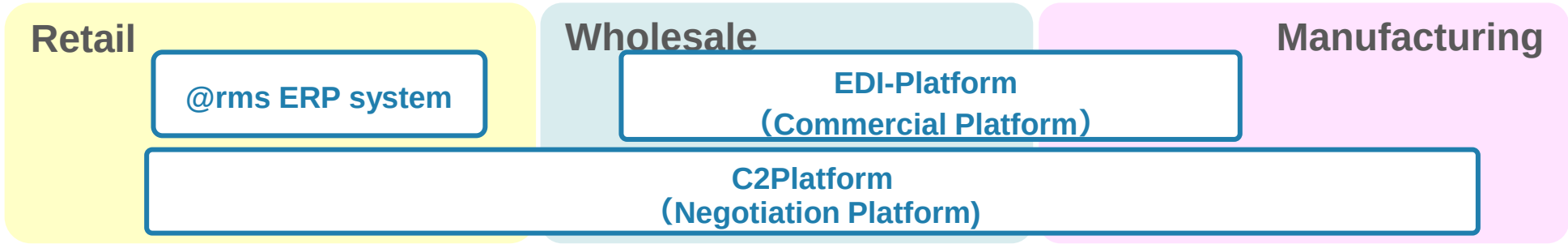
(JPY trillion)

Processed Food Wholesale (EDI-Platform)	FY12/20 Results	1Q FY12/24 Results	1H FY12/24 Results	FY12/25 Targets
KPI： GTV (Overall Market：JPY 36 trillion)	8.7	9.7	9.8 (+0.1)	12.3

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

(ID)

Retailer/Wholesale /Manufacturing (C2Platform)	FY12/20 Results	1Q FY12/24 Results	1H FY12/24 Results	FY12/25 Targets
KPI： # of IDs (Overall Market：220,000 ID)	0	164	170 (+6)	5,000



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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

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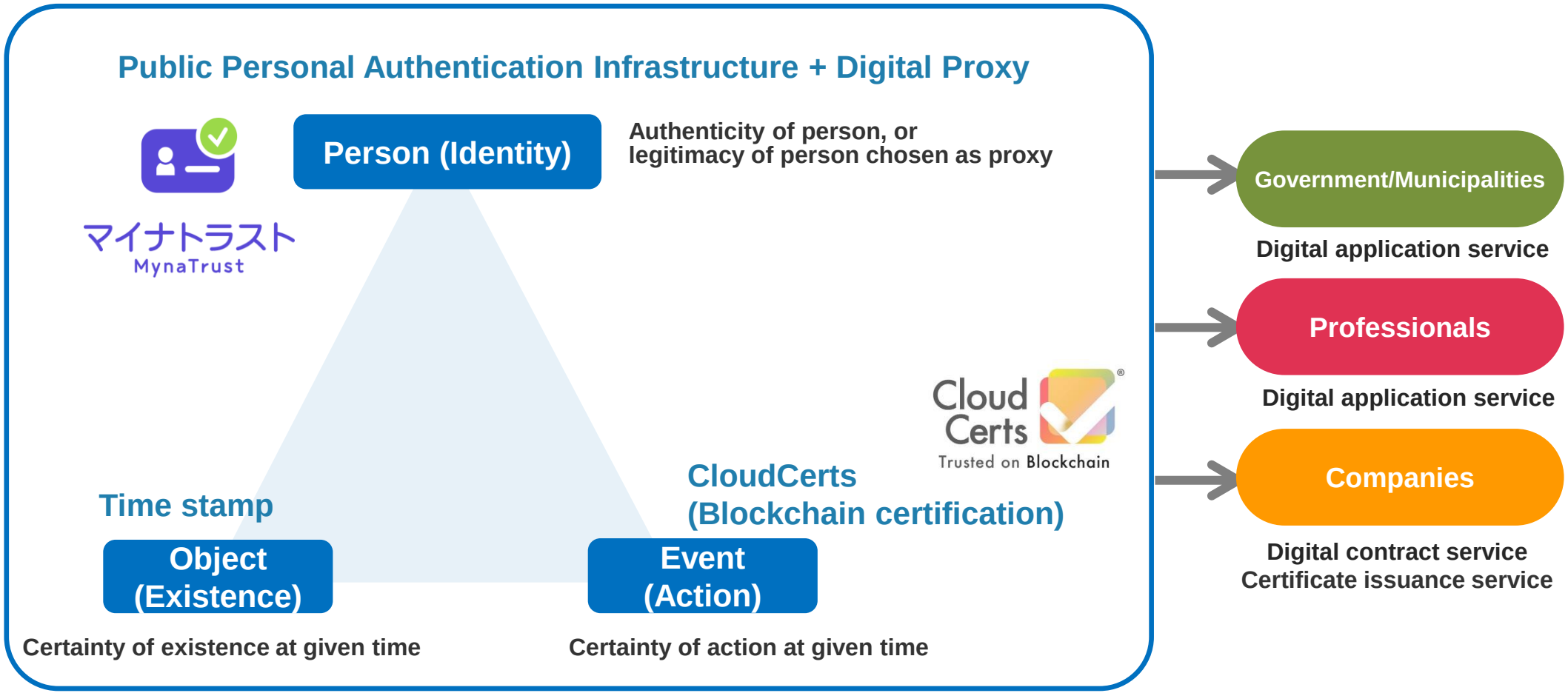
Leveraging our core strength in “Third Trust” service based on the My Number Card, we offer comprehensive trust services for people (identity), objects (existence), and experience (actions).



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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/B9TTcLxDpnI



CyberLinks, Co., Ltd./TSE Standard 3683

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/_eLa_CAJj-E

Video 3: Transformation 2025! Currently exceeding the goals of the Company's medium-term management plan!
https://youtu.be/J_m7hvLLyqU

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

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Supplementary Materials

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(millions of yen)

	1H FY12/23 (Actual)	1H FY12/24 (Actual)	YoY Change (%)	1H FY12/24 (Plan)	Achievement Rate (%)
Net sales	7,675	**7,936**	**3.4%**	**7,632**	**104.0%**
Distribution Cloud	2,216	**2,308**	**4.1%**	**2,409**	**95.8%**
Government Cloud	3,747	**3,478**	**(7.2%)**	**3,473**	**100.2%**
Trust	13	**47**	**244.8%**	**50**	**94.8%**
Mobile Network	1,697	**2,102**	**23.9%**	**1,700**	**123.7%**
Recurring revenue	3,766	**3,948**	**4.8%**	**3,870**	**102.0%**
Distribution Cloud	1,868	**1,956**	**4.7%**	**1,977**	**98.9%**
Government Cloud	1,608	**1,670**	**3.9%**	**1,627**	**102.7%**
Trust	13	**30**	**118.6%**	**50**	**60.1%**
Mobile Network	275	**292**	**6.0%**	**216**	**135.4%**
Operating profit	572	**567**	**(0.9%)**	**406**	**139.8%**
Ordinary profit	589	**570**	**(3.4%)**	**409**	**139.4%**
Distribution Cloud	452	**341**	**(24.4%)**	**420**	**81.4%**
Government Cloud	292	**235**	**(19.7%)**	**174**	**135.1%**
Trust	(59)	**(41)**	**—**	**(32)**	**—**
Mobile Network	14	**161**	**977.9%**	**35**	**461.5%**
Adjustments	(110)	**(126)**	**—**	**(188)**	**—**
Profit attributable to owners of parent	143	**333**	**132.6%**	**232**	**143.9%**
EPS	JPY12.90	**JPY29.92**	**—**	**JPY20.80**	**—**

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(millions of yen)

		End-Dec. 2023		End-June. 2024			Factors behind changes
		Amount	Composition	Amount	Composition	Change	
Assets	Current Assets	6,256	47.9%	**5,510**	**44.6%**	**(746)**	Decrease in cash and cash deposits
	Non-current Assets	6,796	52.1%	**6,848**	**55.4%**	**51**	Increase in software
	Total Assets	13,053	100.0%	**12,359**	**100.0%**	**(694)**	
Liabilities & Net Assets	Current Liabilities	3,295	25.2%	**2,599**	**21.0%**	**(696)**	Short-term borrowings decreased due to repayment Decrease in accounts payable-trade
	Non-current Liabilities	2,330	17.9%	**2,112**	**17.1%**	**(217)**	Long-term borrowings decreased due to repayment
	Total Liabilities	5,625	43.1%	**4,711**	**38.1%**	**(914)**	
	Total Net Assets	7,427	56.9%	**7,647**	**61.9%**	**219**	Increase in retained earnings due to accumulation of profit
	Total Liabilities & Net Assets	13,053	100.0%	**12,359**	**100.0%**	**(694)**	

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(millions of yen)

	1H FY12/23 (Actual)	1H FY12/24 (Actual)	Description
Cash flows from operating activities	574	**906**	Profit before income taxes, depreciation
Cash flows from investing activities	(514)	**(700)**	Purchases of intangible assets and purchase of property, plant and equipment
Cash flows from financing activities	(380)	**(672)**	Repayments of short-term borrowings, long-term borrowings Dividends paid
Net increase (decrease) in cash and cash equivalents	(319)	**(465)**	
Cash and cash equivalents at beginning of period	2,258	**1,934**	
Cash and cash equivalents at end of period	1,938	**1,469**	

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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**	**9.2%**
Trust	42	**152**	**255.7%**
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**	**256.6%**
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**	**35.9%**
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.

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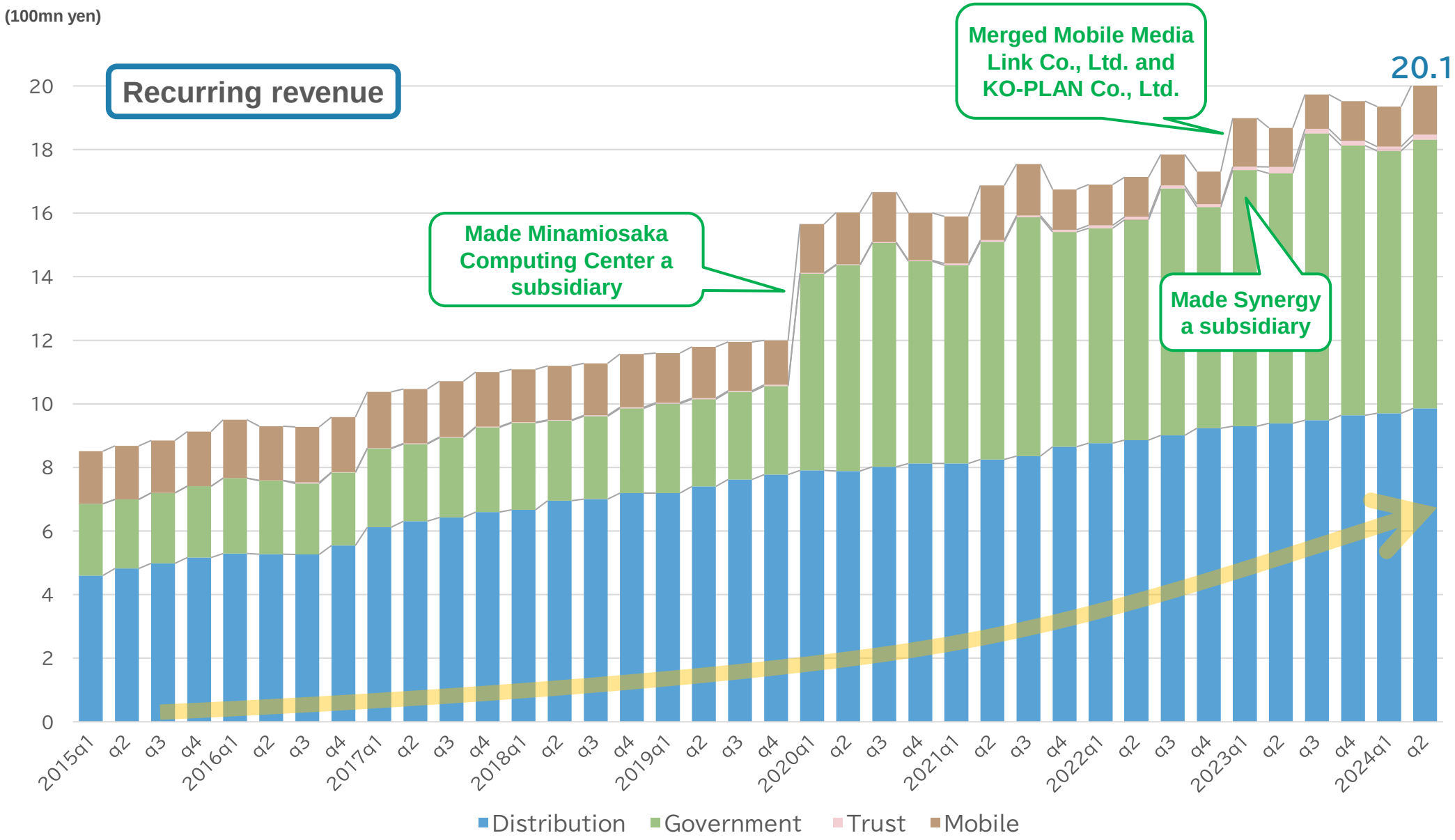
Growth continued to be driven by the Distribution Cloud business



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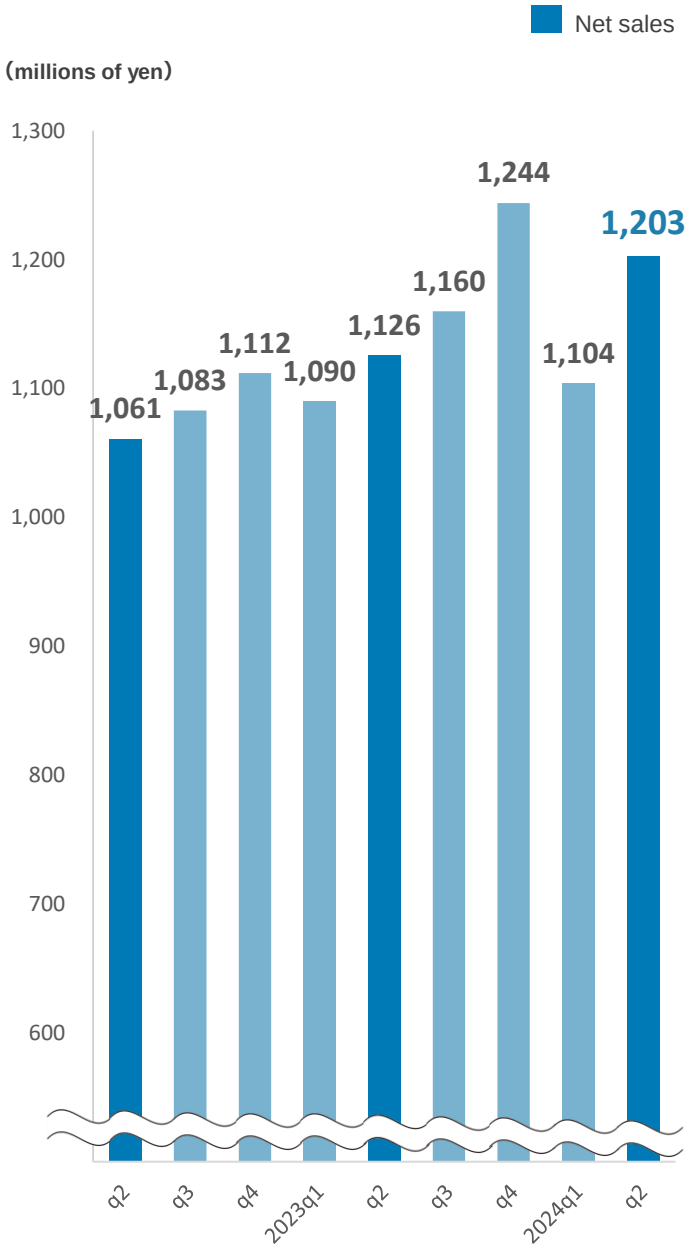
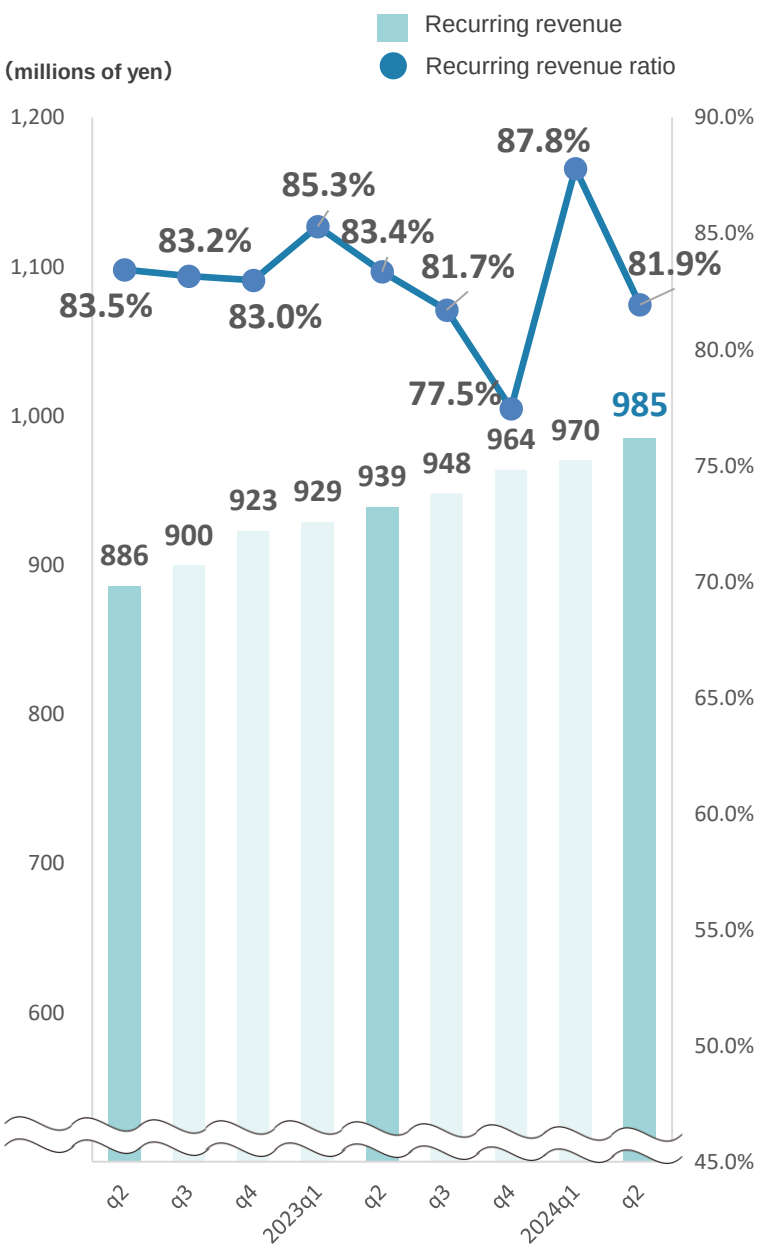
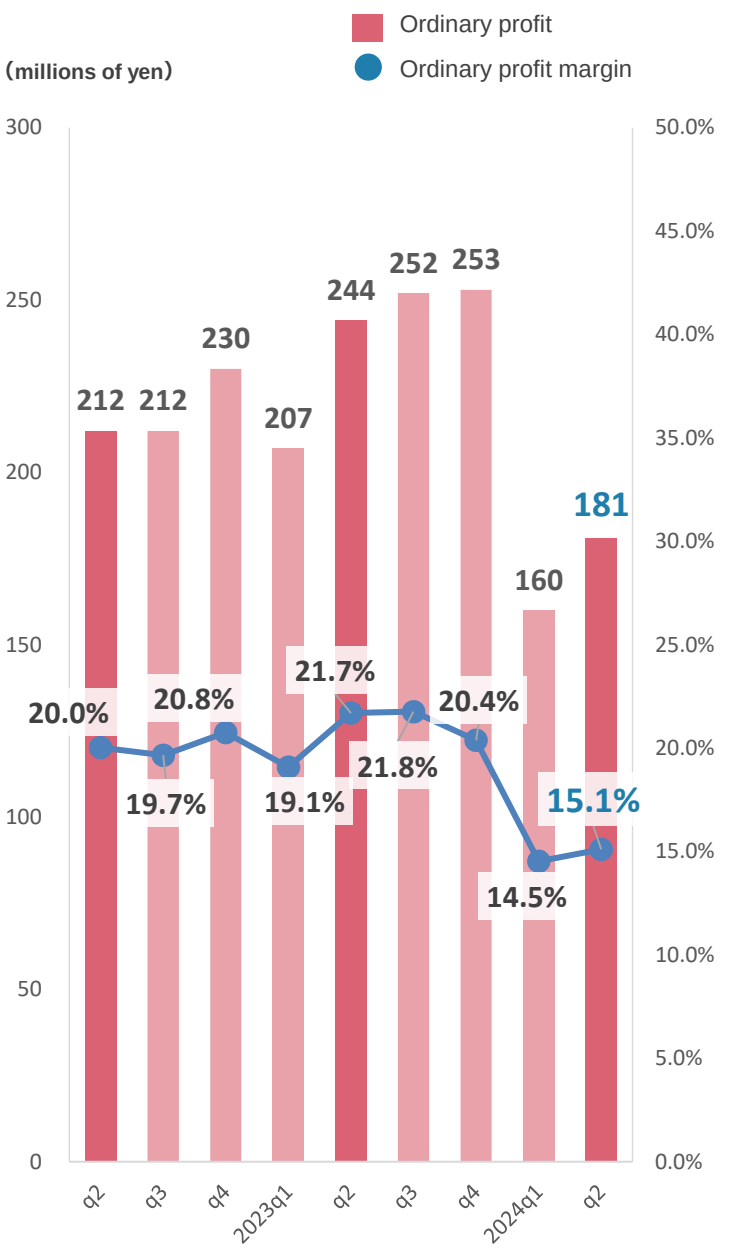
Net sales



Recurring revenue



Ordinary profit



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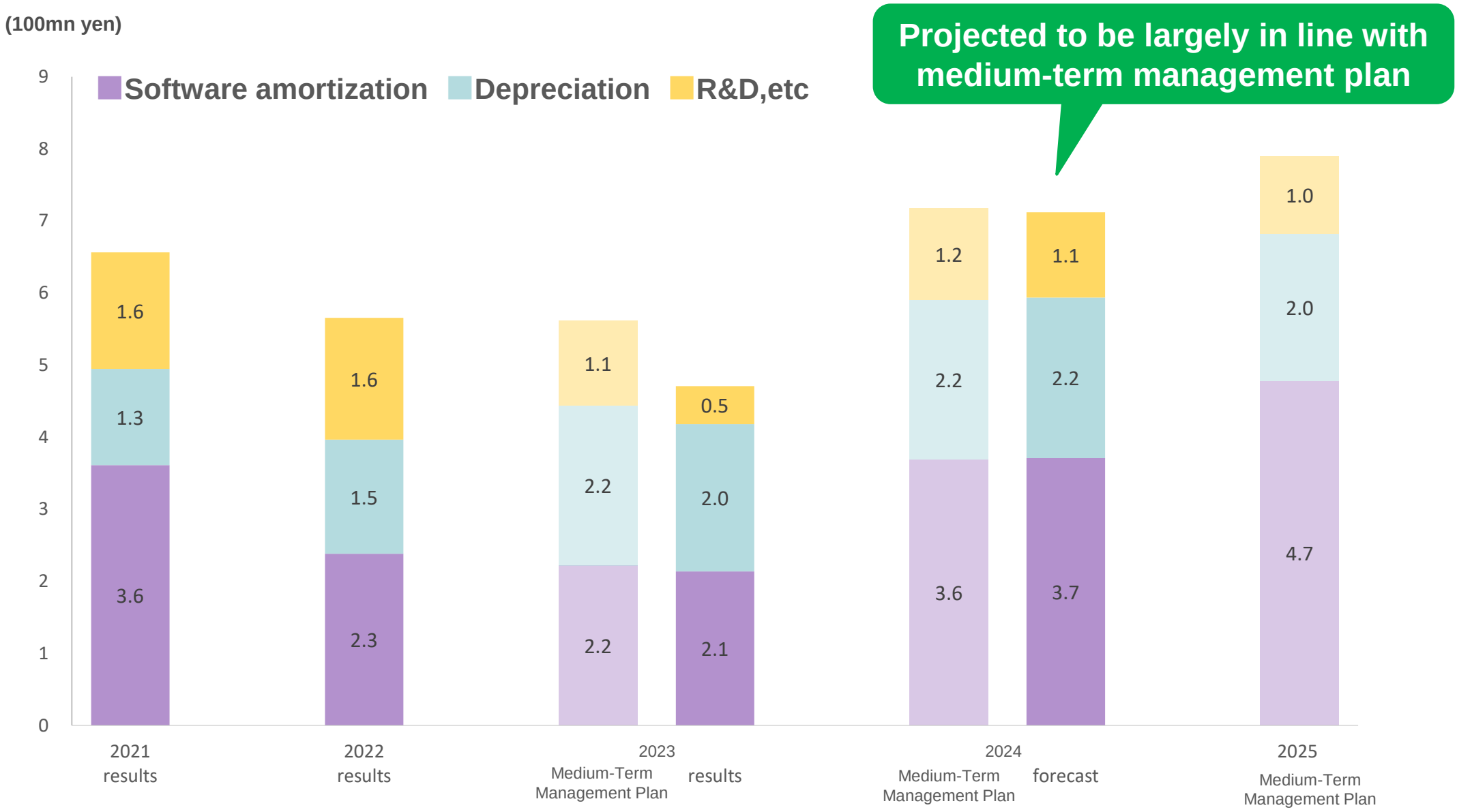
Software amortization is trending upward owing to stepped-up development of @rms ERP to accelerate rollout to medium- and large-sized clients



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WiLL makes anything すべては思うことからはじまる―

CYBER LINKS

CYBERLINKS CO., LTD.
Corporate Planning Division

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

■ Disclaimer

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