



Consolidated Financial Results for the three months ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: Cyberlinks Co., Ltd.
 Listing: The Standard Market of the Tokyo Stock Exchange
 Code number: 3683
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 President
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Scheduled date of filing of Quarterly Report: May 14, 2024
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2024 (January 1, 2024 to March 31, 2024)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate rates of year-on-year change)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-----------------------------------|-------------|------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended March 31, 2024 | 4,311 | 2.3 | 355 | 6.0 | 356 | 1.5 | 228 | — |
| March 31, 2023 | 4,215 | 29.8 | 335 | (15.8) | 351 | (12.2) | 10 | (96.0) |

(Note) Comprehensive income: For the three months ended March 31, 2024: ¥228 million (—%)
 For the three months ended March 31, 2023: ¥10 million (down 96.0% year on year)

| | Basic earnings per share | Diluted earnings per share |
|-----------------------------------|--------------------------|----------------------------|
| Three months ended March 31, 2024 | Yen 20.52 | Yen 20.29 |
| March 31, 2023 | 0.97 | 0.96 |

(Note) In 2Q FY12/23, the Company finalized the provisional accounting treatment for the business consolidation. The figures for 1Q FY12/23 reflect the finalized provisional accounting treatment.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of March 31, 2024 | 13,724 | 7,520 | 54.2 |
| As of December 31, 2023 | 13,053 | 7,427 | 56.3 |

(Reference) Shareholders' equity: As of March 31, 2024: ¥7,442 million
 As of December 31, 2023: ¥7,355 million

2. Dividends

| | Annual dividends | | | | |
|---|--------------------------------|--------------------------------|--------------------------------|----------|-------|
| | 1 st quarter-end | 2 nd quarter-end | 3 rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2023 | — | 0.00 | — | 13.00 | 13.00 |
| Fiscal year ending December 31, 2024 | — | | | | |
| December 31, 2024 (Forecast) | | 0.00 | — | 16.00 | 16.00 |

(Note) Changes in dividend forecast from the most recent announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(Percentages indicate rates of year-on-year change)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Basic earnings per share |
|------------|-------------|-------|------------------|--------|-----------------|--------|---|------|--------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First-half | 7,632 | (0.6) | 406 | (29.1) | 409 | (30.7) | 232 | 61.6 | 20.80 |
| Full-year | 16,073 | 7.0 | 1,155 | 11.0 | 1,162 | 9.3 | 714 | 60.4 | 64.03 |

(Note) Changes in financial results forecast from the most recent announcement: None

Notes:

(1) Changes in specific subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None

(2) Application of special accounting treatment in preparing the quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2024: 11,369,604 shares

December 31, 2023: 11,366,712 shares

2) Total number of treasury shares at the end of the period:

March 31, 2024: 216,067 shares

December 31, 2023: 216,067 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2024: 11,152,106 shares

Three months ended March 31, 2023: 11,116,039 shares

* The quarterly financial statements are outside the scope of quarterly reviews by certified public accountants and auditing firms.

* Explanation of the proper use of financial results forecast and other notes

Disclaimer regarding forward-looking statements

The forward-looking statements, including financial results forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable.

Quarterly Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

| | As of December 31, 2023 | As of March 31, 2024 |
|---|-------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,934 | 2,038 |
| Notes receivable–trade, accounts receivable–trade, and contract assets | 3,116 | 3,666 |
| Lease receivables and investments in leases | 272 | 350 |
| Merchandise and finished goods | 301 | 233 |
| Work in process | 306 | 142 |
| Raw materials and supplies | 21 | 19 |
| Other | 308 | 349 |
| Allowance for doubtful accounts | (4) | (0) |
| Total current assets | 6,256 | 6,801 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 2,616 | 2,621 |
| Accumulated depreciation | (1,631) | (1,649) |
| Buildings and structures, net | 985 | 971 |
| Land | 1,968 | 1,968 |
| Other | 2,708 | 2,808 |
| Accumulated depreciation | (2,015) | (2,058) |
| Other, net | 693 | 750 |
| Total property, plant and equipment | 3,647 | 3,690 |
| Intangible assets | | |
| Goodwill | 663 | 622 |
| Other | 1,749 | 1,826 |
| Total intangible assets | 2,413 | 2,449 |
| Investments and other assets | 736 | 783 |
| Total non-current assets | 6,796 | 6,922 |
| Total assets | 13,053 | 13,724 |

(Millions of yen)

| | As of December 31, 2023 | As of March 31, 2024 |
|---|-------------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 804 | 837 |
| Short-term borrowings | 300 | 950 |
| Current portion of bonds payable | 14 | 14 |
| Current portion of long-term borrowings | 409 | 406 |
| Income taxes payable | 192 | 202 |
| Provision for bonuses | 67 | 235 |
| Provision for loss on order received | 1 | 5 |
| Asset retirement obligations | 0 | 0 |
| Other | 1,506 | 1,335 |
| Total current liabilities | 3,295 | 3,988 |
| Non-current liabilities | | |
| Bonds payable | 16 | 16 |
| Long-term borrowings | 2,186 | 2,080 |
| Asset retirement obligations | 64 | 64 |
| Other | 63 | 54 |
| Total non-current liabilities | 2,330 | 2,215 |
| Total liabilities | 5,625 | 6,203 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 874 | 875 |
| Capital surplus | 2,174 | 2,175 |
| Retained earnings | 4,618 | 4,702 |
| Treasury shares | (311) | (311) |
| Total shareholders' equity | 7,355 | 7,442 |
| Share acquisition rights | 72 | 78 |
| Total net assets | 7,427 | 7,520 |
| Total liabilities and net assets | 13,053 | 13,724 |

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

| | For the three months ended March 31, 2023 | For the three months ended March 31, 2024 |
|--|--|--|
| Net sales | 4,215 | 4,311 |
| Cost of sales | 2,874 | 3,043 |
| Gross profit | 1,341 | 1,268 |
| Selling, general and administrative expenses | 1,005 | 912 |
| Operating profit | 335 | 355 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Rental income from real estate | 2 | 3 |
| Subsidies for shop relocation etc. | 13 | — |
| Subsidy income | 3 | 2 |
| Other | 2 | 1 |
| Total non-operating income | 21 | 7 |
| Non-operating expenses | | |
| Interest expenses | 5 | 5 |
| Other | 1 | 1 |
| Total non-operating expenses | 6 | 6 |
| Ordinary profit | 351 | 356 |
| Extraordinary income | | |
| Gain on sale of non-current assets | — | 0 |
| Other | 0 | — |
| Total extraordinary income | 0 | 0 |
| Extraordinary losses | | |
| Impairment losses | 206 | — |
| Loss on retirement of non-current assets | 0 | 0 |
| Total extraordinary losses | 206 | 0 |
| Profit before income taxes | 145 | 356 |
| Income taxes – current | 178 | 186 |
| Income taxes – deferred | (44) | (58) |
| Total income taxes | 134 | 127 |
| Profit | 10 | 228 |
| Profit attributable to owners of parent | 10 | 228 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | For the three months ended March 31, 2023 | For the three months ended March 31, 2024 |
|--|--|--|
| Profit | 10 | 228 |
| Comprehensive income | 10 | 228 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 10 | 228 |

(3) Notes to quarterly financial statements

(Notes to going concern assumptions)

None to be reported.

(In case of significant changes to shareholders' equity)

None to be reported.

(Application of special accounting treatment in preparing the quarterly financial statements)

None to be reported.

(Segment information, etc.)

Three Months Ended March 31, 2023(January 1, 2023 to March 31, 2023)

1. Sales and profit by reportable segment

(Millions of yen)

| | Reportable segments | | | | | Adjustments (Note 1) | Amount stated in the consolidated statement of income (Note 2) |
|-------------------------------------|-----------------------|---------------------|-------|-------------------|-------|-------------------------|---|
| | Distribution Cloud | Government Cloud | Trust | Mobile Network | Total | | |
| Net sales | | | | | | | |
| Sales to outside customers | 1,090 | 2,198 | 1 | 925 | 4,215 | — | 4,215 |
| Intersegment sales and transfers | 50 | 6 | 0 | 0 | 57 | (57) | — |
| Total | 1,140 | 2,204 | 1 | 925 | 4,273 | (57) | 4,215 |
| Segment profit (loss) | 207 | 183 | (34) | 35 | 392 | (40) | 351 |

- (Note) 1. Adjustments to segment loss of ¥40 million are company-wide expenses that are not allocated to any reportable segment. Company-wide expenses mainly comprise general administrative expenses that do not belong to any reportable segment.
2. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.
3. The above segment information reflects the impact of significant revisions made to the initial distributions of acquisition costs, which were implemented in response to the finalization of provisional accounting treatment described in the "Business consolidation, etc." section of the "Notes".

2. Information on impairment losses on non-current assets, goodwill, etc. by reportable segment

(Significant changes in the amount of goodwill)

In the Mobile Network business, there was a significant change in the amount of goodwill due to the recording of an impairment loss on goodwill. The resulting decrease in goodwill amounted to ¥197 million in the first quarter of the current fiscal year.

Three Months Ended March 31, 2024(January 1, 2024 to March 31, 2024)

1. Sales and profit by reportable segment

(Millions of yen)

| | Reportable segments | | | | | Adjustments (Note 1) | Amount stated in the consolidated statement of income (Note 2) |
|-------------------------------------|-----------------------|---------------------|-------|-------------------|-------|-------------------------|---|
| | Distribution Cloud | Government Cloud | Trust | Mobile Network | Total | | |
| Net sales | | | | | | | |
| Sales to outside customers | 1,104 | 2,027 | 30 | 1,149 | 4,311 | — | 4,311 |
| Intersegment sales and transfers | 48 | 7 | 1 | 0 | 58 | (58) | — |
| Total | 1,153 | 2,034 | 32 | 1,149 | 4,370 | (58) | 4,311 |
| Segment profit (loss) | 160 | 159 | (13) | 95 | 402 | (45) | 356 |

(Note) 1. Adjustments to segment loss of ¥45 million are company-wide expenses that are not allocated to any reportable segment. Company-wide expenses mainly comprise general administrative expenses that do not belong to any reportable segment.

2. Segment profit is adjusted with ordinary profit in the quarterly consolidated statement of income.

2. Matters related to changes in reportable segments

Effective January 1, 2024, the Group transferred the Business Process Management (BPM) service previously included in the Trust Business to the Government Cloud Business to promote inter-system collaboration and automation of operational processes in local governments. Accordingly, segment information for the three months ended March 31, 2023 reflects the new segment classification.

(Business consolidation, etc.)

(Finalization of provisional accounting treatment for business consolidation)

Regarding the business consolidation with Synergy Inc. on July 14, 2022, the Company provisionally accounted for it in the three months ended March 31, 2023, but it had been finalized in three months ended June 30, 2023.

With the finalization of this provisional accounting treatment, the comparative data included in the quarterly consolidated financial statements for the three months ended March 31, 2024 reflects significant revisions to the initial distribution of acquisition costs.

As a result, the consolidated statement of income for the three months ended March 31, 2023 shows an increase of ¥6 million in selling, general and administrative expenses and a decrease of ¥1 million in income taxes-deferred, resulting in a decrease of ¥6 million in operating profit, ordinary profit, and profit before income taxes, respectively, and a decrease of ¥4 million in profit attributable to owners of parent.

(Significant subsequent events)

None to be reported.