



Consolidated Financial Results for the three months ended March 31, 2022 [Japanese GAAP]

May 13, 2022

Company name: Cyberlinks Co., Ltd.
 Listing: The Prime 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 13, 2022
 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, 2022 (January 1, 2022 to March 31, 2022)

(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, 2022	3,248	(17.5)	398	(15.0)	400	(15.6)	269	(19.1)
March 31, 2021	3,935	16.1	469	65.1	474	61.0	333	69.5

(Note) Comprehensive income: For the three months ended March 31, 2022: ¥269 million (down 19.1% year on year)
 For the three months ended March 31, 2021: ¥333 million (up 69.5% year on year)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2022	26.09	25.71
March 31, 2021	32.30	31.35

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2022	9,980	5,601	55.3
As of December 31, 2021	9,682	5,418	55.1

(Reference) Shareholders' equity: As of March 31, 2022: ¥5,522 million
 As of December 31, 2021: ¥5,340 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2021	—	0.00	—	12.00	12.00
Fiscal year ending December 31, 2022	—				
December 31, 2022 (Forecast)		0.00	—	13.00	13.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(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	6,428	(6.3)	592	2.3	592	1.5	380	(6.4)	36.74
Full-year	13,267	0.2	1,043	10.4	1,046	9.1	670	3.8	64.78

(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: Yes

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, 2022: 10,559,972 shares

December 31, 2021: 10,557,972 shares

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

March 31, 2022: 215,420 shares

December 31, 2021: 215,420 shares

3) Average number of shares outstanding during the period:

Three Months Ended March 31, 2022: 10,343,263 shares

Three Months Ended March 31, 2021: 10,323,652 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,552	2,176
Notes and accounts receivable - trade	2,306	—
Notes receivable—trade, accounts receivable—trade, and contract assets	—	2,492
Lease receivables and investments in leases	318	296
Merchandise and finished goods	85	135
Work in process	384	173
Raw materials and supplies	9	11
Other	239	261
Allowance for doubtful accounts	(1)	(0)
Total current assets	5,896	5,548
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,369	2,453
Accumulated depreciation	(1,480)	(1,496)
Buildings and structures, net	888	956
Land	1,399	1,826
Other	2,001	2,061
Accumulated depreciation	(1,546)	(1,582)
Other, net	455	479
Total property, plant and equipment	2,743	3,262
Intangible assets	495	570
Investments and other assets	547	599
Total non-current assets	3,786	4,432
Total assets	9,682	9,980
Liabilities		
Current liabilities		
Accounts payable - trade	655	794
Current portion of long-term borrowings	304	304
Income taxes payable	347	207
Provision for bonuses	39	202
Provision for loss on order received	3	1
Asset retirement obligations	6	11
Other	883	907
Total current liabilities	2,240	2,428
Non-current liabilities		
Long-term borrowings	1,775	1,693
Asset retirement obligations	32	46
Other	215	210
Total non-current liabilities	2,023	1,950
Total liabilities	4,264	4,379

(Millions of yen)

	As of December 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	851	852
Capital surplus	1,303	1,304
Retained earnings	3,496	3,677
Treasury shares	(311)	(311)
Total shareholders' equity	5,340	5,522
Share acquisition rights	78	78
Total net assets	5,418	5,601
Total liabilities and net assets	9,682	9,980

(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, 2021	For the three months ended March 31, 2022
Net sales	3,935	3,248
Cost of sales	2,783	2,159
Gross profit	1,152	1,089
Selling, general and administrative expenses	682	690
Operating profit	469	398
Non-operating income		
Interest income	0	0
Dividend income	0	0
Rental income from real estate	2	2
Other	6	1
Total non-operating income	9	4
Non-operating expenses		
Interest expenses	3	2
Other	1	0
Total non-operating expenses	4	3
Ordinary profit	474	400
Extraordinary income		
Other	0	—
Total extraordinary income	0	—
Extraordinary losses		
Other	0	0
Total extraordinary losses	0	0
Profit before income taxes	474	400
Income taxes - current	200	192
Income taxes - deferred	(59)	(62)
Total income taxes	140	130
Profit	333	269
Profit attributable to owners of parent	333	269

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the three months ended March 31, 2021	For the three months ended March 31, 2022
Profit	333	269
Comprehensive income	333	269
(Breakdown)		
Comprehensive income attributable to owners of parent	333	269

(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.

(Change in accounting policy)

From the beginning of the first quarter of the fiscal year ending December 31, 2022, the Group has adopted the Accounting Standard for Revenue Recognition (Accounting Standard Board of Japan [ASBJ] No. 29, March 31, 2020). As a result, the Group now recognizes revenue at the time control of promised goods or services is transferred to the customer in the amount it expects to receive in exchange for the goods or services. Previously, for contracts for construction projects and custom software development, the Group applied the percentage-of-completion method for those for which the results of the proportion of work completed could be reliably confirmed and the completed-contract method for all others. However, from the first quarter of the fiscal year under review, for performance obligations to be satisfied over a period of time, except for construction and software development projects for which the period is extremely short, the Group estimates progress toward satisfying the performance obligations and recognizes revenue based on the estimated progress over a period of time. For performance obligations to be satisfied at a single point in time, the Group recognizes revenue at the time of completion of construction or software development. Progress toward satisfying performance obligations is estimated using the ratio of costs incurred to total estimated costs (the input method). Note, however, that for construction and software development contracts for which the period from the starting date of the transaction to the expected time of satisfying performance obligations is extremely short, the Group applies an alternative accounting method, and instead of recognizing revenue over a period of time, recognizes revenue at the time all performance obligations have been satisfied.

The Group has applied the Accounting Standard for Revenue Recognition and other related accounting standards in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of the first quarter of the fiscal year under review was reflected in retained earnings at the beginning of said period, and the new accounting policy has been applied starting from the beginning balance of said period. However, in accordance with the method prescribed in the Paragraph 86 of the Accounting Standard for Revenue Recognition, the new accounting policy was not retroactively applied to contracts prior to the beginning of the first quarter of the fiscal year under review for which almost all revenue amounts were recognized based on the previous accounting standards. Further, based on the method provided in item (1) of the supplementary provisions of Paragraph 86 of the Accounting Standard for Revenue Recognition, for contracts to which changes were made prior to the beginning of the first quarter of the fiscal year under review, an accounting treatment was applied based on the contractual terms that reflected all the changes, and the cumulative effect of this application was reflected in retained earnings at the beginning of said period.

As a result, in the first quarter of fiscal year ending December 31, 2022, net sales were increased by ¥98 million and cost of sales by ¥43 million, and operating profit, ordinary profit, and profit before income taxes were each increased by ¥54 million. Further, the balance of retained earnings at the beginning of the fiscal year under review rose by ¥35 million.

As a result of the application of the Accounting Standard for Revenue Recognition, etc., "Notes and accounts receivable-trade" shown under the "Current assets" section of the consolidated balance sheet in the fiscal year ended December 31, 2021 is included in and shown as "Notes receivable-trade, accounts receivable-trade, and contract assets" starting from the first quarter of the fiscal year under review. Note, however, that in accordance with

the transitional treatment set forth in the Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no revision was made to the consolidated balance sheet for the previous fiscal year to comply with the new representation method. Further, based on the transitional treatment prescribed in the Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ No. 12, March 31, 2020), no information on the breakdown of revenue arising from contracts concluded with customers in the first quarter of the previous fiscal year has been provided.

(Segment information, etc.)

Segment information

Three Months Ended March 31, 2021(January 1, 2021 to March 31, 2021)

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	923	2,092	40	879	3,935	—	3,935
Intersegment sales and transfers	42	3	6	0	53	(53)	—
Total	966	2,096	47	879	3,988	(53)	3,935
Segment profit (loss)	104	309	(41)	151	523	(49)	474

- (Note) 1. Adjustments to segment loss of ¥49 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.

Three Months Ended March 31, 2022(January 1, 2022 to March 31, 2022)

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	1,026	1,437	12	772	3,248	—	3,248
Intersegment sales and transfers	41	7	1	0	50	(50)	—
Total	1,067	1,445	13	772	3,299	(50)	3,248
Segment profit (loss)	156	237	(54)	120	460	(60)	400

- (Note) 1. Adjustments to segment loss of ¥60 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. Change in reportable segments

As stated in Change in accounting policy above, the Group has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of the fiscal year under review and accordingly changed accounting treatment methods for revenue recognition. As a result, the Group has also changed the method of calculating profits and losses for each business segment based on the new accounting standards.

Due to this change, compared to what each figure would have been under the previous accounting standards, in the first quarter of the fiscal year under review net sales in Distribution Cloud was increased by ¥20 million and segment profit by ¥5 million; net sales in Government Cloud was increased by ¥81 million and segment profit by ¥48 million; and net sales in Mobile Network was decreased by ¥3 million while there was no impact on segment profit.

(Significant subsequent events)

None to be reported.