



March 24, 2023

Company name: Cyberlinks Co., Ltd.  
Representative: Tsuneo Murakami President  
(Code number: 3683 The Prime Market of the Tokyo Stock Exchange)  
Contact: Takayuki Torii, Executive Officer,  
General Administration Manager  
(Tel: +81-(0)50-3500-2797)

(Corrections) Partial Corrections to the Consolidated Financial Results for the Fiscal Year ended  
December 31, 2022 (Japanese GAAP)

Cyberlinks Co, Ltd. (hereafter, “the Company”) announces that it has made corrections to some of the contents of the “Consolidated Financial Results for the Fiscal Year ended December 31, 2022 (Japanese GAAP)” released on February 14, 2023. Corrections are underlined.

1. Reasons for corrections

The Company made corrections to the “Consolidated Financial Results for the Fiscal Year ended December 31, 2022 (Japanese GAAP)” (shown in the attachment), as we discovered errors in some parts of the report after submission. The corrections have no impact on the consolidated and non-consolidated financial results.

2. Details of corrections

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Consolidated Financial Statements and Primary Notes

(4) Consolidated Statement of Cash Flows

[Before]

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	956	1,221
Depreciation	636	530
Amortization of goodwill	—	3
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for bonuses	1	4
Increase (decrease) in provision for loss on order received	(59)	1

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Interest and dividend income	(0)	(4)
Real estate rent	(10)	(14)
Interest expenses	12	11
Loss (gain) on step acquisitions	—	(79)
Decrease (increase) in trade receivables	628	44
Net decrease (increase) in lease receivables and investment assets	92	76
Decrease (increase) in inventories	307	(137)
Increase (decrease) in trade payables	(88)	21
Increase (decrease) in contract liabilities	—	(100)
Increase (decrease) in advances received	45	—
Other	(357)	(90)
Subtotal	2,163	1,486
Interest and dividends received	0	4
Interest paid	(12)	(12)
Proceeds from insurance income	3	2
Income taxes paid	(190)	(434)
Net cash provided by (used in) operating activities	1,964	1,046
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(610)	(667)
Purchase of intangible assets	(256)	(650)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(943)
Payments of leasehold and guarantee deposits	(12)	(25)
Proceeds from rental of investment property	10	14
<u>Proceeds from subsidies for shop renovation etc.</u>	<u>6</u>	<u>—</u>
Other	<u>176</u>	4
Net cash provided by (used in) investing activities	(685)	(2,267)

(Omitted)

[Corrected]

	(Millions of yen)	
	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	956	1,221
Depreciation	636	530
Amortization of goodwill	—	3
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
Increase (decrease) in provision for bonuses	1	4
Increase (decrease) in provision for loss on order received	(59)	1
Interest and dividend income	(0)	(4)
Real estate rent	(10)	(14)
Interest expenses	12	11
Loss (gain) on step acquisitions	—	(79)
Decrease (increase) in trade receivables	628	<u>28</u>
Net decrease (increase) in lease receivables and investment assets	92	76
Decrease (increase) in inventories	307	(137)
Increase (decrease) in trade payables	(88)	21
Increase (decrease) in contract liabilities	—	<u>(66)</u>
Increase (decrease) in advances received	45	—
Other	(357)	<u>(107)</u>
<b>Subtotal</b>	<b>2,163</b>	<b>1,486</b>
Interest and dividends received	0	4
Interest paid	(12)	(12)
Proceeds from insurance income	3	2
Income taxes paid	(190)	(434)
Net cash provided by (used in) operating activities	1,964	1,046
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(610)	(667)
Purchase of intangible assets	(256)	(650)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(943)
Payments of leasehold and guarantee deposits	(12)	(25)
Proceeds from rental of investment property	10	14
Other	<u>183</u>	4
Net cash provided by (used in) investing activities	(685)	(2,267)

(Omitted)

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Consolidated Financial Statements and Primary Notes

(5) Notes to quarterly financial statements

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

[Before]

(Omitted)

In the current fiscal year's consolidated statement of cash flows, profit before income taxes increased by ¥76 million, and contract liabilities decreased by ¥100 million.

(Omitted)

[Corrected]

(Omitted)

In the current fiscal year's consolidated statement of cash flows, profit before income taxes increased by ¥76 million, and contract liabilities decreased by ¥66 million.

(Omitted)

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Consolidated Financial Statements and Primary Notes

(5) Notes to quarterly financial statements

(Segment information, etc.)

3. Information on the amount of net sales, profit or loss, assets, liabilities, and other items by reportable segment

[Before]

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amount stated in consolidated financial statements
	Distribution Cloud	Government Cloud	Trust	Mobile Network	Total		
(Omitted)							
Other items							
Depreciation & amortization	396	80	0	9	485	44	530
Goodwill amortization	—	—	—	3	3	—	3
Interest income	—	0	—	—	0	4	4
Interest expenses	0	—	—	—	0	11	11
Increase in property, plant and equipment and intangible assets	741	1,269	3	<u>298</u>	<u>2,314</u>	<u>953</u>	<u>3,267</u>

(Notes) 1. The following adjustments have been made.

(Omitted)

(4) Adjustments to depreciation of ¥44 million are related to company-wide assets and adjustments of ¥953 million to the increase in property, plant and equipment and intangible assets represent the increase in company-wide assets.

(Omitted)

[Corrected]

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amount stated in consolidated financial statements
	Distribution Cloud	Government Cloud	Trust	Mobile Network	Total		
(Omitted)							
Other items							
Depreciation & amortization	396	80	0	9	485	44	530
Goodwill amortization	—	—	—	3	3	—	3
Interest income	—	0	—	—	0	4	4
Interest expenses	0	—	—	—	0	11	11
Increase in property, plant and equipment and intangible assets	741	1,269	3	<u>223</u>	<u>2,239</u>	<u>865</u>	<u>3,104</u>

(Notes) 1. The following adjustments have been made.

(Omitted)

(4) Adjustments to depreciation of ¥44 million are related to company-wide assets and adjustments of ¥865 million to the increase in property, plant and equipment and intangible assets represent the increase in company-wide assets.

(Omitted)



## Consolidated Financial Results for the Fiscal Year ended December 31, 2022 [Japanese GAAP]

February 14, 2023

Company name: Cyberlinks Co., Ltd.  
 Listing: The Prime Market of the Tokyo Stock Exchange  
 Code number: 3683  
 URL: <https://www.cyber-l.co.jp/>  
 Representative: Tsuneo Murakami  
 President  
 Contact: Takayuki Torii, Executive Officer, General Administration Manager  
 Tel: +81-(0)50-3500-2797

Scheduled date of Ordinary General Meeting of Shareholders: March 28, 2023  
 Scheduled date of filing of Annual Report: March 29, 2023  
 Scheduled date of dividend payment: March 29, 2023  
 Preparation of supplementary materials for annual financial results: Yes  
 Holding of annual financial results meeting: Yes  
 (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 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	%
Fiscal year ended December 31, 2022	12,225	(7.7)	1,127	19.3	1,141	19.1	909	41.0
December 31, 2021	13,241	3.6	945	2.2	958	0.7	645	0.1

(Note) Comprehensive income: For the Year ended December 31, 2022: ¥909 million (up 41.0% year on year)  
 For the Year ended December 31, 2021: ¥645 million (up 0.1% year on year)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2022	87.35	86.08	14.7	10.2	9.2
December 31, 2021	62.55	61.05	12.5	9.7	7.1

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	12,705	7,101	55.3	632.46
As of December 31, 2021	9,682	5,418	55.1	516.32

(Reference) Shareholders' equity: As of December 31, 2022: ¥7,023 million  
 As of December 31, 2021: ¥5,340 million

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2022	1,046	(2,267)	534	2,258
December 31, 2021	1,964	(685)	(591)	2,552

### 2. Dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended December 31, 2021	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
	—	0.00	—	12.00	12.00	124	19.2	2.4
Fiscal year ended December 31, 2022	—	0.00	—	13.00	13.00	144	14.9	2.3
Fiscal year ending December 31, 2023 (Forecast)	—	0.00	—	13.00	13.00		—	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(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	8,067	29.4	560	(23.2)	559	(23.7)	343	(29.7)	30.88
Full-year	15,618	27.8	979	(13.2)	974	(14.7)	587	(35.5)	52.86

#### Notes:

- (1) Changes in specific subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) 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
- (3) Total number of issued shares (common stock)
  - 1) Total number of issued shares at the end of the period (including treasury shares):  
December 31, 2022: 11,320,175 shares  
December 31, 2021: 10,557,972 shares
  - 2) Total number of treasury shares at the end of the period:  
December 31, 2022: 216,067 shares  
December 31, 2021: 215,420 shares
  - 3) Average number of shares outstanding during the period:  
Fiscal year ended December 31, 2022: 10,416,423 shares  
Fiscal year ended December 31, 2021: 10,315,961 shares

**[Reference]Overview of non-consolidated financial results**

**1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 2022)**

(1) Non-Consolidated Operating Results (cumulative)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	9,593	(7.6)	943	7.8	963	8.2	692	15.6
December 31, 2021	10,381	0.6	875	3.6	890	(52.1)	598	(61.9)

  

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	66.44	65.47
December 31, 2021	58.02	56.63

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	12,094	7,724	63.2	688.54
As of December 31, 2021	10,140	6,298	61.3	601.42

(Reference) Shareholders' equity: As of December 31, 2022: ¥7,645 million  
As of December 31, 2021: ¥6,220 million

\* The 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.



Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	2,552	2,258
Notes and accounts receivable - trade	2,306	—
Accounts receivable - trade	—	1,941
Contract assets	—	960
Lease receivables and investments in leases	318	242
Merchandise and finished goods	85	203
Work in process	384	300
Raw materials and supplies	9	12
Other	239	264
Allowance for doubtful accounts	(1)	(7)
Total current assets	5,896	6,176
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,369	2,660
Accumulated depreciation	(1,480)	(1,585)
Buildings and structures, net	888	1,074
Land	1,399	1,974
Construction in progress	55	28
Other	1,945	2,286
Accumulated depreciation	(1,546)	(1,836)
Other, net	399	450
Total property, plant and equipment	2,743	3,528
Intangible assets		
Goodwill	—	1,321
Software	374	428
Software in progress	120	479
Other	0	43
Total intangible assets	495	2,272
Investments and other assets		
Investment securities	19	14
Deferred tax assets	284	335
Other	246	381
Allowance for doubtful accounts	(2)	(1)
Total investments and other assets	547	728
Total non-current assets	3,786	6,529
Total assets	9,682	12,705

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	655	791
Current portion of bonds payable	—	14
Current portion of long-term borrowings	304	436
Lease obligations	2	30
Income taxes payable	347	237
Contract liabilities	—	525
Asset retirement obligations	6	5
Provision for bonuses	39	43
Provision for loss on order received	3	9
Other	881	761
<b>Total current liabilities</b>	<b>2,240</b>	<b>2,855</b>
Non-current liabilities		
Bonds payable	—	30
Long-term borrowings	1,775	2,595
Lease obligations	5	48
Deferred tax liabilities	—	0
Asset retirement obligations	32	63
Other	209	10
<b>Total non-current liabilities</b>	<b>2,023</b>	<b>2,748</b>
<b>Total liabilities</b>	<b>4,264</b>	<b>5,603</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	851	858
Capital surplus	1,303	2,158
Retained earnings	3,496	4,317
Treasury shares	(311)	(311)
<b>Total shareholders' equity</b>	<b>5,340</b>	<b>7,023</b>
Share acquisition rights	78	78
<b>Total net assets</b>	<b>5,418</b>	<b>7,101</b>
<b>Total liabilities and net assets</b>	<b>9,682</b>	<b>12,705</b>

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

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	13,241	12,225
Cost of sales	9,469	8,221
Gross profit	3,771	4,003
Selling, general and administrative expenses	2,826	2,876
Operating profit	945	1,127
Non-operating income		
Interest income	0	4
Dividend income	0	0
Rental income from real estate	10	14
Subsidies for shop renovation etc.	6	—
Other	12	10
Total non-operating income	29	29
Non-operating expenses		
Interest expenses	12	11
Cost of real estate rent	2	2
Other	0	0
Total non-operating expenses	16	14
Ordinary profit	958	1,141
Extraordinary income		
Gain on step acquisitions	—	79
Other	0	—
Total extraordinary income	0	79
Extraordinary losses		
Loss on retirement of non-current assets	3	0
Total extraordinary losses	3	0
Profit before income taxes	956	1,221
Income taxes - current	367	382
Income taxes - deferred	(56)	(70)
Total income taxes	311	311
Profit	645	909
Profit attributable to owners of parent	645	909

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	645	909
Comprehensive income	645	909
(Breakdown)		
Comprehensive income attributable to owners of parent	645	909

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	792	1,244	2,954	(11)	4,978	68	5,047
Cumulative effect due to change in accounting policy					—		—
Restated balance	792	1,244	2,954	(11)	4,978	68	5,047
Changes of items during period							
Issuance of new shares – exercise of share acquisition rights	59	59			118		118
Issuance of new shares (restricted stock compensation)					—		—
Increase due to share exchange					—		—
Dividends of surplus			(103)		(103)		(103)
Profit attributable to owners of parent			645		645		645
Purchase of treasury Shares				(299)	(299)		(299)
Net changes of items other than shareholders' equity						9	9
Total changes of items during period	59	59	542	(299)	361	9	371
Balance at end of current period	851	1,303	3,496	(311)	5,340	78	5,418

Fiscal year ended December 31, 2022

(Millions of yen)

	Shareholders' equity					Share acquisition rights	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at beginning of current period	851	1,303	3,496	(311)	5,340	78	5,418
Cumulative effect due to change in accounting policy			35		35		35
Restated balance	851	1,303	3,532	(311)	5,376	78	5,454
Changes of items during period							
Issuance of new shares – exercise of share acquisition rights	0	0			1		1
Issuance of new shares (restricted stock compensation)	5	5			11		11
Increase due to share exchange		847			847		847
Dividends of surplus			(124)		(124)		(124)
Profit attributable to owners of parent			909		909		909
Purchase of treasury Shares					—		—
Net changes of items other than shareholders' equity						(0)	(0)
Total changes of items during period	6	854	785	—	1,646	(0)	1,646
Balance at end of current period	858	2,158	4,317	(311)	7,023	78	7,101

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	956	1,221
Depreciation	636	530
Amortization of goodwill	—	3
Increase (decrease) in allowance for doubtful accounts	(1)	(1)
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Increase (decrease) in provision for loss on order received	(59)	1
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Increase (decrease) in trade payables	(88)	21
Increase (decrease) in contract liabilities	—	(66)
Increase (decrease) in advances received	45	—
Other	(357)	(107)
Subtotal	2,163	1,486
Interest and dividends received	0	4
Interest paid	(12)	(12)
Proceeds from insurance income	3	2
Income taxes paid	(190)	(434)
Net cash provided by (used in) operating activities	1,964	1,046
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Purchase of property, plant and equipment	(610)	(667)
Purchase of intangible assets	(256)	(650)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(943)
Payments of leasehold and guarantee deposits	(12)	(25)
Proceeds from rental of investment property	10	14
Other	183	4
Net cash provided by (used in) investing activities	(685)	(2,267)

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	—	1,000
Repayments of long-term borrowings	(304)	(340)
Purchase of treasury shares	(299)	—
Dividends paid	(102)	(123)
Other	115	(1)
Net cash provided by (used in) financing activities	(591)	534
Effect of exchange rate change on cash and cash equivalents	0	1
Net increase (decrease) in cash and cash equivalents	689	(684)
Cash and cash equivalents at beginning of period	1,863	2,552
Increase in cash and cash equivalents resulting from merger	—	390
Cash and cash equivalents at end of period	2,552	2,258



## (5) Notes to quarterly financial statements

(Notes to going concern assumptions)

None to be reported.

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020; hereinafter "Revenue Recognition Accounting Standard"), etc. for its revenue recognition process, effective from the start of the current fiscal year. As a result, revenue is now recognized when control over the promised goods or services is transferred to the customer and recognized at the amount expected to be received in exchange of goods or services. Previously, for contracts related to system implementation and customization as well as construction contracts, the percentage-of-completion method was applied if the outcome was deemed certain, and the completed-contract method was applied otherwise. However, for performance obligations fulfilled over a certain period, the Company now estimates the percentage of completion and recognizes revenue accordingly, except for contracts with very short terms. Performance obligations satisfied at a single point in time are recognized as revenue upon completion of construction and software development. The completion rate for fulfilling contractual obligations is calculated using the input method, which is the ratio of actual costs incurred to the total estimated costs. For contracts with a short duration between the initiation of the transaction and the expected fulfillment of the obligation, an alternative accounting treatment is applied, where instead of recognizing revenue over a period of time, revenue is recorded in full when the obligation is completed.

Regarding the application of the Revenue Recognition Accounting Standard, the Company has followed the transitional treatment outlined in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. As a result, the new accounting policy is implemented from the beginning of the current fiscal year by adjusting retained earnings for the cumulative impact of applying the new policy retrospectively to prior periods. However, for contracts where the majority of revenue was recognized according to the previous treatment before the start of the current fiscal year, the new policy has not been retrospectively applied, in accordance with the method set forth in Paragraph 86 of the Revenue Recognition Accounting Standard. Contract modifications made prior to the start of the current fiscal year have been accounted for based on the revised contract terms and conditions, and retained earnings have been adjusted at the start of the current fiscal year for the cumulative impact of these changes, in accordance with the method specified in Paragraph 86, Note (1) of the Revenue Recognition Accounting Standard.

Additionally, the Company has reclassified "Notes and accounts receivable - trade" from the "Current assets" category in the previous fiscal year's consolidated balance sheet to the categories "Notes receivable," "Accounts receivable," and "Contract assets" in the current fiscal year's consolidated balance sheet. Additionally, "Other" items have been reclassified from the "Current liabilities" category to the categories "Contract liabilities" and "Other." However, as the Company followed the transitional provisions outlined in Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification was made for the previous fiscal year based on the new presentation requirements.

As a result of the above, the Company saw an increase in contract assets of ¥960 million and contract liabilities of ¥525 million in the current fiscal year's consolidated balance sheet, compared to the amounts prior to the adoption of the standard. In the current fiscal year's consolidated statement of income, net sales increased by ¥239 million, cost of sales increased by ¥163 million, and operating profit, ordinary profit, and profit before income taxes each increased by ¥76 million.

In the current fiscal year's consolidated statement of cash flows, profit before income taxes increased by ¥76 million, and contract liabilities decreased by ¥66 million.

The beginning balance of retained earnings in the consolidated statement of changes in net assets was increased by ¥35 million due to the cumulative effect on net assets at the beginning of the current fiscal year.

The impact on per share information is detailed in the corresponding section.

The Company has not included notes related to revenue recognition for the previous consolidated fiscal year, in accordance with the transitional provisions outlined in Paragraph 89-3 of the Revenue Recognition Accounting Standard.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has adopted the "Accounting Standard for Fair Value Measurements" (ASBJ Statement No. 30 of July 4, 2019; hereinafter "Fair Value Measurements Accounting Standard"), etc. as of the beginning of the current fiscal year. The new policies outlined in this standard will be applied prospectively, in accordance with the transitional treatment described in Paragraph 19 of the Fair Value Measurements Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 of July 4, 2019). This adoption does not have an impact on the consolidated financial statements.

(Segment information, etc.)

## 1. Overview of reportable segments

### (1) Method of determining reportable segments

The Group's reportable segments are constituent units of the Group for which separate financial information is available and which are subject to regular review by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Company has established business divisions by product and service, each of which draws up comprehensive strategies for the products and services it handles and carries out business activities.

Therefore, the Group consists of segments by product and service based on business divisions and subsidiaries, and has the following four reportable segments: Distribution Cloud, Government Cloud, Trust, and Mobile Network.

### (2) Types of products and services included in each reportable segment

The Distribution Cloud business offers solutions for the food retail sector, with a focus on its flagship @rms ERP, a cloud-based system for essential food retail operations. Additionally, it provides EDI and additional services for the wholesale sector, serving major food wholesalers as its primary clients, and provides product image databases and other services in the cloud.

The Government Cloud business offers installation, maintenance, and implementation services for administrative information systems to local governments, and construction and maintenance services for communication systems, including disaster prevention radio systems. Additionally, it provides cloud-based school administration support services to elementary and junior high schools and cloud-based medical information collaboration services to medical institutions.

In the Trust Business, the Company provides CloudCerts, a blockchain-based digital certificate issuing service, and a wide range of trust services utilizing My Number Card based on accreditations including a Time Stamp Authority (TSA), Public Personal ID Authentication Service operator, and Digital Proxy Authorization Management business.

In the Mobile Network business, the Company operates eleven Docomo shops in Wakayama Prefecture as a secondary agent in accordance with an agency agreement concluded with CONEXIO Corporation, a primary agent of NTT Docomo, Inc.

### (3) Changes in reportable segments

The Company has applied the Revenue Recognition Accounting Standard and other accounting standards from the current fiscal year's consolidated balance sheet, as described in "Change in accounting policy." Due to this change in accounting method, the method for calculating profit or loss by business segment has also changed.

As a result of this change, compared to the previous method, net sales in the Distribution Cloud business increased by ¥51 million and segment profit increased by ¥18 million for the current consolidated fiscal year. In the Government Cloud business, net sales increased by ¥206 million and segment profit increased by ¥57 million. In the Mobile Network business, net sales decreased by ¥18 million, but segment profit was not affected.

## 2. Calculation method of sales, profit or loss, assets, liabilities, and other items by reportable segment

Profits in reportable segments are figures for ordinary profit, and the method of accounting is generally the same as described in "Important Basic Matters for Preparation of Consolidated Financial Statements."

3. Information on the amount of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amount stated in consolidated financial statements
	Distribution Cloud	Government Cloud	Trust	Mobile Network	Total		
Net sales							
Sales to outside customers	4,021	6,159	95	2,964	13,241	—	13,241
Intersegment sales and transfers	168	23	13	0	205	(205)	—
Total	4,190	6,182	109	2,964	13,446	(205)	13,241
Segment profit (loss)	565	596	(349)	381	1,194	(235)	958
Segment assets	1,611	3,380	7	358	5,357	4,325	9,682
Other items							
Depreciation & amortization	494	96	0	9	600	36	636
Goodwill amortization	—	—	—	—	—	—	—
Interest income	—	0	—	—	0	0	0
Interest expenses	0	—	—	—	0	12	12
Increase in property, plant and equipment and intangible assets	402	100	0	11	515	212	727

(Notes) 1. The following adjustments have been made.

- (1) Adjustments to segment loss of ¥235 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) Adjustments to segment assets of ¥4,325 million are company-wide assets that are not allocated to any reportable segment.  
Company-wide assets mainly comprise surplus funds (cash and deposits) and head office land and buildings, which do not belong to any reportable segment.
  - (3) The basis for allocating non-current assets to business segments differ from the basis for allocating the related depreciation.
  - (4) Adjustments to depreciation of ¥36 million are related to company-wide assets and adjustments of ¥212 million for the increase in property, plant and equipment and intangible assets represent the increase in company-wide assets.
2. Segment liabilities are not stated as they are irrelevant to the determination of the allocation of management resources and evaluation of performance.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments					Adjustments (Note 1)	Amount stated in consolidated financial statements
	Distribution Cloud	Government Cloud	Trust	Mobile Network	Total		
Net sales							
Sales to outside customers	4,284	5,296	47	2,596	12,225	—	12,225
Intersegment sales and transfers	182	27	4	0	215	(215)	—
Total	4,466	5,324	52	2,597	12,440	(215)	12,225
Segment profit (loss)	813	712	(236)	167	1,457	(315)	1,141
Segment assets	2,082	5,647	15	734	8,480	4,225	12,705
Other items							
Depreciation & amortization	396	80	0	9	485	44	530
Goodwill amortization	—	—	—	3	3	—	3
Interest income	—	0	—	—	0	4	4
Interest expenses	0	—	—	—	0	11	11
Increase in property, plant and equipment and intangible assets	741	1,269	3	223	2,239	865	3,104

(Notes) 1. The following adjustments have been made.

- (1) Adjustments to segment loss of ¥315 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) Adjustments to segment assets of ¥4,225 million are company-wide assets that are not allocated to any reportable segment.  
Company-wide assets mainly comprise surplus funds (cash and deposits) and head office land and buildings, which do not belong to any reportable segment.
  - (3) The basis for allocating non-current assets to business segments differ from the basis for allocating the related depreciation.
  - (4) Adjustments to depreciation of ¥44 million are related to company-wide assets and adjustments of ¥865 million to the increase in property, plant and equipment and intangible assets represent the increase in company-wide assets.
2. Segment liabilities are not stated as they are irrelevant to the determination of the allocation of management resources and evaluation of performance.

[Related information]

Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)

1. Information by product and service

This information has been omitted as the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

This information has been omitted because sales to external customers in Japan exceed 90% of net sales in the consolidated income statement.

(2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment located in Japan exceeds 90% of the total value of property, plant and equipment in the consolidated balance sheet.

### 3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Relevant segment name
CONEXIO Corporation	2,522	Mobile Network

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

#### 1. Information by product and service

This information has been omitted as the same information is disclosed in the segment information.

#### 2. Information by region

##### (1) Net sales

This information has been omitted as sales to external customers in Japan exceed 90% of net sales in the consolidated income statement.

##### (2) Property, plant and equipment

This information has been omitted as the value of property, plant and equipment located in Japan exceeds 90% of the total value of property, plant and equipment in the consolidated balance sheet.

### 3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Relevant segment name
CONEXIO Corporation	2,574	Mobile Network

[Information on impairment losses on non-current assets by reportable segment]

None to be reported.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)

None to be reported.

Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segments					Consolidation and elimination	Total
	Distribution Cloud	Government Cloud	Trust	Mobile Network	Total		
Balance at the end of current period	—	1,113	—	207	1,321	—	1,321

(Notes) Information on the amortization of goodwill has been omitted as the same information is disclosed in the segment information.

#### (Significant changes in the amount of goodwill)

Due to the acquisition of shares of Synergy Inc., the Company has included Synergy in the scope of consolidation in the Government Cloud business. The Company saw an increase in goodwill of ¥1,113 million for the current consolidated accounting period due to this change. However, the amount is provisional, as the purchase price allocation has not been completed as of the end of the current consolidated accounting period.

Additionally, in the Mobile Network business, the Company merged its operations with Mobile Media Link Co., Ltd. and KO-PLAN Co., Ltd., resulting in an increase in goodwill of ¥211 million yen for the period.

[Information on gain on negative goodwill by reportable segment]

None to be reported.

(Per share information)

	Previous consolidated fiscal year (January 1, 2021—December 31, 2021)	Current consolidated fiscal year (January 1, 2022—December 31, 2022)
Net assets per share	516.32 yen	632.46 yen
Basic earnings per share	62.55 yen	87.35 yen
Diluted earnings per share	61.05 yen	86.08 yen

(Notes) 1. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Previous consolidated fiscal year (from January 1, 2021 to December 31, 2021)	Current consolidated fiscal year (from January 1, 2022 to December 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	645	909
Profit not attributable to common stock shareholders (million yen)	—	—
Profit attributable to common stock shareholders of parent (million yen)	645	909
Average number of common stock during the period	10,315,961	10,416,423
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (million yen)	—	—
Increase in number of common stock	252,736	153,454
(of which, number of share acquisition rights)	(252,736)	(153,454)
Summary of dilutive shares not included in calculation of diluted earnings per share due to lack of dilutive effect	—	—

2. The basis for calculating net assets per share is as follows.

	End of previous consolidated fiscal year (as of December 31, 2021)	End of current consolidated fiscal year (as of December 31, 2022)
Total net assets (million yen)	5,418	7,101
Amount to be deducted from total net assets (million yen)	78	78
(of which, share acquisition rights (million yen))	(78)	(78)
Net assets attributable to common stock shareholders at the end of the fiscal year (million yen)	5,340	7,023
Number of common stock at the end of the fiscal year used to calculate net assets per share	10,342,552	11,104,108

3. As stated in "Change in accounting policy," the Company has adopted the "Accounting Standard for Revenue Recognition" and other accounting policies. As a result, basic earnings per share and diluted earnings per share for the current consolidated period increased by ¥5.08 and ¥5.07, respectively.

(Significant subsequent events)

None to be reported.