



Consolidated Financial Results for the six months ended June 30, 2023 [Japanese GAAP]

August 10, 2023

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: August 10, 2023
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly 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 Six Months Ended June 30, 2023 (January 1, 2023 to June 30, 2023)

(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	%
Six months ended								
June 30, 2023	7,675	23.1	572	(21.4)	589	(19.4)	143	(70.6)
June 30, 2022	6,233	(9.2)	729	26.0	732	25.5	487	20.1

(Note) Comprehensive income: For the six months ended June 30, 2023: ¥143 million (down 70.6% year on year)
 For the six months ended June 30, 2022: ¥487 million (up 20.1% year on year)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2023	12.90	12.74
June 30, 2022	47.14	46.46

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	12,178	7,124	57.9
As of December 31, 2022	12,746	7,101	55.1

(Reference) Shareholders' equity: As of June 30, 2023: ¥7,054 million
 As of December 31, 2022: ¥7,023 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, 2022	—	0.00	—	13.00	13.00
Fiscal year ending December 31, 2023	—	0.00			
December 31, 2023 (Forecast)			—	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, 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
Full-year	15,065	23.2	822	(27.1)	817	(28.5)	279	(69.3)	25.07

(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):

June 30, 2023: 11,366,712 shares

December 31, 2022: 11,320,175 shares

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

June 30, 2023: 216,067 shares

December 31, 2022: 216,067 shares

3) Average number of shares outstanding during the period:

Six months ended June 30, 2023: 11,125,052 shares

Six months ended June 30, 2022: 10,346,629 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, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	2,258	1,938
Notes receivable–trade, accounts receivable–trade, and contract assets	2,901	2,764
Lease receivables and investments in leases	242	314
Merchandise and finished goods	203	205
Work in process	300	142
Raw materials and supplies	12	7
Other	264	310
Allowance for doubtful accounts	(7)	(8)
Total current assets	6,176	5,677
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,660	2,642
Accumulated depreciation	(1,585)	(1,592)
Buildings and structures, net	1,074	1,050
Land	1,974	1,974
Other	2,315	2,461
Accumulated depreciation	(1,836)	(1,916)
Other, net	479	545
Total property, plant and equipment	3,528	3,570
Intangible assets		
Goodwill	1,037	746
Other	1,275	1,436
Total intangible assets	2,313	2,183
Investments and other assets	728	748
Total non-current assets	6,570	6,501
Total assets	12,746	12,178
Liabilities		
Current liabilities		
Accounts payable - trade	791	484
Current portion of bonds payable	14	14
Current portion of long-term borrowings	436	419
Income taxes payable	237	257
Provision for bonuses	43	72
Provision for loss on order received	9	2
Asset retirement obligations	5	–
Other	1,317	1,246
Total current liabilities	2,855	2,496
Non-current liabilities		
Bonds payable	30	23
Long-term borrowings	2,595	2,388
Asset retirement obligations	63	64
Other	99	81
Total non-current liabilities	2,789	2,557
Total liabilities	5,644	5,054

(Millions of yen)

	As of December 31, 2022	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	858	874
Capital surplus	2,158	2,174
Retained earnings	4,317	4,317
Treasury shares	(311)	(311)
Total shareholders' equity	7,023	7,054
Share acquisition rights	78	69
Total net assets	7,101	7,124
Total liabilities and net assets	12,746	12,178

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

Consolidated Statement of Income

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	6,233	7,675
Cost of sales	4,121	5,181
Gross profit	2,111	2,493
Selling, general and administrative expenses	1,382	1,920
Operating profit	729	572
Non-operating income		
Interest income	0	0
Dividend income	0	—
Rental income from real estate	5	5
Subsidies for shop relocation etc.	—	13
Other	4	10
Total non-operating income	10	29
Non-operating expenses		
Interest expenses	5	9
Other	1	2
Total non-operating expenses	7	12
Ordinary profit	732	589
Extraordinary income		
Gain on sale of non-current assets	—	1
Other	—	0
Total extraordinary income	—	1
Extraordinary losses		
Impairment losses	—	206
Other	0	0
Total extraordinary losses	0	206
Profit before income taxes	732	385
Income taxes - current	279	229
Income taxes - deferred	(34)	12
Total income taxes	244	241
Profit	487	143
Profit attributable to owners of parent	487	143

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Profit	487	143
Comprehensive income	487	143
(Breakdown)		
Comprehensive income attributable to owners of parent	487	143

(3) Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	732	385
Depreciation	272	302
Impairment losses	—	206
Amortization of goodwill	—	93
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	1	28
Increase (decrease) in provision for loss on order received	(1)	(6)
Interest and dividend income	(0)	(0)
Interest expenses	5	9
Decrease (increase) in trade receivables	626	136
Decrease (increase) in inventories	92	161
Increase (decrease) in trade payables	(205)	(306)
Increase (decrease) in accounts payable - other	(41)	(89)
Increase (decrease) in contract liabilities	(35)	(26)
Other	(38)	(102)
Subtotal	1,408	792
Interest and dividends received	0	0
Interest paid	(5)	(9)
Income taxes paid	(263)	(208)
Net cash provided by (used in) operating activities	1,140	574
Cash flows from investing activities		
Purchase of property, plant and equipment	(574)	(199)
Purchase of intangible assets	(279)	(346)
Payments for asset retirement obligations	(16)	—
Other	11	31
Net cash provided by (used in) investing activities	(857)	(514)
Cash flows from financing activities		
Repayments of long-term borrowings	(152)	(223)
Dividends paid	(123)	(143)
Other	(0)	(12)
Net cash provided by (used in) financing activities	(276)	(380)
Effect of exchange rate change on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	7	(319)
Cash and cash equivalents at beginning of period	2,552	2,258
Cash and cash equivalents at end of period	2,560	1,938

(4) 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.)

Six Months Ended June 30, 2022(January 1, 2022 to June 30, 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	2,087	2,736	26	1,381	6,233	—	6,233
Intersegment sales and transfers	87	14	2	0	103	(103)	—
Total	2,175	2,750	28	1,382	6,336	(103)	6,233
Segment profit (loss)	369	449	(116)	167	869	(137)	732

(Note) 1. Adjustments to segment loss of ¥137 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 (loss) is adjusted with ordinary profit in the quarterly consolidated statement of income.

Six Months Ended June 30, 2023(January 1, 2023 to June 30, 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	2,216	3,719	42	1,697	7,675	—	7,675
Intersegment sales and transfers	113	12	1	0	128	(128)	—
Total	2,330	3,731	43	1,697	7,803	(128)	7,675
Segment profit (loss)	452	372	(139)	14	700	(110)	589

(Note) 1. Adjustments to segment loss of ¥110 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 (loss) is adjusted with ordinary profit in the quarterly consolidated statement of income.

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

(Significant changes in the amount of goodwill)

During the three months ended March 31, 2023, there was a significant change in the amount of goodwill in the Mobile Network business due to the recording of an impairment loss on goodwill. The decrease in goodwill amounted to ¥197 million in the six months ended June 30, 2023.

In the Government Cloud business, the business consolidation of Synergy Co., Ltd. effective July 14, 2022, which the Company provisionally accounted for in the previous consolidated fiscal year, was finalized in the second quarter of the current consolidated fiscal year.

As a result of reviewing the initial allocation of the acquisition costs following the finalization of this provisional accounting treatment, the amount of goodwill provisionally calculated at ¥1,113 million decreased by ¥283 million to ¥829 million.

(Business consolidation, etc.)

(Finalization of provisional treatment for business consolidation)

The business consolidation of SYNERGY Co., Ltd. on July 14, 2022, which the Company provisionally accounted for in the previous consolidated fiscal year, was finalized in the second quarter of the current consolidated fiscal year.

With the finalization of this provisional accounting treatment, the comparative information included in the quarterly consolidated financial statements for the six months ended June 30, 2023, reflects a significant revision of the initial allocation of acquisition costs.

As a result, the amount of goodwill provisionally calculated at ¥1,113 million decreased by ¥283 million to ¥829 million. The decrease was due to increases of ¥212 million in software, ¥111 million in other intangible assets (customer-related assets), and ¥40 million in deferred tax liabilities.

(Significant subsequent events)

None to be reported.