



Consolidated Financial Results for the nine months ended September 30, 2023 [Japanese GAAP]

November 14, 2023

Company name: Cyberlinks Co., Ltd.
 Listing: The Standard 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 filing of Quarterly Report: November 14, 2023
 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 Nine Months Ended September 30, 2023 (January 1, 2023 to September 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	%
Nine months ended								
September 30, 2023	11,046	21.4	732	(19.7)	757	(17.9)	228	(62.0)
September 30, 2022	9,101	(5.5)	912	16.0	922	15.6	600	11.6

(Note) Comprehensive income: For the nine months ended September 30, 2023: ¥228 million (down 62.0% year on year)
 For the nine months ended September 30, 2022: ¥600 million (up 11.6% year on year)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2023	20.48	20.24
September 30, 2022	58.01	57.16

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	12,376	7,208	57.7
As of December 31, 2022	12,746	7,101	55.1

(Reference) Shareholders' equity: As of September 30, 2023: ¥7,138 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):

September 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:

September 30, 2023: 216,067 shares

December 31, 2022: 216,067 shares

3) Average number of shares outstanding during the period:

Nine months ended September 30, 2023: 11,133,676 shares

Nine months ended September 30, 2022: 10,349,314 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 September 30, 2023
Assets		
Current assets		
Cash and deposits	2,258	2,086
Notes receivable–trade, accounts receivable–trade, and contract assets	2,901	2,533
Lease receivables and investments in leases	242	298
Merchandise and finished goods	203	223
Work in process	300	157
Raw materials and supplies	12	9
Other	264	346
Allowance for doubtful accounts	(7)	(4)
Total current assets	6,176	5,651
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,660	2,644
Accumulated depreciation	(1,585)	(1,611)
Buildings and structures, net	1,074	1,032
Land	1,974	1,974
Other	2,315	2,675
Accumulated depreciation	(1,836)	(1,978)
Other, net	479	696
Total property, plant and equipment	3,528	3,703
Intangible assets		
Goodwill	1,037	705
Other	1,275	1,530
Total intangible assets	2,313	2,236
Investments and other assets	728	784
Total non-current assets	6,570	6,724
Total assets	12,746	12,376

(Millions of yen)

As of December 31, 2022 As of September 30, 2023

Liabilities		
Current liabilities		
Accounts payable - trade	791	476
Current portion of bonds payable	14	14
Current portion of long-term borrowings	436	411
Income taxes payable	237	184
Provision for bonuses	43	251
Provision for loss on order received	9	0
Asset retirement obligations	5	—
Other	1,317	1,388
Total current liabilities	2,855	2,725
Non-current liabilities		
Bonds payable	30	23
Long-term borrowings	2,595	2,281
Asset retirement obligations	63	64
Other	99	72
Total non-current liabilities	2,789	2,441
Total liabilities	5,644	5,167
Net assets		
Shareholders' equity		
Share capital	858	874
Capital surplus	2,158	2,174
Retained earnings	4,317	4,401
Treasury shares	(311)	(311)
Total shareholders' equity	7,023	7,138
Share acquisition rights	78	69
Total net assets	7,101	7,208
Total liabilities and net assets	12,746	12,376

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

Consolidated Statement of Income

(Millions of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Net sales	9,101	11,046
Cost of sales	6,067	7,503
Gross profit	3,033	3,542
Selling, general and administrative expenses	2,120	2,809
Operating profit	912	732
Non-operating income		
Interest income	1	0
Dividend income	0	—
Rental income from real estate	10	8
Subsidies for shop relocation etc.	—	13
Subsidy income	2	8
Other	5	11
Total non-operating income	20	42
Non-operating expenses		
Interest expenses	8	14
Other	2	3
Total non-operating expenses	10	17
Ordinary profit	922	757
Extraordinary income		
Gain on sale of non-current assets	—	1
Other	—	0
Total extraordinary income	—	1
Extraordinary losses		
Impairment losses	—	208
Loss on retirement of non-current assets	0	3
Total extraordinary losses	0	211
Profit before income taxes	922	546
Income taxes - current	423	358
Income taxes - deferred	(101)	(39)
Total income taxes	322	318
Profit	600	228
Profit attributable to owners of parent	600	228

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2023
Profit	600	228
Comprehensive income	600	228
(Breakdown)		
Comprehensive income attributable to owners of parent	600	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.)

Nine Months Ended September 30, 2022(January 1, 2022 to September 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	3,171	3,986	36	1,906	9,101	—	9,101
Intersegment sales and transfers	134	21	3	0	159	(159)	—
Total	3,306	4,008	40	1,906	9,261	(159)	9,101
Segment profit (loss)	582	567	(177)	184	1,156	(234)	922

(Note) 1. Adjustments to segment loss of ¥234 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. Information on assets by reportable segment

(Significant increase in assets due to acquisition of a subsidiary)

In the third quarter of the consolidated fiscal year ending December 31, 2022, assets of the Government Cloud business increased by ¥1,658 million from the end of the previous consolidated fiscal year due to the acquisition of shares of Synergy Inc. and its inclusion in the scope of consolidation.

Increases in segment assets reflect 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 (details included in the "Business consolidation, etc." section of the notes attached to this statement of consolidated financial results).

3. Information on impairment loss on non-current assets and goodwill by reportable segment

(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 increase in goodwill due to this change was ¥829 million as of the end of the third quarter of the consolidated fiscal year ending December 31, 2022. Increases in goodwill reflect 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 (details included in the "Business consolidation, etc." section of the notes attached to this statement of consolidated financial results).

Nine Months Ended September 30, 2023(January 1, 2023 to September 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	3,377	5,125	65	2,477	11,046	—	11,046
Intersegment sales and transfers	183	20	3	0	208	(208)	—
Total	3,561	5,146	69	2,477	11,254	(208)	11,046
Segment profit (loss)	705	401	(186)	2	921	(164)	757

(Note) 1. Adjustments to segment loss of ¥164 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. Information on impairment loss on non-current assets and goodwill 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.

(Business consolidation, etc.)

(Finalization of provisional treatment for business consolidation)

In response to the finalization of this treatment, comparative data included in the Company's quarterly consolidated balance sheet for the nine months ended September 30, 2023, reflect the impact of significant revisions made to the initial distributions of acquisition costs.

Due to the finalization of this accounting treatment, the amount of goodwill provisionally calculated at ¥1,113 million, decreased by ¥283 million to ¥829 million. Specifically, the decrease in goodwill 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. The finalization of these accounting procedures had no impact on the Company's consolidated statement of income for the nine months ended September 30, 2022.

(Significant subsequent events)

None to be reported.