

Translation

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Summary of Consolidated Financial Results for FY2023 (Based on Japanese GAAP)

February 14, 2024

Company name: Cyber Security Cloud, Inc.
 Stock exchange listing: Tokyo
 Stock code: 4493 URL: <https://www.cscloud.co.jp/>
 Representative: Representative Director, President and CEO Toshihiro Koike
 Inquiries: Director, CFO Masafumi Kurata TEL 03(6416)9996
 Scheduled date of annual general meeting of shareholders: March 27, 2024
 Scheduled date to file annual securities Report: March 27, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2023	3,060	–	549	–	559	–	427	–
Fiscal year ended December 31, 2022	–	–	–	–	–	–	–	–

	Earnings per share	Diluted earnings per share	Return on Equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2023	45.28	44.57	23.8	20.1	18.0
Fiscal year ended December 31, 2022	–	–	–	–	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	2,781	1,822	64.6	190.13
As of December 31, 2022	–	–	–	–

(3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2023	578	(106)	(93)	1,754
Fiscal year ended December 31, 2022	–	–	–	–

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2022	–	0.00	–	0.00	0.00
Year ended December 31, 2023	–	0.00	–	0.00	0.00
Year ending December 31, 2024 (Forecast)	–	–	–	0.00	0.00

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	3,800	24.2	650	18.2	650	16.1	450	5.6	47.72
	~4,000	~30.7	~750	~36.4	~750	~34.0	~520	~21.8	~55.06

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of December 31, 2023	9,450,644 shares	As of December 31, 2022	9,416,244 shares
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Number of treasury shares at the end of the period

As of December 31, 2023	24 shares	As of December 31, 2022	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended December 31, 2023	9,434,588 shares	Fiscal year ended December 31, 2022	9,395,069 shares
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(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2023	2,980	31.0	565	46.4	575	45.4	440	43.9
Fiscal year ended December 31, 2022	2,275	42.9	385	59.8	395	56.4	306	107.6

	Basic earnings per share	Diluted earnings per share
	Millions of yen	Millions of yen
Fiscal year ended December 31, 2023	46.73	45.99
Fiscal year ended December 31, 2022	32.61	32.19

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	2,768	1,818	64.8	189.74
As of December 31, 2022	2,157	1,309	60.1	137.62

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of December 31, 2023

Assets	
Current assets	
Cash and deposits	1,754,945
Accounts receivable - trade	279,530
Other	114,181
Allowance for doubtful accounts	(2,059)
Total current assets	<u>2,146,597</u>
Non-current assets	
Property, plant and equipment	
Buildings	50,637
Accumulated depreciation-buildings	(5,137)
Buildings, net	45,499
Tools, furniture and fixtures	11,777
Accumulated depreciation-tools, furniture and fixtures	(5,491)
Tools, furniture and fixtures, net	6,285
Total property, plant and equipment	<u>51,785</u>
Intangible assets	
Software	123,202
Goodwill	177,276
Other	49,719
Total intangible assets	<u>350,199</u>
Investments and other assets	
Leasehold deposits	100,586
Deferred tax assets	64,621
Other	67,290
Investments and other assets	<u>232,497</u>
Total non-current assets	<u>634,481</u>
Total assets	<u>2,781,079</u>

(Thousands of yen)

As of December 31, 2023

Liabilities	
Current liabilities	
Accounts payable - trade	49,437
Current portion of long-term borrowings	92,459
Accounts payable - other	187,829
Accrued expenses	141,630
Income taxes payable	117,880
Contract liabilities	197,505
Other	80,067
Total current liabilities	<u>866,808</u>
Non-current liabilities	
Long-term borrowings	91,739
Total non-current liabilities	<u>91,739</u>
Total liabilities	<u>958,547</u>
Net assets	
Shareholders' equity	
Share capital	443,778
Capital surplus	434,778
Retained earnings	915,436
Treasury shares	(55)
Total shareholders' equity	<u>1,793,936</u>
Accumulated other comprehensive income	
Foreign currency translation adjustment	2,878
Total accumulated other comprehensive income	<u>2,878</u>
Share acquisition rights	25,716
Total net assets	<u>1,822,531</u>
Total liabilities and net assets	<u>2,781,079</u>

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

Fiscal year ended
December 31, 2023

Net sales	3,060,751
Cost of sales	924,992
Gross profit	2,135,759
Selling, general and administrative expenses	1,585,863
Operating profit	549,895
Non-operating income	
Interest income	2,324
Foreign exchange gains	8,139
Other	1,047
Total non-operating income	11,511
Non-operating expenses	
Interest expenses	1,309
Other	194
Total non-operating expenses	1,504
Ordinary profit	559,903
Extraordinary losses	
Loss on sale and retirement of non-current assets	522
Total extraordinary losses	522
Profit before income taxes	559,381
Income taxes - current	174,803
Income taxes - deferred	(42,630)
Total income taxes	132,173
Profit	427,207
Profit attributable to owners of parent	427,207

Consolidated statements of comprehensive income

(Thousands of yen)

Fiscal year ended
December 31, 2023

Profit	427,207
Other comprehensive income	
Foreign currency translation adjustment	977
Total other comprehensive income	977
Comprehensive income	428,185
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	428,185
Comprehensive income attributable to non-controlling interests	—

Consolidated statements of cash flows

(Thousands of yen)

Fiscal year ended
December 31, 2023

Cash flows from operating activities	
Profit before income taxes	559,381
Depreciation	22,663
Amortization of goodwill	25,325
Increase (decrease) in contract liabilities	522
Increase (decrease) in allowance for doubtful accounts	861
Foreign exchange losses (gains)	(9,267)
Interest income	(2,324)
Interest expenses	1,309
Share-based payment expenses	47,599
Decrease (increase) in trade receivables	(73,094)
Decrease (increase) in inventories	(5,993)
Increase (decrease) in contract liabilities	24,430
Increase (decrease) in accounts payable - other	126,513
Decrease (increase) in other assets	(12,112)
Increase (decrease) in other liabilities	36,393
Subtotal	<u>742,208</u>
Interest received	2,324
Interest paid	(1,267)
Income taxes paid	<u>(164,804)</u>
Net cash provided by (used in) operating activities	<u>578,460</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(262)
Purchase of intangible assets	<u>(105,887)</u>
Net cash provided by (used in) investing activities	<u>(106,150)</u>
Cash flows from financing activities	
Repayments of long-term borrowings	(95,208)
Proceeds from issuance of share acquisition rights	253
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,750
Purchase of treasury shares	<u>(55)</u>
Net cash provided by (used in) financing activities	<u>(93,260)</u>
Effect of exchange rate change on cash and cash equivalents	11,390
Net increase (decrease) in cash and cash equivalents	<u>390,440</u>
Cash and cash equivalents at beginning of period	1,330,154
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	34,350
Cash and cash equivalents at end of period	<u>1,754,945</u>