Consolidated Financial Results for the nine months ended September 30, 2024 [Japanese GAAP]

November 12, 2024

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:	Naoki Higashi President
Contact:	Takayuki Torii, Executive Officer, General Administration Manager Tel: +81-(0)50-3500-2797

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, 2024（January 1, 2024 to September 30, 2024）

(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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	11,464	3.8	735	0.3	742	(2.0)	445	95.3
September 30, 2023	11,046	21.4	732	(19.7)	757	(17.9)	228	(62.0)

(Note) Comprehensive income: For the nine months ended September 30, 2024: ¥445 million (up 95.3% year on year)
For the nine months ended September 30, 2023: ¥228 million (down 62.0% year on year)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
September 30, 2024	39.91	39.48
September 30, 2023	20.48	20.24

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	12,782	7,764	60.0
As of December 31, 2023	13,053	7,427	56.3

(Reference) Shareholders' equity: As of September 30, 2024: ¥7,674 million
As of December 31, 2023: ¥7,355 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, 2023	—	0.00	—	13.00	13.00
Fiscal year ending December 31, 2024	—	0.00	—		
December 31, 2024 (Forecast)				16.00	16.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(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	16,073	7.0	1,155	11.0	1,162	9.3	714	60.4	64.03

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

Notes:
(1) Significant changes in the scope of consolidation during the period: 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, 2024: 11,389,111 shares
December 31, 2023: 11,366,712 shares

2) Total number of treasury shares at the end of the period:
September 30, 2024: 216,067 shares
December 31, 2023: 216,067 shares

3) Average number of shares outstanding during the period:
Nine months ended September 30, 2024: 11,163,100 shares
Nine months ended September 30, 2023: 11,133,676 shares

* Review of the attached quarterly consolidated financial statements by certified public accountants or auditing firms
: None

* 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, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	1,934	2,036
Notes receivable–trade, accounts receivable–trade, and contract assets	3,116	2,640
Lease receivables and investments in leases	272	385
Merchandise and finished goods	301	198
Work in process	306	209
Raw materials and supplies	21	21
Other	308	368
Allowance for doubtful accounts	(4)	(0)
Total current assets	6,256	5,861
Non-current assets		
Property, plant and equipment		
Buildings and structures	2,616	2,666
Accumulated depreciation	(1,631)	(1,687)
Buildings and structures, net	985	979
Land	1,968	1,968
Other	2,708	2,848
Accumulated depreciation	(2,015)	(2,178)
Other, net	693	670
Total property, plant and equipment	3,647	3,617
Intangible assets		
Goodwill	663	539
Other	1,749	1,925
Total intangible assets	2,413	2,465
Investments and other assets	736	838
Total non-current assets	6,796	6,921
Total assets	13,053	12,782

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	804	610
Short-term borrowings	300	400
Current portion of bonds payable	14	14
Current portion of long-term borrowings	409	395
Income taxes payable	192	190
Provision for bonuses	67	266
Provision for loss on order received	1	1
Asset retirement obligations	0	—
Other	1,506	1,128
Total current liabilities	3,295	3,006
Non-current liabilities		
Bonds payable	16	9
Long-term borrowings	2,186	1,885
Asset retirement obligations	64	65
Other	63	52
Total non-current liabilities	2,330	2,011
Total liabilities	5,625	5,017
Net assets		
Shareholders' equity		
Share capital	874	883
Capital surplus	2,174	2,183
Retained earnings	4,618	4,919
Treasury shares	(311)	(311)
Total shareholders' equity	7,355	7,674
Share acquisition rights	72	90
Total net assets	7,427	7,764
Total liabilities and net assets	13,053	12,782

(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, 2023	For the nine months ended September 30, 2024
Net sales	11,046	11,464
Cost of sales	7,503	8,011
Gross profit	3,542	3,452
Selling, general and administrative expenses	2,809	2,717
Operating profit	732	735
Non-operating income		
Interest income	0	1
Rental income from real estate	8	9
Subsidies for shop relocation etc.	13	—
Subsidy income	8	7
Other	11	7
Total non-operating income	42	25
Non-operating expenses		
Interest expenses	14	14
Other	3	4
Total non-operating expenses	17	18
Ordinary profit	757	742
Extraordinary income		
Gain on sale of non-current assets	1	0
Other	0	—
Total extraordinary income	1	0
Extraordinary losses		
Impairment losses	208	29
Loss on retirement of non-current assets	3	2
Total extraordinary losses	211	31
Profit before income taxes	546	710
Income taxes - current	358	351
Income taxes - deferred	(39)	(86)
Total income taxes	318	264
Profit	228	445
Profit attributable to owners of parent	228	445

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Profit	228	445
Comprehensive income	228	445
(Breakdown)		
Comprehensive income attributable to owners of parent	228	445

(3) Notes to quarterly financial statements

(Application of special accounting treatment in preparing the quarterly financial statements)

None to be reported.

(Notes to segment information, etc.)

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	5,163	28	2,477	11,046	—	11,046
Intersegment sales and transfers	183	21	3	0	208	(208)	—
Total	3,561	5,184	31	2,477	11,254	(208)	11,046
Segment profit (loss)	705	296	(82)	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)

In the three months ended March 31, 2023, a goodwill impairment loss was recorded in the Mobile Network segment, resulting in a significant change in the goodwill amount. The resulting decrease in goodwill amounted to ¥197 million in the third quarter of the current fiscal year.

Nine Months Ended September 30, 2024(January 1, 2024 to September 30, 2024)

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	3,491	4,894	62	3,015	11,464	—	11,464
Intersegment sales and transfers	146	26	6	0	179	(179)	—
Total	3,638	4,920	68	3,016	11,643	(179)	11,464
Segment profit (loss)	495	293	(67)	206	927	(185)	742

(Note) 1. Adjustments to segment loss of ¥185 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. Matters related to changes in reportable segments

Effective January 1, 2024, the Group transferred the Business Process Management (BPM) service previously included in the Trust Business to the Government Cloud Business to promote inter-system collaboration and automation of operational processes in local governments.As a result, segment information for the nine months ended September 30, 2024 of the previous fiscal year has been prepared to reflect this change.

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

(Significant impairment loss on non-current assets)

In the Government Cloud segment, the Company recorded an impairment loss of ¥29 million on software for the education market during the nine months ended September 30, 2024 under review, as it no longer expects to generate initially projected earnings from the said software.

(In case of significant changes to shareholders' equity)

None to be reported.

(Notes to going concern assumptions)

None to be reported.

(Notes to Statement of Cash Flows)

The consolidated statement of cash flows for the nine months ended September 30, 2024, has not been prepared. The amount of depreciation expenses for the period (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the period are as follows.

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Depreciation	470	604
Amortization of goodwill	135	124

(Significant subsequent events)

None to be reported.