

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

February 13, 2024

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (Under Japanese GAAP)

Company name: Cybozu, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4776  
 URL: <https://cybozu.co.jp/>  
 Representative: Yoshihisa Aono, Representative Director & President  
 Inquiries: Person in charge of investor relations, Corporate Affairs Division  
 Telephone: +81-3-6671-9525  
 Scheduled date of annual shareholders meeting: March 30, 2024  
 Scheduled date to commence dividend payments: April 1, 2024  
 Scheduled date to file annual securities report: March 29, 2024  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

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

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	25,432	15.2	3,394	454.9	3,579	262.5	2,488	–
December 31, 2022	22,067	19.4	611	(57.5)	987	(32.8)	66	(88.0)

Note: Comprehensive income For the fiscal year ended December 31, 2023: ¥2,719 million [-%]  
 For the fiscal year ended December 31, 2022: ¥(427) million [-%]

Fiscal year ended	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
	Yen	Yen	%	%	%
December 31, 2023	52.29	–	31.3	20.4	13.3
December 31, 2022	1.45	–	1.2	6.6	2.8

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended December 31, 2023: ¥- million  
 For the fiscal year ended December 31, 2022: ¥- million

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	19,248	11,253	58.5	236.33
December 31, 2022	15,907	4,630	29.1	100.93

Reference: Equity As of December 31, 2023: ¥11,253 million  
 As of December 31, 2022: ¥4,630 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
December 31, 2023	4,548	(2,532)	(777)	6,492
December 31, 2022	1,328	(3,121)	1,929	5,124

### 2. Cash dividends

	Annual dividends per share					Total dividends	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2022	Yen –	Yen 0.00	Yen –	Yen 13.00	Yen 13.00	Millions of yen 596	% 896.9	% 10.8
Fiscal year ended December 31, 2023	–	0.00	–	14.00	14.00	666	26.8	8.3
Fiscal year ending December 31, 2024 (Forecast)	–	0.00	–	15.00	15.00		35.2	

### 3. Consolidated financial results forecasts for the fiscal 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	28,730	13.0	3,097	(8.8)	3,142	(12.2)	2,028	(18.5)	42.57

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None
- (Note) For details, please refer to “(5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 15 of the attached document.

(3) Number of issued shares (common shares)

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

As of December 31, 2023	52,757,800 shares
As of December 31, 2022	52,757,800 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2023	5,139,478 shares
As of December 31, 2022	6,879,539 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2023	47,599,257 shares
Fiscal year ended December 31, 2022	45,878,293 shares

**[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.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	24,635	15.2	4,289	52.8	4,493	45.7	2,419	–
December 31, 2022	21,388	18.7	2,806	(13.3)	3,083	(4.1)	113	(50.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	50.84	–
December 31, 2022	2.47	–

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	18,172	9,855	54.2	206.96
December 31, 2022	14,911	3,357	22.5	73.18

Reference: Equity As of December 31, 2023: ¥9,855 million  
As of December 31, 2022: ¥3,357 million

**2. Non-consolidated financial results forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)**

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	27,845	13.0	4,331	(3.6)	2,142	(11.5)	44.98

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of financial results forecasts and other special matters

(Notes on forward-looking statements, etc.)

Financial results forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable and do not constitute a guarantee by the Company that they will be achieved. Actual performance and other results may differ significantly from these forecasts due to a variety of factors. For the underlying assumptions for financial results forecasts and notes on using financial results forecasts, etc., please refer to “1. Overview of Operating Results, etc., (4) Future Outlook” on page 6 of the attachments.

## Table of Contents - Attachments

1. Overview of Operating Results, etc. ....	2
(1) Overview of Operating Results for the Fiscal Year under Review .....	2
(2) Overview of Financial Position for the Fiscal Year under Review .....	5
(3) Overview of Cash Flows for the Fiscal Year under Review .....	6
(4) Future Outlook .....	6
2. Basic Policy on Selection of Accounting Standards .....	7
3. Consolidated Financial Statements and Principal Notes .....	8
(1) Consolidated Balance Sheets .....	8
(2) Consolidated Statements of Income and Comprehensive Income .....	10
(3) Consolidated Statements of Changes in Equity .....	12
(4) Consolidated Statements of Cash Flows .....	14
(5) Notes to Consolidated Financial Statements .....	15
(Notes on going concern assumption) .....	15
(Notes in case of significant changes in shareholders' equity) .....	15
(Changes in accounting policies) .....	15
(Revenue recognition) .....	15
(Segment information, etc.) .....	16
(Per share information) .....	17
(Significant subsequent events) .....	17

## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023	YoY change	YoY % change
	Millions of yen	Millions of yen	Millions of yen	%
Consolidated net sales	22,067	25,432	3,364	15.2
Operating profit	611	3,394	2,782	454.9
Ordinary profit	987	3,579	2,592	262.5
Profit attributable to owners of parent	66	2,488	2,422	—

Our cloud services, which were launched in November 2011, have been performing steadily with the number of subscribing companies and subscribing user licenses surpassing 61,000 and 2.8 million, respectively.

Under these circumstances, regarding our consolidated financial results for the fiscal year under review, consolidated net sales amounted to ¥25,432 million (up 15.2% YoY) as sales of our cloud services continued to build up. Of this amount, net sales from cloud-related business amounted to ¥22,283 million (up 19.5% YoY). As for profits, operating profit was ¥3,394 million (up 454.9% YoY) mainly due to a decrease in advertising expenses, which were confined to investments to maintain brand awareness in the fiscal year under review, compared with the previous fiscal year's active investment in advertising, and despite an increase in personnel expenses primarily resulting from an increase in the number of employees. Ordinary profit was ¥3,579 million (up 262.5% YoY), mainly due to a decrease in foreign exchange gains related to forward exchange contracts. Profit attributable to owners of parent after income taxes was ¥2,488 million (¥66 million of profit in the previous fiscal year).

#### 1. Progress and results of major products and services

We have continued to invest in the growth of our cloud services, in gaining their recognition, as well as in expanding and strengthening our ecosystem from the previous fiscal year. In particular, business through our ecosystem is steadily expanding, with the number of partner companies reaching approximately 450 and the number of integrated services provided by partner companies amounting to more than 350 as of December 31, 2023; 62.9% or ¥13,410 million of domestic sales in cloud-related business came from sales via partners, and the percentage of partner sales has been increasing each year. As demand for cloud services grows, there is a growing need from customers particularly to use Kintone for more diverse and sophisticated applications, as well as for in-house customizability. We are now in the third year of the Cybozu Partner Network, which we launched in 2021 after a significant renewal of our previous partner program to implement a partner strategy that can respond to such changing needs in the cloud era. In the fiscal year under review, we continued to work to build a strong ecosystem with partners and maximize customer value by promoting partner initiatives and product enhancements.

○ Kintone cloud service for business app development

The number of companies subscribing to our flagship product, Kintone, in Japan has been steadily increasing, standing at 32,800 as of December 31, 2023. Net sales on a consolidated basis totaled ¥13,012 million (up 24.9% YoY). We continued the previous fiscal year's advertising campaign designed to gain awareness of Kintone as "a cloud service that helps improve business operations," and in October 2023, we launched new TV commercials to convey Kintone's product value of "allowing users to create themselves apps to improve business operations." As the adoption of no-code and low-code tools as a means of digital transformation (DX) in the enterprise domain becomes more widespread, the use of Kintone is expanding as a tool that supports "business improvement led by people on the frontline" as it allows users even without programming expertise to easily build systems.

As the use of Kintone continues to expand, the number of local governments adopting Kintone has continued to grow, reaching approximately 290 as of December 31, 2023. Among those, the deployment of the service across entire government agencies increased 12-fold compared with the previous fiscal year. To further promote DX of local governments using Kintone, in the fiscal year under review, we continued with the "Kintone one-year free campaign" for local governments launched in April 2022 and other measures, including a "campaign price for introducing Kintone to all employees" for local governments that wish to introduce Kintone to all of their employees. Further, in July 2023, we began offering a "local government all-in-one DX box," a DX program for local governments with Kintone as a platform primarily targeting small municipalities, in our effort to promote the full-scale introduction and deployment of the service across entire government agencies.

Furthermore, we have continued to strengthen our ties with regional banks as part of our efforts to expand our sales partner channels. The regional banks have set up a special ICT consulting team within their respective organizations, and we have been providing Kintone training to such special ICT consulting teams to support their consulting proposals to customers. As of December 31, 2023, we are working with over 20 regional banks nationwide. In about six years of our operation, we have had about 600 companies adopt Kintone and other Cybozu products through consulting provided by these regional banks. We will continue to improve the productivity of local SMEs and help companies realize a worker-friendly environment by proposing ways to utilize IT.

○ Other products and services

Sales of cloud services have increased steadily for all products. The number of companies adopting the Cybozu Office groupware for SMEs reached a cumulative total of 78,600 in Japan as of December 31, 2023, and net sales on a consolidated basis totaled ¥5,312 million (up 4.4% YoY), with 85.4% of net sales coming from cloud services. The number of companies adopting Cybozu Garoon groupware for medium- and large-sized organizations reached a cumulative total of 7,400 in Japan as of December 31, 2023, and net sales on a consolidated basis totaled ¥5,006 million (up 9.7% YoY), with 66.0% of net sales coming from cloud services, indicating that demand for cloud services is also increasing among medium- and large-sized organizations. The number of companies adopting the Mailwise email sharing service reached a cumulative total of 14,400 in Japan as of December 31, 2023, and net sales on a consolidated basis totaled ¥787 million (up 16.0% YoY), with 94.1% of net sales coming from cloud services.

○ Efforts to strengthen reliability

We are focusing on efforts to raise the reliability of our products and services as well as confidence in the Group to ensure that our many users can use our products and services with peace of mind for years to come. We are particularly focusing on strengthening the reliability of our cloud services and are continuously investing in security enhancements.

In September 2021, our cloud services were certified as services that meet the security requirements of the government under the Information System Security Management and Assessment Program (hereinafter, "ISMAP"), and they have been on the ISMAP cloud services list in FY2023 as well. We believe that the continuation of this registration will give administrative organizations the peace of mind to consider and

introduce Cybozu cloud services.

In addition, the Kintone cloud service that we offer overseas received a “SOC 2 Type 1 Report,” which is an evaluation of internal controls, in December 2023. This report is the result of the assessment of internal controls related to “security” etc. among the Trust Services Criteria established by the American Institute of CPAs (AICPA), performed by an external auditor as an independent third party.

We will contribute to the creation of a society brimming with teamwork by continuing to work on internal controls that meet international criteria and respond to security threats, including by meeting the requirements of government information systems, and providing reliable, safe, and secure cloud services.

○ Evaluation by the market

The Company ranked first in the “Local Government IT Systems Customer Satisfaction Survey 2023-2024: Groupware/Business Chat category, the Autumn 2023 issue of the Nikkei BP Government Technology” published by Nikkei Business Publications, Inc. This was the ninth time that the Company ranked first in this category (previously won in 2010, 2013-2018, 2021, and 2023).

In addition, our Customer Center was awarded the highest rank of 3 stars in the 2023 HDI rating benchmark for each record and monitoring evaluation (telephone) by HDI-Japan for the second consecutive year and fourth time overall (previously awarded in 2018, 2019, and 2022).

## 2. Strengthening our structure for global rollout

As of December 31, 2023, the number of companies adopting our services in the global market remained steady, with 860 companies (up 1.2% YoY) in the U.S. market, 1,380 companies (up 6.2% YoY) in the Greater China market, and 1,180 companies (up 8.3% YoY) in other Asian markets. In China, sales grew, particularly among Japanese companies, and in Taiwan, the number of contracts increased by approximately 30% YoY, with 70% of these orders coming from local companies. In other Asian markets, the number of orders from local companies also increased, with Thailand in the lead, followed by Singapore and Malaysia. We conducted activities in those markets primarily through collaboration with our partners, including FUJIFILM Business Innovation Corp. In addition, we started the collaboration with Ricoh Company, Ltd. in the U.S. in 2022, releasing RICOH Kintone plus, a cloud-based business application tool, in February 2023. While strengthening our ties with partners, we will continue to accelerate the global rollout of our products.

## 3. Efforts to create a society brimming with teamwork

The Teamwork Research Institute, which was established in 2017 as an initiative to improve teamwork among various teams in society by not only promoting products and services but also utilizing the Group’s expertise in teamwork, held 106 lectures and conducted 186 training and consulting sessions in FY2023. In addition, we are involved in a wide range of activities to support teamwork, including support for non-profit organizations, regional development, and business process re-engineering (BPR) in schools to realize workstyle reform, as well as a disaster support program to support IT introduction in disaster management using Kintone. We will continue to utilize Cybozu-style teamwork and methodologies to improve teamwork in society and for disaster relief and disaster prevention.



(2) Overview of Financial Position for the Fiscal Year under Review

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023	YoY change
	Millions of yen	Millions of yen	Millions of yen
Total assets	15,907	19,248	3,340
Total liabilities	11,277	7,995	(3,282)
Total net assets	4,630	11,253	6,623

Total assets increased by ¥3,340 million from the end of the previous fiscal year to ¥19,248 million, mainly due to increases in cash and deposits, accounts receivable - trade, and tools, furniture and fixtures resulting from the expansion of servers for cloud services and other factors, as well as an increase in investment securities resulting from rising stock prices of listed shares.

Total liabilities decreased by ¥3,282 million from the end of the previous fiscal year to ¥7,995 million, mainly due to a decrease in borrowings resulting from repayments of borrowings from financial institutions, despite an increase in income taxes payable resulting from an increase in taxable income.

Total net assets increased by ¥6,623 million from the end of the previous fiscal year to ¥11,253 million, mainly due to an increase in retained earnings resulting from the recording of ¥2,488 million in profit attributable to owners of parent, as well as an increase of ¥4,045 million in capital surplus and a decrease of ¥454 million in treasury shares resulting from the disposal of treasury shares through a third-party allotment, offsetting the payment of ¥596 million in dividends of surplus. The equity ratio was 58.5%.

### (3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter, “cash”) on a consolidated basis at the end of the fiscal year under review increased by ¥1,367 million from the end of the previous fiscal year to ¥6,492 million.

The status of cash flows for the fiscal year under review and the major factors involved are described below.

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023	YoY change
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities	1,328	4,548	3,220
Cash flows from investing activities	(3,121)	(2,532)	588
Cash flows from financing activities	1,929	(777)	(2,706)

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥4,548 million in the fiscal year under review. This was mainly due to the recording of profit before income taxes and depreciation expenses, despite a decrease in accounts payable - other resulting from the payment of advertising expenses and other expenses recorded in the previous fiscal year.

#### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥2,532 million in the fiscal year under review. This was mainly due to expenditures for the acquisition of non-current assets resulting from the acquisition of servers, etc. as part of investment in cloud services.

#### (Cash flows from financing activities)

Net cash used in financing activities amounted to ¥777 million in the fiscal year under review. This was mainly due to the repayments of borrowings from financial institutions and the payment of dividends, despite proceeds from disposal of treasury shares.

### (4) Future Outlook

Consolidated net sales for the fiscal year ending December 31, 2024 are expected to amount to ¥28,730 million as we expect continued growth in the cloud business with the number of subscribing companies exceeding 61,000. In light of the solid sales growth in the cloud business, we will continue to make active investments in the next fiscal year to enhance future profitability. Personnel expenses are expected to increase in particular mainly due to hiring and salary increases, and data center operations, maintenance, and other expenses will also increase in line with the expansion of the cloud business. In addition, as for advertising investments, while we limited such investments to those aimed at maintaining the level of our recognition in 2023, we plan to invest aggressively in the next fiscal year by increasing TV commercials and other advertising for Kintone for the further expansion of sales in Japan.

As a result, in terms of profits, consolidated operating profit and ordinary profit are expected to be ¥3,097 million and ¥3,142 million, respectively. Profit attributable to owners of parent is projected to be ¥2,028 million.

The projected figures are subject to constant change as the Company flexibly responds to changes in the cloud business environment and makes the most appropriate investment decisions on a case-by-case basis. We plan to disclose future progress should the situation change, so that there will continue to be no disparities in information between internal and external parties.

## 2. Basic Policy on Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure comparability among companies and over time.

The Group intends to consider the application of International Financial Reporting Standards, taking into account various conditions in Japan and overseas.

### 3. Consolidated Financial Statements and Principal Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	5,124	6,492
Accounts receivable - trade	2,821	3,419
Accounts receivable - other	738	832
Work in process	0	3
Raw materials and supplies	31	40
Other	546	728
Allowance for doubtful accounts	(4)	(3)
Total current assets	9,257	11,513
Non-current assets		
Property, plant and equipment		
Buildings	1,220	1,281
Accumulated depreciation	(525)	(622)
Buildings, net	695	658
Tools, furniture and fixtures	7,337	9,047
Accumulated depreciation	(4,437)	(5,681)
Tools, furniture and fixtures, net	2,900	3,366
Construction in progress	0	-
Other	-	3
Accumulated depreciation	-	(0)
Other, net	-	3
Total property, plant and equipment	3,596	4,028
Intangible assets		
Software	122	200
Software in progress	15	34
Other	19	30
Total intangible assets	156	265
Investments and other assets		
Investment securities	1,291	1,547
Leasehold and guarantee deposits	877	869
Deferred tax assets	700	946
Other	29	77
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,897	3,442
Total non-current assets	6,650	7,735
Total assets	15,907	19,248

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2	0
Short-term borrowings	2,200	-
Current portion of long-term borrowings	2,480	-
Accounts payable - other	1,335	805
Accrued expenses	1,030	1,338
Income taxes payable	251	1,121
Contract liabilities	3,613	3,838
Provision for point card certificates	58	40
Other	171	715
Total current liabilities	11,143	7,860
Non-current liabilities		
Asset retirement obligations	130	130
Other	3	4
Total non-current liabilities	133	134
Total liabilities	11,277	7,995
Net assets		
Shareholders' equity		
Share capital	613	613
Capital surplus	976	5,022
Retained earnings	3,928	5,820
Treasury shares	(1,800)	(1,346)
Total shareholders' equity	3,718	10,110
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	683	858
Foreign currency translation adjustment	228	284
Total accumulated other comprehensive income	911	1,142
Total net assets	4,630	11,253
Total liabilities and net assets	15,907	19,248

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

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net sales	22,067	25,432
Cost of sales	1,951	2,364
Gross profit	20,116	23,068
Selling, general and administrative expenses		
Personnel expenses	7,854	8,828
Outsourcing expenses	1,000	986
Advertising expenses	6,452	4,313
Research and development expenses	270	889
Retirement benefit expenses	37	38
Other	3,889	4,618
Total selling, general and administrative expenses	19,505	19,674
Operating profit	611	3,394
Non-operating income		
Interest income	1	5
Dividend income	5	14
Sponsorship money income	80	84
Foreign exchange gains	293	75
Membership fee income	32	37
Other	36	32
Total non-operating income	449	250
Non-operating expenses		
Interest expenses	23	2
Contract costs	18	16
Loss on sale of trade receivables	28	42
Loss on investments in investment partnerships	3	0
Other	0	3
Total non-operating expenses	73	64
Ordinary profit	987	3,579
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on receipt of donated non-current assets	0	26
Total extraordinary income	0	27
Extraordinary losses		
Impairment losses	46	17
Loss on sale and retirement of non-current assets	2	11
Loss on valuation of investment securities	-	49
Total extraordinary losses	49	78
Profit before income taxes	938	3,528
Income taxes - current	678	1,363
Income taxes - deferred	193	(323)
Total income taxes	871	1,039
Profit	66	2,488
Profit attributable to owners of parent	66	2,488

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit	66	2,488
Other comprehensive income		
Valuation difference on available-for-sale securities	(526)	174
Foreign currency translation adjustment	32	56
Total other comprehensive income	(493)	230
Comprehensive income	(427)	2,719
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(427)	2,719

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	613	976	5,175	(1,800)	4,966
Cumulative effects of changes in accounting policies			(763)		(763)
Restated balance	613	976	4,412	(1,800)	4,202
Changes during period					
Dividends of surplus			(550)		(550)
Profit attributable to owners of parent			66		66
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(484)	(0)	(484)
Balance at end of period	613	976	3,928	(1,800)	3,718

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,209	195	1,405	6,371
Cumulative effects of changes in accounting policies				(763)
Restated balance	1,209	195	1,405	5,608
Changes during period				
Dividends of surplus				(550)
Profit attributable to owners of parent				66
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	(526)	32	(493)	(493)
Total changes during period	(526)	32	(493)	(977)
Balance at end of period	683	228	911	4,630



For the fiscal year ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	613	976	3,928	(1,800)	3,718
Changes during period					
Dividends of surplus			(596)		(596)
Profit attributable to owners of parent			2,488		2,488
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		4,045		454	4,499
Net changes in items other than shareholders' equity					
Total changes during period	-	4,045	1,892	454	6,392
Balance at end of period	613	5,022	5,820	(1,346)	10,110

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	683	228	911	4,630
Changes during period				
Dividends of surplus				(596)
Profit attributable to owners of parent				2,488
Purchase of treasury shares				(0)
Disposal of treasury shares				4,499
Net changes in items other than shareholders' equity	174	56	230	230
Total changes during period	174	56	230	6,623
Balance at end of period	858	284	1,142	11,253

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	938	3,528
Depreciation	1,536	1,987
Amortization of software	58	63
Loss (gain) on sale and retirement of non-current assets	2	10
Gain on receipt of donated non-current assets	(0)	(26)
Loss (gain) on investments in investment partnerships	3	0
Loss (gain) on valuation of investment securities	–	49
Impairment losses	46	17
Increase (decrease) in allowance for doubtful accounts	(12)	(1)
Interest and dividend income	(6)	(19)
Interest expenses	23	2
Decrease (increase) in trade receivables	(230)	(597)
Decrease (increase) in accounts receivable - other	(571)	(95)
Decrease (increase) in inventories	59	(12)
Increase (decrease) in trade payables	1	(1)
Increase (decrease) in accounts payable - other	5	(639)
Increase (decrease) in accrued expenses	203	298
Increase (decrease) in contract liabilities	124	211
Increase (decrease) in provision for point card certificates	58	(18)
Other, net	(166)	323
Subtotal	2,075	5,082
Interest and dividends received	6	19
Interest paid	(23)	(2)
Income taxes paid	(731)	(555)
Income taxes refund	1	5
Net cash provided by (used in) operating activities	1,328	4,548
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,854)	(2,268)
Purchase of intangible assets	(128)	(182)
Purchase of investment securities	(109)	(75)
Payments of leasehold and guarantee deposits	(31)	(29)
Proceeds from refund of leasehold and guarantee deposits	1	2
Other, net	2	20
Net cash provided by (used in) investing activities	(3,121)	(2,532)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	–	(2,200)
Proceeds from long-term borrowings	2,800	–
Repayments of long-term borrowings	(319)	(2,480)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	–	4,499
Dividends paid	(550)	(596)
Net cash provided by (used in) financing activities	1,929	(777)
Effect of exchange rate change on cash and cash equivalents	182	128
Net increase (decrease) in cash and cash equivalents	319	1,367
Cash and cash equivalents at beginning of period	4,805	5,124
Cash and cash equivalents at end of period	5,124	6,492

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

On January 5, 2023, the Company received payment from Ricoh Company, Ltd. for the disposal of treasury shares through a third-party allotment. Due to this disposal of treasury shares, capital surplus increased by ¥4,045 million, and treasury shares decreased by ¥454 million. As a result of this and other factors, as of December 31, 2023, capital surplus amounted to ¥5,022 million and treasury shares amounted to ¥1,346 million.

(Changes in accounting policies)

[Application of Implementation Guidance on Accounting Standard for Fair Value Measurement]

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Guidance") from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This application has no impact on the consolidated financial statements.

(Revenue recognition)

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers disaggregated in accordance with the timing of revenue recognition is as follows.

The reportable segments of the Group (the Company and its consolidated subsidiaries) consist solely of "Development and Sale of Software." Information by segment has been omitted as other segments are immaterial in terms of disclosure.

(Millions of yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Goods and services transferred at a point in time	738	737
Goods and services transferred over time	21,329	24,695
Revenue from contracts with customers	22,067	25,432
Net sales to external customers	22,067	25,432

(Segment information, etc.)

[Segment information]

For the fiscal year ended December 31, 2022

The reportable segments of the Group consist solely of “Development and Sale of Software.” Information by segment has been omitted as other segments are immaterial in terms of disclosure.

For the fiscal year ended December 31, 2023

The reportable segments of the Group consist solely of “Development and Sale of Software.” Information by segment has been omitted as other segments are immaterial in terms of disclosure.

(Per share information)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net assets per share	¥100.93	¥236.33
Basic earnings per share	¥1.45	¥52.29

(Notes) 1. Information on diluted earnings per share is omitted since there are no dilutive shares.

2. The basis for the calculation of basic earnings per share is as follows:

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	66	2,488
Amount not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent relating to common shares (millions of yen)	66	2,488
Average number of shares during the period (shares)	45,878,293	47,599,257

(Significant subsequent events)

Not applicable.