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February 13, 2023

## Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 (Under Japanese GAAP)

Company name: Cybozu, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4776  
 URL: <https://cybozu.co.jp/>  
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 Scheduled date of annual shareholders meeting: March 25, 2023  
 Scheduled date to commence dividend payments: March 27, 2023  
 Scheduled date to file annual securities report: March 24, 2023  
 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, 2022 (from January 1, 2022 to December 31, 2022)

#### (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, 2022	22,067	19.4	611	(57.5)	987	(32.8)	66	(88.0)
December 31, 2021	18,489	18.0	1,441	(36.5)	1,468	(35.4)	551	(61.6)

Note: Comprehensive income For the fiscal year ended December 31, 2022: ¥(427) million [-%]  
 For the fiscal year ended December 31, 2021: ¥470 million [(83.6)%]

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, 2022	1.45	–	1.2	6.6	2.8
December 31, 2021	12.03	–	8.6	11.2	7.8

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended December 31, 2022: ¥- million  
 For the fiscal year ended December 31, 2021: ¥- 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, 2022	15,907	4,630	29.1	100.93
December 31, 2021	14,037	6,371	45.4	138.88

Reference: Equity As of December 31, 2022: ¥4,630 million  
 As of December 31, 2021: ¥6,371 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, 2022	1,328	(3,121)	1,929	5,124
December 31, 2021	472	(1,492)	1,695	4,805

### 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, 2021	Yen –	Yen 0.00	Yen –	Yen 12.00	Yen 12.00	Millions of yen 550	% 99.8	% 8.6
Fiscal year ended December 31, 2022	–	0.00	–	13.00	13.00	596	896.9	10.8
Fiscal year ending December 31, 2023 (Forecast)	–	0.00	–	14.00	14.00		41.7	

### 3. Consolidated financial result forecasts for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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	25,497	15.5	2,376	288.4	2,450	148.1	1,541	–	33.59

\* **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, 2022	52,757,800 shares
As of December 31, 2021	52,757,800 shares

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

As of December 31, 2022	6,879,539 shares
As of December 31, 2021	6,879,498 shares

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

Fiscal year ended December 31, 2022	45,878,293 shares
Fiscal year ended December 31, 2021	45,878,320 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)**

**(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, 2022	21,388	18.7	2,806	(13.3)	3,083	(4.1)	113	(50.1)
December 31, 2021	18,021	17.8	3,238	(9.0)	3,214	(12.3)	226	(84.5)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2022	2.47	—
December 31, 2021	4.94	—

**(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, 2022	14,911	3,357	22.5	73.18
December 31, 2021	12,974	5,084	39.2	110.83

Reference: Equity As of December 31, 2022: ¥3,357 million  
As of December 31, 2021: ¥5,084 million

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

(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	24,699	15.5	3,383	9.7	1,543	—	33.63

\* 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.

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## 1. Overview of Operating Results, etc.

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

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022	YoY change	YoY % change
	Millions of yen	Millions of yen	Millions of yen	%
Consolidated net sales	18,489	22,067	3,578	19.4
Operating profit	1,441	611	(829)	(57.5)
Ordinary profit	1,468	987	(481)	(32.8)
Profit attributable to owners of parent	551	66	(485)	(88.0)

Our cloud services, which were launched in November 2011, have been performing steadily with the number of subscribing companies and subscribing user licenses surpassing 54,000 and 2.5 million, respectively. In response to the spread of COVID-19, the Group has continued to place the highest priority on preventing infection both internally and externally as well as ensuring the safety of all employees, and therefore continued to have its employees work mainly from home. Since we were already engaged in developing a work environment that supports flexible work styles, including remote work, prior to COVID-19, there have been no major changes in our sales and recruiting activities, in-house product development plans, operation and maintenance systems of our cloud service platform, etc. At this point, we believe that COVID-19 will have no significant impact on our business activities, business performance, or accounting estimates, etc.

Under these circumstances, regarding our consolidated financial results for the fiscal year under review, consolidated net sales amounted to ¥22,067 million (up 19.4% YoY) as sales of our cloud services continued to build up. Of this amount, net sales from cloud-related business amounted to ¥18,649 million (up 23.8% YoY). As for profits, operating profit was ¥611 million (down 57.5% YoY) mainly due to an increase in personnel expenses primarily resulting from an increase in the number of employees from the previous fiscal year and an increase in advertising expenses resulting from continued, active investment in TV commercials and other advertising to raise awareness of Kintone, our flagship product. Ordinary profit was ¥987 million (down 32.8% YoY), mainly due to the execution of forward exchange contracts and an increase in foreign exchange gains due to the weak yen. Profit attributable to owners of parent after income taxes was ¥66 million (down 88.0% YoY). The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. For details, please refer to “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Changes in accounting policies).”

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

We have continued to invest in the growth of our cloud services, in raising 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 400 and the number of integrated services provided by partner companies amounting to more than 370 as of December 31, 2022; 61.6% or ¥11,003 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. In 2021 we significantly renewed our partner program and launched the Cybozu Partner Network in order to implement a partner strategy that can respond to such changing needs in the cloud era. In the fiscal year under review, the second year of this new program, we have worked to build a strong ecosystem with partners and maximize customer value by promoting further partner initiatives and product enhancements.

○ Kintone cloud service for business app development

As in the previous fiscal year, we continued to actively advertise our flagship product, Kintone, through TV commercials and other means to raise awareness of the product as a cloud service that helps improve business operations. The number of subscribing companies in Japan has been steadily increasing, standing at 27,500 as of December 31, 2022. Net sales on a consolidated basis totaled ¥10,414 million (up 32.4% YoY). 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 during the current fiscal year, reaching approximately 190 as of December 31, 2022. To further promote DX of local governments using Kintone, we announced the “Kintone one-year free campaign” for local governments in April 2022. In addition to providing hands-on support to local governments participating in this campaign to improve their operations using Kintone, we made “Kintone licenses for all employees” newly available for local governments that wish to introduce Kintone to all of their employees, in our effort to promote the full-scale introduction and deployment of the service across entire government agencies in the following fiscal year and beyond.

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. Currently, we are working with 17 regional banks nationwide. In about five years of our operation, we have had about 400 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 had reached a cumulative total of 75,000 in Japan as of December 31, 2022, and net sales on a consolidated basis totaled ¥5,088 million (up 5.3% YoY), with 83.1% of net sales coming from cloud services. The number of companies adopting Garoon groupware for medium- and large-sized organizations reached a cumulative total of 6,800 in Japan as of December 31, 2022, and net sales on a consolidated basis totaled ¥4,562 million (up 13.1% YoY), with 60.9% 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 13,000 in Japan as of December 31, 2022, and net sales on a consolidated basis totaled ¥678 million (up 16.2% YoY), with 91.6% 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 FY2022 as well. While ISMAP is a guideline used by governments when procuring information systems, it could also help various public institutions and private companies reduce the burden of selecting secure services as it provides proof that certain security standards have been met. We also expect that obtaining ISMAP will make it easier for companies to gain external trust and therefore facilitate the business operation of our partners.

We will contribute to the creation of a society brimming with teamwork by continuing to 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 “Customer Satisfaction 2022-2023: Cloud Platform Services (IaaS/PaaS) category” published in the September 1, 2022 issue of the NIKKEI COMPUTER magazine (published by Nikkei Business Publications, Inc.), marking the fourth consecutive year that the Company ranked first in this category.

In addition, our Customer Center was awarded the highest rank of 3 stars in the 2022 HDI rating benchmark for each record and monitoring evaluation (telephone) by HDI-Japan for the third time continuing from 2018 and 2019.

## 2. Strengthening our structure for global rollout

As of December 31, 2022, the number of companies adopting our services in the global market remained steady, with 850 subdomains (up 25.0% YOY) in the U.S. market, 1,300 companies (up 9.2% YOY) in the Greater China market, and 1,090 companies (up 16.0% YOY) in other Asian markets. In China, sales grew despite the impact of activity restrictions due to the zero-COVID policy, and in Taiwan, the number of new contracts nearly doubled, with 80% of these orders coming from local companies. In other Asian markets, the number of orders from local companies also increased, especially in Thailand. In addition, in line with the collaboration with Ricoh Company, Ltd. that started in 2022, we will continue to accelerate the global rollout of our products by strengthening the sales promotion system of Kintone, particularly in the U.S., through the channels and support network in which Ricoh has advantages.

## 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 125 lectures and conducted 159 training and consulting sessions in FY2022. Specifically, the lineup of hands-on support services such as training, consulting, and advisory services has grown significantly, with projects handled by Teamwork Research Institute largely shifting from lectures to training and consulting. In addition to the Teamwork Research Institute, 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, 2021	For the fiscal year ended December 31, 2022	YoY change
	Millions of yen	Millions of yen	Millions of yen
Total assets	14,037	15,907	1,870
Total liabilities	7,665	11,277	3,611
Total net assets	6,371	4,630	(1,741)

Total assets increased by ¥1,870 million from the end of the previous fiscal year to ¥15,907 million, mainly due to an increase in non-current assets resulting from the renovation of the Tokyo office and the expansion of servers for cloud services and other factors, despite a decrease in investment securities resulting from a fall in stock prices of listed shares, as well as an increase in accounts receivable - other, despite a decrease in accounts receivable - trade resulting from the commencement of factoring for some trade receivables in the fiscal year under review.

Total liabilities increased by ¥3,611 million from the end of the previous fiscal year to ¥11,277 million, mainly due to new borrowings from financial institutions and an increase in contract liabilities (advances received at the end of the previous fiscal year).

Total net assets decreased by ¥1,741 million from the end of the previous fiscal year to ¥4,630 million, mainly due to the payment of ¥550 million in dividends of surplus and a decrease in valuation difference on available-for-sale securities resulting from the valuation of investment securities, despite the recording of ¥66 million in profit attributable to owners of parent during the fiscal year under review. The equity ratio for the fiscal year under review was 29.1%. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. For details, please refer to “3. Consolidated Financial Statements and Principal Notes (5) Notes to Consolidated Financial Statements (Changes in accounting policies).”

### (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 ¥319 million from the end of the previous fiscal year to ¥5,124 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, 2021	For the fiscal year ended December 31, 2022	YoY change
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities	472	1,328	855
Cash flows from investing activities	(1,492)	(3,121)	(1,628)
Cash flows from financing activities	1,695	1,929	234

#### (Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,328 million in the fiscal year under review. This was mainly due to the recording of profit before income taxes and depreciation expenses, despite an increase in accounts receivable - other resulting from the commencement of factoring for some trade receivables in the fiscal year under review, the impact of an increase in trade receivables and other factors, as well as the payment of income taxes.

#### (Cash flows from investing activities)

Net cash used in investing activities amounted to ¥3,121 million in the fiscal year under review. This was mainly due to expenditures for the acquisition of non-current assets, including for the renovation of the Tokyo office and the expansion of servers for cloud services.

#### (Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥1,929 million in the fiscal year under review. This was mainly due to proceeds from borrowings, despite the payment of dividends of surplus.

### (4) Future Outlook

Consolidated net sales for the fiscal year ending December 31, 2023 are expected to amount to ¥25,497 million as we expect continued growth in cloud-related businesses. In the cloud business, which is a recurring revenue business, the number of subscribing companies exceeded 54,000 and the number of users added by existing customers has been steady, and we expect this trend to continue. 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 aggressive hiring and salary increases, and data center operations, maintenance, and other expenses will also increase in line with the expansion of the cloud business. On the other hand, as for advertising investments, we believe that we have achieved a certain level of recognition of our services as a result of our active investments up to the fiscal year under review, and therefore plan to limit such investments in the next fiscal year to those aimed at maintaining the level of our recognition.

As a result, in terms of profits, consolidated operating profit and ordinary profit are expected to be ¥2,376 million and ¥2,450 million, respectively. Profit attributable to owners of parent is projected to be ¥1,541 million. This is mainly due to the expected recording of ¥903 million in income taxes. The Company earns revenues in Japan and uses them to invest actively in overseas markets, particularly in the U.S. Therefore, although the Company records income taxes on profits in Japan, as some of its foreign subsidiaries end their fiscal years in deficit and the profits and losses are aggregated in its consolidated results, the ratio of income tax burden to profits is higher than the general tax rate.

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, 2021	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	4,805	5,124
Notes and accounts receivable - trade	2,900	-
Accounts receivable - trade	-	2,821
Accounts receivable - other	154	738
Work in process	22	0
Raw materials and supplies	69	31
Other	433	546
Allowance for doubtful accounts	(16)	(4)
<b>Total current assets</b>	<b>8,368</b>	<b>9,257</b>
Non-current assets		
Property, plant and equipment		
Buildings	1,146	1,220
Accumulated depreciation	(459)	(525)
Buildings, net	686	695
Tools, furniture and fixtures	5,278	7,337
Accumulated depreciation	(3,551)	(4,437)
Tools, furniture and fixtures, net	1,727	2,900
Construction in progress	-	0
<b>Total property, plant and equipment</b>	<b>2,413</b>	<b>3,596</b>
Intangible assets		
Software	71	122
Software in progress	-	15
Other	15	19
<b>Total intangible assets</b>	<b>86</b>	<b>156</b>
Investments and other assets		
Investment securities	1,951	1,291
Leasehold and guarantee deposits	874	877
Deferred tax assets	324	700
Other	18	29
Allowance for doubtful accounts	(1)	(0)
<b>Total investments and other assets</b>	<b>3,168</b>	<b>2,897</b>
<b>Total non-current assets</b>	<b>5,668</b>	<b>6,650</b>
<b>Total assets</b>	<b>14,037</b>	<b>15,907</b>

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	0	2
Short-term borrowings	2,200	2,200
Current portion of long-term borrowings	-	2,480
Accounts payable - other	1,445	1,335
Accrued expenses	811	1,030
Income taxes payable	299	251
Contract liabilities	-	3,613
Advances received	2,573	-
Provision for sales returns	0	-
Provision for point card certificates	-	58
Other	202	171
Total current liabilities	7,533	11,143
Non-current liabilities		
Asset retirement obligations	130	130
Other	1	3
Total non-current liabilities	131	133
<b>Total liabilities</b>	<b>7,665</b>	<b>11,277</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	613	613
Capital surplus	976	976
Retained earnings	5,175	3,928
Treasury shares	(1,800)	(1,800)
Total shareholders' equity	4,966	3,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,209	683
Foreign currency translation adjustment	195	228
Total accumulated other comprehensive income	1,405	911
<b>Total net assets</b>	<b>6,371</b>	<b>4,630</b>
<b>Total liabilities and net assets</b>	<b>14,037</b>	<b>15,907</b>

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

(Millions of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net sales	18,489	22,067
Cost of sales	1,339	1,951
Gross profit	17,150	20,116
Provision for sales returns	0	-
Gross profit - net	17,150	20,116
Selling, general and administrative expenses		
Personnel expenses	6,315	7,854
Outsourcing expenses	960	1,000
Advertising expenses	4,907	6,452
Research and development expenses	266	270
Retirement benefit expenses	23	37
Other	3,234	3,889
Total selling, general and administrative expenses	15,709	19,505
Operating profit	1,441	611
Non-operating income		
Interest income	1	1
Dividend income	0	5
Sponsorship money income	42	80
Foreign exchange gains	-	293
Other	26	68
Total non-operating income	71	449
Non-operating expenses		
Interest expenses	6	23
Contract costs	14	18
Loss on sale of trade receivables	0	28
Loss on investments in investment partnerships	15	3
Foreign exchange losses	6	-
Other	0	0
Total non-operating expenses	43	73
Ordinary profit	1,468	987
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of shares of subsidiaries and associates	20	-
Gain on receipt of donated non-current assets	4	0
Total extraordinary income	24	0
Extraordinary losses		
Impairment losses	4	46
Loss on sale and retirement of non-current assets	1	2
Total extraordinary losses	5	49
Profit before income taxes	1,487	938
Income taxes - current	929	678
Income taxes - deferred	6	193
Total income taxes	935	871
Profit	551	66
Profit attributable to owners of parent	551	66

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Profit	551	66
Other comprehensive income		
Valuation difference on available-for-sale securities	(209)	(526)
Foreign currency translation adjustment	128	32
Total other comprehensive income	(81)	(493)
Comprehensive income	470	(427)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	470	(427)

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	613	976	5,128	(1,800)	4,919
Changes during period					
Dividends of surplus			(504)		(504)
Profit attributable to owners of parent			551		551
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	47	(0)	47
Balance at end of period	613	976	5,175	(1,800)	4,966

	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	1,419	67	1,486	6,405
Changes during period				
Dividends of surplus				(504)
Profit attributable to owners of parent				551
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	(209)	128	(81)	(81)
Total changes during period	(209)	128	(81)	(34)
Balance at end of period	1,209	195	1,405	6,371



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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,487	938
Depreciation	1,066	1,536
Amortization of software	94	58
Loss (gain) on sale and retirement of non-current assets	1	2
Gain on receipt of donated non-current assets	(4)	(0)
Loss (gain) on investments in investment partnerships	15	3
Loss (gain) on sale of shares of subsidiaries and associates	(20)	–
Impairment losses	4	46
Increase (decrease) in allowance for doubtful accounts	(9)	(12)
Interest and dividend income	(2)	(6)
Interest expenses	6	23
Decrease (increase) in trade receivables	(423)	(230)
Decrease (increase) in accounts receivable - other	(106)	(571)
Decrease (increase) in inventories	(43)	59
Increase (decrease) in trade payables	(0)	1
Increase (decrease) in accounts payable - other	235	5
Increase (decrease) in accrued expenses	(2)	203
Increase (decrease) in advances received	298	–
Increase (decrease) in contract liabilities	–	124
Increase (decrease) in provision for sales returns	(1)	–
Increase (decrease) in provision for point card certificates	–	58
Other, net	(495)	(166)
Subtotal	2,101	2,075
Interest and dividends received	2	6
Interest paid	(6)	(23)
Income taxes paid	(1,631)	(731)
Income taxes refund	7	1
Net cash provided by (used in) operating activities	472	1,328
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,283)	(2,854)
Purchase of intangible assets	(77)	(128)
Purchase of investment securities	(123)	(109)
Proceeds from sale of shares of subsidiaries and associates	20	–
Payments of leasehold and guarantee deposits	(33)	(31)
Proceeds from refund of leasehold and guarantee deposits	17	1
Payments for asset retirement obligations	(11)	–
Other, net	(0)	2
Net cash provided by (used in) investing activities	(1,492)	(3,121)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	–	2,800
Repayments of long-term borrowings	–	(319)
Purchase of treasury shares	(0)	(0)
Dividends paid	(504)	(550)
Net increase (decrease) in short-term borrowings	2,200	–
Net cash provided by (used in) financing activities	1,695	1,929
Effect of exchange rate change on cash and cash equivalents	173	182
Net increase (decrease) in cash and cash equivalents	849	319
Cash and cash equivalents at beginning of period	3,956	4,805
Cash and cash equivalents at end of period	4,805	5,124

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

[Application of the Accounting Standard for Revenue Recognition, etc.]

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review, and recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Major changes from the previous method of revenue recognition as a result of this application are as follows:

(1) Revenue recognition related to transactions in which ongoing services are rendered over time

For certain services that are rendered in connection with packaged software products, the Company had previously recognized revenue at the time when the services were first rendered. However, after considering at which point in time the performance obligations should be identified and satisfied, the Company changed its method of revenue recognition to one where revenue is recognized over time.

(2) Revenue recognition related to sales with the right of return

The Company had previously reported a provision for sales returns mainly based on an amount equivalent to gross profit. However, in accordance with the provision on variable consideration, for products expected to be returned, rather than recognizing the amount equivalent to revenue and cost of sales at the time of sale, a refund liability is recognized in the amount of consideration received or receivable for such product, and the right to collect such products from the customer is recognized as a refund asset at the time of settlement of the refund liability, which is included in “other” under current liabilities.

(3) Revenue recognition related to contracted software development agreements, etc.

For contracted software development agreements, etc., the Company had previously applied the percentage-of-completion method to contracts whose percentage of completion can be estimated reliably and the completed-contract method to other contracts. However, with the exception of extremely short-term contracts, the Company changed its method of revenue recognition to one where revenue is recognized over time as the performance obligations are satisfied.

(4) Revenue recognition related to membership fee income

The Company had previously recognized membership fee income received from partners as net sales but changed its method of revenue recognition to one where membership fee income is recognized as non-operating income.

The Company applies the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance. However, for contracts for which substantially all revenue amounts had been recognized prior to the beginning of the fiscal year under review in accordance with the previous method, the Company applies the method provided for in Paragraph 86 of the Revenue Recognition Standard instead of retrospectively applying the new accounting policies. In addition, applying the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Standard, contract modifications that occurred prior to the beginning of the fiscal year under review were accounted for based on the contract terms after reflecting all contract modifications, with the cumulative impact adjusted to retained earnings at the beginning of the fiscal year under review.

Additionally, “notes and accounts receivable - trade,” which had been presented under “current assets” in the consolidated balance sheets for the previous fiscal year, are included in “accounts receivable - trade” from the fiscal year under review, and “advances received,” which had been presented under “current liabilities” in the consolidated balance sheets for the previous fiscal year, are included in “contract liabilities” from the fiscal year under review.

However, in accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method.

As a result, compared with the figures prior to the application of the Revenue Recognition Standard, etc., accounts receivable - trade decreased by ¥241 million, contract liabilities increased by ¥904 million, and other under current liabilities decreased by ¥104 million in the consolidated balance sheets for the fiscal year under review. In the consolidated statements of income for the fiscal year under review, net sales increased by ¥58 million, and operating profit, ordinary profit, and profit before income taxes each increased by ¥58 million.

In the consolidated statements of cash flows for the fiscal year under review, profit before income taxes increased by ¥58 million, decrease (increase) in trade receivables decreased by ¥68 million, and increase (decrease) in contract liabilities and increase (decrease) in other under cash flows from operating activities increased by ¥3 million and ¥5 million, respectively.

As the cumulative effect has been reflected in net assets at the beginning of the fiscal year under review, the beginning balance of retained earnings in the consolidated statements of changes in equity decreased by ¥763 million.

The impact of this change on per share information is described in the relevant section.

In accordance with the transitional treatment set forth in Paragraph 89-3 of the Revenue Recognition Standard, notes on revenue recognition for the previous fiscal year are not presented.

[Application of Accounting Standard for Fair Value Measurement, etc.]

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). 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
Goods and services transferred at a point in time	738
Goods and services transferred over time	21,329
Revenue from contracts with customers	22,067
Net sales to external customers	22,067

(Segment information, etc.)

[Segment information]

For the fiscal year ended December 31, 2021

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, 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.

(Per share information)

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Net assets per share	¥138.88	¥100.93
Basic earnings per share	¥12.03	¥1.45

- (Notes)
1. Information on diluted earnings per share is omitted since there are no dilutive shares.
  2. As stated in “Changes in accounting policies,” the Company has applied the Accounting Standard for Revenue Recognition and other standards. As a result, in the fiscal year under review, net assets per share decreased by ¥15.75 and basic earnings per share increased by ¥0.88.
  3. The basis for the calculation of basic earnings per share is as follows:

	For the fiscal year ended December 31, 2021	For the fiscal year ended December 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	551	66
Amount not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent relating to common shares (millions of yen)	551	66
Average number of shares during the period (shares)	45,878,320	45,878,293

(Significant subsequent events)

[Disposal of treasury shares through a third-party allotment]

The Company resolved at its Board of Directors meeting held on December 20, 2022 to dispose of its treasury shares through a third-party allotment in an effort to build a deep and long-term partnership with Ricoh Company, Ltd. and the payment was completed on January 5, 2023.

(1) Date of the disposal	Thursday, January 5, 2023
(2) Class and number of shares to be disposed of	1,740,100 shares of the Company’s common stock
(3) Disposal price	¥2,586 per share
(4) Total disposal price	¥4,499,898,600
(5) Method of disposal	Disposal of treasury shares through a third-party allotment
(6) Allottee	Ricoh Company, Ltd.
(7) Use of funds	(i) Funds to purchase server equipment (ii) Investments to maintain and expand the organizations in the U.S.