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April 24, 2024

Cybertrust Japan Co., Ltd.
Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

[Japanese GAAP]

Company name: Cybertrust Japan Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4498
URL: <https://www.cybertrust.co.jp/>
Representative: Yuji Kitamura, Representative Director, President & CEO
Inquiries: Tetsuya Shimizu, Director, Managing Executive Officer & CFO
Telephone: +81-3-6234-3800

Scheduled date to file annual securities report: June 17, 2024
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
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 March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2024	6,466	4.8	1,112	5.5	1,121	5.2	518	△28.5
Fiscal year ended Mar. 31, 2023	6,167	7.6	1,053	21.3	1,065	22.1	725	36.8

Note: Comprehensive income Fiscal year ended Mar. 31, 2024: 519 million yen [△28.6%]
Fiscal year ended Mar. 31, 2023: 726 million yen [36.9%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2024	64.26	60.15	8.9	13.8	17.2
Fiscal year ended Mar. 31, 2023	90.40	84.41	13.8	14.1	17.1

(NOTE)We conducted a 2-for-1 stock split on April 1, 2023. "Net income per share" and "Diluted net income per share" have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2024	8,417	6,032	71.6	743.93
Mar. 31, 2023	7,868	5,625	71.5	699.26

Reference: Shareholders' equity (million yen) As of Mar. 31, 2024: 6,029 As of Mar. 31, 2023: 5,623

(NOTE)We conducted a 2-for-1 stock split on April 1, 2023. "Net assets per share" has been calculated as if this stock split had taken

place at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Mar. 31, 2024	1,221	△571	△126	4,870
Fiscal year ended Mar. 31, 2023	1,213	△434	6	4,345

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2023	-	0.00	-	35.00	35.00	140	19.4	2.7
Fiscal year ended Mar. 31, 2024	-	0.00	-	17.50	17.50	141	27.2	2.4
Fiscal year ending Mar. 31, 2025 (Forecast)	-	0.00	-	17.50	17.50		16.4	

(NOTE) We conducted a 2-for-1 stock split on April 1, 2023. For the year ended March 31, 2023, the actual amount of dividends before the stock split is stated.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes for the full fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions yen	%	Millions yen	%	Millions yen	%	Millions yen	%	Yen
Full year	7,200	11.3	1,300	16.9	1,300	15.9	860	65.8	106.52

(NOTE)1. Since we manage our operations on an annual basis, we have omitted the presentation of consolidated earnings forecasts for the second quarter (cumulative). For more information, please refer to "(4) Future Outlook" of "Overview of Operating Results" in P.10.

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the 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: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of Mar. 31, 2024	8,105,400 shares
As of Mar. 31, 2023	8,042,600 shares

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

As of Mar. 31, 2024	332 shares
As of Mar. 31, 2023	308 shares

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

Fiscal year ended Mar. 31, 2024	8,073,954 shares
Fiscal year ended Mar. 31, 2023	8,021,729 shares

(NOTE) We conducted a 2-for-1 stock split on April 1, 2023. The figures for "Total number of issued shares at the end of the period," "Number of treasury shares at the end of the period" and "Average number of shares outstanding during the period" are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated results for the Fiscal year ended March 31, 1.2024 (April 1, 2023 to March 31, 2024)

(1) Non-Consolidated Results of Operations

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	5,874	4.5	1,044	4.7	1,050	4.8	476	△30.4
Fiscal year ended March 31, 2023	5,623	6.0	998	17.4	1,001	18.6	684	33.5

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2024	58.96	55.18
Fiscal year ended March 31, 2023	85.28	79.63

(NOTE) Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended March 31, 2024	8,203	5,917	72.1	729.79
Fiscal year ended March 31, 2023	7,686	5,553	72.2	690.38

Reference: Shareholders' equity As of March 31, 2024 5,915 Millions of yen As of March 31, 2023 5,552 Millions of yen

(NOTE) Net assets per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

※ The financial results is not subject to fiscal year ended review procedures by a certified public accountant or audit company.

※ Explanation for appropriate use of operating forecasts, and other special items

(Notes on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute guarantees by the Company of future performance. Actual results may differ materially from the forecast depending on a range of factors.

(Method of obtaining supplementary material on financial results and contents of financial results briefing session)

We will hold a financial results briefing (online distribution) for institutional investors and analysts on Thursday, April 25, 2024. Supplementary materials for financial results will be disclosed on TDnet and will also be posted on our website (<https://www.cybertrust.co.jp/corporate/ir/>). In addition, videos of the results briefing will be posted on our website immediately after the briefing.

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1. Overview of Operating Results and Financial Position.

(1) Overview of Operating Results for the Fiscal Year

	Net sales (Millions of yen)	Operating income And operating margin (Millions of yen, %)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Net Income per share (Yen)
Fiscal year ended March 31, 2024	6,466	1,112 (17.2)	1,121	518	64.26
Fiscal year ended March 31, 2023	6,167	1,053 (17.1)	1,065	725	90.40
Change (%)	4.8	5.5	5.2	△28.5	△28.9

Our group promotes the trust service business that supports the trust of the digital society by proving the legitimacy, integrity, and authenticity of "people," "goods," and "action" in a society where various things are connected to the Internet and all processes are digitized.

During the fiscal year (April 1, 2023 to March 31, 2024), the Japanese economy continued to show a gradual recovery trend as economic activity normalized after the transition to the five communicable diseases of the new type of coronavirus infectious disease. However, the outlook remains uncertain due to concerns about economic and price developments against the backdrop of global monetary tightening and other price increases.

The business climate surrounding us is accelerating the trend toward DX in response to new lifestyles, such as the establishment of telework, the removal of hands, the promotion to online, and the shift to non-face-to-face. In addition, with the increase in cyber attacks and cyber crime, where the participation of countries and organizations is suspected, the development of international security standards in each country and the movement of economic security are progressing. The necessity of security measures is becoming evident not only domestically but also mainly in manufacturing industries such as automobiles and industrial equipment, which operate globally.

In this environment, in the case of authentication and security services, we captured the need for security due to the expansion of DX market, net sales grew to 3,943 million yen (up 11.3% year-on-year) as a result of growth in transactions with partners: (1) in iTrust electronic certification service, partners developing eKYC services and electronic contract services for financial institutions and local governments; (2) in the device certificate management service, device ID, partners developing cloud authentication services and remote access for companies; and (3) SSL/TLS server certificates, SureServer.

In Linux/OSS services,

Among business Linux support, the number of contracts increased and the renewal rate remained at a high level, despite revisions to the contract value of some projects for CentOS extension support. On the other hand, AlmaLinux support and extended support for CentOS7 took time to expand service specifications, and sales promotion activities were delayed. As a result, net sales were 1,394 million yen (down 3.6% year-on-year).

In IoT services,

(1) In support services for EMLinux, a IoT and embedded Linux OS, several new projects were adopted in the medical field, in addition to the existing automotive equipment and industrial control equipment areas.

(2) Acquired large-scale contracts for security consulting projects in the areas of automotive equipment and next-generation information and communications infrastructure

(3) In contract development, there were inquiries for large-scale projects from the domestic manufacturing industry, which is expanding into the global market. However, due to delays in acquiring necessary collaborative partners in line with the expansion of areas to be addressed, the acquisition of new customers was sluggish.

As a result, net sales decreased 4.1% from the previous fiscal year to 1,128 million yen.

Segment information is omitted because our Group is a single segment of the Trust Services Business.

As a result of the above, net sales were 6.466 billion yen (up 4.8% year on year), personnel expenses increased in line with the increase in the number of employees, and amortization expenses increased in line with the acquisition of intangible and tangible fixed assets. However, as a result of steady sales, operating income was 1.112 billion yen (up 5.5% year on year), ordinary income was 1.121 billion yen (up 5.2% year on year) due to non-operating income such as equity in earnings of affiliates and non-operating expenses such as foreign exchange losses, and net income attributable to owners of parent was 518 million yen (down 28.5% year on year) due to the recording of impairment loss on software and software in progress related to IoT services and tax-effect accounting.

<Main services>

- Authentication and security services

We provide client certificates such as SSL/TLS server certificate "SureServer" and device certificate management service "Device ID", electronic authentication services such as electronic identity verification and digital signature "iTrust", web security services, and vulnerability diagnosis services.

- Linux/OSS servicing

We provide services-related to open source software, such as LinuxOS "MIRACLE LINUX, MIRACLE ZBX integrated system monitoring solution, and Linux solutions utilizing backup software and kernel-technology.

- IoT servicing

Linux for long-term use and embedded IoT as a development support service to realize the safe and secure use of devices, such as a mechanism to integrate embedded Linux and electronic authentication technologies to develop equipment, implement long-term investment and security considering measures to reduce vulnerabilities and threats from the manufacturing stage, and a mechanism to ensure the safe and secure delivery of renewal software.

We provide EMLinux and Secure IoT Platform certification infrastructures. Consolidated subsidiary Lineo Solutions Co., Ltd. is engaged in the contract development of embedded /IoT mainly in Linux, as well as the sales of LINEOWarp!! high-speed start-up products and development environmental services.

<Transaction type>

- License

Primarily offering its own products (Linux/OSS products, etc.)

- Professional services

Provision of product customization, introduction support, and security consulting

- Recurring services (revenue expected to continue as contracts are renewed)

Provision of electronic authentication services and support services for proprietary products

Net sales by type of transaction for each service are shown in the table below. (Millions of yen)

Service	Type of transaction	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change	Rate of change (%)
Authentication and security Service	License	155	158	3	2.3
	Professional services	448	598	149	33.2
	Recurring service	2,939	3,186	247	8.4
	Subtotal	3,543	3,943	399	11.3
Linux/OSS Service	License	336	294	△42	△12.6
	Professional services	124	157	33	26.6
	Recurring service	985	942	△43	△4.4
	Subtotal	1,447	1,394	△52	△3.6
IoT Service	License	115	111	△4	△3.5
	Professional services	981	917	△64	△6.5
	Recurring service	80	100	19	24.7
	Subtotal	1,176	1,128	△48	△4.1
Total sales		6,167	6,466	298	4.8
Company-wide	License	607	564	△42	△7.1
	Professional services	1,555	1,673	117	7.6
	Recurring service	4,005	4,229	223	5.6

(2) Overview of Financial Position for the Fiscal Year

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Total assets	7,868	8,417
Net assets	5,625	6,032
Equity Ratio	71.5%	71.6%

Assets

Assets at the end of the fiscal year under review increased by 548 million yen from the end of the previous fiscal year to 8.417 billion yen.

Current assets increased by 779 million yen from the end of the previous fiscal year to 6.181 billion yen. This was mainly due to increases of 525 million yen in cash and deposits mainly due to proceeds from sales, and 190 million yen in notes and accounts receivable-trade and contract assets due to steady sales. Non-current assets decreased by 229 million yen from the end of the previous fiscal year to 2.235 billion yen. This was mainly due to an increase in software in progress of 56 million yen due to an increase in development costs despite the recording of impairment loss, and a decrease in software of 387 million yen due to the recording of depreciation and impairment loss.

Liabilities

Liabilities at the end of the fiscal year under review increased by 141 million yen from the end of the previous fiscal year to 2.384 billion yen.

Current liabilities increased by 135 million yen from the end of the previous fiscal year to 1.841 billion yen. This was mainly due to increases of 58 million yen in accounts payable-trade and 75 million yen in accounts payable-other. Non-current liabilities increased by 5 million yen from the end of the previous fiscal year to 543 million yen. This was mainly due to an increase of 13 million yen in contract liabilities and a decrease of 8 million yen in lease obligations.

(Net assets)

Net assets at the end of the fiscal year under review increased 407 million yen from the end of the previous fiscal year to 6.032 billion yen.

This was mainly due to an increase of 518 million yen due to the recording of profit attributable to owners of parent and a decrease of 140 million yen due to the payment of dividends, which resulted in an increase of 378 million yen in retained earnings from the end of the previous fiscal year. As a result, the equity ratio was 71.6%, compared with 71.5% at the end of the previous fiscal year.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the current fiscal year increased by 525 million yen from the end of the previous fiscal year to 4.87 billion yen.

The status of each cash flow as of the end of the current consolidated fiscal year and its factors are as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024	(Reference) Fiscal year ended March 31, 2023
Net cash provided by operating activities	1,221	1,213
Cash flow from investing activities	△571	△434
Cash flow from financing activities	△126	6
Cash and cash equivalents at end of year	4,870	4,345

(Cash Flows from Operating Activities)

Net cash provided by operating activities was 1.221 billion yen. This was mainly due to income before income taxes and minority interests of 776 million yen, depreciation and amortization of 591 million yen and impairment loss of 345 million yen, and income taxes paid of 365 million yen.

(Cash Flows from Investment Activities)

Net cash used in investing activities was 571 million yen. This was mainly due to expenditures of 136 million yen for the acquisition of property, plant and equipment and expenditures of 435 million yen for the acquisition of intangible fixed assets such as software developed in-house.

(Cash Flows from Financing Activities)

Net cash used in financing activities was 126 million yen. This was mainly due to proceeds from issuance of common stock of 27 million yen and cash dividends paid of 140 million yen.

(4)Future Outlook

In the year ended March 31, 2025, we believe that we will continue to accelerate the pace of DX promotion, including the utilization of digital technologies by companies, such as the establishment of telework, the elimination of handicaps, the adoption of online services, and the adoption of non-face-to-face services, in response to new lifestyles.

In addition, with the increase in cyber attacks and cyber crime, where the participation of countries and organizations is suspected, the development of international security standards in each country and the movement of economic security are progressing. The necessity of security measures is also becoming apparent, especially among critical infrastructure operators and global manufacturing industries.

In the fiscal year ended March 2025, we will continue to focus on accelerating sales of iTrust, an electronic certification service, in certification and security services, in particular, in response to growing demand from DX markets. With regard to identity verification services, we will focus on collaboration with partners that work to complete digital identity verification at the start of financial services use, such as banks, securities, credit cards, and smart settlements, in response to the tightening of identity verification methods by preventing the transfer of criminal proceeds, etc. and the increase in identity verification using public personal identification online in conjunction with the spread of My Number cards. In electronic signature services, the scope of use of electronic contracts is expanding in line with the development of the legal system, and the scope of use of electronic signatures, such as certificates issued by electronic forms, businesses, and organizations, is expanding. We will focus on collaboration with partners working on electronic contract systems, etc.

We will continue to strengthen our partnership with SureServer, a SSL/TLS server certificate, which is a stable and highly profitable service, and Device ID, a device certificate management service. As a result, we plan to increase certification and security services by 9.0% year-on-year to ¥4.3 billion for the fiscal year ending March 2025.

In Linux/OSS services, we will focus on providing extended support to customers CentOS7 community support ends at the end of June 2024. In addition to existing customers centered on telecom carriers and data centers, we will develop national local governments, small and medium-sized businesses, and educational institutions as new customer candidates through our partner ecosystem.

In addition, as the successor OS to CentOS, the Group will conduct activities aimed at penetration AlmaLinux and will provide fee-based support and ancillary peripheral services. As a consequence, we plan to increase 21.9% over the previous fiscal year to ¥1.7 billion for the fiscal year ending March 2025 for the entire Linux/OSS Services.

In IoT services, we will focus on security consulting for the global manufacturing industry, which is required to respond to the development of standards and laws related to economic security in each country, and on acquiring contract development/support contracts based on EMLinux in compliance with IoT security requirements. As a consequence, we plan to increase IoT Services total by 6.3% year-on-year to ¥1.2 billion for the fiscal year ending March 2025.

We also plan to aggressively invest in capital, R&D, and human resource development for growth.

As a result of the above, for the fiscal year ending March 2025, we expect net sales of 7.2 billion yen, operating income of 1.3 billion yen, ordinary income of 1.3 billion yen, and profit attributable to owners of the parent of 860 million yen.

The above forecasts are based on information available as of the date when this document was released. Actual results may differ from the forecasts due to various factors in the future.

2.Basic Approach to Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements between periods and between businesses, our policy for the time being is to prepare consolidated financial statements in accordance with Japanese GAAP.

The Company's policy regarding the application of International Financial Reporting Standards (IFRS) is to respond appropriately, taking into account various domestic and overseas conditions.

3.Consolidated Financial Statements and Major Notes

(1)Consolidated Balance Sheet

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	4,366,018	4,891,427
Notes, accounts receivable and contract assets	878,016	1,068,658
Commodities	1,084	1,088
Work in process	173	-
Raw materials and supplies	525	500
Prepaid expenses	144,892	173,073
Others	11,132	46,760
Total current assets	5,401,842	6,181,509
Fixed assets		
Tangible fixed assets		
Buildings and structures	712,138	760,269
Accumulated depreciation	△475,148	△498,203
Buildings and structures, net	236,990	262,066
"(vi) tools;"	792,418	903,934
Accumulated depreciation	△517,079	△611,077
Tools, furniture, and fixtures, net	275,339	292,856
Land	1,270	1,270
Others	1,551	1,551
Accumulated depreciation	△1,416	△1,551
Other, net	135	0
Total property, plant and equipment	513,735	556,193
Intangible assets		
Goodwill	91,047	78,489
Software	980,824	592,845
Software in progress	368,647	425,611
Others	71,671	39,924
Total intangible assets	1,512,190	1,136,871
Investments and other assets		
Investment securities	44,378	47,784
Long-term prepaid expenses	19,924	33,551
Guarantee deposits	204,777	204,697
Claims in bankruptcy	3,613	3,091
Deferred tax assets	168,873	255,611
Others	1,200	1,200
Allowance for doubtful accounts	△3,091	△3,091
Total investments and other assets	439,675	542,844
Total noncurrent assets	2,465,601	2,235,909
Deferred assets		
Stock issuance	1,276	12
Total deferred assets	1,276	12
Total assets	7,868,720	8,417,431

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable	153,632	211,880
Lease obligations	13,062	8,238
Accounts payable-other	133,508	208,730
Income taxes payable	239,864	218,560
Consumption tax payable	104,527	74,856
Contractual liabilities	766,379	810,695
Provision for bonuses	212,737	206,236
Provision for directors' bonuses	26,450	23,597
Others	55,322	78,226
Total current liabilities	1,705,485	1,841,022
Long-term liabilities		
Lease obligations	73,394	65,155
Contractual liabilities	372,050	385,999
Obligations for retirement pay	4,515	4,035
Asset retirement obligations	88,182	88,751
Total noncurrent liabilities	538,143	543,941
Total liabilities	2,243,628	2,384,964
Net assets		
Shareholders' equity		
Stated capital	806,465	820,236
Capital surplus	2,040,581	2,054,395
Retained earnings	2,773,277	3,151,357
Treasury Shares	△792	△853
Total shareholders' equity	5,619,531	6,025,135
Other accumulated comprehensive income		
Foreign currency translation adjustments	4,111	4,470
Total other accumulated comprehensive income	4,111	4,470
The share options	1,448	2,861
Total net assets	5,625,091	6,032,467
Total liabilities and net assets	7,868,720	8,417,431

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

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	6,167,663	6,466,541
Cost of sales	3,281,212	3,414,056
Gross profit	2,886,450	3,052,485
Selling, general and administrative expenses	1,832,710	1,940,295
Operating income	1,053,740	1,112,189
-operating Revenues		
Interest income	66	53
Dividends income	1	1
Equity in earnings of associated companies	10,076	10,069
Subsidies and grants	3,542	2,822
Insurance premium received	1,445	2,299
Others	4,177	2,257
Method of Presenting Non-operating Total non-operating income)	19,308	17,502
Non-operating Expenses		
Interest expenses	1,136	802
Foreign exchange losses	1,849	1,948
Amortization of stock issuance costs	1,264	1,264
Loss on disposal of treasury stock acquisition rights	-	1,700
Loss on liquidation of subsidiaries	2,520	-
Others	690	2,598
Method of Presenting Non-operating Total non-operating expenses)	7,462	8,313
Ordinary income	1,065,587	1,121,378
Extraordinary losses		
Impairment loss	-	345,230
Total extraordinary loss	-	345,230
Income before income taxes	1,065,587	776,148
Income taxes	323,975	344,066
Income taxes-deferred	16,456	△86,738
Total income taxes	340,431	257,328
The current net earnings	725,155	518,820
Profit attributable to owners of parent	725,155	518,820

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
The current net earnings	725,155	518,820
Other comprehensive income		
Foreign currency translation adjustments	1,709	358
Total other comprehensive income	1,709	358
Comprehensive income	726,864	519,179
(Comprehensive income attributable to)		
Comprehensive profit attributable to owners of the parent	726,864	519,179

(3) Consolidated Statement of Changes in Net Assets

Previous fiscal year (April 1, 2022, to March 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Stated capital	Capital surplus	Retained earnings	Treasury Shares	Total shareholders' equity
Opening balance	794,057	2,028,216	2,048,121	△314	4,870,080
Change during the year					
Profit attributable to owners of parent	-	-	725,155	-	725,155
Issuance of new shares	12,408	12,365	-	-	24,773
Purchase of treasury stock	-	-	-	△478	△478
Net changes of items other than shareholders' equity (Net)	-	-	-	-	-
Total changes in current term	12,408	12,365	725,155	△478	749,450
Closing balance	806,465	2,040,581	2,773,277	△792	5,619,531

	Other accumulated comprehensive income		The share options	Total net assets
	Foreign currency translation adjustments	Other comprehensive income Total accumulated profit		
Opening balance	2,402	2,402	1,696	4,874,179
Change during the year				
Profit attributable to owners of parent	-	-	-	725,155
Issuance of new shares	-	-	-	24,773
Purchase of treasury stock	-	-	-	△478
Net changes of items other than shareholders' equity (Net)	1,709	1,709	△248	1,461
Total changes in current term	1,709	1,709	△248	750,912
Closing balance	4,111	4,111	1,448	5,625,091

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Stated capital	Capital surplus	Retained earnings	Treasury Shares	Total shareholders' equity
Opening balance	806,465	2,040,581	2,773,277	△792	5,619,531
Change during the year					
Profit attributable to owners of parent	-	-	518,820	-	518,820
Issuance of new shares	13,771	13,813	-	-	27,584
Dividend of surplus	-	-	△140,740	-	△140,740
Purchase of treasury stock	-	-	-	△61	△61
Net changes of items other than shareholders' equity (Net)	-	-	-	-	-
Total changes in current term	13,771	13,813	378,080	△61	405,603
Closing balance	820,236	2,054,395	3,151,357	△853	6,025,135

	Other accumulated comprehensive income		The share options	Total net assets
	Foreign currency translation adjustments	Other comprehensive income Total accumulated profit		
Opening balance	4,111	4,111	1,448	5,625,091
Change during the year				
Profit attributable to owners of parent	-	-	-	518,820
Issuance of new shares	-	-	-	27,584
Dividend of surplus	-	-	-	△140,740
Purchase of treasury stock	-	-	-	△61
Net changes of items other than shareholders' equity (Net)	358	358	1,412	1,771
Total changes in current term	358	358	1,412	407,375
Closing balance	4,470	4,470	2,861	6,032,467

(4) Consolidated Cash Flow Statement

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
(i) Csh Flow from operating ctivities;		
Income before income taxes	1,065,587	776,148
Depreciation/amortization expenses	556,340	591,528
Impairment loss	-	345,230
Amortization of goodwill	12,558	12,558
Increase and decrease (decrease) in allowance for doubtful accounts (△: decrease)	3,091	-
Increase (decrease) in accrued bonuses	△25,586	△6,501
Increase and decrease (decrease) in provision for directors' bonuses (decrease in △)	△12,390	△2,853
Equity in earnings (△) of affiliates	△10,076	△10,069
Decrease (increase) in notes and accounts receivable and contract assets (△)	△20,049	△190,120
Decrease (increase) in inventories (increase in △)	764	194
Increase (decrease) in prepaid expenses (△ increased)	△29,539	△41,808
Increase and decrease (decrease) in notes and accounts payable-trade (decrease in △)	△96,373	58,248
Increase and decrease (decrease) in contractual liabilities (△: decrease)	15,648	58,264
Decrease (increase) in trade receivables (△)	12,183	△35,627
Reduction (increase) in other trade payables (△: Decrease)	△625	53,140
Increase and decrease (decrease) in accrued consumption taxes (△: decrease)	△26,988	△29,671
Others	2,405	2,649
Subtotal	1,446,950	1,581,309
Interest and dividends income received	79	6,717
Paid as Interest	△1,136	△802
Income taxes paid	△232,027	△365,379
(i) Csh Flow from operating ctivities;	1,213,866	1,221,845
Cash flow from investing activities		
Purchase of property, plant and equipment	△101,021	△136,063
Purchase of intangible assets	△339,392	△435,475
Proceeds from sales of property, plant and equipment	995	-
Proceeds from collection of short-term loans	5,020	-
Payment on guaranty money deposited	△920	-
Collection of fixed leasehold deposits	900	80
Cash flow from investing activities	△434,418	△571,458
Cash flow from financing activities		
Proceeds from issuance of common stock	24,534	27,318
Purchase of treasury stock	△478	△61
Repayments of lease obligations	△17,730	△13,062
Cash dividends paid	-	△140,662
Cash flow from financing activities	6,325	△126,468
Effect of exchange rate change on cash and cash equivalents	2,643	1,490
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	788,416	525,409
Cash and cash equivalents at beginning of term	3,556,904	4,345,320
Cash and cash equivalents at end of term	4,345,320	4,870,730

(5)Notes fo consolidated financial statements

(Notes on the Going Concern Assumption)

Not applicable.

(Segment Information)

[Segment Information]

Segment information is omitted because our Group is a single segment of the Trust Services Business.

[Related Information]

Previous fiscal year (April 1, 2022, to March 31, 2023)

1.(i) information for each product and service;

(Thousands of yen)

	Authentication and security	Linux/OSS	IoT	Total
Sales to customers	3,543,419	1,447,332	1,176,911	6,167,663

2.Information for each region

(1)Net sales

This statement is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2)Tangible fixed assets

This statement is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3.Information for each major customer

Disclosure is omitted because there are no specific external customers that account for 10% or more of net sales in the consolidated statements of income.

Current fiscal year (From April 1, 2023 to March 31, 2024)

1.(i) information for each product and service;

(Thousands of yen)

	Authentication and security	Linux/OSS	IoT	Total
Sales to customers	3,943,330	1,394,737	1,128,473	6,466,541

2.Information for each region

(1)Net sales

This statement is omitted because sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2)Tangible fixed assets

This statement is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information for each major customer

Disclosure is omitted because there are no specific external customers that account for 10% or more of net sales in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Previous fiscal year (April 1, 2022, to March 31, 2023)

Not applicable.

Current fiscal year (From April 1, 2023 to March 31, 2024)

Disclosure of this statement is omitted because our group is a single segment of the Trust Services Business.

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

Previous fiscal year (April 1, 2022, to March 31, 2023)

Disclosure of this statement is omitted because our group is a single segment of the Trust Services Business.

Current fiscal year (From April 1, 2023 to March 31, 2024)

Disclosure of this statement is omitted because our group is a single segment of the Trust Services Business.

[Information on gain on negative goodwill by reportable segment]

Not applicable.

(Per Share Information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	699.26 yen	743.93 yen
Net income per share	90.40 yen	64.26 yen
Diluted EPS Net income for computation	84.41 yen	60.15 yen

(NOTE)1. We conducted a 2-for-1 stock split on April 1, 2023. Net assets per share, net income per share and diluted net income per share have been calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

2. The basis for calculating net income per share and diluted net income per share is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income per share		
Profit attributable to owners of parent (thousand yen)	725,155	518,820
Amount not attributable to common shareholders	-	
Profit attributable to owners of parent related to common stock (thousand yen)	725,155	518,820
Average number of shares of common stock outstanding during the period (shares)	8,021,729	8,073,954
Diluted EPS Net income for computation		
Adjustment to profit attributable to owners of parent (thousand yen)	-	-
Increase in common stock (shares)	569,225	551,928
(Stock acquisition rights (shares))	(569,225)	(551,928)
Outline of dilutive shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	-

(Significant subsequent events)

Not applicable.