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October 25, 2023

**Cybertrust Japan Co., Ltd.**  
**Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024**  
**(Six Months Ended September 30, 2023)**

[Japanese GAAP]

**Company name:** Cybertrust Japan Co., Ltd.  
**Listing:** Tokyo Stock Exchange  
**Securities code:** 4498  
**URL:** <https://www.cybertrust.co.jp/>  
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Scheduled date to file annual securities report: November 10, 2023

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 Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)**

(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	%
Six months ended Sep. 30, 2023	2,981	3.6	425	3.7	426	2.3	282	0.5
Six months ended Sep. 30, 2022	2,877	10.6	410	40.0	417	44.2	280	50.9

Note: Comprehensive income Six months ended Sep. 30, 2023: ¥282 million [ 0.2%]

Six months ended Sep. 30, 2022: ¥282 million [ 51.2%]

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	34.99	32.59
Six months ended Sep. 30, 2022	35.05	32.61

(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
	Millions of yen	Millions of yen	%
As of Sep. 30, 2023	8,101	5,780	71.3
Mar. 31, 2023	7,868	5,625	71.5

Reference: Shareholders' equity (million yen) As of Sep. 30, 2023: 5,777 As of Mar. 31, 2023: 5,623

## 2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	0.00	-	35.00	35.00
Fiscal year ended Mar. 31, 2024	-				
Fiscal year ending Mar. 31, 2024 (Forecast)		0.00	-	17.50	17.50

(NOTE)1. Revisions to the most recently announced dividend forecast: None

2. 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	7,500	21.6	1,400	32.9	1,400	31.4	950	31.0	117.83

(NOTE)1. Revision to the most recently announced earnings forecasts: None

2. Since we manage our operations on an annual basis, we have omitted the presentation of consolidated earnings forecasts for the second quarter (cumulative).

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

As of Sep. 30, 2023	8,070,200 shares
As of Mar. 31, 2023	8,042,600 shares

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

As of Sep. 30, 2023	332 shares
As of Mar. 31, 2023	308 shares

(iii) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023	8,062,541 shares
Six months ended Sep. 30, 2022	8,011,649 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.

※ Quarterly financial results are not subject to quarterly review by a certified public accountant or auditing 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 details of financial results briefing session)

We will hold a financial results briefing (online distribution) for institutional investors and analysts on Thursday, October 26, 2023. 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. Qualitative Information on Quarterly Financial Results

## (1) Explanation of Results of Operations

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Net income per share (Yen)
Six months ended Sep. 30, 2023	2,981	425	426	282	34.99
Six months ended Sep. 30, 2022	2,877	410	417	280	35.05
Change (%)	3.6	3.7	2.3	0.5	△0.2
(Reference) Actual results in the previous fiscal year (Year ended March 31, 2023)	6,167	1,053	1,065	725	90.40

Our group promotes the trust service business that supports the trust of the digital society by proving the legitimacy, completeness, 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 second quarter of the current fiscal year (April 1, 2023 to September 30, 2023), the Japanese economy continued to show a gradual recovery trend as economic activities normalized after the transition to the five-type infectious diseases of new-type coronavirus infectious diseases. 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 climate surrounding us is accelerating the trend toward DX related to responding to new lifestyles, such as the establishment of telework, the removal of hands, the shift to online, and the shift to non-face-to-face.

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 were 1.844 billion yen (up 9.0% year on year) as a result of growth driven by increased transactions with partners: (1) in the electronic authentication service "iTrust" by various partners developing eKYC services and electronic contract services for financial institutions and themselves; (2) in the device certificate management service "Device ID" by various partners deploying cloud authentication services and remote access for enterprises; and (3) SSL/TLS server certificate "SureServer."

In Linux/OSS services, among corporate Linux support, the number of contracts increased and the renewal rate remained at a high level, despite a review of the contract amount of some projects for CentOS extension support. In June 2024, we strengthened our overseas alliance and domestic partner network in anticipation of an increase in the number of projects in and after the fourth quarter in support for the extension of CentOS7 in which community support is terminated. As a result, net sales decreased 6.1% year on year to 661 million yen.

In IoT services, (1)in support services for EMLinux, a IoT and embedded Linux OS, in addition to existing contracts in the fields of in-vehicle equipment, plant equipment, and control equipment, we also acquired new contracts in the fields of medical equipment and OA equipment. (2)We won a large-scale contract for a security consulting project in the fields of automotive equipment and next-generation information and communications infrastructure, (3)Contract development delayed the conclusion of contracts for the customized development of EMLinux due to changes in product development and manufacturing schedules by customers. As a result, net sales decreased 1.2% year on year to 474 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 2.981 billion yen (up 3.6% 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 425 million yen (up 3.7% year on year), non-operating income including equity in earnings of affiliates, and non-operating income due to foreign exchange losses and other factors were 426 million yen (up 2.3% year on year), and income attributable to owners of parent was 282 million yen (up 0.5% year on year) due to the impact of 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

We combine embedded Linux and electronic authentication technologies to develop equipment, implement long-term operations and security considering measures to reduce vulnerabilities and prevent threats from the manufacturing stage, and provide development support services to realize safe and secure use of IoT devices, such as mechanisms for the safe distribution of renewal software. We also provide long-term available IoT and embedded Linux OS "EMLinux", and Secure IoT Platform certification infrastructure. Consolidated subsidiary Lineo Solutions Co., Ltd. is engaged in the contract development of embedded /IoT mainly in Linux, as well as the markets 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	Six months ended Sep. 30, 2022	Six months ended Sep. 30, 2023	Change	Rate of change (%)
Authentication and security Services	License	85	97	12	14.1
	Professional services	204	208	3	1.9
	Recurring service	1,402	1,538	135	9.7
	Subtotal	1,692	1,844	151	9.0
Linux/OSS Services	License	143	124	△19	△13.6
	Professional services	68	67	△1	△2.3
	Recurring service	492	470	△21	△4.4
	Subtotal	704	661	△42	△6.1
IoT Services	License	57	48	△8	△15.1
	Professional services	390	384	△5	△1.5
	Recurring service	32	41	8	25.9
	Subtotal	480	474	△5	△1.2
Total sales		2,877	2,981	103	3.6
Company-wide	License	286	270	△16	△5.6
	Professional services	663	659	△3	△0.5
	Recurring service	1,927	2,050	122	6.4

## (2)Explanation of Financial Position

### ①Financial position

	As of March 31, 2023	As of September 30, 2023	(Millions of yen) (Reference) As of September 30, 2022
Total assets	7,868	8,101	7,449
Net assets	5,625	5,780	5,170
Equity ratio	71.5%	71.3%	69.4%

#### Assets

Assets at the end of the second quarter of the current fiscal year increased by 232 million yen from the end of the previous fiscal year to 8.101 billion yen.

Current assets increased by 280 million yen from the end of the previous fiscal year to 5.681 billion yen. This was mainly due to an increase of 282 million yen in cash and deposits mainly due to proceeds from sales.

Non-current assets decreased by 46 million yen from the end of the previous fiscal year to 2.418 billion yen. This was mainly due to decreases of 24 million yen in deferred tax assets and 60 million yen in software, and an increase of 71 million yen in software in progress.

#### Liabilities

Liabilities at the end of the second quarter of the current fiscal year increased by 77 million yen from the end of the previous fiscal year to 2.32 billion yen.

Current liabilities increased by 60 million yen from the end of the previous fiscal year to 1.765 billion yen. This was mainly due to an increase of 220 million yen in contract liabilities, and decreases of 33 million yen in accounts payable-trade, 86 million yen in income taxes payable, and 43 million yen in accrued consumption taxes due to payments and other factors.

Non-current liabilities increased by 17 million yen from the end of the previous fiscal year to 555 million yen. This was mainly due to an increase of 20 million yen in contract liabilities.

#### (Net assets)

Net assets at the end of the second quarter of the current fiscal year increased by 155 million yen from the end of the previous fiscal year to 5.78 billion yen.

This was mainly due to an increase of 282 million yen due to the recording of quarterly profit attributable to owners of parent and a decrease due to the payment of dividends.

At 140 million yen, retained earnings increased by 141 million yen from the end of the previous fiscal year.

As a result, the equity ratio increased from 71.5% at the end of the previous fiscal year to 71.3%.

## ②Cash Flow

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the second quarter of the current fiscal year increased by 282 million yen from the end of the previous fiscal year to 4.627 billion yen.

The status of each cash flow and its factors for the second quarter consolidated cumulative period are as follows.

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023	(Reference) As of September 30, 2022
Net cash provided by operating activities	599	693	1,213
Cash flow from investing activities	△198	△275	△434
Cash flow from financing activities	5	△137	6
Cash and cash equivalents at end of period of quarter (year-end)	3,966	4,627	4,345

### Cash flows from operating activities

Net cash provided by operating activities was 693 million yen. This was mainly due to 426 million yen in profit before income taxes and minority interests, a 290 million yen increase in depreciation and amortization, a 241 million yen increase in contractual liabilities, and 203 million yen in income taxes paid.

### Cash flows from investing activities

Net cash used in investing activities was 275 million yen. This was mainly due to expenditures of 53 million yen for the acquisition of property, plant and equipment and expenditures of 222 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 137 million yen. This was mainly due to the payment of cash dividends of 140 million yen.

## (3)Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

There are no changes to the full-year consolidated earnings forecasts announced in "Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP] (Consolidated)" on April 26, 2023.



## 2.Quarter Consolidated Financial Statements and Major Notes

## (1)Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	4,366,018	4,648,202
Notes, accounts receivable and contract assets	878,016	788,988
Commodities	1,084	1,085
Work in process	173	-
Raw materials and supplies	525	505
Prepaid expense	144,892	185,432
Others	11,132	57,644
Total current assets	5,401,842	5,681,857
Fixed assets		
Property, plant and equipment		
Buildings and structures	712,138	715,389
Accumulated depreciation	△475,148	△486,883
Buildings and structures, net	236,990	228,506
Tools, furniture and fixtures	792,418	836,879
Accumulated depreciation	△517,079	△564,130
Tools, furniture, and fixtures, net	275,339	272,748
Land	1,270	1,270
Others	1,551	1,551
Accumulated depreciation	△1,416	△1,484
Other, net	135	67
Total property, plant and equipment	513,735	502,593
Intangible assets		
Goodwill	91,047	84,768
Software	980,824	920,521
Software in progress	368,647	440,446
Others	71,671	54,243
Total intangible assets	1,512,190	1,499,979
Investments and other assets		
Investment securities	44,378	42,231
Long-term prepaid expenses	19,924	24,017
Guarantee deposits	204,777	204,697
Claims in bankruptcy	3,613	3,091
Deferred tax assets	168,873	144,229
Others	1,200	1,200
Allowance for doubtful accounts	△3,091	△3,091
Total investments and other assets	439,675	416,375
Total noncurrent assets	2,465,601	2,418,947
Deferred asset		
Stock issuance	1,276	644
Total deferred assets	1,276	644
Total assets	7,868,720	8,101,450

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable	153,632	120,529
Lease obligations	13,062	8,194
Accounts payable-other	133,508	139,271
Income taxes payable	239,864	153,746
Consumption taxes payable	104,527	60,620
Contractual liabilities	766,379	986,670
Provision for bonuses	212,737	204,455
Provision for directors' bonuses	26,450	16,246
Others	55,322	75,787
Total current liabilities	1,705,485	1,765,523
Long-term liabilities		
Lease obligations	73,394	69,286
Contractual liabilities	372,050	392,848
Obligations for retirement pay	4,515	4,515
ASSET RETIREMENT OBLIGATIONS	88,182	88,697
Total noncurrent liabilities	538,143	555,347
Total liabilities	2,243,628	2,320,871
Net assets		
Shareholders' equity		
Common stock	806,465	812,505
Capital surplus	2,040,581	2,046,664
Retained earnings	2,773,277	2,914,659
Treasury stock	△792	△853
Total shareholders' equity	5,619,531	5,772,975
Other accumulated comprehensive income		
Foreign currency translation adjustment	4,111	4,578
Total other accumulated comprehensive income	4,111	4,578
Stock acquisition right	1,448	3,024
Total net assets	5,625,091	5,780,578
Total liabilities and net assets	7,868,720	8,101,450

(2)Quarter Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarter Consolidated Statements of Income)  
(Consolidated Cumulative Second Quarter)

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	2,877,806	2,981,012
Cost of sales	1,575,429	1,584,316
Gross profit	1,302,377	1,396,695
Selling, general and administrative expenses	892,324	971,633
OPERATING INCOME	410,052	425,062
Non-operating income		
Interest income	37	25
Dividends income	1	1
Equity in earnings of affiliates	5,742	4,516
Others	4,787	1,026
Total non-operating income	10,568	5,569
Non-operating expenses		
Interest expenses	613	432
Amortization of stock issuance costs	632	632
Loss on liquidation of subsidiaries	2,255	-
Loss on disposal of treasury stock acquisition rights	-	1,700
Foreign exchange losses	-	1,103
Others	13	209
Total non-operating expenses	3,513	4,077
Ordinary income	417,107	426,554
Current net income for the quarter before income taxes and minority interests	417,107	426,554
Income taxes	105,450	119,788
Income taxes-deferred	30,873	24,643
Total income taxes	136,323	144,431
Net profit	280,784	282,122
Net profit attributable to owners of parent	280,784	282,122

Quarter Consolidated Statements of Comprehensive Income  
(Consolidated Cumulative Second Quarter)

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net profit	280,784	282,122
Other comprehensive income		
Foreign currency translation adjustment	1,224	466
Total other comprehensive income	1,224	466
Quarterly comprehensive income	282,008	282,589
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	282,008	282,589

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net cash provided by operating activities		
Current net income for the quarter before income taxes and minority interests	417,107	426,554
Depreciation Costs	270,199	290,191
Amortization of goodwill	6,279	6,279
Increase (decrease) in accrued bonuses	△30,634	△8,281
Increase (decrease) in provision for directors' bonuses (decrease in △)	△18,990	△10,203
Increase (decrease) in prepaid expenses (△ increased)	△46,473	△44,632
Equity in earnings (△) of affiliates	△5,742	△4,516
Decrease (increase) in notes and accounts receivable and contract assets (△)	96,179	89,549
Increase (decrease) in notes and accounts payable-trade (decrease in △)	△115,416	△33,102
Increase (decrease) in agreement liabilities (△: decrease)	220,266	241,089
Decrease (increase) in trade receivables (△)	4,296	△46,511
Decrease (increase) in other trade payables (△: Decrease)	△24,942	25,843
Increase (decrease) in accrued consumption taxes (△: decrease)	△62,879	△43,907
Others	584	2,405
Subtotal	709,834	890,756
Interest and dividend received	44	6,690
Interest expenses paid	△613	△432
Income taxes paid	△109,529	△203,304
Net cash provided by operating activities	599,735	693,709
Cash flow from investing activities		
Purchase of property, plant and equipment	△44,337	△53,477
Purchase of intangible assets	△157,012	△222,074
Proceeds from collection of short-term loans	2,510	-
Payment on guaranty money deposited	△900	-
Collection of fixed leasehold deposits	900	80
Cash flow from investing activities	△198,840	△275,472
Cash flow from financing activities		
Proceeds from issuance of common stock	14,790	12,006
Purchase of treasury stock	△315	△61
Dividends paid	-	△140,522
Repayments of lease obligations	△8,820	△8,975
Cash flow from financing activities	5,654	△137,553
Effect of exchange rate change on cash and cash equivalents	2,921	1,499
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	409,470	282,183
Cash and cash equivalents at beginning of term	3,556,904	4,345,320
Period-end balance of cash and cash equivalents	3,966,374	4,627,504

(4)Notes to Quarter Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Segment Information)

[Segment Information]

I Previous 2nd Quarter (From April 1, 2022 to September 30, 2022)

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

II Current 2nd Quarter (From April 1, 2023 to September 30, 2023)

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