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January 29, 2025

Cybertrust Japan Co., Ltd.
Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025
(Nine Months Ended December 31, 2024)

[Japanese GAAP]

Company name: Cybertrust Japan Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4498
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

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

1. Consolidated financial results for Nine Months Ended December 31, 2024 (April 1, 2024 to December 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	%
Nine Months ended Dec. 31, 2024	5,308	14.8	968	39.5	989	42.2	704	52.5
Nine Months ended Dec. 31, 2023	4,624	4.2	694	5.1	695	4.2	461	2.7

Note: Comprehensive income Nine Months ended Dec. 31, 2024: 701 million yen [51.6%]
Nine Months ended Dec. 31, 2023: 462 million yen [2.5%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine Months ended Dec. 31, 2024	86.55	81.73
Nine Months ended Dec. 31, 2023	57.25	53.44

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
Dec. 31, 2024	9,307	6,618	71.1
Mar. 31, 2023	8,417	6,032	71.6

Reference: Shareholders' equity (million yen) As of Dec. 31, 2024: 6,615 As of Mar. 31, 2024: 6,029

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, 2024	-	0.00	-	17.50	17.50
Fiscal year ended Mar. 31, 2025	-	0.00	-		
Fiscal year ending Mar. 31, 2025 (Forecast)				17.50	17.50

(NOTE) Revisions to the most recently announced dividend forecasts: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	105.93

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

* **Notes**

- (1) Significant changes in the scope of consolidation during the quarter: None
- (2) Application of special accounting methods for preparing 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: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: Yes
 - (iv) Restatement: None

(NOTE) For further information, please refer to "(3) Notes to Quarterly Consolidated Financial Statements (Notes to Changes in Accounting Policies)" and "(Notes to Changes in Accounting Estimates)" in P.12 "2. Quarterly Consolidated Financial Statements and Major Notes."

- (4) Number of issued shares (common shares)

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

As of Dec. 31, 2024	8,167,000 shares
As of Mar. 31, 2024	8,105,400 shares

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

As of Dec. 31, 2024	332 shares
As of Mar. 31, 2024	332 shares

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

Nine Months ended Dec. 31, 2024	8,138,629 shares
Nine Months ended Dec. 31, 2023	8,067,623 shares

※ Review of the accompanying quarterly consolidated financial statements by a certified public accountant or auditing firm: None

※ 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.

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1. Qualitative Information on the Current Quarterly Financial Results

(1) Explanation of Results of Operations

	The sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent Quarterly (current term) net income (Millions of yen)	Net income per share (Yen)
Nine Months ended Dec. 31, 2024	3,331	543	556	409	50.35
Nine Months ended Dec. 31, 2023	2,981	425	426	282	34.99
Change (%)	11.8	27.8	30.5	45.1	43.9
(Reference) Actual results in the previous fiscal year (Year ended March 31, 2024)	6,466	1,112	1,121	518	64.26

In the first three quarters of the current fiscal year, the domestic economy recovered moderately, reflecting the improvement in the employment and income situation and the effects of various policies, despite some stagnation. However, the outlook remains uncertain due to concerns over economic and price developments against the backdrop of continued high interest rate levels in Europe and the United States and rising domestic prices.

On the other hand, the business climate surrounding us is accelerating the pace of DX promotion, such as changes in lifestyles, such as removing a stamp, on-line, and non-face-to-face, as well as advances in digital technologies and revisions to legal systems accompanying digitization. In addition, with the increase in cyber attacks and cyber crime, the development of international security standards in each country and the movement of economic security are progressing. The necessity of responding to standards and laws and regulations related to economic security is becoming apparent not only domestically but also mainly in the manufacturing industry, which operates globally.

Against this backdrop, in the environment of authentication and security services, we captured security needs due to the expansion of DX market. Growth was driven by growth in transactions with (1) eKYC services and electronic contract services for financial institutions in iTrust electronic certification service, and (2) transactions with partners in the Device ID device certificate management service, which provides cloud certification services for enterprises.

In platform services, CentOS7 extension support following the termination of community support in June 2024, as well as CloudLinux Inc. products from alliance partners, continued contributing to earnings in earnest from July. In EMLinux, we saw an increase in adoption of cybersecurity guidelines in the regulatory and industrial sectors, which require fragility management and long-term support. In addition, the acquisition of consigned development projects by Lineo Solutions Inc. was firm, and sales grew.

As a result of the above, net sales were 5.308 billion yen (an increase of 14.8% year on year). Overall expenses are trending upward due to factors such as an increase in personnel expenses. However, operating income was 968 million yen (up 39.5%), ordinary income was 989 million yen (up 42.2%) due to non-operating income such as equity in earnings of affiliates, and Quarterly profit attributable to owners of parent was 704 million yen (up 52.5%) due to the impact of tax effect accounting.

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

<Main services>

- Authentication and security services

SSL/TLS server certificates such as "SureServer" and "Device ID," "iTrust," "Web security services and vulnerability diagnosis services

- Platform Services

Support services and other services for LinuxOS such as MIRACLE LINUX, CentOS and AlmaLinux, MIRACLE Vul Hammer, MIRACLE ZBX and EMLinux.

Contracted development for embedded/IoT and 'LINEOWarp!' by a consolidated subsidiary Lineo Solutions Inc.

<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

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

Services	Type of transaction	Nine Months ended Dec. 31, 2023	Nine Months ended Dec. 31, 2024	Change	Rate of change (%)
Authentication and security Services	License	115	115	△0	△0.2
	Professional services	372	395	22	6.1
	Recurring services	2,353	2,436	83	3.5
	Subtotal	2,841	2,947	105	3.7
Platform Services	License	301	384	82	27.5
	Professional services	714	824	109	15.4
	Recurring services	766	1,151	385	50.2
	Subtotal	1,783	2,361	577	32.4
Total sales		2,981	4,624	5,308	683
Company-wide	License	417	499	82	19.8
	Professional services	1,087	1,220	132	12.2
	Recurring services	3,120	3,588	468	15.0

Our group had three service classifications as the main services of our single segment trust services business: certification and security services, Linux/OSS services, and IoT services. However, in October 2024, we reviewed our service classifications and integrated our Linux/OSS services and IoT services into Platform Services in order to strengthen our ability to propose solutions to customers' total needs as DX progressed and to aim for further business growth. There is no change in the authentication and security services.

The following is an explanation of the consolidated cumulative third quarter of the current fiscal year assuming the service category prior to the change in order to gain an understanding of the business from the same viewpoint continuously in the fiscal year ended March 2025.

<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 support services for business LinuxOS such as "MIRACLE LINUX," "CentOS," and "AlmaLinux," as well as MIRACLE ZBX, an integrated system monitoring solution, and Linux solutions utilizing backup software and kernel technologies.

- IoT servicing

We combine embedded Linux and electronic authentication technologies to develop equipment, implement long-term investments 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 LinuxOS "EMLinux", and Secure IoT Platform certification infrastructure. Consolidated subsidiary Lineo Solutions Inc. is engaged in consignment development for embedded /IoT centered on Linux, and sales of LINEOWarp!! high-speed start-up products and development environmental services.

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

Services	Type of transaction	Nine Months ended Dec. 31, 2023	Nine Months ended Dec. 31, 2024	Change	Rate of change (%)
Authentication and security Services	License	115	115	△0	△0.2
	Professional services	372	395	22	6.1
	Recurring services	2,353	2,436	83	3.5
	Subtotal	2,841	2,947	105	3.7
Linux/OSS Services	License	226	351	124	55.1
	Professional services	108	75	△33	△30.5
	Recurring services	703	991	288	41.0
	Subtotal	1,037	1,418	380	36.6
IoT Services	License	75	33	△41	△55.9
	Professional services	606	749	142	23.6
	Recurring services	63	160	96	152.1
	Subtotal	745	943	197	26.5
Total sales		2,981	4,624	5,308	683
Company-wide	License	417	499	82	19.8
	Professional services	1,087	1,220	132	12.2
	Recurring services	3,120	3,588	468	15.0

(2)Explanation of Financial Position

①Financial position

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024	(Reference) As of December 31, 2023
Total assets	8,417	9,307	8,227
Net assets	6,032	6,618	5,966
Ratio	71.6%	71.1%	72.5%

Assets

Assets at the end of the third quarter of the current fiscal year increased by 889 million yen from the end of the previous fiscal year to 9.307 billion yen.

Current assets increased by ¥862 million from the end of the previous fiscal year to ¥7.043 billion. This was mainly due to an increase of ¥811 million in cash and deposits mainly due to proceeds from sales.

Non-current assets increased by 27 million yen from the end of the previous fiscal year to 2.263 billion yen. This was mainly due to an increase of ¥108 million in investment securities and a decrease of ¥72 million in deferred tax assets, mainly due to investment in the Japan Cyber Security Fund No. 1 Limited Partnership.

Liabilities

Liabilities at the end of the third quarter of the current fiscal year increased by 303 million yen from the end of the previous fiscal year to 2.688 billion yen.

Current liabilities increased by 424 million yen from the end of the previous fiscal year to 2.265 billion yen. This was mainly due to an increase of 504 million yen in contract liabilities.

Non-current liabilities decreased by 121 million yen from the end of the previous fiscal year to 422 million yen. This was mainly due to decreases in lease obligations and asset retirement obligations of ¥65 million and ¥36 million, respectively, resulting from current liabilities for the transfer of the head office.

(Net assets)

Net assets at the end of the third quarter of the current fiscal year increased by 586 million yen from the end of the previous fiscal year to 6.618 billion yen.

This was mainly due to an increase of ¥704 million due to the recording of quarterly profit attributable to owners of parent and a decrease of ¥141 million due to the payment of dividends, which resulted in an increase of ¥562 million in retained earnings from the end of the previous fiscal year, and increases of ¥13 million in capital stock and ¥13 million in capital surplus due to the issuance of new shares through the exercise of subscription rights to shares. As a result, the equity ratio was 71.1%, compared with 71.6% at the end of the previous fiscal year.

② Explanation of Consolidated Earnings Forecasts and Other Forward-looking Information

There are no changes to the full-year consolidated earnings forecasts announced in "Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP] (Consolidated)" on April 24, 2024.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	4,891,427	5,703,103
Notes, accounts receivable and contract assets	1,068,658	937,384
Commodities	1,088	1,059
Work in process	-	413
Raw materials and supplies	500	460
Prepaid expenses	173,073	215,930
Others	46,760	191,549
Allowance for doubtful accounts	-	△6,139
Total current assets	6,181,509	7,043,760
Fixed assets		
Tangible fixed assets		
Buildings and structures	760,269	796,321
Accumulated depreciation	△498,203	△550,733
Buildings and structures, net	262,066	245,588
Tools, furniture, and fixtures	903,934	968,206
Accumulated depreciation	△611,077	△681,000
Tools, furniture, and fixtures, net	292,856	287,205
Land	1,270	1,270
Others	1,551	1,551
Accumulated depreciation	△1,551	△1,551
Other, net	0	0
Total property, plant and equipment	556,193	534,064
Intangible assets		
Goodwill	78,489	69,070
Software	592,845	954,643
Software in progress	425,611	148,257
Others	39,924	18,980
Total intangible assets	1,136,871	1,190,952
Investments and other assets		
Investment securities	47,784	155,943
Long-term prepaid expenses	33,551	51,332
Guarantee deposits	204,697	146,467
Claims in bankruptcy	3,091	3,091
Deferred tax assets	255,611	183,343
Others	1,200	1,200
Allowance for doubtful accounts	△3,091	△3,091
Total investments and other assets	542,844	538,288
Total noncurrent assets	2,235,909	2,263,305
Deferred assets		
Stock issuance	12	-
Total deferred assets	12	-
Total assets	8,417,431	9,307,065

(Thousands of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable	211,880	181,146
Lease obligations	8,238	67,223
Accounts payable-other	208,730	231,318
Income taxes payable	218,560	57,354
Consumption tax payable	74,856	102,598
Contractual liabilities	810,695	1,315,502
Provision for bonuses	206,236	115,308
Provision for directors' bonuses	23,597	20,550
Asset retirement obligations	-	70,760
Others	78,226	104,089
Total current liabilities	1,841,022	2,265,853
Long-term liabilities		
Lease obligations	65,155	-
Contractual liabilities	385,999	366,823
Obligations for retirement pay	4,035	4,110
Asset retirement obligations	88,751	51,755
Total noncurrent liabilities	543,941	422,688
Total liabilities	2,384,964	2,688,541
Net assets		
Shareholders' equity		
Stated capital	820,236	833,765
Capital surplus	2,054,395	2,067,924
Retained earnings	3,151,357	3,713,938
Treasury Shares	△853	△853
Total shareholders' equity	6,025,135	6,614,774
Other accumulated comprehensive income		
Foreign currency translation adjustments	4,470	1,157
Total other accumulated comprehensive income	4,470	1,157
The share options	2,861	2,592
Total net assets	6,032,467	6,618,523
Total liabilities and net assets	8,417,431	9,307,065

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(a Quarterly Consolidated Profit and Loss Statement)
(Consolidated Accumulated Third Quarter)

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
The sales	4,624,886	5,308,720
Cost of sales	2,473,518	2,768,812
Gross profit	2,151,367	2,539,907
Selling, general and administrative expenses	1,457,026	1,571,404
Operating income	694,340	968,503
-operating Revenues		
Interest income	26	495
Dividends income	1	1
Equity in earnings of associated companies	7,082	14,823
Subsidies and grants	1,407	150
Others	789	5,753
Method of Presenting Non-operating Total non-operating income)	9,306	21,223
Non-operating Expenses		
Interest expenses	620	513
Amortization of stock issuance costs	948	12
Loss on disposal of treasury stock acquisition rights	1,700	-
Foreign exchange losses	2,011	-
Others	2,589	3
Method of Presenting Non-operating Total non-operating expenses)	7,868	529
Ordinary income	695,778	989,196
Current net income for the quarter before income taxes and minority interests	695,778	989,196
Income taxes	165,835	212,509
Income taxes-deferred	68,074	72,267
Total income taxes	233,910	284,776
Profit or Quarterly Net	461,868	704,419
Net profit attributable to owners of parent	461,868	704,419

Quarterly Consolidated Statements of Comprehensive Income
(Consolidated Accumulated Third Quarter)

(Thousands of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit or Quarterly Net	461,868	704,419
Other comprehensive income		
Foreign currency translation adjustments	701	△3,313
Total other comprehensive income	701	△3,313
Quarterly comprehensive income	462,569	701,106
(Comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of parent	462,569	701,106

(3)Notes to Quarterly Consolidated Financial Statements

(Notes on Changes in Accounting Policies)

(Apply of Accounting Standard for Income Taxes, Inhabitant Taxes and Business Taxes, etc.)

Effective from the beginning of the first quarter of the current fiscal year, the Company has applied the "Accounting Standard for Income Taxes, Inhabitant Taxes and Business Taxes" (ASBJ Statement No. 27, October 28, 2022), etc.

There was no impact on the quarterly consolidated financial statements for the third quarter of the fiscal year under review.

(Notes on Changes in Accounting Estimates)

(Changes in estimates due to transfer of head office)

Due to the decision on the transfer of the head office in the first quarter of the current fiscal year, the useful lives of fixed assets that will become unavailable have been shortened and changed in the future.

In addition to changes in estimates associated with obtaining new information regarding asset retirement obligations related to restore, the Company shortens the reasonable period of time for depreciation.

As a result of this change, operating income, ordinary income, and income before income taxes for the third quarter of the current fiscal year have each decreased by 27039000 yen compared to the previous method.

(Notes on Segment Information)

[Segment Information]

I Cumulative Third Quarter of the Previous Fiscal Year (From April 1, 2023 to December 31, 2023)

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

II Third Quarter (From April 1, 2024 to December 31, 2024)

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

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

Not applicable.

(Notes on the Going Concern Assumption)

Not applicable.

(to Be Stated in the Notes in a Quarterly Consolidated Cash Flow Statement)

The quarterly consolidated statements of cash flows for the third quarter of the current fiscal year have not been prepared. Depreciation and amortization related to the third quarter cumulative period (including amortization related to intangible assets) and amortization of goodwill are as follows.

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Depreciation/amortization expenses	439461000 yen	403189000 yen
Amortization of goodwill	9,418	9,418

(Significant subsequent events)

(Acquisition of Treasury Stock)

At the meeting of the Board of Directors held on January 29, 2025, we passed a resolution regarding the acquisition of treasury stock and the specific method of acquisition in accordance with the provisions of Article 156 of the Companies Act as applied by replacing certain terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act.

For more information, please refer to the "Notice Concerning Repurchase of Own Shares and Acquire of Own Shares through Off-Auction Purchase Transaction (ToSTNeT-3)" announced today (January 29, 2025).