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November 5, 2024

Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6050
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 Scheduled date of Annual General Meeting of Shareholders: December 18, 2024
 Scheduled date to commence dividend payments: December 19, 2024
 Scheduled date to file securities report: December 20, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(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	%
September 30, 2024	11,391	(4.3)	1,705	(4.1)	1,708	(5.4)	1,057	(14.0)
September 30, 2023	11,909	1.3	1,778	(21.7)	1,806	(21.9)	1,229	(27.2)

Note: Comprehensive income For the fiscal year ended September 30, 2024: ¥ 1,059million [(14.3)%]
 For the fiscal year ended September 30, 2023: ¥ 1,236 million [(27.8)%]

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	%	%	%
September 30, 2024	92.08	-	11.3	15.2	15.0
September 30, 2023	122.74	-	17.7	20.6	14.9

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended September 30, 2024: ¥ - million
 For the fiscal year ended September 30, 2023: ¥ - million

Note 1: For the calculation of “Basic earnings per share” and “Diluted earnings per share,” the Company’s shares held by the Company’s Board Benefit Trust (BBT) are included in treasury shares, which are deducted from the average number of shares outstanding during the period.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	13,360	11,404	85.4	988.76
September 30, 2023	9,112	7,386	81.0	739.14

Reference: Equity
 As of September 30, 2024: ¥11,404 million
 As of September 30, 2023: ¥7,386 million

Note 1: In the calculation of “Net assets per share,” the Company’s shares held by the Company’s Board Benefit Trust (BBT) are included in treasury shares, which are deducted from the total number of shares issued and outstanding at the end of period.

(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
September 30, 2024	1,741	(48)	2,957	10,402
September 30, 2023	1,262	(140)	(328)	5,749

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2023	-	0.00	-	26.00	26.00	264	21.2	3.8
Fiscal year ended September 30, 2024	-	0.00	-	31.00	31.00	363	33.7	3.6
Fiscal year ending September 30, 2025 (forecast)	-	0.00	-	35.00	35.00		33.2	

Note 1: The total amount of dividends for the fiscal year ended September 30, 2023, includes dividends (4 million yen for the fiscal year ended September 30, 2023) paid to the Company's shares held by Sumitomo Mitsui Trust Bank Limited (Trust Account).

Note 2: The total amount of dividends for the fiscal year ended September 30, 2024, includes dividends (5 million yen for the fiscal year ended September 30, 2024) paid to the Company's shares held by Sumitomo Mitsui Trust Bank Limited (Trust Account).

3. Forecasts of consolidated financial results for the fiscal year ending September 30, 2025 (from October 1, 2024 to September 30, 2025)

(Percentages indicate year-on-year changes for the full year and quarter, respectively)

	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
Second quarter (cumulative)	6,044	5.7	781	(11.0)	782	(10.3)	522	(2.6)	45.13
Full year	12,365	8.5	1,819	6.7	1,824	6.8	1,220	15.4	105.49

Note 1: For the calculation of "Basic earnings per share," the Company's shares held by the Company's Board Benefit Trust (BBT) are included in treasury shares, which are deducted from the average number of shares outstanding during the period.

* **Notes**

- (1) Significant changes in scope of consolidation during the period: 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)

Fiscal year ended September 30, 2024	11,933,516 shares
Fiscal year ended September 30, 2023	10,405,800 shares

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

Fiscal year ended September 30, 2024	399,718 shares
Fiscal year ended September 30, 2023	412,854 shares

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

Fiscal year ended September 30, 2024	11,487,073 shares
Fiscal year ended September 30, 2023	10,017,410 shares

Note 1: Total number of treasury shares at the end of the period includes the number of the Company's shares held by the Company's Board Benefit Trust (BBT). The number of treasury shares deducted in the calculation of average number of shares outstanding during the period includes the number of the Company's shares held by Board Benefit Trust (BBT).

Reference: Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(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	%
September 30, 2024	8,845	(4.5)	1,128	(3.1)	1,452	(2.0)	958	(11.8)
September 30, 2023	9,265	0.4	1,165	(27.1)	1,482	(23.5)	1,087	(21.9)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
September 30, 2024	83.46	-
September 30, 2023	108.52	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2024	11,949	10,480	87.7	908.72
September 30, 2023	7,755	6,563	84.6	656.86

Reference: Equity

As of September 30, 2024: ¥10,480 million

As of September 30, 2023: ¥6,563 million

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

* Explanation regarding proper use of earnings forecasts, and other special matters

(Caution on forward-looking statements)

The results forecast and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual business results may differ materially from the forecast due to a variety of factors.

Please refer to “(1) Highlights of Operating Results for the Period” in “1. Highlights of Operating Results, Etc.” on page 2 of the Financial Results (Attachments) for the assumptions for earnings forecasts and notes on using earnings forecasts.

(Methods for obtaining supplementary material on financial results and the details of the financial results briefing)

The Company plans to hold a financial results briefing for institutional investors and analysts on Friday, November 22, 2024.

The financial results presentation material to be used on the said date will be posted on TDnet and the Company website. The proceedings and presentation details of the financial results briefing will be posted on the Company website promptly after the briefing.

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1. Overview of Operating Results, Etc.

(1) Highlights of Operating Results for the Period

During the period under review, the Japanese economy recovered moderately, driven by the ongoing normalization of economic activities and other factors, alongside positive developments in employment and income conditions. On the other hand, the outlook remains uncertain due to price increases in response to the protracted instability in world affairs and the effects of global monetary tightening.

In the domestic Internet-related market surrounding the Group, video-watching, e-commerce (online shopping) services, and fintech-related services are expanding, continuing on a growth trend. Consumers are also paying more attention to the authenticity of advertising content, resulting in growing demand for advertising screening services.

It is expected that technological innovation on the Internet will continue further and that various services will be developed in the future. However, as the advancement of the IoT (*1) is causing everything to be exposed to the risk of cyber-attacks, the threat is growing year by year. Further, national and local governments are accelerating their efforts to strengthen cybersecurity measures, and it has also become urgent for all businesses and organizations to take measures against the backdrop of supply chain risks and others.

Definition of terms

(*1) Abbreviation for the Internet of Things. A mechanism that connects various objects such as buildings, vehicles and electronic devices to servers and cloud services via a network to enable the exchange of information among them.

Under this market environment, the Group, as a comprehensive Internet security company with the management philosophy “We Guard All,” has been providing high-quality and highly efficient one-stop security services based on the strength of its “AI-human hybrid” systems.

During the period under review, customer support services for e-commerce and flea markets grew. In addition, as a result of strengthening our sales structure and focusing on building relationships with customers, we made progress in acquiring new projects from existing customers from the second half of the fiscal year, and net sales in the fourth quarter increased year on year. However, these efforts were not enough to offset lower sales for existing customers in the first half of the fiscal year, resulting in a decline in sales. In addition, the cybersecurity business grew significantly due to the expansion of sales of vulnerability diagnosis and WAF(*2).

Also, as part of our collaborative initiatives with CHANGE Holdings, Inc. (hereinafter referred to as “CHANGE HD”), we worked on transferring CHANGE HD Group’s existing outsourced operations to us within our core business, including SNS-related support services, and the cybersecurity business, and started making joint proposals capitalizing on each other’s customer base.

Although operating profit decreased due to the recording of an estimated amount of shareholder benefit expenses, the gross profit margin improved year on year and gross profit increased as a result of efforts to strengthen the internal structure centered on recruitment and training, as well as focusing on price negotiations with customers and strengthening the profitability of each center.

Definition of terms

(*2) Abbreviation for Web Application Firewall. A security product designed to protect websites by detecting and preventing attacks that exploit vulnerabilities in web applications.

As a result, for the period under review, net sales were ¥11,391.768 million (down 4.3% year-on-year), operating profit came to ¥1,705.852 million (down 4.1% year-on-year), ordinary profit was ¥1,708.532 million (down 5.4% year-on-year), and profit attributable to owners of parent posted ¥1,057.692 million (down 14.0% year-on-year).

Segment information is not provided as the Group has a single segment. Business results by type of business are as follows:

(i) SNS-related support

SNS-related support provides post monitoring, customer support, and reputation research for various Internet services such as social web services.

During the period under review, customer support services for e-commerce and flea markets grew. Also, in fintech-related services we made steady progress in acquiring new identification, franchisee screening and monitoring projects. Furthermore, as a result of strengthening our sales structure and focusing on building relationships with customers, we made progress in acquiring new projects from existing customers from the second half of the fiscal year, and net sales in the fourth quarter increased year on year.

In addition, as part of a collaboration with CHANGE HD, we worked on ensuring thorough engagement with existing customers and acquiring new projects, aiming to expand the enterprise digital BPO domain. Concurrently, we made progress in transferring the existing outsourcing operations from the CHANGE HD Group to our organization. However, these efforts were not enough to offset lower sales for existing customers, resulting in a decline in sales.

As a result, net sales fell 1.3% year on year to ¥6,758.216 million.

(ii) Game-related support

Game-related support is mainly engaged in customer support and debugging services for social games.

During the period under review, we continued to focus on developing cross-selling opportunities arising from localization projects (support for language translation, adaptation, etc.) for overseas game companies and creating projects from existing customers. However, while the domestic game market remained large, it was not blessed with major hit titles, and game related support experienced a decline in sales.

As a result, net sales fell 15.8% year on year to ¥1,578.083 million.

(iii) Advertisement-related support

Advertisement-related support provides Internet advertising screening and outsourced administration services.

During the fiscal year under review, we focused on developing customers to capture the demand related to influencer marketing and other services in order to acquire new projects. However, these efforts were not enough to offset lower sales for existing customers, resulting in a decline in sales.

As a result, net sales fell 8.3% year on year to ¥1,407.383 million.

(iv) Cybersecurity

The cybersecurity business mainly provides vulnerability diagnosis, WAF, and consulting services to solve security management issues.

During the fiscal year under review, the cybersecurity business grew significantly due to the expansion of sales of vulnerability diagnosis and WAF. We also made steady progress in expanding sales of our cloud-type WAF "SiteGuard Cloud Edition." Concurrently, we strengthened hiring and training, mainly for security engineers, and implemented marketing measures. In addition, we focused on joint proposals and other initiatives with CHANGE HD.

As a result, net sales increased 16.8% year on year to ¥903.516 million.

(v) Other

For other, we mainly provide debugging services for hardware.

EG Testing Services Inc., a wholly-owned subsidiary, experienced a decline in sales despite its efforts for new development by highlighting its expertise, reliability and track record over many years.

As a result, net sales were down 15.2% year on year to ¥744.568 million.

[Future outlook]

The Internet-related market, in which the Group operates, is expected to continue to grow at an unprecedented pace, driven by social web services such as social media and social games, especially on smartphones, as well as fintech and the IoT.

In the existing businesses, excluding the cyber security business, we expect to contribute to profits through continuous growth by seizing opportunities presented by market growth, the emergence of new services and technologies, tightening of regulations, and other factors, as well as against the backdrop of the expansion of damage mainly caused by slander and false advertising, and social conditions such as labor shortages. In addition, we will continue to strengthen our sales organization and focus on the creation of new projects by identifying potential customer needs. Furthermore, by expanding the transfer of existing outsourced operations of the CHANGE HD Group to us and leveraging the company's customer base to expand sales and services, and aim to provide services that better meet the needs of the market and customers.

In the cyber security business, in response to strong demand for cyber security measures from enterprises, schools, hospitals, local governments, and other organizations against the backdrop of increasing damage caused by cyberattacks such as information leaks and website tampering, we will continue to expand our service lineup to provide one-stop cyber security services in response to market demand, based on our existing services such as vulnerability diagnosis, WAF, and consulting services. In addition, for further growth, we will focus on securing human resources in both new graduate recruitment and mid-career recruitment, and by leveraging our expertise and CHANGE HD's digital human resource development capabilities, we will build a structure that enables them to grow as security personnel. Furthermore, by continuing to focus on marketing initiatives, we aim to expand business results and improve our brand image.

Going forward, we will promote various measures to become a top-class security provider in the field of cyber security in Japan and to further enhance our corporate value.

As a result of the above, the Company expects net sales of ¥12,365.395 million, operating profit of ¥1,819.847 million, ordinary profit of ¥1,824.382 million, and profit attributable to owners of parent of ¥1,220.949 million for the next fiscal year.

(2) Highlights of Financial Position for the Period

(i) Assets, liabilities, and net assets

(Assets)

The balance of current assets was ¥11,870.273 million, an increase of ¥4,466.250 million (or up 60.3%) from ¥7,404.023 million at the end of previous period.

This was mainly due to an increase of ¥4,652.378 million in cash and deposits resulting from the capital increase through third-party allotment.

The balance of non-current assets was ¥1,490.092 million, a decrease of ¥218.839 million (or down 12.8%) from ¥1,708.932 million at the end of previous period.

This was mainly due to decreases of ¥26.356 million in buildings, ¥37.694 million in tools, furniture and fixtures, and ¥96.253 million in goodwill.

As a result, total assets as of the end of period under review were ¥13,360.366 million, up 46.6% from the end of previous period.

(Liabilities)

The balance of liabilities was ¥1,956.206 million, an increase of ¥229.415 million (or up 13.3%) from ¥1,726.791 million at the end of previous period.

This was mainly due to an increase of ¥402.501 million in income taxes payable.

(Net assets)

The balance of net assets was ¥11,404.159 million, an increase of ¥4,017.995 million (or up 54.4%) from ¥7,386.163 million at the end of previous period.

This was mainly due to increases of ¥1,603.337 million in share capital and capital surplus, respectively, resulting from the issuance of new shares through the capital increase via third-party allotment, and the recording of ¥1,057.692 million in profit attributable to owners of parent, while we made a payment of ¥264.802 million in dividends of surplus.

(ii) Cash Flows

The balance of cash and cash equivalents (hereinafter, "cash") at the end of period under review was ¥10,402.138 million, an increase of ¥4,652.378 million from ¥5,749.760 million in cash at the end of previous period. The status of each cash flow during the period under review and the factors affecting them are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥1,741.391 million (compared with the income of ¥1,262.484 million in the previous period).

This was mainly due to an increase of ¥178.114 million in income tax paid, despite the recording of ¥1,639.349 million in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was ¥48.171 million (compared with expenditure of ¥140.580 million in the previous period).

This was mainly due to the purchase of property, plant and equipment of ¥27.412 million and the purchase of intangible assets of ¥25.154 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥2,957.486 million (compared with expenditure of ¥328.837 million in the previous period).

This was mainly due to ¥3,206.675 million in proceeds from the issuance of shares through third-party allotment and the expenditure of ¥253.716 million for dividends paid.

Reference: Trends in cash flow-related indicators

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Equity-to-asset ratio (%)	71.9	77.0	81.0	85.4
Equity-to-asset ratio based on market value (%)	446.4	341.5	292.9	151.6
Cash flow to debt ratio (years)	0.0	0.0	0.0	0.0
Interest coverage ratio (times)	10,056.6	352,082.6	0.0	0.0

1. The calculation method of each indicator is as follows.

Equity-to-asset ratio: Shareholders' equity/Total assets

Equity-to-asset ratio based on market value: Market capitalization of shares/Total assets

Cash flow to debt ratio: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flows/Interest payments

Note 1: All figures are calculated on a consolidated basis.

Note 2: Market capitalization of shares is calculated based on the number of shares issued, excluding treasury shares.

Note 3: Cash flows are based on operating cash flows.

Note 4: Interest-bearing liabilities include all liabilities recorded in the consolidated balance sheets for which interest is paid.

Note 5: Interest payments are based on interest paid in the consolidated statement of cash flows.

(3) Basic policy on allocation of profits and dividends for current and next fiscal years

The Company recognizes the importance of continuously increasing corporate value and returning profits to shareholders. Our basic policy is to distribute profits according to business performance, taking into account investment for sustainable growth and enhancement of corporate value, balance with financial soundness to prepare for various risks, outlook for business performance, and other factors, and we will pay dividends with a consolidated dividend payout ratio of approximately 30% as a guideline.

For the period under review, we plan to pay a year-end ordinary dividend of 31 yen per share, based on comprehensive consideration of our capital investment plan and financial position, among others.

For the next fiscal year, we plan to pay an ordinary dividend of 35 yen per share.

2. Basic Policy on the Selection of Accounting Standards

For the time being, the Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP, taking into account the comparability of consolidated financial statements from period to period and among companies.

Our policy on the application of IFRS is to take appropriate measures in consideration of various conditions in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	5,749,760	10,402,138
Accounts receivable–trade	1,430,711	1,342,350
Work in process	9,827	6,948
Other	214,474	119,103
Allowance for doubtful accounts	(751)	(267)
Total current assets	7,404,023	11,870,273
Non-current assets		
Property, plant and equipment		
Buildings	470,996	473,498
Accumulated depreciation	(185,732)	(214,590)
Buildings, net	285,263	258,907
Vehicles	3,020	3,020
Accumulated depreciation	(3,020)	(3,020)
Vehicles, net	0	0
Tools, furniture and fixtures	460,629	413,064
Accumulated depreciation	(264,607)	(254,736)
Tools, furniture and fixtures, net	196,021	158,327
Land	152,000	152,000
Leased assets, net	1,100	866
Construction in progress	5,142	-
Total property, plant and equipment	639,528	570,101
Intangible assets		
Goodwill	385,015	288,761
Software	32,762	44,596
Other	126,137	84,195
Total intangible assets	543,916	417,554
Investments and other assets		
Leasehold and guarantee deposits	411,433	400,717
Deferred tax assets	96,068	87,242
Other	17,985	14,476
Total investments and other assets	525,487	502,436
Total non-current assets	1,708,932	1,490,092
Total assets	9,112,955	13,360,366
Liabilities		
Current liabilities		
Accounts payable–trade	4,832	3,434
Accounts payable–other	811,761	810,693
Accrued expenses	8,192	14,235
Income taxes payable	78,605	481,106
Accrued consumption taxes	241,508	165,652
Provision for bonuses	48,974	90,514
Other	221,998	159,374
Total current liabilities	1,415,872	1,725,011
Non-current liabilities		
Provision for share awards for directors (and other officers)	149,958	117,962
Long-term guarantee deposits	61,675	47,644
Other	99,285	65,588
Total non-current liabilities	310,918	231,194
Total liabilities	1,726,791	1,956,206

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	364,280	1,967,618
Capital surplus	384,454	1,989,975
Retained earnings	7,332,787	8,125,677
Treasury shares	(729,300)	(714,940)
Total shareholders' equity	7,352,222	11,368,330
Accumulated other comprehensive income		
Foreign currency translation adjustment	33,941	35,828
Total accumulated other comprehensive income	33,941	35,828
Total net assets	7,386,163	11,404,159
Total liabilities and net assets	9,112,955	13,360,366

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

(Thousands of yen)

	Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)
Net sales	11,909,152	11,391,768
Cost of sales	8,551,093	8,024,330
Gross profit	3,358,058	3,367,438
Selling, general and administrative expenses	1,579,397	1,661,585
Operating profit	1,778,661	1,705,852
Non-operating income		
Subsidy income	30,551	14,063
Insurance claim income	5,781	-
Other	3,606	7,314
Total non-operating income	39,940	21,377
Non-operating expenses		
Fees paid	179	14,109
Foreign exchange losses	11,020	2,937
Other	678	1,650
Total non-operating expenses	11,879	18,698
Ordinary profit	1,806,722	1,708,532
Extraordinary gains		
Reversal of allowance for doubtful accounts	188	-
Total extraordinary gains	188	-
Extraordinary losses		
Loss on sale of non-current assets	1,054	-
Loss on retirement of non-current assets	1,616	11,221
Litigation expenses	19,507	-
Expenses related to capital and business alliance and capital increase	100,000	57,960
Total extraordinary losses	122,178	69,182
Profit before income taxes	1,684,732	1,639,349
Income taxes - current	382,833	606,528
Income taxes - deferred	72,329	(24,870)
Total income taxes	455,163	581,657
Profit	1,229,569	1,057,692
Profit attributable to owners of parent	1,229,569	1,057,692

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)
Profit	1,229,569	1,057,692
Other comprehensive income		
Foreign currency translation adjustment	7,161	1,887
Total other comprehensive income	7,161	1,887
Comprehensive income	1,236,730	1,059,580
Comprehensive income attributable to:		
Owners of parent	1,236,730	1,059,580

(3) Consolidated Statements of Changes in Equity

Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	364,280	382,380	6,348,617	(639,298)	6,455,980
Changes during period					
Issuance of new shares					
Dividends of surplus			(245,399)		(245,399)
Profit attributable to owners of parent			1,229,569		1,229,569
Purchase of treasury shares				(90,002)	(90,002)
Disposal of treasury shares		2,074			2,074
Net changes in items other than shareholders' equity					
Total changes during period	-	2,074	984,170	(90,002)	896,242
Balance at end of period	364,280	384,454	7,332,787	(729,300)	7,352,222

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	26,779	26,779	6,482,760
Changes during period			
Issuance of new shares			-
Dividends of surplus			(245,399)
Profit attributable to owners of parent			1,229,569
Purchase of treasury shares			(90,002)
Disposal of treasury shares			2,074
Net changes in items other than shareholders' equity	7,161	7,161	7,161
Total changes during period	7,161	7,161	903,403
Balance at end of period	33,941	33,941	7,386,163

Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	364,280	384,454	7,332,787	(729,300)	7,352,222
Changes during period					
Issuance of new shares	1,603,337	1,603,337			3,206,675
Dividends of surplus			(264,802)		(264,802)
Profit attributable to owners of parent			1,057,692		1,057,692
Purchase of treasury shares				(1,176)	(1,176)
Disposal of treasury shares		2,182		15,536	17,718
Net changes in items other than shareholders' equity					
Total changes during period	1,603,337	1,605,520	792,889	14,360	4,016,108
Balance at end of period	1,967,618	1,989,975	8,125,677	(714,940)	11,368,330

	Accumulated other comprehensive income		Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	33,941	33,941	7,386,163
Changes during period			
Issuance of new shares			3,206,675
Dividends of surplus			(264,802)
Profit attributable to owners of parent			1,057,692
Purchase of treasury shares			(1,176)
Disposal of treasury shares			17,718
Net changes in items other than shareholders' equity	1,887	1,887	1,887
Total changes during period	1,887	1,887	4,017,995
Balance at end of period	35,828	35,828	11,404,159

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,684,732	1,639,349
Depreciation and amortization	101,929	96,969
Amortization of goodwill	96,253	96,253
Depreciation and amortization on other	41,942	41,942
Increase (decrease) in allowance for doubtful accounts	(168,596)	(484)
Increase (decrease) in provision for bonuses	(55,497)	41,487
Increase (decrease) in provision for share awards for directors (and other officers)	8,617	(31,995)
Interest and dividend income	(55)	(1,056)
Loss (gain) on sale of non-current assets	1,054	-
Loss on retirement of non-current assets	1,616	11,221
Litigation expenses	19,507	-
Expenses related to capital and business alliance and capital increase	100,000	57,960
Decrease (increase) in trade receivables	(15,260)	88,301
Decrease (increase) in inventories	(5,144)	2,540
Increase (decrease) in trade payables	(1,393)	(1,336)
Increase (decrease) in accounts payable - other	15,976	16,697
Increase (decrease) in accrued consumption taxes	64,778	(75,731)
Other	176,524	(5,709)
Subtotal	2,066,986	1,976,410
Interest and dividends received	55	1,056
Litigation expenses paid	(10,507)	-
Capital and business alliance and capital increase expenses paid	(100,000)	(57,960)
Income tax paid	(694,050)	(178,114)
Cash flows from operating activities	1,262,484	1,741,391
Cash flows from investing activities		
Purchase of property, plant and equipment	(128,016)	(27,412)
Purchase of intangible assets	(18,141)	(25,154)
Payments of guarantee deposits	(34,237)	(5,407)
Proceeds from refund of guarantee deposits	39,814	9,803
Cash flows from investing activities	(140,580)	(48,171)
Cash flows from financing activities		
Proceeds from issuance of shares	-	3,206,675
Dividends paid	(239,068)	(253,716)
Proceeds from disposal of treasury shares	-	4,539
Purchase of treasury shares	(89,769)	(12)
Cash flows from financing activities	(328,837)	2,957,486
Effect of exchange rate change on cash and cash equivalents	5,587	1,671
Net increase (decrease) in cash and cash equivalents	798,653	4,652,378
Cash and cash equivalents at beginning of period	4,951,106	5,749,760
Cash and cash equivalents at end of period	5,749,760	10,402,138

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Segment Information, etc.)

[Segment Information]

Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)

Information on the Group's business segments is omitted as the Group has a single segment of the Internet security business.

Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

Information on the Group's business segments is omitted as the Group has a single segment of the Internet security business.

[Related Information]

Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)

1. Product and Service Information

Description is omitted because sales to external customers in a single product/service category exceed 90% of net sales on the consolidated statement of income.

2. Regional Information

(1) Net sales

(Thousands of yen)

Japan	Singapore	Other	Total
9,893,393	1,796,693	219,065	11,909,152

Note: Net sales are based on the location of the customers and are classified by country.

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan exceeds 90% thereof on the consolidated balance sheet.

3. Major Customer Information

(Thousands of yen)

Name of Customer	Net sales	Name of Related Segment
TikTok Pte Ltd.	1,760,750	Internet security business

Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

1. Product and Service Information

Description is omitted because sales to external customers in a single product/service category exceed 90% of net sales on the consolidated statement of income.

2. Regional Information

(1) Net sales

(Thousands of yen)

Japan	Singapore	Other	Total
9,559,462	1,653,980	178,325	11,391,768

Note: Net sales are based on the location of the customers and are classified by country.

(2) Property, plant and equipment

Description is omitted because the amount of property, plant and equipment located in Japan exceeds 90% thereof on the consolidated balance sheet.

3. Major Customer Information

(Thousands of yen)

Name of Customer	Net sales	Name of Related Segment
TikTok Pte Ltd.	1,606,788	Internet security business
Mercari, Inc.	1,224,216	Internet security business

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

Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)

Not applicable.

Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

Not applicable.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)

During the period under review, amortization of goodwill in the Internet security business amounted to 96.253 million yen and the balance of unamortized goodwill was 385.015 million yen. The Group operates in a single segment of the Internet security business.

Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

During the period under review, amortization of goodwill in the Internet security business amounted to 96.253 million yen and the balance of unamortized goodwill was 288.761 million yen. The Group operates in a single segment of the Internet security business.

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)

Not applicable.

Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)

Not applicable.

(Per-share information)

	Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)
Net assets per share	739.14 yen	988.76 yen
Basic earnings per share	122.74 yen	92.08 yen
Diluted earnings per share	-	-

Note: 1. The Company's shares remaining in the trust and recorded as treasury shares in shareholders' equity are included in the number of treasury shares to be deducted in calculating the average number of shares outstanding during the period for the purpose of calculating basic earnings per share and diluted earnings per share and in the number of treasury shares to be deducted from the total number of shares issued and outstanding at the end of period for the purpose of calculating net assets per share.

The number of treasury shares deducted in the calculation of net assets per share at the end of period was 412,854 shares for the previous period (including 191,780 shares of the Board Benefit Trust (BBT)) and 399,718 shares for the period under review (including 178,138 BBT shares). The average number of treasury shares outstanding during the period after deduction for the purpose of calculating basic earnings per share was 388,390 shares (including 191,780 BBT shares) in the previous period and 404,702 shares (including 183,352 BBT shares) for the period under review.

2. Diluted earnings per share is not presented as there are no diluted shares.

3. The basis for calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended September 30, 2023 (October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (October 1, 2023 to September 30, 2024)
Basic earnings per share		
Profit attributable to owners of parent (thousands of yen)	1,229,569	1,057,692
Amount not attributable to common shareholders (thousands of yen)	-	-
Profit attributable to owners of parent related to common shares (thousands of yen)	1,229,569	1,057,692
Average number of common shares outstanding during the period	10,017,410	11,487,073

(Significant Subsequent Events)

Not applicable.