

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

Company name: ITbook Holdings Co., LTD.
 Stock exchange listing: Tokyo
 Stock code: 1447 URL <https://www.itbook-hd.co.jp>
 Representative: President & Representative Director Toshimori Mae
 Inquiries: Executive officer, CFO Takashi Noma TEL 03-6770-9970
 Scheduled date of ordinary general meeting of shareholders: June 26, 2023
 Scheduled date to file Securities Report: June 29, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	30,528	15.9	739	209.8	708	350.5	162	–
Year ended March 31, 2022	26,346	16.4	238	–	157	–	(766)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	6.93	6.92	6.9	4.1	2.4
Year ended March 31, 2022	(35.59)	–	(36.9)	1.0	0.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	16,771	2,977	15.6	108.75
As of March 31, 2022	18,098	2,199	10.1	81.90

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	369	(498)	(1,843)	3,293
Year ended March 31, 2022	129	(601)	2,111	5,235

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	0.00	–	0.00	0.00	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	34,400	12.7	1,000	35.2	900	27.0	500	207.7	20.70

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2023	24,152,701 shares	As of March 31, 2022	22,349,701 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	19,422 shares	As of March 31, 2022	18,962 shares
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Average number of shares during the period

Year ended March 31, 2023	23,441,595 shares	Year ended March 31, 2022	21,523,148 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	5,782,758	3,794,009
Notes and accounts receivable - trade, and contract assets	5,433,275	6,049,224
Operating loans	107,878	160,561
Merchandise and finished goods	89,836	175,261
Costs on construction contracts in progress	103,058	129,580
Real estate for sale	481,793	418,322
Work in process	28,458	25,583
Raw materials and supplies	127,666	148,130
Other	1,034,483	988,601
Allowance for doubtful accounts	(99,797)	(53,967)
Total current assets	13,089,410	11,835,308
Non-current assets		
Property, plant and equipment		
Buildings and structures	1,124,788	864,010
Accumulated depreciation	(509,958)	(370,618)
Buildings and structures, net	614,830	493,391
Machinery, equipment and vehicles	1,741,249	1,907,799
Accumulated depreciation	(1,505,850)	(1,605,769)
Machinery, equipment and vehicles, net	235,399	302,030
Land	676,753	668,959
Leased assets	648,163	902,137
Accumulated depreciation	(355,060)	(482,649)
Leased assets, net	293,103	419,487
Construction in progress	23,086	3,295
Other	1,105,531	1,488,083
Accumulated depreciation	(810,516)	(877,798)
Other, net	295,015	610,284
Total property, plant and equipment	2,138,188	2,497,448
Intangible assets		
Goodwill	896,603	760,850
Other	453,292	424,510
Total intangible assets	1,349,895	1,185,360
Investments and other assets		
Investment securities	191,850	69,002
Deferred tax assets	231,616	236,479
Other	1,146,712	991,746
Allowance for doubtful accounts	(64,868)	(44,949)
Total investments and other assets	1,505,310	1,252,278
Total non-current assets	4,993,394	4,935,088
Deferred assets		
Organization expenses	331	40
Business commencement expenses	12,469	–
Bond issuance costs	2,662	959
Total deferred assets	15,463	999
Total assets	18,098,268	16,771,396

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,882,525	1,922,726
Short-term borrowings	6,856,950	4,869,635
Current portion of bonds payable	58,000	141,000
Current portion of long-term borrowings	388,236	453,542
Lease liabilities	104,051	135,818
Accounts payable - other	713,920	743,235
Income taxes payable	378,216	259,942
Provision for bonuses	247,313	297,641
Other	1,262,167	1,263,371
Total current liabilities	11,891,382	10,086,915
Non-current liabilities		
Bonds payable	171,000	10,000
Long-term borrowings	3,345,376	2,856,160
Lease liabilities	216,237	389,274
Provision for loss on guarantee	17,685	31,660
Retirement benefit liability	59,491	56,179
Other	197,835	363,735
Total non-current liabilities	4,007,627	3,707,009
Total liabilities	15,899,009	13,793,925
Net assets		
Shareholders' equity		
Share capital	1,489,224	1,866,314
Capital surplus	2,582,917	2,953,034
Retained earnings	(2,209,724)	(2,109,529)
Treasury shares	(9,807)	(10,005)
Total shareholders' equity	1,852,610	2,699,813
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	146	597
Foreign currency translation adjustment	(23,892)	(75,923)
Total accumulated other comprehensive income	(23,746)	(75,325)
Share acquisition rights	40,306	6,840
Non-controlling interests	330,088	346,143
Total net assets	2,199,258	2,977,471
Total liabilities and net assets	18,098,268	16,771,396

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	26,346,996	30,528,153
Cost of sales	19,698,212	22,714,228
Gross profit	6,648,783	7,813,924
Selling, general and administrative expenses	6,410,080	7,074,499
Operating profit	238,703	739,425
Non-operating income		
Interest income	1,959	869
Dividend income	810	6,898
Subsidy income	5,200	8,637
Reversal of allowance for doubtful accounts	3,660	1,438
Foreign exchange gains	51,309	56,532
Share of profit of entities accounted for using equity method	2,852	3,114
Other	47,418	49,125
Total non-operating income	113,210	126,616
Non-operating expenses		
Interest expenses	70,045	87,435
Commission for syndicated loans	85,000	27,000
Non-deductible consumption tax	6,150	15,992
Other	33,473	27,156
Total non-operating expenses	194,669	157,584
Ordinary profit	157,244	708,457
Extraordinary income		
Gain on bargain purchase	9,415	–
Gain on sale of non-current assets	3,450	956
Gain on sale of shares of subsidiaries and associates	251,555	70,898
Gain on sale of investment securities	–	28,461
Gain on reversal of share acquisition rights	–	5,780
Surrender value of insurance policies	–	64,018
Other	4,776	19,531
Total extraordinary income	269,197	189,647

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Extraordinary losses		
Loss on retirement of non-current assets	9,736	105,238
Retirement benefits for directors (and other officers)	77,300	–
Settlement payments	5,850	10,300
Loss on litigation	3,648	–
Loss on sale of investment securities	2,000	58,535
Loss on valuation of investment securities	75,444	–
Impairment losses	27,019	8,782
Loss on liquidation of subsidiaries and associates	472,985	–
Loss on store closings	6,570	34,445
Office relocation expenses	–	39,809
Other	69,164	83,813
Total extraordinary losses	749,718	340,925
Profit (loss) before income taxes	(323,277)	557,179
Income taxes - current	435,276	368,161
Income taxes - deferred	(18,907)	(3,635)
Total income taxes	416,369	364,525
Profit (loss)	(739,646)	192,653
Profit attributable to non-controlling interests	26,417	30,160
Profit (loss) attributable to owners of parent	(766,064)	162,492

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	(739,646)	192,653
Other comprehensive income		
Valuation difference on available-for-sale securities	(595)	403
Foreign currency translation adjustment	(34,465)	(51,034)
Total other comprehensive income	(35,060)	(50,630)
Comprehensive income	(774,706)	142,023
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(801,618)	110,913
Comprehensive income attributable to non-controlling interests	26,911	31,110

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment
Balance at beginning of period	1,293,008	2,412,565	(1,381,486)	(9,380)	2,314,707	741	11,066
Changes during period							
Issuance of new shares - exercise of share acquisition rights	196,216	196,216			392,432		
Profit attributable to owners of parent			(766,064)		(766,064)		
Purchase of treasury shares				(427)	(427)		
Change in scope of consolidation		(25,864)	(62,173)		(88,038)		
Net changes in items other than shareholders' equity						(595)	(34,959)
Total changes during period	196,216	170,351	(828,237)	(427)	(462,097)	(595)	(34,959)
Balance at end of period	1,489,224	2,582,917	(2,209,724)	(9,807)	1,852,610	146	(23,892)

	Accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
	Total accumulated other comprehensive income			
Balance at beginning of period	11,808	53,598	139,813	2,519,927
Changes during period				
Issuance of new shares - exercise of share acquisition rights				392,432
Profit attributable to owners of parent				(766,064)
Purchase of treasury shares				(427)
Change in scope of consolidation				(88,038)
Net changes in items other than shareholders' equity	(35,554)	(13,291)	190,274	141,428
Total changes during period	(35,554)	(13,291)	190,274	(320,668)
Balance at end of period	(23,746)	40,306	330,088	2,199,258

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment
Balance at beginning of period	1,489,224	2,582,917	(2,209,724)	(9,807)	1,852,610	146	(23,892)
Changes during period							
Issuance of new shares - exercise of share acquisition rights	377,089	377,089			754,179		
Profit attributable to owners of parent			162,492		162,492		
Purchase of treasury shares				(197)	(197)		
Change in scope of consolidation		(6,972)	(62,298)		(69,270)		
Net changes in items other than shareholders' equity						451	(52,030)
Total changes during period	377,089	370,117	100,194	(197)	847,203	451	(52,030)
Balance at end of period	1,866,314	2,953,034	(2,109,529)	(10,005)	2,699,813	597	(75,923)

	Accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
	Total accumulated other comprehensive income			
Balance at beginning of period	(23,746)	40,306	330,088	2,199,258
Changes during period				
Issuance of new shares - exercise of share acquisition rights				754,179
Profit attributable to owners of parent				162,492
Purchase of treasury shares				(197)
Change in scope of consolidation				(69,270)
Net changes in items other than shareholders' equity	(51,579)	(33,466)	16,054	(68,991)
Total changes during period	(51,579)	(33,466)	16,054	778,212
Balance at end of period	(75,325)	6,840	346,143	2,977,471

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	(323,277)	557,179
Depreciation	437,962	568,544
Impairment losses	27,019	8,782
Amortization of goodwill	123,586	144,893
Increase (decrease) in allowance for doubtful accounts	58,047	(65,749)
Interest and dividend income	(2,769)	(7,767)
Increase (decrease) in provision for bonuses	69,221	50,328
Increase (decrease) in provision for loss on orders received	(72,076)	–
Foreign exchange losses (gains)	268	(56,532)
Interest expenses on borrowings and bonds	70,045	87,435
Share of loss (profit) of entities accounted for using equity method	(2,852)	(3,114)
Gain on bargain purchase	(9,415)	–
Loss on litigation	3,648	–
Gain on reversal of share acquisition rights	–	(5,780)
Loss (gain) on sale of investment securities	(2,776)	(40,824)
Loss (gain) on valuation of investment securities	75,444	–
Loss (gain) on sale of shares of subsidiaries and associates	(251,555)	–
Retirement benefits for directors (and other officers)	77,300	–
Decrease (increase) in trade receivables	(71,960)	(668,732)
Settlement payments	5,850	10,300
Decrease (increase) in inventories	(178,104)	(66,064)
Increase (decrease) in trade payables	487,268	27,411
Other, net	77,036	369,316
Subtotal	597,911	909,625
Interest and dividends received	9,575	7,767
Interest paid	(69,102)	(76,233)
Payments for loss on litigation	(3,648)	–
Payments of retirement benefits for directors (and other officers)	(77,300)	–
Income taxes refund	762	–
Settlement paid	(5,850)	(9,500)
Surrender value of insurance policies	–	64,018
Payments of relocation expenses	–	(39,809)
Income taxes paid	(323,044)	(486,471)
Net cash provided by (used in) operating activities	129,304	369,398

	(Thousands of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Payments into time deposits	(91,841)	(71,755)
Proceeds from withdrawal of time deposits	55,049	118,797
Purchase of property, plant and equipment	(360,873)	(651,206)
Proceeds from sale of property, plant and equipment	282,637	124,473
Purchase of intangible assets	(182,321)	(146,133)
Loan advances	(5,368)	(3,310)
Proceeds from collection of loans receivable	21,273	45,655
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(7,396)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(203,659)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	115,572	-
Purchase of investment securities	(100,022)	-
Proceeds from sale of investment securities	37,876	39,142
Purchase of investment property	(27,832)	-
Proceeds from sale of investment property	456,443	2,648
Purchase of shares of subsidiaries and associates	(170,000)	-
Payments of leasehold and guarantee deposits	(230,226)	(78,619)
Proceeds from refund of leasehold and guarantee deposits	6,662	182,482
Purchase of insurance funds	(19,200)	-
Proceeds from cancellation of insurance funds	2,279	11,455
Other, net	(180,459)	(72,346)
Net cash provided by (used in) investing activities	(601,404)	(498,715)
Cash flows from financing activities		
Proceeds from short-term borrowings	14,142,248	395,900
Repayments of short-term borrowings	(10,009,812)	(2,383,215)
Proceeds from long-term borrowings	1,837,925	254,440
Repayments of long-term borrowings	(3,780,448)	(678,171)
Redemption of bonds	(101,000)	(78,000)
Proceeds from issuance of share acquisition rights	-	6,840
Purchase of treasury shares	(427)	(197)
Proceeds from share issuance to non-controlling shareholders	24,906	-
Repayments to non-controlling shareholders	(25,050)	-
Proceeds from issuance of shares	344,879	642,960
Proceeds from issuance of shares resulting from exercise of share acquisition rights	32,791	146,546
Dividends paid to non-controlling interests	-	(9,000)
Repayments of finance lease liabilities	(348,142)	(140,138)
Other, net	(6,513)	(1,078)
Net cash provided by (used in) financing activities	2,111,356	(1,843,113)
Effect of exchange rate change on cash and cash equivalents	15,343	(1,027)
Net increase (decrease) in cash and cash equivalents	1,654,599	(1,973,458)
Cash and cash equivalents at beginning of period	3,536,577	5,235,066
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	43,889	31,752
Cash and cash equivalents at end of period	5,235,066	3,293,359