

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 14, 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 to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2023	13,848	(3.3)	(31)	–	11	–	(196)	–
Six months ended September 30, 2022	14,331	20.6	(308)	–	(238)	–	(536)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	(8.15)	–
Six months ended September 30, 2022	(23.57)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	16,064	2,691	14.7
As of March 31, 2023	16,771	2,977	15.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	0.00	–	0.00	0.00
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (Forecast)			–	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 six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	24,152,701 shares	As of March 31, 2023	24,152,701 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	19,802 shares	As of March 31, 2023	19,422 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	24,133,023 shares	Six months ended September 30, 2022	22,753,648 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,794,009	3,929,733
Notes and accounts receivable - trade, and contract assets	6,049,224	4,622,314
Operating loans	160,561	91,944
Merchandise and finished goods	175,261	163,366
Costs on construction contracts in progress	129,580	189,593
Real estate for sale	418,322	699,852
Raw materials and supplies	148,130	141,532
Work in process	25,583	385,003
Other	988,601	1,074,219
Allowance for doubtful accounts	(53,967)	(58,579)
Total current assets	11,835,308	11,238,979
Non-current assets		
Property, plant and equipment		
Buildings and structures	493,391	480,135
Leased assets	419,487	394,800
Other	1,584,570	1,568,513
Total property, plant and equipment	2,497,448	2,443,449
Intangible assets		
Goodwill	760,850	688,991
Other	424,510	424,714
Total intangible assets	1,185,360	1,113,705
Investments and other assets		
Investment securities	69,002	127,245
Deferred tax assets	236,479	258,489
Other	991,746	929,880
Allowance for doubtful accounts	(44,949)	(48,066)
Total investments and other assets	1,252,278	1,267,548
Total non-current assets	4,935,088	4,824,702
Deferred assets	999	364
Total assets	16,771,396	16,064,047

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,922,726	1,967,289
Short-term borrowings	4,869,635	4,775,590
Current portion of bonds payable	141,000	15,000
Current portion of long-term borrowings	453,542	395,644
Income taxes payable	259,942	249,155
Accounts payable - other	743,235	792,603
Lease liabilities	135,818	130,662
Provision for bonuses	297,641	274,421
Other	1,263,371	1,329,170
Total current liabilities	10,086,915	9,929,537
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term borrowings	2,856,160	2,633,505
Lease liabilities	389,274	364,102
Provision for loss on guarantee	31,660	38,182
Retirement benefit liability	56,179	54,475
Other	363,735	348,076
Total non-current liabilities	3,707,009	3,443,343
Total liabilities	13,793,925	13,372,880
Net assets		
Shareholders' equity		
Share capital	1,866,314	1,866,314
Capital surplus	2,953,034	2,953,034
Retained earnings	(2,109,529)	(2,324,046)
Treasury shares	(10,005)	(10,141)
Total shareholders' equity	2,699,813	2,485,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	597	1,525
Foreign currency translation adjustment	(75,923)	(119,542)
Total accumulated other comprehensive income	(75,325)	(118,017)
Share acquisition rights	6,840	6,840
Non-controlling interests	346,143	317,183
Total net assets	2,977,471	2,691,166
Total liabilities and net assets	16,771,396	16,064,047

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	14,331,201	13,848,713
Cost of sales	10,925,649	10,396,421
Gross profit	3,405,551	3,452,292
Selling, general and administrative expenses	3,714,067	3,483,691
Operating loss	(308,515)	(31,399)
Non-operating income		
Interest income	1,313	958
Dividend income	171	186
Subsidy income	8,286	9,924
Foreign exchange gains	85,352	76,521
Share of profit of entities accounted for using equity method	3,670	499
Other	29,232	18,435
Total non-operating income	128,026	106,525
Non-operating expenses		
Interest expenses	41,666	38,035
Non-deductible consumption tax	6,931	6,181
Other	9,302	19,103
Total non-operating expenses	57,899	63,321
Ordinary profit (loss)	(238,388)	11,805
Extraordinary income		
Gain on sale of non-current assets	2,141	4,395
Gain on reversal of share acquisition rights	5,780	–
Surrender value of insurance policies	64,018	–
Gain on sale of businesses	–	171,788
Other	1,850	13,078
Total extraordinary income	73,791	189,262
Extraordinary losses		
Loss on retirement of non-current assets	53,890	24,766
Loss on guarantee	9,704	–
Loss on sale of investment securities	56,549	–
Office relocation expenses	29,316	1,717
Special investitation costs	–	159,079
Other	8,532	21,675
Total extraordinary losses	157,991	207,237
Loss before income taxes	(322,588)	(6,170)
Income taxes - current	194,889	237,202
Income taxes - deferred	9,797	(23,940)
Total income taxes	204,687	213,262
Loss	(527,276)	(219,432)
Profit (loss) attributable to non-controlling interests	8,943	(22,660)
Loss attributable to owners of parent	(536,219)	(196,772)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Loss	(527,276)	(219,432)
Other comprehensive income		
Valuation difference on available-for-sale securities	62	929
Foreign currency translation adjustment	(47,894)	(43,619)
Total other comprehensive income	(47,831)	(42,690)
Comprehensive income	(575,107)	(262,123)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(585,023)	(239,463)
Comprehensive income attributable to non-controlling interests	9,915	(22,659)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Loss before income taxes	(322,588)	(6,170)
Depreciation	246,672	254,226
Amortization of goodwill	72,391	71,858
Increase (decrease) in allowance for doubtful accounts	26,552	7,728
Interest and dividend income	(1,484)	(1,144)
Increase (decrease) in provision for bonuses	2,205	(23,220)
Foreign exchange losses (gains)	(85,072)	(76,521)
Interest expenses	41,666	38,035
Share of loss (profit) of entities accounted for using equity method	(3,670)	(499)
Gain on reversal of share acquisition rights	5,780	–
Loss (gain) on sale of investment securities	56,549	–
Office transfer expenses	29,316	1,717
Surrender value of insurance policies	(64,018)	–
Loss (gain) on sale of businesses	–	(171,788)
Special investitation costs	–	159,079
Decrease (increase) in trade receivables	912,961	1,495,640
Decrease (increase) in inventories	(510,630)	(682,469)
Increase (decrease) in trade payables	160,459	46,666
Other, net	400,128	184,240
Subtotal	967,218	1,297,379
Interest and dividends received	1,484	1,144
Interest paid	(33,231)	(33,147)
Payments for office removal expenses	(29,316)	(1,717)
Insurance premiums refunded cancellation received	64,018	–
Settlement paid	–	(3,500)
Special investitation costs expenses	–	(159,079)
Income taxes paid	(310,211)	(240,088)
Net cash provided by (used in) operating activities	659,962	860,991
Cash flows from investing activities		
Payments into time deposits	(15,722)	(140,584)
Proceeds from withdrawal of time deposits	37,397	427,245
Purchase of property, plant and equipment	(448,018)	(110,145)
Proceeds from sale of property, plant and equipment	41,448	47,167
Purchase of intangible assets	(72,307)	(79,548)
Loan advances	(1,022)	(1,287)
Proceeds from collection of loans receivable	320	768
Purchase of investment securities	–	(68,038)
Proceeds from sale of investment securities	20	13,000
Payments of guarantee deposits	(34,428)	(2,406)
Proceeds from refund of guarantee deposits	55,079	16,445
Proceeds from cancellation of insurance funds	19,184	–
Other, net	(133,815)	13,575
Net cash provided by (used in) investing activities	(551,863)	116,191

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	246,500	2,197,494
Repayments of short-term borrowings	(182,215)	(2,292,576)
Proceeds from long-term borrowings	287,973	30,000
Repayments of long-term borrowings	(450,749)	(310,552)
Redemption of bonds	(38,000)	(131,000)
Purchase of treasury shares	(161)	(136)
Proceeds from issuance of share acquisition rights	6,840	–
Proceeds from issuance of shares	789,506	–
Dividends paid to non-controlling interests	(9,000)	(6,000)
Repayments of finance lease liabilities	(70,289)	(52,717)
Other, net	27,355	–
Net cash provided by (used in) financing activities	607,760	(565,487)
Effect of exchange rate change on cash and cash equivalents	15,466	6,750
Net increase (decrease) in cash and cash equivalents	731,325	418,446
Cash and cash equivalents at beginning of period	5,235,066	3,293,359
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	31,752	–
Cash and cash equivalents at end of period	5,998,144	3,711,805