

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 14, 2024

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: February 14, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	21,069	(3.5)	102	–	75	–	(367)	–
Nine months ended December 31, 2022	21,826	17.5	(105)	–	(96)	–	(446)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	(15.24)	–
Nine months ended December 31, 2022	(19.23)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	17,227	2,609	13.2
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 nine months ended December 31, 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 December 31, 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 December 31, 2023	20,177 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)

Nine months ended December 31, 2023	24,132,923 shares	Nine months ended December 31, 2022	23,215,225 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	3,794,009	4,703,022
Notes and accounts receivable - trade, and contract assets	6,049,224	4,541,584
Operating loans	160,561	17,944
Merchandise and finished goods	175,261	184,718
Costs on construction contracts in progress	129,580	215,927
Real estate for sale	418,322	1,119,646
Raw materials and supplies	148,130	144,146
Work in process	25,583	636,771
Other	988,601	923,472
Allowance for doubtful accounts	(53,967)	(19,441)
Total current assets	11,835,308	12,467,790
Non-current assets		
Property, plant and equipment		
Buildings and structures	493,391	472,883
Leased assets	419,487	394,717
Other	1,584,570	1,549,110
Total property, plant and equipment	2,497,448	2,416,711
Intangible assets		
Goodwill	760,850	663,334
Other	424,510	447,324
Total intangible assets	1,185,360	1,110,659
Investments and other assets		
Investment securities	69,002	127,860
Deferred tax assets	236,479	190,997
Other	991,746	960,660
Allowance for doubtful accounts	(44,949)	(47,665)
Total investments and other assets	1,252,278	1,231,853
Total non-current assets	4,935,088	4,759,224
Deferred assets	999	276
Total assets	16,771,396	17,227,292
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,922,726	1,912,449
Short-term borrowings	4,869,635	6,329,542
Current portion of bonds payable	141,000	15,000
Current portion of long-term borrowings	453,542	364,282
Income taxes payable	259,942	197,122
Accounts payable - other	743,235	959,620
Lease liabilities	135,818	135,698
Provision for bonuses	297,641	170,311
Other	1,263,371	1,357,745
Total current liabilities	10,086,915	11,441,772

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Non-current liabilities		
Bonds payable	10,000	5,000
Long-term borrowings	2,856,160	2,399,380
Lease liabilities	389,274	357,560
Provision for loss on guarantee	31,660	41,741
Retirement benefit liability	56,179	54,475
Other	363,735	317,790
Total non-current liabilities	3,707,009	3,175,948
Total liabilities	13,793,925	14,617,721
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)	(2,444,119)
Treasury shares	(10,005)	(10,237)
Total shareholders' equity	2,699,813	2,364,992
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	597	1,266
Foreign currency translation adjustment	(75,923)	(93,680)
Total accumulated other comprehensive income	(75,325)	(92,413)
Share acquisition rights	6,840	6,840
Non-controlling interests	346,143	330,151
Total net assets	2,977,471	2,609,570
Total liabilities and net assets	16,771,396	17,227,292

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	21,826,817	21,069,424
Cost of sales	16,556,990	15,836,428
Gross profit	5,269,826	5,232,995
Selling, general and administrative expenses	5,375,406	5,130,640
Operating profit (loss)	(105,579)	102,354
Non-operating income		
Interest income	727	2,898
Dividend income	253	283
Subsidy income	12,013	18,728
Foreign exchange gains	49,128	36,938
Share of profit of entities accounted for using equity method	3,357	956
Reversal of allowance for doubtful accounts	303	–
Other	33,782	17,662
Total non-operating income	99,566	77,467
Non-operating expenses		
Interest expenses	66,121	61,574
Non-deductible consumption tax	9,944	10,537
Other	14,186	32,340
Total non-operating expenses	90,252	104,453
Ordinary profit (loss)	(96,265)	75,369
Extraordinary income		
Gain on sale of non-current assets	976	4,499
Gain on sale of shares of subsidiaries and associates	70,898	–
Gain on reversal of share acquisition rights	5,780	–
Surrender value of insurance policies	64,018	–
Gain on sale of businesses	–	171,788
Other	29,967	13,651
Total extraordinary income	171,642	189,939
Extraordinary losses		
Loss on retirement of non-current assets	83,146	25,856
Settlement payments	9,500	–
Office relocation expenses	38,060	3,727
Loss on sale of investment securities	56,549	–
Loss on guarantee	9,704	–
Loss on store closings	8,905	17,360
Special investitation costs	–	159,079
surcharges	–	109,290
Other	18,355	16,542
Total extraordinary losses	224,221	331,856
Loss before income taxes	(148,843)	(66,547)
Income taxes - current	262,680	267,160
Income taxes - deferred	17,957	43,686
Total income taxes	280,638	310,847
Loss	(429,482)	(377,394)
Profit (loss) attributable to non-controlling interests	17,007	(9,694)
Loss attributable to owners of parent	(446,489)	(367,700)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Loss	(429,482)	(377,394)
Other comprehensive income		
Valuation difference on available-for-sale securities	819	672
Foreign currency translation adjustment	(60,993)	(17,757)
Total other comprehensive income	(60,174)	(17,084)
Comprehensive income	(489,656)	(394,479)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(507,627)	(384,787)
Comprehensive income attributable to non-controlling interests	17,970	(9,691)