

Translation

Notice: This document has been translated from the Japanese original for reference purposes. In the event of any discrepancy between this translated document and the Japanese original, the latter shall prevail.

Summary of Consolidated Financial Results for the First Two Quarter of the Fiscal Year Ending January 2025 (Based on Japanese GAAP)

September 13, 2024

Company name: Appirits Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 4174

URL: <https://appirits.com/>

Representative: Junji Wada, President and Chief Executive Officer

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Scheduled date for filing quarterly securities report: September 13, 2024

Scheduled date for commencing dividend payments: October 11, 2024

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: Yes

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Consolidated Results for the Six Months Ended July 31, 2024 (February 1, 2024 through July 31, 2024)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures represent 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 July. 31, 2024	4,221	2.0	13	(94.9)	10	(95.9)	(16)	—
Six months ended July. 31, 2023	4,137	32.1	258	54.7	257	67.8	151	63.8

(Note) Comprehensive income:

Six months ended July. 31, 2024: (16) million yen (—%)

Six months ended July. 31, 2023: 151 million yen (63.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended July. 31, 2024	(3.92)	—
Six months ended July. 31, 2023	36.96	35.11

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2024	4,840	2,445	49.6
As of January 31, 2024 (end of previous fiscal year)	4,585	2,468	53.2

(Reference) Total shareholders' equity

As of July 31, 2024: 2,401 million yen

As of January 31, 2024: 2,441 million yen

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended January 2024	–	6.00	–	6.00	12.00
Fiscal year ending January 2025	–	8.00			
Fiscal year ending January 2025 (Forecast)			–	8.00	16.00

(Note) Revisions to the most recently announced dividend forecast: No

3. Forecast of Financial Results for the Fiscal Year Ending January 31, 2025 (from February 1, 2024 to January 31, 2025)

(Percentage figures represent year-on-year changes)

	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
Full year	9,000	6.8	301	(49.7)	295	(50.4)	159	(58.7)	38.63

(Note) Revisions to the most recently announced earnings forecast: No

* Explanatory notes

(1) Significant changes in the scope of consolidation during the period: No

Newly consolidated: 1 (Bee2B Co. Ltd.) Excluded from consolidation: No

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies other than those in 1) above: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

July 31, 2024	4,128,762 shares	January 31, 2024	4,226,700 shares
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2) Number of treasury shares at the end of the period

July 31, 2024	– shares	January 31, 2024	100,038 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended July. 31, 2024	4,127,562 shares	Six months ended July. 31, 2023	4,091,248 shares
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* This summary of financial results is not subject to quarterly review procedures by a public accountant or audit corporation.

* Explanation regarding the appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

(How to obtain supplementary materials on quarterly financial results and details of the quarterly financial results briefing session)

The Company plans to promptly post the explanation (video) and explanatory materials regarding the financial results on its website.

Semi-annual Consolidated Financial Statements
Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of January 31, 2024	As of July 31, 2024
Assets		
Current assets		
Cash and deposits	1,742,161	1,700,269
Accounts receivable - trade and contract assets	1,331,392	1,345,653
Work in process	9,876	22,676
Other	298,279	448,519
Allowance for doubtful accounts	—	(2,093)
Total current assets	3,381,709	3,515,026
Non-current assets		
Property, plant and equipment	93,365	121,109
Intangible assets		
Goodwill	221,129	286,420
Other	1,149	1,012
Total intangible assets	222,279	287,433
Investments and other assets		
Guarantee deposits	671,978	690,150
Other	216,508	226,404
Total investments and other assets	888,487	916,555
Total non-current assets	1,204,132	1,325,097
Total assets	4,585,841	4,840,124

(Thousands of yen)

	As of January 31, 2024	As of July 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	279,223	396,220
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	110,000	175,916
Accounts payable - other	515,470	532,986
Income taxes payable	109,131	49,873
Provision for bonuses	29,020	30,145
Provision for loss on orders received	—	5,446
Other	387,121	315,570
Total current liabilities	1,729,967	1,806,158
Non-current liabilities		
Long-term borrowings	387,500	586,870
Other	—	1,722
Total non-current liabilities	387,500	588,592
Total liabilities	2,117,467	2,394,750
Net assets		
Shareholders' equity		
Share capital	638,657	639,112
Capital surplus	536,827	537,282
Retained earnings	1,376,622	1,225,303
Treasury shares	(110,395)	—
Total shareholders' equity	2,441,710	2,401,698
Share acquisition rights	26,663	43,674
Total net assets	2,468,374	2,445,373
Total liabilities and net assets	4,585,841	4,840,124

Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Thousands of yen)

	For the six months ended July 31, 2023	For the six months ended July 31, 2024
Net sales	4,137,025	4,221,237
Cost of sales	3,164,088	3,401,997
Gross profit	972,936	819,239
Selling, general and administrative expenses	714,403	805,977
Operating profit	258,533	13,262
Non-operating income		
Commission income	578	87
Gain on sales of goods	107	1,165
Other	610	392
Total non-operating income	1,296	1,645
Non-operating expenses		
Interest expenses	2,004	3,788
Other	41	437
Total non-operating expenses	2,045	4,226
Ordinary profit	257,784	10,681
Profit before income taxes	257,784	10,681
Income taxes	106,581	26,845
Profit (loss)	151,203	(16,163)
Profit attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	151,203	(16,163)

Semi-annual Consolidated Statements of Comprehensive Income

(Thousands of yen)

	For the six months ended July 31, 2023	For the six months ended July 31, 2024
Profit (loss)	151,203	△16,163
Comprehensive income	151,203	△16,163
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	151,203	△16,163
Comprehensive income attributable to non- controlling interests	—	—

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	For the six months ended July 31, 2023	For the six months ended July 31, 2024
Cash flows from operating activities		
Profit before income taxes	257,784	10,681
Depreciation	40,162	33,216
Amortization of goodwill	33,829	37,247
Decrease (increase) in trade receivables and contract assets	55,768	16,835
Decrease (increase) in inventories	(8,390)	(10,762)
Decrease (increase) in prepaid expenses	(91,751)	(150,788)
Increase (decrease) in trade payables	(48,604)	116,968
Increase (decrease) in accounts payable - other	(30,599)	(2,475)
Increase (decrease) in accrued consumption taxes	(55,613)	(67,009)
Other, net	69,002	27,804
Subtotal	221,588	11,717
Interest and dividends received	14	12
Interest paid	(2,097)	(4,278)
Income taxes paid	(203,992)	(89,443)
Net cash provided by (used in) operating activities	15,513	(81,992)
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,797)	(56,342)
Purchase of intangible assets	(299)	—
Payments of guarantee deposits	(418,665)	(25,553)
Proceeds from refund of guarantee deposits	—	450
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(57,646)
Net cash provided by (used in) investing activities	(434,762)	(139,092)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	300,000	(21,000)
Proceeds from long-term borrowings	—	300,000
Repayments of long-term borrowings	(55,000)	(75,986)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	7,131	911
Dividends paid	(20,397)	(24,735)
Net cash provided by (used in) financing activities	231,733	179,190
Effect of exchange rate change on cash and cash equivalents	2	2
Net increase (decrease) in cash and cash equivalents	(187,514)	(41,891)
Cash and cash equivalents at the beginning of period	1,822,398	1,742,161
Cash and cash equivalents at the end of period	1,634,884	1,700,269