

Translation

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

June 14, 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: June 14, 2024

Scheduled date for commencing dividend payments: -

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 Financial Results for the First Three Quarters (February 1, 2024 to April 30, 2024) of the Fiscal Year Ending January 31, 2025

(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 | % |
| First quarter ended April 30, 2024 | 2,136 | 6.2 | 124 | 17.8 | 123 | 17.5 | 76 | 21.9 |
| First quarter ended April 30, 2023 | 2,012 | 46.5 | 105 | 36.4 | 105 | 61.1 | 62 | 54.8 |

(Note) Comprehensive income

First quarter ended April 30, 2024: 76 million yen [21.9%]

First quarter ended April 30, 2023: 62 million yen [54.8%]

| | Basic earnings per share | Diluted earnings per share |
|---------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| First quarter ended April 30, 2024 | 18.49 | 17.74 |
| First quarter ended April 30, 2023 | 15.33 | 14.55 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|---|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of April 30, 2024 | 4,870 | 2,526 | 51.2 |
| As of January 31, 2024 (end of previous fiscal year) | 4,585 | 2,468 | 53.2 |

(Reference) Total shareholders' equity

As of April 30, 2024: 2,493 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 | – | | | | |
| Fiscal year ending January 2025 (Forecast) | | 8.00 | – | 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 |
| First two quarters (cumulative) | 4,161 | 0.6 | 240 | (7.2) | 237 | (8.1) | 143 | (5.4) | 34.92 |
| Full year | 9,000 | 6.8 | 678 | 13.1 | 672 | 12.7 | 430 | 11.3 | 104.99 |

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

* Explanatory notes

(1) Changes in significant subsidiaries during the first three quarters (changes in specified subsidiaries resulting in change in scope of consolidation): No

Newly consolidated: No Excluded from consolidation: No

(2) Application of accounting treatments specific to the preparation of quarterly 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: Yes

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

3) Changes in accounting estimates: Yes

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)

| | | | |
|----------------------|------------------|------------------------|------------------|
| As of April 30, 2024 | 4,226,700 shares | As of January 31, 2024 | 4,226,700 shares |
|----------------------|------------------|------------------------|------------------|

2) Number of treasury shares at the end of the period

| | | | |
|----------------------|----------------|------------------------|----------------|
| As of April 30, 2024 | 100,038 shares | As of January 31, 2024 | 100,038 shares |
|----------------------|----------------|------------------------|----------------|

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|------------------------------------|------------------|---|------------------|
| First quarter ended April 30, 2024 | 4,126,662 shares | First three quarters ended April 30, 2023 | 4,083,662 shares |
|------------------------------------|------------------|---|------------------|

* 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.

Quarterly Consolidated Financial Statements and Significant Notes Thereto
(1) Quarterly Consolidated Balance Sheets

| | (Thousands of yen) | |
|---|--|--|
| | Previous consolidated fiscal year (As of January 31, 2024) | First three months of the current fiscal year (As of April 30, 2024) |
| Assets | | |
| Current assets | | |
| Cash and deposits | 1,742,161 | 2,070,810 |
| Accounts receivable - trade and contract assets | 1,331,392 | 1,266,413 |
| Work in process | 9,876 | 9,549 |
| Other | 298,279 | 353,145 |
| Allowance for doubtful accounts | — | (1,344) |
| Total current assets | 3,381,709 | 3,698,574 |
| Non-current assets | | |
| Property, plant and equipment | 93,365 | 78,943 |
| Intangible assets | | |
| Goodwill | 221,129 | 204,215 |
| Other | 1,149 | 1,081 |
| Total intangible assets | 222,279 | 205,296 |
| Investments and other assets | | |
| Guarantee deposits | 671,978 | 667,303 |
| Other | 216,508 | 219,936 |
| Total investments and other assets | 888,487 | 887,240 |
| Total non-current assets | 1,204,132 | 1,171,479 |
| Total assets | 4,585,841 | 4,870,053 |

(Thousands of yen)

| | Previous consolidated fiscal year (As of January 31, 2024) | First three months of the current fiscal year (As of April 30, 2024) |
|---|--|--|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 279,223 | 250,439 |
| Short-term borrowings | 300,000 | 300,000 |
| Current portion of long-term borrowings | 110,000 | 170,000 |
| Accounts payable - other | 515,470 | 545,519 |
| Income taxes payable | 109,131 | 57,733 |
| Provision for bonuses | 29,020 | 16,425 |
| Provision for loss on orders received | — | 4,391 |
| Other | 387,121 | 403,752 |
| Total current liabilities | 1,729,967 | 1,748,261 |
| Non-current liabilities | | |
| Long-term borrowings | 387,500 | 595,000 |
| Total non-current liabilities | 387,500 | 595,000 |
| Total liabilities | 2,117,467 | 2,343,261 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 638,657 | 638,657 |
| Capital surplus | 536,827 | 536,827 |
| Retained earnings | 1,376,622 | 1,428,180 |
| Treasury shares | (110,395) | (110,395) |
| Total shareholders' equity | 2,441,710 | 2,493,268 |
| Share acquisition rights | 26,663 | 33,523 |
| Total net assets | 2,468,374 | 2,526,792 |
| Total liabilities and net assets | 4,585,841 | 4,870,053 |

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

Quarterly Consolidated Statements of Income

First three months of the fiscal year

(Thousands of yen)

| | First three months of the previous fiscal year (February 1, 2023 – April 30, 2023) | First three months of the current fiscal year (February 1, 2024 – April 30, 2024) |
|--|--|---|
| Net sales | 2,012,313 | 2,136,454 |
| Cost of sales | 1,543,874 | 1,629,270 |
| Gross profit | 468,439 | 507,184 |
| Selling, general and administrative expenses | 362,732 | 382,691 |
| Operating profit | 105,707 | 124,492 |
| Non-operating income | | |
| Commission income | 535 | 43 |
| Other | 247 | 1,061 |
| Total non-operating income | 782 | 1,105 |
| Non-operating expenses | | |
| Interest expenses | 991 | 1,567 |
| Other | — | 79 |
| Total non-operating expenses | 991 | 1,647 |
| Ordinary profit | 105,498 | 123,950 |
| Profit before income taxes | 105,498 | 123,950 |
| Income taxes | 42,891 | 47,633 |
| Profit | 62,606 | 76,317 |
| Profit attributable to non-controlling interests | — | — |
| Profit attributable to owners of parent | 62,606 | 76,317 |

Quarterly Consolidated Statements of Comprehensive Income
 First three months of the fiscal year

(Thousands of yen)

| | First three months of the previous fiscal year (February 1, 2023 – April 30, 2023) | First three months of the current fiscal year (February 1, 2024 – April 30, 2024) |
|--|--|---|
| Profit | 62,606 | 76,317 |
| Comprehensive income | 62,606 | 76,317 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 62,606 | 76,317 |
| Comprehensive income attributable to non- controlling interests | — | — |