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 Three Quarter of the Fiscal Year Ending January 2025 (Based on Japanese GAAP)

December 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

Inquiries: Toru Nagayama, Executive Officer and Chief Financial Officer Phone: +81-3-6684-5111

Scheduled date for filing quarterly securities report: December 13, 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 October 31, 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 three quarters ended October 31, 2024	6,454	2.2	23	(94.7)	19	(95.6)	(57)	—
First three quarters ended October 31, 2023	6,317	20.0	449	48.9	447	55.7	271	58.9

(Note) Comprehensive income:

First three quarters ended October 31, 2024: (57) million yen [– %]

First three quarters ended October 31, 2023: 271 million yen [58.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three quarters ended October 31, 2024	(13.81)	—
First three quarters ended October 31, 2023	66.38	63.15

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2024	5,507	2,357	41.8
As of January 31, 2024 (end of previous fiscal year)	4,585	2,468	53.2

(Reference) Total shareholders' equity

As of October 31, 2024: 2,302 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: Yes
Newly consolidated: 2 companies (Bee2B Co. Ltd.) (Quail, Inc.)
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: 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)

As of October 31, 2024	4,128,762 shares	As of January 31, 2024	4,226,700 shares

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

As of October 31, 2024	32,400 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 three quarters ended October 31, 2024	4,126,946 shares	First three quarters ended October 31, 2023	4,095,506 shares

* Reviews of the Japanese-language originals of the attached Quarterly Consolidated Financial Statements by certified accountants or auditors: Yes (voluntary)

* 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.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of January 31, 2024)	Third quarter of current fiscal year (As of October 31, 2024)
Assets		
Current assets		
Cash and deposits	1,742,161	1,968,949
Accounts receivable - trade and contract assets	1,331,392	1,440,491
Work in process	9,876	41,690
Other	298,279	595,429
Allowance for doubtful accounts	—	(2,134)
Total current assets	3,381,709	4,044,426
Non-current assets		
Property, plant and equipment	93,365	222,577
Intangible assets		
Goodwill	221,129	316,468
Other	1,149	944
Total intangible assets	222,279	317,412
Investments and other assets		
Guarantee deposits	671,978	685,978
Other	216,508	237,461
Total investments and other assets	888,487	923,440
Total non-current assets	1,204,132	1,463,430
Total assets	4,585,841	5,507,856

(Thousands of yen)

	Previous fiscal year (As of January 31, 2024)	Third quarter of current fiscal year (As of October 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	279,223	282,726
Short-term borrowings	300,000	300,000
Current portion of long-term borrowings	110,000	373,540
Accounts payable - other	515,470	615,165
Income taxes payable	109,131	33,097
Provision for bonuses	29,020	19,677
Provision for loss on orders received	—	84
Other	387,121	300,825
Total current liabilities	1,729,967	1,925,116
Non-current liabilities		
Long-term borrowings	387,500	1,223,180
Other	—	1,722
Total non-current liabilities	387,500	1,224,902
Total liabilities	2,117,467	3,150,019
Net assets		
Shareholders' equity		
Share capital	638,657	639,112
Capital surplus	536,827	537,282
Retained earnings	1,376,622	1,151,426
Treasury shares	(110,395)	(25,455)
Total shareholders' equity	2,441,710	2,302,366
Share acquisition rights	26,663	55,471
Total net assets	2,468,374	2,357,837
Total liabilities and net assets	4,585,841	5,507,856

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

Quarterly Consolidated Statements of Income

(Cumulative)

(Thousands of yen)

	First three quarters of previous fiscal year (February 1, 2023 – October 31, 2023)	First three quarters of current fiscal year (February 1, 2024 – October 31, 2024)
Net sales	6,317,326	6,454,767
Cost of sales	4,802,034	5,180,156
Gross profit	1,515,292	1,274,611
Selling, general and administrative expenses	1,066,213	1,250,842
Operating profit	449,079	23,768
Non-operating income		
Commission income	622	142
Gain on sales of goods	660	1,880
Other	1,157	1,261
Total non-operating income	2,439	3,284
Non-operating expenses		
Interest expenses	3,443	7,030
Other	952	312
Total non-operating expenses	4,396	7,342
Ordinary profit	447,122	19,711
Extraordinary loss		
Loss on retirement of noncurrent assets	—	361
Head office transfer cost	—	43,544
Total Extraordinary loss	—	43,906
Profit (loss) before income taxes	447,122	(24,194)
Income taxes	175,267	32,815
Profit (loss)	271,855	(57,010)
Profit attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	271,855	(57,010)

Quarterly Consolidated Statements of Comprehensive Income
(Cumulative)

(Thousands of yen)

	First three quarters of previous fiscal year (February 1, 2023 – October 31, 2023)	First three quarters of current fiscal year (February 1, 2024 – October 31, 2024)
Profit (loss)	271,855	(57,010)
Comprehensive income	271,855	(57,010)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	271,855	(57,010)
Comprehensive income attributable to non-controlling interests	—	—