

## Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Under Japanese GAAP)

Company name: ITFOR Inc.  
 Listing: Tokyo Stock Exchange Prime Market  
 Securities code: 4743  
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 Scheduled date to file quarterly securities report: February 13, 2024  
 Scheduled date to commence dividend payments: -  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 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 income		Ordinary income		Net income attributable to owners of the parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	14,462	15.7	2,684	24.8	2,771	24.4	1,906	25.9
December 31, 2022	12,502	(2.1)	2,150	(7.9)	2,227	(7.7)	1,514	(6.1)

Note: Comprehensive income For the nine months ended December 31, 2023: ¥2,134 million/39.3%  
 For the nine months ended December 31, 2022: ¥1,532 million/0.5%

	Earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	69.91	69.74
December 31, 2022	54.86	54.72

Note: In calculating "Earnings per share" and "Diluted earnings per share", the shares of the Company held by "Stock Grant Trust for Officers" are included in the treasury stock which is excluded in calculation of the average number of shares during the period.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-total assets ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2023	22,005	17,647	80.1	652.90
March 31, 2023	21,667	17,167	79.1	618.80

Reference: Equity As of December 31, 2023: ¥17,634 million  
 As of March 31, 2023: ¥17,145 million

### 2. Cash Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	---	0.00	---	30.00	30.00
Fiscal year ending March 31, 2024	---	0.00	---		
Fiscal year ending March 31, 2024 (Forecast)				40.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Note: This document is a translation of the Japanese original document for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese document, the original shall prevail.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	21,000	14.6	3,400	5.7	3,460	5.5	2,370	3.4	87.75

Notes: 1. Revisions to the forecast of consolidated financial results most recently announced: None  
2. In calculating "Earnings per share", the shares of the Company held by "Stock Grant Trust for Officers" are included in the number of treasury stock at the end of the period, which is excluded from the number of issued shares at the end of the period.

\* Notes

- (1) Changes in material subsidiaries during the period (changes in specified subsidiaries accompanying changes in scope of consolidation): None

New: --- (Company Name: ), Exclusion: --- (Company Name: )

- (2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

For details, refer to "2. Quarterly Consolidated Financial Statements and Major Notes (3) Explanatory Notes to Quarterly Consolidated Financial Statements (Application of Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements)" on p. 8 of the attached materials.

- (3) Changes in accounting policy and accounting estimates, and retrospective restatement

- 1) Changes in the accounting policy in connection with revision of the accounting standards, etc.: None  
2) Changes in the accounting policy other than 1) above: None  
3) Changes in the accounting estimates: None  
4) Retrospective restatement: None

- (4) Number of outstanding shares (common stock)

- 1) Number of issued shares at the end of the period (including treasury stock):

As of December 31, 2023: 28,611,900 shares

As of March 31, 2023: 29,430,000 shares

- 2) Number of shares of treasury stock at the end of period:

As of December 31, 2023: 1,602,098 shares

As of March 31, 2023: 1,722,504 shares

- 3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 27,277,471 shares

Nine months ended December 31, 2022: 27,603,126 shares

Note: Treasury stock which is excluded in calculation of the number of shares of treasury stock at the end of period and the average number of shares during the period includes the shares of the Company held by "Stock Grant Trust for Officers".

\* Quarterly financial results are not subject to quarterly review by certified public accountants or auditing corporations.

\* Appropriate use of the financial forecast and other matters

(Matters to be noted for statement about the future)

Forward-looking statements such as forecasts of financial results in this material are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and does not make assurances of the achievement thereof by the Company. Also, actual financial results may differ significantly due to various factors. For the conditions constituting the precondition of the forecast of financial results and the matters to be noted in using the forecast of financial results, refer to "1. Qualitative Information concerning Current Quarterly Financial Results (3) Explanation about Future Forecast Information, including Forecast of Consolidated Financial Results" on p. 2 of the attached materials.

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## 1. Qualitative Information concerning Current Quarterly Financial Results

### (1) Explanation about Financial Results

ITFOR Inc. (the “Company”) and its consolidated subsidiaries (together with the Company, the “Company Group”) formulated the Medium-Term Management Plan for FY2021 through FY2023 (the “Plan”) and has promoted business activities in order to achieve the Plan, aiming at realizing sustainable growth with the “ability to be close to customers”, focusing on the three pillars of reinforcing the management base, enhancing profitability and advancing ESG management.

For the current consolidated cumulative third quarter (from April 1, 2023 to December 31, 2023), as socio-economic activity increasingly returned to normalcy, the Japanese economy continued its gradual recovery backed by a rebound in domestic consumption. On the other hand, the outlook remains uncertain due to soaring resource and energy prices stemming from the prolonged Russia-Ukraine situation and growing geopolitical risk, such as the Israel-Palestine situation.

In the domestic IT service industry that surrounds the Company Group, the need for digitalization that realizes “contactless” and “non-face-to-face” remains strong, and companies continue to show a strong willingness to invest, mainly in DX (digital transformation) that transforms business processes and business models by utilizing digital technologies such as AI and blockchain.

As for our sales activities, mainly for financial institutions, in addition to stable orders for our flagship delinquent loan management system, new sales of and addition of new functions to a product, which combines our personal loan operation support system “SCOPE” and the web-based loan application system “WELCOME” that enables non-face-to-face operations remained solid. These systems contribute to reducing time spent on credit screening while achieving environmental benefits by reducing the number of paper application forms and digitizing contract documents. Further, sales of “Robotic Call”, an unmanned system for delinquent loan reminders, were robust with expanding user base. In addition, as a result of strong orders for business process outsourcing (BPO) services for the public sector, new orders were ¥15,884 million (129.1% on year-on-year basis) and orders backlogs were ¥16,721 million (112.6% on year-on-year basis), both significantly surpassed the results in the same period of the previous fiscal year.

In terms of the financial results, we achieved an increase in sales due to increased sales to financial institutions, as well as increased sales of communications systems used in societal infrastructure and payment terminals. We also succeeded in reducing cost of sales including outsourcing processing fees through promotion of in-house development as an initiative for improving gross margins. Selling, general and administrative expenses increased to ¥2,860 million (111.5% on a year-on-year basis) as a result of focusing on human resources investments such as increases in personnel expenses along with a wage revision in April 2023 and increases in hiring and training expenses. Meanwhile, we have made corporate efforts to absorb the increase in expenses by strengthening of our business activities aimed at increasing orders and net sales.

As a result, the financial results in the current consolidated cumulative third quarter were net sales of ¥14,462 million (115.7% on a year-on-year basis), operating income of ¥2,684 million (124.8% on a year-on-year basis), ordinary income of ¥2,771 million (124.4% on a year-on-year basis), and net income attributable to owners of the parent of ¥1,906 million (125.9% on a year-on-year basis), recording an increase in both sales and profit.

Financial results by reporting segment are as follows:

#### (System Development and Sales)

Sales have been solid through our core businesses of software development for financial institutions, renewal of infrastructure equipment, expansion of new transactions in the personal loan operation support system for financial institutions. In addition, sales of multi-payment terminals “iRITSpay Payment Terminal” also remained strong. Furthermore, sales of communications systems for use in societal infrastructure also increased. As a result, new orders were ¥8,706 million (112.8% on a year-on-year basis), net sales were ¥8,168 million (121.1% on a year-on-year basis), and segment income was ¥1,453 million (128.5% on a year-on-year basis).

#### (Recurring Business),

In addition to maintenance services that are a stable source of earnings, BPO services for the public sector, mainly for ordinance-designated cities and core cities, have continued to be strong, with additional orders from existing contract customers and sales from new customers. As a result, new orders were ¥7,178 million (156.7% on a year-on-year basis), net sales were ¥6,293 million (109.4% on a year-on-year basis), and segment income was ¥1,231 million (120.8% on a year-on-year basis).

## (2) Explanation of Financial Position

Total assets as of the end of the current consolidated third quarter were ¥22,005 million, an increase of ¥338 million as compared with the end of the previous fiscal year. Current assets were ¥17,823million, an increase of ¥146 million. This was mainly due to decreases in securities of ¥500 million and in notes, accounts receivable-trade and contract assets of ¥165 million, offset by increases in inventories of ¥730 million and cash and deposits of ¥112 million. Fixed assets were ¥4,182 million, an increase of ¥191 million. This was mainly due to an increase in investment securities of ¥303 million mainly as a result of mark-to-market revaluations.

Total liabilities as of the end of the current consolidated third quarter were ¥4,358 million, a decrease of ¥141 million as compared with the end of the previous fiscal year. Current liabilities were ¥4,092 million, a decrease of ¥150 million. This was mainly due to increases in contract liabilities of ¥206 million and other current liabilities of ¥172 million, offset by decreases in provision for bonuses of ¥284 million and accounts payable-trade of ¥150 million. Fixed liabilities were ¥265 million, an increase of ¥9 million.

Net assets as of the end of the current consolidated third quarter were ¥17,647 million, an increase of ¥479 million as compared with the end of the previous fiscal year. This was mainly due to a decrease of ¥835 million as a result of dividend payment from retained earnings, offset by an increase of ¥1,906 million due to recording of net income attributable to owners of the parent.

As a result, the equity-to-total assets ratio was 80.1% compared to 79.1% as of the end of the previous fiscal year.

## (3) Explanation about Future Forecast Information, including Forecast of Consolidated Financial Results

As for the forecast of the full-year consolidated financial results, there is no change from the forecast announced on May 11, 2023.

Forecasts of financial results are based on information available at the time of announcement and certain assumptions that the Company deems reasonable. However, actual financial results may differ significantly from the forecasts due to various factors, and the forecasts themselves are subject to change.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous fiscal year (as of March 31, 2023)	Current consolidated third quarter (as of December 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	3,597,047	3,709,529
Notes, accounts receivable-trade and contract assets	3,660,860	3,495,403
Securities	9,499,685	8,999,601
Inventories	616,190	1,347,080
Other current assets	302,752	271,543
Total current assets	17,676,536	17,823,158
Fixed assets		
Tangible fixed assets	903,083	857,332
Intangible fixed assets		
Goodwill	61,577	20,972
Other	393,891	395,492
Total intangible fixed assets	455,468	416,465
Investments and other assets		
Investment securities	1,770,808	2,074,247
Deferred tax assets	248,163	184,457
Other	613,372	650,222
Total investments and other assets	2,632,344	2,908,928
Total fixed assets	3,990,896	4,182,726
Total assets	21,667,433	22,005,885

(Unit: thousand yen)

	Previous fiscal year (as of March 31, 2023)	Current consolidated third quarter (as of December 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,361,709	1,211,378
Corporate income tax and other taxes payable	614,638	520,766
Provision for bonuses	547,334	262,656
Contract liabilities	717,642	923,887
Other current liabilities	1,001,834	1,174,162
Total current liabilities	4,243,160	4,092,851
Fixed liabilities		
Liabilities for retirement benefit	202,707	206,047
Provision for stock-based remuneration	38,850	55,500
Other fixed liabilities	15,045	4,278
Total fixed liabilities	256,602	265,825
Total liabilities	4,499,762	4,358,676
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,124,669	1,124,669
Capital surplus	1,367,439	1,245,675
Retained earnings	15,403,603	15,914,574
Treasury stock	(1,179,155)	(1,306,711)
Total shareholders' equity	16,716,556	16,978,207
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	428,436	657,325
Deferred gains or losses on hedges	1,158	---
Accumulated adjustment for retirement benefits	(871)	(843)
Total accumulated other comprehensive income	428,723	656,482
Subscription rights to shares	22,390	12,519
Total net assets	17,167,670	17,647,208
<b>Total liabilities and net assets</b>	<b>21,667,433</b>	<b>22,005,885</b>

## (2) Quarterly Consolidated Income Statement and Consolidated Statement of Comprehensive Income

### Quarterly Consolidated Income Statement

#### Consolidated Cumulative Third Quarter

(Unit: thousand yen)

	Previous consolidated Cumulative third quarter (from April 1, 2022 to December 31, 2022)	Current consolidated Cumulative third quarter (from April 1, 2023 to December 31, 2023)
Net sales	12,502,107	14,462,623
Cost of sales	7,786,733	8,917,589
Gross profit on sales	4,715,374	5,545,033
Selling, general and administrative expenses	2,564,679	2,860,187
Operating income	2,150,694	2,684,846
Non-operating income		
Interest income	2,601	2,537
Dividend income	56,315	58,964
Gain on sale of investment securities	2,561	---
Foreign exchange gains	1,892	---
Equity in earnings of affiliates	13,188	14,711
Miscellaneous income	18,634	21,119
Total non-operating income	95,193	97,333
Non-operating expenses		
Loss on sale of investment securities	2,125	---
Commissions fee	2,892	4,654
Loss on retirement of fixed assets	---	2,380
Miscellaneous losses	13,163	3,720
Total non-operating expenses	18,181	10,755
Ordinary income	2,227,707	2,771,424
Extraordinary income		
Gain on reversal of subscription rights to shares	5,362	2,750
Total extraordinary income	5,362	2,750
Net income before taxes	2,233,069	2,774,174
Corporate income taxes	718,871	867,267
Net income	1,514,197	1,906,906
Net income attributable to owners of the parent	1,514,197	1,906,906



Quarterly Consolidated Statement of Comprehensive Income  
Consolidated Cumulative Third Quarter

(Unit: thousand yen)

	Previous consolidated Cumulative third quarter (from April 1, 2022 to December 31, 2022)	Current consolidated Cumulative third quarter (from April 1, 2023 to December 31, 2023)
Net income	1,514,197	1,906,906
Other comprehensive income		
Valuation difference on available-for-sale securities	27,374	228,752
Deferred gains or losses on hedges	(10,364)	(1,158)
Adjustment for retirement benefits	908	20
Share of other comprehensive income of affiliates accounted for by the equity method	52	137
Total other comprehensive income	17,971	227,751
Comprehensive income	1,532,169	2,134,658
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,532,169	2,134,658
Comprehensive income attributable to non-controlling interests	---	---

### (3) Explanatory Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

No applicable matter.

(Notes in Case of Significant Changes in the Amount of Shareholders' Equity)

No applicable matter.

(Application of Accounting Methods Specific to the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

For tax expenses, the effective tax rate is reasonably estimated after application of tax effect accounting for net income before taxes in the fiscal year including the current consolidated third quarter and these are calculated by multiplying the quarterly net income before taxes by the estimated effective tax rate.

(Segment Information)

1. Overview of reportable segments

(1) Method of determining reportable segments

The reportable segments of the Company Group are components of the Company Group for which separate financial information is available, and which are subject to review by the Board of Directors on a regular basis to determine the allocation of management resources and evaluate performance.

The Company Group is composed of segments classified based on the business characteristics of products and services, and has two reportable segments: “System Development and Sales” and “Recurring Business”.

(2) Types of products and services that belong to each reportable segment

“System Development and Sales” segment mainly engages in the sale of system equipment, and provides integrated services ranging from design and development to implementation and installation related to software and system infrastructure networks.

“Recurring Business” segment mainly provides software maintenance, hardware maintenance and operation, cloud, and BPO services.

2. Information on net sales and income or loss by reportable segment

Previous consolidated cumulative third quarter (from April 1, 2022 to December 31, 2022)

(Unit: thousand yen)

	Reportable segment			Adjustment	Amount recorded in the Quarterly Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	6,747,620	5,754,487	12,502,107	---	12,502,107
Intersegment sales or transfers	5,633	2,135	7,768	(7,768)	---
Total	6,753,253	5,756,622	12,509,875	(7,768)	12,502,107
Segment income	1,131,158	1,019,536	2,150,694	---	2,150,694

Current consolidated cumulative third quarter (from April 1, 2023 to December 31, 2023)

(Unit: thousand yen)

	Reportable segment			Adjustment	Amount recorded in the Quarterly Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	8,168,704	6,293,918	14,462,623	---	14,462,623
Intersegment sales or transfers	4,359	1,780	6,139	(6,139)	---
Total	8,173,064	6,295,698	14,468,762	(6,139)	14,462,623
Segment income	1,453,437	1,231,409	2,684,846	---	2,684,846