

## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange Prime Market  
 Securities code: 4743  
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 Scheduled date to file semi-annual securities report: November 12, 2024  
 Scheduled date to commence dividend payments: December 2, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

#### (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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2024	9,621	1.8	1,514	(9.9)	1,579	(8.3)	1,059	(10.9)
September 30, 2023	9,452	5.5	1,680	6.6	1,722	6.2	1,189	7.0

Note: Comprehensive income For the six months ended September 30, 2024: ¥971 million/(34.8%)  
 For the six months ended September 30, 2023: ¥1,489 million/23.7%

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2024	39.12	39.11
September 30, 2023	43.41	43.29

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
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2024	22,838	18,734	82.0	691.49
March 31, 2024	23,996	18,836	78.5	695.75

Reference: Equity As of September 30, 2024: ¥18,734 million  
 As of March 31, 2024: ¥18,830 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, 2024	---	0.00	---	40.00	40.00
Fiscal year ending March 31, 2025	---	25.00	---	---	---
Fiscal year ending March 31, 2025 (Forecast)	---	---	---	25.00	50.00

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, 2025 (from April 1, 2024 to March 31, 2025)

(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	22,000	6.5	3,800	1.7	3,850	0.1	2,750	(0.7)	101.50

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) Significant changes in the scope of consolidation during the period: None  
New: --- (Company Name: \_\_\_\_\_), Exclusion: --- (Company Name: \_\_\_\_\_)
- (2) Application of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes  
For details, refer to “2. Semi-annual Consolidated Financial Statements and Major Notes (4) Explanatory Notes to Semi-annual Consolidated Financial Statements (Application of Accounting Methods Specific to the Preparation of Semi-annual Consolidated Financial Statements)” on p. 10 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.: Yes
  - 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 September 30, 2024: 28,611,900 shares
    - As of March 31, 2024: 28,611,900 shares
  - 2) Number of shares of treasury stock at the end of period:
    - As of September 30, 2024: 1,519,398 shares
    - As of March 31, 2024: 1,547,498 shares
  - 3) Average number of shares outstanding during the period:
    - Six months ended September 30, 2024: 27,082,152 shares
    - Six months ended September 30, 2023: 27,395,672 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”.

\* Semi-annual financial results are not subject to 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. Overview of Operating Results (3) Explanation about Future Forecast Information, including Forecast of Consolidated Financial Results” on p. 4 of the attached materials.

(How to obtain financial results briefing materials)

A financial results briefing for institutional investors and analysts is scheduled to be held today, on November 12, 2024, and will be live-streamed. A video of the financial results briefing and the financial results briefing materials will be posted on the Company’s IR website at a later date. (<https://ir.itfor.co.jp>)

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Six Months Ended September 30, 2024

During the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024), the Japanese economy saw a moderate recovery as demand from foreign visitors to Japan, private consumption, and the employment situation showed signs of improvement. On the other hand, the outlook remains uncertain due to impact from the prolonged invasion of Ukraine by Russia and rising tensions in the Middle East, as well as sharp fluctuations in exchange rates owing to interest rate policies in Japan and the United States.

In the domestic IT service industry that surrounds ITFOR Inc. (the “Company”) and its consolidated subsidiaries (together with the Company, 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.

To achieve sustainable growth in these circumstances, the Company Group released its new long-term vision for FY2033, “HIGH FIVE 2033”. Led by this vision, the Company Group will utilize its current business base to expand and extend into new areas, establishing businesses that drive economy within a region, with the aim of becoming a company that creates businesses which generate regional economic circulation. Through our businesses, we will contribute to creating quality time for people. To achieve this “HIGH FIVE 2033”, we launched “FLY ON 2026”, our 4<sup>th</sup> Medium-Term Management Plan for the three years from FY2024 through FY2026. Based on the three pillars of reinforcing the management base, enhancing profitability and advancing ESG management, defined in the 3<sup>rd</sup> Medium-Term Management Plan, we will tackle the challenges of dynamically developing our existing businesses and achieving drastic growth through new businesses. In line with this theme, we are conducting activities led by our three categories of strategies: business strategy, human resource strategy, and corporate value enhancement strategy.

As for our sales activities, we are receiving stable orders for our flagship delinquent loan management system, mainly for financial institutions. In addition, our packaged systems, including “SCOPE”, our personal loan operation support system, and “WELCOME”, the web-based loan application system that enables non-face-to-face operations, are highly competitive as we are the only packaged system vendor that can combine and offer these systems. These systems contribute to reducing the time required for credit screening while providing environmental benefits by reducing the number of paper application forms and digitizing contract documents. Moreover, we captured replacement demand from existing customers following the release of the cloud service version of the new “Servicer TCS (delinquent loan management system)” in June 2024, and saw steady growth in sales of “Robotic Call”, an unmanned system for delinquent loan reminders that helps solve the problem of personnel shortages caused by the declining working age population, “iRITSpay Payment Terminal”, multi-payment terminals aligned with the Ministry of Economy, Trade and Industry’s policy of promoting cashless payment, and system maintenance service. On the other hand, in the public sector, we were impacted by the effects of multi-year contracts for business process outsourcing (BPO) services in the previous fiscal year and the significant effects of delays in the progress of the standardization of regional government systems. As a result, new orders were ¥9,318 million (81.6% on a year-on-year basis) and order backlogs were ¥16,296 million (94.4% on a year-on-year basis).

Furthermore, gross margins declined temporarily due to impact from the wage revision implemented in April 2024 and an increase in personnel expenses of development human resources. Selling, general and administrative expenses increased to ¥2,047 million (108.0% on a year-on-year basis) as a result of focusing on human resources investments such as increases in hiring and training expenses.

As a result, the financial results for the six months ended September 30, 2024 were net sales of ¥9,621 million (101.8% on a year-on-year basis), operating income of ¥1,514 million (90.1% on a year-on-year basis), ordinary income of ¥1,579 million (91.7% on a year-on-year basis), and net income attributable to owners of the parent of ¥1,059 million (89.1% on a year-on-year basis), recording an increase in sales but a decrease in profit. However, the results of the six months ended September 30, 2024, including new orders and order backlogs, are generally in line with our targets.

Financial results by reporting segment are as follows:

#### (System Development and Sales)

With regard to new orders, our core businesses including software system development for financial institutions, such as the personal loan operation support system, and renewal of infrastructure equipment have been solid, as planned. However, new

orders from the public sector declined, significantly affected by delays in the progress of the standardization of regional government systems. In terms of net sales, multi-payment terminals “iRITSpay Payment Terminal” and of communications systems for use in societal infrastructure showed continued growth. On the other hand, sales to financial institutions were impacted by postponement of certain projects to the third quarter onwards. As a result, new orders were ¥5,505 million (84.3% on a year-on-year basis), net sales were ¥5,173 million (97.1% on a year-on-year basis), and segment income was ¥718 million (77.8% 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 service requests from existing customers and sales from new customers. Meanwhile, orders were impacted by multi-year contracts for BPO services received in the previous fiscal year. As a result, new orders were ¥3,813 million (77.9% on a year-on-year basis), net sales were ¥4,447 million (107.9% on a year-on-year basis), and segment income was ¥795 million (105.1% on a year-on-year basis).

## (2) Overview of Financial Position for the Six Months Ended September 30, 2024

### 1) Assets, Liabilities and Net Assets

Total assets as of September 30, 2024 were ¥22,838 million, a decrease of ¥1,158 million as compared with the end of the previous fiscal year. Current assets were ¥18,339 million, a decrease of ¥1,158 million. This was mainly due to an increase in securities of ¥495 million, offset by decreases in notes, accounts receivable-trade, and contract assets of ¥1,267 million, in cash and deposits of ¥219 million, and in inventories of ¥122 million.

Total liabilities as of September 30, 2024 were ¥4,104 million, a decrease of ¥1,055 million as compared with the end of the previous fiscal year. Current liabilities were ¥3,797 million, a decrease of ¥1,080 million. This was mainly due to decreases in accounts payable-trade of ¥538 million and corporate income tax and other taxes payable of ¥195 million. Fixed liabilities were ¥306 million.

Net assets as of September 30, 2024 were ¥18,734 million, a decrease of ¥102 million as compared with the end of the previous fiscal year. This was mainly due to an increase of ¥1,059 million as a result of recording of net income attributable to owners of the parent, offset by a decrease of ¥1,088 million as a result of dividend payment from retained earnings.

As a result, the equity-to-total assets ratio was 82.0% compared to 78.5% as of the end of the previous fiscal year.

### 2) Cash Flows

Cash and cash equivalents (hereinafter referred to as “Funds”) as of September 30, 2024 were ¥10,384 million, a decrease of ¥1,121 million as compared with the end of the previous fiscal year. The status of each cash flow and their factors for the six months ended September 30, 2024 are as follows:

#### (Cash Flow from Operating Activities)

Funds provided by operating activities were ¥1,655 million (125.7% on a year-on-year basis). The major factors contributing to the increase were net income before income taxes of ¥1,582 million, a decrease in trade receivables of ¥1,301 million, depreciation of ¥165 million, and a decrease in inventories of ¥122 million, and the major factors contributing to the decrease were corporate income tax and other taxes paid of ¥761 million and a decrease in trade payables of ¥538 million.

#### (Cash Flow from Investing Activities)

Funds used for investing activities were ¥1,709 million (536.0% on a year-on-year basis). The major factor contributing to the decrease was an increase in securities of ¥1,397 million.

#### (Cash Flow from Financing Activities)

Funds used for financing activities were ¥1,066 million (62.7% on a year-on-year basis). The major factor contributing to the decrease was dividends paid of ¥1,084 million.

## (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 9, 2024.

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. Semi-annual Consolidated Financial Statements and Major Notes

### (1) Semi-annual Consolidated Balance Sheet

(Unit: thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	4,356,350	4,136,885
Notes, accounts receivable-trade and contract assets	4,539,168	3,271,432
Securities	9,599,513	10,095,472
Inventories	686,100	563,210
Other	317,256	272,450
Total current assets	19,498,389	18,339,450
Fixed assets		
Tangible fixed assets	832,927	811,530
Intangible fixed assets		
Goodwill	7,437	---
Other	423,513	421,871
Total intangible fixed assets	430,950	421,871
Investments and other assets		
Investment securities	2,479,046	2,458,972
Deferred tax assets	99,833	130,387
Other	655,215	676,033
Total investments and other assets	3,234,095	3,265,393
Total fixed assets	4,497,973	4,498,794
<b>Total assets</b>	<b>23,996,362</b>	<b>22,838,245</b>

(Unit: thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	1,187,216	648,873
Corporate income tax and other taxes payable	748,346	553,282
Provision for bonuses	640,650	650,212
Contract liabilities	1,017,321	965,619
Other	1,285,257	979,864
Total current liabilities	4,878,791	3,797,852
Fixed liabilities		
Liabilities for retirement benefit	209,214	208,515
Provision for stock-based remuneration	67,414	79,489
Other	4,278	18,248
Total fixed liabilities	280,906	306,253
Total liabilities	5,159,698	4,104,106
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,124,669	1,124,669
Capital surplus	1,221,189	1,221,189
Retained earnings	16,798,657	16,767,962
Treasury stock	(1,261,612)	(1,238,401)
Total shareholders' equity	17,882,902	17,875,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	952,183	863,464
Deferred gains or losses on hedges	2	126
Remeasurements of defined benefit plans	(5,046)	(4,871)
Total accumulated other comprehensive income	947,139	858,719
Subscription rights to shares	6,622	---
Total net assets	18,836,664	18,734,139
Total liabilities and net assets	23,996,362	22,838,245



## (2) Semi-annual Consolidated Income Statement and Consolidated Statement of Comprehensive Income

## Semi-annual Consolidated Income Statement

(Unit: thousands of yen)

	Six Months Ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Net sales	9,452,111	9,621,606
Cost of sales	5,876,488	6,059,656
Gross profit on sales	3,575,622	3,561,950
Selling, general and administrative expenses	1,895,312	2,047,627
Operating income	1,680,310	1,514,322
Non-operating income		
Interest income	1,509	5,565
Dividend income	28,029	36,131
Equity in earnings of affiliates	11,755	6,591
Other	9,286	22,245
Total non-operating income	50,579	70,533
Non-operating expenses		
Commissions fee	3,678	1,879
Loss on retirement of fixed assets	2,380	2,164
Foreign exchange losses	173	1,660
Miscellaneous losses	2,100	---
Total non-operating expenses	8,332	5,703
Ordinary income	1,722,557	1,579,152
Extraordinary income		
Gain on reversal of subscription rights to shares	2,750	3,588
Total extraordinary income	2,750	3,588
Net income before income taxes	1,725,307	1,582,740
Corporate income taxes	536,056	523,271
Net income	1,189,251	1,059,469
Net income attributable to owners of the parent	1,189,251	1,059,469

## Semi-annual Consolidated Statement of Comprehensive Income

(Unit: thousands of yen)

	Six Months Ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
Net income	1,189,251	1,059,469
Other comprehensive income		
Valuation difference on available-for-sale securities	300,806	(88,695)
Deferred gains or losses on hedges	(1,158)	124
Remeasurements of defined benefit plans	13	175
Share of other comprehensive income of affiliates accounted for by the equity method	189	(23)
Total other comprehensive income	299,850	(88,419)
Comprehensive income	1,489,102	971,049
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,489,102	971,049
Comprehensive income attributable to non-controlling interests	---	---

(3) Semi-annual Consolidated Statements of Cash Flows

(Unit: thousands of yen)

	Six Months Ended September 30, 2023 (from April 1, 2023 to September 30, 2023)	Six Months Ended September 30, 2024 (from April 1, 2024 to September 30, 2024)
<b>Cash flow from operating activities</b>		
Net income before income taxes	1,725,307	1,582,740
Depreciation	152,534	165,009
Amortization of goodwill	27,069	7,437
Stock-based compensation	5,627	---
Increase (decrease) in provision for bonuses	15,636	9,562
Increase (decrease) in liabilities for retirement benefit	(551)	(446)
Increase (decrease) in provision for stock-based remuneration	11,100	12,075
Interest income and dividend income	(29,538)	(41,696)
Equity in (earnings) losses of affiliates	(11,755)	(6,591)
Loss on retirement of fixed assets	2,380	2,164
Gain on reversal of subscription rights to shares	(2,750)	(3,588)
Decrease (increase) in trade receivables	714,591	1,301,930
Decrease (increase) in inventories	(655,265)	122,889
Increase (decrease) in trade payables	(315,531)	(538,342)
Other	244,747	(238,079)
<b>Subtotal</b>	<b>1,883,604</b>	<b>2,375,064</b>
Interest and dividends received	29,482	41,607
Corporate income tax and other taxes paid	(596,085)	(761,549)
<b>Net cash provided by operating activities</b>	<b>1,317,001</b>	<b>1,655,122</b>
<b>Cash flow from investing activities</b>		
Net decrease (increase) in securities	(99,999)	(1,397,246)
Purchase of tangible fixed assets	(179,688)	(98,889)
Purchase of intangible fixed assets	(53,274)	(87,071)
Purchase of investment securities	(474)	(91,393)
Purchase of membership	---	(3,987)
Payments of leasehold and guarantee deposits	(7,076)	(63,726)
Proceeds from refund of leasehold and guarantee deposits	3,409	26,920
Other	18,138	5,885
<b>Net cash provided by investing activities</b>	<b>(318,966)</b>	<b>(1,709,508)</b>
<b>Cash flow from financing activities</b>		
Purchase of treasury stock	(899,998)	---
Proceeds from disposal of treasury stock	34,026	18,040
Dividends paid	(834,287)	(1,084,897)
<b>Net cash provided by financing activities</b>	<b>(1,700,260)</b>	<b>(1,066,857)</b>
Increase (decrease) in cash and cash equivalents	(702,224)	(1,121,243)
Cash and cash equivalents at beginning of period	10,796,791	11,505,898
Cash and cash equivalents at end of period	10,094,566	10,384,654

#### (4) Explanatory Notes to Semi-annual 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 Semi-annual 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 income taxes in the fiscal year including the six months ended September 30, 2024 and these are calculated by multiplying the semi-annual net income before income taxes by the estimated effective tax rate.

(Changes in Accounting Policies)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, the "Revised Accounting Standard of 2022") and related accounting guidance since the beginning of the six months ended September 30, 2024.

With regard to the revision concerning where to recognize current income taxes (taxes on other comprehensive income), the Company has followed the transitional treatments provided for in the proviso clause of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatments provided for in proviso clause of paragraph 65-2(2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the "Revised Implementation Guidance of 2022"). This change in accounting policies has no impact on the semi-annual consolidated financial statements.

As for the revision related to the change in the treatment in consolidated financial statements of tax deferral of gain on sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Revised Implementation Guidance of 2022 since the beginning of the six months ended September 30, 2024. This change in accounting policies has been applied retrospectively, and the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024 have been restated accordingly. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the fiscal year ended March 31, 2024.

(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

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(Unit: thousands of yen)

	Reportable segment			Adjustment	Amount recorded in the Semi-annual Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	5,328,498	4,123,612	9,452,111	---	9,452,111
Intersegment sales or transfers	4,359	1,245	5,604	(5,604)	---
Total	5,332,857	4,124,857	9,457,715	(5,604)	9,452,111
Segment income	923,410	756,900	1,680,310	---	1,680,310

Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(Unit: thousands of yen)

	Reportable segment			Adjustment	Amount recorded in the Semi-annual Consolidated Financial Statements
	System Development and Sales	Recurring Business	Total		
Net sales					
Net sales to external customers	5,173,729	4,447,877	9,621,606	---	9,621,606
Intersegment sales or transfers	---	865	865	(865)	---
Total	5,173,729	4,448,742	9,622,471	(865)	9,621,606
Segment income	718,479	795,843	1,514,322	---	1,514,322