

# Translation

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## Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending February 2024 (Based on Japanese GAAP)

January 11, 2024

Company name: baudroie inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 4413

URL: <https://www.baudroie.jp/>

Representative: Shigehiro Tominaga, President and Chief Executive Officer

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Scheduled date for filing quarterly securities report: January 12, 2024

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the First Three Quarters (March 1, 2023 to November 30, 2023) of the Fiscal Year Ending February 29, 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	%
First three quarters ended November 30, 2023	5,393	43.6	1,136	77.6	1,132	62.1	766	49.9
First three quarters ended November 30, 2022	3,756	-	639	-	698	-	511	-

(Note) Comprehensive income

First three quarters ended November 30, 2023: 766 million yen [49.9%]

First three quarters ended November 30, 2022: 511 million yen [- %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three quarters ended November 30, 2023	48.38	47.90
First three quarters ended November 30, 2022	32.63	31.97

(Note) The Company conducted a one-to-two stock split of its common shares as of November 1, 2023. In accordance with this, basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2023.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	6,195	4,300	69.3
As of February 28, 2023 (end of previous fiscal year)	5,227	3,714	71.0

(Reference) Total shareholders' equity

As of November 30, 2023: 4,292 million yen As of February 28, 2023: 3,712 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 February 2023	—	0.00	—	0.00	0.00
Fiscal year ending February 2024	—	0.00	—		
Fiscal year ending February 2024 (Forecast)				0.00	0.00

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

## 3. Forecast of Financial Results for the Fiscal Year Ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Percentage figures indicate 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	6,820	30.0	1,270	30.2	1,265	22.4	993	25.1	62.69

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

### \* Explanatory notes

(1) Changes in significant subsidiaries during the period: No

(2) Application of accounting treatments specific to the preparation of quarterly consolidated financial statements: No

(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: 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 November 30, 2023	15,879,600 shares	As of February 28, 2023	15,841,000 shares
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2) Number of treasury shares at the end of the period

As of November 30, 2023	72,490 shares	As of February 28, 2023	190 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First three quarters ended November 30, 2023	15,848,465 shares	First three quarters ended November 30, 2022	15,671,419 shares
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(Note) The Company conducted a one-to-two stock split of its common shares as of November 1, 2023. In accordance with this, the total number of issued shares at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended February 2023.

\* This summary of financial results is not subject to quarterly review procedures by a public accountant or audit corporation.

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

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Actual results, etc., may materially differ from the forecast due to various factors. For the conditions forming the assumptions on which earnings forecasts are based and explanatory notes for use of earnings forecasts, etc., please refer to "1. Qualitative Information on the Financial Results for the Period under Review; (3) Explanations on Consolidated Earnings Forecast and Other Forecast Information" on page 4 of the Attachment.

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## 1. Qualitative Information on the Financial Results for the Period under Review

### (1) Explanation of Operating Results

Forward-looking statements in this document were determined by baudroie inc. ("the Company") as of the date of the filing of this summary of financial results.

During the first three quarters (March 1, 2023 to November 30, 2023) of the fiscal year ending February 2024, the Japanese economy saw progress made in the normalization of socio-economic activities due to relaxation of restrictions on activities and overseas business travel under the impact of COVID-19, among other factors.

On the other hand, there is a growing concern underway about inflation for the moment due to such factors as prolonged geopolitical risks associated with the situation in Ukraine and soaring raw material and energy prices. Because of this, the outlook for the financial and capital markets as well as the economy remains uncertain.

Under such circumstances, the IT society has continued to develop, and, in line with the progress and popularization of digital technologies, the IT- and DX-related needs of companies are growing as they aim to enhance productivity and reinforce competitiveness. Accordingly, demand for IT investments is growing strongly. On these backgrounds, the Company and its group of companies ("the Group"), which conduct businesses specializing in IT infrastructure, have promoted operations by expanding and deepening the base of enterprise clients and focusing on advanced technology areas.

As a result, for the first three quarters (March - November 2023) of the current fiscal year, the Group posted net sales of 5,393,229 thousand yen (up 43.6%), operating profit of 1,136,092 thousand yen (up 77.6%), ordinary profit of 1,132,165 thousand yen (up 62.1%), and profit attributable to owners of parent of 766,690 thousand yen (up 49.9%), all on a year-on-year basis.

### (2) Financial Position

#### (Assets)

Total assets at the end of the third quarter under review amounted to 6,195,570 thousand yen, an increase of 967,986 thousand yen from the end of the previous fiscal year. This was mainly attributable to an increase of 508,054 thousand yen in deposits paid, an increase of 272,774 thousand yen in goodwill, and an increase of 178,363 thousand yen in accounts receivable - trade and contract assets.

#### (Liabilities)

Total liabilities at the end of the third quarter under review amounted to 1,895,564 thousand yen, an increase of 382,664 thousand yen from the end of the previous fiscal year. This was mainly attributable to an increase of 227,789 thousand yen in long-term borrowings (including current portion of long-term borrowings), an increase of 41,900 thousand yen in short-term borrowings and an increase of 50,326 thousand yen in income taxes payable.

#### (Net assets)

Net assets at the end of the third quarter under review amounted to 4,300,006 thousand yen, an increase of 585,322 thousand yen from the end of the previous fiscal year. This was mainly attributable to retained earnings increasing by 766,690 thousand yen due to recording of profit attributable to owners of parent, while decreasing by 191,127 thousand yen due to purchase of treasury shares.

### (3) Explanations on Consolidated Earnings Forecast and Other Forecast Information

As for the earnings forecast for the fiscal year ending February 2024, there are no changes to the forecast consolidated figures announced on April 11, 2023.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheets

	(Thousands of yen)	
	Previous fiscal year (As of February 28, 2023)	Third quarter of current fiscal year (As of November 30, 2023)
Assets		
Current assets		
Cash and deposits	3,925,835	3,743,623
Accounts receivable - trade and contract assets	731,990	910,354
Deposits paid	-	508,054
Other	89,655	115,374
Total current assets	4,747,481	5,277,406
Non-current assets		
Property, plant and equipment	25,499	57,221
Intangible assets		
Goodwill	215,484	488,258
Other	72	-
Total intangible assets	215,556	488,258
Investments and other assets	239,046	372,683
Total non-current assets	480,102	918,164
Total assets	5,227,584	6,195,570

(Thousands of yen)

	Previous fiscal year (As of February 28, 2023)	Third quarter of current fiscal year (As of November 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	10,498	17,132
Short-term borrowings	-	41,900
Current portion of bonds payable	39,000	23,000
Current portion of long-term borrowings	137,274	183,397
Income taxes payable	227,690	278,016
Provision for bonuses	6,811	135,163
Other	707,484	665,147
Total current liabilities	1,128,758	1,343,756
Non-current liabilities		
Bonds payable	23,000	9,000
Long-term borrowings	361,141	542,808
Total non-current liabilities	384,141	551,808
Total liabilities	1,512,900	1,895,564
Net assets		
Shareholders' equity		
Share capital	599,361	601,076
Capital surplus	554,782	556,497
Retained earnings	2,558,702	3,325,393
Treasury shares	(272)	(191,400)
Total shareholders' equity	3,712,574	4,291,567
Share acquisition rights	2,109	8,438
Total net assets	3,714,683	4,300,006
Total liabilities and net assets	5,227,584	6,195,570

## (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 (March 1, 2022 – November 30, 2022)	First three quarters of current fiscal year (March 1, 2023 – November 30, 2023)
Net sales	3,756,826	5,393,229
Cost of sales	2,466,219	3,408,194
Gross profit	1,290,607	1,985,035
Selling, general and administrative expenses	650,867	848,943
Operating profit	639,740	1,136,092
Non-operating income		
Subsidy income	60,545	2,440
Interest income	15	19
Other	704	17
Total non-operating income	61,265	2,477
Non-operating expenses		
Interest expenses	2,632	5,585
Commission expenses	-	743
Other	-	75
Total non-operating expenses	2,632	6,404
Ordinary profit	698,373	1,132,165
Extraordinary income		
Surrender value of insurance policies	55,460	36,264
Total extraordinary income	55,460	36,264
Extraordinary losses		
Office relocation expenses	-	22,592
Total extraordinary losses	-	22,592
Profit before income taxes	753,834	1,145,836
Income taxes - current	278,318	414,410
Income taxes - deferred	(35,869)	(35,263)
Total income taxes	242,448	379,146
Profit	511,385	766,690
Profit attributable to owners of parent	511,385	766,690

Quarterly Consolidated Statements of Comprehensive Income  
(Cumulative)

	(Thousands of yen)	
	First three quarters of previous fiscal year (March 1, 2022 – November 30, 2022)	First three quarters of current fiscal year (March 1, 2023 – November 30, 2023)
Profit	511,385	766,690
Comprehensive income	511,385	766,690
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	511,385	766,690



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

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes in the Amounts of Shareholder's Equity)

The Company purchased 72,300 treasury shares based on the resolution made at the Board of Directors' meeting held on October 25, 2023. As a result, its treasury shares increased by 191,127 thousand yen in the third quarter of the current fiscal year, amounting to 191,400 thousand yen at the end of the said quarter.

(Changes in Accounting Policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan Guidance No. 31, issued on June 17, 2021; the "Implementation Guidance") from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance, the new accounting policy stipulated by the Implementation Guidance is to be applied prospectively. Note that the application has not affected the quarterly consolidated financial statements.

(Segment Information, Etc.)

[Segment information]

The information is omitted as the Group has a single operating segment engaged only in the IT infrastructure business and the information lacks materiality.

(Significant Subsequent Events)

(Purchase of Treasury Shares)

The Company conducted a purchase of treasury shares, which was resolved at its Board of Directors' meeting held on October 25, 2023, in accordance with the provisions of Article 156 of the Companies Act, as applied by reference pursuant to Article 165, Paragraph 3 of the said Act.

1. Type of shares purchased:	Common stock of the Company
2. Total number of shares purchased:	82,200 shares
3. Total purchase price of shares:	265,379,600 yen
4. Purchase period:	December 1, 2023 to December 31, 2023
5. Purchase method:	Market purchase on the Tokyo Stock Exchange

(Reference)

1. Reason for conducting purchase of treasury shares

The Company will purchase its treasury shares to implement flexible capital policies in response to changes in the business environment and for use in mergers and acquisitions and incentive plans.

2. Details of matters relating to the purchase

(1) Type of shares to be purchased:	Common stock of the Company
(2) Total number of shares to be purchased:	Up to 340,000 shares (Percentage of total number of issued shares (excluding treasury shares): 2.14%)
(3) Total purchase price of shares:	Up to 700 million yen
(4) Purchase period:	October 26, 2023 - January 31, 2024
(5) Purchase method:	Market purchase on the Tokyo Stock Exchange

3. Cumulative total of treasury shares purchased based on the above (as of December 31, 2023)

(1) Total number of shares purchased:	154,500 shares
(2) Total purchase price of shares:	456,507,000 yen