

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

February 12, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)



Company name: IX Knowledge Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 9753
 URL: <https://www.ikic.co.jp>
 Representative: Fumio Ando, President, Chief Executive Officer
 Inquiries: Akihiro Nakaya, Senior Managing Executive Officer, Chief Executive Officer
 Telephone: +81-3-6400-7000
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of 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, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate 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 | % |
| Nine months ended | | | | | | | | |
| December 31, 2024 | 16,904 | 3.7 | 1,536 | 15.4 | 1,609 | 15.4 | 1,094 | 15.3 |
| December 31, 2023 | 16,304 | — | 1,331 | — | 1,394 | — | 950 | — |

Note: Comprehensive income For the nine months ended December 31, 2024: ¥1,309 million [11.2%]
 For the nine months ended December 31, 2023: ¥1,177 million [—%]

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Nine months ended | Yen | Yen |
| December 31, 2024 | 114.51 | — |
| December 31, 2023 | 98.43 | — |

Note: The Company started preparing consolidated financial statements from the end of the fiscal year ended March 31, 2023. Therefore, year-on-year changes for the nine months ended December 31, 2023 are omitted.

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|-------------------|-----------------|-----------------|-----------------------|
| As of | Millions of yen | Millions of yen | % |
| December 31, 2024 | 14,508 | 9,837 | 67.8 |
| March 31, 2024 | 13,652 | 8,813 | 64.6 |

Reference: Equity As of December 31, 2024: ¥9,837 million
 As of March 31, 2024: ¥8,813 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 | — | 30.00 | 30.00 |
| Fiscal year ending March 31, 2025 | — | 0.00 | — | | |
| Fiscal year ending March 31, 2025 (Forecast) | | | | 40.00 | 40.00 |

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

Breakdown of the fiscal year-end dividend for the fiscal year ending March 31, 2025: Common dividend of 35.00 yen and commemorative dividend of 5.00 yen (for the 25th anniversary of the Company's inception)

3. Consolidated financial results forecast 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 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 | 22,231 | 2.2 | 1,752 | 5.9 | 1,817 | 4.5 | 1,216 | (4.6) | 127.21 |

Note: Revisions to the financial results forecast most recently announced: None

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: None
Newly included: –
Excluded: –
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements:
Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

| | |
|-------------------------|-------------------|
| As of December 31, 2024 | 10,800,000 shares |
| As of March 31, 2024 | 10,800,000 shares |

- (ii) Number of treasury shares at the end of the period

| | |
|-------------------------|------------------|
| As of December 31, 2024 | 1,235,936 shares |
| As of March 31, 2024 | 1,238,465 shares |

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|------------------|
| Nine months ended December 31, 2024 | 9,562,276 shares |
| Nine months ended December 31, 2023 | 9,652,098 shares |

- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- * Proper use of earnings forecasts, and other special matters

The forecast figures stated above are projections based on currently available information and contain many uncertainties. Actual results may differ from the forecast figures above due to changes in business conditions and other factors.

For matters related to the above forecasts, please see page 3 of the Attachments.

Table of Contents - Attachments

| | |
|--|---|
| 1. Qualitative Information on Quarterly Financial Results | 2 |
| (1) Explanation of Operating Results | 2 |
| (2) Explanation of Financial Position | 2 |
| (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information | 3 |
| 2. Quarterly Consolidated Financial Statements and Principal Notes | 4 |
| (1) Quarterly Consolidated Balance Sheets | 4 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income | |
| Quarterly Consolidated Statements of Income | |
| Nine Months Ended December 31 | 6 |
| Quarterly Consolidated Statements of Comprehensive Income | |
| Nine Months Ended December 31 | 7 |
| (3) Notes to Quarterly Consolidated Financial Statements | 8 |
| (Notes on going concern assumption) | 8 |
| (Notes in case of significant changes in shareholders' equity) | 8 |
| (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements) | 8 |
| (Notes on segment information, etc.) | 8 |
| (Notes on quarterly consolidated statements of cash flows) | 8 |

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the nine months ended December 31, 2024 (the “nine-month period under review”), the Japanese economy was on a gradual recovery track due in part to improvements in employment conditions and the income environment and recovery in consumption mainly driven by inbound tourism demand. Meanwhile, there are concerns over possible impacts of price increases caused by foreign exchange trends, geopolitical risks, and other factors, and thus the economic outlook remains uncertain.

In the domestic information services market, companies’ continuing efforts on digital transformation (DX) to promote business transformation and work-style reforms led to strong demand for IT services that support these initiatives. However, given uncertainties remaining in the economic landscape, their impacts on IT investments by companies need to be closely monitored.

Under these circumstances, the Group has established its Group Purpose, “Connecting people one world,” aimed at fostering a corporate culture that develops a group-wide management system in order to connect IT and society through co-creation and create a prosperous future. Under this Group Purpose, the Group has added non-financial perspectives, such as human capital that contributes to improving corporate value, to its medium-term management policy, centered on the three pillars of expanding core businesses, creating next growth businesses, and strengthening business foundations, and has worked to expand its capabilities through sustainability management by combining financial and non-financial aspects.

Specifically, the Group strove to expand its core businesses by enhancing the ability to deal with cloud-native development through cross-sectional human resources development and operational support by the Company’s special unit, as well as by strengthening the Group’s sales system and collaboration with partner companies to respond to diversifying customer needs. In addition, the Group advanced efforts on business innovation utilizing cutting-edge digital technologies through co-creation with its customers and partner companies. Further, the Group promoted additional initiatives by positioning investments in businesses through alliances and M&A, which it had long been working on, as a means of strengthening its business foundations over the medium to long term.

In terms of trends by item of services for the nine-month period under review, in the Consulting and System Integration Services, orders for financial-related system development projects and social and public service-related system development projects received via leading vendors remained strong. In the System Management Services, orders for infrastructure and environment development projects received via leading vendors were also robust.

As a result, for the nine-month period under review, net sales were 16,904 million yen, up 3.7% year on year. In terms of profits, an increase in net sales and ongoing efforts to control selling, general and administrative expenses offset losses from unprofitable projects, resulting in operating profit of 1,536 million yen, up 15.4% year on year, ordinary profit of 1,609 million yen, up 15.4% year on year, and profit attributable to owners of parent of 1,094 million yen, up 15.3% year on year.

(2) Explanation of Financial Position

Assets

Total assets as of December 31, 2024 amounted to 14,508 million yen, an increase of 856 million yen from March 31, 2024. This is mainly attributable to increases in notes and accounts receivable - trade, and contract assets of 444 million yen, investment securities of 321 million yen, and cash and deposits of 216 million yen.

Liabilities

Total liabilities as of December 31, 2024 amounted to 4,670 million yen, a decrease of 168 million yen from March 31, 2024. This is primarily attributable to a decrease in provision for bonuses of 400 million yen, increases in accrued expenses of 124 million yen and deposits received of 115 million yen, which both are included in other under current liabilities, and income taxes payable of 113 million yen, and a decrease in retirement benefit liability of 96 million yen.

Net assets

Total net assets as of December 31, 2024 amounted to 9,837 million yen, an increase of 1,024 million yen from March 31, 2024. This is mainly attributable to increases in retained earnings of 808 million yen and valuation difference on available-for-sale securities of 210 million yen.

As a result, the equity-to-asset ratio increased to 67.8% from 64.6% as of March 31, 2024.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There are no revisions to the full-year financial results forecast for the fiscal year ending March 31, 2025 that was announced on May 10, 2024 at this point. This is because the Company believes that, in view of the financial results for the nine-month period under review and the current business conditions and environment, they have been trending within the range of the forecast.

Meanwhile, actual results may differ from the forecast figures due to various factors going forward.

2. Quarterly Consolidated Financial Statements and Principal Notes
(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

| | As of March 31, 2024 | As of December 31, 2024 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 5,798,941 | 6,015,910 |
| Notes and accounts receivable - trade, and contract assets | 3,512,203 | 3,956,840 |
| Securities | 10,000 | – |
| Other | 189,406 | 214,463 |
| Allowance for doubtful accounts | (225) | (225) |
| Total current assets | 9,510,326 | 10,186,988 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 78,737 | 72,913 |
| Land | 116,992 | 116,992 |
| Other, net | 12,656 | 15,235 |
| Total property, plant and equipment | 208,386 | 205,141 |
| Intangible assets | | |
| Software | 57,556 | 37,389 |
| Software in progress | – | 451 |
| Goodwill | 137,129 | 119,988 |
| Customer-related intangible assets | 133,714 | 116,999 |
| Other | 8,835 | 8,835 |
| Total intangible assets | 337,235 | 283,664 |
| Investments and other assets | | |
| Investment securities | 2,672,076 | 2,993,180 |
| Deferred tax assets | 659,820 | 565,245 |
| Other | 264,405 | 274,544 |
| Total investments and other assets | 3,596,302 | 3,832,970 |
| Total non-current assets | 4,141,924 | 4,321,775 |
| Total assets | 13,652,250 | 14,508,764 |

(Thousands of yen)

| | As of March 31, 2024 | As of December 31, 2024 |
|--|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 800,520 | 901,755 |
| Current portion of long-term borrowings | 60,000 | 60,000 |
| Accounts payable - other | 367,777 | 343,315 |
| Income taxes payable | 207,864 | 321,109 |
| Provision for bonuses | 1,130,318 | 729,533 |
| Provision for bonuses for directors (and other officers) | 37,625 | – |
| Provision for loss on orders received | 62,063 | 78,234 |
| Other | 469,649 | 680,577 |
| Total current liabilities | 3,135,818 | 3,114,525 |
| Non-current liabilities | | |
| Long-term borrowings | 140,000 | 95,000 |
| Retirement benefit liability | 1,428,060 | 1,331,757 |
| Deferred tax liabilities | 40,125 | 34,343 |
| Asset retirement obligations | 65,275 | 65,344 |
| Other | 29,800 | 29,800 |
| Total non-current liabilities | 1,703,260 | 1,556,246 |
| Total liabilities | 4,839,078 | 4,670,771 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,180,897 | 1,180,897 |
| Capital surplus | 1,106,558 | 1,107,638 |
| Retained earnings | 6,106,689 | 6,914,818 |
| Treasury shares | (633,730) | (632,409) |
| Total shareholders' equity | 7,760,415 | 8,570,944 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 878,016 | 1,088,832 |
| Remeasurements of defined benefit plans | 174,739 | 178,215 |
| Total accumulated other comprehensive income | 1,052,756 | 1,267,047 |
| Total net assets | 8,813,171 | 9,837,992 |
| Total liabilities and net assets | 13,652,250 | 14,508,764 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine Months Ended December 31

(Thousands of yen)

| | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 |
|---|--|--|
| Net sales | 16,304,498 | 16,904,116 |
| Cost of sales | 12,995,989 | 13,424,217 |
| Gross profit | 3,308,508 | 3,479,899 |
| Selling, general and administrative expenses | 1,977,109 | 1,943,496 |
| Operating profit | 1,331,398 | 1,536,402 |
| Non-operating income | | |
| Interest income | 5,015 | 4,582 |
| Dividend income | 37,924 | 49,046 |
| Subsidy income | 1,404 | 787 |
| Foreign exchange gains | 3,851 | 3,208 |
| Share of profit of entities accounted for using equity method | 9,996 | 10,192 |
| Miscellaneous income | 6,357 | 5,892 |
| Total non-operating income | 64,550 | 73,708 |
| Non-operating expenses | | |
| Interest expenses | 924 | 891 |
| Miscellaneous losses | 228 | 69 |
| Total non-operating expenses | 1,153 | 960 |
| Ordinary profit | 1,394,796 | 1,609,151 |
| Extraordinary income | | |
| Gain on sale of non-current assets | – | 5 |
| Gain on sale of investment securities | 159 | – |
| Total extraordinary income | 159 | 5 |
| Extraordinary losses | | |
| Loss on abandonment of non-current assets | 0 | 0 |
| Total extraordinary losses | 0 | 0 |
| Profit before income taxes | 1,394,956 | 1,609,156 |
| Income taxes | 444,926 | 514,181 |
| Profit | 950,030 | 1,094,974 |
| Profit attributable to non-controlling interests | – | – |
| Profit attributable to owners of parent | 950,030 | 1,094,974 |

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended December 31

(Thousands of yen)

| | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 |
|--|--|--|
| Profit | 950,030 | 1,094,974 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 221,776 | 210,815 |
| Remeasurements of defined benefit plans, net of tax | 5,463 | 3,476 |
| Total other comprehensive income | 227,240 | 214,291 |
| Comprehensive income | 1,177,270 | 1,309,266 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,177,270 | 1,309,266 |
| Comprehensive income attributable to non-controlling interests | — | — |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year that includes the nine-month period under review, and multiplying profit before income taxes by the estimated effective tax rate.

However, in the case where using the estimated effective tax rate results in extremely unreasonable tax expenses, the statutory effective tax rate is used instead.

(Notes on segment information, etc.)

[Segment information]

This information is omitted since the Group has a single segment consisting of the information services business.

(Notes on quarterly consolidated statements of cash flows)

Quarterly consolidated statement of cash flows for the nine-month period under review have not been prepared.

Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and 2024 are as shown below.

| | (Thousands of yen) | |
|--------------------------|--|--|
| | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2024 |
| Depreciation | 48,654 | 47,482 |
| Amortization of goodwill | 17,141 | 17,141 |