

**Non-Consolidated Financial Results  
for the Three Months Ended July 31, 2021  
[Japanese GAAP]**



September 6, 2021

Company name: Asukanet Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 2438  
 URL: <https://www.asukanet.co.jp>  
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 Scheduled date of filing quarterly securities report: September 14, 2021  
 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on quarterly financial results: Not available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

**1. Non-Consolidated Financial Results for the Three Months Ended July 31, 2021**

**(May 1, 2021 to July 31, 2021)**

(1) Non-Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended								
July 31, 2021	1,466	16.4	42	-	42	-	28	-
July 31, 2020	1,259	(18.3)	(40)	-	0	(99.6)	(1)	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
July 31, 2021	1.69	-
July 31, 2020	(0.08)	-

(Note) The change from the previous corresponding period in ordinary income for the three months ended July 31, 2021 is not presented as it exceeds 1,000%.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of July 31, 2021	6,387	5,737	89.8
As of April 30, 2021	6,465	5,825	90.1

(Reference) Equity: As of July 31, 2021: ¥5,737 million  
 As of April 30, 2021: ¥5,825 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended April 30, 2021	Yen -	Yen 0.00	Yen -	Yen 7.00	Yen 7.00
Fiscal year ending April 30, 2022	-				
Fiscal year ending April 30, 2022 (Forecast)		0.00	-	7.00	7.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Non-Consolidated Financial Results Forecast for the Fiscal Year Ending April 30, 2022 (May 1, 2021 to April 30, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	6,270	8.6	285	2.7	285	(13.9)	200	(11.3)	11.87

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly financial statements: Yes

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

July 31, 2021: 17,464,000 shares

April 30, 2021: 17,464,000 shares

2) Total number of treasury shares at the end of the period:

July 31, 2021: 615,057 shares

April 30, 2021: 615,057 shares

3) Average number of shares during the period:

Three months ended July 31, 2021: 16,848,943 shares

Three months ended July 31, 2020: 16,840,943 shares

\* These quarterly financial results are outside the scope of quarterly review procedures by a certified public accountant or an audit corporation.

### \* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company believes are reasonable, and actual results may differ significantly from these forecasts due to a wide range of factors.

## 4. Overview of Business Results

### (1) Overview of Business Results during this Quarter

During the first consolidated quarter of this fiscal year, as the economy of Japan continued to suffer the effects of the coronavirus pandemic, states of emergency were declared and quasi-emergency measures were enacted. Economic activity has stalled as a result of requests to close businesses, people avoiding going out, and other factors. Although there are expectations for a recovery in personal consumption as progress in vaccinations is made, the future remains uncertain.

Asukanet operates three business areas, each with different positioning and characteristics. They are (1) the funeral business, which adds digital processing and remote output services for photos of the deceased to a funeral business that is largely unaffected by economic trends, (2) the photo book business, which provides ideas for new photo output methods that allow users to create complete photo collections beginning from just a single book, and (3) the aerial display business, which is utilizing unique, recently-developed technologies aiming to create a new market and achieve dreams.

Beginning from the fiscal year beginning May 1, 2021, the memorial design business was renamed the funeral business, the personal publishing business was renamed the photo book business, and the aerial imaging business was renamed the aerial display business.

Following is an overview of the business results for each segment. The result figures for each segment include internal inter-segment sales.

#### (Funeral business)

In this business, although funerals continue to be reduced in size as a result of the coronavirus pandemic, there was an increase in the holding of funerals themselves compared to the same period in the previous year. As a result, there was a recovery in our primary business areas – processing photos of the deceased, and videos and other funeral production services. This also led to an increase in sales of frames and supplies. Consequently, sales were higher than the same period in the previous year. For the “tsunagoo” service which is one type of our “funeral tech” that has brought extensive use of IT technologies to the funeral market, we released the “tsunagoo AFTER” function that makes it possible to smoothly report the successful completion of a funeral. This function was exhibited at the Funeral Business Fair exhibition that was held in June. We also created a website that introduces the booth contents and the exhibited products and services for persons who were unable to attend the exhibition.

In terms of profit and loss, despite the increase of advertising expenses and depreciation expenses, there was an increase in sales. These factors resulted in higher profits compared with the same period in the previous fiscal year.

As a result, 1Q sales were 627,305 thousand yen (114.5% year-on-year), and 1Q segment income was 135,758 thousand yen (132.5% year-on-year).

#### (Photo book business)

This business operates *AsukaBook* for the professional photography market in Japan, and *MyBook* for the general Japanese consumer market. We are also engaged in OEM supply of photo albums and photo prints based on photos that were taken with smartphones.

In the professional photographers market, our primary business of wedding photo albums saw difficult sales due to the many delayed weddings and other effects of the coronavirus pandemic. However, we can also see the trend of recovery and there were strong sales of studio photography. Then, sales were higher compared with the same period in the previous fiscal year. Efforts in this business included releasing new products, exhibiting at the PHOTO NEXT exhibition, and conducting online seminars.

The general consumer market continues to face difficult conditions resulting from the effects of voluntary restrictions on activities such as traveling and events due to the coronavirus pandemic. The same trends can be seen in OEM supply as well. As a result, sales were down from the same period in the previous year.

In terms of profit and loss, we succeeded in increasing operating rate that accompanied the higher in sales, despite

the higher advertising expenses, travel and transportation expenses, and there was a large increase in segment income.

As a result, 1Q sales were 799,634 thousand yen (116.9% year-on-year), and 1Q segment income was 122,378 thousand yen (248.3% year-on-year).

(Aerial display business)

This business is aiming to create a market through new image and video expressions utilizing aerial imaging technologies. We are developing, manufacturing, and selling both glass and plastic “ASKA3D plates” that utilize our original technologies to project images in mid-air.

In the area of marketing, we are carrying out sales centered on our Marketing Division in Japan, and centered on our agents overseas. In addition to providing support for participating in exhibitions in China, we also achieved results in terms of the numbers of installed products and verification testing. Although marketing activities are subject to some restrictions due to the coronavirus pandemic, we are carrying out sales of glass ASKA3D plates for signage applications, and of plastic ASKA3D plates for use in products that enable non-contact operation.

In terms of production and development, for both glass and plastic plates, we are continuing to work for stabilizing production, expanding supply, and reducing costs through outside production. In addition to conducting repeated trials at our technical development center aimed at developing and establishing production technologies for glass ASKA3D plates, we are also expanding the space and introducing new production equipment as we challenge ourselves to produce large-size plates.

In terms of sales, we achieved higher in sales due to the increase in sales of glass ASKA3D plates.

In terms of profit and loss, segment loss increased due to the higher R&D expenses for improvements to ASKA3D plates and the establishment of a technical development center resulted in higher advance expenses during this quarter.

As a result, 1Q sales were 39,622 thousand yen (141.3% year-on-year), and 1Q segment loss was 76,727 thousand yen (compared to a loss of 52,602 thousand yen in the period of same quarter of the previous fiscal year).

As results of the above, sales were 1,466,562 thousand yen (116.4% compared to the same quarter of the previous fiscal year). In terms of income, despite the higher R&D expenses for the establishment of a technical development center in the aerial display business, increase in segment income in the funeral business and photo book business resulted ordinary income was 42,871 thousand yen (549 thousand yen in profit during the same quarter of the previous fiscal year) and net income was 28,428 thousand yen (1,376 thousand yen in loss during the same quarter of the previous fiscal year).

## (2) Overview of the Financial Status during this Quarter

Assets at the end of this first quarter decreased by 77,419 thousand yen from the end of the previous fiscal year to reach 6,387,930 thousand yen. This was primarily due to a decrease in cash and savings of 174,204 thousand yen and a decrease in accounts receivable-trade of 62,595 thousand yen despite of increase in machine and equipment of 107,860 yen.

Liabilities at the end of this first quarter decreased by 10,402 thousand yen from the end of the previous fiscal year to reach 650,152 thousand yen.

Net assets at the end of this first quarter decreased by 87,821 thousand yen to reach 5,737,777 thousand yen. This was primarily due to a decrease of 117,942 thousand yen in payment of dividends from surplus despite of increase in quarterly profit of 28,428 thousand yen.

## (3) Future Outlook

No change of the future outlook for fiscal year ending in April 2022 announced on June 11 2021

## 5. Financial Statements for the First Quarter

### (1) Balance sheet

(Units: 1,000s yen)

	Previous fiscal year (ended April 30, 2021)	Current 1 <sup>st</sup> quarter (ended July 31, 2021)
<b>Asset</b>		
Current assets		
Cash and deposits	1,815,088	1,640,884
Accounts receivable-trade	775,996	713,400
Merchandise and products	220,028	229,146
Work in progress	99,800	128,592
Raw materials and supplies	86,770	79,994
Others	77,730	66,601
Allowance for doubtful accounts	(4,218)	(4,002)
Total current assets	3,071,195	2,854,617
Fixed assets		
Tangible fixed assets		
Buildings, net	929,317	923,841
Machinery and equipment, net	467,896	575,757
Land	844,060	844,060
Others, net	213,081	216,753
Total tangible fixed assets	2,454,356	2,560,413
Total intangible fixed assets	224,742	227,788
Total investments and other assets		
Investment securities	533,204	559,846
Others	181,849	185,263
Total investment and others	715,054	745,110
Total fixed assets	3,394,153	3,533,312
Total assets	6,465,349	6,387,930
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	163,342	155,638
Accounts payable-other	146,716	197,472
Income taxes payable	15,400	20,900
Provision for bonuses	153,650	80,970
Others	154,012	188,926
Total current liabilities	633,121	643,907
Fixed liabilities		
Provision for retirement benefits	5,351	5,351
Others	1,277	893
Total fixed liabilities	6,628	6,245
Total liabilities	639,750	650,152
<b>Net assets</b>		
Shareholders' equity		
Capital stock	490,300	490,300
Total capital surplus	614,322	614,322
Total retained earnings	4,981,556	4,892,042
Treasury stock	(265,577)	(265,577)
Total shareholders' equity	5,820,602	5,731,087
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,997	6,690
Total valuation and translation adjustments	4,997	6,690
Total net assets	5,825,599	5,737,777
Total liabilities and net assets	6,465,349	6,387,930

(2) Profit and loss statement for 1<sup>st</sup> quarter

(unit:1000s yen)

	First quarter of the previous fiscal year (May 1, 2020 – July 31, 2020)	First quarter of the current fiscal year (May 1, 2021 – July 31, 2021)
Net Sales	1,259,398	1,466,562
Cost of sales	708,912	783,629
Gross profit	550,486	682,933
Selling, general, and administrative expenses	590,489	640,837
Operating income (loss)	(40,003)	42,095
Non-operating income		
Interest received	309	147
Dividends received	675	600
Commissions received	69	70
Insurance cancellation refund	32,600	—
Others	7,635	106
Total non-operating income	41,289	923
Non-operating expenses		
Foreign exchange losses	736	147
Total non-operating expenses	736	147
Ordinary income	549	42,871
Extraordinary income		
Income from sales of fixed assets	329	—
Total extraordinary income	329	—
Extraordinary loss		
Loss from sales of fixed assets	—	708
Loss from retirement of fixed assets	—	48
Total extraordinary income	—	756
Net income before taxes	879	42,114
Income taxes	2,256	13,686
Net income (loss)	(1,376)	28,428

[Segment information]

Cumulative first quarter of the current fiscal year (May 1, 2020 – July 31, 2020)

Information related to the amounts of sales, income, and loss for each reporting segment

(Units: 1,000s yen)

	Reporting segment				Adjustments	Amount recorded in profit and loss statement
	Funeral business	Photo book business	Aerial display business	Total		
Sales						
Sales to outside customers	547,693	684,302	27,402	1,259,398	—	1,259,398
Inter-segment internal sales and transfers	—	—	630	630	(630)	—
Total	547,693	684,302	28,032	1,260,028	(630)	1,259,398
Segment income (loss)	102,446	49,276	(52,602)	99,120	(139,124)	(40,003)

Cumulative first quarter of the current fiscal year (May 1, 2021 – July 31, 2021)

Information related to the amounts of sales, income, and loss for each reporting segment

(Units: 1,000s yen)

	Reporting segment				Adjustments	Amount recorded in profit and loss statement
	Funeral business	Photo book business	Aerial display business	Total		
Sales						
Sales to outside customers	627,305	799,634	39,622	1,466,562	—	1,466,562
Inter-segment internal sales and transfers	—	—	—	—	—	—
Total	627,305	799,634	39,622	1,466,562	—	1,466,562
Segment income (loss)	135,758	122,378	(76,727)	181,409	(139,314)	42,095

Beginning from the fiscal year beginning May 1, 2021, the memorial design business was renamed the funeral business, the personal publishing business was renamed the photo book business, and the aerial imaging business was renamed the aerial display business.

This is the summarized translation of released report for your reference.  
Please refer to the original Japanese financial document.