

# Consolidated Financial Results for the Three Months Ended July 31, 2024 [Japanese GAAP]



September 9, 2024

Company name: Asukanet Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 2438  
 URL: <https://www.asukanet.co.jp>  
 Representative: Yuji Matsuo, Representative Director & President  
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 Scheduled date of commencing dividend payments: -  
 Availability of supplementary briefing material on financial results: Not available  
 Schedule of financial results briefing session: Not scheduled

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

## 1. Consolidated Financial Results for the Three Months Ended July 31, 2024

(May 1, 2024 to July 31, 2024)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended July 31, 2024	1,710	-	(25)	-	(25)	-	(23)	-
July 31, 2023	-	-	-	-	-	-	-	-

(Note) Comprehensive income: For the three months ended July 31, 2024: ¥(20 million) [-%]  
 For the three months ended July 31, 2023: ¥ - million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended July 31, 2024	Yen (1.42)	Yen -
July 31, 2023	-	-

(Note) Diluted earnings per share is not presented as there were no potential shares. Since the quarterly consolidated financial results are prepared from the nine months ended January 31, 2024, figures for the three months ended July 31, 2023 and percentage changes from the previous corresponding period are not shown.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of July 31, 2024	6,591	5,821	88.3
As of April 30, 2024	7,090	6,156	86.8

(Reference) Equity: As of July 31, 2024: ¥5,821 million  
 As of April 30, 2024: ¥6,156 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended April 30, 2024	Yen -	Yen 0.00	Yen -	Yen 7.00	Yen 7.00
Fiscal year ending April 30, 2025	-				
Fiscal year ending April 30, 2025 (Forecast)		0.00	-	7.00	7.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending April 30, 2025 (May 1, 2024 to April 30, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	7,720	9.7	520	16.2	535	12.9	324	51.4	19.73

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

### \* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: - company (—)

Excluded: - company (—)

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

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

1) Changes in accounting policies due to the revision of accounting standards: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

July 31, 2024: 17,464,000 shares

April 30, 2024: 17,464,000 shares

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

July 31, 2024: 1,347,146 shares

April 30, 2024: 1,007,057 shares

3) Average number of shares during the period:

Three months ended July 31, 2024: 16,323,879 shares

Three months ended July 31, 2023: 16,570,421 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* 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

### Overview of Business Results

Because the Asukanet Group began creating consolidated financial statements beginning from the third quarter of the previous fiscal year, we have not performed comparative analysis with the same period in the previous fiscal year.

#### (1) Overview of Business Results for this consolidated quarter of the year.

During the first quarter of the current fiscal year, the Japanese economy continued to gradually recover due to the normalization of economic activities, improvement in the employment and income environments, and an increase in strong inbound demand. On the other hand, the outlook remains uncertain due to soaring raw material and energy prices against a backdrop of the weak yen and concerns about a downturn caused by unstable conditions overseas.

Under these circumstances, 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.

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, steady progress in acquiring contracts with new funeral companies through our company's sales operations led to growing sales in our primary business, which is processing photos of the deceased. There were also strong sales of output systems for photos of the deceased, signage devices, and other hardware.

We exhibited at the Funeral Business Fair which was held in May, and promoted primarily the advantages of the "tsunagoo" DX service for the funeral industry and products such as long collages highlighting memories of the deceased.

In terms of income, segment profit exceeded expectations due to steady sales, despite an increase in expenses resulting from the aggressive hiring of operators, mainly new graduates, in the image processing division, and from an increase in Cloud service usage fees.

As a result, sales were 781,837 thousand yen and segment income was 132,652 thousand yen.

#### (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, sales of the wedding photography books that are our main products fell short of expectations due to a rebound decline following strong sales in the previous fiscal year that was due to the recovery from the coronavirus pandemic, as well as an overall slowdown in sales, especially in the month of June. In addition to conducting online seminars and exhibiting at "PHOTONEXT 2024," the Company began sales of AI image processing software for photo retouching.

In the general consumer market, due to the continued delay in the recovery of overseas travel and the delayed recovery from the decline in photographic output, sales of both our own brand "My Book" and OEM were below expectations.

In terms of income, segment income struggled due to soaring raw material prices and increases in labor and depreciation costs.

As a result, net sales were 892,537 thousand yen and segment income was 98,817 thousand yen.

(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 terms of sales, we are conducting sales centered on our own company’s sales operations in Japan and on agents overseas. In Japan, in June we exhibited at the 15<sup>th</sup> CONTENT TOKYO 2024 advanced technology exhibition, and introduced the appeal of aerial display advertising media centering on our large-size aerial imaging digital signage. Overseas, in July we exhibited at InfoComm Asia 2024, an exhibition held in Bangkok, Thailand, and introduced our large-size aerial wall signage and other products. We also continued searching for ways of reinforcing our sales network in North America, and opened new agents in Europe and Southeast Asia. In terms of sales, while domestic and overseas sales through our own company’s sales operations generated some level of results, the results for sales via overseas agents fell short.

In terms of production and development, we have promoted the development of manufacturing using materials with superior environmental performance. For the glass-made ASKA 3D plates at our own research and development center, we have worked to stabilize the manufacturing quality of medium-size plates.

In terms of profit and loss, the segment loss was slightly smaller than expected, despite an increase in personnel expenses due to the hiring of specialized personnel and an increase in travel expenses due to the increased frequency of overseas business trips.

As a result, sales were 37,475 thousand yen and segment loss was 85,100 thousand yen.

As a result of the above, consolidated sales were 1,710,415 thousand yen, and in terms of profit, the company posted an ordinary loss of 25,089 thousand yen and the net loss attributable to the parent company was 23,248 thousand yen for the quarter due to the severe profit situation in the photobook business, an overall increase in personnel expenses, an increase in Cloud usage fees, and travel and transportation expenses.

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

Assets at the end of this first quarter decreased by 498,461 thousand yen from the end of the previous consolidated fiscal year to reach 6,591,983 thousand yen. This was primarily due to a decrease in cash and savings of 333,644 thousand yen and a decrease in notes and account receivables of 63,245 thousand yen.

Liabilities at the end of this first quarter decreased by 162,887 thousand yen from the end of the previous consolidated fiscal year to reach 770,742 thousand yen. This was primarily due to a decrease in corporate tax payable of 73,779 thousand yen and a provision for bonuses of 85,790 thousand yen.

Net assets at the end of this first quarter decreased by 335,573 thousand yen to reach 5,821,241 thousand yen. This was primarily due to a decrease of 115,198 thousand yen in payment of dividends from surplus and 200,316 thousand yen in treasury stock acquisition.

## (3) Future Outlook

There are no changes to the future outlook for the consolidated fiscal year ending April 2025 that was announced on June 10, 2024.

## 5. Consolidated Financial Statements for the first quarter of the Fiscal Year

### (1) Balance sheet

(Units: 1,000s yen)

	Previous fiscal year (Ended April 30, 2024)	End of current Q1 (Ended July 31, 2024)
<b>Asset</b>		
Asset		
Cash and deposits	1,665,015	1,331,370
Accounts receivable-trade	902,010	838,764
Merchandise and products	648,580	617,890
Work in progress	68,847	69,346
Raw materials and supplies	102,728	95,414
Others	80,576	52,813
Allowance for doubtful accounts	(9,851)	(9,921)
Total current assets	3,457,907	2,995,679
Fixed assets		
Tangible fixed assets		
Buildings, net	831,048	818,040
Machinery and equipment, net	493,357	458,684
Land	844,060	844,060
Others net	177,497	197,123
Total tangible fixed assets	2,345,964	2,317,910
Intangible fixed assets		
Goodwill	298,891	289,250
Others	204,950	197,960
Total intangible fixed assets	503,842	487,210
Investment and other assets		
Investment securities	571,582	574,989
Others	211,147	216,193
Total investment and other assets	782,730	791,182
Total fixed assets	3,632,536	3,596,304
Total assets	7,090,444	6,591,983

(Units: 1,000s yen)

	Previous fiscal year (Ended April 30, 2024)	End of current Q1 (Ended July 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	175,134	138,593
Accounts payable-other	257,203	238,952
Income taxes payable	85,473	11,693
Provision for bonuses	184,950	99,160
Others	223,527	275,361
Total of current liabilities	926,289	763,761
Fixed assets		
Provision for retirement benefits	4,704	4,704
Others	2,635	2,276
Total fixed liabilities	7,340	6,980
Total liabilities	933,629	770,742
Net assets		
Shareholders' equity		
Capital stock	490,300	490,300
Capital surplus	626,380	626,380
Retained earnings	5,626,124	5,487,676
Treasury stock	(627,799)	(828,115)
Total shareholders' equity	6,115,005	5,776,242
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	41,808	44,998
Total valuation and translation adjustments	41,808	44,998
Total net assets	6,156,814	5,821,241
Total liabilities and net assets	7,090,444	6,591,983

(2) Consolidated Profit and loss statement

Quarterly result

(Units: 1000s yen)

	First quarter of the current fiscal year (May 1, 2024 – July 31, 2024)
Net Sales	1,710,415
Cost of sales	991,809
Gross profit	718,606
Selling, general, and administrative expenses	744,287
Operating income	(25,681)
Non-operating income	
Interest received	991
Dividends received	950
Others	539
Total non-operating income	2,481
Non-operating expenses	
Foreign exchange losses	1,335
Expense for purchasing treasury stock	540
Others	13
Total non-operating expenses	1,889
Ordinary losses	(25,089)
Extraordinary losses	
Loss from retirement of fixed assets	0
Total extraordinary income	0
Net quarterly income before tax	(25,089)
Corporate tax, income tax etc.	(1,840)
Total tax payment	(1,840)
Net quarterly income	(23,248)
Net income attribute to the parent company	(23,248)

[Segment information]

First quarter of the consolidated fiscal year (May 1, 2024 – July 31, 2024)

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	781,837	891,102	37,475	1,710,415	—	1,710,415
Inter-segment internal sales and transfers	—	1,435	—	1,435	(1,435)	—
Total	781,837	892,537	37,475	1,711,850	(1,435)	1,710,415
Segment income (loss)	132,652	98,817	(85,100)	146,369	(172,051)	(25,681)

(Quarterly cashflow statement)

Quarterly consolidated statements of cash flows for the first quarter of the current fiscal year have not been prepared. Depreciation and amortization (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year are as follows.

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First quarter of the current fiscal year  
(May 1, 2024 – July 31, 2024)

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Depreciation	88,732 thousand yen
Amortization of goodwill	9,641 thousand yen

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