

Consolidated Financial Results for the Nine Months Ended January 31, 2025 [Japanese GAAP]



March 7, 2025

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
 Contact: Kenya Kono, Senior Managing Director & CFO
 Phone: +81-82-850-1200
 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 Nine Months Ended January 31, 2025

(May 1, 2024 to January 31, 2025)

(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	%
Nine months ended								
January 31, 2025	5,444	4.7	317	(5.6)	323	(9.2)	199	(14.0)
January 31, 2024	5,201	-	336	-	356	-	232	-

(Note) Comprehensive income: For the nine months ended January 31, 2025: ¥203 million [(18.9)%]
 For the nine months ended January 31, 2024: ¥250 million [-%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
January 31, 2025	12.33	-
January 31, 2024	14.07	-

(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, percentage changes of the figures for the nine months ended January 31, 2024 from the previous corresponding period are not shown.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of January 31, 2025	6,716	5,997	89.2
As of April 30, 2024	7,090	6,156	86.8

(Reference) Equity: As of January 31, 2025: ¥5,997 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	-	0.00	-		
Fiscal year ending April 30, 2025 (Forecast)				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):

January 31, 2025: 17,464,000 shares

April 30, 2024: 17,464,000 shares

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

January 31, 2025: 1,450,546 shares

April 30, 2024: 1,007,057 shares

3) Average number of shares during the period:

Nine months ended January 31, 2025: 16,189,607 shares

Nine months ended January 31, 2024: 16,492,290 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

During the first nine months of the current consolidated accounting period, the Japanese economy continued to show a moderate recovery due to improvements in the employment and income environments and an increase in inbound demand. On the other hand, the outlook remains uncertain due to geopolitical risks in Ukraine and the Middle East, instability factors overseas such as the new U.S. administration, and concerns about personal consumption due to higher prices.

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 segment, image processing revenues increased steadily due to a nationwide increase in the number of funeral services performed in the third quarter, in addition to the accumulation of new customer contracts through in-house sales. Although sales of supplies struggled more than expected, sales of hardware equipment, including indoor and outdoor display equipment and LED vision systems, were strong. In addition, although the number of contracts for “tsunagoo,” a DX service for the funeral industry, was lower than planned, the number of uses of condolence telegrams and floral offerings exceeded the plan, and use of this service is becoming more active.

In terms of profit, despite higher operator personnel costs in the image processing division and usage fees for various software and cloud services, segment profit increased due to an improved gross profit margin for supplies and higher productivity in image processing operations.

As a result, net sales totaled 2,502,060 thousand yen (104.0% year-on-year) and segment income totaled 582,770 thousand yen (109.5% 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 market for professional photographers, sales of mainstay photo books for weddings struggled due to the overall downturn in the wedding market. Efforts have been made to enhance online seminars, provide business materials for customers, and enhance the functionality of ordering software, etc. Although we have started selling AI image processing retouching software, we are still waiting for functional improvements to meet the demands of many customers, and are continuing to uncover potential customers.

The general consumer market also continues to struggle. However, we have conducted various campaigns and the My Book 25th Anniversary Photo Contest as well as promoted calendars and graduation albums, which are seasonal products. In the virtual business field, we exhibited at the XR and Metaverse Exhibition, supported events at our consolidated subsidiary BET Inc. and sold fan goods.

In terms of profit, although certain cost reductions were achieved by improving productivity through the introduction of labor-saving equipment and the results of KAIZEN activities, segment profits struggled due to the impact of higher fixed costs resulting from lower utilization rates and higher material costs.

As a result, net sales totaled 2,812,259 thousand yen (104.6% year-on-year) and segment income was 435,608 thousand yen (84.5% 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 terms of sales, we have been promoting sales mainly through our own sales in Japan and through distributors in overseas markets. In Japan, we have steadily built up the number of installation cases. We have expanded the contents of interviews with customers and proposal materials for facilities. Overseas, in China, our distributors are actively working to develop products for industrial applications such as automobiles, but it is taking a certain amount of time. In addition, we supported the activities of newly established distributors in Singapore, South Korea, and Thailand, and enhanced the multilingualization of our website. In addition, we were commissioned to develop an initial prototype utilizing our existing active system technology. However, sales were lower than expected.

In terms of manufacturing and development, we have been developing manufacturing using materials with superior environmental performance, and at our own Technical Development Center, we have been improving quality and stabilizing manufacturing of medium-sized products, and have achieved a certain level of results. In addition, we have continued to strengthen our quality control system for mass production projects.

In terms of profit and loss, although there was an increase in personnel expenses, we promoted the improvement of profitability for each project and appropriately controlled advertising and R&D expenses.

As a result, net sales totaled 134,328 thousand yen (117.9% year-on-year) and segment loss was 205,343 thousand yen (compared to a loss of 234,838 thousand yen during same period in the previous year).

As a result of the above, net sales for the nine months of this accounting period totaled 5,444,406 thousand yen (104.7% year-on-year). In terms of profit, ordinary income was 323,718 thousand yen (90.8% year-on-year) and net income attributable to owners of the parent company was 199,645 thousand yen (86.0% year-on-year)

(2) Overview of financial conditions

(Assets)

Assets at the end of the third quarter of the current consolidated fiscal year were 6,716,371 thousand yen, a decrease of 374,072 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 314,207 thousand yen in cash and deposits resulting from acquisition of treasury stock.

(Liabilities)

Liabilities at the end of the third quarter of the current consolidated fiscal year were 719,023 thousand yen, a decrease of 214,606 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to decreases of 88,751 thousand yen in accounts payable and 90,010 thousand yen in provision for bonuses.

(Net assets)

Net assets at the end of the third quarter of the current consolidated fiscal year were 5,997,348 thousand yen, a decrease of 159,466 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to the recording of 199,645 thousand yen in net income attributable to parent company shareholders for the third quarter, despite an increase of 245,869 thousand yen in treasury stock and payment of 115,198 thousand yen in dividends.

(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 third quarter of the Fiscal Year

(1) Balance sheet

(Units: 1,000s yen)

	Previous fiscal year (Ended April 30, 2024)	End of current Q3 (Ended Jan. 31, 2025)
Asset		
Current Asset		
Cash and deposits	1,665,015	1,350,808
Accounts receivable-trade	902,010	966,954
Merchandise and products	648,580	600,349
Work in progress	68,847	67,827
Raw materials and supplies	102,728	102,000
Others	80,576	90,016
Allowance for doubtful accounts	(9,851)	(11,099)
Total current assets	3,457,907	3,166,857
Fixed assets		
Tangible fixed assets		
Buildings, net	831,048	789,806
Machinery and equipment, net	493,357	404,661
Land	844,060	844,060
Others net	177,497	245,816
Total tangible fixed assets	2,345,964	2,284,344
Intangible fixed assets		
Goodwill	298,891	269,966
Others	204,950	192,747
Total intangible fixed assets	503,842	462,714
Investment and other assets		
Investment securities	571,582	575,690
Others	211,147	226,763
Total investment and other assets	782,730	802,454
Total fixed assets	3,632,536	3,549,513
Total assets	7,090,444	6,716,371

(Units: 1,000s yen)

	Previous fiscal year (Ended April 30, 2024)	End of current Q3 (Ended Jan. 31, 2025)
Liabilities		
Current liabilities		
Accounts payable-trade	175,134	136,882
Accounts payable-other	257,203	168,451
Income taxes payable	85,473	45,195
Provision for bonuses	184,950	94,940
Others	223,527	267,652
Total of current liabilities	926,289	713,122
Fixed assets		
Provision for retirement benefits	4,704	4,343
Others	2,635	1,557
Total fixed liabilities	7,340	5,900
Total liabilities	933,629	719,023
Net assets		
Shareholders' equity		
Capital stock	490,300	490,300
Capital surplus	626,380	624,759
Retained earnings	5,626,124	5,710,570
Treasury stock	(627,799)	(873,668)
Total shareholders' equity	6,115,005	5,951,961
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	41,808	45,387
Total valuation and translation adjustments	41,808	45,387
Total net assets	6,156,814	5,997,348
Total liabilities and net assets	7,090,444	6,716,371

(2) Consolidated Profit and loss statement

Nine months result

(Units: 1,000s yen)

	First three quarters of the previous fiscal year (May 1, 2023 – Jan. 31, 2024)	First three quarters of the current fiscal year (May 1, 2024 – Jan. 31, 2025)
Net Sales	5,201,946	5,444,406
Cost of sales	2,816,481	2,988,458
Gross profit	2,385,465	2,455,948
Selling, general, and administrative expenses	2,048,970	2,138,259
Operating income	336,494	317,688
Non-operating income		
Interest received	3,828	2,065
Dividends received	1,575	2,125
Insurance gain	4,462	—
Foreign exchange gain	7,891	550
Others	2,982	2,272
Total non-operating income	20,740	7,013
Non-operating expenses		
Expense for purchasing treasury stock	448	720
Loss from Investment management	450	249
Others	—	13
Total non-operating expenses	898	983
Ordinary income	356,336	323,718
Extraordinary losses		
Loss from retirement of fixed assets	7,917	11,431
Total extraordinary loss	7,917	11,431
Net quarterly income before tax	348,419	312,287
Corporate tax, income tax etc.	116,340	112,642
Total tax payment	116,340	112,642
Net quarterly income	232,079	199,645
Net income attribute to the parent company	232,079	199,645

[Segment information]

First nine months of the previous consolidated fiscal year (May 1, 2023 – Jan. 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	2,405,477	2,683,096	113,372	5,201,946	—	5,201,946
Inter-segment internal sales and transfers	—	4,377	540	4,917	(4,917)	—
Total	2,405,477	2,687,473	113,912	5,206,863	(4,917)	5,201,946
Segment income (loss)	532,257	515,561	(234,838)	812,980	(476,486)	336,494

2. Information on Impairment Loss on Fixed Assets and Goodwill by Reportable Segment

(Significant changes in the amount of goodwill)

In the third quarter of the previous consolidated fiscal year (as indicated above), goodwill was recognized in the “Photobook business” segment due to the acquisition of all shares of BET Inc. and its inclusion in the scope of consolidation. The increase in goodwill due to this corporate action was 308,533 thousand yen.

First nine months of the current consolidated fiscal year (May 1, 2024 – Jan. 31, 2025)

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	2,502,060	2,808,017	134,328	5,444,406	—	5,444,406
Inter-segment internal sales and transfers	—	4,241	—	4,241	(4,241)	—
Total	2,502,060	2,812,259	134,328	5,448,648	(4,241)	5,444,406
Segment income (loss)	582,770	435,608	(205,343)	813,035	(495,347)	317,688

(Notes to Quarterly Consolidated Statements of Cash Flows)

Quarterly consolidated statements of cash flows have not been prepared for the nine months ended January 31, 2025. The amount of depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended January 31, 2025 are as follows

	First three quarters of the previous fiscal year (May 1, 2023 – Jan. 31, 2024)	First three quarters of the current fiscal year (May 1, 2024 – Jan. 31, 2025)
Depreciation	284,503 thousand yen	276,160 thousand yen
Amortization of goodwill	—	28,925 thousand yen

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