Translation

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Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 2025 (Based on Japanese GAAP)

October 29, 2024

Company name: GiXo Ltd. Listing exchange: Tokyo Stock Exchange

Securities code: 9219 URL: https://www.gixo.jp/

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Scheduled date for commencing dividend payments: –

Preparation of supplementary materials on financial results: No

Holding of financial results briefing session: No

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

1. Consolidated Financial Results for the First Quarter (from July 1, 2024 to September 30, 2024) of the Fiscal Year Ending June 2025

(1) Consolidated Operating Results (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 quarter ended September 30, 2024	540	3.8	(81)	–	(81)	–	(59)	–
First quarter ended September 30, 2023	520	–	68	–	68	–	43	–

(Note) Comprehensive income

First quarter ended September 2024: (59) million yen [–%] First quarter ended September 2023: 43 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended September 30, 2024	(10.66)	–
First quarter ended September 30, 2023	7.75	7.67

(Note)1. Diluted earnings per share is not indicated as GiXo Ltd. (the "Company") generated net loss per share for the first quarter of the fiscal year ending June 2025, although there are diluted shares.

2. As the Company" started preparation of consolidated financial statements from the fiscal year ended June 2024, the year-on-year changes for the fiscal year ended June 2024 are not indicated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	2,251	1,899	82.7
As of June 30, 2024	2,352	2,011	84.1

(Reference) Total shareholders' equity

As of September 30, 2024: 1,861 million yen As of June 30, 2024: 1,979 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 June 30, 2024	–	0.00	–	27.00	27.00
Fiscal year ending June 30, 2025	–				
Fiscal year ending June 30, 2025 (Forecast)		26.50	–	27.00	53.50

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending June 2025 (from July 1, 2024 to June 30, 2025)

(Percentage figures indicate year-on-year changes for full year)

	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	2,890	36.5	153	14.3	151	13.5	105	19.1	18.81

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

* Notes

(1) Significant changes in scope of consolidation during the fiscal year: 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: No

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

(3) Number of issued shares (common shares)

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

As of September 30, 2024	5,581,574 shares	As of June 30, 2024	5,581,574 shares

2) Number of treasury shares at the end of the period

As of September 30, 2024	130 shares	As of June 30, 2024	130 shares

3) Average number of shares during the period

Three months ended September 2024	5,581,444 shares	Three months ended September 2023	5,581,233 shares

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

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

(Notes on forward-looking statements)

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. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual results, etc. may materially differ from the forecast due to various factors. For the conditions forming the assumptions used in forecasting earnings and precautions regarding the use of earnings forecasts, please refer to “1. Qualitative Information on the Financial Results for the Period under Review, (4) Explanations on Consolidated Earnings Forecast and Other Forecast Information” on page 3 of the Attachment.

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

(1) Overview of Operating Results

During the first quarter of the fiscal year ending June 2025, the Japanese economy showed a recovery trend backed by an improvement in the employment and income environment, including expanded inbound tourist consumption and wage hikes mainly by large companies. On the other hand, the economic outlook remains uncertain due to global monetary tightening as well as increased cost burdens and rising prices caused by the weaker yen. Under such circumstances, we believe that businesses' push for digital transformation (DX) is increasing demand for data utilization to enhance operational efficiency and for the application of artificial intelligence (AI) algorithms. In addition, the Japanese government has established the Digital Agency for promoting DX as part of "Society 5.0," in which the government will apply AI and other cutting-edge technologies to solve social issues. This and other factors are further driving the momentum toward big data utilization and social implementation of AI algorithm technologies, etc.

Given such conditions, the GiXo Group has endeavored to expand its business performance under the principle of "making every decision data-informed" as its purposes. The "Data-Informed" concept set forth by the GiXo Group aims to enhance the accuracy of human decision-making and reinforce reproducibility in business operations by using data to help people think logically and make rational judgments. By integrating Data-Informed decisions into their various operations, our clients can enhance the accuracy of their business decisions, address management challenges, and gain a stronger competitive edge. We define the "Data-Informed (DI) market," where the use of data is promoted on the premise that "humans are the main decision makers," as our target market and provide a flexible combination of DI Consulting, DI Platform, and DI Products services (collectively, DI Services) to meet the needs of our client companies. Under such circumstances, in August 2023, the GiXo Group set up a medium-term target of "achieving net sales of 4 billion yen for the fiscal year ending June 2026" with an eye on medium- to long-term growth.

As we have focused on to date, the GiXo Group will continue its endeavors for 1) providing comprehensive, one-stop services based on its "four capabilities" and "three services," 2) promoting continued and expanding use of its DI Services at the departments already dealing with and in the areas currently working on, as well as providing DI Services in the new areas of the same companies (vertical and horizontal expansion), and 3) working to continuously strengthen asset utilization. At the same time, we have decided to promote a "business model shift" toward medium- to long-term growth through developing new clients, launching collaboration-type businesses, adding more value to our services by deepening customer understanding of our clients, and redesigning and rebuilding the clients' enterprise systems that are at the most upstream of data flow, among other measures. For these purposes, we established a new organization within the Company in July 2024. In addition, we will proactively pursue M&As to accelerate growth in existing business areas.

In the first quarter of the current year, we have been strongly promoting the establishment of a new business model through various measures from a medium- to long-term perspective, and the results are beginning to arise. "Mygru," our mission-completion communication tool, was used in the "Childcare Support Stamp Rally," a local service provided by the urban operating system (a platform designed to collect and analyze data from various sectors such as transportation, healthcare, and education, enabling government agencies and businesses to utilize the information in a cross-sectional manner) adopted by Kobe City in August 2024. Moreover, our AI engine was adopted for "West Japan Travel Planner tabiwa," a tourism-focused MaaS (mobility as a service) for Chinese visitors to Japan provided by West Japan Railway Company, in September 2024. In the M&A area, we concluded a capital and business alliance agreement with GROWTH VERSE Co., Ltd. in August this year, and took over the "Camecon" business, a photo contest platform service, from Retrock Co., Ltd. in September. Through these endeavors, we aim to expand the sales channels for Mygru, the mission-completion communication tool, and enhance the value we provide by offering a wider range of measures.

As a result of the above, net sales for the first quarter of the current fiscal year were 540,482 thousand yen (up 3.8% year-on-year), operating loss was 81,502 thousand yen (operating profit of 68,545 thousand yen a year ago), ordinary loss was 81,860 thousand yen (ordinary profit of 68,572 thousand yen a year ago) and loss attributable to owners of parent was 59, 482 thousand yen (profit of 43,233 thousand yen a year ago).

Furthermore, operating results by segment are omitted as the GiXo Group has a single operating segment engaged in the Data-Informed Business.

(2) Financial Position

(Assets)

Current assets at the end of the first quarter of the current fiscal year decreased by 205,779 thousand yen from the end of the previous fiscal year to 2,020,837 thousand yen. The decrease was mainly attributable to cash and deposits decreasing by 459,201 thousand yen against accounts receivable – trade and contract assets increasing by 226,620 thousand yen. Non-current assets increased by 104,854 thousand yen from the end of the previous fiscal year to 230,686 thousand yen. The increase was mainly attributable to goodwill increasing by 24,583 thousand yen and investments and other assets increasing by 75,139 thousand yen.

As a result, total assets amounted to 2,251,523 thousand yen, decreasing by 100,924 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the first quarter under review increased by 11,224 thousand yen from the end of the previous fiscal year to 316,608 thousand yen. The increase was mainly attributable to other current liabilities increasing by 27,194 thousand yen against current portion of long-term borrowings decreasing by 12,501 thousand yen. Non-current liabilities increased by 59 thousand yen from the end of the previous fiscal year to 35,299 thousand yen. The increase was attributable to asset retirement obligations increasing by 59 thousand yen.

As a result, total liabilities amounted to 351,908 thousand yen, increasing by 11,283 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the first quarter under review decreased by 112,208 thousand yen from the end of the previous fiscal year to 1,899,614 thousand yen. The decrease was mainly due to loss attributable to owners of parent amounting to 59,482 and dividends from retained earnings amounting to 57,872 thousand yen.

As a result, the equity ratio came to 82.7% (in contrast to 84.1% at the end of the previous fiscal year).

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

The full-year earnings outlook for the fiscal year ending June 2025 remains unchanged from the forecast announced on August 13, 2024 as follows, since the actual results for the first quarter under review were in line with the outlook.

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Millions of yen	Millions of yen	Millions of yen	Millions of yen
2,890	153	151	105

Note that the earnings forecast is based on information available as of the date of announcement of this document. Actual results may differ from the forecast figures due to various factors in the future. We will promptly disclose any revisions to the earnings forecast, should they become necessary.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (As of June 30, 2024)	First quarter of current fiscal year (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	1,772,349	1,313,147
Accounts receivable - trade and contract assets	409,844	636,464
Other	44,421	71,224
Total current assets	2,226,616	2,020,837
Non-current assets		
Property, plant and equipment	48,919	54,065
Intangible assets		
Goodwill	–	24,583
Other	232	218
Total intangible assets	232	24,801
Investments and other assets	76,679	151,819
Total non-current assets	125,831	230,686
Total assets	2,352,448	2,251,523
Liabilities		
Current liabilities		
Current portion of long-term borrowings	45,817	33,316
Income taxes payable	8,525	5,056
Other	251,042	278,236
Total current liabilities	305,384	316,608
Non-current liabilities		
Asset retirement obligations	35,240	35,299
Total non-current liabilities	35,240	35,299
Total liabilities	340,625	351,908
Net assets		
Shareholders' equity		
Share capital	286,133	286,133
Capital surplus	1,158,459	1,158,459
Retained earnings	534,876	417,521
Treasury shares	(250)	(250)
Total shareholders' equity	1,979,219	1,861,863
Share acquisition rights	32,603	37,750
Total net assets	2,011,822	1,899,614
Total liabilities and net assets	2,352,448	2,251,523

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

(Thousands of yen)

	First quarter of previous fiscal year (July 1, 2023 - September 30, 2023)	First quarter of current fiscal year (July 1, 2024 - September 30, 2024)
Net sales	520,833	540,482
Cost of sales	299,552	414,401
Gross profit	221,280	126,080
Selling, general and administrative expenses	152,734	207,583
Operating profit (loss)	68,545	(81,502)
Non-operating income		
Interest income	9	136
Miscellaneous income	164	—
Total non-operating income	174	136
Non-operating expenses		
Interest expenses	147	90
Miscellaneous losses	—	403
Total non-operating expenses	147	494
Ordinary profit (loss)	68,572	(81,860)
Profit (loss) before income taxes	68,572	(81,860)
Income taxes - current	21,447	2,104
Income taxes - deferred	3,892	(24,482)
Total income taxes	25,339	(22,377)
Profit (loss)	43,233	(59,482)
Profit (loss) attributable to non-controlling interests	-	—
Profit (loss) attributable to owners of parent	43,233	(59,482)

Quarterly Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First quarter of previous fiscal year (July 1, 2023 - September 30, 2023)	First quarter of current fiscal year (July 1, 2024 - September 30, 2024)
Profit (loss)	43,233	(59,482)
Other comprehensive income		
Total other comprehensive income	—	—
Comprehensive income	43,233	(59,482)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	43,233	(59,482)
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Consolidated Financial Statements

(Notes to Segment Information, Etc.)

(Segment Information)

I. First quarter (July 1, 2023 - September 30, 2023) of the previous fiscal year ended June 2024

The information is omitted as the GiXo Group has a single operating segment engaged in the Data-Informed Business.

II. First quarter (July 1, 2024 - September 30, 2024) of the current fiscal year ending June 2025

The information is omitted as the GiXo Group has a single operating segment engaged in the Data-Informed Business.

(Notes When There Are Significant Changes in Amounts of Equity)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Quarterly Consolidated Statement of Cash Flows)

No quarterly consolidated statement of cash flows has been prepared for the first quarter of the current fiscal year. Depreciation and amortization for the first quarter of the previous and current fiscal years are as follows.

(Thousands of yen)

	First quarter of previous fiscal year (July 1, 2023 - September 30, 2023)	First quarter of current fiscal year (July 1, 2024 - September 30, 2024)
Depreciation	1,897	2,341
Amortization	—	416

(Additional Information)

(Financial covenants)

On May 27, 2020, the Company entered into a loan agreement with Resona Bank, Limited.

The agreement contains the following financial covenants. In the event of a breach of the covenants, the Company may lose the benefit of time with respect to all obligations under the agreement.

(1) Maintenance of net assets

The amount of net assets of the Company as of the end of each fiscal year should be maintained at 75% or more of the year-earlier amount.

(2) Maintenance of profit

None of the operating profit, ordinary profit, or bottom line profit in the Company's Consolidated Statement of Income as of the end of each fiscal year should be negative for two consecutive fiscal years.

According to this agreement, the balance of loans payable is 33,316 thousand yen.