Translation

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Summary of Consolidated Financial Results for the First Two Quarters (Interim Period) of the Fiscal Year Ending June 2025 (Based on Japanese GAAP)

January 30, 2025

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

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

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Scheduled date for filing interim securities report: February 14, 2025

Scheduled date for commencing dividend payments: March 28, 2025

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the First Two Quarters (Interim Period: from July 1, 2024 to December 31, 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 two quarters ended December 31, 2024	1,205	13.2	(37)	–	(38)	–	(32)	–
First two quarters ended December 31, 2023	1,064	–	127	–	127	–	81	–

(Note) Comprehensive income
First two quarters ended December 2024: (32) million yen [–%] First two quarters ended December 2023: 81 million yen [–%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First two quarters ended December 31, 2024	(5.73)	–
First two quarters ended December 31, 2023	14.68	14.61

(Note)1. Diluted earnings per share for the first two quarters ended December 2024 is not indicated as GiXo Ltd. (the "Company") generated net loss per share for the period, although there are diluted shares.
2. As the Company started preparation of consolidated financial statements from the first quarter of the fiscal year ended June 2024, the year-on-year changes for the first two quarters ended December 2023 are not indicated.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	2,272	1,934	83.3
As of June 30, 2024	2,352	2,011	84.1

(Reference) Total shareholders' equity
As of December 31, 2024: 1,892 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	–	26.50			
Fiscal year ending June 30, 2025 (Forecast)			–	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 interim period: No

(2) Application of accounting treatments specific to the preparation of interim 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

(4) Number of issued shares (common shares)

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

As of December 31, 2024	5,584,631 shares	As of June 30, 2024	5,581,574 shares

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

As of December 31, 2024	177 shares	As of June 30, 2024	130 shares

3) Average number of shares during the period

First two quarters ended December 2024	5,582,820 shares	First two quarters ended December 2023	5,581,377 shares

* This summary of interim 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, (3) 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 two quarters (interim period) 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 interim period of the current fiscal 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. In October 2024, we started provision of "hands-on support for enhancing revenue management" service to Air Japan Co., Ltd. that operates "AirJapan," a new brand of the ANA Group. We also concluded a partnership with Tsunan Town, Niigata Prefecture, to promote regional revitalization. "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. In addition, 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 2024, and took over "Camecon," a photo contest platform service, from Retrock Co., Ltd. in September 2024. 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 interim period of the current fiscal year were 1,205,162 thousand yen (up 13.2% year-on-year). However, due to cost overruns in a large-scale development project, the Company posted operating loss of 37,618 thousand yen (operating profit of 127,295 thousand yen a year ago), ordinary loss of 38,284 thousand yen (ordinary profit of 127,018 thousand yen a year ago) and loss attributable to owners of parent of 32,003 thousand yen (profit attributable to owners of parent of 81,939 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

1) Assets, Liabilities and Net Assets

(Assets)

Current assets at the end of the second quarter (interim period) of the current fiscal year decreased by 175,747 thousand yen from the end of the previous fiscal year to 2,050,868 thousand yen. The decrease was mainly attributable to cash and deposits decreasing by 431,587 thousand yen against accounts receivable – trade and contract assets increasing by 255,489 thousand yen. Non-current assets increased by 95,318 thousand yen from the end of the previous fiscal year to 221,150 thousand yen. The increase was mainly attributable to goodwill increasing by 23,333 thousand yen and investments and other assets increasing by 68,948 thousand yen.

As a result, total assets amounted to 2,272,018 thousand yen, decreasing by 80,429 thousand yen from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the interim period under review decreased by 3,160 thousand yen from the end of the previous fiscal year to 302,223 thousand yen. The decrease was mainly attributable to current portion of long-term borrowings decreasing by 25,002 thousand yen against income taxes payable increasing by 11,301 thousand yen. Non-current liabilities increased by 118 thousand yen from the end of the previous fiscal year to 35,359 thousand yen. The increase was attributable to asset retirement obligations increasing by 118 thousand yen.

As a result, total liabilities amounted to 337,583 thousand yen, decreasing by 3,041 thousand yen from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the interim period under review decreased by 77,387 thousand yen from the end of the previous fiscal year to 1,934,435 thousand yen. The decrease was mainly due to loss attributable to owners of parent amounting to 32,003 and dividends from retained earnings amounting to 57,872 thousand yen.

As a result, the equity ratio came to 83.3% (in contrast to 84.1% at the end of the previous fiscal year).

2) Cash Flows

Cash and cash equivalents (“net cash”) at the end of the interim period under review totaled 1,340,762 thousand yen.
The status of respective cash flows in the interim period under review and their contributing factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities amounted to 264,764 thousand yen. This was mainly attributable to increase in accounts receivable - trade, and contract assets of 255,489 thousand yen and loss before income taxes of 38,284 thousand yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 84,097 thousand yen. This was mainly attributable to purchase of investment securities of 50,000 thousand yen and payments for acquisition of businesses of 25,000 thousand yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 82,725 thousand yen. This was mainly attributable to dividends paid of 57,681 thousand yen and repayments of long-term borrowings of 25,002 thousand yen.

(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 Company considers it possible to achieve the full-year targets, although the actual results for the interim period under review fell short of the initial estimate in terms of profit.

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Millions of yen 2,890	Millions of yen 153	Millions of yen 151	Millions of yen 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. Interim Consolidated Financial Statements and Significant Notes Thereto

(1) Interim Consolidated Balance Sheet

(Thousands of yen)

	Previous fiscal year (As of June 30, 2024)	Second quarter of current fiscal year (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	1,772,349	1,340,762
Accounts receivable - trade and contract assets	409,844	665,334
Other	44,421	44,772
Total current assets	2,226,616	2,050,868
Non-current assets		
Property, plant and equipment	48,919	51,984
Intangible assets		
Goodwill	-	23,333
Other	232	204
Total intangible assets	232	23,537
Investments and other assets	76,679	145,628
Total non-current assets	125,831	221,150
Total assets	2,352,448	2,272,018
Liabilities		
Current liabilities		
Current portion of long-term borrowings	45,817	20,815
Income taxes payable	8,525	19,826
Other	251,041	261,582
Total current liabilities	305,384	302,223
Non-current liabilities		
Asset retirement obligations	35,240	35,359
Total non-current liabilities	35,240	35,359
Total liabilities	340,625	337,583
Net assets		
Shareholders' equity		
Share capital	286,133	287,680
Capital surplus	1,158,459	1,160,006
Retained earnings	534,876	445,000
Treasury shares	(250)	(292)
Total shareholders' equity	1,979,219	1,892,394
Share acquisition rights	32,603	42,040
Total net assets	2,011,822	1,934,435
Total liabilities and net assets	2,352,448	2,272,018

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

Interim Consolidated Statement of Income

(Thousands of yen)

	First two quarters of previous fiscal year (July 1, 2023 - December 31, 2023)	First two quarters of current fiscal year (July 1, 2024 - December 31, 2024)
Net sales	1,064,554	1,205,162
Cost of sales	625,896	839,044
Gross profit	438,657	366,118
Selling, general and administrative expenses	311,362	403,736
Operating profit (loss)	127,295	(37,618)
Non-operating income		
Interest income	9	136
Miscellaneous income	300	216
Total non-operating income	310	353
Non-operating expenses		
Interest expenses	277	160
Share issuance costs	30	-
Miscellaneous losses	279	859
Total non-operating expenses	586	1,019
Ordinary profit (loss)	127,018	(38,284)
Extraordinary income		
Subsidy income	925	-
Total extraordinary income	925	-
Extraordinary losses		
Loss on retirement of non-current assets	-	0
Total extraordinary losses	-	0
Profit (loss) before income taxes	127,944	(38,284)
Income taxes - current	45,080	12,085
Income taxes - deferred	924	(18,365)
Total income taxes	46,005	(6,280)
Profit (loss)	81,939	(32,003)
Profit (loss) attributable to non-controlling interests	-	-
Profit (loss) attributable to owners of parent	81,939	(32,003)

Interim Consolidated Statement of Comprehensive Income

(Thousands of yen)

	First two quarters of previous fiscal year (July 1, 2023 - December 31, 2023)	First two quarters of current fiscal year (July 1, 2024 - December 31, 2024)
Profit (loss)	81,939	(32,003)
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	81,939	(32,003)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	81,939	(32,003)
Comprehensive income attributable to non-controlling interests	-	-

(3) Interim Consolidated Statements of Cash Flows

(Thousands of yen)

	First two quarters of previous fiscal year (July 1, 2023 - December 31, 2023)	First two quarters of current fiscal year (July 1, 2024 - December 31, 2024)
Cash flows from operating activities		
Profit (loss) before income taxes	127,944	(38,284)
Depreciation	3,848	5,003
Interest income	(9)	(136)
Interest expenses	277	160
Subsidy income	(925)	-
Share issuance costs	30	-
Share-based payment expenses	10,684	12,531
(Increase) decrease in accounts receivable - trade, and contract assets	(366,192)	(255,489)
Increase (decrease) in accrued consumption taxes	(28,568)	(16,267)
Increase (decrease) in income taxes payable - factor based tax	7,958	2,163
Increase (decrease) in accrued expenses	12,804	10,247
Increase (decrease) in advances received	4,186	959
Amortization of goodwill	-	1,666
Other, net	45,907	(1,319)
Subtotal	(182,053)	(278,763)
Interest received	9	136
Interest paid	(277)	(160)
Subsidies received	925	-
Income taxes paid	(112,382)	(3,478)
Income taxes refund	-	17,500
Net cash provided by (used in) operating activities	(293,779)	(264,764)
Cash flows from investing activities		
Purchase of property, plant and equipment	(439)	(7,921)
Purchase of investment securities	(2,500)	(50,000)
Payments for acquisition of businesses	(4,720)	(25,000)
Payments of leasehold deposits	-	(1,176)
Net cash provided by (used in) investing activities	(7,660)	(84,097)
Cash flows from financing activities		
Repayments of long-term borrowings	(25,002)	(25,002)
Purchase of treasury shares	-	(42)
Dividends paid	-	(57,681)
Net cash provided by (used in) financing activities	(25,002)	(82,725)
Net increase (decrease) in cash and cash equivalents	(326,441)	(431,587)
Cash and cash equivalents at beginning of period	1,899,346	1,772,349
Cash and cash equivalents at end of period	1,572,905	1,340,762

(4) Notes to Interim Consolidated Financial Statements

(Notes to Segment Information, Etc.)

(Segment Information)

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.

(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 20,815 thousand yen.