

Consolidated Financial Results
for the Nine Months Ended May 31, 2024
[Japanese GAAP]

July 8, 2024

Company name: U-NEXT HOLDINGS Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 9418
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 Scheduled date of filing quarterly securities report: July 9, 2024
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Nine Months Ended May 31, 2024 (September 1, 2023 – May 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
May 31, 2024	235,537	16.5	23,533	51.2	23,006	56.9	13,014	55.5
May 31, 2023	202,097	15.7	15,567	15.1	14,664	14.5	8,369	22.9

(Note) Comprehensive income: Nine months ended May 31, 2024: ¥13,632 million [62.0%]
 Nine months ended May 31, 2023: ¥8,417 million [23.3%]

	Basic earnings per share		Diluted earnings per share		EBITDA		Adjusted EPS	
	Yen		Yen		Million yen	%	Yen	%
Nine months ended								
May 31, 2024	216.48		–		30,994	37.1	255.72	42.5
May 31, 2023	140.08		140.00		22,614	12.9	179.47	19.1

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2024	220,601	89,690	36.2
As of August 31, 2023	200,524	77,707	34.1

(Reference) Equity: As of May 31, 2024: ¥79,759 million
 As of August 31, 2023: ¥68,451 million

2. Dividends

	Annual dividend				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2023	–	10.00	–	11.50	21.50
Fiscal year ending August 31, 2024	–	16.00	–		
Fiscal year ending August 31, 2024 (Forecast)				16.00	32.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2024 (September 1, 2023 – August 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	316,000	14.3	28,500	32.2	27,500	34.9	14,700	34.1	244.50

	EBITDA		Adjusted EPS	
Full year	Million yen	%	Yen	%
	39,000	24.5	296.89	26.0

(Note) Revision to the financial results forecast announced most recently: None

*** Notes:**

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – (), Excluded: – ()
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please refer to “(3) Notes to Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” on page 11 of the Attachments.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of shares issued and outstanding (common shares)
 - 1) Total number of shares issued and outstanding at the end of the period (including treasury shares):

May 31, 2024:	60,125,111 shares
August 31, 2023:	60,096,611 shares
 - 2) Total number of treasury shares at the end of the period:

May 31, 2024:	97 shares
August 31, 2023:	74 shares
 - 3) Average number of shares during the period:

Nine months ended May 31, 2024:	60,120,103 shares
Nine months ended May 31, 2023:	59,747,208 shares
- (5) Calculation method of management indices
 - EBITDA: Operating profit + Depreciation + Amortization of goodwill
 - * The amounts of depreciation and amortization of goodwill represent figures on the Statements of Cash Flows.
 - Adjusted EPS: Adjusted profit (i.e., Profit attributable to owners of parent + Amortization of goodwill) / Average number of shares during the period

* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

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

(Notes on forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as at the date of publication of this document, and the Company does not in any way guarantee the achievement of the projections. In addition, actual results may differ significantly from these forecasts due to various factors. For preconditions for the financial results forecast and notes on the use thereof, etc., please refer to “1. Qualitative Information on Quarterly Financial Results (1) Explanation of Operating Results” on page 2 of the Attachments.

(Method of obtaining supplementary briefing materials on quarterly financial results)

Briefing materials on the financial results for the nine months ended May 31, 2024 will become available today (July 8, 2024) on the Company’s website and TDnet.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

On April 1, 2024, the Company changed its trade name from USEN-NEXT HOLDINGS Co., Ltd. to U-NEXT HOLDINGS Co., Ltd.

Six years have passed since the management integration of USEN CORPORATION and U-NEXT Co., Ltd. in December 2017. USEN CORPORATION has been, and still is, the management foundation for the diverse range of businesses the Group has rolled out. Meanwhile, having integrated management with Premium Platform Japan, Inc., U-NEXT Co., Ltd. has established a strong user base and enhanced its content to become the largest domestic platform.

The Company is making steady progress with the current medium-term management plan and has made this change for the Group to make its transition to a new phase of growth.

The Group has classified its business into the following five segments, and each segment is striving to achieve growth of the Group.

The Group's business segments are: the Content Distribution Business through which we offer video distribution services for individuals, the Store Services Business through which we offer store digital transformation (DX) services and music distribution services for commercial stores and facilities and support services to attract store customers, the Communications Business through which we offer networks and security services for offices and distribute internet services, etc., the Business Systems Business through which we offer automated payment machines and front operation management systems mainly for medical institutions and hotels, and the Energy Business through which we offer high- and low-voltage electricity for commercial stores and commercial facilities.

In addition, the Group believes that a variety of customers it serves are its greatest assets, including those in the B to B market such as commercial stores to which the Group provides its mainstay store services as well as hotels, hospitals, golf courses, and small- to medium-sized offices, and those in the B to C market where the Group provides video distribution and communications services.

During the nine months ended May 31, 2024, the number of foreign visitors to Japan topped three million in a single month for the first time ever. Moreover, Japanese people renewed their interest in domestic travel. Consequently, Japan's tourist destinations welcomed a significant number of visitors. Likewise, commercial stores experienced bustling business, and facilities enjoyed high operating rates.

Meanwhile, the business environment surrounding our customers has become even more uncertain, due primarily to chronic labor shortages, soaring prices, the 2024 logistics issues, and the impact of the foreign exchange rates.

Under these circumstances, the Group has supported commercial stores and service users by providing one-stop solutions to the needs and problems of society through various business activities. The Group has also striven to continue to provide individual users with a wider range of genres of content by developing services that are easy for everyone to use in order to let people enjoy the best leisure time.

As a result, regarding the financial results for the nine months ended May 31, 2024, net sales were ¥235,537 million (up 16.5% year on year), operating profit was ¥23,533 million (up 51.2% year on year) and ordinary profit was ¥23,006 million (up 56.9% year on year). In addition, profit attributable to owners of parent was ¥13,014 million (up 55.5% year on year).

The Group's net sales (including inter-segment sales or transfers) and operating profit by segment are outlined below.

Please note that the Company plans to implement an organizational restructuring of the Group on September 1, 2024 in order to expand the growth of the Group as a whole, by reorganizing the structure primarily of the Store Services Business according to service and achieving more flexible business operations with clarified roles of the business. For details, please refer to an IR news release dated June 19, 2024.

In addition, some reportable segments have changed from the first quarter of the fiscal year under review. For details of the changes, please refer to "2. Matters on changes in reportable segments, etc." in "(Segment

information, etc.)” under “(3) Notes to Quarterly Consolidated Financial Statements” from “2. Quarterly Consolidated Financial Statements and Principal Notes.”

<Content Distribution Business>

The Content Distribution Business is operated by U-NEXT Co., Ltd., our consolidated subsidiary, and provides and sells the U-NEXT video distribution service.

As of June 2024, “U-NEXT,” which provides abundant titles with unlimited viewing, offers more than 370,000 video titles such as movies and drama series, including rental titles, over 1,050,000 e-books including comics and book titles, and 190 plus magazines. “U-NEXT,” which allows users to seamlessly enjoy watching and reading with a single app, offers an entertainment experience crossing the borders of genres.

During the nine months ended May 31, 2024, due to economic and social activities going back to normal, opportunities to go out increased, and more and more in-person events took place, such as live performances, concerts, and sports events. Accordingly, video distribution services are now subject to the process of selection and concentration by consumers. In addition, the yen is getting back on the downward trend in the foreign exchange market, having a certain impact on content procurement costs.

Under these circumstances, “U-NEXT” has enhanced its distribution lineup with popular content from overseas, including K-pop and K-drama content, drama series and variety programs currently broadcast on Tokyo Broadcasting System Television (TBS) and TV TOKYO, European soccer, including LALIGA, domestic and overseas combat sports, golf tours, the Volleyball Nations League, and other sports content, music, live streaming, and e-books.

Furthermore, we have started a “Kids Unlimited” service, which allows monthly subscribers to enjoy unlimited access to approximately 1,300 children’s books at no additional cost.

The number of paid members of “U-NEXT” topped 4.3 million as of May 31, 2024 and has steadily been growing since then.

We have also focused on publishing original books and comics as part of our intellectual property (IP) strategy. It has now been decided that “Danchi no Futari,” a full-length novel by Ms. Chiya Fujino, an Akutagawa Prize-winning author, which we published in 2022, will be adapted into a TV drama and broadcast on NHK BS. We will continue to strive to expand our lineup of attractive content and improve our services.

As a result, net sales and operating profit of the Content Distribution Business for the nine months ended May 31, 2024 were ¥80,197 million (up 35.6% year on year) and ¥6,538 million (up 33.4% year on year), respectively.

<Store Services Business>

The Store Services Business is operated by the following consolidated subsidiaries: USEN CORPORATION, CANSYSTEM. CO., LTD., USEN Media CORPORATION, USEN FB Innovation Co., Ltd., USEN Techno-Service Co., Ltd., USEN-NEXT Design Co., Ltd., U’S MUSIC Co., Ltd., WannaEat CO., LTD., and USEN TRUST Co., Ltd. The business provides, sells, and implements store solutions including music distribution and store DX services, offers support services for restaurants to attract customers, delivers food license sharing services, and manages and develops music copyrights, etc.

In our music distribution service, we provide commercial stores, chain stores, and individual customers across Japan with music, information, etc. through optimal infrastructure, using dedicated receiving terminal devices.

In addition, in our store DX services, we provide solutions necessary for store management, which include the “USEN Regi” POS cash register, the “USEN Pay” cashless payment service, support services for restaurants to attract customers, IoT services including Wi-Fi, IP cameras, and digital signage, rent guarantee services, and non-life insurance services.

Furthermore, USEN Media CORPORATION operates its gourmet sites “Hitosara” and “SAVOR JAPAN,” which is for foreign visitors to Japan, and provides “Tabelog” and other services to help restaurants attract customers, while WannaEat CO., LTD. provides food license sharing services.

During the nine months ended May 31, 2024, USEN CORPORATION, under the mission of “Create Stores’ Future,” has continued to focus on offering total support for store DX, which is indispensable for store management, and put forth an effort to solve the problems of customers. In March 2024, the Town of Naie of Hokkaido became the first local government to use “USEN MUSIC Enterprise” to provide music chosen for the location and the time of day in public facilities and station-front squares. We thus support efforts to create a community in which everyone, regardless of their age or position, can connect through music.

Moreover, in the USEN music distribution service, we have started “USEN Oshi-katsu Request,” a service in which people can vote for their favorite songs, and anyone can participate as part of their oshi-katsu, or enthusiastic support activities, for their favorite music artists. We aim to increase our recognition and visibility among younger audiences through this service.

As a result, net sales and operating profit of the Store Services Business for the nine months ended May 31, 2024 were ¥52,047 million (up 10.4% year on year) and ¥8,246 million (up 10.9% year on year), respectively.

<Communications Business>

The Communications Business is operated by the following consolidated subsidiaries: USEN NETWORKS Co., Ltd., U-NEXT Co., Ltd., USEN ICT Solutions CORPORATION, USEN Smart Works CORPORATION, USEN-NEXT LIVING PARTNERS Inc., TACT INC., U-MX Co., Ltd., Next Innovation Co., Ltd., and Y.U-mobile Co., Ltd.

For corporate customers, USEN ICT Solutions CORPORATION primarily provides services through our “USEN GATE 02” brand and proposes and sells ICT environment construction services as a “multi-service vendor” of ICT solutions, capitalizing on our strengths in that we are capable of proposing network, security, and cloud services comprehensively.

In addition, USEN Smart Works CORPORATION provides a variety of cloud services (SaaS service) to companies to support employees’ work styles in offices and also provides attentive support after service introduction.

For commercial stores, USEN NETWORKS Co., Ltd. mainly offers a variety of services according to the needs of customers, such as “USEN Hikari plus,” an optical line service provided by the Company; “USEN NET,” an ISP; and a next-generation IP telephone service.

For individuals, Y.U-mobile Co., Ltd. principally provides an MVNO service “y.u mobile,” which offers simple pricing plans and has been favorably received by customers since the launch of the service.

During the nine months ended May 31, 2024, services for corporate customers, the sales agency business, and the Company’s own optical line service continued to demonstrate robust performance.

At USEN NETWORKS Co., Ltd., we continued to see a steady increase in the number of new customers acquired for “USEN Hikari plus,” an optical line service for corporations provided by the Company. We are striving to make a shift from a model of acquiring one-shot fees to a model of acquiring running revenue, and the number of customers is steadily rising. Furthermore, as an effort to contribute to society, and in collaboration with the Japan Association for the Support for Single Mothers, we have started to offer an optical line at a lower price to eligible customers.

As a result, net sales and operating profit of the Communications Business for the nine months ended May 31, 2024 were ¥47,703 million (up 10.2% year on year) and ¥5,491 million (up 13.3% year on year), respectively.

<Business Systems Business>

The Business Systems Business is operated by ALMEX INC., a consolidated subsidiary.

Upholding its mission of “Techno-hospitality (Technology x Hospitality) to the world,” ALMEX INC. aims to provide clients and end-users behind them with “ultimate hospitality” through products and services making use of the latest technologies and develops, manufactures, sells, and maintains automated payment machines, hotel management systems, reception machines, guidance display machines, etc. for such clients as business hotels, city hotels, leisure hotels, hospitals, clinics, and golf courses. It also sells order terminals and operating systems for

restaurants.

During the nine months ended May 31, 2024, in response to the announcement of the commencement of the issuance of new banknotes in July 2024, demand remained solid for automated payment machines and other machines that are compatible with the new banknotes as businesses looked to replace older machines or introduce new ones. Consequently, sales significantly grew.

For hospitals and clinics, where it is difficult to allocate a sufficient number of staff to reception desks due to labor shortages and work style reforms, we started to interface “Sma-pa Myna Touch,” a card reader with face recognition functions compatible with an online eligibility confirmation system, with “Sma-pa TERMINAL,” a next-generation multifunctional reception machine, and “APS-3300,” an automated reception machine for returning patients, in order to make it possible to perform reception and health insurance card verification in a single process. We are thus contributing to the reduction of workload of the insurance eligibility verification task at the reception.

As a result, net sales and operating profit of the Business Systems Business for the nine months ended May 31, 2024 were ¥20,441 million (up 48.0% year on year) and ¥4,896 million (up 168.9% year on year), respectively.

<Energy Business>

The Energy Business is operated by U-POWER Co., Ltd. and USEN CORPORATION, our consolidated subsidiaries, and offers “U-POWER,” “USEN Electricity,” and “USEN GAS” services.

U-POWER Co., Ltd. has been promoting greener energy consumed at stores and facilities by providing three plans with different green energy rates to help companies achieve ESG management and SDGs.

USEN CORPORATION, through a business alliance with the TEPCO Group, offers energy consulting services which include low-voltage electricity for commercial stores, high-voltage electricity for commercial facilities, intermediary in the sale of city gas services, and proposals of energy-saving measures.

During the nine months ended May 31, 2024, as the demand’s peak season in winter ended and an off-peak season started, power procurement costs were trending downward.

U-POWER Co., Ltd. sells high-voltage and low-voltage electricity generated substantially from renewable sources to corporate clients. In addition, it started selling “GREEN Home,” a substantially renewable electricity plan for households, in November 2023. Due to the increasing demand driven by customers’ wish to use environmentally friendly electricity and the strengthened customer acquisition efforts using sales agents both inside and outside of the Group, the number of accounts to which we supply electricity topped 70 thousand as of May 31, 2024, and the number of contracts has steadily been growing since then.

We will continue to strengthen our sales of substantially renewable energy, contribute to the wider adoption of renewable energy in Japan, and fulfill our social responsibility to realize a sustainable society.

As a result, net sales and operating profit of the Energy Business for the nine months ended May 31, 2024 were ¥38,766 million (down 7.0% year on year) and ¥5,048 million (up 133.1% year on year), respectively.

(2) Explanation of Financial Position

1) Status of assets, liabilities and net assets

(Assets)

Total assets at the end of the third quarter of the fiscal year under review increased by ¥20,077 million compared with the end of the previous fiscal year to ¥220,601 million.

Current assets increased by ¥20,829 million compared with the end of the previous fiscal year to ¥142,054 million mainly due to increases in cash and deposits of ¥2,622 million, in notes and accounts receivable - trade of ¥3,400 million, in inventories of ¥1,707 million, and in prepaid expenses of ¥13,118 million.

Non-current assets decreased by ¥751 million compared with the end of the previous fiscal year to ¥78,547 million mainly due to an increase in property, plant and equipment of ¥338 million, a decrease in intangible assets of ¥1,176 million, and an increase in investments and other assets of ¥85 million.

(Liabilities)

Current liabilities increased by ¥10,825 million compared with the end of the previous fiscal year to ¥66,352 million.

Non-current liabilities decreased by ¥2,730 million compared with the end of the previous fiscal year to ¥64,558 million mainly due to decreases in long-term borrowings of ¥2,250 million and in retirement benefit liability of ¥45 million.

(Net assets)

Net assets increased by ¥11,983 million compared with the end of the previous fiscal year to ¥89,690 million mainly due to increases in retained earnings of ¥11,361 million and in non-controlling interests of ¥674 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

In regard to the consolidated financial results forecast for the fiscal year ending August 31, 2024, the full year consolidated financial results forecast remains unchanged from that announced in the consolidated financial results dated April 9, 2024. For more detail, please refer to our “Notice on Revision of Full-year Financial Results Forecasts” dated April 9, 2024.

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly from those forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of August 31, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	52,132	54,754
Notes and accounts receivable - trade	31,989	35,389
Inventories	9,708	11,416
Prepaid expenses	24,364	37,483
Other	4,017	4,023
Allowance for doubtful accounts	(987)	(1,012)
Total current assets	121,225	142,054
Non-current assets		
Property, plant and equipment	18,419	18,758
Intangible assets		
Goodwill	42,591	40,278
Other	6,083	7,220
Total intangible assets	48,675	47,498
Investments and other assets		
Other	17,258	17,344
Allowance for doubtful accounts	(5,054)	(5,054)
Total investments and other assets	12,204	12,290
Total non-current assets	79,298	78,547
Total assets	200,524	220,601
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,457	27,150
Electronically recorded obligations - operating	2,009	3,143
Current portion of long-term borrowings	3,000	3,000
Income taxes payable	2,460	6,548
Other provisions	191	350
Other	23,408	26,158
Total current liabilities	55,527	66,352
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	50,970	48,720
Provision for related facility repairs	104	78
Retirement benefit liability	2,340	2,295
Other	3,874	3,464
Total non-current liabilities	67,289	64,558
Total liabilities	122,817	130,911

(Million yen)

	As of August 31, 2023	As of May 31, 2024
Net assets		
Shareholders' equity		
Share capital	97	99
Capital surplus	29,784	29,786
Retained earnings	38,138	49,499
Treasury shares	(0)	(0)
Total shareholders' equity	68,020	79,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	99	42
Remeasurements of defined benefit plans	331	331
Total accumulated other comprehensive income	431	374
Non-controlling interests	9,255	9,930
Total net assets	77,707	89,690
Total liabilities and net assets	200,524	220,601

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the Nine Months Ended May 31

(Million yen)

	For the nine months ended May 31, 2023	For the nine months ended May 31, 2024
Net sales	202,097	235,537
Cost of sales	132,725	147,277
Gross profit	69,371	88,260
Selling, general and administrative expenses	53,803	64,726
Operating profit	15,567	23,533
Non-operating income		
Penalty income	34	74
Share of profit of entities accounted for using equity method	41	50
Other	137	114
Total non-operating income	214	239
Non-operating expenses		
Interest expenses	500	375
Foreign exchange losses	125	237
Other	491	153
Total non-operating expenses	1,117	767
Ordinary profit	14,664	23,006
Extraordinary income		
Gain on sale of investment securities	172	165
Gain on bargain purchase	88	–
Other	–	0
Total extraordinary income	260	165
Extraordinary losses		
Loss on retirement of non-current assets	558	467
Other	163	77
Total extraordinary losses	721	545
Profit before income taxes	14,204	22,626
Income taxes	5,817	8,937
Profit	8,386	13,689
Profit attributable to non-controlling interests	17	674
Profit attributable to owners of parent	8,369	13,014

Quarterly Consolidated Statements of Comprehensive Income

For the Nine Months Ended May 31

(Million yen)

	For the nine months ended May 31, 2023	For the nine months ended May 31, 2024
Profit	8,386	13,689
Other comprehensive income		
Valuation difference on available-for-sale securities	3	(56)
Remeasurements of defined benefit plans, net of tax	27	(0)
Total other comprehensive income	30	(57)
Comprehensive income	8,417	13,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,399	12,957
Comprehensive income attributable to non-controlling interests	17	674

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the third quarter of the fiscal year under review, and multiplying the profit before income taxes by this estimated effective tax rate.

(Segment information, etc.)

[Segment information]

I. Nine months ended May 31, 2023 (From September 1, 2022 to May 31, 2023)

1. Information on net sales and profit (loss) and information on disaggregation of revenue by reportable segment

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Content Distribution Business	Store Services Business	Communi- cations Business	Business Systems Business	Energy Business	Total		
Net sales								
Goods transferred at a point in time	6,145	12,220	14,730	8,781	619	42,497	23	42,521
Goods transferred over a certain period of time	52,753	34,449	26,325	4,984	41,036	159,549	26	159,575
Revenue from contracts with customers	58,898	46,670	41,055	13,765	41,656	202,046	50	202,097
Net sales to outside customers	58,898	46,670	41,055	13,765	41,656	202,046	50	202,097
Inter-segment sales or transfers	262	464	2,226	46	11	3,011	(3,011)	—
Total	59,161	47,135	43,282	13,811	41,667	205,057	(2,960)	202,097
Segment profit	4,901	7,435	4,845	1,820	2,165	21,169	(5,601)	15,567

(Notes) 1. The adjustment for segment profit of ¥(5,601) million is the elimination of inter-segment transactions and corporate expenses not allocated to each reportable segment. Corporate expenses are mainly selling, general and administrative expenses that are not attributable to reportable segments.

2. Segment profit is adjusted with operating profit reported in the quarterly consolidated statements of income.

2. Information on impairment loss on non-current assets and goodwill by reportable segment

Not applicable.

II. Nine months ended May 31, 2024 (From September 1, 2023 to May 31, 2024)

1. Information on net sales and profit (loss) and information on disaggregation of revenue by reportable segment

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Content Distribution Business	Store Services Business	Communi- cations Business	Business Systems Business	Energy Business	Total		
Net sales								
Goods transferred at a point in time	8,474	14,267	15,354	15,127	37	53,261	3	53,265
Goods transferred over a certain period of time	71,546	37,226	29,497	5,273	38,688	182,232	39	182,271
Revenue from contracts with customers	80,021	51,493	44,851	20,400	38,726	235,494	43	235,537
Net sales to outside customers	80,021	51,493	44,851	20,400	38,726	235,494	43	235,537
Inter-segment sales or transfers	176	554	2,851	40	40	3,662	(3,662)	—
Total	80,197	52,047	47,703	20,441	38,766	239,156	(3,618)	235,537
Segment profit	6,538	8,246	5,491	4,896	5,048	30,221	(6,687)	23,533

(Notes) 1. The adjustment for segment profit of ¥(6,687) million is the elimination of inter-segment transactions and corporate expenses not allocated to each reportable segment. Corporate expenses are mainly selling, general and administrative expenses that are not attributable to reportable segments.

2. Segment profit is adjusted with operating profit reported in the quarterly consolidated statements of income.

2. Matters on changes in reportable segments, etc.

(Changes in reportable segments)

Effective the first quarter of the fiscal year under review, reportable segments have been revised in line with the revised segmentation for performance management. Accordingly, the financial results of TACT INC., which were included in the Content Distribution Business, have now been included in the Communications Business.

The segment information for the nine months ended May 31, 2023 has been recategorized based on the reportable segments used for the nine months ended May 31, 2024.

3. Information on impairment loss on non-current assets and goodwill by reportable segment

Not applicable.