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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: NexTone Inc.
Stock exchange listing: Tokyo Stock Exchange
Code number: 7094
URL: https://www.nex-tone.co.jp/en/
Representative: Masahiro Anan, President & CEO
Contact: Fumihiro Watanabe, Director
Phone: +81-3-5475-5029
Scheduled date of annual general meeting of shareholders: June 25, 2024
Scheduled date of commencing dividend payments: —
Scheduled date of filing annual securities report: June 26, 2024
Availability of supplementary materials on financial results: Available
Schedule of financial results briefing session: Scheduled (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023–March 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	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	13,433	52.4	657	(21.8)	661	(21.4)	531	(15.9)
March 31, 2023	8,814	17.7	840	18.6	841	18.0	631	30.8

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥429 million [(32.0)%]
Fiscal year ended March 31, 2023: ¥631 million [30.8%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	54.68	54.07	13.9	6.3	4.9
March 31, 2023	65.12	64.05	19.4	11.7	9.5

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	13,162	5,155	30.8	415.65
As of March 31, 2023	7,821	3,574	45.7	368.03

(Reference) Equity: As of March 31, 2024: ¥4,051 million
As of March 31, 2023: ¥3,574 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	1,375	695	(65)	8,046
March 31, 2023	1,160	(323)	12	6,041

2. Dividends

	Annual dividends					Total cash dividends (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2023	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended March 31, 2024	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending March 31, 2025 (forecast)	–	0.00	–	0.00	0.00		–	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024–March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	20,000	48.9	1,000	52.2	1,000	51.2	600	13.0	61.77

*** Notes:**

(1) Changes in significant subsidiaries during the period under review: Yes
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
Newly included: one company (RecoChoku Co., Ltd.)
Excluded: – ( )

(2) Changes in accounting policies, changes in accounting estimates and 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) Restatement: None

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
March 31, 2024: 9,940,800 shares
March 31, 2023: 9,808,800 shares

2) Total number of treasury shares at the end of the period:
March 31, 2024: 192,610 shares
March 31, 2023: 96,537 shares

3) Average number of shares during the period:
Fiscal year ended March 31, 2024: 9,714,156 shares
Fiscal year ended March 31, 2023: 9,693,369 shares

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

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

Financial results forecast and other forward-looking statements contained herein are based on information currently available to the Group and certain assumptions that are deemed reasonable, and the Company does not in any way guarantee the achievement of the forecasts.

Actual results may differ significantly due to various factors. For the assumptions underlying the forecasts herein and cautionary notes on the use of the financial results forecast, please refer to “Overview of Operating Results, etc. (4) Future Outlook” on page 7 of the Attachments (available in Japanese).

(Obtaining supplementary explanatory materials for financial results and video of the briefing)
The supplementary explanatory materials (available in Japanese) will be disclosed on TDnet and the Company’s website on Tuesday, May 14, 2024.
The Company plans to hold an online financial results briefing session for institutional investors and analysts on Wednesday, May 15, 2024, and post the video of the session (available in Japanese) at a later date on the Company’s website.

(1) Consolidated Balance Sheet

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	6,041,222	8,046,777
Notes and accounts receivable - trade	282,177	1,600,251
Work in process	796	19,339
Supplies	–	1,813
Other	383,368	678,508
Allowance for doubtful accounts	–	(3,124)
Total current assets	6,707,564	10,343,566
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	794	93,060
Tools, furniture and fixtures, net	11,560	59,334
Total property, plant and equipment	12,355	152,394
Intangible assets		
Goodwill	45,653	265,543
Software	727,482	1,638,571
Other	7,995	95,889
Total intangible assets	781,131	2,000,003
Investments and other assets		
Deferred tax assets	185,559	201,841
Guarantee deposits	134,765	294,076
Other	1	171,102
Total investments and other assets	320,326	667,020
Total non-current assets	1,113,812	2,819,418
Total assets	7,821,376	13,162,984
Liabilities		
Current liabilities		
Notes and accounts payable - trade	872,542	2,974,222
Accounts payable - other	2,647,371	3,780,438
Income taxes payable	191,374	147,798
Provision for bonuses	85,000	248,964
Provision for bonuses for directors (and other officers)	32,492	26,600
Other	46,922	324,832
Total current liabilities	3,875,704	7,502,856
Non-current liabilities		
Long-term accounts payable - other	259,756	279,868
Retirement benefit liability	111,520	103,485
Other	–	121,628
Total non-current liabilities	371,276	504,981
Total liabilities	4,246,981	8,007,838

(Thousand yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	1,198,782	1,218,582
Capital surplus	738,148	761,606
Retained earnings	1,849,057	2,380,185
Treasury shares	(211,591)	(308,172)
Total shareholders' equity	3,574,395	4,052,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	(362)
Total accumulated other comprehensive income	–	(362)
Non-controlling interests	–	1,103,306
Total net assets	3,574,395	5,155,146
Total liabilities and net assets	7,821,376	13,162,984

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	8,814,676	13,433,504
Cost of sales	6,407,888	9,931,774
Gross profit	2,406,787	3,501,730
Selling, general and administrative expenses	1,566,592	2,844,726
Operating profit	840,195	657,004
Non-operating income		
Interest income	57	77
Dividend income	339	762
Foreign exchange gains	–	691
Interest on tax refund	768	7
Gain on prepaid card	–	2,712
Gain on valuation of crypto assets	–	633
Other	144	1,105
Total non-operating income	1,310	5,990
Non-operating expenses		
Foreign exchange losses	40	–
Loss on retirement of non-current assets	0	1,557
Other	–	24
Total non-operating expenses	40	1,581
Ordinary profit	841,465	661,413
Extraordinary income		
Subsidy income	–	75,571
Total extraordinary income	–	75,571
Extraordinary losses		
Impairment losses	–	42,193
Total extraordinary losses	–	42,193
Profit before income taxes	841,465	694,791
Income taxes - current	304,507	280,992
Income taxes - deferred	(94,311)	(16,281)
Total income taxes	210,196	264,710
Profit	631,269	430,080
Loss attributable to non-controlling interests	–	(101,047)
Profit attributable to owners of parent	631,269	531,128

Consolidated Statement of Comprehensive Income

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	631,269	430,080
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(700)
Total other comprehensive income	–	(700)
Comprehensive income	631,269	429,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	631,269	530,766
Comprehensive income attributable to non-controlling interests	–	(101,385)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Thousand yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	1,192,392	728,931	1,217,787	(219,129)	2,919,982	2,919,982
Changes during period						
Issuance of new shares	6,390	6,390			12,780	12,780
Profit attributable to owners of parent			631,269		631,269	631,269
Purchase of treasury shares				(342)	(342)	(342)
Disposal of treasury shares		2,826		7,879	10,706	10,706
Total changes during period	6,390	9,216	631,269	7,537	654,413	654,413
Balance at end of period	1,198,782	738,148	1,849,057	(211,591)	3,574,395	3,574,395

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,198,782	738,148	1,849,057	(211,591)	3,574,395
Changes during period					
Issuance of new shares	19,800	19,800			39,600
Profit attributable to owners of parent			531,128		531,128
Increase in consolidated subsidiaries - non-controlling interests					–
Purchase of treasury shares				(105,278)	(105,278)
Disposal of treasury shares		3,658		8,698	12,356
Net changes in items other than shareholders' equity					
Total changes during period	19,800	23,458	531,128	(96,580)	477,806
Balance at end of period	1,218,582	761,606	2,380,185	(308,172)	4,052,201

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	–	–	–	3,574,395
Changes during period				
Issuance of new shares				39,600
Profit attributable to owners of parent				531,128
Increase in consolidated subsidiaries - non-controlling interests			1,204,354	1,204,354
Purchase of treasury shares				(105,278)
Disposal of treasury shares				12,356
Net changes in items other than shareholders' equity	(362)	(362)	(101,047)	(101,409)
Total changes during period	(362)	(362)	1,103,306	1,580,750
Balance at end of period	(362)	(362)	1,103,306	5,155,146

(4) Consolidated Statement of Cash Flows

(Thousand yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	841,465	694,791
Depreciation	136,553	420,800
Impairment losses	–	42,193
Amortization of goodwill	16,113	42,335
Interest and dividend income	(397)	(840)
Subsidy income	–	(75,571)
Loss on retirement of non-current assets	0	1,557
Decrease (increase) in trade receivables	(71,609)	(108,347)
Increase (decrease) in trade payables	171,297	(8,163)
Increase (decrease) in provision for bonuses	(1,686)	19,198
Increase (decrease) in provision for bonuses for directors (and other officers)	6,829	(5,892)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(165,097)	–
Increase (decrease) in retirement benefit liability	16,806	(42,240)
Decrease (increase) in advance payments to suppliers	48	82
Increase (decrease) in accounts payable - other	312,339	723,557
Increase (decrease) in long-term accounts payable - other	259,756	(1,848)
Other, net	(99,701)	(57,422)
Subtotal	1,422,718	1,644,191
Interest and dividends received	385	749
Subsidies received	–	75,571
Income taxes paid	(263,078)	(345,235)
Net cash provided by (used in) operating activities	1,160,025	1,375,277
Cash flows from investing activities		
Purchase of property, plant and equipment	(600)	(125,280)
Purchase of intangible assets	(260,688)	(613,173)
Payments of leasehold and guarantee deposits	(62,494)	(62,924)
Proceeds from refund of guarantee deposits	-	310
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	1,497,023
Net cash provided by (used in) investing activities	(323,783)	695,955
Cash flows from financing activities		
Proceeds from issuance of shares	12,780	39,599
Purchase of treasury shares	(342)	(105,278)
Net cash provided by (used in) financing activities	12,437	(65,678)
Net increase (decrease) in cash and cash equivalents	848,679	2,005,554
Cash and cash equivalents at beginning of period	5,192,542	6,041,222
Cash and cash equivalents at end of period	6,041,222	8,046,777