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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 8, 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 filing semi-annual securities report: November 8, 2024
Scheduled date of commencing dividend payments: –
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 Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	9,415	112.2	378	(13.9)	397	(9.8)	293	(2.2)
September 30, 2023	4,437	7.1	439	36.1	440	35.6	299	36.0

(Note) Comprehensive income: Six months ended September 30, 2024: ¥199 million [(33.5)%]
Six months ended September 30, 2023: ¥299 million [36.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	30.07	—
September 30, 2023	30.84	30.43

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	13,733	5,370	31.8
As of March 31, 2024	13,235	5,155	30.6

(Reference) Equity: As of September 30, 2024: ¥4,361 million
As of March 31, 2024: ¥4,051 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2025	–	0.00			
Fiscal year ending March 31, 2025 (forecast)			–	0.00	0.00

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

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	54.1	1,000	53.0	600	13.0	61.77

(Note) 1. Revision to the financial results forecast announced most recently: None

2. During the six months ended September 30, 2024, the Company has finalized the provisional accounting treatment related to business combinations, and has reflected the content of this finalization in the previous fiscal year. As a result, the operating results for the previous fiscal year have been revised to 648 million yen in operating profit and 653 million yen in ordinary profit; the percentage changes from the previous corresponding period have also been revised. There are no changes to net sales and profit attributable to owners of parent.

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: – ( )
Excluded: – ( )

(2) Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements: Yes
(Note): For details, please refer to "2. Semi-annual Consolidated Financial Statements and Primary Notes (4) Notes to the Semi-annual Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)" on page 10 of the Attachments (available in Japanese).

(3) 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

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

September 30, 2024:	9,940,800 shares
March 31, 2024:	9,940,800 shares

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

September 30, 2024:	180,563 shares
March 31, 2024:	192,610 shares

3) Average number of shares during the period:

Six months ended September 30, 2024:	9,751,679 shares
Six months ended September 30, 2023:	9,717,723 shares

* These semi-annual financial results are outside the scope of review by certified public accountants or an audit firm.

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

(Cautionary notes on forward-looking statements)
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 forecasts, please refer to "1. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 4 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 Friday, November 8, 2024.
The Company plans to hold an online financial results briefing session for institutional investors and analysts on Monday, November 11, 2024, and post the video of the session (available in Japanese) at a later date on the Company's website.

Semi-annual Consolidated Financial Statements

(1) Semi-annual Consolidated Balance Sheet

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,046	8,762
Notes and accounts receivable - trade	1,600	1,559
Merchandise	—	0
Work in process	19	10
Supplies	1	1
Other	678	493
Allowance for doubtful accounts	(3)	(3)
Total current assets	10,343	10,822
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93	78
Tools, furniture and fixtures, net	59	49
Total property, plant and equipment	152	128
Intangible assets		
Goodwill	29	21
Customer-related intangible assets	308	274
Software	1,638	1,623
Other	95	184
Total intangible assets	2,072	2,103
Investments and other assets		
Deferred tax assets	201	205
Guarantee deposits	294	342
Other	171	130
Total investments and other assets	667	678
Total non-current assets	2,891	2,910
Total assets	13,235	13,733

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,974	2,967
Accounts payable - other	3,780	4,265
Income taxes payable	147	222
Provision for bonuses	248	190
Provision for bonuses for directors (and other officers)	26	15
Other	324	149
Total current liabilities	7,502	7,810
Non-current liabilities		
Long-term accounts payable - other	279	283
Retirement benefit liability	103	83
Other	193	185
Total non-current liabilities	577	552
Total liabilities	8,080	8,363
Net assets		
Shareholders' equity		
Share capital	1,218	1,218
Capital surplus	761	758
Retained earnings	2,380	2,673
Treasury shares	(308)	(288)
Total shareholders' equity	4,052	4,361
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Total accumulated other comprehensive income	(0)	(0)
Non-controlling interests	1,103	1,009
Total net assets	5,155	5,370
Total liabilities and net assets	13,235	13,733

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	4,437	9,415
Cost of sales	3,210	7,128
Gross profit	1,226	2,287
Selling, general and administrative expenses	787	1,909
Operating profit	439	378
Non-operating income		
Interest income	0	0
Dividend income	0	1
Foreign exchange gains	0	—
Surrender value of insurance policies	—	15
Other	0	3
Total non-operating income	1	21
Non-operating expenses		
Foreign exchange losses	—	1
Total non-operating expenses	—	1
Ordinary profit	440	397
Extraordinary losses		
Loss on valuation of investment securities	—	5
Total extraordinary losses	—	5
Profit before income taxes	440	392
Income taxes	141	192
Profit	299	199
Loss attributable to non-controlling interests	—	(93)
Profit attributable to owners of parent	299	293

Semi-annual Consolidated Statement of Comprehensive Income

Six Months Ended September 30

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	299	199
Other comprehensive income		
Valuation difference on available-for-sale securities	―	(0)
Total other comprehensive income	―	(0)
Comprehensive income	299	199
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	299	292
Comprehensive income attributable to non-controlling interests	―	(93)

(3) Semi-annual Consolidated Statement of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	440	392
Depreciation	79	369
Amortization of goodwill	8	8
Amortization of customer-related assets	—	34
Interest and dividend income	(0)	(2)
Surrender value of insurance policies	—	(15)
Decrease (increase) in trade receivables	(146)	71
Increase (decrease) in trade payables	14	(7)
Increase (decrease) in provision for bonuses	(29)	(58)
Increase (decrease) in provision for bonuses for directors (and other officers)	(14)	(11)
Increase (decrease) in retirement benefit liability	8	(20)
Decrease (increase) in advance payments to suppliers	0	—
Increase (decrease) in accounts payable - other	355	493
Increase (decrease) in long-term accounts payable - other	(1)	3
Other, net	183	(50)
Subtotal	896	1,206
Interest and dividends received	0	2
Income taxes refund (paid)	(181)	(141)
Net cash provided by (used in) operating activities	715	1,067
Cash flows from investing activities		
Purchase of property, plant and equipment	—	(1)
Purchase of intangible assets	(136)	(425)
Payments of leasehold and guarantee deposits	(0)	(52)
Proceeds from refund of leasehold and guarantee deposits	0	70
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,497	—
Proceeds from cancellation of insurance funds	—	56
Other, net	—	0
Net cash provided by (used in) investing activities	1,360	(352)
Cash flows from financing activities		
Proceeds from issuance of shares	2	—
Purchase of treasury shares	(0)	—
Net cash provided by (used in) financing activities	2	—
Net increase (decrease) in cash and cash equivalents	2,078	715
Cash and cash equivalents at beginning of period	6,041	8,046
Cash and cash equivalents at end of period	8,119	8,762