

Consolidated Financial Results for the Fiscal Year Ended August 31, 2022 [Japanese GAAP]

October 13, 2022

Company name: USEN-NEXT HOLDINGS Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9418

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Scheduled date of Annual General Meeting of Shareholders: November 29, 2022

Scheduled date of commencing dividend payments: November 30, 2022

Scheduled date of filing annual securities report: November 30, 2022

Availability of supplementary briefing materials on financial results: Available

Schedule of financial results briefing session: Scheduled (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2022 (September 1, 2021 – August 31, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2022	237,927	14.2	17,321	11.0	16,241	10.0	8,687	8.0
August 31, 2021	208,351	7.8	15,608	43.4	14,768	46.3	8,044	63.9

(Note) Comprehensive income: Fiscal year ended August 31, 2022: ¥8,747 million [8.4%]

Fiscal year ended August 31, 2021: ¥8,071 million [65.9%]

Fiscal year ended	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	EBITDA		Adjusted EPS	
	Yen	Yen	%	%	%	Million yen	%	Yen	%
August 31, 2022	144.59	144.49	23.6	11.0	7.3	26,269	7.8	194.48	3.0
August 31, 2021	133.90	133.79	27.2	10.6	7.5	24,378	25.0	188.79	33.3

(Reference) Equity in earnings (losses) of affiliates: Fiscal year ended August 31, 2022: ¥29 million

Fiscal year ended August 31, 2021: ¥7 million

(Note) The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended August 31, 2022. The above amounts for the fiscal year ended August 31, 2022 show figures after the said accounting standard has been applied. Percent changes from the previous corresponding period are calculated based on the consolidated financial results for the fiscal year ended August 31, 2021 before the said accounting standard has been applied.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2022	153,007	40,281	26.3	670.32
As of August 31, 2021	141,316	33,334	23.6	554.76

(Reference) Equity: As of August 31, 2022: ¥40,278 million

As of August 31, 2021: ¥33,331 million

(Note) The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended August 31, 2022. The above amounts for the fiscal year ended August 31, 2022 show figures after the said accounting standard has been applied.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Fiscal year ended August 31, 2022	Million yen 17,664	Million yen (7,412)	Million yen (5,448)	Million yen 26,381
August 31, 2021	15,719	(4,195)	(6,722)	21,578

2. Dividends

	Annual Dividend					Total dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended August 31, 2021	Yen –	Yen 0.00	Yen –	Yen 13.50	Yen 13.50	millions of yen 811	% 10.1	% 2.7
Fiscal year ended August 31, 2022	–	0.00	–	15.00	15.00	901	10.4	2.4
Fiscal year ending August 31, 2023 (Forecast)	–	9.00	–	9.00	18.00		11.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2023 (September 1, 2022 - August 31, 2023)

(% 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 247,000	% 3.8	Million yen 18,400	% 6.2	Million yen 17,300	% 6.5	Million yen 9,200	% 5.9	Yen 153.10

	EBITDA		Adjusted EPS	
Full year	Million yen 28,500	% 8.5	Yen 205.36	% 5.6

*** Notes:**

- (1) Changes in significant subsidiaries during the fiscal year under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation):
Newly included: – ()
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
- (3) Total number of shares issued and outstanding (common shares)
1) Total number of shares issued and outstanding at the end of the year (including treasury shares):
August 31, 2022: 60,089,111 shares
August 31, 2021: 60,083,111 shares

2) Total number of treasury shares at the end of the year:
August 31, 2022: 72 shares
August 31, 2021: 23 shares

3) Average number of shares during the year:
Fiscal year ended August 31, 2022: 60,084,269 shares
Fiscal year ended August 31, 2021: 60,077,007 shares

(4) 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

(Reference) Summary of Non-Consolidated Financial Results

Non-Consolidated Financial Results for Fiscal Year Ended August 31, 2022 (September 1, 2021 – August 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended August 31, 2022	11,415	39.8	5,948	78.2	5,385	97.9	4,912	(73.6)
August 31, 2021	8,163	(8.3)	3,338	(26.5)	2,721	(11.8)	18,618	578.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended August 31, 2022	Yen 81.75	Yen 81.70
August 31, 2021	309.91	309.68

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2022	105,965	36,244	34.2	603.19
As of August 31, 2021	101,300	32,117	31.7	534.54

(Reference) Equity: As of August 31, 2022: ¥36,244 million

As of August 31, 2021: ¥32,117 million

* These consolidated financial results are outside the scope of audit 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. Overview of Operating Results, etc. (1) Overview of Operating Results for the Fiscal Year under Review” on page 2.

Supplementary briefing materials on financial results for the fiscal year ended August 31, 2022 will be filed on TDnet on October 13, 2022, and also posted on the Company’s website.

The Company plans to hold a financial results briefing session for institutional investors on Thursday, October 18, 2022. The details of the briefing session will be distributed online and posted on the Company’s website.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

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 music distribution 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 communications and video distribution services.

Making the most of these assets, the Group has been focusing on initiatives to further consolidate its position as a solutions provider and a platformer for small- to medium-sized enterprises that provides one-stop solutions to various needs and problems of customers in its five business segments: the Content Distribution Business, the Store Services Business, the Communications Business, the Business Systems Business, and the Energy Business.

The commercial stores domain, the restaurant business industry in particular, has been significantly affected by the prolonged spread of COVID-19. With the aim of understanding various needs in the era of coexistence with and post COVID-19 and providing support effectively utilizing the synergy of the Group, the Group added VIRTUAL RESTAURANT CO., LTD. as one of its subsidiaries in September 2022.

During the fiscal year under review, COVID-19 infection cases repeated the cycle of expansion and contraction, and although the number of infected individuals surged in the latter half of the period, restrictions on movement of people, such as a declaration of a state of emergency, were not imposed, and economic activities in the era of coexistence with and post COVID-19 are becoming normalized.

In addition, a large number of businesses and commercial stores are forced to revise the prices of commercial products due to increased procurement costs amid the continued inflation on a global scale against the backdrop of shortages of food and energy caused by the situation in Ukraine and as a result of the soaring raw material prices and utility costs caused by the rapid and historical depreciation of the yen.

The soaring commodity prices may potentially affect procurement costs and result in a decline in consumer confidence and fewer customers coming to the stores, causing the business environment surrounding the commercial stores to remain uncertain.

Moreover, in the area of subscription services, the market size of which is expected to grow, the business management has continued to face a severe situation as services are being screened by some selective consumers, who are suffering from the so-called “subscription fatigue,” or the sense of being overwhelmed by the amount of content.

Under these circumstances, the Group, as a “social DX” company that brings the future closer to the present, has continued to focus on its efforts to support commercial stores and service users by providing one-stop solutions to the needs and problems of society through its business activities.

In each segment, the Group has provided products and services tailored to various needs and issues of customers in the era of coexistence with and post COVID-19 and further utilized resources in the Group to practice our Group slogan, “Brighten the future.”

The Group has steadily carried out its new medium-term business plan, “Road to 2025,” which was formulated and released by the Group in February 2022, and focused on its efforts to realize sustainable growth and a further increase of corporate value while responding to a social environment undergoing drastic change in the era of coexistence with and post COVID-19.

The Group selected the Prime Market in the new market segments of the Tokyo Stock Exchange and transitioned to the market in April 2022.

As a result, regarding the financial results for the fiscal year under review, net sales were ¥237,927 million (up 14.2% year on year), operating profit was ¥17,321 million (up 11.0% year on year) and ordinary profit was ¥16,241 million (up 10.0% year on year). In addition, profit attributable to owners of parent was ¥8,687 million (up 8.0% year on year).

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

<Content Distribution Business>

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

During the fiscal year under review, amid a boom in the market for video distribution, although COVID-19 infection cases repeated the cycle of expansion and contraction, restrictions on movement of people, such as a declaration of a state of emergency, were not imposed, and economic activities in the era of coexistence with and post COVID-19 are becoming normalized.

The demand driven by the stay-at-home economy is becoming lower due to reasons such as increased opportunities to go out and an increase in the number of people working in the office. In addition, subscription services have been reviewed and screened by users due to surging commodity prices.

Under these circumstances, as the competitive environment related to content is becoming more intensified, in addition to the conventional “Coverage Strategy,” we have developed “ONLY ON Strategy” in a way that upgrades the Company’s exclusive titles, such as launching live distribution of new releases and much-talked-about titles and sports content and music content, and have worked on enhancing our exclusively distributed titles under the concepts of “Viewable Only With U-NEXT” and “Only With U-NEXT You Can Enjoy Unlimited Viewing.”

In addition, with focus on the “experience of watching a movie in a movie theater,” we are aiming to achieve “video distribution services that can send customers to movie theaters.” We made it possible to purchase TOHO Cinemas’ movie tickets with “U-NEXT points” in addition to existing movie theaters, and started a collaboration campaign of “U-NEXT and TOHO Cinemas.”

In “U-NEXT,” more than 230,000 movies, drama series, and animated programs can be enjoyed with unlimited viewing. Moreover, 30,000 plus titles including new releases can be rented and over 760,000 comic book and book titles are included in the lineup. “U-NEXT,” which allows users to seamlessly enjoy watching and reading with a single app, offers an entertainment experience crossing the borders of genres.

In regard to the improvement of the user experience, we have been encouraging the installation of “U-NEXT Button” on the remote controllers attached to the televisions newly launched by manufacturers and making efforts to allow users to enjoy our services comfortably.

Furthermore, for the purpose of allowing customers to stably enjoy titles, we have worked to improve quality by, for example, introducing “Media CDN,” a new content delivery network (CDN) service launched by U.S. Google, as part of our measures to secure redundancy of distribution methods.

As a result, net sales and operating profit of the Content Distribution Business were ¥71,432 million (up 19.1% year on year) and ¥6,294 million (up 9.8% 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., and U’S MUSIC Co., Ltd. The business distributes music and provides, sells, and implements store solutions, offers support services for restaurants, and manages and develops music copyright, etc.

The Store Services Business is the Group’s mainstay business, and capitalizing on its stable revenue base centered on music distribution services, the Group plans to actively develop the store IoT market. To this end, we have worked to maintain and expand transactions with customers, acquire new customers and improve our brand power especially in the market for commercial stores.

For commercial stores and chain stores, in an aim to enhance the lineup of services for stores and commercial facilities, we have provided and proposed comprehensive solutions and support services ranging from the support for starting a business and establishing business environments to the support for attracting customers and sales promotions, centered on music distribution and IoT services.

During the fiscal year under review, while COVID-19 infection cases repeated the cycle of expansion and contraction, restrictions on movement of people, such as a declaration of a state of emergency, were not imposed,

and economic activities in the era of coexistence with and post COVID-19 are becoming normalized. Long summer vacations were resumed without restrictions on movement, and traffic congestion and crowded tourist spots were observed; customers are coming back to commercial stores and restaurants.

On the other hand, stores were forced to revise the prices of commercial products in response to the soaring raw material prices and utility costs and an array of daily necessities' price hikes. This may potentially result in a decline in consumer confidence and fewer customers coming to the stores, causing the business environment to remain uncertain.

In addition, the spread of COVID-19 made the shortages of employees become evident, and new issues have emerged such as inability to conduct business operation in various situations.

The Group has focused on understanding the actual needs of its customer commercial stores and providing them with attentive and speedy services. At the same time, we have offered comprehensive support for them while leveraging the Group synergy.

At USEN CORPORATION, under the vision of "Create Stores' Future," we offer total support for store DX, which is indispensable for store management in the era of coexistence with and post COVID-19.

"USEN IoT PLATFORM" enables providing one-stop services to offer wireless communications and business equipment using the latest technology, including the "U AIR" Wi-Fi equipment for business use that enables internet use without the need of line construction and the "U MUSIC" service that combines AI with our knowledge cultivated through more than 50 years of providing store BGM services to create optimal BGM for each store based on its characteristics. Centered around this service, "USEN Marutto Store DX" promotes operational efficiency, labor saving and non-contact operations by offering a package service that realizes DX of every operation in stores from front operations to back-office operations, including "U-Regi" cloud POS cash register, "U-Pay" payment service, order system, security cameras, in-store signage and insurances, and also provides comprehensive support for service implementation and follow-up. As such, we have been proposing store management from a new perspective.

As part of these efforts, we have been working on activities to solve problems of customers such as personnel shortage in the era of coexistence with and post COVID-19 and securing of time for recruitment and education by proactively focusing on the introduction of robots offering catering and transportation services so that the customers can offer services to visitors safely and efficiently with enjoyment and no contact.

In USEN Media CORPORATION, we operate "Hitosara" and provide "Tabelog" services which help restaurants attract customers. While customer stores continued to face difficult business environment, the "Hitosara" service marked the 10th anniversary in July this year. We will continue to focus on initiatives to offer highly convenient services for both food providers and consumers as a medium connecting the two sides.

As a result, net sales and operating profit of the Store Services Business for the fiscal year under review were ¥58,172 million (up 3.7% year on year) and ¥9,048 million (up 5.3% 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., U-MX co., LTD., Next Innovation Co., Ltd., and Y.U-mobile Co., Ltd. The business operates sales agencies for optical internet lines, proposes and sells services for building ICT environments in offices, and provides and sells optical internet lines for individual customers.

During the fiscal year under review, while COVID-19 infection cases repeated the cycle of expansion and contraction, restrictions on movement of people, such as a declaration of a state of emergency, were not imposed, and economic activities in the era of coexistence with and post COVID-19 are becoming normalized.

On the other hand, stores were forced to revise the prices of commercial products in response to the soaring raw material prices and utility costs and an array of daily necessities' price hikes. This may potentially result in a decline in consumer confidence and fewer customers coming to the stores, causing the business environment to remain uncertain.

Even under these circumstances, the activities to acquire new orders for communication lines, network and

security services mainly for medium to small enterprises continued to see strong performance.

In the area of ICT environment construction for offices, USEN ICT Solutions CORPORATION engages in network-related services, cloud services, data center services, and maintenance and operation services for corporate ICT environments and other services under the USEN GATE 02 brand, while also proposing BGM services including Sound Design for OFFICE for office workers. In this way, while proposing business environment improvements aligned with the needs of each company, we are also working to create a system that can provide one-stop service for building these ICT environments.

In addition, we started to offer “Virtual Private Gate,” which enables easy transition to a cloud service and zero-trust model without the need of installing physical equipment in house, and allows for quick introduction of necessary network functions.

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.

While remote working arrangements and online meetings have taken root in the era of coexistence with and post COVID-19, there are growing needs to introduce tools for business efficiency improvement and labor saving, and we have also worked to propose new service introduction for enterprises.

Furthermore, we have also engaged in proposal activities, including for the utilization of tools to resolve the issue of how internal communications should take place in companies, which has been raised as a result of the mix of employees commuting to the office and those working remotely.

At USEN NETWORKS Co., Ltd., we saw steady increase in the number of acquisition of new customers for “USEN Hikari plus,” an optical line service for corporations provided by the Company, and we are striving to make a shift from a model of acquiring one-shot fees to a model of acquiring running revenue.

Furthermore, in addition to creating an environment for remote work, we received a lot of feedback requesting individual contracts by employees for the optical line service instead of the company entering into contracts for the optical line service due to increasing needs for leisure time to enjoy music, video distribution and other services through the Internet. In response, we started to provide “USEN Hikari 01,” an optical line service for individuals.

We also started handling a video distribution service U-NEXT operated by the Group company U-NEXT Co., Ltd., and offering a discount service Entame-Wari, which offers a benefit to those who entered into new contracts for both “USEN Hikari 01” and “U-NEXT.”

As a result, net sales and operating profit of the Communications Business were ¥50,764 million (up 5.4% year on year) and ¥5,367 million (up 18.4% year on year), respectively.

<Business Systems Business>

The Business Systems Business is operated by ALMEX INC., a consolidated subsidiary. It develops, manufactures and sells business management systems and automated payment machines for hotels, hospitals, golf courses, etc.

During the fiscal year under review, although COVID-19 infection cases repeated the cycle of expansion and contraction, restrictions on movement of people, such as a declaration of a state of emergency, were not imposed, and economic activities in the era of coexistence with and post COVID-19 are becoming normalized.

In Japan, there have been positive signs such as a significant increase in the number of people at sightseeing spots and shopping districts in various regions thanks to long vacation without restrictions on movement. Meanwhile, the acceptance of foreign tourists depends on future circumstances, and the tourism and travel businesses continued to suffer from an uncertain business environment.

Under these circumstances, for hotels, in anticipation of a possible recovery of accommodation business and the return of inbound travelers, and with the aim of leading digital transformation (DX) in the hotel industry, we initiated the introduction of the “Cyphy-inn” face recognition and verification service.

New needs have emerged even at golf courses and facilities of other business types, where the services had previously centered on omotenashi (hospitality) by persons and had little need for smaller workforces and labor savings using automated payment machines and other devices. Against this background, we have taken this

situation as a big business opportunity and made proactive efforts, which included a system collaboration with “Rakuten Check-in Service” provided by “Rakuten GORA,” a golf course reservation service, to enable self check-in.

For hospitals and clinics, we started to offer “APS-NEXT,” a new automated return-visit reception machine, in response to the situation where it is difficult to allocate a sufficient number of staff to reception desks due to labor shortage and work style reforms, as well as to the needs for accepting return-visits on a non-face-to-face basis.

“Sma-pa Myna Touch,” a card reader with face recognition functions compatible with an online eligibility confirmation system, which went into full-scale operation in October 2021, has enabled, with our original new function, online eligibility confirmation either with the Individual Number Card or health insurance card.

As the Ministry of Health, Labor and Welfare has decided to obligate medical institutions to introduce an online eligibility confirmation system starting from April 2023, we have continued with our efforts to promote the introduction of the card reader with face recognition functions across medical institutions.

As a result, net sales and operating profit of the Business Systems Business were ¥19,151 million (up 1.2% year on year) and ¥3,277 million (up 13.1% year on year), respectively.

<Energy Business>

The Energy Business is operated by USEN CORPORATION and U-POWER Co., Ltd., our consolidated subsidiaries.

USEN CORPORATION has carried out the Energy Business as part of the lineup of services for commercial stores and commercial facilities, promoting sales mainly of high- and low-voltage electricity and gas. Through cost consulting by providing a one-stop service together with a variety of our other services, the Group is enhancing the value of its service offerings.

In addition, against the background of recent globally increasing demand for renewable energy with the aim of achieving a sustainable society, U-POWER Co., Ltd. commenced provision of services in March 2022, and has been promoting the use of greener energy at stores by providing three plans with different green energy rates to help stores achieve SDGs.

During the fiscal year under review, while COVID-19 infections cases repeated the cycle of expansion and contraction, restrictions on movement of people, such as a declaration of a state of emergency, were not imposed, and economic activities in the era of coexistence with and post COVID-19 are becoming normalized.

Japan has seen an increase in the number of people at sightseeing spots and shopping districts in various regions, and restaurants, etc. are also seeing a gradual increase in the number of customers. In line with this, electricity consumption at customer stores and commercial facilities is headed for a gradual recovery.

We have continued to work to provide customers with the value of reducing energy costs as a more attractive service, through collaboration with other products leveraging the Group synergies. The efforts led to a sales increase partly due to the impact from an increase of the fuel cost adjusted unit price.

In USEN Electricity (high-voltage), we saw a certain number of cancellations as a result of negotiations to raise the unit price of power sales with existing subscribing facilities due to an increase in costs for power procurement. We continued to see cancellations thereafter as well.

Against the backdrop of the recent electric power crisis, many electric power companies have ceased to receive high-voltage energy orders and a large number of enterprises have faced difficulty in entering into contracts with electric power companies across Japan. In this context, U-POWER Co., Ltd. prepared an option available to such enterprises by offering a high-voltage green energy menu and thereby aimed to solve these unforeseen circumstances.

As a result, net sales and operating profit of the Energy Business were ¥41,626 million (up 49.1% year on year) and ¥512 million (up 44.7% year on year), respectively.

(2) Overview of Financial Position for the Fiscal Year under Review

(Assets)

Total assets at the end of the fiscal year under review increased by ¥11,690 million compared with the end of the previous fiscal year to ¥153,007 million.

Current assets increased by ¥14,659 million compared with the end of the previous fiscal year to ¥75,351 million.

Non-current assets decreased by ¥2,968 million compared with the end of the previous fiscal year to ¥77,655 million mainly due to decreases in property, plant and equipment of ¥54 million and goodwill of ¥2,997 million and an decreased in investments and other assets of ¥275 million.

(Liabilities)

Current liabilities increased by ¥10,914 million compared with the end of the previous fiscal year to ¥51,757 million.

Non-current liabilities decreased by ¥6,170 million compared with the end of the previous fiscal year to ¥60,968 million mainly due to an decrease in long-term borrowings of ¥6,170 million.

(Net assets)

Net assets increased by ¥6,946 million compared with the end of the previous fiscal year to ¥40,281 million mainly due to an increase in retained earnings of ¥6,886 million.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter referred to as “net cash”) at the end of the fiscal year under review decreased by ¥4,803 million compared with the end of the previous fiscal year to ¥26,381 million.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year under review was ¥17,664 million (¥15,719 million provided for the previous fiscal year). Primary factors for this were the recordings of profit before income taxes of ¥14,934 million, depreciation of ¥5,949 million and amortization of goodwill of ¥2,997 million.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year under review was ¥7,412 million (¥4,195 million used for the previous fiscal year). Primary factors for this were a decrease in net cash due to purchase of property, plant and equipment of ¥4,584 million and a decrease in net cash due to purchase of intangible assets of ¥1,876 million.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year under review was ¥5,448 million (¥6,722 million used for the previous fiscal year). Primary factors for this were a decrease in net cash due to repayments of long-term borrowings of ¥4,590 million and a decrease in net cash due to dividends paid of ¥811 million.

(4) Future Outlook

The Group aims to make the most of its management assets: video content, music content, a variety of IoT products, network infrastructure, and stable customer base, and continues to maintain its strong direct selling systems. At the same time, the Group will maximize the Group synergies by making the most of its sales channels such as telemarketing, web marketing, and agency networks to further strengthen its service creation capabilities, growth potential, and profit generation capabilities.

In addition, with regard to the consumption behavior and corporate activities that have been changing dramatically in the midst of the era of coexistence with COVID-19 as well as rapidly changing

technological and social environments, the Group believes that it is important to quickly capture the needs and business opportunities in the market by utilizing IT technologies such as IoT and AI and work to maximize shareholder value and corporate value through sustainable profit growth under swift decision-making. Under a holding company structure, the Group will make a united effort to promote DX inside and outside the Group, share customer assets, and strengthen cooperation among business companies to steadily carry out its medium-term management plan “Road to 2025” which was newly formulated and announced in February 2022.

Based on the above, the financial results forecast for the next fiscal year is as follows.

(Consolidated)	(Million yen)			
	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ending August 31, 2022 (Forecast)	247,000	18,400	17,300	9,200
Fiscal year ended August 31, 2021 (Result)	237,927	17,321	16,241	8,687

2. Basic Policy on Selection of Accounting Standards

The Company Group has adopted corporate accounting standards generally accepted in Japan (Japanese standards). Regarding the adoption of the International Financial Reporting Standards (IFRS), we are currently collecting and examining relevant information and have not yet determined the future adoption.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of August 31, 2021	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	21,585	26,390
Notes and accounts receivable - trade	21,516	25,987
Inventories	6,874	7,808
Prepaid expenses	9,034	13,528
Other	2,666	2,671
Allowance for doubtful accounts	(985)	(1,035)
Total current assets	60,692	75,351
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,651	39,954
Accumulated depreciation and impairment	(34,021)	(28,840)
Buildings and structures, net	11,630	11,114
Land	1,286	1,233
Other	6,281	6,795
Total property, plant and equipment	19,197	19,143
Intangible assets		
Goodwill	47,322	44,324
Other	5,103	5,462
Total intangible assets	52,425	49,787
Investments and other assets		
Investment securities	933	1,159
Long-term loans receivable	4,987	5,192
Deferred tax assets	5,204	4,497
Other	3,019	3,055
Allowance for doubtful accounts	(5,144)	(5,179)
Total investments and other assets	9,000	8,725
Total non-current assets	80,624	77,655
Total assets	141,316	153,007

(Million yen)

	As of August 31, 2021	As of August 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,176	21,979
Electronically recorded obligations - operating	1,078	1,517
Current portion of long-term borrowings	4,580	5,450
Income taxes payable	928	3,600
Contract liabilities	–	9,644
Provision for sales promotion expenses	459	–
Provision for related facility repairs	30	30
Provision for loss on guarantees	–	25
Other provisions	74	97
Other	15,515	9,413
Total current liabilities	40,842	51,757
Non-current liabilities		
Long-term borrowings	59,430	53,970
Provision for related facility repairs	177	152
Retirement benefit liability	2,345	2,348
Other	5,185	4,497
Total non-current liabilities	67,138	60,968
Total liabilities	107,981	112,725
Net assets		
Shareholders' equity		
Share capital	96	96
Capital surplus	11,091	11,092
Retained earnings	21,877	28,763
Treasury shares	(0)	(0)
Total shareholders' equity	33,065	39,952
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	25
Remeasurements of defined benefit plans	267	301
Total accumulated other comprehensive income	266	326
Non-controlling interests	3	2
Total net assets	33,334	40,281
Total liabilities and net assets	141,316	153,007

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Net sales	208,351	237,927
Cost of sales	126,771	153,426
Gross profit	81,579	84,500
Selling, general and administrative expenses	65,971	67,178
Operating profit	15,608	17,321
Non-operating income		
Penalty income	28	23
Share of profit of entities accounted for using equity method	7	29
Subsidy income	9	34
Other	137	127
Total non-operating income	182	214
Non-operating expenses		
Interest expenses	738	670
Commission expenses	142	163
Foreign exchange losses	–	244
Other	142	216
Total non-operating expenses	1,022	1,294
Ordinary profit	14,768	16,241
Extraordinary income		
Gain on forgiveness of debts	114	–
Gain on termination of retirement benefit plan	69	–
Gain on sale of non-current assets	404	3
Other	69	–
Total extraordinary income	657	3
Extraordinary losses		
Loss on litigation	–	256
Impairment losses	166	116
Loss on retirement of non-current assets	817	925
Extra retirement payments	283	–
Other	37	11
Total extraordinary losses	1,305	1,310
Profit before income taxes	14,121	14,934
Income taxes - current	1,713	5,067
Income taxes - deferred	4,371	1,179
Total income taxes	6,084	6,247
Profit	8,036	8,687
Profit attributable to non-controlling interests	(7)	(0)
Profit attributable to owners of parent	8,044	8,687

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Profit	8,036	8,687
Other comprehensive income		
Valuation difference on available-for-sale securities	(43)	26
Remeasurements of defined benefit plans, net of tax	78	34
Total other comprehensive income	35	60
Comprehensive income	8,071	8,747
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,079	8,747
Comprehensive income attributable to non-controlling interests	(7)	(0)

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended August 31, 2021 (From September 1, 2020 to August 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	95	11,090	14,313	–	25,500
Cumulative effects of changes in accounting policies					–
Restated balance	95	11,090	14,313	–	25,500
Changes during period					
Dividends of surplus			(480)		(480)
Profit attributable to owners of parent			8,044		8,044
Issuance of new shares - exercise of share acquisition rights	0	0			1
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	0	0	7,563	(0)	7,565
Balance at end of period	96	11,091	21,877	(0)	33,065

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	42	188	231	11	25,742
Cumulative effects of changes in accounting policies					–
Restated balance	42	188	231	11	25,742
Changes during period					
Dividends of surplus					(480)
Profit attributable to owners of parent					8,044
Issuance of new shares - exercise of share acquisition rights					1
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	(43)	78	35	(7)	27
Total changes during period	(43)	78	35	(7)	7,592
Balance at end of period	(0)	267	266	3	33,334

For the fiscal year ended August 31, 2022 (From September 1, 2021 to August 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	96	11,091	21,877	(0)	33,065
Cumulative effects of changes in accounting policies			(990)		(990)
Restated balance	96	11,091	20,887	(0)	32,075
Changes during period					
Dividends of surplus			(811)		(811)
Profit attributable to owners of parent			8,687		8,687
Issuance of new shares - exercise of share acquisition rights	0	0			0
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	0	0	7,876	(0)	7,876
Balance at end of period	96	11,092	28,763	(0)	39,952

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(0)	267	266	3	33,334
Cumulative effects of changes in accounting policies					(990)
Restated balance	(0)	267	266	3	32,344
Changes during period					
Dividends of surplus					(811)
Profit attributable to owners of parent					8,687
Issuance of new shares - exercise of share acquisition rights					0
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	26	34	60	(0)	59
Total changes during period	26	34	60	(0)	7,936
Balance at end of period	25	301	326	2	40,281

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	14,121	14,934
Depreciation	5,472	5,949
Amortization of goodwill	3,297	2,997
Increase (decrease) in allowance for doubtful accounts	(177)	85
Increase (decrease) in provision for related facility repairs	(27)	(24)
Increase (decrease) in provision for loss on guarantee	–	25
Gain on termination of retirement benefit plan	(69)	–
Increase (decrease) in retirement benefit liability	(675)	2
Interest and dividend income	(20)	(22)
Interest expenses	738	670
Impairment losses	166	116
Loss on retirement of non-current assets	817	925
Loss (gain) on sale of non-current assets	(404)	(2)
Loss on litigation	–	256
Extra retirement payments	283	–
Decrease (increase) in trade receivables	(1,616)	(4,596)
Decrease (increase) in inventories	(457)	(933)
Increase (decrease) in trade payables	(129)	3,810
Increase (decrease) in electronically recorded obligations - operating	1,078	437
Increase (decrease) in accounts payable - other	687	(93)
Increase (decrease) in contract liabilities	–	404
Increase (decrease) in advances received	11	–
Decrease (increase) in prepaid expenses	(3,680)	(3,302)
Other, net	(1,484)	(869)
Subtotal	17,931	20,771
Interest and dividends received	20	22
Interest paid	(738)	(670)
Extra retirement payments	(123)	(229)
Litigation settlement paid	–	(256)
Income taxes paid	(1,369)	(1,973)
Net cash provided by (used in) operating activities	15,719	17,664
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,560)	(4,584)
Proceeds from sale of property, plant and equipment	3,526	61
Payments for retirement of property, plant and equipment	(795)	(718)
Purchase of intangible assets	(2,413)	(1,876)
Other, net	46	(295)
Net cash provided by (used in) investing activities	(4,195)	(7,412)

(Million yen)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Cash flows from financing activities		
Repayments of long-term borrowings	(6,170)	(4,590)
Dividends paid	(480)	(811)
Other, net	(71)	(47)
Net cash provided by (used in) financing activities	(6,722)	(5,448)
Net increase (decrease) in cash and cash equivalents	4,801	4,803
Cash and cash equivalents at beginning of period	16,776	21,578
Cash and cash equivalents at end of period	21,578	26,381

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc. effective from the beginning of the fiscal year under review, and has decided to recognize the amount expected to be received in exchange for goods or services as revenue when the control of the promised goods or services has been transferred to the customer. Major revisions due to the application of the Revenue Recognition Accounting Standard, etc. are as follows.

In the Content Distribution Business, regarding points granted to customers based on monthly fees paid by them, the amount corresponding to the points expected to be used in the future had previously been deducted from sales as provision for point expenses. However, the Group has shifted to the method by which revenue recognition is deferred until the points are used.

In the Store Services Business, the Group has shifted to the method by which it recognizes contract fee revenue over a certain period of time as performance obligations are satisfied over the contract period. In addition, for a transaction in which the Group acts as an agent, the Group recognizes revenue at the net amount after deducting the amount to be paid to the supplier from the amount to be received from the customer.

In the Communication Business, the Group has shifted to the method by which it recognizes contract fee revenue over a certain period of time as performance obligations are satisfied over the contract period. The Group has also shifted to the method by which incentives which had been treated as sales are deducted from the cost.

In the Energy Business, the Group has shifted from the previous method by which revenue is recognized as of the meter reading date to the method by which the revenue from the meter reading date to the end of the relevant accounting period is recognized using reasonable estimates.

The Revenue Recognition Accounting Standard, etc. are applied in accordance with the transitional procedures prescribed in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application, assuming the new accounting policy had been applicable to periods prior to the beginning of the fiscal year under review was added to or subtracted from the beginning balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from the beginning balance. However, by applying the method prescribed in Paragraph 86 of the Revenue Recognition Accounting Standard, the new accounting policies have not been applied retrospectively to contracts for which almost all revenues had been recognized in accordance with the previous treatment before the beginning of the fiscal year under review.

As a result, for the fiscal year under review, net sales decreased by ¥2,096 million, cost of sales decreased by ¥1,519 million, selling, general and administrative expenses decreased by ¥17 million and operating profit, ordinary profit and profit before incomes taxes decreased by ¥559 million, respectively. In addition, retained earnings at beginning of period decreased by ¥990 million.

Due to the application of the Revenue Recognition Accounting Standard, etc., advances received and provision for sales promotion expenses which had been included in “Other” under “Current liabilities” in the consolidated balance sheet of the previous fiscal year are included in “Contract liabilities” included in “Other” from the fiscal year under review. In accordance with the transitional procedures prescribed in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification based on the new presentation method has not been carried out for the previous fiscal year.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Group has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “Fair Value Measurement Accounting Standard”), etc. effective from the beginning of the fiscal year under review, and has decided to prospectively apply the new accounting policies prescribed in the Fair Value Measurement Accounting Standard, etc. in accordance with the transitional measures prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This will have no impact on consolidated financial statements.

(Additional information)

(Treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

Regarding the transition to the group tax sharing system established by the “Act on Partial Revision of the Income Tax Act” (Act No. 8 of 2020) and the items for which the single-entity taxation system has been revised in conjunction with the transition to the group tax sharing system, the Company and some of its consolidated subsidiaries in Japan have not applied the provisions of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment provided in Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (PITF No. 39, March 31, 2020). Accordingly, the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax acts prior to the amendment.

(Accounting estimates associated with the spread of COVID-19)

There are no significant changes in the assumptions used for the accounting estimates related to the impact of the spread of COVID-19 from those stated in “Additional information” in the securities report for the previous fiscal year.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

(1) Method for determining reportable segments

The reportable segments of the Group are the components of the Group for which discrete financial information is available and they are regularly reviewed by the Board of Directors to make decisions on management resource allocation and to assess performance.

The Group has adopted a holding company system. The Company, the Group's holding company, formulates management strategies of the Group and manages the business performance of its subsidiaries responsible for each business. Furthermore, for each of the business companies that are the subsidiaries of the Company, the Company formulates comprehensive strategies about the products and services that each company handles, and operates business activities.

Taking into account business scale and significance in the Group strategies, the Group has positioned the Content Distribution Business, the Store Services Business, the Communications Business, the Business Systems Business, and the Energy Business as its core businesses, and designated them as reportable segments.

(2) Type of products and services belonging to each reportable segment

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

The Store Services Business is operated by the following consolidated subsidiaries: USEN CORPORATION, CANSYSTEM. CO., LTD., U'S MUSIC Co., Ltd., USEN Techno-Service Co., Ltd., USEN Media CORPORATION, USEN FB Innovation Co., Ltd., and USEN-NEXT Design Co., Ltd. The business provides, sells, and implements store solutions, including for music distribution, and manages and develops music copyright, etc.

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, USENNEXT LIVING PARTNERS Inc., U-MX co., LTD., Next Innovation Co., Ltd., and Y.U-mobile Co., Ltd. The business operates sales agencies for broadband internet lines, proposes and sells services for building ICT environments in offices, and provides and sells the y.u mobile MVNO service as well as broadband internet lines for individual customers.

The Business Systems Business is operated by ALMEX INC., a consolidated subsidiary. It develops, manufactures and sells business management systems and automated payment machines for hotels, hospitals, golf courses, etc.

The Energy Business is operated by USEN CORPORATION and U-POWER Co., Ltd., our consolidated subsidiaries, and sells high- and low-voltage electricity and gas to commercial stores, buildings and commercial facilities, and provides green energy with the aim of helping stores achieve SDGs.

2. Method for calculating the amounts of net sales, profit (loss), assets, liabilities and other items by reportable segment

The accounting methods of reported business segments are the same as those adopted for the preparation of the consolidated financial statements.

Profit of reportable segments is stated on an operating profit (loss) basis.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment
Fiscal year ended August 31, 2021 (From September 1, 2020 to August 31 2021)

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in consolidated financial statements (Note 2)
	Content Distribution Business	Store Services Business	Communi- cations Business	Business Systems Business	Energy Business	Total		
Net sales								
Net sales to outside customers	59,635	55,493	46,413	18,861	27,926	208,330	21	208,351
Inter-segment sales or transfers	321	618	1,766	64	–	2,769	(2,769)	–
Total	59,956	56,112	48,179	18,925	27,926	211,100	(2,748)	208,351
Segment profit (loss)	5,731	8,590	4,534	2,898	354	22,108	(6,500)	15,608
Segment assets	20,510	47,340	15,519	13,283	3,366	100,020	41,296	141,316
Other items								
Depreciation	756	3,657	160	532	15	5,121	351	5,472

(Notes) 1. Details of the adjustment are as follows:

- (1) The adjustment for segment profit (loss) of ¥(6,500) million includes 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. The adjustment for segment assets of ¥41,296 million includes the amounts of corporate assets not allocated to each segment and elimination of inter-segment transactions.
 - (2) The adjustment for depreciation of ¥351 million includes depreciation of corporate assets not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating profit (loss) reported in the consolidated statements of income.

Fiscal year ended August 31, 2022 (From September 1, 2021 to August 31 2022)

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in consolidated financial statements (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	9,520	13,445	16,259	12,677	701	52,604	20	52,624
Goods transferred over a certain period of time	61,619	44,022	32,314	6,409	40,923	185,290	12	185,302
Revenue from contracts with customers	71,140	57,467	48,574	19,087	41,624	237,894	32	237,927
Net sales to outside customers	71,140	57,467	48,578	19,087	41,624	237,894	32	237,927
Inter-segment sales or transfers	292	704	2,189	64	1	3,253	(3,253)	–
Total	71,432	58,172	50,764	19,151	41,626	241,147	(3,220)	237,927
Segment profit (loss)	6,294	9,048	5,367	3,277	512	24,500	(7,178)	17,321
Segment assets	26,246	50,939	15,920	14,199	7,625	114,931	38,075	153,007
Other items								
Depreciation	819	4,003	139	534	10	5,508	441	5,949

(Notes) 1. Details of the adjustment are as follows:

- (1) The adjustment for segment profit (loss) of ¥(7,178) million includes 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. The adjustment for segment assets of ¥38,075 million includes the amounts of corporate assets not allocated to each segment and elimination of inter-segment transactions.
 - (2) The adjustment for depreciation of ¥441 million includes depreciation of corporate assets not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating profit (loss) reported in the consolidated statements of income.

[Related information]

Fiscal year ended August 31, 2021 (From September 1, 2020 to August 31 2021)

1. Information by product and service

This information is omitted as the classification is the same as that of reportable segments.

2. Geographical information

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceed 90% of the net sales reported in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment reported in the consolidated balance sheets.

3. Information by principal customer

This information is omitted as we have no single outside customer that accounts for 10% or more of the net sales reported in the consolidated statements of income.

Fiscal year ended August 31, 2022 (From September 1, 2021 to August 31 2022)

1. Information by product and service

This information is omitted as the classification is the same as that of reportable segments.

2. Geographical information

(1) Net sales

This information is omitted as net sales to outside customers in Japan exceed 90% of the net sales reported in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment reported in the consolidated balance sheets.

3. Information by principal customer

This information is omitted as we have no single outside customer that accounts for 10% or more of the net sales reported in the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Fiscal year ended August 31, 2021 (From September 1, 2020 to August 31 2021)

(Million yen)

	Reportable segment						Corporate and elimination	Total
	Content Distribution Business	Store Services Business	Communications Business	Business Systems Business	Energy Business	Total		
Impairment losses	–	145	21	–	–	166	–	166

Fiscal year ended August 31, 2022 (From September 1, 2021 to August 31 2022)

(Million yen)

	Reportable segment						Corporate and elimination	Total
	Content Distribution Business	Store Services Business	Communications Business	Business Systems Business	Energy Business	Total		
Impairment losses	–	111	4	–	–	116	–	116

[Information about amortization of goodwill and unamortized balance by reportable segment]

Fiscal year ended August 31, 2021 (From September 1, 2020 to August 31 2021)

(Million yen)

	Reportable segment						Corporate and elimination	Total
	Content Distribution Business	Store Services Business	Communications Business	Business Systems Business	Energy Business	Total		
Amortization during the year	–	489	300	–	–	789	2,508	3,297
Balance at the end of the year	–	8,442	–	–	–	8,442	38,879	47,322

Fiscal year ended August 31, 2022 (From September 1, 2021 to August 31 2022)

(Million yen)

	Reportable segment						Corporate and elimination	Total
	Content Distribution Business	Store Services Business	Communications Business	Business Systems Business	Energy Business	Total		
Amortization during the year	–	489	–	–	–	489	2,508	2,997
Balance at the end of the year	–	7,952	–	–	–	7,952	36,371	44,324

[Information on gain on negative goodwill by reportable segment]

Not applicable.

(Per share information)

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Net assets per share	554.76 yen	670.32 yen
Basic earnings per share	133.90 yen	144.59 yen
Diluted earnings per share	133.79 yen	144.49 yen

(Notes) Basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	For the fiscal year ended August 31, 2021	For the fiscal year ended August 31, 2022
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	8,044	8,687
Amount not attributable to common shareholders (Million yen)	–	–
Profit attributable to owners of parent related to common stock (Million yen)	8,044	8,687
Average number of shares during the period (Shares)	60,077,007	60,084,269
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (Million yen)	–	–
Increase in the number of common stock (Shares)	45,567	39,854
(Of which, share acquisition rights (Shares))	45,567	39,854
Outline of dilutive shares not included in calculation of diluted earnings per share due to the absence of dilutive effect	–	–

(Significant subsequent events)

(Issuance of corporate bonds)

The Company issued the first series unsecured corporate bonds on September 26, 2022, with the following conditions, pursuant to a resolution passed at the Board of Directors' meeting held on August 23, 2022.

1. Name of corporate bonds	USEN-NEXT HOLDINGS Co., Ltd. First Series Unsecured Corporate Bonds (with inter-bond pari passu clause)
2. Total issuance amount	10.0 billion yen
3. Interest rate	1.020%
4. Issuance price	100 yen per value of 100 yen of each corporate bond
5. Amount to be redeemed	100 yen per value of 100 yen of each corporate bond
6. Payment due date	September 26, 2022
7. Redemption due date	September 24, 2027
8.. Purpose of funds	Funds for capital investment, investments and loans and working capital
9. Collateral	Without security and guarantee
10. Financial covenant	With negative pledge clause