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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 10, 2023

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: +81-3-5766-8086
 Scheduled date of filing quarterly securities report: November 13, 2023
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly 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, 2023 (April 1, 2023 - September 30, 2023)

(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	%
Six months ended September 30, 2023	4,437	7.1	439	36.1	440	35.6	299	36.0
September 30, 2022	4,143	20.2	322	8.1	325	8.5	220	7.0

(Note) Comprehensive income: Six months ended September 30, 2023: ¥299 million [36.0%]
 Six months ended September 30, 2022: ¥220 million [7.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	30.84	30.43
September 30, 2022	22.78	22.38

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2023	12,795	5,093	30.4
As of March 31, 2023	7,821	3,574	45.7

(Reference) Equity: As of September 30, 2023: ¥3,889 million
 As of March 31, 2023: ¥3,574 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, 2023	—	0.00	—	0.00	0.00
Fiscal year ending March 31, 2024	—	0.00			
Fiscal year ending March 31, 2024 (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, 2024 (April 1, 2023 - March 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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	14,000	58.8	600	(28.6)	600	(28.7)	400	(36.6)	41.00

(Note) Revision to the financial results forecast announced most recently: Yes

For the details of the revision to the consolidated financial results forecast, please see the “Notice Concerning Revisions to Full-Year Consolidated Financial Results Forecast for the Year Ending March 31, 2024” announced on today, November 10, 2023.

*** 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) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
(Note): For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (4) Notes to the Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly 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, 2023: 9,818,400 shares
March 31, 2023: 9,808,800 shares
2) Total number of treasury shares at the end of the period:
September 30, 2023: 92,610 shares
March 31, 2023: 96,537 shares
3) Average number of shares during the period:
Six months ended September 30, 2023: 9,717,723 shares
Six months ended September 30, 2022: 9,676,375 shares

* These quarterly consolidated financial results are outside the scope of quarterly 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 forecast, please refer to “1. Qualitative Information on Quarterly Financial Results (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 10, 2023.

The company plans to hold an online financial results briefing session for institutional investors and analysts on Monday, November 13, 2023, and post the video of the session (available in Japanese) at a later date on the Company’s website.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	6,041,222	8,119,748
Notes and accounts receivable - trade	282,177	1,600,784
Work in process	796	5,282
Supplies	–	2,323
Other	383,368	423,893
Allowance for doubtful accounts	–	(3,712)
Total current assets	6,707,564	10,148,319
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	794	16,920
Tools, furniture and fixtures, net	11,560	31,679
Total property, plant and equipment	12,355	48,600
Intangible assets		
Goodwill	45,653	299,822
Software	727,482	1,501,079
Other	7,995	133,481
Total intangible assets	781,131	1,934,382
Investments and other assets		
Deferred tax assets	185,559	189,941
Other	134,766	474,261
Total investments and other assets	320,326	664,202
Total non-current assets	1,113,812	2,647,185
Total assets	7,821,376	12,795,505

(Thousand yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	872,542	2,959,581
Accounts payable - other	2,647,371	3,426,060
Income taxes payable	191,374	170,313
Provision for bonuses	85,000	199,779
Provision for bonuses for directors (and other officers)	32,492	17,784
Other	46,922	372,531
Total current liabilities	3,875,704	7,146,049
Non-current liabilities		
Long-term accounts payable - other	259,756	314,073
Retirement benefit liability	111,520	119,887
Other	–	121,560
Total non-current liabilities	371,276	555,521
Total liabilities	4,246,981	7,701,571
Net assets		
Shareholders' equity		
Share capital	1,198,782	1,200,222
Capital surplus	738,148	743,246
Retained earnings	1,849,057	2,148,778
Treasury shares	(211,591)	(203,005)
Total shareholders' equity	3,574,395	3,889,240
Non-controlling interests	–	1,204,692
Total net assets	3,574,395	5,093,933
Total liabilities and net assets	7,821,376	12,795,505

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	4,143,998	4,437,016
Cost of sales	2,994,307	3,210,357
Gross profit	1,149,691	1,226,658
Selling, general and administrative expenses	826,915	787,404
Operating profit	322,775	439,254
Non-operating income		
Interest income	27	32
Dividend income	339	762
Foreign exchange gains	1,328	784
Interest on tax refund	768	7
Other	0	21
Total non-operating income	2,463	1,609
Non-operating expenses		
Loss on retirement of non-current assets	0	–
Total non-operating expenses	0	–
Ordinary profit	325,239	440,863
Profit before income taxes	325,239	440,863
Income taxes	104,781	141,142
Profit	220,457	299,721
Profit attributable to owners of parent	220,457	299,721

Quarterly Consolidated Statement of Comprehensive Income
Six Months Ended September 30

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	220,457	299,721
Comprehensive income	220,457	299,721
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	220,457	299,721

(3) Quarterly Consolidated Statement of Cash Flows

(Thousand yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	325,239	440,863
Depreciation	64,654	79,619
Amortization of goodwill	8,056	8,056
Interest and dividend income	(366)	(795)
Loss on retirement of non-current assets	0	–
Decrease (increase) in trade receivables	(75,667)	(146,005)
Increase (decrease) in trade payables	109,603	14,320
Increase (decrease) in provision for bonuses	(27,322)	(29,986)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	94,659	–
Increase (decrease) in provision for bonuses for directors (and other officers)	(9,417)	(14,708)
Increase (decrease) in retirement benefit liability	7,620	8,367
Decrease (increase) in advance payments to suppliers	24	31
Increase (decrease) in accounts payable - other	173,692	355,288
Increase (decrease) in long-term accounts payable - other	–	(1,848)
Other, net	61,198	183,173
Subtotal	731,975	896,377
Interest and dividends received	360	711
Income taxes refund (paid)	(136,267)	(181,497)
Net cash provided by (used in) operating activities	596,068	715,592
Cash flows from investing activities		
Purchase of property, plant and equipment	(600)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	1,497,023
Purchase of intangible assets	(145,859)	(136,688)
Payments of leasehold and guarantee deposits	–	(240)
Proceeds from refund of leasehold and guarantee deposits	–	70
Net cash provided by (used in) investing activities	(146,459)	1,360,165
Cash flows from financing activities		
Proceeds from issuance of shares	11,340	2,880
Purchase of treasury shares	(342)	(112)
Net cash provided by (used in) financing activities	10,997	2,767
Net increase (decrease) in cash and cash equivalents	460,606	2,078,526
Cash and cash equivalents at beginning of period	5,192,542	6,041,222
Cash and cash equivalents at end of period	5,653,149	8,119,748