



# Consolidated Financial Results for the Three Months Ended November 30, 2023 [Japanese GAAP]

January 11, 2024

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 9418

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Scheduled date of filing quarterly securities report: January 12, 2024

Scheduled date of commencing dividend payments: –

Availability of supplementary briefing materials on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

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

## 1. Consolidated Financial Results for the Three Months Ended November 30, 2023 (September 1, 2023 – November 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	%
Three months ended								
November 30, 2023	73,724	15.3	7,478	63.0	7,321	71.1	4,198	79.4
November 30, 2022	63,947	15.2	4,587	(2.9)	4,279	(6.4)	2,340	(0.9)

(Note) Comprehensive income: Three months ended November 30, 2023: ¥4,402 million [85.8%]

Three months ended November 30, 2022: ¥2,369 million [0.3%]

	Basic earnings per share		Diluted earnings per share		EBITDA		Adjusted EPS	
	Yen		Yen		Million yen	%	Yen	%
Three months ended								
November 30, 2023	69.85		–		9,837	43.8	82.92	59.4
November 30, 2022	38.95		38.93		6,839	0.1	52.01	0.4

## (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of November 30, 2023	203,457		81,422		35.4	
As of August 31, 2023	200,524		77,707		34.1	

(Reference) Equity: As of November 30, 2023: ¥71,937 million

As of August 31, 2023: ¥68,451 million

## 2. Dividends

	Annual dividend				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2023	–	10.00	–	11.50	21.50
Fiscal year ending August 31, 2024	–				
Fiscal year ending August 31, 2024 (Forecast)		12.50	–	12.50	25.00

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

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	300,000	8.6	24,000	11.3	23,300	14.3	12,100	10.4	201.34

	EBITDA		Adjusted EPS	
Full year	Million yen	%	Yen	%
	34,500	10.2	254.26	7.9

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

**\* Notes:**

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

November 30, 2023:	60,125,111 shares
August 31, 2023:	60,096,611 shares
  - 2) Total number of treasury shares at the end of the period:

November 30, 2023:	74 shares
August 31, 2023:	74 shares
  - 3) Average number of shares during the period:

Three months ended November 30, 2023:	60,110,185 shares
Three months ended November 30, 2022:	60,089,335 shares
- (5) Calculation method of management indices
- EBITDA: Operating profit + Depreciation + Amortization of goodwill
  - Adjusted EPS: Adjusted profit (i.e., Profit attributable to owners of parent + Amortization of goodwill) / Average number of shares during the period

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

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

(Notes on forward-looking statements, etc.)

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

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

Briefing materials on the financial results for the three months ended November 30, 2023 will become available today (January 11, 2024) on the Company’s website and TDnet.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

The Group defines its purpose as a ““Social DX” company that makes the future closer.’ The purpose expresses the Group’s stance and determination to leverage digital transformation (DX) to solve various issues that prevent the Group’s vision from coming true and to transform the future into the present. Furthermore, the Group has made it a fundamental management policy to recognize that new business opportunities lie in solving various social issues and use them to drive its growth.

Under the policy, the Group has classified its business into the following five segments, and each segment is striving to achieve the goals defined by the policy.

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

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

During the three months ended November 30, 2023, activities of individuals extended into various areas, keeping pace with the recovery of economic and social activities. People had more opportunities to go out, including those for recreational purposes, and to work at office instead of working from home. The domestic travel sector has been thriving, and the recovery in the number of foreign visitors to Japan has led to an increase in the number of hotel guests. Various events resumed, and business at commercial stores as well as operating rates at facilities have been on their way back to pre-COVID-19 levels. Meanwhile, the business environment surrounding our customers has become more uncertain, due primarily to the spread of influenza and other diseases, a weak yen, soaring prices, and serious labor shortages.

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

As a result, regarding the financial results for the three months ended November 30, 2023, net sales were ¥73,724 million (up 15.3% year on year), operating profit was ¥7,478 million (up 63.0% year on year) and ordinary profit was ¥7,321 million (up 71.1% year on year). In addition, profit attributable to owners of parent was ¥4,198 million (up 79.4% year on year).

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

In addition, some reportable segments have changed from the first quarter of the current consolidated fiscal year. For details of the changes, please refer to "Matters on changes in reportable segments, etc." in (3) Notes to Quarterly Consolidated Financial Statements" from "2. Quarterly Consolidated Financial Statements and Principal Notes".

#### <Content Distribution Business>

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

As of December 2023, “U-NEXT,” which provides abundant titles with unlimited viewing, offers more than 350,000 video titles such as movies and drama series, including rental titles, over 970,000 e-books including comics and book titles, and 190 plus magazines. “U-NEXT,” which allows users to seamlessly enjoy watching and reading with a single app, offers an entertainment experience crossing the borders of genres.

During the three months ended November 30, 2023, due to economic and social activities going back to normal, more and more in-person events, such as live performances and concerts, are taking place, owing to increased opportunities to go out and the relaxation of restrictions. As demand driven by the stay-at-home economy declines, video distribution services are now subject to the process of selection and concentration by consumers. In addition, the yen has continued to trend lower in the foreign exchange market, having a certain impact on content procurement costs.

Under these circumstances, the integration of services with “Paravi,” drama series and variety programs currently broadcast on Tokyo Broadcasting System Television (TBS) and TV TOKYO, including “VIVANT” and “Minato Shoji Coin Laundry 2,” programs on European soccer, including LALIGA, and domestic and overseas combat sports and golf tours, and event-type sports content, including the Volleyball Nations League and the Asian Games, Hangzhou, China, have all proved successful. The number of paid members of “U-NEXT,” which topped 4 million as of September 30, 2023, has been steadily growing.

Furthermore, as video distribution service providers focus on producing original movies and drama series, “U-NEXT” has distributed original books and comics as part of its intellectual property (IP) strategy. In October 2023, “U-NEXT” started offering vertical scrolling comics from its original comics label “U-NEXT Comic.”

We will continue to strive to expand the lineup of e-books, in addition to those of Asian dramas, sports, and live distribution.

As a result, net sales and operating profit of the Content Distribution Business for the three months ended November 30, 2023 were ¥25,435 million (up 37.2% year on year) and ¥2,177 million (up 16.5% year on year), respectively.

#### <Store Services Business>

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

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

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

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

Moreover, USEN TRUST Co., Ltd. is engaged in rent guarantee business and provides warranty extension services. By having USEN TRUST Co., Ltd. take charge of the guarantee-related business, we plan to develop the business across the Group.

Capitalizing on its stable revenue base centered on music distribution services, this business plans to actively

develop the store DX market. To this end, we have worked to maintain and expand transactions with commercial stores and chain store customers across Japan, acquire new customers, and improve our brand power.

During the three months ended November 30, 2023, USEN CORPORATION, under the mission of “Create Stores’ Future,” continued to focus on offering total support for store DX, which is indispensable for store management, and put forth an effort to solve the problems of customers.

We delivered broadcasting equipment in a package to large-scale facilities that just opened for business and contributed to an increase in sales.

At WannaEat CO., LTD., we operate “WannaEat,” a food shop featuring over 110 handpicked food brands. We aim to grow the number of franchisees and increase the usage of our services by customers through the creation of new food brands.

Additionally, we turned Toremoro Inc. into a subsidiary on September 1, 2023 and added “Orderly,” a service for centrally managing food delivery orders, to our service lineup. We are now able to provide higher added value to franchisees by selling that service and the food delivery brand franchise service “Fooshare” as a package deal.

As a result, net sales and operating profit of the Store Services Business for the three months ended November 30, 2023 were ¥16,735 million (up 8.9% year on year) and ¥2,616 million (up 6.4% year on year), respectively.

#### <Communications Business>

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

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

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

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

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

During the three months ended November 30, 2023, services for corporate customers, the sales agency business, and the Company’s own optical line service continued to demonstrate robust performance.

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

Furthermore, USEN ICT Solutions CORPORATION received orders for large projects that involved everything from the installation of network equipment to the establishment of Internet environments in multi-purpose complexes and halls and contributed to an increase in sales.

As a result, net sales and operating profit of the Communications Business for the three months ended November 30, 2023 were ¥15,457 million (up 15.5% year on year) and ¥1,763 million (up 35.8% year on year), respectively.

#### <Business Systems Business>

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

Upholding its mission of “Techno-hospitality (Technology x Hospitality) to the world,” ALMEX INC. aims to provide clients and end-users behind them with “ultimate hospitality” through products and services making use

of the latest technologies and develops, manufactures, sells, and maintains automated payment machines, hotel management systems, reception machines, guidance display machines, etc. for such clients as business hotels, city hotels, leisure hotels, hospitals, clinics, and golf courses. It also sells order terminals and operating systems for restaurants.

During the three months ended November 30, 2023, in preparation for the introduction of the invoice system in October 2023 and in response to the announcement of the commencement of the issuance of new banknotes in July 2024, demand materialized for the replacement of older machines and the introduction of new machines compatible with the new banknotes at many facilities, and sales grew, continuing the trend of growth from the previous quarter.

In the hotel industry, the number of hotel guests increased as domestic travel picked up and the number of foreign visitors to Japan recovered. We proactively addressed the issues of customers by keenly capturing the need for multilingual capabilities to attract foreign visitors to Japan and for a smaller workforce in an era of labor shortages.

For hospitals and clinics, we started the sale of small self-service cash registers, among others, in response to the situation where it is difficult to allocate a sufficient number of staff to reception desks due to labor shortages and work style reforms, as well as to the needs for accepting visits on a non-face-to-face basis and saving space. As such, we diversify payment methods and achieve labor savings.

In addition, these solutions garnered attention in various industries, including golf courses, restaurants, and leisure facilities. We recognized them as new business opportunities and worked to expand our business domain.

As a result, net sales and operating profit of the Business Systems Business for the three months ended November 30, 2023 were ¥5,287 million (up 27.0% year on year) and ¥1,044 million (up 152.6% year on year), respectively.

#### <Energy Business>

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

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

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

During the three months ended November 30, 2023, while there have been increased economic and social activities, electricity consumption at customer stores and commercial facilities also recovered.

As we continued to experience unusual weather, with high temperatures persisting even after the onset of fall, electricity consumption remained robust and led to an increase in sales.

In the power industry, while power procurement costs are trending downward, major electric power companies have been making revisions to their rate menus (standard menus) and obtaining approval for raising regulated electricity rates, causing constant changes in market conditions.

U-POWER Co., Ltd. launched “GREEN Home,” a renewable electricity plan for households, on November 1, 2023. We had been selling high-voltage and low-voltage electricity generated substantially from renewable sources to corporate clients. By selling such electricity to households, we will contribute to the wider adoption of renewable energy in Japan and fulfill our social responsibility to realize a sustainable society. The “GREEN Home” plan supports activities to protect forests through the C.W. Nicol Afan Woodland Trust. We will develop a system that will allow subscribers to participate in forest conservation activities.

As a result, net sales and operating profit of the Energy Business for the three months ended November 30, 2023 were ¥11,947 million (down 10.5% year on year) and ¥1,641 million (up 439.6% year on year), respectively.



## (2) Explanation of Financial Position

### 1) Status of assets, liabilities and net assets

#### (Assets)

Total assets at the end of the first quarter of the fiscal year under review increased by ¥2,933 million compared with the end of the previous fiscal year to ¥203,457 million.

Current assets increased by ¥2,932 million compared with the end of the previous fiscal year to ¥124,157 million mainly due to an increase in cash and deposits of ¥330 million, a decrease in notes and accounts receivable - trade of ¥778 million, an increase in inventories of ¥902 million, and an increase in prepaid expenses of ¥3,340 million.

Non-current assets increased by ¥0 million compared with the end of the previous fiscal year to ¥79,299 million mainly due to an increase in property, plant and equipment of ¥337 million, a decrease in intangible assets of ¥425 million, and an increase in investments and other assets of ¥88 million.

#### (Liabilities)

Current liabilities increased by ¥116 million compared with the end of the previous fiscal year to ¥55,643 million.

Non-current liabilities decreased by ¥898 million compared with the end of the previous fiscal year to ¥66,390 million mainly due to a decrease in long-term borrowings of ¥750 million and a decrease in retirement benefit liability of ¥36 million.

#### (Net assets)

Net assets increased by ¥3,715 million compared with the end of the previous fiscal year to ¥81,422 million mainly due to an increase in retained earnings of ¥3,507 million.

### 2) Status of cash flows

The information is omitted as quarterly consolidated statements of cash flows for the three months ended November 30, 2023 have not been prepared.

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

In regard to the consolidated financial results forecast, the full-year consolidated financial results forecast remains unchanged from that announced in the consolidated financial results dated October 12, 2023.

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

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of August 31, 2023	As of November 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	52,132	52,463
Notes and accounts receivable - trade	31,989	31,210
Inventories	9,708	10,610
Prepaid expenses	24,364	27,704
Other	4,017	3,161
Allowance for doubtful accounts	(987)	(992)
<b>Total current assets</b>	<b>121,225</b>	<b>124,157</b>
Non-current assets		
Property, plant and equipment	18,419	18,756
Intangible assets		
Goodwill	42,591	41,852
Other	6,083	6,397
<b>Total intangible assets</b>	<b>48,675</b>	<b>48,249</b>
Investments and other assets		
Other	17,258	17,346
Allowance for doubtful accounts	(5,054)	(5,054)
<b>Total investments and other assets</b>	<b>12,204</b>	<b>12,292</b>
<b>Total non-current assets</b>	<b>79,298</b>	<b>79,299</b>
<b>Total assets</b>	<b>200,524</b>	<b>203,457</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	24,457	23,459
Electronically recorded obligations - operating	2,009	2,337
Current portion of long-term borrowings	3,000	3,000
Income taxes payable	2,460	1,888
Other provisions	191	233
Other	23,408	24,723
<b>Total current liabilities</b>	<b>55,527</b>	<b>55,643</b>
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	50,970	50,220
Retirement benefit liability	2,340	2,304
Provision for related facility repairs	104	98
Other	3,874	3,767
<b>Total non-current liabilities</b>	<b>67,289</b>	<b>66,390</b>
<b>Total liabilities</b>	<b>122,817</b>	<b>122,034</b>

(Million yen)

	As of August 31, 2023	As of November 30, 2023
Net assets		
Shareholders' equity		
Share capital	97	99
Capital surplus	29,784	29,786
Retained earnings	38,138	41,646
Treasury shares	(0)	(0)
Total shareholders' equity	68,020	71,532
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	99	73
Remeasurements of defined benefit plans	331	331
Total accumulated other comprehensive income	431	404
Non-controlling interests	9,255	9,485
Total net assets	77,707	81,422
Total liabilities and net assets	200,524	203,457

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
For the Three Months Ended November 30

(Million yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Net sales	63,947	73,724
Cost of sales	42,327	45,459
Gross profit	21,619	28,264
Selling, general and administrative expenses	17,032	20,785
Operating profit	4,587	7,478
Non-operating income		
Share of profit of entities accounted for using equity method	45	44
Other	44	51
Total non-operating income	90	95
Non-operating expenses		
Interest expenses	178	121
Foreign exchange losses	79	54
Other	139	77
Total non-operating expenses	397	253
Ordinary profit	4,279	7,321
Extraordinary income		
Gain on sale of investment securities	–	151
Total extraordinary income	–	151
Extraordinary losses		
Loss on retirement of non-current assets	143	129
Other	22	23
Total extraordinary losses	165	153
Profit before income taxes	4,113	7,319
Income taxes	1,773	2,890
Profit	2,340	4,428
Profit (loss) attributable to non-controlling interests	(0)	229
Profit attributable to owners of parent	2,340	4,198

Quarterly Consolidated Statements of Comprehensive Income

For the Three Months Ended November 30

(Million yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Profit	2,340	4,428
Other comprehensive income		
Valuation difference on available-for-sale securities	20	(26)
Remeasurements of defined benefit plans, net of tax	9	(0)
Total other comprehensive income	29	(26)
Comprehensive income	2,369	4,402
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,369	4,172
Comprehensive income attributable to non-controlling interests	(0)	229

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

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

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

(Segment information, etc.)

[Segment information]

#### I. Three months ended November 30, 2022 (From September 1, 2022 to November 30, 2022)

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

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Content Distribution Business	Store Services Business	Communi- cations Business	Business Systems Business	Energy Business	Total		
Net sales								
Goods transferred at a point in time	1,829	3,813	4,191	2,501	351	12,688	23	12,712
Goods transferred over a certain period of time	16,627	11,396	8,556	1,644	13,001	51,226	9	51,235
Revenue from contracts with customers	18,456	15,210	12,748	4,146	13,352	63,914	32	63,947
Net sales to outside customers	18,456	15,210	12,748	4,146	13,352	63,914	32	63,947
Inter-segment sales or transfers	75	163	638	15	—	893	(893)	—
Total	18,532	15,373	13,386	4,162	13,352	64,807	(860)	63,947
Segment profit	1,868	2,460	1,299	413	304	6,346	(1,758)	4,587

(Notes) 1. The adjustment for segment profit of ¥(1,758) million is the elimination of inter-segment transactions and corporate expenses not allocated to each reportable segment. Corporate expenses are mainly selling, general and administrative expenses that are not attributable to reportable segments.

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

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

Not applicable.

II. Three months ended November 30, 2023 (From September 1, 2023 to November 30, 2023)

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

(Million yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Content Distribution Business	Store Services Business	Communi- cations Business	Business Systems Business	Energy Business	Total		
Net sales								
Goods transferred at a point in time	2,670	5,117	5,059	3,513	13	16,374	3	16,378
Goods transferred over a certain period of time	22,706	11,455	9,491	1,758	11,919	57,331	13	57,345
Revenue from contracts with customers	25,377	16,573	14,550	5,272	11,933	73,706	17	73,724
Net sales to outside customers	25,377	16,573	14,550	5,272	11,933	73,706	17	73,724
Inter-segment sales or transfers	57	162	906	15	14	1,156	(1,156)	—
Total	25,435	16,735	15,457	5,287	11,947	74,862	(1,138)	73,724
Segment profit	2,177	2,616	1,763	1,044	1,641	9,244	(1,765)	7,478

(Notes) 1. The adjustment for segment profit of ¥(1,765) million is the elimination of inter-segment transactions and corporate expenses not allocated to each reportable segment. Corporate expenses are mainly selling, general and administrative expenses that are not attributable to reportable segments.

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

2. Matters on changes in reportable segments, etc.

(Changes in reportable segments)

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

The segment information for the three months ended November 30, 2022 has been recategorized based on the reportable segments used for the three months ended November 30, 2023.

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

Not applicable.