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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]



February 7, 2025

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: Fumihiko Watanabe, Director
 Phone: +81-3-5475-5029
 Scheduled date of commencing dividend payments: –
 Availability of supplementary materials on financial results: Available
 Schedule of financial results briefing session: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 - December 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2024	14,252	63.0	581	13.4	601	17.2	425	5.4
December 31, 2023	8,744	36.4	512	(2.8)	513	(3.1)	404	12.0

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥294 million [(21.8)%]
 Nine months ended December 31, 2023: ¥376 million [4.4%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	43.66	—
December 31, 2023	41.59	41.06

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2024	13,360	5,465	33.7
As of March 31, 2024	13,235	5,155	30.6

(Reference) Equity: As of December 31, 2024: ¥4,501 million
 As of March 31, 2024: ¥4,051 million

2. Dividends

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

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

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

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	20,000	48.9	1,000	54.1	1,000	53.0	600	13.0	61.77

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

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

*** Notes:**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – ()

Excluded: – ()

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

(Note): For details, please refer to “2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to the Quarterly Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)” on page 8 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):

December 31, 2024: 9,940,800 shares

March 31, 2024: 9,940,800 shares

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

December 31, 2024: 180,563 shares

March 31, 2024: 192,610 shares

3) Average number of shares during the period:

Nine months ended December 31, 2024: 9,754,542 shares

Nine months ended December 31, 2023: 9,716,764 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

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

(Cautionary notes on forward-looking statements)

Financial results forecast and other forward-looking statements contained herein are based on information currently available to the Group and certain assumptions that are deemed reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly due to various factors. For the assumptions underlying the forecasts herein and cautionary notes on the use of the financial results forecasts, please refer to “1. Overview of Operating Results, etc. (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 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, February 7, 2025. The video of the financial results briefing (available in Japanese) is also scheduled to be posted at a later date on the Company’s website.

(Changes to units used to present amounts)

The amounts in the account titles and any other particulars contained in the Company’s quarterly consolidated financial statements were previously presented in units of thousand yen. However, from the first quarter of the fiscal year under review and the three months ended June 30, 2024, the Company changed the method to present the amounts in units of million yen. For easy comparison, the amounts for the previous fiscal year and for the nine months ended December 31, 2023 have been also presented in units of million yen.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	8,046	8,012
Notes and accounts receivable - trade	1,600	1,745
Merchandise	—	0
Work in process	19	9
Supplies	1	1
Other	678	602
Allowance for doubtful accounts	(3)	(3)
Total current assets	10,343	10,367
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93	71
Tools, furniture and fixtures, net	59	44
Construction in progress	—	78
Total property, plant and equipment	152	194
Intangible assets		
Goodwill	29	17
Customer-related intangible assets	308	256
Software	1,638	1,607
Other	95	162
Total intangible assets	2,072	2,044
Investments and other assets		
Deferred tax assets	201	206
Guarantee deposits	294	392
Other	171	153
Total investments and other assets	667	753
Total non-current assets	2,891	2,993
Total assets	13,235	13,360

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,974	3,024
Accounts payable - other	3,780	3,747
Income taxes payable	147	170
Provision for bonuses	248	165
Provision for bonuses for directors (and other officers)	26	22
Other	324	218
Total current liabilities	7,502	7,349
Non-current liabilities		
Long-term accounts payable - other	279	283
Retirement benefit liability	103	72
Other	193	189
Total non-current liabilities	577	544
Total liabilities	8,080	7,894
Net assets		
Shareholders' equity		
Share capital	1,218	1,218
Capital surplus	761	758
Retained earnings	2,380	2,806
Treasury shares	(308)	(288)
Total shareholders' equity	4,052	4,494
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	7
Total accumulated other comprehensive income	(0)	7
Non-controlling interests	1,103	964
Total net assets	5,155	5,465
Total liabilities and net assets	13,235	13,360

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	8,744	14,252
Cost of sales	6,467	10,771
Gross profit	2,277	3,481
Selling, general and administrative expenses	1,764	2,900
Operating profit	512	581
Non-operating income		
Interest income	0	0
Dividend income	0	1
Foreign exchange gains	0	—
Surrender value of insurance policies	—	15
Other	0	3
Total non-operating income	1	22
Non-operating expenses		
Loss on retirement of non-current assets	1	—
Foreign exchange losses	—	1
Other	0	0
Total non-operating expenses	1	1
Ordinary profit	513	601
Extraordinary income		
Subsidy income	75	—
Total extraordinary income	75	—
Extraordinary losses		
Loss on retirement of non-current assets	—	34
Loss on valuation of investment securities	—	5
Total extraordinary losses	—	40
Profit before income taxes	588	561
Income taxes	201	281
Profit	387	279
Loss attributable to non-controlling interests	(16)	(146)
Profit attributable to owners of parent	404	425

Quarterly Consolidated Statement of Comprehensive Income
 Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	387	279
Other comprehensive income		
Valuation difference on available-for-sale securities	(10)	14
Total other comprehensive income	(10)	14
Comprehensive income	376	294
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	398	433
Comprehensive income attributable to non-controlling interests	(21)	(138)

(Segment information, etc.)

[Segment information]

I. For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statement of Income (Note 3)
	Copyright Management Business	Digital Distribution (DD) Business	Digital Music Provider	Total				
Net sales								
Net sales to outside customers	788	5,363	1,960	8,111	633	8,744	—	8,744
Inter-segment net sales or transfers	68	149	—	218	311	530	(530)	—
Total	857	5,512	1,960	8,330	944	9,275	(530)	8,744
Segment income (loss)	349	619	287	1,257	(28)	1,228	(715)	512

(Notes) 1. The “Others” category consists of business segments that are not included in reportable segments. These include the Casting & promotion service business; System development, maintenance & operation business; Solutions business; and Agent business.

2. Segment income (loss) adjustment of (715) million yen includes (698) million yen in Company-wide expenses which are not allocated to individual reportable segments and (17) million yen in eliminations of inter-segment transactions.

3. Segment income (loss) includes adjustment to operating profit in the Quarterly Consolidated Statement of Income.

4. The above segment information reflects the significant revision to the initial allocation of the acquisition cost following the finalization of the provisional accounting treatment, which is disclosed in “Notes (Business combinations, etc.)”

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

Not applicable.

II. For the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Quarterly Consolidated Statement of Income (Note 3)
	Copyright Management Business	Digital Distribution (DD) Business	Digital Music Provider	Total				
Net sales								
Net sales to outside customers	964	6,889	5,597	13,451	801	14,252	—	14,252
Inter-segment net sales or transfers	117	202	—	320	347	668	(668)	—
Total	1,082	7,092	5,597	13,771	1,149	14,920	(668)	14,252
Segment income (loss)	476	675	972	2,124	(328)	1,796	(1,215)	581

(Notes) 1. The “Others” category consists of business segments that are not included in reportable segments. These include the Casting & promotion service business; System development, maintenance & operation business; Solutions business; and Agent business.

2. Segment income (loss) adjustment of (1,215) million yen includes (1,198) million yen in Company-wide expenses which are not allocated to individual reportable segments and (16) million yen in eliminations of inter-segment transactions.
3. Segment income (loss) includes adjustment to operating profit in the Quarterly Consolidated Statement of Income.
4. The above segment information reflects the significant revision to the initial allocation of the acquisition cost following the finalization of the provisional accounting treatment, which is disclosed in “Notes (Business combinations, etc.)”

2. Information on impairment loss on non-current assets and goodwill by reportable segment
Not applicable.

(Notes on the statement of cash flows)

The Company has not prepared the quarterly consolidated statement of cash flows for the nine months ended December 31, 2024. Depreciation (including amortization for intangible assets other than goodwill and customer-related intangible assets), amortization of goodwill, and amortization of customer-related intangible assets for the nine months ended December 31, 2024 are as follows.

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	129 million yen	181 million yen
Amortization of goodwill	12 million yen	12 million yen
Amortization of customer-related intangible assets	17 million yen	51 million yen

(Business combinations, etc.)

Finalization of the provisional accounting treatment related to business combinations

During fiscal year ended March 31, 2024, the Company has applied provisional accounting treatments related to business combinations with RecoChoku Co., Ltd. implemented on September 28, 2023. The Company has finalized the provisional accounting treatment in the six months ended September 30, 2024.

Following the finalization of the provisional accounting treatment, comparative information included in the quarterly consolidated financial statements for the nine months ended December 31, 2024 reflects the significant revision to the initial allocation of the acquisition cost. As a result, 262 million yen of goodwill calculated on a provisional basis decreased by 262 million yen in line with the finalization of the accounting treatment, and customer-related intangible assets and deferred tax liabilities increased by 342 million yen and 80 million yen, respectively. In addition, as of March 31, 2024, goodwill decreased by 236 million yen, and customer-related intangible assets, and deferred tax liabilities included in other under non-current liabilities increased by 308 million yen and 72 million yen, respectively.