

Consolidated Financial Results

for the Six Months Ended February 28, 2025

[Japanese GAAP]

April 10, 2025

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

Stock exchange listing: Tokyo Stock Exchange

Code number: 9418

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Scheduled date of filing semi-annual securities report : April 11, 2025

Scheduled date of commencing dividend payments: May 26, 2025

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 Six Months Ended February 28, 2025 (September 1, 2024 – February 28, 2025)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2025	186,782	22.7	16,608	5.0	16,620	8.5	9,436	8.1
February 29, 2024	152,249	13.8	15,813	65.7	15,323	69.3	8,727	76.0

(Note) Comprehensive income: Six months ended February 28, 2025: ¥10,093 million [10.5%]

Six months ended February 29, 2024: ¥9,137 million [83.5%]

	Basic earnings per share		Diluted earnings per share		EBITDA		Adjusted EPS	
Six months ended	Yen		Yen		Million yen	%	Yen	%
February 28, 2025	52.32		—		21,946	6.2	61.33	7.4
February 29, 2024	48.39		—		20,665	46.2	57.11	57.5

(Notes) 1. Information on diluted earnings per share is not provided as there were no shares with dilutive effect.

2. The Company conducted a 3-for-1 stock split of common shares effective as of December 1, 2024. Accordingly, the figures for basic earnings per share are calculated assuming that the stock split was conducted at the beginning of the fiscal year ended August 31, 2024.

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of February 28, 2025	241,934		100,685		37.2	
As of August 31, 2024	228,962		92,033		35.8	

(Reference) Equity: As of February 28, 2025: ¥89,889 million

As of August 31, 2024: ¥81,867 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, 2024	—	16.00	—	17.00	33.00
Fiscal year ending August 31, 2025	—	7.00			
Fiscal year ending August 31, 2025 (Forecast)			—	7.00	14.00

(Notes) 1. Revision to the forecast for dividends announced most recently: None

2. The Company conducted a 3-for-1 stock split of common shares effective as of December 1, 2024. The amount of the dividends per share for the fiscal year ended August 31, 2024 represents the actual amount of the dividends before the stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2025 (September 1, 2024 – August 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	360,000	10.2	31,000	6.5	30,000	5.9	16,700	8.7
								92.58

	EBITDA		Adjusted EPS	
	Million yen	%	Yen	%
Full year	42,500	8.1	110.05	7.8

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

*** Notes:**

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 (NetMove Corporation), Excluded: – ()
(Note) For details, please refer to “(4) Notes to Semi-annual Consolidated Financial Statements (Significant changes in the scope of consolidation)” on page 13 of the Attachments.
- (2) Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements: Yes
(Note) For details, please refer to “(4) Notes to Semi-annual Consolidated Financial Statements (Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements)” on page 13 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: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None
(Note) For details, please refer to “(4) Notes to Semi-annual Consolidated Financial Statements (Notes on changes in accounting policies)” on page 13 of the Attachments.
- (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):
February 28, 2025: 180,375,333 shares
August 31, 2024: 180,375,333 shares
2) Total number of treasury shares at the end of the period:
February 28, 2025: 355 shares
August 31, 2024: 291 shares
3) Average number of shares during the period:
Six months ended February 28, 2025: 180,375,022 shares
Six months ended February 29, 2024: 180,352,833 shares
(Note) The Company conducted a 3-for-1 stock split of common shares effective as of December 1, 2024. Accordingly, the total number of shares issued and outstanding at the end of the period, the total number of treasury shares at the end of the period, and the average number of shares during the period have been calculated assuming that the stock split was conducted at the beginning of the fiscal year ended August 31, 2024.
- (5) 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

* These semi-annual consolidated financial results are outside the scope of 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 financial results)

Briefing materials on the financial results will become available on April 10, 2025 on TDnet and the Company’s website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

With the aspirations to make the future even better with entertainment and technology for the future of everyone in society, the Group has adopted the corporate slogan “NEXT for U” and aims to grow into a corporate group that will garner trust and anticipation from even more people.

From September 2024, the Group’s four business segments are: the Content Distribution Business through which we offer video distribution services and MVNO service for individuals, the Store & Facility Solution Business through which we offer store digital transformation (DX) services and music distribution services for commercial stores and facilities, as well as automated payment machines and front operation management systems, among others, for medical institutions and hotels, the Communication & Energy Business through which we offer networks and security services for offices, distribute internet services, etc., and offer high- and low-voltage electricity for commercial stores and commercial facilities, and the Financial, Realty & Global Business through which we offer various services, including guarantee, insurance, realty, financial payment services.

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

As important management themes, the Group is focusing its efforts on delivering valuable experiences to more customers through enhanced quality and services centered on “U-NEXT” in the B to C market and newly offering financial and realty services, in addition to existing services, as one-stop solutions to assist with and solve management issues in the B to B market.

During the six months ended February 28, 2025, the Japanese economy showed signs of gradual recovery owing to several reasons, such as improvements in corporate earnings, employment and income situations and an increase in demand generated by foreign visitors to Japan. Meanwhile, the business environment surrounding our customers has remained uncertain, due to multiple factors, including soaring raw materials and energy prices and severe labor shortages.

Under these circumstances, the Group divided its business domain into sectors and assigned executives to reflect the growth of its business domain and scale. By further clarifying their roles and functions, the Group aims for strategic planning and organizational development from a cross-organizational perspective, flexible and swift business operations, and generation of new synergies across the sectors.

In addition, to strengthen the sustainability as a company, the Group has also focused on building an organization that fosters leaders of the next generation. At the same time, the Group has strived to establish organizations and systems that enable it to continuously provide innovative services in response to various needs and issues of its customers.

Furthermore, based on the belief that the most important management resources for a company’s sustainable growth are its human resources, the Group has also made an effort to create an employee-friendly environment. As part of the effort, the Group has raised compensation levels for younger employees with the aim of increasing competitiveness in the employment market and enhancing employee engagement.

As a result, regarding the financial results for the six months ended February 28, 2025, net sales were ¥186,782 million (up 22.7% year on year), operating profit was ¥16,608 million (up 5.0% year on year) and ordinary profit was ¥16,620 million (up 8.5% year on year). In addition, profit attributable to owners of parent was ¥9,436 million (up 8.1% year on year).

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

Please note that some reportable segments have changed from the six months ended February 28, 2025. For details of the changes, please refer to “2. Matters on changes in reportable segments, etc.” in “(Segment information, etc.)” under “(4) Notes to Semi-annual Consolidated Financial Statements” from “2. Semi-annual Consolidated Financial Statements and Principal Notes.”

<Content Distribution Business>

The Content Distribution Business is operated by U-NEXT Co., Ltd. and Y.U-mobile Co., Ltd., our consolidated subsidiaries, and provides and sells the “U-NEXT” video distribution service and the “y.u mobile” MVNO service.

As of February 2025, “U-NEXT,” which provides abundant titles with unlimited viewing, offers more than 360,000 video titles such as movies and drama series, including rental titles, over 1.14 million e-books, including comics and book titles, and 200 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 six months ended February 28, 2025, video distribution services are continuing to take root as part of daily life. However, they are also subject to the process of selection and concentration by consumers.

In addition, fluctuations in the foreign exchange rates have a certain impact on content procurement costs.

Under these circumstances, “U-NEXT” has worked to enhance its distribution lineup with a wide variety of content, including popular content from overseas, including K-pop and K-drama content, drama series and variety programs currently broadcast on Tokyo Broadcasting System Television (TBS) and TV TOKYO, European soccer, domestic and overseas combat sports, golf tours, and other sports content, music, and live streaming.

Furthermore, in addition to videos, music, and live performances, we are also making an effort to enhance our lineup of e-books. We are strengthening our effort to develop and create video adaptations of original intellectual property with the aim of offering attractive and highly satisfying services.

In February 2025, we acquired exclusive streaming rights for the U.S. Open and the PGA Championship. As a result, we now stream all four men’s golf major tournaments. We are thus striving to enhance our sports content.

In addition, seeing the launch of “U-NEXT Soccer Pack” as an excellent opportunity, we have been working to expand the sales of “U-NEXT,” targeting not only individual customers, but also corporations and stores, including hotels, commercial facilities, and sports bars.

Moreover, to celebrate that the number of paid subscribers of “U-NEXT” topped 4.5 million, we launched a limited time campaign in collaboration with Sumitomo Mitsui Banking Corporation.

As a result, net sales and operating profit of the Content Distribution Business for the six months ended February 28, 2025 were ¥62,455 million (up 17.7% year on year) and ¥5,815 million (up 31.5% year on year), respectively.

<Store & Facility Solution Business>

The Store & Facility Solution Business is operated by the following consolidated subsidiaries: USEN CORPORATION, USEN-ALMEX INC. (formerly ALMEX INC.), USEN Camera Solutions Co., Ltd., USEN FIELDING Co., Ltd., USEN Techno-Service Co., Ltd., WannaEat CO., LTD., USEN Contact Center Co., Ltd. (formerly USEN-NEXT Design Co., Ltd.), and U'S MUSIC Co., Ltd. The business offers music distribution and store DX services to stores and payment machines and management systems to facilities, among others.

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 our store DX services, we provide to stores solutions necessary for store management, which include the “USEN Regi” POS cash register, support services for restaurants to attract customers, and IoT services, including Wi-Fi, IP cameras, and digital signage. For such facilities as business hotels, leisure hotels, hospitals, clinics, and golf courses, we develop, manufacture, sell, and maintain automated payment machines, hotel management systems, reception machines, guidance display machines, etc.

USEN Camera Solutions Co., Ltd. launched its business specialized in camera solutions by consolidating camera businesses previously managed by multiple group companies from the current fiscal year. In addition, we spun off a division of field engineers of USEN CORPORATION into a separate company named USEN FIELDING Co., Ltd. It has newly obtained a construction business license and now takes charge of audio-related installation work and other field operations for a variety of solutions on a one-stop basis, including electricity, communications, POS cash registers, cameras, Karaoke machines, and robots.

During the six months ended February 28, 2025, USEN CORPORATION strived to be a store DX solution company that keeps evolving, put forth an effort to solve the problems of customers, and focused on the utilization of food-serving robots from an early stage.

So far, we have introduced many food-serving robots, primarily into major restaurant chains. We have now launched a new service which links our catering and transport service robots “KettyBot Pro” with our call service “USEN BELL,” allowing the staff to call a robot from a table when clearing the table. Robots are thus making a further contribution toward saving labor and enhancing efficiency in store operations.

In December 2024, USEN-ALMEX INC. moved its branches in Osaka, which form the second biggest base after the base in the Tokyo metropolitan area, into a new integrated office in an effort to further strengthen collaboration with group companies. In February 2025, USEN-ALMEX INC. jointly exhibited “Fooshare,” a food license sharing service of WannaEat CO., LTD. at the International Hotel & Restaurant Show. We are thus making proposals aimed at boosting our customers’ profitability.

As a result, net sales and operating profit of the Store & Facility Solution Business for the six months ended February 28, 2025 were ¥49,191 million (up 8.8% year on year) and ¥9,199 million (up 16.5% year on year), respectively.

< Communication & Energy Business>

The Communication & Energy Business is operated by the following consolidated subsidiaries: USEN NETWORKS Co., Ltd., USEN ICT Solutions CORPORATION, USEN Smart Works CORPORATION, TACT INC., U-MX Co., Ltd., USEN WORKING Co., Ltd., USEN WORK WELL Co., Ltd., and U-NEXT Co., Ltd. in charge of the communications business, and U-POWER Co., Ltd. in charge of the energy business.

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.

U-POWER Co., Ltd. offers “U-POWER,” “USEN Electricity,” and “USEN GAS” services and has been promoting greener energy to be consumed by stores and facilities to help companies achieve ESG management and SDGs.

During the six months ended February 28, 2025, 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., through collaborations and efforts with various companies, 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. We are striving to make a shift from a model of acquiring one-shot fees to a model of acquiring running revenue, and the number of customers is steadily rising. In addition, in January 2025, we launched “USEN NETWORK SUPPORT,” a database service that enables efficient and centralized management of a wide range of operational data of equipment and network systems necessary for store management.

U-POWER Co., Ltd., working together with USEN NETWORKS Co., Ltd. and in collaboration with Merpay, Inc., has launched “USEN Hikari 01 Mercari-exclusive Plan,” an optical line service for households, and “U-POWER GREEN Home,” a substantially renewable electricity plan for households, which reward users with Mercari Points for using internet and electricity.

We will continue to strengthen our sales of substantially renewable energy and contribute to the wider adoption of renewable energy in Japan as part of our effort to fulfill our social responsibility to realize a sustainable society.

As a result, net sales and operating profit of the Communication & Energy Business for the six months ended February 28, 2025 were ¥73,784 million (up 40.0% year on year) and ¥5,445 million (down 15.8% year on year), respectively.

<Financial, Realty & Global Business>

The Financial, Realty & Global Business is operated by the following consolidated subsidiaries: U-NEXT LIVING PARTNERS Co., Ltd. (formerly USEN-NEXT LIVING PARTNERS Inc.), USEN TRUST Co., Ltd., USEN REALTY Co., Ltd., and USEN PAY Co., Ltd. (formerly USEN FB Innovation Co., Ltd.).

The Financial, Realty & Global Business is expected to achieve significant growth and generate synergies with existing businesses. We have therefore positioned this business as a new business to grow with the aim of creating a fourth pillar of our business. We provide services, including installment sales, leases, cashless payment, non-life insurance, rent guarantee, commercial building management, and realty brokerage.

In addition, in the Global Business, we are planning to establish a new company in Malaysia as the halal food market is expected to expand rapidly. We will utilize the knowledge and know-how of the virtual restaurant business that the Group has developed in Japan to manufacture and sell Halal-certified food and operate a food delivery brand franchise business in Islamic regions, primarily in Southeast Asia.

In the six months ended February 28, 2025, U-NEXT LIVING PARTNERS Co., Ltd. offered sales agency services for broadband lines primarily to residents of condominiums and apartment houses and worked to develop new sales channels and expand the range of products it carries. In addition, driven by the growing demand for IoT functions of condominiums, IoT related products to new condominiums and other properties and Wi-Fi bulk installation services were steadily sold.

USEN TRUST Co., Ltd. focuses primarily on the rent guarantee business and offers a wide variety of realty-related services, including an agency service for store solution services of USEN CORPORATION.

In December 2024, we launched “TENALEAD,” a tenant matching service to connect prospective store operators with real estate agents. It is a property-offering service to allow prospective store operators to receive offers of information on properties available for lease from real estate agents nationwide. Unlike conventional property information sites, this service makes property information available only to a limited group of users and thus facilitates transactions of properties that are not publicly advertised as well.

USEN REALTY Co., Ltd. has launched a commercial building management business in earnest and been acquiring realty properties. In January 2025, we acquired ENOTOKI in Fujisawa, Kanagawa as our fourth commercial building. In the future, we will conduct end-to-end operations unique to the Group, covering DX renovation and tenant leasing.

As a result, net sales and operating profit of the Financial, Realty & Global Business for the six months ended February 28, 2025 were ¥4,936 million (up 15.9% year on year) and ¥795 million (up 8.4% 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 half of the fiscal year ending August 31, 2025 increased by ¥12,971 million compared with the end of the previous fiscal year to ¥241,934 million.

Current assets increased by ¥4,041 million compared with the end of the previous fiscal year to ¥154,260 million mainly due to a decrease in cash and deposits of ¥2,775 million, a decrease in notes and accounts receivable - trade of ¥1,478 million, an increase in inventories of ¥1,348 million, and an increase in prepaid expenses of ¥6,611 million.

Non-current assets increased by ¥8,930 million compared with the end of the previous fiscal year to ¥87,673 million mainly due to an increase in property, plant and equipment of ¥3,686 million, an increase in intangible assets of ¥6,091 million, and a decrease in investments and other assets of ¥847 million.

(Liabilities)

Current liabilities decreased by ¥2,969 million compared with the end of the previous fiscal year to ¥68,559 million.

Non-current liabilities increased by ¥7,290 million compared with the end of the previous fiscal year to ¥72,689 million mainly due to an increase in long-term borrowings of ¥7,417 million and a decrease in retirement benefit liability of ¥40 million.

(Net assets)

Net assets increased by ¥8,651 million compared with the end of the previous fiscal year to ¥100,685 million mainly due to increases in retained earnings of ¥7,994 million and in non-controlling interests of ¥629 million.

2) Status of cash flows

Cash and cash equivalents (hereinafter referred to as “net cash”) on a consolidated basis at the end of the first half of the fiscal year ending August 31, 2025 was ¥49,962 million, a decrease of ¥2,775 million compared with the end of the previous fiscal year, including an increase in cash and cash equivalents resulting from inclusion of a subsidiary in consolidation of ¥138 million. Primary factors for this were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the first half of the fiscal year ending August 31, 2025 was ¥4,481 million (¥7,436 million provided for the same period in the previous fiscal year). Primary factors for this were the recording of profit before income taxes of ¥16,227 million, depreciation of ¥3,712 million, and amortization of goodwill of ¥1,625 million, an increase in inventories of ¥1,321 million, a decrease in accounts payable - other of ¥3,701 million, an increase in prepaid expenses of ¥6,795 million and income taxes paid of ¥6,118 million.

(Cash flows from investing activities)

Net cash used in investing activities for the first half of the fiscal year ending August 31, 2025 was ¥13,845 million (¥4,483 million used for the same period in the previous fiscal year). Primary factors for this were decreases in net cash of ¥6,299 million due to purchase of property, plant and equipment, ¥3,889 million due to purchase of intangible assets, and ¥3,217 million due to purchase of shares of subsidiaries resulting in change in scope of consolidation.

(Cash flows from financing activities)

Net cash provided by financing activities for the first half of the fiscal year ending August 31, 2025 was ¥6,448 million (¥2,266 million used for the same period in the previous fiscal year). Primary factors for this were an increase in net cash of ¥9,050 million due to proceeds from long-term borrowings and decreases in net cash of ¥1,545 million due to repayments of long-term borrowings and ¥1,022 million due to dividends paid.

(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 10, 2024.

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. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of August 31, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	52,738	49,962
Notes and accounts receivable - trade	41,246	39,768
Inventories	11,302	12,650
Prepaid expenses	40,694	47,305
Other	4,624	5,046
Allowance for doubtful accounts	(387)	(473)
Total current assets	150,218	154,260
Non-current assets		
Property, plant and equipment	21,056	24,743
Intangible assets		
Goodwill	39,490	42,563
Other	7,704	10,722
Total intangible assets	47,194	53,286
Investments and other assets		
Other	16,609	15,387
Allowance for doubtful accounts	(6,117)	(5,743)
Total investments and other assets	10,491	9,644
Total non-current assets	78,743	87,673
Total assets	228,962	241,934
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,989	30,207
Electronically recorded obligations - operating	2,697	2,558
Current portion of long-term borrowings	3,066	3,153
Income taxes payable	6,392	6,356
Other provisions	614	749
Other	27,769	25,534
Total current liabilities	71,529	68,559
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	49,822	57,240
Provision for related facility repairs	63	54
Retirement benefit liability	2,246	2,206
Other	3,266	3,188
Total non-current liabilities	65,399	72,689
Total liabilities	136,928	141,249

(Million yen)

	As of August 31, 2024	As of February 28, 2025
Net assets		
Shareholders' equity		
Share capital	99	99
Capital surplus	29,786	29,786
Retained earnings	51,843	59,838
Treasury shares	(0)	(0)
Total shareholders' equity	81,729	89,724
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40	75
Remeasurements of defined benefit plans	97	89
Total accumulated other comprehensive income	138	164
Non-controlling interests	10,166	10,795
Total net assets	92,033	100,685
Total liabilities and net assets	228,962	241,934

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

(Million yen)

	For the six months ended February 29, 2024	For the six months ended February 28, 2025
Net sales	152,249	186,782
Cost of sales	94,445	123,028
Gross profit	57,803	63,754
Selling, general and administrative expenses	41,989	47,145
Operating profit	15,813	16,608
Non-operating income		
Reversal of allowance for doubtful accounts	—	424
Share of profit of entities accounted for using equity method	—	101
Other	110	158
Total non-operating income	110	684
Non-operating expenses		
Interest expenses	242	349
Other	357	322
Total non-operating expenses	600	672
Ordinary profit	15,323	16,620
Extraordinary income		
Gain on sale of investment securities	165	—
Total extraordinary income	165	—
Extraordinary losses		
Loss on retirement of non-current assets	326	320
Other	49	72
Total extraordinary losses	376	393
Profit before income taxes	15,112	16,227
Income taxes	5,935	6,160
Profit	9,177	10,066
Profit attributable to non-controlling interests	449	629
Profit attributable to owners of parent	8,727	9,436

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended February 29, 2024	For the six months ended February 28, 2025
Profit	9,177	10,066
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	34
Remeasurements of defined benefit plans, net of tax	(0)	(7)
Total other comprehensive income	(39)	26
Comprehensive income	9,137	10,093
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,687	9,463
Comprehensive income attributable to non-controlling interests	449	629

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended February 29, 2024	For the six months ended February 28, 2025
Cash flows from operating activities		
Profit before income taxes	15,112	16,227
Depreciation	3,279	3,712
Amortization of goodwill	1,572	1,625
Increase (decrease) in allowance for doubtful accounts	16	(287)
Increase (decrease) in retirement benefit liability	(32)	(40)
Interest and dividend income	(8)	(31)
Interest expenses	242	349
Loss on retirement of non-current assets	326	320
Decrease (increase) in trade receivables	(463)	1,911
Decrease (increase) in inventories	(1,226)	(1,321)
Decrease (increase) in prepaid expenses	(8,279)	(6,795)
Increase (decrease) in trade payables	(104)	(806)
Increase (decrease) in electronically recorded obligations-operating	292	(96)
Increase (decrease) in accounts payable - other	(1,698)	(3,701)
Other, net	1,037	(146)
Subtotal	10,066	10,918
Interest and dividends received	8	31
Interest paid	(242)	(349)
Income taxes paid	(2,395)	(6,118)
Net cash provided by (used in) operating activities	7,436	4,481
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,598)	(6,299)
Purchase of intangible assets	(1,685)	(3,889)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,217)
Other, net	(200)	(438)
Net cash provided by (used in) investing activities	(4,483)	(13,845)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	9,050
Repayments of long-term borrowings	(1,530)	(1,545)
Purchase of treasury shares	—	(0)
Dividends paid	(691)	(1,022)
Other, net	(44)	(33)
Net cash provided by (used in) financing activities	(2,266)	6,448
Net increase (decrease) in cash and cash equivalents	686	(2,914)
Cash and cash equivalents at beginning of period	52,132	52,738
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	138
Cash and cash equivalents at end of period	52,818	49,962

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Significant changes in the scope of consolidation)

The company has excluded USEN Media CORPORATION and CANSYSTEM. CO., LTD. from the scope of consolidation due to an absorption-type merger, in which USEN CORPORATION, a consolidated subsidiary, was the surviving company, and USEN Media CORPORATION and CANSYSTEM. CO., LTD. were the disappearing companies.

Also, During the six months ended February 28, 2025, the Company acquired all shares of NetMove Corporation (its trade name was changed to USEN Fintech Co., Ltd. as of March 1, 2025) and made it a wholly owned subsidiary of the Company. Accordingly, the company was included in the scope of consolidation.

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

Not applicable.

(Accounting methods adopted particularly for the preparation of semi-annual 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 half of the fiscal year ending August 31, 2025, and multiplying the profit before income taxes by this estimated effective tax rate.

(Notes on changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes," Etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first half of the fiscal year ending August 31, 2025. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022). The impact to the semi-annual consolidated financial statements due to this change in accounting policies is minimal.

(Segment information, etc.)

[Segment information]

I. Six months ended February 29, 2024 (From September 1, 2023 to February 29, 2024)

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 semi- annual consolidated statements of income (Note 2)
	Content Distribution Business	Store & Facility Solution Business	Communica- tion & Energy Business	Financial, Realty & Global Business	Total		
Net sales							
Goods transferred at a point in time	5,701	17,667	8,021	953	32,343	3	32,347
Goods transferred over a certain period of time	47,148	27,110	42,802	1,903	118,965	26	118,992
Revenue from contracts with customers	52,849	44,777	50,824	2,857	151,309	30	151,339
Other revenue (Note 3)	—	—	—	909	909	—	909
Net sales to outside customers	52,849	44,777	50,824	3,766	152,218	30	152,249
Inter-segment sales or transfers	199	423	1,875	493	2,991	(2,991)	—
Total	53,048	45,200	52,700	4,260	155,210	(2,961)	152,249
Segment profit	4,420	7,893	6,470	733	19,518	(3,705)	15,813

- (Notes) 1. The adjustment for segment profit of ¥(3,705) 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 semi-annual consolidated statements of income.
3. Other revenue is revenue based on the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019).

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

Not applicable.

II. Six months ended February 28, 2025 (From September 1, 2024 to February 28, 2025)

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 semi- annual consolidated statements of income (Note 2)
	Content Distribution Business	Store & Facility Solution Business	Communica- tion & Energy Business	Financial, Realty & Global Business	Total		
Net sales							
Goods transferred at a point in time	5,522	20,184	8,156	1,868	35,731	—	35,731
Goods transferred over a certain period of time	56,720	28,207	63,454	1,355	149,738	39	149,777
Revenue from contracts with customers	62,242	48,392	71,611	3,223	185,469	39	185,509
Other revenue (Note 3)	—	—	—	1,273	1,273	—	1,273
Net sales to outside customers	62,242	48,392	71,611	4,497	186,743	39	186,782
Inter-segment sales or transfers	212	799	2,172	439	3,624	(3,624)	—
Total	62,455	49,191	73,784	4,936	190,367	(3,584)	186,782
Segment profit	5,815	9,199	5,445	795	21,256	(4,648)	16,608

(Notes) 1. The adjustment for segment profit of ¥(4,648) 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 semi-annual consolidated statements of income.

3. Other revenue is revenue based on the Accounting Standard for Financial Instruments (ASBJ Statement No. 10; July 4, 2019) and the Accounting Standard for Lease Transactions (ASBJ Statement No.13; March 30, 2007).

2. Matters on changes in reportable segments, etc.

(Changes in reportable segments)

The Company had introduced a sector-based framework for our internal management system, and by the internal reorganization implemented on September 1, 2024, the roles and functions according to the services of each business of the Group have been clarified, and internal management and operational control systems based on the sector-based framework have been established. Accordingly, in the first half of the fiscal year ending August 31, 2025, the Company changed its reportable segments. They previously consisted of the Content Distribution Business, the Store Services Business, the Communications Business, the Business Systems Business, and the Energy Business. They now consist of the Content Distribution Business, the Store & Facility Solution Business, the Communication & Energy Business, and the Financial, Realty & Global Business.

The segment information for the six months ended February 29, 2024 has been recategorized based on the reportable segments used for the six months ended February 28, 2025.

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

Not applicable.