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USEN & U-NEXT
GROUP



Consolidated Financial Results for the Six Months Ended February 28, 2026 [Japanese GAAP]

April 13, 2026

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 14, 2026

Scheduled date of commencing dividend payments: May 25, 2026

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, 2026 (September 1, 2025 – February 28, 2026)

(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 February 28, 2026	212,823	13.9	18,116	9.1	17,087	2.8	9,884	4.7
February 28, 2025	186,782	22.7	16,602	5.0	16,615	8.5	9,436	8.1

(Note) Comprehensive income: Six months ended February 28, 2026: ¥10,478 million [3.8%]

Six months ended February 28, 2025: ¥10,093 million [10.5%]

	Basic earnings per share		Diluted earnings per share		EBITDA		Adjusted EPS	
	Yen		Yen		Million yen	%	Yen	%
Six months ended February 28, 2026	54.80		–		24,269	10.6	64.37	5.1
February 28, 2025	52.32		–		21,946	6.2	61.27	7.3

(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, 2025.

3. In the third quarter of the fiscal year ended August 31, 2025, a provisional accounting treatment related to a business combination was finalized. Accordingly, the figures for the six months ended February 28, 2025 reflect the results of the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 28, 2026	296,543	117,176	35.6
As of August 31, 2025	259,782	108,708	37.6

(Reference) Equity: As of February 28, 2026: ¥105,429 million

As of August 31, 2025: ¥97,571 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, 2025	–	7.00	–	8.50	15.50
Fiscal year ending August 31, 2026	–	8.50			
Fiscal year ending August 31, 2026 (Forecast)			–	8.50	17.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2026 (September 1, 2025 – August 31, 2026)

(% 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
	424,000	8.6	33,500	6.1	32,200	4.2	18,500	0.6	102.57

	EBITDA		Adjusted EPS	
Full year	Million yen	%	Yen	%
	46,500	8.1	121.97	7.8

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

Briefing materials on the financial results will become available on Monday, April 13, 2026 on TDnet and the Company's website. The Company plans to hold a financial results briefing session for institutional investors on Tuesday, April 14, 2026.

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1. Overview of Operating Results, etc.

In the third quarter of the fiscal year ended August 31, 2025, a provisional accounting treatment related to a business combination was finalized. Accordingly, the information provided for comparison with the six months ended February 28, 2025 reflects the results of the finalization of the provisional accounting treatment.

(1) Overview of Operating Results for the Semi-annual Period under Review

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.

The Group’s business comprises the following four business segments: the Content Distribution Business which consists of multiple services, including “U-NEXT,” which distributes videos, e-books, etc., primarily to individual users, and an MVNO service, the Store & Facility Solution Business through which we offer digital transformation (DX) services and music distribution services as well as automated payment machines and front operation management systems, among others, to commercial stores and facilities, such as medical institutions and hotels, the Communication & Energy Business through which we offer internet connection, ICT environment, high- and low-voltage electricity, etc. to commercial stores, small- to medium-sized offices, among others, and the Financial, Realty & Global Business through which we offer various services, including guarantee, insurance, cashless payment services, and realty mainly to commercial stores.

The Group believes that its customer base is its greatest assets, which comprises a wide variety of customers, including those in the B to B market, such as commercial stores, medical institutions, hotels, and small- to medium-sized offices, and those in the B to C market, which the Group serves via its content distribution and communication services. As important management themes, the Group is focusing its efforts on enhancing services that meet market needs and offering them as one-stop solutions to assist with and solve customers’ management issues in a comprehensive manner in the B to B market and delivering valuable experiences to more users through expanded lineups and enhanced service quality centered on “U-NEXT” in the B to C market.

During the six months ended February 28, 2026, the Japanese economy witnessed a recovery in corporate earnings against the backdrop of various factors, including tariff policies, the weakening yen, high prices, and growth in demand generated by foreign visitors to Japan. However, the emergence of geopolitical risks that have ripple effects on global energy issues has made the business environment extremely challenging as it is virtually impossible to forecast the scale and duration of their impact on future business operations. Under these circumstances, the Group will aim to maintain and expand the earnings base for the Group as a whole by drawing on its diversified business portfolio and executing flexible strategies either at individual business units or across the Group to respond to rapidly changing business environment.

In addition, to strengthen the sustainability as a company, the Group has focused on building organizations that foster leaders of the next generation. At the same time, the Group has also 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 driving 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. Going forward, we will continue investing in the younger generation, who will shoulder the responsibility of shaping the future.

As a result, regarding the financial results for the six months ended February 28, 2026, net sales were ¥212,823 million (up 13.9% year on year), operating profit was ¥18,116 million (up 9.1% year on year) and ordinary profit was ¥17,087 million (up 2.8 % year on year). In addition, profit attributable to owners of parent was ¥9,884 million (up 4.7 % year on year).

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

<Content Distribution Business>

The Content Distribution Business is operated by U-NEXT Co., Ltd. and Y.U-mobile Co., Ltd., our consolidated subsidiaries, and sells and provides “U-NEXT,” a distribution platform service of videos and e-books, among others, and “U-NEXT MOBILE” and “y.u mobile,” our own MVNO services.

As of January 2026, “U-NEXT,” which features a rich content lineup, offers more than 440,000 video titles such as movies and drama series, including rental titles, over 1.27 million e-books, including comics and book titles, 210 magazines, and more than 3,900 children’s books. “U-NEXT,” which allows users to seamlessly enjoy watching and reading with a single app, offers an entertainment experience crossing the borders of genres.

Primary initiatives we rolled out during the six months ended February 28, 2026 included the launches in December 2025 of “Soccer Pack U23 Discount,” which is a plan that allows young viewers aged 23 and under to watch European soccer at a more affordable price, and “World Golf Pack,” which is a package that provides a comprehensive access to world’s major golf tours and tournaments. We will continue to focus our efforts on acquiring dedicated sports fans as our customers by aligning our services with user profiles and content enhancements.

In addition, in February 2026, with the aim of enhancing our content lineup, we announced that we would establish a joint venture with CJ ENM Co., Ltd., a South Korean entertainment company, and TBS Holdings, Inc. By deepening our partnerships with the CJ Group, which has created numerous hit works in the global market, and the TBS Group, which possesses some of the most robust content production capabilities in Japan, we will work to enhance the added value of “U-NEXT” through the enhancement of its distribution lineup. The establishment of the joint venture is scheduled for April 2026.

As a result, net sales and operating profit of the Content Distribution Business for the six months ended February 28, 2026 were ¥70,617 million (up 13.1% year on year) and ¥5,782 million (down 0.6% 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., USEN Camera Solutions Co., Ltd., USEN FIELDING Co., Ltd., USEN Techno-Service Co., Ltd., WannaEat CO., LTD., USEN Contact Center Co., Ltd., U’S MUSIC Co., Ltd., and USEN MEDIA PROMOTION Co., Ltd.

This is a business that contributes to both enhancing operational efficiency and increasing sales by providing comprehensive and practical solutions to management issues faced by stores and facilities in various industries and business formats, including the restaurant and retail industries. The main services for stores include a music distribution service, which has been offered for more than 60 years since its founding and holds an overwhelming share of the domestic market, as well as DX services, including “USEN Regi,” a POS cash register, “USEN AIR Series,” commercial Wi-Fi that requires no installation work, “USEN Camera,” an IP camera, and “USEN Signage,” digital signage. The primary services for facilities, such as leisure hotels, business hotels, hospitals, clinics, and golf courses, include manufacture, sales, and maintenance of automated payment machines, automated reception machines for returning patients, guidance display machines, etc. and provision of hotel management systems.

We have established a multi-dimensional service delivery system by drawing on the expertise we have accumulated throughout our business history and the collaboration of multiple highly specialized companies in the Group.

Primary initiatives we rolled out during the six months ended February 28, 2026 included the announcement of the conclusion of a share transfer agreement to acquire 70% of the shares of XING Inc. in December 2025. (hereinafter “XING”), a wholly-owned subsidiary of Brother Industries, Ltd. XING is primarily engaged in manufacture and sales of commercial karaoke equipment with the “JOYSOUND” brand and has extremely high affinity with the Group in terms of the content and customer base. By sharing our customer bases, sales channels, expertise, know-how, etc. through this share acquisition, we will seek to generate synergies and increase corporate value.

In addition, in December 2025, in an effort to promote store DX, we launched “USEN Ticket & Pay,” a self-ordering kiosk for restaurants jointly developed by LG Electronics Japan Inc. and USEN CORPORATION. This product is a solution that combines functions of a ticket vending machine and a self-payment machine and simultaneously addresses the restaurant industry’s needs to achieve labor savings and higher average spending per customer. By launching this product in Japan’s self-ordering kiosk market, we aim to contribute to the further development of the restaurant industry.

As a result, net sales and operating profit of the Store & Facility Solution Business for the six months ended February 28, 2026 were ¥47,505 million (down 3.4% year on year) and ¥8,729 million (down 5.1% 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 Communication Business, and U-POWER Co., Ltd. in charge of the energy business.

In the communication business for corporate customers, USEN ICT Solutions CORPORATION and USEN Smart Works CORPORATION primarily provide services through our “USEN GATE 02” brand and proposes and sells services in the ICT solution domain, including environment construction services, as a multi-service vendor, capitalizing on our strengths in comprehensively offering network, security, cloud solutions, etc. centered around groupware.

In the communication business for commercial stores and individual customers, 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. We place a particular focus on selling lines for commercial stores as an infrastructure service to facilitate cross-selling of DX services offered by our Store & Facility Solution Business.

In the energy business, we offer “U-POWER” and “USEN Electricity” services as an electricity retailer and has been promoting greener energy consumption in order to help corporate customers achieve ESG management and SDGs. We also contribute to their cost reduction. In addition, for individual customers, we provide “U-POWER GREEN Home,” an electricity service that is substantially derived from renewable energy sources.

Primary initiatives we rolled out during the six months ended February 28, 2026 included the launch in January 2026 by USEN NETWORKS Co., Ltd. of “USEN home AIR,” a wireless home router for individual customers in collaboration with WirelessGate, Inc. By eliminating physical constraints associated with the feasibility of installation work, we offer high-speed, unlimited internet environment to contribute to enriching the lives of our customers.

In addition, U-POWER Co., Ltd. launched in January 2026 “GREEN Home Family Plan,” an electricity plan sourced from renewable energy, in order to strengthen our sales efforts toward family households in addition to single-person households, which had been our primary customer segment. As the plan has a uniform electricity rate, households that use a large amount of electricity are expected to enjoy great cost effectiveness under the plan.

As a result, net sales and operating profit of the Communication & Energy Business for the six months ended February 28, 2026 were ¥89,892 million (up 21.8% year on year) and ¥7,027 million (up 29.1% year on year), respectively.

<Financial, Realty & Global Business>

The Financial, Realty & Global Business is a growth domain in which we aim to create a fourth pillar of our business while also generating synergies with our three existing businesses. This business is operated by the following: U-NEXT LIVING PARTNERS Co., Ltd., USEN TRUST Co., Ltd., USEN REALTY Co., Ltd., USEN PAY Co., Ltd., USEN Fintech Co., Ltd., USEN Properties Co., Ltd. and USEN Insurance Group Co., Ltd.

The Financial Business primarily serves commercial stores and provides cashless payment services based mainly on face-to-face payment methods using dedicated terminal devices, rent guarantee, non-life insurance, among other services. In the rent guarantee domain, we are working to expand our service lineup on a rolling basis. Our efforts include the provision of “TENALEAD,” a service that matches tenant properties between realty brokers and store owners in order to establish a point of contact with store owners at an earlier stage of business, and the launch of “Residence Rent Guarantee” for individual residents.

In the Realty Business, we provide sales agency services of communication lines and Wi-Fi services for condominium and apartment house developers, and procure and sell IoT related products such as smart locks. We also offer commercial building management, realty brokerage, and subleasing services.

In the Global Business, we have established a new halal food manufacturing company in Malaysia as the Muslim population is expected to grow in the future. 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.

Primary initiatives we rolled out in the cashless payment domain during the six months ended February 28, 2026 include the succession of an acquiring business from SBI Sumishin Net Bank, Ltd. through absorption-type company split in February 2026. As this has established a framework that enables us to provide end-to-end services to partner stores together with a payment agency service subsidiary whose shares had already been acquired, we will aim to further increase productivity and added value.

As a result, net sales and operating profit of the Financial, Realty & Global Business for the six months ended February 28, 2026 were ¥9,026 million (up 82.9% year on year) and ¥1,165 million (up 47.5% year on year), respectively.

(2) Overview of Financial Position for the Semi-annual Period under Review

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, 2026 increased by ¥36,761 million compared with the end of the previous fiscal year to ¥296,543 million.

Current assets increased by ¥26,925 million compared with the end of the previous fiscal year to ¥199,283 million mainly due to an increase in cash and deposits of ¥25,503 million, a decrease in notes and accounts receivable - trade of ¥4,211 million, an increase in inventories of ¥917 million, and an increase in content distribution rights of ¥3,968 million.

Non-current assets increased by ¥9,835 million compared with the end of the previous fiscal year to ¥97,260 million mainly due to increases in property, plant and equipment of ¥3,818 million, in intangible assets of ¥2,220 million, and in investments and other assets of ¥3,797 million.

(Liabilities)

Current liabilities increased by ¥7,442 million compared with the end of the previous fiscal year to ¥87,248 million mainly due to an increase in income taxes payable of ¥2,673 million.

Non-current liabilities increased by ¥20,850 million compared with the end of the previous fiscal year to ¥92,118 million mainly due to increases in bonds payable of ¥20,000 million and in long-term borrowings of ¥740 million.

(Net assets)

Net assets increased by ¥8,468 million compared with the end of the previous fiscal year to ¥117,176 million mainly due to increases in retained earnings of ¥7,856 million and in non-controlling interests of ¥609 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, 2026 was ¥82,386 million, an increase of ¥25,503 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 ¥817 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, 2026 was ¥19,213 million (¥4,481 million provided for the same period in the previous fiscal year). Primary factors for this were the recording of profit before income taxes of ¥16,575 million, depreciation of ¥4,426 million, amortization of goodwill of ¥1,726 million, an increase in inventories of ¥908 million, an increase in accounts payable - other of ¥220 million, an increase in content distribution rights of ¥3,968 million, and a decrease of ¥6,013 million due to income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities for the first half of the fiscal year ending August 31, 2026 was ¥13,635 million (¥13,845 million used for the same period in the previous fiscal year). Primary factors for this were decreases in net cash of ¥7,125 million due to purchase of property, plant and equipment and ¥4,044 million due to purchase of intangible assets.

(Cash flows from financing activities)

Net cash provided by financing activities for the first half of the fiscal year ending August 31, 2026 was ¥19,108 million (¥6,448 million provided for the same period in the previous fiscal year). Primary factors for this were an increase in net cash of ¥2,422 million due to proceeds from long-term borrowings, a decrease in net cash of ¥1,597 million due to repayments of long-term borrowings, an increase in net cash of ¥20,000 million due to issuance of bonds, and a decrease in net cash of ¥1,533 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 14, 2025.

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, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	56,882	82,386
Notes and accounts receivable - trade	48,927	44,716
Inventories	12,196	13,113
Content Distribution rights	42,196	46,165
Other	12,603	13,436
Allowance for doubtful accounts	(448)	(533)
Total current assets	172,358	199,283
Non-current assets		
Property, plant and equipment	24,387	28,205
Intangible assets		
Goodwill	40,022	39,296
Other	13,159	16,106
Total intangible assets	53,182	55,402
Investments and other assets		
Other	15,534	15,008
Allowance for doubtful accounts	(5,680)	(1,356)
Total investments and other assets	9,854	13,651
Total non-current assets	87,424	97,260
Total assets	259,782	296,543
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,559	36,594
Electronically recorded obligations - operating	1,539	1,407
Current portion of long-term borrowings	3,153	3,236
Income taxes payable	6,692	9,366
Other provisions	854	916
Other	31,006	35,727
Total current liabilities	79,805	87,248
Non-current liabilities		
Bonds payable	10,000	30,000
Long-term borrowings	55,663	56,404
Retirement benefit liability	2,236	2,229
Other	3,368	3,484
Total non-current liabilities	71,268	92,118
Total liabilities	151,074	179,367

(Million yen)

	As of August 31, 2025	As of February 28, 2026
Net assets		
Shareholders' equity		
Share capital	99	99
Capital surplus	29,786	29,786
Retained earnings	67,534	75,391
Treasury shares	(0)	(0)
Total shareholders' equity	97,420	105,277
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87	96
Remeasurements of defined benefit plans	63	56
Total accumulated other comprehensive income	150	152
Non-controlling interests	11,137	11,747
Total net assets	108,708	117,176
Total liabilities and net assets	259,782	296,543

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

(Million yen)

	For the six months ended February 28, 2025	For the six months ended February 28, 2026
Net sales	186,782	212,823
Cost of sales	123,028	144,903
Gross profit	63,754	67,919
Selling, general and administrative expenses	47,151	49,803
Operating profit	16,602	18,116
Non-operating income		
Interest income	27	90
Reversal of allowance for doubtful accounts	424	47
Share of profit of entities accounted for using equity method	101	20
Other	130	65
Total non-operating income	684	223
Non-operating expenses		
Interest expenses	349	544
Foreign exchange losses	128	408
Other	193	300
Total non-operating expenses	672	1,252
Ordinary profit	16,615	17,087
Extraordinary income		
Gain on sale of non-current assets	–	7
Total extraordinary income	–	7
Extraordinary losses		
Loss on retirement of non-current assets	320	520
Other	72	–
Total extraordinary losses	393	520
Profit before income taxes	16,221	16,575
Income taxes	6,154	6,098
Profit	10,066	10,476
Profit attributable to non-controlling interests	629	591
Profit attributable to owners of parent	9,436	9,884

Semi-annual Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended February 28, 2025	For the six months ended February 28, 2026
Profit	10,066	10,476
Other comprehensive income		
Valuation difference on available-for-sale securities	34	8
Remeasurements of defined benefit plans, net of tax	(7)	(7)
Total other comprehensive income	26	1
Comprehensive income	10,093	10,478
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,463	9,886
Comprehensive income attributable to non-controlling interests	629	591

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended February 28, 2025	For the six months ended February 28, 2026
Cash flows from operating activities		
Profit before income taxes	16,221	16,575
Depreciation	3,728	4,426
Amortization of goodwill	1,615	1,726
Increase (decrease) in allowance for doubtful accounts	(287)	75
Increase (decrease) in retirement benefit liability	(40)	(6)
Interest and dividend income	(31)	(91)
Interest expenses	349	544
Loss on retirement of non-current assets	320	520
Decrease (increase) in trade receivables	1,911	4,243
Decrease (increase) in inventories	(1,321)	(908)
Decrease (increase) in Content Distribution Rights	(6,433)	(3,968)
Increase (decrease) in trade payables	(806)	31
Increase (decrease) in electronically recorded obligations-operating	(96)	(132)
Increase (decrease) in accounts payable - other	(3,701)	220
Other, net	(509)	2,425
Subtotal	10,918	25,679
Interest and dividends received	31	91
Interest paid	(349)	(544)
Income taxes paid	(6,118)	(6,013)
Net cash provided by (used in) operating activities	4,481	19,213
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,299)	(7,125)
Purchase of intangible assets	(3,889)	(4,044)
Payments for acquisition of businesses	–	(1,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,217)	–
Other, net	(438)	(1,465)
Net cash provided by (used in) investing activities	(13,845)	(13,635)
Cash flows from financing activities		
Proceeds from long-term borrowings	9,050	2,422
Repayments of long-term borrowings	(1,545)	(1,597)
Proceeds from issuance of bonds	–	20,000
Purchase of treasury shares	(0)	–
Dividends paid	(1,022)	(1,533)
Other, net	(33)	(183)
Net cash provided by (used in) financing activities	6,448	19,108
Net increase (decrease) in cash and cash equivalents	(2,914)	24,686
Cash and cash equivalents at beginning of period	52,738	56,882
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	138	817
Cash and cash equivalents at end of period	49,962	82,386

(4) Notes to Semi-annual 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 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, 2026, and multiplying the profit before income taxes by this estimated effective tax rate.

(Segment information, etc.)

[Segment information]

I. 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	789	21,250	(4,648)	16,602

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

Not applicable.

II. Six months ended February 28, 2026 (From September 1, 2025 to February 28, 2026)

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	6,629	16,690	9,900	3,270	36,491	6	36,497
Goods transferred over a certain period of time	63,772	29,447	75,822	1,956	170,999	20	171,019
Revenue from contracts with customers	70,402	46,137	85,723	5,226	207,490	26	207,517
Other revenue (Note 3)	–	–	1,738	3,567	5,305	–	5,305
Net sales to outside customers	70,402	46,137	87,461	8,794	212,796	26	212,823
Inter-segment sales or transfers	214	1,367	2,431	232	4,246	(4,246)	–
Total	70,617	47,505	89,892	9,026	217,042	(4,219)	212,823
Segment profit	5,782	8,729	7,027	1,165	22,704	(4,588)	18,116

(Notes) 1. The adjustment for segment profit of ¥(4,588) 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). The Company applies discounts to electricity and gas charges at discount prices per unit determined by the government under the “Program for Mitigating Drastic Price Fluctuations of Electricity and Gas,” which is administered pursuant to the “Comprehensive Economic Measures for Overcoming Price Increases and Revitalizing the Economy” and the “Comprehensive Economic Measures for Completely Overcoming Deflation.” Other revenue includes subsidies received from the government to fund the discounts and revenues from insurance contracts and similar arrangements that comply with the Insurance Business Act.

4. In the third quarter of the fiscal year ended August 31, 2025, a provisional accounting treatment related to a business combination was finalized. Accordingly, the segment information for the six months ended February 28, 2025 reflects the results of the finalization of the provisional accounting treatment.

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

Not applicable.

(Significant subsequent events)

(Acquisition of shares of a subsidiary)

On December 24, 2025, pursuant to a resolution passed by its Board of Directors, our company executed a share transfer agreement on the same date to acquire 70% of the shares of XING Inc. (hereinafter “XING”), a wholly-owned subsidiary of Brother Industries, Ltd. primarily engaged in the commercial karaoke business, music and video software business, and other related fields in order to make it a consolidated subsidiary. On April 1, 2026, the Company acquired the shares of XING Inc.

I. Overview of the business combination

(1) Name and business description of the acquiree

Name of the acquiree: XING INC.

Business description : KARAOKE

Music video content creation

Healthcare

Mobile/Home entertainment

New Business

(2) Purposes of the acquisition

XING, with its flagship “JOYSOUND” brand, a leader in the karaoke industry, delivers a rich lineup of songs including original artist videos. Furthermore, XING possesses highly specialized and unique technological advantages in both software, such as a large-capacity data distribution system and playback functions utilizing MIDI data (performance information that reproduces instrument sounds), and hardware, thereby establishing high barriers to entry. Moreover, XING’s key stakeholders include stores/facilities where equipment is installed, equipment sales dealers, the music industry involved in song rights management, and karaoke users, demonstrating extremely high affinity with our group’s existing businesses.

We believe that by combining these advantages and affinities with our group’s existing assets, such as the content distribution service “U-NEXT” with over 5 million paying subscribers, a customer base encompassing stores and facilities nationwide, robust sales/field engineer resources, and a wide range of service lineups, significant synergies will be created, leading to sustainable growth.

(3) Date of business combination

April 1, 2026

(4) Legal form of the business combination

Acquisition of shares in exchange for cash

(5) Post-combination entity name

No change

(6) Ratio of voting rights acquired

70%

(7) Primary basis for determining the acquirer

The fact that the Company acquires the shares in exchange for cash

II. Acquisition cost of the acquiree and its breakdown by type of consideration

Consideration for the acquisition: Cash	¥17,500 million
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Acquisition cost:	¥17,500 million
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III. Details and amount of major acquisition-related expenses

Advisory costs (estimate): ¥250 million

IV. Amount of goodwill to be recognized, reason for recognition, method of amortization, and period of amortization

Not finalized at the moment.

V. Amounts of the assets acquired and liabilities assumed on the date of the business combination and their breakdown by major item

Not finalized at the moment.