



Summary of Consolidated Financial Results for the Three-month Period Ended June 30, 2023 (Japanese accounting standards)

Released: July 31, 2023

Name of listed firm: Nojima Corporation

Listed on the Tokyo Stock Exchange

Code No.: 7419

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Scheduled start date of dividend payments: -

Supplemental materials on quarterly financial results: No

Briefing session on quarterly financial results for analysts: No

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

1. Consolidated financial results for the fiscal year ended June 30, 2023 (April 1, 2023 - June 30, 2023)

(1) Consolidated results of operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three-month period ended June 30, 2023	171,710	26.6	5,268	-35.8	5,824	-36.8	11,570	-15.4	3,345	-45.4
Three-month period ended June 30, 2022	135,598	-2.1	8,202	5.6	9,211	4.7	13,682	6.0	6,130	1.7

Note: Comprehensive income: Three-month period ended June 30, 2023: 4,062 million yen (-43.2%)
Three-month period ended June 30, 2022: 7,149 million yen (-%)

· For detailed information, including definitions and methods used to calculate indicators, see p. 2, "1. Qualitative Information on Quarterly Consolidated Financial Performance: (1) Explanation of operating results."

	Net income per share	Diluted net income per share
	Yen	Yen
Three-month period ended June 30, 2023	34.08	33.66
Three-month period ended June 30, 2022	62.76	61.71

Note: The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, net income per share and diluted net income per share are calculated on the premise that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2023	528,726	164,180	30.2	1,621.26
As of March 31, 2023	555,905	161,056	28.2	1,596.29

Reference: Equity: As of June 30, 2023: 159,456 million yen As of March 31, 2023: 156,517 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2023	-	26.00	-	15.00	-
FY ended March 2024	-	-	-	-	-
FY ending March 2024 (planned)	-	15.00	-	15.00	30.00

Note: The Company split one common share into two shares with the effective date of October 1, 2022. The year-end dividend per share for the FY ending March 2022 and 2023 is stated as the actual dividend amount before the stock split. Accordingly, the year-end dividend per share for the FY ending March 2023 is calculated on the assumption that the share split took place and the total dividend is stated as "-".

3. Forecasts of consolidated financial results for the fiscal year ending March 2024 (April 1, 2023 - March 31, 2024)

(Percentages indicate changes from the previous year for full-year forecasts and changes from the same quarter of the previous fiscal year for quarterly forecasts)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2 (Cumulative)	360,000	32.2	18,000	3.4	20,000	5.0	31,000	11.1	12,000	-6.0	122.01
Full-year	740,000	18.2	38,000	13.2	41,000	13.1	61,000	9.4	27,000	15.8	274.52

Note: Revisions to the most recently announced consolidated earnings forecast: No

* Notes

- (1) Significant changes in subsidiaries during this period (changes in designated subsidiaries resulting in changes in the scope of consolidation): No
 Added: __company(ies) (name(s): _____)
 Removed: __ company(ies) (name(s): _____)
- (2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions in accounting standards and other regulations: No
 - Changes in accounting policies for reasons other than i.: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of shares issued and outstanding (common stock)

i. Number of shares issued and outstanding at the end of the period (including treasury stock)	As of June 30, 2023	102,579,232 shares	FY ended March 2023	102,579,232 shares
ii. Number of shares of treasury stock at the end of the period	As of June 30, 2023	4,225,441 shares	FY ended March 2023	4,528,141 shares
iii. Average number of shares during the period	As of June 30, 2023	98,150,102 shares	Three-month period ended June 30, 2022	97,682,409 shares

Note: The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, the number of issued and outstanding shares (common shares) are calculated on the premise that the share split was conducted at the beginning of the fiscal year ended March 31, 2022. The number of shares of treasury stock above includes shares held in trust accounts (304,900 shares as of June 30, 2023 and 497,900 shares as of March 31, 2023) for the employee stock ownership plan (ESOP). Shares of the Company's own stock held in ESOP trust accounts are included in treasury stock subtracted from the calculation of the average number of shares during the period (421,320 shares for the three-month period ended June 30, 2023 and 790,748 shares for the three-month period ended June 30, 2022).

* Financial statements are not subject to audits by certified public accountants or auditing firms

* Explanation concerning the appropriate use of forecasts of business performance and other notes

Note on forward-looking statements:

Forecasts of business performance and other forward-looking statements in this release are based on information currently available and certain assumptions the Company deems reasonable at the time of preparation. They do not constitute a guarantee of future results. Actual results may differ materially from those of any forward-looking statements for various reasons.

Reference:

The Company acquired CONEXIO Corporation, MONEY SQUARE HOLDINGS, INC. and MONEY SQUARE, INC. as new subsidiaries during FY ended March 2023. Consolidated results for the fiscal year excluding the effects of that impact are as follows.

Consolidated financial results for the three-month period ended Jun 30, 2023 (April 1, 2023 – June 30, 2023)

(Excluding profit and loss using the equity method)

(1) Consolidated results of operations (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three-month period ended June 30, 2023	132,976	-1.9	5,306	-35.3	5,832	-36.7	3,640	-40.6
Three-month period ended June 30, 2022	135,598	-2.1	8,202	5.6	9,211	4.7	6,130	1.7

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three-month period ended June 30, 2023	37.09		36.62	
Three-month period ended June 30, 2022	62.76		61.71	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Three-month period ended June 30, 2023	374,856		163,755		42.5		1,619.21	
As of March 31, 2023	389,143		160,348		40.1		1,597.14	

(Reference) Equity: FY three-month ended June 30, 2023: 159,255 million yen FY ended March 2023: 156,517 million yen

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of operating results

During the three-month period ended June 30, 2023, Japan's economy as a whole showed gradual signs of recovery, and it is expected that this will continue in the future due to improvements in the employment and income environment and the effects of various government policies. On the other hand, attention needs to be paid to personal consumption due to changes in consumption behavior from goods to experiences as a result of rising consumer prices and the lifting of restrictions on activities.

Under these circumstances, the Nojima Group has focused on leading the digital field and achieving the industry's highest level of customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want, and provide customer services that better reflect customer demand, while working to improve consulting-based sales and enhancing customer services to meet their needs.

As a result, for the three-month period ended June 30, 2023, we recorded net sales of 171,710 million yen (126.6% of the figure for the three-month period ended June 30, 2022), operating income of 5,268 million yen (64.2% of the figure for the three-month period ended June 30, 2022), ordinary income of 5,824 million yen (63.2% of the figure for the three-month period ended June 30, 2022), and net income attributable to shareholders of the parent company of 3,345 million yen (54.6% of the figure for the three-month period ended June 30, 2022).

Further, EBITDA (*), a formula the Group considers to be an important indicator of business performance, stood at 11,570 million yen (84.6% of the figure for the three-month period ended June 30, 2022).

(* EBITDA = ordinary income + interest expenses + interest on bonds + depreciation + amortization of goodwill - gain or loss on equity method investment

Business performance by segment is outlined below.

As a result of including MSHD and its two subsidiaries in the scope of consolidation in the previous consolidated fiscal year, we have added "Financial business" to the existing reportable segments.

(Operation of digital home electronics retail stores)

In addition to the rise in consumer prices, as COVID-19 was classified into category 5, there was an increase in consumption from goods to experiences, and sales in the home appliance retail industry remained sluggish.

Under these circumstances, we continued to invest in human resources and stores. In the mobile phone business, we have established the "Communication Expense Consultant" system to train and nurture employees capable of providing optimal advice from all carriers and plans, while providing consulting services to meet the energy-saving needs of customers through the "Energy-Saving Consultant" system. We have been promoting the development of our stores, implementing a scrap-and-build process to create stores that will delight and attract more customers. In terms of individual product categories, sales of drum-type washing machines with high energy-saving performance and large refrigerators were strong.

As a result, net sales in this segment totaled 61,965 million yen (100.6% of the figure for the three-month period ended June 30, 2022) and segment income was 3,863 million yen (85.2% of the figure for the three-month period ended June 30, 2022).

(Operation of mobile carrier stores)

Telecommunications carriers have announced a policy to significantly reduce the number of carrier shops, and while higher-quality store management is required now more than ever before, the replacement cycle for mobile phones is becoming longer due to the rise in mobile phone prices, and the environment surrounding the market is expected to become even more severe, partly due to the further acceleration of the shift to online shopping.

Under these circumstances, we have continued to operate stores that delight our customers through the provision of original services, such as security-related services that lead to peace of mind and safety, and the provision of consultancy services tailored to customer needs. In addition, in order to improve customer convenience, we actively promoted store relocations and renovations to locations that are more pleasing to our customers.

As a result, net sales in this segment totaled 76,138 million yen (176.7% of the figure for the three-month period ended June 30, 2022), and segment loss was 796 million yen (segment income was 1,570 million yen for the three-month period ended June 30, 2022). CONEXIO corporation's results, are included in the carrier shop operation business, and its net sales (before consolidation adjustments) totaled 36,996 million yen and ordinary loss was 174 million yen.

(Internet business)

Amid the increasing use of ultra-high-speed broadband services, indispensable infrastructure for daily life, we provided information on the mainstay FTTH service "@nifty Hikari" and email services at Group stores to maximize group synergies.

In addition, in March 2023, we began offering "@nifty Hikari Telephone" as part of the ultra-high-speed service "@nifty Hikari 10 Giga," and worked to develop services that will delight our customers.

Cecile Co., Ltd. has also been working on the planning and development of new products in order to realize a product lineup that is more pleasing to customers.

As a result, net sales in this segment totaled 16,985 million yen (96.2% of the figure for the three-month period ended June 30, 2022), and segment income totaled 1,602 million yen (82.6% of the figure for the three-month period ended June 30, 2022).

(Overseas business)

In Southeast Asian countries, restrictions on travel due to COVID-19 have been eased, and economic activity continues

to recover due to growth in personal consumption and an improvement in the labor market. Although inflation rates seem to have peaked, it is necessary to continue to pay close attention to the impact on the economy of rising prices.

Under these circumstances, in order to create stores that will be more popular among customers, we have been working to develop human resources to further improve the quality of customer service and invest in stores, including store renovations.

As a result, net sales in this segment totaled 13,251 million yen (111.0% of the figure for the three-month period ended June 30, 2022) and segment loss was 18 million yen (segment income was 740 million yen in the three-month period ended June 30, 2022).

(Financial business)

The US dollar/yen exchange rate fell to the 144 yen level at the end of the first quarter as the Bank of Japan maintained its large-scale monetary easing measures, and the yen weakened on the back of strong employment indicators in the United States and growing expectations that the FRB will continue to raise interest rates. The euro/yen exchange rate closed at the 157 yen level at the end of the first quarter, partly due to the widening gap between US and European interest rates due to the rise in US long-term interest rates. The yen also trended downward against the currencies of other major countries over the first quarter.

Under these circumstances, we worked to expand our “Trap repeat if done” service, our unique investment method that is easy for beginners in the FX market to use, and implemented various promotions to acquire new customers. Continuing from the previous fiscal year, we will promote diversified investment in the “Australian dollar/NZ dollar”, “Euro/British pound”, and “US dollar/Canadian dollar”, which tend to form the range market, which is one of “Trap repeat if done” strengths, under the name of “Trap repeat if done global strategy”. As a result, the balance of assets under custody reached 122.8 billion yen, the highest since the company's founding, continuing from the previous fiscal year.

As a result, net sales in this segment totaled 1,775 million yen and segment income was 750 million yen.

(Stores in operation)

With 4 new store openings and 3 store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 215, or 234, including 19 dedicated communications device stores following the opening of 1 store and closure of 1 store.

In the operation of mobile carrier stores, following 4 new store openings and the closure and sale of 18 stores, including scrap-and-build, the number of stores, including both directly operated carrier stores and franchises, stood at 990.

In the overseas business, after reviewing scrap and build, there were no changes, with the number of stores remaining at 66.

In the light of these factors, the numbers of stores as of June 30, 2023 are as shown below.

Stores in operation

Classification	Directly operated stores	Franchises	Total
Operation of digital home electronics retail stores	234	-	234
Digital home electronics retail stores	215	-	215
Dedicated communications device stores	19	-	19
Operation of mobile carrier stores	688	302	990
Carrier stores	639	298	937
Others	49	4	53
Overseas business	66	-	66
Total	988	302	1,290

(2) Explanation of financial position

Assets, liabilities and net assets

(Assets)

Total assets as of June 30, 2023 were 528,726 million yen, down 27,178 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 23,963 million yen to 329,445 million yen in current assets and a decrease of 3,215 million yen to 199,280 million yen in non-current assets.

The primary factors underlying the decrease in current assets included decreases of 27,325 million yen and 10,748 million yen in accounts receivable-trade and accounts receivable-other, despite increases of 13,451 million yen and 2,059 million yen in trading products and cash and deposits.

The main causes of the decrease in non-current assets included decreases of 1,335 million yen, 1,262 million yen and 685 million yen in contractual intangible assets, goodwill and deferred tax assets, despite increases of 288 million yen and 209 million yen in software and investment securities, respectively.

(Liabilities)

Total liabilities as of June 30, 2023 were 364,546 million yen, down 30,302 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 19,374 million yen to 271,671 million yen in current liabilities and a decrease of 10,925 million yen to 92,874 million yen in non-current liabilities.

The primary factors underlying the decrease in current liabilities included decreases of 19,690 million yen and 12,423 million yen in notes and accounts payable-trade and accounts payable-other, despite increases of 9,551 million yen and 5,516 million yen in guarantee deposits received and current portion of long-term loans payable, respectively.

The main causes of the decrease in non-current liabilities included decreases of 11,531 million yen and 423 million yen in long-term loans payable and lease obligations, respectively, despite increases of 173 million yen and 112 million yen in retirement benefit liabilities and lease liabilities.

(Net assets)

Net assets as of June 30, 2023 totaled 164,180 million yen, up 3,123 million yen from the end of the previous fiscal year, due to factors including an increase of 1,866 million yen in retained earnings.

These factors resulted in an equity ratio of 30.2%, up 2.0 points from the end of the previous fiscal year.

(3) Information on forward-looking statements such as forecasts of consolidated financial results

Forecasts of consolidated financial results for the 1H and the full-year have not been revised since the release of the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 2023” on May 9, 2023.

2. Quarterly consolidated financial statements and main notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2023)	First quarter of the current fiscal year (as of June 30, 2023)
Assets		
Current assets		
Cash and deposits	37,145	39,205
Accounts receivable	89,117	61,791
Merchandise and products	69,338	67,978
Programing rights	1,623	1,547
Accounts receivable-other	36,888	26,140
Segregated deposits	92,312	88,207
Trading products	19,675	33,127
Other	7,922	12,056
Allowance for doubtful accounts	-614	-609
Total current assets	353,409	329,445
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	22,678	22,590
Tools, fixtures, and facilities (net)	4,094	4,102
Lease assets (net)	17,429	17,448
Land	14,220	14,220
Other (net)	437	423
Total tangible non-current assets	58,859	58,786
Intangible assets		
Goodwill	49,781	48,518
Software	3,214	3,503
Contractual intangible assets	53,566	52,230
Other	1,679	1,393
Total intangible assets	108,241	105,646
Investments and other assets		
Investment securities	3,682	3,892
Deferred tax assets	10,703	10,017
Lease and guarantee deposits	18,798	18,723
Retirement benefit assets	196	202
Other	2,222	2,279
Allowance for doubtful accounts	-208	-266
Total investments and other assets	35,394	34,848
Total non-current assets	202,496	199,280
Total assets	555,905	528,726

(Million yen)

	Previous fiscal year (as of March 31, 2023)	First quarter of the current fiscal year (as of June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	74,942	55,251
Electronically recorded obligations-operating	607	897
Short-term loans payable	1,649	6,137
Current portion of long-term loans payable	19,079	24,595
Accounts payable-other	32,865	20,441
Accrued income taxes	9,487	1,376
Accrued consumption tax	1,872	3,262
Accrued expenses	6,234	6,368
Advance received	7,700	7,007
Contract liabilities	9,662	10,303
Reserve for points	1,204	1,184
Reserve for bonuses	3,924	1,783
Lease obligations	3,671	3,713
Guarantee deposits received	108,542	118,093
Trading products	906	1,373
Other	8,693	9,880
Total current liabilities	291,045	271,671
Non-current liabilities		
Long-term loans payable	42,252	30,720
Contract liabilities	10,861	10,438
Reserve for directors' retirement benefits	206	205
Retirement benefit liabilities	12,538	12,712
Deferred tax liabilities	13,330	13,338
Lease obligations	15,528	15,640
Other	9,082	9,817
Total non-current liabilities	103,800	92,874
Reserves under special laws		
Reserve for financial instruments transaction liabilities	2	0
Total Reserves under special laws	2	0
Total liabilities	394,848	364,546
Net Assets		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	7,475	7,484
Retained earnings	146,191	148,058
Treasury stock	-6,002	-5,605
Total shareholders' equity	153,994	156,267
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	363	490
Deferred gains or losses on hedges	-8	24
Currency conversion adjustments	1,822	2,347
Accumulated adjustment to retirement benefits	344	326
Total accumulated other comprehensive income	2,523	3,189
Stock acquisition rights	2,682	3,189
Non-controlling interests	1,856	1,886
Total net assets	161,056	164,180
Total liabilities and net assets	555,905	528,726

(2) Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

(Million yen)

	Three-month period of the previous fiscal year (April 1, 2022 - June 30, 2022)	Three-month period of the current fiscal year (April 1, 2023 - June 30, 2023)
Net sales	135,598	171,710
Cost of sales	94,816	119,102
Gross profit on sales	40,782	52,607
Sales, general and administrative expenses	32,579	47,339
Operating income	8,202	5,268
Non-operating income		
Interest income	25	63
Dividend	103	126
Purchase discounts	583	563
Other	647	286
Total non-operating income	1,360	1,040
Non-operating expenses		
Interest expenses	126	189
Interest on bonds	3	-
Loss on equity method investment	9	1
Foreign exchange losses	153	126
Other	57	167
Total non-operating expenses	350	484
Ordinary income	9,211	5,824
Extraordinary income		
Gain on reversal of share acquisition rights	29	12
Gain on sales of non-current assets	179	13
Total extraordinary income	208	25
Extraordinary losses		
Impairment losses	27	11
Total extraordinary losses	27	11
Net income before taxes and other adjustments	9,393	5,838
Income taxes-current	2,851	1,752
Income taxes-deferred	379	689
Total income taxes	3,231	2,442
Net income	6,162	3,395
Net income attributable to shareholders of the non-controlling interests	32	50
Net income attributable to shareholders of the parent company	6,130	3,345

Consolidated statement of comprehensive income
(For the three-month period)

	(Million yen)	
	Three-month period of the previous fiscal year (April 1, 2022 - June 30, 2022)	Three-month period of the current fiscal year (April 1, 2023 - June 30, 2023)
Net income	6,162	3,395
Other comprehensive income		
Valuation difference on available-for-sale securities	5	126
Deferred gains or losses on hedges	18	32
Currency conversion adjustments	989	524
Adjustments for retirement benefit obligations	-25	-18
Total other comprehensive income	987	666
Comprehensive income	7,149	4,062
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	7,117	4,011
Comprehensive income attributable to non-controlling interests	32	50

(3) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Significant changes in shareholders' equity)

Not applicable

(Segment information, etc.)

[Segment information]

I Three-month period of the previous fiscal year (April 1, 2022 – June 30, 2022)

1. Net sales and income (loss) by reporting segment

(Million yen)

	Reporting segment						Other (*1)	Total	Adjustments (*2)	Amount on quarterly consolidated income statement (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Operation of Internet business	Overseas business	Financial business	Subtotal				
Net sales										
Net sales to external customers	61,233	42,981	17,546	11,936	-	133,698	1,900	135,598	-	135,598
Internal sales or transfers between segments	374	98	106	-	-	578	231	810	-810	-
Subtotal	61,607	43,080	17,652	11,936	-	134,276	2,132	136,409	-810	135,598
Segment income	4,536	1,570	1,939	740	-	8,787	416	9,203	8	9,211

Notes:

*1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the satellite broadcasting business, the sports business, the training business and the mega-solar business.

*2. Adjustments to segment income consist of companywide costs not distributed among reporting segments.

*3. Segment income is adjusted with ordinary income on the quarterly consolidated income statement.

2. Information on impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The carrying amount of a group of assets that have recorded a continued loss from business activities is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss under extraordinary loss.

The amount recorded in the reporting segment was 9 million yen for the operation of mobile carrier stores, and 17 million yen for the operation of internet business.

(Significant change in amount of goodwill)

Not applicable

II Three-month period of the current fiscal year (April 1, 2023 – June 30, 2023)

1. Net sales and income (loss) by reporting segment

(Million yen)

	Reporting segment						Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Operation of Internet business	Overseas business	Financial business	Subtotal				
Net sales										
Net sales to external customers	61,479	75,976	16,849	13,251	1,775	169,332	2,377	171,710	-	171,710
Internal sales or transfers between segments	486	162	135	-	-	783	201	984	-984	-
Subtotal	61,965	76,138	16,985	13,251	1,775	170,116	2,578	172,695	-984	171,710
Segment income (loss)	3,863	-796	1,602	-18	750	5,401	490	5,891	-67	5,824

Notes:

- *1. The “Other” business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the satellite broadcasting business, the sports business, the training business and the mega-solar business.
- *2. Adjustments to segment income consist of companywide costs not distributed among reporting segments.
- *3. Segment income is adjusted with ordinary income on the quarterly consolidated income statement.

2. Information on impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The carrying amount of a group of assets that have recorded a continued loss from business activities is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss under extraordinary loss.

The amount recorded in the reporting segment was 8 million yen for the operation of mobile carrier stores, and 2 million yen for the operation of internet business.

(Significant change in amount of goodwill)

Not applicable

(Important subsequent events)

(Stock options)

At the Board of Directors meeting held on July 18, 2023, the Company resolved detailed terms for the issuance of stock options following the approval of the proposal on the “Issuance of Stock Acquisition Rights as Stock Options” at the 61st Ordinary General Meeting of Shareholders.

1. Reason for issuing stock acquisition rights as stock options

The objective of adopting a program of stock options is to increase corporate value by strengthening morale and motivation in order to improve Group’s business performance. To achieve this objective, stock options are issued gratis.

2. Overview of issuance of stock acquisition rights

Date of issuing stock acquisition rights	August 2, 2023
Classification and number of people to be granted	Directors of the Company: 14 Executive Officers of the Company: 3 Employees of the Company: 1,278 Directors and employees of our subsidiaries: 873
Number of stock acquisition rights	36,728
Type, content, and number of shares subject to stock acquisition rights	Common stock Number of shares constituting one unit: 100
Amount to be paid for exercising stock acquisition rights	TBD (Scheduled to be determined on August 2, 2023)
Period of exercise of stock acquisition rights	From July 19, 2026 to July 18, 2028

Price of issued shares and amount of capital incorporation in the case of issuing shares upon exercise of stock acquisition rights	TBD (Scheduled to be determined on August 2, 2023)
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