Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Japanese accounting standards)

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Name of listed firm: Nojima Corporation — Listed on the Tokyo Stock Exchange

Code No.: 7419 — URL: https://www.nojima.co.jp

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Scheduled date of regular general meeting of shareholders: June 21, 2024 — Scheduled start date of dividend payments: June 7, 2024

Scheduled date of quarterly report filing: June 27, 2024

Supplemental materials on quarterly financial results: Yes

Briefing session on quarterly financial results for analysts: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 - March 31, 2024)

(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	%
FY ended March 2024	761,301	21.6	30,560	-9.0	32,937	-9.1	57,540	3.2	19,979	-14.3
FY ended March 2023	626,181	10.8	33,572	1.2	36,246	1.0	55,743	4.2	23,315	-9.9

Note: Comprehensive income: FY ended March 31, 2024: 21,184 million yen (-11.9 %) FY ended March 31, 2023: 24,048 million yen (-11.2 %)

・ For detailed information, including definitions and methods used to calculate indicators, see p. 2, 1. "Overview of operating results and other indicators: (1) Overview of operating results."

	Net income per share	Diluted net income per share	ROE	ROA	Operating income margin
	Yen	Yen	%	%	%
FY ended March 2024	203.67	201.11	12.1	6.0	4.0
FY ended March 2023	238.83	235.90	15.9	8.2	5.4

Reference: Equity in net income (losses) of affiliates: FY ended March 2024: 90 million yen FY ended March 2023: 85 million yen

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, 2023.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	547,142	178,920	31.8	1,779.53
As of March 31, 2023	556,902	161,056	28.1	1,596.29

Reference: Equity: FY ended March 2024: 174,190 million yen FY ended March 2023: 156,517 million yen

Notes: The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, net assets per share is calculated on the premise that the share split was conducted at the beginning of the fiscal year ended March 31, 2023.

During the consolidated accounting period for the second quarter of 2024, preliminary accounting for business combinations was finalized, and the figures for the fiscal year ended March 31, 2023, reflect the details of the preliminary accounting process.

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY ended March 2024	58,197	-14,135	-45,803	34,960
FY ended March 2023	34,613	-81,260	30,618	35,755

2. Dividends

	Dividends per share					Total dividends for the year	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 2023	-	26.00	-	15.00	-	2,755	11.8	1.8
FY ended March 2024	-	15.00	-	18.00	33.00	3,236	16.2	2.0
FY ending March 2025 (planned)	-	18.00	-	18.00	36.00		16.8	

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 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 2025 (April 1, 2024 - March 31, 2025)

(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)	374,000	4.5	15,000	11.0	16,000	9.0	29,000	9.5	10,000	8.7	102.16
Full-year	765,000	0.5	31,000	1.4	34,000	3.2	60,000	4.3	21,000	5.1	214.54

* 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) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

i. Changes in accounting policies due to revisions in accounting standards and other regulations: No
ii. Changes in accounting policies for reasons other than i.: No
iii. Changes in accounting estimates: No
iv. Restatement of prior period financial statements: No

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

i. Number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2024	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	FY ended March 2024	4,693,363 shares	FY ended March 2023	4,528,141 shares
iii. Average number of shares during the period	FY ended March 2024	98,098,358 shares	FY ended March 2023	97,620,769 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) and the number of shares of treasury stock, average number of shares are calculated on the premise that the share split was conducted at the beginning of the fiscal year ended March 31, 2023.
The number of shares of treasury stock above includes shares held in trust accounts (0 shares as of March 31, 2024 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 (166,015 shares for the Fiscal Year Ended March 2024 and 776,139 shares for the Fiscal Year Ended March 2023).

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-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	%
FY ended March 2024	278,861	-1.9	14,342	-25.6	22,378	-25.6	16,860	-26.3
FY ended March 2023	284,324	5.6	19,268	-1.3	30,097	0.6	22,881	-10.6

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2024	171.87	169.71
FY ended March 2023	234.39	231.51

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, 2023.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2024	258,424	147,149	55.9	1,476.59
As of March 31, 2023	272,191	133,586	48.1	1,335.12

(Reference) Equity: FY ended March 2024: 144,536 million yen FY ended March 2023: 130,909 million yen

Note: The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, net assets per share is calculated on the premise that the share split was conducted at the beginning of the fiscal year ended March 31, 2023.

* 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.

〇 Contents of attached documents

1. Overview of operating results and other indicators

(1) Overview of operating results

During the fiscal year ended March 31, 2024, the Japanese economy as a whole showed signs of moderate recovery. On the other hand, prices have been gradually rising, and there are concerns about the Chinese economy and the economic risks stemming from the geopolitical situation in the Middle East. Therefore, it is necessary to pay attention to these movements when considering future prospects.

Under these circumstances, the Nojima Group focused on being the leader in 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 to provide customer services that reflect the perspectives of customers, while working to improve consulting-based sales and enhance customer services to meet their needs.

As a result, for the consolidated fiscal year under review, we recorded net sales of 761,301 million yen (121.6% of the figure for the previous fiscal year), operating income of 30,560 million yen (91.0% of the figure for the previous fiscal year), ordinary income of 32,937 million yen (90.9% of the figure for the previous fiscal year), and net income attributable to owners of the parent company of 19,979 million yen (85.7% of the figure for the previous fiscal year).

EBITDA (*), considered by the Group to be an important indicator of business performance, stood at 57,540 million yen (103.2% of the figure for the previous fiscal year).

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

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

Due to the extreme heat, the demand for seasonal products such as air conditioners increased. However, the prolonged replacement cycle for mobile devices and the revision of the Telecommunications Business Act led to sluggish mobile phone sales, resulting in overall flat sales in the home appliance retail industry.

Under these circumstances, we continued to invest in human resources, stores, and digital transformation (DX). Regarding the DX investment, in addition to developing tools within our systems department, we started offering "DX project" services in collaboration with GlobalLogic Japan. In March, we launched the second phase of services, and we will continue to develop services to satisfy our customers. In terms of products, air conditioners performed well, while phones continued to struggle. In March, we focused again on our core competency in consulting sales, which resulted in profits exceeding those of the previous year. We will continue to pursue improvements for the coming fiscal year.

As a result, net sales in this segment totaled 267,801 million yen (100.5% of the figure for the previous fiscal year) and ordinary income was 15,975 million yen (77.4% of the figure for the previous fiscal year).

(Operation of mobile carrier stores)

In the telecommunications industry, with online sales and services of mobile devices becoming more prevalent, carrier shops need to ensure higher-quality store operations than ever before, amid a prolonged replacement cycle for mobile devices and increasing demand for pre-owned devices due to increased device prices.

Under these circumstances, we have continued to work to operate stores that please our customers through a variety of our own services, such as security-related services that ensure safety and security, as well as provide consulting services to our customer's needs, additionally, we have reviewed our appointment booking system to maximize customer intake.

As a result, net sales in this segment totaled 346,541 million yen (147.9% of the figure for the previous fiscal year) and ordinary income was 8,430 million yen (136.7% of the figure for the previous fiscal year).

(Internet business)

Amid the increasing use of ultra-high-speed broadband services, which are essential infrastructure for daily life, we have maximized group synergies by promoting our flagship FTTH service "@nifty Hikari" and email services at our group stores. As of the end of March, the number of broadband subscribers reached 1.29 million, a net increase of 9,000 compared to the same month last year. Additionally, for the ultra-high-speed service "@nifty Hikari 10 Giga," we have provided information, including optional security services, to ensure our customers can use the service safely and comfortably. While Cecile Co., Ltd. has strived to develop products and services that exceed customer expectations, it has continued to struggle with sales and profits.

As a result, net sales in this segment totaled 66,397 million yen (97.5% of the figure for the previous fiscal year) and ordinary income was 5,393 million yen (81.0% of the figure for the previous fiscal year).

(Overseas business)

In Southeast Asian countries, restrictions on travel in response 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 the inflation rate seems to have peaked, it is necessary to continue to pay close attention to the effects of the economy on rising prices.

Under these circumstances, in order to create stores that will be favored by our customers, we have been working on human resource development to further improve the quality of customer service, and investment in our stores in the form of renovation and scrap and build. Additionally, by incorporating various know-how from Japan into our overseas operations, we have been striving to create stores that delight local customers. However, challenges remain in controlling selling, general, and administrative expenses.

As a result, net sales in this segment totaled 69,436 million yen (135.0% of the figure for the previous fiscal year) and ordinary loss was 329 million yen (ordinary profit of 1,508 million yen for the same period last year.)

(Financial business)

The US dollar/yen exchange rate started at the 132-yen level, but the yen continued to weaken against the backdrop of repeated interest rate hikes by the Federal Reserve Board, reaching the 151-yen level in October. Since then, expectations for a rate hike have decreased from January, and at the end of the year remained at the 151-yen level. Additionally, the EUR/JPY exchange rate ended the fiscal year at the 163-yen level, and the trend of major currencies depreciating against the yen continued.

Under these circumstances, we have undertaken initiatives to spread our service “Trap repeat if done,” which is easy for FX beginners to manage. Called the “Trap repeat if done – global strategy,” we promoted diversified investments in currency pairs well-suited to our service such as “Australian dollar/New Zealand dollar,” “Euro/British pound,” and “US dollar/Canadian dollar.” For these reasons, our scale of assets from customers reached 119.5 billion yen.

As a result, net sales in this segment totaled 6,010 million yen and ordinary profit was 1,795 million yen.

(Stores in operation)

With 14 new store openings and seven store closures following the scrap-and-build strategy, the number of digital home electronics retail stores stood at 221. Other than these, there are 18 dedicated communications device stores, as a result of the opening of one store and the closure of two stores, making the total number of stores at 239.

In the operation of mobile carrier stores, 16 stores were added by new openings and acquisitions, while 60 stores were closed or sold, following the scrap-and-build strategy, making the total number of stores, both directly operated carrier stores and franchises, at 960.

In overseas business, with four store openings and three store closures and with the acquisition of Thunder Match Technology Sdn. Bhd., the number of stores stood at 116.

In light of these factors, the number of stores as of March 31, 2024, is as shown below.

Stores in operation

Classification		Directly operated stores	Franchises	Total
Operation of digital home electronics retail stores		239	-	239
	Digital home electronics retail stores	221	-	221
	Dedicated communications device stores	18	-	18
Operation of mobile carrier stores		665	295	960
	Carrier stores	620	291	911
	Others	45	4	49
Overseas business		116	-	116
Total		1,020	295	1,315

(2) Overview of financial position

During the consolidated accounting period for the second quarter of 2024, preliminary accounting for business combinations was finalized, and the figures for the previous consolidated fiscal year reflect the details of preliminary accounting.

Assets, liabilities and net assets

(Assets)

Total assets as of March 31, 2024, were 547,142 million yen, a decrease of 9,760 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 9,786 million yen to 193,707 million yen in non-current assets and an increase of 25 million yen to 353,434 million yen in current assets.

The primary factors underlying the increase in current assets were increases of 14,073 million yen in trading products, despite a decrease of 5,942 million yen in segregated deposits, 4,542 million yen in accounts receivable-other, and 4,127 million yen in accounts receivable.

The main causes of the decrease in non-current assets were decreases of 5,185 million yen in contractual intangible assets, 3,476 million yen in goodwill, and 2,494 million yen in deferred tax assets, despite an increase of 992 million yen in investment securities and 790 million yen in lease assets.

(Liabilities)

Total liabilities as of March 31, 2024, were 368,221 million yen, a decrease of 27,624 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 31,165 million yen to 73,631 million yen in non-current liabilities, despite an increase of 3,543 million yen to 294,588 million yen in current liabilities.

The primary factors underlying the increase in current liabilities included increases of 11,021 million yen in guarantee deposits received and 7,333 million yen in short-term loans payable, despite decreases of 13,907 million yen in the current portion of long-term loans payable.

The main causes of the decrease in non-current liabilities included decreases of 30,709 million yen in long-term loans payable and 2,822 million yen in deferred tax liabilities, despite increases of 1,105 million yen in contract liabilities.

(Net assets)

Net assets as of March 31, 2024, totaled 178,920 million yen, an increase of 17,863 million yen from the end of the previous fiscal year, due to factors including an increase of 16,762 million yen in retained earnings.

These factors resulted in an equity ratio of 31.8% (an increase of 3.7 points compared to the previous fiscal year).

(3) Overview of cash flow

Cash and cash equivalents ("funds" hereinafter) for the consolidated fiscal year under review totaled 34,960 million yen, a decrease of 795 million yen from 35,755 million yen for the previous fiscal year.

Cash flow for each category and impacting factors are described below.

(Cash flow from operating activities)

Funds earned from operating activities totaled 58,197 million yen (168.1% of the figure for the previous fiscal year). This was mainly due to 32,883 million yen in net income before taxes and other adjustments, 16,642 million yen in depreciation, 11,021 in guarantee deposits received, and 5,942 million yen in segregated deposits, despite negative factors of 14,073 million yen in increase in trading products and an expenditure of 14,378 million yen in income taxes paid or refunded.

(Cash flow from investment activities)

Funds used from investment activities totaled 14,135 million yen (17.4% of the figure for the previous fiscal year). This was due mainly to expenditure of 7,561 million yen from the sale of shares of subsidiaries resulting in a change in the scope of consolidation, 4,385 million yen from the purchase of tangible non-current assets, and 1,688 million yen from the purchase of intangible assets, despite a gain of 87 million yen for the sale of investment securities, and 1,212 million yen for lease and guarantee deposits.

(Cash flow from financing activities)

Funds earned for financing activities totaled 45,803 million yen (30,618 million yen used for the previous fiscal year). This was due mainly to a gain of 15,252 million yen for proceeds from long-term loans payable and 6,712 million yen for increase of short-term loans payables, despite a decrease of 59,960 million yen in proceeds from long-term loans payable and 4,457 million yen in lease obligations.

Reference: Trends in cash flow indicators

	58th period FY ended March 31, 2020	59th period FY ended March 31, 2021	60th period FY ended March 31, 2022	61st period FY ended March 31, 2023	62nd period FY ended March 31, 2024
Equity ratio (%)	30.8	41.8	41.6	28.1	31.8
Market equity ratio (%)	31.2	40.8	34.9	24.8	30.5
Interest-bearing debt to cash flow (years)	1.7	1.0	0.6	1.8	0.4
Interest coverage ratio (times)	45.0	57.7	66.4	57.6	76.2

Equity ratio: equity/total assets
Market equity ratio: total market capitalization/total assets
Interest-bearing debt to cash flow: interest-bearing debt/cash flow
Interest coverage ratio: cash flow/interest expenses
Notes:
1. Each of the above indicators is calculated based on financial figures prepared on a consolidated basis.
2. Total market capitalization is calculated based on the number of shares issued and outstanding, not including treasury stock. Treasury stock doesn’t include shares of Company stock held in employee stock ownership plan (ESOP) trust accounts.
3. Cash flow generated by operating activities is used for cash flow.
4. Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.
5. During the consolidated accounting period for the second quarter of 2024, preliminary accounting for business combinations was finalized, and the figures for the previous consolidated fiscal year, reflect the details of preliminary accounting.

(4) Future outlook

Regarding the outlook for the future, while expectations for wage increases are rising domestically, inflation is also expected to continue rising gradually. Therefore, it is anticipated that close monitoring of future economic conditions and market trends will remain necessary.

In the consumer electronics retail industry, while demand for products such as TV sets is showing signs of recovery, the outlook for mobile phones remains severe. We will continue to invest in human resources, stores, and digital transformation (DX) to create a better shopping environment where customers can enjoy their experience. Additionally, we will focus on our initiatives as "Energy-Saving Consultants" and "Communication Consultants," striving to solve our customers’ problems through attentive service and extensive knowledge.

In the mobile phone sales industry, the revised Telecommunications Business Act is expected to decrease mobile phone sales, prolonging the current severe market environment. Nevertheless, in this environment, we will continue our initiatives to fully accommodate customers who come to our store, and make use of the strengths of our physical stores to provide customer-oriented services.

In the Internet industry, with the expansion of areas covered by 10-gigabit optical fiber networks, the demand for high-quality, ultra-high-speed broadband services is expected to increase further. By focusing on what customers want, which changes day by day, we will work on developing, improving, and expanding various services to fulfill their needs.

As for overseas markets, although inflation is easing in many countries, economic growth is also showing signs of slowing, therefore, it is necessary to continue to closely monitor market trends. With support from Japan headquarters, we will work on improving the quality of our consulting sales through personnel development and revising our product lineup to create stores that are highly evaluated by our customers.

As for financial markets, even with the yen expected to turn stronger, it is unclear whether the current trend in foreign exchange rates will continue. We will continue to enhance our services related to “Trap repeat if done,” including the Trap Repeat World Strategy, to offer comfortable asset management solutions that cater to our customers' lifestyles.

The Group will continue to invest in human resources and DX, and further strengthen its consulting capabilities. As a result, in the next fiscal year ending March 31, 2025, we expect net sales of 765,000 million yen (100.5% of the figure for the fiscal year ended March 31, 2024), operating income of 31,000 million yen (101.4% of the figure for the fiscal year ended March 31, 2024), ordinary income of 34,000 million yen (103.2% of the figure for the fiscal year ended March 31, 2024), and net income attributable to shareholders of the parent company of 21,000 million yen (105.1% of the figure for the fiscal year ended March 31, 2024).

We anticipate EBITDA of 60,000 million yen (104.3% of the figure for the fiscal year ended March 31, 2024).

(Note) The forecasts above are based on information available as of the publication date of this report. Forecasts include uncertainties, and actual business performance may differ from the full-year consolidated business forecast due to various factors emerging in the future.

2. Basic approach to selecting accounting standards

The Nojima Group is in the process of acquiring knowledge on international accounting standards, analyzing differences between international and Japanese standards, studying the impacts of adopting international standards, and undertaking related preparations to adopt international accounting standards at some time in the future. We have yet to determine precisely when we will adopt international accounting standards.

3. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	37,145	35,912
Accounts receivable	89,117	84,989
Merchandise and products	69,338	67,469
Programing rights	1,623	1,507
Accounts receivable-other	36,888	32,345
Segregated deposits	92,312	86,370
Trading products	19,675	33,749
Other	7,922	12,083
Allowance for doubtful accounts	-614	-993
Total current assets	353,409	353,434
Non-current assets		
Tangible non-current assets		
Buildings and structures	49,628	50,295
Accumulated depreciation	-26,950	-29,136
Buildings and structures (net)	22,678	21,158
Machinery, equipment and vehicles	1,265	1,293
Accumulated depreciation	-860	-946
Machinery, equipment and vehicles (net)	405	346
Tools, fixtures, and facilities	17,560	18,507
Accumulated depreciation	-13,466	-14,563
Tools, fixtures, and facilities (net)	4,094	3,944
Lease assets	29,281	36,131
Accumulated depreciation	-11,851	-17,911
Lease assets(net)	17,429	18,219
Land	14,220	14,829
Other (net)	31	774
Total tangible non-current assets	58,859	59,273
Intangible assets		
Goodwill	47,518	44,042
Software	3,214	3,438
Contractual intangible assets	53,566	48,380
Technology-related intangible assets	4,387	3,760
Other	552	863
Total intangible assets	109,238	100,484
Investments and other assets		
Investment securities	3,682	4,674
Deferred tax assets	10,703	8,208
Lease and guarantee deposits	18,798	18,546
Retirement benefit assets	196	241
Other	2,222	2,637
Allowance for doubtful accounts	-208	-360
Total investments and other assets	35,394	33,948
Total non-current assets	203,493	193,707
Total assets	556,902	547,142

(Million yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	74,942	80,054
Electronically recorded obligations-operating	607	839
Short-term loans payable	1,649	8,983
Current portion of long-term loans payable	19,079	5,171
Accounts payable-other	32,865	23,051
Accrued income taxes	9,487	7,896
Accrued consumption tax	1,872	3,589
Accrued expenses	6,234	7,068
Advance received	7,700	8,156
Contract liabilities	9,662	10,392
Reserve for points	1,204	1,247
Reserve for bonuses	3,924	4,071
Lease obligations	3,671	4,561
Guarantee deposits received	108,542	119,564
Trading products	906	1,367
Other	8,693	8,570
Total current liabilities	291,045	294,588
Non-current liabilities		
Long-term loans payable	42,252	11,542
Contract liabilities	10,861	11,966
Reserve for directors' retirement benefits	206	200
Retirement benefit liabilities	12,538	12,493
Deferred tax liabilities	14,327	11,505
Lease obligations	15,528	15,715
Other	9,082	10,207
Total non-current liabilities	104,797	73,631
Reserves under special laws		
Reserve for financial instruments transaction liabilities	2	1
Total Reserves under special laws	2	1
Total liabilities	395,845	368,221

(Million yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Net assets		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	7,475	7,735
Retained earnings	146,191	162,953
Treasury stock	-6,002	-6,293
Total shareholders' equity	153,994	170,725
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	363	724
Deferred gains or losses on hedges	-8	0
Currency conversion adjustments	1,822	2,740
Accumulated adjustment to retirement benefits	344	-
Total accumulated other comprehensive income	2,523	3,464
Stock acquisition rights	2,682	2,628
Non-controlling interests	1,856	2,101
Total net assets	161,056	178,920
Total liabilities and net assets	556,902	547,142

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

Consolidated income statement

(Million yen)

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Net sales	626,181	761,301
Cost of sales	444,564	541,747
Gross profit on sales	181,617	219,554
Sales, general and administrative expenses		
Advertising expenses	21,758	22,350
Salaries, allowances and bonuses	48,445	68,714
Provision of reserve for bonuses	1,357	2,436
Retirement benefit expenses	1,212	1,323
Rents	21,230	24,671
Depreciation	13,471	15,642
Amortization of goodwill	3,197	5,321
Other	37,373	48,532
Total sales, general and administrative expenses	148,045	188,993
Operating income	33,572	30,560
Non-operating income		
Interest income	163	215
Dividend	190	145
Purchase discounts	2,273	2,326
Gain on sale of investment securities	178	63
Gain on equity method investment	85	90
Other	1,410	1,221
Total non-operating income	4,300	4,061
Non-operating expenses		
Interest expenses	564	747
Interest on bonds	3	-
Foreign exchange losses	339	173
Donations	76	197
Other	642	567
Total non-operating expenses	1,626	1,685
Ordinary income	36,246	32,937

(Million yen)

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Extraordinary income		
Gain on sale of non-current assets	249	16
Gain on reversal of share acquisition rights	265	625
Gain on sale of businesses	-	101
Total extraordinary income	514	743
Extraordinary losses		
Impairment losses	587	634
Loss on store closings	-	121
Others	61	41
Total extraordinary losses	648	797
Net income before taxes and other adjustments	36,112	32,883
Income taxes-current	14,123	13,057
Income taxes-deferred	-1,440	-417
Total income taxes	12,683	12,640
Net income	23,429	20,242
Net income attributable to shareholders of the non-controlling interests	114	262
Net income attributable to shareholders of the parent company	23,315	19,979

Consolidated statement of comprehensive income

(Million yen)

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Net income	23,429	20,242
Other comprehensive income		
Valuation difference on available-for-sale securities	78	360
Deferred gains or losses on hedges	-38	8
Currency conversion adjustments	667	917
Adjustments for retirement benefit obligations	-88	-344
Total other comprehensive income	619	941
Comprehensive income	24,048	21,184
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	23,934	20,921
Comprehensive income attributable to non-controlling interests	114	262

(3) Consolidated statement of changes in net assets

Previous fiscal year (April 1, 2022 - March 31, 2023)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	6,330	7,510	125,543	-5,221	134,163
Changes during the fiscal year					
Distribution of surplus			-2,558		-2,558
Net income attributable to shareholders of the parent company			23,315		23,315
Acquisition of treasury stock				-3,663	-3,663
Disposal of treasury stock		-109		2,882	2,772
Transfer from retained earnings to capital surplus		109	-109		-
Changes in the parent company's equity in transactions with non-controlling interests		-34			-34
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	-	-34	20,647	-781	19,830
Balance at end of fiscal year	6,330	7,475	146,191	-6,002	153,994

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	285	30	1,155	432	1,903	2,557	1,476	140,101
Changes during the fiscal year								
Distribution of surplus								-2,558
Net income attributable to shareholders of the parent company								23,315
Acquisition of treasury stock								-3,663
Disposal of treasury stock								2,772
Transfer from retained earnings to capital surplus								-
Changes in the parent company's equity in transactions with non-controlling interests								-34
Changes during the fiscal year in items other than shareholders' equity (net)	78	-38	667	-88	619	125	379	1,124
Total changes during the fiscal year	78	-38	667	-88	619	125	379	20,955
Balance at end of fiscal year	363	-8	1,822	344	2,523	2,682	1,856	161,056

Current fiscal year (April 1, 2023 - March 31, 2024)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	6,330	7,475	146,191	-6,002	153,994
Changes during the fiscal year					
Distribution of surplus			-2,952		-2,952
Net income attributable to shareholders of the parent company			19,979		19,979
Acquisition of treasury stock				-1,882	-1,882
Disposal of treasury stock		14		1,590	1,605
Transfer from retained earnings to capital surplus		264	-264		-
Changes in the parent company's equity in transactions with non-controlling interests		-19			-19
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	-	259	16,762	-291	16,731
Balance at end of fiscal year	6,330	7,735	162,953	-6,293	170,725

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	363	-8	1,822	344	2,523	2,682	1,856	161,056
Changes during the fiscal year								
Distribution of surplus								-2,952
Net income attributable to shareholders of the parent company								19,979
Acquisition of treasury stock								-1,882
Disposal of treasury stock								1,605
Transfer from retained earnings to capital surplus								-
Changes in the parent company's equity in transactions with non-controlling interests								-19
Changes during the fiscal year in items other than shareholders' equity (net)	360	8	917	-344	941	-54	245	1,132
Total changes during the fiscal year	360	8	917	-344	941	-54	245	17,863
Balance at end of fiscal year	724	0	2,740	-	3,464	2,628	2,101	178,920

(4) Consolidated cash flow statement

(Million yen)

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Cash flow from operating activities		
Net income before taxes and other adjustments	36,112	32,883
Depreciation	14,062	16,642
Impairment loss	587	634
Amortization of goodwill	3,197	5,356
Loss (profit) on equity method investment	-85	-90
Increase (decrease) in reserve for retirement benefits	-7	-488
Increase (decrease) in allowance for doubtful accounts	-289	468
Increase (decrease) in reserve for points	385	43
Increase (decrease) in contract liabilities	4,076	1,835
Interest income and dividend income	-353	-360
Interest expenses	568	747
Gain/loss on sale of property, plant and equipment	-249	-16
Decrease (increase) in accounts receivable-trade	1,737	5,441
Decrease (increase) in inventories	-9,842	4,532
Decrease (increase) in accounts receivable-other	1,367	5,038
Increase (decrease) in notes and accounts payable-trade	532	2,860
Increase (decrease) in accrued expenses	-953	507
Increase (decrease) in accrued consumption taxes	-791	2,254
Increase (decrease) in accounts payable-other	-874	-5,385
Increase (decrease) in deposits received	-2,811	2,046
Increase (decrease) in advances received	2,363	180
Increase (decrease) in unearned revenue	-1,121	-552
Decrease (increase) in segregated deposits	-	5,942
Decrease (increase) in trading products (asset)	-	-14,073
Increase (decrease) in guarantee deposits received	-	11,021
Increase (decrease) in trading products (liability)	-	461
Other	927	-4,966
Subtotal	48,537	72,963
Interest and dividend income received	369	376
Interest expenses paid	-601	-763
Income tax (paid) or refund	-13,692	-14,378
Cash flow from operating activities	34,613	58,197

(Million yen)

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Cash flow from investment activities		
Purchase of tangible non-current assets	-4,670	-4,385
Purchase of intangible assets	-1,315	-1,688
Purchase of investment securities	-4,392	-107
Proceeds from sales of investment securities	3,672	87
Purchase of shares of subsidiaries and associates	-	-376
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-74,423	-7,561
Payments for lease and guarantee deposits	-1,405	-1,318
Proceeds from collection of lease and guarantee deposits	628	1,212
Other	646	2
Cash flow from investment activities	-81,260	-14,135
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	33	6,712
Proceeds from long-term loans payable	152,994	15,252
Repayment of long-term loans payable	-109,557	-59,960
Purchase of treasury stock	-3,665	-1,883
Proceeds from sales of treasury stock	951	648
Proceed from exercising stock options	1,376	731
Redemption of bonds	-5,000	-
Cash dividends paid	-2,560	-2,860
Repayment of lease obligations	-3,778	-4,457
Other	-174	14
Cash flow from financing activities	30,618	-45,803
Effect of exchange rate changes on cash and cash equivalents	779	945
Increase (decrease) in cash and cash equivalents	-15,249	-795
Starting balance of cash and cash equivalents	51,004	35,755
Ending balance of cash and cash equivalents	35,755	34,960

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Important principles for preparing consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 28 companies

Names of significant consolidated subsidiaries:

ITX Corporation
ITX Communications inc.
Up Beat Corporation
CONEXIO Corporation
NIFTY Corporation
Cecile Co., Ltd.
NIFTY Lifestyle Co., Ltd.
Nojima APAC Limited
MONEY SQUARE HOLDINGS, INC.
NOJIMA STELLA SPORTS CLUB Co., Ltd.
Business Grand Works Co., Ltd.
AXN Co., Ltd.

Notes

i The operation of our Docomo Shop business was transferred to our consolidated subsidiary ITX Corporation through an absorption-type company split effective April 1, 2023.

ii The Cinema Co., Ltd. was dissolved on April 1, 2023, through an absorption-type merger with AXN Co., Ltd., one of the Company's consolidated subsidiaries, which remained as the surviving company.

iii Our consolidated subsidiary, Nojima APAC Limited, acquired all shares of Thunder Match Technology Sdn. Bhd. on July 1, 2023, making it a consolidated subsidiary of the Company.

iv Our consolidated subsidiary, New Synergy Investment Business Limited Liability Partnership, was excluded from the scope of consolidation as of July 28, 2023, following the completion of its liquidation.

v Our consolidated subsidiary, NIFTY Lifestyle Co., Ltd., acquired all shares of GiRAFFE & Co. on September 29, 2023, making it a consolidated subsidiary of the Company.

vi Our consolidated subsidiary, CONEXIO Corporation, was dissolved on October 1, 2023, through an absorption-type merger, with NCX Corporation as the surviving company. On the same date, the surviving company, NCX Corporation, changed its name to CONEXIO Corporation.

vii Our consolidated subsidiary, AXN Co., Ltd., established a new company, AK Entertainment Co., Ltd., on October 24, 2023, and has included this company within our consolidated scope.

viii Our consolidated subsidiary, MONEY SQUARE HOLDINGS, INC. was excluded from the scope of consolidation as of March 11, 2024, following the completion of the liquidation of MONEY SQUARE INTERNATIONAL, INC.

(2) Names of non-consolidated subsidiaries and other information

Number of non-consolidated subsidiaries: 3

Name of the non-consolidated subsidiaries:

TKY logistics Co., Ltd, and 2 other companies

(Reason for exclusion from scope of consolidation)

Non-consolidated subsidiaries are small, and their total assets, sales, net income (loss), and retained earnings (proportion of equity) do not have a material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of equity-method affiliates: 2

Name of the equity-method affiliate:

Hascom Mobile Corporation, and 1 other company

(2) Number of non-consolidated subsidiaries not accounted for by the equity method: 3

Name of non-consolidated subsidiaries not accounted for by the equity method:

TKY logistics Co., Ltd, and 2 other companies

(Reason for exclusion from the scope of the equity method)

Non-consolidated subsidiaries not accounted for by the equity method are excluded from the scope of the equity method because their impact on consolidated financial statements, in terms of net income (proportional amount) and retained earnings (proportional amount), is minimal and not significant as a whole.

3. Fiscal years of consolidated subsidiaries and other matters

The closing dates of the fiscal years of the following consolidated subsidiaries differ from the closing date of the Company's consolidated fiscal year:

Company	Year ends
NOJIMA STELLA SPORTS CLUB Co., Ltd.	June 30

Consolidated financial statements of these companies are prepared based on financial statements obtained from a tentative settlement of accounts undertaken as of the date of the consolidated settlement of accounts.

The closing dates of the fiscal years of the other consolidated subsidiaries are the same as the closing date of the Company's consolidated fiscal year.

4. Accounting standards

(1) Standards and methods applied in the valuation of important assets

A. Securities

Available-for-sale securities:

a. Those having fair market value:

Mark-to-market based on market values and other information as of the date of the settlement of accounts (Full revaluation gains/losses are booked directly to net assets. Costs of securities sold are calculated using the moving average method.)

b. Those without fair market value:

Moving average cost method

c. Investment in investment business limited partnerships and similar partnerships

(Items deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

Based on the most recent financial statements available according to the settlement date stipulated in the partnership agreement, the amount equivalent to the equity interest is incorporated in the net amount.

B. Inventory

Merchandise:

Moving average cost method (the balance sheet figure is calculated by writing down book values based on decreased profitability)

The first-in, first-out cost method is applied in some domestic consolidated subsidiaries.

The low-value method based on the weighted average method is mainly applied in overseas consolidated subsidiaries.

Programing rights:

AXN Co., Ltd., a consolidated subsidiary of the Company, uses a cost method based on the individual method (balance sheet value is a method of reducing book value due to a decline in profitability).

C. Evaluation standards and evaluation methods for derivative transactions

MONEY SQUARE HOLDINGS, INC., a consolidated subsidiary of the Company, uses the fair value method.

(2) Depreciation methods for important depreciable assets

A. Tangible non-current assets (not including leased assets)

The Company and its domestic consolidated subsidiaries, NIFTY Corporation, Cecile Co., Ltd., MONEY SQUARE HOLDINGS, INC. and MONEY SQUARE, INC. primarily apply the declining balance method. However, they apply the straight-line method for buildings (not including equipment attached to buildings) acquired on or after April 1, 1998, and equipment attached to buildings and structures acquired on or after April 1, 2016.

Domestic consolidated subsidiaries, Up Beat Corporation and ITX Corporation, ITX Communications inc., and CONEXIO Corporation apply the straight-line method.

Overseas consolidated subsidiaries, Courts (Singapore) Pte. Ltd, Courts (Malaysia) Sdn. Bhd. and PT Courts Retail Indonesia mainly apply the straight-line method.

The main useful lives for depreciation purposes are shown below.

Buildings and structures:	5-47 years
Machinery, equipment, and vehicles:	2-17 years
Tools, fixtures, and facilities:	2-20 years

B. Intangible non-current assets (not including leased assets)

The straight-line method is applied.

Main useful lives for depreciation purposes are shown below.

Software:	5 years
Contractual intangible assets:	15-20 years
Technology-related intangible assets:	7 years

C. Leased assets

The straight-line method is applied using the term of the lease as the useful life of the asset and zero as the residual value.

(3) Accounting standards for important reserves

A. Allowance for doubtful accounts

When providing for losses from unrecoverable claims, the anticipated number of unrecoverable claims is booked as follows: The actual loan loss ratio is applied for ordinary claims (general accounts receivable). For extraordinary claims (doubtful accounts receivable) such as those involving the possibility of default and those in bankruptcy reorganization, the possibility of recovery is considered for each claim.

B. Reserve for point card certificates

When providing for costs resulting from the future use of loyalty points by customers based on a system that awards points to customers based on past purchases and other factors, the anticipated number of points used in the future is booked based on past performance.

C. Reserve for bonuses

When providing for bonuses paid to employees, some consolidated subsidiaries book the required amount of reserve for bonuses based on the anticipated amount payable.

D. Reserve for directors' retirement benefits

When providing for retirement benefits paid to directors, the amount payable as of the end of the current consolidated fiscal year is booked based on internal rules.

E. Reserve for financial instruments transaction liabilities

In accordance with Article 46-5 of the Financial Instruments and Exchange Act, we have recorded the amount calculated as specified in Article 175 of the Cabinet Office Ordinance on Financial Instruments Business, etc., to cover losses arising from problems related to the trading of securities or other transactions, including derivative transactions.

(4) Important method of hedge accounting

A. Method of hedge accounting

Deferred hedge accounting is adopted.

B. Hedging instruments and hedged items

Hedging instruments ... Forward exchange contract

Hedged items... Monetary liabilities and forecasted transactions denominated in foreign currencies

C. Hedging policy

The consolidated subsidiary enters into forward exchange contracts for hedging purposes to avoid risks arising from future exchange rate fluctuations to the extent necessary for transactions denominated in foreign currencies.

D. Method for evaluating hedge effectiveness

Effectiveness is assessed by comparing a market change in a hedged instrument or cumulative change in its cash flows with a market change in a hedging instrument or cumulative change in its cash flow to observe the ratio of those changes.

(5) Accounting treatment of retirement benefits

A. Period of attribution of estimated retirement benefits

Straight-line attribution is used to attribute estimated amounts of retirement benefits to periods through the end of the current consolidated fiscal year in calculations of retirement benefit obligations. However, some consolidated subsidiaries apply the payment calculation method.

B. Treatment of actuarial gains and losses and past service costs

Actuarial gains or losses are booked as expenses in the fiscal years in which they arise.

Past service costs are booked as expenses using the straight-line method, setting a fixed number of years (six years) within the average remaining number of years of service for personnel employed at the time such obligations arise.

C. Application of simplified method for small businesses, etc.

Some consolidated subsidiaries apply the simplified method to calculations of obligations related to retirement benefits and costs of retirement benefits, treating the amount payable to employees retiring voluntarily as of the end of the fiscal year as the amount of retirement benefit obligations.

(6) Basis for recording revenues and expenses

The Group recognizes revenue in accordance with the following five-step approach, in exchange for the transfer of goods or services to customers, and we recognize revenue in an amount that reflects the consideration that we expect to obtain for that right.

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Calculate the transaction price.
Step 4: Allocate the transaction price to the separate performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation.

In the sale of consumer electronics and mobile phones, the Group sells products such as consumer electronics and mobile phones mainly to general consumers. The Group considers that the customer obtains control and the performance obligation is satisfied at the time the products are delivered, and therefore recognizes revenue at the time of delivery.

In addition, the Company provides Internet access services, etc. mainly to general consumers in the network services of its Internet business. The Company recognizes revenue as services are provided to subscribers.

In the operation of digital home electronics retail stores and the overseas business, the Group provides warranty services, such as repairs, for products sold on separate contracts. The Company and its subsidiaries identify warranty services as performance obligations and recognize revenue over a certain period of time since the performance obligations are satisfied over the warranty period.

In addition, the operation of digital home electronics retail stores operates its own point system. The Company has determined that the point system is an important right for customers, and therefore identifies a separate performance obligation at the time the points are awarded and generally recognizes revenue at the time the points are used by customers.

(7) Standards for converting major assets or liabilities in foreign currencies into Japanese yen

Monetary claims and obligations in foreign currencies are converted into yen at the spot exchange rate as of the date of the consolidated settlement of accounts. Any difference from this conversion is recorded as a profit or loss. Assets and liabilities of overseas consolidated subsidiaries are converted into yen at the spot exchange rate as of the date of the consolidated settlement of accounts. Income and expenses of overseas subsidiaries are converted into yen at the average exchange rate over the fiscal year. Differences due to conversion are included under Net assets as "Currency conversion adjustments."

(8) Method and period of amortization of goodwill

Goodwill: 3-16 years

(9) Scope of funds on the consolidated cash flow statement

Funds included on the consolidated cash flow statement are cash on hand, deposits that may be withdrawn at any time, and short-term investments that are readily convertible into cash and have maturities of three months or less from the date of purchase and have only a minor risk of a fluctuation in value.

(10) Other important matters that form the basis for the preparation of consolidated financial statements

A. Accounting for foreign exchange margin trading with customers as the counterparty.

Settlement gains and losses and appraisal gains and losses related to foreign exchange margin trading executed by customer orders are recorded. In addition, unrealized gains/losses are calculated for each transaction detail for all unsettled foreign exchange margin transactions with customers, and the amount equivalent to the unrealized gains is recorded as trading products (assets) on the consolidated balance sheet, and the amount equivalent to the valuation loss is recorded in trading instruments (liabilities). Money deposited by customers as the margin for foreign exchange margin transactions shall manage separately from the Company’s assets as set forth in Article 43-3, Paragraph 1 of the Financial Instruments and Exchange Law and Article 143, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Financial Instruments Business, etc. The principal amount of such money trust is recorded as segregated deposits on the consolidated balance sheet.

B. Accounting for foreign exchange margin trading with the counterparty

Settlement gains and losses and appraisal gains and losses related to foreign exchange margin transactions executed by cover transaction orders are recorded.

In addition, valuation gains and losses are calculated for each transaction item for all open foreign exchange margin transactions with the counterparty, and then added together for each counterparty to offset the gains and losses. The same amount is recorded in trading products on the consolidated balance sheets.

(Notes to the consolidated balance sheet)

*1 "Leased assets (net)" refers to right-of-use assets (17,415 million yen in previous fiscal year, 18,210 million yen in current fiscal year) recorded by subsidiaries applying International Financial Reporting Standards.

*2 To enable the flexible and stable procurement of working capital, the Nojima Group has concluded agreements with its main financial institutions on overdrafts and loan commitments. Shown below are available balances under these agreements as of the end of the consolidated fiscal year.

	Previous fiscal year (March 31, 2023)	Current fiscal year (March 31, 2024)
Credit line	131,556 million yen	97,277 million yen
Outstanding balance	48,206 million yen	7,913 million yen
Difference: Available balance	83,350 million yen	89,363 million yen

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

(1) Method for determining reporting segments

The Nojima Group periodically reviews its reporting segments to assess business performance and to allow informed decision-making by top management decision-making bodies on the use of management resources. The reporting segments are based on financial information for units of the Group's organization that can be separated from the rest of the organization.

(2) Types of products and services within each reporting segment

The segment of “Operation of digital home electronics retail stores” sells digital audio video products, IT devices, and home electronics, and provides related solutions, setup, repairs, and other services.

The segment of “Operation of mobile carrier stores” sells communication devices (primarily mobile phones) and provides related services.

The segment of “Internet business” provides broadband connectivity services and services including communication, security, and various information services which use the Internet.

The segment of “Overseas business” sells digital audio video products, IT devices, home electronics, and home furniture, and provides solutions, setup, and other services.

The segment of “Financial business” provides financial instrument trading services, such as over-the-counter foreign exchange trading and exchange stock index margin trading.

2. Calculating net sales, income or loss, assets, liabilities, and other accounts by reporting segment

The account processing methods for each reporting business segment are identical to those described under "Important principles for preparing consolidated financial statements."

Income figures for reporting segments are based on ordinary income.

Internal transactions and transfers between segments are recorded based on market prices.

3. Amounts of net sales, income or loss, assets, liabilities and other accounts by reporting segment

Previous consolidated fiscal year (April 1, 2022 - March 31, 2023)

(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	264,472	233,894	67,693	51,443	-	617,504	8,677	626,181	-	626,181
Internal sales or transfers between segments	2,089	450	416	-	-	2,956	891	3,847	-3,847	-
Subtotal	266,561	234,344	68,110	51,443	-	620,460	9,568	630,029	-3,847	626,181
Segment income (loss)	20,643	6,166	6,657	1,508	-	34,976	1,328	36,304	-58	36,246
Segment assets	110,482	208,750	39,181	51,419	128,037	537,871	19,034	556,905	-3	556,902
Segment liabilities	80,914	95,873	15,214	38,359	113,407	343,769	1,788	345,557	50,287	395,845
Other accounts										
Depreciation	1,811	5,640	1,234	4,636	-	13,322	740	14,062	-	14,062
Amortization of goodwill	-	1,844	1,314	-	-	3,158	38	3,197	-	3,197
Interest income	-	0	0	148	-	148	0	148	14	163
Interest expenses	-	39	0	455	-	495	-	495	69	564
Equity in earnings of affiliates	-	85	-	-	-	85	-	85	-	85
Impairment loss	331	176	79	-	-	587	-	587	-	587
Investment in equity-method affiliates	-	991	-	-	-	991	-	991	-	991
Unamortized balance of goodwill	-	35,784	5,239	-	6,146	47,169	348	47,518	-	47,518
Increase in tangible and intangible non-current assets	4,169	50,359	593	621	10,780	66,526	66	66,592	-	66,592

Notes:

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

*2. Adjustments to segment income (loss) consist of companywide costs not distributed among reporting segments. Adjustments to segment assets and liabilities consist of companywide assets and liabilities not distributed among reporting segments and offsetting between segments.

*3. Segment income (loss) is adjusted with ordinary income on the consolidated income statement.

*4. The increase in tangible and intangible non-current assets does not include lease assets of IFRS 16 "Leases."

*5. In the financial business, MONEY SQUARE HOLDINGS, INC. and two other subsidiaries are included in the scope of consolidation in the current consolidated fiscal year, and only the balance sheet is consolidated, so segment assets and liabilities are stated.

*6. In the current consolidated fiscal year, preliminary accounting for business combinations was finalized, and the figures for the previous consolidated fiscal year reflect the details of preliminary accounting.

Current consolidated fiscal year (April 1, 2023 - March 31, 2024)

(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	265,222	345,320	65,905	69,436	6,010	751,895	9,406	761,301	-	761,301
Internal sales or transfers between segments	2,579	1,221	491	-	-	4,291	871	5,163	-5,163	-
Subtotal	267,801	346,541	66,397	69,436	6,010	756,187	10,277	766,464	-5,163	761,301
Segment income (loss)	15,975	8,430	5,393	-329	1,795	31,265	1,844	33,109	-171	32,937
Segment assets	110,252	182,735	31,704	57,687	138,910	521,290	22,053	543,343	3,798	547,142
Segment liabilities	93,875	86,262	16,525	44,154	123,146	363,965	1,825	365,790	2,430	368,221
Other accounts										
Depreciation	2,003	7,052	764	5,341	822	15,984	657	16,642	-	16,642
Amortization of goodwill	-	3,063	1,324	415	441	5,244	77	5,321	-	5,321
Interest income	-	0	0	210	0	210	0	210	4	215
Interest expenses	-	32	3	530	4	570	0	570	176	747
Equity in earnings of affiliates	-	90	-	-	-	90	-	90	-	90
Impairment loss	385	216	8	24	-	633	0	634	-	634
Investment in equity-method affiliates	-	1,251	-	-	-	1,251	-	1,251	-	1,251
Unamortized balance of goodwill	-	32,720	4,065	1,278	5,707	43,771	270	44,042	-	44,042
Increase in tangible and intangible non-current assets	4,062	920	808	3,381	173	9,347	48	9,395	-	9,395

Notes:

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

*2. Adjustments to segment income (loss) consist of companywide costs not distributed among reporting segments. Adjustments to segment assets and liabilities consist of companywide assets and liabilities not distributed among reporting segments and offsetting between segments.

*3. Segment income (loss) is adjusted with ordinary income on the consolidated income statement.

*4. The increase in tangible and intangible non-current assets does not include lease assets of IFRS 16 "Leases."

(Per-share information)

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Net assets per share	1,596.29 yen	1,779.53 yen
Net earnings per share	238.83 yen	203.67 yen
Diluted earnings per share	235.90 yen	201.11 yen

Notes:

1. Calculations of net earnings per share and diluted earnings per share are based on the following information:

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Net earnings per share		
Net income attributable to shareholders of the parent company (million yen)	23,315	19,979
Amount not reverting to common shareholders (million yen)	-	-
Net income attributable to shareholders of the parent company related to common stock (million yen)	23,315	19,979
Average number of shares during the fiscal year (thousand shares)	97,620	98,098
Diluted net earnings per share		
Adjustments of net income attributable to shareholders of the parent company (million yen)	-	-
Increase in common stock (thousand shares)	1,215	1,249
(Amount of the above corresponding to stock subscription rights [thousand shares])	(1,215)	(1,249)
Summary of potential dilution not included in the calculation of diluted net earnings per share due to lack of dilution effect	Stock acquisition rights no. 19 (2021 stock options) (32,006 stock subscription rights) Stock acquisition rights no. 20 (2022 stock options) (34,642 stock subscription rights)	Stock acquisition rights no. 20 (2022 stock options) (31,446 stock subscription rights)

2. Shares of Company stock remaining in trust recorded as treasury stock under shareholders' equity are included under treasury stock excluded from calculations of the average number of shares during the fiscal year for the purposes of calculating net earnings per share and are included under treasury stock excluded from total shares issued and outstanding at the end of the fiscal year for the purpose of calculating net assets per share.
   The average number of shares of such treasury stock excluded from calculations of net income per share during the fiscal year was 776 thousand shares in the previous fiscal year and 166 thousand shares in the current fiscal year. The number of shares of such treasury stock excluded from calculations of net assets per share at the end of the fiscal year was 497 thousand shares in the previous fiscal year and no shares in the current fiscal year.
3. The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, net assets per share, 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, 2023
4. In the current consolidated fiscal year, preliminary accounting for business combinations was finalized, and the figures for the previous consolidated fiscal year, reflect the details of preliminary accounting.

(Important subsequent events)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 7, 2024, the Board of Directors of the Company passed a resolution calling for the presentation at the 62nd regular general meeting of shareholders, scheduled for June 21, 2024, of a resolution requesting approval of the issuance of stock acquisition rights as stock options and entrustment of decision-making on the terms of this issue to the Board of Directors, pursuant to the stipulations of Articles 236, 238, and 239 of the Companies Act of Japan.

1. Objective of adopting a program of stock options and reasons for issuing stock acquisition rights gratis
   The objective of adopting a program of stock options is to increase corporate value by strengthening morale and motivation in order to improve Group business performance. To achieve this objective, stock options will be issued gratis.
2. Overview of issuance of stock acquisition rights

(1) Persons receiving an allocation of stock acquisition rights

Company directors, executive officers, and employees, as well as directors and employees of Company subsidiaries, as authorized by the Company Board of Directors

(2) Class and number of shares subject to stock acquisition rights

The shares subject to stock acquisition rights for which the Board of Directors may determine the terms of issuance as entrusted by the general meeting of shareholders shall not exceed 4,000 thousand shares of the Company's common stock.

However, if the number of shares allotted has been adjusted as described under (3) below, the maximum number of shares subject to the stock acquisition rights shall be the product of the adjusted number of shares allotted and the total number of stock acquisition rights.

(3) Total number of stock acquisition rights

The number of stock acquisition rights for which the Board of Directors may determine the terms of issuance as entrusted by the general meeting of shareholders shall not exceed 40,000.

The number of shares subject to stock acquisition rights (hereinafter, "number of shares granted") shall be 100 shares of the Company's common stock per stock acquisition right. However, if the Company undertakes a stock split (this should be understood hereinafter to include the free distribution of the Company's common stock) or common stock consolidation, the number of shares granted shall be adjusted in accordance with the formula given below. This adjustment shall be made only for the number of shares granted under stock acquisition rights not yet exercised as of the time of adjustment. Any fractional shares arising from the adjustment shall be discarded.

Adjusted number of shares granted = original number of shares granted × stock split or stock consolidation ratio

In addition to the cases above, when the Company is involved in a merger, company split, stock swap, or stock transfer (hereinafter, "merger, etc."), or needs to adjust the number of shares granted for other reasons, it reserves the right to adjust the number of shares granted within reasonable limits based on the terms of the merger, etc. and other matters.

(4) Issue price of stock acquisition rights

Stock acquisition rights shall be issued gratis.

(5) Amount payable upon exercise of stock acquisition rights

The amount payable upon the exercise of one stock acquisition right shall be determined by multiplying the price payable per share that may be granted through the exercise of stock options (hereinafter, "exercise price") by the number of shares granted.

The exercise price shall be the closing price of the Company's common stock in ordinary trading on the Tokyo Stock Exchange on the allocation date (or the most recent closing price if no trading takes place on the allocation date).

The exercise price shall be adjusted after the allocation date in each of the following cases.

A. If the Company undertakes a stock split or a stock consolidation, the exercise price shall be adjusted by applying the formula indicated below, with the result rounded up to the nearest whole yen.

$$\text{Adjusted exercise price} = \text{original exercise price} \times \frac{1}{\text{stock split or stock consolidation ratio}}$$

B. If the Company issues new shares or sells treasury stock at below market value, the exercise price shall be adjusted by applying the formula indicated below, with the result rounded up to the nearest whole yen.

$$\text{Adjusted exercise price} = \text{original exercise price} \times \frac{\text{existing number of shares issued and outstanding} + \dfrac{\text{number of new shares issued} \times \text{price payable per share}}{\text{market value}}}{\text{existing number of shares issued and outstanding} + \text{number of new shares issued}}$$

In the formula above, the "existing number of shares issued and outstanding" refers to the total number of shares issued by the Company minus the number of shares of treasury stock held by the Company. In the case of the sale of treasury stock, the "number of new shares issued" above shall be read as the "number of shares of treasury stock sold."

C. Should the Company find it necessary to adjust the exercise price after the allocation date for unavoidable reasons (e.g. merger, etc.), the Company reserves the right to adjust the exercise price within reasonable limits based on the terms of the merger, etc. and other matters.

(6) Period in which stock acquisition rights may be exercised

Stock acquisition rights may be exercised for a period of two years starting on the date three years after the day after the date of the Board of Directors' resolution determining the terms of the issuance of the stock acquisition rights.

(7) Conditions for exercise of stock acquisition rights

A. A person allocated stock acquisition rights (hereinafter, "stock option holder") must hold the title of director, executive officer, or employee of the Company or a Company subsidiary at the time of exercise. This does not apply in cases deemed appropriate by the Board of Directors.

B. Stock acquisition rights may not be passed on to legal heirs.

C. A stock acquisition right must be exercised in full.

(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights

A. The Company may acquire stock acquisition rights gratis on a date specified separately by the Board of Directors if the general meeting of shareholders approves a proposal for a merger agreement whereby the Company is to be dissolved or a proposal for a share exchange agreement or a share transfer plan whereby the Company becomes a wholly-owned subsidiary.

B. If a stock option holder is unable to exercise the option because he or she no longer satisfies the requirements for execution under (7) above or has relinquished such right, the Company may acquire the stock acquisition rights gratis.

C. The Company may cancel the stock acquisition rights it has acquired and holds gratis at any time.

(9) Restrictions on the acquisition of stock acquisition rights through a transfer

Approval of the Company's Board of Directors is required for the acquisition of stock acquisition rights through a transfer of ownership.

(10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights

A. The amount of an increase in capital due to the issuance of stock through the exercise of stock acquisition rights shall be one-half of the limit for an increase in capital calculated pursuant to Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, with the result rounded up to the nearest whole yen.

B. The amount of an increase in capital reserves due to the issuance of stock through the exercise of stock acquisition rights shall be the amount remaining after subtracting the increase in capital specified under A above from the limit for an increase in capital under A.

(11) Policies, etc. for the treatment of stock acquisition rights in the case of stock swap or stock transfer

If the Company is involved in a merger leading to the dissolution of the Company, an absorption-type corporate divestiture, an establishment-type corporate divestiture (in both cases, only if the Company is to be divided), or a stock swap or stock transfer (only if the Company is to become a wholly-owned subsidiary) (the term "organizational restructuring" hereafter encompasses all such events), the Company shall grant stock acquisition rights in the company described in Article 236, Paragraph 1, Item 8, A to E of the Companies Act of Japan (hereinafter, "restructured Company"), in each respective case, to stock option holders with unexercised stock acquisition rights not acquired by the Company (hereinafter, "remaining stock options") as of the date the organizational restructuring takes effect (that is, the effective date of absorption-type merger, consolidation-type merger, absorption-type corporate divestiture, establishment-type corporate divestiture, stock swap, or stock transfer). In such cases, the remaining stock options shall be cancelled, and the restructured Company shall issue new stock acquisition rights. This provision is limited to cases in which the merger agreement, new company merger agreement, absorption-type corporate divestiture agreement, establishment-type corporate divestiture plan, stock swap agreement, or stock transfer plan specifies grants of stock acquisition rights in the restructured Company in accordance with the conditions indicated below.

A. Number of stock acquisition rights in the restructured Company to be granted
The same number of stock acquisition rights as the number of remaining stock options held by each stock option holder.

B. Class of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights
The restructured Company's common stock.

C. Number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights
Determined in accordance with "(2) Class and number of shares subject to stock acquisition rights" above, based on consideration of the terms of the organizational restructuring and other matters.

D. Amount to be invested upon the exercise of stock acquisition rights
The amount to be invested upon the exercise of each stock acquisition right to be granted shall be determined by multiplying the number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights determined, as described under C above, by the adjusted exercise price, as described under (5) C above.

E. Period in which stock acquisition rights may be exercised
Stock acquisition rights may be exercised from the starting date of the period described under “(6) Period in which stock acquisition rights may be exercised” above or the effective date of the organizational restructuring, whichever is later, to the closing date of the period described under "(6) Period in which stock acquisition rights may be exercised" above.

F. Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights
Determined according to "(10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights" above.

G. Restrictions on acquisition of stock acquisition rights through transfer
Approval of the restructured Company's Board of Directors is required for the acquisition of stock acquisition rights through a transfer of ownership.

H. Reasons and conditions for acquisition of stock acquisition rights
Determined according to "(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights" above.

(12) Date of allocation of stock acquisition rights

The date shall be determined separately by the Board of Directors.

(13) Handling of warrant certificates in the event of issuance

The company shall not issue warrant certificates for these stock acquisition rights.

Note: The details above are conditional upon approval at the 62nd regular general meeting of shareholders scheduled for June 21, 2024 of the resolution on the issuance of stock acquisition rights gratis as stock options and upon approval by the compensation committee at a meeting to be held after the 62nd regular general meeting of shareholders on individual compensation for directors and executive officers.