



Summary of Consolidated Financial Results for the Nine-month Period Ended December 31, 2020 (Japanese accounting standards)

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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 nine-month period ended December 31, 2020 (April 1, 2020 - December 31, 2020)

(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	%
Nine-month period ended December 31, 2020	378,470	-4.1	24,469	40.4	52,767	176.0	38,056	24.6	43,824	227.9
Nine-month period ended December 31, 2019	394,550	4.5	17,427	19.7	19,117	17.9	30,537	21.4	13,366	18.9

Note: Comprehensive income: Nine-month period ended December 31, 2020: 49,421 million yen (251.3%)

Nine-month period ended December 31, 2019: 14,066 million yen (42.3%)

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
Nine-month period ended December 31, 2020	885.24	863.64
Nine-month period ended December 31, 2019	266.34	263.11

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	327,185	134,184	40.4	2,682.89
As of March 31, 2020	286,247	90,268	30.8	1,759.32

Reference: Equity: As of December 31, 2020: 132,049 million yen As of March 31, 2020: 88,246 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2020	-	20.00	-	20.00	40.00
FY ending March 2021	-	22.00	-	-	-
FY ending March 2021 (planned)	-	-	-	22.00	44.00

Note: Revisions to the most recently announced dividend forecast: No

End of 2Q FY2020: Ordinary dividend 18.00 yen, 60th anniversary dividend 2.00 yen

3. Forecasts of consolidated financial results for the fiscal year ending March 2021 (April 1, 2020 - March 31, 2021)

(Percentages indicate changes from the previous year.)

	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
Full-year	503,000	-4.0	30,000	32.8	56,000	131.2	46,000	15.8	45,000	182.8	914.28

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 December 31, 2020	51,289,616 shares	As of March 31, 2020	51,289,616 shares
ii. Number of shares of treasury stock at the end of the period	As of December 31, 2020	2,070,352 shares	As of March 31, 2020	1,129,909 shares
iii. Average number of shares during the period	Nine-month period ended December 31, 2020	49,506,075 shares	Nine-month period ended December 31, 2019	50,186,952 shares

Note: The number of shares of treasury stock above includes shares held in trust accounts (325,600 shares as of December 31, 2020 and 14,000 shares as of March 31, 2020) 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 (314,340 shares for the nine-month period ended December 31, 2020 and 219,613 shares for the nine-month period ended December 31, 2019).

* Quarterly 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:

Suruga Bank Ltd. became our equity-method affiliate on June 26, 2020. Accordingly, share of profit of entities accounted for using equity method of 26,118 million yen, including negative goodwill associated with the application of equity-method affiliate to Suruga Bank Ltd., was recorded as non-operating income in the consolidated financial results for the nine-month period ended December 31, 2020.

Consolidated results for the period excluding the impact are as follows.

Consolidated financial results for the nine-month period ended December 31, 2020 (April 1, 2020 - December 31, 2020)

(Excluding share of profit (loss) of entities accounted for using equity method)

(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	%
Nine-month period ended December 31, 2020	378,470	-4.1	24,469	40.4	26,649	39.7	38,056	24.6	17,706	32.9
Nine-month period ended December 31, 2019	394,550	4.5	17,427	19.7	19,070	18.1	30,537	21.4	13,319	19.1

	Net income per share	Diluted net income per share
	Yen	Yen
Nine-month period ended December 31, 2020	357.66	348.93
Nine-month period ended December 31, 2019	265.39	262.18

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2020	301,067	108,065	35.2	2,152.23
As of March 31, 2020	286,162	90,183	30.8	1,757.62

Reference: Equity: As of December 31, 2020: 105,931 million yen As of March 31, 2020: 88,161 million yen

○ Contents of attached documents

1. Qualitative Information on Quarterly Consolidated Financial Performance.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position	3
(3) Information on forward-looking statements forecasts of consolidated financial results	3
2. Quarterly Consolidated Financial Statements.....	4
(1) Consolidated balance sheet	4
(2) Consolidated income statement and consolidated statement of comprehensive income	6
Consolidated income statement	
(For the nine-month period)	6
Consolidated statement of comprehensive income	
(For the nine-month period)	7
(3) Notes on consolidated financial statements.....	8
(Notes on going concern assumption).....	8
(Significant changes in shareholders' equity).....	8
(Segment information, etc.)	8

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of operating results

During the nine-month period ended December 31, 2020, Japan's economic activity showed signs of a temporary recovery due to the effects of various policies for COVID-19 infections. The outlook for the economy has raised uncertainty with the accelerating expansion of COVID-19 infections since November 2020.

Under these circumstances, the Nojima Group focused on being the leader in the digital field and achieving the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want, and provide customer services reflecting the perspectives of customers, while working to improve consulting-based sales and enhancing customer services to meet their needs. We continued to operate stores, while taking thorough measures against COVID-19 infections, with the safety and security of customers and employees as our top priority.

As a result, for the nine-month period ended December 31, 2020, we recorded net sales of 378,470 million yen (95.9% of the figure for the nine-month period ended December 31, 2019), operating income of 24,469 million yen (140.4% of the figure for the nine-month period ended December 31, 2019), ordinary income of 52,767 million yen (276.0% of the figure for the nine-month period ended December 31, 2019) with the application of the equity method by Suruga Bank Ltd., and net income attributable to shareholders of the parent company of 43,824 million yen (327.9% of the figure for the nine-month period ended December 31, 2019).

EBITDA(*), which the Group considers to be an important indicator of business performance, stood at 38,056 million yen (124.6% of the figure for the nine-month period ended December 31, 2019).

(* EBITDA = ordinary income + interest expenses + interest on bonds + depreciation + amortization of goodwill - share of profit of entities accounted for using equity method

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

In response to changes in customer needs with the expansion of COVID-19 infections, sales of home products, which enrich time spent at home, remained solid, as a result of the Group's strengths in consulting-based sales.

As a result, net sales in this segment totaled 181,984 million yen (110.8% of the figure for the nine-month period ended December 31, 2019), and segment income was 16,676 million yen (134.8% of the figure for the nine-month period ended December 31, 2019).

(Operation of mobile carrier stores)

Following revision of the Telecommunications Business Act, which came into effect last year, in order to increase customer satisfaction, we worked to improve the quality of our services and information on security-related services, which greatly concerned customers in the midst of drastic changes in the industry, such as the expansion of COVID-19 infections and announcements of new plans by individual carriers.

As a result, net sales in this segment totaled 128,702 million yen (83.8% of the figure for the nine-month period ended December 31, 2019), and segment income was 5,149 million yen (134.7% of the figure for the nine-month period ended December 31, 2019).

(Internet business)

While the number of mobile communications subscriptions remained firm, the use of ultra-high-speed broadband services increased due to an increase in teleworking, and Group synergies were demonstrated by introducing @nifty Hikari, a wholesale service of FLET'S Hikari provided by NTT East and NTT West at Group stores. Furthermore, we strengthened our efforts for IPv6 to provide faster and more stable optical lines.

As a result, net sales in this segment totaled 34,872 million yen (97.1% of the figure for the nine-month period ended December 31, 2019), and segment income was 3,003 million yen (131.8% of the figure for the nine-month period ended December 31, 2019).

(Overseas business)

While stores reopened in individual countries, due to uncertainty as to whether the economic environment would improve, sales were depressed, although we strengthened online sales and provided higher quality customer services by changing the system for local human resources and enhancing education and training. On the other hand, profit increased due to a review of selling, general and administrative expenses, as well as support from governments.

As a result, net sales in this segment totaled 29,118 million yen (80.5% of the figure for the nine-month period ended December 31, 2019), and segment income was 1,319 million yen (362.9% of the figure for the nine-month period ended December 31, 2019).

(Stores in operation)

With 11 new store openings and three store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 189, or 213 including 24 dedicated communications device stores with the closure and sale of five stores.

In the operation of mobile carrier stores, following the new opening and acquisition of five stores and the closure and sale of 13 stores, including scrap-and-build, the number of stores, including both directly-operated carrier stores and franchises, stood at 611.

In the overseas business, with eight store closures, the number of stores stood at 69.

In the light of these factors, the numbers of stores as of December 31, 2020 are as shown below.

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	213 stores	-	213 stores
Digital home electronics retail stores	189 stores	-	189 stores
Dedicated communications device stores	24 stores	-	24 stores
Operation of mobile carrier stores	411 stores	200 stores	611 stores
Carrier stores	399 stores	193 stores	592 stores
Others	12 stores	7 stores	19 stores
Overseas business	69 stores	-	69 stores
Total	693 stores	200 stores	893 stores

(2) Explanation of financial position

Assets, liabilities and net assets

(Assets)

Total assets as of December 31, 2020 were 327,185 million yen, up 40,938 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 16,692 million yen to 150,976 million yen in current assets and an increase of 24,245 million yen to 176,209 million yen in non-current assets.

The primary factors underlying the increase in current assets included increases of 8,228 million yen, 8,255 million yen, and 6,751 million yen in cash and deposits, accounts receivable-other and merchandise and products, respectively, despite a decrease of 8,071 million yen in accounts receivable-trade.

The main causes of the increase in non-current assets included an increase of 31,377 million yen in investment securities, despite decreases of 3,206 million yen, 2,106 million yen, and 1,322 million yen in contractual intangible assets, goodwill, and lease assets, respectively.

(Liabilities)

Total liabilities as of December 31, 2020 were 193,001 million yen, down 2,977 million yen from the end of the previous fiscal year.

This decrease was due mainly to an increase of 11,374 million yen to 125,756 million yen in current liabilities and a decrease of 14,352 million yen to 67,244 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included increases of 11,244 million yen and 9,602 million yen in short-term loans payable and accounts payable-trade, respectively, despite a decrease of 10,010 million yen in current portion of bonds.

The main causes of the decrease in non-current liabilities included decreases of 12,151 million yen, 1,257 million yen, and 1,116 million yen in long-term loans payable, lease liabilities, and deferred tax liabilities, respectively, despite an increase of 551 million yen in retirement benefit liabilities.

(Net assets)

Net assets as of December 31, 2020 totaled 134,184 million yen, up 43,916 million yen from the end of the previous fiscal year, due to factors including an increase of 41,682 million yen in retained earnings.

These factors resulted in an equity ratio of 40.4%, up 9.5 points from the end of the previous fiscal year.

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

Forecasts of consolidated financial results have not been revised since the release of the "Summary of Consolidated Financial Results for the Six-month Period Ended September 30, 2020 (Japanese accounting standards)" on October 29, 2020.

2. Quarterly Consolidated Financial Statements

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2020)	Third quarter of the current fiscal year (as of December 31, 2020)
Assets		
Current assets		
Cash and deposits	17,181	25,410
Accounts receivable-trade	69,978	61,907
Merchandise and products	40,923	47,675
Accounts receivable-other	6,250	14,505
Other	2,984	3,477
Allowance for doubtful accounts	-3,035	-2,000
Total current assets	134,283	150,976
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	15,808	15,690
Tools, fixtures, and facilities (net)	2,243	2,495
Lease assets (net)	8,010	6,688
Land	8,488	8,469
Other (net)	822	572
Total tangible non-current assets	35,372	33,916
Intangible assets		
Goodwill	24,758	22,652
Software	1,563	1,330
Trademark rights	937	585
Contractual intangible assets	46,412	43,205
Customer-related intangible assets	1,985	1,488
Other	179	622
Total intangible assets	75,836	69,885
Investments and other assets		
Investment securities	17,415	48,793
Deferred tax assets	9,159	8,856
Lease and guarantee deposits	12,004	12,807
Other	2,262	2,045
Allowance for doubtful accounts	-86	-94
Total investments and other assets	40,755	72,407
Total non-current assets	151,964	176,209
Total assets	286,247	327,185

(Million yen)

	Previous fiscal year (as of March 31, 2020)	Third quarter of the current fiscal year (as of December 31, 2020)
Liabilities		
Current liabilities		
Accounts payable-trade	50,244	59,846
Short-term loans payable	7,226	18,471
Current portion of long-term loans payable	7,031	7,450
Current portion of bonds	10,010	-
Accounts payable-other	7,433	8,247
Accrued income taxes	4,921	4,188
Accrued consumption tax	2,203	1,887
Accrued expenses	3,414	4,103
Unearned revenue	7,218	6,577
Deposits received	2,283	3,379
Reserve for points	5,075	4,777
Reserve for bonuses	1,524	873
Reserve for promotion of admissions	90	265
Lease liabilities	2,140	2,177
Other	3,562	3,510
Total current liabilities	114,381	125,756
Non-current liabilities		
Bonds	5,005	5,000
Long-term loans payable	38,014	25,863
Reserve for guarantees for merchandise sold	3,794	3,795
Reserve for directors' retirement benefits	210	203
Retirement benefit liabilities	8,423	8,975
Deferred tax liabilities	13,506	12,390
Lease liabilities	6,437	5,180
Other	6,204	5,836
Total non-current liabilities	81,596	67,244
Total liabilities	195,978	193,001
Net assets		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	6,046	5,608
Retained earnings	83,795	125,478
Treasury stock	-2,358	-5,392
Total shareholders' equity	93,814	132,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-4,938	408
Currency conversion adjustments	-535	-301
Accumulated adjustment to retirement benefits	-94	-79
Deferred gains or losses on hedges	-	-1
Total accumulated other comprehensive income	-5,567	25
Stock acquisition rights	2,008	2,134
Non-controlling interests	12	-
Total net assets	90,268	134,184
Total liabilities and net assets	286,247	327,185

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

Consolidated income statement

(For the nine-month period)

	(Million yen)	
	Nine-month period of the previous fiscal year (April 1, 2019 - December 31, 2019)	Nine-month period of the current fiscal year (April 1, 2020 - December 31, 2020)
Net sales	394,550	378,470
Cost of sales	288,384	265,283
Gross profit on sales	106,166	113,186
Sales, general, and administrative expenses	88,739	88,716
Operating income	17,427	24,469
Non-operating income		
Interest income	47	46
Purchase discounts	1,312	1,505
Gain on sales of investment securities	431	92
Share of profit of entities accounted for using equity method	47	26,118
Other	750	1,387
Total non-operating income	2,589	29,149
Non-operating expenses		
Interest expenses	578	468
Interest on bonds	81	41
Donations	48	88
Other	190	253
Total non-operating expenses	899	851
Ordinary income	19,117	52,767
Extraordinary income		
Gain on reversal of share acquisition rights	29	127
Gain on sales of non-current assets	202	13
Gain on bargain purchase	28	-
Total extraordinary income	260	140
Extraordinary losses		
Impairment loss	312	548
Total extraordinary losses	312	548
Net income before taxes and other adjustments	19,065	52,360
Income taxes-current	6,389	9,465
Income taxes-deferred	-694	-933
Total income taxes	5,695	8,531
Net income	13,370	43,828
Net income attributable to shareholders of the non-controlling interests	3	3
Net income attributable to shareholders of the parent company	13,366	43,824

Consolidated statement of comprehensive income

(For the nine-month period)

(Million yen)

	Nine-month period of the previous fiscal year (April 1, 2019 - December 31, 2019)	Nine-month period of the current fiscal year (April 1, 2020 - December 31, 2020)
Net income	13,370	43,828
Other comprehensive income		
Valuation difference on available-for-sale securities	921	5,181
Currency conversion adjustments	-263	233
Adjustments for retirement benefit obligations	38	17
Share of other comprehensive income of entities accounted for using equity method	-	160
Total other comprehensive income	695	5,592
Comprehensive income	14,066	49,421
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	14,062	49,417
Comprehensive income attributable to non-controlling interests	3	3

(3) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Significant changes in shareholders' equity)

The Company distributed dividends from surplus of 1,003 million yen, based upon a resolution of the Board of Directors meeting held on May 12, 2020, and dividends from surplus of 1,088 million yen, based upon a resolution of the Board of Directors meeting held on October 29, 2020, during the nine-month period ended December 31, 2020. Suruga Bank Ltd. has been included within the scope of the equity method from the first quarter under review.

As a result, retained earnings as of December 31, 2020 were 125,478 million yen.

The Company acquired 1,467,400 shares of treasury stock based on a resolution of the Board of Directors meeting held on June 19, 2020.

As a result, treasury stock was 5,392 million yen as of December 31, 2020, increasing 3,033 million yen in the nine-month period ended December 31, 2020.

(Segment information, etc.)

[Segment information]

I Nine-month period of the previous fiscal year (April 1, 2019 – December 31, 2019)

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

(Million yen)

	Reporting segment					Other (*1)	Total	Adjustments (*2)	Amount on consolidated quarterly income statement (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	163,530	153,420	35,767	36,168	388,886	5,664	394,550	-	394,550
Internal sales or transfers between segments	753	97	162	-	1,014	449	1,463	-1,463	-
Subtotal	164,283	153,518	35,930	36,168	389,900	6,113	396,013	-1,463	394,550
Segment income	12,367	3,822	2,278	363	18,832	427	19,259	-142	19,117

Notes:

*1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, the animal medical business, and the software development 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 162 million yen for the operation of digital home electronics retail stores, 101 million yen for the operation of mobile carrier stores, and 48 million yen for the operation of the Internet business.

(Significant change in amount of goodwill)

Not applicable

II Nine-month period of the current fiscal year (April 1, 2020 – December 31, 2020)

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	Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	180,241	128,568	34,619	29,118	372,548	5,921	378,470	-	378,470
Internal sales or transfers between segments	1,742	134	252	-	2,129	324	2,453	-2,453	-
Subtotal	181,984	128,702	34,872	29,118	374,678	6,245	380,924	-2,453	378,470
Segment income	16,676	5,149	3,003	1,319	26,149	26,772	52,922	-154	52,767

Notes:

*1. The “Other” business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, the animal medical business, and the software development business. In addition, 26,044 million yen in share of profit of entities accounted for using equity method with the application of the equity method by Suruga Bank Ltd. is recorded.

*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 473 million yen for the operation of digital home electronics retail stores, 69 million yen for the operation of mobile carrier stores, and 5 million yen for the operation of the Interest business.

(Significant change in amount of goodwill)

Not applicable