Summary of Consolidated Financial Results for Fiscal Year Ended March 2018 (Japanese accounting standards)

Released May 8, 2018

Name of listed firm:	Nojima Corporation	Listed on the Tokyo Stock Exchange, First Section	
Code No.:	7419	URL	http://www.nojima.co.jp

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Scheduled date of regular general meeting of shareholders: June 15, 2018 Scheduled start date of dividend payments: June 1, 2018
Scheduled date of securities report filing: June 18, 2018
Supplemental materials on annual results: Yes
Presentation on annual results: Yes

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

1. Consolidated financial results for the fiscal year ended March 2018 (April 1, 2017 - March 31, 2018)

(1) Consolidated results of operations (Percentages indicate YoY changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2018	501,890	16.2	17,044	12.9	17,935	15.9	30,443	25.5	13,634	34.2
FY ended March 2017	432,064	-5.0	15,091	3.4	15,479	3.9	24,250	0.5	10,158	-23.2

Note: Comprehensive income: FY ended March 2018: 13,977 million yen (34.8%) FY ended March 2017: 10,369 million yen (-21.2%)
Reference: Net income before amortization of goodwill FY ended March 2018: 21,949 million yen (37.2%)
FY ended March 2017: 15,998 million yen (-16.1%)

・ 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 2018	275.42	263.89	21.9	7.1	3.4
FY ended March 2017	208.28	199.27	19.7	6.5	3.5

Reference: Equity in net income (losses) of affiliates: FY ended March 2018: 45 million yen FY ended March 2017: 65 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 2018	260,291	69,019	26.2	1,364.45
FY ended March 2017	245,467	56,855	23.0	1,143.23

Reference: Equity: FY ended March 2018: 68,196 million yen FY ended March 2017: 56,466 million yen

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 2018	25,582	-1,718	-19,075	10,963
FY ended March 2017	20,393	-30,616	3,734	6,275

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	Millions of yen	%	%
FY ended March 2017	-	12.00	-	13.00	25.00	1,230	12.0	2.4
FY ended March 2018	-	15.00	-	16.00	31.00	1,562	11.3	2.5
FY ending March 2019 (planned)	-	16.00	-	16.00	32.00		11.4	

3. Forecasts of consolidated financial results for the fiscal year ending March 2019 (April 1, 2018 - March 31, 2019)

(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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Q2 (cumulative)	241,800	3.3	7,300	-2.3	8,000	0.2	13,900	-3.9	6,000	36.9	120.04
Full-year	515,600	2.7	17,900	5.0	19,000	5.9	30,600	0.5	14,000	2.7	280.10

Reference: Net income before amortization of goodwill: FY ending March 2019 full-year (forecast): 22,300 million yen (1.6%)

* Notes

(1) Significant changes in subsidiaries during this fiscal year (changes in designated subsidiaries resulting in changes in the scope of consolidation): No

Added: ___ company (name: ____________) Removed: ___ company (name: ____________)

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

① Changes in accounting policies due to revisions in accounting standards and other regulations: No

② Changes in accounting policies for reasons other than ①: No

③ Changes in accounting estimates: No

④ Restatement of prior period financial statements: No

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

① Total number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2018	50,841,016 shares	FY ended March 2017	49,534,816 shares
② Number of shares of treasury stock at the end of the period	FY ended March 2018	859,599 shares	FY ended March 2017	142,417 shares
③ Average number of shares during the period	FY ended March 2018	49,503,290 shares	FY ended March 2017	48,772,193 shares

Note: The numbers of shares of treasury stock above include shares held in trust accounts (548,600 shares in FY ended March 2018 and 11,700 shares in FY ended March 2017) for the employee stock ownership plan (ESOP). Shares of Company stock held in ESOP trust accounts are included in treasury stock subtracted from calculations of the average number of shares during the period (484,312 shares in FY ended March 2018 and 132,428 shares in FY ended March 2017).

Reference: Summary of nonconsolidated financial results

1. Nonconsolidated financial results for the fiscal year ended March 2018 (April 1, 2017 - March 31, 2018)

(1) Nonconsolidated results of operations (Percentages indicate YoY changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 2018	218,969	6.4	11,193	0.4	13,512	5.4	10,777	20.4
FY ended March 2017	205,738	0.6	11,149	24.4	12,819	21.5	8,947	43.8

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2018	217.71	208.59
FY ended March 2017	183.46	175.52

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 2018	142,829	57,360	39.6	1,131.90
FY ended March 2017	135,638	48,168	35.2	967.34

Reference: Equity: FY ended March 2018: 56,574 million yen FY ended March 2017: 47,779 million yen

* 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 consolidated fiscal year under review, employment and income conditions continued to improve, and Japan's economy maintained a course toward a moderate recovery, due in part to the effects of various policies. Personal consumption improved gradually, in parallel with a recovery of consumer confidence.

On the other hand, concerns arose regarding the future economic prospects of China and other emerging Asian countries, and the potential consequences of the normalization of monetary policy in the US, uncertainty related to policies, and movements in the financial and capital markets.

The market for home electronics remained almost flat, with steady sales of air-conditioners, refrigerators, and washing machines, despite TVs and Blu-ray recorders performing poorly.

In the market for mobile phones and other mobile devices, the number of mobile phones of carrier brands sold remained sluggish, due to background factors such as a partial amendment of the Telecommunications Business Act, which was applied last year, and changes in the market environment that suppressed excessive smartphone purchase discounts.

In the Internet business market, with the progress and diffusion of smart devices that can use the Internet anywhere, mobile fast broadband service subscribership increased significantly, while the fixed broadband service showed a slowdown in the growth rate for the mainstream service–Fiber-To-The-Home (FTTH) Internet subscribership. Conversely, the Internet advertising market continued to expand, supported by an expansion of smartphone users.

Under these conditions, 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.

In the operation of digital home electronics retail stores, we hold study meetings and provide training to acquire knowledge and experience from colleagues, in order to respond to the changing lifestyles of customers, thereby improving consulting-based sales and providing new products and services that satisfy the needs of our customers.

In the operation of mobile carrier stores and the operation of Internet business, we have been focusing on creating synergies within the Group and raising productivity, as well as improving the quality of stores by strengthening graduate recruitment, promoting education and training, and sharing the Group's management policies.

With 19 new store openings (including scrap-and-build) and seven store closures, the number of digital home electronics retail stores stood at 162. The number of digital home electronics retail stores operated stood at 196, when combining dedicated communications device stores.

In the operation of mobile carrier stores, following the new openings and the acquisition of 45 stores including scrap-and-build, and the closure or suspension of operations at 19 stores, the number of stores, including both directly-operated carrier stores and franchises, stood at 663.

In the light of these factors, the number of stores as of March 31, 2018 was 859 (excluding one store directly operated by an overseas subsidiary).

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	196 stores	-	196 stores
Digital home electronics retail stores	162 stores	-	162 stores
Dedicated communications device stores	34 stores	-	34 stores
Operation of mobile carrier stores	423 stores	240 stores	663 stores
Carrier stores	404 stores	235 stores	639 stores
Other	19 stores	5 stores	24 stores
Total	619 stores	240 stores	859 stores

Note: Excludes one store directly operated by an overseas subsidiary.

As a result, for the consolidated fiscal year under review, we recorded net sales of 501,890 million yen (116.2% of the figure for the previous fiscal year); operating income of 17,044 million yen (112.9% of the figure for the previous fiscal year); ordinary income of 17,935 million yen (115.9% of the figure for the previous fiscal year); and, net income attributable to shareholders of the parent company of 13,634 million yen (134.2% of the figure for the previous fiscal year).

EBITDA,* which the Group considers to be an important indicator of business performance, stood at 30,443 million yen (125.5% of the figure for the previous fiscal year).

(*) EBITDA = ordinary income + interest expenses + interest on bonds + depreciation + amortization of goodwill
Net income before amortization of goodwill = net income attributable to shareholders of the parent company + amortization of goodwill + amortization of contractual intangible assets + amortization of customer-related intangible assets

Business performance by segment is outlined below.

Having acquired all of the shares of NIFTY Corporation to make it a consolidated subsidiary, we reviewed the classification, and changed the reporting segments from “the operation of digital home electronics retail stores” and “the operation of mobile carrier stores” to “operation of digital home electronics retail stores,” “operation of mobile carrier stores,” and “operation of Internet business” from the three-month period ended June 30, 2017.

(Operation of digital home electronics retail stores)

Sales of air conditioners, refrigerators, washing machines, and 4K TVs were satisfactory, and sales of Blu-ray recorders remained stable, although sales of PCs were sluggish.

Gross profit on sales increased due to an improvement in the ratio of new products and white goods, as a result of the Nojima Group’s strengths in consulting-based sales, coupled with customer demand for high-quality products and services.

As a result, net sales in this segment totaled 199,083 million yen (107.3% of the figure for the previous fiscal year); segment income was 10,875 million yen (105.8% of the figure for the previous fiscal year); and, segment net income before amortization of goodwill (*) was 10,875 million yen (105.8% of the figure for the previous fiscal year).

(Operation of mobile carrier stores)

In the operation of mobile carrier stores, we invested in human resources, transferred and remodeled mobile carrier stores, and integrated the Softbank and YMobile businesses of ITX Corporation into Geobit Mobile Corporation on July 1, 2017 (Geobit Mobile Corporation changed its name to Up Beat Corporation as of October 1, 2017) to improve corporate competitiveness. Sales and gross profit on sales of one of our significant subsidiaries, ITX Corporation, fell short of a full recovery, remaining flat. And, through expense structural reforms toward sales, general, and administrative expenses, operating income increased.

As a result, net sales in this segment totaled 246,129 million yen (100.1% of the figure for the previous fiscal year); segment income was 6,169 million yen (122.3% of the figure for the previous fiscal year); and, segment net income before amortization of goodwill (*) was 12,034 million yen (110.7% of the figure for the previous fiscal year).

(Operation of Internet business)

In the Internet service provider segment, we concentrated on attracting new customers at our group stores for @nifty Hikari, a wholesale service provided by NTT East and NTT West, under tough conditions. In the web service business segment, we proceeded to review unprofitable businesses.

As a result, net sales in this segment totaled 50,036 million yen (–% of the figure for the previous fiscal year); segment income was 810 million yen (–% of the figure for the previous fiscal year previous fiscal year); and, segment net income before amortization of goodwill (*) was 3,247 million yen (–% of the figure for the previous fiscal year), and a loss on impairment of assets mainly in the web service business segment was recognized.

(*) Segment net income before amortization of goodwill = segment income + amortization of goodwill + amortization of contractual intangible assets + amortization of customer-related intangible assets

(2) Overview of financial position

(Assets)

Total assets as of the end of this consolidated fiscal year stood at 260,291 million yen, up 14,824 million yen from the end of the previous consolidated fiscal year.

This was mainly due to an increase of 16,780 million yen to 136,666 million yen in non-current assets, despite a decrease of 1,956 million yen to 123,625 million yen in current assets.

Major causes of the decrease in current assets included a decrease of 24,998 million yen for advance payments, despite increases of 12,553 million yen and 4,539 million yen in notes and accounts receivable-trade and cash and deposits, respectively.

The primary factors underlying the increase in non-current assets included increases of 10,384 million yen, 3,308 million yen, 1,780 million yen, and 1,291 million yen in goodwill, customer-related intangible assets, trademark rights, and software, respectively, and the acquisition of tangible non-current assets in connection with new store openings, despite a decrease of 4,283 million yen in contractual intangible assets.

(Liabilities)

Total liabilities as of the end of this consolidated fiscal year were 191,272 million yen, up 2,659 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 12,661 million yen to 96,515 million yen in current liabilities, and a decrease of 10,001 million yen to 94,756 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included increases of 8,000 million yen and 3,214 million yen in notes and accounts payable-trade and accounts payable-other, respectively, despite a decrease of 2,434 million yen in the current portion of long-term loans payable.

The main causes of the decrease in non-current liabilities included a decrease of 26,877 million yen in long-term loans payable, despite increases of 15,000 million yen and 1,380 million yen in bonds and retirement benefit liabilities, respectively.

(Net assets)

Net assets as of the end of the consolidated fiscal year under review totaled 69,019 million yen, up 12,164 million yen from the end of the previous fiscal year, due to factors including an increase of 12,218 million yen in retained earnings.

These factors resulted in an equity ratio of 26.2%, up 3.2 points from the end of the previous fiscal year.

(3) Overview of cash flow

Cash and cash equivalents (“funds” hereinafter) for the consolidated fiscal year under review totaled 10,963 million yen, up 4,688 million yen from 6,275 million yen for the previous consolidated fiscal year.

The position of each type of cash flow in this consolidated fiscal year and the main reasons thereof are described below.

(Cash flow from operating activities)

Funds gained by operating activities totaled 25,582 million yen (125.5% of the figure for the previous fiscal year).

This increase was mainly due to securing net income before taxes and other adjustments of 17,956 million yen, depreciation of 9,242 million yen, and 2,809 million yen in amortization of goodwill. It occurred despite income taxes paid of 5,236 million yen, and an increase of 3,377 million yen in inventories and other expenditures.

(Cash flow from investment activities)

Funds used in investment activities totaled 1,718 million yen (5.6% of the figure for the previous fiscal year).

This was due mainly to a gain of 2,390 million yen and 1,954 million yen proceeds from sales of shares of subsidiaries and affiliates and from acquiring shares of a subsidiary, due to a change in the scope of consolidation, respectively, despite expenditures of 3,483 million yen, 1,059 million yen, and 946 million yen for the acquisition of tangible non-current assets in connection with new store openings, payments for lease and guarantee deposits, and gain from investment securities, respectively.

(Cash flow from financing activities)

Funds used for financing activities totaled 19,075 million yen (compared to funds gained in 3,734 million yen in the previous fiscal year).

This was mainly due to expenditures of 73,791 million yen for the repayment of long-term loans payable, despite 44,225 million yen and 14,924 million yen in proceeds from long-term loans payable and proceeds from issuance of bonds, respectively, and other factors.

Reference: Trends of cash flow indicators

	52nd period FY ended March 2014	53rd period FY ended March 2015	54th period FY ended March 2016	55th period FY ended March 2017	56th period FY ended March 2018
Equity ratio (%)	33.1	14.3	20.0	23.0	26.2
Market equity ratio (%)	18.7	25.5	25.3	28.6	48.3
Interest-bearing debt to cash flow (years)	4.8	14.0	3.9	4.4	2.9
Interest coverage ratio (times)	24.1	33.0	21.1	23.9	35.5

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 expense
Notes:

1. Each of the above indicators is calculated based on financial figures on a consolidated basis.
2. Total market capitalization is calculated based on the number of shares issued and outstanding, not including treasury stock. In calculations for the 53rd period, 54th period, 55th period, and 56th period, this figure includes shares of Company stock held in an employee stock ownership plan (ESOP) trust accounts.
3. Cash flow generated by operating activities is used above for cash flow.
4. Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.

(4) Future outlook

Future prospects reflect expectations of a continued moderate economic recovery due to various factors, including various government economic policies and continued monetary easing by the Bank of Japan. These expectations arise despite concerns about the impacts of various global instabilities, including economic trends in European countries, increasing geopolitical risks, and the transition to the new administration in the US.

Due to competition with e-commerce firms, an already competitive environment, and other factors, conditions in the market for sales of home electronics are expected to remain harsh.

In the market for sales of mobile phones and other mobile devices, effective sale prices of mobile phones are expected to grow due to various factors, including the Ministry of Internal Affairs and Communications' guidelines on excessive discounts on purchases of smartphones. Sales volumes are projected to decrease as a result. On the other hand, the Group releases new products and services, such as bundled landline services, insurance, electricity, and other services one after another, and will continue to focus on product development in order to boost customer satisfaction.

In the light of these conditions, the Group will continue to invest in human resources and enhance its strengths in consulting, as well as open 20 digital home electronics retail stores and 22 carrier stores a year, and optimize our store network.

As a result, we project the following full-year consolidated business performance for the next fiscal year: net sales of 515,600 million yen (102.7% of the figure for this fiscal year), operating income of 17,900 million yen (105.0% of the figure for this fiscal year), ordinary income of 19,000 million yen (105.9% of the figure for this fiscal year), and net income attributable to shareholders of the parent company of 14,000 million yen (102.7% of the figure for this fiscal year).

We also project EBITDA of 30,600 million yen (100.5% of the figure for this fiscal year) and net income before amortization of goodwill of 22,300 million yen (101.6% of the figure for this fiscal year).

Note: The above forecasts of business performance are based on information currently available at the time this release was prepared. They involve uncertainties, and actual results may differ from forecasts of full-year consolidated business performance for various reasons.

2. Basic approach to selection of 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

(1) Consolidated balance sheet

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Assets		
Current assets		
Cash and deposits	*1 6,489	*1 11,028
Notes and accounts receivable-trade	46,467	59,021
Merchandise and products	37,844	41,711
Deferred tax assets	2,812	3,365
Accounts receivable-other	5,505	6,817
Other	26,505	1,936
Allowance for doubtful accounts	-41	-255
Total current assets	125,581	123,625
Non-current assets		
Tangible non-current assets		
Buildings and structures	*1 24,998	*1 27,072
Accumulated depreciation	-11,266	-12,377
Buildings and structures (net)	13,732	14,695
Machinery, equipment and vehicles	894	928
Accumulated depreciation	-346	-416
Machinery, equipment and vehicles (net)	548	511
Tools, fixtures, and facilities	8,443	9,354
Accumulated depreciation	-6,755	-7,245
Tools, fixtures, and facilities (net)	1,687	2,108
Land	*1 8,467	*1 8,537
Other (net)	142	95
Total tangible non-current assets	24,578	25,947
Intangible assets		
Goodwill	19,870	30,255
Software	444	1,736
Trademark rights	268	2,049
Contractual intangible assets	59,263	54,980
Customer-related intangible assets	-	3,308
Other	50	82
Total intangible assets	79,898	92,412
Investments and other assets		
Investment securities	*1 1,768	*1 2,828
Deferred tax assets	2,802	3,391
Lease and guarantee deposits	*1 10,538	*1 11,218
Other	344	964
Allowance for doubtful accounts	-44	-95
Total investments and other assets	15,409	18,307
Total non-current assets	119,886	136,666
Total assets	245,467	260,291

(Unit: millions of yen)

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	48,263	56,263
Short-term loans payable	2,600	904
Current portion of long-term loans payable	*1 10,111	*1 7,676
Accounts payable-other	6,265	9,479
Accrued income taxes	3,022	4,886
Accrued consumption tax	1,081	2,231
Unearned revenue	4,706	4,927
Reserve for points	2,565	3,288
Reserve for bonuses	1,046	1,287
Reserve for promotion of admissions	-	86
Other	4,192	5,483
Total current liabilities	83,854	96,515
Non-current liabilities		
Bonds	-	15,000
Long-term loans payable	*1 76,498	*1 49,621
Reserve for guarantees for merchandise sold	3,651	3,811
Reserve for directors' retirement benefits	182	183
Retirement benefit liabilities	5,497	6,878
Deferred tax liabilities	17,607	17,736
Other	1,320	1,525
Total non-current liabilities	104,758	94,756
Total liabilities	188,612	191,272
Net assets		
Shareholders' equity		
Capital stock	5,905	6,158
Capital surplus	6,097	6,349
Retained earnings	44,364	56,582
Treasury stock	-67	-1,400
Total shareholders' equity	56,299	67,690
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	185	441
Currency conversion adjustments	-18	6
Accumulated adjustment to retirement benefits	0	59
Total accumulated other comprehensive income	167	506
Stock acquisition rights	388	786
Non-controlling interests	-	36
Total net assets	56,855	69,019
Total liabilities and net assets	245,467	260,291

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

Consolidated income statement

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net sales	432,064	501,890
Cost of sales	333,643	383,819
Gross profit on sales	98,421	118,071
Sales, general, and administrative expenses		
Advertising expenses	10,343	16,037
Salaries, allowances, and bonuses	29,891	32,391
Provision of reserve for bonuses	1,042	1,328
Provision of reserve for directors’ retirement benefits	27	19
Retirement benefit expenses	981	1,634
Rents	12,118	13,691
Depreciation	6,515	8,074
Amortization of goodwill	1,464	2,809
Other	20,945	25,039
Total sales, general, and administrative expenses	83,330	101,026
Operating income	15,091	17,044
Non-operating income		
Interest income	17	15
Purchase discounts	1,487	1,586
Other	451	866
Total non-operating income	1,956	2,469
Non-operating expenses		
Interest expenses	791	668
Interest on bonds	-	99
Commission fees	587	320
Bond issuance costs	-	75
Other	189	413
Total non-operating expenses	1,568	1,578
Ordinary income	15,479	17,935
Extraordinary income		
Gain on reversal of loss on valuation of investment securities	50	-
Gain on sales of shares of subsidiaries and affiliates	-	1,569
Other	8	93
Total extraordinary income	59	1,662
Extraordinary losses		
Impairment loss	241	1,640
Total extraordinary losses	241	1,640
Net income before taxes and other adjustments	15,297	17,956
Income taxes-current	4,679	6,843
Income taxes-deferred	459	-2,520
Total income taxes	5,138	4,322
Net income	10,158	13,634
Net loss attributable to shareholders of the Non-controlling interests	-	-0
Net income attributable to shareholders of the parent company	10,158	13,634

Consolidated statement of comprehensive income

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net income	10,158	13,634
Other comprehensive income		
Valuation difference on available-for-sale securities	-12	255
Currency conversion adjustments	-4	-9
Adjustments for retirement benefit obligations	243	59
Share in other comprehensive income of equity-method affiliates	-16	37
Total other comprehensive income	210	342
Comprehensive income	10,369	13,977
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	10,369	13,977
Comprehensive income attributable to Non-controlling interests	-	-0

(3) Consolidated statement of changes in net assets

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	5,720	5,913	35,376	-319	46,690
Changes during the fiscal year					
Issuance of new shares or exercise of stock acquisition rights	184	184			369
Distribution of surplus			-1,170		-1,170
Net income attributable to shareholders of the parent company			10,158		10,158
Acquisition of treasury stock				-21	-21
Disposal of treasury stock				273	273
Changes due to the decrease in consolidated subsidiaries			0		0
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	184	184	8,988	251	9,609
Balance at end of fiscal year	5,905	6,097	44,364	-67	56,299

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	198	1	-243	-43	197	-	46,844
Changes during the fiscal year							
Issuance of new shares or exercise of stock acquisition rights							369
Distribution of surplus							-1,170
Net income attributable to shareholders of the parent company							10,158
Acquisition of treasury stock							-21
Disposal of treasury stock							273
Changes due to the decrease in consolidated subsidiaries							0
Changes during the fiscal year in items other than shareholders' equity (net)	-12	-20	243	210	191	-	402
Total changes during the fiscal year	-12	-20	243	210	191	-	10,011
Balance at end of fiscal year	185	-18	0	167	388	-	56,855

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

(Unit: millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	5,905	6,097	44,364	-67	56,299
Changes during the fiscal year					
Issuance of new shares or exercise of stock acquisition rights	253	253			507
Distribution of surplus			-1,400		-1,400
Net income attributable to shareholders of the parent company			13,634		13,634
Acquisition of treasury stock				-1,585	-1,585
Disposal of treasury stock				253	253
Changes in surplus due to the decrease in equity-method affiliates			-15		-15
Changes during the fiscal year in ownership interests between the trade in Non-controlling interests		-2			-2
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	253	251	12,218	-1,332	11,390
Balance at end of fiscal year	6,158	6,349	56,582	-1,400	67,690

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	185	-18	0	167	388	-	56,855
Changes during the fiscal year							
Issuance of new shares or exercise of stock acquisition rights							507
Distribution of surplus							-1,400
Net income attributable to shareholders of the parent company							13,634
Acquisition of treasury stock							-1,585
Disposal of treasury stock							253
Changes in surplus due to the decrease in equity-method affiliates							-15
Changes during the fiscal year in ownership interests between the trade in Non-controlling interests							-2
Changes during the fiscal year in items other than shareholders' equity (net)	255	24	59	339	397	36	774
Total changes during the fiscal year	255	24	59	339	397	36	12,164
Balance at end of fiscal year	441	6	59	506	786	36	69,019

(4) Consolidated cash flow statement

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Cash flow from operating activities		
Net income before taxes and other adjustments	15,297	17,956
Depreciation	6,778	9,242
Impairment loss	241	1,640
Amortization of goodwill	1,464	2,809
Increase (decrease) in reserve for retirement benefits	338	819
Increase (decrease) in reserve for points	-463	318
Increase (decrease) in reserve for promotion of admissions	-	-207
Increase (decrease) in reserve for guarantees for merchandise sold	209	160
Interest income and dividend income	-34	-55
Interest expense	791	668
Commission fee	587	320
Gain on sales of shares of subsidiaries and affiliates	-	-1,569
Decrease (increase) in accounts receivable-trade	4,284	-2,577
Decrease (increase) in inventories	-1,123	-3,377
Decrease (increase) in accounts receivable-other	-577	-1,190
Increase (decrease) in notes and accounts payable-trade	-1,973	1,769
Increase (decrease) in accrued consumption taxes	-649	1,097
Increase (decrease) in unearned revenue	648	221
Other	1,462	3,408
Subtotal	27,281	31,454
Interest and dividend income received	81	86
Interest expenses paid	-852	-721
Income tax paid	-6,116	-5,236
Cash flow from operating activities	20,393	25,582

(Unit: millions of yen)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Cash flow from investment activities		
Purchase of tangible non-current assets	-4,514	-3,483
Purchase of intangible assets	-140	-728
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	1,954
Purchase of investment securities	-	-946
Sales of investment securities	17	122
Purchase of shares of subsidiaries and affiliates	-	-570
Proceeds from sales of shares of subsidiaries and affiliates	-	2,390
Payments for lease and guarantee deposits	-970	-1,059
Proceeds from collection of lease and guarantee deposits	381	702
Advance payments	-25,000	-
Other	-391	-100
Cash flow from investment activities	-30,616	-1,718
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	1,040	-1,774
Proceeds from long-term loans payable	26,000	44,225
Repayment of long-term loans payable	-22,114	-73,791
Purchase of treasury stock	-21	-1,585
Proceeds from sales of treasury stock	273	253
Proceeds from issuance of bonds	-	14,924
Cash dividends paid	-1,170	-1,400
Commission fees paid	-587	-320
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	-	-46
Other	314	442
Cash flow from financing activities	3,734	-19,075
Effect of exchange rate changes on cash and cash equivalents	-2	-99
Increase (decrease) in cash and cash equivalents	-6,490	4,688
Starting balance of cash and cash equivalents	12,765	6,275
Ending balance of cash and cash equivalents	6,275	10,963

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Important principles for the preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 12 companies

Names of consolidated subsidiaries:

Nishinihon Mobile Co., Ltd.
Up Beat Corporation
Nojima (Cambodia) Co., Ltd.
NOJIMA STELLA SPORTS CLUB Co., Ltd.
Business Grand Works Co., Ltd.
ITX Corporation
NIFTY Corporation
Commerce Link Inc.
Lifemedia Inc.
Sygni Corporation
Nojima Fintech Co., Ltd.
WEB division preparation Co., Ltd.

NIFTY Corporation and its three subsidiaries (Commerce Link Inc., Lifemedia Inc., and Sygni Corporation) have become consolidated subsidiaries from the financial year under review because of a share acquisition on April 1st, 2017. In addition to dividends-in-kind from NIFTY Corporation, on March 31st, 2018, Sygni Corporation became a direct subsidiary.

Nojima Fintech Co., Ltd. was newly established during the current consolidated fiscal year, and is included within the scope of consolidated accounting.

WEB division preparation Co., Ltd. was newly established during the current consolidated fiscal year, and is included within the scope of consolidated accounting.

(2) Names of nonconsolidated subsidiaries and other information

Not applicable

2. Application of equity method

(1) Number of equity-method affiliates: Two companies

Hascom Mobile Co., Ltd.
Vector One Co., Ltd.

Hascom Mobile Co., Ltd. has been included in scope of application of equity method form the financial year under review because of a share acquisition.

Vector One Co., Ltd. has been included in scope of application of equity method form the financial year under review because of a share acquisition NIFTY Corporation.

AbelNet Co., Ltd. is excluded from the equity method because of the sale of some of its shares.

Tran Anh Digital World Joint Stock Company is excluded from the equity method because of the sale of all of its shares.

(2) Fiscal years of equity-method affiliates

The financial statements for the affiliate's most recent fiscal year are used if the fiscal year of an equity-method affiliate ends on a different date from that of the Company's consolidated fiscal year.

3. Fiscal years of consolidated subsidiaries and other matters

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

Company	Year ends
Nojima Fintech Co., Ltd.	September 30
Business Grand Works Co., Ltd.	October 31
Nojima (Cambodia) Co., Ltd.	December 31
NOJIMA STELLA SPORTS CLUB Co., Ltd.	January 31

Consolidated financial statements for 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 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 (A portion of revaluation gains/losses is 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

For investments in an investment limited partnership and other similar partnerships (considered securities according to Article 2-2 of Financial Instruments and Exchange Act), an amount equivalent to the equity interest in the property of the silent partnership is recorded.

B. Inventories

Merchandise:

The moving average cost method (the balance sheet figure is calculated by writing down book values based on decreased profitability). For recycled (used) merchandise, the cost accounting method employed is the retail method (the balance sheet figure is calculated by writing down book values based on decreased profitability).

(2) Depreciation methods for important depreciable assets

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

Nojima and domestic consolidated subsidiary Business Grand Works Co., Ltd. and NIFTY Corporation primarily use the declining balance method. However, they use 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” hereinafter) use the straight-line method.

The overseas consolidated subsidiary Nojima (Cambodia) Co., Ltd. mainly uses the straight-line method in accordance with Cambodian accounting standards.

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 or 16 years
Customer-related intangible assets:	6 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

Providing for losses from unrecoverable claims, the anticipated amount 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

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 amount of points used in the future is booked based on past performance.

C. Reserve for bonuses

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 guarantees for merchandise sold

Providing for costs of after-sales services for products sold, the anticipated amount of service costs during product guarantee periods is booked based on past performance.

E. Reserve for directors’ retirement benefits

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

F. Reserve for promotion of admissions

The amount expected to be borne after the end of the fiscal year of the consolidated fiscal year is recorded to provide for cash back payments related to a campaign conducted to promote membership.

G. Reserve for bonuses to directors

The amount expected to be paid at the end of the consolidated fiscal year is provided for the appropriation of directors' bonuses.

(4) 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 this consolidated fiscal year in calculations of retirement benefit obligations.

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. Some consolidated subsidiaries book actuarial gains or losses as expenses beginning from the following consolidated fiscal year using the straight-line method, setting an amount prorated over a fixed number of years (six or 15 years) within the average remaining number of years of employment for personnel employed at the time each of such gains or losses arise in each consolidated fiscal year.

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 as the amount of retirement benefit obligations the amount payable to employees retiring voluntarily as of the end of the fiscal year.

(5) 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, etc. 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, etc. 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.”

(6) Method and period of amortization of goodwill

Goodwill is amortized using the straight-line method over an amortization period of 5-20 years from the fiscal year in which the goodwill arises.

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

The 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 easily convertible into cash that have maturities of three months or less from the date of purchase and only minor risks of fluctuations in value.

(8) Other important matters concerning the preparation of the consolidated financial statements

Account processing of consumption tax, etc.:

The tax-excluded method is applied.

(Changes in Presentation)

(Consolidated Balance Sheet)

“Advance payment” in “current assets,” which was stated separately in the previous consolidated fiscal year, is included in “Others,” because the amount became immaterial. Therefore, the consolidated financial statements for the previous fiscal year are recombined to reflect changes in this presentation.

As a result, 25,000 million yen and 1,505 million yen for “advance payment” and “others,” respectively, which were stated in the previous fiscal year, are included in 26,505 million yen for “others” in this fiscal year.

(Additional information)

(Restrictive financial covenants)

1. The following restrictive financial covenants apply under revolving credit facilities agreements entered into by the Company to raise working capital.
   i) The amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
      A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year immediately preceding conclusion of the agreement
      B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
   ii) An ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

   The amounts of agreements and remaining balances of debt are indicated below.

		Previous consolidated accounting period (March 31, 2017)	This consolidated accounting period (March 31, 2018)
Agreement amount		13,500 million yen	13,500 million yen
Remaining balance of debt	Short-term loans payable	2,000	-

2. The following restrictive financial covenants apply under the loan agreement concluded by the consolidated subsidiary ITX as of December 24, 2014, which we re-financed on March 27th, 2018 aiming to strengthen the financial position by reducing interest-bearing debt to raise funds to acquire stock in ITX (pre-merger) and working capital for ITX.
   i) From the fiscal year ended March 2018, an operating loss may not be recorded two consecutive times on the consolidated income statement during the 12-month period of each fiscal year.
   ii) From the fiscal year ended March 2018, the amount of net assets indicated on the consolidated balance sheet on the closing date of each fiscal year may not be less than 70% of the amount of net assets indicated on the consolidated balance sheet on the closing date of the immediately preceding fiscal year.

   The amounts of agreements and remaining balances of debt are shown below.

		Previous consolidated accounting period (March 31, 2017)	This consolidated accounting period (March 31, 2018)
Agreement amount*[1]		77,000 million yen	38,000 million yen
Remaining balance of debt	Current portion of long-term loans payable*[1]	2,000	3,800
	Long-term loans payable*[1]	45,314	34,200

*[1] The agreement amount and remaining balance of debt in the previous consolidated fiscal year are based on the previous loan agreement.

3. The following restrictive financial covenants apply under the loan agreement entered into by the Company as of January 1, 2017 to raise funds to acquire stock in NIFTY Corporation.
   i) From the fiscal year ended March 2017, the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of each fiscal year and the first half of each fiscal year must be maintained at not less than the higher of the following figures:
      A. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the fiscal year ended March 2016
      B. 80% of the amount of net assets indicated on the consolidated and nonconsolidated balance sheets on the closing date of the immediately preceding fiscal year or first half of the fiscal year
   ii) From the fiscal year ended March 2017, an ordinary loss may not be recorded on the consolidated or nonconsolidated income statement for any fiscal year.

   The amounts of agreements and remaining balances of debt are indicated below.

		Previous consolidated accounting period (March 31, 2017)	This consolidated accounting period (March 31, 2018)
Agreement amount		20,000 million yen	20,000 million yen
Remaining balance of debt	Current portion of long-term loans payable	1,666	998
	Long-term loans payable	18,334	7,004

(Trading of shares issued from treasury stock through a trust to employees)

1. "The employee stock ownership plan (ESOP) trust" introduced in March 2015, was terminated during the three-month period ended June 30, 2017.

2. "The employee stock ownership plan (ESOP) trust" introduced in May 2017 ("The System" hereinafter)
We resolved to re-introduce the System to increase corporate value over the medium to long term, and for the welfare of employees on their behalf at a Board of Directors' meeting held on May 9, 2017.

i) Overview of trading
The Group introduced the System in May 2017 to increase corporate value over the medium to long term. Under the System, the ESOP trust account, which is established for the purpose of transferring treasury stock to the "NEX employee stock ownership plan" ("Our shareholding association" hereinafter), acquires the number of shares to be acquired by our shareholding association over three years from May 2017 at one time in advance, and sells them to our shareholding association.

ii) Treasury stock retained in trust
Treasury stock retained in trust is allocated as net assets in accordance with the carrying amount of trust, excluding incidental expenses. The carrying amount and number of shares of applicable treasury stock were - million yen and - shares, respectively, for the previous fiscal year; and 962 million yen and 548,000 shares, respectively, for the year ended March 31, 2018.

iii) Recorded carrying amount of loans payable after applying total method
A total of - million yen for the previous consolidated fiscal year and 982 million yen for year ended March 31, 2018.

(Notes to the consolidated balance sheet)

*1 Hypothecated assets and collateralized obligations:
Assets pledged as collateral are shown below.

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Cash and deposits	2,216 million yen	- million yen
Buildings and structures	355	9
Land	1,051	27
Investment securities	25	-
Stock of affiliates*	20,000	42,544
Lease and guarantee deposits	474	384
Total	24,123	42,966

* Stock of affiliates above are offset in consolidated financial statements.

Collateralized obligations are shown below.

	Previous consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Current portion of long-term loans payable	2,130 million yen	4,798 million yen
Long-term loans payable	45,964	41,204
Total	48,094	46,002

2 To enable the flexible and stable raising 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 consolidated fiscal year (March 31, 2017)	This consolidated fiscal year (March 31, 2018)
Credit line	35,000 million yen	29,900 million yen
Outstanding balance	2,000	79
Difference: Available balance	33,000	29,820

(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 product and service within each reporting segment

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

The operating segment of Internet business provides broadband connectivity services and providing services such as communication, security, and various information services using the Internet.

(3) Change in reporting segments

Having acquired all of the shares of NIFTY Corporation to make it a consolidated subsidiary, we reviewed the classification, and changed the reporting segments from "the operation of digital home electronics retail stores" and "the operation of mobile carrier stores" to "operation of digital home electronics retail stores," "operation of mobile carrier stores," and "operation of Internet business" from the three-month period ended June 30, 2017.

Segment information for the previous fiscal year is described in the categories after change.

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

Account processing methods for each reporting business segment are identical to those described under "Important principles for the preparation of 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, 2016 - March 31, 2017)

(Unit: millions of yen)

	Reporting segment				Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements (*3)
	Digital home electronics retail stores	Mobile carrier stores	Internet business	Subtotal				
Net sales								
Net sales to external customers	185,403	245,800	-	431,204	860	432,064	-	432,064
Internal sales or transfers between segments	124	4	-	129	357	486	-486	-
Subtotal	185,527	245,805	-	431,333	1,218	432,551	-486	432,064
Segment income	10,278	5,043	-	15,322	291	15,613	-134	15,479
Segment assets	98,006	137,153	-	235,159	7,312	242,472	2,995	245,467
Segment liabilities	46,147	109,771	-	155,918	183	156,102	32,509	188,612
Other accounts								
Depreciation	1,163	5,357	-	6,521	257	6,778	-	6,778
Amortization of goodwill	3	1,448	-	1,451	12	1,464	-	1,464
Interest income	0	0	-	0	-0	0	16	17
Interest expense	0	640	-	640	-	640	151	791
Equity in earnings of affiliates	65	-	-	65	-	65	-	65
Impairment loss	201	39	-	241	-	241	-	241
Investment in equity-method affiliates	1,028	-	-	1,028	-	1,028	-	1,028
Unamortized balance of goodwill	9	19,804	-	19,813	57	19,870	-	19,870
Increase in tangible and intangible non-current assets	3,713	1,142	-	4,856	3	4,859	-	4,859

Notes:

*1. The “Other” business segment consists of businesses not included in the reporting segments above. This includes the shopping mall business, the sports business, the training business, and the mega-solar business.

*2. Adjustments of segment income consist of companywide costs not distributed between reporting segments. Adjustments of segment assets and liabilities consist of companywide assets not distributed between reporting segments and offsetting between segments.

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

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

(Unit: millions of yen)

	Reporting segment				Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements (*3)
	Digital home electronics retail stores	Mobile carrier stores	Internet business	Subtotal				
Net sales								
Net sales to external customers	198,820	245,246	49,997	494,065	7,825	501,890	-	501,890
Internal sales or transfers between segments	262	882	38	1,183	337	1,521	-1,521	-
Subtotal	199,083	246,129	50,036	495,248	8,163	503,411	-1,521	501,890
Segment income	10,875	6,169	810	17,855	469	18,324	-389	17,935
Segment assets	80,206	131,779	35,035	247,022	8,974	255,996	4,294	260,291
Segment liabilities	66,196	95,606	19,424	181,227	1,660	182,887	8,384	191,272
Other accounts								
Depreciation	1,299	5,478	2,195	8,973	268	9,242	-	9,242
Amortization of goodwill	-	1,488	1,307	2,796	12	2,809	-	2,809
Interest income	0	0	0	0	0	0	15	15
Interest expense	-	436	0	437	2	439	229	668
Equity in earnings (loss) of affiliates	-7	52	-	45	-	45	-	45
Impairment loss	196	51	1,144	1,392	247	1,640	-	1,640
Investment in equity-method affiliates	-	622	-	622	-	622	-	622
Unamortized balance of goodwill	-	18,474	11,781	30,255	-	30,255	-	30,255
Increase in tangible and intangible non-current assets	2,096	1,677	23,464	27,238	357	27,596	-	27,596

Notes:

*1. The “Other” business segment consists of businesses not included in the reporting segments above. This includes the shopping mall business, the sports business, the training business, the mega-solar business, and the animal medical business.

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

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

[Impairment loss on non-current assets by reporting segment]

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

Omitted here because the information is provided under segment information

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

Omitted here because the information is provided under segment information

[Amount of amortization of goodwill and unamortized balance of goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

Omitted here because the information is provided under segment information

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

Omitted here because the information is provided under segment information

[Gain on negative goodwill by reporting segment]

Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)

Not applicable

This consolidated fiscal year (April 1, 2017 - March 31, 2018)

It is not in monetary importance, it is not noted.

(Per-share information)

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net assets per share	1,143.23 yen	1,364.45 yen
Net earnings per share	208.28 yen	275.42 yen
Diluted earnings per share	199.27 yen	263.89 yen

Notes:

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

	Previous consolidated fiscal year (April 1, 2016 - March 31, 2017)	This consolidated fiscal year (April 1, 2017 - March 31, 2018)
Net earnings per share		
Net income attributable to shareholders of the parent company (millions of yen)	10,158	13,634
Amount not reverting to common shareholders (millions of yen)	-	-
Net income attributable to shareholders of the parent company related to common stock (millions of yen)	10,158	13,634
Average number of shares during the fiscal year (thousands of shares)	48,772	49,503
Diluted net earnings per share		
Adjustments of net income attributable to shareholders of the parent company (millions of yen)	-	-
Increase in common stock (thousands of shares)	2,205	2,164
(Amount of the above corresponding to stock acquisition rights [thousands of shares])	(2,205)	(2,164)
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. 13 (2015 stock options) (5,976 stock acquisition rights) Stock acquisition rights no. 14 (2016 stock options) (13,415 stock acquisition 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 purposes 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 132,000 shares in the previous consolidated fiscal year and 484,000 shares in this consolidated 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 11,000 shares in the previous consolidated fiscal year and 548,000 shares in this consolidated fiscal year.

(Important subsequent information)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 8, 2018, the Board of Directors of the Company passed a resolution calling for the presentation at the 56th regular general meeting of shareholders, scheduled for June 15, 2018, 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 free of charge

   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 free of charge.

2. Overview of issuance of stock acquisition rights

(1) Persons receiving an allocation of stock acquisition rights

Company directors, executive officers, and employees, and 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 1,600,000 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 16,000.

The number of shares subject to stock acquisition rights ("number of shares granted" hereinafter) 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.

$$\text{Adjusted number of shares granted} = \text{original number of shares granted} \times \text{stock split or stock consolidation ratio}$$

In addition to the above cases, when the Company is involved in a merger, company split, stock swap, or stock transfer ("merger, etc." hereinafter) 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 free of charge.

(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 ("exercise price" hereinafter) 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.

① 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.

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

② 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, "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, "number of new shares issued" above shall be read as the "number of shares of treasury stock sold."

③ 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 ("stock option holder" hereinafter) 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 free of charge 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 free of charge.
   C. The Company may cancel stock acquisition rights it has acquired and holds free of charge 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 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 to encompass 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 ("restructured Company" hereinafter), in each respective case, to stock option holders with unexercised stock acquisition rights not acquired by the Company ("remaining stock options" hereinafter) 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 ③ 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 by the restructured Company
      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.

Note: The details above are conditional upon approval at the 56th regular general meeting of shareholders scheduled for June 15, 2018 of the resolution on the issuance of stock acquisition rights free of charge as stock options and upon approval by the compensation committee at a meeting held after the 56th regular general meeting of shareholders on individual compensation for directors and executive officers.

4. Other notes

Changes to directors

① Changes to representatives

Name	New title	Previous title
Ryoji Nojima	Executive Vice President and Representative Executive Officer	Executive Vice President and Director

② Changes to other directors

Candidates as new directors

Name	New title	Previous title
Toshio Kidokoro	Director/Executive Officer/General Manager, Human Resources & General Affairs Division	Executive Officer/General Manager, Human Resources & General Affairs Division
Kazuo Hiramoto	Outside Director	-
Kazunori Takami	Outside Director	-

Planned retiring directors

Name	New title	Previous title
Masaya Ogiwara	-	Director
Yukihiro Nojiri	-	Director
Fumio Yoshimatsu	-	Outside Director

Note: Planned appointment/retirement date

Plans call for the above appointments and retirements to take effect on June 15, 2018 (after the regular general meeting of shareholders scheduled for that date).