



## Summary of Consolidated Financial Results for the Nine-month Period Ended December 31, 2019 (Japanese accounting standards)

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

### 1. Consolidated financial results for the nine-month period ended December 31, 2019 (April 1, 2019 - December 31, 2019)

(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, 2019	394,550	4.5	17,427	19.7	19,117	17.9	30,585	21.3	13,366	18.9
Nine-month period ended December 31, 2018	377,431	2.5	14,560	15.2	16,209	19.6	25,210	9.5	11,242	31.8

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

Nine-month period ended December 31, 2018: 9,887 million yen (14.1%)

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, 2019	266.34		263.11	
Nine-month period ended December 31, 2018	225.74		218.44	

### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of December 31, 2019	303,596		93,715		30.3		1831.13	
As of March 31, 2019	307,735		81,608		25.9		1,594.23	

Reference: Equity: As of December 31, 2019: 91,849 million yen As of March 31, 2019: 79,758 million yen

### 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen				
FY ended March 2019	-	17.00	-	17.00	34.00
FY ending March 2020	-	20.00	-	-	-
FY ending March 2020 (planned)	-	-	-	18.00	38.00

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

End of 2Q FY 2020: Ordinary dividend 18.00 yen, 60<sup>th</sup> anniversary dividend 2.00 yen

### 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.)

	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	%	
Full-year	550,800	7.4	19,500	1.5	21,200	0.7	34,700	4.8	13,600	-7.4	271.13

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

\*Consolidated overseas subsidiaries figures are described as before the adoption of IFRS 16.

\* Notes

- (1) Significant changes in subsidiaries during this quarter (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
- i Changes in accounting policies due to revisions in accounting standards and other regulations: Yes
  - ii Changes in accounting policies for reasons other than i: Yes
  - iii Changes in accounting estimates: No
  - iv 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 31,2019	51,289,616 shares	As of March 31,2019	51,289,616 shares
ii	Number of shares of treasury stock at the end of the period	As of December 31,2019	1,129,609 shares	As of March 31,2019	1,259,989 shares
iii	Average number of shares during the period	Nine-month period ended December 31,2019	50,186,952 shares	Nine-month period ended December 31,2018	49,802,131 shares

Note: The number of shares of treasury stock above includes shares held in trust accounts (90,800 shares in the nine-month period ended December 31, 2019 and 338,400 shares in the fiscal year ended March 31, 2019) 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 average number of shares during the period (219,613 shares in the nine-month period ended December 31, 2019 and 481,437 shares in the nine-month period ended December 31, 2018).

\* Quarterly financial statements are not subject to audits by certified public accountants or auditing firms

\* Explanation concerning 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.

○ Contents of attached documents

1.	Qualitative Information on Quarterly Consolidated Financial Performance.....	2
	(1) Explanation of operating results.....	2
	(2) Explanation of financial position .....	4
	(3) Information on forward-looking statements forecasts of consolidated financial results .....	4
2.	Quarterly Consolidated Financial Statements.....	5
	(1) Consolidated balance sheet .....	5
	(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income.....	7
	Consolidated income statement	
	(For the nine-month period).....	7
	(For the three-month period) .....	8
	Consolidated statement of comprehensive income	
	(For the nine-month period).....	9
	(For the three-month period) .....	10
	(3) Consolidated cash flow statement .....	11
	(4) Notes on consolidated financial statements.....	13
	(Notes on going concern assumption) .....	13
	(Significant changes in shareholders' equity) .....	13
	(Changes in accounting policies).....	13
	(Segment information, etc.).....	14

# 1. Qualitative Information on Quarterly Consolidated Financial Performance

## (1) Explanation of operating results

During the nine-month period ended December 31, 2019, 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.

On the other hand, while overseas economies were forecasted to show a continuous recovery, concerns arose regarding movements in US-China trade issues, future economic prospects of China, and trends in financial and capital markets.

The market for home electronics remained soft as a whole. PCs remained stable, which was partly due to a surge in demand following the end of support for Windows 7. On the other hand, demand for mainstay white goods such as refrigerators, washing machines, and air conditioners remained subdued because of a rebound of last-minute demand accompanying the consumption tax hike.

In the market for mobile phones and other mobile devices, the number of mobile phones of carrier brands sold remained sluggish because of the suppression of market competition by a partial amendment to the Telecommunications Business Act, which became effective from October 1, 2019, and a longer purchase replacement cycle also led to lower demand.

In the Internet business service market, with the progress and diffusion of smart devices that can use the Internet anywhere, fixed broadband services subscribership for the mainstream service, the Fiber-To-The-Home (FTTH) Internet, showed a stable growth rate with the expansion of the IoT market. Besides, the Internet advertising market continued to expand, supported by Search Advertising, and programmatic advertising, including video advertising.

In overseas markets, Singapore's economy was stagnant in Singapore because of increased tensions over the trade problem between the United States and China, and economic recovery slowed in Indonesia.

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.

In the operation of digital home electronics retail stores, we hold study meetings and provide training to share and deepen knowledge and experience corresponding to the changing life-styles of customers, in order to enrich ranges of new products and enhance customer services that meet the needs of our customers.

In the operation of mobile carrier stores and the 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.

In the overseas business, having brought Courts Asia Ltd. into the group in February 2019, we are actively adopting consulting sales to further increase customer satisfaction by globally applying our know-how in human resource training and sales operations.

With 14 new store openings and six store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 183, or 212 including dedicated communications device stores, at the end of the nine-month period ended December 31, 2019.

In the operation of mobile carrier stores, following new openings and acquisition of 10 stores and closure and sellout of 36 stores, including scrap-and-build, the number of stores, including both directly-operated carrier stores and franchises, stood at 620.

In the overseas business, with five new store openings and six store closures, the number of stores stood at 76.

In the light of these factors, the numbers of stores as of December 31, 2019 are as shown below.

### Stores in operation

Classification	Directly operated	Franchised	Total
Operation of digital home electronics retail stores	212 stores	–	212 stores
Digital home electronics retail stores	183 stores	–	183 stores
Dedicated communications device stores	29 stores	–	29 stores
Operation of mobile carrier stores	415 stores	205 stores	620 stores
Carrier stores	400 stores	199 stores	599 stores
Others	15 stores	6 stores	21 stores
Overseas business	76 stores	–	76 stores
Total	703 stores	205 stores	908 stores

As a result, during the nine-month period ended December 31, 2019, we recorded net sales of 394,550 million yen (104.5% of the figure for the nine-month period ended December 31, 2018), operating income of 17,427 million yen (119.7% of the figure for the nine-month period ended December 31, 2018), ordinary income of 19,117 million yen (117.9% of the figure for nine-month period ended December 31, 2018), and net income attributable to shareholders of the parent company of 13,366 million yen (118.9% of the nine-month period ended December 31, 2018). EBITDA (\*), which the Group considers to be an important indicator of business performance, stood at 30,585 million yen (121.3% of the figure for nine-month period ended December 31, 2018).

(\*) EBITDA = ordinary income + interest expenses + interest on bonds + depreciation + amortization of goodwill

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

Because of the rebound of last-minute demand accompanying the consumption tax hike, sales of refrigerators and air conditioners were weak, while sales of TVs and washing machines remained fairly sluggish. On the other hand, PCs continued to perform well because of a surge of demand following the end of support for Windows 7.

Gross profit on sales increased due to an improvement in the ratio of products that enrich customers' lives, as a result of the Nojima Group's strengths in consulting-based sales that meets customers' needs for "quality."

As a result, net sales in this segment totaled 164,283 million yen (101.9% of the figure for the previous nine-month period), and segment income was 12,367 million yen (120.2% of the figure for the previous nine-month period).

(Operation of mobile carrier stores)

Among investments in human resource development, we enhanced our recruitment, education, and training activities with the aim of further improving the quality of operations in the future; however, sales and gross profit on sales of one of our significant subsidiaries, ITX Corporation, remained slow due to a downturn in the market.

As a result, net sales in this segment totaled 153,518 million yen (88.5% of the figure for the previous nine-month period), and segment income was 3,822 million yen (94.4% of the figure for the previous nine-month period).

(Internet business)

Under fiercely competitive market conditions in the Internet service provider section, we concentrated on effective measures to attract new customers, including sales of @nifty Hikari, a wholesale service of FLET'S Hikari provided by NTT East and NTT West, at our group stores.

In the web service business section, pay-for-performance advertising in the marketplace area remained steady.

In the Internet business as a whole, operating income grew as a result of efforts to raise productivity.

As a result, net sales in this segment totaled 35,930 million yen (95.3% of the figure for the previous nine-month period), and segment income was 2,278 million yen (151.4% of the figure for the previous nine-month period).

(Overseas business)

With a rebound of replacement demand in Singapore in the previous fiscal year due to the termination of analog broadcasting in December 2018, TV sales remained flat in the current fiscal year.

However, sales remained slow due to restraints on excessive credit sales, while profits improved due to structural reforms in parallel with reductions in SG & A expenses.

As a result, net sales in this segment totaled 36,168 million yen and segment income was 363 million yen.

\*Because this segment has been a reportable segment since the end of the previous fiscal year, a year-on-year comparison is not shown.

## (2) Explanation of financial position

### Assets and liabilities and net assets

#### (Assets)

Total assets as of December 31, 2019 were 303,596 million yen, down 4,139 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 21,963 million yen to 141,206 million yen in current assets and an increase of 17,824 million yen to 162,390 million yen in non-current assets.

The primary factors underlying the decrease in current assets included decreases of 23,021 million yen and 3,519 million yen in accounts receivable-trade and cash and deposits, respectively, despite an increase of 1,306 million yen in merchandise and products.

The main causes of the increase in non-current assets included increases of 15,169 million yen and 9,225 million yen in investments in securities and lease assets related to adoption of IFRS 16 “Leases” in overseas subsidiaries, respectively, despite decreases of 3,212 million yen and 2,048 million yen in contractual intangible assets and goodwill.

#### (Liabilities)

Total liabilities as of December 31, 2019 were 209,881 million yen, down 16,246 million yen from the end of the previous fiscal year.

This decrease was due mainly to an increase of 6,984 million yen to 122,833 million yen in current liabilities and a decrease of 23,231 million yen to 87,047 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included increases of 11,282 million yen and 10,000 million yen in short-term loans payable and current portion of bonds, respectively, despite decreases of 5,051 million yen, 2,874 million yen, and 2,404 million yen in accrued income taxes, accounts payable-other, and current portion of long-term loans payable, etc.

The main causes of the decrease in non-current liabilities included decreases of 19,692 million yen and 10,005 million yen in long-term loans payable and bonds, despite an increase of 7,416 million yen in lease obligations related to adoption of IFRS 16 “Leases” in overseas subsidiaries.

#### (Net assets)

Net assets as of December 31, 2019 totaled 93,715 million yen, up 12,107 million yen from the end of the previous fiscal year, due to factors including an increase of 11,499 million yen in retained earnings.

These factors resulted in an equity ratio of 30.3%, up 4.3 points from the end of the previous fiscal year.

### Cash flow

Cash and cash equivalents (“funds” hereinafter) as of December 31, 2019 totaled 17,270 million yen (the figure as of December 31, 2018 was 9,172 million yen).

The status of each category of cash flow and the main reasons are described below.

#### (Cash flow from operating activities)

Funds earned from operating activities totaled 28,747 million yen (229.4% of the figure for the previous nine-month period).

This was mainly due to a decrease of 22,570 million yen in accounts receivable-trade and 19,065 million yen in net income before taxes and other adjustments, despite an expenditure of 11,106 million yen in income taxes paid or refunded and a decrease of 2,424 million yen in accounts payable-other.

#### (Cash flow from investment activities)

Funds used for investment activities totaled 17,095 million yen (192.8% of the figure for the previous nine-month period).

This was due mainly to expenditures of 14,353 million yen for purchases of investments in securities and 3,061 million yen for the acquisition of tangible non-current assets in connection with new store openings, despite a gain of 1,143 million yen in proceeds from sales of investments in securities.

#### (Cash flow from financing activities)

Funds used for financing activities totaled 14,813 million yen (270.7% of the figure for the previous nine-month period).

This was due mainly to expenditures of 24,949 million yen, 1,867 million yen and 1,787 million yen for repayment long-term loans payable, cash dividends paid, and lease obligations, respectively, despite a net increase of 11,312 million yen in short-term loans payable and an increase of 3,100 million yen in proceeds from long-term loans payable.

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

Forecasts of consolidated financial results for the full-year have not been revised from the release of the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 2019” on May 7, 2019.

## 2. Quarterly Consolidated Financial Statements

## (1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2019)	Third quarter of the current fiscal year (as of December 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	20,798	17,279
Accounts receivable-trade	91,658	68,637
Merchandise and products	45,302	46,609
Accounts receivable-other	7,085	7,851
Other	3,010	3,837
Allowance for doubtful accounts	-4,686	-3,008
<b>Total current assets</b>	<b>163,169</b>	<b>141,206</b>
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	16,778	17,226
Tools, fixtures, and facilities (net)	2,459	2,356
Lease assets (net)	3	9,229
Land	8,488	8,488
Other (net)	801	652
<b>Total tangible non-current assets</b>	<b>28,531</b>	<b>37,953</b>
Intangible assets		
Goodwill	27,546	25,498
Software	1,636	1,692
Trademark rights	1,489	1,069
Contractual intangible assets	50,696	47,483
Customer-related intangible assets	2,646	2,150
Other	124	62
<b>Total intangible assets</b>	<b>84,140</b>	<b>77,956</b>
Investments and other assets		
Investments in securities	8,311	23,481
Deferred tax assets	8,674	7,941
Lease and guarantee deposits	11,990	12,244
Other	3,029	2,899
Allowance for doubtful accounts	-112	-85
<b>Total investments and other assets</b>	<b>31,893</b>	<b>46,480</b>
<b>Total non-current assets</b>	<b>144,565</b>	<b>162,390</b>
<b>Total assets</b>	<b>307,735</b>	<b>303,596</b>

(Million yen)

	Previous fiscal year (as of March 31, 2019)	Third quarter of the current fiscal year (as of December 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	59,279	57,673
Short-term loans payable	2,202	13,485
Current portion of long-term loans payable	8,996	6,592
Current portion of bonds	10	10,010
Accounts payable-other	11,877	9,003
Accrued income taxes	6,328	1,277
Accrued consumption tax	2,342	1,187
Accrued expenses	4,378	3,454
Unearned revenue	8,000	7,673
Deposits received	2,610	3,438
Reserve for points	3,644	3,420
Reserve for bonuses	1,459	837
Reserve for promotion of admissions	119	99
Lease obligations	4	2,389
Other	4,594	2,290
<b>Total current liabilities</b>	<b>115,849</b>	<b>122,833</b>
Non-current liabilities		
Bonds	15,015	5,010
Long-term loans payable	61,061	41,369
Reserve for guarantees for merchandise sold	3,867	3,847
Reserve for directors' retirement benefits	200	206
Retirement benefit liabilities	8,115	8,429
Deferred tax liabilities	15,389	14,462
Long-term unearned revenue	3,429	3,231
Lease obligations	-	7,416
Other	3,199	3,074
<b>Total non-current liabilities</b>	<b>110,278</b>	<b>87,047</b>
<b>Total liabilities</b>	<b>226,127</b>	<b>209,881</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	6,378	6,059
Retained earnings	69,751	81,250
Treasury stock	-2,448	-2,384
<b>Total shareholders' equity</b>	<b>80,010</b>	<b>91,255</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	169	1,240
Currency conversion adjustments	76	-186
Accumulated adjustment to retirement benefits	-498	-460
<b>Total accumulated other comprehensive income</b>	<b>-252</b>	<b>593</b>
Stock acquisition rights	1,453	1,854
Non-controlling interests	396	11
<b>Total net assets</b>	<b>81,608</b>	<b>93,715</b>
<b>Total liabilities and net assets</b>	<b>307,735</b>	<b>303,596</b>



## (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, 2018 - December 31, 2018)	Nine-month period of the current fiscal year (April 1, 2019 - December 31, 2019)
Net sales	377,431	394,550
Cost of sales	283,313	288,384
Gross profit on sales	94,117	106,166
Sales, general, and administrative expenses	79,556	88,739
Operating income	14,560	17,427
Non-operating income		
Interest income	10	47
Purchase discounts	1,310	1,312
Gain on sales of investment securities	110	431
Other	801	797
Total non-operating income	2,233	2,589
Non-operating expenses		
Interest expenses	291	578
Interest on bonds	81	81
Other	211	239
Total non-operating expenses	584	899
Ordinary income	16,209	19,117
Extraordinary income		
Gain on sales of shares of subsidiaries and affiliates	419	-
Gain on sales of non-current assets	0	202
Other	9	57
Total extraordinary income	428	260
Extraordinary losses		
Impairment loss	377	312
Total extraordinary losses	377	312
Net income before taxes and other adjustments	16,259	19,065
Income taxes-current	6,529	6,389
Income taxes-deferred	-1,514	-694
Total income taxes	5,015	5,695
Net income	11,244	13,370
Net income attributable to shareholders of the non-controlling interests	2	3
Net income attributable to shareholders of the parent company	11,242	13,366

(For the three-month period)

(Million yen)

	Three-month period of the previous fiscal year (October 1, 2018 – December 31, 2018)	Three-month period of the current fiscal year (October 1, 2019 – December 31, 2019)
Net sales	131,419	124,915
Cost of sales	99,432	91,472
Gross profit on sales	31,986	33,443
Sales, general, and administrative expenses	26,834	27,752
Operating income	5,151	5,691
Non-operating income		
Interest income	3	13
Purchase discounts	457	466
Other	261	182
Total non-operating income	722	662
Non-operating expenses		
Interest expenses	85	174
Interest on bonds	27	27
Other	111	68
Total non-operating expenses	224	270
Ordinary income	5,650	6,083
Extraordinary income		
Gain on reversal of stock subscription rights	2	10
Gain on sales of non-current assets	0	61
Total extraordinary income	2	72
Extraordinary losses		
Impairment loss	119	62
Total extraordinary losses	119	62
Net income before taxes and other adjustments	5,533	6,093
Income taxes-current	2,214	1,623
Income taxes-deferred	-543	353
Total income taxes	1,671	1,977
Net income	3,861	4,116
Net income attributable to shareholders of the non-controlling interests	-	1
Net income attributable to shareholders of the parent company	3,861	4,114

## Consolidated statement of comprehensive income

(For the nine-month period)

(Million yen)

	Nine-month period of the previous fiscal year (April 1, 2018 - December 31, 2018)	Nine-month period of the current fiscal year (April 1, 2019 - December 31, 2019)
Net income	11,244	13,370
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,231	921
Currency conversion adjustments	6	-263
Adjustments for retirement benefit obligations	-132	38
Total other comprehensive income	-1,357	695
Comprehensive income	9,887	14,066
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	9,884	14,062
Comprehensive income attributable to non-controlling interests	2	3

(For the three-month period)

	(Million yen)	
	Three-month period of the previous fiscal year (October 1, 2018 – December 31, 2018)	Three-month period of the current fiscal year (October 1, 2019 – December 31, 2019)
Net income	3,861	4,116
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,695	1,516
Currency conversion adjustments	-2	292
Adjustments for retirement benefit obligations	-4	12
Total other comprehensive income	-1,702	1,821
Comprehensive income	2,159	5,937
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	2,159	5,936
Comprehensive income attributable to non-controlling interests	-	1

## (3) Consolidated cash flow statement

(Million yen)

	Nine-month period of the previous fiscal year (April 1, 2018 - December 31, 2018)	Nine-month period of the current fiscal year (April 1, 2019 - December 31, 2019)
<b>Cash flow from operating activities</b>		
Net income before taxes and other adjustments	16,259	19,065
Depreciation	6,739	8,978
Impairment loss	377	312
Amortization of goodwill	2,135	2,146
Increase (decrease) in net defined benefit liability	387	359
Increase (decrease) in reserve for points	-94	-223
Increase (decrease) in reserve for promotion of admissions	113	-20
Increase (decrease) in reserve for guarantees for merchandise sold	107	-19
Interest and dividend income	-36	-172
Interest expenses	291	578
Gain on sales of shares of subsidiaries and affiliates	-419	-
Decrease (increase) in accounts receivable-trade	7,735	20,941
Decrease (increase) in inventories	-10,837	-1,470
Decrease (increase) in accounts receivable-other	-1,634	-766
Increase (decrease) in notes and accounts payable-trade	1,766	-1,466
Increase (decrease) in accrued expenses	66	-835
Increase (decrease) in accrued consumption taxes	-1,329	-1,156
Increase (decrease) in accounts payable-other	-67	-2,424
Increase (decrease) in unearned revenue	568	-466
Other	-1,241	-2,988
Subtotal	20,888	40,372
Interest and dividend income received	52	188
Interest expenses paid	-411	-707
Income taxes (paid) or refunded	-7,995	-11,106
Cash flow from operating activities	12,534	28,747

(Million yen)		
	Nine-month period of the previous fiscal year (April 1, 2018 - December 31, 2018)	Nine-month period of the current fiscal year (April 1, 2019 - December 31, 2019)
<b>Cash flow from investment activities</b>		
Purchase of tangible non-current assets	-2,939	-3,061
Purchase of intangible assets	-426	-715
Purchase of investments in securities	-5,986	-14,353
Proceeds from sales of investments in securities	273	1,143
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-56
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	161	-
Proceeds from sales of shares of subsidiaries and affiliates	419	-
Payments for lease and guarantee deposits	-953	-666
Proceeds from collection of lease and guarantee deposits	387	221
Other	197	391
Cash flow from investment activities	-8,866	-17,095
<b>Cash flow from financing activities</b>		
Increase (decrease) in short-term loans payable	6,757	11,312
Proceeds from long-term loans payable	2,950	3,100
Repayment of long-term loans payable	-12,406	-24,949
Purchase of treasury stock	-1,712	-1,165
Proceeds from sales of treasury stock	272	434
Cash dividends paid	-1,662	-1,867
Purchase of shares of subsidiaries resulting in no change in scope of consolidation	-44	-355
Repayment of lease obligations	-	-1,787
Other	373	465
Cash flow from financing activities	-5,471	-14,813
Effect of exchange rate changes on cash and cash equivalents	12	-300
Increase (decrease) in cash and cash equivalents	-1,790	-3,462
Starting balance of cash and cash equivalents	10,963	20,733
Ending balance of cash and cash equivalents	9,172	17,270

#### (4) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Significant changes in shareholders' equity)

The Nojima Group distributed total dividends of 856 million yen from retained earnings, based upon a resolution of the Board of Directors on May 7, 2019, and total dividends of 1,011 million yen from retained earnings, based upon a resolution of the Board of Directors on October 31, 2019, during the nine-month period ended December 31, 2019.

As a result, retained earnings as of December 31, 2019 were 81,250 million yen.

(Changes in accounting policies)

(Adoption of IFRS 16 "Leases")

Subsidiaries adopting International Financial Reporting Standards have applied International Financial Reporting Standards 16 "Leases" ("IFRS 16" hereinafter) from the first quarter of the current fiscal year. Accordingly, all leases, in principle, are recorded as assets and liabilities on the balance sheet. According to the transitional treatment, IFRS 16 has been applied retroactively and the cumulative effects are reflected in the amount of retained earnings as of April 1, 2019.

As a result, "lease assets" increased 9,229 million yen, and "lease obligations" under current liabilities and "lease obligations" under non-current liabilities increased 2,389 million yen and 7,416 million yen, respectively, as of December 31, 2019. The effects of this change on income and loss for the nine-month period ended December 31, 2019 are immaterial.

(Valuation of investments in securities)

Valuation gains/losses of listed stocks classified as "Investments in available-for-sale securities" were conventionally treated according to the "Partial direct net assets entry method." However, during the first three-month period of the current fiscal year, the significance of securities held for long-term holdings increased. As a result of reviewing the processing method, the Company has changed the accounting method to the "Full direct net assets entry method," in order to improve the comparability of financial information, taking into consideration the fact that the latter method, the principle method for treating valuation differences on available-for-sale securities, has become a generally adopted practice.

The change has been applied retroactively and the consolidated financial statements for the nine-month period ended December 31, 2018, for the three-month period ended December 31, 2018 and for the fiscal year ended March 31, 2019 are restated accordingly.

The effect of this change on net income before taxes and other adjustments for the nine-month period ended December 31, 2019 was an increase of 1,354 million yen. Cumulative effects to April 1, 2018 are immaterial.

(Segment information, etc.)

[Segment information]

## I Nine-month period ended December 31, 2018 (April 1, 2018 – December 31, 2018)

## 1. Net sales and profit (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	Subtotal				
Net sales								
Net sales to external customers	160,797	173,294	37,672	371,763	5,667	377,431	-	377,431
Internal sales or transfers between segments	351	185	17	554	436	990	-990	-
Subtotal	161,148	173,479	37,690	372,318	6,103	378,421	-990	377,431
Segment income	10,286	4,048	1,504	15,839	530	16,370	-161	16,209

Note: \*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, and the animal medical business, and the software development business.

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

\*3. Segment income is adjusted with ordinary income on the consolidated quarterly 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 360 million yen for the operation of digital home electronics retail stores, 8 million yen for the operation of mobile carrier stores, and 8 million yen for the operation of Internet business.

(Significant change in amount of goodwill)

Not applicable



## II Nine-month period ended December 31, 2019 (April 1, 2019 – December 31, 2019)

## 1. Net sales and profit (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

Note: \*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, and the animal medical business, and the software development business.

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

\*3. Segment income is adjusted with ordinary income on the consolidated quarterly 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 Internet business.

(Significant change in amount of goodwill)

Not applicable

## 3. Change in reporting segments

From the end of the previous fiscal year, we added the “overseas business” operating segment to the previous reporting segments because we acquired shares of COURTS Asia Limited and it became a consolidated subsidiary. Accordingly, Nojima (Cambodia) Co., Ltd., which was included in the “operation of digital home electronics retail stores” previously, has been included in “overseas business.”

The impacts of this reclassification on comparative information are immaterial.