



Summary of Consolidated Financial Results for the Fiscal Year Ended March 2021 (Japanese accounting standards)

Released: May 6, 2021

Name of listed firm: Nojima Corporation

Listed on the Tokyo Stock Exchange

Code No.: 7419

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Scheduled date of regular general meeting of shareholders: June 17, 2021

Scheduled start date of dividend payments: June 3, 2021

Scheduled date of securities report filing: June 25, 2021

Supplemental materials on financial results: Yes

Briefing session on financial results for analysts: Yes

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

1. Consolidated financial results for the fiscal year ended March 2021 (April 1, 2020 - March 31, 2021)

(1) Consolidated results of operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended March 2021	523,327	-0.1	33,826	49.8	64,647	166.9	51,759	30.3	52,827	232.0
FY ended March 2020	523,968	2.1	22,582	17.5	24,218	15.1	39,734	20.3	15,911	7.4

Note: Comprehensive income: FY ended March 31, 2021: 59,169 million yen (458.1%) FY ended March 31, 2020: 10,601 million yen (-24.3%)

· 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 2021	1,068.42	1,040.81	45.9	20.6	6.5
FY ended March 2020	317.12	313.17	18.9	8.2	4.3

Reference: Equity in net income (losses) of affiliates:

FY ended March 2021: 28,510 million yen

FY ended March 2020: 85 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	340,183	144,296	41.8	2,879.19
As of March 31, 2020	286,247	90,268	30.8	1,759.32

Reference: Equity:

FY ended March 2021: 142,030 million yen

FY ended March 2020: 88,246 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
	Million yen	Million yen	Million yen	Million yen
FY ended March 2021	41,702	-6,607	-34,056	18,513
FY ended March 2020	38,866	-17,688	-24,283	17,174

2. Dividends

	Dividends per share					Total dividends for the year	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 2020	-	20.00	-	20.00	40.00	2,014	12.6	2.4
FY ended March 2021	-	22.00	-	24.00	46.00	2,279	4.3	2.0
FY ending March 2022 (planned)	-	24.00	-	24.00	48.00		8.8	

Note: End of Q2 FY2020: Ordinary dividend 18.00 yen, 60th anniversary dividend 2.00 yen

3. Forecasts of consolidated financial results for the fiscal year ending March 2022 (April 1, 2021 - March 31, 2022)

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

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2 (cumulative)	280,000	16.3	18,000	2.8	19,300	-56.3	26,500	0.2	13,600	-64.5	275.69
Full-year	565,000	8.0	35,000	3.5	39,000	-39.7	53,000	2.4	27,000	-48.9	547.33

* Notes

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

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

	FY ended March 2021	51,289,616 shares	FY ended March 2020	51,289,616 shares
i. Number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2021	1,959,508 shares	FY ended March 2020	1,129,909 shares
ii. Number of shares of treasury stock at the end of the period	FY ended March 2021	49,444,809 shares	FY ended March 2020	50,175,870 shares
iii. Average number of shares during the period				

Note: The number of shares of treasury stock above includes shares held in trust accounts (267,400 shares as of March 2021 and 14,000 shares as of March 31, 2020) for the employee stock ownership plan (ESOP). Shares of the Company's own stock held in ESOP trust accounts are included in treasury stock subtracted from the calculation of the average number of shares during the period (310,327 shares for the Fiscal Year Ended March 2021 and 175,313 shares for the Fiscal Year Ended March 2020).

Reference:

Suruga Bank Ltd. became our equity-method affiliate on June 26, 2020. Accordingly, share of profit of entities accounted for using equity method of 28,510 million yen, including negative goodwill associated with the application of equity-method affiliate to Suruga Bank Ltd. etc., was recorded as non-operating income in the consolidated financial results for the fiscal year ended March 31, 2021. Consolidated results for the fiscal year excluding the impact are as follows.

Consolidated financial results for the fiscal year ended March 2021 (April 1, 2020 - March 31, 2021)

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

(1) Consolidated results of operations (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended March 2021	523,327	-0.1	33,826	49.8	36,137	49.7	51,759	30.3	24,317	53.7
FY ended March 2020	523,968	2.1	22,582	17.5	24,133	15.1	39,734	20.3	15,826	7.4

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2021	491.81	479.10
FY ended March 2020	315.42	311.50

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	311,418	115,530	36.4	2,296.05
As of March 31, 2020	286,162	90,183	30.8	1,757.62

Reference: Equity: FY ended March 2021: 113,264 million yen

FY ended March 31, 2020: 88,161 million yen

Reference: Summary of nonconsolidated financial results

Nonconsolidated financial results for the fiscal year ended March 2021 (April 1, 2020 - March 31, 2021)

(1) Nonconsolidated results of operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended March 2021	261,882	11.4	20,067	43.0	28,448	31.0	21,025	34.3
FY ended March 2020	235,073	-1.2	14,035	18.0	21,718	48.5	15,658	62.1

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2021	425.24	414.25
FY ended March 2020	312.06	308.18

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	177,064	95,105	52.4	1,882.02
As of March 31, 2020	159,336	73,860	45.1	1,432.45

Reference: Equity: FY ended March 2021: 92,840 million yen

FY ended March 31, 2020: 71,851 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.

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1. Overview of operating results and other indicators

(1) Overview of operating results

During the consolidated fiscal year under review, a second state of emergency was declared in January 2021 due to a resurgence of COVID-19 infections. In addition to refraining from going out and requesting suspension of business, the trend of restrained corporate investment continues, and there is uncertainty about the future of the economy.

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.

As a result, for the consolidated fiscal year under review, we recorded net sales of 523,327 million yen (99.9% of the figure for the previous fiscal year), operating income of 33,826 million yen (149.8% of the figure for the previous fiscal year), ordinary income of 64,647 million yen (266.9% of the figure for the previous fiscal year) with the application of the equity method by Suruga Bank Ltd., and net income attributable to shareholders of the parent company of 52,827 million yen (332.0% of the figure for the previous fiscal year). Operating income, ordinary income, and net income attributable to shareholders of the parent company reached record highs even after deducting the impact of income from application of the equity method.

EBITDA (*), which the Group considers to be an important indicator of business performance, stood at 51,759 million yen (130.3% of the figure for the previous fiscal year).

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

Business performance by segment is outlined below.

(Operation of Digital Home Electronics Retail Stores)

In response to changes in customer needs with the increase of COVID-19 infections, we have endeavored to improve customer satisfaction through consulting-based sales on products that are optimal for our customers.

In addition to efforts to maximize group synergies with our subsidiary Nifty Co., Ltd., such as expanding sales of ultra-high-speed broadband services, our strength in consulting sales has been accepted by our customers. There were significant increases in sales of and profits from home appliances, refrigerators, washing machines, air conditioners, etc., including digital home appliances such as organic ELTVs and PCs that enrich the time spent at home.

As a result, net sales in this segment totaled 245,916 million yen (113.7% of the figure for the previous fiscal year), and segment income was 20,594 million yen (150.8% of the figure for the previous fiscal year).

(Operation of Mobile Carrier Stores)

In the midst of drastic changes in the industry, such as the launch of a new rate plan limited to online support by telecommunications carriers, we comprehensively managed stores with the utmost consideration given to preventing COVID-19 infections. In order to increase customer satisfaction, we have been working to provide information on high-quality security-related services and to improve the quality of customer services.

We also executed relocation and renovation of stores aggressively to further improve sales performance. However, the reduction in the number of IT terminals sold due to the impact of COVID-19 infections was, without doubt, partly responsible for the decrease in sales, while sales of related services contributed to an increase in profit.

As a result, net sales in this segment totaled 182,659 million yen (88.1% of the figure for the previous fiscal year), and segment income was 8,484 million yen (125.3% of the figure for the previous fiscal year).

(Internet Business)

In response to the increased use of ultra-high-speed broadband services due to the re-expansion of their use with teleworking and online classes taking root, which are an indispensable infrastructure for daily life, we provided information on FLET'S Hikari service "@nifty Hikari" and security services provided by NTT East and NTT West at each Group store and maximized group synergies. It has become possible to provide customers with the network environment more efficiently by switching network circuits.

As a result, net sales in this segment totaled 46,802 million yen (97.7% of the figure for the previous fiscal year), and segment income was 3,962 million yen (115.2% of the figure for the previous fiscal year).

(Overseas Business)

In Asian countries, under circumstances where the spread of COVID-19 infections and the movement toward a resumption of economic activities differ in each country, we enhanced education and training for human resources at each base to provide higher quality customer service. Sales were forced to decline due to the delay in the recovery of economic conditions. On the other hand, profit increased due to a review of selling, general and administrative expenses, as well as support from governments.

As a result, net sales in this segment totaled 39,947 million yen (85.7% of the figure for the previous fiscal year), and segment income was 2,893 million yen (Ordinary loss for 123 million yen for the previous fiscal year).

(Stores in operation)

With 13 new store openings and three store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 191, or 215 including 24 dedicated communications device stores with the closure and sale of five stores.

In the operation of mobile carrier stores, following the new opening and acquisition of six stores and the closure and sale of 27 stores, including scrap-and-build, the number of stores, including both directly operated carrier stores and franchises, stood at 598.

In the overseas business, with nine store closures, the number of stores stood at 68.

In the light of these factors, the numbers of stores as of March 31, 2021 are as shown below.

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	215 stores	-	215 stores
Digital home electronics retail stores	191 stores	-	191 stores
Dedicated communications device stores	24 stores	-	24 stores
Operation of mobile carrier stores	402 stores	196 stores	598 stores
Carrier stores	390 stores	189 stores	579 stores
Others	12 stores	7 stores	19 stores
Overseas business	68 stores	-	68 stores
Total	685 stores	196 stores	881 stores

(2) Overview of financial position

Assets, liabilities and net assets

(Assets)

Total assets as of March 31, 2021 were 340,183 million yen, up 53,936 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 16,514 million yen to 150,797 million yen in current assets and an increase of 37,421 million yen to 189,386 million yen in non-current assets.

The primary factors underlying the increase in current assets included increases of 8,536 million yen, 3,222 million yen, and 1,332 million yen in merchandise and products, accounts receivable-other, and cash and deposits, respectively.

The main causes of the increase in non-current assets included an increase of 33,917 million yen in investment securities and 6,591 million yen in lease assets, despite decreases of 4,278 million yen and 2,808 million yen in contractual intangible assets and goodwill, respectively.

(Liabilities)

Total liabilities as of March 31, 2021 were 195,887 million yen, down 91 million yen from the end of the previous fiscal year.

This decrease was due mainly to an increase of 9,909 million yen to 124,291 million yen in current liabilities and a decrease of 10,000 million yen to 71,596 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included increases of 6,421 million yen, 4,562 million yen, 2,813 million yen, 2,294 million yen, and 1,571 million yen in accounts payable-other, notes and account payable-trade, income tax payable, current portion of long-term loans and deposits received respectively, despite a decrease of 10,010 million yen in current portion of bonds.

The main causes of the decrease in non-current liabilities included decreases of 17,644 million yen and 1,441 million yen in long-term loans payable and deferred tax liabilities, respectively, despite increases of 6,411 million yen and 2,259 million yen in lease liabilities and retirement benefit liabilities, respectively.

(Net assets)

Net assets as of March 31, 2021 totaled 144,296 million yen, up 54,027 million yen from the end of the previous fiscal year, due to factors including an increase of 50,735 million yen in retained earnings.

These factors resulted in an equity ratio of 41.8%, up 10.9 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 18,513 million yen, increase 1,338 million yen from 17,174 million yen for the previous fiscal year.

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 41,702 million yen (107.3% of the figure for the previous fiscal year).

This was mainly due to 63,806 million yen in net income before taxes and other adjustments, 11,953 million yen in depreciation, and 2,988 million yen in amortization of goodwill, despite negative factors of 28,510 million yen in investment profit from equity-method and an expenditure of 9,751 million yen in income taxes paid or refunded.

(Cash flow from investment activities)

Funds used for investment activities totaled 6,607 million yen (37.4% of the figure for the previous fiscal year).

This was due mainly to expenditures of 4,034 million yen for the acquisition of tangible non-current assets in connection with new store openings, 1,684 million yen for lease and guarantee deposits, and 948 million yen for the acquisition of intangible assets, despite a gain of 351 million yen from the return of security deposits and 308 million yen in proceeds from sales of investments in securities.

(Cash flow from financing activities)

Funds used for financing activities totaled 34,056 million yen (140.2% of the figure for the previous fiscal year).

This was due mainly to expenditures of 24,462 million yen, 10,015 million yen, and 5,932 million yen for repayment of long-term loans payable, redemption of bonds, and acquisition of treasury stock, respectively, despite an increase of 8,900 million yen in proceeds from long-term loans payable and 1,575 million yen in income from exercising stock options.

Reference: Trends of cash flow indicators

	55th period FY ended March 31, 2017	56th period FY ended March 31, 2018	57th period FY ended March 31, 2019	58th period FY ended March 31, 2020	59th period FY ended March 31, 2021
Equity ratio (%)	23.0	26.3	25.9	30.8	41.8
Market equity ratio (%)	28.6	48.4	32.7	31.2	40.8
Interest-bearing debt to cash flow (years)	4.4	2.9	3.0	1.7	1.0
Interest coverage ratio (times)	23.9	35.5	57.8	45.0	57.7

Equity ratio: equity/total assets

Market equity ratio: total market capitalization/total assets

Interest-bearing debt to cash flow: interest-bearing debt/cash flow

Interest coverage ratio: cash flow/interest expenses

Notes:

- Each of the above indicators is calculated based on financial figures prepared on a consolidated basis.
- Total market capitalization is calculated based on the number of shares issued and outstanding, not including treasury stock. This figure includes shares of Company stock held in employee stock ownership plan (ESOP) trust accounts.
- Cash flow generated by operating activities is used above for cash flow.
- Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.
- Due to the adoption of Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from the beginning of the 57th period, cash flow indicators for the 56th period are figures after retrospective application of the relevant accounting standards.

(4) Future outlook

Regarding the outlook for the future, although high expectations are growing for preventive measures such as vaccinations against COVID-19 infections, the spread of the infectious disease is still continuing and it is expected that the uncertain business environment will continue into the future.

In the home appliance sales industry, we recorded historic high shipments of white goods and PCs, but it is expected that the uncertain situation will continue into the future due to the possibility of a reaction to the exceptional spending that occurred from staying at home. In the future, although the economic situation remains uncertain, we will further strengthen and respond to our differentiation strategy of "impressive customer service from the customer's point of view."

In the mobile phone sales industry, new rate plans introduced by each telecommunications carrier are expected to expand, and the competitive environment surrounding telecommunications carriers is expected to further intensify. We aim to strengthen our ability to offer services that will lead to solutions to customers' problems, while ensuring the safety and security of our stores.

In the Internet industry, it is expected that even higher-quality broadband connection services will become more important in the future due to changes in the living environment caused by COVID-19 infections. We will expand proposals that lead to improved customer satisfaction by providing a wide range of WEB services operated by the Nifty group to customers and improving convenience in daily life.

In overseas markets, as vaccination against COVID-19 infections is in full swing, there are differences in the spread of infection and the recovery of economic activity in each country. While paying close attention to future market trends in each country and the state of economic recovery, we plan to strengthen our system by strategically scrapping and building businesses.

In addition, on March 1, 2021, Nifty Corporation, a subsidiary of Nojima Corporation, made Cecile a new subsidiary, which will succeed the Cecile business of Dinos Cecile Co., Ltd. New Cecile is known as a long-established general mail-order brand that develops a wide range of daily necessities including innerwear, with the support of customers nationwide, mainly among senior women, and has a reputation for product development that makes use of customer feedback. In the future, we will utilize the know-how of the Group and aim to evolve into a total solution company that provides new value to the world by increasing the Group's corporate value, while consolidating our strengths.

Through efforts that the Group will continue to invest in human resources and DX and further strengthen its consulting capabilities, for the next fiscal year ending March 31, 2022, we expect net sales of 565,000 million yen (108.0% of the figure for the fiscal year ended March 31, 2021), operating income of 35,000 million yen (103.5% of the figure for the fiscal year ended March 31, 2021), ordinary income of 39,000 million yen (60.3% of the figure for the fiscal year ended March 31, 2021), and net income attributable to shareholders of the parent company of 27,000 million yen (51.1% of the figure for the fiscal year ended March 31, 2021).

We expect EBITDA of 53,000 million yen (102.4% of the figure for the fiscal year ended March 31, 2021).

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

2. Basic approach to selecting accounting standards

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

3. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2020)	Current fiscal year (as of March 31, 2021)
Assets		
Current assets		
Cash and deposits	17,181	18,513
Accounts receivable	69,987	70,707
Merchandise and products	40,923	49,460
Accounts receivable-other	6,250	9,472
Other	2,984	4,331
Allowance for doubtful accounts	-3,035	-1,688
Total current assets	134,283	150,797
Non-current assets		
Tangible non-current assets		
Buildings and structures	31,451	34,411
Accumulated depreciation	-15,643	-17,936
Buildings and structures (net)	15,808	16,475
Machinery, equipment and vehicles	1,058	1,170
Accumulated depreciation	-592	-687
Machinery, equipment and vehicles (net)	466	483
Tools, fixtures, and facilities	10,053	11,359
Accumulated depreciation	-7,810	-8,612
Tools, fixtures, and facilities (net)	2,243	2,747
Lease assets	10,777	20,351
Accumulated depreciation	-2,767	-5,749
Lease assets(net)	*1 8,010	*1 14,601
Land	8,488	9,269
Other (net)	355	1,664
Total tangible non-current assets	35,372	45,242
Intangible assets		
Goodwill	24,758	21,949
Software	1,563	1,965
Trademark rights	937	468
Contractual intangible assets	46,412	42,134
Customer-related intangible assets	1,985	1,323
Other	179	113
Total intangible assets	75,836	67,955
Investments and other assets		
Investment securities	17,415	51,333
Deferred tax assets	9,159	9,182
Lease and guarantee deposits	12,004	13,609
Retirement benefit assets	-	117
Other	2,262	2,006
Allowance for doubtful accounts	-86	-60
Total investments and other assets	40,755	76,188
Total non-current assets	151,964	189,386
Total assets	286,247	340,183

(Million yen)

	Previous fiscal year (as of March 31, 2020)	Current fiscal year (as of March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	50,244	54,806
Electronically recorded obligations-operating	-	1,085
Short-term loans payable	7,226	6,966
Current portion of long-term loans payable	*2 7,031	*2 9,326
Current portion of bonds	10,010	-
Accounts payable-other	7,433	13,855
Accrued income taxes	4,921	7,734
Accrued consumption tax	2,203	2,301
Accrued expenses	3,414	3,457
Deposits received	3,067	4,638
Unearned revenue	7,218	6,622
Reserve for points	5,075	5,104
Reserve for bonuses	1,524	1,612
Reserve for promotion of admissions	90	272
Lease obligations	2,140	2,593
Other	2,778	3,913
Total current liabilities	114,381	124,291
Non-current liabilities		
Bonds	5,005	5,000
Long-term loans payable	*2 38,014	*2 20,369
Reserve for guarantees for merchandise sold	3,794	3,891
Reserve for directors' retirement benefits	210	238
Retirement benefit liabilities	8,423	10,682
Deferred tax liabilities	13,506	12,065
Lease obligations	6,437	12,849
Other	6,204	6,499
Total non-current liabilities	81,596	71,596
Total liabilities	195,978	195,887
Net assets		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	6,046	5,519
Retained earnings	83,795	134,530
Treasury stock	-2,358	-5,121
Total shareholders' equity	93,814	141,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-4,938	581
Deferred gains or losses on hedges	-	60
Currency conversion adjustments	-535	75
Accumulated adjustment to retirement benefits	-94	54
Total accumulated other comprehensive income	-5,567	771
Stock acquisition rights	2,008	2,265
Non-controlling interests	12	-
Total net assets	90,268	144,296
Total liabilities and net assets	286,247	340,183

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

Consolidated income statement

(Million yen)

	Previous fiscal year (April 1, 2019 - March 31, 2020)	Current fiscal year (April 1, 2020 - March 31, 2021)
Net sales	523,968	523,327
Cost of sales	379,850	364,512
Gross profit on sales	144,117	158,814
Sales, general and administrative expenses		
Advertising expenses	19,028	24,081
Salaries, allowances and bonuses	39,120	38,186
Provision of reserve for bonuses	1,788	1,443
Provision of reserve for directors' retirement benefits	13	18
Retirement benefit expenses	1,795	1,381
Rents	16,458	15,652
Depreciation	11,389	11,035
Amortization of goodwill	2,877	2,988
Other	29,061	30,199
Total sales, general and administrative expenses	121,535	124,988
Operating income	22,582	33,826
Non-operating income		
Interest income	64	58
Purchase discounts	1,656	1,962
Gain on equity method investment	85	28,510
Other	1,429	1,679
Total non-operating income	3,235	32,210
Non-operating expenses		
Interest expenses	750	626
Interest on bonds	109	54
Donations	49	205
Foreign exchange losses	256	-
Other	435	503
Total non-operating expenses	1,600	1,390
Ordinary income	24,218	64,647
Extraordinary income		
Gain on negative goodwill	28	-
Gain on transition of retirement benefit plan	232	-
Gain on sales of non-current assets	202	16
Gain on reversal of share acquisition rights	38	132
Total extraordinary income	503	149
Extraordinary losses		
Impairment loss	1,426	889
Loss on termination of retirement benefit plan	-	100
Total extraordinary losses	1,426	990
Net income before taxes and other adjustments	23,294	63,806
Income taxes-current	10,073	12,863
Income taxes-deferred	-2,695	-1,888
Total income taxes	7,377	10,974
Net income	15,916	52,831
Net income attributable to shareholders of the non-controlling interests	4	3
Net income attributable to shareholders of the parent company	15,911	52,827

Consolidated statement of comprehensive income

(Million yen)

	Previous fiscal year (April 1, 2019 - March 31, 2020)	Current fiscal year (April 1, 2020 - March 31, 2021)
Net income	15,916	52,831
Other comprehensive income		
Valuation difference on available-for-sale securities	-5,107	5,259
Deferred gains or losses on hedges	-	58
Currency conversion adjustments	-612	610
Adjustments for retirement benefit obligations	404	154
Share of other comprehensive income of entities accounted for using equity method	-	255
Total other comprehensive income	-5,315	6,338
Comprehensive income	10,601	59,169
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	10,596	59,166
Comprehensive income attributable to non-controlling interests	4	3

(3) Consolidated statement of changes in net assets

Previous fiscal year (April 1, 2019 - March 31, 2020)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	6,330	6,378	69,751	-2,448	80,010
Changes during the fiscal year					
Distribution of surplus			-1,867		-1,867
Net income attributable to shareholders of the parent company			15,911		15,911
Acquisition of treasury stock				-1,359	-1,359
Disposal of treasury stock		-331		1,449	1,118
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	-	-331	14,044	90	13,803
Balance at end of fiscal year	6,330	6,046	83,795	-2,358	93,814

	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	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at start of fiscal year	169	76	-498	-	-252	1,453	396	81,608
Changes during the fiscal year								
Distribution of surplus								-1,867
Net income attributable to shareholders of the parent company								15,911
Acquisition of treasury stock								-1,359
Disposal of treasury stock								1,118
Changes during the fiscal year in items other than shareholders' equity (net)	-5,107	-612	404	-	-5,315	555	-383	-5,143
Total changes during the fiscal year	-5,107	-612	404	-	-5,315	555	-383	8,660
Balance at end of fiscal year	-4,938	-535	-94	-	-5,567	2,008	12	90,268

Current fiscal year (April 1, 2020 - March 31, 2021)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	6,330	6,046	83,795	-2,358	93,814
Changes during the fiscal year					
Distribution of surplus			-2,092		-2,092
Net income attributable to shareholders of the parent company			52,827		52,827
Acquisition of treasury stock				-5,882	-5,882
Disposal of treasury stock		-473		3,119	2,645
Changes of consolidation target		-53			-53
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	-	-526	50,735	-2,763	47,444
Balance at end of fiscal year	6,330	5,519	134,530	-5,121	141,259

	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	Deferred gains or losses on hedges	Total accumulated other comprehensive income			
Balance at start of fiscal year	-4,938	-535	-94	-	-5,567	2,008	12	90,268
Changes during the fiscal year								
Distribution of surplus								-2,092
Net income attributable to shareholders of the parent company								52,827
Acquisition of treasury stock								-5,882
Disposal of treasury stock								2,645
Changes of consolidation target								-53
Changes during the fiscal year in items other than shareholders' equity (net)	5,519	610	148	60	6,338	256	-12	6,583
Total changes during the fiscal year	5,519	610	148	60	6,338	256	-12	54,027
Balance at end of fiscal year	581	75	54	60	771	2,265	-	144,296

(4) Consolidated cash flow statement

(Million yen)

	Previous fiscal year (April 1, 2019 - March 31, 2020)	Current fiscal year (April 1, 2020 - March 31, 2021)
Cash flow from operating activities		
Net income before taxes and other adjustments	23,294	63,806
Depreciation	12,318	11,953
Impairment loss	1,426	889
Amortization of goodwill	2,877	2,988
Gain on negative goodwill	-28	-
Loss (profit) on equity method investment	-85	-28,510
Increase (decrease) in reserve for retirement benefits	724	887
Increase (decrease) in allowance for doubtful accounts	-1,446	-1,517
Increase (decrease) in reserve for points	1,430	-367
Increase (decrease) in reserve for promotion of admissions	-28	181
Increase (decrease) in reserve for guarantees for merchandise sold	-72	96
Interest income and dividend income	-192	-417
Interest expenses	750	626
Decrease (increase) in accounts receivable-trade	19,808	2,604
Decrease (increase) in inventories	3,982	-4,124
Decrease (increase) in accounts receivable-other	828	-688
Increase (decrease) in notes and accounts payable-trade	-8,508	2,482
Increase (decrease) in accrued expenses	-745	-156
Increase (decrease) in accrued consumption taxes	-140	58
Increase (decrease) in accounts payable-other	-3,869	1,720
Increase (decrease) in deposits received	-276	1,567
Increase (decrease) in unearned revenue	-812	-1,290
Other	-483	-1,048
Subtotal	50,749	51,743
Interest and dividend income received	208	433
Interest expenses paid	-863	-722
Income tax (paid) or refund	-11,228	-9,751
Cash flow from operating activities	38,866	41,702

(Million yen)

	Previous fiscal year (April 1, 2019 - March 31, 2020)	Current fiscal year (April 1, 2020 - March 31, 2021)
Cash flow from investment activities		
Purchase of tangible non-current assets	-3,611	-4,034
Purchase of intangible assets	-844	-948
Purchase of investment securities	-14,353	-137
Proceeds from sales of investment securities	1,146	308
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-56	-594
Payments for lease and guarantee deposits	-758	-1,684
Proceeds from collection of lease and guarantee deposits	313	351
Other	476	132
Cash flow from investment activities	-17,688	-6,607
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	5,126	-300
Proceeds from long-term loans payable	6,120	8,900
Repayment of long-term loans payable	-30,336	-24,462
Purchase of treasury stock	-1,359	-5,932
Proceeds from sales of treasury stock	568	670
Proceed from exercising stock options	438	1,575
Redemption of bonds	-10	-10,015
Cash dividends paid	-1,867	-2,092
Repayment of lease obligations	-2,493	-2,384
Other	-470	-14
Cash flow from financing activities	-24,283	-34,056
Effect of exchange rate changes on cash and cash equivalents	-453	299
Increase (decrease) in cash and cash equivalents	-3,558	1,338
Starting balance of cash and cash equivalents	20,733	17,174
Ending balance of cash and cash equivalents	17,174	18,513

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Important principles for preparing consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 26 companies

Names of significant consolidated subsidiaries:

ITX Corporation
 Up Beat Corporation
 NIFTY Corporation
 NIFTY Lifestyle Co., Ltd.
 NIFTY Cecile Co., Ltd.
 NOJIMA STELLA SPORTS CLUB Co., Ltd.
 Business Grand Works Co., Ltd.
 Sygni Corporation
 Courts Asia Ltd.
 Nojima (Cambodia) Co., Ltd.

Notes

- i MEDIASTATION Inc. was dissolved due to an absorption-type merger on April 1, 2020 by ITX Corporation, a consolidated subsidiary of Nojima Corporation.
- ii Nojima Asia Pacific Pte. Ltd. was dissolved due to an absorption-type merger on April 30, 2020 by Courts Asia Limited, a consolidated subsidiary of Nojima Corporation.
- iii Victoria Communication Co., Ltd. was dissolved due to an absorption-type merger on May 1, 2020 by ITX Corporation, a consolidated subsidiary of Nojima Corporation.
- iv IT Mobile Corporation is included within the scope of consolidation because of a share acquisition on October 1, 2020 by ITX Corporation., a consolidated subsidiary of Nojima Corporation.
- v NIFTY NeXus Co., Ltd. was dissolved due to an absorption-type merger on October 1, 2020 by NIFTY Corporation, a consolidated subsidiary of Nojima Corporation.
- vi NIFTY Cecile Co., Ltd. was newly established within the scope of consolidation on December 16, 2020 by NIFTY Corporation, a consolidated subsidiary of Nojima Corporation.
- vii Cecile Co., Ltd. and other three companies are included within the scope of consolidation following a share acquisition on March 1, 2021 by NIFTY Cecile Co., Ltd., a consolidated subsidiary of Nojima Corporation.

(2) Names of nonconsolidated subsidiaries and other information

Not applicable.

2. Application of equity method

Number of equity-method affiliates: 2 companies

Name of the equity-method affiliates:

Hascom Mobile Co., Ltd.
 Suruga Bank Ltd.

Suruga Bank Ltd. is included within the scope of the equity method by Nojima Corporation due to the dispatch of its officers on June 26, 2020.

3. Fiscal years of consolidated subsidiaries and other matters

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

Company	Year ends
Nojima (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 the other consolidated subsidiaries are the same as the closing date of the Company's consolidated fiscal year.

4. Accounting standards

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

A. Securities

Available-for-sale securities:

a. Those having fair market value:

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

b. Those without fair market value:

Moving average cost method

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:

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).

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

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

(2) Depreciation methods for important depreciable assets

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

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

Domestic consolidated subsidiaries Up Beat Corporation and ITX Corporation apply the straight-line method.

The overseas consolidated subsidiaries Nojima (Cambodia) Co., Ltd. and Courts Asia Ltd. mainly apply the straight-line method in accordance with their countries' accounting standards. However, Courts Asia Ltd. adopts the declining balance method for cars and vehicles.

The main useful lives for depreciation purposes are shown below.

Buildings and structures: 5-47 years

Machinery, equipment, and vehicles: 2-17 years

Tools, fixtures, and facilities: 2-20 years

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

The straight-line method is applied.

Main useful lives for depreciation purposes are shown below.

Software: 5 years

Contractual intangible assets: 15 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 number of unrecoverable claims is booked as follows:

The actual loan loss ratio is applied for ordinary claims (general accounts receivable). For extraordinary claims (doubtful accounts receivable) such as those involving the possibility of default and those in bankruptcy reorganization, the possibility of recovery is considered for each claim.

B. Reserve for point card certificates

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

C. Reserve for bonuses

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 consolidated 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 current consolidated fiscal year is recorded to provide for cash back payments related to a campaign conducted to promote membership.

(4) Significant method of hedge accounting

A. Method of hedge accounting

Deferred hedge accounting is adopted.

B. Hedging instruments and hedged items

Hedging instruments ... Forward exchange contract

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

C. Hedging policy

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

D. Method for evaluating hedge effectiveness

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

(5) Accounting treatment of retirement benefits

A. Period of attribution of estimated retirement benefits

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

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

Actuarial gains or losses are booked as expenses in the fiscal years in which they arise. 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 ten years) within the average remaining number of years of employment for personnel employed at the time each of such gains or losses arises in each consolidated fiscal year.

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

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

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

(6) 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."

(7) Method and period of amortization of goodwill

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

(8) 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 and have maturities of three months or less from the date of purchase and have only a minor risk of a fluctuation in value.

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

Account processing of consumption tax, etc.:

The tax-excluded method is applied.

(Notes to the consolidated balance sheet)

- *1 “Leased assets (net)” refers to right-of-use assets (8,010 million yen in previous fiscal year, 14,592 million yen in current fiscal year) recorded by subsidiaries applying International Financial Reporting Standards.
- *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 fiscal year (March 31, 2020)	Current fiscal year (March 31, 2021)
Credit line	54,479 million yen	38,947 million yen
Outstanding balance	11,986	1,387
Difference: Available balance	42,492	37,559

(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 segment of Operation of Digital Home Electronics Retail Stores sells digital audio video products, IT devices, and home electronics, and provides related solutions, setup, repairs, and other services.

The segment of Operation of Mobile Carrier Stores sells communication devices (primarily mobile phones) and provides related services.

The segment of Operation of Internet Business provides broadband connectivity services and services including communication, security, and various information services which use the Internet.

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

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

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

Income figures for reporting segments are based on ordinary income.

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

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

Previous consolidated fiscal year (April 1, 2019 - March 31, 2020)

(Million yen)

	Reporting segment					Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Operation of Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	214,850	207,322	47,690	46,607	516,471	7,497	523,968	-	523,968
Internal sales or transfers between segments	1,384	119	219	2	1,725	580	2,306	-2,306	-
Subtotal	216,235	207,441	47,909	46,609	518,197	8,078	526,275	-2,306	523,968
Segment income (loss)	13,661	6,773	3,438	-123	23,750	663	24,413	-195	24,218
Segment assets	79,565	111,555	30,722	44,576	266,420	8,657	275,077	11,169	286,247
Segment liabilities	59,483	73,841	8,831	35,830	177,987	1,168	179,155	16,822	195,978
Other accounts									
Depreciation	1,725	5,368	1,688	3,317	12,098	219	12,318	-	12,318
Amortization of goodwill	-	1,560	1,316	-	2,877	-	2,877	-	2,877
Interest income	-	0	0	52	53	0	53	11	64
Interest expenses	-	223	-	429	652	0	653	96	750
Equity in earnings of affiliates	-	85	-	-	85	-	85	-	85
Impairment loss	892	419	73	42	1,426	-	1,426	-	1,426
Investment in equity-method affiliates	-	754	-	-	754	-	754	-	754
Unamortized balance of goodwill	-	15,564	9,193	-	24,758	-	24,758	-	24,758
Increase in tangible and intangible non-current assets	2,770	696	469	441	4,378	27	4,406	-	4,406

Notes:

- *1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, the animal medical business, and the software development business.
- *2. Adjustments to segment income (loss) consist of companywide costs not distributed among reporting segments. Adjustments to segment assets and liabilities consist of companywide assets and liabilities not distributed among reporting segments and offsetting between segments.
- *3. Segment income (loss) is adjusted with ordinary income on the consolidated income statement.
- *4. The increase in tangible and intangible non-current assets does not include lease assets of IFRS 16 "Leases."

Current consolidated fiscal year (April 1, 2020 - March 31, 2021)

(Million yen)

	Reporting segment					Other (*1)	Total	Adjustments (*2)	Amount on consolidated financial statements (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Operation of Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	244,284	182,493	46,462	39,947	513,188	10,139	523,327	-	523,327
Internal sales or transfers between segments	1,631	165	339	-	2,137	419	2,556	-2,556	-
Subtotal	245,916	182,659	46,802	39,947	515,325	10,558	525,884	-2,556	523,327
Segment income (loss)	20,594	8,484	3,962	2,893	35,936	28,901	64,837	-190	64,647
Segment assets	91,474	103,837	25,385	46,793	267,490	71,492	338,982	1,201	340,183
Segment liabilities	66,135	63,958	3,955	35,304	169,353	15,185	184,539	11,348	195,887
Other accounts									
Depreciation	1,817	5,132	1,615	3,172	11,738	215	11,953	-	11,953
Amortization of goodwill	-	1,554	1,314	-	2,868	119	2,988	-	2,988
Interest income	-	0	1	47	49	0	49	9	58
Interest expenses	-	167	-	313	481	0	481	145	626
Equity in earnings of affiliates	-	94	-	-	94	28,415	28,510	-	28,510
Impairment loss	602	243	5	38	889	-	889	-	889
Investment in equity-method affiliates	-	833	-	-	833	48,903	49,736	-	49,736
Unamortized balance of goodwill	-	14,079	7,869	-	21,949	-	21,949	-	21,949
Increase in tangible and intangible non-current assets	4,365	769	366	173	5,676	2,194	7,870	-	7,870

Notes:

- *1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, the animal medical business, the software development business, the comprehensive mail order business, and Suruga Bank Ltd. etc., equity method investment companies. In addition, 28,415 million yen in share of profit of entities accounted for using equity method and 48,903 million yen in investment securities with application of the equity method by Suruga Bank Ltd. are recorded.
- *2. Adjustments to segment income (loss) consist of companywide costs not distributed among reporting segments. Adjustments to segment assets and liabilities consist of companywide assets and liabilities not distributed among reporting segments and offsetting between segments.
- *3. Segment income (loss) is adjusted with ordinary income on the consolidated income statement.
- *4. The increase in tangible and intangible non-current assets does not include lease assets of IFRS 16 "Leases."

(Per-share information)

	Previous fiscal year (April 1, 2019 - March 31, 2020)	Current fiscal year (April 1, 2020 - March 31, 2021)
Net assets per share	1,759.32 yen	2,879.19 yen
Net earnings per share	317.12 yen	1,068.42 yen
Diluted earnings per share	313.17 yen	1,040.81 yen

Notes:

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

	Previous fiscal year (April 1, 2019 - March 31, 2020)	Current fiscal year (April 1, 2020 - March 31, 2021)
Net earnings per share		
Net income attributable to shareholders of the parent company (million yen)	15,911	52,827
Amount not reverting to common shareholders (million yen)	—	—
Net income attributable to shareholders of the parent company related to common stock (million yen)	15,911	52,827
Average number of shares during the fiscal year (thousand shares)	50,175	49,444
Diluted net earnings per share		
Adjustments of net income attributable to shareholders of the parent company (million yen)	—	—
Increase in common stock (thousand shares)	632	1,311
(Amount of the above corresponding to stock subscription rights [thousand shares])	(632)	(1,311)
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. 16 (2018 stock options) (13,286 stock subscription rights) Stock acquisition rights no. 17 (2019 stock options) (14,851 stock subscription rights)	Stock acquisition rights no. 18 (2020 stock options) (15,419 stock subscription rights)

- 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 175 thousand shares in the previous fiscal year and 310 thousand shares in the current fiscal year. The number of shares of such treasury stock excluded from calculations of net assets per share at the end of the fiscal year was 14 thousand shares in the previous fiscal year and 267 thousand shares in the current fiscal year.

(Important subsequent events)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 6, 2021, the Board of Directors of the Company passed a resolution calling for the presentation at the 59th regular general meeting of shareholders, scheduled for June 17, 2021, of a resolution requesting approval of the issuance of stock acquisition rights as stock options and entrustment of decision-making on the terms of this issue to the Board of Directors, pursuant to the stipulations of Articles 236, 238, and 239 of the Companies Act of Japan.

1. Objective of adopting a program of stock options and reasons for issuing stock acquisition rights gratis

The objective of adopting a program of stock options is to increase corporate value by strengthening morale and motivation in order to improve Group business performance. To achieve this objective, stock options will be issued gratis.
2. Overview of issuance of stock acquisition rights
 - (1) Persons receiving an allocation of stock acquisition rights

Company directors, executive officers, and employees, as well as directors and employees of Company subsidiaries, as authorized by the Company Board of Directors
 - (2) Class and number of shares subject to stock acquisition rights

The shares subject to stock acquisition rights for which the Board of Directors may determine the terms of issuance as entrusted by the general meeting of shareholders shall not exceed 1,800,000 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 18,000.

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

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

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

Stock acquisition rights shall be issued gratis.
 - (5) Amount payable upon exercise of stock acquisition rights

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

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

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

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

$$\text{Adjusted exercise price} = \frac{\text{original exercise price}}{\text{stock split or stock consolidation ratio}} \times 1$$
 - B. If the Company issues new shares or sells treasury stock at below market value, the exercise price shall be adjusted by applying the formula indicated below, with the result rounded up to the nearest whole yen.

$$\text{Adjusted exercise price} = \frac{\text{original exercise price} \times \left(\frac{\text{existing number of shares issued and outstanding}}{\text{existing number of shares issued and outstanding} + \text{number of new shares issued}} + \frac{\text{number of new shares issued} \times \text{price payable per share}}{\text{market value}} \right)}{\text{existing number of shares issued and outstanding} + \text{number of new shares issued}}$$
 - C. Should the Company find it necessary to adjust the exercise price after the allocation date for unavoidable reasons (e.g. merger, etc.), the Company reserves the right to adjust the exercise price within reasonable limits based on the terms of the merger, etc. and other matters.
 - (6) Period in which stock acquisition rights may be exercised

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

- (7) Conditions for exercise of stock acquisition rights
 - A. A person allocated stock acquisition rights (hereinafter, “stock option holder”) must hold the title of director, executive officer, or employee of the Company or a Company subsidiary at the time of exercise. This does not apply in cases deemed appropriate by the Board of Directors.
 - B. Stock acquisition rights may not be passed on to legal heirs.
 - C. A stock acquisition right must be exercised in full.
- (8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights
 - A. The Company may acquire stock acquisition rights gratis on a date specified separately by the Board of Directors if the general meeting of shareholders approves a proposal for a merger agreement whereby the Company is to be dissolved or a proposal for a share exchange agreement or a share transfer plan whereby the Company becomes a wholly-owned subsidiary.
 - B. If a stock option holder is unable to exercise the option because he or she no longer satisfies the requirements for execution under (7) above or has relinquished such right, the Company may acquire the stock acquisition rights gratis.
 - C. The Company may cancel the stock acquisition rights it has acquired and holds gratis at any time.
- (9) Restrictions on the acquisition of stock acquisition rights through a transfer

Approval of the Company’s Board of Directors is required for the acquisition of stock acquisition rights through a transfer of ownership.
- (10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights
 - A. The amount of an increase in capital due to the issuance of stock through the exercise of stock acquisition rights shall be one-half of the limit for an increase in capital calculated pursuant to Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, with the result rounded up to the nearest whole yen.
 - B. The amount of an increase in capital reserves due to the issuance of stock through the exercise of stock acquisition rights shall be the amount remaining after subtracting the increase in capital specified under A above from the limit for an increase in capital under A.
- (11) Policies, etc. for the treatment of stock acquisition rights in the case of stock swap or stock transfer

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

 - A. Number of stock acquisition rights in the restructured Company to be granted

The same number of stock acquisition rights as the number of remaining stock options held by each stock option holder.
 - B. Class of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights

The restructured Company’s common stock.
 - C. Number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights

Determined in accordance with “(2) Class and number of shares subject to stock acquisition rights” above, based on consideration of the terms of the organizational restructuring and other matters.
 - D. Amount to be invested upon the exercise of stock acquisition rights

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

Stock acquisition rights may be exercised from the starting date of the period described under “(6) Period in which stock acquisition rights may be exercised” above or the effective date of the organizational restructuring, whichever is later, to the closing date of the period described under “(6) Period in which stock acquisition rights may be exercised” above.
 - F. Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights

Determined according to “(10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights” above.
 - G. Restrictions on acquisition of stock acquisition rights through transfer

Approval of the restructured Company’s Board of Directors is required for the acquisition of stock acquisition rights through a transfer of ownership.
 - H. Reasons and conditions for acquisition of stock acquisition rights

Determined according to “(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights” above.
- (12) Date of allocation of stock acquisition rights

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

Note: The details above are conditional upon approval at the 59th regular general meeting of shareholders scheduled for June 17, 2021 of the resolution on the issuance of stock acquisition rights gratis as stock options and upon approval by the compensation committee at a meeting to be held after the 59th regular general meeting of shareholders on individual compensation for directors and executive officers.