Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Japanese accounting standards)

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Name of listed firm: Nojima Corporation — Listed on the Tokyo Stock Exchange
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Scheduled date of regular general meeting of shareholders: June 17, 2022 — Scheduled start date of dividend payments: June 3, 2022
Scheduled date of quarterly report filing: June 24, 2022
Supplemental materials on quarterly financial results: Yes
Briefing session on quarterly financial results for analysts: Yes

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

1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(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 2022	564,989	8.0	33,166	-2.0	35,890	-44.5	53,504	3.4	25,862	-51.0
FY ended March 2021	523,327	-0.1	33,826	49.8	64,647	166.9	51,759	30.3	52,827	232.0

Note: Comprehensive income: FY ended March 31, 2022: 27,075 million yen (-54.2 %) FY ended March 31, 2021: 56,169 million yen (458.1 %)

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

Note: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. has been applied since the beginning of the fiscal year ended March 2022.
The consolidated financial results for the FY ended March 31, 2022 are amounts obtained after applying the relevant accounting standards.
As a result, sales decreased 20,843 million yen, and year-on-year change excluding this effect is 11.9% in real terms.

	Net income per share	Diluted net income per share	ROE	ROA	Operating income margin
	Yen	Yen	%	%	%
FY ended March 2022	522.89	513.09	18.6	10.8	5.9
FY ended March 2021	1,068.42	1,040.81	45.9	20.6	6.5

Reference: Equity in net income (losses) of affiliates: FY ended March 2022: 111 million yen FY ended March 2021: 28,510 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, 2022	326,952	140,101	41.6	2,761.22
As of March 31, 2021	340,183	144,296	41.8	2,879.19

Reference: Equity: FY ended March 2022: 136,067 million yen FY ended March 2021: 142,030 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 2022	42,895	9,029	-19,964	51,004
FY ended March 2021	41,702	-6,607	-34,056	18,513

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 2021	-	22.00	-	24.00	46.00	2,279	4.3	2.0
FY ended March 2022	-	24.00	-	26.00	50.00	2,477	9.6	1.8
FY ending March 2023 (planned)	-	26.00	-	26.00	52.00		10.3	

3. Forecasts of consolidated financial results for the fiscal year ending March 2023 (April 1, 2022 - March 31, 2023)

(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)	271,000	0.1	15,000	8.4	16,000	5.4	25,100	7.0	11,000	12.7	223.22
Full-year	565,000	0.0	34,000	2.5	36,500	1.7	54,800	2.4	25,000	-3.3	507.33

* 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

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.: No
iii. Changes in accounting estimates: No
iv. Restatement of prior period financial statements: No

・ For detailed information, see page 18, "3. Quarterly Consolidated Financial Statements and Main Notes: (5) Notes to the consolidated financial statements (Changes in accounting policies)."

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

i. Number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2022	51,289,616 shares	FY ended March 2021	51,289,616 shares
ii. Number of shares of treasury stock at the end of the period	FY ended March 2022	2,011,544 shares	FY ended March 2021	1,959,508 shares
iii. Average number of shares during the period	FY ended March 2022	49,461,545 shares	FY ended March 2021	49,444,809 shares

Note: The number of shares of treasury stock above includes shares held in trust accounts (0 shares as of March 31, 2022 and 267,400 shares as of March 31, 2021) 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 (129,027 shares for the Fiscal Year Ended March 2022 and 310,327 shares for the Fiscal Year Ended March 2021.

Reference:
Suruga Bank Ltd. became our equity-method affiliate on June 26, 2020. Accordingly, share of profit of entities accounted for using the equity method of 28,510 million yen, including negative goodwill associated with the application of the equity-method for an affiliate of 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 effects of that impact are as follows.

Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
(Excluding profit and loss using the 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 2022	564,989	8.0	33,166	-2.0	35,778	-1.0	53,504	3.4	25,751	5.9
FY ended March 2021	523,327	-0.1	33,826	49.8	36,137	49.7	51,759	30.3	24,317	53.7

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2022	520.63	510.87
FY ended March 2021	491.81	479.10

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	326,840	139,989	41.6	2,758.95
As of March 31, 2021	311,418	115,530	36.4	2,296.05

Reference: Equity: FY ended March 2022: 135,955 million yen FY ended March 2021: 113,264 million yen

Reference: Summary of nonconsolidated financial results
Nonconsolidated financial results for the fiscal year ended March 2022 (April 1, 2021 - March 31, 2022)

(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 2022	269,349	2.9	19,514	-2.7	29,906	5.1	25,649	22.0
FY ended March 2021	261,882	11.4	20,060	43.0	28,448	31.0	21,025	34.3

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2022	518.57	508.86
FY ended March 2021	425.24	414.25

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	198,401	114,035	56.2	2,262.23
As of March 31, 2021	177,064	95,105	52.4	1,882.02

Reference: Equity: FY ended March 2022: 111,478 million yen FY ended March 2021: 92,840 million yen

* Financial statements are not subject to audits by certified public accountants or auditing firms

* Explanation concerning the appropriate use of forecasts of business performance and other notes

Note on forward-looking statements:

Forecasts of business performance and other forward-looking statements in this release are based on information currently available and certain assumptions the Company deems reasonable at the time of preparation. They do not constitute a guarantee of future results. Actual results may differ materially from those of any forward-looking statements for various reasons.

〇 Contents of attached documents

1. Overview of operating results and other indicators

(1) Overview of operating results

During the fiscal year ended March 31, 2022, vaccinations against the spread of novel coronavirus (COVID-19) infections achieved progress. Signs of a recovery in economic activities began to appear as priority measures to prevent the spread of the virus were terminated. However, the future of the economy remains uncertain due to the effects of the situation in Russia and Ukraine, in addition to the semiconductor supply problem and soaring raw material prices.

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 to provide customer services reflecting the perspectives of customers, while working to improve consulting-based sales and enhance customer services to meet their needs.

In addition, from October 1, 2021, AXN Co., Ltd. became a wholly owned subsidiary and started a pay satellite broadcasting business. By providing high-quality broadcasting services, we are working to deliver even more comprehensive and excellent services. In March 2022, the capital and business alliance with Suruga Bank, Ltd. was dissolved and shares held were sold; in addition, shares of CYGNI Corporation, a subsidiary, were sold and the business portfolio was reorganized.

As a result, for the consolidated fiscal year under review, we recorded net sales of 564,989 million yen (108.0% of the figure for the previous fiscal year) and operating income of 33,166 million yen (98.0% of the figure for the previous fiscal year). In addition, ordinary income after deducting investment gains and losses due to the exemption from the equity method of Suruga Bank in June 2021 was 35,778 million yen (99.0% of the figure for the previous fiscal year) and net income attributable to owners of the parent company was 25,751 million yen (105.9% of the figure for the previous fiscal year); net income was a record high for the fifth consecutive term. The year-on-year rate of increase/decrease before deducting equity in earnings of affiliates was 55.5% for ordinary income and 49.0% for net income attributable to owners of the parent company.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. has been applied since the beginning of the fiscal year ended March 2022. As a result, sales decreased 20,843 million yen, cost of sales decreased 2,298 million yen, selling, general and administrative expenses decreased 18,722 million yen, and operating income, ordinary income, and net income before tax adjustment each increased 177 million yen. For details, please refer to "3. Consolidated Financial Statements and Main Notes (5) Notes to the Financial Statements (Changes in Accounting Policy)."

EBITDA (*), which the Group considers to be an important indicator of business performance, stood at 53,504 million yen (103.4% of the figure for the previous fiscal year).

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

Business performance by segment is outlined below.

(Operation of digital home electronics retail stores)

In response to a reaction to last year's demand for nesting and benefits, we promoted consulting sales that reflected demand for a "new normal" and an increase in time spent at home, supported by thorough measures taken against COVID-19 infections in stores. We continued efforts to satisfy our customers and encourage them to visit our stores. By product, sales of organic EL TVs and other similar products were strong, as were sales of large and high-performance refrigerators, washing machines, cooking appliances, and beauty appliances, resulting in higher sales for the digital home appliances business than in the previous year. In addition, we aggressively opened stores at attractive locations in front of stations, such as Shinjuku and Ikebukuro, opening a total of 17 new stores, while renovating existing stores.

As a result, net sales in this segment totaled 251,443 million yen (102.2% of the figure for the previous fiscal year) and ordinary income was 20,685 million yen (100.4% of the figure for the previous fiscal year). Due to the application of the "Accounting Standard for Revenue Recognition" for the current fiscal year, sales decreased 19,890 million yen and ordinary income increased 194 million yen.

(Operation of mobile carrier stores)

As the switch to low-priced plans such as online-only plans progress, support provided by carriers has changed from quantity to quality, and the industry as a whole is in a difficult situation.

Under these circumstances, we created an environment where customers can use our products with peace of mind, in addition to providing consulting and services for plans that reflect our customers' lifestyles. We actively promoted store relocation and refurbishment to improve convenience. Sales exceeded the previous year's level, but profits fell below the previous year's level due to an increase in sales promotion expenses, including business travel.

In October 2021, ITX Corporation (hereinafter, ITX), which operates a carrier shop business, was spun off and ITX Communications Co., Ltd. (hereinafter, "ITXC") started business. As a result, ITX focused on the DoCoMo business and ITXC concentrated on the KDDI business, making it possible to provide higher quality consulting services.

As a result, net sales in this segment totaled 187,953 million yen (102.9% of the figure for the previous fiscal year) and ordinary income was 5,887 million yen (69.4% of the figure for the the previous fiscal year). The impact of the application of the "Accounting Standard for Revenue Recognition" in the current fiscal year is minor.

(Internet business)

Responding to ultra-high-speed broadband services, which form an indispensable infrastructure for daily life, the expansion trend continued with the establishment of telework and online lessons. As a result, we aggressively provided information on FLET'S Hikari "@nifty Hikari" service, security services, and mailing services provided by NTT East and NTT West at Group stores, and maximized group synergies.

Regarding Cecile Co., Ltd., which became a subsidiary in March 2021, we are continuing to review the business structure and have made proposals for enriched new lifestyles utilizing the resources of the Group. On December 24, 2021, NIFTY Lifestyle Co., Ltd., which develops behavior support platform services, was listed on the Tokyo Stock Exchange Mothers.

As a result, net sales in this segment totaled 72,358 million yen (147.2% of the figure for the previous fiscal year) and ordinary income was 5,770 million yen (154.7% of the figure for the previous fiscal year). Due to the application of the "Accounting Standard for Revenue Recognition" in the current fiscal year, sales decreased 951 million yen and ordinary income decreased 14 million yen.

(Overseas business)

In Asian countries, individual governments are adjusting their countermeasures against COVID-19 infections. In Singapore and Malaysia, we promoted scrap-and-build for stores, improved quality, and enhanced education and training of human resources to provide higher quality customer services.

Under these circumstances, store closure measures due to the lockdown in the previous year were lifted and sales exceeded the previous year's level; however, profits fell below the previous year's level due to a decrease in government subsidies.

In Singapore, in November 2021, the new commercial facility "COURTS Nojima," which is conveniently located on Orchard Road, became the first overseas facility to be operated by its own company, with the floor hosting "COURTS," a home appliance and furniture specialty store, opened in advance.

As a result, net sales in this segment totaled 43,005 million yen (107.7% of the figure for the previous fiscal year) and ordinary income was 2,102 million yen (72.7% of the figure for the previous fiscal year).

(Stores in operation)

With 17 new store openings and three store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 205, or 226 including 21 dedicated communications device stores following the closure and sale of three stores.

In the operation of mobile carrier stores, following new store openings and the acquisition of nine stores, as well as the closure and sale of 22 stores, including scrap-and-build, the number of stores, including both directly operated carrier stores and franchises, stood at 585.

In overseas business, with two store openings and five store closures, the number of stores stood at 65.

In the light of these factors, the numbers of stores as of March 31, 2022 are as shown below.

Stores in operation

Classification	Directly operated stores	Franchises	Total
Operation of digital home electronics retail stores	226	-	226
Digital home electronics retail stores	205	-	205
Dedicated communications device stores	21	-	21
Operation of mobile carrier stores	398	187	585
Carrier stores	385	182	567
Others	13	5	18
Overseas business	65	-	65
Total	689	187	876

(2) Overview of financial position

Assets, liabilities and net assets

(Assets)

Total assets as of March 31, 2022 were 326,952 million yen, a decrease of 13,231 million yen from the end of the previous fiscal year.

This decrease was due mainly to an increase of 33,166 million yen to 183,963 million yen in current assets and a decrease of 46,397 million yen to 142,988 million yen in non-current assets.

The primary factors underlying the increase in current assets included increases of 19,997 million yen in securities, 12,493 million yen in cash and deposits, and 1,648 million yen in programing rights, despite decreases of 2,066 million yen in accounts receivable-other and 1,644 million yen in accounts receivable-trade.

The main causes of the decrease in non-current assets included decreases of 48,914 million yen in investment securities and 4,289 million yen in contractual intangible assets, despite increases of 4,559 million yen in buildings and structures and 3,790 million yen in land.

(Liabilities)

Total liabilities as of March 31, 2022 were 186,851 million yen, a decrease of 9,036 million yen from the end of the previous fiscal year.

This decrease was due mainly to an increase of 2,680 million yen to 126,971 million yen in current liabilities and a decrease of 11,716 million yen to 59,879 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included increases of 5,000 million yen in the current portion of bonds and 2,344 million yen in accounts payable-other, despite decreases of 5,350 million yen in short-term loans payable and 2,140 million yen in notes and accounts payable-trade. Due to the application of the "Accounting Standard for Revenue Recognition," there was a decrease of 4,365 million yen in reserve for points and an increase 7,132 million yen in contract liabilities.

The main causes of the decrease in non-current liabilities included decreases of 11,295 million yen in long-term loans payable and 5,000 million yen in bonds, despite an increase of 2,261 million yen in lease obligations. Due to the application of the "Accounting Standard for Revenue Recognition," there was a decrease of 3,891 million yen in reserve for guarantees for merchandise sold and an increase of 9,315 million yen in contract liabilities.

(Net assets)

Net assets as of March 31, 2022 totaled 140,101 million yen, a decrease of 4,194 million yen from the end of the previous fiscal year, due to factors including a decrease of 8,987 million yen in retained earnings.

These factors resulted in an equity ratio of 41.6% (41.8% at 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 51,004 million yen, an increase of 32,490 million yen from 18,513 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 42,895 million yen (102.9% of the figure for the previous fiscal year).

This was mainly due to 38,705 million yen in net income before taxes and other adjustments, 13,483 million yen in depreciation, 2,781 million yen in amortization of goodwill, and 2,791 in loss on sale of investment securities, despite negative factors of 6,526 million yen in gain on sales of investments in associated companies and an expenditure of 12,492 million yen in income taxes paid or refunded.

(Cash flow from investment activities)

Funds earned from investment activities totaled 9,029 million yen (6,607 million yen used for the previous fiscal year).

This was due mainly to a gain of 17,655 million yen from the sale of investment securities and 7,241 million yen from the sale of shares of a subsidiary with a change in the scope of consolidation, despite expenditure of 12,328 million yen for the acquisition of intangible assets in connection with new store openings, 1,029 million yen for the acquisition of intangible assets, and 1,995 million yen for lease and guarantee deposit.

(Cash flow from financing activities)

Funds used for financing activities totaled 19,964 million yen (58.6% of the figure for the previous fiscal year).

This was due mainly to expenditures of 28,792 million yen for repayment of long-term loans payable and 5,352 million yen for short-term loans payable, despite an increase of 16,736 million yen in proceeds from long-term loans payable and 3,864 million yen in income from payments from non-controlling interests.

Reference: Trends of cash flow indicators

	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	60th period FY ended March 31, 2022
Equity ratio (%)	26.3	25.9	30.8	41.8	41.6
Market equity ratio (%)	48.4	32.7	31.2	40.8	34.9
Interest-bearing debt to cash flow (years)	2.9	3.0	1.7	1.0	0.6
Interest coverage ratio (times)	35.5	57.8	45.0	57.7	66.4

Equity ratio: equity/total assets
Market equity ratio: total market capitalization/total assets
Interest-bearing debt to cash flow: interest-bearing debt/cash flow
Interest coverage ratio: cash flow/interest expenses
Notes:

1. Each of the above indicators is calculated based on financial figures prepared on a consolidated basis.
2. Total market capitalization is calculated based on the number of shares issued and outstanding, not including treasury stock. This figure includes shares of Company stock held in employee stock ownership plan (ESOP) trust accounts.
3. Cash flow generated by operating activities is used above for cash flow.
4. Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.
5. 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 future outlook, it is expected that the business environment will continue to be uncertain due to the effects of semiconductor shortages, Russia's invasion of Ukraine, and soaring raw material prices, while the outlook for COVID-19 infections is uncertain.

In the home appliance sales industry, it is expected that there will be a continuing shortage of products and price increases due to the impacts of the semiconductor shortage. We are committed to securing products that satisfy our customers and to consulting-based sales. The Ministry of Economy, Trade and Industry has announced that it will raise energy-saving performance targets for air conditioners and greater consciousness of environmental issues is also required. In April 2022, we established an "energy-saving consultant" system, under which employees who have a wealth of knowledge about energy-saving offer consulting services to customers on choosing energy-saving home appliances.

In the mobile phone sales industry, in addition to the spread of online-only plans, the fee structure will be reviewed, so it is expected that distributors will be required to operate stores that deliver higher quality than ever before. While leveraging the strengths of brick-and-mortar stores to offer proposals that enhance the safety and security of our customers, we will strengthen our unique services by demonstrating group synergies and strive to differentiate ourselves from other companies.

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. While listening to changing feedback from our customers, we will work to expand services that solve customers' problems by improving and establishing various services.

In overseas markets, it is expected that each country will move toward a national policy of coexistence with COVID-19 infections. Paying close attention to market trends and economic conditions in each country, we will consider scrap-and-build for stores, while enhancing customer services, hospitality, and consulting services that are supported by customers, and developing new services.

AXN Co., Ltd. handles high-quality content centered on overseas dramas and mystery dramas, and has been supported by many viewers. Going forward, we will leverage synergies with the Group's existing businesses to further improve the quality of broadcasting services, and make proposals to enrich the lives of our customers by creating new services and content.

The Group will continue to invest in human resources and DX, and further strengthen its consulting capabilities. As a result, in the next fiscal year ending March 31, 2023, we expect net sales of 565,000 million yen (100.0% of the figure for the fiscal year ended March 31, 2022), operating income of 34,000 million yen (102.5% of the figure for the fiscal year ended March 31, 2022), ordinary income of 36,500 million yen (101.7% of the figure for the fiscal year ended March 31, 2022), and net income attributable to shareholders of the parent company of 25,000 million yen (96.7% of the figure for the fiscal year ended March 31, 2022).

We anticipate EBITDA of 54,800 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 publication date of this report. Forecasts include uncertainties, and actual business performance may differ from the full-year consolidated business forecast due to various factors emerging in the future.

2. Basic approach to selecting accounting standards

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

3. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2021)	Current fiscal year (as of March 31, 2022)
Assets		
Current assets		
Cash and deposits	18,513	31,007
Accounts receivable	70,707	69,063
Securities	-	19,997
Merchandise and products	49,460	50,735
Programing rights	-	1,648
Accounts receivable-other	9,472	7,406
Other	4,331	5,045
Allowance for doubtful accounts	-1,688	-940
Total current assets	150,797	183,963
Non-current assets		
Tangible non-current assets		
Buildings and structures	34,411	40,726
Accumulated depreciation	-17,936	-19,692
Buildings and structures (net)	16,475	21,034
Machinery, equipment and vehicles	1,170	1,238
Accumulated depreciation	-687	-751
Machinery, equipment and vehicles (net)	483	487
Tools, fixtures, and facilities	11,359	12,369
Accumulated depreciation	-8,612	-9,565
Tools, fixtures, and facilities (net)	2,747	2,804
Lease assets	20,351	23,260
Accumulated depreciation	-5,749	-6,566
Lease assets(net)	14,601	16,694
Land	9,269	13,059
Other (net)	1,664	181
Total tangible non-current assets	45,242	54,262
Intangible assets		
Goodwill	21,949	19,263
Software	1,965	1,995
Trademark rights	468	0
Contractual intangible assets	42,134	37,844
Customer-related intangible assets	1,323	661
Other	113	463
Total intangible assets	67,955	60,230
Investments and other assets		
Investment securities	51,333	2,419
Deferred tax assets	9,182	9,261
Lease and guarantee deposits	13,609	14,702
Retirement benefit assets	117	223
Other	2,006	1,943
Allowance for doubtful accounts	-60	-54
Total investments and other assets	76,188	28,496
Total non-current assets	189,386	142,988
Total assets	340,183	326,952

(Million yen)

	Previous fiscal year (as of March 31, 2021)	Current fiscal year (as of March 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	54,806	57,151
Electronically recorded obligations-operating	1,085	711
Short-term loans payable	6,966	1,616
Current portion of long-term loans payable	9,326	8,224
Current portion of bonds	-	5,000
Accounts payable-other	13,855	11,714
Accrued income taxes	7,734	7,669
Accrued consumption tax	2,301	2,053
Accrued expenses	3,457	3,480
Advance received	4,638	5,254
Unearned revenue	6,622	6,548
Deposits received	2,678	3,290
Contract liabilities	-	7,132
Reserve for points	5,104	739
Reserve for bonuses	1,612	1,721
Reserve for promotion of admissions	272	-
Lease obligations	2,593	3,136
Other	1,234	1,527
Total current liabilities	124,291	126,971
Non-current liabilities		
Bonds	5,000	-
Long-term loans payable	20,369	9,074
Contract liabilities	-	9,315
Reserve for guarantees for merchandise sold	3,891	-
Reserve for directors' retirement benefits	238	186
Retirement benefit liabilities	10,682	8,982
Deferred tax liabilities	12,065	10,264
Lease obligations	12,849	15,110
Other	6,499	6,945
Total non-current liabilities	71,596	59,879
Total liabilities	195,887	186,851
Net assets		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	5,519	7,510
Retained earnings	134,530	125,543
Treasury stock	-5,121	-5,221
Total shareholders' equity	141,259	134,163
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	581	285
Deferred gains or losses on hedges	60	30
Currency conversion adjustments	75	1,155
Accumulated adjustment to retirement benefits	54	432
Total accumulated other comprehensive income	771	1,903
Stock acquisition rights	2,265	2,557
Non-controlling interests	-	1,476
Total net assets	144,296	140,101
Total liabilities and net assets	340,183	326,952

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

Consolidated income statement

(Million yen)

	Previous fiscal year (April 1, 2020 - March 31, 2021)	Current fiscal year (April 1, 2021 - March 31, 2022)
Net sales	523,327	564,989
Cost of sales	364,512	398,344
Gross profit on sales	158,814	166,644
Sales, general and administrative expenses		
Advertising expenses	24,081	21,620
Salaries, allowances and bonuses	38,186	41,254
Provision of reserve for bonuses	1,443	2,306
Provision of reserve for directors' retirement benefits	18	-32
Retirement benefit expenses	1,381	-344
Rents	15,652	17,914
Depreciation	11,035	12,651
Amortization of goodwill	2,988	2,781
Other	30,199	35,326
Total sales, general and administrative expenses	124,988	133,478
Operating income	33,826	33,166
Non-operating income		
Interest income	58	37
Purchase discounts	1,962	2,014
Gain on equity method investment	28,510	111
Other	1,679	1,907
Total non-operating income	32,210	4,070
Non-operating expenses		
Interest expenses	626	602
Interest on bonds	54	48
Donations	205	216
Other	503	478
Total non-operating expenses	1,390	1,346
Ordinary income	64,647	35,890
Extraordinary income		
Gain on negative goodwill	-	187
Gain on sales of investments in associated companies	-	6,526
Gain on sales of non-current assets	16	36
Gain on reversal of share acquisition rights	132	171
Total extraordinary income	149	6,920
Extraordinary losses		
Loss on sales of investment securities	-	2,791
Loss on sales of non-current assets	-	851
Impairment losses	889	375
Loss on termination of retirement benefit plan	100	-
Others	-	87
Total extraordinary losses	990	4,105
Net income before taxes and other adjustments	63,806	38,705
Income taxes-current	12,863	12,024
Income taxes-deferred	-1,888	737
Total income taxes	10,974	12,762
Net income	52,831	25,942
Net income attributable to shareholders of the non-controlling interests	3	80
Net income attributable to shareholders of the parent company	52,827	25,862

Consolidated statement of comprehensive income

(Million yen)

	Previous fiscal year (April 1, 2020 - March 31, 2021)	Current fiscal year (April 1, 2021 - March 31, 2022)
Net income	52,831	25,942
Other comprehensive income		
Valuation difference on available-for-sale securities	5,259	-35
Deferred gains or losses on hedges	58	-28
Currency conversion adjustments	610	1,080
Adjustments for retirement benefit obligations	154	372
Share of other comprehensive income of entities accounted for using equity method	255	-255
Total other comprehensive income	6,338	1,132
Comprehensive income	59,169	27,075
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	59,166	26,995
Comprehensive income attributable to non-controlling interests	3	80

(3) Consolidated statement of changes in net assets

Previous 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	60	610	148	6,338	256	-12	6,583
Total changes during the fiscal year	5,519	60	610	148	6,338	256	-12	54,027
Balance at end of fiscal year	581	60	75	54	771	2,265	-	144,296

Current fiscal year (April 1, 2021 - March 31, 2022)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	6,330	5,519	134,530	-5,121	141,259
Cumulative impact of changes in accounting policies			-3,766		-3,766
Balance at start of fiscal year reflecting changes in accounting policies	6,330	5,519	130,764	-5,121	137,492
Changes during the fiscal year					
Distribution of surplus			-2,386		-2,386
Net income attributable to shareholders of the parent company			25,862		25,862
Acquisition of treasury stock				-2,246	-2,246
Disposal of treasury stock		-328		2,147	1,819
Transfer from retained earnings to capital surplus		282	-282		-
Changes in the parent company's equity in transactions with non-controlling interests		2,035			2,035
Amount of decrease in surplus due to a decrease in equity-method affiliates			-28,414		-28,414
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	-	1,990	-5,220	-99	-3,329
Balance at end of fiscal year	6,330	7,510	125,543	-5,221	134,163

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	581	60	75	54	771	2,265	-	144,296
Cumulative impact of changes in accounting policies								-3,766
Balance at start of fiscal year reflecting changes in accounting policies	581	60	75	54	771	2,265	-	140,529
Changes during the fiscal year								
Distribution of surplus								-2,386
Net income attributable to shareholders of the parent company								25,862
Acquisition of treasury stock								-2,246
Disposal of treasury stock								1,819
Transfer from retained earnings to capital surplus								-
Changes in the parent company's equity in transactions with non-controlling interests								2,035
Amount of decrease in surplus due to a decrease in equity-method affiliates equity (net)								-28,414
Changes during the fiscal year in items other than shareholders' equity (net)	-296	-29	1,080	378	1,132	291	1,476	2,900
Total changes during the fiscal year	-296	-29	1,080	378	1,132	291	1,476	-428
Balance at end of fiscal year	285	30	1,155	432	1,903	2,557	1,476	140,101

(4) Consolidated cash flow statement

(Million yen)

	Previous fiscal year (April 1, 2020 - March 31, 2021)	Current fiscal year (April 1, 2021 - March 31, 2022)
Cash flow from operating activities		
Net income before taxes and other adjustments	63,806	38,705
Depreciation	11,953	13,483
Impairment loss	889	375
Amortization of goodwill	2,988	2,781
Gain on negative goodwill	-	-187
Loss (profit) on equity method investment	-28,510	-111
Increase (decrease) in reserve for retirement benefits	887	-1,473
Increase (decrease) in allowance for doubtful accounts	-1,517	-830
Increase (decrease) in reserve for points	-367	-69
Increase (decrease) in reserve for promotion of admissions	181	-
Increase (decrease) in reserve for guarantees for merchandise sold	96	-
Increase (decrease) in contract liabilities	-	1,145
Interest income and dividend income	-417	-364
Interest expenses	626	602
Gain/loss on sale of property, plant and equipment	4	815
Loss on sale of investment securities	-	2,791
Gain on sales of investments in associated companies	-	-6,526
Decrease (increase) in accounts receivable-trade	2,604	2,265
Decrease (increase) in inventories	-4,124	-1,096
Decrease (increase) in accounts receivable-other	-688	2,053
Increase (decrease) in notes and accounts payable-trade	2,482	1,805
Increase (decrease) in accrued expenses	-156	-292
Increase (decrease) in accrued consumption taxes	58	-336
Increase (decrease) in accounts payable-other	1,720	-1,638
Increase (decrease) in deposits received	297	129
Increase (decrease) in advances received	1,567	615
Increase (decrease) in unearned revenue	-1,290	-456
Other	-1,349	1,462
Subtotal	51,743	55,647
Interest and dividend income received	433	386
Interest expenses paid	-722	-646
Income tax (paid) or refund	-9,751	-12,492
Cash flow from operating activities	41,702	42,895

(Million yen)

	Previous fiscal year (April 1, 2020 - March 31, 2021)	Current fiscal year (April 1, 2021 - March 31, 2022)
Cash flow from investment activities		
Purchase of tangible non-current assets	-4,034	-12,328
Purchase of intangible assets	-948	-1,029
Proceeds from sales of investment securities	308	17,655
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-594	-815
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	7,241
Payments for lease and guarantee deposits	-1,684	-1,995
Proceeds from collection of lease and guarantee deposits	351	535
Other	-5	-235
Cash flow from investment activities	-6,607	9,029
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	-300	-5,352
Proceeds from long-term loans payable	8,900	16,376
Repayment of long-term loans payable	-24,462	-28,792
Purchase of treasury stock	-5,932	-2,246
Proceeds from sales of treasury stock	670	655
Proceed from exercising stock options	1,575	879
Redemption of bonds	-10,015	-
Cash dividends paid	-2,092	-2,386
Repayment of lease obligations	-2,384	-2,867
Proceed from non-controlling interests	-	3,864
Other	-14	-92
Cash flow from financing activities	-34,056	-19,964
Effect of exchange rate changes on cash and cash equivalents	299	530
Increase (decrease) in cash and cash equivalents	1,338	32,490
Starting balance of cash and cash equivalents	17,174	18,513
Ending balance of cash and cash equivalents	18,513	51,004

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

Notes

i IT Mobile Corporation was dissolved due to an absorption-type merger on April 1, 2021 by ITX Corporation, a consolidated subsidiary of Nojima Corporation.

ii Cecile Business & Staffing Co., Ltd. was dissolved due to an absorption-type merger on July 1, 2021 by Cecile Co., Ltd., a consolidated subsidiary of Nojima Corporation.

iii ITX Corporation, a consolidated subsidiary of the Company, trade name ITX Communications inc (Nojima Infotech Co., Ltd. on August 5, 2021), is also a consolidated subsidiary of the Company, regarding the KDDI business of the telecom business operated by the company. (Changed) was succeeded by absorption split on October 1, 2021.

iv Nojima Corporation acquired all shares of AXN Co., Ltd. on October 1, 2021, and includes the company and its subsidiaries and three other companies in the scope of consolidation.

v Cecile Trading (Shanghai) Co., Ltd., which was a consolidated subsidiary of the Company, is excluded from the scope of consolidation due to the sale of shares.

vi Cygni Corporation, which was a consolidated subsidiary of the Company, is excluded from the scope of consolidation due to the sale of its shares.

(2) Names of nonconsolidated subsidiaries and other information

Not applicable.

2. Application of equity method

Number of equity-method affiliates: 1

Name of the equity-method affiliate:

Hascom Mobile Corporation

Suruga Bank Ltd. is excluded from the scope of the equity method by Nojima Corporation due to the resignation of its officers on June 1, 2021.

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.	June 30

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

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

4. Accounting standards

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

A. Securities

Available-for-sale securities:

a. Those having fair market value:

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

b. Those without fair market value:

Moving average cost method

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.

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

(2) Depreciation methods for important depreciable assets

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

The Company and its domestic consolidated subsidiaries NIFTY Corporation and NIFTY Cecile Co., Ltd. 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 Courts (Singapore) Pte. Ltd, Courts (Malaysia) Sdn. Bhd. and PT Courts Retail Indonesia mainly apply the straight-line method.

The main useful lives for depreciation purposes are shown below.

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

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

The straight-line method is applied.

Main useful lives for depreciation purposes are shown below.

Software:	5 years
Contractual intangible assets:	15 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

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

B. Reserve for point card certificates

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

C. Reserve for bonuses

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

D. Reserve for directors' retirement benefits

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

(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 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 (five or six 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 years) within the average remaining number of years of service for personnel employed at the time such obligations arise.

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

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

(6) Basis for recording revenues and expenses

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

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to the separate performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation.

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

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

In the digital consumer electronics specialty store operation business and the overseas business, the Group provides warranty services, such as repairs, for products sold on separate contracts. The Group provides warranty services, such as repairs, based on separate contracts for products sold in its digital consumer electronics specialty store operations and overseas operations. Warranty services are identified as performance obligations. The Company and its subsidiaries identify warranty services as performance obligations and recognize revenue over a certain period of time since the performance obligations are satisfied over the warranty period.

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

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

Monetary claims and obligations in foreign currencies are converted into yen at the spot exchange rate as of the date of the consolidated settlement of accounts. Any difference from this conversion is recorded as a profit or loss. Assets and liabilities of overseas consolidated subsidiaries, 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."

(8) 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.

(9) 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 readily convertible into cash and have maturities of three months or less from the date of purchase and have only a minor risk of a fluctuation in value.

(Changes in accounting policies)

(Application of "Accounting Standard for Revenue Recognition")

The company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. since the beginning of the first quarter of the current fiscal year, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time control of these goods or services is transferred to the customer. This led to the following major changes.

(1) Provision of warranty service

We provide a warranty service based on a separate contract for products sold. In the past, a reserve for guarantees for merchandise sold was recorded and the costs were recognized. If a warranty on a product is not a guarantee that it will function as intended according to the agreed specifications, but is a guarantee that it will serve the customer, we have changed the method of identifying the guarantee as a performance obligation.

(2) Provision of points

In the past, a point system was used to record expenses that are expected to be required to be exchanged for points in the future as a reserve for points, but when points provide important rights to customers, they are identified as performance obligations. However, we have changed this to a method of deferring the recording of revenue.

(3) Considerations paid to customers

In the past, considerations paid to customers, such as cash backs, were recognized as costs by recording them in the reserve for promotion of admissions, but this has been changed to a method whereby they are deducted from transaction prices.

(4) Provision of WEB content services

In the past, revenue related to the provision of WEB content services was recognized as total revenue, but as a result of determining the role (principal or agent) in providing goods or services to customers, we have changed this to a method recognizing it as net revenue.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effects of the retrospective application of the new accounting policy, assuming it has been applied to periods prior to the beginning of the first quarter of the current fiscal year, are added to or subtracted from retained earnings at the beginning balance. However, the new accounting policy has not been retrospectively applied to contracts for which nearly all revenue amounts had been recognized in accordance with the previous treatment prior to the beginning of the current fiscal year, by applying the method provided for in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, after applying the method stipulated in Paragraph 86 of the Accounting Standard for Revenue Recognition and (1), all contract changes have been reflected for contract changes made before the beginning of the first quarter of the current fiscal year. Accounting treatment is based on the terms of the contract, and the cumulative impact amount is added to or subtracted from retained earnings at the beginning of the first quarter of the current fiscal year.

In addition, in the consolidated balance sheet for the previous consolidated fiscal year, a portion of "reserve for promotion of admissions" and "reserve for points" which were presented under "current liabilities," and "reserve for guarantees for merchandise sold," which was presented under "fixed liabilities," have been included in "contract Liabilities" from the current consolidated fiscal year. However, in accordance with the transitional treatment set forth in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, the balance sheet for the previous fiscal year is not reclassified by the new presentation method.

As a result, net sales for the current fiscal year decreased 20,843 million yen, cost of sales decreased 2,298 million yen, sales, general and administrative expenses decreased 18,722 million yen, and operating income, ordinary income, and net income before taxes and adjustments each increased 177 million yen compared to before applying revenue recognition accounting standards.

The balance of retained earnings at the beginning of the current period decreased 3,766 million yen due to the cumulative impacts reflected in net assets at the beginning of the current consolidated fiscal year

(Application of "Accounting Standard for Fair Value Measurement")

"Accounting Standard for Market Value Calculation" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Market Value Calculation Accounting Standard"), etc. is applied from the beginning of the first quarter of the current fiscal year, and in accordance with the transitional treatment set forth in Item 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), new accounting policies established by the Fair Value Measurement Accounting Standard, etc. will be applied in the future. There is no impact on the quarterly consolidated financial statements.

(Notes to the consolidated balance sheet)

*1 "Leased assets (net)" refers to right-of-use assets (14,592 million yen in previous fiscal year, 16,690 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, 2021)	Current fiscal year (March 31, 2022)
Credit line	38,947 million yen	50,850 million yen
Outstanding balance	1,387	613
Difference: Available balance	37,559	50,237

(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.

(3) Matters concerning changes in reporting segments, etc.

As described in the change in accounting policy, the accounting standard for revenue recognition was applied from the beginning of the current consolidated fiscal year, and the accounting method for revenue recognition was changed.

As a result of this change, sales of the "Operation of Digital Home Electronics Retail Stores" decreased 19,890 million yen, sales of the "Operation of Internet Business" decreased 951 million yen, and the effect was minor on sales of the "Operation of Mobile Carrier Stores" for the current consolidated fiscal year. The impact on profits in each segment is minor.

In addition, from the current consolidated fiscal year, in order to more appropriately evaluate and manage the performance of each reporting segment, the "comprehensive mail-order business," which was previously included in "others," has been changed into the "Internet business"

Segment information for the previous consolidated fiscal year has been prepared in accordance with the new classification and is presented in "3. Information on Sales, Income (Loss), Assets, Liabilities and Other Items by Reportable Segment" for the previous consolidated fiscal year.

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, 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	48,832	39,947	515,558	7,769	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	49,172	39,947	517,695	8,188	525,884	-2,556	523,327
Segment income (loss)	20,594	8,484	3,729	2,893	35,702	29,135	64,837	-190	64,647
Segment assets	91,474	103,837	39,132	46,793	281,238	57,744	338,982	1,201	340,183
Segment liabilities	66,135	63,958	17,892	35,304	183,290	1,248	184,539	11,348	195,887
Other accounts									
Depreciation	1,817	5,132	1,630	3,172	11,752	200	11,953	-	11,953
Amortization of goodwill	-	1,554	1,434	-	2,988	-	2,988	-	2,988
Interest income	-	0	0	47	48	0	48	10	58
Interest expenses	-	167	0	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	2,455	173	7,764	105	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 the 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."

Current consolidated fiscal year (April 1, 2021 - March 31, 2022)

(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	249,905	187,722	71,956	43,005	552,589	12,399	564,989	-	564,989
Internal sales or transfers between segments	1,537	231	401	-	2,170	893	3,064	-3,064	-
Subtotal	251,443	187,953	72,358	43,005	554,760	13,293	568,054	-3,064	564,989
Segment income (loss)	20,685	5,887	5,770	2,102	34,446	1,563	36,010	-119	35,890
Segment assets	119,125	95,852	39,569	48,842	303,390	18,997	322,387	4,564	326,952
Segment liabilities	74,286	54,920	15,795	35,343	180,346	1,643	181,989	4,861	186,851
Other accounts									
Depreciation	2,069	5,103	1,807	4,048	13,028	455	13,483	-	13,483
Amortization of goodwill	-	1,467	1,314	-	2,781	-	2,781	-	2,781
Interest income	-	0	0	29	29	0	29	7	37
Interest expenses	-	83	0	439	523	0	523	78	602
Equity in earnings of affiliates	-	111	-	-	111	-	111	-	111
Impairment loss	309	51	10	-	372	3	375	-	375
Investment in equity-method affiliates	-	922	-	-	922	-	922	-	922
Unamortized balance of goodwill	-	12,708	6,555	-	19,263	-	19,263	-	19,263
Increase in tangible and intangible non-current assets	5,559	885	651	1,311	8,406	4,443	12,850	-	12,850

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 pay satellite broadcasting business,

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

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

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

(Per-share information)

	Previous fiscal year (April 1, 2020 - March 31, 2021)	Current fiscal year (April 1, 2021 - March 31, 2022)
Net assets per share	2,879.19 yen	2,761.22 yen
Net earnings per share	1,068.42 yen	522.89 yen
Diluted earnings per share	1,040.81 yen	513.09 yen

Notes:

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

	Previous fiscal year (April 1, 2020 - March 31, 2021)	Current fiscal year (April 1, 2021 - March 31, 2022)
Net earnings per share		
Net income attributable to shareholders of the parent company (million yen)	52,827	25,862
Amount not reverting to common shareholders (million yen)	—	—
Net income attributable to shareholders of the parent company related to common stock (million yen)	52,827	25,862
Average number of shares during the fiscal year (thousand shares)	49,444	49,461
Diluted net earnings per share		
Adjustments of net income attributable to shareholders of the parent company (million yen)	—	—
Increase in common stock (thousand shares)	1,311	944
(Amount of the above corresponding to stock subscription rights [thousand shares])	(1,311)	(944)
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. 18 (2020 stock options) (15,419 stock subscription rights)	Stock acquisition rights no. 19 (2021 stock options) (17,051 stock subscription rights)

2. Shares of Company stock remaining in trust recorded as treasury stock under shareholders' equity are included under treasury stock excluded from calculations of the average number of shares during the fiscal year for the purposes of calculating net earnings per share and are included under treasury stock excluded from total shares issued and outstanding at the end of the fiscal year for the 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 310 thousand shares in the previous fiscal year and 129 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 267 thousand shares in the previous fiscal year and no share in the current fiscal year.

(Important subsequent events)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 6, 2022, the Board of Directors of the Company passed a resolution calling for the presentation at the 60th regular general meeting of shareholders, scheduled for June 17, 2022, 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.

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

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

(4) Issue price of stock acquisition rights

Stock acquisition rights shall be issued gratis.

(5) Amount payable upon exercise of stock acquisition rights

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

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

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

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

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

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

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

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

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

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

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

(7) Conditions for exercise of stock acquisition rights
  A. A person allocated stock acquisition rights (hereinafter, "stock option holder") must hold the title of director, executive officer, or employee of the Company or a Company subsidiary at the time of exercise. This does not apply in cases deemed appropriate by the Board of Directors.
  B. Stock acquisition rights may not be passed on to legal heirs.
  C. A stock acquisition right must be exercised in full.

(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights
  A. The Company may acquire stock acquisition rights gratis on a date specified separately by the Board of Directors if the general meeting of shareholders approves a proposal for a merger agreement whereby the Company is to be dissolved or a proposal for a share exchange agreement or a share transfer plan whereby the Company becomes a wholly-owned subsidiary.
  B. If a stock option holder is unable to exercise the option because he or she no longer satisfies the requirements for execution under (7) above or has relinquished such right, the Company may acquire the stock acquisition rights gratis.
  C. The Company may cancel the stock acquisition rights it has acquired and holds gratis at any time.

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

(10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights
  A. The amount of an increase in capital due to the issuance of stock through the exercise of stock acquisition rights shall be one-half of the limit for an increase in capital calculated pursuant to Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, with the result rounded up to the nearest whole yen.
  B. The amount of an increase in capital reserves due to the issuance of stock through the exercise of stock acquisition rights shall be the amount remaining after subtracting the increase in capital specified under A above from the limit for an increase in capital under A.

(11) Policies, etc. for the treatment of stock acquisition rights in the case of stock swap or stock transfer
  If the Company is involved in a merger leading to the dissolution of the Company, an absorption-type corporate divestiture, an establishment-type corporate divestiture (in both cases, only if the Company is to be divided), or a stock swap or stock transfer (only if the Company is to become a wholly-owned subsidiary) (the term "organizational restructuring" hereafter encompasses all such events), the Company shall grant stock acquisition rights in the company described in Article 236, Paragraph 1, Item 8, A to E of the Companies Act of Japan (hereinafter, "restructured Company"), in each respective case, to stock option holders with unexercised stock acquisition rights not acquired by the Company (hereinafter, "remaining stock options") as of the date the organizational restructuring takes effect (that is, the effective date of absorption-type merger, consolidation-type merger, absorption-type corporate divestiture, establishment-type corporate divestiture, stock swap, or stock transfer). In such cases, the remaining stock options shall be cancelled, and the restructured Company shall issue new stock acquisition rights. This provision is limited to cases in which the merger agreement, new company merger agreement, absorption-type corporate divestiture agreement, establishment-type corporate divestiture plan, stock swap agreement, or stock transfer plan specifies grants of stock acquisition rights in the restructured Company in accordance with the conditions indicated below.
  A. Number of stock acquisition rights in the restructured Company to be granted
     The same number of stock acquisition rights as the number of remaining stock options held by each stock option holder.
  B. Class of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights
     The restructured Company's common stock.
  C. Number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights
     Determined in accordance with "(2) Class and number of shares subject to stock acquisition rights" above, based on consideration of the terms of the organizational restructuring and other matters.
  D. Amount to be invested upon the exercise of stock acquisition rights
     The amount to be invested upon the exercise of each stock acquisition right to be granted shall be determined by multiplying the number of shares of stock in the restructured Company to be issued for the purpose of issuing stock acquisition rights determined, as described under C above, by the adjusted exercise price, as described under (5) C above.
  E. Period in which stock acquisition rights may be exercised
     Stock acquisition rights may be exercised from the starting date of the period described under “(6) Period in which stock acquisition rights may be exercised” above or the effective date of the organizational restructuring, whichever is later, to the closing date of the period described under "(6) Period in which stock acquisition rights may be exercised" above.
  F. Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights
     Determined according to "(10) Increases in capital and capital reserves due to the issuance of stock through the exercise of stock acquisition rights" above.
  G. Restrictions on acquisition of stock acquisition rights through transfer
     Approval of the restructured Company's Board of Directors is required for the acquisition of stock acquisition rights through a transfer of ownership.
  H. Reasons and conditions for acquisition of stock acquisition rights
     Determined according to "(8) Reasons for acquisition by the Company and conditions for cancellation of stock acquisition rights" above.

(12) Date of allocation of stock acquisition rights
  The date shall be determined separately by the Board of Directors.

Note: The details above are conditional upon approval at the 60th regular general meeting of shareholders scheduled for June 17, 2022 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 60th regular general meeting of shareholders on individual compensation for directors and executive officers.