



## Summary of Consolidated Financial Results for the Six-month Period Ended September 30, 2023 (Japanese accounting standards)

Released: October 31, 2023

Name of listed firm: Nojima Corporation

Listed on the Tokyo Stock Exchange

Code No.: 7419

URL: <https://www.nojima.co.jp>

Representative: Hiroshi Nojima, President & Representative Executive Officer

Tel.: +81-50-3116-1234

Contact: Hiroaki Hatano, Executive Officer/General Manager, Finance and Accounting Division

Scheduled date of quarterly report filing: November 10, 2023

Scheduled start date of dividend payments: December 6, 2023

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 September 30, 2023 (April 1, 2023 - September 30, 2023)

#### (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	%
Six-month period ended September 30, 2023	358,065	31.5	13,511	-22.4	14,675	-23.0	26,486	-5.1	9,198	-27.9
Six-month period ended September 30, 2022	272,338	0.6	17,415	25.9	19,053	25.5	27,910	19.0	12,764	30.7

Note: Comprehensive income: Three-month period ended September 30, 2023: 10,523 million yen (-23.9%)  
Three-month period ended September 30, 2022: 13,824 million yen (95.9%)

· For detailed information, including definitions and methods used to calculate indicators, see p. 2, "1. Qualitative Information on Quarterly Consolidated Financial Performance: (1) Explanation of operating results."

	Net income per share	Diluted net income per share
	Yen	Yen
Six-month period ended September 30, 2023	93.61	92.60
Six-month period ended September 30, 2022	130.79	128.93

Note: The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, net income per share and diluted net income per share are calculated on the premise that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2023	534,505	169,958	31.0	1,687.73
As of March 31, 2023	556,902	161,056	28.1	1,596.29

Reference: Equity: As of September 30, 2023: 165,692 million yen As of March 31, 2023: 156,517 million yen

Note: The Company had finalized provisional accounting treatment for the business combination in this Six-month period ended September 30, 2023. Each figure for the fiscal year ending March 2023 is based on the provisional accounting treatment have reflected the confirmed details.

#### 2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2023	-	26.00	-	15.00	-
FY ended March 2024	-	15.00	-	-	-
FY ending March 2024 (planned)	-	-	-	15.00	30.00

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

Note: The Company split one common share into two shares with the effective date of October 1, 2022. The year-end dividend per share for the FY ending March 2022 and 2023 is stated as the actual dividend amount before the stock split. Accordingly, the year-end dividend per share for the FY ending March 2023 is calculated on the assumption that the share split took place and the total dividend is stated as "-".

#### 3. Forecasts of consolidated financial results for the fiscal year ending March 2024 (April 1, 2023 - March 31, 2024)

(Percentages indicate changes from the previous year for full-year 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
Full-year	740,000	18.2	38,000	13.2	41,000	13.1	61,000	9.4	27,000	15.8	275.02

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

\* Notes

- (1) Significant changes in subsidiaries during this period (changes in designated subsidiaries resulting in changes in the scope of consolidation): No  
 Added: \_\_company(ies) (name(s): \_\_\_\_\_)  
 Removed: \_\_ company(ies) (name(s): \_\_\_\_\_)
- (2) Application of special accounting methods in the preparation of the quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- i. Changes in accounting policies due to revisions in accounting standards and other regulations: No
  - 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

(4) Number of shares issued and outstanding (common shares)

i. Number of shares issued and outstanding at the end of the period (including treasury shares)	As of September 30, 2023	102,579,232 shares	FY ended March 2023	102,579,232 shares
ii. Number of shares of treasury shares at the end of the period	As of September 30, 2023	4,404,741 shares	FY ended March 2023	4,528,141 shares
iii. Average number of shares during the period	Six-month period ended September 30, 2023	98,258,356 shares	Six-month period ended September 30, 2022	97,593,910 shares

Note: The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, the number of issued and outstanding shares (common shares) are calculated on the premise that the share split was conducted at the beginning of the fiscal year ended March 31, 2023. The number of shares of treasury shares above includes shares held in trust accounts (107,700 shares as of September 30, 2023 and 497,900 shares as of March 31, 2023) for the employee stock ownership plan (ESOP). Shares of the Company's own stock held in ESOP trust accounts are included in treasury shares subtracted from the calculation of the average number of shares during the period (318,468 shares for the six-month period ended September 30, 2023 and 869,760 shares for the six-month period ended September 30, 2022).

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

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

Note on forward-looking statements:

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

Reference:

The Company acquired CONEXIO Corporation, MONEY SQUARE HOLDINGS, INC. and MONEY SQUARE, INC. as new subsidiaries during FY ended March 2023. Consolidated results for the fiscal year excluding the effects of that impact are as follows.

Consolidated financial results for the six-month period ended September 30, 2023 (April 1, 2023 – September 30, 2023)  
 (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		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ended September 30, 2023	279,728	2.7	12,149	-30.2	13,289	-30.3	8,731	-31.6
Six-month period ended September 30, 2022	272,338	0.6	17,415	25.9	19,053	25.5	12,764	30.7

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six-month period ended September 30, 2023	88.87		87.91	
Six-month period ended September 30, 2022	130.79		128.93	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
Six-month period ended September 30, 2023	371,945		168,752		44.3		1,677.80	
As of March 31, 2023	389,143		160,348		40.1		1,597.14	

(Reference) Equity: FY three-month ended September 30, 2023: 164,716 million yen FY ended March 2023: 156,517 million yen

○ Contents of attached documents

1. Qualitative Information on Quarterly Consolidated Financial Performance.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position .....	4
(3) Information on forward-looking statements such as forecasts of consolidated financial results .....	4
2. Quarterly Consolidated Financial Statements and Main Notes .....	5
(1) Consolidated balance sheet .....	5
(2) Consolidated income statement and consolidated statement of comprehensive income .....	7
Consolidated income statement	
(For the six-month period).....	7
Consolidated statement of comprehensive income	
(For the six-month period).....	8
(3) Consolidated cash flow statement.....	9
(4) Notes on consolidated financial statements.....	11
(Notes on going concern assumption) .....	11
(Significant changes in shareholders' equity) .....	11
(Segment information, etc.) .....	11
(Business combination, etc.) .....	12
(Important subsequent events).....	12

# 1. Qualitative Information on Quarterly Consolidated Financial Performance

## (1) Explanation of operating results

During the six-month period ended September 30, 2023, Japan's economy as a whole showed gradual signs of recovery, and it is expected that this will continue in the future due to improvements in the employment and income environment and the effects of various government policies. On the other hand, there are downside risks to the economy, including financial tightening and concerns about the future of the Chinese economy.

Under these circumstances, the Nojima Group has focused on leading the digital field and achieving the industry's highest level of customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want, and provide customer services that better reflect customer demand, while working to improve consulting-based sales and enhancing customer services to meet their needs.

Regarding the group structure, on July 1, Nojima APAC Limited, an overseas subsidiary, made Thunder Match Technology Sdn. Bhd. (hereinafter TMT) a subsidiary. We will strive to further develop our overseas business by leveraging TMT's know-how, which has strengths in sales of information and mobile phone products in Malaysia.

As a result, for the six-month period ended September 30, 2023, we recorded net sales of 358,065 million yen (131.5% of the figure for the six-month period ended September 30, 2022), operating income of 13,511 million yen (77.6% of the figure for the six-month period ended September 30, 2022), ordinary income of 14,675 million yen (77.0% of the figure for the six-month period ended September 30, 2022), and net income attributable to shareholders of the parent company of 9,198 million yen (72.1% of the figure for the six-month period ended September 30, 2022).

Further, EBITDA (\*), a formula the Group considers to be an important indicator of business performance, stood at 26,486 million yen (94.9% of the figure for the three-month period ended September 30, 2022).

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

Business performance by segment is outlined below.

As a result of including MSHD and its two subsidiaries in the scope of consolidation in the previous consolidated fiscal year, we have added "Financial business" to the existing reportable segments.

### (Operation of digital home electronics retail stores)

As a result of the prolonged period of intense heat from July to September, demand for large home appliances, mainly air conditioners, increased. Sales in the consumer electronics retail industry remained strong, supported by various regional development measures such as Kanagawa-Pay.

Under these circumstances, we continued to invest in human resources and stores. We worked on development of employees who provide consulting that meets customers' energy-saving needs through the "Energy-Saving Consultant" system, and regarding mobile phones, employees who can provide optimal guidance from all carriers and plans through the "Communication Expense Consultant" system. Regarding stores operation, we have renovated existing stores to create stores that will please even more customers. By product, in addition to air conditioners, sales of highly energy-efficient drum-type washing machines and large refrigerators were strong.

As a result, net sales in this segment totaled 130,666 million yen (102.2% of the figure for the six-month period ended September 30, 2022) and segment income was 8,814 million yen (76.9% of the figure for the six-month period ended September 30, 2022).

### (Operation of mobile carrier stores)

Each carrier has announced a plan to significantly reduce the number of carrier shops, and agents are required to operate stores of higher quality than ever before. The environment surrounding the market is expected to become even more challenging due to the lengthening of replacement cycles due to rising prices of mobile devices and the acceleration of online use.

Under these circumstances, we have continued to operate our stores to please our customers by providing unique services such as security-related services that provide peace of mind and safety, as well as consulting tailored to customer needs. Additionally, in order to increase customer convenience, we actively moved stores to locations that would please our customers and renovated said stores. CONEXIO Corporation (hereinafter referred to as CONEXIO) has made progress in spreading the Nojima Group's management philosophy and has shifted to Nojima-style store management.

As a result, net sales in this segment totaled 157,644 million yen (187.2% of the figure for the six-month period ended September 30, 2022), and segment income was 1,447 million yen (54.9% of the figure for the six-month period ended September 30, 2022). CONEXIO corporation's results, are included in the carrier shop operation business, and its net sales (before consolidation adjustments) totaled 75,306 million yen and ordinary income was 1,540 million yen.

### (Internet business)

Amid the increasing use of ultra-high-speed broadband services, indispensable infrastructure for daily life, we provided information on the mainstay FTTH service "@nifty Hikari" and email services at Group stores to maximize group synergies. As of the end of September, the number of broadband members was 1.292 million, a net increase of 12,800 from the same month last year.

In addition, as part of our efforts to prevent special fraud crimes, we have implemented measures to ensure customers can use the "@nifty Hikari telephone" with peace of mind, such as the additional services "Caller Number Display Service" and "Number Request" being virtually free of charge.

Cecile Co., Ltd. has continued to create products and services that exceed customer expectations, but sales and profits continued to struggle.

As a result, net sales in this segment totaled 32,852 million yen (97.8% of the figure for the six-month period ended September 30, 2022), and segment income totaled 2,754 million yen (82.3% of the figure for the six-month period ended September 30, 2022).

(Overseas business)

Prices continue to rise in Southeast Asian countries, and economic growth is slow due to the effects of the slowdown in the Chinese economy. Although the inflation rate is easing in Malaysia, economic activity in each country continues to require close attention.

Under these circumstances, in order to create stores that are supported by customers, we have worked to develop human resources to further improve the quality of customer service and invest in stores such as by renovating them.

As a result, net sales in this segment totaled 30,538 million yen (127.2% of the figure for the six-month period ended September 30, 2022) and segment loss was 150 million yen (segment income was 925 million yen in the six-month period ended September 30, 2022).

(Financial business)

The dollar/yen exchange rate has been on the rise due to expectations that monetary tightening by the Federal Reserve will be prolonged due to the stronger-than-expected economic situation in the United States, and long-term interest rates in the U.S. have risen significantly due to concerns about the closure of U.S. government agencies. The yen remained weak, reaching the end of the second quarter at 149 yen to the dollar. The yen also trended downward against the currencies of other major countries during this second quarter.

Under these circumstances, we worked to expand our “Trap repeat if done” service, our unique investment method that is easy to operate even for FX beginners and implemented various promotions to acquire new customers. Continuing from the previous year, we will promote diversified investment into the “Australian dollar/NZ dollar,” “EURO/GBP,” and “US dollar/Canadian dollar,” for which it is easy to form the range market that our “Trap repeat if done” service specializes in, under the name “Trap repeat if done global strategy.” As a result, the balance of assets under custody reached 124.5 billion yen.

As a result, net sales in this segment totaled 3,146 million yen and segment income was 984 million yen.

(Stores in operation)

With 4 new store openings and 3 store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 215, or 234 when 19 dedicated communications device stores are included following the opening of 1 store and closure of 1 store.

In the operation of mobile carrier stores, following 8 new store openings and the closure and sale of 28 stores, including scrap-and-build, the number of stores, including both directly operated carrier stores and franchises, stood at 984.

In the overseas business, after reviewing scrap-and-build, 1 new store opened and the Company made TMT a subsidiary, so the number of stores stood at 116.

In the light of these factors, the numbers of stores as of September 30, 2023 are as shown below.

Stores in operation

Classification	Directly operated stores	Franchises	Total
Operation of digital home electronics retail stores	234	-	234
Digital home electronics retail stores	215	-	215
Dedicated communications device stores	19	-	19
Operation of mobile carrier stores	685	299	984
Carrier stores	638	295	933
Others	47	4	51
Overseas business	116	-	116
Total	1,035	299	1,334

## (2) Explanation of financial position

### Assets, liabilities and net assets

#### (Assets)

Total assets as of September 30, 2023 were 534,505 million yen, down 22,397 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 19,195 million yen to 334,213 million yen in current assets and a decrease of 3,202 million yen to 200,291 million yen in non-current assets.

The primary factors underlying the decrease in current assets included decreases of 19,147 million yen, 8,325 million yen and 7,748 million yen in accounts receivable-trade, accounts receivable-other and merchandise and products, respectively, despite increases of 13,868 million yen and 2,738 million yen in trading products and cash and deposits, respectively.

The main causes of the decrease in non-current assets included decreases of 2,671 million yen, 671 million yen, 496 million yen and 313 million yen in contractual intangible assets, deferred tax assets, buildings and structures (net) and technology-related intangible assets, respectively, despite increases of 487 million yen and 369 million yen in investment securities and software, respectively.

#### (Liabilities)

Total liabilities as of September 30, 2023 were 364,546 million yen, down 31,299 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 2,362 million yen to 288,683 million yen in current liabilities and a decrease of 28,935 million yen to 75,861 million yen in non-current liabilities.

The primary factors underlying the decrease in current liabilities included decreases of 11,394 million yen and 7,323 million yen in accounts payable-other and notes and accounts payable-trade, respectively, despite increases of 11,272 million yen and 4,395 million yen in guarantee deposits received and current portion of long-term loans payable, respectively.

The main causes of the decrease in non-current liabilities included decreases of 30,036 million yen in long-term loans payable, despite increases of 526 million yen and 173 million yen in contract liabilities and retirement benefit liabilities, respectively.

#### (Net assets)

Net assets as of September 30, 2023 totaled 169,958 million yen, up 8,902 million yen from the end of the previous fiscal year, due to factors including an increase of 7,720 million yen in retained earnings.

These factors resulted in an equity ratio of 31.0%, up 2.9 points from the end of the previous fiscal year.

### Overview of cash flow

Cash and cash equivalents (“funds” hereinafter) as of September 30, 2023 totaled 38,495 million yen.

(47,487 million yen as of September 30, 2022)

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 39,595 million yen (218.5% of the figure as of September 30, 2022).

This was mainly due to 15,039 million yen in net income before taxes and other adjustments, 20,348 million yen in decrease in accounts receivable-trade, and 11,272 million yen in increase in guarantee deposits received, despite the negative impact of 13,868 million yen in increase in trading products (Assets).

#### (Cash flow from investment activities)

Funds used for investment activities totaled 9,773 million yen (161.0% of the figure as of September 30, 2022).

This was mainly due to 7,768 million yen in purchase of shares of subsidiaries resulting in a change in scope of consolidation and 1,536 million yen in purchase of tangible non-current assets accompanying new store openings, despite a gain of 271 million yen from the collection of lease and guarantee deposits.

#### (Cash flow from financing activities)

Funds used for financing activities totaled 27,937 million yen (170.8% of the figure as of September 30, 2022).

This was mainly due to 37,456 million yen in repayment of long-term loans payable and 2,142 million yen for repayment of lease obligations, despite 11,725 million yen in proceeds from long-term loans payable and 509 million yen in proceeds from sales of treasury stock.

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

Forecasts of consolidated financial results for the full-year have not been revised since the release of the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 2023” on May 9, 2023.

## 2. Quarterly consolidated financial statements and main notes

### (1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2023)	Second quarter of the current fiscal year (as of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	37,145	39,884
Accounts receivable	89,117	69,970
Merchandise and products	69,338	61,589
Programing rights	1,623	1,446
Accounts receivable-other	36,888	28,562
Segregated deposits	92,312	89,068
Trading products	19,675	33,544
Other	7,922	10,752
Allowance for doubtful accounts	-614	△604
Total current assets	353,409	334,213
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	22,678	22,181
Tools, fixtures, and facilities (net)	4,094	4,083
Lease assets (net)	17,429	17,862
Land	14,220	14,220
Other (net)	437	482
Total tangible non-current assets	58,859	58,831
Intangible assets		
Goodwill	47,518	47,490
Software	3,214	3,584
Contractual intangible assets	53,566	50,895
Technology-related intangible assets	4,387	4,073
Other	552	295
Total intangible assets	109,238	106,338
Investments and other assets		
Investment securities	3,682	4,170
Deferred tax assets	10,703	10,031
Lease and guarantee deposits	18,798	18,746
Retirement benefit assets	196	209
Other	2,222	2,296
Allowance for doubtful accounts	-208	-334
Total investments and other assets	35,394	35,120
Total non-current assets	203,493	200,291
Total assets	556,902	534,505

(Million yen)

	Previous fiscal year (as of March 31, 2023)	Second quarter of the current fiscal year (as of September 30, 2023)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	74,942	67,619
Electronically recorded obligations-operating	607	702
Short-term loans payable	1,649	3,330
Current portion of long-term loans payable	19,079	23,474
Accounts payable-other	32,865	21,470
Accrued income taxes	9,487	5,368
Accrued consumption tax	1,872	4,003
Accrued expenses	6,234	7,023
Advance received	7,700	7,168
Contract liabilities	9,662	9,817
Reserve for points	1,204	1,316
Reserve for bonuses	3,924	3,709
Lease obligations	3,671	4,200
Guarantee deposits received	108,542	119,815
Trading products	906	2,166
Other	8,693	7,496
Total current liabilities	291,045	288,683
Non-current liabilities		
Long-term loans payable	42,252	12,216
Contract liabilities	10,861	11,387
Reserve for directors' retirement benefits	206	218
Retirement benefit liabilities	12,538	12,712
Deferred tax liabilities	14,327	13,647
Lease obligations	15,528	15,656
Other	9,082	10,024
Total non-current liabilities	104,797	75,861
Reserves under special laws		
Reserve for financial instruments transaction liabilities	2	0
Total Reserves under special laws	2	0
Total liabilities	395,845	364,546
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	7,475	7,516
Retained earnings	146,191	153,911
Treasury stock	-6,002	-5,817
Total shareholders' equity	153,994	161,941
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	363	661
Deferred gains or losses on hedges	-8	21
Currency conversion adjustments	1,822	2,760
Accumulated adjustment to retirement benefits	344	308
Total accumulated other comprehensive income	2,523	3,751
Stock acquisition rights	2,682	2,332
Non-controlling interests	1,856	1,933
Total net assets	161,056	169,958
Total liabilities and net assets	556,902	534,505



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

## Consolidated income statement

(Million yen)

	Six-month period of the previous fiscal year (April 1, 2022 - September 30, 2022)	Six-month period of the current fiscal year (April 1, 2023 - September 30, 2023)
Net sales	272,338	358,065
Cost of sales	190,057	250,045
Gross profit on sales	82,280	108,020
Sales, general and administrative expenses		
Advertising expenses	8,706	11,014
Salaries, allowances and bonuses	20,318	34,096
Provision of reserve for bonuses	1,507	2,009
Retirement benefit expenses	480	864
Rents	8,915	12,300
Depreciation	6,296	7,785
Amortization of goodwill	1,391	2,564
Other	17,247	23,873
Total sales, general and administrative expenses	64,864	94,508
Operating income	17,415	13,511
Non-operating income		
Interest income	64	119
Dividend	103	127
Purchase discounts	1,170	1,092
Profit on equity method investment	46	42
Other	922	592
Total non-operating income	2,307	1,974
Non-operating expenses		
Interest expenses	263	387
Interest on bonds	3	-
Foreign exchange losses	265	128
Other	137	294
Total non-operating expenses	670	810
Ordinary income	19,053	14,675
Extraordinary income		
Gain on reversal of share acquisition rights	229	585
Gain on sales of non-current assets	184	11
Total extraordinary income	413	596
Extraordinary losses		
Impairment losses	218	174
Other	-	57
Total extraordinary losses	218	231
Net income before taxes and other adjustments	19,248	15,039
Income taxes-current	6,674	5,810
Income taxes-deferred	-244	-66
Total income taxes	6,429	5,744
Net income	12,818	9,295
Net income attributable to shareholders of the non-controlling interests	54	97
Net income attributable to shareholders of the parent company	12,764	9,198

Consolidated statement of comprehensive income  
(For the six-month period)

(Million yen)

	Six-month period of the previous fiscal year (April 1, 2022 - September 30, 2022)	Six-month period of the current fiscal year (April 1, 2023 - September 30, 2023)
Net income	12,818	9,295
Other comprehensive income		
Valuation difference on available-for-sale securities	-95	297
Deferred gains or losses on hedges	27	29
Currency conversion adjustments	1,126	937
Adjustments for retirement benefit obligations	-51	-36
Total other comprehensive income	1,006	1,228
Comprehensive income	13,824	10,523
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	13,770	10,426
Comprehensive income attributable to non-controlling interests	54	97

## (4) Consolidated cash flow statement

(Million yen)

	Previous fiscal year (April 1, 2022 – September 30, 2022)	Current fiscal year (April 1, 2023 – September 30, 2023)
Cash flow from operating activities		
Net income before taxes and other adjustments	19,248	15,039
Depreciation	6,539	7,975
Impairment loss	218	174
Amortization of goodwill	1,391	2,564
Loss (profit) on equity method investment	-46	-42
Increase (decrease) in reserve for retirement benefits	-29	126
Increase (decrease) in allowance for doubtful accounts	-355	79
Increase (decrease) in reserve for points	-212	112
Increase (decrease) in contract liabilities	1,694	681
Interest income and dividend income	-168	-246
Interest expenses	267	387
Decrease (increase) in accounts receivable-trade	16,328	20,348
Decrease (increase) in inventories	-9,310	10,406
Decrease (increase) in accounts receivable-other	1,351	8,636
Increase (decrease) in notes and accounts payable-trade	-5,281	-9,534
Increase (decrease) in accrued expenses	-70	531
Increase (decrease) in accrued consumption taxes	-1,065	2,619
Increase (decrease) in accounts payable-other	-2,192	-6,557
Increase (decrease) in advances received	-515	-732
Increase (decrease) in unearned revenue	-648	-171
Increase (decrease) in segregated deposits	-	3,244
Increase (decrease) in trading products (Assets)	-	-13,868
Increase (decrease) in guarantee deposits received	-	11,272
Increase (decrease) in trading products (Liabilities)	-	1,259
Other	-786	-4,973
Subtotal	26,357	49,331
Interest and dividend income received	184	262
Interest expenses paid	-256	-403
Income tax (paid) or refund	-8,161	-9,595
Cash flow from operating activities	18,122	39,595

(Million yen)

	Previous fiscal year (April 1, 2022 – September 30, 2022)	Current fiscal year (April 1, 2023 – September 30, 2023)
Cash flow from investment activities		
Purchase of tangible non-current assets	-909	-1,536
Purchase of intangible assets	-574	-622
Purchase of investment securities	-4,023	-62
Payments for lease and guarantee deposits	-889	-251
Proceeds from collection of lease and guarantee deposits	287	271
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-246	-7,768
Other	287	196
Cash flow from investment activities	-6,069	-9,773
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	811	1,311
Proceeds from long-term loans payable	6,067	11,725
Repayment of long-term loans payable	-12,933	-37,456
Purchase of treasury stock	-3,665	-915
Proceeds from sales of treasury stock	487	509
Proceed from exercising stock options	1,066	480
Redemption of bonds	-5,000	-
Cash dividends paid	-1,278	-1,477
Repayment of lease obligations	-1,882	-2,142
Other	-33	27
Cash flow from financing activities	-16,361	-27,937
Effect of exchange rate changes on cash and cash equivalents	790	855
Increase (decrease) in cash and cash equivalents	-3,517	2,739
Starting balance of cash and cash equivalents	51,004	35,755
Ending balance of cash and cash equivalents	47,487	38,495

### (3) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Significant changes in shareholders' equity)

Not applicable

(Segment information, etc.)

[Segment information]

I Six-month period of the previous fiscal year (April 1, 2022 – September 30, 2022)

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

(Million yen)

	Reporting segment						Other (*1)	Total	Adjustments (*2)	Amount on quarterly consolidated income statement (*3)
	Operation of digital home electronics retail stores	Operation of mobile carrier stores	Operation of Internet Business	Overseas business	Financial business	Subtotal				
Net sales										
Net sales to external customers	127,114	84,028	33,388	24,014	-	268,546	3,792	272,338	-	272,338
Internal sales or transfers between segments	797	200	193	-	-	1,191	440	1,631	-1,631	-
Subtotal	127,911	84,229	33,582	24,014	-	269,737	4,232	273,969	-1,631	272,338
Segment income	11,465	2,636	3,347	925	-	18,373	678	19,052	0	19,053

Notes:

\*1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the satellite broadcasting business, the sports business, the training business and the mega-solar business.

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

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

2. Information on impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The carrying amount of a group of assets that have recorded a continued loss from business activities is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss under extraordinary loss.

The amount recorded in the reporting segment was 181 million yen for the operation of digital home electronics retail stores, 19 million yen for the operation of mobile carrier stores, and 17 million yen for the operation of internet business.

(Significant change in amount of goodwill)

Not applicable

II Six-month period of the current fiscal year (April 1, 2023 – September 30, 2023)

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

(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	Financial business	Subtotal				
Net sales										
Net sales to external customers	129,822	157,196	32,653	30,538	3,146	353,357	4,707	358,065	-	358,065
Internal sales or transfers between segments	844	448	198	-	-	1,490	397	1,888	-1,888	-
Subtotal	130,666	157,644	32,852	30,538	3,146	354,848	5,104	359,953	-1,888	358,065
Segment income (loss)	8,814	1,447	2,754	-150	984	13,849	948	14,797	-122	14,675

Notes:

- \*1. The “Other” business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the satellite broadcasting business, the sports business, the training business and the mega-solar business.
- \*2. Adjustments to segment income consist of companywide costs not distributed among reporting segments.
- \*3. Segment income is adjusted with ordinary income on the quarterly consolidated income statement.

2. Information on change of reporting segment

In the previous fiscal year, "Financial business" was added as new reporting segment due to the inclusion of MONEY SQUARE HOLDINGS, INC. and two other subsidiary companies within the scope of consolidation.

3. Information on impairment losses on non-current assets or goodwill for each reportable segment

(Significant impairment losses on non-current assets)

The carrying amount of a group of assets that have recorded a continued loss from business activities is reduced to the recoverable amount and the reduced amount is recorded as an impairment loss under extraordinary loss.

The amount recorded in the reporting segment was 108 million yen for the operation of digital home electronics retail stores, 62 million yen for the operation of mobile carrier stores, and 2 million yen for the operation of internet business.

(Significant change in amount of goodwill)

Regarding the business combination with MONEY SQUARE HOLDINGS, INC. that took place in the previous fiscal year in the financial business, the amount of goodwill was a provisionally calculated amount because the acquisition cost allocation had not been determined. As the provisional accounting treatment was finalized in the second quarter of the consolidated accounting period, the amount of goodwill has been revised.

For details, please refer to “Notes (Business combinations, etc.)”

(Business combinations, etc.)

(Determination of provisional accounting treatment for business combinations)

Regarding the business combination with MONEY SQUARE HOLDINGS, INC., which took place on January 16, 2023, provisional accounting treatment was applied in the previous consolidated fiscal year, but it was finalized in the current second quarter consolidated accounting period.

With the finalization of this provisional accounting treatment, in the comparative information included in the quarterly consolidated financial statements for the second quarter of the current consolidated cumulative period, an important revision is reflected in the initial allocation amount of acquisition cost, and technology-related intangible assets 4,387 million yen, deferred tax liabilities increased by 997 million yen, and other intangible assets decreased by 1,126 million yen.

As a result, the provisionally calculated goodwill amount of 8,409 million yen decreased by 2,263 million yen to 6,146 million yen.

The amortization period for goodwill is 14 years, and the amortization period for technology-related intangible assets allocated other than goodwill is 7 years.

(Important subsequent events)

At the executive board meeting held on July 18, 2023, the Company resolved to conduct an absorption-type merger in which NCX Co., Ltd., a wholly owned subsidiary, will be the surviving company and CONEXIO Corporation will be the dissolving company. On October 1, we conducted an absorption-type merger and changed the company name of NCX Co., Ltd. Since this merger is an absorption-type merger between wholly owned subsidiaries of the Company, the impact on the consolidated results for the second quarter of the current consolidated accounting period will be minor.