



Summary of Consolidated Financial Results for the Six-month Period Ended September 30, 2021 (Japanese accounting standards)

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Supplemental materials on quarterly financial results:	Available	
Briefing session on quarterly financial results for analysts:	Scheduled	

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

1. Consolidated financial results for the six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(1) Consolidated results of operations (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six-month period ended September 30, 2021	270,605	12.4	13,838	-20.9	15,184	-65.6	23,455	-11.3	9,762	-74.5
Six-month period ended September 30, 2020	240,787	-10.7	17,505	49.2	44,199	239.1	26,449	28.6	38,269	313.6

Note: Comprehensive income: Six-month period ended September 30, 2021: 7,058 million yen (-83.8%)

Six-month period ended September 30, 2020: 43,636 million yen (436.8%)

· 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, 2021	197.36		192.44	
Six-month period ended September 30, 2020	770.12		752.87	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of September 30, 2021	300,873		118,613		38.7		2,340.48	
As of March 31, 2021	340,183		144,296		41.8		2,879.19	

Reference: Equity: As of September 30, 2021: 116,337 million yen As of March 31, 2021: 142,030 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
FY ended March 2021	-	22.00	-	24.00	46.00
FY ended March 2022	-	24.00	-	24.00	48.00
FY ending March 2022 (planned)	-	-	-	24.00	48.00

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

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

(Percentages indicate changes from the previous year)

	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	565,000	8.0	35,000	3.5	39,000	-39.7	53,000	2.4	27,000	-48.9	543.19

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

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. has been applied since the beginning of the fiscal year ending March 2022. The above forecasts of consolidated financial results are amounts obtained after applying the relevant accounting standards. Percentage changes compared to the previous year are percentage changes compared to the amount before application because the amount of the impact after application is minor.

* 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 quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions in accounting standards and other regulations: Yes
 - Changes in accounting policies for reasons other than i.: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No
- For detailed information, see page 11, “2. Quarterly Consolidated Financial Statements and Main Notes: (3) Notes to the consolidated financial statements (Changes in accounting policies).”

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

i. Number of shares issued and outstanding at the end of the period (including treasury stock)	As of September 30, 2021	51,289,616 shares	As of March 31, 2021	51,289,616 shares
ii. Number of shares of treasury stock at the end of the period	As of September 30, 2021	1,583,044 shares	As of March 31, 2021	1,959,508 shares
iii. Average number of shares during the period	Six-month period ended September 30, 2021	49,465,635 shares	Six-month period ended September 30, 2020	49,692,322 shares

Note: The number of shares of treasury stock above includes shares held in trust accounts (131,800 shares as of September 30, 2021 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 (197,133 shares for the six-month period ended September 30, 2021 and 288,099 shares for the six-month period ended September 30, 2020).

* Quarterly 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 disclosure 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)

Nojima Corporation made Suruga Bank, Ltd. an equity method affiliate on June 26, 2020. As a result, in the consolidated financial statements for the six-month period ended September 30, 2020, a gain on equity method investment of 25,146 million yen of Suruga Bank, Ltd. etc., including an amount equivalent to negative goodwill, was recorded as non-operating income. The consolidated financial results for the cumulative period excluding the impact are as follows.

Consolidated financial results for the six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)

(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	%
Six-month period ended September 30, 2021	270,605	12.4	13,838	-20.9	15,132	-20.6	23,455	-11.3	9,710	-26.0
Six-month period ended September 30, 2020	240,787	-10.7	17,505	49.2	19,052	46.5	26,449	28.6	13,122	42.3

	Net income per share	Diluted net income per share
	Yen	Yen
Six-month period ended September 30, 2021	196.30	191.40
Six-month period ended September 30, 2020	264.07	258.15

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2021	300,815	118,554	38.7	2,339.30
As of March 31, 2021	311,418	115,530	36.4	2,296.05

Reference: Equity: As of September 30, 2021: 116,278 million yen As of March 31, 2021: 113,264 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	3
(3) Information on forward-looking statements 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 to the consolidated financial statements.....	11
(Notes on going concern assumption)	11
(Significant changes in shareholders' equity).....	11
(Changes in accounting policies)	11
(Segment information, etc.)	12

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of operating results

During the six-month period ended September 30, 2021, while the novel coronavirus (COVID-19) remained unresolved, economic activities were restricted due to the implementation of the declaration of a state of emergency and containment priority measures over a long period of time, and the severe situation continued. Private consumption is sluggish due to a deterioration of the employment and income environment; therefore, the outlook is expected to remain uncertain.

Under these circumstances, the Nojima Group focused on being the leader in the digital field and achieving the industry's highest customer satisfaction. To achieve these goals, we sought to establish sales floors where shoppers can easily find what they want and provide customer services reflecting the perspectives of customers, while working to improve consulting-based sales and enhancing customer services to meet their needs.

As a result, for the six-month period ended September 30, 2021, we recorded net sales of 270,605 million yen (112.4% of the figure for the six-month period ended September 30, 2020), operating income of 13,838 million yen (79.1% of the figure for the six-month period ended September 30, 2020), ordinary income of 15,184 million yen (34.4% of the figure for the six-month period ended September 30, 2020), and net income attributable to shareholders of the parent company of 9,762 million yen (25.5% of the figure for the six-month period ended September 30, 2020). Due to the exemption from application of the equity method of Suruga Bank in June of this year, the year-on-year rate of increase/decrease after deducting equity method investment gains/losses of ordinary income is 79.4% and net income attributable to shareholders of the parent company is 74.0% compared to the six-month period ended September 30, 2020.

EBITDA (*), which the Group considers to be an important indicator of business performance, stood at 23,455 million yen (88.7% of the figure for the six-month period ended September 30, 2020).

(* 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 addition to moderate spending by people staying at home, the amount of rainfall was greater than usual, mainly in the Kanto area, so sales of air conditioners were sluggish and sales of refrigerators were almost flat. Our strength in consulting sales has been accepted by customers; the digital home electronics business as a whole performed steadily; and, sales of organic ELTVs to view the Tokyo Olympic games, as well as sales of washing machines, housework and hair/beauty appliances, etc. increased.

Under these circumstances, we have continued to invest in human resources and have endeavored to provide higher quality services. We have also been working to attract new customers by actively opening stores in areas not served previously, such as the Nojima Ikebukuro Tobu store.

As a result, net sales in this segment totaled 120,413 million yen (101.9% of the figure for the six-month period ended September 30, 2020), and segment income was 8,814 million yen (70.0% of the figure for the six-month period ended September 30, 2020).

(Operation of mobile carrier stores)

In the midst of significant changes in the industry, such as the launch of new rate plans limited to online support by telecommunications carriers and the abolition of preferential treatment for high-priced plans, etc., we have continued to operate stores that provide reliable consulting services to customers regarding their problems and to improve the quality of customer services so that customers who come to our stores have a good experience. Looking toward the future, we have also invested in human resources, while relocating and renovating stores aggressively to improve sales performance.

As a result, net sales in this segment totaled 89,001 million yen (112.4% of the figure for the six-month period ended September 30, 2020), and segment income was 2,510 million yen (72.2% of the figure for the six-month period ended September 30, 2020).

(Internet business)

In addition to continuous increase of the use of ultra-high-speed broadband services, which form an indispensable infrastructure for daily life, we aggressively provided information on FLET'S Hikari service "@nifty Hikari," security services, and mailing services provided by NTT East and NTT West at Group stores, and maximized group synergies.

We continue to review the business structure, including optimizing expenses at Cecile Co. Ltd., which became a subsidiary in March 2021.

As a result, net sales in this segment totaled 37,151 million yen (159.6% of the figure for the six-month period ended September 30, 2020), and segment income was 2,729 million yen (129.0% of the figure for the six-month period ended September 30, 2020).

(Overseas business)

In Asian countries, under circumstances where the governments of individual countries are taking various measures to control the spread of COVID-19, there are differences in measures and infection status, such as mass vaccinations, restrictions on activities, lockdown measures, etc., by country.

In Singapore, almost all stores continued to operate in the midst of movements toward a normalization of economic activities, while restricting behavior. In Indonesia, stores were closed due to lockdowns, but there are signs that there will be a gradual easing. In Malaysia, since the lockdown was issued, we have been forced to operate under restrictions on sales items and activities depending on the region. Under these circumstances, we enhanced the education and training of human resources to provide higher quality customer services.

As a result, net sales in this segment totaled 20,279 million yen (115.2% of the figure for the six-month period ended September 30, 2020), and segment income was 824 million yen (128.8% of the figure for the six-month period ended September 30, 2020).

(Stores in operation)

With nine new store openings and three store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 197, or 219 including 22 dedicated communications device stores following the sale of two stores.

In the operation of mobile carrier stores, following the new store openings and acquisition of nine stores and the closure and sale of 21 stores, including scrap-and-build, the number of stores, including both directly-operated carrier stores and franchises, stood at 586.

In overseas business, with two store closures, the number of stores stood at 66.

In the light of these factors, the numbers of stores as of September 30, 2021 are as shown below.

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	219 stores	-	219 stores
Digital home electronics retail stores	197 stores	-	197 stores
Dedicated communications device stores	22 stores	-	22 stores
Operation of mobile carrier stores	399 stores	187 stores	586 stores
Carrier stores	386 stores	182 stores	568 stores
Others	13 stores	5 stores	18 stores
Overseas business	66 stores	-	66 stores
Total	684 stores	187 stores	871 stores

(2) Explanation of financial position

Assets, liabilities and net assets

(Assets)

Total assets as of September 2021 were 300,873 million yen, a decrease of 39,310 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 15,698 million yen to 135,099 million yen in current assets and a decrease of 23,611 million yen to 165,774 million yen in non-current assets.

The primary factors underlying the decrease in current assets included decreases of 15,032 million yen in accounts receivable-trade, 3,698 million yen in accounts receivable-other, and 3,052 million yen in merchandise and products, despite an increase of 5,228 million yen in cash and deposits.

The main causes of the decrease in non-current assets included decreases of 31,004 million yen in investment securities and 2,147 million yen in contractual intangible assets, despite increases of 4,420 million yen and 4,055 million yen in buildings and structures and land, respectively.

(Liabilities)

Total liabilities as of September 2021 were 182,260 million yen, a decrease of 13,627 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 17,412 million yen to 106,878 million yen in current liabilities and an increase of 3,785 million yen to 75,382 million yen in non-current liabilities.

The primary factors underlying the decrease in current liabilities included decreases of 10,379 million yen, 4,723 million yen, and 4,276 million yen in notes and account payable-trade, short-term loans payable, and reserve for points, respectively, despite increases of 5,000 million yen in current portion of bonds and 3,903 million yen in contract liabilities.

The main causes of the increase in non-current liabilities included increases of 11,843 million yen and 1,751 million yen in contract liabilities and lease obligations, respectively, despite decreases of 5,000 million yen in bonds and 3,891 million yen in reserve for guarantees for merchandise sold.

(Net assets)

Net assets as of September 30, 2021 totaled 118,613 million yen, a decrease of 25,682 million yen from the end of the previous fiscal year, due to factors including decreases of 2,636 million yen in valuation difference on available-for-sale securities and 23,608 million yen in retained earnings.

These factors resulted in an equity ratio of 38.7% (41.8% at the end of the previous fiscal year).

Overview of cash flow

Cash and cash equivalents (“funds” hereinafter) as of September 30, 2021 totaled 23,742 million yen. (26,168 million yen as of September 30, 2020)

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 22,299 million yen (88.5% of the figure as of September 30, 2020). This was mainly due to 15,011 million yen in net income before taxes and other adjustments, 15,299 million yen in decrease in accounts receivable-trade, and 6,596 million yen in depreciation, despite negative factors of 10,368 million yen in decrease in notes and accounts payable-trade, expenditure of 8,309 million yen in income taxes paid, and 2,274 million yen in decrease in accounts payable-other.

(Cash flow from investment activities)

Funds used for investment activities totaled 11,449 million yen (379.4% of the figure as of September 30, 2020).

This was due mainly to expenditures of 9,805 million yen for the acquisition of tangible non-current assets in connection with new store openings, 1,376 million yen for lease and guarantee deposits, despite a gain of 276 million yen from the return of security deposits, and 127 million yen in proceeds from sales of investments in securities.

(Cash flow from financing activities)

Funds used for financing activities totaled 5,575 million yen (42.0% of the figure as of September 30, 2020).

This was due mainly to expenditures of 11,467 million yen, 4,722 million yen, and 1,190 million yen for repayment of long-term loans payable, net decrease in short-term loan payable, and dividend payment, respectively, despite an increase of 12,660 million yen in proceeds from long-term loans payable and 793 million yen in proceed from exercising stock options.

(3) Information on forward-looking statements 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 2021” on May 6, 2021.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2021)	Second quarter of the current fiscal year (as of September 30, 2021)
Assets		
Current assets		
Cash and deposits	18,513	23,742
Accounts receivable-trade	70,707	55,675
Merchandise and products	49,460	46,407
Accounts receivable-other	9,472	5,774
Other	4,331	4,839
Allowance for doubtful accounts	-1,688	-1,339
Total current assets	150,797	135,099
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	16,475	20,895
Tools, fixtures, and facilities (net)	2,747	2,740
Lease assets (net)	14,601	16,454
Land	9,269	13,325
Other (net)	2,148	860
Total tangible non-current assets	45,242	54,277
Intangible assets		
Goodwill	21,949	20,653
Software	1,965	1,936
Trademark rights	468	234
Contractual intangible assets	42,134	39,986
Customer-related intangible assets	1,323	992
Other	113	208
Total intangible assets	67,955	64,013
Investments and other assets		
Investment securities	51,333	20,328
Deferred tax assets	9,182	10,717
Lease and guarantee deposits	13,609	14,456
Retirement benefit asset	117	140
Other	2,006	1,914
Allowance for doubtful accounts	-60	-73
Total investments and other assets	76,188	47,483
Total non-current assets	189,386	165,774
Total assets	340,183	300,873

(Million yen)

	Previous fiscal year (as of March 31, 2021)	Second quarter of the current fiscal year (as of September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	54,806	44,427
Electronically recorded obligations-operating	1,085	774
Short-term loans payable	6,966	2,243
Current portion of long-term loans payable	9,326	10,775
Current portion of bonds	-	5,000
Accounts payable-other	13,855	10,699
Accrued income taxes	7,734	4,056
Accrued consumption tax	2,301	1,774
Accrued expenses	3,457	3,087
Advances received	4,638	3,971
Unearned revenue	6,622	6,373
Deposits received	2,678	3,084
Contract liabilities	-	3,903
Reserve for points	5,104	827
Reserve for bonuses	1,612	1,641
Reserve for promotion of admissions	272	-
Lease obligations	2,593	3,169
Other	1,234	1,068
Total current liabilities	124,291	106,878
Non-current liabilities		
Bonds	5,000	-
Long-term loans payable	20,369	20,105
Contract liabilities	-	11,843
Reserve for guarantees for merchandise sold	3,891	-
Reserve for directors' retirement benefits	238	226
Retirement benefit liabilities	10,682	10,789
Deferred tax liabilities	12,065	11,277
Lease obligations	12,849	14,601
Other	6,499	6,539
Total non-current liabilities	71,596	75,382
Total liabilities	195,887	182,260
Net assets		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	5,519	5,200
Retained earnings	134,530	110,922
Treasury stock	-5,121	-4,184
Total shareholders' equity	141,259	118,269
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	581	-2,054
Deferred gains or losses on hedges	60	25
Currency conversion adjustments	75	15
Accumulated adjustment to retirement benefits	54	81
Total accumulated other comprehensive income	771	-1,932
Stock acquisition rights	2,265	2,276
Total net assets	144,296	118,613
Total liabilities and net assets	340,183	300,873

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

Consolidated income statement

(For the six-month period)

(Million yen)

	Six-month period of the previous fiscal year (April 1, 2020 - September 30, 2020)	Six-month period of the current fiscal year (April 1, 2021 - September 30, 2021)
Net sales	240,787	270,605
Cost of sales	166,456	190,000
Gross profit on sales	74,331	80,605
Sales, general, and administrative expenses		
Advertising expenses	9,313	10,386
Salaries, allowances, and bonuses	17,676	19,901
Provision of reserve for bonuses	1,842	1,633
Retirement benefit expenses	566	644
Rents	7,102	8,740
Depreciation	5,417	6,137
Amortization of goodwill	1,414	1,391
Other	13,492	17,930
Total sales, general, and administrative expenses	56,826	66,766
Operating income	17,505	13,838
Non-operating income		
Interest income	38	15
Dividend income	322	322
Purchase discounts	922	976
Gain on sales of investment securities	91	82
Gain on equity method investment	25,146	52
Other	845	559
Total non-operating income	27,366	2,008
Non-operating income		
Interest expenses	312	310
Interest on bonds	29	24
Donations	83	115
Other	247	212
Total non-operating expenses	672	662
Ordinary income	44,199	15,184
Extraordinary income		
Gain on reversal of share acquisition rights	115	112
Gain on sales of non-current assets	13	25
Total extraordinary income	129	137
Extraordinary losses		
Impairment losses	26	310
Total extraordinary losses	26	310
Net income before taxes and other adjustments	44,302	15,011
Income taxes-current	6,567	4,710
Income taxes-deferred	-537	538
Total income taxes	6,029	5,249
Net income	38,272	9,762
Net income attributable to shareholders of the non-controlling interests	3	-
Net income attributable to shareholders of the parent company	38,269	9,762

Consolidated statement of comprehensive income

(For the six-month period)

(Million yen)

	Six-month period of the previous fiscal year (April 1, 2020 - September 30, 2020)	Six-month period of the current fiscal year (April 1, 2021 - September 30, 2021)
Net income	38,272	9,762
Other comprehensive income		
Valuation difference on available-for-sale securities	5,171	-2,375
Deferred gains or losses on hedges	-	-33
Currency conversion adjustments	128	-59
Adjustments for retirement benefit obligations	11	20
Share of other comprehensive income of entities accounted for using equity method	52	-255
Total other comprehensive income	5,364	-2,703
Comprehensive income	43,636	7,058
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	43,633	7,058
Comprehensive income attributable to non-controlling interests	3	-

(3) Consolidated cash flow statement

	(Million yen)	
	Six-month period of the previous fiscal year (April 1, 2020 - September 30, 2020)	Six-month period of the current fiscal year (April 1, 2021 - September 30, 2021)
Cash flow from operating activities		
Net income before taxes and other adjustments	44,302	15,011
Depreciation	5,818	6,596
Impairment loss	26	310
Amortization of goodwill	1,414	1,391
Loss (profit) on equity method investment	-25,146	-52
Increase (decrease) in reserve for retirement benefits	348	127
Increase (decrease) in allowance for doubtful accounts	-675	-333
Increase (decrease) in reserve for points	-794	19
Increase (decrease) in reserve for promotion of admissions	120	-
Increase (decrease) in reserve for guarantees for merchandise sold	-4	-
Increase (decrease) in contract liabilities	-	381
Interest income and dividend income	-360	-337
Interest expenses	312	310
Decrease (increase) in accounts receivable-trade	14,315	15,299
Decrease (increase) in inventories	3,422	3,062
Decrease (increase) in accounts receivable-other	-5,611	3,698
Increase (decrease) in notes and accounts payable-trade	-9,075	-10,368
Increase (decrease) in accrued expenses	375	-370
Increase (decrease) in accrued consumption taxes	156	-553
Increase (decrease) in accounts payable-other	-673	-2,274
Increase (decrease) in deposits received	2,132	-667
Increase (decrease) in unearned revenue	-856	-418
Other	805	-256
Subtotal	30,352	30,577
Interest and dividend income received	376	359
Interest expenses paid	-368	-329
Income tax (paid) or refund	-5,157	-8,309
Cash flow from operating activities	25,203	22,299

(Million yen)

	Six-month period of the previous fiscal year (April 1, 2020 - September 30, 2020)	Six-month period of the current fiscal year (April 1, 2021 - September 30, 2021)
Cash flow from investment activities		
Purchase of tangible non-current assets	-1,422	-9,805
Purchase of intangible assets	-461	-477
Purchase of investment securities	-88	-44
Proceeds from sales of investments in securities	289	127
Payments for lease and guarantee deposits	-1,255	-1,376
Proceeds from collection of lease and guarantee deposits	142	276
Other	-218	-148
Cash flow from investment activities	-3,015	-11,449
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	9,411	-4,722
Proceeds from long-term loans payable	4,300	12,660
Repayment of long-term loans payable	-10,699	-11,467
Purchase of treasury stock	-5,678	-762
Proceeds from sales of treasury stock	359	332
Proceed from exercising stock options	1,304	793
Redemption of bonds	-10,005	-
Cash dividends paid	-1,003	-1,190
Repayments for lease obligations	-1,174	-1,152
Other	-83	-65
Cash flow from financing activities	-13,269	-5,575
Effect of exchange rate changes on cash and cash equivalents	75	-45
Increase (decrease) in cash and cash equivalents	8,993	5,228
Starting balance of cash and cash equivalents	17,174	18,513
Ending balance of cash and cash equivalents	26,168	23,742

(4) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Significant changes in shareholders' equity)

Nojima corporation excluded Suruga Bank Ltd. from the scope of the equity method during the first quarter of the current fiscal year. As a result, retained earnings decreased 28,414 million yen during the six-month period of the current fiscal year. At a Board of Directors meeting held on May 6, 2021, the Company resolved to distribute dividends of 1,190 million yen from retained earnings.

As a result, retained earnings as of September 30, 2021 were 110,922 million yen.

(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 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.

As a result, net sales for the six-month period of the current fiscal year decreased by 7,343 million yen, cost of sales decreased by 993 million yen, sales, general, and administrative expenses decreased by 6,161 million yen, and operating income, ordinary income, and net income before taxes and adjustments decreased by 189 million yen. In addition, the balance of retained earnings at the beginning of the current period decreased by 3,766 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, etc., some of "reserve for promotion of admissions" and "reserve for points" which were presented under "non-current assets" in the consolidated balance sheet for the previous fiscal year and "reserve for guarantees for merchandise sold" which was presented under "current assets" have been changed to be included in "contract liabilities" from the first quarter of the current fiscal year. 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. Furthermore, in accordance with the transitional treatment set forth in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), breakdowns of revenue arising from contracts with customers for the three-month period of the previous fiscal year is not presented.

(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 Fair Value Measurement Accounting Standard, etc. will be applied in the future. There is no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

I Six-month period of the previous fiscal year (April 1, 2020 – September 30, 2020)

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	Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	117,011	79,110	23,128	17,604	236,854	3,933	240,787	-	240,787
Internal sales or transfers between segments	1,109	93	142	-	1,345	215	1,561	-1,561	-
Subtotal	118,120	79,203	23,271	17,604	238,199	4,149	242,348	-1,561	240,787
Segment income	12,593	3,474	2,115	640	18,823	25,484	44,308	-109	44,199

Notes:

- *1. The "Other" business segment consists of businesses not included in the reporting segments above. These include the shopping mall business, the sports business, the training business, the mega-solar business, the animal medical business, and the software development business. Due to application of the equity method of Suruga Bank Ltd., the gain on equity method investment recorded is 25,118 million yen.
- *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 loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss 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 losses.

The amount recorded in the reporting segment was 8 million yen for the operation of digital home electronics retail stores, and 17 million yen for the operation of mobile carrier stores.

(Significant change in amount of goodwill)

Not applicable

II Six-month period of the current fiscal year (April 1, 2021 – September 30, 2021)

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	Internet business	Overseas business	Subtotal				
Net sales									
Net sales to external customers	119,679	88,931	36,922	20,279	265,812	4,792	270,605	-	270,605
Internal sales or transfers between segments	734	69	228	-	1,032	412	1,444	-1,444	-
Subtotal	120,413	89,001	37,151	20,279	266,845	5,204	272,050	-1,444	270,605
Segment income	8,814	2,510	2,729	824	14,878	373	15,252	-67	15,184

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, and the animal medical business, etc.
- *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. Matters concerning changes in reporting segments

As described in changes in accounting policy, the accounting method for revenue recognition was changed by applying the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year, and the calculation method for profit or loss of the business segment was changed in the same way.

As a result of this change, sales of the "operation of digital home electronics retail stores" for the six-month period of the current fiscal year decreased 6,840 million yen, and sales of the "Internet business" decreased 500 million yen compared to the conventional method. The decreases will have a minor impact on sales of the "operation of mobile carrier stores." The impact on each segment income is minor.

From the first quarter of the current fiscal year, in order to more appropriately evaluate and manage the performance of each reporting segment, "Comprehensive mail-order business," which was previously included in "Other businesses," has been included in "Internet business."

NIFTY Cecile Co., Ltd. acquired shares of Cecile Co., Ltd. and its three subsidiaries on March 1, 2021. There is no impact of this change in the reporting segment on segment information for the six-month period of the previous fiscal year.

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

(Significant impairment loss 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 losses.

The amount recorded in the reporting segment was 275 million yen for the operation of digital home electronics retail stores, 24 million yen for the operation of mobile carrier stores, and 10 million yen for the internet business.

(Significant change in amount of goodwill)

Not applicable