



Summary of Consolidated Financial Results for the Six-month Period Ended September 30, 2022 (Japanese accounting standards)

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Name of listed firm: Nojima Corporation

Listed on the Tokyo Stock Exchange

Code No.: 7419

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Supplemental materials on quarterly financial results: Yes

Briefing session for quarterly financial results for analysts: Yes

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

1. Consolidated financial results for the six-month period ended September 30, 2022 (April 1, 2022 – September 30, 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	%
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
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

Note: Comprehensive income: Six-month period ended September 30, 2022: 13,824 million yen (95.9%)

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

• 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, 2022	130.79		128.93	
Six-month period ended September 30, 2021	98.68		96.22	

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, 2022	318,904	150,696	46.0	1,507.39
As of March 31, 2022	326,952	140,101	41.6	1,380.61

Reference: Equity: As of September 30, 2022: 146,791 million yen As of March 31, 2022: 136,067 million yen

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

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 2022	-	24.00	-	26.00	50.00
FY ending March 2023	-	26.00	-	-	-
FY ending March 2023 (planned)	-	-	-	13.00	-

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

The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, the year-end dividend per share for the FY ending March 2023 (planned) is calculated on the assumption that the share split took place and the total of dividend is stated as "-". The year-end dividend per share for the FY ending March 2023 (planned) is 26 yen if the share split is not taken into account and the total of dividend is 52 yen.

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.)

	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	0.0	34,000	2.5	36,500	1.7	54,800	2.4	25,000	-3.3	256.72

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

The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, net income per share for the full year is calculated on the assumption that the share split took place.

* 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
- 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: (4) Notes to the consolidated financial statements (Changes in accounting policy)."

(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, 2022	102,579,232 shares	As of March 31, 2022	102,579,232 shares
ii. Number of treasury shares at the end of the period	As of September 30, 2022	5,197,774 shares	As of March 31, 2022	4,023,088 shares
iii. Average number of shares during the period	Six-month period ended September 30, 2022	97,593,910 shares	Six-month period ended September 30, 2021	98,931,269 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, 2022.

The number of treasury shares above includes shares held in trust accounts (853,400 shares as of September 30, 2022 and - shares as of March 31, 2022) 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 (869,760 shares for the six-month period ended September 30, 2022 and 394,266 shares for the six-month period ended September 30, 2021).

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of operating results

During the six-month period ended September 30, 2022, the normalization of economic and social activities and the recovery of the economy gradually progressed due to the effects of numerous policies, despite the various effects of new waves of COVID-19, the prolonged Russian invasion of Ukraine, and the sharp depreciation of the yen. On the other hand, the outlook for the future remains uncertain, as the unstoppable soaring prices of raw materials and energy prices have increased the burden on household budgets.

Under these circumstances, the 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, 2022, we recorded net sales of 272,338 million yen (100.6% of the figure for the six-month period ended September 30, 2021), operating income of 17,415 million yen (125.9% of the figure for the six-month period ended September 30, 2021), ordinary income of 19,053 million yen (125.5% of the figure for the six-month period ended September 30, 2021), and net income attributable to shareholders of the parent company of 12,764 million yen (130.7% of the figure for the six-month period ended September 30, 2021).

EBITDA*, which the Group considers to be an important indicator of business performance, stood at 27,910 million yen (119.0% of the figure for the six-month period ended September 30, 2021).

*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.

(Operation of digital home electronics retail stores)

Sales of refrigerators and drum washing machines performed well due to continued higher temperature than normal. On the other hand, sales of televisions, for which there was special demand for the Tokyo Olympic Games in the previous year, were lower, but overall sales of digital home appliances remained firm.

Under these circumstances, we aggressively opened stores at attractive locations in the metropolitan area in front of stations, while investing in human resources and stores. In April 2022, we established the Energy Conservation Consultant system providing consulting services to meet customers' energy conservation needs in addition to offering a good deal in the face of rising prices and soaring energy prices.

As a result, net sales in this segment totaled 127,911 million yen (106.2% of the figure for the six-month period ended September 30, 2021), and segment income was 11,465 million yen (130.1% of the figure for the six-month period ended September 30, 2021).

(Operation of mobile carrier stores)

The market environment is becoming more challenging as the replacement cycle is lengthening due to the rise in prices of mobile devices amid the demand for higher-quality store operations as telecommunications carriers have announced policies to drastically reduce the number of carrier shops.

Under these circumstances, while reviewing sales promotion and other expenses, we continued to operate stores that delight our customers through consulting tailored to their needs, including security-related services that provide peace of mind and safety.

As a result, net sales in this segment totaled 84,229 million yen (94.6% of the figure for the six-month period ended September 30, 2021), and segment income was 2,636 million yen (105.0% of the figure for the six-month period ended September 30, 2021).

(Internet business)

Amid the increasing use of ultra-high-speed broadband services, which are an indispensable infrastructure for daily life, we provided information on FLET'S Hikari service "@nifty Hikari" and mail services provided by NTT East and NTT West at Group stores, and maximized group synergies.

We continued to review the business structure for Cecile Co., Ltd. and worked to develop products that pleased customers through selection and concentration of resources. As for Nifty Lifestyle Co., Ltd., we promoted investment for further business expansion and improved the foundation for growth.

As a result, net sales in this segment totaled 33,582 million yen (90.4% of the figure for the six-month period ended September 30, 2021), and segment income was 3,347 million yen (122.6% of the figure for the six-month period ended September 30, 2021).

(Overseas business)

Although Southeast Asian countries are gradually easing restrictions on activities in response to COVID-19, economic activities still remain unstable due to changes in the international situation and rising prices.

Under these circumstances, we worked on human resource development to further improve the quality of customer service, and investment in stores such as renovation and scrap and build in order to create stores that prove popular with customers.

As a result, net sales in this segment totaled 24,014 million yen (118.4% of the figure for the six-month period ended September 30, 2021), and segment income was 925 million yen (112.2% of the figure for the six-month period ended September 30, 2021).

(Stores in operation)

With nine new store openings and two store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 212, or 233 including 21 dedicated communications device stores.

In the operation of mobile carrier stores, after considering scrap-and-build, the number of stores, including both directly-operated carrier stores and franchises, stood at 585 with the acquisition of six stores and the closure and sale of six stores.

In the overseas business, after considering scrap-and build, the number of stores stood at 66 with three new store openings and two store closures.

In the light of these factors, the number of stores as of September 30, 2022 is as shown below.

Stores in operation

Classification	Directly operated	Franchises	Total
Operation of digital home electronics retail stores	233 stores	-	233 stores
Digital home electronics retail stores	212 stores	-	212 stores
Dedicated communications device stores	21 stores	-	21 stores
Operation of mobile carrier stores	403 stores	182 stores	585 stores
Carrier stores	390 stores	177 stores	567 stores
Others	13 stores	5 stores	18 stores
Overseas business	66 stores	-	66 stores
Total	702 stores	182 stores	884 stores

(2) Explanation of financial position

Assets, liabilities and net assets

(Assets)

Total assets as of September 30, 2022 were 318,904 million yen, down 8,048 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 8,542 million yen to 175,421 million yen in current assets and an increase of 494 million yen to 143,483 million yen in non-current assets.

The primary factors underlying the decrease in current assets included decreases of 19,997 million yen, 14,869 million yen and 1,330 million yen in securities, accounts receivable-trade and accounts receivable-other, despite increases of 16,480 million yen and 10,235 million yen in cash and deposits and merchandise and products.

The main causes of the increase in non-current assets included the increase of 3,965 million yen in investment securities, despite decreases of 2,141 million yen and 1,284 million yen in contractual intangible assets and goodwill, respectively.

(Liabilities)

Total liabilities as of September 30, 2022 were 168,208 million yen, down 18,642 million yen from the end of the previous fiscal year.

This decrease was due mainly to a decrease of 17,459 million yen to 109,511 million yen in current liabilities and a decrease 1,183 million yen to 58,696 million yen in non-current liabilities.

The primary factors underlying the decrease in current liabilities included decreases of 5,000 million yen, 4,646 million yen, 4,316 million yen and 2,282 million yen in current portion bonds, notes and accounts payable-trade, current portion of long-term loans payable and accounts payable-other, despite increases of 811 million yen and 649 million yen in short-term loans payable and contract liabilities, respectively.

The main causes of the decrease in non-current liabilities included decreases of 2,549 million yen and 872 million yen in long-term loans payable and deferred tax liabilities, respectively, despite increases of 1,045 million yen and 653 million yen in contract liabilities and lease liabilities.

(Net assets)

Net assets as of September 30, 2022 totaled 150,696 million yen, up 10,594 million yen from the end of the previous fiscal year, due to factors including an increase of 11,483 million yen in retained earnings.

These factors resulted in an equity ratio of 46.0%, up 4.4 points from the end of the previous fiscal year.

Overview of cash flow

Cash and cash equivalents (“funds” hereinafter) as of September 30, 2022 totaled 47,487 million yen. (23,742 million yen as of September 30, 2021)

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 18,122 million yen (81.3% of the figure as of September 30, 2021). This was mainly due to 19,248 million yen in net income before taxes and other adjustments, 16,328 million yen in decrease in accounts receivable-trade, and 6,539 million yen in depreciation, despite negative factors of 9,310 million yen in increase in inventories, expenditure of 8,161 million yen in income taxes paid, 5,281 million yen in decrease in notes and accounts payable-trade and 2,192 million yen in decrease in accounts payable-other.

(Cash flow from investment activities)

Funds used for investment activities totaled 6,069 million yen (53.0% of the figure as of September 30, 2021).

This was due mainly to expenditures of 4,023 million yen for the acquisition of investment securities, 909 million yen for the acquisition of tangible non-current assets in connection with new store openings and 889 million yen for lease and guarantee deposits, despite a gain of 287 million yen from the return of security deposits.

(Cash flow from financing activities)

Funds used for financing activities totaled 16,361 million yen (293.5% of the figure as of September 30, 2021).

This was due mainly to expenditures of 12,933 million yen, 5,000 million yen, and 3,665 million yen for repayment of long-term loans payable, redemption of bonds, and purchase of treasury shares, respectively, despite 6,067 million yen in proceeds from long-term loans payable and 1,066 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 2022” on May 6, 2022.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2022)	Second quarter of the current fiscal year (as of September 30, 2022)
Assets		
Current assets		
Cash and deposits	31,007	47,487
Accounts receivable-trade	69,063	54,193
Securities	19,997	-
Merchandise and products	50,735	60,971
Programing rights	1,648	1,560
Accounts receivable-other	7,406	6,075
Other	5,045	5,783
Allowance for doubtful accounts	-940	-651
Total current assets	183,963	175,421
Non-current assets		
Tangible non-current assets		
Buildings and structures (net)	21,034	20,636
Tools, fixtures, and facilities (net)	2,804	2,756
Lease assets (net)	16,694	17,576
Land	13,059	12,975
Other (net)	668	553
Total tangible non-current assets	54,262	54,497
Intangible assets		
Goodwill	19,263	17,979
Software	1,995	2,315
Contractual intangible assets	37,844	35,703
Customer-related intangible assets	661	330
Other	464	21
Total intangible assets	60,230	56,350
Investments and other assets		
Investment securities	2,419	6,384
Deferred tax assets	9,261	8,709
Lease and guarantee deposits	14,702	15,362
Retirement benefit assets	223	241
Other	1,943	1,996
Allowance for doubtful accounts	-54	-59
Total investments and other assets	28,496	32,635
Total non-current assets	142,988	143,483
Total assets	326,952	318,904

(Million yen)

	Previous fiscal year (as of March 31, 2022)	Second quarter of the current fiscal year (as of September 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	57,151	52,505
Electronically recorded obligations-operating	711	1,016
Short-term loans payable	1,616	2,428
Current portion of long-term loans payable	8,224	3,907
Current portion of bonds	5,000	-
Accounts payable-other	11,714	9,431
Accrued income taxes	7,669	6,099
Accrued consumption tax	2,053	1,223
Accrued expenses	3,480	3,773
Advances received	5,254	4,738
Unearned revenue	6,548	6,099
Deposits received	3,290	3,481
Contract liabilities	7,132	7,781
Reserve for points	739	527
Reserve for bonuses	1,721	1,508
Lease obligations	3,136	3,552
Other	1,527	1,436
Total current liabilities	126,971	109,511
Non-current liabilities		
Long-term loans payable	9,074	6,524
Contract liabilities	9,315	10,360
Reserve for directors' retirement benefits	186	195
Retirement benefit liabilities	8,982	9,038
Deferred tax liabilities	10,264	9,392
Lease obligations	15,110	15,764
Other	6,945	7,421
Total non-current liabilities	59,879	58,696
Total liabilities	186,851	168,208
Net assets		
Shareholders' equity		
Share capital	6,330	6,330
Capital surplus	7,510	7,410
Retained earnings	125,543	137,027
Treasury shares	-5,221	-6,883
Total shareholders' equity	134,163	143,884
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	285	187
Deferred gains or losses on hedges	30	57
Currency conversion adjustments	1,155	2,281
Accumulated adjustment to retirement benefits	432	381
Total accumulated other comprehensive income	1,903	2,907
Stock acquisition rights	2,557	2,373
Non-controlling interests	1,476	1,530
Total net assets	140,101	150,696
Total liabilities and net assets	326,952	318,904

(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, 2021 - September 30, 2021)	Six-month period of the current fiscal year (April 1, 2022 - September 30, 2022)
Net sales	270,605	272,338
Cost of sales	190,000	190,057
Gross profit on sales	80,605	82,280
Sales, general, and administrative expenses		
Advertising expenses	10,386	8,706
Salaries, allowances, and bonuses	19,901	20,318
Provision for bonuses	1,633	1,507
Retirement benefit expenses	644	480
Rents	8,740	8,915
Depreciation	6,137	6,296
Amortization of goodwill	1,391	1,391
Other	17,930	17,247
Total sales, general, and administrative expenses	66,766	64,864
Operating income	13,838	17,415
Non-operating income		
Interest income	15	64
Dividend income	322	103
Purchase discounts	976	1,170
Gain on sales of investment securities	82	-
Share of profit of entities accounted for using equity method	52	46
Other	559	922
Total non-operating income	2,008	2,307
Non-operating expenses		
Interest expenses	310	263
Interest on bonds	24	3
Foreign exchange losses	6	265
Other	320	137
Total non-operating expenses	662	670
Ordinary income	15,184	19,053
Extraordinary income		
Gain on reversal of share acquisition rights	112	229
Gain on sales of non-current assets	25	184
Total extraordinary income	137	413
Extraordinary losses		
Impairment loss	310	218
Total extraordinary losses	310	218
Net income before taxes and other adjustments	15,011	19,248
Income taxes-current	4,710	6,674
Income taxes-deferred	538	-244
Total income taxes	5,249	6,429
Net income	9,762	12,818
Net income attributable to shareholders of the non-controlling interests	-	54
Net income attributable to shareholders of the parent company	9,762	12,764

Consolidated statement of comprehensive income

(For the Six-month period)

	(Million yen)	
	Six-month period of the previous fiscal year (April 1, 2021 - September 30, 2021)	Six-month period of the current fiscal year (April 1, 2022 - September 30, 2022)
Net income	9,762	12,818
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,375	-95
Deferred gains or losses on hedges	-33	27
Currency conversion adjustments	-59	1,126
Adjustments for retirement benefit obligations	20	-51
Share of other comprehensive income of entities accounted for using equity method	-255	-
Total other comprehensive income	-2,703	1,006
Comprehensive income	7,058	13,824
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	7,058	13,770
Comprehensive income attributable to non-controlling interests	-	54

(3) Consolidated cash flow statement

	(Million yen)	
	Six-month period of the previous fiscal year (April 1, 2021 - September 30, 2021)	Six-month period of the current fiscal year (April 1, 2022 - September 30, 2022)
Cash flow from operating activities		
Net income before taxes and other adjustments	15,011	19,248
Depreciation	6,596	6,539
Impairment loss	310	218
Amortization of goodwill	1,391	1,391
Share of loss (profit) of entities accounted for using equity method	-52	-46
Increase (decrease) in net defined benefit liability	127	-29
Increase (decrease) in allowance for doubtful accounts	-333	-355
Increase (decrease) in reserve for points	19	-212
Increase (decrease) in reserve for contract liabilities	381	1,694
Interest and dividend income	-337	-168
Interest expenses	310	267
Decrease (increase) in accounts receivable-trade	15,299	16,328
Decrease (increase) in inventories	3,062	-9,310
Decrease (increase) in accounts receivable-other	3,698	1,351
Increase (decrease) in notes and accounts payable-trade	-10,368	-5,281
Increase (decrease) in accrued expenses	-370	-70
Increase (decrease) in accrued consumption taxes	-553	-1,065
Increase (decrease) in accounts payable-other	-2,274	-2,192
Increase (decrease) in advances received	-667	-515
Increase (decrease) in unearned revenue	-418	-648
Other	-256	-786
Subtotal	30,577	26,357
Interest and dividend income received	359	184
Interest expenses paid	-329	-256
Income taxes (paid) or refunded	-8,309	-8,161
Cash flow from operating activities	22,299	18,122

(Million yen)		
	Six-month period of the previous fiscal year (April 1, 2021 - September 30, 2021)	Six-month period of the current fiscal year (April 1, 2022 - September 30, 2022)
Cash flow from investment activities		
Purchase of tangible non-current assets	-9,805	-909
Purchase of intangible assets	-477	-574
Purchase of investment securities	-44	-4,023
Proceeds from sales of investments in securities	127	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-246
Payments for lease and guarantee deposits	-1,376	-889
Proceeds from collection of lease and guarantee deposits	276	287
Other	-148	287
Cash flow from investment activities	-11,449	-6,069
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	-4,722	811
Proceeds from long-term loans payable	12,660	6,067
Repayment of long-term loans payable	-11,467	-12,933
Purchase of treasury shares	-762	-3,665
Proceeds from sales of treasury shares	332	487
Proceeds from exercise of employee share options	793	1,066
Redemption of bonds	-	-5,000
Cash dividends paid	-1,190	-1,278
Repayments for lease obligations	-1,152	-1,882
Other	-65	-33
Cash flow from financing activities	-5,575	-16,361
Effect of exchange rate changes on cash and cash equivalents	-45	790
Increase (decrease) in cash and cash equivalents	5,228	-3,517
Starting balance of cash and cash equivalents	18,513	51,004
Ending balance of cash and cash equivalents	23,742	47,487

(4) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Significant changes in shareholders' equity)

Not applicable

(Changes in accounting policy)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31 June 17, 2021) has been applied from the beginning of the current consolidated first quarter, and the new accounting policies prescribed in the "Implementation Guidance on Accounting Standard for Fair Value Measurement" will be applied prospectively following transitional treatment prescribed in Paragraph 27-2 of the guidance. Note that 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, 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.
- *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 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 operation of internet business.

(Significant change in amount of goodwill)

Not applicable

II Six-month period of the current 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	Internet business	Overseas 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

(Important subsequent events)

(Stock split)

At a meeting of the Board of Directors held on June 17, 2022, the Company resolved to conduct a stock split and make partial amendments to the Articles of Incorporation in conjunction with the stock split.

1. Purpose of the stock split

To create an easy-to-invest environment by conducting a stock split, lowering the amount per investment unit and increasing the liquidity of the shares, thereby expanding the investor base and improving the liquidity of the shares.

2. Overview of stock split

(1) Stock split method

The split was recorded to have been conducted on September 30, 2022, at a ratio of two to one for common shares held by shareholders registered or recorded in the final shareholders’ register as of the record date.

(2) Number of shares to increase due to stock split

Total number of issued shares of the Company before the stock split	51,289,616 shares
Number of shares to increase due to split	51,289,616 shares
Number of issued shares of the Company after the stock split	102,579,232 shares
Number of issuable shares after the stock split	340,000,000 shares

(3) Stock split schedule

Announcement of the record date	September 15, 2022
Record date	September 30, 2022
Effective date	October 1, 2022

(4) Effects on the information about earnings per share

The effect on per share information is described in the relevant section.

3. Partial amendments to the Articles of Incorporation in connection with the stock split

(1) Reason for Amendment of the Articles of Incorporation

In accordance with this stock split, the Company amended the Company's Articles of Incorporation as of October 1, 2022 in compliance with Article 184, Paragraph 2 of the Companies Act.

(2) Amendments to the Articles of Incorporation

The details of the amendments are as follows.

(Underlines indicate changes.)

Current Articles of Incorporation	After the change
Article 5. (Total number of issuable shares) The total number of issuable shares of the company is <u>170,000,000</u> .	Article 5. (Total number of issuable shares) The total number of issuable shares of the company is <u>340,000,000</u> .

(3) Schedule for Amendment of the Articles of Incorporation

Date of resolution by the Board of Directors	June 17, 2022
Effective date	October 1, 2022

4. Other

(1) Changes in the amount of share capital

There are no changes in the amount of share capital at the time of this stock split.

(2) Adjustment of share acquisition rights

In accordance with this stock split, the exercise price per share of share acquisition rights is adjusted as follows starting on October 1, 2022.

Name of share option rights (Date of special resolution by the AGM)	Exercise price after adjustment	Exercise price before adjustment
16 th share option rights (June 15, 2018)	1,147 yen	2,294 yen
17 th share option rights (June 14, 2019)	880 yen	1,759 yen
18 th share option rights (June 19, 2020)	1,319 yen	2,638 yen
19 th share option rights (June 17, 2021)	1,418 yen	2,836 yen
20 th share option rights (June 17, 2022)	1,423 yen	2,845 yen