Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Japanese accounting standards)

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Scheduled date of regular general meeting of shareholders: June 16, 2023 — Scheduled start date of dividend payments: June 2, 2023
Scheduled date of quarterly report filing: June 23, 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 March 31, 2023 (April 1, 2022 - March 31, 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	%
FY ended March 2023	626,181	10.8	33,572	1.2	36,246	1.0	55,743	4.2	23,315	-9.9
FY ended March 2022	564,989	8.0	33,166	-2.0	35,890	-44.5	53,504	3.4	25,862	-51.0

Note: Comprehensive income: FY ended March 31, 2023: 24,048 million yen (-11.2 %) FY ended March 31, 2022: 27,075 million yen (-54.2 %)

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

	Net income per share	Diluted net income per share	ROE	ROA	Operating income margin
	Yen	Yen	%	%	%
FY ended March 2023	238.83	235.90	15.9	8.2	5.4
FY ended March 2022	261.44	256.55	18.6	10.8	5.9

Reference: Equity in net income (losses) of affiliates: FY ended March 2023: 85 million yen FY ended March 2022: 111 million yen

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 March 31, 2023	555,905	161,056	28.2	1,596.29
As of March 31, 2022	326,952	140,101	41.6	1,380.61

Reference: Equity: FY ended March 2023: 156,517 million yen FY ended March 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.

(3) Consolidated cash flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY ended March 2023	34,613	-81,260	30,618	35,755
FY ended March 2022	42,895	9,029	-19,964	51,004

2. Dividends

	Dividends per share					Total dividends for the year	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 2022	-	24.00	-	26.00	50.00	2,477	9.6	1.8
FY ended March 2023	-	26.00	-	15.00	-	2,755	11.8	1.8
FY ending March 2024 (planned)	-	15.00	-	15.00	30.00		10.9	

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 and changes from the same quarter of the previous fiscal year for quarterly forecasts)

	Net sales		Operating income		Ordinary income		EBITDA		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2 (Cumulative)	360,000	32.2	18,000	3.4	20,000	5.0	31,000	11.1	12,000	-6.0	122.39
Full-year	740,000	18.2	38,000	13.2	41,000	13.1	61,000	9.4	27,000	15.8	275.37

* Notes

(1) Significant changes in subsidiaries during this period
(changes in designated subsidiaries resulting in changes in the scope of consolidation): Yes
Added: 3 company(ies) (name(s): CONEXIO Corporation, MONEY SQUARE HOLDINGS, INC., MONEY SQUARE, INC.)
Removed: ___ company(ies) (name(s): ____________)

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

i. Changes in accounting policies due to revisions in accounting standards and other regulations: Yes
ii. Changes in accounting policies for reasons other than i.: No
iii. Changes in accounting estimates: No
iv. Restatement of prior period financial statements: No

Note: For detailed information, see page 20, "3. Quarterly Consolidated Financial Statements and Main Notes: (5) Notes to the consolidated financial statements (Changes in accounting policies)."

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

i. Number of shares issued and outstanding at the end of the period (including treasury stock)	FY ended March 2023	102,579,232 shares	FY ended March 2022	102,579,232 shares
ii. Number of shares of treasury stock at the end of the period	FY ended March 2023	4,528,141 shares	FY ended March 2022	4,023,088 shares
iii. Average number of shares during the period	FY ended March 2023	97,620,769 shares	FY ended March 2022	98,923,091 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 shares of treasury stock above includes shares held in trust accounts (497,900 shares as of March 31, 2023 and 0 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 stock subtracted from the calculation of the average number of shares during the period (776,139 shares for the Fiscal Year Ended March 2023 and 258,055 shares for the Fiscal Year Ended March 2022).

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 fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 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	%
FY ended March 2023	572,039	1.2	32,670	-1.5	35,386	-1.4	23,006	-11.0
FY ended March 2022	564,989	8.0	33,166	-2.0	35,890	-44.5	25,862	-51.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2023	234.64	231.69
FY ended March 2022	261.44	256.55

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 March 31, 2023	389,143	160,348	40.1	1,597.14
As of March 31, 2022	326,952	140,101	41.6	1,380.61

(Reference) Equity: FY ended March 2023: 156,517 million yen FY ended March 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.

Reference: Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 2023 (April 1, 2022 - March 31, 2023)

(1) Non-consolidated results of operations

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended March 2023	284,324	5.6	19,268	-1.3	30,097	0.6	22,881	-10.6
FY ended March 2022	269,349	2.9	19,514	-2.7	29,906	5.1	25,588	21.7

	Net income per share	Diluted net income per share
	Yen	Yen
FY ended March 2023	234.39	231.51
FY ended March 2022	258.67	253.81

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) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	272,191	133,586	48.1	1,335.12
As of March 31, 2022	198,401	114,035	56.2	1,131.11

(Reference) Equity: FY ended March 2023: 130,909 million yen FY ended March 2022: 111,478 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.

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

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

Note on forward-looking statements:

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

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1. Overview of operating results and other indicators

(1) Overview of operating results

During the fiscal year ended March 31, 2023, the Japanese economy as a whole showed signs of moderate recovery. On the other hand, consumer prices continued to rise and foreign exchange rates fluctuated significantly.

Under these circumstances, the Nojima Group focused on being the leader in 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 to provide customer services that reflect the perspectives of customers, while working to improve consulting-based sales and enhance customer services to meet their needs.

In addition, we offered a tender for the shares of CONEXIO Corporation (hereinafter referred to as CONEXIO), a major mobile phone sales company, and made it a wholly owned subsidiary. We will aim to raise corporate value in this severe market environment, so that we can exercise synergy with CONEXIO and continue to provide high-quality services that are close to our customers. Further, through investment in New Synergy Investment Limited Partnership, we acquired shares of MONEY SQUARE HOLDINGS, INC., (hereinafter referred to as MSHD). Furthermore, our consolidated subsidiary AXN Co., Ltd. acquired The Cinema, Inc.

As a result, for the consolidated fiscal year under review, we recorded net sales of 626,181 million yen (110.8% of the figure for the previous fiscal year) , operating income of 33,572 million yen (101.2% of the figure for the previous fiscal year), ordinary income of 36,246 million yen (101.0% of the figure for the previous fiscal year), and net income attributable to owners of the parent company of 23,315 million yen (90.1% of the figure for the previous fiscal year).

EBITDA (*), considered by the Group to be an important indicator of business performance, stood at 55,743 million yen (104.2% of the figure for the previous fiscal year).

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

Business performance by segment is outlined below.

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

(Operation of digital home electronics retail stores)

Sales of PCs, air conditioners, large refrigerators, etc. were strong, and overall sales of the digital home electronics retail stores remained robust.

Under these circumstances, we continued to invest in human resources and stores, actively opened stores in good locations in the metropolitan area and worked to create stores that will please more customers. In addition, amid rising customer awareness of energy conservation due to soaring electricity bills, we have continued to work on the "Energy-Saving Consultant" system and have provided consulting that meets the energy conservation needs of our customers. Furthermore, from January 2023, we started a "Communication Expense Consultant" system. We will continue to train our employees so that they can provide optimal guidance from all carriers and plans to ensure Nojima is well placed to be able to resolve customer concerns regarding their mobile phones.

As a result, net sales in this segment totaled 266,561 million yen (106.0% of the figure for the previous fiscal year) and ordinary income was 20,643 million yen (99.8% of the figure for the previous fiscal year).

(Operation of mobile carrier stores)

Each telecommunications carrier has announced a policy to significantly reduce the number of carrier shops, and while higher-quality store management is required now than ever before, the replacement cycle of mobile phones is now longer due to the rise in phone prices, and the environment surrounding the market is expected to become even more severe, partly due to the further increase in online purchases and inquiries.

Under these circumstances, we have continued to work to operate stores that please our customers through a variety of our own services, such as security-related services that lead to peace of mind and safety, and consulting services geared towards customer needs. In addition, in order to improve customer convenience, we actively promoted store relocations and renovations to locations that are more accessible to our customers.

As a result, net sales in this segment totaled 234,344 million yen (124.7% of the figure for the previous fiscal year) and ordinary income was 6,166 million yen (104.7% of the figure for the previous fiscal year). Results for CONEXIO from January to March 2023 are included in operation of mobile carrier stores, and net sales (before consolidation adjustments) totaled 54,196 million yen and net income was 227 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 mail services at Group stores, and maximized group synergies. We also released the 10 Gbps ultra-high-speed service "@nifty Hikari 10 Giga" and worked to develop services that would please our customers.

Cecile Co., Ltd. continued to develop products to satisfy customers through the selection and concentration of resources in line with business restructuring. Regarding Nifty Lifestyle Co., Ltd., we promoted investments to further expand business and improve the foundations for growth.

As a result, net sales in this segment totaled 68,110 million yen (94.1% of the figure for the previous fiscal year) and ordinary income was 6,657 million yen (115.4% of the figure for the previous fiscal year).

(Overseas business)

In Southeast Asian countries, restrictions on travel in response to COVID-19 have been eased, and economic activity continues to recover due to growth in personal consumption and an improvement in the labor market. Although the inflation rate seems to have peaked, it is necessary to continue to pay close attention to the effects of the economy on rising prices.

Under these circumstances, in order to create stores that will be favored by our customers, we have been working on human resource development to further improve the quality of customer service, and investment in our stores in the form of renovation and scrap and build.

As a result, net sales in this segment totaled 51,443 million yen (119.6% of the figure for the previous fiscal year) and ordinary income was 1,508 million yen (71.7% of the figure for the previous fiscal year).

(Financial business)

At the end of the current consolidated fiscal year, MSHD, whose main business is over-the-counter foreign exchange trading, became a consolidated subsidiary as part of Nojima's personal financial business, adding a financial business segment.

The US dollar/yen exchange rate started at the 121 yen level, but the yen continued to weaken against the backdrop of repeated interest rate hikes by the Federal Reserve Board, reaching the 151 yen level in October, the lowest level it has been at in the past 32 years. In the time following, the pace of interest rate hikes by the Federal Reserve slowed, and the Bank of Japan intervened to buy yen, with the US dollar/yen exchange rate finishing at the 132 yen level in the fiscal year. Under these circumstances, we have expanded the service of “Trap repeat if done”, our unique investment method that is easy to operate even for FX beginners. In addition to introducing a new currency pair “US dollar / Canadian dollar” that is easy to form a range market, which is one of “Trap repeat if done” strengths, we have introduced “Australian dollar / New Zealand dollar”, “Euro / British pound” and “US dollar/Canadian dollar”, which are suitable for “Trap repeat if done”, under the name of “Trap repeat if done global strategy”. As a result, we have reached 100 billion yen in assets under custody since our founding.

(Stores in operation)

With 15 new store openings and six store closures, including scrap-and-build, the number of digital home electronics retail stores stood at 214, or 233, including 19 dedicated communications device stores following the closure of two stores.

In the operation of mobile carrier stores, following new store openings and the acquisition of eight stores, as well as the closure and sale of 15 stores, including scrap-and-build and acquiring CONEXIO, the number of stores, including both directly operated carrier stores and franchises, stood at 1,004.

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

In the light of these factors, the numbers of stores as of March 31, 2023 are as shown below.

Stores in operation

Classification	Directly operated stores	Franchises	Total
Operation of digital home electronics retail stores	233	-	233
Digital home electronics retail stores	214	-	214
Dedicated communications device stores	19	-	19
Operation of mobile carrier stores	700	304	1,004
Carrier stores	649	300	949
Others	51	4	55
Overseas business	66	-	66
Total	999	304	1,303

(2) Overview of financial position

Assets, liabilities and net assets

(Assets)

Total assets as of March 31, 2023 were 555,905 million yen, an increase of 228,952 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 169,445 million yen to 353,409 million yen in current assets and an increase of 59,507 million yen to 202,496 million yen in non-current assets.

The primary factors underlying the increase in current assets included increases of 92,312 million yen in segregated deposits due to acquiring MSHD, 29,482 million yen in accounts receivable-other, and 20,054 million yen in accounts receivable due to acquiring CONEXIO, despite a decrease of 19,997 million yen in securities.

The main causes of the increase in non-current assets included increases of 30,517 million yen in goodwill and 15,721 million yen in contractual intangible assets, despite a decrease of 661 million yen in customer-related intangible assets.

(Liabilities)

Total liabilities as of March 31, 2023 were 394,848 million yen, an increase of 207,997 million yen from the end of the previous fiscal year.

This increase was due mainly to an increase of 207,997 million yen to 394,848 million yen in current liabilities and an increase of 43,920 million yen to 103,800 million yen in non-current liabilities.

The primary factors underlying the increase in current liabilities included increases of 108,542 million yen in guarantee deposits received and 21,150 million yen in accounts payable-other due to acquiring MSHD, despite decreases of 5,000 million yen in current portion of bonds and 955 million yen in unearned revenue.

The main causes of the increase in non-current liabilities included increases of 33,178 million yen in long-term loans payable and 3,555 million yen in retirement benefit liabilities.

(Net assets)

Net assets as of March 31, 2023 totaled 161,056 million yen, an increase of 20,955 million yen from the end of the previous fiscal year, due to factors including an increase of 20,647 million yen in retained earnings.

These factors resulted in an equity ratio of 28.2% (41.6% at the end of the previous fiscal year).

(3) Overview of cash flow

Cash and cash equivalents ("funds" hereinafter) for the consolidated fiscal year under review totaled 35,755 million yen, a decrease of 15,249 million yen from 51,004 million yen for the previous fiscal year.

Cash flow for each category and impacting factors are described below.

(Cash flow from operating activities)

Funds earned from operating activities totaled 34,613 million yen (80.7% of the figure for the previous fiscal year).

This was mainly due to 36,112 million yen in net income before taxes and other adjustments, 14,062 million yen in depreciation, 4,076 in contract liabilities, and 3,197 million yen in amortization of goodwill, despite negative factors of 9,842 million yen in decrease/increase in inventory and an expenditure of 13,692 million yen in income taxes paid or refunded.

(Cash flow from investment activities)

Funds used from investment activities totaled 81,260 million yen (9,029 million yen earned for the previous fiscal year).

This was due mainly to expenditure of 74,423 million yen from the sale of shares of subsidiaries resulting in a change in the scope of consolidation, 4,670 million yen from the purchase of tangible non-current assets, and 4,392 million yen from the purchase of investment securities, despite a gain of 3,672 million yen for the sale of investment securities, and 628 million yen for lease and guarantee deposits.

(Cash flow from financing activities)

Funds earned for financing activities totaled 30,618 million yen (19,964 million yen used for the previous fiscal year).

This was due mainly to a gain of 152,994 million yen for proceeds from long-term loans payable and 1,376 million yen for proceeds gained by exercising stock options, despite a decrease of 109,557 million yen in proceeds from long-term loans payable and 5,000 million yen in redemption of bonds.

Reference: Trends in cash flow indicators

	57th period FY ended March 31, 2019	58th period FY ended March 31, 2020	59th period FY ended March 31, 2021	60th period FY ended March 31, 2022	61st period FY ended March 31, 2023
Equity ratio (%)	25.9	30.8	41.8	41.6	28.2
Market equity ratio (%)	32.7	31.2	40.8	34.9	24.8
Interest-bearing debt to cash flow (years)	3.0	1.7	1.0	0.6	1.8
Interest coverage ratio (times)	57.8	45.0	57.7	66.4	57.6

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

1. Each of the above indicators is calculated based on financial figures prepared on a consolidated basis.
2. Total market capitalization is calculated based on the number of shares issued and outstanding, not including treasury stock. Treasury stock doesn’t include shares of Company stock held in employee stock ownership plan (ESOP) trust accounts.
3. Cash flow generated by operating activities is used for cash flow.
4. Interest-bearing debt refers to all liabilities on the consolidated balance sheet on which interest is paid.

(4) Future outlook

Regarding the outlook for the future, while measures to prevent the spread of COVID-19 have been eased, there is still expected to be uncertainty surrounding the economic environment, as prices have risen sharply due to the effects of Russia's invasion of Ukraine and the weaker yen.

In the consumer electronics retail industry, it is expected that product prices will continue to rise. We will continue to secure products favored by consumers, to ensure we can make proposals at reasonable prices. In addition, we will continue to work on our "Energy-Saving Consultant" and "Communication Expense Consultant" systems, and to resolve customer concerns with empathetic support and a wealth of knowledge.

In the mobile phone sales industry, in addition to the accelerated shift to online sales and over-the-counter services, commission income is expected to decline. While strengthening our unique range of services by exercising Group synergy, we aim to promote shop management geared to provide increased customer satisfaction by introducing services that are in higher demand by making use of the advantages of physical stores. CONEXIO will promote employee training and personnel exchanges in order to establish the framework for shop management that is more in line with our management approach.

In the Internet industry, the rapid change in lifestyles caused by the spread of COVID-19 are slowing the pace of market expansion, but demand for high-quality, ultra-high-speed broadband connection services is expected to grow even further. While listening to customer feedback, which changes on a daily basis, we will work to resolve our customer concerns by developing, improving, and expanding various services.

As for overseas markets, while the impact of COVID-19 is waning, economic growth has slowed, and it is expected that market trends in each country will continue to require close attention. We will consider a scrap-and-build approach to our stores, and develop new services and upgrade customer service/interaction, and consulting services that our customers will stand behind.

As for financial markets, it is unclear whether the current trend in foreign exchange rates will continue. By continuing to enhance “Trap repeat if done” related services such as the “Trap repeat if done” Global Strategy, we will propose comfortable asset management that fits the lifestyle of our customers.

The Group will continue to invest in human resources and DX, and further strengthen its consulting capabilities. As a result, in the next fiscal year ending March 31, 2024, we expect net sales of 740,000 million yen (118.2% of the figure for the fiscal year ended March 31, 2023), operating income of 38,000 million yen (113.2% of the figure for the fiscal year ended March 31, 2023), ordinary income of 41,000 million yen (113.1% of the figure for the fiscal year ended March 31, 2023), and net income attributable to shareholders of the parent company of 27,000 million yen (115.8% of the figure for the fiscal year ended March 31, 2023).

We anticipate EBITDA of 61,000 million yen (109.4% of the figure for the fiscal year ended March 31, 2023).

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

2. Basic approach to selecting accounting standards

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

3. Consolidated financial statements and main notes

(1) Consolidated balance sheet

(Million yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Assets		
Current assets		
Cash and deposits	31,007	37,145
Accounts receivable	69,063	89,117
Securities	19,997	-
Merchandise and products	50,735	69,338
Programing rights	1,648	1,623
Accounts receivable-other	7,406	36,888
Segregated deposits	-	92,312
Trading products	-	19,675
Other	5,045	7,922
Allowance for doubtful accounts	-940	-614
Total current assets	183,963	353,409
Non-current assets		
Tangible non-current assets		
Buildings and structures	40,726	49,628
Accumulated depreciation	-19,692	-26,950
Buildings and structures (net)	21,034	22,678
Machinery, equipment and vehicles	1,238	1,265
Accumulated depreciation	-751	-860
Machinery, equipment and vehicles (net)	487	405
Tools, fixtures, and facilities	12,369	17,560
Accumulated depreciation	-9,565	-13,466
Tools, fixtures, and facilities (net)	2,804	4,094
Lease assets	23,260	29,281
Accumulated depreciation	-6,566	-11,851
Lease assets(net)	16,694	17,429
Land	13,059	14,220
Other (net)	181	31
Total tangible non-current assets	54,262	58,859
Intangible assets		
Goodwill	19,263	49,781
Software	1,995	3,214
Contractual intangible assets	37,844	53,566
Customer-related intangible assets	661	-
Other	464	1,679
Total intangible assets	60,230	108,241
Investments and other assets		
Investment securities	2,419	3,682
Deferred tax assets	9,261	10,703
Lease and guarantee deposits	14,702	18,798
Retirement benefit assets	223	196
Other	1,943	2,222
Allowance for doubtful accounts	-54	-208
Total investments and other assets	28,496	35,394
Total non-current assets	142,988	202,496
Total assets	326,952	555,905

(Million yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	57,151	74,942
Electronically recorded obligations-operating	711	607
Short-term loans payable	1,616	1,649
Current portion of long-term loans payable	8,224	19,079
Current portion of bonds	5,000	-
Accounts payable-other	11,714	32,865
Accrued income taxes	7,669	9,487
Accrued consumption tax	2,053	1,872
Accrued expenses	3,480	6,234
Advance received	5,254	7,700
Unearned revenue	6,548	5,592
Contract liabilities	7,132	9,662
Reserve for points	739	1,204
Reserve for bonuses	1,721	3,924
Lease obligations	3,136	3,671
Guarantee deposits received	-	108,542
Trading products	-	906
Other	4,817	3,101
Total current liabilities	126,971	291,045
Non-current liabilities		
Long-term loans payable	9,074	42,252
Contract liabilities	9,315	10,861
Reserve for directors' retirement benefits	186	206
Retirement benefit liabilities	8,982	12,538
Deferred tax liabilities	10,264	13,330
Lease obligations	15,110	15,528
Other	6,945	9,082
Total non-current liabilities	59,879	103,800
Reserves under special laws		
Reserve for financial instruments transaction liabilities	-	2
Total Reserves under special laws	-	2
Total liabilities	186,851	394,848

(Million yen)

	Previous fiscal year (as of March 31, 2022)	Current fiscal year (as of March 31, 2023)
Net assets		
Shareholders' equity		
Capital stock	6,330	6,330
Capital surplus	7,510	7,475
Retained earnings	125,543	146,191
Treasury stock	-5,221	-6,002
Total shareholders' equity	134,163	153,994
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	285	363
Deferred gains or losses on hedges	30	-8
Currency conversion adjustments	1,155	1,822
Accumulated adjustment to retirement benefits	432	344
Total accumulated other comprehensive income	1,903	2,523
Stock acquisition rights	2,557	2,682
Non-controlling interests	1,476	1,856
Total net assets	140,101	161,056
Total liabilities and net assets	326,952	555,905

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

Consolidated income statement

(Million yen)

	Previous fiscal year (April 1, 2021 - March 31, 2022)	Current fiscal year (April 1, 2022 - March 31, 2023)
Net sales	564,989	626,181
Cost of sales	398,344	444,564
Gross profit on sales	166,644	181,617
Sales, general and administrative expenses		
Advertising expenses	21,620	21,758
Salaries, allowances and bonuses	41,254	48,445
Provision of reserve for bonuses	2,306	1,357
Retirement benefit expenses	-344	1,212
Rents	17,914	21,230
Depreciation	12,651	13,471
Amortization of goodwill	2,781	3,197
Other	35,293	37,373
Total sales, general and administrative expenses	133,478	148,045
Operating income	33,166	33,572
Non-operating income		
Interest income	37	163
Dividend	326	190
Purchase discounts	2,014	2,273
Gain on equity method investment	111	85
Other	1,580	1,588
Total non-operating income	4,070	4,300
Non-operating expenses		
Interest expenses	602	564
Interest on bonds	48	3
Foreign exchange losses	40	339
Commission expenses	33	241
Donations	216	76
Other	404	401
Total non-operating expenses	1,346	1,626
Ordinary income	35,890	36,246

(Million yen)

	Previous fiscal year (April 1, 2021 - March 31, 2022)	Current fiscal year (April 1, 2022 - March 31, 2023)
Extraordinary income		
Gain on negative goodwill	187	-
Gain on sales of investments in associated companies	6,526	-
Gain on sales of non-current assets	36	249
Gain on reversal of share acquisition rights	171	265
Total extraordinary income	6,920	514
Extraordinary losses		
Loss on sales of investment securities	2,791	-
Loss on sales of non-current assets	851	-
Impairment losses	375	587
Others	87	61
Total extraordinary losses	4,105	648
Net income before taxes and other adjustments	38,705	36,112
Income taxes-current	12,024	14,123
Income taxes-deferred	737	-1,440
Total income taxes	12,762	12,683
Net income	25,942	23,429
Net income attributable to shareholders of the non-controlling interests	80	114
Net income attributable to shareholders of the parent company	25,862	23,315

Consolidated statement of comprehensive income

(Million yen)

	Previous fiscal year (April 1, 2021 - March 31, 2022)	Current fiscal year (April 1, 2022 - March 31, 2023)
Net income	25,942	23,429
Other comprehensive income		
Valuation difference on available-for-sale securities	-35	78
Deferred gains or losses on hedges	-28	-38
Currency conversion adjustments	1,080	667
Adjustments for retirement benefit obligations	372	-88
Share of other comprehensive income of entities accounted for using equity method	-255	-
Total other comprehensive income	1,132	619
Comprehensive income	27,075	24,048
(Breakdown)		
Comprehensive income attributable to shareholders of the parent company	26,995	23,934
Comprehensive income attributable to non-controlling interests	80	114

(3) Consolidated statement of changes in net assets

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

(Million yen)

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

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

Current fiscal year (April 1, 2022 - March 31, 2023)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	6,330	7,510	125,543	-5,221	134,163
Changes during the fiscal year					
Distribution of surplus			-2,558		-2,558
Net income attributable to shareholders of the parent company			23,315		23,315
Acquisition of treasury stock				-3,663	-3,663
Disposal of treasury stock		-109		2,882	2,772
Transfer from retained earnings to capital surplus		109	-109		-
Changes in the parent company's equity in transactions with non-controlling interests		-34			-34
Changes during the fiscal year in items other than shareholders' equity (net)					
Total changes during the fiscal year	-	-34	20,647	-781	19,830
Balance at end of fiscal year	6,330	7,475	146,191	-6,002	153,994

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Currency conversion adjustments	Accumulated adjustment to retirement benefits	Total accumulated other comprehensive income			
Balance at start of fiscal year	285	30	1,155	432	1,903	2,557	1,476	140,101
Changes during the fiscal year								
Distribution of surplus								-2,558
Net income attributable to shareholders of the parent company								23,315
Acquisition of treasury stock								-3,663
Disposal of treasury stock								2,772
Transfer from retained earnings to capital surplus								-
Changes in the parent company's equity in transactions with non-controlling interests								-34
Changes during the fiscal year in items other than shareholders' equity (net)	78	-38	667	-88	619	125	379	1,124
Total changes during the fiscal year	78	-38	667	-88	619	125	379	20,955
Balance at end of fiscal year	363	-8	1,822	344	2,523	2,682	1,856	161,056

(4) Consolidated cash flow statement

(Million yen)

	Previous fiscal year (April 1, 2021 - March 31, 2022)	Current fiscal year (April 1, 2022 - March 31, 2023)
Cash flow from operating activities		
Net income before taxes and other adjustments	38,705	36,112
Depreciation	13,483	14,062
Impairment loss	375	587
Amortization of goodwill	2,781	3,197
Gain on negative goodwill	-187	-
Loss (profit) on equity method investment	-111	-85
Increase (decrease) in reserve for retirement benefits	-1,473	-7
Increase (decrease) in allowance for doubtful accounts	-830	-289
Increase (decrease) in reserve for points	-69	385
Increase (decrease) in contract liabilities	1,145	4,076
Interest income and dividend income	-364	-353
Interest expenses	602	568
Gain/loss on sale of property, plant and equipment	815	-249
Loss on sale of investment securities	2,791	-
Gain on sales of investments in associated companies	-6,526	-
Decrease (increase) in accounts receivable-trade	2,265	1,737
Decrease (increase) in inventories	-1,096	-9,842
Decrease (increase) in accounts receivable-other	2,053	1,367
Increase (decrease) in notes and accounts payable-trade	1,805	532
Increase (decrease) in accrued expenses	-292	-953
Increase (decrease) in accrued consumption taxes	-336	-791
Increase (decrease) in accounts payable-other	-1,638	-874
Increase (decrease) in deposits received	129	-2,811
Increase (decrease) in advances received	615	2,363
Increase (decrease) in unearned revenue	-456	-1,121
Other	1,462	927
Subtotal	55,647	48,537
Interest and dividend income received	386	369
Interest expenses paid	-646	-601
Income tax (paid) or refund	-12,492	-13,692
Cash flow from operating activities	42,895	34,613

(Million yen)

	Previous fiscal year (April 1, 2021 - March 31, 2022)	Current fiscal year (April 1, 2022 - March 31, 2023)
Cash flow from investment activities		
Purchase of tangible non-current assets	-12,328	-4,670
Purchase of intangible assets	-1,029	-1,315
Purchase of investment securities	-109	-4,392
Proceeds from sales of investment securities	17,655	3,672
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-815	-74,423
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	7,241	-
Payments for lease and guarantee deposits	-1,995	-1,405
Proceeds from collection of lease and guarantee deposits	535	628
Other	-125	646
Cash flow from investment activities	9,029	-81,260
Cash flow from financing activities		
Increase (decrease) in short-term loans payable	-5,352	33
Proceeds from long-term loans payable	16,376	152,994
Repayment of long-term loans payable	-28,792	-109,557
Purchase of treasury stock	-2,246	-3,665
Proceeds from sales of treasury stock	655	951
Proceed from exercising stock options	879	1,376
Redemption of bonds	-	-5,000
Cash dividends paid	-2,386	-2,560
Repayment of lease obligations	-2,867	-3,778
Proceed from non-controlling interests	3,864	20
Other	-92	-194
Cash flow from financing activities	-19,964	30,618
Effect of exchange rate changes on cash and cash equivalents	530	779
Increase (decrease) in cash and cash equivalents	32,490	-15,249
Starting balance of cash and cash equivalents	18,513	51,004
Ending balance of cash and cash equivalents	51,004	35,755

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Important principles for preparing consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 29 companies

Names of significant consolidated subsidiaries:

ITX Corporation
ITX Communications inc.
Up Beat Corporation
CONEXIO Corporation
NIFTY Corporation
Cecile Co., Ltd.
NIFTY Lifestyle Co., Ltd.
Nojima APAC Limited
MONEY SQUARE HOLDINGS, INC.
NOJIMA STELLA SPORTS CLUB Co., Ltd.
Business Grand Works Co., Ltd.
AXN Co., Ltd.

Notes

- i ITX Corporation, a consolidated subsidiary of the Company, acquired all shares of NIL Telecom Co., Ltd. on April 1, 2022, making it a consolidated subsidiary. NIL Telecom Co., Ltd. was dissolved on October 1, 2022 through an absorption-type merger with ITX Corporation, a consolidated subsidiary of the Company, as the surviving company.
- ii AXN Japan Co., Ltd. and Mystery Channel Co., Ltd. were dissolved on April 1, 2022 through an absorption-type merger with our consolidated subsidiary AXN Co., Ltd. as the surviving company.
- iii Assetrust Pte. Ltd. has been excluded from the scope of consolidation due to cancellation of its registration on April 7, 2022.
- iv ITX Corporation, a consolidated subsidiary of the Company, acquired all shares of Shizuoka Telecom Co., Ltd. on September 1, 2022, making it a consolidated subsidiary of the Company. Shizuoka Telecom Co., Ltd. was dissolved on March 1, 2023 through an absorption-type merger with ITX Corporation, a consolidated subsidiary of the Company, as the surviving company.
- v AXN Co., Ltd., a consolidated subsidiary of the Company, acquired all shares of The Cinema Co., Ltd. on October 3, 2022, making it a consolidated subsidiary of the Company.
- vi Our consolidated subsidiary Courts Asia Ltd. changed its name to Nojima APAC Limited on October 31, 2022.
- vii As of November 22, 2022, the Company has included NCX Co., Ltd. in its scope of consolidation as it was newly established. On February 16, 2023, NCX Co., Ltd. acquired 94.02% of the shares of CONEXIO Corporation and included the Company in the scope of consolidation. In addition, on March 22, 2023, NCX Co., Ltd. acquired 5.98% of the shares through a demand for the sale of shares, making it a wholly owned subsidiary.
- viii As of January 16, 2023, the Company has invested in the New Synergy Investment Business Limited Liability Partnership and has included the partnership within its scope of consolidation. On the same date, New Synergy Investment Business Limited Liability Partnership acquired 97.75% of the shares of MONEY SQUARE HOLDINGS, INC., and included the Company and two other subsidiaries within the scope of consolidation. New Synergy Investment Business Limited Liability Partnership was dissolved on March 24, 2023.
- ix Cecile Communications Co., Ltd., a consolidated subsidiary of the Company, was dissolved on February 1, 2023 through an absorption-type merger with Nifty Cecile Co., Ltd. as the surviving company. On the same date, the surviving company, Nifty Cecile Co., Ltd., changed its name to Nifty Communications Co., Ltd.

(2) Names of non-consolidated subsidiaries and other information

Number of non-consolidated subsidiaries: 2

Name of the non-consolidated subsidiaries:

i TKY logistics Co., Ltd.
ii CONEXIO with Corporation

(Reason for exclusion from scope of consolidation)

Non-consolidated subsidiaries are small, and their total assets, sales, net income (loss), and retained earnings (proportion of equity) do not have a material impact on the consolidated financial statements.

Further, CONEXIO With Corporation is a special subsidiary of CONEXIO Corporation and aims to create employment opportunities for people with disabilities.

2. Application of equity method

Number of equity-method affiliates: 1

Name of the equity-method affiliate:

Hascom Mobile Corporation

3. Fiscal years of consolidated subsidiaries and other matters

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

Company	Year ends
NOJIMA STELLA SPORTS CLUB Co., Ltd.	June 30

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

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

4. Accounting standards

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

A. Securities

Available-for-sale securities:

a. Those having fair market value:

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

b. Those without fair market value:

Moving average cost method

c. Investment in investment business limited partnerships and similar partnerships

(Items deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act)

Based on the most recent financial statements available according to the settlement date stipulated in the partnership agreement, the amount equivalent to the equity interest is incorporated in the net amount.

B. Inventory

Merchandise:

Moving average cost method (the balance sheet figure is calculated by writing down book values based on decreased profitability)

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

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

Programing rights

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

C. Evaluation standards and evaluation methods for derivative transactions

MONEY SQUARE HOLDINGS, INC., a consolidated subsidiary of the Company, uses the fair value method.

(2) Depreciation methods for important depreciable assets

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

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

Domestic consolidated subsidiaries, Up Beat Corporation and ITX Corporation, ITX Communications inc., and CONEXIO Corporation apply the straight-line method.

Overseas consolidated subsidiaries, Courts (Singapore) Pte. Ltd, Courts (Malaysia) Sdn. Bhd. and PT Courts Retail Indonesia mainly apply the straight-line method.

The main useful lives for depreciation purposes are shown below.

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

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

The straight-line method is applied.

Main useful lives for depreciation purposes are shown below.

Software:	5 years

Contractual intangible assets: 15-20 years
Customer-related intangible assets: 6 years

C. Leased assets

The straight-line method is applied using the term of the lease as the useful life of the asset and zero as the residual value.

(3) Accounting standards for important reserves

A. Allowance for doubtful accounts

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

B. Reserve for point card certificates

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

C. Reserve for bonuses

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

D. Reserve for directors' retirement benefits

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

(4) Important method of hedge accounting

A. Method of hedge accounting

Deferred hedge accounting is adopted.

B. Hedging instruments and hedged items

Hedging instruments ... Forward exchange contract
Hedged items... Monetary liabilities and forecasted transactions denominated in foreign currencies

C. Hedging policy

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

D. Method for evaluating hedge effectiveness

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

(5) Accounting treatment of retirement benefits

A. Period of attribution of estimated retirement benefits

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

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

Actuarial gains or losses are booked as expenses in the fiscal years in which they arise. Some consolidated subsidiaries book actuarial gains or losses as expenses beginning from the following consolidated fiscal year using the straight-line method, setting an amount prorated over a fixed number of years (five or six years) within the average remaining number of years of employment for personnel employed at the time each of such gains or losses arises in each consolidated fiscal year.

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

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

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

(6) Basis for recording revenues and expenses

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

Step 1: Identify the contract with the customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Calculate the transaction price.
Step 4: Allocate the transaction price to the separate performance obligations in the contract.
Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation.

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

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

In the operation of digital home electronics retail stores and the overseas business, the Group provides warranty services, such as repairs, for products sold on separate contracts. The Company and its subsidiaries identify warranty services as performance obligations and recognize revenue over a certain period of time since the performance obligations are satisfied over the warranty period.

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

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

Monetary claims and obligations in foreign currencies are converted into yen at the spot exchange rate as of the date of the consolidated settlement of accounts. Any difference from this conversion is recorded as a profit or loss. Assets and liabilities of overseas consolidated subsidiaries are converted into yen at the spot exchange rate as of the date of the consolidated settlement of accounts. Income and expenses of overseas subsidiaries are converted into yen at the average exchange rate over the fiscal year. Differences due to conversion are included under Net assets as "Currency conversion adjustments."

(8) Method and period of amortization of goodwill

Goodwill: 5-16 years

(9) Scope of funds on the consolidated cash flow statement

Funds included on the consolidated cash flow statement are cash on hand, deposits that may be withdrawn at any time, and short-term investments that are readily convertible into cash and have maturities of three months or less from the date of purchase and have only a minor risk of a fluctuation in value.

(10) Other important matters that form the basis for the preparation of consolidated financial statements

A. Accounting for foreign exchange margin trading with customers as the counterparty.

Settlement gains and losses and appraisal gains and losses related to foreign exchange margin trading executed by customer orders are recorded. In addition, unrealized gains/losses are calculated for each transaction detail for all unsettled foreign exchange margin transactions with customers, and the amount equivalent to the unrealized gains is recorded as trading products (assets) on the consolidated balance sheet, and the amount equivalent to the valuation loss is recorded in trading instruments (liabilities). Money deposited by customers as the margin for foreign exchange margin transactions shall managed separately from the Company's assets as set forth in Article 43-3, Paragraph 1 of the Financial Instruments and Exchange Law and Article 143, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Financial Instruments Business, etc. The principal amount of such money trust is recorded as deposits on the consolidated balance sheet.

B. Accounting for foreign exchange margin trading with the counterparty

Settlement gains and losses and appraisal gains and losses related to foreign exchange margin transactions executed by cover transaction orders are recorded.

In addition, valuation gains and losses are calculated for each transaction item for all open foreign exchange margin transactions with the counterparty, and then added together for each counterparty to offset the gains and losses. The same amount is recorded in trading instruments on the consolidated balance sheets.

(Changes in accounting policies)

We have applied the "Guidelines for the Application of Accounting Standards for Calculating Fair Value" (ASBJ Statement No. 31 June 17, 2021; hereinafter referred to as "Guidelines for the Application of Accounting Standards for Calculating Fair Value") from the beginning of the current consolidated fiscal year. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the Guidelines for the Application of Fair Value Accounting Standards, the new accounting policies stipulated in the Guidance on Application of Fair Value Accounting Standards will be applied in the future. There is no effect on the consolidated financial statements.

(Notes to the consolidated balance sheet)

*1 "Leased assets (net)" refers to right-of-use assets (16,690 million yen in previous fiscal year, 17,415 million yen in current fiscal year) recorded by subsidiaries applying International Financial Reporting Standards.

*2 To enable the flexible and stable procurement of working capital, the Nojima Group has concluded agreements with its main financial institutions on overdrafts and loan commitments. Shown below are available balances under these agreements as of the end of the consolidated fiscal year.

	Previous fiscal year (March 31, 2022)	Current fiscal year (March 31, 2023)
Credit line	50,850 million yen	131,556 million yen
Outstanding balance	613 million yen	48,206 million yen
Difference: Available balance	50,237 million yen	83,350 million yen

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

(1) Method for determining reporting segments

The Nojima Group periodically reviews its reporting segments to assess business performance and to allow informed decision-making by top management decision-making bodies on the use of management resources. The reporting segments are based on financial information for units of the Group's organization that can be separated from the rest of the organization.

(2) Types of products and services within each reporting segment

The segment of “Operation of digital home electronics retail stores” sells digital audio video products, IT devices, and home electronics, and provides related solutions, setup, repairs, and other services.

The segment of “Operation of mobile carrier stores” sells communication devices (primarily mobile phones) and provides related services.

The segment of “Internet business” provides broadband connectivity services and services including communication, security, and various information services which use the Internet.

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

The segment of “Financial business” provides financial instrument trading services, such as over-the-counter foreign exchange trading and exchange stock index margin trading.

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

The Company added “Financial Business” to the existing reportable segments as MONEY SQUARE HOLDINGS, INC. and its two other subsidiaries were included in the scope of consolidation in fiscal year ended March 31, 2023.

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

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

Income figures for reporting segments are based on ordinary income.

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

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

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

(Million yen)

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

Notes:

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

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

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

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

Current consolidated fiscal year (April 1, 2022 - March 31, 2023)

(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	264,472	233,894	67,693	51,443	-	617,504	8,677	626,181	-	626,181
Internal sales or transfers between segments	2,089	450	416	-	-	2,956	891	3,847	△3,847	-
Subtotal	266,561	234,344	68,110	51,443	-	620,460	9,568	630,029	△3,847	626,181
Segment income (loss)	20,643	6,166	6,657	1,508	-	34,976	1,328	36,304	△58	36,246
Segment assets	110,482	208,750	39,181	51,419	127,040	536,874	19,034	555,908	△3	555,905
Segment liabilities	80,914	95,873	15,214	38,359	112,409	342,772	1,788	344,560	50,287	394,848
Other accounts										
Depreciation	1,811	5,640	1,234	4,636	-	13,322	740	14,062	-	14,062
Amortization of goodwill	-	1,844	1,314	-	-	3,158	38	3,197	-	3,197
Interest income	-	0	0	148	-	148	0	148	14	163
Interest expenses	-	39	0	455	-	495	-	495	69	564
Equity in earnings of affiliates	-	85	-	-	-	85	-	85	-	85
Impairment loss	331	176	79	-	-	587	-	587	-	587
Investment in equity-method affiliates	-	991	-	-	-	991	-	991	-	991
Unamortized balance of goodwill	-	35,784	5,239	-	8,409	49,433	348	49,781	-	49,781
Increase in tangible and intangible non-current assets	4,169	50,359	593	621	10,780	66,526	66	66,592	-	66,592

Notes:

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

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

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

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

*5. In the financial business, MONEY SQUARE HOLDINGS, INC. and two other subsidiaries are included in the scope of consolidation in the current consolidated fiscal year, and only the balance sheet is consolidated, so segment assets and liabilities are stated.

(Per-share information)

	Previous fiscal year (April 1, 2021 - March 31, 2022)	Current fiscal year (April 1, 2022 - March 31, 2023)
Net assets per share	1,380.61 yen	1,596.29 yen
Net earnings per share	261.44 yen	238.83 yen
Diluted earnings per share	256.55 yen	235.90 yen

Notes:

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

	Previous fiscal year (April 1, 2021 - March 31, 2022)	Current fiscal year (April 1, 2022 - March 31, 2023)
Net earnings per share		
Net income attributable to shareholders of the parent company (million yen)	25,862	23,315
Amount not reverting to common shareholders (million yen)	-	-
Net income attributable to shareholders of the parent company related to common stock (million yen)	25,862	23,315
Average number of shares during the fiscal year (thousand shares)	98,923	97,620
Diluted net earnings per share		
Adjustments of net income attributable to shareholders of the parent company (million yen)	-	-
Increase in common stock (thousand shares)	1,888	1,215
(Amount of the above corresponding to stock subscription rights [thousand shares])	(1,888)	(1,215)
Summary of potential dilution not included in the calculation of diluted net earnings per share due to lack of dilution effect	Stock acquisition rights no. 19 (2021 stock options) (34,102 stock subscription rights)	Stock acquisition rights no. 20 (2022 stock options) (34,642 stock subscription rights)

2. Shares of Company stock remaining in trust recorded as treasury stock under shareholders' equity are included under treasury stock excluded from calculations of the average number of shares during the fiscal year for the purposes of calculating net earnings per share and are included under treasury stock excluded from total shares issued and outstanding at the end of the fiscal year for the purpose of calculating net assets per share.
   The average number of shares of such treasury stock excluded from calculations of net income per share during the fiscal year was 258 thousand shares in the previous fiscal year and 776 thousand shares in the current fiscal year. The number of shares of such treasury stock excluded from calculations of net assets per share at the end of the fiscal year was no shares in the previous fiscal year and 497 thousand shares in the current fiscal year.
3. The Company split one common share into two shares with the effective date of October 1, 2022. Accordingly, net assets per share, 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

(Important subsequent events)

(Stock options)

Granting of stock options (stock acquisition rights)

At its meeting held on May 9, 2023, the Board of Directors of the Company passed a resolution calling for the presentation at the 61st regular general meeting of shareholders, scheduled for June 16, 2023, of a resolution requesting approval of the issuance of stock acquisition rights as stock options and entrustment of decision-making on the terms of this issue to the Board of Directors, pursuant to the stipulations of Articles 236, 238, and 239 of the Companies Act of Japan.

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

   The objective of adopting a program of stock options is to increase corporate value by strengthening morale and motivation in order to improve Group business performance. To achieve this objective, stock options will be issued gratis.

2. Overview of issuance of stock acquisition rights

(1) Persons receiving an allocation of stock acquisition rights

Company directors, executive officers, and employees, as well as directors and employees of Company subsidiaries, as authorized by the Company Board of Directors

(2) Class and number of shares subject to stock acquisition rights

The shares subject to stock acquisition rights for which the Board of Directors may determine the terms of issuance as entrusted by the general meeting of shareholders shall not exceed 4,000 thousand shares of the Company's common stock.

However, if the number of shares allotted has been adjusted as described under (3) below, the maximum number of shares subject to the stock acquisition rights shall be the product of the adjusted number of shares allotted and the total number of stock acquisition rights.

(3) Total number of stock acquisition rights

The number of stock acquisition rights for which the Board of Directors may determine the terms of issuance as entrusted by the general meeting of shareholders shall not exceed 40,000.

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

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

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

(4) Issue price of stock acquisition rights

Stock acquisition rights shall be issued gratis.

(5) Amount payable upon exercise of stock acquisition rights

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note: The details above are conditional upon approval at the 61st regular general meeting of shareholders scheduled for June 16, 2023 of the resolution on the issuance of stock acquisition rights gratis as stock options and upon approval by the compensation committee at a meeting to be held after the 60th regular general meeting of shareholders on individual compensation for directors and executive officers.