Translation

May 7, 2020

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <under Japanese GAAP>

Company name: **Yamada Denki Co., Ltd.**
Listing: The Tokyo Stock Exchange
Stock code: 9831
URL: https://www.yamada-denki.jp/
Representative: Tsuneo Mishima, President and Representative Director
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Scheduled date of ordinary general meeting of shareholders: June 26, 2020
Scheduled date to commence dividend payments: June 29, 2020
Scheduled date to file Annual Securities Report: June 26, 2020
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded off, unless otherwise noted)

1. Consolidated performance for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	1,611,538	0.7	38,327	37.5	46,075	24.9	24,605	67.5
March 31, 2019	1,600,583	1.7	27,865	(28.1)	36,889	(22.1)	14,692	(50.7)

Note: Comprehensive income
Fiscal year ended March 31, 2020: 22,549 million yen (64.9%)
Fiscal year ended March 31, 2019: 13,674 million yen (-53.3%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2020	28.38	27.01	4.0	3.9	2.4
March 31, 2019	18.19	18.08	2.5	3.1	1.7

Reference: Equity in earnings (losses) of affiliated companies
Fiscal year ended March 31, 2020: (0) million yen
Fiscal year ended March 31, 2019: (35) million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	1,163,494	645,166	54.6	721.37
March 31, 2019	1,184,042	591,593	49.7	723.56

Reference: Equity
As of March 31, 2020: 635,136 million yen
As of March 31, 2019: 588,484 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	62,434	(8,235)	(58,091)	48,398
March 31, 2019	36,023	(8,469)	(27,461)	51,176

2. Cash dividends

	Annual cash dividends					Total cash dividends (Total)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2019	–	0.00	–	13.00	13.00	10,573	71.5	1.8
March 31, 2020	–	0.00	–	10.00	10.00	8,804	35.2	1.4
Fiscal year ending March 31, 2021 (Forecasts)	–	0.00	–	–	–		–	

Note: For the fiscal year ending March 31, 2021, the Company decides the annual cash dividends with a consolidated payout ratio of 30% or more as a target.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Yamada Denki Co., Ltd. (the “Company”) cannot foresee when the novel coronavirus disease (COVID-19) will end, and because it is extremely difficult to estimate its future impact, the consolidated earnings forecasts for the fiscal year ending March 31, 2021 are currently undecided. Going forward, the Company will promptly announce the consolidated earnings forecasts once it is possible to foresee the end of COVID-19, and appropriately and reasonably calculate said forecasts.

* **Notes**

(1) Changes in significant subsidiaries during the year (changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

a. Changes in accounting policies due to revisions of accounting standards, etc.: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements: None

(3) Number of issued shares (common stock)

a. Total number of issued shares at the end of the year (including treasury stock)

As of March 31, 2020	966,489,740 shares
As of March 31, 2019	966,489,740 shares

b. Number of treasury stock at the end of the year

As of March 31, 2020	86,038,722 shares
As of March 31, 2019	153,169,159 shares

c. Average number of shares during the year

Fiscal year ended March 31, 2020	866,919,056 shares
Fiscal year ended March 31, 2019	807,885,797 shares

* Document as English translation and difference in presentation method of figures

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. Readers should also note that (i) in the Japanese original, figures are presented in millions of yen with fractional amounts discarded unless otherwise noted, while in the English translation, figures are presented in millions of yen with fractional amounts rounded off unless otherwise noted, and (ii) in the Japanese original, totals may not equal the sum of individual amounts due to the discarding of the fractional amounts, while in the English translation, individual amounts are adjusted so that totals equal the sum of such individual amounts.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The Company cannot foresee when COVID-19 will end, and because it is extremely difficult to estimate its future impact, the consolidated earnings forecasts for the fiscal year ending March 31, 2021 are currently undecided. Going forward, the Company will promptly announce the consolidated earnings forecasts once it is possible to foresee the end of COVID-19, and appropriately and reasonably calculate said forecasts.

For the details of the above, please refer to the section of "(4) Future outlook" under "1. Overview of operating results and others" on page 5 of the attached materials to the financial results report.

Attached Materials

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

[On background of economies at home and abroad]

In the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020), the Japanese economy remained on a path of gradual recovery amid improvements in corporate earnings as well as the jobs and income environment, underpinned by economic and fiscal measures being taken by the government, despite the economy having been temporarily affected by developments such as a spate of natural disasters and a pullback in demand associated with hikes in national and local consumption taxes ("consumption tax hikes"). Nevertheless, the Japanese economy encountered a mounting recessionary mood brought about by a sense of future uncertainty due to the global pandemic of novel coronavirus disease (COVID-19). As for the global economy, the business outlook has remained extremely unclear amid factors that include adverse effects on the worldwide economy associated with prolonged trade friction brought about by protectionist trade policy in the U.S., the issue of the UK's withdrawal from the EU, slowdown of the Chinese economy, continuing turmoil in the Middle East, effects of volatility in financial and capital markets, and effects of COVID-19.

In the retail industry overall, despite a brief phase of upward momentum brought on by a last-minute surge in demand ahead of the consumption tax hikes, the tough business environment persisted amid intensifying competition extending beyond sectors and industries underpinned by a deep-seated frugal mindset among consumers caused by a pullback in demand associated with the consumption tax hikes and increasingly defensive spending patterns. Moreover, the industry has been encountering severe business conditions amid factors that include declining inbound visitor demand due to COVID-19, substantially decreasing numbers of customers visiting stores due to cancellations of events and voluntary restrictions against non-essential and non-urgent outings, and changing consumption trends. Moreover, operating costs have been following an upward trend largely due to rising personnel expenses and logistics costs caused by the labor shortage, while medium- to long-term challenges have begun to emerge with respect to Japan's declining birthrate, aging demographic and population decline. In addition, the situation increasingly calls for innovative management looking toward the future in a manner not bound by preconceptions amid a scenario of mounting uncertainties marked by a rapidly changing environment. For instance, whereas some business categories have been experiencing growth with respect to high-priced merchandise, in other business categories short-term demand for replacement has been slowing due to there being a remarkable range of choices and options amid circumstances where trends of consumption are being affected by changing lifestyles among consumers and diversifying purchasing behavior.

[On the consumer electrical appliance retail industry]

In the consumer electrical appliance retail industry to which the Yamada Denki Group (the "Group") belongs, sales in the second half of the fiscal year under review (October 1, 2019 to March 31, 2020) fell year on year due to factors such as the pullback in demand associated with the consumption tax hikes, revisions to parts of the Telecommunications Business Act (enforced on October 1, 2019), the occurrence of natural disasters (Typhoon Hagibis (Typhoon No. 19) and heavy rain caused by low-pressure systems and Typhoon Bualoi (Typhoon No. 21)), a warm winter, and COVID-19. However, sales for the fiscal year under review (April 1, 2019 to March 31, 2020) were strong due to the surge in demand associated with the consumption tax hikes.

From a product perspective, results were favorable particularly for high per-unit price products such as 4K and OLED televisions driven by demand for replacement and the commencement of new 4K/8K satellite broadcasting, amid signs that downward momentum seems to have bottomed out with respect to sales of televisions which had continually endured prolonged stagnation of the market due to a pullback in special demand which had been associated with the Japanese government's "ecopoints" program for consumer electrical appliances and digitization of terrestrial television. Refrigerators and washing machines also generated favorable results particularly for high per-unit price products underpinned by demand for replacement. Sales of air conditioners and other seasonal products weakened due to frequent cool rainy spells during the prolonged rainy season in July and a warm winter despite higher unit prices associated with higher priced models with improved functionality. Sales of mobile phones weakened, despite the occurrence of a surge in demand associated with revisions to parts of the Telecommunications Business Act, on account of a significant shrinkage in the market after said revisions took effect and a situation where consumers are holding off purchasing in relation to start of 5G (fifth-generation mobile communications system) commercial services. Sales of computers and other products in the digital realm had continued to be sluggish for a long time, but sales were strong due mainly to the demand for computer renewals due to the end of support for Windows 7, which ended on January 14, 2020, and for telework, etc. On the other hand, the broadband market had been shrinking due to the introduction of high-capacity data telecommunications plans offered by respective telecommunications carriers in line with the spread of smartphones, but then took a positive turn largely due to an onset of telework-related demand in March 2020.

[On the Company's efforts]

Against this backdrop in the consumer electrical appliance market, the Company has been carrying out reforms with respect to its new earnings model which involves strengthening the electrical appliance business with a sense of immediacy given the consumption tax hikes and forecasts anticipating sharp deceleration of personal consumption likely to set in subsequent to the Tokyo Olympic Games (postponed to the summer of 2021). These efforts have been showing results since the previous fiscal year. The Company has been taking steps to heighten business value across its respective businesses, particularly premised on the concept of "brighten your future with smart housing" which involves lifestyle infrastructure with home electrical appliances at the core. The Company has been taking steps to heighten earning potential by strengthening the development of SPA products; improving revenue through reinforcing the foundation for the renovation business (enhancement of both the construction and the sales frameworks); improving its marketing capabilities entailing a product development and sales approach that involves proposing lifestyle scenarios drawing on its unique ability to combine home electrical appliances with furniture and home interiors; and boosting sales by speeding up the construction of the online business. In furniture and home interiors, upon having made Otsuka Kagu, Ltd. ("Otsuka Kagu") a subsidiary in December 2019, the Company collaborated with Otsuka Kagu in rolling out Otsuka Kagu merchandise at four of the Company's LABI urban-format stores on February 7, 2020. This furthermore involved embarking on showroom display sales of home electrical appliances at the Ariake Head Office showroom of Otsuka Kagu on March 6, 2020, where Otsuka Kagu, like the Company, set up various rooms displaying lifestyle scenarios that combine home electrical appliances with furniture and home interiors. The Ariake Head Office showroom served as the first site, and Otsuka Kagu will expand the display of home electrical appliances successively to its other stores.

In addition, on March 24, 2020, the Company concluded a basic agreement for acquiring shares of housing business operator Leohouse, Ltd. (now a subsidiary) in order to enhance proposals available under its "brighten your future with smart housing" concept, and subsequently entered into a transfer agreement on April 9, 2020.

Furthermore, as part of its branding strategy, the Company has been changing the image of Yamada Denki to that of a store that "brightens your future with smart housing," which has involved airing a television commercial featuring the theme of "bringing happiness to every part of life," publishing advertising flyers, and posting details to the corporate website.

In a separate initiative, the Company separated the 13 branches of Yamada Denki (non-consolidated) in October 2019, and introduced a branch manager system that places emphasis on profit margin improvement.

Through such efforts, the Company managed to achieve progress in line with the business plan until January 2020, despite the consumer electrical appliance retail industry having encountered the harsh environment mentioned above. Since February 2020, however, COVID-19 has substantially weighed on the Company's sales, purchasing, gross profit and other benchmarks of performance.

With respect to the notion of optimizing the capital structure while also flexibly returning profits to shareholders, which has been under consideration for some time, the Company resolved to purchase treasury stock on April 1, 2020 (total number of purchasable shares: 100,000,000 shares (maximum); total purchase price of shares: ¥50,000 million (maximum); purchase period: from April 2, 2020 until March 24, 2021).

The Group released notification of "Resolution for Establishment of Preparatory Company for Company Split Involving Transition to Holding Company Structure by Means of Company Split; Resolution for Approval of Absorption-Type Company Split Agreement, and; Resolution for Partial Amendments to the Articles of Incorporation (Change of Trade Name)" on March 16, 2020. In that regard, the Group plans to transition to a holding company structure as of the effective date of October 1, 2020, subject to having gained approval at the 43rd Ordinary General Meeting of Shareholders scheduled to be held on June 26, 2020, and also subject to approval of the relevant public offices as deemed necessary. Accordingly, regarding "4. Reference Material: (Attached Table) Overview Regarding Net Sales, Gross Profit and Operating Profit by Business Segment" (in Japanese only), the previous Housing Equipment Business Department, Financial Services Business Department, Support Service Business Department, Environmental Solutions Business Department, Electrical Appliance Retail Business Department, and Affiliate and Subsidiary Electrical Appliance Business Department will change to aggregate segments with an eye to the holding company structure (Electrical Appliance Segment, Affiliate and Subsidiary Electrical Appliance Segment, Housing

Segment, Financial Services Segment, Environmental Resource Development Segment and Support Services Segment).

[On CSR]

The Group aims to increase its social value and develop together with society. To this end, we engage in ongoing CSR-oriented operations that are genuine, and continue to carry out CSR activities proactively, contributing to a sustainable society. Moreover, we actively engage in environmental, social and corporate governance (ESG) initiatives, which we regard as crucial in terms of helping to resolve social challenges and ensuring that we sustain a presence as an enterprise that enhances its corporate value, and have accordingly shifted control of such initiatives to the SDGs Promotion Department of the Sustainability Office, from the CSR Department of the CSR Promotion Office previously. On December 16, 2019, the Company announced the establishment of "Priority Initiatives for Achieving SDGs" for Yamada Denki alone. In terms of initiatives for the entire Yamada Denki Group, the Group is focusing on three themes for contributing to achieving SDGs, and the Group plans to aim for a sustainable society by pursuing those initiatives.

Three themes for the Yamada Denki Group

1. Offer comfortable living spaces and establish social systems
2. Foster employee growth and improve their working environments
3. Promote a recycling-oriented society and conserve the global environment

(https://www.yamada-denki.jp/csr/)

[On number of stores]

The number of consolidated retail stores, including those overseas at the end of the fiscal year under review encompassing 35 new store openings and 20 store closures, was 990 directly-managed stores (comprising 675 stores directly managed by the Company, 169 stores managed by Best Denki Co., Ltd. and 146 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including the stores managed by franchise stores, was 12,858.

[On performance summary]

As a result of the above, consolidated net sales amounted to ¥1,611,538 million, up 0.7% year on year, operating profit totaled ¥38,327 million, up 37.5% year on year, ordinary profit was ¥46,075 million, up 24.9% year on year, and profit attributable to owners of parent was ¥24,605 million, up 67.5% year on year.

(2) Overview of financial position for the fiscal year

Total assets at the end of the fiscal year under review amounted to ¥1,163,494 million, down ¥20,548 million (1.7%) compared to the end of the previous fiscal year. This was mainly due to a decrease in other current assets.

Total liabilities amounted to ¥518,328 million, down ¥74,121 million (12.5%) compared to the end of the previous fiscal year. This was mainly due to the exercise of rights on current portion of bonds.

Net assets amounted to ¥645,166 million, up ¥53,573 million (9.1%) compared to the end of the previous fiscal year mainly reflecting the disposal of treasury stock in line with the exercise of rights on convertible bond-type bonds with subscription rights to shares. As a result, the equity ratio was 54.6% (up 4.9 point from the end of the previous fiscal year).

(3) Overview of cash flows for the fiscal year

As of the end of the fiscal year under review, cash and cash equivalents on a consolidated basis stood at ¥48,398 million, down ¥2,778 million (5.4%) compared with the end of the previous fiscal year.

The position of cash flows during the fiscal year under review is as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥62,434 million (¥36,023 million provided in the previous fiscal year).

This was mainly due to profit before income taxes exceeding the amount for the previous fiscal year and a decrease in notes and accounts receivable.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥8,235 million (¥8,469 million used in the previous fiscal year).

This was mainly due to purchase of property and equipment associated with renovations of stores, etc.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥58,091 million (¥27,461 million used in the previous fiscal year).

This was mainly due to redemption of bonds.

(Reference) Trends in company cash flow indicators are as shown below.

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Equity ratio (%)	46.6	48.4	49.8	49.7	54.6
Market value-based equity ratio (%)	37.2	38.5	43.4	37.5	32.6
Interest-bearing debt to cash flows (year)	–	5.4	3.7	6.0	4.0
Interest coverage ratio (factor)	–	30.0	46.3	28.8	44.2

Equity ratio: equity / total assets
Market value-based equity ratio: market capitalization / total assets
Interest-bearing debt to cash flows: interest-bearing debt / operating cash flows
Interest coverage ratio: operating cash flows / paid interest

* All indicators are calculated using consolidated-based financial figures.
* Market capitalization is calculated based on the number of issued shares as of the end of the year (excluding treasury stock).
* The figure used for operating cash flows is “net cash provided by (used in) operating activities” on the consolidated statements of cash flows.
* Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which we paid interest.
* The interest-bearing debt to cash flows and the interest coverage ratio are not presented for the fiscal year ended March 31, 2016 because cash flows from operating activities was a minus value.

(4) Future outlook

Looking ahead to the fiscal year ending March 31, 2021, the global pandemic of COVID-19 is having serious ramifications both domestically and abroad, thereby raising concerns of adverse long-term effects on the international economy as well as that of Japan amid a scenario where respective nations around the world are scrambling to mount emergency responses.

The retail industry overall is likely to encounter more challenging circumstances than ever before amid factors that include declining inbound visitor demand due to the global pandemic of COVID-19, store closures and reduced business hours upon the government having declared a state of emergency, decreasing numbers of customers visiting stores due to voluntary restrictions against non-essential and non-urgent outings, as well as deteriorating consumer sentiment and changing consumer behavior stemming from increasingly defensive spending patterns.

The consumer electrical appliance retail market in which the Group belongs is poised to remain sluggish amid an uncertain outlook as to when disruption due to COVID-19 is likely to subside. By product type, video equipment is expected to be strong due to the 4K and 8K satellite broadcasts and the market expansion for OLED TVs. Refrigerators, washing machines and other white goods are expected to be firm supported by replacement demand. Sales of seasonal products including air conditioning units are likely to increase year on year given that weather forecasts indicate average temperatures this summer (June to August) typical for the season, in comparison with the summer of 2019 when temperatures were low in the month of July and warmer than average temperatures during the winter months. Meanwhile, sales of computers and other products in the digital realm are likely to hold firm given the prospect of demand particularly stemming from telework and online coursework. Whereas mobile phones are likely to encounter sluggish sales amid adverse effects associated with revisions to parts of the Telecommunications Business Act, the Group expects replacement demand as 5G commercial services take hold.

Under this market environment, the Group will continue from the previous fiscal year to enhance its “brighten your future with smart housing” concept underpinned by its “generating profits through continuous reform and innovation” management slogan for fiscal 2020 continuing on from 2019, and actively implement initiatives in the Electrical Appliance Segment, Affiliate and Subsidiary Electrical Appliance Segment, Housing Segment, Financial Services Segment, Environmental Resource Development Segment and Support Services Segment. In particular, the Electrical Appliance Segment will improve the profit ratio through continued reforms, propose lifestyle scenarios that combine home electrical appliances with furniture and home interiors at stores of both Yamada Denki and Otsuka Kagu, strengthen the development of SPA products in a manner distinctive to the Group, and propose options that enable people to enjoy themselves in comfort while hunkering down in their homes due to the voluntary restrictions against non-essential and non-urgent outings due to COVID-19. Furthermore, the Housing Segment will promote long-life quality housing and use the benefits of scale, including making Leohouse, Ltd. a subsidiary, to expand the scale of operations.

In order to further promote reforms such as those described above, while also enhancing corporate value and contributing to development of a sustainable society, the Group aims for further sustained corporate growth and expansion while improving management efficiency and strengthening governance of the entire Group more than ever before. Accordingly, the Group’s officer assignments associated with its transition to a holding company structure slated for October 1, 2020, as announced on April 1, 2020, will ensure that the roles of business management and supervision are carried out separately from business execution.

However, the Company cannot foresee when COVID-19 will end, and expects various industries and consumer behavior to be significantly impacted. As it is extremely difficult to estimate this future impact, the consolidated earnings forecasts for the fiscal year ending March 31, 2021 are currently undecided. The Company will promptly announce the consolidated earnings forecasts once it is possible to foresee the end of COVID-19, and appropriately and reasonably calculate said forecasts.

(Risk information related to COVID-19)

Giving priority to the safety and health of all of its stakeholders such as customers, shareholders, business connection, partners and employees, the Group has implemented a variety of measures such as working from home or staggered working hours at the Company’s headquarters, prohibiting non-essential and non-urgent visitors, business trips, etc., thoroughly checking the temperature of all employees prior to the coming to the office and wearing masks, thoroughly washing hands and gargling, understanding health management for employees and stopping employees, etc. who are suspected of being infected from coming to work, shortening the operating hours of all stores (a portion of stores suspended business), placing alcohol disinfectant at all facilities and diligent disinfecting, placing clear partitions at registers, and ensuring space between people waiting in line at the register. However, the performance of the Group may be significantly impacted if there is an impediment to the operation of stores, etc. due to someone becoming infected with COVID-19 at a store, etc., or if the stable supply of products or purchase price are affected, or the release of new products is postponed due to the impact of COVID-19 on business partners’ management resources (people, things, money, information).

2. Basic rationale for selection of accounting standards

The Group applies accounting principles generally accepted in Japan (Japanese GAAP) for its accounting standards in order to secure year-on-year comparisons of consolidated financial statements and comparisons among companies.

The Group will continue to closely observe matters with respect to IFRSs such as developments in the accounting system.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Assets		
Current assets		
Cash and time deposits	51,681	48,940
Notes and accounts receivable	62,848	59,860
Operating loans	–	2,222
Merchandise and finished goods	379,291	384,248
Work in process	3,857	4,815
Raw materials and supplies	4,311	3,767
Other current assets	58,016	43,527
Allowance for doubtful accounts	(1,541)	(1,904)
Total current assets	558,463	545,475
Non-current assets		
Property and equipment		
Buildings and structures, net	210,307	202,639
Land	189,002	192,742
Lease assets, net	8,818	13,732
Construction in progress	764	840
Other, net	11,732	11,250
Total property and equipment, net	420,623	421,203
Intangible assets	34,902	33,697
Investments and other assets		
Investment securities	9,398	5,253
Long-term loans receivable	3,113	2,817
Net defined benefit asset	1,558	1,579
Deferred tax assets	30,534	29,723
Guarantee deposits	95,220	95,360
Other assets	32,212	30,501
Allowance for doubtful accounts	(1,981)	(2,114)
Total investments and other assets	170,054	163,119
Total non-current assets	625,579	618,019
Total assets	1,184,042	1,163,494

(Millions of yen)

	Previous fiscal year (March 31, 2019)	Current fiscal year (March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable	114,006	103,329
Short-term loans payable	95,930	53,730
Current portion of bonds	100,017	–
Current portion of long-term loans payable	41,151	53,225
Lease obligations	2,695	4,405
Income taxes payable	10,701	9,343
Provision for bonuses	8,275	8,355
Provision for directors' bonuses	117	129
Provision for point card certificates	12,172	13,164
Provision for warranties for completed construction	667	641
Provision for losses on liquidation of subsidiaries	282	607
Other current liabilities	50,502	51,619
Total current liabilities	436,515	298,547
Long-term liabilities		
Long-term loans payable	66,429	123,939
Lease obligations	9,024	11,820
Provision for directors' retirement benefits	477	1,049
Provision for product warranties	7,974	7,658
Provision for losses on interest repayments	50	32
Provision for gift certificates, etc.	155	124
Net defined benefit liability	28,114	30,343
Asset retirement obligations	32,803	34,307
Other long-term liabilities	10,908	10,509
Total long-term liabilities	155,934	219,781
Total liabilities	592,449	518,328
Net assets		
Shareholders' equity		
Common stock	71,059	71,059
Capital surplus	79,404	84,060
Retained earnings	503,701	517,944
Treasury stock, at cost	(67,953)	(38,171)
Total shareholders' equity	586,211	634,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of taxes	540	(733)
Foreign currency translation adjustments	313	438
Remeasurements of defined benefit plans	1,420	540
Total accumulated other comprehensive income	2,273	245
Subscription rights to shares	1,493	1,872
Non-controlling interests	1,616	8,157
Total net assets	591,593	645,166
Total liabilities and net assets	1,184,042	1,163,494

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

(Consolidated statements of income)

(Millions of yen)

	Previous fiscal year (April 1, 2018 to March 31, 2019)	Current fiscal year (April 1, 2019 to March 31, 2020)
Net sales	1,600,583	1,611,538
Cost of sales	1,159,592	1,150,885
Gross profit	440,991	460,653
Selling, general and administrative expenses	413,126	422,326
Operating profit	27,865	38,327
Non-operating income		
Interest income	899	726
Purchase discounts	4,501	4,267
Rent income	3,936	3,821
Sales of electric power	2,002	1,916
Other	4,512	4,512
Total non-operating income	15,850	15,242
Non-operating expenses		
Interest expenses	1,243	1,400
Foreign exchange losses	144	945
Rent expenses	3,082	3,071
Rental expenses	205	–
Cost of sales of electric power	823	815
Other	1,329	1,263
Total non-operating expenses	6,826	7,494
Ordinary profit	36,889	46,075
Extraordinary income		
Gain on sales of non-current assets	454	159
Gain on sales of investment securities	557	1,709
Gain on negative goodwill	–	2,721
Other	113	641
Total extraordinary income	1,124	5,230
Extraordinary loss		
Loss on disposal of non-current assets	583	206
Impairment loss	9,966	8,742
Other	2,367	3,951
Total extraordinary losses	12,916	12,899
Profit before income taxes	25,097	38,406
Income taxes-current	14,342	13,009
Income taxes-deferred	(4,039)	820
Total income taxes	10,303	13,829
Profit	14,794	24,577
Profit (loss) attributable to non-controlling interests	102	(28)
Profit attributable to owners of parent	14,692	24,605

(Consolidated statements of comprehensive income)

(Millions of yen)

	Previous fiscal year (April 1, 2018 to March 31, 2019)	Current fiscal year (April 1, 2019 to March 31, 2020)
Profit	14,794	24,577
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	(1,316)	(1,273)
Foreign currency translation adjustments	1,128	125
Remeasurements of defined benefit plans, net of tax	(932)	(880)
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	(1,120)	(2,028)
Comprehensive income	13,674	22,549
Comprehensive income attributable to:		
Owners of parent	13,574	22,577
Non-controlling interests	100	(28)

(3) Consolidated statements of changes in net assets

Previous fiscal year (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2018	71,059	84,608	500,164	(73,704)	582,127
Changes of items during the period					
Cash dividends			(10,404)		(10,404)
Profit attributable to owners of parent			14,692		14,692
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		0	0
Decrease by merger			(751)		(751)
Purchase of shares of consolidated subsidiaries		(5,205)		5,755	551
Other changes in the period, net					
Total changes of items during the period	–	(5,204)	3,537	5,751	4,084
Balance at March 31, 2019	71,059	79,404	503,701	(67,953)	586,211

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2018	1,854	(815)	2,352	3,391	1,153	2,069	588,740
Changes of items during the period							
Cash dividends							(10,404)
Profit attributable to owners of parent							14,692
Purchase of treasury stock							(4)
Disposal of treasury stock							0
Decrease by merger							(751)
Purchase of shares of consolidated subsidiaries							551
Other changes in the period, net	(1,314)	1,128	(932)	(1,118)	340	(453)	(1,231)
Total changes of items during the period	(1,314)	1,128	(932)	(1,118)	340	(453)	2,853
Balance at March 31, 2019	540	313	1,420	2,273	1,493	1,616	591,593

Current fiscal year (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2019	71,059	79,404	503,701	(67,953)	586,211
Changes of items during the period					
Cash dividends			(10,573)		(10,573)
Profit attributable to owners of parent			24,605		24,605
Purchase of treasury stock				(2)	(2)
Disposal of treasury stock		4,656		29,784	34,440
Change in scope of consolidation			211		211
Other changes in the period, net					
Total changes of items during the period	–	4,656	14,243	29,782	48,681
Balance at March 31, 2020	71,059	84,060	517,944	(38,171)	634,892

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2019	540	313	1,420	2,273	1,493	1,616	591,593
Changes of items during the period							
Cash dividends							(10,573)
Profit attributable to owners of parent							24,605
Purchase of treasury stock							(2)
Disposal of treasury stock							34,440
Change in scope of consolidation							211
Other changes in the period, net	(1,273)	125	(880)	(2,028)	379	6,541	4,892
Total changes of items during the period	(1,273)	125	(880)	(2,028)	379	6,541	53,573
Balance at March 31, 2020	(733)	438	540	245	1,872	8,157	645,166

(4) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (April 1, 2018 to March 31, 2019)	Current fiscal year (April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	25,097	38,406
Depreciation	18,926	20,719
Impairment loss	9,966	8,742
Amortization of goodwill	516	58
Increase in provision for point card certificates	4,337	635
Decrease in provision for product warranties	(1,664)	(315)
Increase (decrease) in allowance for doubtful accounts	(536)	440
Increase in net defined benefit liability	1,182	1,338
Interest and dividend income	(1,100)	(964)
Interest expenses	1,243	1,399
Foreign exchange losses	324	431
Gain on sale of investment securities	(556)	(1,708)
Loss on sale and disposal of property and equipment, net	129	47
Gain on negative goodwill	–	(2,721)
Decrease (increase) in notes and accounts receivable	(16,951)	12,456
Increase in operating loans receivable	–	(1,417)
Decrease in advances received	(2,731)	(1,135)
Decrease (increase) in inventories	(4,198)	3,393
Increase (decrease) in notes and accounts payable	15,730	(11,702)
Decrease (increase) in accounts receivable	(2,110)	6,401
Increase (decrease) in consumption taxes payable	(3,063)	4,787
Increase in other current assets	(432)	(382)
Increase (decrease) in other current liabilities	1,668	(3,833)
Other, net	(495)	2,651
Sub-total	45,282	77,726
Interest and dividend income received	400	261
Interest expenses paid	(1,250)	(1,413)
Income taxes paid	(8,409)	(14,140)
Net cash provided by operating activities	36,023	62,434

(Millions of yen)

	Previous fiscal year (April 1, 2018 to March 31, 2019)	Current fiscal year (April 1, 2019 to March 31, 2020)
Cash flows from investing activities		
Payments into time deposits	(228)	(94)
Proceeds from withdrawal of time deposits	338	58
Purchases of property and equipment	(13,172)	(19,105)
Proceeds from sale of property and equipment	1,586	463
Purchases of intangible assets	(603)	(715)
Payments for guarantee deposits	(1,767)	(822)
Proceeds from collection of guarantee deposits	9,142	6,648
Purchase of investment securities	(1,626)	(5)
Proceeds from sales and redemption of investment securities	1,590	3,416
Purchase of investments in subsidiaries and affiliated companies	(768)	(97)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	–	1,468
Proceeds from sale of shares in subsidiary resulting in change in scope of consolidation	–	217
Payment of loans receivable	(8,487)	(1,261)
Collection of loans receivable	4,123	1,059
Other, net	1,403	535
Net cash used in investing activities	(8,469)	(8,235)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,349	(47,000)
Proceeds from long-term loans payable	21,270	115,310
Repayments of long-term loans payable	(47,500)	(45,651)
Redemption of bonds	–	(65,560)
Purchase of treasury stock	(3)	(1)
Proceeds from disposal of treasury stock	0	0
Repayments of lease obligations	(2,735)	(4,638)
Proceeds from sales and leasebacks	623	24
Cash dividends paid	(10,461)	(10,572)
Other, net	(4)	(3)
Net cash used in financing activities	(27,461)	(58,091)
Effect of exchange rate change on cash and cash equivalents	(244)	(10)
Net decrease in cash and cash equivalents	(151)	(3,902)
Cash and cash equivalents at beginning of year	51,327	51,176
Increase in cash and cash equivalents resulting from change in scope of consolidation	–	1,124
Cash and cash equivalents at end of year	51,176	48,398

4. Segment information

I Previous fiscal year (April 1, 2018 to March 31, 2019)

The Group has two business segments — "home electrical appliances and home information appliances sales business" and "other business." As the percentage of "home electrical appliances and home information appliances sales business" to the total is substantially high and accordingly it is considered to be immaterial as disclosure information, disclosures related to segment information have been omitted.

II Current fiscal year (April 1, 2019 to March 31, 2020)

The Group has two business segments — "home electrical appliances and home information appliances sales business" and "other business." As the percentage of "home electrical appliances and home information appliances sales business" to the total is substantially high and accordingly it is considered to be immaterial as disclosure information, disclosures related to segment information have been omitted.

5. Per share information

	Previous fiscal year (April 1, 2018 to March 31, 2019)	Current fiscal year (April 1, 2019 to March 31, 2020)
Net assets per share	723.56 yen	721.37 yen
Basic earnings per share	18.19 yen	28.38 yen
Diluted earnings per share	18.08 yen	27.01 yen

Note: Basis for calculation of basic earnings per share and diluted earnings per share are as follows:

	Previous fiscal year (April 1, 2018 to March 31, 2019)	Current fiscal year (April 1, 2019 to March 31, 2020)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	14,692	24,605
Amount not attributable to shareholder (millions of yen)	–	–
Profit attributable to owners of parent attributable to common stock (millions of yen)	14,692	24,605
Average number of common stock outstanding during the year (thousands of shares)	807,886	866,919
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (millions of yen)	12	–
(Including interest expenses (net of corresponding tax amount) (millions of yen))	(12)	(–)
Number of common stock increased (thousands of shares)	5,547	43,943
(Including subscription rights to shares (thousands of shares))	(5,547)	(43,943)

Potentially issuable shares not included in the calculation of diluted earnings per share because no diluting effect arises	–	(Consolidated subsidiary) Otsuka Kagu, Ltd. Subscription rights to shares by resolution at the meeting of the Board of Directors held on February 15, 2019 The 1st subscription rights to shares Number of subscription rights to shares: 65,000 units (Common stock: 6,500,000 shares) The 2nd subscription rights to shares Number of subscription rights to shares: 18,000 units (Common stock: 1,800,000 shares)

6. Significant subsequent events

(Transition to holding company structure by means of company split)

At the meeting of the Board of Directors held on March 16, 2020, the Company resolved to establish Yamada Denki Split Preparatory Company as a preparatory company to transition to a holding company structure by means of company split (hereinafter, the "Split"), aiming to establish said company on October 1, 2020, and conclude an Absorption-Type Company Split Agreement with the preparatory company on the condition that it would be approved and adopted at the Ordinary General Meeting of Shareholders of the Company held on June 26, 2020, and approvals, etc. are received from the competent agencies when necessary. By transitioning to a holding company structure, the Company will separate the administration and supervision of management and the execution of business, and will strengthen Group governance more than ever by specializing in comprehensive control, including the planning and drafting of management strategies for the sustainable growth and development of the Group, aiming to further enhance the corporate value of the Group.

1. Purpose for transitioning to holding company structure

   As a parent company, the holding company will aim to strengthen Group governance more than ever by specializing in comprehensive control, including administration and supervision of management and planning and drafting of management strategies for the sustainable growth and development of the Group. Moreover, the holding company will aim to promptly perform reorganization of businesses through means including business alliances, capital alliances, and M&A. In addition, the operating companies will aim to work to improve the management efficiency of the entire Group and further enhance corporate value through each company focusing on the execution of work in its business under a new system in which business responsibilities are clarified.

2. Overview of the Split

   (1) Schedule for the Split

March 16, 2020	:	approval of Absorption-Type Company Split Agreement by Board of Directors
March 31, 2020	:	record date of General Meeting of Shareholders
April 1, 2020	:	establishment of preparatory company for company split
April 13, 2020	:	conclusion of Absorption-Type Company Split Agreement
June 26, 2020	:	approval of Absorption-Type Company Split Agreement at General Meeting of Shareholders
October 1, 2020 (scheduled)	:	effective date of Absorption-Type Company Split Agreement

*Regarding the Split, the preparatory company falls within the scope of cases eligible for a short-form split, pursuant to the provisions of Article 796 of the Companies Act and accordingly plans to use procedures that do not require approval and resolution by the General Meeting of Shareholders.

(2) Method of the Split
A spin-off in the form of an absorption-type company split with the Company as the splitting company and the preparatory company, which is a wholly owned subsidiary of the Company, as the succeeding company.

(3) Details of allocation concerning the Split
As the Company already owns all issued shares of the succeeding company, there is no plan for the payment of money, etc. from the succeeding company to the Company for the rights and duties to be succeeded in the Split.

(4) Handling of subscription rights to shares and bonds with subscription rights to shares
There are no changes to the handling of subscription rights to shares as a result of the Split. The Company has not issued bonds with subscription rights to shares.

(5) Common stock to be increased or decreased through the company split
There will be no change to the common stock of the Company as a result of the Split.

(6) Rights and duties assumed by the succeeding company
Through the Split, the succeeding company will assume the assets, liabilities and other rights and duties (excluding those otherwise prescribed) pertaining to the home electrical appliances and home information appliances sales business and housing-related product sales business which the Company conducts on the effective date of the Split.
Furthermore, the Company plans to manage a portion of non-current assets belonging to each business as a holding company.
The Company will assume the liabilities assumed by the succeeding company in a superimposed manner.

(7) Prospects for fulfillment of obligations
It is expected that the estimated amount of assets of the Company and the succeeding company will exceed the amount of liabilities after the Split, and currently we do not predict the occurrence of any events that would cause an impediment to the performance of obligations arising after the Split, and for these reasons, the Company judges that there are no problems with respect to the prospects for the Company and the succeeding company to fulfill their obligations after the Split.

3. Status after the Split (from October 1, 2020 (scheduled))

3–1 Listed company

(1)	Trade name	YAMADA HOLDINGS CO., LTD. (Trade name scheduled to change from Yamada Denki Co., Ltd. on October 1, 2020)
(2)	Location	1-1 Sakae-cho, Takasaki, Gunma, Japan
(3)	Title and name of the representative	Noboru Yamada, President and Representative Director
(4)	Business description	Planning and drafting of Group management strategies, management and supervision of Group companies' management, common Group services, etc.
(5)	Common stock (millions of yen)	71,059
(6)	End of Fiscal Year	March 31

3–2 Status of the succeeding company

(1)	Trade name	Yamada Denki Co., Ltd. (Trade name scheduled to change from Yamada Denki Split Preparatory Company on October 1, 2020)
(2)	Location	1-1 Sakae-cho, Takasaki, Gunma, Japan
(3)	Title and name of the representative	Tsuneo Mishima, President and Representative Director
(4)	Business description	Home electrical appliances and home information appliances sales business and housing-related product sales business
(5)	Common stock (millions of yen)	100
(6)	End of Fiscal Year	March 31

(Business combination through acquisition)

The Company resolved to acquire shares of Leohouse, Ltd. and make it a subsidiary at the meeting of the Board of Directors held on March 24, 2020, concluded a basic agreement with NAC CO., LTD, which is the parent company of Leohouse, Ltd., on March 24, 2020, and acquired all shares of Leohouse, Ltd. on May 14, 2020.

1. Summary of business combination
   (1) Name of acquired company and business lines
   Name of company : Leohouse, Ltd.
   Business lines : Contracted construction of custom-built houses, etc.
   (2) Main reason for business combination
   Leohouse, Ltd. is a core company in the housing business of NAC CO., LTD, and provides satisfaction to each and every customer on a made-to-order basis as a company that has received awards, such as first place in the evaluation item of “Price Satisfaction” for three years in a row (2016-2018) on the Oricon Customer Satisfaction Ranking, with the aim of being a company that is the best at listening to customers, premised on the objective of “building houses that enrich life together.”
   The Company has judged that there is a high synergistic effect between the Company’s proposals available under its “brighten your future with smart housing” concept and the housing business operator Leohouse, Ltd., and concluded a basic agreement with NAC CO., LTD, which is the parent company of Leohouse, Ltd.
   (3) Date of business combination
   May 14, 2020
   (4) Legal form of business combination
   Acquisition of shares
   (5) Name of the company after business combination
   (6) YAMADA LEO HOUSE CO., LTD.
   (7) Percentage of voting rights to be acquired
   100%
   (8) Main basis for determining acquiring company
   The Company acquired 100% of voting rights, thereby making the acquired company a wholly owned subsidiary.

2. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition (Cash)	¥489 million
Acquisition cost	¥489 million

3. Amount of goodwill generated, reason for generation of goodwill, and method and period of amortization

   Not determined at this time.

(Purchase of treasury stock)

At a meeting of the Board of Directors held on April 1, 2020, the Company approved a resolution regarding purchases of treasury stock pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph 3 of the same Act, and purchased treasury stock since April 2, 2020 as described below.

1. Reason for conducting purchase of treasury stock

   In order to implement a flexible capital policy that can meet changes in the business environment and to enhance the return on profits to shareholders through improvements in capital efficiency

2. Details of matters relating to purchase

(1)	Class of shares to be purchased	Common stock
(2)	Total number of shares to be purchased	100,000,000 shares (maximum) (11.36% of total number of issued shares excluding treasury stock)
(3)	Total amount for share purchase	¥50,000 million (maximum)
(4)	Purchase period	April 2, 2020 to March 24, 2021
(5)	Method of purchase	Open-market purchase

3. Results of the purchase

   The purchases of treasury stock pursuant with the aforementioned resolution are now complete with 63,481,200 shares of common stock of the Company having been purchased (amount for share purchase was ¥31,953 million) for treasury stock up until May 14, 2020.