Translation

February 4, 2021

Consolidated Financial Results for the Nine Months of the Fiscal Year Ending March 31, 2021 <under Japanese GAAP>

Company name:	**YAMADA HOLDINGS CO., LTD.**
Listing:	The Tokyo Stock Exchange
Stock code:	9831
URL:	https://www.yamada-holdings.jp/
Representative:	Tsuneo Mishima, President and Representative Director
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Scheduled date to file Quarterly Report: February 12, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: None
Holding of quarterly financial results presentation meeting: None

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

1. Consolidated performance for the nine months of the fiscal year ending March 31, 2021 (from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	1,283,093	5.3	74,406	105.0	79,129	90.1	42,724	72.2
December 31, 2019	1,217,989	2.2	36,292	67.7	41,628	51.5	24,806	92.3

Note: Comprehensive income
Nine months ended December 31, 2020: 41,180 million yen (64.0%)
Nine months ended December 31, 2019: 25,107 million yen (98.0%)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2020	51.70	51.46
December 31, 2019	28.76	26.98

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2020	1,317,448	659,230	48.4
March 31, 2020	1,163,494	645,166	54.6

Reference: Equity
As of December 31, 2020: 637,681 million yen
As of March 31, 2020: 635,136 million yen

2. Cash dividends

	Annual cash dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	–	0.00	–	10.00	10.00
Fiscal year ending March 31, 2021	–	0.00	–		
Fiscal year ending March 31, 2021 (Forecasts)				–	–

Note: Revisions to the forecasts of cash dividends most recently announced: None

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)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2021	1,719,000	6.7	75,200	96.2	81,000	75.8	43,000	74.8	52.15

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes
For the details of the revisions to the consolidated earnings forecasts, please refer to the “Notice Concerning Revision to Earnings Forecast” announced today (February 4, 2021).

*** Notes**

(1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting for preparing quarterly consolidated financial statements: None

(3) 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.: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements: None

(4) Number of issued shares (common stock)

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

As of December 31, 2020	966,560,272 shares
As of March 31, 2020	966,489,740 shares

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

As of December 31, 2020	148,223,630 shares
As of March 31, 2020	86,038,722 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2020	826,253,246 shares
Nine months ended December 31, 2019	862,440,985 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.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company as of the announcement date and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.
For the details of the above forecasts, please refer to the section of “(3) Information regarding consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative information regarding settlement of accounts for the nine months” on page 5 of the attached materials to the quarterly financial results report.

Attached Materials

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1. Qualitative information regarding settlement of accounts for the nine months

(1) Information regarding operating results

[On background of economies at home and abroad]

In the first nine months of the fiscal year ending March 31, 2021, the Japanese economy deteriorated amid a decline in trends such as improvements in corporate earnings as well as the jobs and income environment, and significant restrictions in economic activity and consumption activities due to the impact of the COVID-19. Although signs of recovery were observed in personal consumption supported by various measures taken by the government such as the special cash payments and Go To campaigns, the outlook remains extremely unclear as the COVID-19 infection cases have been on the rise again. Similarly, various major countries proactively carried out monetary and financial measures. However, a harsh economic environment continued amid factors such as travel restrictions and a significant deterioration of economic activity due to the impact of COVID-19, as well as volatility in financial and capital markets.

The retail industry overall has been encountering severe business conditions amid the impacts of the increase of a frugal mindset among consumers caused by increasingly defensive spending patterns, a sharp decrease in inbound visitor demand due to COVID-19, people refraining from going out due to the declaration of a state of emergency, temporary closures of commercial facilities such as station buildings, mainly in urban areas, reduced business hours, and refraining from holding various types of events. Moreover, an increase in operating costs due to rising personnel expenses and logistics costs caused by the labor shortage has begun to emerge as a medium- to long-term challenge in Japan, where there is an aging demographic and population decline. In addition, the situation 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 where trends of consumption are being affected by changing lifestyles among consumers and diversifying purchasing behavior.

[On the consumer electrical appliance retail industry]

The consumer electrical appliance retail industry to which the YAMADA HOLDINGS Group (the "Group") belongs has been favorable overall as the number of customers visiting suburban stores and e-commerce demand have increased despite a decrease in the number of customers visiting urban stores and a reactionary drop in the wake of the consumption tax hikes in the previous fiscal year and COVID-19. From a product perspective, demand for products and services related to telework, online classes, etc., which correspond to the "new way of life," was newly created. Purchases of TVs, washing machines, refrigerators, and air conditioners were bolstered by replacement demand as well as the special cash payments. Meanwhile, the percentage of people staying at home rose due to people refraining from going out and settling into new lifestyles, pushing up demand for products that serve to spend quality time at home, to prevent infection, or reduce the burden of housework. Such products include energy-saving, highly functional, high per-unit price and large-sized products; cooking appliances; hair care and beauty appliances; air purifiers and humidifiers; and game consoles and game software, all of which continued to generate strong sales.

[On the Company's efforts]

Against the backdrop of this situation, the Company has been carrying out measures against the spread of infection as it believes that its priority is to take the safety and security of customers and employees as well as the aspect of health into consideration to prevent the spread of COVID-19 in stores and business offices in order to fulfill its role of providing social infrastructure and its responsibilities by stably supplying daily necessities. Furthermore, the Company expanded online sales services, where customers can place orders from home, and significantly expanded shopping channels. Moreover, in order to respond to structural changes in demand over the medium term, the Company restructured its stores in Shinjuku area, including closing LABI Shinjuku East Exit Store and renovating the West Exit Store and the Otsuka Kagu Shinjuku Showroom, and developed the Akihabara area.

While the special cash payments and strong demand for stay-at-home products were temporarily effective in boosting sales and profits during the current fiscal year, the most effective factors were the improvement of gross profit (rate) and the reduction of selling and administrative expenses, which have been achieved under “Management Reforms to Reinforce the Corporate Structure,” the Company’s long-term initiatives. Specifically, our achievements include (1) contributing to profits through expansion of a wide-range of SPA products not offered by other companies such as home electrical appliances, furniture, household goods and home-related products, (2) maximizing sales, strengthening competitiveness, and reducing costs through management tailored to regional characteristics using the branch manager system, (3) optimizing sales floor space allocation of urban stores to suit their market and trade area, and (4) operating the Company’s proprietary e-commerce business that utilizes the strengths of brick-and-mortar stores.

Due to these management reforms as well as the reduction of selling and administrative expenses because of reduced business hours and the restraining of advertising expenses, there were significant increases, with operating profit increasing 105.0% to ¥74,406 million, ordinary profit increasing 90.1% to ¥79,129 million, and profit attributable to owners of parent increasing 72.2% to ¥42,724 million due to the recording of expenses for reform to increase the efficiency of assets with a view to the future, which includes loss from the closing of the Shinjuku East Exit Store and the Akihabara Store, in extraordinary loss. Net sales increased 5.3% to ¥1,283,093 million as a result of a large number of customers choosing to shop in suburban areas, where the Company has many stores, despite decreases in the number of customers visiting urban stores and sales of those stores due to people refraining from going out.

The Company promoted “new business lines as the industry for living infrastructure” premised on the concept of “brighten your future with smart housing” with stores that provide one-stop services that include housing-related home electrical appliances as well as housing and renovation services, furniture and home interior products, daily commodities and other products and services, and the fruits of those efforts are taking root. Earnings in renovation and furniture and home interiors grew steadily. Through initiatives to further strengthen housing business, such as the Company acquiring Leohouse, Ltd. on May 14, 2020 (wholly owned subsidiary) and Hinokiya Group Co., Ltd. on October 29, 2020 (consolidated subsidiary), net sales in housing in the next fiscal year are expected to amount to approximately ¥300.0 billion or more, making it a segment with a high level of importance to the Company. Hinokiya Group is a high quality housing manufacturer whose strengths are its air conditioning equipment and reasonable prices, and it will contribute to net sales and profit as it will further strengthen the housing product lineup together with existing housing companies.

The Company’s other achievements include efforts to provide new financial services by using the “NEOBANK®” service provided by SBI Sumishin Net Bank, Ltd. as well as the implementation of management reforms through a new business execution system with the aim of achieving an early return to profitability of OTSUKA KAGU, LTD.

The Company will carry out an intragroup reorganization around July 1, 2021 with an aim to further increase corporate value through the “Connected Management that Leverages Group Synergies.” For details, please refer to the “(Significant subsequent events)” on pages 12 to 17 below.

[Operating Results by Segment]

(1) Electrical Business

In the Electrical Business, net sales increased 3.9% year on year to ¥1,160,504 million, and segment profit increased 120.4% year on year to ¥76,023 million.

Net sales in this business increased because customers appreciated the concept of “brighten your future with smart housing,” resulting in favorable results mainly of consumer electrical appliances, as well as due to a boost in replacement demand associated with the provision of the special cash payments, similar to the aforementioned case in “[On the consumer electrical appliance retail industry].” This segment posted increases in sales and profits due to efforts including contributing to profits through expansion of a wide-range of SPA products not offered by other companies such as home electrical appliances, furniture, household goods and home-related products, and maximizing sales, strengthening competitiveness, and reducing costs through management tailored to regional characteristics using the branch manager system.

(2) Housing Business

In the Housing Business, which includes non-consolidated subsidiaries, net sales increased 3.8% year on year to ¥104,080 million, while segment profit decreased 54.7% year on year to ¥333 million.

In the Housing Business, which mainly offers detached houses, orders fell once due to a decline in the number of visitors to housing exhibition sites or model houses as a result of the closure of the exhibitions and other factors following the declaration of a state of emergency in April 2020. However, after the declaration was lifted at the end of May, the number of visitors recovered and orders received remained at a higher level than the previous year. The increase in net sales was contributed by the acquisition of Leohouse, Ltd. as a consolidated subsidiary. Segment profit was affected by delays in construction completion and the resultant delays in delivery of housing projects caused by COVID-19. As one of its management priorities, the Company is working to reduce the number of construction days in cooperation with Hinokiya Group Co., Ltd., which became a consolidated subsidiary in October 2020.

Housetec Inc., a manufacturer of housing equipment such as bathroom equipment and kitchen equipment, has been able to minimize the impact of COVID-19 through the introduction of online customer service, resulting in an increase in operating profit despite a decrease in net sales.

In this segment, the Company forecasts net sales of approximately ¥200,070 million, up 49.0% year on year, and segment profit of ¥7,039 million yen, up 328.1% year on year, for the current fiscal year, factoring in the expected progress of the construction and delivery in the fourth quarter, the new addition of Hinokiya Group Co., Ltd. as a consolidated subsidiary, and other factors.

(3) Other businesses

In other businesses, net sales amounted to ¥65,911 million, up 61.5% year on year, and segment loss was ¥1,477 million (segment profit of ¥975 million in the same period of the previous fiscal year) due to the new addition of OTSUKA KAGU, LTD. as a consolidated subsidiary.

[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 HOLDINGS alone. In terms of initiatives for the entire YAMADA HOLDINGS 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 HOLDINGS 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-holdings.jp/csr/)

[On number of stores]

The number of consolidated retail stores, including those overseas at the end of the third quarter under review encompassing 16 new store openings and 20 store closures, was 1,000 directly-managed stores (comprising 678 stores directly managed by the Company, 168 stores managed by Best Denki Co., Ltd. and 154 stores operated by other consolidated subsidiaries). The total number of stores of the Group, including the stores managed by franchise stores, was 13,022.

[On performance summary]
As a result of the above, consolidated net sales for the nine months under review amounted to ¥1,283,093 million, up 5.3% year on year, operating profit totaled ¥74,406 million, up 105.0% year on year, ordinary profit was ¥79,129 million, up 90.1% year on year, and profit attributable to owners of parent was ¥42,724 million, up 72.2% year on year.

(2) Information regarding financial position

[Financial position]
Total assets at the end of the third quarter under review amounted to ¥1,317,448 million, up ¥153,954 million (13.2%) from the end of the previous fiscal year. This was mainly due to an increase in current assets, mainly real estate for sale, resulting from the new addition of Hinokiya Group Co., Ltd. as a consolidated subsidiary.

Total liabilities amounted to ¥658,218 million, up ¥139,890 million (27.0%) from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable caused by seasonal factors as well as an increase in advances received on construction contracts in progress in connection with the new addition of Hinokiya Group Co., Ltd. as a consolidated subsidiary.

Net assets amounted to ¥659,230 million, up ¥14,064 million (2.2%) from the end of the previous fiscal year. This was mainly due to an increase in retained earnings, etc. resulting from an increase in profits despite an increase in treasury stock due to acquisition of treasury stock. As a result, the equity ratio was 48.4% (54.6% at the end of the previous fiscal year).

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

In light of its performance in the first nine months under review and the future economic prospects, the Group has upwardly revised the consolidated earnings forecasts for the fiscal year ending March 31, 2021 announced on October 28, 2020.
For details, please refer to the “Notice Concerning Revision to Earnings Forecast” announced today (February 4, 2021).

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and time deposits	48,940	92,325
Notes and accounts receivable	58,126	83,830
Accounts receivable from completed construction contracts	1,734	2,188
Operating loans	2,222	3,883
Merchandise and finished goods	377,234	403,611
Real estate for sale	7,014	31,518
Costs on construction contracts in progress	3,125	13,301
Work in process	1,690	1,505
Raw materials and supplies	3,767	5,903
Other current assets	43,527	50,696
Allowance for doubtful accounts	(1,904)	(2,121)
Total current assets	545,475	686,639
Non-current assets		
Property and equipment		
Buildings and structures, net	202,639	199,715
Land	192,742	201,863
Other, net	25,822	28,814
Total property and equipment, net	421,203	430,392
Intangible assets	33,697	39,207
Investments and other assets		
Guarantee deposits	95,360	86,672
Net defined benefit asset	1,579	1,608
Other assets	68,294	75,636
Allowance for doubtful accounts	(2,114)	(2,706)
Total investments and other assets	163,119	161,210
Total non-current assets	618,019	630,809
Total assets	1,163,494	1,317,448

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable	98,114	153,471
Accounts payable for construction contracts	5,215	12,326
Short-term loans payable	53,730	89,619
Current portion of long-term loans payable	53,225	49,810
Income taxes payable	9,343	17,966
Advances received on construction contracts in progress	355	30,395
Provision for point card certificates	13,164	13,851
Other provisions	11,104	10,023
Other current liabilities	54,297	64,768
Total current liabilities	298,547	442,229
Long-term liabilities		
Long-term loans payable	123,939	118,543
Provision for product warranties	7,658	7,755
Other provisions	1,425	1,393
Net defined benefit liability	30,343	32,094
Asset retirement obligations	34,307	35,402
Other long-term liabilities	22,109	20,802
Total long-term liabilities	219,781	215,989
Total liabilities	518,328	658,218
Net assets		
Shareholders' equity		
Common stock	71,059	71,078
Capital surplus	84,060	84,001
Retained earnings	517,944	551,862
Treasury stock, at cost	(38,171)	(69,516)
Total shareholders' equity	634,892	637,425
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities, net of taxes	(733)	(346)
Foreign currency translation adjustments	438	409
Remeasurements of defined benefit plans	540	193
Total accumulated other comprehensive income	245	256
Subscription rights to shares	1,872	1,530
Non-controlling interests	8,157	20,019
Total net assets	645,166	659,230
Total liabilities and net assets	1,163,494	1,317,448

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

(Consolidated statements of income - cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	1,217,989	1,283,093
Cost of sales	865,482	890,339
Gross profit	352,507	392,754
Selling, general and administrative expenses	316,215	318,348
Operating profit	36,292	74,406
Non-operating income		
Purchase discounts	3,232	1,889
Rent income	2,874	2,735
Other	5,482	5,095
Total non-operating income	11,588	9,719
Non-operating expenses		
Interest expenses	1,080	991
Rent expenses	2,302	2,284
Foreign exchange losses	1,104	289
Other	1,766	1,432
Total non-operating expenses	6,252	4,996
Ordinary profit	41,628	79,129
Extraordinary income		
Gain on negative goodwill	2,722	1,163
Gain on sales of non-current assets	–	59
Gain on sales of investment securities	1,487	1
Other	–	575
Total extraordinary income	4,209	1,798
Extraordinary loss		
Loss on disposal of non-current assets	151	633
Impairment loss	4,897	12,099
Loss on COVID-19	–	633
Loss on cancellation of rental contracts	20	5,490
Other	3,302	1,394
Total extraordinary losses	8,370	20,249
Profit before income taxes	37,467	60,678
Income taxes-current	10,160	23,758
Income taxes-deferred	2,423	(4,249)
Total income taxes	12,583	19,509
Profit	24,884	41,169
Profit (loss) attributable to non-controlling interests	78	(1,555)
Profit attributable to owners of parent	24,806	42,724

(Consolidated statements of comprehensive income - cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	24,884	41,169
Other comprehensive income, net of taxes		
Valuation difference on available-for-sale securities	(226)	387
Foreign currency translation adjustments	996	(29)
Remeasurements of defined benefit plans, net of tax	(547)	(347)
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	223	11
Comprehensive income	25,107	41,180
Comprehensive income attributable to:		
Owners of parent	25,029	42,735
Non-controlling interests	78	(1,555)

(3) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)
No items to report

(Notes on significant changes in the amount of shareholders' equity)
The Company purchased 63,481,200 shares of treasury stock based on a resolution at the meeting of the Board of Directors held on April 1, 2020. As a result, treasury stock increased ¥31,953 million during the nine months ended December 31, 2020, and treasury stock amounted to ¥69,516 million as of December 31, 2020.

(Additional information)
There were no material changes to the items regarding the assumptions, including the future spread of COVID-19, when it will end, etc., presented in (Additional information) in the Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2021.

(Segment information)

[Segment information]

1. Overview of reportable segments

   The reportable segments of the Group are constituent units of the Group for which separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating operating results.

   The Group's business segments, based on its business domains, comprise its two reportable segments: "Electrical Business" and "Housing Business."

   In the "Electrical Business," the Group carries out the sale of home electrical appliances such as TVs, refrigerators and washing machines, and home information appliances such as computers and mobile phones, as well as the provision of renovation services and the sale of housing-related products such as furniture and home interior products. In the "Housing Business," the Group is engaged in the sale of houses, mainly detached houses, as well as the manufacturing and sale of housing equipment such as bathroom equipment and kitchen equipment.

2. Notes relating to changes in reportable segments, etc.

   Effective from the third quarter under review, the Group has changed its segment names from "Electrical Appliance" and "Housing" to "Electrical Business" and "Housing Business," respectively. This change has no impact on the segment information.

   The Group omitted segment information because there was no significant segment other than "Electrical Business." With the transition of the Company to a holding company structure on October 1, 2020, from the third quarter under review, the Group has changed its business segment classification to "Electrical Business" and "Housing Business," to improve the disclosure of segment reporting.

   Segment information for the first nine months of the previous fiscal year has been prepared based on the reportable segment classification for the first nine months under review.

I Nine months ended December 31, 2019

1. Information about amounts of net sales, profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total
	Electrical Business	Housing Business	Total		
Net sales					
Sales to external customers	1,099,443	90,053	1,189,496	28,493	1,217,989
Intersegment sales	17,231	2,596	19,827	12,317	32,144
Total	1,116,674	92,649	1,209,323	40,810	1,250,133
Segment profit	34,491	17	34,508	975	35,483

	Adjusted amounts (Note 2)	Amount recorded in consolidated statement of income (Note 3)
Net sales		
Sales to external customers	–	1,217,989
Intersegment sales	(32,144)	–
Total	(32,144)	1,217,989
Segment profit	809	36,292

Notes:
1. The “others” category refers to business segments not included in reportable segments including financial services segment, environmental segment and others.
2. The adjusted amounts resulted from elimination of intersegment transactions.
3. Segment profit is adjusted with operating profit in the consolidated statement of income.

II Nine months ended December 31, 2020

1. Information about amounts of net sales, profit or loss by reportable segment

(Millions of yen)

	Reportable segments			Others (Note 1)	Total
	Electrical Business	Housing Business	Total		
Net sales					
Sales to external customers	1,137,319	93,239	1,230,558	52,535	1,283,093
Intersegment sales	23,185	2,041	25,226	13,376	38,602
Total	1,160,504	95,280	1,255,784	65,911	1,321,695
Segment profit (loss)	76,023	(217)	75,806	(1,477)	74,329

	Adjusted amounts (Note 2)	Amount recorded in consolidated statements of income (Note 3)
Net sales		
Sales to external customers	–	1,283,093
Intersegment sales	(38,602)	–
Total	(38,602)	1,283,093
Segment profit (loss)	77	74,406

Notes:
1. The “others” category refers to business segments not included in reportable segments including financial services segment, environmental segment and others.
2. The adjusted amounts resulted from elimination of intersegment transactions.
3. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

(Significant subsequent events)

(Intragroup reorganization by segment as part of the Group’s organizational restructuring)

At the meeting of the Board of Directors held on January 18, 2021, the Company resolved to carry out an intragroup reorganization (the “Reorganization”) with a scheduled completion date of July 1, 2021.

Purpose of the Reorganization

Under the concept of “brighten your future with smart housing” as a lifestyle infrastructure with electrical appliance retail business at the core, the Group had been working to improve our business value in the five business segments including Electrical Appliance, Housing, Environmental Resource Development, Financial Services and Support Services. With the aim to encourage each segment’s aggressive business activities and to enhance the management efficiency and governance of the Group as a whole, the Company moved to a holding company structure on October 1, 2020, and subsequently embarked on the organizational restructuring including reorganization of each business segment.

The Reorganization aims to augment the corporate value through a prompt implementation of the strategy of “brighten your future with smart housing” and the initiatives such as SDGs and ESG, by accelerating each segment’s proactive business activities and building up the structure to reinforce the Group's governance.

(Conversion of subsidiaries into wholly owned subsidiaries through simplified share exchange)

At a meeting of the Board of Directors on January 18, 2021, the Company resolved to carry out a share exchange (the "Share Exchange") effective February 25, 2021, where the Company would be the wholly owning parent company and the Company's four subsidiaries consisting of CIC Corporation, INVERSENET INC., TES Co., Ltd. and IEMAMORI HOLDINGS CO., LTD (collectively the "Four Target Companies") would be wholly owned subsidiaries through share exchange. The Company concluded a share exchange agreement (the "Share Exchange Agreement") with each of Four Target Companies on the same date.

1. Purpose of the Share Exchange

By making the Four Target Companies wholly owned subsidiaries by way of the Share Exchange, the Company positions itself to reinforce the group governance, increase management speed and promote alliance with other subsidiaries in the business segment, thereby augment the corporate value through a prompt implementation of the strategy of "brighten your future with smart housing" and the initiatives such as SDGs and ESG.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

Resolution to conclude the Share Exchange Agreement at the Board of Directors (the Company, the Four Target Companies)	January 18, 2021
Conclusion of the Share Exchange Agreement (the Company, the Four Target Companies)	January 18, 2021
Extraordinary general shareholders' meeting (the Four Target Companies)	February 5, 2021 (planned)
Effective date of the Share Exchange	February 25, 2021 (planned)

(2) Method of the Share Exchange

The Share Exchange transforms the Company into a wholly owning parent company and the Four Target Companies into wholly owned subsidiaries. It will take place without approval of the General Meeting of Shareholders by means of the procedures for a simplified share exchange pursuant to the provision in paragraph (2) of Article 796 of the Companies Act at the Company.

(3) Allotment of the Share Exchange

	The Company (a wholly owning parent company)	CIC Corporation (a wholly owned subsidiary)	INVERSENET INC. (a wholly owned subsidiary)	TES Co., Ltd. (a wholly owned subsidiary)	IEMAMORI HOLDINGS CO., LTD. (a wholly owned subsidiary)
Allotment ratio for the Share Exchange	1	2,854.76459	7.07481	464.51277	19.31204

Note 1: The Company will allot and deliver shares of common stock of the Company (the "Company's Share") based on the above allotment ratio for each share of the Four Target Companies. However, the Company does not allot the Company's Share for the shares of the Four Target Companies the Company holds. In the event that material changes in the terms and conditions on which the calculation is based occur, the allotment ratio for the Share Exchange in the

above table is subject to change upon consultation between the companies in accordance with the Share Exchange Agreement.

Note 2: The Company intends to allot and deliver 1,353,766 shares of the Company through the Share Exchange. The Company's Shares to be allotted and delivered will be treasury stock, and the Company does not plan to issue new shares upon allotment for the Share Exchange.

(4) Handling of subscription rights to shares and bonds with subscription rights to shares relating to the Share Exchange

There are no subscription rights to shares and bonds with subscription rights to shares the Four Target Companies have issued.

3. Rationale, etc. for allotment in the Share Exchange

In order to secure its fairness and appropriateness of the calculation of the Share Exchange ratio, the Company engaged a third-party valuation institution independent of the Company and the Four Target Companies in assessing the value of the shares of the Four Target Companies supporting its rationale.
The third-party valuation institution calculated the value of the common stock of the Four Target Companies by using the discounted cash flow method.
Being listed on the Tokyo Stock Exchange with no particular abnormality seen in its stock pricing, the Company adopted the closing price as of January 15, 2021, the immediately preceding date of the Board of Directors' meeting of the Company and the Four Target Companies, as the value of the Company's Share.

(Reorganization of Electrical Business (former Electrical Appliance Segment))

At a meeting of the Board of Directors held on January 18, 2021, the Company resolved to conduct an absorption-type merger (the "Merger") on July 1, 2021, whereby YAMADA DENKI CO., LTD. will be a surviving company and the Company's consolidated subsidiaries, BEST DENKI CO., LTD., Kurokawa Denki Co., Ltd., Kyusyu Tecc Land Co., Ltd., Matsuya Denki Ltd., Seidensha Co., Ltd., and Project White Co., Ltd., and a non-consolidated subsidiary (Kato Shoji Co., Ltd.) will be dissolving companies.

1. Summary of transaction

(1) Name and description of business of companies involved in business combination

Name of surviving company:	YAMADA DENKI CO., LTD.
Business description:	Home electrical appliances and home information appliances sales business and housing-related product sales business

Name of dissolving companies:	BEST DENKI CO., LTD. Kurokawa Denki Co., Ltd. Kyusyu Tecc Land Co., Ltd. Matsuya Denki Ltd. Seidensha Co., Ltd. Project White Co., Ltd. Kato Shoji Co., Ltd.
Business description:	Home electrical appliances and home information appliances sales business and housing-related product sales business (BEST DENKI CO., LTD., Kurokawa Denki Co., Ltd., Kyusyu Tecc Land Co., Ltd., Matsuya Denki Ltd. and Seidensha Co., Ltd.) Franchise business (BEST DENKI CO., LTD. and Matsuya Denki Ltd.) PC components and information communication equipment sales business and business of manufacturing and sales of original PC (Project White Co., Ltd.) Real estate leasing business (Kato Shoji Co., Ltd.)

(2) Date of business combination

July 1, 2021 (planned)

(3) Legal form of business combination

An absorption-type merger, whereby YAMADA DENKI CO., LTD. as a surviving company and BEST DENKI CO., LTD., Kurokawa Denki Co., Ltd., Kyusyu Tecc Land Co., Ltd., Matsuya Denki Ltd., Seidensha Co., Ltd., Project White Co., Ltd., and Kato Shoji Co., Ltd. as dissolving companies.

(4) Name of the company after business combination

YAMADA DENKI CO., LTD.

(5) Other matters relating to the transaction

As part of the Reorganization, besides integrating expertise and management resources of the subsidiaries in the Electrical Business, the Company intends to introduce an in-house company system with 11 new regional divisions at the same time of the Merger. It aims to facilitate efficiency in terms of sales and administration to realize higher corporate value through a prompt implementation of “brighten your future with smart housing” strategy of the Group and SDGs and ESG initiatives.

2. Summary of accounting to be applied

The transaction will be accounted for as a transaction in the category of under common control in accordance with “Accounting Standard for Business Combinations” (ASBJ Statement No. 21) and “Guidance for Accounting Standard for Business Combination and Divestitures” (ASBJ Guidance No. 10).

(Establishment of Yamada Housing Holdings Co., Ltd.)

Based on the Board of Directors' resolution on December 14, 2020, the Company established a subsidiary as follows.

1. Purpose of the establishment

As part of the Reorganization, the establishment of this intermediate holding company is designed to reinforce corporate governance while stimulating proactive business activities in the Housing Business.

2. Summary of the subsidiary

(1) Name	Yamada Housing Holdings Co., Ltd.
(2) Location	1-1 Sakae-cho, Takasaki, Gunma, Japan
(3) Business description	Planning and drafting of the management strategy of the Housing Business; managing and supervising of the housing subsidiaries; reinforcing corporate governance
(4) Share capital	¥10 million
(5) Date of establishment	February 1, 2021
(6) Ownership ratio	The Company, 100%

(Reorganization of Housing Business (former Housing Segment))

Based on a resolution of a meeting of the Board of Directors held on January 18, 2021, the Company conducted an absorption-type merger, whereby YAMADA HOMES Co., LTD. became a surviving company and the Company's consolidated subsidiary, YAMADA LEO HOUSE CO., LTD. and a non-consolidated subsidiary, YAMADA REAL ESTATE CO., LTD. became dissolving companies effective February 1, 2021.

1. Summary of transaction

(1) Name and description of business of companies involved in business combination

Name of surviving company:	YAMADA HOMES Co., LTD.
Business description:	Housing and other construction business
Name of dissolving companies:	YAMADA LEO HOUSE CO., LTD. YAMADA REAL ESTATE CO., LTD.
Business description:	Housing and other construction business (YAMADA LEO HOUSE CO., LTD.) Real estate leasing business (YAMADA REAL ESTATE CO., LTD.)

(2) Date of business combination

February 1, 2021

(3) Legal form of business combination

An absorption-type merger, whereby YAMADA HOMES Co., LTD. as a surviving company and YAMADA LEO HOUSE CO., LTD. and YAMADA REAL ESTATE CO., LTD. as dissolving companies.

(4) Name of the company after business combination

YAMADA HOMES Co., LTD.

(5) Other matters relating to the transaction

As part of the Reorganization, the merger aims to consolidate the expertise and management resources of the subsidiaries in the Housing Business and improve efficiency in terms of sales and administration, leading to higher corporate value through an immediate execution of “brighten your future with smart housing” strategy as well as SDGs and ESG initiatives.

2. Summary of accounting applied

The transaction was accounted for as a transaction in the category of under common control in accordance with “Accounting Standard for Business Combinations” (ASBJ Statement No. 21) and “Guidance for Accounting Standard for Business Combination and Divestitures” (ASBJ Guidance No. 10).